



Financial Condition of Metro: FY 2015-16 to FY 2024-25

June 2026
A Report by the Office of the Auditor

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Metro Auditor

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Metro Accountability Hotline

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MEMORANDUM

June 5, 2026

To: Juan Carlos González, Council President
Ashton Simpson, Councilor, District 1
Christine Lewis, Councilor, District 2
Gerritt Rosenthal, Councilor, District 3
Mary Nolan, Councilor, District 5
Duncan Hwang, Councilor, District 6

From: Brian Evans, Metro Auditor *BE*

Re: Audit of Metro's Financial Condition FY 2015-16 to FY 2024-25

The following report is a review of Metro's financial condition over the last ten years. My office completes this audit every two years. It provides a check-in of how well Metro is doing financially, based on indicators recommended by the International City/County Management Association.

Most of the information in this report is derived from the Annual Comprehensive Financial Report (ACFR) prepared each year by Finance and Regulatory Services and audited by the external financial auditor. It is intended to give a long-term review for Metro's financial history.

The report shows most indicators remained favorable leading to stable financial health as of June 30, 2025. However, 10 indicators showed unfavorable trends that should be monitored. Trends in expenditure and financial health showed the most warning signs.

We have discussed the report with the Chief Financial Officer and Controller. I would like to thank them for their assistance and cooperation in preparing and reviewing the report.

Summary

This report provides an overview of Metro’s financial condition. A government in good financial condition is better positioned to respond to economic changes that affect the resources or costs of providing programs and services. Financial condition is assessed by reviewing long-term trends in revenues, expenditures, debt, and assets. This report also includes long-term demographic and economic trends. Data includes the 10-year period from fiscal year (FY) 2015-16 (July 1, 2015) through FY 2024-25 (June 30, 2025).

Metro’s operating revenue grew slower (111%) than operating expenditure (199%) over the last 10 years. These trends reduce financial health, but they do not show significant variations within Metro. In recent years, fund balances (reserves) have been spent at the Oregon Convention Center, Portland’s Centers for the Arts, and Portland Exposition Center. This was done to maintain operations during the slow recovery from the COVID-19 pandemic and social unrest beginning in 2020.

Voter-approved property, business, and personal income taxes significantly increased revenue for affordable housing and housing services. Metro is increasingly dependent on voter-approved measures to maintain its financial health. As such, maintaining trust with voters is critical for financial stability.

At the end of FY 2024-25 (June 30, 2025), 10 of the indicators tracked in this report showed unfavorable 10-year trends. Trends in expenditure and financial health were mostly unfavorable. Employee costs, fixed costs, and total debt were higher than 10 years ago after adjusting for inflation. During that time, less spending from capital asset funds and lower capital asset values also showed negative trends.

Decreased revenue from excise taxes was another unfavorable trend. Lower excise taxes were the result of exempting Metro’s visitor venues from paying the tax beginning in FY 2018-19. Since then, excise tax revenue has been based entirely on solid waste operations which are dependent on the amount of garbage generated in the region.

While most of the region’s economic and demographic indicators showed favorable trends, the unemployment rate was higher and the value of new residential construction was lower than it was 10 years ago. In recent years, the number of businesses and jobs, and the value of new residential construction and property have all decreased. These shorter term trends are early warning signs that could impact Metro’s financial condition in the future.

Trends and conclusions

The table below includes all indicators in the report. It shows:

- the change from the previous year: increase (+), decrease (-), no change(↔).
- the change over a 10-year period: increase (↑), decrease(↓), no change(↔).
- the effect of the 10-year trend on Metro’s financial health.

“Favorable/unfavorable” is used to describe 10-year trends. Colors are used to help interpret the trends since not all decreases are negative and not all increases are positive.

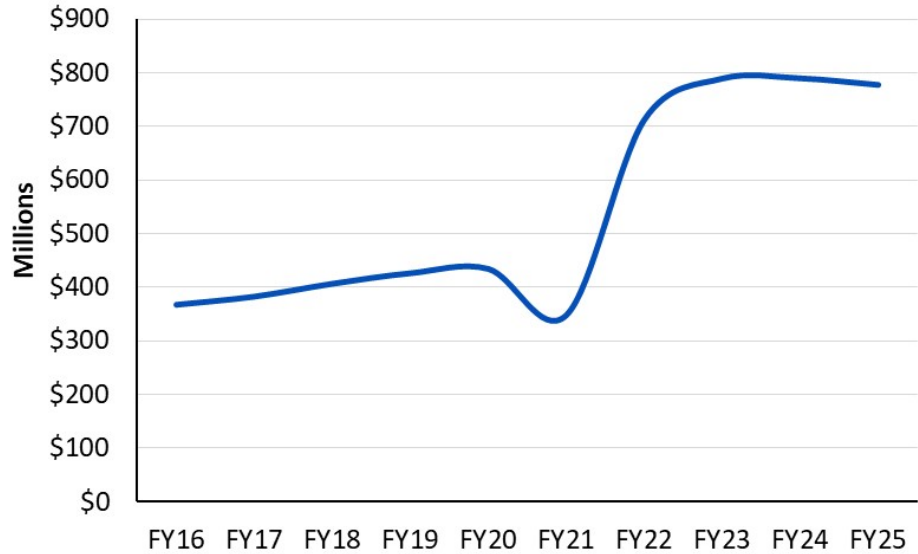
	Indicator	Change from previous year	10-year trend	Effect on overall financial health
Revenue	Total operating revenue	-	↑	Favorable
	Operating revenue per capita	-	↑	Favorable
	Personal income & business taxes	-	N/A	N/A
	Property taxes	+	↑	Favorable
	Excise taxes	+	↓	Unfavorable
	Charges for services	+	↑	Favorable
	Operating grants	-	↑	Favorable
	General Fund revenue over/under budget	-	↓	Favorable
Expenditure	Total operating expenditure	+	↑	Unfavorable, increased faster than revenue
	Operating expenditure per capita	+	↑	Unfavorable, increased faster than revenue per capita
	Risk Management Fund	+	↔	Neutral
	Employee costs	+	↑	Unfavorable
	Fixed costs	-	↑	Unfavorable
	Capital fund expenditure	+	↔	Neutral
Financial Health	Total debt	+	↑	Unfavorable
	Net assets	-	↓	Unfavorable
	Capital assets	-	↓	Unfavorable
	General Fund balances	-	↑	Favorable
Demographic and Economic Trends	Population	+	↑	Neutral
	Per capita personal income	+	↑	Favorable
	Unemployment rate	+	↑	Unfavorable
	Number of jobs	-	↑	Favorable
	Number of businesses	-	↑	Favorable
	Value of new residential construction	-	↓	Unfavorable
	Real market property values	-	↑	Favorable

Sources: International City/County Management Association (ICMA) *Evaluating Financial Condition: A Handbook for Local Government* for most criteria. Office of the Auditor analysis of trends. Specific data sources for each indicator are included in the Scope and Methodology at the end of the report.

Revenue

The amount of money Metro receives determines its capacity to deliver services. The sources of Metro’s revenue are diverse. Some programs charge for their services, while others are funded by taxes. This section of the report shows trends in each type of revenue.

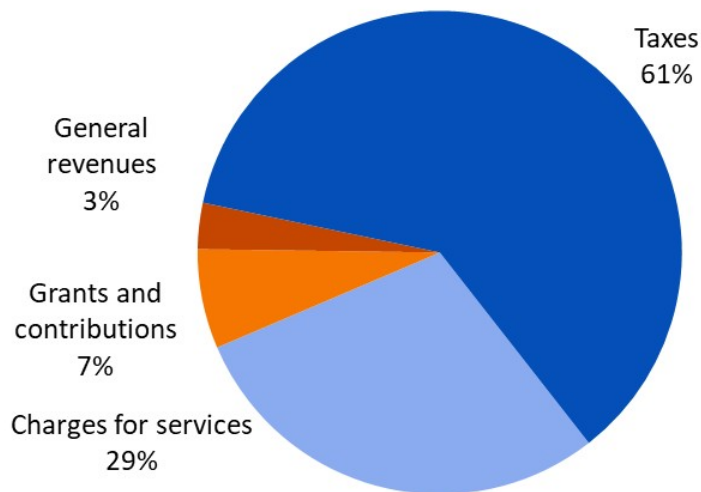
Total operating revenue
FY 2015-16 to FY 2024-25
(adjusted for inflation)



Despite a decline due to the COVID-19 pandemic, total operating revenue increased by 111% over the last ten years. The increase beginning in FY 2022-23 resulted from new personal income and business taxes approved by voters for Supportive Housing Services. Metro distributes that revenue to Clackamas, Multnomah, and Washington counties to provide services.

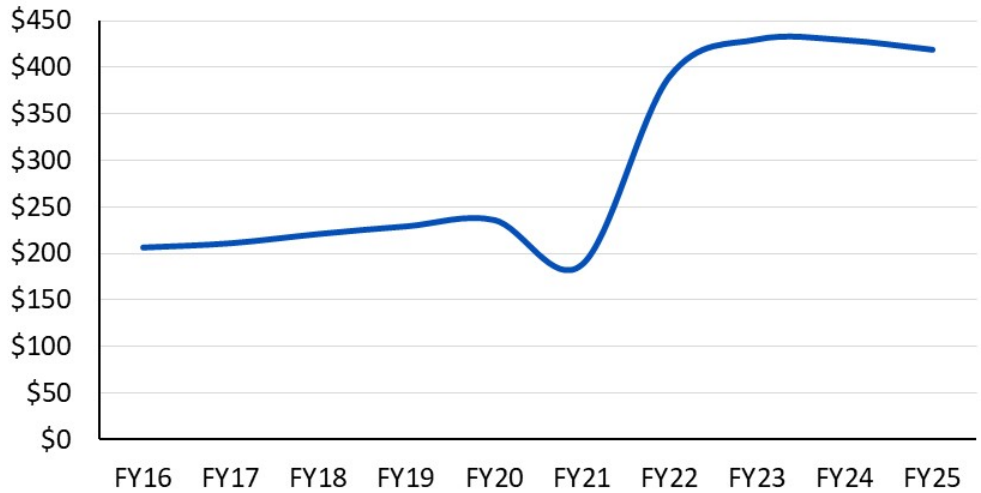
There are four primary sources of operating revenue at Metro: taxes; charges for services; grants and contributions; and general revenues. In the last 10 years, revenue from taxes increased 347%. General revenues increased by 571%, mostly due to investment income associated with the Affordable Housing Bond Fund, Supportive Housing Service Fund, and General Fund. Revenue from charges for services, and grants and contributions also increased by 9% and 3%, respectively.

Operating revenue sources
FY 2024-25



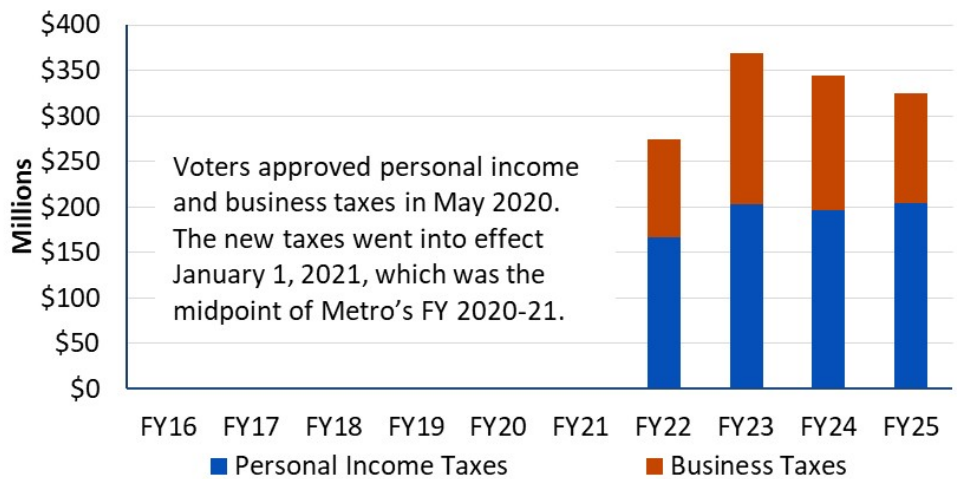
In FY 2024-25, the largest source of operating revenue was taxes. Personal and business income taxes from the 2020 voter-approved SHS ballot measure account for about 68% of Metro’s tax revenue.

Operating revenue per capita
FY 2015-16 to FY 2024-25
(adjusted for inflation)



Operating revenue per capita measures changes in revenue relative to changes in the population of the region. As the population increases, it might be expected that revenues and the need for services would increase at a similar pace. In Metro’s case, population changes (4%) were not the cause. Increased revenue per person was the result of new taxes for affordable housing and housing services.

Personal income & business taxes
FY 2015-16 to FY 2024-25
(adjusted for inflation)

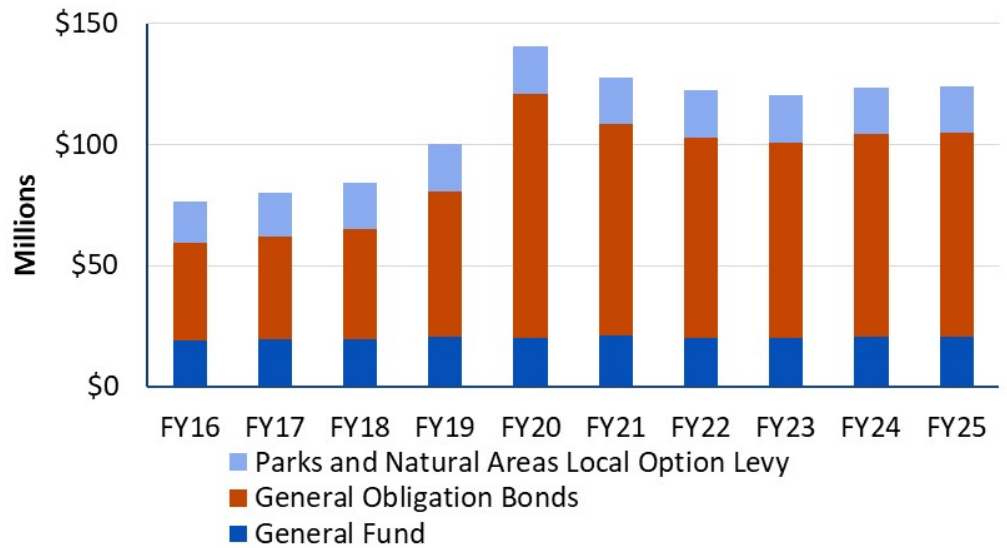


Voters approved Metro’s first new personal income and business taxes in May 2020 to fund Supportive Housing Services. The taxes went into effect on January 1, 2021, which was the midpoint of Metro’s FY 2020-21. As a result, only four full years are reflected in the trend.

Metro estimated that \$250 million would be raised annually when the measure was approved by voters. Significantly more revenue than expected was generated in the first four years. However, it has declined in each of the last two years, while still staying above \$300 million each year. Business taxes

grew by 13% in the first four years. Personal income taxes grew by 22% during that time and accounted for 59% of the total.

Property taxes
FY 2015-16 to FY 2024-25
(adjusted for inflation)



Some property taxes fund Metro’s general government services (General Fund). These revenues can be used for a variety of government operations. Other property tax revenue is used to repay general obligation bonds. General obligation bonds are used for specific projects that were approved by voters such as improvements at the Oregon Zoo, land purchases to protect natural areas, and affordable housing. The Parks and Natural Areas Local Operating Levy is also a voter approved measure funded by property taxes. Its purpose is to pay for Metro’s Parks and Nature department.

The amount of revenue collected to repay general obligation bonds increased by 110% over the last 10 years. This was due to three voter-approved ballot measures to pay for affordable housing (2018), natural area land purchases (2019), and improvements at the Oregon Zoo (2024). Revenue from the operating levy increased by 10%. Property taxes for general government services grew more slowly at 8%.

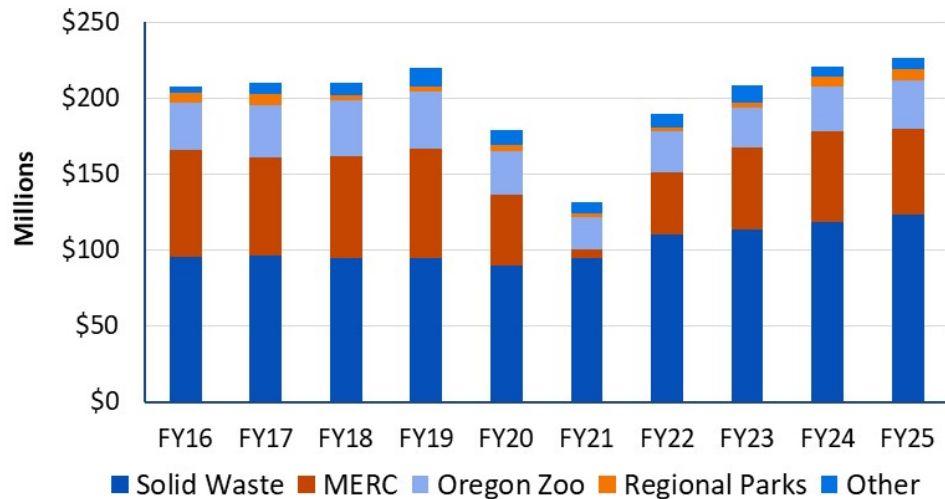
Excise taxes
FY 2015-16 to FY 2024-25
(adjusted for inflation)



Another source of revenue is excise tax. General excise tax is collected when people use solid waste services. Construction excise tax is collected when new construction permits are issued. The construction excise tax is intended to fund the planning required to make land ready for development. This tax was scheduled to end in 2020 but was extended permanently by Metro Council in 2018.

Total revenue from excise taxes decreased by 12% over the last 10 years. This was caused by a 10% decrease in general excise tax and 26% decrease in construction excise tax. In FY 2018-19, Metro exempted its visitor venues from the general excise tax. Since then, it has been based entirely on solid waste operations. Construction excise tax has been consistently lower in the most recent three years due to fewer construction permits.

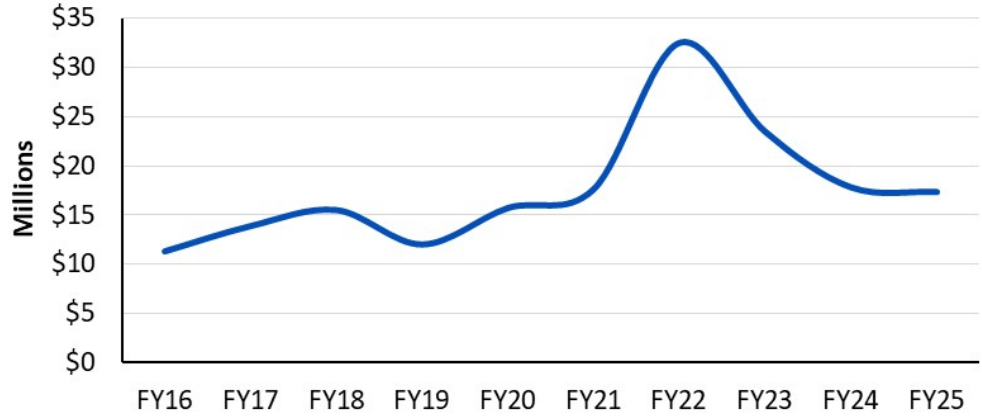
Charges for services
FY 2015-16 to FY 2024-25
(adjusted for inflation)



Service charges are collected for some Metro operations. Solid waste facilities, regional parks, and the Oregon Zoo all charge for providing services. In addition, each of the three venues that make up the Metropolitan Exposition and Recreation Commission (MERC) charge for services. These include the Oregon Convention Center, Portland Exposition Center, and Portland’s Centers for the Arts.

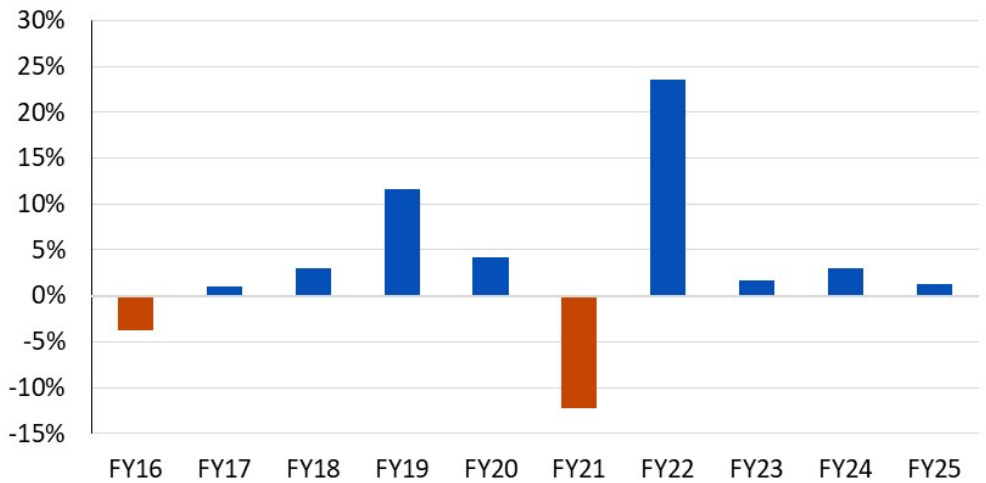
In the last 10 years, the amount of revenue collected from service charges increased by 9%. This was driven by solid waste and other charges for services, but revenue from the Oregon Zoo and regional parks also increased. Charges for services related to MERC venues decreased by 19% compared to FY 2015-16 levels. This was due to the COVID-19 pandemic.

Operating grants
 FY 2015-16 to FY 2024-25
 (adjusted for inflation)



Grants to Metro are typically made for specific projects and programs, which can cause the amount to fluctuate from year to year. Grant revenue was 53% higher in FY 2024-25 compared to 10 years ago. The spike in FY 2021-22 was from pandemic related grants to MERC venues and the Oregon Zoo. Those grants ended the next fiscal year, but the decline was partially offset by additional grants for solid waste services.

General Fund revenue over/under budget
 FY 2015-16 to FY 2024-25

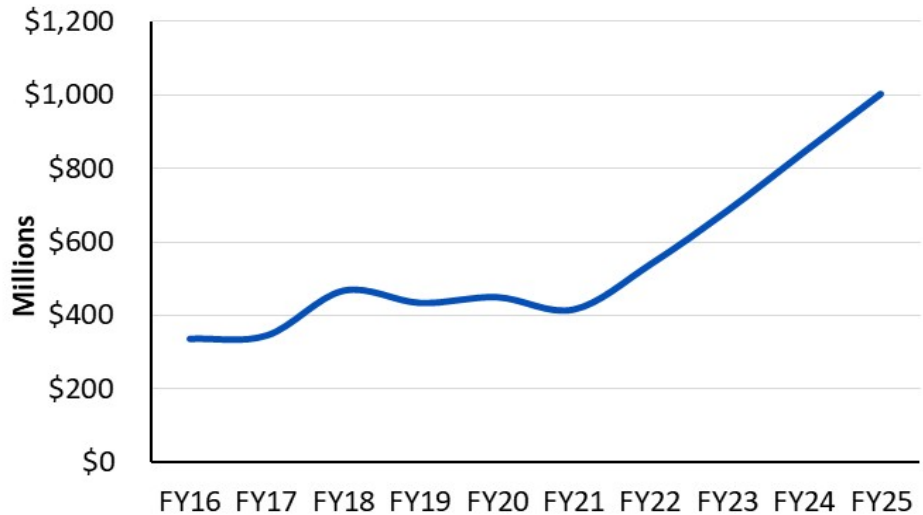


This data shows how the amount of General Fund revenue received compared to the amount of revenue estimated when the annual budget was created. If less revenue is collected, and there are insufficient reserves, it can lead to mid-year cuts in services. The COVID-19 pandemic significantly reduced Metro’s revenue in FY 2020-21, which is why the general fund brought in less than expected that year. In eight of the last ten years, General Fund revenue was above the budget estimates.

Expenditure

Expenditure show the cost of providing government services. There are several ways to analyze expenditure. This section shows total spending and trends in various categories of spending, such as personnel costs, debt payments, and department expenditure.

Total operating expenditure
 FY 2015-16 to FY 2024-25
 (adjusted for inflation)

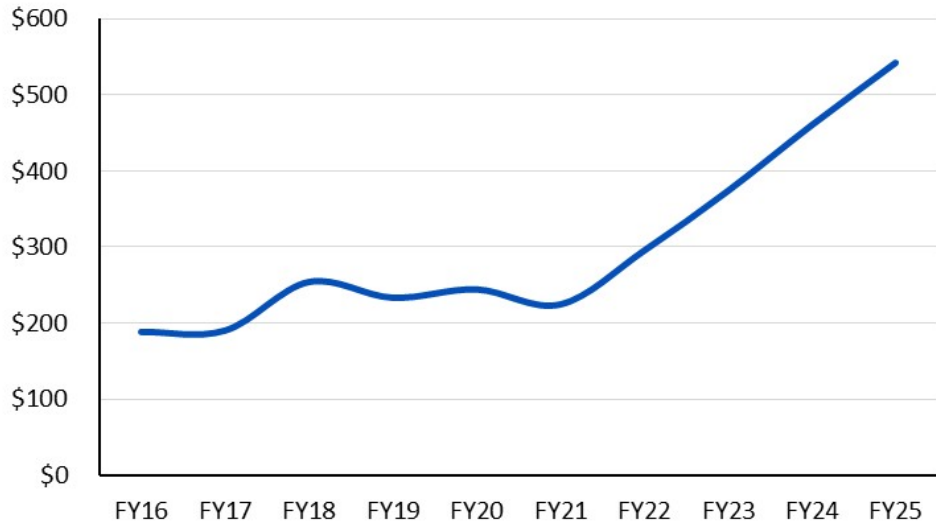


Total operating expenditure increased by 199% in the last 10 years, which was faster than the increase in operating revenue during that time (111%). This data includes all departments and services operated by Metro and the three venues that make up the Metropolitan Exposition and Recreation Commission (MERC). Non-departmental costs, debt service, employee salaries and benefits, and materials and services are also included.

Higher expenditure beginning in FY 2021-22 were mostly the result of voter-approved ballot measures for affordable housing and supportive housing services. During that time, solid waste operating costs also rose. The increase in FY 2017-18 was the result of construction costs for Metro’s part of the Convention Center Hotel project.

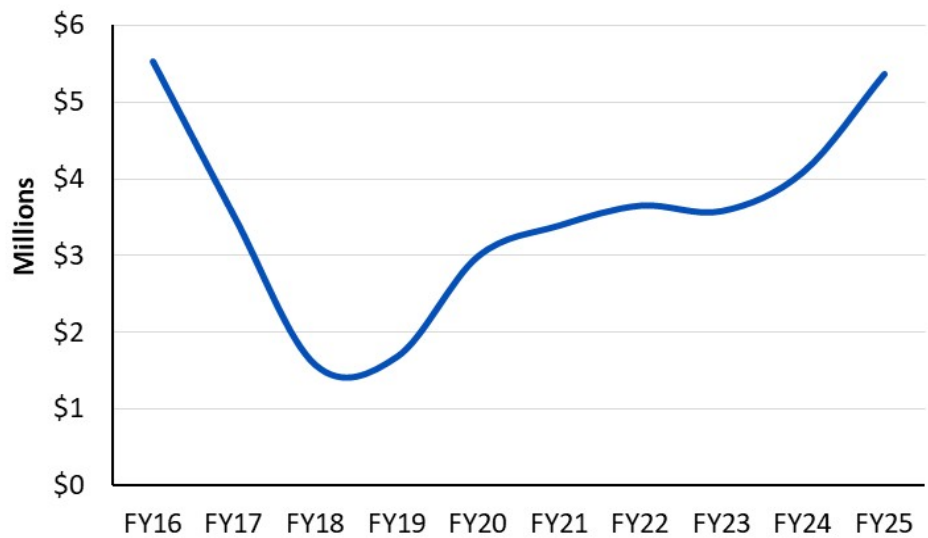
Metro’s Charter limits expenditure from non-voter approved sources. The Consumer Price Index is used to increase the expenditure limit each year. The annual budget includes analysis of proposed expenditure in relation to the Charter limitation. For FY 2024-25, the analysis stated that Metro’s budget would use about 76% of the limit.

Operating expenditure per capita
 FY 2015-16 to FY 2024-25
 (adjusted for inflation)



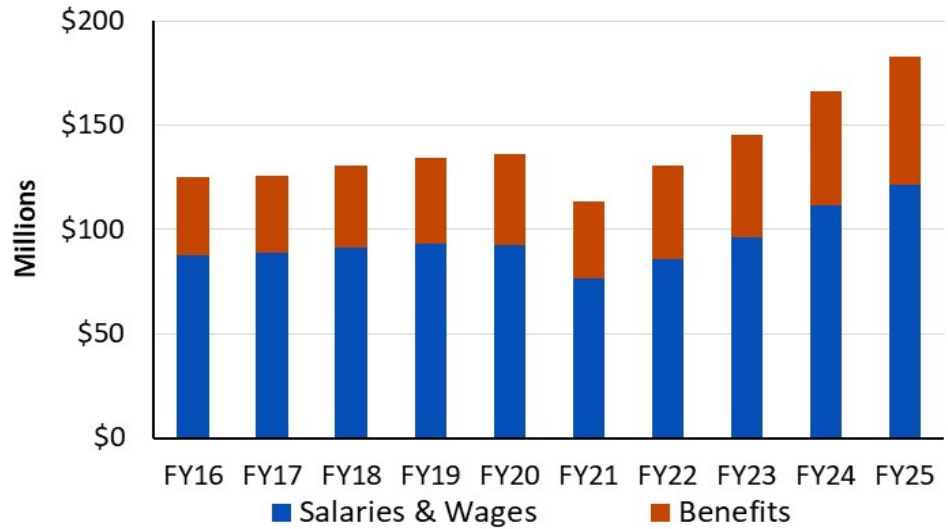
Operating expenditure per capita shows the average amount of money spent to provide services to each person who lives in the region. Expenditure per capita increased by 187% over the last 10 years. The region’s population only grew by 4%. Increased spending per person was caused by a large project at the Oregon Convention Center in FY 2017-18, increased expenditure for solid waste operations, and new services and programs related to housing.

Risk Management Fund
 FY 2015-16 to FY 2024-25
 (adjusted for inflation)



The Risk Management Fund accounts for expenses related to insurance premiums, claims, and studies related to insurance needs. The FY 2015-16 amount was the result of increased claims paid. There was also an increase in the amount of funds reserved for claims incurred, but not yet paid. Expenditure declined in the next two years but increased to nearly the same level as 10 years ago. Recent increases resulted from higher insurance costs, and settlement claims.

Employee costs
 FY 2015-16 to FY 2024-25
 (adjusted for inflation)

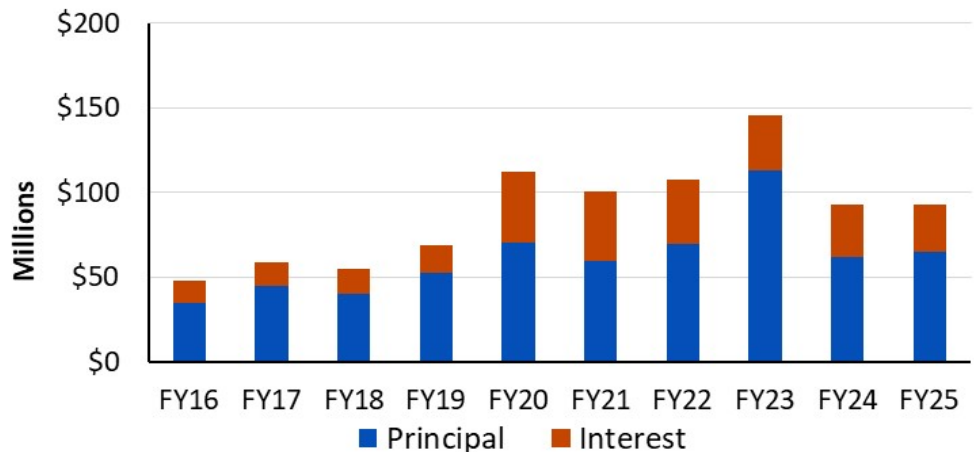


Over the last 10 years, expenditure on employee salaries and benefits increased by 46%. Increased employee costs were caused by benefits for health care and retirement contributions increasing by 63%. Total salaries and wages increased 39%. Benefits accounted for about 34% of all employee costs in FY 2024-25, which was higher than the average (32%) over the last 10 years.

Increased employee costs were the result of a larger workforce and higher average benefit costs. Metro’s workforce was about 40% larger in FY 2024-25 compared to 10 years ago. Average salaries and wages per worker over that period declined slightly. In contrast, the cost of providing benefits to each worker grew by 17% in the last 10 years.

Metro has less control over the costs of benefits compared to salaries and wages. This is because benefits are impacted by the health insurance market and state requirements for funding Metro’s share of the system’s unfunded actuarial liability. These trends indicate the size of the workforce is key factor in managing employee costs.

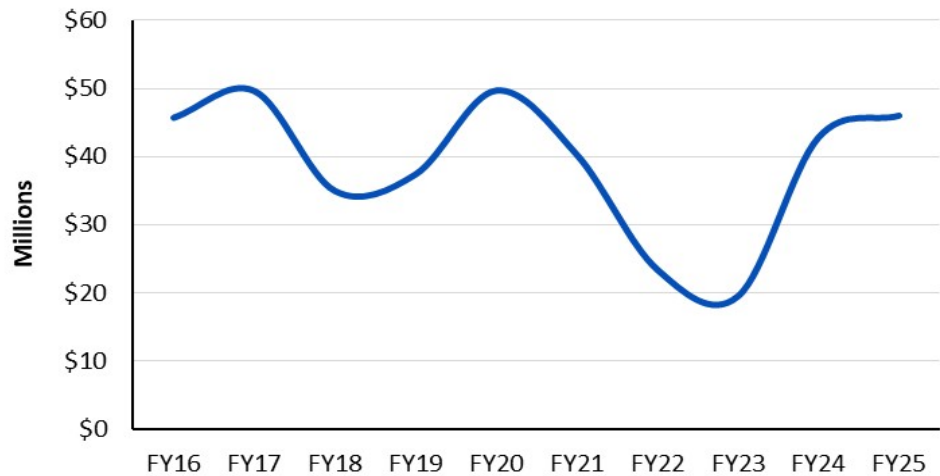
Fixed costs
 FY 2015-16 to FY 2024-25
 (adjusted for inflation)



Fixed costs in FY 2024-25 were 93% higher compared to ten years ago. Fixed costs include the principal and interest on long-term debt. They are considered fixed because Metro cannot adjust these payments when there is a change in resources available. Metro’s long-term debt was primarily from the sale of bonds, most of which are paid by tax increases approved by voters. Metro uses the tax revenue to pay debt.

The increase in principal in FY 2019-20 was for the first payments on the Affordable Housing Bonds that were issued the previous year. The increase in principal payments in FY 2022-23 was from new bonds to repay bonds issued in 2012 for the Oregon Zoo and parks and natural areas program. This is typically done to take advantage of lower borrowing costs, which can decrease overall debt service costs.

Capital fund expenditure
 FY 2015-16 to FY 2024-25
 (adjusted for inflation)



Capital spending is used to acquire or improve physical assets. Spending on new capital projects often results in increased spending over a couple of years that shows up as a spike in the trend line. In contrast, capital spending to maintain existing assets should be more consistent from year-to-year to ensure adequate stewardship of public assets. Deferring maintenance can result in safety hazards and liability risks, shorter useful lives, decreased efficiency, and increased costs to bring assets up to standard.

Over the last 10 years capital expenditure increased by 1%. This was caused by increased spending on voter approved projects for parks and nature, and improvements at the Oregon Zoo. Spending to renew and replace existing assets increased by 55% since FY 2015-16.

Spending by department

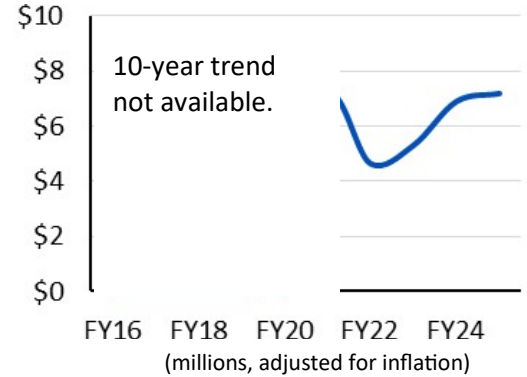
Department growth rates can vary based on the type of programs and services of each department as well as their sources of revenue. Trends in some departments/venues that depend on service charges, excise taxes or bonds are closely tied to the economy. For example, the trends for the three MERC venues, Oregon Zoo, and Waste Prevention and Environmental Services partially reflected their ability to generate revenue. This was especially evident during the COVID-19 pandemic when many of Metro’s visitor venues operations were restricted, but solid waste operations were not. Other departments provide support services to other parts of the organization and do not generate their own revenue.

This table provides a summary of FY 2024-25 expenditure and 10-year trends for each of Metro’s departments or venues. The list is ordered by total expenditure in FY 2024-25. The accompanying charts for each department/venue are in alphabetical order.

Department/Venue	FY 2024-25 expenditure	10-year change
Housing	\$558,454,892	N/A
Waste Prevention & Environmental Services	\$102,084,993	28%
Parks & Nature	\$51,678,009	64%
Oregon Convention Center	\$46,487,244	5%
Oregon Zoo	\$41,928,581	-13%
Planning, Development, & Research	\$32,662,097	71%
Portland’s Centers for the Arts	\$27,044,305	37%
Finance and Regulatory Services	\$13,455,429	90%
Metro Council & Chief Operating Officer	\$11,082,033	87%
Information Technology & Records Mgt.	\$9,649,542	58%
Human Resources	\$7,238,377	112%
Capital Asset Management	\$7,188,469	N/A
Portland Exposition Center	\$5,812,195	-13%
Office of Metro Attorney	\$4,183,233	33%
Communications	\$2,950,773	-18%
Diversity Equity & Inclusion	\$2,288,610	N/A
Office of the Metro Auditor	\$1,136,323	39%

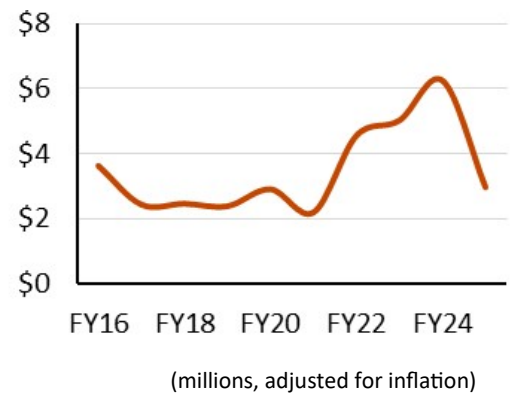
Capital Asset Management
(FY 2020-21 to FY 2024-25)

Capital Asset Management was created in FY 2020-21. Most of its operations were part of Waste Prevention and Environmental Services prior to that. It supports planning and management of Metro’s capital assets, including agency sustainability, emergency planning, asset management, construction project management and Metro Regional Center operations. Since its founding, expenditure increased by 3%. About 78% of FY 2024-25 expenditure was for personnel.



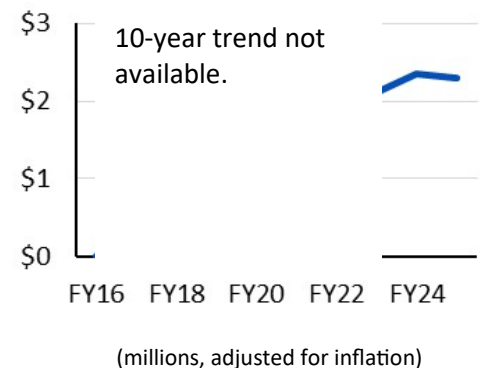
Communications
(FY 2015-16 to FY 2024-25)

Communications provides media relations, public involvement, writing, marketing, graphic and web design services to Metro’s other departments. In the last 10 years, expenditure decreased by 18%. Fluctuations in the last 10-years were caused by changes in how communication employees were organized. Lower spending resulted from embedding former communication employees in other departments. In FY 2024-25, 88% of the expenditure was for personnel.



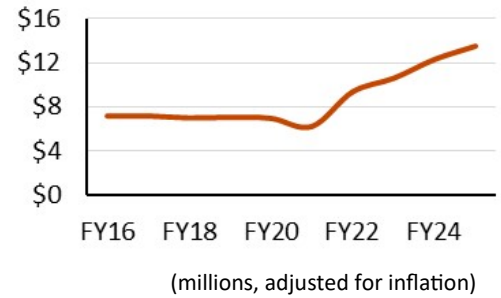
Diversity, Equity, & Inclusion
(FY 2015-16 to FY 2024-25)

This department was created in FY 2022-23. Previously it was part of the Council and COO Office. It leads Metro’s work to achieve racial equity outcomes within the agency and across the region. Expenditure increased 8% since the department was created. About 80% was for personnel in FY 2024-25.



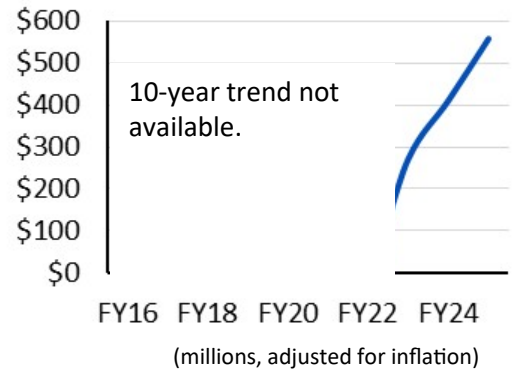
Finance and Regulatory Services
(FY 2015-16 to FY 2024-25)

This department provides services such as accounting, procurement, and budgeting for Metro’s other departments. Expenditure increased by 90% since FY 2015-16 due to higher personnel costs. The increase in FY 2021-22 was the result of centralizing some employees who had previously been embedded in other departments. Personnel services made up 93% of the department’s expenditure in FY 2024-25.



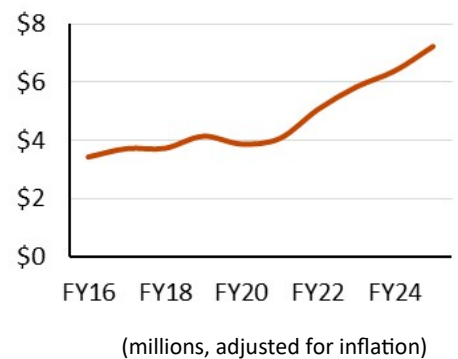
Housing
(FY 2022-23 to FY 2024-25)

Housing is a new department created in FY 2022-23 to implement two voter-approved housing ballot measures: the 2018 Affordable Housing Bond and 2020 Supportive Housing Services Measure. This work was done by Planning, Development, and Research before the new department was created. Nearly all the department’s expenditure was for services provided by the three counties in the Metro region. Personnel Services accounted for 1% of the total in FY 2024-25.



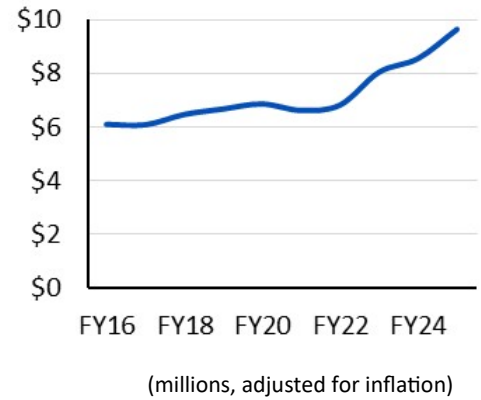
Human Resources
(FY 2015-16 to FY 2024-25)

Human Resources is responsible for employee recruitment, compensation and benefits, and organizational development for all Metro departments. Expenditure increased by 112% in the last 10 years. This was mostly caused by increases in personnel services costs which more than doubled during that time. In FY 2024-25, 93% of expenditure was for personnel.



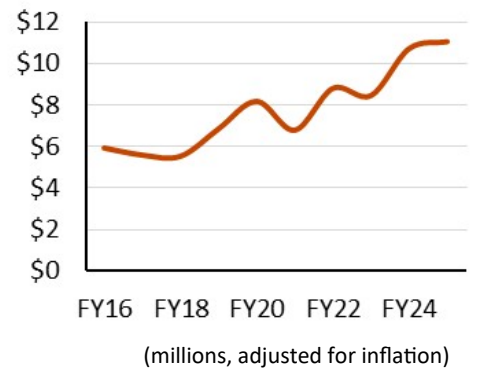
Information Technology & Records Management
(FY 2015-16 to FY 2024-25)

Information Technology and Records Management develops and maintains hardware and software systems to support the entire agency. Expenditure for the department has increased by 58% in the last 10 years. This was caused by increases in both personnel services and materials and services. In FY 2024-25, 67% of its expenditure was for personnel.



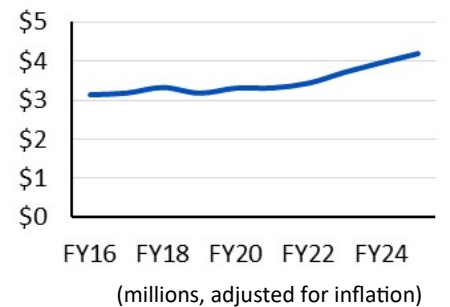
Metro Council & Chief Operating Officer Offices
(FY 2015-16 to FY 2024-25)

Council is the governing body of Metro. It consists of six elected officials who represent districts in the Metro region and one region-wide elected official, the Council President. The Office also includes the Chief Operating Officer’s Office and the Government Affairs and Policy Development program. In the last 10 years expenditure has increased by 87%. In FY 2024-25, 84% of expenditure was for personnel.



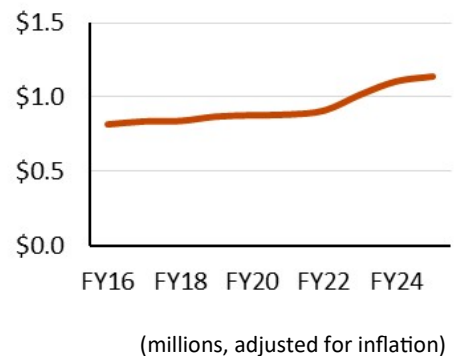
Office of Metro Attorney
(FY 2015-16 to FY 2024-25)

The Office of Metro Attorney provides legal research, evaluation, analysis and advice to Metro departments. In the last 10 years, expenditures increased by 33%. This was caused by increases in personnel services. In the most recent year, personnel accounted for 98% of expenditure.



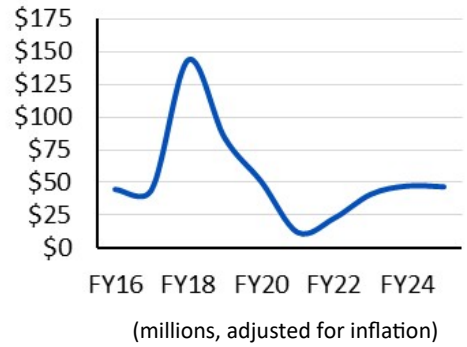
Office of the Metro Auditor
(FY 2015-16 to FY 2024-25)

The Office of the Metro Auditor conducts performance audits of Metro’s services and programs, oversees the financial audit by an outside accounting firm and administers the agency’s Accountability Hotline. Expenditure increased by 39% in the last 10 years. This was caused by higher personnel costs. Personnel accounted for 90% of expenditure in FY 2024-25.



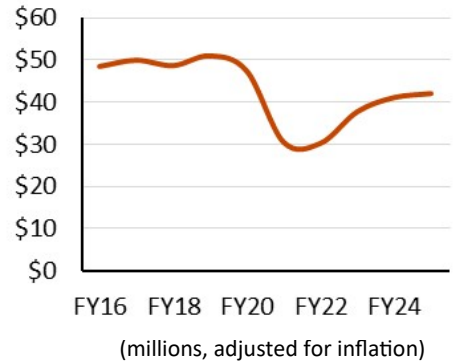
Oregon Convention Center
(FY 2015-16 to FY 2024-25)

The Oregon Convention Center hosts conventions, trade, and consumer shows. Expenditure increased by 5% in the last 10 years. The decrease beginning in FY 2019-20 was caused by operating restrictions related to COVID-19. The large spike in FY 2017-18 was mostly from a renovation of the main entrance and interior finishes. In FY 2024-25, spending on materials and services accounted for 69% of the total.



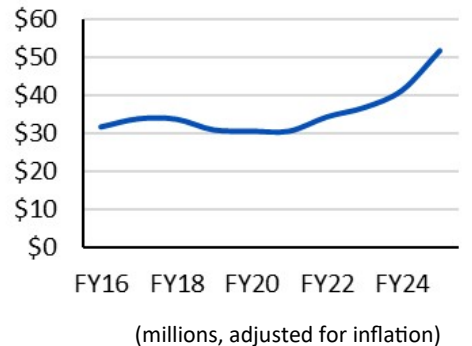
Oregon Zoo
(FY 2015-16 to FY 2024-25)

The Oregon Zoo houses animals, provides wildlife education, and conservation programs. Over the last 10 years, expenditure decreased by 13%. Spending slowed when operations were restricted by COVID-19. Personnel costs accounted for 68% of the total in the most recent year.



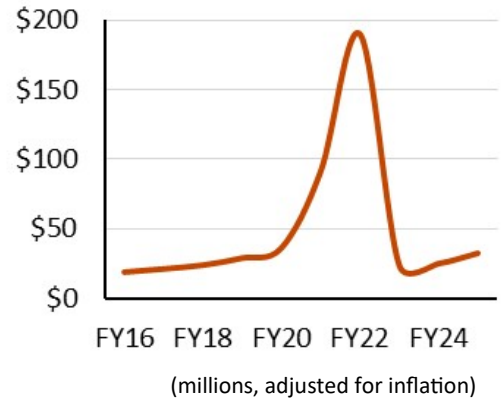
Parks and Nature
(FY 2015-16 to FY 2024-25)

Parks and Nature manages Metro’s parks, natural areas, and cemeteries. It also plans and develops a regional system of parks and trails. Over the last 10 years, expenditure increased by 35%. This was due to increased personnel, and materials and services costs. In FY 2022-23, 53% of operating expenditure was for materials and services.



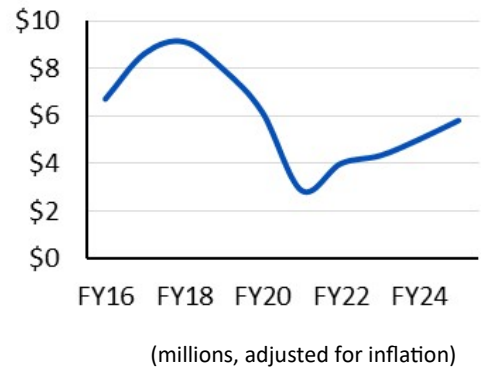
Planning, Development, and Research
(FY 2015-16 to FY 2024-25)

Planning, Development, and Research develops policies and programs that guide land use and transportation planning. It also provides data, mapping, forecasting, and technical services. The large spike was the results of two voter-approved housing measures that were initially managed in the department. That work is now part of a separate department. Metro’s Research Center joined the planning department in FY 2021-22. It had previously been a separate department. Over the last 10 years, expenditure increased by 71%. This was caused by increased spending on materials and services. In FY 2024-25, 55% of the department’s budget was spent on materials and services.



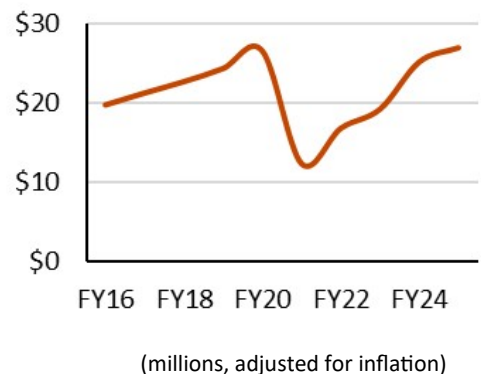
Portland Expo Center
(FY 2015-16 to FY 2024-25)

The Portland Exposition Center is a multi-purpose exhibition facility including meeting rooms, exhibit halls, and outdoor space. Since FY 2015-16, expenditure decreased by 13%. This was caused by a slow recovery from the COVID-19 restrictions that began in FY 2019-20. In FY 2024-25, personnel costs accounted for 54% of expenditure.



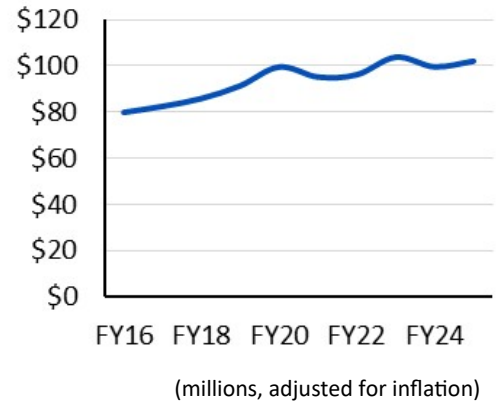
Portland’s Centers for the Arts
(FY 2015-16 to FY 2024-25)

Portland’s includes five spaces for events such as concerts, dance performances, and plays. Expenditure increased by 37% over the last 10 years. The decline beginning in FY 2019-20 was caused by operating restrictions during COVID-19. In the most recent year, materials and services accounted for 53% of expenditure.



Waste Prevention and Environmental Services
(FY 2015-16 to FY 2024-25)

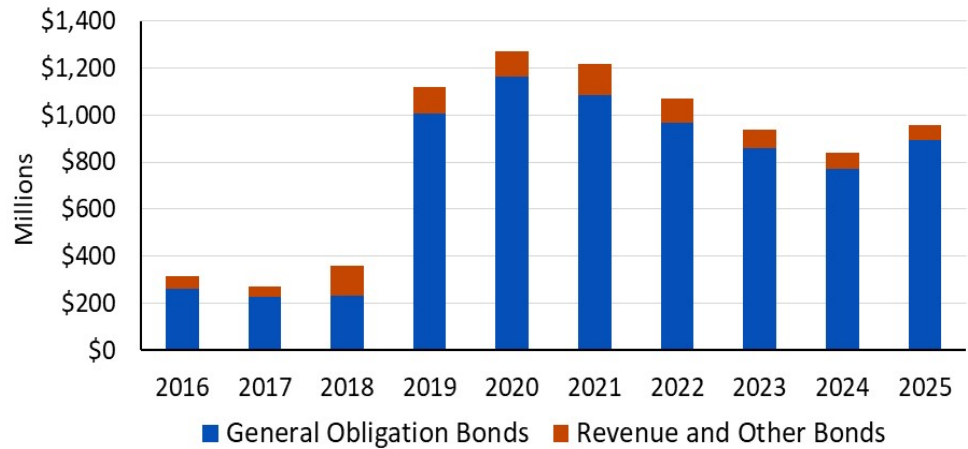
This department manages the regional waste disposal system and works with local governments on waste reduction and recycling strategies. In FY 2020-21, some parts were split off to form a new department (Capital Asset Management). Over the last 10 years, expenditure increased by 28%. About 71% of the department’s budget in FY 2024-25 was for materials and services.



Financial health

The indicators in this section reflect Metro’s overall financial position. Local governments in a sound financial condition can afford to provide services with less risk of not being able to fund them. Sound financial condition also implies the ability to withstand local, regional or national economic changes. Some of these economic and demographic trends are summarized in the next section of the report.

Total debt
(as of June 30, adjusted
for inflation)

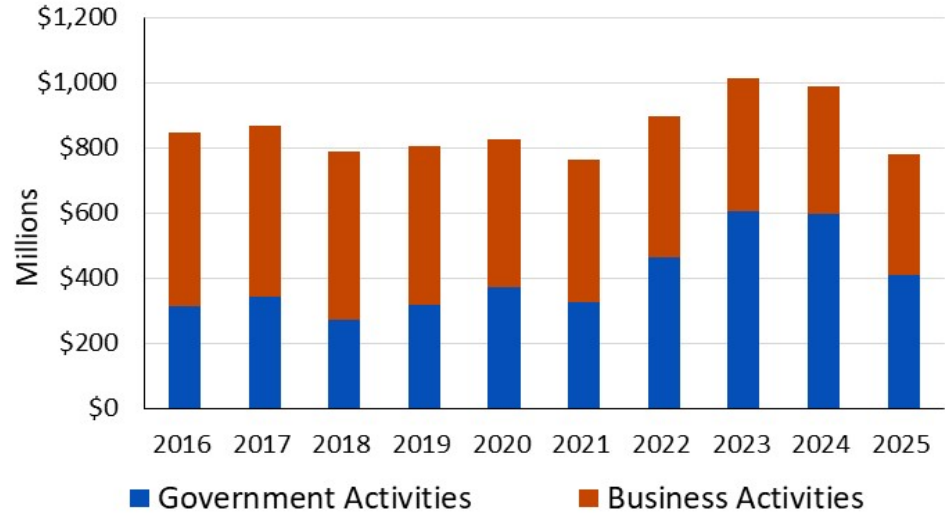


Total debt increased by 202% in the last 10 years. The majority (92%) of Metro’s long-term debt is from general obligation bonds. Repayment of general obligation bonds occurs through separate property tax levies that are commonly associated with voter-approved ballot measures.

The increase in 2019 was from new bonds issued to pay for the voter-approved Affordable Housing Bond. In 2020, additional bonds were issued to pay for the voter-approved Parks and Natural Areas ballot measure. General obligation bond debt decreased from 2021 through 2024 as debt was repaid. The increase in 2025 was for new general obligation bonds related to the voter-approved Parks and Nature and Oregon Zoo ballot measures.

Revenue and other bonds are issued when Metro identifies a specific source to repay debt or pledges other collateral to borrow against. For example, Metro paid a portion of Oregon Convention Center Hotel construction costs from local tourism taxes.

Net assets
(as of June 30,
adjusted for inflation)

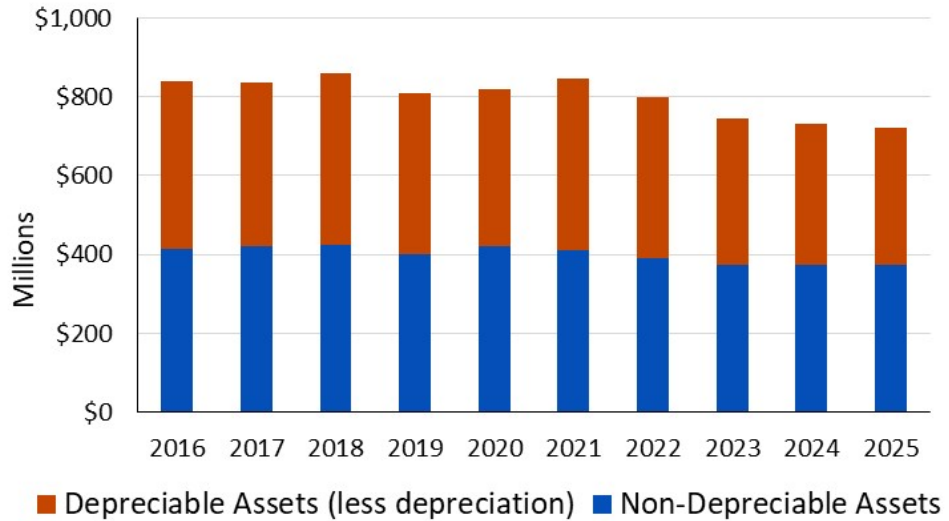


Net assets measure the difference between what Metro owns and what it owes. Some of Metro’s assets are monetary and some of them are physical things, such as buildings and land. Both types of assets are included in the indicator.

Metro’s business activities include solid waste operations, Oregon Zoo, Oregon Convention Center, Portland’5, and Portland Exposition Center. All other Metro programs, such as housing, regional planning, and parks are included in governmental activities.

Metro’s total net assets decreased by 8% between 2016 and 2025. Net assets for business activities decreased by 30% since 2016. This was caused by decreases as the venues spent fund balances to cover the slow recovery in regional travel and tourism. Net assets for government activities increased by 30% since 2016.

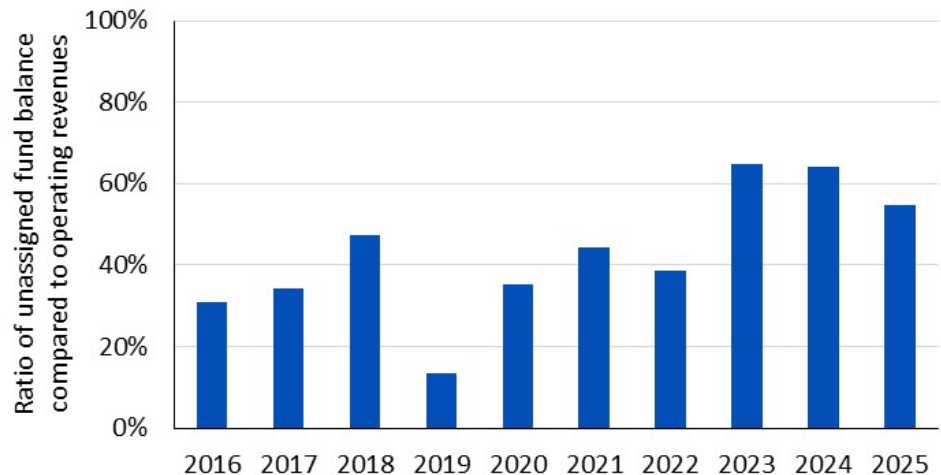
Capital assets
(as of June 30,
adjusted for inflation)



Capital assets include both depreciable and non-depreciable assets. Examples of depreciable assets are buildings, zoo exhibits, equipment, software, and office furniture. Examples of non-depreciable assets are land, easements and artwork. Neither category includes right-to-use assets like software or leases, nor construction in progress. The value of those assets can vary widely from year to year, and Metro does not own them.

Overall, capital assets decreased by 14% in the last 10 years. Depreciable asset values declined more quickly (18%) than non-depreciable assets (10%). Without investment, capital assets lose value over time. Governments should invest in new assets, or improvements to existing assets, to maintain their value.

General Fund balance
(as of June 30)



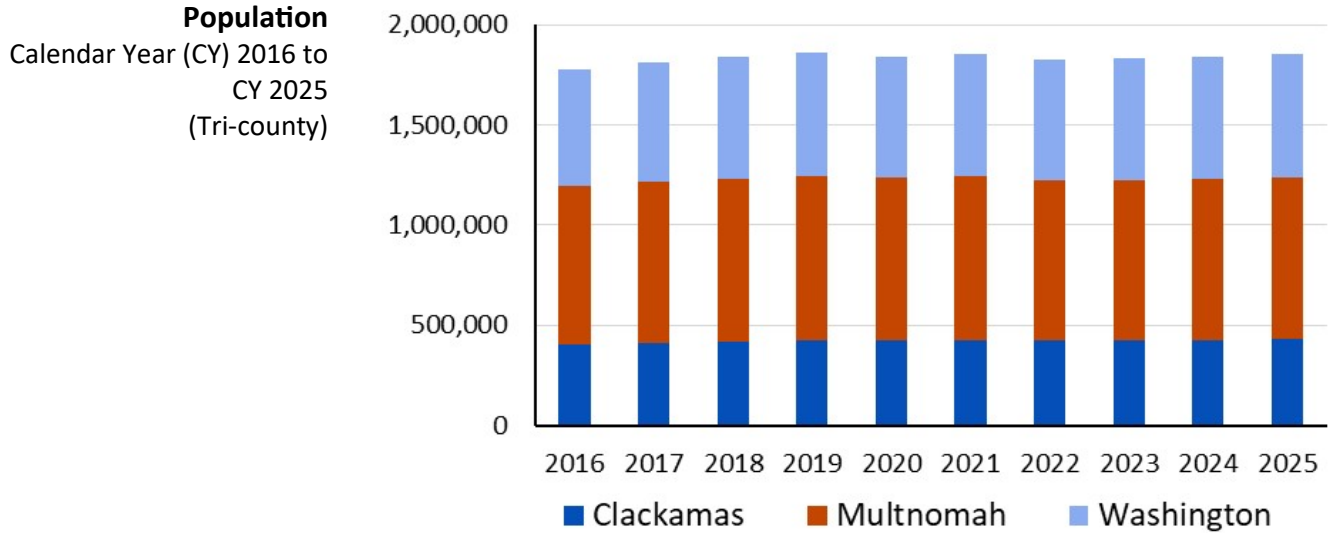
This measure is the ratio of unassigned fund balances to operating revenue in the General Fund. A larger ratio can make it easier for Metro to withstand financial emergencies like those arising from the COVID-19 pandemic in 2020. If revenue drops suddenly during the year, the general fund balance

can serve as a backup to prevent mid-year cuts to services. The General Fund pays for Metro's primary government programs and support services. It does not include the Oregon Convention Center, Oregon Zoo, Portland's Centers for the Arts, Exposition Center, and solid waste operations.

The ratio was 55% in 2025. The low ratio in 2019 resulted from assigning about \$15 million of the fund balance to be appropriated in the budget. That ensured Metro's budget included reserves for specific purposes but left the unassigned amount significantly smaller than it had been in previous years.

Demographic and economic trends

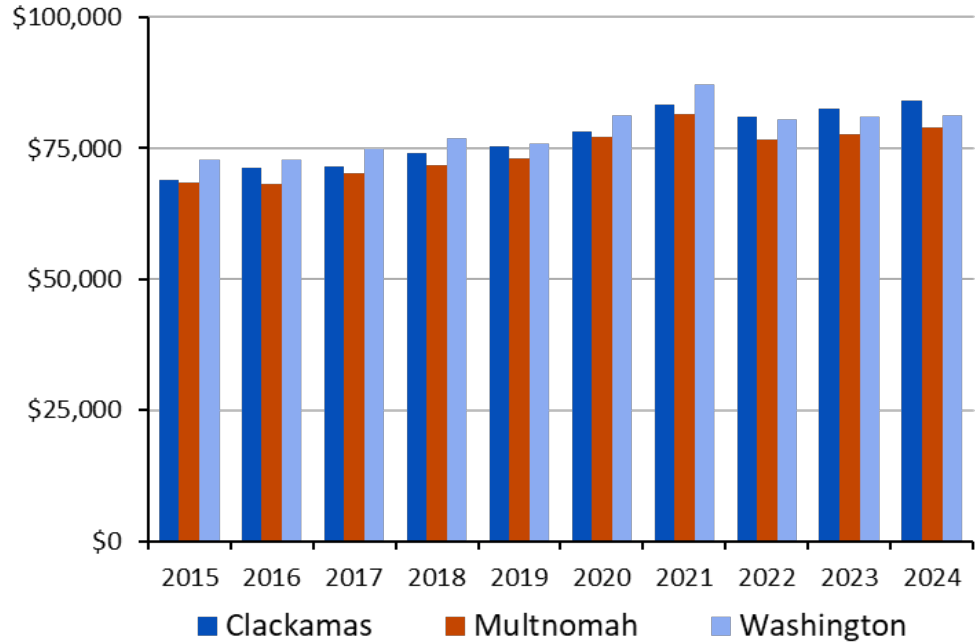
Metro’s ability to raise revenue and deliver services is directly related to the economic and demographic trends of the region. The following indicators measure those trends to provide context for changes seen in the other indicators contained in this report. Most data sources do not match the Metro regional boundary exactly, so tri-county totals or the Oregon portion of the Metropolitan Statistical Area were used instead.



The population of the region has grown by about 4% since 2016. Population changes can affect government finances in two ways. The amount of revenue received is partially related to the number of taxpayers in the region. Similarly, the demand for services can change based on the number of people in the region.

In the last 10 years, Clackamas and Washington counties both grew at similar rates, 7% and 6% respectively. Multnomah County grew more slowly at about 2%. Multnomah accounted for the largest share of the tri-county population followed by Washington (33%) and Clackamas (23%).

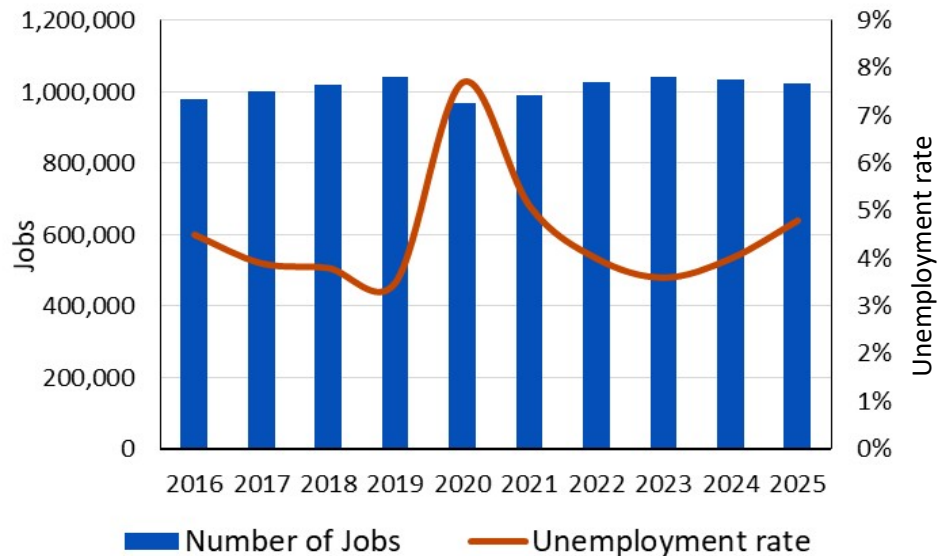
Per capita personal income
CY 2015 to CY 2024
(Tri-county, adjusted for inflation)



Per capita income is a measure of the average income per person. Credit rating firms use this measure to estimate a government’s ability to repay debt. A decline in per capita income can cause a drop in consumer spending, which could affect the local economy.

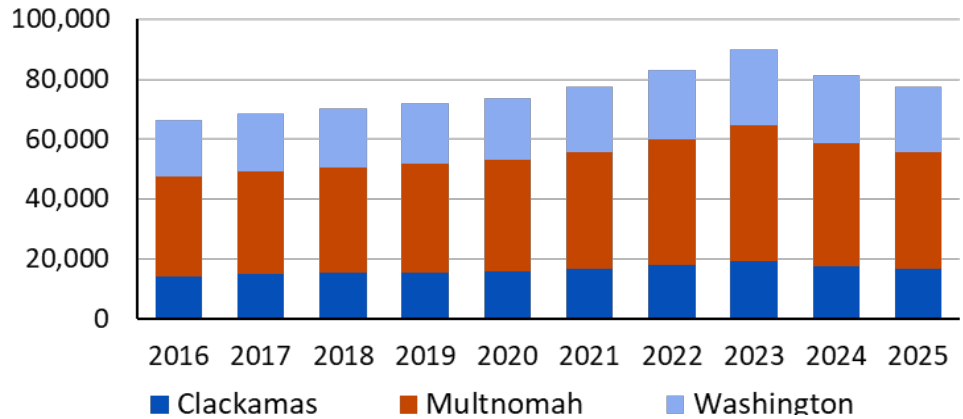
Per capita income in the tri-county region has increased on average by 16% since 2015. Clackamas County increased the fastest in the last ten years (22%) followed by Multnomah (15%) and Washington (12%). Declines in 2022 may be related to a reduction in temporary payments associated with the COVID-19 pandemic.

Unemployment rate and number of jobs
CY 2016 to CY 2025
(Metropolitan Statistical Area, *Oregon portion)



The unemployment rate and number of jobs measure business activity. After several years of steady increases in the number of jobs and decreasing unemployment, COVID-19 reversed both trends in 2020. Both have improved since then but are not back to 2019 levels yet.

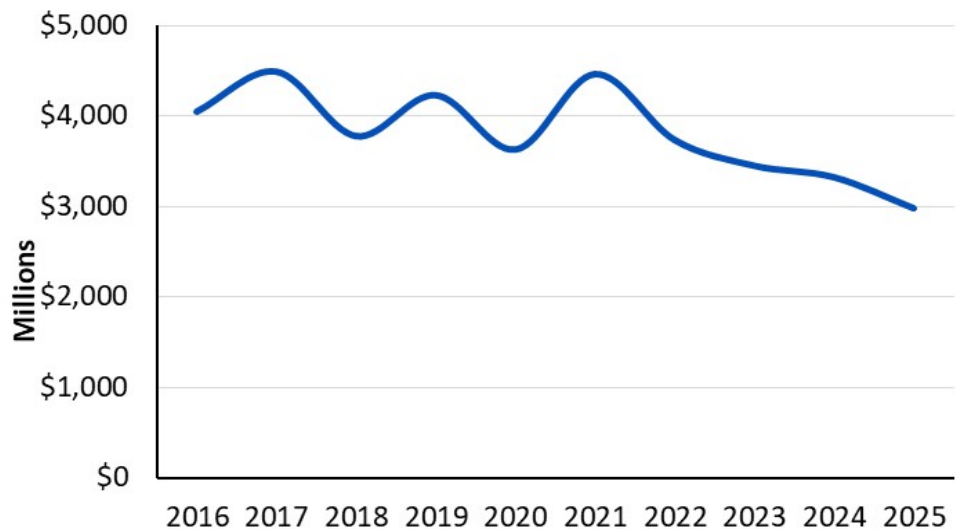
Number of businesses
CY 2016 to CY 2025
(Tri-county)



The number of businesses affects Metro’s revenues that rely on business activity like taxes, meetings and events at visitor venues, and construction debris processed at solid waste facilities. A decline in business activity can reduce employment, income, and property value.

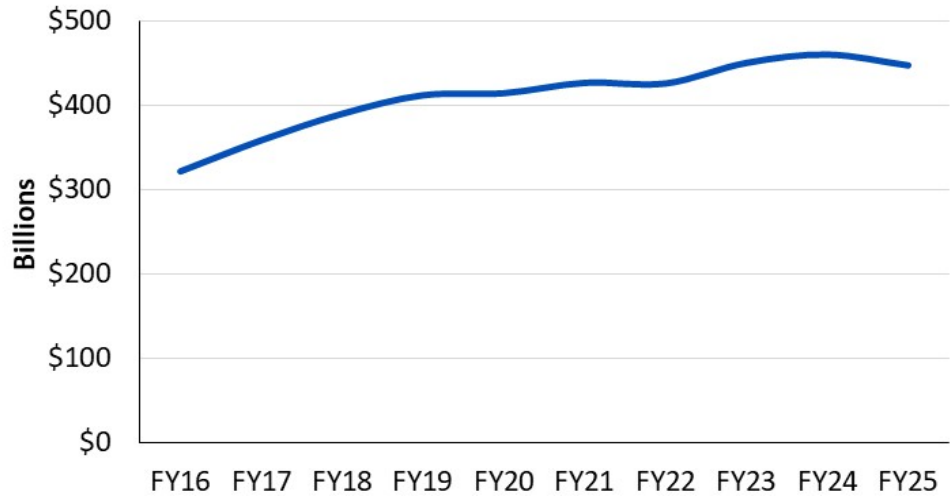
Over the last 10 years, business growth has been similar in all three counties at about 17%. The number of businesses increased each year through 2023. Decreases in the last two years indicate lower business activity which is a warning trend for Metro’s financial health.

Value of new residential construction
CY 2016 to CY 2025
(Metropolitan Statistical Area, adjusted for inflation)



The value of new residential construction was about 26% lower in 2025 compared to 2016. New construction is important for Metro for several reasons. Metro is responsible for planning for urban growth and transportation in the region. The rate of new construction can affect these plans. In addition, some of Metro’s services are funded through taxes that are affected by construction activity.

Real market property values
 FY 2015-16 to FY 2024-25
 (Metro taxing district,
 adjusted for inflation)



Real market property values grew by 39% in the last 10 years. Property values impact Metro’s ability to generate revenue from property taxes. However, it is important to note that Metro’s revenue is based on assessed property values, which grew more slowly than the real market.

Scope and methodology

The purpose of this audit was to evaluate the financial condition of Metro. We used a methodology based on the Financial Trend Monitoring System recommended by the International City/County Management Association (ICMA). We obtained information from Metro's accounting systems and budget documents. We combined it with economic and demographic data to create a series of financial indicators. When plotted over time, the indicators can be used to monitor changes in financial condition and provide information to assist decision-makers. For most indicators, data is presented for a 10-year trend, but in some cases, data was not available. For those indicators we reported what was available.

Our scope included both general government operations and business-type operations, such as those of the Metropolitan Exposition and Recreation Commission, Oregon Zoo, and solid waste system. We obtained data from the independently audited Annual Comprehensive Financial Reports (ACFR) and more detailed information about revenue sources, personnel costs, and other expenditures from Metro's financial accounting and budgeting systems. Economic and demographic data was acquired from the US Bureau of Economic Analysis, US Census Bureau, Oregon Employment Department, and Portland State Population Research Center. All figures were adjusted for inflation.

Most of the data collected for demographic and economic measures was reported either for the three counties in the region or by Metropolitan Statistical Area (MSA). The MSA is larger than the Metro region and includes two counties in the State of Washington, Yamhill and Columbia counties in Oregon, as well as the regional counties Clackamas, Multnomah, and Washington. Where available, only data from the Oregon portion of the MSA was used. Very little of the population in Clackamas, Multnomah, and Washington Counties is outside Metro's jurisdictional boundary (9%).

Most of the financial information in this report is from the ACFR. We relied on the work of Metro's external financial auditors to ensure data reliability. We reviewed other information for reasonableness and consistency. We did not audit the accuracy of source documents or reliability of data in accounting systems.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Management response



Memo

Date: June 1, 2026
To: Brian Evans, Metro Auditor
From: Marissa Madrigal, Chief Operating Officer
Brian Kennedy, Chief Financial Officer
Subject: Financial Condition of Metro – Management Response

Thank you and your office for producing this 10-year view of Metro’s financial condition. We always find it useful to review the trends in our financial performance and consider ways to improve that performance over time. The data shows the uneven financial impacts Metro has seen across the organization in the last several years. In many areas, Metro has emerged stronger and more financially resilient from the COVID-19 pandemic while facing ongoing financial challenges in others.

Increasing expenditures in multiple areas is a trend that staff are carefully monitoring and proactively mitigating. The inflationary environment that the entire country experienced coming out of the pandemic was a significant shock to individuals and organizations. While those cost pressures appeared to be improving, current trends suggest a worrying increase in inflationary pressure for the foreseeable future. Metro continues to employ a variety of strategies to manage those costs across the agency.

The report also mentions decreased revenue from excise taxes as an unfavorable trend. We believe some additional context would be useful. Prior to exempting the Convention Center and Expo Center from the excise tax in 2018, those excise tax revenues were used to offset some agency-wide central services costs. We would emphasize that the decision to exempt those venues meant that, rather than contributing an unknown amount to Metro’s General Fund based on activity at the venue, they are charged a fixed annual contribution based on the agency cost allocation plan. So, while excise tax revenue declined, support for agency-wide central service costs was broadened.

As in the last report, the analysis notes an increase in fixed costs that is deemed unfavorable. Those fixed cost increases are primarily principal and interest payments on Metro debt. Additionally, the report states that Metro’s overall debt increased significantly over the last ten years; an unfavorable trend. In both cases, the indicators can be attributed to debt from voter-approved general obligation bonds with their own dedicated revenue sources. As such, that debt carries little risk to Metro’s General Fund or other funding sources as is not considered unfavorable by management. Rather, we view the increase in general obligation debt as a positive trend reflecting the confidence of the region’s voters in Metro’s ability to leverage the large regional property tax base to make investments that address the most important issues in the region.

Finally, the report notes some troubling trends for the regional economy. In particular, it notes increases in unemployment and decreases in the value of new construction. Management shares these concerns about the wider economy and will continue to monitor local economic conditions and make strategic decisions recognizing the risk and uncertainty Metro faces given the ongoing economic instability in the broader economy.



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