



The Global Leader

METRO

**Audit of Federal Awards Performed
in Accordance with U.S. Office of
Management and Budget Circular A-133**

Year ended June 30, 1997

METRO

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Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

Independent Auditors' Report on Compliance and on Internal
Control Over Financial Reporting Based on an Audit of
General Purpose Financial Statements Performed in
Accordance with *Government Auditing Standards*

The Council, Executive Officer, and Auditor
Metro:

We have audited the general purpose financial statements of Metro as of and for the year ended June 30, 1997, and have issued our report thereon dated November 26, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Metro's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Metro's internal control over financial reporting 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 over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses.

The Council, Executive Officer, and Auditor
Metro

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

KPMG Peat Marwick LLP

Portland, Oregon
November 26, 1997

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control over
Compliance in Accordance with OMB Circular A-133

The Council, Executive Officer, and Auditor
Metro:

Compliance

We have audited the compliance of Metro with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1997. Metro's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Metro's management. Our responsibility is to express an opinion on Metro's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Metro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination on Metro's compliance with those requirements.

In our opinion, Metro complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1997.

The Council, Executive Officer, and Auditor
Metro

Internal Control Over Compliance

The management of Metro is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Metro's internal control over compliance with requirements that could have a direct and material effect on its major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to the major federal program 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 over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of Metro as of and for the year ended June 30, 1997, and have issued our report thereon dated November 26, 1997. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. 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 stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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

KPMG Peat Marwick LLP

Portland, Oregon
November 26, 1997

METRO

Schedule of Expenditures of Federal Awards

Year ended June 30, 1997

<u>Grantor and program title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Current year federal expenditures</u>
<u>U.S. Department of the Interior</u>			
U.S. Geological Survey: Preparation of Earthquake Hazard Maps Guide	15.807	1434-HQ-97-GR-03110	\$ -
U.S. Fish and Wildlife: Fish and Wildlife Enhancement	-	14-16-001-91551	282,067
Fish and Wildlife Enhancement	-	14-48-13420-7-J002	-
Fish and Wildlife Enhancement	-	14-48-13420-97-M206	7,567
Clean Vessel Act Program	15.616	N/A	<u>750</u>
Total U.S. Department of the Interior			<u>290,384</u>
<u>Federal Transit Administration</u>			
Direct programs:			
Federal Transportation Technical Studies Grant:			
South/North DEIS and PE	20.205*	OR-29-9023	5,400,214
Airport Study	20.205*	OR-29-9024	254,007
TRANSIMS	20.205*	OR-93-8001-01	-
Transit Oriented Development	20.205*	OR-90-X070	13,266
Passed through Oregon Department of Transportation:			
Highway, Research, Planning and Construction:			
1997 Planning	20.205*	SPR-HPR-PL-STP-97-01(34)	640,467
1993 Federal Highway Administration Special Research:			
LAND-0000(001)	20.205*	HPR-PL-STP-IX-93-01(30)	33,089
LAND-0000(002)	20.205*	HPR-PL-STP-IX-93-01(30)	5,085
1996 Federal Highway Administration Special Research:			
Congestion Pricing Pilot Program	20.205*	HPR-OR/CP-0041(001)	349,650
1993 Federal Surface Transportation Program:			
METRO Surface Transportation Program (3/93)	20.205*	STR-PL-STP-94-01(31)	155,529
1996 Federal Surface Transportation Program:			
METRO Surface Transportation Program	20.205*	SPR-HPR-PL-STP-96-01(33)	208,971
1997 Federal Surface Transportation Program:			
METRO Surface Transportation Program	20.205*	SPR-HPR-PL-STP-97-01(34)	447,457
ODOT Surface Transportation Program	20.205*	SPR-HPR-PL-STP-97-01(34)	120,369
Federal Transportation Technical Studies Grant:			
1996 Technical Studies (Section 8)	20.205*	OR-80-X004	48,646
1997 Technical Studies (Section 5303)	20.205*	OR-80-X005	142,668
Transportation Growth Management Program:			
Regional Street Design Study	20.205*	STP-0000(5)	4,963
Shared Parking Project	20.205*	STP-0000(5)	15,825
Regional Center Management Plan	20.205*	STP-0000(5)	11,890
Cornelius Main Street District Plan	20.205*	STP-0000(5)	11,093
North Plains	20.205*	STP-0000(5)	<u>1,846</u>
Total Federal Transportation Administration			<u>7,865,035</u>
<u>Department of Education</u>			
Institute of Museum Services:			
General Operating Support	45.301	IG-50945-95	56,250
Conservation Program	45.301	IC-50232-95	11,110
Museum Assessment Program III	45.301	IM-50156-95	<u>1,350</u>
Total Department of Education			<u>68,710</u>

(Continued)

METRO

Schedule of Expenditures of Federal Awards, Continued

<u>Grantor and program title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Current year federal expenditures</u>
<u>U.S. Environmental Protection Agency</u>			
Water Quality Assistance Program:			
Direct program:			
Willamette River Initiative/Clackamas River Watershed	66.104	MM990511-01-0	\$ 61,436
Passed through Oregon Department of Environmental			
Quality:			
Small Water Grants	66.460	24-96	<u>4,579</u>
Total U.S. Environmental Protection Agency			<u>66,015</u>
<u>Federal Emergency Management Agency</u>			
Passed through State of Oregon:			
Disaster Assistance	83.516	N/A	<u>177,166</u>
Total Federal Emergency Management Agency			<u>177,166</u>
<u>Department of U.S. General Services Administration</u>			
Surplus Property	39.003	N/A	<u>330</u>
Total Department of U.S. General			
Services Administration			<u>330</u>
Total expenditures of federal awards			\$ <u>8,467,640</u>

*Represents a major program.

See accompanying notes to Schedule of Expenditures of Federal Awards.

METRO

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 1997

(1) General

The accompanying Schedule of Expenditures of Federal Awards includes all federal awards received by Metro. Metro's reporting entity is described in note 2 to Metro's June 30, 1997 general purpose financial statements. Financial assistance received directly from federal agencies, as well as financial assistance passed through other government agencies, is included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in note 2 to Metro's June 30, 1997 general purpose financial statements.

(3) Relationship to General Purpose Financial Statements

Federal awards are presented in Metro's June 30, 1997 general purpose financial statements as a component of grants from federal, state and local governmental units.

METRO
Portland, Oregon

Schedule of Findings and Questioned Costs

Year ended June 30, 1997

- (1) Summary of Auditors' Results
 - (a) The type of report issued on the general purpose financial statements: **Unqualified opinion**
 - (b) Reportable conditions in internal control were disclosed by the audit of the financial statements: **No** Material weaknesses: **No**
 - (c) Noncompliance which is material to the general purpose financial statements: **No**
 - (d) Reportable conditions in internal control over the major program: **No** Material weaknesses: **No**
 - (e) The type of report issued on compliance for the major program: **Unqualified opinion**
 - (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **No**
 - (g) Major program: **CFDA No. 20.205 Highway Planning and Construction (Federal Aid Highway Program)**
 - (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
 - (i) Auditee qualified as a low risk auditee under Section 530 of OMB Circular A-133: **Yes**
- (2) Findings Relating to the General Purpose Financial Statements Reported in Accordance with *Government Auditing Standards*: **None**
- (3) Findings and questioned costs relating to federal awards: **None**

METRO
Portland, Oregon

Summary Schedule of Prior Audit Findings

Year ended June 30, 1997

None.

KPMG



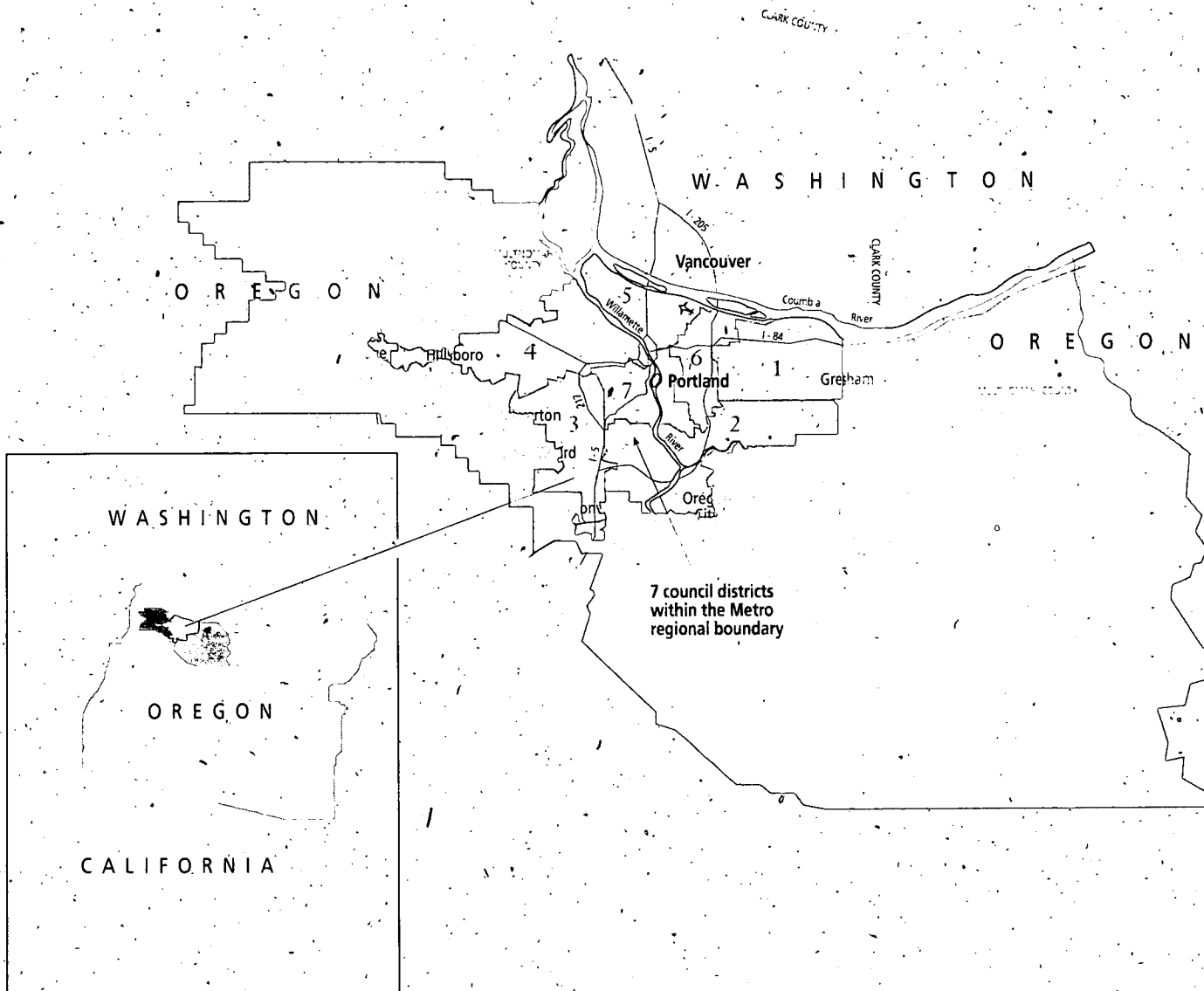
Comprehensive
Annual
Financial
Report

for the year ended
June 30, 1997



METRO

Oregon



If you live, work and play in the metropolitan area, Metro regional services matter to you and your family. That's because Metro is working to help ensure that you have

- access to nature
- clean air and water
- the ability to get around the region
- safe and stable neighborhoods
- a strong regional economy
- resources for future generations

Metro serves 1.3 million people who live in Clackamas, Multnomah and Washington counties and the 24 cities in the Portland metropolitan area. Metro provides transportation and land-use planning services and oversees regional garbage disposal and recycling and waste reduction programs.

Metro manages regional parks and greenspaces and the Metro Washington Park Zoo. It also oversees operation of the

Oregon Convention Center, Civic Stadium, the Portland Center for the Performing Arts and the Expo Center, all managed by the Metropolitan Exposition-Recreation Commission.

For more information about Metro or to schedule a speaker for a community group, call 797-1510 (public affairs) or 797-1540 (council).

Metro's web site:
www.metro-region.org

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

Executive Officer
 Mike Burton

Auditor
 Alexis Dow, CPA

Council
 Presiding Officer
 District 3
 Jon Kvistad

Deputy Presiding Officer
 District 1
 Ruth McFarland

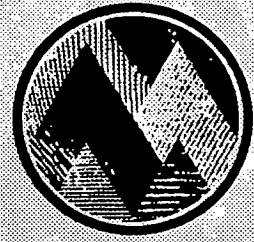
District 2
 Don Morissette

District 4
 Susan McLain

District 5
 Ed Washington

District 6
 Lisa Naito

District 7
 Patricia McCaig



METRO

Regional Services

Creating livable communities

If you live, work and play in the metropolitan area, Metro regional services matter to you and your family. That's because Metro is working to help ensure that you have

- access to nature
- clean air and water
- the ability to get around the region
- safe and stable neighborhoods
- a strong regional economy
- resources for future generations

About the logo: The logo image, created with a feather, suggests water, air, trees and mountains and reflects Metro's commitment to preserve and enhance regional livability.

Comprehensive Annual Financial Report

for the year ended
June 30, 1997

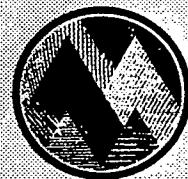
Administrative Services
Department

Director
Doug Butler

Chief Financial Officer
Jennifer Sims

Prepared by
Accounting Services Division

Accounting Manager
Donald R. Cox Jr., CPA



METRO

Oregon

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June 30, 1997

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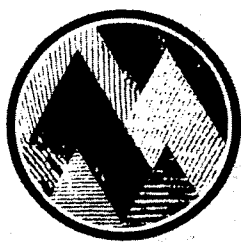
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Give these dividers a second life!



METRO
Regional Services
Creating livable communities

If you live, work and play in the metropolitan area, Metro regional services matter to you and your family. That's because Metro is working to help ensure that you have

- access to nature
- clean air and water
- the ability to get around the region
- safe and stable neighborhoods
- a strong regional economy
- resources for future generations.

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*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

November 26, 1997

To the Councilors and Citizens of the Metro Region:

I hereby transmit the Comprehensive Annual Financial Report (CAFR) of Metro as of June 30, 1997, 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. The Charter directs that its most important service is "planning and policy making to preserve and enhance the quality of life and the environment for ourselves and future generations." It further directs that the development and implementation of the Regional Framework Plan is Metro's primary function, while also directing that Metro "provides regional services needed and desired by the citizens in an efficient and effective manner." Metro represents the leading edge of regional government innovation in the nation, and is a model for multi-jurisdictional cooperation and partnership. The continued accolades Metro receives from across the country indicate that our region's approach to growth management is on target for building 21st century communities.

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 five 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.

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, 1997.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Burton'. The signature is fluid and cursive, with a large, sweeping 'M' at the beginning and a long, trailing flourish at the end.

Mike Burton
Executive Officer



METRO

November 26, 1997

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, 1997, together with the unqualified report thereon of our independent auditors, 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 No. 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 an audit of its expenditures of federal awards in accordance with the U. S. Office of Management and Budget Circular A-133 and the provisions of *Government Auditing Standards* issued by the Comptroller General of the United

States. Reports on Metro's internal control, compliance with applicable laws, regulations, grants and contracts, and the Schedule of Expenditures of Federal Awards for the year ended June 30, 1997, 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, Oregon City, Milwaukie, Tualatin and West Linn.

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 3.7% from May 1996 to May 1997, according to the US Bancorp Department of Economics. Manufacturing employment was up 5% over the same period. Total employment in the Portland Primary Metropolitan Statistical Area (PMSA) increased 32,600 or 3.7% from August 1996 to 1997, with unemployment dropping from 4.4% to 4.0% during the same period according to the Portland Metropolitan Chamber of Commerce (November 1997.)

The construction boom of prior years is showing signs of slowing down, with job growth in May 1997 down 8.6% from 15% the prior year. Announcements of mega-plants have dwindled with smaller expansions and start-ups the rule. According to US Bank, "The perpetual motion of economic restructuring is in full tilt in the state." Changes in the utility industry are perhaps most evident and may contribute to the state of Oregon becoming a center for exporting energy services and management. Included in this arena is the merger of Portland General Corp. with Enron, the presence of Pacific Gas Transmission and Bonneville Power Administration in Portland and the acquisition by PacifiCorp of Energy Group PLC in England.

The pace of immigration to Oregon is diminishing, with driver's licenses surrendered for the year through May 1997 down 5.0% from the same period in 1996.

According to *U.S. Bank's Mid-Year Economic Review (July 1997)*, "The picture of Oregon is that of a state where employment opportunities continue to be generated at an above average rate that is tightening labor markets and boosting incomes."

These economic factors will challenge Metro in developing its plans for regional growth through the Region 2040 project and its transportation planning functions, while continuing to provide 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 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 1997, Metro's Transportation Department continued to perform its designated functions as the region's Metropolitan Planning Organization 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 and the Transportation Policy Alternatives Committee 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 – *Transportation Planning*, *High-Capacity Transit Planning*, and *Travel Forecasting*.

During fiscal year 1997, 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 policy component of the Federal RTP update was completed and adopted. The section allocated federal Surface Transportation Program funds, Congestion Mitigation/Air Quality funds and Transportation Enhancement funds. *Transportation Planning* worked with the Growth Management Services Department to complete the Transportation Urban Growth Management Functional Plan and Regional Framework Plan. The section continues to work on the South Willamette River Crossing Study, moving from the analysis stage to the recommendation stage. The section also completed a full analysis of the definition and

evaluation of alternatives on Highway 217 in partnership with the Port of Portland, in an effort to better understand and document freight needs in the metropolitan area. Contracts were signed with the Oregon Department of Transportation, Metro and six participating agencies on 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 1997 included decisions on narrowing the alignments down to the set currently under study for the Draft Environmental Impact Statement. 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 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. Refined travel forecasting models 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 has continued into fiscal year 1997. Technical assistance was provided for projects within Metro such as: the South/North Transit Corridor Study, the RTP, the MTIP, 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 conducts 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: *Community Development, Long-Range Planning, Administration* and the *Data Resource Center*.

The *Community Development* staff oversees the implementation of and compliance with the Urban Growth Management Functional Plan. The purpose of the Functional Plan is to provide local governments with a set of "planning tools." The Functional Plan requires local government ordinances to reflect particular criteria in support of the following goals: allow for more efficient development of land, reduce parking in future developments, protect stream corridors, manage future retail store locations, maintain the accessibility of roads, and monitor the progress of implementation of the plan's requirements. Because each jurisdiction has unique circumstances, the Community Development staff provided technical assistance and training to local planners.

While local governments began to implement the Functional Plan, the *Long-Range Planning Division* worked in conjunction with the Metro Policy Advisory Committee to develop the 2040 Regional Framework Plan (RFP). The RFP will provide a comprehensive resource on all issues related to growth management in the region and, as mandated by Metro's Charter, must be adopted by December 31, 1997.

The *Administration Division* provided support services in conjunction with the departmental programs. The department's public involvement is housed in this division. The Public Involvement staff developed an intensive outreach effort including publication and distribution of a brochure and survey. Metro received nearly 12,500 responses. The staff also produced newsletters, fact sheets and other written materials and coordinated open houses and booths at community events for outreach on the RFP.

The *Data Resource Center* maintains an extensive network of information about the Portland metropolitan region's land, population and economy. The Data Resource Center maintains the Regional Land Information System (RLIS), a computer mapping system which provides land records, urban development patterns and environmental data for businesses, local jurisdictions and other Metro departments.

Metro Washington Park Zoo

The Metro Washington Park Zoo ended fiscal year 1997 with a strong financial performance despite lower attendance. Attendance dropped below the one million mark for the first time in the last four years. Attendance has exceeded one million visitors in six of the last nine years. The decline in attendance was due, in part, to continued westside light-rail construction in the Zoo's parking lot which reduced available parking. In addition, no major new exhibits came on line during the fiscal year.

Design and initial construction began on the Zoo's Oregon Exhibit project, financed by \$28.8 million in general obligation bonds approved by voters in September 1996. The first major portion of the new project will open in conjunction with the light-rail opening in Fall 1998.

In November 1996, voters approved Measure 47, which would impact the Zoo's property tax revenue beginning in fiscal year 1998. Measure 50 was subsequently passed which clarified and modified this tax reduction, while preserving the limitation on tax increases. Extensive planning occurred during the year to minimize the impacts of this revenue change.

In 1997, the Zoo's independent support organization, Friends of the Zoo, was reorganized under the Zoo Director to consolidate and significantly strengthen fundraising efforts.

Significant animal births during the year included a reticulated giraffe, musk ox, douc langur, francois langur, colobus monkey, mandrill, golden lion tamarin, mongoose lemur, humboldt penguins, and inca terns.

Total enterprise revenues dropped 1.5% from the prior year and exceeded \$7 million in fiscal year 1997. Property taxes were 46% of the Zoo's revenue, well below the mandated 50% limit. Its 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) is responsible for regional solid waste management. The Department aims at all times to contribute to the livability of the Metro region by taking actions that reduce and manage the region's solid waste in an effective, economical, and environmentally sound manner.

The Department owns and contracts for the operation of Metro's two solid waste transfer stations, owns and operates two hazardous waste facilities, and arranges for disposal at landfills and other facilities. REM develops and administers a solid waste management plan for the region as part of Metro's planning responsibilities.

During fiscal year 1997, REM developed an Administrative Action Plan for the department. The plan provided focus by defining a department mission, goals and business strategies. During the year, the department also saw the adoption of the 1995-2005 Regional Solid Waste Management Plan with completed Disaster Debris and Illegal Dumping chapters. This planning document is the culmination of the combined efforts of Metro, local governments and other industry stakeholders.

In fiscal year 1997, the Oregon Waste Systems contract was successfully renegotiated. This effort will save \$37 million over the remaining life of the contract, which expires December 31, 2009. Metro will pass these savings on to the regional ratepayers.

The two transfer station operation contracts were rebid and became effective July 1997. Under the new contract, savings of \$4 million are anticipated over the next five years. The process of automating scalehouse operations commenced, and the Facilities Master Plan was initiated. A final cover system was substantially completed at the St. Johns Landfill. Flood damaged areas of the landfill and Metro South Transfer Station were restored. A gas purchase agreement for landfill gas was executed. REM expects to receive approximately \$1.4 million over the next 14 years from the sale of landfill gas. Wood recovery operations were introduced at both transfer stations. Also, scrap paper, plastic jugs and magazines were added to the items recycled at both transfer stations.

Solid waste management also experienced a 9,000 ton increase (12%) in the amount of waste handled by Metro's waste transfer facilities for the fiscal year. There was a 106,000 ton increase (9.3%) in tonnage at the regional level.

The region's recycling rate continues to increase due in large part to the efforts of REM. The recycling rate for the Metro region for calendar year 1995 (most current data available) was 43%, while the regional recovery rate (recycling, reuse and recovered for energy) increased from 45% in calendar year 1994 to 46% in 1995. The projected recovery rate for 1996 is 47%. The Metro Recycling Information Center (RIC), the clearing-house for waste reduction, recycling and solid waste disposal information for the Metro region, answered more than 99,000 inquiries. A statewide information hotline for DEQ satellite collection events was initiated through the RIC. Major efforts were made in the area of organic wastes, including the commencement of two pilot projects with Oregon Soil Corporation and Oregon Waste Systems, Inc.

Regional Parks and Greenspaces Department

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.

Ice storms and flooding took their toll on parks and natural area facilities. Damage to landscape, picnic tables, signs, electrical and water systems, trails, roads and park structures totaled about \$170,000. 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 in fiscal year 1995. 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, 1997, Metro acquired 2,355 acres of open space, representing 39% of the acquisition goal.

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 resources and to identify appropriate uses of the land. Master planning efforts for Howell Territorial Park on Sauvie Island were completed in April 1997.

Funds from the U.S. Fish and Wildlife Service supported eleven habitat restoration grants, nineteen environmental education grants, the Green City Data Project, and the publication of the *Metro GreenScene* in fiscal year 1997. Grant funding leveraged an additional \$670,000 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 300 opportunities for citizens to learn and experience their urban natural areas conducted by Metro staff and cooperators.

Metro Regional Parks and Greenspaces staff will continue to work to provide a variety of ways for people to enjoy and support their parks and greenspaces. Offering recreational, educational, planning and volunteer opportunities will help build public awareness and citizen involvement to establish and maintain a quality system of parks, greenspaces, trails and greenways.

Metropolitan Exposition-Recreation Commission (MERC)

Fiscal year 1997 brought several changes to the way the Metropolitan Exposition-Recreation Commission (MERC) conducts its business. The Transition Team, a committee comprised of community and business leaders and elected officials appointed to study the management and funding of the MERC facilities, concluded its deliberations in October 1996. This led to an agreement in December 1996 between the City of Portland, Multnomah County and Metro that kept the facilities together under MERC; provided dedicated funding from the transient lodging tax and the City of Portland for PCPA and a MERC-wide renewal and replacement fund; and provided for greater autonomy for MERC from Metro in order to foster more entrepreneurial operations, including the right to purchase its financial and business services from the vendors of its choice. Metro and MERC subsequently negotiated a contract for services for fiscal year 1998.

The *Oregon Convention Center (OCC)* had another near capacity year and generated the largest amount of revenue in its seven-year history. Facility attendance was down about 10% in fiscal year 1997 due to a flattening of show attendance that resulted from reaching capacity. However, combined revenues from hotel/motel taxes and operations were up. Staff celebrated OCC's seventh anniversary by hosting a congratulatory celebration for 200 of its clients. Two important new programs, the OCC Public Awareness Program and an Employee Recognition Program were both started this year.

The end of fiscal year 1997 brought closure to one of the *Expo Center's* most exciting years with the completion of a new building totaling nearly 130,000 square feet and the hosting of *America's Smithsonian*, a national museum tour that attracted nearly 424,000 customers in 34 consecutive days at Expo. The Expo Center has enjoyed an ever increasing number of events to date and, with the marketability and success of its newest hall, Expo anticipates continued increases to its event schedule over the next three year period.

Civic Stadium's anchor tenant, the Portland Rockies Single A baseball team, began its third season in June 1997. In addition, the Stadium hosted a Crosby, Stills and Nash concert in July 1996. The Stadium continues to seek high yield events (such as the Men's World Cup Soccer match held in September 1997) and to monitor operating costs while seeking a means of solid funding for major maintenance items and physical upgrades. During the fiscal year, plans were under way to establish a Civic Stadium Advisory Committee to study and make recommendations for the Stadium's rehabilitation, including funding, usage and physical plant. The Committee's work is scheduled to be completed in fiscal year 1998.

Portland Center for the Performing Arts (PCPA) hosted 959 events with attendance of 1,097,500 for the fiscal year. Though the overall totals are down slightly from records set the prior season, the Civic Auditorium experienced all-time records for attendance and activity on stage. The year ended with 40 performances of Disney's *The Beauty and the Beast*. Capital projects included completion of seat reupholstering at Civic Auditorium and other building system repairs at the Arlene Schnitzer Concert Hall and the New Theatre Building. At the end of the fiscal year, bargaining was under way with the union representing stage hands to institute a streamlined structure for provision of qualified labor at PCPA theatres, thus implementing Business Plan improvements.

FUTURE PLANS

During fiscal year 1998, Metro will continue to focus on the future and work to preserve and enhance the region's livability, enhance Metro's ability to serve the public, increase Metro's efficiency and continue building relationships with local governments.

The *Growth Management Services Department* will see the adoption of the Regional Framework Plan, which outlines how regional growth will be managed in the long-term and which the Metro Charter required to be adopted by December 31, 1997. The department's work program for the coming year includes the development of performance measures designed to guide and monitor the successful implementation of both the Functional Plan and the Regional Framework Plan. The Data Resource Center will begin the transition toward greater customer access to the Regional Land Information System.

In the coming year, the *Transportation Department* will be completing the Final Environmental Impact Statement for the South/North light-rail, using federal funds that are in hand; resolving issues surrounding the South/North project, which include funding, alignment, and termini; ensuring full citizen involvement in transportation decisions; updating the Regional Transportation Plan; and continuing the Transit-Oriented Development program.

The *Regional Environmental Management Department* reduced the tipping fee for the first time in over 20 years in fiscal year 1997. As a result, the rate stabilization reserve will be increased in order to assure that the rate can be sustained for a minimum of three years. The department will streamline operations and minimize operating costs as well, and is committed to continuing the implementation

of its administrative action plan to improve customer service and strengthen partnerships with local governments and local stakeholders.

The coming year will see major progress at the *Metro Washington Park Zoo* on the development of the Oregon Project. The Zoo expects to spend about half of the \$28.8 million bond proceeds (\$14.5 million) on planning, design, and preliminary construction work. During FY 1998, Zoo visitors will see results from the bond measure with some of the project's smaller features being completed, such as completion of the main circulation loop.

The *Regional Parks and Greenspaces Department* will begin implementation of master plans for some marine facilities and regional parks. The Blue Lake Park master plan will be updated and continued coordination will be provided to the Growth Management Services Department on the open spaces component of the Regional Framework Plan. A renewal and replacement reserve will be started for parks facilities in the coming fiscal year. The Open Spaces program will continue its work to acquire regionally significant open spaces as authorized by the 1995 bond measure. The department expects to meet its goal of acquiring 3,600 acres in the program's first three years, which establishes a target of 1,200 acres for fiscal year 1998.

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 for the November 1998 ballot election. *PCPA* is planning to make approximately \$875,000 in capital expenditures to address a backlog of maintenance and capital needs, including replacing the sound system and cooling system at *Civic Auditorium*, and cleaning and waterproofing the exterior of the Arlene Schnitzer Concert Hall.

The major project in the *Administrative Services Department (ASD)* in fiscal year 1997 was the preparation for introducing a new management information system early in fiscal year 1998. This new system, called InfoLink, has a budgeted cost of \$2.36 million and is to be introduced in three phases. The first phase, implemented in the summer of 1997, consists of five components: general ledger, accounts payable, accounts receivable, purchasing, and billing. Later phases include human resources, budget, project costing, and other components, and will be implemented at intervals of six to ten months.

The above efforts will be accomplished with a 3.1% reduction in Metro's overall budget. The Metro excise tax is proposed to increase from 7.5% to 8.5%. The fiscal year 1997-98 budget adopted by the Metro Council and available from Metro's Financial Planning Division of ASD describes in more detail plans for the 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, 1997, 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 2D), 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 26 budget amendments during the fiscal year. Metro did not adopt any supplemental budgets during fiscal year 1997.

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 1996, exclusive of the component unit are:

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Change From FY 1996</u>
Taxes	\$ 29,473,438	44.9%	\$ (2,189,182)
Intergovernmental	10,657,985	16.2%	2,528,619
Charges for Services	15,227,322	23.2%	1,925,749
Contributions and Donations	867,206	1.3%	81,018
Interest	9,129,133	13.9%	2,445,969
Miscellaneous	<u>353,039</u>	<u>0.5%</u>	<u>167,843</u>
Total	<u>\$ 65,708,123</u>	<u>100.0%</u>	<u>\$ 4,960,016</u>

Overall revenues in this category increased 8.2% from the previous year. The major increases and decreases are:

- The decrease in taxes consists primarily of a decrease in property tax revenues of \$2,777,023 related to property taxes collected for debt service in the General Obligation Bond Debt Service Fund. Property tax revenues for Zoo operations increased \$355,519 over the prior year. In addition, excise taxes on Metro's own services increased \$232,322 or 3.3% over the prior year.
- The increase in intergovernmental revenue is composed of an increase in federal grant funds of \$3,132,528 (59.6%) which was supplemented by an increase of \$216,356 in state and local grant programs funding, primarily programs of the Transportation and Growth Management Services Departments. The fiscal year also reflected a slight increase in local government shared revenues of \$29,735.
- Charges for services revenues increased 14.5% primarily due event related activities and an increase in contract and professional services in the Regional Parks and Expo Fund, up \$709,234 from fiscal year 1996. Increased events, such as the *America's Smithsonian* exhibit, resulted in additional revenues of \$1,395,682 and \$305,925 for the Expo and various parks facilities, respectively. Contract and professional services increased \$48,073 in the Planning Fund. Attendance at the Metro Washington Park Zoo decreased approximately 10.2% from fiscal year 1996, resulting in enterprise related revenues declining 6.8% or \$518,284 from the prior year.

- Donations received at the Metro Washington Park Zoo decreased \$63,769, or 8.7%, from fiscal year 1996, whereas donations to the Zoo Capital Projects Fund increased \$94,320. Open Spaces Fund contributions were received for the first time in the amount of \$70,000 for fiscal year 1997.
- Interest revenues increased significantly over fiscal year 1996 primarily due to interest earned on invested bond proceeds for the Open Spaces Fund (\$913,272) and Zoo Capital Fund – Oregon Exhibit Project, (\$1,053,411), for a total of \$1,966,683 or 80.4% of the increase.

Charges for services related revenues for the MERC component unit's Special Revenue Funds reflected a decrease of \$195,329 or 2.7% from fiscal year 1996. Charges for services related revenues decreased 9.9% (\$183,408) at the Civic Stadium from fiscal year 1996. This decrease was primarily in concessions revenue (down \$171,148).

Charges for services related revenues at the Portland Center for the Performing Arts (PCPA) remained relatively stable due to continued events and attendance at Broadway series productions. The revenue category was down 0.2% (\$11,921) from fiscal year 1996. PCPA revenues were enhanced for the third 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 of Total</u>	<u>Change From FY 1996</u>
General government	\$ 2,005,267	2.3%	\$ 43,094
Zoo operations/development	13,343,436	14.8%	304,737
Regional planning/ development	14,816,259	16.4%	3,715,489
Recreation and development	8,329,607	9.2%	(1,144,465)
Capital outlay	34,364,694	38.1%	20,227,544
Debt service	<u>17,348,950</u>	<u>19.2%</u>	<u>6,438,501</u>
Total	<u>\$90,208,213</u>	<u>100.0%</u>	<u>\$ 29,584,900</u>

Expenditures increased 48.8% in fiscal year 1997 over the previous year. Some of the significant changes include:

- General government expenditures decreased primarily due to the \$127,887 reduction in special appropriation expenditures due to election costs paid by Metro in the prior year and not incurred in fiscal year 1997. Expenditures for the Council and Office of the Executive Officer increased \$117,591 and \$8,148, respectively.
- Zoo operations expenditures increased 2.3% during the year. Personal services costs across all Zoo divisions increased by 3.9%, whereas materials and services expenditures were held to a 1.2% increase overall, corresponding to decreased attendance.
- Regional planning and development expenditures increased 33.5% during fiscal year 1997. Materials and services expenditures nearly doubled for work performed by the Transportation Department as Metro assumed the lead agency role for HCT Preliminary Engineering Step 1, reflecting a \$2,985,369 increase over the prior year. Personal services costs increased 16.9% (\$467,130) and 19.1% (\$346,291) in the Transportation and Growth Management Services departments, respectively, as increased staff resources were used to complete the work program.
- Overall, recreation and development expenditures decreased by 12.1% from the prior year. Expenditures, primarily those for contributions made to other governments for approved local share projects funded by the Open Spaces program, decreased by \$2,335,657. Recreation and development expenditures increased \$1,191,192 or 23.0% in the Regional Parks and Expo Fund which was attributable to increased activities and events held at the various facilities. Expo Center operating expenditures increased 52.2%, whereas the Regional Parks and Greenspaces Department reflected a 14% increase.
- Capital outlay reflects a significant increase as major acquisitions of open spaces were undertaken during the year, accounting for \$6,134,701 of the increase. Construction of the Oregon Exhibit at the Metro Washington Park Zoo resulted in expenditure increases of \$2,086,467 in the Zoo Capital Fund. Capital outlay in the Regional Parks and Expo Fund increased by \$10,752,484 over the prior year, primarily due to the completion of the new Expo Center building in time for the *America's Smithsonian* exhibit.

Expenditures in the MERC component unit Special Revenue Fund were up \$359,539 or 4.2%. Civic Stadium expenditures increased 5.4%, while expenditures at PCPA increased 5.7% from fiscal year 1996. These increases reflect the added events and attendance at each facility and the expenditures necessary to generate the 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 3.7% over fiscal year 1996 to a total of \$73,505,415 for the fiscal year ended June 30, 1997. Operating expenses in the proprietary funds, exclusive of MERC, totaled \$61,156,853, or a decrease of 0.9% from the prior year. The net income for the fiscal year ended June 30, 1997, was \$12,140,737 compared to \$8,560,375 in fiscal year 1996. Specific results by proprietary activity are discussed in further detail below.

Solid Waste Enterprise Fund

The solid waste enterprise operations accounted for 85.5% of proprietary revenues or approximately \$62.8 million, which was up 3.5% from the prior year. Tonnage processed at Metro facilities increased 1.2% (approximately 9,000 tons) over the prior fiscal year. Operating expenses decreased 2.2% to a total of \$51,753,252 for the fiscal year ended June 30, 1997. Charges for services revenues increased \$1,989,499 or 3.3%. Payroll and fringe benefits declined slightly (\$10,921) from fiscal year 1996. Expenses of operating the Metro South Transfer Station decreased \$582,116, whereas Metro Central Transfer Station operating costs increased \$163,118. Costs to transport waste to designated facilities increased 10.5% (\$1,043,024), and disposal costs decreased 11.4% (\$2,534,484). The resulting net income for the Solid Waste enterprise was \$11,434,072 compared to net income of \$7,729,061 in fiscal year 1996. Unreserved retained earnings at June 30, 1997, reached \$34,317,553.

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 \$10,687,554 for the fiscal year ended June 30, 1997, which was an increase of 4.8% from fiscal year 1996. Operating expenses increased \$613,711 or 7.0% from fiscal year 1996. The funds had net income of \$706,665 for the fiscal year ended June 30, 1997, compared to a net income of \$831,314 in fiscal year 1996.

Building Management Fund. Revenues, composed primarily of receipts in lieu of rent from Metro departments, were up \$324,996 from 1996. Operating expenses decreased 0.5% (\$6,842). The *Building Management Fund* ended the fiscal year with a net income of \$130,104, decreasing the deficit in retained earnings to \$1,206,297. 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 decreased 2.9% (\$204,709) from the prior year, while operating expenses increased 10.2% (\$658,625). Operating expenses of the fund include accounting, financial planning, budget, information systems, legal, human resources and administrative services costs. Support Services Fund operating expenses were 4.1% of total expenses and expenditures for Metro in fiscal year 1997, compared to 4.5% in fiscal year 1996.

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 \$66,574 (13.0%) from the prior year. Operating expenses decreased 4.1% (\$38,072) for the year ended June 30, 1997. Claims expense decreased by \$151,558 primarily due to recording revised estimates of incurred but not reported claims as determined by Metro's actuary. Net income for the year was \$231,745, compared to net income of \$133,224 in the prior year.

Oregon Convention Center Enterprise Fund

The MERC managed *Oregon Convention Center* enterprise had an increase in operating revenue of \$1,114,115 or 8.5%. Local government shared revenue, consisting of hotel/motel taxes within Multnomah County, increased 30.0% (\$1,295,934) during fiscal year 1997. Charges for services, including parking fees and reimbursed labor, decreased to \$8,523,067 which was a loss of 1.3% from the prior year. Operating expenses increased 2.2% over fiscal year 1996 to a total of \$14,225,377. The net loss for the fiscal year ended June 30, 1997, was \$8,622,837 after accounting for a one-time transfer to the Regional Parks and Expo Fund of \$9,000,000 designated for new construction. Income before operating transfers was \$377,163, compared to \$17,631 in the prior year.

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 Corporation 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. In accordance with the terms of an intergovernmental agreement, title to certain fixed assets related to the Expo Center, various parks and cemeteries, boat landings and other property was transferred to Metro from Multnomah County on July 1, 1996. The spectator facilities fixed assets can be found in the City of Portland Comprehensive Annual Financial Report, when issued. As of June 30, 1997, the general fixed assets of Metro amount to \$102,833,441. 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 \$13,123,878 for the fiscal year ended June 30, 1997. This compares to \$10,767,815 for fiscal year 1996, with the increase resulting primarily from additional cash and investment balances from Open Spaces and Zoo Oregon Exhibit project bond proceeds. The average yield earned on Metro's pooled cash investments varied with the market in fiscal year 1997, from a high of 5.840% in June 1997 to a low of 5.690% in July 1996. The average yield for the year was 5.752%. The pooled cash portfolio does not include bond related investments which are restricted in terms of maturity and yield. At June 30, 1997, the yield on the pooled cash portfolio was 5.840% compared to 5.121% for three-month treasury bills and 5.731% for the State of Oregon's Local Government Investment Pool.

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, 1997, Metro had a total of eight bond issues outstanding for a total of \$281,347,078. These issues included \$217,980,958 of general obligation bonds and \$63,366,120 of revenue bonds. The General Long-Term Debt Account Group includes \$220,480,958 of bonds outstanding, including the general obligation bonds noted above and \$2,500,000 of a revenue bond for the Expo Center.

During fiscal year 1997 Metro issued bonds to finance the construction of the Metro Washington Park Zoo Oregon Project. The \$28.8 million Series A general obligation bonds carry interest rates ranging from 5.0% to 6.0% and mature in the year 2006. The bonds were authorized by voters on September 17, 1996, to finance capital improvements at the Metro Washington Park Zoo, including new exhibits, a new entry, and other improvements.

At June 30, 1997, Metro had general government loans payable of \$4,203,813. Metro received loan proceeds from the Oregon Economic Development Department for construction of parking lot improvements and related equipment at the Washington Park parking lot and the retirement of a note payable to Tri-Met. The loan was made in two installments and is drawn as Metro requires funds. The first loan bears a true interest cost of 5.49%; \$2,332,182 was borrowed against this loan. A second loan bears a true interest cost of 5.44%; \$1,871,631 was borrowed against this loan.

Metro also privately placed an unrated revenue bond to complete financing of construction of a new building at the Expo Center. The loan bears interest at 5.5% and is secured by and payable from the operating revenues of the Expo Center. The principal outstanding at June 30, 1997, is \$2,500,000.

During the fiscal year, Metro refinanced a loan agreement with the Metropolitan Exposition-Recreation Commission's concessionaire contractor to finance the acquisition of various equipment. The original \$900,000 loan was converted into a capital lease agreement by refinancing the outstanding balance (plus issuance costs) of \$736,000 at a true interest cost of 5.2229%.

The total outstanding net general bonded debt at June 30, 1997, was \$205,846,342, as compared with \$182,165,720 at June 30, 1996. The ratio of net bonded debt to assessed valuation remained unchanged from the prior year at .26% in fiscal year 1997. 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, 1997, Metro's general obligation debt of \$217,980,958 was well below the legal limit of \$7,772,148,526.

In accordance with IRS regulations, Metro is required to periodically pay a rebate on arbitrage earnings for certain bond issues. As of June 30, 1997, Metro has calculated arbitrage payable to the federal government of \$135,077. Metro has set aside investments with the trustee in a rebate account which has accumulated an amount to be used for payment.

Metro may finance additional projects in the future. Metro is 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 to voters in the spring of 1998.

In 1997, 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 auditors. 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, 1996. 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 five consecutive years (fiscal years ended 1992 - 1996.) 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

November 26, 1997

Comprehensive Annual Financial Report
Metro – Letter of Transmittal

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, 1996

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.



Linda K. Savitsky
President

Jeffrey L. Essler
Executive Director

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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, 2000

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

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

Susan McLain
District 4
Term expires Dec. 31, 1998

Ed Washington
Council District 5
Term expires Dec. 31, 2000

Lisa Naito
Council District 6
Term expires Dec. 31, 2000

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

Bruce Warner
Director of Regional
Environmental Management

Charles S. Ciecko
Director of Regional Parks and
Greenspaces

Mark Williams
General Manager, Metro Exposition –
Recreation Commission

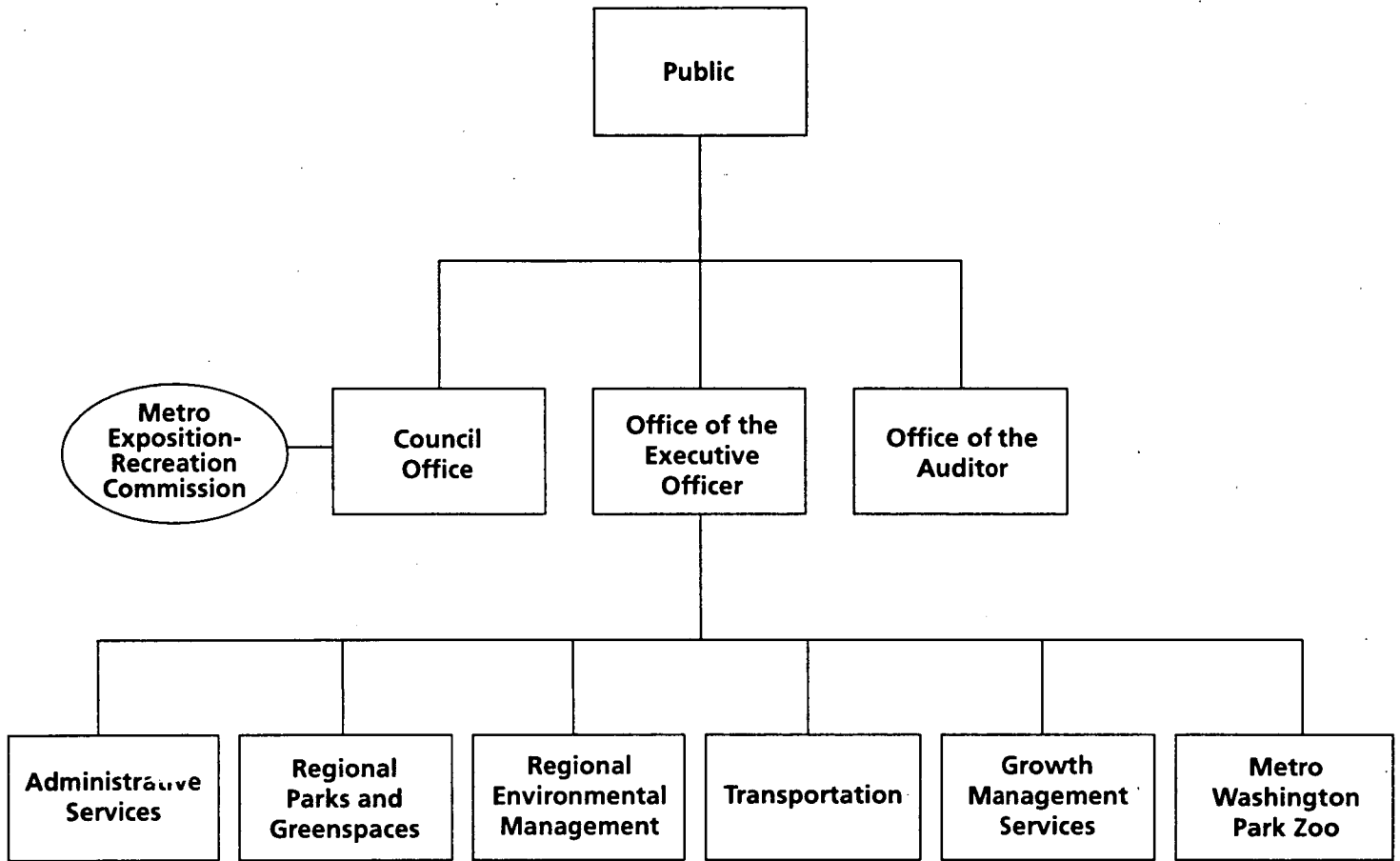
Registered Agent

Jeff Stone

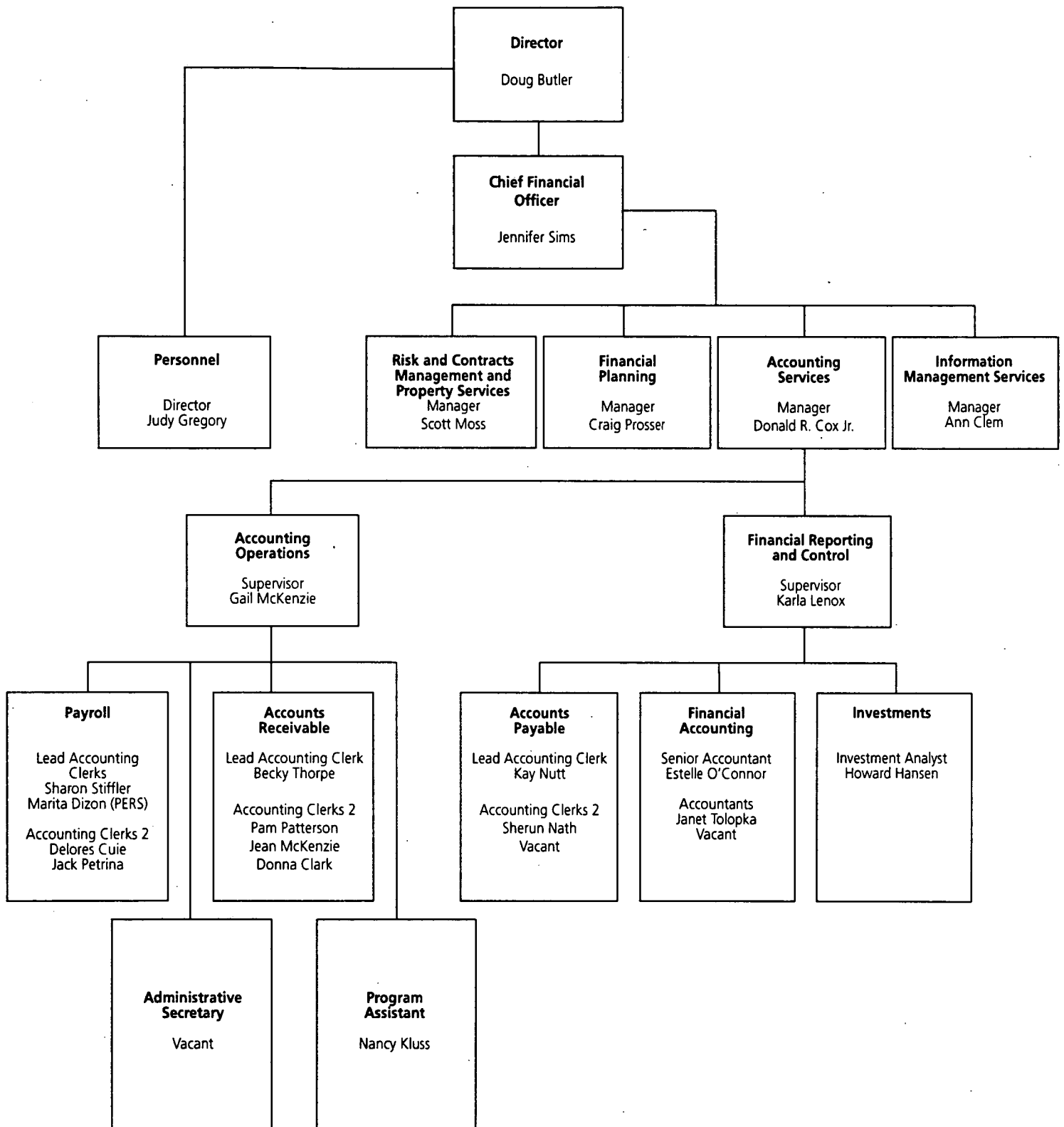
Address of Registered and Administrative Office

600 NE Grand Ave.
Portland, OR 97232-2736

Metro Organization Structure



Administrative Services Department and Accounting Services Division



Give these dividers a second life!



METRO

Regional Services

Creating livable communities

If you live, work and play in the metropolitan area, Metro regional services matter to you and your family. That's because Metro is working to help ensure that you have

- access to nature
- clean air and water
- the ability to get around the region
- safe and stable neighborhoods
- a strong regional economy
- resources for future generations.

This bookmark was created by reusing divider paper.

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If you live, work and play in the metropolitan area, Metro regional services matter to you and your family. That's because Metro is working to help ensure that you have

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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

November 26, 1997

To the Metro Council, Executive Officer 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 year ended June 30, 1997.

In addition to the above report, Metro is required to have an audit of its expenditures of Federal Awards in accordance with the U.S. Office of Management and Budget Circular A-133, and the provisions of *Government Auditing Standards* issued by the Comptroller General of the United States. The necessary reports pertaining to Metro's internal control, compliance with applicable laws, regulations, grants and contracts, and the Schedule of Expenditures of Federal Awards for the year ended June 30, 1997, have been issued under separate cover.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Alexis Dow', with a large, sweeping flourish at the end.

Alexis Dow, CPA
Metro Auditor

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

Independent Auditors' Report

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, 1997, as listed in the accompanying 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.

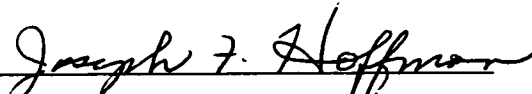
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

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, 1997, 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 November 26, 1997 on our consideration of Metro's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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 other financial schedules listed in the accompanying 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, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

KPMG PEAT MARWICK LLP

By 
Joseph F. Hoffman, Partner

Portland, Oregon
November 26, 1997

General Purpose
Financial Statements

"Liftable" combined
Financial Statements

METRO

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

June 30, 1997

	Governmental Fund Types				Proprietary Fund Types	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Solid Waste Enterprise</u>	<u>Internal Service</u>
<u>Assets and Other Debits:</u>						
Assets:						
Cash and investments	\$ 2,135,310	16,459,396	11,794,425	141,655,156	33,721,155	10,863,013
Cash and investments: pension trust	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles):						
Property taxes	-	378,897	772,333	-	-	-
User and landfill fees	-	-	-	-	6,071,500	-
Trade	-	2,424,508	-	-	-	266,780
Other	126,902	5,461	-	50,000	957,677	186,812
Interest	27,991	293,402	235,724	1,597,127	630,962	205,358
Federal grants	-	3,884,420	-	-	-	-
State and local grants/contracts	-	677,220	-	-	-	-
Inventory of materials and supplies	-	288,241	-	-	-	-
Other assets	-	42,429	-	-	7,524	25,783
Restricted assets:						
Cash and investments	-	19,692	-	-	10,175,827	1,894,965
Loans receivable	-	-	-	-	5,000,000	-
Fixed assets, net	-	-	-	-	29,731,313	20,943,871
Other debits:						
Amount available for debt service	-	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-
Total assets and other debits	\$ <u>2,290,203</u>	<u>24,473,666</u>	<u>12,802,482</u>	<u>143,302,283</u>	<u>86,295,958</u>	<u>34,386,582</u>

Fiduciary Fund Types	Account Groups		Total (memorandum only) - Primary Government	Component Unit - MERC		Total (memorandum only) - Reporting Entity
	General Fixed Assets	General Long-term Debt		Governmental Fund Type Special Revenue	Proprietary Fund Type Convention Center Enterprise	
5,987,727	-	-	222,616,182	2,384,107	7,046,969	232,047,258
15,329,182	-	-	15,329,182	-	-	15,329,182
-	-	-	1,151,230	-	-	1,151,230
-	-	-	6,071,500	-	-	6,071,500
-	-	-	2,691,288	448,448	927,520	4,067,256
732,535	-	-	2,059,387	-	718,847	2,778,234
109,006	-	-	3,099,570	29,962	123,530	3,253,062
-	-	-	3,884,420	-	-	3,884,420
-	-	-	677,220	-	-	677,220
-	-	-	288,241	94,899	83,623	466,763
75,131	-	-	150,867	8,384	1,461	160,712
-	-	-	12,090,484	8,600,520	720,670	21,411,674
-	-	-	5,000,000	-	-	5,000,000
-	102,833,441	-	153,508,625	-	87,020,838	240,529,463
-	-	12,134,616	12,134,616	-	-	12,134,616
-	-	213,749,234	213,749,234	439,872	-	214,189,106
<u>22,233,581</u>	<u>102,833,441</u>	<u>225,883,850</u>	<u>654,502,046</u>	<u>12,006,192</u>	<u>96,643,458</u>	<u>763,151,696</u>

(Continued)

METRO

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

June 30, 1997

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Solid Waste Enterprise	Internal Service
<u>Liabilities, Fund Equity and Other Credits:</u>						
Liabilities:						
Accounts payable	\$ 22,585	5,567,547	-	809,771	3,683,027	457,964
Salaries, withholdings and payroll taxes payable	39,160	737,514	-	37,666	449,081	451,054
Accrued self-insurance claims	-	-	-	-	-	927,332
Contracts payable	-	163,444	-	25,564	-	-
Accrued interest payable	-	-	-	-	496,465	529,820
Deferred revenue	-	324,069	667,866	-	-	-
Unearned grant/contract revenue	-	2,365,407	-	-	-	-
Deposits payable	-	411,713	-	3,700	-	-
Other liabilities	-	10,155	-	-	100	17,753
Payable from restricted assets:						
Contracts payable	-	-	-	-	2,701,049	-
Arbitrage payable	-	-	-	-	15,457	-
Post-closure costs payable	-	-	-	-	7,382,574	-
Bonds payable (net of unamortized discount and deferred amount on refunding)	-	-	-	-	28,739,454	22,637,645
Loans payable	-	-	-	-	-	236,041
Obligations under capital leases	-	-	-	-	-	50,000
Liability for compensated absences	-	-	-	-	-	-
Total liabilities	<u>61,745</u>	<u>9,579,849</u>	<u>667,866</u>	<u>876,701</u>	<u>43,467,207</u>	<u>25,307,609</u>
Fund equity and other credits:						
Contributed capital, net	-	-	-	-	926,642	11,701
Retained earnings:						
Reserved for debt service	-	-	-	-	1,436,736	-
Reserved for renewal and replacement	-	-	-	-	6,147,820	-
Unreserved	-	-	-	-	34,317,553	9,067,272
Fund balances:						
Reserved for debt service	-	-	12,134,616	-	-	-
Reserved for pension benefits	-	-	-	-	-	-
Unreserved	2,228,458	14,893,817	-	142,425,582	-	-
Other credits-						
Investment in general fixed assets	-	-	-	-	-	-
Total fund equity and other credits	<u>2,228,458</u>	<u>14,893,817</u>	<u>12,134,616</u>	<u>142,425,582</u>	<u>42,828,751</u>	<u>9,078,973</u>
Commitments and contingencies						
Total liabilities, fund equity and other credits	\$ <u>2,290,203</u>	<u>24,473,666</u>	<u>12,802,482</u>	<u>143,302,283</u>	<u>86,295,958</u>	<u>34,386,582</u>

See accompanying notes to general purpose financial statements.

Fiduciary Fund Types	Account Groups		Total (memorandum only) - Primary Government	Component Unit - MERC		Total (memorandum only) - Reporting Entity
	General	General		Governmental	Proprietary	
	Fixed	Long-term		Fund Type	Fund Type	
Trust	Assets	Debt	Special Revenue	Convention Center Enterprise		
125,357	-	-	10,666,251	348,498	306,181	11,320,930
3,133	-	-	1,717,608	208,490	298,559	2,224,657
-	-	-	927,332	-	-	927,332
-	-	-	189,008	-	-	189,008
-	-	-	1,026,285	-	-	1,026,285
160,000	-	-	1,151,935	-	-	1,151,935
-	-	-	2,365,407	-	-	2,365,407
-	-	-	415,413	7,120,546	441,360	7,977,319
-	-	-	28,008	17,007	51,727	96,742
-	-	-	2,701,049	-	-	2,701,049
-	-	-	15,457	-	119,620	135,077
-	-	-	7,382,574	-	-	7,382,574
-	-	220,480,958	271,858,057	-	-	271,858,057
-	-	4,203,813	4,439,854	-	-	4,439,854
-	-	523,803	573,803	347,197	-	921,000
-	-	675,276	675,276	92,675	-	767,951
288,490	-	225,883,850	306,133,317	8,134,413	1,217,447	315,485,177
-	-	-	938,343	-	78,002,491	78,940,834
-	-	-	1,436,736	-	-	1,436,736
-	-	-	6,147,820	-	2,839,691	8,987,511
-	-	-	43,384,825	-	14,583,829	57,968,654
-	-	-	12,134,616	-	-	12,134,616
15,976,103	-	-	15,976,103	-	-	15,976,103
5,968,988	-	-	165,516,845	3,871,779	-	169,388,624
-	102,833,441	-	102,833,441	-	-	102,833,441
21,945,091	102,833,441	-	348,368,729	3,871,779	95,426,011	447,666,519
22,233,581	102,833,441	225,883,850	654,502,046	12,006,192	96,643,458	763,151,696

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, 1997

	Governmental Fund Types				Fiduciary	Total	Component	Total
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(memorandum only) - Primary Government	Unit-MERC Special Revenue	(memorandum only) - Reporting Entity
Revenues:								
Property taxes	\$ -	7,097,592	15,147,273	-	-	22,244,865	-	22,244,865
Excise taxes	7,228,573	-	-	-	-	7,228,573	-	7,228,573
Grants and contracts:								
Federal	-	8,391,579	-	-	-	8,391,579	-	8,391,579
State and local	-	1,865,828	-	-	-	1,865,828	-	1,865,828
Local government shared revenues	-	400,578	-	-	-	400,578	600,000	1,000,578
Contract and professional services	-	2,000,384	-	-	-	2,000,384	250,000	2,250,384
Government contributions	-	-	-	70,000	-	70,000	-	70,000
Charges for services	-	12,041,342	-	-	-	12,041,342	4,696,575	16,737,917
Rehabilitation, enhancement and end use fees	-	-	-	-	428,932	428,932	-	428,932
Interest	27,648	1,151,377	529,223	7,420,885	352,701	9,481,834	389,568	9,871,402
Contributions and donations	-	684,273	-	112,933	-	797,206	-	797,206
Reimbursed labor	-	-	-	-	-	-	2,461,551	2,461,551
Parking fees	-	1,185,596	-	-	-	1,185,596	-	1,185,596
Miscellaneous	263	341,376	-	11,400	47,602	400,641	282,321	682,962
Total revenues	7,256,484	35,159,925	15,676,496	7,615,218	829,235	66,537,358	8,680,015	75,217,373
Expenditures:								
Current:								
General government operations	2,005,267	-	-	-	-	2,005,267	-	2,005,267
Zoo operations and development	-	13,343,436	-	-	-	13,343,436	-	13,343,436
Spectator facilities operations	-	-	-	-	-	-	8,945,320	8,945,320
Regional planning and development	-	14,816,259	-	-	-	14,816,259	-	14,816,259
Recreation and development	-	6,380,799	-	1,948,808	4,806	8,334,413	-	8,334,413
Rehabilitation and enhancement	-	-	-	-	706,015	706,015	-	706,015
Capital outlay	20,322	14,927,241	-	19,417,131	2,700	34,367,394	-	34,367,394
Debt service	-	717,867	16,631,083	-	-	17,348,950	347,197	17,696,147
Total expenditures	2,025,589	50,185,602	16,631,083	21,365,939	713,521	90,921,734	9,292,517	100,214,251
Revenues over (under) expenditures	5,230,895	(15,025,677)	(954,587)	(13,750,721)	115,714	(24,384,376)	(612,502)	(24,996,878)
Other financing sources (uses):								
Loan proceeds	-	1,871,631	-	-	-	1,871,631	-	1,871,631
Bond proceeds	-	-	-	28,827,273	-	28,827,273	-	28,827,273
Capital lease proceeds	-	388,803	-	-	-	388,803	347,197	736,000
Operating transfers in	-	13,641,347	-	-	-	13,641,347	-	13,641,347
Operating transfers in-primary government	-	-	-	-	-	-	250,000	250,000
Operating transfers out	(4,641,347)	-	-	-	-	(4,641,347)	-	(4,641,347)
Operating transfers out-component unit	(250,000)	-	-	-	-	(250,000)	-	(250,000)
Revenues and other sources over (under) expenditures and other uses	339,548	876,104	(954,587)	15,076,552	115,714	15,453,331	(15,305)	15,438,026
Fund balances - July 1, 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
Fund balances - June 30, 1997	\$ 2,228,458	14,893,817	12,134,616	142,425,582	5,968,988	177,651,461	3,871,779	181,523,240

See accompanying notes to general purpose financial statements.

METRO

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

For the year ended June 30, 1997

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Revenues:						
Property taxes	\$ -	-	-	7,067,315	7,097,592	30,277
Excise taxes	6,518,191	7,228,573	710,382	-	-	-
Grants and contracts:						
Federal	-	-	-	13,947,613	8,391,579	(5,556,034)
State and local	-	-	-	5,566,735	1,865,828	(3,700,907)
Local government shared revenues	-	-	-	372,000	400,578	28,578
Contract and professional services	-	-	-	1,535,755	2,000,384	464,629
Government contributions	-	-	-	-	-	-
Charges for services	-	-	-	11,132,150	11,387,315	255,165
Interest	65,000	27,648	(37,352)	527,477	1,151,377	623,900
Contributions and donations	-	-	-	684,700	684,273	(427)
Parking fees	-	-	-	1,399,395	1,185,596	(213,799)
Miscellaneous	-	263	263	386,620	341,376	(45,244)
Total revenues	6,583,191	7,256,484	673,293	42,619,760	34,505,898	(8,113,862)
Expenditures:						
Current:						
General government operations	1,371,533	1,249,080	122,453	-	-	-
Zoo operations and development	-	-	-	12,875,877	11,981,977	893,900
Regional planning and development	-	-	-	18,852,430	12,975,317	5,877,113
Recreation and development	-	-	-	6,562,639	5,673,489	889,150
Contingency	575,226	-	575,226	1,047,806	-	1,047,806
Capital outlay	37,400	20,322	17,078	20,280,530	14,906,241	5,374,289
Debt service	-	-	-	350,064	717,867	(367,803)
Total expenditures	1,984,159	1,269,402	714,757	59,969,346	46,254,891	13,714,455
Revenues over (under) expenditures	4,599,032	5,987,082	1,388,050	(17,349,586)	(11,748,993)	5,600,593
Other financing sources (uses):						
Loan/refinancing proceeds	-	-	-	2,575,064	2,239,434	(335,630)
Bond proceeds	-	-	-	-	-	-
Operating transfers in	-	-	-	7,137,579	5,295,374	(1,842,205)
Operating transfers in-component unit	-	-	-	9,500,000	9,000,000	(500,000)
Operating transfers out	(5,699,032)	(5,397,534)	301,498	(4,185,271)	(3,859,088)	326,183
Operating transfers out-component unit	(250,000)	(250,000)	-	(56,928)	(50,623)	6,305
Revenues and other sources over (under) expenditures and other uses	(1,350,000)	339,548	1,689,548	(2,379,142)	876,104	3,255,246
Fund balances - July 1, 1996	1,550,000	1,888,910	338,910	10,388,447	14,017,713	3,629,266
Fund balances - June 30, 1997	\$ 200,000	2,228,458	2,028,458	8,009,305	14,893,817	6,884,512

Debt Service Fund			Capital Projects Funds			Expendable Trust Funds			Total (memorandum only)		
Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
15,142,221	15,147,273	5,052	-	-	-	-	-	-	22,209,536	22,244,865	35,329
-	-	-	-	-	-	-	-	-	6,518,191	7,228,573	710,382
-	-	-	-	-	-	25,000	-	(25,000)	13,972,613	8,391,579	(5,581,034)
-	-	-	-	-	-	-	-	-	5,566,735	1,865,828	(3,700,907)
-	-	-	-	-	-	-	-	-	372,000	400,578	28,578
-	-	-	-	-	-	20,000	-	(20,000)	1,555,755	2,000,384	444,629
-	-	-	570,000	70,000	(500,000)	-	-	-	570,000	70,000	(500,000)
-	-	-	-	-	-	10,000	-	(10,000)	11,142,150	11,387,315	245,165
383,000	529,223	146,223	6,180,692	7,420,885	1,240,193	289,553	352,701	63,148	7,445,722	9,481,834	2,036,112
-	-	-	300,000	112,933	(187,067)	-	-	-	984,700	797,206	(187,494)
-	-	-	-	-	-	-	-	-	1,399,395	1,185,596	(213,799)
-	-	-	10,000	11,400	1,400	40,000	47,602	7,602	436,620	400,641	(35,979)
15,525,221	15,676,496	151,275	7,060,692	7,615,218	554,526	384,553	400,303	15,750	72,173,417	65,454,399	(6,719,018)
-	-	-	-	-	-	-	-	-	1,371,533	1,249,080	122,453
-	-	-	-	-	-	-	-	-	12,875,877	11,981,977	893,900
-	-	-	-	-	-	1,038,341	652,654	385,687	19,890,771	13,627,971	6,262,800
-	-	-	20,456,840	3,383,145	17,073,695	-	-	-	27,019,479	9,056,634	17,962,845
-	-	-	41,833,816	-	41,833,816	339,068	-	339,068	43,795,916	-	43,795,916
-	-	-	24,003,016	17,253,494	6,749,522	131,190	2,700	128,490	44,452,136	32,182,757	12,269,379
16,631,083	16,631,083	-	-	-	-	-	-	-	16,981,147	17,348,950	(367,803)
16,631,083	16,631,083	-	86,293,672	20,636,639	65,657,033	1,508,599	655,354	853,245	166,386,859	85,447,369	80,939,490
(1,105,862)	(954,587)	151,275	(79,232,980)	(13,021,421)	66,211,559	(1,124,046)	(255,051)	868,995	(94,213,442)	(19,992,970)	74,220,472
-	-	-	-	-	-	-	-	-	2,575,064	2,239,434	(335,630)
-	-	-	28,800,000	28,827,273	27,273	-	-	-	28,800,000	28,827,273	27,273
-	-	-	10,000	-	(10,000)	463,359	428,932	(34,427)	7,610,938	5,724,306	(1,886,632)
-	-	-	-	-	-	-	-	-	9,500,000	9,000,000	(500,000)
-	-	-	(2,401,624)	(729,300)	1,672,324	(91,314)	(58,167)	33,147	(12,377,241)	(10,044,089)	2,333,152
-	-	-	-	-	-	-	-	-	(306,928)	(300,623)	6,305
(1,105,862)	(954,587)	151,275	(52,824,604)	15,076,552	67,901,156	(752,001)	115,714	867,715	(58,411,609)	15,453,331	73,864,940
12,415,000	13,089,203	674,203	120,085,204	127,349,030	7,263,826	5,120,907	5,853,274	732,367	149,559,558	162,198,130	12,638,572
11,309,138	12,134,616	825,478	67,260,600	142,425,582	75,164,982	4,368,906	5,968,988	1,600,082	91,147,949	177,651,461	86,503,512

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, 1997

	Proprietary Fund Types		Fiduciary Fund Type	Total (memorandum only) -	Component Unit - MERC Convention Center Enterprise	Total (memorandum only) - Reporting Entity
	Solid Waste Enterprise	Internal Service	Pension Trust	Primary Government		
Operating revenues:						
Builders license fees	\$ -	297,760	-	297,760	-	297,760
Federal grants	169,295	-	-	169,295	-	169,295
State and local grants	17,011	9,823	-	26,834	-	26,834
Local government shared revenue	-	-	-	-	5,610,761	5,610,761
Contract and professional services	68,755	36,115	-	104,870	-	104,870
Charges for services	62,535,943	9,508,364	-	72,044,307	7,554,260	79,598,567
Reimbursed labor	-	-	-	-	271,710	271,710
Parking fees	-	446,603	-	446,603	697,097	1,143,700
Miscellaneous	26,857	388,889	-	415,746	61,686	477,432
Change in investment value	-	-	2,648,814	2,648,814	-	2,648,814
Pension contributions	-	-	1,108,709	1,108,709	-	1,108,709
Total operating revenues	62,817,861	10,687,554	3,757,523	77,262,938	14,195,514	91,458,452
Operating expenses:						
Payroll and fringe benefits	5,536,105	5,320,757	-	10,856,862	4,029,073	14,885,935
St. Johns Landfill operating expenses	20,900	-	-	20,900	-	20,900
Metro South Station operating expenses	2,401,790	-	-	2,401,790	-	2,401,790
Metro Central Station operating expenses	4,210,617	-	-	4,210,617	-	4,210,617
Waste transport costs	10,934,703	-	-	10,934,703	-	10,934,703
End use fees	1,445	-	-	1,445	-	1,445
Disposal fees	19,628,654	-	-	19,628,654	-	19,628,654
Marketing expense	-	-	-	-	1,755,226	1,755,226
Convention Center operating expenses	-	-	-	-	999,386	999,386
Concessions expense	-	-	-	-	2,897,971	2,897,971
Depreciation and amortization	1,023,790	868,846	-	1,892,636	2,967,346	4,859,982
Rent and payments in lieu of rent	325,636	695,000	-	1,020,636	-	1,020,636
Administrative expenses paid to Support Services Fund	2,186,923	-	-	2,186,923	583,016	2,769,939
Administrative expenses paid to MERC Administration Fund	-	-	-	-	335,383	335,383
Payments to Planning Fund for services	312,805	-	-	312,805	-	312,805
Insurance expense	-	285,920	-	285,920	104,037	389,957
Claims expense	-	414,306	-	414,306	-	414,306
Purchased professional/technical services	-	134,371	-	134,371	-	134,371
Payment of rehabilitation fees	427,487	-	-	427,487	-	427,487
Consulting services	1,828,032	-	-	1,828,032	-	1,828,032
Waste reduction grants	768,682	-	-	768,682	-	768,682
Payments to other governments	755,774	195,793	-	951,567	-	951,567
Other materials and services	1,389,909	1,488,608	-	2,878,517	553,939	3,432,456
Pension benefits	-	-	788,831	788,831	-	788,831
Total operating expenses	51,753,252	9,403,601	788,831	61,945,684	14,225,377	76,171,061

(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, 1997

	Proprietary Fund Types		Fiduciary Fund Type	Total (memorandum only) - Primary Government	Component Unit - MERC Convention Center Enterprise	Total (memorandum only) - Reporting Entity
	Solid Waste Enterprise	Internal Service	Pension Trust			
Operating income (loss)	\$ 11,064,609	1,283,953	2,968,692	15,317,254	(29,863)	15,287,391
Non-operating revenues (expenses):						
Interest on investments	2,021,760	823,690	-	2,845,450	407,026	3,252,476
Insurance recovery revenue	256,160	-	-	256,160	-	256,160
Loss on disposal of fixed assets	(80,146)	(2,590)	-	(82,736)	-	(82,736)
Interest expense	(1,828,311)	(1,398,388)	-	(3,226,699)	-	(3,226,699)
Total non-operating revenues (expenses)	369,463	(577,288)	-	(207,825)	407,026	199,201
Income before operating transfers	11,434,072	706,665	2,968,692	15,109,429	377,163	15,486,592
Operating transfers out-primary government	-	-	-	-	(9,000,000)	(9,000,000)
Net income (loss)	11,434,072	706,665	2,968,692	15,109,429	(8,622,837)	6,486,592
Depreciation on fixed assets that reduces contributed capital	31,623	145,582	-	177,205	2,490,319	2,667,524
Increase (decrease) in retained earnings/fund balances	11,465,695	852,247	2,968,692	15,286,634	(6,132,518)	9,154,116
Retained earnings/fund balances - July 1, 1996	30,436,414	8,215,025	13,007,411	51,658,850	23,556,038	75,214,888
Retained earnings/fund balances - June 30, 1997	\$ 41,902,109	9,067,272	15,976,103	66,945,484	17,423,520	84,369,004

See accompanying notes to general purpose 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, 1997

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (memorandum only) - Primary Government</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>			
Cash flows from operating activities:						
Cash receipts from customers	\$ 62,953,712	283,903	-	63,237,615	8,394,135	71,631,750
Cash receipts from other governments	255,061	-	-	255,061	4,891,913	5,146,974
Cash receipts from quasi-external transactions	-	9,457,699	-	9,457,699	-	9,457,699
Other operating cash receipts	165,738	534,964	-	700,702	61,686	762,388
Cash payments to suppliers for goods and services	(43,545,231)	(1,608,490)	-	(45,153,721)	(6,439,439)	(51,593,160)
Cash payments for claims	-	(414,306)	-	(414,306)	-	(414,306)
Cash payments to other governments	(1,524,456)	(195,793)	-	(1,720,249)	-	(1,720,249)
Cash payments to employees for services	(5,566,237)	(5,321,425)	-	(10,887,662)	(4,043,900)	(14,931,562)
Cash payments for quasi-external transactions	(3,252,851)	(733,183)	-	(3,986,034)	(1,022,436)	(5,008,470)
Cash inflows from pension contributions	-	-	1,100,291	1,100,291	-	1,100,291
Cash payments for distributions to participants	-	-	(788,831)	(788,831)	-	(788,831)
Cash outflows for forfeitures	-	-	(1,148)	(1,148)	-	(1,148)
Net cash provided by operating activities	<u>9,485,736</u>	<u>2,003,369</u>	<u>310,312</u>	<u>11,799,417</u>	<u>1,841,959</u>	<u>13,641,376</u>
Cash flows from noncapital financing activities:						
Transfer to Regional Parks and Expo Fund	-	-	-	-	(9,000,000)	(9,000,000)
Net cash used in noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,000,000)</u>	<u>(9,000,000)</u>
Cash flows from capital and related financing activities:						
Principal payment on revenue bonds	(1,630,000)	(310,000)	-	(1,940,000)	-	(1,940,000)
Interest payment on revenue bonds	(1,034,020)	(1,292,215)	-	(2,326,235)	-	(2,326,235)
Acquisition/construction of capital assets	(610,092)	(1,649,505)	-	(2,259,597)	(596,440)	(2,856,037)
Insurance recovery proceeds	256,160	-	-	256,160	-	256,160
Principal payments on loans	-	(14,961)	-	(14,961)	-	(14,961)
Principal payments on capital leases	-	(44,036)	-	(44,036)	-	(44,036)
Net cash used in capital and related financing activities	<u>(3,017,952)</u>	<u>(3,310,717)</u>	<u>-</u>	<u>(6,328,669)</u>	<u>(596,440)</u>	<u>(6,925,109)</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, 1997

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	Total (memorandum only) -	Component <u>Unit - MERC</u>	Total (memorandum only) -
	<u>Solid Waste Enterprise</u>	<u>Internal Service</u>	<u>Pension Trust</u>	Primary <u>Government</u>	Convention Center <u>Enterprise</u>	Reporting Entity
Cash flows from investing activities:						
Interest	\$ 1,880,005	851,431	2,648,580	5,380,016	490,844	5,870,860
Loan payments received	-	-	283,692	283,692	-	283,692
Loans distributed to participants	-	-	(286,702)	(286,702)	-	(286,702)
Net cash provided by investing activities	<u>1,880,005</u>	<u>851,431</u>	<u>2,645,570</u>	<u>5,377,006</u>	<u>490,844</u>	<u>5,867,850</u>
Net increase (decrease) in cash and cash equivalents including restricted amounts	8,347,789	(455,917)	2,955,882	10,847,754	(7,263,637)	3,584,117
Cash and cash equivalents at beginning of year including restricted amounts	<u>35,549,193</u>	<u>13,213,895</u>	<u>12,373,300</u>	<u>61,136,388</u>	<u>15,031,276</u>	<u>76,167,664</u>
Cash and cash equivalents at end of year including restricted amounts	<u>\$ 43,896,982</u>	<u>12,757,978</u>	<u>15,329,182</u>	<u>71,984,142</u>	<u>7,767,639</u>	<u>79,751,781</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, 1997

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (memorandum only) - Primary Government</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>			
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 11,064,609	1,283,953	2,968,692	15,317,254	(29,863)	15,287,391
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	1,023,790	868,846	-	1,892,636	2,967,346	4,859,982
Change in investment value	-	-	(2,648,580)	(2,648,580)	-	(2,648,580)
Loan payments received	-	-	(283,692)	(283,692)	-	(283,692)
Loans distributed to participants	-	-	286,702	286,702	-	286,702
Change in assets and liabilities:						
Trade/other accounts receivable	556,651	(410,988)	(11,662)	134,001	(873,318)	(739,317)
Other assets	(7,524)	(11,722)	(1,148)	(20,394)	32,928	12,534
Accounts payable	(1,160,218)	270,333	-	(889,885)	(221,713)	(1,111,598)
Salaries, withholdings and payroll taxes payable	(30,133)	908	-	(29,225)	(14,828)	(44,053)
Contracts payable	(276,629)	-	-	(276,629)	-	(276,629)
Deposits payable	-	-	-	-	25,539	25,539
Other liabilities	(475)	2,039	-	1,564	(44,132)	(42,568)
Post-closure payable	(1,684,335)	-	-	(1,684,335)	-	(1,684,335)
Total adjustments	(1,578,873)	719,416	(2,658,380)	(3,517,837)	1,871,822	(1,646,015)
Net cash provided by operating activities	\$ 9,485,736	2,003,369	310,312	11,799,417	1,841,959	13,641,376

See accompanying notes to general purpose financial statements.

METRO

Notes to General Purpose Financial Statements

June 30, 1997

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) Performance of 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Notes to General Purpose 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 general purpose financial statements of this report, into three broad fund categories, seven 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 excise taxes 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 and contracts, contract and professional services, and a share of the excise tax transferred from the General Fund.

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 charges for services, contract and professional services, federal grants and contracts, shared revenue and parking fees.

METRO

Notes to General Purpose Financial Statements, Continued

Zoo Fund - This fund accounts for funding and operation of the Metro Washington Park Zoo. Principal sources of revenues are charges for services 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 charges for services and reimbursed labor.

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 contributions and donations, interest, and proceeds from the sale of general obligation bonds.

METRO

Notes to General Purpose Financial Statements, Continued

Open Spaces Fund - This fund accounts for the activities to acquire and protect regional open spaces, parks, trails, and streams. The principal resource is 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 charges for services for the disposal of solid waste, and expenses for the implementation, administration and enforcement of Metro's Solid Waste Management Plan. This fund also accounts for Metro South Station and Metro Central Station solid waste transfer and recycling facilities, and the closed St. Johns Landfill.

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 local government shared revenue from a 3% Multnomah County lodging tax, charges for services 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:

Notes to General Purpose 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 fees and charges for services 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, Office of Public and Government Relations, Office of Citizen Involvement, and Office of the Auditor. Primary sources of revenue are builders' license fees, interest, and charges for services 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 for services 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

METRO

Notes to General Purpose Financial Statements, Continued

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. The primary resource is 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 resource is interest.

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

Pension Plan Fund - This fund accounts for 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 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 general purpose 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

Notes to General Purpose Financial Statements, Continued

accounting, revenues are recorded in the accounting period in which they become measurable and available and expenditures are recorded when the liability is incurred, except for:

- interfund transactions which are recorded on the accrual basis;
- 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
- Planning Fund
- Regional Parks and Expo Fund
- General Revenue Bond 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:

METRO

Notes to General Purpose Financial Statements, Continued

Zoo Operating Fund
Spectator Facilities Operating Fund
Coliseum Operating Fund
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
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 general purpose financial statements include the original budget amounts and all appropriation transfer and amendment amounts approved by the Council. Metro adopted 26 budget amendments during the year ended June 30, 1997. The amount of such amendments was not significant.

Notes to General Purpose Financial Statements, Continued

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. Taxes unpaid and outstanding after May 16 are considered delinquent.

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.

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

Notes to General Purpose Financial Statements, Continued

on the Convention Center general obligation bonds. Cash and investments have been restricted in the Solid Waste 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. 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, operations and management functions were transferred to Metro for the Spectator Facilities, however, certain fixed assets purchased from funds derived from these operations become property of the City. 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.

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.

Notes to General Purpose Financial Statements, Continued

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 general purpose 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 future 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 charges for services 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.

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.

Notes to General Purpose Financial Statements, Continued

Certain operating revenues and expenditures and capital costs under generally accepted accounting principles have been presented as transfers between 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.

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 general purpose 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 1997 allocated indirect costs to grants at a rate of approximately 31% 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 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.

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Notes to General Purpose Financial Statements, Continued

Q. Total (Memorandum Only) Columns

The total (memorandum only) columns in the general purpose 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 \$1,206,297 as of June 30, 1997. 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, 1997, expenditures exceeded appropriations for debt service in the Regional Parks and Expo and Spectator Facilities Operating Funds. These overexpenditures were the result of debt refinancings and under ORS 294.326(4)(c) are exempt from the compliance provisions of Oregon Budget Law.

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 general purpose financial statements except for the Proprietary Fund types, the only differences involve capital lease proceeds and expenditures and the reclassification of interfund transfers as quasi-external transactions. These items cause no difference between the excess of revenues and other sources over expenditures and other uses on a budget basis and such amounts on a GAAP basis.

METRO

Notes to General Purpose Financial Statements, Continued

NOTE 6 - CASH AND INVESTMENTS

A. Deposits

At June 30, 1997, the carrying amounts of the primary government and component unit cash deposits with the county treasurers and various financial institutions presented in the accompanying general purpose financial statements were \$3,797,781 and (\$245,950), respectively. The corresponding bank balances associated with the carrying amounts disclosed above total \$3,200,566 and \$325,384, respectively. The entire amount of the bank balances is covered by 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 \$46,600 for the primary government and \$22,350 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, 1997.

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Notes to General Purpose Financial Statements, Continued

	Category			Carrying amount	Market value
	<u>1</u>	<u>2</u>	<u>3</u>		
Primary Government:					
Banker's acceptances	\$ 7,783,174	-	-	7,783,174	7,777,177
Commercial paper	1,850,469	248,000	-	2,098,469	2,098,469
U.S. Govt. securities - treasury	120,306,046	13,125,053	-	133,431,099	133,465,500
U.S. Govt. securities - agencies	<u>51,061,028</u>	<u>22,306,330</u>	-	<u>73,367,358</u>	<u>73,403,196</u>
Total	<u>\$181,000,717</u>	<u>35,679,383</u>	-	216,680,100	216,744,342
Investments not subject to categorization:					
Pension trust investments in mutual funds				15,329,182	15,329,182
State Treasurer's investment pool				<u>14,182,185</u>	<u>14,182,185</u>
Total investments- Primary Government				<u>\$246,191,467</u>	<u>246,255,709</u>
Component Unit - MERC:					
U.S. Govt. securities - treasury	\$ 2,978,411	1,172,029	-	4,150,440	4,154,903
U.S. Govt. securities - agencies	3,064,722	664,916	-	3,729,638	3,730,031
Repurchase agreements	-	<u>9,606,849</u>	-	<u>9,606,849</u>	<u>9,606,849</u>
Total	<u>\$ 6,043,133</u>	<u>11,443,794</u>	-	17,486,927	17,491,783
Investments not subject to categorization:					
State Treasurer's investment pool				<u>1,488,939</u>	<u>1,488,939</u>
Total investments- Component Unit				<u>\$18,975,866</u>	<u>18,980,722</u>

Metro's cash and investments are reflected on the combined balance sheet as follows:

	Primary Government	Component Unit	Total
Unrestricted	\$237,945,364	9,431,076	247,376,440
Restricted	<u>12,090,484</u>	<u>9,321,190</u>	<u>21,411,674</u>
	<u>\$250,035,848</u>	<u>18,752,266</u>	<u>268,788,114</u>

METRO

Notes to General Purpose Financial Statements, Continued

NOTE 7 - FIXED ASSETS

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

	Balance July 1, <u>1996</u>	Additions	Disposals and <u>Transfers</u>	Balance June 30, <u>1997</u>
General Fixed Assets Account Group				
Land	\$ 13,973,043	17,276,379	4,686,121	35,935,543
Buildings and exhibits	35,742,117	13,973,390	4,631,992	54,347,499
Improvements	2,209,854	2,295,530	-	4,505,384
Equipment	3,034,790	531,462	(18,137)	3,548,115
Office furniture/equipment	2,481,219	262,004	(63,389)	2,679,834
Railroad equipment/facilities	<u>1,788,437</u>	<u>28,629</u>	<u>-</u>	<u>1,817,066</u>
	<u>\$59,229,460</u>	<u>34,367,394</u>	<u>9,236,587</u>	<u>102,833,441</u>
Proprietary Funds				
Primary Government - Metro				
Land	\$ 4,638,560	-	-	4,638,560
Buildings	47,989,394	252,739	(109,790)	48,132,343
Improvements	3,209,567	17,201	-	3,226,768
Equipment	2,137,423	292,220	(34,082)	2,395,561
Office furniture/equipment	2,578,647	1,697,437	(166,496)	4,109,588
Leasehold improvements	<u>9,089,857</u>	<u>-</u>	<u>-</u>	<u>9,089,857</u>
	69,643,448	2,259,597	(310,368)	71,592,677
Less accumulated depreciation and amortization	<u>19,252,489</u>	<u>1,892,636</u>	<u>(227,632)</u>	<u>20,917,493</u>
	<u>\$50,390,959</u>	<u>366,961</u>	<u>(82,736)</u>	<u>50,675,184</u>

METRO

Notes to General Purpose Financial Statements, Continued

	Balance July 1, <u>1996</u>	<u>Additions</u>	Disposals and <u>Transfers</u>	Balance June 30, <u>1997</u>
Proprietary Funds				
Component Unit - MERC				
Land	\$14,979,562	-	-	14,979,562
Buildings	84,450,554	318,316	-	84,768,870
Improvements	582,291	12,039	-	594,330
Equipment	1,284,369	100,751	-	1,385,120
Office furniture/equipment	<u>3,748,602</u>	<u>165,334</u>	<u>(2,916)</u>	<u>3,911,020</u>
	105,045,378	596,440	(2,916)	105,638,902
Less accumulated depreciation and amortization	<u>15,653,634</u>	<u>2,967,346</u>	<u>(2,916)</u>	<u>18,618,064</u>
	<u>\$89,391,744</u>	<u>(2,370,906)</u>	<u>-</u>	<u>87,020,838</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 was in compliance with this agreement for the year ended June 30, 1997.

An agreement between Metro and Multnomah County previously transferred beneficial use of all real and personal property for certain park facilities, natural areas, and trade/spectator facilities from Multnomah County into the mix of natural spaces and trade/spectator facilities owned or operated by Metro. Additional provisions of this agreement, effective July 1, 1996, transferred to Metro full ownership of the facilities which Metro determined to be 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 in accordance with an intergovernmental consolidation agreement. These fixed assets will be included in the Comprehensive Annual Financial Report of the City of Portland 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 Metro Employee Salary Savings Plan is available to all Metro employees and permits employees to contribute a portion of their salary to the plan to obtain favorable tax treatment for amounts contributed. Moneys accumulated under the plan are deposited with a trustee and are invested in mutual funds that are self-directed by participants. Metro's Executive Officer is the plan administrator and has appointed a five-member Advisory Committee which has the authority to define, monitor, manage and interpret the provisions of the plan, contained in the Plan Document.

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 \$1,108,709 during the fiscal year 1997.

B. Defined Benefit Plan**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 that acts as a common investment and administrative agent for political subdivisions in the State of Oregon.

The State of Oregon PERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 73, Portland, Oregon 97207-0073 or by calling 1-503-229-5824.

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.

METRO

Notes to General Purpose Financial Statements, Continued

Funding Policy

The rate of employer contributions to PERS is determined periodically by PERS based on actuarial valuations performed at least every two years. 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. The required employee contribution is paid by Metro for certain employees in conformance with its personnel policies. Some Metro and MERC employees are required to pay the 6% contribution. It is Metro's policy to recognize pension expenditures or expenses as currently funded.

Annual Pension Cost

For fiscal 1997, Metro's annual pension cost of \$2,292,466 was equal to Metro's required and actual contribution. The required contribution was determined as part of an actuarial valuation at December 31, 1995 using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- A rate of return on the investment of present and future assets of 8.0% per year,
- Projected salary increases of 5.0% per year attributable to general wage adjustments, with additional increases for promotion and longevity that may vary by age and service, and
- Projected automatic cost-of-living benefit increases of 2.0% per year.

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.

Three year historical trend information:

<u>Fiscal year ended June 30:</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
1995	\$2,598,943	100%	\$0
1996	2,064,931	100%	0
1997	2,292,466	100%	0

METRO

Notes to General Purpose Financial Statements, Continued

Schedule of funding progress (12/31/91 Actuarial Valuation Date figures are not available):

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/93	\$14,022,434	24,156,434	10,134,000	58%	22,332,313	45%
12/31/95	24,603,201	34,666,467	10,063,266	71	24,469,431	41

Effective July 1, 1996, Metro adopted Government Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Government Employers*. The pension liability at transition was determined in accordance with this Statement, and the amount of pension liability recorded by Metro was zero, the same as previously reported under the prior method of accounting.

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 a per ton unit price of \$27.25 for the first 550,000 tons and a declining incremental price scale for each ton of waste in excess of 550,000 tons. The per ton rate is adjusted annually on July 1 to reflect changes in the Consumer Price Index (CPI).

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 \$13.00. The unit price is adjusted annually on January 1 in an amount equivalent to 75% of the CPI.

METRO

Notes to General Purpose Financial Statements; Continued

Metro South Station and Metro Central Station

Operation of the Metro South Station, a solid waste transfer facility, and Metro Central Station, a solid waste materials recovery and transfer station that emphasizes recovery of waste materials, are operated under contracts ending September 30, 1997. Under the current contracts, the Metro South contractor is paid on a sliding scale, based on monthly facility volume, which averages \$4.10 per ton for waste disposed and the Metro Central 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, this contractor is paid a flat fee of \$288,981. Higher facility volumes are paid on a sliding scale averaging \$8.61 per ton.

A new agreement effective October 1, 1997 through September 30, 2002 places the operations of these stations with one contractor. The agreement sets a lump sum price for the first 21,000 tons of waste received each month: \$93,000 at Metro South and \$144,000 at Metro Central. Above 21,000 tons, payment is calculated by reference to sliding tonnage ranges that begin at \$4.20 per ton for Metro South and \$6.55 per ton for Metro Central. In addition, the contractor receives incentives for materials recovered from the waste stream and therefore not sent to the Columbia Ridge Landfill. The unit price is adjusted annually on July 1 in accordance with the CPI.

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 ended <u>June 30:</u>	<u>Columbia</u> <u>Ridge Landfill</u>	<u>Waste Transport</u>		<u>Metro</u> <u>South</u>	<u>Metro</u> <u>Central</u>
	Variable payment based on <u>tons</u>	Fixed <u>payments</u>	Variable payment based on <u>tons</u>	Variable payment based on <u>tons</u>	Variable payment based on <u>tons</u>
1998	\$ 16,943,193	829,400	9,221,956	1,928,531	3,810,671
1999	17,320,455	829,400	9,423,235	2,222,206	3,505,057
2000	17,864,605	829,400	9,878,880	2,311,856	3,748,092
2001	18,494,658	829,400	10,470,200	2,462,125	4,003,287
2002	19,137,226	829,400	11,081,751	2,620,705	4,268,318
Later years	<u>172,317,589</u>	<u>6,220,500</u>	<u>104,959,548</u>	<u>750,216</u>	<u>1,132,194</u>
Total	<u>\$262,077,726</u>	<u>10,367,500</u>	<u>155,035,570</u>	<u>12,295,639</u>	<u>20,467,619</u>

METRO

Notes to General Purpose Financial Statements, Continued

NOTE 10 - LEASE OBLIGATIONS

A. Operating Leases

The Portland Center for the Performing Arts Theater Complex leases the grounds for the Complex under an operating lease expiring in 2083. The term of the original agreement may be extended in ten year increments for a total of 50 additional years. Rent adjustments may be negotiated every five years commencing on November 1, 1994. The scheduled lease payments are \$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. The original lease requiring yearly payments of \$5,562 expired October 31, 1997. An addendum to the lease extends the term through October 31, 1998 and sets the yearly payments at \$7,230.

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

Fiscal year ended <u>June 30:</u>	Ground <u>Lease</u>	Landfill <u>Lease</u>
1998	\$ 100,608	6,674
1999	100,608	2,410
2000	100,608	-
2001	100,608	-
2002	100,608	-
Thereafter	<u>8,082,176</u>	<u>-</u>
Total	<u>\$8,585,216</u>	<u>9,084</u>

B. Capital Leases

Metro has capital lease agreements for computers, printers, copiers and other 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 2001. Interest rates range from 4.1% to 5.0%. Amortization charges applicable to capital lease assets in the proprietary fund types are included in depreciation and amortization expense.

METRO

Notes to General Purpose Financial Statements, Continued

The future minimum lease payments are:

<u>Fiscal year ended June 30:</u>	<u>Primary Government</u>	<u>Component Unit</u>
1998	\$ 267,126	90,495
1999	141,559	98,473
2000	115,640	99,250
2001	<u>105,526</u>	<u>99,614</u>
Total minimum lease payments	629,851	387,832
Less amount representing interest	<u>(56,048)</u>	<u>(40,635)</u>
Net present value of future minimum lease payments	<u>\$ 573,803</u>	<u>347,197</u>

NOTE 11 - BONDS PAYABLE

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

In prior years, Metro issued the following Open Spaces Program General Obligation Bonds: \$74,170,000 of 1995 Series A, \$5,219,923 of 1995 Series B (Capital Appreciation), and \$56,210,000 of 1995 Series C. The Open Spaces Bonds were issued by Metro under authority granted by voters for \$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 4.0% to 7.0%.

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

Notes to General Purpose Financial Statements, Continued

E. 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, 1997.

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 general purpose financial statements. At June 30, 1997, \$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 6.65% to 7.10% on the remaining 1990 Series A bonds and from 3.80% to 5.125% (initial average rate of 4.99%) on the 1993 Series A Refunding bonds.

METRO

Notes to General Purpose Financial Statements, Continued

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

<u>Fiscal year ended June 30:</u>	<u>1990 Series A</u>		<u>1993 Series A Refunding</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	1,066,120	-	2,125,000	497,427
2003-12	<u>11,770,000</u>	<u>-</u>	<u>8,820,000</u>	<u>3,410,250</u>
	<u>\$18,001,120</u>	<u>636,640</u>	<u>12,460,000</u>	<u>6,277,057</u>

The above principal amounts are reported on the balance sheet net of \$293,718 in unamortized costs and discount, \$1,239,871 in deferred amount on refunding, and \$5,188,077 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 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.

F. 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, 1997.

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

METRO

Notes to General Purpose Financial Statements, Continued

Fiscal year ended June 30:	1995 Series A		1995 Series B		1995 Series C	
	Principal	Interest	Principal	Interest	Principal	Interest
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	2,795,000	3,304,710	383,625	116,375	2,020,000	2,427,912
2003-16	<u>59,480,000</u>	<u>25,939,352</u>	<u>2,617,373</u>	<u>1,885,627</u>	<u>45,720,000</u>	<u>19,069,604</u>
	<u>\$72,050,000</u>	<u>43,879,583</u>	<u>4,735,958</u>	<u>2,267,042</u>	<u>54,715,000</u>	<u>32,319,916</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 general purpose financial statements. At June 30, 1997, \$53,500,000 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.

Bond principal and interest outstanding at June 30 and the corresponding maturities on 1992 Series A are as follows:

<u>Fiscal year ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
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	2,700,000	2,964,237
2003-13	<u>45,745,000</u>	<u>18,371,501</u>
	<u>\$57,680,000</u>	<u>34,578,466</u>

METRO

Notes to General Purpose Financial Statements, Continued

C. Metro Washington Park Zoo Oregon Project 1996 Series A General Obligation Bonds

On October 23, 1996, Metro issued \$28.8 million in general obligation bonds dated November 1, 1996 to finance capital improvements at the Metro Washington Park Zoo including new exhibits, a new entry, and other improvements. The bonds are to be repaid with proceeds of Metro's ad valorem property tax levied each year. Interest rates range from 5.0% to 6.0% on various maturities, with an average interest cost for the entire issue of 5.3119%.

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

<u>Fiscal year ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
1998	\$ 595,000	1,879,473
1999	890,000	1,529,260
2000	940,000	1,484,760
2001	990,000	1,437,760
2002	1,040,000	1,388,260
2003-17	<u>24,345,000</u>	<u>11,931,700</u>
	<u>\$28,800,000</u>	<u>\$19,651,213</u>

D. Expo Center 1996 Series A Revenue Bond

In prior years, 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:

<u>Fiscal year ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
1998	\$ 70,000	135,575
1999	75,000	131,588
2000	80,000	127,325
2001	85,000	122,787
2002	90,000	117,975
2003-06	<u>2,100,000</u>	<u>418,275</u>
	<u>\$2,500,000</u>	<u>1,053,525</u>

METRO

Notes to General Purpose Financial Statements, Continued

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 general purpose financial statements. At June 30, 1997, \$22,015,000 of defeased bonds are outstanding.

Interest rates range from 3.75% to 5.25%, 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>Fiscal year ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
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	615,000	1,173,435
2003-23	<u>22,710,000</u>	<u>14,478,916</u>
	<u>\$25,405,000</u>	<u>20,587,162</u>

The above principal amounts are reported on the balance sheet net of \$570,972 in unamortized costs and discount, and \$2,196,383 in deferred amount on refunding.

NOTE 12 - OTHER LONG-TERM DEBT

Oregon Economic Development Department Loan

In prior years, 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 loan is payable in yearly installments through December 1, 2015 and bears a true interest cost of 5.49%. The loan amount is drawn as Metro requires funds; \$2,332,182 was borrowed against this phase of the loan.

METRO

Notes to General Purpose Financial Statements, Continued

On September 6, 1996, Metro borrowed an additional \$2,217,000 through the OEDD loan program. 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 a true interest cost of 5.44% and will be repaid in annual installments through December 1, 2016. The loan amount is drawn as Metro requires funds; \$1,871,631 was borrowed against the second phase of the loan during the year ended June 30, 1997.

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.

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

Fiscal year ended	Primary Government					
	Energy		OEDD 1995		OEDD 1996	
	Loan Payable		Loan Payable		Loan Payable	
June 30:	Principal	Interest	Principal	Interest	Principal	Interest
1998	\$ 15,920	14,263	-	145,852	-	115,518
1999	16,941	13,242	92,592	145,851	74,472	115,517
2000	18,028	12,155	102,914	141,917	74,874	112,353
2001	19,184	10,999	108,262	137,389	80,310	109,059
2002	20,415	9,768	108,642	132,409	85,778	105,404
2003-16	<u>145,553</u>	<u>28,014</u>	<u>1,919,772</u>	<u>1,090,049</u>	<u>1,556,197</u>	<u>864,885</u>
	<u>\$236,041</u>	<u>88,441</u>	<u>2,332,182</u>	<u>1,793,467</u>	<u>1,871,631</u>	<u>1,422,736</u>

NOTE 13 - CHANGES IN GENERAL LONG-TERM LIABILITIES

The following changes occurred during fiscal year 1997 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 June 30, 1997
	July 1, 1996	Increase	Decrease	
Bonds payable	\$197,754,923	28,800,000	(6,073,965)	220,480,958
Loans payable	2,739,006	1,871,631	(406,824)	4,203,813
Obligations under capital leases	410,964	388,803	(275,964)	523,803
Liability for compensated absences	<u>660,697</u>	<u>649,747</u>	<u>(635,168)</u>	<u>675,276</u>
	<u>\$201,565,590</u>	<u>31,710,181</u>	<u>(7,391,921)</u>	<u>225,883,850</u>

METRO

Notes to General Purpose Financial Statements, Continued

COMPONENT UNIT - MERC GOVERNMENTAL FUNDS	Balance <u>July 1, 1996</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 1997</u>
Loans payable	\$ 391,755	-	(391,755)	-
Obligations under capital leases	-	347,197	-	347,197
Liability for compensated absences	<u>97,927</u>	<u>74,751</u>	<u>(80,003)</u>	<u>92,675</u>
	<u>\$489,682</u>	<u>421,948</u>	<u>(471,758)</u>	<u>439,872</u>

NOTE 14 - DEFERRED REVENUE

Deferred revenue at June 30, 1997 consists of taxes receivable not collected within 60 days after year end and other receivables not available under the modified accrual basis of accounting:

Special Revenue Funds	\$ 324,069
Debt Service Fund	667,866
Trust Funds	<u>160,000</u>
	<u>\$1,151,935</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, 1997, Metro recorded a liability of \$15,457 for the primary government and \$119,620 for the component unit in the accompanying general purpose 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 General Purpose 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 \$1,684,335 in closure costs as the closure process continued (\$34,011,327 cumulative to date), reducing the remaining estimated liability to \$7,382,574 at June 30, 1997. Metro has accumulated \$7,474,778 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 if necessary. 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, 1997 are as follows:

	<u>Enterprise</u> Solid Waste Fund	<u>Internal</u> Service Support Services Fund	<u>Component</u> Unit - MERC Convention Center Fund
Balance, July 1, 1996	\$958,265	157,283	80,492,810
Depreciation on fixed assets that reduces contributed capital (\$19,496,100 total accumulated depreciation at June 30, 1997)	<u>(31,623)</u>	<u>(145,582)</u>	<u>(2,490,319)</u>
Balance, June 30, 1997	<u>\$926,642</u>	<u>11,701</u>	<u>78,002,491</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 for the primary government and the component unit 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 General Purpose 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 \$271,688,000 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 SAIF Corporation, 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. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. Metro also monitors risk activity to ensure that proper reserves are maintained. All operating funds of Metro participate in the program and make payments to the Risk Management Fund based upon actuarial estimates of the amounts needed to pay prior and current year claims and to establish sufficient reserves.

The estimated claims liability of \$927,332 reported as accrued self-insurance claims in the Risk Management Fund at June 30, 1997 was established in accordance with the requirements of Governmental Accounting Standards Board Statement No. 30, *Risk Financing Omnibus*, effective July 1, 1996, which requires that a liability for total estimated claims be reported if information prior to the issuance of the general purpose financial statements indicates that it is probable that a liability has been incurred at the date of the general purpose financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. A portion of the loss reserves have been discounted, 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.

METRO

Notes to General Purpose Financial Statements, Continued

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 <u>End</u>
1995-1996	\$644,758	565,864	283,290	927,332
1996-1997	\$927,332	414,306	414,306	927,332

NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Metro and its component unit maintain 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	\$62,817,861	14,195,514
Depreciation and amortization expense	1,023,790	2,967,346
Operating income (loss)	11,064,609	(29,863)
Net income (loss)	11,434,072	(8,622,837)
Fixed asset additions	610,092	596,440
Net working capital	36,760,145	7,804,123
Total assets	86,295,958	96,643,458
Bonds and other long-term liabilities:		
Payable from operating revenues	31,440,503	-
Payable from other sources	7,398,031	119,620
Contributed capital, net	926,642	78,002,491
Total equity	42,828,751	95,426,011

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.

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 excise taxes 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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Excise taxes	\$ 6,518,191	7,228,573	710,382
Interest	65,000	27,648	(37,352)
Miscellaneous	-	263	263
Total revenues	<u>6,583,191</u>	<u>7,256,484</u>	<u>673,293</u>
Expenditures:			
Council:			
Personal services	764,949	698,537	66,412
Materials and services	110,320	84,097	26,223
Capital outlay	31,500	14,710	16,790
Total council	<u>906,769</u>	<u>797,344</u>	<u>109,425</u>
Office of the executive officer:			
Personal services	333,356	321,367	11,989
Materials and services	37,908	20,079	17,829
Capital outlay	5,900	5,612	288
Total office of the executive officer	<u>377,164</u>	<u>347,058</u>	<u>30,106</u>
Special appropriations:			
Materials and services	125,000	125,000	-
Contingency	575,226	-	575,226
Total expenditures	<u>1,984,159</u>	<u>1,269,402</u>	<u>714,757</u>
Revenues over expenditures	4,599,032	5,987,082	1,388,050
Other financing uses:			
Operating transfers out	(5,949,032)	(5,647,534)	301,498
Revenues over (under) expenditures and other uses	(1,350,000)	339,548	1,689,548
Beginning fund balance available for appropriation - July 1, 1996	<u>1,550,000</u>	<u>1,888,910</u>	<u>338,910</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 200,000</u>	<u>2,228,458</u>	<u>2,028,458</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 and contracts, contract and professional services, and a share of the excise tax transferred from the General Fund.

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 charges for services, contract and professional services, federal grants and contracts, 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 charges for services 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, 1997

<u>Assets and Other Debits</u>	Planning <u>Fund</u>	Regional Parks and <u>Expo Fund</u>	Zoo <u>Fund</u>	<u>Total</u>
Assets:				
Cash and investments	\$ 2,081,781	3,076,036	11,301,579	16,459,396
Receivables (net of allowance for uncollectibles):				
Property taxes	-	-	378,897	378,897
Trade	201,694	689,769	1,533,045	2,424,508
Other	1,343	546	3,572	5,461
Interest	39,124	56,128	198,150	293,402
Federal grants	3,683,087	201,333	-	3,884,420
State and local grants/contracts	677,220	-	-	677,220
Inventory of materials and supplies	-	47,214	241,027	288,241
Other assets	20,480	2,449	19,500	42,429
Restricted assets:				
Cash and investments	-	-	19,692	19,692
Total assets and other debits	\$ 6,704,729	4,073,475	13,695,462	24,473,666
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 3,236,745	461,883	1,868,919	5,567,547
Salaries, withholdings and payroll taxes payable	233,620	118,901	384,993	737,514
Contracts payable	157,531	5,913	-	163,444
Deferred revenue	-	-	324,069	324,069
Unearned grant/contract revenue	2,348,508	16,899	-	2,365,407
Deposits payable	1,554	340,600	69,559	411,713
Other liabilities	-	-	10,155	10,155
Total liabilities	5,977,958	944,196	2,657,695	9,579,849
Fund balances - unreserved	726,771	3,129,279	11,037,767	14,893,817
Total liabilities and fund balances	\$ 6,704,729	4,073,475	13,695,462	24,473,666

METRO

Special Revenue Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the year ended June 30, 1997

	Planning Fund	Regional Parks and Expo Fund	Zoo Fund	Total
Revenues:				
Property taxes	\$ -	-	7,097,592	7,097,592
Federal grants and contracts	7,966,916	336,080	88,583	8,391,579
State and local grants and contracts	1,819,837	42,000	3,991	1,865,828
Local government shared revenues	-	400,578	-	400,578
Contract and professional services	993,800	1,006,584	-	2,000,384
Charges for services	333,832	4,715,998	6,991,512	12,041,342
Interest	124,995	435,376	591,006	1,151,377
Contributions and donations	-	5,000	679,273	684,273
Parking fees	-	1,114,474	71,122	1,185,596
Miscellaneous	135,766	138,523	67,087	341,376
Total revenues	11,375,146	8,194,613	15,590,166	35,159,925
Expenditures:				
Current:				
Zoo operations and development	-	-	13,343,436	13,343,436
Regional planning and development	14,816,259	-	-	14,816,259
Recreation and development	-	6,380,799	-	6,380,799
Capital outlay	132,245	12,603,790	2,191,206	14,927,241
Debt service	-	517,803	200,064	717,867
Total expenditures	14,948,504	19,502,392	15,734,706	50,185,602
Revenues under expenditures	(3,573,358)	(11,307,779)	(144,540)	(15,025,677)
Other financing sources:				
Loan proceeds	-	-	1,871,631	1,871,631
Capital lease proceeds	21,000	367,803	-	388,803
Operating transfers in	3,622,027	9,957,330	61,990	13,641,347
Revenues and other sources over (under) expenditures	69,669	(982,646)	1,789,081	876,104
Fund balances - July 1, 1996	657,102	4,111,925	9,248,686	14,017,713
Fund balances - June 30, 1997	\$ 726,771	3,129,279	11,037,767	14,893,817

METRO

Planning Fund

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

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable <u>(unfavorable)</u>
Revenues:			
Federal grants	\$ 13,358,970	7,966,916	(5,392,054)
State grants	2,882,000	327,722	(2,554,278)
Local grants	2,618,593	1,492,115	(1,126,478)
Contract and professional services	536,233	993,800	457,567
Interest	-	124,995	124,995
Miscellaneous	189,238	135,766	(53,472)
	<u>19,585,034</u>	<u>11,041,314</u>	<u>(8,543,720)</u>
Expenditures:			
Transportation planning:			
Personal services	3,613,210	3,235,497	377,713
Materials and services	11,313,538	6,236,143	5,077,395
Capital outlay	2,469,000	59,831	2,409,169
	<u>17,395,748</u>	<u>9,531,471</u>	<u>7,864,277</u>
Growth management services:			
Personal services	2,169,670	2,163,888	5,782
Materials and services	1,756,012	1,339,789	416,223
Capital outlay	90,903	51,414	39,489
	<u>4,016,585</u>	<u>3,555,091</u>	<u>461,494</u>
Contingency	534,252	-	534,252
	<u>21,946,585</u>	<u>13,086,562</u>	<u>8,860,023</u>
Revenues under expenditures	<u>(2,361,551)</u>	<u>(2,045,248)</u>	<u>316,303</u>

(Continued)

METRO

Planning Fund

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

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable <u>(unfavorable)</u>
Other financing sources (uses):			
Operating transfers in:			
General Fund	\$ 3,689,624	3,622,027	(67,597)
Regional Parks and Expo Fund	16,000	16,000	-
Open Spaces Fund	-	5,027	5,027
Solid Waste Revenue Fund	357,071	312,805	(44,266)
Operating transfers out	<u>(1,997,772)</u>	<u>(1,840,942)</u>	<u>156,830</u>
Total other financing sources (uses)	<u>2,064,923</u>	<u>2,114,917</u>	<u>49,994</u>
Revenues and other sources over (under) expenditures and other uses	(296,628)	69,669	366,297
Beginning fund balance available for appropriation - July 1, 1996	<u>340,890</u>	<u>657,102</u>	<u>316,212</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 44,262</u>	<u>726,771</u>	<u>682,509</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, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Federal grants	\$ 508,393	336,080	(172,313)
Local grants	55,000	42,000	(13,000)
Local government shared revenues	372,000	400,578	28,578
Contract and professional services	999,522	1,006,584	7,062
Charges for services	4,284,550	4,395,803	111,253
Interest	178,983	435,376	256,393
Contributions and donations	20,000	5,000	(15,000)
Parking fees	1,350,883	1,114,474	(236,409)
Miscellaneous	153,908	138,523	(15,385)
Total revenues	<u>7,923,239</u>	<u>7,874,418</u>	<u>(48,821)</u>
Expenditures:			
Regional parks and greenspaces:			
Personal services	2,079,003	1,925,260	153,743
Materials and services	1,529,748	1,096,946	432,802
Capital outlay	1,902,250	284,518	1,617,732
Total regional parks and greenspaces	<u>5,511,001</u>	<u>3,306,724</u>	<u>2,204,277</u>
Expo center:			
Personal services	836,787	594,800	241,987
Materials and services	2,117,101	2,056,483	60,618
Capital outlay	12,664,907	12,319,272	345,635
Debt service	150,000	517,803	(367,803)
Total Expo center	<u>15,768,795</u>	<u>15,488,358</u>	<u>280,437</u>
Contingency	79,246	-	79,246
Total expenditures	<u>21,359,042</u>	<u>18,795,082</u>	<u>2,563,960</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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable <u>(unfavorable)</u>
Revenues under expenditures	\$ <u>(13,435,803)</u>	<u>(10,920,664)</u>	<u>2,515,139</u>
Other financing sources (uses):			
Refinancing proceeds	-	367,803	367,803
Operating transfers in:			
General Fund	1,067,621	957,330	(110,291)
Open Spaces Fund	1,901,143	304,212	(1,596,931)
Oregon Convention Center Operating Fund	9,500,000	9,000,000	(500,000)
Smith and Bybee Lakes Trust Fund	39,324	11,177	(28,147)
Regional Parks Trust Fund	4,806	4,806	-
Operating transfers out	<u>(763,415)</u>	<u>(707,310)</u>	<u>56,105</u>
Total other financing sources (uses)	<u>11,749,479</u>	<u>9,938,018</u>	<u>(1,811,461)</u>
Revenues and other sources under expenditures and other uses	(1,686,324)	(982,646)	703,678
Beginning fund balance available for appropriation - July 1, 1996	<u>3,554,806</u>	<u>4,111,925</u>	<u>557,119</u>
Unappropriated ending fund balance - June 30, 1997	\$ <u><u>1,868,482</u></u>	<u><u>3,129,279</u></u>	<u><u>1,260,797</u></u>

METRO

Zoo Operating Fund

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

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Property taxes	\$ 7,067,315	7,097,592	30,277
Federal grants	80,250	88,583	8,333
Local grants	11,142	3,991	(7,151)
Charges for services:			
Admissions	2,956,788	3,029,303	72,515
Rental fees	53,294	65,184	11,890
Concessions and catering	2,207,463	2,194,605	(12,858)
Retail sales	823,180	851,515	28,335
Tuition and lectures	293,494	384,332	90,838
Railroad rides/people mover	513,381	466,573	(46,808)
Interest	348,494	591,006	242,512
Contributions and donations	664,700	679,273	14,573
Parking fees	48,512	71,122	22,610
Miscellaneous	43,474	67,087	23,613
Total revenues	<u>15,111,487</u>	<u>15,590,166</u>	<u>478,679</u>
Expenditures:			
Personal services:			
Administration	794,054	744,347	49,707
Animal management	2,479,720	2,287,684	192,036
Facilities management	1,910,531	1,870,570	39,961
Educational services	537,880	511,037	26,843
Marketing	500,017	472,497	27,520
Visitor services	1,615,202	1,629,927	(14,725)
Design services	297,044	291,996	5,048
Total personal services	<u>8,134,448</u>	<u>7,808,058</u>	<u>326,390</u>
Materials and services:			
Administration	164,833	187,404	(22,571)
Animal management	484,826	466,911	17,915
Facilities management	1,673,026	1,524,352	148,674
Educational services	126,363	109,856	16,507
Marketing	771,494	634,142	137,352
Visitor services	1,361,115	1,139,346	221,769
Design services	159,772	111,908	47,864
Total materials and services	<u>4,741,429</u>	<u>4,173,919</u>	<u>567,510</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, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures, continued:			
Capital outlay:			
Administration	\$ 12,000	8,789	3,211
Animal management	12,100	20,875	(8,775)
Facilities management	610,485	356,981	253,504
Educational services	7,300	7,851	(551)
Marketing	8,100	8,607	(507)
Visitor services	44,000	71,185	(27,185)
Design services	84,485	45,351	39,134
Total capital outlay	<u>778,470</u>	<u>519,639</u>	<u>258,831</u>
Contingency	<u>434,308</u>	<u>-</u>	<u>434,308</u>
Total expenditures	<u>14,088,655</u>	<u>12,501,616</u>	<u>1,587,039</u>
Revenues over expenditures	1,022,832	3,088,550	2,065,718
Other financing sources (uses):			
Operating transfers in:			
General Fund	61,990	61,990	-
Operating transfers out	<u>(1,481,012)</u>	<u>(1,361,459)</u>	<u>119,553</u>
Total other financing sources (uses)	<u>(1,419,022)</u>	<u>(1,299,469)</u>	<u>119,553</u>
Revenues and other sources over (under) expenditures and other uses	(396,190)	1,789,081	2,185,271
Beginning fund balance available for appropriation - July 1, 1996	<u>6,492,751</u>	<u>9,248,686</u>	<u>2,755,935</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 6,096,561</u>	<u>11,037,767</u>	<u>4,941,206</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, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Interest	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Debt service account:			
Debt service	200,064	200,064	-
Project account:			
Capital outlay	<u>2,375,000</u>	<u>1,671,567</u>	<u>703,433</u>
Total expenditures	<u>2,575,064</u>	<u>1,871,631</u>	<u>703,433</u>
Revenues under expenditures	(2,575,064)	(1,871,631)	703,433
Other financing sources:			
State bond bank loan proceeds	<u>2,575,064</u>	<u>1,871,631</u>	<u>(703,433)</u>
Revenues and other sources over expenditures	-	-	-
Beginning fund balance available for appropriation - July 1, 1996	<u>-</u>	<u>-</u>	<u>-</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ -</u>	<u>-</u>	<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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Property taxes	\$ 15,142,221	15,147,273	5,052
Interest	383,000	529,223	146,223
Total revenues	<u>15,525,221</u>	<u>15,676,496</u>	<u>151,275</u>
Expenditures:			
Debt service	<u>16,631,083</u>	<u>16,631,083</u>	-
Total expenditures	<u>16,631,083</u>	<u>16,631,083</u>	-
Revenues under expenditures	(1,105,862)	(954,587)	151,275
Beginning fund balance available for appropriation - July 1, 1996	<u>12,415,000</u>	<u>13,089,203</u>	<u>674,203</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 11,309,138</u>	<u>12,134,616</u>	<u>825,478</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, interest, and proceeds from the sale of general obligation bonds.

Open Spaces Fund

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

METRO

Capital Projects Funds

Combining Balance Sheet

June 30, 1997

<u>Assets</u>	Zoo Capital Fund	Open Spaces Fund	<u>Total</u>
Cash and investments	\$ 28,608,769	113,046,387	141,655,156
Other receivable	-	50,000	50,000
Interest receivable	403,325	1,193,802	1,597,127
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>29,012,094</u>	<u>114,290,189</u>	<u>143,302,283</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 182,182	627,589	809,771
Salaries, withholdings and payroll taxes payable	3,916	33,750	37,666
Contracts payable	25,564	-	25,564
Deposits payable	-	3,700	3,700
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>211,662</u>	<u>665,039</u>	<u>876,701</u>
Fund balances:			
Unreserved	<u>28,800,432</u>	<u>113,625,150</u>	<u>142,425,582</u>
Total fund balances	<u>28,800,432</u>	<u>113,625,150</u>	<u>142,425,582</u>
Total liabilities and fund balances	\$ <u>29,012,094</u>	<u>114,290,189</u>	<u>143,302,283</u>

METRO

Capital Projects Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the year ended June 30, 1997

	Zoo Capital <u>Fund</u>	Open Spaces <u>Fund</u>	<u>Totals</u>
Revenues:			
Government contributions	\$ -	70,000	70,000
Interest	1,114,630	6,306,255	7,420,885
Contributions and donations	112,783	150	112,933
Miscellaneous	-	11,400	11,400
	<u>1,227,413</u>	<u>6,387,805</u>	<u>7,615,218</u>
Expenditures:			
Recreation and development	-	1,948,808	1,948,808
Capital outlay	2,195,071	17,222,060	19,417,131
	<u>2,195,071</u>	<u>19,170,868</u>	<u>21,365,939</u>
Revenues under expenditures	(967,658)	(12,783,063)	(13,750,721)
Other financing sources:			
Bond proceeds	28,827,273	-	28,827,273
Revenues and other sources over (under) expenditures	27,859,615	(12,783,063)	15,076,552
Fund balances - July 1, 1996	<u>940,817</u>	<u>126,408,213</u>	<u>127,349,030</u>
Fund balances - June 30, 1997	<u>\$ 28,800,432</u>	<u>113,625,150</u>	<u>142,425,582</u>

METRO

Zoo Capital Fund

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

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Interest	\$ 1,691,969	1,114,630	(577,339)
Contributions and donations	-	112,783	112,783
Total revenues	<u>1,691,969</u>	<u>1,227,413</u>	<u>(464,556)</u>
Expenditures:			
Personal services	39,100	33,764	5,336
Materials and services	228,206	228,206	-
Capital outlay	2,400,000	1,933,101	466,899
Contingency	4,857,694	-	4,857,694
Total expenditures	<u>7,525,000</u>	<u>2,195,071</u>	<u>5,329,929</u>
Revenues under expenditures	<u>(5,833,031)</u>	<u>(967,658)</u>	<u>4,865,373</u>
Other financing sources (uses):			
Bond proceeds	28,800,000	28,827,273	27,273
Operating transfers out	(40,000)	-	40,000
Total other financing sources (uses)	<u>28,760,000</u>	<u>28,827,273</u>	<u>67,273</u>
Revenues and other sources over expenditures and other uses	22,926,969	27,859,615	4,932,646
Beginning fund balance available for appropriation - July 1, 1996	<u>1,808,529</u>	<u>940,817</u>	<u>(867,712)</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 24,735,498</u>	<u>28,800,432</u>	<u>4,064,934</u>

METRO

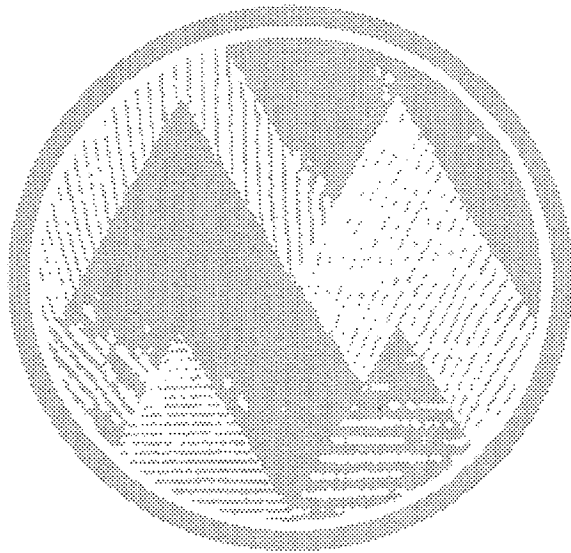
Open Spaces Fund

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

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable <u>(unfavorable)</u>
Revenues:			
Government contributions	\$ 570,000	70,000	(500,000)
Interest	4,488,723	6,306,255	1,817,532
Contributions and donations	300,000	150	(299,850)
Miscellaneous	10,000	11,400	1,400
	<u>5,368,723</u>	<u>6,387,805</u>	<u>1,019,082</u>
Total revenues			
Expenditures:			
Personal services	1,084,749	897,033	187,716
Materials and services	19,104,785	2,224,142	16,880,643
Capital outlay	21,603,016	15,320,393	6,282,623
Contingency	36,976,122	-	36,976,122
	<u>78,768,672</u>	<u>18,441,568</u>	<u>60,327,104</u>
Total expenditures			
Revenues under expenditures	<u>(73,399,949)</u>	<u>(12,053,763)</u>	<u>61,346,186</u>
Other financing sources (uses):			
Operating transfers in:			
- Regional Parks and Expo Fund	10,000	-	(10,000)
Operating transfers out	<u>(2,361,624)</u>	<u>(729,300)</u>	<u>1,632,324</u>
	<u>(2,351,624)</u>	<u>(729,300)</u>	<u>1,622,324</u>
Total other financing sources (uses)			
Revenues and other sources under expenditures and other uses	<u>(75,751,573)</u>	<u>(12,783,063)</u>	<u>62,968,510</u>
Beginning fund balance available for appropriation - July 1, 1996	<u>118,276,675</u>	<u>126,408,213</u>	<u>8,131,538</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 42,525,102</u>	<u>113,625,150</u>	<u>71,100,048</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 charges for services for the disposal of solid waste, and expenses for the implementation, administration and enforcement of Metro's Solid Waste Management Plan. This fund also accounts for Metro South Station and Metro Central Station solid waste transfer and recycling facilities, and the closed St. Johns Landfill.

METRO

Solid Waste Revenue Fund

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

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable <u>(unfavorable)</u>
Revenues:			
Federal grants	\$ -	169,295	169,295
State and local grants	10,000	17,011	7,011
Contract and professional services	170,000	68,755	(101,245)
Charges for services:			
Refuse disposal charges	626,193	256,485	(369,708)
Disposal fees	26,602,101	28,291,040	1,688,939
User fees	24,022,814	27,014,059	2,991,245
Regional transfer charge	4,837,911	5,114,377	276,466
Rehabilitation and enhancement fees	187,135	235,695	48,560
Host fees	261,224	192,002	(69,222)
Recycling fees	142,698	395,074	252,376
DEQ fees	756,989	800,248	43,259
Household hazardous waste disposal fees	38,306	98,039	59,733
Salvage revenue	92,714	93,780	1,066
Rental fees	3,229	2,960	(269)
Insurance recovery revenue	-	256,160	256,160
Interest	1,269,510	2,021,760	752,250
Pass-through debt service receipts	350,000	187,626	(162,374)
Miscellaneous	38,907	38,731	(176)
	<u>59,409,731</u>	<u>65,253,097</u>	<u>5,843,366</u>
Total revenues			
Expenditures:			
Operating Account:			
Personal services:			
Budget and finance	531,267	505,348	25,919
Waste disposal operations	2,506,075	2,412,398	93,677
Waste reduction and planning services	1,249,473	1,001,438	248,035
Engineering and analysis	937,114	828,492	108,622
Administration	1,029,866	789,205	240,661
	<u>6,253,795</u>	<u>5,536,881</u>	<u>716,914</u>
Total personal services			

(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, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures, continued:			
Materials and services:			
Budget and finance	\$ 865,423	858,482	6,941
Waste disposal operations	39,409,643	38,872,859	536,784
Waste reduction and planning services	2,267,219	1,493,096	774,123
Engineering and analysis	706,951	416,048	290,903
Administration	302,812	298,576	4,236
	<u>43,552,048</u>	<u>41,939,061</u>	<u>1,612,987</u>
Landfill Closure Account:			
Materials and services	<u>2,525,763</u>	<u>1,684,335</u>	<u>841,428</u>
Renewal and Replacement Account:			
Capital outlay	<u>414,000</u>	<u>43,954</u>	<u>370,046</u>
General Account:			
Capital outlay	<u>1,034,534</u>	<u>566,138</u>	<u>468,396</u>
Master Project Account:			
Debt service	<u>350,000</u>	<u>187,626</u>	<u>162,374</u>
Debt Service Account:			
Debt service	<u>2,666,874</u>	<u>2,666,874</u>	<u>-</u>
Contingency	<u>12,724,711</u>	<u>-</u>	<u>12,724,711</u>
Total expenditures	<u>69,521,725</u>	<u>52,624,869</u>	<u>16,896,856</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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues over (under) expenditures	\$ (10,111,994)	12,628,228	22,740,222
Other financing sources (uses):			
Operating transfers in:			
Smith and Bybee Lakes Trust Fund	5,000	-	(5,000)
Rehabilitation and Enhancement Fund	42,184	42,184	-
Operating transfers out	<u>(3,583,114)</u>	<u>(3,254,296)</u>	<u>328,818</u>
Total other financing sources (uses)	<u>(3,535,930)</u>	<u>(3,212,112)</u>	<u>323,818</u>
Revenues and other sources over (under) expenditures and other uses	(13,647,924)	9,416,116	23,064,040
Beginning fund balance available for appropriation - July 1, 1996	<u>29,472,627</u>	<u>35,525,594</u>	<u>6,052,967</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 15,824,703</u>	<u>44,941,710</u>	<u>29,117,007</u>

METRO

Reconciliation of Solid Waste Enterprise Fund Revenues
and Expenditures (Budgetary Basis) to Combined
Statement of Revenues, Expenses and Changes
in Retained Earnings (GAAP Basis)

For the year ended June 30, 1997

Excess of revenues and other financing sources over expenditures and other financing uses on a budgetary basis	\$	9,416,116
Budget resources not qualifying as revenues under GAAP:		
Sale of assets		(11,874)
Budget requirements not qualifying as expenses under GAAP:		
Payment of post-closure liability		1,684,335
Fixed assets additions		610,092
Principal and interest payments on bonds		1,681,673
Additional revenues (expenses) required by GAAP:		
Depreciation and amortization		(1,023,790)
Loss on disposal of fixed assets		(80,146)
Amortization of bond accretion, discount and costs		(843,110)
Vacation benefits		776
		<hr/>
Net income presented in combined statement of revenues, expenses and changes in retained earnings/fund balances	\$	<u>11,434,072</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 fees and charges for services 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, Office of Public and Government Relations, Office of Citizen Involvement, and Office of the Auditor. Primary sources of revenue are builders' license fees, interest, and charges for services 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 for services 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, 1997

<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	\$ 1,072,102	1,770,277	8,020,634	10,863,013
Receivables (net of allowance for uncollectibles):				
Trade	215,045	51,735	-	266,780
Other	-	1,973	184,839	186,812
Interest	17,998	43,025	144,335	205,358
Other assets	-	22,272	3,511	25,783
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	1,305,145	1,889,282	8,353,319	11,547,746
Restricted assets:				
Cash and investments	1,894,965	-	-	1,894,965
Fixed assets, net	19,086,143	1,839,413	18,315	20,943,871
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 22,286,253	3,728,695	8,371,634	34,386,582
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities and Fund Equity (Deficit)</u>				
Current liabilities:				
Accounts payable	\$ 78,149	342,095	37,720	457,964
Salaries, withholdings and payroll taxes payable	10,895	430,370	9,789	451,054
Accrued self-insurance claims	-	-	927,332	927,332
Bonds payable within one year	375,000	-	-	375,000
Accrued interest payable	529,820	-	-	529,820
Other liabilities	-	17,753	-	17,753
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	993,864	790,218	974,841	2,758,923
Noncurrent liabilities:				
Loans payable	236,041	-	-	236,041
Obligations under capital lease	-	50,000	-	50,000
Revenue bonds payable (net of unamortized discount and deferred amount on refunding)	22,262,645	-	-	22,262,645
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	23,492,550	840,218	974,841	25,307,609
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Fund equity (deficit):				
Contributed capital, net	-	11,701	-	11,701
Retained earnings (deficit)	(1,206,297)	2,876,776	7,396,793	9,067,272
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund equity (deficit)	(1,206,297)	2,888,477	7,396,793	9,078,973
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and fund equity (deficit)	\$ 22,286,253	3,728,695	8,371,634	34,386,582

METRO

Internal Service Funds

Combining Statement of Revenues, Expenses
and Changes in Retained Earnings

For the year ended June 30, 1997

	Building Management <u>Fund</u>	Support Services <u>Fund</u>	Risk Management <u>Fund</u>	<u>Total</u>
Operating revenues:				
Builders license fees	\$ -	297,760	-	297,760
State grants	-	-	9,823	9,823
Contract and professional services	-	36,115	-	36,115
Charges for services	2,102,585	6,962,011	443,768	9,508,364
Parking fees	446,603	-	-	446,603
Miscellaneous	187,919	16,280	184,690	388,889
	<u>2,737,107</u>	<u>7,312,166</u>	<u>638,281</u>	<u>10,687,554</u>
Total operating revenues				
Operating expenses:				
Payroll and fringe benefits	214,174	4,918,131	188,452	5,320,757
Depreciation and amortization	639,003	222,179	7,664	868,846
Payment in lieu of rent	-	695,000	-	695,000
Insurance expense	-	38,183	247,737	285,920
Claims expense	-	-	414,306	414,306
Purchased professional and technical services	134,371	-	-	134,371
Payments to other governments	-	195,793	-	195,793
Other materials and services	387,916	1,071,568	29,124	1,488,608
	<u>1,375,464</u>	<u>7,140,854</u>	<u>887,283</u>	<u>9,403,601</u>
Total operating expenses				
Operating income (loss)	<u>1,361,643</u>	<u>171,312</u>	<u>(249,002)</u>	<u>1,283,953</u>
Non-operating revenues (expenses):				
Interest on investments	166,849	176,094	480,747	823,690
Loss on disposal of fixed assets	-	(2,590)	-	(2,590)
Interest expense	(1,398,388)	-	-	(1,398,388)
	<u>(1,231,539)</u>	<u>173,504</u>	<u>480,747</u>	<u>(577,288)</u>
Total non-operating revenues (expenses)				
Net income	130,104	344,816	231,745	706,665
Depreciation on fixed assets that reduces contributed capital	-	145,582	-	145,582
	<u>130,104</u>	<u>490,398</u>	<u>231,745</u>	<u>852,247</u>
Increase in retained earnings (deficit)				
Retained earnings (deficit) - July 1, 1996	<u>(1,336,401)</u>	<u>2,386,378</u>	<u>7,165,048</u>	<u>8,215,025</u>
Retained earnings (deficit) - June 30, 1997	<u>\$ (1,206,297)</u>	<u>2,876,776</u>	<u>7,396,793</u>	<u>9,067,272</u>

METRO

Internal Service Funds

Combining Statement of Cash Flows

For the year ended June 30, 1997

	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	\$ 283,903	-	-	283,903
Cash receipts from quasi-external transactions	2,051,920	6,962,011	443,768	9,457,699
Other operating cash receipts	187,919	337,222	9,823	534,964
Cash payments to suppliers for goods and services	(497,587)	(850,932)	(259,971)	(1,608,490)
Cash payments for claims	-	-	(414,306)	(414,306)
Cash payments to other governments	-	(195,793)	-	(195,793)
Cash payments to employees for services	(216,413)	(4,919,177)	(185,835)	(5,321,425)
Cash payments for quasi-external transactions	-	(733,183)	-	(733,183)
	<u>1,809,742</u>	<u>600,148</u>	<u>(406,521)</u>	<u>2,003,369</u>
Net cash provided by (used in) operating activities				
Cash flows from capital and related financing activities:				
Principal payment on revenue bonds	(310,000)	-	-	(310,000)
Interest payment on revenue bonds	(1,292,215)	-	-	(1,292,215)
Acquisition and construction of capital assets	(34,196)	(1,612,604)	(2,705)	(1,649,505)
Principal payments on loans	(14,961)	-	-	(14,961)
Principal payments on capital leases	-	(44,036)	-	(44,036)
	<u>(1,651,372)</u>	<u>(1,656,640)</u>	<u>(2,705)</u>	<u>(3,310,717)</u>
Net cash used in capital and related financing activities				
Cash flows from investing activities:				
Interest	226,514	171,153	453,764	851,431
	<u>226,514</u>	<u>171,153</u>	<u>453,764</u>	<u>851,431</u>
Net cash provided by investing activities				
	384,884	(885,339)	44,538	(455,917)
Net increase (decrease) in cash and cash equivalents				
Cash and cash equivalents at beginning of year	<u>2,582,183</u>	<u>2,655,616</u>	<u>7,976,096</u>	<u>13,213,895</u>
Cash and cash equivalents at end of year	<u>\$ 2,967,067</u>	<u>1,770,277</u>	<u>8,020,634</u>	<u>12,757,978</u>

(Continued)

METRO

Internal Service Funds

Combining Statement of Cash Flows, Continued

For the year ended June 30, 1997

	Building Management <u>Fund</u>	Support Services <u>Fund</u>	Risk Management <u>Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,361,643	171,312	(249,002)	1,283,953
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	639,003	222,179	7,664	868,846
Change in assets and liabilities:				
Trade/other accounts receivable	(213,365)	(12,933)	(184,690)	(410,988)
Other assets	-	(12,651)	929	(11,722)
Accounts payable	24,700	229,673	15,960	270,333
Salaries, withholdings and payroll taxes payable	(2,239)	529	2,618	908
Other liabilities	-	2,039	-	2,039
Total adjustments	<u>448,099</u>	<u>428,836</u>	<u>(157,519)</u>	<u>719,416</u>
Net cash provided by (used in) operating activities	<u>\$ 1,809,742</u>	<u>600,148</u>	<u>(406,521)</u>	<u>2,003,369</u>

METRO

Building Management Fund

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

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Rental and lease fees	\$ 68,323	50,665	(17,658)
Interest	33,029	46,415	13,386
Parking fees	406,182	446,603	40,421
Miscellaneous	-	2,919	2,919
	<hr/>	<hr/>	<hr/>
Total revenues	507,534	546,602	39,068
Expenditures:			
Personal services	215,322	214,174	1,148
Materials and services	562,938	552,470	10,468
Capital outlay	32,000	29,146	2,854
Contingency	16,314	-	16,314
	<hr/>	<hr/>	<hr/>
Total expenditures	826,574	795,790	30,784
Revenues under expenditures	<hr/> (319,040) <hr/>	<hr/> (249,188) <hr/>	<hr/> 69,852 <hr/>
Other financing sources (uses):			
Operating transfers in:			
General Fund	345,813	342,717	(3,096)
Planning Fund	494,301	489,875	(4,426)
Regional Parks and Expo Fund	130,202	129,036	(1,166)
Open Spaces Fund	69,832	69,656	(176)
Solid Waste Revenue Fund	328,578	325,636	(2,942)
Support Services Fund	701,279	695,000	(6,279)
Operating transfers out	<hr/> (1,481,993) <hr/>	<hr/> (1,481,993) <hr/>	<hr/> - <hr/>
Total other financing sources (uses)	<hr/> 588,012 <hr/>	<hr/> 569,927 <hr/>	<hr/> (18,085) <hr/>
Revenues and other sources over expenditures and other uses	268,972	320,739	51,767
Beginning fund balance available for appropriation - July 1, 1996	<hr/> 390,687 <hr/>	<hr/> 414,035 <hr/>	<hr/> 23,348 <hr/>
Unappropriated ending fund balance - June 30, 1997	<hr/> \$ 659,659 <hr/>	<hr/> 734,774 <hr/>	<hr/> 75,115 <hr/>

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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable <u>(unfavorable)</u>
Revenues:			
Interest	\$ 103,970	120,434	16,464
Miscellaneous	-	185,000	185,000
	<u>103,970</u>	<u>305,434</u>	<u>201,464</u>
Total revenues			
Expenditures:			
Construction account:			
Capital outlay	49,540	5,050	44,490
Debt service account:			
Debt service	1,586,993	1,586,993	-
Contingency	<u>247,779</u>	<u>-</u>	<u>247,779</u>
	<u>1,884,312</u>	<u>1,592,043</u>	<u>292,269</u>
Total expenditures			
Revenues under expenditures	<u>(1,780,342)</u>	<u>(1,286,609)</u>	<u>493,733</u>
Other financing sources:			
Operating transfers in:			
Building Management Fund	<u>1,481,993</u>	<u>1,481,993</u>	<u>-</u>
	<u>1,481,993</u>	<u>1,481,993</u>	<u>-</u>
Total other financing sources			
Revenues and other sources over (under) expenditures	(298,349)	195,384	493,733
Beginning fund balance available for appropriation - July 1, 1996	<u>2,182,069</u>	<u>2,180,908</u>	<u>(1,161)</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 1,883,720</u>	<u>2,376,292</u>	<u>492,572</u>

METRO

Support Services Fund

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

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Builders license fee	\$ 318,890	297,760	(21,130)
Contract and professional services	21,589	36,115	14,526
Interest	-	176,094	176,094
Miscellaneous	-	16,280	16,280
	<hr/>	<hr/>	<hr/>
Total revenues	340,479	526,249	185,770
Expenditures:			
Administrative services:			
Personal services	4,241,059	3,928,579	312,480
Materials and services	1,254,574	1,096,031	158,543
Capital outlay	2,124,071	1,600,476	523,595
	<hr/>	<hr/>	<hr/>
Total administrative services	7,619,704	6,625,086	994,618
Office of general counsel:			
Personal services	499,566	425,071	74,495
Materials and services	33,278	27,645	5,633
Capital outlay	1,495	1,434	61
	<hr/>	<hr/>	<hr/>
Total office of general counsel	534,339	454,150	80,189
Office of public and government relations:			
Personal services	157,594	157,424	170
Materials and services	119,754	90,789	28,965
Capital outlay	3,900	3,394	506
	<hr/>	<hr/>	<hr/>
Total office of public and government relations	281,248	251,607	29,641
Office of citizen involvement:			
Personal services	57,590	50,894	6,696
Materials and services	23,438	12,691	10,747
	<hr/>	<hr/>	<hr/>
Total office of citizen involvement	81,028	63,585	17,443

(Continued)

METRO

Support Services Fund

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

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures, continued:			
Office of the auditor:			
Personal services	\$ 348,108	331,966	16,142
Materials and services	107,457	84,241	23,216
Capital outlay	7,802	7,300	502
Total office of the auditor	<u>463,367</u>	<u>423,507</u>	<u>39,860</u>
Contingency	194,919	-	194,919
Total expenditures	<u>9,174,605</u>	<u>7,817,935</u>	<u>1,356,670</u>
Revenues under expenditures	<u>(8,834,126)</u>	<u>(7,291,686)</u>	<u>1,542,440</u>
Other financing sources (uses):			
Operating transfers in:			
General Fund	523,097	402,583	(120,514)
Zoo Operating Fund	1,358,967	1,239,414	(119,553)
Planning Fund	1,473,321	1,320,917	(152,404)
Regional Parks and Expo Fund	506,757	468,123	(38,634)
Zoo Capital Fund	40,000	-	(40,000)
Open Spaces Fund	372,266	332,022	(40,244)
Solid Waste Revenue Fund	2,434,106	2,186,923	(247,183)
Oregon Convention Center Operating Fund	623,872	583,016	(40,856)
Spectator Facilities Operating Fund	459,077	429,013	(30,064)
Operating transfers out	<u>(739,462)</u>	<u>(733,183)</u>	<u>6,279</u>
Total other financing sources (uses)	<u>7,052,001</u>	<u>6,228,828</u>	<u>(823,173)</u>
Revenues and other sources under expenditures and other uses	<u>(1,782,125)</u>	<u>(1,062,858)</u>	<u>719,267</u>
Beginning fund balance available for appropriation - July 1, 1996	<u>2,140,096</u>	<u>2,385,403</u>	<u>245,307</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 357,971</u>	<u>1,322,545</u>	<u>964,574</u>

METRO

Risk Management Fund

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

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
State grants	\$ 10,000	9,823	(177)
Interest	430,000	480,747	50,747
Miscellaneous	-	184,690	184,690
	<u>440,000</u>	<u>675,260</u>	<u>235,260</u>
Expenditures:			
Personal services	216,832	188,452	28,380
Materials and services	1,120,782	691,167	429,615
Capital outlay	11,700	2,705	8,995
Contingency	194,023	-	194,023
	<u>1,543,337</u>	<u>882,324</u>	<u>661,013</u>
Revenues under expenditures	<u>(1,103,337)</u>	<u>(207,064)</u>	<u>896,273</u>
Other financing sources:			
Operating transfers in:			
General Fund	10,887	10,887	-
Zoo Operating Fund	122,045	122,045	-
Planning Fund	30,150	30,150	-
Regional Parks and Expo Fund	43,528	43,528	-
Open Spaces Fund	18,383	18,383	-
Oregon Convention Center Operating Fund	104,037	104,037	-
Spectator Facilities Operating Fund	76,555	76,555	-
Support Services Fund	38,183	38,183	-
	<u>443,768</u>	<u>443,768</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>(659,569)</u>	<u>236,704</u>	<u>896,273</u>
Beginning fund balance available for appropriation - July 1, 1996	<u>7,021,408</u>	<u>7,141,774</u>	<u>120,366</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 6,361,839</u>	<u>7,378,478</u>	<u>1,016,639</u>

METRO

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

For the year ended June 30, 1997

	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	\$ 320,739	-	-	320,739
General Revenue Bond Fund - Building Management	195,384	-	-	195,384
Support Services Fund	-	(1,062,858)	-	(1,062,858)
Risk Management Fund	-	-	236,704	236,704
Budget requirements not qualifying as expenses under GAAP:				
Fixed assets additions	34,196	1,612,604	2,705	1,649,505
Loan payments	14,961	-	-	14,961
Principal payments on leases	-	44,036	-	44,036
Principal and interest payments on bonds	844,341	-	-	844,341
Additional expenses required by GAAP:				
Depreciation and amortization	(639,003)	(222,179)	(7,664)	(868,846)
Loss on disposal of fixed assets	-	(2,590)	-	(2,590)
Amortization of bond discount and costs	(110,694)	-	-	(110,694)
Vacation benefits	-	(24,197)	-	(24,197)
Accrued interest on bonds	(529,820)	-	-	(529,820)
Net income presented in combining statement of revenues, expenses and changes in retained earnings	\$ 130,104	344,816	231,745	706,665

Fiduciary Funds

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. The primary resource is 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 resource is 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, 1997

<u>Assets</u>	<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 Fund Pension Plan Fund</u>	
Cash and investments	\$ 2,169,238	3,468,357	350,132	15,329,182	21,316,909
Other receivables	160,000	745	-	571,790	732,535
Interest receivable	40,229	62,449	6,328	-	109,006
Other assets	-	-	-	75,131	75,131
Total assets	\$ 2,369,467	3,531,551	356,460	15,976,103	22,233,581
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 123,393	1,964	-	-	125,357
Salaries, withholdings and payroll taxes payable	-	3,133	-	-	3,133
Deferred revenue	160,000	-	-	-	160,000
Total liabilities	283,393	5,097	-	-	288,490
Fund balances:					
Reserved for pension benefits	-	-	-	15,976,103	15,976,103
Unreserved	2,086,074	3,526,454	356,460	-	5,968,988
Total fund balances	2,086,074	3,526,454	356,460	15,976,103	21,945,091
Total liabilities and fund balances	\$ 2,369,467	3,531,551	356,460	15,976,103	22,233,581

METRO

Expendable Trust Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the year ended June 30, 1997

	Rehabilitation and Enhancement <u>Fund</u>	Smith and Bybee Lakes Trust <u>Fund</u>	Regional Parks Trust <u>Fund</u>	<u>Totals</u>
Revenues:				
Rehabilitation, enhancement and end use fees	\$ 427,487	1,445	-	428,932
Interest	129,534	202,758	20,409	352,701
Miscellaneous	40,000	7,602	-	47,602
Total revenues	<u>597,021</u>	<u>211,805</u>	<u>20,409</u>	<u>829,235</u>
Expenditures:				
Recreation and development	-	-	4,806	4,806
Rehabilitation and enhancement	596,105	109,910	-	706,015
Capital outlay	-	2,700	-	2,700
Total expenditures	<u>596,105</u>	<u>112,610</u>	<u>4,806</u>	<u>713,521</u>
Revenues over expenditures	916	99,195	15,603	115,714
Fund balances - July 1, 1996	<u>2,085,158</u>	<u>3,427,259</u>	<u>340,857</u>	<u>5,853,274</u>
Fund balances - June 30, 1997	\$ <u><u>2,086,074</u></u>	<u><u>3,526,454</u></u>	<u><u>356,460</u></u>	<u><u>5,968,988</u></u>

METRO

Rehabilitation and Enhancement Fund

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

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Interest	\$ 117,166	129,534	12,368
Miscellaneous	40,000	40,000	-
Total revenues	<u>157,166</u>	<u>169,534</u>	<u>12,368</u>
Expenditures:			
North Portland Enhancement Account:			
Materials and services	202,550	93,385	109,165
Oregon City Enhancement Account:			
Materials and services	173,336	198,665	(25,329)
Metro Central Enhancement Account:			
Materials and services	353,184	217,199	135,985
Forest Grove Enhancement Account:			
Materials and services	37,888	44,672	(6,784)
Total materials and services	<u>766,958</u>	<u>553,921</u>	<u>213,037</u>
Contingency	300,000	-	300,000
Total expenditures	<u>1,066,958</u>	<u>553,921</u>	<u>513,037</u>
Revenues under expenditures	<u>(909,792)</u>	<u>(384,387)</u>	<u>525,405</u>
Other financing sources (uses):			
Operating transfers in:			
Solid Waste Revenue Fund	448,359	427,487	(20,872)
Operating transfers out	(42,184)	(42,184)	-
Total other financing sources (uses)	<u>406,175</u>	<u>385,303</u>	<u>(20,872)</u>
Revenues and other sources over (under) expenditures and other uses	(503,617)	916	504,533
Beginning fund balance available for appropriation - July 1, 1996	<u>1,952,762</u>	<u>2,085,158</u>	<u>132,396</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 1,449,145</u>	<u>2,086,074</u>	<u>636,929</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, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Federal grants	\$ 25,000	-	(25,000)
Contract and professional services	20,000	-	(20,000)
Interest	153,466	202,758	49,292
Miscellaneous	-	7,602	7,602
	<u>198,466</u>	<u>210,360</u>	<u>11,894</u>
Total revenues			
Expenditures:			
Personal services	75,269	74,436	833
Materials and services	166,114	24,297	141,817
Capital outlay	131,190	2,700	128,490
Contingency	39,068	-	39,068
	<u>411,641</u>	<u>101,433</u>	<u>310,208</u>
Total expenditures			
Revenues over (under) expenditures	<u>(213,175)</u>	<u>108,927</u>	<u>322,102</u>
Other financing sources (uses):			
Operating transfers in:			
Solid Waste Revenue Fund	15,000	1,445	(13,555)
Operating transfers out	<u>(44,324)</u>	<u>(11,177)</u>	<u>33,147</u>
	<u>(29,324)</u>	<u>(9,732)</u>	<u>19,592</u>
Total other financing sources (uses)			
Revenues and other sources over (under) expenditures and other uses	(242,499)	99,195	341,694
Beginning fund balance available for appropriation - July 1, 1996	<u>2,831,734</u>	<u>3,427,259</u>	<u>595,525</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 2,589,235</u>	<u>3,526,454</u>	<u>937,219</u>

METRO

Regional Parks Trust Fund

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

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable <u>(unfavorable)</u>
Revenues:			
Tibbets Flowers:			
Interest	\$ 23	64	41
Blue Lake Concert Stage:			
Interest	4,601	5,113	512
Oxbow Park Nature Center:			
Miscellaneous charges for services	10,000	-	(10,000)
Interest	9,631	10,370	739
Willamina Farmer Family Plot:			
Interest	4,666	4,862	196
	<u>28,921</u>	<u>20,409</u>	<u>(8,512)</u>
Total revenues			
Expenditures:			
Materials and services	30,000	-	30,000
	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total expenditures			
Revenues over (under) expenditures	(1,079)	20,409	21,488
Other financing uses:			
Operating transfers out	(4,806)	(4,806)	-
Revenues over (under) expenditures and other uses	(5,885)	15,603	21,488
Beginning fund balance available for appropriation - July 1, 1996	336,411	340,857	4,446
Unappropriated ending fund balance - June 30, 1997	<u>\$ 330,526</u>	<u>356,460</u>	<u>25,934</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, 1997

General fixed assets:

Land	\$ 35,935,543
Buildings and exhibits	54,347,499
Improvements	4,505,384
Equipment	3,548,115
Office furniture/equipment	2,679,834
Railroad equipment and facilities	<u>1,817,066</u>

Total general fixed assets \$ 102,833,441

Investment in general fixed assets from:

General Fund	\$ 208,958
Special Revenue Funds:	
Planning Fund	2,306,051
Regional Parks and Expo Fund	23,867,120
Zoo Fund	36,322,543
Capital Projects Funds:	
Zoo Capital Fund	11,450,607
Open Spaces Fund	28,309,419
Smith and Bybee Lakes Trust Fund	<u>368,743</u>

Total investment in general fixed assets \$ 102,833,441

METRO

Schedule of General Fixed Assets by Function and Activity

June 30, 1997

	<u>Land</u>	<u>Buildings and exhibits</u>
General Fund	\$ -	1,180
Special Revenue Funds:		
Planning Fund	-	-
Regional Parks and Expo Fund	4,960,365	18,031,683
Zoo Fund	2,573,450	25,563,084
Capital Projects Funds:		
Zoo Capital Fund	-	10,745,456
Open Spaces Fund	28,085,159	651
Smith and Bybee Lakes Trust Fund	<u>316,569</u>	<u>5,445</u>
 Total	 \$ <u><u>35,935,543</u></u>	 <u><u>54,347,499</u></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. Therefore, general fixed assets have been summarized by function and activity as shown above.

<u>Improvements</u>	<u>Equipment</u>	<u>Office furniture/ equipment</u>	<u>Railroad equipment and facilities</u>	<u>Total</u>
-	12,555	195,223	-	208,958
-	919,229	1,386,822	-	2,306,051
128,711	665,429	80,932	-	23,867,120
3,722,098	1,688,498	958,837	1,816,576	36,322,543
454,754	249,107	800	490	11,450,607
164,169	6,304	53,136	-	28,309,419
<u>35,652</u>	<u>6,993</u>	<u>4,084</u>	<u>-</u>	<u>368,743</u>
<u>4,505,384</u>	<u>3,548,115</u>	<u>2,679,834</u>	<u>1,817,066</u>	<u>102,833,441</u>

METRO

Schedule of Changes in General Fixed Assets by Function and Activity

For the year ended June 30, 1997

	<u>Land</u>	<u>Buildings and exhibits</u>
Balances, July 1, 1996	\$ 13,973,043	35,742,117
Add expenditures from:		
General government	<u>-</u>	<u>-</u>
Regional planning and development	<u>-</u>	<u>-</u>
Recreation and development (1)	<u>17,276,379</u>	<u>11,866,733</u>
Zoo operations and development:		
Administration	-	-
Animal management	-	-
Facilities management	-	106,517
Educational services	-	-
Marketing	-	-
Visitor services	-	1,218
Design services	-	35,987
General Revenue Bond Fund - Zoo	<u>-</u>	<u>-</u>
Total zoo operations and development	<u>-</u>	<u>143,722</u>
Zoo Capital Projects Fund	<u>-</u>	<u>1,962,935</u>
Trust operations	<u>-</u>	<u>-</u>
Total additions	<u>17,276,379</u>	<u>13,973,390</u>
Add (subtract) adjustments:		
Transfers (2)	4,686,121	4,631,992
Disposals	<u>-</u>	<u>-</u>
Total adjustments	<u>4,686,121</u>	<u>4,631,992</u>
Balances, June 30, 1997	\$ <u><u>35,935,543</u></u>	<u><u>54,347,499</u></u>

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

(2) Terms of an intergovernmental agreement with Multnomah County transferred ownership of certain fixed assets to Metro effective July 1, 1996.

<u>Improvements</u>	<u>Equipment</u>	<u>Office furniture/ equipment</u>	<u>Railroad equipment and facilities</u>	<u>Total</u>
2,209,854	3,034,790	2,481,219	1,788,437	59,229,460
-	-	20,322	-	20,322
-	-	132,245	-	132,245
204,035	437,702	41,001	-	29,825,850
-	-	8,789	-	8,789
-	10,754	10,121	-	20,875
146,119	58,979	17,090	28,276	356,981
-	-	7,851	-	7,851
-	-	8,254	353	8,607
41,673	23,027	5,267	-	71,185
-	-	9,364	-	45,351
1,671,567	-	-	-	1,671,567
1,859,359	92,760	66,736	28,629	2,191,206
232,136	-	-	-	2,195,071
-	1,000	1,700	-	2,700
2,295,530	531,462	262,004	28,629	34,367,394
-	-	-	-	9,318,113
-	(18,137)	(63,389)	-	(81,526)
-	(18,137)	(63,389)	-	9,236,587
<u>4,505,384</u>	<u>3,548,115</u>	<u>2,679,834</u>	<u>1,817,066</u>	<u>102,833,441</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 charges for services and reimbursed labor.

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 local government shared revenue from a 3% Multnomah County lodging tax, charges for services 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, 1997

	Component Unit - MERC			
	Spectator Facilities Operating Fund	Coliseum Operating Fund	MERC Administration Fund	Total
<u>Assets and Other Debits</u>				
Assets:				
Cash and investments	\$ 2,306,945	45,014	32,148	2,384,107
Receivables (net of allowance for uncollectibles):				
Trade	448,448	-	-	448,448
Interest	29,666	-	296	29,962
Inventory of materials and supplies	94,899	-	-	94,899
Other assets	8,384	-	-	8,384
Restricted assets:				
Cash and investments	8,600,520	-	-	8,600,520
Other Debits:				
Amount to be provided for retirement of general long-term debt	405,894	-	33,978	439,872
Total assets and other debits	<u>\$ 11,894,756</u>	<u>45,014</u>	<u>66,422</u>	<u>12,006,192</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 330,623	-	17,875	348,498
Salaries, withholdings and payroll taxes payable	193,921	-	14,569	208,490
Deposits payable	7,120,546	-	-	7,120,546
Other liabilities	17,007	-	-	17,007
Obligations under capital lease	347,197	-	-	347,197
Liability for compensated absences	58,697	-	33,978	92,675
Total liabilities	8,067,991	-	66,422	8,134,413
Fund balances - unreserved	<u>3,826,765</u>	<u>45,014</u>	<u>-</u>	<u>3,871,779</u>
Total liabilities and fund balances	<u>\$ 11,894,756</u>	<u>45,014</u>	<u>66,422</u>	<u>12,006,192</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, 1997

	Component Unit - MERC			Total
	Spectator Facilities Operating Fund	Coliseum Operating Fund	MERC Administration Fund	
Revenues:				
Local government shared revenues	\$ 600,000	-	-	600,000
Contract and professional services	250,000	-	-	250,000
Charges for services	4,696,575	-	-	4,696,575
Interest	382,033	1,268	6,267	389,568
Reimbursed labor	2,461,551	-	-	2,461,551
Miscellaneous	282,321	-	-	282,321
Total revenues	<u>8,672,480</u>	<u>1,268</u>	<u>6,267</u>	<u>8,680,015</u>
Expenditures:				
Current:				
Spectator facilities operations	8,939,053	-	6,267	8,945,320
Debt service	347,197	-	-	347,197
Total expenditures	<u>9,286,250</u>	<u>-</u>	<u>6,267</u>	<u>9,292,517</u>
Revenues over (under) expenditures	(613,770)	1,268	-	(612,502)
Other financing sources:				
Refinancing proceeds	347,197	-	-	347,197
Operating transfers in	250,000	-	-	250,000
Revenues and other sources over (under) expenditures	(16,573)	1,268	-	(15,305)
Fund balances - July 1, 1996	<u>3,843,338</u>	<u>43,746</u>	<u>-</u>	<u>3,887,084</u>
Fund balances - June 30, 1997	<u>\$ 3,826,765</u>	<u>45,014</u>	<u>-</u>	<u>3,871,779</u>

METRO

Spectator Facilities Operating Fund

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

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Civic Stadium:			
Charges for services:			
Admissions - user fees	\$ 225,223	164,889	(60,334)
Rental fees	282,700	265,426	(17,274)
Concessions and catering	1,341,365	1,034,390	(306,975)
Merchandising	12,300	7,233	(5,067)
Commissions	55,691	41,801	(13,890)
Interest	63,391	81,867	18,476
Contributions and donations	50,000	-	(50,000)
Reimbursed labor	198,095	150,021	(48,074)
Miscellaneous	162,600	108,936	(53,664)
	<u>2,391,365</u>	<u>1,854,563</u>	<u>(536,802)</u>
Civic Stadium revenues			
Portland Center for Performing Arts (PCPA):			
Local government shared revenues	600,000	600,000	-
Contract and professional services	250,000	250,000	-
Charges for services:			
Admissions - user fees	1,235,000	1,139,790	(95,210)
Rental fees	988,000	950,522	(37,478)
Concessions and catering	856,300	858,599	2,299
Merchandising	85,000	62,959	(22,041)
Commissions	180,000	170,966	(9,034)
Interest	180,000	300,166	120,166
Reimbursed labor	2,738,700	2,311,530	(427,170)
Miscellaneous	105,000	173,385	68,385
	<u>7,218,000</u>	<u>6,817,917</u>	<u>(400,083)</u>
PCPA revenues			
	<u>9,609,365</u>	<u>8,672,480</u>	<u>(936,885)</u>
Total revenues			
Expenditures:			
Personal services:			
Civic Stadium	739,525	597,805	141,720
Portland Center for Performing Arts	4,676,573	4,053,256	623,317
	<u>5,416,098</u>	<u>4,651,061</u>	<u>765,037</u>
Total personal services			

(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, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Expenditures, continued:			
Materials and services:			
Civic Stadium	\$ 1,315,382	1,215,219	100,163
Portland Center for Performing Arts	1,805,623	1,785,734	19,889
Total materials and services	<u>3,121,005</u>	<u>3,000,953</u>	<u>120,052</u>
Capital outlay:			
Civic Stadium	211,917	76,654	135,263
Portland Center for Performing Arts	499,700	458,027	41,673
Total capital outlay	<u>711,617</u>	<u>534,681</u>	<u>176,936</u>
Debt service:			
Civic Stadium	-	81,714	(81,714)
Portland Center for Performing Arts	-	265,483	(265,483)
Total debt service	<u>-</u>	<u>347,197</u>	<u>(347,197)</u>
Contingency	182,982	-	182,982
Total expenditures	<u>9,431,702</u>	<u>8,533,892</u>	<u>897,810</u>
Revenues over expenditures	<u>177,663</u>	<u>138,588</u>	<u>(39,075)</u>
Other financing sources (uses):			
Refinancing proceeds	-	347,197	347,197
Operating transfers in:			
General Fund	250,000	250,000	-
Operating transfers out	(813,157)	(752,358)	60,799
Total other financing sources (uses)	<u>(563,157)</u>	<u>(155,161)</u>	<u>407,996</u>
Revenues and other sources under expenditures and other uses	(385,494)	(16,573)	368,921
Beginning fund balance available for appropriation - July 1, 1996	<u>2,719,216</u>	<u>3,843,338</u>	<u>1,124,122</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 2,333,722</u>	<u>3,826,765</u>	<u>1,493,043</u>

Note: Capital outlay becomes a fixed asset of the City of Portland under terms of an intergovernmental agreement, and therefore is recorded as "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, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Interest	\$ 2,375	1,268	(1,107)
Total revenues	<u>2,375</u>	<u>1,268</u>	<u>(1,107)</u>
Expenditures:			
Materials and services	45,556	-	45,556
Total expenditures	<u>45,556</u>	<u>-</u>	<u>45,556</u>
Revenues over (under) expenditures	(43,181)	1,268	44,449
Beginning fund balance available for appropriation - July 1, 1996	<u>43,181</u>	<u>43,746</u>	<u>565</u>
Unappropriated ending fund balance - June 30, 1997	\$ <u>-</u>	<u>45,014</u>	<u>45,014</u>

METRO

MERC Administration Fund

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

For the year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Interest	\$ <u>8,000</u>	<u>6,267</u>	<u>(1,733)</u>
Total revenues	<u>8,000</u>	<u>6,267</u>	<u>(1,733)</u>
Expenditures:			
Personal services	485,569	449,674	35,895
Materials and services	143,091	138,708	4,383
Capital outlay	58,300	50,681	7,619
Contingency	<u>32,643</u>	<u>-</u>	<u>32,643</u>
Total expenditures	<u>719,603</u>	<u>639,063</u>	<u>80,540</u>
Revenues under expenditures	<u>(711,603)</u>	<u>(632,796)</u>	<u>78,807</u>
Other financing sources:			
Operating transfers in:			
Regional Parks and Expo Fund	56,928	50,623	(6,305)
Oregon Convention Center Operating Fund	377,150	335,383	(41,767)
Spectator Facilities Operating Fund	<u>277,525</u>	<u>246,790</u>	<u>(30,735)</u>
Total other financing sources	<u>711,603</u>	<u>632,796</u>	<u>(78,807)</u>
Revenues and other sources over expenditures	-	-	-
Beginning fund balance available for appropriation - July 1, 1996	<u>-</u>	<u>-</u>	<u>-</u>
Unappropriated ending fund balance - June 30, 1997	<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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues:			
Local government shared revenues	\$ 4,507,352	5,610,761	1,103,409
Charges for services:			
Rental fees	1,584,549	1,562,309	(22,240)
Concessions and catering	4,787,855	4,811,300	23,445
Merchandising	26,051	16,960	(9,091)
Utility services	901,766	1,027,757	125,991
Commissions	40,816	36,560	(4,256)
Interest	230,000	226,087	(3,913)
Reimbursed labor	273,173	271,710	(1,463)
Parking fees	715,481	697,097	(18,384)
Miscellaneous	111,874	161,060	49,186
	<u>13,178,917</u>	<u>14,421,601</u>	<u>1,242,684</u>
Total revenues			
Expenditures:			
Personal services	4,131,971	4,010,031	121,940
Materials and services	6,992,746	6,206,522	786,224
Capital outlay	785,736	446,843	338,893
Contingency	657,650	-	657,650
	<u>12,568,103</u>	<u>10,663,396</u>	<u>1,904,707</u>
Total expenditures			
Revenues over expenditures	610,814	3,758,205	3,147,391
Other financing uses:			
Operating transfers out	(10,605,059)	(10,022,436)	582,623
Revenues under expenditures and other uses	(9,994,245)	(6,264,231)	3,730,014
Beginning fund balance available for appropriation - July 1, 1996	<u>10,717,785</u>	<u>11,919,001</u>	<u>1,201,216</u>
Unappropriated ending fund balance - June 30, 1997	\$ <u>723,540</u>	<u>5,654,770</u>	<u>4,931,230</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, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Interest	\$ 11,559	14,645	3,086
Total revenues	<u>11,559</u>	<u>14,645</u>	<u>3,086</u>
Expenditures:			
Capital outlay	200,890	149,597	51,293
Total expenditures	<u>200,890</u>	<u>149,597</u>	<u>51,293</u>
Revenues under expenditures	(189,331)	(134,952)	54,379
Beginning fund balance available for appropriation - July 1, 1996	<u>309,331</u>	<u>282,432</u>	<u>(26,899)</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 120,000</u>	<u>147,480</u>	<u>27,480</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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance favorable <u>(unfavorable)</u>
Revenues:			
Interest	\$ 142,978	159,029	16,051
Total revenues	<u>142,978</u>	<u>159,029</u>	<u>16,051</u>
Expenditures:			
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	142,978	159,029	16,051
Beginning fund balance available for appropriation - July 1, 1996	<u>2,599,600</u>	<u>2,680,662</u>	<u>81,062</u>
Unappropriated ending fund balance - June 30, 1997	<u>\$ 2,742,578</u>	<u>2,839,691</u>	<u>97,113</u>

METRO

Reconciliation of Convention Center Enterprise Fund Revenues
and Expenditures (Budgetary Basis) to Combined
Statement of Revenues, Expenses and Changes
in Retained Earnings (GAAP Basis)

For the year ended June 30, 1997

Excess of revenues over (under) expenditures and other financing uses on a budgetary basis:		
Oregon Convention Center Operating Fund	\$	(6,264,231)
Convention Center Project Capital Fund		(134,952)
Oregon Convention Center Renewal and Replacement Fund		159,029
Budget requirements not qualifying as expenses under GAAP:		
Fixed assets additions		596,440
Additional revenues (expenses) required by GAAP:		
Interest revenue due to reduction of arbitrage payable		7,265
Depreciation and amortization		(2,967,346)
Vacation benefits		(19,042)
		<hr/>
Net loss presented in combined statement of revenues, expenses and changes in retained earnings/fund balances	\$	<u><u>(8,622,837)</u></u>

Other
Financial
Schedules

METRO

Schedule of Property Tax Transactions
and Outstanding Receivable

For the year ended June 30, 1997

Fiscal Year	Original levy or balance of receivable July 1, 1996	Add (deduct)				Property taxes receivable June 30, 1997
		Discounts	Adjustments	Interest	Collections	
1996-97	\$ 22,796,884	(540,717)	(40,495)	11,532	(21,521,746)	705,458
1995-96	795,530	-	(21,225)	26,635	(491,318)	309,622
1994-95	159,358	-	(6,999)	12,180	(80,734)	83,805
1993-94	86,532	-	(4,181)	16,825	(72,196)	26,980
1992-93	29,141	-	(3,577)	5,961	(23,019)	8,506
1991-92 & prior	28,295	-	(6,412)	3,558	(8,582)	16,859
	<u>\$ 23,895,740</u>	<u>(540,717)</u>	<u>(82,889)</u>	<u>76,691</u>	<u>(22,197,595)</u>	<u>1,151,230</u>

Reconciliation to property tax revenue presented in combined financial statements:	Zoo Operating Fund	Debt Service Fund	Total
Cash collections July 1, 1996 to June 30, 1997	\$ 7,080,686	15,116,909	22,197,595
Accrual of receivables:			
July 1, 1996 to August 31, 1996	(60,922)	(128,923)	(189,845)
July 1, 1997 to August 31, 1997	54,828	104,467	159,295
Timing difference between county tax collector and county treasurer	1,707	7,502	9,209
Payments in lieu of property taxes	21,293	47,318	68,611
Property tax revenue per combined statement of revenues, expenditures and changes in fund balances	<u>\$ 7,097,592</u>	<u>15,147,273</u>	<u>22,244,865</u>
Property taxes receivable June 30, 1997	<u>\$ 378,897</u>	<u>772,333</u>	<u>1,151,230</u>
Deferred revenues June 30, 1997	<u>\$ 324,069</u>	<u>667,866</u>	<u>991,935</u>

METRO

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

June 30, 1997

Open Spaces Program General Obligation Bonds

<u>Year of maturity</u>	<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>
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
2016-17	-	-	-	-	-	-
Total	\$ 72,050,000	43,879,583	4,735,958	2,267,042	54,715,000	32,319,916

Convention Center 1992 Series A General Obligation <u>Refunding Bonds</u>		Metro Washington Park Zoo Oregon Project 1996 Series A <u>General Obligation Bonds</u>		Expo Center 1996 Series A <u>Revenue Bond</u>		<u>Total</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2,100,000	3,496,152	595,000	1,879,473	70,000	135,575	7,048,955	12,277,973
2,230,000	3,380,383	890,000	1,529,260	75,000	131,588	7,699,050	11,590,810
2,375,000	3,252,235	940,000	1,484,760	80,000	127,325	8,128,755	11,180,693
2,530,000	3,113,958	990,000	1,437,760	85,000	122,787	8,568,200	10,764,741
2,700,000	2,964,237	1,040,000	1,388,260	90,000	117,975	9,028,625	10,319,469
2,890,000	2,799,385	1,095,000	1,336,260	95,000	112,888	9,533,060	9,846,152
3,085,000	2,624,136	1,150,000	1,281,510	100,000	107,525	10,058,920	9,338,317
3,305,000	2,432,165	1,215,000	1,212,510	105,000	101,887	10,625,155	8,799,771
3,535,000	2,224,252	1,275,000	1,139,610	1,800,000	95,975	12,868,037	8,250,121
3,790,000	1,999,844	1,345,000	1,063,110	-	-	11,678,945	7,569,810
4,060,000	1,758,750	1,415,000	982,410	-	-	12,321,585	6,942,088
4,345,000	1,500,625	1,490,000	908,830	-	-	13,014,775	6,279,295
4,660,000	1,224,219	1,570,000	830,605	-	-	13,768,540	5,568,245
4,990,000	927,812	1,660,000	748,180	-	-	14,573,356	4,806,989
5,355,000	610,313	1,755,000	660,200	-	-	15,750,000	3,682,682
5,730,000	270,000	1,850,000	565,869	-	-	16,705,000	2,762,168
-	-	1,955,000	466,431	-	-	11,595,000	1,875,637
-	-	2,070,000	361,350	-	-	12,255,000	1,226,381
-	-	2,185,000	247,500	-	-	12,945,000	541,078
-	-	2,315,000	127,325	-	-	2,315,000	127,325
<u>57,680,000</u>	<u>34,578,466</u>	<u>28,800,000</u>	<u>19,651,213</u>	<u>2,500,000</u>	<u>1,053,525</u>	<u>220,480,958</u>	<u>133,749,745</u>

METRO

Schedule of Future Debt Service Requirements
Proprietary Funds

June 30, 1997

Solid Waste Enterprise Fund Revenue Bonds

<u>Year of maturity</u>	<u>Metro Central Transfer Station 1990 Series A</u>		<u>Metro Central Transfer Station 1993 Series A Refunding</u>		<u>Metro\Riedel Compost Facility 1990 Series 1 (1)</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
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	\$ 18,001,120	636,640	12,460,000	6,277,057	5,000,000

- (1) As interest rates on this issue are variable, interest payments over the life of the bonds are not determinable. Interest payments for 1997-98 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>
1,735,000	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>35,461,120</u>	<u>6,913,697</u>	<u>25,405,000</u>	<u>20,587,162</u>

METRO

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

For the year ended June 30, 1997

	Principal			Outstanding June 30, 1997	Interest Expense
	Outstanding July 1, 1996	Issued During Year	Matured and Paid During Year		
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	-	2,120,000	72,050,000	3,980,166
Open Spaces Program 1995 Series B General Obligation Bonds with interest rates from 4.0 to 5.5%, final year of maturity 2010	5,219,923	-	483,965	4,735,958	16,035
Open Spaces Program 1995 Series C General Obligation Bonds with interest rates from 4.6 to 6.0%, final year of maturity 2015	56,210,000	-	1,495,000	54,715,000	2,957,469
Convention Center 1992 Series A General Obligation Refunding Bonds with an average interest rate of 6.334%, final year of maturity 2013	59,655,000	-	1,975,000	57,680,000	3,603,448
Metro Washington Park Zoo Oregon Project 1996 Series A General Obligation Bonds with interest rates from 5.0 to 6.0%, final year of maturity 2017	-	28,800,000	-	28,800,000	-
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	131,389
Total General Long-Term Debt Account Group	\$ 197,754,923	28,800,000	6,073,965	220,480,958	10,688,507

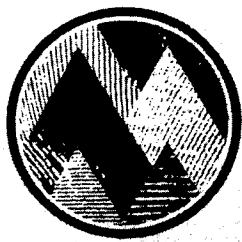
METRO

Schedule of Long-Term Bonded Debt Transactions Proprietary Funds

For the year ended June 30, 1997

	Principal			Outstanding June 30, 1997	Interest Expense
	Outstanding July 1, 1996	Issued During Year	Matured and Paid During Year		
ENTERPRISE FUNDS:					
SOLID WASTE FUND:					
<u>Metro Central Transfer Station</u>					
1990 Series A Solid Waste Disposal Project Revenue Bonds with interest rates from 6.65 to 7.1%, final year of maturity 2008	\$ 19,506,120	-	1,505,000	18,001,120	426,420
<u>Metro Central Transfer Station</u>					
1993 Series A Solid Waste Disposal Refunding Revenue Bonds with interest rates from 3.8 to 5.125%, final year of maturity 2012	12,585,000	-	125,000	12,460,000	610,454
<u>Metro\Riedel Compost Facility</u>					
1990 Series 1 Solid Waste Disposal Project Revenue Bonds with variable interest rates, final year of maturity 2012	5,000,000	-	-	5,000,000	187,626
Total Enterprise Funds	<u>37,091,120</u>	<u>-</u>	<u>1,630,000</u>	<u>35,461,120</u>	<u>1,224,500</u>
INTERNAL SERVICE FUNDS:					
BUILDING MANAGEMENT FUND:					
<u>Metro Regional Center Project</u>					
1993 Series A General Revenue Refunding Bonds with interest rates from 3.75% to 5.25%, final year of maturity 2023	25,715,000	-	310,000	25,405,000	1,276,993
Total Internal Service Funds	<u>\$ 25,715,000</u>	<u>-</u>	<u>310,000</u>	<u>25,405,000</u>	<u>1,276,993</u>

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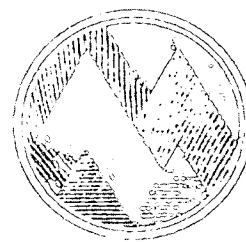
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METRO

General Governmental Expenditures by Function (1)

for the last ten fiscal years
Unaudited

Fiscal year ended June 30,	General government operations	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
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
1997	2,005,267	13,343,436	14,816,259	8,329,607	34,364,694	17,348,950	90,208,213	9,292,517	99,500,730

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(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 <u>June 30,</u>	Property taxes (2)	Excise taxes	Charges for services	Grants	Contributions and donations	Miscellaneous and interest	Total (memorandum only) - Primary Government (3)	Component Unit - MERC (4)		Total (memorandum only) - Reporting Entity
								Charges for services	Miscellaneous and interest	
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
1997	22,244,865	7,228,573	12,041,342	10,257,407	797,206	13,138,730	65,708,123	4,696,575	3,983,440	74,388,138

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

(2) Property taxes for the fiscal years 1988-1991 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. Fiscal year 1997 includes the tax levy for repayment of Zoo Oregon Project 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 June 30,	Taxes levied by assessor	Current tax collections	Current tax collections as percent of current levy	Delinquent tax collections	Total tax collections	Total collections as percent of current levy	Uncollected taxes	Uncollected taxes as percent of current levy
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
1997	22,796,884	21,521,746	94.4	675,849	22,197,595	97.4	1,151,230	5.0

(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 1988-1991 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.



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		
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
1997	72,014,495,367	3,104,873,132	2,602,116,760	77,721,485,259	77,721,485,259	100.0

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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									
	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Direct Government										
Metro	\$ 0.29	0.37	0.20	0.21	0.23	0.24	0.27	0.33	0.34	0.25
Overlapping Government										
<u>Multnomah County</u>										
Portland School District #1J	\$ 13.37	13.25	14.10	14.81	14.91	15.35	16.77	16.93	16.08	15.13
City of Portland	6.07	6.36	6.61	7.22	7.34	7.96	8.80	8.70	7.42	7.40
Multnomah County	4.23	3.88	4.08	4.30	4.29	4.49	4.97	4.52	4.39	4.19
Reynolds School District #7	10.40	10.20	10.94	11.89	12.81	14.15	14.14	15.03	14.82	15.04
Multnomah County ESD	1.08	1.14	1.22	1.28	1.31	1.35	1.47	1.50	1.45	1.38
Parkrose School District #3	11.53	12.37	11.72	11.50	11.54	11.54	11.50	11.83	12.70	12.12
David Douglas School District #40	13.12	13.82	14.98	16.12	15.86	15.93	17.43	17.55	15.29	15.18
Portland Community College	0.73	0.79	0.82	0.87	0.90	0.81	0.91	0.94	0.92	0.89
City of Gresham	3.71	4.50	4.68	4.96	4.44	4.62	4.99	5.55	5.35	5.15
Gresham-Barlow School District #10JT	13.15	13.01	14.17	9.02	9.67	8.82	9.46	10.05	9.93	9.95
<u>Washington County</u>										
Beaverton School District #48J	\$ 11.41	12.07	12.41	13.39	14.16	13.44	15.82	16.67	16.49	14.10
Tigard-Tualatin School District #23J	12.85	14.01	13.88	15.58	15.95	16.73	14.60	14.54	14.46	12.10
Washington County	2.51	2.34	2.48	2.60	2.84	2.88	2.95	2.02	2.95	2.81
Hillsboro School District #1J (2)	13.11	7.02	7.79	7.49	8.43	8.58	10.28	10.57	10.45	9.29
Tualatin Valley Fire and Rescue	1.52	1.66	1.76	1.88	1.98	1.99	2.41	2.52	2.49	2.70
City of Beaverton	2.58	4.01	4.16	4.03	4.06	4.05	4.67	4.56	4.41	4.39
Forest Grove School District #15	15.02	16.71	17.01	18.05	19.06	18.83	18.76	19.93	20.85	20.43
Hillsboro Elem. School District #7 (2)	-	7.81	8.59	9.00	9.64	9.59	9.11	9.05	8.33	6.53
Tualatin Hills Park & Rec. District	1.37	1.41	1.30	1.27	1.29	1.39	1.27	1.32	1.33	1.47
Sherwood School District #88J	10.87	11.10	12.30	11.90	12.82	13.90	16.34	17.48	17.46	15.45
<u>Clackamas County</u>										
North Clackamas School Dist. #12	\$ 8.47	9.55	10.59	11.93	12.74	13.26	16.14	14.95	14.91	14.83
Lake Oswego School District #7J	11.25	11.57	13.37	13.36	12.90	13.34	14.37	13.92	12.41	12.92
Clackamas County	4.31	3.94	3.28	3.72	2.40	2.39	2.44	2.20	2.18	2.22
West Linn-Wilsonville School District #3J	11.17	11.78	13.15	13.49	15.05	15.73	15.35	16.40	15.27	15.16
Oregon City School District #62	11.49	12.75	14.03	15.57	16.04	16.89	18.47	18.33	17.72	17.72
Clackamas Community College	1.09	1.17	1.25	1.34	1.39	1.39	1.39	1.31	1.37	1.31
City of Lake Oswego	4.23	4.29	4.40	4.49	4.89	5.05	5.03	5.30	4.60	4.62
Clackamas County ESD	0.71	0.76	0.79	0.85	0.87	1.31	1.04	1.07	1.06	1.05
Clackamas Rural Fire Protect. Dist. #1	2.30	2.52	2.67	2.90	2.45	2.55	3.67	3.38	2.90	3.60
Canby School District #86	10.77	11.56	12.69	7.49	7.76	8.87	8.33	9.16	9.26	6.83

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

(2) In 1997, the Hillsboro High School District merged with the Hillsboro Elementary School District and several other smaller districts to become Hillsboro School District #1J.

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, 1997
Unaudited

True cash value		\$ 77,721,485,259
Debt limit (1)		<u>10.0%</u>
		7,772,148,526
Gross bonded debt principal	\$ 281,347,078	
Less legal deductions from debt limit:		
Metro Central Transfer Station Project, Solid Waste Disposal System Revenue Bonds	(18,001,120)	
Metro Central Transfer Station Project, Solid Waste Disposal System Refunding Revenue Bonds	(12,460,000)	
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	(25,405,000)	
Metro Expo Center Series 1996 Revenue Bonds	<u>(2,500,000)</u>	
Net debt subject to 10% limitation		<u>217,980,958</u>
Legal debt margin		<u><u>\$ 7,554,167,568</u></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>
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	1,325,700	68,746,421,254	182,165,720	0.26	137.41
1997	N/A *	77,721,485,259	205,846,342	0.26	N/A *

* Not available

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 <u>expenditures</u>
				<u>Primary government(1)(3)</u>	<u>Component unit (2)</u>	<u>Total</u>	
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
1997	6,073,965	10,557,118	16,631,083	90,208,213	9,292,517	99,500,730	16.71

(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 1997, 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, 1997

Unaudited

<u>Overlapping government</u>	<u>Percent within District</u>	<u>Overlapping</u>	
		<u>Gross bonded debt</u>	<u>Net direct debt</u>
Clackamas County	72.18 %	\$ 1,144,744	\$ 519,695
Mt. Scott 3J Water District	100.00	2,355,000	2,355,000
Oak Lodge 4 Water District	100.00	3,500,000	3,500,000
Clairmont 18 Water District	28.62	133,105	8,587
Damascus 20 Water District	93.45	14,016	14,016
Clackamas County Service District #1	100.00	2,770,424	165,000
Tri-City Service District	100.00	12,165,000	12,165,000
Oak Lodge RFPD 51	100.00	2,695,000	2,695,000
Oak Lodge RFPD 51 (Res Bond)	100.00	30,000	30,000
Clackamas County SD 3J (West Linn)	93.81	48,839,833	48,839,833
Clackamas County SD 7J (Lake Oswego)	100.00	20,925,000	20,925,000
Clackamas County SD 12 (N Clackamas)	98.18	19,212,984	19,212,984
Clackamas County SD 46 (Sandy Elementary)	10.79	36,132	36,132
Clackamas County SD 115 (Gladstone)	100.00	12,065,000	12,065,000
Clackamas County SD 86 (Canby)	18.76	4,359,420	4,359,420
Gresham SD 26J (Damascus-Union Bond)	91.70	3,218,571	3,218,571
Clackamas Community College	70.82	6,115,203	6,115,203
City of Gladstone	100.00	2,055,000	2,055,000
City of Lake Oswego	100.00	18,915,000	18,915,000
City of Milwaukie	100.00	4,315,000	4,315,000
City of West Linn	100.00	1,245,000	1,025,000
City of Wilsonville	100.00	12,779,813	1,180,000
Multnomah County	98.66	134,544,711	134,544,711
Port of Portland	90.15	41,412,182	41,155,459
Powell Valley Road Water District	100.00	289,229	-
Tri-Metropolitan Transport District	96.42	131,159,913	131,159,913
Multnomah County SD 1J (Portland)	99.46	262,654,320	262,654,320
Multnomah County SD 3 (Parkrose)	100.00	34,015,000	34,015,000
Multnomah County SD 7 (Reynolds)	100.00	30,990,000	30,990,000
Multnomah County SD 19 (Sauvie Island)	38.85	108,790	108,790
Multnomah County SD 28J (Centennial)	100.00	12,764,566	12,764,566
Multnomah County SD 40 (David Douglas)	100.00	18,185,000	18,185,000
Multnomah County SD 51J (Riverdale)	100.00	10,980,000	10,980,000
Multnomah County SD 10JT (Gresham-Barlow)	95.71	34,169,790	34,169,790
Gresham SD 26 (Orient 6 Bond)	68.25	1,653,696	1,653,696
Gresham SD 26 (Gresham 4 Bond)	99.94	22,171,311	22,171,311
Mount Hood Community College	86.50	3,040,503	3,040,503
Portland Community College	91.07	48,139,952	48,139,952

(Continued)

METRO

Schedule of Overlapping Bonded Debt -
All Overlapping Governments, Continued

for the year ended June 30, 1997

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 %	\$ 180,895	\$ -
City of Gresham	100.00	11,881,109	11,510,000
City of Portland	100.00	231,568,195	147,249,852
City of Troutdale	100.00	4,752,853	1,463,853
City of Wood Village	100.00	485,000	485,000
Washington County	92.54	79,819,531	78,108,049
Tualatin Hills Park & Rec. District	99.96	24,395,286	24,395,286
Unified Sewerage Agency	99.49	4,024,216	3,004,483
Tualatin Valley Water District (Metzger Bond)	100.00	3,150,000	3,150,000
Tualatin Valley Water District (Wolf Creek Bond)	99.97	10,396,391	10,396,391
Tualatin Valley Water District	99.97	1,084,675	-
Cornelius RFPD	9.90	31,171	31,171
Forest Grove RFPD	12.17	59,641	59,641
Tualatin Valley Fire & Rescue District	96.57	661,532	661,532
Washington County RFPD 2	24.00	150,020	150,020
Washington County SD 15 (Forest Grove)	74.45	22,266,559	22,266,559
Washington County SD 23J (Tigard)	99.32	71,507,089	71,507,089
Washington County SD 48J (Beaverton)	99.83	126,199,776	126,199,776
Washington County SD 88J (Sherwood)	71.05	13,243,775	13,243,775
Washington County SD 1J (Hillsboro)	82.87	29,295,534	29,295,534
Hillsboro SD 1J (West Union Bond)	77.78	124,442	124,442
Hillsboro SD 1J (Hillsboro 7 Bond)	93.06	4,103,747	4,103,747
Hillsboro SD 1J (Reedville Bond)	98.56	5,051,435	5,051,435
Hillsboro SD 1J (Farmington Bond)	0.01	78	78
City of Beaverton	100.00	14,904,000	11,939,000
City of Cornelius	91.04	1,728,983	855,761
City of Forest Grove	99.76	2,044,000	872,921
City of Hillsboro	99.52	2,685,596	621,980
City of Sherwood	100.00	8,305,000	7,900,000
City of Tigard	100.00	10,995,375	5,350,000
City of Tualatin	100.00	3,409,113	2,527,657
Totals		\$ 1,653,673,225	\$ 1,531,972,484

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	
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
1997	65,368,662	51,465,923	2,444,769	16,347,508	1,940,000	2,313,867	4,253,867	3.84

(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
Unaudited

<u>Fiscal year ended June 30,</u>	<u>Population (1)</u>	<u>Per capita income (2)</u>	<u>Portland metropolitan unemployment rate</u>
1988	1,121,688	\$ 17,078	4.8 %
1989	1,143,489	18,530	4.5
1990	1,174,291	19,599	4.2
1991	1,217,200	20,037	4.8
1992	1,239,500	21,172	6.1
1993	1,268,000	22,066	6.2
1994	1,285,000	23,187	4.3 (3)
1995	1,305,100	24,624	3.8
1996	1,325,700	25,969	4.2
1997	N/A *	N/A *	4.0

* Not available

- (1) Based upon Portland PMSA, consisting of Clackamas, Multnomah, Washington counties.
- (2) Region per capita figures consisting of Clackamas, Multnomah and Washington counties in Oregon, and Clark County, Washington.
- (3) 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>	
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
1997	N/A *	N/A *	14,562	1,460,550,509	19,162,656

* Not Available

- (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. Beginning in 1997, residential figures do not include alterations/additions.
- (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, 1997
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	\$ 407,768	1.07 %
Portland General Electric	Electric utility	216,420	0.57
Pacificorp (PP&L)	Electric utility	179,072	0.47
Boeing Company	Aircraft manufacturing	163,907	0.43
Oregon Arena Corp.	Entertainment Facilities	133,920	0.35
Alaska Airlines	Air travel	127,188	0.34
United Airlines	Air travel	114,845	0.30
Delta Airlines	Air travel	91,756	0.24
SI-Lloyd Associates	Shopping mall	88,938	0.23
Fujitsu Microelectronics	Electronics	75,088	0.20
All other taxpayers	-	36,345,844	95.80
	Total	\$ 37,944,746	100.00 %
Washington County:			
Intel Corporation	Computer Electronics	\$ 380,357	1.58 %
GTE Northwest Incorporated	Telephone utility	228,049	0.95
Portland General Electric	Electric utility	147,752	0.61
Northwest Natural Gas Co.	Natural gas utility	129,799	0.54
Tektronix, Inc.	Computer Electronics	112,840	0.47
Nike Inc.	Athletic apparel	96,474	0.40
Knickerbocker Properties, Inc. XXIV	Real estate	86,442	0.36
Pacific Realty Associates	Real estate	76,792	0.32
Pacific Realty Associates	Real estate	66,886	0.28
Maxim Integrated Products	Computer Electronics	63,607	0.26
All other taxpayers	-	22,726,673	94.23
	Total	\$ 24,115,671	100.00 %
Clackamas County:			
Clackamas Association Ltd Partnership	Shopping mall	\$ 108,290	0.69 %
Portland General Electric	Electric utility	93,179	0.59
U. S. West	Telephone utility	76,379	0.49
Northwest Natural Gas Co.	Natural gas utility	71,063	0.45
Metropolitan Life Insurance Company	Insurance	69,926	0.45
Mentor Graphics Corp.	Electronics	63,776	0.41
Precision Castparts Corp.	Manufacturing	58,574	0.37
Tektronix, Inc.	Computer Electronics	50,548	0.32
Fred Meyer	Retailer	46,357	0.30
United Grocers	Wholesale grocery	43,292	0.28
All other taxpayers	-	14,979,684	95.65
	Total	\$ 15,661,068	100.00 %

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

METRO

Insurance in Force

June 30, 1997

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	\$ 271,688,000	"All Risk" property coverage includes a wide range of related coverages including earthquake, flood, and boiler and machinery	June 30, 1997 (1)	\$ 127,545
Acceptance Insurance Company GLA 184831	1,000,000	Liquor liability coverage	January 1, 1998	11,000
Hartford Insurance Co. PEB PE 8687	500,000	Crime coverage/employee faithful performance	June 30, 1997 (1)	15,398
SAIF Corporation	Statutory	Workers' compensation	June 30, 1997 (1)	21,670
Lexington 8669083	3,000,000	Excess liability	June 30, 1997 (1)	32,311
National Flood Insurance Program FL 3000044501	500,000	Flood coverage for Expo	June 30, 1998	1,011
North Pacific Insurance Company various	varies	Property, liability coverage for homes owned by Open Spaces Program	January 1, 1998	1,773
Western World Insurance Company NGL07816	1,000,000	Special use permit for Oxbow Park	May 25, 1998	1,458

(1) Coverage renewed through June 30, 1998

Source: Metro Administrative Services Department, Risk Management Division.

METRO

Summary of Solid Waste Direct Haul Delivery Tonnage

for the last ten calendar years (1)
Unaudited

<u>Calendar year</u>	<u>Metro Owned Facilities</u>	<u>Non-Metro Facilities</u>	<u>Total Direct Haul Tonnage</u>	<u>Revenue Tonnage (2)</u>	<u>Revenue Tons as a percent of Direct Haul Tonnage</u>
1988	705,471	372,821	1,078,292	1,000,328	92.77 %
1989	729,372	401,791	1,131,163	1,051,939	93.00
1990	842,120	379,121	1,221,241	1,135,273	92.96
1991	723,470	399,212	1,122,682	1,071,885	95.48
1992	697,409	399,635	1,097,044	1,035,581	94.40
1993	732,550	410,205	1,142,755	1,060,257	92.78
1994	750,464	434,433	1,184,897	1,062,936	89.71
1995	752,297	512,766	1,265,063	1,113,671	88.03
1996	762,342	589,393	1,351,735	1,186,624	87.79
1997	771,438	698,304	1,469,742	1,263,811	85.99

(1) Information provided is based upon a calendar year. October through December of 1997 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, 1997
Unaudited

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

Form of government:

Primary Government - Metro

Elected Executive Officer,
elected seven member District Council,
and elected Auditor

Component Unit - MERC

Seven member appointed Commission

Metro Area - Square miles	461.70
---------------------------	--------

Number of full-time equivalent employees budgeted for fiscal year 1996-97	859.31
---	--------

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

Total Attendance

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
1997	945,013

Ten largest cities in the Metro District at July 1, 1996

Population

Portland	503,001
Gresham	79,350
Beaverton	63,145
Hillsboro	52,105
Tigard	35,925
Lake Oswego	34,005
Oregon City	20,410
Milwaukie	20,065
Tualatin	20,040
West Linn	19,960

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

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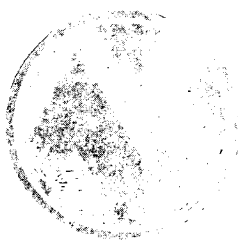
METRO
Regional Services
Creating livable communities

If you live, work and play in the metropolitan area, Metro regional services matter to you and your family. That's because Metro is working to help ensure that you have

- access to nature
- clean air and water
- the ability to get around the region
- safe and stable neighborhoods
- a strong regional economy
- resources for future generations.

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Regional Services
Creating livable communities

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Creating livable communities

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- safe and stable neighborhoods
- a strong regional economy
- resources for future generations.

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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 Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* is set forth in the following pages.

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

Independent Auditors' Report on Compliance and on Internal
Control Over Financial Reporting Based on an Audit
of 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, 1997, and have issued our report thereon dated November 26, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Metro's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including provisions of Oregon Revised Statutes, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- 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 1997 and 1998 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 investment of public funds.

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- The legal requirements pertaining to the awarding of public contracts and the construction of public improvements.
- The legal requirements pertaining to the use of road funds.
- The legal requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Metro's internal control over financial reporting 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 over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses.

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

KPMG Peat Marwick LLP

November 26, 1997