



The Global Leader

METRO
Portland, Oregon

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

Year ended June 30, 1996

METRO
Portland, Oregon
Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report on Supplementary Schedule of Federal Financial Assistance	1
Schedule of Federal Financial Assistance	2 - 3
Notes to Schedule of Federal Financial Assistance	4
Independent Auditors' Report on Compliance Based on an Audit of the General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	5
Independent Auditors' Report on Compliance with General Requirements Applicable to Federal Financial Assistance Programs	6 - 7
Independent Auditors' Report on Compliance with Specific Requirements Applicable to Major Federal Financial Assistance Program	8 - 9
Attachment to the Independent Auditors' Report on Compliance with Specific Requirements Applicable to Major Federal Financial Assistance Program	10
Independent Auditors' Report on the Internal Control Structure Based on an Audit of the General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11 - 12
Independent Auditors' Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs	13 - 16



Peat Marwick LLP

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 general purpose financial statements of Metro, Portland, Oregon (Metro), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 18, 1996. These general purpose financial statements are the responsibility of the management of Metro. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 general purpose financial statements of Metro 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 general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

KPMG Peat Marwick LLP

October 18, 1996



METRO
Portland, Oregon
Schedule of Federal Financial Assistance
Year ended June 30, 1996

<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	1434-94-G-2448
Total U.S. Department of the Interior			
<u>Federal Transportation Administration</u>			
Direct programs:			
Federal Transportation Technical Studies Grant:			
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
South/North DEIS and PE	20.205*	April 1, 1996	OR-29-9023
Passed through Oregon Department of Transportation:			
Highway, Research, Planning and Construction:			
1995 Planning	20.205*	July 1, 1994	SPR-HPR-PL-STP-95-01(32)
1996 Planning	20.205*	July 1, 1995	SPR-HPR-PL-STP-96-01(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)
1996 Federal Highway Administration Special Research:			
Congestion Pricing Pilot Program	20.205*	January 3, 1996	HPR-OR/CP-0041(001)
1993 Federal Surface Transportation Program:			
ODOT Surface Transportation Program (3/93)	20.205*	March 18, 1993	STR-PL-STP-94-01(31)
METRO Surface Transportation Program (3/93)	20.205*	March 18, 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)
1996 Federal Surface Transportation Program:			
METRO Surface Transportation Program	20.205*	July 1, 1995	SPR-HPR-PL-STP-96-01(33)
ODOT Surface Transportation Program	20.205*	July 1, 1995	SPR-HPR-PL-STP-96-01(33)
Federal Transportation Technical Studies Grants:			
1994 Technical Studies (Section 8)	20.205*	July 1, 1993	OR-80-X002
1995 Technical Studies (Section 8)	20.205*	July 1, 1994	OR-80-X003
1996 Technical Studies (Section 8)	20.205*	July 1, 1995	OR-80-X004
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 Pedestrian System	20.205*	September 6, 1994	STP-0000(2)
Regional Main Streets	20.205*	September 14, 1994	STP-0000(2)
Regional Street Design Study	20.205*	February 29, 1996	STP-0000(5)
Shared Parking Project	20.205*	April 2, 1996	STP-0000(5)
Regional Center Management Plan	20.205*	April 11, 1996	STP-0000(5)
Cornelius Main Street District Plan	20.205*	March 18, 1996	STP-0000(5)
Total Federal Transportation Administration			

(Continued)

Cumulative status							Current year activity				
Total grant award	Expenditures					Unexpended grant award at June 30, 1996	Grant receivable (advance) at June 30, 1995	Total cash collections	Grant receivable (advance) at June 30, 1996		
	Federal	Federal billed directly by ODOT	Local match provided directly by Port of Portland; Cities of Troutdale and Gresham	State/ local	Metro match					Expenditures	
\$ 2,079,500	1,296,666	-	-	-	-	782,834	130,079	236,541	239,591	133,129	
3,056	3,056	-	-	-	-	-	-	3,056	3,056	-	
<u>58,800</u>	<u>58,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,494</u>	<u>15,494</u>	<u>-</u>	<u>-</u>	
<u>2,141,356</u>	<u>1,358,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>782,834</u>	<u>145,573</u>	<u>255,091</u>	<u>242,647</u>	<u>133,129</u>	
1,162,295	987,950	-	-	174,345	-	-	242,739	519,877	277,138	-	
1,882,353	1,600,000	-	-	282,353	-	-	-	1,586,709	1,880,051	293,342	
15,366,700	1,004,438	-	-	177,253	-	14,185,009	-	177,253	1,181,691	1,004,438	
672,878	488,883	-	-	55,955	-	128,040	90,149	90,149	-	-	
767,885	443,107	-	-	50,716	-	274,062	-	416,891	493,823	76,932	
263,200	230,306	-	-	-	-	32,894	15,861	55,409	52,810	13,262	
298,800	282,068	-	-	-	-	16,732	38,012	76,586	61,254	22,680	
1,254,000	39,503	-	-	6,826	3,050	1,204,621	-	40,625	49,379	8,754	
795,411	713,721	-	-	12,078	69,612	-	137,154	227,683	126,343	35,814	
2,070,099	1,651,970	-	13,736	161,275	14,066	229,052	238,512	569,527	452,151	121,136	
124,096	111,351	-	-	6,372	6,373	-	68,025	68,025	-	-	
849,643	752,112	-	-	72,068	14,015	11,448	616,172	616,172	-	-	
1,035,328	601,464	-	-	58,342	22,461	353,061	-	367,900	682,267	314,367	
111,445	100,000	-	-	11,445	-	-	-	58,542	111,445	52,903	
230,580	184,464	-	-	-	46,116	-	12,824	14,921	10,488	8,391	
260,457	208,363	-	-	-	52,094	-	36,867	36,867	-	-	
260,519	150,415	-	-	-	37,604	72,500	-	37,604	188,019	150,415	
80,502	48,199	-	-	-	29,401	2,902	5,375	5,375	-	-	
41,368	14,963	-	-	-	26,301	104	8,720	8,720	-	-	
21,176	18,000	-	-	-	3,176	-	15,811	15,811	-	-	
18,823	16,000	-	-	-	2,823	-	14,778	14,778	-	-	
47,059	40,000	-	-	-	7,059	-	40,000	40,000	-	-	
105,702	1,971	92,875	-	-	5,893	4,963	-	5,893	7,864	1,971	
33,434	-	12,000	-	-	-	21,434	-	-	-	-	
111,445	-	88,110	-	-	-	23,335	-	-	-	-	
<u>100,301</u>	<u>-</u>	<u>78,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>27,965,499</u>	<u>9,689,248</u>	<u>271,892</u>	<u>13,736</u>	<u>1,069,028</u>	<u>340,044</u>	<u>16,581,551</u>	<u>1,580,999</u>	<u>5,051,317</u>	<u>5,574,723</u>	<u>2,104,405</u>	

METRO
Portland, Oregon

Schedule of Federal Financial Assistance, Continued

Year ended June 30, 1996

<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
General Operating Support	45.301	August 9, 1995	IG-50945-95
Conservation Program	45.301	August 19, 1993	IC-30230-93
Conservation Program	45.301	February 22, 1994	IC-40127-94
Conservation Program	45.301	August 18, 1995	IC-50232-95
Museum Assessment Program III	45.301	April 12, 1995	IM-50156-95
Total Department of Education			
<u>U.S. Environmental 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:			
Portland Ozone Maintenance Plan Development	66.001	March 21, 1994	142-94
Direct Program:			
Water Quality Assistance Program:			
Willamette River Initiative/Clackamas River Watershed	66.104	September 28, 1995	MM990511-01-0
Passed through State of Oregon - Water Quality Division:			
Phase II: Smith and Bybee Lakes	66.435	May 1, 1994	CL 000-863-01-2
Leaf Compost Filtration	66.460	October 1, 1992	C9-000-451-92-0
Regional Multi-Media Initiatives Program	66.SPX	August 3, 1994	MM990291-01-0
Total U.S. Environmental Protection Agency			
<u>Federal Emergency Management Agency</u>			
Passed through State of Oregon:			
Disaster Assistance	83.516	N/A	N/A
Total Federal Emergency Management Agency			
Total Federal grant programs			

*Represents a major program.

Cumulative status						Current year activity				
Total grant award	Expenditures					Unexpended grant award at June 30, 1996	Grant receivable (advance) at June 30, 1995	Total cash		Grant receivable (advance) at June 30, 1996
	Federal	Federal billed directly by ODOT	Local match provided directly by Port of Portland; Cities of Troutdale and Gresham	State/ local	Metro match			collections	Expenditures	
\$ 112,500	112,500	-	-	-	-	-	-	14,062	14,062	-
112,500	42,188	-	-	-	-	70,312	-	42,188	42,188	-
✓ 23,898	23,898	-	-	-	-	-	-	6,264	6,264	-
✓ 24,883	24,883	-	-	-	-	-	-	12,555	12,555	-
24,652	13,542	-	-	-	-	11,110	-	13,542	13,542	-
<u>3,300</u>	<u>1,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,350</u>	<u>(3,300)</u>	<u>-</u>	<u>1,950</u>	<u>(1,350)</u>
<u>301,733</u>	<u>218,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,772</u>	<u>(3,300)</u>	<u>88,611</u>	<u>90,561</u>	<u>(1,350)</u>
172,440	84,727	-	-	61,504	26,209	-	9,628	9,628	-	-
85,000	85,000	-	-	-	-	-	(4,273)	27,902	32,175	-
133,684	31,914	-	-	-	1,680	100,090	-	7,164	33,594	26,430
25,000	25,000	-	-	-	-	-	14,523	14,523	10,477	10,477
40,000	37,515	-	-	-	-	2,485	7,786	7,786	-	-
<u>25,890</u>	<u>14,490</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>5,371</u>	<u>2,029</u>	<u>-</u>	<u>16,989</u>	<u>16,989</u>	<u>-</u>
<u>482,014</u>	<u>278,646</u>	<u>-</u>	<u>-</u>	<u>65,504</u>	<u>33,260</u>	<u>104,604</u>	<u>27,664</u>	<u>83,992</u>	<u>93,235</u>	<u>36,907</u>
<u>560,141</u>	<u>284,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,882</u>	<u>180,615</u>	<u>-</u>	<u>94,882</u>	<u>379,526</u>	<u>284,644</u>
<u>560,141</u>	<u>284,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,882</u>	<u>180,615</u>	<u>-</u>	<u>94,882</u>	<u>379,526</u>	<u>284,644</u>
\$ <u>31,450,743</u>	<u>11,830,021</u>	<u>271,892</u>	<u>13,736</u>	<u>1,134,532</u>	<u>468,186</u>	<u>17,732,376</u>	<u>1,750,936</u>	<u>5,573,893</u>	<u>6,380,692</u>	<u>2,557,735</u>

METRO
Portland, Oregon

Notes to Schedule of Federal Financial Assistance

Year ended June 30, 1996

(1) General

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal financial assistance programs of Metro, Portland, Oregon (Metro). The Metro reporting entity is described in note 2 to Metro's June 30, 1996 general purpose 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, 1996 general purpose financial statements.

(3) Relationship to General Purpose Financial Statements

Federal financial assistance revenues are presented in Metro's June 30, 1996 general purpose financial statements as a component of grants from federal, state and local governmental units.



Peat Marwick LLP

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

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

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

We have audited the general purpose financial statements of Metro, Portland, Oregon (Metro), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 18, 1996.

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 general purpose financial statements are free of material misstatement.

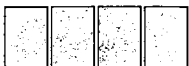
Compliance with laws, regulations, contracts, and grants applicable to Metro is the responsibility of the management of Metro. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of Metro's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose 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 18, 1996



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 general purpose financial statements of Metro, Portland, Oregon (Metro), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 18, 1996.

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 Schedule of Federal Financial Assistance, for the year ended June 30, 1996:

- 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 18, 1996

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

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

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

We have audited the general purpose financial statements of Metro, Portland, Oregon (Metro), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 18, 1996.

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 as identified in the attachment; monitoring of subrecipients; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program, which is identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996. 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 as identified in the attachment; monitoring of subrecipients; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program for the year ended June 30, 1996.

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 18, 1996

METRO
Portland, Oregon

Attachment to the Independent Auditors' Report
on Compliance with Specific Requirements Applicable
to Major Federal Financial Assistance Program

Year ended June 30, 1996

Special Tests and Provisions

Program: CFDA #20.205 - Highway Planning and Construction (Federal Aid Highway Program)

Compliance Requirements: Submission of certified payment vouchers and supporting detail;
Submission of the final payment;
Management of real property acquired for right-of-way purposes;
Payments to the State Highway Administration for the transfer of right-of-way property;
Federal Highway Administration approval for extensions affecting project costs;
Conformance of materials and workmanship to approved plans and specifications;
Credit to Federal Assistance Program for recoveries.

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

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

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

We have audited the general purpose financial statements of Metro, Portland, Oregon (Metro), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 18, 1996.

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 general purpose 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 general purpose 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 general purpose financial statements of Metro as of and for the year ended June 30, 1996, 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 general purpose financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express such an opinion.

To the Council, Executive Officer, and Auditor
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 general purpose 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.

However, we noted certain matters involving the internal control structure and its operation that we have reported to management of Metro in a separate letter dated October 18, 1996.

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 18, 1996



Peat Marwick LLP

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

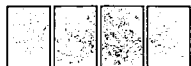
Independent Auditors' Report on the Internal
Control Structure Used in Administering
Federal Financial Assistance Programs

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

We have audited the general purpose financial statements of Metro, Portland, Oregon (Metro), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 18, 1996. We have also audited Metro's compliance with requirements applicable to its major federal financial assistance program and have issued our report thereon dated October 18, 1996.

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 general purpose financial statements are free of material misstatement and about whether Metro complied with laws and regulations, noncompliance with which would be material to its major federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1996, we considered the internal control structure of Metro in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of Metro and on Metro's compliance with requirements applicable to its major program, 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 general purpose financial statements in a separate report dated October 18, 1996.



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 general purpose financial statements in accordance with generally accepted accounting principles, and that 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

Specific Requirements

- Types of Services Allowed or Unallowed
- Eligibility
- Matching, Level of Effort, and/or Earmarking
- Reporting
- Special Tests and Provisions
 - Monitoring of Subrecipients
 - Submission of Payment Vouchers
 - Management of Right-of-Way Property
 - Transfers of Right-of-Way Property
 - Federal Highway Administration Approval of Extensions
 - Conformance of Materials and Workmanship
 - Recoveries

Requirements Governing Claims for Advances and Reimbursements

Requirements Governing 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, 1996, Metro expended approximately 87 percent of its total federal financial assistance under its major federal financial assistance program.

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 the major federal financial assistance program of Metro which is identified in the 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.

To the Council, Executive Officer, and Auditor
Metro
Page 4

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.

However, we noted certain matters involving the internal control structure and its operation that we have reported to management of Metro in a separate letter dated October 18, 1996.

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 18, 1996

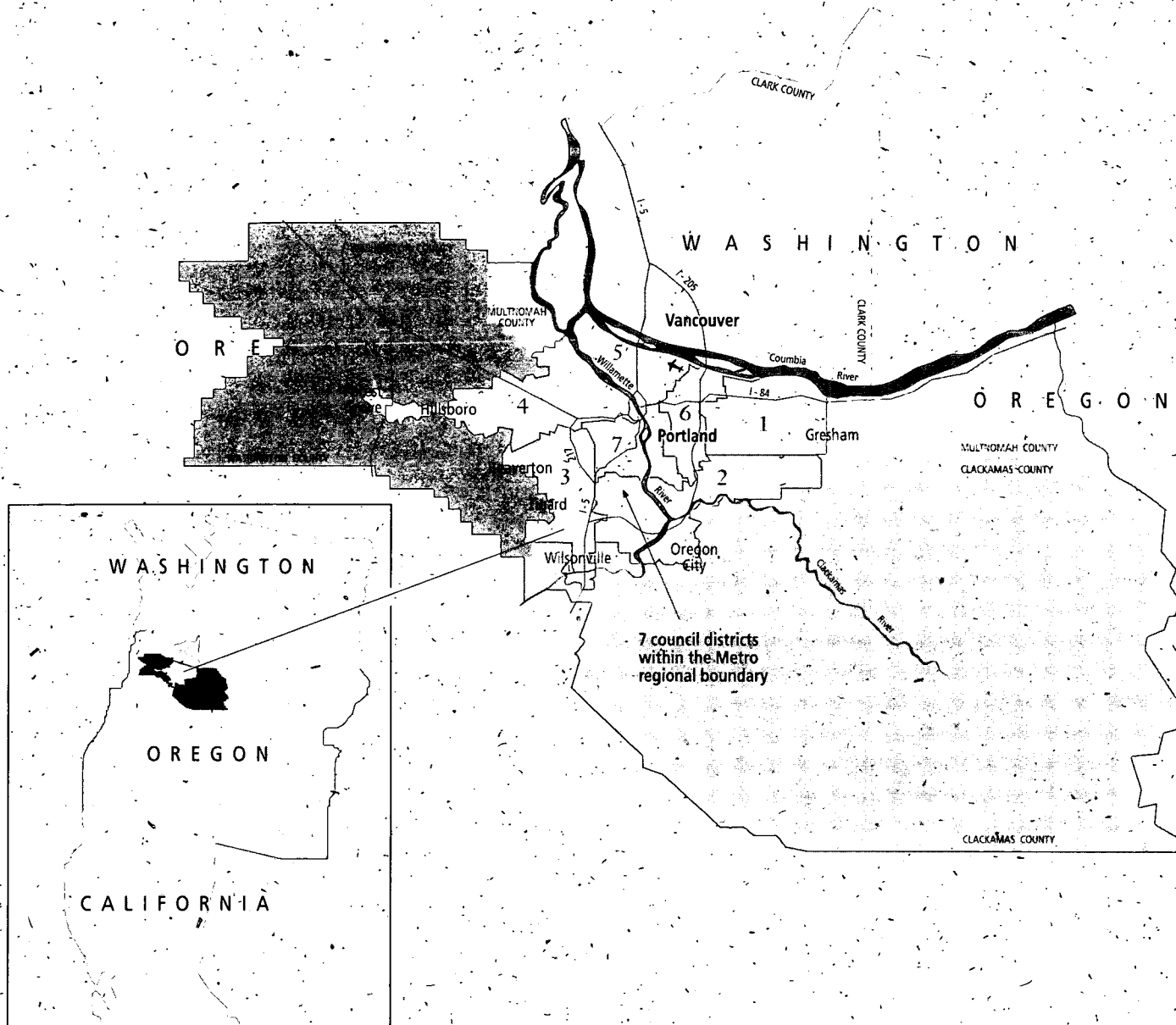
Comprehensive Annual Financial Report

for the year ended
June 30, 1996



METRO

Oregon



Metro is the directly elected regional government that serves more than 1.3 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

Council

Presiding Officer
District 3
Jon Kvistad

Deputy Presiding Officer
District 4
Susan McLain

District 1
Ruth McFarland

District 2
Don Morissette

District 5
Ed Washington

District 6
Rod Monroe

District 7
Patricia McCaig

Auditor

Alexis Dow, CPA



Metro Regional Parks and Greenspaces

Metro's Regional Parks and Greenspaces Department manages a variety of parks and natural area facilities to provide access to nature in the metropolitan area.

Three times a year, the department publishes Metro GreenScene, which lists information about tours, classes, concerts, hikes and special events to give people of all ages the opportunity to learn about and enjoy the region's metropolitan parks and natural areas.

One of those events is the Salmon Festival, held each October at Oxbow Regional Park to celebrate the return of the chinook salmon to the Sandy River.

Metro is also working with other local governments, businesses, organizations and citizens to establish and maintain a regional system of parks, natural areas, trails and greenways for wildlife and people.

The salmon illustration used in this report comes from materials used for the 1996 Salmon Festival at Oxbow Regional Park.

Comprehensive Annual Financial Report

for the year ended
June 30, 1996

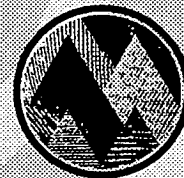
Administrative Services
Department

Director
Doug Butler

Chief Financial Officer
Jennifer Sims

Prepared by
Accounting Services Division

Accounting Manager
Donald R. Cox Jr., CPA



METRO

Oregon

METRO

Table of Contents

June 30, 1996

Page(s)

Table of Contents	i
-------------------------	---

INTRODUCTORY SECTION:

Executive Officer's Letter of Transmittal	vi
Chief Financial Officer's Letter of Transmittal	vii
Certificate of Achievement for Excellence in Financial Reporting	xxviii
Elected and Appointed Officials	xxix
Organizational Charts:	
Metro	xxx
Administrative Services Department and Accounting Services Division	xxxi

FINANCIAL SECTION:

Letter from Metro Auditor	1
Report of Independent Certified Public Accountants	2

GENERAL PURPOSE FINANCIAL STATEMENTS ("Liftable" Combined Financial Statements):

COMBINED FINANCIAL STATEMENTS:

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Unit	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Unit	7
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 Unit	8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types, Similar Trust Fund and Discretely Presented Component Unit	11
Combined Statement of Cash Flows - All Proprietary Fund Types, Similar Trust Fund and Discretely Presented Component Unit	13

METRO

Table of Contents, Continued

	<u>Page(s)</u>
NOTES TO COMBINED FINANCIAL STATEMENTS:	
Note 1 - Historical Introduction	16
Note 2 - Summary of Significant Accounting Policies	17
Note 3 - Deficit Fund Equity	29
Note 4 - Excess of Expenditures Over Appropriations	29
Note 5 - Reconciliation of Revenues and Expenditures - Budgetary Basis to GAAP Basis	29
Note 6 - Cash and Investments	30
Note 7 - Fixed Assets	32
Note 8 - Pension Plans	34
Note 9 - Commitments	38
Note 10 - Lease Obligations	39
Note 11 - Bonds Payable	40
Note 12 - Other Long-Term Debt.	45
Note 13 - Changes in General Long-Term Liabilities	46
Note 14 - Deferred Revenue	47
Note 15 - Arbitrage Payable	47
Note 16 - Post-Closure Cost Payable.	47
Note 17 - Contributed Capital	48
Note 18 - Insured Risks	48
Note 19 - Segment Information for Enterprise Funds	50
Note 20 - Contingent Liabilities	50
Note 21 - Subsequent Events	51
 SUPPLEMENTARY DATA:	
 COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
 GOVERNMENTAL FUNDS:	
 GENERAL FUND:	
Schedule of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual	52
 SPECIAL REVENUE FUNDS:	
Combining Balance Sheet	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	54

METRO

Table of Contents, Continued

	<u>Page(s)</u>
SPECIAL REVENUE FUNDS, Continued:	
Schedule of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual:	
Planning Fund	55
Regional Parks and Expo Fund	56
Zoo Operating Fund	58
General Revenue Bond Fund - Zoo.	60
DEBT SERVICE FUND:	
Schedule of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual - General Obligation Bond Debt Service Fund	61
CAPITAL PROJECTS FUNDS:	
Combining Balance Sheet	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	63
Schedule of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual:	
Zoo Capital Fund	64
Open Spaces Fund	65
PROPRIETARY FUNDS:	
ENTERPRISE FUND:	
Schedule of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual - Solid Waste Revenue Fund	66
INTERNAL SERVICE FUNDS:	
Combining Balance Sheet	69
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	70
Combining Statement of Cash Flows	71
Reconciliation of Internal Service Funds Revenues and Expenditures (Budgetary Basis) to Combining Statement of Revenues, Expenses and Changes in Retained Earnings (GAAP Basis)	73
Schedule of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual:	
Building Management Fund	74
General Revenue Bond Fund - Building Management.	75
Support Services Fund	76
Risk Management Fund	78

METRO

Table of Contents, Continued

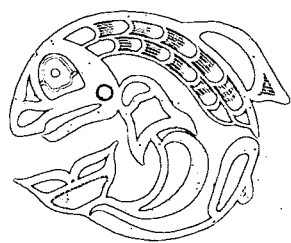
	<u>Page(s)</u>
FIDUCIARY FUNDS:	
TRUST FUNDS:	
Combining Balance Sheet	79
EXPENDABLE TRUST FUNDS:	
Combining Statement of Revenues, Expenses and Changes in Fund Balances	80
Schedule of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual:	
Rehabilitation and Enhancement Fund	81
Smith and Bybee Lakes Trust Fund	82
Regional Parks Trust Fund.	83
ACCOUNT GROUPS:	
GENERAL FIXED ASSETS ACCOUNT GROUP:	
Schedule of General Fixed Assets by Source	84
Schedule of General Fixed Assets by Function and Activity.	85
Schedule of Changes in General Fixed Assets by Function and Activity.	87
COMPONENT UNIT FINANCIAL SCHEDULES:	
SPECIAL REVENUE FUNDS:	
Combining Balance Sheet	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	90
Schedule of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual:	
Spectator Facilities Operating Fund	91
Coliseum Operating Fund	93
MERC Administration Fund	94
ENTERPRISE FUND:	
Schedule of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual:	
Oregon Convention Center Operating Fund	95
Convention Center Project Capital Fund	96
Oregon Convention Center Renewal and Replacement Fund	97

METRO

Table of Contents, Continued

	<u>Page(s)</u>
OTHER FINANCIAL SCHEDULES:	
Schedule of Property Tax Transactions and Outstanding Receivable	98
Schedule of Future Debt Service Requirements:	
General Long-Term Debt Account Group	99
Proprietary Funds	101
Schedule of Long-Term Bonded Debt Transactions:	
General Long-Term Debt Account Group	103
Proprietary Funds	104
Oregon Public Employees Retirement System- Required Supplementary Information	105
 STATISTICAL SECTION (UNAUDITED):	
General Governmental Expenditures by Function - for the last ten fiscal years	106
General Governmental Revenues by Source - for the last ten fiscal years	107
Property Tax Levies and Collections - for the last ten fiscal years	108
Assessed and Estimated Actual Value of Taxable Property - for the last ten fiscal years	109
Property Tax Rates - Direct and Overlapping Governments - for the last ten fiscal years	110
Computation of Legal Debt Margin - June 30, 1996	111
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - for the last ten fiscal years	112
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures - for the last ten fiscal years	113
Schedule of Overlapping Bonded Debt - All Overlapping Governments - for the year ended June 30, 1996	114
Schedule of Revenue Bond Coverage - for the last ten fiscal years	116
Demographic Statistics - for the last ten fiscal years	117
Construction Permits and Bank Deposits - for the last ten fiscal years	118
Principal Taxpayers Within the District by County - June 30, 1996	119
Insurance in Force - June 30, 1996.	120
Summary of Solid Waste Direct Haul Delivery Tonnage by Facility - for the last ten calendar years	121
Miscellaneous Statistical Data - June 30, 1996	122
 AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS:	
Introduction	123
Independent Auditors' Report on the Internal Control Structure Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards	124
Independent Auditors' Report on Compliance Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards	126

Give these dividers a second life!



This bookmark was created
by reusing divider paper.

Reduce, reuse and recycle.

This bookmark was created
by reusing divider paper.

Reduce, reuse and recycle.

This bookmark was created
by reusing divider paper.

Reduce, reuse and recycle.



*When you recycle this report, remove the dividers.
Then you can cut out three very nice bookmarks to use or to give as gifts!*



METRO

October 18, 1996

To the Councilors and Citizens of the Metro Region:

I hereby transmit the Comprehensive Annual Financial Report (CAFR) of Metro as of June 30, 1996, 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 CAFR provides information on Metro's use of resources to accomplish the objectives stated in the 1992 Metro Charter, to "preserve and enhance the quality of life and the environment for ourselves and future generations." At Metro, we are directly responsible for making this happen, and we're proud to have the opportunity.

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 four consecutive fiscal years. I extend my appreciation to Jennifer Sims, Chief Financial Officer, and to the staff of the Accounting Services Division in the Administrative Services Department for this accomplishment and for their efforts in preparing this CAFR.

In the past seven years, Metro has built or become responsible for the Oregon Convention Center, the Expo Center, Portland Center for the Performing Arts, Civic Stadium, a parks system, an open spaces program, the planning of two light-rail lines, and our major solid waste facilities. In that time the voters of the region adopted a home rule charter that restructured the governing Metro Council, added an elected Auditor, mandated continuation of a citizen involvement program, established guidelines for our financial structure, and directed a program of growth management planning that is a model in North America if not all of the industrialized world. Such growth and change brings with it many challenges, both in how we implement our programs and how we pay for them.

I encourage you to read the information contained in this CAFR and see how Metro used the resources provided to serve the citizens of the Metro region during the fiscal year ended June 30, 1996.

Sincerely,

Mike Burton
Executive Officer



METRO

October 18, 1996

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, 1996, 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, account group and component unit financial statements and schedules, as well as the independent auditors' 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 Audit Comments and Disclosures, including comments required under the Minimum Standards for Audits of Oregon Municipal Corporations Section of the Oregon Administrative Rules.

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 financial 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, 1996, have 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 continues to diversify with growth during the last ten years in the machinery, electronics, transportation equipment, and fabricated metal products industries. Nonagricultural wage and salary employment for Oregon increased 3.9% from June 1995 to June 1996, according to the US Bancorp Department of Economics. Total employment in the Portland Primary Metropolitan Statistical Area (PMSA) increased 24,000 or 2.7% from 1994 to 1995, with unemployment dropping from 4.3% to 3.8% during the same period according to the Oregon Department of Human Resources, Employment Division (revised September 1996).

The drop in computer chip prices has resulted in the delay in construction at two plants in the Portland metro area: the Fujitsu expansion and the LSI plant whose opening has been delayed at least until 1998. Other computer chip suppliers in the area are proceeding on their planned projects. Intel Corporation has begun construction on a new \$565 million manufacturing and development plant in Hillsboro. Integrated Device Technology, Inc., is building a \$400 million computer chip manufacturing plant and Komatsu Electronics Metals Co. announced plans to build a \$450 million silicon wafer plant. In addition, Nike plans to break ground in 1996 on a \$200 million addition to its Beaverton campus.

The pace of immigration to Oregon is holding, with driver's license turn-ins for the first six months of 1996 being 9.5% higher than the same period in 1995. Residential building permits for the first five months of 1996 increased 6.5 percent.

According to *U.S. Bank's Economic Barometer (August 1996)*, "Oregon is halfway through another strong year. There are preliminary signs of a leveling off in construction, ongoing declines in forest products and some diminution in the high tech cornucopia. Continued growth is still the forecast, but the pace is cooling."

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, operates under the authority of a home rule Charter effective January 1, 1993. Metro is governed by the seven member Metro Council. 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. 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 Department

During fiscal year 1996, Metro's Transportation 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 are 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 Department contains three major components – *High-Capacity Transit Planning, Transportation Planning, and Travel Forecasting*.

During fiscal year 1996, 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 adopted an interim Federal RTP update, including an air quality conformity determination and fiscal constraint analysis. The section allocated federal Surface Transportation Program (STP) funds, Congestion

Mitigation/Air Quality (CMAQ) funds and Transportation Enhancement funds; in addition, these allocations were included in an updated MTIP which included demonstration of air quality conformity. *Transportation Planning* worked with the Growth Management Services Department to adopt the policy element of the RTP update coinciding with the Region 2040 early implementation efforts. The section initiated the effort to implement a Community Bridge and Road Program; initiated the South Willamette River Crossing Study to consider needs for new or improved bridges south of downtown Portland; initiated, in partnership with the Port of Portland, an effort to better understand and document freight needs in the metropolitan area; and secured a federal demonstration grant to evaluate a potential Congestion Pricing Pilot Project, now known as the Traffic Relief Options Study.

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 1996 included decisions on narrowing the alignments down to the set currently under study for the Draft Environmental Impact Statement (DEIS). The section was successful in obtaining a Federal Transportation Administration grant to initiate the Environmental Impact Statement/Preliminary Engineering Step One process. Activities that have been a focus for this section are consistent with and are required steps in the process that leads to the refinement of the design scope and concept of the Light-Rail Transit (LRT) alternative and adoption of the Land Use Final Order.

The *Travel Forecasting* section administered a major household activity survey in fiscal year 1995. The assessment of that data began in fiscal year 1996. The data obtained from this survey included the geocoding of the activity locations, the development of travel time data for all the trip information, the cleaning of the data, and the determination of specifications for the new models that will be built. In addition, particular attention had been given to commodity movement in fiscal year 1996. Vehicle classification counts have been taken to enhance the current database and surveys have been scheduled to better understand the movement of goods at key freight locations. The analysis of the data will continue into fiscal year 1997. Technical assistance was provided for projects within Metro such as: the South/North Transit Corridor Study, the Regional Transportation Plan, the Transportation Improvement Program, and the Region 2040 Growth Concept. Assistance was also provided to external entities such as the Oregon Department of Transportation, Tri-Met, the Port of Portland, and the cities and counties of this region.

Growth Management Services Department

Metro's Growth Management Services Department is composed of a variety of activities that address the primary Metro Charter mandate to plan for and manage the growth of the region. The Growth Management Services Department is composed of four divisions: *Administration*, *Community Development*, *Long-Range Planning* and the *Data Resource Center*.

As part of Metro's 2040 growth management responsibilities, the Metro Council amended and adopted Regional Urban Growth Goals and Objectives (RUGGO) on December 14, 1995. RUGGO's state regional growth management policy and represent building blocks with which local governments, citizens, the business community and other interests can begin to develop a shared view of the region's future.

At the request of local governments, the department began development of the Urban Growth Management Functional Plan. The purpose of this functional plan is to implement RUGGO and includes the Metro 2040 Growth Concept. As part of the development of the functional plan, the department issued a draft Urban Growth Report in the spring of 1996. The report contains: 1) a regional forecast including projections of population, employment and household growth for the four-county region, as well as a forecast for Metro's urban growth boundary (UGB) area; 2) a 2015 allocation of population and employment within the four counties; and 3) a buildable land inventory that includes a capacity estimate for the Metro UGB. In addition, the department released a Housing Needs Analysis which estimated the types and quantities of housing needed in the region for the next 20 years.

The department also coordinated with regional water providers on the Regional Water Supply Plan, implemented the first year of an Oregon Department of Environmental Quality clean water grant, and initiated a federal Environmental Protection Agency grant for the Clackamas River watershed.

Public input is a critical component of Metro's growth management program. In the fall of 1995, "Building 2040," a video which examines strategies the region can use to grow smart while maintaining livability, was distributed through neighborhood video stores, public libraries and broadcast on cable television. Two newsletters were published during the fiscal year and each newsletter was distributed to close to 75,000 citizens. Two sets of open houses, one dealing with regional livability and coordinated with other Metro departments and the other dealing with urban reserve study areas, were held throughout the region.

The *Community Development Division* provided technical assistance for local planning activities which implement the 2040 Growth Concept. Projects included Mainstreets, Westside Station Area Planning, Model Code Development, Urban Design Standards and early implementation measures. The division published, "Main Street Handbook: A User's Guide to Main Streets," for use by business people, residents of main streets, neighborhood leaders, community representatives, planners and policy makers.

The *Data Resource Center* provides data management, collection and analysis services as well as the Regional Land Information System (RLIS) computer mapping system for businesses, local jurisdictions and other Metro departments. During this fiscal year, the division developed a condensed version of the RLIS database, RLIS Lite, as a CD-ROM and is selling it to business users and the general public. The division also prepared a Vacant Lands Atlas which identified

vacant parcels in each of the three counties within the Metro boundary and is selling the atlas to interested businesses.

Through the Natural Hazard Mitigation program, the department provides for regional coordination and technical assistance in developing regional strategies for mitigating natural hazards and preparing communities for regional disasters. The program integrated earthquake hazard maps data with other hazard data; conducted earthquake vulnerability analysis, expanded inventory and mapping of systems and facilities, developed a disaster atlas, "Using GIS Maps for Mitigation, Response and Recovery," and completed the report, "Using Earthquake Hazard Maps for Land Use Planning and Building Permit Administration."

Metro Washington Park Zoo

In fiscal year 1996, The Metro Washington Park Zoo, Oregon's largest paid tourist attraction, achieved its third consecutive year with attendance over one million. Attendance has exceeded the one million mark in six of the last eight years. This attendance was accomplished even with the west side light-rail construction project consuming one-third of the Zoo's parking lot.

In the fall of 1995, the Zoo celebrated the first birthday of its newest elephant, Rose-Tu. Significant animal births in fiscal year 1996 included musk ox, Francois langur, golden lion tamarin, mongoose, lemur, Humboldt penguins, Rodrigues bats and hadada ibis.

The Zoo hosted a very successful fund raiser called "Packy's Parties." Other special events, such as the Zoo's Halloween event "ZooBoo" and the December holiday event "Zoolights," continue to draw visitors in traditionally off-peak times. Total enterprise revenues grew 1.7% over the prior year to exceed \$7.4 million in fiscal year 1996. Property taxes were 43% of the Zoo's revenue, well below the mandated 50% limit. 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) was instrumental in increasing the region's recycling rate from 41% in calendar 1994 to 43% in 1995. The region's recovery rate, the percent of solid waste that is recovered from the total municipal solid waste stream, also increased from 45% in calendar 1994 to 47% in 1995. These increases can be attributed, in part, to the department's continued educational efforts and the franchising of additional materials recovery facilities. Solid waste management also experienced a 5,000 ton increase (from 752,000 revenue tons to 757,000 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 41% from 1,685,000 pounds to almost 2,375,000 pounds. The

completion of the cover cap for the final sub-area of the St. Johns Landfill Closure project continued during the year. Initial experiments were undertaken to promote native vegetation on the landfill as one means of reducing ongoing maintenance costs. In fiscal year 1996, Metro spent an additional \$3.5 million dollars against the post-closure liability leaving an estimated liability of \$9.1 million dollars. Metro also made its final contribution to the St. Johns Landfill Closure account to pay this liability and has accumulated in excess of \$8.5 million towards the project.

REM's Solid Waste Enforcement unit handled 1,256 cases, including clean-up of more than 1,000 illegal dump sites. More than half the cases resulted in sufficient evidence to initiate more formal investigation. In addition, fees were recovered from haulers found to be transporting waste out of the region in order to avoid paying fees.

The department's short and long-term tonnage forecasting was within one percent of the actual revenue tonnage generated at Metro transfer stations, and within five percent for the region. The Metro region disposed of 1,309,617 tons of waste during the fiscal year. Of this total tonnage, 1,139,191 tons generated revenue for Metro, exceeding last fiscal year's revenue tonnage by 6.2%. Major analytical work was completed to revise the Solid Waste Revenue System. Finally, the 1995-2000 Regional Solid Waste Management Plan was completed by REM and the Metro Council in January 1996.

Regional Parks and Greenspaces Department

Metro's Regional Parks and Greenspaces Department was established in January 1994 as a result of the merger between the former Multnomah County Parks Division with the Metropolitan Greenspaces program. The intergovernmental agreement finalizing the transfer of facilities was ratified in March 1996.

Metro offers 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.

February 1996 posted the greatest flood event in thirty years. Compared to other public facilities in the region, Metro's regional parks and greenspaces sustained less damage - about \$125,000. Metro staff and volunteers worked to clear debris, repair docks, place new signs and do some landscaping to assure Metro park facilities were open for the spring and summer seasons.

The Metropolitan Greenspaces Master Plan approved by Metro Council in 1992 identifies 57 regionally significant natural areas and 34 regional trail and greenway corridors to be cooperatively managed as a regional system for wildlife and people. In support of the master

plan, voters of the region approved a \$135.6 million general obligation bond issue on May 16, 1995. The department established an *Open Spaces Acquisition Division* in 1995 to manage the acquisition process. Funds from the bond measure are being 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. Through June 30, 1996, Metro has acquired 922 acres of open space.

Newly acquired parks and open spaces property will be managed as landbanked property. These acquisitions, as well as existing park facilities, require a comprehensive assessment and planning process to assure protection of the natural resource and to identify appropriate uses of the land. Master planning efforts for Howell Territorial Park on Sauvie Island and Oxbow Regional Park on the Sandy River have begun and will be completed in fiscal year 1997.

Funds from the U.S. Fish and Wildlife Service supported ten habitat restoration grants, seventeen environmental education grants, the Green City Data Project, and publication of the *Metro GreenScene* in fiscal year 1996. Grant funding leveraged an additional \$730,000 in local community cash and in-kind support. Nearly 160 students from fourteen middle and high schools and one adult team participated in Green City Data, providing 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 conducted by Metro staff and cooperators.

Metro co-sponsored an EnviroCorps (Americorps) team in fiscal year 1996. 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 Smith and Bybee Lakes Day to help build public awareness and involvement in urban natural areas.

Metropolitan Exposition-Recreation Commission (MERC)

Fiscal year 1996 was marked by successes experienced as a result of strategies identified in the Business Plan. Each of the facilities – *Civic Stadium*, *Portland Center for the Performing Arts (PCPA)*, *Oregon Convention Center* and the *Portland Metropolitan Exposition Center (Expo)* – recorded a banner year.

The *Civic Stadium* posted attendance over 300,000 for the year, an increase of 62% from the previous fiscal year. This increase in attendance is attributable to the success of the Portland Rockies Class A baseball team and the usual mix of Portland State University athletic events, community sporting events and one concert. In June 1996, the Civic Stadium Advisory Group released its recommendations in the Stadium's Phase II Business Plan, "Beyond the Year 2000." This plan recommends that the Stadium be retained as a community-oriented, general purpose venue and that it be modernized.

Fiscal year 1996 is the second year of the \$600,000 annual hotel/motel tax support of the PCPA. The PCPA hosted 1,027 events with attendance of 1,134,300 – both of which are new records for the PCPA. As a result of the business plan strategies, PCPA continues to share in the success of touring Broadway business as well as hosting mega-hits such as *Miss Saigon* and *Cats*. Some of the staffing positions cut during previous fiscal years were reinstated to address the increase in business at the PCPA venues of the Civic Auditorium, Arlene Schnitzer Concert Hall and the New Theater Building, which houses the Intermediate and Delores Winningstad theaters.

The Metro owned *Oregon Convention Center (OCC)* again completed a “near-capacity” year in respect to the number of events held. In addition, the OCC had 761,662 people in attendance at conventions, trade shows, meetings, banquets, consumer and public events. This tops the previous year attendance by more than 15,000. With the OCC continuing to operate at near capacity, the Metro Council will be considering a bond measure to expand the Convention Center in the near future.

The *Expo Center*, now under MERC management for over two years, continues to increase events and attendance as it is managed in conjunction with the Oregon Convention Center. The end of fiscal year 1996 marked the beginning of the fast-paced construction period to build an addition to the Expo Center of over 120,000 square feet of exhibit hall, lobby, and loading dock space to meet long-range market demands and to be completed in time to house the 40-day run of “America’s Smithsonian,” scheduled to begin in March 1997.

FUTURE PLANS

During fiscal year 1997, 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.

More than \$3.6 million of excise tax proceeds will directly support Metro’s planning activities, with \$2.5 million of that in support of the growth management functions outlined in the Charter. Major objectives of the Growth Management Services Department include completion of the first draft of the Regional Framework Plan by December 1996, develop regional standards for land use, transportation, public facilities and governmental organization, and conditions of and incorporation of urban reserves within the urban growth boundary.

The Transportation Department will complete the systems component of the Regional Transportation Plan update, develop the biennial metropolitan Transportation Improvement Plan and continue the two-phase Congestion Pricing Pre-Project Study. In addition, the department will complete the South/North Draft Environmental Impact Statement, and initiate work on the South/North Final Environmental Impact Statement and Preliminary Engineering Step II in the spring of 1997.

Voters passed a \$28.8 million bond measure by a 62% majority on September 17, 1996 to finance a new Oregon exhibit and major renovations at the Metro Washington Park Zoo. The funds will also provide for a new entrance oriented to the Zoo's light-rail station, additional restaurant and merchandise outlets for more Zoo-generated revenue, and some changes to exhibits and animals in the collection that will accommodate future growth. These efforts to continue to change the face of the Zoo and keep it as the top paid tourist attraction in the state are essential if the Zoo is to maintain its fiscal health over the long term.

The Regional Parks and Greenspaces Department will continue the open space acquisition work plan and adjust "land-banking" programs as appropriate to reflect newly acquired lands.

The Regional Environmental Management Department will conduct an analysis of the rate system for the solid waste enterprise which will result in a proposal in fiscal year 1997 for revising the system. Closely connected will be an examination of the mission in solid waste and regional environmental management. Issues include the need to clarify Metro's priorities, to determine how Metro balances its role as the region's solid waste disposal agency with other priorities including hazardous waste disposal, regulation and stewardship of the environment; the need to create the most equitable rate structure that better balances costs and benefits, and the need to continue with the required programs that don't have independent funding sources, such as planning, education, enforcement and the closure and post-closure operations of the St. Johns Landfill.

The Oregon Convention Center will continue feasibility studies to expand the facility and, if expansion is deemed feasible, the Metro Council will be asked to submit a bond measure of \$65 million to the voters in the spring of 1997. The measure would finance an addition that would add 67 percent to the current space and include an underground parking lot.

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 and Zoo Project general obligation bonds. The Metro excise tax is being reduced a quarter of a percent to 7.25%. The solid waste tipping fee is being held constant at \$75 per ton for the fifth year in a row. The fiscal year 1996-97 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. This report presents fairly the financial position of the various funds and account groups of Metro at June 30, 1996, 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 21 funds of which ten are governmental fund types, seven are reported in proprietary fund types and three are fiduciary fund types. One budgetary fund, the General Revenue Bond Fund, is comprised of two components that are separated and combined with a governmental fund (Zoo Operating Fund) and a proprietary fund (Building Management Fund) to present the activities applicable to each facility in accordance with GAAP. The following bases of accounting are used for the respective funds:

<u>Fund to which applied</u>	<u>Accounting Basis</u>
* Governmental Fund Types:	Modified Accrual Basis
General Fund	
Special Revenue Funds	
Debt Service Fund	
Capital Projects Fund	
* Proprietary Fund Types:	Accrual Basis
Enterprise Funds	
Internal Service Funds	
* Fiduciary Fund Types:	
Pension Trust Fund	Accrual Basis
Expendable Trust Funds	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 internal controls also ensures that federal and state financial assistance funds are expended in compliance with applicable laws and regulations related to those programs. In establishing internal controls, 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 controls 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 13 budget amendments during the fiscal year. Metro adopted two supplemental budgets during fiscal year 1996, to reflect increased financial activity in the Spectator Facilities Fund due to increased sales to ticketed events, and the issuance of a private revenue bond to finance construction at the Expo Center.

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 Funds 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, and shared revenues.

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 1995, exclusive of the component unit are:

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent</u>	<u>Change From FY 1995</u>
Taxes	\$ 31,662,620	52.1%	\$ 13,831,766
Intergovernmental	8,129,366	13.4%	(752,589)
Charges for Services	13,301,573	21.9%	1,848,503
Contributions and Donations	786,188	1.3%	46,432
Interest	6,683,164	11.0%	6,052,300
Miscellaneous	<u>185,196</u>	<u>0.3%</u>	<u>(81,717)</u>
Total	<u>\$ 60,748,107</u>	<u>100.0%</u>	<u>\$ 20,944,695</u>

Overall revenues in this category increased 52.6% from the previous year. The major increases and decreases are:

- The increase in taxes consists primarily of an increase in property tax revenues of \$12,834,640 with 97% of the increase related to property taxes collected for debt service in the General Obligation Bond Debt Service Fund. This increase is primarily attributable to the debt service requirements of the new Open Spaces General Obligation Bonds. Property tax revenues for Zoo operations increased \$413,920 over the prior year. In addition, excise taxes on Metro's own services increased \$997,126 or 16.6% over the prior year.
- The decrease in intergovernmental revenue is composed of an increase in federal grant funds of \$1,837,661 which was offset by a reduction of \$1,982,732 in state and local grant programs funding, primarily programs of the Transportation and Growth Management Services Departments. The fiscal year also reflected a \$580,561 decrease related to the local government services fees which were converted from a state mandated payment to an optional subscription service which has been reclassified as contract and professional services revenues.
- Charges for Services revenues increased 16.0% primarily due to an increase in Contract and Professional Services in the Planning Fund, up \$801,432 from fiscal year 1995. Contract and Professional Services increased \$234,488 in the Regional Parks and Expo Fund and increased events at these facilities resulted in additional revenues of \$517,192.

While attendance at the Metro Washington Park Zoo decreased 8.6% from fiscal year 1995, enterprise related revenues remained relatively stable by increasing \$124,597 or 1.7% over the prior year.

- Donations received at the Metro Washington Park Zoo increased \$210,405, or 39.5%, from fiscal year 1995 whereas donations to the Zoo Capital Projects Fund decreased \$184,656.
- Interest revenues increased significantly over fiscal year 1995 primarily due to interest earned on invested bond proceeds for the Open Spaces Fund which accounted for \$5,392,983 or 89.1% of the increase.

Charges for Services related revenues for the MERC component unit's Special Revenue Funds reflected an increase of \$1,815,140 or 59.0% from fiscal year 1995. Charges for Services related revenues increased 68.0% (\$686,075) at the Civic Stadium from fiscal year 1995. This increase was primarily in concessions revenue (up \$543,329), due to the Portland Rockies Single A baseball team completing its inaugural season at Civic Stadium during the 1996 fiscal year.

Charges for Services related revenues at the Portland Center for the Performing Arts (PCPA) increased 54.7% (\$1,129,065) from fiscal year 1995. Increased events and attendance was attributable to the success of touring Broadway series such as "Cats" and "Miss Saigon." PCPA revenues were enhanced for the second consecutive year 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 1995</u>
General government	\$ 1,962,173	3.3%	\$ (433,157)
Zoo operations/development	13,038,699	21.5%	142,906
Regional planning/ development	11,100,770	18.3%	31,369
Recreation and development	9,474,072	15.6%	5,077,917
Capital outlay	14,137,150	23.3%	13,323,273
Debt service	<u>10,910,449</u>	<u>18.0%</u>	<u>5,367,809</u>
Total	<u>\$60,623,313</u>	<u>100.0%</u>	<u>\$23,510,117</u>

Expenditures increased 63.3% in fiscal year 1996 over the previous year. Some of the significant changes include:

- General government expenditures decreased primarily due to the \$248,475 reduction in Council expenditures as the Council reorganized staffing, which resulted in reduced personal services expenditures. The Office of the Executive Officer expenditures declined \$5,045. The Office of the Auditor, previously accounted for in the General Fund, was transferred to the Support Services Internal Service Fund in fiscal year 1996, resulting in a reduction of \$78,950 in general government category expenditures from the prior year.
- Zoo operations expenditures increased 1.1% during the year. Expenditure increases of \$505,816 in the Administration, Animal Management, Marketing and Education divisions were offset to a degree by a reduction of \$137,301 in expenditures for the Facilities Management, Visitor Services and Design Services divisions.
- Regional planning and development expenditures increased less than 1.0% during fiscal year 1996.
- Recreation and development expenditures increased 18.0% in the Regional Parks and Expo Fund which was attributable to increased activities and events held at the various facilities. Of the increase in recreation and development expenditures, \$4,284,465 is due to contributions made to other governments for approved local share projects funded by the Open Spaces Program.
- Capital outlay reflects a significant increase as major acquisitions of open spaces were undertaken during the year. The resulting \$11,087,359 increase in expenditures accounts for 83.2% of the increases in capital outlay expenditure category, with an additional \$1,845,932 increase applicable to construction of a new Expo Center facility to be completed by spring of 1997 to house the "America's Smithsonian" exhibit.

Expenditures in the MERC component unit Special Revenue Fund were up \$2,182,300 or 34.1%. Civic Stadium expenditures increased 49.5%, while expenditures at PCPA increased 33.1% from fiscal year 1995. These increases reflect the added events and attendance at each facility and the expenditures necessary to generate the corresponding increase in revenues and services provided by the facilities to their patrons and clients.

PROPRIETARY OPERATIONS

Proprietary fund operating revenues, exclusive of the MERC component unit, increased 3.3% over fiscal year 1995 to a total of \$70,897,102 for the fiscal year ended June 30, 1996. Operating expenses in the proprietary funds, exclusive of MERC, totaled \$61,686,522, or an increase of 1.8% from the prior year. The net income for the fiscal year ended June 30, 1996, was \$8,560,375 compared to \$6,779,578 in fiscal year 1995. 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 \$60.7 million, which was up 3.3% from the prior year. Tonnage processed at Metro facilities increased 0.2% (approximately 5,000 tons) over the prior year. Operating expenses increased 2.8% to a total of \$52,896,632 for the fiscal year ended June 30, 1996. Charges for Services revenues increased \$1,921,959 or 3.3%. Payroll and fringe benefits declined slightly (\$51,147) from fiscal year 1995. Expenses of operating the Metro South and Metro Central transfer stations increased \$748,346 and \$28,640, respectively. Costs to transport waste to designated facilities decreased 2.3% (\$234,865), and disposal costs increased 6.7% (\$1,395,009). The resulting net income for the Solid Waste enterprise was \$7,729,061 compared to net income of \$6,614,050 in fiscal year 1995. Unreserved retained earnings at June 30, 1996, reached \$25,422,931.

Internal Service Funds

The *Building Management*, *Support Services* and *Risk Management Funds* comprise Metro's internal service funds. The combined internal service funds reflected operating revenues of \$10,194,511 for the fiscal year ended June 30, 1996, which was an increase of 3.2% from fiscal year 1995. Operating expenses decreased \$356,761 or 3.9% from fiscal year 1995. The funds had net income of \$831,314 for the fiscal year ended June 30, 1996, compared to a net income of \$168,528 in fiscal year 1995. The most significant change in net income occurred in the *Support Services Fund*.

Building Management Fund. Revenues, composed primarily of receipts in lieu of rent from Metro departments, were down \$27,115 from 1995. Operating expenses decreased 4.0% (\$57,453). The *Building Management Fund* ended the fiscal year with a net loss of \$520,877, increasing the deficit in retained earnings to \$1,336,401. 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 6.5% (\$434,717) over the prior year, while operating expenses decreased 5.4% (\$371,165). Operating expenses of the fund include accounting, financial planning, budget, information systems, legal, human resources and administrative services costs. Added to the fund in fiscal year 1996 were the operations of the Office of the Auditor. Support Services Fund operating expenses were 4.5% of total expenses and expenditures for Metro in fiscal year 1996, compared to 5.8% in fiscal year 1995.

Risk Management Fund. The fund continued to reduce charges to Metro departments due to excellent claims experience and the sufficient level of reserves available. These revenues decreased \$187,688 (26.9%) from the prior year. Operating expenses increased 8.4% (\$71,857) for the year ended June 30, 1996. Claims expense was increased by \$199,422 primarily due to

recording revised estimates of incurred but not reported claims as determined by Metro's actuary. Net income for the year was \$133,224.

Oregon Convention Center Enterprise Fund

The MERC managed *Oregon Convention Center* enterprise had an increase in operating revenue of \$1,005,150 or 8.3%. Local government shared revenue, consisting of hotel/motel taxes within Multnomah County, increased 12.4% during fiscal year 1996. Charges for services, including parking fees and reimbursed labor, increased to \$8,633,393 which was a gain of 5.6% over the prior year. Operating expenses increased 5.1% over fiscal year 1995 to a total of \$13,913,938. The net income for the fiscal year ended June 30, 1996, was \$17,631 compared to a net loss in the prior year of \$331,828.

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 as of June 30, 1996 was performed in October 1996 to determine estimates of liabilities for unpaid claims.

The *Risk and Contracts Management Division* of the Administrative Services Department continues responsibility in four areas: *insurance administration*, *risk assessment*, *emergency management* and *safety*. 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 the 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 remains with Multnomah County. Effective July 1, 1996, the County and Metro enacted the second phase of the agreement transferring title of these facilities to Metro. The spectator facilities and various park and Expo fixed assets can be found in the City of Portland and Multnomah County Comprehensive Annual Financial Reports, when issued. As of June 30, 1996, the general fixed assets of Metro amount to \$59,229,460. 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 \$10,767,815 for the fiscal year ended June 30, 1996. This compares to \$4,259,289 for fiscal year 1995, with the increase resulting primarily from additional cash and investment balances from Open Spaces bond proceeds. The average yield earned on Metro's investments varied with the market in fiscal year 1996, from a high of 6.434% in August 1995 to 5.505% in May 1996. These yields reflect the total Metro investment portfolio, including yield restricted funds. At June 30, 1996, the yield on the total Metro investment portfolio was 5.512% (5.670% not including yield restricted project funds). Investment performance continued to be competitive with three-month Treasury Bills and the average yield of the State of Oregon's Local Government Investment Pool, which were 5.165% and 5.683%, respectively, as of June 30, 1996.

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, 1996, Metro had a total of seven bond issues outstanding for a total of \$260,561,043. These issues included \$195,254,923 of general obligation bonds and \$65,306,120 of revenue bonds.

During fiscal year 1996, Metro issued bonds to finance land acquisition and capital improvements pursuant to Metro's Open Spaces Program and to finance construction of a new facility at the Expo Center. The following Open Spaces General Obligation Bonds were issued during the fiscal year 1996: \$74,170,000 of 1995 Series A dated September 1, 1995; \$5,219,923 of 1995 Series B (Capital Appreciation) issued October 11, 1995; and \$56,210,000 Series C dated October 15, 1995. The bonds have interest rates ranging from 3.7% to 7.0%. The Open Spaces Bonds were issued under authority granted by voters on May 16, 1995.

On May 17, 1996, Metro sold a \$2,500,000 privately placed, unrated revenue bond to complete financing of construction of a new building at the Expo Center. This bond bears interest at a rate of 5.5%. The bonds are secured by and payable from the operating revenues of the Expo Center.

In addition to the above mentioned bonds, two loans were obtained in fiscal year 1996. On September 13, 1995, Metro borrowed \$2,723,000 through the Oregon Economic Development Department's 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 loan bears an interest rate of 5.49%.

On July 1, 1995, MERC entered into a loan agreement with its concessionaire contractor, Fine Host, to finance the acquisition of various equipment. The \$900,000 loan bears simple interest at a rate of 9%, and matures in six years, or the termination of the contract, whichever is earlier. Metro's Financial Planning Division plans to refinance the loan in fiscal year 1997.

The total outstanding net general bonded debt at June 30, 1996 was \$182,165,720, as compared with \$58,386,119 at June 30, 1995. The ratio of net bonded debt to assessed valuation increased from .10% in fiscal year 1995 to .26% in fiscal year 1996. 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, 1996, Metro's general obligation debt of \$195,254,923 was well below the legal limit of \$6,874,642,125.

In accordance with IRS regulations, Metro is required to periodically pay a rebate on arbitrage earnings for certain bond issues. As of June 30, 1996, 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 additional projects in the future. On September 17, 1996, voters granted Metro authority to issue \$28.8 million in general obligation bonds to finance capital improvements to the Metro Washington Park Zoo. The Metro Council authorized the issuance of the bonds which were scheduled to be sold subsequent to year-end (see Note 21). Metro is also considering debt financing for an expansion to the Oregon Convention Center. If expansion is deemed feasible, the Metro Council will be asked to submit a bond measure of \$65 million to voters in the spring of 1997.

In 1996, 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 general purpose 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, 1995. 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 four consecutive years (fiscal years ended 1992 - 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, 1996, Metro had a total of seven bond issues outstanding for a total of \$260,561,043. These issues included \$195,254,923 of general obligation bonds and \$65,306,120 of revenue bonds.

During fiscal year 1996, Metro issued bonds to finance land acquisition and capital improvements pursuant to Metro's Open Spaces Program and to finance construction of a new facility at the Expo Center. The following Open Spaces General Obligation Bonds were issued during the fiscal year 1996: \$74,170,000 of 1995 Series A dated September 1, 1995; \$5,219,923 of 1995 Series B (Capital Appreciation) issued October 11, 1995; and \$56,210,000 Series C dated October 15, 1995. The bonds have interest rates ranging from 3.7% to 7.0%. The Open Spaces Bonds were issued under authority granted by voters on May 16, 1995.

On May 17, 1996, Metro sold a \$2,500,000 privately placed, unrated revenue bond to complete financing of construction of a new building at the Expo Center. This bond bears interest at a rate of 5.5%. The bonds are secured by and payable from the operating revenues of the Expo Center.

In addition to the above mentioned bonds, two loans were obtained in fiscal year 1996. On September 13, 1995, Metro borrowed \$2,723,000 through the Oregon Economic Development Department's 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 loan bears an interest rate of 5.49%.

On July 1, 1995, MERC entered into a loan agreement with its concessionaire contractor, Fine Host, to finance the acquisition of various equipment. The \$900,000 loan bears simple interest at a rate of 9%, and matures in six years, or the termination of the contract, whichever is earlier. Metro's Financial Planning Division plans to refinance the loan in fiscal year 1997.

The total outstanding net general bonded debt at June 30, 1996 was \$182,165,720, as compared with \$58,386,119 at June 30, 1995. The ratio of net bonded debt to assessed valuation increased from .10% in fiscal year 1995 to .26% in fiscal year 1996. 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, 1996, Metro's general obligation debt of \$195,254,923 was well below the legal limit of \$6,874,642,125.

In accordance with IRS regulations, Metro is required to periodically pay a rebate on arbitrage earnings for certain bond issues. As of June 30, 1996, 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 additional projects in the future. On September 17, 1996, voters granted Metro authority to issue \$28.8 million in general obligation bonds to finance capital improvements to the Metro Washington Park Zoo. The Metro Council authorized the issuance of the bonds which were scheduled to be sold subsequent to year-end (see Note 21). Metro is also considering debt financing for an expansion to the Oregon Convention Center. If expansion is deemed feasible, the Metro Council will be asked to submit a bond measure of \$65 million to voters in the spring of 1997.

In 1996, 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 general purpose 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, 1995. 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 four consecutive years (fiscal years ended 1992 - 1995.)

Metro
October 18, 1996

Comprehensive Annual Financial Report
Letter of Transmittal

We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

As a final note, we wish to acknowledge the hard work of the employees in the Accounting Services 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, CPA, Financial Reporting and Control Supervisor, for her efforts and dedication in the preparation of this report. We wish to acknowledge the professional and technical assistance of the audit staff of KPMG Peat Marwick. Finally, we 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., MBA, CPA, CGFM
Accounting Manager



Jennifer Sims
Chief Financial Officer

GFOA Award

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, 1995

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.



Arthur R. Lynch
President

Jeffrey L. Esser
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, 1995. 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, 1996

Elected Officials

Executive Officer

Mike Burton
Term expires Dec. 31, 1998

Auditor

Alexis Dow, CPA
Term expires Dec. 31, 1998

Councilors

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

Deputy Presiding Officer
Susan McLain
Council District 4
Term expires Dec. 31, 1998

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

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

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

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

Patricia McCaig
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

John Fregonese
Director of Growth Management
Services

Y. Sherry Sheng
Director of Metro Washington Park
Zoo

Position Vacant
Director of Regional
Environmental Management

Charles S. Ciecko
Director of Regional Parks and
Greenspaces

Patrick LaCrosse
General Manager, Metro Exposition –
Recreation Commission

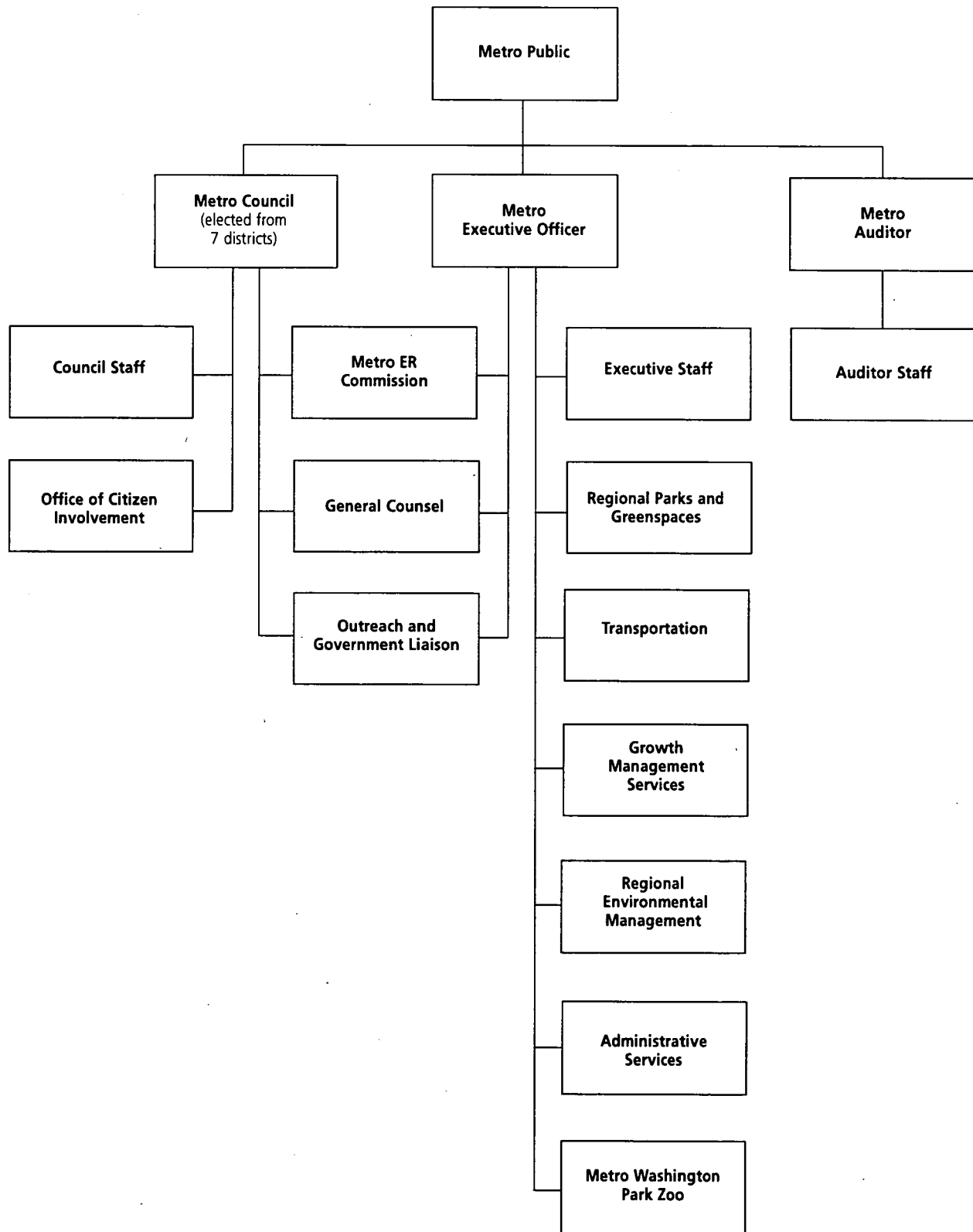
Registered Agent

Jeff Stone

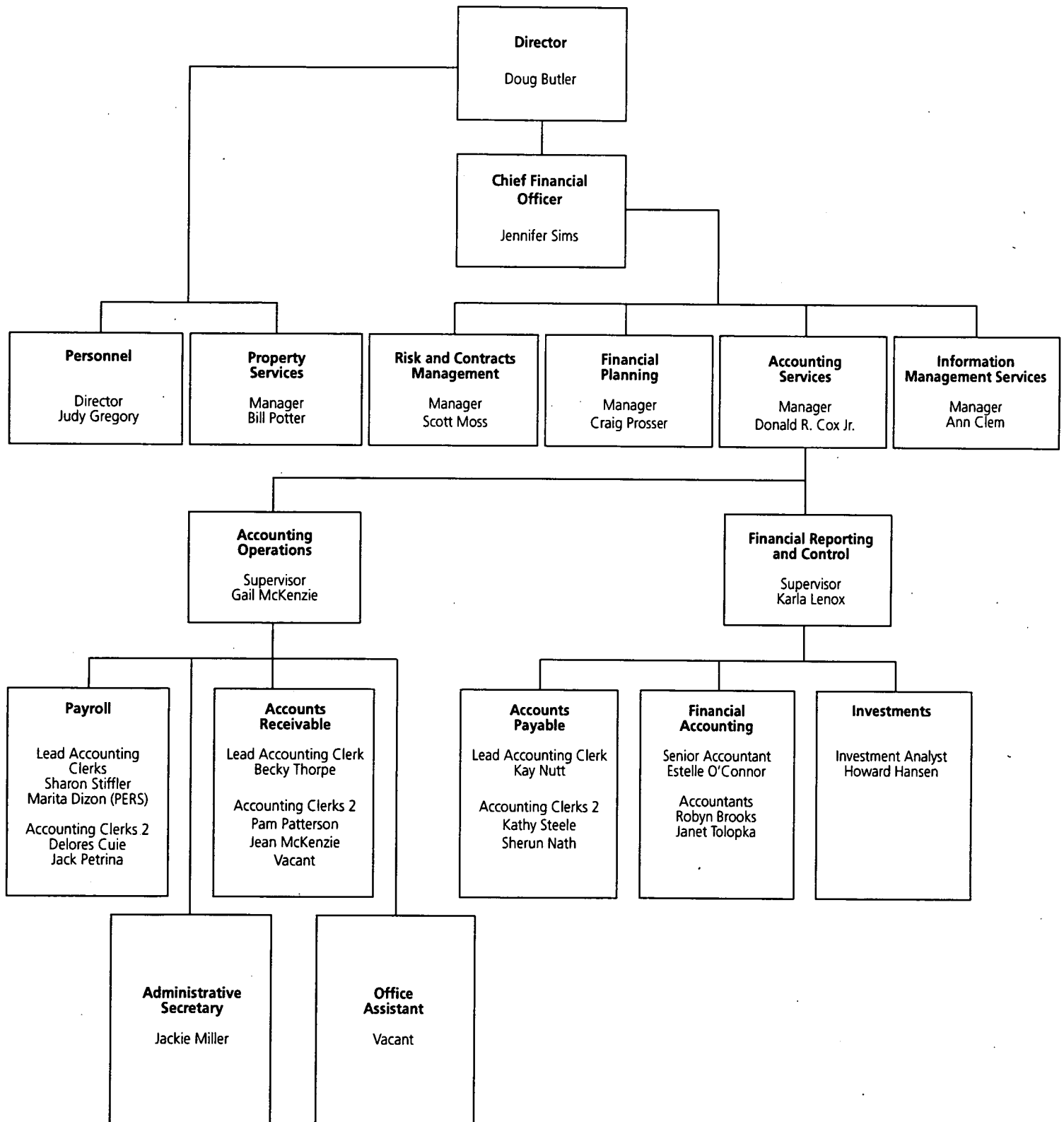
Address of Registered and Administrative Office

600 NE Grand Ave.
Portland, OR 97232-2736

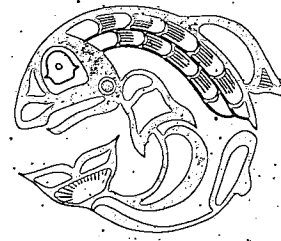
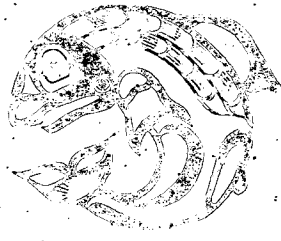
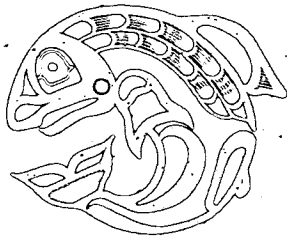
Metro Organization Structure



Administrative Services Department and Accounting Services Division



Give these dividers a second life!



This bookmark was created
by reusing divider paper.

Reduce, reuse and recycle.

This bookmark was created
by reusing divider paper.

Reduce, reuse and recycle.

This bookmark was created
by reusing divider paper.

Reduce, reuse and recycle.



*When you recycle this report, remove the dividers.
Then you can cut out three very nice bookmarks to use or to give as gifts!*



METRO
OFFICE OF THE AUDITOR

October 18, 1996

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 certified 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 general purpose 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 general purpose financial statements as of and for the fiscal year ended June 30, 1996.

In addition to the above report, Metro is required to have a comprehensive single audit of its Federal Financial Assistance Programs in accordance with the Single Audit Act of 1984, OMB Circular A-128, and the provisions of *Government Auditing Standards* promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. The necessary reports pertaining to Metro's internal control structure, compliance with applicable federal laws and regulations, and the Schedule of Federal Financial Assistance for the year ended June 30, 1996, have been issued under separate cover.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Alexis Dow'. The signature is fluid and cursive, with a large, sweeping 'A' and a long, horizontal stroke at the end.

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 general purpose financial statements of Metro as of and for the year ended June 30, 1996 as listed in the table of contents. These general purpose financial statements are the responsibility of Metro's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

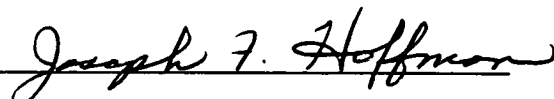
In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Metro as of June 30, 1996, and the results of its operations and the cash flows of its proprietary fund types and similar trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 18, 1996 on our consideration of Metro's internal control structure and a report dated October 18, 1996 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose 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 general purpose financial statements of Metro. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose 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, Partner

October 18, 1996

General Purpose
Financial Statements

"Liftable" combined
Financial Statements

METRO

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

June 30, 1996

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>	
	<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	\$ 1,977,691	15,703,538	12,717,942	126,571,239	24,003,382	11,383,569
Cash and investments- pension trust	-	-	-	-	-	-
Receivables:						
Property taxes	-	373,398	725,458	-	-	-
User and landfill fees (net of allowance for uncollectibles)	-	-	-	-	6,677,831	-
Trade	-	775,138	-	-	-	40,482
Other	118,366	224,634	-	31,053	907,997	465
Interest	25,438	211,890	242,338	1,766,731	489,207	233,100
Federal grants	-	2,239,450	-	-	-	-
State and local grants/contracts	-	700,262	-	-	-	-
Inventory of materials and supplies	-	279,343	-	-	-	-
Other assets	1,875	84,922	-	-	-	15,717
Restricted assets:						
Cash and investments	-	18,470	-	-	11,545,811	1,830,326
Loans receivable	-	-	-	-	5,000,000	-
Fixed assets, net	-	-	-	-	30,225,157	20,165,802
Other debits:						
Amount available for debt service	-	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-
Total assets and other debits	\$ <u>2,123,370</u>	<u>20,611,045</u>	<u>13,685,738</u>	<u>128,369,023</u>	<u>78,849,385</u>	<u>33,669,461</u>

Fiduciary Fund Type	Account Groups		Total (memorandum only)	Component Unit - MERC		Total (memorandum only)
	General Fixed Assets	General Long-term Debt		Governmental Fund Type Special Revenue	Proprietary Fund Type Convention Center Enterprise	
<u>Trust</u>			<u>Primary Government</u>			<u>Reporting Entity</u>
5,851,012	-	-	198,208,373	2,669,805	14,235,719	215,113,897
12,373,300	-	-	12,373,300	-	-	12,373,300
-	-	-	1,098,856	-	-	1,098,856
-	-	-	6,677,831	-	-	6,677,831
-	-	-	815,620	635,074	773,048	2,223,742
771,350	-	-	2,053,865	46,556	-	2,100,421
80,480	-	-	3,049,184	33,443	214,613	3,297,240
-	-	-	2,239,450	-	-	2,239,450
-	-	-	700,262	-	-	700,262
-	-	-	279,343	96,759	59,891	435,993
73,983	-	-	176,497	8,384	58,122	243,003
-	-	-	13,394,607	4,919,088	795,557	19,109,252
-	-	-	5,000,000	-	-	5,000,000
-	59,229,460	-	109,620,419	-	89,391,744	199,012,163
-	-	13,089,203	13,089,203	-	-	13,089,203
-	-	188,476,387	188,476,387	489,682	-	188,966,069
<u>19,150,125</u>	<u>59,229,460</u>	<u>201,565,590</u>	<u>557,253,197</u>	<u>8,898,791</u>	<u>105,528,694</u>	<u>671,680,682</u>

(Continued)

METRO

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

June 30, 1996

	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>
Liabilities, Fund Equity and Other Credits:						
Liabilities:						
Accounts payable	\$ 132,040	3,627,401	-	967,360	4,843,246	187,631
Salaries, withholdings and payroll taxes payable	69,145	813,860	-	31,886	479,214	450,147
Accrued self-insurance claims	-	-	-	-	-	927,332
Contracts payable	-	76,090	-	20,747	-	-
Accrued interest payable	-	-	-	-	545,284	534,341
Deferred revenue	33,275	312,476	596,535	-	-	-
Unearned grant/contract revenue	-	1,467,832	-	-	-	-
Deposits payable	-	292,099	-	-	-	-
Other liabilities	-	3,574	-	-	575	15,713
Payable from restricted assets:						
Contracts payable	-	-	-	-	2,977,678	-
Arbitrage payable	-	-	-	-	15,457	-
Post-closure costs payable	-	-	-	-	9,066,909	-
Bonds payable (net of unamortized discount and deferred amount on refunding)	-	-	-	-	29,526,343	22,836,951
Loans payable	-	-	-	-	-	251,002
Obligations under capital leases	-	-	-	-	-	94,036
Liability for compensated absences	-	-	-	-	-	-
Total liabilities	234,460	6,593,332	596,535	1,019,993	47,454,706	25,297,153
Fund equity and other credits:						
Contributed capital, net	-	-	-	-	958,265	157,283
Retained earnings:						
Reserved for debt service	-	-	-	-	1,396,556	-
Reserved for renewal and replacement	-	-	-	-	3,616,927	-
Unreserved	-	-	-	-	25,422,931	8,215,025
Fund balances:						
Reserved for debt service	-	-	13,089,203	-	-	-
Reserved for pension benefits	-	-	-	-	-	-
Unreserved	1,888,910	14,017,713	-	127,349,030	-	-
Other credits-						
Investment in general fixed assets	-	-	-	-	-	-
Total fund equity and other credits	1,888,910	14,017,713	13,089,203	127,349,030	31,394,679	8,372,308
Commitments and contingencies						
Total liabilities, fund equity and other credits	\$ 2,123,370	20,611,045	13,685,738	128,369,023	78,849,385	33,669,461

See accompanying notes to combined financial statements.

Fiduciary Fund Type	Account Groups		Total (memorandum only)	Component Unit - MERC		Total (memorandum only)
	General	General		Governmental	Proprietary	
	Fixed	Long-term	Primary	Fund Type	Fund Type	Reporting
<u>Trust</u>	<u>Assets</u>	<u>Debt</u>	<u>Government</u>	<u>Special</u>	<u>Convention Center</u>	<u>Entity</u>
				<u>Revenue</u>	<u>Enterprise</u>	
86,434	-	-	9,844,112	342,678	527,895	10,714,685
3,006	-	-	1,847,258	235,336	313,387	2,395,981
-	-	-	927,332	-	-	927,332
-	-	-	96,837	-	-	96,837
-	-	-	1,079,625	-	-	1,079,625
200,000	-	-	1,142,286	-	-	1,142,286
-	-	-	1,467,832	-	-	1,467,832
-	-	-	292,099	3,920,162	415,821	4,628,082
-	-	-	19,862	23,849	95,859	139,570
-	-	-	2,977,678	-	-	2,977,678
-	-	-	15,457	-	126,884	142,341
-	-	-	9,066,909	-	-	9,066,909
-	-	197,754,923	250,118,217	-	-	250,118,217
-	-	2,739,006	2,990,008	391,755	-	3,381,763
-	-	410,964	505,000	-	-	505,000
-	-	660,697	660,697	97,927	-	758,624
<u>289,440</u>	<u>-</u>	<u>201,565,590</u>	<u>283,051,209</u>	<u>5,011,707</u>	<u>1,479,846</u>	<u>289,542,762</u>
-	-	-	1,115,548	-	80,492,810	81,608,358
-	-	-	1,396,556	-	-	1,396,556
-	-	-	3,616,927	-	2,680,662	6,297,589
-	-	-	33,637,956	-	20,875,376	54,513,332
-	-	-	13,089,203	-	-	13,089,203
13,007,411	-	-	13,007,411	-	-	13,007,411
5,853,274	-	-	149,108,927	3,887,084	-	152,996,011
-	<u>59,229,460</u>	-	<u>59,229,460</u>	-	-	<u>59,229,460</u>
18,860,685	59,229,460	-	274,201,988	3,887,084	104,048,848	382,137,920
<u>19,150,125</u>	<u>59,229,460</u>	<u>201,565,590</u>	<u>557,253,197</u>	<u>8,898,791</u>	<u>105,528,694</u>	<u>671,680,682</u>

METRO

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

For the year ended June 30, 1996

	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	\$ -	6,742,073	17,924,296	-	-	24,666,369	-	24,666,369
Excise taxes	6,996,251	-	-	-	-	6,996,251	-	6,996,251
Grants and contracts:								
Federal	-	5,259,051	-	-	10,477	5,269,528	-	5,269,528
State and local	-	1,649,472	-	850,000	-	2,499,472	-	2,499,472
Local government shared revenues	-	370,843	-	-	-	370,843	600,000	970,843
Contract and professional services	-	1,243,077	-	-	-	1,243,077	-	1,243,077
Charges for services	-	11,149,521	-	-	11,429	11,160,950	4,890,258	16,051,208
Rehabilitation, enhancement and end use fees	-	-	-	-	429,861	429,861	-	429,861
Interest	71,396	684,432	473,134	5,454,202	338,285	7,021,449	260,219	7,281,668
Contributions and donations	-	767,725	-	18,463	-	786,188	150,000	936,188
Reimbursed labor	-	-	-	-	-	-	2,463,197	2,463,197
Parking fees	-	908,975	-	-	-	908,975	-	908,975
Miscellaneous	6,116	179,047	-	33	5,237	190,433	294,374	484,807
Total revenues	7,073,763	28,954,216	18,397,430	6,322,698	795,289	61,543,396	8,658,048	70,201,444
Expenditures:								
Current:								
General government operations	1,962,173	-	-	-	-	1,962,173	-	1,962,173
Zoo operations and development	-	13,038,699	-	-	-	13,038,699	-	13,038,699
Spectator facilities operations	-	-	-	-	-	-	8,585,781	8,585,781
Regional planning and development	-	11,100,770	-	-	-	11,100,770	-	11,100,770
Recreation and development	-	5,189,607	-	4,284,465	4,000	9,478,072	-	9,478,072
Rehabilitation and enhancement	-	-	-	-	607,671	607,671	-	607,671
Capital outlay	19,336	2,921,851	-	11,195,963	-	14,137,150	-	14,137,150
Debt service	-	2,196,861	8,713,588	-	-	10,910,449	-	10,910,449
Total expenditures	1,981,509	34,447,788	8,713,588	15,480,428	611,671	61,234,984	8,585,781	69,820,765
Revenues over (under) expenditures	5,092,254	(5,493,572)	9,683,842	(9,157,730)	183,618	308,412	72,267	380,679
Other financing sources (uses):								
Loan proceeds	-	2,782,182	-	-	-	2,782,182	450,000	3,232,182
Bond proceeds	-	2,500,000	276,480	135,537,021	-	138,313,501	-	138,313,501
Capital lease proceeds	-	321,000	-	-	-	321,000	-	321,000
Operating transfers in	-	4,241,423	-	-	-	4,241,423	250,000	4,491,423
Operating transfers out	(4,544,751)	-	-	-	-	(4,544,751)	-	(4,544,751)
Revenues and other sources over expenditures and other uses	547,503	4,351,033	9,960,322	126,379,291	183,618	141,421,767	772,267	142,194,034
Fund balances - July 1, 1995	1,341,407	9,666,680	3,128,881	969,739	5,669,656	20,776,363	3,114,817	23,891,180
Fund balances - June 30, 1996	\$ 1,888,910	14,017,713	13,089,203	127,349,030	5,853,274	162,198,130	3,887,084	166,085,214

See accompanying notes to combined financial statements.

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 Unit

For the year ended June 30, 1996

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Revenues:						
Property taxes	\$ -	-	-	6,621,781	6,742,073	120,292
Excise taxes	6,417,895	6,996,251	578,356	-	-	-
Grants and contracts:						
Federal	-	-	-	12,147,764	5,259,051	(6,888,713)
State and local	-	-	-	7,129,301	1,649,472	(5,479,829)
Local government shared revenues	-	-	-	389,394	370,843	(18,551)
Contract and professional services	-	-	-	2,251,962	1,243,077	(1,008,885)
Charges for services	-	-	-	9,751,113	10,776,013	1,024,900
Interest	50,000	71,396	21,396	382,182	684,432	302,250
Contributions and donations	-	-	-	637,500	767,725	130,225
Reimbursed labor	-	-	-	-	-	-
Parking fees	-	-	-	682,802	908,975	226,173
Miscellaneous	-	6,116	6,116	128,918	179,047	50,129
Total revenues	6,467,895	7,073,763	605,868	40,122,717	28,580,708	(11,542,009)
Expenditures:						
Current:						
General government operations	1,396,242	1,251,228	145,014	-	-	-
Zoo operations and development	-	-	-	14,523,907	13,835,292	688,615
Spectator facilities operations	-	-	-	-	-	-
Regional planning and development	-	-	-	20,473,921	9,247,070	11,226,851
Recreation and development	-	-	-	5,680,052	4,557,650	1,122,402
Contingency	447,885	-	447,885	1,760,731	-	1,760,731
Capital outlay	19,500	19,336	164	6,477,875	2,600,851	3,877,024
Debt service	-	-	-	-	-	-
Total expenditures	1,863,627	1,270,564	593,063	48,916,486	30,240,863	18,675,623
Revenues over (under) expenditures	4,604,268	5,803,199	1,198,931	(8,793,769)	(1,660,155)	7,133,614
Other financing sources (uses):						
Loan proceeds	-	-	-	5,696,500	2,782,182	(2,914,318)
Bond proceeds	-	-	-	2,500,000	2,500,000	-
Operating transfers in	-	-	-	4,750,467	4,614,931	(135,536)
Operating transfers out	(5,315,768)	(5,255,696)	60,072	(4,639,591)	(3,885,925)	753,666
Revenues and other sources over (under) expenditures and other uses	(711,500)	547,503	1,259,003	(486,393)	4,351,033	4,837,426
Fund balances - July 1, 1995	911,500	1,341,407	429,907	7,606,970	9,666,680	2,059,710
Fund balances - June 30, 1996	\$ 200,000	1,888,910	1,688,910	7,120,577	14,017,713	6,897,136

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)
17,393,004	17,924,296	531,292	-	-	-	-	-	-	24,014,785	24,666,369	651,584
-	-	-	-	-	-	-	-	-	6,417,895	6,996,251	578,356
-	-	-	-	-	-	-	10,477	10,477	12,147,764	5,269,528	(6,878,236)
-	-	-	-	850,000	850,000	50,000	-	(50,000)	7,179,301	2,499,472	(4,679,829)
-	-	-	-	-	-	-	-	-	389,394	370,843	(18,551)
-	-	-	-	-	-	-	-	-	2,251,962	1,243,077	(1,008,885)
369,800	473,134	103,334	5,570,000	5,454,202	(115,798)	15,000	11,429	(3,571)	9,766,113	10,787,442	1,021,329
-	-	-	-	18,463	18,463	245,718	338,285	92,567	6,617,700	7,021,449	403,749
-	-	-	-	-	-	-	-	-	637,500	786,188	148,688
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	682,802	908,975	226,173
-	-	-	200,000	33	(199,967)	-	5,237	5,237	328,918	190,433	(138,485)
17,762,804	18,397,430	634,626	5,770,000	6,322,698	552,698	310,718	365,428	54,710	70,434,134	60,740,027	(9,694,107)
-	-	-	-	-	-	-	-	-	1,396,242	1,251,228	145,014
-	-	-	-	-	-	-	-	-	14,523,907	13,835,292	688,615
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,068,323	564,595	503,728	21,542,244	9,811,665	11,730,579
-	-	-	15,164,554	5,447,981	9,716,573	-	-	-	20,844,606	10,005,631	10,838,975
-	-	-	40,100,000	-	40,100,000	350,000	-	350,000	42,658,616	-	42,658,616
-	-	-	17,203,612	9,670,319	7,533,293	325,000	-	325,000	24,025,987	12,290,506	11,735,481
9,967,678	8,713,588	1,254,090	-	-	-	-	-	-	9,967,678	8,713,588	1,254,090
9,967,678	8,713,588	1,254,090	72,468,166	15,118,300	57,349,866	1,743,323	564,595	1,178,728	134,959,280	55,907,910	79,051,370
7,795,126	9,683,842	1,888,716	(66,698,166)	(8,795,602)	57,902,564	(1,432,605)	(199,167)	1,233,438	(64,525,146)	4,832,117	69,357,263
-	-	-	-	-	-	-	-	-	5,696,500	2,782,182	(2,914,318)
-	276,480	276,480	135,600,000	135,537,021	(62,979)	-	-	-	138,100,000	138,313,501	213,501
-	-	-	700,000	-	(700,000)	488,534	429,861	(58,673)	5,939,001	5,044,792	(894,209)
-	-	-	(499,154)	(362,128)	137,026	(97,604)	(47,076)	50,528	(10,552,117)	(9,550,825)	1,001,292
7,795,126	9,960,322	2,165,196	69,102,680	126,379,291	57,276,611	(1,041,675)	183,618	1,225,293	74,658,238	141,421,767	66,763,529
2,893,840	3,128,881	235,041	838,975	969,739	130,764	5,355,151	5,669,656	314,505	17,606,436	20,776,363	3,169,927
10,688,966	13,089,203	2,400,237	69,941,655	127,349,030	57,407,375	4,313,476	5,853,274	1,539,798	92,264,674	162,198,130	69,933,456

(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 Unit, Cont.

For the year ended June 30, 1996

	Component Unit - MERC			Total (memorandum only) -		
	Special Revenue Funds			Reporting Entity		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Revenues:						
Property taxes	\$ -	-	-	24,014,785	24,666,369	651,584
Excise taxes	-	-	-	6,417,895	6,996,251	578,356
Grants and contracts:						
Federal	-	-	-	12,147,764	5,269,528	(6,878,236)
State and local	-	-	-	7,179,301	2,499,472	(4,679,829)
Local government shared revenues	600,000	600,000	-	989,394	970,843	(18,551)
Contract and professional services	-	-	-	2,251,962	1,243,077	(1,008,885)
Charges for services	4,370,953	4,890,258	519,305	14,137,066	15,677,700	1,540,634
Interest	159,500	260,219	100,719	6,777,200	7,281,668	504,468
Contributions and donations	122,500	150,000	27,500	760,000	936,188	176,188
Reimbursed labor	2,418,743	2,463,197	44,454	2,418,743	2,463,197	44,454
Parking fees	-	-	-	682,802	908,975	226,173
Miscellaneous	530,795	294,374	(236,421)	859,713	484,807	(374,906)
Total revenues	8,202,491	8,658,048	455,557	78,636,625	69,398,075	(9,238,550)
Expenditures:						
Current:						
General government operations	-	-	-	1,396,242	1,251,228	145,014
Zoo operations and development	-	-	-	14,523,907	13,835,292	688,615
Spectator facilities operations	8,302,101	7,793,512	508,589	8,302,101	7,793,512	508,589
Regional planning and development	-	-	-	21,542,244	9,811,665	11,730,579
Recreation and development	-	-	-	20,844,606	10,005,631	10,838,975
Contingency	123,070	-	123,070	42,781,686	-	42,781,686
Capital outlay	538,901	676,213	(137,312)	24,564,888	12,966,719	11,598,169
Debt service	-	-	-	9,967,678	8,713,588	1,254,090
Total expenditures	8,964,072	8,469,725	494,347	143,923,352	64,377,635	79,545,717
Revenues over (under) expenditures	(761,581)	188,323	949,904	(65,286,727)	5,020,440	70,307,167
Other financing sources (uses):						
Loan proceeds	-	450,000	450,000	5,696,500	3,232,182	(2,464,318)
Bond proceeds	-	-	-	138,100,000	138,313,501	213,501
Operating transfers in	898,428	794,140	(104,288)	6,837,429	5,838,932	(998,497)
Operating transfers out	(710,464)	(660,196)	50,268	(11,262,581)	(10,211,021)	1,051,560
Revenues and other sources over (under) expenditures and other uses	(573,617)	772,267	1,345,884	74,084,621	142,194,034	68,109,413
Fund balances - July 1, 1995	2,365,630	3,114,817	749,187	19,972,066	23,891,180	3,919,114
Fund balances - June 30, 1996	\$ 1,792,013	3,887,084	2,095,071	94,056,687	166,085,214	72,028,527

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 Unit

For the year ended June 30, 1996

	<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>
Operating revenues:						
Builders license fees	\$ -	258,595	-	258,595	-	258,595
Federal grants	11,618	-	-	11,618	-	11,618
State and local grants	4,000	3,232	-	7,232	-	7,232
Local government shared revenue	-	-	-	-	4,314,827	4,314,827
Contract and professional services	9,737	97,050	-	106,787	-	106,787
Charges for services	60,546,444	9,454,741	-	70,001,185	7,737,773	77,738,958
Reimbursed labor	-	-	-	-	263,836	263,836
Parking fees	-	279,302	-	279,302	631,784	911,086
Miscellaneous	130,792	101,591	-	232,383	133,179	365,562
Change in investment value	-	-	1,705,582	1,705,582	-	1,705,582
Pension contributions	-	-	926,214	926,214	-	926,214
Total operating revenues	<u>60,702,591</u>	<u>10,194,511</u>	<u>2,631,796</u>	<u>73,528,898</u>	<u>13,081,399</u>	<u>86,610,297</u>
Operating expenses:						
Payroll and fringe benefits	5,547,026	4,965,577	-	10,512,603	3,617,741	14,130,344
St. Johns Landfill operating expenses	22,169	-	-	22,169	-	22,169
Metro South Station operating expenses	2,983,906	-	-	2,983,906	-	2,983,906
Metro Central Station operating expenses	4,047,499	-	-	4,047,499	-	4,047,499
Waste transport costs	9,891,679	-	-	9,891,679	-	9,891,679
End use fees	10,326	-	-	10,326	-	10,326
Disposal fees	22,163,138	-	-	22,163,138	-	22,163,138
Marketing expense	-	-	-	-	1,687,876	1,687,876
Convention Center operating expenses	-	-	-	-	936,938	936,938
Concessions expense	-	-	-	-	3,163,117	3,163,117
Depreciation and amortization	990,827	790,158	-	1,780,985	2,863,716	4,644,701
Rent and payments in lieu of rent	295,604	649,136	-	944,740	-	944,740
Administrative expenses paid to Support Services Fund	2,241,875	-	-	2,241,875	636,950	2,878,825
Administrative expenses paid to MERC Administration Fund	-	-	-	-	304,718	304,718
Payments to Planning Fund for services	309,488	-	-	309,488	-	309,488
Insurance expense	74,454	240,901	-	315,355	114,179	429,534
Claims expense	-	565,864	-	565,864	-	565,864
Purchased professional and technical services	-	150,633	-	150,633	-	150,633
Payment of rehabilitation fees	419,535	-	-	419,535	-	419,535
Consulting services	2,107,911	-	-	2,107,911	-	2,107,911
Waste reduction grants	640,924	-	-	640,924	-	640,924
Payments to other governments	694,218	170,574	-	864,792	-	864,792
Other materials and services	456,053	1,257,047	-	1,713,100	588,703	2,301,803
Pension benefits	-	-	418,298	418,298	-	418,298
Total operating expenses	<u>52,896,632</u>	<u>8,789,890</u>	<u>418,298</u>	<u>62,104,820</u>	<u>13,913,938</u>	<u>76,018,758</u>

(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 Unit, Continued

For the year ended June 30, 1996

	<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>
Operating income (loss)	\$ <u>7,805,959</u>	<u>1,404,621</u>	<u>2,213,498</u>	<u>11,424,078</u>	<u>(832,539)</u>	<u>10,591,539</u>
Non-operating revenues (expenses):						
Interest on investments	<u>1,852,723</u>	<u>783,254</u>	<u>-</u>	<u>2,635,977</u>	<u>850,170</u>	<u>3,486,147</u>
Interest expense	<u>(1,929,621)</u>	<u>(1,409,889)</u>	<u>-</u>	<u>(3,339,510)</u>	<u>-</u>	<u>(3,339,510)</u>
Total non-operating revenues (expenses)	<u>(76,898)</u>	<u>(626,635)</u>	<u>-</u>	<u>(703,533)</u>	<u>850,170</u>	<u>146,637</u>
Income before operating transfers	<u>7,729,061</u>	<u>777,986</u>	<u>2,213,498</u>	<u>10,720,545</u>	<u>17,631</u>	<u>10,738,176</u>
Operating transfers in	<u>-</u>	<u>53,328</u>	<u>-</u>	<u>53,328</u>	<u>-</u>	<u>53,328</u>
Net income	<u>7,729,061</u>	<u>831,314</u>	<u>2,213,498</u>	<u>10,773,873</u>	<u>17,631</u>	<u>10,791,504</u>
Depreciation on fixed assets that reduces contributed capital	<u>31,623</u>	<u>173,389</u>	<u>-</u>	<u>205,012</u>	<u>2,490,319</u>	<u>2,695,331</u>
Increase in retained earnings/fund balances	<u>7,760,684</u>	<u>1,004,703</u>	<u>2,213,498</u>	<u>10,978,885</u>	<u>2,507,950</u>	<u>13,486,835</u>
Retained earnings/fund balances - July 1, 1995	<u>22,675,730</u>	<u>7,210,322</u>	<u>10,793,913</u>	<u>40,679,965</u>	<u>21,048,088</u>	<u>61,728,053</u>
Retained earnings/fund balances - June 30, 1996	\$ <u>30,436,414</u>	<u>8,215,025</u>	<u>13,007,411</u>	<u>51,658,850</u>	<u>23,556,038</u>	<u>75,214,888</u>

See accompanying notes to combined financial statements.

METRO

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

For the year ended June 30, 1996

	<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>		
Cash flows from operating activities:						
Cash receipts from customers	\$ 59,847,035	348,654	-	60,195,689	8,293,293	68,488,982
Cash receipts from other governments	25,355	-	-	25,355	4,314,827	4,340,182
Cash receipts from quasi-external transactions	-	9,462,572	-	9,462,572	-	9,462,572
Other operating cash receipts	265,836	389,255	-	655,091	133,179	788,270
Cash payments to suppliers for goods and services	(45,287,910)	(1,713,366)	-	(47,001,276)	(6,110,721)	(53,111,997)
Cash payments for claims	-	(283,290)	-	(283,290)	-	(283,290)
Cash payments to other governments	(1,335,142)	(170,574)	-	(1,505,716)	-	(1,505,716)
Cash payments to employees for services	(5,525,254)	(4,964,426)	-	(10,489,680)	(3,557,970)	(14,047,650)
Cash payments for quasi-external transactions	(3,340,957)	(695,705)	-	(4,036,662)	(1,053,327)	(5,089,989)
Cash inflows from pension contributions	-	-	925,614	925,614	-	925,614
Loan payments received	-	-	262,790	262,790	-	262,790
Cash payments for distributions to participants	-	-	(418,298)	(418,298)	-	(418,298)
Cash outflows for forfeitures	-	-	(1,522)	(1,522)	-	(1,522)
Loans distributed to participants	-	-	(242,945)	(242,945)	-	(242,945)
Net cash provided by operating activities	<u>4,648,963</u>	<u>2,373,120</u>	<u>525,639</u>	<u>7,547,722</u>	<u>2,019,281</u>	<u>9,567,003</u>
Cash flows from noncapital financing activities-						
Transfer from General Fund	<u>-</u>	<u>53,328</u>	<u>-</u>	<u>53,328</u>	<u>-</u>	<u>53,328</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>53,328</u>	<u>-</u>	<u>53,328</u>	<u>-</u>	<u>53,328</u>
Cash flows from capital and related financing activities:						
Principal payment on revenue bonds	(1,535,000)	(245,000)	-	(1,780,000)	-	(1,780,000)
Interest payment on revenue bonds	(1,139,523)	(1,302,461)	-	(2,441,984)	-	(2,441,984)
Acquisition/construction of capital assets	(304,225)	(101,148)	-	(405,373)	(1,232,117)	(1,637,490)
Loan payments	-	(14,059)	-	(14,059)	-	(14,059)
Cash payments on capital lease principal	<u>-</u>	<u>(17,920)</u>	<u>-</u>	<u>(17,920)</u>	<u>-</u>	<u>(17,920)</u>
Net cash used for capital and related financing activities	\$ <u>(2,978,748)</u>	<u>(1,680,588)</u>	<u>-</u>	<u>(4,659,336)</u>	<u>(1,232,117)</u>	<u>(5,891,453)</u>

(Continued)

METRO

Combined Statement of Cash Flows -

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

For the year ended June 30, 1996

	<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>		
Cash flows from investing activities-						
Interest	\$ <u>1,858,550</u>	<u>748,928</u>	<u>1,705,629</u>	<u>4,313,107</u>	<u>869,853</u>	<u>5,182,960</u>
Net cash provided by investing activities	<u>1,858,550</u>	<u>748,928</u>	<u>1,705,629</u>	<u>4,313,107</u>	<u>869,853</u>	<u>5,182,960</u>
Net increase in cash and cash equivalents including restricted amounts	3,528,765	1,494,788	2,231,268	7,254,821	1,657,017	8,911,838
Cash and cash equivalents at beginning of year including restricted amounts	<u>32,020,428</u>	<u>11,719,107</u>	<u>10,142,032</u>	<u>53,881,567</u>	<u>13,374,259</u>	<u>67,255,826</u>
Cash and cash equivalents at end of year including restricted amounts	\$ <u><u>35,549,193</u></u>	<u><u>13,213,895</u></u>	<u><u>12,373,300</u></u>	<u><u>61,136,388</u></u>	<u><u>15,031,276</u></u>	<u><u>76,167,664</u></u>

(Continued)

METRO

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

For the year ended June 30, 1996

	<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>		
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 7,805,959	1,404,621	2,213,498	11,424,078	(832,539)	10,591,539
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	990,827	790,158	-	1,780,985	2,863,716	4,644,701
Change in investment value	-	-	(1,705,629)	(1,705,629)	-	(1,705,629)
Change in assets and liabilities:						
Trade/other accounts receivable	(564,365)	(3,449)	19,292	(548,522)	(376,642)	(925,164)
Due from other funds	-	9,508	-	9,508	2,520	12,028
Other assets	739	(13,378)	(1,522)	(14,161)	(31,786)	(45,947)
Accounts payable	(235,928)	(94,872)	-	(330,800)	253,596	(77,204)
Salaries, withholdings and payroll taxes payable	21,771	1,511	-	23,282	59,772	83,054
Accrued self-insurance claims	-	282,574	-	282,574	-	282,574
Contracts payable	126,138	-	-	126,138	-	126,138
Due to other funds	-	(2,520)	-	(2,520)	-	(2,520)
Deposits payable	-	-	-	-	36,541	36,541
Post-closure payable	(3,495,203)	-	-	(3,495,203)	-	(3,495,203)
Other liabilities	(975)	(1,033)	-	(2,008)	44,103	42,095
Total adjustments	(3,156,996)	968,499	(1,687,859)	(3,876,356)	2,851,820	(1,024,536)
Net cash provided by operating activities	\$ 4,648,963	2,373,120	525,639	7,547,722	2,019,281	9,567,003

Non-cash investing, capital, and financing activities:

Capital lease obligations of \$75,000 were incurred when the Support Services Fund entered into a lease for new computer, printer, and copier equipment.

See accompanying notes to combined financial statements.

METRO

Notes to Combined Financial Statements

June 30, 1996

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. 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 office of Metro Auditor is 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 described 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 comprehensive annual financial report. 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.

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 and Office of the Executive Officer 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, a share of the excise tax transferred from the General Fund, and charges for services to user funds and public and private groups.

Regional Parks and Expo Fund - This fund accounts for funding and operation of Metro's greenspaces program and recreation activities, 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 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. This fund consists of two budgetary funds (Zoo Operating Fund and General Revenue Bond Fund - Zoo) that are combined as one Special Revenue Fund to be in accordance with generally accepted accounting principles.

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 *General Obligation Bond 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 Funds - These funds are used to account for resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Metro's Capital Projects Funds are:

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

METRO

Notes to Combined Financial Statements, Continued

Open Spaces Fund - This fund accounts for the receipt and expenditure of bond proceeds to acquire and protect regional open spaces, parks, trails, and streams. Principal resources are bond proceeds 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:

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 (Oregon Convention Center Operating Fund, Convention Center Project Capital Fund, and Oregon Convention Center Renewal and Replacement Fund) 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:

METRO

Notes to Combined Financial Statements, Continued

Building Management Fund - This fund accounts for revenues and expenses related to the management of Metro's headquarters facility and 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 (Building Management Fund and General Revenue Bond Fund - Building Management) 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 Administrative Services, Office of General Counsel, Outreach and Government Liaison, Office of Citizen Involvement, and Office of the Auditor. 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 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 Regional Parks and Greenspaces Department. A Natural Resources Plan for Smith and

METRO

Notes to Combined Financial Statements, Continued

Bybee Lakes was adopted by the City of Portland and Metro in prior years. Primary resources are federal grants and interest.

Regional Parks Trust Fund - This fund accounts for four activities dedicated to: construction of a nature center, construction of a concert stage, funding the care and maintenance of a family plot and the purchase of flowers for the pioneer cemeteries. The primary resources are charges for services and 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 employee contributions to a defined contribution plan and earnings on such plan participant balances. Resources are contributions, based upon a percentage of participants' wages, and interest and other earnings on investments.

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 loans and 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:

METRO

Notes to Combined Financial Statements, Continued

- 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.

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 these funds:

General Fund
Regional Parks and Expo Fund
Solid Waste Revenue Fund
Support Services 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
Zoo Operating Fund
Spectator Facilities Operating Fund
Coliseum Operating Fund

METRO

Notes to Combined Financial Statements, Continued

MERC Administration Fund
General Obligation Bond Debt Service Fund
Zoo Capital Fund
Open Spaces 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
Rehabilitation and Enhancement Fund
Smith and Bybee Lakes Trust Fund
Regional Parks Trust Fund

The General Revenue Bond Fund is a budgetary fund comprised of two components that are separated and combined with other budgetary funds for reporting under generally accepted accounting principles.

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

Unexpected additional resources and budget revisions may be added to the budget through the use of a supplemental budget or by an ordinance passed by the Council amending the budget. A supplemental budget requires hearings before the public, publication in newspapers and approval by the Council. Original, amended and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. 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 13 budget amendments during the year ended June 30, 1996. The amount of such amendments was not significant, except for changes in the Regional Parks and Expo Fund made to reflect the three-year workplan which was approved after the budget was adopted. Two supplemental budgets were adopted. The Spectator Facilities Fund adopted a supplemental budget of \$885,000 to reflect increased sales to ticketed events and the related

METRO

Notes to Combined Financial Statements, Continued

expenditures. The other supplemental budget of \$2,500,000 reflects the issuance of a private revenue bond to finance construction at the Expo Center.

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 amortized 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.

G. Inventory of Materials and Supplies

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

METRO

Notes to Combined Financial Statements, Continued

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

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.

METRO

Notes to Combined Financial Statements, Continued

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 Assets 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 capital leases 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 Unit.

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 1996 allocated indirect costs to grants at a rate of 34% of the related direct personnel costs.

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

METRO

Notes to Combined Financial Statements, Continued

to fund renewal and replacement costs in accordance with the revenue bond ordinance authorizing the Metro Central Station Project, Waste Disposal System Revenue Bonds. A portion of retained earnings of the Convention Center Enterprise Fund has been segregated from unreserved retained earnings for amounts required to be set aside to fund renewal and replacement as provided for in the Oregon Convention Center Renewal and Replacement Fund.

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 deficit of \$1,336,401 as of June 30, 1996. Metro plans to cover the deficit through normal operations in future years.

NOTE 4 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 1996, expenditures exceeded appropriations in the following areas:

<u>Fund</u>	<u>Department</u>	<u>Expenditure Category</u>	<u>Amount</u>
General	Council	materials and services	\$ 1,432
Support Services	Office of the Auditor	personal services	3,588
Spectator Facilities	-	capital outlay	139,932

The overexpenditures were funded by available fund balance.

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

METRO

Notes to Combined Financial Statements, Continued

involve capital lease proceeds and expenditures, the reclassification of interfund transfers as quasi-external transactions, and the reclassification of bond anticipation note debt service expenditures recorded as materials and services on a budgetary basis. 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:

	Solid Waste Enterprise Fund	Internal Service Funds	Component unit- <u>MERC</u> Convention Center Enterprise Fund
Excess of revenues and other sources over expenditures and other uses on a budgetary basis	\$ 4,343,453	1,340,727	1,646,527
Budget requirements not qualifying as expenses under GAAP:			
Payment of post-closure liability	3,495,203	-	-
Fixed assets additions	304,225	101,148	1,232,117
Principal payments on leases	-	17,920	-
Loan payments	-	14,059	-
Principal and interest payments on bonds	1,582,680	782,608	-
Additional revenues/(expenses) required by GAAP:			
Depreciation and amortization	(990,827)	(790,158)	(2,863,716)
Amortization of bond accretion, discount and costs	(843,110)	(110,695)	-
Vacation benefits	(16,074)	10,046	2,703
Accrued interest on bonds	-	(534,341)	-
Budget resources not qualifying as revenues under GAAP:			
Sale of assets	<u>(146,489)</u>	<u>-</u>	<u>-</u>
Net income presented in combined statement of revenues, expenses and changes in retained earnings/fund balances - Proprietary Fund types	<u>\$ 7,729,061</u>	<u>831,314</u>	<u>17,631</u>

NOTE 6 - CASH AND INVESTMENTS

A. Deposits

At June 30, 1996, 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 \$3,519,708 and \$304,738, respectively. The corresponding bank balances associated with the carrying amounts disclosed above total \$4,051,289 and \$375,828, respectively. The entire amount of the bank balances is covered by

METRO

Notes to Combined Financial Statements, Continued

federal depository insurance or is collateralized with securities held by financial institutions acting as agents for Metro in Metro's name. Cash on hand totals \$45,350 for the primary government and \$21,100 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, 1996.

	Category			Carrying amount	Market value
	1	2	3		
Primary Government:					
Commercial paper	\$ -	1,301,967	-	1,301,967	1,301,190
U.S. Govt. securities - treasury	125,937,386	22,160,884		148,098,270	148,060,828
U.S. Govt. securities - agencies	<u>24,977,240</u>	<u>23,740,820</u>	<u>-</u>	<u>48,718,060</u>	<u>48,710,553</u>
Total	<u>\$150,914,626</u>	<u>47,203,671</u>	<u>-</u>	198,118,297	198,072,571
Investments not subject to categorization:					
Pension investments in mutual funds				12,373,300	12,373,300
State Treasurer's investment pool				<u>9,919,625</u>	<u>9,919,625</u>
Total investments- Primary Government				<u>\$220,411,222</u>	<u>220,365,496</u>

METRO

Notes to Combined Financial Statements, Continued

	Category			Carrying amount	Market value
	<u>1</u>	<u>2</u>	<u>3</u>		
Component Unit - MERC:					
U.S. Govt. securities - treasury	\$ 6,041,395	1,536,413	-	7,577,808	7,564,891
U.S. Govt. securities - agencies	4,582,231	2,210,560	-	6,792,791	6,790,734
Repurchase agreements	-	<u>5,438,177</u>	-	<u>5,438,177</u>	<u>5,438,177</u>
Total	<u>\$ 10,623,626</u>	<u>9,185,150</u>	-	19,808,776	19,793,802
Investments not subject to categorization:					
State Treasurer's investment pool				<u>2,485,555</u>	<u>2,485,555</u>
Total investments- Component Unit				<u>\$22,294,331</u>	<u>22,279,357</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	\$210,581,673	16,905,524	227,487,197
Restricted	<u>13,394,607</u>	<u>5,714,645</u>	<u>19,109,252</u>
	<u>\$223,976,280</u>	<u>22,620,169</u>	<u>246,596,449</u>

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>1995</u>	<u>Additions</u>	Disposals and <u>Transfers</u>	Balance June 30, <u>1996</u>
General Fixed Assets Account Group				
Land	\$ 2,938,820	11,034,223	-	13,973,043
Buildings and exhibits	33,858,564	1,883,553	-	35,742,117
Improvements	1,850,525	359,329	-	2,209,854
Equipment	2,739,987	294,803	-	3,034,790
Office furniture	1,962,616	538,604	(20,001)	2,481,219
Railroad equipment/facilities	<u>1,761,799</u>	<u>26,638</u>	<u>-</u>	<u>1,788,437</u>
	<u>\$45,112,311</u>	<u>14,137,150</u>	<u>(20,001)</u>	<u>59,229,460</u>

METRO

Notes to Combined Financial Statements, Continued

	Balance July 1, <u>1995</u>	<u>Additions</u>	Disposals and <u>Transfers</u>	Balance June 30, <u>1996</u>
Proprietary Funds				
Primary Government - Metro				
Land	\$ 4,638,560	-	-	4,638,560
Buildings	47,820,926	168,468	-	47,989,394
Improvements	3,189,168	20,399	-	3,209,567
Equipment	2,004,529	132,894	-	2,137,423
Office furniture	2,400,034	158,612	20,001	2,578,647
Leasehold improvements	<u>9,089,857</u>	<u>-</u>	<u>-</u>	<u>9,089,857</u>
	69,143,074	480,373	20,001	69,643,448
Less accumulated depreciation and amortization	<u>17,469,845</u>	<u>1,780,985</u>	<u>1,659</u>	<u>19,252,489</u>
	<u>\$51,673,229</u>	<u>(1,300,612)</u>	<u>18,342</u>	<u>50,390,959</u>
Component unit - MERC				
Land	\$14,979,562	-	-	14,979,562
Buildings	83,434,424	1,016,130	-	84,450,554
Improvements	569,911	12,380	-	582,291
Equipment	1,112,902	171,467	-	1,284,369
Office furniture	<u>3,716,462</u>	<u>32,140</u>	<u>-</u>	<u>3,748,602</u>
	103,813,261	1,232,117	-	105,045,378
Less accumulated depreciation and amortization	<u>12,789,918</u>	<u>2,863,716</u>	<u>-</u>	<u>15,653,634</u>
	<u>\$91,023,343</u>	<u>(1,631,599)</u>	<u>-</u>	<u>89,391,744</u>

An agreement between the City of Portland and Metro regarding the real property at the Zoo provides that the property must be used for zoo or zoo-related purposes and, if such property ceases to be used for such purposes or is used for other purposes, title reverts to the City of Portland.

METRO

Notes to Combined Financial Statements, Continued

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, to be effective 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 or MERC 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.

NOTE 8 - PENSION PLANS

A. Defined Contribution Plan

Metro offers its employees a 401(k) plan in accordance with Internal Revenue Code provisions. The plan is available to all Metro employees and permits employees to contribute a portion of their salary to the plan to obtain favorable tax treatment for amounts contributed. In past years, Metro contributed amounts to this plan for a certain number of its full-time employees who had elected not to participate in the State of Oregon Public Employees Retirement System (PERS). Currently, all eligible employees are members of PERS and Metro makes no further contributions to the plan. In a defined contribution plan, benefits depend solely on amounts contributed plus investment earnings. Contributions to the plan amounted to \$926,214 during the fiscal year 1996.

Moneys accumulated under the plan have been deposited with a trustee, Northwestern Trust Company, and are invested in mutual funds that are self-directed by participants. The assets are recognized in a Pension Trust Fund with the fund balance reserved for pension benefits.

The plan 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, 1996 is \$518,955.

METRO

Notes to Combined Financial Statements, Continued

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, 1996 was \$23,954,659. Metro's total payroll was \$27,227,632.

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 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 8.61% of covered employees' salaries. Under the provisions of state statutes, all covered employees, except elected officials, are required to contribute 6% of their gross earnings to PERS. In prior years, the required employee contribution was paid by Metro in conformance with its personnel policies. 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, 1995. Significant actuarial assumptions used in the valuation include:

METRO

Notes to Combined Financial Statements, Continued

- A rate of return on the investment of present and future assets of 8.0% per year,
- Projected salary increases of 5.0% 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.

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 valuation as of December 31, 1995 is as follows:

Pension benefit obligation:

Current employees -

Accumulated employee account balances	\$ 11,875,792
Employer-financed vested benefits	6,359,346
Employer-financed non-vested benefits	<u>6,504,377</u>

Total pension benefit obligation	24,739,515
----------------------------------	------------

Net assets available for benefits - at market value	<u>24,603,201</u>
---	-------------------

Unfunded pension benefit obligation	<u>\$ 136,314</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.

METRO

Notes to Combined Financial Statements, Continued

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 an employer contribution rate of 8.09% to be effective July 1, 1997. Metro's current rate is 8.61%.

Total contributions to PERS for the year ended June 30, 1996 were \$3,503,527 (\$2,064,931 employer and \$1,438,596 employee; 8.62% and 6.01% of covered payroll respectively). The contributed amounts were made in accordance with actuarially determined requirements computed through an actuarial valuation performed at December 31, 1995 that provided for employer contributions for normal cost of \$1,355,834 (5.66% of covered payroll) and amortization of the unfunded liability of \$709,097 (2.96% of covered payroll).

Trend Information

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. All contributed amounts were made in accordance with actuarially determined requirements.

Three year historical trend information presenting the progress in accumulating sufficient assets to pay benefits when due, is presented as follows:

	<u>1996</u>	<u>1995</u>	<u>1994</u>
Valuation date	12/31/95	12/31/94	12/31/93
Source	Actuarial	Estimate	Actuarial
Net assets available for benefits	24,603,201	16,685,853	14,239,103
Pension benefit obligation (PBO)	24,739,515	21,383,063	18,053,102
Net assets as a percentage of PBO	99.4%	78.0%	78.9%
Unfunded PBO	136,314	4,697,210	3,813,999
Annual covered payroll	23,954,659	22,119,364	19,802,478
Unfunded PBO as a percentage of covered payroll	.6%	21.2%	19.3%
Employer contribution (including employee portion paid by employer) as a percentage of covered payroll	8.6%	14.3%	17.9%

Additional trend information may be found in the Supplementary Data section of this comprehensive annual financial report.

METRO

Notes to Combined Financial Statements, Continued

NOTE 9 - COMMITMENTS

Columbia Ridge Landfill

Metro has 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 (ending December 31, 2009), whichever is earlier.

The contract requires fixed payments of approximately \$1,800,000 per year, in addition to a per ton unit price of \$25.09. This per ton rate is adjusted annually on April 1 to reflect changes in the Consumer Price Index (CPI). The above rate also includes amendments to the contract for a supplemental price adjustment, road reconstruction and out of region tonnage credit.

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 \$13.07. 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, a solid waste transfer facility, under a contract ending April, 1997. 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 \$4.10 per ton, depending on monthly facility volume. The unit price is adjusted annually on January 1 at 80% of the CPI.

Metro Central Station

Metro Central Station, a solid waste materials recovery and transfer station that emphasizes recovery of waste materials, is operated under a contract ending April, 1997. 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 \$288,981. Higher facility volumes are paid on a sliding scale averaging \$8.61 per ton. The unit price is adjusted annually in accordance with the CPI.

METRO

Notes to Combined Financial Statements, Continued

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 \$37 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 3% annual inflation factor for all of the previously described contracts:

Fiscal year ending June 30:	<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
1997	\$ 1,802,950	17,094,724	829,400	8,731,617	1,367,770	6,029,261
1998	1,802,950	16,134,647	829,400	8,116,510	-	-
1999	1,802,950	16,685,846	829,400	8,366,312	-	-
2000	1,802,950	17,368,600	829,400	8,675,460	-	-
2001	1,802,950	18,067,127	829,400	8,990,634	-	-
Later years	<u>15,325,075</u>	<u>190,174,280</u>	<u>7,049,900</u>	<u>92,959,030</u>	-	-
Total	<u>\$24,339,825</u>	<u>275,525,224</u>	<u>11,196,900</u>	<u>135,839,563</u>	<u>1,367,770</u>	<u>6,029,261</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 are \$8,384 monthly through October 31, 1999.

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 lease will expire September 30, 1997.

METRO

Notes to Combined Financial Statements, Continued

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

Year ending June 30:	<u>Ground Lease</u>	<u>Landfill Lease</u>
1997	\$ 100,608	5,562
1998	100,608	1,854
1999	100,608	-
2000	100,608	-
2001	100,608	-
Thereafter	<u>8,182,784</u>	<u>-</u>
Total	<u>\$8,685,824</u>	<u>7,416</u>

B. Capital Leases

Metro has capital lease agreements for computers, 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 1999. Interest rates range from 4.05% to 5.0%. Amortization charges applicable to capital lease assets in the proprietary fund types are included in depreciation expense.

The future minimum lease payments are:

	<u>Primary Government</u>
Fiscal year ending June 30:	
1997	\$ 339,705
1998	169,483
1999	<u>26,262</u>
Total minimum lease payments	535,450
Less amount representing interest	<u>(30,450)</u>
Net present value of future minimum lease payments	<u>\$ 505,000</u>

NOTE 11 - BONDS PAYABLE

A. Open Spaces Program 1995 Series A, B, and C General Obligation Bonds

Metro issued the following Open Spaces Program General Obligation Bonds: \$74,170,000 of 1995 Series A dated September 1, 1995, \$5,219,923 of 1995 Series B (Capital Appreciation)

METRO

Notes to Combined Financial Statements, Continued

issued October 11, 1995, and \$56,210,000 of 1995 Series C dated October 15, 1995. The Open Spaces Bonds were 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 bonds are to be repaid with proceeds of Metro's ad valorem property tax levied each year. Interest rates range from 3.7% to 7.0%.

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

Fiscal year ending June 30:	1995 Series A		1995 Series B		1995 Series C	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1997	\$ 2,120,000	3,980,166	483,965	16,035	1,495,000	2,957,469
1998	2,230,000	3,871,416	463,955	36,045	1,590,000	2,859,312
1999	2,370,000	3,732,716	444,050	55,950	1,690,000	2,760,913
2000	2,520,000	3,583,616	423,755	76,245	1,790,000	2,656,512
2001	2,655,000	3,447,773	403,200	96,800	1,905,000	2,545,663
2002-16	<u>62,275,000</u>	<u>29,244,062</u>	<u>3,000,998</u>	<u>2,002,002</u>	<u>47,740,000</u>	<u>21,497,516</u>
	<u>\$74,170,000</u>	<u>47,859,749</u>	<u>5,219,923</u>	<u>2,283,077</u>	<u>56,210,000</u>	<u>35,277,385</u>

B. 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, 1996, \$55,140,000 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:

	<u>Principal</u>	<u>Interest</u>
Fiscal year ending June 30:		
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	2,530,000	3,113,958
2002-13	<u>48,445,000</u>	<u>21,335,738</u>
	<u>\$59,655,000</u>	<u>38,181,913</u>

C. Expo Center 1996 Series A Revenue Bond

On May 17, 1996, Metro sold a \$2,500,000 privately placed, unrated revenue bond to complete financing of construction of a new building at the Expo Center. The bond bears an interest rate of 5.5% and matures serially each November 1 with final maturity on May 1, 2006. Interest is payable semiannually on May 1 and November 1. The bonds are secured by and payable from the operating revenues of the Expo Center.

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:		
1997	\$ -	131,389
1998	70,000	135,575
1999	75,000	131,588
2000	80,000	127,325
2001	85,000	122,787
2002-06	<u>2,190,000</u>	<u>536,250</u>
	<u>\$2,500,000</u>	<u>1,184,914</u>

METRO

Notes to Combined Financial Statements, Continued

D. 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 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, 1996.

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, 1996, \$16,100,000 of defeased bonds are outstanding.

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 6.50% to 7.10% on the remaining 1990 Series A bonds and from 3.50% to 5.125% (initial average rate of 4.99%) on the 1993 Series A Refunding bonds on various maturities.

METRO

Notes to Combined Financial Statements, Continued

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

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>
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	-	-	1,110,000	568,041
2002-12	<u>12,836,120</u>	<u>-</u>	<u>10,945,000</u>	<u>3,907,677</u>
	<u>\$ 19,506,120</u>	<u>1,063,060</u>	<u>12,585,000</u>	<u>6,887,511</u>

The above principal amounts are reported on the balance sheet net of \$315,475 in unamortized costs and discount, \$1,331,714 in deferred amount on refunding, and \$5,917,588 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.

E. 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 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, 1996.

METRO

Notes to Combined Financial Statements, Continued

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, 1996, \$22,355,000 of defeased bonds are outstanding.

Interest rates range from 3.50% 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:		
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	590,000	1,199,650
2002-23	<u>23,325,000</u>	<u>15,652,351</u>
	<u>\$25,715,000</u>	<u>21,864,154</u>

The above principal amounts are reported on the balance sheet net of \$593,811 in unamortized costs and discount, and \$2,284,238 in deferred amount on refunding.

NOTE 12 - OTHER LONG-TERM DEBT

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 OEDD loan is payable in yearly installments through December 1, 2015 and bears a true interest cost rate of 5.49%. The loan amount is drawn as Metro requires funds; \$2,332,182 was borrowed during the year ended June 30, 1996.

METRO

Notes to Combined Financial Statements, Continued

Energy Loan

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.

Fine Host Loan

On July 1, 1995, a \$900,000 loan agreement was executed with a concessionaire contractor, Fine Host, to finance the acquisition of various equipment. The loan is payable monthly, bears simple interest at 9%, and matures in six years, or the termination of the contract, whichever is earlier. The loan covers both primary government and component unit activities.

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

Fiscal year ending	Primary government						Component Unit - MERC	
	Energy		OEDD		Fine Host		Fine Host	
	Loan Payable		Loan Payable		Loan Payable		Loan Payable	
June 30:	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1997	\$ 14,961	15,222	-	200,064	62,009	34,109	66,995	32,388
1998	15,920	14,263	-	145,852	74,947	27,776	74,869	25,975
1999	16,941	13,242	92,592	145,851	81,999	20,724	81,914	18,931
2000	18,028	12,155	102,914	141,917	89,714	13,009	89,621	11,223
2001	19,184	10,999	108,262	137,389	98,155	4,568	78,356	2,994
2002-16	<u>165,968</u>	<u>37,782</u>	<u>2,028,414</u>	<u>1,222,458</u>	-	-	-	-
	<u>\$251,002</u>	<u>103,663</u>	<u>2,332,182</u>	<u>1,993,531</u>	<u>406,824</u>	<u>100,186</u>	<u>391,755</u>	<u>91,511</u>

NOTE 13 - CHANGES IN GENERAL LONG-TERM LIABILITIES

The following changes occurred during fiscal year 1996 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	Balance			Balance
	July 1, 1995	Increase	Decrease	June 30, 1996
Bonds payable	\$61,515,000	138,099,923	(1,860,000)	197,754,923
Bond anticipation note payable	2,000,000	-	(2,000,000)	-
Loans payable	-	2,782,182	(43,176)	2,739,006
Obligations under capital leases	293,044	321,000	(203,080)	410,964
Liability for compensated absences	616,766	632,604	(588,673)	660,697
	<u>\$64,424,810</u>	<u>141,835,709</u>	<u>(4,694,929)</u>	<u>201,565,590</u>

METRO

Notes to Combined Financial Statements, Continued

COMPONENT UNIT - MERC GOVERNMENTAL FUNDS	Balance <u>July 1, 1995</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 1996</u>
Loans payable	\$ -	450,000	(58,245)	391,755
Obligations under capital leases	8,070	-	(8,070)	-
Liability for compensated absences	<u>96,398</u>	<u>82,507</u>	<u>(80,978)</u>	<u>97,927</u>
	<u>\$ 104,468</u>	<u>532,507</u>	<u>(147,293)</u>	<u>489,682</u>

NOTE 14 - DEFERRED REVENUE

Deferred revenue at June 30, 1996 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	\$ 33,275
Special Revenue Funds	312,476
Debt Service Fund	596,535
Trust Funds	<u>200,000</u>
	<u>\$1,142,286</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, 1996, 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 \$41,393,901 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 \$3,495,203 in closure costs as the closure process continued (\$32,326,992 cumulative to date), reducing the remaining estimated liability to \$9,066,909 at June 30, 1996. Metro has accumulated \$8,568,133 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 - CONTRIBUTED CAPITAL

Changes in contributed capital in the Proprietary Funds for the year ended June 30, 1996 are as follows:

	Enterprise Solid Waste Fund	Building Management Fund	Internal Service Support Services Fund	Total	Component Unit - MERC Convention Center Fund
Balance, July 1, 1995	\$ 989,888	27,808	284,522	312,330	82,983,129
Additions	-	-	18,342	18,342	-
Depreciation on fixed assets that reduces contributed capital (\$16,828,576 total accumulated depreciation at June 30, 1996)	<u>(31,623)</u>	<u>(27,808)</u>	<u>(145,581)</u>	<u>(173,389)</u>	<u>(2,490,319)</u>
Balance, June 30, 1996	<u>\$ 958,265</u>	<u>-</u>	<u>157,283</u>	<u>157,283</u>	<u>80,492,810</u>

NOTE 18 - INSURED RISKS

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

- General liability, bodily injury to or property damage of third parties resulting from the negligence of Metro or its employees and errors and omissions risks: these risks are fully

METRO

Notes to Combined Financial Statements, Continued

covered by the Risk Management Fund. Metro is protected by ORS Chapter 30, the Oregon Tort Claims Act, that limits public entities' liability to \$100,000 per person and \$500,000 per occurrence for the acts of Metro, its employees and agents. Possible liability outside the Oregon Tort Claims Act is covered by an excess liability policy with a \$500,000 deductible.

- 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 \$254,609,800 with a \$100,000 deductible.
- Workers' 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 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 1996. 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 \$927,332 reported in the Risk Management Fund at June 30, 1996 was established in accordance with the requirements of Governmental Accounting Standards Board Statement (GASB) No. 10, which requires that a liability for total estimated 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 a discount factor of .918 for liability and .912 for workers' compensation and an assumed investment rate of 6.0% 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 fiscal year and current fiscal year were:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
1994-1995	\$644,758	366,442	366,442	644,758
1995-1996	\$644,758	565,864	283,290	927,332

METRO

Notes to Combined Financial Statements, Continued

NOTE 19 - 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:

	<u>Solid Waste Fund</u>	<u>Component Unit - MERC Convention Center Fund</u>
Operating revenues	\$60,702,591	13,081,399
Depreciation and amortization expense	990,827	2,863,716
Operating income (loss)	7,805,959	(832,539)
Net income	7,729,061	17,631
Fixed asset additions	304,225	1,232,117
Net working capital	26,210,098	13,988,431
Total assets	78,849,385	105,528,694
Bonds and other long-term liabilities:		
Payable from operating revenues	32,504,021	-
Payable from other sources	9,082,366	126,884
Contributed capital, net	958,265	80,492,810
Total equity	31,394,679	104,048,848

NOTE 20 - 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 may 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 21 - SUBSEQUENT EVENTS

Oregon Economic Development Department Loan

On September 6, 1996, Metro borrowed an additional \$2,217,000 through the OEDD loan program previously described in Note 12. This second phase of the loan will finance the construction of the parking lot improvements and necessary equipment for the operation of the paid parking facility. This loan bears an interest rate of 5.33% and will be repaid in annual installments through December 1, 2016.

Zoo Oregon Project General Obligation Bonds

On September 17, 1996, the electors of Metro approved a ballot measure authorizing Metro to issue \$28.8 million in general obligation bonds to finance capital improvements at the Metro Washington Park Zoo including new exhibits, a new entry, and other improvements. The bonds are slated for competitive sale later in the fall, therefore interest amounts are not currently available.

Bond principal requirements to maturity are:

	<u>1996 Series A</u>
	<u>Principal</u>
Fiscal year ending June 30:	
1997	\$ -
1998	595,000
1999	890,000
2000	940,000
2001	990,000
2002-17	<u>25,385,000</u>
	<u>\$28,800,000</u>

Transfer of Ownership of Multnomah County Facilities

Operation of regional park facilities, regional natural areas, and trade/spectator facilities owned by Multnomah County was transferred to Metro in prior years. Effective July 1, 1996, the County and Metro enacted the second phase of the agreement, transferring title of the aforementioned facilities and properties to Metro.

Supplementary Data

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 and Office of the Executive Officer 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, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Excise tax	\$ 6,417,895	6,996,251	578,356
Interest	50,000	71,396	21,396
Miscellaneous	-	6,116	6,116
Total revenues	<u>6,467,895</u>	<u>7,073,763</u>	<u>605,868</u>
Expenditures:			
Council:			
Personal services	688,681	579,291	109,390
Materials and services	84,320	85,752	(1,432)
Capital outlay	19,500	19,336	164
Total council	<u>792,501</u>	<u>684,379</u>	<u>108,122</u>
Office of the executive officer:			
Personal services	315,414	306,017	9,397
Materials and services	33,827	27,281	6,546
Total office of the executive officer	<u>349,241</u>	<u>333,298</u>	<u>15,943</u>
Special appropriations-			
Materials and services	274,000	252,887	21,113
Contingency	<u>447,885</u>	<u>-</u>	<u>447,885</u>
Total expenditures	<u>1,863,627</u>	<u>1,270,564</u>	<u>593,063</u>
Revenues over expenditures	4,604,268	5,803,199	1,198,931
Other financing uses-			
Operating transfers out	(5,315,768)	(5,255,696)	60,072
Revenues over (under) expenditures and other uses	(711,500)	547,503	1,259,003
Beginning fund balance available for appropriation - July 1, 1995	<u>911,500</u>	<u>1,341,407</u>	<u>429,907</u>
Unappropriated ending fund balance - June 30, 1996	<u>\$ 200,000</u>	<u>1,888,910</u>	<u>1,688,910</u>

Special Revenue Funds

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, a share of the excise tax transferred from the General Fund, and charges for services to user funds and public and private groups.

Regional Parks and Expo Fund

This fund accounts for funding and operation of Metro's greenspaces program and recreation activities, 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 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. This fund consists of two budgetary funds (Zoo Operating Fund and General Revenue Bond Fund - Zoo) that are combined as one Special Revenue Fund to be in accordance with generally accepted accounting principles.

METRO

Special Revenue Funds

Combining Balance Sheet

June 30, 1996

<u>Assets and Other Debits</u>	<u>Planning Fund</u>	<u>Regional Parks and Expo Fund</u>	<u>Zoo Fund</u>	<u>Total</u>
Assets:				
Cash and investments	\$ 1,313,063	4,728,283	9,662,192	15,703,538
Receivables (net of allowance for uncollectibles):				
Property taxes	-	-	373,398	373,398
Trade	172,608	330,714	271,816	775,138
Other	278	215,608	8,748	224,634
Interest	5,854	66,125	139,911	211,890
Federal grants	2,106,321	133,129	-	2,239,450
State and local grants/contracts	700,262	-	-	700,262
Inventory of materials and supplies	-	40,703	238,640	279,343
Other assets	40,922	-	44,000	84,922
Restricted assets-				
Cash and investments	-	-	18,470	18,470
Total assets and other debits	\$ 4,339,308	5,514,562	10,757,175	20,611,045

Liabilities and Fund Balances

Liabilities:				
Accounts payable	\$ 1,947,326	971,922	708,153	3,627,401
Salaries, withholdings and payroll taxes payable	244,707	127,767	441,386	813,860
Contracts payable	51,816	24,274	-	76,090
Deferred revenue	-	-	312,476	312,476
Unearned grant/contract revenue	1,438,357	29,475	-	1,467,832
Deposits payable	-	249,199	42,900	292,099
Other liabilities	-	-	3,574	3,574
Total liabilities	3,682,206	1,402,637	1,508,489	6,593,332
Fund balances - unreserved	657,102	4,111,925	9,248,686	14,017,713
Total liabilities and fund balances	\$ 4,339,308	5,514,562	10,757,175	20,611,045

METRO

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 1996

	Planning Fund	Regional Parks and Expo Fund	Zoo Fund	Total
Revenues:				
Property taxes	\$ -	-	6,742,073	6,742,073
Federal grants and contracts	4,930,849	239,591	88,611	5,259,051
State and local grants and contracts	1,585,809	40,672	22,991	1,649,472
Local government shared revenues	-	370,843	-	370,843
Contract and professional services	945,727	297,350	-	1,243,077
Charges for services	348,713	3,320,316	7,480,492	11,149,521
Interest	-	151,834	532,598	684,432
Contributions and donations	-	24,683	743,042	767,725
Parking fees	-	808,549	100,426	908,975
Miscellaneous	61,087	34,005	83,955	179,047
Total revenues	7,872,185	5,287,843	15,794,188	28,954,216
Expenditures:				
Current:				
Zoo operations and development	-	-	13,038,699	13,038,699
Regional planning and development	11,100,770	-	-	11,100,770
Recreation and development	-	5,189,607	-	5,189,607
Capital outlay	423,224	1,851,306	647,321	2,921,851
Debt service	-	-	2,196,861	2,196,861
Total expenditures	11,523,994	7,040,913	15,882,881	34,447,788
Revenues under expenditures	(3,651,809)	(1,753,070)	(88,693)	(5,493,572)
Other financing sources:				
Loan proceeds	-	450,000	2,332,182	2,782,182
Bond proceeds	-	2,500,000	-	2,500,000
Capital lease proceeds	321,000	-	-	321,000
Operating transfers in	3,474,394	767,029	-	4,241,423
Revenues and other sources over expenditures	143,585	1,963,959	2,243,489	4,351,033
Fund balances - July 1, 1995	513,517	2,147,966	7,005,197	9,666,680
Fund balances - June 30, 1996	\$ 657,102	4,111,925	9,248,686	14,017,713

METRO

Planning Fund

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Federal grants	\$ 11,255,307	4,930,849	(6,324,458)
State grants	6,055,568	322,728	(5,732,840)
Local grants	945,733	1,263,081	317,348
Contract and professional services	936,300	945,727	9,427
Contributions and donations	50,000	-	(50,000)
Miscellaneous	39,400	61,087	21,687
Total revenues	<u>19,282,308</u>	<u>7,523,472</u>	<u>(11,758,836)</u>
Expenditures:			
Personal services	5,102,415	4,585,964	516,451
Materials and services	15,371,506	4,661,106	10,710,400
Capital outlay	136,275	102,224	34,051
Contingency	619,592	-	619,592
Total expenditures	<u>21,229,788</u>	<u>9,349,294</u>	<u>11,880,494</u>
Revenues under expenditures	<u>(1,947,480)</u>	<u>(1,825,822)</u>	<u>121,658</u>
Other financing sources (uses):			
Operating transfers in:			
General Fund	3,427,684	3,474,394	46,710
Regional Parks and Expo Fund	14,900	24,245	9,345
Open Spaces Fund	-	14,979	14,979
Solid Waste Revenue Fund	355,063	309,489	(45,574)
Operating transfers out	<u>(1,883,587)</u>	<u>(1,853,700)</u>	<u>29,887</u>
Total other financing sources (uses)	<u>1,914,060</u>	<u>1,969,407</u>	<u>55,347</u>
Revenues and other sources over (under) expenditures and other uses	<u>(33,420)</u>	<u>143,585</u>	<u>177,005</u>
Beginning fund balance available for appropriation - July 1, 1995	<u>33,420</u>	<u>513,517</u>	<u>480,097</u>
Unappropriated ending fund balance - June 30, 1996	<u>\$ -</u>	<u>657,102</u>	<u>657,102</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, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Federal grants	\$ 812,457	239,591	(572,866)
Local grants	75,000	40,672	(34,328)
Local government shared revenues	389,394	370,843	(18,551)
Contract and professional services	1,315,662	297,350	(1,018,312)
Charges for services	3,359,947	3,295,521	(64,426)
Interest	79,685	151,834	72,149
Contributions and donations	22,500	24,683	2,183
Parking fees	681,302	808,549	127,247
Miscellaneous	<u>47,693</u>	<u>34,005</u>	<u>(13,688)</u>
Total revenues	<u>6,783,640</u>	<u>5,263,048</u>	<u>(1,520,592)</u>
Expenditures:			
Regional parks and greenspaces:			
Personal services	1,860,171	1,694,834	165,337
Materials and services	1,902,130	954,464	947,666
Capital outlay	<u>1,166,200</u>	<u>172,399</u>	<u>993,801</u>
Total regional parks and greenspaces	<u>4,928,501</u>	<u>2,821,697</u>	<u>2,106,804</u>
Expo center:			
Personal services	525,266	425,181	100,085
Materials and services	1,392,485	1,316,146	76,339
Capital outlay	<u>2,808,210</u>	<u>1,845,932</u>	<u>962,278</u>
Total Expo center	<u>4,725,961</u>	<u>3,587,259</u>	<u>1,138,702</u>
Contingency	<u>457,131</u>	<u>-</u>	<u>457,131</u>
Total expenditures	<u>10,111,593</u>	<u>6,408,956</u>	<u>3,702,637</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, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues under expenditures	\$ <u>(3,327,953)</u>	<u>(1,145,908)</u>	<u>2,182,045</u>
Other financing sources (uses):			
Loan proceeds	-	450,000	450,000
Revenue bond proceeds	2,500,000	2,500,000	-
Operating transfers in:			
General Fund	834,218	767,029	(67,189)
Open Spaces Fund	64,132	10,000	(54,132)
Smith and Bybee Lakes Trust Fund	50,470	10,795	(39,675)
Regional Parks Trust Fund	4,000	4,000	-
Operating transfers out	<u>(640,736)</u>	<u>(631,957)</u>	<u>8,779</u>
Total other financing sources (uses)	<u>2,812,084</u>	<u>3,109,867</u>	<u>297,783</u>
Revenues and other sources over (under) expenditures and other uses	(515,869)	1,963,959	2,479,828
Beginning fund balance available for appropriation - July 1, 1995	<u>1,892,278</u>	<u>2,147,966</u>	<u>255,688</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u><u>1,376,409</u></u>	<u><u>4,111,925</u></u>	<u><u>2,735,516</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 and 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, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Property taxes	\$ 6,621,781	6,742,073	120,292
Federal grants	80,000	88,611	8,611
Local grants	53,000	22,991	(30,009)
Charges for services:			
Admissions	2,554,466	3,251,265	696,799
Rental fees	53,116	67,955	14,839
Concessions and catering	2,214,281	2,372,713	158,432
Retail sales	777,675	952,782	175,107
Tuition and lectures	279,070	377,290	98,220
Railroad rides/people mover	512,558	458,487	(54,071)
Interest	202,497	532,598	330,101
Contributions and donations	565,000	743,042	178,042
Parking fees	1,500	100,426	98,926
Miscellaneous	41,825	83,955	42,130
Total revenues	<u>13,956,769</u>	<u>15,794,188</u>	<u>1,837,419</u>
Expenditures:			
Personal services:			
Administration	788,372	725,663	62,709
Animal management	2,362,779	2,323,433	39,346
Facilities management	1,743,613	1,729,459	14,154
Educational services	522,368	480,716	41,652
Marketing	481,915	471,532	10,383
Visitor services	1,588,198	1,538,379	49,819
Design services	278,207	247,745	30,462
Total personal services	<u>7,765,452</u>	<u>7,516,927</u>	<u>248,525</u>
Materials and services:			
Administration	160,682	155,545	5,137
Animal management	483,959	474,033	9,926
Facilities management	1,530,791	1,315,566	215,225
Educational services	122,178	93,639	28,539
Marketing	732,805	697,082	35,723
Visitor services	1,306,174	1,268,532	37,642
Design services	171,866	117,107	54,759
Total materials and services	<u>4,508,455</u>	<u>4,121,504</u>	<u>386,951</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, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures, continued:			
Capital outlay:			
Administration	\$ 29,055	33,801	(4,746)
Animal management	16,875	14,350	2,525
Facilities management	368,860	229,306	139,554
Educational services	2,400	630	1,770
Marketing	2,500	4,466	(1,966)
Visitor services	37,000	134,869	(97,869)
Design services	214,000	94,578	119,422
Total capital outlay	<u>670,690</u>	<u>512,000</u>	<u>158,690</u>
Contingency	<u>609,008</u>	<u>-</u>	<u>609,008</u>
Total expenditures	<u>13,553,605</u>	<u>12,150,431</u>	<u>1,403,174</u>
Revenues over expenditures	403,164	3,643,757	3,240,593
Other financing uses-			
Operating transfers out	<u>(2,100,268)</u>	<u>(1,400,268)</u>	<u>700,000</u>
Revenues over (under) expenditures and other uses	(1,697,104)	2,243,489	3,940,593
Beginning fund balance available for appropriation - July 1, 1995	<u>5,681,272</u>	<u>7,005,197</u>	<u>1,323,925</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u><u>3,984,168</u></u>	<u><u>9,248,686</u></u>	<u><u>5,264,518</u></u>

METRO

General Revenue Bond Fund - Zoo

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues-			
Interest	\$ <u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Total revenues	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Expenditures:			
Project account:			
Materials and services	2,250,000	2,196,861	53,139
Capital outlay	1,696,500	135,321	1,561,179
Contingency	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total expenditures	<u>4,021,500</u>	<u>2,332,182</u>	<u>1,689,318</u>
Revenues under expenditures	<u>(3,921,500)</u>	<u>(2,332,182)</u>	<u>1,589,318</u>
Other financing sources (uses):			
State bond bank loan proceeds	5,696,500	2,332,182	(3,364,318)
Operating transfers out	<u>(15,000)</u>	<u>-</u>	<u>15,000</u>
Total other financing sources (uses)	5,681,500	2,332,182	(3,349,318)
Revenues and other sources over expenditures and other uses	1,760,000	-	(1,760,000)
Beginning fund balance available for appropriation - July 1, 1995	<u>-</u>	<u>-</u>	<u>-</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u><u>1,760,000</u></u>	<u><u>-</u></u>	<u><u>(1,760,000)</u></u>

Debt Service Fund

The General Obligation Bond 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

General Obligation Bond Debt Service Fund

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Property taxes	\$ 17,393,004	17,924,296	531,292
Interest	369,800	473,134	103,334
Total revenues	<u>17,762,804</u>	<u>18,397,430</u>	<u>634,626</u>
Expenditures-			
Debt service	<u>9,967,678</u>	<u>8,713,588</u>	<u>1,254,090</u>
Total expenditures	<u>9,967,678</u>	<u>8,713,588</u>	<u>1,254,090</u>
Revenues over expenditures	7,795,126	9,683,842	1,888,716
Other financing sources-			
Bond proceeds	<u>-</u>	<u>276,480</u>	<u>276,480</u>
Revenues and other sources over expenditures	7,795,126	9,960,322	2,165,196
Beginning fund balance available for appropriation - July 1, 1995	<u>2,893,840</u>	<u>3,128,881</u>	<u>235,041</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u>10,688,966</u>	<u>13,089,203</u>	<u>2,400,237</u>

Capital Projects Funds

Zoo Capital Fund

This fund accounts for major improvement projects at the Metro Washington Park Zoo. Principal resources are contributions and donations and interest.

Open Spaces Fund

This fund accounts for the receipt and expenditure of bond proceeds to acquire and protect regional open spaces, parks, trails, and streams. Principal resources are bond proceeds and interest.

METRO

Capital Projects Funds

Combining Balance Sheet

June 30, 1996

<u>Assets</u>	<u>Zoo Capital Fund</u>	<u>Open Spaces Fund</u>	<u>Total</u>
Cash and investments	\$ 1,015,788	125,555,451	126,571,239
Other receivable	-	31,053	31,053
Interest receivable	<u>14,982</u>	<u>1,751,749</u>	<u>1,766,731</u>
Total assets	<u>\$ 1,030,770</u>	<u>127,338,253</u>	<u>128,369,023</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 69,206	898,154	967,360
Salaries, withholdings and payroll taxes payable	-	31,886	31,886
Contracts payable	<u>20,747</u>	<u>-</u>	<u>20,747</u>
Total liabilities	<u>89,953</u>	<u>930,040</u>	<u>1,019,993</u>
Fund balances:			
Unreserved	<u>940,817</u>	<u>126,408,213</u>	<u>127,349,030</u>
Total fund balances	<u>940,817</u>	<u>126,408,213</u>	<u>127,349,030</u>
Total liabilities and fund balances	<u>\$ 1,030,770</u>	<u>127,338,253</u>	<u>128,369,023</u>

METRO

Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 1996

	Zoo Capital Fund	Open Spaces Fund	Totals
Revenues:			
Local grants	\$ -	850,000	850,000
Interest	61,219	5,392,983	5,454,202
Contributions and donations	18,463	-	18,463
Miscellaneous	-	33	33
	<u>79,682</u>	<u>6,243,016</u>	<u>6,322,698</u>
Total revenues			
Expenditures:			
Recreation and development	-	4,284,465	4,284,465
Capital outlay	108,604	11,087,359	11,195,963
	<u>108,604</u>	<u>15,371,824</u>	<u>15,480,428</u>
Total expenditures			
Revenues under expenditures	(28,922)	(9,128,808)	(9,157,730)
Other financing sources-			
Bond proceeds	-	135,537,021	135,537,021
	<u>-</u>	<u>135,537,021</u>	<u>135,537,021</u>
Revenues and other sources over (under) expenditures	(28,922)	126,408,213	126,379,291
Fund balances - July 1, 1995	<u>969,739</u>	<u>-</u>	<u>969,739</u>
Fund balances - June 30, 1996	\$ <u>940,817</u>	<u>126,408,213</u>	<u>127,349,030</u>

METRO

Zoo Capital Fund

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Interest	\$ 40,000	61,219	21,219
Contributions and donations	-	18,463	18,463
Miscellaneous	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Total revenues	<u>240,000</u>	<u>79,682</u>	<u>(160,318)</u>
Expenditures:			
Capital outlay	1,140,000	108,604	1,031,396
Contingency	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>1,240,000</u>	<u>108,604</u>	<u>1,131,396</u>
Revenues under expenditures	(1,000,000)	(28,922)	971,078
Other financing sources-			
Operating transfers in-			
Zoo Operating Fund	<u>700,000</u>	<u>-</u>	<u>(700,000)</u>
Revenues and other sources under expenditures	(300,000)	(28,922)	271,078
Beginning fund balance available for appropriation - July 1, 1995	<u>838,975</u>	<u>969,739</u>	<u>130,764</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u>538,975</u>	<u>940,817</u>	<u>401,842</u>

METRO

Open Spaces Fund

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Local grants	\$ -	850,000	850,000
Interest	5,530,000	5,392,983	(137,017)
Miscellaneous	<u>-</u>	<u>33</u>	<u>33</u>
Total revenues	<u>5,530,000</u>	<u>6,243,016</u>	<u>713,016</u>
Expenditures:			
Personal services	636,148	424,062	212,086
Materials and services	14,528,406	5,023,919	9,504,487
Capital outlay	16,063,612	9,561,715	6,501,897
Contingency	<u>40,000,000</u>	<u>-</u>	<u>40,000,000</u>
Total expenditures	<u>71,228,166</u>	<u>15,009,696</u>	<u>56,218,470</u>
Revenues under expenditures	<u>(65,698,166)</u>	<u>(8,766,680)</u>	<u>56,931,486</u>
Other financing sources (uses):			
Bond proceeds	135,600,000	135,537,021	(62,979)
Operating transfers out	<u>(499,154)</u>	<u>(362,128)</u>	<u>137,026</u>
Total other financing sources (uses)	<u>135,100,846</u>	<u>135,174,893</u>	<u>74,047</u>
Revenues and other sources over expenditures and other uses	69,402,680	126,408,213	57,005,533
Beginning fund balance available for appropriation - July 1, 1995	<u>-</u>	<u>-</u>	<u>-</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u>69,402,680</u>	<u>126,408,213</u>	<u>57,005,533</u>

Note: Certain expenditures of the fund are attributable to the local share portion of the bond measure and are therefore not capitalized. They are recorded under "recreation and development" expenditures on a GAAP basis.

Enterprise Fund

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.

METRO

Solid Waste Revenue Fund

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Federal grants	\$ -	11,618	11,618
State and local grants	-	4,000	4,000
Contract and professional services	-	9,737	9,737
Charges for services:			
Refuse disposal charges	526,631	435,635	(90,996)
Disposal fees	28,591,079	28,116,895	(474,184)
User fees	23,343,194	25,277,864	1,934,670
Regional transfer charge	5,018,507	5,072,834	54,327
Rehabilitation and enhancement fees	183,518	223,328	39,810
Host fees	280,021	192,643	(87,378)
Recycling fees	148,285	167,893	19,608
DEQ fees	786,756	789,985	3,229
Household hazardous waste disposal fees	65,116	134,187	69,071
Salvage revenue	67,453	99,811	32,358
Rental fees	2,947	3,088	141
Interest	998,130	1,852,723	854,593
Pass-through debt service receipts	350,000	200,490	(149,510)
Miscellaneous	189,212	277,281	88,069
Total revenues	<u>60,550,849</u>	<u>62,870,012</u>	<u>2,319,163</u>
Expenditures:			
Operating Account:			
Personal services:			
Budget and finance	507,610	484,284	23,326
Waste disposal operations	2,331,477	2,179,942	151,535
Waste reduction and planning services	1,148,606	1,101,152	47,454
Engineering and analysis	957,355	886,169	71,186
Administration	1,011,637	879,404	132,233
Total personal services	<u>5,956,685</u>	<u>5,530,951</u>	<u>425,734</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, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures, continued:			
Materials and services:			
Budget and finance	\$ 1,072,887	940,328	132,559
Waste disposal operations	42,196,426	40,162,253	2,034,173
Waste reduction and planning services	1,960,906	1,399,854	561,052
Engineering and analysis	602,162	286,209	315,953
Administration	241,952	218,853	23,099
Total materials and services	<u>46,074,333</u>	<u>43,007,497</u>	<u>3,066,836</u>
Landfill Closure Account-			
Materials and services	<u>8,085,000</u>	<u>3,495,203</u>	<u>4,589,797</u>
Renewal and Replacement Account-			
Capital outlay	<u>425,000</u>	<u>-</u>	<u>425,000</u>
General Account-			
Capital outlay	<u>1,154,885</u>	<u>304,225</u>	<u>850,660</u>
Master Project Account-			
Debt service	<u>350,000</u>	<u>200,490</u>	<u>149,510</u>
Debt Service Account-			
Debt service	<u>2,669,191</u>	<u>2,669,191</u>	<u>-</u>
Contingency	<u>7,740,054</u>	<u>-</u>	<u>7,740,054</u>
Total expenditures	<u>72,455,148</u>	<u>55,207,557</u>	<u>17,247,591</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, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues over (under) expenditures	\$ <u>(11,904,299)</u>	<u>7,662,455</u>	<u>19,566,754</u>
Other financing sources (uses):			
Operating transfers in-			
Rehabilitation and Enhancement Fund	43,134	32,281	(10,853)
Operating transfers out	<u>(3,471,041)</u>	<u>(3,351,283)</u>	<u>119,758</u>
Total other financing sources (uses)	<u>(3,427,907)</u>	<u>(3,319,002)</u>	<u>108,905</u>
Revenues and other sources over (under) expenditures and other uses	(15,332,206)	4,343,453	19,675,659
Beginning fund balance available for appropriation - July 1, 1995	<u>25,753,185</u>	<u>31,182,141</u>	<u>5,428,956</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u>10,420,979</u>	<u>35,525,594</u>	<u>25,104,615</u>

Internal Service Funds

Building Management Fund

This fund accounts for revenues and expenses related to the management of Metro's headquarters facility and 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 (Building Management Fund and General Revenue Bond Fund - Building Management) 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 Administrative Services, Office of General Counsel, Outreach and Government Liaison, Office of Citizen Involvement, and Office of the Auditor. 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, 1996

<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	\$ 751,857	2,655,616	7,976,096	11,383,569
Receivables:				
Trade	1,680	38,802	-	40,482
Other	-	398	67	465
Interest	77,663	38,084	117,353	233,100
Other assets	-	11,195	4,522	15,717
Total current assets	831,200	2,744,095	8,098,038	11,673,333
Restricted assets-				
Cash and investments	1,830,326	-	-	1,830,326
Fixed assets, net	19,690,950	451,578	23,274	20,165,802
Total assets	\$ <u>22,352,476</u>	<u>3,195,673</u>	<u>8,121,312</u>	<u>33,669,461</u>
<u>Liabilities and Fund Equity (Deficit)</u>				
Current liabilities:				
Accounts payable	\$ 53,449	112,422	21,760	187,631
Salaries, withholdings and payroll taxes payable	13,134	429,841	7,172	450,147
Accrued self-insurance claims	-	-	927,332	927,332
Bonds payable within one year	310,000	-	-	310,000
Accrued interest payable	534,341	-	-	534,341
Other liabilities	-	15,713	-	15,713
Total current liabilities	910,924	557,976	956,264	2,425,164
Noncurrent liabilities:				
Loans payable	251,002	-	-	251,002
Obligations under capital lease	-	94,036	-	94,036
Revenue bonds payable (net of unamortized discount and deferred amount on refunding)	22,526,951	-	-	22,526,951
Total liabilities	23,688,877	652,012	956,264	25,297,153
Fund equity (deficit):				
Contributed capital, net	-	157,283	-	157,283
Retained earnings (deficit)	(1,336,401)	2,386,378	7,165,048	8,215,025
Total fund equity (deficit)	(1,336,401)	2,543,661	7,165,048	8,372,308
Total liabilities and fund equity (deficit)	\$ <u>22,352,476</u>	<u>3,195,673</u>	<u>8,121,312</u>	<u>33,669,461</u>

METRO

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the year ended June 30, 1996

	Building Management Fund	Support Services Fund	Risk Management Fund	Total
Operating revenues:				
Builders license fees	\$ -	258,595	-	258,595
State grants	-	-	3,232	3,232
Contract and professional services	-	97,050	-	97,050
Charges for services	1,777,589	7,166,810	510,342	9,454,741
Parking fees	279,302	-	-	279,302
Miscellaneous	1,795	33,527	66,269	101,591
	<u>2,058,686</u>	<u>7,555,982</u>	<u>579,843</u>	<u>10,194,511</u>
Total operating revenues				
Operating expenses:				
Payroll and fringe benefits	262,372	4,566,980	136,225	4,965,577
Depreciation	635,444	147,231	7,483	790,158
Payment in lieu of rent	-	649,136	-	649,136
Insurance expense	-	44,049	196,852	240,901
Claims expense	-	-	565,864	565,864
Purchased professional and technical services	150,633	-	-	150,633
Payments to other governments	-	170,574	-	170,574
Other materials and services	333,857	904,259	18,931	1,257,047
	<u>1,382,306</u>	<u>6,482,229</u>	<u>925,355</u>	<u>8,789,890</u>
Total operating expenses				
Operating income (loss)	<u>676,380</u>	<u>1,073,753</u>	<u>(345,512)</u>	<u>1,404,621</u>
Non-operating revenues (expenses):				
Interest on investments	159,304	145,214	478,736	783,254
Interest expense	(1,409,889)	-	-	(1,409,889)
	<u>(1,250,585)</u>	<u>145,214</u>	<u>478,736</u>	<u>(626,635)</u>
Total non-operating revenues (expenses)				
Income (loss) before operating transfers	(574,205)	1,218,967	133,224	777,986
Operating transfers in	53,328	-	-	53,328
Net income (loss)	(520,877)	1,218,967	133,224	831,314
Depreciation on fixed assets that reduces contributed capital	27,808	145,581	-	173,389
	<u>27,808</u>	<u>145,581</u>	<u>-</u>	<u>173,389</u>
Increase (decrease) in retained earnings (deficit)	(493,069)	1,364,548	133,224	1,004,703
Retained earnings (deficit) - July 1, 1995	(843,332)	1,021,830	7,031,824	7,210,322
Retained earnings (deficit) - June 30, 1996	<u>\$ (1,336,401)</u>	<u>2,386,378</u>	<u>7,165,048</u>	<u>8,215,025</u>

METRO

Internal Service Funds

Combining Statement of Cash Flows

For the year ended June 30, 1996

	Building Management <u>Fund</u>	Support Services <u>Fund</u>	Risk Management <u>Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Cash receipts from customers	\$ 348,654	-	-	348,654
Cash receipts from quasi-external transactions	1,709,643	7,176,318	576,611	9,462,572
Other operating cash receipts	1,795	384,228	3,232	389,255
Cash payments to suppliers for goods and services	(534,265)	(935,357)	(243,744)	(1,713,366)
Cash payments for claims	-	-	(283,290)	(283,290)
Cash payments to other governments	-	(170,574)	-	(170,574)
Cash payments to employees for services	(267,946)	(4,557,349)	(139,131)	(4,964,426)
Cash payments for quasi-external transactions	-	(695,705)	-	(695,705)
	<u>1,257,881</u>	<u>1,201,561</u>	<u>(86,322)</u>	<u>2,373,120</u>
Net cash provided (used) by operating activities				
Cash flows from noncapital financing activities-				
Transfer from General Fund	<u>53,328</u>	-	-	<u>53,328</u>
Net cash provided by noncapital financing activities	<u>53,328</u>	-	-	<u>53,328</u>
Cash flows from capital and related financing activities:				
Principal payment on revenue bonds	(245,000)	-	-	(245,000)
Interest payment on revenue bonds	(1,302,461)	-	-	(1,302,461)
Acquisition and construction of capital assets	(47,806)	(53,342)	-	(101,148)
Loan payments	(14,059)	-	-	(14,059)
Cash payments on capital lease principal	-	(17,920)	-	(17,920)
	<u>(1,609,326)</u>	<u>(71,262)</u>	-	<u>(1,680,588)</u>
Net cash used for capital and related financing activities				
Cash flows from investing activities -				
Interest	<u>105,647</u>	<u>139,472</u>	<u>503,809</u>	<u>748,928</u>
Net cash provided by investing activities	<u>105,647</u>	<u>139,472</u>	<u>503,809</u>	<u>748,928</u>
Net increase (decrease) in cash and cash equivalents	(192,470)	1,269,771	417,487	1,494,788
Cash and cash equivalents at beginning of year	<u>2,774,653</u>	<u>1,385,845</u>	<u>7,558,609</u>	<u>11,719,107</u>
Cash and cash equivalents at end of year	<u>\$ 2,582,183</u>	<u>2,655,616</u>	<u>7,976,096</u>	<u>13,213,895</u>

(Continued)

METRO

Internal Service Funds

Combining Statement of Cash Flows, Continued

For the year ended June 30, 1996

	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 (used) by operating activities:				
Operating income (loss)	\$ 676,380	1,073,753	(345,512)	1,404,621
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	635,444	147,231	7,483	790,158
Change in assets and liabilities:				
Trade/other accounts receivable	1,406	(4,855)	-	(3,449)
Due from other funds	-	9,508	-	9,508
Other assets	-	(11,455)	(1,923)	(13,378)
Accounts payable	(49,775)	(19,059)	(26,038)	(94,872)
Salaries, withholdings and payroll taxes payable	(5,574)	9,991	(2,906)	1,511
Accrued self-insurance claims	-	-	282,574	282,574
Due to other funds	-	(2,520)	-	(2,520)
Other liabilities	-	(1,033)	-	(1,033)
Total adjustments	<u>581,501</u>	<u>127,808</u>	<u>259,190</u>	<u>968,499</u>
Net cash provided (used) by operating activities	<u>\$ 1,257,881</u>	<u>1,201,561</u>	<u>(86,322)</u>	<u>2,373,120</u>

Non-cash investing, capital, and financing activities:

Capital lease obligations of \$75,000 were incurred when the Support Services Fund entered into a lease for new computer, printer, and copier equipment.

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, 1996

	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	\$ (101,429)	-	-	(101,429)
General Revenue Bond Fund - Building Management	16,559	-	-	16,559
Support Services Fund	-	1,284,890	-	1,284,890
Risk Management Fund	-	-	140,707	140,707
Add budget requirements not qualifying as expenses under GAAP:				
Fixed assets additions	47,806	53,342	-	101,148
Principal payments on leases	-	17,920	-	17,920
Loan payments	14,059	-	-	14,059
Principal and interest payments on bonds	782,608	-	-	782,608
Subtract additional expenses required by GAAP:				
Depreciation and amortization	(635,444)	(147,231)	(7,483)	(790,158)
Amortization of bond discount and costs	(110,695)	-	-	(110,695)
Vacation benefits	-	10,046	-	10,046
Accrued interest on bonds	(534,341)	-	-	(534,341)
Net income (loss) presented in combining statement of revenues, expenses and changes in retained earnings	\$ <u>(520,877)</u>	<u>1,218,967</u>	<u>133,224</u>	<u>831,314</u>

METRO

Building Management Fund

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Rental and lease fees	\$ 57,275	67,946	10,671
Interest	9,901	40,448	30,547
Parking fees	232,765	279,302	46,537
Miscellaneous	-	1,795	1,795
Total revenues	<u>299,941</u>	<u>389,491</u>	<u>89,550</u>
Expenditures:			
Personal services	264,715	262,372	2,343
Materials and services	518,437	514,673	3,764
Capital outlay	40,000	39,786	214
Contingency	62,839	-	62,839
Total expenditures	<u>885,991</u>	<u>816,831</u>	<u>69,160</u>
Revenues under expenditures	<u>(586,050)</u>	<u>(427,340)</u>	<u>158,710</u>
Other financing sources (uses):			
Operating transfers in:			
General Fund	350,278	330,685	(19,593)
Planning Fund	422,451	392,564	(29,887)
Regional Parks and Expo Fund	86,071	79,982	(6,089)
Open Spaces Fund	15,000	15,000	-
Solid Waste Revenue Fund	311,115	289,104	(22,011)
Support Services Fund	688,423	649,136	(39,287)
Operating transfers out	<u>(1,431,790)</u>	<u>(1,430,560)</u>	<u>1,230</u>
Total other financing sources (uses)	<u>441,548</u>	<u>325,911</u>	<u>(115,637)</u>
Revenues and other sources over (under) expenditures and other uses	<u>(144,502)</u>	<u>(101,429)</u>	<u>43,073</u>
Beginning fund balance available for appropriation - July 1, 1995	<u>479,222</u>	<u>515,464</u>	<u>36,242</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u>334,720</u>	<u>414,035</u>	<u>79,315</u>

METRO

General Revenue Bond Fund - Building Management

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues-			
Interest	\$ <u>121,519</u>	<u>118,856</u>	<u>(2,663)</u>
Total revenues	<u>121,519</u>	<u>118,856</u>	<u>(2,663)</u>
Expenditures:			
Construction account-			
Capital outlay	50,000	8,020	41,980
Debt service account-			
Debt service	1,531,337	1,531,337	-
Contingency	<u>234,452</u>	<u>-</u>	<u>234,452</u>
Total expenditures	<u>1,815,789</u>	<u>1,539,357</u>	<u>276,432</u>
Revenues under expenditures	<u>(1,694,270)</u>	<u>(1,420,501)</u>	<u>273,769</u>
Other financing sources-			
Operating transfers in:			
Building Management Fund	1,431,790	1,430,560	(1,230)
Solid Waste Revenue Fund	<u>-</u>	<u>6,500</u>	<u>6,500</u>
Total other financing sources	<u>1,431,790</u>	<u>1,437,060</u>	<u>5,270</u>
Revenues and other sources over (under) expenditures	(262,480)	16,559	279,039
Beginning fund balance available for appropriation - July 1, 1995	<u>2,165,636</u>	<u>2,164,349</u>	<u>(1,287)</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u><u>1,903,156</u></u>	<u><u>2,180,908</u></u>	<u><u>277,752</u></u>

METRO

Support Services Fund

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Builders license fee	\$ 330,000	258,595	(71,405)
Contract and professional services	100,767	97,050	(3,717)
Interest	-	145,214	145,214
Miscellaneous	-	33,527	33,527
Total revenues	<u>430,767</u>	<u>534,386</u>	<u>103,619</u>
Expenditures:			
Administrative services:			
Personal services	3,976,854	3,599,323	377,531
Materials and services	1,095,409	943,030	152,379
Capital outlay	41,766	40,466	1,300
Total administrative services	<u>5,114,029</u>	<u>4,582,819</u>	<u>531,210</u>
Office of general counsel:			
Personal services	607,524	518,735	88,789
Materials and services	25,946	24,129	1,817
Total office of general counsel	<u>633,470</u>	<u>542,864</u>	<u>90,606</u>
Outreach and government liaison:			
Personal services	222,326	140,098	82,228
Materials and services	75,630	57,306	18,324
Capital outlay	8,150	7,871	279
Total outreach and government liaison	<u>306,106</u>	<u>205,275</u>	<u>100,831</u>
Office of citizen involvement:			
Personal services	71,451	70,123	1,328
Materials and services	12,800	3,668	9,132
Total office of citizen involvement	<u>84,251</u>	<u>73,791</u>	<u>10,460</u>

(Continued)

METRO

Support Services Fund

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures, continued:			
Office of the auditor:			
Personal services	\$ 245,158	248,746	(3,588)
Materials and services	86,521	64,621	21,900
Capital outlay	6,672	5,005	1,667
Total office of the auditor	<u>338,351</u>	<u>318,372</u>	<u>19,979</u>
Contingency	<u>512,148</u>	<u>-</u>	<u>512,148</u>
Total expenditures	<u>6,988,355</u>	<u>5,723,121</u>	<u>1,265,234</u>
Revenues under expenditures	<u>(6,557,588)</u>	<u>(5,188,735)</u>	<u>1,368,853</u>
Other financing sources (uses):			
Operating transfers in:			
General Fund	427,687	427,687	-
Zoo Operating Fund	1,285,845	1,285,845	-
Planning Fund	1,435,684	1,435,684	-
Regional Parks and Expo Fund	436,146	432,975	(3,171)
Open Spaces Fund	424,022	311,149	(112,873)
Convention Center Project Capital Fund	14,414	14,414	-
Solid Waste Revenue Fund	2,241,875	2,241,875	-
Oregon Convention Center Operating Fund	643,434	622,536	(20,898)
Spectator Facilities Operating Fund	407,891	394,645	(13,246)
Operating transfers out	<u>(732,472)</u>	<u>(693,185)</u>	<u>39,287</u>
Total other financing sources (uses)	<u>6,584,526</u>	<u>6,473,625</u>	<u>(110,901)</u>
Revenues and other sources over expenditures and other uses	26,938	1,284,890	1,257,952
Beginning fund balance available for appropriation - July 1, 1995	<u>686,076</u>	<u>1,100,513</u>	<u>414,437</u>
Unappropriated ending fund balance - June 30, 1996	<u>\$ 713,014</u>	<u>2,385,403</u>	<u>1,672,389</u>

METRO

Risk Management Fund

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
State grants	\$ 10,000	3,232	(6,768)
Interest	340,000	478,736	138,736
Miscellaneous	<u>-</u>	<u>66,269</u>	<u>66,269</u>
Total revenues	<u>350,000</u>	<u>548,237</u>	<u>198,237</u>
Expenditures:			
Personal services	151,922	136,225	15,697
Materials and services	1,054,985	781,647	273,338
Capital outlay	10,000	-	10,000
Contingency	<u>231,000</u>	<u>-</u>	<u>231,000</u>
Total expenditures	<u>1,447,907</u>	<u>917,872</u>	<u>530,035</u>
Revenues under expenditures	<u>(1,097,907)</u>	<u>(369,635)</u>	<u>728,272</u>
Other financing sources-			
Operating transfers in:			
General Fund	25,901	5,901	(20,000)
Zoo Operating Fund	114,423	114,423	-
Planning Fund	25,452	25,452	-
Regional Parks and Expo Fund	48,503	48,503	-
Open Spaces Fund	11,000	11,000	-
Solid Waste Revenue Fund	74,454	74,454	-
Oregon Convention Center Operating Fund	114,179	114,179	-
Spectator Facilities Operating Fund	72,381	72,381	-
Support Services Fund	<u>44,049</u>	<u>44,049</u>	<u>-</u>
Total other financing sources	<u>530,342</u>	<u>510,342</u>	<u>(20,000)</u>
Revenues and other sources over (under) expenditures	<u>(567,565)</u>	<u>140,707</u>	<u>708,272</u>
Beginning fund balance available for appropriation - July 1, 1995	<u>6,938,605</u>	<u>7,001,066</u>	<u>62,461</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u><u>6,371,040</u></u>	<u><u>7,141,773</u></u>	<u><u>770,733</u></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 Regional Parks and Greenspaces Department. A Natural Resources Plan for Smith and Bybee Lakes was adopted by the City of Portland and Metro in prior years. Primary resources are federal grants and interest.

Regional Parks Trust Fund

This fund accounts for four activities dedicated to: construction of a nature center, construction of a concert stage, funding the care and maintenance of a family plot and the purchase of flowers for the pioneer cemeteries. The primary resources are charges for services and interest.

Pension Trust Fund

Pension Plan Fund

This fund accounts for employee contributions to a defined contribution plan 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, 1996

	<u>Expendable Trust Funds</u>				<u>Total</u>
	<u>Rehabilitation and Enhancement Fund</u>	<u>Smith and Bybee Lakes Trust Fund</u>	<u>Regional Parks Trust Fund</u>	<u>Pension Trust Pension Plan Fund</u>	
<u>Assets</u>					
Cash and investments	\$ 2,145,207	3,369,928	335,877	12,373,300	18,224,312
Other receivables	200,000	11,222	-	560,128	771,350
Interest receivable	25,943	49,557	4,980	-	80,480
Other assets	-	-	-	73,983	73,983
Total assets	\$ <u>2,371,150</u>	<u>3,430,707</u>	<u>340,857</u>	<u>13,007,411</u>	<u>19,150,125</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 85,992	442	-	-	86,434
Salaries, withholdings and payroll taxes payable	-	3,006	-	-	3,006
Deferred revenue	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Total liabilities	<u>285,992</u>	<u>3,448</u>	<u>-</u>	<u>-</u>	<u>289,440</u>
Fund balances:					
Reserved for pension benefits	-	-	-	13,007,411	13,007,411
Unreserved	<u>2,085,158</u>	<u>3,427,259</u>	<u>340,857</u>	<u>-</u>	<u>5,853,274</u>
Total fund balances	<u>2,085,158</u>	<u>3,427,259</u>	<u>340,857</u>	<u>13,007,411</u>	<u>18,860,685</u>
Total liabilities and fund balances	\$ <u>2,371,150</u>	<u>3,430,707</u>	<u>340,857</u>	<u>13,007,411</u>	<u>19,150,125</u>

METRO

Expendable Trust Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 1996

	Rehabilitation and Enhancement <u>Fund</u>	Smith and Bybee Lakes Trust <u>Fund</u>	Regional Parks Trust <u>Fund</u>	<u>Totals</u>
Revenues:				
Federal grants	\$ -	10,477	-	10,477
Miscellaneous charges for services	-	-	11,429	11,429
Rehabilitation, enhancement and end use fees	419,535	10,326	-	429,861
Interest	117,135	201,387	19,763	338,285
Miscellaneous	-	5,237	-	5,237
Total revenues	<u>536,670</u>	<u>227,427</u>	<u>31,192</u>	<u>795,289</u>
Expenditures:				
Recreation and development	-	-	4,000	4,000
Rehabilitation and enhancement	<u>510,709</u>	<u>96,962</u>	<u>-</u>	<u>607,671</u>
Total expenditures	<u>510,709</u>	<u>96,962</u>	<u>4,000</u>	<u>611,671</u>
Revenues over expenditures	25,961	130,465	27,192	183,618
Fund balances - July 1, 1995	<u>2,059,197</u>	<u>3,296,794</u>	<u>313,665</u>	<u>5,669,656</u>
Fund balances - June 30, 1996	\$ <u>2,085,158</u>	<u>3,427,259</u>	<u>340,857</u>	<u>5,853,274</u>

METRO

Rehabilitation and Enhancement Fund

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues-			
Interest	\$ 101,000	117,135	16,135
Total revenues	<u>101,000</u>	<u>117,135</u>	<u>16,135</u>
Expenditures:			
North Portland Enhancement Account -			
Materials and services	162,050	75,440	86,610
Oregon City Enhancement Account -			
Materials and services	191,127	192,275	(1,148)
Metro Central Enhancement Account -			
Materials and services	358,050	171,812	186,238
Forest Grove Enhancement Account -			
Materials and services	<u>38,894</u>	<u>38,901</u>	<u>(7)</u>
Total materials and services	750,121	478,428	271,693
Contingency	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total expenditures	<u>1,050,121</u>	<u>478,428</u>	<u>571,693</u>
Revenues under expenditures	<u>(949,121)</u>	<u>(361,293)</u>	<u>587,828</u>
Other financing sources (uses):			
Operating transfers in-			
Solid Waste Revenue Fund	463,539	419,535	(44,004)
Operating transfers out	<u>(43,134)</u>	<u>(32,281)</u>	<u>10,853</u>
Total other financing sources (uses)	<u>420,405</u>	<u>387,254</u>	<u>(33,151)</u>
Revenues and other sources over (under)			
expenditures and other uses	(528,716)	25,961	554,677
Beginning fund balance available for			
appropriation - July 1, 1995	<u>2,025,106</u>	<u>2,059,197</u>	<u>34,091</u>
Unappropriated ending fund balance -			
June 30, 1996	<u>\$ 1,496,390</u>	<u>2,085,158</u>	<u>588,768</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, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
State grants	\$ 50,000	-	(50,000)
Federal grants	-	10,477	10,477
Interest	131,124	201,387	70,263
Miscellaneous	-	5,237	5,237
	<u>181,124</u>	<u>217,101</u>	<u>35,977</u>
Total revenues			
Expenditures:			
Personal services	76,899	56,746	20,153
Materials and services	210,275	29,421	180,854
Capital outlay	325,000	-	325,000
Contingency	50,000	-	50,000
	<u>662,174</u>	<u>86,167</u>	<u>576,007</u>
Total expenditures			
Revenues over (under) expenditures	<u>(481,050)</u>	<u>130,934</u>	<u>611,984</u>
Other financing sources (uses):			
Operating transfers in-			
Solid Waste Revenue Fund	24,995	10,326	(14,669)
Operating transfers out	(50,470)	(10,795)	39,675
	<u>(25,475)</u>	<u>(469)</u>	<u>25,006</u>
Total other financing sources (uses)			
Revenues and other sources over (under) expenditures and other uses	(506,525)	130,465	636,990
Beginning fund balance available for appropriation - July 1, 1995	<u>3,021,726</u>	<u>3,296,794</u>	<u>275,068</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u>2,515,201</u>	<u>3,427,259</u>	<u>912,058</u>

METRO

Regional Parks Trust Fund

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Tibbets Flowers-			
Interest	\$ 40	62	22
Blue Lake Concert Stage-			
Interest	3,135	4,974	1,839
Oxbow Park Nature Center:			
Miscellaneous charges for services	15,000	11,429	(3,571)
Interest	6,419	9,686	3,267
Willamina Farmer Family Plot-			
Interest	<u>4,000</u>	<u>5,041</u>	<u>1,041</u>
Total revenues	<u>28,594</u>	<u>31,192</u>	<u>2,598</u>
Expenditures-			
Materials and services	<u>31,028</u>	<u>-</u>	<u>31,028</u>
Total expenditures	<u>31,028</u>	<u>-</u>	<u>31,028</u>
Revenues over (under) expenditures	(2,434)	31,192	33,626
Other financing uses-			
Operating transfers out	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
Revenues over (under) expenditures and other uses	(6,434)	27,192	33,626
Beginning fund balance available for appropriation - July 1, 1995	<u>308,319</u>	<u>313,665</u>	<u>5,346</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u>301,885</u>	<u>340,857</u>	<u>38,972</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, 1996

General fixed assets:

Land	\$ 13,973,043
Buildings and exhibits	35,742,117
Improvements	2,209,854
Equipment	3,034,790
Office furniture	2,481,219
Railroad equipment and facilities	<u>1,788,437</u>

Total general fixed assets	\$ <u>59,229,460</u>
----------------------------	----------------------

Investment in general fixed assets from:

General Fund	\$ 195,417
Special Revenue Funds:	
Planning Fund	2,240,284
Regional Parks and Expo Fund	1,945,217
Zoo Fund	<u>34,139,604</u>
Capital Projects Funds:	
Zoo Capital Fund	9,255,536
Open Spaces Fund	11,087,359
Smith and Bybee Lakes Trust Fund	<u>366,043</u>

Total investment in general fixed assets	\$ <u>59,229,460</u>
--	----------------------

METRO

Schedule of General Fixed Assets by Function and Activity

June 30, 1996

	<u>Land</u>	<u>Buildings and exhibits</u>
General Fund	\$ -	1,180
Special Revenue Funds:		
Planning Fund	-	-
Regional Parks and Expo Fund	48,801	1,533,609
Zoo Fund	2,573,450	25,419,362
Capital Projects Funds:		
Zoo Capital Fund	-	8,782,521
Open Spaces Fund	11,034,223	-
Smith and Bybee Lakes Trust Fund	<u>316,569</u>	<u>5,445</u>
Total	\$ <u>13,973,043</u>	<u>35,742,117</u>

Note: Due to the dynamic nature of Metro's 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>
-	19,336	174,901	-	195,417
-	930,585	1,309,699	-	2,240,284
88,845	234,031	39,931	-	1,945,217
1,862,739	1,595,738	900,368	1,787,947	34,139,604
222,618	249,107	800	490	9,255,536
-	-	53,136		11,087,359
<u>35,652</u>	<u>5,993</u>	<u>2,384</u>	<u>-</u>	<u>366,043</u>
<u><u>2,209,854</u></u>	<u><u>3,034,790</u></u>	<u><u>2,481,219</u></u>	<u><u>1,788,437</u></u>	<u><u>59,229,460</u></u>

METRO

Schedule of Changes in General Fixed Assets by Function and Activity

For the year ended June 30, 1996

	<u>Land</u>	<u>Buildings and exhibits</u>
Balances, July 1, 1995	\$ 2,938,820	33,858,564
Add expenditures from:		
General government	<u>-</u>	<u>-</u>
Regional planning and development	<u>-</u>	<u>-</u>
Recreation and development (1), (2)	<u>11,034,223</u>	<u>1,533,609</u>
Zoo operations and development:		
Administration	-	-
Animal management	-	-
Facilities management	-	147,623
Educational services	-	-
Marketing	-	-
Visitor services	-	2,459
Design services	-	91,258
General Revenue Bond Fund - Zoo	<u>-</u>	<u>-</u>
Total zoo operations and development	<u>-</u>	<u>241,340</u>
Zoo Capital Projects Fund	<u>-</u>	<u>108,604</u>
Total additions	<u>11,034,223</u>	<u>1,883,553</u>
Subtract transfer adjustments		
Office of the auditor transferred to proprietary activity	<u>-</u>	<u>-</u>
Balances, June 30, 1996	\$ <u>13,973,043</u>	<u>35,742,117</u>

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

(2) Certain expenditures of the fund are attributable to the local share portion of the bond measure and are therefore not capitalized.

<u>Improvements</u>	<u>Equipment</u>	<u>Office furniture</u>	<u>Railroad equipment and facilities</u>	<u>Total</u>
1,850,525	2,739,987	1,962,616	1,761,799	45,112,311
<u>-</u>	<u>19,336</u>	<u>-</u>	<u>-</u>	<u>19,336</u>
<u>-</u>	<u>-</u>	<u>423,224</u>	<u>-</u>	<u>423,224</u>
<u>88,845</u>	<u>221,202</u>	<u>60,786</u>	<u>-</u>	<u>12,938,665</u>
-	-	33,801	-	33,801
-	14,130	220	-	14,350
36,822	12,886	5,337	26,638	229,306
-	-	630	-	630
-	-	4,466	-	4,466
98,341	23,929	10,140	-	134,869
-	3,320	-	-	94,578
<u>135,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,321</u>
<u>270,484</u>	<u>54,265</u>	<u>54,594</u>	<u>26,638</u>	<u>647,321</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,604</u>
<u>359,329</u>	<u>294,803</u>	<u>538,604</u>	<u>26,638</u>	<u>14,137,150</u>
<u>-</u>	<u>-</u>	<u>(20,001)</u>	<u>-</u>	<u>(20,001)</u>
<u>2,209,854</u>	<u>3,034,790</u>	<u>2,481,219</u>	<u>1,788,437</u>	<u>59,229,460</u>

Component Unit Financial Schedules

Special Revenue Funds

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.

Enterprise Fund

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 (Oregon Convention Center Operating Fund, Convention Center Project Capital Fund, and Oregon Convention Center Renewal and Replacement Fund) that are combined as one Enterprise Fund to be in accordance with generally accepted accounting principles.

METRO

Special Revenue Funds - Discretely Presented Component Unit

Combining Balance Sheet

June 30, 1996

<u>Assets and Other Debits</u>	<u>Component Unit - MERC</u>			<u>Total</u>
	<u>Spectator Facilities Operating Fund</u>	<u>Coliseum Operating Fund</u>	<u>MERC Administration Fund</u>	
Assets:				
Cash and investments	\$ 2,589,228	43,112	37,465	2,669,805
Receivables (net of allowance for uncollectibles):				
Trade	635,074	-	-	635,074
Other	46,556	-	-	46,556
Interest	31,957	634	852	33,443
Inventory of materials and supplies	96,759	-	-	96,759
Other assets	8,384	-	-	8,384
Restricted assets-				
Cash and investments	4,919,088	-	-	4,919,088
Other Debits:				
Amount to be provided for retirement of general long-term debt	<u>452,445</u>	<u>-</u>	<u>37,237</u>	<u>489,682</u>
Total assets and other debits	<u>\$ 8,779,491</u>	<u>43,746</u>	<u>75,554</u>	<u>8,898,791</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 331,892	-	10,786	342,678
Salaries, withholdings and payroll taxes payable	207,805	-	27,531	235,336
Deposits payable	3,920,162	-	-	3,920,162
Other liabilities	23,849	-	-	23,849
Loans payable	391,755	-	-	391,755
Liability for compensated absences	<u>60,690</u>	<u>-</u>	<u>37,237</u>	<u>97,927</u>
Total liabilities	4,936,153	-	75,554	5,011,707
Fund balances - unreserved	<u>3,843,338</u>	<u>43,746</u>	<u>-</u>	<u>3,887,084</u>
Total liabilities and fund balances	<u>\$ 8,779,491</u>	<u>43,746</u>	<u>75,554</u>	<u>8,898,791</u>

METRO

Special Revenue Funds - Discretely Presented Component Unit

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 1996

	Component Unit - MERC			
	Spectator Facilities Operating Fund	Coliseum Operating Fund	MERC Administration Fund	Total
Revenues:				
Local government shared revenues	\$ 600,000	-	-	600,000
Charges for services	4,890,258	-	-	4,890,258
Interest	248,131	3,200	8,888	260,219
Contributions and donations	150,000	-	-	150,000
Reimbursed labor	2,463,197	-	-	2,463,197
Miscellaneous	294,374	-	-	294,374
Total revenues	<u>8,645,960</u>	<u>3,200</u>	<u>8,888</u>	<u>8,658,048</u>
Expenditures-				
Current-				
Spectator facilities operations	<u>8,576,893</u>	<u>-</u>	<u>8,888</u>	<u>8,585,781</u>
Total expenditures	<u>8,576,893</u>	<u>-</u>	<u>8,888</u>	<u>8,585,781</u>
Revenues over expenditures	69,067	3,200	-	72,267
Other financing sources:				
Loan proceeds	450,000	-	-	450,000
Operating transfers in	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Revenues and other sources over expenditures	769,067	3,200	-	772,267
Fund balances - July 1, 1995	<u>3,074,271</u>	<u>40,546</u>	<u>-</u>	<u>3,114,817</u>
Fund balances - June 30, 1996	<u>\$ 3,843,338</u>	<u>43,746</u>	<u>-</u>	<u>3,887,084</u>

METRO

Spectator Facilities Operating Fund

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Civic Stadium:			
Charges for services:			
Admissions - user fees	\$ 160,122	180,248	20,126
Rental fees	157,700	239,045	81,345
Concessions and catering	906,081	1,205,538	299,457
Merchandising	11,000	13,141	2,141
Commissions	41,050	57,465	16,415
Interest	42,000	88,481	46,481
Contributions and donations	122,500	150,000	27,500
Reimbursed labor	174,422	151,731	(22,691)
Miscellaneous	420,795	93,888	(326,907)
Civic Stadium revenues	<u>2,035,670</u>	<u>2,179,537</u>	<u>143,867</u>
Portland Center for Performing Arts (PCPA):			
Local government shared revenues	600,000	600,000	-
Charges for services:			
Admissions - user fees	1,090,000	1,177,812	87,812
Rental fees	800,000	854,101	54,101
Concessions and catering	920,000	888,859	(31,141)
Merchandising	75,000	67,119	(7,881)
Commissions	210,000	206,930	(3,070)
Interest	115,000	159,650	44,650
Reimbursed labor	2,244,321	2,311,466	67,145
Miscellaneous	110,000	200,486	90,486
PCPA revenues	<u>6,164,321</u>	<u>6,466,423</u>	<u>302,102</u>
Total revenues	<u>8,199,991</u>	<u>8,645,960</u>	<u>445,969</u>
Expenditures:			
Personal services:			
Civic Stadium	687,171	600,395	86,776
Portland Center for Performing Arts	4,119,224	3,869,714	249,510
Total personal services	<u>4,806,395</u>	<u>4,470,109</u>	<u>336,286</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, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Expenditures, continued:			
Materials and services:			
Civic Stadium	\$ 1,238,750	1,119,111	119,639
Portland Center for Performing Arts	<u>1,603,098</u>	<u>1,653,644</u>	<u>(50,546)</u>
Total materials and services	<u>2,841,848</u>	<u>2,772,755</u>	<u>69,093</u>
Capital outlay:			
Civic Stadium	305,876	252,685	53,191
Portland Center for Performing Arts	<u>228,025</u>	<u>421,148</u>	<u>(193,123)</u>
Total capital outlay	<u>533,901</u>	<u>673,833</u>	<u>(139,932)</u>
Contingency	<u>95,000</u>	<u>-</u>	<u>95,000</u>
Total expenditures	<u>8,277,144</u>	<u>7,916,697</u>	<u>360,447</u>
Revenues over (under) expenditures	<u>(77,153)</u>	<u>729,263</u>	<u>806,416</u>
Other financing sources (uses):			
Loan proceeds	-	450,000	450,000
Operating transfers in-			
General Fund	250,000	250,000	-
Operating transfers out	<u>(710,464)</u>	<u>(660,196)</u>	<u>50,268</u>
Total other financing sources (uses)	<u>(460,464)</u>	<u>39,804</u>	<u>500,268</u>
Revenues and other sources over (under) expenditures and other uses	(537,617)	769,067	1,306,684
Beginning fund balance available for appropriation - July 1, 1995	<u>2,329,630</u>	<u>3,074,271</u>	<u>744,641</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u><u>1,792,013</u></u>	<u><u>3,843,338</u></u>	<u><u>2,051,325</u></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 facilities 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, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues-			
Interest	\$ -	3,200	3,200
Total revenues	-	3,200	3,200
Expenditures-			
Materials and services	36,000	-	36,000
Total expenditures	36,000	-	36,000
Revenues over (under) expenditures	(36,000)	3,200	39,200
Beginning fund balance available for appropriation - July 1, 1995	36,000	40,546	4,546
Unappropriated ending fund balance - June 30, 1996	\$ -	43,746	43,746

METRO

MERC Administration Fund

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

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues-			
Interest	\$ 2,500	8,888	6,388
Total revenues	<u>2,500</u>	<u>8,888</u>	<u>6,388</u>
Expenditures:			
Personal services	490,903	445,729	45,174
Materials and services	126,955	104,919	22,036
Capital outlay	5,000	2,380	2,620
Contingency	<u>28,070</u>	<u>-</u>	<u>28,070</u>
Total expenditures	<u>650,928</u>	<u>553,028</u>	<u>97,900</u>
Revenues under expenditures	<u>(648,428)</u>	<u>(544,140)</u>	<u>104,288</u>
Other financing sources-			
Operating transfers in:			
Regional Parks and Expo Fund	55,116	46,252	(8,864)
Oregon Convention Center Operating Fund	363,120	304,718	(58,402)
Spectator Facilities Operating Fund	<u>230,192</u>	<u>193,170</u>	<u>(37,022)</u>
Total other financing sources	<u>648,428</u>	<u>544,140</u>	<u>(104,288)</u>
Revenues and other sources over expenditures	-	-	-
Beginning fund balance available for appropriation - July 1, 1995	<u>-</u>	<u>-</u>	<u>-</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u>-</u>	<u>-</u>	<u>-</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, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Local government shared revenues	\$ 4,019,200	4,314,827	295,627
Charges for services:			
Rental fees	1,487,835	1,488,797	962
Concessions and catering	4,349,924	5,148,876	798,952
Merchandising	24,651	24,678	27
Utility services	871,446	968,094	96,648
Commissions	47,187	40,541	(6,646)
Interest	327,938	651,267	323,329
Reimbursed labor	265,808	263,836	(1,972)
Parking fees	675,678	631,784	(43,894)
Miscellaneous	<u>51,669</u>	<u>140,836</u>	<u>89,167</u>
Total revenues	<u>12,121,336</u>	<u>13,673,536</u>	<u>1,552,200</u>
 Expenditures:			
Personal services	3,904,870	3,620,445	284,425
Materials and services	6,417,991	6,376,634	41,357
Capital outlay	385,500	333,816	51,684
Contingency	<u>855,000</u>	<u>-</u>	<u>855,000</u>
Total expenditures	<u>11,563,361</u>	<u>10,330,895</u>	<u>1,232,466</u>
 Revenues over expenditures	557,975	3,342,641	2,784,666
 Other financing uses-			
Operating transfers out	<u>(1,520,733)</u>	<u>(1,441,433)</u>	<u>79,300</u>
 Revenues over (under) expenditures and other uses	(962,758)	1,901,208	2,863,966
 Beginning fund balance available for appropriation - July 1, 1995	<u>8,468,460</u>	<u>10,017,793</u>	<u>1,549,333</u>
 Unappropriated ending fund balance - June 30, 1996	\$ <u><u>7,505,702</u></u>	<u><u>11,919,001</u></u>	<u><u>4,413,299</u></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, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Interest	\$ 31,000	63,273	32,273
Miscellaneous	<u>-</u>	<u>59,130</u>	<u>59,130</u>
Total revenues	<u>31,000</u>	<u>122,403</u>	<u>91,403</u>
 Expenditures-			
Capital outlay	<u>899,372</u>	<u>898,301</u>	<u>1,071</u>
Total expenditures	<u>899,372</u>	<u>898,301</u>	<u>1,071</u>
Revenues under expenditures	(868,372)	(775,898)	92,474
Other financing uses-			
Operating transfers out	<u>(14,414)</u>	<u>(14,414)</u>	<u>-</u>
Revenues under expenditures and other uses	(882,786)	(790,312)	92,474
Beginning fund balance available for appropriation - July 1, 1995	<u>993,786</u>	<u>1,072,744</u>	<u>78,958</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u>111,000</u>	<u>282,432</u>	<u>171,432</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, 1996

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues-			
Interest	\$ <u>84,600</u>	<u>135,631</u>	<u>51,031</u>
Total revenues	<u>84,600</u>	<u>135,631</u>	<u>51,031</u>
Expenditures-			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	84,600	135,631	51,031
Other financing sources-			
Operating transfers in-			
Oregon Convention Center Operating Fund	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Revenues and other sources over expenditures	484,600	535,631	51,031
Beginning fund balance available for appropriation - July 1, 1995	<u>2,115,000</u>	<u>2,145,031</u>	<u>30,031</u>
Unappropriated ending fund balance - June 30, 1996	\$ <u><u>2,599,600</u></u>	<u><u>2,680,662</u></u>	<u><u>81,062</u></u>

Other
Financial
Schedules

METRO

Schedule of Property Tax Transactions and Outstanding Receivable

For the year ended June 30, 1996

<u>Fiscal Year</u>	Original levy or balance of receivable July 1, 1995	Add (deduct)				Property taxes receivable June 30, 1996
		<u>Discounts</u>	<u>Adjustments</u>	<u>Interest</u>	<u>Collections</u>	
1995-96	\$ 25,499,278	(603,802)	(53,574)	15,117	(24,061,489)	795,530
1994-95	416,762	-	(7,770)	20,073	(269,707)	159,358
1993-94	172,241	-	(24,447)	13,049	(74,311)	86,532
1992-93	104,035	-	(15,813)	20,763	(79,844)	29,141
1991-92	35,941	-	(6,602)	8,020	(26,016)	11,343
1990-91 & prior	36,033	-	(11,735)	5,176	(12,522)	16,952
	<u>\$ 26,264,290</u>	<u>(603,802)</u>	<u>(119,941)</u>	<u>82,198</u>	<u>(24,523,889)</u>	<u>1,098,856</u>

Reconciliation to property tax revenue
presented in combined financial statements:

	<u>Zoo Operating Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Cash Collections July 1, 1995 to June 30, 1996	\$ 6,710,722	17,813,167	24,523,889
Accrual of Receivables:			
July 1, 1995 to August 31, 1995	(48,070)	(43,904)	(91,974)
July 1, 1996 to August 31, 1996	60,922	128,923	189,845
Timing difference between county tax collector and county treasurer	(2,065)	(24,444)	(26,509)
Payments in lieu of property taxes	<u>20,564</u>	<u>50,554</u>	<u>71,118</u>
Property tax revenue per combined statement of revenues, expenditures and changes in fund balances	<u>\$ 6,742,073</u>	<u>17,924,296</u>	<u>24,666,369</u>

Property taxes receivable June 30, 1996	<u>\$ 373,398</u>	<u>725,458</u>	<u>1,098,856</u>
Deferred revenues June 30, 1996	<u>\$ 312,476</u>	<u>596,535</u>	<u>909,011</u>

METRO

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

June 30, 1996

Open Spaces Program General Obligation Bonds						
Year of maturity	<u>1995 Series A</u>		<u>1995 Series B</u>		<u>1995 Series C</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1996-97	\$ 2,120,000	3,980,166	483,965	16,035	1,495,000	2,957,469
1997-98	2,230,000	3,871,416	463,955	36,045	1,590,000	2,859,312
1998-99	2,370,000	3,732,716	444,050	55,950	1,690,000	2,760,913
1999-00	2,520,000	3,583,616	423,755	76,245	1,790,000	2,656,512
2000-01	2,655,000	3,447,773	403,200	96,800	1,905,000	2,545,663
2001-02	2,795,000	3,304,710	383,625	116,375	2,020,000	2,427,912
2002-03	2,945,000	3,157,716	363,060	136,940	2,145,000	2,302,963
2003-04	3,105,000	2,998,704	343,920	156,080	2,275,000	2,170,362
2004-05	3,270,000	2,831,566	325,155	174,845	2,405,000	2,046,798
2005-06	3,435,000	2,663,941	308,037	193,963	2,515,000	1,932,380
2006-07	3,615,000	2,485,884	288,945	211,055	2,640,000	1,809,917
2007-08	3,805,000	2,293,820	271,585	228,415	2,770,000	1,678,693
2008-09	4,015,000	2,086,538	254,775	245,225	2,910,000	1,538,077
2009-10	4,235,000	1,864,791	238,540	261,460	3,065,000	1,387,170
2010-11	4,475,000	1,627,384	223,356	277,644	3,225,000	1,225,969
2011-12	4,730,000	1,371,881	-	-	3,910,000	1,040,288
2012-13	5,005,000	1,096,799	-	-	4,120,000	829,500
2013-14	5,300,000	801,781	-	-	4,340,000	607,425
2014-15	5,610,000	491,625	-	-	4,575,000	373,406
2015-16	5,935,000	166,922	-	-	4,825,000	126,656
Total	\$ <u>74,170,000</u>	<u>47,859,749</u>	<u>5,219,923</u>	<u>2,283,077</u>	<u>56,210,000</u>	<u>35,277,385</u>

Convention Center 1992 Series A

General Obligation

Refunding Bonds

Principal

Interest

1,975,000 3,603,447
 2,100,000 3,496,152
 2,230,000 3,380,383
 2,375,000 3,252,235
 2,530,000 3,113,958
 2,700,000 2,964,237
 2,890,000 2,799,385
 3,085,000 2,624,136
 3,305,000 2,432,165
 3,535,000 2,224,252
 3,790,000 1,999,844
 4,060,000 1,758,750
 4,345,000 1,500,625
 4,660,000 1,224,219
 4,990,000 927,812
 5,355,000 610,313
 5,730,000 270,000

- -
 - -
 - -

59,655,000 38,181,913

Expo Center 1996 Series A

Revenue Bond

Principal

Interest

- 131,389
 70,000 135,575
 75,000 131,588
 80,000 127,325
 85,000 122,787
 90,000 117,975
 95,000 112,888
 100,000 107,525
 105,000 101,887
 1,800,000 95,975
 - -
 - -
 - -
 - -
 - -
 - -
 - -
 - -
 - -
 - -

- -
 - -
 - -

2,500,000 1,184,914

Total

Principal

Interest

6,073,965 10,688,506
 6,453,955 10,398,500
 6,809,050 10,061,550
 7,188,755 9,695,933
 7,578,200 9,326,981
 7,988,625 8,931,209
 8,438,060 8,509,892
 8,908,920 8,056,807
 9,410,155 7,587,261
 11,593,037 7,110,511
 10,333,945 6,506,700
 10,906,585 5,959,678
 11,524,775 5,370,465
 12,198,540 4,737,640
 12,913,356 4,058,809
 13,995,000 3,022,482
 14,855,000 2,196,299

9,640,000 1,409,206
 10,185,000 865,031
 10,760,000 293,578

197,754,923 124,787,038

METRO

Schedule of Future Debt Service Requirements Proprietary Funds

June 30, 1996

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
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	\$ <u>19,506,120</u>	<u>1,063,060</u>	<u>12,585,000</u>	<u>6,887,511</u>	<u>5,000,000</u>

- (1) As interest rates on this issue are variable, interest payments over the life of the bonds are not determinable. Interest payments for 1996-97 are estimated to total \$350,000 at 7.0%.
- (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>
1,630,000	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>37,091,120</u>	<u>7,950,571</u>	<u>25,715,000</u>	<u>21,864,154</u>

METRO

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

For the year ended June 30, 1996

	Principal				
	Outstanding July 1, <u>1995</u>	Issued During <u>Year</u>	Matured and Paid During <u>Year</u>	Outstanding June 30, <u>1996</u>	Interest <u>Expense</u>
Open Spaces Program 1995 Series A General Obligation Bonds with interest rates from 5.0 to 7.0%, final year of maturity 2015	\$ -	74,170,000	-	74,170,000	2,016,583
Open Spaces Program 1995 Series B General Obligation Bonds with interest rates from 3.7 to 5.5%, final year of maturity 2010	-	5,219,923	-	5,219,923	-
Open Spaces Program 1995 Series C General Obligation Bonds with interest rates from 4.6 to 6.75%, final year of maturity 2015	-	56,210,000	-	56,210,000	1,136,328
Convention Center 1992 Series A General Obligation Refunding Bonds with an average interest rate of 6.334%, final year of maturity 2013	61,515,000	-	1,860,000	59,655,000	3,700,677
Expo Center 1996 Series A Revenue Bond with an interest rate of 5.5%, final year of maturity 2006	-	2,500,000	-	2,500,000	-
Total General Long-Term Debt Account Group	\$ 61,515,000	138,099,923	1,860,000	197,754,923	6,853,588

METRO

Schedule of Long-Term Bonded Debt Transactions Proprietary Funds

For the year ended June 30, 1996

	Principal				
	Outstanding July 1, <u>1995</u>	Issued During <u>Year</u>	Matured and Paid <u>During Year</u>	Outstanding June 30, <u>1996</u>	Interest <u>Expense</u>
ENTERPRISE FUNDS:					
SOLID WASTE FUND:					
<u>Metro Central Transfer Station</u>					
1990 Series A Solid Waste Disposal Project Revenue Bonds with interest rates from 6.5 to 7.1%, final year of maturity 2008	\$ 20,921,120	-	1,415,000	19,506,120	519,510
<u>Metro Central Transfer Station</u>					
1993 Series A Solid Waste Disposal Refunding Revenue Bonds with interest rates from 3.5 to 5.125%, final year of maturity 2012	12,705,000	-	120,000	12,585,000	614,681
<u>Metro\Riedel Compost Facility</u>					
1990 Series 1 Solid Waste Disposal Project Revenue Bonds with variable interest rates, final year of maturity 2012	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>	<u>200,490</u>
Total Enterprise Funds	<u><u>38,626,120</u></u>	<u><u>-</u></u>	<u><u>1,535,000</u></u>	<u><u>37,091,120</u></u>	<u><u>1,334,681</u></u>
INTERNAL SERVICE FUNDS:					
BUILDING MANAGEMENT FUND:					
<u>Metro Regional Center Project</u>					
1993 Series A General Revenue Refunding Bonds with interest rates from 3.5% to 5.25%, final year of maturity 2023	<u>25,960,000</u>	<u>-</u>	<u>245,000</u>	<u>25,715,000</u>	<u>1,286,337</u>
Total Internal Service Funds	\$ <u><u>25,960,000</u></u>	<u><u>-</u></u>	<u><u>245,000</u></u>	<u><u>25,715,000</u></u>	<u><u>1,286,337</u></u>

METRO

Oregon Public Employees Retirement System Required Supplementary Information

for the last seven fiscal years (1)

	For the years ended June 30						
	1996	1995	1994	1993	1992	1991	1990
Valuation date	12/31/95	12/31/94	12/31/93	12/31/92	12/31/91	None	12/31/89
Source	Actuarial	Estimate	Actuarial	Estimate	Actuarial	None	Actuarial
Net assets available for benefit	24,603,201	16,685,853	14,239,103	11,896,637	8,677,945	Not Avail.	654,035
Pension benefit obligation (PBO)	24,739,515	21,383,063	18,053,102	16,408,925	13,025,026	Not Avail.	443,025
Net assets as a percentage of PBO	99.4%	78.0%	78.9%	72.5%	66.6%	N/A	147.6%
Unfunded (assets in excess of) PBO	136,314	4,697,210	3,813,999	4,512,288	4,347,081	Not Avail.	(211,010)
Annual covered payroll	23,954,659	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	0.6%	21.2%	19.3%	23.1%	28.3%	N/A	N/A
Employer contribution (including employee portion paid by employer) as a percentage of covered payroll (2)	8.6%	14.3%	17.9%	11.8%	12.6%	10.4%	11.7%

(1) Metro began participating in PERS on a limited basis in fiscal year 1990. Full participation began in fiscal year 1991.

(2) For years prior to 1996, the required employee contribution of 6% of covered compensation was paid by Metro in conformance with its personnel policies.

Give these dividers a second life!



This bookmark was created
by reusing divider paper.

Reduce, reuse and recycle.

This bookmark was created
by reusing divider paper.

Reduce, reuse and recycle.

This bookmark was created
by reusing divider paper.

Reduce, reuse and recycle.



*When you recycle this report, remove the dividers.
Then you can cut out three very nice bookmarks to use or to give as gifts!*

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 (2)	Capital outlay	Debt service	Total (memorandum only) Primary Government	Component Unit MERC (3) Spectator facility operations	Total (memorandum only) Reporting Entity
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	-	4,470,591	5,687,278	25,129,088	15,452,425	40,581,513
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
1996	1,962,173	13,038,699	11,100,770	9,474,072	14,137,150	10,910,449	60,623,313	8,585,781	69,209,094

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

(2) Beginning with fiscal year 1994, primary government includes regional parks and expo activities.

(3) 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 Services 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	Contributions and donations	Miscellaneous and interest	Total (memorandum only)	Component Unit - MERC (4)		Total (memorandum only)
							Primary	Charges	Miscellaneous	Reporting
							Government (3)	for services	and interest	Entity
1987	\$ 5,308,692	\$ -	\$ 3,486,282	\$ 947,496	\$ 323,101	\$ 1,540,550	\$ 11,606,121	\$ -	\$ -	\$ 11,606,121
1988	8,071,410	-	3,617,364	1,189,171	508,057	1,652,490	15,038,492	-	-	15,038,492
1989	11,345,576	-	4,912,893	1,109,249	680,927	1,813,351	19,861,996	-	-	19,861,996
1990	11,413,372	-	5,833,732	1,236,704	387,780	2,106,464	20,978,052	-	-	20,978,052
1991	10,420,978	2,867,095	5,909,120	1,415,251	1,164,588	1,717,549	23,494,581	15,896,998	810,312	40,201,891
1992	10,546,738	3,727,826	7,354,496	2,329,330	605,404	1,947,506	26,511,300	17,024,129	581,706	44,117,135
1993	11,115,246	4,527,103	6,034,700	3,177,735	422,536	2,052,533	27,329,853	16,578,875	697,884	44,606,612
1994	10,947,908	5,451,649	8,246,568	5,456,814	801,254	3,664,621	34,568,814	4,881,002	270,214	39,720,030
1995	11,831,729	5,999,125	10,505,971	7,903,594	739,756	2,823,237	39,803,412	3,078,589	3,276,470	46,158,471
1996	24,666,369	6,996,251	11,149,521	7,758,523	786,188	9,391,255	60,748,107	4,890,258	3,767,790	69,406,155

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

(2) Property taxes for the fiscal years 1987-1991 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. Fiscal year 1996 includes the tax levy for repayment of Open Spaces General Obligation Bonds.

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

(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 Services Division.

METRO

Property Tax Levies and Collections (1)

for the last ten fiscal years
Unaudited

Fiscal year ended <u>June 30,</u>	Taxes levied by <u>assessor</u>	Current tax <u>collections</u>	Current tax collections as percent of current <u>levy</u>	Delinquent tax <u>collections</u>	Total tax <u>collections</u>	Total collections as percent of current <u>levy</u>	Uncollected <u>taxes</u>	Uncollected taxes as percent of current <u>levy</u>
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
1996	25,499,278	24,061,489	94.4	462,400	24,523,889	96.2	1,098,856	4.3

(1) Property tax levies provide additional operating revenue for the Washington Park Zoo and debt service for Metro's general obligation bonds.

Property taxes for the fiscal years 1987-1991 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. Fiscal year 1996 includes the tax levy for repayment of Open Spaces General Obligation Bonds.

Source: Metro Administrative Services Department, Accounting Services Division.

METRO

Assessed and Estimated Actual Value of Taxable Property

for the last ten fiscal years
Unaudited

Fiscal year ended June 30.	Assessed Value				Estimated actual value	Ratio of total assessed to estimated actual value
	Real property	Personal property	Public utility property	Total		
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
1996	63,459,767,323	2,904,185,194	2,382,468,737	68,746,421,254	68,746,421,254	100.0

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									
		1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
<u>Direct Government</u>											
Metro	\$	0.37	0.20	0.21	0.23	0.24	0.27	0.33	0.34	0.25	0.16
<u>Overlapping Government</u>											
<u>Multnomah County</u>											
Portland School District #1	\$	13.25	14.10	14.81	14.91	15.35	16.77	16.93	16.08	15.13	14.21
City of Portland		6.36	6.61	7.22	7.34	7.96	8.80	8.70	7.42	7.40	7.18
Multnomah County		3.88	4.08	4.30	4.29	4.49	4.97	4.52	4.39	4.19	3.49
Reynolds School District #7		10.20	10.94	11.89	12.81	14.15	14.14	15.03	14.82	15.04	14.57
Multnomah County ESD		1.14	1.22	1.28	1.31	1.35	1.47	1.50	1.45	1.38	1.30
Parkrose School District #3		12.37	11.72	11.50	11.54	11.54	11.50	11.83	12.70	12.12	11.88
David Douglas School District #40		13.82	14.98	16.12	15.86	15.93	17.43	17.55	15.29	15.18	13.95
Portland Community College		0.79	0.82	0.87	0.90	0.81	0.91	0.94	0.92	0.89	0.85
City of Gresham		4.50	4.68	4.96	4.44	4.62	4.99	5.55	5.35	5.15	4.96
Gresham-Barlow School District #10		13.01	14.17	9.02	9.67	8.82	9.46	10.05	9.93	9.95	9.52
<u>Washington County</u>											
Beaverton School District #48J	\$	12.07	12.41	13.39	14.16	13.44	15.82	16.67	16.49	14.10	13.40
Tigard-Tualatin School District #23J		14.01	13.88	15.58	15.95	16.73	14.60	14.54	14.46	12.10	11.36
Washington County		2.34	2.48	2.60	2.84	2.88	2.95	2.02	2.95	2.81	2.82
Hillsboro High School District #3		7.02	7.79	7.49	8.43	8.58	10.28	10.57	10.45	9.29	9.65
Tualatin Valley Fire and Rescue		1.66	1.76	1.88	1.98	1.99	2.41	2.52	2.49	2.70	2.99
City of Beaverton		4.01	4.16	4.03	4.06	4.05	4.67	4.56	4.41	4.39	4.19
Forest Grove School District #15		16.71	17.01	18.05	19.06	18.83	18.76	19.93	20.85	20.43	14.88
Hillsboro Elem. School District #7		7.81	8.59	9.00	9.64	9.59	9.11	9.05	8.33	6.53	5.45
Tualatin Hills Park & Rec. District		1.41	1.30	1.27	1.29	1.39	1.27	1.32	1.33	1.47	1.36
Sherwood School District #88J		11.10	12.30	11.90	12.82	13.90	16.34	17.48	17.46	15.45	14.75
<u>Clackamas County</u>											
North Clackamas School Dist. #12	\$	9.55	10.59	11.93	12.74	13.26	16.14	14.95	14.91	14.83	13.98
Lake Oswego School District #7		11.57	13.37	13.36	12.90	13.34	14.37	13.92	12.41	12.92	12.83
Clackamas County		3.94	3.28	3.72	2.40	2.39	2.44	2.20	2.18	2.22	2.08
West Linn-Wilsonville School District #3		11.78	13.15	13.49	15.05	15.73	15.35	16.40	15.27	15.16	14.78
Oregon City School District #62		12.75	14.03	15.57	16.04	16.89	18.47	18.33	17.72	17.72	17.34
Clackamas Community College		1.17	1.25	1.34	1.39	1.39	1.39	1.31	1.37	1.31	1.34
City of Lake Oswego		4.29	4.40	4.49	4.89	5.05	5.03	5.30	4.60	4.62	4.58
Clackamas County ESD		0.76	0.79	0.85	0.87	1.31	1.04	1.07	1.06	1.05	1.01
Clackamas Rural Fire Protect. Dist. #1		2.52	2.67	2.90	2.45	2.55	3.67	3.38	2.90	3.60	3.76
Canby School District #86		11.56	12.69	7.49	7.76	8.87	8.33	9.16	9.26	6.83	7.27

(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.

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

METRO

Computation of Legal Debt Margin

June 30, 1996
Unaudited

True cash value		\$ 68,746,421,254
Debt limit (1)		<u>10.0%</u>
		6,874,642,125
Gross bonded debt principal	\$ 260,561,043	
Less legal deductions from debt limit:		
Metro Central Transfer Station Project, Solid Waste Disposal System Revenue Bonds	(19,506,120)	
Metro Central Transfer Station Project, Solid Waste Disposal System Refunding Revenue Bonds	(12,585,000)	
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	(25,715,000)	
Metro Expo Center Series 1996 Revenue Bonds	<u>(2,500,000)</u>	
Net debt subject to 10% limitation		<u>195,254,923</u>
Legal debt margin		<u>\$ 6,679,387,202</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 Services 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</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>
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	1,305,100	60,979,621,154	58,386,119	0.10	44.74
1996	1,330,300 est.	68,746,421,254	182,165,720	0.26	136.94 est.

Sources: The Departments of Assessment and Taxation for Multnomah, Clackamas and Washington Counties.
Data Resource Center, 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 (3)</u>	<u>General Governmental Expenditures</u>			Ratio of debt service to total general governmental expenditures
				<u>Primary government(1)(3)</u>	<u>Component unit (2)</u>	<u>Total</u>	
1987	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	- %
1988	-	4,409,513	4,409,513	22,928,950	-	22,928,950	19.23
1989	990,000	4,765,828	5,755,828	21,927,295	-	21,927,295	26.25
1990	1,045,000	4,674,253	5,719,253	23,490,891	-	23,490,891	24.35
1991	1,110,000	4,577,278	5,687,278	25,129,088	15,452,425	40,581,513	14.01
1992	1,175,000	2,263,664	3,438,664	22,803,654	17,111,836	39,915,490	8.61
1993	820,000	3,104,401	3,924,401	25,498,329	17,099,020	42,597,349	9.21
1994	1,670,000	3,860,803	5,530,803	36,236,324	6,809,282	43,045,606	12.85
1995	1,755,000	3,787,640	5,542,640	37,113,196	6,403,481	43,516,677	12.74
1996	1,860,000	6,853,588	8,713,588	60,623,313	8,585,781	69,209,094	12.59

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

(3) Beginning fiscal year 1996, the Open Spaces program and its related debt service is included.

Source: Metro Administrative Services Department, Accounting Services Division.

METRO

Schedule of Overlapping Bonded Debt - All Overlapping Governments

for the year ended June 30, 1996
Unaudited

<u>Overlapping government</u>	Percent within District	<u>Overlapping</u>	
		Gross bonded debt	Net direct debt
Clackamas County	72.84 %	\$ 1,340,124	\$ 571,812
Clackamas 2 Water District	100.00	135,000	135,000
Mt. Scott 3J Water District	100.00	2,510,000	2,510,000
Oak Lodge 4 Water District	100.00	3,675,000	3,675,000
Clairmont 18 Water District	26.58	144,851	15,946
Damascus 20 Water District - Bond	100.00	30,000	30,000
Clackamas County Service District #1	100.00	3,345,424	320,000
Tri City Service District	100.00	14,130,000	14,130,000
Oak Lodge RFPD 51	100.00	40,000	40,000
Oak Lodge RFPD 51 (Res Bond)	100.00	2,875,000	2,875,000
Clackamas County SD 3J (West Linn)	93.53	50,190,559	50,190,559
Clackamas County SD 7J (Lake Oswego)	100.00	17,575,000	17,575,000
Clackamas County SD 12 (N Clackamas)	98.18	20,137,374	20,137,374
Clackamas County SD 46 (Sandy Elementary)	10.98	71,360	71,360
Clackamas County SD 115 (Gladstone)	100.00	12,220,000	12,220,000
Clackamas County SD 86 (Canby)	19.57	4,702,190	4,702,190
Clackamas Community College	71.37	6,422,859	6,422,859
City of Gladstone	100.00	2,170,000	2,170,000
City of Lake Oswego	100.00	16,745,000	16,745,000
City of Milwaukie	100.00	4,680,000	4,500,000
City of West Linn	100.00	1,510,000	1,190,000
City of Wilsonville	99.98	12,709,022	1,334,739
Multnomah County	98.68	28,331,257	28,331,257
Port of Portland	90.35	45,763,865	45,479,706
Powell Valley Road Water District	100.00	300,459	-
Tri-Metropolitan Transport District	96.50	135,948,248	135,948,248
Multnomah County SD 1J (Portland)	99.50	185,583,296	185,583,296
Multnomah County SD 3 (Parkrose)	100.00	34,925,000	34,925,000
Multnomah County SD 7 (Reynolds)	100.00	31,790,000	31,790,000
Multnomah County SD 19 (Sauvie Island)	37.18	122,706	122,706
Multnomah County SD 28J (Centennial)	100.00	13,959,566	13,959,566
Multnomah County SD 39 (Corbett)	14.47	1,006,520	1,006,520
Multnomah County SD 40 (David Douglas)	100.00	18,750,000	18,750,000
Multnomah County SD 51J (Riverdale)	100.00	700,000	700,000
Multnomah County SD 10J (Gresham UHD 2J)	95.90	31,879,879	31,879,879
Mount Hood Community College	86.94	3,634,058	3,634,058
Portland Community College	91.05	49,918,628	49,918,628

(Continued)

METRO

Schedule of Overlapping Bonded Debt - All Overlapping Governments, Continued

for the year ended June 30, 1996

Unaudited

<u>Overlapping government</u>	<u>Percent within District</u>	<u>Overlapping</u>	
		<u>Gross bonded debt</u>	<u>Net direct debt</u>
City of Fairview	100.00 %	\$ 209,379	\$ -
City of Gresham	100.00	12,818,898	12,370,000
City of Portland	100.00	154,362,657	72,589,927
City of Troutdale	100.00	6,467,339	2,145,106
City of Wood Village	100.00	510,000	510,000
Washington County	92.40	82,987,829	81,033,835
Tualatin Hills Park & Rec. District	99.96	25,160,309	25,160,309
Unified Sewerage Agency	99.46	6,241,278	4,654,849
Tualatin Valley Water District (Metzger Bond)	100.00	3,435,000	3,435,000
Tualatin Valley Water District (Wolf Creek Bond)	99.96	11,415,808	11,415,808
Tualatin Valley Water District	99.97	1,584,510	1,559,518
Cornelius RFPD	9.22	32,259	32,259
Forest Grove RFPD	11.71	59,729	59,729
Tualatin Valley Fire & Rescue District	95.60	1,018,086	1,018,086
Washington County SD 1 (West Union)	74.26	230,190	230,190
Washington County SD 7 (Hillsboro)	92.52	4,607,381	4,607,381
Washington County SD 15 (Forest Grove)	73.72	23,292,118	23,292,118
Washington County SD 23J (Tigard)	99.31	74,907,584	74,907,584
Washington County SD 29 (Reedville)	98.51	5,383,795	5,383,795
Washington County SD 48J (Beaverton)	99.82	93,108,924	93,108,924
Washington County SD 58J (Farmington)	0.01	74	74
Washington County SD 88J (Sherwood)	68.11	12,910,686	12,910,686
Washington County UHD 3-8J (Hillsboro)	81.75	30,704,173	30,704,173
City of Beaverton	100.00	16,869,000	13,064,000
City of Cornelius	92.10	1,638,006	916,392
City of Forest Grove	98.72	1,979,855	898,326
City of Hillsboro	99.46	3,752,227	810,599
City of Sherwood	100.00	440,000	-
City of Tigard	100.00	11,955,000	10,585,000
City of Tualatin	100.00	4,711,867	3,727,657
Totals		<u>\$ 1,352,766,206</u>	<u>\$ 1,234,722,028</u>

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	
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
1996	62,745,659	52,652,667	2,012,027	12,105,019	1,780,000	2,420,528	4,200,528	2.88

(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 Services Division.

METRO

Demographic Statistics

for the last ten fiscal years (1)
Unaudited

<u>Fiscal year ended June 30,</u>	<u>Population</u>	<u>Per capita income</u>	<u>Portland metropolitan unemployment rate</u>
1987	1,099,087	\$ 16,145	5.3 %
1988	1,121,688	17,219	4.8
1989	1,143,489	18,608	4.5
1990	1,174,291	19,778	4.2
1991	1,217,200	20,445	4.8
1992	1,239,500	21,534	6.1
1993	1,268,000	22,545	6.2
1994	1,285,000	23,703	4.3 (2)
1995	1,305,100	25,000 est.	3.8
1996	1,330,300 est.	26,250 est.	4.2

(1) Based upon Portland PMSA, 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 June 30,	Construction Permits (1)				Bank deposits (amounts in thousands)
	Non-residential		Residential		
	<u>Buildings</u>	<u>Value</u>	<u>Units</u>	<u>Value</u>	
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
1996	4,301	892,518,422	17,356	1,302,113,799	16,149,419

(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, 1996
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	\$ 396,551	1.16 %
Pacific Power and Light	Electric utility	229,914	0.67
Boeing Company	Aircraft manufacturing	185,316	0.54
Portland General Electric	Electric utility	184,266	0.54
Northwest Natural Gas Co.	Natural gas utility	110,332	0.32
SI-Lloyd Associates	Shopping mall	98,294	0.29
United Airlines	Air travel	88,421	0.26
Wacker Siltronic Corp.	Electronics	77,852	0.23
US Bancorp	Banking	75,414	0.22
Fujitsu Microelectronics	Electronics	72,177	0.21
All other taxpayers	-	32,707,428	95.56
	Total	<u>\$ 34,225,965</u>	<u>100.00 %</u>
Washington County:			
Intel Corporation	Electronics	\$ 465,912	2.26 %
GTE Northwest Incorporated	Telephone utility	225,357	1.09
Portland General Electric	Electric utility	129,796	0.63
Northwest Natural Gas Co.	Natural gas utility	108,394	0.53
Tektronix, Inc.	Electronics	102,292	0.50
Nike Inc.	Athletic apparel	86,741	0.42
Pacific Realty Associates	Real estate	66,613	0.32
Knickerbocker Properties, Inc. XXIV	Real estate	63,586	0.31
Pacific Realty Associates	Real estate	53,092	0.26
Washington Square, Inc.	Shopping mall	49,764	0.24
All other taxpayers	-	19,234,863	93.44
	Total	<u>\$ 20,586,410</u>	<u>100.00 %</u>
Clackamas County:			
Clackamas Association Ltd Partnership	Shopping mall	\$ 100,716	0.72 %
Portland General Electric	Electric utility	85,070	0.61
Metropolitan Life Insurance Company	Insurance	68,804	0.49
U. S. West	Telephone utility	67,590	0.49
Northwest Natural Gas Co.	Natural gas utility	61,718	0.44
Mentor Graphics Corp.	Electronics	61,285	0.44
Precision Castparts Corp.	Manufacturing	61,093	0.44
Tektronix, Inc.	Electronics	50,404	0.36
United Grocers	Wholesale grocery	44,422	0.32
WCB Fifteen Ltd Partnership	Real estate	41,971	0.30
All other taxpayers	-	13,290,973	95.39
	Total	<u>\$ 13,934,046</u>	<u>100.00 %</u>

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

METRO

Insurance in Force

June 30, 1996
Unaudited

<u>Insurance company and policy number</u>	<u>Amount of policy</u>	<u>Type of coverage</u>	<u>Expiration date</u>	<u>Premium</u>
Allendale Insurance Company UV 094	\$ 254,609,800	"All Risk" property coverage includes a wide range of related coverages including earthquake, flood, and boiler and machinery	June 30, 1996 (1)	\$ 124,913
Acceptance Insurance Company GLA 184831	1,000,000	Liquor liability coverage	January 1, 1997	9,071
Hartford Insurance Co. PEB PE 8687	625,000	Crime coverage/employee faithful performance	June 30, 1996 (1)	15,398
SAIF Corporation	Statutory	Workers' compensation	June 30, 1996 (1)	21,670
Lexington 8669083	3,000,000	Excess liability	June 30, 1996 (1)	40,728
National Flood Insurance Program FL 3000044501	200,000	Flood coverage for Expo	June 30, 1998	1,011
American Reliable Insurance various	varies	Property, liability coverage for homes owned by Open Spaces Program	January 1, 1997	2,000
Western World Insurance Company NGL07816	1,000,000	Special use permit for Oxbow Park	May 25, 1997	1,458

(1) Coverage renewed through June 30, 1997

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 Facilities	Total Direct Haul Tonnage	Revenue Tonnage (2)	Revenue Tons as a percent of Direct Haul Tonnage
	St. Johns	Composter	Metro South	Metro Central	Total				
1987	395,577	-	293,391	-	688,968	327,591	1,016,559	942,882	92.75 %
1988	401,070	-	304,401	-	705,471	372,821	1,078,292	1,000,328	92.77
1989	388,377	-	340,995	-	729,372	401,791	1,131,163	1,051,939	93.00
1990	473,726	-	368,394	-	842,120	379,121	1,221,241	1,135,273	92.96
1991	36,463	114,218	313,906	258,883	723,470	399,211	1,122,681	1,071,885	95.48
1992	-	12,628	357,263	327,518	697,409	400,816	1,098,225	1,036,761	94.40
1993	-	-	372,226	360,324	732,550	410,205	1,142,755	1,060,257	92.78
1994	-	-	387,417	363,047	750,464	434,433	1,184,897	1,062,936	89.71
1995	-	-	377,231	375,066	752,297	512,766	1,265,063	1,113,671	88.03
1996	-	-	382,110	382,225	764,335	531,269	1,295,604	1,134,492	87.56

(1) Information provided is based upon a calendar year. August through December of 1996 have been estimated.

(2) Revenue tonnage is the portion of mixed solid waste on which Metro user fees are levied.

Source: Metro Regional Environmental Management Department.

METRO

Miscellaneous Statistical Data

June 30, 1996
Unaudited

Created by Oregon Legislature
Metro Charter passed by voters
Metro Charter effective date

1977
November 3, 1992
January 1, 1993

Form of government:

Primary Government - Metro

Elected Executive Officer and elected
seven member District Council

Component Unit - MERC

Seven member appointed Commission

Metro Area - Square miles

460.60

Number of full-time equivalent employees budgeted for fiscal year 1995-96

798.20

Metro Washington Park Zoo Attendance
for last ten fiscal years ended June 30,

Total Attendance

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
1996	1,052,810

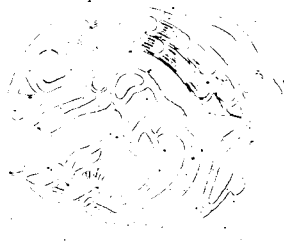
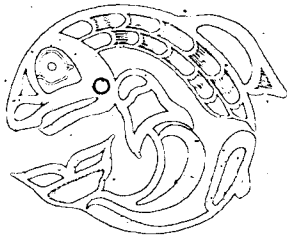
Ten largest cities in the Metro District at July 1, 1995

Population

Portland	497,600
Gresham	77,240
Beaverton	61,720
Hillsboro	46,160
Tigard	35,000
Lake Oswego	33,145
Milwaukie	20,015
West Linn	19,370
Oregon City	18,980
Tualatin	18,750

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

Give these dividers a second life!



This bookmark was created
by reusing divider paper.

Reduce, reuse and recycle.

This bookmark was created
by reusing divider paper.

Reduce, reuse and recycle.

This bookmark was created
by reusing divider paper.

Reduce, reuse and recycle.



*When you recycle this report, remove the dividers.
Then you can cut out three very nice bookmarks to use or to give as gifts!*

**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 General Purpose
Financial Statements Performed in Accordance
with Government Auditing Standards

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

We have audited the general purpose financial statements of Metro as of and for the year ended June 30, 1996, and have issued our report thereon dated October 18, 1996.

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 general purpose 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 general purpose 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 general purpose financial statements of Metro for the year ended June 30, 1996, 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 general purpose 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.

However, we noted certain matters involving the internal control structure and its operation that we have reported to you in a separate letter dated October 18, 1996.

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

KPMC Peat Marwick LLP

October 18, 1996

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

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

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

We have audited the general purpose financial statements of Metro as of and for the year ended June 30, 1996, and have issued our report thereon dated October 18, 1996.

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 general purpose 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 general purpose financial statements are free of material misstatement, we performed tests of Metro's compliance with certain provisions of laws, regulations, contracts, and grants including applicable 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 1996 and 1997 fiscal years.
- 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.
- The legal requirements pertaining to the use of revenue from taxes on motor vehicle use fuel.
- The legal requirements pertaining to the use of road funds.
- 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 general purpose 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 instances of noncompliance concerning overexpenditures of budgeted appropriations as described in footnote 4 to Metro's general purpose financial statements. The results of our tests also disclosed instances where Metro was unable to provide documentation indicating that it complied with all of the legal requirements pertaining to soliciting competitive quotes in connection with the awarding of public contracts.

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 18, 1996.

We considered the aforementioned instances of noncompliance in forming our opinion on whether Metro's fiscal 1996 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated October 18, 1996 on those general purpose financial statements.

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

KPMG Peat Marwick LLP

October 18, 1996