



# Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2020



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Lynn Peterson

**Metro Councilors**

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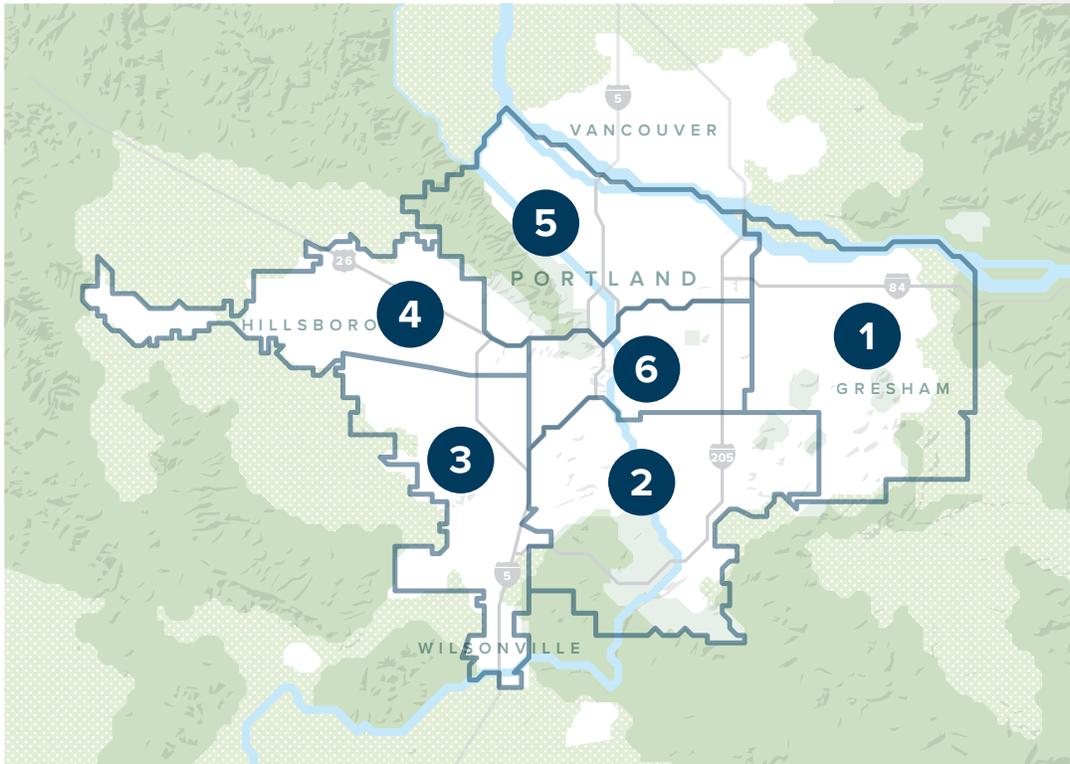
Juan Carlos Gonzalez, District 4

Sam Chase, District 5

Bob Stacey, District 6

**Auditor**

Brian Evans





# **Comprehensive Annual Financial Report**

For the fiscal year ended June 30, 2020

## **Finance and Regulatory Services Department**

Chief Financial Officer  
Brian Kennedy

Deputy Chief Financial Officer  
W. Caleb Ford, CPFO

Prepared by  
Accounting Services Division

Controller  
Somerset Erickson



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November 30, 2020

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, 2020, accompanied by the report of Metro's independent auditors, Moss Adams LLP.

This Comprehensive Annual Financial Report (CAFR) presents the financial position of Metro and the results of its operations, as well as cash flows for its proprietary fund types, for the fiscal year ended June 30, 2020. 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).

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.

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, 2020 (see pages 10-12). 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.

The voters of the region approved a constitutional amendment to allow the creation of a home rule-regional government in the Portland metropolitan area in 1990, then a home rule charter for Metro in 1992 and a charter amendment in 2000. Metro is a directly-elected regional government in the United States and is governed by a council president, elected region wide, and six councilors elected by district. The charter established the elected position of Metro Auditor. Ordinances are passed by a simple majority vote of the seven council members.

**Services.** The primary responsibility of Metro, as authorized by its charter, is to provide regional land use planning. The charter further recognizes the significant role Metro has in other regional issues. As such, Metro provides the following services that focus on issues that cross local boundaries:

- **Planning and Development:** Manages the regional urban growth boundary, prepares the Regional Transportation Plan, allocates federal highway and

transit funds for the region, facilitates the creation of affordable housing, and conducts all regional transit and light rail planning.

- **Solid Waste Management:** Operates regional solid waste transfer stations, household hazardous waste facilities, and develops the Regional Solid Waste Management Plan.
- **Parks and Natural Areas:** Provides regional natural areas, parks, and trails, including historical cemeteries, a golf course, and marine facilities. Purchases land and restores natural habitats.
- **Visitor Venues:** Operates the Oregon Zoo, Oregon Convention Center, Portland Expo Center, and the Portland's Centers for the Arts.
- **Research Center:** Provides mapping and technical services, coordinates data and research activities with governmental and other partners, and develops regional economic and travel forecasts.

**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, ORS §294.305 to §294.565. 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 generally accepted accounting principles. 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.

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 (MSA)) is home to nearly 2.5 million residents, with over 1.6 million of those residing within the Metro boundary. The Portland MSA ranks 25th in the nation of large U.S. metropolitan areas; regional population grew 0.8 percent in 2019 (Census Bureau).

The economic region is comprised of five counties in Oregon and two other counties in Washington State. 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 non-farm payroll employment totaling over 1.2 million jobs (Bureau of Labor Statistics), with over 80 percent of those jobs located inside the Metro boundary.

The region experienced a record-setting economic downturn in the first and second quarter of 2020. The COVID-19 pandemic and state-ordered economic lockdowns hit hardest employment sectors that depended on social density and face-to-face interactions. Businesses and activities that served large gatherings (e.g., public venues), tourism-related (e.g., air travel, hotel/motel lodgings) and personal service providers were initially limited or ordered to close in March and April. Stay-at-home orders for nonessential personnel were in full swing by April. Job cuts during the pandemic peaked above 100,000 employees in the Portland MSA. The regional unemployment rate leaped to a seasonally-adjusted 14.3 percent in April – an unprecedented 11.1 percentage point increase in 1-month (Bureau of Labor Statistics). Unlike other recessions, this one hit with astounding speed and, by any economic measure, was unprecedented.

**Economic outlook.** It is expected that an economic recovery will depend on what happens with the discovery of a vaccine(s) and therapies for treating the coronavirus. Although there are promising therapies emerging now, a vaccine is not likely until mid-2021 and widespread vaccinations may not happen until months later. Fear of the virus will partly dampen the pace of recovery and consumer spending in the meantime. Metro does not expect real US GDP to reach its pre-pandemic peak until

late-2021 and full US employment not until the second half of 2022. Portland saw a resurgence in regional employment activity this summer, but like the US, we expect the strength of the recovery to fade as we approach the 4th quarter. Metro anticipates much of the economic recovery to happen in 2021 and later.

The region is poised to see growth rebound, albeit slower, because of the progress made during the summer. Homeowner asset values and household balance sheets stayed relatively strong considering all that has transpired. Households who kept their jobs were able to repair their balance sheets and payoff accumulated debt. The Federal Reserve's cut in interest rates to the zero effective bound also drove affordability, while demand from first-time home buyers and a relatively tight housing supply escalated home prices. Strong asset valuations will help to boost consumer confidence and drive personal consumption expenditures.

Social distancing measures and pandemic fears are still holding back the job outlook of many parts of the service economy. This is particularly true in industries serving tourism (e.g., lodgings and travel) and industries in which social distancing measures constrain economic function (e.g., restaurants, leisure and recreation). Retail jobs have improved incrementally and so have the other service sectors as they work around social distancing measures.

A harbinger of past business cycles has been turning points in solid waste flows; Metro tracks the amount of garbage thrown away. These estimates reflect the rise and fall of the economy. High-frequency tracking of this data show the contraction abating, but the recovery is far from complete. The recovery will be uneven with perhaps the construction industry and manufacturing as two key sectors leading the rebound. Metro's forecast of regional payroll employment growth indicates a turning point in the recession, but it won't be until the first quarter of 2023 before the region returns to pre-pandemic employment levels.

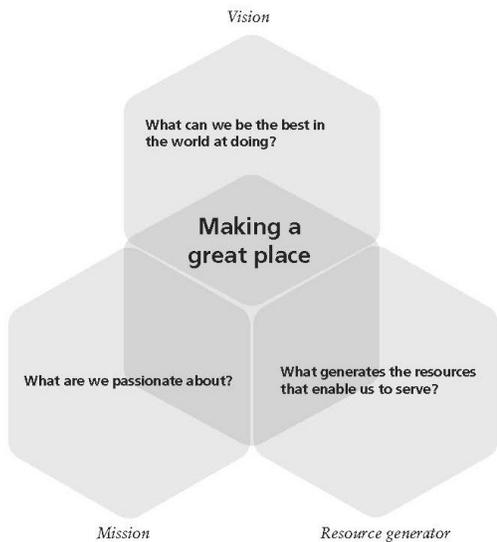
**COVID-19 pandemic.** Metro experienced the impact early and severely. Restrictions to travel, social gatherings, and stay-at-home orders for non-essential personnel caused a substantial decrease in revenues across Metro's business-type activities. Immediate reductions in operating expenditures were implemented to preserve contingencies and focus the agency on long-term economic sustainability. Metro will continue to exercise financial best practices, including robust forecasting to manage any risks to its financial condition.

**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.



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.

**Major initiatives.** The budget for fiscal year 2020 was 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 2019-20 Budget included:

***Focusing on livability in the region.*** Metro has set forth to pass a series of ballot measures to advance livability by funding affordable housing, parks and natural areas, and transportation over a three year period. The \$653 million dollar ballot measure passed in November 2018 to fund construction of affordable housing in the Metro region. The \$475 million dollar Parks and Nature Bond measure was passed in November 2019 to further protect clean water, restore fish and wildlife habitat, and provide opportunities for people to connect with nature close to home. Further, a tax measure to fund supportive housing initiatives was passed in May 2020 and a measure to fund transportation improvements was referred for the November 2020 ballot.

***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 budget includes funding for programs and activities to support diversity, equity, and inclusion in every department of Metro.

***Adjusting for financial headwinds.*** Long-term financial forecasts for the General Fund and the Oregon Zoo reflect that the financial constraints faced in preparing the budget were long-term and structural in nature. Rates of growth in personnel services, including pension costs and Oregon’s new pay equity law, were projected to outpace revenue growth. This budget adjusted for some of these impacts. Mid-year budget amendments were passed to address the immediate impact of the COVID pandemic.

***Investing in Metro’s infrastructure.*** As in the past several fiscal years, the budget recommended that Metro invest in taking care of our systems and structures. It also includes funding to address these deferred investments and also to increase our efficiency.

**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 18, 2020 (Resolution No. 20-5107), 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

## Comprehensive Annual Financial Report

### Metro - Letter of Transmittal

November 30, 2020

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. These reserves in the General Fund and other funds were crucial in dealing with the immediate economic impact from the COVID pandemic.

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'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. A further detailed discussion of Metro's financial policies and plans for the future can be found in *Metro's 2020-21 Adopted Budget*.

### Awards and Acknowledgements

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, 2019. This was the twenty-eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government 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, 2019. 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.

The preparation of this report would not have been possible without the cooperation of employees across the Metro organization. We especially acknowledge Somer Erickson, Controller and the staff in the Accounting Services Division of the Finance and Regulatory Services Department 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 extend our appreciation to the Metro Council, Metro Auditor, and the many Metro managers for their leadership and commitment to financial excellence.

Respectfully submitted,



Marissa Madrigal  
Chief Operating Officer



Brian Kennedy  
Chief Financial Officer



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, 2019

*Christopher P. Morill*

Executive Director/CEO

## METRO

### Elected Officials (as of June 30, 2020)

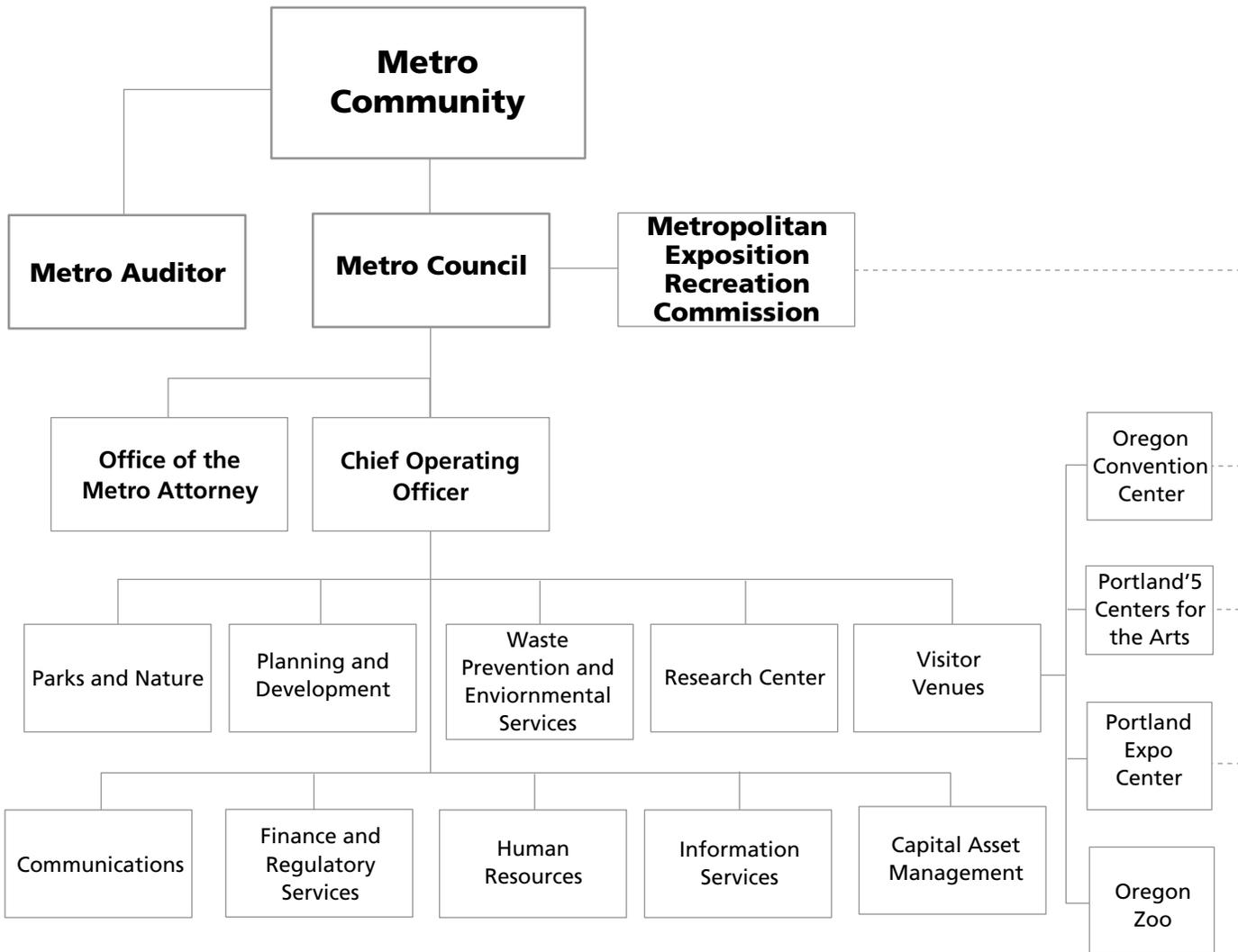
<b>Name</b>	<b>Position</b>	<b>Term expires</b>
Lynn Peterson	Metro Council President	January 2023
Shirley Craddick	Councilor-District 1	January 2023
Christine Lewis	Councilor-District 2	January 2023
Craig Dirksen	Councilor-District 3	January 2021
Juan Carlos Gonzalez	Councilor-District 4	January 2023
Sam Chase	Councilor-District 5	January 2021
Bob Stacey	Councilor-District 6	January 2021
Brian Evans, CIA	Metro Auditor	January 2023

### Appointed Officials

<b>Name</b>	<b>Position</b>
Marissa Madrigal	Chief Operating Officer
Andrew Scott	Deputy Chief Operating Officer
Carrie MacLaren	Metro Attorney
Brian Kennedy	Chief Financial Officer
Julio Garcia	Human Resources Director
Clifford Higgins	Communications Director
Rachel Coe	Information Services Director
Scott Cruickshank	Interim Oregon Zoo Director
Elissa Gertler	Planning and Development Director
Jeff Frkonja	Research Center Director
Roy Brower	Waste Prevention and Environmental Services Director
Jon Blasher	Parks and Nature Director
Scott Cruickshank	General Manager of Visitor Venues
Craig Stroud	Oregon Convention Center Director
Matthew Rotchford	Portland Expo Center Director
Robyn Williams	Portland's 5 Centers for the Arts Director

# Organizational Structure

as of June 30, 2020





**Brian Evans**  
**Metro Auditor**

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

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November 30, 2020

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 2020, 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, 2020. 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, 2020 are included in the last section of this report, Audit Comments and Disclosures Required by State and Federal Regulations.

I want to thank the Metro employees who make this process run smoothly. Their hard work and attention to detail during this year's disruptions caused by Covid-19 are especially noteworthy.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brian Evans".

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, 2020, 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 the entity'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, 2020, 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 13 through 22 and the required supplementary information as listed in the table of contents on pages 79 through 91, 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 required supplementary information 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.

#### *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 other supplementary information and schedule of expenditures of federal awards 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* (collectively, "supplementary information") is 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section each as listed in the table of contents has 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, 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 *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated November 30, 2020, 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.



For Moss Adams LLP  
Portland, Oregon  
November 30, 2020

## Management's Discussion and Analysis For the fiscal year ended June 30, 2020

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, 2020. 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 - 5 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 \$670,304,829 at June 30, 2020, which reflects an increase of 5.2 percent or \$33,126,539 over the prior fiscal year.
- Metro completed the fiscal year with its governmental funds reporting *combined* fund balances of \$1,029,759,330. Of the total amount of governmental combined fund balance, \$24,836,760 or 2.4 percent, is considered available for spending at Metro's discretion (*unassigned* fund balance).
- At the end of fiscal year 2020, unrestricted spendable fund balance (the total of the *committed*, *assigned* and *unassigned* components of fund balance) in the general fund totaled \$39,577,189 and represents 59.3 percent of total general fund expenditures.
- Metro's total outstanding long-term liabilities increased \$113,029,273 or 11.8 percent during the current fiscal year. The significant increase in this amount is due to the issuance of \$200.0 million in taxable general obligation bonds authorized under the 2019 Parks and Nature ballot measure.
- In March of 2020 the Governor of the State of Oregon issued an emergency order declaring a state of emergency as a result of a global pandemic related to the COVID-19 pandemic. In compliance with that order, Metro closed the Oregon Zoo, Oregon Convention Center, EXPO, and the Portland's Performing Arts Centers, as well as many park facilities. Additionally, office workers were directed to telework and access to office facilities was restricted. These closures led to significant layoffs at the visitor venues mid-year and all departments were asked to reduce programs and spending where possible.
- Program revenues of Metro's business-type activities (Solid Waste, Oregon Zoo and MERC operations) totaled \$161,700,032, down \$31,310,520 or 16.2 percent, attributable to COVID-19 related restrictions.

### 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.

The *Statement of Net Position* includes all of Metro's assets, deferred outflows of resources, liabilities, and deferred 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* 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 planning, land use planning, and affordable housing development and support; 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's Centers for the Arts (Portland's) 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 23-27 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 eleven 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 seven funds considered major: General, Parks and Natural Areas Local Option Levy, Affordable Housing, General Obligation Bond Debt Service, Oregon Zoo Infrastructure and Animal Welfare, Natural Areas, and Parks and Nature 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 portion of the budgetary General Revenue Bond Fund is allocated to the MERC Fund for proprietary fund presentation noted below.

The governmental fund financial statements can be found on pages 29-34 of this report.

- **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. The entire budgetary fund Oregon Zoo Asset Management Fund is combined with the Oregon Zoo for the proprietary fund presentation.

*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 35-40 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 41-78 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 funds, and pension and other post-employment benefit disclosures. RSI can be found on pages 79-90.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 93-131.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**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 \$670,304,829 at June 30, 2020. The table on the following page reflects the condensed Government-wide Statement of Net Position.

Metro's governmental activities account for net position of \$302,709,052, or 45.2 percent of the total net position, whereas business-type activities account for \$367,595,777 or 54.8 percent.

Of Metro's total net position, \$591,873,688 (88.3 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 (21.6 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 \$16,480,142 or 10.2 percent from the amount at June 30, 2019, reflecting a planned spend down of those restricted resources.

The remaining \$66,309,631 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, \$22,788,471 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 \$20,834,611 (to a total deficit of \$130,469,211) in governmental activities, primarily due to scheduled debt

METRO

Management's Discussion and Analysis, *continued*  
 For the fiscal year ended June 30, 2020

Metro's Net Position

	Governmental Activities		Business-type Activities		Total - Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,055,818,464	848,125,188	100,550,495	140,062,876	1,156,368,959	988,188,064
Capital assets	369,390,704	360,933,412	343,537,792	327,258,925	712,928,496	688,192,337
<b>Total assets</b>	<b>1,425,209,168</b>	<b>1,209,058,600</b>	<b>444,088,287</b>	<b>467,321,801</b>	<b>1,869,297,455</b>	<b>1,676,380,401</b>
<b>Total deferred outflows of resources</b>	<b>17,110,915</b>	<b>16,942,022</b>	<b>20,890,619</b>	<b>20,074,746</b>	<b>38,001,534</b>	<b>37,016,768</b>
Long-term liabilities outstanding	1,068,885,851	955,856,578	70,989,948	67,250,737	1,139,875,799	1,023,107,315
Other liabilities	67,684,065	14,873,042	22,574,161	31,838,881	90,258,226	46,711,923
<b>Total liabilities</b>	<b>1,136,569,916</b>	<b>970,729,620</b>	<b>93,564,109</b>	<b>99,089,618</b>	<b>1,230,134,025</b>	<b>1,069,819,238</b>
<b>Total deferred inflows of resources</b>	<b>3,041,115</b>	<b>2,806,344</b>	<b>3,819,020</b>	<b>3,593,297</b>	<b>6,860,135</b>	<b>6,399,641</b>
Net position:						
Net investment in						
capital assets	294,848,252	281,246,439	338,396,545	321,159,565	591,873,688	570,027,275
Restricted	138,330,011	122,522,041	6,410,761	38,698,873	144,740,772	161,220,914
Unrestricted	(130,469,211)	(151,303,822)	22,788,471	24,855,194	(66,309,631)	(94,069,899)
<b>Total net position</b>	<b>\$ 302,709,052</b>	<b>252,464,658</b>	<b>367,595,777</b>	<b>384,713,632</b>	<b>670,304,829</b>	<b>637,178,290</b>

retirement. A portion of this deficit can be attributed to the allocable proportion of the Oregon Public Employees Pension System liability, as discussed in Note IV.G.1. Metro has several bonds which are accounted for in governmental activities without a corresponding asset; the proceeds from Dedicated Tax Revenue bonds for the Oregon Convention Center hotel were distributed to the developer in prior years and there is no asset owned by Metro. Similar transactions contributed to the unrestricted net deficit such as the local share component of the Natural Areas program and the bond construction at the Oregon Zoo; in both cases, the debt is accounted for in the governmental funds without a corresponding asset. It is expected that the unrestricted net deficit will increase as the Affordable Housing Bond proceeds are expended in future years. It should further be noted that all four of these bond issuances are supported by dedicated tax revenues (property taxes and site-specific transient lodging taxes) and current accounting standards only allow the recording of taxes as they are levied.

**Changes in Net Position.** Overall, Metro's net position increased 5.2 percent or \$33,126,539 over the prior fiscal year. Governmental activities' net position increased \$50,244,394, while business-type activities' net position decreased \$17,117,855 for the fiscal year ended June 30, 2020. 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.

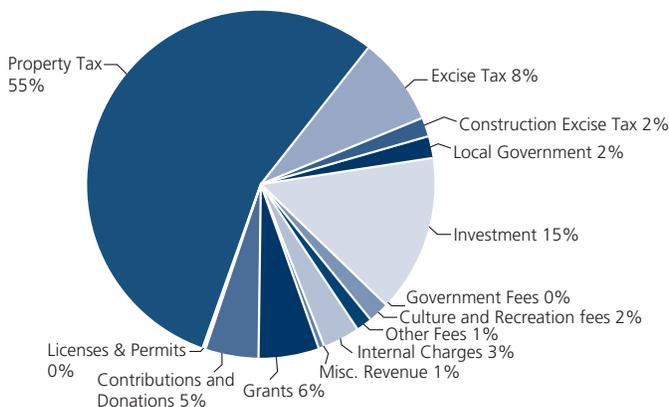
**METRO**

Management’s Discussion and Analysis, *continued*  
For the fiscal year ended June 30, 2020

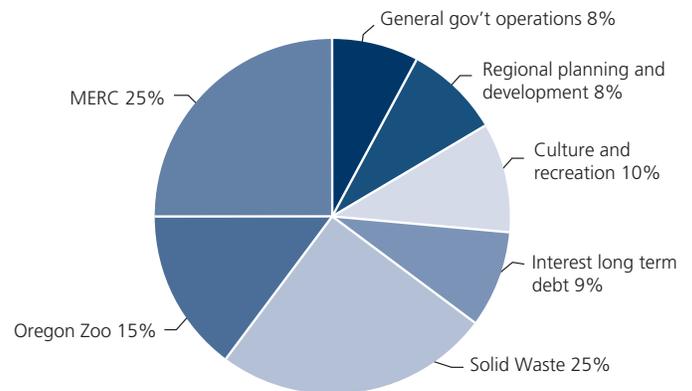
**Changes in Metro’s Net Position**

	Governmental Activities		Business-type Activities		Total - Primary Government	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 15,963,480	17,427,021	133,125,232	161,101,138	149,088,712	178,528,159
Operating grants and contributions	25,671,383	26,137,387	27,786,467	30,313,581	53,457,850	56,450,968
Capital grants and contributions	338,894	425,138	788,333	1,595,833	1,127,227	2,020,971
General revenues						
Property taxes	114,176,644	78,203,583	-	-	114,176,644	78,203,583
Excise taxes	16,916,905	22,170,774	-	-	16,916,905	22,170,774
Other	33,941,507	9,245,531	3,801,003	3,947,274	37,742,510	13,192,805
<b>Total revenues</b>	<b>207,008,813</b>	<b>153,609,434</b>	<b>165,501,035</b>	<b>196,957,826</b>	<b>372,509,848</b>	<b>350,567,260</b>
<b>Expenses:</b>						
General government operations	26,670,161	18,419,574	-	-	26,670,161	18,419,574
Regional planning and development	29,178,474	26,623,652	-	-	29,178,474	26,623,652
Culture and recreation	33,858,568	31,389,370	-	-	33,858,568	31,389,370
Interest on long-term debt	29,756,452	11,408,272	-	-	29,756,452	11,408,272
Solid Waste	-	-	84,882,301	76,879,522	84,882,301	76,879,522
Oregon Zoo	-	-	50,169,271	47,446,196	50,169,271	47,446,196
MERC	-	-	84,868,082	106,849,882	84,868,082	106,849,882
<b>Total expenses</b>	<b>119,463,655</b>	<b>87,840,868</b>	<b>219,919,654</b>	<b>231,175,600</b>	<b>339,383,309</b>	<b>319,016,468</b>
Increase (decrease) in net position before transfers	87,545,158	65,768,566	(54,418,619)	(34,217,774)	33,126,539	31,550,792
Transfers	(37,300,764)	(22,594,240)	37,300,764	22,594,240	-	-
<b>Increase (decrease) in net position</b>	<b>50,244,394</b>	<b>43,174,326</b>	<b>(17,117,855)</b>	<b>(11,623,534)</b>	<b>33,126,539</b>	<b>31,550,792</b>
<b>Net Position, July 1</b>	<b>252,464,658</b>	<b>209,290,332</b>	<b>384,713,632</b>	<b>396,337,166</b>	<b>637,178,290</b>	<b>605,627,498</b>
<b>Net Position, June 30</b>	<b>\$ 302,709,052</b>	<b>252,464,658</b>	<b>367,595,777</b>	<b>384,713,632</b>	<b>670,304,829</b>	<b>637,178,290</b>

**Metro Governmental Activities Sources of Revenue, Fiscal Year 2020**



**Metro Function/Program Expenses, Fiscal Year 2020**



**Program Revenues and Expenses - Governmental Activities, Fiscal Year 2020**

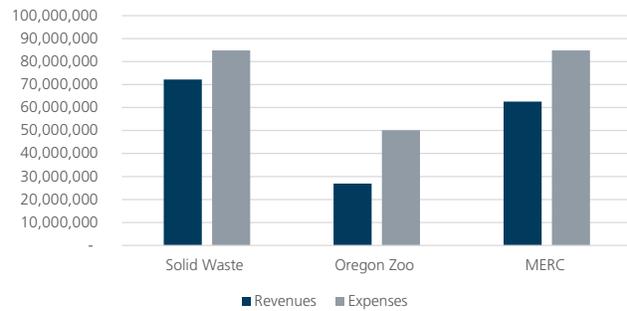


**Governmental activities.** Governmental activities program revenues decreased \$2,015,789 or 4.6 percent and totaled \$41,973,757. This was a pandemic-related decrease, primarily attributable to a 21.1 percent reduction in recreation fees in the Parks Department.

Metro’s general government operations expense totaled \$26,670,161 or 7.9 percent of Metro’s total primary government expenses, which was an increase of \$8,250,587. This is primarily due to increased expenditures in the Transit Oriented Development (TOD) program, contributions to local partner capital projects, and contracted work on the Southwest Transit Corridor planning project. Interest on long-term debt increased by \$18,348,180 or 160.8 percent from the prior fiscal year. The increase is attributed to the higher debt service from the newly issued debt for the Affordable Housing bond program.

**Business-type activities.** Program revenues of Metro’s business-type activities (Solid Waste, Oregon Zoo and MERC operations) totaled \$161,700,032, down \$31,310,520 or 16.2 percent. Metro’s business-type activities were the most directly impacted area by the COVID-19 pandemic. The Zoo and MERC facilities were all closed in compliance with directives from the state and county governments; reduction in economic activity reduced tonnage in the Solid Waste program. Solid Waste fees dropped 2.6 percent, or \$1.9 million dollars. The Oregon Zoo had a 23.1 percent reduction in fee revenue, amounting to \$6.5 million dollars. This was partially offset by increased grant and donation revenue of \$1.2 million dollars. The MERC fund had a decrease in

**Program Revenues and Expenses - Business-type Activities, Fiscal Year 2020**



program revenues of 28.1 percent, totaling \$24.5 million dollars, impacting both fee revenue and shared revenue from lodging and other visitor taxes.

Total expenses decreased \$11,255,946 or 4.9 percent to a total of \$219,919,654. Solid Waste program expenses increased \$8,002,779, or 10.4 percent. Tonnage decreased 7.7 percent at Metro-owned facilities, but a change in contractor and an enhanced service level at the transfer stations increased operating costs. Oregon Zoo program expenses increased \$2,723,075, or 5.7 percent primarily due to increased depreciation expense; significant cost cutting measures were enacted but occurred late in the fiscal year. MERC expenses decreased \$21,981,800, or 20.6 percent; costs from the major renovation at OCC were completed and there was substantially less activity from construction than in the prior year. Like the zoo, the MERC venues implemented significant cost cutting measures due to the COVID-19 pandemic late in the year.

**General revenues.** The most significant general revenue, property taxes, accounts for 55.2 percent of all governmental activities revenues, up from 46.0 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 substantially higher for scheduled debt payments; most notably, principal repayment on the Affordable Housing bonds began in this fiscal year. The total amount of property taxes increased \$35,973,061.

**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, 2020, Metro's governmental funds reported combined fund balances of \$1,029,759,330. This significant increase of \$201,567,782 (24.3 percent) reflects the proceeds of the Parks and Nature bond issuance. These balances are restricted for those purposes and will decrease over the next several years as the proceeds are spent. Of the total amount of governmental combined fund balance above, \$24,836,760 or 2.4 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, prepayments to housing partners from the Affordable Housing Fund, and the corpus of the permanent fund, which total \$16,031,870 at June 30, 2020. Fund balances restricted for particular purposes, such as affordable housing, parks and natural areas, bonded capital projects, the Willamette Falls Legacy, and debt service totaled \$974,085,838. Fund balance in the amount of \$14,740,429 is committed by the Metro Council for local governments' planning efforts under the Construction Excise Tax (CET) program. Assigned fund balance totaled \$64,430 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 2020, unassigned fund balance of the general fund was \$24,836,761. Total fund balance

increased \$972,813 to a total of \$103,187,360 at June 30, 2020. 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 30.5 percent of total general fund expenditures, while total fund balance represents 126.7 percent of that same amount.

The General Fund expended \$20,329,017 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 increased \$4,951,072 from budgeted expansion of existing programs; some of these areas had later budget reductions due to the pandemic.

Planning and development expenditures were \$4,138,267 higher in the general fund than the prior fiscal year, or an increase of 20.0 percent. Expenditures are highly variable dependent on the volume of purchases by the TOD program and the amount of planning services required by the agency. There is a corresponding increase in revenue due to the reimbursement arrangements for those projects.

Metro collected \$3,627,232 in CET during the fiscal year ended June 30, 2020, up \$44,139 or 1.2 percent from the prior 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. While collections were flat over the prior year, they are still at relatively high levels, corresponding with the high level of construction activity in the region despite pandemic related slowing.

The restricted and non-spendable positions in other governmental funds changed from \$725,977,000 to \$926,507,540, or an increase of \$200,530,540. The Natural Areas Fund and Oregon Zoo Infrastructure & Animal Welfare fund reduced their restricted fund balances by \$10,390,600 and \$23,365,891, respectively, due to planned expenditures on major capital projects. This is the first year of existence for the Parks and Nature Fund, and its restricted fund balance is \$210,572,640 due to its bond issuance in May 2020.

**METRO**

Management’s Discussion and Analysis, *continued*  
For the fiscal year ended June 30, 2020

Metro’s other major governmental funds include Parks and Natural Areas Local Option Levy, Affordable Housing, General Obligation Bond Debt Service, Oregon Zoo Infrastructure and Animal Welfare, Natural Areas, and Parks and Nature Funds. All of these funds carry restricted or non-spendable fund balances because they were established for specific purposes by the passage of various ballot measures.

There was a reduction in expenditures in the Parks and Natural Areas Local Option Levy fund due to fewer capital projects being funded from that source, compared to the prior fiscal year. The Affordable Housing Fund had relatively minimal activity, expenditures only amounted to \$2.4 million, as housing partners are establishing their spending programs. There were substantially higher property tax revenues, \$81.9 million, in the General Obligation Bond Debt Service Fund with equally higher expenditures. This is due to the increased tax levy to pay debt service on the Affordable Housing bonds.

Capital construction continued at the Oregon Zoo, with major projects including both Polar Bear and Primate habitats, leading to increased expenditures in the Infrastructure and Animal Welfare Fund. Spending increased 165.9% to \$24,043,515, but will substantially decrease in subsequent years as that program completes its work. Similarly, the Natural Areas Fund is winding down; there was 12.2 percent fewer expenditures in the current fiscal year. The Parks and Nature Bond, however,

was just passed in November 2019. The fund received \$200.0 million in general obligation proceeds with a \$10.9 million dollar premium. The majority of the \$1.2 million in expenditures is related to bond issuance costs.

**Proprietary funds.** Metro’s proprietary fund statements provide the same type of information found in the government-wide financial statements on pages 35-40, but in more detail.

At the end of fiscal year 2020, *unrestricted net position* of the Solid Waste Fund, Oregon Zoo Fund and MERC Fund amounted to \$31,058,730, a deficit of \$14,255,355, and \$8,128,640, respectively. The total change in *net position* for each fund equaled a decrease of \$9,307,316, a decrease of \$4,385,659, and an increase of \$11,945,994, respectively. Factors concerning the finances of the proprietary funds have already been addressed in the discussion of Metro’s business-type activities; the MERC Fund had a net increase due to the completion of the major construction at OCC, which funds had been classified as restricted in the prior fiscal year.

**BUDGETARY HIGHLIGHTS**

As noted earlier, Metro’s General Fund is used to account for general government operations and the programs of Planning, and Parks and Nature. Over the course of the fiscal year, the Metro Council revised the budget for the General Fund four times, and total requirements came to \$142,810,286. The total increase from the prior

**Metro’s Capital Assets**  
*(net of accumulated depreciation)*

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$305,467,234	\$300,821,558	21,045,160	21,045,160	326,512,394	321,866,718
Intangible - easements	12,226,710	12,207,229	-	-	12,226,710	12,207,229
Artwork	270,986	270,986	1,184,358	1,869,521	1,455,344	2,140,507
Buildings and Exhibits	23,671,782	22,937,360	247,285,767	257,551,263	270,957,548	280,488,623
Improvements	15,373,153	15,413,968	17,740,474	7,124,398	33,113,627	22,538,366
Equipment and Vehicles	1,932,889	2,181,108	14,515,404	12,193,644	16,448,293	14,374,752
Intangible - software	884,554	1,045,439	1,460,116	1,120,249	2,344,670	2,165,688
Office furniture/equip	240,624	313,929	397,308	639,296	637,932	953,225
Railroad equip/facilities	-	-	2,121,925	2,472,454	2,121,925	2,472,454
Construction in Progress	9,322,772	5,741,835	37,787,280	23,242,918	47,110,053	28,984,753
<b>Total</b>	<b>\$369,390,704</b>	<b>360,933,412</b>	<b>343,537,792</b>	<b>327,258,903</b>	<b>712,928,496</b>	<b>688,192,315</b>

**METRO**

Management’s Discussion and Analysis, *continued*  
 For the fiscal year ended June 30, 2020

year in budgeted expenditures and transfers amounted to \$24,751,173. This can mostly be attributed to higher appropriations in the TOD program for potential property purchases.

Government contributions were \$9,848,792, but budgeted at \$4,795,350; unanticipated federal grants were received from local partners for assistance with transportation construction projects. Grant revenues also came in \$1,393,016 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 and lower activity for these programs created variances on both the revenue and expenditure line items.

As mentioned previously, the COVID-19 pandemic had a dramatic impact on Metro’s visitor venues. The Oregon Zoo Operating Fund received only \$26,102,638 of a budgeted \$34,016,713 in program revenues, a negative variance of 23.3 percent. The MERC Fund received \$62,584,577 of a budgeted \$85,941,988 in program revenues, a negative variance of 27.2 percent. Activities were minimized and the Oregon Zoo and MERC Funds were able to limit expenditures, excluding contingency and transfers, to 87.4 percent and 78.8 percent, respectively.

Year over year, total revised budget across all funds was \$1,359,852,340, up 98.4 percent from Fiscal Year 2018-19. This substantial increase reflects the additional resources from the Affordable Housing bonds, which is expected to be expended over a seven to ten year period.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Metro’s capital assets for its governmental and business-type activities totals \$712,928,496 (net of accumulated depreciation) as of June 30, 2020. 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 \$24,736,181 or 3.6 percent, net of accumulated depreciation. The total change consists of an increase of \$8,457,292 or 2.3 percent in capital assets attributable to governmental activities and an increase of \$16,278,889 or 5.0 percent in business-type activity capital assets (additional capital assets, less increases in accumulated depreciation).

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 \$1,067,484,278 net of unamortized premiums and discounts. Of this amount, \$970,079,966 comprises debt backed by property tax assessments and the remainder of \$97,404,312 represents bonds secured by a broad pledge of Metro revenues, including property taxes used to support operations, site-specific transient lodging tax, and excise taxes levied on users of certain Metro services.

The table below 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 increased \$148,939,584 or 16.2 percent during the current fiscal year. The key factor for this increase was the issuance of the Parks and Nature 2020 series of taxable bonds in the amount of \$210.9 million. The remainder of the variance was scheduled debt repayment.

In March 2020, 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.

**Metro’s Outstanding Debt**

	Governmental Activities		Business-type Activities		Total - Primary Government	
	2020	2019	2020	2019	2020	2019
General Obligation bonds	\$970,079,966	\$816,251,155	-	-	970,079,966	816,251,155
Full Faith & Credit/Dedicated Tax/Pension bonds	92,263,065	96,194,183	5,141,247	6,099,359	97,404,312	102,293,542
<b>Total</b>	<b>\$1,062,343,031</b>	<b>912,445,338</b>	<b>5,141,247</b>	<b>6,099,359</b>	<b>1,067,484,278</b>	<b>918,544,697</b>

In May 2020, Moody's issued a credit opinion on Metro's 2017 Dedicated Tax Revenue Bonds affirming their Aa3 rating due to strong reserves, historically robust coverage, and solid mechanisms for bond repayment. However, they were assigned a negative outlook because of expected declines in tourism due to the COVID-19 pandemic.

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 \$33,781,364,510, 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.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

By law, Metro must present a balanced budget. When accounting for all resources and requirements, the budget for Fiscal Year 2020-21 totals \$1,434,696,874, up 6.4 percent from Fiscal Year 2019-20. A detailed discussion can be found in *Metro's 2020-21 Adopted Budget*.

Budgetary assumptions impacting Metro's budget are:

- Property taxes reflect Metro's permanent operating rate of \$0.0966/\$1,000 of assessed value; and the local option levy rate of \$0.0960/\$1,000 of assessed value. FY 2020-21 is the third year of the second five-year local option levy approved for renewal by voters in 2016. Both levies assume a 4.0 percent increase in assessed value and a 94.5 percent collectible rate.
- Local government revenues include the Transient Lodging Tax (TLT) collected by Multnomah County to support operations of OCC and Portland's and capital funding for OCC and Expo, and the Visitor Facilities Trust Account (VFTA) allocations to OCC and Portland's. Those revenues are expected to decrease related to the expected negative impact of the COVID-19 pandemic on the number of hotel room nights and associated lodging revenues.
- Enterprise revenues include a 46.5 percent decrease at MERC, a 52.7 percent decrease at the Oregon Zoo and a 3.5 percent increase in solid waste revenues.

- Personnel services costs decreased by 2 percent. The decrease is related to staff reductions related to the COVID-19 pandemic and is partially offset by an increase in PERS costs and salary adjustments for cost of living adjustment, merit and step increases. A large percentage of Metro staff are represented and salary increases are based on specific collective bargaining agreements.
- The number of authorized positions decreases in fiscal year 2021 by a net 19.90 FTE to a total of 979.66 FTE, primarily due to contracting certain services at the Oregon Zoo. Pandemic related layoffs did not affect authorized FTE for this budget in order to ensure staff could be rehired as restrictions were lifted.
- Significant capital project expenditures in fiscal year 2021 include: \$7.5 million for land acquisition and design for a new solid waste facility, \$15 million for land acquisition for affordable housing projects, \$21.6 million for habitat construction at the Oregon Zoo, \$4.2 million for building improvements at the MRC building, \$4.5 million for design and construction of the Willamette Falls project, \$4.3 million for acoustical enhancements at Arlene Schnitzer Concert hall, \$2.3 million for development of the Chehalem Ridge Nature Park, and \$2.0 million in additional renovations and equipment purchases at the Oregon Zoo.

Due to ongoing operational impacts from the COVID-19 pandemic, Metro Council adopted Resolution 20-5131 decreasing total budget appropriations by \$14.8 million and reducing 32.35 FTE on October 15, 2020. Detailed information on the impacts to individual funds, including the use of budgetary contingencies, can be found in the staff report and exhibits accompanying that resolution.

## 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 Chief Financial Officer, Metro, 600 NE Grand Avenue, Portland, Oregon, 97232-2736.

# **Basic Financial Statements**



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# Government-Wide Financial Statements

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**METRO**

**Statement of Net Position  
June 30, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Oregon Zoo Foundation
<b>ASSETS</b>				
Equity in internal cash and investment pool	\$ 43,250,504	87,893,784	131,144,288	2,519,089
Investments	-	-	-	16,366,170
Receivables (net of allowance for uncollectibles):				
Property taxes	403,751	-	403,751	-
Trade	64,572	8,350,524	8,415,096	875,307
Other	2,357,167	4,134,530	6,491,697	239,654
Interest	312,056	348,531	660,587	-
Grants	4,186,667	796,844	4,983,511	-
Internal balances	2,143,544	(2,143,544)	-	-
Inventories	-	182,927	182,927	-
Prepaid items	782,683	-	782,683	-
Net OPEB asset	529,937	704,426	1,234,363	-
Other assets	184,985	114,000	298,985	90,441
Restricted assets:				
Equity in internal cash and investment pool	110,563,198	168,473	110,731,671	-
Investments	862,337,447	-	862,337,447	-
Receivables (net of allowance for uncollectibles):				
Property taxes	1,999,443	-	1,999,443	-
Trade	116,522	-	116,522	-
Other	52,305	-	52,305	-
Interest	3,907,275	-	3,907,275	-
Assets held for resale	6,515,567	-	6,515,567	-
Prepaid items	15,043,000	-	15,043,000	-
Loans receivable	1,067,841	-	1,067,841	-
Capital assets:				
Land, intangibles, artwork and construction in progress	327,287,702	60,016,799	387,304,501	-
Other capital assets (net of accumulated depreciation)	42,103,002	283,520,993	325,623,995	19,500
<b>Total assets</b>	<b>1,425,209,168</b>	<b>444,088,287</b>	<b>1,869,297,455</b>	<b>20,110,161</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	319,798	-	319,798	-
Deferred pension amounts	16,719,275	20,769,810	37,489,085	-
Deferred OPEB amounts	71,842	120,809	192,651	-
<b>Total deferred outflows of resources</b>	<b>17,110,915</b>	<b>20,890,619</b>	<b>38,001,534</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable	12,100,209	11,298,638	23,398,847	21,198
Accrued salaries and benefits	2,146,385	1,940,072	4,086,457	-
Contracts payable	1,613,822	624,652	2,238,474	4,998,648
Accrued interest payable	3,695,721	10,579	3,706,300	-
Accrued self-insurance claims	466,000	-	466,000	-
Unearned revenue	258,012	2,260,478	2,518,490	90,000
Deposits payable	20,118	1,979,547	1,999,665	-
Other liabilities	36,610	627,109	663,719	-
Payable from restricted assets:				
Contracts payable	-	-	-	28,621

(Continued)

**METRO**

Statement of Net Position, *continued*

June 30, 2020

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Oregon Zoo Foundation
<b>LIABILITIES, Continued</b>				
Non-current liabilities:				
Due within one year:				
Bonds payable	\$ 45,020,000	890,000	45,910,000	-
Post-closure costs payable	-	663,971	663,971	-
Compensated absences	2,327,188	2,279,115	4,606,303	-
Due in more than one year:				
Bonds payable (net of unamortized premium or discount)	1,017,323,031	4,251,247	1,021,574,278	-
Other postemployment benefits	1,086,000	1,894,688	2,980,688	-
Post-closure costs payable	-	3,577,305	3,577,305	-
Pollution remediation obligation	886,500	95,000	981,500	-
Compensated absences	806,032	568,575	1,374,607	-
Net pension liability	48,784,288	60,603,133	109,387,421	-
<b>Total liabilities</b>	<b>1,136,569,916</b>	<b>93,564,109</b>	<b>1,230,134,025</b>	<b>5,138,467</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension amounts	2,868,877	3,563,913	6,432,790	-
Deferred OPEB amounts	172,238	255,107	427,345	-
<b>Total deferred inflows of resources</b>	<b>3,041,115</b>	<b>3,819,020</b>	<b>6,860,135</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets (1)	294,848,252	338,396,545	591,873,688	19,500
Restricted for:				
Parks and natural areas operations:				
Expendable	9,421,920	-	9,421,920	-
Affordable housing	32,354,257	-	32,354,257	-
Transit oriented development projects	22,757,134	-	22,757,134	-
Planning projects	12,034,192	-	12,034,192	-
Smith and Bybee Wetlands management plan	1,972,260	-	1,972,260	-
Community enhancement	1,507,053	-	1,507,053	-
Willamette Falls Legacy project	15,494,377	-	15,494,377	-
Debt service	1,428,562	-	1,428,562	-
Capital projects	40,603,380	6,410,761	47,014,141	-
Perpetual care:				
Expendable	64,430	-	64,430	-
Non-expendable	692,446	-	692,446	-
Unrestricted	(130,469,211)	22,788,471	(66,309,631)	14,952,194
<b>Total net position</b>	<b>\$ 302,709,052</b>	<b>367,595,777</b>	<b>670,304,829</b>	<b>14,971,694</b>

(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, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>FUNCTIONS/PROGRAMS</b>				
<b>Primary Government:</b>				
Governmental activities:				
General government operations	\$ 26,670,161	3,677,685	3,662,736	-
Regional planning and development	29,178,474	2,287,732	21,221,950	-
Culture and recreation	33,858,568	9,998,063	786,697	338,894
Interest on long-term debt	29,756,452	-	-	-
<b>Total governmental activities</b>	<b>119,463,655</b>	<b>15,963,480</b>	<b>25,671,383</b>	<b>338,894</b>
Business-type activities:				
Solid Waste	84,882,301	72,174,379	30,415	-
Oregon Zoo	50,169,271	23,013,687	3,148,640	748,333
MERC	84,868,082	37,937,166	24,607,412	40,000
<b>Total business-type activities</b>	<b>219,919,654</b>	<b>133,125,232</b>	<b>27,786,467</b>	<b>788,333</b>
<b>Total primary government</b>	<b>\$ 339,383,309</b>	<b>149,088,712</b>	<b>53,457,850</b>	<b>1,127,227</b>
<b>Component Unit:</b>				
Oregon Zoo Foundation	\$ 10,225,354	4,421,308	4,315,809	-

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, 2019

Net position - June 30, 2020

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

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Oregon Zoo Foundation</b>
(19,329,740)	-	(19,329,740)	
(5,668,792)	-	(5,668,792)	
(22,734,914)	-	(22,734,914)	
(29,756,452)	-	(29,756,452)	
<u>(77,489,898)</u>	<u>-</u>	<u>(77,489,898)</u>	
-	(12,677,507)	(12,677,507)	
-	(23,258,611)	(23,258,611)	
-	(22,283,504)	(22,283,504)	
<u>-</u>	<u>(58,219,622)</u>	<u>(58,219,622)</u>	
<u>(77,489,898)</u>	<u>(58,219,622)</u>	<u>(135,709,520)</u>	
			<u>(1,488,237)</u>
114,176,644	-	114,176,644	-
16,916,905	-	16,916,905	-
3,627,232	-	3,627,232	-
45,533	-	45,533	-
30,268,742	3,801,003	34,069,745	261,591
(37,300,764)	37,300,764	-	-
<u>127,734,292</u>	<u>41,101,767</u>	<u>168,836,059</u>	<u>261,591</u>
50,244,394	(17,117,855)	33,126,539	(1,226,646)
<u>252,464,658</u>	<u>384,713,632</u>	<u>637,178,290</u>	<u>16,198,340</u>
<u>\$ 302,709,052</u>	<u>367,595,777</u>	<u>670,304,829</u>	<u>14,971,694</u>



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# Fund Financial Statements

## Governmental Funds

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### **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, excise taxes on Metro's facilities and services levied in accordance with the Metro Code, bonds issued, and premium on bonds issued.

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 Funds**

##### *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.

##### *Affordable Housing Fund*

The fund was established to account for bond proceeds and expenditures related to the 2018 Affordable Housing Measure. Metro sold \$652.8 million in taxable bonds in May 2019 to fund affordable housing for low-income families, seniors, veterans and people with disabilities in the greater Portland region.

#### **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 sources of revenue are bonds issued, premium on bonds issued and 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.

##### *Parks and Nature Bond Fund*

This fund accounts for activities to protect natural areas, water quality, and fish and wildlife habitat and connecting people to nature. The principal sources of revenue are bonds issued, premium on bonds issued and investment income.

#### **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 and Reconciliation to Statement of Net Position

Governmental Funds

June 30, 2020

	General	Special Revenue		General Obligation Bond Debt Service
		Parks and Natural Areas Local Option Levy	Affordable Housing	
<b>ASSETS</b>				
Equity in internal cash and investment pool	\$ 92,503,989	10,794,073	21,148,948	3,245,092
Investments	-	-	636,668,750	-
Receivables:				
Property taxes	403,751	372,855	-	1,626,588
Trade	133,440	3,320	-	-
Other	2,357,167	-	-	-
Interest	354,357	43,888	2,766,025	8,191
Grants	4,186,667	-	-	-
Assets held for resale	6,515,567	-	-	-
Prepaid items	279,627	-	15,043,000	-
Other assets	130,580	45,682	-	-
Loans receivable	1,067,840	-	-	-
Restricted assets:				
Equity in internal cash and investment pool	3,388,454	-	-	28
<b>Total assets</b>	<b>\$ 111,321,439</b>	<b>11,259,818</b>	<b>675,626,723</b>	<b>4,879,899</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,602,602	1,314,009	44,772	-
Accrued salaries and benefits	1,729,630	246,887	36,617	-
Contracts payable	157,738	48,377	-	-
Unearned revenue	258,012	-	-	-
Deposits payable	20,118	-	-	-
Other liabilities	4,233	90	-	-
<b>Total liabilities</b>	<b>7,772,333</b>	<b>1,609,363</b>	<b>81,389</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	336,977	307,633	-	1,340,331
Unavailable revenue-other	24,769	-	-	-
<b>Total deferred inflows of resources</b>	<b>361,746</b>	<b>307,633</b>	<b>-</b>	<b>1,340,331</b>
<b>FUND BALANCES</b>				
Nonspendable	296,426	-	15,043,000	-
Restricted	63,313,745	9,342,822	660,502,334	3,539,568
Committed	14,740,429	-	-	-
Assigned	-	-	-	-
Unassigned	24,836,760	-	-	-
<b>Total fund balances</b>	<b>103,187,360</b>	<b>9,342,822</b>	<b>675,545,334</b>	<b>3,539,568</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 111,321,439</b>	<b>11,259,818</b>	<b>675,626,723</b>	<b>4,879,899</b>

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.

The net OPEB 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.

<b>Capital Projects</b>				
<b>Oregon Zoo Infrastructure and Animal Welfare</b>	<b>Natural Areas</b>	<b>Parks and Nature</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
4,340,295	6,285,091	3,663,661	3,634,093	145,615,242
11,831,306	7,539,492	206,297,899	-	862,337,447
-	-	-	-	2,403,194
-	44,334	-	-	181,094
-	-	-	52,304	2,409,471
65,764	41,752	904,789	14,576	4,199,342
-	-	-	-	4,186,667
-	-	-	-	6,515,567
-	-	-	-	15,322,627
-	-	8,722	-	184,984
-	-	-	-	1,067,840
-	-	-	-	3,388,482
<b>16,237,365</b>	<b>13,910,669</b>	<b>210,875,071</b>	<b>3,700,973</b>	<b>1,047,811,957</b>
2,944,932	1,561,497	282,951	252,952	12,003,715
24,299	86,015	19,480	-	2,142,928
1,287,166	120,540	-	-	1,613,821
-	-	-	-	258,012
-	-	-	-	20,118
-	-	-	-	4,323.00
<b>4,256,397</b>	<b>1,768,052</b>	<b>302,431</b>	<b>252,952</b>	<b>16,042,917</b>
-	-	-	-	1,984,941
-	-	-	-	24,769
-	-	-	-	2,009,710
-	-	-	692,447	16,031,873
11,980,968	12,142,617	210,572,640	2,691,144	974,085,838
-	-	-	-	14,740,429
-	-	-	64,430	64,430
-	-	-	-	24,836,760
<b>11,980,968</b>	<b>12,142,617</b>	<b>210,572,640</b>	<b>3,448,021</b>	<b>1,029,759,330</b>
<b>16,237,365</b>	<b>13,910,669</b>	<b>210,875,071</b>	<b>3,700,973</b>	<b>369,390,704</b>
				(34,933,890)
				(656,459)
				2,009,710
				6,910,617
				(1,069,770,960)
			<b>\$</b>	<b>302,709,052</b>

**METRO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the fiscal year ended June 30, 2020**

	General	Special Revenue		General Obligation Bond Debt Service
		Parks and Natural Areas Local Option Levy	Affordable Housing	
<b>REVENUES</b>				
Property taxes	\$ 16,359,682	15,874,346	-	81,867,403
Excise taxes	16,916,905	-	-	-
Construction excise tax	3,627,232	-	-	-
Cemetery revenue surcharge	-	-	-	-
Investment income	3,364,196	391,190	23,403,932	748,648
Government fees	85,692	-	-	-
Culture and recreation fees	4,066,569	-	-	-
Solid waste fees	-	-	-	-
Other fees	1,955,668	-	-	-
Internal charges for services	7,079,106	-	-	-
Licenses and permits	583,115	-	-	-
Miscellaneous revenue	1,077,763	3,320	-	-
Grants	11,422,362	116,738	-	-
Local government shared revenues	4,185,973	-	-	-
Government contributions	9,917,660	-	-	-
Contributions and donations	28,650	-	-	-
Capital grants	-	-	-	-
Capital contributions and donations	269,560	-	-	-
<b>Total revenues</b>	<b>80,940,133</b>	<b>16,385,594</b>	<b>23,403,932</b>	<b>82,616,051</b>
<b>EXPENDITURES</b>				
Current:				
General government operations	20,329,017	601,438	-	-
Regional planning and development	24,820,319	-	2,364,334	-
Culture and recreation	12,018,374	12,098,120	-	-
Debt service:				
Principal	3,515,000	-	-	52,775,000
Interest	4,032,899	-	-	29,480,112
Capital outlay	2,045,665	1,350,649	-	-
<b>Total expenditures</b>	<b>66,761,274</b>	<b>14,050,207</b>	<b>2,364,334</b>	<b>82,255,112</b>
<b>Revenues over (under) expenditures</b>	<b>14,178,859</b>	<b>2,335,387</b>	<b>21,039,598</b>	<b>360,939</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Sale of capital assets	23,596	-	-	-
Transfers in	1,449,821	-	-	-
Transfers out	(14,679,464)	(33,180)	(6,271)	-
<b>Total other financing sources (uses)</b>	<b>(13,206,047)</b>	<b>(33,180)</b>	<b>(6,271)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>972,812</b>	<b>2,302,207</b>	<b>21,033,327</b>	<b>360,939</b>
Fund balances - July 1, 2019	102,214,548	7,040,615	654,512,007	3,178,629
Fund balances - June 30, 2020	\$ 103,187,360	9,342,822	675,545,334	3,539,568

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

<b>Capital Projects</b>				
<b>Oregon Zoo Infrastructure and Animal Welfare</b>	<b>Natural Areas</b>	<b>Parks and Nature</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
-	-	-	-	114,101,431
-	-	-	-	16,916,905
-	-	-	-	3,627,232
-	-	-	45,534	45,534
681,319	481,049	877,024	137,295	30,084,653
-	-	-	-	85,692
-	-	-	-	4,066,569
-	-	-	1,086,468	1,086,468
-	20,000	-	-	1,975,668
-	-	-	-	7,079,106
-	-	-	-	583,115
-	11,865	-	-	1,092,948
-	-	-	-	11,539,100
-	-	-	-	4,185,973
-	-	-	-	9,917,660
-	-	-	-	28,650
-	44,334	-	-	44,334
-	25,000	-	-	294,560
<b>681,319</b>	<b>582,248</b>	<b>877,024</b>	<b>1,269,297</b>	<b>206,755,598</b>
-	-	-	-	20,930,455
-	-	-	-	27,184,653
669,894	1,771,826	1,001,094	1,186,949	28,746,257
-	-	-	-	56,290,000
-	-	-	-	33,513,011
23,373,621	8,187,269	224,540	-	35,181,744
<b>24,043,515</b>	<b>9,959,095</b>	<b>1,225,634</b>	<b>1,186,949</b>	<b>201,846,120</b>
<b>(23,362,196)</b>	<b>(9,376,847)</b>	<b>(348,610)</b>	<b>82,348</b>	<b>4,909,478</b>
-	-	200,000,000	-	200,000,000
-	-	10,922,405	-	10,922,405
-	59	-	-	23,655
-	-	-	-	1,449,821
(3,695)	(1,013,812)	(1,155)	-	(15,737,577)
<b>(3,695)</b>	<b>(1,013,753)</b>	<b>210,921,250</b>	<b>-</b>	<b>196,658,304</b>
<b>(23,365,891)</b>	<b>(10,390,600)</b>	<b>210,572,640</b>	<b>82,348</b>	<b>201,567,782</b>
35,346,859	22,533,217	-	3,365,673	828,191,548
<b>11,980,968</b>	<b>12,142,617</b>	<b>210,572,640</b>	<b>3,448,021</b>	<b>1,029,759,330</b>

**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, 2020

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

Net change in fund balances-total governmental funds	\$	201,567,782
<p>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.</p>		
Expenditures for capital assets	35,226,448	
Less current year depreciation	<u>(3,063,344)</u>	32,163,104
Governmental funds expend general obligation bond proceeds that become capital assets that are owned and depreciated by a proprietary fund in governmental activities		(23,022,047)
<p>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.</p>		
		(683,766)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue-property taxes	75,213	
Change in unavailable revenue-other	<u>(7,696)</u>	67,517
<p>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.</p>		
		41,018
<p>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.</p>		
Bonds issued	(200,000,000)	
Premium on bonds issued	(10,922,406)	
Principal payments on bonds	56,290,000	
Amortization of unamortized premium or discount	<u>4,734,711</u>	(149,897,695)
<p>Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds.</p>		
Pollution remediation liability	(884,000)	
Other postemployment benefits	51,703	
Compensated absences	(805,441)	
Amortization of deferred charge on refunding	(800,579)	
Accruals associated with pension related obligations	(7,865,389)	
Arbitrage payable on bonds	489,760	
Accrued interest on long-term debt	<u>(177,573)</u>	(9,991,519)
Change in net position of governmental activities	\$	<u><u>50,244,394</u></u>

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

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# Fund Financial Statements

## Proprietary Funds

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### 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 two budgetary funds (Oregon Zoo Operating Fund and Oregon Zoo Asset Management Fund) 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's. 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, 2020**

	<b>Business-type Activities- Enterprise Funds</b>			<b>Total</b>	<b>Governmental Activities- Internal Service Fund</b>
	<b>Solid Waste</b>	<b>Oregon Zoo</b>	<b>MERC</b>		<b>Risk Management</b>
<b>ASSETS</b>					
Current assets:					
Equity in internal cash and investment pool	\$ 51,206,786	8,964,851	27,722,147	87,893,784	4,809,980
Receivables:					
Trade	4,468,047	1,050,581	2,831,896	8,350,524	-
Other	1,997,315	358	2,136,857	4,134,530	-
Interest	203,367	38,608	106,556	348,531	19,987
Grants	-	397,737	399,107	796,844	-
Inventories	182,927	-	-	182,927	-
Prepaid items	-	-	-	-	503,056
Other assets	-	114,000	-	114,000	-
<b>Total current assets</b>	<b>58,058,442</b>	<b>10,566,135</b>	<b>33,196,563</b>	<b>101,821,140</b>	<b>5,333,023</b>
Noncurrent assets:					
Advances to other funds	1,342,839	-	-	1,342,839	-
Restricted equity in internal cash and investment pool	-	-	168,473	168,473	-
OPEB asset	197,946	245,497	260,982	704,425	-
Capital assets, net	30,629,425	163,817,860	149,090,507	343,537,792	-
<b>Total noncurrent assets</b>	<b>32,170,210</b>	<b>164,063,357</b>	<b>149,519,962</b>	<b>345,753,529</b>	<b>-</b>
<b>Total assets</b>	<b>90,228,652</b>	<b>174,629,492</b>	<b>182,716,525</b>	<b>447,574,669</b>	<b>5,333,023</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension amounts	6,839,473	6,566,626	7,363,711	20,769,810	-
Deferred OPEB amounts	32,360	44,862	43,587	120,809	-
<b>Total deferred outflows of resources</b>	<b>6,871,833</b>	<b>6,611,488</b>	<b>7,407,298</b>	<b>20,890,619</b>	<b>-</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	7,294,556	1,015,177	2,988,905	11,298,638	96,493
Accrued salaries and benefits	945,590	586,995	407,487	1,940,072	3,457
Contracts payable	181,314	-	443,339	624,653	-
Accrued interest payable	-	-	10,579	10,579	-
Accrued self-insurance claims	-	-	-	-	466,000
Unearned revenue	-	302,117	1,958,361	2,260,478	-
Deposits payable	(120)	42,619	1,937,047	1,979,546	-
Other liabilities	32	311	626,767	627,110	-
Due to other funds	-	-	-	-	-
Bonds payable-current	-	-	890,000	890,000	-
Post-closure costs payable-current	663,971	-	-	663,971	-
Compensated absences-current	852,074	727,712	699,329	2,279,115	-
<b>Total current liabilities</b>	<b>9,937,417</b>	<b>2,674,931</b>	<b>9,961,814</b>	<b>22,574,162</b>	<b>565,950</b>

(Continued)

**METRO**  
**Statement of Net Position**  
**Proprietary Funds, *continued***  
**June 30, 2020**

	<b>Business-type Activities- Enterprise Funds</b>			<b>Total</b>	<b>Governmental Activities- Internal Service Fund</b>
	<b>Solid Waste</b>	<b>Oregon Zoo</b>	<b>MERC</b>		<b>Risk Management</b>
<b>LIABILITIES, <i>Continued</i></b>					
Noncurrent liabilities:					
Bonds payable (net of unamortized premium or discount)	\$ -	-	4,251,247	4,251,247	-
Advances from other funds	-	1,342,839	-	1,342,839	-
Other postemployment benefits	504,116	709,482	681,090	1,894,688	-
Post-closure costs payable	3,577,305	-	-	3,577,305	-
Pollution remediation obligation	-	-	95,000	95,000	-
Compensated absences	193,318	329,991	45,267	568,576	-
Net pension liability	19,956,538	19,160,411	21,486,184	60,603,133	-
<b>Total non-current liabilities</b>	<b>24,231,277</b>	<b>21,542,723</b>	<b>26,558,788</b>	<b>72,332,788</b>	<b>-</b>
<b>Total liabilities</b>	<b>34,168,694</b>	<b>24,217,654</b>	<b>36,520,602</b>	<b>94,906,950</b>	<b>565,950</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension amounts	1,173,592	1,126,774	1,263,547	3,563,913	-
Deferred OPEB amounts	70,045	91,758	93,304	255,107	-
<b>Total deferred inflows of resources</b>	<b>1,243,637</b>	<b>1,218,532</b>	<b>1,356,851</b>	<b>3,819,020</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	30,629,425	163,817,860	143,949,260	338,396,545	-
Restricted for:					
Capital projects	-	6,242,288	168,473	6,410,761	-
Unrestricted	31,058,730	(14,255,355)	8,128,640	24,932,015	4,767,073
<b>Total net position</b>	<b>\$ 61,688,155</b>	<b>155,804,793</b>	<b>152,246,373</b>	<b>369,739,321</b>	<b>4,767,073</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(2,143,544)	
<b>Net position of business-type activities</b>				<b>\$ 367,595,777</b>	

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, 2020

	Business-type Activities- Enterprise Funds			Total	Governmental Activities- Internal Service Fund Risk Management
	Solid Waste	Oregon Zoo	MERC		
<b>OPERATING REVENUES</b>					
Charges for services	\$ 71,931,785	22,988,687	37,919,155	132,839,627	107,554
Internal charges for services	242,594	25,000	18,011	285,605	1,824,025
<b>Total operating revenues</b>	<b>72,174,379</b>	<b>23,013,687</b>	<b>37,937,166</b>	<b>133,125,232</b>	<b>1,931,579</b>
<b>OPERATING EXPENSES</b>					
Payroll and fringe benefits	22,174,736	23,207,134	24,238,270	69,620,140	13,016
Depreciation and amortization	1,801,526	6,074,336	4,052,139	11,928,001	-
Administration	5,094,359	4,021,137	5,584,560	14,700,056	-
Facility operations	20,103,405	13,661,428	28,450,651	62,215,484	-
Marketing	-	16,930	4,400,782	4,417,712	-
Food and beverage	-	-	11,220,143	11,220,143	-
Disposal fees	9,206,015	-	-	9,206,015	-
Waste transport	11,786,630	-	-	11,786,630	-
Special waste disposal fees	1,048,563	-	-	1,048,563	-
Landfill post-closure (reduction)	(35,618)	-	-	(35,618)	-
Consulting services	4,131,877	2,871,216	782,324	7,785,417	-
Charges for services	1,021,005	38,600	1,949,718	3,009,323	-
Insurance	-	-	-	-	1,318,838
Claims	-	-	-	-	892,996
Actuarial claims (reduction)	-	-	-	-	89,000
Other materials and services	5,734,730	-	-	5,734,730	112,618
<b>Total operating expenses</b>	<b>82,067,228</b>	<b>49,890,781</b>	<b>80,678,587</b>	<b>212,636,596</b>	<b>2,426,468</b>
<b>Operating income (loss)</b>	<b>(9,892,849)</b>	<b>(26,877,094)</b>	<b>(42,741,421)</b>	<b>(79,511,364)</b>	<b>(494,889)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment income	2,002,967	448,613	1,349,426	3,801,006	184,090
Grants	5,339	706,637	518,887	1,230,863	32,166
Local government shared revenue	-	-	20,631,145	20,631,145	-
Government contributions	25,076	-	2,457,379	2,482,455	-
Contributions and donations	-	2,442,003	1,000,000	3,442,003	-
Contributions to other governments	-	-	(2,784,864)	(2,784,864)	-
Gain (loss) on disposal of capital assets	10,156	(2,438)	(1,217,307)	(1,209,589)	-
Waste reduction grants	(2,800,704)	-	-	(2,800,704)	-
Contributions to other governments	-	(15,000)	-	(15,000)	-
Interest expense	-	(94,935)	(58,226)	(153,161)	-
<b>Total non-operating revenues (expenses)</b>	<b>(757,166)</b>	<b>3,484,880</b>	<b>21,896,440</b>	<b>24,624,154</b>	<b>216,256</b>
<b>Income (loss) before transfers and capital contributions</b>	<b>(10,650,015)</b>	<b>(23,392,214)</b>	<b>(20,844,981)</b>	<b>(54,887,210)</b>	<b>(278,633)</b>
Capital contributions	-	23,770,358	40,000	23,810,358	-
Transfers in	205,082	14,074,382	400,000	14,679,464	-
Transfers out	(135,211)	(129,479)	(136,034)	(400,725)	(90)
<b>Change in net position</b>	<b>(10,580,144)</b>	<b>14,323,046</b>	<b>(20,541,015)</b>	<b>(16,798,113)</b>	<b>(278,723)</b>
<b>Total net position - July 1, 2019</b>	<b>72,268,299</b>	<b>141,481,747</b>	<b>172,787,388</b>		<b>5,045,796</b>
<b>Total net position - June 30, 2020</b>	<b>\$ 61,688,155</b>	<b>155,804,793</b>	<b>152,246,373</b>		<b>4,767,073</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(319,742)	
<b>Change in net position of business-type activities</b>				<b>\$ (17,117,855)</b>	

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, 2020**

	<b>Business-type Activities- Enterprise Funds</b>			<b>Total</b>	<b>Governmental Activities- Internal Service Fund</b>
	<b>Solid Waste</b>	<b>Oregon Zoo</b>	<b>MERC</b>		<b>Risk Management</b>
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ 71,850,590	23,019,170	39,277,933	134,147,693	107,554
Receipts from interfund services provided	-	-	-	-	1,824,025
Payments to suppliers for goods and services	(52,839,981)	(21,372,414)	(55,503,850)	(129,716,245)	(1,405,183)
Payments for claims	-	-	-	-	(892,996)
Payments to employees for services	(17,886,743)	(20,782,052)	(22,204,951)	(60,873,746)	-
Payments for interfund services used	(5,094,359)	(4,021,137)	(5,584,560)	(14,700,056)	(9,559)
<b>Net cash (used in) operating activities</b>	<b>(3,970,493)</b>	<b>(23,156,433)</b>	<b>(44,015,428)</b>	<b>(71,142,354)</b>	<b>(376,159)</b>
<b>Cash flows from noncapital financing activities:</b>					
Grants received	5,339	470,548	119,780	595,667	32,166
Local government shared revenues	-	-	23,614,321	23,614,321	-
Government contributions	25,076	-	2,457,379	2,482,455	-
Contributions and donations	-	2,442,003	1,000,000	3,442,003	-
Contributions to other governments	-	-	(2,784,864)	(2,784,864)	-
Grants to others	(2,800,704)	(15,000)	-	(2,815,704)	-
Principal collected (paid) on interfund loans	893,161	(843,161)	-	50,000	-
Interest collected (paid) on interfund loans	94,935	(94,935)	-	-	-
Transfers from other funds	205,082	14,074,382	400,000	14,679,464	-
Transfers to other funds	(135,211)	(129,479)	(136,034)	(400,724)	(90)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(1,712,322)</b>	<b>15,904,358</b>	<b>24,670,582</b>	<b>38,862,618</b>	<b>32,076</b>
<b>Cash flows from capital and related financing activities:</b>					
Capital grants and contributions	-	748,333	40,000	788,333	-
Principal payment on bonds	-	-	(865,000)	(865,000)	-
Interest payments	-	-	(154,775)	(154,775)	-
Acquisition and construction of capital assets	(519,592)	(1,189,371)	(4,694,801)	(6,403,764)	-
Proceeds from sale of capital assets	1,050	8,282	-	9,332	-
<b>Net cash used in capital and related financing activities</b>	<b>(518,542)</b>	<b>(432,756)</b>	<b>(5,674,576)</b>	<b>(6,625,874)</b>	<b>-</b>
<b>Cash flows from investing activities:</b>					
Investment income	1,846,646	451,573	1,372,344	3,670,563	177,179
<b>Net cash provided by investing activities</b>	<b>1,846,646</b>	<b>451,573</b>	<b>1,372,344</b>	<b>3,670,563</b>	<b>177,179</b>
<b>Net (decrease) in cash including restricted amounts</b>	<b>(4,354,711)</b>	<b>(7,233,258)</b>	<b>(23,647,078)</b>	<b>(35,235,047)</b>	<b>(166,904)</b>
Cash at beginning of year including restricted amounts	55,561,497	16,198,109	51,537,698	123,297,304	4,976,884
<b>Cash at end of year including restricted amounts</b>	<b>\$ 51,206,786</b>	<b>8,964,851</b>	<b>27,890,620</b>	<b>88,062,257</b>	<b>4,809,980</b>

(Continued)

**METRO**  
**Statement of Cash Flows**  
**Proprietary Funds, *continued***  
**For the fiscal year ended June 30, 2020**

	<b>Business-type Activities- Enterprise Funds</b>				<b>Activities- Internal Service Fund</b>
	<b>Solid Waste</b>	<b>Oregon Zoo</b>	<b>MERC</b>	<b>Total</b>	<b>Risk Management</b>
Equity in internal cash and investment pool	\$ 51,206,786	8,964,851	27,722,147	87,893,784	4,809,980
Restricted equity in internal cash and investment pool	-	-	168,473	168,473	-
<b>Total</b>	<b>\$ 51,206,786</b>	<b>8,964,851</b>	<b>27,890,620</b>	<b>88,062,257</b>	<b>4,809,980</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (9,892,849)	(26,877,094)	(42,741,421)	(79,511,364)	(494,889)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,801,526	6,074,336	4,052,139	11,928,001	-
Change in assets and liabilities:					
Trade/other accounts receivable	(323,789)	5,483	1,340,767	1,022,461	-
Inventories	65,676	-	-	65,676	-
Prepaid items	7,883	786,260	100	794,243	-
Other assets	-	18,000	-	18,000	29,653
Accounts payable	1,616,778	(2,625,560)	(3,653,539)	(4,662,321)	(3,380)
Accrued salaries, benefits and compensated absences	4,287,992	2,425,083	2,033,320	8,746,395	3,457
Contracts payable	77,146	(25,000)	(1,052,212)	(1,000,066)	-
Accrued self-insurance claims	-	-	-	-	89,000
Unearned revenue	-	(2,846,072)	(4,037,379)	(6,883,451)	-
Deposits payable	(80)	(91,430)	(574,209)	(665,719)	-
Other liabilities	-	(439)	617,006	616,567	-
Post-closure costs payable	(647,776)	-	-	(647,776)	-
Pollution remediation obligation	(963,000)	-	-	(963,000)	-
<b>Total adjustments</b>	<b>5,922,356</b>	<b>3,720,661</b>	<b>(1,274,007)</b>	<b>8,369,010</b>	<b>118,730</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (3,970,493)</b>	<b>(23,156,433)</b>	<b>(44,015,428)</b>	<b>(71,142,354)</b>	<b>(376,159)</b>
<b>Noncash investing, capital, and financing activities:</b>					
Non-cash portion of capital contributions	\$ -	23,022,025	-	23,022,025	-

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 expenses* 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 balance 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 funds are:

*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.

*Affordable Housing Fund* – This fund was established to account for bond proceeds and expenditures related to the 2018 Affordable Housing Measure. Metro sold \$652.8 million in taxable bonds in May 2019 to fund affordable housing for low-income families, seniors, veterans and people with disabilities in the greater Portland region.

**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.

*Parks and Nature Bond Fund* – This fund accounts for activities to protect natural areas, water quality, and fish and wildlife habitat and connecting people to nature.

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 two budgetary funds (Oregon Zoo Operating Fund and Oregon Zoo Asset Management) 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’s Centers for the Arts (Portland’s). 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 2020 allocated indirect costs to grants at a rate of approximately 54 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, Parks and Nature, 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 incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred and is not capitalized as part of the asset's historical cost.

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
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's, 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 three items in the government-wide statement of net position: deferred charge on refunding bonds, deferred OPEB amounts, 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 and OPEB amounts are contributions to the 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 and OPEB amounts which represent the net difference between projected and actual earnings on 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, and 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 premium and discount 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.

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 position 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 position) 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, 2020, Metro implemented the following GASB Statements that were applicable to Metro's operations:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Issued May

2020, primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

#### **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. 84, *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2019.
- GASB Statement No. 87, *Leases*, effective for reporting periods beginning after June 15, 2021.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for reporting periods beginning after December 15, 2020.
- GASB Statement No. 90, *Majority Equity Interests*, effective for reporting periods beginning after December 15, 2019.
- GASB Statement No. 91, *Conduit Debt Obligations*, effective for reporting periods beginning after December 15, 2021.
- GASB Statement No. 92, *Omnibus 2020*, effective for reporting periods beginning after June 15, 2021.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, effective for reporting periods beginning after June 15, 2020.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for reporting periods beginning after June 15, 2022.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for reporting periods beginning after June 15, 2022.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans— an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for reporting periods beginning after June 15, 2021.

**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	Net OPEB liability and related amounts	Long-term liabilities/deferred outflows
Capital assets	\$ 413,867,707	-	-	-
Accumulated depreciation	(44,477,003)	-	-	-
Deferred pension amounts (deferred outflows)	-	16,719,275	-	-
Net pension liability	-	(48,784,288)	-	-
Deferred pension amounts (deferred inflows)	-	(2,868,877)	-	-
Net OPEB asset	-	-	529,937	-
Deferred OPEB amounts (deferred outflows)	-	-	71,842	-
Net OPEB liability	-	-	(1,086,000)	-
Deferred OPEB amounts (deferred inflows)	-	-	(172,238)	-
Accrued interest payable	-	-	-	(3,695,721)
Arbitrage payable	-	-	-	(32,287)
Bonds payable (net of unamortized premium/discount)	-	-	-	(1,062,343,031)
Pollution remediation obligation	-	-	-	(886,500)
Compensated absences	-	-	-	(3,133,220)
Deferred charge on refunding	-	-	-	319,798
Net adjustment to fund balance-total governmental funds to arrive at net position-governmental activities	\$ 369,390,704	(34,933,890)	(656,459)	(1,069,770,960)

**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).

**METRO**

Notes to the Financial Statements, *continued*

For the fiscal year ended June 30, 2020

**Fair Value Measurements** - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active.

Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

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, 2020, Metro had the following investments and maturities presented at fair value within the fair value hierarchy established by GAAP:

Investment Type	Standard & Poor's Ratings	Held by		Fair Value		Investment Maturities (in months)		
		Individual funds	Internal pool	Level 1	Level 2	Less than 3	3-17	18-59
U.S. Treasuries	AA+	\$ 353,785,100	60,918,508	414,703,608	-	17,196,913	245,198,730	152,307,965
U.S. Government securities - USGSE	AA+	472,100,030	64,569,461	-	536,669,491	1,504,395	112,510,912	422,654,184
Corporate Debt	AA	1,327,339	3,668,464	-	4,995,803	-	4,995,803	-
	AA+	-	8,493,441	-	8,493,441	-	3,009,238	5,484,203
	AAA	3,407,620	5,410,455	-	8,818,075	-	4,494,858	4,323,217
	AA-	15,271,854	4,925,430	-	20,197,284	1,200,420	10,230,390	8,766,474
	A+	5,163,596	3,048,270	-	8,211,866	-	5,163,596	3,048,270
Commercial Paper	A-1+	4,003,651	1,399,832	-	5,403,483	5,403,483	-	-
Municipal Bonds	AA+	-	9,616,429	-	9,616,429	-	-	9,616,429
	AA-	4,102,980	3,968,858	-	8,071,838	-	3,204,480	4,867,358
	Unrated	2,206,621	2,171,551	-	4,378,172	-	2,206,621	2,171,551
Sub-total		861,368,791	168,190,699	414,703,608	614,855,882	25,305,211	391,014,628	613,239,651
State Treasurer's investment pool		968,656	48,119,509					
Total Investments		862,337,447	216,310,208					
Cash deposits		-	25,565,751					
Total cash and investments		\$ 862,337,447	241,875,959					
Per statement of net position:								
Unrestricted		\$ -	131,144,288					
Restricted		862,337,447	110,731,671					
Total		\$ 862,337,447	241,875,959					

**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:

<u>Maturity</u>	<u>Minimum to mature</u>
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. 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 with 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, 2020, 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, 2020, 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.

**METRO**

Notes to the Financial Statements, *continued*

For the fiscal year ended June 30, 2020

**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, 2020 Metro was in compliance with all percentage restrictions. More than 5 percent of Metro’s total investments are in securities by the following issuers:

Issuer	Percentage of Total Investments (Total Entity Concentration)	Policy Allowed Maximum	Fund Concentrations Exceeding Total Entity Concentration			
			Oregon Zoo Infrastructure Fund	Natural Areas Fund	Affordable Housing Fund	Parks and Nature Bond Fund
Federal Home Loan Bank (FHLB)	31.6%	40.0%	-	-	42.5%	-
Federal Home Loan Mortgage Corp (FHLMC)	8.3%	40.0%	-	-	11.3%	-
Federal Farm Credit Banks (FFCB)	5.9%	40.0%	-	-	-	11.2%
U.S. Treasuries	38.4%	100.0%	71.8%	79.8%	42.3%	-

**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	\$ 2,649,104
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
Elmonica	Section 6DB, Township 1 South, Range 1 West (Parcel R0037258), Beaverton, OR	802,427
Trinity Christian Center	432 NE 74th Avenue, Portland, OR	2,300,000
		<u>\$ 6,516,567</u>

**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. Von Ebert Brewing Loan**

Metro leased property to Von Ebert Brewing as part of the operation of the Glendoveer Golf Course. Under the lease agreement, Metro advanced money to pay for certain tenant improvements, with repayment to occur over time.

Details on loans receivable at June 30 are as follows:

Maximum Term	Interest Rate	First Payment	Last Payment	Payment Frequency	TOD Loans	Von Ebert Loan	Total Loans
50 years	0 to 1%	3/15/2026	3/15/2056	annually	\$ 634,280	-	634,280
50 years	0 to 1%	3/1/2028	3/1/2058	annually	408,792	-	408,792
60 months	3.5%	7/1/2018	6/1/2023	monthly	-	24,769	24,769
					<u>\$ 1,043,072</u>	<u>24,769</u>	<u>1,067,841</u>

**D. CAPITAL ASSETS**

In the governmental activities column of the statement of activities, capital asset reclassification or transfers between governmental funds and internal service funds have been eliminated. In a like manner, capital asset transfers between enterprise funds have been eliminated in the business-type activities column. The remaining transfers shown on the statement of activities consist of \$23,022,047 in capital asset transfers between governmental activities and business-type activities.

Capital asset balances and activity for fiscal year 2020 were as follows:

	Balance July 1, 2019	Increases	Decreases	Transfers	Balance June 30, 2020
<b>Governmental activities:</b>					
Capital assets, non-depreciable:					
Land	\$ 300,821,558	1,494,320	-	3,151,356	305,467,234
Intangible-easements	12,207,229	13,804	-	5,677	12,226,710
Artwork	270,986	-	-	-	270,986
Construction in progress	5,741,835	33,202,840	-	(29,621,903)	9,322,772
<b>Total non-depreciable</b>	<b>319,041,608</b>	<b>34,710,964</b>	<b>-</b>	<b>(26,464,870)</b>	<b>327,287,702</b>
Capital assets, depreciable:					
Buildings and exhibits	39,775,935	420,619	(1,111,374)	1,929,861	41,015,042
Improvements	30,489,910	-	(347,958)	1,381,645	31,523,597
Equipment and vehicles	5,307,033	-	(222,176)	216,794	5,301,651
Intangible-software	6,723,604	94,864	-	66,284	6,884,752
Office furniture and equipment	1,911,413	-	(14,966)	(41,484)	1,854,963
<b>Total depreciable</b>	<b>84,207,895</b>	<b>515,484</b>	<b>(1,696,474)</b>	<b>3,553,100</b>	<b>86,580,005</b>
Accumulated depreciation:					
Buildings and exhibits	(16,838,575)	(965,569)	458,710	2,173	(17,343,260)
Improvements	(15,075,942)	(1,343,777)	347,958	(78,682)	(16,150,444)
Equipment and vehicles	(3,125,925)	(404,076)	191,074	(29,835)	(3,368,762)
Intangible-software	(5,678,165)	(328,479)	-	6,446	(6,000,198)
Office furniture and equipment	(1,597,484)	(21,443)	14,966	(10,378)	(1,614,339)
<b>Total accumulated depreciation</b>	<b>(42,316,091)</b>	<b>(3,063,344)</b>	<b>1,012,708</b>	<b>(110,276)</b>	<b>(44,477,003)</b>
<b>Total capital assets, depreciable, net</b>	<b>41,891,804</b>	<b>(2,547,860)</b>	<b>(683,766)</b>	<b>3,442,824</b>	<b>42,103,002</b>
Governmental activities					
capital assets, net	\$ 360,933,412	32,163,104	(683,766)	(23,022,047)	369,390,704

**METRO**

Notes to the Financial Statements, *continued*

For the fiscal year ended June 30, 2020

	Balance July 1, 2019	Increases	Decreases	Transfers	Balance June 30, 2020
<b>Business-type activities:</b>					
Capital assets, non-depreciable:					
Land	\$ 21,045,160	246	-	(246)	21,045,160
Artwork	1,869,521	25,000	-	(710,163)	1,184,358
Construction in progress	23,242,918	6,341,662	-	8,202,701	37,787,280
<b>Total non-depreciable</b>	<b>46,157,599</b>	<b>6,366,908</b>	<b>-</b>	<b>7,492,292</b>	<b>60,016,799</b>
Capital assets, depreciable:					
Buildings and exhibits	450,276,915	-	(3,476,909)	163,881	446,963,887
Improvements	30,519,272	-	-	11,244,433	41,763,705
Equipment and vehicles	29,703,058	45,962	(2,057,092)	3,696,859	31,388,787
Intangible-software	1,916,096	-	-	502,189	2,418,285
Office furniture and equipment	1,908,412	-	(66,933)	(104,827)	1,736,652
Railroad equipment and facilities	3,668,673	-	-	-	3,668,673
<b>Total depreciable</b>	<b>517,992,426</b>	<b>45,962</b>	<b>(5,600,934)</b>	<b>15,502,534</b>	<b>527,939,989</b>
Accumulated depreciation:					
Buildings and exhibits	(192,725,630)	(9,274,441)	2,322,408	(457)	(199,678,120)
Improvements	(23,394,874)	(630,135)	-	1,778	(24,023,231)
Equipment and vehicles	(17,509,414)	(1,389,362)	1,984,136	41,257	(16,873,384)
Intangible-software	(795,847)	(162,366)	-	44	(958,169)
Office furniture and equipment	(1,269,116)	(121,169)	66,342	(15,401)	(1,339,344)
Railroad equipment and facilities	(1,196,219)	(350,529)	-	-	(1,546,748)
<b>Total accumulated depreciation</b>	<b>(236,891,100)</b>	<b>(11,928,001)</b>	<b>4,372,885</b>	<b>27,220</b>	<b>(244,418,996)</b>
<b>Total capital assets, depreciable, net</b>	<b>281,101,326</b>	<b>(11,882,039)</b>	<b>(1,228,048)</b>	<b>15,529,755</b>	<b>283,520,993</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 327,258,925</b>	<b>(5,515,131)</b>	<b>(1,228,048)</b>	<b>23,022,047</b>	<b>343,537,792</b>

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, 2020.

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's 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	\$ 1,761,036
Culture and recreation	1,302,308
<b>Total depreciation expense - governmental activities</b>	<b>\$ 3,063,344</b>
Business-type activities:	
Solid Waste	\$ 1,801,526
Oregon Zoo	6,074,336
MERC	4,052,139
<b>Total depreciation expense - business-type activities</b>	<b>\$ 11,928,001</b>

**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, 2020 were:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Advance ticket sales/ registrations	\$ 28,816	2,114,675
Unredeemed gift certificates	73,739	145,802
Grant and contract drawdowns prior to meeting all eligibility requirements	155,457	-
<b>Total</b>	<b>\$ 258,012</b>	<b>2,260,478</b>

**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 V.H.2.

Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2019. 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 20.25 percent and 14.15 percent of subject payroll, respectively. Employer contributions recognized by PERS for the fiscal year ended June 30, 2020 were \$11,296,142.

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://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**Actuarial valuation** – The employer contribution rates effective July 1, 2019, through June 30, 2021, 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, 2017
Experience Study Report	2016, published July 26, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of combined payroll; 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	7.20 percent
Projected salary increases	3.50 percent
Mortality	<b>Healthy retirees and beneficiaries:</b> RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <b>Active members:</b> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <b>Disabled retirees:</b> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

**Discount rate.** The discount rate used to measure the total pension liability was 7.20 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:

<b>Asset class/ strategy</b>	<b>Low Range</b>	<b>High Range</b>	<b>OIC Target</b>
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	14.0	21.0	17.5
Alternative equity	0.0	12.5	12.5
Opportunity portfolio	0.0	3.0	0.0
<b>Total</b>			<b>100.0 %</b>

**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 2017 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

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Notes to the Financial Statements, *continued*

For the fiscal year ended June 30, 2020

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.

<b>Asset class</b>	<b>Target</b>	<b>Compound Annual Return (Geometric)</b>
Core fixed income	8.0 %	3.5 %
Short-term bonds	8.0	3.4
Bank/leveraged loans	3.0	5.1
High yield bonds	1.0	6.5
Large/mid cap US equities	15.8	6.3
Small cap US equities	1.3	6.7
Micro cap US equities	1.3	6.8
Developed foreign equities	13.1	6.7
Emerging market equities	4.1	7.5
Non-US small cap equities	1.9	7.0
Private equity	17.5	7.8
Real estate (property)	10.0	5.5
Real estate (REITS)	2.5	6.4
Hedge fund of funds - diversified	2.5	4.1
Hedge fund - event-driven	0.6	5.9
Timber	1.9	5.6
Farmland	1.9	6.2
Infrastructure	3.8	6.6
Commodities	1.9	3.8
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 7.20 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:

<b>Metro’s Net Pension Liability (Asset)</b>	<b>1% Decrease (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase (8.20%)</b>
Defined benefit pension plan	\$175,174,248	109,387,421	54,332,909

**Determination of Metro’s proportionate share** – Metro’s actuarially determined proportionate share of the plan amounts was 0.63238477 percent for the fiscal year ended June 30, 2019 (measurement date). Metro’s share of pension balances are determined by rolling forward the total net pension liability (actuarially determined at December 31, 2017) to the measurement date of June 30, 2019 and subtracting the plan’s net position as of June 30, 2019.

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

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Notes to the Financial Statements, *continued*

For the fiscal year ended June 30, 2020

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, 2020, Metro reported a payable of \$675,412 for the outstanding amount of legally required pension contributions to the pension plan for the fiscal year ended June 30, 2020.

***Pension Expense, Net Pension Liability or Asset, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** - For the fiscal year ended June 30, 2020, Metro recognized a net pension liability of \$109,387,421 and a pension expense of \$28,309,168. At June 30, 2020, 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	\$ 2,690,310	-	3,342,084	-
Changes in assumptions	6,618,145	-	8,221,507	-
Net difference between projected and actual earnings on pension plan investments	-	(1,382,985)	-	(1,718,037)
Changes in the employer's proportion	2,372,998	(25,886)	2,947,899	(32,157)
Differences between employer contributions and employer's proportionate share of system contributions	-	(1,460,006)	-	(1,813,719)
Total (prior to post-measurement date contributions)	\$ 11,681,453	(2,868,877)	14,511,490	(3,563,913)
Contributions subsequent to the measurement date	5,037,822	-	6,258,320	-
Net deferred outflows/(inflows) of resources	\$ 16,719,275	(2,868,877)	20,769,810	(3,563,913)

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### Notes to the Financial Statements, *continued*

For the fiscal year ended June 30, 2020

The \$11,296,142 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 fiscal year ending June 30, 2021. 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):

<u>Fiscal Year Ended June 30</u>	<u>Governmental activities</u>	<u>Business-type activities</u>
2021	\$ 4,956,944	6,157,849
2022	842,679	1,046,833
2023	1,627,642	2,021,966
2024	1,277,848	1,587,428
2025	107,463	133,501
<u>Total</u>	<u>\$ 8,812,576</u>	<u>10,947,577</u>

## 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 \$1,780,518 for the fiscal year ended June 30, 2020, which is included in payroll and fringe benefits expense. At June 30, 2020, a payable to the IAP portion of the plan in the amount of \$222,150 for the contractually required contributions for the month of June 2020 is included in salaries, withholdings and payroll taxes payable.

## H. OTHER POSTEMPLOYMENT BENEFITS

The other postemployment benefits (OPEB) for Metro combines two separate plans. Metro provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan.

### 1. Metro Retiree Health Insurance Plan – Implicit Rate Subsidy

**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 rate 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 implicit

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Notes to the Financial Statements, *continued*  
For the fiscal year ended June 30, 2020

rate 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 has not established a trust that meets the criteria in paragraph 4 of GASB Statement 75 for the accumulation of assets. Metro's single-employer OPEB plan does not issue a publicly available financial report.

**Benefits Provided** – The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2019, the following number of employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	13
Active employees	850
	863

**Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - Metro's total OPEB liability of \$2,980,688 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019. For the fiscal year ended June 30, 2020, Metro recognized OPEB expense from this plan of \$266,166. At June 30, 2020, Metro reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	14,656
Changes in assumptions	41,887	158,184
Benefit payments	125,359	-
<b>Total</b>	<b>\$ 167,246</b>	<b>172,840</b>

Deferred outflows of resources related to OPEB of \$125,359 resulting from Metro's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year

ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources to OPEB will be recognized in OPEB expense as follows:

**Fiscal year ending June 30:**

2021	\$24,645
2022	24,645
2023	24,645
2024	24,645
2025	24,645
Thereafter	7,728
<b>Total</b>	<b>\$130,953</b>

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the July 1, 2019 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Salary increases	3.50 percent
Mortality	Pub-2010 General Service Employee and Healthy Retiree tables, sex distinct for members and dependents. For male members and dependents only, a one year setback is applied. Future mortality improvement is not projected as it would be immaterial to the valuation.
Discount rate	3.50 percent (change from 3.87 percent in previous measurement period)
Healthcare cost trend rate	Medical and vision 7.00 percent in the first year, 6.00 in the second year, and varying from 4.75 to 5.75 percent over the remainder of the projection period. Dental: 4.00 percent per year

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

*Changes in the Total OPEB Liability*

	<b>Total OPEB Liability</b>
Balance as of June 30, 2019	\$2,823,833
Changes for the year:	
Service cost	177,807
Interest on total OPEB liability	113,004
Effect of economic/demographic gains or losses	(16,637)
Effect of assumptions changes or inputs	47,547
Benefit payments	(164,866)
Balance as of June 30, 2020	<u>\$ 2,980,688</u>

Changes in assumptions is the result of the change in the discount rate from 3.87 to 3.50 percent.

**Sensitivity of the Total OPEB Liability** - The following presents Metro's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

**Discount Rate:**

	<b>1% Decrease (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Total OPEB Liability	\$ 3,222,066	2,980,688	2,754,768

**Healthcare Cost Trend Rate:**

	<b>1% Decrease (6.00% - decreasing to 3.75%)</b>	<b>Current Healthcare Cost Trend Rate (7.00% - decreasing to 4.75%)</b>	<b>1% Increase (8.00% - decreasing to 5.75%)</b>
Total OPEB Liability	\$ 2,660,963	2,980,688	3,355,606

**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. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. 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 hired after August 29, 2003. PERS issues publicly available 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://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**Benefits Provided** – 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. 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 on or after September 29, 1991.

**Contributions** - PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered

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Notes to the Financial Statements, *continued*

For the fiscal year ended June 30, 2020

payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Metro's contribution rates for the period were 0.06% for Tier One/Tier Two members, and 0.00% for OPSRP members. Metro's total for the year ended June 30, 2020 contributions was \$25,405.

**Total OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - At June 30, 2020, Metro reported an asset of \$1,234,363 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017. Metro's proportion of the net OPEB asset was based on Metro's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2019, Metro's proportionate share was 0.6388%, which is a decrease from its proportion of 0.6165% as of June 30, 2018.

For the year ended June 30, 2020, Metro recognized OPEB income from this plan of \$168,520. At June 30, 2020, Metro reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

<b>Sources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on investments	\$ -	76,190
Changes of assumptions	-	1,279
Changes in proportionate share	-	14,261
Differences between expected and actual experience	-	162,775
Contributions subsequent to the measurement date	25,405	-
<b>Total</b>	<b>\$ 25,405</b>	<b>254,505</b>

Deferred outflows of resources related to OPEB of \$25,405 resulting from Metro's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB income or expense as follows:

<b>Fiscal year ending June 30:</b>	
2021	\$131,089
2022	116,584
2023	14,681
2024	(7,849)
<b>Total</b>	<b>\$ 254,505</b>

**Actuarial Assumptions and Other Inputs**

The total OPEB asset based on the December 31, 2017 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	December 31, 2017
Measurement date	June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Healthcare cost trend rate	Not applicable

Mortality

**Healthy retirees and beneficiaries:**

RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

**Active members:**

RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

**Disabled retirees:**

RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

All other actuarial methods and assumptions are consistent with those disclosed in the OPERS Pension Plan. See Note V.G.1, for additional information on Actuarial Assumptions and Methods, the Long-Term Expected Rate of Return, and the Discount Rate.

**Sensitivity of Metro's proportionate share of the net OPEB liability (asset) to changes in the discount rate**

- The following presents Metro's proportionate share of the net OPEB liability (asset), calculated using the discount rate of 7.20 percent, as well as what Metro's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate of 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

	<b>1% Decrease (6.2%)</b>	<b>Current Discount Rate (7.2%)</b>	<b>1% Increase (8.2%)</b>
Total OPEB Liability (Asset)	\$ (956,949)	(1,234,363)	(1,470,739)

**OPEB Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

**I. COMMITMENTS**

**1. Columbia Ridge Landfill**

Metro has waste disposal services arrangements 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. One contract expired December 31, 2019 which specified a per ton unit price schedule that was 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 2019, this resulted in a contracted per ton unit price of \$24.16 for the first 137,500 tons and a declining incremental price scale for each ton of waste in excess of 137,500 tons. For the first six months of fiscal year 2020, this rate was increased to \$24.84 which is the final rate for this contract before the start of the new contract.

A second contract was signed in fiscal year 2019 which began on January 1, 2020. The payment arrangement is to charge a flat fee for tons disposed. This fee starting January 1, 2020 is \$16.68 per ton, which will be adjusted annually by an amount equivalent to 90 percent of the annual change of CPI on July 1 each year until the contract expires on December 31, 2029. The first increase was applied on July 1, 2020, which is 42.5 percent of the annual change of CPI due to the six month duration of the timing on the contract. The estimated rate for the second six months of fiscal year 20-21 is \$16.88 per ton which will be applied on January 1, 2021.

**2. Waste Transport**

Solid waste transport from Metro facilities to Columbia Ridge Landfill and other disposal sites is privately contracted through December 31, 2029. The time frame encompasses two contracts with the same vendor. The first contract expired December 31, 2019 and the second contract started on January 1, 2020. Both contracts specify a per load unit price that is adjusted annually on July 1 each year, although the second contract has additional price elements per load.

The sun-setting contract adjusts in an amount equivalent to 75 percent of the CPI. For the first six months of fiscal year 2020, the unit load price equated to a rate of \$688.89 (equivalent to about \$20.73 per ton). For the last six months of fiscal year 2020, starting January 1,

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### Notes to the Financial Statements, *continued* For the fiscal year ended June 30, 2020

2020, the unit price is \$591.23 per load (equivalent to about \$17.79 per ton). The current contract will adjust the per load unit price by a percentage equal to 95 percent of the annual percent change of CPI. The additional unit prices for the new contract include a mile tax of \$66.71 and wage increase of \$27.63 per load. Both additional costs per load are not subject to the CPI increases.

Both contracts call 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.

Expiring on December 31, 2024, the current fuel contract for over-the-road diesel fuel sets a price per gallon that is tied to a national weekly fuel index.

#### 3. Metro South Station

The operation of Metro South, a solid waste transfer station and materials recovery facility, is privately contracted through December 31, 2024. The previous contract ended on December 31, 2019 and a new operator took over on January 1, 2020. During fiscal year 2012, the parties amended the contract to address compensation and obligations for handling source-separated food waste mixed with yard debris (“residential organics”) generated by households in the City of Portland. Through December 2019 Metro paid \$53.34 per ton for the first 40,000 tons of residential organics, and a declining rate for greater quantities.

The current contractor provides transfer services and arranges for transport and processing. The new contract that began January 1, 2020 will not have annual fixed payments but will have agreed upon payments for wages, maintenance, and equipment ownership. These are not subject to CPI but are monthly reimbursements that include profit margins. There are prices for putrescible and non-putrescible waste and other waste materials that are subject to CPI adjustments annually.

#### 4. Metro Central Station

The operation of Metro Central, a solid waste transfer station and materials recovery facility, is privately contracted through December 31, 2021. The estimated fixed payment for fiscal year 20-21 is \$2,598,991. The

contractor also receives incentives for materials recovered from the waste stream and not sent to Columbia Ridge Landfill. The cost of transfer, transport and processing at remote composting sites is also included. The contractor provides transfer services and arranges for transport and processing. All payments are adjusted annually on July 1 in an amount equal to 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. The figures for Metro South and Metro Central reflect costs and tonnage as estimated at contract prices and tonnage from the tonnage forecast and at various contract expiration dates.

Fiscal year ending June 30:	Columbia Ridge Landfill	Waste Transport	Metro South	Metro Central
2021	\$8,814,447	9,812,597	9,239,137	8,727,125
2022	9,520,356	10,626,061	9,534,573	4,884,067
Total	\$18,334,803	20,438,658	18,773,710	13,611,192

#### 5. Affordable Housing

Metro Council has approved the following projects under the Affordable Housing Bond program. The projects fund affordable housing for low-income families, seniors, veterans and people with disabilities in the Metro region.

Housing Partner	Project	Commitment
City of Beaverton	17811 Scholls Ferry Rd.	\$ 9,000,000
Home Forward	Dekum Court	22,900,000
Clackamas County	18000 Weber, Gladstone	6,900,000
Total		\$ 38,800,000

## 6. Construction Projects

Metro is committed under a number of contracts for construction services. The amount of major uncompleted contracts is approximately \$3,600,000 at June 30, 2020.

## J. LEASE OBLIGATIONS

### 1. Operating Lease

The Portland's 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 and \$26,276 beginning November 1, 2019. \$260,180 was paid on the lease in fiscal year 2020.

The future minimum lease payments are as follows:

Fiscal year ending June 30:	
2021	\$278,558
2022	315,315
2023	315,315
2024	315,315
2025	315,315
2026-30	1,576,575
2031-35	1,576,575
2036-40	1,576,575
2041-45	1,576,575
2046-50	1,576,575
2051-55	1,576,575
2056-60	1,576,575
2061-65	1,576,575
2066-70	1,576,575
2071-75	1,576,575
2076-80	1,576,575
2081-84	1,051,050
<b>Total</b>	<b>\$19,933,193</b>

## K. BONDS PAYABLE

Metro issues a variety of long-term debt types to finance capital projects and some capital equipment. The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt after August 1986 calculate and rebate arbitrage earnings to the federal government. Metro's tax-exempt debt is in compliance with all Internal Revenue Service arbitrage regulations. The government-wide financial statements include a reported arbitrage liability of \$32,287 as of June 30, 2020.

The various debt issues are discussed below.

### *Governmental Activities*

#### 1. 2012A and 2018 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 and an additional \$75,000,000 of 2012A Series 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. On May 15, 2018, Metro issued \$28,105,000 of Series 2018 bonds, which is the final issuance of bonds authorized under the 2006 voter approved measure.

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 defeased bonds have been called and paid and the escrow account for the defeasance is closed.

The 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:

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Notes to the Financial Statements, *continued*

For the fiscal year ended June 30, 2020

Fiscal year ending June 30:	2012A Series		2018 Series	
	Principal	Interest	Principal	Interest
2021	\$ 5,300,000	2,105,450	1,705,000	618,500
2022	6,045,000	1,840,450	1,835,000	533,250
2023	6,840,000	1,538,200	1,975,000	441,500
2024	7,690,000	1,196,200	2,125,000	342,750
2025	8,590,000	811,700	2,280,000	236,500
2026	9,555,000	382,200	2,450,000	122,500
	44,020,000	7,874,200	12,370,000	2,295,000
Unamortized premium	6,346,000		1,900,747	
Per statement of net position	\$ 50,366,000		14,270,747	

**2. 2012A, 2016, and 2018 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. On May 15, 2018, Metro issued \$10,000,000 of Series 2018 bonds, which is the final issuance of bonds authorized under the 2008 voter approved measure.

The bonds are 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		2018 Series	
	Principal	Interest	Principal	Interest
2021	\$ 3,350,000	1,638,825	745,000	412,000
2022	3,665,000	1,471,325	815,000	374,750
2023	4,000,000	1,288,075	890,000	334,000
2024	4,360,000	1,088,075	975,000	289,500
2025	4,740,000	870,075	1,060,000	240,750
2026-28	16,625,000	1,239,000	3,755,000	385,750
	36,740,000	7,595,375	8,240,000	2,036,750
Unamortized premium	5,296,972		1,191,795	
Per statement of net position	\$ 42,036,972		9,431,795	

### 3. 2019 Series Affordable Housing General Obligation Bonds

On November 6, 2018, the region's voters granted authority for a total of \$652.8 million in general obligation bonds to fund affordable housing projects for low-income families, seniors, veterans and people with disabilities in the Metro region which includes Washington, Clackamas, and Multnomah counties. On May 15, 2019, Metro issued \$652,800,000 of federally taxable Series 2019 bonds authorized under the 2018 voter approved measure.

The bonds are 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 3.5 percent.

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

<b>Fiscal year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>
2021	\$14,575,000	21,283,854
2022	16,160,000	20,773,728
2023	17,835,000	20,208,129
2024	19,600,000	19,583,904
2025	21,465,000	18,897,904
2026-30	138,190,000	82,524,606
2031-35	198,435,000	57,421,428
2036-39	214,400,000	19,328,640
	640,660,000	<u>260,022,193</u>
Unamortized premium	2,482,687	
<u>Per statement of net position</u>	<u>\$643,142,687</u>	

### 4. 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 1.3 percent to 2.2 percent.

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

<b>Fiscal year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>
2021	\$1,320,000	70,595
2022	1,345,000	44,263
2023	1,370,000	15,070
<u>Per statement of net position</u>	<u>\$4,035,000</u>	<u>129,928</u>

### 5. Full Faith and Credit Bonds 2018 Series

On May 24, 2018, Metro issued \$13,290,000 of Full Faith and Credit Bonds, Series 2018 to fund renovations, upgrades and repairs to two existing Metro properties, the Metro Regional Center (MRC) building and Lone Fir Cemetery. The MRC building projects include exterior and interior replacements and upgrades and Information Services infrastructure. The Lone Fir Cemetery projects include a retaining wall replacement, fencing, and security and safety upgrades.

The bonds are payable from existing Metro revenues which includes assessments on departments to pay for their share of the MRC building upgrade costs along with other General Fund revenues. 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:

<b>Fiscal year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>
2021	-	586,450
2022	-	586,450
2023	-	586,450
2024	\$1,060,000	586,450
2025	1,115,000	533,450
2026-30	6,465,000	1,773,250
2031-33	4,650,000	297,100
	13,290,000	<u>4,949,600</u>
Unamortized premium	1,577,346	
<u>Per statement of net position</u>	<u>\$14,867,346</u>	

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Notes to the Financial Statements, *continued*  
 For the fiscal year ended June 30, 2020

**6. Dedicated Tax Revenue Bonds OCC Hotel Project  
 2017 Series**

On August 8, 2017, Metro issued \$52,260,000 in Dedicated Tax Revenue Bonds, Oregon Convention Center Hotel project, Series 2017 to fund a contribution to the construction of a 600-room hotel adjacent to the OCC, a project to assist in marketing the OCC for national conventions.

Metro negotiated with a development partner who 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 the revenue bonds, \$4 million contributed by the MERC Proprietary Fund and \$10 million received previously from the State of Oregon lottery funds. Metro has transferred these funding sources to the developer.

The bonds are backed by site specific transient lodging tax revenue. 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:

<b>Fiscal year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>
2021	\$930,000	2,469,800
2022	965,000	2,432,600
2023	1,005,000	2,394,000
2024	1,055,000	2,343,750
2025	1,105,000	2,291,000
2026-30	6,415,000	10,568,500
2031-35	8,190,000	8,795,500
2036-40	10,455,000	6,532,750
2041-45	13,340,000	3,644,750
2046-47	6,315,000	477,500
	49,775,000	41,950,150
Unamortized premium	7,925,721	
Per statement of net position	\$57,700,721	

**7. 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:

<b>Fiscal year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>
2021	\$1,480,000	783,626
2022	1,645,000	709,567
2023	1,820,000	627,251
2024	2,010,000	536,179
2025	2,210,000	435,598
2026-28	6,495,000	598,729
Per statement of net position	\$15,660,000	3,690,950

*Business-type Activities*

**8. Full Faith and Credit Refunding Bonds 2016 Series**

In prior years, 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 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 1.5 percent to 5.0 percent.

**METRO**Notes to the Financial Statements, *continued*

For the fiscal year ended June 30, 2020

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

<b>Fiscal year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>
2021	\$890,000	126,475
2022	920,000	101,400
2023	950,000	75,875
2024	965,000	49,450
2025	1,005,000	15,075
	4,730,000	368,275
Unamortized premium	411,247	
Per statement of net position	\$5,141,247	

### 9. 2020A and 2020B Series Parks and Nature General Obligation Bonds

In May 2020, Metro issued \$200,000,000 of 2020 Series Parks and Nature General Obligation Bonds. The bonds were issued by Metro under authority granted by voters for a total of \$475 million in general obligation bonds to fund programs designed to protect natural areas and connect people to nature. The bond will be used for protecting clean water for people, fish and wildlife; improving habitat for native fish and wildlife; protecting and restoring culturally significant native plant communities; and improving access to parks and nature.

The bonds are to be repaid with proceeds of Metro's ad valorem property tax levied each year. Interest rates on individual bonds range from 1.2 percent to 5.0 percent.

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

<b>Fiscal year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>
2021	\$15,615,000	5,352,783
2022	16,330,000	4,616,094
2023	16,945,000	4,289,494
2024	17,425,000	4,104,793
2025	8,685,000	3,900,921
2026-30	15,000,000	18,441,494
2031-35	45,975,000	13,690,044
2036-40	64,025,000	5,139,278
	200,000,000	59,534,901
Unamortized premium	10,831,763	
Per statement of net position	\$210,831,763	

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Notes to the Financial Statements, *continued*

For the fiscal year ended June 30, 2020

**L. CHANGES IN LONG-TERM LIABILITIES**

The following changes occurred during fiscal year 2020 in long-term liabilities:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 794,805,000	200,000,000	(52,775,000)	942,030,000	41,290,000
Full faith and credit bonds	18,620,000	-	(1,295,000)	17,325,000	1,320,000
Dedicated tax revenue bonds	50,670,000	-	(895,000)	49,775,000	930,000
Pension obligation bonds	16,985,000	-	(1,325,000)	15,660,000	1,480,000
Less unamortized amounts:					
For premium or discount	31,365,338	10,922,406	(4,734,713)	37,553,031	-
Total bonds payable	912,445,338	210,922,406	(61,024,713)	1,062,343,031	45,020,000
Pollution remediation obligation	2,500	884,000	-	886,500	-
Net other postemployment benefits	1,040,767	116,010	(70,777)	1,086,000	-
Compensated absences	2,327,778	3,133,220	(2,327,778)	3,133,220	2,327,188
Net pension liability	40,040,195	12,317,494	(3,573,401)	48,784,288	-
Governmental activity					
Long-term liabilities	\$ 955,856,578	227,373,130	(66,996,669)	1,116,233,039	47,347,188
<b>Business-type activities:</b>					
Bonds payable:					
Full faith and credit bonds	\$ 5,595,000	-	(865,000)	4,730,000	890,000
Less unamortized amounts:					
For premium or discount	504,360	-	(93,113)	411,247	-
Total bonds payable	6,099,360	-	(958,113)	5,141,247	890,000
Post-closure costs payable	4,889,052	-	(647,776)	4,241,276	663,971
Pollution remediation obligation	1,058,000	(682,721)	(280,279)	95,000	-
Net other postemployment benefits	1,783,066	205,711	(94,089)	1,894,688	-
Compensated absences	2,725,117	2,847,690	(2,725,117)	2,847,690	2,279,115
Net pension liability	50,696,142	14,431,386	(4,524,395)	60,603,133	-
Business-type activity					
Long-term liabilities	\$ 67,250,737	16,802,066	(9,229,769)	74,823,034	3,833,086

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, 2020, there were 6 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, 2020 is estimated to be \$51,103,282 under current Federal and state regulations, a reduction of \$35,618 in the current fiscal 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 \$612,158 in closure costs as the closure process continued (\$46,862,007 cumulative to date); reducing the remaining estimated liability to \$4,241,276 at June 30, 2020.

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 and Metro is currently awaiting DEQ approval for this year's 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.

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 enhanced natural recovery, estimated to take 13 years to complete. 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

## METRO

### Notes to the Financial Statements, *continued*

For the fiscal year ended June 30, 2020

associated with the remedial investigation and feasibility study. Based upon the uncertainty of the Portland Harbor Superfund site remediation and allocation approach, pollution remediation obligations for the in-water remedy at Willamette Cove are not considered estimable. For the upland portion of the site, Metro's current share of the pollution remediation obligation is estimated to be \$884,000, 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. Follow-up sampling, laboratory and statistical analysis, and the results of such have been completed and sent to DEQ. Metro is awaiting DEQ approval and certification of these results at June 30, 2020.

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. Site improvements have been completed and Metro is awaiting DEQ approval and certification of these results at June 30, 2020.

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 governmental activities is \$886,500 and for business type activities is \$95,000.

**METRO**

Notes to the Financial Statements, *continued*

For the fiscal year ended June 30, 2020

**O. FUND BALANCE CLASSIFICATIONS**

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

	General Fund	Parks and Natural Areas Local Option Levy Special Revenue Fund	Affordable Housing Special Revenue Fund	General Obligation Bond Debt Service Fund	Major Capital Project Funds			Other Funds	Total
					Oregon ZIAW Fund	Natural Areas Fund	Parks and Nature Bond Fund		
<b>Fund balances:</b>									
Nonspendable:									
Not in spendable form									
Prepaid items	\$ 279,627	-	15,043,000	-	-	-	-	-	15,322,627
Long-term amount of loans receivable	16,799	-	-	-	-	-	-	-	16,799
Corpus of permanent fund	-	-	-	-	-	-	-	692,447	692,447
<b>Total nonspendable</b>	<b>296,426</b>	<b>-</b>	<b>15,043,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>692,447</b>	<b>16,031,873</b>
Restricted for:									
TOD projects	22,757,134	-	-	-	-	-	-	-	22,757,134
Planning IGA	12,034,192	-	-	-	-	-	-	-	12,034,192
Glendoveer operations	158,421	-	-	-	-	-	-	-	158,421
Parks and Natural Areas	-	9,342,822	-	-	-	-	-	-	9,342,822
Debt service on bonds	3,387,554	-	-	3,539,568	-	-	-	-	6,927,122
Smith & Bybee Wetlands mgmt plan	-	-	-	-	-	-	-	1,972,260	1,972,260
Community Enhancement	810,863	-	-	-	-	-	-	696,190	1,507,053
Willamette Falls Legacy project	15,524,159	-	-	-	-	-	-	-	15,524,159
Affordable Housing	-	-	660,502,334	-	-	-	-	-	660,502,334
TOD projects:									
Bond funded programs	8,641,422	-	-	-	11,980,968	12,142,617	210,572,640	22,694	243,360,341
<b>Total restricted</b>	<b>63,313,745</b>	<b>9,342,822</b>	<b>660,502,334</b>	<b>3,539,568</b>	<b>11,980,968</b>	<b>12,142,617</b>	<b>210,572,640</b>	<b>2,691,144</b>	<b>974,085,838</b>
Committed to:									
Construction excise tax for development planning	14,740,429	-	-	-	-	-	-	-	14,740,429
<b>Total restricted</b>	<b>14,740,429</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,740,429</b>
Assigned to:									
Permanent fund programs	-	-	-	-	-	-	-	64,430	64,430
<b>Total assigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,430</b>	<b>64,430</b>
Unassigned	24,836,760	-	-	-	-	-	-	-	24,836,760
<b>Total fund balances</b>	<b>\$ 103,187,360</b>	<b>9,342,822</b>	<b>675,545,334</b>	<b>3,539,568</b>	<b>11,980,968</b>	<b>12,142,617</b>	<b>210,572,640</b>	<b>3,448,021</b>	<b>1,029,759,330</b>

**METRO**

Notes to the Financial Statements, *continued*

For the fiscal year ended June 30, 2020

**P. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund receivables and payables are detailed in the table below.

Interfund receivables and payables detail	<b>Internal balances</b>		Assets per fund statements
	Oregon Zoo	(to reflect the consolidation of internal service fund activities) Business-type activities	
<b>Receivable Fund/Entity</b>			
<b>Advances to Other Funds</b> <i>(portion of interfund loans not scheduled to be repaid in the subsequent year)</i>			
Solid Waste	\$ 1,342,839		1,342,839
<b>Internal balances</b> <i>(to reflect the consolidation of internal service fund activities)</i>			
Governmental activities		2,143,544	
Liabilities per fund statements	\$ <u>1,342,839</u>		
Reconciliation to government-wide statements:			
Receivables/Payables between government-wide activity types:			
Due to/from other funds			
Advances to/from other funds			
Internal balances per the government-wide statement of net position		\$ <u>2,143,544</u>	

The loan from General Fund to MERC Fund is to finance the Portland Streetcar loop extension. Loans from Solid Waste Fund to General Fund and Oregon Zoo Fund are to finance various capital projects.

Note that amounts shown between Solid Waste and Oregon Zoo net within business-type activities in internal balances

Interfund transfers for the fiscal year by fund were:

<b>Transfers out</b>	<b>Transfers in</b>				<b>Total</b>
	<b>General</b>	<b>Solid Waste</b>	<b>Oregon Zoo</b>	<b>MERC</b>	
General	\$ -	205,082	14,074,382	400,000	14,679,464
Parks & Natural Areas	33,180	-	-	-	33,180
Affordable Housing	6,271	-	-	-	6,271
Oregon Zoo Infrastructure	3,695	-	-	-	3,695
Natural Areas	1,013,812	-	-	-	1,013,812
Parks and Nature	1,155	-	-	-	1,155
Solid Waste	135,211	-	-	-	135,211
Oregon Zoo	129,479	-	-	-	129,479
MERC	136,034	-	-	-	136,034
Risk Management	90	-	-	-	90
<b>Total</b>	<b>\$ 1,458,927</b>	<b>205,082</b>	<b>14,074,382</b>	<b>400,000</b>	<b>16,138,391</b>
Reconciliation:					
Capital assets transferred to Governmental Activities from Business-type Activities	(9,106)	-	-	-	(9,106)
<b>Total</b>	<b>\$ 1,449,821</b>	<b>205,082</b>	<b>14,074,382</b>	<b>400,000</b>	<b>16,129,285</b>

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; and transfers of PERS reserve balances from various funds to the General Fund.

## 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 \$7,408,528 for fiscal year 2020. The following two tax abatement programs account for 95 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 (Washington County).

### 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, 2020 were:

Tax Abatement Program	Amount of Taxes Abated
SIP	\$ 6,471,000
E-Zone	597,954
Subtotal major abatement programs	7,068,954
Other immaterial abatement programs	339,574
Total	\$ 7,408,528

## 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:

## METRO

### Notes to the Financial Statements, *continued* For the fiscal year ended June 30, 2020

- 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 \$749,000 for a single claimant and \$1,498,000 per multiple claimants. These statutory limits are indexed and change every year on July 1. Metro carries an excess liability policy of \$10 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 \$913,690,241 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, 2020. 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 \$466,000 reported as accrued self-insurance claims in the *Risk Management Fund* at June 30, 2020 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 1.025 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
2018-19	\$ 531,000	265,431	419,431	377,000
2019-20	377,000	782,000	693,000	466,000

## 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 sub grantees.

### 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.



# **Required Supplementary Information**



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# Required Supplementary Information

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## 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*

*Affordable Housing Fund*

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## Postemployment benefits other than pensions Retirement Health Insurance Account

Schedule of District's Proprietary Share of the Net OPEB Liability (Asset)  
Schedule of District's Contributions

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## Postemployment benefits other than pensions Implicit Rate Subsidy

Schedule of District's Changes in Total OPEB Liability and Related Ratios

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## Oregon Public Employees Retirement System, Pension Plan

Schedule of District's Proprietary Share of Net Pension Liability  
Schedule of District's Contributions

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## Notes to Required Supplementary Information

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**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, 2020**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Program revenues:				
Charges for services:				
Government fees	\$ 35,816	35,816	85,692	49,876
Culture and recreation fees	4,922,229	4,922,229	4,066,569	(855,660)
Other fees	1,768,674	2,232,674	1,955,668	(277,006)
Internal charges for services	2,481,408	2,481,408	1,681,570	(799,838)
Licenses and permits	615,894	615,894	583,115	(32,779)
Miscellaneous revenue	768,093	768,093	1,714,427	946,334
Operating grants and contributions:				
Grants	12,815,378	12,815,378	11,422,362	(1,393,016)
Local government shared revenue	686,758	686,758	798,729	111,971
Government contributions	4,795,350	4,795,350	9,848,792	5,053,442
Contributions and donations	-	-	28,650	28,650
General revenues:				
Taxes:				
Property taxes	16,000,845	16,000,845	16,359,682	358,836
Excise taxes	17,844,273	17,844,273	16,916,905	(927,368)
Construction excise tax	3,985,000	3,985,000	3,627,232	(357,768)
Investment income	610,000	610,000	1,155,018	545,018
<b>Total revenues</b>	<b>67,329,718</b>	<b>67,793,718</b>	<b>70,244,410</b>	<b>2,450,692</b>
<b>EXPENDITURES</b>				
Council	7,726,021	8,013,471	6,667,864	1,345,607
Office of the auditor	821,704	821,704	712,991	108,713
Office of Metro attorney	2,928,917	2,928,917	2,691,662	237,255
Information services	6,567,223	6,656,621	5,537,394	1,119,227
Communications	2,631,021	2,631,021	2,346,643	284,378
Finance and regulatory services	5,893,713	6,018,713	5,576,420	442,293
Human resources	3,568,235	3,703,675	3,139,426	564,249
Property and environmental services	2,399,023	2,399,023	2,019,012	380,011
Parks and nature	12,330,623	12,330,623	10,565,179	1,765,444
Planning and development	36,522,239	36,522,239	21,969,066	14,553,173
Research center	5,585,459	6,118,459	5,211,350	907,109
Special appropriations	3,824,148	5,188,448	4,025,296	1,163,152
Non-departmental:				
Debt service	2,173,009	2,173,009	2,173,008	-

(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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures, continued:				
Contingency	\$ 9,180,676	7,179,088	-	7,179,088
Total expenditures	102,152,011	102,685,011	72,635,312	30,049,698
Revenues over (under) expenditures	(34,822,293)	(34,891,293)	(2,390,902)	32,500,391
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	23,046	23,046
Transfers in	21,696,554	21,765,554	21,702,745	(62,809)
Transfers out	(19,576,655)	(19,576,655)	(18,900,531)	676,124
Total other financing sources (uses)	2,119,899	2,188,899	2,825,260	636,361
Revenues and other sources over (under) expenditures and other uses	(32,702,394)	(32,702,394)	434,358	33,136,752
Beginning fund balance available for appropriation -				
July 1, 2019	53,251,014	53,251,014	57,091,918	3,840,904
Unappropriated ending fund balance - June 30, 2020	\$ 20,548,620	20,548,620	57,526,276	36,977,656
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			\$ 434,358	
General Revenue Bond Fund-General			8,749	
General Asset Management Fund			(3,237,524)	
Additional (decrease to) revenues required by Governmental GAAP:				
Adjustment to value investments at fair value			1,409,029	
Accrual of interest receivable on TOD loans			9,200	
Budget requirements not qualifying as expenses under Governmental GAAP:				
Repayment of interfund loans (transfers)			50,000	
Purchase of assets held for resale			2,299,000	
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds			\$ 972,812	

**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, 2020**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Program revenues:				
Operating grants and contributions:				
Grants	\$ 35,000	35,000	120,058	85,058
Government contributions	124,500	124,500	-	(124,500)
General revenues:				
Taxes:				
Property taxes	15,532,940	15,532,940	15,874,346	341,406
Investment income	132,481	132,481	227,176	94,695
<b>Total revenues</b>	<b>15,824,921</b>	<b>15,824,921</b>	<b>16,221,580</b>	<b>396,659</b>
<b>EXPENDITURES</b>				
Parks and nature	12,354,504	12,517,689	9,184,744	3,332,945
Special appropriations	1,000,000	1,000,000	601,438	398,562
Contingency	4,418,926	4,216,741	-	4,216,741
<b>Total expenditures</b>	<b>17,773,430</b>	<b>17,734,430</b>	<b>9,786,182</b>	<b>7,948,248</b>
Revenues over (under) expenditures	(1,948,509)	(1,909,509)	6,435,398	8,344,907
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(4,258,205)	(4,297,205)	(4,297,205)	-
<b>Total other financing sources (uses)</b>	<b>(4,258,205)</b>	<b>(4,297,205)</b>	<b>(4,297,205)</b>	<b>-</b>
Revenues and other sources over (under) expenditures and other uses	(6,206,714)	(6,206,714)	2,138,193	8,344,907
Beginning fund balance available for appropriation - July 1, 2019	6,206,714	6,206,714	7,000,721	794,007
Unappropriated ending fund balance - June 30, 2020	\$ -	-	9,138,914	9,138,914
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			\$ 2,138,193	
Additional (decrease to) revenue required by Governmental GAAP:				
Adjustment to value investments at fair value			164,014	
<b>Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds</b>			<b>\$ 2,302,207</b>	

**METRO**

## Affordable Housing 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, 2020

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
<b>REVENUES</b>				
General revenues:				
Investment income	\$ 12,400,000	12,400,000	15,809,567	3,409,567
Total revenues	12,400,000	12,400,000	15,809,567	3,409,567
<b>EXPENDITURES</b>				
Housing	202,717,100	202,717,100	2,370,605	(200,346,495)
Contingency	35,000,000	35,000,000	-	(35,000,000)
Total expenditures	237,717,100	237,717,100	2,370,605	(235,346,495)
Revenues over (under) expenditures	(225,317,100)	(225,317,100)	13,438,962	238,756,062
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	500,000	500,000	-	(500,000)
Total other financing sources (uses)	500,000	500,000	-	(500,000)
Revenues and other sources over expenditures and other uses	(224,817,100)	(224,817,100)	13,438,962	238,256,062
Beginning fund balance available for appropriation - July 1, 2019	652,000,000	652,000,000	650,917,896	(1,082,104)
Unappropriated ending fund balance - June 30, 2020	\$ 427,182,900	427,182,900	664,356,858	237,173,958
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			\$ 13,438,962	
Additional (decrease to) revenue required by Governmental GAAP: Adjustment to value investments at fair value			7,594,365	
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds			\$ 21,033,327	

**METRO****Schedule of District's Proportionate Share of the Net OPEB Liability (Asset)  
Oregon Public Employees' Retirement System, Retirement Health Insurance Account  
Last Four Fiscal Years**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Metro's proportion of the net OPEB liability (asset)	0.6214%	0.6037%	0.6165%	0.6388%
Metro's proportionate share of the net OPEB liability (asset)	\$ 168,747	(251,939)	(688,163)	(1,234,363)
Metro's covered payroll	\$ 60,051,593	62,262,783	66,236,964	69,412,840
Metro's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	0.3%	-0.4%	-1.0%	-1.8%
Plan fiduciary net position as a percentage of the total OPEB liability	94.2%	108.9%	124.0%	144.4%

This schedule is presented to illustrate Metro's proportionate share of net OPEB 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, Retirement Health Insurance Account  
Last Four Fiscal Years

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 317,059	298,503	316,595	25,405
Contributions in relation to the contractually required contribution	<u>317,059</u>	<u>298,503</u>	<u>316,595</u>	<u>25,405</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Metro's covered payroll	<u>\$ 62,262,783</u>	<u>66,236,964</u>	<u>69,412,840</u>	<u>70,340,490</u>
Contribution as a percentage of covered payroll	0.5%	0.5%	0.5%	0.0%

This schedule is presented to illustrate Metro's OPEB contributions 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 Changes in Total OPEB Liability and Related Ratios  
 Implicit Rate Subsidy Plan  
 Last Two Fiscal Years

	<u>2019</u>	<u>2020</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 176,683	177,807
Interest on total OPEB liability	102,623	113,004
Changes of assumptions or other inputs	(66,972)	30,910
Benefit payments	<u>(155,404)</u>	<u>(164,866)</u>
Net change in total OPEB liability	56,930	156,855
Total OPEB liability, beginning of year	<u>2,766,903</u>	<u>2,823,833</u>
Total OPEB liability, end of year	<u>\$ 2,823,833</u>	<u>2,980,688</u>
Metro's covered payroll	N/A	N/A
Total OPEB liability as a percentage of covered payroll	N/A	N/A

This schedule is presented to illustrate Metro's changes in total OPEB 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 Proportionate Share of Net Pension Liability  
Oregon Public Employees' Retirement System, Pension Plan  
Last Seven Fiscal Years**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Metro's proportion of the net pension liability (asset)	0.51394738%	0.51394738%	0.55014352%	0.54657727%	0.59201276%	0.59897179%	0.63238477%
Metro's proportionate share of the net pension liability (asset)	\$ 26,233,596	(11,649,721)	31,586,277	82,053,939	79,803,544	90,736,337	109,387,421
Metro's covered payroll	\$ 50,208,189	52,521,307	55,726,726	60,051,593	62,262,783	66,236,964	69,412,840
Metro's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	52.2%	-22.2%	56.7%	136.6%	128.2%	137.0%	157.6%
Plan fiduciary net position as a percentage of the total pension liability	92.0%	103.6%	91.9%	80.5%	83.1%	82.1%	80.2%

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, Pension Plan  
 Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Contractually required contribution	\$ 1,306,457	3,914,572	3,746,270
Contributions in relation to the contractually required contribution	<u>1,306,457</u>	<u>3,914,572</u>	<u>3,746,270</u>
Contributions deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>
Metro's covered payroll	\$ <u>51,603,332</u>	<u>52,255,709</u>	<u>50,208,189</u>
Contributions as a percentage of covered payroll	2.5%	7.5%	7.5%

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
3,840,003	4,062,684	4,729,515	5,315,109	7,594,605	8,097,797	11,296,142
<u>3,840,003</u>	<u>4,062,684</u>	<u>4,729,515</u>	<u>5,315,109</u>	<u>7,594,605</u>	<u>8,097,797</u>	<u>11,296,142</u>
<u>-</u>						
<u>52,521,307</u>	<u>55,726,726</u>	<u>60,051,593</u>	<u>62,262,783</u>	<u>66,236,964</u>	<u>69,412,840</u>	<u>70,340,490</u>
7.3%	7.3%	7.9%	8.5%	11.5%	11.7%	16.1%

## 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 two 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 ended June 30, 2020. All four of the amendments were consolidated amendments with multiple actions in each resolution. None of the individual actions within the consolidated amendments were significant.

### 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 the required 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

For the valuation ending June 30, 2019, the discount rate changed from 7.5 percent to 7.2 percent.

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
LIABILITY 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**

In the July 1, 2019 actuarial valuation, the OPEB liability discount rate decreased from 3.87 percent to 3.50 percent for results as of June 30, 2019 measurement date.



# **Other Supplementary Information**



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# Other Supplementary Information

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Combining Statements

Nonmajor Governmental Funds

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Budgetary Comparison Schedules

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# Combining Statements

## Nonmajor Governmental Funds

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### **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 resources are miscellaneous and 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, 2020

	Special Revenue			Capital Projects	Permanent	Total Nonmajor Governmental Funds
	Smith and Bybee Wetlands	Community Enhancement	Total	Open Spaces	Cemetery Perpetual Care	
<b>ASSETS</b>						
Equity in internal cash and investment pool	\$ 1,979,694	877,908	2,857,602	22,599	753,892	3,634,093
Receivables:						
Other	-	52,304	52,304	-	-	52,304
Interest	8,112	3,384	11,496	95	2,985	14,576
<b>Total assets</b>	<b>1,987,806</b>	<b>933,596</b>	<b>2,921,402</b>	<b>22,694</b>	<b>756,877</b>	<b>3,700,973</b>
<b>LIABILITIES</b>						
Liabilities:						
Accounts payable	15,546	237,406	252,952	-	-	252,952
<b>Total liabilities</b>	<b>15,546</b>	<b>237,406</b>	<b>252,952</b>	<b>-</b>	<b>-</b>	<b>252,952</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	692,447	692,447
Restricted	1,972,260	696,190	2,668,450	22,694	-	2,691,144
Assigned	-	-	-	-	64,430	64,430
<b>Total fund balances</b>	<b>1,972,260</b>	<b>696,190</b>	<b>2,668,450</b>	<b>22,694</b>	<b>756,877</b>	<b>3,448,021</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,987,806</b>	<b>933,596</b>	<b>2,921,402</b>	<b>22,694</b>	<b>756,877</b>	<b>3,700,973</b>

**METRO**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the fiscal year ended June 30, 2020

	Special Revenue			Capital Projects	Permanent Cemetery	Total Nonmajor Governmental Funds
	Smith and Bybee Wetlands	Community Enhancement	Total	Open Spaces	Perpetual Care	
<b>REVENUES</b>						
Cemetery revenue surcharge	\$ -	-	-	-	45,534	45,534
Investment income	77,232	31,505	108,737	900	27,658	137,295
Solid waste fees	-	1,086,468	1,086,468	-	-	1,086,468
<b>Total revenues</b>	<b>77,232</b>	<b>1,117,973</b>	<b>1,195,205</b>	<b>900</b>	<b>73,192</b>	<b>1,269,297</b>
<b>EXPENDITURES</b>						
Culture and recreation	181,603	1,005,346	1,186,949	-	-	1,186,949
<b>Total expenditures</b>	<b>181,603</b>	<b>1,005,346</b>	<b>1,186,949</b>	<b>-</b>	<b>-</b>	<b>1,186,949</b>
Revenues over (under) expenditures	(104,371)	112,627	8,256	900	73,192	82,348
Net change in fund balances	(104,371)	112,627	8,256	900	73,192	82,348
Fund balances - July 1, 2019	2,076,631	583,563	2,660,194	21,794	683,685	3,365,673
Fund balances - June 30, 2020	\$ 1,972,260	696,190	2,668,450	22,694	756,877	3,448,021

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# Budgetary Comparison Schedules

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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 funds, the Affordable Housing Fund and the Parks and Natural Areas Local Option Levy Fund are presented as required supplementary information. Budgetary comparisons for all other funds are displayed in the following pages.



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# Other Major Governmental Funds

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

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### **Debt Service Fund**

*General Obligation Bond Debt Service Fund*

### **Capital Projects Funds**

*Oregon Zoo Infrastructure and Animal Welfare Fund*

*Natural Areas Fund*

*Parks and Nature Bond 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, 2020

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
<b>REVENUES</b>				
General revenues:				
Taxes:				
Property taxes	\$ 80,673,113	80,673,113	81,867,403	1,194,290
Investment income	25,000	25,000	703,231	678,231
Total revenues	80,698,113	80,698,113	82,570,634	1,872,521
<b>EXPENDITURES</b>				
Debt service:				
Principal	52,775,000	52,775,000	52,775,000	-
Interest	29,480,113	29,480,113	29,480,112	(1.00)
Total expenditures	82,255,113	82,255,113	82,255,112	(1.00)
Revenues over (under) expenditures	(1,557,000)	(1,557,000)	315,522	1,872,522
Beginning fund balance available for appropriation - July 1, 2019	1,557,000	1,557,000	3,151,443	1,594,443
Unappropriated ending fund balance - June 30, 2020	\$ -	-	3,466,965	3,466,965
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			\$ 315,522	
Additional (decrease to) revenue required by Governmental GAAP: Adjustment to value investments at fair value			45,417	
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds			\$ 360,939	

**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, 2020

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
<b>REVENUES</b>				
General revenues:				
Investment income	\$ 600,000	600,000	626,084	26,084
Total revenues	600,000	600,000	626,084	26,084
<b>EXPENDITURES</b>				
Oregon Zoo	28,356,291	28,356,291	23,803,503	4,552,788
Contingency	2,500,000	2,500,000	-	2,500,000
Total expenditures	30,856,291	30,856,291	23,803,503	7,052,788
Revenues under expenditures	(30,256,291)	(30,256,291)	(23,177,419)	7,078,872
<b>OTHER FINANCING USES</b>				
Transfers out	(243,709)	(243,709)	(243,709)	-
Total other financing uses	(243,709)	(243,709)	(243,709)	-
Revenues and other sources under expenditures and other uses	(30,500,000)	(30,500,000)	(23,421,128)	7,078,872
Beginning fund balance available for appropriation - July 1, 2019	30,500,000	30,500,000	35,292,243	4,792,243
Unappropriated ending fund balance - June 30, 2020	\$ -	-	11,871,115	11,871,115
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			\$ (23,421,128)	
Additional (decrease to) revenue required by Governmental GAAP:				
Adjustment to value investments at fair value			55,236	
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds			\$ (23,365,892)	

**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, 2020

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
<b>REVENUES</b>				
Program revenues:				
Charges for services:				
Miscellaneous revenue	\$ -	-	31,865	31,865
Operating grants and contributions:				
Grants	30,000	30,000	-	(30,000)
Capital grants and contributions:				
Capital contributions and donations	-	-	69,334	69,334
General revenues:				
Investment income	556,626	556,626	414,429	(142,197)
<b>Total revenues</b>	<b>586,626</b>	<b>586,626</b>	<b>515,628</b>	<b>(70,998)</b>
<b>EXPENDITURES</b>				
Parks and nature	8,556,370	9,056,370	8,248,429	807,941
Contingency	4,000,000	3,500,000	-	3,500,000
<b>Total expenditures</b>	<b>12,556,370</b>	<b>12,556,370</b>	<b>8,248,429</b>	<b>4,307,941</b>
Revenues under expenditures	(11,969,744)	(11,969,744)	(7,732,801)	4,236,943
<b>OTHER FINANCING USES</b>				
Transfers out	(2,724,478)	(2,724,478)	(2,724,419)	59
<b>Total other financing uses</b>	<b>(2,724,478)</b>	<b>(2,724,478)</b>	<b>(2,724,419)</b>	<b>59</b>
Revenues and other sources under expenditures and other uses	(14,694,222)	(14,694,222)	(10,457,220)	4,237,002
Beginning fund balance available for appropriation - July 1, 2019	22,265,058	22,265,058	22,478,870	213,812
Unappropriated ending fund balance - June 30, 2020	\$ 7,570,836	7,570,836	12,021,650	4,450,814
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			\$ (10,457,220)	
Additional (decrease to) revenue required by Governmental GAAP:				
Adjustment to value investments at fair value			66,620	
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds			\$ (10,390,600)	

**METRO****Parks and Nature 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, 2020**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
General revenues:				
Investment income	\$ -	-	154,828	154,828
Total revenues	-	-	154,828	154,828
<b>EXPENDITURES</b>				
Parks and nature	-	10,000,000	1,226,790	(8,773,210)
Total expenditures	-	10,000,000	1,226,790	(8,773,210)
Revenues over (under) expenditures	-	(10,000,000)	(1,071,962)	8,928,038
<b>OTHER FINANCING SOURCES</b>				
General obligation bond proceeds	-	10,000,000	200,000,000	190,000,000
Premium on bonds sold	-	-	10,922,405	10,922,405
Total other financing sources	-	10,000,000	210,922,405	200,922,405
Revenues and other sources over expenditures and other uses	-	-	209,850,443	209,850,443
Beginning fund balance available for appropriation - July 1, 2019	-	-	-	-
Unappropriated ending fund balance - June 30, 2020	\$ -	-	209,850,443	209,850,443
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			\$ 209,850,443	
Additional (decrease to) revenue required by Governmental GAAP: Adjustment to value investments at fair value			722,197	
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds			\$ 210,572,640	



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# Nonmajor Governmental Funds

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

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### **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, 2020

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
General revenues:				
Investment income	\$ 41,355	41,355	47,016	5,661
Total revenues	41,355	41,355	47,016	5,661
<b>EXPENDITURES</b>				
Parks and nature	325,000	325,000	96,750	228,250
Contingency	500,000	500,000	-	500,000
Total expenditures	825,000	825,000	96,750	728,250
Revenues under expenditures	(783,645)	(783,645)	(49,734)	733,911
<b>OTHER FINANCING USES</b>				
Transfers out	(84,853)	(84,853)	(84,853)	-
Total other financing uses	(84,853)	(84,853)	(84,853)	-
Revenues and other sources under expenditures and other uses	(868,498)	(868,498)	(134,587)	733,911
Beginning fund balance available for appropriation - July 1, 2019	1,654,211	1,654,211	2,068,442	414,231
Unappropriated ending fund balance - June 30, 2020	\$ 785,713	785,713	1,933,855	1,148,142
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			\$ (134,587)	
Additional (decrease to) revenue required by Governmental GAAP:				
Adjustment to value investments at fair value			30,216	
Net change in fund balance as reported on the combining statement of revenues, expenditures and changes in fund balances-nonmajor governmental funds			\$ (104,371)	

**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, 2020

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Program revenues:				
Charges for services:				
Solid waste fees	\$ 1,102,244	1,102,244	1,086,468	(15,776)
General revenues:				
Investment income	12,555	12,555	18,070	5,515
<b>Total revenues</b>	<b>1,114,799</b>	<b>1,114,799</b>	<b>1,104,538</b>	<b>(10,261)</b>
<b>EXPENDITURES</b>				
Property and environmental services	1,343,485	1,343,485	986,952	356,533
Contingency	29,500	29,500	-	29,500
<b>Total expenditures</b>	<b>1,372,985</b>	<b>1,372,985</b>	<b>986,952</b>	<b>386,033</b>
Revenues over (under) expenditures	(258,186)	(258,186)	117,586	375,772
<b>OTHER FINANCING USES</b>				
Transfers out	(18,394)	(18,394)	(18,394)	-
Revenues over (under) expenditures and other uses	(276,580)	(276,580)	99,192	(375,772)
Beginning fund balance available for appropriation - July 1, 2019	413,221	413,221	582,315	169,094
Unappropriated ending fund balance - June 30, 2020	\$ 136,641	136,641	681,507	(544,866)
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			\$ 99,192	
Additional (decrease to) revenue required by Governmental GAAP:				
Adjustment to value investments at fair value			13,435	
Net change in fund balance as reported on the combining statement of revenues, expenditures and changes in fund balances-nonmajor governmental funds			\$ 112,627	

**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, 2020

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
<b>REVENUES</b>				
General revenues:				
Investment income	\$ -	-	534	534
Total revenues	-	-	534	534
<b>OTHER FINANCING USES</b>				
Transfers out	(29,761)	(29,761)	-	29,761
Revenues over (under) other uses	(29,761)	(29,761)	534	30,295
Beginning fund balance available for appropriation - July 1, 2019	29,761	29,761	23,119	(6,642)
Unappropriated ending fund balance - June 30, 2020	\$ -	-	23,653	23,653
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			\$ 534	
Additional (decrease to) revenue required by Governmental GAAP:				
Adjustment to value investments at fair value			366	
Net change in fund balance as reported on the combining statement of revenues, expenditures and changes in fund balances-nonmajor governmental funds			\$ 900	

**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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General revenues:				
Taxes:				
Cemetery revenue surcharge	\$ 48,250	48,250	45,533	(2,717)
Investment income	15,687	15,687	16,157	470
Total revenues	63,937	63,937	61,690	(2,247)
Beginning fund balance available for appropriation - July 1, 2019	689,176	689,176	680,203	(8,973)
Unappropriated ending fund balance - June 30, 2020	\$ 753,113	753,113	741,893	(11,220)
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			\$ 61,690	
Additional (decrease to) revenue required by Governmental GAAP:				
Adjustment to value investments at fair value			11,502	
Net change in fund balance as reported on the combining statement of revenues, expenditures and changes in fund balances-nonmajor governmental funds			\$ 73,192	



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# Proprietary Funds

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

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### 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, 2020**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Program revenues:				
Charges for services:				
Government fees	\$ 1,123,500	1,123,500	919,299	(204,201)
Culture and recreation fees	-	-	7,774	7,774
Solid waste fees	75,456,134	75,456,134	70,872,953	(4,583,181)
Other fees	-	-	126	126
Miscellaneous revenue	21,100	21,100	36,699	15,599
Operating grants and contributions:				
Grants	-	-	5,339	5,339
Government contributions	40,000	40,000	25,076	(14,924)
General revenues:				
Investment income	624,170	624,170	1,223,224	599,054
<b>Total revenues</b>	<b>77,264,904</b>	<b>77,264,904</b>	<b>73,090,490</b>	<b>(4,174,414)</b>
<b>EXPENDITURES</b>				
Property and environmental services	85,012,844	86,095,783	74,505,738	11,590,045
Contingency	15,291,645	14,644,152	-	14,644,152
<b>Total expenditures</b>	<b>100,304,489</b>	<b>100,739,935</b>	<b>74,505,738</b>	<b>26,234,197</b>
Revenues over (under) expenditures	(23,039,585)	(23,475,031)	(1,415,248)	22,059,783
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	1,050	1,050
Transfers in	1,011,450	1,476,896	1,435,772	(41,124)
Transfers out	(7,018,314)	(7,048,314)	(6,803,585)	244,729
<b>Total other financing sources (uses)</b>	<b>(6,006,864)</b>	<b>(5,571,418)</b>	<b>(5,366,763)</b>	<b>204,655</b>
Revenues and other sources under expenditures and other uses	(29,046,449)	(29,046,449)	(6,782,011)	22,264,438
Beginning fund balance available for appropriation - July 1, 2019	60,236,224	60,236,224	55,376,892	(4,859,332)
Unappropriated ending fund balance - June 30, 2020	\$ 31,189,775	31,189,775	48,594,881	17,405,106

**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, 2020

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
<b>REVENUES</b>				
Program revenues:				
Charges for services:				
Culture and recreation fees	\$ 29,664,061	29,664,061	21,804,370	(7,859,691)
Other fees	1,707,400	1,707,400	1,008,108	(699,292)
Miscellaneous revenue	50,000	50,000	141,520	91,520
Operating grants and contributions:				
Grants	565,533	565,533	706,637	141,104
Contributions and donations	2,029,719	2,029,719	2,442,003	412,284
General revenues:				
Investment income	15,000	15,000	183,922	168,922
<b>Total revenues</b>	<b>34,031,713</b>	<b>34,031,713</b>	<b>26,286,560</b>	<b>(7,745,153)</b>
<b>EXPENDITURES</b>				
Visitor venues-Oregon Zoo	42,711,225	42,711,225	37,325,728	5,385,497
Contingency	4,202,874	4,675,524	-	4,675,524
<b>Total expenditures</b>	<b>46,914,099</b>	<b>47,386,749</b>	<b>37,325,728</b>	<b>10,061,021</b>
Revenues over expenditures	(12,882,386)	(13,355,036)	(11,039,168)	2,315,868
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	-	-
Transfers in	13,622,000	13,622,000	13,422,000	(200,000.00)
Transfers out	(4,832,387)	(4,359,737)	(4,059,737)	300,000.00
<b>Total other financing sources (uses)</b>	<b>8,789,613</b>	<b>9,262,263</b>	<b>9,362,263</b>	<b>100,000.00</b>
Revenues and other sources under expenditures and other uses	(4,092,773)	(4,092,773)	(1,676,905)	2,415,868
Beginning fund balance available for appropriation - July 1, 2019	4,092,773	4,092,773	4,763,090	670,317
Unappropriated ending fund balance - June 30, 2020	\$ -	-	3,086,185	3,086,185

**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, 2020**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Program revenues:				
Charges for services:				
Culture and recreation fees	\$ 51,909,603	51,909,603	34,334,363	(17,575,240)
Other fees	4,345,746	4,345,746	3,105,771	(1,239,975)
Internal Charges for Services	-	-	18,011	18,011
Miscellaneous revenue	140,478	140,478	479,021	338,543
Operating grants and contributions:				
Grants	100,000	100,000	518,887	418,887
Local government shared revenue	26,872,375	26,872,375	20,631,145	(6,241,230)
Government contributions	1,448,786	1,448,786	2,457,379	1,008,593
Contributions and donations	125,000	125,000	1,000,000	875,000
Capital grants and contributions:				
Capital contributions and donations	1,000,000	1,000,000	40,000	(960,000)
General revenues:				
Investment income	660,000	660,000	924,313	264,313
<b>Total revenues</b>	<b>86,601,988</b>	<b>86,601,988</b>	<b>63,508,890</b>	<b>(23,093,098)</b>
<b>EXPENDITURES</b>				
MERC	96,915,293	96,469,293	76,053,017	20,416,276
Contingency	21,694,903	22,140,903	-	22,140,903
<b>Total expenditures</b>	<b>118,610,196</b>	<b>118,610,196</b>	<b>76,053,017</b>	<b>42,557,179</b>
Revenues under expenditures	(32,008,208)	(32,008,208)	(12,544,127)	19,464,081
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	400,000	400,000	400,000	-
Transfers out	(6,773,587)	(6,773,587)	(6,755,507)	18,080
<b>Total other financing sources (uses)</b>	<b>(6,373,587)</b>	<b>(6,373,587)</b>	<b>(6,355,507)</b>	<b>18,080</b>
Revenues and other sources under expenditures and other uses	(38,381,795)	(38,381,795)	(18,899,634)	19,482,161
Beginning fund balance available for appropriation - July 1, 2019	38,381,795	38,381,795	43,323,263	4,941,468
Unappropriated ending fund balance - June 30, 2020	\$ -	-	24,423,629	24,423,629

**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, 2020

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Program revenues:				
Charges for services:				
Other fees	\$ -	-	5,738	5,738
Internal charges for services	146,499	146,499	146,492	(7)
Miscellaneous revenue	10,000	10,000	101,816	91,816
Operating grants and contributions:				
Grants	50,000	50,000	32,165	(17,835)
General revenues:				
Investment income	10,000	10,000	110,887	100,887
<b>Total revenues</b>	<b>216,499</b>	<b>216,499</b>	<b>397,098</b>	<b>180,599</b>
<b>EXPENDITURES</b>				
Finance and regulatory services	3,921,931	3,921,931	2,426,556	1,495,375
Contingency	124,195	124,195	-	124,195
<b>Total expenditures</b>	<b>4,046,126</b>	<b>4,046,126</b>	<b>2,426,556</b>	<b>1,619,570</b>
Revenues under expenditures	(3,829,627)	(3,829,627)	(2,029,458)	1,800,169
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,677,533	1,677,533	1,677,533	-
<b>Total other financing sources</b>	<b>1,677,533</b>	<b>1,677,533</b>	<b>1,677,533</b>	<b>-</b>
Revenues and other sources under expenditures and other uses	(2,152,094)	(2,152,094)	(351,925)	1,800,169
Beginning fund balance available for appropriation - July 1, 2019	2,232,611	2,232,611	5,012,025	2,779,414
Unappropriated ending fund balance - June 30, 2020	\$ 80,517	80,517	4,660,100	4,579,583

**METRO**

Reconciliation of Enterprise Fund

Fund Balance (Basis of Budgeting) to Statement of Net Position-Proprietary Funds (GAAP Basis)

For the fiscal year ended June 30, 2020

	Enterprise Funds				Internal Service Fund
	Solid Waste	Oregon Zoo	MERC	Total	Risk Management Fund
Unappropriated ending fund balance on the basis of budgeting:					
Solid Waste Revenue Fund	\$ 48,594,881	-	-	48,594,881	-
Oregon Zoo Operating Fund	-	3,086,185	-	3,086,185	-
Oregon Zoo Asset Management Fund	-	5,292,746	-	5,292,746	-
MERC Fund	-	-	24,423,629	24,423,629	-
General Revenue Bond Fund-MERC	-	-	487	487	-
Risk Management Fund	-	-	-	-	4,660,100
Additional Statement of Net Position items:					
Advances to other funds	1,342,839	-	-	1,342,839	-
Capital assets, net	30,629,425	163,817,860	149,090,507	343,537,792	-
Deferred pension amounts	6,839,473	6,566,626	7,363,711	20,769,810	-
Deferred OPEB amounts	32,360	44,862	43,587	120,809	-
Accrued interest payable	-	-	(10,579)	(10,579)	-
Bonds payable-current	-	-	(890,000)	(890,000)	-
Post-closure costs payable-current	(663,971)	-	-	(663,971)	-
Compensated absences-current	(852,074)	(727,712)	(699,329)	(2,279,115)	-
Bonds payable (net of unamortized premium or discount)	-	-	(4,251,247)	(4,251,247)	-
Advances from other funds	-	(1,342,839)	-	(1,342,839)	-
Net Other postemployment benefits	(306,170)	(463,986)	(420,106)	(1,190,262)	-
Post-closure costs payable	(3,577,305)	-	-	(3,577,305)	-
Pollution remediation obligation	-	-	(95,000)	(95,000)	-
Compensated absences	(193,318)	(329,991)	(45,267)	(568,576)	-
Net pension liability	(19,956,538)	(19,160,411)	(21,486,184)	(60,603,133)	-
Deferred pension amounts	(1,173,592)	(1,126,774)	(1,263,547)	(3,563,913)	-
Deferred OPEB amounts	(70,045)	(91,758)	(93,304)	(255,107)	-
Adjustments to Statement of Net Position items:					
Cumulative fair value adjustment to Equity in internal cash and investment pool	1,042,190	239,985	579,015	1,861,190	106,973
Total net position as reported on the Statement of Net Position-Proprietary Funds	\$ 61,688,155	155,804,793	152,246,373	369,739,321	4,767,073

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# Other Budgetary Funds

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

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### *General Revenue Bond Fund*

This fund is a budgetary fund comprised of two 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, 2020

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
<b>REVENUES</b>				
Program revenues:				
Operating grants and contributions:				
Local government shared revenue	\$ 3,400,600	3,400,600	3,387,244	(13,356)
General revenues:				
Investment income	19,063	19,063	22,128	3,065
<b>Total revenues</b>	<b>3,419,663</b>	<b>3,419,663</b>	<b>3,409,372</b>	<b>(10,291)</b>
<b>EXPENDITURES</b>				
Debt service account	6,394,667	6,394,667	6,394,666	1
<b>Total expenditures</b>	<b>6,394,667</b>	<b>6,394,667</b>	<b>6,394,666</b>	<b>1</b>
Revenues under expenditures	(2,975,004)	(2,975,004)	(2,985,294)	(10,290)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	2,994,067	2,994,067	2,994,067	-
<b>Total other financing sources</b>	<b>2,994,067</b>	<b>2,994,067</b>	<b>2,994,067</b>	<b>-</b>
Revenues and other sources over expenditures	19,063	19,063	8,773	(10,290)
Beginning fund balance available for appropriation - July 1, 2019	4,388,305	4,388,305	4,082,643	(305,662)
Unappropriated ending fund balance - June 30, 2020	\$ 4,407,368	4,407,368	4,091,416	(315,952)

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, 2020

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Program revenues:				
Miscellaneous revenue	\$ 8,709	8,709	60,864	52,155
Operating grants and contributions:				
Government contributions	-	-	68,868	68,868
Contributions and donations	7,500	7,500	-	(7,500)
Capital grants and contributions:				
Capital contributions and donations	4,000,000	4,000,000	269,560	(3,730,440)
General revenues:				
Investment income	676,535	676,535	778,045	101,510
<b>Total revenues</b>	<b>4,692,744</b>	<b>4,692,744</b>	<b>1,177,337</b>	<b>(3,515,407)</b>
<b>EXPENDITURES</b>				
Asset Management Program	17,724,642	17,724,642	6,932,007	10,792,635
Contingency	9,467,395	9,467,395	-	9,467,395
<b>Total expenditures</b>	<b>27,192,037</b>	<b>27,192,037</b>	<b>6,932,007</b>	<b>20,260,030</b>
Revenues under expenditures	(22,499,293)	(22,499,293)	(5,754,670)	16,744,623
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	550	550
Transfers in	2,731,357	2,731,357	2,566,596	(164,761)
Transfers out	(50,000)	(50,000)	(50,000)	-
<b>Total other financing sources and (uses)</b>	<b>2,681,357</b>	<b>2,681,357</b>	<b>2,517,146</b>	<b>(164,211)</b>
Revenues and other sources under expenditures and other uses	(19,817,936)	(19,817,936)	(3,237,524)	16,580,412
Beginning fund balance available for appropriation - July 1, 2019	35,088,564	35,088,564	35,331,308	242,744
Unappropriated ending fund balance - June 30, 2020	\$ 15,270,628	15,270,628	32,093,784	16,823,156

**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, 2020

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Program revenues:				
Charges for services:				
Miscellaneous revenue	\$ -	-	34,689	34,689
Capital grants and contributions:				
Capital contributions and donations	384,000	384,000	748,333	364,333
General revenues:				
Investment income	-	-	129,774	129,774
<b>Total revenues</b>	<b>384,000</b>	<b>384,000</b>	<b>912,796</b>	<b>528,796</b>
<b>EXPENDITURES</b>				
Visitor venues-Oregon Zoo	5,880,483	4,942,387	995,116	3,947,271
Contingency	467,043	467,043	-	467,043
<b>Total expenditures</b>	<b>6,347,526</b>	<b>5,409,430</b>	<b>995,116</b>	<b>4,414,314</b>
Revenues under expenditures	(5,963,526)	(5,025,430)	(82,320)	4,943,110
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	8,282	8,282
Transfers in	977,382	977,382	677,382	(300,000)
Transfers out	-	(938,096)	(938,096)	-
<b>Total other financing sources (uses)</b>	<b>977,382</b>	<b>39,286</b>	<b>(252,432)</b>	<b>(291,718)</b>
Revenues and other sources under expenditures and other uses	(4,986,144)	(4,986,144)	(334,752)	4,651,392
Beginning fund balance available for appropriation - July 1, 2019	4,986,144	4,986,144	5,627,497	641,353
Unappropriated ending fund balance - June 30, 2020	\$ -	-	5,292,745	5,292,745

**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, 2020**

	<b>General</b>	<b>MERC</b>	<b>Total</b>
<b>REVENUES</b>			
Program revenues:			
Operating grants and contributions:			
Local government shared revenue	\$ 3,387,244	-	3,387,244
General revenues:			
Investment income	22,104	24	22,128
<b>Total revenues</b>	<b>3,409,348</b>	<b>24</b>	<b>3,409,372</b>
<b>EXPENDITURES</b>			
Debt service account	5,374,891	1,019,775	6,394,666
<b>Total expenditures</b>	<b>5,374,891</b>	<b>1,019,775</b>	<b>6,394,666</b>
Revenues under expenditures	(1,965,543)	(1,019,751)	(2,985,294)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	1,974,292	1,019,775	2,994,067
<b>Total other financing sources</b>	<b>1,974,292</b>	<b>1,019,775</b>	<b>2,994,067</b>
Revenues and other sources over (under) expenditures	8,749	24	8,773
Beginning fund balance available for appropriation - July 1, 2019	4,082,181	462	4,082,643
Unappropriated ending fund balance - June 30, 2020	\$ 4,090,930	486	4,091,416

Note: This schedule presents the activity of the two components of the fund.



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# Other Financial Schedules

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**METRO**

**Schedule of Property Tax Transactions and Outstanding Receivable  
For the fiscal year ended June 30, 2020**

Fiscal Year	Original levy or balance of receivable July 1, 2019	Add (deduct)			Collections	Property taxes receivable June 30, 2020
		Discounts	Adjustments	Interest		
2019-20	\$ 118,129,185	(2,469,141)	(1,082,762)	9,305	(112,972,917)	1,613,670
2018-19	1,055,905	270	(36,225)	10,696	(603,722)	426,924
2017-18	372,791	74	(57,042)	5,163	(132,083)	188,903
2016-17	174,594	(42)	(7,095)	6,402	(103,194)	70,665
2015-16	73,925	(35)	(3,777)	3,407	(56,868)	16,652
2014-15	22,721	(44)	(3,576)	696	(7,950)	11,847
2013-14 & prior	106,057	(206)	(11,529)	1,409	(21,198)	74,533
<b>Total</b>	<b>\$ 119,935,178</b>	<b>(2,469,124)</b>	<b>(1,202,006)</b>	<b>37,078</b>	<b>(113,897,932)</b>	<b>2,403,194</b>

Reconciliation to property tax revenue presented in the Statement of Activities:	Governmental Activities
Cash collections July 1, 2019 to June 30, 2020	\$ 113,897,932
Accrual of receivables:	
July 1, 2019 to August 31, 2019	(274,277)
July 1, 2020 to August 31, 2020	418,252
Timing difference between county tax collector and county treasurer	(59,060)
Payments in lieu of property taxes	118,584
Taxes earned but not available:	
June 30, 2019	(1,909,728)
June 30, 2020	1,984,941
<b>Property tax revenue per Statement of Activities</b>	<b>\$ 114,176,644</b>

**METRO**  
**Schedule of Future Bonded Debt Service Requirements**  
**General Obligation Bonds**  
**June 30, 2020**

Year of maturity	2012A Series Natural Areas General Obligation Bonds		2012A Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds		2014 Series General Obligation Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	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	-	-
2028-29	-	-	-	-	-	-
2029-30	-	-	-	-	-	-
2030-31	-	-	-	-	-	-
2031-32	-	-	-	-	-	-
2032-33	-	-	-	-	-	-
2033-34	-	-	-	-	-	-
2034-35	-	-	-	-	-	-
2035-36	-	-	-	-	-	-
2036-37	-	-	-	-	-	-
2037-38	-	-	-	-	-	-
2038-39	-	-	-	-	-	-
2039-40	-	-	-	-	-	-
<b>Total</b>	<b>\$ 44,020,000</b>	<b>7,874,200</b>	<b>36,740,000</b>	<b>7,595,375</b>	<b>0</b>	<b>0</b>

(1) The principal amount of the bonds is reported net of unamortized premium or discount in governmental activities on the statement of net position.

2018 Series Natural Areas General Obligation Bonds		2018 Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds		2019 Series Affordable Housing General Obligation Bonds		2020 Series Parks and Nature General Obligation Bonds		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal (1)	Interest
1,705,000	618,500	745,000	412,000	14,575,000	21,283,854	15,615,000	5,352,783	41,290,000	31,411,412
1,835,000	533,250	815,000	374,750	16,160,000	20,773,728	16,330,000	4,616,094	44,850,000	29,609,597
1,975,000	441,500	890,000	334,000	17,835,000	20,208,129	16,945,000	4,289,494	48,485,000	28,099,398
2,125,000	342,750	975,000	289,500	19,600,000	19,583,904	17,425,000	4,104,793	52,175,000	26,605,222
2,280,000	236,500	1,060,000	240,750	21,465,000	18,897,904	8,685,000	3,900,921	46,820,000	24,957,850
2,450,000	122,500	1,150,000	187,750	23,425,000	18,146,629	3,000,000	3,786,279	44,725,000	23,258,433
-	-	1,250,000	130,250	25,435,000	17,385,316	3,000,000	3,741,279	35,210,000	21,684,120
-	-	1,355,000	67,750	27,545,000	16,558,679	3,000,000	3,691,779	37,855,000	20,496,858
-	-	-	-	29,765,000	15,663,466	3,000,000	3,638,979	32,765,000	19,302,445
-	-	-	-	32,020,000	14,770,516	3,000,000	3,583,179	35,020,000	18,353,695
-	-	-	-	34,380,000	13,809,916	7,710,000	3,526,179	42,090,000	17,336,095
-	-	-	-	36,895,000	12,744,136	8,435,000	3,140,679	45,330,000	15,884,815
-	-	-	-	39,535,000	11,591,168	9,205,000	2,718,929	48,740,000	14,310,097
-	-	-	-	42,335,000	10,326,048	9,930,000	2,350,729	52,265,000	12,676,777
-	-	-	-	45,290,000	8,950,160	10,695,000	1,953,529	55,985,000	10,903,689
-	-	-	-	48,410,000	7,455,590	11,395,000	1,632,679	59,805,000	9,088,269
-	-	-	-	51,735,000	5,809,650	12,065,000	1,353,501	63,800,000	7,163,151
-	-	-	-	55,270,000	3,998,925	12,770,000	1,051,876	68,040,000	5,050,801
-	-	-	-	58,985,000	2,064,475	13,510,000	726,241	72,495,000	2,790,716
-	-	-	-	-	-	14,285,000	374,981	14,285,000	374,981
<u>12,370,000</u>	<u>2,295,000</u>	<u>8,240,000</u>	<u>2,036,750</u>	<u>640,660,000</u>	<u>260,022,193</u>	<u>200,000,000</u>	<u>59,534,901</u>	<u>942,030,000</u>	<u>339,358,419</u>

**METRO**

Schedule of Future Bonded Debt Service Requirements

Full Faith and Credit, Dedicated Tax Revenue and Pension Obligation Bonds

June 30, 2020

**Full Faith and Credit Bonds**

Year of maturity	Full Faith and Credit Bonds					
	Refunding Bonds 2013 Series (1)		Refunding Bonds 2016 Series (2)		2018 Series (1)	
	Principal	Interest	Principal	Interest	Principal	Interest
2020-21	\$ 1,320,000	70,595	890,000	126,475	-	586,450
2021-22	1,345,000	44,263	920,000	101,400	-	586,450
2022-23	1,370,000	15,070	950,000	75,875	-	586,450
2023-24	-	-	965,000	49,450	1,060,000	586,450
2024-25	-	-	1,005,000	15,075	1,115,000	533,450
2025-26	-	-	-	-	1,170,000	477,700
2026-27	-	-	-	-	1,230,000	419,200
2027-28	-	-	-	-	1,290,000	357,700
2028-29	-	-	-	-	1,355,000	293,200
2029-30	-	-	-	-	1,420,000	225,450
2030-31	-	-	-	-	1,495,000	154,450
2031-32	-	-	-	-	1,555,000	94,650
2032-33	-	-	-	-	1,600,000	48,000
2033-34	-	-	-	-	-	-
2034-35	-	-	-	-	-	-
2035-36	-	-	-	-	-	-
2036-37	-	-	-	-	-	-
2037-38	-	-	-	-	-	-
2038-39	-	-	-	-	-	-
2039-40	-	-	-	-	-	-
2040-41	-	-	-	-	-	-
2041-42	-	-	-	-	-	-
2042-43	-	-	-	-	-	-
2043-44	-	-	-	-	-	-
2044-45	-	-	-	-	-	-
2045-46	-	-	-	-	-	-
2046-47	-	-	-	-	-	-
<b>Total</b>	<b>\$ 4,035,000</b>	<b>129,928</b>	<b>4,730,000</b>	<b>368,275</b>	<b>13,290,000</b>	<b>4,949,600</b>

(1) The principal amount of the bonds is reported net of unamortized premium or discount 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.

<b>Dedicated Tax Revenue Bonds</b>		<b>Pension Obligation Bonds</b>	
<b>Oregon Convention Center Hotel Project Series 2017 (1)</b>		<b>Metro Limited Tax Pension Obligation Bonds Series 2005 (1)</b>	
<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
930,000	2,469,800	1,480,000	783,627
965,000	2,432,600	1,645,000	709,567
1,005,000	2,394,000	1,820,000	627,251
1,055,000	2,343,750	2,010,000	536,179
1,105,000	2,291,000	2,210,000	435,598
1,160,000	2,235,750	2,430,000	325,010
1,220,000	2,177,750	2,660,000	203,413
1,280,000	2,116,750	1,405,000	70,306
1,345,000	2,052,750	-	-
1,410,000	1,985,500	-	-
1,485,000	1,915,000	-	-
1,555,000	1,840,750	-	-
1,635,000	1,763,000	-	-
1,715,000	1,681,250	-	-
1,800,000	1,595,500	-	-
1,895,000	1,505,500	-	-
1,985,000	1,410,750	-	-
2,085,000	1,311,500	-	-
2,190,000	1,207,250	-	-
2,300,000	1,097,750	-	-
2,415,000	982,750	-	-
2,535,000	862,000	-	-
2,660,000	735,250	-	-
2,795,000	602,250	-	-
2,935,000	462,500	-	-
3,080,000	315,750	-	-
3,235,000	161,750	-	-
<b>49,775,000</b>	<b>41,950,150</b>	<b>15,660,000</b>	<b>3,690,951</b>

**METRO**
**Schedule of Long-term Bonded Debt Transactions  
General Obligation Bonds  
For the fiscal year ended June 30, 2020**

	Principal			Outstanding June 30, 2020	Interest Expenditure
	Outstanding July 1, 2019	Issued During Year	Matured and Paid During Year		
<b>DEBT SERVICE FUND</b>					
2012A Series Natural Areas General Obligation Bonds with interest rates from 4.0 to 5.0%, final maturity 6/1/26	\$ 48,630,000	-	4,610,000	44,020,000	2,335,950
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	39,790,000	-	3,050,000	36,740,000	1,791,325
2014 Series General Obligation Refunding Bonds with interest rates from 4.0 to 5.0%, final maturity 6/1/20	15,115,000	-	15,115,000	0	755,750
2016 Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds with interest rate of 5.0%, final maturity 6/1/20	8,105,000	-	8,105,000	0	405,250
2018 Series Natural Areas General Obligation Bonds with interest rate of 5.0%, final maturity 6/1/26	20,480,000	-	8,110,000	12,370,000	1,024,000
2018 Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds with interest rate of 5.0%, final maturity 6/1/28	9,885,000	-	1,645,000	8,240,000	494,250
2019 Series Affordable Housing General Obligation Bonds with interest rates from 3.0 to 3.5%, final maturity 6/1/39	652,800,000		12,140,000	640,660,000	22,673,587
2020 Parks and Nature General Obligation Bonds with interest rates from 1.2 to 5.0%, final maturity 6/1/40	-	200,000,000	-	200,000,000	-
<b>Total</b>	<b>\$ 794,805,000</b>	<b>200,000,000</b>	<b>52,775,000</b>	<b>942,030,000</b>	<b>29,480,112</b>

**METRO**

## Schedule of Long-term Bonded Debt Transactions

## Full Faith and Credit, Dedicated Tax Revenue and Pension Obligation Bonds

For the fiscal year ended June 30, 2020

	Principal			Outstanding June 30, 2020	Interest Expenditure
	Outstanding July 1, 2019	Issued During Year	Matured and Paid During Year		
<b>GENERAL FUND</b>					
<u>Full Faith and Credit</u>					
Refunding Bonds 2013 Series					
with interest rates from 1.3 to 2.2%, final maturity 8/1/22	\$ 5,330,000	-	1,295,000	4,035,000	92,841
<u>Full Faith and Credit</u>					
2018 Series					
with interest rates from 3.0 to 5.0%, final maturity 6/1/33	13,290,000	-	0	13,290,000	586,450
<u>Dedicated Tax Revenue</u>					
OCC Hotel Project Series 2017					
with interest rates from 3.0 to 5.0%, final maturity 6/15/47	50,670,000	-	895,000	49,775,000	2,505,600
<u>Pension Obligation</u>					
Metro Limited Tax Series 2005					
with interest rates from 4.859 to 5.004%, final maturity 6/1/28	16,985,000	-	1,325,000	15,660,000	848,008
<b>Total</b>	<b>\$ 86,275,000</b>	<b>0</b>	<b>3,515,000</b>	<b>82,760,000</b>	<b>4,032,899</b>
<b>ENTERPRISE FUNDS</b>					
MERC FUND:					
<u>Full Faith and Credit</u>					
Refunding Bonds 2016 Series					
with interest rates from 1.5 to 5.0%, final maturity 12/1/24	\$ 5,595,000	-	865,000	4,730,000	154,775
<b>Total</b>	<b>\$ 5,595,000</b>	<b>-</b>	<b>865,000</b>	<b>4,730,000</b>	<b>154,775</b>



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# Statistical Section

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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:

	<u>Page</u>
<b>Financial Trends Information</b> These schedules contain trend information to help the reader understand how Metro’s financial performance and well-being have changed over time.	134-145
<b>Revenue Capacity Information</b> These schedules contain information to help the reader assess the factors affecting Metro’s ability to generate its most significant own-source revenue, solid waste fees.	147-149
<b>Debt Capacity Information</b> These schedules present information to help the reader assess the affordability of Metro’s current levels of outstanding debt and Metro’s ability to issue additional debt in the future.	150-159
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which Metro’s financial activities take place.	161-162
<b>Operating Information</b> These schedules contain information about Metro’s operations and resources to help the reader understand how Metro’s financial information relates to the services Metro provides and the activities it performs.	163-167
<b>Additional Information</b> These schedules present information to meet Metro’s continuing disclosure requirements under The Securities and Exchange Commission’s Rule 15c2-12 pertaining to governmental debt issuers.	168-171

**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**

	<b>Fiscal Year</b>		
	<b>2011</b>	<b>2012 Restated</b>	<b>2013</b>
<b>GOVERNMENTAL ACTIVITIES</b>			
Net investment in capital assets (1)	\$ 219,717,752	237,849,839	271,978,616
Restricted	47,802,264	49,673,790	43,460,675
Unrestricted	(4,511,250)	(13,149,913)	(17,127,868)
<b>Total governmental activities net position</b>	<b>263,008,766</b>	<b>274,373,716</b>	<b>298,311,423</b>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Net investment in capital assets	189,929,698	186,405,139	182,360,721
Restricted	1,591,637	2,130,034	2,496,996
Unrestricted	46,842,210	47,918,522	53,862,598
<b>Total business-type activities net position</b>	<b>238,363,545</b>	<b>236,453,695</b>	<b>238,720,315</b>
<b>PRIMARY GOVERNMENT</b>			
Net investment in capital assets (1)	399,322,450	418,964,978	454,339,337
Restricted	49,393,901	50,437,907	45,957,671
Unrestricted	52,655,960	40,058,609	36,734,730
<b>Total primary government net position</b>	<b>\$ 501,372,311</b>	<b>509,461,494</b>	<b>537,031,738</b>

(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.

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
293,851,981	326,328,783	237,716,303	267,856,359	265,925,123	281,246,439	294,848,252
60,588,283	79,540,758	141,591,292	128,141,074	132,860,263	122,522,041	138,330,011
(24,867,150)	(51,369,202)	(151,660,696)	(141,181,696)	(189,495,054)	(151,303,822)	(130,469,211)
<b>329,573,114</b>	<b>354,500,339</b>	<b>227,646,899</b>	<b>254,815,737</b>	<b>209,290,332</b>	<b>252,464,658</b>	<b>302,709,052</b>
179,069,899	175,914,225	311,325,512	310,527,670	311,737,639	321,159,565	338,396,545
3,734,868	8,914,318	19,991,871	24,326,517	24,100,994	38,698,873	6,410,761
56,992,148	61,672,307	53,779,562	55,130,008	60,498,533	24,855,194	22,788,471
<b>239,796,915</b>	<b>246,500,850</b>	<b>385,096,945</b>	<b>389,984,195</b>	<b>396,337,166</b>	<b>384,713,632</b>	<b>367,595,777</b>
472,921,880	502,243,008	501,174,344	533,080,026	540,953,664	570,027,275	591,873,688
64,323,151	88,455,076	161,583,163	152,467,591	156,961,257	161,220,914	144,740,772
32,124,998	10,303,105	(50,013,663)	(40,747,685)	(92,287,423)	(94,069,899)	(66,309,631)
<b>569,370,029</b>	<b>601,001,189</b>	<b>612,743,844</b>	<b>644,799,932</b>	<b>605,627,498</b>	<b>637,178,290</b>	<b>670,304,829</b>

# METRO

## Changes in Net Position

### Last Ten Fiscal Years

(accrual basis of accounting), Unaudited

	Fiscal Year		
	2011	2012	2013
<b>EXPENSES</b>			
Governmental activities:			
General government operations (1)	\$ 14,456,222	16,417,342	14,704,292
Regional planning and development	14,816,800	13,908,730	11,234,615
Culture and recreation	20,351,578	22,695,565	20,788,176
Zoo (2)	27,400,337	30,064,611	33,662,272
Interest on long-term debt	9,538,172	8,159,660	10,927,415
<b>Total governmental activities expenses</b>	<b>86,563,109</b>	<b>91,245,908</b>	<b>91,316,770</b>
Business-type activities:			
Solid Waste (3)	51,721,806	51,020,053	55,266,458
Oregon Zoo (2)	-	-	-
MERC	48,048,265	49,389,612	51,344,928
<b>Total business-type activities expenses</b>	<b>99,770,071</b>	<b>100,409,665</b>	<b>106,611,386</b>
<b>Total primary government expenses</b>	<b>\$ 186,333,180</b>	<b>191,655,573</b>	<b>197,928,156</b>
<b>PROGRAM REVENUES</b>			
Governmental activities:			
Charges for services:			
General government operations	\$ 2,120,491	1,875,695	1,871,628
Regional planning and development	1,364,601	925,904	1,112,779
Culture and recreation	3,985,483	4,175,114	5,095,656
Zoo (2)	18,150,234	19,745,074	22,538,536
Operating grants and contributions (4)	10,973,394	15,551,926	13,553,316
Capital grants and contributions	1,866,808	1,105,751	2,264,327
<b>Total governmental activities program revenues</b>	<b>38,461,011</b>	<b>43,379,464</b>	<b>46,436,242</b>
Business-type activities:			
Charges for services:			
Solid Waste	50,782,440	52,989,049	55,661,225
Oregon Zoo (2)	-	-	-
MERC	31,597,534	33,231,703	36,670,638
Operating grants and contributions (5)	1,144,867	1,620,989	1,382,789
Capital grants and contributions	584,808	123,574	-
<b>Total business-type activities program revenues</b>	<b>84,109,649</b>	<b>87,965,315</b>	<b>93,714,652</b>
<b>Total primary government program revenues</b>	<b>\$ 122,570,660</b>	<b>131,344,779</b>	<b>140,150,894</b>

2014	2015	2016	2017	2018	2019	2020
17,216,935	14,121,383	21,833,274	16,571,054	92,414,695	18,419,574	26,670,161
11,609,788	12,164,998	16,311,836	18,252,248	18,694,103	26,623,652	29,178,474
19,969,697	23,281,061	29,221,523	33,156,498	34,237,180	31,389,370	33,858,568
35,660,651	32,483,204	-	-	-	-	-
9,712,521	6,736,232	7,071,050	6,766,723	8,150,951	11,408,272	29,756,452
94,169,592	88,786,878	74,437,683	74,746,523	153,496,929	87,840,868	119,463,655
56,759,612	57,279,945	64,542,514	67,359,647	70,581,702	76,879,522	84,882,301
-	-	51,633,613	46,636,849	51,803,762	47,446,196	50,169,271
53,945,435	54,868,782	69,110,637	69,090,836	74,435,547	106,849,882	84,868,082
110,705,047	112,148,727	185,286,764	183,087,332	196,821,011	231,175,600	219,919,654
204,874,639	200,935,605	259,724,447	257,833,855	350,317,940	319,016,468	339,383,309
1,615,075	1,501,207	2,132,646	3,133,150	2,764,649	4,942,275	3,677,685
1,422,619	1,180,754	789,058	1,485,757	1,172,496	1,562,666	2,287,732
6,121,579	7,444,771	8,851,083	9,616,244	10,483,073	10,922,080	9,998,063
22,082,776	21,546,136	-	-	-	-	-
11,945,779	22,495,818	13,145,776	16,845,537	18,750,842	26,137,387	25,671,383
3,454,245	7,141,282	261,290	313,816	7,675,000	425,138	338,894
46,642,073	61,309,968	25,179,853	31,394,504	40,846,060	43,989,546	41,973,757
58,583,492	62,743,167	68,196,150	70,798,890	71,897,428	74,185,046	72,174,379
-	-	23,741,859	26,062,207	29,390,534	29,994,324	23,013,687
35,091,155	42,892,276	50,972,855	47,876,192	51,011,674	56,921,768	37,937,166
17,183,489	19,974,313	23,414,591	28,801,808	27,284,520	30,313,581	27,786,467
-	200,000	609,917	1,293,000	1,687,660	1,595,833	788,333
110,858,136	125,809,756	166,935,372	174,832,097	181,271,816	193,010,552	161,700,032
157,500,209	187,119,724	192,115,225	206,226,601	222,117,876	237,000,098	203,673,789

(Continued)

# METRO

## Changes in Net Position, *continued* Last Ten Fiscal Years (accrual basis of accounting), Unaudited

	2011	2012	2013
<b>NET (EXPENSE)/REVENUE</b>			
Governmental activities	\$ (48,102,098)	(47,866,444)	(44,880,528)
Business-type activities	(15,660,422)	(12,444,350)	(12,896,734)
<b>Total primary government net expense</b>	<b>\$ (63,762,520)</b>	<b>(60,310,794)</b>	<b>(57,777,262)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>			
Governmental activities:			
Property taxes	\$ 49,624,399	39,609,807	51,609,216
Excise taxes	14,066,453	14,410,951	15,354,852
Construction excise tax	1,440,755	1,765,024	2,349,487
Cemetery revenue surcharge	27,056	33,619	28,792
Unrestricted local government shared revenues	468,776	466,123	555,198
Unrestricted investment earnings	885,490	506,774	754,672
Transfers	(4,913,239)	2,439,096	(596,564)
<b>Total governmental activities</b>	<b>61,599,690</b>	<b>59,231,394</b>	<b>70,055,653</b>
Business-type activities:			
Unrestricted local government shared revenues (5)	11,558,961	12,581,998	14,463,987
Unrestricted investment earnings	412,229	391,598	231,302
Transfers	4,913,239	(2,439,096)	596,564
<b>Total business-type activities</b>	<b>16,884,429</b>	<b>10,534,500</b>	<b>15,291,853</b>
<b>Total primary government</b>	<b>\$ 78,484,119</b>	<b>69,765,894</b>	<b>85,347,506</b>
<b>CHANGE IN NET POSITION</b>			
Governmental activities	\$ 13,497,592	11,364,950	25,175,125
Business-type activities	1,224,007	(1,909,850)	2,395,119
<b>Total primary government</b>	<b>\$ 14,721,599</b>	<b>9,455,100</b>	<b>27,570,244</b>
Prior period adjustment/cumulative change in accounting principle	\$ 659,362	(1,365,917)	-

(1) The large change in General government operations governmental activities expenses between fiscal years 2017 and 2018 is due to the approximately \$74 million Convention Center Hotel project bond proceeds which were transferred to the developer of the project in fiscal year 2018.

(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, a governmental fund.

(3) 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.

(4) 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.

(5) 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.

2014	2015	2016	2017	2018	2019	2020
(47,527,519)	(27,476,910)	(49,257,830)	(43,352,019)	(112,650,869)	(43,851,322)	(77,489,898)
153,089	13,661,029	(18,351,392)	(8,255,235)	(15,549,195)	(38,165,048)	(58,219,622)
<u>(47,374,430)</u>	<u>(13,815,881)</u>	<u>(67,609,222)</u>	<u>(51,607,254)</u>	<u>(128,200,064)</u>	<u>(82,016,370)</u>	<u>(135,709,520)</u>
59,506,228	61,957,344	55,546,801	59,711,015	64,162,251	78,203,583	114,176,644
15,999,908	16,584,669	18,144,766	18,830,032	18,343,257	18,587,682	16,916,905
2,537,894	2,669,188	3,338,479	3,561,675	3,792,595	3,583,092	3,627,232
49,581	48,335	46,711	47,095	51,479	39,854	45,533
-	-	-	-	-	-	-
1,202,458	904,399	1,383,708	857,777	1,711,821	9,205,677	30,268,742
(506,859)	(701,266)	(156,056,075)	(12,486,737)	(20,896,055)	(22,594,240)	(37,300,764)
<u>78,789,210</u>	<u>81,462,669</u>	<u>(77,595,610)</u>	<u>70,520,857</u>	<u>67,165,348</u>	<u>87,025,648</u>	<u>127,734,292</u>
-	-	-	-	-	-	-
416,652	425,728	891,412	655,748	1,182,067	3,947,274	3,801,003
506,859	701,266	156,056,075	12,486,737	20,896,055	22,594,240	37,300,764
<u>923,511</u>	<u>1,126,994</u>	<u>156,947,487</u>	<u>13,142,485</u>	<u>22,078,122</u>	<u>26,541,514</u>	<u>41,101,767</u>
<u>79,712,721</u>	<u>82,589,663</u>	<u>79,351,877</u>	<u>83,663,342</u>	<u>89,243,470</u>	<u>113,567,162</u>	<u>168,836,059</u>
31,261,691	53,985,759	(126,853,440)	27,168,838	(45,485,521)	43,174,326	50,244,394
1,076,600	14,788,023	138,596,095	4,887,250	6,528,927	(11,623,534)	(17,117,855)
<u>32,338,291</u>	<u>68,773,782</u>	<u>11,742,655</u>	<u>32,056,088</u>	<u>(38,956,594)</u>	<u>31,550,792</u>	<u>33,126,539</u>
-	(8,084,088)	-	-	(215,840)	-	-

**METRO**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting), Unaudited**

	<b>Fiscal Year</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
General Fund (1)			
Nonspendable	\$ 800,367	181,891	157,544
Restricted	13,412,488	16,962,147	20,175,302
Committed	3,661,469	4,169,918	5,427,647
Assigned	-	-	-
Unassigned	27,140,104	27,269,809	25,530,229
<b>Total General Fund</b>	<b>45,014,428</b>	<b>48,583,765</b>	<b>51,290,722</b>
All other governmental funds (1)			
Nonspendable	330,288	355,441	384,121
Restricted (2)	66,436,156	193,949,944	154,652,128
Assigned	503,681	26,330	27,671
<b>Total all other governmental funds</b>	<b>\$ 67,270,125</b>	<b>194,331,715</b>	<b>155,063,920</b>

(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, between 2017 and 2018, and between 2018 and 2019 is primarily due to the issuance of bonds in 2012, 2018, and 2019; subsequent years changes are primarily due to the spend down of the proceeds.

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
1,434,164	1,413,353	1,013,709	798,952	42,693	186,438	296,426
23,335,910	38,197,509	37,683,525	42,309,999	52,899,445	64,016,351	63,313,745
5,836,553	5,626,594	11,135,969	12,316,557	10,522,814	12,493,221	14,740,429
-	-	-	-	-	15,529,940	-
21,358,970	16,093,516	17,162,433	21,133,911	29,180,618	9,988,598	24,836,760
<b>51,965,597</b>	<b>61,330,972</b>	<b>66,995,636</b>	<b>76,559,419</b>	<b>92,645,570</b>	<b>102,214,548</b>	<b>103,187,360</b>
436,202	482,037	528,748	555,580	607,059	647,996	15,735,447
124,685,440	86,346,886	89,903,244	62,107,158	86,678,277	725,292,232	910,772,093
30,336	32,839	37,398	60,859	16,612	36,772	64,430
<b>125,151,978</b>	<b>86,861,762</b>	<b>90,469,390</b>	<b>62,723,597</b>	<b>87,301,948</b>	<b>725,977,000</b>	<b>926,571,970</b>

**METRO**
**Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting), Unaudited**

	<b>Fiscal Year</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>REVENUES</b>			
Property taxes	\$ 49,747,025	39,333,293	51,517,060
Excise taxes	14,068,190	14,413,338	15,357,373
Construction excise tax	1,440,755	1,765,024	2,349,487
Cemetery revenue surcharge	26,861	33,195	28,680
Investment income	853,253	488,586	742,206
Government fees	301,329	109,500	127,590
Culture and recreation fees (1)	17,890,108	19,553,150	22,172,112
Solid waste fees	-	270,856	301,902
Other fees	3,309,488	3,452,403	3,471,424
Internal charges for services	2,797,314	2,740,228	3,623,649
Licenses and permits	379,485	373,675	375,160
Miscellaneous revenue	943,084	221,974	477,361
Grants	9,611,840	9,743,878	10,390,062
Local government shared revenues	468,776	466,123	555,198
Government contributions	65,505	4,427,539	2,992,196
Contributions and donations	1,296,050	862,141	689,428
Capital grants	10,617	38,334	26,876
Capital contributions and donations	991,105	1,027,495	2,011,176
<b>Total revenues</b>	<b>104,200,785</b>	<b>99,320,732</b>	<b>117,208,940</b>
<b>EXPENDITURES</b>			
General government operations	12,432,590	14,142,072	12,883,851
Regional planning and development	14,797,588	13,904,294	11,263,128
Culture and recreation	17,415,303	19,350,637	18,618,034
Zoo (1)	25,030,953	27,860,285	30,978,416
Debt service:			
Principal	30,393,356	24,980,000	39,675,000
Interest	10,367,591	9,093,066	13,907,089
Capital outlay	24,231,381	28,910,761	26,777,135
<b>Total expenditures</b>	<b>134,668,762</b>	<b>138,241,115</b>	<b>154,102,653</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(30,467,977)</b>	<b>(38,920,383)</b>	<b>(36,893,713)</b>

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
59,245,166	61,790,541	55,397,507	59,562,937	64,369,020	79,370,064	114,101,431
16,002,790	16,587,938	18,144,768	18,830,032	18,343,257	18,587,682	16,916,905
2,537,894	2,669,188	3,338,479	3,561,675	3,792,595	3,583,093	3,627,232
49,581	48,335	46,711	47,095	51,479	39,854	45,534
1,180,790	888,088	1,358,919	846,966	1,688,487	9,072,979	30,084,653
99,809	95,725	76,236	85,353	96,500	83,043	85,692
23,306,808	24,856,959	4,592,527	4,612,352	4,821,013	5,156,720	4,066,569
317,949	340,912	985,486	1,033,211	1,053,525	1,077,086	1,086,468
3,470,826	3,271,705	1,485,642	1,951,142	1,985,501	1,971,267	1,975,668
3,223,107	1,812,342	3,969,961	5,477,184	5,145,553	7,989,975	7,079,106
369,855	393,796	507,560	558,504	593,228	577,621	583,115
365,234	540,467	177,329	540,483	730,850	579,426	1,092,948
8,056,565	17,840,916	8,569,740	11,733,942	11,595,479	9,130,571	11,539,100
621,111	773,657	761,253	766,318	3,954,656	3,863,885	4,185,973
2,975,000	3,370,903	3,814,143	4,345,277	3,200,708	13,142,245	9,917,660
293,104	510,343	640	-	-	-	28,650
842,564	18,740	238,790	107,046	175,000	261,638	44,334
2,611,681	7,122,542	22,500	206,770	7,500,000	178,510	294,560
<b>125,569,834</b>	<b>142,933,097</b>	<b>103,488,191</b>	<b>114,266,287</b>	<b>129,096,851</b>	<b>154,665,659</b>	<b>206,755,598</b>
15,189,343	16,506,570	12,583,030	13,885,115	88,524,517	15,877,682	20,930,455
11,598,462	13,888,509	13,304,049	16,814,210	17,666,404	25,444,323	27,184,653
18,866,771	22,358,773	24,568,215	28,730,153	30,295,557	28,049,868	28,746,257
31,274,828	31,967,441	-	-	-	-	-
27,320,000	29,665,000	23,770,000	24,315,000	30,165,000	40,740,000	56,290,000
12,428,417	9,722,466	9,354,224	10,321,223	11,131,207	12,780,341	33,513,011
39,647,950	46,140,996	30,098,540	29,097,093	16,635,087	25,515,599	35,181,744
<b>156,325,771</b>	<b>170,249,755</b>	<b>113,678,058</b>	<b>123,162,794</b>	<b>194,417,772</b>	<b>148,407,813</b>	<b>201,846,120</b>
<b>(30,755,937)</b>	<b>(27,316,658)</b>	<b>(10,189,867)</b>	<b>(8,896,507)</b>	<b>(65,320,921)</b>	<b>6,257,846</b>	<b>4,909,478</b>

(Continued)

**METRO**

Changes in Fund Balances, Governmental Funds, *continued*  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting), Unaudited

	2011	2012	2013
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds issued	15,000,000	140,000,000	-
Refunding bonds issued	-	27,575,000	12,600,000
Premium on bonds issued	-	27,903,859	42,577
Sale of capital assets	78,716	440,934	531,116
Transfers in	1,027,878	5,343,680	355,757
Payment to refunded bond escrow agent	-	(29,679,329)	(12,515,811)
Transfers out	(710,287)	(2,032,834)	(680,764)
<b>Total other financing sources (uses)</b>	<b>15,396,307</b>	<b>169,551,310</b>	<b>332,875</b>
<b>Net change in fund balances</b>	<b>(15,071,670)</b>	<b>130,630,927</b>	<b>(36,560,838)</b>
Prior period adjustment/cumulative change in accounting principle	\$ 659,362	-	-
Debt service as a percentage of noncapital expenditures	37.6%	31.2%	42.2%

(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.

2014	2015	2016	2017	2018	2019	2020
-	-	30,000,000	-	103,655,000	652,800,000	200,000,000
-	57,955,000	-	-	-	-	-
-	6,780,891	3,479,164	-	14,710,080	2,630,335	10,922,405
1,743,987	23,361	348,744	430,096	933,046	64,909	23,655
281,742	964,282	5,779,685	6,815,333	2,485,448	1,904,259	1,449,821
-	(65,967,620)	-	-	-	-	-
(506,859)	(1,364,097)	(20,145,434)	(16,530,932)	(15,798,151)	(15,413,317)	(15,737,577)
1,518,870	(1,608,183)	19,462,159	(9,285,503)	105,985,423	641,986,186	196,658,304
(29,237,067)	(28,924,841)	9,272,292	(18,182,010)	40,664,502	648,244,032	201,567,782
-	-	-	-	-	-	-
34.1%	31.8%	39.6%	36.8%	23.2%	43.5%	53.9%



**METRO**

Solid Waste Tonnage by Waste Type and Destination (1)

Last Ten Fiscal Years

Unaudited

Fiscal year ended June 30,	Waste (2)				Organic (3)	ECU (4)	Regional Total All Waste Types
	Metro- Owned Facilities	Total Per Ton Rate	Privately- Owned Facilities	Total Per Ton Rate	Metro- Owned Facilities	Privately- Owned Facilities	
2011	453,790	85.85	628,743	27.66	23,142	142,515	1,248,190
2012	422,746	89.53	599,457	29.44	84,375	191,257	1,297,835
2013	398,133	93.84	647,912	30.75	101,386	227,707	1,375,138
2014	428,788	94.33	655,546	30.85	91,843	256,438	1,432,615
2015	471,727	93.33	668,913	29.97	86,753	343,303	1,570,696
2016	509,286	94.98	786,179	29.87	76,970	290,151	1,662,586
2017	523,199	96.25	819,222	30.24	79,533	383,483	1,805,437
2018	532,333	94.95	888,452	28.93	74,525	273,996	1,769,306
2019	549,143	97.45	917,591	30.22	77,630	195,544	1,739,908
2020	495,146	97.45	880,572	30.15	83,628	288,958	1,748,304

(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. Data reflects revisions to previous years and therefore may not match previously published CAFRs.

**METRO**  
**Solid Waste Disposal Rates**  
**Last Ten Fiscal Years**  
**Unaudited**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>METRO FACILITIES</b>										
Disposal fee	\$ 56.45	58.35	61.35	61.74	61.62	62.87	63.19	63.20	64.41	64.41
Regional system fee	16.72	17.64	18.56	18.56	18.21	18.39	18.48	18.12	17.81	18.58
Excise tax	10.94	11.80	12.19	12.29	11.76	11.48	11.76	10.81	12.41	11.57
Community & enhancement/host fee	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.00	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	1.69	1.69	1.69	1.76
<b>Total rate per ton (1)</b>	<b>\$ 85.85</b>	<b>89.53</b>	<b>93.84</b>	<b>94.33</b>	<b>93.33</b>	<b>94.98</b>	<b>96.25</b>	<b>94.95</b>	<b>97.45</b>	<b>97.45</b>
Transaction fee-scalehouse	\$ 11.00	12.00	12.00	12.00	12.00	12.00	10.00	10.00	10.00	10.00
Transaction fee-automated	\$ 3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00
<b>PRIVATELY-OWNED FACILITIES</b>										
Regional system fee	\$ 16.72	17.64	18.56	18.56	18.21	18.39	18.48	18.12	17.81	18.58
Excise tax	10.94	11.80	12.19	12.29	11.76	11.48	11.76	10.81	12.41	11.57
<b>Total rate per ton</b>	<b>\$ 27.66</b>	<b>29.44</b>	<b>30.75</b>	<b>30.85</b>	<b>29.97</b>	<b>29.87</b>	<b>30.24</b>	<b>28.93</b>	<b>30.22</b>	<b>30.15</b>

(1) Rates are per ton of mixed waste disposal. For fiscal year 2020, minimum charge is \$28.00 for 360 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	2020			2011		
	Fees Paid (1)	Rank	Percentage of Total Solid Waste Fee Revenue	Fees Paid (1)	Rank	Percentage of Total Solid Waste Fee Revenue
Waste Management of Oregon	\$ 14,505,661	1	20.74 %	\$ 8,460,821	1	17.29 %
Oregon City Garbage Company	3,468,810	2	4.96	2,408,466	4	4.92
Heiberg Garbage Service	3,164,668	3	4.53	1,292,560	6	2.64
Portland Disposal & Recycling	2,441,597	4	3.49	2,698,870	2	5.52
Arrow Sanitary Services	2,367,006	5	3.39	1,067,240	9	2.18
Allied Waste Services of Portland	2,260,024	6	3.23	1,273,881	7	2.60
AGG Recology Inc.	1,873,172	7	2.68	2,603,374	3	5.32
City Sanitary Service	1,437,104	8	2.06	-	-	-
Walker Garbage Services Inc.	1,267,970	9	1.81	901,896	10	1.84
Sunset Garbage Collection Inc.	1,212,970	10	1.73	-	-	-
Trashco Services Inc.	-	-	-	1,743,628	5	3.56
Oak Grove Disposal Company Inc.	-	-	-	1,175,963	8	2.40
<b>Total</b>	<b>\$ 33,998,982</b>		<b>48.62 %</b>	<b>\$ 23,626,699</b>		<b>48.27 %</b>

(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 Solid Waste Disposal Rates table 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

Fiscal year ended June 30,	Governmental Activities				
	General Obligation Bonds	Full Faith and Credit Refunding Bonds	Dedicated Tax Revenue Bonds	Pension Obligation Bonds	Loans Payable
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	-
2018	202,515,140	21,721,580	60,048,719	18,170,000	-
2019	816,251,155	20,319,463	58,889,720	16,985,000	-
2020	970,079,966	18,902,344	57,700,721	15,660,000	-

(1) See Demographic and Economic Statistics table for personal income and population data.

\* Not available

**Business-type Activities**

<b><u>Full Faith and Credit Bonds</u></b>	<b><u>Loans Payable</u></b>	<b><u>Total Primary Government</u></b>	<b><u>Percentage of Personal Income (1)</u></b>	<b><u>Per Capita (1)</u></b>
\$ 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	0.21	143.65
8,988,560	-	255,741,000	0.21	143.74
7,895,584	-	226,285,711	0.17	124.89
7,017,472	-	309,472,911	0.22	168.28
6,099,360	-	918,544,698	0.62	494.22
5,141,247	-	1,067,484,278	N/A *	568.97



**METRO**  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
Unaudited

Fiscal year ended June 30,	General Bonded Debt Outstanding				Real Market Value (1)	Percentage of Actual Real Market Value of Property	Per Capita (2)
	General Obligation Bonds	Pension Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Net General Bonded Debt			
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
2018	202,515,140	18,170,000	847,417	219,837,723	299,124,101,408	0.07	119.54
2019	816,251,155	16,985,000	3,178,629	830,057,526	326,072,241,004	0.25	446.61
2020	970,079,966	15,660,000	3,539,568	982,200,398	337,813,645,099	0.29	523.52

Sources:

(1) The Departments of Assessment and Taxation for Multnomah, Clackamas and Washington counties.

(2) See Demographic and Economic Statistics table for population data.

**METRO**

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2020**

**Unaudited**

<b>Overlapping government</b>	<b>Net property tax backed debt</b>	<b>Percent within Metro</b>	<b>Share of Overlapping Debt</b>
Banks Fire District 13	\$ 3,780,000	0.04 %	\$ 1,603
City of Beaverton	34,857,325	99.87	34,812,847
City of Cornelius	2,776,938	94.12	2,613,787
City of Fairview	6,873,607	100.00	6,873,607
City of Gladstone	3,857,291	100.00	3,857,291
City of Gresham	42,165,297	100.00	42,165,297
City of Hillsboro	72,075,000	98.62	71,081,374
City of Lake Oswego	88,550,000	100.00	88,550,000
City of Milwaukie	37,192,174	100.00	37,192,174
City of Oregon City	13,625,000	99.90	13,611,634
City of Portland	463,339,299	100.00	463,336,519
City of Sherwood	17,879,268	99.70	17,825,487
City of Tigard	21,425,637	99.75	21,371,344
City of Troutdale	10,570,000	100.00	10,570,000
City of Tualatin	21,117,389	100.00	21,117,389
City of West Linn	31,015,000	100.00	31,015,000
City of Wood Village	3,435,000	100.00	3,435,000
Clackamas Community College	88,668,913	74.45	66,015,779
Clackamas County	121,210,000	74.37	90,143,513
Clackamas County ESD	20,636,690	74.53	15,381,268
Clackamas County RFPD 1	28,155,960	85.97	24,205,848
Clackamas County SD 115 (Gladstone)	35,488,599	100.00	35,488,599
Clackamas County SD 12 (North Clackamas)	681,734,563	98.56	671,944,854
Clackamas County SD 3J (West Linn-Wilsonville)	360,943,636	94.98	342,815,602
Clackamas County SD 46 (Oregon Trail)	83,539,476	6.57	5,485,035
Clackamas County SD 62 (Oregon City)	204,496,497	70.68	144,542,010
Clackamas County SD 7J (Lake Oswego)	265,745,846	100.00	265,745,846
Clackamas County SD 86 (Canby)	42,583,582	12.55	5,342,408
Clackamas Soil & Water Conservation	6,494,000	74.37	4,829,568
Columbia County SD 1J (Scappoose)	23,120,000	6.51	1,504,303
Corbett Water District	687,091	22.57	155,103
Lusted Water District	605,000	97.24	588,283
Mt. Hood Community College	20,510,000	86.65	17,771,074
Multnomah County	322,191,877	99.13	319,402,017
Multnomah County Drainage District 1	9,641,000	100.00	9,641,000
Multnomah County RFPD 10	1,679,672	85.27	1,432,339
Multnomah County SD 10J (Gresham-Barlow)	334,402,433	95.65	319,856,262
Multnomah County SD 1J (Portland)	1,191,001,582	99.70	1,187,403,566
Multnomah County SD 28J (Centennial)	15,045,275	100.00	15,045,275
Multnomah County SD 3 (Parkrose)	73,403,571	100.00	73,403,571
Multnomah County SD 39 (Corbett)	4,626,957	13.48	623,598
Multnomah County SD 40 (David Douglas)	69,002,481	100.00	69,002,481
Multnomah County SD 51J (Riverdale)	17,076,044	100.00	17,076,044
Multnomah County SD 7 (Reynolds)	192,394,881	100.00	192,394,881
Oak Lodge Water Services District	1,145,000	100.00	1,145,000
Pleasant Home Water District	1,400,000	57.78	808,934
Portland Community College	575,107,061	92.84	533,909,267
Rivergrove Water District 14J	503,825	100.00	503,825
Tualatin Hills Park & Recreation District	69,944,234	99.91	69,882,054
Tualatin Valley Fire & Rescue District	23,785,000	90.24	21,464,131
Valley View Water District	1,233,398	100.00	1,233,398

(Continued)

**METRO**

Direct and Overlapping Governmental Activities Debt, *continued*

As of June 30, 2020

Unaudited

<b>Overlapping government</b>	<b>Net property tax backed debt</b>	<b>Percent within Metro</b>	<b>Share of Overlapping Debt</b>
Washington County	\$ 213,232,118	93.79 %	\$ 199,984,006
Washington County SD 13 (Banks)	10,174,984	0.04	3,673
Washington County SD 15 (Forest Grove)	74,735,103	80.34	60,040,463
Washington County SD 1J (Hillsboro 7 Bond)	777,521	86.42	671,971
Washington County SD 1J (Hillsboro)	576,809,671	86.44	498,602,355
Washington County SD 23J (Tigard-Tualatin)	332,910,939	99.47	331,134,526
Washington County SD 48J (Beaverton)	955,103,871	99.89	954,044,661
Washington County SD 88J (Sherwood)	320,905,136	82.64	265,206,915
Subtotal, overlapping debt	\$ 8,247,387,712		7,705,305,659
Metro direct debt			1,062,343,031
Total direct and overlapping debt			\$ 8,767,648,690

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**

<b>Fiscal Year Ended June 30,</b>	<b>Debt limit</b>	<b>Total net debt applicable to limit</b>	<b>Legal debt margin</b>	<b>Total net debt applicable to the limit as a percentage of the debt limit</b>
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
2018	29,912,410,141	179,415,000	29,732,995,141	0.60
2019	32,607,224,100	794,805,000	31,812,419,100	2.44
2020	33,781,364,510	942,030,000	32,839,334,510	2.79

**Legal Debt Margin Calculation for Fiscal Year 2020**

True cash value		\$ 337,813,645,099
Debt limit (10% of true cash value)		33,781,364,510
Debt applicable to limit:		
Gross bonded debt principal	\$ 1,029,520,000	
Less legal deductions from debt limit:		
Full Faith and Credit Refunding Bonds 2013 Series		(4,035,000)
Full Faith and Credit Refunding Bonds 2016 Series		(4,730,000)
Full Faith and Credit Bonds 2018 Series		(13,290,000)
Dedicated Tax Revenue OCC Hotel Project Bonds 2017 Series		(49,775,000)
Metro Limited Tax Pension Obligation Bonds Series 2005		(15,660,000)
Total net debt applicable to limit		942,030,000
Legal debt margin		\$ 32,839,334,510

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**

Revenue Support for Dedicated Tax Revenue Bonds, Series 2017 (OCC Hotel Project)

Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30,	Multnomah County Transient Lodging Tax (TLT) Collections		Visitor Facilities Trust Account (VFTA) TLT Net Revenue			
	3% Excise Tax Fund (ETF) TLT(1)	2.5% VFTA TLT(2)	VFTA TLT Net Revenue (3)	City of Portland Bonds VFTA Existing Debt Service (4)	VFTA Payments Available for Series 2017 Bonds (5)	VFTA Payments Transferred to Metro (5)
2011	\$ 9,931,773	\$ 8,276,478	\$ 8,241,979	\$ 8,084,960	\$ 157,019	\$ -
2012	10,937,682	9,114,735	9,077,577	7,410,481	1,667,096	-
2013	11,708,823	9,754,922	9,716,872	7,716,076	2,000,796	-
2014	13,237,477	11,030,282	10,989,687	7,843,453	3,146,234	-
2015	16,187,084	13,489,237	13,447,078	7,987,333	5,459,745	-
2016	18,713,326	15,594,438	15,587,195	8,480,753	7,106,442	-
2017	19,193,769	15,999,832	15,999,832	9,574,819	6,425,013	6,425,013
2018	18,978,594	15,800,071	15,800,071	8,777,222	7,022,849	6,963,788
2019	22,251,356	18,515,110	18,515,110	9,030,659	9,484,451	4,942,458
2020	17,283,587	14,381,807	14,381,807	9,306,196	5,075,612	5,842,244

(1) A component of 3% ETF TLT transferred by Multnomah County to Metro for OCC operating support, including the payment of debt service of the Series 2017 Bonds, defined as "ETF Payments."

(2) A component of 2.5% VFTA TLT transferred by Multnomah County to Metro for payment of debt service of the Series 2017 Bonds, defined as "VFTA Payments."

(3) Excludes VFTA Vehicle Registration Tax (VRT) Revenue.

(4) Debt service on the City of Portland OCC and Stadium bonds and Full Faith and Credit Loan Agreement (PCPA Refunding, defeased in Fiscal Year 2016).

(5) Pledged for repayment of the Series 2017 Bonds, effective date of issuance fiscal year 2018.

(6) Debt service begins fiscal year 2018.

	ETF Payments to Metro (5)	Total Pledged Revenue (VFTA Payments plus ETF Payments) (5)	Pledged Revenue Used to Pay Debt Service (6)	Debt Service Requirements		Coverage
				Principal	Interest	
\$	7,262,373	\$ -	\$ -	\$ -	\$ -	-
	7,770,739	-	-	-	-	-
	8,314,691	-	-	-	-	-
	8,896,719	-	-	-	-	-
	9,519,489	-	-	-	-	-
	10,185,853	-	-	-	-	-
	10,898,863	17,323,876	-	-	-	-
	11,193,132	18,215,981	2,896,215	725,000	2,171,215	6.29
	11,634,142	21,118,593	3,396,550	865,000	2,531,550	6.22
	12,448,532	17,524,144	3,400,600	895,000	2,505,600	5.15



**METRO**  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years  
 Unaudited

<b>Fiscal year ended June 30,</b>	<b>Population (1)</b>	<b>Total Personal income (in thousands) (2)</b>	<b>Per capita personal income (2)</b>	<b>Portland metropolitan unemployment rate (2)</b>
2011	1,656,775	\$ 95,117,802	\$ 42,035	9.0 %
2012	1,672,970	101,586,721	44,391	8.0
2013	1,693,600	103,018,264	44,577	7.1
2014	1,717,765	110,791,572	47,266	6.1
2015	1,745,385	119,239,395	50,065	5.2
2016	1,779,245	125,385,359	51,672	4.6
2017	1,811,860	133,392,595	54,339	3.9
2018	1,839,005	143,214,639	57,903	3.8
2019	1,858,560	149,346,827	59,921	3.5
2020	1,876,155 (3)	N/A *	N/A *	NA *

\* 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

<b>Employer</b>	<b>2020</b>			<b>2011</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Metropolitan Area Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Metropolitan Area Employment</b>
Intel Corporation	21,394	1	1.80 %	15,636	3	1.62 %
Providence Health System	19,326	2	1.62	14,089	4	1.46
US Government	18,500	3	1.55	17,400	2	1.81
Oregon Health & Science University	17,441	4	1.46	12,000	5	1.25
Legacy Health System	12,896	5	1.08	9,732	7	1.01
Kaiser Permanente	12,074	6	1.01	9,039	8	0.94
Nike, Inc.	12,000	7	1.01	7,000	10	0.73
State Government	11,700	8	0.98	23,900	1	2.48
Fred Meyer Stores	8,163	9	0.69	9,858	6	1.02
City of Portland	7,409	10	0.62	8,876	9	0.92
<b>Total</b>	<b>140,903</b>		<b>11.82 %</b>	<b>127,530</b>		<b>13.24 %</b>

(1) Portland-Vancouver-Hillsboro OR-WA MSA

Sources: Piper Jaffray & Co and [www.qualityinfo.org](http://www.qualityinfo.org).

**METRO**  
**Full-Time Equivalent Employees by Function/Program**  
**Last Ten Fiscal Years (1)**  
**Unaudited**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>FUNCTIONS/PROGRAMS</b>										
<b>Primary Government:</b>										
<i>Governmental activities:</i>										
General government operations	172.75	176.15	174.04	175.79	181.80	183.20	170.85	175.77	179.66	193.40
Regional planning and development	89.87	87.43	76.05	72.15	75.65	76.30	85.30	84.80	93.06	93.80
Culture and recreation	54.40	53.20	58.30	76.75	83.55	92.10	99.80	103.95	112.06	121.90
Zoo (1)	155.98	159.31	168.20	174.85	187.15	-	-	-	-	-
<b>Total governmental activities</b>	<b>473.00</b>	<b>476.09</b>	<b>476.59</b>	<b>499.54</b>	<b>528.15</b>	<b>351.60</b>	<b>355.95</b>	<b>364.52</b>	<b>384.78</b>	<b>409.10</b>
<i>Business-type activities:</i>										
Solid Waste	93.60	93.55	91.05	90.75	101.30	107.45	114.16	121.79	139.96	179.76
Oregon Zoo (1)	-	-	-	-	-	198.65	200.60	207.60	209.25	209.00
MERC	190.00	185.85	181.50	175.50	182.35	186.35	189.95	195.65	200.97	201.70
<b>Total business-type activities</b>	<b>283.60</b>	<b>279.40</b>	<b>272.55</b>	<b>266.25</b>	<b>283.65</b>	<b>492.45</b>	<b>504.71</b>	<b>525.04</b>	<b>550.18</b>	<b>590.46</b>
<b>Total primary government</b>	<b>756.60</b>	<b>755.49</b>	<b>749.14</b>	<b>765.79</b>	<b>811.80</b>	<b>844.05</b>	<b>860.66</b>	<b>889.56</b>	<b>934.96</b>	<b>999.56</b>
					(2)	(3)	(4)	(5)	(6)	

(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 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.

(3) 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.

(4) Increase over previous fiscal year is primarily due to an increase in service demand for visitor venues, central services, solid waste operations and parks management.

(5) Increase over previous fiscal year is due to planning staff needed for the Affordable Housing Bond projects, increase in service demand for solid waste operations, and MetroPaint staff converted from contracted to permanent positions.

(6) General Fund increases are primarily due to Capital Project Management group being moved to the general fund. Culture and recreation increased due to new Parks and Nature Bond passing.

Source: Metro Adopted Budget documents.

# METRO

## Operating Indicators by Function/Program

### Last Ten Fiscal Years

#### Unaudited

	Fiscal Year		
	2011	2012	2013
<b>FUNCTIONS/PROGRAMS</b>			
<b>Primary Government:</b>			
<i>Governmental activities:</i>			
General government operations:			
Business licenses issued	2,811	2,768	2,779
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	\$ 102,727	73,091	75,279
Culture and recreation:			
Visitors to Blue Lake Park, Oxbow Park and Chinook Landing (6)	704,430	754,351	813,194
Volunteer visits	5,082	4,248	3,188
Volunteer hours	20,328	15,664	10,357
Acres acquired in Open Spaces and Natural Areas land target areas	392	1,117	398
<i>Business-type activities:</i>			
Solid Waste:			
Recycling Information Center calls/hits on website (4) (7)	135,789	138,438	130,110
Students reached in elementary and secondary school presentations	42,767	46,636	31,636
Regional recovery rate (1)	57.9%	59.3%	62.2%
Hazardous waste net cost per pound	\$ 0.77	0.93	0.93
Gallons of recycled paint produced	134,548	157,957	158,421
Latex paint revenue	\$ 948,328	997,290	1,147,907
PaintCare revenue (management of post-consumer paint) (5)	\$ 1,097,559	1,382,882	1,303,797
Oregon Zoo (2):			
Adult admission price	\$ 10.50	10.50	11.50
Annual attendance	1,536,303	1,597,475	1,683,442
Volunteer hours	156,997	150,035	130,993
Enterprise revenue as percentage of operating revenue	64.0%	64.1%	62.4%
Contributions and donations as percent of total revenue	7.0%	4.0%	3.0%
MERC:			
Annual attendance			
Oregon Convention Center	524,388	732,982	661,283
Portland Expo Center	390,333	506,508	429,613
Portland'5 Centers for the Arts (3)	769,468	844,750	785,277
Number of events/performances			
Oregon Convention Center	88	80	95
Portland Expo Center	93	114	110
Portland'5 Centers for the Arts (3)	877	878	952
Capacity			
Occupancy rate (75% considered maximum)			
Oregon Convention Center	46%	42%	46%

\*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.  
2016 rate reflects DEQ no longer adding the 6% in recovery credits  
2020-DEQ provided updated numbers for 2016 & 2017
- (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.
- (4) In November of 2018, the Recycling Information updated the phone system moving from a Cisco-VOIP system supported by Metro's information services department to a cloud-based hosted service (aka interaction routing strategy) managed by CenturyLink. The data tracking for the year was split between the two systems and tracked similarly with some differences.
- (5) PaintCare revenues derived from a newly established pilot project for the management of post-consumer paint.  
2019 Paint Care Revenue amount was corrected
- (6) Car counter was not in place @ Blue Lake Jan 2015-June 2015 due to new entry construction
- (7) In November of 2018, the Recycling Information updated the phone system moving from a Cisco-VOIP system supported by Metro's information services department to a cloud-based hosted service (aka interaction routing strategy) managed by CenturyLink.

Source: Various Metro departments.

2014	2015	2016	2017	2018	2019	2020
2,739	2,918	3,079	3,019	3,207	3,122	3,152
Aaa AAA						
78,635	81,943	70,467	65,305	77,675	67,245	64,095
739,324	719,804	850,623	847,453	1,027,604	993,133	841,942
3,034	4,472	3,370	5,508	2,841	3,459	1,865
9,384	14,385	15,349	15,083	12,080	10,576	5,703
234	361	180	507	183	246	213
147,389	147,875	146,708	169,444	184,084	231,000	224,380
26,591	44,482	45,150	51,519	54,723	42,998	24,642
64.2%	59.8%	47.0%	46.6%	44.7%	N/A*	N/A*
0.89	0.97	1.04	1.04	1.13	0.99	1.36
199,192	243,341	220,016	203,421	176,489	201,895	161,041
1,258,303	1,360,872	1,286,638	1,149,852	1,064,213	1,205,964	941,447
1,131,360	1,521,246	1,567,449	1,481,844	1,650,050	1,792,651	1,459,255
11.50	11.50	14.95	14.95	17.95	22.95	17.95
1,514,192	1,560,035	1,494,316	1,549,394	1,704,918	1,529,078	977,639
158,551	130,065	98,722	91,911	93,174	78,113	64,666
60.4%	61.2%	59.5%	62.6%	70.2%	68.5%	54.9%
2.4%	2.0%	3.8%	6.2%	6.2%	4.9%	9.3%
581,195	633,047	632,823	624,538	619,068	697,923	435,612
466,213	381,169	398,705	385,184	392,760	471,400	247,815
743,560	876,819	928,151	946,691	958,064	917,425	672,246
88	81	74	70	77	70	46
154	112	121	109	114	121	90
906	967	964	971	946	983	648
44%	51%	58%	48%	45%	51%	47%

# METRO

## Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Unaudited

	2011	2012	2013
<b>FUNCTIONS/PROGRAMS</b>			
<b>Primary Government:</b>			
<i>Governmental activities:</i>			
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	7	8	8
Acres (including acres acquired using Natural areas bond proceeds)	1,957	2,207	2,207
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	7,745	7,668	7,668
Natural areas acquired using bond proceeds	27	27	27
Acres	2,838	4,032	4,430
<i>Business-type activities:</i>			
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	73	73	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	2,256

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.

	2014	2015	2016	2017	2018	2019	2020
	1	1	1	1	1	1	1
	110,000	110,000	110,000	196,960	196,960	196,960	196,960
	162	162	162	162	162	162	162
	485	485	485	485	485	485	485
	8	8	8	8	8	8	8
	2,207	2,305	2,305	2,305	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
	7,684	7,684	7,684	7,684	7,684	7,684	7,684
	27	27	27	27	27	27	27
	4,647	4,910	5,090	5,596	5,778	6,024	6,237
	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
	67	67	67	68	68	68	68
	1	2	2	2	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	716	716	791	791	791
	1	1	1	1	1	1	1
	330,000	330,000	330,000	333,000	333,000	333,000	333,000
	2,256	2,256	2,256	2,556	2,556	2,556	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	
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	860,005	39,028,549	96.5	2,718,087
2013	53,097,952	50,317,145	94.8	1,792,208	52,109,353	98.1	2,846,442
2014	61,068,522	57,913,674	94.8	1,374,922	59,288,596	97.1	3,122,857
2015	63,625,056	60,524,636	95.1	1,244,348	61,768,984	97.1	3,256,373
2016	56,981,126	54,251,668	95.2	888,733	55,140,401	96.8	3,355,651
2017	61,417,731	58,526,399	95.3	779,904	59,306,303	96.6	3,523,722
2018	66,623,193	63,459,709	95.3	653,180	64,112,889	96.2	3,392,641
2019	80,232,825	76,823,359	95.8	603,722	77,427,081	96.5	2,184,005
2020	118,129,185	112,972,917	95.6	-	112,972,917	95.6	2,403,194

(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**

<b>Fiscal Year Ended June 30,</b>	<b>Real Market Value (1)</b>	<b>Total Assessed Valuation (AV)</b>	<b>Urban Renewal Excess</b>	<b>AV used to Calculate Rates (2)</b>
Metro – Total Area				
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
2018	299,124,101,408	173,009,992,753	9,598,803,019	163,411,189,734
2019	326,072,241,004	179,748,438,545	10,330,532,400	169,417,906,145
2020	336,012,820,952	187,871,290,559	11,037,634,600	176,833,655,959
Portion of Metro Located in Multnomah County				
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
2018	157,192,504,703	78,638,078,635	7,438,667,311	71,199,411,324
2019	171,296,770,318	81,401,405,120	7,939,555,685	73,461,849,435
2020	175,102,627,961	84,962,241,690	8,295,865,811	76,666,375,879
Portion of Metro Located in Washington County				
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
2018	89,533,841,337	58,356,654,076	660,442,801	57,696,211,275
2019	97,859,133,163	60,798,329,166	802,404,836	59,995,924,330
2020	102,088,763,082	63,665,739,901	1,020,055,114	62,645,684,787
Portion of Metro Located in Clackamas County				
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
2018	52,397,755,368	36,015,260,042	1,499,692,907	34,515,567,135
2019	56,916,337,523	37,548,704,259	1,588,571,879	35,960,132,380
2020	58,821,429,909	39,243,308,968	1,721,713,675	37,521,595,293

(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**

<b>Fiscal Year Ended June 30,</b>	<b>Permanent Rate</b>	<b>Local Option Levy Rate</b>	<b>General Obligation Bond Levy Rate (1)</b>	<b>Total Rate</b>
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
2018	0.0966	0.0960	0.2203	0.4129
2019	0.0966	0.0960	0.2827	0.4753
2020	0.0966	0.0960	0.4806	0.6732

(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, 2020

Unaudited

<u>Taxpayer account</u>	<u>Type of business</u>	<u>Assessed valuation</u>	<u>Percent of total valuation</u>
<b>MULTNOMAH COUNTY</b>			
PORT OF PORTLAND	Marine and aviation facilities	\$ 670,145	0.87 %
PORTLAND GENERAL ELECTRIC CO	Electric utility	605,452	0.79
ALASKA AIRLINES INC	Air Travel	423,588	0.55
PACIFICORP (PP&L)	Electric utility	385,910	0.50
CENTURYLINK	Telecommunications	329,735	0.43
WESTON INVESTMENT CO LLC	Nonresidential construction	281,110	0.37
BOEING COMPANY	Air Travel	270,158	0.35
COMCAST CORPORATION	Telecommunications	253,887	0.33
AT&T INC	Telecommunications	237,654	0.31
SOUTHWEST AIRLINES CO	Air Travel	235,900	0.31
All other taxpayers	-	72,972,837	95.18
	<b>Total</b>	<b>\$ 76,666,376</b>	<b>100.00 %</b>
<b>WASHINGTON COUNTY</b>			
INTEL	Computer electronics	\$ 1,970,829	3.15 %
NIKE, INC	Athletic apparel	1,011,210	1.61
PORTLAND GENERAL ELECTRIC CO	Electric utility	616,309	0.98
PACIFIC REALTY ASSOCIATES	Real estate	405,106	0.65
NORTHWEST NATURAL GAS CO	Natural gas utility	368,707	0.59
GENENTECH INC	Biotechnology	274,027	0.44
COMCAST CORPORATION	Telecommunications	241,049	0.38
VERIZON COMMUNICATIONS	Telecommunications	241,357	0.39
NIKE IHM	Unsupported Plastics Film and Sheet	216,673	0.35
LAM RESEARCH CORPORATION	Semiconductor production equipment	190,463	0.30
All other taxpayers	-	57,109,955	91.16
	<b>Total</b>	<b>\$ 62,645,685</b>	<b>100.00 %</b>
<b>CLACKAMAS COUNTY</b>			
PORTLAND GEN ELEC CO	Electric utility	\$ 418,873	1.12 %
GENERAL GROWTH PROPERTIES INC	Real estate	275,386	0.73
SHORENSTEIN PROPERTIES LLC	Real estate	220,451	0.59
FRED MEYER STORES INC #63	Retailer	190,776	0.51
PCC STRUCTURALS INC	Metal castings and machining	176,412	0.47
NORTHWEST NATURAL GAS CO	Natural gas utility	133,082	0.35
MEADOWS ROAD LLC	Real estate	92,677	0.25
COMCAST CORPORATION	Telecommunications	86,796	0.23
CENTURYLINK	Telecommunications	75,967	0.20
KAISER FOUNDATION HOSP	Healthcare	68,404	0.18
All other taxpayers	-	35,782,771	95.39
	<b>Total</b>	<b>\$ 37,521,595</b>	<b>100.00 %</b>

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.



## **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, 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 and the provision of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State, 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, 2020, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated November 30, 2020. Our report includes a reference to other auditors who audited the financial statements of The Oregon Zoo Foundation, a discretely presented component unit, as described in our report on Metro's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Compliance and Other Matters**

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, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-0000 to 162-10-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- The accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption, and execution of the annual budgets for fiscal years 2021 and 2020.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.

## **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) as a basis for designing 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.

## **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 Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Moss Adams LLP  
Portland, Oregon  
November 30, 2020

## **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, 2020, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated November 30, 2020. 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. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of The Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards*.

### **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) as a basis for designing 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 financial statements. 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

Portland, Oregon  
November 30, 2020

## **Report of Independent Auditors on Compliance for the 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, 2020. 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 programs.

#### ***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, 2020.

## 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

Portland, Oregon  
November 30, 2020

**METRO**

**Schedule of Expenditures of Federal Awards  
For the fiscal year ended June 30, 2020**

Grantor and Program Title	Federal CFDA Number	Grant/Pass Through Number	Federal Expenditures
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Forest Service-			
Direct Programs:			
UNO Program	10.U01	15-CS-11062200-006	\$ 5,990
Columbia River Gorge National Scenic Area	N/A	18-PA-11062200-005	11,133
Total U.S. Department of Agriculture			17,123
<b>U. S. DEPARTMENT OF DEFENSE</b>			
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 #19-12338	8,024
Planning Assistance to States - Water Resources Development Act	12.110	WDFW #18-11898	60,000
Total U.S. Department of Defense			68,024
<b>U. S. DEPARTMENT OF THE INTERIOR</b>			
Bureau of Land Management-			
Direct Programs:			
Recreation Resource Management; Cooperative Agreements	15.243	L19AC00115-0001	45,000
Fish and Wildlife Service-			
Direct Programs:			
Fish and Wildlife Management Assistance	15.608	F19AP00251-0001-NCDO	80,405
Endangered Species Conservation-Recovery Implementation Funds	15.657	F17AC00620	13,691
Endangered Species Conservation-Recovery Implementation Funds	15.657	F17AP00909	20,000
Subtotal Endangered Species Conservation-Recovery Implementation Funds			33,691
Youth Engagement, Education & Employment Program	15.676	F20AP00208	25,307
Fish and Wildlife Service-			
Passed through The Peregrine Fund Inc and Oregon Department of Fish & Wildlife:			
Wildlife Restoration Grant Program	15.611	ODFW #351-17	129,244
Total Fish and Wildlife Cluster			129,244
Passed through Oregon Department of Parks and Recreation:			
Cooperative Endangered Species Conservation Fund	15.615	FY18-E28TW13OZ	11,786
Cooperative Endangered Species Conservation Fund	15.615	FY17-E28TW10 OZ	27,947
Cooperative Endangered Species Conservation Fund	15.615	FY18-E6-67	5,963
Cooperative Endangered Species Conservation Fund	15.615	FY17-E6-69	14,436
Subtotal Cooperative Endangered Species Conservation Fund			60,132
Passed through Oregon State Marine Board:			
Clean Vessel Act	15.616	N/A	1,800
Clean Vessel Act	15.616	Agreement No. 1592	(101,363)
Subtotal Clean Vessel Act			(99,563)
Sport Fishing & Boating Safety Act	15.622	Agreement No. 1592	40,488
Passed through Ducks Unlimited			
North American Wetlands Conservation Fund	15.623	F13AP00369	119,500
Total U.S. Department of the Interior			434,204
<b>U. S. DEPARTMENT OF TRANSPORTATION</b>			
Federal Highway Administration-			
Highway Planning and Construction Cluster-			
Passed through Oregon Department of Transportation:			
2020 PL & 2018 PL Carryforward - Lead	20.205	ODOT # 33536	2,175,347
2020 STP & 2018 STBG Carryforward Funds	20.205	ODOT # 33536	1,338,661
2020 SEC 5303 Funds & 2018 Carryforward Funds	20.205	ODOT # 33536	777,932
Next Corridor STBG & Next Corridor Carryforward Funds	20.205	ODOT # 33536	184,521
2020 TSMO STBG	20.205	ODOT # 33536	69,557
Delivering Transportation Options (aka ODOT RTO 4)	20.205	ODOT # 32516	253,987
Livable Streets Policy and Guidebook Update	20.205	ODOT # 31401	46,452
2020 TSMO Strategy Planning Update	20.205	ODOT # 33081	16,139
Congestion Pricing Modeling Support	20.205	ODOT # 33518	151,660
Regional Dockless Dashboard	20.205	ODOT # 33628	12,677
Passed through Southwest Washington Regional Transportation Council			
Columbia Connects Bi-State Planning Study	20.205	Work Order 01-2019	7,339
Total Highway Planning and Construction Cluster			5,034,272

(Continued)

**METRO**

Schedule of Expenditures of Federal Awards, *continued*  
 For the fiscal year ended June 30, 2020

Grantor and Program Title	Federal CFDA Number	Grant/Pass Through Number	Federal Expenditures
<b>U. S. DEPARTMENT OF TRANSPORTATION</b>			
Federal Transit Administration-			
Federal Transit - Capital Investment Grants-			
Direct Programs:			
Southwest Corridor Equitable Development Strategy (SWEDS)	20.500	OR-2017-013	428,750
<i>Passed through to subrecipients:</i>			
Center for Intercultural Organizing Total			19,428
Community Partners For Affordable Total			19,870
Home Forward Development Enterprises Total			20,222
Mercy Corps Total			42,574
Proud Ground Total			15,071
The Immigrant & Refugee Community Total			18,065
Montgomery Park to Hollywood HCT Development Strategy	20.500	OR-2020-006	259,319
<i>Passed through to subrecipients:</i>			
City of Portland Total			163,058
Federal Transit Formula Grants-			
Direct Programs:			
Surface Transportation Funds			
Regional Travel Options (RTO)	20.507	OR-2018-020	145,306
Regional Travel Options (RTO)	20.507	OR-2020-004	1,497,527
<i>Passed through to subrecipients:</i>			
City of Oregon City Total			8,753
City of Portland Total			363,667
Clackamas Community College Total			52,617
Clackamas County Total			7,754
Community Cycling Center Total			38,980
Go Lloyd Total			9,837
Oregon Walks Total			36,947
Pear Total			10,693
Portland Community College Total			17,876
Ride Connection Inc Total			119,351
The Street Trust Community Fund Total			111,144
Tri Met Total			16,575
Washington Park Transportation Total			15,154
Westside Transportation Alliance Inc Total			92,015
Safe Routes to Schools (SRTS)	20.507	OR-2019-028	416,799
<i>Passed through to subrecipients:</i>			
Beaverton School District 48 Total			50,630
City of Hillsboro Total			10,172
City of Tigard Total			53,352
Clackamas County Total			19,133
Community Cycling Center Total			38,343
Multnomah County Total			17,633
Total Federal Transit Cluster			2,747,701
Total U.S. Department of Transportation			7,781,973
<b>U. S. Environmental Protection Agency</b>			
Metro Coalition Assessment Grant	66.818	BF-01J23701-0	19,865
Total U.S. Environmental Protection Agency			19,865
<b>U. S. Department of Homeland Security, Federal Emergency Management Agency (FEMA)</b>			
Passed through City of Portland			
Regional Emergency Transportation Routes Update	97.067	City of Portland # 32001914	16,099
Total U.S. Dept of Homeland Security			16,099
<b>Total Expenditures of Federal Awards</b>			<b>\$ 8,337,288</b>

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, 2020. 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 MINIMIS INDIRECT RATE**

During the current year end, June 30, 2020, 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, 2020**

**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 weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) 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:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
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 noted

**FINDING 2019-001 – Capital Assets, Significant Deficiency in Internal Control over Financial Reporting****Criteria or specific requirement:**

GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, states capital assets should be depreciated over their estimated useful lives. Depreciation expense should be measured by allocating the net cost of depreciable assets (historical cost less estimated salvage value) over their estimated useful lives in a systematic and rational manner.

**Condition:**

Three conditions existed as a result of our audit procedures. First, Metro did not have adequate internal control procedures in place to ensure asset lives were correctly entered into the system. Secondly, due to a system limitation, Metro did not have adequate internal control procedures in place to periodically review assets placed in service to verify such assets were appropriately transferred from construction in progress. Finally, it was noted that Metro did not perform an inventory observation of capital assets during the current or prior years.

**Context:**

As it relates to the first condition, during our analysis of depreciation expense, we identified two items where the useful life was not appropriately entered or applied by the system. The first asset was a building placed in service in 2017 but was entered into the system with an in service date of 2010, leading to over depreciation. The second asset had a useful life of 120 months, but the system was depreciating the asset over 12 months. An adjustment posted by management to correct this error over adjusted depreciation and removed too much depreciation expense.

As it relates to the second condition, we noted that various capital assets were incorrectly transferred out of work in process prior to them being completed which lead to a classification error.

As it relates to the third condition, no inventory observation had been performed.

**Effect:**

The effect of the first condition resulted in errors identified totaling \$3,763,584 for the Oregon Zoo Fund and \$630,300 for the Solid Waste Fund. The errors identified for the Oregon Zoo Fund were the result of too much depreciation expense being recognized in the current year whereas the errors identified for the Solid Waste Fund were the result of too little depreciation expense being recognized in the current year.

There was no impact on the change in net position as a result of the second condition; however, an adjustment was posted by management to correct the classification between work in process assets and other capital assets.

**Cause:**

Metro did not have adequate internal controls in place to review capital assets being placed in service.

**Recommendation:**

We recommend a control be implemented to ensure review of the asset life once it has been entered into the capital assets management system to ensure the asset lives are correct. We further recommend assets being transferred from construction in progress be periodically reviewed to ensure asset lives are assigned and depreciated appropriately once the construction in progress is placed in service.

**Views of responsible officials:** Metro understands and concurs with this finding.

**Current Status:** Resolved

