



600 NE Grand Ave.
Portland, Oregon
97232-2736

2011-12

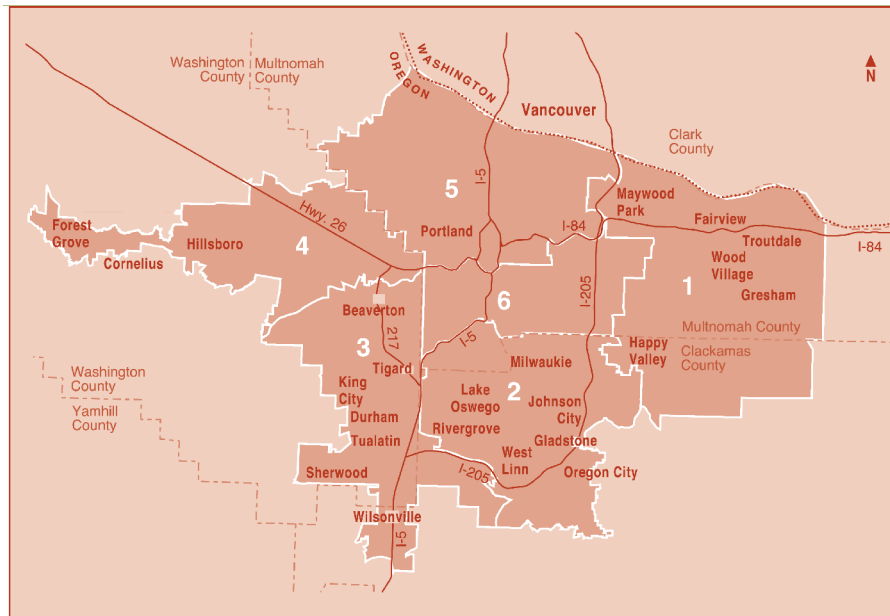
ADOPTED BUDGET Summary



Metro | *Making a great place*

2011-12

ADOPTED BUDGET Summary



Metro **Making a great place**

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy and good transportation choices for people and businesses in our region. Voters have asked Metro to help with the challenges that cross those lines and affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to protecting open space, caring for parks, planning for the best use of land, managing garbage disposal and increasing recycling. Metro oversees world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region's economy.

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Summary of all funds

	General Fund	General Asset Management Fund	General Obligation Bond Debt Service Fund	General Revenue Bond Fund	MERC Fund	Natural Areas Fund	Open Spaces Fund
RESOURCES							
<i>Beginning Fund Balance</i>	\$25,619,555	\$6,689,948	\$13,226,000	\$220,991	\$24,590,569	\$36,715,000	\$335,200
Current Revenues							
Real Property Taxes	11,767,309	0	27,271,842	0	0	0	0
Excise Tax	16,705,765	0	0	0	0	0	0
Other Derived Tax Revenue	0	0	0	0	0	0	0
Grants	12,080,756	63,334	0	0	46,675	0	0
Local Gov't Shared Revenues	553,644	0	0	0	11,155,335	0	0
Contributions from other Gov'ts	3,024,060	0	19,039	0	784,320	0	0
Enterprise Revenue	23,943,766	0	0	0	30,282,749	0	0
Interest Earnings	107,000	33,298	100,000	1,106	122,806	183,575	1,676
Donations	1,065,100	600,000	0	0	610,000	866,000	0
Other Misc. Revenue	138,689	0	0	0	131,090	0	0
Interfund Transfers:							
Interfund Reimbursements	7,640,708	0	0	0	0	0	0
Internal Service Transfers	2,904,264	0	0	0	0	0	0
Fund Equity Transfers	3,720,765	1,752,505	0	3,093,960	591,510	8,940	0
Subtotal Current Revenues	83,651,826	2,449,137	27,390,881	3,095,066	43,724,485	1,058,515	1,676
TOTAL RESOURCES	\$109,271,381	\$9,139,085	\$40,616,881	\$3,316,057	\$68,315,054	\$37,773,515	\$336,876
REQUIREMENTS							
Current Expenditures							
Personal Services	\$50,041,154	\$0	\$0	\$0	\$17,788,181	\$1,570,897	\$0
Materials and Services	34,073,835	1,005,061	0	0	20,485,330	12,150,000	0
Capital Outlay	25,500	4,222,442	0	216,821	3,066,366	20,939,000	336,876
Debt Service	1,588,215	0	30,579,525	3,093,960	0	0	0
Interfund Transfers:							
Interfund Reimbursements	727,260	0	0	0	2,906,621	1,249,115	0
Internal Service Transfers	0	0	0	0	77,884	477,107	0
Fund Equity Transfers	4,222,304	0	0	0	3,158,261	47,000	0
Contingency	3,929,617	3,911,582	0	0	7,633,716	1,340,396	0
Subtotal Current Expenditures	94,607,885	9,139,085	30,579,525	3,310,781	55,116,359	37,773,515	336,876
<i>Ending Fund Balance</i>	<i>14,663,496</i>	<i>0</i>	<i>10,037,356</i>	<i>5,276</i>	<i>13,198,695</i>	<i>0</i>	<i>0</i>
TOTAL REQUIREMENTS	\$109,271,381	\$9,139,085	\$40,616,881	\$3,316,057	\$68,315,054	\$37,773,515	\$336,876
FULL-TIME EQUIVALENTS	452.46	0.00	0.00	0.00	185.85	14.90	0.00

Summary of all funds, *continued*

	Oregon Zoo Infrastructure & Animal Welfare Fund	Pioneer Cemetery Perpetual Care Fund	Rehab. & Enhancement Fund	Risk Management Fund	Smith & Bybee Lakes Fund	Solid Waste Revenue Fund	Total
RESOURCES							
<i>Beginning Fund Balance</i>	\$9,649,239	\$350,700	\$1,897,631	\$2,364,250	\$3,817,257	\$39,914,107	\$165,390,447
Current Revenues							
Real Property Taxes	0	0	0	0	0	0	39,039,151
Excise Tax	0	0	0	0	0	0	16,705,765
Other Derived Tax Revenue	0	25,000	0	0	0	0	25,000
Grants	0	0	0	50,000	0	317,660	12,558,425
Local Gov't Shared Revenues	0	0	0	0	0	0	11,708,979
Contributions from other Gov'ts	0	0	0	0	0	0	3,827,419
Enterprise Revenue	0	0	0	577,807	0	54,684,462	109,488,784
Interest Earnings	24,648	1,750	9,488	25,000	19,086	196,526	825,959
Donations	0	0	0	0	0	0	3,141,100
Other Misc. Revenue	0	0	0	0	0	33,000	302,779
Interfund Transfers:							
Interfund Reimbursements	0	0	0	1,756,497	0	0	9,397,205
Internal Service Transfers	0	0	0	62,686	0	33,287	3,000,237
Fund Equity Transfers	3,350	0	348,867	0	0	204,588	9,724,485
Subtotal Current Revenues	27,998	26,750	358,355	2,471,990	19,086	55,469,523	219,745,288
TOTAL RESOURCES	\$9,677,237	\$377,450	\$2,255,986	\$4,836,240	\$3,836,343	\$95,383,630	\$385,135,735
REQUIREMENTS							
Current Expenditures							
Personal Services	\$627,690	\$0	\$0	\$0	\$0	\$9,763,118	\$79,791,040
Materials and Services	0	0	336,903	2,815,266	65,000	40,475,580	111,406,975
Capital Outlay	6,432,825	0	0	0	0	3,726,000	38,965,830
Debt Service	0	0	0	0	0	0	35,261,700
Interfund Transfers:							
Interfund Reimbursements	150,973	0	0	0	0	4,363,236	9,397,205
Internal Service Transfers	188,236	0	33,287	0	112,251	2,111,472	3,000,237
Fund Equity Transfers	25,000	0	0	757,890	0	1,514,030	9,724,485
Contingency	2,252,513	0	300,000	500,000	200,000	14,588,745	34,656,569
Subtotal Current Expenditures	9,677,237	0	670,190	4,073,156	377,251	76,542,181	322,204,041
<i>Ending Fund Balance</i>	0	377,450	1,585,796	763,084	3,459,092	18,841,449	62,931,694
TOTAL REQUIREMENTS	\$9,677,237	\$377,450	\$2,255,986	\$4,836,240	\$3,836,343	\$95,383,630	\$385,135,735
FULL-TIME EQUIVALENTS	5.33	0.00	0.00	0.00	0.00	93.55	752.09



**General
Fund**

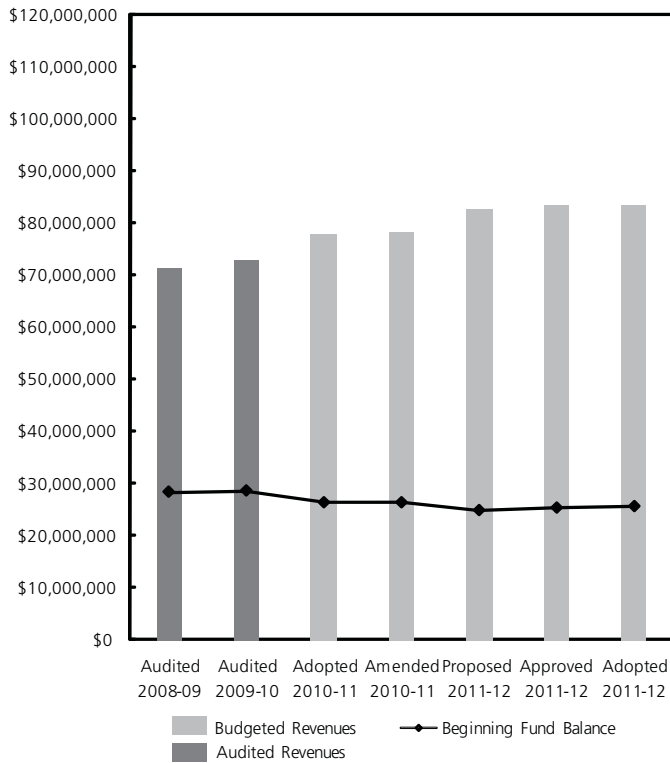


General Fund

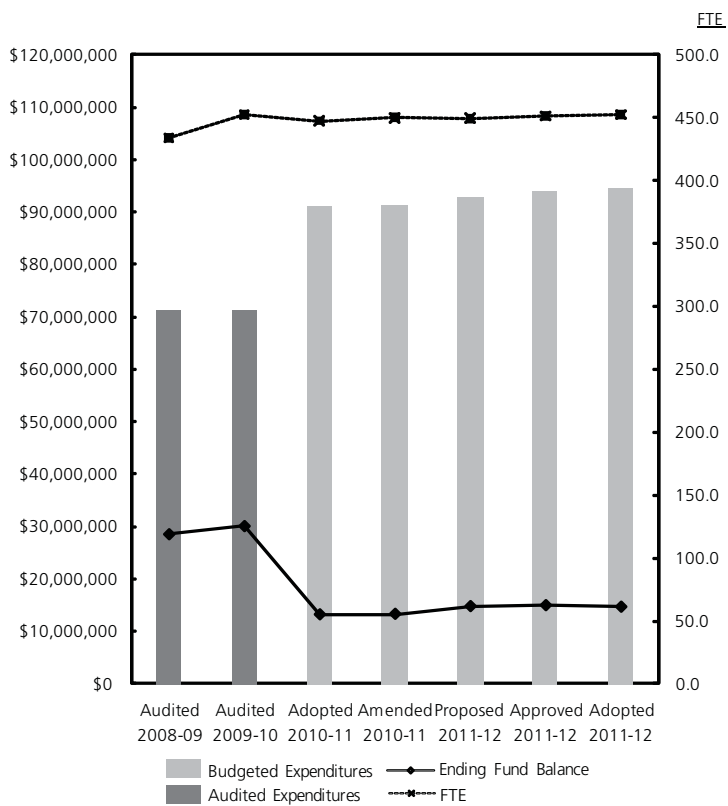
	Audited FY 2008-09	Audited FY 2009-10	Adopted FY 2010-11	Amended FY 2010-11	Proposed FY 2011-12	Approved FY 2011-12	Adopted FY 2011-12	Change from FY 2010-11 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$28,386,763	\$28,627,795	\$26,354,341	\$26,354,341	\$24,851,393	\$25,333,555	\$25,619,555	(2.79%)
Current Revenues								
Real Property Taxes	10,755,647	11,232,027	11,294,190	11,294,190	11,767,309	11,767,309	11,767,309	4.19%
Excise Tax	14,705,646	14,392,093	16,203,937	16,203,937	16,705,765	16,705,765	16,705,765	3.10%
Grants	11,791,588	11,299,557	11,705,714	11,705,714	11,903,841	12,080,756	12,080,756	3.20%
Local Gov't Shared Revenues	500,473	509,323	571,000	571,000	553,644	553,644	553,644	(3.04%)
Contributions from other Gov'ts	266,319	1,505,000	1,604,464	1,790,327	3,024,060	3,024,060	3,024,060	68.91%
Enterprise Revenue	22,009,056	21,263,900	23,323,913	23,323,913	23,893,766	23,943,766	23,943,766	2.66%
Interest Earnings	853,452	220,523	235,000	235,000	107,000	107,000	107,000	(54.47%)
Donations	1,241,569	1,245,662	1,054,600	1,054,600	1,065,100	1,065,100	1,065,100	1.00%
Other Misc. Revenue	2,377,196	1,935,746	1,552,972	1,552,972	138,689	138,689	138,689	(91.07%)
Interfund Transfers:								
Interfund Reimbursements	6,076,258	6,580,770	7,271,150	7,271,150	7,640,708	7,640,708	7,640,708	5.08%
Internal Service Transfers	823,147	2,628,680	3,028,854	3,028,854	2,904,264	2,904,264	2,904,264	(4.11%)
Fund Equity Transfers	97,174	100,000	128,000	274,347	3,172,805	3,720,765	3,720,765	1256.23%
Subtotal Current Revenues	71,497,525	72,913,281	77,973,794	78,306,004	82,876,951	83,651,826	83,651,826	6.83%
TOTAL RESOURCES	\$99,884,288	\$101,541,076	\$104,328,135	\$104,660,345	\$107,728,344	\$108,985,381	\$109,271,381	4.41%
REQUIREMENTS								
Current Expenditures								
Personal Services	\$42,233,652	\$44,517,228	\$47,184,737	\$47,510,894	\$49,506,136	\$49,931,154	\$50,041,154	5.33%
Materials and Services	21,769,021	21,288,597	34,629,776	34,431,868	32,878,674	33,352,835	34,073,835	(1.04%)
Capital Outlay	93,924	40,838	0	120,000	0	25,500	25,500	(78.75%)
Debt Service	2,010,698	1,472,339	1,529,472	1,529,472	1,588,215	1,588,215	1,588,215	3.84%
Interfund Transfers:								
Interfund Reimbursements	672,186	445,013	476,219	476,219	727,260	727,260	727,260	52.72%
Internal Service Transfers	91,740	0	0	0	0	0	0	0.00%
Fund Equity Transfers	4,385,272	3,582,293	3,837,335	3,862,335	4,042,304	4,182,304	4,222,304	9.32%
Contingency	0	0	3,478,646	3,441,260	4,212,000	4,218,206	3,929,617	14.19%
Subtotal Current Expenditures	71,256,493	71,346,308	91,136,185	91,372,048	92,954,589	94,025,474	94,607,885	3.54%
<i>Ending Fund Balance</i>	<i>28,627,795</i>	<i>30,194,768</i>	<i>13,191,950</i>	<i>13,288,297</i>	<i>14,773,755</i>	<i>14,959,907</i>	<i>14,663,496</i>	<i>10.35%</i>
TOTAL REQUIREMENTS	\$99,884,288	\$101,541,076	\$104,328,135	\$104,660,345	\$107,728,344	\$108,985,381	\$109,271,381	4.41%
FULL-TIME EQUIVALENTS	434.23	452.59	447.64	450.15	449.68	451.46	452.46	0.51%
FTE CHANGE FROM FY 2010-11 AMENDED BUDGET								2.31

General Fund

Current revenues and fund balance



Current expenditures and full time equivalents



General Fund

The General Fund includes the operating costs of the Council Office, Office of Metro Auditor, Office of Metro Attorney, Oregon Zoo, Parks and Environmental Services, Planning and Development, Research Center, Sustainability Center, Communications, Finance and Regulatory Services, Human Resources, Information Services and special appropriations.

CURRENT REVENUES

Property taxes

Metro receives property tax revenues from a tax levy originally approved by voters in May 1990. Ballot Measure 50, approved by the voters in May 1997, converted the tax levy to a general operating permanent rate levy. Metro's permanent rate is \$0.0966 per \$1,000 of assessed value and cannot be increased even by the voters. Metro expects to receive 94 percent of the property tax levied and approximately \$343,000 in delinquent taxes.

Excise tax

The primary general government source of revenue for the General Fund is an excise tax on the purchase of Metro goods and services. The FY 2011-12 budget includes an excise tax rate of 7.5 percent on non-solid waste tonnage related revenues and a flat fee of \$11.80 on solid waste tonnage. The collection of excise tax on revenues generated by the Oregon Zoo was eliminated effective Sept. 1, 2008, a reduction of about \$1.4 million annually. Beginning in FY 2009-10 a decline in solid waste tonnage, mirroring the economic downturn in construction, resulted in a lower forecast for general excise tax receipts; this tonnage decline continues into FY 2011-12, with a projected decrease in tonnage of 5.6 percent compared to budgeted figures for FY 2010-11.

Historically the flat per-ton fee on solid waste tonnage had been in the form of two parts, a "base tax" and an "additional tax." In 2010 the Council updated the excise tax code and combined the various aspects of the tax into a single rate calculation, increasing stability and predictability. With Consumer Price Index at record low levels, the excise tax yield for FY 2011-12 increases very modestly (1.59 percent).

In March 2006 the Metro Council established a Construction Excise Tax to provide funding for regional and local planning that is required to make land ready for development after its inclusion in the urban growth boundary. The tax was initially intended to sunset when a total of \$6.3 million had been collected. This milestone was achieved during FY 2009-10. In June 2009 the Metro Council approved an ordinance extending the Construction Excise Tax for an additional five years until September 2014, to provide funding 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. The Construction Excise Tax is expected to generate about \$1.6 million in FY 2011-12.

Grants

The primary planning functions of the agency – Planning and Development and the Research Center – receive approximately \$10.8 million in grant funds, about 89 percent of all General Fund grants. These functions rely on federal, state and local grants to fund most of the transportation planning and modeling programs. The delay in the federal reauthorization of transportation funding has placed a portion of these grants funds at risk. However, a \$2 million multi-year grant from the Federal Transit Administration to study the best ways to improve transit in the Southwest corridor between downtown Portland and Sherwood as well as the second year of a three year

funding commitment from the State of Oregon related to the study of greenhouse gas emissions will provide substitute or bridge funding until such time as the federal funding is reauthorized. The Sustainability Center receives about \$473,000 in grants, primarily for restoration projects on Metro-owned natural areas. The Oregon Zoo receives about \$227,000 to support conservation projects performed in cooperation with other jurisdictions. Grant funding fluctuates annually based on project need.

Intergovernmental revenues

This category includes local government shared revenues derived from registration fees for recreational vehicles, county marine fuel taxes and payments from other governmental agencies for services provided by Parks and Environmental Services. This category also includes governmental contributions to Metro programs and projects. In FY 2011-12 marine fuel taxes are expected to decrease by more than 20 percent, based on projections, while other shared revenues increase slightly due to contributions from local government partners for federal grant matching funds. In FY 2011-12 a \$2.9 million contribution from TriMet, the region's mass transportation agency, is anticipated for the Transit Oriented Development program.

Enterprise revenues

These are revenues derived from the income producing activities of the General Fund such as the Oregon Zoo and Parks and Environmental Services. They include admission fees, parking fees, food and beverage sales, gift shop sales, train rides, education fees, rental income, greens fees at Glendoveer Golf Course and sales and contracted services generated through the Data Resource Center of the Research Center. Approximately 92 percent of all General Fund enterprise revenues is generated at either the Oregon Zoo or regional parks and is heavily dependent on weather conditions. The remaining 8 percent is generated through parking fees at Metro Regional Center and the adjoining parking structure and contracts and sales through the Data Resource Center. Most revenue estimates at the Oregon Zoo are based upon per capita revenue projections combined with estimated attendance figures. Revenues at Metro's regional parks are estimated based on a three-year rolling average and local trends and conditions.

Budgeted enterprise revenues in FY 2011-12 are up 2.7 percent, about \$620,000, from FY 2010-11, with increases split fairly evenly across programs. The Oregon Zoo has experienced record-breaking attendance the last several years; the budget again projects an annual attendance of 1.6 million. Budgeted per capita spending remains mostly flat, with slight increases in revenue from concerts, special exhibits and lectures. Most enterprise revenues at Metro's regional parks are expected to remain fairly stable with respect to FY 2010-11. Grave sale revenues at pioneer cemeteries, budgeted 23 percent higher than the prior year, reflect an anticipated fee increase to be determined at the completion of the business plan in fall 2011. Monthly parking fees at Metro Regional Center and the attached public garage will increase by \$10 on August 1.

Interest earnings

Interest is earned on the unspent portion of the fund balance. Earnings are based on the current rate of Metro's average investment portfolio. In FY 2011-12 the budget assumes that an interest rate of 0.5 percent will generate about \$107,000 for the General Fund.

Donations

This category includes contributions from individuals and organizations in support of general operations or specific projects. Anticipated revenues in FY 2011-12 include \$1.0 million from The Oregon Zoo Foundation for zoo operations and a transfer from the *Predators of the Serengeti* reserve. The Oregon Zoo Foundation holds a permanent reserve dedicated to the support of the *Predators of the Serengeti* exhibit. Contributions will be made from earnings on the reserve.

Interfund transfers

Metro's central services, including the Office of the Chief Operating Officer, Finance and Regulatory Services, Metro Regional Center Property and Office Services, Human Resources, Information Services, Metro Attorney, Communication Design and Standards and Metro Auditor, are budgeted in the General Fund. Costs of these services are allocated to operating units through an approved cost allocation plan. Operating units that are budgeted outside the General Fund transfer approximately \$7.6 million in reimbursements. In addition, the Research Center charges for services and maintenance associated with the Data Resource Center; Parks and Environmental Services and the Sustainability Center pay the majority of the charges. Also, finance and administrative staff of Parks and Environmental Services and Sustainability Center are consolidated into one working group in Parks and Environmental Services. Costs are allocated to the various programs of the Sustainability Center.

FY 2011-12 also includes two one-time transfers. All PERS Reserves formally accumulated in individual funds are being consolidated in the General Fund. Also, approximately \$548,000 is transferred from the Risk Management Fund to partially offset cost increases in health benefits (approximately \$600 per FTE) and staffing costs.

CURRENT EXPENDITURES

Personal services

This category includes salary, wage and fringe benefits for the 452.46 Full-Time Equivalents (FTE) in the various organizational units of the General Fund. Overall General Fund FTE increased by 2.31 from the FY 2010-11 Amended Budget. A detailed discussion of staff changes can be found in the budget summary. In addition to staffing changes, all organizational units have experienced increases in personal services costs related to salary increases, pension and health and welfare costs. The budget assumptions reviewed by Council included a variety of anticipated salary adjustments for cost of living, merit pay, annual step and other possible changes related to collective bargaining and classification studies. Also, the budget provides for a 5.2 percent increase in employer pension contributions based on the latest Oregon Public Employees Retirement System (PERS) actuarial study and a 10 percent increase in Metro's contribution to health and welfare premiums. A more detailed explanation of fringe benefits is included in the appendices. A ten-year comparison of salary and benefit costs is included in the budget summary.

Materials and services

Expenditures in this category have decreased approximately 1.0 percent from FY 2010-11. Budgeted Payments to Other Agencies decrease in Parks and Environmental Services due to the change to in-house fleet management, rather than contracting with Multnomah County. Contracted Professional Services are down in the Sustainability Center due to a decrease in projects being carried forward from the prior year and fewer grant related projects. In addition, budgeted Construction Excise Tax grants are down from FY 2010-11 as the first CET grants are completed.

Planning related expenditures are closely tied to grant funding. About 85 percent of Planning and Development and Research Center materials and services costs, about \$9.3 million, are for contracted professional services, transit oriented development land purchases or pass-through of grant funds to other governments.

Capital outlay

All major capital projects and renewal and replacement projects are budgeted in the General Asset Management Fund.

Debt service

In fall 2005 Metro joined with a pool of other local governments in Oregon to issue limited tax pension obligation bonds to fund its share of the unfunded actuarial liability of Oregon PERS. Metro's share of the total principal will be repaid over a period of 22 years through assessments on operating units in exchange for a lower pension cost. Annual principal and interest costs has been funded through assessments to centers and services based on eligible salary and are paid through the general expense section of the General Fund. For FY 2011-12 debt payments will be funded from reserves accumulated for future pension liability. Additional explanation is provided under the section on Fund Balance below.

Transfers

There are two types of transfers from the General Fund: (1) interfund reimbursements for risk management services, and (2) fund equity transfers of resources. Transfers of resources account for almost 85 percent of expenditures in this category including:

- The transfer of approximately \$1.5 million in annual renewal and replacement contributions to the General Asset Management Fund.
- The transfer of approximately \$1.9 million to the General Revenue Bond Fund for debt service.
- The transfer of \$480,000 from the Metro Tourism Opportunity and Competitiveness Account to the Oregon Convention Center.

Contingency

A contingency provides for unforeseen needs throughout the year. Expenditures from contingency may be made only when Council adopts an ordinance amending the budget. Any transfer from contingency that would exceed a cumulative amount greater than 15 percent of expenditures requires a full supplemental budget amendment. The FY 2011-12 contingency is made up of two types: (1) a general contingency and reserve to provide for unforeseen events through the year, and (2) specific amounts set aside for future needs designated through Council action. Contingency and reserves are budgeted in accordance with Council approved financial policies.

FUND BALANCE

The fund balance of the General Fund is the combined balance for several major operating units — Oregon Zoo, Planning and Development, Research Center, Sustainability Center and Parks and Environmental Services — as well as all general government and central service functions such as Metro Council, Metro Attorney, Metro Auditor, Finance and Regulatory Services, Human Resources, Information Services and Communications. It includes several dedicated reserves such as a reserve for future debt service on the full faith and credit bonds for the Metro Regional Center and the PERS Reserve for pension liability (see additional discussion on PERS Reserve below). Fund balance also includes reserves for cash flow and fund stabilization. Metro performed a comprehensive review of fund balance needs in

the General Fund. Based on this analysis, approved policies call for a minimum of 7 percent of operating revenues to be set aside in either a contingency or stabilization reserve to guard against unexpected downturns in revenues and to stabilize resulting budget action. The target was set to provide a 90 percent confidence level that revenues might dip below this amount only once in a 10 year period.

PERS Reserve

An actuarial study for the July 2009 rate period reduced Metro's rates by three percent because it reflected only the period prior to the economic downturn. Metro wisely recognized that the rates would be returning and increasing to even higher levels in July 2011, possibly by as much as 6 percent. Instead of spending the short-term rate savings, Metro has continued to add three percent to its PERS reserve for the past two years.

As anticipated, the next PERS actuarial study increased Metro's rates by an average of 5.2 percent, effective July 1, 2011. The budget mitigates this rate increase by applying the accumulated PERS reserves to the annual debt service associated with the outstanding pension liability bonds, about \$1.6 million per year. The estimated balance of all PERS reserves at the beginning of FY 2011-12 is about \$7.9 million. The accumulated reserves will be transferred from each of the contributing funds into the General Fund reserves, earmarked for PERS debt repayment over the next three to five years, depending on the next actuarial evaluation. The PERS reserve balance at the end of FY 2011-12 is estimated to be \$6.24 million and will gradually decrease over the next five years.

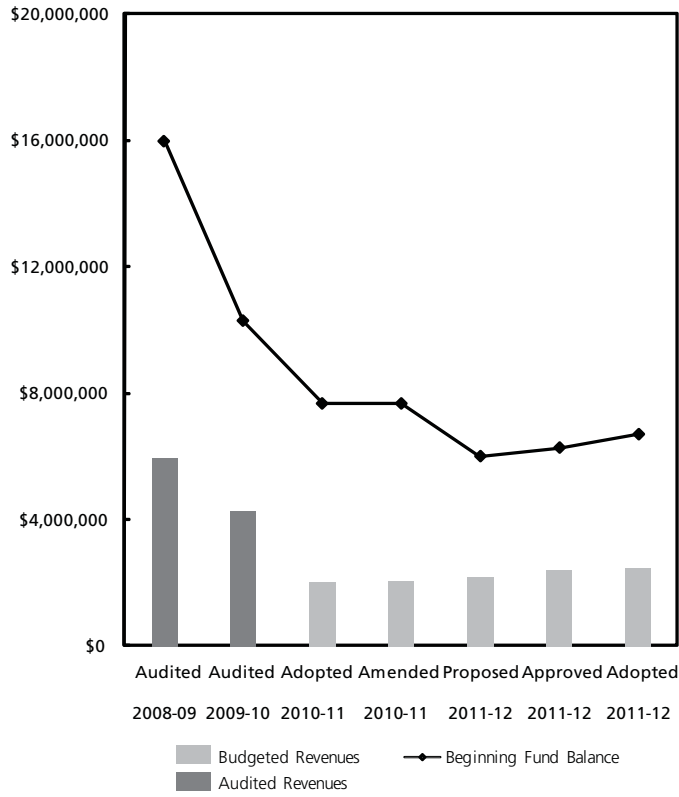
**General
Asset
Management
Fund**



General Asset Management Fund

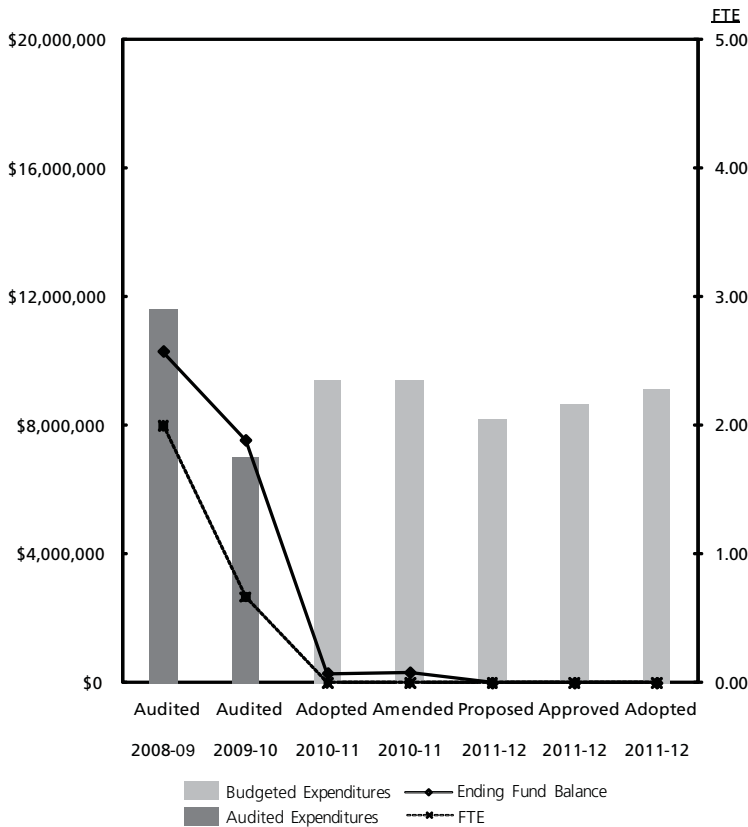
	Audited FY 2008-09	Audited FY 2009-10	Adopted FY 2010-11	Amended FY 2010-11	Proposed FY 2011-12	Approved FY 2011-12	Adopted FY 2011-12	Change from FY 2010-11 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$15,989,020	\$10,293,940	\$7,664,516	\$7,664,516	\$5,992,492	\$6,264,007	\$6,689,948	(12.72%)
Current Revenues								
Grants	1,915,019	1,226,124	49,500	49,500	0	63,334	63,334	27.95%
Interest Earnings	428,579	86,638	62,677	62,677	33,298	33,298	33,298	(46.87%)
Donations	1,910,627	1,572,705	136,830	136,830	600,000	600,000	600,000	338.50%
Other Misc. Revenue	2,571	10,268	500,000	500,000	0	0	0	(100.00%)
Interfund Transfers:								
Fund Equity Transfers	1,681,459	1,378,233	1,282,635	1,307,635	1,572,505	1,712,505	1,752,505	34.02%
Subtotal Current Revenues	5,938,255	4,273,968	2,031,642	2,056,642	2,205,803	2,409,137	2,449,137	19.08%
TOTAL RESOURCES	\$21,927,275	\$14,567,908	\$9,696,158	\$9,721,158	\$8,198,295	\$8,673,144	\$9,139,085	(5.99%)
REQUIREMENTS								
Current Expenditures								
Personal Services	\$105,147	\$84,449	\$0	\$0	\$0	\$0	\$0	0.00%
Materials and Services	501,349	842,370	881,657	881,657	995,954	1,001,877	1,005,061	14.00%
Capital Outlay	10,929,665	6,004,809	3,097,349	3,097,349	3,484,212	3,759,685	4,222,442	36.32%
Interfund Transfers:								
Fund Equity Transfers	97,174	100,000	128,000	128,000	0	0	0	(100.00%)
Contingency	0	0	5,289,152	5,289,152	3,718,129	3,911,582	3,911,582	(26.05%)
Subtotal Current Expenditures	11,633,335	7,031,628	9,396,158	9,396,158	8,198,295	8,673,144	9,139,085	(2.74%)
<i>Ending Fund Balance</i>	<i>10,293,940</i>	<i>7,536,280</i>	<i>300,000</i>	<i>325,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(100.00%)</i>
TOTAL REQUIREMENTS	\$21,927,275	\$14,567,908	\$9,696,158	\$9,721,158	\$8,198,295	\$8,673,144	\$9,139,085	(5.99%)
FULL-TIME EQUIVALENTS	2.00	0.67	0.00	0.00	0.00	0.00	0.00	0.00%
FTE CHANGE FROM FY 2010-11 AMENDED BUDGET								0.00

Current revenues and fund balance



General Asset Management Fund

Current expenditures



General Asset Management Fund

The General Asset Management Fund is new in FY 2011-12 and combines the former Metro Capital Fund and the General Renewal and Replacement Fund. This fund accounts for major non-bond funded capital acquisition and construction projects and provides for the ongoing and future renewal and replacement of Metro's General Fund assets. General Fund assets include the Oregon Zoo, regional parks and natural areas, Metro Regional Center and information technology infrastructure.

With the approval of the Oregon Zoo Infrastructure and Animal Welfare general obligation bonds in 2008, almost all large capital projects are now funded and managed through separate bond funds. What remains are a myriad of numerous smaller projects that are often a combination of renewal and replacement and new capital. Maintaining separate budgetary funds often made management of these projects difficult and inefficient. The consolidation into one fund provides greater efficiencies for ongoing management of assets. Within the fund, separate accounts will be maintained for new capital projects and renewal and replacement projects in order to track spending by purpose.

NEW PROJECT ACCOUNT

The capital portion of this fund is renamed "New Project Account" and is structured into five sections:

- Information Services Capital Projects
- Oregon Zoo Capital Projects Account
- Regional Parks Capital Projects Account
- All other Capital

This category includes new capital projects for the Metro Regional Center.

Regional Parks Capital Oxbow Park Nature Center Account

Metro received dedicated funds from Multnomah County when it accepted the transfer of park facilities and operations. The account is dedicated to the development of a nature center at Oxbow Regional Park.

RENEWAL AND REPLACEMENT ACCOUNT

The General Renewal and Replacement Fund was established in FY 2008-09 to provide for Metro's General Fund assets. Initially it was included as an account in the Metro Capital Fund. Previously, renewal and replacement was budgeted in a variety of places for specific dedicated purposes. For comparative purposes all prior years have been included.

In FY 2007-08 Metro undertook a comprehensive review of General Fund reserve needs. The analysis included a preliminary study of renewal and replacement requirements of Metro's existing general assets. The preliminary study, based on historical accounting data, estimated the financial investment necessary — both one-time and ongoing — to provide fully for current and future needs of existing assets. The preliminary study estimated the financial investment necessary to catch up and then to contribute annually to care for these assets. In the FY 2007-08 budget the Metro Council directed \$5.7 million in general reserves to meet the catch-up requirement and \$1.1 million for the annual contribution, to be reviewed annually. The budget also appropriated \$100,000 for an engineering firm to perform a detailed inventory and asset condition assessment which confirmed the preliminary study and assisted Metro in developing a 25-year renewal and replacement schedule. The schedule is maintained and updated annually, taking into consideration the addition or disposal of assets, any changing conditions and the need to adjust the annual contribution. At least once every five years an independent assessment will be

performed, in accordance with the capital asset management policies. The FY 2011-12 includes resources for the next evaluation.

All renewal and replacement projects greater than \$100,000 are listed individually in the capital improvement plan. All other projects less than \$100,000 are aggregated as a single renewal and replacement project within each service or center. Although the General Fund renewal and replacement account is now contained within the General Asset Management Fund, records are maintained separately from new capital projects and are additionally reported by major area (Information Services, Oregon Zoo, Parks, Metro Regional Center and Metro Fleet).

CURRENT REVENUES

Interest earnings

Interest is earned on the unused portion of the fund balance. Earnings are based on the current rates of Metro's average investment portfolio. For FY 2011-12 an interest rate of 0.5 percent will produce \$33,298, a decline of \$29,379 from the previous year.

Grants

This category includes grants associated with specific new capital or renewal and replacement projects. In FY 2011-12 \$63,000 is from the Energy Trust and related to the upgrade of the Variable Air Volume controllers at the Metro Regional Center.

Donations

This category includes donations either to support a particular project or support the capital needs of a specific department. Last year The Oregon Zoo Foundation raised \$450,000 for veterinary medical equipment to be purchased in FY 2011-12. The foundation has also committed to raise \$600,000 in FY 2011-12 to fund the aviary marsh mesh project.

Interfund transfers

Interfund transfers for the New Projects Accounts are received for a variety of purposes. Some of these transfers are one-time in nature, others will be ongoing, although the amount may vary from year-to-year based on need. The \$140,000 in FY 2011-12 is a transfer from the Risk Management Fund to the Regional Parks account for an insurance loss.

Annual ongoing contributions to the renewal and replacement reserve are necessary to meet scheduled requirements. The General Fund contributes approximately \$1.5 million from a variety of sources, an increase of about \$215,000 from FY 2010-11. Of this, \$100,000 is a scheduled increase to cover overall increase in costs and additions of assets. An increase of \$115,000 is a result of transferring fleet management from Multnomah County to Metro. Annual contributions are intended to be relatively constant but are adjusted periodically to recognize new assets when they are put into service. Expenditures in the Information Services area for assets supported by funds other than the General Fund are direct transfers from the supporting fund and total about \$64,000.

CURRENT EXPENDITURES

Materials and services

Expenditures in this category reflect potential renewal and replacement projects that do not meet the threshold of major capital improvement and which, by definition, are considered capital maintenance. These projects are aggregated by organizational unit and included in the renewal and replacement schedule. Capital maintenance projects costing more than \$100,000 are called out separately in the capital improvement plan.

Capital outlay

This category represents capital and renewal and replacement projects approved in Metro's capital budget. Projects costing more than \$100,000 are included in the capital improvement plan. All other projects are aggregated by organizational unit into one general renewal and replacement project. For additional information see the FY 2011-12 Capital Improvement Plan section of this budget document.

Contingency

A contingency provides for unforeseen needs throughout the year. Expenditures from contingency may be made only when Council adopts an ordinance amending the budget. Any transfer from contingency throughout the year that would exceed a cumulative amount greater than 15 percent of expenditures requires a full supplemental budget amendment. A large contingency is maintained for renewal and replacement in the event that a planned project is accelerated or a future project becomes necessary earlier due to a failing component.

FUND BALANCE

This represents the balance of a variety of dedicated reserves associated with new capital projects and the general renewal and replacement reserve. The reserve amount will fluctuate from year to year based on project needs. The current financial plan for renewal and replacement provides for a positive balance in the reserve for the next 15 years. The schedule of needs and financial plan will be reviewed annually, updated at least every five years and adjusted accordingly.

**General
Obligation
Bond Debt
Service
Fund**

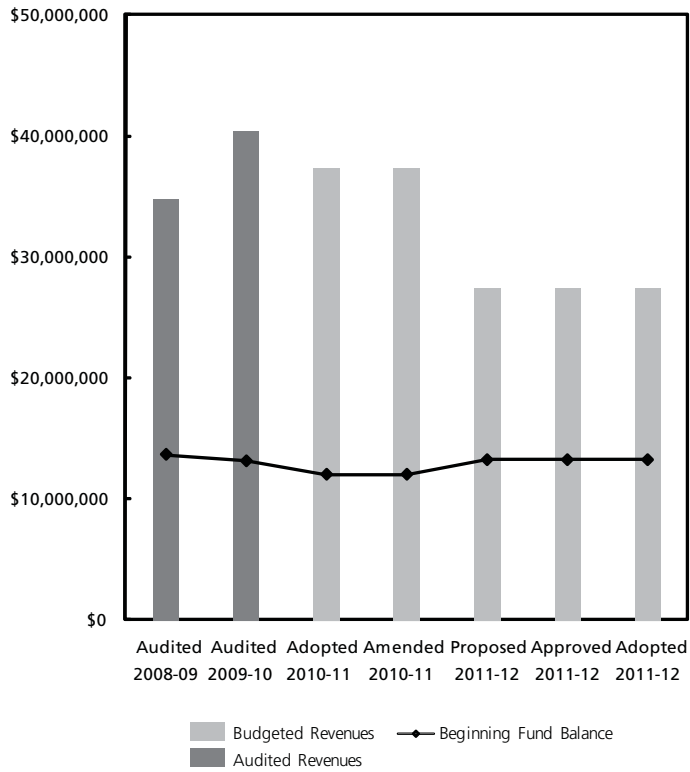


General Obligation Bond Debt Service Fund

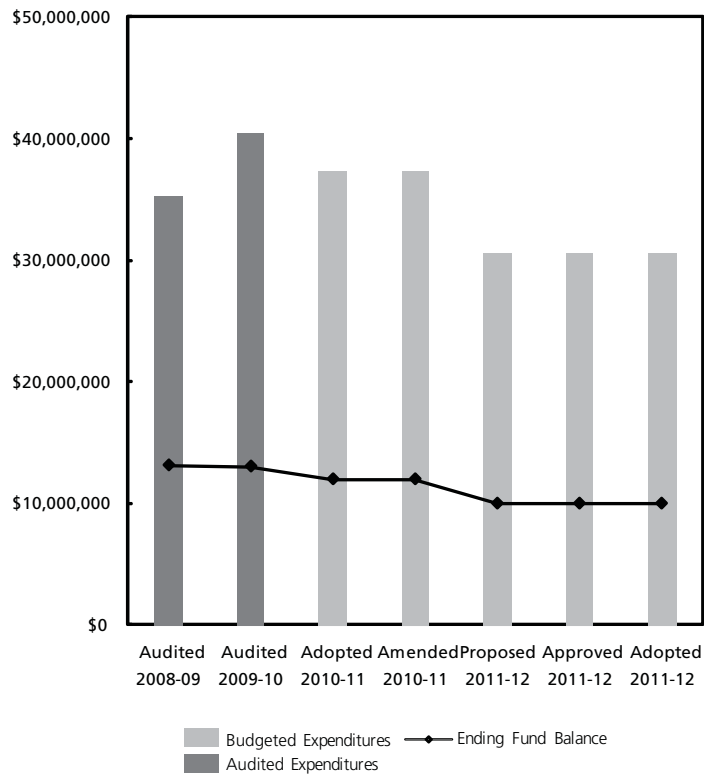
	Audited FY 2008-09	Audited FY 2009-10	Adopted FY 2010-11	Amended FY 2010-11	Proposed FY 2011-12	Approved FY 2011-12	Adopted FY 2011-12	Change from FY 2010-11 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$13,661,489	\$13,133,831	\$12,045,000	\$12,045,000	\$13,226,000	\$13,226,000	\$13,226,000	9.80%
Current Revenues								
Real Property Taxes	34,141,449	40,225,036	37,189,159	37,189,159	27,271,842	27,271,842	27,271,842	(26.67%)
Contributions from other Gov'ts	0	0	0	0	19,039	19,039	19,039	0.00%
Interest Earnings	606,851	162,612	100,000	100,000	100,000	100,000	100,000	0.00%
Subtotal Current Revenues	34,748,300	40,387,648	37,289,159	37,289,159	27,390,881	27,390,881	27,390,881	(26.54%)
TOTAL RESOURCES	\$48,409,789	\$53,521,479	\$49,334,159	\$49,334,159	\$40,616,881	\$40,616,881	\$40,616,881	(17.67%)
REQUIREMENTS								
Current Expenditures								
Debt Service	\$35,275,958	\$40,480,021	\$37,325,783	\$37,325,783	\$30,579,525	\$30,579,525	\$30,579,525	(18.07%)
Subtotal Current Expenditures	35,275,958	40,480,021	37,325,783	37,325,783	30,579,525	30,579,525	30,579,525	(18.07%)
<i>Ending Fund Balance</i>	<i>13,133,831</i>	<i>13,041,458</i>	<i>12,008,376</i>	<i>12,008,376</i>	<i>10,037,356</i>	<i>10,037,356</i>	<i>10,037,356</i>	<i>(16.41%)</i>
TOTAL REQUIREMENTS	\$48,409,789	\$53,521,479	\$49,334,159	\$49,334,159	\$40,616,881	\$40,616,881	\$40,616,881	(17.67%)
FULL-TIME EQUIVALENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
FTE CHANGE FROM FY 2010-11 AMENDED BUDGET								0.00

General Obligation Bond Debt Service Fund

Current revenues and fund balance



Current expenditures



General Obligation Bond Debt Service Fund

The General Obligation Bond Debt Service Fund receives property tax revenue from voter-approved levies and pays principal and interest due to holders of Metro's outstanding general obligation bonds. The fund contains debt service payments for each of Metro's existing general obligation bond series.

The Convention Center Project Debt Service Account pays the principal and interest due on the 2001 Series A general obligation refunding bonds (Oregon Convention Center project). In July 2001 Metro refinanced the 1992 Series A Convention Center refunding bonds, saving approximately \$4.2 million in interest payments over the next 10 years. In FY 2011-12 \$5,521,040 is due.

In November 2002 Metro refinanced the 1995 Series A and C Open Spaces, Parks and Streams bonds. The refinancing resulted in a net present value savings of \$6.1 million. In FY 2011-12 the total due is \$10,424,688.

In May 2005 Metro refinanced the callable portion of the 1996 Series A Oregon Project general obligation bonds, resulting in net present value savings of \$1,427,412. In FY 2011-12 the total due is \$2,272,650.

In November 2006 the voters approved the \$227.4 million Natural Areas general obligation bonds. The first series under this authorization was issued in April 2006. \$8,141,750 is due in FY 2011-12.

In November 2008 the voters approved a \$125 million bond measure for Oregon Zoo infrastructure and projects related to animal welfare. A small \$5 million two-year privately placed bond was paid off in full on the call date in June 2010. Another \$15 million privately placed bond was issued in August 2010, the majority of which has already been paid. Debt service of \$4,219,397 will repay this issue in FY 2011-12.

CURRENT REVENUES

Property taxes

Property taxes are levied to meet the outstanding requirements of the general obligation bonds. The levy amount is the amount needed to pay debt obligations assuming a 94 percent collection rate.

Interest

Interest is earned on the average cash balance of the fund, based on the current rates of Metro's investment portfolio. Under Governmental Accounting Standards Board Statement No. 31, interest earnings are adjusted to reflect market value of investments. As a result, interest earnings are less predictable and result in greater variability from year to year. The average interest earnings rate for FY 2011-12 is expected to fall to 0.5 percent.

CURRENT EXPENDITURES

Debt service

Principal and interest payments on the outstanding general obligation bonds are based on the actual debt service schedules for each issue. Debt service payments are made semi-annually.

FUND BALANCE

All of Metro's existing general obligation bonds have payments due early in the fiscal year, before property tax payments are received. All accounts, therefore, have ending fund balances of sufficient size to carry funds over to the following fiscal year to make the first debt service payment. Ending balances are adjusted over time to meet the requirements of debt obligations.

**General
Revenue
Bond Fund**

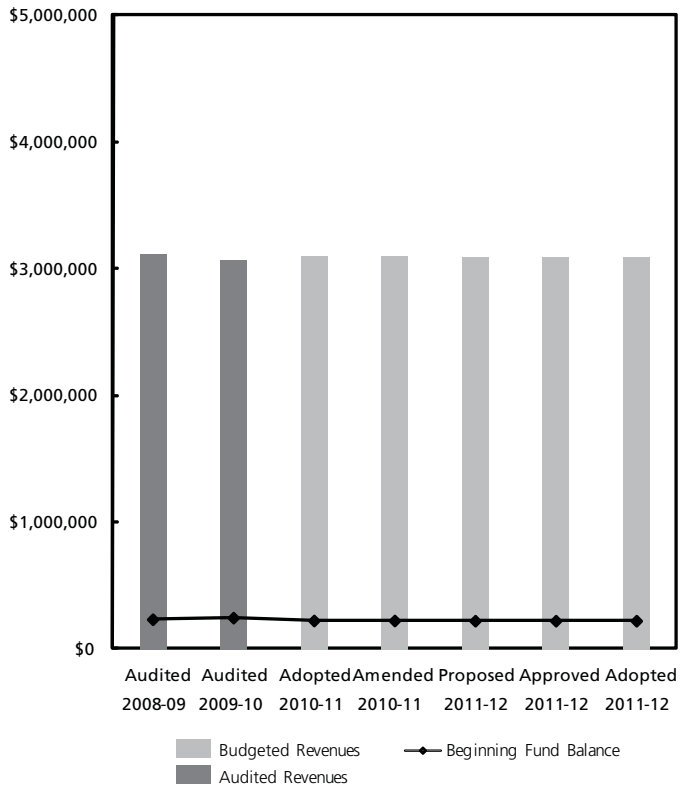


General Revenue Bond Fund

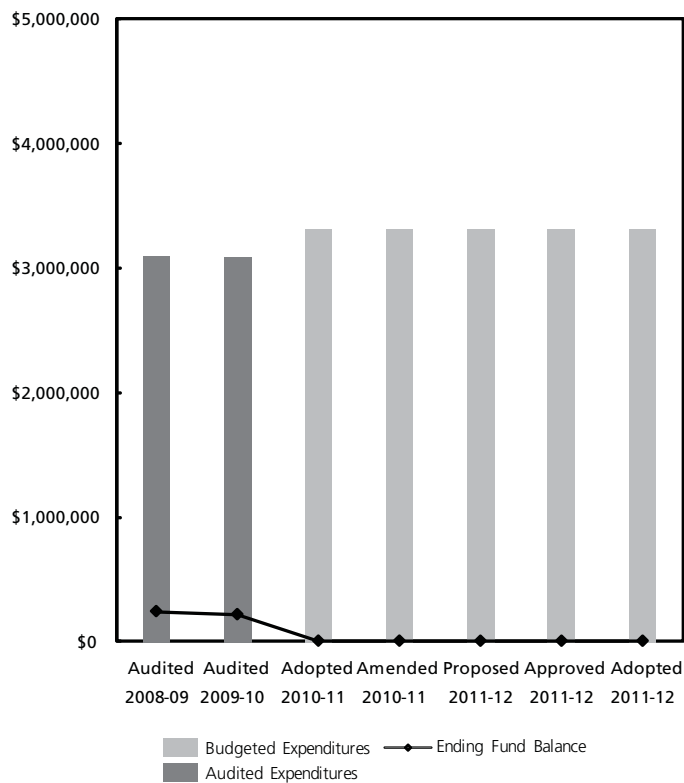
	Audited FY 2008-09	Audited FY 2009-10	Adopted FY 2010-11	Amended FY 2010-11	Proposed FY 2011-12	Approved FY 2011-12	Adopted FY 2011-12	Change from FY 2010-11 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$232,441	\$244,668	\$222,567	\$222,567	\$220,991	\$220,991	\$220,991	(0.71%)
Current Revenues								
Interest Earnings	12,226	2,245	2,300	2,300	1,106	1,106	1,106	(51.91%)
Interfund Transfers:								
Fund Equity Transfers	3,098,663	3,066,300	3,098,747	3,098,747	3,093,960	3,093,960	3,093,960	(0.15%)
Subtotal Current Revenues	3,110,889	3,068,545	3,101,047	3,101,047	3,095,066	3,095,066	3,095,066	(0.19%)
TOTAL RESOURCES	\$3,343,330	\$3,313,213	\$3,323,614	\$3,323,614	\$3,316,057	\$3,316,057	\$3,316,057	(0.23%)
REQUIREMENTS								
Current Expenditures								
Capital Outlay	0	0	219,090	219,090	216,821	216,821	216,821	(1.04%)
Debt Service	3,098,662	3,093,299	3,098,747	3,098,747	3,093,960	3,093,960	3,093,960	(0.15%)
Subtotal Current Expenditures	3,098,662	3,093,299	3,317,837	3,317,837	3,310,781	3,310,781	3,310,781	(0.21%)
<i>Ending Fund Balance</i>	244,668	219,914	5,777	5,777	5,276	5,276	5,276	(8.67%)
TOTAL REQUIREMENTS	\$3,343,330	\$3,313,213	\$3,323,614	\$3,323,614	\$3,316,057	\$3,316,057	\$3,316,057	(0.23%)
FULL-TIME EQUIVALENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
FTE CHANGE FROM FY 2010-11 AMENDED BUDGET								0.00

General Revenue Bond Fund

Current revenues and fund balance



Current expenditures



General Revenue Bond Fund

The General Revenue Bond Fund was established to account for bond proceeds used to construct Metro Regional Center and the assessments against Metro centers and services to pay debt service on those bonds. In FY 1995–96 the fund was expanded to include loan proceeds for the Washington Park parking lot renovation and a contribution to TriMet for the Oregon Zoo light rail station. In FY 1999–2000 the fund was again amended to include loan proceeds from the Oregon Economic and Community Development Department (OECDD) used to replace Hall D at the Portland Expo Center (Expo). In the future, this financing method and fund could be used to pay for other general purpose capital items.

Project account

This account was created in FY 1995–96 to provide for expenditures related to the Washington Park parking lot renovation and the contribution to TriMet for the zoo light rail station. Beginning in FY 1999–2000 it was also used to account for expenses associated with the Hall D Replacement Project.

Debt service account

This account is used to pay principal and interest due on the outstanding debt. In FY 2003–04 the Metro Regional Center general revenue bonds and Washington Park parking lot OECDD loans were refinanced with full faith and credit bonds. The refinancing resulted in a net present value savings of almost \$2.5 million, or 10 percent. Debt service on the Metro Regional Center bonds is paid from assessments allocated to the operations and activities of Metro that use the Metro Regional Center and from fees and charges for the use of the attached parking structure. Debt service on the outstanding obligation for the Washington Park parking lot is paid by zoo revenues. In April 2006 Metro issued full faith and credit bonds to refund the outstanding OECDD loan for the replacement of Hall D at the Expo Center. The refinancing resulted in a net present value savings of almost \$759,000 or 5.05 percent. Debt service on these refunding bonds is paid by Expo revenues.

CURRENT REVENUES

Interest earnings

Interest is earned on the unused portion of the fund balance. Earnings are based on the current rates of Metro's average investment portfolio. For FY 2011-12 average interest rates are assumed at 0.5 percent.

Interfund transfers

Debt service on the full faith and credit bonds for Metro Regional Center is paid from assessments allocated to the operations and activities of Metro that use Metro Regional Center, and fees and charges for the use of the attached parking structure. The fees, charges and assessments are collected within the General Fund and are transferred to the General Revenue Bond Fund for payment of debt service. Debt service for the Washington Park parking lot obligations is repaid by revenues transferred from zoo operations. Debt service on the obligations for Hall D is repaid by Expo revenues transferred from the MERC Fund.

CURRENT EXPENDITURES

Capital outlay

Capital outlay requirements in this fund are dependent on anticipated projects and vary from year to year. A small amount continues to be carried forward and budgeted every year for completion of the auxiliary lot at the Washington Park parking lot, should the permitting issues resolve.

Debt service

This category contains principal and interest due on the outstanding full faith and credit bonds. Debt service payments are made semi-annually and are tied to the debt service schedule. The Metro Regional Center revenue bonds and the Washington Park parking lot OECDD loans were refinanced in FY 2003–04. The 2003 series full faith and credit refinancing bonds will be repaid over 20 years and will fully mature in 2022. The 2006 series full faith and credit bonds will be repaid over 18.5 years, the remaining life of the former OECDD loan, and will retire in 2024.

FUND BALANCE

The fund balance contains a small amount in the debt service account and the amount that is carried forward for the Washington Park parking lot project.



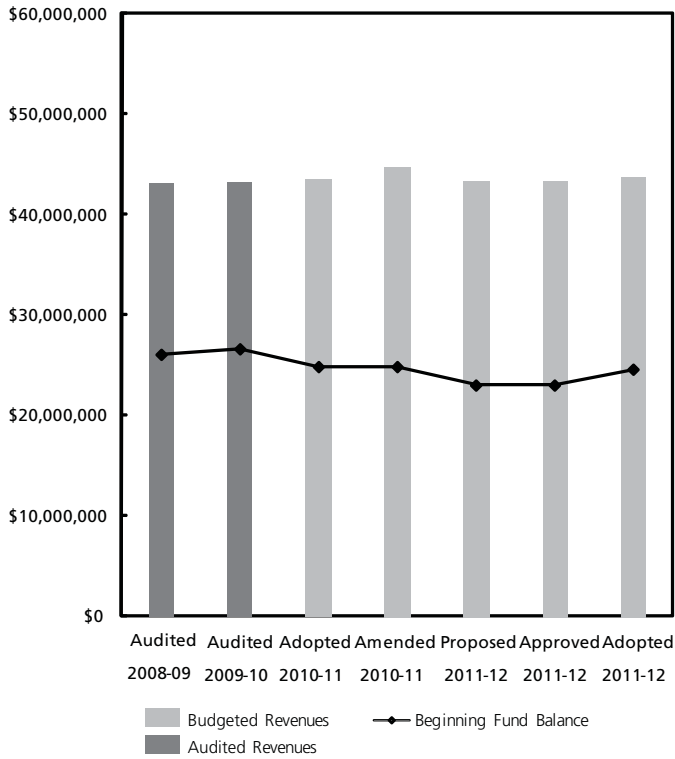
**Metropolitan
Exposition
Recreation
Commission
Fund**



Metropolitan Exposition Recreation Commission Fund

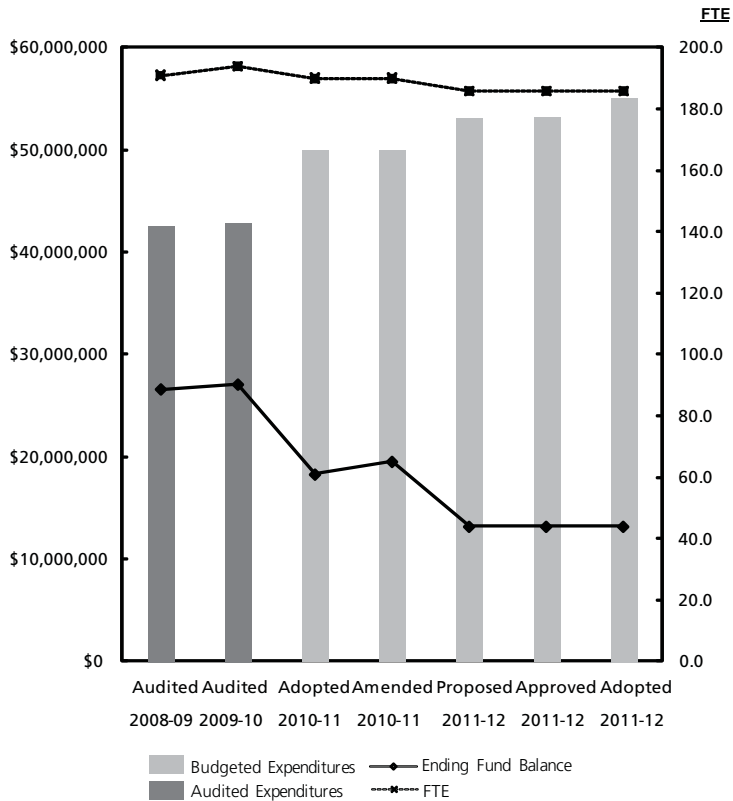
	Audited FY 2008-09	Audited FY 2009-10	Adopted FY 2010-11	Amended FY 2010-11	Proposed FY 2011-12	Approved FY 2011-12	Adopted FY 2011-12	Change from FY 2010-11 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$26,070,021	\$26,619,235	\$24,850,944	\$24,850,944	\$23,014,203	\$23,014,203	\$24,590,569	(1.05%)
Current Revenues								
Grants	8,075	190,976	653,216	679,517	0	0	46,675	(93.13%)
Local Gov't Shared Revenues	10,702,509	9,897,188	10,602,508	10,558,553	11,155,335	11,155,335	11,155,335	5.65%
Contributions from other Gov'ts	734,709	766,100	756,907	756,907	784,320	784,320	784,320	3.62%
Enterprise Revenue	29,718,490	29,511,836	30,017,258	31,278,213	30,105,749	30,105,749	30,282,749	(3.18%)
Interest Earnings	556,704	170,773	235,523	235,523	122,806	122,806	122,806	(47.86%)
Donations	450,742	2,376,370	585,500	585,500	510,000	510,000	610,000	4.18%
Other Misc. Revenue	163,682	182,973	123,197	123,197	131,090	131,090	131,090	6.41%
Interfund Transfers:								
Fund Equity Transfers	758,083	187,252	475,000	475,000	480,000	591,510	591,510	24.53%
Subtotal Current Revenues	43,092,994	43,283,468	43,449,109	44,692,410	43,289,300	43,400,810	43,724,485	(2.17%)
TOTAL RESOURCES	\$69,163,015	\$69,902,703	\$68,300,053	\$69,543,354	\$66,303,503	\$66,415,013	\$68,315,054	(1.77%)
REQUIREMENTS								
Current Expenditures								
Personal Services	\$17,507,657	\$16,800,140	\$17,989,676	\$17,989,676	\$17,676,671	\$17,788,181	\$17,788,181	(1.12%)
Materials and Services	20,230,591	20,706,426	20,580,326	21,718,772	20,206,823	20,131,823	20,485,330	(5.68%)
Capital Outlay	1,236,534	1,674,763	5,099,105	5,290,659	1,351,000	1,426,000	3,066,366	(42.04%)
Debt Service	17,548	136,362	0	0	0	0	0	0.00%
Interfund Transfers:								
Interfund Reimbursements	2,359,218	2,318,844	2,492,498	2,492,498	2,906,621	2,906,621	2,906,621	16.61%
Internal Service Transfers	0	0	0	0	77,884	77,884	77,884	0.00%
Fund Equity Transfers	1,192,232	1,176,632	1,189,132	1,309,132	3,158,261	3,158,261	3,158,261	141.25%
Contingency	0	0	2,652,773	1,202,773	7,727,548	7,727,548	7,633,716	534.68%
Subtotal Current Expenditures	42,543,780	42,813,167	50,003,510	50,003,510	53,104,808	53,216,318	55,116,359	10.22%
<i>Ending Fund Balance</i>	26,619,235	27,089,536	18,296,543	19,539,844	13,198,695	13,198,695	13,198,695	(32.45%)
TOTAL REQUIREMENTS	\$69,163,015	\$69,902,703	\$68,300,053	\$69,543,354	\$66,303,503	\$66,415,013	\$68,315,054	(1.77%)
FULL-TIME EQUIVALENTS	191.00	194.00	190.00	190.00	185.85	185.85	185.85	(2.18%)
FTE CHANGE FROM FY 2010-11 AMENDED BUDGET								(4.15)

Current revenues and fund balance



Metropolitan Exposition Recreation Commission Fund

Current expenditures and full-time equivalents



Metropolitan Exposition Recreation Commission Fund

The Metropolitan Exposition Recreation Commission (MERC) Fund includes three major visitor venues: Oregon Convention Center (OCC) and the Portland Metropolitan Exposition Center (Expo), both of which are owned by Metro, and Portland Center for the Performing Arts (PCPA) operated by Metro through an intergovernmental agreement with the City of Portland, which owns these facilities. Beginning in FY 2007–08 the MERC Pooled Capital Fund was absorbed into the MERC Operating Fund to create the MERC Fund. The venues are overseen by the Metropolitan Exposition Recreation Commission, a commission appointed by the Metro Council.

CURRENT REVENUES

Local government shared revenues

The revenues recorded in this classification are the transient lodging taxes and auto rental taxes collected by Multnomah County to support operations of OCC and PCPA. This source of revenue is expected to increase by approximately 5 percent, an indication of the improvement of the overall economy and the travel industry. The request for visitor development funding for OCC operating support is \$960,000, the same as FY 2010-11.

Contributions from other governments

These revenues represent a contribution from the City of Portland to support the operations of the PCPA. The contribution is based on the prior year's actual receipts increased or decreased by Consumer Price Index.

Enterprise revenues

MERC charges various fees for the use of its facilities, including rental fees, concession revenues, catering, parking and other enterprise activities. Enterprise revenue is projected to increase a modest 0.3 percent. This increase is the net result of a decline in OCC revenues based upon lower conventions and an increase in the rental rates at both PCPA and Expo.

Interest

Interest is calculated on the fund balance. The anticipated interest earnings are 0.5 percent in FY 2011-12 and will generate \$122,806, a decline from FY 2010-11 expected earnings of \$235,523.

Donations and bequests

In the past donations received for capital improvements were recorded in the MERC Pooled Capital Fund to match the contributions with the capital projects that they fund. In FY 2007–08 the MERC Pooled Capital Fund was merged with the MERC Operating Fund. Donations are expected to be \$610,000 in FY 2011-12, a 4 percent increase from FY 2010-11. Donations are predominantly from the Friends of PCPA, and the amount is generally based upon the request from the PCPA Foundation.

Interfund transfers

This category includes approximately \$592,000 provided to the OCC from General Fund revenues under the Metro Tourism Opportunity and Competitiveness Account for specific capital projects.

CURRENT EXPENDITURES

Personal services

The decrease in this classification is a result of the transfer of four FTE in administrative positions to Metro and a PCPA marketing position increased from part time to full time.

Materials and services

This category includes spending for goods and services required to operate and market the facilities. The major expenditures in this category are for food service contracts, utilities, marketing services and facility maintenance expenses. Expenditures are expected to fall about 5.7 percent from the FY 2010-11 budget, demonstrating efficiencies in line with the tight economy.

Capital outlay

Overall spending on capital projects is decreasing about 42 percent as reserves restricted to capital outlay were expended in the prior budgeted year. Food and beverage capital investments at all three facilities in FY 2010-11 are either complete or being completed in FY 2011-12. Funding for these projects was generated from the new food and beverage contract. OCC has budgeted numerous equipment purchases as well as several revenue generating projects. Several projects originally thought to be completed in FY 2010-11 are carried forward including the Sizzler Block Project Construction, Kitchen Remodel, Hand Dryers and Signage Upgrade. PCPA plans lighting upgrades, completion of the Arlene Schnitzer roof and adding new HVAC controls at both the Arlene Schnitzer and Hatfield concert halls. The completion of the Keller Auditorium Boiler replacement is carried forward from FY 2010-11. Expo plans to begin portable bleacher replacement, replacing two per year over a four year period, and replacing carpets in Hall E.

Debt service

This category previously included debt service for a Local Improvement District (LID) assessment from the City of Portland for the Steel Bridge Pedestrian Walkway project. The debt was defeased in FY 2009-10.

Interfund transfers

In FY 2011-12 this fund contains four interfund transfers. Transfers to the General Fund are for central service charges as allocated through the cost allocation plan. Transfers to the Risk Management Fund represent MERC's costs associated with property, liability and workers' compensation insurance, claims and reserves. The transfer to the General Revenue Bond Fund is for principal and interest payments for debt service for the Expo Center Hall D replacement. A one-time transfer of the approximately \$2.0 million to Metro's General Fund consolidates PERS reserves from all funds to facilitate central management of these funds.

Contingency

A contingency provides for unforeseen needs throughout the year. Expenditures from contingency may be made only when Council adopts an ordinance amending the budget. Any transfer from contingency throughout the year that would exceed a cumulative amount greater than 15 percent of expenditures requires a full supplemental budget amendment, including public review.

FUND BALANCE

As part of the FY 2011-12 budget development the MERC Commission reviewed a MERC Fund Reserves study prepared collaboratively by MERC and Finance and Regulatory Services. The study considered the historical performance of the MERC fund, its performance during historical ups and downs in the business cycle and the need for designated renewal and replacement reserves and annual contributions for the protection of its assets. As with the General Fund reserves study performed several years ago, the assumptions for the renewal and replacement reserve requirements are preliminary, based on the best data available, and will be reviewed again after the FY 2011-12 inventory and condition assessment. The MERC Commission recommended, and the Metro Council approved, the designation of 2-year contingency reserves (contingency and stabilization) and accumulation reserves (renewal and replacement and new capital or business opportunity).

The beginning fund balance, projected to be \$24.6 million, represents funds carried over from the previous year, including both the contingency and accumulation reserves described above. An ending balance of \$20.8 million, including unspent contingency, reflects the transfer of the PERS reserves to a central fund and the designated spending of some reserves restricted for capital improvements.

Natural Areas Fund

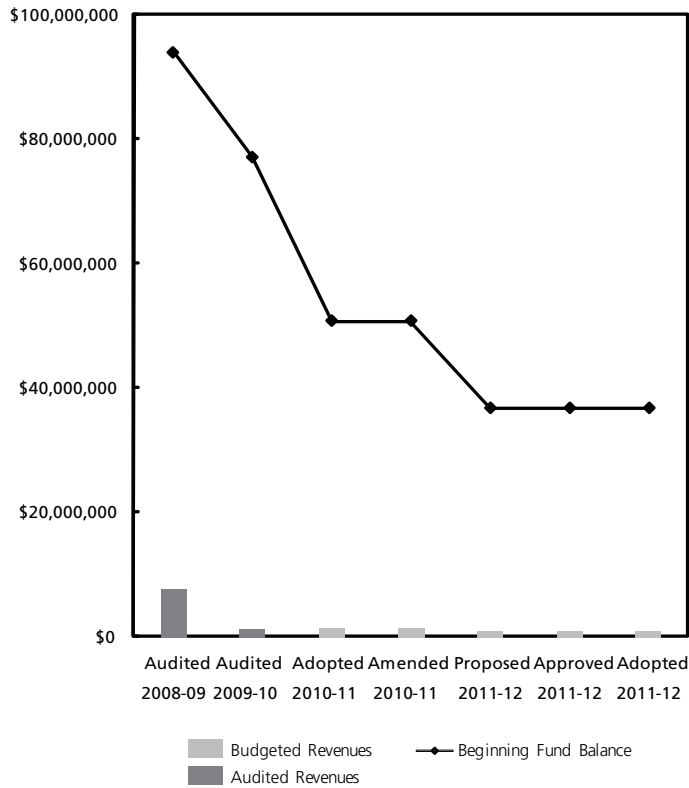


Natural Areas Fund

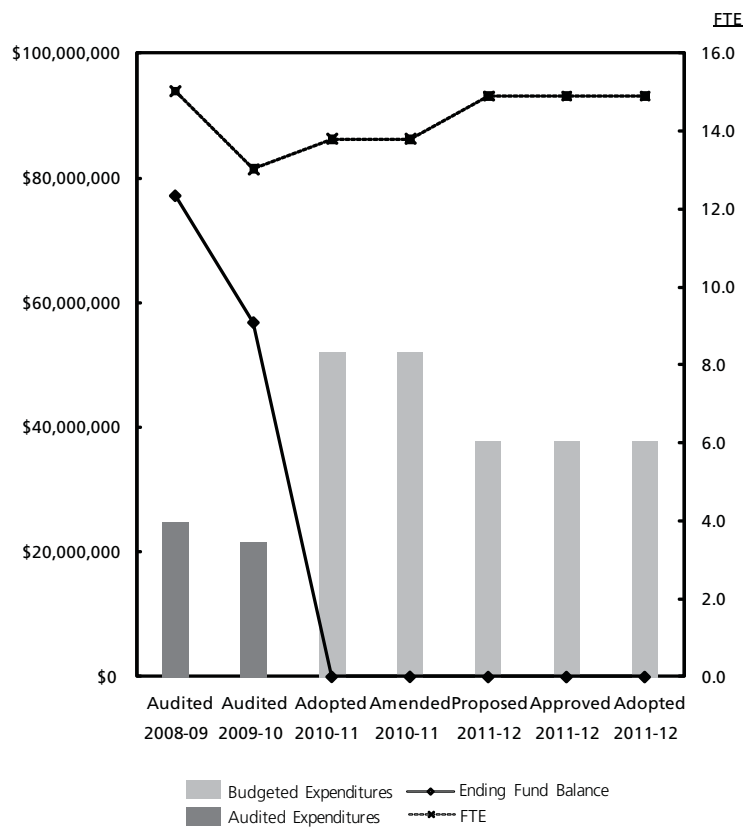
	Audited FY 2008-09	Audited FY 2009-10	Adopted FY 2010-11	Amended FY 2010-11	Proposed FY 2011-12	Approved FY 2011-12	Adopted FY 2011-12	Change from FY 2010-11 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$93,975,794	\$77,109,207	\$50,775,000	\$50,775,000	\$36,715,000	\$36,715,000	\$36,715,000	(27.69%)
Current Revenues								
Grants	526,680	322,479	913,210	913,210	0	0	0	(100.00%)
Interest Earnings	2,538,906	940,859	505,750	505,750	183,575	183,575	183,575	(63.70%)
Donations	4,695,376	0	30,000	30,000	866,000	866,000	866,000	2786.67%
Other Misc. Revenue	100,000	63,251	0	0	0	0	0	0.00%
Interfund Transfers:								
Fund Equity Transfers	0	0	0	0	0	8,940	8,940	0.00%
Subtotal Current Revenues	7,860,962	1,326,589	1,448,960	1,448,960	1,049,575	1,058,515	1,058,515	(26.95%)
TOTAL RESOURCES	\$101,836,756	\$78,435,796	\$52,223,960	\$52,223,960	\$37,764,575	\$37,773,515	\$37,773,515	(27.67%)
REQUIREMENTS								
Current Expenditures								
Personal Services	\$1,353,545	\$1,240,997	\$1,350,698	\$1,350,698	\$1,561,957	\$1,570,897	\$1,570,897	16.30%
Materials and Services	4,704,762	5,937,117	12,150,000	12,150,000	12,150,000	12,150,000	12,150,000	0.00%
Capital Outlay	17,602,084	13,085,101	33,202,590	33,202,590	20,939,000	20,939,000	20,939,000	(36.94%)
Interfund Transfers:								
Interfund Reimbursements	969,315	826,712	883,646	883,646	1,249,115	1,249,115	1,249,115	41.36%
Internal Service Transfers	97,843	553,262	618,595	618,595	477,107	477,107	477,107	(22.87%)
Fund Equity Transfers	0	0	0	0	47,000	47,000	47,000	0.00%
Contingency	0	0	3,988,905	3,988,905	1,340,396	1,340,396	1,340,396	(66.40%)
Subtotal Current Expenditures	24,727,549	21,643,189	52,194,434	52,194,434	37,764,575	37,773,515	37,773,515	(27.63%)
<i>Ending Fund Balance</i>	<i>77,109,207</i>	<i>56,792,607</i>	<i>29,526</i>	<i>29,526</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(100.00%)</i>
TOTAL REQUIREMENTS	\$101,836,756	\$78,435,796	\$52,223,960	\$52,223,960	\$37,764,575	\$37,773,515	\$37,773,515	(27.67%)
FULL-TIME EQUIVALENTS	15.03	13.03	13.80	13.80	14.90	14.90	14.90	7.97%
FTE CHANGE FROM FY 2010-11 AMENDED BUDGET								1.10

Natural Areas Fund

Current revenues and fund balance



Current expenditures and full-time equivalents



Natural Areas Fund

In November 2006 the voters of the Metro region authorized the sale of \$227.4 million in general obligation bonds for the purpose of preserving natural areas and stream frontages, maintaining and improving water quality and protecting fish and wildlife habitat. The \$227.4 million total voter authorization included three elements:

- \$168.4 million regional component to purchase regionally significant natural areas in 27 target areas.
- \$44 million local share component to be provided directly to local cities, counties and park providers to allow flexibility for each community to meet its own needs and offer citizens improved access to nature in neighborhoods.
- \$15 million Nature in Neighborhoods Capital Grant program to complement the regional and local share portions of the 2006 bond measure by providing opportunities for the community to actively protect fish and wildlife habitat and water quality near where people live and work.

The first series of bonds under the 2006 authorization was issued in April 2007 for \$124,295,000. The agency is currently reevaluating program needs under this authorization. The Natural Areas Fund is used to account for proceeds and expenditures related to the Natural Areas general obligation bonds.

CURRENT REVENUES

Grants

No grants are expected in FY 2011-12.

Interest earnings

Interest of \$183,675 will be earned on the unexpended balance of bond proceeds and other resources. Bond proceeds are invested in compliance with bond and arbitrage requirements.

CURRENT EXPENDITURES

Personal services

This category includes salaries and benefits for 14.90 FTE, an increase of 1.10 FTE, to implement the goals of the Natural Areas program as approved by the voters in November 2006. The 1.00 FTE increase is for a GIS specialist needed to support property acquisitions, transferred from the Research Center. A small increase of 0.10 FTE in a Program Supervisor II reflects expected staff usage. With the approval of the bond measure the Metro Council approved the addition of 13 new positions to support the acquisition, stabilization, local share and community grant elements of the program. Several of those positions related to financial and administrative support are now budgeted in a support pool in Parks and Environmental Services. In addition, portions of several existing positions were transferred from Parks and Environmental Services, the Sustainability Center and the former Open Spaces program to provide other expertise to the program. Legal and due diligence staff associated with the program are budgeted in the Office of Metro Attorney in the General Fund.

Materials and services

Funds are budgeted for local share payments to other jurisdictions and community grants. Professional and property services related to land acquisition are now budgeted under capital outlay.

Capital outlay

The capital outlay budget provides for the acquisition of land and the capital improvements of several existing properties as authorized under the bond measure. All contracted and property related services such as appraisals formerly budgeted under materials and services are now budgeted under capital outlay. There are planned expenditures for the 40-mile loop trail construction at Blue Lake Park. Federal funds pay for 89 percent of this project. The entire amount of \$939,000 is included here to allow Metro to book the asset when work is completed by Oregon Department of Transportation. The Natural Areas program is a willing seller program. Actual expenditures are dependent on available property. The budget allows the flexibility to meet a more aggressive acquisition goal should the opportunities arise.

Interfund transfers

Expenditures in this category include transfers to the General and Risk Management funds for central services, rent and insurance costs incurred on behalf of the Natural Areas program. These charges are allocated based on an approved central services cost allocation plan. There is also a transfer to the Research Center for mapping services provided by the Data Resource Center, as well as transfers for administrative and financial support provided by Parks and Environmental Services.

Contingency

Contingency funds are provided to meet unforeseen needs throughout the year. The Metro Council may, through budget amendment, move up to 15 percent of the value of the fund's appropriations from contingency. Any amount above that requires a full supplemental budget action. Because of the willing seller nature of the program, the Natural Areas Fund includes a contingency level that is significantly higher than would normally be budgeted. The balance of bond proceeds carried over from previous years and not needed to fund current year expenditures is placed in contingency.

FUND BALANCE

The fund balance represents unexpended bond proceeds plus interest earned. The balance will decrease as the program goals are achieved.



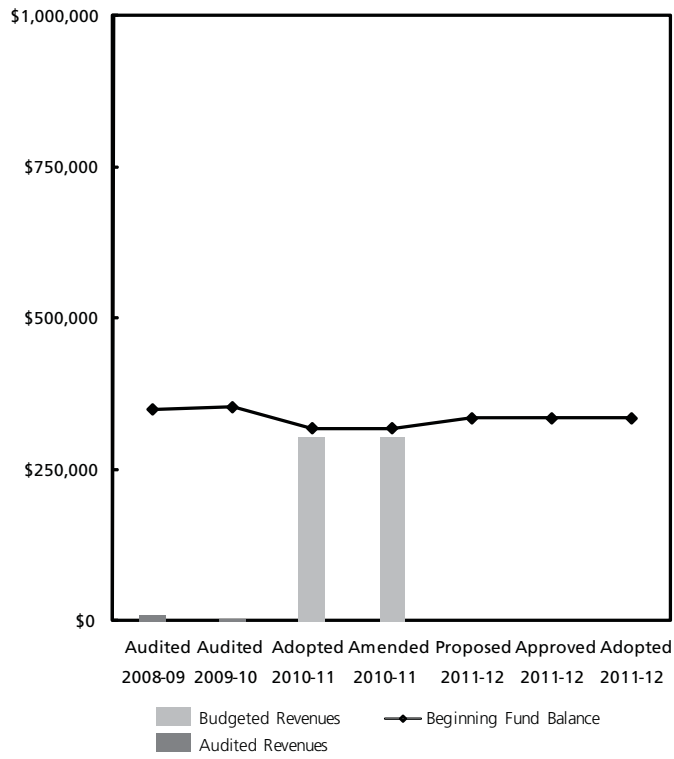
**Open
Spaces
Fund**



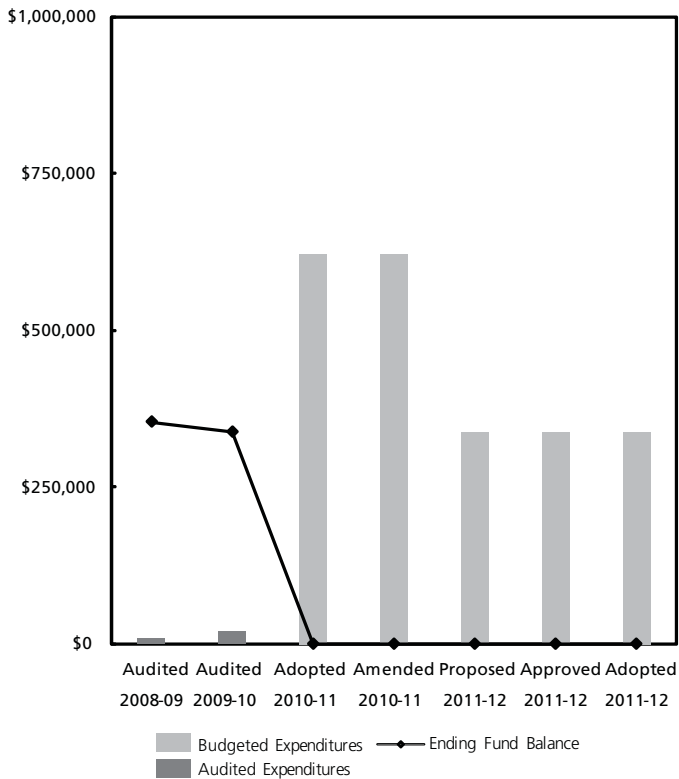
Open Spaces Fund

	Audited FY 2008-09	Audited FY 2009-10	Adopted FY 2010-11	Amended FY 2010-11	Proposed FY 2011-12	Approved FY 2011-12	Adopted FY 2011-12	Change from FY 2010-11 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$350,070	\$353,637	\$318,942	\$318,942	\$335,200	\$335,200	\$335,200	5.10%
Current Revenues								
Interest Earnings	10,584	3,395	3,189	3,189	1,676	1,676	1,676	(47.44%)
Other Misc. Revenue	0	0	300,000	300,000	0	0	0	(100.00%)
Subtotal Current Revenues	10,584	3,395	303,189	303,189	1,676	1,676	1,676	(99.45%)
TOTAL RESOURCES	\$360,654	\$357,032	\$622,131	\$622,131	\$336,876	\$336,876	\$336,876	(45.85%)
REQUIREMENTS								
Current Expenditures								
Personal Services	\$372	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Materials and Services	1,555	4,500	0	0	0	0	0	0.00%
Capital Outlay	5,090	15,026	622,131	622,131	336,876	336,876	336,876	(45.85%)
Subtotal Current Expenditures	7,017	19,526	622,131	622,131	336,876	336,876	336,876	(45.85%)
<i>Ending Fund Balance</i>	<i>353,637</i>	<i>337,506</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.00%</i>
TOTAL REQUIREMENTS	\$360,654	\$357,032	\$622,131	\$622,131	\$336,876	\$336,876	\$336,876	(45.85%)
FULL-TIME EQUIVALENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
FTE CHANGE FROM FY 2010-11 AMENDED BUDGET								0.00

Current revenues and fund balance



Current expenditures



Open Spaces Fund

Open Spaces Fund

In July 1992 Metro adopted the Metropolitan Greenspaces Master Plan. Among other strategies, the master plan called for the acquisition of regionally significant open spaces. The Open Spaces Fund has been used to account for bond proceeds and expenditures related to the Open Spaces, Parks and Streams 1995 general obligation bonds.

The fund includes the Open Spaces Acquisition program managed by the Sustainability Center. Historically the fund also managed and paid for the Due Diligence program. As purchases waned, the Due Diligence program switched emphasis to “owned” land agency-wide. As a result, the Due Diligence program was fully absorbed in the Office of Metro Attorney and costs allocated agency-wide as appropriate.

The funds have been used to purchase regionally significant open spaces in 14 target areas and six regional trails and greenway areas, construct two regional trails and fund approximately 90 local government parks projects through the local greenspaces project element of the bond measure.

As the acquisition program funded by this bond measure neared completion, staff were reduced or transferred to Parks and Environmental Services or the Sustainability Center for long-term maintenance of the properties.

CURRENT REVENUES

Interest earnings

Interest is earned on the unexpended balance of bond proceeds and other resources. Bond proceeds are invested in compliance with bond and arbitrage requirements. Interest earnings decline as the balance of bond proceeds is expended.

Sale of fixed assets

During FY 2010-11 Metro planned to sell a portion of a property purchased under the Open Spaces land acquisition program although the sale has not yet concluded. Proceeds from the sale will be returned to the program for reinvestment in property.

CURRENT EXPENDITURES

Personal services

Historically this category included salary and benefits for staff hired to carry out the goals of the bond measure; as bond proceeds declined, staff was reduced or transferred to operations and maintenance.

Materials and services

Funds previously budgeted for completion of stabilization projects on lands purchased under the bond measure are now budgeted under capital outlay.

Capital outlay

The capital outlay appropriation reflects the final remaining amount available for the purchase of land.

FUND BALANCE

The fund balance represents unexpended bond proceeds plus interest earned. The balance has decreased as the program goals are achieved.

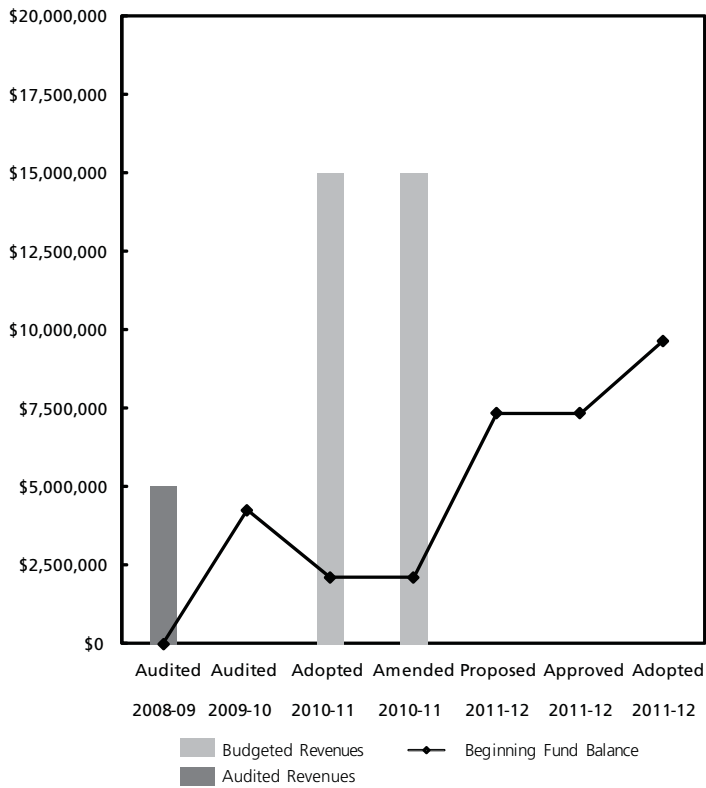
**Oregon Zoo
Infrastructure
and Animal
Welfare
Bond Fund**



Oregon Zoo Infrastructure and Animal Welfare Bond Fund

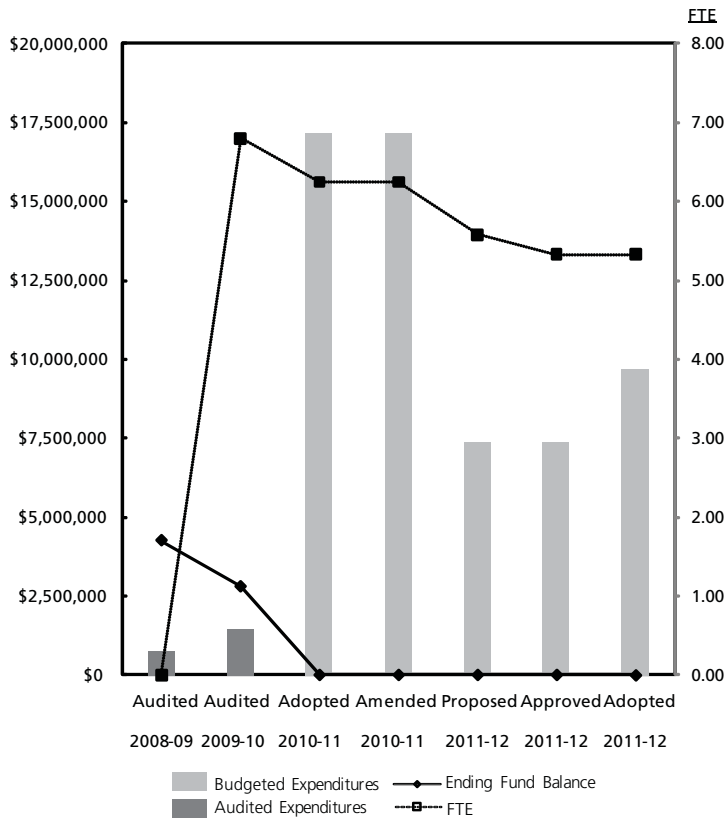
	Audited FY 2008-09	Audited FY 2009-10	Adopted FY 2010-11	Amended FY 2010-11	Proposed FY 2011-12	Approved FY 2011-12	Adopted FY 2011-12	Change from FY 2010-11 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$0	\$4,260,056	\$2,121,338	\$2,121,338	\$7,356,973	\$7,356,973	\$9,649,239	354.87%
Current Revenues								
Interest Earnings	37,280	26,399	21,213	21,213	24,648	24,648	24,648	16.19%
Bond and Loan Proceeds	5,000,000	0	15,000,000	15,000,000	0	0	0	(100.00%)
Interfund Transfers:								
Fund Equity Transfers	0	0	0	0	0	3,350	3,350	0.00%
Subtotal Current Revenues	5,037,280	26,399	15,021,213	15,021,213	24,648	27,998	27,998	(99.81%)
TOTAL RESOURCES	\$5,037,280	\$4,286,455	\$17,142,551	\$17,142,551	\$7,381,621	\$7,384,971	\$9,677,237	(43.55%)
REQUIREMENTS								
Current Expenditures								
Personal Services	\$101,178	\$457,335	\$659,562	\$659,562	\$655,472	\$627,690	\$627,690	(4.83%)
Materials and Services	0	809	0	0	0	0	0	0.00%
Capital Outlay	676,046	1,021,357	14,696,830	14,696,830	5,791,025	5,791,025	6,432,825	(56.23%)
Interfund Transfers:								
Interfund Reimbursements	0	0	190,278	190,278	150,973	150,973	150,973	(20.66%)
Internal Service Transfers	0	0	104,637	104,637	188,236	188,236	188,236	79.89%
Fund Equity Transfers	0	0	0	0	25,000	25,000	25,000	0.00%
Contingency	0	0	1,476,683	1,476,683	556,559	587,691	2,252,513	52.54%
Subtotal Current Expenditures	777,224	1,479,501	17,127,990	17,127,990	7,367,265	7,370,615	9,677,237	(43.50%)
<i>Ending Fund Balance</i>	<i>4,260,056</i>	<i>2,806,954</i>	<i>14,561</i>	<i>14,561</i>	<i>14,356</i>	<i>14,356</i>	<i>0</i>	<i>(100.00%)</i>
TOTAL REQUIREMENTS	\$5,037,280	\$4,286,455	\$17,142,551	\$17,142,551	\$7,381,621	\$7,384,971	\$9,677,237	(43.55%)
FULL-TIME EQUIVALENTS	0.00	6.80	6.25	6.25	5.58	5.33	5.33	(14.72%)
FTE CHANGE FROM FY 2010-11 AMENDED BUDGET								(0.92)

Current revenues and fund balance



Oregon Zoo Infrastructure and Animal Welfare Bond Fund

Current expenditures and full-time equivalents



Oregon Zoo Infrastructure and Animal Welfare Bond Fund

In November 2008 the voters of the Metro region authorized the sale of \$125.0 million in general obligation bonds for Oregon Zoo infrastructure and projects related to animal welfare. A small bond of \$5 million was issued in December 2008 under this authorization; another small issue of \$15 million was issued in December 2010. As project planning, design and permitting progresses, additional bonds under this authorization will be issued.

CURRENT REVENUES

Interest earnings

Interest of approximately \$25,000 will be earned on the unexpended balance of bond proceeds and other resources. Bond proceeds are invested in compliance with bond and arbitrage requirements.

Interfund transfers

A transfer from the Health and Welfare account of the Risk Management Fund, equivalent to approximately \$600 per FTE, is provided to help partially offset the cost increase in health benefits.

CURRENT EXPENDITURES

Personal services

This category includes salaries and benefits for 5.33 FTE to implement the Oregon Zoo Bond program. A full-time limited duration position is expected to be eliminated at the end of October 2011, resulting in a 0.67 FTE reduction. Also, 0.25 FTE is transferred back to operations as that portion the work product is completed.

Capital outlay

The capital outlay budget provides for preliminary master planning, land use and permitting costs for all projects, as well as initial construction costs for several projects including the veterinary hospital, improving on-site elephant facilities, more humane enclosures for apes and monkeys and the penguin filtration system.

Interfund Transfers

This category includes charges from the General or Risk Management funds for services received such as legal, payroll, accounting, human resources, finance and communications. In FY 2011-12 the bond fund will also transfer funds to Communications to assist with public involvement and the land use process.

Contingency

Contingency funds are provided to meet unforeseen needs or other emergencies throughout the fiscal year. The Metro Council must authorize the appropriation and expenditure of contingency by ordinance.

FUND BALANCE

The fund balance represents unexpended bond proceeds plus interest earned. The balance will decrease as the program goals are achieved.

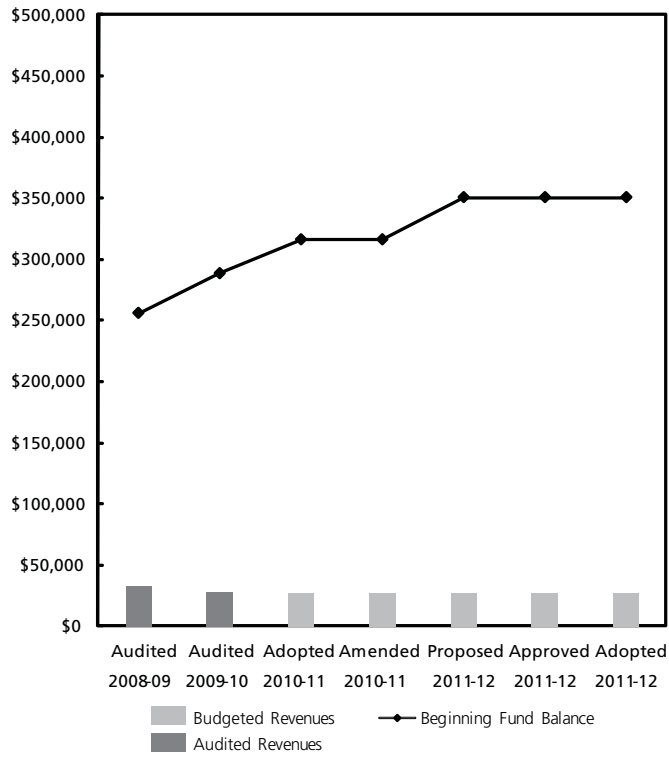
**Pioneer
Cemetery
Perpetual
Care Fund**



Pioneer Cemetery Perpetual Care Fund

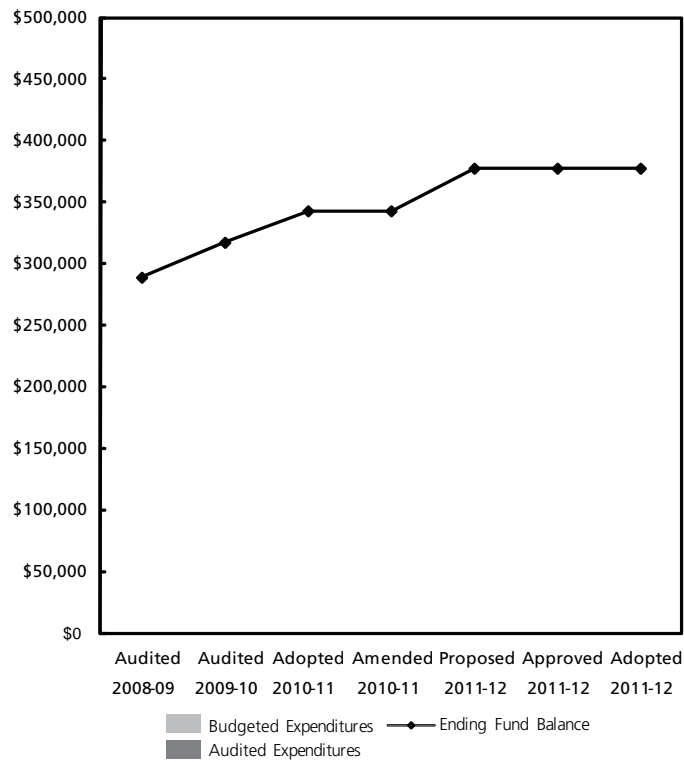
	Audited FY 2008-09	Audited FY 2009-10	Adopted FY 2010-11	Amended FY 2010-11	Proposed FY 2011-12	Approved FY 2011-12	Adopted FY 2011-12	Change from FY 2010-11 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$256,340	\$288,683	\$316,297	\$316,297	\$350,700	\$350,700	\$350,700	10.88%
Current Revenues								
Other Derived Tax Revenue	24,168	25,497	23,300	23,300	25,000	25,000	25,000	7.30%
Interest Earnings	8,175	2,978	3,163	3,163	1,750	1,750	1,750	(44.67%)
<i>Interfund Transfers:</i>								
Subtotal Current Revenues	32,343	28,475	26,463	26,463	26,750	26,750	26,750	1.08%
TOTAL RESOURCES	\$288,683	\$317,158	\$342,760	\$342,760	\$377,450	\$377,450	\$377,450	10.12%
REQUIREMENTS								
<i>Ending Fund Balance</i>	\$288,683	\$317,158	\$342,760	\$342,760	\$377,450	\$377,450	\$377,450	10.12%
TOTAL REQUIREMENTS	\$288,683	\$317,158	\$342,760	\$342,760	\$377,450	\$377,450	\$377,450	10.12%
FULL-TIME EQUIVALENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
FTE CHANGE FROM FY 2010-11 AMENDED BUDGET								0.00

Current revenues and fund balance



Pioneer Cemetery Perpetual Care Fund

Current expenditures



Pioneer Cemetery Perpetual Care Fund

The Pioneer Cemetery Perpetual Care Fund was created in FY 2003–04 to provide financial support for the long-term maintenance of the Metro Pioneer Cemeteries after the cemeteries are no longer receiving revenue from grave sales and burial services. The fund was seeded with a transfer of the Willamina Farmer Family account from the Regional Parks Specials Accounts Fund. This account was a bequest from the family to provide for the long-term maintenance and upkeep of the Farmer Family plot and the Pioneer Cemeteries.

Resolution 08-3943, adopted May 15, 2008, clarified the fund as a permanent fund, restricting the use of the principal. The fund receives revenue from a 15 percent surcharge on grave sales, the maximum amount allowed by state law. No expenditures are anticipated from this fund until grave sites are exhausted at the cemeteries.

A recent review of the cemetery sites shows fewer burial plots remaining than originally thought. The Metro Council will consider pricing strategies and other revenue options in FY 2011-12.

CURRENT REVENUES

Other derived tax revenue

A 15 percent surcharge is added to every grave sale to provide a contribution to the long-term perpetual care of the plot. Revenues have not been increasing significantly because of the temporary suspension of grave sales at Lone Fir and Multnomah cemeteries.

Interest earnings

Interest will be earned on the balance of the fund. Interest is projected at 0.5 percent of the cash balance.

FUND BALANCE

No expenditures are planned from this fund until such time as the cemetery program runs out of grave sites to sell. The fund balance will continue to grow annually with additional contributions from grave sales and interest earnings.

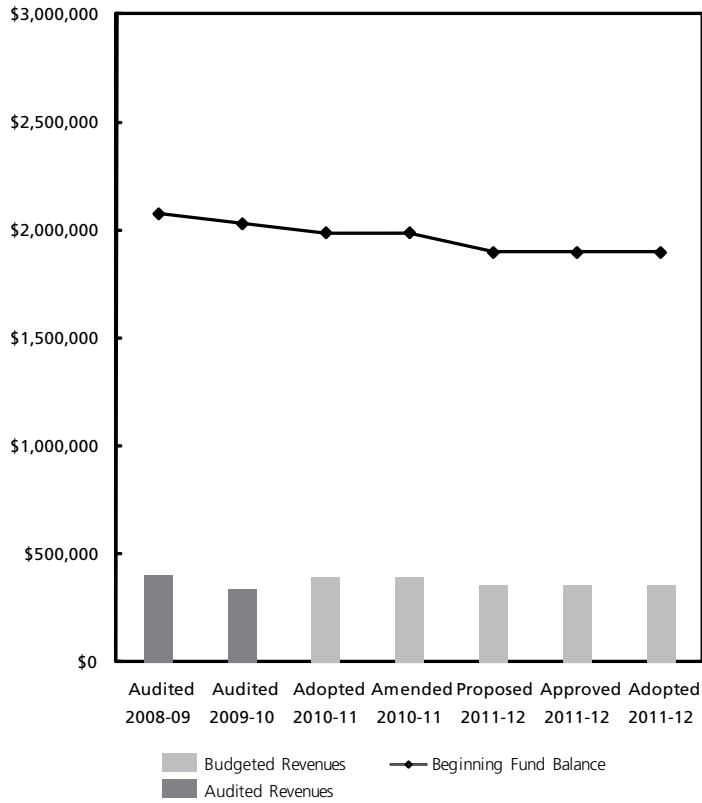
Rehabilitation and Enhancement Fund



Rehabilitation and Enhancement Fund

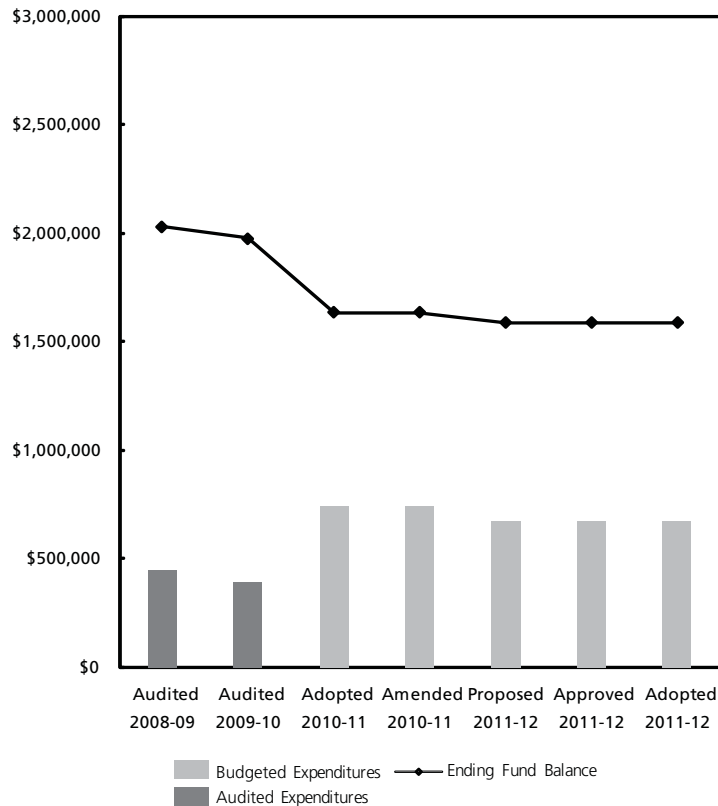
	Audited FY 2008-09	Audited FY 2009-10	Adopted FY 2010-11	Amended FY 2010-11	Proposed FY 2011-12	Approved FY 2011-12	Adopted FY 2011-12	Change from FY 2010-11 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$2,074,726	\$2,029,329	\$1,988,304	\$1,988,304	\$1,897,631	\$1,897,631	\$1,897,631	(4.56%)
Current Revenues								
Interest Earnings	61,936	19,672	19,883	19,883	9,488	9,488	9,488	(52.28%)
Interfund Transfers:								
Fund Equity Transfers	339,435	316,860	367,984	367,984	348,867	348,867	348,867	(5.20%)
Subtotal Current Revenues	401,371	336,532	387,867	387,867	358,355	358,355	358,355	(7.61%)
TOTAL RESOURCES	\$2,476,097	\$2,365,861	\$2,376,171	\$2,376,171	\$2,255,986	\$2,255,986	\$2,255,986	(5.06%)
REQUIREMENTS								
Current Expenditures								
Materials and Services	\$416,683	\$359,013	\$409,639	\$409,639	\$336,903	\$336,903	\$336,903	(17.76%)
Interfund Transfers:								
Internal Service Transfers	30,085	32,662	32,962	32,962	33,287	33,287	33,287	0.99%
Contingency	0	0	300,000	300,000	300,000	300,000	300,000	0.00%
Subtotal Current Expenditures	446,768	391,675	742,601	742,601	670,190	670,190	670,190	(9.75%)
<i>Ending Fund Balance</i>	2,029,329	1,974,186	1,633,570	1,633,570	1,585,796	1,585,796	1,585,796	(2.92%)
TOTAL REQUIREMENTS	\$2,476,097	\$2,365,861	\$2,376,171	\$2,376,171	\$2,255,986	\$2,255,986	\$2,255,986	(5.06%)
FULL-TIME EQUIVALENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
FTE CHANGE FROM FY 2010-11 AMENDED BUDGET								0.00

Current revenues and fund balance



Rehabilitation and Enhancement Fund

Current expenditures



Rehabilitation and Enhancement Fund

The Rehabilitation and Enhancement Fund was established to comply with Senate Bill 662, enacted by the Oregon Legislature in 1985. The fund accounts for rehabilitation and enhancement fees (\$0.50 per ton of solid waste material processed) collected at the Metro Central, Metro South and Forest Grove transfer stations. Funds are used for community enhancement projects in the vicinity of each of these solid waste facilities:

North Portland Community Enhancement Program: The North Portland Community Enhancement Committee solicits and recommends projects to rehabilitate and enhance North Portland areas surrounding the St. Johns Landfill. Because the landfill no longer generates fees, revenue for this program comes from interest earnings on the fund balance for this account. On a one-time basis, a portion of the St. Johns Landfill gas recovery revenue was dedicated to this program in FY 2005–06. This dedication was to offset the impact of low interest earnings and allow the committee to formulate a long range spending plan for these funds during FY 2005–06. The committee decided to generally continue the policy of spending only anticipated interest earnings. Anticipated earnings more than the budgeted amount will be occasionally maintained to enable the committee to fund more grants during periods of lower interest yields. This year is anticipated to have a lower interest yield, therefore the recommended expected spending of \$16,450 is about \$8,200 more than anticipated interest earnings.

Oregon City Community Enhancement Program: Funds from community enhancement fees at Metro South Station are paid to Oregon City on a quarterly basis and are used for local community enhancement projects.

Metro Central Community Enhancement Program: Funds from community enhancement fees at Metro Central Station are used for community enhancement projects in the vicinity of Metro Central Station in Northwest Portland, as recommended by a seven-member citizen committee.

Forest Grove Community Enhancement Program: Fees collected at a privately owned transfer station in Forest Grove are paid to the City of Forest Grove on a quarterly basis and are used for local community enhancement projects.

CURRENT REVENUES

Interest

This represents interest earned on the fund balances designated for the North Portland Community Enhancement and Metro Central Enhancement accounts.

Interfund transfers

These funds are the community enhancement fees collected at the solid waste facilities and transferred from the Solid Waste Revenue Fund. Transfers vary from year to year depending upon the solid waste tonnage received.

CURRENT EXPENDITURES

Materials and services

About 45 percent of the materials and services expenditures in this fund is for grants and contractual services. The North Portland and Metro Central Community Enhancement Committees administer programs through grants and contracts with community organizations and others. Most of the remaining expenditures are direct payments to Oregon City and Forest Grove.

Interfund transfers

This represents funds transferred to the Solid Waste Revenue Fund for personal services costs associated with employee staffing of the North Portland and Metro Central Community Enhancement committees.

Contingency

Of the \$300,000 budgeted in FY 2011-12, \$200,000 is allocated for the North Portland Community Enhancement program, which has consistently maintained a higher contingency to provide greater flexibility to finance projects during the fiscal year. The Metro Council, through ordinance, must authorize any use of contingency funds.



**Risk
Management
Fund**

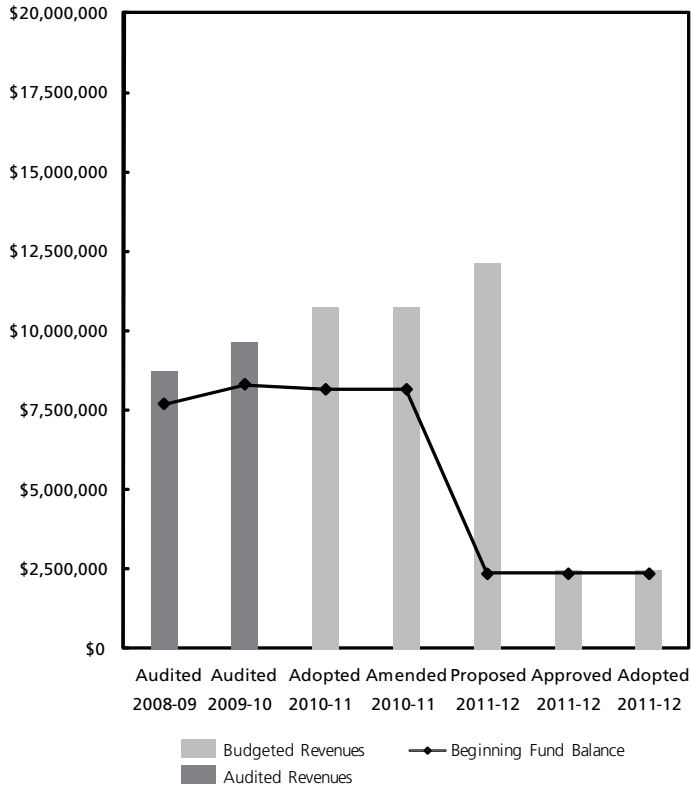


Risk Management Fund

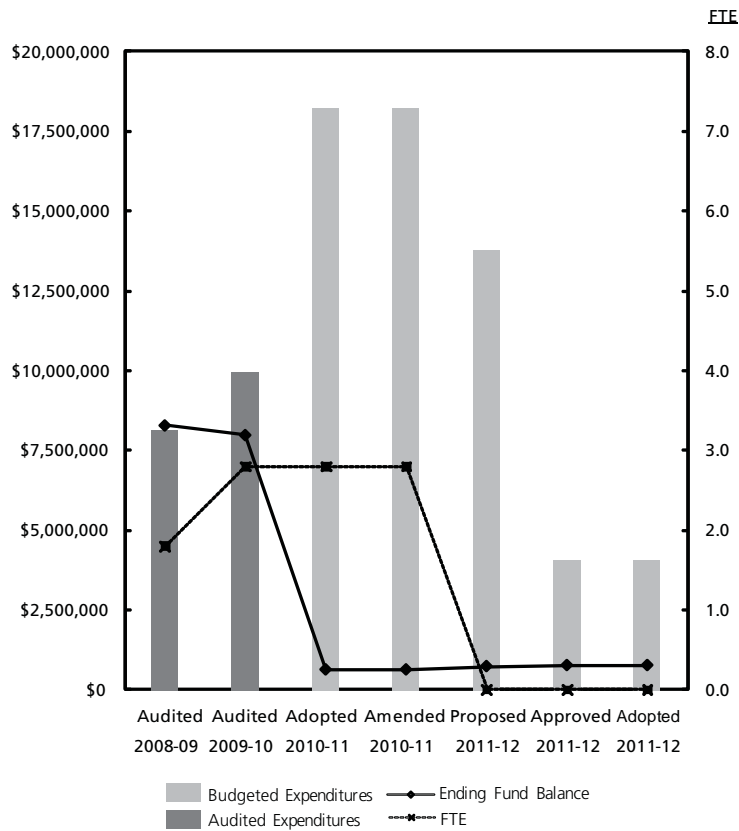
	Audited FY 2008-09	Audited FY 2009-10	Adopted FY 2010-11	Amended FY 2010-11	Proposed FY 2011-12	Approved FY 2011-12	Adopted FY 2011-12	Change from FY 2010-11 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$7,687,255	\$8,301,172	\$8,142,227	\$8,142,227	\$2,364,250	\$2,364,250	\$2,364,250	(70.96%)
Current Revenues								
Grants	62,320	72,676	50,000	50,000	50,000	50,000	50,000	0.00%
Enterprise Revenue	6,996,780	8,162,567	9,470,278	9,470,278	10,243,471	577,807	577,807	(93.90%)
Interest Earnings	281,032	87,473	25,000	25,000	25,000	25,000	25,000	0.00%
Other Misc. Revenue	529	147,798	5,000	5,000	0	0	0	(100.00%)
Interfund Transfers:								
Interfund Reimbursements	1,397,822	1,100,096	1,125,423	1,125,423	1,756,497	1,756,497	1,756,497	56.07%
Internal Service Transfers	0	61,710	60,672	60,672	62,686	62,686	62,686	3.32%
Subtotal Current Revenues	8,738,483	9,632,320	10,736,373	10,736,373	12,137,654	2,471,990	2,471,990	(76.98%)
TOTAL RESOURCES	\$16,425,738	\$17,933,492	\$18,878,600	\$18,878,600	\$14,501,904	\$4,836,240	\$4,836,240	(74.38%)
REQUIREMENTS								
Current Expenditures								
Personal Services	\$163,677	\$255,546	\$267,152	\$267,152	\$0	\$0	\$0	(100.00%)
Materials and Services	7,960,889	9,679,707	12,231,485	12,231,485	13,240,916	2,815,266	2,815,266	(76.98%)
Interfund Transfers:								
Fund Equity Transfers	0	0	5,225,000	5,225,000	30,000	757,890	757,890	(85.49%)
Contingency	0	0	528,084	528,084	500,000	500,000	500,000	(5.32%)
Subtotal Current Expenditures	8,124,566	9,935,253	18,251,721	18,251,721	13,770,916	4,073,156	4,073,156	(77.68%)
<i>Ending Fund Balance</i>	<i>8,301,172</i>	<i>7,998,239</i>	<i>626,879</i>	<i>626,879</i>	<i>730,988</i>	<i>763,084</i>	<i>763,084</i>	<i>21.73%</i>
TOTAL REQUIREMENTS	\$16,425,738	\$17,933,492	\$18,878,600	\$18,878,600	\$14,501,904	\$4,836,240	\$4,836,240	(74.38%)
FULL-TIME EQUIVALENTS	1.80	2.80	2.80	2.80	0.00	0.00	0.00	(100.00%)
FTE CHANGE FROM FY 2010-11 AMENDED BUDGET								(2.80)

Risk Management Fund

Current revenues and fund balance



Current expenditures and full-time equivalents



Risk Management Fund

This fund accounts for the revenues and expenditures related to administration of Metro's Risk Management program including employer insurance. Costs are assessed to all centers and services based on past claims experience and exposure. The fund is managed by Finance and Regulatory Services.

CURRENT REVENUES

Grants

Grant reimbursement is available from the State of Oregon Workers' Compensation Division for wage subsidies and work site modification. The amount of grant revenue depends on the number of qualifying injured workers.

Enterprise revenues

Enterprise revenues include internal charges for service to organizational units for insurance premiums related to unemployment. In FY 2011-12 Metro will change the way it accounts for the costs of employee health insurance. Previously, departments were charged a flat cost per covered employee each month. That revenue was then transferred to the Risk Management Fund, with insurance premiums paid out of the Risk Management Fund. Results of a recent evaluation found this to be an inefficient system that was also likely to be incompatible with certain provisions of the new federal health care act. In FY 2011-12 actual insurance costs will be paid directly out of employees' home departments. This will result in a decrease of more than \$9 million in enterprise revenues to the Risk Management Fund in FY 2011-12 compared to FY 2010-11.

Interest on investments

Interest on investments is forecast at \$25,000 for FY 2011-12.

Interfund transfers

On the revenue side, these transfers represent payments from other Metro programs for their assessed costs of the Risk Management program. In FY 2007-08 Risk Management increased its resources and reserves, changing the assessment method to (1) more accurately transfer insurance costs to the programs utilizing the different lines of insurance and (2) increase resources for total claims costs to ensure funding in accordance with the most recent actuarial report. Claim costs can vary significantly from year to year. In summer 2010 Metro received its latest scheduled independent actuarial report; Metro's Risk Management Fund exceeds the 85 percent confidence goal recommended by the actuary.

CURRENT EXPENDITURES

Personal services

Personal services costs associated with 2.8 FTE move to the General Fund in FY 2011-12. These costs will still be funded through the agency-wide Cost Allocation Plan.

Materials and services

This classification includes the costs for the Liability/Property, Workers' Compensation and Unemployment programs. Each area has experienced an increase in costs over the past several years. In previous years, Health and Welfare premium costs have been charged on a per-FTE basis to departments, with that revenue transferred to the Risk Management Fund and actual premium costs paid out of the fund. Beginning in FY 2011-12, health insurance premiums will be paid directly out of organizational budgets, resulting in a reduction of \$9 million from the Risk Management Fund's materials and services expenditures.

Interfund transfers

During FY 2011-12 the PERS reserve for pension liability, accumulated over the past several years, will be transferred to the General Fund. In addition, a total of \$450,000 will be transferred from the Risk Management Fund's opt out balances to multiple funds to offset \$600 per FTE in health insurance premiums (see Fund Balance, below for more detail).

FUND BALANCE

The Risk Management Fund is required to operate on an actuarially sound basis. Generally accepted accounting principles require that exposure liabilities, once known, be expensed. Although this action reduces the available fund balance, the funds remain with Metro since the liability is "probable" and not yet actually spent. In addition to the available fund balance, the Risk Management Fund in recent years has held \$5.225 million already expensed for probable pollution remediation liability, based on a FY 2003-04 independent evaluation. In FY 2009-10, with the implementation of GASB Statement No. 49 *Accounting and Financial Reporting for Pollution Remediation Obligations*, Metro changed its policy such that funding for pollution remediation obligations are to be maintained in the fund where the liability resides, rather than defaulting to the Risk Management Fund. In FY 2010-11, \$5.225 million held in the Risk Management Fund as an environmental liability was transferred to the Solid Waste Fund, where the money originated. Metro's pollution remediation obligations, as determined by a 2009 actuarial study, are now reflected directly in the Solid Waste and MERC Funds.

In addition, approximately \$533,000 has been expensed for the probable final costs of worker compensation, general liability and property claims. This will be reviewed at the end of FY 2011-12, using a recommended two year actuarial cycle.

In FY 2006-07 Metro expanded the opportunity for represented employees to "opt out" of Metro's health insurance program under certain restrictive conditions. Savings are to be used toward health insurance and wellness costs and are collected in the Risk Management Fund balance. In FY 2011-12 a portion of the opt out balance (\$600 per benefit eligible employee) will be spent to buy down Metro's share of employee health insurance costs. Because, as noted above, health insurance premiums will be paid directly out of organizational budgets, rather than via the Risk Management Fund, this \$600 per employee will be transferred from the Risk Management Fund to the home fund of each Metro employee.



**Smith and
Bybee
Wetlands
Fund**

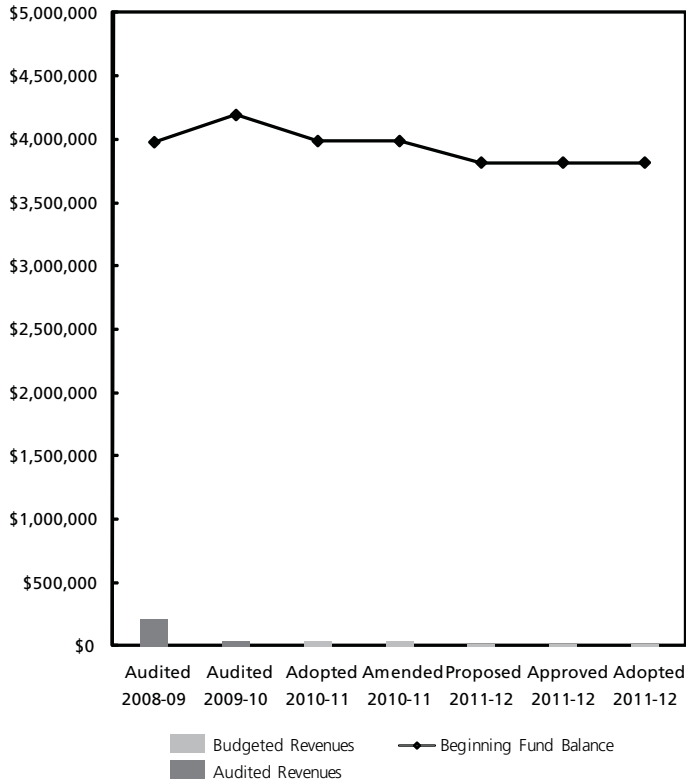


Smith and Bybee Wetlands Fund

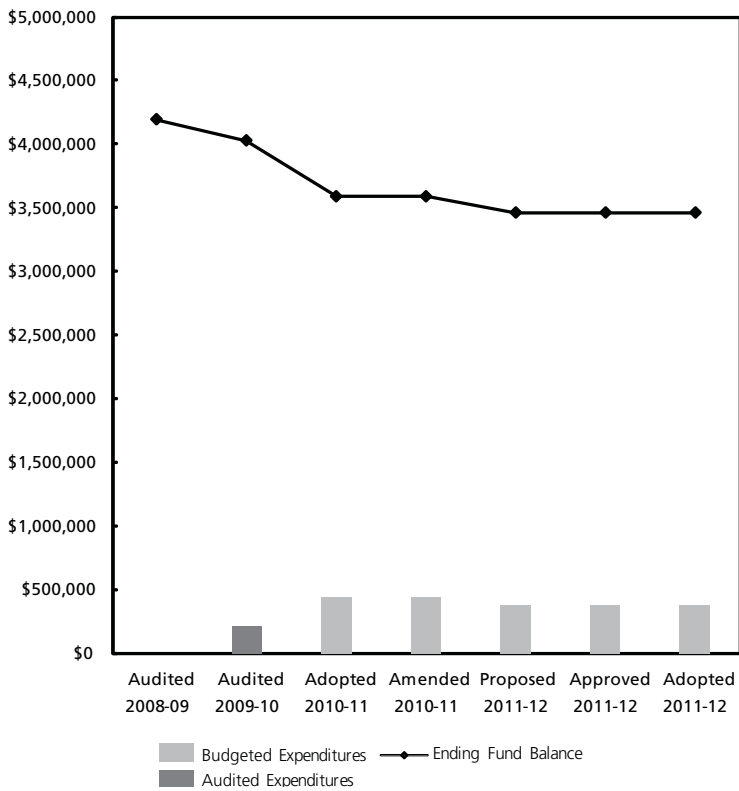
	Audited FY 2008-09	Audited FY 2009-10	Adopted FY 2010-11	Amended FY 2010-11	Proposed FY 2011-12	Approved FY 2011-12	Adopted FY 2011-12	Change from FY 2010-11 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$3,977,928	\$4,192,361	\$3,987,047	\$3,987,047	\$3,817,257	\$3,817,257	\$3,817,257	(4.26%)
Current Revenues								
Enterprise Revenue	564	0	1,000	1,000	0	0	0	(100.00%)
Interest Earnings	122,129	41,156	39,870	39,870	19,086	19,086	19,086	(52.13%)
Interfund Transfers:								
Internal Service Transfers	91,740	0	0	0	0	0	0	0.00%
Subtotal Current Revenues	214,433	41,156	40,870	40,870	19,086	19,086	19,086	(53.30%)
TOTAL RESOURCES	\$4,192,361	\$4,233,517	\$4,027,917	\$4,027,917	\$3,836,343	\$3,836,343	\$3,836,343	(4.76%)
REQUIREMENTS								
Current Expenditures								
Materials and Services	\$0	\$38,014	\$130,000	\$130,000	\$65,000	\$65,000	\$65,000	(50.00%)
Interfund Transfers:								
Internal Service Transfers	0	169,078	111,379	111,379	112,251	112,251	112,251	0.78%
Contingency	0	0	200,000	200,000	200,000	200,000	200,000	0.00%
Subtotal Current Expenditures	0	207,092	441,379	441,379	377,251	377,251	377,251	(14.53%)
<i>Ending Fund Balance</i>	<i>4,192,361</i>	<i>4,026,425</i>	<i>3,586,538</i>	<i>3,586,538</i>	<i>3,459,092</i>	<i>3,459,092</i>	<i>3,459,092</i>	<i>(3.55%)</i>
TOTAL REQUIREMENTS	\$4,192,361	\$4,233,517	\$4,027,917	\$4,027,917	\$3,836,343	\$3,836,343	\$3,836,343	(4.76%)
FULL-TIME EQUIVALENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
FTE CHANGE FROM FY 2010-11 AMENDED BUDGET								0.00

Smith and Bybee Wetlands Fund

Current revenues and fund balance



Current expenditures



Smith and Bybee Wetlands Fund

This fund was established as a dedicated endowment fund for development and management of the Smith and Bybee Wetlands Natural Area as required by the Smith and Bybee Wetlands Natural Resource Management Plan. The plan was adopted by the City of Portland, Port of Portland and Metro Council in 1990. The plan, along with the St. Johns Landfill closure and purchase assurance agreement, designated Metro as the lead agency establishing and managing the fund and implementing the plan.

The plan calls for Smith and Bybee Wetlands to be managed as environmental and recreational resources for the region. The lakes are to be preserved in a manner faithful to their original condition as historical remnants of the Columbia River riparian and wetland system.

The fund is managed by Parks and Environmental Services.

CURRENT REVENUES

Interest earnings

Interest is earned on the unused portion of the fund balance. Earnings are based on the current rates of Metro's average investment portfolio. For FY 2011-12 the budget assumes an interest rate of 0.5 percent and will generate approximately \$19,000 in earnings.

CURRENT EXPENDITURES

Materials and services

Expenditures in this category depend on the special nature of projects to be completed under the management plan. Several small projects are anticipated for FY 2011-12.

Transfers

The fund reimburses Parks and Environmental Services and the Sustainability Center for costs associated with management and oversight of the natural areas including a small portion of an environmental educator and a natural resource scientist.

FUND BALANCE

Other than interest earnings, the fund has no continuous source of funding. The fund was established as an endowment fund to enable the development and management of the Smith and Bybee Wetlands Natural Area. However, when the management plan was developed, it was known that the existing fund balance would be insufficient to fund fully all current and long-term needs. The fund balance has been relatively stable for several years and will show fluctuations depending on specific program needs.

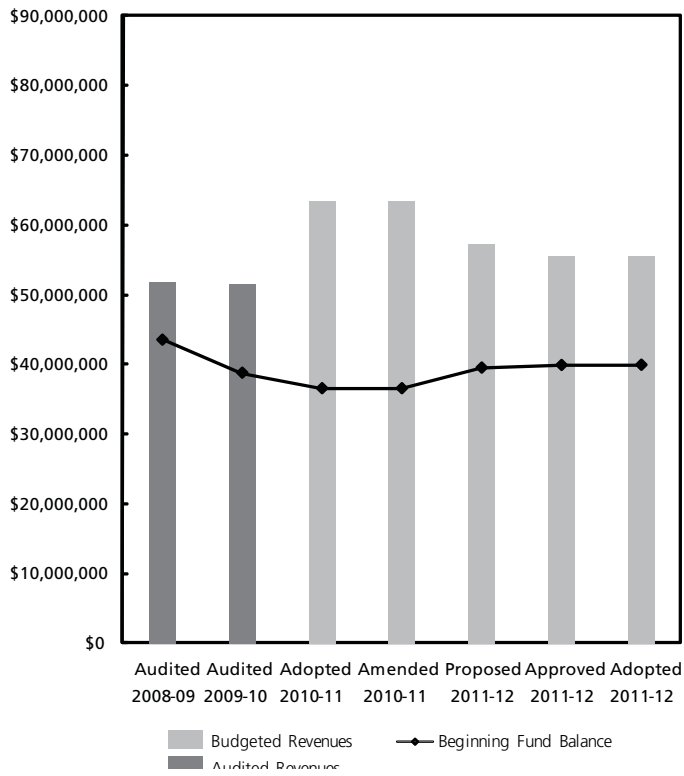
**Solid
Waste
Revenue
Fund**



Solid Waste Revenue Fund

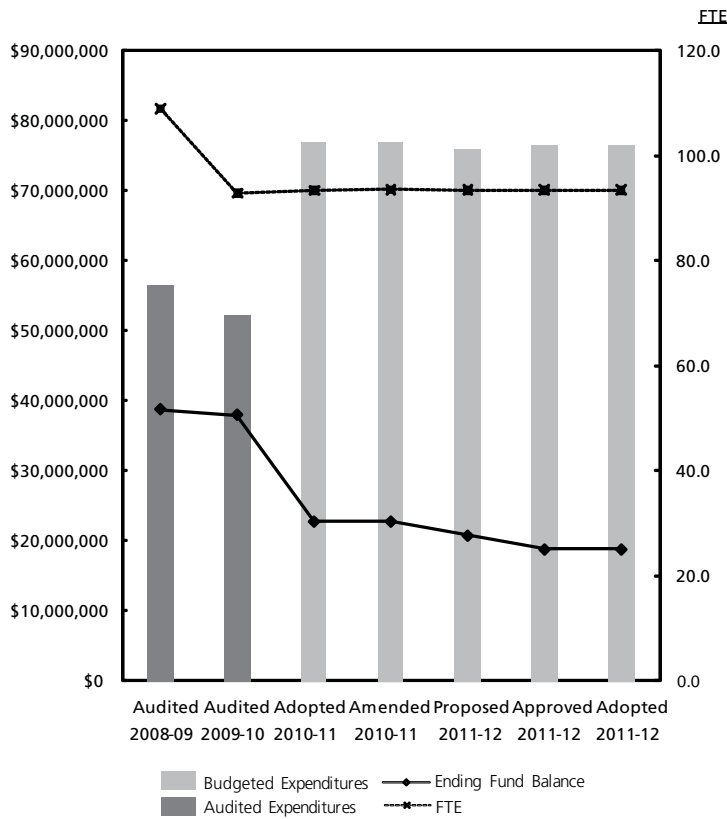
	Audited FY 2008-09	Audited FY 2009-10	Adopted FY 2010-11	Amended FY 2010-11	Proposed FY 2011-12	Approved FY 2011-12	Adopted FY 2011-12	Change from FY 2010-11 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$43,528,582	\$38,769,438	\$36,535,502	\$36,535,502	\$39,505,107	\$39,884,107	\$39,914,107	9.25%
Current Revenues								
Grants	2,387	4,093	1,411,752	1,411,752	317,660	317,660	317,660	(77.50%)
Enterprise Revenue	50,361,800	50,816,204	56,057,596	56,057,596	56,508,829	54,684,462	54,684,462	(2.45%)
Interest Earnings	1,157,633	367,099	357,538	357,538	196,526	196,526	196,526	(45.03%)
Donations	25,729	40,537	0	0	0	0	0	0.00%
Other Misc. Revenue	114,621	129,520	33,000	33,000	33,000	33,000	33,000	0.00%
Interfund Transfers:								
Internal Service Transfers	30,085	32,662	32,962	32,962	33,287	33,287	33,287	0.99%
Fund Equity Transfers	39,299	127,140	5,413,487	5,413,487	148,458	204,588	204,588	(96.22%)
Subtotal Current Revenues	51,731,554	51,517,255	63,306,335	63,306,335	57,237,760	55,469,523	55,469,523	(12.38%)
TOTAL RESOURCES	\$95,260,136	\$90,286,693	\$99,841,837	\$99,841,837	\$96,742,867	\$95,353,630	\$95,383,630	(4.47%)
REQUIREMENTS								
Current Expenditures								
Personal Services	\$9,365,624	\$8,464,293	\$9,209,369	\$9,221,364	\$9,706,988	\$9,763,118	\$9,763,118	5.87%
Materials and Services	36,778,061	36,915,015	41,095,063	41,083,068	40,043,954	40,445,580	40,475,580	(1.48%)
Capital Outlay	1,111,432	549,264	5,194,283	5,194,283	3,593,000	3,726,000	3,726,000	(28.27%)
Debt Service	4,697,481	0	0	0	0	0	0	0.00%
Interfund Transfers:								
Interfund Reimbursements	3,473,361	4,090,297	4,353,932	4,353,932	4,363,236	4,363,236	4,363,236	0.21%
Internal Service Transfers	725,304	1,968,050	2,254,915	2,254,915	2,111,472	2,111,472	2,111,472	(6.36%)
Fund Equity Transfers	339,435	316,860	386,386	412,733	1,514,030	1,514,030	1,514,030	266.83%
Contingency	0	0	14,540,763	14,514,416	14,602,745	14,588,745	14,588,745	0.51%
Subtotal Current Expenditures	56,490,698	52,303,779	77,034,711	77,034,711	75,935,425	76,512,181	76,542,181	(0.64%)
<i>Ending Fund Balance</i>	<i>38,769,438</i>	<i>37,982,914</i>	<i>22,807,126</i>	<i>22,807,126</i>	<i>20,807,442</i>	<i>18,841,449</i>	<i>18,841,449</i>	<i>(17.39%)</i>
TOTAL REQUIREMENTS	\$95,260,136	\$90,286,693	\$99,841,837	\$99,841,837	\$96,742,867	\$95,353,630	\$95,383,630	(4.47%)
FULL-TIME EQUIVALENTS	109.00	92.95	93.45	93.60	93.55	93.55	93.55	(0.05%)
FTE CHANGE FROM FY 2010-11 AMENDED BUDGET								(0.05)

Current revenues and fund balance



Solid Waste Revenue Fund

Current expenditures and full-time equivalents



Solid Waste Revenue Fund

The Solid Waste Revenue Fund is an enterprise fund established to account for Metro revenues and expenses related to the operation and management of the region's solid waste system.

Metro Ordinance No. 89-319, known as the Master Bond Ordinance and adopted in 1989, placed restrictions on the uses of this fund as a condition of issuing \$28 million in revenue bonds to finance major capital components of Metro's solid waste system. The ordinance set up the following accounts within the fund to facilitate compliance with bond covenants: operating, debt service, debt service reserve, landfill closure, construction, renewal and replacement and general account. Although the bonds were defeased in December 2008, Metro continues to use the account system set up in the Master Bond Ordinance for its budget.

Almost 90 percent of the fund's current revenues consist of fees and charges. Solid waste revenue varies with solid waste tonnage, which in turn is influenced by economic activity and waste recovery efforts. Solid waste generation has declined significantly during the economic downturn. The decline has flattened out, and the tonnage forecast for FY 2011-12 remains at about the same level as the actual tonnage in FY 2010-11, but lower than the amount budgeted for that period. By FY 2012-13 Metro expects to see a return of moderate tonnage growth.

In FY 2011-12 \$29.3 million is budgeted for processing, transporting and landfilling solid waste, a 1.4 percent decrease from the previous year. This represents nearly half (47 percent) of the fund's planned expenditures, excluding contingency.

About \$3.7 million of total current expenditures will be spent on capital projects, as scheduled in Metro's capital budget. The largest project in this fiscal year's capital expenditures is the landfill remediation project at St. Johns Landfill that will start in FY 2011-12 and is expected to continue into FY 2012-13. The next largest project is an expenditure in FY 2011-12 of about \$575,000 to complete and implement the Solid Waste Information System (SWIS) for tonnage data collection and reporting, completing the project at a total cost of \$825,000.

CURRENT REVENUES

Enterprise revenues

Metro's solid waste system is funded largely through three types of user fees: the Regional System Fee, the Metro Tip Fee and transaction fees. The Regional System Fee is imposed on all waste generated in the Metro region and ultimately disposed of for a fee. The Metro Tip Fee is a user charge collected only at Metro transfer stations and includes the Regional System Fee. The Transaction Fee is a flat fee charged on each load of solid waste accepted at the Metro Transfer stations to cover costs that do not vary with the load size, such as scalehouse expenses. In FY 2006-07 Metro implemented a split transaction fee based on two customer classes to allocate scalehouse costs more accurately among users. The transaction fee at the staffed scales (scalehouses) will increase by \$1.00 to \$12.00 per transaction. At the automated scales, the charge will remain \$3.00 per transaction. The rates for FY 2011-12 include a \$0.92 increase in the Regional System Fee to \$17.64 per ton and a \$3.68 increase in the Metro Tip Fee to \$89.53 per ton.

Enterprise revenues include \$1.1 million in service fee revenue from the implementation of the product stewardship law in Oregon, down \$192,000 from FY 2010-11. Metro is a contracted service provider for PaintCare, the paint industry's nonprofit corporation for managing the state's left over paint. The budget includes a new fee for household hazardous waste disposed at the transfer stations. The average household hazardous waste load will cost \$5.00 to dispose. Cleanup events around the region will remain free.

Total enterprise revenues are projected to decrease by about 2.5 percent (\$1.4 million) from the FY 2010-11 budget.

Interest

Interest earnings were calculated using the current rate of return on Metro's investment portfolio and are expected to produce \$196,500, a decrease of \$61,000.

CURRENT EXPENDITURES

Personal services

The 93.55 FTE budgeted total represents a 0.05 FTE decrease from the prior fiscal year. This decrease is the net impact of program reorganization strategies. A limited duration position (0.15 FTE) for the Metro Climate Initiatives expired in June 2011. The position, shared with the Research Center, has been transferred fully to the Research Center in FY 2011-12 to continue greenhouse gas work under House Bill 2001. The FY 2011-12 budget adds a 0.10 FTE as a result of reorganization of functions within the Property and Project Management Program.

Materials and services

Materials and services are budgeted to decrease by approximately 1.5 percent (\$607,500) from the FY 2010-11 budget. This decrease is primarily due to lower operating costs related to the solid waste tonnage disposal operation. The FY 2011-12 forecast for tonnage delivered to Metro facilities is 6.5 percent below the FY 2010-11 budget forecast. The reduction in tonnage disposal costs is partially offset by cost-of-living increases in the contracts for processing, transporting and landfilling solid waste.

The FY 2011-12 budget continues FY 2010-11 changes to the Hazardous Waste program, both the collection program and the Metro Paint recycling facility, to implement the Oregon PaintCare program.

Capital outlay

This category mainly includes the purchase of equipment and capital improvements at Metro solid waste facilities. Capital improvements are scheduled in Metro's capital improvement plan.

Capital expenditures are segregated into three categories. The Solid Waste General Account expenditures are typically new capital assets intended to improve the efficiency and effectiveness of Metro's two transfer stations. Projects for FY 2011-12 at Metro Central include improvements to the organics/food handling area and to the stormwater system and the addition of a tarping station. Projects at Metro South include completion of a new access lane and improvements to the lighting. Both Metro South and Central are extending the canopy cover in the household hazardous waste areas. The General Account also includes the SWIS database project for tonnage data collection and reporting.

Projects in the Renewal and Replacement Account are undertaken to realize the optimal life span of capital assets. FY 2011-12 projects at Metro Central include an emergency generator, new roll-up doors and replacement of the household hazardous waste building roof. Projects at Metro South include lighting replacement. Both Metro Central and South plan to replace the current radiation detection system. Renewal and Replacement funding also covers the vehicle and equipment needs of the enforcement division.

The projects funded or identified in the Landfill Closure Account are limited to projects needed to close St. Johns Landfill or implement post-closure monitoring. Projects for FY 2011-12 are mostly established, ongoing projects including perimeter stabilization and landfill remediation.

Debt service

The debt service category previously included the necessary payments for the Solid Waste and Recycling's bonded debt which was defeased in December 2008.

Transfers

Transfers to other funds include internal service charges for central services and for Geographic Information System services provided by the Research Center. Since the implementation of the Sustainable Metro Initiative in the FY 2009-10 budget, this category also includes direct cost transfers for solid waste activities provided by other Metro services or centers. A one-time transfer of approximately \$1.1 million to the General Fund consolidates PERS Reserves from all funds to facilitate central management of these funds.

Contingency

The operating contingency is funded to cover unanticipated cost spikes or tonnage (revenue) losses. For FY 2011-12 the operating contingency, which represents 13.7 percent of total contingency, is budgeted at \$2.0 million. The remaining 86.3 percent in contingency consists of restricted funds in the Renewal and Replacement and St. Johns Landfill accounts.

FUND BALANCE

The unappropriated ending fund balance of \$18.8 million consists of designated and restricted funds. Approximately 43 percent of the balance is reserved for rate stabilization and available as working capital to meet cash flow needs. The capital reserve account represents 29 percent of the total fund balance. In addition, 28 percent of the ending balance is reserved for probable Environmental Impairment Liability. This was a new reserve in the FY 2010-11 Solid Waste Revenue Fund budget. The reserve was previously included in the Risk Management Fund and transferred to the Solid Waste Revenue Fund to comply with the new GASB Statement No. 49.