



The Global Leader

METRO
Portland, Oregon

Independent Auditors' Reports in Accordance
with the Single Audit Act of 1984

June 30, 1995

METRO
Portland, Oregon

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Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

Independent Auditors' Report on Supplementary
Schedule of Federal Financial Assistance

To the Council, Executive Officer, and Auditor
Metro
Portland, Oregon:

We have audited the combined financial statements of Metro, Portland, Oregon, as of and for the year ended June 30, 1995, and have issued our report thereon dated October 17, 1995. These combined financial statements are the responsibility of the management of Metro. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the combined financial statements of Metro, Portland, Oregon, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the combined financial statements. The information in that Schedule has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole.

KPMG Peat Marwick LLP

October 17, 1995

METRO
 Schedule of Federal Financial Assistance
 For the year ended June 30, 1995

<u>Grantor and program title</u>	<u>Federal CFDA number</u>	<u>Grant award date</u>	<u>Grant number</u>
<u>U.S. Department of the Interior</u>			
U.S. Fish and Wildlife: Fish and Wildlife Enhancement	-	January 1, 1991	14-16-001-91551
Clean Vessel Act Program	15.616	N/A	N/A
U.S. Geological Survey: Land Use Model and Development of Mitigating Seismic Risks Regulation in Metropolitan Area	15.807	February 1, 1994	1434-94G-2448
Total U.S. Department of the Interior			
<u>Federal Transportation Administration</u>			
Direct programs:			
Federal Transportation Technical Studies Grant:			
Interstate Transfer - Transit	20.205*	July 1, 1991	OR-29-9019
I-205/Milwaukie Preliminary Alternative Analysis	20.205*	July 1, 1991	OR-29-9020
South/North Alternatives Analysis	20.205*	October 1, 1993	OR-29-9021
South/North Alternatives Analysis and DEIS	20.205*	December 1, 1993	OR-29-9022
Passed through Oregon Department of Transportation:			
Highway, Research, Planning and Construction:			
1994 Planning	20.205*	July 1, 1993	STR-PL-STP-94-01(31)
1995 Planning		July 1, 1994	SPR-HPR-PL-STP-95-01(32)
1993 Federal Highway Administration Special Research:			
LAND-0000(001)	20.205*	July 1, 1992	HPR-PL-STP-IX-93-01(30)
LAND-0000(002)	20.205*	July 1, 1992	HPR-PL-STP-IX-93-01(30)
1993 Federal Surface Transportation Program:			
ODOT Surface Transportation Program (3/93)	20.205*	March 18, 1993	STR-PL-STP-94-01(31)
1994 Federal Surface Transportation Program:			
METRO Surface Transportation Program (3/93)	20.205*	March 18, 1993	STR-PL-STP-94-01(31)
METRO Surface Transportation Program	20.205*	July 1, 1993	STR-PL-STP-94-01(31)
1995 Federal Surface Transportation Program:			
METRO Surface Transportation Program (reobligated 1994)	20.205*	July 1, 1994	SPR-HPR-PL-STP-95-01(32)
METRO Surface Transportation Program	20.205*	July 1, 1994	SPR-HPR-PL-STP-95-01(32)
Federal Transportation Technical Studies Grants:			
1993 Technical Studies (Section 8)	20.205*	July 1, 1992	OR-80-X001
1994 Technical Studies (Section 8)	20.205*	July 1, 1993	OR-80-X002
1994 Technical Studies (Section 26A)	20.205*	July 1, 1993	OR-80-X002
1995 Technical Studies (Section 8)	20.205*	July 1, 1994	OR-80-X003
Transportation Growth Management Program:			
Regional Bicycle Plan	20.205*	August 23, 1994	STP-0000(2)
Parking Area Inventory	20.205*	August 23, 1994	STP-0000(2)
Neighboring Cities 2040 Planning	20.205*	October 10, 1994	STP-0000(2)
Regional Pedestrial System	20.205*	September 6, 1994	STP-0000(2)
Regional Main Streets	20.205*	September 14, 1994	STP-0000(2)
Total Federal Transportation Administration			

(Continued)

Total grant award	Cumulative status				Unexpended grant award at June 30, 1995	Current year activity			
	Expenditures					Grant receivable (advance) at June 30, 1994	Total cash collections	Expenditures	Grant receivable (advance) at June 30, 1995
	Federal	Local match provided directly by Port of Portland; Cities of Troutdale and Gresham	State/local	Metro match					
\$ 1,849,000	1,057,075	-	-	-	791,925	228,391	308,625	210,313	130,079
750	750	-	-	-	-	-	750	750	-
<u>58,800</u>	<u>58,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,838</u>	<u>43,306</u>	<u>45,962</u>	<u>15,494</u>
<u>1,908,550</u>	<u>1,116,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>791,925</u>	<u>241,229</u>	<u>352,681</u>	<u>257,025</u>	<u>145,573</u>
145,294	123,499	-	-	21,795	-	3,428	3,428	-	-
1,173,000	997,050	-	154,297	21,653	-	265,558	265,558	-	-
1,162,295	752,381	-	132,773	-	277,141	297,802	461,527	406,464	242,739
1,882,353	1,955	-	345	-	1,880,053	-	2,300	2,300	-
692,220	483,056	-	55,288	-	153,876	189,696	189,696	-	-
672,878	488,883	-	55,955	-	128,040	-	454,689	544,838	90,149
263,200	177,496	-	-	-	85,704	49,565	60,435	26,731	15,861
298,800	220,813	-	-	-	77,987	114,006	182,801	106,807	38,012
795,411	600,354	-	12,078	56,636	126,343	71,911	330,419	395,662	137,154
2,070,099	1,246,255	8,012	133,994	635	681,203	582,462	701,981	358,031	238,512
458,072	256,444	-	11,815	17,538	172,275	81,276	81,276	-	-
124,096	111,351	-	6,372	6,373	-	-	56,071	124,096	68,025
849,643	752,112	-	72,068	14,015	11,448	-	222,023	838,195	616,172
274,906	219,925	-	-	54,981	-	67,965	67,965	-	-
230,580	176,073	-	-	44,018	10,489	28,805	56,696	40,715	12,824
40,670	32,536	-	-	8,134	-	13,737	13,737	-	-
260,457	208,363	-	-	52,094	-	-	223,590	260,457	36,867
80,502	48,199	-	-	29,401	2,902	-	72,225	77,600	5,375
41,368	14,963	-	-	26,301	104	-	32,544	41,264	8,720
21,176	18,000	-	-	3,176	-	-	5,365	21,176	15,811
18,823	16,000	-	-	2,823	-	-	4,045	18,823	14,778
<u>47,059</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>7,059</u>	<u>-</u>	<u>-</u>	<u>7,059</u>	<u>47,059</u>	<u>40,000</u>
<u>11,602,902</u>	<u>6,985,708</u>	<u>8,012</u>	<u>634,985</u>	<u>366,632</u>	<u>3,607,565</u>	<u>1,766,211</u>	<u>3,495,430</u>	<u>3,310,218</u>	<u>1,580,999</u>

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Schedule of Federal Financial Assistance, Continued

<u>Grantor and program title</u>	<u>Federal CFDA number</u>	<u>Grant award date</u>	<u>Grant number</u>
<u>Department of Education</u>			
Institute of Museum Services:			
General Operating Support	45.301	August 16, 1993	IG-30678-93
Conservation Program	45.301	August 19, 1993	IC-30230-93
Conservation Program	45.301	February 22, 1994	IC-40127-94
Museum Assessment Program III	45.301	April 12, 1995	IM-50156-95
Conservation Assessment Program	45.301	May 13, 1994	IA-40105-94
Total Department of Education			
<u>U.S. Environment Protection Agency</u>			
Water Quality Assistance Program:			
Intergovernmental Personnel Assignment - Rogers	-	February 4, 1992	X000-669-01-2
Passed through State of Oregon - Department of Environmental Quality:			
Air Quality Division:			
Updated base year emission inventory for motor vehicles	66.001	April 13, 1992	A000375-92-1
Motor vehicle emission reduction and transportation demand management study	66.001	June 1, 1992	A000375-92-1
Portland ozone maintenance plan development	66.001	March 21, 1994	142-94
Water Quality Division:			
Phase I: Smith and Bybee Lakes	66.435	July 1, 1993	CL000-863-01-0
Phase II: Smith and Bybee Lakes	66.435	May 1, 1994	CL000-863-01-2
Phase II: Pollution Reduction in the Fairview Creek Watershed	66.454	December 1, 1992	C410-000-24-0
Leaf Compost Filtration	66.460	October 1, 1992	C9-000451-92-0
Regional Multi-Media Initiatives Program	66.SPX	August 3, 1994	MM990291-01-0
Total U.S. Environment Protection Agency			
<u>Federal Emergency Management Agency</u>			
Earthquake Funds Program:			
Passed through State of Oregon:			
Oregon Emergency Management Division:			
Special Appropriated Earthquake Fund	83.521	May 5, 1993	EMS-93-K-0287
Total Federal Emergency Management Agency			
Total Federal grant programs			

*Represents a major program.

(Continued)

Total grant award	Cumulative status					Current year activity				
	Expenditures					Unexpended grant award at June 30, 1995	Grant receivable (advance) at June 30, 1994	Total cash collections	Expenditures	Grant receivable (advance) at June 30, 1995
	Federal	Local match provided directly by Port of Portland; Cities of Troutdale and Gresham	State/local	Metro match						
\$ 112,500	98,438	-	-	-	14,062	-	56,250	56,250	-	
23,898	17,634	-	-	-	6,264	-	2,634	2,634	-	
24,883	12,328	-	-	-	12,555	-	12,328	12,328	-	
3,300	-	-	-	-	3,300	-	3,300	-	(3,300)	
<u>3,660</u>	<u>3,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,660)</u>	<u>-</u>	<u>3,660</u>	<u>-</u>	
<u>168,241</u>	<u>132,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,181</u>	<u>(3,660)</u>	<u>74,512</u>	<u>74,872</u>	<u>(3,300)</u>	
172,440	84,727	-	61,504	26,209	-	57,843	104,891	56,676	9,628	
17,760	15,976	-	-	-	1,784	1,127	1,127	-	-	
153,331	153,331	-	-	-	-	25,551	25,551	-	-	
60,000	52,824	-	-	-	7,176	2,981	57,097	49,843	(4,273)	
21,000	21,000	-	-	-	-	21,000	21,000	-	-	
25,000	14,523	-	-	-	10,477	-	-	14,523	14,523	
26,400	11,720	-	-	-	14,680	8,885	8,885	-	-	
40,000	37,515	-	-	-	2,485	16,083	18,268	9,971	7,786	
<u>25,890</u>	<u>2,873</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>19,017</u>	<u>-</u>	<u>6,873</u>	<u>6,873</u>	<u>-</u>	
<u>541,821</u>	<u>394,489</u>	<u>-</u>	<u>65,504</u>	<u>26,209</u>	<u>55,619</u>	<u>133,470</u>	<u>243,692</u>	<u>137,886</u>	<u>27,664</u>	
<u>230,000</u>	<u>230,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,451</u>	<u>100,000</u>	<u>15,549</u>	<u>-</u>	
<u>230,000</u>	<u>230,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,451</u>	<u>100,000</u>	<u>15,549</u>	<u>-</u>	
\$ <u>14,451,514</u>	<u>8,858,882</u>	<u>8,012</u>	<u>700,489</u>	<u>392,841</u>	<u>4,491,290</u>	<u>2,221,701</u>	<u>4,266,315</u>	<u>3,795,550</u>	<u>1,750,936</u>	

METRO

Notes to Schedule of Federal Financial Assistance

June 30, 1995

(1) General

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal financial assistance programs of Metro. The Metro reporting entity is defined in note 2 to Metro's June 30, 1995 combined financial statements.

(2) Basis of Accounting

The accompanying Schedule of Federal Financial Assistance is presented using the modified accrual basis of accounting, which is described in note 2 to Metro's June 30, 1995 combined financial statements.

(3) Relationship to Combined Financial Statements

Federal financial assistance revenues are presented in Metro's June 30, 1995 combined financial statements as a component of grants from federal, state and local governmental units.

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

Independent Auditors' Report on Compliance
Based on an Audit of the Combined Financial Statements Performed
in Accordance with Government Auditing Standards

To the Council, Executive Officer, and Auditor
Metro
Portland, Oregon:

We have audited the combined financial statements of Metro, Portland, Oregon, as of and for the year ended June 30, 1995, and have issued our report thereon dated October 17, 1995.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Metro is the responsibility of the management of Metro. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Metro's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the combined financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information of the Council, Executive Officer, Auditor, management and federal agencies. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

October 17, 1995

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

Independent Auditors' Report on Compliance
with General Requirements Applicable to
Federal Financial Assistance Programs

To the Council, Executive Officer, and Auditor
Metro
Portland, Oregon:

We have audited the combined financial statements of Metro, Portland, Oregon, as of and for the year ended June 30, 1995, and have issued our report thereon dated October 17, 1995.

We have applied procedures to test Metro's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1995:

- Political Activity
- Davis-Bacon Act
- Civil Rights
- Cash Management
- Relocation Assistance and Real Property Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug Free Workplace Act
- Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Metro's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

To the Council, Executive Officer, and Auditor
Metro
Page 2

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Metro had not complied, in all material respects, with those requirements.

This report is intended for the information of the Council, Executive Officer, Auditor, management and federal agencies. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

October 17, 1995

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

Independent Auditors' Report on Compliance
with Specific Requirements Applicable to Major
Federal Financial Assistance Programs

To the Council, Executive Officer, and Auditor
Metro
Portland, Oregon:

We have audited the combined financial statements of Metro, Portland, Oregon, as of and for the year ended June 30, 1995, and have issued our report thereon dated October 17, 1995.

We have also audited Metro's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, and/or earmarking; reporting; special tests and provisions; cost allocation; monitoring subrecipients; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance program, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1995. The management of Metro is responsible for Metro's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of Metro's compliance with those requirements in accordance with generally accepted auditing standards, *Government Auditing Standards* issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Metro's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

To the Council, Executive Officer, and Auditor
Metro
Page 2

In our opinion, Metro complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, and/or earmarking; reporting; special tests and provisions; cost allocation; monitoring subrecipients; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1995.

This report is intended for the information of the Council, Executive Officer, Auditor, management, and federal agencies. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

October 17, 1995

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

Independent Auditors' Report on Compliance with Specific
Requirements Applicable to Nonmajor Federal
Financial Assistance Program Transactions

To the Council, Executive Officer, and Auditor
Metro
Portland, Oregon:

We have audited the combined financial statements of Metro, Portland, Oregon, as of and for the year ended June 30, 1995, and have issued our report thereon dated October 17, 1995.

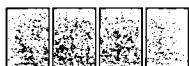
In connection with our audit of the financial statements of Metro, and with our consideration of Metro's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1995. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, and/or earmarking; reporting; special tests and provisions; cost allocation; monitoring subrecipients; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Metro's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Metro had not complied, in all material respects, with those requirements.

This report is intended for the information of the Council, Executive Officer, Auditor, management, and federal agencies. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

October 17, 1995



Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

Independent Auditors' Report on the Internal Control
Structure Based on an Audit of the Combined Financial Statements
Performed in Accordance with Government Auditing Standards

To the Council, Executive Officer, and Auditor
Metro
Portland, Oregon:

We have audited the combined financial statements of Metro, Portland, Oregon, as of and for the year ended June 30, 1995, and have issued our report thereon dated October 17, 1995.

We conducted our audit in accordance with generally accepted auditing standards and *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 combined financial statements are free of material misstatement.

The management of Metro is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of combined financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the combined financial statements of Metro as of and for the year ended June 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

To the Council, Executive Officer, and Auditor
Metro
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Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we considered to be material weaknesses as defined above.

This report is intended for the information of the Council, Executive Officer, Auditor, management, and federal agencies. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

October 17, 1995

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

Independent Auditors' Report on the Internal
Control Structure Used in Administering
Federal Financial Assistance Programs

To the Council, Executive Officer, and Auditor
Metro
Portland, Oregon:

We have audited the combined financial statements of Metro, Portland, Oregon, as of and for the year ended June 30, 1995, and have issued our report thereon dated October 17, 1995. We have also audited Metro's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated October 17, 1995.

We conducted our audits in accordance with generally accepted auditing standards, *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement and about whether Metro complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1995, we considered the internal control structure of Metro in order to determine our auditing procedures for the purpose of expressing our opinions on the combined financial statements of Metro and on Metro's compliance with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the combined financial statements in a separate report dated October 17, 1995.

The management of Metro is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories:

Accounting Applications

- Purchases and Disbursements
- Grant Revenue and Receipts
- Payroll

General Requirements

- Political Activity
- Davis-Bacon Act
- Civil Rights
- Cash Management
- Relocation Assistance and Real Property Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug Free Workplace Act
- Administrative Requirements

To the Council, Executive Officer, and Auditor
Metro
Page 3

Specific Requirements

- Types of Services allowed or unallowed
- Eligibility
- Matching, Level of Effort, and/or Earmarking
- Reporting
- Special tests and provisions
- Cost Allocation
- Monitoring Subrecipients

Claims for Advances and Reimbursements

Amounts Claimed or Used for Matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1995, Metro expended 86 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the major federal financial assistance programs of Metro which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Council, Executive Officer, Auditor, management, and federal agencies. However, this report is a matter of public record and its distribution is not limited.

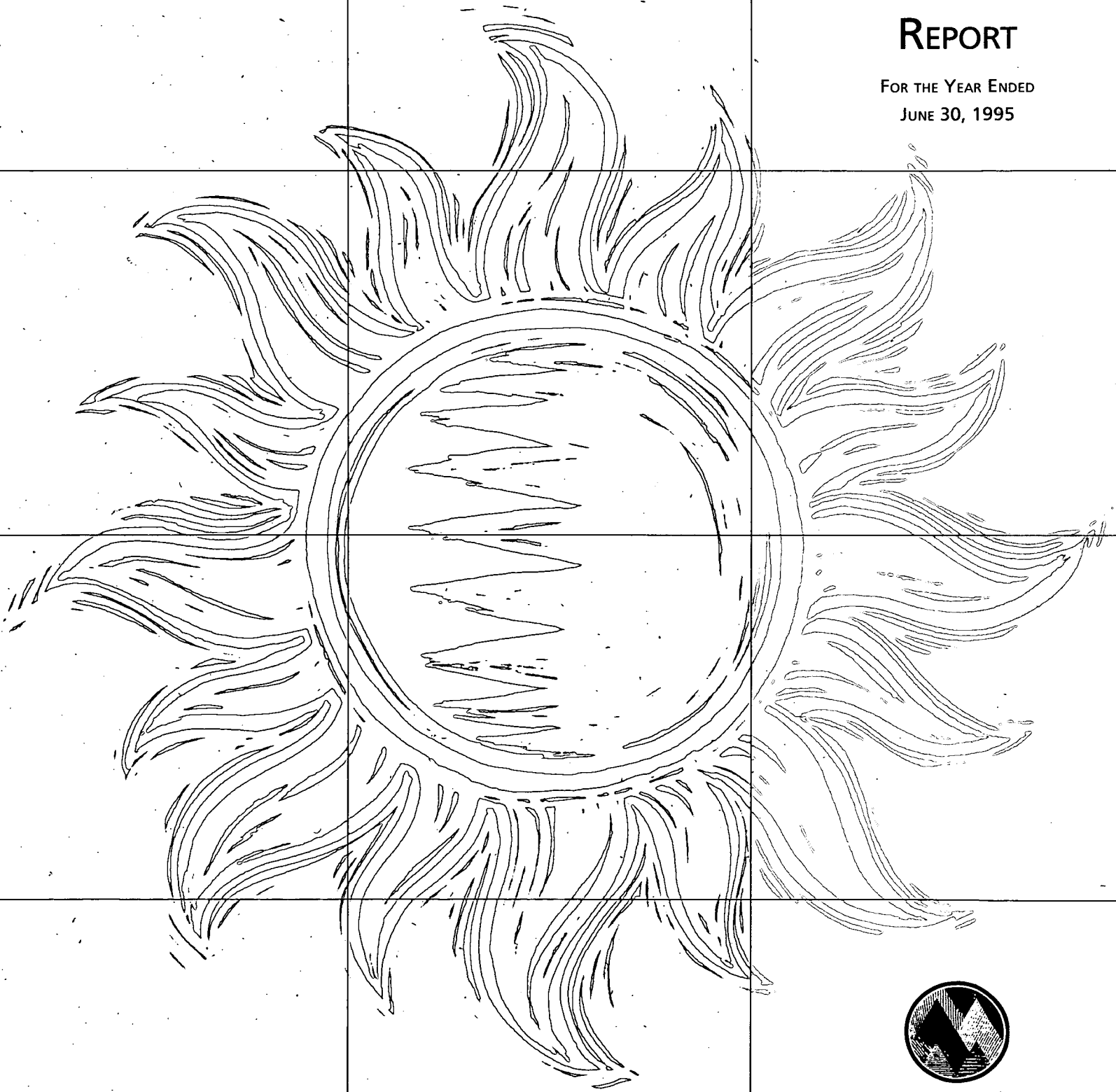
KPMG Peat Marwick LLP

October 17, 1995

KPMG

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

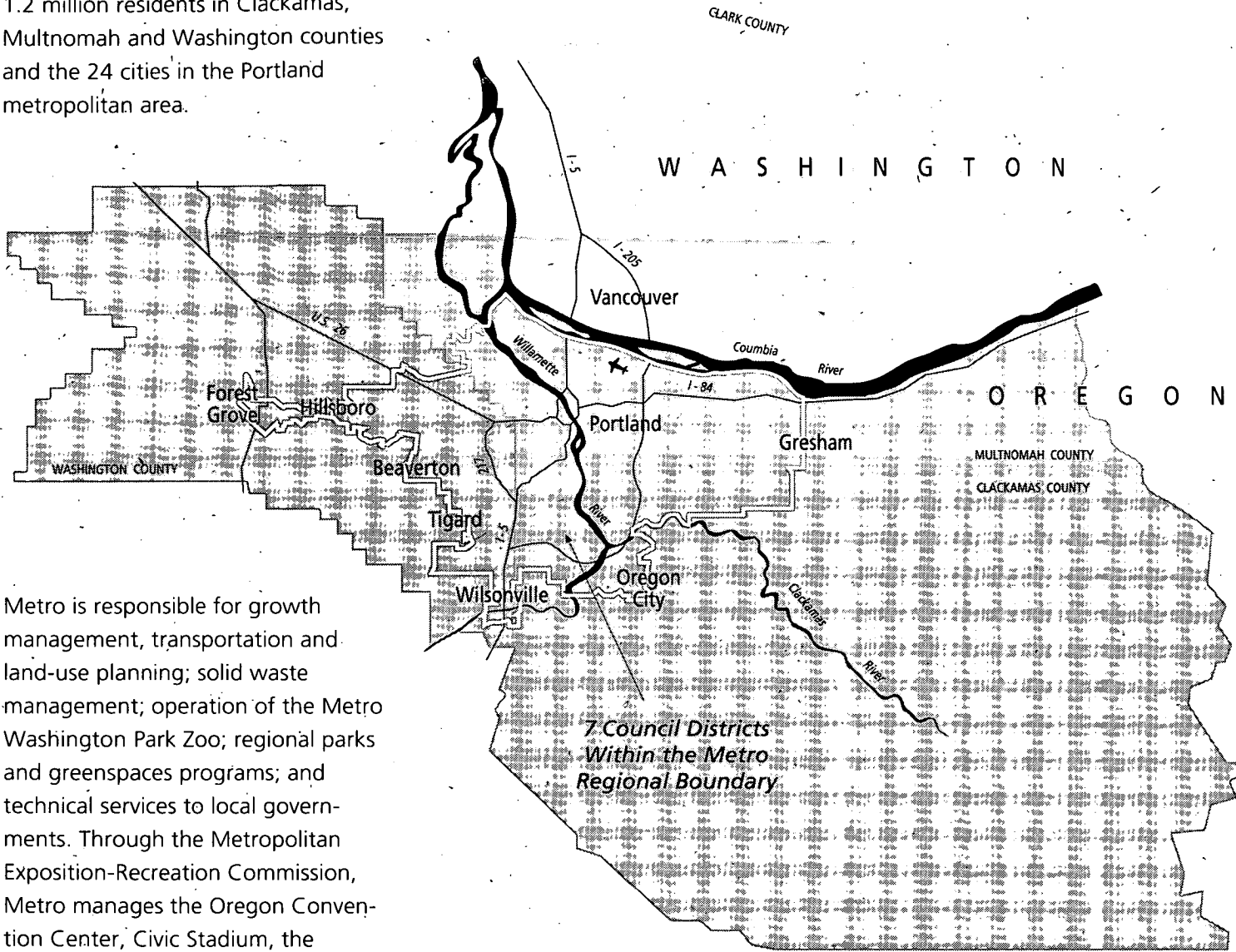
FOR THE YEAR ENDED
JUNE 30, 1995



METRO

OREGON

Metro is the directly elected regional government that serves more than 1.2 million residents in Clackamas, Multnomah and Washington counties and the 24 cities in the Portland metropolitan area.



Metro is responsible for growth management, transportation and land-use planning; solid waste management; operation of the Metro Washington Park Zoo; regional parks and greenspaces programs; and technical services to local governments. Through the Metropolitan Exposition-Recreation Commission, Metro manages the Oregon Convention Center, Civic Stadium, the Portland Center for the Performing Arts and the Expo Center.

Metro is governed by an executive officer, elected regionwide, and a seven-member council, elected by districts. Metro also has an auditor who is elected regionwide.

EXECUTIVE OFFICER

Mike Burton

AUDITOR

Alexis Dow, CPA

COUNCILORS BY DISTRICT ARE

- Council District 1 Ruth McFarland
- Council District 2 Don Morissette
- Council District 3 Jon Kvistad
- Council District 4 Susan McLain
- Council District 5 Ed Washington
- Council District 6 Rod Monroe
- Council District 7 Patricia McCaig



2040 FRAMEWORK

In 1994, Metro completed Region 2040, a two-year planning study that examined choices on how the region could grow during the next 50 years. To set a general policy direction, a regional growth concept was adopted by the Metro Council.

Metro's 2040 Framework is the next step in the process. This phase will focus on implementation issues and strategies regarding land use, transportation, natural areas and water.

2040 Framework will also define areas of regional significance and provide performance standards for local governments to meet. The plan must comply with state planning goals and be adopted by the Metro Council after consultation with local governments by Dec. 31, 1997.

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**FOR THE YEAR ENDED
JUNE 30, 1995**

**ADMINISTRATIVE SERVICES
DEPARTMENT**

**DIRECTOR
DOUG BUTLER**

**CHIEF FINANCIAL OFFICER
JENNIFER SIMS**

**PREPARED BY
ACCOUNTING DIVISION**

**ACCOUNTING MANAGER
DONALD R. COX JR., CPA**



METRO

OREGON

METRO

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June 30, 1995

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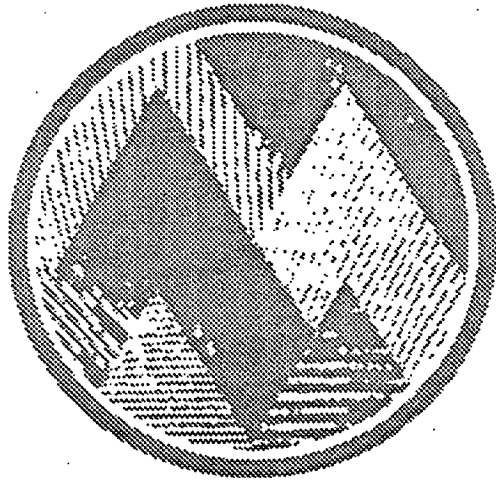
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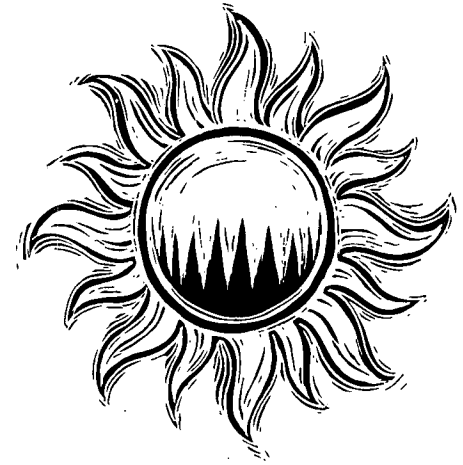
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METRO

October 18, 1995

To the Councilors and Citizens of the Metro Region:

I hereby transmit the Comprehensive Annual Financial Report of Metro as of June 30, 1995, and for the year then ended. Management is responsible for the information and representations contained in this report, and I believe that the information presented is accurate in all material respects and fairly sets forth the financial position and results of operations of Metro.

This Comprehensive Annual Financial Report encompasses the period of transition required under the Charter, where the number of Metro Councilors was reduced from thirteen to seven and Metro's first elected Auditor took office, both effective in January 1995. The report also contains the first full fiscal year of operations, under Metro, of the parks, Expo and related facilities transferred to Metro from Multnomah County.

Metro and its staff strive to continually improve its financial operations, systems and reporting to provide full accountability to the citizens of the region. This effort has resulted in the receipt, by Metro, of the Certificate of Achievement for Excellence in Financial Reporting for the past three consecutive fiscal years. I extend my appreciation to Jennifer Sims, Chief Financial Officer, and to the staff of the Accounting Division in the Administrative Service Department for this accomplishment and for their efforts in preparing this Comprehensive Annual Financial Report.

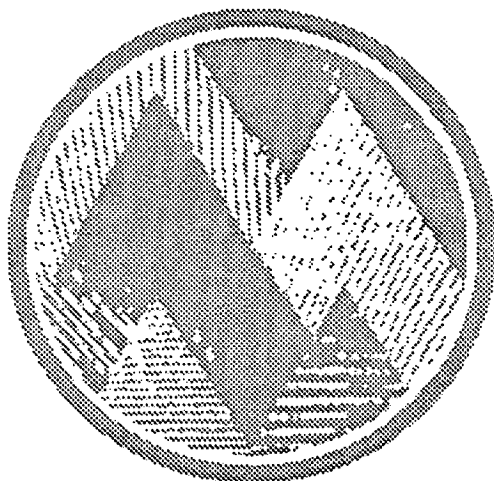
Metro is unique. It is the only government whose primary job is to look ahead - to plan for the future. Designing the future is what Metro, by Charter, is charged to do. Enhancing and protecting our livability and ensuring that the citizens of the region have options and opportunities in housing, transportation, recreation, arts and cultural activities and the management of resources is a primary goal that few, if any, other governments share.

I encourage you to read the information contained in this Comprehensive Annual Financial Report and see how Metro used the resources provided to serve the citizens of the Metro region during the fiscal year ended June 30, 1995.

Respectfully submitted,

A handwritten signature in cursive script that reads "Mike Burton".

Mike Burton
Executive Officer





METRO

October 18, 1995

To the Executive Officer, Council and Citizens of the
Metro Region:

In accordance with ORS 297.425, we are pleased to submit the Comprehensive Annual Financial Report of Metro, for the fiscal year ended June 30, 1995, together with the unqualified report thereon of our independent certified public accountants, KPMG Peat Marwick LLP. Metro management is responsible for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the data contained in this report is accurate in all material respects and is organized in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of Metro. All disclosures necessary to enable the reader to gain an understanding of Metro's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The Introductory section includes this transmittal letter, Metro's organizational charts and a list of principal officials. The Financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditor's report on the financial statements and schedules as identified in their report. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis for analysis purposes. The Comprehensive Annual Financial Report also includes a section of Audit Comments and Disclosures Required by State Regulations.

The Comprehensive Annual Financial Report includes all funds and account groups of Metro, including information for the Metropolitan Exposition-Recreation Commission (MERC) component unit as required by Governmental Accounting Standards Board Statement 14. Metro is responsible for the operation and management of MERC and appoints each of the seven members of the MERC Commission. Metro is financially accountable for the operations of MERC and is able to impose its will in MERC's operations through review of resolutions, budget approval and fiscal management.

In addition to the above report, Metro is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the Single Audit Act of 1984, OMB Circular A-128 and the provisions of Government Auditing Standards (1994 Revision) promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. Reports on Metro's compliance with requirements of federal financial assistance programs, federal laws and regulations and the Schedule of Federal Financial Assistance in accordance with the Single Audit Act of 1984, for the year ended June 30, 1995, has been issued under separate cover.

ECONOMY

Metro is located in the urbanized portion of Oregon's Clackamas, Multnomah and Washington counties. Twenty-four cities are within Metro's boundaries which comprise the Portland metropolitan area, the largest of these being Portland, Gresham, Beaverton, Hillsboro, Tigard, Lake Oswego, Milwaukie, West Linn, Oregon City and Tualatin.

The Portland metropolitan area is the financial, trade, transportation and service center for Oregon, southwest Washington state and the Columbia River basin. The manufacturing base includes electronics, machinery, transportation equipment, fabricated metals, sports equipment and clothing, and food and kindred products. Nonagricultural wage and salary employment for Oregon increased 4.2% from June 1994 to June 1995, according to the US Bank Department of Economics. In 1994 employment growth for the Portland - Vancouver area reflected a 4.6% increase (35,100 jobs). According to First Interstate Bank, the number of help-wanted ads, measuring the strength of the labor market, has slowed slightly. *The Oregonian* help-wanted ads were growing 20 percent this year, compared to 30 percent annually last year. Non-residential construction maintained a record pace in the state, with the average value of construction exceeding \$70 million per month for the first half of the year. The non-industrial real estate markets remained tight. A 1995 real estate survey by Grubb and Ellis reflected the Portland metro area's office market as the tightest in the nation with vacancy rates at 8.6%. The firm estimated the industrial vacancy rates in the range of 5.5% to 6.0%, down from approximately 8.2% the previous year. Strong cargo and passenger demand by the Port of Portland is keeping manufacturing and warehouse space vacancy rates down at an average of 4.4%.

Airline passenger traffic at Portland International Airport increased from 757,600 passengers in May 1994 to more than 930,000 a month in 1995. The median price of housing in the Portland area continues to climb, but at a lower rate than the prior year. Median prices increased 8% - 9% during the year on sales of 85,000 units per month.

First Interstate Bank reported that the Semiconductor Workforce Consortium, an industry group, has conservatively forecast that the semiconductor industry in Oregon and Southwest Washington will grow from over 11,000 workers to nearly 19,000 by the end of the decade.

Recent high technology investments in the region include Intel (\$2.9 billion), Integrated Device Technology Inc. (\$800 million), Komatsu Electronic Metals Co. (\$450 million), SEH America, Inc. (\$710 million), Fujitsu Microelectronics Inc. (\$1.03 billion), and LSI Logic Corporation (\$600 million, first of six phases). In total, \$10.2 billion of high tech projects are confirmed.

First Interstate Bank forecasts (as of April 1995) a 2.2% increase in Oregon population in 1996. Employment is forecast to rise 3.0% and residential units permitted expected to be 25,000 in 1996.

The current economic climate and the projections for the coming year continue to demonstrate that Oregon, in the words of US Bank, "continues to bask in strength, a fortuitous industry mix and a great location in an aging expansion . . ." These economic factors will challenge Metro in developing its plans for regional growth through the Region 2040 project and its transportation planning functions, while providing a strong economy to support the Metro Washington Park Zoo, Oregon Convention Center and Expo Center, and other spectator and recreational facilities under Metro's management. Strong operations and programs for solid waste reuse, reduction and recycling handled by Metro's Regional Environmental Management Department will be necessary to handle the increasing waste volumes generated by increased industry, construction and population.

ORGANIZATIONAL STRUCTURE AND SERVICES PROVIDED

Metro, the nation's only directly elected regional government, operated under the authority of Oregon Revised Statutes Chapter 268 through December 31, 1992. On November 3, 1992, voters in the region approved a home rule Charter for Metro which became effective January 1, 1993. Metro is governed by the Metro Council. The Council was reduced from thirteen to seven Councilors, according to provisions of the Charter, on January 2, 1995. In addition, an Executive Officer and Auditor are elected region-wide. The Executive Officer's role is to carry out the policies of the Council and administer the functions of Metro. The Metro Council conducts all legislative business in weekly meetings, supplemented by various Council committee meetings held throughout the month. On January 2, 1995, Metro's first elected Auditor also took office. In accordance with the Charter, the Auditor is responsible for financial and performance audits of Metro's programs and activities. Metro's current primary Charter mandated responsibilities include regional planning (transportation, urban growth boundary management and other planning activities), solid waste disposal and waste reduction programs, operation of a first class zoo, and operation of the metropolitan region's spectator facilities through the Metropolitan Exposition-Recreation Commission (MERC).

DEPARTMENTAL ACTIVITY

Transportation Planning Department

During fiscal year 1995, Metro's Transportation Planning Department continued to perform its designated functions as the region's Metropolitan Planning Organization (MPO) to secure and allocate federal highway and transit funds. Planning and decision making for assigning project priorities and funding for the region's transportation program is performed in close cooperation with local governments, state and other regional agencies. The Joint Policy Advisory Committee on Transportation (JPACT) and the Transportation Policy Alternatives Committee (TPAC) provide forums for coordination and decision-making with state, regional and local government staff, elected representatives and citizens. The Transportation Planning Department contains three major components - *High Capacity Transit Planning, Transportation Planning, and Travel Forecasting.*

During fiscal year 1995, the Department's *Transportation Planning* section completed or was nearly finished with a number of activities related to its main mission of updating and maintaining the Regional Transportation Plan (RTP) and Metropolitan Transportation Improvement Program (MTIP), coordinating with local jurisdictions, and working with the State of Oregon Department of Environmental Quality (DEQ) on Clean Air Act requirements. The section completed the federal update to the RTP, including an air quality conformity determination and fiscal constraint analysis. Concurrently, the section also completed RTP sub-element plans for bicycles, pedestrians, transit, and transportation demand management and a set of Public Involvement Procedures for transportation planning. *Transportation Planning* worked with the Growth Management Department to produce the transportation framework for Region 2040 and inventoried parking and developed candidate parking reduction strategies. The section also worked with DEQ to develop regional parking ratios and employee commute option programs to respond to ozone reduction needs under the Clean Air Act. Finally, the section developed and applied new criteria to evaluate proposals for a \$27 million Regional 2040 Implementation Program.

The *High Capacity Transit (HCT) Planning* section continued to move forward with the South/North Transit Corridor Study. Highlights of the study during fiscal year 1995 included decisions on the general alignments and termini to be studied further in the Draft Environmental Impact Statement (DEIS). The study identified and prepared comparative data on a range of design options along the entire corridor. The comparative data will be used to make decisions on the narrowing of design options to be studied in the DEIS. The data has been summarized in the Draft Design Option Narrowing Technical Summary Report and the Draft Design Option Narrowing Briefing Document. The decision on design option narrowing will occur in fiscal year 1996 along with the initiation of the detailed DEIS analysis.

The *Travel Forecasting* section administered a major household activity survey in fiscal year 1995. The data obtained from this survey will be used to improve the travel demand model

applied by this section to estimate multi-modal flows. It is an important endeavor because the tool is used to estimate the impacts on the region from influences such as household/employment growth and project development. In addition, a work scope has been developed to improve the ability to estimate the movement of the commodity carriers. The tool will be useful in freight analysis. A regional vehicle classification count program has been developed in support of this project. Technical support was provided to the department and the jurisdictions of this region on projects such as the Region 2040 Growth Concept, the Regional Transportation Plan, the Transportation Improvement Program, and the South/North Transit Corridor Study.

Growth Management Services

Metro's Growth Management Services department is composed of a variety of activities that relate to the Metro Charter mandate to manage the growth of the region. Programs include *Region 2040, Future Vision, 2040 Implementation, Transit Corridor Planning, Regional Water Planning, and Emergency Planning*. Late in fiscal year 1995, the *Data Resource Center* became a part of this service.

Region 2040, begun in December 1991, was completed with the adoption of Resolution No. 94-2040C by unanimous vote of the Metro Council on December 8, 1994. The Resolution adopted the Metro 2040 Growth Concept, the Metro 2040 Growth Concept Map, and the amended Regional Urban Growth Goals and Objectives (RUGGO). This adoption by resolution signaled the Metro Council's recognition of the need to provide local governments with additional time to review the Growth Concept, while sending a clear message about the direction that the Metro Council proposed for growth management of the region. It also signaled the beginning of the 2040 Framework effort which integrates work done in *Region 2040* with more specific requirements contained in the Metro Charter.

Some of the activities leading up to adoption by the Metro Council included modeling of three concepts, developing a recommended alternative, conducting a public involvement effort (including mailing of 500,000 Its Your Turn newsletters and survey, analyzing 17,000 survey responses, holding numerous public meetings, open houses and interviews, making presentations to elected and appointed officials of 22 of the cities and counties of the region and other groups), and working with various Metro committees on technical analyses and recommendations.

The *Future Vision Commission* completed its work and forwarded a draft document to the Metro Council for consideration as mandated by the Metro Charter. The document included a Preamble, Values, Vision Statement and Action Steps, Implementation, Commissioner's Statements and four reports: Settlement Pattern Report, Carrying Capacity Report, Work Styles Report and Education Report.

2040 Implementation work included grant funds to assist local governments in their planning activities to implement the planning principles of Region 2040. Local governments allocated Federal Highway Administration funds through the Surface Transportation Program included Port of Portland, Washington County, Clackamas County and the cities of Gresham, Portland and Troutdale.

Transit Corridor Planning completed four major reports: Background Report and Alternative Development/Design Concepts; Goose Hollow Community Station Area Planning; Beaverton's LRT Strategy Development Study; Downtown Station Community Planning Process and Existing Conditions Report for downtown Hillsboro station areas and the Downtown Hillsboro Station Community Plan.

Metro was awarded a Transportation Growth Management grant from the Oregon Department of Transportation and the Department of Land Conservation and Development to fund a project called Regional Mainstreets, which is now complete. The focus of the study was the development of urban design and density standards for 2040 transit corridors and main streets. The consultant's recommendations for regional application of these main street principles are contained in a report, *Regional Mainstreets: An Implementation Strategy to Promote Main Street and Corridor Development*. The report has been distributed to city and county planning departments, elected officials, planning commissions and interested persons throughout the region.

Regional Water Planning activities included working with the Water Resource Policy Advisory Committee (WRPAC) to provide technical information, environmental analysis and comments on the Region 2040 Concept and revised RUGGOs; providing technical assistance to the Regional Water Supply Planning Study and publishing a report entitled *National Case Studies in Managing Growth and Natural Resources*.

The *Data Resource Center (DRC)* produced and refined an interim 2015 forecast of population and employment based upon the land use concepts included in the preferred alternative. The economic model has been used to produce a document forecasting a 25-year Outlook of Growth and Trends in Population, Households, Employment and Income. DRC also provided extensive assistance for the South/North Light Rail project, Regional Transportation Plan, and other projects for Metro and other jurisdictions including the City of Portland and Tri-Met.

Growth Management Services' *Emergency Planning* section is responsible for developing and implementing a variety of regional disaster preparedness planning projects. Metro was appointed to the Oregon Seismic Safety Policy Advisory Commission. Metro also released an Earthquake Hazard Map of the Mt. Tabor Quadrangle, organized a workshop to demonstrate emergency management software to emergency managers and GIS professionals, continued the Regional Emergency Management Planning process, and continued to develop model land use regulations for mitigating earthquake hazards.

Metro Washington Park Zoo

The Metro Washington Park Zoo, Oregon's largest paid tourist attraction, achieved its second highest attendance year ever, with attendance reaching 1,151,444 in fiscal year 1995. This 4.3% increase in attendance over the prior year was accomplished even with concerns that the west side light rail construction project, which occupies one-third of the zoo's parking lot, would discourage attendance. Significant animal births and fair weather resulted in an excellent year. In August 1994, the zoo's twenty-sixth and twenty-seventh elephant calves were born, in a rare occurrence of twins. In May, the first baby giraffe in seventeen years was born at the zoo. Special events, such as the zoo's Halloween event "ZooBoo" and the December holiday event "Zoo Lights," continue to draw visitors in traditionally off-peak times. Total enterprise revenues exceeded \$7.3 million. Enterprise revenues have grown 51% over the last five years. Property taxes have fallen from 50% to 42% of the zoo's revenues during the same period. The zoo's entrepreneurial efforts enable the zoo to meet its goals of providing visitors unique educational and recreational opportunities to experience wildlife in a naturalistic setting and to learn to "*care now for the future of life,*" the Zoo's stated vision.

Regional Environmental Management Department

Metro's Regional Environmental Management Department (REM), formerly known as the Solid Waste Department, achieved a variety of goals in fiscal year 1995. The department's solid waste management achievements include an increase in the region's recycling rate from 38% in 1993 to 41% in 1994. The recovery rate also increased from 42% in 1993 to 45% in 1994. These increases can be attributed, in part, to continued educational efforts and the franchising of additional materials recovery facilities. Solid waste management also experienced a 5,000 ton increase (from 747,000 revenue tons to 752,000 revenue tons) in the amount of waste handled by Metro's waste transfer facilities without disruption or problem. The amount of hazardous waste processed at Metro facilities also increased 55% from 1,087,000 pounds to almost 1,685,000 pounds. The St. Johns Landfill closure efforts continued with the closure of two major sub-areas, completing two thirds of the project. A "motor blower flare" facility was also completed to safely manage landfill gases. In fiscal year 1995, Metro spent an additional \$4.9 million dollars against the post-closure liability leaving an estimated liability of \$12.6 million dollars. Metro continues to set aside funds to pay this liability and has accumulated in excess of \$9 million towards the project.

In its first full year of operations, REM's Solid Waste Enforcement unit handled 950 cases, including clean-up of more than 700 illegal dump sites. More than half the cases resulted in sufficient evidence to initiate more formal investigation. Back fees were recovered from three major firms for receipt or disposal of waste.

During the fiscal year, the department's short and long-term tonnage forecasting was within one percent of the actual revenue tonnage generated. The Metro region produced 1,135,900 tons of landfill waste during the fiscal year. Of this total tonnage, 1,074,000 tons generated revenue for Metro, exceeding last fiscal year's revenue tonnage by 0.2%. Major analytical work was completed to revise the Solid Waste Revenue System. Metro's Solid Waste Advisory Committee recommended implementation of rate augmenting strategies, some of which were sent to Metro's Rate Review Committee for further consideration. Finally, the 1995-2000 Regional Solid Waste Management Plan was completed by REM and submitted to the Executive Officer and the Metro Council for consideration.

Metropolitan Exposition-Recreation Commission (MERC)

In the previous year, the Metropolitan Exposition-Recreation Commission (MERC) managed facilities completed a Business Plan. During fiscal year 1995, many strategies identified in the Business Plan were implemented in the *Civic Stadium*, *Portland Center for the Performing Arts (PCPA)*, *Oregon Convention Center* and the *Portland Metropolitan Exposition Center (Expo)*.

The *Civic Stadium* secured an anchor tenant - the Portland Rockies Single A Baseball team. The Rockies had a successful first season. Additionally, the *Civic Stadium* hosted three concerts during the summer of 1994, which again boosted the bottom line. The *Stadium* continues to seek high yield events and monitors operating costs.

The *PCPA* accomplished a number of strategies including successfully negotiating a three-year deal whereby \$600,000 in hotel/motel tax support is allocated to the *PCPA* beginning in fiscal year 1995, revising the rental rates and structure, securing two financially beneficial Broadway series and hosting the mega-hit, "Miss Saigon." The *PCPA* hosted 960 events in its four theaters which resulted in attendance for the year of over one million.

The Metro owned *Oregon Convention Center (OCC)* again completed a "near-capacity" year in respect to events held. The *OCC* hosted over 65 national conventions and trade shows, 18 consumer shows and over 460 local meetings, seminars, conferences, banquets, luncheons and receptions. Attendance rose to over 785,000 visitors. An economic impact study of the *Oregon Convention Center*, completed during the fiscal year, found that the Center:

- generated \$430 million in economic activity within the tri-county area during 1994; that economic activity had increased substantially since its opening in 1990 - rising from \$326 million in 1991.
- generated economic activity providing employment for over 6,500 people and paid them nearly \$116 million in wages and salaries.

- generated tax revenues, directly and indirectly, of nearly \$21 million during 1994; the cumulative tax revenues since the *OCC*'s opening in 1990 are \$70.3 million of which \$50.5 million represents direct local tax revenues.
- since its opening in 1990, has hosted more than 2,300 events with a total attendance of nearly 2.9 million people.

Fiscal year 1995 marked the first full year of operation of the *Expo Center* under MERC's management. The *Expo Center* has increased events and produced positive financial results as a result of its synergistic management with the *Oregon Convention Center*. Many of the operational and staffing requirements of the *Expo Center* have been revamped to be in accordance with other MERC facility practices.

Regional Parks and Greenspaces Department

Metro's Regional Parks and Greenspaces Department was established on January 1, 1994, through an intergovernmental agreement between Multnomah County and Metro. The department merges the former Multnomah County Parks Division with the Metropolitan Greenspaces program to provide a variety of park facilities and recreation opportunities for citizens and visitors in the metropolitan region. Over a million visitors each year enjoy picnicking, hiking, camping, swimming, boating, fishing, canoeing, ball sports and wildlife watching. Metro manages and operates 15 park, greenspace and marine facilities including Blue Lake Regional Park, Oxbow Regional Park, Howell Territorial Park, Beggars-Tick Wildlife Refuge, Smith and Bybee Lakes Wildlife Refuge, Chinook Landing Marine Park and Glendoveer Golf Course.

Newly acquired park lands and existing park facilities require a comprehensive assessment and planning to assure protection of the natural resource and to identify appropriate uses of the land. A master plan for Whitaker Ponds in northeast Portland along the Columbia Slough was completed in fiscal year 1995. Planning efforts for Howell Territorial Park on Sauvie Island and the Ancient Forest Preserve in northwest Portland have begun and will be completed in fiscal year 1996.

Funds from the U.S. Fish and Wildlife Service supported seven habitat restoration grants, eleven environmental education grants, Green City Data Project, and publication of the "Metro GreenScene" during the fiscal year. Grant funding leveraged an additional \$341,000 in local community support. Nearly 200 students from 19 middle and high schools throughout the region participated in Green City Data, providing a hands-on assessment of urban natural areas. "Metro GreenScene," a calendar of hikes, tours, classes and events published three times annually, offered over 400 opportunities for citizens to learn and experience their urban natural areas.

Metro co-sponsored an EnviroCorps (Americorps) team in fiscal year 1995. Twenty team members were involved in habitat restoration and enhancement work at Smith and Bybee Lakes, Whitaker Ponds, Blue Lake Regional Park and Oxbow Regional Park. EnviroCorps was also involved in community activities such as Whitaker Pond master plan workshops and Smith and Bybee Lakes Day to celebrate the completion of the interlakes trail and wildlife viewing shelters.

FUTURE PLANS

During fiscal year 1996, Metro will continue to focus on the future and work to enhance and protect the region's livability, effectively manage resources, and ensure that the citizens of the region have options and opportunities in housing, transportation, recreation, arts and cultural activities.

The Council Finance Committee has recommended a bond measure for a zoo capital project be put before the voters in November 1996. The zoo is currently developing plans with the Executive Officer and Council for the composition of the project from the zoo's adopted long-range plan. Metro will continue to work with Tri-Met to minimize the impacts of Tri-Met's light-rail project construction and the zoo light-rail station, noted above. An additional aspect of this project is the development of a paid parking facility which is financed through a loan commitment from the State of Oregon's Economic Development Department

The Metropolitan Greenspaces Master Plan approved by the Metro Council in 1992 identifies 57 regionally significant natural areas and 34 trail and greenway corridors to be cooperatively managed as a regional system. On May 16, 1995, voters of the region approved a \$135.6 million bond measure referred by the Metro Council to implement a portion of the Master Plan. Funds from the bond measure will be used to acquire about 6,000 acres of open space in 14 regional target areas, acquire six regional trail corridors and fund about 90 local government greenspace projects. The Metro Regional Parks and Greenspaces staff will continue to work to provide a variety of ways for people to enjoy and support their parks and greenspaces. Offering recreational, educational, planning and volunteer opportunities will help build public awareness and citizen involvement to establish and maintain a quality system of parks, greenspaces and trails.

Planning for the South-North light-rail project is scheduled to accelerate for which \$8.5 million of federal grant funds have been budgeted in fiscal year 1996. Continued work on the 2040 Regional Framework Plan will occur in the coming fiscal year.

The above efforts will be accomplished with no new taxes or fees, other than the voter approved property taxes to pay debt service on the Open Spaces Program general obligation bonds. The Metro excise tax is being held constant at 7.5% for the second year in a row,

although the tax is now applied to Parks activities and Convention Center and Expo Center concessions. The solid waste tipping fee is being held constant at \$75 per ton for the fourth year in a row. The fiscal year 1995-96 Budget adopted by the Metro Council and available from Metro's Financial Planning division of the Administrative Services Department describes in more detail plans for the coming year.

FINANCIAL AND ACCOUNTING POLICIES

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada and the principles established by the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. Metro has implemented the provisions of GASB Statement 14 concerning the Reporting Entity. The operations of the Metropolitan Exposition-Recreation Commission (MERC) component unit are reported in discrete columns in the report in accordance with the provisions of this Statement. Criteria for inclusion in Metro's report was presented in this letter previously. This report presents fairly the financial position of the various funds and account groups of Metro at June 30, 1995, and the results of operations and cash flows of such funds for the year then ended in conformity with generally accepted accounting principles (GAAP).

Metro budgets a total of 20 funds of which nine are governmental fund types, eight are reported in proprietary fund types and three are fiduciary fund types. The following bases of accounting are used for the respective funds:

<u>Fund to which applied</u>	<u>Accounting Basis</u>
* Governmental Fund Types: General Fund Special Revenue Funds Debt Service Fund Capital Projects Fund	Modified Accrual Basis
* Proprietary Fund Types: Enterprise Funds Internal Service Funds	Accrual Basis
* Fiduciary Fund Types: Pension Trust Fund Expendable Trust Funds	Accrual Basis Modified Accrual Basis

INTERNAL ACCOUNTING CONTROLS AND BUDGETARY PROCESS

Metro maintains, and management relies upon, a system of internal accounting and administrative controls 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 financial statements can be prepared in accordance with generally accepted accounting principles (GAAP) and Metro's budgetary requirements. The design and operation of the internal control structure also ensures that federal and state financial assistance funds are expended in compliance with applicable laws and regulations related to those programs. In establishing the internal control structure, management considers the inherent limitations of various control procedures and weighs their cost against the benefit derived. Metro constantly monitors and revises, where necessary, the accounting policies, procedures and systems, together with the related internal control structure when required, to assure that reliable and timely information is prepared in the most efficient manner possible.

Metro's budget is prepared on the modified accrual basis of accounting. In accordance with applicable state statutes, Metro budgets all funds except the Pension Trust Fund. The budget is adopted by the Metro Council by ordinance prior to the beginning of Metro's fiscal year (July 1 through June 30). The ordinance authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personal services, materials and services, capital outlay, and other expenditures by department in certain funds and by fund as a whole in certain other funds, as disclosed in the Notes to the Financial Statements (Note 1D), are the levels of control established by the budget ordinance. The expenditure appropriations lapse at the end of the fiscal 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 Metro 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 appropriations transfers between the levels of control when approved by Council. Metro adopted 25 budget amendments during the fiscal year. Metro adopted one supplemental budget during fiscal year 1995, to reflect increased financial activity at the PCPA due to new Broadway series shows.

FINANCIAL SUMMARY OF GENERAL GOVERNMENT FUNCTIONS

The following financial data is summarized from the more detailed information included in this financial report.

Metro's general revenues, which exclude those of the component unit, include revenues of the General Fund, Special Revenue Funds, Debt Service Fund and the Capital Projects Fund which may be classified and summarized from the financial data as follows:

Taxes – Property taxes levied on property in the region and excise taxes charged on Metro provided services.

Intergovernmental Revenue – Federal, state and local grants, shared revenues, and local government service fees received from other governmental entities within the Metro region.

Charges for Services – Admission, rental fees, vending and concessions/catering revenue, professional and contract service fees and other charges for services provided at Metro operated facilities.

Contributions and Donations – Amounts received from donors.

Interest – interest earned on investments.

Miscellaneous – Revenue from other sources not otherwise provided for in the categories noted above.

The revenues accounted for in the Governmental Fund Types and percentage of total revenue by source and changes from 1994, exclusive of the component unit are:

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent</u>	<u>Change From FY 1994</u>
Taxes	\$17,830,854	44.8%	\$ 1,431,297
Intergovernmental	8,881,955	22.3%	2,632,684
Charges for Services	11,453,070	28.8%	1,193,697
Contributions and Donations	739,756	1.9%	(61,498)
Interest	630,864	1.6%	185,190
Miscellaneous	<u>266,913</u>	<u>0.6%</u>	<u>(146,772)</u>
Total	<u>\$39,803,412</u>	<u>100.0%</u>	<u>\$ 5,234,598</u>

Overall revenues in this category increased 15.1% from the previous year, which includes revenues added as result of a full year of operations of the parks, cemetery and Expo Center transferred from Multnomah County to Metro in January 1994. The revenue generated from operations of the programs of the Regional Parks and Expo Fund increased \$2,081,883 over the prior year to a total of \$4,358,707. Excluding the effects of these operations and this transfer, overall revenues increased 2.6% over the prior year. The major increases and decreases are:

- The increase in taxes consists of an increase in property tax revenues of \$883,821 and an increase of \$547,476 in excise taxes charged on Metro's own services. Property taxes received for operation of the Metro Washington Park Zoo and payment of the Oregon Convention Center General Obligation Refunding Bonds represent 54% and 46% of the increase, respectively.
- The increase in intergovernmental revenue is composed of \$2,446,780 in additional federal, state and local grant programs funding, primarily, programs of the Planning Department. The fiscal year also reflected an increase of \$186,401 in local government shared revenues for parks programs, such as recreational vehicle fees received from Multnomah County. Local government services fees remained stable with a decrease of \$497 from fiscal year 1994.
- Charges for Services revenues increased primarily due to a full year of operations of facilities transferred from Multnomah County, which reflected an increase of \$1,951,871. In addition, a 4.3% increase in attendance at the Metro Washington Park Zoo resulted in an 11.1% increase in admissions revenue, while vending, concessions and catering revenues increased 10.4% from the prior year.
- Donations received at the Metro Washington Park Zoo increased \$64,310, or 13.7%, from 1994 primarily due to an increase in donations from the Friends of the Washington Park Zoo, whereas donations to the Zoo Capital Projects Fund decreased \$98,978 (32.8%).

Charges for Services related revenues for the MERC component unit's Special Revenue Funds reflected an increase of \$328,964 from fiscal year 1994. Charges for Services related revenues decreased 30.4% (\$491,418) at the Civic Stadium from fiscal year 1994, primarily in concessions revenue, due to the loss of the Portland Beavers Triple A baseball franchise early in the prior year. The Portland Rockies Single A baseball team began its inaugural season at Civic Stadium late in the fiscal year.

Charges for Services related revenues at the Portland Center for the Performing Arts (PCPA) increased 25.0% (\$816,911) from fiscal year 1994. Increased attendance was attributable to two new Broadway series and the popular performances of "Miss Saigon." As noted earlier, PCPA revenues were enhanced by \$600,000 of hotel/motel taxes from an agreement that provides this tax support to the PCPA for three years beginning in fiscal year 1995.

Expenditures accounted for in the Governmental Fund Types, exclusive of the MERC component unit, are shown below by function, percentage of total by function and changes from the previous year:

<u>Function</u>	<u>Amount</u>	<u>Percent</u>	<u>Change From FY 1994</u>
General government	\$ 2,395,330	6.5%	\$ (196,571)
Zoo operations/development	12,895,793	34.7%	69,454
Regional planning/ development	11,069,401	29.8%	1,551,245
Recreation and development	4,396,155	11.9%	2,182,573
Capital outlay	813,877	2.2%	(2,741,666)
Debt service	<u>5,542,640</u>	<u>14.9%</u>	<u>11,837</u>
Total	<u>\$37,113,196</u>	<u>100.0%</u>	<u>\$ 876,872</u>

Expenditures decreased 3.8%, net of the recreation and development expenditures related to the parks and recreation functions transferred to Metro from Multnomah County at mid-year in the prior year. Some of the significant changes include:

- General government expenditures decreased primarily due to the \$216,620 reduction in Council expenditures as the Council moved from thirteen to seven Councilors in January 1995, and a reduction in Executive Management expenditures of \$51,786. Additional expenditures in the amount of \$98,952 were incurred as the Office of the Auditor began operations in accordance with Metro Charter in January 1995.
- Zoo operations expenditures increased less than 1% during the year. Expenditure increases of \$328,382 in the Visitor Services and Animal Management divisions were offset to a degree by a reduction of \$179,146 in expenditures for other Zoo divisions and further decreases in other support costs.
- Regional planning and development expenditures increased by 16.3% due to increased grant and other projects funded by other government units.
- Recreation and development expenditures are composed of parks, cemeteries, Expo Center and other recreational functions transferred to Metro from Multnomah County in January 1994. The prior fiscal year reflected only six months of operations under Metro, whereas fiscal year 1995 reflects a full year of operations and the resulting 98.6% increase in expenditures.
- Capital outlay reflects a significant reduction as major zoo capital project construction was completed in the prior year and no major initiatives were undertaken during the year. The resulting \$1,982,330 decrease in Zoo Capital Projects Fund expenditures accounts for the most significant portion of the decrease.

Expenditures in the MERC component unit Special Revenue Fund were down \$405,801 or 6.0%. Direct Civic Stadium expenditures decreased 24.4%, while direct expenditures at PCPA increased 6.4% from fiscal year 1994.

PROPRIETARY OPERATIONS

Proprietary fund operating revenues, exclusive of the MERC component unit, decreased 0.2% over fiscal year 1994 to a total of \$68,637,002 for the fiscal year ended June 30, 1995. Operating expenses in the proprietary funds, exclusive of MERC, totaled \$60,580,166, or an increase of 0.1% from the prior year. The net income for the fiscal year ended June 30, 1995, was \$6,779,578 compared to \$5,020,794 in fiscal year 1994. Specific results by proprietary activity are discussed in further detail below.

Solid Waste Enterprise Fund

The Solid Waste enterprise operations accounted for 85.6% of proprietary revenues or approximately \$58.8 million, which was down 0.6% from the prior year. Tonnage processed at Metro facilities increased 0.2% (approximately 5,000 tons) over the prior year. Operating expenses decreased 0.4% to a total of \$51,433,515 for the fiscal year ended June 30, 1995. Charges for Services revenues decreased \$53,225 or less than 0.1%. Payroll and fringe benefits increased 9.68% (\$488,247) from fiscal year 1994. Expenses of operating the Metro South and Metro Central Stations increased \$451,559 and \$243,107, respectively. Costs to transport waste to designated facilities decreased 3.4% (\$356,518), whereas disposal costs decreased 1.5% (\$312,370). Insurance costs decreased \$524,825 from 1994. The resulting net income for the Solid Waste Fund was \$6,614,050 compared to net income of \$5,249,101 in fiscal year 1994. Unreserved retained earnings at June 30, 1995, reached \$18,373,953.

Internal Service Funds

The *Building Management*, *Support Services* and *Risk Management Funds* comprise Metro's internal service funds. Metro changed the categorization of the *Building Management Fund* in fiscal year 1995 from an enterprise fund to a internal service fund as the character of operations has become more focused on providing services to Metro departments and the space occupied by lessors unrelated to Metro has decreased significantly.

The combined internal service funds reflected operating revenues of \$9,881,386 for the fiscal year ended June 30, 1995, which was a decrease of 2.5% from fiscal year 1994. Operating expenses increased \$231,103 or 2.6% over fiscal year 1994. The funds had net income of \$165,528 for the fiscal year ended June 30, 1995, compared to a net loss of \$228,307 in 1994. The most significant change in net income occurred in the *Risk Management Fund*.

Building Management Fund. Revenues, composed primarily of receipts in lieu of rent from Metro departments, were up \$469,236 over 1994. Operating expenses decreased 31% (\$652,284), primarily due to payments in the prior year to close out the operating lease on former office space which totaled \$684,760 in the prior year. The *Building Management Fund* ended the fiscal year with a net loss of \$424,525, increasing the deficit in retained earnings to \$843,332. This deficit will be reduced over the long term operations of the fund as interest payments on debt are reduced and payments on principal increase.

Support Services Fund. Charges for Services revenues increased 8.3% (\$516,049) over the prior year, while operating expenses increased 12.0% (\$734,163). Operating expenses of the fund include accounting, finance, budget, information systems, legal, personnel and administrative services costs. These costs were 5.8% of total expenses and expenditures for Metro in fiscal year 1995, compared to 5.2% in fiscal year 1994.

Risk Management Fund. The fund reduced charges to Metro departments due to excellent claims experience and the sufficient level of reserves available. These revenues decreased \$878,452 (55.7%) from the prior year. Operating expenses increased 21.2% (\$149,224) for the year ended June 30, 1995. Net income for the year was \$245,991.

Oregon Convention Center Enterprise Fund

The MERC managed *Oregon Convention Center* enterprise had an increase in operating revenue of \$1,312,077 or 12.2%. Local government shared revenue, consisting of hotel/motel taxes within Multnomah County, increased 10.8% during fiscal year 1995. Charges for services, including parking fees and reimbursed labor, increased to \$8,177,851 which was a gain of 12.8% over the prior year. Operating expenses increased 7.5% over fiscal year 1994 to a total of \$13,243,899. The net loss for the fiscal year ended June 30, 1995 was \$331,828 compared to a net loss in the prior year of \$183,762 which included a one-time gain due to the adjustment/disposal of fixed assets in the amount of \$1.1 million.

FIDUCIARY OPERATIONS

Metro manages and accounts for moneys received from various sources in a fiduciary capacity. Such moneys are reported in the Trust Funds within the Fiduciary Fund Type. Disbursements are made in accordance with the agreement or applicable legislative enactment for each fund.

RISK MANAGEMENT

Metro has established the Risk Management Fund (an internal service fund) to account for risk management activities, including the payment of insurance policy premiums, payment of claims, and to finance uninsured risks of loss. Metro is self-insured in certain areas. The Risk

Management Fund provides risk of loss coverage for general liability, bodily injury or property damage of third parties resulting from the negligence of Metro or its employees and errors and omissions. These risks are self-insured by the Risk Management Fund. Property damage to Metro-owned facilities, subject to a \$100,000 deductible, is covered through a commercial primary all risk, property insurance policy. A purchased paid loss retro program purchased through the commercial carrier SAIF is used for workers' compensation coverage. An actuarial valuation was performed in October 1993 to determine estimates of liabilities for unpaid claims (IBNR).

The Risk Management division continues responsibility in four areas: *insurance administration, risk assessment, emergency management and safety*. In fiscal year 1993, Metro self-funded liability claims and moved to a substantial deductible for workers' compensation claims. This action resulted in significant savings to the organization. Risk Management takes an active role in identifying, evaluating and reducing risks to the organization. The division provides instruction to employees to promote safe behavior and helps make Metro a safe place to visit and work. As part of the safety program, the employees of Metro are recognized for their achievement of reducing the cost of claims.

GENERAL FIXED ASSETS

The general fixed assets of Metro are those fixed assets used in performance of general governmental functions, including the Metro Washington Park Zoo, and exclude the fixed assets of the Enterprise and Internal Service Funds. Also excluded are the fixed assets used by MERC's Spectator Facilities Fund as title to the assets remains with the City of Portland under the terms of an intergovernmental agreement. Similarly, certain fixed assets related to the Expo Center, various parks and cemeteries, boat landings and other property operated by Metro under terms of an intergovernmental agreement with Multnomah County are excluded from Metro's fixed assets as title to the assets remain with Multnomah County. The spectator facilities and various park fixed assets can be found in the City of Portland and Multnomah County Comprehensive Annual Financial Reports, when issued. As of June 30, 1995, the general fixed assets of Metro amount to \$45,112,311. This amount represents the original or estimated cost of the assets and is considerably less than the estimated replacement value.

CASH AND INVESTMENT MANAGEMENT

Metro pools most funds for investment purposes to obtain maximum return on investments, while minimizing the risk of loss of principal due to credit and market risk. Metro's investment manager uses automated information from the bank and detailed internal data to manage the investment program.

Metro's investment transactions are governed by a written Investment Policy adopted by the Metro Council. The Investment Policy regulates Metro's investment objectives, diversification, limitations and reporting requirements. Metro utilizes an independent Investment Advisory Board to review and advise Metro on its investment plan and investment performance. Quarterly investment reports are presented to the Investment Advisory Board and the Metro Council's Finance Committee.

Investment earnings on all funds under Metro's management was \$4,259,289 for the fiscal year ended June 30, 1995. This compares to \$2,472,398 for fiscal year 1994. The average yield earned on Metro's investments increased with the market in fiscal year 1995, from a low of 4.574% in July 1994 to 6.393% at June 30, 1995. Investment performance continued to be higher than three-month Treasury Bills and the average yield of the State of Oregon's Local Government Investment Pool, which were 5.628% and 6.079%, respectively, as of June 30, 1995.

The investments are displayed in Note 6 to the financial statements disclosing the carrying amounts and market values both by investment type and in total. The Note discloses the level of custodial credit risk associated with the investment types.

DEBT ADMINISTRATION

As of June 30, 1995, Metro had a total of five bond issues outstanding for a total of \$126,101,120. These issues included \$61,515,000 of general obligation bonds and \$64,586,120 of revenue bonds.

During fiscal year 1995, Metro did not issue any new debt, but did extend the note maturity date on the Zoo Light Rail Bond Anticipation Note. The note, in the amount of \$2,000,000, was issued July 1, 1993, with a variable interest rate equal to a per annum rate of interest equal to the then current 90-day Treasury Bill rate for Treasury Bills sold on the day nearest to the first day of the calendar year quarter during which such rate applies. The note's maturity was extended from July 1, 1995, to November 1, 1995, and is payable to the Tri-County Metropolitan Transportation District of Oregon (Tri-Met).

The total outstanding net general bonded debt at year-end 1995 was \$58,386,119, as compared with \$60,218,305 in 1994. The ratio of net bonded debt to assessed valuation dropped from .11% in fiscal year 1994 to .10% in fiscal year 1995. Under ORS 268.520, Metro's general obligation bond issuances are subject to a legal limitation based on 10% of the true cash value of all taxable property within the Metro district. As of June 30, 1995, Metro's net general obligation debt of \$61,515,000 was well below the legal limit of \$6,097,962,115.

In accordance with IRS regulations, Metro is required to periodically pay a rebate on arbitrage earnings for certain bond issues. As of June 30, 1995, Metro has calculated arbitrage payable to the federal government of \$142,341. Metro has set aside investments with the trustee in a rebate account which has accumulated an amount to be used for payment.

Metro is considering financing of additional projects in the future. On May 16, 1995, voters granted Metro authority to issue \$135.6 million in general obligation bonds to finance land acquisition and capital improvements pursuant to Metro's Open Spaces Program. The Metro Council authorized the issuance of the bonds which were scheduled to be sold subsequent to year end (see Note 22). A loan commitment has also been received subsequent to year end (see Note 22) from the Oregon Economic Development Department's Special Public Works Fund loan program to retire the Bond Anticipation Note due to Tri-Met (noted earlier) and to finance certain costs of the Metro Washington Park Zoo parking lot project. The total loan commitment is \$5,373,518 and carries an interest rate of 5.49%. Longer term projects for which debt financing is being considered include a major zoo capital project and an expansion to the Oregon Convention Center.

In 1995, Metro's bond ratings on general obligation debt were Aa and AA+ from Moody's and Standard and Poor's, respectively. Metro revenue bonds were rated A, A, and A+ by Moody's, Standard and Poor's and Fitch, respectively. These ratings tell investors that Metro is a good risk when it sells bonds and reduces the interest rate required to be paid by Metro and its citizens.

INDEPENDENT AUDIT

Oregon state law requires an annual audit of the financial records and transactions of Metro by independent certified public accountants. This requirement has been complied with and the combined financial statements have been examined and have received an "unqualified opinion" from KPMG Peat Marwick LLP, our independent certified public accountants. Please refer to the Financial Section for the full text of our auditors' report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Metro for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1994. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose

contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Metro has received a Certificate of Achievement for the last three consecutive years. We believe our current Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

As a final note, we wish to acknowledge the hard work of the employees in the Accounting Division of the Administrative Services Department who assisted in the preparation of this report and completed this effort in a very efficient and timely manner. We especially acknowledge the efforts of Karla Lenox, Financial Reporting and Control Supervisor, for her efforts and dedication in the preparation of this report. We wish to also acknowledge the cooperation received from other Metro staff in providing information required to fairly present Metro's financial information. Appreciation is also extended to the Executive Officer, Metro Auditor and Metro Council for their support.

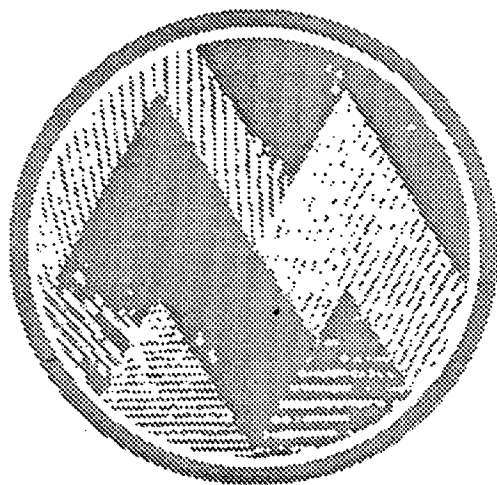
Respectfully submitted,



Donald R. Cox, Jr., CPA, CGFM
Accounting Manager



Jennifer Sims
Chief Financial Officer



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, 1994

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



President

Executive Director

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, 1994. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR 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 our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

JUNE 30, 1995

ELECTED OFFICIALS

EXECUTIVE OFFICER

Mike Burton
Term expires Dec. 31, 1998

AUDITOR

Alexis Dow
Term expires Dec. 31, 1998

COUNCILORS

Ruth McFarland, Presiding Officer
Council District 1
Term expires Dec. 31, 1998

Rod Monroe, Deputy Presiding Officer
Council District 6
Term expires Dec. 31, 1996

Don Morissette, Councilor
Council District 2
Term expires Dec. 31, 1998

Jon Kvistad, Councilor
Council District 3
Term expires Dec. 31, 1996

Susan McLain, Councilor
Council District 4
Term expires Dec. 31, 1998

Ed Washington, Councilor
Council District 5
Term expires Dec. 31, 1996

Patricia McCaig, Councilor
Council District 7
Term expires Dec. 31, 1998

APPOINTED OFFICIALS

Jennifer Sims, Chief Financial Officer

Daniel B. Cooper, General Counsel

Douglas E. Butler, Director of
Administrative Services

Andrew Cotugno, Director of
Transportation Planning

John Fregonese, Director of
Growth Management Services

Y. Sherry Sheng, Director of
Metro Washington Park Zoo

Bernard Shanks, Director of
Regional Environmental Management

Charles S. Ciecko, Director of
Regional Parks and Greenspaces

Patrick LaCrosse, General Manager,
Metro Exposition – Recreation
Commission

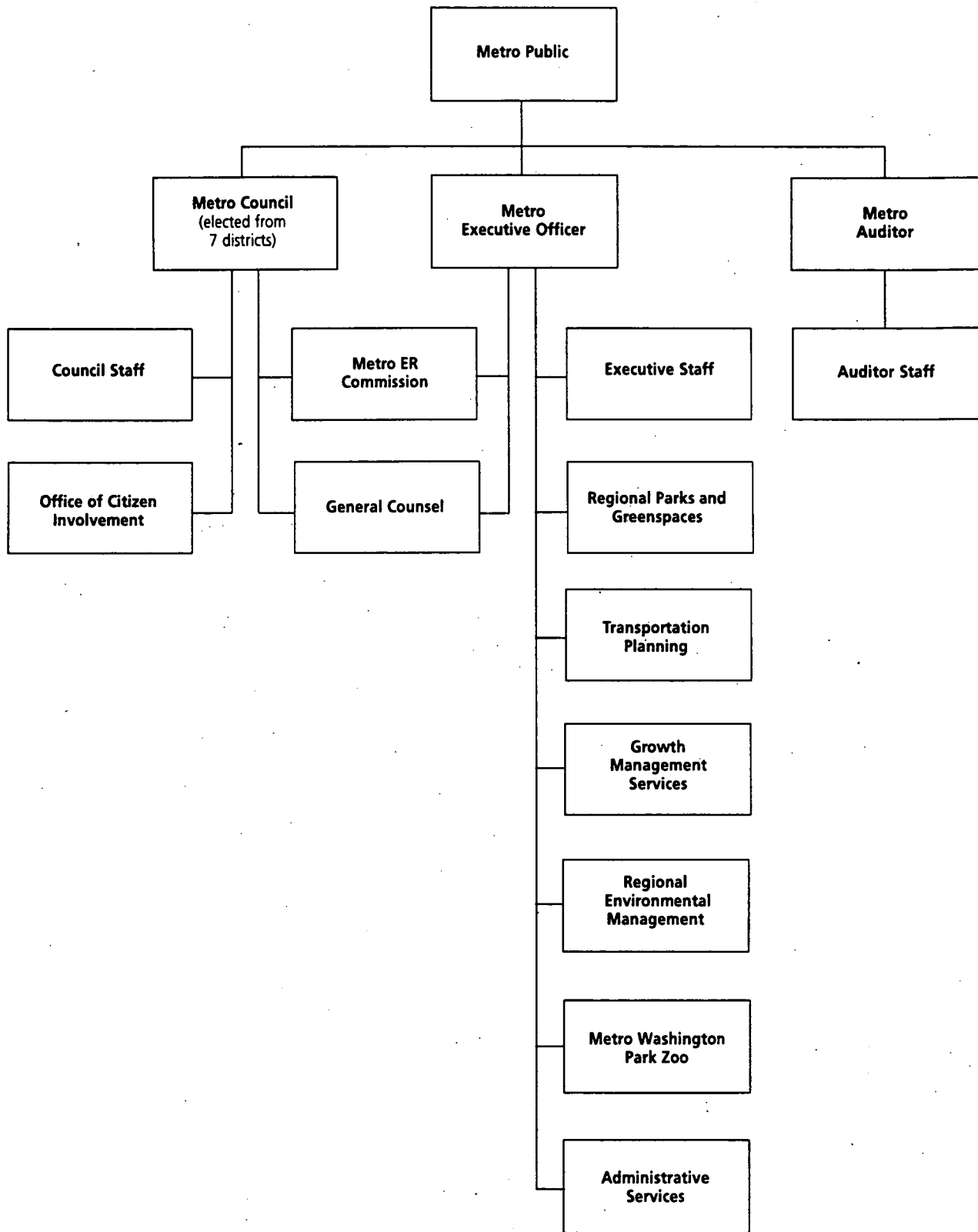
REGISTERED AGENT

Cathy Ross

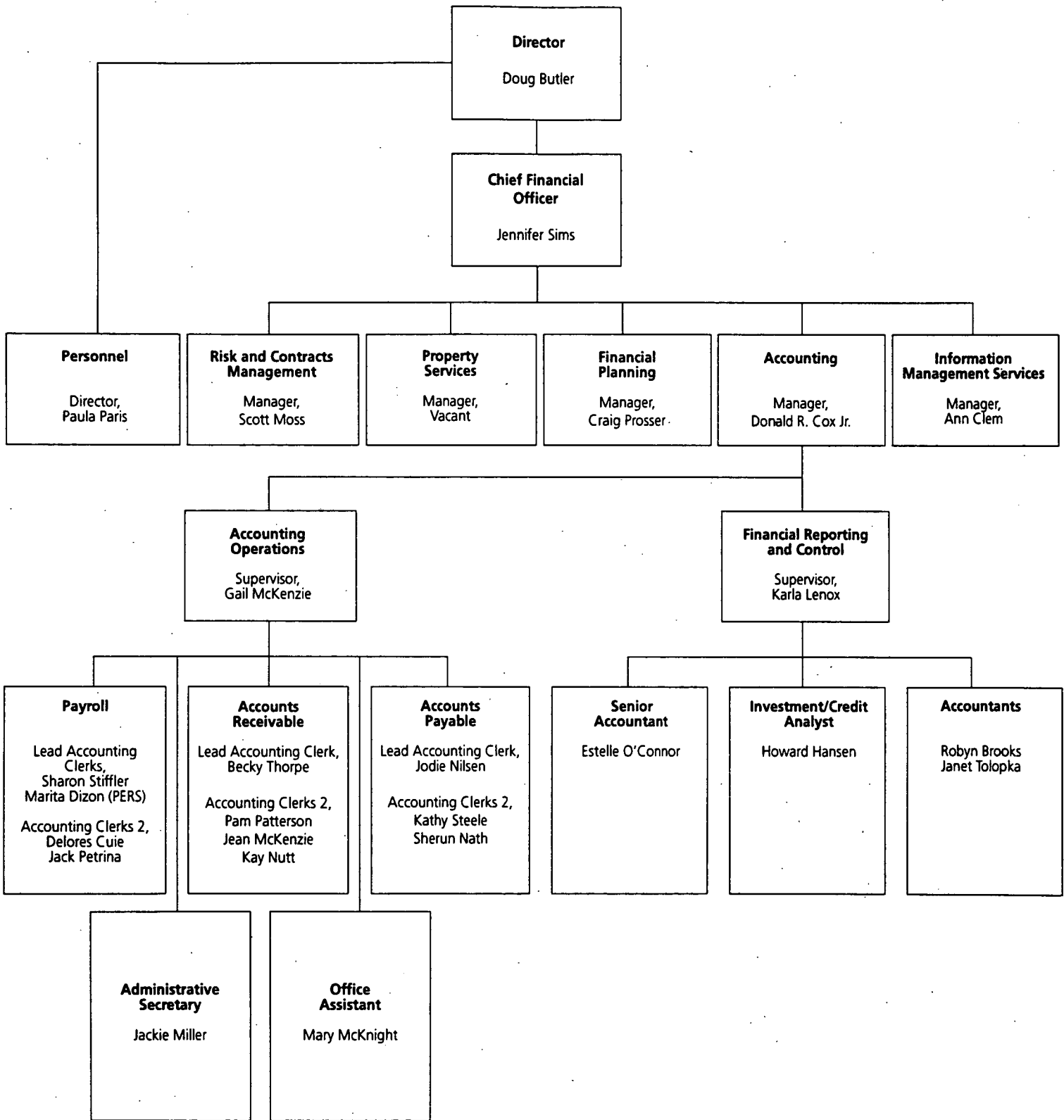
ADDRESS OF REGISTERED AND ADMINISTRATIVE OFFICE

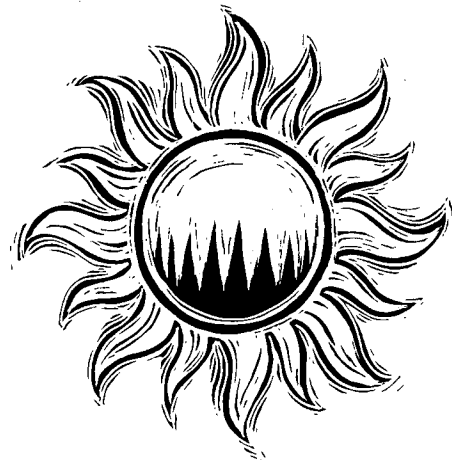
600 NE Grand Avenue
Portland, OR 97232-2736

METRO ORGANIZATION STRUCTURE



ADMINISTRATIVE SERVICES DEPARTMENT AND ACCOUNTING DIVISION







METRO

OFFICE OF THE AUDITOR

October 18, 1995

To the Executive Officer, Council and Citizens of the Metro Region:

Oregon state law requires an annual audit of Metro's financial records and transactions by independent public accountants. In accordance with Metro Charter Section 18(3) and Metro Code Section 2.15.080, I have appointed KPMG Peat Marwick LLP, Certified Public Accountants, to conduct an independent audit of Metro's combined financial statements. My office coordinated and monitored this audit.

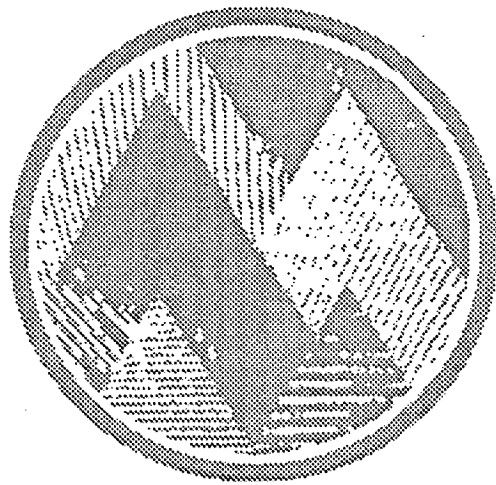
Presented at page 2 is the unqualified report of KPMG Peat Marwick LLP on Metro's combined financial statements for the fiscal year ended June 30, 1995.

In addition to the above report, Metro is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the Single Audit Act of 1984, OMB Circular A-128, and the provisions of *Government Auditing Standards (1994 Revision)* promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. A report on Metro's compliance with applicable federal laws and regulations and the Schedule of Federal Financial Assistance for the year ended June 30, 1995, has been issued under separate cover.

Respectfully submitted,

A handwritten signature in cursive script that reads "Alexis Dow".

Alexis Dow, CPA
Metro Auditor



Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

Report of Independent Certified Public Accountants

To the Council, Executive Officer, and Auditor
Metro
Portland, Oregon:

We have audited the accompanying combined financial statements of Metro as of and for the year ended June 30, 1995 as listed in the table of contents. These combined financial statements are the responsibility of Metro's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Metro as of June 30, 1995, and the results of its operations and the cash flows of its proprietary fund types and similar trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 17, 1995 on our consideration of Metro's internal control structure and a report dated October 17, 1995 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of Metro. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole.

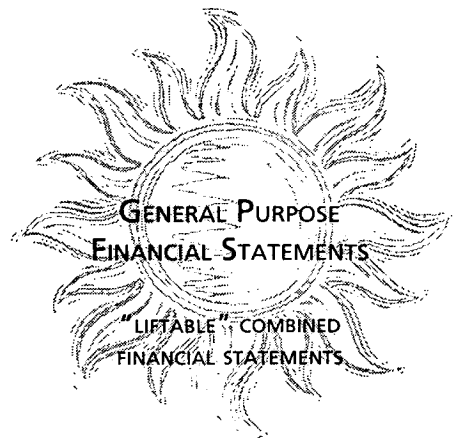
The other data included in this report, designated as statistical section in the table of contents, has not been audited by us and, accordingly, we express no opinion on such data.

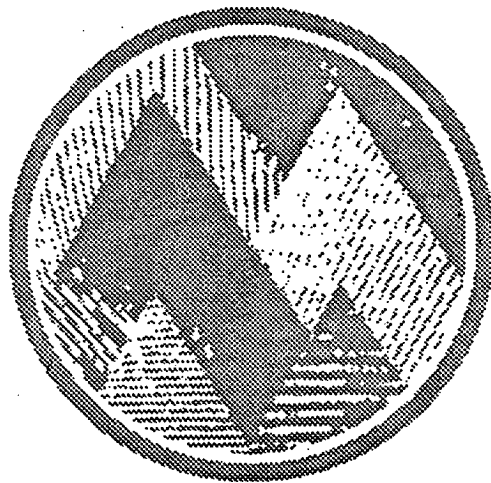
KPMG PEAT MARWICK LLP

By Joseph F. Hoffman
Joseph F. Hoffman, Partner

October 17, 1995







METRO

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units

June 30, 1995

	Governmental Fund Types				Proprietary Fund Types	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Solid Waste Enterprise</u>	<u>Internal Service</u>
<u>Assets and Other Debits:</u>						
Assets:						
Cash and investments	\$ -	8,861,993	3,073,992	973,643	20,132,565	9,824,808
Cash and investments- pension trust	-	-	-	-	-	-
Receivables:						
Property taxes	-	401,639	363,373	-	-	-
User and landfill fees (net of allowance for uncollectibles)	-	-	-	-	6,096,708	-
Trade	-	448,345	-	-	-	37,033
Other	105,745	5,891	-	-	924,755	205
Interest	22,862	169,575	10,985	-	495,033	198,774
Federal grants	-	1,693,258	-	-	-	-
State and local grants/contracts	-	2,782,465	-	-	-	-
Due from other funds	2,610,376	1,156,222	-	-	-	9,508
Due from primary government	-	-	-	-	-	-
Inventory of materials and supplies	-	250,782	-	-	-	-
Prepaid expenses	-	14,976	-	-	739	-
Other assets	-	28,824	-	-	-	2,600
Restricted assets:						
Cash and investments	-	20,637	-	-	11,887,863	1,894,299
Interest receivable	-	-	-	16,843	-	-
Loans receivable	-	-	-	-	5,000,000	-
Fixed assets, net	-	-	-	-	30,911,759	20,761,469
Other debits:						
Amount available for debt service	-	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-
Total assets and other debits	\$ <u>2,738,983</u>	<u>15,834,607</u>	<u>3,448,350</u>	<u>990,486</u>	<u>75,449,422</u>	<u>32,728,696</u>

Fiduciary Fund Type	Account Groups		Total (memorandum only) Primary Government	Component Unit - MERC		Total (memorandum only) Reporting Entity
	General Fixed Assets	General Long-term Debt		Governmental Fund Type Special Revenue	Proprietary Fund Type Convention Center Enterprise	
Trust						
5,627,302	-	-	48,494,303	1,973,653	12,771,949	63,239,905
10,142,032	-	-	10,142,032	-	-	10,142,032
-	-	-	765,012	-	-	765,012
-	-	-	6,096,708	-	-	6,096,708
-	-	-	485,378	552,716	396,407	1,434,501
793,943	-	-	1,830,539	265	-	1,830,804
102,589	-	-	999,818	33,273	234,296	1,267,387
-	-	-	1,693,258	-	-	1,693,258
-	-	-	2,782,465	-	-	2,782,465
9,349	-	-	3,785,455	-	-	3,785,455
-	-	-	-	-	2,520	2,520
-	-	-	250,782	69,413	82,547	402,742
-	-	-	15,715	-	3,679	19,394
72,461	-	-	103,885	8,713	-	112,598
-	-	-	13,802,799	4,876,758	602,310	19,281,867
-	-	-	16,843	-	-	16,843
-	-	-	5,000,000	-	-	5,000,000
-	45,112,311	-	96,785,539	-	91,023,343	187,808,882
-	-	3,128,881	3,128,881	-	-	3,128,881
-	-	61,295,929	61,295,929	104,468	-	61,400,397
<u>16,747,676</u>	<u>45,112,311</u>	<u>64,424,810</u>	<u>257,475,341</u>	<u>7,619,259</u>	<u>105,117,051</u>	<u>370,211,651</u>

(Continued)

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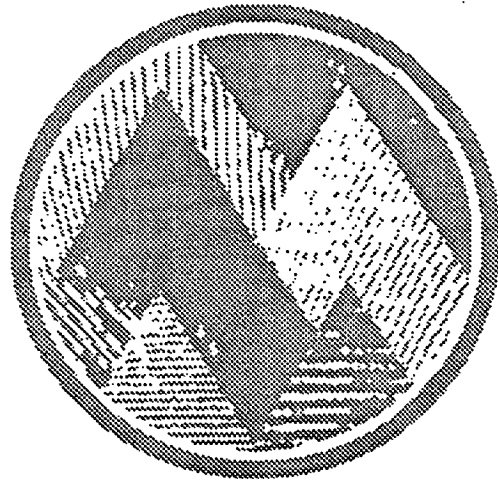
Combined Balance Sheet -
All Fund Types, Account Groups and Discretely Presented Component Units, Continued

June 30, 1995

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Solid Waste Enterprise	Internal Service
Liabilities, Fund Equity and Other Credits:						
Liabilities:						
Accounts payable	\$ 165,443	2,041,845	-	-	5,079,174	282,503
Salaries, withholdings and payroll taxes payable	43,400	681,852	-	-	457,442	448,637
Accrued self-insurance claims	-	-	-	-	-	644,758
Contracts payable	-	43,046	-	20,747	-	-
Due to other governments	-	94,030	-	-	-	-
Due to other funds	1,156,222	2,629,233	-	-	-	-
Due to component unit	-	-	-	-	-	2,520
Accrued interest payable	-	-	-	-	598,296	537,607
Deferred revenue	32,511	353,569	319,469	-	-	-
Unearned grant/contract revenue	-	139,089	-	-	-	-
Deposits payable	-	185,263	-	-	-	-
Other liabilities	-	-	-	-	1,550	16,746
Loans payable	-	-	-	-	-	265,061
Payable from restricted assets:						
Contracts payable	-	-	-	-	2,851,540	-
Arbitrage payable	-	-	-	-	15,457	-
Post-closure costs payable	-	-	-	-	12,562,112	-
Bonds payable (net of unamortized discount and deferred amount on refunding)	-	-	-	-	30,218,233	22,971,256
Bond anticipation note payable	-	-	-	-	-	-
Obligations under capital leases	-	-	-	-	-	36,956
Liability for compensated absences	-	-	-	-	-	-
Total liabilities	1,397,576	6,167,927	319,469	20,747	51,783,804	25,206,044
Fund equity and other credits:						
Contributed capital, net	-	-	-	-	989,888	312,330
Retained earnings:						
Reserved for debt service	-	-	-	-	1,438,884	-
Reserved for renewal and replacement	-	-	-	-	2,862,893	-
Unreserved	-	-	-	-	18,373,953	7,210,322
Fund balances:						
Reserved for debt service	-	-	3,128,881	-	-	-
Reserved for pension benefits	-	-	-	-	-	-
Unreserved	1,341,407	9,666,680	-	969,739	-	-
Other credits-						
Investment in general fixed assets	-	-	-	-	-	-
Total fund equity and other credits	1,341,407	9,666,680	3,128,881	969,739	23,665,618	7,522,652
Commitments and contingencies						
Total liabilities, fund equity and other credits	\$ 2,738,983	15,834,607	3,448,350	990,486	75,449,422	32,728,696

See accompanying notes to combined financial statements.

Fiduciary Fund Type	Account Groups		Total (memorandum only) Primary Government	Component Unit - MERC		Total (memorandum only) Reporting Entity
	General Fixed Assets	General Long-term Debt		Governmental Fund Type Special Revenue	Proprietary Fund Type Convention Center Enterprise	
Trust						
80,775	-	-	7,649,740	272,595	274,298	8,196,633
3,332	-	-	1,634,663	247,098	253,615	2,135,376
-	-	-	644,758	-	-	644,758
-	-	-	63,793	-	-	63,793
-	-	-	94,030	-	-	94,030
-	-	-	3,785,455	-	-	3,785,455
-	-	-	2,520	-	-	2,520
-	-	-	1,135,903	-	-	1,135,903
200,000	-	-	905,549	-	-	905,549
-	-	-	139,089	-	-	139,089
-	-	-	185,263	3,792,421	379,280	4,356,964
-	-	-	18,296	87,860	51,757	157,913
-	-	-	265,061	-	-	265,061
-	-	-	2,851,540	-	-	2,851,540
-	-	-	15,457	-	126,884	142,341
-	-	-	12,562,112	-	-	12,562,112
-	-	61,515,000	114,704,489	-	-	114,704,489
-	-	2,000,000	2,000,000	-	-	2,000,000
-	-	293,044	330,000	8,070	-	338,070
-	-	616,766	616,766	96,398	-	713,164
<u>284,107</u>	<u>-</u>	<u>64,424,810</u>	<u>149,604,484</u>	<u>4,504,442</u>	<u>1,085,834</u>	<u>155,194,760</u>
-	-	-	1,302,218	-	82,983,129	84,285,347
-	-	-	1,438,884	-	-	1,438,884
-	-	-	2,862,893	-	-	2,862,893
-	-	-	25,584,275	-	21,048,088	46,632,363
-	-	-	3,128,881	-	-	3,128,881
10,793,913	-	-	10,793,913	-	-	10,793,913
5,669,656	-	-	17,647,482	3,114,817	-	20,762,299
-	<u>45,112,311</u>	<u>-</u>	<u>45,112,311</u>	<u>-</u>	<u>-</u>	<u>45,112,311</u>
16,463,569	45,112,311	-	107,870,857	3,114,817	104,031,217	215,016,891
<u>16,747,676</u>	<u>45,112,311</u>	<u>64,424,810</u>	<u>257,475,341</u>	<u>7,619,259</u>	<u>105,117,051</u>	<u>370,211,651</u>



METRO

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units

For the year ended June 30, 1995

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum only)	Component Unit- MERC	Total (Memorandum only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Primary Government	Special Revenue	Reporting Entity
Revenues:								
Property taxes	\$ -	6,328,153	5,503,576	-	-	11,831,729	-	11,831,729
Excise taxes	5,999,125	-	-	-	-	5,999,125	-	5,999,125
Grants and contracts:								
Federal	-	3,421,390	-	-	35,523	3,456,913	-	3,456,913
State and local	-	4,482,204	-	-	-	4,482,204	-	4,482,204
Local government shared revenues	-	397,800	-	-	-	397,800	600,000	997,800
Local government service fee	-	580,561	-	-	-	580,561	-	580,561
Contract and professional services	-	193,624	-	-	-	193,624	-	193,624
Charges for services	-	10,505,971	-	-	9,350	10,515,321	3,078,589	13,593,910
Rehabilitation, enhancement and end use fees	-	-	-	-	424,809	424,809	-	424,809
Interest	52,270	418,550	116,250	43,794	284,942	915,806	264,865	1,180,671
Contributions and donations	-	536,637	-	203,119	-	739,756	-	739,756
Reimbursed labor	-	-	-	-	-	-	2,131,377	2,131,377
Parking fees	-	753,475	-	-	-	753,475	-	753,475
Miscellaneous	8,463	147,824	-	110,626	-	266,913	280,228	547,141
Total revenues	6,059,858	27,766,189	5,619,826	357,539	754,624	40,558,036	6,355,059	46,913,095
Expenditures:								
Current:								
General government operations	2,395,330	-	-	-	-	2,395,330	-	2,395,330
Zoo operations and development	-	12,895,793	-	-	-	12,895,793	-	12,895,793
Spectator facilities operations	-	-	-	-	-	-	6,403,481	6,403,481
Regional planning and development	-	11,069,401	-	-	-	11,069,401	-	11,069,401
Recreation and development	-	4,396,155	-	-	3,960	4,400,115	-	4,400,115
Rehabilitation and enhancement	-	-	-	-	890,373	890,373	-	890,373
Capital outlay	46,155	378,898	-	388,824	35,652	849,529	-	849,529
Debt service	-	-	5,542,640	-	-	5,542,640	-	5,542,640
Total expenditures	2,441,485	28,740,247	5,542,640	388,824	929,985	38,043,181	6,403,481	44,446,662
Revenues over (under) expenditures	3,618,373	(974,058)	77,186	(31,285)	(175,361)	2,514,855	(48,422)	2,466,433
Other financing sources (uses):								
Operating transfers in	124,258	3,271,873	-	-	-	3,396,131	-	3,396,131
Operating transfers out	(3,271,873)	-	-	-	-	(3,271,873)	-	(3,271,873)
Revenues and other sources over (under) expenditures and other uses	470,758	2,297,815	77,186	(31,285)	(175,361)	2,639,113	(48,422)	2,590,691
Fund balances-- July 1, 1994	870,649	7,368,865	3,051,695	1,001,024	5,845,017	18,137,250	3,163,239	21,300,489
Fund balances - June 30, 1995	\$ 1,341,407	9,666,680	3,128,881	969,739	5,669,656	20,776,363	3,114,817	23,891,180

See accompanying notes to combined financial statements.

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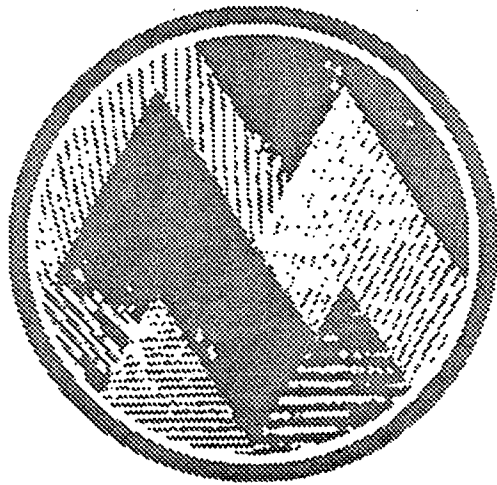
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units

For the year ended June 30, 1995

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Revenues:						
Property taxes	\$ -	-	-	5,875,560	6,328,153	452,593
Excise taxes	5,968,760	5,999,125	30,365	-	-	-
Grants and contracts:						
Federal	-	-	-	5,774,062	3,421,390	(2,352,672)
State and local	-	-	-	4,633,213	4,482,204	(151,009)
Local government shared revenues	-	-	-	406,000	397,800	(8,200)
Local government service fees	-	-	-	550,000	580,561	30,561
Contract and professional services	-	-	-	675,779	193,624	(482,155)
Charges for services	-	-	-	9,089,882	10,155,059	1,065,177
Interest	40,000	52,270	12,270	164,781	418,550	253,769
Contributions and donations	-	-	-	546,600	536,637	(9,963)
Reimbursed labor	-	-	-	-	-	-
Parking fees	-	-	-	541,890	753,475	211,585
Miscellaneous	-	8,463	8,463	179,372	147,824	(31,548)
Total revenues	6,008,760	6,059,858	51,098	28,437,139	27,415,277	(1,021,862)
Expenditures:						
Current:						
General government operations	1,795,019	1,568,495	226,524	-	-	-
Zoo operations and development	-	-	-	12,392,433	11,545,654	846,779
Spectator facilities operations	-	-	-	-	-	-
Regional planning and development	-	-	-	10,846,456	9,160,691	1,685,765
Recreation and development	-	-	-	4,778,662	3,756,908	1,021,754
Contingency	287,257	-	287,257	1,082,514	-	1,082,514
Capital outlay	47,527	46,155	1,372	1,427,182	378,898	1,048,284
Debt service	-	-	-	-	-	-
Total expenditures	2,129,803	1,614,650	515,153	30,527,247	24,842,151	5,685,096
Revenues over (under) expenditures	3,878,957	4,445,208	566,251	(2,090,108)	2,573,126	4,663,234
Other financing sources (uses):						
Operating transfers in	124,258	124,258	-	3,778,130	3,622,785	(155,345)
Operating transfers out	(4,334,215)	(4,098,708)	235,507	(4,054,024)	(3,898,096)	155,928
Revenues and other sources over (under) expenditures and other uses	(331,000)	470,758	801,758	(2,366,002)	2,297,815	4,663,817
Fund balances - July 1, 1994	531,000	870,649	339,649	6,105,252	7,368,865	1,263,613
Fund balances - June 30, 1995	\$ 200,000	1,341,407	1,141,407	3,739,250	9,666,680	5,927,430

Debt Service Fund			Capital Projects Fund			Expendable Trust Funds			Total (memorandum only) - Primary Government		
Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
5,314,785	5,503,576	188,791	-	-	-	-	-	-	11,190,345	11,831,729	641,384
-	-	-	-	-	-	-	-	-	5,968,760	5,999,125	30,365
-	-	-	-	-	-	65,000	35,523	(29,477)	5,839,062	3,456,913	(2,382,149)
-	-	-	-	-	-	-	-	-	4,633,213	4,482,204	(151,009)
-	-	-	-	-	-	-	-	-	406,000	397,800	(8,200)
-	-	-	-	-	-	-	-	-	550,000	580,561	30,561
-	-	-	-	-	-	-	-	-	675,779	193,624	(482,155)
-	-	-	-	-	-	70,000	9,350	(60,650)	9,159,882	10,164,409	1,004,527
50,000	116,250	66,250	20,595	43,794	23,199	153,504	284,942	131,438	428,880	915,806	486,926
-	-	-	500,000	203,119	(296,881)	-	-	-	1,046,600	739,756	(306,844)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	541,890	753,475	211,585
-	-	-	107,000	110,626	3,626	-	-	-	286,372	266,913	(19,459)
<u>5,364,785</u>	<u>5,619,826</u>	<u>255,041</u>	<u>627,595</u>	<u>357,539</u>	<u>(270,056)</u>	<u>288,504</u>	<u>329,815</u>	<u>41,311</u>	<u>40,726,783</u>	<u>39,782,315</u>	<u>(944,468)</u>
-	-	-	-	-	-	-	-	-	1,795,019	1,568,495	226,524
-	-	-	-	-	-	-	-	-	12,392,433	11,545,654	846,779
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,457,992	866,166	591,826	12,304,448	10,026,857	2,277,591
-	-	-	-	-	-	-	-	-	4,778,662	3,756,908	1,021,754
-	-	-	150,000	-	150,000	243,402	-	243,402	1,763,173	-	1,763,173
-	-	-	1,324,087	388,824	935,263	221,000	35,652	185,348	3,019,796	849,529	2,170,267
5,542,640	5,542,640	-	-	-	-	-	-	-	5,542,640	5,542,640	-
<u>5,542,640</u>	<u>5,542,640</u>	<u>-</u>	<u>1,474,087</u>	<u>388,824</u>	<u>1,085,263</u>	<u>1,922,394</u>	<u>901,818</u>	<u>1,020,576</u>	<u>41,596,171</u>	<u>33,290,083</u>	<u>8,306,088</u>
(177,855)	77,186	255,041	(846,492)	(31,285)	815,207	(1,633,890)	(572,003)	1,061,887	(869,388)	6,492,232	7,361,620
-	-	-	-	-	-	479,446	424,809	(54,637)	4,381,834	4,171,852	(209,982)
-	-	-	-	-	-	(71,643)	(28,167)	43,476	(8,459,882)	(8,024,971)	434,911
(177,855)	77,186	255,041	(846,492)	(31,285)	815,207	(1,226,087)	(175,361)	1,050,726	(4,947,436)	2,639,113	7,586,549
<u>2,959,694</u>	<u>3,051,695</u>	<u>92,001</u>	<u>846,492</u>	<u>1,001,024</u>	<u>154,532</u>	<u>5,910,900</u>	<u>5,845,017</u>	<u>(65,883)</u>	<u>16,353,338</u>	<u>18,137,250</u>	<u>1,783,912</u>
<u>2,781,839</u>	<u>3,128,881</u>	<u>347,042</u>	<u>-</u>	<u>969,739</u>	<u>969,739</u>	<u>4,684,813</u>	<u>5,669,656</u>	<u>984,843</u>	<u>11,405,902</u>	<u>20,776,363</u>	<u>9,370,461</u>

(Continued)



METRO

**Combined Statement of Revenues, Expenditures and Changes in Fund
Balances - Budget (Non-GAAP Budgetary Basis) and Actual -
All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units, Cont.**

For the year ended June 30, 1995

	Component Unit - MERC			Total (memorandum only) -		
	Special Revenue Funds			Reporting Entity		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Revenues:						
Property taxes	\$ -	-	-	11,190,345	11,831,729	641,384
Excise taxes	-	-	-	5,968,760	5,999,125	30,365
Grants and contracts:						
Federal	-	-	-	5,839,062	3,456,913	(2,382,149)
State and local	-	-	-	4,633,213	4,482,204	(151,009)
Local government shared revenues	600,000	600,000	-	1,006,000	997,800	(8,200)
Local government service fees	-	-	-	550,000	580,561	30,561
Contract and professional services	-	-	-	675,779	193,624	(482,155)
Charges for services	3,448,795	3,078,589	(370,206)	12,608,677	13,242,998	634,321
Interest	131,883	264,865	132,982	560,763	1,180,671	619,908
Contributions and donations:	-	-	-	1,046,600	739,756	(306,844)
Reimbursed labor	2,450,758	2,131,377	(319,381)	2,450,758	2,131,377	(319,381)
Parking fees	-	-	-	541,890	753,475	211,585
Miscellaneous	115,225	280,228	165,003	401,597	547,141	145,544
Total revenues	6,746,661	6,355,059	(391,602)	47,473,444	46,137,374	(1,336,070)
Expenditures:						
Current:						
General government operations	-	-	-	1,795,019	1,568,495	226,524
Zoo operations and development	-	-	-	12,392,433	11,545,654	846,779
Spectator facilities operations	7,198,271	6,104,648	1,093,623	7,198,271	6,104,648	1,093,623
Regional planning and development	-	-	-	12,304,448	10,026,857	2,277,591
Recreation and development	-	-	-	4,778,662	3,756,908	1,021,754
Contingency	96,000	-	96,000	1,859,173	-	1,859,173
Capital outlay	374,100	239,693	134,407	3,393,896	1,089,222	2,304,674
Debt service	-	-	-	5,542,640	5,542,640	-
Total expenditures	7,668,371	6,344,341	1,324,030	49,264,542	39,634,424	9,630,118
Revenues over (under) expenditures	(921,710)	10,718	932,428	(1,791,098)	6,502,950	8,294,048
Other financing sources (uses):						
Operating transfers in	618,212	546,286	(71,926)	5,000,046	4,718,138	(281,908)
Operating transfers out	(640,545)	(605,426)	35,119	(9,100,427)	(8,630,397)	470,030
Revenues and other sources over (under) expenditures and other uses	(944,043)	(48,422)	895,621	(5,891,479)	2,590,691	8,482,170
Fund balances - July 1, 1994	3,307,060	3,163,239	(143,821)	19,660,398	21,300,489	1,640,091
Fund balances - June 30, 1995	\$ 2,363,017	3,114,817	751,800	13,768,919	23,891,180	10,122,261

See accompanying notes to combined financial statements.

METRO

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances All Proprietary Fund Types, Similar Trust Fund and Discretely Presented Component Units

For the year ended June 30, 1995

	Proprietary Fund Types		Fiduciary Fund Type	Total (memorandum only)	Component Unit - MERC Convention Center Enterprise	Total (memorandum only)
	Solid Waste Enterprise	Internal Service	Pension Trust	Primary Government	Reporting Entity	
Operating revenues:						
Builders license fees	\$ -	240,680	-	240,680	-	240,680
Federal grants	2,872	-	-	2,872	-	2,872
State and local grants	4,000	5,878	-	9,878	-	9,878
Local government shared revenue	-	-	-	-	3,840,473	3,840,473
Contract and professional services	100,257	91,284	-	191,541	-	191,541
Charges for services	58,624,485	9,248,375	-	67,872,860	7,339,833	75,212,693
Reimbursed labor	-	-	-	-	247,858	247,858
Parking fees	-	267,139	-	267,139	590,160	857,299
Miscellaneous	24,002	28,030	-	52,032	57,925	109,957
Change in investment value	-	-	1,108,479	1,108,479	-	1,108,479
Pension contributions	-	-	965,206	965,206	-	965,206
Total operating revenues	58,755,616	9,881,386	2,073,685	70,710,687	12,076,249	82,786,936
Operating expenses:						
Payroll and fringe benefits	5,598,173	4,919,485	-	10,517,658	3,478,681	13,996,339
St. Johns Landfill operating expenses	151,574	-	-	151,574	-	151,574
Metro South Station operating expenses	2,235,560	-	-	2,235,560	-	2,235,560
Metro Central Station operating expenses	4,018,859	-	-	4,018,859	-	4,018,859
Waste transport costs	10,126,544	-	-	10,126,544	-	10,126,544
End use fees	11,568	-	-	11,568	-	11,568
Disposal fees	20,768,129	-	-	20,768,129	-	20,768,129
Marketing expense	-	-	-	-	1,655,826	1,655,826
Convention Center operating expenses	-	-	-	-	873,580	873,580
Concessions expense	-	-	-	-	3,107,065	3,107,065
Depreciation and amortization	1,053,402	809,576	-	1,862,978	2,798,718	4,661,696
Rent and payments in lieu of rent	314,574	696,458	-	1,011,032	-	1,011,032
Administrative expenses paid to Support Services Fund	2,303,128	-	-	2,303,128	561,148	2,864,276
Administrative expenses paid to MERC Administration Fund	-	-	-	-	286,887	286,887
Payments to Planning Fund for services	346,951	-	-	346,951	-	346,951
Insurance expense	83,069	276,496	-	359,565	143,632	503,197
Claims expense	-	366,442	-	366,442	-	366,442
Purchased professional and technical services	-	151,184	-	151,184	-	151,184
Payment of rehabilitation fees	413,242	-	-	413,242	-	413,242
Consulting services	1,718,054	-	-	1,718,054	-	1,718,054
Waste reduction grants	589,701	-	-	589,701	-	589,701
Payments to other governments	740,008	152,039	-	892,047	-	892,047
Other materials and services	960,979	1,774,971	-	2,735,950	338,362	3,074,312
Pension benefits	-	-	671,424	671,424	-	671,424
Total operating expenses	51,433,515	9,146,651	671,424	61,251,590	13,243,899	74,495,489

(Continued)

METRO

Combined Statement of Revenues, Expenses and Changes
in Retained Earnings/Fund Balances
All Proprietary Fund Types, Similar Trust Fund and Discretely Presented Component Units, Continued

For the year ended June 30, 1995

	Proprietary Fund Types		Fiduciary Fund Type	Total (memorandum only)	Component Unit - MERC Convention Center Enterprise	Total (memorandum only) Reporting Entity
	Solid Waste Enterprise	Internal Service	Pension Trust	Primary Government		
Operating income (loss)	\$ 7,322,101	734,735	1,402,261	9,459,097	(1,167,650)	8,291,447
Non-operating revenues (expenses):						
Interest on investments	1,393,629	849,167	-	2,242,796	835,822	3,078,618
Gain on sale of fixed assets	45,759	-	-	45,759	-	45,759
Interest expense	(2,023,181)	(1,418,374)	-	(3,441,555)	-	(3,441,555)
Total non-operating revenues (expenses)	(583,793)	(569,207)	-	(1,153,000)	835,822	(317,178)
Income (loss) before operating transfers	6,738,308	165,528	1,402,261	8,306,097	(331,828)	7,974,269
Operating transfers out	(124,258)	-	-	(124,258)	-	(124,258)
Net income (loss)	6,614,050	165,528	1,402,261	8,181,839	(331,828)	7,850,011
Depreciation on fixed assets that reduces contributed capital	31,623	170,070	-	201,693	2,490,319	2,692,012
Increase in retained earnings/fund balances	6,645,673	335,598	1,402,261	8,383,532	2,158,491	10,542,023
Retained earnings/fund balances - July 1, 1994	16,030,057	6,874,724	9,391,652	32,296,433	18,889,597	51,186,030
Retained earnings/fund balances - June 30, 1995	\$ 22,675,730	7,210,322	10,793,913	40,679,965	21,048,088	61,728,053

See accompanying notes to combined financial statements.

METRO

Combined Statement of Cash Flows - All Proprietary Fund Types, Similar Trust Fund and Discretely Presented Component Units

For the year ended June 30, 1995

	Proprietary Fund Types		Fiduciary Fund Type	Total (memorandum only)	Component unit - MERC Convention Center	Total (memorandum only)
	Solid Waste Enterprise	Internal Service	Pension Trust	Primary Government	Enterprise	Reporting Entity
Cash flows from operating activities:						
Cash receipts from customers	\$ 59,102,966	277,223	-	59,380,189	7,589,744	66,969,933
Cash receipts from other governments	134,254	-	-	134,254	3,840,473	3,974,727
Cash receipts from quasi-external transactions	-	11,309,253	-	11,309,253	-	11,309,253
Other operating cash receipts	209,499	349,041	-	558,540	57,925	616,465
Cash payments to suppliers for goods and services	(44,019,422)	(2,101,258)	-	(46,120,680)	(5,835,240)	(51,955,920)
Cash payments for claims	-	(366,442)	-	(366,442)	-	(366,442)
Cash payments to other governments	(1,329,709)	(152,039)	-	(1,481,748)	-	(1,481,748)
Cash payments to employees for services	(5,559,248)	(4,878,073)	-	(10,437,321)	(3,466,541)	(13,903,862)
Cash payments for quasi-external transactions	(4,048,989)	(1,064,110)	-	(5,113,099)	(982,891)	(6,095,990)
Cash inflows from pension contributions	-	-	962,670	962,670	-	962,670
Loan payments received	-	-	282,811	282,811	-	282,811
Cash payments for distributions to participants	-	-	(741,650)	(741,650)	-	(741,650)
Cash outflows for forfeitures	-	-	(2,235)	(2,235)	-	(2,235)
Loans distributed to participants	-	-	(140,496)	(140,496)	-	(140,496)
Net cash provided by operating activities	4,489,351	3,373,595	361,100	8,224,046	1,203,470	9,427,516
Cash flows from noncapital financing activities-						
Transfer to General Fund	(124,258)	-	-	(124,258)	-	(124,258)
Net cash used for noncapital financing activities	(124,258)	-	-	(124,258)	-	(124,258)
Cash flows from capital and related financing activities:						
Principal payment on revenue bonds	(1,520,000)	(200,000)	-	(1,720,000)	-	(1,720,000)
Interest payment on revenue bonds	(1,218,184)	(1,309,930)	-	(2,528,114)	-	(2,528,114)
Acquisition/construction of capital assets	(246,135)	(163,134)	-	(409,269)	(533,752)	(943,021)
Loan payments	-	(16,196)	-	(16,196)	-	(16,196)
Cash payments on capital lease principal	(56,939)	(17,899)	-	(74,838)	-	(74,838)
Net cash used for capital and related financing activities	\$ (3,041,258)	(1,707,159)	-	(4,748,417)	(533,752)	(5,282,169)

(Continued)

METRO

Combined Statement of Cash Flows -

All Proprietary Fund Types, Similar Trust Fund and Discretely Presented Component Units, Continued

For the year ended June 30, 1995

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (memorandum only)</u>	<u>Component unit - MERC Convention Center Enterprise</u>	<u>Total (memorandum only)</u>
	<u>Solid Waste Enterprise</u>	<u>Internal Service</u>	<u>Pension Trust</u>	<u>Primary Government</u>		<u>Reporting Entity</u>
Cash flows from investing activities-						
Interest	\$ <u>1,296,523</u>	<u>791,620</u>	<u>1,108,762</u>	<u>3,196,905</u>	<u>487,089</u>	<u>3,683,994</u>
Net cash provided by investing activities	<u>1,296,523</u>	<u>791,620</u>	<u>1,108,762</u>	<u>3,196,905</u>	<u>487,089</u>	<u>3,683,994</u>
Net increase in cash and cash equivalents including restricted amounts	2,620,358	2,458,056	1,469,862	6,548,276	1,156,807	7,705,083
Cash and cash equivalents at beginning of year including restricted amounts	<u>29,400,070</u>	<u>9,261,051</u>	<u>8,672,170</u>	<u>47,333,291</u>	<u>12,217,452</u>	<u>59,550,743</u>
Cash and cash equivalents at end of year including restricted amounts	\$ <u><u>32,020,428</u></u>	<u><u>11,719,107</u></u>	<u><u>10,142,032</u></u>	<u><u>53,881,567</u></u>	<u><u>13,374,259</u></u>	<u><u>67,255,826</u></u>

(Continued)

METRO

Combined Statement of Cash Flows - All Proprietary Fund Types, Similar Trust Fund and Discretely Presented Component Units, Continued

For the year ended June 30, 1995

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Total (memorandum only)</u>	<u>Component unit - MERC Convention Center Enterprise</u>	<u>Total (memorandum only) Reporting Entity</u>
	<u>Solid Waste Enterprise</u>	<u>Internal Service</u>	<u>Pension Trust</u>	<u>Primary Government</u>	<u>Reporting Entity</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 7,322,101	734,735	1,402,261	9,459,097	(1,167,650) 8,291,447
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	1,053,402	809,576	-	1,862,978	2,798,718 4,661,696
Miscellaneous non-cash expenses	144,469	-	-	144,469	- 144,469
Change in investment value	-	-	(1,108,762)	(1,108,762)	- (1,108,762)
Change in assets and liabilities:					
Trade/other accounts receivable	663,979	(33,736)	(2,443)	627,800	(39,421) 588,379
Due from other governments	27,124	-	-	27,124	- 27,124
Due from other funds	-	2,342,160	-	2,342,160	8,776 2,350,936
Other assets	4,324	103	70,044	74,471	70,024 144,495
Accounts payable	143,108	39,852	-	182,960	69,817 252,777
Salaries, withholdings and payroll taxes payable					
	38,924	41,308	-	80,232	12,140 92,372
Contracts payable	583,857	-	-	583,857	- 583,857
Due to other funds	(588,025)	(573,526)	-	(1,161,551)	- (1,161,551)
Deposits payable	-	-	-	-	(548,686) (548,686)
Post-closure payable	(4,905,462)	-	-	(4,905,462)	- (4,905,462)
Other liabilities	1,550	13,123	-	14,673	(248) 14,425
Total adjustments	(2,832,750)	2,638,860	(1,041,161)	(1,235,051)	2,371,120 1,136,069
Net cash provided by operating activities	\$ 4,489,351	3,373,595	361,100	8,224,046	1,203,470 9,427,516

Non-cash investing, capital, and financing activities:

Fixed assets totaling \$380,000 sales price were sold by Metro to vendors in exchange for fixed assets of \$77,169 and credits against payments made to the vendors for other services.

See accompanying notes to combined financial statements.

METRO

Notes to Combined Financial Statements

June 30, 1995

NOTE 1 - 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. On November 3, 1992 voters approved a home rule charter for Metro, which became effective January 1, 1993. Under the Metro Charter, Metro's primary function is regional planning services. Metro is also authorized to exercise the following functions: 1) Acquisition, development, maintenance and operation of a) a metropolitan zoo, b) public cultural, trade, convention, exhibition, sports, entertainment, and spectator facilities, c) facilities for disposal of solid and liquid wastes, and d) a system of parks, open spaces and recreational facilities of metropolitan concern; 2) Metropolitan aspects of natural disaster planning and response coordination; 3) Development and marketing of data; and 4) Any other function required by state law or assigned to Metro by the voters. The Charter permits Metro to assume additional functions if approved by ordinance.

The Metro Council is the governing body and consists of seven part-time councilors, each elected on a nonpartisan basis from a single district within the Metro area. This is a reduction from thirteen councilors effective January 2, 1995. The office of Metro Executive Officer, whose primary duty is to enforce Metro ordinances and otherwise execute the policies of the Council, is elected from the Metro area at large. The Charter created the office of Metro Auditor effective January 2, 1995, elected at large to perform financial and performance audit functions and make reports to the Council and Executive 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 appointed by the Executive Officer and confirmed by the Metro Council.

METRO

Notes to Combined Financial Statements, Continued

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements of Metro have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 more significant accounting policies is presented to assist the reader in interpreting the combined financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying combined financial statements.

A. The Reporting Entity

Metro is a municipal corporation governed as noted in Note 1. As required by generally accepted accounting principles, these combined financial statements present Metro (the primary government) and its sole component unit - the Metropolitan Exposition-Recreation Commission (MERC). The component unit discussed below is included in Metro's reporting entity because of the significance of its operational and financial relationship with Metro.

Metropolitan Exposition-Recreation Commission (MERC) - Based upon criteria established by the Governmental Accounting Standards Board, the assets, liabilities, revenues and expenses or expenditures related to the facilities operated by MERC are discretely presented in the component unit column of Metro's combined financial statements except as discussed below. Unless noted otherwise in this report, the accounting policies of the component unit are consistent with those described for the primary government. MERC does not prepare a separate component unit financial report (CUFR). Metro is responsible for the operation and management of MERC and appoints each of the seven members of the MERC Commission. Metro is financially accountable for the operations of MERC and is able to impose its will in MERC's operations through review of resolutions, budget approval and fiscal management.

MERC operates the Metro-owned Oregon Convention Center. In addition, under the provisions of an intergovernmental agreement with the City of Portland (the City), MERC is responsible for operation and management of the City-owned Spectator Facilities (Civic Stadium and Portland Center for the Performing Arts). Because the City retains title to these facilities and all fixed assets purchased, and because the City remains obligated to pay certain bonded debt remaining on these facilities, the fixed assets, bonded debt and related interest and depreciation expenses are not included in the accompanying combined financial statements. It is Metro's understanding that future consolidation phases may provide for a transfer of the Spectator Facilities' fixed assets to Metro.

METRO

Notes to Combined Financial Statements, Continued

B. Fund Accounting

The accounts of Metro are organized on the basis of funds and account groups, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the combined financial statements of this report, into three broad fund categories, eight generic fund types, and two account groups. Metro's funds and account groups are as follows:

Governmental Funds - The governmental funds are accounted for under a spending measurement focus. Only current assets and current liabilities are generally reported on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "current financial resources" during a period. Funds included in this fund category are as follows:

General Fund - The *General Fund* accounts for all activities not required to be accounted for in another fund. This fund accounts primarily for Metro's general government activities, including Council, Executive Management and Office of the Auditor functions. The principal resources of the fund are interest and an excise tax on Metro's facilities and services levied in accordance with the Metro Code.

Special Revenue Funds - These funds account for revenues from specific sources. Included are the following:

Primary government - Metro

Planning Fund - This fund accounts for funding and operation of Metro's regional planning functions, including land use, urban growth management, and environmental and transportation planning. Principal sources of revenues are federal, state and local grants, voluntary service fees assessed to member governmental bodies within Metro's district, a share of the excise tax transferred from the General Fund, and charges for services to user funds. The fees assessment is based on the population within the member district.

Regional Parks and Expo Fund - This fund accounts for funding and operation of Metro's greenspaces program and recreation activities transferred from Multnomah County, including parks, marine facilities, pioneer cemeteries and the Expo Center. Principal sources of revenue are user and contract fees, federal and local grants, shared revenue, and parking fees.

METRO

Notes to Combined Financial Statements, Continued

Zoo Operating Fund - This fund accounts for funding and operation of the Metro Washington Park Zoo. Principal sources of revenues are admissions, concessions and property taxes derived from a property tax base approved by voters on May 15, 1990.

Component unit - MERC

Spectator Facilities Operating Fund - This fund accounts for the operations of the Civic Stadium and Portland Center for the Performing Arts (PCPA). These facilities, while owned by the City of Portland, are operated by MERC through an intergovernmental agreement. The principal resources of the fund are reimbursed labor, concessions, catering and rental and user fees.

Coliseum Operating Fund - This fund accounts for the funding of any claims related to the operation of Memorial Coliseum by Metro since the transfer of the Coliseum's operations back to the City of Portland. The transfer occurred on July 1, 1993 in accordance with an intergovernmental agreement with the City.

MERC Administration Fund - This fund accounts for the central management and administrative staff functions that are responsible for all MERC operated facilities. The principal resources of the fund are transfers from the Spectator Facilities Operating, Regional Parks and Expo, and Oregon Convention Center Operating Funds, which are recorded as reimbursements to the fund, and a reduction of expenditures.

Debt Service Fund - The *Convention Center Project Debt Service Fund* accounts for payments of general obligation bond principal and interest to bond holders. The principal source of revenue is property taxes.

Capital Projects Fund - The *Zoo Capital Fund* accounts for major improvement projects at the Metro Washington Park Zoo. Principal resources are donations and interest.

Proprietary Funds - Proprietary Funds are accounted for under an "economic resources" measurement focus. All assets and all liabilities (whether current or non-current) associated with the operation of these funds are reported on the balance sheets, and their operating statements present net income and cash flows.

Enterprise Funds - These funds account for the financing of predominantly self-supporting activities that are funded through service charges and user fees to customers. Enterprise Funds are as follows:

METRO

Notes to Combined Financial Statements, Continued

Primary government - Metro

Solid Waste Fund - This fund accounts for revenues, primarily from fees imposed 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.

Component unit - MERC

Convention Center Fund - This fund accounts for revenues and expenses related to the operation and management of the Oregon Convention Center in Portland, Oregon. The principal sources of revenue are intergovernmental revenue from a 3% Multnomah County lodging tax, fees charged to customers for facility use, concession sales and parking fees. Expenses consist primarily of management, marketing and operation costs. This fund consists of three budgetary funds that are combined as one Enterprise Fund to be in accordance with generally accepted accounting principles.

Internal Service Funds - Internal Service Funds are used to account for activities or services furnished by designated departments to other organizational units within Metro. Charges are made to the various user departments to support these activities. Metro's Internal Service Funds are as follows:

Building Management Fund - This fund accounts for revenues and expenses related to the management of Metro's headquarters facility; Metro Regional Center, and the parking structure. Principal sources of revenue are parking income and charges to user funds. Expenses primarily consist of maintenance, utilities and professional services costs. This fund consists of two budgetary funds that are combined as one Internal Service Fund to be in accordance with generally accepted accounting principles. This fund was presented as an enterprise fund in previous years, but has been reclassified as an internal service fund as of the beginning of fiscal year 1995 to better reflect the nature of its current activities.

Support Services Fund - This fund accounts for central services provided to other Metro operating units. These central services consist of Finance and Management Information, General Services, Personnel, Office of General Counsel, Office of Public and Government Relations and Office of Citizen Involvement. Primary sources of revenue are business license fees, interest and charges to user funds, established through a cost allocation plan that distributes the central services' costs based upon the benefit received.

METRO

Notes to Combined Financial Statements, Continued

Risk Management Fund - This fund accounts for risk management and self-insurance programs provided for other organizational units within Metro. Primary revenues are charges to user funds and interest. Primary expenses are insurance premiums, claims costs and studies related to insurance issues.

Fiduciary Funds - Metro's fiduciary funds account for resources received and held in a fiduciary capacity. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular fund. The terms "nonexpendable" and "expendable" refer to whether or not Metro is required to preserve the trust principal balance. Metro's Fiduciary Funds are as follows:

Expendable Trust Funds - Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Metro's Expendable Trust Funds are as follows:

Rehabilitation and Enhancement Fund - This fund accounts for funds received and expenditures for rehabilitation and enhancement of the area in and around the various solid waste disposal facilities. Primary resources are rehabilitation and enhancement fees and interest. Expenditures are for planning and implementation of rehabilitation and enhancement programs in the area.

Smith and Bybee Lakes Trust Fund - This fund accounts for the implementation of the Smith and Bybee Lakes Management Plan, managed by Metro's Planning Department. A Natural Resources Plan for Smith and Bybee Lakes was adopted by the City of Portland and Metro on December 13, 1990. Primary resources are federal grants and interest.

Regional Parks Trust Fund - This fund accounts for four designated funds transferred from Multnomah County as of January 1, 1994. The funds are dedicated to construction of a nature center and a concert stage, and to fund the care and maintenance of a family plot and the purchase of flowers for the pioneer cemeteries. The primary resource is interest.

Pension Trust Fund - A nonexpendable Pension Trust Fund is accounted for and reported in a manner similar to Proprietary Funds since capital maintenance is critical.

Pension Plan Fund - This fund accounts for Metro's contributions to a defined contribution pension plan for the benefit of a number of employees and earnings on such plan participant balances. Resources are contributions, based upon a percentage of participants' wages, and interest and other earnings on investments.

METRO

Notes to Combined Financial Statements, Continued

Account Groups - Account groups are used to establish accounting control and accountability for general fixed assets and general long-term debt. Metro's account groups are as follows:

General Fixed Assets Account Group - This group accounts for Metro's investment in fixed assets not recorded in Proprietary Fund types.

General Long-term Debt Account Group - This group accounts for Metro's obligations under capital leases, liabilities for compensated absences payable from future resources, retirement of a bond anticipation note and general obligation bonds not recorded in the Proprietary Fund types.

C. Basis of Accounting

Metro's financial operations are organized and accounted for on the basis of funds and account groups, each of which is considered a separate fiscal and accounting entity. 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 in the accompanying combined financial statements into three broad fund categories - Governmental, Proprietary and Fiduciary Fund types (see note 2B).

The Governmental Fund types and the Expendable Trust Funds (a Fiduciary Fund type) are maintained using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded in the accounting period in which they become measurable and available and expenditures are recorded when the liability is incurred, except for:

- interfund transactions;
- revenues from grants and contracts which are recorded as earned; and
- accrued interest on general long-term debt that is recorded on its due date.

Significant revenues that are considered to be measurable and available under the modified accrual basis of accounting are:

- interest earned on temporary investments; and
- property taxes received within approximately 60 days of the end of a fiscal year.

The Proprietary Fund types and Pension Trust Fund are accounted for utilizing the accrual basis of accounting, under which revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred. The proprietary funds have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

METRO

Notes to Combined Financial Statements, Continued

D. Budgets

A budget is prepared for each fund, except the Pension Trust Fund, in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. The original budget is adopted for all funds, except the Pension Trust Fund, by the Council 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 is set by department in the functional categories of personal services, materials and services, capital outlay, and other expenditures in the following funds:

- General Fund
- Regional Parks and Expo Fund
- Zoo Operating Fund
- Spectator Facilities Operating Fund
- Solid Waste Revenue Fund
- Support Services Fund
- Rehabilitation and Enhancement Fund

The functional categories of personal services, materials and services, capital outlay, and other expenditures are the established legal level of control in these funds:

- Planning Fund
- Coliseum Operating Fund
- MERC Administration Fund
- Convention Center Project Debt Service Fund
- Zoo Capital Fund
- Oregon Convention Center Operating Fund
- Convention Center Project Capital Fund
- Oregon Convention Center Renewal and Replacement Fund
- Building Management Fund
- General Revenue Bond Fund
- Risk Management Fund
- Smith and Bybee Lakes Trust Fund
- Regional Parks Trust Fund

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.

METRO

Notes to Combined Financial Statements, Continued

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. Such transfers require the approval of the Council. Management may amend the budget within the appropriated levels of control without the approval of the Council.

Budget amounts shown in the combined financial statements include the original budget amounts and all appropriation transfer, amendment, and supplemental budget amounts approved by the Council. Metro adopted 25 budget amendments during the year ended June 30, 1995. The amount of such amendments was not significant. One supplemental budget was adopted to reflect increased activity in the MERC funds due to Broadway Series shows at PCPA and higher than anticipated beginning fund balances. The amount of the supplemental budget was \$2,422,789.

E. Cash and Investments

Cash and investments consist of each fund's portion of pooled cash balances, time certificates of deposit, money market investments, U.S. Government securities, banker's acceptances, commercial paper and investments in the State Treasurer's investment pool. Such investments are stated at cost, which approximates market. Interest earned on investments is allocated monthly based upon each fund's average monthly cash balance. Pension Trust investments are stated at market value and consist of mutual funds that are self-directed by participants.

Metro's cash and cash equivalents include demand deposits and short-term investments with a maturity date within three months of the date acquired, such as time certificates of deposit, money market investments, U.S. Government obligations, banker's acceptances, investments in the State Treasurer's investment pool and pooled short-term pension investments.

F. Receivables

Uncollected property taxes are shown on the combined balance sheet as a receivable. Property taxes 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 deferred 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. Property taxes are levied on November 15 and are payable in three installments that are due on November 15, February 15 and May 15.

METRO

Notes to Combined Financial Statements, Continued

G. Inventory of Materials and Supplies

Inventory for the Zoo Operating Fund, consisting of consumable food and zoo gift shop items held for resale, is valued at cost (first-in, first-out method). Inventory for the Spectator Facilities Operating Fund within the component unit, consisting of consumable food, is valued at cost (first-in, first-out method). Inventories are charged as expenditures upon sale.

H. Restricted Assets and Liabilities

Cash and investments and interest receivable have been restricted for future payment of retainages on several construction projects and certain other long-term contracts and for arbitrage earnings on the Convention Center general obligation bonds. Cash and investments have been restricted in the Enterprise Fund for payment of the post-closure liability at the St. Johns Landfill.

I. Fixed Assets

General Fixed Assets Account Group - Fixed assets are stated at cost. Fixed assets acquired by donation from the City of Portland and the Portland Zoological Society are stated at the basis of the predecessor entity. All other donated fixed assets are stated at estimated fair market value when received. Purchases of fixed assets are recorded as capital outlay expenditures in the Governmental Funds and capitalized in the General Fixed Assets Account Group. No depreciation is recorded on general fixed assets, and maintenance and repairs are charged to expenditures in various Governmental Funds as incurred and not capitalized. Upon disposal, the General Fixed Assets Account Group is relieved of the asset's original cost or other basis; any moneys received from such disposal are accounted for as revenue in the General Fund or Special Revenue Funds as appropriate.

Pursuant to intergovernmental agreements with the City of Portland and Multnomah County, operations and management functions were transferred to Metro for the Spectator Facilities and Expo Center, however, certain fixed assets purchased from funds derived from these operations become property of the City or County. As such, these expenditures are reflected in current operations expenditures and are not capitalized in the General Fixed Assets Account Group.

Proprietary Fund Type Fixed Assets - Fixed assets in the enterprise and internal service funds are stated at cost. Normal maintenance and repairs are charged to operations as incurred. Replacements that improve or extend the lives of property are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

- Buildings and improvements 30-40 years
- Equipment 5-10 years
- Office furniture 5-7 years

METRO

Notes to Combined Financial Statements, Continued

Depreciation provided on certain assets acquired through contributions is recorded as a reduction of contributed capital. Gains or losses realized from sales or retirements are credited or charged to operations.

J. Zoo Specimens and Animal Food

The cost of acquiring zoo specimens and the cost of animal food is charged against operations as such costs are incurred.

K. Donated Materials and Volunteer Services

Donated materials relating to improvements are recorded at estimated fair values when received. Volunteer services and donated supplies are not accounted for in the combined financial statements as there is no reasonable basis for valuing these donations.

L. Leases

Leases that meet certain criteria established by the Financial Accounting Standards Board and adopted by the Governmental Accounting Standards Board are classified as capital leases. The assets and related liabilities are recorded at amounts equal to the lesser of the present value of minimum lease payments or the fair value of the leased property at the beginning of the lease term.

Capital leases of general fixed assets are recorded at the inception of the leases as expenditures and other financing sources in Governmental Fund types and as assets and obligations in the General Fixed Asset and General Long-term Debt Account Groups, respectively. Lease payments are recorded as expenditures on the due date; the portion of the payments applicable to principal, determined by using interest rates implicit in the leases, is reported as a reduction of the capitalized lease obligation in the General Long-term Debt Account Group.

Leases that do not meet the criteria of a capital lease are classified as operating leases and related rentals are charged to expenditures or expenses as appropriate.

M. Interfund Transactions

Metro's policy is to record certain administrative and insurance expenditures for other funds in the Support Services Fund and Risk Management Fund, respectively. These administrative and insurance expenditures are charged to other funds as expenditures or expenses and reflected as revenue in the Support Services Fund and Risk Management Fund. The amounts of such interfund charges are based upon management's estimates of total costs and are identified in the cost allocation plan as reflected in the operating budgets. The cost allocation plan adjusts such interfund charges to reflect actual costs at year end.

METRO

Notes to Combined Financial Statements, Continued

Within the MERC component unit, certain administrative expenses for the Convention Center and Spectator Facilities Operating Funds, as well as certain support provided to the Regional Parks and Expo Fund, are recorded in the MERC Administration Fund. Such expenses or expenditures are reimbursed by the various funds to the MERC Administration Fund that accounts for such reimbursements as deductions from total expenditures. The amounts of such interfund charges are based upon management's estimates of total costs.

Certain operating revenues and expenditures and capital costs under generally accepted accounting principles have been presented as transfers among funds for budgetary purposes in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and Discretely Presented Component Units.

N. Liability for Compensated Absences

Accumulated unpaid vacation benefits in the Governmental Fund types are recorded as expenditures to the extent they are expected to be liquidated with expendable available resources. The amount payable from future resources is recorded in the General Long-term Debt Account Group or the Component Unit funds as applicable. Accumulated unpaid vacation benefits in the Proprietary Fund types are accrued as earned. Accumulated sick leave does not vest and is, therefore, recorded in all funds when leave is taken.

O. Grants

Unreimbursed expenditures in the Governmental Fund types for all grants due from grantor agencies are reflected in the combined financial statements as receivables and revenues. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the combined balance sheet. In Enterprise Funds, capital grants restricted by the grantor for capital outlay projects are credited directly to contributed capital as received and the related project costs are capitalized as fixed assets.

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 cognizant agency. The plan in effect for fiscal 1995 allocated indirect costs to grants at a rate of 36.0% of the related direct personnel costs.

METRO

Notes to Combined Financial Statements, Continued

P. Reserved Retained Earnings

A portion of retained earnings of the Solid Waste Enterprise Fund has been segregated from unreserved retained earnings for amounts legally required to be set aside to pay debt service and to fund renewal and replacement costs in accordance with the revenue bond ordinance authorizing the Metro Central Station Project, Waste Disposal System Revenue Bonds.

Q. Total (Memorandum Only) Columns

The total (memorandum only) columns in the combined financial statements represent an aggregate of the columnar statements by fund type and account group; they do not represent consolidated financial information.

NOTE 3 - DEFICIT FUND EQUITY

The Building Management Fund had a retained earnings deficit of \$843,332 as of June 30, 1995. Metro plans to cover the deficit through normal operations in future years.

NOTE 4 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Metro made no budget basis expenditures in excess of the budgeted appropriation for the year ended June 30, 1995.

NOTE 5 - RECONCILIATION OF REVENUES AND EXPENDITURES - BUDGETARY BASIS TO GAAP BASIS

Oregon Budget law requires accounting for certain transactions to be on a basis other than generally accepted accounting principles (GAAP). Therefore, differences arise through the employment of a basis of accounting for budgetary purposes that differs from the basis of accounting appropriate when reporting in accordance with GAAP. For all fund types presented in the combined financial statements except for the Proprietary Fund types, the only differences involve capital lease proceeds and expenditures, and the reclassification of interfund transfers as quasi-external transactions. These items cause no difference between the excess of revenues and other sources over expenditures and other uses on a budget basis and such amounts on a GAAP basis. The differences affecting the Proprietary Funds are summarized in the following schedule:

METRO

Notes to Combined Financial Statements, Continued

	Solid Waste Enterprise Fund	Internal Service Funds	Component unit- <u>MERC</u> Convention Center Enterprise Fund
Excess of revenues and other sources over (under) expenditures and other uses on a budgetary basis:			
Solid Waste Enterprise Fund	\$ 1,906,111	-	-
Internal Service Funds	-	709,995	-
Oregon Convention Center Operating Fund	-	-	599,333
Convention Center Project Capital Fund	-	-	(336,301)
Oregon Convention Center Renewal and Replacement Fund	-	-	1,453,404
Budget requirements not qualifying as expenses under GAAP:			
Payment of post-closure liability	4,905,462	-	-
Fixed assets additions	323,304	163,134	533,752
Principal payments on leases	56,939	17,899	-
Loan payments	-	16,196	-
Principal and interest payments on bonds	1,564,798	739,858	-
Additional revenues/(expenses) required by GAAP:			
Depreciation and amortization	(1,053,402)	(809,576)	(2,798,718)
Amortization of bond accretion, discount and costs	(843,110)	(110,695)	-
(Increase)/decrease in arbitrage liability	(15,457)	-	229,702
Gain on sale of fixed assets	45,759	-	-
Vacation benefits	(38,217)	(23,676)	(13,000)
Accrued interest on bonds	-	(537,607)	-
Budget resources not qualifying as revenues under GAAP:			
Amounts relating to other receivables	(16,500)	-	-
Sale of assets	<u>(221,637)</u>	-	-
Net income (loss) presented in combined statement of revenues, expenses and changes in retained earnings/fund balances - Proprietary Fund types	<u>\$ 6,614,050</u>	<u>165,528</u>	<u>(331,828)</u>

METRO

Notes to Combined Financial Statements, Continued

NOTE 6 - CASH AND INVESTMENTS

A. Deposits

At June 30, 1995, the carrying amounts of the primary government and component unit cash deposits with the county treasurers and various financial institutions presented in the accompanying combined financial statements were \$3,313,257 and \$(44,607), respectively. The corresponding bank balances associated with the carrying amounts disclosed above total \$3,808,048 and \$319,723, respectively. The entire amount of the bank balances is covered by Federal depository insurance or by collateral held by Metro's agent, United States National Bank of Oregon, in Metro's name. Cash on hand totals \$44,720 for the primary government and \$22,126 for the component unit. Oregon statutes require each depository throughout the period of its possession of public funds to maintain on deposit securities having a value of not less than 25% of the certificates of participation issued by its pool manager.

B. Investments

Policies officially adopted by Metro's Investment Advisory Board and the Metro Council authorize Metro to invest in obligations of the U. S. Treasury and agencies, time certificates of deposit, money market investments, banker's acceptances, commercial paper and the State Treasurer's investment pool. The Pension Trust Fund is also authorized to invest in, but is not limited to, stocks, mortgages, insurance contracts, bonds and other evidence of indebtedness or ownership through mutual funds that are self-directed by participants.

During the fiscal year, there were no known violations of legal or contractual provisions for deposits and investments.

Metro's investments at year end are categorized below to give an indication of the level of risk assumed. Category 1 includes investments that are insured or registered or for which the securities are held by Metro or its agent in Metro's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in Metro's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in Metro's name. The risk level indicated below is generally reflective of the risk assumed by Metro during the year ended June 30, 1995.

METRO

Notes to Combined Financial Statements, Continued

	Category			Carrying amount	Market value
	1	2	3		
Primary Government:					
U.S. Govt. securities - treasury	\$ 1,587,628	-	-	1,587,628	1,567,655
U.S. Govt. securities - agencies	<u>34,029,849</u>	<u>15,893,932</u>	<u>-</u>	<u>49,923,781</u>	<u>50,511,565</u>
Total	<u>\$35,617,477</u>	<u>15,893,932</u>	<u>-</u>	51,511,409	52,079,220
Investments not subject to categorization:					
Pension investments in mutual funds				10,142,032	10,142,032
State Treasurer's investment pool				<u>7,427,716</u>	<u>7,427,716</u>
Total investments- Primary Government				<u>\$69,081,157</u>	<u>69,648,968</u>
Component Unit:					
Commercial paper	\$ -	171,932	-	171,932	172,714
U.S. Govt. securities - treasury	442,600	-	-	442,600	437,032
U.S. Govt. securities - agencies	7,676,204	4,371,842	-	12,048,046	12,204,395
Repurchase agreements	<u>-</u>	<u>5,513,869</u>	<u>-</u>	<u>5,513,869</u>	<u>5,513,869</u>
Total	<u>\$ 8,118,804</u>	<u>9,885,710</u>	<u>-</u>	18,176,447	18,328,010
Investments not subject to categorization:					
State Treasurer's investment pool				<u>2,070,704</u>	<u>2,070,704</u>
Total investments- Component Unit				<u>\$20,247,151</u>	<u>20,398,714</u>

Metro's cash and investments (all of which are cash equivalents) are reflected on the combined balance sheet as follows:

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Total</u>
Unrestricted	\$58,636,335	14,745,602	73,381,937
Restricted	<u>13,802,799</u>	<u>5,479,068</u>	<u>19,281,867</u>
	<u>\$72,439,134</u>	<u>20,224,670</u>	<u>92,663,804</u>

METRO

Notes to Combined Financial Statements, Continued

NOTE 7 - FIXED ASSETS

Fixed assets by major class for the General Fixed Assets Account Group and the Proprietary Funds are as follows:

	Balance July 1, <u>1994</u>	<u>Additions</u>	Disposals and <u>Transfers</u>	Balance June 30, <u>1995</u>
General Fixed Assets Account Group				
Land	\$ 2,890,019	48,801	-	2,938,820
Buildings and exhibits	33,402,745	455,819	-	33,858,564
Improvements	1,807,435	43,090	-	1,850,525
Equipment	2,634,254	105,733	-	2,739,987
Office furniture	1,797,026	165,590	-	1,962,616
Railroad equipment/facilities	<u>1,731,303</u>	<u>30,496</u>	-	<u>1,761,799</u>
	<u>\$44,262,782</u>	<u>849,529</u>	-	<u>45,112,311</u>
Proprietary Funds				
Primary Government - Metro				
Land	\$ 4,638,560	-	-	4,638,560
Buildings	48,335,478	228,207	(742,759)	47,820,926
Improvements	3,096,724	92,443	-	3,189,167
Equipment	1,957,537	46,992	-	2,004,529
Office furniture	2,281,238	118,796	-	2,400,034
Leasehold improvements	<u>9,089,857</u>	-	-	<u>9,089,857</u>
	69,399,394	486,438	(742,759)	69,143,073
Less accumulated depreciation and amortization	<u>16,015,384</u>	<u>1,862,978</u>	<u>(408,517)</u>	<u>17,469,845</u>
	<u>\$53,384,010</u>	<u>(1,376,540)</u>	<u>(334,242)</u>	<u>51,673,228</u>

METRO

Notes to Combined Financial Statements, Continued

	Balance July 1, <u>1994</u>	<u>Additions</u>	Disposals and <u>Transfers</u>	Balance June 30, <u>1995</u>
Component unit - MERC				
Land	\$14,979,562	-	-	14,979,562
Buildings	83,010,551	423,873	-	83,434,424
Improvements	553,249	16,662	-	569,911
Equipment	1,043,803	69,099	-	1,112,902
Office furniture	<u>3,692,344</u>	<u>24,118</u>	-	<u>3,716,462</u>
	103,279,509	533,752	-	103,813,261
Less accumulated depreciation and amortization	<u>9,991,200</u>	<u>2,798,718</u>	-	<u>12,789,918</u>
	<u>\$93,288,309</u>	<u>(2,264,966)</u>	-	<u>91,023,343</u>

An agreement effective July 1, 1976, transferred title of real property in the amount of \$4,063,148, accounted for in the General Fixed Assets Account Group, from the City of Portland to Metro. The agreement provides that such 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 of Portland.

An agreement effective January 1, 1994 between Metro and Multnomah County transferred beneficial use of all real and personal property for park facilities, natural areas, and trade/spectator facilities from Multnomah County into the mix of natural spaces and trade/spectator facilities owned or operated by Metro. Additional provisions of this agreement, effective no later than July 1, 1996 would transfer to Metro full ownership of those facilities which Metro has determined are public cultural, trade, convention, exhibition, sports, entertainment, or spectator facilities, or parks, open spaces, or recreational facilities of metropolitan concern.

Proprietary fund fixed assets for the component unit (MERC) are those of the Metro owned Oregon Convention Center. No other fixed assets used in operating the spectator facilities are included in the General Fixed Assets Account Group or Proprietary funds of Metro as title to certain assets remains with the City of Portland or Multnomah County in accordance with intergovernmental consolidation agreements. These fixed assets will be included in the Comprehensive Annual Financial Report of the City of Portland or Multnomah County, when issued.

METRO

Notes to Combined Financial Statements, Continued

NOTE 8 - PENSION PLANS

A. Defined Contribution Plans

Metro provides pension benefits for a certain number of its full-time employees who elected not to participate in the State of Oregon Public Employees Retirement System (PERS), through a single-employer defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. A resolution by the Metro Council established a 5% component of the plan for all non-PERS participants which requires the employer to contribute 5% of the employee's salary. The employee vests in the contributions and earnings of the plan at 40% after two years of employment and an additional 20% per year for the next three years. Metro contributions for, and earnings forfeited by, employees who leave employment before five years of service are used to reduce Metro's current period contribution requirement.

A Metro Council resolution established a second component also covering all non-PERS participants whereby 6% of the employee's salary is contributed by Metro and is immediately fully vested.

Metro's total payroll in fiscal year 1995 was \$25,348,112. Metro's contributions for the 5% and 6% components were calculated using the covered employees' base salary amount of \$623,972. Metro made the required contributions, amounting to \$31,199 for the 5% component and \$37,439 for the 6% component.

The 6% component allows for loans to be taken against an individual's account balance in specified circumstances. The balance of the employee loans outstanding at June 30, 1995 is \$538,800.

All Metro employees are eligible to contribute voluntarily to this plan, regardless of their eligibility for the employer paid 5% or 6% component. These voluntary employee contributions amounted to \$867,653 during the fiscal year 1995.

B. Defined Benefit Plans

Plan Description

Substantially all full-time employees, and other employees who meet certain eligibility requirements are participants in the State of Oregon Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system. Metro's payroll for employees covered by PERS for the year ended June 30, 1995 was \$22,119,364. Metro's total payroll was \$25,348,112.

Benefits vest after five years of continuous service. Retirement with unreduced benefits is allowed for employees at age 58, but retirement with reduced benefits is generally available after age 55. Retirement benefits are based on salary and length of service, are calculated using a formula and are

METRO

Notes to Combined Financial Statements, Continued

payable in a lump sum or monthly using several payment options. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

The rate of employer contributions to PERS is determined periodically by PERS based on actuarial valuations. Metro's required employer contribution rate is 11.63% of covered employees' salaries. Through December 31, 1994, the required employee contribution of 6% of covered compensation was paid by Metro for certain employees in conformance with its personnel policies, while some Metro and MERC employees were required to pay the 6% contribution. Effective January 1, 1995 all employees are required to contribute the 6% employee portion due to a change in the State Constitution. It is Metro's policy to recognize pension expenditures or expenses as currently funded.

Funding Status and Progress

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of PERS on a going-concern basis, assess the progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits, and is independent of the funding method used to determine contributions to PERS. The pension benefit obligation was determined as part of an actuarial valuation in odd-numbered years, and estimated at the end of even-numbered years.

The pension benefit obligation was computed as part of the most recent actuarial valuation performed as of December 31, 1993, and estimated as of December 31, 1994. Significant actuarial assumptions used in the valuation include:

- A rate of return on the investment of present and future assets of 8.0% per year,
- Projected salary increases of 5.5% per year attributable to general wage adjustments, with additional increases for promotion and longevity that may vary by age and service,
- Projected automatic cost-of-living benefit increases of 2.0% per year, and
- Demographic assumptions that have been chosen to reflect the best estimate of emerging experience of the members of PERS.

METRO

Notes to Combined Financial Statements, Continued

No obligation for retirees is attributed to Metro as PERS assumes the risk related to retired employees among all employers. PERS assumes the obligation for benefits from the individual entity to the PERS as a whole when benefits become payable. Accordingly, the "pension benefit obligation" covers only current employees.

Metro does not maintain a separate PERS account for MERC employees. Accordingly, actuarial values for employees of MERC are not separable from Metro's overall statistics. The unfunded pension benefit obligation based on the actuarial update as of December 31, 1994 is as follows:

Pension benefit obligation:

Current employees -	
Accumulated employee contributions	
including allocated investment income	\$10,291,997
Employer-financed vested benefits	7,328,608
Employer-financed non-vested benefits	<u>3,762,458</u>
Total pension benefit obligation	21,383,063
Net assets available for benefits - at market value	<u>16,685,853</u>
Unfunded pension benefit obligation	<u>\$ 4,697,210</u>

Actuarially Determined Contribution Requirements and Contributions Made

PERS funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, gradually increase over time so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the credited projected benefits actuarial method, with proration based on service period. PERS uses the level percentage of payroll method to amortize the unfunded liability over a closed thirty year period. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation described above.

PERS has established employer contribution rates of 8.61% to be effective beginning July 1, 1995 and 8.20% to be effective July 1, 1997. Metro's current rate is 11.63%.

Total contributions to PERS for the year ended June 30, 1995 were \$3,921,116 (\$3,154,643 employer and \$766,473 employee; 14.26% and 3.47% of covered payroll respectively). The contributed amounts were made in accordance with actuarially determined requirements computed through an actuarial valuation performed at December 31, 1993 that provided for contributions for normal cost of \$1,313,890 (5.94% of covered payroll) and amortization of the unfunded liability of \$2,607,226 (11.79% of covered payroll).

METRO

Notes to Combined Financial Statements, Continued

Trend Information

Metro began participating in PERS on a limited basis in fiscal year 1990. Full participation began in fiscal year 1991. Metro does not maintain a separate PERS account for MERC employees. Accordingly, trend information for employees of MERC is not separable from Metro's statistics. For comparison purposes, the statistics below for 1991 and 1990 do not include MERC employees transferred from the City of Portland as the separate data was not available for these employees from the actuary. MERC employees are included in all other years. All contributed amounts were made in accordance with actuarially determined requirements.

Six year historical trend information presenting the progress in accumulating sufficient assets to pay benefits when due (since Metro began participation in PERS), is presented as follows:

	For the years ended June 30					
	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>
Valuation date	12/31/94	12/31/93	12/31/92	12/31/91	none	12/31/89
Source	Estimate	Actuarial	Estimate	Actuarial	none	Actuarial
Net assets available for benefits	16,685,853	14,239,103	11,896,637	8,677,945	Not Avail.	654,035
Pension benefit obligation (PBO)	21,383,063	18,053,102	16,408,925	13,025,026	Not Avail.	443,025
Net assets as a percentage of PBO	78.0%	78.9%	72.5%	66.6%	Not Avail.	147.6%
Unfunded (assets in excess of) PBO	4,697,210	3,813,999	4,512,288	4,347,081	Not Avail.	(211,010)
Annual covered payroll	22,119,364	19,802,478	19,519,050	15,377,260	5,079,200	Not Avail.
Unfunded (assets in excess of) PBO as a percentage of covered payroll	21.2%	19.3%	23.2%	28.3%	Not Avail.	(4.2%)
Employer contribution as a percentage of covered payroll	14.3%	17.9%	11.8%	12.6%	10.4%	11.7%

NOTE 9 - COMMITMENTS

Columbia Ridge Landfill

Metro has entered into a waste disposal services contract with the owner and operator of the Columbia Ridge Landfill, for disposal of approximately 17 million tons of solid waste or for the period of twenty years, whichever is earlier.

The contract requires fixed payments of approximately \$1,800,000 per year, in addition to a per ton unit price of \$25.38. This per ton rate is adjusted annually on April 1 to reflect changes in the Consumer Price Index (CPI). Amendments to the contract result in a reduction of \$1.03 per ton from the above rate for a supplemental price adjustment, road reconstruction and out of region tonnage credit.

METRO

Notes to Combined Financial Statements, Continued

Waste Transport

Solid waste transport from Metro facilities to the Columbia Ridge Landfill and other disposal sites is privately contracted through December 31, 2009. The contract requires fixed payments of approximately \$830,000 per year, in addition to a per load unit price that equates to an approximate per ton rate of \$12.86. The unit price is adjusted annually on January 1 in an amount equivalent to 75% of the CPI.

Metro South Station

Metro contracts for operation of the Metro South Station under a contract ending October 1, 1996. The contractor is paid a unit price for waste disposed at Metro South on a per ton basis. The unit price is adjusted on a sliding scale averaging \$4.30 per ton, depending on monthly facility volume. The unit price is adjusted annually on January 1 at 80% of the CPI.

Metro Central Station

Operations of the Metro Central Station, a solid waste materials recovery and transfer station that emphasizes recovery of waste materials, were contracted for the first three years of facility operations, which began in January 1991. At Metro's option, the operations contract was extended an additional two years until October 1, 1996.

The contractor is paid for station operations on either a fixed fee or unit price basis, determined by monthly waste volumes. For months with tonnage at or below 20,000 tons, the contractor is paid a flat fee of \$283,120. Higher facility volumes are paid on a sliding scale averaging \$9.82 per ton. The unit price is adjusted annually in accordance with the CPI.

In addition, the contractor receives incentives for materials recovered from the waste disposed of at Metro Central Station. The most significant incentive involves payment to the contractor of an amount equal to the disposal and transport costs saved by Metro (approximately \$35 per ton) for materials recovered and therefore not sent to the Columbia Ridge Landfill.

The following table presents the approximate annual commitment based on forecasted refuse tons and a 4% annual inflation factor for all of the previously described contracts:

METRO

Notes to Combined Financial Statements, Continued

Fiscal year ending	<u>Columbia Ridge Landfill</u>		<u>Waste Transport</u>		<u>Metro South</u>	<u>Metro Central</u>
	Fixed payments	Variable payment based on tons	Fixed payments	Variable payment based on tons	Variable payment based on tons	Variable payment based on tons
June 30:						
1996	\$ 1,802,950	17,768,102	829,400	8,767,641	1,676,530	4,690,712
1997	1,802,950	18,684,369	829,400	9,192,110	451,811	1,238,340
1998	1,802,950	19,937,581	829,400	9,742,724	-	-
1999	1,802,950	20,983,351	829,400	10,204,601	-	-
2000	1,802,950	21,869,190	829,400	10,523,850	-	-
Later years	<u>17,128,025</u>	<u>277,467,831</u>	<u>7,879,300</u>	<u>129,033,307</u>	-	-
Total	<u>\$26,142,775</u>	<u>376,710,424</u>	<u>12,026,300</u>	<u>177,464,233</u>	<u>2,128,341</u>	<u>5,929,052</u>

NOTE 10 - LEASE OBLIGATIONS

A. Operating Leases

The Portland Center for the Performing Arts Theaters Complex leases the grounds for the Complex under an operating lease expiring in 2083. The term of the original agreement may be extended in ten year increments for a total of 50 additional years. Rent adjustments may be negotiated every five years commencing on November 1, 1994. The scheduled lease payments were \$8,333 monthly through October 31, 1994. Effective November 1, 1994 the new rate is \$9,500 monthly.

Metro owns the St. Johns Landfill and certain adjacent property but continues to lease from the City of Portland a smaller parcel of property at the entry to the St. Johns Landfill for \$5,562 per year.

The future minimum rental payments for these leases are as follows:

Year ending June 30:	<u>Ground Lease</u>	<u>Landfill Lease</u>
1996	\$ 114,000	5,562
1997	114,000	5,562
1998	114,000	1,854
1999	114,000	-
2000	114,000	-
Thereafter	<u>9,386,000</u>	-
Total	<u>\$9,956,000</u>	<u>12,978</u>

METRO

Notes to Combined Financial Statements, Continued

B. Capital Leases

Metro has capital lease agreements for computers, copy machines, high speed printers, and some office equipment. These agreements provide Metro the right to purchase the asset at a nominal price at the end of the lease term. The agreements are for varying periods through 1997. Interest rates range from 4.05% to 11.5%.

The future minimum lease payments are:

Fiscal year ending June 30:	
1996	\$ 178,934
1997	<u>173,570</u>
Total minimum lease payments	352,504
Less amount representing interest	<u>(14,434)</u>
Net present value of future minimum lease payments	\$ <u>338,070</u>

NOTE 11 - BONDS PAYABLE

A. Convention Center 1992 Series A General Obligation Refunding Bonds

In prior years, Metro issued \$65,760,000 in Convention Center 1992 Series A General Obligation Refunding Bonds to advance refund the 1987 Series bonds. The net proceeds plus additional moneys were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1987 Series bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in Metro's combined financial statements. At June 30, 1995, \$56,670,000 of defeased bonds are outstanding.

The bonds are to be repaid with proceeds of Metro's ad valorem property tax levied each year. The bonds have an average interest rate of 6.334 percent.

METRO

Notes to Combined Financial Statements, Continued

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

Fiscal year ending June 30:	<u>Principal</u>	<u>Interest</u>
1996	\$ 1,860,000	3,700,677
1997	1,975,000	3,603,447
1998	2,100,000	3,496,152
1999	2,230,000	3,380,383
2000	2,375,000	3,252,235
2001-13	<u>50,975,000</u>	<u>24,449,696</u>
	<u>\$61,515,000</u>	<u>41,882,590</u>

B. Solid Waste Disposal System Revenue and Refunding Revenue Bonds

These bonds are subject to covenants which specify the order of application of gross revenues to requirements and which require Metro to: maintain its existing solid waste disposal system; establish rates to produce net revenues each year which at least equal 110% of annual debt service; maintain and enforce regulations governing the disposal of solid waste in the service area; and comply with the Internal Revenue Code of 1986 to maintain the tax exempt status of the bonds. Other covenants also apply. Metro is in compliance with all covenants as of and for the year ended June 30, 1995.

Metro Central Transfer Station Project, Waste Disposal System Revenue and Refunding Revenue Bonds

In prior years, Metro issued \$12,895,000 in Waste Disposal System Refunding Revenue Bonds 1993 Series A to advance refund certain maturities of outstanding Waste Disposal System Revenue Bonds 1990 Series A. The net proceeds plus additional moneys were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded portion of the 1990 Series bonds. Accordingly, the trust account assets and the liability for the maturities of the 1990 Series bonds that were defeased are not included in Metro's combined financial statements. At June 30, 1995, \$16,100,000 of defeased bonds are outstanding.

METRO

Notes to Combined Financial Statements, Continued

Both the remaining maturities of the Waste Disposal System Revenue Bonds 1990 Series A which were not defeased and the 1993 Series A Refunding Bonds mature serially each January 1 and July 1 (through 2008 and 2012 respectively). Interest is payable semiannually on July 1 and January 1. Interest rates range from 6.40% to 7.10% on the remaining 1990 Series A bonds and from 3.40% to 5.125% (initial average rate of 4.99%) on the 1993 Series A Refunding bonds on various maturities.

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

Fiscal year ending June 30:	<u>1990 Series A</u>		<u>1993 Series A Refunding</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1996	\$ 1,415,000	519,510	120,000	614,681
1997	1,505,000	426,420	125,000	610,454
1998	1,605,000	325,230	130,000	605,796
1999	1,720,000	215,431	135,000	600,627
2000	1,840,000	95,979	140,000	594,916
2001-12	<u>12,836,120</u>	<u>-</u>	<u>12,055,000</u>	<u>4,475,718</u>
	<u>\$20,921,120</u>	<u>1,582,570</u>	<u>12,705,000</u>	<u>7,502,192</u>

The above principal amounts are reported on the balance sheet net of \$337,232 in unamortized costs and discount, \$1,423,557 in deferred amount on refunding, and \$6,647,098 in unamortized accretion.

Metro/Riedel Oregon Compost Co. Project, Waste Disposal System Project Revenue Bonds

On June 20, 1990, Metro sold \$5,000,000 of Waste Disposal Project Revenue Bonds 1990 Series 1 that all mature on July 1, 2011. United States National Bank of Oregon (USNB) secures the bonds through an irrevocable direct-pay letter of credit. Metro is not legally obligated to make payments for debt service on the bonds that were issued as non-recourse to Metro, however, Metro acts as a conduit for payments. Accordingly, the balance sheet reflects the bonds payable and a loan receivable of \$5,000,000 for amounts due from USNB. As interest rates are variable, interest payments over the life of the bonds are not determinable.

METRO

Notes to Combined Financial Statements, Continued

C. Metro Regional Center Project 1993 Series A General Revenue Refunding Bonds

These bonds are subject to covenants which specify the order of application of total assessments to requirements and which require Metro to: establish and collect fees and charges sufficient to fund the total assessments necessary to pay all debt service due; budget and collect total assessments necessary to pay debt service plus 10%; make assessments against departments based on use or benefit; and comply with the Internal Revenue Code of 1986 to maintain the tax exempt status of the bonds. Other covenants also apply. Metro is in compliance with all covenants as of and for the year ended June 30, 1995.

In prior years, Metro issued \$26,160,000 in General Revenue Refunding Bonds 1993 Series A to advance refund General Revenue Bonds 1991 Series A. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1991 Series bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in Metro's combined financial statements. At June 30, 1995, \$22,680,000 of defeased bonds are outstanding.

Interest rates range from 3.20% to 5.25% on various maturities, with an initial average interest cost for the entire issue of 5.122%.

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

	<u>Principal</u>	<u>Interest</u>
Fiscal year ending June 30:		
1996	\$ 245,000	1,286,337
1997	310,000	1,276,992
1998	375,000	1,264,536
1999	545,000	1,246,605
2000	570,000	1,224,020
2001-23	<u>23,915,000</u>	<u>16,852,001</u>
	<u>\$25,960,000</u>	<u>23,150,491</u>

The above principal amounts are reported on the balance sheet net of \$616,650 in unamortized costs and discount, and \$2,372,094 in deferred amount on refunding.

METRO

Notes to Combined Financial Statements, Continued

NOTE 12 - OTHER LONG-TERM DEBT

On July 1, 1993, Metro issued a \$2,000,000 Zoo Light Rail Bond Anticipation Note with a variable interest rate based on the 90-day Treasury Bill rate. The note was to mature July 1, 1995, but was extended to November 1, 1995. It is payable to the Tri-County Metropolitan Transportation District of Oregon (Tri-Met).

The Building Management Fund entered into an energy services agreement with Pacific Power and Light Company in fiscal year 1993 in which \$293,672 was provided to Metro to finance various conservation measures in the new headquarters building. The loan agreement calls for monthly payments of \$2,515 at 6.23% interest for 15 years.

Debt service requirements to maturity for other long-term debt are as follows:

Fiscal year ending June 30:	<u>Note Payable</u>	<u>Loan Payable</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
1996	\$2,000,000	14,059	16,124
1997	-	14,961	15,222
1998	-	15,920	14,263
1999	-	16,941	13,242
2000	-	18,028	12,155
2001-08	-	<u>185,152</u>	<u>48,781</u>
	<u>\$2,000,000</u>	<u>265,061</u>	<u>119,787</u>

NOTE 13 - CHANGES IN GENERAL LONG-TERM LIABILITIES

The following changes occurred during fiscal year 1995 in liabilities reported in the General Long-term Debt Account Group and in the Component Unit's Governmental Funds:

GENERAL LONG-TERM DEBT ACCOUNT GROUP	<u>Balance July 1, 1994</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 1995</u>
Bonds payable	\$63,270,000	-	(1,755,000)	61,515,000
Bond anticipation note payable	2,000,000	-	-	2,000,000
Obligations under capital leases	486,752	-	(193,708)	293,044
Liability for compensated absences	<u>545,769</u>	<u>544,270</u>	<u>(473,273)</u>	<u>616,766</u>
	<u>\$66,302,521</u>	<u>544,270</u>	<u>(2,385,025)</u>	<u>64,424,810</u>

METRO

Notes to Combined Financial Statements, Continued

COMPONENT UNIT GOVERNMENTAL FUNDS	<u>Balance July 1, 1994</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 1995</u>
Obligations under capital leases	\$ 15,821	-	(7,751)	8,070
Liability for compensated absences	<u>89,286</u>	<u>83,301</u>	<u>(76,189)</u>	<u>96,398</u>
	<u>\$105,107</u>	<u>83,301</u>	<u>(83,940)</u>	<u>104,468</u>

NOTE 14 - DEFERRED REVENUE

Deferred revenue at June 30, 1995 consists of taxes receivable not collected within 60 days after year-end and other receivables not available under the modified accrual basis of accounting:

General Fund	\$ 32,511
Special Revenue Funds	353,569
Debt Service Fund	319,469
Trust Funds	<u>200,000</u>
	<u>\$905,549</u>

NOTE 15 - ARBITRAGE PAYABLE

Under certain conditions, the Tax Reform Act of 1986 requires governmental units to remit excess arbitrage earnings arising from invested bond proceeds to the Internal Revenue Service. At June 30, 1995, Metro recorded a liability of \$15,457 for the primary government and \$126,884 for the component unit in the accompanying combined financial statements for such estimated excess arbitrage earnings.

NOTE 16 - POST-CLOSURE COST PAYABLE

The St. Johns Landfill was closed for operations in a prior year. Closure and post-closure care costs were 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.

METRO

Notes to Combined Financial Statements, Continued

The post-closure cost of the St. Johns Landfill is estimated to be approximately \$41,394,000 under current Federal and state regulations. Actual cost may vary due to inflation or deflation, changes in technology, or changes in regulations. During the fiscal year, Metro paid \$4,905,462 in closure costs as the closure process continued (\$28,831,789 cumulative to date), reducing the remaining estimated liability to \$12,562,112 at June 30, 1995. Metro has accumulated \$9,036,323 in restricted cash and investments for future payment of post-closure liabilities and will establish disposal charges at other Metro facilities to accumulate additional resources. This closure plan is in compliance with the plan filed with the Oregon Department of Environmental Quality.

NOTE 17 - INTERFUND RECEIVABLE / PAYABLE BALANCES

The following is a schedule of the individual interfund receivables and payables at June 30, 1995:

	<u>Receivable</u>	<u>Payable</u>
Primary Government - Metro		
General Fund	\$2,610,376	1,156,222
Special Revenue Funds:		
Planning Fund	542,874	2,619,884
Regional Parks and Expo Fund	<u>613,348</u>	<u>9,349</u>
	<u>1,156,222</u>	<u>2,629,233</u>
Internal Service Funds-		
Support Services Fund	<u>9,508</u>	<u>2,520</u>
Trust Funds -		
Regional Parks Trust Fund	<u>9,349</u>	-
Component Unit - MERC		
Enterprise Funds -		
Convention Center Fund	<u>2,520</u>	-
Total	<u>\$ 3,787,975</u>	<u>3,787,975</u>

METRO

Notes to Combined Financial Statements, Continued

NOTE 18 - CONTRIBUTED CAPITAL

Changes in contributed capital in the Proprietary Funds for the year ended June 30, 1995 are as follows:

	Enterprise Solid Waste <u>Fund</u>	Internal Service		<u>Total</u>	Component Unit Convention Center <u>Fund</u>
		Building Management <u>Fund</u>	Support Services <u>Fund</u>		
Balance, July 1, 1994	\$1,021,511	55,615	426,785	482,400	85,473,448
Depreciation on fixed assets that reduces contributed capital (\$11,441,232 total accumulated depreciation at June 30, 1995)	<u>31,623</u>	<u>27,807</u>	<u>142,263</u>	<u>170,070</u>	<u>2,490,319</u>
Balance, June 30, 1995	<u>\$ 989,888</u>	<u>27,808</u>	<u>284,522</u>	<u>312,330</u>	<u>82,983,129</u>

NOTE 19 - 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 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.
- Property damage to Metro-owned facilities: this risk is covered with a commercial primary, all risk, property insurance policy. The property coverage is in the amount of \$221,000,000 with a \$100,000 deductible.
- Worker's compensation, bodily injury or illness to an employee while in the course of employment: this risk is covered through a purchased paid loss retro program from the State Accident Insurance Fund (SAIF), a commercial carrier, in amounts that meet statutory requirements.

METRO

Notes to Combined Financial Statements, Continued

Metro has not experienced settlements in excess of insurance coverage in prior years. An actuarial valuation and estimates of liabilities for unpaid claims was prepared by an independent actuary in October 1993. 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 \$644,758 reported in the Risk Management Fund at June 30, 1995 was established in accordance with the requirements of Governmental Accounting Standards Board Statement (GASB) No. 10, which requires that a liability for claims be reported if information prior to the issuance of the combined financial statements indicates that it is probable that a liability has been incurred at the date of the combined financial statements and the amount of the loss can be reasonably estimated. A portion of the loss reserves have been discounted, with the actuary using discount rates ranging from .919 to .983 for liability and .916 to .983 for worker's compensation and an assumed investment rate of 3.5% 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 year and current year were:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year <u>End</u>
1993-1994	\$644,758	204,842	204,842	644,758
1994-1995	\$644,758	366,442	366,442	644,758

NOTE 20 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Metro maintains two Enterprise Funds. The Solid Waste Fund accounts for self-supporting activities which are rendered to the general public on a user charge basis. The Convention Center Fund accounts for marketing and operations of the Oregon Convention Center which is operated on a user charge basis, supplemented by intergovernmental revenues. Segment information for the Enterprise Funds is presented in the following schedule:

METRO

Notes to Combined Financial Statements, Continued

	Solid Waste Fund	Component <u>Unit - MERC</u> Convention <u>Center Fund</u>
Operating revenues	\$58,755,616	12,076,249
Depreciation and amortization expense	1,053,402	2,798,718
Operating income (loss)	7,322,101	(1,167,650)
Operating transfers out	(124,258)	-
Net income (loss)	6,614,050	(331,828)
Fixed asset additions	323,304	533,752
Net working capital	21,513,338	12,532,448
Total assets	75,449,422	105,117,051
Bonds and other long-term liabilities:		
Payable from operating revenues	33,069,773	-
Payable from other sources	12,577,569	126,884
Contributed capital, net	989,888	82,983,129
Total equity	23,665,618	104,031,217

NOTE 21 - CONTINGENT LIABILITIES

A. 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 would require the return of such amount to the grantor agency. However, should costs be disallowed on a grant for which Metro acts in a pass-through capacity, Metro should be able to require repayment of amounts disallowed from the subgrantees.

B. Legal Matters

Metro is involved as a defendant in several claims and disputes which 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.

METRO

Notes to Combined Financial Statements, Continued

NOTE 22 - SUBSEQUENT EVENTS

Open Spaces Program General Obligation Bonds

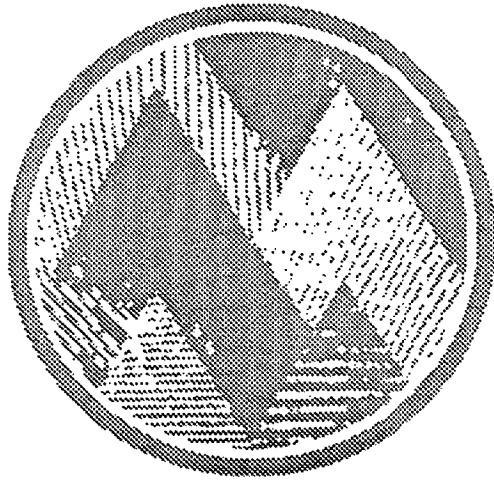
On September 1, 1995, Metro issued \$74,170,000 of 1995 Series A and on October 11, 1995, issued \$7,500,000 of 1995 Series B (Capital Appreciation) Open Spaces Program General Obligation Bonds. The Series A and B bonds are the first two of three series of Open Spaces Bonds to be issued by Metro under authority granted by voters on May 16, 1995. On that date, the electors of Metro approved a ballot measure authorizing Metro to issue \$135.6 million in general obligation bonds to finance land acquisition and capital improvements pursuant to Metro's Open Spaces Program. The program will establish a cooperative regional system of parks, natural areas, open spaces, trails and greenways for wildlife and people. The Series C bonds will be issued later in the fall of 1995 to fully use the remaining balance of the general obligation bond authority available.

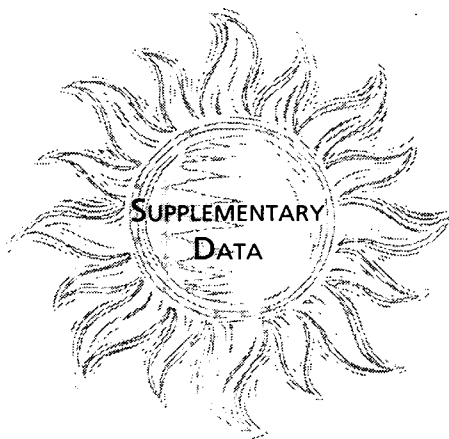
Bond principal and interest requirements for the new bonds are as follows:

	<u>1995 Series A</u>		<u>1995 Series B</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
Fiscal year ending June 30:			
1996	\$ -	2,016,583	500,000
1997	2,120,000	3,980,166	500,000
1998	2,230,000	3,871,416	500,000
1999	2,370,000	3,732,716	500,000
2000	2,520,000	3,583,616	500,000
2001-16	<u>64,930,000</u>	<u>32,691,835</u>	<u>5,000,000</u>
	<u>\$74,170,000</u>	<u>49,876,332</u>	<u>7,500,000</u>

Oregon Economic Development Department Loan

On September 13, 1995, Metro borrowed \$2,723,000 through the Oregon Economic Development Department's (OEDD) Special Public Works Fund loan program. The loan was obtained to retire a \$2,000,000 Bond Anticipation Note due to Tri-Met and to finance certain costs of the Zoo parking lot project. The note was paid off on September 14, 1995, including \$196,860 in interest. The OEDD loan is payable in yearly installments through December 1, 2015 and bears an interest rate of 5.49%. The total loan commitment from OEDD is \$5,373,518.





General Fund

The General Fund accounts for all activities not required to be accounted for in another fund. This fund accounts primarily for Metro's general government activities, including Council, Executive Management and Office of the Auditor functions. The principal resources of the fund are interest and an excise tax on Metro's facilities and services levied in accordance with the Metro Code.

METRO

General Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Excise tax	\$ 5,968,760	5,999,125	30,365
Interest	40,000	52,270	12,270
Miscellaneous	-	8,463	8,463
Total revenues	<u>6,008,760</u>	<u>6,059,858</u>	<u>51,098</u>
Expenditures:			
Council:			
Personal services	888,891	816,988	71,903
Materials and services	102,243	96,530	5,713
Capital outlay	13,800	13,350	450
	<u>1,004,934</u>	<u>926,868</u>	<u>78,066</u>
Executive management:			
Personal services	331,856	302,166	29,690
Materials and services	40,002	36,177	3,825
Capital outlay	13,600	12,803	797
	<u>385,458</u>	<u>351,146</u>	<u>34,312</u>
Office of the Auditor:			
Personal services	76,373	58,402	17,971
Materials and services	20,654	20,548	106
Capital outlay	20,127	20,002	125
	<u>117,154</u>	<u>98,952</u>	<u>18,202</u>
Special appropriations-			
Materials and services	<u>335,000</u>	<u>237,684</u>	<u>97,316</u>
Contingency	<u>287,257</u>	<u>-</u>	<u>287,257</u>
Total expenditures	<u>2,129,803</u>	<u>1,614,650</u>	<u>515,153</u>
Revenues over expenditures	3,878,957	4,445,208	566,251
Other financing sources (uses):			
Operating transfers in-			
Solid Waste Revenue Fund	124,258	124,258	-
Operating transfers out	<u>(4,334,215)</u>	<u>(4,098,708)</u>	<u>235,507</u>
Revenues and other sources over (under) expenditures and other uses	(331,000)	470,758	801,758
Beginning fund balance available for appropriation - July 1, 1994	<u>531,000</u>	<u>870,649</u>	<u>339,649</u>
Unappropriated ending fund balance - June 30, 1995	<u>\$ 200,000</u>	<u>1,341,407</u>	<u>1,141,407</u>

Special Revenue Funds

Primary Government - Metro

Planning Fund

This fund accounts for funding and operation of Metro's regional planning functions, including land use, urban growth management, and environmental and transportation planning. Principal sources of revenues are federal, state and local grants, voluntary service fees assessed to member governmental bodies within Metro's district, a share of the excise tax transferred from the General Fund, and charges for services to user funds.

Regional Parks and Expo Fund

This fund accounts for funding and operation of Metro's greenspaces program and recreation activities transferred from Multnomah County, including parks, marine facilities, pioneer cemeteries and the Expo Center. Principal sources of revenue are user and contract fees, federal and local grants, shared revenue and parking fees.

Zoo Operating Fund

This fund accounts for funding and operation of the Metro Washington Park Zoo. Principal sources of revenues are admissions, concessions and property taxes derived from a property tax base approved by voters on May 15, 1990.

Component Unit - MERC

Spectator Facilities Operating Fund

This fund accounts for the operations of the Civic Stadium and Portland Center for the Performing Arts (PCPA). These facilities, while owned by the City of Portland, are operated by MERC through an intergovernmental agreement. The principal resources of the fund are reimbursed labor, concessions, catering and rental and user fees.

Coliseum Operating Fund

This fund accounts for the funding of any claims related to the operation of the Memorial Coliseum by Metro since the transfer of the Coliseum's operations back to the City of Portland. The transfer occurred July 1, 1993 in accordance with an intergovernmental agreement with the City.

MERC Administration Fund

This fund accounts for the central management and administrative staff functions that are responsible for all MERC operated facilities. The principal resources of the fund are transfers from the Spectator Facilities Operating, Regional Parks and Expo and Oregon Convention Center Operating Funds.

METRO

Special Revenue Funds and Discretely Presented Component Units

Combining Balance Sheet

June 30, 1995

	Primary Government				Component unit - MERC			
	Planning Fund	Regional Parks and Expo Fund	Zoo Operating Fund	Total	Spectator Facilities Operating Fund	Coliseum Operating Fund	MERC Admin- istration Fund	Total
<u>Assets and Other Debits</u>								
Assets:								
Cash and investments	\$ -	1,716,827	7,145,166	8,861,993	1,859,234	88,878	25,541	1,973,653
Receivables (net of allowance for uncollectibles):								
Property taxes	-	-	401,639	401,639	-	-	-	-
Trade	53,706	191,878	202,761	448,345	552,716	-	-	552,716
Other	1,974	2,622	1,295	5,891	-	-	265	265
Interest	-	36,945	132,630	169,575	29,341	1,668	2,264	33,273
Federal grants	1,558,461	134,797	-	1,693,258	-	-	-	-
State and local grants/contracts	2,779,519	2,946	-	2,782,465	-	-	-	-
Due from other funds	542,874	613,348	-	1,156,222	-	-	-	-
Inventory of materials and supplies	-	-	250,782	250,782	69,413	-	-	69,413
Prepaid expenses	-	-	14,976	14,976	-	-	-	-
Other assets	1,042	282	27,500	28,824	8,713	-	-	8,713
Restricted assets-								
Cash and investments	-	-	20,637	20,637	4,876,758	-	-	4,876,758
Other Debits:								
Amount to be provided for retirement of general long-term debt	-	-	-	-	73,508	-	30,960	104,468
Total assets and other debits	\$ 4,937,576	2,699,645	8,197,386	15,834,607	7,469,683	90,546	59,030	7,619,259
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 1,352,906	269,540	419,399	2,041,845	266,000	-	6,595	272,595
Salaries, withholdings and payroll taxes payable	201,762	101,311	378,779	681,852	225,623	-	21,475	247,098
Contracts payable	43,046	-	-	43,046	-	-	-	-
Due to other governments	94,030	-	-	94,030	-	-	-	-
Due to other funds	2,619,884	9,349	-	2,629,233	-	-	-	-
Deferred revenue	-	-	353,569	353,569	-	-	-	-
Unearned grant/contract revenue	112,431	26,658	-	139,089	-	-	-	-
Deposits payable	-	144,821	40,442	185,263	3,792,421	-	-	3,792,421
Other liabilities	-	-	-	-	37,860	50,000	-	87,860
Obligations under capital lease	-	-	-	-	8,070	-	-	8,070
Liability for compensated absences	-	-	-	-	65,438	-	30,960	96,398
Total liabilities	4,424,059	551,679	1,192,189	6,167,927	4,395,412	50,000	59,030	4,504,442
Fund balances - unreserved	513,517	2,147,966	7,005,197	9,666,680	3,074,271	40,546	-	3,114,817
Total liabilities and fund balances	\$ 4,937,576	2,699,645	8,197,386	15,834,607	7,469,683	90,546	59,030	7,619,259

METRO

Special Revenue Funds and Discretely Presented Component Units

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the year ended June 30, 1995

	Primary Government				Component unit - MERC			
	Planning Fund	Regional Parks and Expo Fund	Zoo Operating Fund	Total	Spectator Facilities Operating Fund	Coliseum Operating Fund	MERC Admin- istration Fund	Total
Revenues:								
Property taxes	\$ -	-	6,328,153	6,328,153	-	-	-	-
Federal grants and contracts	3,108,562	238,316	74,512	3,421,390	-	-	-	-
State and local grants and contracts	4,423,342	30,603	28,259	4,482,204	-	-	-	-
Local government shared revenues	-	397,800	-	397,800	600,000	-	-	600,000
Local government service fee	580,561	-	-	580,561	-	-	-	-
Contract and professional services	130,762	62,862	-	193,624	-	-	-	-
Charges for services	346,952	2,803,124	7,355,895	10,505,971	3,075,118	-	3,471	3,078,589
Interest	-	79,563	338,987	418,550	252,429	4,681	7,755	264,865
Contributions and donations	4,000	-	532,637	536,637	-	-	-	-
Reimbursed labor	-	-	-	-	2,131,377	-	-	2,131,377
Parking fees	-	707,410	46,065	753,475	-	-	-	-
Miscellaneous	53,293	39,029	55,502	147,824	280,228	-	-	280,228
Total revenues	8,647,472	4,358,707	14,760,010	27,766,189	6,339,152	4,681	11,226	6,355,059
Expenditures:								
Current:								
Zoo operations and development	-	-	12,895,793	12,895,793	-	-	-	-
Spectator facilities operations	-	-	-	-	6,391,941	314	11,226	6,403,481
Regional planning and development	11,069,401	-	-	11,069,401	-	-	-	-
Recreation and development	-	4,396,155	-	4,396,155	-	-	-	-
Capital outlay	41,411	69,507	267,980	378,898	-	-	-	-
Total expenditures	11,110,812	4,465,662	13,163,773	28,740,247	6,391,941	314	11,226	6,403,481
Revenues over (under) expenditures	(2,463,340)	(106,955)	1,596,237	(974,058)	(52,789)	4,367	-	(48,422)
Other financing sources- Operating transfers in	2,554,023	717,850	-	3,271,873	-	-	-	-
Revenues and other sources over (under) expenditures	90,683	610,895	1,596,237	2,297,815	(52,789)	4,367	-	(48,422)
Fund balances - July 1, 1994	422,834	1,537,071	5,408,960	7,368,865	3,127,060	36,179	-	3,163,239
Fund balances - June 30, 1995	\$ 513,517	2,147,966	7,005,197	9,666,680	3,074,271	40,546	-	3,114,817

METRO

Planning Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance favorable <u>(unfavorable)</u>
Revenues:			
Federal grants	\$ 4,838,795	3,108,562	(1,730,233)
State grants	3,613,106	3,585,520	(27,586)
Local grants	906,107	837,822	(68,285)
Local government service fee	550,000	580,561	30,561
Contract and professional services	199,500	130,762	(68,738)
Contributions and donations	25,000	4,000	(21,000)
Miscellaneous	85,000	53,293	(31,707)
Total revenues	<u>10,217,508</u>	<u>8,300,520</u>	<u>(1,916,988)</u>
Expenditures:			
Planning and development:			
Personal services	4,495,781	4,376,769	119,012
Materials and services	6,350,675	4,783,922	1,566,753
Capital outlay	71,750	41,411	30,339
Contingency	416,107	-	416,107
Total expenditures	<u>11,334,313</u>	<u>9,202,102</u>	<u>2,132,211</u>
Revenues over (under) expenditures	<u>(1,116,805)</u>	<u>(901,582)</u>	<u>215,223</u>
Other financing sources (uses):			
Operating transfers in:			
General Fund	2,680,148	2,554,023	(126,125)
Solid Waste Revenue Fund	346,952	346,952	-
Operating transfers out	<u>(2,045,828)</u>	<u>(1,908,710)</u>	<u>137,118</u>
Total other financing sources (uses)	<u>981,272</u>	<u>992,265</u>	<u>10,993</u>
Revenues and other sources over (under) expenditures and other uses	<u>(135,533)</u>	<u>90,683</u>	<u>226,216</u>
Beginning fund balance available for appropriation - July 1, 1994	<u>135,533</u>	<u>422,834</u>	<u>287,301</u>
Unappropriated ending fund balance - June 30, 1995	<u>\$ -</u>	<u>513,517</u>	<u>513,517</u>

METRO

Regional Parks and Expo Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Federal grants	\$ 855,267	238,316	(616,951)
Local grants	84,000	30,603	(53,397)
Local government shared revenues	406,000	397,800	(8,200)
Contract and professional services	476,279	62,862	(413,417)
Charges for services	2,488,081	2,799,164	311,083
Interest	26,726	79,563	52,837
Parking fees	541,890	707,410	165,520
Miscellaneous	15,677	39,029	23,352
	<u>4,893,920</u>	<u>4,354,747</u>	<u>(539,173)</u>
Total revenues			
Expenditures:			
Regional parks and greenspaces:			
Personal services	1,706,109	1,636,585	69,524
Materials and services	1,998,172	1,126,121	872,051
Capital outlay	455,416	106,835	348,581
	<u>4,159,697</u>	<u>2,869,541</u>	<u>1,290,156</u>
Expo center:			
Personal services	476,444	367,160	109,284
Materials and services	597,937	507,106	90,831
Capital outlay	393,000	82,608	310,392
	<u>1,467,381</u>	<u>956,874</u>	<u>510,507</u>
Contingency	<u>307,232</u>	<u>-</u>	<u>307,232</u>
Total expenditures	<u>5,934,310</u>	<u>3,826,415</u>	<u>2,107,895</u>

(Continued)

METRO

Regional Parks and Expo Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual, Continued

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues over (under) expenditures	\$ <u>(1,040,390)</u>	<u>528,332</u>	<u>1,568,722</u>
Other financing sources (uses):			
Operating transfers in:			
General Fund	721,641	717,850	(3,791)
Smith and Bybee Lakes Trust Fund	25,429	-	(25,429)
Regional Parks Trust Fund	3,960	3,960	-
Operating transfers out	<u>(651,920)</u>	<u>(639,247)</u>	<u>12,673</u>
Total other financing sources (uses)	<u>99,110</u>	<u>82,563</u>	<u>(16,547)</u>
Revenues and other sources over (under) expenditures and other uses	(941,280)	610,895	1,552,175
Beginning fund balance available for appropriation - July 1, 1994	<u>994,534</u>	<u>1,537,071</u>	<u>542,537</u>
Unappropriated ending fund balance - June 30, 1995	\$ <u><u>53,254</u></u>	<u><u>2,147,966</u></u>	<u><u>2,094,712</u></u>

Note: Certain capital outlay items become fixed assets of Multnomah County under terms of an intergovernmental agreement, and therefore are recorded under "recreation development" expenditures on a GAAP basis.

METRO

Zoo Operating Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Property taxes	\$ 5,875,560	6,328,153	452,593
Federal grants	80,000	74,512	(5,488)
Local grants	30,000	28,259	(1,741)
Charges for services:			
Admissions	2,891,589	3,117,477	225,888
Rental fees	44,212	61,322	17,110
Concessions and catering	2,127,430	2,391,547	264,117
Retail sales	810,159	922,124	111,965
Tuition and lectures	235,421	311,420	75,999
Railroad rides/people mover	492,990	552,005	59,015
Interest	138,055	338,987	200,932
Contributions and donations	521,600	532,637	11,037
Parking fees	-	46,065	46,065
Miscellaneous	78,695	55,502	(23,193)
Total revenues	<u>13,325,711</u>	<u>14,760,010</u>	<u>1,434,299</u>
Expenditures:			
Administration:			
Personal services	768,193	714,749	53,444
Materials and services	174,595	153,388	21,207
Capital outlay	6,180	3,819	2,361
	<u>948,968</u>	<u>871,956</u>	<u>77,012</u>
Animal management:			
Personal services	2,335,268	2,302,333	32,935
Materials and services	495,185	412,440	82,745
Capital outlay	77,446	61,741	15,705
	<u>2,907,899</u>	<u>2,776,514</u>	<u>131,385</u>
Facilities management:			
Personal services	1,822,777	1,778,291	44,486
Materials and services	1,466,501	1,374,700	91,801
Capital outlay	104,740	83,752	20,988
	<u>3,394,018</u>	<u>3,236,743</u>	<u>157,275</u>
Educational services:			
Personal services	644,673	615,447	29,226
Materials and services	222,300	125,080	97,220
Capital outlay	7,500	2,774	4,726
	<u>874,473</u>	<u>743,301</u>	<u>131,172</u>

(Continued)

METRO

Zoo Operating Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual, Continued

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Expenditures, continued:			
Marketing:			
Personal services	\$ 330,762	330,660	102
Materials and services	662,784	594,074	68,710
Capital outlay	4,650	3,667	983
	<u>998,196</u>	<u>928,401</u>	<u>69,795</u>
Visitor services:			
Personal services	1,595,858	1,537,192	58,666
Materials and services	1,418,244	1,241,416	176,828
Capital outlay	123,030	38,601	84,429
	<u>3,137,132</u>	<u>2,817,209</u>	<u>319,923</u>
Design services:			
Personal services	296,194	295,454	740
Materials and services	159,099	70,430	88,669
Capital outlay	183,470	73,626	109,844
	<u>638,763</u>	<u>439,510</u>	<u>199,253</u>
Contingency	<u>359,175</u>	<u>-</u>	<u>359,175</u>
Total expenditures	<u>13,258,624</u>	<u>11,813,634</u>	<u>1,444,990</u>
Revenues over expenditures	67,087	2,946,376	2,879,289
Other financing uses-			
Operating transfers out	<u>(1,356,276)</u>	<u>(1,350,139)</u>	<u>6,137</u>
Revenues over (under) expenditures and other uses	(1,289,189)	1,596,237	2,885,426
Beginning fund balance available for appropriation - July 1, 1994	<u>4,975,185</u>	<u>5,408,960</u>	<u>433,775</u>
Unappropriated ending fund balance - June 30, 1995	<u>\$ 3,685,996</u>	<u>7,005,197</u>	<u>3,319,201</u>

METRO

Spectator Facilities Operating Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Civic Stadium:			
Charges for services:			
Admissions - user fees	\$ 127,020	140,008	12,988
Rental fees	207,325	159,225	(48,100)
Concessions and catering	1,045,600	662,209	(383,391)
Merchandising	11,550	10,918	(632)
Commissions	47,300	37,002	(10,298)
Interest	35,383	75,189	39,806
Reimbursed labor	136,700	117,269	(19,431)
Miscellaneous	35,225	126,235	91,010
	<u>1,646,103</u>	<u>1,328,055</u>	<u>(318,048)</u>
Portland Center for Performing Arts:			
Local government shared revenues	600,000	600,000	-
Charges for services:			
Admissions - user fees	945,000	1,013,025	68,025
Rental fees	695,000	730,671	35,671
Concessions and catering	150,000	87,217	(62,783)
Merchandising	50,000	55,377	5,377
Commissions	170,000	179,466	9,466
Interest	90,000	177,240	87,240
Reimbursed labor	2,314,058	2,014,108	(299,950)
Miscellaneous	80,000	153,993	73,993
	<u>5,094,058</u>	<u>5,011,097</u>	<u>(82,961)</u>
Total revenues	<u>6,740,161</u>	<u>6,339,152</u>	<u>(401,009)</u>

(Continued)

METRO

Spectator Facilities Operating Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual, Continued

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures:			
Civic Stadium:			
Personal services	\$ 578,538	450,726	127,812
Materials and services	1,032,429	751,678	280,751
Capital outlay	250,000	116,370	133,630
	<u>1,860,967</u>	<u>1,318,774</u>	<u>542,193</u>
Portland Center for Performing Arts:			
Personal services	3,952,662	3,512,848	439,814
Materials and services	856,030	833,118	22,912
Capital outlay	122,000	121,775	225
	<u>4,930,692</u>	<u>4,467,741</u>	<u>462,951</u>
Contingency	<u>72,000</u>	<u>-</u>	<u>72,000</u>
Total expenditures	<u>6,863,659</u>	<u>5,786,515</u>	<u>1,077,144</u>
Revenues over (under) expenditures	(123,498)	552,637	676,135
Other financing uses-			
Operating transfers out	<u>(640,545)</u>	<u>(605,426)</u>	<u>35,119</u>
Revenues over (under) expenditures and other uses	(764,043)	(52,789)	711,254
Beginning fund balance available for appropriation - July 1, 1994	<u>3,127,060</u>	<u>3,127,060</u>	<u>-</u>
Unappropriated ending fund balance - June 30, 1995	<u>\$ 2,363,017</u>	<u>3,074,271</u>	<u>711,254</u>

Note: Capital outlay becomes a fixed asset of the City of Portland under terms of an intergovernmental agreement, and therefore is recorded under "Spectator facility operations" expenditures on a GAAP basis.

METRO

Coliseum Operating Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues-			
Interest	\$ -	4,681	4,681
Total revenues	<u>-</u>	<u>4,681</u>	<u>4,681</u>
Expenditures-			
Materials and services	180,000	314	179,686
Total expenditures	<u>180,000</u>	<u>314</u>	<u>179,686</u>
Revenues over (under) expenditures	(180,000)	4,367	184,367
Beginning fund balance available for appropriation- July 1, 1994	<u>180,000</u>	<u>36,179</u>	<u>(143,821)</u>
Unappropriated ending fund balance - June 30, 1995	\$ <u><u>-</u></u>	<u><u>40,546</u></u>	<u><u>40,546</u></u>

METRO

MERC Administration Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Miscellaneous charges for services	\$ -	3,471	3,471
Interest	<u>6,500</u>	<u>7,755</u>	<u>1,255</u>
Total revenues	<u>6,500</u>	<u>11,226</u>	<u>4,726</u>
Expenditures:			
Personal services	496,619	479,882	16,737
Materials and services	101,993	76,082	25,911
Capital outlay	2,100	1,548	552
Contingency	<u>24,000</u>	<u>-</u>	<u>24,000</u>
Total expenditures	<u>624,712</u>	<u>557,512</u>	<u>67,200</u>
Revenues over (under) expenditures	<u>(618,212)</u>	<u>(546,286)</u>	<u>71,926</u>
Other financing sources-			
Operating transfers in:			
Regional Parks and Expo Fund	73,500	73,500	-
Oregon Convention Center Operating Fund	330,531	286,887	(43,644)
Spectator Facilities Operating Fund	<u>214,181</u>	<u>185,899</u>	<u>(28,282)</u>
Total other financing sources	<u>618,212</u>	<u>546,286</u>	<u>(71,926)</u>
Revenues and other sources over expenditures	-	-	-
Beginning fund balance available for appropriation - July 1, 1994	<u>-</u>	<u>-</u>	<u>-</u>
Unappropriated ending fund balance - June 30, 1995	<u>\$ -</u>	<u>-</u>	<u>-</u>

Debt Service Fund

The Convention Center Project Debt Service Fund accounts for payments of general obligation bond principal and interest to bond holders. The principal source of revenue is property taxes.

METRO

Convention Center Project Debt Service Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance favorable <u>(unfavorable)</u>
Revenues:			
Property taxes	\$ 5,314,785	5,503,576	188,791
Interest	<u>50,000</u>	<u>116,250</u>	<u>66,250</u>
Total revenues	<u>5,364,785</u>	<u>5,619,826</u>	<u>255,041</u>
Expenditures-			
Debt service	<u>5,542,640</u>	<u>5,542,640</u>	<u>-</u>
Total expenditures	<u>5,542,640</u>	<u>5,542,640</u>	<u>-</u>
Revenues over (under) expenditures	(177,855)	77,186	255,041
Beginning fund balance available for appropriation - July 1, 1994	<u>2,959,694</u>	<u>3,051,695</u>	<u>92,001</u>
Unappropriated ending fund balance - June 30, 1995	\$ <u><u>2,781,839</u></u>	<u><u>3,128,881</u></u>	<u><u>347,042</u></u>

Capital Projects Fund

The Zoo Capital Fund accounts for major improvement projects at the Metro Washington Park Zoo. Principal resources are contributions and donations and interest.

METRO

Zoo Capital Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Interest	\$ 20,595	43,794	23,199
Contributions and donations	500,000	203,119	(296,881)
Miscellaneous	<u>107,000</u>	<u>110,626</u>	<u>3,626</u>
Total revenues	<u>627,595</u>	<u>357,539</u>	<u>(270,056)</u>
Expenditures:			
Personal services	15,300	2,903	12,397
Capital outlay	1,308,787	385,921	922,866
Contingency	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total expenditures	<u>1,474,087</u>	<u>388,824</u>	<u>1,085,263</u>
Revenues over (under) expenditures	(846,492)	(31,285)	815,207
Beginning fund balance available for appropriation - July 1, 1994	<u>846,492</u>	<u>1,001,024</u>	<u>154,532</u>
Unappropriated ending fund balance - June 30, 1995	<u>\$ -</u>	<u>969,739</u>	<u>969,739</u>

Enterprise Funds

Primary Government - Metro

Solid Waste Fund

This fund accounts for revenues, primarily from fees imposed 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.

Component Unit - MERC

Convention Center Fund

This fund accounts for revenues and expenses related to the operation and management of the Oregon Convention Center in Portland, Oregon. The principal sources of revenue are intergovernmental revenue from a 3% Multnomah County lodging tax, fees charged to customers for facility use, concession sales and parking fees. Expenses consist primarily of management, marketing and operations costs. This fund consists of three budgetary funds that are combined as one Enterprise Fund to be in accordance with generally accepted accounting principles.

METRO

Solid Waste Revenue Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Federal grants	\$ -	2,872	2,872
State and local grants	-	4,000	4,000
Contract and professional services	-	100,257	100,257
Charges for services:			
Refuse disposal charges	756,098	473,262	(282,836)
Disposal fees	29,789,277	27,551,056	(2,238,221)
User fees	23,580,138	24,063,369	483,231
Regional transfer charge	4,970,201	5,052,234	82,033
Rehabilitation and enhancement fees	178,037	218,649	40,612
Host fees	276,808	193,912	(82,896)
DEQ fees	865,606	786,162	(79,444)
Household hazardous waste disposal fees	115,234	79,022	(36,212)
Salvage revenue	58,224	158,341	100,117
Rental fees	2,261	2,949	688
Sale of goods	40,924	21,322	(19,602)
Interest	735,015	1,520,785	785,770
Pass-through debt service receipts	350,000	197,863	(152,137)
Miscellaneous	238,557	262,139	23,582
	<u>61,956,380</u>	<u>60,688,194</u>	<u>(1,268,186)</u>
Total revenues			
Expenditures:			
Operating Account:			
Administration:			
Personal services	552,982	539,130	13,852
Materials and services	172,424	143,074	29,350
	<u>725,406</u>	<u>682,204</u>	<u>43,202</u>
Budget and finance:			
Personal services	495,560	484,766	10,794
Materials and services	1,057,255	895,918	161,337
	<u>1,552,815</u>	<u>1,380,684</u>	<u>172,131</u>

(Continued)

METRO

Solid Waste Revenue Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual, Continued

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures, continued:			
Operations:			
Personal services	\$ 2,512,635	2,431,171	81,464
Materials and services	<u>42,898,511</u>	<u>38,916,125</u>	<u>3,982,386</u>
	<u>45,411,146</u>	<u>41,347,296</u>	<u>4,063,850</u>
Engineering and analysis:			
Personal services	723,405	699,470	23,935
Materials and services	<u>224,751</u>	<u>56,940</u>	<u>167,811</u>
	<u>948,156</u>	<u>756,410</u>	<u>191,746</u>
Waste reduction:			
Personal services	557,059	538,904	18,155
Materials and services	<u>1,178,421</u>	<u>1,079,225</u>	<u>99,196</u>
	<u>1,735,480</u>	<u>1,618,129</u>	<u>117,351</u>
Planning and technical services:			
Personal services	548,384	533,217	15,167
Materials and services	<u>377,033</u>	<u>177,943</u>	<u>199,090</u>
	<u>925,417</u>	<u>711,160</u>	<u>214,257</u>
Recycling information and education:			
Personal services	377,608	333,297	44,311
Materials and services	<u>217,518</u>	<u>208,822</u>	<u>8,696</u>
	<u>595,126</u>	<u>542,119</u>	<u>53,007</u>
Landfill Closure Account-			
Materials and services	<u>6,344,000</u>	<u>4,905,462</u>	<u>1,438,538</u>
Construction Account-			
Capital outlay	<u>1,650,000</u>	<u>-</u>	<u>1,650,000</u>
Renewal and Replacement Account-			
Capital outlay	<u>149,000</u>	<u>-</u>	<u>149,000</u>

(Continued)

METRO

Solid Waste Revenue Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual, Continued

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Expenditures, continued:			
General Account- Capital outlay	\$ 688,785	323,304	365,481
Master Project Account- Debt service	350,000	197,863	152,137
Debt Service Account- Debt service	2,879,579	2,744,869	134,710
Contingency	8,256,820	-	8,256,820
Total expenditures	<u>72,211,730</u>	<u>55,209,500</u>	<u>17,002,230</u>
Revenues over (under) expenditures	<u>(10,255,350)</u>	<u>5,478,694</u>	<u>15,734,044</u>
Other financing sources (uses):			
Bond proceeds	1,919,419	-	(1,919,419)
Operating transfers in- Rehabilitation and Enhancement Fund	42,254	24,207	(18,047)
Operating transfers out	<u>(3,686,836)</u>	<u>(3,596,790)</u>	<u>90,046</u>
Total other financing sources (uses)	<u>(1,725,163)</u>	<u>(3,572,583)</u>	<u>(1,847,420)</u>
Revenues and other sources over (under) expenditures and other uses	(11,980,513)	1,906,111	13,886,624
Beginning fund balance available for appropriation - July 1, 1994	<u>26,631,954</u>	<u>29,276,030</u>	<u>2,644,076</u>
Unappropriated ending fund balance - June 30, 1995	\$ <u>14,651,441</u>	<u>31,182,141</u>	<u>16,530,700</u>

METRO

Oregon Convention Center Operating Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Local government shared revenues	\$ 3,580,000	3,840,473	260,473
Charges for services:			
Rental fees	1,291,001	1,373,480	82,479
Concessions and catering	3,989,951	5,100,628	1,110,677
Merchandising	25,000	14,706	(10,294)
Utility services	787,500	812,221	24,721
Commissions	33,000	38,798	5,798
Interest	285,657	485,796	200,139
Reimbursed labor	245,000	247,857	2,857
Parking fees	587,335	590,160	2,825
Miscellaneous	50,000	57,925	7,925
	<u>10,874,444</u>	<u>12,562,044</u>	<u>1,687,600</u>
Total revenues			
Expenditures:			
Personal services	3,654,705	3,465,682	189,023
Materials and services	6,392,834	5,974,832	418,002
Capital outlay	370,000	183,583	186,417
Contingency	100,000	-	100,000
	<u>10,517,539</u>	<u>9,624,097</u>	<u>893,442</u>
Total expenditures			
Revenues over expenditures	356,905	2,937,947	2,581,042
Other financing uses-			
Operating transfers out	(2,448,592)	(2,338,614)	109,978
Revenues and other sources over (under) expenditures and other uses	(2,091,687)	599,333	2,691,020
Beginning fund balance available for appropriation - July 1, 1994	<u>9,418,460</u>	<u>9,418,460</u>	<u>-</u>
Unappropriated ending fund balance - June 30, 1995	<u>\$ 7,326,773</u>	<u>10,017,793</u>	<u>2,691,020</u>

METRO

Convention Center Project Capital Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance favorable <u>(unfavorable)</u>
Revenues-			
Interest	\$ 47,995	66,921	18,926
Total revenues	<u>47,995</u>	<u>66,921</u>	<u>18,926</u>
Expenditures:			
Personal services	44,425	44,124	301
Materials and services	22,500	755	21,745
Capital outlay	759,000	305,290	453,710
Contingency	20,277	-	20,277
Total expenditures	<u>846,202</u>	<u>350,169</u>	<u>496,033</u>
Revenues over (under) expenditures	(798,207)	(283,248)	514,959
Other financing uses-			
Operating transfers out	<u>(53,053)</u>	<u>(53,053)</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	(851,260)	(336,301)	514,959
Beginning fund balance available for appropriation - July 1, 1994	<u>1,371,260</u>	<u>1,409,045</u>	<u>37,785</u>
Unappropriated ending fund balance - June 30, 1995	<u>\$ 520,000</u>	<u>1,072,744</u>	<u>552,744</u>

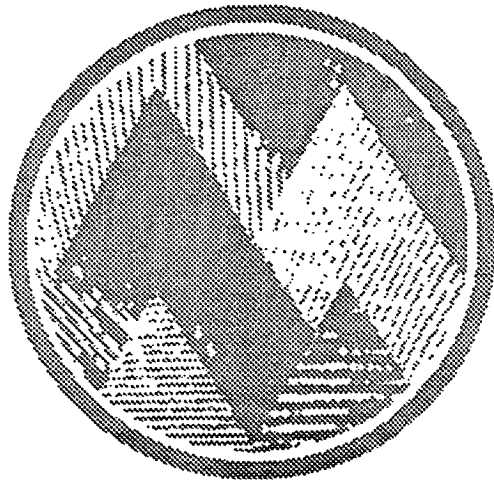
METRO

Oregon Convention Center Renewal and Replacement Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues-			
Interest	\$ <u>25,000</u>	<u>53,404</u>	<u>28,404</u>
Total revenues	<u>25,000</u>	<u>53,404</u>	<u>28,404</u>
Expenditures-			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	25,000	53,404	28,404
Other financing sources-			
Operating transfers in-			
Oregon Convention Center Operating Fund	<u>1,400,000</u>	<u>1,400,000</u>	<u>-</u>
Revenues and other sources over expenditures	1,425,000	1,453,404	28,404
Beginning fund balance available for appropriation - July 1, 1994	<u>690,000</u>	<u>691,627</u>	<u>1,627</u>
Unappropriated ending fund balance - June 30, 1995	\$ <u><u>2,115,000</u></u>	<u><u>2,145,031</u></u>	<u><u>30,031</u></u>



Internal Service Funds

Building Management Fund

This fund accounts for revenues and expenses related to the management of Metro's headquarters facility, Metro Regional Center, and the related parking structure. Principal sources of revenue are parking income and charges to user funds. Expenses primarily consist of maintenance, utilities and professional services costs. This fund consists of two budgetary funds that are combined as one Internal Service Fund to be in accordance with generally accepted accounting principles.

Support Services Fund

This fund accounts for central services provided to other Metro operating units. These central services consist of Finance and Management Information, General Services, Personnel, Office of General Counsel, Office of Public and Government Relations, and Office of Citizen Involvement. Primary sources of revenue are business license fees, interest and charges to user funds, established through a cost allocation plan that distributes the central services' costs based upon the benefit received.

Risk Management Fund

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

METRO

Internal Service Funds

Combining Balance Sheet

June 30, 1995

<u>Assets</u>	<u>Building Management Fund</u>	<u>Support Services Fund</u>	<u>Risk Management Fund</u>	<u>Total</u>
Current assets:				
Cash and investments	\$ 880,354	1,385,845	7,558,609	9,824,808
Receivables:				
Trade	3,086	33,947	-	37,033
Other	-	39	166	205
Interest	24,006	32,342	142,426	198,774
Due from other funds	-	9,508	-	9,508
Other assets	-	100	2,500	2,600
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	907,446	1,461,781	7,703,701	10,072,928
Restricted assets-				
Cash and investments	1,894,299	-	-	1,894,299
Fixed assets, net	20,278,588	452,124	30,757	20,761,469
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 23,080,333	1,913,905	7,734,458	32,728,696
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Liabilities and Fund Equity</u>				
Current liabilities:				
Accounts payable	\$ 103,224	131,481	47,798	282,503
Salaries, withholdings and payroll taxes payable	18,709	419,850	10,078	448,637
Accrued self-insurance claims	-	-	644,758	644,758
Due to component unit	-	2,520	-	2,520
Bonds payable within one year	245,000	-	-	245,000
Accrued interest payable	537,607	-	-	537,607
Other liabilities	-	16,746	-	16,746
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	904,540	570,597	702,634	2,177,771
Noncurrent liabilities:				
Loans payable	265,061	-	-	265,061
Obligations under capital lease	-	36,956	-	36,956
Revenue bonds payable (net of unamortized discount and deferred amount on refunding)	22,726,256	-	-	22,726,256
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	23,895,857	607,553	702,634	25,206,044
Fund equity:				
Contributed capital, net	27,808	284,522	-	312,330
Retained earnings	(843,332)	1,021,830	7,031,824	7,210,322
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund equity	(815,524)	1,306,352	7,031,824	7,522,652
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	\$ 23,080,333	1,913,905	7,734,458	32,728,696
	<hr/>	<hr/>	<hr/>	<hr/>

METRO

Internal Service Funds

Combining Statement of Revenues, Expenses
and Changes in Retained Earnings

For the year ended June 30, 1995

	Building Management Fund	Support Services Fund	Risk Management Fund	Total
Operating revenues:				
Builders license fees	\$ -	240,680	-	240,680
State grants	-	-	5,878	5,878
Contract and professional services	-	91,284	-	91,284
Charges for services	1,818,252	6,732,093	698,030	9,248,375
Parking fees	267,139	-	-	267,139
Miscellaneous	410	27,620	-	28,030
	<u>2,085,801</u>	<u>7,091,677</u>	<u>703,908</u>	<u>9,881,386</u>
Total operating revenues				
Operating expenses:				
Payroll and fringe benefits	245,226	4,438,861	235,398	4,919,485
Purchased professional and technical services	151,184	-	-	151,184
Payment in lieu of rent	-	696,458	-	696,458
Insurance expense	-	50,860	225,636	276,496
Claims expense	-	-	366,442	366,442
Payments to other governments	-	152,039	-	152,039
Other materials and services	413,345	1,342,554	19,072	1,774,971
Depreciation	630,004	172,622	6,950	809,576
	<u>1,439,759</u>	<u>6,853,394</u>	<u>853,498</u>	<u>9,146,651</u>
Total operating expenses				
Operating income (loss)	<u>646,042</u>	<u>238,283</u>	<u>(149,590)</u>	<u>734,735</u>
Non-operating revenues (expenses):				
Interest on investments	347,807	105,779	395,581	849,167
Interest expense	<u>(1,418,374)</u>	<u>-</u>	<u>-</u>	<u>(1,418,374)</u>
Total non-operating revenues (expenses)	<u>(1,070,567)</u>	<u>105,779</u>	<u>395,581</u>	<u>(569,207)</u>
Net income (loss)	(424,525)	344,062	245,991	165,528
Depreciation on fixed assets that reduces contributed capital				
	<u>27,807</u>	<u>142,263</u>	<u>-</u>	<u>170,070</u>
Increase (decrease) in retained earnings	(396,718)	486,325	245,991	335,598
Retained earnings - July 1, 1994	<u>(446,614)</u>	<u>535,505</u>	<u>6,785,833</u>	<u>6,874,724</u>
Retained earnings - June 30, 1995	<u>\$ (843,332)</u>	<u>1,021,830</u>	<u>7,031,824</u>	<u>7,210,322</u>

METRO

Internal Service Funds

Combining Statement of Cash Flows

For the year ended June 30, 1995

	Building Management Fund	Support Services Fund	Risk Management Fund	Total
Cash flows from operating activities:				
Cash receipts from customers	\$ 277,223	-	-	277,223
Cash receipts from quasi-external transactions	2,483,557	7,964,713	860,983	11,309,253
Other operating cash receipts	410	342,753	5,878	349,041
Cash payments to suppliers for goods and services	(540,990)	(1,331,679)	(228,589)	(2,101,258)
Cash payments for claims	-	-	(366,442)	(366,442)
Cash payments to other governments	-	(152,039)	-	(152,039)
Cash payments to employees for services	(239,895)	(4,402,829)	(235,349)	(4,878,073)
Cash payments for quasi-external transactions	-	(1,056,136)	(7,974)	(1,064,110)
Net cash provided by operating activities	<u>1,980,305</u>	<u>1,364,783</u>	<u>28,507</u>	<u>3,373,595</u>
Cash flows from capital and related financing activities:				
Principal payment on revenue bonds	(200,000)	-	-	(200,000)
Interest payment on revenue bonds	(1,309,930)	-	-	(1,309,930)
Acquisition and construction of capital assets	(121,109)	(34,576)	(7,449)	(163,134)
Loan payments	(16,196)	-	-	(16,196)
Cash payments on capital lease principal	-	(17,899)	-	(17,899)
Net cash used for capital and related financing activities	<u>(1,647,235)</u>	<u>(52,475)</u>	<u>(7,449)</u>	<u>(1,707,159)</u>
Cash flows from investing activities -				
Interest	<u>388,393</u>	<u>73,437</u>	<u>329,790</u>	<u>791,620</u>
Net cash provided by investing activities	<u>388,393</u>	<u>73,437</u>	<u>329,790</u>	<u>791,620</u>
Net increase in cash and cash equivalents	721,463	1,385,745	350,848	2,458,056
Cash and cash equivalents at beginning of year	<u>2,053,190</u>	<u>100</u>	<u>7,207,761</u>	<u>9,261,051</u>
Cash and cash equivalents at end of year	<u>\$ 2,774,653</u>	<u>1,385,845</u>	<u>7,558,609</u>	<u>11,719,107</u>

(Continued)

METRO

Internal Service Funds

Combining Statement of Cash Flows, Continued

For the year ended June 30, 1995

	Building Management <u>Fund</u>	Support Services <u>Fund</u>	Risk Management <u>Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 646,042	238,283	(149,590)	734,735
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	630,004	172,622	6,950	809,576
Change in assets and liabilities:				
Trade/other accounts receivable	(14,464)	(19,272)	-	(33,736)
Due from other funds	946,587	1,232,620	162,953	2,342,160
Other assets	-	269	(166)	103
Accounts payable	23,539	28	16,285	39,852
Salaries, withholdings and payroll taxes payable	5,331	35,928	49	41,308
Due to other funds	(256,734)	(308,818)	(7,974)	(573,526)
Other liabilities	-	13,123	-	13,123
Total adjustments	<u>1,334,263</u>	<u>1,126,500</u>	<u>178,097</u>	<u>2,638,860</u>
Net cash provided by operating activities	<u>\$ 1,980,305</u>	<u>1,364,783</u>	<u>28,507</u>	<u>3,373,595</u>

METRO

**Reconciliation of Internal Service Funds' Revenues
and Expenditures (Budgetary Basis) to Combining
Statement of Revenues, Expenses and Changes
in Retained Earnings (GAAP Basis)**

For the year ended June 30, 1995

	Building Management <u>Fund</u>	Support Services <u>Fund</u>	Risk Management <u>Fund</u>	<u>Total</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses on a budgetary basis:				
Building Management Fund	\$ 40	-	-	40
General Revenue Bond Fund	(23,422)	-	-	(23,422)
Support Services Fund	-	487,885	-	487,885
Risk Management Fund	-	-	245,492	245,492
Add budget requirements not qualifying as expenses under GAAP:				
Principal and interest payments on bonds	739,858			739,858
Fixed assets additions	121,109	34,576	7,449	163,134
Loan payments	16,196	-	-	16,196
Principal payments on leases	-	17,899	-	17,899
Subtract additional expenses required by GAAP:				
Depreciation and amortization	(630,004)	(172,622)	(6,950)	(809,576)
Amortization of bond discount and costs	(110,695)			(110,695)
Accrued interest on bonds	(537,607)			(537,607)
Vacation benefits	-	(23,676)	-	(23,676)
	<hr/>	<hr/>	<hr/>	<hr/>
Net income (loss) presented in combining statement of revenues, expenses and changes in retained earnings	\$ <u>(424,525)</u>	<u>344,062</u>	<u>245,991</u>	<u>165,528</u>

METRO

Building Management Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Rental and lease fees	\$ 16,995	24,548	7,553
Interest	-	48,794	48,794
Parking fees	372,084	267,139	(104,945)
Miscellaneous	-	410	410
	<hr/>	<hr/>	<hr/>
Total revenues	389,079	340,891	(48,188)
Expenditures:			
Personal services	249,112	245,226	3,886
Materials and services	693,749	597,697	96,052
Capital outlay	60,000	57,354	2,646
Contingency	50,000	-	50,000
	<hr/>	<hr/>	<hr/>
Total expenditures	1,052,861	900,277	152,584
Revenues over (under) expenditures	<hr/> <u>(663,782)</u>	<hr/> <u>(559,386)</u>	<hr/> <u>104,396</u>
Other financing sources (uses):			
Operating transfers in:			
General Fund	359,791	280,135	(79,656)
Planning Fund	463,417	427,309	(36,108)
Regional Parks and Expo Fund	81,584	75,228	(6,356)
Solid Waste Revenue Fund	341,156	314,574	(26,582)
Oregon Convention Center Operating Fund	55,984	-	(55,984)
Support Services Fund	755,309	696,458	(58,851)
Operating transfers out	<hr/> <u>(1,428,958)</u>	<hr/> <u>(1,234,278)</u>	<hr/> <u>194,680</u>
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	628,283	559,426	(68,857)
Revenues and other sources over (under) expenditures and other uses	<hr/> <u>(35,499)</u>	<hr/> <u>40</u>	<hr/> <u>35,539</u>
Beginning fund balance available for appropriation - July 1, 1994	<hr/> <u>354,718</u>	<hr/> <u>515,424</u>	<hr/> <u>160,706</u>
Unappropriated ending fund balance - June 30, 1995	<hr/> <u>\$ 319,219</u>	<hr/> <u>515,464</u>	<hr/> <u>196,245</u>

METRO

General Revenue Bond Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance favorable <u>(unfavorable)</u>
Revenues-			
Interest	\$ 69,134	299,013	229,879
Total revenues	<u>69,134</u>	<u>299,013</u>	<u>229,879</u>
Expenditures:			
Construction:			
Materials and services	23,500	3,837	19,663
Capital outlay	147,732	59,918	87,814
	<u>171,232</u>	<u>63,755</u>	<u>107,477</u>
Debt Service-			
Debt service	1,492,958	1,492,958	-
Contingency	218,412	-	218,412
Total expenditures	<u>1,882,602</u>	<u>1,556,713</u>	<u>325,889</u>
Revenues over (under) expenditures	(1,813,468)	(1,257,700)	555,768
Other financing sources-			
Operating transfers in-			
Building Management Fund	1,428,958	1,234,278	(194,680)
Revenues and other sources over (under) expenditures	(384,510)	(23,422)	361,088
Beginning fund balance available for appropriation - July 1, 1994	<u>2,190,215</u>	<u>2,187,771</u>	<u>(2,444)</u>
Unappropriated ending fund balance - June 30, 1995	\$ <u>1,805,705</u>	<u>2,164,349</u>	<u>358,644</u>

METRO

Support Services Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Builders license fee	\$ 275,000	240,680	(34,320)
Contract and professional services	98,182	91,284	(6,898)
Interest	-	105,779	105,779
Miscellaneous	-	27,620	27,620
	<hr/>	<hr/>	<hr/>
Total revenues	373,182	465,363	92,181
Expenditures:			
Administrative Services:			
Finance and management information:			
Personal services	2,321,327	2,167,091	154,236
Materials and services	480,250	393,072	87,178
Capital outlay	21,130	20,701	429
	<hr/>	<hr/>	<hr/>
	2,822,707	2,580,864	241,843
General services:			
Personal services	947,694	931,512	16,182
Materials and services	740,912	732,222	8,690
Capital outlay	10,960	10,894	66
	<hr/>	<hr/>	<hr/>
	1,699,566	1,674,628	24,938
Personnel:			
Personal services	552,092	514,380	37,712
Materials and services	53,710	39,086	14,624
	<hr/>	<hr/>	<hr/>
	605,802	553,466	52,336
Office of general counsel:			
Personal services	447,725	426,718	21,007
Materials and services	29,998	25,663	4,335
Capital outlay	3,600	2,981	619
	<hr/>	<hr/>	<hr/>
	481,323	455,362	25,961

(Continued)

METRO

Support Services Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual, Continued

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures, continued:			
Office of public and government relations:			
Personal services	\$ 302,672	302,011	661
Materials and services	<u>129,782</u>	<u>123,866</u>	<u>5,916</u>
	432,454	425,877	6,577
Office of citizen involvement:			
Personal services	74,520	73,474	1,046
Materials and services	<u>10,730</u>	<u>7,355</u>	<u>3,375</u>
	85,250	80,829	4,421
Special appropriations-			
Materials and services	<u>191,229</u>	<u>191,227</u>	<u>2</u>
Contingency	<u>136,579</u>	-	<u>136,579</u>
Total expenditures	<u>6,454,910</u>	<u>5,962,253</u>	<u>492,657</u>
Revenues over (under) expenditures	<u>(6,081,728)</u>	<u>(5,496,890)</u>	<u>584,838</u>
Other financing sources (uses):			
Operating transfers in:			
General Fund	547,625	521,690	(25,935)
Zoo Operating Fund	1,178,797	1,172,660	(6,137)
Planning Fund	1,548,361	1,447,351	(101,010)
Regional Parks and Expo Fund	405,977	399,660	(6,317)
Convention Center Project Capital Fund	53,053	53,053	-
Solid Waste Revenue Fund	2,311,955	2,303,128	(8,827)
Oregon Convention Center Operating Fund	518,445	508,095	(10,350)
Spectator Facilities Operating Fund	333,293	326,456	(6,837)
Operating transfers out	<u>(806,169)</u>	<u>(747,318)</u>	<u>58,851</u>
Total other financing sources (uses)	<u>6,091,337</u>	<u>5,984,775</u>	<u>(106,562)</u>
Revenues and other sources over expenditures and other uses	9,609	487,885	478,276
Beginning fund balance available for appropriation - July 1, 1994	<u>398,016</u>	<u>612,628</u>	<u>214,612</u>
Unappropriated ending fund balance - June 30, 1995	<u>\$ 407,625</u>	<u>1,100,513</u>	<u>692,888</u>

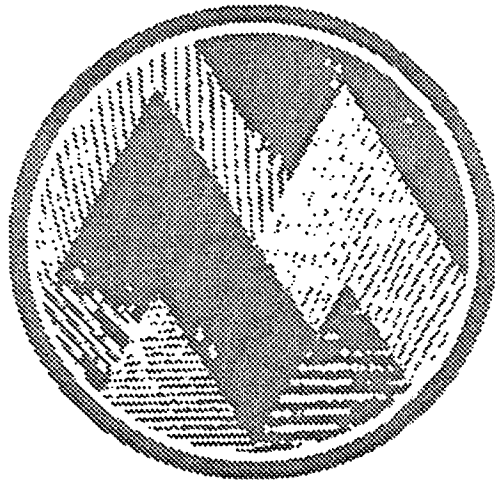
METRO

Risk Management Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
State grants	\$ 20,000	5,878	(14,122)
Interest	<u>260,000</u>	<u>395,581</u>	<u>135,581</u>
Total revenues	<u>280,000</u>	<u>401,459</u>	<u>121,459</u>
Expenditures:			
Personal services	263,815	235,398	28,417
Materials and services	1,105,215	611,150	494,065
Capital outlay	20,000	7,449	12,551
Contingency	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total expenditures	<u>1,589,030</u>	<u>853,997</u>	<u>735,033</u>
Revenues over (under) expenditures	<u>(1,309,030)</u>	<u>(452,538)</u>	<u>856,492</u>
Other financing sources-			
Operating transfers in:			
General Fund	25,010	25,010	-
Zoo Operating Fund	177,479	177,479	-
Planning Fund	34,050	34,050	-
Regional Parks and Expo Fund	90,859	90,859	-
Solid Waste Revenue Fund	83,069	83,069	-
Oregon Convention Center Operating Fund	143,632	143,632	-
Spectator Facilities Operating Fund	93,071	93,071	-
Support Services Fund	<u>50,860</u>	<u>50,860</u>	<u>-</u>
Total other financing sources	<u>698,030</u>	<u>698,030</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>(611,000)</u>	<u>245,492</u>	<u>856,492</u>
Beginning fund balance available for appropriation - July 1, 1994	<u>6,674,119</u>	<u>6,755,574</u>	<u>81,455</u>
Unappropriated ending fund balance - June 30, 1995	<u>\$ 6,063,119</u>	<u>7,001,066</u>	<u>937,947</u>



Fiduciary Fund Types

Expendable Trust Funds

Rehabilitation and Enhancement Fund

This fund accounts for funds received and expenditures for rehabilitation and enhancement of the area in and around various solid waste disposal facilities. Primary resources are rehabilitation and enhancement fees and interest. Expenditures are for planning and implementation of rehabilitation and enhancement programs in the area.

Smith and Bybee Lakes Trust Fund

This fund accounts for the implementation of the Smith and Bybee Lakes Management Plan, managed by Metro's Planning Department. A Natural Resources Plan for Smith and Bybee Lakes was adopted by the City of Portland and Metro on December 13, 1990. Primary resources are federal grants and interest.

Regional Parks Trust Fund

This fund accounts for four designated funds transferred from Multnomah County as of January 1, 1994. The funds are dedicated to construction of a nature center and a concert stage, and to fund the care and maintenance of a family plot and the purchase of flowers for the Pioneer cemeteries. The primary resource is interest.

Pension Trust Fund

Pension Plan Fund

This fund accounts for Metro's contributions to a defined contribution pension plan for the benefit of a number of employees and earnings on such plan participant balances. Resources are contributions, based upon a percentage of participants' wages, and interest and other earnings on investments.

METRO

Trust Funds

Combining Balance Sheet

June 30, 1995

	Expendable Trust Funds				Total
	Rehabilitation and Enhancement Fund	Smith and Bybee Lakes Trust Fund	Regional Parks Trust Fund	Pension Trust Pension Plan Fund	
<u>Assets</u>					
Cash and investments	\$ 2,086,797	3,241,862	298,643	10,142,032	15,769,334
Other receivable	200,000	14,523	-	579,420	793,943
Interest receivable	35,927	60,989	5,673	-	102,589
Due from other funds	-	-	9,349	-	9,349
Other assets	-	-	-	72,461	72,461
Total assets	\$ <u>2,322,724</u>	<u>3,317,374</u>	<u>313,665</u>	<u>10,793,913</u>	<u>16,747,676</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 63,527	17,248	-	-	80,775
Salaries, withholdings and payroll taxes payable	-	3,332	-	-	3,332
Deferred revenue	200,000	-	-	-	200,000
Total liabilities	<u>263,527</u>	<u>20,580</u>	<u>-</u>	<u>-</u>	<u>284,107</u>
Fund balances:					
Reserved for pension benefits	-	-	-	10,793,913	10,793,913
Unreserved	<u>2,059,197</u>	<u>3,296,794</u>	<u>313,665</u>	<u>-</u>	<u>5,669,656</u>
Total fund balances	<u>2,059,197</u>	<u>3,296,794</u>	<u>313,665</u>	<u>10,793,913</u>	<u>16,463,569</u>
Total liabilities and fund balances	\$ <u>2,322,724</u>	<u>3,317,374</u>	<u>313,665</u>	<u>10,793,913</u>	<u>16,747,676</u>

METRO

Expendable Trust Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 1995

	Rehabilitation and Enhancement Fund	Smith and Bybee Lakes Trust Fund	Regional Parks Trust Fund	<u>Totals</u>
Revenues:				
Federal grants	\$	35,523	-	35,523
Miscellaneous charges for services Rehabilitation, enhancement and end use fees	413,241	-	9,350	9,350
Interest	<u>103,056</u>	<u>11,568</u>	-	424,809
		<u>166,719</u>	<u>15,167</u>	<u>284,942</u>
Total revenues	<u>516,297</u>	<u>213,810</u>	<u>24,517</u>	<u>754,624</u>
Expenditures:				
Recreation and development	-	-	3,960	3,960
Rehabilitation and enhancement	734,355	156,018	-	890,373
Capital outlay	-	<u>35,652</u>	-	<u>35,652</u>
Total expenditures	<u>734,355</u>	<u>191,670</u>	<u>3,960</u>	<u>929,985</u>
Revenues over (under) expenditures	(218,058)	22,140	20,557	(175,361)
Fund balances - July 1, 1994	<u>2,277,255</u>	<u>3,274,654</u>	<u>293,108</u>	<u>5,845,017</u>
Fund balances - June 30, 1995	\$ <u><u>2,059,197</u></u>	<u><u>3,296,794</u></u>	<u><u>313,665</u></u>	<u><u>5,669,656</u></u>

METRO

Rehabilitation and Enhancement Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues-			
Interest	\$ 55,500	103,056	47,556
Total revenues	<u>55,500</u>	<u>103,056</u>	<u>47,556</u>
Expenditures:			
North Portland Enhancement Account - Materials and services	447,460	244,749	202,711
Oregon City Account - Materials and services	207,690	191,863	15,827
Metro Central Enhancement Account - Materials and services	389,802	233,633	156,169
Composter Enhancement Account - Materials and services	2,650	2,597	53
Forest Grove Account - Materials and services	39,118	37,306	1,812
Contingency	<u>229,685</u>	<u>-</u>	<u>229,685</u>
Total expenditures	<u>1,316,405</u>	<u>710,148</u>	<u>606,257</u>
Revenues over (under) expenditures	<u>(1,260,905)</u>	<u>(607,092)</u>	<u>653,813</u>
Other financing sources (uses):			
Operating transfers in- Solid Waste Revenue Fund	454,845	413,241	(41,604)
Operating transfers out	<u>(42,254)</u>	<u>(24,207)</u>	<u>18,047</u>
Total other financing sources (uses)	<u>412,591</u>	<u>389,034</u>	<u>(23,557)</u>
Revenues and other sources over (under) expenditures and other uses	(848,314)	(218,058)	630,256
Beginning fund balance available for appropriation - July 1, 1994	<u>2,233,030</u>	<u>2,277,255</u>	<u>44,225</u>
Unappropriated ending fund balance - June 30, 1995	<u>\$ 1,384,716</u>	<u>2,059,197</u>	<u>674,481</u>

METRO

Smith and Bybee Lakes Trust Fund

Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Federal grants	\$ 65,000	35,523	(29,477)
Interest	87,201	166,719	79,518
Total revenues	<u>152,201</u>	<u>202,242</u>	<u>50,041</u>
Expenditures:			
Personal services	82,652	81,230	1,422
Materials and services	222,632	74,788	147,844
Capital outlay	221,000	35,652	185,348
Contingency	13,717	-	13,717
Total expenditures	<u>540,001</u>	<u>191,670</u>	<u>348,331</u>
Revenues over (under) expenditures	<u>(387,800)</u>	<u>10,572</u>	<u>398,372</u>
Other financing sources (uses):			
Operating transfers in-			
Solid Waste Revenue Fund	24,601	11,568	(13,033)
Operating transfers out	(25,429)	-	25,429
Total other financing sources (uses)	<u>(828)</u>	<u>11,568</u>	<u>12,396</u>
Revenues and other sources over (under) expenditures and other uses	(388,628)	22,140	410,768
Beginning fund balance available for appropriation - July 1, 1994	<u>3,380,354</u>	<u>3,274,654</u>	<u>(105,700)</u>
Unappropriated ending fund balance - June 30, 1995	<u>\$ 2,991,726</u>	<u>3,296,794</u>	<u>305,068</u>

METRO

Regional Parks Trust Fund

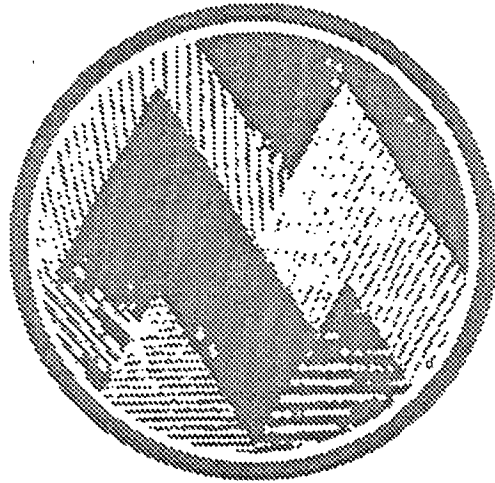
Schedule of Revenues and Expenditures -
Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Tibbets Flowers- Interest	\$ 30	50	20
Blue Lake Concert Stage- Interest	2,285	3,957	1,672
Oxbow Park Nature Center: Miscellaneous charges for services	70,000	9,350	(60,650)
Interest	4,528	7,023	2,495
Willamina Farmer Family Plot- Interest	<u>3,960</u>	<u>4,137</u>	<u>177</u>
Total revenues	<u>80,803</u>	<u>24,517</u>	<u>(56,286)</u>
Expenditures-			
Materials and services	<u>65,988</u>	<u>-</u>	<u>65,988</u>
Total expenditures	<u>65,988</u>	<u>-</u>	<u>65,988</u>
Revenues over expenditures	14,815	24,517	9,702
Other financing uses-			
Operating transfers out	<u>(3,960)</u>	<u>(3,960)</u>	<u>-</u>
Revenues over expenditures and other uses	10,855	20,557	9,702
Beginning fund balance available for appropriation - July 1, 1994	<u>297,516</u>	<u>293,108</u>	<u>(4,408)</u>
Unappropriated ending fund balance - June 30, 1995	<u>\$ 308,371</u>	<u>313,665</u>	<u>5,294</u>

General
Fixed
Assets
Account
Group

This account group accounts for Metro's investment in fixed assets not recorded in Proprietary Fund types.



METRO

Schedule of General Fixed Assets by Source

June 30, 1995

General fixed assets:	
Land	\$ 2,938,820
Buildings and exhibits	33,858,564
Improvements	1,850,525
Equipment	2,739,987
Office furniture	1,962,616
Railroad equipment and facilities	<u>1,761,799</u>
Total general fixed assets	\$ <u>45,112,311</u>
Investment in general fixed assets from:	
General Fund	\$ 196,083
Special Revenue Funds:	
Planning Fund	1,817,060
Regional Parks and Expo Fund	93,910
Zoo Operating Fund	33,492,283
Zoo Capital Fund	9,146,932
Smith and Bybee Lakes Trust Fund	<u>366,043</u>
Total investment in general fixed assets	\$ <u>45,112,311</u>

METRO

Schedule of General Fixed Assets by Function and Activity

June 30, 1995

	<u>Land</u>	<u>Buildings and exhibits</u>
General Fund	\$ -	1,180
Special Revenue Funds:		
Planning Fund	-	-
Regional Parks and Expo Fund	48,801	-
Zoo Operating Fund	2,573,450	25,178,022
Zoo Capital Fund	-	8,673,917
Smith and Bybee Lakes Trust Fund	<u>316,569</u>	<u>5,445</u>
Total	\$ <u>2,938,820</u>	<u>33,858,564</u>

Note: Due to the dynamic nature of Metro operations and organization, further detail as provided on the schedule of changes in general fixed assets by function and activity would not be meaningful and therefore has been summarized by function and activity as shown above.

<u>Improvements</u>	<u>Equipment</u>	<u>Office furniture</u>	<u>Railroad equipment and facilities</u>	<u>Total</u>
-	-	194,903	-	196,083
-	930,585	886,475	-	1,817,060
-	12,829	32,280	-	93,910
1,592,255	1,541,473	845,774	1,761,309	33,492,283
222,618	249,107	800	490	9,146,932
<u>35,652</u>	<u>5,993</u>	<u>2,384</u>	<u>-</u>	<u>366,043</u>
<u><u>1,850,525</u></u>	<u><u>2,739,987</u></u>	<u><u>1,962,616</u></u>	<u><u>1,761,799</u></u>	<u><u>45,112,311</u></u>

METRO

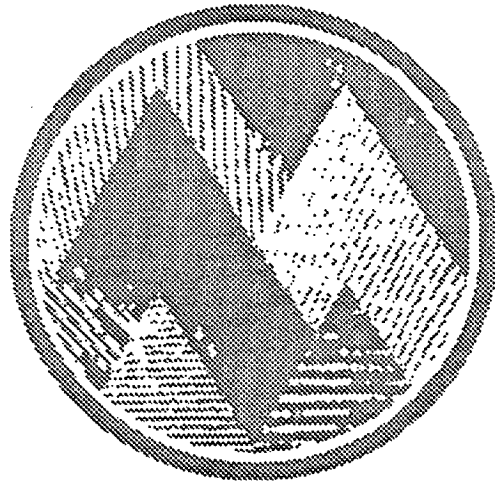
Schedule of Changes in General Fixed Assets by Function and Activity

For the year ended June 30, 1995

	<u>Land</u>	<u>Buildings and exhibits</u>
Balances, July 1, 1994	\$ 2,890,019	33,402,745
Add expenditures from:		
General government:		
Council	-	-
Executive management	-	1,180
Office of the Auditor	-	-
Total general government	<u>-</u>	<u>1,180</u>
Regional planning and development	<u>-</u>	<u>-</u>
Recreation and development (1)	<u>48,801</u>	<u>-</u>
Zoo operations and development:		
Administration	-	-
Animal management	-	-
Facilities management	-	42,722
Educational services	-	42
Marketing	-	-
Visitor services	-	2,065
Design services	-	43,786
Zoo Capital Projects Fund	<u>-</u>	<u>366,024</u>
Total zoo operations and development	<u>-</u>	<u>454,639</u>
Trust operations	<u>-</u>	<u>-</u>
Total additions	<u>48,801</u>	<u>455,819</u>
Balances, June 30, 1995	\$ <u>2,938,820</u>	<u>33,858,564</u>

(1) Certain capital outlay items become fixed assets of Multnomah County under terms of an intergovernmental agreement.

<u>Improvements</u>	<u>Equipment</u>	<u>Office furniture</u>	<u>Railroad equipment and facilities</u>	<u>Total</u>
1,807,435	2,634,254	1,797,026	1,731,303	44,262,782
-	-	13,350	-	13,350
-	-	11,623	-	12,803
-	-	20,002	-	20,002
-	-	44,975	-	46,155
-	-	41,411	-	41,411
-	4,399	16,307	-	69,507
-	-	3,819	-	3,819
204	44,751	16,786	-	61,741
7,234	3,300	-	30,496	83,752
-	-	2,732	-	2,774
-	-	3,667	-	3,667
-	30,483	6,053	-	38,601
-	-	29,840	-	73,626
-	22,800	-	-	388,824
7,438	101,334	62,897	30,496	656,804
35,652	-	-	-	35,652
43,090	105,733	165,590	30,496	849,529
<u>1,850,525</u>	<u>2,739,987</u>	<u>1,962,616</u>	<u>1,761,799</u>	<u>45,112,311</u>



Other
Financial
Schedules

METRO

Schedule of Property Tax Transactions
and Outstanding Receivable

For the year ended June 30, 1995

Fiscal Year	Original levy or balance of receivable July 1, 1994	Add (deduct)				Property taxes receivable June 30, 1995
		Discounts	Adjustments	Interest	Collections	
1994-95	\$ 11,918,746	(279,399)	(26,465)	6,979	(11,203,099)	416,762
1993-94	425,433	-	(3,483)	20,351	(270,060)	172,241
1992-93	224,631	-	(23,047)	18,347	(115,896)	104,035
1991-92	139,261	-	(19,122)	26,692	(110,890)	35,941
1990-91	64,010	-	(17,247)	12,743	(44,663)	14,843
1989-90 & prior	81,635	-	(18,500)	32,836	(74,781)	21,190
	<u>\$ 12,853,716</u>	<u>(279,399)</u>	<u>(107,864)</u>	<u>117,948</u>	<u>(11,819,389)</u>	<u>765,012</u>

Reconciliation to property tax revenue presented in combined financial statements:	Zoo Operating Fund	Debt Service Fund	Total
Cash Collections July 1, 1994 to June 30, 1995	\$ 6,320,425	5,498,964	11,819,389
Accrual of Receivables:			
July 1, 1994 to August 31, 1994	(60,284)	(56,082)	(116,366)
July 1, 1995 to August 31, 1995	48,070	43,904	91,974
Timing difference between county tax collector and county treasurer	2,214	2,049	4,263
Payment in lieu of property taxes	<u>17,728</u>	<u>14,741</u>	<u>32,469</u>
Property tax revenue per combined statement of revenues, expenditures and changes in fund balances	<u>\$ 6,328,153</u>	<u>5,503,576</u>	<u>11,831,729</u>
Property taxes receivable June 30, 1995	<u>\$ 401,639</u>	<u>363,373</u>	<u>765,012</u>
Deferred revenues June 30, 1995	<u>\$ 353,569</u>	<u>319,469</u>	<u>673,038</u>

METRO

Schedule of Future Debt Service Requirements
 General Long-Term Debt Account Group

June 30, 1995

Convention Center 1992 Series A
General Obligation Refunding Bonds

<u>Year of maturity</u>	<u>Principal</u>	<u>Interest</u>
1995-96	\$ 1,860,000	3,700,677
1996-97	1,975,000	3,603,447
1997-98	2,100,000	3,496,152
1998-99	2,230,000	3,380,383
1999-00	2,375,000	3,252,235
2000-01	2,530,000	3,113,958
2001-02	2,700,000	2,964,237
2002-03	2,890,000	2,799,385
2003-04	3,085,000	2,624,136
2004-05	3,305,000	2,432,165
2005-06	3,535,000	2,224,252
2006-07	3,790,000	1,999,844
2007-08	4,060,000	1,758,750
2008-09	4,345,000	1,500,625
2009-10	4,660,000	1,224,219
2010-11	4,990,000	927,812
2011-12	5,355,000	610,313
2012-13	<u>5,730,000</u>	<u>270,000</u>
Total	\$ <u>61,515,000</u>	<u>41,882,590</u>

METRO

Schedule of Future Debt Service Requirements
Proprietary Funds

June 30, 1995

Solid Waste Enterprise Fund Revenue Bonds

Year of maturity	Metro Central Transfer Station 1990 Series A		Metro Central Transfer Station 1993 Series A Refunding		Metro\Riedel Compost Facility 1990 Series 1 (1)
	Principal	Interest	Principal	Interest	Principal
1995-96	\$ 1,415,000	519,510	120,000	614,681	-
1996-97	1,505,000	426,420	125,000	610,454	-
1997-98	1,605,000	325,230	130,000	605,796	-
1998-99	1,720,000	215,431	135,000	600,627	-
1999-00	1,840,000	95,979	140,000	594,916	-
2000-01	-	-	1,110,000	568,041	-
2001-02	1,066,120	-	2,125,000	497,427	-
2002-03	2,140,000	-	75,000	448,951	-
2003-04	2,140,000	-	80,000	445,347	-
2004-05	2,140,000	-	85,000	441,426	-
2005-06	2,140,000	-	90,000	437,181	-
2006-07	2,140,000	-	90,000	432,726	-
2007-08	1,070,000	-	95,000	428,054	-
2008-09	-	-	2,240,000	368,231	-
2009-10	-	-	2,360,000	250,356	-
2010-11	-	-	2,475,000	126,459	-
2011-12	-	-	1,230,000	31,519	5,000,000
2012-13	-	-	-	-	-
2013-14	-	-	-	-	-
2014-15	-	-	-	-	-
2015-16	-	-	-	-	-
2016-17	-	-	-	-	-
2017-18	-	-	-	-	-
2018-19	-	-	-	-	-
2019-20	-	-	-	-	-
2020-21	-	-	-	-	-
2021-22	-	-	-	-	-
2022-23	-	-	-	-	-
Total	\$ 20,921,120	1,582,570	12,705,000	7,502,192	5,000,000

- (1) As interest rates on this issue are variable, interest payments over the life of the bonds are not determinable. Interest payments for 1995-96 are estimated to total \$225,000 at 4.5%.
- (2) Principal amount of the bonds is reported on the balance sheet net of unamortized issuance costs, discounts, accretion and deferred amounts on refunding.
- (3) Principal amount of the bonds is reported on the balance sheet net of unamortized issuance costs, discounts and deferred amounts on refunding.

Internal Service Funds
General Revenue Refunding Bonds
Metro Regional Center Project
1993 Series A

<u>Total Enterprise Fund</u>			
<u>Principal (2)</u>	<u>Interest</u>	<u>Principal (3)</u>	<u>Interest</u>
1,535,000	1,134,191	245,000	1,286,337
1,630,000	1,036,874	310,000	1,276,992
1,735,000	931,026	375,000	1,264,536
1,855,000	816,058	545,000	1,246,605
1,980,000	690,895	570,000	1,224,020
1,110,000	568,041	590,000	1,199,650
3,191,120	497,427	615,000	1,173,435
2,215,000	448,951	640,000	1,145,505
2,220,000	445,347	670,000	1,115,695
2,225,000	441,426	705,000	1,083,718
2,230,000	437,181	735,000	1,049,510
2,230,000	432,726	770,000	1,013,005
1,165,000	428,054	810,000	973,890
2,240,000	368,231	845,000	932,515
2,360,000	250,356	890,000	889,140
2,475,000	126,459	935,000	843,515
6,230,000	31,519	980,000	795,150
-	-	1,030,000	743,895
-	-	1,080,000	690,090
-	-	1,140,000	632,625
-	-	1,195,000	571,331
-	-	1,255,000	507,019
-	-	1,320,000	439,425
-	-	1,390,000	368,288
-	-	1,460,000	293,475
-	-	1,540,000	214,725
-	-	1,620,000	131,775
-	-	1,700,000	44,625
<u>38,626,120</u>	<u>9,084,762</u>	<u>25,960,000</u>	<u>23,150,491</u>

METRO

Schedule of Long-Term Bonded Debt Transactions
 General Long-Term Debt Account Group

For the year ended June 30, 1995

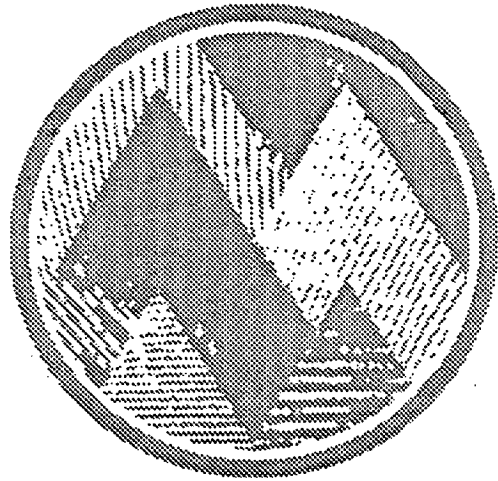
	Principal			Outstanding June 30, <u>1995</u>	Interest <u>Expense</u>
	Outstanding July 1, <u>1994</u>	Issued During <u>Year</u>	Matured and Paid During <u>Year</u>		
Convention Center 1992 Series A General Obligation Refunding Bonds with an average interest rate of 6.334%, final year of maturity 2013	\$ <u>63,270,000</u>	<u>-</u>	<u>1,755,000</u>	<u>61,515,000</u>	<u>3,787,640</u>

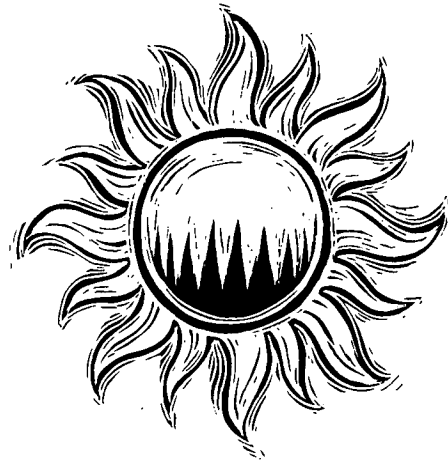
METRO

Schedule of Long-Term Bonded Debt Transactions Proprietary Funds

For the year ended June 30, 1995

	Principal			Outstanding June 30, 1995	Interest Expense
	Outstanding July 1, 1994	Issued During Year	Matured and Paid During Year		
ENTERPRISE FUNDS:					
SOLID WASTE FUND:					
<u>Metro Central Transfer Station</u>					
1990 Series A Solid Waste Disposal Project Revenue Bonds with interest rates from 6.4 to 7.1%, final year of maturity 2008	\$ 22,251,120	-	1,330,000	20,921,120	605,583
<u>Metro Central Transfer Station</u>					
1993 Series A Solid Waste Disposal Refunding Revenue Bonds with interest rates from 3.4 to 5.125%, final year of maturity 2012	12,895,000	-	190,000	12,705,000	619,286
<u>Metro\Riedel Compost Facility</u>					
1990 Series 1 Solid Waste Disposal Project Revenue Bonds with variable interest rates, final year of maturity 2012	5,000,000	-	-	5,000,000	197,863
Total Enterprise Funds	<u>40,146,120</u>	<u>-</u>	<u>1,520,000</u>	<u>38,626,120</u>	<u>1,422,732</u>
INTERNAL SERVICE FUNDS:					
BUILDING MANAGEMENT FUND:					
<u>Metro Regional Center Project</u>					
1993 Series A General Revenue Refunding Bonds with interest rates from 3.2% to 5.25%, final year of maturity 2023	26,160,000	-	200,000	25,960,000	1,292,958
Total Internal Service Funds	<u>\$ 26,160,000</u>	<u>-</u>	<u>200,000</u>	<u>25,960,000</u>	<u>1,292,958</u>





METRO

General Governmental Expenditures by Function (1)

for the last ten fiscal years
Unaudited

Fiscal year ended June 30,	General government operations (2)	Zoo operations and development	Regional planning and development	Recreation and development (3)	Capital outlay	Debt service	Total (memorandum only)	Component Unit MERC (4)	Total (memorandum only)
							Primary Government	Spectator facility operations	Reporting Entity
1986	\$ 1,543,616	\$ 5,346,892	\$ 2,168,472	\$ -	\$ 3,870,049	\$ -	\$ 12,929,029	\$ -	\$ 12,929,029
1987	1,871,886	5,926,602	1,969,625	-	1,958,073	-	11,726,186	-	11,726,186
1988	2,628,231	6,299,086	2,471,161	-	7,321,391	4,209,081	22,928,950	-	22,928,950
1989	3,378,411	7,028,478	2,905,776	-	2,858,802	5,755,828	21,927,295	-	21,927,295
1990	3,899,527	8,169,670	3,543,630	-	2,158,811	5,719,253	23,490,891	-	23,490,891
1991	1,872,627	9,218,973	3,879,619	-	3,644,541	5,687,278	24,303,038	15,452,425	39,755,463
1992	2,142,607	10,266,942	5,796,234	-	1,159,207	3,438,664	22,803,654	17,111,836	39,915,490
1993	2,367,244	11,104,303	6,402,875	-	1,699,506	3,924,401	25,498,329	17,099,020	42,597,349
1994	2,591,901	12,826,339	9,518,156	2,213,582	3,555,543	5,530,803	36,236,324	6,809,282	43,045,606
1995	2,395,330	12,895,793	11,069,401	4,396,155	813,877	5,542,640	37,113,196	6,403,481	43,516,677

(1) Includes general, special revenue, debt service and capital projects funds.

(2) Beginning July 1990, the General Fund no longer accounts for the operations of the General Counsel, Public Affairs, and Finance and Management Information departments, which are now reflected in the Support Services, Internal Service Fund.

(3) Beginning with fiscal year 1994, primary government includes regional parks and expo activities transferred from Multnomah County.

(4) Beginning July 1990, through an intergovernmental agreement with the City of Portland, Metro's Component Unit - MERC, accounts for the operations of spectator facilities. Beginning with fiscal year 1994, the operations of the Coliseum were returned to the City.

Source: Metro Administrative Services Department, Accounting Division.

METRO

General Governmental Revenues by Source (1)

for the last ten fiscal years
Unaudited

Fiscal year ended June 30,	Property taxes (2)	Excise taxes	Charges for services	Grants	Local govt. service fees	Donations and bequests	Miscellaneous and interest	Total (memorandum only)	Component Unit - MERC (4)		Total (memorandum only)
								Primary Government (3)	Charges for services	Miscellaneous and interest	Reporting Entity
1986	\$ 5,245,281	\$ -	\$ 2,768,566	\$ 821,130	\$ 608,411	\$ 185,649	\$ 1,052,659	\$ 10,681,696	\$ -	\$ -	\$ 10,681,696
1987	5,308,692	-	3,486,282	947,496	618,530	323,101	922,020	11,606,121	-	-	11,606,121
1988	8,071,410	-	3,617,364	1,189,171	625,488	508,057	1,027,002	15,038,492	-	-	15,038,492
1989	11,345,576	-	4,912,893	1,109,249	631,590	680,927	1,181,761	19,861,996	-	-	19,861,996
1990	11,413,372	-	5,833,732	1,236,704	644,771	387,780	1,461,693	20,978,052	-	-	20,978,052
1991	10,420,978	2,867,095	5,909,120	1,415,251	555,146	1,164,588	1,162,403	23,494,581	15,896,998	810,312	40,201,891
1992	10,546,738	3,727,826	7,354,496	2,329,330	578,719	605,404	1,368,787	26,511,300	17,024,129	581,706	44,117,135
1993	11,115,246	4,527,103	6,034,700	3,177,735	583,847	422,536	1,468,686	27,329,853	16,578,875	697,884	44,606,612
1994	10,947,908	5,451,649	8,246,568	5,456,814	581,058	801,254	3,083,563	34,568,814	4,881,002	270,214	39,720,030
1995	11,831,729	5,999,125	10,505,971	7,903,594	580,561	739,756	2,242,676	39,803,412	3,078,589	3,276,470	46,158,471

(1) Includes general, special revenue, debt service, and capital projects funds.

(2) Property taxes for the fiscal years 1986-1991 include proceeds of a serial tax levy for Zoo Capital Projects. This levy was discontinued for fiscal years subsequent to 1991, being replaced by a zoo operations tax base approved by voters.
Property tax revenues from fiscal years 1988 forward include the tax levy for repayment of Convention Center General Obligation Bonds.

(3) Beginning with fiscal year 1994, primary government includes regional parks and expo activities transferred from Multnomah County.

(4) Beginning July 1990, through an intergovernmental agreement with the City of Portland, Metro's Component Unit - MERC, accounts for the operations of spectator facilities. Beginning with fiscal year 1994, the operations of the Coliseum were returned to the City.

Source: Metro Administrative Services Department, Accounting Division.

METRO

Property Tax Levies and Collections (1)

for the last ten fiscal years
Unaudited

Fiscal year ended June 30,	Taxes levied by assessor	Current tax collections	Current tax collections as percent of current levy	Delinquent tax collections	Total tax collections	Total collections as percent of current levy	Uncollected taxes	Uncollected taxes as percent of current levy
1986	\$ 5,211,724	\$ 4,693,018	90.0 %	\$ 516,793	\$ 5,209,811	100.0 %	\$ 805,268	15.5 %
1987	5,290,223	4,805,037	90.8	506,454	5,311,491	100.4	735,518	13.9
1988	8,356,465	7,588,212	90.8	433,759	8,021,971	96.0	933,399	11.2
1989	11,756,128	10,721,755	91.2	557,777	11,279,532	95.9	1,260,923	10.7
1990	11,530,322	10,613,062	92.0	727,701	11,340,763	98.4	1,307,930	11.3
1991	10,487,897	9,638,561	91.9	702,537	10,341,098	98.6	1,271,539	12.1
1992	10,708,959	9,800,374	91.5	724,454	10,524,828	98.3	1,192,753	11.1
1993	11,175,896	10,410,370	93.2	687,374	11,097,744	99.3	1,081,433	9.7
1994	10,948,828	10,297,297	94.0	635,431	10,932,728	99.9	934,970	8.5
1995	11,918,746	11,203,099	94.0	616,290	11,819,389	99.2	765,012	6.4

(1) Property tax levies and collections provide additional operating revenue for Metro's Washington Park Zoo and debt service for Metro's general obligation Convention Center Bonds.

Property taxes for the fiscal years 1986-1991 include proceeds of a serial tax levy for Zoo Capital Projects. This levy was discontinued for fiscal years subsequent to 1991, being replaced by a zoo operations tax base approved by voters. Property tax revenues from fiscal years 1988 forward include the tax levy for repayment of Convention Center General Obligation Bonds.

Source: Metro Administrative Services Department, Accounting Division.

METRO

Assessed and Estimated Actual Value of Taxable Property

for the last ten fiscal years
Unaudited

Fiscal year ended June 30,	Assessed Value				True cash valuation	Ratio of total assessed estimated actual value
	Real property	Personal property	Public utility property	Total		
1986	\$ 29,087,759,200	\$ 1,880,153,600	\$ 1,569,713,668	\$ 32,537,626,468	\$ 32,537,626,468	100.0 %
1987	29,302,381,400	2,011,770,419	1,672,522,118	32,986,673,937	32,986,673,937	100.0
1988	29,730,208,645	1,936,177,192	1,752,431,307	33,418,817,144	33,418,817,144	100.0
1989	30,348,357,790	1,989,442,307	1,828,796,975	34,166,597,072	34,166,597,072	100.0
1990	31,600,773,885	2,085,976,029	1,922,140,042	35,608,889,956	35,608,889,956	100.0
1991	34,579,722,545	2,323,901,306	2,033,712,947	38,937,336,798	38,937,336,798	100.0
1992	42,210,510,690	2,284,113,649	1,957,428,693	46,452,053,032	46,452,053,032	100.0
1993	45,423,405,654	2,595,268,658	2,043,094,320	50,061,768,632	50,061,768,632	100.0
1994	49,677,571,088	2,514,868,176	2,184,301,817	54,376,741,081	54,376,741,081	100.0
1995	56,193,560,012	2,612,727,562	2,173,333,580	60,979,621,154	60,979,621,154	100.0

100

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

METRO

Property Tax Rates - Direct and Overlapping Governments (1) for the last ten fiscal years Unaudited

	Dollars per \$1,000 True Cash Value									
	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986
<u>Direct Government</u>										
Metro	\$ 0.20	0.21	0.23	0.24	0.27	0.33	0.34	0.25	0.16	0.16
<u>Overlapping Government</u>										
<u>Multnomah County</u>										
Portland School District #1	\$ 14.10	14.81	14.91	15.35	16.77	16.93	16.08	15.13	14.21	13.30
City of Portland	6.61	7.22	7.34	7.96	8.80	8.70	7.42	7.40	7.18	6.71
Multnomah County	4.08	4.30	4.29	4.49	4.97	4.52	4.39	4.19	3.49	3.29
Reynolds School District #7	10.94	11.89	12.81	14.15	14.14	15.03	14.82	15.04	14.57	13.43
Multnomah County ESD	1.22	1.28	1.31	1.35	1.47	1.50	1.45	1.38	1.30	1.22
Parkrose School District #3	11.72	11.50	11.54	11.54	11.50	11.83	12.70	12.12	11.88	11.49
David Douglas School District #40	14.98	16.12	15.86	15.93	17.43	17.55	15.29	15.18	13.95	15.15
Portland Community College	0.82	0.87	0.90	0.81	0.91	0.94	0.92	0.89	0.85	0.58
City of Gresham	4.68	4.96	4.44	4.62	4.99	5.55	5.35	5.15	4.96	4.81
Gresham-Barlow School District #10 (2)	14.17	9.02	9.67	8.82	9.46	10.05	9.93	9.95	9.52	8.70
<u>Washington County</u>										
Beaverton School District #48J	\$ 12.41	13.39	14.16	13.44	15.82	16.67	16.49	14.10	13.40	13.25
Tigard-Tualatin School District #23J	13.88	15.58	15.95	16.73	14.60	14.54	14.46	12.10	11.36	11.55
Washington County	2.48	2.60	2.84	2.88	2.95	2.02	2.95	2.81	2.82	1.93
Hillsboro High School District #3	7.79	7.49	8.43	8.58	10.28	10.57	10.45	9.29	9.65	8.30
Tualatin Valley Fire and Rescue	1.76	1.88	1.98	1.99	2.41	2.52	2.49	2.70	2.99	2.60
City of Beaverton	4.16	4.03	4.06	4.05	4.67	4.56	4.41	4.39	4.19	4.23
Forest Grove School District #15	17.01	18.05	19.06	18.83	18.76	19.93	20.85	20.43	14.88	14.26
Hillsboro Elem. School District #7	8.59	9.00	9.64	9.59	9.11	9.05	8.33	6.53	5.45	5.24
Tualatin Hills Park & Rec. District	1.30	1.27	1.29	1.39	1.27	1.32	1.33	1.47	1.36	1.34
Sherwood School District #88J	12.30	11.90	12.82	13.90	16.34	17.48	17.46	15.45	14.75	14.71
<u>Clackamas County</u>										
North Clackamas School Dist. #12	\$ 10.59	11.93	12.74	13.26	16.14	14.95	14.91	14.83	13.98	13.58
Lake Oswego School District #7	13.37	13.36	12.90	13.34	14.37	13.92	12.41	12.92	12.83	12.98
Clackamas County	3.28	3.72	2.40	2.39	2.44	2.20	2.18	2.22	2.08	2.00
West Linn-Wilsonville School District #3	13.15	13.49	15.05	15.73	15.35	16.40	15.27	15.16	14.78	13.27
Oregon City School District #62	14.03	15.57	16.04	16.89	18.47	18.33	17.72	17.72	17.34	15.96
Clackamas Community College	1.25	1.34	1.39	1.39	1.39	1.31	1.37	1.31	1.34	1.32
City of Lake Oswego	4.40	4.49	4.89	5.05	5.03	5.30	4.60	4.62	4.58	4.54
Clackamas County ESD	0.79	0.85	0.87	1.31	1.04	1.07	1.06	1.05	1.01	0.96
Clackamas Rural Fire Protect. Dist. #1	2.67	2.90	2.45	2.55	3.67	3.38	2.90	3.60	3.76	3.96
Canby School District #86	12.69	7.49	7.76	8.87	8.33	9.16	9.26	6.83	7.27	7.68

(1) Metro is a regional government that covers a three county area and has 222 overlapping governments. Listed above are the 10 governments with the largest tax levies from each county.

(2) Prior to 1995, the tax rate listed was for Gresham School District #4 only. Effective 1995, that district merged with two other districts to become Gresham-Barlow School District #10.

Sources: Municipal Debt Advisory Commission, State of Oregon; and the Departments of Assessment and Taxation for Multnomah, Washington and Clackamas Counties.

METRO

Computation of Legal Debt Margin

June 30, 1995
Unaudited

True cash value		\$ 60,979,621,154
Debt limit (1)		<u>10.0%</u>
		6,097,962,115
Gross bonded debt principal	\$ 126,101,120	
Less legal deductions from debt limit:		
Metro Central Transfer Station Project, Solid Waste Disposal System Revenue Bonds	-20,921,120	
Metro Central Transfer Station Project, Solid Waste Disposal System Refunding Revenue Bonds	-12,705,000	
Metro/Reidel Oregon Compost Company, Inc. Project, Waste Disposal Project Revenue Bonds	-5,000,000	
Metro Regional Center Project 1993 Series A General Revenue Refunding Bonds	<u>-25,960,000</u>	
Net debt subject to 10% limitation		<u>61,515,000</u>
Legal debt margin		<u>\$ 6,036,447,115</u>

(1) ORS 268.520 sets a debt limit of 10% of the true cash value of all taxable property within the district.

Sources: The Departments of Assessment and Taxation for Multnomah, Clackamas and Washington Counties.
The Treasury Department, State of Oregon.
Metro Administrative Services Department, Accounting Division.

METRO

Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita

for the last ten fiscal years
Unaudited

<u>Fiscal year ended June 30,</u>	<u>Population (estimated)</u>	<u>Assessed valuation</u>	<u>Net bonded debt</u>	<u>Ratio of net bonded debt to assessed valuation</u>	<u>Net bonded debt per capita</u>
1986	1,089,686	\$ 32,537,626,468	\$ -	0.00 %	\$ 0.00
1987	1,099,087	32,986,673,937	-	0.00	0.00
1988	1,121,688	33,418,817,144	64,887,698	0.19	57.85
1989	1,143,489	34,166,597,072	63,731,663	0.19	55.73
1990	1,174,291	35,608,889,956	62,464,705	0.18	53.19
1991	1,217,200	38,937,336,798	61,690,143	0.16	50.68
1992	1,239,500	46,452,053,032	64,165,753	0.14	51.77
1993	1,268,000	50,061,768,632	61,525,261	0.12	48.52
1994	1,285,000	54,376,741,081	60,218,305	0.11	46.86
1995	N/A *	60,979,621,154	58,386,119	0.10	N/A *

* Not available.

Sources: The Departments of Assessment and Taxation for Multnomah, Clackamas and Washington Counties
Metro Planning Department

METRO

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures

for the last ten fiscal years
Unaudited

Fiscal year ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>	<u>General Governmental Expenditures</u>			Ratio of debt service to total general governmental <u>expenditures</u>
				<u>Primary government(1)</u>	<u>Component unit (2)</u>	<u>Total</u>	
1986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	- %
1987	-	-	-	-	-	-	-
1988	-	4,409,513	4,409,513	16,639,800	-	16,639,800	26.50
1989	990,000	4,765,828	5,755,828	19,786,044	-	19,786,044	29.09
1990	1,045,000	4,674,253	5,719,253	21,881,030	-	21,881,030	26.14
1991	1,110,000	4,577,278	5,687,278	21,503,353	15,452,425	36,955,778	15.39
1992	1,175,000	2,263,664	3,438,664	22,342,266	17,111,836	39,454,102	8.72
1993	820,000	3,104,401	3,924,401	24,504,409	17,099,020	41,603,429	9.43
1994	1,670,000	3,860,803	5,530,803	33,865,170	6,809,282	40,674,452	13.60
1995	1,755,000	3,787,640	5,542,640	36,724,372	6,403,481	43,127,853	12.85

(1) Includes General, Special Revenue and Debt Service Funds.

(2) Beginning July 1990, through an intergovernmental agreement, Metro's component unit, MERC, accounts for the operations of spectator facilities. Beginning with fiscal year 1994, the operations of the Coliseum were returned to the City.

Source: Metro Administrative Services Department, Accounting Division.

METRO

Schedule of Overlapping Bonded Debt -
All Overlapping Governments

for the year ended June 30, 1995
Unaudited

<u>Overlapping government</u>	Percent within <u>District</u>		<u>Overlapping</u>	
			<u>Gross</u> bonded <u>debt</u>	<u>Net</u> direct <u>debt</u>
Clackamas County	73.57 %	\$	904,954	\$ -
Clackamas 2 Water District	100.00		260,000	260,000
Mt. Scott 3J Water District	100.00		2,500,000	2,500,000
Oak Lodge 4 Water District	100.00		3,850,000	3,850,000
Clairmont 18 Water District	25.98		161,043	23,377
Damascus 20 Water District	93.33		41,998	41,998
Clackamas County Service District #1	100.00		3,920,424	465,000
Tri City Service District	100.00		16,125,000	16,125,000
Oak Lodge RFPD 51	100.00		50,000	50,000
Clackamas County SD 3J (West Linn)	93.71		51,692,311	51,692,311
Clackamas County SD 7J (Lake Oswego)	100.00		18,670,000	18,670,000
Clackamas County SD 12 (N Clackamas)	98.42		21,062,350	21,062,350
Clackamas County SD 26 (Damascus)	91.51		3,403,997	3,403,997
Clackamas County SD 86 (Canby)	25.82		8,788,653	8,788,653
Clackamas County SD 115 (Gladstone)	100.00		12,305,000	12,305,000
Clackamas Community College	72.01		6,719,148	6,719,148
City of Gladstone	100.00		2,275,000	2,275,000
City of Lake Oswego	100.00		18,185,000	18,185,000
City of Milwaukie	100.00		4,895,000	4,675,000
City of West Linn	100.00		1,755,000	1,345,000
City of Wilsonville	99.98		4,458,241	1,479,684
Multnomah County	98.79		29,344,826	29,344,826
Port of Portland	90.65		50,764,816	50,454,038
Powell Valley Road Water District	100.00		311,004	-
Tri-Metropolitan Transport District	96.65		113,493,963	113,493,963
Multnomah County SD 1J (Portland)	99.59		93,622,208	93,622,208
Multnomah County SD 3 (Parkrose)	100.00		34,950,000	34,950,000
Multnomah County SD 4 (Gresham)	99.93		24,150,626	24,150,626
Multnomah County SD 6J (Orient)	67.85		1,824,018	1,824,018
Multnomah County SD 7 (Reynolds)	100.00		2,560,000	2,560,000
Multnomah County SD 19 (Sauvie Island)	43.26		160,068	160,068
Multnomah County SD 28J (Centennial)	100.00		15,054,566	15,054,566
Multnomah County SD 39 (Corbett)	14.25		1,005,499	1,005,499
Multnomah County SD 40 (David Douglas)	100.00		19,200,000	19,200,000
Multnomah County SD 51J (Riverdale)	100.00		750,000	750,000
Multnomah County UHD 2J (Gresham)	95.97		3,814,680	3,814,680
Mount Hood Community College	87.38		4,211,556	4,211,556
Portland Community College	91.21		51,728,857	51,728,857

(Continued)

METRO

Schedule of Overlapping Bonded Debt -
All Overlapping Governments, Continued

for the year ended June 30, 1995
Unaudited

<u>Overlapping government</u>	Percent within District	Overlapping	
		Gross bonded debt	Net direct debt
City of Fairview	100.00 %	\$ 230,875	\$ -
City of Gresham	100.00	13,731,316	13,195,000
City of Portland	100.00	161,251,204	68,869,931
City of Troutdale	100.00	6,588,283	2,228,234
Washington County	92.42	83,764,298	81,570,099
Tualatin Hills Park & Rec. District	99.96	25,889,873	25,889,873
Unified Sewerage Agency	99.50	8,358,361	6,273,746
Tigard Water District	100.00	155,000	155,000
Tualatin Valley Water District	99.96	18,237,574	18,202,588
Cornelius RFPD	9.31	35,359	35,359
Forest Grove RFPD	12.40	65,738	65,738
Tualatin Valley Fire & Rescue District	95.97	1,377,215	1,377,215
Washington County SD 1 (West Union)	71.94	327,305	327,305
Washington County SD 7 (Hillsboro)	92.25	5,105,921	5,105,921
Washington County SD 15 (Forest Grove)	72.92	24,151,203	24,151,203
Washington County SD 23J (Tigard)	99.29	56,926,201	56,926,201
Washington County SD 29 (Reedville)	98.25	5,816,666	5,816,666
Washington County SD 48J (Beaverton)	99.81	98,206,109	98,206,109
Washington County SD 58J (Farmington)	0.01	33	33
Washington County SD 88J (Sherwood)	65.50	12,526,454	12,526,454
Washington County UHD 3-8J (Hillsboro)	81.38	32,324,572	32,324,572
City of Beaverton	100.00	18,829,000	14,139,000
City of Cornelius	95.69	1,803,678	999,938
City of Forest Grove	98.51	2,443,300	930,911
City of Hillsboro	99.33	4,566,058	983,357
City of Sherwood	100.00	475,000	-
City of Tigard	100.00	12,285,000	10,780,000
City of Tualatin	100.00	5,951,116	4,867,657
Totals		\$ 1,230,392,518	\$ 1,106,189,533

Note: "Gross Bonded Debt" includes all general obligation and limited tax bonds.
"Net Direct Debt" is gross bonded debt less Bancroft and other self-supporting general obligation and limited tax debt.

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

METRO

Schedule of Revenue Bond Coverage

for the last ten fiscal years
Unaudited

Fiscal year ended June 30,	Operating revenue (1)	Operating expenses (1)	Non- operating revenue	Net revenue available for debt service	Debt service requirements (2)			Debt service coverage
					Principal	Interest	Total	
1986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
1987	-	-	-	-	-	-	-	-
1988	-	-	-	-	-	-	-	-
1989	-	-	-	-	-	-	-	-
1990	-	-	-	-	-	-	-	-
1991	40,436,412	36,350,167	3,149,826	7,236,071	-	1,359,423	1,359,423	5.32
1992	50,374,548	47,397,126	1,942,424	4,919,846	560,000	1,631,308	2,191,308	2.25
1993	57,879,969	47,946,220	1,406,271	11,340,020	1,175,000	3,198,317	4,373,317	2.59
1994	60,689,002	51,947,313	1,161,933	9,903,622	1,250,000	2,459,135	3,709,135	2.67
1995	60,834,545	51,189,868	1,787,195	11,431,872	1,720,000	2,517,827	4,237,827	2.70

(1) Revenue and expense amounts are based upon the full accrual basis of accounting excluding depreciation expense, post-closure costs and dedicated grant money.

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

Source: Metro Administrative Services Department, Accounting Division.

METRO

Demographic Statistics

for the last ten fiscal years (1)
Unaudited

<u>Fiscal year ended June 30,</u>	<u>Population (estimated)</u>	<u>Per capita income</u>	<u>Portland metropolitan unemployment rate</u>
1986	1,089,686	\$ 14,790	7.1 %
1987	1,099,087	15,614	5.3
1988	1,121,688	16,786	4.8
1989	1,143,489	18,269	4.5
1990	1,174,291	19,778	4.2
1991	1,217,200	20,445	4.8
1992	1,239,500	21,497	6.1
1993	1,268,000	22,357	6.2
1994	1,285,000	23,700 est.	4.8 (2)
1995	N/A *	N/A *	4.2

* Not available.

(1) Based upon Portland MSA, consisting of Clackamas, Multnomah, Washington counties.

(2) Series break in calculation.

Sources: Employment Division, State of Oregon.
Data Resource Center, Metro Planning Department

METRO

Construction Permits and Bank Deposits

for the last ten fiscal years
Unaudited

Fiscal year ended <u>June 30,</u>	Construction Permits (1)				Bank deposits <u>(amounts in thousands)</u>
	Non-residential		Residential		
	<u>Buildings</u>	<u>Value</u>	<u>Units</u>	<u>Value</u>	
1986	4,761	\$ 396,396,295	11,299	\$ 406,633,967	\$ 7,974,670
1987	4,645	382,064,988	10,422	425,607,263	8,817,445
1988	4,571	371,880,079	10,990	494,235,508	9,713,104
1989	4,901	496,910,871	11,197	583,124,984	N/A (2)
1990	5,358	540,821,464	17,335	851,994,254	8,653,681
1991	4,521	580,119,349	15,535	888,096,366	11,927,955 (3)
1992	4,811	515,923,478	12,821	748,019,974	13,247,233
1993	5,051	538,864,348	13,750	810,588,925	15,111,868
1994	4,703	503,726,027	15,350	1,036,768,571	13,745,622 (3)
1995	5,154	852,666,707	18,131	1,240,801,818	15,874,867

(1) Information is for the tri-county area, and is based upon the calendar year end that ended during the fiscal year shown. Non-residential includes commercial, institutional, garages, etc. for both new construction and alteration permits.

(2) Information is not available for fiscal year 1988-89 per the Oregon Banking Commission.

(3) Information is not available for a large interstate bank with branches in Clackamas, Washington, and Multnomah counties.

Sources: Center for Population Research and Census, Portland State University
State of Oregon Banking Commission.

METRO

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

June 30, 1995
Unaudited

<u>Taxpayer account</u>	<u>Type of business</u>	<u>Assessed valuation</u>	<u>Percent of total valuation</u>
Multnomah County:			
U. S. West	Telephone utility	\$ 402,573	1.33 %
Pacific Power and Light	Electric utility	230,168	0.76
Portland General Electric	Electric utility	194,541	0.64
Boeing Company	Aircraft manufacturing	187,086	0.62
Northwest Natural Gas	Natural gas utility	110,984	0.37
SI-Lloyd Associates	Shopping mall	91,013	0.30
United Airlines	Air travel	88,421	0.29
US Bancorp	Banking	76,320	0.25
Fujitsu Microelectronics	Electronics	66,278	0.22
Wacker Siltronic Corp.	Electronics	59,228	0.20
All other taxpayers	-	28,813,769	95.02
	Total	<u>\$ 30,320,381</u>	<u>100.00 %</u>
Washington County:			
Intel Corporation	Electronics	\$ 408,689	2.24 %
GTE Northwest Incorporated	Telephone utility	215,887	1.18
Portland General Electric	Electric utility	127,139	0.70
Northwest Natural Gas	Natural gas utility	99,865	0.55
Tektronix, Inc.	Electronics	82,633	0.45
Nike	Athletic apparel	81,700	0.45
Pacific Realty Associates	Real estate	62,635	0.34
S. F. Oregon Co.,Ltd.	Banking center	59,210	0.32
Washington Square	Shopping mall	49,904	0.27
Petula Associates, Inc.	Real estate leasing	41,711	0.23
All other taxpayers	-	17,004,110	93.27
	Total	<u>\$ 18,233,483</u>	<u>100.00 %</u>
Clackamas County:			
Clackamas Association Ltd Partnership	Shopping mall	\$ 96,842	0.78 %
Metropolitan Life Insurance Company	Insurance	69,312	0.56
Precision Castparts Corp.	Manufacturing	64,019	0.52
Mentor Graphics Corp.	Electronics	57,909	0.47
United Grocers	Wholesale grocery	41,331	0.33
Tektronix, Inc.	Electronics	38,490	0.31
Lake Oswego Apartment Association	Real estate	35,530	0.29
Fred Meyer	Retail variety stores	34,998	0.28
Smurfit Newsprint	Paper products	31,975	0.26
State of California PERS	Public retirement system	31,532	0.25
All other taxpayers	-	11,923,819	95.95
	Total	<u>\$ 12,425,757</u>	<u>100.00 %</u>

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

METRO

Insurance in Force

June 30, 1995
Unaudited

<u>Insurance Company</u>	<u>Policy #</u>	<u>Amount of policy</u>	<u>Type of coverage</u>	<u>Expiration date</u>	<u>Premium</u>
Allendale Insurance Company	UV 094	\$ 221,000,000	"All Risk" property coverage includes a wide range of related coverages including earthquake, flood, and boiler and machinery	June 30, 1995 (1)	\$ 109,291
ITT Hartford	52 04300276	1,000,000	Automobile	April 3, 1996	2,514
Acceptance Insurance Company	GLA 184831	1,000,000	Liquor liability coverage	January 1, 1996	7,627
Hartford Accident and Indemnity	PEB PE 8687	625,000	Crime coverage/employee faithful performance	June 30, 1995 (1)	15,395
SAIF Corporation	-	Statutory	Workers' compensation	June 30, 1996	50,000 minimum premium
Lexington	8669083	3,000,000	Excess liability	June 30, 1996	39,728
National Flood Insurance Program	FL 3000044501	200,000	Flood coverage for Expo	June 30, 1998	2,137

(1) Coverage renewed through June 30, 1996

Source: Metro Administrative Services Department, Risk Management Division.

METRO

Summary of Solid Waste Direct Haul Delivery Tonnage by Facility

for the last ten calendar years (1)
Unaudited

Calendar year	Metro Operated Facilities					Non-Metro Operated Facilities							Direct Haul Tonnage Total	
	St. Johns	Composter	Metro South	Metro Central	Total	East County Recycling	Forest Grove	Hillsboro	Lakeside	Wastech	Other Landfills	Other		Total
1986	376,170	-	287,322	-	663,492	3,499	33,680	46,662	42,302	-	-	163,020	289,163	952,655
1987	395,577	-	293,391	-	688,968	9,015	36,639	53,864	44,389	-	-	183,684	327,591	1,016,559
1988	401,070	-	304,401	-	705,471	11,175	38,074	75,739	56,908	10,912	-	180,014	372,822	1,078,293
1989	388,377	-	340,995	-	729,372	25,622	61,069	115,849	77,089	9,366	-	112,796	401,791	1,131,163
1990	473,726	-	368,394	-	842,120	33,684	65,246	169,838	78,459	7,004	-	24,890	379,121	1,221,241
1991	36,463	114,218	313,906	258,883	723,470	32,111	68,074	200,671	60,715	13,300	9,890	14,452	399,213	1,122,683
1992	-	12,628	357,263	327,518	697,409	38,467	68,604	194,453	76,398	8,419	7,676	12,021	406,038	1,103,447
1993	-	-	372,226	360,324	732,550	39,681	71,637	194,967	66,026	13,257	14,746	9,891	410,205	1,142,755
1994	-	-	387,417	363,047	750,464	39,501	73,182	166,014	62,148	13,732	55,456	24,400	434,433	1,184,897
1995	-	-	377,804	379,122	756,926	44,020	74,812	127,814	66,389	8,686	84,331	45,165	451,217	1,208,143

(1) Information provided is based upon a calendar year. July through December of 1995 have been estimated.

Source: Metro Regional Environmental Management Department.

METRO

Miscellaneous Statistical Data

June 30, 1995
Unaudited

Created by Oregon Legislature	1977
Metro Charter passed by voters	November 3, 1992
Metro Charter effective date	January 1, 1993

Form of government: Primary Government - Metro	Elected Executive Officer and elected seven member District Council
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Component Unit - MERC	Seven member appointed Commission
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Metro Area - Square miles	460.60
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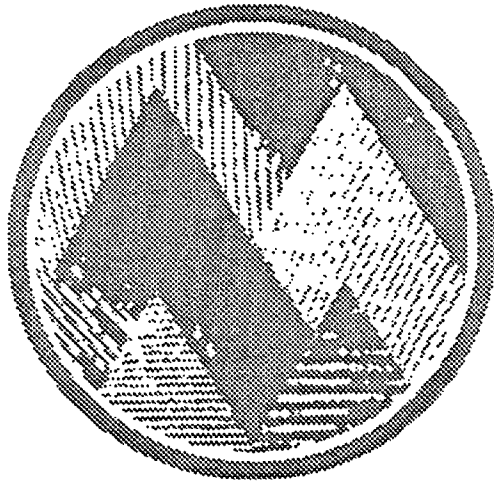
Number of full-time equivalent employees budgeted for fiscal year 1994-95	770.54
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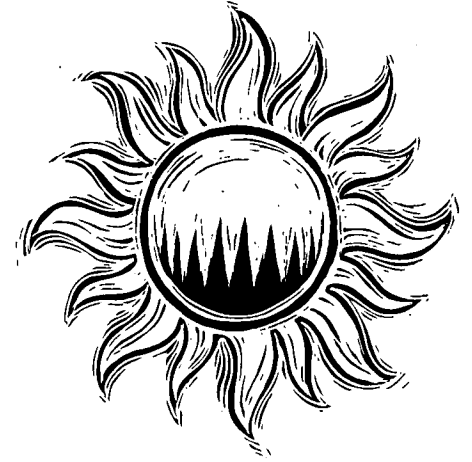
Metro Washington Park Zoo Attendance for last ten fiscal years ended June 30,	<u>Total Attendance</u>
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1986	794,578
1987	977,959
1988	892,221
1989	1,003,413
1990	1,080,342
1991	952,925
1992	1,162,078
1993	977,522
1994	1,104,369
1995	1,151,444

Ten largest cities in the Metro District at July 1, 1994	<u>Population</u>
Portland	495,090
Gresham	74,625
Beaverton	61,085
Hillsboro	44,045
Tigard	33,730
Lake Oswego	32,940
Milwaukie	19,930
West Linn	18,860
Oregon City	17,545
Tualatin	17,450

Source: Metro Administrative Services Department, Accounting Division.
Metro Washington Park Zoo.
Metro Planning Department.

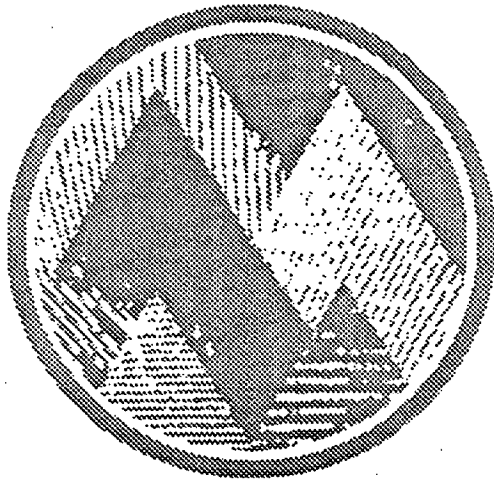




**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**

Oregon Administrative Rules 162-10-050 through 162-10-320 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.

KPMG Peat Marwick LLP's Independent Auditors' Report on the Internal Control Structure Based on an Audit of the Combined Financial Statements Performed in Accordance with Government Auditing Standards and Independent Auditors' Report on Compliance Based on an Audit of the Combined Financial Statements Performed in Accordance with Government Auditing Standards are set forth in the following pages.



Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

**Independent Auditors' Report on the Internal Control
Structure Based on an Audit of the Combined Financial
Statements Performed in Accordance with
Government Auditing Standards**

To the Council, Executive Officer, and Auditor
Metro
Portland, Oregon:

We have audited the combined financial statements of Metro as of and for the year ended June 30, 1995, and have issued our report thereon dated October 17, 1995.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards (1994 Revision), 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 combined financial statements are free of material misstatement.

The management of Metro is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of combined financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the combined financial statements of Metro for the year ended June 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.



To the Council
Metro
Page 2

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we considered to be material weaknesses as defined above.

This report is intended for the information of the Council, Executive Officer, Auditor, management, and federal agencies. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

October 17, 1995

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

**Independent Auditors' Report on Compliance Based
on an Audit of the Combined Financial Statements
Performed in Accordance with Government
Auditing Standards**

To the Council, Executive Officer, and Auditor
Metro
Portland, Oregon:

We have audited the combined financial statements of Metro as of and for the year ended June 30, 1995, and have issued our report thereon dated October 17, 1995.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards (1994 Revision), 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 combined financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Metro is the responsibility of Metro's management. As part of obtaining reasonable assurance about whether the combined financial statements are free of material misstatement, we performed tests of Metro's compliance with certain provisions of laws, regulations, contracts, and grants including provisions of Oregon Revised Statutes as set forth below:

- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The legal requirements relating to debt.
- The legal requirements relating to the preparation, adoption, and execution of the annual budget for the fiscal years ended June 30, 1995 and 1996.
- The legal 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.



To the Council
Metro
Page 2

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

However, the objective of our audit of the combined financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

We have reported on Metro's compliance with appropriate laws, rules and regulations pertaining to the Single Audit Act of 1984 in a separate report dated October 17, 1995.

This report is intended for the information of the Council, Executive Officer, Auditor, management, and federal agencies. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

October 17, 1995