Metro
600 NE Grand Ave.
Portland, OR 97232-2736

Council meeting agenda

Thursday, December 7, 2017 | **2:00 PM** | **Metro Regional Center, Council chamber**

1. Call to Order and Roll Call

2. Citizen Communication

3. Presentations

3.1 2017 Sustainability Report — 17-4930

Presenter(s): Matt Korot, Metro
Jenna Garmon, Metro

Attachments: FY 2016-17 Sustainability Report
Sustainability Report Appendices

4. Consent Agenda

4.1 Consideration of the Council Meeting Minutes for November 30, 2017 — 17-4936

4.2 Resolution No. 17-4857, For the Purpose of Confirming the Council President's Appointment of John Erickson and Reappointment of Deanna Palm, Deidra Krys-Rusoff and Karis Stoudamire-Phillips to the Metropolitan Exposition Recreation Commission — RES 17-4857

Attachments: Resolution No. 17-4857
Staff Report
Attachment 1 to Staff Report
Attachment 2 to Staff Report
Attachment 3 to Staff Report
Attachment 4 to Staff Report
Attachment 5 to Staff Report
Attachment 6 to Staff Report

5. Resolutions

5.1 Resolution No. 17-4855, For the Purpose of Metro Council's Acceptance of the Results of the Independent Audit for Financial Activity During Fiscal Year Ending June 30, 2017 — RES 17-4855

Presenter(s): Brian Evans, Metro Auditor
Tim Collier, Metro
Jim Lanzarotta, Moss Adams

Attachments: Resolution No. 17-4855
Staff Report
Final GAGAS Audit Report
Final GAGAS Internal Control Report
Final Natural Area Bond Report
Final OMB Compliance Report
Final OMS Audit Report
Final Oregon Zoo Bond Report
2017 Final Management Comment Letter
16-17 CAFR
PPT: Moss Adams Audit Results

6. Ordinances (First Reading and Public Hearing)

6.1 Ordinance No. 17-1408, For the Purpose of Adopting Amendments to Title 14 of the Urban Growth Management Functional Plan to Improve the Regional Growth Management Process — ORD 17-1408

Presenter(s): Elissa Gertler, Metro
Roger Alfred, Metro

Attachments: Ordinance No. 17-1408
Exhibit A to Ordinance No. 17-1408
Staff Report
Attachment 1 to Staff Report

6.1.1 Public Hearing for Ordinance No. 17-1408

6.2 Ordinance No. 17-1415, For the Purpose of Amending Metro Code Chapter 5.04 to Create the Solid Waste Innovation and Investment Program — ORD 17-1415

Presenter(s): Paul Slyman, Metro
Kevin Six, Metro

Attachments: Ordinance No. 17-1415
Exhibit A to Ordinance No. 17-1415
Staff Report

6.2.1 Public Hearing for Ordinance No. 17-1415

6.3 Ordinance No. 17-1416, For the Purpose of Suspending the Requirement to Pay Regional System Fee and Excise Tax on Certain Non-Putrescible Source-Separated Recyclable Materials without a Viable Market and Declaring an Emergency — ORD 17-1416

Presenter(s): Matt Korot, Metro

Attachments: Ordinance No. 17-1416
Staff Report

6.3.1 Public Hearing for Ordinance No. 17-1416

7. Ordinances (Second Reading)

7.1 Ordinance No. 17-1412, For the Purpose of Amending and Readopting Metro Code 7.03 (Investment Policy) for Fiscal Year 2017-2018 — ORD 17-1412

Presenter(s): Tim Collier, Metro

Attachments: Ordinance No. 17-1412
Exhibit A to Ordinance No. 17-1412
Staff Report

8. Chief Operating Officer Communication

9. Councilor Communication

10. Adjourn

Metro respects civil rights

Metro fully complies with Title VI of the Civil Rights Act of 1964 and related statutes that ban discrimination. If any person believes they have been discriminated against regarding the receipt of benefits or services because of race, color, national origin, sex, age or disability, they have the right to file a complaint with Metro. For information on Metro's civil rights program, or to obtain a discrimination complaint form, visit www.oregonmetro.gov/civilrights or call 503-797-1536.Metro provides services or accommodations upon request to persons with disabilities and people who need an interpreter at public meetings. If you need a sign language interpreter, communication aid or language assistance, call 503-797-1700 or TDD/TTY 503-797-1804 (8 a.m. to 5 p.m. weekdays) 5 business days before the meeting. All Metro meetings are wheelchair accessible. For up-to-date public transportation information, visit TriMet's website at www.trimet.org.

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Metro tôn trọng dân quyền. Muốn biết thêm thông tin về chương trình dân quyền của Metro, hoặc muốn lấy đơn khiếu nại về sự kỳ thị, xin xem trong www.oregonmetro.gov/civilrights. Nếu quý vị cần thông dịch viên ra dấu bằng tay, trợ giúp về tiếp xúc hay ngôn ngữ, xin gọi số 503-797-1700 (từ 8 giờ sáng đến 5 giờ chiều vào những ngày thường) trước buổi họp 5 ngày làm việc.

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Metro з повагою ставиться до громадянських прав. Для отримання інформації про програму Metro із захисту громадянських прав або форми скарги про дискримінацію відвідайте сайт www.oregonmetro.gov/civilrights. або Якщо вам потрібен перекладач на зборах, для задоволення вашого запиту зателефонуйте за номером 503-797-1700 з 8.00 до 17.00 у робочі дні за п'ять робочих днів до зборів.

Metro 的不歧視公告

尊重民權。欲瞭解Metro民權計畫的詳情，或獲取歧視投訴表，請瀏覽網站 www.oregonmetro.gov/civilrights。如果您需要口譯方可參加公共會議，請在會議召開前5個營業日撥打503-797-1700（工作日上午8點至下午5點），以便我們滿足您的要求。

Ogeysiiska takooris la'aanta ee Metro

Metro waxay ixtiraamtaa xuquuqda madaniga. Si aad u heshid macluumaad ku saabsan barnaamijka xuquuqda madaniga ee Metro, ama aad u heshid warqadda ka cabashada takoorista, booqo www.oregonmetro.gov/civilrights. Haddii aad u baahan tahay turjubaan si aad uga qaybqaadatid kullan dadweyne, wac 503-797-1700 (8 gallinka hore illaa 5 gallinka dambe maalmaha shaqada) shan maalmo shaqo ka hor kullanka si loo tixgaliyo codsashadaada.

Metro의 차별 금지 관련 통지서

Metro의 시민권 프로그램에 대한 정보 또는 차별 항의서 양식을 얻으려면, 또는 차별에 대한 불만을 신고 할 수www.oregonmetro.gov/civilrights. 당신의 언어 지원이 필요한 경우, 회의에 앞서 5 영업일 (오후 5시 주중에 오전 8시) 503-797-1700를 호출합니다.

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សេចក្តីជូនដំណឹងអំពីការមិនរើសអើងរបស់ Metro

ការគោរពសិទ្ធិពលរដ្ឋរបស់ ។ សំរាប់ព័ត៌មានអំពីកម្មវិធីសិទ្ធិពលរដ្ឋរបស់ Metro ឬដើម្បីទទួលពាក្យបណ្តឹងរើសអើងសូមចូលទស្សនាគេហទំព័រ www.oregonmetro.gov/civilrights។ បើលោកអ្នកត្រូវការអ្នកបកប្រែភាសានៅពេលអង្គប្រជុំសាធារណៈ សូមទូរស័ព្ទមកលេខ 503-797-1700 (ម៉ោង 8 ព្រឹកដល់ម៉ោង 5 ល្ងាច ថ្ងៃធ្វើការ) ប្រាំពីរថ្ងៃ ថ្ងៃធ្វើការ មុនថ្ងៃប្រជុំដើម្បីអាចឲ្យគេសម្រួលតាមសំណើរបស់លោកអ្នក ។

إشعار بعدم التمييز من Metro

تحترم Metro الحقوق المدنية. للمزيد من المعلومات حول برنامج Metro للحقوق المدنية أو لإيداع شكوى ضد التمييز، يُرجى زيارة الموقع الإلكتروني www.oregonmetro.gov/civilrights. إن كنت بحاجة إلى مساعدة في اللغة، يجب عليك الاتصال مقدماً برقم الهاتف 503-797-1700 (من الساعة 8 صباحاً حتى الساعة 5 مساءاً، أيام الاثنين إلى الجمعة) قبل خمسة (5) أيام عمل من موعد الاجتماع.

Paunawa ng Metro sa kawalan ng diskriminasyon

Iginagalang ng Metro ang mga karapatang sibil. Para sa impormasyon tungkol sa programa ng Metro sa mga karapatang sibil, o upang makakuha ng porma ng reklamo sa diskriminasyon, bisitahin ang www.oregonmetro.gov/civilrights. Kung kailangan ninyo ng interpreter ng wika sa isang pampublikong pulong, tumawag sa 503-797-1700 (8 a.m. hanggang 5 p.m. Lunes hanggang Biyernes) lima araw ng trabaho bago ang pulong upang mapagbigyan ang inyong kahilingan.

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Metro respeta los derechos civiles. Para obtener información sobre el programa de derechos civiles de Metro o para obtener un formulario de reclamo por discriminación, ingrese a www.oregonmetro.gov/civilrights . Si necesita asistencia con el idioma, llame al 503-797-1700 (de 8:00 a. m. a 5:00 p. m. los días de semana) 5 días laborales antes de la asamblea.

Уведомление о недопущении дискриминации от Metro

Metro уважает гражданские права. Узнать о программе Metro по соблюдению гражданских прав и получить форму жалобы о дискриминации можно на веб-сайте www.oregonmetro.gov/civilrights. Если вам нужен переводчик на общественном собрании, оставьте свой запрос, позвонив по номеру 503-797-1700 в рабочие дни с 8:00 до 17:00 и за пять рабочих дней до даты собрания.

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Metro respectă drepturile civile. Pentru informații cu privire la programul Metro pentru drepturi civile sau pentru a obține un formular de reclamație împotriva discriminării, vizitați www.oregonmetro.gov/civilrights. Dacă aveți nevoie de un interpret de limbă la o ședință publică, sunați la 503-797-1700 (între orele 8 și 5, în timpul zilelor lucrătoare) cu cinci zile lucrătoare înainte de ședință, pentru a putea să vă răspunde în mod favorabil la cerere.

Metro txoj kev ntxub ntxaug daim ntawv ceeb toom

Metro tributes cai. Rau cov lus qhia txog Metro txoj cai kev pab, los yog kom sau ib daim ntawv tsis txaus siab, mus saib www.oregonmetro.gov/civilrights. Yog hais tias koj xav tau lus kev pab, hu rau 503-797-1700 (8 teev sawv ntxov txog 5 teev tsaus ntuj weekdays) 5 hnub ua hauj lwm ua ntej ntawm lub rooj sib tham.

February 2017

Television schedule for Metro Council meetings

Clackamas, Multnomah and Washington counties, and Vancouver, WA Channel 30 – Community Access Network *Web site*: www.tvctv.org *Ph*: 503-629-8534 Call or visit web site for program times.	**Portland** Channel 30 – Portland Community Media *Web site*: www.pcmtv.org *Ph*: 503-288-1515 Call or visit web site for program times.
Gresham Channel 30 - MCTV *Web site*: www.metroeast.org *Ph*: 503-491-7636 Call or visit web site for program times.	**Washington County and West Linn** Channel 30– TVC TV *Web site*: www.tvctv.org *Ph*: 503-629-8534 Call or visit web site for program times.
Oregon City and Gladstone Channel 28 – Willamette Falls Television *Web site*: http://www.wftvmedia.org/ *Ph*: 503-650-0275 Call or visit web site for program times.	

PLEASE NOTE: Show times are tentative and in some cases the entire meeting may not be shown due to length. Call or check your community access station web site to confirm program times. Agenda items may not be considered in the exact order. For questions about the agenda, call the Metro Council Office at 503-797-1540. Public hearings are held on all ordinances second read. Documents for the record must be submitted to the Regional Engagement and Legislative Coordinator to be included in the meeting record. Documents can be submitted by e-mail, fax or mail or in person to the Regional Engagement and Legislative Coordinator. For additional information about testifying before the Metro Council please go to the Metro web site www.oregonmetro.gov and click on public comment opportunities.

Agenda Item No. 3.1

2017 Sustainability Report

Presentations

Metro Council Meeting
Thursday, December 7, 2017
Metro Regional Center, Council Chamber

Metro

Sustainability report

FY 2016-17

November 2017

oregonmetro.gov/greenmetro

If you picnic at Blue Lake or take your kids to the Oregon Zoo, enjoy symphonies at the Schnitz or auto shows at the convention center, put out your trash or drive your car – we've already crossed paths.

So, hello. We're Metro – nice to meet you.

In a metropolitan area as big as Portland, we can do a lot of things better together. Join us to help the region prepare for a happy, healthy future.

Stay in touch with news, stories and things to do.

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Metro

Sustainability at Metro

In 2003, the Metro Council set an ambitious target for business operations to be sustainable within one generation. To this end, the Council adopted goals in five key categories, listed on the following page. The goals are slated for completion by 2025, or in the case of greenhouse gas emissions, 2050.

About Metro's sustainability program

Metro's Sustainability Program coordinates implementation of the agency's Sustainability Plan for internal operations, which identifies strategies and nearly 100 actions to achieve the goals. A steering committee of representatives from Metro's major facilities and venues and key departments provides oversight and accountability for implementation of the plan. Green teams across the agency support implementation of sustainable practices in Metro workplaces.

What does sustainability mean?

In 2008, the Metro Council adopted the State of Oregon's triple bottom line definition of sustainability to encompass people, planet and prosperity:

"Using, developing and protecting resources in a manner that enables people to meet current needs and provides that future generations can also meet future needs, from the joint perspective of environmental, economic and community objectives."

Metro is working to integrate equity into its Sustainability Plan and implementation, consistent with *Metro's Strategic Plan to Advance Racial Equity, Diversity and Inclusion* and *Diversity Action Plan.*

Contact

For more information about Metro's Sustainability Program and this report, contact:

Jenna Garmon
Sustainability Coordinator

Metro
600 NE Grand Ave
Portland, OR 97232

503-797-1649
jenna.garmon@oregonmetro.gov

Learn more about Metro's internal sustainability program at:

oregonmetro.gov/greenmetro

Introduction

As a regional government committed to promoting sustainable communities, Metro also strives to make its own operations sustainable. This report describes progress in fiscal year 2016-17 toward achieving Metro's internal sustainability goals at the agency's venues, theaters, parks, office buildings and solid waste facilities.

The story of Metro's advancement toward these goals is told by progress in key indicators and by accomplishments across the agency. Both are included in this report. Access this report and more detailed information at oregonmetro.gov/greenmetro.

Metro's sustainability goals

Reduce carbon	Reduce direct and indirect greenhouse gas emissions to 80 percent below 2008 levels.
Choose nontoxic	Eliminate the use or emissions of persistent bioaccumulative toxics (PBTs) and other priority toxic and hazardous substances.
Prevent waste	Reduce overall generation of waste, and recycle or compost all remaining waste.
Conserve water	Reduce water use to 50 percent below 2008 levels.
Enhance habitat	Ensure that Metro's parks, trails, natural areas and developed properties positively contribute to healthy, functioning ecosystems and watershed health.

Progress summary

Metro tracks six indicators to monitor progress over time toward the adopted sustainability goals, as well as toward interim targets for each goal. Metro has made progress on four out of the six indicators: greenhouse gas emissions, recycling, water and effective impervious area. Waste generation and toxics are trending in the wrong direction.

Key Accomplishments

Metro increases renewable energy purchasing

The Oregon Zoo joined several Metro facilities to offset 100 percent of its energy use with purchase of green energy from Northwest wind projects. With that addition, Metro purchased enough renewable energy from utilities to offset 71 percent of the total electricity used from the grid in fiscal year 2017. Purchase of renewable energy reduces greenhouse gas emissions and supports development of domestic sources of cleaner, renewable energy.

Renewable energy purchase at Metro facilities

	Renewable energy purchase as percent of total energy use from the grid
Oregon Zoo	100%
Oregon Convention Center	100%
Metro Central Transfer Station and Household Hazardous Waste	100%
Metro South Transfer Station and Household Hazardous Waste	100%
MetroPaint	100%
Metro Regional Center	30%
Portland'5 Arlene Schnitzer Concert hall	19%
Portland'5 Keller Auditorium	18%
Portland'5 Antoinette Hatfield Hall	18%

Oregon Convention Center harnesses the sun

The first year of power generation from the two-megawatt, 6,500-solar panel array on the roof of the Oregon Convention Center generated almost 1.8 million kilowatt-hours, reaching the target of 25 percent of the Center's energy use. The solar energy generated could power 166 average Oregon homes for an entire year.

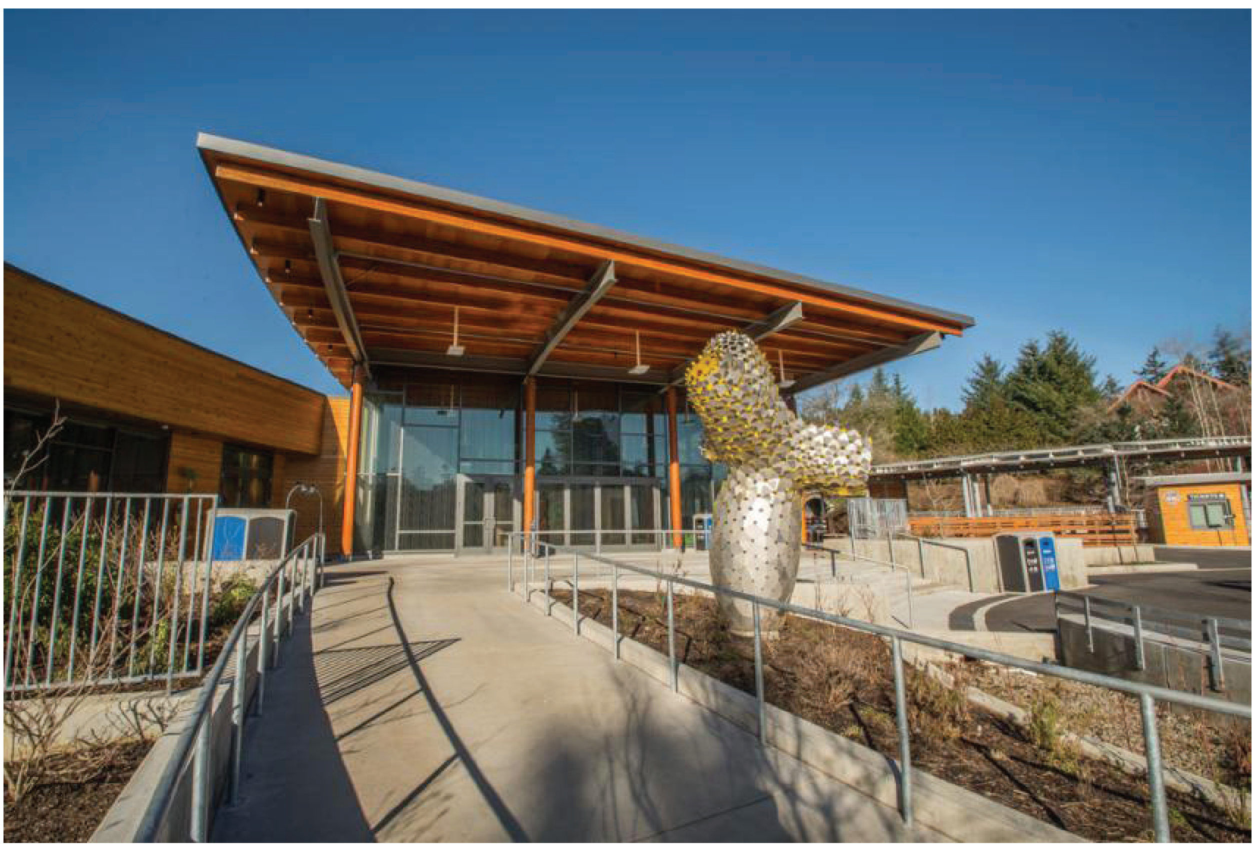
Oregon Convention Center does more with less energy

The Convention Center installed a new LED lighting system in its iconic glass spires that uses less than half of the energy of the former lights and also allows the towers to glow in various colors to reflect the branding of an event happening inside or public observances.

Programming updates to heating and cooling controls at the Convention Center resolved client comfort issues while also saving enough natural gas in a year to pay back the cost of the project, which was cut in half due to incentives from the Energy Trust of Oregon.

Oregon Zoo Education Center wins high performance building award

The new Education Center won the Energy Trust of Oregon's High Performance Building Award for new construction. Designed for net zero energy and LEED Gold certification, the Center includes more than 700 solar panels, LED lighting, high efficiency heating and cooling systems, rainwater harvesting, raingardens, a wildlife garden, salvaged building materials and bird-friendly glass.



Employees and partners can charge up at the Zoo

A new two-port electric vehicle charging station installed near the facilities management building serves Zoo staff and key conservation partners at the Education Center.

Steller Cove gets efficiency upgrade

At the Zoo's Steller Cove exhibit, keeping the sea lions cool requires a lot of energy – historically more than a quarter of the Zoo's total electricity use. With critical cooling equipment nearing the end of its life, the Zoo took the opportunity to upgrade to more efficient systems, projected to save more than $38,000 a year. The Zoo received $98,000 in incentives from the Energy Trust of Oregon.

Dressing room mirrors go LED at Portland'5 venues

Portland'5 venues made extensive lighting upgrades, including nearly 3,000 LED lamps for all dressing room mirrors in Arlene Schnitzer Concert Hall, Antoinette Hatfield Hall and Keller Auditorium. Dressing room lamps went from 25-watt incandescent bulbs to 0.6-watt LED lights, saving enough energy to power 35 average Oregon homes each year.

New fixtures save water at Portland Expo Center

Public restrooms at the Portland Expo Center now use much less water, thanks to the replacement of 158 toilets and 38 faucets with new, water efficient fixtures.

Office spaces go green at Metro Regional Center

Sustainability guided an office reconfiguration project at the Metro Regional Center. The new cubicle furniture not only lets in more natural light, its GreenGuard Gold and Forest Stewardship Council certification ensures that it meets strict standards for indoor air quality and habitat-friendly wood. Most of the old furniture was donated to local community-based organizations (pictured with the donated furniture below), and the rest was recycled.

Metro refreshes the Integrated Pest Management Plan

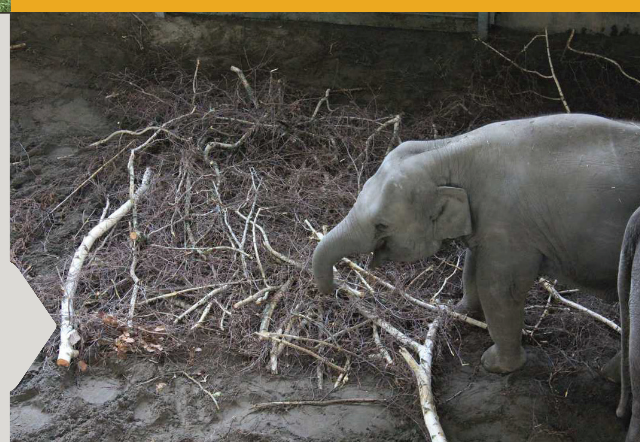
Metro adopted an updated Integrated Pest Management Plan that includes new tools, processes and resources for staff and contractors to manage pests effectively with the least possible harm to people, property and the environment.

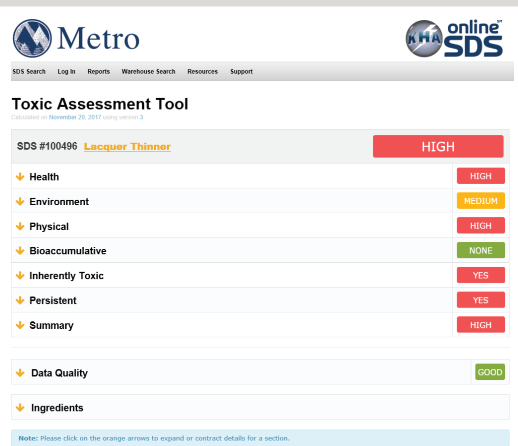
Water quality gets a boost at Blue Lake Regional Park

As part of improvements to the maintenance yard and fuel station at Blue Lake Regional Park, the Parks and Nature department installed bioswales that treat stormwater from all impervious surfaces, and added a containment system to prevent contamination of the drinking water aquifer if a fuel spill or leak were to occur.

Metro facilities give plant trimmings to Zoo for animal browse

Through a collaboration that started in spring 2016, trimmings from landscape pruning at Blue Lake Regional Park, Metro Regional Center and other Metro sites are collected and delivered to the Oregon Zoo, where animals consume the vegetation.



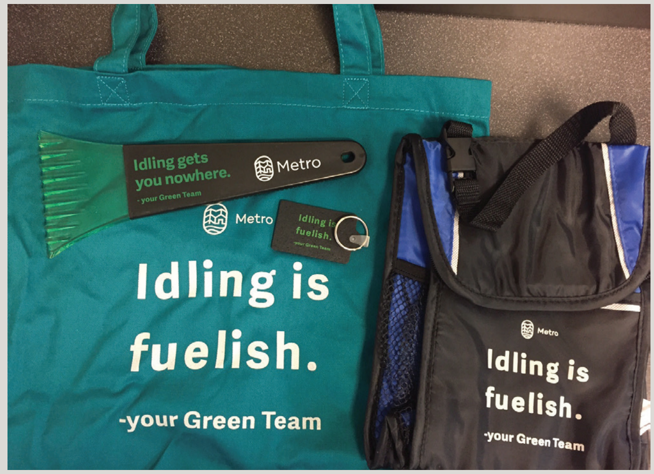


Most toxic chemicals targeted for removal

As part of an updated inventory of chemical products at Metro facilities, facilities staff focused on eliminating the most toxic products, called the “worst of the worst”, as well as other hazardous products that are no longer needed.

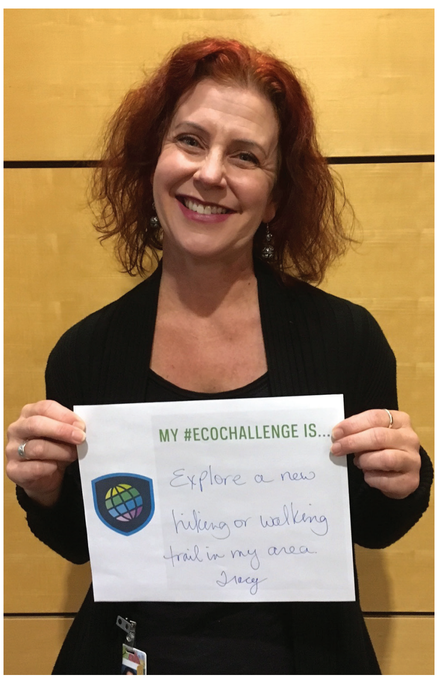
Green teams take action across Metro

Metro green teams implemented several sustainability projects in FY 2016-17:

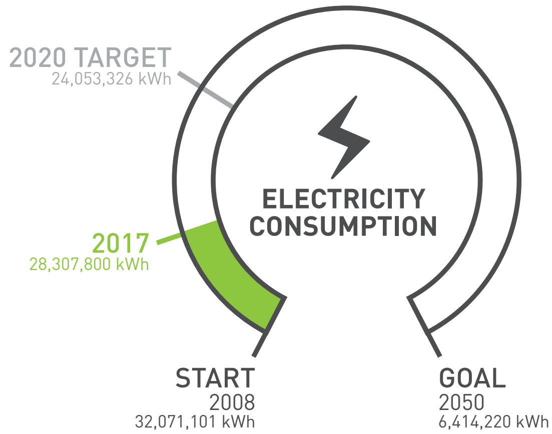


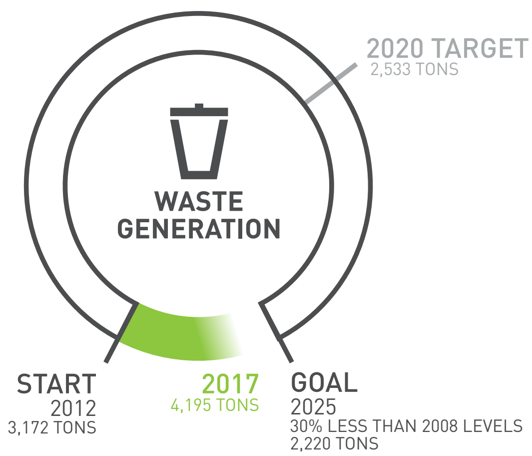
Property and Environmental Services/ Parks and Nature green team led a "Know Idle" campaign to eliminate unnecessary idling of Metro vehicles and the resulting health, environmental and economic impacts. The team also installed an electric hand dryer at Borland Field Station to reduce paper towel waste.

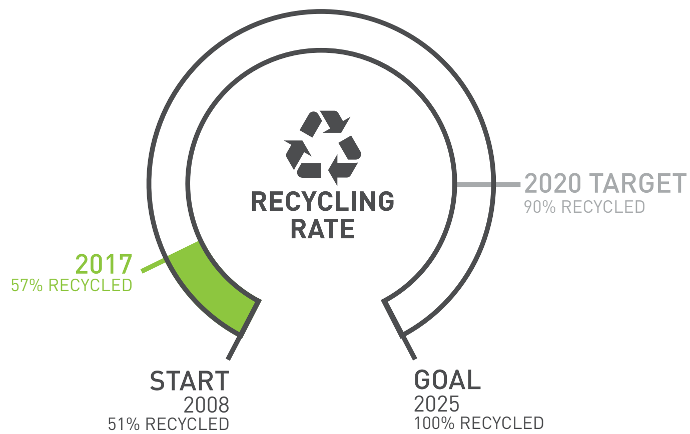
- Oregon Convention Center green team refreshed its recycling signage and event sustainability stations.
- Portland'5 Centers for the Arts green team purchased reusable water bottles to reduce waste.
- Glendoveer Golf and Tennis Center green team added seven new recycling stations.
- Metro Regional Center green team hosted the 2016 EcoChallenge and an LED lighting fair.

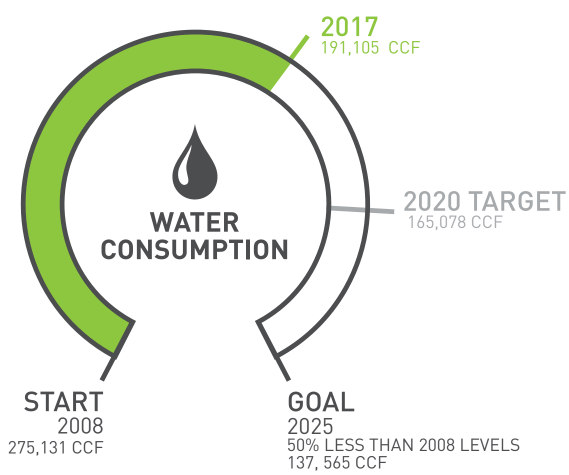


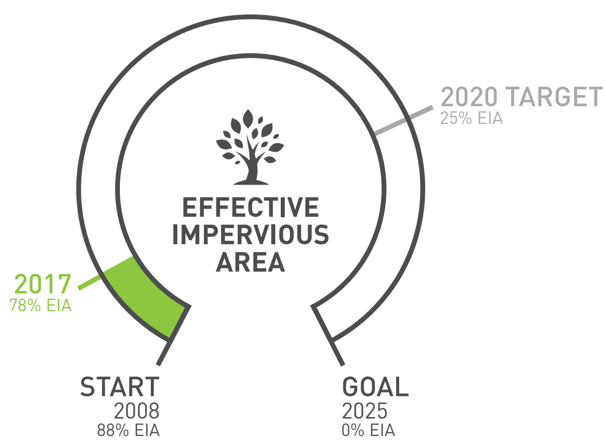
Sustainability scorecard
FY 2016-17







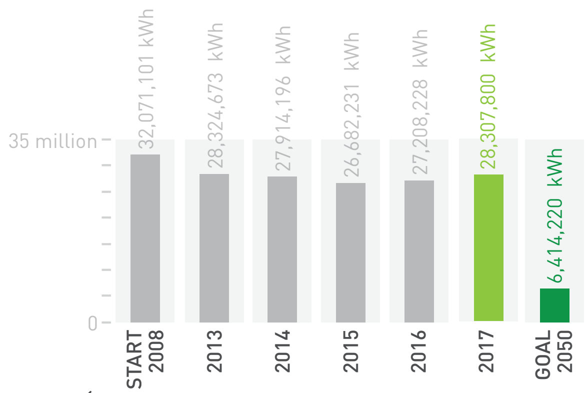




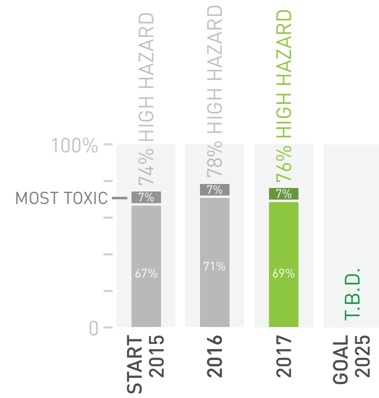
CCF: Hundred cubic feet, equivalent to 748 gallons
EIA: Effective impervious area

Sustainability scorecard

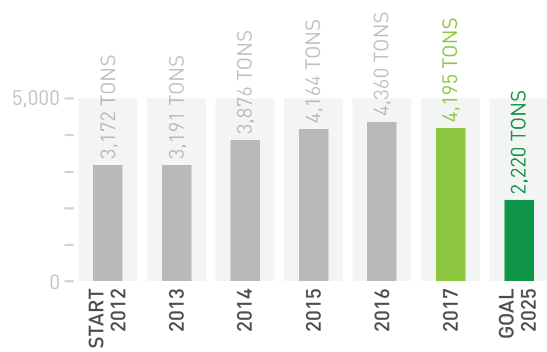
FY 2016-17



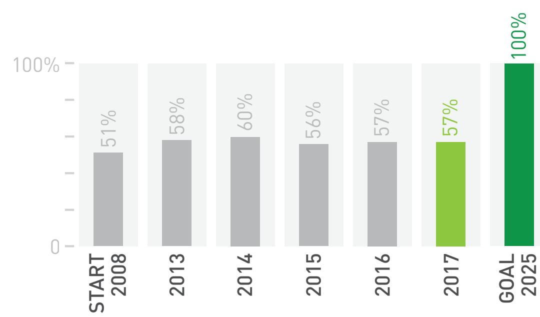
ELECTRICITY CONSUMPTION



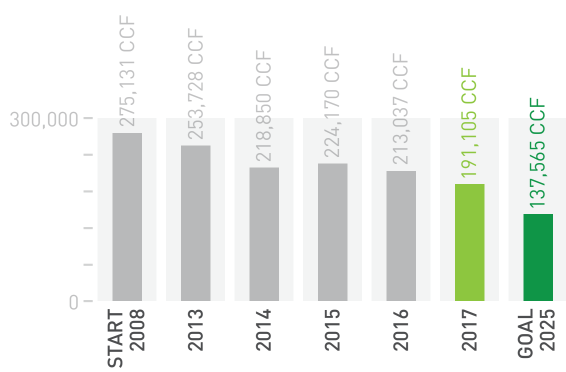
TOXIC INVENTORY



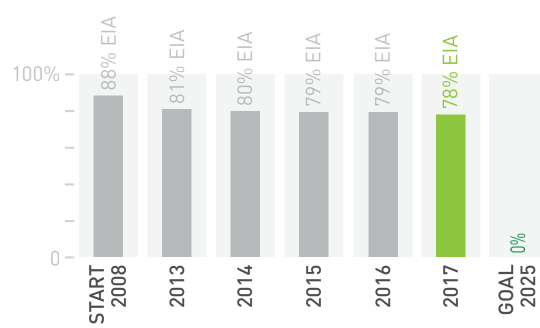
WASTE GENERATION



RECYCLING RATE



WATER CONSUMPTION



EFFECTIVE IMPERVIOUS AREA

CCF: Hundred cubic feet, equivalent to 748 gallons
EIA: Effective impervious area

Conclusion

This report highlights just a portion of the work done in fiscal year 2016-17 to advance Metro's progress towards its internal sustainability goals. Data on sustainability indicators signals that Metro will need to implement much more ambitious initiatives if it is to meet all of the adopted sustainability goals within the target timeframe.

While increased visitors at Metro's venues, changing recycling markets and other factors pose challenges to Metro's progress toward these goals, Metro's commitment remains steady. The prosperity of our region depends on healthy and functional ecological, social and economic systems, and Metro continues to seek ways to reduce the impacts of its operations on these systems.

The progress shared in this report results from the vision and leadership of the Metro Council and the commitment and ingenuity of hundreds of staff across the agency, in particular, those serving on Metro's Sustainability Steering Committee and green teams.

Sustainability steering committee

A steering committee of representatives from Metro's major facilities, venues and key departments provides oversight and accountability for implementation of the Metro Sustainability Plan.

2016-17 members were:

- Julie Bunker and Ed Williams, *Portland'5 Centers for the Arts*
- John Sterbis and Rick Hanes, *Oregon Zoo*
- Ryan Harvey and Matthew Uchtman, *Oregon Convention Center*
- Chuck Dills, *Portland Expo Center*
- Nicole Lewis and Jen Keisler Fornes, *Parks and Nature*
- Michael Guebert and Debbie Humphrey, *Property and Environmental Services, Solid Waste Operations*
- Nancy Strening, *Property and Environmental Services, Construction Project Management Office*
- Rory Greenfield, *Property and Environmental Services, Metro Regional Center operations*
- Tracy Sagal, *Finance and Regulatory Services, Procurement Services division*
- Benjamin Rowe, *Finance and Regulatory Services*
- Jenna Garmon, *Sustainability Coordinator*

Green teams

Five green teams support implementation of sustainable practices in Metro workplaces.

The following Metro employees served as chairs of the green teams during FY 2016-17:

- Patrick Morgan and Sabrina Gogol, *Metro Regional Center*
- Sarah Vaca and Chelsea Althauser, *Property and Environmental Services/Parks and Nature*
- Matt Nicoll, *Portland'5 Centers for the Arts*
- Chuck Dills, *Portland Expo Center*
- Carolyn Sherman, *Glendoveer Golf and Tennis Center*
- Ryan Harvey, *Oregon Convention Center*

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FY 2016-17

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Sustainability report appendices

FY2016-17

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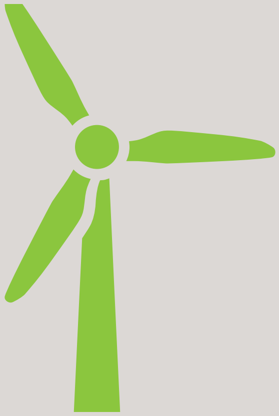
Goal 1: Reduce greenhouse gas emissions

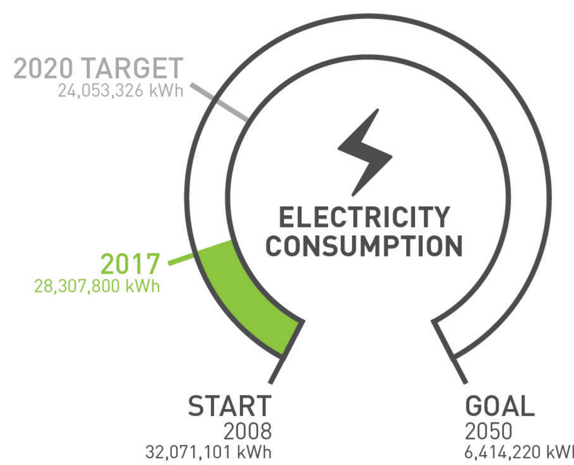


Goal	Reduce greenhouse has emissions 80 percent below 2008 levels by 2050.
Indicators	Greenhouse gas emissions for Scopes I, II and III reported in metric tons of carbon dioxide equivalent (MT CO_2e). Electricity consumption from Metro facilities reported in kilowatt-hours consumed (kWh).
2020 target	25 percent reduction in greenhouse gas emissions (excluding supply chain) from 2008 levels.

Metro completed a comprehensive greenhouse gas emissions inventory for internal operations in 2008 and again for FY 2012-13 (available at oregonmetro.gov/greenmetro). An updated inventory for FY 2016-17 is under way. In lieu of a complete greenhouse gas inventory, Metro tracks electricity and natural gas consumption data for the purposes of this annual report. These two sources comprise 46 percent of Metro's non-supply chain emissions, according to the FY 2012-13 greenhouse gas inventory.

In FY 2016-17, Metro facilities consumed 28.3 million kWh of electricity, a 12 percent decrease from the 2008 baseline. However, electricity use rose compared to last year, primarily due to the addition of two new buildings at the Zoo: Elephant Lands and the Education Center. Metro facilities used 708,400 therms of natural gas in FY 2016-17, an 11 percent decrease from the FY 2010-11 baseline[1] . Natural gas use also increased compared to last year, largely due to increased heating demands resulting from unusually cold winter temperatures. Both electricity and natural gas use have trended upward for the past three years.

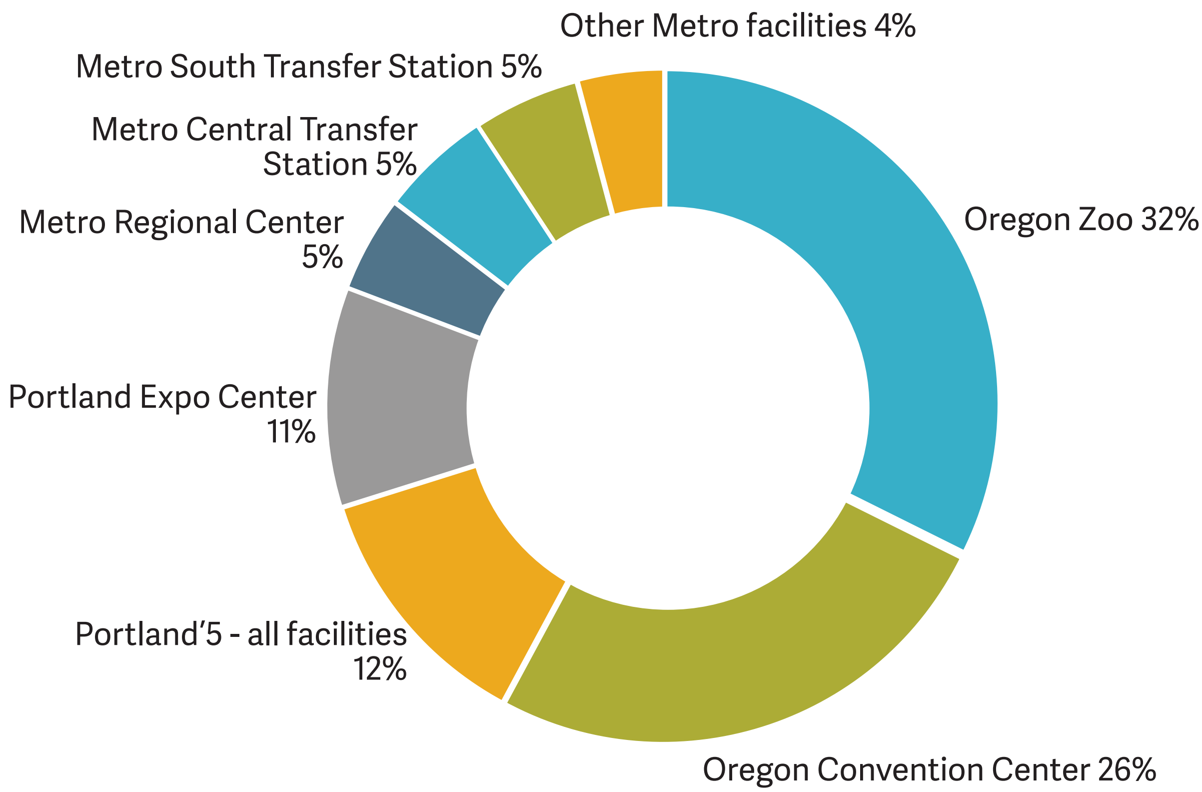
To reduce greenhouse gas emissions from energy consumption, Metro needs to both decrease overall energy use and increase use of renewable energy. Both of the new Zoo exhibits include solar arrays; the Education Center was designed for net zero energy and the solar panels began generating electricity in October 2017. The solar array at the Convention Center generated 25 percent of the center's energy use in FY 2016-17. In addition, in FY 2016-17, Metro purchased enough renewable energy from utilities to offset 71 percent of the total electricity used from the grid, reducing greenhouse gas emissions and supporting development of domestic sources of cleaner, renewable energy.



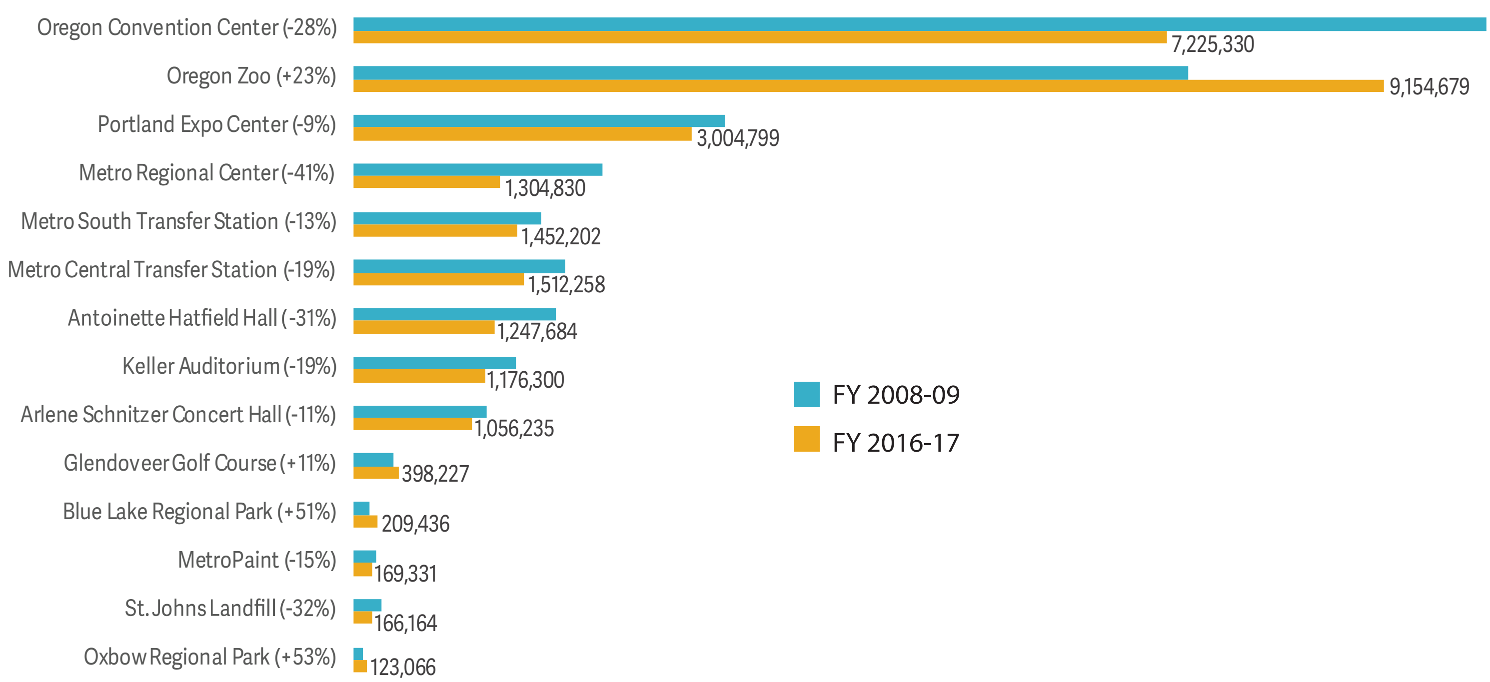
The last greenhouse gas inventory indicated that much progress must be made to meet the 2050 goal. The FY 2016-17 inventory will provide a more complete picture of Metro's progress toward this goal, as well as key opportunities.

[1] The baseline years for reporting Metro-wide usage of electricity and natural gas differ. FY 2010-11 is used for natural gas since that is the year with the most complete set of gas usage data for Metro facilities.

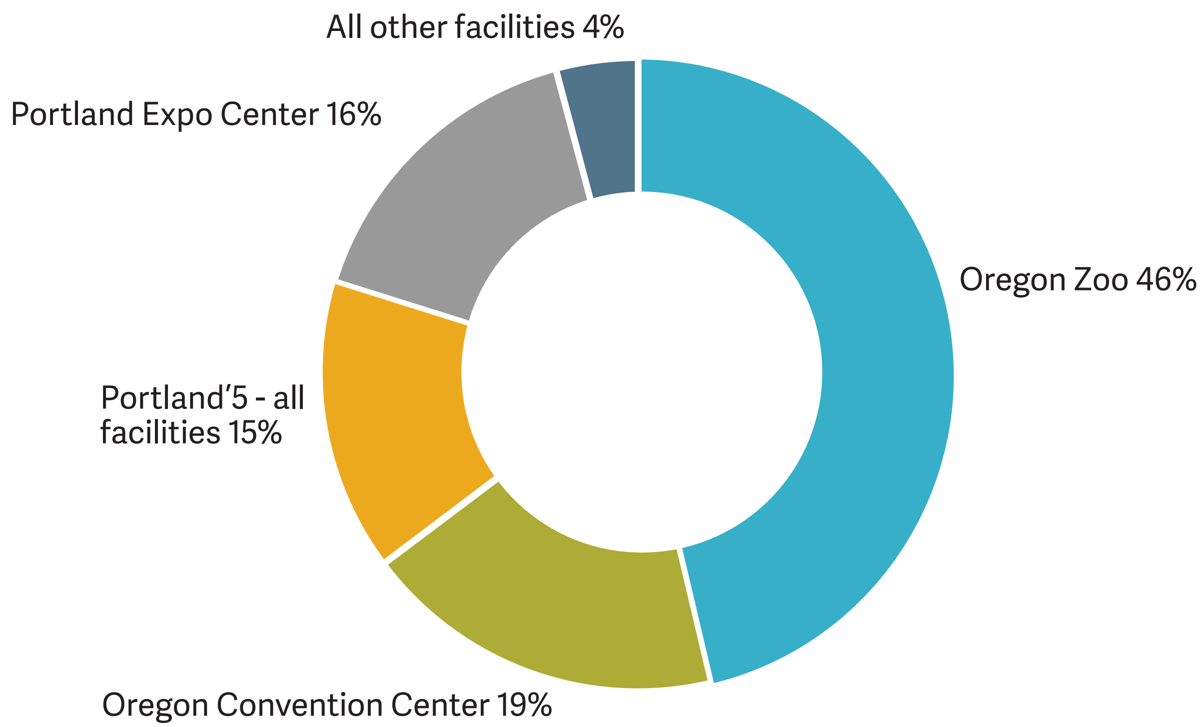
FY 2016-17 electricity use at Metro facilities as a percentage of agency total



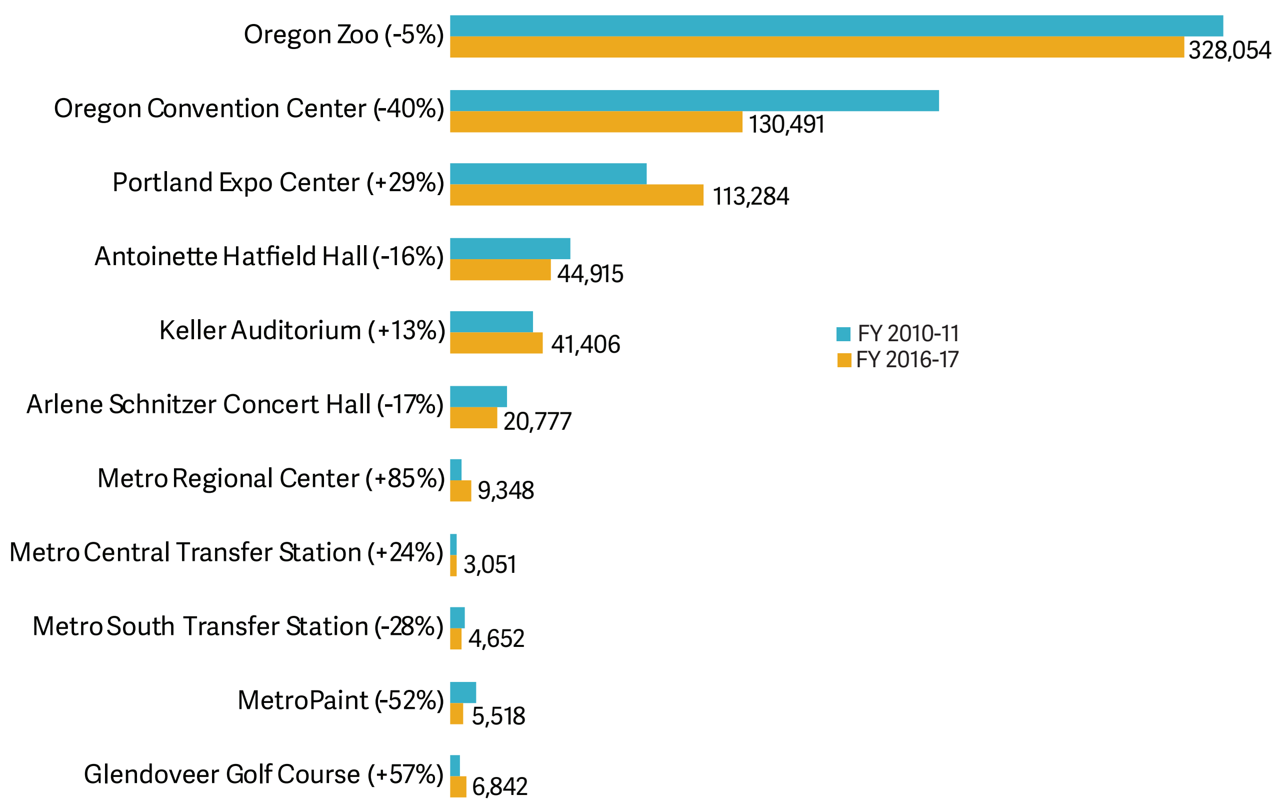
Electricity usage FY 16-17 (% change over baseline 2010-11)



FY 2016-17 natural gas usage at Metro facilities as a percentage of agency total



Natural gas usage FY 16-17 (% change over baseline 2010-11)



Goal 2: Choose nontoxic

Goal	Eliminate the use or emissions of persistent bioaccumulative toxics (PBTs) and other priority toxic and hazardous substances by 2025.
Indicator	Percentage of chemical products used at Metro facilities that have ingredients rated as high hazard in any one or more of the following categories: human health, environmental toxicity, physical hazard, persistent, bioaccumulative or inherently toxic.

Metro uses chemical information from product safety data sheets[1] to track the toxicity of products used in internal operations. In 2014, Metro developed a Toxics Assessment Tool in partnership with KHA-Online SDS, the host for Metro's web-based safety data sheet database. The Toxics Assessment Tool uses a variety of regulatory chemical lists, cross-referenced with the information contained in safety data sheets, to make toxic hazard determinations.

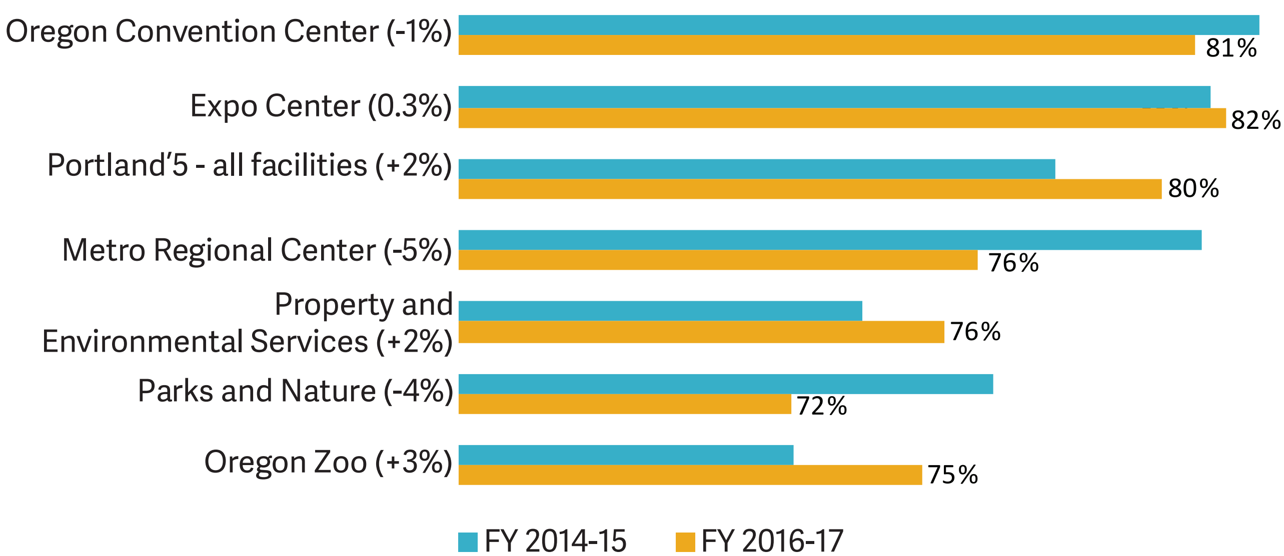
During FY 2014-15, Metro made some important changes to the Toxic Assessment Tool to be more robust and better reflect the intent of the Metro Council's adopted toxic reductions goal. In addition to flagging products rated high hazard for environment, health or physical hazard (the original methodology), the tool was improved to also identify products rated high hazard in the persistent, bioaccumulative or inherently toxic categories. These changes reset the baseline to FY 2014-15. In addition, products which receive a high hazard rating in all six of the hazard categories are identified as the most hazardous, deemed "worst of the worst." Metro is focusing its toxics reduction efforts on these most hazardous products, seeking safer alternatives where available.

An updated inventory was under way when the data was generated for this report. At that time, there were a total of 1,897 unique safety data sheets in Metro's database, representing chemical products in use at Metro facilities. In FY 2016-17, the percentage of products in Metro's inventory with a high hazard in one or more category was 76 percent (compared to 74 percent in FY 2014-15), while the percentage of products deemed "worst of the worst" remained seven percent – unchanged from the baseline.

However, Metro also reduced the total number of products in its inventory, so while the percentages did not change substantially, the actual number of toxic products decreased. The change in methodology in 2014-15 triggered the need to set a new goal and interim targets; these will be updated after Metro has a few years of data under the new methodology.

[1] Safety data sheets describe the hazards of working with a chemical and procedures to ensure safety.

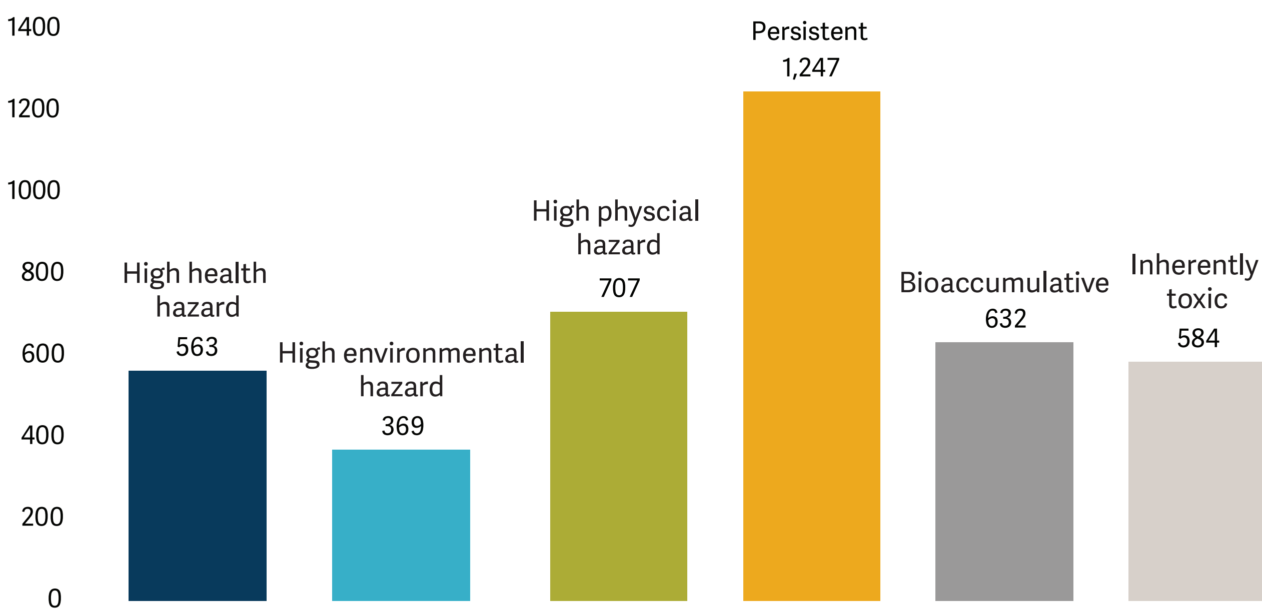
FY 2016-17 percentage of products with a high hazard rating in one or more category



FY 2016-17 number and percentage of products rated high hazard in Metro's inventory

	Total products in inventory	Products with high hazard rating in one or more categories	Products with a high hazard rating in all categories
FY 2014-15	2,402	1,772 (74%)	160 (7%)
FY 2016-17	1,897	1,446 (76%)	130 (7%)

FY 2016-17 number of products with high hazard by category



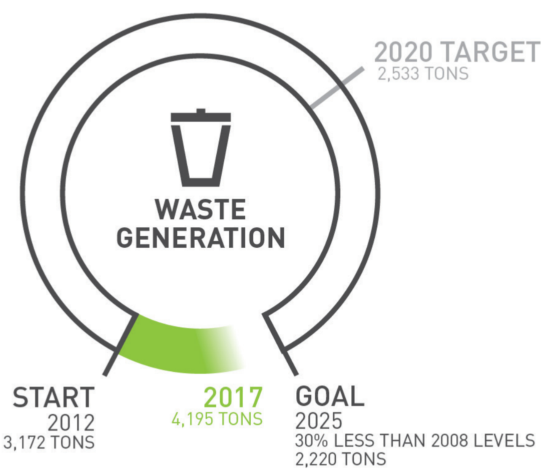
Goal 3: Reduce waste

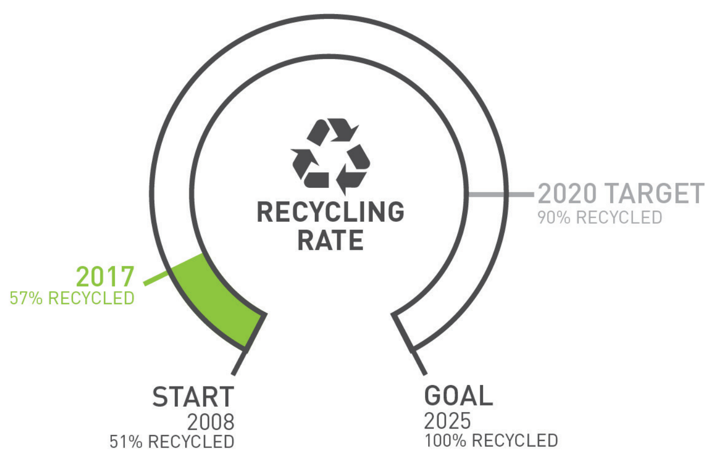
Goals	Reduce overall generation of waste, and recycle or compost all remaining waste by 2025.
Indicators	Weight (tons) of waste generated (garbage plus recycled materials[1]). Percent of waste recycled.
2020 targets	Reduce waste generation 20 percent from 2008 levels by 2020. Recycle 90 percent of waste by 2020.

To measure progress toward this goal, Metro tracks overall waste generation and recycling from the major facilities in the agency's portfolio. Metro facilities generated 4,195 tons of waste in FY 2016-17 and recycled 57 percent of total waste.

Overall waste generation across Metro is trending in the wrong direction – 32 percent higher than baseline. 2016-17 generation was an improvement over the previous year, but far from meeting the 2020 interim target of 20 percent below baseline.

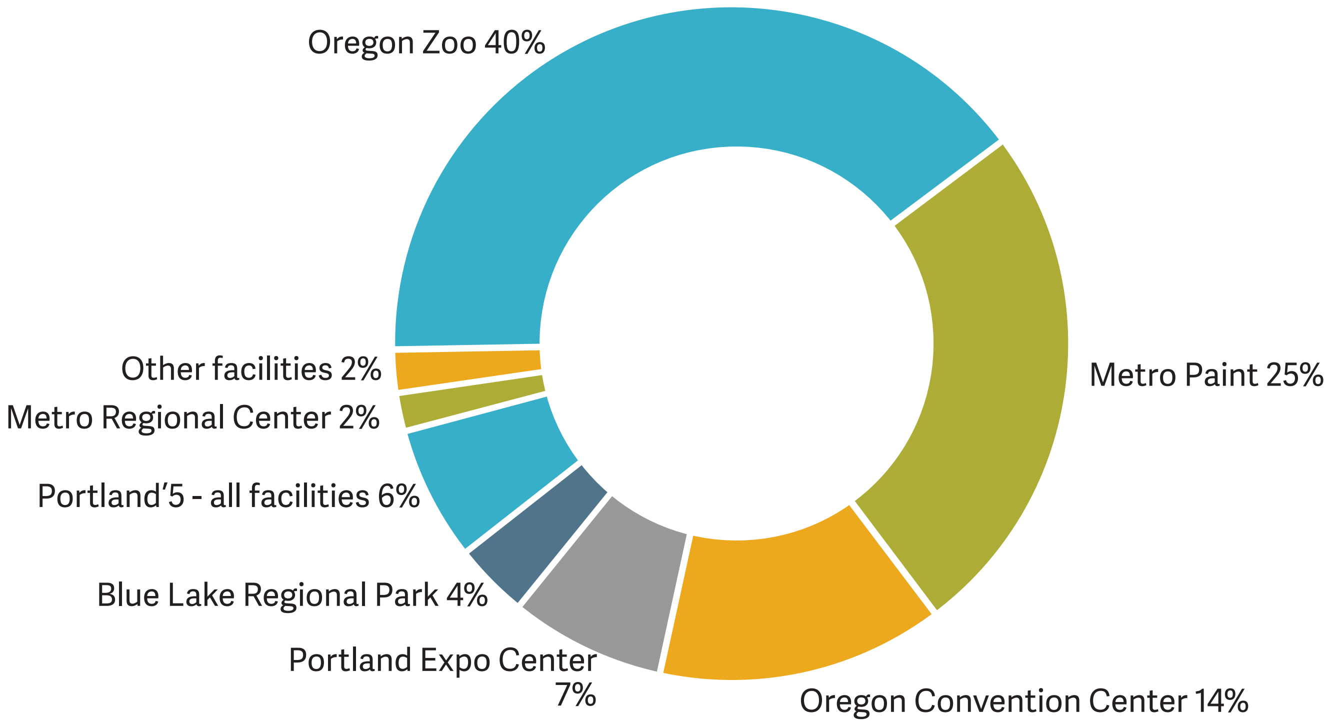
Metro's recycling rate has increased by six percentage points over baseline to 57 percent. The recycling rate has remained stagnant for the past three years and much progress will need to occur to reach the 2020 interim target of 90 percent recycling rate.



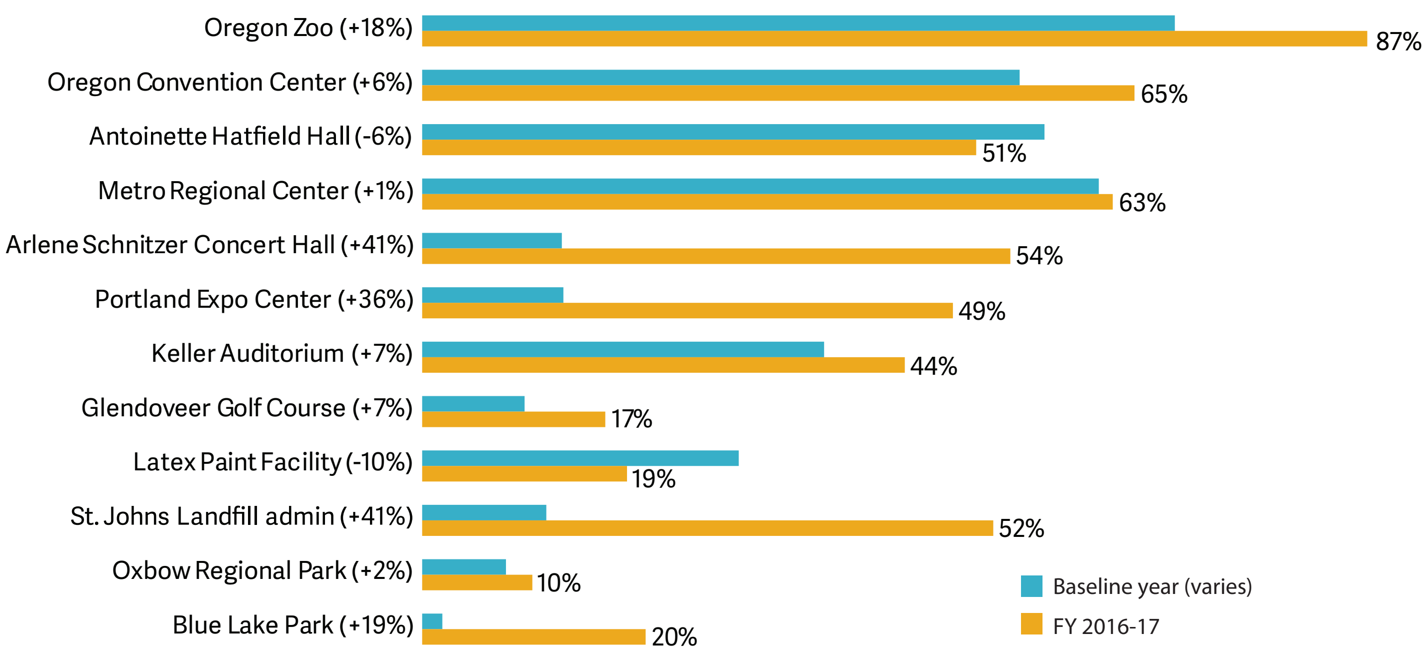


[1] Recycled materials include standard recyclables, as well as yard debris or food scraps that were composted or anaerobically digested.

FY 16-17 Total waste generation as a percentage of agency total



FY 2016-17 recycling rate at Metro facilities compared with baseline year (varies)[2,3,4]



[2]Blue Lake and Oxbow parks began tracking weight of yard debris, downed wood and trees as part of their recycling rates in 2014, thus dramatically increasing their reported rates.
[3]Baseline years for calculating recycling vary based on earliest available complete data set for that facility. The following facilities have a 2008 baseline year: Oregon Zoo, Oregon Convention Center, Portland Expo Center, Metro Regional Center and MetroPaint. FY 2010-11 baseline year: All Portland'5 Centers for the Arts facilities and Oxbow Regional Park. FY 2011-12 baseline year: Blue Lake Regional Park. FY 2012-13 baseline year: Glendoveer Golf and Tennis, St. Johns Landfill.
[4]The Zoo's recycling rate includes composting of manure and animal bedding; subtracting those materials out would reduce the recycling rate to 26 percent.

Goal 4: Conserve water

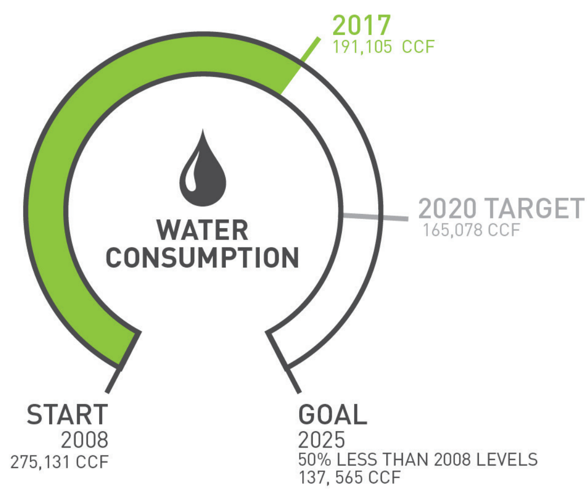
Goal	Use 50 percent less water from 2008 levels by 2025.
Indicator	Gallons of water consumed from water utilities and on-site sources.
2020 target	Use 40 percent less water from 2008 levels by 2020.

Metro collects water usage data for its facilities from water-providing utilities and from well water records. Water use is reported in CCF, or hundred cubic feet (equivalent to 748 gallons).

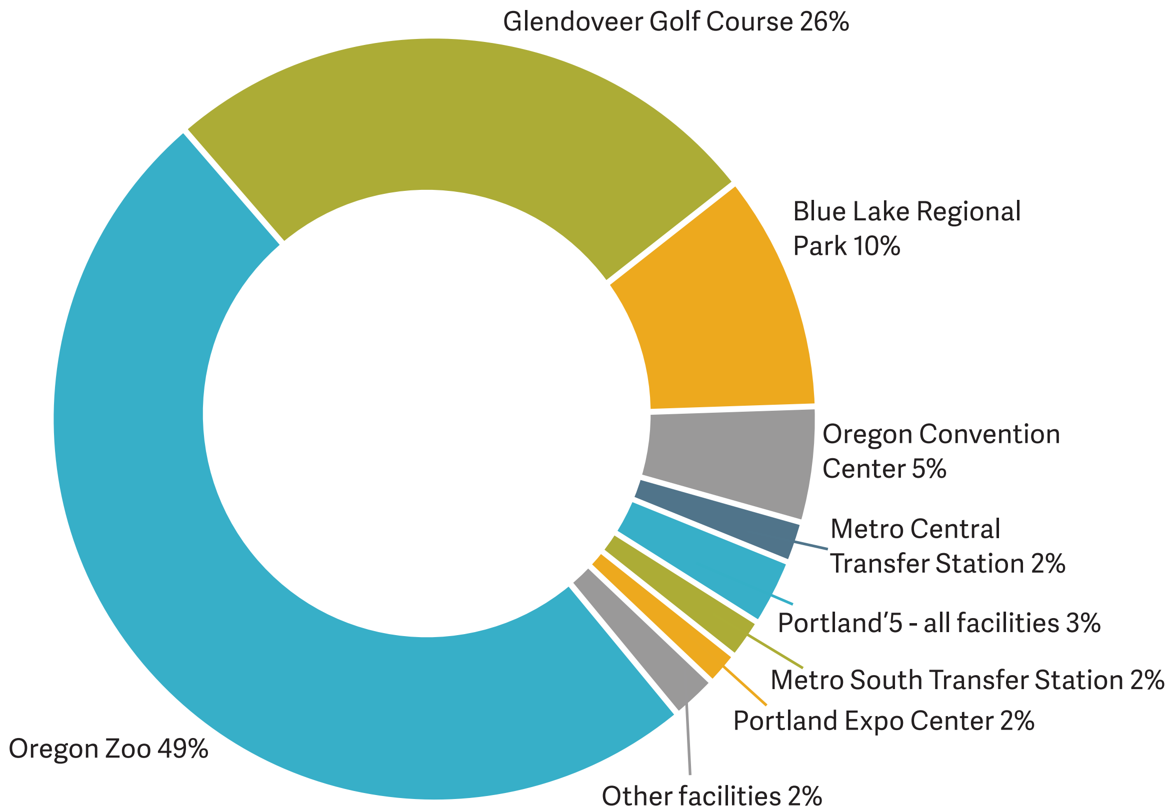
In FY 2016-17, Metro facilities consumed 191,105 CCF (143 million gallons) of water, including about 66,000 CCF (48.7 million gallons) from onsite wells. This amount of water equates to about 216 times the volume of an Olympic-sized swimming pool.

Water use in FY 2016-17 was 31 percent less than the FY 2008-09 baseline, a substantial reduction and on track to meet the 2020 target of 40 percent reduction (165,078 CCF). Water use has trended downward for the past three years.

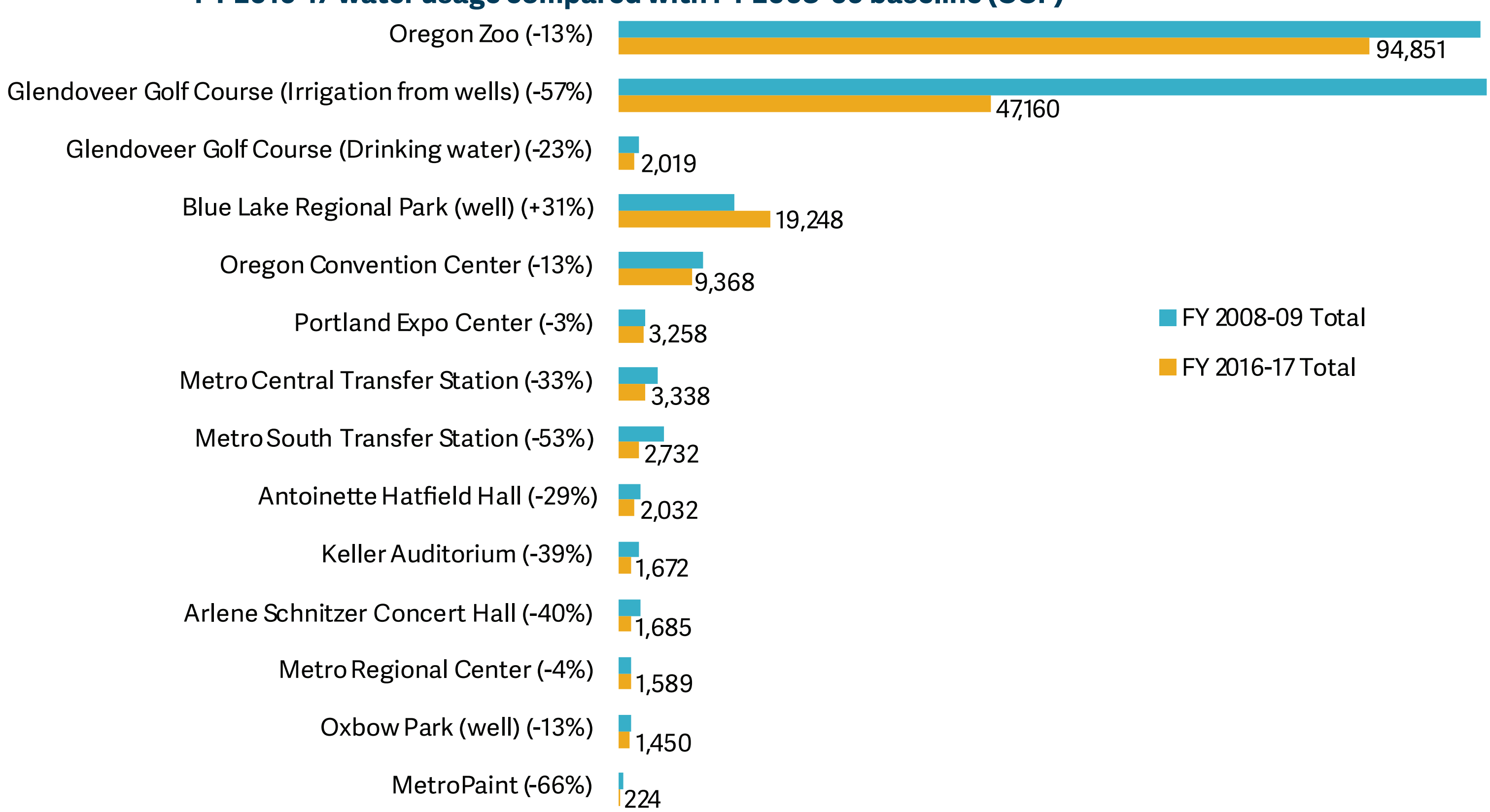
Oregon Zoo and Glendoveer Golf and Tennis Center continue to be Metro's top water users, comprising 75% of Metro's total water consumption. Reaching Metro's water reduction goal hinges on success at these two facilities. Glendoveer has made substantial progress, achieving a 57% reduction in irrigation water use compared to baseline.



FY 2016-17 water usage as a percentage of agency total



FY 2016-17 water usage compared with FY 2008-09 baseline (CCF)



Goal 5: Enhance habitat and reduce stormwater

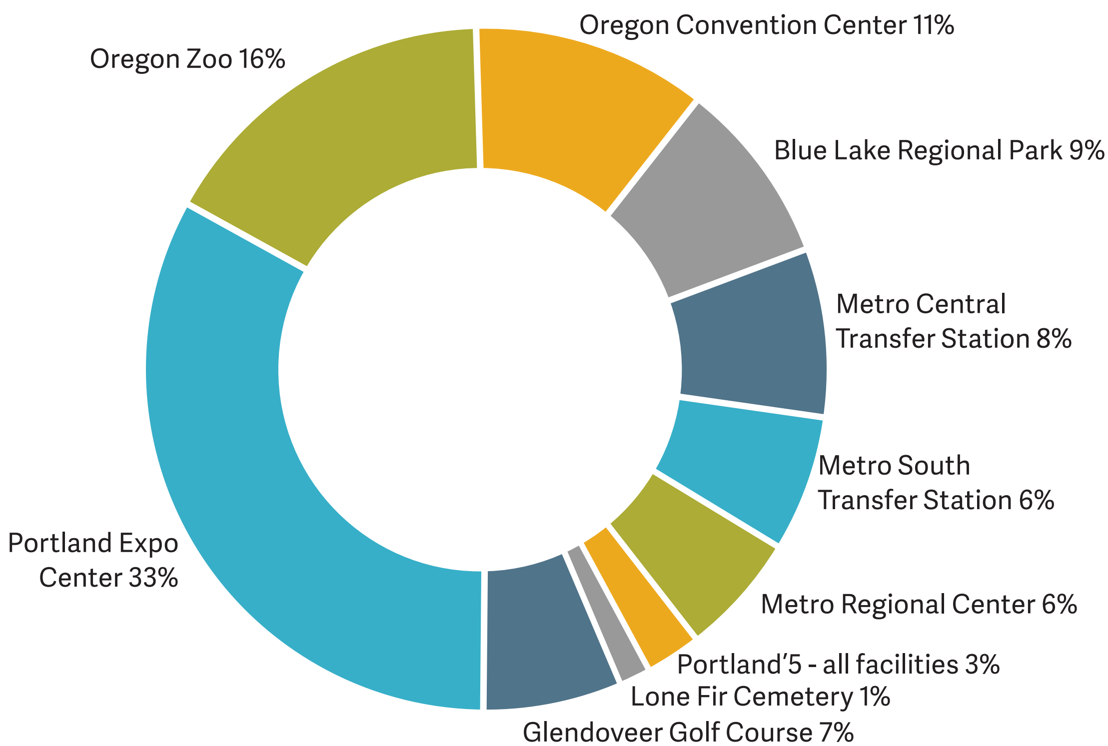
Goals	Ensure that Metro's parks, trails, natural areas and developed properties positively contribute to healthy, functioning ecosystems and watershed health by 2025.
Indicators	Percentage of effective impervious area on Metro's developed properties; impervious surfaces directly connected to a stream or drainage system and not directed to a green roof, swale or other pervious area.
2020 target	Reduce effective total impervious area on developed properties to 25 percent. Identify habitat-friendly improvement opportunities for developed properties.

Tracking effective impervious surface area is a way to monitor stormwater runoff from Metro's developed properties and resultant impacts to habitat health. Effective impervious area measures the amount of hardscape on a developed property (e.g., roofs, parking lots, sidewalks) that sends water directly to a waterway or sewer without being treated by an ecoroof, bioswale or other low-impact development facility. The higher the amount of effective impervious area, the more significant the property's negative impact on water quality and wildlife habitat.

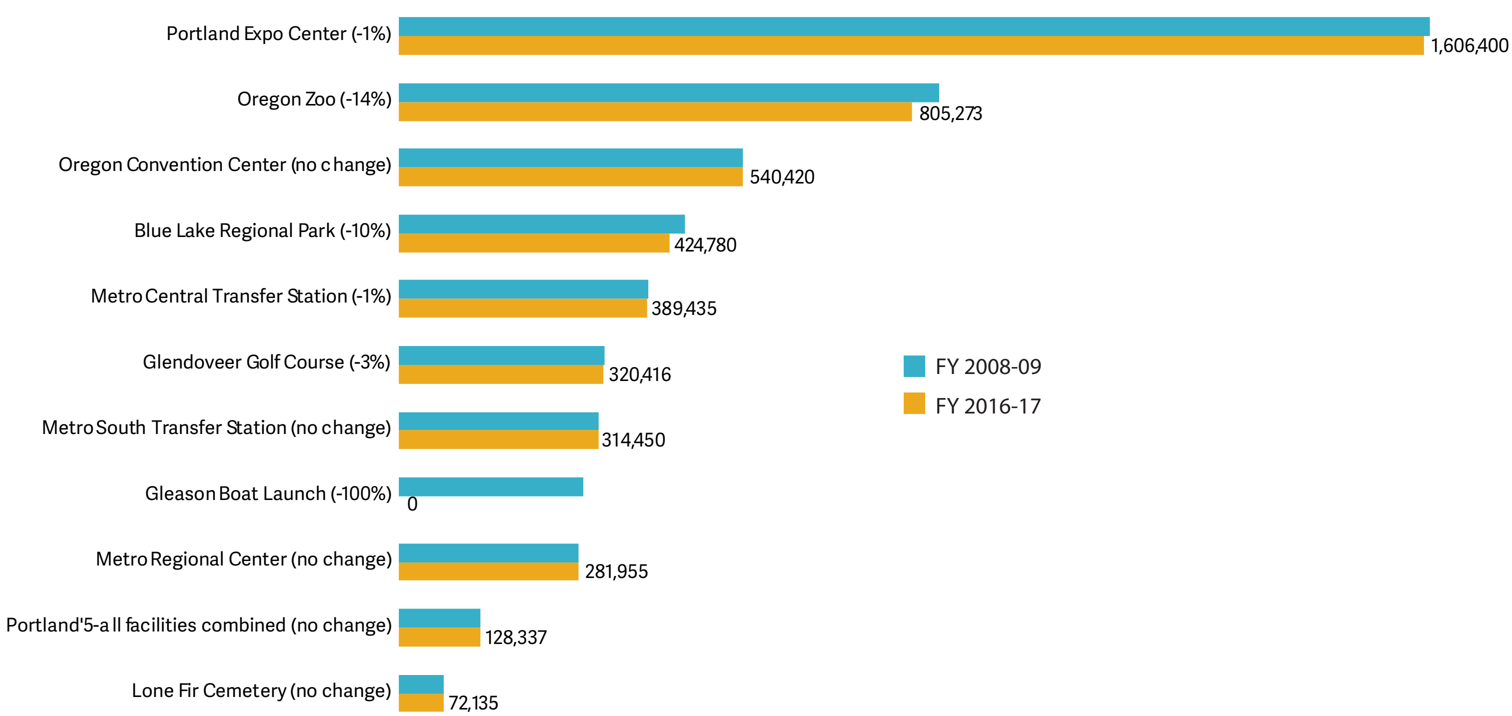
In FY 2016-17, the overall percentage of effective impervious area on Metro's developed properties was 78 percent. This is far from the 2020 target of 25 percent. Reducing effective impervious area is a particularly challenging goal given the nature of many of Metro's developed properties. For instance, space limitations on several of Metro's properties restrict the ability to install bioswales, and some older buildings lack the structural integrity to support ecoroofs. Other properties offer significant opportunities to reduce effective impervious area, such as the extensive parking lot at the Expo Center, that have not yet been realized due to cost barriers.

However, Metro has implemented low impact development features on properties as opportunities have arisen. For instance, in FY 2016-17, stormwater planters were installed to treat all of the stormwater runoff from the Zoo Education Center, and improvements to the maintenance yard at Blue Lake Regional Park included bioswales that treat runoff from all impervious surfaces. This builds on previous work, including rain gardens planted at Blue Lake Regional Park restrooms in 2015-16 and a stormwater green wall installed at the Portland Expo Center in FY 2013-14.

FY 2016-17 effective impervious areas as a percentage of agency total



FY 2016-17 effective impervious area in square feet (change compared to baseline 2008-09)



Energy efficiency and renewable energy project incentives

FY 2016-17

Metro works closely with the Energy Trust of Oregon to implement energy efficiency and renewable energy projects at Metro facilities and visitor venues. Projects last year included LED lighting, cooling system upgrades, Leadership in Energy and Environmental Design assistance, solar photovoltaics, solar ready design, and participation in the Strategic Energy Management Program.

Summary of incentives from Energy Trust of Oregon, FY2016-17

Location	Measure description	Electricity savings (kWh)	Energy Trust incentive received
Existing buildings program			
Oregon Zoo Steller Cove	Chiller and cooling tower	451,775	$98,657
Oregon Convention Center	LED lighting	1,148,030	$93.963
Glendoveer Golf & Tennis	Occupancy sensing plug strip	122	$21
	Subtotal	**1,599,927**	**$192,641**
New buildings program			
Oregon Zoo Education Center	LEED-NC, custom track assistance grants	126,666	$61,916
	Subtotal	**126,666**	**$61,916**
Commercial solar program			
Oregon Convention Center	Solar photovoltaic system	1,755,384	$200,000
Oregon Zoo Education Center	Solar ready design		$6,024
	Subtotal	**1,755,384**	**$206,024**
Strategic energy management program			
Expo Center	Participation incentives		$1,000
Portland'5 Centers for the Arts	Participation incentives		$1,000
Metro Regional Center	Participation incentives		$2,460
Oregon Convention Center	Participation incentives		$4,000
	Subtotal		**$8,460**
	TOTAL	**3,481,977**	**$469,041**

Sustainable procurement

FY 2016-17

Metro's Sustainable Procurement Program was created to ensure that Metro's procurement activities meet adopted sustainability goals. The program aims to:

- ensure that Metro's procurement activities meet the Sustainability goals and definition adopted by the Metro Council
- support a sustainable environment, economy and community by:
  - reducing the environmental impact of Metro government operations and setting the standard for sustainable public purchasing in the region
  - supporting businesses and markets located in the Portland Metro region
  - ensuring equitable inclusion of diverse members of our community in our Sustainable Procurement efforts.

The full Sustainable Procurement policy can be found online at www.oregonmetro.gov/greenmetro.

In FY 2016-17, Metro spent nearly $20 million on sustainable goods and services. This represents roughly 27 percent of Metro's overall spending on goods and services for the year.

FY 2016-17 Metro-wide expenditure totals by category

Third party certified	$937,000
Recycled content	
Recycled paper	$185,000
Recycled content product	$223,000
Product - other	$77,000
Services	
Habitat friendly	$830,000
Energy efficiency	$1,404,000
Feasibility/desgin	$23,000
Other	$1,607,000
Renewable power	$638,000
Green building	$38,000
Supporting regional sustainability	$14,079,000
Oregon products and services	
Oregon products	$16,000
Oregon services	$20,000
Total sustainable procurement FY16-17	**$20,077,000**
Total goods and services purchases	$74,938,000
Percentage sustainable purchases	**27%**

In addition to the numbers listed above, Metro's Zoo Bond program made significant purchases supporting green building. With nearly $9.5 million in procurement of LEED Certified buildings in FY 2016-17, the Zoo Bond program showed commitment to sustainable new construction.

In 2012, Metro established a goal to increase sustainable procurement 5 percent year-over-year (using FY 2012-13 data as a baseline). Since then, Metro has increased its sustainable procurement to 27 percent. This puts Metro ahead of the goal of 26 percent sustainable procurement for FY 2016-17. Much of the increase over last year is due to spending to promote regional sustainability. This category represents $14 million, or 19 percent of FY 2016-17 spending. This category aims to capture the public work that Metro does to make our region more sustainable. While the other codes are meant to capture Metro's internal operations expenses, this category captures public-facing work that directly relates to improving the environmental sustainability of the region.

Progress toward Metro-wide sustainability goal

Fiscal year	*Goal*	*Actual*
2012-2013	n/a	6%
2013-2014	11%	3%
2014-2015	16%	9%
2015-2016	21%	12%
2016-2017	26%	27%
2017-2018	31%	-

One of the biggest challenges in meeting the sustainable procurement goal is the process for tracking expenses. Metro tracks sustainable procurement through a section of budget coding that is applied to every line item in our accounting system. This means that there is a large number of staff that is responsible for correctly and consistently applying sustainability coding to expenses. Because of this challenge, Metro is most likely under-accounting for our sustainable procurement.

Agenda Item No. 4.1

Consideration of the Council Meeting Minutes for November 30, 2017

Consent Agenda

Metro Council Meeting
Thursday, December 7, 2017
Metro Regional Center, Council Chamber

Agenda Item No. 4.2

Resolution No. 17-4857, For the Purpose of Confirming the Council President's Appointment of John Erickson and Reappointment of Deanna Palm, Deidra Krys-Rusoff and Karis Stoudamire-Phillips to the Metropolitan Exposition Recreation Commission

Consent Agenda

Metro Council Meeting
Thursday, December 7, 2017
Metro Regional Center, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CONFIRMING THE COUNCIL PRESIDENT'S APPOINTMENT OF JOHN ERICKSON AND REAPPOINTMENT OF DEANNA PALM, DEIDRA KRYS-RUSOFF AND KARIS STOUDAMIRE-PHILLIPS TO THE METROPOLITAN EXPOSITION RECREATION COMMISSION	)))	RESOLUTION NO. 17-4857 Introduced by Tom Hughes, Council President

WHEREAS, the Metro Code, Section 6.01.030(a) provides that the Metro Council President shall appoint all members to the Metropolitan Exposition Recreation Commission; and

WHEREAS, the Metro Code, Section 6.01.030(b) provides that the Metro Council President's appointments to the Commission are subject to confirmation by the Metro Council; and

WHEREAS, pursuant to Metro Code, Section 6.01.030(c) members of the Commission shall serve four-year terms and may be re-appointed; and

WHEREAS, pursuant to Metro Code Section 6.01.030(d)(1), the Clackamas County Commission has nominated John Erickson for appointment on the Commission; and

WHEREAS, pursuant to Metro Code, Section 6.01.030(d)(1) and (g) the Washington County Commission has nominated Deanna Palm for reappointment to the Commission; and

WHEREAS, pursuant to Metro Code, Section 6.01.030(d)(3) and (g) the Metro Council President has reappointed Deidra Krys-Rusoff and Karis Stoudamire-Phillips to the Commission; and

WHEREAS, the Metro Council President submitted these appointments to the Metro Council for confirmation; and

WHEREAS, the Council finds that John Erickson, Deanna Palm, Deidra Krys-Rusoff and Karis Stoudamire-Phillips have the experience and expertise to make substantial contributions to the Commission's work; now therefore,

BE IT RESOLVED that the Metro Council hereby confirms the Council President's appointments of John Erickson, Deanna Palm, Deidra Krys-Rusoff and Karis Stoudamire-Phillips as members of the Metropolitan Exposition Recreation Commission to terms beginning on January 1, 2018, and ending December 31, 2021.

ADOPTED by the Metro Council this 7th day of December, 2017.

____
Tom Hughes, Council President

Approved as to Form:

____
Alison R. Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 17-4857, FOR THE PURPOSE OF CONFIRMING THE COUNCIL PRESIDENT'S APPOINTMENTS OF JOHN ERICKSON, DEANNA PALM, DEIDRA KRYS-RUSOFF AND KARIS STOUDAMIRE-PHILLIPS TO THE METROPOLITAN EXPOSITION RECREATION COMMISSION

Date: December 7, 2017 Prepared by: Margie Helton

BACKGROUND

The Metro Code, Section 6.01.030(a), gives the Metro Council President sole authority to appoint all members of the Metropolitan Exposition Recreation Commission, subject to confirmation by the Council.

Section 6.01.030(d)(1) of the Metro Code allows Clackamas and Washington Counties to each nominate a candidate for appointment for the Council President's consideration. Under section 6.01.030(e)(1) of the Metro Code, the Metro Council President has the authority to concur with Clackamas and Washington County's nominations and submit them to the Metro Council for confirmation, or reject them.

The Clackamas County Commission has nominated John Erickson for appointment on the Commission from January 1, 2018 through December 31, 2021. The Council President has concurred with this nomination and accordingly submitted his appointment of Mr. Erickson to the Metro Council for confirmation. A copy of the nomination letter from the Clackamas County Commission is attached as Attachment 1 to this Staff Report. A copy of Mr. Erickson's bio is attached as Attachment 2 to this Staff Report.

Deanna Palm was nominated by the Washington County Commission to complete the term of former Commissioner Terry Goldman who resigned from the commission on April 17, 2017. Her current term ends on December 31, 2017. Washington County has nominated Ms. Palm for reappointment on the Commission from January 1, 2018 through December 31, 2021. The Council President has concurred with this nomination and accordingly submitted his appointment of Ms. Palm to the Metro Council for confirmation. A copy of the nomination letter from the Washington County Commission is attached as Attachment 3 to this Staff Report. A copy of Ms. Palm's bio is attached as Attachment 4 to this Staff Report.

Section 6.01.030(d)(3) of Metro Code allows the Metro Council President to appoint two residents of the Metro Area to the Commission. On April 9, 2015, Deidra Krys-Rusoff was appointed to the Commission to complete the term of former MERC commissioner, Cynthia Haruyama. Her current term ends December 31, 2017 and the commissioner has requested reappointment to a four-year term. Commissioner Karis Stoudamire-Phillips' current term ends on December 31, 2017. She has requested reappointment for another four-year term from January 1, 2018 through December 31, 2021.

Council President Tom Hughes has reappointed Deidra Krys-Rusoff and Karis Stoudamire-Phillips on the Commission to four-year terms beginning January 1, 2018 through December 31, 2021. Copies of Ms. Krys-Rusoff's and Ms. Stoudamire-Phillips' bios are attached as Attachments 5 and 6 to this Staff Report

ANALYSIS/INFORMATION

- **Known Opposition. None**

- **Legal Antecedents.** Metro Code as referenced above.

- **Anticipated Effects.** Appointment of Mr. Erickson, Ms. Palm, Ms. Krys-Rusoff and Ms. Stoudamire-Phillips to the Metropolitan Exposition Recreation Commission, in the manner provided by the Metro Code.

- **Budget Impacts.** None

RECOMMENDED ACTION

The chief Operating Officer recommends approval of Resolution 17-4857 to confirm the appointments of John Erickson, Deanna Palm, Deidra Krys-Rusoff and Karis Stoudamire-Phillips to the Metropolitan Exposition Recreation Commission and to begin serving terms starting January 1, 2018, through December 31, 2021.

CLACKAMAS
COUNTY

BOARD OF COUNTY COMMISSIONERS

PUBLIC SERVICES BUILDING
2051 KAEN ROAD | OREGON CITY, OR 97045

October 5, 2017

Tom Hughes, President
Metro Council
600 NE Grand Avenue
Portland, Oregon 97232

On behalf of the Clackamas County Board of Commissioners, and as required by Chapter 6 of the Metro Code, we are pleased to nominate John Erickson of West Linn to serve as the Metropolitan Exposition and Recreation Commission (MERC) representative for Clackamas County.

Mr. Erickson serves as Chairman of the Board of the Tourism Development Council of Clackamas County and is a past board member of the United Way in Atlanta, Houston, and Chicago. Additional board positions held include Boy's & Girl's Clubs of Northern Arizona, along with the Oregon Restaurant and Lodging Association Education Foundation.

His background in Hospitality Management spans a distinguished 30-year career in hotels, resorts, restaurants and clubs all over the United States and abroad. His positions have included Director of Regional Operations at KemperSports, Chief Executive Officer for Grand Tradition Hotels and Resorts, Project General Manager at Seven Canyons Resort, and, most recently, General Manager of The Resort at The Mountain. He is a well-respected leader in the industry with expertise in finance, marketing, operations, human resources, change management and strategic planning. He currently serves on several hospitality industry association boards and as a trustee at Mary's Woods Retirement Community. Mr. Erickson developed and now serves as Program Director of Marylhurst University's Hospitality Management Program.

Please accept our recommendation to appoint John Erickson as Clackamas County's representative on the Metropolitan Exposition and Recreation Commission.

Respectfully submitted,

Jim Bernard, Chair
On Behalf of the Clackamas County Board of Commissioners.

John A. Erickson

6261 Belmont Way
West Linn, OR 97068
503-348-6412
johnaerickson@icloud.com

EXECUTIVE PROFILE

An effective, dynamic, and accomplished executive within the hospitality industry offering a history of leading successful organizations to meet and exceed financial goals. Experienced in operations, project management, sales, and marketing through executive positions with Westin, Sheraton, Four Seasons, American Golf Corporation, KemperSports, independent clubs and developments across multiple disciplines. Financial management experience has been a strong point of my career.

Improving bottom line results and implementing strategic thinking for improved operations in clubs, hotels, resorts, associations and supporting services has been a hallmark of my career. As an experienced consultant, my talents have been utilized by corporations, national business leaders, state organizations, as well as individually owned small businesses. As a team player, and a change agent, I have utilized my communications talents, and business acumen, to secure employee and customer support to meet goals and objectives. Through development and implementation of processes and procedures improved facility service delivery, personnel performance, and operations for profitable results have been achieved. My talents have been used to build and lead teams through strategic planning, financial analysis, marketing, positioning, motivational recognition, and development of personnel.

Areas of Expertise

Financial Management / Budget Development / P & L Responsibility
Team Recruiting and Leadership
Marketing & Sales
Operations Streamlining
Service Delivery / Training
Renovation / Construction
Communication
Project Management and Scheduling

PROFESSIONAL SUMMARY

Present – Marylhurst University School of Business
Director Hospitality Management Program

Previous positions:
The Resort at The Mountain - Welches, Oregon - Coastal Hotel Group
General Manager

KemperSports – Northbrook, IL
Director of Regional Operations
Director of Corporate Special Projects
General Manager

JK & L, LLC Portland, OR
Owner and Consultant

Seven Canyons Sedona, AZ
Project General Manager

Grand Tradition Hotels, Inc. Portland, OR
Chief Executive Officer

Bare and Associates McLean, VA
Vice President Hotel Division

American Golf Country Clubs Santa Monica, CA
The Oregon Golf Club West Linn, OR
General Manager/Regional and National Services Delivery Manager

Other Experience:

Four Seasons Hotels – Seattle
Westin Hotels Chicago, Houston, Portland

EDUCATION

- MBA Marylhurst University (Winter 2017)
- BS Business Management & Leadership Marylhurst University
- Dale Carnegie Management Skills Course
- Hard Core – Westin Hotels Management College
- Westin Hotels and Sheraton Hotels Marketing Development
- Portland State University studies in business and marketing
- CHIA AHLAEF Hotel Analytics

ORGANIZATIONAL INVOLVEMENT

· Chairman Clackamas County Tourism Development Council - Oregon
· United Way of Cobb County, Seattle, Chicago, Houston – Board Member in each location
· Hotel Sales and Marketing Association International – Board Member Houston Texas Chapter
· Board Member Boy's & Girl's Clubs of N Arizona – Board Member Fund Raising Chairman
· Chamber of Commerce – Member in ten cities - Board Member in four cities
· International Association of Convention & Visitors Bureaus – Local Chapter President in Georgia
· Club Managers Association of America
· American Hotel & Lodging Association
· Oregon Restaurant & Lodging Association – Secretary of the Educational Foundation
· Washington Resorts and Private Parks Association – Past President/Board member
Tourism Development Council Clackamas County Oregon – Chairman

WASHINGTON COUNTY

OREGON

November 7, 2017

Dear President Hughes:

Thank you for the opportunity to nominate Ms. Deanna Palm for reappointment to the Metro Exposition and Recreation Commission as the Washington County representative pursuant to Chapter 6 of the Metro Code.

Ms. Palm's skills in planning, policy making and committee work can be evidenced by her seven years of service with the Hillsboro Chamber as well as her work on the Oregon State Chamber of Commerce, the Hillsboro Community Foundation, and the Hillsboro School bond Advisory Committee.

I am pleased to recommend her for continued MERC membership and nominate her for reappointment to the MERC Commission with a term of January 1, 2018 through December 31, 2021.

Sincerely,

Andy Duyck

Andy Duyck, Chair

Board of County Commissioners
155 N. First Avenue, Suite 300, MS 22 Hillsboro, OR 97124-3072
Phone: (503) 846-8681 * fax: (503) 846-4545

Attachment 4 to Staff Report for Resolution 17-4857

Deanna Palm
Bio

Deanna Palm has been President of the Hillsboro Chamber of Commerce since December 2001. The Hillsboro Chamber is a business organization representing more than 750 business and more than 55,000 jobs in and around the Hillsboro community. The Chamber supports policies that enable businesses to grow and prosper.

Palm is past chair of the Oregon State Chamber of Commerce, serves as president-elect for the Hillsboro Community Foundation, co-chairs the Hillsboro School Bond Advisory Committee, serves on the Workforce Development Board for the Region and is a member of the Hillsboro Airport Master Plan Advisory Committee. Palm was appointed to serve on the Portland Community College Board of Directors in 2009 and was elected to serve in that position in 2011 and again in 2015. She served as Chair of the Board for PCC in 2015 and 2016, which is the largest higher education institution in the state of Oregon.

Attachment 5 to Resolution 17-4857

Deidra Krys-Rusoff

Deidra Krys-Rusoff is a senior vice president, portfolio manager and a member of Ferguson Wellman Capital Management's fixed income team. She serves as the firm's lead for clients regarding municipal bond strategies.

Prior to joining Ferguson Wellman, worked for 15 years at US Bancorp, with the most recent eight years managing fixed income portfolios.

Krys-Rusoff is a native of Idaho, and earned her B.A.in Zoology from the College of Idaho.

Metro Affiliations
Krys-Rusoff is currently serving as the Secretary-Treasurer of the MERC Commission, representing Metro. She chairs the Budget Committee as part of her duties. She is a member of the Metro Investment Advisory Board. Krys-Rusoff has also served as a past chair and member of the Oregon Zoo Bond Citizen's Oversight Committee.

Other Affiliations
Krys-Rusoff is active in the Franklin High School PTSA, and is currently serving as the Chair of the Grants Committee. She has previously served as president of the Mt. Tabor Middle School PTA. She has also served on the boards of the Northwest Taxable Bond Club, the Columbia-Willamette YMCA Childcare Volunteer Board and the Junior League of Portland. She enjoys rooting for the Timbers and exploring new restaurants in her spare time.

Karis Stoudamire-Phillips

Karis Stoudamire-Phillips, a native of Portland, is a proud graduate of St. Mary's Academy, alumnus of Saint Mary's College of California and earned her master's degree from Washington State University.

Karis manages Corporate Social Responsibility at Moda Health. Her focus is to develop, direct and implement Moda's community engagement strategy and action plan in Oregon and Alaska. In her roll, Karis leads the company's community engagement strategy, ensuring alignment with best practices and core values, mission and overall business strategy. She ensures that corporate responsibility is integrated across business units and coordinated with other internal departments and stakeholders to raise awareness and promote community relations goals and objectives.

Prior to joining to Moda Health, Karis was the Corporate Relations Officer with the Legacy Health Foundations. She was responsible for planning and implementing a comprehensive corporate giving program, including sponsorships, workplace giving, restricted and capital gifts and in-kind donations for all six Legacy hospitals. Before her position with Legacy Health, Karis was the Foundation Administrator at Damon Stoudamire, Inc. where she established, led and managed The Damon Stoudamire Foundation and was also responsible for the Damon Stoudamire Basketball Camps and Fan Club. Karis brings with her an extensive background in public affairs, marketing, non-profit management, fund raising, community relations, event planning and project management. Karis also worked as a medical study researcher and as medical assistant with Allergy, Asthma and Dermatology Associates.

Karis is very active in the Portland metropolitan area. She currently serves as a Multnomah Exposition Recreation Commissioner (MERC), Boise Neighborhood Association Treasurer and is also active in several other civic organizations.

ADDITIONAL LEADERSHIP EXPERIENCE
American Red Cross – Oregon Trail Chapter Board Member 2000 - 2004
Big Brother Big Sister African American Advisory Board 2007 - 2010
Boise Neighborhood Association Member and Treasurer 2003 - Present
Boys and Girls Club Board of Directors 2001 – 2004
Children's Cancer Association Ambassador Board 2013 - Present
Corporate Volunteer Council Member 2012 – Present
The Bridge Builders Board Member and The Black Baccalaureate Chair 2001 - 2010
Delta Sigma Theta Sorority, Inc. Portland Alumnae Chapter 2002 – Present
Grantmakers of Oregon and Southwest Washington Member 2012 – Present
Grantmakers of Oregon and Southwest Washington Board of Directors 2016 - Present
Metropolitan Exposition Recreation Commissioner 2009 – Present
Oregon Community Foundation Metro Leadership Council 2017 - Present
Portland Rose Festival Foundation Board of Directors 2004 - Present
The Portland Chapter of the Links, Inc. 2007 – 2012
The Portland Development Commission Neighborhood Economic Development Leadership Group 2013 - Present

The Portland Rotary Club Member 2009 - 2010
Piedmont Rose Association Board Member 2007 - Present
St. Mary's Academy Alumni Council Member 2003 - Present
Schoolhouse Supplies Board Member 2002 – 2011
Urban League of Portland Board of Directors 2013 – Present
YWCA Board of Directors 2004 - 2010

Karis is very happily married to Mike Phillips, a world-renowned jazz saxophonist, and they are the proud parents of 7 1/2 year-old, Michael, Jr. and 3 year-old Tyson.

Karis enjoys traveling, enjoying the arts in all forms and spending time with family and friends.

Agenda Item No. 5.1

Resolution No. 17-4855, For the Purpose of Metro Council's Acceptance of the Results of the Independent Audit for Financial Activity During Fiscal Year Ending June 30, 2017

Resolutions

Metro Council Meeting
Thursday, December 7, 2017
Metro Regional Center, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF METRO COUNCIL'S ACCEPTANCE OF THE RESULTS OF THE INDEPENDENT AUDIT FOR FINANCIAL ACTIVITY DURING FISCAL YEAR ENDING JUNE 30, 2017	)))))	RESOLUTION NO. 17-4855 Introduced by Chief Operating Officer Martha Bennett in concurrence with Council President Tom Hughes

WHEREAS, Oregon Revised Statute 297.425 requires an annual independent audit of Metro's financial statements; and

WHEREAS, Metro Code Section 2.15.80 requires the Metro Auditor to appoint the external certified public accountant to conduct certified financial statement audits as specified in state and local laws; and

WHEREAS, Metro engaged in Contract No. 933286 with Moss Adams LLP, independent Certified Public Accountants to provide the following audit services for each of the fiscal years ending June 30, 2015-17:

1. Audit of Metro's financial statements (including all costs associated with the Comprehensive Annual Financial Report and applicable management recommendations and comments);
2. Single Audit and applicable management recommendations and comments;
3. Metro Natural Areas Bond Measure Expenditures and applicable management recommendations and comments; and
4. Oregon Zoo Construction Bond Measure Expenditures and applicable management recommendations and comments.

WHEREAS, the annual independent audit for fiscal year ended June 30, 2017 has been completed and an unmodified opinion received from Moss Adams LLP; and

WHEREAS, a separate letter was delivered to management and a management plan of action completed; now, therefore,

BE IT RESOLVED that the Metro Council hereby acknowledges and receive the results of the independent audit for fiscal year ended June 30, 2017 (Attachment A).

ADOPTED by the Metro Council this 7TH day of December 2017.

Tom Hughes, Council President

Approved as to Form:

Alison R. Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO.17-4855 FOR THE PURPOSE OF METRO COUNCIL'S ACCEPTANCE OF THE RESULTS OF THE INDEPENDENT AUDIT FOR FINANCIAL ACTIVITY DURING FISCAL YEAR ENDING JUNE 30, 2017

Date: 11/6/17

Prepared by: Brian Evans
Metro Auditor
503-797-1891

BACKGROUND

State ORS provision 297.425 requires an annual independent audit of Metro's financial statements. The current contract (No. 933286) was awarded to Moss Adams LLP for audit services and is effective May 1, 2015 through June 30, 2018.

Metro Code Chapter 2.15 specifies at Section 2.15.80 that the Auditor shall appoint external certified public accountants to conduct certified financial statement audits. Metro Charter Section 18 also specifies that the auditor shall be responsible for financial auditing of all aspects of Metro's operations.

The Comprehensive Annual Financial Report (CAFR) has been completed by Metro Finance and Regulatory Services. Moss Adams LLP has audited the financial statements and issued an opinion that these statements fairly represent Metro's financial position as of June 30, 2017. The results have been reviewed by the Metro Auditor and Metro Audit Committee members.

ANALYSIS/INFORMATION

1. **Known Opposition** none

2. **Legal Antecedents**
   State ORS provision 297.425 requires an annual independent audit of Metro's financial statements. Metro contract No. 933286 with Moss Adams LLP for audit services will expire on June 30, 2018.

   Metro Code Chapter 2.15 specifies at Section 2.15.80 that the Auditor shall appoint external certified public accountants to conduct certified financial statement audits. The Metro Charter Section 18 also specifies that the auditor shall be responsible for financial auditing of all aspects of Metro's operations.

3. **Anticipated Effects**
   Finance and Regulatory Services management and staff will review and implement the best practices suggestions as appropriate.

4. **Budget Impacts** None known at this time.

RECOMMENDED ACTION

The Metro Auditor recommends approval of Resolution No. 17-4855.

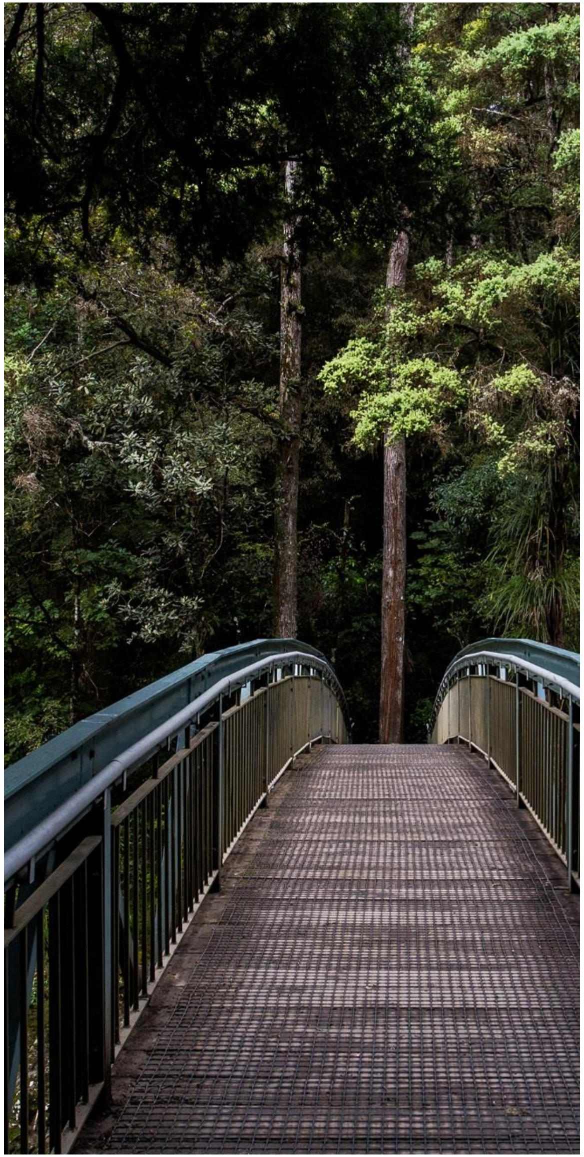
Audit Results

Better Together: Moss Adams & Metro

Agenda

1. Auditor Opinions and Reports
2. Areas of Audit Emphasis
3. Required Communication with Those Charged with Governance
4. Other Information

Auditor Opinions & Reports



Auditor Report on the Financial Statement

Report of Independent Auditors	• Unmodified opinion • Financial statements are presented fairly in accordance with US GAAP

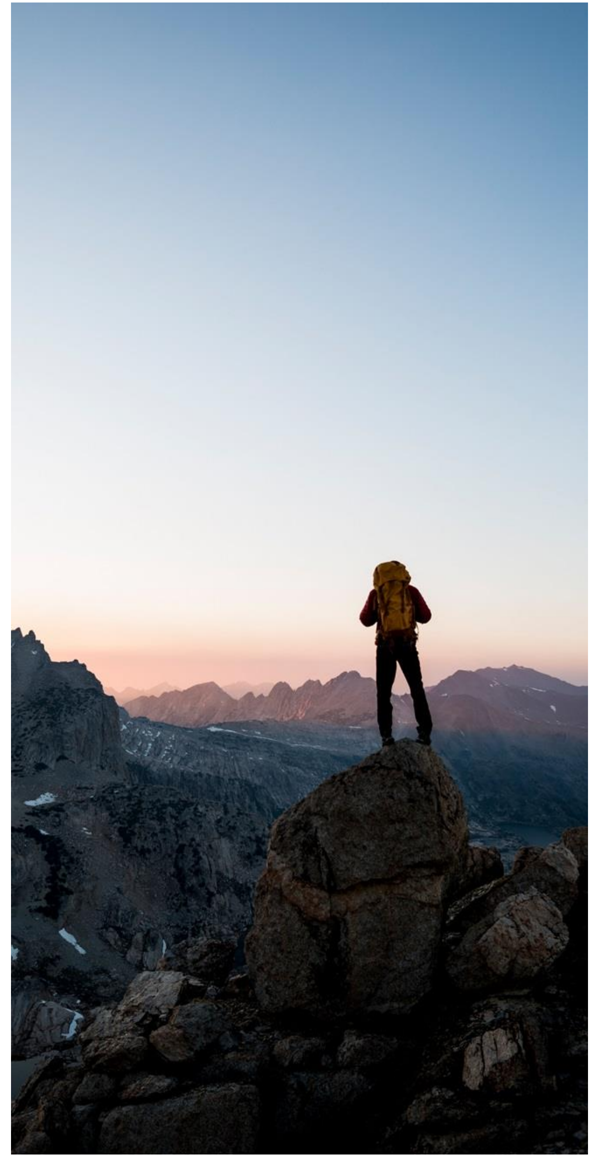
Other Auditor Reports – Single Audit

GAGAS Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	• No financial reporting findings • No compliance findings
Report on Compliance with Requirements that could have a Direct and Material Effect on the Major Federal Program and on Internal Control Over Compliance in accordance with the Uniform Guidance for Federal Awards (2 CFR Part 200)	• No control findings • No compliance findings

Other Auditor Reports – Oregon Minimum Standards and Bond Expenditures

Report	Results
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements in Accordance with Oregon Municipal Auditing Standards	• No control findings • No instances of non-compliance
Report of Independent Auditors regarding Natural Areas General Obligation Bonds and Oregon Zoo General Obligation Bonds	• Expenditures tested met the stated purpose in Council Resolutions laying out the intended use of the bond proceeds

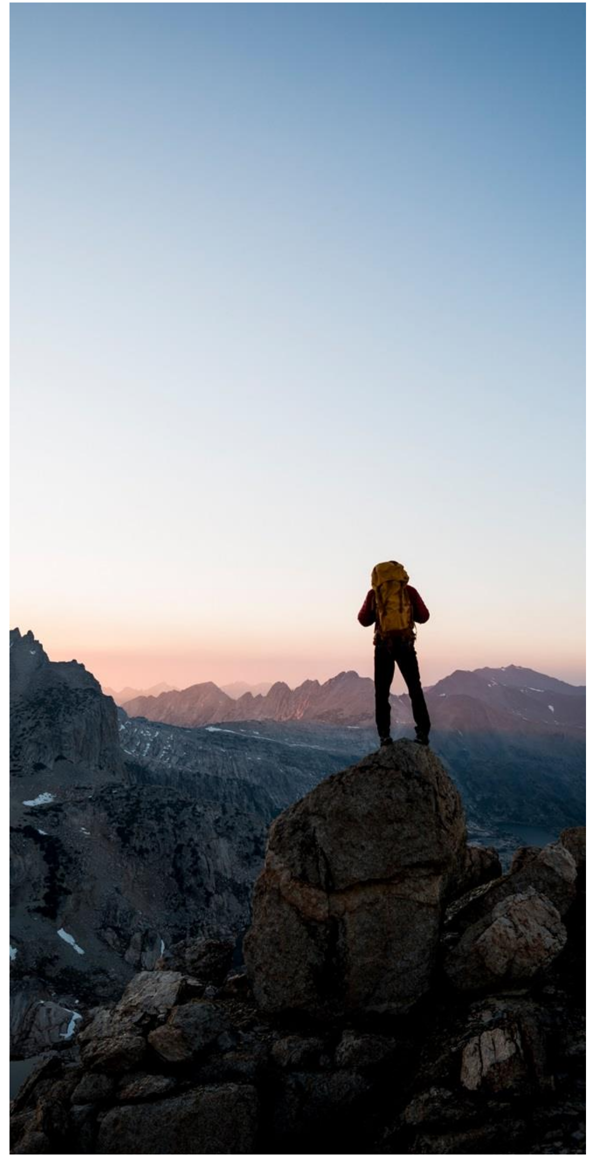
Areas of Audit Emphasis



Areas of Audit Emphasis

- Internal control environment
- Management estimates
- Cash and investments – valuation of investments and classification of cash and investments
- Net pension liability – recognition of Metro's share of the liability for Metro employees' future pension obligations as part of Oregon PERS; employer liability and related deferred inflows/outflows including selections of new hires and contributions made by Metro
- Bond activity – sampled transactions for compliance with allowable expenditures; reviewed discounts and premiums, debt repayments, and compliance with covenants
- Capital assets – tested additions, retirements, and depreciation
- Revenue recognition – reviewed tax revenue, investment income, and federal grants; considered collectability of receivables
- Net position – consideration of classification for unrestricted, restricted, and net investment in capital assets
- Single Audit – one major program tested (Highway Planning and Construction Cluster) totaling $3.9 million

Communication with Those Charged with Governance



Required Communications

In-depth discussion including all required communications with Audit Committee in November

Reporting deadlines – attention focused on meeting State requirement to file the audit report with the State by December 31, 2017

Audit adjustments

- No corrected audit adjustments
- Two passed audit adjustments – allowance for accounts receivable and unrecorded accounts payable

No difficulties encountered in performing the audit

No disagreements with management

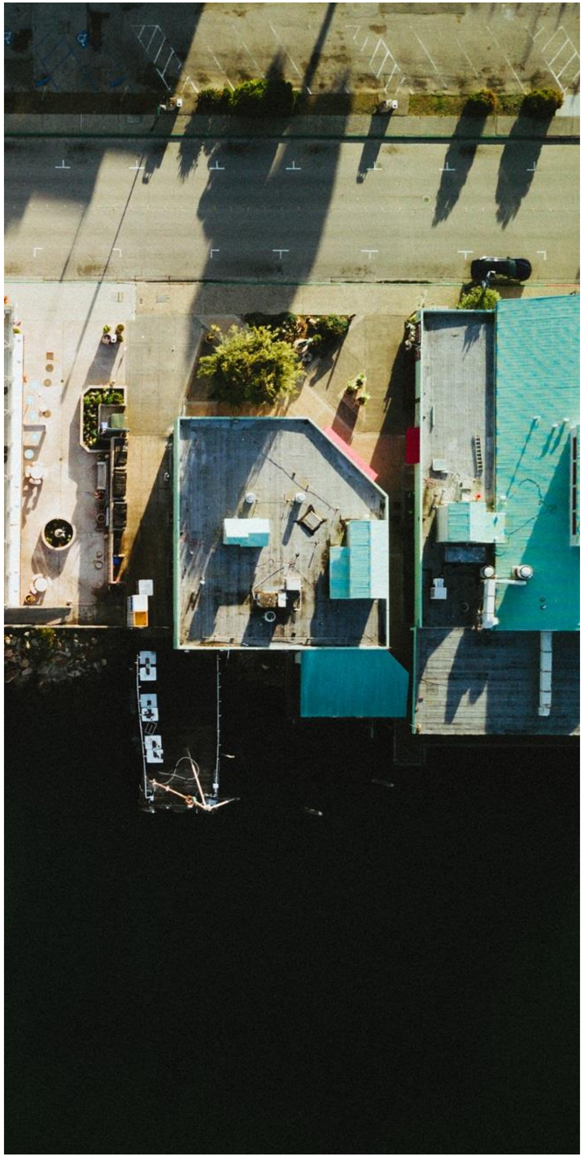
Deficiencies in Internal Control

Any material weaknesses and significant deficiencies in the design or operation of internal control that came to the auditor's attention during the audit must be reported to the Audit Committee.

Our Comments

- Material weakness
  - None noted
- Significant deficiencies & non-compliance
  - None noted
- Current year best practice recommendations
  - Account reconciliations
  - Accounts receivable allowance
  - Unrecorded accounts payable
- Prior year best practice recommendations
  - Unrecorded accounts payable – *not resolved*
  - Physical inventory of capital assets – *resolved*
  - Budgetary over expenditure in the risk management fund – *resolved*

Accounting Update



New Standards

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – effective for June 30, 2018 fiscal year

GASB Statement No. 81, Irrevocable Split-Interest Agreements – effective for June 30, 2018 fiscal year

GASB Statement No. 83, Certain Asset Retirement Obligations – effective for June 30, 2019 fiscal year

GASB Statement No. 84, Fiduciary Activities – effective for June 30, 2020 fiscal year

GASB Statement No 85, Omnibus 2017 – effective for June 30, 2018 fiscal year

GASB Statement No. 86, Certain Debt Extinguishment Issues – effective for June 30, 2018 fiscal year

GASB Statement No. 87, Leases – effective for June 30, 2021 fiscal year

Contact Us

+ Jim Lanzarotta

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(541) 225-6070

+ Ashley Osten

ashley.osten@mossadams.com
(503) 478-2251

+

THANK YOU

Report of Independent Auditors

Metro Council and Metro Auditor
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, which represents 100% of the assets, net position, and revenues of the discretely presented component unit of Metro. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oregon Zoo Foundation, is based solely on the report of the other auditors. 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 financial statements are free from material misstatement. The financial statements of The Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 26; the schedules of revenues, expenditures and changes in fund balance – budget and actual and related notes on pages 81 through 84 (the "budgetary schedules"); the schedule of district's proportionate share of net pension liability and schedule of district's contributions for the Oregon Public Employees' Retirement System on pages 85 through 87; and the schedule of funding progress for the other postemployment benefits on pages 88 through 90, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis, the schedule of district's proportionate share of net pension liability, the schedule of district's contributions for the Oregon Public Employees' Retirement System, and the schedule of funding progress for the other postemployment benefits described in the preceding paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The budgetary schedules described above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The other supplementary information and other financial schedules on pages 91 through 163, and the schedule of expenditures of federal awards on pages 174 through 175, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; each as listed in the table of contents (collectively, the supplementary information), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, other financial schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

MOSSADAMS

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Reports of Other Legal and Regulatory Requirements – Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Metro's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro's internal control over financial reporting and compliance.

Other Reporting Required by *Minimum Standards for Audits of Oregon Municipal Corporations*

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 15, 2017, on our consideration of Metro's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

James C. Lanzarotta

For Moss Adams LLP
Eugene, Oregon
November 15, 2017

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

Metro Council and Metro Auditor
Portland, Oregon

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated November 15, 2017. Our report includes a reference to other auditors who audited the financial statements of the Oregon Zoo Foundation, as described in our report on Metro's financial statements. The financial statements of the Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Oregon Zoo Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metro's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
November 15, 2017

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Report of Independent Auditors

Metro Council and Metro Auditor
Portland, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Metro as of and for the year ended June 30, 2017, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated November 15, 2017.

In connection with our audit, nothing came to our attention that caused us to believe that Metro failed to comply with the provisions in Exhibit A to Resolution No. 06-3672B with regard to the Natural Areas General Obligation Bonds, Series 2007 and Series 2012A. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Metro's noncompliance with the above-referenced resolution provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of Metro, and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
November 15, 2017

Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Metro Council and Metro Auditor
Portland, Oregon

Report on Compliance for the Major Federal Program

We have audited Metro's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Metro's major federal program for the year ended June 30, 2017. Metro's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Metro's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of Metro's compliance.

Opinion on the Major Federal Program

In our opinion, Metro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

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Report on Internal Control Over Compliance

Management of Metro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Metro's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
November 15, 2017

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Oregon Minimum Audit Standards*

Metro Council and Metro Auditor
Portland, Oregon

We have audited the basic financial statements of Metro as of and for the year ended June 30, 2017 and have issued our report thereon dated November 15, 2017. 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, and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether Metro's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

OAR	Section	Instances of Non-Compliance Identified?
162-010-0000	Preface	None Noted
162-010-0010	Definitions	None Noted
162-010-0020	Introduction	None Noted
162-010-0030	General Requirements	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Information (RSI)	None Noted
162-010-0120	Other Supplementary Information	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances, / Net Position, Budget and Actual (Each Fund)	None Noted
162-010-0140	Schedule of Accountability for Independently Elected Officials	Not applicable
162-010-0150	Schedule of Property Tax Transactions or Acreage Assessments	None Noted
162-010-0160	Schedule of Bonded or Long-Term Debt Transactions	None Noted
162-010-0170	Schedule of Future Requirements for Retirement of Bonded or Long-Term Debt	None Noted
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Required Disclosures and Independent Auditors Comments	None Noted
162-010-0230	Accounting Records and Internal Control	None Noted
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	None Noted
162-010-0260	Budget	None Noted
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	None Noted
162-010-0295	Highway Funds	Not applicable
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	None Noted
162-010-0315	State School Fund	Not applicable
162-010-0316	Public Charter Schools	Not applicable
162-010-0320	Other Comments and Disclosures	None Noted
162-010-0330	Extensions of Time to Deliver Audit Reports	Not applicable

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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 test disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report is intended solely for the information of the Metro Council, Metro Auditor, management, and the State of Oregon, and is not intended to be and should not be used by anyone other than those specified parties.

James C. Lanzarotta

For Moss Adams LLP
Eugene, Oregon
November 15, 2017

Report of Independent Auditors

Metro Council and Metro Auditor
Portland, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Metro as of and for the year ended June 30, 2017, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated November 15, 2017.

In connection with our audit, nothing came to our attention that caused us to believe that Metro failed to comply with the provisions in Exhibit A to Resolution No. 08-3945 with regard to the Oregon Zoo General Obligation Bonds, Series 2012A and 2016. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Metro's noncompliance with the above-referenced resolution provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of Metro, and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
November 15, 2017

November 15, 2017

Martha J. Bennett, Chief Operating Officer
Timothy C. Collier, Director, Finance & Regulatory Services
Metro
600 NE Grand Avenue
Portland, Oregon 97232

We have completed our audit of the financial statements of Metro for the year ended June 30, 2017 and have issued our report thereon dated November 15, 2017. In planning and performing our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America, we considered Metro's internal control over financial reporting (internal control) as a basis for designing our auditing procedures and for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control.

During the course of the audit, we noted certain other matters involving the internal control structure, operations, and financial reporting that are presented for your consideration that we would categorize as 'best practices' which are reported to you below. Our comments and recommendations have been discussed with appropriate members of management, and are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, and to perform any desired additional study of these matters.

Our comments are as follows:

BEST PRACTICE OBSERVATIONS

Current Year Observations

Account Reconciliations

Observation – During our testing of controls we noted that a payroll bank reconciliation and an accrued payroll liability reconciliation were not reviewed.

Recommendation – We recommend that Metro ensures that all reconciliations are properly and timely reviewed to ensure that all reconciliations are being performed timely and accurately.

Management Response -- Procedures have been put in place and staff assigned to assure that all completed reconciliations are reviewed on a timely basis.

Accounts Receivable Allowance

Observations – During our testing in the accounts receivable section of the analysis file, we noted that Metro does not have a formal written policy for reserving against long outstanding accounts receivable balances.

Recommendation – We recommend that Metro draft and approve a written policy for the allowance for doubtful accounts to ensure there is an adequate reserve for long outstanding accounts receivable balances.

Management Response – Metro will work on drafting a more formal policy on the allowance for doubtful accounts in the coming year

Unrecorded Accounts Payable

Observation – During our audit we noted five invoices totaling approximately $34,850 in the Parks and Natural Areas Operating Levy Fund, one invoice totaling approximately $53,000 in the Natural Areas Fund, one invoice totaling approximately $7,000 in the Solid Waste Fund, and five invoices totaling approximately $61,000 in other non-major funds which were not accrued as of June 30, 2017 for goods and services received prior to year-end. While the dollar amounts noted above are not material to the funds and opinion units involved, the number of transactions and departments involved suggest that this is worthy of management's consideration.

Recommendation – We have identified that Metro has effective processes and related internal controls that, when followed, allow for the accurate and timely reporting of accrued liabilities. However, we found that employees in multiple departments of Metro were not following the prescribed processes in the procurement of goods and services allowing for these transactions to be recorded late and in the wrong fiscal year. We recommend Metro review these 12 instances, identify all the procurement processes that were not followed, and provide the necessary communication and training throughout the organization to address the issues identified.

Management Response – Metro recognizes this is an on-going issue. We will provide additional training and continue working with departments to refine processes in our financial system (PeopleSoft) that will better help us identify outstanding invoices at year end. The number and dollar value of these items is down from the prior year and we will continue to work on minimizing exceptions. While we believe there will always be some exceptions, continued training and adherence to the processes in place should resolve the majority of the issues.

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Prior Year Observations

Unrecorded Accounts Payable

Observation – During our audit we noted nine invoices totaling approximately $41,500 in the Parks and Natural Areas Operating Levy Fund, eight invoices totaling approximately $148,000 in the Natural Areas Fund, ten invoices totaling approximately $218,000 in the Solid Waste Fund, and seven invoices totaling approximately $100,000 in other non-major funds which were not accrued as of June 30, 2016 for goods and services received prior to year-end. While the dollar amounts noted above are not material to the funds and opinion units involved, the number of transactions and departments involved suggest that this is worthy of management's consideration.

See recommendation in the current year observations.

Physical Inventory of Capital Assets

Observation – During our audit procedures, we noted management has not performed a physical inventory of capital assets for the last several years. Physical observations of capital assets serve several purposes including serving as an internal control over the existence assertion for recorded amounts, assisting with the accuracy of the capital asset list for insurance purposes, and for assisting management with maintenance and replacement programs.

Resolved in the current year.

Budgetary Over-Expenditure in the Risk Management Fund

Observation – The Risk Management Fund incurred losses that resulted in expenditures in excess of appropriations of approximately $1.5 million. This situation appeared to occur as a result of the timing of obtaining all the information necessary to book the accrual for 'incurred but not reported' losses at a date after year-end. Metro obtained an actuarial valuation report in August of 2016 which resulted in a significant increase in the liability that existed as of June 30, 2016.

Resolved in the current year.

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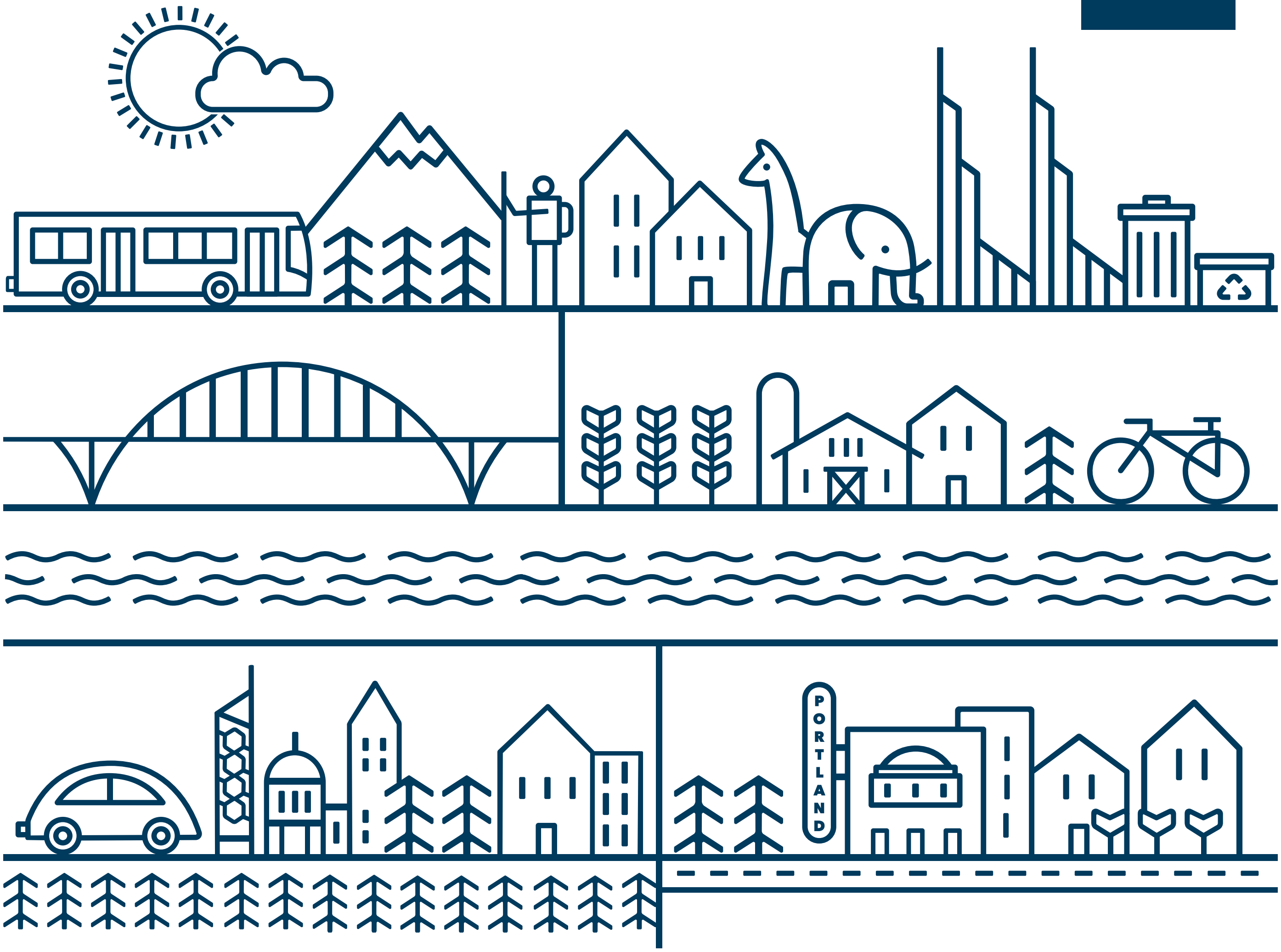
We wish to thank you, Caleb Ford, Karla Lenox and the rest of the Metro staff for their support and assistance during our audit, as well as Brian Evans, Metro Auditor, who were all very professional and pleasant to work with regarding the administration of our audit contract with Metro.

Very truly yours,

Moss Adams, LLP

Moss Adams LLP
cc: Brian Evans, Metro Auditor

Metro



Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2017

600 NE Grand Ave.
Portland, OR 97232-2736

oregonmetro.gov

Metro

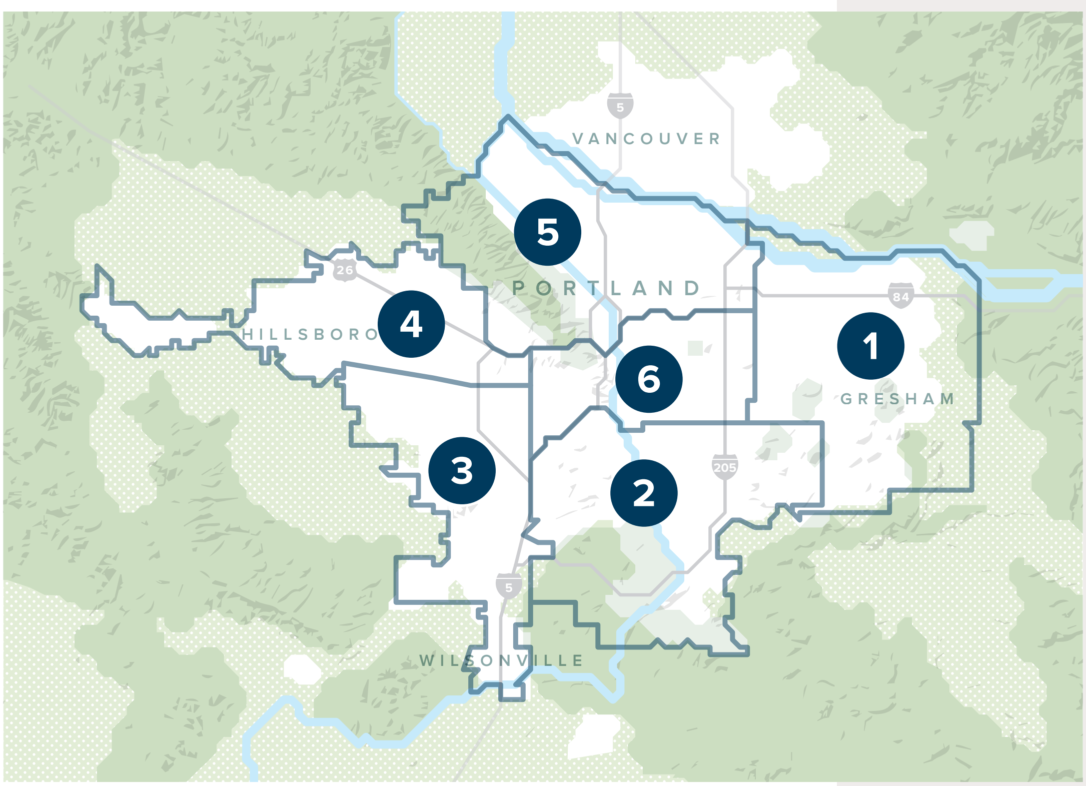
If you picnic at Blue Lake or take your kids to the Oregon Zoo, enjoy symphonies at the Schnitz or auto shows at the convention center, put out your trash or drive your car – we've already crossed paths.

So, hello. We're Metro – nice to meet you.

In a metropolitan area as big as Portland, we can do a lot of things better together. Join us to help the region prepare for a happy, healthy future.

Stay in touch with news, stories and things to do.
oregonmetro.gov/parksandnaturenews

Follow oregonmetro



Metro Council President
Tom Hughes

Metro Councilors
Shirley Craddick, District 1
Carlotta Collette, District 2
Craig Dirksen, District 3
Kathryn Harrington, District 4
Sam Chase, District 5
Bob Stacey, District 6

Auditor
Brian Evans

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2017

Finance and Regulatory Services Department

Director
Timothy C. Collier, CPA, MBA

Assistant Director
W. Caleb Ford, CPFO

Prepared by
Accounting Services Division

Financial Reporting and Control Supervisor
Karla J. Lenox, CPA

Accounting Operations Manager
Christine A. Balcazar, CPA

600 NE Grand Ave., Portland, Oregon 97232

METRO

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2017

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Metro

600 NE Grand Ave.
Portland, OR 97232-2736
oregonmetro.gov

November 15, 2017

To the Council and Citizens of the Metro Region:

In accordance with ORS 297.425, we are pleased to present the Comprehensive Annual Financial Report of Metro for the fiscal year ended June 30, 2017, accompanied by the report of Metro's independent auditors, Moss Adams, LLP.

The Comprehensive Annual Financial Report (CAFR) presents the financial position of Metro as of June 30, 2017, and the results of its operations, as well as cash flows for its proprietary fund types for the fiscal year ending on that date. The financial statements and supporting schedules have been prepared by management in accordance with accounting principles generally accepted in the United States of America (GAAP), meet the requirements of the standards as prescribed by the Oregon Secretary of State and are in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada.

The CAFR provides meaningful financial information to legislative bodies, creditors, investors and the public. There are four main sections in this report, including a section with reports from our independent certified public accountants required by Oregon Administrative Rules and federal regulations. These reporting requirements are incorporated in the Minimum Standards for Audits of Municipal Corporations, as prescribed by the Secretary of State, *Government Auditing Standards and Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Internal controls. Metro management is responsible for the completeness and reliability of all the information and representations presented in this CAFR, based upon a comprehensive internal control framework established for this purpose. This framework is 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 the financial statements can be prepared in conformity with GAAP. 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. Because the cost of internal controls should not outweigh their benefits, Metro's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent audit. In accordance with Oregon law, Metro's financial statements have been audited by Moss Adams, LLP. The auditor issued an unmodified ("clean") opinion on Metro's financial statements for the year ended June 30, 2017 (see pages 12 -14). The independent audit of the financial statements was performed in accordance with applicable auditing standards as described by Moss Adams, LLP in their reports included in this document.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of Metro

Metro crosses city limits and county lines to make our communities safe, livable and ready for tomorrow. From protecting our region's air, water and natural beauty to supporting neighborhoods, businesses and farms that thrive, Metro makes our region a great place. Metro serves more than 1.6 million residents in Clackamas, Multnomah and Washington counties, and the 24 cities in the Portland, Oregon metropolitan area. Metro, the only directly elected regional government in the United States, is governed by a council president, elected region wide, and six councilors elected by district.

History. In 1978 voters approved the merger of a council of governments (Columbia Region Association of Governments) that had land use and transportation planning responsibilities, with the Metropolitan Service District, which had been created to provide regional services that included the solid waste management plan and operation of a metropolitan zoo (now named the Oregon Zoo). The expanded Metropolitan Service District (the District) had the combined authority of the two predecessor agencies and potential additional powers.

The District was organized under a grant of authority by the Oregon Legislature, incorporated in Oregon Revised Statutes. The District's powers were limited to those granted by the Legislature with the implied powers necessary to carry out its duties. Any extension of the District's powers had to be approved by the Legislature.

In the early 1980s, the District was assigned the responsibility for regional solid waste disposal, took over operation of the one existing publicly owned regional landfill (since closed) and began construction of a solid waste transfer station. In November 1986, voters approved general obligation bond funding for the Oregon Convention Center (OCC), which was financed, built, and is now operated by Metro. In January 1990, under terms of an intergovernmental agreement with the City of Portland, the District assumed management responsibility for the Portland'5 Centers for the Arts (Portland'5).

Also in 1990, the Legislature referred a constitutional amendment to the voters to allow the creation of a home-rule regional government in the Portland metropolitan area. Voters approved the amendment and subsequently approved the Metro Charter in 1992. Metro thereby achieved the distinction of being the nation's only directly elected regional government organized under a home-rule charter approved by voters. Metro is responsible for a broad range of public services. According to the home-rule charter, Metro has primary responsibility for regional land use and transportation planning, and is further empowered to address any other issue of "metropolitan concern."

In 1994 Metro assumed management responsibility for the Multnomah County parks system and the Portland Expo Center (Expo). Ownership of these facilities was transferred to Metro on July 1, 1996. Subsequent voter-approved bond measures have been used to maintain and improve water quality, and protect fish and wildlife habitat.

Metro has emerged as a leader of regional initiatives – a collaborative partner, facilitator, technical assistance provider, process manager and advocate. On-going Metro initiatives support business development and smart planning to make healthy neighborhoods that are good for our economy and quality of life. Around our region, tens of thousands of acres of natural areas are protecting the environment for residents to enjoy, while improving the quality of our streams for fish and other native species. Metro policies, programs and services are part of the fabric of life in our region. They are the common threads that connect neighborhood wetlands, the Expo antique shows, penguins at the Oregon Zoo, recycled newspapers, extensive bike paths and symphony performances at the Arlene Schnitzer Concert Hall.

Budget. The annual adopted budget serves as the foundation for Metro's financial planning and control. Metro prepares a budget for each fund in accordance with the legal requirements set forth in Oregon Local Budget Law. The Council adopts the budget for all funds by ordinance prior to the beginning of Metro's fiscal year (July 1). Expenditures for each fund cannot legally exceed the appropriation levels set by the authorizing ordinance. Unexpected additional resources and budget revisions may be added to the budget by use of a supplemental budget or, under certain conditions, by an ordinance passed by the Council amending the budget. The original and any supplemental budgets require hearings before the public, publication in newspapers and approval by the Council. Management may amend the budget *within* the appropriated levels of control without Council approval. Appropriations that have not been expended at year-end lapse and subsequent actual expenditures are charged against the ensuing year's appropriations.

Reporting Entity

For financial reporting purposes, Metro is a primary government under the provisions of *Governmental Accounting Standards Board (GASB) Statements No. 14, 39 and 61*. This report includes all organizations and activities for which the elected officials exercise financial control. In addition, the Oregon Zoo Foundation (OZF) warrants inclusion in the report because of the nature and significance of its relationship with Metro, including its on-going financial support of Metro's Oregon Zoo. The OZF is a legally separate, tax-exempt organization organized to encourage and aid the development of the Oregon Zoo. The financial statements of OZF are included in this report as a discretely presented component unit.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which Metro operates.

Local economy. The Portland metropolitan region (i.e., the Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area) is home to over 2.3 million residents, nearly 1.6 million of those residing within the Metro boundary. The Portland MSA ranks as the 25th largest U.S. metropolitan area. According to the U.S. Census Bureau, regional population grew 1.7 percent in 2016.

The "economic region" is comprised of five counties in Oregon and two other counties in Washington. Significant economic interactions can be seen among the counties. The region is a hub for financial activities, domestic and international trade, transportation and services for all of Oregon, southwest Washington and the Columbia River basin. The Portland MSA has employment totaling over 1.2 million jobs, with over 80 percent of those jobs located inside the Metro boundary. The latest Portland MSA job reading (August 2017) shows year over year annualized growth of 2.4 percent. The region's unemployment rate continues to fall and now stands at 4.3 percent (September 2017), according to the Oregon Employment Department.

Local companies like Nike, Precision Castparts, Schnitzer Steel, Portland General Electric, and Columbia Sportswear call the Portland area home. Other top private sector manufacturers and financial companies in the region include Intel, StanCorp Financial Group, Wells Fargo, U.S. Bank, Daimler Trucks North America, Xerox and Boeing. The largest health and medical providers also ranked by number of metro area employees are Providence Health System, Legacy Health System and Kaiser Permanente Northwest (source: *Portland Business Journal*).

The Port of Portland oversees an international airport in Portland (PDX) and two smaller regional commuter airports in Hillsboro and Gresham, located at opposite ends of the region. PDX hosts non-stop international flights to Europe and Asia and is a major hub for Alaska Airlines and Horizon Air.

Outlook. Metro's regionally accepted growth projections anticipate an annual average growth rate of 1.1 percent for the Portland MSA from 2010 to 2040. The MSA region is expected to hit 3,052,100 residents by 2040, adding 826,100 people from year 2010.

The region remains the largest in the state in terms of outright job growth at about 35,000 per year over the last two years. The area represents a rising share of all jobs in the state of Oregon – about 54 percent today (after subtracting jobs for Clark and Skamania counties in Washington state).

The U.S. economy is in its third longest expansion since the Great Depression. According to the Oregon Office of Economic Analysis' latest economic outlook, a more balanced U.S. expansion is expected for the balance of 2017. U.S. personal consumption, fixed investment and government spending are all rising. Consumer spending is propping up U.S. GDP growth, supported by employment growth (and low unemployment rates), real incomes growth, and healthier household net worth under a more stable housing market and modest stock market gains. Real GDP in the Portland MSA went up 3.0 percent in 2016 (source: *Bureau of Economic Analysis*).

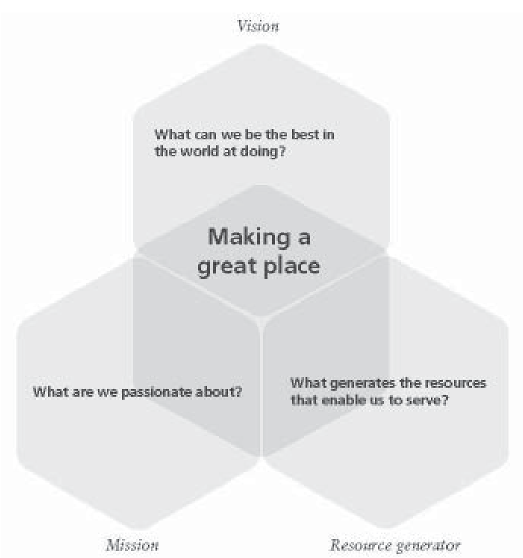
The regional economic outlook is expected to face favorable trends. Job levels in the region are near the pre-recession high mark. Employment now stands at 1,185,500 (September 2017 not seasonally adjusted). By year 2040, the draft regional forecast for the Portland MSA region will have employment levels hitting 1,571,300.

Long-term Financial Planning and Major Initiatives

Long-term financial planning. Metro's strong financial policies and disciplined practices have created operational stability. An important tool for building Metro's budget is the five-year forecast for its primary operating funds: the General Fund, the Solid Waste Revenue Fund, the Oregon Zoo Operating Fund and the Metropolitan Exposition Recreation Commission (MERC) Fund. Each budget cycle begins with a review of how the funds are performing, what factors affect the funds that are global assumptions and what factors are related to the specific nature of the operations that result in individual assumptions. Metro adheres to common-sense operation practices such as maintaining its assets, using one-time funds for one-time purposes and ensuring enterprise activities manage to the bottom line.

Metro's budgets are anchored by the region's six desired outcomes. Developed by the region and adopted by the Metro Council in 2010 as part of the region's growth management policies, the six outcomes help all leaders and their communities focus on what makes this region a great place. Metro uses these outcomes to guide its strategic decision-making by testing department activities and programs against whether they are making these outcomes more likely over time (see *major initiatives* below).

In addition, the Metro Compass, shown in the diagram below, is used to develop the budget and ensure that Metro's programs and activities achieve the vision for the region, deliver on the core mission, and build public trust. Each of Metro's departments has developed a five-year mission critical plan for their operations. These plans help each department to look ahead to identify key opportunities and threats that face the region, Metro, and its programs to ensure Metro is making decisions today that will be sustainable and strategic for the next three to five years.



Metro also prepares a five-year Capital Improvement Plan (CIP) with annual updates as part of its financial planning responsibilities. The Metro Council annually reviews Metro's capital asset management policies as part of the budget process. Metro's capital projects threshold is $100,000 which is consistent with the State of Oregon's definition of "public improvement." The $198.6 million CIP spending plan for fiscal year 2018 includes 196 projects, about 25 percent of which are new capital projects and 75 percent are scheduled renewal and replacement projects.

Major initiatives. The budget for fiscal year 2018 is driven by the strategic goals and key initiatives identified by the Metro Council that guide the agency and region towards the six desired regional outcomes. The 2017-18 Budget includes:

Implementing our goals and strategies for equity, diversity and inclusion. In June 2016, Metro Council adopted the agency's Strategic Plan to Advance Racial Equity, Diversity, and Inclusion and in May 2017, Council considered an update to our Diversity Action Plan. Council has made increasing the diversity of our workforce, increasing the percentage and dollar value of the contracts we award to minority, women, and emerging businesses, improving our relationships with historically underserved communities, and ensuring that all of the region's residents have access to the six desired regional outcomes a high priority for our departments.

The proposed budget includes funding for programs and activities to support diversity, equity, and inclusion in every department of Metro. Some of the highlights of the proposed budget include:

- Continued support for the Diversity, Equity and Inclusion Team in the Office of the Chief Operating Officer. This team is facilitating the implementation of the Strategic Plan to Advance Racial Equity Diversity and Inclusion and the Diversity Action Plan. They are also facilitating the adoption of equity implementation plans in Planning and Development, Parks and Nature, Property and Environmental Services, and the Oregon Zoo;
- Funding for the Community Partnerships pilot project;
- Continued funding for the Equitable Housing Strategy next steps, and integration of the Equitable Housing Planning and Development Grants into an updated "2040 Planning and Development Program;"

- Integration of equity into the Regional Solid Waste Plan and into the options under consideration for the Solid Waste Roadmap;
- Funding of the Construction Careers Pathway Project (C2P2) project next steps;
- Continued support for the Partners in Nature and Access to Nature programs in the Parks and Nature Department;
- Continued support for increased staffing levels in Human Resources focused on employee engagement and retention and on outreach that supports the recruitment goals of the Equity Strategy and Diversity Action Plan;
- Continued support for outreach and process reform for procurement services and efforts to increase participation of COBID firms;
- Increased staffing for Portland'5 Centers for the Arts to allow them to expand sponsorships and programming for Title I schools in the region.

Investing in Metro's infrastructure. As in the past three fiscal years, the proposed budget recommends that Metro invest in taking care of our systems and structures. The proposed budget includes funding to address these deferred investments and also to increase our efficiency.

- Technology. The proposed budget includes investments in our technology infrastructure, all of which are needed to update systems that have become outdated over time. In particular, this budget includes the next steps for replacing outdated phone systems throughout Metro with Voice over Internet Protocol (VOIP) and in assessing opportunities to replace outdated software and systems, particularly in Property and Environmental Services and at the Oregon Zoo. The Oregon Convention Center will continue to replace outdated equipment such as security cameras and door access controls. The proposed budget anticipates continuing improvements to the PeopleSoft enterprise information system.
- Buildings and Physical Assets. The proposed budget invests in Metro's capital assets, with significant investments contemplated in our visitor venues. The Oregon Zoo will begin construction of the three final projects of the 2008 Zoo Bond – Polar Passage, Primates, and the Rhino Habitat – in FY 2017-2018. Additionally, the Oregon Convention Center will complete design of a major renovation of the Oregon Ballroom and the entryways on Holladay and Martin Luther King, Jr., Boulevard. The proposed budget includes a project to repair the roofs of Hall D and E at Expo and to improve the HVAC system in Hall C; equipment upgrades at Metro Paint and maintenance projects at Metro Central and Metro South; and projects to meet the commitments of the 2013 local option levy, including Newell Canyon, Killin Wetlands, Borland, and Oxbow campground improvements. Last, the proposed budget anticipates that Metro will begin demolition work in 2018 preparing for construction of the Riverwalk portion of the Willamette Falls Legacy Project.

Relevant Financial Policies

Comprehensive financial policies are reviewed annually and provide the basic framework for the overall fiscal management of the agency. The policies are designed to operate independently of changing circumstances and conditions and help safeguard Metro's assets, promote effective and efficient operations, and support the achievement of Metro's strategic goals. The policies were re-adopted by the Metro Council on June 22, 2017 (Resolution No. 17-4769B), as published in its adopted budget.

Oregon Local Budget Law requires that total resources equal total requirements in each fund. In addition to this legal requirement, Metro considers a budget to be balanced whenever budgeted revenues equal or exceed budgeted expenditures. Metro's Council established financial policies to make significant investments in the future by using a disciplined "pay yourself first" rule to assure that all funds maintain appropriate reserves to safeguard against dips in the economic climate and to protect the public's investment in Metro's physical assets. Metro policy provides that it will designate or assign fund balance amounts that are appropriate to the needs of each fund and that targeted assignment levels shall be established and reviewed annually as part of the budget review process. The policy requires that a new program or service be evaluated before it is implemented to determine its affordability and that Metro will prepare annually a five-year forecast of revenues, expenditures, other financing sources and uses and staffing needs for each of its major funds, identifying major anticipated changes and trends, and highlighting significant items which require the attention of the Metro Council.

Metro has set aside fund balance amounts within the General Fund for potential additional Public Employee Retirement System pension liabilities and for future debt service on the full faith and credit bonds issued to refinance Metro Regional Center. This fund balance also includes amounts for cash flow and fund stabilization. Based upon a historical analysis, Metro's policies call for a minimum of 7 percent of operating revenues be set aside for either contingency or stabilization to guard against unexpected downturns in revenues and to stabilize resulting budget actions. The target provides a 90 percent confidence level that revenues would only dip below this amount once every ten years.

Debt management policies provide that Metro shall issue long-term debt only to finance capital improvements (including land acquisition) that cannot be readily financed from current revenues or to reduce the cost of long-term financial obligations. Metro will not use short-term borrowing to finance operating needs unless specifically authorized by Council. Further, Metro will repay all debt issued within a period not to exceed the expected useful life of the improvements financed by the debt. Metro followed these policies during the fiscal year ended June 30, 2017.

Metro's revenue policies provide that the agency will strive to maintain a diversified and balanced revenue system to protect it from short-term fluctuations in any one revenue source. One-time revenues shall be used to support one-time expenditures or to increase fund balance.

A further detailed discussion of Metro's financial policies and plans for the future can be found in *Metro's 2017-18 Adopted Budget*.

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, 2016. This was the twenty-fifth 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.

In addition, Metro received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its annual financial report for the fiscal year ended June 30, 2016. In order to qualify for this award, the government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

Acknowledgements

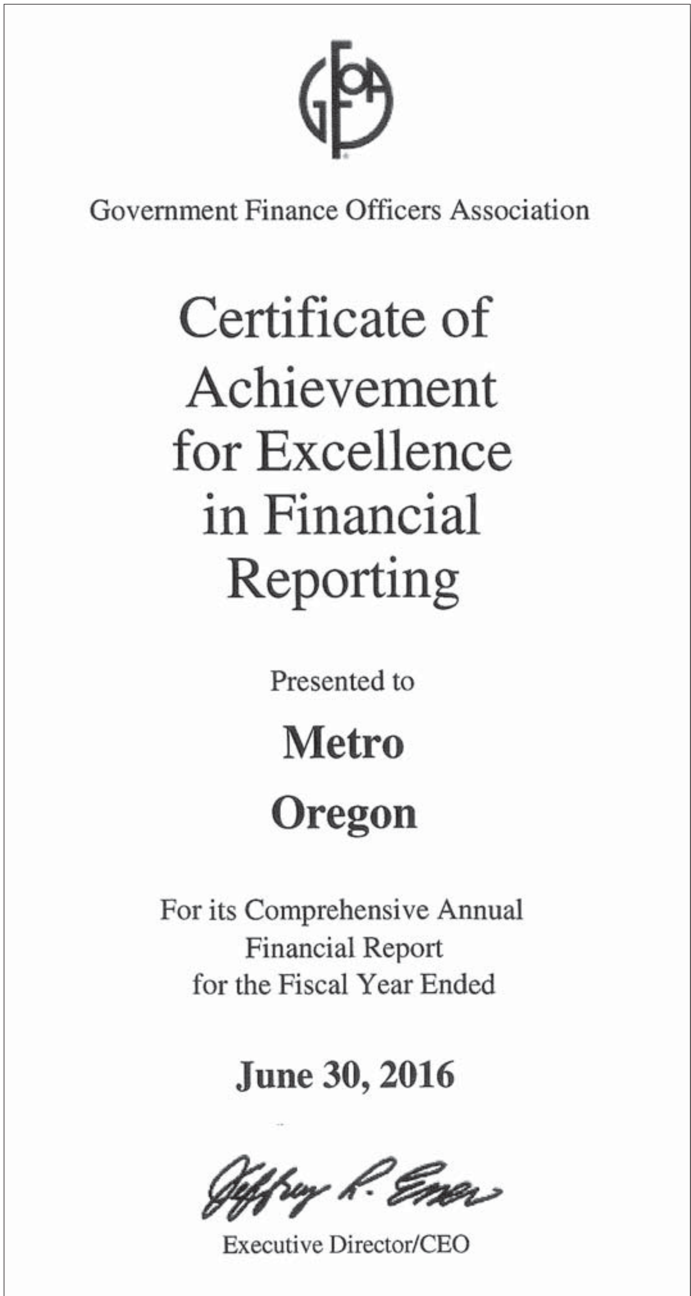
The preparation of this report would not have been possible without the dedicated efforts of the employees in the Accounting Services Division of the Finance and Regulatory Services Department. We especially acknowledge Karla J. Lenox, CPA, Financial Reporting and Control Supervisor, Christine A. Balcazar, CPA, Accounting Operations Manager and their staff for their efforts in the preparation of this report. We wish to acknowledge the professional and technical assistance of the audit staff of Moss Adams LLP. Finally, we acknowledge the cooperation received from other Metro staff in providing information required to fairly present Metro's financial information. We also extend our appreciation to the Metro Auditor and Metro Council for their support.

Respectfully submitted,

Martha J. Bennett
Chief Operating Officer

Timothy C. Collier, CPA, MBA
Finance and Regulatory Services Director

GFOA Award



Government Finance Officers Association

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, 2016

Executive Director/CEO

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, 2016. This was the twenty-fifth consecutive year that the government has achieved this prestigious award.

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Elected Officials

Name	Position	Term expires
Tom Hughes	Metro Council President	January 2019
Shirley Craddick	Councilor-District 1	January 2019
Carlotta Collette	Councilor-District 2	January 2019
Craig Dirksen	Councilor-District 3	January 2021
Kathryn Harrington	Councilor-District 4	January 2019
Sam Chase	Councilor-District 5	January 2021
Bob Stacey	Councilor-District 6	January 2021
Brian Evans, CIA	Metro Auditor	January 2019

Appointed Officials

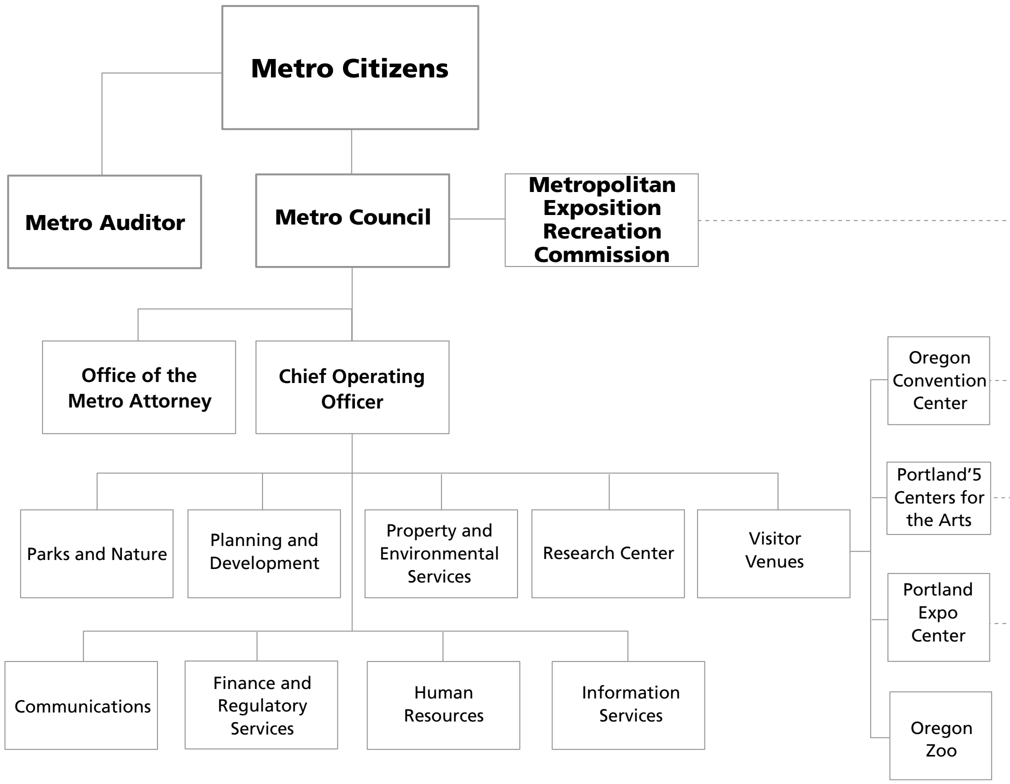
Name	Positon
Martha Bennett	Chief Operating Officer
Scott Robinson	Deputy Chief Operating Officer
Alison Kean	Metro Attorney
Timothy Collier	Finance and Regulatory Services Director
Mary Rowe	Human Resources Director
Jim Middaugh	Communications Director
Rachel Coe	Information Services Director
Don Moore	Oregon Zoo Director
Elissa Gertler	Planning and Development Director
Jeff Frkonja	Research Center Director
Paul Slyman	Property and Environmental Services Director
Don Robertson	Interim Parks and Nature Director
Scott Cruickshank	Interim General Manager of Visitor Venues
Matt Pizzuti	Interim Oregon Convention Center Director
Matthew Rotchford	Portland Expo Center Director
Robyn Williams	Portland’5 Centers for the Arts Director

Registered Agent

Alison R. Kean
600 NE Grand Ave.
Portland, OR 97232-2736

Organizational Structure

as of June 30, 2017



METRO ELECTED OFFICIALS

Council President, Tom Hughes; District 1– Shirley Craddick; District 2– Carlotta Collette ; District 3– Craig Dirksen; District 4– Kathryn Harrington; District 5– Sam Chase; District 6– Bob Stacey.

Metro Auditor– Brian Evans

OPERATING DEPARTMENTS

Parks and Nature: Demonstrates and inspires sustainable stewardship of natural resources through acquisition and protection and access to nature; product stewardship and waste reduction initiatives; and youth and adult conservation education; manages Metro's parks and natural areas including cemeteries and marine facilities.

Property and Environmental Services: Manages regional headquarters, and Metro's solid waste facilities including transfer station operations and household hazardous waste facilities.

Planning and Development: Provides land use and regional transportation planning, facilitating the creation of great places in centers and corridors throughout the region.

Research Center: Supports public policy and regulatory compliance through accurate and reliable data, forecasting, mapping and technical services.

Visitor Venues: Maintains world-class gathering and entertainment spaces for residents and visitors. Hosts 1500 annual events for 1.7 million people, contributing significant economic impact and jobs for the region.

ADMINISTRATIVE AND SUPPORT SERVICES

Council Office and Chief Operating Officer: The Metro Council provides leadership from a regional perspective, setting overall policy direction and legislative oversight. The Chief Operating Officer, appointed by the President with the consent of Council, is responsible for day-to-day management of the organization.

Metro Attorney: Provides agency legal services, research, evaluation, analysis, advice, contract review and negotiations and assistance on legislative matters.

Communications: Advances Metro's policy initiatives and supports programs through internal and external communication, media relations, marketing, graphic and web design and public engagement.

Finance and Regulatory Services: Provides financial planning, budget management, accounting services, payroll, procurement of goods and services and risk management.

Human Resources: Manages labor relations, benefits and compensation, and recruitment, retention and staff development.

Information Services: Supplies technology-based leadership and solutions.

Office of the Auditor: An independently elected auditor ensures that Metro is accountable to the public; that its activities are transparent; and that its services are of high quality, efficient and effective.

Brian Evans
Metro Auditor
600 NE Grand Ave
Portland, OR 97232-2736
TEL 503 797 1892, FAX 503 797 1831

November 15, 2017

To the Metro Council and Residents of the Metro Region:

Oregon State law requires an annual audit of Metro's financial records and transactions by independent certified public accountants. The Metro Auditor is required by Metro Code to appoint certified public accountants to conduct this audit. In 2014, after completing a competitive process, I appointed Moss Adams LLP to conduct the audit of Metro. My office coordinated and monitored this audit.

Following this letter is the independent auditor's report on Metro's financial statements as of June 30, 2017. In addition to the above report, Metro is required to have an audit of its expenditures of federal awards in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 the Schedule of Expenditures of Federal Awards for the year ended June 30, 2017 are included in the last section of this report, Audit Comments and Disclosures Required by State and Federal Regulations.

As before, I would like to commend Metro employees for the hard work and the attention to detail that makes this process run smoothly.

Respectfully submitted,

Brian Evans
Metro Auditor

Report of Independent Auditors

Metro Council and Metro Auditor
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, which represents 100% of the assets, net position, and revenues of the discretely presented component unit of Metro. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oregon Zoo Foundation, is based solely on the report of the other auditors. 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 financial statements are free from material misstatement. The financial statements of The Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 26; the schedules of revenues, expenditures and changes in fund balance – budget and actual and related notes on pages 81 through 84 (the "budgetary schedules"); the schedule of district's proportionate share of net pension liability and schedule of district's contributions for the Oregon Public Employees' Retirement System on pages 85 through 87; and the schedule of funding progress for the other postemployment benefits on pages 88 through 90, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis, the schedule of district's proportionate share of net pension liability, the schedule of district's contributions for the Oregon Public Employees' Retirement System, and the schedule of funding progress for the other postemployment benefits described in the preceding paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The budgetary schedules described above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The other supplementary information and other financial schedules on pages 91 through 163, and the schedule of expenditures of federal awards on pages 174 through 175, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; each as listed in the table of contents (collectively, the supplementary information), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, other financial schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Reports of Other Legal and Regulatory Requirements – Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Metro's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro's internal control over financial reporting and compliance.

Other Reporting Required by *Minimum Standards for Audits of Oregon Municipal Corporations*

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 15, 2017, on our consideration of Metro's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

James C. Lanzarotta

For Moss Adams LLP
Eugene, Oregon
November 15, 2017

As management of Metro, Oregon, we provide readers of Metro's financial statements this narrative overview and analysis of the financial activities of Metro for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 6 of this report. This information is based upon currently known facts, decisions or conditions.

FINANCIAL HIGHLIGHTS

- Metro's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources (also defined as *net position*) by $644,799,932 at June 30, 2017, which reflects an increase of 5.2 percent or $32,056,088 over the prior fiscal year.
- The impacts of GASB Statements 68 and 71 for the fiscal year ended June 30, 2017, resulted in a pension expense of $14,166,136, a net pension liability of $82,053,939 and deferred outflows and inflows related to pensions of $42,220,578 and $2,316,096 at June 30, 2017.
- Metro completed the fiscal year with its governmental funds reporting *combined* fund balances of $139,283,016. Of the total amount of governmental combined fund balance, $21,133,911 or 15.2 percent, is considered available for spending at Metro's discretion (*unassigned* fund balance).
- At the end of fiscal year 2017, unrestricted spendable fund balance (the total of the *committed*, *assigned* and *unassigned* components of fund balance) in the general fund totaled $33,450,468 and represents 71.3 percent of total general fund expenditures.
- Metro's total outstanding long-term liabilities increased $21,922,201 or 7.3 percent during the current fiscal year. The significant increases in this amount are due to the increase in the net pension liability and a decrease in bonds payable.
- The Oregon Zoo's construction for the Education Center major capital project work under the Oregon Zoo Infrastructure and Animal Welfare Bond program was completed. These and other related projects are all funded by bond proceeds with total capitalized costs in fiscal year 2017 of $8,438,577.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Metro's basic financial statements, which consist of the following three components: 1) the *government-wide financial statements*, 2) the *fund financial statements*, and 3) the *notes to the financial statements*. This report also includes *supplementary information* intended to furnish additional detail to support the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Metro's finances using accounting methods similar to those used by private-sector business. Government-wide financial statements provide both short-term *and* long-term information about Metro's overall financial status.

The *Statement of Net Position* includes all of Metro's assets, liabilities, and deferred outflows/inflows of resources, with the net difference between these elements reported as net position. Over time, increases or decreases in Metro's net position may serve as a useful indicator of whether the financial position of Metro is improving or deteriorating.

The *Statement of Activities* accounts for all of the current fiscal year's revenues and expenses. The statement presents information showing how Metro's net position changed during the fiscal year. Such changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes and earned but unused vacation leave).

Each government-wide financial statement is divided into three categories:

Governmental activities – Activities supported principally by general revenue sources including various taxes that provide Metro's basic governmental services. These services include the *general government operations* functions of the Council office and various administrative functions; *regional planning and development* which includes regional transportation and land use planning; and *culture and* *recreation* which includes regional parks and natural areas, community enhancement activities near Metro area solid waste facilities, management of Smith and Bybee Wetlands and Pioneer Cemeteries.

Business-type activities – Activities supported by charges for services and fees to customers to help cover the costs of certain services. These activities consist of the *Solid Waste*, *Oregon Zoo*, and Metropolitan Exposition-Recreation Commission (*MERC*) operations. Solid waste operations include the operation of two transfer and recycling centers (Metro South and Metro Central), household hazardous waste collection centers, paint recycling center and other solid waste system programs. Oregon Zoo operations include zoo visitor experience, environmental education, and animal conservation and research. MERC operations include the Oregon Convention Center (OCC), Portland'5 Centers for the Arts (Portland'5) and Portland Expo Center (Expo) facilities.

Component unit – Metro includes The Oregon Zoo Foundation (OZF) as a discretely presented component unit. OZF is considered a component unit as the sole purpose of this legally separate non-profit organization is to provide support and significant additional funding for Metro's Oregon Zoo.

The government-wide financial statements can be found on pages 27-31 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Metro, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements – including bond covenants and Oregon local budget law requirements. The funds of Metro can be classified into two categories:

- ***Governmental funds*** are used to account for essentially the same functions as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, these statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Thus, the governmental funds statements provide a detailed short-term view that helps the reader determine the comparative level of financial resources that can be spent in the near future to finance Metro's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of Metro's near-term financing decisions. A reconciliation that follows the governmental funds statements explains the differences between the two statements to facilitate this comparison between *governmental funds* and *governmental activities*.

Metro maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the five funds considered major: General, Parks and Natural Areas Local Option Levy, General Obligation Bond Debt Service, Oregon Zoo Infrastructure and Animal Welfare, and Natural Areas bond funds. Data from the other four governmental funds (Smith and Bybee Wetlands, Community Enhancement, Open Spaces and Cemetery Perpetual Care) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Of special note, a portion of one budgetary fund (the General Revenue Bond Fund) and one additional entire budgetary fund (General Asset Management Fund) are allocated to the General Fund and combined with those operating activities for reporting in conformance with generally accepted accounting principles (GAAP) in the governmental fund financial statements. The remaining portions of the budgetary General Revenue Bond Fund are allocated to the Oregon Zoo and MERC Funds for proprietary fund presentation noted below, along with the entire budgetary Oregon Zoo Asset Management Fund.

The governmental fund financial statements can be found on pages 33-38 of this report.

Proprietary funds Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail, including cash flows. Metro includes two different types:

Enterprise funds are used to report the same functions as *business-type activities* in the government-wide financial statements. Metro uses enterprise funds to account for its Solid Waste, Oregon Zoo and MERC operations, all three of which are considered major funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among Metro's various functions. Metro uses an internal service fund to account for management of its retained risks. The revenues and expenses of the internal service fund that are duplicated in other funds through cost allocations are eliminated in the government-wide statements, with the remaining balances included in governmental activities in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 39-44 of this report

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-80 of this report.

Required Supplementary Information (RSI). In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budget-to-actual results for Metro's General Fund and its major special revenue fund and pension and post-employment healthcare disclosures. RSI can be found on pages 81-90.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 91-117.

FINANCIAL ANALYSIS OF METRO AS A WHOLE (*Government-Wide*)

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Metro's assets and deferred outflows of resources exceed liabilities and deferred inflows of resources (defined as *net position*) by $644,799,932 at June 30, 2017. The table on the following page reflects the condensed Government-wide Statement of Net Position.

Metro's governmental activities account for a total net position – totaling $254,815,737, or 39.5 percent, whereas business-type activities account for $389,984,195 or 60.5 percent.

Of Metro's total net position, 82.6 percent reflects its net investment in capital assets (e.g., headquarters offices, zoo exhibits, natural areas property, transfer stations, convention center, and other significant assets), less any related outstanding debt that was used to acquire those assets. Metro uses these capital assets to provide services to its citizens; therefore, this amount is not available for future spending. Although Metro's investment in its capital assets is reported net of the related debt, it should be noted that the resources needed to repay this debt must come from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Metro's restricted net position (23.6 percent) represents resources that are subject to external restrictions on how they may be used. External restrictions for specific purposes include areas such as parks and natural areas local option levy, Transit Oriented Development (TOD), Smith and Bybee Wetlands management plan, and capital projects funded by bond or restricted proceeds. The restricted component of net position decreased $9,115,572 or 5.6 percent from the amount at June 30, 2016. Governmental activities restricted component of net position decreased primarily due to the spending of bond proceeds in the Oregon Zoo Infrastructure and Animal Welfare and Natural Areas bond funds. The restricted component of net position in business-type activities increased $4,334,646 over the prior fiscal year due to additional amounts restricted under contract for MERC related capital projects.

Metro's Net Position

		Governmental Activities		Business-type Activities		Total - Primary Government	
		2017	2016	2017	2016	2017	2016
Current and other assets	$	161,609,554	185,697,728	139,133,165	128,566,067	300,742,719	314,263,795
Capital assets		344,224,302	324,784,458	318,423,254	319,951,792	662,647,556	644,736,250
Total assets		505,833,856	510,482,186	457,556,419	448,517,859	963,390,275	959,000,045
Total deferred outflows of resources		21,325,524	6,866,406	23,734,239	4,287,959	45,059,763	11,154,365
Long-term liabilities outstanding		257,515,092	264,070,853	66,286,106	37,808,144	323,801,198	301,878,997
Other liabilities		13,814,445	21,718,494	23,718,367	24,991,326	37,532,812	46,709,820
Total liabilities		271,329,537	285,789,347	90,004,473	62,799,470	361,334,010	348,588,817
Total deferred inflows of resources		1,014,106	3,912,346	1,301,990	4,909,403	2,316,096	8,821,749
Net position:							
Net investment in capital assets		267,856,359	237,716,303	310,527,670	311,325,512	533,080,026	501,174,344
Restricted		128,141,074	141,591,292	24,326,517	19,991,871	152,467,591	161,583,163
Unrestricted		(141,181,696)	(151,660,696)	55,130,008	53,779,562	(40,747,685)	(50,013,663)
Total net position	$	254,815,737	227,646,899	389,984,195	385,096,945	644,799,932	612,743,844

The remaining $40,747,685 is an unrestricted deficit, which represents the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Of this amount, $55,130,008 is attributable to Metro's business-type activities which cannot be used to make up for the deficit reported in governmental activities. Unrestricted net position increased $10,479,000 (to a total deficit of $141,181,696) in governmental activities primarily due to the share of bonds payable associated with the local share component of the Natural Areas program where Metro is responsible for repayment of the bonds, but the associated assets were used to finance capital programs of other governmental entities. Similarly, assets of the Oregon Zoo are reported in an enterprise fund, but the corresponding debt remains in the governmental funds. Unrestricted net position in business-type activities increased $1,350,446 or 2.5 percent which is explained later in this analysis.

Overall, Metro's net position increased 5.2 percent or $32,056,088 over the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

Changes in net position. Governmental activities' net position increased $27,168,838, while business-type activities' net position increased $4,887,250 for the fiscal year ended June 30, 2017. The components of the change in net position are reflected in the condensed information from Metro's Statement of Activities presented in the table above. The reasons for the changes noted here are discussed in the following sections for governmental activities and business-type activities.

Governmental activities. Governmental activities program revenues were up $6,214,651 or 24.7 percent and totaled $31,394,504. The majority of this increase is due to an increase in grants and government contributions.

Governmental activities operating grants and contributions were $3,699,761 higher than the prior fiscal year due to increases in grants in Regional Planning and Development activities.

Changes in Metro's Net Position

		Governmental Activities		Business-type Activities		Total - Primary Government	
		2017	2016	2017	2016	2017	2016
Revenues:							
Program revenues							
Charges for services	$	14,235,151	11,772,787	144,737,289	142,910,864	158,972,440	154,683,651
Operating grants and contributions		16,845,537	13,145,776	28,801,808	23,414,591	45,647,345	36,560,367
Capital grants and contributions		313,816	261,290	1,293,000	609,917	1,606,816	871,207
General revenues							
Property taxes		59,711,015	55,546,801	-	-	59,711,015	55,546,801
Excise taxes		22,391,707	21,483,245	-	-	22,391,707	21,483,245
Other		904,872	1,430,419	655,748	891,412	1,560,620	2,321,831
Total revenues		114,402,098	103,640,318	175,487,845	167,826,784	289,889,943	271,467,102
Expenses:							
General government operations		16,571,054	21,833,274	-	-	16,571,054	21,833,274
Regional planning and development		18,252,248	16,311,836	-	-	18,252,248	16,311,836
Culture and recreation		33,156,498	29,221,523	-	-	33,156,498	29,221,523
Interest on long-term debt		6,766,723	7,071,050	-	-	6,766,723	7,071,050
Solid Waste		-	-	67,359,647	64,542,514	67,359,647	64,542,514
Oregon Zoo		-	-	46,636,849	51,633,613	46,636,849	51,633,613
MERC		-	-	69,090,836	69,110,637	69,090,836	69,110,637
Total expenses		74,746,523	74,437,683	183,087,332	185,286,764	257,833,855	259,724,447
Increase (decrease) in net position before transfers		39,655,575	29,202,635	(7,599,487)	(17,459,980)	32,056,088	11,742,655
Transfers		(12,486,737)	(156,056,075)	12,486,737	156,056,075	-	-
Increase (decrease) in net position		27,168,838	(126,853,440)	4,887,250	138,596,095	32,056,088	11,742,655
Net Position, July 1		227,646,899	354,500,339	385,096,945	246,500,850	612,743,844	601,001,189
Net Position, June 30	$	254,815,737	227,646,899	389,984,195	385,096,945	644,799,932	612,743,844

Functional and program expenses reflected in the Statement of Activities were significantly impacted by the effects of GASB Statement No. 68 and No. 71 related to pensions. The governmental activities expense amounts include a large pension expense for the fiscal year ended June 30, 2017 in each program as follows:

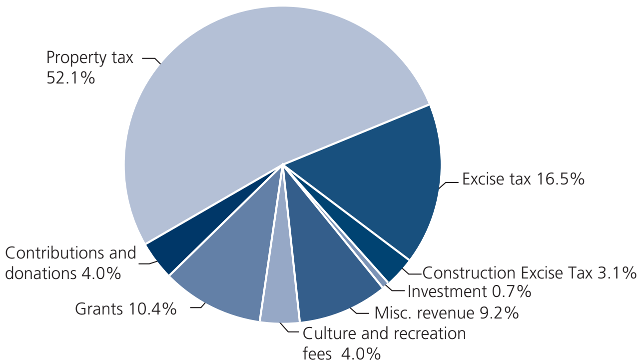
General government operations	$	3,056,135
Regional planning and development		1,720,108
Culture and recreation		1,426,419
Total	$	6,202,662

Metro's general government operations expense totaled $16,571,054 or 6.4 percent of Metro's total program expenses, which was a decrease of $5,262,220 or 24.1 percent from that reported in the prior fiscal year.

Metro's regional planning and development program had total costs of $18,252,248, up $1,940,412 or 11.9 percent from the prior fiscal year. The level of grants received affects the level of work and expenditures incurred. The largest portion of the increase was due to the pension expense noted earlier.

Culture and recreation activities, which include operation of Metro's regional parks and management of natural areas, accounted for total expenses of $33,156,498, up

Metro Governmental Activities Sources of Revenue, Fiscal Year 2017



$3,934,975 or 13.5 percent from the prior fiscal year. The biggest increase was due to the pension expense of $5,792,007.

Interest on long-term debt decreased by $304,327 or 4.3 percent from the prior fiscal year and totaled $6,766,723 or 2.6 percent of Metro's total program costs, down from 2.7 percent in the prior fiscal year. The main reason for the decrease was two General Obligation bonds that were paid off during the year.

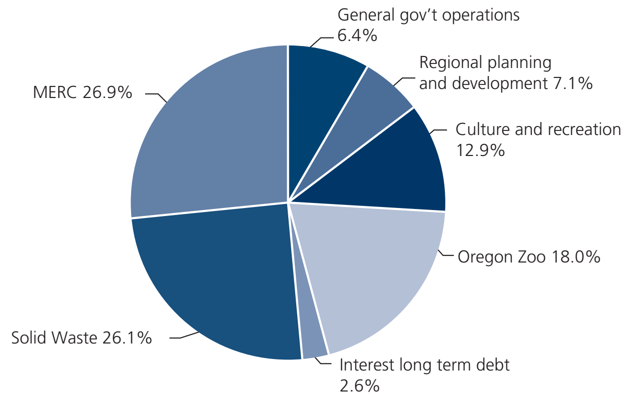
The chart at the top of the following column provides a graphical view of the distribution of costs to Metro's programs.

Business-type activities. Program revenues of Metro's business-type activities (Solid Waste, the Oregon Zoo and MERC operations) totaled $174,832,097, up $7,896,725 or 4.7 percent. The main drivers of this increase are increase in grants, admission fees at the parks and Oregon Zoo, solid waste fees and a large contribution from the Visitors' Development Fund (VDF) to MERC for the hotel project. Total expenses decreased $2,199,432 or 1.2 percent to a total of $183,087,332.

Program expenses for Solid Waste, Oregon Zoo and MERC activities were significantly impacted by the effects of the pension expenses noted earlier. The business-type activities expense amounts include a pension expense for the fiscal year ended June 30, 2017 in each program as follows:

Solid Waste	$	2,304,197
Oregon Zoo		2,700,096
MERC		2,959,181
Total	$	7,963,474

Metro Function/Program Expenses, Fiscal Year 2017



Solid Waste program revenues increased $2,647,740 or 3.9 percent over the prior fiscal year. Mixed waste tonnage delivered to Metro's transfer stations increased 7.9 percent from tonnage delivered in the prior fiscal year primarily driven by continued economic growth, changes in the regulations surrounding commercial organics and the collapse of the wood market. Tonnage increases resulted in revenue from disposal fees and regional system fees rising $1,122,641 and $1,761,002, respectively.

Solid Waste program expenses were up $2,817,133, or 4.4 percent. The increase in expenses resulted from increased costs of transfer due to weather related costs. Further discussion of Solid Waste program expenses is provided in the Proprietary Funds section later in the MD&A. Solid Waste program revenues exceed program expenses by $3,484,243 for the fiscal year ended June 30, 2017.

Oregon Zoo program revenues were up $3,873,553 or 15.5 percent over the prior year. This was due to an increase in admissions revenue and the increase of donations from the Oregon Zoo Foundation for projects and $394,000 of support for general operations. Zoo attendance increased by 3.7 percent to 1,549,394.

Total expenses for zoo operations were $46,636,849, a decrease of $4,996,764 or 9.7 percent from the prior fiscal year. Decreases of $1,927,108 in personal services due to vacancies and a reduction of $1,750,279 in depreciation were the main drivers for the reductions. The resulting net expense position of the Zoo of $17,829,746 is supported by transfers from the General Fund.

MERC operates the Metro-owned OCC, Expo and under an intergovernmental agreement with the City of Portland, the city-owned Portland'5 Centers for the Arts. MERC program revenues totaled $75,181,104 in fiscal year 2017, down $1,375,432 or 1.9 percent from the prior fiscal year. Event-related revenues were up $3,096,663 or 6.1 percent from the prior fiscal year. The decrease in overall program revenues was mostly due to a onetime transfer of $4 million from the VDF board for Hotel bond related expenses in fiscal year 2016. Total MERC food and beverage revenues closed at $18,907,973 (6.6 percent below the prior year but 12.0 percent over budget). MERC's total food and beverage margin closed at $3,681,133 or 19.5 percent, similar to the prior year's percentage and 35.6 percent ($1,160,026) higher than budget projections.

Total expenses for MERC were $69,090,836, which is comparable to the prior year. Expenses for food and beverage were lower by $608,387 or 3.8 percent, commensurate with the revenue decrease noted above. Labor costs were up $3,311,374, mostly due to the pension expense noted earlier. The resulting net revenue of MERC operations was $6,090,268 for the fiscal year ended June 30, 2017, an increase of $1,395,233 over the prior fiscal year's net revenue. General revenues used to support this program include transfers and investment earnings.

General revenues. The most significant general revenue, property taxes, accounts for 52.2 percent of all governmental activities revenues, down from 53.5 percent in the prior fiscal year. Property taxes are dedicated to repayment of general obligation bond debt, for programs authorized by the Parks and Natural Areas Local Option Levy, or allocated by the Council in support of governmental activities. Property taxes to support debt service requirements were slightly higher for continued scheduled debt payments and the resulting reduction of outstanding principal balances on bonds. While the total percentage of revenues provided by property taxes decreased slightly for the fiscal year ended June 30, 2017, the total amount of property taxes increased $4,164,214 or 7.5 percent.

Metro assesses excise taxes on users of its goods and services, with the exceptions of Portland'5 under terms of the Consolidation Agreement with the City of Portland, the Oregon Zoo operations and General Fund Programs (such as Glendoveer Golf Course) as directed by Council action. Solid waste transactions were assessed at a flat rate of $11.76 per ton effective July 1, 2016, an increase of $.28 from the prior fiscal year. All other subject revenues of Metro were assessed at 7.5 percent. Excise tax provides resources primarily for general government and planning functions. The excise tax provided $18,830,032 in general revenue, up $685,266 or 3.8 percent from the prior fiscal year.

Metro collected $3,561,675 in Construction Excise Tax (CET) during the fiscal year ended June 30, 2017, up $223,196 or 6.7 percent from the prior fiscal year, reflective of continued strong construction activity in the Metro region during the fiscal year. This tax is imposed on new construction within the region, with limited exceptions, and is intended to provide funds to local governments for planning of future expansion areas, future urban reserves and planning that enables redevelopment of centers, corridors and employment areas within the existing Urban Growth Boundary.

FINANCIAL ANALYSIS OF METRO'S FUNDS

As noted earlier, Metro uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Metro's *governmental funds* financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing Metro's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for discretionary spending at the end of the fiscal year.

At June 30, 2017, Metro's governmental funds reported combined fund balances of $139,283,016. This is down $18,182,010 or 11.5 percent. The decrease is due mainly to the capital spending in the Oregon Zoo Infrastructure and Animal Welfare and Natural Area Bond funds. Of the total amount of governmental combined fund balance above, $21,133,911 or 15.2 percent, is considered *unassigned* fund balance and available for spending at Metro's discretion.

The remainder of the fund balance is either *nonspendable*, *restricted*, *committed* or *assigned*. *Nonspendable* fund balance represents amounts not in spendable form and the corpus of the permanent fund, which total $1,354,532 at June 30, 2017. Fund balances *restricted* for particular purposes, such as parks and natural areas, bonded capital projects, the Willamette Falls Legacy and Convention Center Hotel projects, and debt service totaled $104,417,157. Fund balance in the amount of $12,316,557 is *committed* by the Metro Council for local governments' planning efforts under the CET program as noted earlier and a commitment to the Convention Center Hotel Project. *Assigned* fund balance totaled $60,859 and is reflected in Metro's permanent fund dedicated to cemetery programs.

Note II.D.12 and Note IV.P provide further information on Metro's fund balance classifications for all governmental funds.

The General Fund is the primary operating fund of Metro. At the end of fiscal year 2017, unassigned fund balance of the general fund was $21,133,911. Total fund balance increased $9,563,783 to a total of $76,559,419 at June 30, 2017. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 19.5 percent of total general fund expenditures, while total fund balance represents 62.9 percent of that same amount.

The General Fund expended $12,560,561 for general government operations. These operational expenditures included the general government share of costs for the Council Office, Metro Auditor, Office of Metro Attorney, Communications, Human Resources, Finance and Regulatory Services, and Information Services. Expenditures were up $939,807 over the prior year. Overall increases in personal services costs were also experienced due to cost of living increases and increases in number of full-time equivalent (FTE) employees.

Planning and development grant revenues were up $1,903,468 or 16.5 percent from the prior year. Grant related revenue in regional planning programs is project based and fluctuates from year to year based upon project activity. The Southwest Corridor Plan reflected a $1,428,675 increase from the prior year in project based grant revenue. There was also an increase of $804,208 in Federal Transit Administration Regional Travel Options (FTA/RTO) grant funds. These increases were offset by declines of $474,823 for the Oregon Department of Transportation/TriMet Metropolitan Planning Organization funding agreements.

Metro's major governmental funds also include the Parks and Natural Areas Local Option Levy special revenue fund, the General Obligation Bond Debt Service Fund, and the Oregon Zoo Infrastructure and Animal Welfare and Natural Areas capital projects funds as described below.

In May 2013, voters approved the Parks and Natural Areas Local Option Levy which activities are accounted for in this special revenue fund. Metro classifies this fund as major due to its belief that there is qualitative interest by the public in its activities. Property taxes from the local option levy totaled $13,640,498 for the fiscal year ended June 30, 2017. In addition to those projects previously mentioned in the government-wide analysis, capital outlay expenditures of $1,160,400 were incurred for improvements to Metro parks, construction of new nature parks and for a dock project. Overall expenditures totaled $12,670,623, resulting in restricted fund balance of $5,474,467 at June 30, 2017. In November 2016, voters voted to renew the levy for another five years beginning in 2018.

The General Obligation Bond Debt Service Fund accounts for debt service requirements. During the fiscal year, property tax revenues used to pay debt service totaled $31,508,267, up $2,470,237 or 8.5 percent from the prior fiscal year. Interest payments on all general obligation bonds totaled $9,170,742, which was $1,009,117 higher than the prior fiscal year reflecting the increase in outstanding principal due to bonds issued in the prior year. Expenditures on debt principal totaled $22,140,000.

Fund balance in both of the capital projects funds decreased significantly from the prior fiscal year due to expenditures on their capital projects as discussed more fully in the capital asset discussion later in this MD&A. The Oregon Zoo Infrastructure and Animal Welfare Fund expended $8,438,577 on capital projects and ended the fiscal year with a fund balance of $34,963,230. Expenditures for Natural Areas capital outlay and local share and capital grant programs totaled $21,792,161 in fiscal year 2017. Fund balance totaled $16,395,812 at June 30, 2017. The fund balance in both of these capital projects funds is classified as restricted for these purposes under state law.

As noted earlier in this analysis, in accordance with *GASB Statement No. 34*, Metro reports certain non-major funds in the Other Governmental Funds column. Total fund balances in these funds decreased $549,471. The total fund balance is $5,075,185 at June 30, 2017.

Proprietary funds. Metro's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Solid Waste Fund totaled $43,658,358 at fiscal year-end, up 8.4 percent or $3,393,365. The Oregon Zoo had an unrestricted net positon deficit of $11,686,697. Unrestricted net position for MERC totaled $27,163,511 at June 30, 2017, down $164,005 or 1.0 percent from the prior fiscal year. Net position of $4,357,881 and $19,968,636 is restricted in the Oregon Zoo and MERC Funds respectively for capital projects.

The Solid Waste Fund reflected higher charges for services revenues, up $2,645,943 or 3.9 percent, due to tonnage variations at Metro and non-Metro facilities combined with rate changes as discussed earlier in the analysis of business-type activities. Operating expenses were up $2,541,946 primarily due to costs directly associated with handling increased tonnage during the year. Payroll and fringe costs were higher primarily due to the pension expense discussed earlier in this analysis.

At the Oregon Zoo, food revenues were budgeted based on 1.7 million guests, versus the 1.5 million guests that actually were admitted. This is the only driver of the negative budget variance. Zoo program operating expenditures totaled $46,479,304, down $2,937,734 or 5.9 percent from the prior fiscal year. This was primarily due to a general decrease in personnel costs due to holding vacant positions open longer, reductions in depreciation expense and reductions in consulting services.

MERC charges for services revenues were down $3,057,363 or 6.0 percent, which is a reflection of the exceptional event schedule at the OCC and Portland'5 in 2016 rather than a significant drop. MERC operating expenditures were down $572,283. The primary drivers were payroll and fringe costs being down due to reduced number of events and an increase in facility costs as more maintenance could be accomplished with fewer attendees.

The Risk Management Fund, an internal service fund that is incorporated in governmental activities for government-wide reporting, had unrestricted net position of $1,882,178 at June 30, 2017. Risk Management Fund total net position increased $1,362,181 from the prior fiscal year as Metro internal charges increased, due to some large claims in the prior years.

GENERAL FUND BUDGETARY HIGHLIGHTS

As noted earlier, Metro's General Fund is used to account for general government operations and the programs of Planning, Parks and Nature, and Property and Environmental Services. Over the course of the fiscal year, the Metro Council revised the budget for the General Fund four times, and total appropriations came to $110,134,733.

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Revenue Source		Estimated Revenues	Actuals	Variance
Government contributions	$	7,493,988	4,345,277	(3,148,711)

Grant revenues came in lower compared to budget due to several factors within the Planning and Development Department. Most of Metro's grants in this department are reimbursement based. The Southwest Corridor Plan underspent on project costs by $2,487,110 compared to what was budgeted for the year, resulting in a similar drop in grant revenues from budget. The FTA Regional Travel Options and Streetcar grant related work and reimbursements came in $197,884 less than budgeted and the ODOT/TriMet annual discretionary funding agreements (PL, STP and 5303 grants) were lower by $586,848.

The most significant variance in General Fund expenditures occurred in the Research Center Department, where expenditures totaled $11,728,103 against appropriations of $15,784,579 for a favorable variance of $4,056,476. Materials and services were the significant portion of this with the majority of the underspending, $4,723,454. This is attributable to the TOD program as funds are budgeted to allow for maximum flexibility in meeting new development opportunities. In addition, the investment areas section of planning was underspent by $2,031,929.

The General Fund's fund balance on a budgetary basis increased $7,488,165 during the fiscal year, ending at $39,786,597. This differs from the General Fund balance reported in the Governmental Fund statements due to the consolidation of the General Asset Management Fund and portions of the General Revenue Bond Fund as noted earlier in this analysis, and the treatment of interfund loans and the TOD program on a GAAP basis.

CAPITAL ASSET AND DEBT ADMINISTRATION

Metro's capital assets for its governmental and business-type activities totals $662,647,556 (net of accumulated depreciation) as of June 30, 2017. This investment includes land, buildings and exhibits, improvements, and various types of equipment. The total increase (including additions and deductions) in Metro's investment in capital assets for the current fiscal year was $17,911,306 or 2.8 percent, net of accumulated depreciation. Metro reflects an increase of $19,439,844 or 6.0 percent in capital assets attributable to governmental activities and a decrease of $1,528,538 or 0.5 percent in business-type activity capital assets (additional capital assets, less increases in accumulated depreciation).

Major capital asset events during the current fiscal year included the following:

- Metro acquired ownership of 185 acres of additional natural areas (net of easements and disposals) from willing sellers from the proceeds of the Natural Areas general obligation bonds bringing the overall acreage held from this bond to 5,196 acres. The total capitalized cost for the property and easements acquired and stabilized in the current fiscal year under this program was $18,135,354.
- The Oregon Zoo's construction of the Education Center Oregon Zoo Infrastructure and Animal Welfare Bond program was complete. This and other related projects are all funded by bond proceeds with total capitalized costs in fiscal year 2017 of $8,438,577.

Additional information on Metro's capital assets can be found in Note IV.D to the financial statements.

Long-term debt. At the end of the current fiscal year, Metro had total bonded debt outstanding of $226,285,711 net of unamortized premiums and discounts. Of this amount, $191,285,127 comprises debt backed by property tax assessments and the remainder of $35,000,584 represents bonds secured by a broad pledge of Metro revenues, including property taxes used to support operations, and excise taxes levied on users of certain Metro services.

The table at the top of the following page provides a summary of Metro's debt activity. Bonds are reflected net of unamortized premiums and discounts as disclosed in the notes to the financial statements:

Metro's total debt decreased $29,455,289 or 11.5 percent during the current fiscal year. The key factor for this decrease was the retirement of two General Obligation Bond issues, the 2005 Series Refunding Bonds and the 2007 Series Natural Areas Bonds.

Metro's Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Land	$279,447,546	$264,971,353	21,045,160	21,045,160	300,492,706	286,016,513
Intangible - easements	11,332,032	10,735,141	-	-	11,332,032	10,735,141
Artwork	359,039	276,384	1,652,840	1,565,088	2,011,879	1,841,472
Buildings and Exhibits	22,064,757	22,143,097	248,293,218	255,965,118	270,357,975	278,108,215
Improvements	15,559,254	14,412,640	6,879,827	7,189,330	22,439,081	21,601,970
Equipment and Vehicles	1,783,401	1,884,589	7,268,788	8,148,899	9,052,189	10,033,488
Intangible - software	447,692	715,851	566,601	677,299	1,014,293	1,393,150
Office furniture/equip	63,111	439,760	707,217	712,267	770,328	1,152,027
Railroad equip/facilities	-	-	2,698,217	2,916,513	2,698,217	2,916,513
Construction in Progress	13,167,470	9,205,643	29,311,386	21,732,118	42,478,856	30,937,761
Total	$344,224,302	324,784,458	318,423,254	319,951,792	662,647,556	644,736,250

Metro's Outstanding Debt

	Governmental Activities		Business-type Activities		Total - Primary Government	
	2017	2016	2017	2016	2017	2016
Gen. obligation bonds	$191,285,127	217,472,440	-	-	191,285,127	217,472,440
Full Faith & Credit/Revenue	27,105,000	29,280,000	7,895,584	8,988,560	35,000,584	38,268,560
Total	$218,390,127	246,752,440	7,895,584	8,988,560	226,285,711	255,741,000

Metro has $28,105,000 in remaining voter approved general obligation bond authorization for acquisition of natural areas, parks and streams to protect open spaces and water quality, enhance the region's network of trials, and provide greater access to nature. Metro also has $10,000,000 in remaining voter approved general obligation bond authorization for zoo infrastructure and animal welfare.

In March 2016, Standard & Poor's reaffirmed its AAA rating on Metro general obligation bonds, while Moody's Investor Services reaffirmed its Aaa rating. The rating agencies' reports emphasized the strong financial reserves of the agency, the low debt ratio, significantly broad tax base and the strength of its financial policies.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for Metro is $26,625,675,163, which is significantly in excess of Metro's outstanding general obligation debt.

Additional information on Metro's long-term debt can be found in Notes IV.K through IV.L in the financial statements.

SUBSEQUENT EVENTS

Revenue Bonds, Series 2017

On August 8, 2017, Metro issued $52,260,000 of Dedicated Tax Revenue Bonds, The bonds are backed by site specific transient lodging taxes and are paid through the Visitor Facilities Trust Account maintained by Multnomah County.

Interest rates on individual bonds range from 2.0 percent to 5.0 percent. See the subsequent events note IV.T. for more details.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Metro's fiscal year 2018 budget reflects two major themes. First, the economy continues to do well and affects both revenues and expenditures. Second, it prioritizes investments in Metro's key infrastructure – physical, technological, human, and administrative. Construction has seen a steady rise in single family permits while at the same time the construction of multi-family units has seen a sharp increase. The continued increase in construction activity should benefit Metro's construction excise tax receipts. Federal transportation funding has declined, however, affecting both general transportation system planning and limited specific project planning.

In recognition of this economic environment, the Metro fiscal year 2018 budget provides for excellent services to the people and communities of the Portland metropolitan region and implements Metro's mission to inspire, teach, engage and invite people to enhance the quality of life and environment for the region's current and future generations. By law, Metro must present a balanced budget. When accounting for all resources and requirements, the budget totals $646,326,401, up 1.6 percent from fiscal year 2017.

Program revenues that contribute to covering Metro's program costs reflect the following factors:

- Charges for services revenues in the General Fund are generated mostly by the parks programs. Parks revenues are projected to grow at a small but steady rate – around 3.6 percent. Revenues at the Glendoveer Golf Course are expected to increase slowly and Metro will continue to make new capital improvements at this location.
- The zoo is expected to experience continued strong attendance despite on-site construction, estimating 1.6 million guests. Per capita spending will improve modestly and the zoo forecasts to continue its seasonal admissions pricing program.

- In fiscal year 2018, Solid Waste rates will be $94.95 per ton, a decrease of $0.72 from fiscal year 2017. The Metro Council sets rates to fund the current expenditures of the Solid Waste Fund, balancing the public's interest in its facilities with the pocketbook issues of its ratepayers. Regional tonnage is expected to be 3.0 percent greater in fiscal year 2018.
- The OCC relies on convention bookings made years in advance. Budgeted revenue is about 3.4 percent greater in fiscal year 2018 and assumes 46 bookings, seven more than historical averages. Expo is reflecting flat performance in both the number of events and attendance. Portland'5 is scheduled to host 10 weeks of Broadway performances, which is one week higher than prior year. As a result, revenues are projected to be up 11.7 percent.

General revenues that cover the net expense of Metro's programs are expected to reflect positive outcomes:

- Property taxes are levied for both operations and debt service, and the rate of collection stood at 95.5 percent for the current year's levy. The operating levy has a permanent rate of $0.0966 per $1,000 of assessed value. The natural areas local option levy will have a rate of $0.0960 per thousand and bring in an estimated $13,898,626. The levy for general obligation debt is scheduled to bring in $35,897,116 based upon debt schedules and cash flow requirements.
- Transient lodging taxes receipts are projected to increase 9 percent.
- The excise tax yield is tied to CPI and for fiscal year 2018 decreases to $10.81 per ton, a rate decrease of $0.95 per ton. Excise tax on other Metro facilities and services remains at 7.5 percent. The tax is expected to generate $18.1 million, a slight decrease from fiscal year 2017.

On the expenditure side, increases are expected in salaries, wages and benefits while expenditures under various operations contracts will reflect the economic activity of the respective enterprise area. Significant economic factors related to personal services costs include:

- The number of authorized positions increases in fiscal year 2018 by a net 18.65 FTE, with the total increase being seen across all departments
- Metro plans to spend $219.4 million on materials and services in fiscal year 2018. Large expenditures in this area include a $73.4 million transfer to escrow for the Convention Center Hotel project and about $34 million for solid waste transfer station operations (including organics processing) and the transport of solid waste to the Columbia Ridge Landfill in Gilliam County.
- Significant capital project expenditures in fiscal year 2018 include: $6.3 million for the capital improvements at the Oregon Zoo under the Oregon Zoo Infrastructure and Animal Welfare bond measure; $11.6 million for land acquisition and capital expenditures under the Natural Areas program; $12.3 million for capital improvements at MERC facilities; $4.9 million for solid waste facility capital projects; and $2.7 million at the Oregon Zoo for non-bond funded capital projects.

Metro's financial policies are the backbone of Metro's financial accountability and transparency. The fiscal year 2018 budget is a chance to prepare both for the coming fiscal year and for the longer term. Preparing for the future is a core element of Metro's charter and organizational culture.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Metro's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance and Regulatory Services Director, Metro, 600 NE Grand Avenue, Portland, Oregon, 97232-2736.

Basic Financial Statements

Government-Wide Financial Statements

METRO
Statement of Net Position
June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Oregon Zoo Foundation
ASSETS				
Equity in internal cash and investment pool	$ 30,088,243	101,704,729	131,792,972	1,074,899
Investments	-	-	-	14,050,347
Receivables (net of allowance for uncollectibles):				
Property taxes	832,503	-	832,503	-
Trade	92,209	9,012,270	9,104,479	453,387
Other	5,249,048	9,262,815	14,511,863	243,232
Interest	66,590	179,650	246,240	-
Grants	5,759,961	132,099	5,892,060	-
Internal balances	3,105,104	(3,105,104)	-	-
Inventories	-	447,446	447,446	-
Prepaid items	7,411	172,195	179,606	-
Other assets	131,466	117,000	248,466	52,536
Restricted assets:				
Equity in internal cash and investment pool	46,688,787	21,210,065	67,898,852	-
Investments	59,475,918	-	59,475,918	-
Receivables (net of allowance for uncollectibles):				
Property taxes	2,691,219	-	2,691,219	-
Trade	200,000	-	200,000	-
Other	37,792	-	37,792	-
Interest	136,728	-	136,728	-
Grants	41,194	-	41,194	-
Assets held for resale	5,894,062	-	5,894,062	-
Loans receivable	1,111,319	-	1,111,319	-
Capital assets:				
Land, intangibles, artwork and construction in progress	304,306,087	52,009,386	356,315,473	-
Other capital assets (net of accumulated depreciation)	39,918,215	266,413,868	306,332,083	31,411
Total assets	505,833,856	457,556,419	963,390,275	15,905,812
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	2,839,185	-	2,839,185	-
Deferred pension amounts	18,486,339	23,734,239	42,220,578	-
Total deferred outflows of resources	21,325,524	23,734,239	45,059,763	-
LIABILITIES				
Accounts payable	8,173,410	11,296,746	19,470,156	10,040
Accrued salaries and benefits	1,219,668	2,890,142	4,109,810	-
Contracts payable	574,349	205,589	779,938	2,349,607
Accrued interest payable	754,075	20,411	774,486	-
Accrued self-insurance claims	637,000	-	637,000	-
Unearned revenue	2,329,105	6,580,069	8,909,174	-
Deposits payable	105,665	2,670,983	2,776,648	-
Other liabilities	21,173	54,427	75,600	-
Payable from restricted assets:				
Contracts payable	-	-	-	58,961

(Continued)

		Primary Government			Component Unit
		Governmental Activities	Business-type Activities	Total	Oregon Zoo Foundation
LIABILITIES, *Continued*					
Non-current liabilities:					
Due within one year:					
Bonds payable	$	29,440,000	785,000	30,225,000	-
Post-closure costs payable		-	761,810	761,810	-
Compensated absences		2,047,287	2,082,301	4,129,588	-
Due in more than one year:					
Bonds payable (net of unamortized premium or discount)		188,950,127	7,110,584	196,060,711	-
Net other postemployment benefits obligation		991,365	1,618,386	2,609,751	-
Post-closure costs payable		-	6,821,638	6,821,638	-
Pollution remediation obligation		2,500	713,000	715,500	-
Compensated absences		156,382	266,879	423,261	-
Net pension liability		35,927,431	46,126,508	82,053,939	-
Total liabilities		271,329,537	90,004,473	361,334,010	2,418,608
DEFERRED INFLOWS OF RESOURCES					
Deferred pension amounts		1,014,106	1,301,990	2,316,096	-
Total deferred inflows of resources		1,014,106	1,301,990	2,316,096	-
NET POSITION					
Net investment in capital assets (1)		267,856,359	310,527,670	533,080,026	31,411
Restricted for:					
Parks and natural areas operations		5,874,377	-	5,874,377	-
Transit oriented development projects		22,384,119	-	22,384,119	-
Smith and Bybee Wetlands management plan		2,504,224	-	2,504,224	-
Community enhancement		1,578,471	-	1,578,471	-
Convention Center Hotel project		17,186,738	-	17,186,738	-
Willamette Falls Legacy project		6,039,454	-	6,039,454	-
Debt service		2,456,041	-	2,456,041	-
Capital projects		69,501,211	24,326,517	93,827,728	-
Perpetual care:					
Expendable		60,859	-	60,859	
Non-expendable		555,580	-	555,580	
Zoo purposes:					
Expendable		-	-	-	459,071
Non-expendable		-	-	-	95,045
Unrestricted		(141,181,696)	55,130,008	(40,747,685)	12,901,677
Total net position	$	254,815,737	389,984,195	644,799,932	13,487,204

(1) See Note II.D.12 in the notes to the financial statements

The notes to the financial statements are an integral part of this statement.

METRO
Statement of Activities
For the fiscal year ended June 30, 2017

			Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental activities:				
General government operations	$ 16,571,054	3,133,150	129,082	-
Regional planning and development	18,252,248	1,485,757	13,463,690	-
Culture and recreation	33,156,498	9,616,244	3,252,765	313,816
Interest on long-term debt	6,766,723	-	-	-
Total governmental activities	74,746,523	14,235,151	16,845,537	313,816
Business-type activities:				
Solid Waste	67,359,647	70,798,890	45,000	-
Oregon Zoo	46,636,849	26,062,207	2,096,896	648,000
MERC	69,090,836	47,876,192	26,659,912	645,000
Total business-type activities	183,087,332	144,737,289	28,801,808	1,293,000
Total primary government	$ 257,833,855	158,972,440	45,647,345	1,606,816
Component Unit:				
Oregon Zoo Foundation	$ 6,723,853	4,709,127	1,965,897	-

General revenues:
Property taxes
Excise taxes
Construction excise tax
Cemetery revenue surcharge
Unrestricted investment earnings (loss)
Transfers
Total general revenues and transfers
Change in net position

Net position - July 1, 2016

Net position - June 30, 2017

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Oregon Zoo Foundation
(13,308,822)	-	(13,308,822)	
(3,302,801)	-	(3,302,801)	
(19,973,673)	-	(19,973,673)	
(6,766,723)	-	(6,766,723)	
(43,352,019)	-	(43,352,019)	
-	3,484,243	3,484,243	
-	(17,829,746)	(17,829,746)	
-	6,090,268	6,090,268	
-	(8,255,235)	(8,255,235)	
(43,352,019)	(8,255,235)	(51,607,254)	
			(48,829)
59,711,015	-	59,711,015	-
18,830,032	-	18,830,032	-
3,561,675	-	3,561,675	-
47,095	-	47,095	-
857,777	655,748	1,513,525	1,397,775
(12,486,737)	12,486,737	-	-
70,520,857	13,142,485	83,663,342	1,397,775
27,168,838	4,887,250	32,056,088	1,348,946
227,646,899	385,096,945	612,743,844	12,138,258
$ 254,815,737	389,984,195	644,799,932	13,487,204

Fund Financial Statements
Governmental Funds

Major Funds

General Fund

The *General Fund* accounts for all activities not required to be accounted for in another fund. This fund accounts for Metro's primary governmental programs and support services including Council, Office of the Auditor, Office of Metro Attorney, Information Services, Communications, Finance and Regulatory Services, Human Resources, Property and Environmental Services (construction project management and Metro Regional Center building operations components), Parks and Nature, Planning and Development (land use, urban growth management, and environmental and transportation planning), Research Center, and special and non-departmental appropriations. The principal resources of the fund are charges for services, grants, property taxes, construction excise tax, and excise taxes on Metro's facilities and services levied in accordance with the Metro Code.

The budgetary General Fund is combined with two other budgetary funds, the General Revenue Bond Fund – General and the General Asset Management Fund, to become one fund in accordance with accounting principles generally accepted in the United States of America.

Special Revenue Fund

Parks and Natural Areas Local Option Levy Fund

The fund was established to account for a special five-year tax levy to provide funds to operate and maintain regional parks and natural areas. Specifically, funds will be used to improve water quality and restore wildlife habitat, wetlands and floodplains. The principal source of revenue is property taxes.

Debt Service Fund

The *General Obligation Bond Debt Service Fund* accounts for payments of general obligation bond principal and interest to bondholders. The principal resources are property taxes and investment income.

Capital Projects Funds

Zoo Infrastructure and Animal Welfare Fund

This fund was established to account for proceeds of voter-approved general obligation bonds to fund infrastructure and projects related to animal welfare at the Oregon Zoo. The principal source of revenue is investment income.

Natural Areas Fund

This fund accounts for activities to acquire and preserve natural areas and stream frontages, maintain and improve water quality, and protect fish and wildlife habitat. The principal resources are investment income and grants.

Other Governmental Funds

Other governmental funds include Smith and Bybee Wetlands Fund, Community Enhancement Fund, Open Spaces Fund, and Cemetery Perpetual Care Fund.

METRO
Balance Sheet
Governmental Funds
June 30, 2017

		General	Parks and Natural Areas Local Option Levy Special Revenue	General Obligation Bond Debt Service
ASSETS				
Equity in internal cash and investment pool	$	66,470,941	7,094,862	678,943
Investments		-	-	-
Receivables:				
Property taxes		832,503	556,895	2,134,324
Trade		292,209	-	-
Other		5,189,144	-	-
Interest		79,795	10,784	4,106
Grants		5,759,961	41,194	-
Due from other funds		179,988	-	-
Assets held for resale		5,894,062	-	-
Prepaid items		7,411	-	-
Other assets		131,466	-	-
Loans receivable		1,111,319	-	-
Advances to other funds		719,952	-	-
Restricted assets:				
Equity in internal cash and investment pool		85	-	32
Total assets	$	86,668,836	7,703,735	2,817,405
LIABILITIES				
Accounts payable	$	4,036,801	1,597,249	-
Accrued salaries and benefits		941,280	127,246	-
Contracts payable		3,575	496	-
Unearned revenue		2,329,105	-	-
Deposits payable		105,665	-	-
Other liabilities		20,943	-	-
Due to other funds		200,000	-	-
Advances from other funds		1,600,000	-	-
Total liabilities		9,237,369	1,724,991	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes		776,200	504,277	2,002,502
Unavailable revenue-other		95,848	-	-
Total deferred inflows of resources		872,048	504,277	2,002,502
FUND BALANCES				
Nonspendable		798,952	-	-
Restricted		42,309,999	5,474,467	814,903
Committed		12,316,557	-	-
Assigned		-	-	-
Unassigned		21,133,911	-	-
Total fund balances		76,559,419	5,474,467	814,903
Total liabilities, deferred inflows of resources and fund balances	$	86,668,836	7,703,735	2,817,405

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

The net pension liability and related deferred outflows and inflows of resources are not available/payable in the current period and therefore are not reported in the funds.

Property taxes and certain other revenues are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.

An internal service fund is used by management to charge the costs of insurance and risk management to individual funds.
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

Long-term liabilities (including bonds payable) and related deferred outflows of resources, are not due and payable in the current period and therefore are not reported in the funds.

Net position of governmental activities

The notes to the financial statements are an integral part of this statement.

Capital Projects: Oregon Zoo Infrastructure and Animal Welfare	Capital Projects: Natural Areas	Other Governmental Funds	Total Governmental Funds
1,938,609	2,699,919	5,339,723	84,222,997
33,599,104	15,696,470	-	49,295,574
-	-	-	3,523,722
-	-	-	292,209
-	547	37,245	5,226,936
66,603	29,964	8,014	199,266
-	-	-	5,801,155
-	-	-	179,988
-	-	-	5,894,062
-	-	-	7,411
-	-	-	131,466
-	-	-	1,111,319
-	-	-	719,952
-	-	-	117
35,604,316	18,426,900	5,384,982	156,606,174
189,540	1,761,214	309,797	7,894,601
29,438	121,704	-	1,219,668
422,108	148,170	-	574,349
-	-	-	2,329,105
-	-	-	105,665
-	-	-	20,943
-	-	-	200,000
-	-	-	1,600,000
641,086	2,031,088	309,797	13,944,331
-	-	-	3,282,979
-	-	-	95,848
-	-	-	3,378,827
-	-	555,580	1,354,532
34,963,230	16,395,812	4,458,746	104,417,157
-	-	-	12,316,557
-	-	60,859	60,859
-	-	-	21,133,911
34,963,230	16,395,812	5,075,185	139,283,016
35,604,316	18,426,900	5,384,982	
			344,224,302
			(18,455,198)
			3,378,827
			5,887,341
			(219,502,551)
			$ 254,815,737

METRO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2017

		General	Parks and Natural Areas Local Option Levy Special Revenue	General Obligation Bond Debt Service
REVENUES				
Property taxes	$	14,414,172	13,640,498	31,508,267
Excise taxes		18,830,032	-	-
Construction excise tax		3,561,675	-	-
Cemetery revenue surcharge		-	-	-
Investment income		364,257	44,413	121,652
Government fees		85,353	-	-
Culture and recreation fees		4,612,352	-	-
Solid waste fees		-	-	-
Other fees		1,951,142	-	-
Internal charges for services		5,477,184	-	-
Licenses and permits		558,504	-	-
Miscellaneous revenue		489,914	-	-
Grants		9,201,334	845,938	-
Local government shared revenues		766,318	-	-
Government contributions		4,345,277	-	-
Capital grants		-	107,046	-
Capital contributions and donations		200,000	-	-
Total revenues		64,857,514	14,637,895	31,629,919
EXPENDITURES				
Current:				
General government operations		12,560,561	1,324,554	-
Regional planning and development		16,814,210	-	-
Culture and recreation		12,870,833	10,185,669	-
Debt service:				
Principal		2,175,000	-	22,140,000
Interest		1,150,481	-	9,170,742
Capital outlay		1,315,072	1,160,400	-
Total expenditures		46,886,157	12,670,623	31,310,742
Revenues over (under) expenditures		17,971,357	1,967,272	319,177
OTHER FINANCING SOURCES (USES)				
Sale of capital assets		29,660	-	-
Transfers in		6,815,333	-	-
Transfers out		(15,252,567)	(195,317)	-
Total other financing sources (uses)		(8,407,574)	(195,317)	-
Net change in fund balances		9,563,783	1,771,955	319,177
Fund balances - July 1, 2016		66,995,636	3,702,512	495,726
Fund balances - June 30, 2017	$	76,559,419	5,474,467	814,903

The notes to the financial statements are an integral part of this statement.

Capital Projects			
Oregon Zoo Infrastructure and Animal Welfare	Natural Areas	Other Governmental Funds	Total Governmental Funds
-	-	-	59,562,937
-	-	-	18,830,032
-	-	-	3,561,675
-	-	47,095	47,095
113,306	173,721	29,617	846,966
-	-	-	85,353
-	-	-	4,612,352
-	-	1,033,211	1,033,211
-	-	-	1,951,142
-	-	-	5,477,184
-	-	-	558,504
495	50,074	-	540,483
-	1,686,670	-	11,733,942
-	-	-	766,318
-	-	-	4,345,277
-	-	-	107,046
-	6,770	-	206,770
113,801	1,917,235	1,109,923	114,266,287
-	-	-	13,885,115
-	-	-	16,814,210
405,140	3,656,807	1,611,704	28,730,153
-	-	-	24,315,000
-	-	-	10,321,223
8,438,577	18,135,354	47,690	29,097,093
8,843,717	21,792,161	1,659,394	123,162,794
(8,729,916)	(19,874,926)	(549,471)	(8,896,507)
-	400,436	-	430,096
-	-	-	6,815,333
(18,810)	(1,064,238)	-	(16,530,932)
(18,810)	(663,802)	-	(9,285,503)
(8,748,726)	(20,538,728)	(549,471)	(18,182,010)
43,711,956	36,934,540	5,624,656	157,465,026
34,963,230	16,395,812	5,075,185	139,283,016

METRO

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the fiscal year ended June 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds		$ (18,182,010)
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Expenditures for capital assets	29,097,093	
Less current year depreciation	(3,060,503)	26,036,590
Governmental funds expend general obligation bond proceeds that become capital assets that are owned and depreciated by a proprietary fund in governmental activities		(4,271,138)
In the statement of activities, only the gain or loss on the disposal of capital assets is reported, while in governmental funds, the entire proceeds from sales increase financial resources. The change in net position differs from the change in fund balance by the book values of the assets disposed.		(2,325,608)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue-property taxes	148,078	
Change in unavailable revenue-other	(23,078)	125,000
An internal service fund is used by management to charge the costs of insurance and risk management to individual funds. The net revenue of certain activities of the internal service fund is included in governmental activities in the statement of activities.		1,466,966
The issuance of long-term debt provides current financial resources to governmental funds, but issuance of debt increases long-term liabilities in the statement of net position. The repayment of principal on long-term debt uses current financial resources of governmental funds, but repayment of debt reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas premiums and discounts are deferred and amortized in the statement of activities. These are the effects of the differences in the treatment of long-term debt and related items.		
Principal payments on bonds	24,315,000	
Amortization of unamortized premium or discount	4,047,313	28,362,313
Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds.		
Pollution remediation liability	174,000	
Other postemployment benefits	(41,801)	
Compensated absences	(19,477)	
Amortization of deferred charge on refunding	(898,734)	
Accruals associated with pension related obligations	(3,663,185)	
Accrued interest on long-term debt	405,922	(4,043,275)
Change in net position of governmental activities		$ 27,168,838

The notes to the financial statements are an integral part of this statement.

Fund Financial Statements
Proprietary Funds

Enterprise Funds

Major Funds

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.

Oregon Zoo Fund

This fund accounts for revenues and expenses related to the management and operation of the Oregon Zoo. The principal sources of revenue are charges for services such as admission and membership fees, and food, beverage and gift sales. Expenses consist primarily of facility operation costs and payroll. This fund consists of three budgetary funds (Oregon Zoo Operating Fund, Oregon Zoo Asset Management Fund and General Revenue Bond Fund-Oregon Zoo) that are combined as one Enterprise Fund to be in accordance with accounting principles generally accepted in the United States of America.

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, and Portland'5. The principal sources of revenue are charges for services and local government shared revenue. Expenses consist primarily of management, food and beverage and operation costs. This fund consists of two budgetary funds (MERC Fund and General Revenue Bond Fund-MERC) that are combined as one Enterprise Fund to be in accordance with accounting principles generally accepted in the United States of America.

Internal Service Fund

Risk Management Fund

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

METRO
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities- Enterprise Funds				Governmental Activities- Internal Service Fund
	Solid Waste	Oregon Zoo	MERC	Total	Risk Management
ASSETS					
Current assets:					
Equity in internal cash and investment pool	$ 53,183,031	7,894,912	40,626,786	101,704,729	2,734,263
Receivables:					
Trade	5,070,287	1,332,735	2,609,248	9,012,270	-
Other	2,157,806	638,006	6,467,003	9,262,815	59,904
Interest	78,634	11,108	89,908	179,650	4,049
Grants	45,000	87,099	-	132,099	-
Due from other funds	600,000	-	-	600,000	-
Inventories	299,731	147,715	-	447,446	-
Prepaid items	-	143,297	28,898	172,195	-
Other assets	-	117,000	-	117,000	-
Total current assets	61,434,489	10,371,872	49,821,843	121,628,204	2,798,216
Noncurrent assets:					
Advances to other funds	4,195,000	-	-	4,195,000	-
Restricted equity in internal cash and investment pool	-	-	21,210,065	21,210,065	-
Capital assets, net	28,067,184	139,960,051	150,396,019	318,423,254	-
Total noncurrent assets	32,262,184	139,960,051	171,606,084	343,828,319	-
Total assets	93,696,673	150,331,923	221,427,927	465,456,523	2,798,216
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension amounts	6,867,399	8,047,334	8,819,506	23,734,239	-
Total deferred outflows of resources	6,867,399	8,047,334	8,819,506	23,734,239	-
LIABILITIES					
Current liabilities:					
Accounts payable	5,109,800	1,523,005	4,663,941	11,296,746	278,808
Accrued salaries and benefits	672,940	1,232,478	984,724	2,890,142	-
Contracts payable	16,763	21,708	167,118	205,589	-
Accrued interest payable	-	-	20,411	20,411	-
Accrued self-insurance claims	-	-	-	-	637,000
Unearned revenue	-	2,260,771	4,319,298	6,580,069	-
Deposits payable	-	115,851	2,555,132	2,670,983	-
Other liabilities	-	59	54,368	54,427	230
Due to other funds	-	400,000	179,988	579,988	-
Bonds payable-current	-	-	785,000	785,000	-
Post-closure costs payable-current	761,810	-	-	761,810	-
Compensated absences-current	652,428	765,011	664,862	2,082,301	-
Total current liabilities	7,213,741	6,318,883	14,394,842	27,927,466	916,038

(Continued)

METRO

Statement of Net Position
Proprietary Funds, *continued*
June 30, 2017

	Business-type Activities- Enterprise Funds				Governmental Activities- Internal Service Fund
	Solid Waste	**Oregon Zoo**	**MERC**	**Total**	**Risk Management**
LIABILITIES, *Continued*					
Noncurrent liabilities:					
Bonds payable (net of unamortized premium or discount)	$ -	-	7,110,584	7,110,584	-
Advances from other funds	-	2,595,000	719,952	3,314,952	-
Net other postemployment benefits obligation	461,921	531,624	624,841	1,618,386	-
Post-closure costs payable	6,821,638	-	-	6,821,638	-
Pollution remediation obligation	618,000	-	95,000	713,000	-
Compensated absences	-	221,403	45,476	266,879	-
Net pension liability	13,346,505	15,639,659	17,140,344	46,126,508	-
Total non-current liabilities	21,248,064	18,987,686	25,736,197	65,971,947	-
Total liabilities	28,461,805	25,306,569	40,131,039	93,899,413	916,038
DEFERRED INFLOWS OF RESOURCES					
Deferred pension amounts	376,725	441,453	483,812	1,301,990	-
Total deferred inflows of resources	376,725	441,453	483,812	1,301,990	-
NET POSITION					
Net investment in capital assets	28,067,184	139,960,051	142,500,435	310,527,670	-
Restricted for:					
Capital projects	-	4,357,881	19,968,636	24,326,517	-
Unrestricted	43,658,358	(11,686,697)	27,163,511	59,135,172	1,882,178
Total net position	$ 71,725,542	132,631,235	189,632,582	393,989,359	1,882,178
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(4,005,164)	
Net position of business-type activities				$ 389,984,195	

The notes to the financial statements are an integral part of this statement.

METRO

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the fiscal year ended June 30, 2017

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Fund
	Solid Waste	Oregon Zoo	MERC	Total	Risk Management
OPERATING REVENUES					
Charges for services	$ 70,781,580	25,596,823	47,876,192	144,254,595	470,826
Internal charges for services	17,310	465,384	-	482,694	1,876,792
Total operating revenues	70,798,890	26,062,207	47,876,192	144,737,289	2,347,618
OPERATING EXPENSES					
Payroll and fringe benefits	13,484,283	22,992,828	21,194,725	57,671,836	-
Depreciation and amortization	1,282,355	5,330,066	4,126,028	10,738,449	-
Administration	5,178,264	3,470,260	4,080,228	12,728,752	-
Facility operations	16,317,783	11,329,349	15,640,297	43,287,429	-
Marketing	-	-	4,549,048	4,549,048	-
Food and beverage	-	-	15,226,841	15,226,841	-
Disposal fees	9,511,793	-	-	9,511,793	-
Waste transport	11,560,773	-	-	11,560,773	-
Special waste disposal fees	966,232	-	-	966,232	-
Landfill post-closure (reduction)	1,560,815	-	-	1,560,815	-
Consulting services	2,274,804	3,153,771	563,817	5,992,392	-
Charges for services	734,449	203,030	215,537	1,153,016	-
Insurance	-	-	-	-	1,128,367
Claims	-	-	-	-	2,677,702
Actuarial claims (reduction)	-	-	-	-	(1,308,266)
Other materials and services	1,190,110	-	-	1,190,110	110,002
Total operating expenses	64,061,661	46,479,304	65,596,521	176,137,486	2,607,805
Operating income (loss)	6,737,229	(20,417,097)	(17,720,329)	(31,400,197)	(260,187)
NON-OPERATING REVENUES (EXPENSES)					
Investment income	275,862	36,312	343,574	655,748	10,812
Grants	45,000	195,666	109,067	349,733	111,556
Local government shared revenue	-	-	25,684,546	25,684,546	-
Government contributions	-	-	866,299	866,299	-
Contributions and donations	-	1,901,230	-	1,901,230	-
Contributions to other governments	-	-	(2,323,012)	(2,323,012)	-
Gain (loss) on disposal of capital assets	(28,922)	(81,498)	(609,394)	(719,814)	-
Waste reduction grants	(3,243,500)	-	-	(3,243,500)	-
Interest expense	-	(31,755)	(526,981)	(558,736)	-
Total non-operating revenues (expenses)	(2,951,560)	2,019,955	23,544,099	22,612,494	122,368
Income (loss) before transfers and capital contributions	3,785,669	(18,397,142)	5,823,770	(8,787,703)	(137,819)
Capital grants	-	-	7,500	7,500	-
Capital contributions	-	4,919,139	637,500	5,556,639	-
Transfers in	133,667	13,198,308	650,000	13,981,975	1,500,000
Transfers out	(644,704)	(559,341)	(4,562,331)	(5,766,376)	-
Change in net position	3,274,632	(839,036)	2,556,439	4,992,035	1,362,181
Total net position - July 1, 2016	68,450,910	133,470,271	187,076,143		519,997
Total net position - June 30, 2017	$ 71,725,542	132,631,235	189,632,582		1,882,178
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(104,785)	
Change in net position of business-type activites				$ 4,887,250	

The notes to the financial statements are an integral part of this statement.

METRO

Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2017

	Business-type Activities- Enterprise Funds				Governmental Activities- Internal Service Fund
	Solid Waste	Oregon Zoo	MERC	Total	Risk Management
Cash flows from operating activities:					
Receipts from customers	$ 70,543,332	25,954,536	51,322,179	147,820,047	470,826
Receipts from interfund services provided	-	-	-	-	1,876,792
Payments to suppliers for goods and services	(43,230,164)	(14,744,282)	(37,313,426)	(95,287,872)	(1,318,184)
Payments for claims	-	-	-	-	(2,683,436)
Payments to employees for services	(11,822,850)	(21,111,888)	(19,525,803)	(52,460,541)	-
Payments for interfund services used	(5,178,264)	(3,470,260)	(4,080,228)	(12,728,752)	-
Net cash provided by (used in) operating activities	10,312,054	(13,371,894)	(9,597,278)	(12,657,118)	(1,654,002)
Cash flows from noncapital financing activities:					
Grants received	-	180,369	109,067	289,436	51,652
Local government shared revenues	-	-	28,807,513	28,807,513	-
Government contributions	-	-	866,299	866,299	-
Contributions and donations	-	1,901,230	-	1,901,230	-
Contributions to other governments	-	-	(2,323,012)	(2,323,012)	-
Grants to others	(3,243,500)	-	-	(3,243,500)	-
Interfund loans received (provided)	(2,000,000)	-	-	(2,000,000)	-
Principal collected (paid) on interfund loans	433,000	(233,000)	(179,988)	20,012	-
Interest collected (paid) on interfund loans	41,608	(31,608)	(10,574)	(574)	-
Transfers from other funds	133,667	13,198,308	650,000	13,981,975	1,500,000
Transfers to other funds	(644,704)	(559,341)	(4,562,331)	(5,766,376)	-
Net cash provided by (used in) noncapital financing activities	(5,279,929)	14,455,958	23,356,974	32,533,003	1,551,652
Cash flows from capital and related financing activities:					
Capital grants and contributions	-	648,000	645,000	1,293,000	-
Principal payment on bonds	-	(165,000)	(975,000)	(1,140,000)	-
Interest payments	-	(825)	(207,044)	(207,869)	-
Proceeds/premium on refunding bonds issued	-	-	8,153,178	8,153,178	-
Payment to refunded bond escrow agent	-	-	(8,064,998)	(8,064,998)	-
Acquisition and construction of capital assets	(1,210,595)	(2,545,098)	(1,942,763)	(5,698,456)	-
Net proceeds from sale of capital assets	18,051	21,818	-	39,869	-
Net cash used in capital and related financing activities	(1,192,544)	(2,041,105)	(2,391,627)	(5,625,276)	-
Cash flows from investing activities:					
Investment income	227,642	37,189	329,809	594,640	11,028
Net cash provided by investing activities	227,642	37,189	329,809	594,640	11,028
Net increase (decrease) in cash including restricted amounts	4,067,223	(919,852)	11,697,878	14,845,249	(91,322)
Cash at beginning of year including restricted amounts	49,115,808	8,814,764	50,138,973	108,069,545	2,825,585
Cash at end of year including restricted amounts	$ 53,183,031	7,894,912	61,836,851	122,914,794	2,734,263

(Continued)

METRO
Statement of Cash Flows
Proprietary Funds, *continued*
For the fiscal year ended June 30, 2017

		Business-type Activities- Enterprise Funds				Governmental Activities- Internal Service Fund
		Solid Waste	Oregon Zoo	MERC	Total	Risk Management
Equity in internal cash and investment pool	$	53,183,031	7,894,912	40,626,786	101,704,729	2,734,263
Restricted equity in internal cash and investment pool		-	-	21,210,065	21,210,065	-
Total	$	53,183,031	7,894,912	61,836,851	122,914,794	2,734,263
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$	6,737,229	(20,417,097)	(17,720,329)	(31,400,197)	(260,187)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization		1,282,355	5,330,066	4,126,028	10,738,449	-
Change in assets and liabilities:						
Trade/other accounts receivable		(255,558)	(107,672)	3,445,987	3,082,757	-
Inventories		15,360	16,368	-	31,728	-
Prepaid items		-	17,203	(21,505)	(4,302)	-
Accounts payable		69,898	(12,518)	3,213,879	3,271,259	(72,137)
Accrued salaries, benefits and compensated absences		1,661,433	1,880,941	1,668,922	5,211,296	-
Contracts payable		(8,257)	(6,654)	148,818	133,907	(7,898)
Accrued self-insurance claims		-	-	-	-	(1,314,000)
Unearned revenue		-	(84,292)	(2,959,096)	(3,043,388)	-
Deposits payable		215	11,727	(719,036)	(707,094)	-
Other liabilities		-	34	(780,946)	(780,912)	220
Post-closure costs payable		824,379	-	-	824,379	-
Pollution remediation obligation		(15,000)	-	-	(15,000)	-
Total adjustments		3,574,825	7,045,203	8,123,051	18,743,079	(1,393,815)
Net cash provided by (used in) operating activities	$	10,312,054	(13,371,894)	(9,597,278)	(12,657,118)	(1,654,002)
Noncash investing, capital, and financing activities:						
Non-cash portion of capital contributions	$	-	4,271,138	-	4,271,138	-

The notes to the financial statements are an integral part of this statement.

I. 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 voters

The Metro Council is the governing body and consists of six part time councilors, each elected on a nonpartisan basis from a single district within the Metro area. The Council President, who both administers the agency and presides over the policy-making of the Council, is elected from the Metro area at large. A Chief Operating Officer, appointed by the Council President and confirmed by the Council, is responsible for day-to-day administration of Metro, under the guidance of the Council President and the full Council. The Metro Auditor is elected at large, and that office performs financial and performance audits and makes reports to the Council and Chief Operating 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, five recommended to the Council by local governments and two directly appointed by the Council President, and all confirmed by the Council. MERC is not legally separate from Metro.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

A. THE REPORTING ENTITY

1. Primary Government

Metro is a municipal corporation governed by a Council President and six Councilors. As required by GAAP, Metro’s financial statements present Metro (the primary government) and its component unit – the Oregon Zoo Foundation (OZF), a legally separate non-profit organization whose sole purpose is to provide support and significant additional funding for Metro's Oregon Zoo (the Zoo). This discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from Metro. For materiality reasons, disclosures accompanying Metro’s financial statements have generally been limited to those of the primary government.

2. Discretely Presented Component Unit

OZF – The legally separate OZF exists exclusively for the support and benefit of the Zoo. It is a public benefit corporation organized and operated under Section 501(c)(3) of the Internal Revenue Code. The OZF conducts fundraising efforts on behalf of the Zoo, receiving donations from both individuals and corporations that are provided as financial support to the Zoo. The OZF is included in Metro's report under provisions of GASB Statement No. 39. Complete financial statements for OZF can be obtained from the Finance Manager at 4001 SW Canyon Road, Portland, OR 97221-2799.

B. BASIC FINANCIAL STATEMENTS

1. **Government-wide financial statements** (the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been eliminated from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The primary government is reported separately from its legally separate component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expense*s are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as *general revenues*, as are internally dedicated resources.

2. **Fund financial statements** are presented for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using an *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. All transactions affecting increases (revenues) and decreases (expenses) in total net position during the period are reported. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using a *current financial resources measurement focus* and the *modified accrual basis of accounting*. Governmental funds' operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) of net current position 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 revenue arising from federal and state grants to be available in the period when the underlying related expenditures for reimbursement based grants have been incurred, if it is known that all eligibility requirements that allow for billing of the amount to the grantor agency under the applicable grant agreement have been satisfied. All other revenue is considered available if received within 60 days of fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on 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, construction excise tax, cemetery revenue surcharges, grants, local government shared revenues, government contributions, charges for services, and investment income are susceptible to accrual.

Contributions and donations and other receipts become measurable and available when cash is received and are recognized as revenue at that time.

The accounts of Metro are organized on the basis of funds, each of which is a separate accounting entity with self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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. The various funds are grouped by fund type and classified into two broad fund categories: governmental and proprietary.

Major funds are those whose revenues, expenditures/expenses, assets plus deferred outflows of resources, or liabilities plus deferred inflows of resources (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Additional funds may be reported as a major fund if Metro's officials believe that fund is particularly important to financial statement users. Metro reports the following major governmental funds:

General Fund – This fund accounts for all activities not required to be accounted for in another fund: Metro's primary governmental programs and support services including Council, Office of the Auditor, Office of Metro Attorney, Information Services, Communications, Finance and Regulatory Services, Human Resources, Property and Environmental Services (construction project management and Metro Regional Center building operations components), Parks and Nature, Planning and Development (land use, urban growth management, and environmental and transportation planning), Research Center, and special and non-departmental appropriations. The budgetary General Fund is combined with two other budgetary funds, the General Revenue Bond Fund – General and the General Asset Management Fund, to become one fund in accordance with accounting principles generally accepted in the United States of America.

Special Revenue Fund – Special revenue funds account for revenues (other than fiduciary resources or major capital projects) that are legally restricted to expenditures for specific purposes. Metro's major special revenue fund is:

Parks and Natural Areas Local Option Levy Fund – This fund was established to account for a special five-year tax levy to provide funds to operate and maintain regional parks and natural areas. Specifically, funds will be used to improve water quality and restore wildlife habitat, wetlands and floodplains.

Debt Service Fund – The *General Obligation Bond Debt Service Fund* accounts for payments of general obligation bond principal and interest to bondholders.

Capital Projects Funds – This fund type is used to account for resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Metro's major capital projects funds are:

Oregon Zoo Infrastructure and Animal Welfare Fund – This fund was established to account for proceeds of voter-approved general obligation bonds to fund infrastructure and projects related to animal welfare at the Oregon Zoo.

Natural Areas Fund – This fund accounts for activities to acquire and preserve natural areas and stream frontages, maintain and improve water quality, and protect fish and wildlife habitat.

Metro reports the following major proprietary funds:

Enterprise Funds – These funds account for the financing of predominantly self supporting activities that are funded through service charges and user fees to customers. Metro's enterprise funds are:

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.

Oregon Zoo Fund – This fund accounts for revenues and expenses related to the management and operation of the Oregon Zoo. The principal sources of revenue are charges for services such as admission and membership fees, and food, beverage and gift sales. Expenses consist primarily of facility operation costs and payroll. This fund consists of three budgetary funds (Oregon Zoo Operating Fund, Oregon Zoo Asset Management Fund and General Revenue Bond Fund-Oregon Zoo) that are combined as one Enterprise Fund to be in accordance with accounting principles generally accepted in the United States of America.

MERC Fund – This fund accounts for revenues and expenses related to the management and operation of facilities managed by MERC, including the Metro owned Oregon Convention Center (OCC) and the Portland Expo Center (Expo). In addition, under the provisions of an intergovernmental agreement with the City of Portland, MERC is responsible for operation and management of the City-owned Portland'5 Centers for the Arts (Portland'5). This fund consists of two budgetary funds (MERC Fund and General Revenue Bond Fund-MERC) that are combined as one Enterprise Fund to be in accordance with accounting principles generally accepted in the United States of America.

Internal Service Fund – Internal service funds are used to account for activities or services furnished by designated departments to other organizational units. Charges are made to the user departments to support these activities. Metro's internal service fund is:

Risk Management Fund – This fund accounts for risk management and self-insurance programs performed for other organizational units within Metro.

Metro also reports *nonmajor* funds of the following fund types:

Special Revenue Funds

Capital Projects Fund

Permanent Fund – This fund type is used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are direct charges for services between various funds that represent services provided and used. Elimination of these charges would distort the measurement of the cost of individual functional activities. Certain indirect costs for central administration and support have been included as part of program expenses reported for the various functions in the government-wide financial statements.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Solid Waste Fund, Oregon Zoo Fund, MERC Fund, and of the internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/ INFLOWS OF RESOURCES, AND NET POSITION/ FUND BALANCES

1. Cash and Investments

Metro maintains a cash and investment pool that is available for use by all funds for investment purposes, excluding the component unit. Interest earned on pooled investments is allocated monthly based upon each fund's average monthly cash balance. Investments are presented at fair value within the fair value hierarchy established by GAAP. Fair value is determined annually as of June 30.

For purposes of the statement of cash flows, cash is considered to be cash on hand, demand deposits, cash in restricted accounts and equity in the internal cash and investment pool. All pooled investment purchases and maturities are part of Metro's cash management activity and are considered cash and cash equivalents.

As authorized by State statutes, policies recommended by Metro's Investment Advisory Board and adopted by the Metro Council authorize Metro to invest in obligations of U.S. government agencies, U.S. Government Sponsored Enterprises (USGSE), the U.S. Treasury, certificates of deposit, repurchase agreements, money market investments, bankers' acceptances, commercial paper, certain corporate promissory notes, State of Oregon and local government securities, debt obligations of the states of California, Idaho and Washington and their political subdivisions, and the State Treasurer's Local Government Investment Pool (LGIP).

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at fiscal year-end are referred to as "due to/from other funds" (short-term) and "advances to/from other funds" (long-term) in the fund financial statements. The residual balances outstanding between governmental activities and business-type activities, along with the other interfund balances described above, are reported in the government-wide financial statements as "internal balances."

Uncollected property taxes receivable 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 unavailable 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. Since property taxes may be collected by foreclosure, no allowance for doubtful accounts is deemed necessary. 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.

Receivables are stated net of an allowance for uncollectibles when required.

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 oversight agency. The plan in effect for fiscal year 2017 allocated indirect costs to grants at a rate of approximately 29 percent of the related direct personnel costs.

3. Inventories and Prepaid Items

Inventories, consisting of consumable food and items held for resale, are valued at cost (first in, first out method), and are charged as expenses when consumed. Payments to vendors for services that will benefit future periods are recorded as prepaid items using the consumption method.

4. Animal Collections

In accordance with industry practice, animal collections of the Zoo are recorded at the nominal amount of $1, as there is no objective basis for establishing value. Differences in attributes such as species, age, sex, endangered status, and breeding potential make it impracticable to assign value. Acquisitions are recorded as expenses of the operating activity.

5. Transit-Oriented Development (TOD) Program Easements

Metro purchases easements on various TOD projects from developers. These easements contain property use conditions for periods up to 30 years to accomplish the goals of the TOD program. Metro does not consider the substance of such easements as assets, but rather project funding and amounts paid are reflected as a period cost. This policy is based on the concept that assets are resources that Metro controls and that have a present capacity to provide services, directly or indirectly. TOD easements, while a contractual or property right controlled by Metro, are entered into for the purposes of developing properties that increase transit ridership. The transit system is a service function of a wholly separate government entity. In the broadest sense, success of the program through TOD easements can enable the region and its individual government entities to maximize future resources. As such, there is no increase in Metro's present capacity to provide service and TOD easements are effectively contributions to the programs and service capacity of other governments.

6. Restricted Assets

Resources for future payment of bonds and certain long-term liabilities or activities have been classified as restricted assets on the statement of net position because their use is limited by certain applicable agreements or state laws. Assets of the Parks and Natural Areas Local Option Levy Fund are restricted by Measure 26-152, a voter-approved five-year local option property tax levy. Assets of the Debt Service, Oregon Zoo Infrastructure and Animal Welfare, Natural Areas, and Open Spaces Funds are restricted by state law controlling the use of bond proceeds. Assets of the Smith and Bybee Wetlands Fund, and portions of the General Fund related to the TOD program, Convention Center Hotel project and Willamette Falls Legacy project are restricted by contractual agreements with third parties. Assets of the Community Enhancement and the Cemetery Perpetual Care Funds are restricted by state law and/or Metro Code.

7. Capital Assets

Capital assets, which include land, intangible easements, artwork, construction in progress, buildings and exhibits, improvements, equipment and vehicles, intangible software, office furniture and equipment, and railroad equipment and facilities, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined as assets with an initial cost of $10,000 or more, and an estimated useful life in excess of one year. Capital assets are recorded at cost, and donated capital assets are stated at acquisition value when received, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Normal maintenance and repairs are charged to operations as incurred. Replacements exceeding $10,000 that improve or extend the lives of property are capitalized.

Capital assets are recorded as capital outlay expenditures in the governmental funds statements when purchased. Capital assets in the enterprise and internal service funds are capitalized when purchased. Interest expense (net of interest earned on the invested proceeds over the period of construction) incurred during construction of capital assets of business-type activities is capitalized as part of the cost of the constructed asset. No interest was capitalized in fiscal year 2017.

Depreciation/amortization is computed using the straight line method over the following estimated useful lives:

Asset	Years
Buildings and exhibits	20-50
Improvements	10-65
Equipment and vehicles	8-20
Intangible-software	5-20
Office furniture and equipment	5-20
Railroad equipment and facilities	10

Pursuant to an intergovernmental agreement with the City of Portland, Metro (through MERC) operates and manages activities for Portland'5, but capital 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.

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for *deferred outflows of resources*, which represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. Metro reports two items in the government-wide statement of net position: deferred charge on refunding and deferred pension amounts. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred pension amounts are contributions to the pension plan subsequent to the measurement date of the plan for reporting purposes and are recognized as outflows of resources in the following fiscal year.

In addition to liabilities, the statement of financial position reports a separate section for *deferred inflows of resources*, which represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The government-wide statement of net position reports deferred pension amounts which represent the net difference between projected and actual earnings on pension plan investments and the changes in proportionate share of contributions. Metro also has *unavailable revenue*, which arises only under a modified accrual basis of accounting and so is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and loan receipt revenues. All deferred inflows are recognized as inflows of resources in the period that the amounts become available.

9. Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same accrual basis as they are reported by PERS. For this purpose, revenues are recognized when earned. Contributions are recognized when due, pursuant to formal commitments, as well as statutory and PERS Board requirements. Expenses are recognized when incurred. Benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Withdrawals are recognized in the month they are due and payable. Investments are reported at fair value.

10. Long-term Obligations

In the government-wide financial statements, and in proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and deferred charge on refunding amounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported on the statement of net position net of the unamortized portion of premiums or discounts. Deferred charge on refunding is reported as a deferred outflow of resources.

For governmental fund types in the fund financial statements, bond premiums, discounts and issuance costs are recognized in the period incurred. The face amount of debt issued plus any premium received on issuance is reported as other financing sources. Discounts on issuance are reported as other financing uses. Issuance costs are reported as expenditures.

11. Liability for Compensated Absences

Accumulated unpaid vacation benefits are accrued as earned in government-wide and proprietary fund financial statements. Accumulated unpaid vacation benefits are recorded as liabilities in the governmental fund types only if they have matured as the result of employee resignations or retirements. 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. The amount due within one year is estimated on a historical average of leave taken during a fiscal year. Accumulated sick leave does not vest and is, therefore, recorded in all funds when leave is taken.

12. Fund Balances and Net Position

Fund balance is classified in the governmental fund financial statements in five components to give users information necessary to understand any constraints imposed upon the resources and how those constraints may be modified or eliminated. Fund balance is classified as *nonspendable* when amounts cannot be spent because they are either in nonspendable form, such as prepaid expenditures, long-term receivables, or inventory, or are legally required to remain intact, such as the corpus of a permanent fund. Amounts classified as *restricted* fund balance are amounts with constraints imposed externally by creditors, grantors, contributors, or the laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Metro Council is the highest level of decision-making authority for Metro that can, by adopting an ordinance, place constraints on resources that are reported as *committed* fund balance. These commitments can be modified or rescinded only by Council adoption of subsequent ordinances. *Assigned* fund balances are amounts intended to be used for specific purposes but do not meet the criteria to be classified as committed. Metro Council has, by resolution, authorized the Chief Operating Officer to assign fund balance. *Unassigned* fund balance is available for other uses and only the general fund may report a positive unassigned fund balance amount. It is Metro's policy to use restricted resources first, then unrestricted resources as needed when both restricted and unrestricted resources are available for use. Within unrestricted amounts, committed amounts are considered to have been spent first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

In the government-wide statement of net position and the statement of net position for proprietary funds, limitations on how the net position may be used are reported as restrictions. Restrictions may be placed by an external party providing the resources, by enabling legislation, or by the nature of the asset.

The government-wide statement of net assets includes the result of Metro financing capital assets for the business-type activities through the issuance of general obligation bonds, a governmental activities function. The amount of long-term debt outstanding on the bonds is reflected as a liability (and as a component of unrestricted net assets) in the governmental activities column, whereas the associated capital assets financed by this debt are reflected as assets (and as a component of invested in capital assets, net of related debt) in the business-type activities column. The primary government total column has been adjusted to match the debt against the assets in the invested in capital assets, net of related debt category.

E. ADOPTION OF NEW GASB PRONOUNCEMENTS

During the fiscal year ended June 30, 2017, Metro implemented the following GASB Statements that were applicable to Metro's operations:

GASB Statement No. 77, *Tax Abatement Disclosures*. Issued August 2015, this statement provides for the reporting and disclosure of information about the nature and magnitude of tax abatements to improve the transparency of these transactions to financial statement users. As a result, users will be better equipped to understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations and the impact of those abatements on a government's financial position and economic condition. Metro's disclosure under this statement is provided in Note IV.Q.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. Issued March 2016, the objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

F. FUTURE ADOPTION OF GASB PRONOUNCEMENTS

Metro will implement future GASB pronouncements no later than the required effective date. Metro is currently evaluating the applicability of the following GASB pronouncements for their impact on Metro's financial statements in subsequent years:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for periods beginning after December 15, 2016, and is to be applied retroactively.
- GASB Statement No. 83, *Certain Asset Retirement Obligations*, effective for reporting periods beginning after June 15, 2018.
- GASB Statement No. 84, *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2018.
- GASB Statement No. 85, *Omnibus 2017*, effective for reporting periods beginning after June 15, 2017.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, effective for reporting periods beginning after June 15, 2017.
- GASB Statement No. 87, *Leases*, effective for reporting periods beginning after December 15, 2019.

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. Elements of that reconciliation explain that capital assets, net pension liability and related amounts, and long-term liabilities/deferred outflows are either not reported or are reported as unavailable in the funds. The details of these differences are:

		Capital assets	Net pension liability and related amounts	Long-term liabilities/ deferred outflows
Capital assets	$	380,557,362	-	-
Accumulated depreciation		(36,333,060)	-	-
Deferred pension amounts (deferred outflows)		-	18,486,339	-
Net pension liability		-	(35,927,431)	-
Deferred pension amounts (deferred inflows)		-	(1,014,106)	-
Accrued interest payable		-	-	(754,075)
Bonds payable (net of unamortized premium/discount)		-	-	(218,390,127)
Net other postemployement benefits obligation		-	-	(991,365)
Pollution remediation obligation		-	-	(2,500)
Compensated absences		-	-	(2,203,669)
Deferred charge on refunding		-	-	2,839,185
Net adjustment to fund balance-total governmental funds to arrive at net position-governmental activities	$	344,224,302	(18,455,198)	(219,502,551)

IV. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Metro pools virtually all funds for investment purposes. Each fund's portion of this pool is reported as "equity in internal cash and investment pool."

Policies adopted by Metro's Investment Advisory Board and the Metro Council authorize Metro to invest in obligations of U.S. government agencies, U.S. Government Sponsored Enterprises (USGSE), the U.S. Treasury, certificates of deposit, repurchase agreements, money market investments, bankers' acceptances, commercial paper, certain corporate promissory notes, State of Oregon and local government securities, debt obligations of the states of California, Idaho and Washington and their political subdivisions, and the State Treasurer's local government investment pool (LGIP). The LGIP is an external investment pool that is not rated by any national rating agency. LGIP investments are reported at fair value and are materially the same as the value of the pool shares. The State Treasurer's investment policies are governed by Oregon Revised Statutes and the Oregon Short Term Fund Board (OSTFB).

Equity in internal cash and investment pool on the Statement of Net Position includes the internal pool reported below. The OZF component unit does not participate in the internal investment pool of Metro. As of June 30, 2017, Metro had the following investments and maturities presented at fair value within the fair value hierarchy established by GAAP:

Investment Type		Held by Individual funds	Held by Internal pool	Fair Value (Level 1)*	Fair Value (Level 2)**	Investment Maturities (in months) Less than 3	3-17	18-59
U.S. Treasuries	$	39,031,879	44,587,110	83,618,989	-	17,533,763	35,214,646	30,870,580
U.S. Government securities - USGSE		2,899,295	63,421,235	66,320,530	-	3,748,751	27,335,466	35,236,313
Corporate Debt		-	9,544,389	9,544,389	-	3,024,528	4,333,006	2,186,855
Commercial Paper		2,013,325	16,377,547	18,390,872	-	15,900,242	2,490,630	-
State Treasurer's investment pool		15,531,419	31,780,048	-	47,311,467	47,311,467	-	-
Total Investments		59,475,918	165,710,329	177,874,780	47,311,467	87,518,751	69,373,748	68,293,748
Cash deposits		-	33,981,495					
Total cash and investments		59,475,918	199,691,824					
Per statement of net position:								
Unrestricted		-	131,792,972					
Restricted		59,475,918	67,898,852					
Total	$	59,475,918	199,691,824					

*Quoted prices in active markets for identical assets.
**Quoted prices in active or inactive markets for similar assets.

Interest Rate Risk – As a means of limiting its exposure to fair value losses resulting from rising interest rates, Metro's investment policy allows only the purchase of investments that are intended to be held to maturity. However, securities may be sold prior to maturity in order to improve the quality, net yield, or maturity characteristics of the portfolio. The structure of the investment portfolio aims to fund cash needs of ongoing operations, thereby avoiding the need to sell securities. Metro uses a laddered or constant stream of maturing securities in constructing the portfolio to ensure ample liquidity to support business operations without the need to sell securities. Investments cannot be made predicated upon selling the security prior to maturity. Metro avoids purchasing callable investments unless liquidity needs can be met without relying on the call being exercised.

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted an investment policy that was submitted to and reviewed by the OSTFB. Metro's investment policy has been reviewed by the OSTFB. Metro limits investment maturities as follows:

Maturity	Minimum to mature
Under 3 months	20 percent minimum
Under 18 months	25 percent minimum
Under 60 months	100 percent minimum

Credit Risk – Metro's investment policy seeks to minimize credit risk by (1) limiting exposure to poor credits and concentrating investments in the safest types of securities, (2) diversification, (3) pre-qualification of the financial institutions, broker/dealers, and advisers with which Metro will do business, and (4) active monitoring of the portfolio. Neither Oregon Revised Statutes nor Metro investment policy limits investments as to credit rating for securities purchased from U.S. Government Agencies or from USGSE. Metro's Investments in USGSE were rated AA+ by Standard & Poor's (S&P) and Aaa by Moody's Investors Service (Moody's). Other allowed investments, by Metro policy, must have a minimum rating as follows: bankers acceptances, A-1; corporate notes, AA, or A if an Oregon based entity; commercial paper, A-1, or A-2 if an Oregon entity; municipal debt, AA for debt of the states of Idaho, California or Washington or their political subdivisions, or A if the state of Oregon or its political subdivisions. Private placement or 144A securities and mortgage-backed securities are not allowed. The State Investment Pool is unrated.

Oregon Revised Statutes require bankers' acceptances to be guaranteed by and carried on the books of, a qualified financial institution, eligible for discount by the Federal Reserve System, and issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.

Custodial Credit Risk – Metro monitors custodial credit risk on deposits (the risk that if a bank failed, Metro's deposits would not be returned) in accordance Metro investment policy which specifies the requirements of Oregon statutes. Oregon Revised Statutes Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program, a collateral pool administered by the Oregon State Treasurer. Bank depositories are required to pledge collateral against any public funds deposits in excess of federal deposit insurance amounts. The Oregon Treasury monitors each depository bank and ensures compliance with collateralization requirements for all Oregon public fund deposits. Banks are able to pledge a reduced amount if they are well capitalized; and in turn, the banks are required to share in the liability of a failed institution, should it ever occur. Public entities are required to verify that deposit accounts in excess of federal deposit insurance limits are maintained only at financial institutions included on the list of qualified depositories found on the Treasurer's web site. It is the responsibility of the public official to ensure compliance with these requirements in order to eliminate personal liability in the event of a bank loss. Metro also monitors its depository institutions for indications of financial health. At June 30, 2017, all of Metro's deposits were insured as described above.

For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, Metro will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Metro's investment policy requires that all trades are executed by delivery vs. payment to ensure that securities are deposited for safekeeping in an eligible financial institution prior to the release of funds. As of June 30, 2017, Metro had no investments that were held by either counterparty or the counterparty's trust department agent. Therefore, Metro has no outstanding investments that were exposed to custodial credit risk.

Concentration of Credit Risk – To avoid incurring unreasonable risks inherent in over-investing in specific instruments or in individual financial institutions, Metro diversifies its portfolio and follows the Metro investment policy which sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. In addition, Oregon Revised Statutes require no more than 25 percent of the moneys of a local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2017 Metro was in compliance with all percentage restrictions. More than 5 percent of Metro's total investments are in securities by the following issuers:

			Fund Concentrations Exceeding Total Entity Concentration		
Issuer	**Percentage of Total Investments (Total Entity Concentration)**	**Policy Allowed Maximum**	**Oregon Zoo Infrastructure Fund**	**Natural Areas Fund**	**Convention Center Hotel Project**
Federal Home Loan Bank (FHLB)	9.2%	40.0%	-	-	-
Federal Home Loan Mortgage Corp (FHLMC)	10.5%	40.0%	-	12.7%	-
Federal National Mortgage Association (FNMA)	9.7%	40.0%	-	-	-
State Treasurer's Investment Pool	21.0%	100.0%	-	-	100.0%
U.S. Treasuries	37.1%	100.0%	90.9%	54.2%	-

B. ASSETS HELD FOR RESALE

Acquisition and improvements to real property that is purchased with the intent to sell to private-sector purchasers meeting certain criteria under Metro's TOD program are reported in governmental activities in the statement of net position as Assets Held for Resale. Such assets are reported at the lower of cost or net realizable value. The carrying value at June 30 is:

Property Name	Address	Amount
Gresham Civic	NW Civic Drive & NW 15th, Gresham, OR	$5,129,026
Milwaukie Town Center	10700 SE McLoughlin Boulevard, Milwaukie, OR	409,186
The Crossings	Section 4, Township 1, South Range 3 East (Parcel 2), Gresham, OR	355,850
		$5,894,062

In addition to the properties listed above, Metro holds a property at 82nd and Division and has entered into a Disposition and Development agreement to transfer the property in the future to a tax credit partnership for a zero transaction price; a write-down of $767,051 was expensed in fiscal year 2017 to reflect this decrease in value. Also during fiscal year 2017, Metro sold its holding in the Westgate property to the City of Beaverton for $1.8 million, realizing a loss of $202,021. These amounts are reflected in Regional Planning and Development expenditures in the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds.

C. LOANS RECEIVABLE

1. TOD Loans

TOD loans receivable, reflected in the schedule below, are loans to developers who agree to develop projects in accordance with TOD program criteria. The loans are secured by the underlying property, which is subject to TOD use restrictions for a period of 30 years. Metro's security interest in the property is subordinate to other security interests on the property. These loans receivable are not discounted in accordance with guidance in GASB Statement No. 62.

2. Ringside Loans

Metro leases property to Ringside Grill as part of the operation of the Glendoveer Golf Course. Under the current lease agreement, Metro advanced money to pay for certain tenant improvements. The repayment of these amounts is detailed at the top of the following page.

Loans receivable at June 30 are as follows:

Maximum Term	Interest Rate	First Payment	Last Payment	Payment Frequency	TOD Loans	Ringside Loans	Total Loans
50 years	0 to 1%	03/15/26	03/15/56	annually	$ 617,630	-	617,630
50 years	0 to 1%	03/01/28	03/01/58	annually	397,842	-	397,842
5 years	5%	05/01/15	04/01/20	monthly	-	49,913	49,913
7.7 years	5%	05/01/15	12/01/22	monthly	-	45,934	45,934
					$1,015,472	95,847	1,111,319

D. CAPITAL ASSETS

Capital asset balances and activity for fiscal year 2017 were as follows:

		Balance July 1, 2016	Increases	Decreases	Transfers	Balance June 30, 2017
Governmental activities:						
Capital assets, non-depreciable:						
Land	$	264,971,353	8,972,839	(1,281,017)	6,784,371	279,447,546
Intangible-easements		10,735,141	512,480	-	84,411	11,332,032
Artwork		276,384	157,130	-	(74,475)	359,039
Construction in progress		9,205,643	16,532,967	-	(12,571,140)	13,167,470
Total non-depreciable		285,188,521	26,175,416	(1,281,017)	(5,776,833)	304,306,087
Capital assets, depreciable:						
Buildings and exhibits		36,618,636	1,329,069	(1,053,763)	333,434	37,227,376
Improvements		25,665,583	1,232,095	(234,520)	1,145,826	27,808,984
Equipment and vehicles		4,802,529	269,050	(736,844)	26,435	4,361,170
Intangible-software		5,113,353	42,775	(30,838)	-	5,125,290
Office furniture and equipment		2,261,520	48,688	(581,753)	-	1,728,455
Total depreciable		74,461,621	2,921,677	(2,637,718)	1,505,695	76,251,275
Accumulated depreciation:						
Buildings and exhibits		(14,475,539)	(870,190)	183,110	-	(15,162,619)
Improvements		(11,252,943)	(1,177,177)	180,390	-	(12,249,730)
Equipment and vehicles		(2,917,940)	(382,321)	722,492	-	(2,577,769)
Intangible-software		(4,397,502)	(310,933)	30,837	-	(4,677,598)
Office furniture and equipment		(1,821,760)	(319,882)	476,298	-	(1,665,344)
Total accumulated depreciation		(34,865,684)	(3,060,503)	1,593,127	-	(36,333,060)
Total capital assets, depreciable, net		39,595,937	(138,826)	(1,044,591)	1,505,695	39,918,215
Governmental activities capital assets, net	$	324,784,458	26,036,590	(2,325,608)	(4,271,138)	344,224,302

		Balance July 1, 2016	Increases	Decreases	Transfers	Balance June 30, 2017
Business-type activities:						
Capital assets, non-depreciable:						
Land	$	21,045,160	-	-	-	21,045,160
Artwork		1,565,088	13,277	-	74,475	1,652,840
Construction in progress		21,732,118	4,334,160	-	3,245,108	29,311,386
Total non-depreciable		44,342,366	4,347,437	-	3,319,583	52,009,386
Capital assets, depreciable:						
Buildings and exhibits		428,553,273	512,491	(1,303,130)	923,652	428,686,286
Improvements		31,253,114	36,129	-	-	31,289,243
Equipment and vehicles		26,805,845	451,094	(1,582,255)	5,597	25,680,281
Intangible-software		2,066,438	-	(104,747)	22,306	1,983,997
Office furniture and equipment		1,765,261	151,272	(47,364)	-	1,869,169
Railroad equipment and facilities		5,162,363	200,033	-	-	5,362,396
Total depreciable		495,606,294	1,351,019	(3,037,496)	951,555	494,871,372
Accumulated depreciation:						
Buildings and exhibits		(172,588,154)	(8,521,351)	716,447	(10)	(180,393,068)
Improvements		(24,063,784)	(345,632)	-	-	(24,409,416)
Equipment and vehicles		(18,656,946)	(1,172,333)	1,417,090	696	(18,411,493)
Intangible-software		(1,389,139)	(132,165)	104,747	(839)	(1,417,396)
Office furniture and equipment		(1,052,995)	(148,639)	39,529	153	(1,161,952)
Railroad equipment and facilities		(2,245,850)	(418,329)	-	-	(2,664,179)
Total accumulated depreciation		(219,996,868)	(10,738,449)	2,277,813	-	(228,457,504)
Total capital assets, depreciable, net		275,609,426	(9,387,430)	(759,683)	951,555	266,413,868
Business-type activities capital assets, net	$	319,951,792	(5,039,993)	(759,683)	4,271,138	318,423,254

An agreement between the City of Portland and Metro regarding the real property at the Zoo provides that the property must be used for zoo or zoo related purposes and, if such property ceases to be used for such purposes or is used for other purposes, title reverts to the City. Metro was in compliance with this agreement for the fiscal year ended June 30, 2017.

Bond proceeds accounted for in the Oregon Zoo Infrastructure and Animal Welfare capital projects fund in governmental activities are expended for the benefit of the Oregon Zoo enterprise fund, and the resulting assets are owned and depreciated by the enterprise fund. This asset activity is shown as transfers from governmental activities to business-type activities.

Capital assets for MERC are those of Metro-owned facilities. Capital assets used in operating the Portland'5 are not included in the statement of net position of Metro as title to the assets remains with the City in accordance with an intergovernmental consolidation agreement. These capital assets are included in the Comprehensive Annual Financial Report of the City of Portland.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government operations	$	1,950,275
Culture and recreation		1,110,228
Total depreciation expense - governmental activities	$	3,060,503
Business-type activities:		
Solid Waste	$	1,282,355
Oregon Zoo		5,330,066
MERC		4,126,028
Total depreciation expense - business-type activities	$	10,738,449

E. UNEARNED REVENUE

Unearned revenue is reported for resources that have been received, but not yet earned. The details of these amounts at June 30, 2017 were:

	Governmental Activities	Business-type Activities
Advance ticket sales/ registrations	$ 49,902	5,101,986
Advance lease revenue	-	80,573
Unredeemed gift certificates	56,647	122,510
Grant and contract drawdowns prior to meeting all eligibility requirements	2,222,556	1,275,000
Total	$ 2,329,105	6,580,069

F. DEFERRED COMPENSATION PLAN

Metro offers its employees a 401(k) deferred compensation plan in accordance with Internal Revenue Code provisions. The plan is available to all Metro employees and permits employees to contribute a portion of their salary to the plan to obtain favorable tax treatment for amounts contributed. 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 certain hardship conditions. In accordance with authoritative guidance, the plan is not included in Metro's financial statements.

G. PENSION PLAN

1. Defined Benefit Plan Description

Name of pension plan – Metro participates in the Oregon Public Employees Retirement System (PERS) which is a cost-sharing multiple employer defined benefit pension plan.

Description of benefit terms – Benefit provisions and other requirements of the system are established by the State of Oregon legislature pursuant to Oregon Revised Statutes, Chapters 238 and 238A.

a. **Tier One/Tier Two Retirement Benefit (Chapter 238**). This segment of the plan is closed to new members hired on or after August 29, 2003.

Pension benefits. The PERS retirement allowance is payable monthly for life. It may be selected from thirteen retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for General Service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General Service employees may retire after reaching age 55. Tier One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

Death benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability benefits. A member with ten or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit changes after retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments, which are capped at 2.0 percent per year.

b. **Oregon Public Service Retirement Plan (OPSRP).** This pension program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

Pension benefits. OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for General Service members who attain normal retirement age: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for General Service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death benefits. Upon the death of a non-retired member, the spouse (or other person who is constitutionally required to be treated in the same manner as the spouse), receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70 ½ years.

Disability benefits. A member who has accrued ten or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit changes after retirement. Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living adjustments, which are capped at 2.0 percent per year.

***Contributions* –** PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the PERS Retirement Health Insurance Account described in Note IV.H.2.

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2015. Metro has previously made a lump sum payment to establish a side account, and its rates have been reduced. Metro's actuarially determined contribution rate for the Tier One/Tier Two and OPSRP plans was 11.82 percent and 6.29 percent of subject payroll, respectively. Employer contributions recognized by PERS for the year ended June 30, 2017 were $5,315,109.

A ten year schedule of Defined Benefit Pension Plan Contributions can be found in the Required Supplementary Information section of this report.

Pension plan CAFR – Both the PERS and OPSRP plans are administered by the Oregon Public Employees Retirement Board (OPERB), which issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling 1-888-320-7377, or by accessing the PERS web site at http://oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx

Actuarial valuation – The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. This method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized as described in the table below.

Actuarial methods and assumptions used to measure the total pension liability –

Valuation Date	December 31, 2014 rolled forward to June 30, 2016
Experience Study Report	2014, published September 23, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two Unfunded Actuarial Liability (UAL) is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.50 percent
Projected salary increases	3.50 percent overall payroll growth; salaries for individuals are assumed to grow at 3.50 percent plus assumed rates of merit/longevity increases based on service.
Mortality	**Healthy retirees and beneficiaries:** RP-2000 Generational with Scale BB, Combined Active/Healthy Annuitant, Sex Distinct, with collar adjustments and set-backs as described in the valuation. **Active members:** Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. **Disabled retirees:** Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability. The assumed asset allocation and the Oregon Investment Council's (OIC) target are provided in the table below:

Asset class/ strategy	Low Range		High Range		OIC Target	
Cash	0.0	%	3.0	%	0.0	%
Debt securities	15.0		25.0		20.0	
Public equity	32.5		42.5		37.5	
Real estate	9.5		15.5		12.5	
Private equity	13.5		21.5		17.5	
Alternative equity	0.0		12.5		12.5	
Opportunity portfolio	0.0		3.0		0.0	
Total					100.0	%

Long-Term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the OIC's investment advisors. The table below shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset class	Target		Compound Annual Return (Geometric)	
Core fixed income	8.0	%	4.0	%
Short-term bonds	8.0		3.6	
Bank/leveraged loans	3.0		5.4	
High yield bonds	1.0		6.2	
Large/mid cap US equities	15.8		6.7	
Small cap US equities	1.3		7.0	
Micro cap US equities	1.3		7.0	
Developed foreign equities	13.1		6.7	
Emerging foreign equities	4.1		7.3	
Non-US small cap equities	1.9		7.2	
Private equity	17.5		8.0	
Real estate (property)	10.0		5.8	
Real estate (REITS)	2.5		6.7	
Hedge fund of funds-diversified	2.5		4.6	
Hedge fund- event-driven	0.6		6.7	
Timber	1.9		5.9	
Farmland	1.9		6.4	
Infrastructure	3.8		7.1	
Commodities	1.9		4.6	
Assumed inflation - mean			2.5	

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents Metro's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50 percent, as well as what Metro's proportionate share of the net pension liability would be if it were calculated using a discount rate that was one percentage-point lower or one percentage-point higher than the current rate:

Metro's Net Pension Liability (Asset)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Defined benefit pension plan	$132,489,753	$82,053,939	$39,898,424

Determination of Metro's proportionate share – Metro's actuarially determined proportionate share of the plan amounts was 0.54657727 percent for the fiscal year ended June 30, 2016 (measurement date). Metro's share of pension balances are determined by rolling forward the total net pension liability (actuarially determined at December 31, 2015) to the measurement date of June 30, 2016 and subtracting the plan's net position as of June 30, 2016.

The basis for Metro's proportion is actuarially determined by comparing Metro's projected long-term contribution effort to the plan with the total projected long-term contribution effort for all employers. The rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The projected long-term effort is estimated by projecting the present value of all future Normal Cost Rate Contributions (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

An employer's PVFNC depends on both the Normal Cost Rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For PERS funding, employers may have three different payrolls, each with a different Normal Cost Rate:

- Tier 1/Tier 2 payroll
- OPSRP General Service payroll
- OPSRP Police and Fire payroll

A UAL exists when Plan assets are less than the actuarial liability as measured by the Plan's actuarial funding valuations. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service.

The projected long-term contribution effort is equal to the sum of the PVFNC and the UAL. After Metro's projected long-term contribution effort is calculated, that amount is reduced by the value of Metro's supplemental lump-sum payments, known as side accounts. Side accounts decrease Metro's projected long-term contribution effort because side accounts are effectively pre-paid contributions.

The preparation of these amounts in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Pension plan's fiduciary net position – Detailed information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position can be found in the separately issued CAFR for the plan which is available as noted above.

Payables to the pension plan – At June 30, 2017, Metro reported a payable of $532,099 for the outstanding amount of legally required pension contributions to the pension plan for the fiscal year ended June 30, 2017.

Pension Expense, Net Pension Liability or Asset, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2017, Metro recognized a net pension liability of $82,053,939 and a pension expense of $14,166,136. At June 30, 2017, Metro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Governmental activities		Business-type activities	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of the total pension liability	$	1,188,636	-	1,526,067	-
Changes in assumptions		7,662,457	-	9,837,676	-
Net difference between projected and actual earnings on pension plan investments		7,097,753	-	9,112,663	-
Changes in the employer's proportion		210,265	84,062	269,952	107,925
Differences between employer contributions and employer's proportionate share of system contributions		-	930,044	-	1,194,065
Total (prior to post-measurement date contributions)	$	16,159,111	1,014,106	20,746,358	1,301,990
Contributions subsequent to the measurement date		2,327,228	-	2,987,881	-
Net deferred outflows/(inflows) of resources	$	18,486,339	1,014,106	23,734,239	1,301,990

The $5,315,109 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent years as follows (outflows and inflows netted):

Fiscal Year Ended June 30		Governmental activities	Business-type activities
2018	$	2,635,216	3,383,302
2019		2,635,216	3,383,302
2020		5,279,290	6,777,975
2021		4,037,380	5,183,511
2022		557,903	716,278
Total	$	15,145,005	19,444,368

Changes in Plan Provisions Subsequent to Measurement Date -At its July 2017 meeting, the PERS board lowered the “assumed rate” to 7.2 percent, effective January 1, 2018. The assumed rate is the rate of investment return (including inflation) that PERS Fund’s plans are expected to earn over the long term. Oregon Administrative Rule 459-007-0001(2) states that the assumed rate “means the actuarial assumed rate of return on investments as adopted by the Board for the most recent actuarial valuation.”

2. Defined Contribution Pension Plan

Beginning January 1, 2004, PERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) of OPSRP. Although existing PERS members retain their existing PERS account, all current member contributions are deposited into the member’s IAP, a defined contribution pension plan. Accounts are credited with earnings and losses net of administrative expenses. The IAP, as part of OPSRP, is administered by the PERS Board which is directed to adopt any rules necessary to administer OPSRP. The IAP is provided to all members or their beneficiaries who are PERS or OPSRP eligible.

State statutes require covered employees to contribute six percent of their annual covered salary to the IAP plan effective January 1, 2004. All new non-represented employees hired after July 1, 2011 pay the contribution for the IAP, whereas employees represented under a collective bargaining agreement pay the contribution for the IAP if hired after the date specified in the applicable collective bargaining agreement. Metro pays for the IAP contribution for the remainder of eligible Metro employees. An IAP member becomes vested on the date the employee account is established or on the date a rollover account was established. If Metro makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, 20 year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

Death Benefits – Upon the death of a non-retired member, the beneficiary receives a lump sum of the member's account balance, rollover account balance, and the vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Metro paid contributions to the IAP of $2,031,922 for the fiscal year ended June 30, 2017, which is included in payroll and fringe benefits expense. At June 30, 2017, a payable to the IAP portion of the plan in the amount of $324,259 for the contractually required contributions for the month of June 2017 is included in salaries, withholdings and payroll taxes payable.

H. OTHER POSTEMPLOYMENT BENEFITS

1. Metro Retiree Health Insurance Plan

Plan Description – All employees of Metro retiring from active service with a pension benefit payable immediately under Oregon PERS are eligible for other postemployment benefits (OPEB) relating to health care. As required by state law, retirees of Metro and their dependents under age 65 are allowed to receive the same health care coverage at tiered premium rates as offered to active Metro employees, resulting in an implicit employer subsidy (health care premiums priced only for retirees would be more expensive than tiered premiums because retirees have higher health care claims on average). The retiree is responsible for paying the full premium. The implicit employer subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare. Metro's single-employer OPEB plan does not issue a publicly available financial report.

Funding Policy – Metro has not established a trust fund for future net OPEB obligations. At June 30, 2017, 22 retirees and spouses were paying premiums through Metro for health insurance coverage. Metro's required contribution is based on projected pay-as-you-go financing requirements. The Metro Council is the authority for setting and modifying the funding policy. Metro contributed an estimated $162,251 of implicit subsidies in postemployment health care in fiscal year 2017.

Annual OPEB Cost/Net OPEB Obligation – Metro's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the guidance of GASB Statement No. 45. The ARC is equal to the normal cost plus an amount to amortize the unfunded actuarial accrued liability (UAAL) as a level dollar amount over 15 years. A schedule of Metro's annual OPEB Obligation for the fiscal year ended June 30, 2017 is:

Annual Required Contribution (ARC)	$ 418,785
Interest on prior year Net OPEB Obligation	86,865
Adjustment to ARC	(215,486)
Annual OPEB cost	290,164
Estimated benefits payments	(162,251)
Increase in Net OPEB Obligation	127,913
Net OPEB Obligation – beginning of year	2,481,838
Net OPEB Obligation – end of year	$ 2,609,751
Percentage of annual OPEB cost contributed	56%

Additional information for fiscal year 2017 and the two preceding years is:

Fiscal year ended June 30:	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	423,596	44%	2,348,364
2016	276,145	52%	2,481,838
2017	290,164	56%	2,609,751

The net OPEB obligation will be liquidated by the General, Solid Waste, Oregon Zoo and MERC Funds.

Funding Status/Funding Progress – As of July 1, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $2,517,350, and the actuarial value of assets was zero, resulting in an UAAL of $2,517,350. The covered payroll was $62,127,866 for fiscal year 2017, and the UAAL as a percentage of covered payroll was 4.1 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. This method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. Significant actuarial assumptions used in the valuation include an inflation rate of 2.75 percent, a discount rate of 3.5 percent, and health care cost trend rate that varies from an initial rate of 7.0 percent to a rate of 5.75 percent in 2047 and thereafter for the major medical component, which is representative of the entire plan. Metro's UAAL is being amortized using the level-dollar method with an open 15 year amortization methodology. The remaining amortization period at June 30, 2017 is 15 years.

2. PERS Retirement Health Insurance Account

Plan Description – Metro contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants on or after August 29, 2003. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling 1-888-320-7377, or by accessing the PERS web site at http://oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx

Funding Policy – Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to $60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of $60 shall be paid by the eligible retired member in the manner provided in ORS 238.410.

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.53 percent of annual covered payroll for Tier One and Two employees, and 0.45 percent for OPSRP employees. The Oregon PERS Board of Trustees sets the employer contribution rate. It is based on the annual required contribution of the combined participant employers. Employer contributions are advance-funded on an actuarially determined basis in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a closed period not to exceed 30 years. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs. Metro's contributions to RHIA equaled the required contributions for each of the last three years, as shown in the following table:

Fiscal year ended June 30:		Required Contributions	Percentage of Amount Contributed
2015	$	296,985	100%
2016		293,517	100%
2017		303,461	100%

I. COMMITMENTS

1. Columbia Ridge Landfill

Metro has a waste disposal services contract with the owner and operator of Columbia Ridge Landfill in Gilliam County, Oregon for disposal of solid waste from the transfer stations owned by Metro. This contract expires December 31, 2019. The contract specifies a per ton unit price schedule that is adjusted annually on July 1 in an amount equivalent to 90 percent of the CPI, minus one-half of a percentage point. For fiscal year 2017, this resulted in a contracted per ton unit price of $23.29 for the first 550,000 tons and a declining incremental price scale for each ton of waste in excess of 550,000 tons. In fiscal year 2018, the rate will increase to $23.64.

2. Waste Transport

Solid waste transport from Metro facilities to Columbia Ridge Landfill and other disposal sites is privately contracted through December 31, 2019. The contract specifies a per load unit price that is adjusted annually on July 1 in an amount equivalent to 75 percent of the CPI. In addition, the contract calls for Metro to reimburse the contractor for the cost of shuttle fuel used at the transfer stations. The fuel price is highly variable and tied to a weekly index, but historically has added $10 to $15 to the cost of each load. For fiscal year 2017, the unit load price equated to a rate of $653.14 (equivalent to about $19.09 per ton). Metro has a separate contract with a fuel provider for over-the-road diesel fuel. This contract sets a price per gallon that is tied to a national weekly fuel index. The current fuel contract expires on December 31, 2019.

The contract includes supplemental payments to the contractor and rebates to Metro based on annual waste volumes delivered to Columbia Ridge Landfill. The contractor receives a supplemental payment equal to 3.5 percent of the contract amount paid during the previous calendar year if landfilled tonnage was 450,000 tons or less during the same calendar year. Metro receives a 3.5 percent rebate on those payments if tonnage was greater than 500,000 tons. Total supplemental payments and bonuses are both capped at $1,500,000 over the life of the contract. In fiscal year 2017, Metro landfill tonnage fell within these bounds, and no supplemental payments were necessary.

3. Metro South Station

The operation of Metro South, a solid waste transfer station and materials recovery facility, is privately contracted through December 31, 2019. For fiscal year 2017, the agreement sets an annual fixed payment of

$1,029,970, a price of $5.30 per ton of putrescible waste, a price of $12.05 per ton of non-putrescible waste, and prices for other, smaller waste streams such as yard debris and wood. The contractor also receives incentives for materials recovered from the waste stream and not sent to Columbia Ridge Landfill. The contract addresses compensation and obligations for handling source-separated food waste mixed with yard debris ("residential organics") generated by households in the City of Portland. For fiscal year 2017, Metro paid $53.95 per ton for the first 40,000 tons of residential organics, and a declining rate for greater quantities. This figure includes the cost of transfer, transport and processing at a remote composting site. The contractor provides transfer services and arranges for transport and processing. All contract rates are adjusted annually on July 1 in an amount equivalent to 85 percent of the CPI.

4. Metro Central Station

The operation of Metro Central, a solid waste transfer station and materials recovery facility, is privately contracted through December 31, 2019. For fiscal year 2017, the agreement sets an annual fixed payment of $2,322,376, a price of $3.49 per ton of putrescible waste, a price of $15.77 per ton of non-putrescible waste, and prices for other, smaller waste streams such as yard debris and wood. The contractor also receives incentives for materials recovered from the waste stream and not sent to Columbia Ridge Landfill. The contract addresses compensation and obligations for handling source-separated food waste mixed with yard debris ("residential organics") generated by households in the City of Portland. For fiscal year 2017, Metro paid $57.54 per ton for the first 10,000 tons of residential organics, and a declining rate for greater quantities. This figure includes the cost of transfer, transport and processing at remote composting sites. The contractor provides transfer services and arranges for transport and processing. All payments are adjusted annually on July 1 in an amount equivalent to 87 percent of the CPI.

The following table presents approximate annual commitments based on forecasted refuse tons and assumed annual inflation equal to the average of the preceding four fiscal years for all of the previously described contracts. Fiscal year 2020 covers July 1, 2019 through December 31, 2019 when all contracts expire.

Fiscal year ending June 30:	Columbia Ridge Landfill	Waste Transport	Metro South	Metro Central
2018	$9,367,571	10,334,785	6,263,944	7,082,198
2019	9,002,333	9,669,248	5,687,470	6,742,933
2020	4,661,062	4,993,449	2,923,405	3,509,870
Total	$23,030,966	24,997,482	14,874,819	17,335,001

5. Construction Projects

Metro is committed under a number of contracts for construction services. The amount of major uncompleted contracts is approximately $780,000 at June 30, 2017.

J. LEASE OBLIGATIONS

1. Operating Lease

The Portland'5 Centers for the Arts theater complex leases the grounds for the complex under an operating lease expiring in October 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 $14,024 per month through October 31, 2019. $168,288 was paid on the lease in fiscal year 2017.

The future minimum lease payments are as follows:

Fiscal year ending June 30:	
2018	$ 168,288
2019	168,288
2020	168,288
2021	168,288
2022	168,288
2023-27	841,440
2028-32	841,440
2033-37	841,440
2038-42	841,440
2043-47	841,440
2048-52	841,440
2053-57	841,440
2058-62	841,440
2063-67	841,440
2068-72	841,440
2073-77	841,440
2078-82	841,440
2083-84	224,384
Total	$11,163,104

K. BONDS PAYABLE

Governmental Activities

1. 2012A Series Natural Areas General Obligation Bonds and 2014 Series General Obligation Refunding Bonds

In prior years, Metro issued $124,295,000 of 2007 Series Natural Areas General Obligation Bonds. The bonds were issued by Metro under authority granted by voters for a total of $227.4 million in general obligation bonds to fund activities to acquire and preserve natural areas and stream frontages, maintain and improve water quality, and protect fish and wildlife habitat. Subsequently, Metro issued an additional $75,000,000 of bonds, the 2012A Series. The remaining portion of bonds under the authorization is anticipated to be issued between spring 2018 and spring 2019.

In prior years, Metro issued $57,955,000 of General Obligation Refunding Bonds, Series 2014 to refund all callable outstanding 2007 Series Natural Areas General Obligation Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent. The defeased bonds were called and paid on June 1, 2017 and the escrow account was closed. The remaining non-callable 2007 bonds were paid off in fiscal year 2017.

The 2012A and 2014 bonds are to be repaid with proceeds of Metro's *ad valorem* property tax levied each year. Interest rates on individual bonds range from 4.0 percent to 5.0 percent.

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

Fiscal year ending June 30:	2012A Series Principal	2012A Series Interest	2014 Series Principal	2014 Series Interest
2018	$ 3,350,000	2,701,450	13,160,000	1,846,750
2019	3,960,000	2,533,950	14,115,000	1,320,350
2020	4,610,000	2,335,950	15,115,000	755,750
2021	5,300,000	2,105,450	-	-
2022	6,045,000	1,840,450	-	-
2023-26	32,675,000	3,928,300	-	-
	55,940,000	15,445,550	42,390,000	3,922,850
Unamortized premium	9,563,694		3,568,890	
Per statement of net position	$65,503,694		45,958,890	

2. 2012A and 2016 Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds

In prior years, the region's voters granted authority for a total of $125 million in general obligation bonds to fund Oregon Zoo capital projects to protect animal health and safety, conserve and recycle water and to improve access to conservation education. The first and second series of this bond, issued as taxable Build America Bonds (BABs), for $5,000,000 and $15,000,000 were issued and paid off in prior fiscal years. Also in prior years, Metro issued $65,000,000 of 2012A Series bonds and $30,000,000 of 2016 Series bonds. The remaining portion of bonds under the authorization is anticipated to be issued between spring 2018 and spring 2019.

The balance of the bonds is to be repaid with proceeds of Metro's *ad valorem* property tax levied each year. Interest rates on individual bonds range from 3.0 percent to 5.0 percent.

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

Fiscal year ending June 30:	2012A Series Principal	2012A Series Interest	2016 Series Principal	2016 Series Interest
2018	$ 2,510,000	2,055,325	8,095,000	1,251,250
2019	2,770,000	1,929,825	8,825,000	846,500
2020	3,050,000	1,791,325	8,105,000	405,250
2021	3,350,000	1,638,825	-	-
2022	3,665,000	1,471,325	-	-
2023-27	23,770,000	4,306,575	-	-
2028	5,955,000	178,650	-	-
	45,070,000	13,371,850	25,025,000	2,503,000
Unamortized premium	7,304,245		2,423,298	
Per statement of net position	$52,374,245		27,448,298	

3. Full Faith and Credit Refunding Bonds 2013 Series

In prior years, Metro issued $12,600,000 of Full Faith and Credit Refunding Bonds, 2013 Series to refund the portion of the Full Faith and Credit Refunding Bonds, 2003 Series callable without premium. The defeased bonds have been called and paid and the escrow account for the defeasance is closed.

The bonds are payable from all legally available taxes and other revenues of Metro. Interest rates on individual bonds range from 1.0 percent to 2.2 percent.

Bond principal and interest outstanding at June 30 and the corresponding maturities for the Metro Regional Center portion of the bonds are:

Fiscal year ending June 30:	Principal	Interest
2018	$ 1,270,000	125,867
2019	1,280,000	111,198
2020	1,295,000	92,841
2021	1,320,000	70,595
2022	1,345,000	44,263
2023	1,370,000	15,070
Per statement of net position	$7,880,000	459,834

4. Pension Obligation Bonds Metro Limited Tax Series 2005

In prior years, Metro, along with certain other Oregon cities, counties and special districts issued Limited Tax Pension Bonds Series 2005 to finance their PERS unfunded actuarial liabilities. The proceeds of Metro's $24,290,000 in bonds were paid to PERS and resulted in a new, lower employer contribution rate.

The bonds are to be repaid through assessments on Metro departments in exchange for the lower pension cost. The individual bonds have interest rates ranging from 4.859 percent to 5.004 percent.

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

Fiscal year ending June 30:	Principal	Interest
2018	$ 1,055,000	956,850
2019	1,185,000	905,587
2020	1,325,000	848,008
2021	1,480,000	783,627
2022	1,645,000	709,567
2023-27	11,130,000	2,127,451
2028	1,405,000	70,306
Per statement of net position	$19,225,000	6,401,396

Business-type Activities

5. Full Faith and Credit Refunding Bonds 2016 Series

In prior years, Metro sold $14,700,000 of Full Faith and Credit Oregon Local Governments 2006 Series Bonds to refund the outstanding Oregon Economic and Community Development Department's (OECDD) Special Public Works Fund loan that in fiscal year 2000 funded the construction of a new building to replace the existing Hall D at the Expo Center. The defeased loan has been paid and the escrow account for the defeasance is closed.

On September 7, 2016, Metro issued $7,385,000 of Full Faith and Credit Refunding Bonds, Series 2016 to refund all callable outstanding 2006 Series Oregon Local Governments Full Faith and Credit Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent. The defeased bonds were called and paid on December 1, 2016 and the escrow account was closed. The remaining non-callable 2006 bonds were paid off in fiscal year 2017.

The refunding resulted in a reduction of debt service of $1,253,715 over 9 years and a net present value savings of $1,196,739.

The bonds are payable from all legally available taxes and other revenues of Metro. Interest rates on individual bonds range from 1.5 percent to 5.0 percent.

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

Fiscal year ending June 30:	Principal	Interest
2018	$ 785,000	237,275
2019	825,000	197,025
2020	865,000	154,775
2021	890,000	126,475
2022	920,000	101,400
2023-24	2,920,000	140,400
	7,205,000	957,350
Unamortized premium	690,584	
Per statement of net position	$7,895,584	

L. CHANGES IN LONG-TERM LIABILITIES

The following changes occurred during fiscal year 2017 in long-term liabilities:

		Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Governmental activities:						
Bonds payable:						
General obligation bonds	$	190,565,000	-	(22,140,000)	168,425,000	27,115,000
Full faith and credit bonds		9,125,000	-	(1,245,000)	7,880,000	1,270,000
Pension obligation bonds		20,155,000	-	(930,000)	19,225,000	1,055,000
Less unamortized amounts:						
For premium or discount		26,907,440	-	(4,047,313)	22,860,127	-
Total bonds payable		246,752,440	-	(28,362,313)	218,390,127	29,440,000
Pollution remediation obligation		176,500	-	(174,000)	2,500	-
Net other postemployment benefits		949,564	96,716	(54,915)	991,365	-
Compensated absences		2,184,192	2,203,669	(2,184,192)	2,203,669	2,047,287
Net pension liability		14,008,157	25,186,056	(3,266,782)	35,927,431	-
Governmental activity Long-term liabilities	$	264,070,853	27,486,441	(34,042,202)	257,515,092	31,487,287
Business-type activities:						
Bonds payable:						
Full faith and credit bonds	$	8,845,000	7,385,000	(9,025,000)	7,205,000	785,000
Less unamortized amounts:						
For premium or discount		143,560	768,178	(221,154)	690,584	-
Total bonds payable		8,988,560	8,153,178	(9,246,154)	7,895,584	785,000
Post-closure costs payable		6,759,069	1,560,815	(736,436)	7,583,448	761,810
Pollution remediation obligation		728,000	28,165	(43,165)	713,000	-
Net other postemployment benefits		1,532,274	193,448	(107,336)	1,618,386	-
Compensated absences		2,222,121	2,349,180	(2,222,121)	2,349,180	2,082,301
Net pension liability		17,578,120	32,335,872	(3,787,484)	46,126,508	-
Business-type activity Long-term liabilities	$	37,808,144	44,620,658	(16,142,696)	66,286,106	3,629,111

The internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for it are included as part of the above totals for governmental activities. For governmental activities, compensated absences and net pension liabilities are generally liquidated by the General Fund and the Natural Areas Fund, and net other postemployment benefits are charged to the General Fund.

M. POST-CLOSURE COST PAYABLE

The St. Johns Landfill was closed for operations in a prior year. Closure and post-closure care costs were originally 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. State and federal laws and regulations require Metro to perform certain post-closure maintenance and monitoring functions for thirty years after closure. At June 30, 2017, there were 9 years remaining until the post-closure care requirement is completed in fiscal year 2026.

The total post-closure cost of the St. Johns Landfill as of June 30, 2017 is estimated to be $52,103,374 under current Federal and state regulations, an increase of $1,560,815 in the current year in the estimated total liability. Actual cost may vary due to inflation or deflation, changes in technology, or changes in regulations. During the fiscal year, Metro paid $736,436 in closure costs as the closure process continued ($44,519,926 cumulative to date); reducing the remaining estimated liability to $7,583,448 at June 30, 2017.

Metro is required by state and federal laws and regulations to provide financial assurance for the coverage of these overall post-closure care estimated costs. Metro is currently providing this financial assurance through an Alternative Financial Assurance Mechanism which has been approved by the Oregon Department of Environmental Quality (DEQ) and consists of its Solid Waste Fund, a post-closure funding guarantee of future revenues to cover these costs and a Landfill Post-Closure Account. Metro is required to submit annual re-certifications of this mechanism. DEQ approved the March 9, 2017 annual recertification.

N. POLLUTION REMEDIATION OBLIGATION

Metro follows the requirements of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* to account for its pollution remediation liabilities. Various Metro properties have pollution remediation obligations where obligating events have occurred and amounts are estimable using the expected cash flows technique.

Governmental Activities

Estimable pollution remediation obligations are present at what is referred to as the Texaco site on McLoughlin Boulevard in Milwaukie, Oregon. DEQ includes this site in the Underground Storage Tank (UST) Cleanup program and the incomplete nature of cleanup activities by the prior owners constitutes an obligating event. Metro entered into a Prospective Purchaser Agreement (PPA) with DEQ which called for the decommissioning of USTs and remediation of soil contamination exceeding DEQ tolerances. Initial remediation work, including UST removal has been completed. Some shallow soil contamination remains. A cost estimate was developed for remaining DEQ oversight costs and cleanup of the remaining soil contamination during future site development work, as notified by DEQ in 2006. The estimated pollution remediation obligation for this site is estimated to be $2,500, reflected in governmental activities on the government-wide statement of net position.

Business-type Activities

At the St. Johns Landfill, work associated with pollution remediation for sediment located adjacent to the landfill levees and potentially shallow groundwater includes: completion of a remedial investigation (RI)/ feasibility study (FS) and remedial design; remedial action implementation; and remedial action performance monitoring. The work associated with the RI has been completed and the final RI report has been accepted by DEQ. The work associated with the FS component was completed during fiscal year 2013. DEQ signed and issued a Record of Decision on July 9, 2014, which includes DEQ's selected remedial action. Work going forward is based on the Draft Remedial Action Work Plan (RAWP) for implementation of the preferred alternative which calls for activated carbon pellets to be spread across the sediment surface in the risk-based areas. Metro has elected to expand the treatment area to provide greater coverage of the Westside Mud Flat to reduce uncertainty, and Metro's estimated obligation increased in the current year by $28,165 to reflect the progress and monitoring activities. Actual cost may vary due to inflation or deflation, changes in technology, or changes in regulations. Metro paid $43,165 in remediation costs, reducing the estimated liability to $330,000 at June 30, 2017.

Other Metro properties fall within the Initial Study Area of the Portland Harbor Superfund site adjacent to the Portland Harbor. The area has been under investigation by the Lower Willamette Group (LWG) under a 2001

Environmental Protection Agency (EPA) Administrative Order on Consent. For the entire Portland Harbor Superfund site, the LWG has been conducting a remedial investigation in the Willamette River (in water) since 2001 with oversight from EPA. EPA issued a Record of Decision outlining the Selected Remedy in January 2017, which includes dredging, capping and monitoring, estimated to take 13 years to construct. Costs associated with investigations and studies as they pertain to Metro properties and the allocation of such costs among participating responsible parties (PRPs) are still being determined. The PRPs have engaged an allocator to develop a method for allocation of costs associated with the remedial investigation and feasibility study. Costs associated with the Selected Remedy also are not estimable and therefore none of these costs have been included in Metro's pollution remediation obligation as of June 30, 2017.

For Metro Central Station, Metro received a request from the EPA and recommendation from DEQ to perform an expanded Preliminary Assessment. Metro then entered into an agreement with DEQ regarding the source control evaluation for the property. Metro has contracted with AECOM to update the station's stormwater treatment system to satisfy Tier 2 correction actions related to the DEQ's recommendation. A design cost estimate from AECOM is not yet developed or available, so a reasonable estimate based upon the details in the design report was developed and, based on the probability assessment, is estimated to be $288,000 at June 30, 2017.

Current information on estimable pollution remediation obligations at Expo, which is adjacent to a designated Superfund site, is limited. Therefore, the cost associated with work beyond the initial preliminary study is not yet estimable. The pollution remediation obligation estimate for the DEQ recommended preliminary assessment, which is recorded in the MERC Fund, is $95,000.

The total pollution remediation obligation on the government-wide statement of net position for business-type activities for properties detailed above is $713,000.

O. FUND BALANCE CLASSIFICATIONS

Fund balance classifications as presented on the governmental funds balance sheet are further detailed below:

					Major Capital Project Funds			
		General Fund	Parks and Natural Areas Local Option Levy Special Revenue Fund	General Obligation Bond Debt Service Fund	Oregon ZIAW Fund	Natural Areas Fund	Other Funds	Total
Fund balances:								
Nonspendable:								
Not in spendable form								
Prepaid items	$	7,411	-	-	-	-	-	7,411
Long-term amount of loans receivable		791,541	-	-	-	-	-	791,541
Corpus of permanent fund		-	-	-	-	-	555,580	555,580
Total nonspendable		798,952	-	-	-	-	555,580	1,354,532
Restricted for:								
TOD projects		22,384,119	-	-	-	-	-	22,384,119
Glendoveer operations		86,258	-	-	-	-	-	86,258
Parks and Natural Areas		-	5,474,467	-	-	-	-	5,474,467
Debt service on GO bonds		-	-	814,903	-	-	-	814,903
Smith & Bybee Wetlands mgmt plan		-	-	-	-	-	2,504,224	2,504,224
Community Enhancement		-	-	-	-	-	1,578,471	1,578,471
Convention Center Hotel project		13,786,738	-	-	-	-	-	13,786,738
Willamette Falls Legacy project		6,052,884	-	-	-	-	-	6,052,884
Capital projects:								
Bond funded programs		-	-	-	34,963,230	16,395,812	376,051	51,735,093
Total restricted		42,309,999	5,474,467	814,903	34,963,230	16,395,812	4,458,746	104,417,157
Committed to:								
Construction excise tax for development planning		8,916,557	-	-	-	-	-	8,916,557
Convention Center Hotel project		3,400,000	-	-	-	-	-	3,400,000
Total restricted		12,316,557	-	-	-	-	-	12,316,557
Assigned to:								
Permanent fund programs		-	-	-	-	-	60,859	60,859
Unassigned		21,133,911	-	-	-	-	-	21,133,911
Total fund balances	$	76,559,419	5,474,467	814,903	34,963,230	16,395,812	5,075,185	139,283,016

P. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables are detailed below. Government-wide internal balances total $3,105,104 at June 30, 2017. Amounts shown below between Solid Waste and Oregon Zoo net within Business-type Activities in internal balances.

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	MERC	$179,988

The outstanding balance is the portion of an interfund loan expected to be repaid in the subsequent year.

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General	MERC	$719,952

The outstanding balances are the portions of interfund loans not scheduled to be repaid in the subsequent year.

Internal balance to reflect the consolidation of internal service fund activities for the government-wide statements

Receivable Entity	Payable Entity	Amount
Governmental activities	Business-type activities	$ 4,005,164

Proprietary Funds report the following interfund receivables/payables for interfund loans:

Receivable Entity	Payable Entity	Amount
Due to/from other funds (short term):		
Solid Waste	Oregon Zoo	$400,000
Solid Waste	General Fund	200,000
		$600,000
Advances to/from other funds (long term):		
Solid Waste	Oregon Zoo	$2,595,000
Solid Waste	General Fund	1,600,000
		$4,195,000

Interfund transfers for the fiscal year by fund were:

		Transfers in					
Transfers out		**General**	**Solid Waste**	**Oregon Zoo**	**MERC**	**Risk Management**	**Total**
General	$	-	133,667	13,165,900	650,000	1,303,000	15,252,567
Parks & Natural Areas		95,817	-	-	-	99,500	195,317
Oregon Zoo Infrastructure		18,810	-	-	-	-	18,810
Natural Areas		1,064,238	-	-	-	-	1,064,238
Solid Waste		532,296	-	32,408	-	80,000	644,704
Oregon Zoo		559,341	-	-	-	-	559,341
MERC		4,544,831	-	-	-	17,500	4,562,331
Total	$	6,815,333	133,667	13,198,308	650,000	1,500,000	22,297,308

The transfers detailed above are transfers of resources from one fund to another that are not based upon a cost allocation plan or any expectation of a payment for services provided, but rather to provide resources for other uses. These include General Fund support to Solid Waste for the Sustainability program, to Oregon Zoo for general allocations and renewal and replacement of capital assets, and to MERC for Tourism Opportunity and Competiveness Account; Natural Areas support to the General Fund for the Willamette Falls Riverwalk project; MERC support to the General Fund for the Convention Center Hotel project; transfers of PERS reserve balances from various funds to the General Fund; and transfers to Risk Management from various funds for potential liability and property claims.

Q. TAX ABATEMENTS

Metro has not entered into any tax abatement programs. However, Metro is subject to tax abatements granted by the three counties in which Metro operates. Metro's abated property taxes total $6,558,853 for fiscal year 2017. The following two tax abatement programs account for 82 percent of the abated property taxes:

Strategic Investment Program

The Strategic Investment Program (SIP) was adopted by the Oregon legislature in 1993 under ORS 285C.600. The purpose of this program is to attract and keep companies that provide good jobs in Oregon, particularly capital-intensive, high-technology employers. It allows "traded-sector" businesses, such as manufacturing firms, and local governments to negotiate alternative property tax agreements if these businesses are willing to invest at least $100 million at an urban site or at least $25 million at a rural location in Oregon. "Traded sector" is defined in Oregon law as "industries in which member firms sell their goods or services into markets for which national and international competition exists." The project must either receive local approval through a custom agreement with the county/city or be located in a pre-established "Strategic Investment Zone."

SIP allows for tax exemptions on project property for fifteen years. In exchange for receiving a property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor.

Oregon Enterprise Zone

The Enterprise Zone program (E-Zone) was adopted by the Oregon legislature under ORS 285C.175. The purpose of this program is to encourage business investment through property tax relief, in specific areas of the state. In exchange for locating or expanding into an Enterprise Zone, eligible (generally non-retail) businesses receive total exemption from the property taxes normally assessed on new plant and equipment. Subject to local authorization, timely filings and criteria the benefits include:

- Construction-in-Process Enterprise Zone Exemption- For up to two years before qualified property is placed in service, it can be exempt from local taxes, which can cover more property than the regular exemption for commercial facilities under construction.
- Three to five consecutive years of full relief from property taxes on qualified property, after it is in service.
- Depending on the zone, local incentives also may be available

Metro's property tax abatements under these programs for the fiscal year ended June 30, 2017 were:

Tax Abatement Program		Amount of Taxes Abated
SIP	$	5,191,917
E-Zone		319,453
Total	$	5,511,370

R. INSURED RISKS

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

- General liability, bodily injury to or property damage of third parties resulting from the negligence of Metro or its employees and errors and omissions risks: these risks are fully covered by the Risk Management Fund. Metro is protected by ORS Chapter 30, the Oregon Tort Claims Act, which contains statutory claim limits of $691,200 for a single claimant and $1,382,000 per multiple claimants. These statutory limits are indexed and change every year on July 1. Metro carries an excess liability policy of $7 million, with a $1 million deductible, which is intended to insure possible liability outside the Oregon Tort Claims Act.
- Property damage to Metro owned facilities: this risk is covered with a commercial property insurance policy. The property policy insures $784,759,136 of property values with a $500,000,000 limit blanket policy and a $500,000 deductible.

- Workers' compensation, bodily injury or illness to an employee while in the course of employment: this risk is covered through a 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 estimate of liabilities for unpaid claims as of June 30, 2017. 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 $637,000 reported as accrued self-insurance claims in the Risk Management Fund at June 30, 2017 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 financial statements indicates that it is probable that a liability has been incurred at the date of the 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, using an assumed average investment rate of 0.5 percent 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 and current fiscal year were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2015-16	$ 380,000	2,721,745	1,150,745	1,951,000
2016-17	1,951,000	1,363,702	2,677,702	637,000

S. CONTINGENT LIABILITIES

1. 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. 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.

2. 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.

T. SUBSEQUENT EVENTS

Oregon Convention Center Hotel project

Metro negotiated with a developer to construct a 600-room hotel adjacent to the OCC, a project to assist in marketing the OCC for national conventions. The development partner committed to design and construct the hotel, which will ultimately be owned and operated by Hyatt Hotels Corporation; these parties are providing approximately $166 million of the estimated $240 million cost. As part of the Development and Financing Agreement, Metro committed to provide a portion of the funding, consisting of approximately $60 million of revenue bonds, $4 million contributed by the MERC Proprietary Fund and $10 million received previously from the State of Oregon lottery funds and currently held by Metro.

On August 8, 2017, Metro issued $52,260,000 in Dedicated Tax Revenue Bonds, Oregon Convention Center Hotel project, Series 2017 bonds to fund the $60 million contribution to the project.

The bonds are backed by site specific transient lodging tax revenue. Interest rates on individual bonds range from 2.0 percent to 5.0 percent.

Bond principal and interest payments are due as follows:

Fiscal year ending June 30:	Principal	Interest
2018	$ 725,000	2,171,215
2019	865,000	2,531,550
2020	895,000	2,505,600
2021	930,000	2,469,800
2022	965,000	2,432,600
2023-2027	5,545,000	11,442,250
2028-2032	7,075,000	9,910,750
2033-2037	9,030,000	7,956,000
2038-2042	11,525,000	5,461,250
2043-2047	14,705,000	2,277,500
Total	$52,260,000	49,158,515

Supplementary Information

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

General Fund

Special Revenue Fund

Parks and Natural Areas Local Option Levy Fund

Schedule of District's Proportionate Share of Net Pension Liability

Oregon Public Employees' Retirement System

Schedule of District's Contributions

Oregon Public Employees' Retirement System

Schedule of Funding Progress

Other Postemployment Benefits

Notes to Required Supplementary Information

METRO
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Government fees	$ 16,540	16,540	85,353	68,813
Culture and recreation fees	5,259,596	5,259,596	4,612,352	(647,244)
Other fees	1,589,345	1,589,345	1,951,142	361,797
Internal charges for services	-	-	5,000	5,000
Licenses and permits	475,000	475,000	558,504	83,504
Miscellaneous revenue	1,343,965	1,478,965	3,425,438	1,946,473
Operating grants and contributions:				
Grants	9,085,107	9,121,366	9,139,071	17,705
Local government shared revenue	613,979	613,979	766,319	152,340
Government contributions	7,493,988	7,493,988	4,345,277	(3,148,711)
General revenues:				
Taxes:				
Property taxes	14,423,060	14,423,060	14,414,172	(8,888)
Excise taxes	18,275,740	18,275,740	18,830,032	554,292
Construction excise tax	2,549,000	2,549,000	3,561,675	1,012,675
Investment income	200,000	200,000	246,918	46,918
Total revenues	61,325,320	61,496,579	61,941,253	444,674
EXPENDITURES				
Council	4,792,334	4,802,334	4,155,300	647,034
Office of the auditor	701,182	701,182	622,365	78,817
Office of Metro attorney	2,458,903	2,458,903	2,373,201	85,702
Information services	4,968,788	4,968,788	4,467,296	501,492
Communications	1,846,982	1,846,982	1,796,491	50,491
Finance and regulatory services	4,882,767	5,220,767	5,099,585	121,182
Human resources	2,944,021	3,004,980	2,755,612	249,368
Property and environmental services	2,624,973	2,624,973	2,299,594	325,379
Parks and nature	11,382,148	11,647,148	10,761,503	885,645
Planning and development	15,748,320	15,784,579	11,728,103	4,056,476
Research center	4,556,613	4,556,613	4,215,674	340,939
Special appropriations	3,822,000	4,272,000	3,094,118	1,177,882
Non-departmental:				
Debt service	1,932,038	1,932,038	1,932,038	-

(Continued)

METRO

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Basis of Budgeting), *continued*

For the fiscal year ended June 30, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with final budget
Expenditures, continued:				
Contingency	$ 8,133,665	5,776,706	-	5,776,706
Total expenditures	70,794,734	69,597,993	55,300,880	14,297,113
Revenues over (under) expenditures	(9,469,414)	(8,101,414)	6,640,373	14,741,787
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	29,660	29,660
Transfers in	20,711,937	20,711,937	20,672,544	(39,393)
Transfers out	(18,561,266)	(19,929,266)	(19,854,412)	74,854
Total other financing sources (uses)	2,150,671	782,671	847,792	65,121
Revenues and other sources over (under) expenditures and other uses	(7,318,743)	(7,318,743)	7,488,165	14,806,908
Beginning fund balance available for appropriation - July 1, 2016	27,926,217	27,926,217	32,298,432	4,372,215
Unappropriated ending fund balance - June 30, 2017	$ 20,607,474	20,607,474	39,786,597	19,179,123

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting:	
General Fund, as presented above	$ 7,488,165
General Revenue Bond Fund-General, from page 117	3,731,339
General Asset Management Fund, from page 115	3,207,424
Budget resources not qualifying as revenues under Governmental GAAP:	
Receipt of interfund loan (transfers)	(2,000,000)
Receipt of interfund loan repayments (transfers)	(179,988)
Sale of assets held for resale	(1,797,979)
Additional (decrease to) revenues required by Governmental GAAP:	
Adjustment to value investments at fair value	(125,306)
Accrual of interest receivable on TOD loans	9,200
Budget requirements not qualifying as expenses under Governmental GAAP:	
Repayment of interfund loans (transfers)	200,000
Decrease to (additional) expenses required by Governmental GAAP:	
Loss on sale of assets held for resale	(202,021)
Write-down of value of assets held for resale	(767,051)
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds	$ 9,563,783

METRO
Parks and Natural Areas Local Option Levy Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)
For the fiscal year ended June 30, 2017

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	final budget
REVENUES					
Program revenues:					
Operating grants and contributions:					
Grants	$	100,000	888,000	845,938	(42,062)
Capital grants and contributions:					
Capital contributions and donations		-	-	107,046	107,046
General revenues:					
Taxes:					
Property taxes		13,602,132	13,602,132	13,640,498	38,366
Investment income		6,000	6,000	59,849	53,849
Total revenues		13,708,132	14,496,132	14,653,331	157,199
EXPENDITURES					
Parks and nature		8,531,056	9,384,056	6,610,466	2,773,590
Special appropriations		1,500,000	1,500,000	1,324,554	175,446
Contingency		3,253,687	3,044,187	-	3,044,187
Total expenditures		13,284,743	13,928,243	7,935,020	5,993,223
Revenues over expenditures		423,389	567,889	6,718,311	6,150,422
OTHER FINANCING USES					
Transfers out		(4,836,420)	(4,980,920)	(4,930,920)	50,000
Revenues over (under) expenditures and other uses		(4,413,031)	(4,413,031)	1,787,391	6,200,422
Beginning fund balance available for appropriation - July 1, 2016		4,413,031	4,413,031	3,702,512	(710,519)
Unappropriated ending fund balance - June 30, 2017	$	-	-	5,489,903	5,489,903

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$	1,787,391
Additional (decrease to) revenue required by Governmental GAAP:		
Adjustment to value investments at fair value		(15,436)
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds	$	1,771,955

METRO

Schedule of District's Proportionate Share of Net Pension Liability
Oregon Public Employees' Retirement System
Last Four Fiscal Years

		Fiscal Year			
		2014	2015	2016	2017
Metro's proportion of the net pension liability (asset)		0.51394738%	0.51394738%	0.55014352%	0.54657727%
Metro's proportionate share of the net pension liability (asset)	$	26,233,596	(11,649,721)	31,586,277	82,053,939
Metro's covered-employee payroll	$	50,208,189	52,521,307	55,726,726	60,051,593
Metro's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		52.2%	-22.2%	56.7%	136.6%
Plan fiduciary net position as a percentage of the total pension liability		92.0%	103.6%	91.9%	80.5%

This schedule is presented to illustrate Metro's proportionate share of net pension liability over the last 10 years.

However, until a full 10-year trend is compiled, Metro presents information for those years for which information is available.

METRO

Schedule of District's Contributions
Oregon Public Employees' Retirement System
Last Ten Fiscal Years

		Fiscal Year	
	2008	**2009**	**2010**
Actuarially Determined Contributions	$ 2,313,615	2,556,052	1,249,483
Contributions in Relation to Actuarially Determined Contributions	2,313,615	2,556,052	1,249,483
Contributions Deficiency (Excess)	$ -	-	-
Covered Employee Payroll	43,491,187	48,242,122	49,864,609
Contributions as a percentage of covered-employee payroll	5.3%	5.3%	2.5%

2011	2012	2013	2014	2015	2016	2017
1,306,457	3,914,572	3,746,270	3,840,003	4,062,684	4,729,515	5,315,109
1,306,457	3,914,572	3,746,270	3,840,003	4,062,684	4,729,515	5,315,109
-	-	-	-	-	-	-
51,603,332	52,255,709	50,208,189	52,399,493	55,325,674	59,709,368	62,127,866
2.5%	7.5%	7.5%	7.3%	7.3%	7.9%	8.6%

METRO

Schedule of Funding Progress
Other Postemployment Benefits
June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Percentage	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2011	$ -	$ 2,907,891	$ 2,907,891	0%	$ 52,255,709	6%
July 1, 2013	-	3,348,685	3,348,685	0%	52,399,493	6%
July 1, 2015	-	2,517,350	2,517,350	0%	59,709,368	4%

BUDGETARY INFORMATION

1. BUDGETS

A budget is prepared for each 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 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 for each fund is set by department, with separate designations within the fund for the categories of debt service, interfund transfers and contingency.

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 General Asset Management Fund is a budgetary fund that is combined with the General Fund for reporting under GAAP. The Oregon Zoo Asset Management Fund is a budgetary fund that is combined with the Oregon Zoo Operating Fund 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, with approval of the Council. Management may amend the budget within the appropriated levels of control without Council approval.

Metro adopted four budget amendments during the fiscal year ending June 30, 2017. A transfer of $1.9 million from Contingency to fund the Education Center Project in the Oregon Zoo Infrastructure and Animal Welfare Fund was adopted in September 2016. The other three amendments were consolidated amendments with multiple actions in each resolution. Significant actions within the consolidated budget amendments include:

- A transfer of $5.4 million from Contingency to fund the River Island Restoration Project and other acquisition projects in the Natural Areas Fund and a transfer of $1 million from the General Fund to the Risk Management Fund to provide sufficient appropriations for potential liability and property claims, adopted in November 2016.
- A transfer of $2.5 million from Debt Service to Materials and Services for the OCC Hotel Bond in the General Revenue Bond Fund, adopted in March 2017.

2. RECONCILIATION OF BASIS OF BUDGETING TO GAAP BASIS

Oregon Local Budget Law, as adopted by Metro, requires accounting for certain transactions to be on a basis other than GAAP. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting) for each fund as presented in supplementary information is presented on the basis of budgeting and is adjusted to the GAAP basis for presentation in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. The accounting for the reclassification of interfund transfers as operating transactions causes no difference between the excess of revenues and other sources over expenditures and other uses on the basis of budgeting and such amounts on a GAAP basis. Other reconciliations as necessary are presented on the face of the budgetary schedules.

PENSION PLAN INFORMATION

1. CHANGES IN BENEFIT TERMS

There were no changes of benefit terms between the periods shown in the schedules.

There were no changes in the size or composition of the population covered by the benefit terms.

2. CHANGES IN ASSUMPTIONS

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.5 percent and lowering of the assumed inflation to 2.5 percent. In addition, the healthy mortality assumption was changed to refect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

Other Supplementary Information

Combining Statements

Nonmajor Governmental Funds

Budgetary Comparison Schedules

Combining Statements
Nonmajor Governmental Funds

Special Revenue Funds

Smith and Bybee Wetlands Fund

This fund accounts for development and management of the Smith and Bybee Wetlands Natural Resource Management plan, which calls for Smith and Bybee Wetlands to be managed as environmental and recreational resources for the region. The principal source of revenue is investment income.

Community Enhancement Fund

This fund accounts for special fees collected on solid waste disposal. The funds are used for community enhancement projects in the areas around various solid waste disposal facilities and for administration of the enhancement program.

Capital Projects Fund

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.

Permanent Fund

Cemetery Perpetual Care Fund

This fund accounts for amounts provided to build a permanent investment of principal from which the earnings will be used to provide long-term maintenance of pioneer cemeteries under Metro's management. The principal resource is a cemetery revenue surcharge on grave sales.

METRO

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

		Special Revenue			Capital Projects	Permanent	Total
		Smith and Bybee Wetlands	Community Enhancement	Total	Open Spaces	Cemetery Perpetual Care	Nonmajor Governmental Funds
ASSETS							
Equity in internal cash and investment pool	$	2,536,660	1,812,117	4,348,777	375,419	615,527	5,339,723
Receivables:							
Other		-	37,245	37,245	-	-	37,245
Interest		3,839	2,631	6,470	632	912	8,014
Total assets		2,540,499	1,851,993	4,392,492	376,051	616,439	5,384,982
LIABILITIES							
Liabilities:							
Accounts payable		36,275	273,522	309,797	-	-	309,797
Total liabilities		36,275	273,522	309,797	-	-	309,797
FUND BALANCES							
Nonspendable		-	-	-	-	555,580	555,580
Restricted		2,504,224	1,578,471	4,082,695	376,051	-	4,458,746
Assigned		-	-	-	-	60,859	60,859
Total fund balances		2,504,224	1,578,471	4,082,695	376,051	616,439	5,075,185
Total liabilities and fund balances	$	2,540,499	1,851,993	4,392,492	376,051	616,439	5,384,982

METRO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2017

		Special Revenue			Capital Projects	Permanent	Total
		Smith and Bybee Wetlands	Community Enhancement	Total	Open Spaces	Cemetery Perpetual Care	Nonmajor Governmental Funds
REVENUES							
Cemetery revenue surcharge	$	-	-	-	-	47,095	47,095
Investment income		15,231	9,238	24,469	1,950	3,198	29,617
Solid waste fees		-	1,033,211	1,033,211	-	-	1,033,211
Total revenues		15,231	1,042,449	1,057,680	1,950	50,293	1,109,923
EXPENDITURES							
Current:							
Culture and recreation		496,340	1,015,364	1,511,704	100,000	-	1,611,704
Capital outlay		-	-	-	47,690	-	47,690
Total expenditures		496,340	1,015,364	1,511,704	147,690	-	1,659,394
Net change in fund balances		(481,109)	27,085	(454,024)	(145,740)	50,293	(549,471)
Fund balances - July 1, 2016		2,985,333	1,551,386	4,536,719	521,791	566,146	5,624,656
Fund balances - June 30, 2017	$	2,504,224	1,578,471	4,082,695	376,051	616,439	5,075,185

Budgetary Comparison Schedules

Oregon Administrative Rules 162-010-0050 through 162-010-0330 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, requires an individual schedule of revenues, expenditures, and changes in fund balance, budget and actual be presented for each fund for which a legally adopted budget is required.

In accordance with GASB Statement No. 34, Metro's General Fund and major special revenue fund, the Parks and Natural Areas Local Option Levy Fund are presented as required supplemetary information. Budgetary comparisons for all other funds are displayed in the following pages.

Other Major Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

Debt Service Fund

General Obligation Bond Debt Service Fund

Capital Projects Funds

Oregon Zoo Infrastructure and Animal Welfare Fund

Natural Areas Fund

METRO

General Obligation Bond Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**final budget**
REVENUES				
General revenues:				
Taxes:				
Property taxes	$ 31,035,742	31,035,742	31,508,267	472,525
Investment income	5,000	5,000	122,883	117,883
Total revenues	31,040,742	31,040,742	31,631,150	590,408
EXPENDITURES				
Debt service:				
Principal	22,140,000	22,140,000	22,140,000	-
Interest	9,170,742	9,170,742	9,170,742	-
Total expenditures	31,310,742	31,310,742	31,310,742	-
Revenues over (under) expenditures	(270,000)	(270,000)	320,408	590,408
Beginning fund balance available for appropriation - July 1, 2016	270,000	270,000	495,726	225,726
Unappropriated ending fund balance - June 30, 2017	$ -	-	816,134	816,134

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$ 320,408
Additional (decrease to) revenue required by Governmental GAAP:	
Adjustment to value investments at fair value	(1,231)
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds	$ 319,177

METRO

Oregon Zoo Infrastructure and Animal Welfare Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**final budget**
REVENUES				
Program revenues:				
Miscellaneous revenue	$ -	-	495	495
General revenues:				
Investment income	200,000	200,000	177,418	(22,582)
Total revenues	200,000	200,000	177,913	(22,087)
EXPENDITURES				
Oregon Zoo	6,952,452	8,897,452	8,186,659	710,793
Contingency	5,340,128	3,395,128	-	3,395,128
Total expenditures	12,292,580	12,292,580	8,186,659	4,105,921
Revenues under expenditures	(12,092,580)	(12,092,580)	(8,008,746)	4,083,834
OTHER FINANCING USES				
Transfers out	(675,868)	(675,868)	(675,868)	-
Revenues under expenditures and other uses	(12,768,448)	(12,768,448)	(8,684,614)	4,083,834
Beginning fund balance available for appropriation - July 1, 2016	40,506,138	40,506,138	43,711,956	3,205,818
Unappropriated ending fund balance - June 30, 2017	$ 27,737,690	27,737,690	35,027,342	7,289,652

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$ (8,684,614)
Additional (decrease to) revenue required by Governmental GAAP:	
Adjustment to value investments at fair value	(64,112)
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds	$ (8,748,726)

METRO

Natural Areas Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2017

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	final budget
REVENUES					
Program revenues:					
Charges for services:					
Miscellaneous revenue	$	-	-	50,074	50,074
Operating grants and contributions:					
Grants		-	275,000	1,686,670	1,411,670
Capital grants and contributions:					
Capital contributions and donations		-	-	6,770	6,770
General revenues:					
Investment income		351,700	351,700	203,941	(147,759)
Total revenues		351,700	626,700	1,947,455	1,320,755
EXPENDITURES					
Parks and nature		16,913,806	22,561,806	19,745,473	2,816,333
Contingency		15,790,000	10,417,000	-	10,417,000
Total expenditures		32,703,806	32,978,806	19,745,473	13,233,333
Revenues under expenditures		(32,352,106)	(32,352,106)	(17,798,018)	14,554,088
OTHER FINANCING SOURCES (USES)					
Sale of capital assets		-	-	400,436	400,436
Transfers out		(3,120,936)	(3,120,936)	(3,110,926)	10,010
Total other financing sources (uses)		(3,120,936)	(3,120,936)	(2,710,490)	410,446
Revenues under expenditures and other uses		(35,473,042)	(35,473,042)	(20,508,508)	14,964,534
Beginning fund balance available for appropriation - July 1, 2016		40,459,986	40,459,986	36,934,540	(3,525,446)
Unappropriated ending fund balance - June 30, 2017	$	4,986,944	4,986,944	16,426,032	11,439,088

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$	(20,508,508)
Additional (decrease to) revenue required by Governmental GAAP:		
Adjustment to value investments at fair value		(30,220)
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds	$	(20,538,728)

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

Special Revenue Funds

Smith and Bybee Wetlands Fund

Community Enhancement Fund

Capital Projects Funds

Open Spaces Fund

Permanent Fund

Cemetery Perpetual Care Fund

METRO

Smith and Bybee Wetlands Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2017

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	final budget
REVENUES					
General revenues:					
Investment income	$	29,140	29,140	20,873	(8,267)
Total revenues		29,140	29,140	20,873	(8,267)
EXPENDITURES					
Parks and nature		490,000	490,000	374,588	115,412
Contingency		1,040,000	1,040,000	-	1,040,000
Total expenditures		1,530,000	1,530,000	374,588	1,155,412
Revenues under expenditures		(1,500,860)	(1,500,860)	(353,715)	1,147,145
OTHER FINANCING USES					
Transfers out		(121,752)	(121,752)	(121,752)	-
Revenues under expenditures and other uses		(1,622,612)	(1,622,612)	(475,467)	1,147,145
Beginning fund balance available for appropriation - July 1, 2016		2,993,986	2,993,986	2,985,333	(8,653)
Unappropriated ending fund balance - June 30, 2017	$	1,371,374	1,371,374	2,509,866	1,138,492

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$	(475,467)
Additional (decrease to) revenue required by Governmental GAAP:		
Adjustment to value investments at fair value		(5,642)
Net change in fund balance as reported on the combining statement of revenues, expenditures and changes in fund balances-nonmajor governmental funds	$	(481,109)

METRO

Community Enhancement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**final budget**
REVENUES				
Program revenues:				
Charges for services:				
Solid waste fees	$ 1,131,208	1,151,208	1,033,211	(117,997)
General revenues:				
Investment income	13,773	13,773	13,268	(505)
Total revenues	1,144,981	1,164,981	1,046,479	(118,502)
EXPENDITURES				
Property and environmental services	1,417,608	1,437,608	998,054	439,554
Contingency	151,061	151,061	-	151,061
Total expenditures	1,568,669	1,588,669	998,054	590,615
Revenues over (under) expenditures	(423,688)	(423,688)	48,425	472,113
OTHER FINANCING USES				
Transfers out	(868,310)	(868,310)	(17,310)	851,000
Revenues over (under) expenditures and other uses	(1,291,998)	(1,291,998)	31,115	1,323,113
Beginning fund balance available for appropriation - July 1, 2016	1,377,259	1,377,259	1,551,386	174,127
Unappropriated ending fund balance - June 30, 2017	$ 85,261	85,261	1,582,501	1,497,240

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$ 31,115
Additional (decrease to) revenue required by Governmental GAAP:	
Adjustment to value investments at fair value	(4,030)
Net change in fund balance as reported on the combining statement of revenues, expenditures and changes in fund balances-nonmajor governmental funds	$ 27,085

METRO
Open Spaces Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**final budget**
REVENUES				
General revenues:				
Investment income	$ 7,506	7,506	2,785	(4,721)
Total revenues	7,506	7,506	2,785	(4,721)
EXPENDITURES				
Parks and nature	759,486	759,486	147,690	611,796
Total expenditures	759,486	759,486	147,690	611,796
Revenues under expenditures	(751,980)	(751,980)	(144,905)	607,075
Beginning fund balance available for appropriation - July 1, 2016	751,980	751,980	521,791	(230,189)
Unappropriated ending fund balance - June 30, 2017	$ -	-	376,886	376,886

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$ (144,905)
Additional (decrease to) revenue required by Governmental GAAP:	
Adjustment to value investments at fair value	(835)
Net change in fund balance as reported on the combining statement of revenues, expenditures and changes in fund balances-nonmajor governmental funds	$ (145,740)

METRO

Cemetery Perpetual Care Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2017

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	final budget
REVENUES					
General revenues:					
Taxes:					
Cemetery revenue surcharge	$	50,000	50,000	47,095	(2,905)
Investment income		5,672	5,672	4,567	(1,105)
Total revenues		55,672	55,672	51,662	(4,010)
Beginning fund balance available for appropriation - July 1, 2016		567,254	567,254	566,146	(1,108)
Unappropriated ending fund balance - June 30, 2017	$	622,926	622,926	617,808	(5,118)

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$	51,662
Additional (decrease to) revenue required by Governmental GAAP:		
Adjustment to value investments at fair value		(1,369)
Net change in fund balance as reported on the combining statement of revenues, expenditures and changes in fund balances-nonmajor governmental funds	$	50,293

Proprietary Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

Enterprise Funds

Solid Waste Revenue Fund

Oregon Zoo Operating Fund

MERC Fund

Internal Service Fund

Risk Management Fund

Reconciliation of Enterprise Fund Revenues and Expenditures (Basis of Budgeting) to Statement of Revenues, Expenses and Changes in Net Position-Proprietary Funds (GAAP Basis)

METRO

Solid Waste Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Government fees	$ 1,400,950	1,400,950	1,150,137	(250,813)
Culture and recreation fees	-	-	6,060	6,060
Solid waste fees	67,969,262	67,969,262	69,480,678	1,511,416
Other fees	-	-	81	81
Miscellaneous revenue	77,000	77,000	103,051	26,051
Operating grants and contributions:				
Grants	-	-	45,000	45,000
Government contributions	45,000	45,000	-	(45,000)
General revenues:				
Investment income	452,722	452,722	394,057	(58,665)
Total revenues	69,944,934	69,944,934	71,179,064	1,234,130
EXPENDITURES				
Property and environmental services	66,544,096	66,591,576	59,000,759	7,590,817
Finance and regulatory services	98,178	98,178	47,366	50,812
Contingency	14,993,016	14,833,128	-	14,833,128
Total expenditures	81,635,290	81,522,882	59,048,125	22,474,757
Revenues over (under) expenditures	(11,690,356)	(11,577,948)	12,130,939	23,708,887
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	18,051	18,051
Transfers in	698,232	698,232	625,585	(72,647)
Transfers out	(8,239,206)	(8,351,614)	(8,347,456)	4,158
Total other financing sources (uses)	(7,540,974)	(7,653,382)	(7,703,820)	(50,438)
Revenues and other sources over (under) expenditures and other uses	(19,231,330)	(19,231,330)	4,427,119	23,658,449
Beginning fund balance available for appropriation - July 1, 2016	48,004,168	48,004,168	50,726,062	2,721,894
Unappropriated ending fund balance - June 30, 2017	$ 28,772,838	28,772,838	55,153,181	26,380,343

METRO

Oregon Zoo Operating Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Culture and recreation fees	$ 25,389,562	25,389,562	24,118,828	(1,270,734)
Other fees	1,283,247	1,283,247	1,202,724	(80,523)
Miscellaneous revenue	80,000	80,000	78,858	(1,142)
Operating grants and contributions:				
Grants	179,190	179,190	195,666	16,476
Contributions and donations	620,362	620,362	1,687,020	1,066,658
General revenues:				
Investment income	10,000	10,000	22,281	12,281
Total revenues	27,562,361	27,562,361	27,305,377	(256,984)
EXPENDITURES				
Visitor venues-Oregon Zoo	35,866,125	35,866,125	35,656,494	209,631
Contingency	1,000,000	1,000,000	-	1,000,000
Total expenditures	36,866,125	36,866,125	35,656,494	1,209,631
Revenues under expenditures	(9,303,764)	(9,303,764)	(8,351,117)	952,647
OTHER FINANCING SOURCES (USES)				
Transfers in	13,011,384	13,011,384	13,011,384	-
Transfers out	(4,719,845)	(4,719,845)	(4,719,173)	672
Total other financing sources (uses)	8,291,539	8,291,539	8,292,211	672
Revenues and other sources under expenditures and other uses	(1,012,225)	(1,012,225)	(58,906)	953,319
Beginning fund balance available for appropriation - July 1, 2016	1,012,225	1,012,225	927,568	(84,657)
Unappropriated ending fund balance - June 30, 2017	$ -	-	868,662	868,662

METRO
MERC Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Culture and recreation fees	$ 38,970,857	38,970,857	44,290,318	5,319,461
Other fees	3,561,356	3,561,356	3,411,607	(149,749)
Miscellaneous revenue	103,440	103,440	174,267	70,827
Operating grants and contributions:				
Grants	55,000	55,000	109,067	54,067
Local government shared revenue	18,918,750	18,918,750	25,684,546	6,765,796
Government contributions	871,029	871,029	866,299	(4,730)
Contributions and donations	108,625	108,625	-	(108,625)
Capital grants and contributions:				
Capital contributions and donations	541,876	541,876	645,000	103,124
General revenues:				
Investment income	171,000	171,000	480,851	309,851
Total revenues	63,301,933	63,301,933	75,661,955	12,360,022
EXPENDITURES				
MERC	66,547,562	66,597,562	60,037,203	6,560,359
Contingency	34,481,014	34,463,514	-	34,463,514
Total expenditures	101,028,576	101,061,076	60,037,203	41,023,873
Revenues over (under) expenditures	(37,726,643)	(37,759,143)	15,624,752	53,383,895
OTHER FINANCING SOURCES (USES)				
Transfers in	600,000	650,000	650,000	-
Transfers out	(9,797,330)	(9,814,830)	(9,814,122)	708
Total other financing sources (uses)	(9,197,330)	(9,164,830)	(9,164,122)	708
Revenues and other sources over (under) expenditures and other uses	(46,923,973)	(46,923,973)	6,460,630	53,384,603
Beginning fund balance available for appropriation - July 1, 2016	46,923,973	46,923,973	51,963,209	5,039,236
Unappropriated ending fund balance - June 30, 2017	$ -	-	58,423,839	58,423,839

METRO

Risk Management Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**final budget**
REVENUES				
Program revenues:				
Charges for services:				
Other fees	$ -	400,000	319,961	(80,039)
Internal charges for services	203,088	203,088	203,088	-
Miscellaneous revenue	10,000	10,000	150,865	140,865
Operating grants and contributions:				
Grants	50,000	50,000	111,556	61,556
General revenues:				
Investment income	10,000	10,000	16,894	6,894
Total revenues	273,088	673,088	802,364	129,276
EXPENDITURES				
Finance and regulatory services	2,552,703	4,452,703	2,607,805	1,844,898
Contingency	1,261,572	1,261,572	-	1,261,572
Total expenditures	3,814,275	5,714,275	2,607,805	3,106,470
Revenues under expenditures	(3,541,187)	(5,041,187)	(1,805,441)	3,235,746
OTHER FINANCING SOURCES (USES)				
Transfers in	1,673,704	3,173,704	3,173,704	-
Transfers out	(25,000)	(25,000)	-	25,000
Total other financing sources (uses)	1,648,704	3,148,704	3,173,704	25,000
Revenues and other sources over (under) expenditures and other uses	(1,892,483)	(1,892,483)	1,368,263	3,260,746
Beginning fund balance available for appropriation - July 1, 2016	1,948,000	1,948,000	519,997	(1,428,003)
Unappropriated ending fund balance - June 30, 2017	$ 55,517	55,517	1,888,260	1,832,743

METRO

Reconciliation of Enterprise Fund Revenues and Expenditures (Basis of Budgeting) to Statement of Revenues, Expenses and Changes in Net Position-Proprietary Funds (GAAP Basis)

For the fiscal year ended June 30, 2017

	Enterprise Funds				Internal Service Fund
	Solid Waste	**Oregon Zoo**	**MERC**	**Total**	**Risk Management Fund**
Excess of revenues and other financing sources over expenditures and other financing uses on the basis of budgeting:					
Solid Waste Revenue Fund	$ 4,427,119	-	-	4,427,119	-
Oregon Zoo Operating Fund	-	(58,906)	-	(58,906)	-
Oregon Zoo Asset Management Fund	-	(603,904)	-	(603,904)	-
MERC Fund	-	-	6,460,630	6,460,630	-
General Revenue Bond Fund-MERC	-	-	535	535	-
Risk Management Fund	-	-	-	-	1,368,263
Budget resources not qualifying as revenues under GAAP:					
Revenue deferred	(36)	-	-	(36)	-
Principal collected on interfund loans	(433,000)	-	-	(433,000)	-
Bond proceeds and premium	-	-	(8,153,178)	(8,153,178)	-
Sale of capital assets	(18,051)	(22,259)	-	(40,310)	-
Budget requirements not qualifying as expenses under GAAP:					
Payment of post-closure costs payable	736,436	-	-	736,436	-
Payment of pollution remediation obligation	43,165	-	-	43,165	-
Interfund loans provided	2,000,000	-	-	2,000,000	-
Capital assets additions	1,210,595	2,545,098	1,942,763	5,698,456	-
Cost on sale of capital assets	-	441	-	441	-
Principal and interest payments on bonds	-	165,678	1,007,172	1,172,850	-
Defeasance payment to bond escrow agent	-	-	8,064,998	8,064,998	-
Principal payments on interfund loans	-	233,000	179,988	412,988	-
Additional (decrease to) revenues required by GAAP:					
Capital contributions from governmental funds	-	4,271,138	-	4,271,138	-
Adjustment to value investments at fair value	(118,194)	(17,399)	(137,429)	(273,022)	(6,082)
Decrease to (additional) expenses required by GAAP:					
Post-closure costs payable estimate	(1,560,815)	-	-	(1,560,815)	-
Pollution remediation obligation estimate	(28,165)	-	-	(28,165)	-
Depreciation and amortization	(1,282,355)	(5,330,066)	(4,126,028)	(10,738,449)	-
Loss on disposal of capital assets	(28,922)	(81,498)	(609,394)	(719,814)	-
Amortization of bond discount and deferred charge on refunding	-	-	(270,749)	(270,749)	-
Other postemployment benefits	(32,865)	(48,919)	(4,328)	(86,112)	-
Vacation benefits	(66,199)	(66,748)	5,886	(127,061)	-
Pension related obligations	(1,574,081)	(1,824,692)	(1,733,641)	(5,132,414)	-
Loss on refunding	-	-	(50,375)	(50,375)	-
Accrued interest on bonds	-	-	(20,411)	(20,411)	-
Change in net position presented in the statement of revenues, expenses and changes in net position for proprietary funds	$ 3,274,632	(839,036)	2,556,439	4,992,035	1,362,181

Other Budgetary Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

General Revenue Bond Fund

This fund is a budgetary fund comprised of three components that are separated and combined with other budgetary funds for reporting under GAAP.

General Asset Management Fund

This fund is a budgetary fund that is combined with another budgetary fund for reporting under GAAP.

Oregon Zoo Asset Management Fund

This fund is a budgetary fund that is combined with another budgetary fund for reporting under GAAP.

METRO

General Revenue Bond Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
General revenues:				
Investment income	$ 100,071	100,071	141,432	41,361
Total revenues	100,071	100,071	141,432	41,361
EXPENDITURES				
Materials and services	73,558,000	76,058,000	497,739	75,560,261
Debt service	5,231,797	2,731,797	2,731,312	485
Total expenditures	78,789,797	78,789,797	3,229,051	75,560,746
Revenues under expenditures	(78,689,726)	(78,689,726)	(3,087,619)	75,602,107
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	68,000,000	68,000,000	7,385,000	(60,615,000)
Premium on refunding bonds issued	-	-	768,178	768,178
Payment to refunded bond escrow agent	-	-	(8,064,998)	(8,064,998)
Transfers in	6,731,796	6,731,796	6,731,313	(483)
Total other financing sources (uses)	74,731,796	74,731,796	6,819,493	(67,912,303)
Revenues and other sources over (under) expenditures and other uses	(3,957,930)	(3,957,930)	3,731,874	7,689,804
Beginning fund balance available for appropriation - July 1, 2016	13,464,947	13,464,947	13,480,858	15,911
Unappropriated ending fund balance - June 30, 2017	$ 9,507,017	9,507,017	17,212,732	7,705,715

Note: This schedule demonstrates compliance with budget at the legal level of control.

METRO

General Asset Management Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**final budget**
REVENUES				
Program revenues:				
Charges for services:				
Miscellaneous revenue	$ 28,501	28,501	168,500	139,999
Operating grants and contributions:				
Grants	133,250	133,250	62,263	(70,987)
Capital grants and contributions:				
Capital contributions and donations	100,000	100,000	200,000	100,000
General revenues:				
Investment income	29,151	29,151	101,365	72,214
Total revenues	290,902	290,902	532,128	241,226
EXPENDITURES				
Asset Management Program	7,962,820	8,022,820	3,054,805	4,968,015
Contingency	9,713,663	9,713,663	-	9,713,663
Total expenditures	17,676,483	17,736,483	3,054,805	14,681,678
Revenues under expenditures	(17,385,581)	(17,445,581)	(2,522,677)	14,922,904
OTHER FINANCING SOURCES (USES)				
Transfers in	6,738,605	6,798,605	5,944,726	(853,879)
Transfers out	(214,625)	(214,625)	(214,625)	-
Total other financing sources (uses)	6,523,980	6,583,980	5,730,101	(853,879)
Revenues and other sources over (under) expenditures and other uses	(10,861,601)	(10,861,601)	3,207,424	14,069,025
Beginning fund balance available for appropriation - July 1, 2016	10,861,601	10,861,601	10,469,416	(392,185)
Unappropriated ending fund balance - June 30, 2017	$ -	-	13,676,840	13,676,840

METRO

Oregon Zoo Asset Management Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Basis of Budgeting)
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Miscellaneous revenue	$ -	-	196,413	196,413
Operating grants and contributions:				
Contributions and donations	-	-	214,210	214,210
Capital grants and contributions:				
Capital contributions and donations	488,000	873,334	648,000	(225,334)
General revenues:				
Investment income	17,500	17,500	31,431	13,931
Total revenues	505,500	890,834	1,090,054	199,220
EXPENDITURES				
Visitor venues-Oregon Zoo	3,319,840	3,737,582	2,713,525	1,024,057
Contingency	1,804,299	1,804,299	-	1,804,299
Total expenditures	5,124,139	5,541,881	2,713,525	2,828,356
Revenues under expenditures	(4,618,639)	(4,651,047)	(1,623,471)	3,027,576
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	22,259	22,259
Transfers in	1,014,900	1,047,308	997,308	(50,000)
Total other financing sources	1,014,900	1,047,308	1,019,567	(27,741)
Revenues and other sources under expenditures	(3,603,739)	(3,603,739)	(603,904)	2,999,835
Beginning fund balance available for appropriation - July 1, 2016	5,600,629	5,600,629	4,970,642	(629,987)
Unappropriated ending fund balance - June 30, 2017	$ 1,996,890	1,996,890	4,366,738	2,369,848

METRO
General Revenue Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances-
(Non-GAAP Basis of Budgeting)
For the fiscal year ended June 30, 2017

		Allocated to:			
		General	Oregon Zoo	MERC	Total
REVENUES					
General revenues:					
Investment income	$	141,280	-	152	141,432
Total revenues		141,280	-	152	141,432
EXPENDITURES					
Materials and services		409,941	-	87,798	497,739
Debt service		1,383,443	165,825	1,182,044	2,731,312
Total expenditures		1,793,384	165,825	1,269,842	3,229,051
Revenues under expenditures		(1,652,104)	(165,825)	(1,269,690)	(3,087,619)
OTHER FINANCING SOURCES					
Refunding bonds issued		-	-	7,385,000	7,385,000
Premium on refunding bonds issued		-	-	768,178	768,178
Payment to refunded bond escrow agent		-	-	(8,064,998)	(8,064,998)
Transfers in		5,383,443	165,825	1,182,045	6,731,313
Total other financing sources (uses)		5,383,443	165,825	1,270,225	6,819,493
Revenues and other sources over expenditures		3,731,339	-	535	3,731,874
Beginning fund balance available for appropriation - July 1, 2016		13,480,476	-	382	13,480,858
Unappropriated ending fund balance - June 30, 2017	$	17,211,815	-	917	17,212,732

Note: This schedule presents the activity of the three components of the fund.

Other Financial Schedules

METRO

Schedule of Property Tax Transactions and Outstanding Receivable

For the fiscal year ended June 30, 2017

Fiscal Year		Original levy or balance of receivable July 1, 2016	Add (deduct) Discounts	Adjustments	Interest	Collections	Property taxes receivable June 30, 2017
2016-17	$	61,417,731	(1,616,710)	(164,248)	4,989	(58,526,399)	1,115,363
2015-16		1,140,085	-	(50,955)	9,031	(490,251)	607,910
2014-15		727,062	-	(6,933)	7,718	(184,180)	543,667
2013-14		537,376	-	(5,276)	11,434	(154,174)	389,360
2012-13		323,447	-	(1,825)	4,290	(61,989)	263,923
2011-12		204,012	-	(1,243)	515	(5,717)	197,567
2010-11 & prior		423,669	-	(9,872)	1,703	(9,568)	405,932
Total	$	64,773,382	(1,616,710)	(240,352)	39,680	(59,432,278)	3,523,722

Reconciliation to property tax revenue presented in the Statement of Activities:		Governmental Activities
Cash collections July 1, 2016 to June 30, 2017	$	59,432,278
Accrual of receivables:		
July 1, 2016 to August 31, 2016		(220,749)
July 1, 2017 to August 31, 2017		240,743
Timing difference between county tax collector		
and county treasurer		(11,973)
Payments in lieu of property taxes		122,639
Taxes earned but not available:		
June 30, 2016		(3,134,902)
June 30, 2017		3,282,979
Property tax revenue per Statement of Activities	$	59,711,015

METRO

Schedule of Future Bonded Debt Service Requirements
General Obligation Bonds
June 30, 2017

Year of maturity		2012A Series Natural Areas General Obligation Bonds Principal	2012A Series Natural Areas General Obligation Bonds Interest	2012A Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds Principal	2012A Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds Interest	2014 Series General Obligation Refunding Bonds Principal	2014 Series General Obligation Refunding Bonds Interest
2017-18	$	3,350,000	2,701,450	2,510,000	2,055,325	13,160,000	1,846,750
2018-19		3,960,000	2,533,950	2,770,000	1,929,825	14,115,000	1,320,350
2019-20		4,610,000	2,335,950	3,050,000	1,791,325	15,115,000	755,750
2020-21		5,300,000	2,105,450	3,350,000	1,638,825	-	-
2021-22		6,045,000	1,840,450	3,665,000	1,471,325	-	-
2022-23		6,840,000	1,538,200	4,000,000	1,288,075	-	-
2023-24		7,690,000	1,196,200	4,360,000	1,088,075	-	-
2024-25		8,590,000	811,700	4,740,000	870,075	-	-
2025-26		9,555,000	382,200	5,145,000	633,075	-	-
2026-27		-	-	5,525,000	427,275	-	-
2027-28		-	-	5,955,000	178,650	-	-
Total	$	55,940,000	15,445,550	45,070,000	13,371,850	42,390,000	3,922,850

(1) The principal amount of the bonds is reported net of unamortized premium or discount in governmental activities on the statement of net position.

2016 Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds		Total	
Principal	Interest	Principal (1)	Interest
8,095,000	1,251,250	27,115,000	7,854,775
8,825,000	846,500	29,670,000	6,630,625
8,105,000	405,250	30,880,000	5,288,275
-	-	8,650,000	3,744,275
-	-	9,710,000	3,311,775
-	-	10,840,000	2,826,275
-	-	12,050,000	2,284,275
-	-	13,330,000	1,681,775
-	-	14,700,000	1,015,275
-	-	5,525,000	427,275
-	-	5,955,000	178,650
25,025,000	2,503,000	168,425,000	35,243,250

METRO

Schedule of Future Bonded Debt Service Requirements
Full Faith and Credit and Pension Obligation Bonds

June 30, 2017

		Full Faith and Credit Bonds				Pension Obligation Bonds	
		Refunding Bonds 2013 Series (1)		Refunding Bonds 2016 Series (2)		Metro Limited Tax Pension Obligation Bonds Series 2005 (1)	
Year of maturity		Principal	Interest	Principal	Interest	Principal	Interest
2017-18	$	1,270,000	125,867	785,000	237,275	1,055,000	956,850
2018-19		1,280,000	111,198	825,000	197,025	1,185,000	905,587
2019-20		1,295,000	92,841	865,000	154,775	1,325,000	848,008
2020-21		1,320,000	70,595	890,000	126,475	1,480,000	783,627
2021-22		1,345,000	44,263	920,000	101,400	1,645,000	709,567
2022-23		1,370,000	15,070	950,000	75,875	1,820,000	627,251
2023-24		-	-	965,000	49,450	2,010,000	536,179
2024-25		-	-	1,005,000	15,075	2,210,000	435,598
2025-26		-	-	-	-	2,430,000	325,010
2026-27		-	-	-	-	2,660,000	203,413
2027-28		-	-	-	-	1,405,000	70,306
Total	$	7,880,000	459,834	7,205,000	957,350	19,225,000	6,401,396

(1) The principal amount of the bonds is reported in governmental activities on the statement of net position.

(2) The principal amount of the bonds is reported net of unamortized premium or discount in business-type activities on the statement of net position.

METRO

Schedule of Long-term Bonded Debt Transactions
General Obligation Bonds
For the fiscal year ended June 30, 2017

		Principal			
		Outstanding July 1, 2016	**Issued During Year**	**Matured and Paid During Year**	**Outstanding June 30, 2017**	**Interest Expenditure**
DEBT SERVICE FUND						
2005 Series						
General Obligation Refunding Bonds						
with interest rate of 4.0%,						
final maturity 1/15/17	$	2,210,000	-	2,210,000	-	88,400
2007 Series Natural Areas						
General Obligation Bonds						
partially refunded 11/19/14						
with interest rate of 5.0%,						
final maturity 6/1/17		5,095,000	-	5,095,000	-	254,750
2012A Series Natural Areas						
General Obligation Bonds						
with interest rates from 4.0 to 5.0%,						
final maturity 6/1/26		58,730,000	-	2,790,000	55,940,000	2,840,950
2012A Series Oregon Zoo Infrastructure						
and Animal Welfare						
General Obligation Bonds						
with interest rates from 3.0 to 5.0%,						
final maturity 6/1/28		47,330,000	-	2,260,000	45,070,000	2,168,325
2014 Series						
General Obligation Refunding Bonds						
with interest rates from 4.0 to 5.0%,						
final maturity 6/1/20		47,200,000	-	4,810,000	42,390,000	2,039,150
2016 Series Oregon Zoo Infrastructure						
and Animal Welfare						
General Obligation Bonds						
with interest rate of 5.0%,						
final maturity 6/1/20		30,000,000	-	4,975,000	25,025,000	1,779,167
Total	$	190,565,000	-	22,140,000	168,425,000	9,170,742

METRO
Schedule of Long-term Bonded Debt Transactions
Full Faith and Credit and Pension Obligation Bonds
For the fiscal year ended June 30, 2017

		Principal				
		Outstanding July 1, 2016	**Issued During Year**	**Matured and Paid During Year**	**Outstanding June 30, 2017**	**Interest Expenditure**
GENERAL FUND						
Full Faith and Credit						
Refunding Bonds 2013 Series (MRC)						
with interest rates from 1.0 to 2.2%,						
final maturity 8/1/22	$	9,125,000	-	1,245,000	7,880,000	138,443
Pension Obligation						
Metro Limited Tax Series 2005						
with interest rates from 4.859 to 5.004%,						
final maturity 6/1/28		20,155,000	-	930,000	19,225,000	1,002,038
Total	$	29,280,000	-	2,175,000	27,105,000	1,140,481
ENTERPRISE FUNDS						
OREGON ZOO FUND:						
Full Faith and Credit						
Refunding Bonds 2013 Series (Zoo)						
with interest rate of 1.0%,						
final maturity 8/1/16	$	165,000	-	165,000	-	825
MERC FUND:						
Full Faith and Credit						
Oregon Local Governments 2006 Series						
Refunded 9/7/16		8,680,000	-	8,680,000	-	17,391
Full Faith and Credit						
Refunding Bonds 2016 Series						
with interest rates from 1.5 to 5.0%,						
final maturity 12/1/24		-	7,385,000	180,000	7,205,000	189,653
Total	$	8,845,000	7,385,000	9,025,000	7,205,000	207,869

Statistical Section

This section of Metro's comprehensive annual financial report presents detailed data regarding the current and prior fiscal years for assistance in understanding what the information in the financial statements, note disclosures, and required supplementary information says about Metro's overall financial health. The information is presented in these categories.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

METRO

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting), Unaudited

		Fiscal Year	
	2008	**2009**	**2010**
GOVERNMENTAL ACTIVITIES			
Net investment in capital assets (1)	$ 101,632,452	142,681,077	161,033,641
Restricted	27,246,181	41,383,007	47,868,259
Unrestricted	59,035,445	38,868,189	39,949,912
Total governmental activities net position	187,914,078	222,932,273	248,851,812
BUSINESS-TYPE ACTIVITIES			
Net investment in capital assets	198,109,226	197,896,445	193,123,523
Restricted	16,295,656	14,548,959	2,652,250
Unrestricted	45,547,649	41,293,389	41,363,765
Total business-type activities net position	259,952,531	253,738,793	237,139,538
PRIMARY GOVERNMENT			
Net investment in capital assets (1)	299,741,678	320,942,522	339,047,164
Restricted	43,541,837	55,931,966	50,520,509
Unrestricted	104,583,094	99,796,578	96,423,677
Total primary government net position	$ 447,866,609	476,671,066	485,991,350

(1) Through fiscal year 2012, and again starting in fiscal year 2016, these balances include the result of Metro financing capital assets for the business-type activities through the issuance of general obligation bonds. The amount of long-term debt outstanding on these bonds is reflected as a liability of the governmental activities in which repayment of the bonds occurs, whereas the associated capital assets financed by this debt are reflected with the business-type activities. The primary government totals have been adjusted to match the debt against the assets. These balances increase over time as a result of increases in capital assets, decreases in related long-term debt outstanding, and reductions in the amount of related unspent bond proceeds.

2011	2012 Restated	2013	2014	2015	2016	2017
219,717,752	237,849,839	271,978,616	293,851,981	326,328,783	237,716,303	267,856,359
47,802,264	49,673,790	43,460,675	60,588,283	79,540,758	141,591,292	128,141,074
(4,511,250)	(13,149,913)	(17,127,868)	(24,867,150)	(51,369,202)	(151,660,696)	(141,181,696)
263,008,766	274,373,716	298,311,423	329,573,114	354,500,339	227,646,899	254,815,737
189,929,698	186,405,139	182,360,721	179,069,899	175,914,225	311,325,512	310,527,670
1,591,637	2,130,034	2,496,996	3,734,868	8,914,318	19,991,871	24,326,517
46,842,210	47,918,522	53,862,598	56,992,148	61,672,307	53,779,562	55,130,008
238,363,545	236,453,695	238,720,315	239,796,915	246,500,850	385,096,945	389,984,195
399,322,450	418,964,978	454,339,337	472,921,880	502,243,008	501,174,344	533,080,026
49,393,901	50,437,907	45,957,671	64,323,151	88,455,076	161,583,163	152,467,591
52,655,960	40,058,609	36,734,730	32,124,998	10,303,105	(50,013,663)	(40,747,685)
501,372,311	509,461,494	537,031,738	569,370,029	601,001,189	612,743,844	644,799,932

METRO

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting), Unaudited

	Fiscal Year 2008	2009	2010
EXPENSES			
Governmental activities:			
General government operations	$ 14,464,735	14,198,441	12,779,417
Regional planning and development	15,998,524	13,023,497	14,978,447
Culture and recreation	12,040,343	13,350,232	17,316,051
Zoo (4)	27,268,768	29,426,286	28,311,531
Interest on long-term debt	13,228,648	12,121,270	10,888,841
Total governmental activities expenses	83,001,018	82,119,726	84,274,287
Business-type activities:			
Solid Waste (1)	53,514,858	52,014,903	64,228,318
Oregon Zoo (4)	-	-	-
MERC	44,148,046	46,239,579	46,229,249
Total business-type activities expenses	97,662,904	98,254,482	110,457,567
Total primary government expenses	$ 180,663,922	180,374,208	194,731,854
PROGRAM REVENUES			
Governmental activities:			
Charges for services:			
General government operations	$ 1,440,462	1,394,695	1,741,850
Regional planning and development	1,271,625	1,682,136	1,214,423
Culture and recreation	2,824,138	2,648,864	3,696,310
Zoo (4)	15,991,730	18,040,150	17,606,196
Operating grants and contributions (2)	14,963,194	13,889,920	14,446,031
Capital grants and contributions	2,163,915	8,457,258	2,725,497
Total governmental activities program revenues	38,655,064	46,113,023	41,430,307
Business-type activities:			
Charges for services:			
Solid Waste	53,238,401	50,478,290	50,904,000
Oregon Zoo (4)	-	-	-
MERC	30,451,878	30,007,172	29,650,854
Operating grants and contributions (3)	861,851	830,902	1,378,076
Capital grants and contributions	-	265,740	2,000,000
Total business-type activities program revenues	84,552,130	81,582,104	83,932,930
Total primary government program revenues	$ 123,207,194	127,695,127	125,363,237

2011	2012	2013	2014	2015	2016	2017
14,456,222	16,417,342	14,704,292	17,216,935	14,121,383	21,833,274	16,571,054
14,816,800	13,908,730	11,234,615	11,609,788	12,164,998	16,311,836	18,252,248
20,351,578	22,695,565	20,788,176	19,969,697	23,281,061	29,221,523	33,156,498
27,400,337	30,064,611	33,662,272	35,660,651	32,483,204	-	-
9,538,172	8,159,660	10,927,415	9,712,521	6,736,232	7,071,050	6,766,723
86,563,109	91,245,908	91,316,770	94,169,592	88,786,878	74,437,683	74,746,523
51,721,806	51,020,053	55,266,458	56,759,612	57,279,945	64,542,514	67,359,647
-	-	-	-	-	51,633,613	46,636,849
48,048,265	49,389,612	51,344,928	53,945,435	54,868,782	69,110,637	69,090,836
99,770,071	100,409,665	106,611,386	110,705,047	112,148,727	185,286,764	183,087,332
186,333,180	191,655,573	197,928,156	204,874,639	200,935,605	259,724,447	257,833,855
2,120,491	1,875,695	1,871,628	1,615,075	1,501,207	2,132,646	3,133,150
1,364,601	925,904	1,112,779	1,422,619	1,180,754	789,058	1,485,757
3,985,483	4,175,114	5,095,656	6,121,579	7,444,771	8,851,083	9,616,244
18,150,234	19,745,074	22,538,536	22,082,776	21,546,136	-	-
10,973,394	15,551,926	13,553,316	11,945,779	22,495,818	13,145,776	16,845,537
1,866,808	1,105,751	2,264,327	3,454,245	7,141,282	261,290	313,816
38,461,011	43,379,464	46,436,242	46,642,073	61,309,968	25,179,853	31,394,504
50,782,440	52,989,049	55,661,225	58,583,492	62,743,167	68,196,150	70,798,890
-	-	-	-	-	23,741,859	26,062,207
31,597,534	33,231,703	36,670,638	35,091,155	42,892,276	50,972,855	47,876,192
1,144,867	1,620,989	1,382,789	17,183,489	19,974,313	23,414,591	28,801,808
584,808	123,574	-	-	200,000	609,917	1,293,000
84,109,649	87,965,315	93,714,652	110,858,136	125,809,756	166,935,372	174,832,097
122,570,660	131,344,779	140,150,894	157,500,209	187,119,724	192,115,225	206,226,601

(Continued)

METRO
Changes in Net Position, *continued*
Last Ten Fiscal Years
(accrual basis of accounting), Unaudited

		Fiscal Year		
		2008	2009	2010
NET (EXPENSE)/REVENUE				
Governmental activities	$	(44,345,954)	(36,006,703)	(42,843,980)
Business-type activities		(13,110,774)	(16,672,378)	(26,524,637)
Total primary government net expense	$	(57,456,728)	(52,679,081)	(69,368,617)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Property taxes	$	46,901,621	45,447,596	51,668,586
Excise taxes		14,367,409	12,976,156	12,945,697
Construction excise tax		2,483,137	1,734,579	1,427,730
Cemetery revenue surcharge		23,267	24,168	25,670
Unrestricted local government shared revenues		545,550	500,473	509,323
Unrestricted investment earnings		9,182,961	4,996,270	1,632,756
Transfers		275,192	120,655	553,757
Total governmental activities		73,779,137	65,799,897	68,763,519
Business-type activities:				
Unrestricted local government shared revenues (3)		11,156,012	10,702,508	9,941,144
Unrestricted investment earnings		2,828,289	1,714,787	537,995
Transfers		(275,192)	(120,655)	(553,757)
Total business-type activities		13,709,109	12,296,640	9,925,382
Total primary government	$	87,488,246	78,096,537	78,688,901
CHANGE IN NET POSITION				
Governmental activities	$	29,433,183	29,793,194	25,919,539
Business-type activities		598,335	(4,375,738)	(16,599,255)
Total primary government	$	30,031,518	25,417,456	9,320,284
Prior period adjustment/cumulative change in accounting principle	$	9,584,383	-	-

(1) Changes in Solid Waste business-type activities expenses between fiscal years 2009 and 2010 is due primarily to the recording of a change in estimate for landfill post-closure costs of $13,634,086 in fiscal year 2010.

(2) Changes in governmental activities operating grants and contribution revenue between fiscal years 2014 and 2015 is due primarily to the receipt in fiscal year 2015 of one-time grants of approximately $15 million for the Willamette Falls Legacy and Convention Center Hotel projects.

(3) Changes in business-type activities operating grants and contribution and unrestricted local government shared revenues between fiscal years 2013 and 2014 is due to a change in classification in fiscal year 2014 of MERC transient lodging taxes received from Multnomah County.

(4) In fiscal year 2016, Metro began reporting the activities of the Zoo in the Oregon Zoo enterprise fund. Prior to this, activities of the Zoo were reported as part of the General Fund, a governmental fund.

2011	2012	2013	2014	2015	2016	2017
(48,102,098)	(47,866,444)	(44,880,528)	(47,527,519)	(27,476,910)	(49,257,830)	(43,352,019)
(15,660,422)	(12,444,350)	(12,896,734)	153,089	13,661,029	(18,351,392)	(8,255,235)
(63,762,520)	(60,310,794)	(57,777,262)	(47,374,430)	(13,815,881)	(67,609,222)	(51,607,254)
49,624,399	39,609,807	51,609,216	59,506,228	61,957,344	55,546,801	59,711,015
14,066,453	14,410,951	15,354,852	15,999,908	16,584,669	18,144,766	18,830,032
1,440,755	1,765,024	2,349,487	2,537,894	2,669,188	3,338,479	3,561,675
27,056	33,619	28,792	49,581	48,335	46,711	47,095
468,776	466,123	555,198	-	-	-	-
885,490	506,774	754,672	1,202,458	904,399	1,383,708	857,777
(4,913,239)	2,439,096	(596,564)	(506,859)	(701,266)	(156,056,075)	(12,486,737)
61,599,690	59,231,394	70,055,653	78,789,210	81,462,669	(77,595,610)	70,520,857
11,558,961	12,581,998	14,463,987	-	-	-	-
412,229	391,598	231,302	416,652	425,728	891,412	655,748
4,913,239	(2,439,096)	596,564	506,859	701,266	156,056,075	12,486,737
16,884,429	10,534,500	15,291,853	923,511	1,126,994	156,947,487	13,142,485
78,484,119	69,765,894	85,347,506	79,712,721	82,589,663	79,351,877	83,663,342
13,497,592	11,364,950	25,175,125	31,261,691	53,985,759	(126,853,440)	27,168,838
1,224,007	(1,909,850)	2,395,119	1,076,600	14,788,023	138,596,095	4,887,250
14,721,599	9,455,100	27,570,244	32,338,291	68,773,782	11,742,655	32,056,088
659,362	(1,365,917)	-	-	(8,084,088)	-	-

METRO

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting), Unaudited

		Fiscal Year	
	2008	**2009**	**2010**
General Fund (1)			
Nonspendable	$ -	-	-
Restricted	-	-	-
Committed	-	-	-
Unassigned	-	-	-
Reserved	9,088,951	9,462,022	9,637,987
Unreserved	28,607,477	35,517,221	36,817,500
Total General Fund	37,696,428	44,979,243	46,455,487
All other governmental funds (1)			
Nonspendable	-	-	-
Restricted (2)	-	-	-
Assigned	-	-	-
Reserved	13,661,489	13,133,831	13,041,477
Unreserved, reported in:			
Special Revenue Funds	6,052,654	6,221,690	6,000,611
Capital Projects Funds	110,314,883	85,037,915	60,882,128
Permanent Funds	256,340	288,683	317,158
Total all other governmental funds	$ 130,285,366	104,682,119	80,241,374

(1) Metro implemented GASB Statement No. 54 during fiscal year 2011, which changed required fund balance classifications for governmental funds.

(2) Changes in Restricted fund balance of All other governmental funds between 2011 and 2012 is due primarily to the issuance of bonds in 2012; subsequent years changes are primarily due to the spend down of the proceeds.

2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
800,367	181,891	157,544	1,434,164	1,413,353	1,013,709	798,952
13,412,488	16,962,147	20,175,302	23,335,910	38,197,509	37,683,525	42,309,999
3,661,469	4,169,918	5,427,647	5,836,553	5,626,594	11,135,969	12,316,557
27,140,104	27,269,809	25,530,229	21,358,970	16,093,516	17,162,433	21,133,911
-	-	-	-	-	-	-
-	-	-	-	-	-	-
45,014,428	48,583,765	51,290,722	51,965,597	61,330,972	66,995,636	76,559,419
330,288	355,441	384,121	436,202	482,037	528,748	555,580
66,436,156	193,949,944	154,652,128	124,685,440	86,346,886	89,903,244	62,107,158
503,681	26,330	27,671	30,336	32,839	37,398	60,859
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
67,270,125	194,331,715	155,063,920	125,151,978	86,861,762	90,469,390	62,723,597

METRO

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting), Unaudited

		Fiscal Year	
	2008	**2009**	**2010**
REVENUES			
Property taxes	$ 46,312,638	44,897,096	51,457,062
Excise taxes	14,341,764	12,971,067	12,964,535
Construction excise tax	2,483,137	1,734,579	1,427,730
Cemetery revenue surcharge	23,267	24,168	25,497
Investment income	8,802,118	4,715,238	1,545,284
Government fees	576,342	481,480	389,643
Culture and recreation fees (1)	16,728,873	17,893,774	17,402,009
Solid waste fees	-	-	-
Other fees	2,569,892	3,246,604	3,086,589
Internal charges for services	849,709	917,250	2,629,198
Licenses and permits	405,408	388,375	385,155
Miscellaneous revenue	397,731	838,365	366,185
Grants	13,961,401	12,382,032	11,622,037
Local government shared revenues	545,550	500,473	509,323
Government contributions	12,500	266,319	1,505,000
Contributions and donations	1,391,471	1,241,569	1,318,994
Capital grants	-	1,851,255	1,226,124
Capital contributions and donations	2,163,915	6,606,003	1,499,373
Total revenues	111,565,716	110,955,647	109,359,738
EXPENDITURES			
General government operations	12,752,353	12,251,458	11,575,042
Regional planning and development	15,951,042	12,974,517	14,909,242
Culture and recreation	13,218,846	12,057,905	14,670,631
Zoo (1)	25,527,960	26,112,124	24,623,138
Debt service:			
Principal	24,181,585	26,447,275	32,203,540
Interest	14,847,345	12,745,812	11,653,488
Capital outlay	29,890,673	31,911,433	23,298,304
Total expenditures	136,369,804	134,500,524	132,933,385
Excess of revenues over (under) expenditures	(24,804,088)	(23,544,877)	(23,573,647)

2011	2012	2013	2014	2015	2016	2017
49,747,025	39,333,293	51,517,060	59,245,166	61,790,541	55,397,507	59,562,937
14,068,190	14,413,338	15,357,373	16,002,790	16,587,938	18,144,768	18,830,032
1,440,755	1,765,024	2,349,487	2,537,894	2,669,188	3,338,479	3,561,675
26,861	33,195	28,680	49,581	48,335	46,711	47,095
853,253	488,586	742,206	1,180,790	888,088	1,358,919	846,966
301,329	109,500	127,590	99,809	95,725	76,236	85,353
17,890,108	19,553,150	22,172,112	23,306,808	24,856,959	4,592,527	4,612,352
-	270,856	301,902	317,949	340,912	985,486	1,033,211
3,309,488	3,452,403	3,471,424	3,470,826	3,271,705	1,485,642	1,951,142
2,797,314	2,740,228	3,623,649	3,223,107	1,812,342	3,969,961	5,477,184
379,485	373,675	375,160	369,855	393,796	507,560	558,504
943,084	221,974	477,361	365,234	540,467	177,329	540,483
9,611,840	9,743,878	10,390,062	8,056,565	17,840,916	8,569,740	11,733,942
468,776	466,123	555,198	621,111	773,657	761,253	766,318
65,505	4,427,539	2,992,196	2,975,000	3,370,903	3,814,143	4,345,277
1,296,050	862,141	689,428	293,104	510,343	640	-
10,617	38,334	26,876	842,564	18,740	238,790	107,046
991,105	1,027,495	2,011,176	2,611,681	7,122,542	22,500	206,770
104,200,785	99,320,732	117,208,940	125,569,834	142,933,097	103,488,191	114,266,287
12,432,590	14,142,072	12,883,851	15,189,343	16,506,570	12,583,030	13,885,115
14,797,588	13,904,294	11,263,128	11,598,462	13,888,509	13,304,049	16,814,210
17,415,303	19,350,637	18,618,034	18,866,771	22,358,773	24,568,215	28,730,153
25,030,953	27,860,285	30,978,416	31,274,828	31,967,441	-	-
30,393,356	24,980,000	39,675,000	27,320,000	29,665,000	23,770,000	24,315,000
10,367,591	9,093,066	13,907,089	12,428,417	9,722,466	9,354,224	10,321,223
24,231,381	28,910,761	26,777,135	39,647,950	46,140,996	30,098,540	29,097,093
134,668,762	138,241,115	154,102,653	156,325,771	170,249,755	113,678,058	123,162,794
(30,467,977)	(38,920,383)	(36,893,713)	(30,755,937)	(27,316,658)	(10,189,867)	(8,896,507)

(Continued)

	Fiscal Year		
	2008	2009	2010
OTHER FINANCING SOURCES (USES)			
Bonds issued	-	5,000,000	-
Refunding bonds issued	-	-	-
Premium on bonds issued	-	-	-
Loan proceeds	-	-	-
Sale of capital assets	16,000	100,000	50,000
Transfers in	8,574,992	9,390,120	1,901,669
Payment to refunded bond escrow agent	-	-	-
Transfers out	(8,296,089)	(9,265,675)	(1,342,523)
Total other financing sources (uses)	294,903	5,224,445	609,146
Net change in fund balances	(24,509,185)	(18,320,432)	(22,964,501)
Prior period adjustment/cumulative change in accounting principle	$ -	-	-
Debt service as a percentage of noncapital expenditures	37.4%	38.2%	40.0%

(1) In fiscal year 2016, Metro began reporting the activities of the Zoo in the Oregon Zoo enterprise fund. Prior to this, activities of the Zoo were reported as part of the General Fund, a governmental fund.

2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
15,000,000	140,000,000	-	-	-	30,000,000	-
-	27,575,000	12,600,000	-	57,955,000	-	-
-	27,903,859	42,577	-	6,780,891	3,479,164	-
-	-	-	-	-	-	-
78,716	440,934	531,116	1,743,987	23,361	348,744	430,096
1,027,878	5,343,680	355,757	281,742	964,282	5,779,685	6,815,333
-	(29,679,329)	(12,515,811)	-	(65,967,620)	-	-
(710,287)	(2,032,834)	(680,764)	(506,859)	(1,364,097)	(20,145,434)	(16,530,932)
15,396,307	169,551,310	332,875	1,518,870	(1,608,183)	19,462,159	(9,285,503)
(15,071,670)	130,630,927	(36,560,838)	(29,237,067)	(28,924,841)	9,272,292	(18,182,010)
659,362	-	-	-	-	-	-
37.6%	31.2%	42.2%	34.1%	31.8%	39.6%	36.8%

METRO
Solid Waste Tonnage by Waste Type and Destination (1)
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30,	Waste (2) Metro-Owned Facilities	Total Per Ton Rate	Privately-Owned Facilities	Total Per Ton Rate	Organic (3) Metro-Owned Facilities	ECU (4) Privately-Owned Facilities	Regional Total All Waste Types
2008	592,950	$ 71.14	758,765	$ 22.31	26,003	146,652	1,524,370
2009	514,710	75.75	687,296	25.01	27,832	151,488	1,381,326
2010	483,471	80.75	642,813	27.36	26,604	168,104	1,320,992
2011	453,790	85.85	628,743	27.66	23,143	142,515	1,248,191
2012	422,746	89.53	599,326	29.44	84,375	191,256	1,297,703
2013	398,133	93.84	646,479	30.75	101,386	227,609	1,373,607
2014	428,788	94.33	651,495	30.85	91,843	259,015	1,431,141
2015	471,726	93.33	663,395	29.97	86,753	346,475	1,568,349
2016	509,286	94.98	768,705	29.87	76,970	304,700	1,659,661
2017	523,199	96.25	814,480	30.24	79,533	385,031	1,802,243

(1) Waste generated in the Metro region and delivered to solid waste facilities for disposal. The figures represent tons of solid waste from which Metro derives revenue.

(2) "Waste" is mixed solid waste on which Metro levies a Public Goods Charge that generates revenue for the Solid Waste Fund and pays for solid waste programs, and on which an Excise Tax that generates revenue for the General Fund is levied. Waste delivered to Metro's own transfer stations also incurs a user charge that is deposited in the Solid Waste Revenue Fund to pay for station operation, transport, and disposal.

(3) "Organic" is source-separated wood waste, yard debris and compostable food wastes delivered to Metro's own transfer stations. Metro levies a user charge and host fee only on the food waste portion of this group of wastes.

(4) "ECU" or "Environmental Clean-Up" material is soil and cleanup media contaminated by hazardous substances (though not itself a hazardous waste), including petroleum contaminated soils. Metro levies a reduced-rate Public Goods Charge and Excise Tax only on ECU.

Source: Metro Property and Environmental Services Department, solid waste information system.

METRO
Solid Waste Disposal Rates
Last Ten Fiscal Years
Unaudited

		Fiscal Year									
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
METRO FACILITIES											
Disposal fee	$	47.09	49.00	51.65	56.45	58.35	61.35	61.74	61.62	62.87	63.19
Regional system fee		14.08	16.04	17.53	16.72	17.64	18.56	18.56	18.21	18.39	18.48
Excise tax		8.23	8.97	9.83	10.94	11.80	12.19	12.29	11.76	11.48	11.76
Community & enhancement/host fee		0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	1.00	1.00
DEQ fees - orphan sites		0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
DEQ fees - promotion		1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.69
Total rate per ton (1)	$	71.14	75.75	80.75	85.85	89.53	93.84	94.33	93.33	94.98	96.25
Transaction fee-scalehouse	$	8.50	8.50	10.00	11.00	12.00	12.00	12.00	12.00	12.00	10.00
Transaction fee-automated	$	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
PRIVATELY-OWNED FACILITIES											
Regional system fee	$	14.08	16.04	17.53	16.72	17.64	18.56	18.56	18.21	18.39	18.48
Excise tax		8.23	8.97	9.83	10.94	11.80	12.19	12.29	11.76	11.48	11.76
Total rate per ton	$	22.31	25.01	27.36	27.66	29.44	30.75	30.85	29.97	29.87	30.24

(1) Rates are per ton of mixed waste disposal. For fiscal year 2017, minimum charge is $28.00 for 380 pounds or less.
DEQ rates are set by the State of Oregon Department of Environmental Quality.

Source: Metro Property and Environmental Services Department.

METRO

Principal Solid Waste Fee Payers
Current Year and Nine Years Ago (1)
Unaudited

Customer/Payer	2017 Fees Paid (1)	2017 Rank	2017 Percentage of Total Solid Waste Fee Revenue	2008 Fees Paid (1)	2008 Rank	2008 Percentage of Total Solid Waste Fee Revenue
Waste Management of Oregon	$ 15,032,671	1	21.94 %	$ 8,730,204	1	17.06 %
Arrow Sanitary Services	3,329,220	2	4.86		-	
Oregon City Garbage Company	3,222,383	3	4.70	2,215,989	4	4.33
Portland Disposal & Recycling	3,149,577	4	4.60	2,618,794	3	5.12
Heiberg Garbage Service	2,798,315	5	4.08	824,702	10	1.61
Trashco Services Inc.	2,398,135	6	3.50	1,899,446	5	3.71
AGG Recology Inc.	2,378,629	7	3.47	2,677,650	2	5.23
Allied Waste Services of Portland	1,645,022	8	2.40	1,365,957	8	2.67
Walker Garbage Services Inc.	1,158,758	9	1.69		-	
Sunset Garbage Collection Inc.	938,589	10	1.37		-	
Keller Drop Box Inc.	-	-	-	1,684,956	6	3.29
Gresham Sanitary Service Inc.	-	-	-	1,464,850	7	2.86
Oak Grove Disposal Company Inc.	-	-	-	1,134,679	9	2.22
Total	$ 36,051,299		52.61 %	$ 24,617,227		48.10 %

(1) Customers pay a per ton rate for solid waste disposal. The per ton rate includes various fee components which change each fiscal year. See page 142 for rate detail.

Sources: Metro Property and Environmental Services Department and Metro Accounting Division.

METRO

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years (1)

Unaudited

	Governmental Activities			
Fiscal year ended June 30,	**General Obligation Bonds**	**Full Faith and Credit Refunding Bonds**	**Pension Obligation Bonds**	**Loans Payable**
2008	$ 229,338,399	$ 17,658,856	$ 23,896,369	$ 592,500
2009	209,351,110	16,640,072	23,688,100	-
2010	178,115,055	15,591,289	23,409,830	-
2011	163,799,185	14,502,505	23,061,561	-
2012	304,897,649	13,378,722	22,638,291	-
2013	265,579,168	13,985,000	22,300,000	-
2014	237,456,537	12,495,000	21,685,000	2,136
2015	209,240,729	10,900,000	20,975,000	-
2016	217,472,440	9,125,000	20,155,000	-
2017	191,285,127	7,880,000	19,225,000	-

(1) See page 152 for personal income and population data.

* Not available

Business-type Activities					
Revenue Bonds	Full Faith and Credit Bonds	Loans Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
$ 4,417,547	$ 13,418,493	$ 143,911	$ 289,466,075	0.32 %	$ 179.30
-	12,874,828	133,632	262,687,742	0.30	160.99
-	12,311,164	-	229,427,338	0.26	139.51
-	11,722,499	-	213,085,750	0.23	128.61
-	11,108,835	-	352,023,497	0.35	210.42
-	11,079,730	-	312,943,898	0.31	184.78
-	10,357,673	-	281,996,346	0.26	164.16
-	9,605,617	-	250,721,346	0.22	143.65
-	8,988,560	-	255,741,000	N/A *	143.74
-	7,895,584	-	226,285,711	N/A *	124.89

METRO
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30,	General Bonded Debt Outstanding: General Obligation Bonds	Pension Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Net General Bonded Debt	Real Market Value (1)	Percentage of Actual Real Market Value of Property	Per Capita (2)
2008	$ 229,338,399	$ 23,896,369	$ 13,661,489	$ 239,573,279	$ 207,455,843,980	0.12 %	$ 148.39
2009	209,351,110	23,688,100	13,133,831	219,905,379	218,478,090,509	0.10	134.77
2010	178,115,055	23,409,830	13,041,458	188,483,427	208,123,520,973	0.09	114.61
2011	163,799,185	23,061,561	14,086,438	172,774,308	196,930,643,603	0.09	104.28
2012	304,897,649	22,638,291	11,134,999	316,400,941	186,113,692,723	0.17	189.13
2013	265,579,168	22,300,000	632,127	287,247,041	182,115,877,804	0.16	169.61
2014	237,456,537	21,685,000	1,107,953	258,033,584	191,403,168,645	0.13	150.21
2015	209,240,729	20,975,000	1,270,502	228,945,227	211,844,217,262	0.11	131.17
2016	217,472,440	20,155,000	495,726	237,131,714	232,729,794,715	0.10	133.28
2017	191,285,127	19,225,000	814,903	209,695,224	266,256,751,631	0.08	115.73

Sources:
(1) The Departments of Assessment and Taxation for Multnomah, Clackamas and Washington counties.

(2) See page 152 for population data.

METRO
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017
Unaudited

Overlapping government	Net property tax backed debt	Percent within Metro	Share of Overlapping Debt
Banks Fire District 13	$ 170,000	0.05 %	$ 88
City of Beaverton	34,567,076	99.86	34,519,754
City of Cornelius	1,790,640	94.04	1,683,989
City of Durham	330,000	100.00	330,000
City of Fairview	526,335	100.00	526,335
City of Gladstone	1,473,000	100.00	1,473,000
City of Gresham	31,469,373	100.00	31,469,373
City of Happy Valley	3,300,000	100.00	3,300,000
City of Hillsboro	45,250,000	98.66	44,642,112
City of Lake Oswego	9,190,000	100.00	9,190,000
City of Milwaukie	13,943,244	100.00	13,943,244
City of Portland	155,468,265	100.00	155,467,177
City of Sherwood	25,323,701	99.72	25,252,491
City of Tigard	22,427,479	99.44	22,301,526
City of Troutdale	7,813,000	100.00	7,813,000
City of Tualatin	6,054,594	100.00	6,054,594
City of West Linn	15,940,000	100.00	15,940,000
Clackamas Community College	102,608,913	75.37	77,334,388
Clackamas County	155,330,136	75.50	117,268,971
Clackamas County ESD	22,820,637	75.73	17,281,931
Clackamas County RFPD 1	26,870,000	88.37	23,744,535
Clackamas County SD 115 (Gladstone)	45,922,441	100.00	45,922,441
Clackamas County SD 12 (North Clackamas)	609,115,622	98.77	601,609,490
Clackamas County SD 3J (West Linn-Wilsonville)	229,668,066	94.79	217,702,130
Clackamas County SD 46 (Oregon Trail)	94,905,487	6.45	6,123,207
Clackamas County SD 62 (Oregon City)	72,889,276	70.27	51,217,764
Clackamas County SD 7J (Lake Oswego)	90,618,476	100.00	90,618,476
Clackamas County SD 86 (Canby)	60,820,573	13.53	8,229,449
Columbia County SD 1J (Scappoose)	27,780,000	8.50	2,361,022
Corbett Water District	1,007,624	21.50	216,592
Lusted Water District	730,000	97.19	709,467
Mt. Hood Community College	23,235,000	87.00	20,214,566
Multnomah County	143,743,241	99.11	142,468,669
Multnomah County Drainage District 1	50,000	100.00	50,000
Multnomah County RFPD 10	3,560,538	84.34	3,002,979
Multnomah County SD 10J (Gresham-Barlow)	310,047,960	95.29	295,429,508
Multnomah County SD 1J (Portland)	665,077,068	99.70	663,092,478
Multnomah County SD 28J (Centennial)	22,251,858	100.00	22,251,858
Multnomah County SD 3 (Parkrose)	56,902,143	100.00	56,902,143
Multnomah County SD 39 (Corbett)	1,926,944	12.98	250,189
Multnomah County SD 40 (David Douglas)	85,332,481	100.00	85,332,481
Multnomah County SD 51J (Riverdale)	18,249,889	100.00	18,249,889
Multnomah County SD 7 (Reynolds)	211,095,539	100.00	211,095,539
Pleasant Home Water District	1,575,000	57.39	903,915
Portland Community College	302,090,000	92.93	280,729,820
Rivergrove Water District 14J	627,528	100.00	627,528
Tualatin Hills Park & Recreation District	82,524,818	99.90	82,445,017
Tualatin Valley Fire & Rescue District	48,820,000	97.13	47,416,864
Valley View Water District	1,621,692	100.00	1,621,692

METRO

Direct and Overlapping Governmental Activities Debt, *continued*

As of June 30, 2017

Unaudited

Overlapping government		Net property tax backed debt	Percent within Metro			Share of Overlapping Debt
Washington County	$	232,130,277	93.58	%	$	217,222,406
Washington County Enhanced Patrol District		75,877	99.91			75,812
Washington County SD 13 (Banks)		13,667,330	0.04			6,014
Washington County SD 15 (Forest Grove)		95,134,123	78.50			74,683,711
Washington County SD 1J (Hillsboro 7 Bond)		4,006,806	86.11			3,450,341
Washington County SD 1J (Hillsboro)		238,850,000	86.38			206,310,748
Washington County SD 23J (Tigard-Tualatin)		269,654,318	99.24			267,613,574
Washington County SD 48J (Beaverton)		1,065,719,613	99.79			1,063,500,785
Washington County SD 88J (Sherwood)		220,719,911	81.83			180,616,207
Subtotal, overlapping debt		6,034,813,912				5,579,811,279
Metro direct debt						218,390,127
Total direct and overlapping debt					$	5,798,201,406

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of Metro. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of Metro.
"Net property tax backed debt" is gross property tax backed debt less self-supporting unlimited-tax general obligation, self-supporting full faith and credit debt, and revenue bonds.

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

METRO

Legal Debt Margin Information
Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30,	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of the debt limit
2008	$ 20,745,584,398	$ 221,976,671	$ 20,523,607,727	1.07 %
2009	21,847,809,051	202,536,896	21,645,272,155	0.93
2010	20,812,352,097	171,848,356	20,640,503,741	0.83
2011	19,693,064,360	158,080,000	19,534,984,360	0.80
2012	18,611,369,272	273,485,000	18,337,884,272	1.47
2013	18,211,587,780	235,675,000	17,975,912,780	1.29
2014	19,140,316,865	210,460,000	18,929,856,865	1.10
2015	21,184,421,726	182,305,000	21,002,116,726	0.86
2016	23,272,979,472	190,565,000	23,082,414,472	0.82
2017	26,625,675,163	168,425,000	26,457,250,163	0.63

Legal Debt Margin Calculation for Fiscal Year 2017

True cash value		$ 266,256,751,631
Debt limit (10% of true cash value)		26,625,675,163
Debt applicable to limit:		
Gross bonded debt principal	$ 202,735,000	
Less legal deductions from debt limit:		
Full Faith and Credit Refunding Bonds 2013 Series (MRC)	(7,880,000)	
Full Faith and Credit Refunding Bonds 2016 Series	(7,205,000)	
Metro Limited Tax Pension Obligation Bonds Series 2005	(19,225,000)	
Total net debt applicable to limit		168,425,000
Legal debt margin		$ 26,457,250,163

Note: ORS 268.520 sets a debt limit of 10% of the true cash value of all taxable property within the district.

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

METRO

Pledged Revenue Coverage

Last Ten Fiscal Years

Unaudited

		Solid Waste Revenue Bonds					
Fiscal year ended June 30,		Solid Waste operating revenue	Less: operating expenses	Net available revenue	Debt service (1) Principal	Debt service (1) Interest	Coverage
2008		$ 55,134,283	50,918,534	4,215,749	2,265,000	108,963	1.78
2009	(2)	-	-	-	-	-	-
2010		-	-	-	-	-	-
2011		-	-	-	-	-	-
2012		-	-	-	-	-	-
2013		-	-	-	-	-	-
2014		-	-	-	-	-	-
2015		-	-	-	-	-	-
2016		-	-	-	-	-	-
2017		-	-	-	-	-	-

Note: The coverage information in this schedule is presented based on the formula required by bond covenants, which specifies that Metro shall maintain its existing solid waste disposal system and establish rates to produce net revenues each year which at least equal 110% of annual debt service. Under the covenants, operating expenses exclude depreciation, amortization and capital assets.

(1) 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.

(2) The bonds to which pledged revenue coverage covenants applied were defeased in fiscal year 2009.

METRO

Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30,	Population (1)		Total Personal income (in thousands) (2)		Per capita personal income (2)		Portland metropolitan unemployment rate (2)	
2008	1,614,465		$ 91,015,463		$ 41,888		5.6	%
2009	1,631,665		86,727,054		39,301		11.4	
2010	1,644,535		88,150,843		39,486		10.3	
2011	1,656,775		93,931,598		41,554		9.1	
2012	1,672,970		100,257,000		43,802		8.1	
2013	1,693,600		101,689,188		43,936		7.4	
2014	1,717,765		108,801,434		46,326		6.2	
2015	1,745,385		115,690,681		48,422		5.5	
2016	1,779,245		N/A	*	N/A	*	5.1	
2017	1,811,860	(3)	N/A	*	N/A	*	3.9	

* Not available

(1) For Clackamas, Multnomah and Washington counties.

(2) Portland-Vancouver-Hillsboro OR-WA MSA

(3) Preliminary estimate

Sources: Population Research Center, Portland State University.
Oregon Employment Department.
U.S. Department of Commerce, Bureau of Economic Analysis (BEA).

METRO

Principal Employers (1)

Current Year and Nine Years Ago

Unaudited

Employer	2017 Employees	2017 Rank	2017 Percentage of Total Metropolitan Area Employment	2008 Employees	2008 Rank	2008 Percentage of Total Metropolitan Area Employment
State of Oregon	19,800	1	1.71 %	21,200	1	2.04 %
Intel Corporation	19,300	2	1.67	15,500	3	1.49
US Government	18,300	3	1.58	18,300	2	1.76
Providence Health System	17,543	4	1.51	12,000	6	1.16
Oregon Health & Science University	16,200	5	1.40	12,600	5	1.21
Legacy Health System	12,955	6	1.12	8,251	8	0.79
Nike, Inc.	12,000	7	1.04	7,000	9	0.67
Fred Meyer Stores	10,637	8	0.92	14,684	4	1.41
City of Portland	7,043	9	0.61	-	-	-
Portland Public Schools	6,780	10	0.59	-	-	-
Kaiser Foundation Health Plan of the NW	-	-	-	9,000	7	0.87
Wells Fargo	-	-	-	5,969	10	0.57
Total	140,558		12.15 %	124,504		11.97 %

(1) Portland-Vancouver-Hillsboro OR-WA MSA

Sources: Piper Jaffray & Co and www.qualityinfo.org.

METRO

Full-Time Equivalent Employees by Function/Program
Last Ten Fiscal Years (1)
Unaudited

	Fiscal Year									
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
FUNCTIONS/PROGRAMS										
Primary Government:										
Governmental activities:										
General government operations	142.96	149.78	169.50	172.75	176.15	174.04	175.79	181.80	183.20	170.85
Regional planning and development	82.08	83.65	88.78	89.87	87.43	76.05	72.15	75.65	76.30	85.30
Culture and recreation	55.65	63.65	59.63	54.40	53.20	58.30	76.75	83.55	92.10	99.80
Zoo (1)	151.96	155.98	157.98	155.98	159.31	168.20	174.85	187.15	-	-
Total governmental activities	432.65	453.06	475.89	473.00	476.09	476.59	499.54	528.15	351.60	355.95
Business-type activities:										
Solid Waste	106.75	109.00	92.95	93.60	93.55	91.05	90.75	101.30	107.45	114.16
Oregon Zoo (1)	-	-	-	-	-	-	-	-	198.65	200.60
MERC	186.00	191.00	194.00	190.00	185.85	181.50	175.50	182.35	186.35	189.95
Total business-type activities	292.75	300.00	286.95	283.60	279.40	272.55	266.25	283.65	492.45	504.71
Total primary government	725.40	753.06	762.84	756.60	755.49	749.14	765.79	811.80	844.05	860.66
		(2)	(3)					(4)	(5)	

(1) In fiscal year 2016, Metro began reporting the activities of the Zoo in the Oregon Zoo enterprise fund. Prior to this, activities of the Zoo were reported as part of the General Fund, a governmental fund.

(2) Increase over previous fiscal year is due primarily to personnel additions resulting from the passage of the Natural Areas bond measure and increased service demands at the Oregon Zoo and MERC due to economic recovery.

(3) In fiscal year 2010, Metro undertook the Sustainable Metro Initiative which reorganized the management structure by core competencies and functions to align programs with desired regional outcomes. This resulted in the shifting of staff and responsibilities between areas.

(4) Increase over previous fiscal year is due primarily to first time tracking of part-time personnel and the conversion of temporary to permanent positions. Increased service demands also led to the addition of staff.

(5) Increase over previous fiscal year is due to conversion of temporary to permanent positions. Increased service demands at the venues and in parks management also led to the addition of staff.

Source: Metro Adopted Budget documents.

METRO
Operating Indicators by Function/Program
Last Ten Fiscal Years
Unaudited

		Fiscal Year		
		2008	**2009**	**2010**
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental activities:				
General government operations:				
Business licenses issued		3,011	2,876	2,851
General obligation bond rating:				
Moody's		Aaa	Aaa	Aaa
Standard and Poor's		AAA	AAA	AAA
Regional planning and development:				
Data Resource Center sales of maps and aerials	$	175,897	137,344	146,199
Culture and recreation:				
Visitors to Blue Lake Park, Oxbow Park and Chinook Landing		711,009	824,375	743,546
Volunteer visits		5,169	3,281	5,272
Volunteer hours		18,196	17,000	19,497
Acres acquired in Open Spaces and Natural Areas land target areas		426	312	1,438
Business-type activities:				
Solid Waste:				
Recycling Information Center calls/hits on website		147,186	148,465	136,178
Students reached in elementary and secondary school presentations		57,189	41,045	58,413
Regional recovery rate (1)		55.1%	56.8%	56.5%
Hazardous waste net cost per pound	$	0.82	0.87	0.95
Gallons of recycled paint produced		119,536	99,253	121,207
Latex paint revenue	$	1,009,012	1,159,152	1,037,583
PaintCare revenue (management of post-consumer paint)	$	-	-	-
Oregon Zoo (2):				
Adult admission price (peak & off season)	$	9.75	9.75	10.50
Annual attendance		1,500,570	1,621,567	1,634,978
Volunteer hours		168,795	183,711	166,890
Enterprise revenue as percentage of operating revenue		56.0%	61.8%	62.9%
Contributions and donations as percent of total revenue		5.0%	7.0%	6.0%
MERC:				
Annual attendance				
Oregon Convention Center		639,000	574,199	505,371
Portland Expo Center		510,141	454,005	420,616
Portland'5 Centers for the Arts (3)		817,637	930,841	778,691
Number of events/performances				
Oregon Convention Center		104	92	98
Portland Expo Center		107	110	98
Portland'5 Centers for the Arts (3)		827	1,061	931
Capacity				
Occupancy rate (75% considered maximum)				
Oregon Convention Center		46%	41%	43%

*Not available

(1) Regional recovery rate is calculated by taking total waste generated in the region divided by amount recycled plus DEQ credits up to 6% for waste prevention, reuse, and home composting.

(2) In fiscal year 2016, Metro began reporting the activities of the Zoo in the Oregon Zoo enterprise fund. Prior to this, activities of the Zoo were reported as part of the General Fund, in governmental activities.

(3) Was renamed from Portland Center for the Performing Arts in 2014.

Source: Various Metro departments.

2011	2012	2013	2014	2015	2016	2017
2,811	2,768	2,779	2,739	2,918	3,079	3,019
Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
AAA	AAA	AAA	AAA	AAA	AAA	AAA
102,727	73,091	75,279	78,635	81,943	70,467	65,305
704,430	754,351	813,194	739,324	719,804	850,623	847,453
5,082	4,248	3,188	3,034	4,472	3,370	5,508
20,328	15,664	10,357	9,384	14,385	15,349	15,083
392	1,117	398	234	361	180	507
135,789	138,438	130,110	147,389	147,875	146,708	169,444
42,767	46,636	31,636	26,591	44,482	45,150	51,519
57.9%	59.3%	62.2%	64.2%	59.8%	60.4%	N/A*
0.77	0.93	0.93	0.89	0.97	1.04	1.04
134,548	157,957	158,421	199,192	243,341	220,016	203,421
948,328	997,290	1,147,907	1,258,303	1,360,872	1,286,638	1,149,852
1,097,559	1,382,882	1,303,797	1,131,360	1,521,246	1,567,449	1,481,844
10.50	10.50	11.50	11.50	11.50	14.95 & 9.95	14.95 & 9.95
1,536,303	1,597,475	1,683,442	1,514,192	1,560,035	1,494,316	1,549,394
156,997	150,035	130,993	158,551	130,065	98,722	91,911
64.0%	64.1%	62.4%	60.4%	61.2%	59.5%	62.6%
7.0%	4.0%	3.0%	2.4%	2.0%	3.8%	6.2%
524,388	732,982	661,283	581,195	633,047	632,823	624,538
390,333	506,508	429,613	466,213	381,169	398,705	385,184
769,468	844,750	785,277	743,560	876,819	928,151	946,691
88	80	95	88	81	74	70
93	114	110	154	112	121	109
877	878	952	906	967	964	971
46%	42%	46%	44%	51%	58%	48%

METRO

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
Unaudited

	Fiscal Year		
	2008	**2009**	**2010**
FUNCTIONS/PROGRAMS			
Primary Government:			
Governmental activities:			
General government operations:			
Regional Center facilities	1	1	1
Square footage	110,000	110,000	110,000
Parking spaces - Regional Center garage	162	162	162
Parking spaces - Irving Street garage	485	485	485
Culture and recreation:			
Regional park facilities	5	6	7
Acres (including acres acquired using Natural areas bond proceeds)	1,572	1,701	1,957
Cemeteries	14	14	14
Acres	67	67	67
Golf facilities	1	1	1
Acres	232	232	232
18-hole courses	2	2	2
Marine facilities	3	3	3
Natural areas acquired from Multnomah County	7	7	7
Acres	2,422	2,422	2,422
Open Spaces land target areas	20	20	20
Acres	8,185	8,001	7,745
Natural areas acquired using bond proceeds	27	27	27
Acres	730	1,037	2,465
Business-type activities:			
Solid Waste:			
Transfer stations (including hazardous waste facilities)	2	2	2
Latex paint facilities	1	1	1
Closed landfills maintained	1	1	1
Oregon Zoo (1):			
Acres	65	65	65
Buildings and exhibits	70	70	71
Railways	1	1	1
MERC:			
Convention Centers	1	1	1
Square footage	907,000	907,000	907,000
Parking spaces	800	800	800
Exposition Centers	1	1	1
Square footage	330,000	330,000	330,000
Parking spaces	2,200	2,200	2,200

Note: No capital asset indicators are available for the regional planning and development function.

(1) In fiscal year 2016, Metro began reporting the activities of the Zoo in the Oregon Zoo enterprise fund. Prior to this, activities of the Zoo were reported as part of the General Fund, in governmental activities.

Source: Various Metro departments.

2011	2012	2013	2014	2015	2016	2017
1	1	1	1	1	1	1
110,000	110,000	110,000	110,000	110,000	110,000	196,960
162	162	162	162	162	162	162
485	485	485	485	485	485	485
7	8	8	8	8	8	8
1,957	2,207	2,207	2,207	2,305	2,305	2,305
14	14	14	14	14	14	14
67	67	67	67	67	67	67
1	1	1	1	1	1	1
232	232	232	232	232	232	232
2	2	2	2	2	2	2
3	3	3	3	3	3	3
7	7	7	7	7	7	7
2,422	2,422	2,422	2,422	2,422	2,422	2,422
20	20	20	20	20	20	20
7,745	7,668	7,668	7,684	7,684	7,684	7,684
27	27	27	27	27	27	27
2,838	4,032	4,430	4,647	4,910	5,090	5,596
2	2	2	2	2	2	2
1	1	1	1	1	1	1
1	1	1	1	1	1	1
65	65	65	65	65	65	65
73	73	71	67	67	67	68
1	1	1	1	2	2	2
1	1	1	1	1	1	1
907,000	907,000	907,000	907,000	907,000	907,000	907,000
800	800	800	800	800	716	716
1	1	1	1	1	1	1
330,000	330,000	330,000	330,000	330,000	330,000	333,000
2,200	2,200	2,256	2,256	2,256	2,256	2,556

METRO
Property Tax Levies and Collections (1)
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30,	Total tax levy for fiscal year	Collected within the fiscal year of the levy		Collections in subsequent fiscal years	Total collections to date		Total uncollected taxes for the fiscal year
		Tax collections	Percentage of levy		Tax collections	Percentage of levy	
2008	$ 48,123,417	$ 45,437,777	94.4 %	$ 1,276,308	$ 46,714,085	97.1 %	$ 1,815,332
2009	46,756,581	43,824,192	93.7	1,545,379	45,369,571	97.0	2,427,570
2010	53,137,308	49,982,313	94.1	1,454,584	51,436,897	96.8	2,699,142
2011	51,113,288	48,209,584	94.3	1,166,655	49,376,239	96.6	2,524,787
2012	40,461,529	38,168,544	94.3	851,314	39,019,858	96.4	2,718,087
2013	53,097,952	50,317,145	94.8	1,072,318	51,389,463	96.8	2,846,442
2014	61,068,522	57,913,674	94.8	1,024,728	58,938,402	96.5	3,122,857
2015	63,625,056	60,524,636	95.1	775,054	61,299,690	96.3	3,256,373
2016	56,981,126	54,251,668	95.2	490,251	54,741,919	96.1	3,355,651
2017	61,417,731	58,526,399	95.3	-	58,526,399	95.3	3,523,722

(1) Property tax levies provide operating revenue for the General Fund and the Parks and Natural Areas Local Option Levy Fund and debt service for Metro's general obligation bonds.

METRO

Taxable Property Values
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Real Market Value (1)	Total Assessed Valuation (AV)	Urban Renwal Excess	AV used to Calculate Rates (2)
	Metro – Total Area			
2008	$ 207,455,843,980	$ 116,530,569,872	$ 5,315,505,467	$ 111,215,064,405
2009	218,478,090,509	122,534,341,174	6,020,017,669	116,514,323,505
2010	208,123,520,973	127,491,891,101	6,824,416,166	120,667,474,935
2011	196,930,643,603	131,057,532,855	6,703,067,043	124,354,465,812
2012	186,113,692,723	134,726,718,334	6,813,436,761	127,913,281,573
2013	182,115,877,804	137,952,858,654	7,117,486,446	130,835,372,208
2014	191,403,168,645	143,016,215,233	6,911,680,698	136,104,534,535
2015	211,844,217,262	149,658,475,167	7,196,823,537	142,461,651,630
2016	232,729,794,715	157,332,876,813	7,692,366,115	149,640,510,698
2017	266,256,751,631	164,726,153,314	8,800,597,517	155,925,555,797
	Portion of Metro Located in Multnomah County			
2008	$ 99,296,668,779	$ 53,649,313,019	$ 3,631,631,788	$ 50,017,681,231
2009	106,260,520,938	56,250,379,076	4,144,208,538	52,106,170,538
2010	104,037,809,015	58,604,681,647	4,751,822,133	53,852,859,514
2011	100,581,687,913	60,307,166,969	5,039,772,399	55,267,394,570
2012	94,398,806,299	61,937,120,961	5,151,161,165	56,785,959,796
2013	92,813,634,950	63,238,726,207	5,323,183,349	57,915,542,858
2014	97,169,032,640	65,397,982,385	5,552,059,852	59,845,922,533
2015	107,182,217,862	68,400,496,894	5,690,908,219	62,709,588,675
2016	118,439,572,417	71,365,034,261	6,080,696,726	65,284,337,535
2017	138,109,555,282	74,755,397,687	6,804,941,684	67,950,456,003
	Portion of Metro Located in Washington County			
2008	$ 65,921,513,289	$ 38,822,646,031	$ 545,317,458	$ 38,277,328,573
2009	67,919,881,085	40,853,200,871	580,739,692	40,272,461,179
2010	63,920,741,444	42,307,096,557	618,930,288	41,688,166,269
2011	60,514,716,319	43,432,392,813	193,090,521	43,239,302,292
2012	58,085,653,520	44,766,571,918	201,432,245	44,565,139,673
2013	56,826,665,878	46,038,212,248	213,290,719	45,824,921,529
2014	60,172,881,111	47,774,596,085	278,476,700	47,496,119,385
2015	66,641,438,168	49,956,068,958	328,606,130	49,627,462,828
2016	72,210,640,850	53,190,401,212	308,315,912	52,882,085,300
2017	80,476,887,028	55,606,866,466	528,351,591	55,078,514,875
	Portion of Metro Located in Clackamas County			
2008	$ 42,237,661,912	$ 24,058,610,822	$ 1,138,556,221	$ 22,920,054,601
2009	44,297,688,486	25,430,761,227	1,295,069,439	24,135,691,788
2010	40,164,970,514	26,580,112,897	1,453,663,745	25,126,449,152
2011	35,834,239,371	27,317,973,073	1,470,204,123	25,847,768,950
2012	33,629,232,904	28,023,025,455	1,460,843,351	26,562,182,104
2013	32,475,576,976	28,675,920,199	1,581,012,378	27,094,907,821
2014	34,061,254,894	29,843,636,763	1,081,144,146	28,762,492,617
2015	38,020,561,232	31,301,909,315	1,177,309,188	30,124,600,127
2016	42,079,581,448	32,777,441,340	1,303,353,477	31,474,087,863
2017	47,670,309,321	34,363,889,161	1,467,304,242	32,896,584,919

(1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.

(2) Assessed value of property in Metro on which the Permanent Rate is applied to derive ad valorem property taxes, excluding urban renewal, exempt property within enterprise zones and any other offsets.

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

METRO
Property Tax Rates by Type of Levy
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Permanent Rate	Local Option Levy Rate	General Obligation Bond Levy Rate (1)	Total Rate
2008	$ 0.0966	$ -	$ 0.3337	$ 0.4303
2009	0.0966	-	0.3044	0.4010
2010	0.0966	-	0.3437	0.4403
2011	0.0966	-	0.3146	0.4112
2012	0.0966	-	0.2202	0.3168
2013	0.0966	-	0.4140	0.5106
2014	0.0966	0.0960	0.2768	0.4694
2015	0.0966	0.0960	0.2683	0.4609
2016	0.0966	0.0960	0.1982	0.3908
2017	0.0966	0.0960	0.2057	0.3983

(1) General obligation (GO) bond levy rate is a calculation of total GO levy divided by Assessed Value used to calculate rates.

METRO

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

June 30, 2017

Unaudited

Taxpayer account	Type of business		Assessed valuation	Percent of total valuation	
MULTNOMAH COUNTY					
Port of Portland	Marine and aviation facilities	$	583,529	0.86	%
Comcast Corporation	Telecommunications		433,904	0.64	
Portland General Electric Co.	Electric utility		405,219	0.60	
Alaska Airlines, Inc.	Air travel		368,405	0.54	
Pacificorp (PP&L)	Electric utility		349,119	0.51	
Weston Investment Co. LLC	Nonresidential construction		272,190	0.40	
AT & T Inc.	Telecommunications		249,510	0.37	
Centurylink	Telecommunications		213,320	0.31	
Southwest Airlines Co.	Air travel		199,287	0.29	
Evraz Inc. NA	Steel manufacturing		197,772	0.29	
All other taxpayers	-		64,678,201	95.19	
	Total	$	67,950,456	100.00	%
WASHINGTON COUNTY					
Intel Corporation	Computer electronics	$	2,179,400	3.96	%
Nike, Inc.	Athletic apparel		759,689	1.38	
Portland General Electric Co.	Electric utility		437,521	0.79	
Comcast Corporation	Telecommunications		404,477	0.73	
Pacific Realty Associates	Real estate		352,596	0.64	
Northwest Natural Gas Co.	Natural gas utility		260,916	0.47	
Solarworld Industries America, Inc.	Solar technology and manufacturing		208,615	0.38	
Verizon Communications	Telecommunications		182,071	0.33	
Genentech, Inc.	Biotechnology		179,135	0.33	
Frontier Communications	Telecommunications		179,171	0.33	
All other taxpayers	-		49,934,924	90.66	
	Total	$	55,078,515	100.00	%
CLACKAMAS COUNTY					
Shorenstein Properties LLC	Real estate	$	288,286	0.88	%
Portland General Electric Co.	Electric utility		270,794	0.82	
General Growth Properties, Inc.	Real estate		249,222	0.76	
Comcast Corporation	Telecommunications		182,326	0.55	
Fred Meyer, Inc.	Retailer		164,347	0.50	
Northwest Natural Gas Co.	Natural gas utility		135,903	0.41	
PCC Structurals, Inc.	Metal castings and machining		134,222	0.41	
Mentor Graphics Corp.	Electronics		78,003	0.24	
ROIC Oregon LLC	Real estate		74,348	0.23	
Marvin F. Poer & Company	Property tax consulting		73,855	0.22	
All other taxpayers	-		31,245,279	94.98	
	Total	$	32,896,585	100.00	%

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

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE AND FEDERAL REGULATIONS

Oregon Administrative Rules 162-010-0000 through 162-010-0330 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.

Metro is the recipient of Federal Grant Awards and requires an audit subject to the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As a result, Metro's audit is also required to be performed in compliance with Generally Accepted Government Audit Standards.

Comments and disclosures required by the above rules and regulations are set forth on the following pages.

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Oregon Minimum Audit Standards*

Metro Council and Metro Auditor
Portland, Oregon

We have audited the basic financial statements of Metro as of and for the year ended June 30, 2017 and have issued our report thereon dated November 15, 2017. 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, and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether Metro's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

OAR	Section	Instances of Non-Compliance Identified?
162-010-0000	Preface	None Noted
162-010-0010	Definitions	None Noted
162-010-0020	Introduction	None Noted
162-010-0030	General Requirements	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Information (RSI)	None Noted
162-010-0120	Other Supplementary Information	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances, / Net Position, Budget and Actual (Each Fund)	None Noted
162-010-0140	Schedule of Accountability for Independently Elected Officials	Not applicable
162-010-0150	Schedule of Property Tax Transactions or Acreage Assessments	None Noted
162-010-0160	Schedule of Bonded or Long-Term Debt Transactions	None Noted
162-010-0170	Schedule of Future Requirements for Retirement of Bonded or Long-Term Debt	None Noted
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Required Disclosures and Independent Auditors Comments	None Noted
162-010-0230	Accounting Records and Internal Control	None Noted
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	None Noted
162-010-0260	Budget	None Noted
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	None Noted
162-010-0295	Highway Funds	Not applicable
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	None Noted
162-010-0315	State School Fund	Not applicable
162-010-0316	Public Charter Schools	Not applicable
162-010-0320	Other Comments and Disclosures	None Noted
162-010-0330	Extensions of Time to Deliver Audit Reports	Not applicable

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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 test disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report is intended solely for the information of the Metro Council, Metro Auditor, management, and the State of Oregon, and is not intended to be and should not be used by anyone other than those specified parties.

James C. Lanzarotta

For Moss Adams LLP
Eugene, Oregon
November 15, 2017

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

Metro Council and Metro Auditor
Portland, Oregon

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated November 15, 2017. Our report includes a reference to other auditors who audited the financial statements of the Oregon Zoo Foundation, as described in our report on Metro's financial statements. The financial statements of the Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Oregon Zoo Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metro's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
November 15, 2017

Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Metro Council and Metro Auditor
Portland, Oregon

Report on Compliance for the Major Federal Program

We have audited Metro's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Metro's major federal program for the year ended June 30, 2017. Metro's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Metro's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of Metro's compliance.

Opinion on the Major Federal Program

In our opinion, Metro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

MOSSADAMS

Report on Internal Control Over Compliance

Management of Metro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Metro's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
November 15, 2017

METRO

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2017

Grantor and Program Title	Federal CFDA Number	Grant/Pass Through Number	Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE			
Forest Service-			
Direct Programs:			
UNO Program	10.U01	15-CS-11062200-006	$ 10,000
Total U. S. Department of Agriculture			10,000
U. S. DEPARTMENT OF COMMERCE			
National Oceanic and Atmospheric Administration-			
Passed through the Oregon Watershed Enhancement Board:			
Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program	11.438	214-3040-10873	16,098
Total U. S. Department of Commerce			16,098
U.S. DEPARTMENT OF DEFENSE			
Department of the Army, Office of the Chief of Engineers-			
Passed through Washington Department of Fish & Wildlife:			
Planning Assistance to States - Water Resources Development Act	12.110	WDFW #16-07768	60,000
Planning Assistance to States - Water Resources Development Act	12.110	WDFW #16-07749	5,192
Total U.S. Department of Defense			65,192
U. S. DEPARTMENT OF THE INTERIOR			
Bureau of Land Management-			
Direct Programs:			
Recreation Resource Management;			
Take Pride in America Act	15.225	L15AC00108	40,000
Fish and Wildlife Service-			
Direct Programs:			
Endangered Species Conservation-Recovery Implementation Funds	15.657	F15AC000653	4,937
Endangered Species Conservation-Recovery Implementation Funds	15.657	F14AC00815	38,000
Endangered Species Conservation-Recovery Implementation Funds	15.657	F16AC00845	10,000
Endangered Species Conservation-Recovery Implementation Funds	15.657	F16AP00779	5,000
Endangered Species Conservation-Recovery Implementation Funds	15.657	F16AP00652	20,000
Endangered Species Conservation-Recovery Implementation Funds	15.657	F15AC00681	7,870
Subtotal Endangered Species Conservation-Recovery Implementation Funds			85,807
Passed through Oregon Department of Parks and Recreation:			
Cooperative Endangered Species Conservation Fund	15.615	FY16-E28TW9 OZ	11,907
Cooperative Endangered Species Conservation Fund	15.615	FY15-E28TW8 OZ	25,697
Subtotal Cooperative Endangered Species Conservation Fund			37,604
Passed through Oregon State Marine Board:			
Clean Vessel Act	15.616	N/A	1,800
Passed through Washington Department of Fish & Wildlife:			
State Wildlife Grants	15.634	WA-S-2015-043-0	15,000
Passed through Oregon Parks and Recreation:			
Clean Vessel Act	15.916		10,237
Total U. S. Department of the Interior			190,448
U. S. DEPARTMENT OF TRANSPORTATION			
Federal Highway Administration-			
Highway Planning and Construction Cluster-			
Passed through Oregon Department of Transportation:			
2017 Planning & 2015 Planning Carryover funds	20.205	ODOT # 31482	1,577,651
2017 STP & 2015 STP Carryover funds	20.205	ODOT # 31482	1,227,916
2016 TSMO STP funds	20.205	ODOT # 31482	59,945
2017 Technical Studies (Sec 5303) & 2015 Carryover funds	20.205	ODOT # 31482	415,333
Individualized Marketing Travel Options	20.205	ODOT # 30843	122,518
Powell-Division FHWA SPR Funds	20.205	ODOT # 31416	573,824
Economic Value Atlas Planning Study	20.205	ODOT # 30681-02	2,061
Total Highway Planning and Construction Cluster			3,979,247

METRO

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2017

Grantor and Program Title	Federal CFDA Number	Grant/Pass Through Number	Federal Expenditures
Federal Transit Administration-			
Federal Transit - Formula Grants (Federal Transit Cluster)-			
Direct Programs:			
Congestion Mitigation & Air Quality Improvement Program (CMAQ)			
Regional Travel Options	20.507	OR-95-X037	23,943
Passed through to subrecipients:			
City of Portland	*20.507*	*0000931970*	*23,943*
Surface Transportation Funds			
Regional Travel Options	20.507	OR-95-X051	1,866,816
Passed through to subrecipients:			
Tri Met	*20.507*	*0000931908*	*18,045*
City of Portland	*20.507*	*0000931970*	*80,285*
Gresham Area Chamber of Commerce	*20.507*	*0000931972*	*10,286*
Clackamas County	*20.507*	*0000931973*	*93,894*
Verde	*20.507*	*0000931976*	*13,684*
Portland State University	*20.507*	*0000931979*	*141,617*
Clackamas Community College	*20.507*	*0000933334*	*37,617*
Gresham Area Chamber of Commerce	*20.507*	*0000933336*	*21,611*
City of Gresham	*20.507*	*0000933337*	*26,403*
City of Portland	*20.507*	*0000933338*	*179,206*
Portland Community College	*20.507*	*0000933339*	*107,386*
Portland Public Schools	*20.507*	*0000933340*	*25,000*
Verde	*20.507*	*0000933341*	*42,127*
Bicycle Transportation Alliance (BTA)	*20.507*	*0000933343*	*48,641*
Ride Connection Inc.	*20.507*	*0000933344*	*79,164*
Westside Transportation Alliance Inc.	*20.507*	*0000933345*	*53,996*
City of Tigard	*20.507*	*0000933346*	*75,000*
Beaverton School District 48	*20.507*	*0000933347*	*66,223*
Washington County	*20.507*	*0000933348*	*32,168*
Safe Routes to School National	*20.507*	*0000933350*	*23,472*
West Columbia Gorge Chamber of Commerce	*20.507*	*0000933351*	*1,658*
Oregon Walks	*20.507*	*0000933658*	*52,994*
Subtotal Regional Travel Options Grants			1,890,759
Alternative Analysis-			
Direct Programs:			
Streetcar/Eastside/LO-PDX (Sec 5339)	20.522	OR-39-0002	39
Total U.S. Department of Transportation			5,870,046
U.S. Environmental Protection Agency			
Passed through State of Oregon Business Development:			
Metro Coalition Assessment Grant	66.818	BF-01J23701-0	13,788
Total U.S. Environmental Protection Agency			13,788
U. S. DEPARTMENT OF HOMELAND SECRITY			
Federal Emergency Management Agency(FEMA)			
Passed through the State of Oregon			
Disaster Grants	97.036	15-CS-11062200-006	$ 16,162
Total U. S. Department of Homeland Security			16,162
Total Expenditures of Federal Awards			**$ 6,181,733**

The accompanying notes are an integral part of this schedule.

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all federal grant activity of Metro, under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of Metro, it is not intended to and does not present the financial position, changes in net position or cash flows of Metro.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in note II.C to Metro's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenses are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where applicable. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – ELECTION OF DE MINIMUS INDIRECT RATE

During the current year end, June 30, 2017, Metro did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Metro
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP — Unmodified

Internal control over financial reporting:
- Material weaknesses identified? _______ yes __✓__ no
- Significant deficiencies identified? _______ yes __✓__ none reported

Noncompliance material to financial statements noted? _______ yes __✓__ no

Federal Awards

Internal control over major federal programs:
- Material weaknesses identified? _______ yes __✓__ no
- Significant deficiencies identified? _______ yes __✓__ none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _______ yes __✓__ no

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

CFDA Number	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
20.205	Highway Planning and Construction Cluster	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? _______ yes __✓__ no

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

None reported

Summary Schedule of Prior Audit Findings
For the fiscal year ended June 30, 2017

No findings identified in the prior year.

Agenda Item No. 6.1

Ordinance No. 17-1408, For the Purpose of Adopting Amendments to Title 14 of the Urban Growth Management Functional Plan to Improve the Regional Growth Management Process

Ordinances (1st Reading and Public Testimony)

Metro Council Meeting
Thursday, December 7, 2017
Metro Regional Center, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING AMENDMENTS TO TITLE 14 OF THE URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN TO IMPROVE THE REGIONAL GROWTH MANAGEMENT PROCESS	))))))	ORDINANCE NO. 17-1408 Introduced by Martha J. Bennett, Chief Operating Officer, with the concurrence of Tom Hughes, Council President

WHEREAS, Oregon state law requires Metro to periodically determine the capacity of the urban growth boundary (UGB) to accommodate population growth in the region over the next 20 years; and

WHEREAS, the Metro Council made its most recent determination of the UGB's growth capacity in 2015 by adopting Ordinance No. 15-1361; and

WHEREAS, as part of Ordinance No. 15-1361, the Metro Council ordained that Metro would work with its regional partners to explore possible improvements to the region's residential growth management process; and

WHEREAS, in May of 2016 Metro convened an Urban Growth Readiness Task Force consisting of public and private sector representatives to develop recommendations for such improvements; and

WHEREAS, on February 2, 2017 the Metro Council adopted Resolution No. 17-4764, which accepted the following three key concepts adopted by the Task Force for improving the growth management process: (1) clarify expectations for cities proposing modest residential UGB expansions into concept-planned urban reserves; (2) seek greater flexibility for addressing regional housing needs, in part through changes to state law allowing for mid-cycle UGB expansions up to 1000 acres; and (3) seek greater flexibility when choosing among concept-planned urban reserves for UGB expansions; and

WHEREAS, the Task Force also recommended that Metro adopt changes in its decision-making processes to implement the three key concepts by taking an outcomes-based approach to growth management focused on specific UGB expansion proposals made by cities; and

WHEREAS, based on the Task Force directives, Metro and its regional partners successfully advocated for changes to state law via House Bill 2095, which allows Metro to make mid-cycle residential UGB expansions by amending its most recent Urban Growth Report analysis based on specific residential growth proposals brought forward by cities; and

WHEREAS, the Metro Council directed staff to work with the Metro Technical Advisory Committee (MTAC) on proposed amendments to the Urban Growth Management Functional Plan (UGMFP) that would implement the Task Force directives and House Bill 2095; and

WHEREAS, over the course of 10 meetings since July 6, 2016, Metro staff and MTAC prepared and refined proposed amendments to Title 14 of the UGMFP; and

WHEREAS, on September 6, 2017 MTAC voted unanimously to approve the proposed amendments and to forward them to the Metro Policy Advisory Committee (MPAC) for review and approval; and

WHEREAS, MPAC reviewed and discussed the proposed amendments on September 27, 2017, and at its meeting on October 11, 2017 voted unanimously to recommend that the Metro Council approve the proposed amendments with minor revisions; and

WHEREAS, the Metro Council finds that MPAC's recommended amendments to Title 14 of the UGMFP will effectively implement House Bill 2095 and the directive of the Urban Growth Readiness Task Force to create a more flexible and outcomes-based approach for future UGB expansions in the Metro region; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. Chapter 3.07 of the Metro Code is hereby amended as shown on Exhibit A, attached and incorporated into this ordinance.

ADOPTED by the Metro Council this ______ day of November 2017.

____
Tom Hughes, Council President

Attest:

____
Nellie Papsdorf, Recording Secretary

Approved as to Form:

____
Alison R. Kean, Metro Attorney

Exhibit A to Ordinance No. 17-1408

Adding new code sections 3.07.1427 and 3.07.1428 to implement HB 2095:

3.07.1427 Mid-Cycle Amendments – Procedures

(a) The Metro Council may consider a mid-cycle amendment to the UGB for residential needs between legislative UGB amendments, as provided in ORS 197.299(6). Cities may initiate a mid-cycle amendment to the UGB for areas adjacent to the city by filing a proposal on a form provided by Metro.

(b) The COO will accept proposals from cities for mid-cycle UGB amendments during the period that is between 24 and 30 months after the date of the Council's adoption of its most recent analysis of the regional buildable land supply under ORS 197.296.

(c) The COO shall provide written notice of the deadline for proposals for mid-cycle amendments not less than 90 days before the first date proposals may be accepted to each city and county within the Metro region and to anyone who has requested notification.

(d) Proposals must indicate that they have the support of the governing body of the city making the proposal.

(e) As part of any proposal, the city shall provide the names and addresses of property owners for notification purposes, consistent with section 3.07.1465.

(f) The proposing city shall provide a concept plan for the urban reserve area that includes the proposed expansion area consistent with section 3.07.1110.

(g) The proposing city shall provide written responses to the criteria listed in 3.07.1428(b).

(h) Proposals from cities under this section shall be initially reviewed by the COO and the Metro Planning Department. No later than 60 days after the final date for receiving proposals under subsection (b) of this section, the COO shall submit a recommendation to the Metro Council regarding the merits of each proposal, including consideration of the criteria listed in Section 3.07.1428.

(i) The Metro Council is not obligated to take action on proposals submitted by cities or on the recommendation of the COO. If the Council chooses to expand the UGB in accordance with one or more of the proposals, it may add no more than 1000 acres total.

(j) If the Council elects to amend the UGB under this section, it shall be accomplished by ordinance in the manner prescribed for ordinances in Chapter VII of the Metro Charter. For each mid-cycle amendment, the Council shall establish a schedule of public hearings that allows for consideration of the proposed amendment by MPAC, other relevant advisory committees, and the public.

(k) Any decision by the Council to amend the UGB under this section must be adopted not more than four years after the date of the Council's adoption of its most recent analysis of the regional buildable land supply under ORS 197.296.

(l) Notice to the public of a proposed amendment to the UGB under this section shall be provided as prescribed in section 3.07.1465.

3.07.1428 Mid-Cycle Amendments – Criteria

(a) In reviewing city proposals for mid-cycle UGB amendments, the Metro Council shall determine whether each proposal demonstrates a need to revise the most recent analysis of the regional buildable land supply as described in ORS 197.299(5). The Council's decision shall include consideration of:

(1) Need to accommodate future population, consistent with the most recently adopted 20-year population range forecast; and

(2) Need for land suitable to accommodate housing and supporting public facilities and services, schools, parks, open space, commercial uses, or any combination thereof.

(b) If, after revising its most recent analysis of the buildable land supply under paragraph (a) of this subsection, the Council concludes that expansion of the UGB is warranted, the Council shall evaluate those areas that have been proposed by cities for possible addition to the UGB. Any expansion(s) under this section may not exceed a total of 1000 acres. Cities proposing mid-cycle UGB amendments shall demonstrate that:

(1) The city has an acknowledged housing needs analysis that was completed in the last six years and is coordinated with the Metro regional growth forecast and population distribution in effect at the time the city's housing needs analysis or planning process began;

(2) The housing planned for the city's proposed UGB expansion area is likely to be built in fewer than 10 years. As part of any proposal, cities must provide a concept plan that is consistent with section 3.07.1110 of this chapter. Cities may also provide evidence of property owner support for the proposed UGB expansion, and/or other evidence regarding likelihood of development occurring within 10 years;

(3) The city has demonstrated progress toward the actions described in section 3.07.620 of this chapter in its existing urban areas;

(4) The city has implemented best practices for preserving and increasing the supply and diversity of affordable housing in its existing urban areas. Such practices may include regulatory approaches, public investments, incentives, partnerships, and streamlining of permitting processes; and

(5) The city has taken actions in its existing jurisdiction as well as in the proposed expansion area that will advance Metro's six desired outcomes set forth in Chapter One of the Regional Framework Plan.

(c) The land proposed for UGB expansion must be a designated urban reserve area.

(d) Mid-cycle UGB amendments made under this section are exempt from the boundary location requirements described in Statewide Planning Goal 14.

Amendments to existing code sections 3.07.1425 and 3.07.1465 (new language underlined):

3.07.1425 Legislative Amendment to the UGB – Criteria

* * * * *

(c) If the Council determines there is a need to amend the UGB, the Council shall evaluate areas designated urban reserve for possible addition to the UGB and shall determine which areas better meet the need considering the following factors:

(1) Efficient accommodation of identified land needs;

(2) Orderly and economic provision of public facilities and services;

(3) Comparative environmental, energy, economic and social consequences;

(4) Compatibility of proposed urban uses with nearby agricultural and forest activities occurring on land outside the UGB designated for agriculture or forestry pursuant to a statewide planning goal;

(5) Equitable and efficient distribution of housing and employment opportunities throughout the region;

(6) Contribution to the purposes of Centers and Corridors;

(7) Protection of farmland that is most important for the continuation of commercial agriculture in the region;

(8) Avoidance of conflict with regionally significant fish and wildlife habitat; and

(9) Clear transition between urban and rural lands, using natural and built features to mark the transition.

(d) If the Council determines there is a need to amend the UGB for housing, in addition to consideration of the factors listed in subsection (c) of this section, the Council shall also consider the following factors in determining which urban reserve areas better meet the housing need:

(1) Whether the area is adjacent to a city with an acknowledged housing needs analysis that is coordinated with the Metro regional growth forecast and population distribution in effect at the time the city's housing needs analysis or planning process began;

(2) Whether the area has been concept planned consistent with section 3.07.1110 of this chapter;

(3) Whether the city responsible for preparing the concept plan has demonstrated progress toward the actions described in section 3.07.620 of this chapter in its existing urban areas;

(4) Whether the city responsible for preparing the concept plan has implemented best practices for preserving and increasing the supply and diversity of affordable housing in its existing urban areas; and

(5) Whether the city responsible for preparing the concept plan has taken actions to advance Metro's six desired outcomes set forth in Chapter One of the Regional Framework Plan.

3.07.1465 Notice Requirements

(a) For a proposed legislative amendment under section 3.07.1420, the COO shall provide notice of the public hearing in the following manner:

(1) In writing to the Department of Land Conservation and Development and local governments of the Metro region at least 35 days before the first public hearing on the proposal; and

(2) To the general public at least 35 days before the first public hearing by an advertisement no smaller than 1/8-page in a newspaper of general circulation in the Metro area and by posting notice on the Metro website.

(b) For a proposed mid-cycle amendment under section 3.07.1427, the COO shall provide notice of the first public hearing on the proposal in the following manner:

(1) In writing at least 35 days before the first public hearing on the proposal to:

(A) The Department of Land Conservation and Development;

(B) The owners of property that is being proposed for addition to the UGB;

(C) The owners of property within 250 feet of property that is being considered for addition to the UGB, or within 500 feet of the property if it is designated for agriculture or forestry pursuant to a statewide planning goal;

(2) In writing at least 30 days before the first public hearing on the proposal to:

(A) The local governments of the Metro area;

(B) A neighborhood association, community planning organization, or other organization for citizen involvement whose geographic area of interest includes or is adjacent to the subject property and which is officially recognized as entitled to participate in land use decisions by the cities and counties whose jurisdictional boundaries include or are adjacent to the site;

(C) Any other person who requests notice of amendments to the UGB; and

(3) To the general public by posting notice on the Metro website at least 30 days before the first public hearing on the proposal.

(~~b~~c) For a proposed major amendment under sections 3.07.1430 or 3.07.1435, the COO shall provide notice of the hearing in the following manner:

* * * * *

(~~c~~d) The notice required by subsection (a), ~~and~~ (b), and (c) of this section shall include:

* * * * *

(9) For the owners of property described in subsection (~~b~~c)(1)(C) of this section, the information required by ORS 268.393(3).

(~~d~~e) For a proposed minor adjustment under section 3.07.1445, the COO shall provide notice in the following manner:

* * * * *

(~~e~~f) The notice required by subsection (~~d~~e) of this section shall include:

* * * * *

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 17-1408 FOR THE PURPOSE OF ADOPTING AMENDMENTS TO TITLE 14 OF THE URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN TO IMPROVE THE REGIONAL GROWTH MANAGEMENT PROCESS

Date: October 12, 2017 Prepared by: Ted Reid
ted.reid@oregonmetro.gov

BACKGROUND

An outcomes-based approach to growth management

When the Metro Council made an urban growth management decision in November 2015, the Council indicated its intent to convene partners to discuss possible improvements to the region's process for managing residential growth. The desire for a new approach springs from lessons learned from past urban growth boundary (UGB) expansions, some of which have been slow to develop because of governance and infrastructure funding challenges. Likewise, the Metro Council, cities, counties, and stakeholders have expressed frustration with past decision processes that were characterized by theoretical debates that felt detached from viable growth options.

The proposed code amendments that the Council is considering in Ordinance No. 17-1408 represent a step towards improving how the region manages residential growth, with the goal of facilitating more transparent discussions of the merits of the actual growth options that may produce needed housing and jobs. These amendments build on past improvements that include:

- The Council has adopted numerous policies, including the 2040 Growth Concept, which emphasize existing urban areas as the region's growth priorities. In the last two decades, market demand for housing in urban areas has increased around the country. With plans in place, the greater Portland region has been uniquely ready to capitalize on that market demand for urban living.
- In 2010 and again in 2017, the Council adopted urban and rural reserves. These designations describe where the region may expand its urban footprint over the next five decades and which areas will be off limits to urbanization. Metro, Clackamas County, and Multnomah County are currently seeking state acknowledgement of these designations. In 2014, the state legislature codified urban and rural reserves in Washington County in state law.
- In 2010, the Council adopted a requirement that a concept plan must be completed by a local jurisdiction before the Council will expand the UGB there. This policy is intended to ensure that issues of governance, infrastructure funding, environmental protection, and planned uses are sorted out by a city before the land is added to the UGB.
- Since 2006, Metro has offered grant funding to assist cities and counties in removing barriers to development ("2040 Planning and Development Grants," formerly known as "Community Planning and Development Grants")
- In 2010, the Council adopted six desired outcomes into the Regional Framework Plan, expressing an intent to have them guide growth management decision making.

Urban Growth Readiness Task Force recommendations
Beginning in the spring of 2016, Metro convened the Urban Growth Readiness Task Force to provide recommendations on how to continue to improve the region's growth management process. The Task Force included mayors, county commissioners, and representatives from 1000 Friends of Oregon, the Home Builders Association of Metropolitan Portland, and the Oregon Department of Land Conservation and Development. Council President Hughes served as Chair and Councilors Collette and Chase also served as liaisons.

The Task Force met five times and made consensus recommendations. Those recommendations can be generally described as:

- The Metro Council should exercise greater flexibility when considering city proposals for residential urban growth boundary (UGB) proposals into concept planned urban reserves.
- The Metro Council should clarify expectations for cities proposing residential UGB expansions into concept planned urban reserves. The Task Force identified topics of interest that cities should address and suggested that Metro staff work with the Metro Technical Advisory Committee (MTAC) to incorporate those topics into proposed code. The Task Force recommended that those expectations should strike a balance between providing flexibility and certainty.

The Metro Council accepted the Task Force's recommendations when it adopted Resolution No. 17-4764. Those recommendations guide the proposed code amendments that the Council is now considering under Ordinance No. 17-1408. The Task Force's recommendations and their relationship to Ordinance No. 17-1408 are further summarized as follows:

<u>Exercise greater flexibility when considering city proposals for residential UGB expansions into concept planned urban reserves:</u>
The general theme of the Task Force's recommendations was that the Council should exercise greater flexibility to respond to city proposals for residential UGB expansions into concept planned urban reserves. This will be achieved through recent changes to state law that facilitate the Metro Council's ability to make "mid-cycle" growth management decisions as well as by exercising flexibility that is already allowed under the law in standard "legislative" growth management decisions that the Council makes at least every six years.

Based on Task Force recommendations, Metro and its partners successfully advocated for changes to state law that facilitate the Metro Council's consideration of city proposals for mid-cycle residential expansions. House Bill 2095, signed into law in 2017, allows Metro to make mid-cycle residential UGB amendments by amending its most recent Urban Growth Report analysis. The law limits each of these mid-cycle expansions to a total of 1,000 acres. The legislation also exempts mid-cycle decisions from the boundary location requirements described in Statewide Planning Goal 14 (Urbanization). In other words, Metro is not obligated to analyze all urban reserves in mid-cycle decisions and may focus only on those that are proposed by cities. The first mid-cycle decision process is anticipated in 2021. Proposed Ordinance No. 17-1408 describes Metro procedures for mid-cycle decisions.

Under state law, the Metro Council must assess regional housing needs at least every six years. Exercising greater flexibility in this standard legislative growth management process (including the 2018 decision) means that decision making will focus on the merits of city proposals for UGB expansions. This new approach recognizes that there is not one correct answer to whether expansions are needed, just different tradeoffs to consider. Informed by peer-reviewed analysis in the 2018 Urban Growth Report, the Council will decide whether city-proposed UGB expansions are warranted to achieve desired outcomes and produce needed housing.

Clarify expectations for cities proposing residential UGB expansions:
The Task Force recommended that, along with exercising greater flexibility in responding to city proposals, the Metro Council should have high standards for cities proposing residential UGB expansions into concept planned urban reserves. Fundamentally, the Task Force indicated that cities should demonstrate that an expansion area is likely to develop as planned and that they are implementing best practices for providing needed housing and achieving desired outcomes in their existing urban areas. The Task Force recommended that Metro should make those expectations clear to cities while also providing enough flexibility to accommodate proposals from cities with differing circumstances.

To advance the Task Force's recommendations, the Metro Council asked staff to work with MTAC to propose amendments to the Metro code that would provide that clarification. Ordinance No. 17-1408 includes amendments to Metro code to achieve that end. As written, these expectations would apply to legislative and mid-cycle UGB amendments. These expectations are similar for both types of decisions, but are somewhat more rigorous for mid-cycle decisions since that process was designed to address more immediate opportunities presented by cities. The expectations for legislative decisions, such as the 2018 growth management decision, are presented as factors that the Council will consider.

MTAC recommendations
MTAC began providing conceptual feedback to the Task Force in July 2016 and began discussing possible code amendments shortly thereafter. In total, MTAC discussed background concepts or proposed code amendments at 10 meetings, including:

July 6, 2016
July 13, 2016
August 3, 2016
September 7, 2016
October 19, 2016
December 7, 2016
February 1, 2017
April 5, 2017
August 2, 2017
September 6, 2017

MTAC's discussions centered on how to achieve an appropriate balance of flexibility and certainty in the proposed code amendments. At its September 6, 2017 meeting, MTAC made a unanimous recommendation to MPAC on proposed code amendments. MTAC's proposed code amendments are intended to provide flexibility to cities and the Metro Council. Recognizing that flexibility also may create ambiguity, MTAC recommended that Metro staff develop administrative guidance that further clarifies how a city might make a compelling residential UGB expansion proposal that meets the intent of the proposed code. That administrative guidance is not intended for formal adoption by the Council. Staff expects that the administrative guidance will be edited for future growth management decisions based on lessons learned in the 2018 decision or to reflect contemporary policy interests. Draft administrative guidance is included as Attachment 1 to this staff report.

Council work session discussion
The Metro Council discussed the proposed code amendments (version recommended by MTAC) at its September 14 work session. The Metro Council suggested one change to the mid-cycle UGB amendment criteria described in proposed code section 3.07.1428(b)2. That criterion references a timeframe during which the proposed housing is likely to be developed. MTAC recommended that this be a 20-year time

horizon. The Metro Council requested that this be changed to 10 years to recognize that mid-cycle decisions are intended to respond to more immediate opportunities to provide needed housing.[1]

The Council also discussed an initial draft of administrative guidance at the September 14 work session and suggested a couple of revisions. Staff has made those and a few other minor revisions to provide clarity. Those revisions include:

- Cities should substantiate any assertions that UGB expansions would reduce commute distances.
- Affordable housing is defined in the guidance as both market rate and subsidized housing that is affordable to households with incomes equal to or less than 80 percent of the median family income for the county. This definition was developed in consultation with Metro staff that specialize in housing development and affordability.
- The document provides additional guidance on how cities may demonstrate efforts relating to the region's sixth desired outcome (equity). Metro Planning and Development staff worked with Metro Diversity, Equity and Inclusion staff to make those clarifications.

The administrative guidance is not intended to be formally adopted, however it is included as Attachment 1 to this report for reference. If the Council chooses to adopt code that differs from what is proposed, staff will work to reconcile the administrative code with adopted code. Staff also anticipates that the administrative guidance will be revised in future decisions based on lessons learned in the 2018 growth management decision as well as contemporary policy interests.

MPAC recommendations

The Metro Policy Advisory Committee (MPAC) had an initial discussion of the proposed code amendments at its September 27, 2017 meeting. After MPAC's September 27 discussion, Metro staff became aware of two concerns from local jurisdiction staff regarding the proposed code amendments. Those concerns included:

- A desire for Metro code to reiterate a state law that requires that any mid-cycle UGB expansion must be adjacent to the city proposing the expansion.
- A concern that the cities that are likely to propose residential expansions in the 2018 legislative decision haven't based their housing needs analyses on the <u>current</u>[2] Metro forecast as would be required under the code recommended by MTAC. The concern was that cities would not be able to revise their analyses in time to make an expansion proposal for the 2018 decision (proposals are due by the end of May 2018).

To address those concerns, Metro staff suggested slight revisions to the proposed code that went to MPAC for a recommendation on October 11, 2017. MPAC members agreed with those proposed changes.

MPAC moved to make one further revision to the proposed code being considered for their recommendation, seeking to clarify that coordinating a city's housing needs analysis with the Metro forecast means coordinating it with an adopted "distributed" forecast. This refers to a forecast that distributes regional growth at smaller geographies. Metro, the counties, and cities periodically undertake a coordinated approach to producing a distributed forecast that the Metro Council considers for adoption.

[1] Legislative UGB amendments, which must be considered by the Council at least every six years, respond to a 20-year time horizon.

[2] The current forecast is the 2040 Distributed Forecast, which was adopted by the Metro Council in 2016 (Ordinance No. 16-1371) after coordinating with cities and counties.

Typically, Metro and local jurisdictions go through this process within a year or two of the Metro Council making a regional urban growth management decision.

MPAC unanimously recommends that the Council adopt the proposed Title 14 code amendments that are Exhibit A to Ordinance No. 17-1408.

ANALYSIS/INFORMATION

1. **Known Opposition**

Staff is not aware of any opposition to this ordinance.

2. **Legal Antecedents**
   - Statewide Planning Goals 10 (Housing) and 14 (Urbanization)
   - Oregon Administrative Rules, Division 24 (Urban Growth Boundaries)
   - Metro Regional Framework Plan, Chapter 1 (Land Use)
   - Metro Urban Growth Management Functional Plan
   - Council Ordinance No. 10-1238A, which adopted urban and rural reserves and made changes to the Urban Growth Management Functional Plan that require cities to complete concept plans for urban reserves before the area will be included in the UGB. The ordinance also included amendments to the Functional Plan that provide guidance for the contents of concept plans.
   - Council Ordinance No. 10-1244, which adopted changes to the Regional Framework Plan, calling for an outcomes-based approach to urban growth management.
   - Council Ordinance No. 15-1361, which expressed Council's intent to convene partners to discuss possible improvements to the region's process for managing residential growth.
   - Council Resolution No. 17-4764, by which the Council accepted the recommendations of the Urban Growth Readiness Task Force, including its recommendation to clarify expectations for cities proposing residential UGB expansions.

3. Anticipated Effects

Future residential growth management decisions, including the Metro Council's 2018 decision, would be subject to the code requirements proposed in this ordinance. This will mean that cities will need to address these new code provisions when proposing residential UGB expansions. The proposed code amendments would also establish procedures for mid-cycle residential growth management decisions.

4. Budget Impacts

No additional budget impacts are expected as a consequence of Council adoption of this ordinance. Staff anticipates devoting time to assisting cities that wish to propose residential UGB expansion. Likewise, some amount of staff time will be incurred reviewing city proposals. However, staff believes that this can be achieved with existing resources since this effort is anticipated in the 2018 growth management decision work program.

RECOMMENDED ACTION

Staff recommends that Council adopt Ordinance No. 17-1408.

ATTACHMENTS

Attachment 1: Draft administrative guidance for cities proposing residential UGB expansions in the 2018 urban growth management decision.

Administrative guidance for cities proposing residential urban growth boundary expansions in the 2018 urban growth management decision

The factors found in section 3.07.1425 (d) 1-5 were drafted with the intent of providing flexibility for cities that are proposing residential urban growth boundary (UGB) expansions. This is in recognition of the fact that cities have differing circumstances. With that flexibility comes some ambiguity. Acknowledging that ambiguity, this document is intended as guidance for cities making proposals. It seeks to further explain the Metro Council's policy interests in order to help cities make the strongest proposal possible. In addressing these expectations, cities should make their best case for their proposed expansion, highlighting not only the merits of the proposed expansion area, but also demonstrating a commitment to implementing best practices in existing urban areas.

All code sections 3.07.1425 (d) 1 – 5 should be addressed in a city's proposal narrative. Please limit the proposal narrative (not including attachments or cover pages) to 15 pages. To be considered in the 2018 growth management decision, cities must submit all required proposal materials to Metro's Chief Operating Officer by close of business on May 31, 2018. The Metro Council will not consider proposals that are incomplete or late. Please contact Metro staff with any questions about how to address these code sections.

Cities proposing expansions primarily for employment purposes do not need to address these code sections as they are chiefly focused on residential considerations, but must still submit a proposal letter and a concept plan for the urban reserve by May 31, 2018.

Relevant Metro code sections are in **bold**. Administrative guidance is in *italics.*

1. **Whether the area is adjacent to a city with an acknowledged housing needs analysis that is coordinated with the Metro forecast and distribution in effect at the time the city's housing needs analysis or planning process began.**

   The State Department of Land Conservation and Development (DLCD) – not Metro – is responsible for acknowledging city housing needs analyses if they determine that the city's analysis is consistent with Statewide Planning Goal 10 (Housing). Cities are encouraged to coordinate with DLCD early to ensure that deadlines and requirements can be met. Cities should request from DLCD, and provide to Metro, written state acknowledgement of their housing needs analysis.

   Cities should coordinate their housing needs analyses with a distributed forecast that was adopted by the Metro Council. The 2040 distributed forecast is the most recent forecast and was adopted via Ordinance No. 16-1371. The 2035 and 2040 distributed forecasts are available on Metro's website. When feasible, cities are encouraged to rely on the most current forecast (the 2035 distributed forecast is older). Cities that are planning for more household growth than depicted in the Metro forecast should explain their rationale and how their plans, investments and the proposed expansion will address that growth.

   In addressing this code section in the proposal narrative, the Metro Council expects cities to demonstrate that, consistent with Statewide Planning Goal 10 (Housing), they are planning for a variety of housing types that can address the needs of diverse household sizes and incomes.

This demonstration should be made for the city as a whole, while also describing the role of the proposed expansion area in addressing those needs.

2. **Whether the area has been concept planned consistent with section 3.07.1110 of this chapter.**

   The Metro Council only wants to expand the UGB in locations that are likely to develop within the 20-year planning horizon. This is one of the reasons that the Council requires – in the Urban Growth Management Functional Plan – a concept plan before expanding the UGB. The concept plan must be consistent with Title 11 (Planning for New Urban Areas) of the Functional Plan. Cities should summarize their concept plan's relevant components – such as infrastructure funding strategies and agreements with the county and special districts – in their proposal narrative. Cities should also demonstrate that the concept plan is consistent with the requirements of Title 11.

   The Metro Council will only consider proposals for expansions in designated urban reserves. A concept plan may include a larger urban reserve area than what a city is proposing for expansion. Cities should clearly indicate in their proposal which areas are being proposed for expansion.

   Concept plans should be formally adopted or accepted by a city's governing body and a city should submit evidence of that formal action and the plan itself with its proposal. Cities should also submit a resolution from their governing body that expresses support for the proposed expansion. If desired, one resolution (or appropriate legislation) may be used for both purposes. Plans and proposals that lack formal endorsement by the city's governing body will not be considered by the Metro Council.

   To demonstrate the likelihood of development in the proposed expansion area, cities may submit additional information such as market studies, evidence of the city's past track record in producing housing, and letters of support from or agreements with property owners in the proposed expansion area.

   If a city has planning or governance responsibility for past UGB expansion areas, the Metro Council will want to know whether and how those areas have been annexed and developed. If past expansion areas have not been annexed or developed, the Metro Council will want a city to explain why that is and how the proposed expansion would be different.

   Please note that Metro administers 2040 Planning and Development Grants that can be used to fund concept plans for urban reserves.

3. **Whether the city responsible for preparing the concept plan has demonstrated progress toward the actions described in section 3.07.620 of this chapter in its existing urban areas.**

   The Metro Council is committed to encouraging most growth in existing centers, corridors, main streets, and station communities. Development of UGB expansion areas should not be at the expense of existing urban areas. The Metro Council expects cities proposing residential expansions to make the case that they are making meaningful efforts to encourage the success of these existing urban areas.

Please refer to Title 6 (Centers, Corridors, Station Communities, and Main Streets) of the Functional Plan for specific actions that are encouraged. Generally, proposals from cities that have taken more of those actions and had positive results will be regarded more favorably. If cities have not taken these actions, they should explain the reasons why they have not.

If the proposed expansion would somehow reinforce an existing urban center or corridor, please describe how. If a city wishes to assert that the proposed expansion would reduce commute distances, the Metro Council will expect the city to provide evidence since people make complex decisions about where to live and work and this region, like other metropolitan areas, has a regional commute shed.

The region's State of the Centers Atlas is available as an online resource for describing current conditions in centers. Please also note that Metro administers 2040 Planning and Development Grants that can be used to conduct work recommended under Title 6.

4. **Whether the city responsible for preparing the concept plan has implemented best practices for preserving and increasing the supply and diversity of affordable housing in its existing urban areas.**

The Metro Council seeks to preserve and increase the supply and diversity of affordable housing. This includes both market rate and subsidized housing that is affordable to households with incomes equal to or less than 80 percent of the median family income for the county. Cities should describe the actions and investments they have taken to accomplish this in their existing urban areas. Please refer to the region's Equitable Housing Initiative for examples that could be cited. Cities should also describe the effectiveness of actions that they have taken. The Regional Inventory of Regulated Affordable Housing is available as a resource. Generally, proposals from cities that have taken more actions to improve or preserve affordability (and have achieved results) will be regarded more favorably.

Please note that Metro administers 2040 Planning and Development Grants that can be used to conduct work to help ensure equitable housing. If a city has received an Equitable Housing Grant, please summarize the status of that work.

5. **Whether the city responsible for preparing the concept plan has taken actions to advance Metro's six desired outcomes set forth in Chapter One of the Regional Framework Plan.**

The Metro Council seeks to make urban growth management decisions that advance the region's six desired outcome (described in the Regional Framework Plan).

1. *People live, work and play in vibrant communities where their everyday needs are easily accessible.*
2. *Current and future residents benefit from the region's sustained economic competitiveness and prosperity.*
3. *People have safe and reliable transportation choices that enhance their quality of life.*
4. *The region is a leader in minimizing contributions to global warming.*
5. *Current and future generations enjoy clean air, clean water and healthy ecosystems.*
6. *The benefits and burdens of growth and change are distributed equitably.*

Cities should address each of the six desired outcomes, referencing the actions that they have taken (and results achieved) in existing urban areas as well as how the proposed expansion may advance these outcomes. For several of the outcomes (particularly outcomes one, two, three, four, and six), cities may wish to summarize relevant portions of their responses to code section 3.07.1425(d)3, which requires that a city describe actions it has taken to enhance its centers, corridors, main streets or station communities. If these design types are proposed in the expansion area, the city should describe relevant aspects of the concept plan.

For outcome number four, cities should also reference any other policies or investments that specifically aim to reduce housing and transportation related carbon emissions. Cities may wish to describe how the housing planned for the proposed expansion addresses residential demand that could otherwise spillover outside the Metro UGB (thereby enlarging the regional commute-shed). In particular, cities may wish to note how the type and cost of housing that is being proposed could reduce spillover growth. If a city wishes to assert that the proposed expansion would reduce commute distances, the Metro Council will expect the city to provide evidence.

For outcome number five, cities may note their compliance with Titles 3 (Water Quality and Flood Management) and Title 13 (Nature in Neighborhoods) of the Functional Plan. Cities may also document additional policies or strategies that go beyond regional requirements, including parks and natural area acquisition programs. Cities should also summarize the relevant portions of their concept plans for proposed expansion areas.

Outcome six is of central interest to the Metro Council. To help achieve this ambitious goal, in June 2016 Metro adopted the Strategic Plan to Advance Racial Equity, Diversity and Inclusion. The strategic plan focuses on removing barriers and improving equity outcomes for people of color by improving how Metro works internally and with partners around the Portland region. While individual UGB expansions may have few direct impacts on region-wide racial equity, the cumulative impacts of how communities, cities, the region and the nation have grown have often adversely impacted people of color. Though the best course of action may not always be clear, Metro seeks to encourage a more intentional process for acknowledging and addressing these inequities in growth management decisions with the hopes that cities can help to develop best practices.

Cities making residential expansion proposals should describe whether any of the following social outcomes are worse for communities of color in their jurisdiction than their white counterparts: transportation, housing, jobs, and parks (for a more complete description of these outcomes, please reference the 2015 Equity Baseline Report). Cities should also describe how they meaningfully engage diverse communities in their planning processes (not exclusively for the urban reserve concept plan), how the identified disproportionate outcomes and engagement practices influence plans and community outcomes and how they measure or track the distribution of benefits and burdens of plans and policies across populations.

Cities submitting proposals for residential UGB expansions should include the following in their proposals (due on May 31, 2018 for consideration in the 2018 decision):

- A proposal narrative addressing the Title 14 code sections (3.07.1425 (d) 1-5) that are described in this guidance document (limit to 15 pages, not including the attachments listed below)

- An adopted resolution from the city's governing body in support of the expansion proposal
- A resolution or other formal action from the city's governing body adopting or accepting a concept plan for the proposed UGB expansion area
- The adopted or accepted concept plan for the urban reserve area
- Findings of fact and conclusions of law that demonstrate that the concept plan for the urban reserve complies with Title 11 (Planning for New Urban Areas) of the Urban Growth Management Functional Plan.
- A map of the proposed expansion area (if smaller than the area described in the concept plan)
- Agreements with the county and service districts for the concept plan area as required in Metro Code Title 11 (Planning for New Urban Areas)
- Written confirmation from DLCD that the state has acknowledged the city's housing needs analysis
- Any other supporting materials that demonstrate the city's commitment to facilitating the development of needed housing or achieving regional desired outcomes

Agenda Item No. 6.2

Ordinance No. 17-1415, For the Purpose of Amending Metro Code Chapter 5.04 to Create the Solid Waste Innovation and Investment Program

Ordinances (1st Read and Public Hearing)

Metro Council Meeting
Thursday, December 7, 2017
Metro Regional Center, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.04 TO CREATE THE SOLID WASTE INNOVATION AND INVESTMENT PROGRAM	)))))	ORDINANCE NO. 17-1415 Introduced by Chief Operating Officer Martha Bennett in concurrence with Council President Tom Hughes

WHEREAS, Metro has authority to plan, manage, and oversee the regional solid waste system pursuant to Metro's constitutional, statutory, and charter authority and as set forth in Metro Code Title V; and

WHEREAS, Metro Code Chapter 5.04, Recycling Business Assistance Program, was established in 1988 to support the creation, expansion, preservation, and diversification of markets for recyclable materials consistent with the Regional Solid Waste Management Plan; and

WHEREAS, Metro has not utilized the Recycling Business Assistance Program for over twenty years; and

WHEREAS, Metro has a strong interest in the success of the private sector at meeting solid waste system needs; and

WHEREAS, the Metro Council finds that there remains a public interest in the success of the private sector at meeting system needs to create, expand, preserve and broaden efforts that advance waste prevention, reuse, recycling and energy recovery; and

WHEREAS, the Metro Council finds that a new Solid Waste Innovation and Investment Program will support these efforts in the private sector by granting funds to businesses and nonprofit organizations and will strengthen the solid waste system; now therefore

THE METRO COUNCIL ORDAINS AS FOLLOWS:

Metro Code Chapter 5.04 is revised as set forth in Exhibit A.

ADOPTED by the Metro Council this ____ day of ___________________, 2017.

____
Tom Hughes, Council President

Attest:

____
Nellie Papsdorf, Recording Secretary

Approved as to Form:

____
Alison R. Kean, Metro Attorney

CHAPTER 5.04

INVESTMENT AND INNOVATION PROGRAM

5.04.010 Purpose

The Investment and Innovation Program is established to invest public resources to create, expand, preserve, and diversify efforts that advance waste prevention, reuse, recycling, and energy recovery consistent with Metro's Regional Waste Plan and Metro's diversity, equity, and inclusion goals.

5.04.020 Budget

As part of Metro's annual budget process, the Chief Operating Officer may propose a budget for the Investment and Innovation Program to the Council for approval.

5.04.030 Program Guidelines

The Chief Operating Officer will adopt program guidelines that address at least the following:

(1) A public process for proposal applications;
(2) A description of the criteria used to evaluate proposals;
(3) A process for the review and approval or denial of proposals; and
(4) A process to inform the Council of program funding decisions.

Before adoption or amending, the Chief Operating Officer must bring the program guidelines to the Council for review and comment.

5.04.040 Report to Council

If the Council approves a budget under Metro Code Section 5.04.020, the Chief Operating Officer will provide a report to the Council that includes (1) information regarding the projects and persons that received funding; (2) the amount of funds dispersed; and (3) the history and current status of all projects.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 17-1415, FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.04 TO CREATE THE SOLID WASTE INVESTMENT AND INNOVATION PROGRAM

Date: December 7, 2017 Prepared by: Kevin Six, 503-797-1672

Adoption of Ordinance No. 17-1415 will amend Metro Code Chapter 5.04 (Recycling Business Assistance Program) to revise and replace language to allow the administration of the Solid Waste Innovation and Investment Program.

BACKGROUND

Metro has authority and responsibility to plan, manage and oversee the regional solid waste system. The functions of this system are implemented by Metro, cities and counties, and many private for-profit businesses and non-profit organizations. This sharing of responsibilities means that Metro has a strong interest in the success of the private sector at meeting system needs to create, expand, preserve and broaden efforts that advance waste prevention, reuse, recycling and energy recovery.

The Solid Waste Innovation and Investment Program that would be implemented through this ordinance would support this interest through the granting of funds to businesses and non-profit organizations. The timing of the program reflects continued requests for assistance from private entities over the last couple of years and a recognition that the system is in flux because many of the local options for reuse, recycling, and energy recovery from waste are concentrated in a few markets and disruptions to these markets may have significant impacts to waste reduction efforts in the greater Portland area. Last spring, the Metro Council asked Property and Environmental Services staff to propose a program through which Metro could invest in the solid waste industry to help strengthen the system and support new ideas and technologies to help achieve greater reuse and recycling of waste.

Metro staff presented a concept of the Innovation and Investment Program at the Metro Council work session held on October 31, 2017. This ordinance will establish the structure of the program.

If this ordinance is adopted by Council, staff will return to a Council work session in early 2018 to solicit Council input before on program guidelines that would include:

- A public process for proposal applications
- A description of the criteria used to evaluate proposals
- A process for the review and approval or denial of proposals
- A process to inform the Council of program funding decisions.

The intent of the program guideline will be to enable Metro to select projects for award that best meet the objective to create, expand, preserve, and broaden efforts that advance waste prevention, reuse, recycling and energy recovery, consistent with Metro's Regional Waste Plan and Metro's diversity, equity, and inclusion goals. The Regional Waste Plan means both the current 2008-2018 Regional Solid Waste Management Plan (RSWMP) and successor plans.

It is the Chief Operating Officer's (COO) intent to administer this program as a pilot project for three years, after which the COO would evaluate the program and ask Council whether to continue it.

ANALYSIS/INFORMATION

1. **Known Opposition**
   A relatively small number of representatives of solid waste companies have expressed strong concerns about the program to Metro staff and/or Councilors. These concerns have primarily focused on how the Metro will administer the program in terms of the award criteria that would be used and how diversity, equity and inclusion considerations would be factored into Metro's decision-making. Some believe that Metro has already selected to whom it will award grants based on which industry representatives spoke to staff and Councilors as staff developed the program.

2. **Legal Antecedents**
   Metro Charter and Metro Code, including without limitation Metro Code Chapter 5.04.

3. **Anticipated Effects**
   Approval of this ordinance would amend Metro Code Chapter 5.04 as provided in Exhibit A.

4. **Budget Impacts**
   If implemented, this project will award up to $3 million per year from the Solid Waste Reserve fund. The COO will request this funding, as well as funds for a 1.0 full-time equivalent employee to administer the program, through the budget and budget amendment processes.

RECOMMENDED ACTION

Staff recommends that Council adopt Ordinance No. 17-1415.

Agenda Item No. 6.3

Ordinance No. 17-1416, For the Purpose of Suspending Payment of Regional System Fee and Excise Tax on Recyclable Materials without a Viable Market and Declaring an Emergency

Ordinances (1st Read and Public Hearing)

Metro Council Meeting
Thursday, December 7, 2017
Metro Regional Center, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF SUSPENDING THE REQUIREMENT TO PAY REGIONAL SYSTEM FEE AND EXCISE TAX ON CERTAIN NON-PUTRESCIBLE SOURCE-SEPARATED RECYCLABLE MATERIALS WITHOUT A VIABLE MARKET AND DECLARING AN EMERGENCY	)))))))	ORDINANCE NO. 17-1416 Introduced by Chief Operating Officer Martha Bennett in concurrence with Council President Tom Hughes

WHEREAS, Metro Code Section 5.02.120 requires payment of a regional system fee to Metro for the disposal of solid waste; and

WHEREAS, Metro Code Section 7.01.020 requires payment of an excise tax to Metro for the disposal of solid waste; and

WHEREAS, the Metro Council finds that there has been a substantial change in certain recycling markets, especially related to China's tightening of acceptance standards and refusal to accept certain recyclable material from the United States after January 1, 2018; and

WHEREAS, the Metro Council finds that where there is no viable market for certain non-putrescible source-separated recyclable materials, disposal of the materials on a temporary basis is in the public interest; and

WHEREAS, the Metro Council finds that it is in the public's best interest to suspend the requirement for haulers and material recovery facilities to pay the regional system fee and excise tax on materials that were collected as source-separated recyclable materials but that no longer have a viable market; and

WHEREAS, the Metro Council intends for the suspension of the requirement to pay regional system fee and excise tax to apply only to those haulers and material recovery facilities that collect or accept non-putrescible source-separated recyclable materials; now therefore

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The requirement to pay regional system fee and excise tax on non-putrescible source-separated recyclable materials that have no viable market is hereby suspended from the date of this Ordinance through May 6, 2018.

2. The Chief Operating Officer will develop an interim solid waste administrative rule under Metro Code Section 5.01.280(g) to identify the circumstances in which Metro may suspend the requirement for a hauler or a facility to pay regional system fee under Metro Code Section 5.02.120.

3. The interim solid waste administrative rule the Chief Operating Officer develops in (2) above also will apply to identify the circumstances in which Metro may suspend the requirement for a hauler or a facility to pay excise tax under Metro Code Section 7.01.020.

4. This Ordinance is necessary for the health, safety, and welfare of the Metro area and an emergency is declared to exist, and this Ordinance shall take effect immediately, pursuant to Metro Charter Section 38(1).

ADOPTED by the Metro Council this ____ day of ___________________, 2017.

____
Tom Hughes, Council President

Attest:	Approved as to Form:
_______________________________________	_______________________________________
Nellie Papsdorf, Recording Secretary	Alison R. Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 17-1416, FOR THE PURPOSE OF SUSPENDING THE REQUIREMENT TO PAY REGIONAL SYSTEM FEE AND EXCISE TAX ON CERTAIN NON-PUTRESCIBLE SOURCE-SEPARATED RECYCLABLE MATERIALS WITHOUT A VIABLE MARKET AND DECLARING AN EMERGENCY

Date: Dec. 7, 2017 Prepared by: Matt Korot, 503-797-1760

BACKGROUND

This ordinance would suspend the requirement to pay the Regional System Fee and Excise Tax on non-putrescible, source-separated recyclable materials for which there are no viable markets. It is a temporary measure while the region evaluates potential longer-term impacts to its recycling system from changing market conditions.

Private material recovery facilities (MRFs) currently market much of the region's collected recyclables to private or quasi-private mills, processors and other manufacturing facilities in China. Earlier in 2017, the Chinese government communicated to Chinese recycling facilities and worldwide suppliers of recyclables that China would be implementing and enforcing new standards on imported recyclables, starting in Fall 2017 and going fully into effect in January 2018. If these standards go fully into effect, there is the potential for significant disruption to the Metro region's public recycling programs.

Since late September 2017, representatives of the Oregon Department of Environmental Quality (DEQ), Metro, local governments and the recycling industry have been meeting to discuss how to address the impacts of the new Chinese standards. Specifically, these stakeholders have discussed under what circumstances public agencies would allow collected recyclables to be disposed as garbage and how those circumstances could be minimized. As a result of these discussions, DEQ and Metro have established rules to allow disposal under certain conditions and with reporting requirements, with the objectives of minimizing the amount of recyclables disposed, the duration of disposal and the impacts on residential and commercial collection programs. In Metro's case, the Chief Operating Officer (COO) established a 180-day temporary administrative rule to allow for the disposal of recyclables for which there are no viable markets. The rule expires May 6, 2018.

This emergency ordinance is a companion piece to that administrative rule. The ordinance would suspend the requirement to pay the Regional System Fee and Excise Tax on recyclables that would be disposed due to the absence of viable markets. It is intended to anticipate and respond to the extraordinary circumstances that would occur with full implementation of China's new standards. This emergency ordinance would also expire on May 6, 2018. If Metro were to consider a longer-term allowance for the disposal of recyclables and for the suspension of the requirement to pay the Regional System Fee and Excise Tax on these materials, it would do so through the standard, non-emergency rule-making and legislative processes. In early 2018, Property and Environmental Services staff will engage with the COO and Council on whether to initiate these processes.

This ordinance would authorize the COO to develop rules to identify the specific circumstances in which the payment requirement would be suspended. The rule-making would be authorized under Metro Code

Chapter 5 to allow for further explanation of eligibility for suspension of the requirement to pay the Excise Tax, which is in Chapter 7.

ANALYSIS/INFORMATION

1. Known Opposition
Staff is not aware of any opposition to this ordinance.

2. **Legal Antecedents**
Metro Charter and Metro Code sections 5.02.120 and 7.01.020.

3. **Anticipated Effects**
Metro will not levy the Regional System Fee and Excise Tax on collected source-separated recyclables that are disposed due to the absence of viable markets.

4. **Budget Impacts**
None. Metro did not budget for, nor otherwise anticipate, the fees and taxes that would be foregone as a result of this ordinance.

RECOMMENDED ACTION
Staff recommends that Council adopt Ordinance No. 17-1416.

Agenda Item No. 7.1

Ordinance No. 17-1412, For the Purpose of Amending and Readopting Metro Code 7.03 (Investment Policy) for Fiscal Year 2017-2018

Ordinances (2nd Reading)

Metro Council Meeting
Thursday, December 7, 2017
Metro Regional Center, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING AND READOPTING METERO CODE 7.03 (INVESTMENT POLICY) FOR FISCAL YEAR 2017-2018	)))))	ORDINANCE NO. 17-1412 Introduced by Chief Operating Officer Martha Bennett in concurrence with Council President Tom Hughes

WHEREAS, Metro Code Section 7.03 contains the investment policy which applies to all cash related assets held by Metro; and

WHEREAS, the Investment Advisory Board annually reviews and approves the Investment Policy for submission to Metro Council; and

WHEREAS, the Director of Finance and Regulatory Services has proposed two change to the Investment Policy. The first change is to clarify the rating categories which Metro can invest in, by adding language “in the rating category of”.

The second change is to disallow investing in fossil fuel companies that are listed on the Carbon Fuel Underground 200™ list; and

WHEREAS, the Investment Advisory Board on October 18, 2017 voted to recommend these changes to Metro Code 7.03 and submit to the Metro Council for approval and re-adoption; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. That Metro Code Chapter 7.03 is hereby amended and re-adopted as attached hereto in Exhibit A to this ordinance.

ADOPTED by the Metro Council this 7th day of December 2017.

____
Tom Hughes, Council President

Attest:

____
Nellie Papsdorf, Recording Secretary

Approved as to Form:

____
Alison R. Kean, Metro Attorney

INVESTMENT POLICY

METRO CODE CHAPTER 7.03
INVESTMENT POLICY**

SECTIONS TITLE

**Former Chapter 2.06 (readopted April 9, 1998; amended December 10, 1998; readopted April 15, 1999; readopted April 27, 2000; readopted December 11, 2001; readopted October 3, 2002; renumbered by Ordinance No. 02-976, Sec. 1; readopted June 12, 2003; amended and readopted April 7, 2005, by Ordinance No. 05-1075; readopted April 20, 2006; readopted June 21, 2007; amended and readopted June 26, 2008, by Ordinance No. 08-1190; amended and readopted June 25, 2009, by Ordinance No. 09-1216; amended and readopted June 17, 2010, by Ordinance No. 10-1243; readopted June 23, 2011, by Resolution No. 11-4272; amended and readopted June 21, 2012 by Ordinance No. 12-1280; and amended and readopted May 9, 2013 by Ordinance No. 13-1303).

7.03.010 Scope

These investment policies apply to all cash-related assets included within the scope of Metro's audited financial statements and held directly by Metro.

Funds held and invested by trustees or fiscal agents are excluded from these policies; however, such funds are subject to the regulations established by the state of Oregon.

Funds of Metro will be invested in compliance with the provisions of ORS Chapter 294 and other applicable statutes. Investments will be in accordance with these policies and written administrative procedures. Investment of any tax-exempt borrowing proceeds and of any debt service funds will comply with the Internal Revenue Code of 1986 provisions and any subsequent amendments thereto.

(Ordinance No. 90-365. Amended by Ordinance No. 97-684, Sec. 1; Ordinance No. 02-976, Sec. 1; Ordinance No. 05-1075; and Ordinance No. 09-1216, Sec. 1.)

7.03.020 General Objectives

Due to Metro's fiduciary responsibility, safety of capital and availability of funds to meet payment requirements are the overriding objectives of the investment program. Investment return targets are secondary.

a) Safety. Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio and security of funds and investments. The objective will be to mitigate credit risk and interest rate risk.

   1) Credit Risk. Metro will minimize credit risk, the risk of loss due to the financial failure of the security issuer or backer, by:
      - Limiting exposure to poor credits and concentrating the investments in the safest types of securities.
      - Pre-qualifying the financial institutions, broker/dealers, and advisers with which Metro will do business.
      - Diversifying the investment portfolio so that potential losses on individual securities will be minimized. For securities not backed by the full faith and credit of the federal government, diversification is required in order that potential losses on individual securities would not exceed the income generated from the remainder of the portfolio.
      - Actively monitoring the investment portfolio holdings for ratings changes, changing economic/market conditions, etc.

   2) Interest Rate Risk. Metro will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:
      - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
      - The portfolio should consist largely of securities with active secondary or resale markets. A portion of the portfolio may be placed in the Local Government Investment Pool (LGIP) which offers next-day liquidity.

b) Liquidity. The investment officer shall assure that funds are constantly available to meet immediate payment requirements, including payroll, accounts payable and debt service.

c) Return on Investment. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into consideration the safety and liquidity needs of the portfolio. Section 7.03.090 contains additional details on the return objectives.

   Although securities are purchased with the intent to hold to maturity, securities may be sold prior to their maturity in order to improve the quality, net yield, or maturity characteristic of the portfolio.

d) Legality. Funds will be deposited and invested in accordance with statutes, ordinances and policies governing Metro.

(Ordinance No. 87-228, Sec. 3. Amended by Ordinance No. 90-365; Ordinance No. 02-976, Sec. 1; Ordinance No. 05-1075.)

7.03.030 Standards of Care

a) Prudence. The standard of prudence to be applied by the investment officer shall be the "prudent person" rule: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The prudent person rule shall be applied in the context of managing the overall portfolio.

b) Ethics and Conflicts of Interest. Officers and employees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the governing body. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of Metro. Officers and employees shall, at all times, comply with the State of Oregon Government Standards and Practices code of ethics set forth in ORS Chapter 244.

c) Delegation of Authority. The Chief Operating Officer is the investment officer of Metro. The authority for investing Metro funds is vested with the investment officer, who, in turn, designates the investment manager to manage the day-to-day operations of Metro's investment portfolio, place purchase orders and sell orders with dealers and financial institutions, and prepare reports as required.

d) Investment Advisory Board (IAB). There shall be an investment advisory board composed of five (5) members.

1) Terms of Service. The term of service for citizens appointed to the IAB shall be three (3) calendar years. The term of appointment shall be staggered so that not more than two (2) members' terms expire in any calendar year.
2) Appointment. The investment officer shall recommend to the Council for confirmation the names of persons for appointment to the IAB.
3) Duties. The IAB shall meet quarterly. The IAB will serve as a forum for discussion and act in an advisory capacity for investment strategies, banking

relationships, the legality and probity of investment activities and the establishment of written procedures for the investment operations.

e) Monitoring the Portfolio. The investment manager will routinely monitor the contents of the portfolio comparing the holdings to the markets, relative values of competing instruments, changes in credit quality, and benchmarks. If there are advantageous transactions, the portfolio may be adjusted accordingly.

f) Indemnity Clause. Metro shall indemnify the investment officer, chief financial officer, investment manager, staff and the IAB members from personal liability for losses that might occur pursuant to administering this investment policy. The investment officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported to the council as soon as practicable.

g) Internal Controls. The investment officer shall maintain a system of written internal controls, which shall be reviewed annually by the IAB and the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation or imprudent actions.

Metro's independent auditor at least annually shall audit investments according to generally accepted auditing standards and this ordinance.

(Ordinance No. 05-1075.)

7.03.040 Transaction Counterparties, Investment Advisers and Depositories

a) Broker Dealers. The Investment Officer shall determine which broker/dealer firms and registered representatives are authorized for the purposes of investing funds within the scope of this investment policy. A list will be maintained of approved broker/dealer firms and affiliated registered representatives.

The following minimum criteria must be met prior to authorizing investment transactions. The Investment Officer may impose more stringent criteria.

i. Broker dealers must meet the following minimum criteria:
   A. Be registered with the Securities and Exchange Commission (SEC);
   B. Be registered with the Financial Industry Regulatory Authority (FINRA);
   C. Provide most recent audited financials;
   D. Provide FINRA Focus Report filings.

A periodic (at least annual) review of all authorized broker/dealers will be conducted by the Investment Officer.

b) Investment Advisers. The Investment Officer may engage the services of one or more external investment advisers to assist in the management of Metro's investment portfolio in a manner consistent with this investment policy. If Metro hires an investment adviser to provide investment management services, the adviser is authorized to transact with its direct dealer relationships on behalf of Metro.

Approved investment adviser firms must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon; (Note: Investment adviser firms with assets under management > $100 million must be registered with the SEC, otherwise the firm must be licensed by the state of Oregon).

A periodic (at least annual) review of all authorized investment advisers will be conducted by the Investment Officer to determine their continued eligibility within the portfolio guidelines.

c) Depositories. All financial institutions who desire to become depositories must be qualified Oregon Depositories pursuant to ORS Chapter 295.

d) Competitive Transactions. The Investment Officer shall obtain and document competitive bid information on all investments purchased or sold in the secondary market. Competitive bids or offers should be obtained, when possible, from at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform. In the instance of a security for which there is no readily available competitive bid or offering on the same specific issue, then the Investment Officer shall document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities as the same original issue price. However, the Investment Officer is encouraged to document quotations on comparable securities. If an investment adviser provides investment management services, the adviser must retain documentation of competitive pricing execution on each transaction and provide upon request.

7.03.050 Safekeeping and Custody

a) Delivery vs. Payment. All securities purchased pursuant to this investment policy will be delivered by either book entry or physical delivery to a third party for safekeeping by a bank designated as custodian. Purchase and sale of all securities will be on a payment versus delivery basis. Delivery versus payment will also be required for all repurchase transactions and with the collateral priced and limited in maturity in compliance with ORS 294.035(2)(j).
Notwithstanding the preceding, an exception to the delivery versus payment policy is made when purchasing State and Local Government Series Securities (SLGS) from the United States Treasury's Bureau of Public Debt to satisfy arbitrage yield restriction requirements of the Internal Revenue Code for tax-exempt bond issues.

b) Custody/Safekeeping. The trust department of the bank designated as custodian will be considered to be a third party for the purposes of safekeeping of securities purchased from that bank. The custodian shall issue a safekeeping receipt to Metro listing the specific instrument, rate, maturity and other pertinent information.

(Ordinance No. 05-1075.)

7.03.060 Suitable and Authorized Investments

(Definitions of terms and applicable authorizing statutes are listed in the "Summary of Investments Available to Municipalities" provided by the State Treasurer).

a) Investment Types. The following investments are permitted by this policy and ORS 294.035 and 294.810.

   1) Lawfully issued general obligations of the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government and obligations whose payment is guaranteed by the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government. Maximum percent of portfolio allocation is 100%. No more than 40% of the portfolio in any one agency, instrumentality, or sponsored enterprise.

   2) Certificates of Deposit (CD) from commercial banks in Oregon and insured by the Federal Deposit Insurance Corporation (FDIC). Maximum percent of portfolio allocation is 100%. Investments in Certificates of Deposit invested in any one institution shall not exceed 5% of the total available funds and 15% of the equity of the financial institution.

   3) Repurchase Agreements (Repo's) purchased from any qualified institution provided the master repurchase agreement is effective and the safekeeping requirements are met. The repurchase agreement must be in writing and executed in advance of the initial purchase of the securities that are the subject of the repurchase agreement.

      i. ORS 294.035 (3)(j) requires repurchase agreement collateral to be limited in maturity to three years and priced according to percentages prescribed by written policy of the Oregon Investment Council or the Oregon Short-Term Fund Board.

      ii. ORS 294.135 (2) limits the maximum term of any repurchase agreement to 90 days.

      iii. Acceptable collateral:

         A. US Treasury Securities: 102%

         B. US Agency Discount and Coupon Securities: 102%

      Maximum percent of portfolio allocation is 50%. The investment officer shall not enter into any reverse repurchase agreements.

   4) Banker's Acceptances (BA) that are (i) guaranteed by, and carried on the books of, a qualified financial institution, (ii) eligible for discount by the Federal Reserve System, and (iii) issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category (A-1, P-1, F-1) by one or more nationally recognized statistical rating organization.

      Qualified institution means a financial institution that is located and licensed to do banking business in the state of Oregon; or a financial institution located in the states of California, Idaho, or Washington that is wholly owned by a bank holding company that owns a financial institution that is located and licensed to do banking business in the state of Oregon.

Maximum percent of portfolio allocation is 25%. Investments in Bankers' Acceptances invested in any one institution shall not exceed 5% of the total available funds and 15% of the equity of the financial institution.

5) Corporate indebtedness subject to a valid registration statement on file with the Securities and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)(3) of the Securities Act of 1933, as amended. Must be issued by a commercial, industrial or utility business enterprise, or by or on behalf of a financial institution, including a holding company owning a majority interest in a qualified financial institution. The combined total invested in corporate indebtedness may not exceed 35%. ~~Maximum allocation of 35%.~~ No more than 5% of the total portfolio with any one corporate entity.

   a) Commercial Paper (CP) rated on the trade date P-1 or better by Moody's Investors Service or A-1 or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization.

   b) Corporate indebtedness must be rated on trade date in a rating category of "Aa" or better by Moody's Investors Service or a rating category of "AA" or better by Standard & Poor's Corporation or equivalent by any nationally recognized statistical rating organization.

   c) Notwithstanding subparagraph (a) and (b) of this paragraph, the corporate indebtedness must be rated on the trade date P-2 or in a rating category of "A" or better by Moody's Investors Service or A-2 or in a rating category of "A" or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization when the corporate indebtedness is:

      i.) Issued by a business enterprise that has its headquarters in Oregon, employs more than 50 percent of its permanent workforce in Oregon or has more than 50 percent of its tangible assets in Oregon; or

      ii.) Issued by a holding company owning not less than a majority interest in a qualified financial institution, as defined by ORS 294.035, located and licensed to do banking business in Oregon or by a holding company owning not less than a majority interest in a business enterprise described in sub-subparagraph (i) of this subparagraph.

6) Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon or its political subdivisions with a long-term rating ~~of~~ in a rating category of "A" or an equivalent rating or better or the highest category for short term municipal debt.

Lawfully issued debt obligations of the States of California, Idaho ~~and~~ or Washington or their political subdivisions with a long-term rating ~~of~~ in a rating category of "AA" or an equivalent rating or better or the highest category for short term municipal debt.

Maximum percent of portfolio allocation is 25%. No more than 5% of the total portfolio in any one issuing entity.

Such obligations may be purchased only if there has been no default in payment of either the principal of or the interest on the obligations of the issuing county, port, school district or city, for a period of five years next preceding the date of the investment, per ORS 294.040.

7) State of Oregon Investment Pool. Maximum allowed per ORS 294.810, with the exception of pass-through funds (in and out within 10 days). A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. Metro shall perform a periodic review of:
    - i) Pool's investment policy and objectives
    - ii) Interest calculations and how it is distributed
    - iii) How the securities are safeguarded
    - iv) How often the securities are priced

8) Market Interest Accounts and Checking Accounts. Metro shall maintain necessary allocation needed for daily cash management efficiency.

b) <u>Callable securities.</u> The maximum percent of callable securities in the portfolio shall be 35%.

c) <u>Summary of Permitted Investments.</u>

Investment Type	Maximum Maturity	Maximum Portfolio Allocation	Maximum Allocation Per Issuer	Minimum Rating
U.S. Treasuries	5 years	100%	100%	-
Federal Agencies	5 years	100%	40%	-
Time CDs	5 years	100%	5%	FDIC insured
Repurchase Agreements	90 days	50%	-	Collateralized
Bankers Acceptances	180 days	25%	5%	A-1
Corporate notes	5 years	35%	5%	AA- A- if OR
Commercial Paper	270 days		5%	A-1 A-2 if OR
OR munis	5 years	25%	5% (per issuing entity)	A-
ID, CA, WA munis	5 years		5%	AA-

			(per issuing entity)	
OSTF	-	Amount established by ORS 294.810	-	-
Market interest and checking accounts	-	Amount necessary for daily cash mgmt	-	-

(Ordinance No. 05-1075. Amended by Ordinance No. 09-1216, Sec. 1; Ordinance No. 12-1280, Sec. 1.; and by Ordinance No. 13-1303).

7.03.070 Investment Parameters

a) Diversification by Maturity. Only investments which can be held to maturity shall be purchased. Investments shall not be planned or made predicated upon selling the security prior to maturity. This restriction does not prohibit the use of repurchase agreements under ORS 294.135(2).

Funds will be invested to coincide with projected cash needs or with the following serial maturity:

20% minimum to mature under three months;
25% minimum to mature under 18 months;
100% minimum to mature under five years.

At all times, Metro will maintain a minimum amount of funds to meet liquidity needs for the next three months, which can be through a combination of cash and investments. The duration of Metro's portfolio shall not exceed 2.5 years.

Investments may not exceed five (5) years. Investment maturities beyond 18 months may be made when supported by cash flow projections which reasonably demonstrate that liquidity requirements will be met.

b) Diversification by Investment. The investment officer will diversify the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities.

c) Collateralization. Deposit-type securities (i.e., Certificates of Deposit) and all bank deposits for any amount exceeding FDIC coverage shall be collateralized through the Public Funds Collateralization Program as required by ORS Chapter 295. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. Bank depositories are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable.

d) Total Prohibitions. The investment officer may not make a commitment to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement of the purchase or sale transaction and may not agree to invest funds or sell securities for a fee other than interest. Purchase of standby or forward commitments of any sort are specifically prohibited.

e) Adherence to Investment Diversification. Diversification requirements must be met on the day an investment transaction is executed. If due to unanticipated cash needs, investment maturities or marking the portfolio to market, the investment in any security type, financial issuer or maturity spectrum later exceeds the limitations in the policy, the investment officer is responsible for bringing the investment portfolio back into compliance as soon as is practical.

(Ordinance No. 05-1075. Amended by Ordinance No. 08-1190 and by Ordinance No. 13-1302).

7.03.080 Prohibited Investments

a) Private Placement or 144A Securities. Private placement or "144A" securities are not allowed. "144A" securities include commercial paper issued under section 4(2)144A (also known as "4(2)A") of the Securities Act of 1933.

b) Mortgage-backed Securities are not allowed.

c) ~~c)~~ Securities Lending. Metro shall not lend securities nor directly participate in a securities lending program.

~~c)~~d) Fossil Fuel Companies Listed on the Carbon Fuel Underground 200 ™ list- Metro shall not invest directly in fossil fuel securities listed on the Carbon Fuel Underground 200 List.

7.03.090 Reporting

a) Methods. A transaction report shall be prepared by the investment manager not later than one business day after the transaction, unless a trustee, operating under a trust agreement, has executed the transaction. The trustee agreement shall provide for a report of transactions to be submitted by the trustee on a monthly basis.

b) Compliance. Quarterly reports shall be prepared for each regular meeting of the IAB to present historical information for the past 12-month period and that allows the IAB to ascertain whether investment activities during the reporting period have conformed to the investment policy. Copies shall be provided to the Chief Operating Officer and the Metro Council. At each quarterly meeting, a report reflecting the status of the portfolio will be submitted for review and comment by at least three (3) members of the IAB. Discussion and comment on the report will be noted in minutes of the meeting. If concurrence is not obtained, notification will be given to the investment officer, including comments by the IAB.

c) Performance Standards. The overall performance of Metro's investment program is evaluated quarterly by the IAB using the objectives outlined in this policy. The quarterly report which confirms adherence to this policy shall be provided to the Metro Council as soon as practicable.

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The primary benchmark of the portfolio will be the Bank of America Merrill Lynch 0-3 Year US Treasury Index. The Investment Officer may use other appropriate benchmarks including the Local Government Investment Pool's monthly average yield or a series of appropriate benchmarks consistent with Metro's investment objectives for additional analysis. Metro will use these benchmarks to determine the effectiveness of the investment strategy and return relative to market. The Investment Officer, IAB, and the Investment Advisor will review benchmarks annually for appropriateness and consistency with Metro's investment objectives.

d) Accounting Method. Metro shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies, including, but not necessarily limited to, the American Institute of Certified Public Accountants (AICPA); the Financial Accounting Standards Board (FASB); and the Government Accounting Standards Board (GASB).

(Ordinance No. 05-1075.)

7.03.010 Policy Adoption and Re-adoption

a) The investment policy must be reviewed by the IAB and the Oregon Short-Term Fund Board prior to adoption by the Metro Council. Adoption of this policy supersedes any other previous Council action or policy regarding Metro's investment management practices.

b) This policy shall be subject to review and re-adoption annually by the Metro Council in accordance with ORS 294.135.

(Ordinance No. 05-1075.)

7.03.011 List of Documents Used in Conjunction with this Policy

The following documents are used in conjunction with this policy and are available from the investment manager upon request:

- List of Authorized Brokers and Dealers
- List of Primary Dealers
- Calendar of Federal Reserve System Holidays
- Calendar of Local Government Investment Pool Holidays
- Broker/Dealer Request for Information
- Oregon State Treasury's Summary of Liquid Investments Available to Local Governments for Short-Term Fund Investment
- Oregon State Treasury's U.S. Government and Agency Securities for Local Government Investment Under ORS 294.035 and 294.040
- Oregon State Treasury's List of Qualified Depositories for Public Funds

- Attorney General's letter of advice: Certificates of Deposit, ORS 294.035 and ORS Chapter 295
- Oregon Revised Statute Chapter 294 – County and Municipal Financial Administration
- Oregon Revised Statute Chapter 295 – Depositories of Public Funds and Securities
- Government Finance Officers Association Glossary of Cash Management Terms

(Ordinance No. 05-1075.).

7.03.012 Definitions

Accrued Interest. Interest earned but which has not yet been paid or received.

Benchmark Notes/Bonds: Benchmark Notes and Bonds are a series of FNMA "bullet" maturities (non-callable) issued according to a pre-announced calendar. Under its Benchmark Notes/Bonds program, 2, 3, 5, 10 and 30-year maturities are issued each quarter. Each Benchmark Notes new issue has a minimum size of $4 billion, 30-year new issues having a minimum size of $1 billion, with reopenings based on investor demand to further enhance liquidity. The amount of non-callable issuance has allowed FNMA to build a yield curve in Benchmark Notes and Bonds in maturities ranging from 2 to 30 years. The liquidity emanating from these large size issues has facilitated favorable financing opportunities through the development of a liquid overnight and term repo market. Issues under the Benchmark program constitute the same credit standing as other FNMA issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Book Value. The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called "amortized cost" as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called "carrying value." Book value can vary over time as an investment approaches maturity and differs from "market value" in that it is not affected by changes in market interest rates.

Bullet Notes/Bonds. Notes or bonds that have a single maturity date and are non-callable.

Callable Bonds/Notes. Securities which contain an imbedded call option giving the issuer the right to redeem the securities prior to maturity at a predetermined price and time.

Certificate of Deposit Account Registry Service (CDARS). A private service that breaks up large deposits (from individuals, companies, nonprofits, public funds, etc.) and places them across a network of banks and savings associations around the United States. Allows depositors to deal with a single bank that participates in CDARS but avoid having funds above the FDIC deposit insurance limits in any one bank.

Commercial Paper. Short term unsecured promissory note issued by a company or financial institution. Issued at a discount and matures for par or face value. Usually a maximum maturity of 270 days, and given a short-term debt rating by one or more NRSROs.

Coupon Rate. Annual rate of interest on a debt security, expressed as a percentage of the bond's face value.

Discount Notes. Unsecured general obligations issued by Federal Agencies at a discount. Discount notes mature at par and can range in maturity from overnight to one year.

Federal Agency Security. A security issued by a federal agency or certain federally chartered entities (often referred to as government-sponsored enterprises or GSEs). Agency securities typically are not guaranteed by the federal government, particularly those of GSEs.

Federal Farm Credit Bank (FFCB). One of the large Federal Agencies. A Government Sponsored Enterprise (GS) system that is a network of cooperatively-owned lending institutions that provide credit services to farmers, agricultural cooperatives and rural utilities. The FFCBs act as financial intermediaries that borrow money in the capital markets and use the proceeds to make loans and provide other assistance to farmers and farm-affiliated businesses. Consists of the consolidated operations of the Banks for Cooperatives, Federal Intermediate Credit Banks, and Federal Land Banks. Frequent issuer of discount notes, agency notes and callable agency securities. FFCB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and agricultural industry.

Federal Home Loan Bank System (FHLB). One of the large Federal Agencies. A Government Sponsored Enterprise (GSE) system, consisting of wholesale banks (currently twelve district banks) owned by their member banks, which provides correspondent banking services and credit to various financial institutions, financed by the issuance of securities. The principal purpose of the FHLB is to add liquidity to the mortgage markets. Although FHLB does not directly fund mortgages, it provides a stable supply of credit to thrift institutions that make new mortgage loans. FHLB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes and callable agency securities. Also issues notes under its "global note" and "TAP" programs.

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and assistance to the secondary market for home mortgages by purchasing first mortgages financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its "reference note" program.

Federal National Mortgage Association (FNMA or "Fannie Mae"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides liquidity to the residential mortgage market by purchasing mortgage loans from lenders, financed by the issuance of debt securities and MBS (pools of mortgages packaged together as a security). FNMA debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its "benchmark note" program.

Federal Reserve Bank. One of the 12 distinct banks of the Federal Reserve System.

Global Notes: Notes designed to qualify for immediate trading in both the domestic U.S. capital market and in foreign markets around the globe. Usually large issues that are sold to investors worldwide and therefore have excellent liquidity. Despite their global sales, global notes sold in the U.S. are typically denominated in U.S. dollars.

Government National Mortgage Association (GNMA or "Ginnie Mae"). One of the large Federal Agencies. Government-owned Federal Agency that acquires, packages, and resells mortgages and mortgage purchase commitments in the form of mortgage-backed securities. Largest issuer of mortgage pass-through securities. GNMA debt is guaranteed by the full faith and credit of the U.S. government (one of the few agencies that is actually full faith and credit of the U.S.).

Government Sponsored Enterprise (GSE). Privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over Treasuries. Examples of GSEs include: FHLB, FHLMC, and FNMA.

Market Value. The fair market value of a security or commodity. The price at which a willing buyer and seller would pay for a security.

Mortgage Backed Security (MBS). A type of asset-backed security that is secured by a mortgage or collection of mortgages. These securities must also be grouped in one of the top two ratings as determined by a accredited credit rating agency, and usually pay periodic payments that are similar to coupon payments. Furthermore, the mortgage must have originated from a regulated and authorized financial institution.

NRSRO. A "Nationally Recognized Statistical Rating Organization." A designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating. Includes Moody's, Standard and Poor's, Fitch and Duff & Phelps.

Par Value. Face value, stated value or maturity value of a security.

Primary Dealer. Any of a group of designated government securities dealers designated by to the Federal Reserve Bank of New York. Primary dealers can buy and sell government securities directly with the Fed. Primary dealers also submit daily reports of market activity and security positions held to the Fed and are subject to its informal oversight. Primary dealers are considered the largest players in the U.S. Treasury securities market.

Primary Market. Market for new issues of securities, as distinguished from the Secondary Market, where previously issued securities are bought and sold. A market is primary if the proceeds of sales go to the issuer of the securities sold. The term also applies to government securities auctions

Reference Bills: FHLMC's short-term debt program created to supplement its existing discount note program by offering issues from one month through one year, auctioned on a weekly or on an alternating four-week basis (depending upon maturity) offered in sizeable volumes ($1 billion and up) on a cycle of regular, standardized issuance. Globally sponsored and distributed, Reference Bill issues are intended to encourage active trading and market-making and facilitate the development of a term repo market. The program was designed to offer predictable supply, pricing transparency and liquidity, thereby providing alternatives to Treasury bills. FHLMC's Reference Bills are unsecured general corporate obligations. This program supplements the corporation's existing discount note program. Issues under the Reference program constitute the same credit standing as other FHLMC discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Reference Notes: FHLMC's intermediate-term debt program with issuances of 2, 3, 5, 10 and 30-year maturities. Initial issuances range from $2 - $6 billion with reopenings ranging $1 - $4 billion. The notes are high-quality bullet structures securities that pay interest semiannually. Issues under the Reference program constitute the same credit standing as other FHLMC notes; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Secondary Market. Markets for the purchase and sale of any previously issued financial instrument.

TAP Notes: Federal Agency notes issued under the FHLB TAP program. Launched in 6/99 as a refinement to the FHLB bullet bond auction process. In a break from the FHLB's traditional practice of bringing numerous small issues to market with similar maturities, the TAP Issue Program uses the four most common maturities and reopens them up regularly through a competitive auction. These maturities (2,3,5 and 10 year) will remain open for the calendar quarter, after which they will be closed and a new series of TAP issues will be opened to replace them. This reduces the number of separate bullet bonds issued, but generates enhanced awareness and liquidity in the marketplace through increased issue size and secondary market volume.

Tennessee Valley Authority (TVA): A federally owned corporation in the United States created by congressional charter in May 1933 to provide navigation, flood control, electricity generation, fertilizer manufacturing, and economic development in the Tennessee Valley, a region particularly impacted by the Great Depression. The enterprise was a result of the efforts of Senator George W. Norris of Nebraska. TVA was envisioned not only as a provider, but also as a regional economic development agency that would use federal experts and electricity to rapidly modernize the region's economy and society.

Treasury Bills (T-Bills). Short-term direct obligations of the United States Government issued with an original term of one year or less. Treasury bills are sold at a discount from face value and do not pay interest before maturity. The difference between the purchase price of the bill and the maturity value is the interest earned on the bill. Currently, the U.S. Treasury issues 4-week, 13-week and 26-week T-Bills

Treasury Bonds. Long-term interest-bearing debt securities backed by the U.S. Government and issued with maturities of ten years and longer by the U.S. Department of the Treasury.

Treasury Notes. Intermediate interest-bearing debt securities backed by the U.S. Government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. The Treasury currently issues 2-year, 3-year, 5-year, 7-year and 10-year Treasury Notes.

U.S. Government Backed Securities. FDIC-guaranteed corporate debt issued under the Temporary Liquidity Guarantee Program (TLGP) and backed by the full faith and credit of the United States Government with a maximum final maturity of five years.

Yield to Maturity (YTM) at Cost. The percentage rate of return paid if the security is held to its maturity date at the original time of purchase. The calculation is based on the coupon rate, length of time to maturity, and original price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate. The Yield at Cost on a security remains the same while held as an investment.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 17-1412, FOR THE PURPOSE OF AMENDING AND READOPTING METRO CODE 7.03 (INVESTMENT POLICY) FOR FISCAL YEAR 2017-2018

Date: 11/30/2017 Prepared by: Tim Collier Ext. 1913

BACKGROUND

Metro Code, Chapter 7.03 contains the Investment Policy that applies to all cash-related assets held by Metro. Metro code requires the annual review and readopting with the assistance of the Investment Advisory Board who are appointed on staggered terms by the Council President. This Investment Policy is being submitted to Council for review and re-adoption in accordance with Section 7.03.080 of Metro Code.

The format of Metro's Investment Policy conforms to the Oregon State Treasury's Sample Investment Policy for Local Governments and the Government Finance Officers Association's (GFOA) Sample Investment Policy. This allows Metro's policy to be readily compared to investment policies of other local governments that have adopted the same GFOA format.

The Investment Advisory Board (IAB) members reviewed recommendations by the Director of Finance and Regulatory Services and approved the changes on October 18, 2017.

The first recommended change is in regards to Section 7.03.060 Suitable and Authorized Investments: Proposed changes to this section seek to clarify allowable ratings categories for corporate and municipal obligations, and add a new investment class to Metro's permissible investments. We had previously qualified that "Aa" and "AA" specifically refer to credit rating categories offered by Moody's Investors Service and Standard and Poor's Financial Services. This amendment clarifies that the Statute's rating requirements encompass the entirety of the rating category, which include ratings with +, - or 1, 2, 3 modifiers. This revision will result in greater clarity in interpretation of credit rating

The second recommended change is to formally adopt into the policy in Section 7.03.080, Prohibited Investments, Metro Council's Resolution 16-4721 prohibiting Metro from investing in any fossil fuel securities listed on the Carbon Fuel Underground 200 TM list. This language has been added to the Prohibited Investment section of the Policy.

The policy has been approved by the Oregon Short Term Fund Board in this form.

ANALYSIS/INFORMATION

1. **Known Opposition** None

2. **Legal Antecedents** Metro Code, Chapter 7.03, Investment Policy, Section 7.030.080(b) proscribes that the policy shall be subject to review and re-adoption annually by the Metro Council in accordance with ORS 294.135.

3. **Anticipated Effects** N/A

4. **Budget Impacts** There are no budget impacts to this legislation.

RECOMMENDED ACTION

Staff recommends re-adoption as amended of Metro Code Chapter 7.03 by Ordinance 17-1412

Materials following this page were distributed at the meeting.

Metro

Sustainability Annual Report

December 7, 2017

Metro Values

Public Service Excellence Teamwork Respect Innovation

Sustainability

We are leaders in demonstrating resource use and protection in a manner that enables people to meet current needs without compromising the needs of future generations, and while balancing the needs of the economy, environment and society.

Metro Council Leadership

Reduce Carbon

Reduce GHG emissions 80% below 2008 levels.

Prevent Waste

Recover all waste and reduce waste generation.

Choose nontoxic

Eliminate priority toxic and hazardous substances.

Conserve water

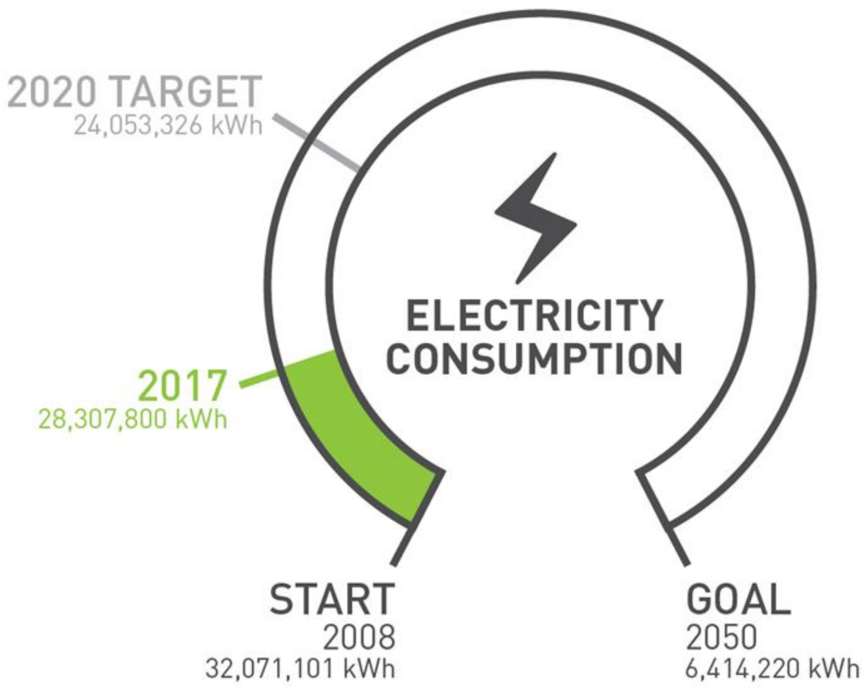
Reduce water use by 50% below 2008 levels.

Enhance habitat

Developed properties contribute to urban ecosystems and watersheds.

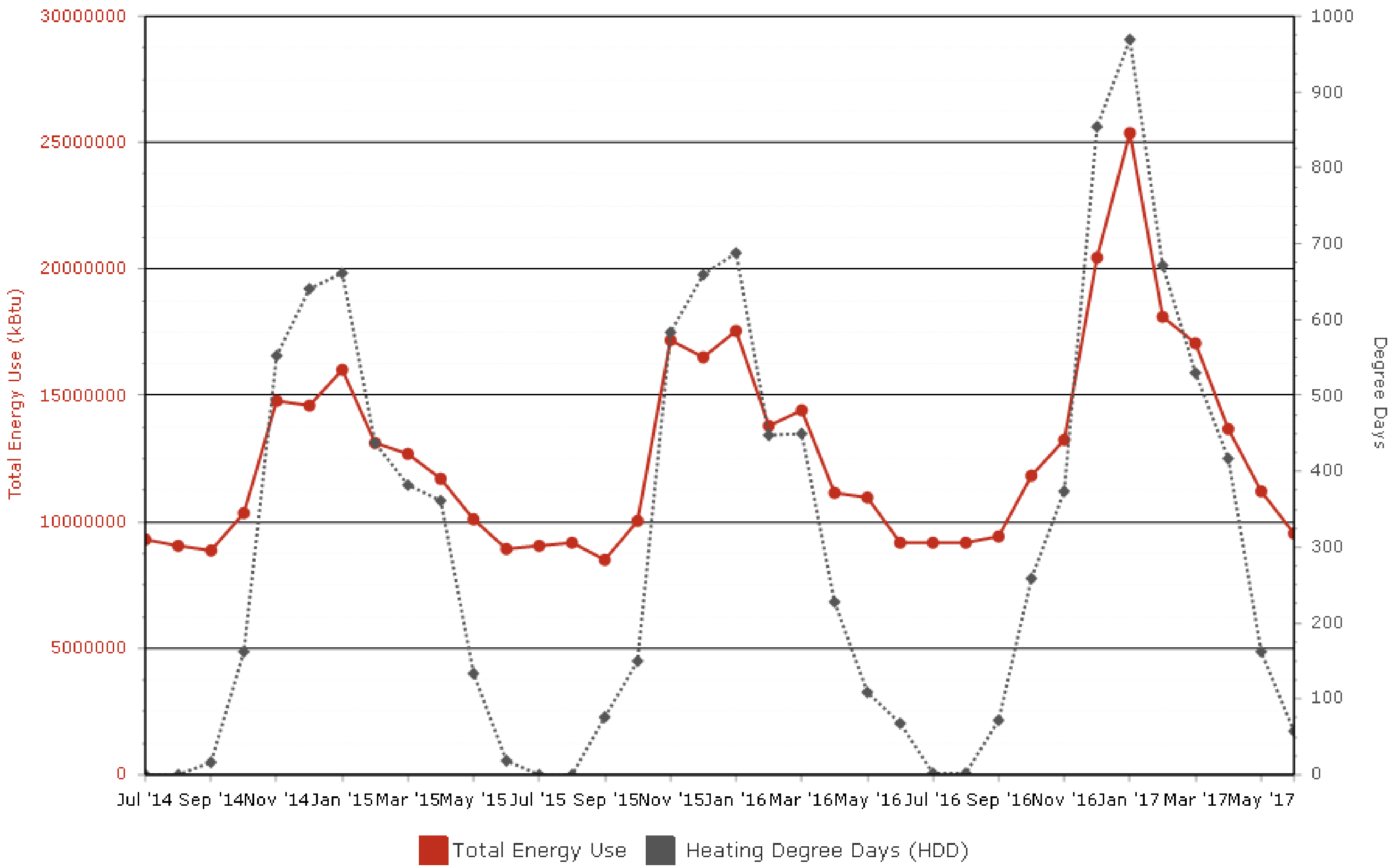
GOAL: Reduce carbon

- Electricity use down 12%
- Natural gas use down 11%



Cold winter temperatures

Energy use vs. heating degree days



OCC harnesses the sun

Metro buys 71% renewable energy

OCC does more with less

New tower lights use less than half the energy of previous lights

Zoo Education Center wins energy performance award

Designed for Net Zero Energy and LEED Gold certifications

‘Know Idle’ campaign

GOAL: Choose nontoxic

- 76% of products considered toxic in one or more category
- 7% of products considered toxic in all 6 categories - the “worst of the worst”

GOAL: Choose nontoxic

Number of products rated high hazard in Metro's inventory

	Total products in inventory	Products with high hazard rating in one or more categories	Products with high hazard rating in all categories
FY 2014-15	2,402	1,772	160
FY 2016-17	1,897	1,446	130
Difference	*-505*	*-326*	*-30*

GOAL: Increase recycling

57% recycling rate

51% is baseline

GOAL: Reduce waste

Waste generation 32% higher than baseline

Metro Regional Center offices go green

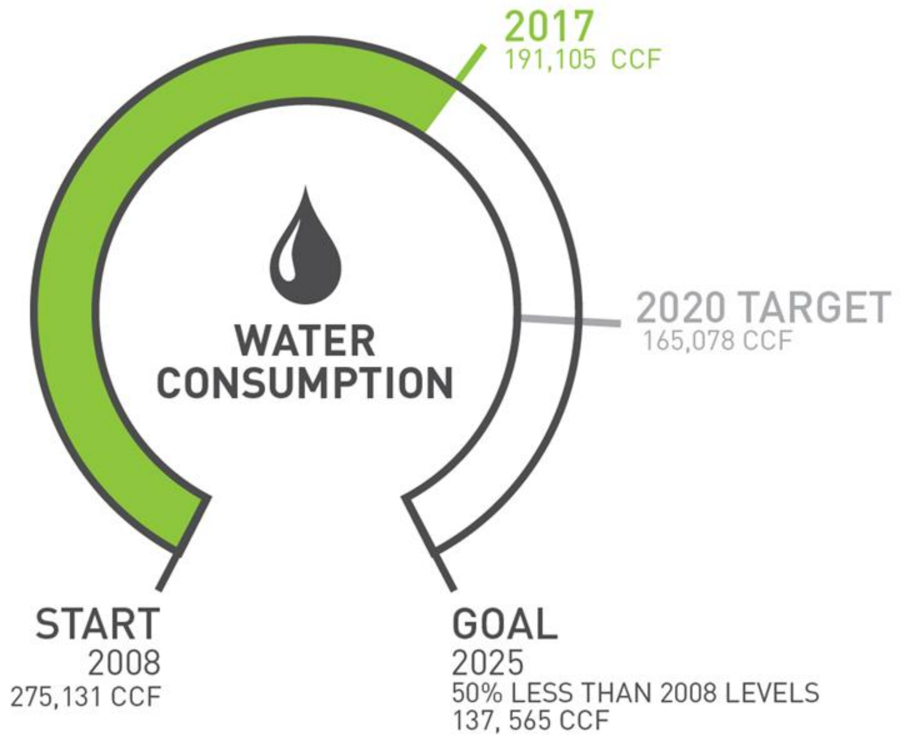
GOAL: Conserve water

191,105 CCF

= 143 million gallons

= 216 Olympic pools

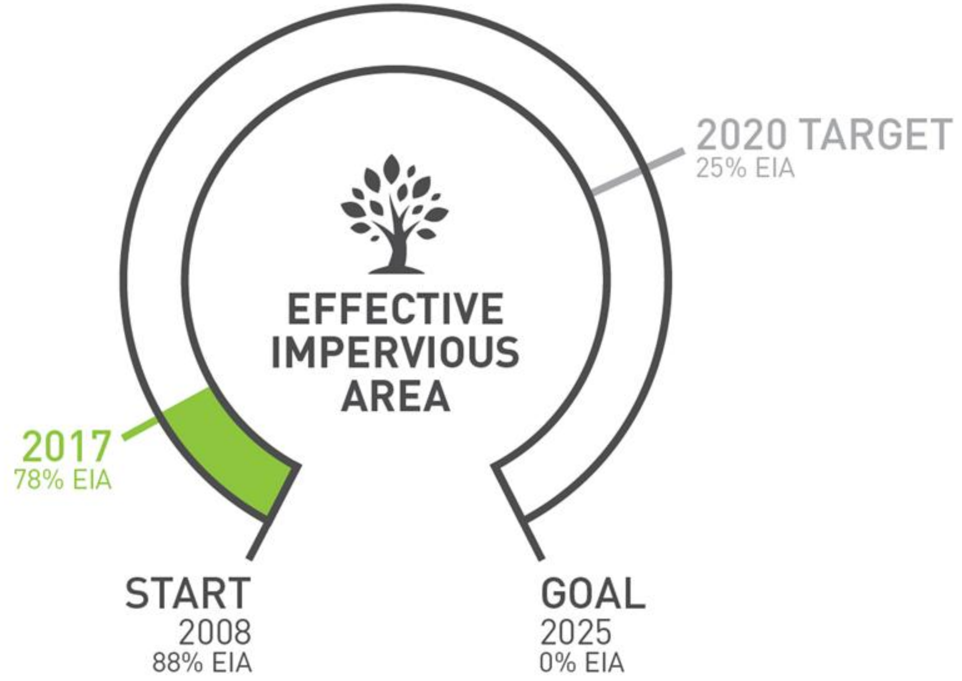
31% less than baseline



GOAL: Enhance habitat

78% effective impervious area

Indicates untreated stormwater flowing directly to waterway



Stormwater planters at the Zoo

Energy Trust incentives

Metro received $469,000 in incentives in FY2016-17

Over $3M received to date

Sustainable purchasing

Progress toward Metro-wide sustainability goal

Fiscal year	*Goal*	*Actual*
2012-2013	n/a	6%
2013-2014	11%	3%
2014-2015	16%	9%
2015-2016	21%	12%
2016-2017	26%	27%
2017-2018	31%	-

Looking ahead

- Internal Climate Action Plan, with equity lens
- Advanced energy management & information systems
- Renewable energy strategy

Thank you!

Ryan Harvey
Nicole Lewis
Chuck Dills
Mike Guebert
Julie Bunker
Ed Williams
Tracy Sagal
Lydia Neill
Rory Greenfield
John Sterbis
Nancy Strening
Ben Rowe

Green teams and staff

Green team chairs:

Patrick Morgan

Sabrina Gogol

Sara Vaca

Chelsea Althauser

Matt Nicoll

Chuck Dills

Ryan Harvey

Carolyn Sherman

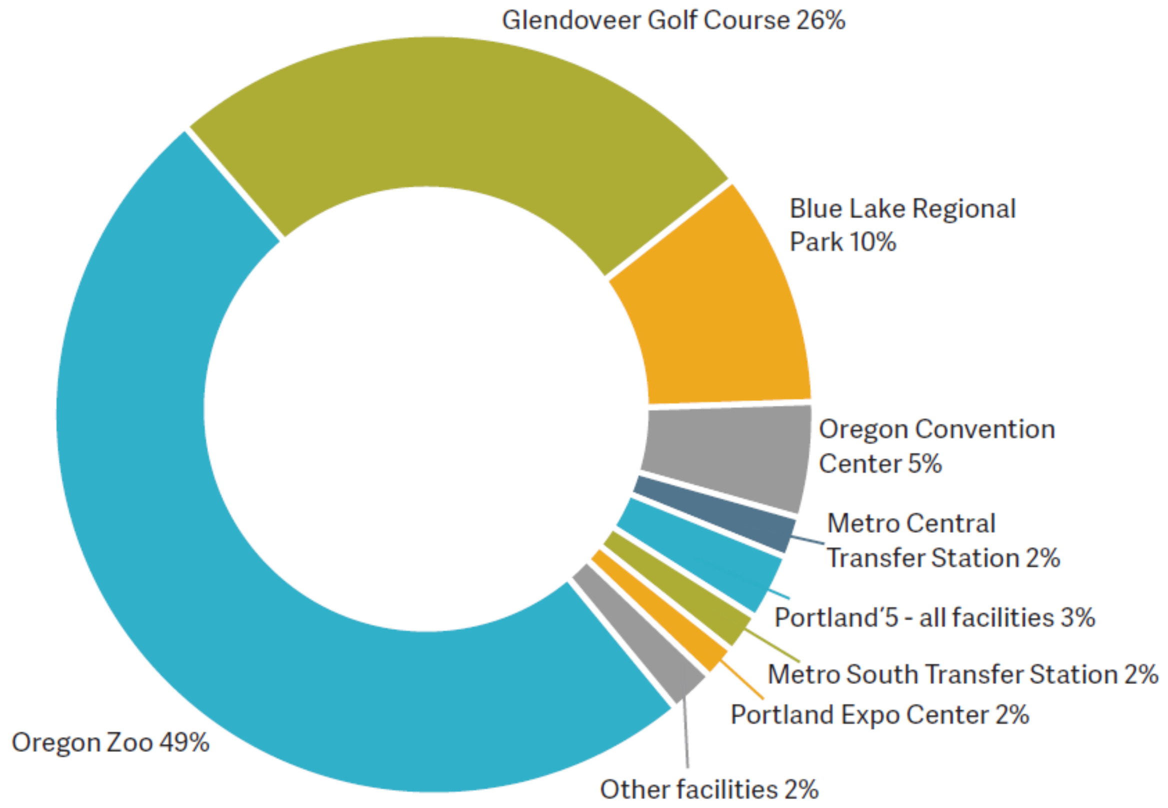
Staff take the EcoChallenge

Jenna Garmon
Sustainability Coordinator

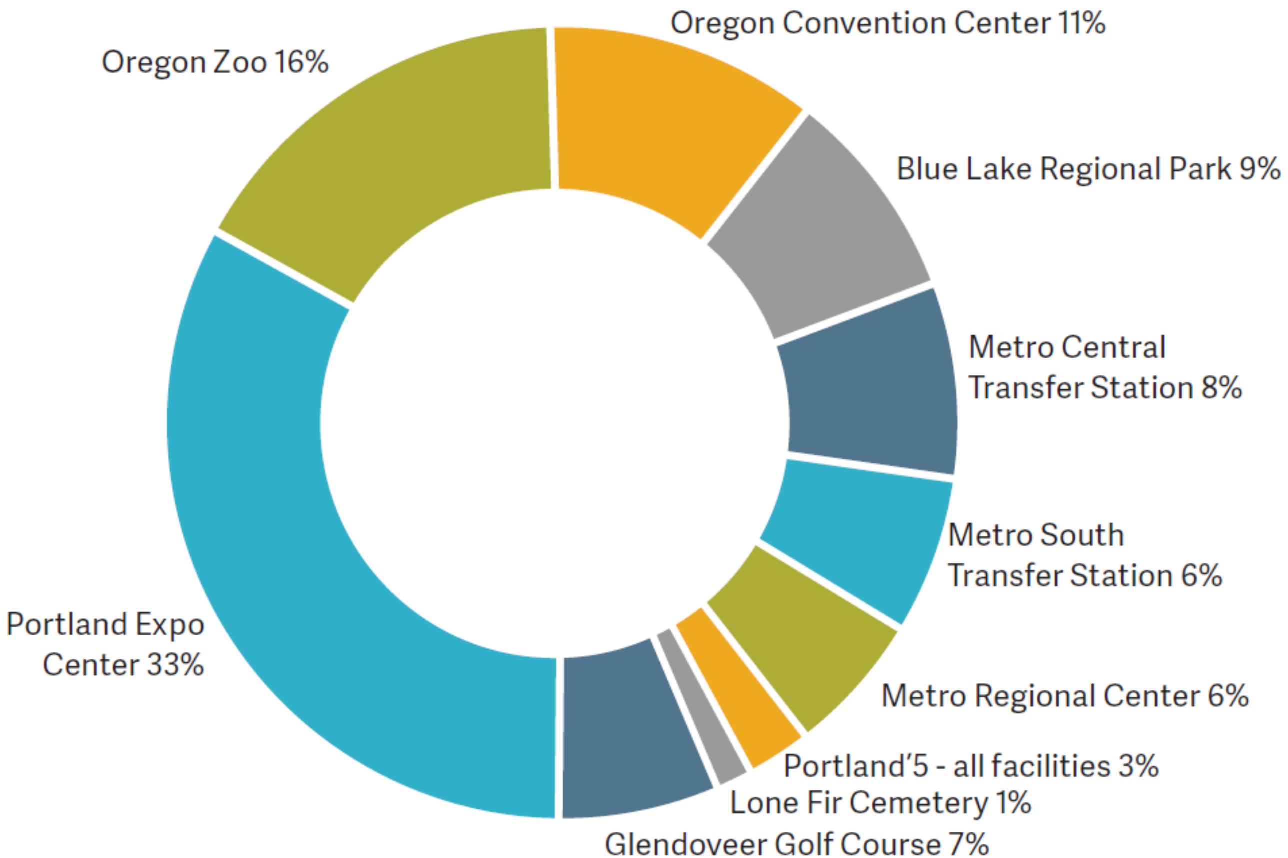
503-797-1649
jenna.garmon@oregonmetro.gov

oregonmetro.gov

GOAL: Conserve water



GOAL: Enhance habitat



Metro

600 NE Grand Ave.
Portland, OR 97232-2736
oregonmetro.gov

Minutes

Thursday, November 30, 2017

2:00 PM

Metro Regional Center, Council chamber

Council meeting

1. Call to Order and Roll Call

Council President Tom Hughes called the Metro Council meeting to order at 2:00 p.m.

Present: 7 - Council President Tom Hughes, Councilor Sam Chase, Councilor Carlotta Collette, Councilor Shirley Craddick, Councilor Craig Dirksen, Councilor Kathryn Harrington, and Councilor Bob Stacey

2. Citizen Communication

There was none.

3. Presentations

3.1 Oregon Zoo Quality of Life Program Audit

Council President Hughes called on Mr. Brian Evans, Metro Auditor, to present the Oregon Zoo Quality of Life Program Audit. He explained that the purpose of the audit was to evaluate the efficiency and effectiveness of the program, determine that responsibilities were properly assigned, and determine if there were practices that could increase the program's assessment capacity. Mr. Evans provided a brief background of the audit and shared its key findings, including that the criteria for deciding which animals to include in the program, consistency in the level of detail concerning animals and their care, and employee understanding of the program could be strengthened.

Mr. Evans highlighted that the audit included three recommendations to address these findings: clarify the program's purpose and the relationship with other animal welfare efforts; train employees who would be involved; and periodically reevaluate and update the program, staying current with the practices from previous applications of the program in the past. Mr. Evans thanked Dr. Moore and his staff for their work and commitment to the welfare of the zoo's animals.

President Hughes then called on Dr. Don Moore, Oregon Zoo Director, to provide the management response. Dr. Moore thanked the auditor and his team for their work and valuable feedback. Dr. Moore explained that the program was initiated to enhance animals' quality of life care. He informed the Council that quality of life assessments were common but historically had been made less formally based on regular discussions among professional experts. He stated that the new program aimed to provide a formal process with more benchmarks to help evaluate an individual animal's quality of life over the course of weeks or months, once there was heightened concern. Dr. Moore addressed the audit, stating that the zoo would continue to refine its formal process using science-based reasoning, remain committed to staff training for daily operations and professional development, and clearly define roles and responsibilities.

Council Discussion
Councilor Harrington expressed appreciation for having an independently-elected auditor to help keep the agency on track. She asked about the timeline for follow-up audits and inquired about the professional literature referenced in the audit. Councilor Collette asked about the intents and motivations behind piloting the quality of life program and if other zoos had implemented similar programs. She noted that particularly given that it was a pilot program, it was important to have the auditor provide feedback on the program as it developed. Councilor Dirksen congratulated Mr. Evans and his staff for receiving an award for their work this past year and thanked them for performing the important function of giving an objective study of Metro's departments and programs.

3.2 First Quarter Financial Report

Council President Hughes called on Mr. Tim Collier, Metro

Finance and Regulatory Services Director, to present the First Quarter Financial Report. Mr. Collier explained that in the current year the agency had a beginning fund balance that was larger than budgeted, so there were currently no budget adjustments needed. He then provided an update on changes since the last report, the Fourth Quarter Financial Report for fiscal year 2016-2017. He announced that in the first quarter of the current fiscal year, construction excise tax came in as the second-highest ever collected and in the September collections, transit lodging tax revenue was about 24% over what it was in the same period the previous year. He noted that this demonstrated that the end of the last fiscal year and the beginning of the current one were moving positively.

Mr. Collier stated that the majority of Metro's departments were doing particularly well financially, although there were some concerns about the financial progress of the Oregon Zoo. He explained that the first quarter attendance (which drove zoo revenue) was below budget and down from the previous year. He highlighted that rising attendance rates in the second quarter, record attendance in October, and the popularity of the winter ZooLights program would hopefully help meet the budgeted revenue rates. Mr. Collier announced that he would keep the Council informed of such changes and update them with the Second Quarter Financial Report in a few months.

Council Discussion

There was none.

4. Consent Agenda

Approval of the Consent Agenda

A motion was made by Councilor Stacey, seconded by Councilor Craddick, to adopt items on the consent agenda. The motion passed by the following vote:

Aye: 7 - Council President Hughes, Councilor Chase, Councilor Collette, Councilor Craddick, Councilor Dirksen, Councilor Harrington, and Councilor Stacey

4.1 Consideration of the Council Meeting Minutes for November 16, 2017

4.2 Resolution No. 17-4853, For the Purpose of Adding or Amending Existing Projects to the 2018-21 Metropolitan Transportation Improvement Program to Add and Amend the Remaining New HB2017 Awarded Projects, Plus to Add or Amend 2018 MTIP Projects that Require Implementation Corrections (OC18-03-OCT)

5. Ordinances (First Reading and Public Hearing)

5.1 Ordinance No. 17-1412, For the Purpose of Amending and Readopting Metro Code 7.03 (Investment Policy) for Fiscal Year 2017-2018

Council President Hughes introduced Mr. Tim Collier, Director of Finance and Regulatory Services, to provide a brief staff report. Mr. Collier informed the Council that approval of Ordinance No. 17-1412 would amend and readopt the Metro investment policy for fiscal year 2017-2018. He explained that staff recommended two changes to the existing policy: clarify the allowable rating categories for corporate and municipal obligations and formally adopt prohibiting Metro from investing in fossil fuel securities listed on the Carbon Underground 200 list. Mr. Collier noted that the agency had been following the fossil fuel policy since adoption of Resolution No. 16-4721 but by adopting the ordinance it would be formally included in Metro's investment policy. Mr. Collier added that the proposed policy included in the ordinance had been approved by the Oregon Short Term Fund Board and by Metro's Investment Advisory Board.

Council Discussion

There was none.

5.1.1 Public Hearing for Ordinance No. 17-1412

Council President Hughes opened up a public hearing on Ordinance No. 17-1412 and requested that those wishing to testify come forward to speak. Seeing none, Council President Hughes gaveled out of the public hearing. He noted that second read, Council consideration, and vote on Ordinance No. 17-1412 would take place on Thursday, December 7.

6. Chief Operating Officer Communication

Ms. Martha Bennett provided an update on the following events or items: the recruitment for the Deputy Chief Operating Officer position and the end of Metro's Community Giving campaign drive. She thanked Mr. Jim Middaugh, Metro Communications Director, for chairing the year's campaign.

7. Councilor Communication

Councilors provided updates on the following meetings or events: the Road User Fee Task Force, the first meeting of the Portland Area Value Pricing Feasibility Committee, and the quarterly meeting of the Willamette Falls Locks working group. Councilor Dirksen shared a letter he had sent to Mr. Matthew Garrett, Oregon Department of Transportation (ODOT) Director, regarding the Value Pricing Committee's upcoming work and suggested that in the future the Metro Council should also send a letter as a body.

8. Adjourn

There being no further business, Council President Hughes adjourned the Metro Council meeting at 2:55 p.m. The Metro Council will convene the next regular council meeting on December 7 at 2:00 p.m. at the Metro Regional Center in the council chamber.

Respectfully submitted,

Nellie Papsdorf, Legislative and Engagement Coordinator

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF NOVEMBER 30, 2017

ITEM	DOCUMENT TYPE	DOC DATE	DOCUMENT DESCRIPTION	DOCUMENT NO.
4.1	Minutes	11/30/17	Council Meeting Minutes for November 16, 2017	113017c-01
7.0	Handout	11/30/17	Councilor Dirksen Letter to Director Garrett	113017c-02

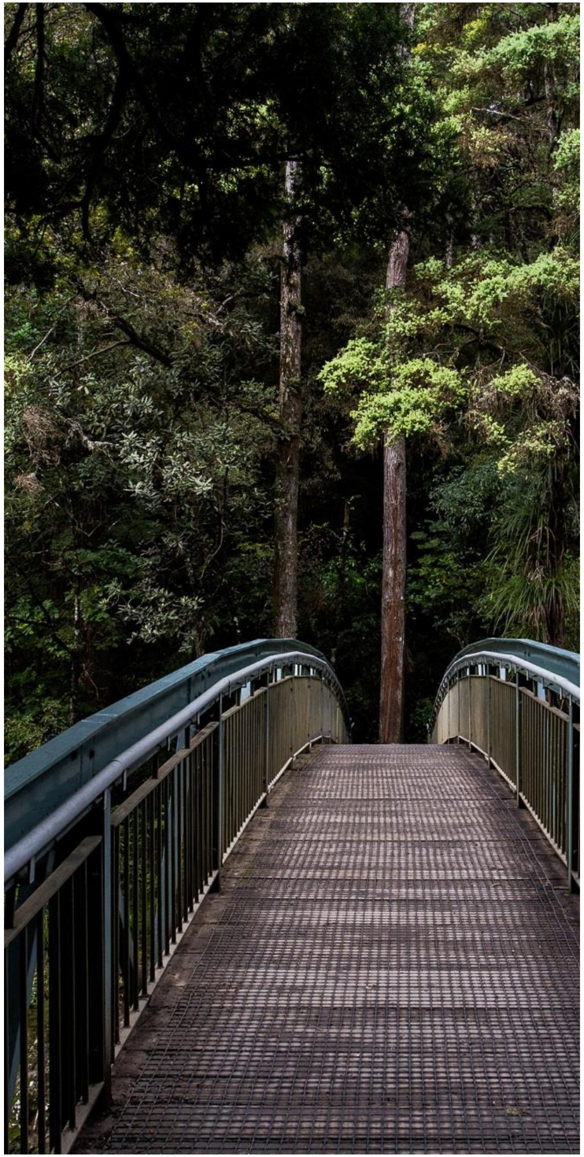
Audit Results

Better Together: Moss Adams & Metro

Agenda

1. Auditor Opinions and Reports
2. Areas of Audit Emphasis
3. Required Communication with Those Charged with Governance
4. Other Information

Auditor Opinions & Reports



Auditor Report on the Financial Statement

Report of Independent Auditors	• Unmodified opinion • Financial statements are presented fairly in accordance with US GAAP

Other Auditor Reports – Single Audit

GAGAS Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	• No financial reporting findings • No compliance findings
Report on Compliance with Requirements that could have a Direct and Material Effect on the Major Federal Program and on Internal Control Over Compliance in accordance with the Uniform Guidance for Federal Awards (2 CFR Part 200)	• No control findings • No compliance findings

Other Auditor Reports – Oregon Minimum Standards and Bond Expenditures

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements in Accordance with Oregon Municipal Auditing Standards	• No control findings • No instances of non-compliance
Report of Independent Auditors regarding Natural Areas General Obligation Bonds and Oregon Zoo General Obligation Bonds	• Expenditures tested met the stated purpose in Council Resolutions laying out the intended use of the bond proceeds

Areas of Audit Emphasis

Areas of Audit Emphasis

- Internal control environment
- Management estimates
- Cash and investments – valuation of investments and classification of cash and investments
- Net pension liability – recognition of Metro's share of the liability for Metro employees' future pension obligations as part of Oregon PERS; employer liability and related deferred inflows/outflows including selections of new hires and contributions made by Metro
- Bond activity – sampled transactions for compliance with allowable expenditures; reviewed discounts and premiums, debt repayments, and compliance with covenants
- Capital assets – tested additions, retirements, and depreciation
- Revenue recognition – reviewed tax revenue, investment income, and federal grants; considered collectability of receivables
- Net position – consideration of classification for unrestricted, restricted, and net investment in capital assets
- Single Audit – one major program tested (Highway Planning and Construction Cluster) totaling $3.9 million

Communication with Those Charged with Governance

COMMUNICATION WITH GOVERNING BODY

Required Communications

In-depth discussion including all required communications with Audit Committee in November

Reporting deadlines – attention focused on meeting State requirement to file the audit report with the State by December 31, 2017

Audit adjustments

- No corrected audit adjustments
- Two passed audit adjustments – allowance for accounts receivable and unrecorded accounts payable

No difficulties encountered in performing the audit

No disagreements with management

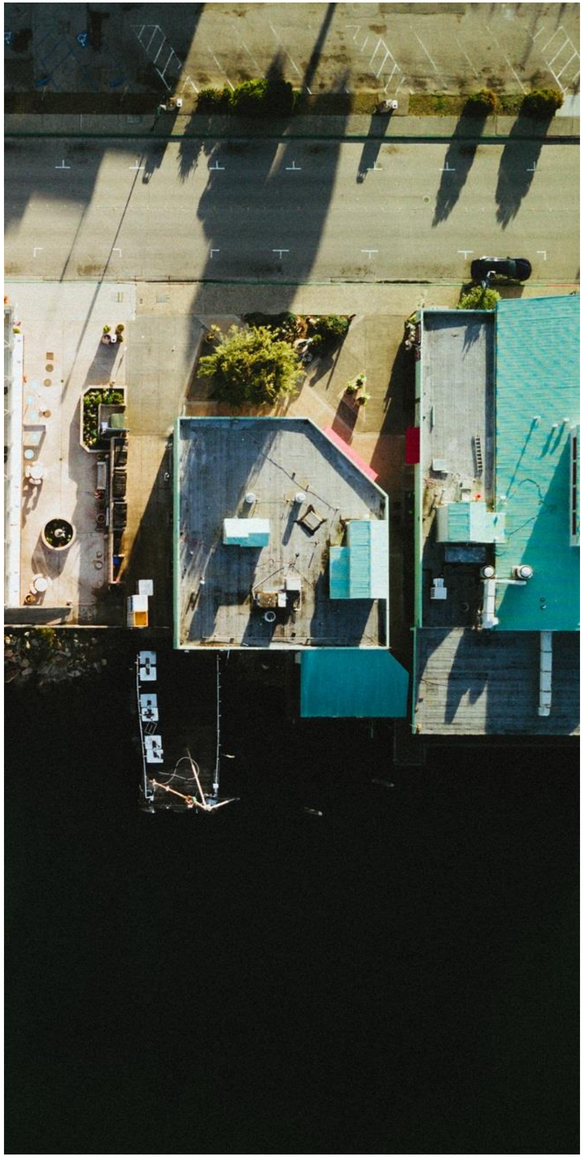
Deficiencies in Internal Control

Any material weaknesses and significant deficiencies in the design or operation of internal control that came to the auditor's attention during the audit must be reported to the Audit Committee.

Our Comments

- Material weakness
  - None noted
- Significant deficiencies & non-compliance
  - None noted
- Current year best practice recommendations
  - Account reconciliations
  - Accounts receivable allowance
  - Unrecorded accounts payable
- Prior year best practice recommendations
  - Unrecorded accounts payable – *not resolved*
  - Physical inventory of capital assets – *resolved*
  - Budgetary over expenditure in the risk management fund – *resolved*

Accounting Update



New Standards

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – effective for June 30, 2018 fiscal year

GASB Statement No. 81, Irrevocable Split-Interest Agreements – effective for June 30, 2018 fiscal year

GASB Statement No. 83, Certain Asset Retirement Obligations – effective for June 30, 2019 fiscal year

GASB Statement No. 84, Fiduciary Activities – effective for June 30, 2020 fiscal year

GASB Statement No 85, Omnibus 2017 – effective for June 30, 2018 fiscal year

GASB Statement No. 86, Certain Debt Extinguishment Issues – effective for June 30, 2018 fiscal year

GASB Statement No. 87, Leases – effective for June 30, 2021 fiscal year

Contact Us

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+

THANK YOU

Metro

Metro

Popular Annual Financial Report

FY 2016-17

oregonmetro.gov

Expenditure Overview (Budgetary Basis)

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

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

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

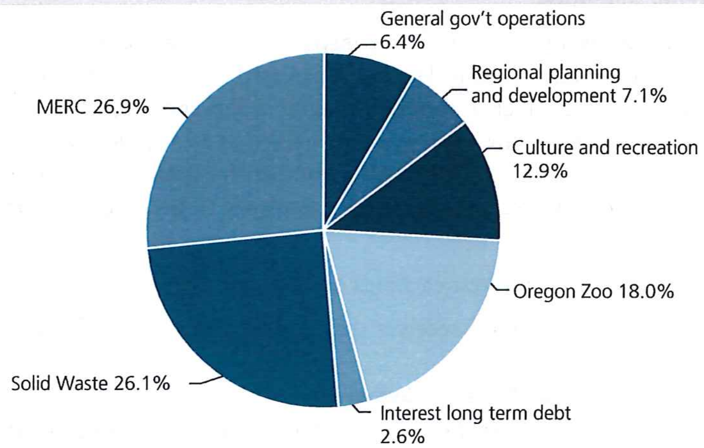
Capital outlay: These funds are for land acquisitions and major capital improvement projects at various facilities.

Debt service: This category is for payment on general obligation, full faith and credit and pension obligation bonds sold for the Metro Regional Center, the Natural Areas program, the Portland Expo Center and the Oregon Zoo.

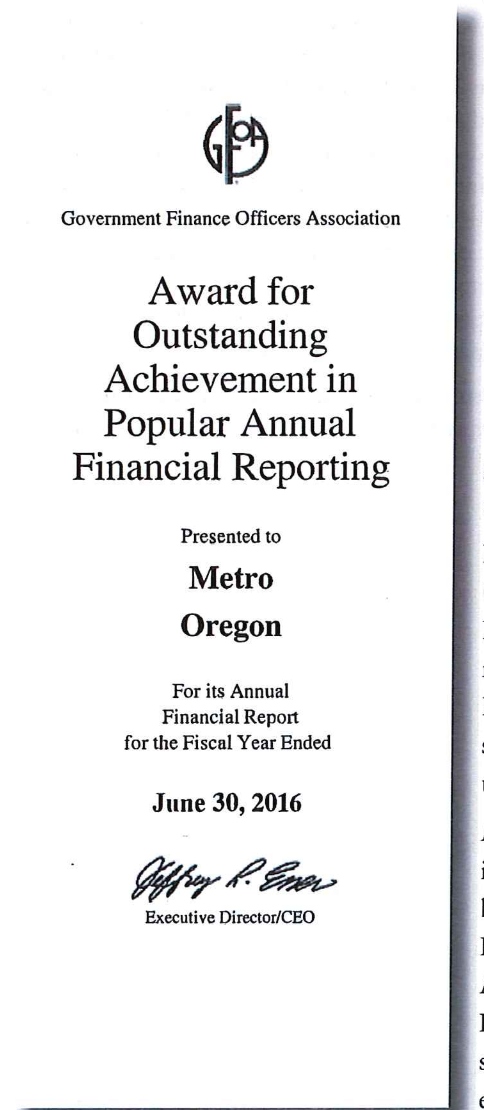
Metro - Expenditure Overview

	FY 2016-17	FY 2015-16	FY 2014-15
Personnel Services	93,694,403	90,552,133	83,944,515
Materials and Services	130,250,240	119,906,114	113,004,845
Debt Service	44,039,089	34,714,050	106,539,386
Capital Outlay	30,427,380	28,764,397	46,502,991
TOTAL	**$ 298,411,112**	**$ 273,936,693**	**$ 349,991,737**

Metro Function/Program Expenses, Fiscal Year 2017



FY 2016-17 Popular Annual Financial Report


Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

Metro

Oregon

For its Annual Financial Report for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Metro for the fiscal year ended June 30, 2016. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. This was the fourth consecutive year that the government has achieved this prestigious award.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

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

The information in this report is drawn from Metro's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. Please review the CAFR online at *www.oregonmetro.gov/financial-reports* or email *finance@oregonmetro.gov*.

Financial Policies

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

Accounting, auditing and financial reporting

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

Budgeting and financial planning

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

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

Capital asset management

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

Cash management and investments

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

Debt management

Metro shall issue long-term debt only to finance capital improvements, including land acquisition, that cannot be readily financed from current revenues, or to reduce the cost of long-term financial obligations.

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

Revenues

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

For Metro's full financial policies, please refer to page C-34 of Metro's Adopted Budget document, which is available for download at *www.oregonmetro.gov/budget.*

Metro Council and Leadership

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

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

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

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

Metro Councilors from left to right: Chase, Stacey, Harrington, Hughes, Collette, Dirksen, Craddick.

Elected officials	Position	Service began	Current term expires
Tom Hughes	Metro Council President	January 2011	January 2019
Shirley Craddick	Councilor- District 1	January 2011	January 2019
Carlotta Collette	Councilor- District 2	November 2007	January 2019
Craig Dirksen	Councilor- District 3	January 2013	January 2021
Kathryn Harrington	Councilor- District 4	January 2007	January 2019
Sam Chase	Councilor- District 5	January 2013	January 2021
Bob Stacey	Councilor- District 6	January 2013	January 2021
Brian Evans	Metro Auditor	January 2015	January 2019

Appointed officials	Position
Martha Bennett	Chief Operating Officer
Alison Kean	Metro Attorney

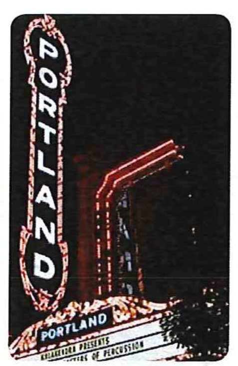
Income Statement (Statement of Activities)

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

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

Metro - Statement of Activities

	FY 2016-17	FY 2015-16	FY 2014-15
Revenues	$ 289,889,943	$ 271,467,102	$ 269,709,387
Expenses	257,833,855	259,724,447	200,935,605
Increase in Net Assets	32,056,088	11,742,655	68,773,782
Net Position, Beginning of year	612,743,844	601,001,189	569,370,029
Change in accounting principle - GASB 68	-	-	(37,142,622)
Net Position, End of Year	**$ 644,799,932**	**$ 612,743,844**	**$ 601,001,189**



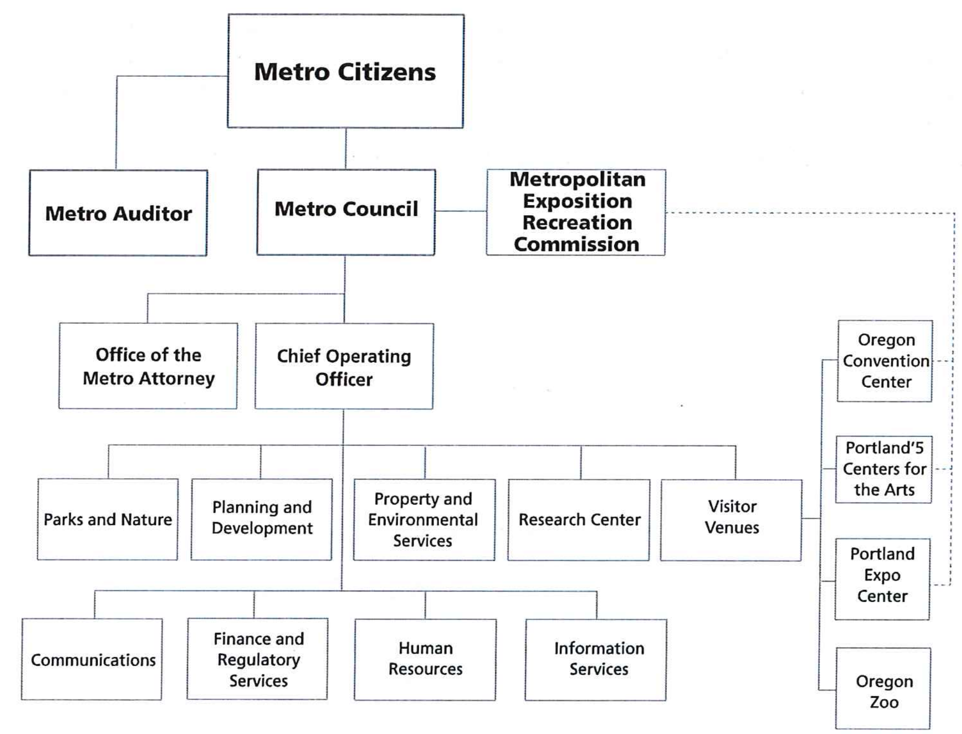
What is Metro

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

For the region's leaders and citizens alike, nurturing this livability is a constant quest. Metro plays a unique and leading role in that effort. Metro crosses city limits and county lines to make our communities safe, livable and ready for tomorrow. From protecting our region's air, water and natural beauty to supporting neighborhoods, businesses and farms that thrive, Metro makes this a great place. Metro serves more than 1.6 million residents in Clackamas, Multnomah and Washington counties, and the 24 cities in the Portland, Oregon metropolitan area. Metro, the only directly elected regional governing body in the United States, is governed by a president, elected region wide, and six councilors elected by district.

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

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



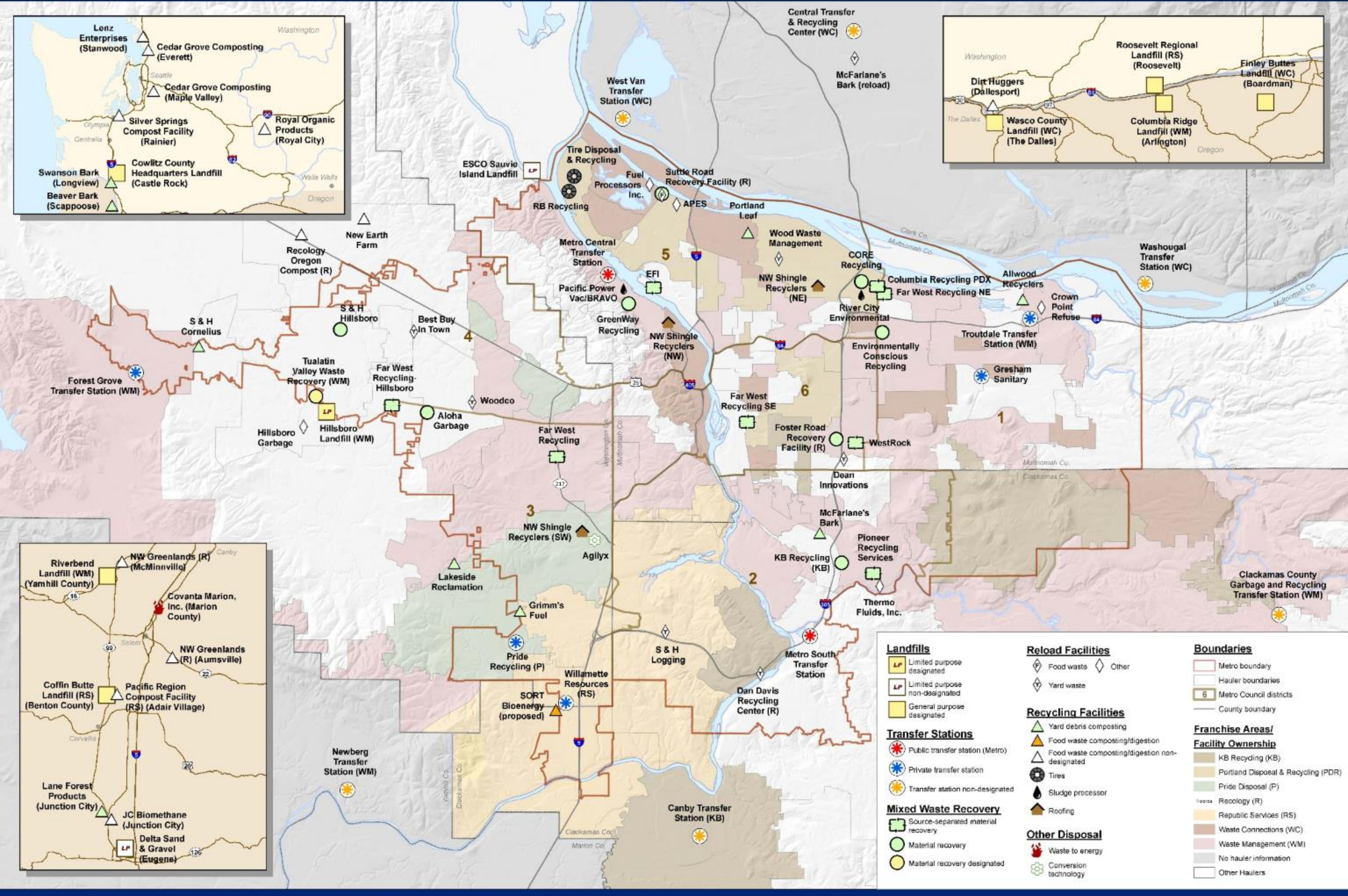
Ordinance no. 17-1415

Solid Waste Innovation and Investment Program

December 7, 2017

Public benefits

- Protect the public's health
- Protect the environment
- Get good value for the public's money
- Keep our commitment to the highest and best use of resources
- Be adaptable and responsive in managing materials
- Ensure services are available to all types of customers



Regional Solid Waste Facilities

January 2017

DATA RESOURCE CENTER

Challenges and opportunities

- Limited markets for certain recyclables
- Urban wood markets limited
- Lack of experienced truck drivers
- Disruptions from facility closures, foreign markets
- New technologies need support

Equity commitment

- Create economic opportunities
- Provide programs and services equitably
- Minimize negative impacts
- Generate community benefits

Regional Waste Plan discussions

Preparing the garbage and recycling system for 2030

Discussions about ways to improve system, provide opportunities

Ordinance no. 17-1415

- Purpose is to invest public resources in the solid waste sector that benefits the region
- Program budget is proposed by COO and approved by Council
- Program guidelines reviewed by Council
- Periodic reporting to Council

Concept

- Initial three-year grant program
- For-profit businesses and non-profit organizations eligible
- System improvement and DEI criteria focus
- Up to $3 million per year, funded from solid waste reserves
- Two types of grants:
  - $10K to $50K for operations, equipment, personnel
  - $50K to $500K for larger capital investment

Proposed selection process

- Metro staff screens applications
- Selection committee to review, evaluate, and select proposals
- Final Metro approval of the committee's selections

Next steps

- Refine the selection criteria and application process
- Program guidelines for Council review
- Budget amendment
- Solicitation of grants may begin in late Spring 2018

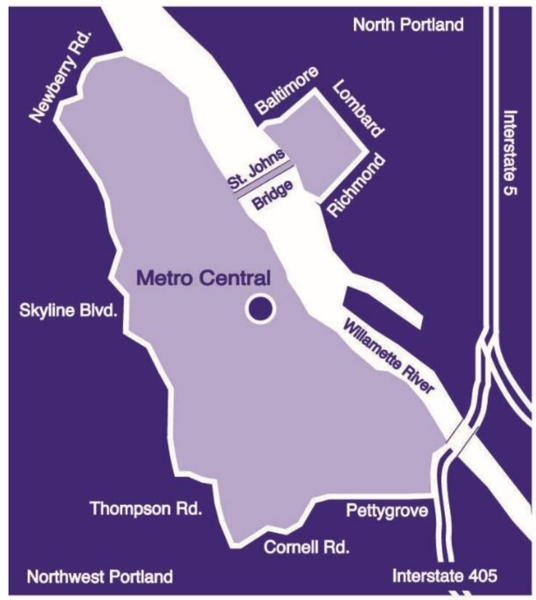
oregonmetro.gov

Memo

Metro
600 NE Grand Ave.
Portland, OR 97232-2736

Date:	Wednesday, November 29, 2017
To:	Metro Council
From:	Metro Councilor Sam Chase, Chair of Metro Central Community Enhancement Committee
	Molly Chidsey, Community Partnerships Project Manager, Metro Property and Environmental Services
Subject:	Metro Central Solid Waste Community Enhancement 2018 Grant Awards

On November 16, 2017, the Metro Central Solid Waste Community Enhancement Grants Committee approved funding for 12 projects to be completed in 2018, awarding a total of $246,717. Proposed projects were evaluated on how well they met the goals of the program (see attachment A) and to what extent the proposed project would benefit people who live or work in the grant's target area (see inset map).



Map of target area for Metro Central Community Enhancement Grants.

The project duration is one year unless otherwise noted.

- PPS Chapman Elementary School:
    - $22,000 to support Reading Results, a program which provides a proven reading intervention program to first, second, and third grade students who are reading one to two grades below grade level; and
    - $25,000 to build a playground on the Chapman Elementary School campus.
- Community Alliance of Tenants (CAT): $50,000 for Low Income Tenant Power, to continue to support expansion of CAT's tenant education, empowerment and engagement services in NW Portland.
- Forest Park Conservancy: $15,000 for Building Community Stewardship, a program to recruit and train volunteers who play a key role in restoring Forest Park.
- Friendly House:
    - $40,000 for the Community Services Senior Program which supports older adults (with an emphasis on low income and under-served populations, including LGBTQ people) to live active, independent lives, with dignity, in the settings of their choice; and
    - $16,275 for Friendly House Technology which will increase access to technology and technology comprehension for members of the Friendly House community, including students, homeless adults and older adults at their Slabtown location.

- Hereford House Food Pantry: $17,941 for Facility Rehabilitation and Food Pantry Operations Upgrade, including purchase of a cargo van to make food deliveries to clients, establishing a clothing reuse pickup area for clients of the food pantry, and other facility improvements.
- Jazz Society of Oregon: $2,500 to sponsor the 2018 Cathedral Park Jazz Festival, a free, three-day concert in mid-July held at the base of the St. Johns Bridge in the Cathedral Park neighborhood of Portland.
- Lower Columbia Estuary Partnership: $17,347 for the NW Portland On-River Recreation and Training Project to increase recreation opportunities, access to nature and provide on-river environmental education to 168 area residents, including low income residents and youth, through a series of Willamette River trips on the Lower Columbia Estuary Partnership's two, 29-foot, Big Canoes.
- Meals on Wheels People: $10,000 to provide daily hot meals to elders served by the Elm Court Center in Portland, and home meal deliveries to homebound elders, approximately 200 of whom reside in the Metro Central Community Enhancement Grant Program target area.
- Portland Festival Symphony: $2,500 to sponsor the 2018 Portland Festival Symphony in Cathedral Park, free concert with a full orchestra in Cathedral Park in August 2018 which introduces children and families to classical music.
- St. Johns Center for Opportunity: $28,154 for the Food Equity Expansion at the St. Johns Farmers' Market, a program to pilot a food delivery service to elderly community members and those who experience disabilities; expand their Veggie Voucher program that provides low-income families with $30 per month to purchase fresh fruits and vegetables at the farmers market; and support two new emerging market vendors with business coaching and booth fee scholarships.

Funded by a $1 surcharge on each ton of waste at the Metro Central Transfer Station, these grants benefit the neighborhoods of Forest Park, Cathedral Park and Linnton; the Northwest District Association and the Northwest Industrial Area; and an area directly adjacent to the St. Johns Bridge.

The Metro Central Community Enhancement Committee is comprised of representatives from four neighborhood associations and two other representatives from the community. The Metro Councilor from District 5 serves as chair.

2017 Metro Central Community Enhancement Committee members

Sam Chase, Committee chair	Metro Councilor District 5
Jennifer Jako	Forest Park Neighborhood Association
John Spencer	Northwest District Association
Billy Prince	Cathedral Park Neighborhood Association
Art Wagner	Linnton Neighborhood Association
Mary Peveto	Environmental community representative

The Metro Central Community Enhancement Grant program is one of eight grant programs in Metro's Solid Waste Community Enhancement Program which give a boost to neighborhoods affected by garbage transfer facilities. For more information visit www.oregonmetro.gov/tools-partners/grants-and-resources/community-enhancement-grants.

cc: Paul Slyman, Property and Environmental Services director
Matt Korot, Resource Conservation and Recycling program director
Stephanie Rawson, Solid Waste Cleanup & Enforcement Program Manager

Attachment A: Goals of Solid Waste Community Enhancement Program grants

Projects shall meet one or more of the following goals:

1. Improve the appearance or environmental quality of the community.
2. Reduce the amount or toxicity of waste.
3. Increase reuse and recycling opportunities.
4. Result in rehabilitation or upgrade of real or personal property owned or operated by a nonprofit organization having 501(c)(3) status under the Internal Revenue Code.
5. Result in the preservation or enhancement of wildlife, riparian zones, wetlands, forest lands and marine areas, and/or improve the public awareness and the opportunities to enjoy them.
6. Result in improvement to, or an increase in, recreational areas and programs.
7. Result in improvement in safety.
8. Benefit youth, seniors, low income persons or underserved populations.

Legislative references:

- Metro Code chapter 5.06, Solid Waste Community Enhancement Program (2014)
- Solid Waste Administrative Procedure "Administration of Metro Code Chapter 5.06 Solid Waste Community Enhancement Program" (2015)