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[redacted]

METRO

Independent Auditors' Report and Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2000 in Accordance with Office of Management and Budget Circular A-133

METRO

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* *Incorporated by reference*

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Deloitte & Touche

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 of
Metro
Portland, Oregon

We have audited the general purpose financial statements of Metro as of and for the year ended June 30, 2000, and have issued our report thereon dated November 22, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

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 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 solely for the information and use of the Council, Executive Officer, Auditor, management, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

November 22, 2000

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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 each of its major federal programs for the year ended June 30, 2000. Metro's major federal programs are 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 programs 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and 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 a 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 each of its major federal programs for the year ended June 30, 2000.

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 a 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 a 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, 2000, and have issued our report thereon dated November 22, 2000. 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 the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. This schedule is the responsibility of the management of Metro. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Council, Executive Officer, Auditor, management, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

November 22, 2000

METRO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2000

Grantor and Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Agriculture			
Natural Resources Conservation Service:			
Wildlife Habitat Incentive Program	10.914	72-0436-8-147	$ 10,000
U.S. Department of the Interior			
Bureau of Land Management:			
Federal Land Policy and Management Act (FLPMA)	-	1422H952-A97-3005	25,000
U.S. Geological Survey:			
Federal Geographic Data Committee - Don't Duck Metadata Program	15.809	99HQGR0113	4,400
U.S. Fish and Wildlife:			
Fish and Wildlife Enhancement	-	14-16-001-91551	75,620
Fish and Wildlife Enhancement	-	14-48-13420-97-J002	124,957
Passed Through the Oregon State Marine Board:			
Clean Vessel Act Program	15.616	N/A	375
Total U.S. Department of the Interior			230,352
U.S. Department of Transportation			
Federal Transit Administration:			
Direct programs:			
Federal Transportation Technical Studies Grant:			
South/North DEIS, FEIS, and PE	20.205	OR-29-9023	1,526,239
Transit Oriented Development	20.205	OR-90-X070	219,633
Passed Through Oregon Department of Transportation:			
Highway, Research, Planning and Construction:			
2000 Planning	20.205	SPR-PL-STP-001(37)	925,610
2000 Federal Surface Transportation Program:			
METRO Surface Transportation Program	20.205	SPR-PL-STP-001(37)	587,539
Oregon Public Broadcasting Pilot Program	20.205	SPR-PL-STP-001(37)	4,755
Federal Transportation Technical Studies Grant:			
2000 Technical Studies (Sec 5303)	20.205	OR-80-X009-00	207,520
Federal Highway Administration:			
Transportation Equity Act (TEA-21)			
Transportation and Community and System Preservation Pilot Program (TCSP)	20.205	TCSP-005-Q68	21,445
Forward			3,492,741

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2000

Grantor and Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Transportation (Continued)			
Forward			$ 3,492,741
Joint Model Estimation	20.205	SPR (37)	10,560
Passed Through Tri-County Metropolitan Transportation District of Oregon (TRI-MET):			
Congestion Mitigation and Air Quality Improvement Program North Interstate MAX Light Rail Project	20.205	OR-90-X088	70,480
Direct programs:			
Federal Transit Administration:			
Transit Oriented Development	20.500	OR-90-X073	12
Passed Through Oregon Department of Transportation			
Federal Transit Administration:			
1996 Federal Highway Administration Special Research Congestion Pricing Pilot Program	20.505	HPR-OR/CP-0041 (001)	104,047
Direct programs:			
Federal Transit Administration:			
Wilsonville/Beaverton Transit Corridor Study (SEC 5307)	20.507	OR-90-X084	740,189
Travel Model Improvement Program:			
Direct program:			
TRANSIMS	20.514	OR-03-8001-01	518,936
Total U.S. Department of Transportation			4,936,965
U.S. Department of Education			
Institute of Museum and Library Services:			
General Operating Support	45.301	IG-70363-97	14,062
Conservation Program	45.301	IC-70257-97	1,218
Total Department of Education			15,280
U.S. Environmental Protection Agency			
Wetlands Protection State Development	66.461	CD-98016701-2	9,700
Total Federal Grant Programs			$ 5,202,297

See note to the schedule of expenditures of federal awards.

(Concluded)

METRO

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all federal awards received by Metro which had activity during the year ended June 30, 2000. This schedule has been prepared on the modified accrual basis of accounting.

NOTE 2 – MAJOR PROGRAM DETERMINATION

Based on our risk assessment of Type A and Type B programs, major programs were determined to be:

Name of Federal Program or Cluster	CFDA Number
Federal Transit Administration	20.205
1996 Federal Highway Administration Special Research	20.505

* * * * * *

METRO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2000

PART I

SUMMARY OF AUDITORS' RESULTS

The independent auditors' report on the financial statements expressed an unqualified opinion.

No instance of noncompliance considered material to the financial statements was disclosed by the audit.

The independent auditors' report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.

The audit disclosed no finding required to be reported by OMB Circular A-133.

Metro's major programs were:

Name of Federal Program or Cluster	CFDA Number
Federal Transit Administration	20.205
1996 Federal Highway Administration Special Research	20.505

A threshold of $300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.

Metro did qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

PART II

FINANCIAL STATEMENT FINDINGS SECTION

No matters are reportable.

PART III

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No matters are reportable.

METRO

PRIOR FINDINGS FOR THE YEAR ENDED JUNE 30, 1999

No matters were reported.

Deloitte
Touche
Tohmatsu

MetroCAFR

Comprehensive Annual Financial Report

For the year ended June 30, 2000

METRO
Regional Services
Creating livable communities

Oregon

Metro – *planning that protects the nature of our region*

It's better to plan for growth than ignore it. Planning is Metro's top job. Metro provides a regional forum where cities, counties and citizens can resolve issues related to growth – things such as protecting streams and open spaces, transportation and land-use choices and increasing the region's recycling efforts. Open spaces, salmon runs and forests don't stop at city limits or county lines. Planning ahead for a healthy environment and stable economy supports livable communities now and protects the nature of our region for the future.

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 Oregon Zoo. It also oversees operation of the Oregon Convention Center, the Portland Center for the Performing Arts, the Portland Metropolitan Exposition (Expo) Center and Civic Stadium, all managed by the Metropolitan Exposition-Recreation Commission.

For more information about Metro or to schedule a speaker for a community group, call (503) 797-1510 (public affairs) or (503) 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. An auditor, also elected regionwide, reviews Metro's operations.

Executive Officer
Mike Burton

Auditor
Alexis Dow, CPA

Council

Presiding Officer
District 7
David Bragdon

Deputy Presiding Officer
District 5
Ed Washington

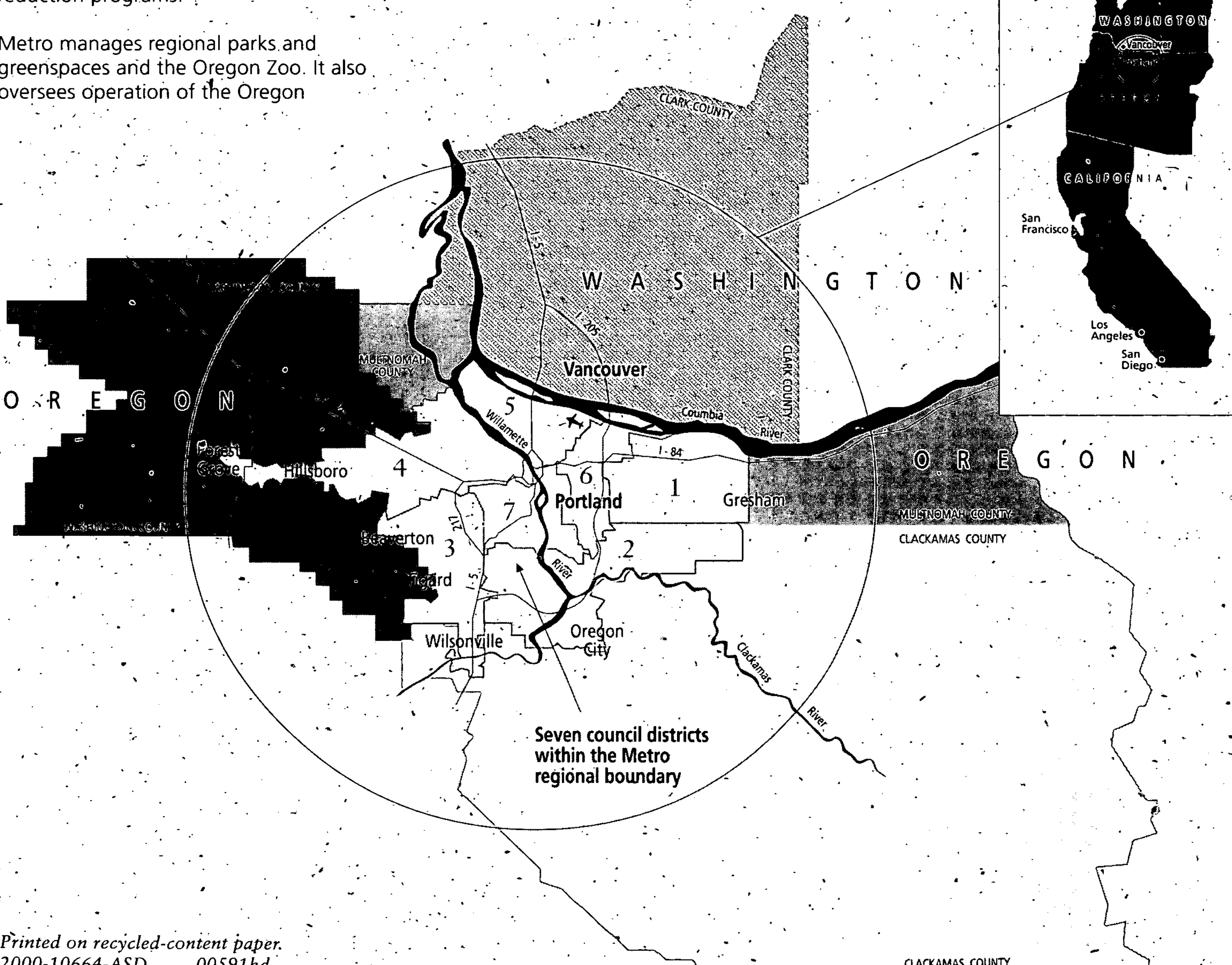
Rod Park, District 1

Bill Atherton, District 2

Jon Kvistad, District 3

Susan McLain, District 4

Rod Monroe, District 6



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Metro CAFR

Comprehensive Annual Financial Report

For the year ended June 30, 2000

Administrative Services Department

Director/Chief Financial Officer
Jennifer Sims

Prepared by
Accounting Services Division

Accounting Manager
Donald R. Cox Jr., CPA

Financial Reporting Supervisor
Karla J. Lenox, CPA

METRO
Regional Services
Creating livable communities

Oregon

METRO

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600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
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METRO

November 22, 2000

To the Councilors and Citizens of the Metro Region:

I hereby transmit the Comprehensive Annual Financial Report (CAFR) of Metro as of June 30, 2000, 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 fairly sets forth the financial position and results of operations of Metro in all material respects.

This CAFR provides information on Metro's use of resources to accomplish Metro's mission of providing regional services that guide growth and create livable communities, focusing resources to functions that help to ensure that people in the region have: *access to nature, clean air and water, the ability to get around the region, safe and stable neighborhoods, resources for future generations, and a strong regional economy.* Metro's 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." Metro continues to give priority to charter mandates. Over the past year, Metro surpassed the 6,000-acre goal in the acquisition of new open spaces throughout the region. Metro continues to provide the broad range of services to the citizens of the region to manage growth and concentrate on keeping our region an excellent place to live, raise families, and earn a living. Metro continues to be an innovator and a model for other urban regions - both in this country and abroad - in the ways the agency is working to preserve livability while accommodating growth.

Metro and its staff strive to continually improve its financial operations, systems and reporting to provide full accountability to 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 eight 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, 2000.

Sincerely,

Mike Burton

Mike Burton
Executive Officer

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1700 | FAX 503 797 1797

METRO

November 22, 2000

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, 2000, together with the report thereon of our independent auditors, Deloitte & Touche 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 and cash flows 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, 2000, 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, Hillsboro, Beaverton, Tigard, Lake Oswego, Oregon City, West Linn, Tualatin and Milwaukie.

Metro provides transportation and land-use planning services, oversees regional garbage disposal and recycling waste reduction programs, manages regional parks and greenspaces, and operates the Oregon Zoo. It also oversees operation of the Oregon Convention Center, the Portland Center for the Performing Arts, Civic Stadium and the Expo Center, all managed by the MERC.

The Portland metropolitan area is the financial, trade, transportation, and service center for Oregon, southwest Washington state and the Columbia River basin. In the mid-1990's this area's economy was growing strongly as people moved here in large part because of the promise of high-wage jobs in the high-tech industry. In 1998, for instance, wages of workers in electric and electronic equipment companies such as Intel, LSI Logic, and IDT averaged almost $65,000 per year. Until 1998, the region's rate of employment and income growth exceeded the national average. Then, the financial weakness of Asian trading partners began affecting Oregon generally, and Nike and Intel, two of Oregon's largest employers, specifically. This, together with softness in the economies of neighboring states and the end of major high-tech industry capital spending programs, put growth below the national average for the first time since the mid 1980's. Overall, the high-tech industry experienced only modest growth in 1999 as Asian economies slowly recovered and the Federal Reserve continued to increase interest rates.

Economic slowing continued into the year 2000. In the second quarter of 2000 the state actually lost jobs with an annual employment growth rate of a negative 0.6 percent. This occurred as the effect of the Asian crisis worked its way through the manufacturing sector of the economy into non-manufacturing areas. In addition, the retail, finance, and construction industries contributed to the slowing economy. August, 2000 showed a rebound as Oregon posted a 1.2 percent increase in job growth compared to 1.7 percent the previous year.

The region served by Metro now has more than half of all Oregon jobs and about a third of Oregon's total population. Nearly three-fourths of Oregon's high-tech industry jobs are in this area, and 52 percent of those jobs are found in one county – Washington county. The strength of in-migration in recent years and the resultant population growth in this region has caused a strong increase in housing construction.

The State of Oregon projects economic growth to be 1.8 percent followed by 1.7 percent in 2001. This compares to a 3.5 percent increase in 1997 when the state was experiencing stronger growth. Manufacturing is expected to continue its mild rebound from 1999's levels. Not all segments of manufacturing are expected to improve, however. Freightliner, a maker of large highway trucks, announced layoffs of 770 employees at two Portland plants. That is equivalent to 5 percent of the employees working in transportation equipment jobs in Portland. The job cuts are in response to a projected 20 percent drop in industry wide truck sales resulting from a national shortage of drivers, higher interest rates, and higher fuel costs.

In another announcement of job cuts, Delta Air Lines announced cancellation of 9 of its 24 flights from Portland, beginning April 1, 2001. About 330 of the 1,200 Portland-based Delta employees are scheduled to lose their jobs as a result of the unprofitability of some Delta international flights from Portland International Airport.

Semiconductor manufacturers are showing renewed strength and the high-technology sector is expected to have grown 0.7 percent in 2000 and to grow and additional 2.2 percent in 2001. In fact, a benchmark study based on responses from 72 companies that represent about 45 percent of Oregon's technology workforce indicates that high-tech companies expect to add 25,000 jobs by 2002. That increase would boost overall technology employment by about a third. Any increase in high-tech employment is significant because computer and electronic sales account for almost half of Oregon's total export volume. Further supporting a projection of growth, the Milken Institute, a California think tank, ranked Portland as the second fastest growing technology center in the United States during the second quarter of 2000.

Although Oregon and the Portland area are expected to continue to add both jobs and people in the coming year, the rate of growth is projected to be modest in comparison to the gains of the early 1990s.

ORGANIZATIONAL STRUCTURE AND SERVICES PROVIDED

Metro, the nation's only *directly elected* regional government, operates under the authority of a home rule charter. 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 MERC.

DEPARTMENTAL ACTIVITY

Transportation Department

During fiscal year 1999, 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 four major sections – *Transportation Planning, High Capacity Transit Planning (HCT), Travel Forecasting and Transit Oriented Development (TOD).*

During fiscal year 2000, the department's *Transportation Planning* section essentially completed the technical and outreach activities on the Regional Transportation Plan (RTP). The plan was adopted by resolution in December 1999 and will be re-adopted in August 2000 by ordinance. For the Metropolitan Transportation Improvement Program (MTIP), an air quality conformity determination consistent with the region's emissions budget was performed and a public outreach version of the program developed.

In the area of special studies, the Traffic Relief Options Study was essentially completed with recommendations incorporated into the RTP. Metro, in partnership with the Oregon Department of

Transportation (ODOT), Washington Department of Transportation and other regional partners, is providing staff support to the I-5 Trade Corridor Study. Metro has assisted in grant applications and scope-of-work activities. Metro assisted ODOT in Phase I activities of the Highway 217 Corridor study in anticipation of further work in fiscal year 2001.

Transportation Planning staff also initiated Phase I of the *Building Community Through a Media* project intended to highlight key issues through television and other medium. Staff participated in a number of local planning and advisory efforts: RTP, MTIP – Conformity, Freight Plan, I-5 Corridor Study, Traffic Relief Options and Highway 217 (Phase I).

The *High Capacity Transit Planning* section completed the *Interstate MAX Light Rail Project Final Environmental Impact Statement* (FEIS) in October 1999. This document was the culmination of a community and business initiative to move ahead with a light rail project in the northern half of the South/North Transit Corridor after the defeat of a local funding measure for a larger light rail project in November 1998. The FEIS was followed by award of a Record of Decision by the Federal Transit Administration (FTA) indicating that the National Environmental Policy Act requirements for the project had been met. HCT staff also played a pivotal role in the development of the annual *New Starts Report* to FTA, a document used to rank projects nationally and determine funding levels. Interstate MAX received FTA's highest recommendation for funding in their 2001 *New Starts Report*. The project is now in Final Design, and Metro was instrumental in obtaining a Full Funding Grant Agreement from FTA, awarded to Tri-Met, in September 2000.

In addition to completing the Interstate MAX FEIS, substantial work has been completed on the South Corridor Transportation Alternatives Study. This study is exploring non-light rail transportation options in the South Corridor. The alternatives analysis phase of the project includes ridership forecasting, costing, environmental reconnaissance, land use analysis and a public involvement process. In November 2000, the alternatives analysis will conclude, and the region will embark upon advancing several alternatives into an environmental impact statement or assessment and conceptual engineering.

The HCT Section also played a substantial role in the alternatives analysis and environmental assessment for the Wilsonville to Beaverton Commuter Rail Project. HCT staff provided transportation and traffic analysis, historic and cultural resources analysis, funding plan support, grant management, *New Starts Report* assistance and was the FTA liaison for this project.

The *Travel Forecasting* section has work elements programmed in four different areas. They include New Models/Model Refinement, Transportation System Monitoring, Technical Assistance, and the Transportation Model Improvement Program (TMIP).

The New Models/Model Refinement program focuses on activities that improve the travel demand models which are used for policy and environmental analysis in the region. This past year, major enhancements were made to the model. It is now more responsive to household income and its influence on the choice of trip destinations. Multi-modal accessibility measurements have also been incorporated into that choice. Additionally, light rail transit is specifically identified as a unique mode available for travel. Previously, light rail and buses were considered as a generic transit mode in the context of a travel decision. This is important, because light rail has attributes that are different than regular buses. Finally, the model that estimates the time period for travel has been modified to include socio-economic data as a determinant.

The Transportation System Monitoring and Data Dissemination Program identifies work tasks necessary to benchmark characteristics of the transportation system. An important element in this program is the collection of traffic count data from the transportation agencies in the region. The information has been placed in an electronic GIS database for easy access. Similarly, parking cost data was collected (and tabulated) for the Central City area. Vehicle Miles Traveled growth trends are closely monitored in this program. Tables and graphs are prepared to illustrate the trends.

The Technical Assistance Program provides modeling assistance to the local agencies in the form of staff support, computer usage, and training. Travel Forecasting staff worked with local staff on 14 major projects during the past year. Over 130 data requests were processed.

The United States Department of Transportation is sponsoring the TMIP. One element of that program focuses on the improvement of person travel demand models. The Portland metropolitan area has been chosen as the test site to develop a new travel simulation tool (TRANSIMS). Staff has collected and summarized a significant amount of data for the Los Alamos study team (e.g., roadway definition in GIS format, signal location and timing plans, traffic count and transit patronage information, truck data and vehicular speed summaries). Additionally, consultant help is being used to develop a demand model that links travel needs to the daily activity patterns of a person. This module will be used to demonstrate the ability of the TRANSIMS software to accept local interfaces.

TOD Program work fell into three categories this year: project implementation, program development and information sharing. Implementation work included Center Commons (60th & Glisan), The Round at Beaverton Central and Buckman Terrace.

The TOD Program focused on assisting in securing private financing to help bring The Round out of bankruptcy proceedings, securing private construction and long-term financing and ensuring that the project retains fundamental transit-supportive features through the structure of a development agreement. Key documents that had to be drafted, negotiated and executed to support implementation efforts included an Intergovernmental Agreement with Tri-Met (which secured $2 million in local program funds), two Metro Council resolutions and a proposed Development Agreement for The Round. The implementation of the Buckman Terrace project was completed during the year, and Center Commons completed its first three phases. Extensive, but time consuming pre-development activities, were also undertaken on Metro Access, the Madison and Russellville.

Program development activities included application for Transportation Community and System Preservation funds for a project in the Kenton station area of the Interstate MAX corridor; the establishment of TOD Easements as joint development tools and the nomination of the Standard Dairy for a Governor's Livability Award, which it won.

Information-sharing activities included the development of TOD project case studies; presentations at two FTA conferences; a paper submission to the Congress for New Urbanism; lectures to University of Washington planning students and to University of Oregon Master's students in urban architecture; production of dossiers for members of the TOD Steering Committee; development of TOD Program presentations for the Executive Officer and the Presiding Officer; presentations to FTA Triennial Review personnel and guided tours to visiting officials from the Environmental Protection agency, the United Kingdom and Germany.

Growth Management Services Department

The Growth Management Services Department facilitates decisions to maintain a regional consensus on growth management that preserves and enhances the livability of the region and promotes livable communities. The Metro Charter directs regional planning to be Metro's primary function and requires Metro to coordinate land-use planning within the region. The Growth Management Services Department consists of four divisions – *Long Range Planning, Community Development, Data Resource Center and Administration*.

The Long-Range Planning Division is responsible for the technical analysis and assessment of public-policy proposals related to regional growth management. During fiscal year 2000, this division addressed three major issues – fish and wildlife habitat protection, affordable housing and urban growth boundary expansion. Two fish and wildlife habitat discussion drafts were completed that documented relevant scientific literature, described the inventory of resources, assessed the consequences of protecting resources and described program elements for protection of resources. A Regional Affordable Housing Strategy was completed, coordinated with a wide range of interests and recommended for approval by the Affordable Housing Technical Advisory Committee. The division also assisted with the preparation of the 1997-2017 Land Need, an analysis and comparison of the supply and demand for housing for this twenty-year period as required by state law.

The Community Development Division is responsible for general administration of the urban growth boundary, technical assistance in implementation of the Regional Framework Plan and Urban Growth Management Functional Plan as well as the review of local government compliance plans, comprehensive plans and ordinances for consistency with the Functional Plan.

The Data Resource Center (DRC) maintains an extensive network of information about the Portland metropolitan region's land, population and economy. The DRC 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. During fiscal year 2000, a significant new decision support tool was developed, "Metroscope." This land development simulation model is linked to the transportation forecasting model and is the first of its kind to become operational in the country.

The Administration Division provides support services to the department, including contract administration, grants management, personnel administration, budget preparation and monitoring. The department's public involvement staff is also housed in this division. In fiscal year 2000, public involvement staff coordinated public outreach efforts for the department's natural resources and affordable housing efforts.

Oregon Zoo

The Oregon Zoo's mission is "Inspiring our community to create a better future for wildlife."

The Oregon Zoo (the Zoo) is Oregon's largest paid tourist attraction. The Zoo has averaged in excess of one million annual visitors for over a decade. Attendance was 1.2 million in fiscal year 2000, the highest attendance year in the Zoo's history.

Construction was completed on the third phase of the Great Northwest project, which includes Steller sea lion, sea otter, tide pool, kelp tank, and blow hole exhibits. This phase opened in July 2000. A new meerkat exhibit, walk-through lorikeet exhibit, and Amur leopard exhibit opened in Summer 1999, which also helped increase the animal collection and bolster attendance.

Total charges for services revenues totaled $10.4 million in fiscal year 2000, a 23% increase over the prior year. Property taxes represent 38% of the Zoo's revenue, well below the Council mandated 50% limit. This is a result of both growth in enterprise revenues and impacts of ballot measures that have limited the growth of property taxes.

The Zoo's entrepreneurial efforts enable the Zoo to meet its goals of providing visitors unique educational and recreational opportunities to experience wildlife in a naturalistic setting.

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 including a latex paint processing facility, 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.

Metro successfully renegotiated new contract terms with its transportation contractor and with its disposal contractor in the prior fiscal year. The renegotiated contracts reduce costs to the region by approximately $60 million during the ensuing 10 years. The savings for the waste disposal contract began in January 2000 primarily from reducing Metro's average disposal rate from $23.94 to $17.37 per ton.

In fiscal year 2000, REM continued the Regional System Fee Credit Program established in June 1998, promoting regional recovery by providing access to a reduced disposal surcharge (the Regional System Fee) for regional solid waste facilities based on their level of materials recovery. Metro provided approximately $680,000 to participating facilities, with lower effective Regional System Fees correlated to higher recovery levels. Key findings indicate that the program is generally functioning as designed. The department will continue its analysis of the program in order to develop recommendations to make the incentive element more effective. The sunset date for this program, which has been extended twice, is now June 30, 2001. Extension of the program sunset date will ensure that any changes to the program are consistent with other changes in the solid waste system, like the mandatory minimum recovery standards and the authorization for additional transfer stations approved by Council in June 2000.

Regional disposal tonnage increased 1.6% during fiscal year 2000 to 1,378,000 tons, compared to 1,356,500 tons in the previous fiscal year. Tonnage delivered to Metro transfer stations in fiscal year 2000 dropped 17,500 tons, or 2.4%, from that delivered in fiscal year 1999.

During fiscal year 2000, the total number of transactions, including commercial and public customers, reached 357,814, which was a 9% increase from the previous year. The transfer stations operator, Browning-Ferris Industries, Inc., has achieved record numbers for recovery while handling increased numbers of customers at Metro South. In addition, there has been continued progress on the reduction of incidents requiring facility shutdown.

The total number of household customers served at the permanent hazardous waste facilities increased to 27,132, a 14% increase over fiscal year 1999. The number of customers served at hazardous waste collection events around the region was 6,594. A total of 22 events were conducted at a variety of locations, including neighborhood cleanups, Forest Grove Transfer Station, the WRI solid waste facility in Wilsonville and other sites around the region. The Conditionally Exempt Generator (CEG) program, which provides incentive for programs throughout the region to properly dispose of hazardous wastes, served 313 customers in fiscal year 2000, the largest number served in this program to date.

St. Johns Landfill methane gas continues to flow from the landfill through a 9,400-foot underground pipeline to Ash Grove Cement Company. Metro expects to receive revenue totaling approximately $1.4 million if gas production follows the predicted rate of decline. This revenue will help offset the cost of maintaining the landfill's gas recovery system. From the beginning of gas sales in 1998 to June 30, 2000, Metro has received over $276,000 in revenue from the sale of gas.

During fiscal year 2000, Metro sought authorization from local, state, and federal agencies to repair the outer slope of the perimeter dike around the St. Johns Landfill. As of June 30, 2000, Metro had obtained authorizations from all agencies except the Army Corps of Engineers. Metro plans to carry out the slope repairs during fiscal year 2001. During summer 2001, Metro plans to construct a low permeability cutoff wall within a 1000-foot section of the perimeter dike. Metro will continue to monitor the dike and undertake future construction as necessary.

In fiscal year 2000, REM managed more than $522,400 in grants through its Enhancement Program, which promotes enhancement of the communities surrounding the Metro transfer stations, the closed St. Johns Landfill, and Forest Grove Transfer Station. In addition, more than $150,000 in Disposal Vouchers were awarded, allowing neighborhood organizations and other non-profits throughout the region to conduct clean-up events without incurring large disposal costs.

Through REM's Waste Reduction, Planning and Outreach Division, $972,350 in waste reduction grants were awarded to provide financial assistance to local governments for recycling and other waste reduction programs, and to businesses for commercial organic waste diversion programs.

The region's recovery rate continues to set standards for jurisdictions around the country, due in large part to the efforts of REM. The recycling rate for the Metro region for calendar year 1998 (most current data available) was 43%. Households in the region have already achieved a 50% recycling rate, including diversion from backyard composting and the bottle bill. Metro and local governments conducted a study of commingled recycling collection, which would require fewer sorts by residents and would increase residential recycling tonnage.

Nearly 33,943 students participated in 509 presentations through REM-sponsored waste reduction education programs. The Education Program also reached 101 teachers through 9 workshops. The Metro Recycling Information Center (RIC), the clearinghouse for waste reduction, recycling and solid waste disposal information for the Metro region, answered 102,860 inquiries. In the annual survey of callers, on average, respondents rated the information provided by RIC 4.82 on a five-point scale, with "5" being the highest rating of satisfaction.

In response to the "State of the Plan" report, Metro's annual assessment of waste reduction progress, REM staff proposed to focus more efforts on three sectors where the generation of recoverable materials remains high: construction, food waste, and businesses. Council approved these programs to begin in FY 2000-01. Metro staff are proceeding with background studies and pre-planning in businesses and construction sectors, where increased recovery efforts are needed. In organics, grants for waste prevention and diversion (for human or animal consumption) have been awarded. To accelerate the opportunity to compost the balance of food waste, Metro is developing a processing and collection infrastructure for organics generated by businesses.

Regional Parks and Greenspaces Department

Metro offers a variety of park facilities and recreation opportunities for citizens and visitors in the metropolitan region. About 1.5 million visitors enjoyed picnicking, hiking, camping, swimming, boating, fishing, canoeing, ball sports and wildlife watching at Metro's facilities during fiscal year 2000. Metro manages and operates 15 park, greenspace and marine facilities including Blue Lake Regional Park, Oxbow Regional Park, Howell Territorial Park, Smith and Bybee Lakes Wildlife Area, Beggars-tick Wildlife Refuge, Chinook Landing Marine Park and Glendoveer Golf Course.

The 1992 Metropolitan Greenspaces Master Plan along with current inventories of parks and natural areas in the region served as the basis to begin work to develop a Greenspaces Protection Plan. The Greenspaces Protection Plan will update the vision identified in the Metropolitan Greenspaces Master Plan, but also will include recommended protection measures and financial strategies. Public involvement in the planning process helped identify ecological and community values that were used to produce a draft map of regionally significant parks, natural areas, greenways and trail corridors. This map will be the foundation for a cooperative, regional system.

Voters of the region approved a $135.6 million general obligation bond measure in 1995. Funds from the bond measure were committed to acquiring at least 6,000 acres of open space in 14 regional target areas, acquiring 6 regional trail corridors and funding about 90 local government greenspace projects. Through June 30, 2000 Metro has acquired 6,250 acres of open space (including 1,587 acres in fiscal year 2000), representing 105% of the acquisition goal. In addition, Metro is funding 74 local park projects for $18.6 million. Eleven of the 25 jurisdictions have completed their intergovernmental agreements.

Newly acquired parks and open spaces property will be managed as landbanked property. These acquisitions as well as existing park facilities require a comprehensive assessment and planning process to assure protection of the natural resource and to identify appropriate uses of the land. Design, engineering and construction of select master-planned improvements began at Oxbow Regional Park, Howell Territorial Park on Sauvie Island and the M. James Gleason Boat Ramp. Work began to study Blue Lake Regional Park operations and make facility improvement recommendations.

Funds from the U.S. Fish and Wildlife Service supported 30 new habitat restoration, environmental education and salmonid education and enhancement grants. Grant funding leveraged an additional $672,000 in local community cash and in-kind support.

Metro GreenScene, a calendar of hikes, tours, classes, and events published quarterly offered over 300 opportunities for citizens to learn about and experience their urban natural areas. Metro naturalists and volunteers provided activity services to nearly 20,000 people including environmental education programming to 7,000 children and adults, 10,000 visitors to the Salmon Festival and more than 2,000 people attending the Especially for Kids program at Blue Lake Regional Park.

About 1,500 people donated over 16,000 hours of volunteer service to the Metro Regional Parks and Greenspaces department in fiscal year 2000. People were directly involved in improving and protecting parks and greenspaces in a variety of ways including leading nature trips, environmental monitoring, events support, habitat improvement, gardening and office activities.

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)

MERC manages the regional convention, trade and performing arts facilities. These facilities include the City of Portland owned Portland Center for the Performing Arts (PCPA) and Civic Stadium, and the Metro owned Oregon Convention Center (OCC) and Portland Metropolitan Exposition Center (Expo Center). This was the final year of MERC managing the operation of the Civic Stadium. The consolidation agreement between the City of Portland and Metro was amended, returning management of the Civic Stadium to the City of Portland effective July 1, 2000. The financial terms of this amendment provided for a fund balance to cover MERC's cost of stadium transition and closing expenses and funds to meet future PCPA capital needs.

The Civic Auditorium became the Keller Auditorium with recognition of a generous gift by the Richard B. Keller Family of $1.5 million. The donation, when received by MERC, will be used for capital renovation and maintenance at the auditorium. The gift is part of a capital campaign being run by Friends of the Performing Arts Center to improve the region's performing arts facilities. Private fundraising begun in the last two years bore fruit this year with the completion of the new 3,500 square foot Brunish Hall. The space had served as a large unfinished rehearsal hall for a decade. Two large private donations, received over two fiscal years, from the Brunish and Newmark families totaling $1 million were dedicated to complete this project.

Many capital improvement projects were completed in the PCPA theatres. These included upgrading the fire protection system in the New Theatre Building for code compliance, replacing 150 stage line sets in three theatres, and installing new house lighting and dimmer systems to reduce energy costs.

Construction began for the new Expo Center Exhibit Hall D in May 2000. Project kick-off ceremonies were held on April 19. This is Phase II of a multi-phase development plan to modernize the Expo Center. Phase II consists of replacing the former Hall D with a 112,000 square foot enhanced exhibit facility and will include parking lot revisions, new lighting and inclusion of significant landscape areas. The project is financed through a construction loan from the Oregon Economic and Community Development Department and will be repaid by enterprise revenues generated by the Expo Center. The estimated cost of Phase II is $15.8 million. Phase I incorporated the construction of Hall E, which was completed in March 1997 in time for the opening of the America's Smithsonian 150 Year Anniversary Traveling Exhibition.

In 1999, Metro, the City of Portland, Multnomah County, and the local lodging and car rental industries developed a plan to expand the Oregon Convention Center (OCC). The $116 million expansion will be financed primarily by a contribution to MERC from the City of Portland who will undertake the issuance of revenue bonds that will be repaid by visitors to our region through transient lodging and auto rental taxes levied by Multnomah County. In June 2000, financing of up to $10 million was pledged by Metro/MERC, and the City of Portland to continue working on design of the OCC expansion project. This financial commitment was crucial to keep the project on its tight schedule that calls for construction to begin in February 2001. The expansion is scheduled for completion in the Spring of 2003.

MERC entered into a new concessions/catering contract with Aramark/Giacometti for food and catering services at the MERC facilities. First year sales results were favorable, exceeding FY 1999 revenues by $1.3 million.

Organizational actions included implementation of MERC's Pay for Performance compensation plan. Under the plan, all compensation changes for non-represented, full-time employees are based on combination of facility performance, individual performance, and the ability of each facility to pay.

A new in-house ticketing software system was purchased and implemented this year for use at Expo and OCC. This system allows MERC to run its own ticketing services for general admission events to provide a higher level of service to building tenants and producers and increase ticket revenues. In addition, the automated ticketing services contracts for reserved-seating events expired this year and were put to bid. Automated ticketing services contracts are non-exclusive, and MERC signed new agreements with Ticket Master and Fastixx for three years effective April 2000. The new automated ticketing agreements call for MERC to increase its share of ticket service revenues.

The MERC facilities' principal revenue source is earned income generated by the use of the facilities. In addition, the OCC and PCPA are supported by a three percent hotel/motel tax levied in Multnomah County. The hotel/motel tax provided over $5.5 million in FY 2000, slightly higher than last fiscal year. In addition, the City of Portland provides $600,000 in support of the PCPA, of which $300,000 is designed to offset user fees for PCPA non-profit resident companies.

Although Expo events and event days were down from last fiscal year due to the loss of a 27-day RV parking-lot sale that occurred last fiscal year, attendance increased by 14,000 visitors, or two percent over last year (from 635,000 to 649,000).

PCPA logged a total of 1003 events. Attendance was up over last fiscal year, with just over 1 million people visiting the theatres in fiscal year 2000. PCPA booking and sales department exceeded its booking goals for commercial events. The sales staff increased commercial shows 30% over last fiscal year, securing a total of 176 shows compared to 135 shows booked last fiscal year. PCPA ticket services exceeded their revenue goal of $220,000 by producing $227,000 in sales revenues.

The OCC hosted a total of 453 events for the year. This compares to 400 events held last year, an increase of 13%. Attendance for the year was 556,142 people. This compares with total attendance last year of 580,000, a slight decrease of 4%. Revenue during the fiscal year of $14.4 million was the highest ever generated by OCC.

FUTURE PLANS

During fiscal year 2001, 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.

Metro's home rule charter stipulates that the agency's primary function is "planning and policy making to preserve and enhance the quality of life and the environment for ourselves and future generations." The primary revenue source for planning activities and Metro's only discretionary revenue source is Metro's excise tax – a tax on users of Metro's goods and services. Because 75% of all excise tax revenue comes from solid waste facilities, the anticipated business in this area is closely monitored. Recent forecasts project about a 1% increase in tonnage, and a continued flattening of excise tax revenues. This presents Metro a serious budgetary challenge in excise tax supported activities for fiscal year 2001.

The *Growth Management Services Department* work program for fiscal year 2001 will include: assistance in Urban Growth Boundary (UGB) amendment area planning; completion of final determination of need and processing legislative UGB amendments to comply with state legislative mandate for UGB expansion; assist in development of and reporting on performance measures for the Regional Framework Plan; complete regionally significant Goal 5 fish and wildlife habitat plan (riparian and upland); initiate stormwater/watershed management programs; participate in local implementation projects and leverage state and federal funds in 2040 mixed-use areas; assist local jurisdictions in complying with the Urban Growth Management Functional Plan. The Department's staff will be providing superior geographic information system products and services to Metro programs and storefront customers, while promoting a better understanding of Metro growth management programs.

In the coming year, the *Transportation Department* will: initiate the next 15-month update process of the MTIP; begin implementation of the RTP adopted in fiscal year 2000; develop and evaluate transportation alternatives within the Highway 217 Corridor; work with ODOT and local partners to evaluate transportation options within the I-5 Trade Corridor; develop and evaluate alternatives within the South/North Corridor and elsewhere in the region; work with local partners to set project priorities and seek funding alternatives and solutions; participate in advisory committees, interpret regional transportation policies for local implications, and review and comment on the local jurisdiction's Transportation System Plans. The department will also continue to encourage transit-oriented construction by the private sector of high-density housing and mixed-use projects that encourage increased transit use.

The *Regional Environmental Management Department* will be developing a consensus strategy regarding Metro's role in the rapidly changing solid waste system. The Department will continue to review the Regional System Fee credit program for effectiveness, and implement identified changes that are required to the program. REM will implement the hazardous waste and regional transfer station service plans and continue the Performance Indicators Program. In addition, the department will fully implement the latex paint processing facility in order to make the latex portion of the hazardous waste program financially self-sufficient. REM will continue to support existing local government residential and business waste reduction efforts through grants and technical assistance.

The *Oregon Zoo* opened the Steller Cove exhibit in summer 2000 and will open several smaller exhibits while striving to reach attendance in excess of 1,000,000 visitors. The Zoo will also increase the number of educational programs offered, while continuing the Zoo's capital replacement plan. The Zoo will increase service levels to enhance the Zoo's service to its customers and to provide educational opportunities to the citizens of the region.

The *Regional Parks and Greenspaces Department* will continue to provide natural history, environmental education and special events at the levels provided in fiscal year 2000 and pursue enhanced outside funding for these programs. In support of the Regional Framework Plan, the Department will continue development of a functional plan for Chapter 3 of the plan including system identification and development of protection strategies for regionally significant natural resources. The Department will continue to assist Growth Management Services with the development of Regional Goal 5 inventory and policies for protection of Goal 5 regional resources. The Department will continue land acquisition and capital improvements pursuant to Metro's Open Spaces Program, including continued construction of the second segment of the Peninsula Crossing Trail, and completion of construction projects at Howell Territorial Park, Oxbow Regional Park and the M. James Gleason Boat Ramp.

MERC's major objectives for fiscal year 2001 include capital expansion, increased marketing initiatives, and generation of additional revenues. Expo Center will focus on marketing the expanded capabilities that come on line with completion of the new Hall D in April 2001. MERC is developing a 10-year facility master plan for Expo Center, which is scheduled for approval by end of this calendar year, which will address Phase III development. PCPA efforts are focused on maximizing commercial event bookings, selling the new Brunish Hall, continuing partnership with Friends of PCPA to secure capital donations, and analyzing operational efficiencies. OCC will continue the expansion project with groundbreaking scheduled for February 2001 and completion set for March 2003.

The *Administrative Services Department (ASD)* will begin a systematic Process Improvement Program, working with Metro's vendors and customers to assess and improve its business processes to increase efficiency and customer satisfaction. This program is targeted for completion in fiscal year 2001-02.

The newly-formed *Information Technology Department* (ITD), formerly the Information Management Services Division of ASD, will continue to work with the Information Technology Steering Committee to consolidate its network operating systems, update Metro's computer security policies, and establish web protocols for Metro's web pages. ITD will continue to support Metro's *PeopleSoft* management information system and perform periodic upgrades to the system.

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. The operations of the MERC Component Unit are reported in a discrete column 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, 2000, and the results of operations and cash flows of such funds for the year then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

Metro budgets a total of 18 funds of which seven are governmental fund types, eight are reported in proprietary fund types and three are fiduciary fund types. One budgetary fund, the General Revenue Bond

Fund, is comprised of three components that are separated and combined with a governmental fund (Zoo Operating Fund) and two proprietary funds (Building Management Fund and MERC Operating Fund) to present the activities applicable to each facility in accordance with GAAP. The following bases of accounting are used for the respective funds:

Fund to which applied	Accounting Basis
* Governmental Fund Types: General Fund Special Revenue Funds Debt Service Fund Capital Projects Funds	Modified Accrual Basis
* Proprietary Fund Types: Enterprise Funds Internal Service Funds	Accrual Basis
* Fiduciary Fund Types: 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 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 Deferred Compensation 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, operating expenditures, 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 2C), 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 six budget amendments and two supplemental budgets during the fiscal year.

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 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.

Investment Income – Interest earned on investments and realized and unrealized gains and losses on the changes in fair value of 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 1999 are:

Revenue Source	Amount	Percent of Total	Change From FY 1999
Taxes	$32,137,808	53.4%	$ (800,431)
Intergovernmental	6,959,096	11.6%	(5,565,877)
Charges for Services	14,890,703	24.7%	2,318,717
Contributions and Donations	1,699,285	2.8%	362,193
Investment Income	4,518,795	7.5%	(1,770,268)
Miscellaneous	(546)	0.0%	(726,082)
Total	$60,205,141	100.0%	$(6,181,748)

Overall revenues in this category decreased 9.3% from the previous year. The major increases and decreases are:

- The decrease in taxes consists primarily of a decrease in property tax revenues of $1,121,810. Property taxes collected for debt service in the General Obligation Bond Debt Service Fund declined $1,491,193 reflecting lower debt service tax receipt requirements, primarily due to an over-collection in the prior fiscal year. Property tax revenues for Zoo operations increased $369,383 or 5.5% from the prior year. In addition, excise taxes on Metro's own services increased $321,379 or 4.3% from the prior year, primarily due to higher revenues in the Oregon Zoo, Regional Parks, Expo and OCC operations.
- The 44.5% decrease in intergovernmental revenue is composed of a decrease in federal, state and local grant funds of $5,580,546, primarily programs of the Transportation Department related to the

High Capacity Transit section, more specifically the completion of the grant funded planning work on the South/North Light Rail project.

- Charges for services revenues increased 18.4% from fiscal year 1999. UGB fees increased $108,764 in the Planning Fund due primarily to continued growth in the number of boundary adjustment hearings undertaken during the year. Contract revenue in the Planning Fund was down $671,268 from the prior year, due again to the completion of the South/North Light Rail planning work. Attendance at the Oregon Zoo increased 17.1% from fiscal year 1999, resulting in enterprise-related revenues increasing 23.2% or $1,958,630 over the prior year. Gains were shown in admissions ($844,828 or 26.6%), food services revenue ($602,668 or 19.5%), retail sales ($244,496 or 23.8%) and railroad rides ($143,198 or 34.0%). The Zoo's expanded catering program resulted in increased revenue for reimbursed services of $99,857, an increase of 507.9%. Enterprise revenues at Metro's Regional Parks increased $262,940, with gains in rental revenue (up $59,734) and contract revenue (up $209,327). Contract revenue includes revenue from the contracted operations of the Glendoveer Golf Course.
- Donations received for the Zoo Operating Fund increased $108,408, or 18.2%, from fiscal year 1999, whereas donations to the Zoo Capital Projects Fund increased $446,894. Donations are primarily received from the Oregon Zoo Foundation (OZF) which serves the Zoo in a fundraising capacity (see Note 22). For fiscal year 2000, OZF designated the funds towards the Center for Species Survival. Two large donations were received in the Zoo Capital Fund - $250,000 from the Meyer Memorial Trust dedicated to the Great Northwest Exhibit and $500,000 from the M. J. Murdock Charitable Trust for the Steller Cove aspect of this project. Donations received in the Regional Parks Fund decreased $1,861 from the prior year. The Planning Fund reflects a decrease solely related to a prior year donation of property in the TOD program.
- Investment income decreased $1,770,268 (28.1%) from fiscal year 1999, primarily due to lower investment balances as the various bonded capital projects continued to be completed. Interest income in these projects – in the Open Spaces Fund and Zoo Capital Fund - decreased $1,048,253 and $394,328, respectively.

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

Function	Amount	Percent of Total	Change From FY 1999
General government	$ 3,464,504	3.7%	$ 769,350
Zoo operations/development	17,981,708	19.2%	1,945,307
Regional planning/ development	10,683,715	11.4%	(6,295,451)
Recreation and development	8,390,587	8.9%	168,687
Capital outlay	33,626,613	35.8%	(2,323,173)
Debt service	19,710,657	21.0%	(204,364)
Total	$ 93,857,784	100.0%	$ (5,939,644)

Expenditures decreased 6.0% in fiscal year 2000 from the previous year. Some of the significant changes include:

- General government expenditures increased 28.6%. Expenditures for the Council and Office of the Executive Officer increased $141,904 and $708,632, respectively. The Council's Office of Public Outreach had expenditures of $137,464 for the year, a decrease of $7,928 from the prior year. Personal services costs increased $141,765 (18.8%) in the Council office due to increased Council staff support. Included in the increases of the Office of the Executive Officer were costs formerly accounted for in the Support Services Fund and transferred to the General Fund in fiscal year 2000, specifically, the Creative Services Division which accounted for $478,513 (67.5%) of this increase. Personal services costs in the Office of the Executive Officer also increased $75,966 with the addition of a Chief Operations Officer. The Office of Public and Government Relations, part of the Office of the Executive Officer, had expenditures of $441,734 in fiscal year 2000, accounting for an increase of $162,851 over the prior year. Special Appropriation expenditures were down $59,423 from the prior year, reflecting a reduction of $75,000 in contributions to the Regional Arts and Culture Council and an increase in election costs of $20,577 over fiscal year 1999.

- Zoo operations expenditures increased 12.1% during the year. This increase is primarily due to completion of the first two phases of the Great Northwest Exhibit and Zoo entrance, and the related cost of personnel and goods sold. Personal services costs across all Zoo divisions increased by $1,226,818 (13.5%), and materials and services expenditures were up 14.2% ($790,037) overall. All Zoo divisions reflected expenditure increases, led by Visitor Services (up $325,304 or 12.9% in personal services and up $193,251 or 10.6% in materials and services), Animal Management (up $345,969 or 15.0% in personal services and up $106,077 or 17.6% in materials and services) and Marketing (up $37,151 in personal services or 9.6% and up $357,275 or 46.2% in materials and services).

- Regional planning and development expenditures decreased 23.2% during fiscal year 2000. Materials and services expenditures dropped in the Transportation Department, reflecting a $5,550,971 (73.3%) decrease from the prior year, primarily in the High Capacity Transit area due to completion of the South/North Light rail planning project early in the year. The majority of this decrease ($3,972,955) was attributable to payments to other agencies under grant agreements, while an additional decrease of $460,859 occurred in contracted professional services on this project. TOD program purchases were down $976,142 from the prior year. Growth Management materials and services expenditures decreased 50.6% ($548,691). Personal services costs decreased in the Transportation Department 2.6% ($95,231), while Growth Management Services' personal services expenditures decreased 3.0% ($73,788).

- Overall, recreation and development expenditures increased by 8.9% from the prior year. Expenditures, primarily those for contributions made to other governments for approved local share projects funded by the Open Spaces program, remained relatively steady, declining only 0.1% from fiscal year 1999. Recreation and development expenditures for the Regional Parks Fund were up $174,410 or 4.4%. Regional Parks payroll costs were up 5.7% ($122,829), whereas materials and services expenditures dropped 3.8% ($44,130).

- Capital outlay reflects a decrease of 6.5% as construction of the Great Northwest Exhibit at the Oregon Zoo neared completion, resulting in expenditure decreases of $3,492,820 from the prior year in the Zoo Capital Fund. The Zoo Operating Fund reflected a decrease of $336,383 in capital outlay from the prior year, as well. Major acquisitions of open spaces continued during fiscal year 2000, accounting for an increase of $519,944. Capital outlay in the Regional Parks Fund increased by $1,082,520 over the prior year, attributable primarily to improvements at Oxbow Park, which approximated a total of $1.1 million for fiscal year 2000. Planning Fund capital outlay decreased $82,106 from fiscal year 1999.

PROPRIETARY OPERATIONS

Proprietary Fund operating revenues, exclusive of the MERC Component Unit, decreased 0.7% from fiscal year 1999 to a total of $66,971,884 for the fiscal year ended June 30, 2000. Operating expenses in the proprietary funds, exclusive of MERC, totaled $62,572,924, or a decrease of 3.7% from the prior year. The net income for the fiscal year ended June 30, 2000, was $1,819,653 compared to $1,387,070 in fiscal year 1999, an increase of 31.2%. Specific results by proprietary activity are discussed in further detail below.

Solid Waste Enterprise Fund
The solid waste enterprise operations accounted for 76.9% of proprietary revenues or $51.5 million, which was down 1.8% from the prior year. Tonnage processed at Metro facilities decreased 3.8% (27,151 tons) from fiscal year 1999. Charges for services revenues decreased $816,855 or 1.6%, primarily due to the lower tonnage processed. Operating expenses decreased 6.0% to a total of $48,736,648 for the fiscal year ended June 30, 2000. Payroll and fringe benefits increased 2.2% ($133,381) from fiscal year 1999. Expenses of operating the Metro South Transfer Station increased $212,842 (7.8%), whereas Metro Central Transfer Station operating costs decreased $38,148 (1.0%). Costs to transport waste to designated facilities decreased 11.7% ($1,131,120), and disposal costs decreased 17.2% ($3,238,703) as a result of negotiated price reductions for these two contracts (see Note 9). The resulting net income for the Solid Waste enterprise was $2,622,974 compared to net income of $1,392,707 in fiscal year 1999. Unreserved retained earnings, at June 30, 2000, was increased to $37,965,102.

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 $15,441,240 for the fiscal year ended June 30, 2000, which was an increase of 9.8% from fiscal year 1999. Operating expenses increased $674,526 or 5.1% from the prior year. The funds had a net loss of $803,321 for the fiscal year ended June 30, 2000, compared to a net loss of $5,637 in fiscal year 1999. The Support Services Fund accounted for $727,374 of the net loss for fiscal year 2000.

Building Management Fund. Revenues, composed primarily of receipts in lieu of rent from Metro departments, were down $45,196 from 1999. Operating expenses decreased 9.3% ($125,696). The *Building Management Fund* ended the fiscal year with a net loss of $9,500, increasing the deficit in retained earnings to $1,121,784. This deficit will be reduced over the long-term operations of the fund as interest payments on debt are reduced and payments on principal increase.

Support Services Fund. Charges for services revenues increased 0.8% ($59,283) from the prior year, while operating expenses decreased 7.5% ($595,376). Operating expenses of the fund include accounting, financial planning, budget, information systems, legal, human resources, Office of the Auditor, and other administrative services costs. During fiscal year 2000, the decreased operating expenses were primarily attributable to a decrease of $284,822 (6.8%) in the Administrative Services Department's personal services costs and a reduction in vacation accruals of $159,091. Depreciation charges also declined $127,524. Costs increased in the Office of General Counsel ($16,702, up 2.4%), Office of the Auditor ($34,278,up 8.6%), and Office of Citizen Involvement ($3,933, up 8.0%). Support Services Fund operating expenses were 4.0% of total operating expenses and expenditures for Metro in fiscal year 2000, compared to 6.8% in fiscal year 1999.

Risk Management Fund. During fiscal year 2000, charges for services revenue increased 19.0% ($722,342) over the prior year. Operating expenses increased $1,395,598 (36.5%) due, primarily, to the fund now managing health and welfare benefits for all Metro departments. Net loss for the year was $66,447, compared to a net income of $51,216 in the prior year.

Component Unit - MERC Enterprise Fund

The MERC managed *MERC Enterprise Fund* had an increase in operating revenue of $3,518,549 or 13.7%. Local government shared revenue, consisting of hotel/motel taxes within Multnomah County, increased 4.7% ($272,309) during fiscal year 2000. Charges for services increased $2,821,377, which was a gain of 15.1% over the prior year (see below). Operating expenses increased $2,000,199 (7.2%) over fiscal year 1999. Payroll and fringe benefit expenses increased $645,292 (6.1%) over the prior year. Marketing expenses were up $58,363 (2.5%), and MERC operating expenses dropped $238,808 (4.4%) from the prior year. The net loss for fiscal year 2000 was $1,093,641, compared to a net loss of $2,031,986 in the prior year (including non-operating expenses for assets contributed to the City of Portland of $1,054,720 and $872,908 in each year, respectively). Retained earnings at June 30, 2000 was $28.4 million.

Oregon Convention Center charges for services increased 15.7% ($1,347,748), as OCC continued to experience near-capacity business. *Expo Center* charges for services were up $682,637 (17.2%) and operating revenues reached $4,655,871 as business at the new Hall D continued to grow. *Civic Stadium* charges for services were up $182,169 (9.0%) in the final year of operation under MERC. *PCPA* revenues reached over $7.2 million. Operating expenses for the year were approximately $450,000 higher than the prior year, totaling $6.3 million as a result of servicing over 1000 events for over one million visitors in fiscal year 2000.

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 coverage for bodily injury, personal injury or property damage of third parties resulting from the negligence of Metro or its employees. 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. Metro is fully insured through SAIF Corporation for workers' compensation coverage. Health and Welfare benefits are provided by third party benefit providers under contracts managed by Risk Management. The fund also covers self-insured unemployment claims. An actuarial valuation, as of June 30, 2000, was performed in October 2000 to determine estimates of liabilities for unpaid claims.

The *Risk and Contracts Management Division* of the Administrative Services Department has responsibility in five areas: *insurance administration, benefits administration, risk assessment, emergency management* and *safety*. All activities under health and welfare contracts, workers compensation, liability and property insurance are accounted for in the Risk Management Fund, which receives payments from operating departments for the services provided to them by the Fund. Risk Management takes an active role in identifying, evaluating and reducing risks to Metro. The division provides instruction to employees to promote safe behavior and helps make Metro facilities safe places 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 Oregon Zoo, and exclude the fixed assets of the Enterprise and Internal Service Funds. Also excluded are certain fixed assets used by MERC's Enterprise Fund, the Civic Stadium and PCPA components, as title to the assets remains with the City of Portland under the terms of an intergovernmental agreement. The Civic Stadium and PCPA fixed assets can be found in the City of Portland Comprehensive Annual Financial Report. As of June 30, 2000, the general fixed assets of Metro amount to $185,179,589. 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 bank information and detailed internal data to manage the investment program.

Metro's investment transactions are governed by an 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 forwarded to the Metro Council.

Investment income on all funds under Metro's management, exclusive of the Deferred Compensation Fund, was $8,089,479 for the fiscal year ended June 30, 2000, inclusive of the effects of realized and unrealized gains and losses resulting from valuing investments at fair value as required by GASB Statement 31. This compares to $10,547,041 for fiscal year 1999, with the decrease resulting primarily from lower cash and investment balances related to Open Spaces and Zoo Great Northwest project bond proceeds, which are being spent down as the projects continue. The average yield earned on Metro's pooled cash investments rose with the market in fiscal year 2000, from a low of 5.101% in July 1999, to a high of 6.129% in June 2000. The average yield for the year was 5.645%. The pooled cash portfolio does not include bond related investments, which are restricted in terms of maturity and yield. At June 30, 2000, the yield on the pooled cash portfolio was 6.129 % compared to 5.81% for three-month treasury bills and 6.332% for the State of Oregon's Local Government Investment Pool.

The investments are displayed in Note 5 to the financial statements disclosing fair 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, 2000, Metro had a total of seven bond issues outstanding for a total of $249,135,318. These issues included $195,329,198 of general obligation bonds and $53,806,120 of revenue bonds. The general obligation bonds are accounted for in the General Long-Term Debt Account Group. The principal amount of revenue bonds payable are reported on the balance sheet net of $288,447 in unamortized costs and discount, $964,345 in deferred amount on refunding, and $2,999,544 in unamortized accretion.

During fiscal year 2000 Metro did not issue any additional bonds.

At June 30, 2000, Metro had general government loans payable of $4,595,148. Metro received no additional loan proceeds during the year. The loans were obtained from the Oregon Economic and Community Development Department for construction of parking lot improvements and related equipment at the Washington Park (Oregon Zoo) parking lot. 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%; $2,723,000 was borrowed against this loan in prior years. A second loan bears a true interest cost of 5.44%; $2,217,000 has been borrowed against this loan.

The total outstanding net general bonded debt at June 30, 2000, was $183,799,227, as compared with $190,321,671 at June 30, 1999. The ratio of net bonded debt to assessed valuation decreased from the prior year by 0.02% to 0.24% at June 30, 2000. 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, 2000, Metro's general obligation debt of $195,329,198 was well below the legal limit of $10,514,745,082.

In accordance with IRS regulations, Metro is required to periodically pay a rebate on arbitrage earnings for certain bond issues. As of June 30, 2000, Metro has calculated arbitrage payable to the federal government of $377,474.

A memorandum of understanding provides that a planned expansion of the Oregon Convention Center will be financed by bonds issued by the City of Portland and repaid by lodging and car rental taxes collected by Multnomah County. Therefore, this debt will not be an obligation of Metro when issued. The asset will be owned by Metro.

In 2000, 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 audited and have received an unqualified report from Deloitte & Touche 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, 1999. This was the eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

As a final note, we wish to acknowledge the hard work of the employees in the Accounting Services Division of the Administrative Services Department who assisted in the preparation of this report and completed this effort in a very efficient and timely manner. We especially acknowledge the efforts of Karla Lenox, CPA, Financial Reporting and Control Supervisor, for her efforts and dedication in the preparation of this report. We wish to acknowledge the professional and technical assistance of the audit staff of Deloitte & Touche LLP. 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

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, 1999

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.

Government Finance Officers Association of the United States and Canada Corporation SEAL Chicago

President

Executive Director

GFOA award

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A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Elected Officials

Executive Officer

Mike Burton
Term expires Dec. 31, 2002

Auditor

Alexis Dow, CPA
Term expires Dec. 31, 2002

Councilors

Presiding Officer
David Bragdon
Council District 7
Term expires Dec. 31, 2002

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

Rod Park
Council District 1
Term expires Dec. 31, 2002

Bill Atherton
Council District 2
Term expires Dec. 31, 2002

Jon Kvistad
Council District 3
Term expires Dec. 31, 2000

Susan McLain
Council District 4
Term expires Dec. 31, 2002

Rod Monroe
Council District 6
Term expires Dec. 31, 2000

Appointed Officials

Bruce Warner
Chief Operating Officer

Jennifer Sims
Director of Administrative Services/
Chief Financial Officer

Daniel B. Cooper
General Counsel

Andrew Cotugno
Director of Transportation and
Acting Director of Growth
Management Services

Tony Vecchio
Director of the Oregon Zoo

Terry Petersen
Director of Regional
Environmental Management

Charles S. Ciecko
Director of Regional Parks and
Greenspaces

Mark Williams
General Manager, Metropolitan
Exposition-Recreation Commission

Lilly Aguilar
Director of Human Resources

David Biedermann
Director of Information Technology

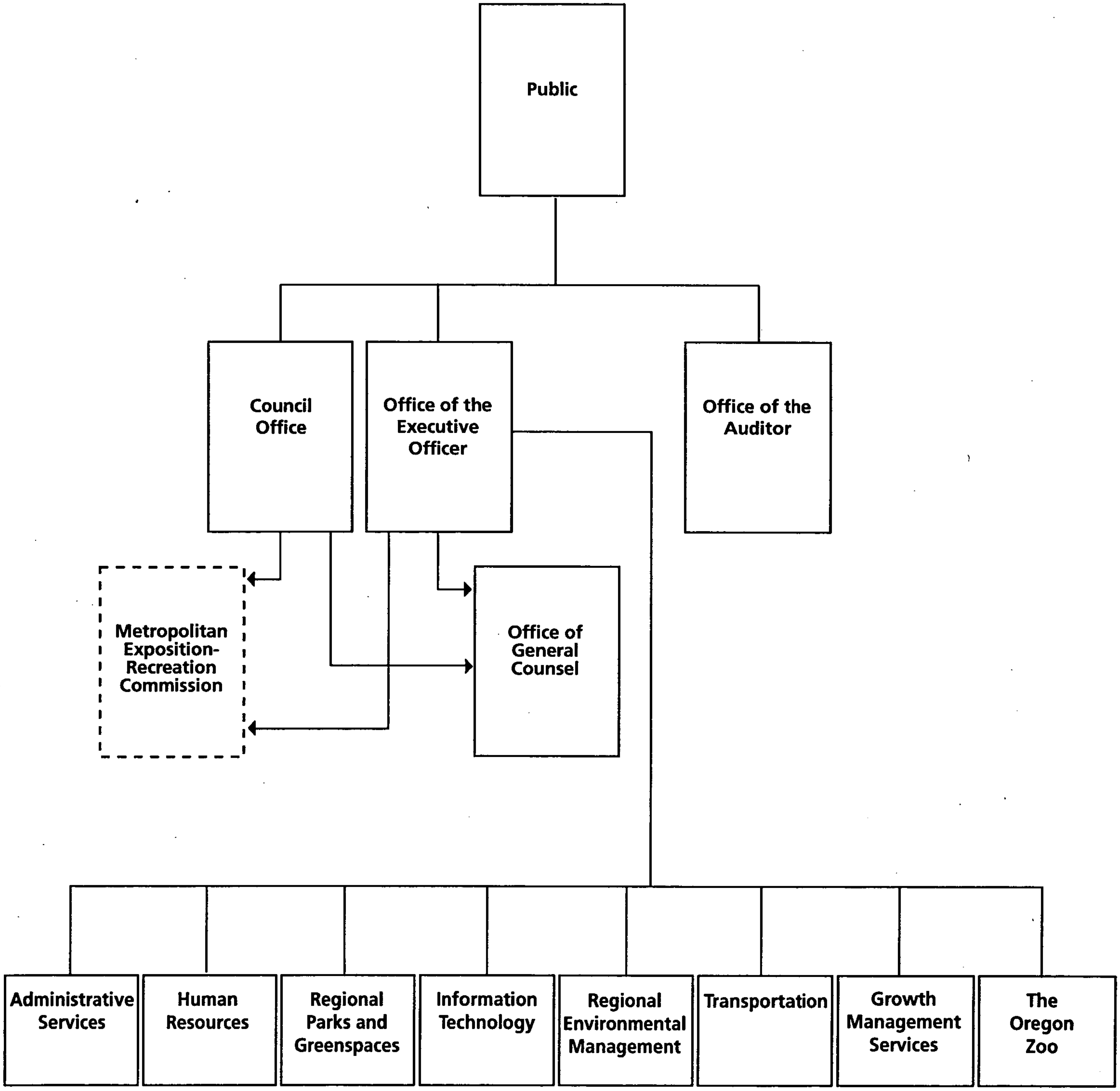
Registered Agent

Jeff Stone

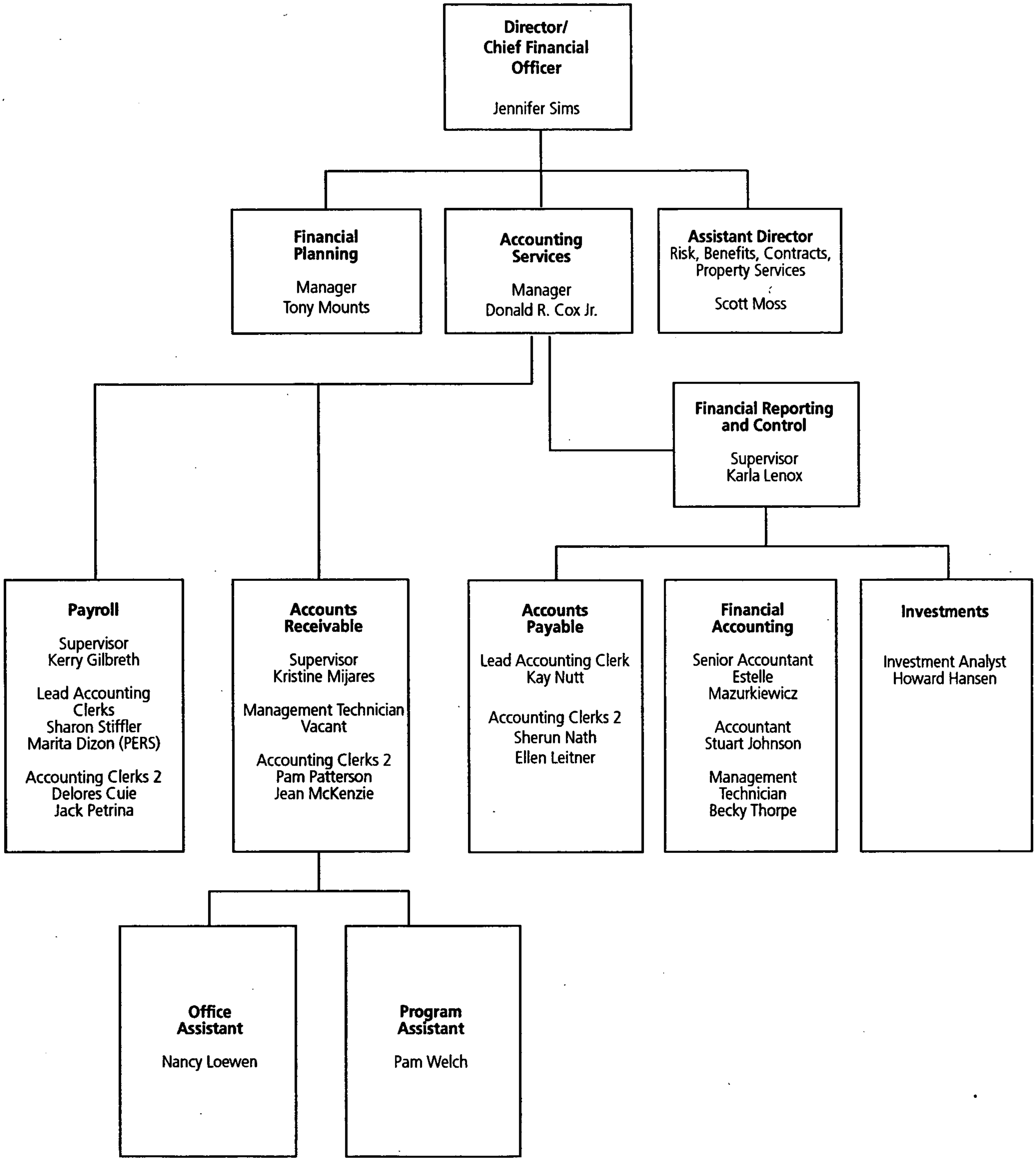
Address of Registered and Administrative Office

600 NE Grand Ave.
Portland, OR 97232-2736

Metro Organization Structure



Administrative Services Department and Accounting Services Division



600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1891 | FAX 503 797 1831

METRO

OFFICE OF THE AUDITOR

November 22, 2000

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 Deloitte & Touche 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 Deloitte & Touche LLP on Metro's general purpose financial statements as of and for the year ended June 30, 2000.

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, 2000, have been issued under separate cover.

Respectfully submitted,

Alexis Dow

Alexis Dow, CPA
Metro Auditor

Deloitte & Touche LLP
Suite 3900
111 S.W. Fifth Avenue
Portland, Oregon 97204-3642

Tel: (503) 222-1341
Fax: (503) 224-2172
www.us.deloitte.com

Deloitte & Touche

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of Metro as of June 30, 2000, and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of Metro. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such general purpose financial statements present fairly, in all material respects, the financial position of Metro at June 30, 2000, the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

The statistical data on pages 99-115 is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of Metro. Such additional information has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, accordingly, we express no opinion on it.

Deloitte
Touche
Tohmatsu

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2000 on our consideration of Metro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

DELOITTE & TOUCHE LLP

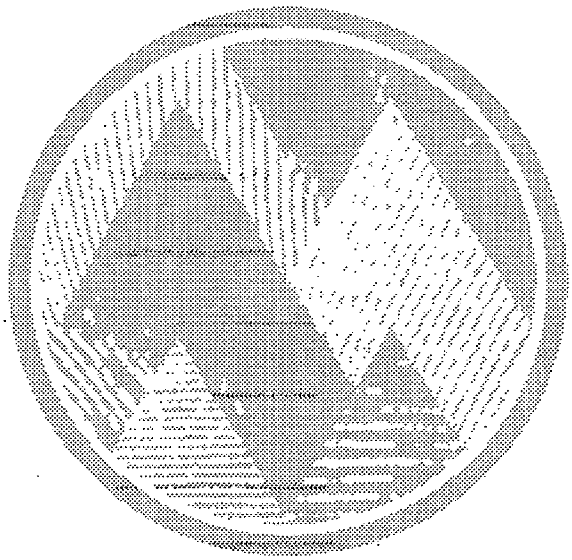
By Donald P. Riggs

Donald P. Riggs, Partner

November 22, 2000

General Purpose Financial Statements

"Liftable" combined financial statements



METRO

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

June 30, 2000

		Governmental Fund Types				Proprietary Fund Types	
		General	Special Revenue	Debt Service	Capital Projects	Solid Waste Enterprise	Internal Service
Assets and Other Debits:							
Assets:							
Equity in internal cash and investment pool	$	748,788	19,203,852	2,921,195	1,274,916	27,203,966	10,898,275
Investments		-	-	8,465,580	47,050,445	4,254,822	-
Investments: deferred compensation		-	-	-	-	-	-
Receivables (net of allowance for uncollectibles):							
Property taxes		-	415,392	1,053,792	-	-	-
User and disposal fees		-	-	-	-	4,391,649	-
Trade		2,852	672,958	-	6,715	-	12,221
Other		242,427	47	-	-	1,031,655	-
Interest		21,109	174,450	30,372	398,713	346,008	109,420
Federal grants		-	1,413,109	-	-	-	-
State and local grants/contracts		-	256,087	-	-	-	-
Inventory of materials and supplies		-	347,201	-	-	-	-
Prepaid items		3,267	-	-	-	5,618,419	-
Interfund receivable-component unit		-	-	-	-	987,158	-
Other assets		-	109,480	-	-	28,000	5,052
Restricted assets:							
Equity in internal cash and investment pool		-	-	-	-	8,367,208	-
Investments		-	-	-	-	-	2,328,738
Loans receivable		-	-	-	-	5,000,000	-
Fixed assets, net		-	-	-	-	31,620,946	18,987,000
Other debits:							
Amount available for debt service		-	-	-	-	-	-
Amount to be provided for retirement of general long-term debt		-	-	-	-	-	-
Total assets and other debits	$	1,018,443	22,592,576	12,470,939	48,730,789	88,849,831	32,340,706

Fiduciary Fund Types	Account Groups		Total (memorandum only) -	Component Unit Proprietary Fund Type	Total (memorandum only) -
Expendable Trust	General Fixed Assets	General Long-term Debt	Primary Government	MERC Enterprise	Reporting Entity
6,279,535	-	-	68,530,527	13,165,775	81,696,302
-	-	-	59,770,847	50,000	59,820,847
28,064,767	-	-	28,064,767	-	28,064,767
-	-	-	1,469,184	-	1,469,184
-	-	-	4,391,649	-	4,391,649
-	-	-	694,746	636,926	1,331,672
542,196	-	-	1,816,325	2,195,556	4,011,881
59,854	-	-	1,139,926	123,115	1,263,041
-	-	-	1,413,109	-	1,413,109
-	-	-	256,087	-	256,087
-	-	-	347,201	165,456	512,657
-	-	-	5,621,686	411,354	6,033,040
-	-	-	987,158	-	987,158
60,052	-	-	202,584	18,469	221,053
-	-	-	8,367,208	6,530,724	14,897,932
-	-	-	2,328,738	-	2,328,738
-	-	-	5,000,000	-	5,000,000
-	185,179,589	-	235,787,535	97,403,921	333,191,456
-	-	11,529,971	11,529,971	-	11,529,971
-	-	189,953,482	189,953,482	-	189,953,482
35,006,404	185,179,589	201,483,453	627,672,730	120,701,296	748,374,026

(Continued)

METRO

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

June 30, 2000

		Governmental Fund Types				Proprietary Fund Types	
Liabilities, Fund Equity and Other Credits:		General	Special Revenue	Debt Service	Capital Projects	Solid Waste Enterprise	Internal Service
Liabilities:							
Accounts payable	$	127,941	1,872,549	-	437,222	2,356,401	508,444
Salaries, withholdings and payroll taxes payable		116,537	1,027,056	-	62,540	317,656	287,792
Accrued self-insurance claims		-	-	-	-	-	669,181
Contracts payable		-	51,124	-	-	-	-
Accrued interest payable		-	-	-	-	315,858	505,140
Deferred revenue		-	369,325	940,968	-	-	-
Unearned grant/contract revenue		-	3,348,539	-	-	-	-
Deposits payable		-	155,236	-	-	-	-
Interfund payable-primary government		-	-	-	-	-	-
Other liabilities		-	-	-	-	-	6,711
Payable from restricted assets:							
Contracts payable		-	-	-	-	98,204	-
Arbitrage payable		-	-	-	-	15,457	-
Post-closure costs payable		-	-	-	-	6,607,381	-
Bonds payable (net of unamortized discount and deferred amount on refunding)		-	-	-	-	25,698,784	21,479,727
Loans payable		-	-	-	-	-	190,412
Obligations under capital leases		-	-	-	-	-	103,990
Liability for compensated absences		-	-	-	-	327,918	301,972
Total liabilities		244,478	6,823,829	940,968	499,762	35,737,659	24,053,369
Fund equity and other credits:							
Contributed capital, net		-	-	-	-	831,773	-
Retained earnings:							
Reserved for prepaid items		-	-	-	-	5,618,419	-
Reserved for debt service		-	-	-	-	1,447,207	-
Reserved for renewal and replacement		-	-	-	-	7,249,671	-
Unreserved		-	-	-	-	37,965,102	8,287,337
Fund balances:							
Reserved for debt service		-	-	11,529,971	-	-	-
Reserved for deferred compensation benefits		-	-	-	-	-	-
Unreserved		773,965	15,768,747	-	48,231,027	-	-
Other credits-							
Investment in general fixed assets		-	-	-	-	-	-
Total fund equity and other credits		773,965	15,768,747	11,529,971	48,231,027	53,112,172	8,287,337
Total liabilities, fund equity and other credits	$	1,018,443	22,592,576	12,470,939	48,730,789	88,849,831	32,340,706

See accompanying notes to general purpose financial statements.

Fiduciary Fund Types: Expendable Trust	Account Groups: General Fixed Assets	Account Groups: General Long-term Debt	Total (memorandum only) - Primary Government	Component Unit: Proprietary Fund Type: MERC Enterprise	Total (memorandum only) - Reporting Entity
96,052	-	-	5,398,609	2,805,784	8,204,393
4,844	-	-	1,816,425	603,702	2,420,127
-	-	-	669,181	-	669,181
-	-	-	51,124	1,000	52,124
-	-	-	820,998	273,934	1,094,932
40,000	-	-	1,350,293	-	1,350,293
-	-	-	3,348,539	3,052,273	6,400,812
-	-	-	155,236	816,288	971,524
-	-	-	-	987,158	987,158
-	-	-	6,711	675	7,386
-	-	-	98,204	-	98,204
-	-	377,474	392,931	-	392,931
-	-	-	6,607,381	-	6,607,381
-	-	195,329,198	242,507,709	-	242,507,709
-	-	4,595,148	4,785,560	2,913,501	7,699,061
-	-	160,000	263,990	195,803	459,793
-	-	1,021,633	1,651,523	370,209	2,021,732
140,896	-	201,483,453	269,924,414	12,020,327	281,944,741
-	-	-	831,773	80,324,965	81,156,738
-	-	-	5,618,419	-	5,618,419
-	-	-	1,447,207	-	1,447,207
-	-	-	7,249,671	5,184,174	12,433,845
-	-	-	46,252,439	23,171,830	69,424,269
-	-	-	11,529,971	-	11,529,971
28,627,015	-	-	28,627,015	-	28,627,015
6,238,493	-	-	71,012,232	-	71,012,232
-	185,179,589	-	185,179,589	-	185,179,589
34,865,508	185,179,589	-	357,748,316	108,680,969	466,429,285
35,006,404	185,179,589	201,483,453	627,672,730	120,701,296	748,374,026

METRO

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

For the year ended June 30, 2000

	Governmental Fund Types				Fiduciary Fund Type	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Total (memorandum only)
Revenues:						
Property taxes	$ -	7,106,671	17,304,295	-	-	24,410,966
Excise taxes	7,726,842	-	-	-	-	7,726,842
Grants:						
Federal	-	5,187,505	-	10,000	-	5,197,505
State and local	-	1,336,291	-	-	-	1,336,291
Local government shared revenues	-	397,500	-	-	-	397,500
Government contributions	-	27,800	-	-	5,000	32,800
Charges for services	73	14,890,630	-	-	53,484	14,944,187
Rehabilitation, enhancement and end use fees	-	-	-	-	409,275	409,275
Investment income	38,957	807,224	271,518	3,401,096	4,705,017	9,223,812
Contributions and donations	-	712,328	-	986,957	5	1,699,290
Employee contributions	-	-	-	-	1,596,624	1,596,624
Miscellaneous	601	(2,417)	-	1,270	423	(123)
Total revenues	7,766,473	30,463,532	17,575,813	4,399,323	6,769,828	66,974,969
Expenditures:						
Current:						
General government operations	3,464,504	-	-	-	-	3,464,504
Zoo operations and development	-	17,981,708	-	-	-	17,981,708
Regional planning and development	-	10,683,715	-	-	-	10,683,715
Recreation and development	-	4,162,958	-	4,227,629	19,330	8,409,917
Rehabilitation and enhancement	-	-	-	-	742,897	742,897
Deferred compensation	-	-	-	-	888,584	888,584
Capital outlay	-	2,074,364	-	31,552,249	-	33,626,613
Debt service	-	608,533	19,102,124	-	-	19,710,657
Total expenditures	3,464,504	35,511,278	19,102,124	35,779,878	1,650,811	95,508,595
Revenues over (under) expenditures	4,301,969	(5,047,746)	(1,526,311)	(31,380,555)	5,119,017	(28,533,626)
Other financing sources (uses):						
Loan proceeds	-	46,973	-	-	-	46,973
Operating transfers in	1,371,165	5,226,523	-	-	-	6,597,688
Operating transfers out	(5,343,523)	-	-	-	-	(5,343,523)
Total other financing sources (uses)	(3,972,358)	5,273,496	-	-	-	1,301,138
Revenues and other sources over (under) expenditures and other uses	329,611	225,750	(1,526,311)	(31,380,555)	5,119,017	(27,232,488)
Fund balances - July 1, 1999	444,354	15,542,997	13,056,282	79,611,582	29,746,491	138,401,706
Fund balances - June 30, 2000	$ 773,965	15,768,747	11,529,971	48,231,027	34,865,508	111,169,218

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, 2000

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Revenues:						
Property taxes	$ -	-	-	7,077,529	7,106,671	29,142
Excise taxes	7,834,528	7,726,842	(107,686)	-	-	-
Grants:						
Federal	-	-	-	12,160,754	5,187,505	(6,973,249)
State and local	-	-	-	1,892,448	1,336,291	(556,157)
Local government shared revenues	-	-	-	617,000	397,500	(219,500)
Government contributions	-	-	-	30,300	27,800	(2,500)
Charges for services	-	73	73	12,660,235	13,506,674	846,439
Investment income	60,000	38,957	(21,043)	664,520	807,224	142,704
Contributions and donations	-	-	-	1,103,841	712,328	(391,513)
Miscellaneous	500	601	101	1,337,084	(2,417)	(1,339,501)
Total revenues	7,895,028	7,766,473	(128,555)	37,543,711	29,079,576	(8,464,135)
Expenditures:						
Current:						
General government operations	3,070,210	2,573,219	496,991	-	-	-
Zoo operations and development	-	-	-	17,632,639	16,656,551	976,088
Regional planning and development	-	-	-	17,027,607	8,477,894	8,549,713
Recreation and development	-	-	-	4,298,999	3,406,569	892,430
Contingency	160,615	-	160,615	917,665	-	917,665
Capital outlay	-	-	-	4,274,911	2,074,364	2,200,547
Debt service	-	-	-	1,597,788	608,533	989,255
Total expenditures	3,230,825	2,573,219	657,606	45,749,609	31,223,911	14,525,698
Revenues over (under) expenditures	4,664,203	5,193,254	529,051	(8,205,898)	(2,144,335)	6,061,563
Other financing sources (uses):						
Loan proceeds	-	-	-	846,000	46,973	(799,027)
Capital lease proceeds	-	-	-	490,000	-	(490,000)
Operating transfers in	1,642,792	1,371,165	(271,627)	8,643,093	7,042,537	(1,600,556)
Operating transfers out	(6,863,972)	(6,234,808)	629,164	(5,146,769)	(4,719,425)	427,344
Total other financing sources (uses)	(5,221,180)	(4,863,643)	357,537	4,832,324	2,370,085	(2,462,239)
Revenues and other sources over (under) expenditures and other uses	(556,977)	329,611	886,588	(3,373,574)	225,750	3,599,324
Fund balances - July 1, 1999	556,977	435,036	(121,941)	13,589,220	15,484,315	1,895,095
Prior Period Adjustment	-	9,318	9,318	-	58,682	58,682
Fund balances - July 1, 1999 (Restated)	556,977	444,354	(112,623)	13,589,220	15,542,997	1,953,777
Fund balances - June 30, 2000	$ -	773,965	773,965	10,215,646	15,768,747	5,553,101

See accompanying notes to general purpose financial statements.

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)
17,099,091	17,304,295	205,204	-	-	-	-	-	-	24,176,620	24,410,966	234,346
-	-	-	-	-	-	-	-	-	7,834,528	7,726,842	(107,686)
-	-	-	272,000	10,000	(262,000)	-	-	-	12,432,754	5,197,505	(7,235,249)
-	-	-	-	-	-	-	-	-	1,892,448	1,336,291	(556,157)
-	-	-	-	-	-	-	-	-	617,000	397,500	(219,500)
-	-	-	500,000	-	(500,000)	5,000	5,000	-	535,300	32,800	(502,500)
-	-	-	-	-	-	50,500	53,484	2,984	12,710,735	13,560,231	849,496
467,000	271,518	(195,482)	3,780,189	3,401,096	(379,093)	339,514	301,220	(38,294)	5,311,223	4,820,015	(491,208)
-	-	-	500,000	986,957	486,957	-	5	5	1,603,841	1,699,290	95,449
-	-	-	-	1,270	1,270	-	423	423	1,337,584	(123)	(1,337,707)
17,566,091	17,575,813	9,722	5,052,189	4,399,323	(652,866)	395,014	360,132	(34,882)	68,452,033	59,181,317	(9,270,716)
-	-	-	-	-	-	-	-	-	3,070,210	2,573,219	496,991
-	-	-	-	-	-	-	-	-	17,632,639	16,656,551	976,088
-	-	-	-	-	-	905,396	675,645	229,751	17,933,003	9,153,539	8,779,464
-	-	-	11,430,323	5,505,930	5,924,393	30,000	15,330	14,670	15,759,322	8,927,829	6,831,493
-	-	-	25,473,882	-	25,473,882	323,647	-	323,647	26,875,809	-	26,875,809
-	-	-	37,273,182	28,777,083	8,496,099	-	-	-	41,548,093	30,851,447	10,696,646
19,102,124	19,102,124	-	-	-	-	-	-	-	20,699,912	19,710,657	989,255
19,102,124	19,102,124	-	74,177,387	34,283,013	39,894,374	1,259,043	690,975	568,068	143,518,988	87,873,242	55,645,746
(1,536,033)	(1,526,311)	9,722	(69,125,198)	(29,883,690)	39,241,508	(864,029)	(330,843)	533,186	(75,066,955)	(28,691,925)	46,375,030
-	-	-	-	-	-	-	-	-	846,000	46,973	(799,027)
-	-	-	-	-	-	-	-	-	490,000	-	(490,000)
-	-	-	-	-	-	454,892	409,275	(45,617)	10,740,777	8,822,977	(1,917,800)
-	-	-	(2,602,576)	(1,496,865)	1,105,711	(89,477)	(71,252)	18,225	(14,702,794)	(12,522,350)	2,180,444
-	-	-	(2,602,576)	(1,496,865)	1,105,711	365,415	338,023	(27,392)	(2,626,017)	(3,652,400)	(1,026,383)
(1,536,033)	(1,526,311)	9,722	(71,727,774)	(31,380,555)	40,347,219	(498,614)	7,180	505,794	(77,692,972)	(32,344,325)	45,348,647
13,200,000	13,046,243	(153,757)	72,797,864	79,596,051	6,798,187	6,218,978	6,209,573	(9,405)	106,363,039	114,771,218	8,408,179
-	10,039	10,039	-	15,531	15,531	-	21,740	21,740	-	115,310	115,310
13,200,000	13,056,282	(143,718)	72,797,864	79,611,582	6,813,718	6,218,978	6,231,313	12,335	106,363,039	114,886,528	8,523,489
11,663,967	11,529,971	(133,996)	1,070,090	48,231,027	47,160,937	5,720,364	6,238,493	518,129	28,670,067	82,542,203	53,872,136

METRO

Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types and Discretely Presented Component Unit

For the year ended June 30, 2000

	Proprietary Fund Types		Total (memorandum only) -	Component Unit	Total (memorandum only) -
	Solid Waste Enterprise	Internal Service	Primary Government	MERC Enterprise	Reporting Entity
Operating revenues:					
State and local grants	$ 5,691	-	5,691	-	5,691
Local government shared revenue	-	-	-	5,546,588	5,546,588
Government contributions	-	-	-	600,000	600,000
Charges for services	51,493,740	14,787,143	66,280,883	21,550,648	87,831,531
Contributions and donations	-	-	-	1,566,972	1,566,972
Miscellaneous	31,213	654,097	685,310	(23,074)	662,236
Total operating revenues	51,530,644	15,441,240	66,971,884	29,241,134	96,213,018
Operating expenses:					
Payroll and fringe benefits	6,328,166	5,482,317	11,810,483	11,321,225	23,131,708
Metro South Station operating expenses	2,938,013	-	2,938,013	-	2,938,013
Metro Central Station operating expenses	3,751,951	-	3,751,951	-	3,751,951
Waste transport costs	8,555,291	-	8,555,291	-	8,555,291
Recycling credits	676,358	-	676,358	-	676,358
Disposal fees	15,537,083	-	15,537,083	-	15,537,083
MERC operating expense	-	-	-	5,136,333	5,136,333
Marketing expense	-	-	-	2,371,792	2,371,792
Concessions expense	-	-	-	7,308,441	7,308,441
Depreciation and amortization	1,257,328	856,665	2,113,993	3,460,200	5,574,193
Rent and payments in lieu of rent	373,788	567,104	940,892	-	940,892
Administrative expenses paid to Support Services Fund	2,202,172	-	2,202,172	-	2,202,172
Payments to Planning Fund for services	361,516	-	361,516	-	361,516
Insurance expense	103,484	4,306,556	4,410,040	-	4,410,040
Claims expense	-	595,690	595,690	-	595,690
Purchased professional/technical services	-	71,838	71,838	-	71,838
Payment of rehabilitation fees	407,046	-	407,046	-	407,046
Consulting services	2,092,744	-	2,092,744	-	2,092,744
Waste reduction grants	972,350	-	972,350	-	972,350
Payments to other governments	702,961	485,752	1,188,713	-	1,188,713
Other materials and services	2,476,397	1,470,354	3,946,751	-	3,946,751
Total operating expenses	48,736,648	13,836,276	62,572,924	29,597,991	92,170,915

(Continued)

METRO

Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types and Discretely Presented Component Unit, Continued

For the year ended June 30, 2000

	Proprietary Fund Types		Total (memorandum only) -	Component Unit	Total (memorandum only) -
	Solid Waste Enterprise	Internal Service	Primary Government	MERC Enterprise	Reporting Entity
Operating income (loss)	$ 2,793,996	1,604,964	4,398,960	(356,857)	4,042,103
Non-operating revenues (expenses):					
Investment income	1,799,459	561,770	2,361,229	908,235	3,269,464
Contributions to other governments	-	-	-	(1,054,720)	(1,054,720)
Interest expense	(1,467,508)	(1,344,868)	(2,812,376)	(335,512)	(3,147,888)
Loss on adjustment/disposal of fixed assets	(502,973)	(371,022)	(873,995)	(254,787)	(1,128,782)
Total non-operating revenues (expenses)	(171,022)	(1,154,120)	(1,325,142)	(736,784)	(2,061,926)
Income (loss) before operating transfers	2,622,974	450,844	3,073,818	(1,093,641)	1,980,177
Operating transfers in-primary government	-	492,000	492,000	-	492,000
Operating transfers out-primary government	-	(1,746,165)	(1,746,165)	-	(1,746,165)
Net income (loss)	2,622,974	(803,321)	1,819,653	(1,093,641)	726,012
Depreciation on fixed assets that reduces contributed capital	31,623	-	31,623	3,440,832	3,472,455
Increase (decrease) in retained earnings	2,654,597	(803,321)	1,851,276	2,347,191	4,198,467
Retained earnings - July 1, 1999	49,625,802	9,090,658	58,716,460	26,008,813	84,725,273
Retained earnings - June 30, 2000	$ 52,280,399	8,287,337	60,567,736	28,356,004	88,923,740

See accompanying notes to general purpose financial statements.

METRO

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

For the year ended June 30, 2000

	Proprietary Fund Types: Solid Waste Enterprise	Proprietary Fund Types: Internal Service	Total (memorandum only) - Primary Government	Component Unit: MERC Enterprise	Total (memorandum only) - Reporting Entity
Cash flows from operating activities:					
Cash receipts from customers	$ 51,599,843	414,360	52,014,203	23,698,875	75,713,078
Cash receipts from other governments	5,691	-	5,691	6,146,588	6,152,279
Cash receipts from quasi-external transactions	-	14,011,920	14,011,920	-	14,011,920
Other operating cash receipts	31,213	1,008,866	1,040,079	-	1,040,079
Cash payments to suppliers for goods and services	(35,641,358)	(5,639,948)	(41,281,306)	(13,468,637)	(54,749,943)
Cash payments for claims	-	(595,690)	(595,690)	-	(595,690)
Cash payments to other governments	(1,675,310)	(485,752)	(2,161,062)	-	(2,161,062)
Cash payments to employees for services	(6,316,608)	(5,569,116)	(11,885,724)	(11,232,511)	(23,118,235)
Cash payments for quasi-external transactions	(3,448,006)	(587,151)	(4,035,157)	-	(4,035,157)
Net cash provided by operating activities	4,555,465	2,557,489	7,112,954	5,144,315	12,257,269
Cash flows from noncapital financing activities:					
Interfund loan expense	(987,158)	-	(987,158)	-	(987,158)
Transfers from other funds	-	492,000	492,000	-	492,000
Transfers to other funds	-	(1,746,165)	(1,746,165)	-	(1,746,165)
Net cash used in noncapital financing activities	(987,158)	(1,254,165)	(2,241,323)	-	(2,241,323)
Cash flows from capital and related financing activities:					
Principal payment on revenue bonds	(1,980,000)	(570,000)	(2,550,000)	(1,564,264)	(4,114,264)
Interest payments	(685,388)	(1,243,911)	(1,929,299)	(77,031)	(2,006,330)
Acquisition and construction of capital assets	(1,091,666)	(69,848)	(1,161,514)	(5,509,537)	(6,671,051)
Retainage releases	-	-	-	(53,800)	(53,800)
State bond bank proceeds	-	-	-	2,913,501	2,913,501
Interfund loan proceeds	-	-	-	987,158	987,158
Principal payments on loans	-	(17,353)	(17,353)	-	(17,353)
Principal payments on capital leases	-	(79,668)	(79,668)	(188,020)	(267,688)
Net cash used in capital and related financing activities	(3,757,054)	(1,980,780)	(5,737,834)	(3,491,993)	(9,229,827)

(Continued)

METRO

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

For the year ended June 30, 2000

	Proprietary Fund Types		Total (memorandum only) -	Component Unit	Total (memorandum only) -
	Solid Waste Enterprise	Internal Service	Primary Government	MERC Enterprise	Reporting Entity
Cash flows from investing activities:					
Investment income	$ 1,847,874	563,109	2,410,983	904,006	3,314,989
Proceeds from sale of investments	8,434,814	795,971	9,230,785	-	9,230,785
Purchase of investments	(5,855,311)	(769,956)	(6,625,267)	-	(6,625,267)
Net cash provided by investing activities	4,427,377	589,124	5,016,501	904,006	5,920,507
Net increase (decrease) in cash and cash equivalents including restricted amounts	4,238,630	(88,332)	4,150,298	2,556,328	6,706,626
Cash and cash equivalents at beginning of year including restricted amounts	31,332,544	10,986,607	42,319,151	17,140,171	59,459,322
Cash and cash equivalents at end of year including restricted amounts	$ 35,571,174	10,898,275	46,469,449	19,696,499	66,165,948

(Continued)

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

For the year ended June 30, 2000

	Proprietary Fund Types		Total (memorandum only) -	Component Unit	Total (memorandum only) -
	Solid Waste Enterprise	Internal Service	Primary Government	MERC Enterprise	Reporting Entity
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 2,793,996	1,604,964	4,398,960	(356,857)	4,042,103
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	1,257,328	856,665	2,113,993	3,460,200	5,574,193
Donation on forgiveness of debt	-	-	-	(121,613)	(121,613)
Change in assets and liabilities:					
Trade/other accounts receivable	106,104	(6,093)	100,011	(1,104,843)	(1,004,832)
Other assets	798,348	(134)	798,214	(409,293)	388,921
Accounts payable	(249,740)	207,233	(42,507)	1,722,675	1,680,168
Salaries, withholdings and payroll taxes payable/compensated absences	11,560	(89,287)	(77,727)	88,714	10,987
Contracts payable	(45,623)	-	(45,623)	-	(45,623)
Unearned revenue	-	-	-	1,839,062	1,839,062
Deposits payable	-	-	-	(31,351)	(31,351)
Other liabilities	(288)	(15,859)	(16,147)	57,621	41,474
Post-closure costs payable	(116,220)	-	(116,220)	-	(116,220)
Total adjustments	1,761,469	952,525	2,713,994	5,501,172	8,215,166
Net cash provided by operating activities	$ 4,555,465	2,557,489	7,112,954	5,144,315	12,257,269

Acquisition/construction of capital assets in the Internal Service Funds includes $15,518 released from a deposit account to acquire assets.
Acquisition/construction of capital assets in the Component Unit includes $1,054,720 that becomes fixed assets of the City of Portland under terms of an intergovernmental agreement.

See accompanying notes to general purpose financial statements.

METRO

Notes to General Purpose Financial Statements

For the Year Ended June 30, 2000

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. Under the 1992 Metro Charter, Metro's primary function is regional planning services. Metro is also authorized to exercise the following functions and is permitted by Charter to assume additional functions if approved by ordinance:

- Acquisition, development, maintenance and operation of:
  - a metropolitan zoo,
  - public cultural, trade, convention, exhibition, sports, entertainment, and spectator facilities,
  - facilities for disposal of solid and liquid wastes, and
  - a system of parks, open spaces and recreational facilities of metropolitan concern
- Metropolitan aspects of natural disaster planning and response coordination
- Development and marketing of data
- Performance of any other function required by state law or assigned to Metro by the voters.

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 Council.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of Metro have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following summary of Metro's significant accounting policies is presented to assist the reader in interpreting the 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 GAAP, these general purpose financial statements present Metro (the primary government) and its sole component unit - 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 GASB, the assets, liabilities, revenues and expenses related to the facilities operated by MERC are discretely presented in the component unit column 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 (OCC) and Expo 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 Civic Stadium and Portland Center for the Performing Arts (PCPA). 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.

B. Fund Accounting, Measurement Focus and Basis of 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. Each fund is a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The segregation by fund is for the purpose of carrying on specific activities or attaining certain objectives in accordance with ordinances, special regulations, restrictions or limitations. An account group is a self-balancing set of accounts used for financial reporting purposes to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The various funds are grouped by fund type and classified into three broad fund categories: governmental, proprietary and fiduciary. There are two account groups. Metro's funds and account groups are:

Governmental Funds - The governmental funds are accounted for on a current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are generally reported on their balance sheets. The reported fund balance (net current assets) is a measure of "available spendable resources." Governmental funds' operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) of net current assets during a period.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are both "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Metro considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt that is recorded when due and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, excise taxes, grants, local government shared revenues, government contributions, charges for services, rehabilitation, enhancement and end use fees and investment income are susceptible to accrual. Contributions and donations and other receipts become measurable and available when cash is received by Metro and are recognized as revenue at that time.

Fund types included in this fund category are:

General Fund – This fund accounts for all activities not required to be accounted for in another fund, primarily Metro's general government activities.

Special Revenue Funds – Special revenue funds account for revenues (other than fiduciary resources or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund – This fund accounts for payments of general obligation bond principal and interest to bond holders.

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).

Proprietary Funds - Proprietary funds are accounted for on a flow of "economic resources" measurement focus and use the accrual basis of accounting. All assets and all liabilities associated with the operation of these funds are reported on the balance sheet. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The proprietary funds have applied all applicable 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.

Fund types included in this fund category are:

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

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.

Fiduciary Funds - Metro's fiduciary funds account for resources received and held in a trustee capacity. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular fund. The fund type included in this fund category is:

> **Expendable Trust Funds** - Expendable trust funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Both principal and interest may be spent in expendable trust funds.

Account Groups - Metro's account groups are:

> **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 not recorded in the proprietary or fiduciary fund types.

C. Budgets

A budget is prepared for each fund, except the Deferred Compensation Fund, in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. This basis differs from GAAP. The Council adopts the original budget for all funds, except the Deferred Compensation Fund, 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, operating expenses (personal services and materials and services combined), capital outlay, and other expenditures in these funds:

General Fund
Planning Fund
Solid Waste Revenue Fund
General Revenue Bond Fund
Support Services Fund

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

Regional Parks Fund
Zoo Operating Fund
General Obligation Bond Debt Service Fund
Zoo Capital Fund

- Open Spaces Fund
- Building Management Fund
- Risk Management Fund
- Rehabilitation and Enhancement Fund
- Smith and Bybee Lakes Trust Fund
- Regional Parks Trust Fund
- MERC Operating Fund
- Convention Center Project Capital Fund
- MERC Pooled Capital Fund

The General Revenue Bond Fund is a budgetary fund comprised of three components that are separated and combined with other budgetary funds for reporting under GAAP.

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

Unexpected additional resources and budget revisions may be added to the budget through the use of a supplemental budget or by an ordinance passed by the Council amending the budget. A supplemental budget requires hearings before the public, publication in newspapers and approval by the Council. Original, amended and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. 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 six budget amendments and two supplemental budgets during the year ended June 30, 2000. The amount of such amendments was not significant, except for a change authorizing a $6.5 million interfund loan between the Solid Waste Revenue Fund and the Convention Center Project Capital Fund. The supplemental budgets recognized additional revenues and expenditures in the Zoo Operating Fund and made changes in the MERC Funds to accommodate the financing and construction of Expo Hall D.

D. 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. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity date within three months of the date acquired. Interest earned on pooled investments is allocated monthly based upon each fund's average monthly cash balance. Investments are carried at fair value. The fair value of investments is determined annually and is based on current market prices. The fair value of Metro's position in the State Treasurer's investment pool is materially the same as the value of the pool shares. The fair value of Deferred Compensation investments, which consist of mutual funds that are self-directed by participants, is based on the fund's current share (market) price.

E. 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.

F. 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 year 2000 allocated indirect costs to grants at a rate of approximately 31% of the related direct personnel costs.

G. Inventory of Materials and Supplies

Inventories for the Zoo Fund and the MERC Fund, 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. Prepaid Items

Payments made to vendors for services that will benefit future periods are recorded as prepaid items. A portion of fund balance equal to the prepaid items is reserved since it is not available for appropriation.

I. Restricted Assets and Liabilities

A portion of the equity in the internal cash and investment pool has been restricted for future payment of certain long-term contracts, certain long-term liabilities and for operating contracts requiring segregated customer deposits. Such restrictions in the Solid Waste Enterprise Fund include amounts for the payment of the post-closure liability at the St. Johns Landfill.

J. 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. The capitalization threshold was increased from $1,000 to $5,000, effective July 1, 1999. 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. Interest expense incurred during construction is not capitalized on general fixed assets. 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 governmental funds as appropriate.

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 exceeding $5,000 (increased from $1,000 effective July 1, 1999) that improve or extend the lives of property are capitalized. Interest expense incurred during construction of proprietary fund fixed assets is capitalized, net of interest earned on the invested proceeds over the period of construction. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

• Buildings and improvements	15-40 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.

Pursuant to an intergovernmental agreement with the City, Metro (through MERC) operates and manages activities for the Civic Stadium and PCPA, but fixed assets purchased from funds derived from these operations become property of the City. As such, these expenses are reflected as contributions to other governments and are not capitalized.

K. Long-term Obligations

Long-term debt expected to be paid with the resources of the proprietary funds is reported in those funds. Long-term debt of governmental funds is reported in the General Long-term Debt Account Group and is paid as follows: arbitrage is paid from the capital projects fund which received the original bond proceeds, bonds payable are paid from the Debt Service Fund; loans payable are paid from the General Revenue Bond Fund – Zoo; obligations under capital leases are paid from the Planning Fund; and compensated absences are paid from the fund in which the employee is paid.

Bond premiums, discounts, issuance costs and deferred amounts on refunding in the proprietary fund types are amortized over the life of the bonds using the effective interest method. Bonds payable are reported on the balance sheet net of the unamortized portion of those costs. For governmental fund types, bond premiums, discounts and issuance costs are recognized during the current period.

L. Leases

Leases that meet certain criteria established by the FASB and adopted by the GASB 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. 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. Accumulated unpaid vacation benefits in the proprietary fund types are accrued as earned. Calculated amounts of vacation leave payable include salary related payments associated with the leave, such as Metro's share of Social Security and Medicare taxes. Accumulated sick leave does not vest and is, therefore, recorded in all funds when leave is taken.

N. 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 MERC Enterprise Fund has been segregated from unreserved retained earnings for amounts required to be set aside to fund renewal and replacement.

O. Interfund Transactions

Metro's policy is to record certain administrative, maintenance and insurance expenditures for other funds in the Support Services, Building Management and Risk Management Funds, respectively. These costs are charged to other funds as expenditures or expenses and reflected as charges for services revenue in the Support Services, Building Management and Risk Management Funds. 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.

Certain operating revenues and expenditures and capital costs under GAAP 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.

P. Total (Memorandum Only) Columns

The total (memorandum only) columns in the general purpose financial statements do not represent consolidated financial information and are presented solely to facilitate financial analysis. The columns do not present financial position, results of operations or cash flows in conformity with GAAP. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2000, Project Account capital outlay expenditures exceeded appropriations by $288,501 in the General Revenue Bond Fund.

The overexpenditure was funded by available fund balance.

NOTE 4 - RECONCILIATION OF REVENUES AND EXPENDITURES - BUDGETARY BASIS TO GAAP BASIS

Oregon Budget Law, as adopted by Metro, requires accounting for certain transactions to be on a basis other than GAAP. 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 is presented on the budgetary basis and is adjusted to the GAAP basis in the presentation in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds. The accounting for capital lease proceeds and expenditures and the reclassification of interfund transfers as quasi-external transactions 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.

NOTE 5 - CASH AND INVESTMENTS

Deposits

At June 30, 2000, 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 $619,065 and $(210,679), respectively. The corresponding bank balances associated with the carrying amounts disclosed above total $2,423,319 and $547,391, 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 $73,015 for the primary government and $15,950 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.

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, repurchase agreements, money market investments, banker's acceptances, commercial paper, State of Oregon and local government securities, and the State Treasurer's investment pool. The State Treasurer’s investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council. The Deferred Compensation 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, 2000.

	Category 1	Category 2	Category 3	Fair value
Primary Government:				
Commercial paper	$ 12,385,791	-	-	12,385,791
U.S. Govt. securities - instrumentality	54,306,768	-	-	54,306,768
U.S. Govt. securities - treasury	52,014,090	-	-	52,014,090
U.S. Govt. securities - agency	3,350,497	-	-	3,350,497
Total	$122,057,146	-	-	122,057,146
Investments not subject to categorization:				
Pension trust investments in mutual funds				28,064,767
State Treasurer's investment pool				16,248,094
Total investments- Primary Government				$166,370,007
Component Unit - MERC:				
Commercial paper	$ 1,432,129	-	-	1,432,129
U.S. Govt. securities - instrumentality	7,515,960	-	-	7,515,960
U.S. Govt. securities - treasury	861,092	-	-	861,092
U.S. Govt. securities - agency	569,103	-	-	569,103
Repurchase agreements	-	-	6,972,291	6,972,291
Total	$ 10,378,284	-	6,972,291	17,350,575
Investments not subject to categorization:				
State Treasurer's investment pool				2,590,653
Total investments- Component Unit				$19,941,228

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

	Primary Government	Component Unit	Total
Unrestricted	$156,366,141	13,215,775	169,581,916
Restricted	10,695,946	6,530,724	17,226,670
	$167,062,087	19,746,499	186,808,586

Equity in internal cash and investment pool in the General Fund includes pooled investments reported above of $96,096,883.

NOTE 6 - FIXED ASSETS

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

	Balance July 1, 1999	Adjustment- Change in Capitalization Threshold	Additions	Transfers	Balance June 30, 2000
General Fixed Assets Account Group					
Land	$ 82,019,716	(4,459)	23,105,428	-	105,120,685
Buildings and exhibits	60,931,157	(1,605,909)	8,385,874	(264,318)	67,446,804
Improvements	5,905,515	(309,185)	1,729,843	-	7,326,173
Equipment	4,384,894	(2,351,083)	349,310	-	2,383,121
Office furniture/equipment	2,999,953	(2,433,165)	45,566	-	612,354
Railroad equipment/facilities	2,015,542	-	10,592	264,318	2,290,452
	$158,256,777	(6,703,801)	33,626,613	-	185,179,589
Proprietary Funds					
Primary Government - Metro					
Land	$ 4,638,560	-	-	-	4,638,560
Buildings	52,144,966	(37,425)	1,061,630	-	53,169,171
Improvements	3,299,004	(129,384)	-	-	3,169,620
Equipment	3,406,110	(1,644,366)	60,808	-	1,822,552
Office furniture/equipment	5,162,752	(2,604,824)	39,076	-	2,597,004
Leasehold improvements	9,089,857	(11,288)	-	-	9,078,569
	77,741,249	(4,427,287)	1,161,514	-	74,475,476
Less accumulated depreciation and amortization	25,306,829	(3,553,292)	2,113,993	-	23,867,530
	$52,434,420	(873,995)	(952,479)	-	50,607,946

	Balance July 1, 1999	Adjustment- Change in Capitalization Threshold	Additions	Transfers	Balance June 30, 2000
Proprietary Funds					
Component Unit - MERC					
Land	$ 15,279,942	-	-	-	15,279,942
Buildings	100,876,614	51,969	4,097,244	-	105,025,827
Improvements	853,721	(66,825)	55,026	-	841,922
Equipment	2,301,907	(607,891)	203,249	-	1,897,265
Office furniture/equipment	3,996,258	(261,296)	99,298	-	3,834,260
	123,308,442	(884,043)	4,454,817	-	126,879,216
Less accumulated depreciation and amortization	26,644,351	(629,256)	3,460,200	-	29,475,295
	$96,664,091	(254,787)	994,617	-	97,403,921

An agreement between the City and Metro regarding the real property at the Zoo provides that the property must be used for zoo or zoo-related purposes and, if such property ceases to be used for such purposes or is used for other purposes, title reverts to the City. Metro was in compliance with this agreement for the year ended June 30, 2000.

Proprietary fund fixed assets for the component unit (MERC) are those of Metro owned facilities. Fixed assets used in operating the Civic Stadium and PCPA are not included in the General Fixed Assets Account Group or Proprietary funds of Metro or MERC as title to the assets remains with the City in accordance with an intergovernmental consolidation agreement (see Note 24). These fixed assets will be included in the Comprehensive Annual Financial Report of the City.

NOTE 7 – DEFERRED COMPENSATION PLAN

Metro offers its employees a 401(k) deferred compensation 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 for the exclusive benefit of the participants and are invested in mutual funds that are self-directed by participants. The deferred compensation is not available to participants until termination, retirement, death, or hardship conditions. 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. Benefits depend solely on amounts contributed plus investment earnings. Employees' contributions to the plan amounted to $1,596,624 during the fiscal year 2000.

NOTE 8 - PENSION PLAN

Defined Benefit Plan Description

Substantially all full-time employees, and other employees who meet certain eligibility requirements, are participants in 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.

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 (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.

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 8.09% 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 year 2000, Metro's annual pension cost of $2,624,424 was equal to Metro's required and actual contribution. The required contribution was determined as part of an actuarial valuation at December 31, 1997 using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- Consumer price inflation of 3.5% per year,
- A rate of return on the investment of present and future assets of 8.0% per year,
- Projected salary increases of 4.0% 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:

Fiscal year ended June 30:	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1998	$2,286,827	100%	0
1999	$2,479,525	100%	0
2000	$2,624,424	100%	0

Schedule of funding progress:

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
12/31/97	50,010,247	51,512,838	1,502,591	97	29,175,599	05

The actuarial value of assets was determined by allocating the fair market value of all PERS assets to participating employers in proportion to the funds in each employer's account. Amortization of the UAAL is over an open 30 year period as a level percentage of projected annual payroll. 1997 is the most recent valuation available from the PERS actuaries. The 1999 valuation is in progress.

NOTE 9 - COMMITMENTS

Columbia Ridge Landfill

Metro has a waste disposal services contract expiring December 31, 2014 with the owner and operator of the Columbia Ridge Landfill for disposal of solid waste from the Metro region. 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. Effective January 1, 2000, the per ton unit price for the first 550,000 tons was reduced to $22.31 and the incremental price scale was also adjusted. 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 specifies a per load unit price that equates to an approximate per ton rate of $13. The unit price is adjusted annually on January 1 in an amount equivalent to 75% of the CPI. In fiscal year 1999, Metro prepaid future fixed costs under the contract in the amount of approximately $6.6 million. $5,618,419 of this payment is unamortized at June 30, 2000 and is recorded on the Combined Balance Sheet as a prepaid item.

Metro South Station and Metro Central Station

Operations 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 contracted through September 30, 2002. 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. The contractor also receives incentives for materials recovered from the waste stream and 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 3.0% annual inflation factor for all of the previously described contracts:

Fiscal year ended June 30:	Columbia Ridge Landfill Variable payment based on tons	Waste Transport Variable payment based on loads	Metro South Variable payment based on tons	Metro Central Variable payment based on tons
2001	$ 11,873,362	7,776,853	2,048,114	3,599,563
2002	12,218,558	8,161,664	2,169,445	3,788,646
2003	12,565,497	8,564,716	574,372	996,897
2004	12,936,079	8,987,009	-	-
2005	13,308,843	9,429,169	-	-
Thereafter	149,055,045	48,562,756	-	-
Total	$211,957,384	91,482,167	4,791,931	8,385,106

Construction Projects

Metro is committed under a number of contracts for construction services. The amount of uncompleted contracts totals $2,798,754 in the primary government and $12,133,052 in the component unit at June 30, 2000.

NOTE 10 - LEASE OBLIGATIONS

Operating Lease

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 currently $10,927 per month.

The future minimum lease payments are as follows:

Fiscal year ended June 30:	
2001	$ 131,124
2002	131,124
2003	131,124
2004	131,124
2005	131,124
Thereafter	10,271,380
Total	$10,927,000

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 2002. 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.

The future minimum lease payments are:

Fiscal year ended June 30:	Primary Government	Component Unit
2001	$ 252,717	200,693
2002	18,814	-
Total minimum lease payments	271,531	200,693
Less amount representing interest	(7,541)	(4,890)
Net present value of future minimum lease payments	$ 263,990	195,803

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 establishes 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 4.45% to 6.0%.

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

Fiscal year ended	1995 Series A		1995 Series B		1995 Series C	
June 30:	Principal	Interest	Principal	Interest	Principal	Interest
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	2,945,000	3,157,716	363,060	136,940	2,145,000	2,302,963
2004	3,105,000	2,998,704	343,920	156,080	2,275,000	2,170,362
2005	3,270,000	2,831,566	325,155	174,845	2,405,000	2,046,798
2006-16	50,160,000	16,951,366	1,585,238	1,417,762	38,895,000	12,549,481
	$64,930,000	32,691,835	3,404,198	2,098,802	49,645,000	24,043,179

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 1992 bonds are to be repaid with proceeds of Metro's ad valorem property tax levied each year. The bonds have interest rates ranging from 5.75% to 6.25%.

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

Fiscal year ended June 30:	Principal	Interest
2001	$ 2,530,000	3,113,958
2002	2,700,000	2,964,237
2003	2,890,000	2,800,385
2004	3,085,000	2,624,135
2005	3,305,000	2,432,165
2006-13	36,465,000	10,515,815
	$50,975,000	24,450,695

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

In prior years, Metro issued $28.8 million in general obligation bonds to finance capital improvements at the Oregon Zoo (formerly 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:

Fiscal year ended June 30:	Principal	Interest
2001	$ 990,000	1,437,760
2002	1,040,000	1,388,260
2003	1,095,000	1,336,260
2004	1,150,000	1,281,510
2005	1,215,000	1,212,510
2006-17	20,885,000	8,101,420
	$26,375,000	14,757,720

D. Solid Waste Disposal System Revenue and Refunding Revenue Bonds

These bonds are subject to covenants which specify the order of application of gross revenues to requirements and which require Metro to: maintain its existing solid waste disposal system; establish rates to produce net revenues each year which at least equal 110% of annual debt service; maintain and enforce regulations governing the disposal of solid waste in the service area; and comply with the Internal Revenue Code to maintain the tax exempt status of the bonds. Other covenants also apply. Metro is in compliance with all covenants as of and for the year ended June 30, 2000.

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. On January 1, 2000, the remaining $11,370,000 of outstanding defeased bonds were called and paid and the escrow account was closed.

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 6.9% to 7.1% on the remaining 1990 Series A bonds and from 4.3% to 5.125% (initial average rate of 4.99%) on the 1993 Series A Refunding bonds.

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

	1990 Series A		1993 Series A Refunding	
Fiscal year ended June 30:	Principal	Interest	Principal	Interest
2001	$ -	-	1,110,000	568,041
2002	1,066,120	-	2,125,000	497,427
2003	2,140,000	-	75,000	448,951
2004	2,140,000	-	80,000	445,347
2005	2,140,000	-	85,000	441,426
2006-12	5,350,000	-	8,580,000	2,074,526
	$12,836,120	-	12,055,000	4,475,718

The above principal amounts are reported on the balance sheet net of $228,447 in unamortized costs and discount, $964,345 in deferred amount on refunding, and $2,999,544 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. US National Bank 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 they were issued as non-recourse to Metro; however, Metro acts as a conduit for payments. Accordingly, the balance sheet reflects the bonds payable and a loan receivable of $5,000,000 for amounts due from USNB. As interest rates are variable, interest payments over the life of the bonds are not determinable.

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

These bonds are subject to covenants which specify the order of application of total assessments to requirements and which require Metro to: establish and collect fees and charges sufficient to fund the total assessments necessary to pay all debt service due; budget and collect total assessments necessary to pay debt service plus 10%; make assessments against departments based on use or benefit; and comply with the Internal Revenue Code to maintain the tax exempt status of the bonds. Other covenants also apply. Metro is in compliance with all covenants as of and for the year ended June 30, 2000.

In prior years, Metro issued $26,160,000 in General Revenue Refunding Bonds 1993 Series A to advance refund General Revenue Bonds 1991 Series A. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1991 Series bonds. On July 1, 1999, the remaining $21,280,000 of outstanding defeased bonds were called and paid and the escrow account was closed.

Interest rates on the 1993 Series A issue range from 4.3% 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:

Fiscal year ended June 30:	Principal	Interest
2001	$ 590,000	1,199,650
2002	615,000	1,173,435
2003	640,000	1,145,505
2004	670,000	1,115,695
2005	705,000	1,083,718
2006-23	20,695,000	11,133,997
	$23,915,000	16,852,000

The above principal amounts are reported on the balance sheet net of $502,456 in unamortized costs and discount, and $1,932,817 in deferred amount on refunding.

NOTE 12 - OTHER LONG-TERM DEBT

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.

Oregon Economic and Community Development Department Loans

In prior years, Metro borrowed funds through the Oregon Economic and Community Development Department's (OECDD) Special Public Works Fund loan program to pay for Metro's share of the construction of the Washington Park light rail station and to finance certain costs of the Washington Park parking lot project. The first phase of the loan totaled $2,723,000. This loan is payable in yearly installments through December 1, 2015 and bears a true interest cost of 5.49%.

The second phase of the loan totaled $2,217,000, bears a true interest cost of 5.44% and will be repaid in annual installments through December 1, 2016.

In fiscal year 2000, Metro obtained a loan from the OECDD to pay for the construction of a new building to replace the existing Hall D at the Expo Center. The loan consists of $13,618,000 at a true interest cost of 5.524% for construction of the building and $2,013,000 at a true interest cost of 5.245% for infrastructure improvements. Expo Center revenues will be used to repay the loan in annual installments through December 1, 2024. Although the loan approval totals $15,631,000, amounts are drawn as Metro requires funds. A total of $2,913,501 has been borrowed through June 30, 2000 and this amount is reflected as the loan payable on the balance sheet.

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

	Primary Government						Component Unit	
Fiscal year ended	Energy Loan Payable		OECDD 1995 Loan Payable		OECDD 1996 Loan Payable		OECDD 2000 Loan Payable	
June 30:	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2001	$ 19,012	11,171	108,262	137,389	80,310	109,059	101,231	616,352
2002	20,214	9,969	108,642	132,409	85,778	105,404	157,233	851,391
2003	21,492	8,691	114,052	127,249	86,285	101,373	235,728	843,137
2004	24,818	8,180	124,486	121,775	91,827	97,231	297,981	830,761
2005	24,419	5,764	124,951	115,676	97,407	92,731	393,391	815,117
2006-25	80,457	7,597	1,947,101	725,349	1,626,047	633,550	14,445,436	9,820,368
	$190,412	51,372	2,527,494	1,359,847	2,067,654	1,139,348	15,631,000	13,777,126

NOTE 13 - CHANGES IN GENERAL LONG-TERM LIABILITIES

The following changes occurred during fiscal year 2000 in liabilities reported in the General Long-term Debt Account Group:

GENERAL LONG-TERM DEBT ACCOUNT GROUP	Balance July 1, 1999	Increase	Decrease	Balance June 30, 2000
Arbitrage payable	$ -	377,474	-	377,474
Bonds payable	203,377,953	-	(8,048,755)	195,329,198
Loans payable	4,772,936	-	(177,788)	4,595,148
Obligations under capital leases	325,000	-	(165,000)	160,000
Liability for compensated absences	928,405	1,021,633	(928,405)	1,021,633
	$209,404,294	1,399,107	(9,319,948)	201,483,453

NOTE 14 - DEFERRED REVENUE

Deferred revenue at June 30, 2000 consists of taxes receivable not collected within 60 days after year end and other receivables not susceptible to accrual under the modified accrual basis of accounting:

Special Revenue Funds	$ 369,325
Debt Service Fund	940,968
Trust Funds	40,000
	$1,350,293

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, 2000, Metro recorded liabilities of $15,457 in the proprietary funds and $377,474 in the general long-term debt account group for the primary government 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.

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 $116,220 in closure costs as the closure process continued ($34,786,520 cumulative to date), reducing the remaining estimated liability to $6,607,381 at June 30, 2000. Metro has accumulated $8,367,208 in restricted cash 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 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2000 consisted of an interfund loan:

Receivable Entity	Payable Entity	Amount
Primary government-Solid Waste Fund	Component Unit-MERC Fund	$987,158

NOTE 18 - CONTRIBUTED CAPITAL

Changes in contributed capital in the Proprietary Funds for the year ended June 30, 2000 are as follows:

	Enterprise Solid Waste Fund	Component Unit MERC Enterprise Fund
Balance, July 1, 1999	$863,396	83,765,797
Reductions-Depreciation on fixed assets ($29,893,543 accumulated depreciation at June 30, 2000)	(31,623)	(3,440,832)
Balance, June 30, 2000	$831,773	80,324,965

NOTE 19 – PRIOR PERIOD ADJUSTMENT

Effective July 1, 1997, Metro adopted the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools.* Metro originally adopted this statement on a GAAP basis only, and provided a reconciliation between GAAP and budget basis in its general purpose financial statements. During fiscal year 2000, Metro implemented the provisions of GASB Statement No. 31 on a budget basis and has recorded a prior period adjustment to its budget based financial statements for the cumulative effects of the statement.

NOTE 20 - 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 covered by the Risk Management Fund. Metro is protected by ORS Chapter 30, the Oregon Tort Claims Act, which 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 $293,216,310 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 guaranteed cost program from SAIF Corporation, a commercial carrier, in amounts that meet statutory requirements.

Metro has not experienced settlements in excess of insurance coverage in any of the last three fiscal years. An independent actuary prepared an actuarial valuation and estimates of liabilities for unpaid claims in October 2000. 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 $669,181 reported as accrued self-insurance claims in the Risk Management Fund at June 30, 2000 was established in accordance with the requirements of GASB Statement No. 30, *Risk Financing Omnibus,* which requires that a liability for total estimated claims be reported if information prior to the issuance of the 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 .928 for liability and .973 for workers' compensation and an assumed investment rate of 5.0% in preparing the estimates. Metro does not purchase annuity contracts from commercial insurers to pay any aggregate amount of outstanding claims liabilities.

Changes in Risk Management Fund claims liability for the previous fiscal year and current fiscal year were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
1998-1999	$1,143,248	(89,036)	385,031	669,181
1999-2000	$ 669,181	595,690	595,690	669,181

A reduction in the estimated claims liability resulted in negative claims expense for fiscal year 1999.

NOTE 21 - 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 MERC Fund accounts for marketing and operations of MERC operated facilities that are operated on a user charge basis, supplemented by intergovernmental revenues. Segment information for the Enterprise Funds is presented in the following schedule:

	Solid Waste Fund	Component Unit MERC Fund
Operating revenues	$51,530,644	29,241,134
Depreciation and amortization expense	1,257,328	3,460,200
Operating income (loss)	2,793,996	(356,857)
Net income (loss)	2,622,974	(1,093,641)
Fixed asset additions	1,091,666	4,454,817
Net working capital	35,253,343	8,225,837
Total assets	88,849,831	120,701,296
Bonds and other long-term liabilities:		
Payable from operating revenues	26,124,906	3,479,513
Payable from other sources	6,622,838	-
Contributed capital, net	831,773	80,324,965
Total equity	53,112,172	108,680,969

NOTE 22 - RELATED PARTY TRANSACTION

The Oregon Zoo Foundation is an organization that exists exclusively for the support and benefit of the Oregon Zoo. It is a public benefit corporation organized and operated exclusively for charitable, scientific, and educational purposes under Section 501(c)(3) of the Internal Revenue Code of 1986. The Foundation conducts fundraising efforts on behalf of the Zoo, receiving donations from both individuals and corporations that are provided as financial support to the Zoo. During fiscal year 2000, the Foundation provided support to the Zoo totaling $1,692,058.

NOTE 23 - CONTINGENT LIABILITIES

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.

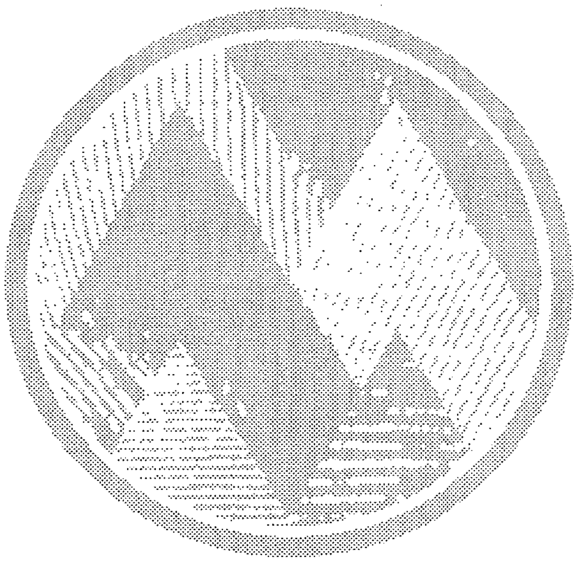
Legal Matters

Metro is involved as a defendant in several claims and disputes that are normal to Metro's activities. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon its financial position or operations.

NOTE 24 – SUBSEQUENT EVENTS

Civic Stadium Transfer

On July 1, 2000, Metro and the City terminated provisions of the amended intergovernmental agreement on consolidation as to the Civic Stadium, and Metro’s right to beneficial use of Stadium property ended. Effective July 2, 2000, Portland Family Entertainment (PFE) became responsible for operations and management of the Stadium under terms of an agreement between PFE and the City. Under the termination agreement, $400,000 of Civic Stadium fund balance was transferred to the City in fiscal year 2001.



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 investment income 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, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Excise taxes	$ 7,834,528	7,726,842	(107,686)
Charges for services	-	73	73
Investment income	60,000	38,957	(21,043)
Miscellaneous	500	601	101
Total revenues	7,895,028	7,766,473	(128,555)
Expenditures:			
Council:			
Operating expenses	1,337,856	1,111,230	226,626
Total council	1,337,856	1,111,230	226,626
Office of the executive officer:			
Operating expenses	1,557,354	1,374,644	182,710
Total office of the executive officer	1,557,354	1,374,644	182,710
Special appropriations:			
Materials and services	175,000	87,345	87,655
Contingency	160,615	-	160,615
Total expenditures	3,230,825	2,573,219	657,606
Revenues over expenditures	4,664,203	5,193,254	529,051
Other financing sources (uses):			
Operating transfers in:			
Support Services Fund	1,642,792	1,371,165	(271,627)
Operating transfers out	(6,863,972)	(6,234,808)	629,164
Total other financing sources (uses)	(5,221,180)	(4,863,643)	357,537
Revenues and other sources over (under) expenditures and other uses	(556,977)	329,611	886,588
Beginning fund balance available for appropriation - July 1, 1999	556,977	435,036	(121,941)
Prior Period Adjustment	-	9,318	9,318
Beginning Balance (Restated)	556,977	444,354	(112,623)
Unappropriated ending fund balance - June 30, 2000	$ -	773,965	773,965

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, charges for services, and a share of the excise tax transferred from the General Fund.

Regional Parks Fund

This fund accounts for funding and operation of Metro's greenspaces program and recreation activities, including parks, marine facilities, pioneer cemeteries, and a golf course. Principal sources of revenue are grants, shared revenue, and charges for services.

Zoo Fund

This fund accounts for funding and operation of the Oregon 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 accounting principles generally accepted in the United States of America.

METRO

Special Revenue Funds

Combining Balance Sheet

June 30, 2000

Assets		Planning Fund	Regional Parks Fund	Zoo Fund	Total
Assets:					
Equity in internal cash and investment pool	$	4,771,144	3,762,853	10,669,855	19,203,852
Receivables (net of allowance for uncollectibles):					
Property taxes		-	-	415,392	415,392
Trade		112,924	280,629	279,405	672,958
Other		11	-	36	47
Interest		42,349	31,148	100,953	174,450
Federal grants		1,261,617	151,492	-	1,413,109
State and local grants/contracts		256,087	-	-	256,087
Inventory of materials and supplies		-	-	347,201	347,201
Other assets		1,723	200	107,557	109,480
Total assets	$	6,445,855	4,226,322	11,920,399	22,592,576
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$	795,957	331,959	744,633	1,872,549
Salaries, withholdings and payroll taxes payable		276,719	134,915	615,422	1,027,056
Contracts payable		14,343	36,781	-	51,124
Deferred revenue		-	-	369,325	369,325
Unearned grant/contract revenue		3,348,539	-	-	3,348,539
Deposits payable		4,727	14,258	136,251	155,236
Total liabilities		4,440,285	517,913	1,865,631	6,823,829
Fund balances:					
Unreserved		2,005,570	3,708,409	10,054,768	15,768,747
Total fund balances		2,005,570	3,708,409	10,054,768	15,768,747
Total liabilities and fund balances	$	6,445,855	4,226,322	11,920,399	22,592,576

METRO

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 2000

	Planning Fund	Regional Parks Fund	Zoo Fund	Total
Revenues:				
Property taxes	$ -	-	7,106,671	7,106,671
Federal grants	4,946,948	210,277	30,280	5,187,505
State and local grants	843,403	492,888	-	1,336,291
Local government shared revenues	-	397,500	-	397,500
Government contributions	-	27,800	-	27,800
Charges for services	1,222,135	3,257,175	10,411,320	14,890,630
Investment income	134,522	158,487	514,215	807,224
Contributions and donations	-	7,197	705,131	712,328
Miscellaneous	1,549	1,408	(5,374)	(2,417)
Total revenues	7,148,557	4,552,732	18,762,243	30,463,532
Expenditures:				
Current:				
Zoo operations and development	-	-	17,981,708	17,981,708
Regional planning and development	10,683,715	-	-	10,683,715
Recreation and development	-	4,162,958	-	4,162,958
Capital outlay	-	1,671,338	403,026	2,074,364
Debt service	176,475	-	432,058	608,533
Total expenditures	10,860,190	5,834,296	18,816,792	35,511,278
Revenues under expenditures	(3,711,633)	(1,281,564)	(54,549)	(5,047,746)
Other financing sources:				
Loan proceeds	-	-	46,973	46,973
Operating transfers in	3,628,883	1,597,640	-	5,226,523
Total other financing sources	3,628,883	1,597,640	46,973	5,273,496
Revenues and other sources over (under) expenditures	(82,750)	316,076	(7,576)	225,750
Fund balances - July 1, 1999	2,088,320	3,392,333	10,062,344	15,542,997
Fund balances - June 30, 2000	$ 2,005,570	3,708,409	10,054,768	15,768,747

METRO

Planning Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Federal grants	$ 11,530,725	4,946,948	(6,583,777)
State grants	235,000	440,574	205,574
Local grants	963,925	402,829	(561,096)
Local government shared revenues	174,000	-	(174,000)
Charges for services	608,776	830,268	221,492
Investment income	-	134,522	134,522
Contributions and donations	404,741	-	(404,741)
Miscellaneous	1,302,026	1,549	(1,300,477)
Total revenues	15,219,193	6,756,690	(8,462,503)
Expenditures:			
Transportation planning:			
Operating expenses	12,959,488	5,537,879	7,421,609
Capital outlay	490,000	-	490,000
Debt service	1,074,500	85,245	989,255
Total transportation planning	14,523,988	5,623,124	8,900,864
Growth management services:			
Operating expenses	4,068,119	2,940,015	1,128,104
Capital outlay	24,000	-	24,000
Debt service	91,230	91,230	-
Total growth management services	4,183,349	3,031,245	1,152,104
Contingency	338,891	-	338,891
Total expenditures	19,046,228	8,654,369	10,391,859
Revenues under expenditures	(3,827,035)	(1,897,679)	1,929,356

(Continued)

METRO

Planning Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Other financing sources (uses):			
State bond bank loan proceeds	$ 846,000	-	(846,000)
Capital lease proceeds	490,000	-	(490,000)
Operating transfers in:			
General Fund	4,034,854	3,628,883	(405,971)
Regional Parks Fund	16,000	17,752	1,752
Open Spaces Fund	10,000	12,339	2,339
Solid Waste Revenue Fund	371,009	361,516	(9,493)
Smith and Bybee Lakes Trust Fund	500	260	(240)
Operating transfers out	(2,407,313)	(2,205,821)	201,492
Total other financing sources (uses)	3,361,050	1,814,929	(1,546,121)
Revenues and other sources under expenditures and other uses	(465,985)	(82,750)	383,235
Beginning fund balance available for appropriation - July 1, 1999	465,985	2,081,038	1,615,053
Prior Period Adjustment	-	7,282	7,282
Beginning Balance (Restated)	465,985	2,088,320	1,622,335
Unappropriated ending fund balance - June 30, 2000	$ -	2,005,570	2,005,570

METRO

Regional Parks Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Federal grants	$ 550,029	210,277	(339,752)
State grants	563,523	492,888	(70,635)
Local grants	90,000	-	(90,000)
Local government shared revenues	443,000	397,500	(45,500)
Government contributions	30,300	27,800	(2,500)
Charges for services	2,073,788	2,265,086	191,298
Investment income	152,604	158,487	5,883
Contributions and donations	15,000	7,197	(7,803)
Miscellaneous	-	1,408	1,408
Total revenues	3,918,244	3,560,643	(357,601)
Expenditures:			
Operating expenses	4,298,999	3,406,569	892,430
Capital outlay	3,028,111	1,671,338	1,356,773
Contingency	167,321	-	167,321
Total expenditures	7,494,431	5,077,907	2,416,524
Revenues under expenditures	(3,576,187)	(1,517,264)	2,058,923
Other financing sources (uses):			
Operating transfers in:			
General Fund	1,726,329	1,597,640	(128,689)
Open Spaces Fund	2,035,223	988,089	(1,047,134)
Smith and Bybee Lakes Trust Fund	10,000	-	(10,000)
Regional Parks Trust Fund	7,120	4,000	(3,120)
Operating transfers out	(852,561)	(756,389)	96,172
Total other financing sources (uses)	2,926,111	1,833,340	(1,092,771)

(Continued)

METRO

Regional Parks Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues and other sources over (under) expenditures and other uses	$ (650,076)	316,076	966,152
Beginning fund balance available for appropriation - July 1, 1999	3,104,545	3,384,587	280,042
Prior Period Adjustment	-	7,746	7,746
Beginning Balance (Restated)	3,104,545	3,392,333	287,788
Unappropriated ending fund balance - June 30, 2000	$ 2,454,469	3,708,409	1,253,940

METRO

Zoo Operating Fund

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

For the year ended June 30, 2000

		Budget	Actual	Variance favorable (unfavorable)
Revenues:				
Property taxes	$	7,077,529	7,106,671	29,142
Federal grants		80,000	30,280	(49,720)
Local grants		40,000	-	(40,000)
Charges for services:				
Admission fees		3,659,671	4,019,538	359,867
Rentals		149,116	153,481	4,365
Food service revenue		3,757,302	3,699,925	(57,377)
Retail sales		1,233,628	1,272,999	39,371
Tuition and lectures		542,326	568,296	25,970
Exhibit shows		13,953	11,912	(2,041)
Railroad rides		575,163	564,672	(10,491)
Reimbursed services		-	119,516	119,516
Miscellaneous charges for services		46,512	981	(45,531)
Investment income		511,916	505,102	(6,814)
Contributions and donations		684,100	705,131	21,031
Miscellaneous		35,058	(5,374)	(40,432)
Total revenues		18,406,274	18,753,130	346,856
Expenditures:				
Operating expenses:				
Administration		1,039,688	1,064,738	(25,050)
Animal management		3,416,655	3,362,369	54,286
Facilities management		4,841,668	4,342,005	499,663
Educational services		1,103,542	1,024,448	79,094
Marketing		1,543,256	1,556,590	(13,334)
Visitor services		5,217,976	4,869,086	348,890
Design services		469,854	437,315	32,539
Total operating expenses		17,632,639	16,656,551	976,088

(Continued)

METRO

Zoo Operating Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Expenditures, continued:			
Capital outlay:			
Administration	$ 10,000	-	10,000
Animal management	12,000	8,852	3,148
Facilities management	512,300	301,583	210,717
Educational services	-	23,034	(23,034)
Marketing	8,500	6,250	2,250
Visitor services	25,000	8,761	16,239
Design services	40,000	54,546	(14,546)
Total capital outlay	607,800	403,026	204,774
Contingency	411,453	-	411,453
Total expenditures	18,651,892	17,059,577	1,592,315
Revenues over (under) expenditures	(245,618)	1,693,553	1,939,171
Other financing uses:			
Operating transfers out	(1,886,895)	(1,757,215)	129,680
Revenues under expenditures and other uses	(2,132,513)	(63,662)	2,068,851
Beginning fund balance available for appropriation - July 1, 1999	9,893,690	9,893,690	-
Prior Period Adjustment	-	43,745	43,745
Beginning Balance (Restated)	9,893,690	9,937,435	43,745
Unappropriated ending fund balance - June 30, 2000	$ 7,761,177	9,873,773	2,112,596

METRO

General Revenue Bond Fund - Zoo

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Investment income	$ -	9,113	9,113
Total revenues	-	9,113	9,113
Expenditures:			
Debt service account:			
Debt service	432,058	432,058	-
Project account:			
Capital outlay	125,000	-	125,000
Total expenditures	557,058	432,058	125,000
Revenues under expenditures	(557,058)	(422,945)	134,113
Other financing sources:			
State bond bank loan proceeds	-	46,973	46,973
Operating transfers in:			
Zoo Operating Fund	432,058	432,058	-
Total other financing sources	432,058	479,031	46,973
Revenues and other sources over (under) expenditures	(125,000)	56,086	181,086
Beginning fund balance available for appropriation - July 1, 1999	125,000	125,000	-
Prior Period Adjustment	-	(91)	(91)
Beginning Balance (Restated)	125,000	124,909	(91)
Unappropriated ending fund balance - June 30, 2000	$ -	180,995	180,995

Note: Compliance with budget at the legal level of control for the consolidated General Revenue Bond Fund is demonstrated on page 91.

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, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Property taxes	$ 17,099,091	17,304,295	205,204
Investment income	467,000	271,518	(195,482)
Total revenues	17,566,091	17,575,813	9,722
Expenditures:			
Debt service:			
Principal	8,048,755	8,048,755	-
Interest	11,053,369	11,053,369	-
Total expenditures	19,102,124	19,102,124	-
Revenues under expenditures	(1,536,033)	(1,526,311)	9,722
Beginning fund balance available for appropriation - July 1, 1999	13,200,000	13,046,243	(153,757)
Prior Period Adjustment	-	10,039	10,039
Beginning Balance (Restated)	13,200,000	13,056,282	(143,718)
Unappropriated ending fund balance - June 30, 2000	$ 11,663,967	11,529,971	(133,996)

Capital Projects Funds

Zoo Capital Fund

This fund accounts for major improvement projects at the Oregon Zoo. Principal resources are investment income and contributions and donations.

Open Spaces Fund

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

METRO

Capital Projects Funds

Combining Balance Sheet

June 30, 2000

Assets		Zoo Capital Fund	Open Spaces Fund	Total
Equity in internal cash and investment pool	$	73,579	1,201,337	1,274,916
Investments		4,910,950	42,139,495	47,050,445
Receivables (net of allowance for uncollectibles):				
Trade		5,750	965	6,715
Interest		-	398,713	398,713
Total assets	$	4,990,279	43,740,510	48,730,789
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$	195,805	241,417	437,222
Salaries, withholdings and payroll taxes payable		3,958	58,582	62,540
Total liabilities		199,763	299,999	499,762
Fund balances:				
Unreserved		4,790,516	43,440,511	48,231,027
Total fund balances		4,790,516	43,440,511	48,231,027
Total liabilities and fund balances	$	4,990,279	43,740,510	48,730,789

METRO

Capital Projects Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the year ended June 30, 2000

	Zoo Capital Fund	Open Spaces Fund	Totals
Revenues:			
Federal grants	$ -	10,000	10,000
Investment income	416,253	2,984,843	3,401,096
Contributions and donations	986,927	30	986,957
Miscellaneous	-	1,270	1,270
Total revenues	1,403,180	2,996,143	4,399,323
Expenditures:			
Recreation and development	-	4,227,629	4,227,629
Capital outlay	8,411,311	23,140,938	31,552,249
Total expenditures	8,411,311	27,368,567	35,779,878
Revenues under expenditures	(7,008,131)	(24,372,424)	(31,380,555)
Fund balances - July 1, 1999	11,798,647	67,812,935	79,611,582
Fund balances - June 30, 2000	$ 4,790,516	43,440,511	48,231,027

METRO

Zoo Capital Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Investment income	$ 629,482	416,253	(213,229)
Contributions and donations	500,000	986,927	486,927
Total revenues	1,129,482	1,403,180	273,698
Expenditures:			
Personal services	103,166	79,615	23,551
Capital outlay	11,667,722	8,331,696	3,336,026
Contingency	499,429	-	499,429
Total expenditures	12,270,317	8,411,311	3,859,006
Revenues under expenditures	(11,140,835)	(7,008,131)	4,132,704
Beginning fund balance available for appropriation - July 1, 1999	11,794,829	11,784,978	(9,851)
Prior Period Adjustment	-	13,669	13,669
Beginning Balance (Restated)	11,794,829	11,798,647	3,818
Unappropriated ending fund balance - June 30, 2000	$ 653,994	4,790,516	4,136,522

METRO

Open Spaces Fund

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

For the year ended June 30, 2000

		Budget	Actual	Variance favorable (unfavorable)
Revenues:				
Federal grants	$	272,000	10,000	(262,000)
Government contributions		500,000	-	(500,000)
Investment income		3,150,707	2,984,843	(165,864)
Contributions and donations		-	30	30
Miscellaneous		-	1,270	1,270
Total revenues		3,922,707	2,996,143	(926,564)
Expenditures:				
Operating expenses		11,327,157	5,426,315	5,900,842
Capital outlay		25,605,460	20,445,387	5,160,073
Contingency		24,974,453	-	24,974,453
Total expenditures		61,907,070	25,871,702	36,035,368
Revenues under expenditures		(57,984,363)	(22,875,559)	35,108,804
Other financing uses:				
Operating transfers out		(2,602,576)	(1,496,865)	1,105,711
Revenues under expenditures and other uses		(60,586,939)	(24,372,424)	36,214,515
Beginning fund balance available for appropriation - July 1, 1999		61,003,035	67,811,073	6,808,038
Prior Period Adjustment		-	1,862	1,862
Beginning Balance (Restated)		61,003,035	67,812,935	6,809,900
Unappropriated ending fund balance - June 30, 2000	$	416,096	43,440,511	43,024,415

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, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
State and local grants	$ -	5,691	5,691
Charges for services:			
Disposal fees	27,074,361	25,658,553	(1,415,808)
Regional system fee	17,669,161	16,320,188	(1,348,973)
Metro facility fee	718,769	1,149,325	430,556
Regional transfer charge	4,375,116	4,525,715	150,599
Rehabilitation and enhancement fees	199,292	176,821	(22,471)
Transaction fee	1,340,862	1,647,511	306,649
Host fees	240,600	223,626	(16,974)
Tire/yard debris disposal fees	305,622	317,861	12,239
Orphan site/DEQ fees	980,318	944,988	(35,330)
Refrigeration unit/household hazardous waste disposal fees	72,811	73,520	709
Natural gas recovery revenue	142,857	129,688	(13,169)
Miscellaneous charges for services	323,306	287,074	(36,232)
Investment income	2,295,000	1,799,459	(495,541)
Pass-through debt service receipts	350,000	194,768	(155,232)
Miscellaneous	5,000	31,213	26,213
Total revenues	56,093,075	53,486,001	(2,607,074)
Expenditures:			
Operating Account:			
Operating expenses:			
Business and regulatory affairs	3,660,388	3,399,417	260,971
Environmental services	38,786,385	34,391,587	4,394,798
Waste reduction and outreach	3,868,679	3,393,373	475,306
Engineering and analysis	1,943,042	1,606,953	336,089
Office of the director	447,183	395,177	52,006
Total operating expenses	48,705,677	43,186,507	5,519,170

(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, 2000

	Budget	Actual	Variance favorable (unfavorable)
Expenditures, continued:			
Landfill Closure Account:			
Materials and services	$ 135,000	3,602	131,398
Capital outlay	630,500	112,618	517,882
Total Landfill Closure Account	765,500	116,220	649,280
Recycling Business Assistance Account:			
Materials and services	301,000	30,774	270,226
Renewal and Replacement Account:			
Capital outlay	1,878,036	322,967	1,555,069
General Account:			
Capital outlay	1,903,400	768,699	1,134,701
Master Project Account:			
Debt service	350,000	194,768	155,232
Debt Service Account:			
Debt service	2,670,895	2,670,895	-
Contingency	7,534,001	-	7,534,001
Total expenditures	64,108,509	47,290,830	16,817,679
Revenues over (under) expenditures	(8,015,434)	6,195,171	14,210,605

(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, 2000

		Budget	Actual	Variance favorable (unfavorable)
Other financing sources (uses):				
Operating transfers in:				
Rehabilitation and Enhancement Fund	$	39,980	38,870	(1,110)
Interfund Loan		(6,500,000)	(987,158)	5,512,842
Operating transfers out		(3,770,051)	(3,450,235)	319,816
Total other financing sources (uses)		(10,230,071)	(4,398,523)	5,831,548
Revenues and other sources over (under) expenditures and other uses		(18,245,505)	1,796,648	20,042,153
Beginning fund balance available for appropriation - July 1, 1999		44,674,977	40,819,597	(3,855,380)
Prior Period Adjustment		-	214,897	214,897
Beginning Balance (Restated)		44,674,977	41,034,494	(3,640,483)
Unappropriated ending fund balance - June 30, 2000	$	26,429,472	42,831,142	16,401,670

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, 2000

Excess of revenues and other financing sources over expenditures and other financing uses on a budgetary basis	$	1,796,648
Budget requirements not qualifying as expenses under GAAP:		
Interfund loan expense		987,158
Payment of post-closure liability		116,220
Fixed assets additions		1,091,666
Principal and interest payments on bonds		2,362,355
Additional revenues (expenses) required by GAAP:		
Depreciation and amortization		(1,257,328)
Loss on adjustment/disposal of fixed assets		(502,973)
Amortization of bond accretion, discount and costs		(843,110)
Amortization of prepaid item		(799,067)
Vacation benefits		(12,737)
Accrued interest on bonds		(315,858)
Net income presented in combined statement of revenues, expenses and changes in retained earnings	$	2,622,974

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 investment income 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 accounting principles generally accepted in the United States of America.

Support Services Fund

This fund accounts for central services provided to other Metro operating units. These central services consist of Administrative Services/Human Resources, Office of General Counsel, Office of Citizen Involvement, and Office of the Auditor. Primary sources of revenue are investment income 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 investment income. Primary expenses are insurance premiums, claims costs and studies related to insurance issues.

METRO

Internal Service Funds

Combining Balance Sheet

June 30, 2000

Assets	Building Management Fund	Support Services Fund	Risk Management Fund	Total
Current assets:				
Equity in internal cash and investment pool	$ 1,479,663	1,784,555	7,634,057	10,898,275
Receivables (net of allowance for uncollectibles):				
Trade	11,975	246	-	12,221
Interest	13,231	22,451	73,738	109,420
Other assets	-	1,150	3,902	5,052
Total current assets	1,504,869	1,808,402	7,711,697	11,024,968
Restricted assets:				
Investments	2,328,738	-	-	2,328,738
Fixed assets, net	17,267,817	1,719,183	-	18,987,000
Total assets	$ 21,101,424	3,527,585	7,711,697	32,340,706
Liabilities and Fund Equity (Deficit)				
Current liabilities:				
Accounts payable	$ 37,007	388,425	83,012	508,444
Salaries, withholdings and payroll taxes payable	10,922	263,527	13,343	287,792
Accrued self-insurance claims	-	-	669,181	669,181
Bonds payable within one year	590,000	-	-	590,000
Accrued interest payable	505,140	-	-	505,140
Other liabilities	-	6,711	-	6,711
Total current liabilities	1,143,069	658,663	765,536	2,567,268
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discount and deferred amount on refunding)	20,889,727	-	-	20,889,727
Loans payable	190,412	-	-	190,412
Obligations under capital leases	-	103,990	-	103,990
Liability for compensated absences	-	301,972	-	301,972
Total liabilities	22,223,208	1,064,625	765,536	24,053,369
Fund equity (deficit):				
Retained earnings (deficit)	(1,121,784)	2,462,960	6,946,161	8,287,337
Total fund equity (deficit)	(1,121,784)	2,462,960	6,946,161	8,287,337
Total liabilities and fund equity (deficit)	$ 21,101,424	3,527,585	7,711,697	32,340,706

METRO

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the year ended June 30, 2000

	Building Management Fund	Support Services Fund	Risk Management Fund	Total
Operating revenues:				
Charges for services	$ 2,499,879	7,771,624	4,515,640	14,787,143
Miscellaneous	65	17,869	636,163	654,097
Total operating revenues	2,499,944	7,789,493	5,151,803	15,441,240
Operating expenses:				
Payroll and fringe benefits	195,926	5,015,546	270,845	5,482,317
Depreciation and amortization	572,179	284,486	-	856,665
Payments in lieu of rent	-	567,104	-	567,104
Insurance expense	-	20,047	4,286,509	4,306,556
Claims expense	-	-	595,690	595,690
Purchased professional/technical services	71,838	-	-	71,838
Payments to other governments	-	485,752	-	485,752
Other materials and services	392,288	1,011,026	67,040	1,470,354
Total operating expenses	1,232,231	7,383,961	5,220,084	13,836,276
Operating income (loss)	1,267,713	405,532	(68,281)	1,604,964
Non-operating revenues (expenses):				
Investment income	130,657	72,179	358,934	561,770
Interest expense	(1,337,807)	(7,061)	-	(1,344,868)
Loss on adjustment/disposal of fixed assets	(105,063)	(248,859)	(17,100)	(371,022)
Total non-operating revenues (expenses)	(1,312,213)	(183,741)	341,834	(1,154,120)
Income (loss) before operating transfers	(44,500)	221,791	273,553	450,844
Operating transfers in	35,000	457,000	-	492,000
Operating transfers out	-	(1,406,165)	(340,000)	(1,746,165)
Net loss	(9,500)	(727,374)	(66,447)	(803,321)
Retained earnings (deficit) - July 1, 1999	(1,112,284)	3,190,334	7,012,608	9,090,658
Retained earnings (deficit) - June 30, 2000	$ (1,121,784)	2,462,960	6,946,161	8,287,337

METRO

Internal Service Funds

Combining Statement of Cash Flows

For the year ended June 30, 2000

	Building Management Fund	Support Services Fund	Risk Management Fund	Total
Cash flows from operating activities:				
Cash receipts from customers	$ 414,360	-	-	414,360
Cash receipts from quasi-external transactions	2,080,041	7,416,239	4,515,640	14,011,920
Other operating cash receipts	65	372,638	636,163	1,008,866
Cash payments to suppliers for goods and services	(476,996)	(834,007)	(4,328,945)	(5,639,948)
Cash payments for claims	-	-	(595,690)	(595,690)
Cash payments to other governments	-	(485,752)	-	(485,752)
Cash payments to employees for services	(196,119)	(5,104,436)	(268,561)	(5,569,116)
Cash payments for quasi-external transactions	-	(587,151)	-	(587,151)
Net cash provided by (used in) operating activities	1,821,351	777,531	(41,393)	2,557,489
Cash flows from noncapital financing activities:				
Transfer from other funds	35,000	457,000	-	492,000
Transfer to other funds	-	(1,406,165)	(340,000)	(1,746,165)
Net cash provided by (used in) noncapital financing activities	35,000	(949,165)	(340,000)	(1,254,165)
Cash flows from capital and related financing activities:				
Principal payment on revenue bonds	(570,000)	-	-	(570,000)
Interest payments	(1,236,850)	(7,061)	-	(1,243,911)
Acquisition and construction of capital assets	(1,955)	(67,893)	-	(69,848)
Principal payments on loans	(17,353)	-	-	(17,353)
Principal payments on capital leases	-	(79,668)	-	(79,668)
Net cash used in capital and related financing activities	(1,826,158)	(154,622)	-	(1,980,780)
Cash flows from investing activities:				
Investment income	130,425	72,271	360,413	563,109
Proceeds from sale of investments	795,971	-	-	795,971
Purchase of investments	(769,956)	-	-	(769,956)
Net cash provided by investing activities	156,440	72,271	360,413	589,124
Net increase (decrease) in cash and cash equivalents	186,633	(253,985)	(20,980)	(88,332)
Cash and cash equivalents at beginning of year	1,293,030	2,038,540	7,655,037	10,986,607
Cash and cash equivalents at end of year	$ 1,479,663	1,784,555	7,634,057	10,898,275

(Continued)

METRO

Internal Service Funds

Combining Statement of Cash Flows, Continued

For the year ended June 30, 2000

	Building Management Fund	Support Services Fund	Risk Management Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 1,267,713	405,532	(68,281)	1,604,964
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	572,179	284,486	-	856,665
Change in assets and liabilities:				
Trade/other accounts receivable	(5,477)	(616)	-	(6,093)
Other assets	-	2,956	(3,090)	(134)
Accounts payable	(12,870)	192,409	27,694	207,233
Salaries, withholdings and payroll taxes payable/compensated absences	(194)	(91,377)	2,284	(89,287)
Other liabilities	-	(15,859)	-	(15,859)
Total adjustments	553,638	371,999	26,888	952,525
Net cash provided by (used in) operating activities	$ 1,821,351	777,531	(41,393)	2,557,489

Acquisition/construction of capital assets in the Support Services Fund includes $15,518 released from a deposit account to acquire assets.

METRO

Building Management Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Charges for services:			
Rentals	$ 56,291	55,333	(958)
Parking fees	382,892	364,505	(18,387)
Investment income	54,505	22,201	(32,304)
Miscellaneous	-	65	65
Total revenues	493,688	442,104	(51,584)
Expenditures:			
Operating expenses	753,626	690,235	63,391
Capital outlay	15,000	1,955	13,045
Contingency	39,376	-	39,376
Total expenditures	808,002	692,190	115,812
Revenues under expenditures	(314,314)	(250,086)	64,228
Other financing sources (uses):			
Operating transfers in:			
General Fund	341,346	349,719	8,373
Planning Fund	574,399	588,488	14,089
Regional Parks Fund	125,721	128,805	3,084
Open Spaces Fund	65,119	66,716	1,597
Solid Waste Revenue Fund	364,839	373,788	8,949
Support Services Fund	588,526	602,104	13,578
Smith and Bybee Lakes Trust Fund	5,291	5,421	130
Operating transfers out	(1,689,020)	(1,689,020)	-
Total other financing sources (uses)	376,221	426,021	49,800
Revenues and other sources over expenditures and other uses	61,907	175,935	114,028
Beginning fund balance available for appropriation - July 1, 1999	1,121,908	1,184,507	62,599
Prior Period Adjustment	-	2,553	2,553
Beginning Balance (Restated)	1,121,908	1,187,060	65,152
Unappropriated ending fund balance - June 30, 2000	$ 1,183,815	1,362,995	179,180

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, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Investment income	$ 113,758	108,456	(5,302)
Total revenues	113,758	108,456	(5,302)
Expenditures:			
Construction account:			
Capital outlay	23,091	-	23,091
Debt service account:			
Debt service	1,794,020	1,794,020	-
Contingency	395,000	-	395,000
Total expenditures	2,212,111	1,794,020	418,091
Revenues under expenditures	(2,098,353)	(1,685,564)	412,789
Other financing sources:			
Operating transfers in:			
Building Management Fund	1,689,020	1,689,020	-
Revenues and other sources over (under) expenditures	(409,333)	3,456	412,789
Beginning fund balance available for appropriation - July 1, 1999	2,504,452	2,412,964	(91,488)
Prior Period Adjustment	-	6,262	6,262
Beginning Balance (Restated)	2,504,452	2,419,226	(85,226)
Unappropriated ending fund balance - June 30, 2000	$ 2,095,119	2,422,682	327,563

Note: Compliance with budget at the legal level of control for the consolidated General Revenue Bond Fund is demonstrated on page 91.

METRO

Support Services Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Charges for services	$ 1,188,413	1,238,396	49,983
Investment income	56,377	72,179	15,802
Miscellaneous	-	17,869	17,869
Total revenues	1,244,790	1,328,444	83,654
Expenditures:			
Administrative services/Human resources:			
Operating expenses	5,766,937	5,191,103	575,834
Capital outlay	200,385	52,375	148,010
Debt service	97,084	86,729	10,355
Total administrative services/human resources	6,064,406	5,330,207	734,199
Office of general counsel:			
Operating expenses	843,933	750,599	93,334
Total office of general counsel	843,933	750,599	93,334
Office of citizen involvement:			
Operating expenses	65,430	58,661	6,769
Total office of citizen involvement	65,430	58,661	6,769
Office of the auditor:			
Operating expenses	612,640	577,764	34,876
Total office of the auditor	612,640	577,764	34,876
Contingency	101,103	-	101,103
Total expenditures	7,687,512	6,717,231	970,281

(Continued)

METRO

Support Services Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues under expenditures	$ (6,442,722)	(5,388,787)	1,053,935
Other financing sources (uses):			
Operating transfers in:			
General Fund	755,214	652,337	(102,877)
Zoo Operating Fund	1,295,754	1,166,074	(129,680)
Planning Fund	1,813,295	1,597,715	(215,580)
Regional Parks Fund	685,923	584,915	(101,008)
Open Spaces Fund	487,875	425,362	(62,513)
Solid Waste Revenue Fund	2,475,827	2,202,172	(273,655)
Risk Management Fund	340,000	340,000	-
Smith and Bybee Lakes Trust Fund	25,538	21,653	(3,885)
Operating transfers out	(2,251,365)	(1,993,316)	258,049
Total other financing sources (uses)	5,628,061	4,996,912	(631,149)
Revenues and other sources under expenditures and other uses	(814,661)	(391,875)	422,786
Beginning fund balance available for appropriation - July 1, 1999	1,145,466	1,535,064	389,598
Prior Period Adjustment	-	6,550	6,550
Beginning Balance (Restated)	1,145,466	1,541,614	396,148
Unappropriated ending fund balance - June 30, 2000	$ 330,805	1,149,739	818,934

METRO

Risk Management Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
State grants	$ 10,000	-	(10,000)
Charges for services	4,344,640	4,176,855	(167,785)
Investment income	460,000	358,934	(101,066)
Miscellaneous	-	636,163	636,163
Total revenues	4,814,640	5,171,952	357,312
Expenditures:			
Operating expenses	5,786,470	5,220,084	566,386
Capital outlay	10,000	-	10,000
Contingency	195,581	-	195,581
Total expenditures	5,992,051	5,220,084	771,967
Revenues under expenditures	(1,177,411)	(48,132)	1,129,279
Other financing sources (uses):			
Operating transfers in:			
General Fund	6,229	6,229	-
Zoo Operating Fund	159,083	159,083	-
Planning Fund	19,618	19,618	-
Regional Parks Fund	24,917	24,917	-
Open Spaces Fund	4,359	4,359	-
Solid Waste Revenue Fund	103,484	103,484	-
Support Services Fund	20,047	20,047	-
Smith and Bybee Lakes Trust Fund	1,048	1,048	-
Operating transfers out	(340,000)	(340,000)	-
Total other financing sources (uses)	(1,215)	(1,215)	-
Revenues and other sources under expenditures and other uses	(1,178,626)	(49,347)	1,129,279
Beginning fund balance available for appropriation - July 1, 1999	6,903,947	6,965,889	61,942
Prior Period Adjustment	-	29,619	29,619
Beginning Balance (Restated)	6,903,947	6,995,508	91,561
Unappropriated ending fund balance - June 30, 2000	$ 5,725,321	6,946,161	1,220,840

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, 2000

	Building Management Fund	Support Services Fund	Risk Management Fund	Total
Excess of revenues and other financing sources over (under) expenditures and other financing uses on a budgetary basis:				
Building Management Fund	$ 175,935	-	-	175,935
General Revenue Bond Fund - Building Management	3,456	-	-	3,456
Support Services Fund	-	(391,875)	-	(391,875)
Risk Management Fund	-	-	(49,347)	(49,347)
Budget requirements not qualifying as expenses under GAAP:				
Fixed assets additions	1,955	52,375	-	54,330
Loan payments	17,353	-	-	17,353
Principal payments on capital leases	-	79,668	-	79,668
Principal and interest payments on bonds	1,084,877	-	-	1,084,877
Additional revenues (expenses) required by GAAP:				
Depreciation and amortization	(572,179)	(284,486)	-	(856,665)
Loss on adjustment/disposal of fixed assets	(105,063)	(248,859)	(17,100)	(371,022)
Amortization of bond discount and costs	(110,694)	-	-	(110,694)
Vacation benefits	-	65,803	-	65,803
Accrued interest on bonds	(505,140)	-	-	(505,140)
Net loss presented in combining statement of revenues, expenses and changes in retained earnings	$ (9,500)	(727,374)	(66,447)	(803,321)

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 investment income. 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. The City and Metro adopted a Natural Resources Plan for Smith and Bybee Lakes in prior years. The primary resource is investment income.

Regional Parks Trust Fund

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

Deferred Compensation Fund

This fund accounts for assets held for employees in accordance with the provisions of an Internal Revenue Code Section 401(k) deferred compensation plan. Additions are employee contributions, based upon a percentage of participants' wages, and investment income. No budget is adopted for this fund.

METRO

Expendable Trust Funds

Combining Balance Sheet

June 30, 2000

Assets	Rehabilitation and Enhancement Fund	Smith and Bybee Lakes Trust Fund	Regional Parks Trust Fund	Deferred Compensation Fund	Total
Equity in internal cash and investment pool	$ 2,271,520	3,575,566	432,449	-	6,279,535
Investments	-	-	-	28,064,767	28,064,767
Other receivables	40,000	-	-	502,196	542,196
Interest receivable	21,566	34,134	4,154	-	59,854
Other assets	-	-	-	60,052	60,052
Total assets	$ 2,333,086	3,609,700	436,603	28,627,015	35,006,404
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 84,913	10,809	330	-	96,052
Salaries, withholdings and payroll taxes payable	-	4,844	-	-	4,844
Deferred revenue	40,000	-	-	-	40,000
Total liabilities	124,913	15,653	330	-	140,896
Fund balances:					
Reserved for deferred compensation benefits	-	-	-	28,627,015	28,627,015
Unreserved	2,208,173	3,594,047	436,273	-	6,238,493
Total fund balances	2,208,173	3,594,047	436,273	28,627,015	34,865,508
Total liabilities and fund balances	$ 2,333,086	3,609,700	436,603	28,627,015	35,006,404

METRO

Expendable Trust Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 2000

	Rehabilitation and Enhancement Fund	Smith and Bybee Lakes Trust Fund	Regional Parks Trust Fund	Deferred Compensation Fund	Totals
Revenues:					
Government contributions	$ -	5,000	-	-	5,000
Charges for services	40,000	1,931	11,553	-	53,484
Rehabilitation, enhancement and end use fees	407,046	2,229	-	-	409,275
Investment income	107,866	172,063	21,291	4,403,797	4,705,017
Contributions and donations	-	-	5	-	5
Employee contributions	-	-	-	1,596,624	1,596,624
Miscellaneous	-	423	-	-	423
Total revenues	554,912	181,646	32,849	6,000,421	6,769,828
Expenditures:					
Recreation and development	-	-	19,330	-	19,330
Rehabilitation and enhancement	561,308	181,589	-	-	742,897
Deferred compensation	-	-	-	888,584	888,584
Total expenditures	561,308	181,589	19,330	888,584	1,650,811
Revenues over (under) expenditures	(6,396)	57	13,519	5,111,837	5,119,017
Fund balances - July 1, 1999	2,214,569	3,593,990	422,754	23,515,178	29,746,491
Fund balances - June 30, 2000	$ 2,208,173	3,594,047	436,273	28,627,015	34,865,508

METRO

Rehabilitation and Enhancement Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Charges for services	$ 40,000	40,000	-
Investment income	122,224	107,866	(14,358)
Total revenues	162,224	147,866	(14,358)
Expenditures:			
North Portland Enhancement Account:			
Materials and services	94,950	100,606	(5,656)
Oregon City Enhancement Account:			
Materials and services	139,780	175,437	(35,657)
Metro Central Enhancement Account:			
Materials and services	346,289	194,220	152,069
Forest Grove Enhancement Account:			
Materials and services	50,820	52,175	(1,355)
Total materials and services	631,839	522,438	109,401
Contingency	300,000	-	300,000
Total expenditures	931,839	522,438	409,401
Revenues under expenditures	(769,615)	(374,572)	395,043
Other financing sources (uses):			
Operating transfers in:			
Solid Waste Revenue Fund	439,892	407,046	(32,846)
Operating transfers out	(39,980)	(38,870)	1,110
Total other financing sources (uses)	399,912	368,176	(31,736)
Revenues and other sources under expenditures and other uses	(369,703)	(6,396)	363,307
Beginning fund balance available for appropriation - July 1, 1999	2,222,246	2,206,658	(15,588)
Prior Period Adjustment	-	7,911	7,911
Beginning Balance (Restated)	2,222,246	2,214,569	(7,677)
Unappropriated ending fund balance - June 30, 2000	$ 1,852,543	2,208,173	355,630

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, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Government contributions	$ 5,000	5,000	-
Charges for services	500	1,931	1,431
Investment income	194,418	172,063	(22,355)
Miscellaneous	-	423	423
Total revenues	199,918	179,417	(20,501)
Expenditures:			
Operating expenses	273,557	153,207	120,350
Contingency	23,647	-	23,647
Total expenditures	297,204	153,207	143,997
Revenues over (under) expenditures	(97,286)	26,210	123,496
Other financing sources (uses):			
Operating transfers in:			
Solid Waste Revenue Fund	15,000	2,229	(12,771)
Operating transfers out	(42,377)	(28,382)	13,995
Total other financing sources (uses)	(27,377)	(26,153)	1,224
Revenues and other sources over (under) expenditures and other uses	(124,663)	57	124,720
Beginning fund balance available for appropriation - July 1, 1999	3,580,879	3,581,397	518
Prior Period Adjustment	-	12,593	12,593
Beginning Balance (Restated)	3,580,879	3,593,990	13,111
Unappropriated ending fund balance - June 30, 2000	$ 3,456,216	3,594,047	137,831

METRO

Regional Parks Trust Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Tibbets Flowers:			
Investment income	$ 50	192	142
Blue Lake Concert Stage:			
Investment income	5,532	4,913	(619)
Oxbow Park Nature Center:			
Charges for services	10,000	11,553	1,553
Investment income	12,743	11,931	(812)
Contributions and donations	-	5	5
Willamina Farmer Family Plot:			
Investment income	4,547	4,255	(292)
Total revenues	32,872	32,849	(23)
Expenditures:			
Materials and services:			
Blue Lake Concert Stage	-	330	(330)
Oxbow Park Nature Center	30,000	15,000	15,000
Total expenditures	30,000	15,330	14,670
Revenues over expenditures	2,872	17,519	14,647
Other financing uses:			
Operating transfers out	(7,120)	(4,000)	3,120
Revenues over (under) expenditures and other uses	(4,248)	13,519	17,767
Beginning fund balance available for appropriation - July 1, 1999	415,853	421,518	5,665
Prior Period Adjustment	-	1,236	1,236
Beginning Balance (Restated)	415,853	422,754	6,901
Unappropriated ending fund balance - June 30, 2000	$ 411,605	436,273	24,668

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, 2000

General fixed assets:	
Land	$ 105,120,685
Buildings and exhibits	67,446,804
Improvements	7,326,173
Equipment	2,383,121
Office furniture/equipment	612,354
Railroad equipment and facilities	2,290,452
Total general fixed assets	$ 185,179,589
Investment in general fixed assets from:	
Special Revenue Funds:	
Planning Fund	$ 895,883
Regional Parks Fund	10,166,539
Zoo Fund	30,883,191
Capital Projects Funds:	
Zoo Capital Fund	44,703,539
Open Spaces Fund	98,175,519
Smith and Bybee Lakes Trust Fund	354,918
Total investment in general fixed assets	$ 185,179,589

METRO

Schedule of General Fixed Assets by Function and Activity

June 30, 2000

		Land	Buildings and exhibits
Special Revenue Funds:			
Planning Fund	$	-	-
Regional Parks Fund		4,893,591	3,002,199
Zoo Fund		2,573,450	21,410,697
Capital Projects Funds:			
Zoo Capital Fund		-	43,028,463
Open Spaces Fund		97,337,050	-
Smith and Bybee Lakes Trust Fund		316,594	5,445
Total	$	105,120,685	67,446,804

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.

Improvements	Equipment	Office furniture/ equipment	Railroad equipment and facilities	Total
-	482,000	413,883	-	895,883
2,230,892	39,857	-	-	10,166,539
3,737,722	878,965	161,240	2,121,117	30,883,191
492,515	975,995	37,231	169,335	44,703,539
832,165	6,304	-	-	98,175,519
32,879	-	-	-	354,918
7,326,173	2,383,121	612,354	2,290,452	185,179,589

Schedule of Changes in General Fixed Assets by Function and Activity

For the year ended June 30, 2000

	Land	Buildings and exhibits
Balances, July 1, 1999	$ 82,019,716	60,931,157
Adjustment-change in capitalization threshold	(4,459)	(1,605,909)
Adjusted Balances, July 1, 1999	82,015,257	59,325,248
Add expenditures from:		
General government	-	-
Regional planning and development	-	-
Recreation and development (1)	23,105,428	30,504
Zoo operations and development:		
Administration	-	-
Animal management	-	-
Facilities management	-	179,661
Educational services	-	9,949
Marketing	-	-
Visitor services	-	-
Design services	-	54,546
General Revenue Bond Fund - Zoo	-	-
Total zoo operations and development	-	244,156
Zoo Capital Projects Fund	-	8,111,214
Trust operations	-	-
Total additions	23,105,428	8,385,874
Add/(Subtract) Adjustments:		
Transfers	-	(264,318)
Total adjustments	-	(264,318)
Balances, June 30, 2000	$ 105,120,685	67,446,804

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

Improvements	Equipment	Office furniture/ equipment	Railroad equipment and facilities	Total
5,905,515	4,384,894	2,999,953	2,015,542	158,256,777
(309,185)	(2,351,083)	(2,433,165)	-	(6,703,801)
5,596,330	2,033,811	566,788	2,015,542	151,552,976
-	-	-	-	-
-	-	-	-	-
1,672,835	3,509	-	-	24,812,276
-	-	-	-	-
-	8,852	-	-	8,852
51,224	60,106	-	10,592	301,583
-	-	13,085	-	23,034
-	-	6,250	-	6,250
5,784	2,977	-	-	8,761
-	-	-	-	54,546
-	-	-	-	-
57,008	71,935	19,335	10,592	403,026
-	273,866	26,231	-	8,411,311
-	-	-	-	-
1,729,843	349,310	45,566	10,592	33,626,613
-	-	-	264,318	-
-	-	-	264,318	-
7,326,173	2,383,121	612,354	2,290,452	185,179,589

Component Unit Financial Schedules

Enterprise Fund

MERC Fund

This fund accounts for revenues and expenses related to the management and operation of facilities managed by MERC, including the OCC, Expo Center, PCPA, and Civic Stadium. The principal sources of revenue are local government shared revenue and charges for services. Expenses consist primarily of management, marketing and operation costs. This fund consists of four budgetary funds (MERC Operating Fund, Convention Center Project Capital Fund, MERC Pooled Capital Fund, and General Revenue Bond Fund-Expo) that are combined as one Enterprise Fund to be in accordance with accounting principles generally accepted in the United States of America.

METRO

MERC Operating Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Local government shared revenues	$ 5,462,500	5,546,588	84,088
Government contributions	600,000	600,000	-
Charges for services:			
Admission fees	1,154,600	998,658	(155,942)
Rentals	4,525,376	4,292,109	(233,267)
Food service revenue	9,117,160	9,500,326	383,166
Utility services	1,309,672	1,631,124	321,452
Parking fees	2,144,391	2,072,937	(71,454)
Reimbursed services	2,179,209	2,121,066	(58,143)
Miscellaneous charges for services	1,296,818	934,428	(362,390)
Investment income	638,364	652,381	14,017
Contributions and donations	1,025,000	445,359	(579,641)
Miscellaneous	-	(23,074)	(23,074)
Total revenues	29,453,090	28,771,902	(681,188)
Expenditures:			
Operating expenses	26,514,559	26,114,263	400,296
Capital outlay	2,592,450	1,471,911	1,120,539
Debt service	1,982,201	1,829,315	152,886
Contingency	1,054,682	-	1,054,682
Total expenditures	32,143,892	29,415,489	2,728,403
Revenues under expenditures	(2,690,802)	(643,587)	2,047,215
Beginning fund balance available for appropriation - July 1, 1999	11,502,968	11,447,715	(55,253)
Prior Period Adjustment	-	27,184	27,184
Beginning Balance (Restated)	11,502,968	11,474,899	(28,069)
Unappropriated ending fund balance - June 30, 2000	$ 8,812,166	10,831,312	2,019,146

Note: Certain capital outlay expenditures become fixed assets of the City under terms of an intergovernmental agreement, and therefore are recorded as "contributions to other governments" expense on a GAAP basis.

METRO

Convention Center Project Capital Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Investment income	$ -	2,046	2,046
Total revenues	-	2,046	2,046
Expenditures:			
Operating expenses	325,000	135,565	189,435
Capital outlay	6,175,000	851,593	5,323,407
Total expenditures	6,500,000	987,158	5,512,842
Revenues under expenditures	(6,500,000)	(985,112)	5,514,888
Other financing sources:			
Interfund Loan	6,500,000	987,158	(5,512,842)
Revenues and other sources over expenditures	-	2,046	2,046
Beginning fund balance available for appropriation - July 1, 1999	-	-	-
Prior Period Adjustment	-	122	122
Beginning Balance (Restated)	-	122	122
Unappropriated ending fund balance - June 30, 2000	$ -	2,168	2,168

METRO

MERC Pooled Capital Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Local government shared revenues	$ 602,786	-	(602,786)
Investment inoome	229,500	253,807	24,307
Contributions and donations	1,000,000	1,000,000	-
Total revenues	1,832,286	1,253,807	(578,479)
Expenditures:			
Materials and services	75,000	17,852	57,148
Capital outlay	396,500	116,734	279,766
Total expenditures	471,500	134,586	336,914
Revenues over expenditures	1,360,786	1,119,221	(241,565)
Beginning fund balance available for appropriation - July 1, 1999	4,063,340	4,055,987	(7,353)
Prior Period Adjustment	-	8,966	8,966
Beginning Balance (Restated)	4,063,340	4,064,953	1,613
Unappropriated ending fund balance - June 30, 2000	$ 5,424,126	5,184,174	(239,952)

METRO

General Revenue Bond Fund - Expo

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Investment income	$ -	-	-
Total revenues	-	-	-
Expenditures:			
Project account:			
Capital outlay	2,500,000	2,913,501	(413,501)
Total expenditures	2,500,000	2,913,501	(413,501)
Revenues under expenditures	(2,500,000)	(2,913,501)	(413,501)
Other financing sources:			
State bond bank loan proceeds	2,500,000	2,913,501	413,501
Revenues and other sources over expenditures	-	-	-
Beginning fund balance available for appropriation - July 1, 1999	-	-	-
Unappropriated ending fund balance - June 30, 2000	$ -	-	-

Note: Compliance with budget at the legal level of control for the consolidated General Revenue Bond Fund is demonstrated on page 91.

METRO

Reconciliation of MERC 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, 2000

Excess of revenues and other financing sources over (under) expenditures and other financing uses on a budgetary basis:	
MERC Operating Fund	$ (643,587)
Convention Center Project Capital Fund	2,046
MERC Pooled Capital Fund	1,119,221
General Revenue Bond Fund-Expo	-
Budget resources not qualifying as revenues under GAAP:	
State bond bank loan proceeds	(2,913,501)
Interfund loan proceeds	(987,158)
Budget requirements not qualifying as expenses under GAAP:	
Fixed assets additions	4,454,817
Principal payments on capital leases	188,020
Principal and interest payments on bonds	1,579,718
Additional revenues (expenses) required by GAAP:	
Donation on forgiveness of debt	121,613
Depreciation and amortization	(3,460,200)
Loss on adjustment/disposal of fixed assets	(254,787)
Vacation benefits	(25,909)
Accrued interest on bonds	(273,934)
Net loss presented in combined statement of revenues, expenses and changes in retained earnings	$ (1,093,641)

Other Financial Schedules

METRO

General Revenue Bond Fund

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

For the year ended June 30, 2000

	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Investment income	$ 113,758	117,569	3,811
Total revenues	113,758	117,569	3,811
Expenditures:			
Debt service account:			
Debt service	2,226,078	2,226,078	-
Construction account:			
Capital outlay	23,091	-	23,091
Project account:			
Capital outlay	2,625,000	2,913,501	(288,501)
Contingency	395,000	-	395,000
Total expenditures	5,269,169	5,139,579	129,590
Revenues under expenditures	(5,155,411)	(5,022,010)	133,401
Other financing sources:			
State bond bank loan proceeds	2,500,000	2,960,474	460,474
Operating transfers in:			
Zoo Operating Fund	432,058	432,058	-
Building Management Fund	1,689,020	1,689,020	-
Total other financing sources	4,621,078	5,081,552	460,474
Revenues and other sources over (under) expenditures	(534,333)	59,542	593,875
Beginning fund balance available for appropriation - July 1, 1999	2,629,452	2,537,964	(91,488)
Prior Period Adjustment	-	6,171	6,171
Beginning Balance (Restated)	2,629,452	2,544,135	(85,317)
Unappropriated ending fund balance - June 30, 2000	$ 2,095,119	2,603,677	508,558

Note: This schedule demonstrates compliance with budget at the legal level of control for the General Revenue Bond Fund, a budgetary fund comprised of three components that are separated and combined with other budgetary funds for reporting under GAAP.

METRO

Schedule of Property Tax Transactions and Outstanding Receivable

For the year ended June 30, 2000

Fiscal Year	Original levy or balance of receivable July 1, 1999	Add (deduct) Discounts	Adjustments	Interest	Collections	Property taxes receivable June 30, 2000
1999-00	$ 25,039,223	(599,152)	(48,205)	6,470	(23,514,268)	884,068
1998-99	873,444	-	(55,519)	21,386	(495,137)	344,174
1997-98	336,111	-	(11,257)	14,122	(165,593)	173,383
1996-97	134,638	-	(7,079)	11,512	(93,501)	45,570
1995-96	44,562	-	416	4,412	(40,002)	9,388
1994-95 & prior	14,666	-	1,465	1,110	(4,640)	12,601
	$ 26,442,644	(599,152)	(120,179)	59,012	(24,313,141)	1,469,184

Reconciliation to property tax revenue presented in combined financial statements:	Zoo Operating Fund	Debt Service Fund	Total
Cash collections July 1, 1999 to June 30, 2000	$ 7,076,245	17,236,896	24,313,141
Accrual of receivables:			
July 1, 1999 to August 31, 1999	(41,556)	(113,759)	(155,315)
July 1, 2000 to August 31, 2000	46,067	112,824	158,891
Timing difference between county tax collector and county treasurer	3,160	12,025	15,185
Payments in lieu of property taxes	22,755	56,309	79,064
Property tax revenue per combined statement of revenues, expenditures and changes in fund balances	$ 7,106,671	17,304,295	24,410,966
Property taxes receivable June 30, 2000	$ 415,392	1,053,792	1,469,184
Deferred tax revenues June 30, 2000	$ 369,325	940,968	1,310,293

METRO

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

June 30, 2000

		Open Spaces Program General Obligation Bonds					
		1995 Series A		1995 Series B		1995 Series C	
Year of maturity		Principal	Interest	Principal	Interest	Principal	Interest
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	$	64,930,000	32,691,835	3,404,198	2,098,802	49,645,000	24,043,179

Convention Center 1992 Series A General Obligation Refunding Bonds		Metro Washington Park Zoo Oregon Project 1996 Series A General Obligation Bonds		Total	
Principal	Interest	Principal	Interest	Principal	Interest
2,530,000	3,113,958	990,000	1,437,760	8,483,200	10,641,954
2,700,000	2,964,237	1,040,000	1,388,260	8,938,625	10,201,494
2,890,000	2,800,385	1,095,000	1,336,260	9,438,060	9,734,264
3,085,000	2,624,135	1,150,000	1,281,510	9,958,920	9,230,791
3,305,000	2,432,165	1,215,000	1,212,510	10,520,155	8,697,884
3,535,000	2,224,252	1,275,000	1,139,610	11,068,037	8,154,146
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
50,975,000	24,450,695	26,375,000	14,757,720	195,329,198	98,042,231

METRO

Schedule of Future Debt Service Requirements
Proprietary Funds

June 30, 2000

	Solid Waste Enterprise Fund Revenue Bonds				
	Metro Central Transfer Station 1990 Series A		Metro Central Transfer Station 1993 Series A Refunding		Metro\Riedel Compost Facility 1990 Series 1 (1)
Year of maturity	Principal	Interest	Principal	Interest	Principal
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	$ 12,836,120	-	12,055,000	4,475,718	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 2000-01 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.

Total Enterprise Fund		Internal Service Funds General Revenue Refunding Bonds Metro Regional Center Project 1993 Series A	
Principal (2)	Interest	Principal (3)	Interest
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	368,287
-	-	1,460,000	293,475
-	-	1,540,000	214,725
-	-	1,620,000	131,775
-	-	1,700,000	44,625
29,891,120	4,475,718	23,915,000	16,852,000

METRO

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

For the year ended June 30, 2000

	Principal				
	Outstanding July 1, 1999	Issued During Year	Matured and Paid During Year	Outstanding June 30, 2000	Interest Expense
Open Spaces Program 1995 Series A General Obligation Bonds with interest rates from 5.0 to 5.75%, final maturity 9/1/15	$ 67,450,000	-	2,520,000	64,930,000	3,583,616
Open Spaces Program 1995 Series B General Obligation Bonds with interest rates from 4.45 to 5.5%, final maturity 9/1/10	3,827,953	-	423,755	3,404,198	76,245
Open Spaces Program 1995 Series C General Obligation Bonds with interest rates from 4.6 to 6.0%, final maturity 9/1/15	51,435,000	-	1,790,000	49,645,000	2,656,513
Convention Center 1992 Series A General Obligation Refunding Bonds with interest rates from 5.75 to 6.25%, final maturity 1/1/13	53,350,000	-	2,375,000	50,975,000	3,252,235
Metro Washington Park Zoo Oregon Project 1996 Series A General Obligation Bonds with interest rates from 5.0 to 6.0%, final maturity 1/15/17	27,315,000	-	940,000	26,375,000	1,484,760
Total General Long-Term Debt Account Group	$ 203,377,953	-	8,048,755	195,329,198	11,053,369

METRO

Schedule of Long-Term Bonded Debt Transactions
Proprietary Funds

For the year ended June 30, 2000

		Principal				
		Outstanding July 1, 1999	Issued During Year	Matured and Paid During Year	Outstanding June 30, 2000	Interest Expense
ENTERPRISE FUNDS:						
SOLID WASTE FUND:						
Metro Central Transfer Station 1990 Series A Solid Waste Disposal Project Revenue Bonds with interest rates from 6.9 to 7.1%, final maturity 7/1/07	$	14,676,120	-	1,840,000	12,836,120	95,979
Metro Central Transfer Station 1993 Series A Solid Waste Disposal Refunding Revenue Bonds with interest rates from 4.3 to 5.125%, final maturity 7/1/11		12,195,000	-	140,000	12,055,000	594,916
Metro\Riedel Compost Facility 1990 Series 1 Solid Waste Disposal Project Revenue Bonds with variable interest rates, final maturity 7/1/11		5,000,000	-	-	5,000,000	194,768
Total Enterprise Funds	$	31,871,120	-	1,980,000	29,891,120	885,663
INTERNAL SERVICE FUNDS:						
BUILDING MANAGEMENT FUND:						
Metro Regional Center Project 1993 Series A General Revenue Refunding Bonds with interest rates from 4.3% to 5.25%, final maturity 8/1/22	$	24,485,000	-	570,000	23,915,000	1,224,020
Total Internal Service Funds	$	24,485,000	-	570,000	23,915,000	1,224,020
COMPONENT UNIT:						
MERC FUND:						
Expo Center Project Expo Center 1996 Series A Revenue Bond with an interest rate of 5.5%, final maturity 5/1/06	$	1,685,877	-	1,685,877	-	-
Total Component Unit	$	1,685,877	-	1,685,877	-	-

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	Capital outlay	Debt service	Total (memorandum only) - Primary Government	Component Unit MERC (2) Spectator facility operations	Total (memorandum only) - Reporting Entity
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
1998	2,524,722	13,866,883	14,690,941	8,918,822	35,126,447	19,469,296	94,597,111	-	94,597,111
1999	2,695,154	16,036,401	16,979,166	8,221,900	35,949,786	19,915,021	99,797,428	-	99,797,428
2000	3,464,504	17,981,708	10,683,715	8,390,587	33,626,613	19,710,657	93,857,784	-	93,857,784

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

(2) In fiscal year 1994, the operations of the Coliseum were returned to the City. In fiscal year 1998, component unit operations became proprietary activities.

Source: Metro Administrative Services Department, Accounting Services Division.

METRO

General Governmental Revenues by Source (1)

for the last ten fiscal years
Unaudited

Fiscal year ended June 30,	Property taxes (2)	Excise taxes	Charges for services	Grants	Contributions and donations	Miscellaneous and investment income	Total (memorandum only) - Primary Government	Component Unit - MERC (3)		Total (memorandum only) - Reporting Entity
								Charges for services	Miscellaneous and investment income	
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
1998	25,672,117	7,621,699	10,999,508	10,037,351	806,277	9,867,083	65,004,035	-	-	65,004,035
1999	25,532,776	7,405,463	12,571,986	12,104,342	1,337,092	7,435,230	66,386,889	-	-	66,386,889
2000	24,410,966	7,726,842	14,890,703	6,533,796	1,699,285	4,943,549	60,205,141	-	-	60,205,141

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

(2) Property taxes for the fiscal year 1991 includes proceeds of a serial tax levy for Zoo capital projects. This levy was replaced in 1992 by a zoo operations tax base approved by voters. Property tax revenues include the following tax levies and the year they began: Convention Center General Obligation Bonds, 1989; Open Spaces General Obligation Bonds, 1996; Zoo Oregon Project General Obligation Bonds, 1997.

(3) In fiscal year 1994, the operations of the Coliseum were returned to the City. In fiscal year 1998, component unit operations became proprietary activities.

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
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
1998	26,103,411	24,848,112	95.2	720,013	25,568,125	97.9	1,286,146	4.9
1999	26,225,874	24,710,874	94.2	798,788	25,509,662	97.3	1,403,421	5.4
2000	25,039,223	23,514,268	93.9	798,873	24,313,141	97.1	1,469,184	5.9

(1) Property tax levies provide additional operating revenue for the Oregon Zoo and debt service for Metro's general obligation bonds. Property taxes for the fiscal year 1991 include proceeds of a serial tax levy for Zoo capital projects. This levy was replaced in 1992 by a zoo operations tax base approved by voters. Property tax revenues include the following tax levies and the year they began: Convention Center General Obligation Bonds, 1989; Open Spaces General Obligation Bonds, 1996; Zoo Oregon Project General Obligation Bonds, 1997.

Source: Metro Administrative Services Department, Accounting Services Division.

METRO

Assessed and Real Market Value of Taxable Property

for the last ten fiscal years (1)
Unaudited

Fiscal year ended June 30,	Real property		Personal property		Public utility property		Total		Ratio of total assessed to total real market value
	Assessed value	Real market value	Assessed value	Real market value	Assessed value	Real market value	Assessed value	Real market value	
1991	$ 34,579,722,545	$ 34,579,722,545	$ 2,323,901,306	$ 2,323,901,306	$ 2,033,712,947	$ 2,033,712,947	$ 38,937,336,798	$ 38,937,336,798	100.0 %
1992	42,210,510,690	42,210,510,690	2,284,113,649	2,284,113,649	1,957,428,693	1,957,428,693	46,452,053,032	46,452,053,032	100.0
1993	45,423,405,654	45,423,405,654	2,595,268,658	2,595,268,658	2,043,094,320	2,043,094,320	50,061,768,632	50,061,768,632	100.0
1994	49,677,571,088	49,677,571,088	2,514,868,176	2,514,868,176	2,184,301,817	2,184,301,817	54,376,741,081	54,376,741,081	100.0
1995	56,193,560,012	56,193,560,012	2,612,727,562	2,612,727,562	2,173,333,580	2,173,333,580	60,979,621,154	60,979,621,154	100.0
1996	63,459,767,323	63,459,767,323	2,904,185,194	2,904,185,194	2,382,468,737	2,382,468,737	68,746,421,254	68,746,421,254	100.0
1997	72,014,495,367	72,014,495,367	3,104,873,132	3,104,873,132	2,602,116,760	2,602,116,760	77,721,485,259	77,721,485,259	100.0
1998	60,387,931,053	80,283,641,966	3,675,943,675	3,974,916,593	2,647,959,728	3,061,987,922	66,711,834,456	87,320,546,481	76.4
1999	64,954,925,132	86,686,731,219	4,015,295,303	4,218,503,324	2,965,312,065	3,252,510,350	71,935,532,500	94,157,744,893	76.4
2000	68,119,873,420	96,442,637,972	4,599,178,731	4,855,164,356	3,539,158,652	3,849,648,489	76,258,210,803	105,147,450,817	72.5

(1) In fiscal year 1997-98, the State of Oregon was converted from a levy based to a rate based property tax system with reductions in assessed values.

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 Assessed Value									
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Direct Government										
Metro	$ 0.27	0.24	0.23	0.21	0.20	0.37	0.29	0.39	0.36	0.33
Overlapping Government										
Multnomah County										
Portland School District #1J	$ 16.77	15.35	14.91	14.81	14.10	13.25	13.37	6.67	6.32	6.35
City of Portland	8.80	7.96	7.34	7.22	6.61	6.36	6.07	6.78	6.83	6.79
Multnomah County	4.97	4.49	4.29	4.30	4.08	3.88	4.23	4.89	5.39	5.25
Reynolds School District #7	14.14	14.15	12.81	11.89	10.94	10.20	10.40	5.88	5.49	5.34
Multnomah County ESD	1.47	1.35	1.31	1.28	1.22	1.14	1.08	0.46	0.46	0.46
Parkrose School District #3	11.50	11.54	11.54	11.50	11.72	12.37	11.53	6.68	6.49	6.36
David Douglas School District #40	17.43	15.93	15.86	16.12	14.98	13.82	13.12	5.66	5.53	5.49
Portland Community College	0.91	0.81	0.90	0.87	0.82	0.79	0.73	0.37	0.35	0.36
City of Gresham	4.99	4.62	4.44	4.96	4.68	4.50	3.71	4.04	3.95	3.91
Gresham-Barlow School District #10JT	9.46	8.82	9.67	9.02	14.17	13.01	13.15	7.29	7.31	7.13
Washington County										
Beaverton School District #48J	$ 15.82	13.44	14.16	13.39	12.41	12.07	11.41	6.16	6.17	6.19
Tigard-Tualatin School District #23J	14.60	16.73	15.95	15.58	13.88	14.01	12.85	6.60	6.65	6.31
Washington County	2.95	2.88	2.84	2.60	2.48	2.34	2.51	3.48	3.85	3.85
Hillsboro School District #1J (2)	10.28	8.58	8.43	7.49	7.79	7.02	13.11	7.09	7.00	7.49
Tualatin Valley Fire and Rescue	2.41	1.99	1.98	1.88	1.76	1.66	1.52	1.54	1.53	1.56
City of Beaverton	4.67	4.05	4.06	4.03	4.16	4.01	2.58	3.38	3.66	3.98
Forest Grove School District #15	18.76	18.83	19.06	18.05	17.01	16.71	15.02	8.27	8.08	8.33
Hillsboro Elem. School District #7 (2)	9.11	9.59	9.64	9.00	8.59	7.81	-	-	-	-
Tualatin Hills Park & Rec. District	1.27	1.39	1.29	1.27	1.30	1.41	1.37	1.53	1.53	1.56
Sherwood School District #88J	16.34	13.90	12.82	11.90	12.30	11.10	10.87	7.47	7.32	9.01
Clackamas County										
North Clackamas School Dist. #12	$ 16.14	13.26	12.74	11.93	10.59	9.55	8.47	5.23	5.36	7.20
Lake Oswego School District #7J	14.37	13.34	12.90	13.36	13.37	11.57	11.25	6.83	6.23	6.11
Clackamas County	2.44	2.39	2.40	3.72	3.28	3.94	4.31	6.09	6.10	6.10
West Linn-Wilsonville School District #3J	15.35	15.73	15.05	13.49	13.15	11.78	11.17	6.76	8.23	6.81
Oregon City School District #62	18.47	16.89	16.04	15.57	14.03	12.75	11.49	4.97	4.96	4.96
Clackamas Community College	1.39	1.39	1.39	1.34	1.25	1.17	1.09	0.63	0.62	0.62
City of Lake Oswego	5.03	5.05	4.89	4.49	4.40	4.29	4.23	10.35	10.41	10.41
Clackamas County ESD	1.04	1.31	0.87	0.85	0.79	0.76	0.71	0.37	0.37	0.37
Clackamas Rural Fire Protect. Dist. #1	3.67	2.55	2.45	2.90	2.67	2.52	2.30	2.44	2.48	2.47
Canby School District #86	8.33	8.87	7.76	7.49	12.69	11.56	10.77	6.93	6.80	6.57

(1) Metro is a regional government that covers a three county area and has over 200 overlapping governments. Listed above are the 10 governments with the largest tax levies from each county. In fiscal year 1997-98, the State of Oregon was converted from a levy based to a rate based property tax system with reductions in assessed values.

(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, 2000
Unaudited

True cash value		$ 105,147,450,817
Debt limit (1)		10.0%
		10,514,745,082
Gross bonded debt principal	$ 249,135,318	
Less legal deductions from debt limit:		
Metro Central Transfer Station Project, Solid Waste Disposal System Revenue Bonds	(12,836,120)	
Metro Central Transfer Station Project, Solid Waste Disposal System Refunding Revenue Bonds	(12,055,000)	
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	(23,915,000)	
Net debt subject to 10% limitation		195,329,198
Legal debt margin		$ 10,319,415,884

(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

Fiscal year ended June 30,	Population	Assessed valuation	Net bonded debt	Ratio of net bonded debt to assessed valuation	Net bonded debt per capita
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	1,341,700	77,721,485,259	205,846,342	0.26	153.42
1998	1,363,100	66,711,834,456	198,196,159	0.30	145.40
1999	1,378,450	71,935,532,500	190,321,671	0.26	138.07
2000	N/A *	76,258,210,803	183,799,227	0.24	N/A *

* Not available

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

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 June 30,	Principal	Interest	Total debt service (3)	General Governmental Expenditures: Primary government(1)(3)	Component unit (2)	Total	Ratio of debt service to total general governmental expenditures
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
1998	6,978,955	12,142,400	19,121,355	94,597,111	-	94,597,111	20.21
1999	7,624,050	11,458,222	19,082,272	99,797,428	-	99,797,428	19.12
2000	8,048,755	11,053,369	19,102,124	93,857,784	-	93,857,784	20.35

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

(2) In fiscal year 1994, the operations of the Coliseum were returned to the City. In fiscal year 1998, component unit operations became proprietary activities.

(3) Beginning fiscal year 1997, the Open Spaces program and its related debt service is included.

Source: Metro Administrative Services Department, Accounting Services Division.

Schedule of Overlapping Bonded Debt -
All Overlapping Governments

June 30, 2000
Unaudited

Overlapping government	Percent within District	Overlapping Gross bonded debt	Overlapping Net direct debt
Clackamas County	73.12 %	$ 376,547	$ 376,547
Mt. Scott Water District 3J	100.00	1,880,000	1,880,000
Oak Lodge Water District 4	100.00	2,950,000	2,950,000
Tri-City Service District	100.00	6,005,000	6,005,000
Clackamas County RFPD 1	82.37	1,573,338	1,573,338
Clackamas County SD 3J (West Linn-Wilsonville)	94.26	92,332,982	92,332,982
Clackamas County SD 7J (Lake Oswego)	100.00	12,575,000	12,575,000
Clackamas County SD 12 (N Clackamas)	98.46	109,131,134	109,131,134
Clackamas County SD 62 (Oregon City)	65.67	44,329,005	44,329,005
Clackamas County SD 115 (Gladstone)	100.00	12,065,000	12,065,000
Clackamas County SD 86 (Canby)	17.13	3,052,137	3,052,137
Multnomah County SD 10J (Damascus-Union Bond)	91.61	2,839,802	2,839,802
Clackamas Community College	72.43	5,279,855	5,279,855
City of Gladstone	100.00	735,000	735,000
City of Lake Oswego	100.00	24,670,000	24,670,000
City of Milwaukie	100.00	3,875,000	3,875,000
City of Oregon City	100.00	4,535,000	4,535,000
City of West Linn	100.00	8,405,000	8,405,000
City of Wilsonville	100.00	4,770,000	4,590,000
Columbia County SD 1J (Scappoose)	8.59	320,310	320,310
Multnomah County	98.78	165,775,376	105,304,384
Port of Portland	90.71	15,251,542	15,251,542
Tri-Metropolitan Transport District	96.65	151,988,845	151,988,845
Multnomah County SD 1J (Portland)	99.51	279,959,006	279,959,006
Multnomah County SD 3 (Parkrose)	100.00	30,060,000	30,060,000
Multnomah County SD 7 (Reynolds)	100.00	25,985,000	25,985,000
Multnomah County SD 28J (Centennial)	100.00	8,389,566	8,389,566
Multnomah County SD 40 (David Douglas)	100.00	16,150,000	16,150,000
Multnomah County SD 51J (Riverdale)	100.00	10,760,000	10,760,000
Multnomah County SD 10JT (Gresham-Barlow)	96.43	30,145,268	30,145,268
Multnomah County SD 10J (Orient 6 Bond)	68.40	1,339,324	1,339,324
Multnomah County SD 10J (Gresham 4 Bond)	99.95	18,456,026	18,456,026
Mount Hood Community College	87.44	1,517,103	1,517,103
Portland Community College	91.42	42,485,175	42,485,175
City of Fairview	100.00	5,413,000	2,565,000
City of Gresham	100.00	8,585,000	8,585,000
City of Portland	100.00	313,639,390	255,294,745
City of Troutdale	100.00	16,787,437	16,512,437

(Continued)

METRO

Schedule of Overlapping Bonded Debt -
All Overlapping Governments, Continued

June 30, 2000
Unaudited

Overlapping government	Percent within District	Overlapping Gross bonded debt	Overlapping Net direct debt
City of Wood Village	100.00 %	$ 410,000	$ 410,000
Washington County	92.74	72,114,247	70,534,852
Tualatin Hills Park & Rec. District	99.96	23,260,739	23,260,739
Unified Sewerage Agency	99.35	745,100	690,459
Tualatin Valley Water District (Metzger Bond)	100.00	2,220,000	2,220,000
Tualatin Valley Water District (Wolf Creek Bond)	99.96	7,047,490	7,047,490
Cornelius RFPD	8.82	17,630	17,630
Forest Grove RFPD	11.76	50,589	50,589
Tualatin Valley Fire & Rescue District	96.62	9,329,086	9,329,086
Washington County RFPD 2	20.22	37,411	37,411
Washington County SD 15 (Forest Grove)	75.28	18,816,911	18,816,911
Washington County SD 23J (Tigard)	99.37	61,716,409	61,716,409
Washington County SD 1J (Hillsboro 7 Bond)	93.76	2,953,449	2,953,449
Washington County SD 48J (Beaverton)	99.81	210,065,237	210,065,237
Washington County SD 88J (Sherwood)	77.01	39,772,331	39,772,331
Washington County SD 1J (Hillsboro)	85.30	57,926,279	57,926,279
Washington County SD 1J (Reedville Bond)	97.71	4,084,253	4,084,253
Washington County SD 1J (Farmington Bond)	0.01	69	69
City of Beaverton	100.00	30,414,000	29,374,000
City of Cornelius	91.87	4,257,961	4,257,961
City of Durham	100.00	2,115,000	2,115,000
City of Forest Grove	99.73	5,699,752	5,624,952
City of Sherwood	100.00	7,705,000	7,425,000
City of Tigard	100.00	1,295,000	905,000
City of Tualatin	100.00	4,955,000	4,805,000
Clackamas County SD 46 (Oregon Trail)	6.58	67,439	67,439
North Clackamas Park & Rec. District	100.00	8,560,000	-
Clackamas River Water District	79.08	213,522	-
Clackamas County Service District 1	100.00	1,415,424	-
Totals		$ 2,061,652,496	$ 1,925,776,077

Note: "Gross bonded debt" includes all unlimited-tax general obligation bonds and limited-tax general obligation bonds.
"Net direct debt" is gross bonded debt less self-supporting unlimited-tax general obligation and self-supporting limited-tax general obligation 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) Principal	Interest	Total	Debt service coverage
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
1998	57,975,641	49,869,875	2,776,020	10,881,786	2,110,000	2,195,562	4,305,562	2.53
1999	54,983,545	51,278,736	2,555,557	6,260,366	2,400,000	2,062,663	4,462,663	1.40
2000	54,024,897	48,139,372	1,930,116	7,815,641	2,550,000	1,914,915	4,464,915	1.75

(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

Fiscal year ended June 30,	Population (1)	Per capita income (2)	Portland metropolitan unemployment rate (2)
1991	1,217,200	$ 20,078	4.9 %
1992	1,239,500	20,983	6.4
1993	1,268,000	21,938	6.0
1994	1,285,000	23,132	4.3
1995	1,305,100	24,489	3.7
1996	1,325,700	25,970	4.5
1997	1,341,700	27,388	4.3
1998	1,363,100	N/A *	4.3
1999	1,378,450	N/A *	N/A *
2000	N/A *	N/A *	N/A *

* Not available

(1) For Clackamas, Multnomah and Washington counties.

(2) Portland-Vancouver, OR-WA PMSA consisting of Clackamas, Columbia, Multnomah, Washington, and Yamhill counties in Oregon, and Clark County, Washington.

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

Construction Permits and Bank Deposits

for the last ten fiscal years
Unaudited

Fiscal year ended June 30,	Construction Permits (1)				Bank deposits
	Non-residential		Residential		
	Buildings	Value	Units	Value	(amounts in thousands)
1991	4,521	$ 580,119,349	15,535	$ 888,096,366	$ 11,927,955 (2)
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 (2)
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
1998	N/A	N/A	14,907	1,531,962,906	18,032,911
1999	N/A	N/A	13,618	1,447,052,517	19,439,824
2000	N/A	N/A	11,195	1,284,972,093	21,733,572

(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, non-residential figures are not collected by the census, and residential figures do not include alterations/additions.

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

Sources: Bp Logistics.
Oregon Department of Consumer and Business Services, Division of Finance and Corporate Securities.

METRO

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

June 30, 2000
Unaudited

Taxpayer account	Type of business	Assessed valuation	Percent of total valuation
Multnomah County:			
Fujitsu Microelectronics	Electronics	$ 493,694	1.33 %
U. S. West Communications	Telephone utility	399,067	1.08
Pacificorp (PP&L)	Electric utility	250,430	0.67
Portland General Electric Co.	Electric utility	247,716	0.67
Boeing Company	Aircraft manufacturing	177,360	0.48
United Airlines, Inc.	Air travel	155,877	0.42
Alaska Airlines, Inc.	Air travel	134,424	0.36
Delta Airlines, Inc.	Air travel	129,292	0.35
Northwest Natural Gas Co.	Natural gas utility	109,468	0.30
Glimcher Lloyd Venture LLC	Shopping mall	94,354	0.25
LSI Logic Corp.	Computer Electronics	90,233	0.24
All other taxpayers	-	34,832,598	93.85
	Total	$ 37,114,513	100.00 %
Washington County:			
Intel Corporation	Computer Electronics	$ 382,380	1.56 %
GTE Northwest Incorporated	Telephone utility	277,254	1.14
Komatsu Silicon America, Inc.	Computer Electronics	219,832	0.90
Portland General Electric Co.	Electric utility	199,312	0.81
Northwest Natural Gas Co.	Natural gas utility	136,610	0.56
Nike, Inc.	Athletic apparel	128,584	0.53
Intel Corporation	Computer Electronics	109,273	0.45
Intel Corporation	Computer Electronics	109,273	0.45
Pacific Realty Associates	Real estate	86,224	0.35
Pacific Realty Associates	Real estate	77,404	0.32
All other taxpayers	-	22,679,516	92.93
	Total	$ 24,405,662	100.00 %
Clackamas County:			
Portland General Electric Co.	Electric utility	$ 120,904	0.82 %
Clackamas Association Ltd Partnership	Shopping mall	102,461	0.70
Spieker Properties LP	Real estate	88,835	0.60
Tektronix, Inc.	Computer Electronics	82,890	0.56
U. S. West Communications	Telephone utility	74,605	0.51
Wilmington Trust Co.	Trust Co.	69,996	0.48
Northwest Natural Gas Co.	Natural gas utility	69,387	0.47
Precision Castparts Corp.	Manufacturing	58,274	0.40
Mentor Graphics Corp.	Electronics	55,258	0.37
Smurfit Newsprint Corp.	Paper producer	40,326	0.27
All other taxpayers	-	13,975,100	94.82
	Total	$ 14,738,036	100.00 %

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

METRO

Insurance in Force

June 30, 2000
Unaudited

Insurance company	Amount of policy	Type of coverage	Expiration date (1)	Premium
Allendale Insurance Company	$ 293,216,310	"All Risk" property coverage includes a wide range of related coverages including earthquake, flood, and boiler and machinery	June 30, 2000	$ 147,409
Acceptance Insurance Company	1,000,000	Liquor liability coverage	June 30, 2000	3,131
Hartford Insurance Co.	500,000	Crime coverage/employee faithful performance	June 30, 2000	8,144
SAIF Corporation	Statutory	Workers' compensation	June 30, 2000	250,000
Lexington	3,000,000	Excess liability	June 30, 2000	30,725
National Flood Insurance Program	500,000	Flood coverage for Expo	June 30, 2000	1,011
North Pacific Insurance Company	varies	Property, liability coverage for homes owned by Open Spaces Program	June 30, 2000	4,394

(1) Coverage renewed through June 30, 2001

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

Calendar year	Metro Owned Facilities	Non-Metro Facilities	Total Direct Haul Tonnage	Revenue Tonnage (2)	Revenue Tons as a percent of Direct Haul Tonnage
1991	723,470	399,212	1,122,682	1,071,885	95.48 %
1992	684,781	383,470	1,068,251	1,035,581	96.94
1993	732,550	394,037	1,126,587	1,060,257	94.11
1994	750,464	410,017	1,160,481	1,062,936	91.59
1995	752,297	498,679	1,250,976	1,113,671	89.02
1996	762,342	570,844	1,333,186	1,186,624	89.01
1997	769,287	635,349	1,404,636	1,256,909	89.48
1998	737,120	690,404	1,427,524	1,240,033	86.87
1999	713,054	710,858	1,423,912	1,265,500	88.87
2000	685,903	785,776	1,471,679	1,298,351	88.22

(1) Information provided is based upon a calendar year. August through December of 2000 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, 2000
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	461.80
Number of full-time equivalent employees budgeted for fiscal year 1999-2000	679.11

Oregon Zoo Attendance for last ten fiscal years ended June 30,	Total Attendance
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
1998	1,004,795
1999	1,047,279
2000	1,226,002

Ten largest cities in the Metro District at July 1, 1999	Population
Portland	512,395
Gresham	85,435
Hillsboro	69,670
Beaverton	68,010
Tigard	37,670
Lake Oswego	34,110
Oregon City	23,405
West Linn	22,835
Tualatin	21,345
Milwaukie	20,075

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

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, as prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required financial statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth on the following pages.

I. INTERNAL CONTROL

We have audited the general purpose financial statements of Metro for the year ended June 30, 2000, and have issued our report thereon dated November 22, 2000, which expresses an unqualified opinion on the financial statements.

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

In planning and performing our audit of the general purpose financial statements of Metro for the year ended June 30, 2000, we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on Metro's internal control. Our consideration of Metro's internal control would not necessarily disclose all matters in Metro's internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A description of the responsibility of management for establishing and maintaining internal control, and of the objectives and inherent limitations of internal control, is set forth in the attached Appendix, and should be read in conjunction with this report. 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 caused by error or fraud 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 Metro's internal control and its operations that we consider to be material weaknesses as defined above.

II. OTHER COMMENTS AND DISCLOSURES

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. Nothing came to our attention that caused us to believe Metro was not in compliance with:

Collateral – The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.

Indebtedness – The legal requirements related to debt.

Budget – The legal requirements relating to the preparation, adoption, and execution of the annual budget except that capital outlay expenditures exceeded appropriations by $288,501 in the General Revenue Bond Fund for the year ended June 30, 2000.

Insurance and Fidelity Bonds – The legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to state whether the insurance policies covering Metro-owned property in force at June 30, 2000 are adequate.

Investments – The legal requirements relating to investment of public funds.

Public Contracting – The legal requirements relating to the awarding of public contracts and the construction of public improvements.

Programs Funded by Outside Sources – Compliance with appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies. We have issued separate reports regarding Metro's compliance related to expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133.

However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with such requirements.

This report is intended solely for the information and use of the Council, Executive Officer, Auditor, management, federal awarding agencies, pass-through entities, and the State of Oregon, Secretary of State, Audits Division and is not intended to be and should not be used by anyone other than these specified parties.

DELOITTE & TOUCHE LLP

By: Donald P. Riggs

Donald P. Riggs, Partner

Portland, Oregon
November 22, 2000

MANAGEMENT'S RESPONSIBILITY FOR, AND THE OBJECTIVES AND LIMITATIONS OF, INTERNAL CONTROL

The following comments concerning management's responsibility for internal control and the objectives and inherent limitations of internal control are adapted from the Statements on Auditing Standards of the American Institute of Certified Public Accountants.

Management's Responsibility

Management is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls.

Objectives

The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Limitations

Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.