Budget and financial structure

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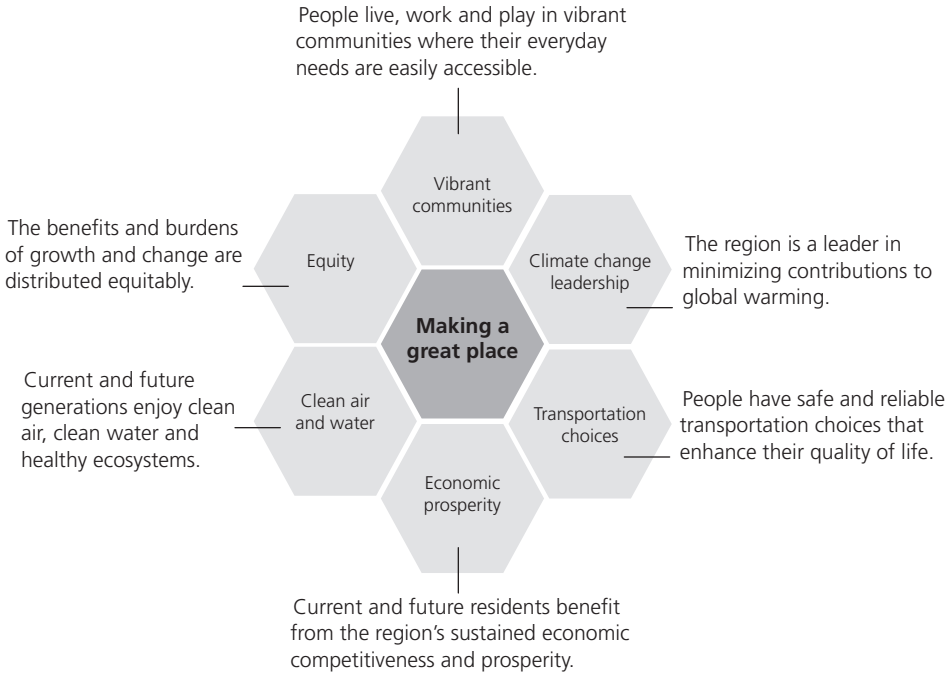
Budget process

Development of the budget is an important and legally required process. The result is a policy and financial plan covering all of Metro's programs and services. The budget document presents a strategically focused discussion of goals and objectives, programs and outcomes, and spending priorities within resource constraints. The budget process at Metro includes two concurrent, complementary cycles: (1) the strategic process for evaluating progress and setting future expectations and (2) the development of the final policy and financial document.

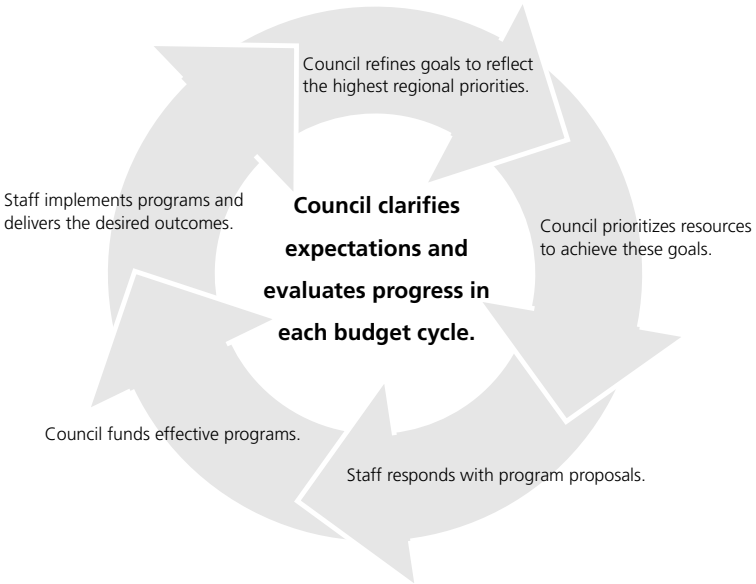
THE STRATEGIC BUDGET PROCESS

Metro follows a strategic budgeting process that guides not only the development of its annual budget but also provides focus for multi-year funding commitments toward specific objectives. In 2008 under Metro's leadership, regional leaders agreed on six desired outcomes for communities throughout the region. By embracing measurable outcomes, leaders shifted from talking about abstract concepts like "compact urban form" to focusing on what really matters in the everyday lives of the region's 1.5 million residents. Identifying regional values ensures decisions are guided by a clear focus. The following six desired outcomes for the region were adopted by the Metro Council in 2010 as part of the region's growth management policies:



With this regional framework in mind, Metro adopts its agency goals and operates programs and projects that make positive contributions to the regional outcomes. Metro adopts program goals and measures performance, including the internal efficiency and effectiveness of its business practices. During the year the Metro Council reviews quarterly program and financial reports to track performance towards these outcomes. Every fall the Council provides direction to the Budget Officer, increasing focus in particular areas or redirecting efforts to adjust to changing circumstances within the region. The diagram at the top of next page illustrates this year-round dynamic process.

Annual strategic budget process



THE BUDGET CYCLE

The budget cycle focuses on the development of an annual budget document that incorporates the Metro Council's strategic direction into a comprehensive policy and financial plan for all Metro programs and services. It is a process designed to meet the expectations of the general public, the Metro Council and the requirements of Oregon Budget Law.

Review of prior year

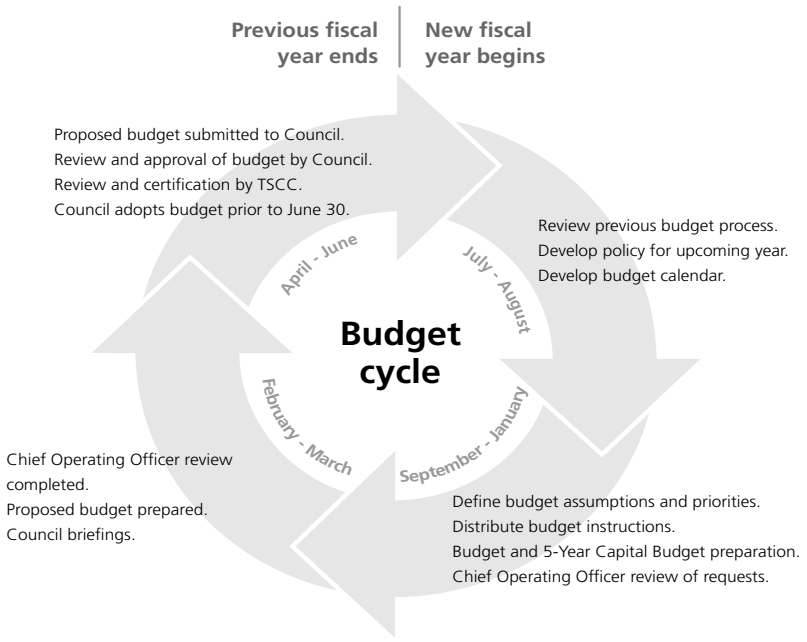
Each fiscal year begins with a review of the previous year's budget cycle to determine areas of success and areas of concern. Staff works to refine the process for the upcoming year. New budget parameters are developed to set out the basic assumptions organizational units should adopt for the preparation of their budgets. These parameters are incorporated with the policies and priorities set by the Metro Council and the Chief Operating Officer.

Budget instructions

The Financial Planning division of Finance and Regulatory Services provides detailed instructions for the preparation of the requested operating and capital budgets. The instructions provide the universal assumptions for increasing or decreasing staff, calculating changes in personnel costs and costing out commonly purchased items such as office furniture and computer software. The instructions also give operating units detailed information for budgeting capital projects already approved in the five-year Capital Improvement Plan, for proposing new capital projects for future years and for undertaking scheduled renewal and replacement projects to safe guard Metro's public assets.

Budget requests

Staff in operating units apply the instructions and assumptions from Financial Planning and the direction received from the COO to forecast their base program activities and financial needs for the next fiscal year. In addition, programs prepare a series of proposals to add, cut or change program activities, functions or funding levels. The base forecasts along with the add, cut or change proposals form the basis of the requested budgets.



Review and analysis resulting in proposed budget

The Financial Planning division reviews, analyzes and consolidates the base budget requests, meeting with each operating unit to verify and refine the requests, as needed. The COO, serving as the agency's Budget Officer, conducts review meetings to discuss identified issues and program changes. The COO presents preliminary budget information to the Metro Council identifying early issues and revenue constraints, seeking additional guidance on program and policy direction. Following additional review, analysis and discussion and budget modification, the COO holds a work session with the Senior Management Team and the Finance Team to discuss the Council's additional guidance, the operating proposals and budget balancing options. The COO, as Budget Officer, makes the final decisions, and delivers a budget message and proposed budget to the Metro Council and the public.

Review and analysis by the Metro Council resulting in approved budget

The Metro Council, sitting as the Budget Committee, holds one or more of public work sessions to review the budget, take program and public testimony, and make any additions, deletions or modifications to the proposed budget. After due consideration, the Metro Council approves a budget and determines the amount required and allowed to be levied from property taxes. The approved budget and tax levy are then submitted to the Multnomah County Tax Supervising and Conservation Commission (TSCC).

Tax Supervising and Conservation Commission review and certification

Oregon law requires local governments to establish a budget committee that reviews the budget and makes decisions regarding the approved budget. For most jurisdictions this committee comprises members of the governing body and an equal number of citizens. In counties where the population is greater than 500,000 (currently Multnomah County and Washington County), a TSCC may be established. Members of this commission are appointed by the governor to supervise local government budgeting and taxing activities. Currently, Multnomah County is the only county with a TSCC. Washington County has chosen to retain its citizen budget committee and implement the alternative publication option now allowed under Oregon Budget Law. Because more than 50 percent of Metro's total assessed value is within Multnomah County, Metro has chosen submit its budget to the Multnomah County TSCC. After the commission reviews Metro's budget, it holds a public hearing and asks

for clarification on items within the budget or items affecting the financial health of the organization. Upon completion of the public hearing, the TSCC issues a letter of certification, which becomes part of the official record included with the adoption of the budget.

Metro Council adoption and submission to County Tax Assessors

After receiving certification by the TSCC, the Metro Council makes any necessary and final technical adjustments and adopts the budget prior to June 30, the end of the fiscal year. Legally required documentation to levy property taxes for the ensuing year is filed with each county tax assessor in the region prior to July 15th. The final adopted budget document is prepared, printed and submitted to each of the county tax assessors in the region and to the TSCC.

Changes to the budget after adoption

Oregon Local Budget Law provides several ways for the budget to be changed after adoption. If the government receives additional revenue in the form of grants, donations or bequests, appropriations may be increased through Metro Council action in an amount equal to the additional revenues. If other new revenues are received that were not anticipated at the time that the budget was adopted, the government may prepare a supplemental budget to recognize the additional revenue and increase appropriations. The Council may amend appropriations by ordinance when adjustments within a fund are made between appropriation levels in the budget (e.g., increase in operating expense appropriation and a corresponding decrease in contingency appropriation).

The five-year capital improvement plan

Metro's five-year capital planning process identifies the agency's capital asset needs for projects that cost $100,000 or more and have a useful life of five years or more. The Metro Council adopted the agency's first capital improvement plan in January 1997. Metro Council reviews the capital budget concurrently to promote improved coordination between capital spending and the overall budget.

Budget calendar

Council holds strategic planning work sessions to provide direction on programs and upcoming budget	November 28, 2012 February 12, 2013 February 26, 2013
Preparation, review, analysis and discussion of 5-year Forecasts for all major operating areas	September – November, 2012
Financial Planning issues budget instructions and assumptions	Mid December 2012
Budget requests, modification packages, and status quo CIP, submitted ot Financial Planning	January 18, 2013
Financial Planner review, analysis and consolidation of budget requests, modification packages and CIP	January 22 – February 1, 2013
COO Analysis, review and discussion of department budget requests and add, cut, change proposals	February 4 – March 15, 2013
COO and Sr. Management Team discussion of budget proposals, balancing options	March 6, 2013
COO provides final direction on program proposals and makes final budget balancing decisions for Proposed Budget	By March 15, 2013
Final budgets due from operating units	March 22, 2013
Financial Planning produces Proposed Budget documents (summary budget, program budget, line item detail, five-year capital budget, update 5-year operating forecasts)	March 25 - April 10, 2013
Prepare Chief Operating Officer Budget Message and presentation	Late March – early April, 2013
Proposed Budget released to Council for individual review	April 11, 2013
Chief Operating Officer presents Proposed Budget; initial public hearing held	April 25, 2013
Council work session on proposed budget	April 30, 2013
Council public hearing; budget approval and tax levy (Resolution No. 13-4419)	May 2, 2013
Metro submits approved budget to Tax Supervising and Conservation Commission	May 3, 2013
Tax Supervising and Conservation Commission public comment period	May 4–June 5, 2013
Tax Supervising and Conservation Commission public hearing on approved budget	June 6, 2013
Council work session on approved budget	June 11, 2013
Council considers and approves final amendments to budget; public hearing	June 13, 2013
Council budget public hearing; adoption (Ordinance No. 13-1300A)	June 20, 2013

Budget development guidelines

The following financial assumptions were used in the development of the FY 2013-14 budget. When changes to the assumptions evolved during the budget deliberation, they are noted.

MAJOR REVENUE ASSUMPTIONS

Excise tax rate on eligible revenues

7.5 percent rate for all non-solid waste revenues subject to the Metro excise tax. For the FY 2013-14 budget, the CPI factor on base solid waste excise tax revenue is 2.5 percent. The base solid waste excise tax amount for FY 2013-14 is $12,147,381.

General Fund allocations

Allocations of the General Fund's discretionary resources (operating property tax, excise tax, interest earnings) will be made by the Chief Operating Officer during the course of budget development based on program priorities and Council direction.

Interest

Interest rate for resource calculations – 0.25 percent.

MAJOR EXPENDITURE ASSUMPTIONS

Gross available hours per year per FTE

A standard 2088 hours is set for non-exempt, hourly employees. Exempt employees (salaried) should be budgeted based on an annual salary. Exempt annual salaries are calculated on a 2080 hour basis.

Salary and wage adjustments

The following assumptions should be used when estimating personal services costs for FY 2013-14. Organizational units will need to forecast salaries and wages for the remainder of FY 2012-13 using the existing approved pay plans. Estimated step increases occurring prior to the end of FY 2012-13 should be folded into the forecast. All assumptions listed below should be applied to the employees' salaries or wages as they will be on June 30, 2013. Human Resources will provide on request a list of all existing employees, their current hourly rate or annual salary and next anniversary date.

Elected Officials

Provide for 3 percent salary adjustment pool pending legislative action (effective July 1, 2013).

Metro Non-Represented Employees

Assume 2.25 percent on existing salaries and wages for COLA/merit pool (effective July 1, 2013).

Note: The pool will be awarded as a 2.25 percent cost of living adjustment FY 2013-14.

MERC Non-Represented Employees

Assume 2.25 percent on existing salaries and wages for COLA/merit pool (effective July 1, 2013).

Note: The pool will be awarded as a 2.25 percent cost of living adjustment FY 2013-14.

Metro AFSCME 3580

Assume 2.09 percent cost of living adjustment to wages effective July 1, 2013.

Assume 1.10 percent on existing salaries and wages for step adjustment pool.

Note: AFSCME 3580 collective bargaining agreement calls for a cost of living adjustment of no less than 1.25 percent and no greater than 2.95 percent. The CPI indicator for this unit for July 1, 2013 was 2.09 percent.

LIU Local 483

Assume 2.31 percent cost of living adjustment to wages effective July 1, 2013.

Fold in step increases as needed for the few employees not currently at the top step of range.

Note: LIU 483 collective bargaining agreement calls for a cost of living adjustment of no less than 1.5 percent and no greater than 3.25 percent. The CPI indicator for this unit for July 1, 2013 was 2.31 percent.

MERC Represented Groups (all adjustments based on existing collective bargaining agreements)

IUOE 701-1 - Assume 2.25 percent cost of living adjustment to wages effective July 1, 2013

IUOE 701 – Assume 2.25 percent cost of living adjustment to wages effective July 1, 2013

AFSCME 3580-1 – Assume 2.5 percent cost of living adjustment to wages effective July 1, 2013

IATSE B-20 – Assume 2.5 percent cost of living adjustment to wages effective July 1, 2013

IATSE B28 – Assume 2.5 percent cost of living adjustment to wages effective July 1, 2013

ILWU 28 – Assume 2.5 percent cost of living adjustment to wages effective July 1, 2013

Zoo Visitor Services Seasonal

Assume appropriate increases per the Visitor Services pay range effective Jan. 1, 2013. Minimum wage effective Jan. 1, 2013 = $8.95.

Assume a 2.25 percent cost of living adjustment to the pay plan effective Jan. 1, 2014.

All Other Temporary or MERC Part-Time employees

Assume appropriate increases per existing pay plans.

Fringe rates

Base Fringe rates are split into two components – a fixed rate per FTE and a variable rate to be applied to estimated salaries and wages. The variable rate includes all portions of the fringe benefits that are calculated on a straight percentage of salaries/wages – PERS, FICA, TriMet payroll tax, and long-term disability. Some departments have temporary or seasonal employees that, while not eligible for full benefits, receive PERS benefits. For those employees, departments should use the PERS eligible temporary variable rates.

The fixed rate per FTE includes all other benefits – health & welfare (medical, dental, vision), life insurance, dependent life insurance, accidental death insurance, worker compensation tax, and employee assistance program. There is a fixed component for all temporary or seasonal employees. Although the budget document does not

reflect FTE for temporary, seasonal, or MERC part-time event related employees, departments will need to estimate an associated FTE for the purposes of calculating this portion of the fringe costs.

Fringe Benefits also includes the PERS Bond Recovery rate; the amount that is needed to pay the debt service on the bonds that were issued to fund Metro's unfunded actuarial liability with PERS. Departments received a reduction in their base variable rate at the time the bonds were issued.

Fringe benefits will be budgeted into one of several specific account codes as follows:

511000 – Taxes (FICA, TriMet payroll tax, worker compensation tax)

512000 – Retirement PERS (employer rate, employee pick-up)

513000 – Health & Welfare (medical, dental, vision coverage)

514000 – Unemployment Expense

515000 – Other (life insurance, AD&D insurance, long term disability, dependent life insurance)

519000 – PERS Bond Recovery (amount charged to pay debt service in lieu of retirement)

519500 – Opt Out (tracks actual amount paid to employee or recovered by Metro for employees who opt out of Metro coverage. For budget purposes this amount is included under health & welfare.)

Note: The PERS Bond Recovery will be funded from the accumulated PERS Reserve for FY 2013-14. Historically, this charge has varied between 3.0 to 3.2 percent of eligible salaries.

Fringe Rates for FY 2013-14

	Taxes	Retirement – PERS	Health & Welfare	Other Benefits	PERS Bond Recovery
	511000	512000	513000	515000	519000
Elected Officials					
Variable (% of salary/wage)	8.37%	18.60%	------	0.32%	0.00%
Fixed (per FTE)	$29	------	$13,795	$63	------
Non-Represented/Unclassified (if benefit eligible)					
Variable (% of salary/wage)	8.37%	17.82%	------	0.32%	0.00%
Fixed (per FTE)	$29	------	$13,795	$63	------
AFSCME 3580 (if benefit eligible					
Variable (% of salary/wage)	8.37%	18.30%	------	0.32%	0.00%
Fixed (per FTE)	$29	------	$14,095	$63	------
LIUNA 483 (if benefit eligible)					
Variable (% of salary/wage)	8.37%	12.60%	------	0.32%	0.00%
Fixed (per FTE)	$29	------	$14,095	$63	------
IUOE 701 (if benefit eligible)					
Variable (% of salary/wage)	8.37%	18.48%	------	0.32%	0.00%
Fixed (per FTE)	$29	------	$13,795	$63	------
IUOE 701-1 (if benefit eligible)					
Variable (% of salary/wage)	8.37%	18.48%	------	0.32%	0.00%
Fixed (per FTE)	$29	------	$14,095	$63	------

	Taxes	Retirement – PERS	Health & Welfare	Other Benefits	PERS Bond Recovery
	511000	512000	513000	515000	519000
AFSCME 3580-1 (if benefit eligible)					
Variable (% of salary/wage)	8.37%	18.60%	------	0.32%	0.00%
Fixed (per FTE)	$29	------	$14,095	$63	------
ILWU 28 (if benefit eligible)					
Variable (% of salary/wage)	8.37%	18.60%	------	0.32%	0.00%
Fixed (per FTE)	$29	------	$14,095	$63	------
IATSE 28 (if benefit eligible)					
Variable (% of salary/wage)	8.37%	18.60%	------	0.32%	0.00%
Fixed (per FTE)	$29	------	$14,095	$63	------
B-20 (if benefit eligible)					
Variable (% of salary/wage)	8.37%	12.60%	------	0.32%	0.00%
Fixed (per FTE)	$29	------	$14,095	$63	------
Temporary/Seasonal					
Variable (% of salary/wage)	8.37%	------	------	------	------
Fixed (per FTE)	$29	Varies	Varies	------	------

New positions

New position requests are not allowed in the base budget request. All new positions must be requested as an add package to a program proposal. The need for a new position should be well documented as to need and anticipated benefit. New positions are to be budgeted at no more than 20 percent above the beginning rate or step. Positions that are budgeted at the beginning rate should allow for a 5 percent increase after successful completion of a six-month probationary period.

Vacant positions

Vacant positions are to be budgeted at no more than 20 percent above the beginning rate or step.

Reclasses

Base budget requests should include reclasses already approved in the current fiscal year. Any reclass proposed for the coming fiscal year, including career ladder changes, will be allowed in the base budget request for FY 2013-14, if the department chooses the additional cost as a priority for the department. No additional funding will be provided to a department as a result of reclass. The reclass(s) must be disclosed in the budget transmittal.

Materials and services

Inflation factor = 0.0 percent. There will be no automatic escalator in materials & services in aggregate. You can move and adjust M&S line items as you need, but the M&S expenses category should not increase above the current budget. If you have contract escalators in multi-year contracts, you'll have to manage that line item up by adjusting others down

Contingency

General Fund contingency and reserves will be budgeted in accordance with established policy. The consolidated General Fund will provide for the following:

Contingency equivalent to 4 percent of total operating expenses.

Stabilization Account equivalent to 3 percent of total operating expenses.

Opportunity Account - $500,000

For other funds, contingency should be an amount not less than 4 percent of the total of personal services, materials and services and capital outlay. Variations from this amount are allowed based on operational needs. Other reserves should be budgeted in accordance with adopted policies.

Unemployment

Unemployment costs are budgeted in the Risk Management Fund on a retrospective basis. For FY 2013-14 costs reflect actual expenditure incurred in FY 2011-12.

Unemployment expense	
Communications	$23,895
Finance and Regulatory Services	10,676
Human Resources	13,772
Information Services	10,270
Planning and Development	19,662
Research Center	10,461
Parks and Environmental Services	36,894
Sustainability Center	22,858
Oregon Zoo	161,455
MERC	109,592
TOTAL UNEMPLOYMENT CHARGES	**$419,535**

FUND-BASED BUDGET

Metro's accounts are organized on the basis of funds, where each fund is considered a separate fiscal entity accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Each fund has a specific purpose, with specific revenue sources and uses and is classified according to GASB standards.

BASIS OF ACCOUNTING USED BY METRO FOR BUDGETING

Metro's budget is prepared on the modified accrual basis of accounting. In modified accrual accounting revenues are recognized when they become measurable and available. Measurable means that the dollar value of the revenue is known. Available means that it is collectible within the current period, or soon enough after the end of the current period to pay the liabilities of the current period. Significant revenues that are considered to be measurable and available under the modified accrual basis of accounting are interest earned on temporary investments, property taxes received within approximately 60 days of the end of the fiscal year, excise taxes, cemetery revenue surcharges, grants, local government shared revenues such as hotel/motel taxes, government contributions and charges for services. Expenditures are recognized when the liability is incurred, if measurable, except for interest on long-term debt which is recognized on its due date and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The Comprehensive Annual Financial Report (CAFR) shows the status of Metro's finances in accordance with "generally accepted accounting principles" (GAAP). In many cases, this conforms with the way Metro prepares its budget. Major exceptions are as follows:

- Central services costs incurred by funds are recorded as direct expenses on a GAAP basis, whereas these amounts are reflected as operating transfers on a budget basis.
- Depreciation and amortization expenses are recorded on a GAAP basis. The budget basis does not reflect these items.
- Reductions to certain liabilities on a GAAP basis are recorded as expenditures on a budget basis.
- Certain funds are aggregated and reported as fund components on a GAAP basis and are reported as separate funds on a budget basis.

The Comprehensive Annual Financial Report shows fund expenditures and expenses, as well as revenues, on both a GAAP basis and budget basis for comparison purposes.

Fund structure

GENERAL FUND

In accordance with GAAP, the General Fund accounts for all activities not required to be accounted for in another fund. In FY 2005–06 the General Fund was consolidated to conform to Metro's strategic objectives and includes Metro's general government activities (including Council and Communications functions, regional transportation and growth planning, regional parks, and operations of the Oregon Zoo), as well as all administrative support functions (such as Finance and Regulatory Services, Human Resources, Information Services, Metro Auditor, Office of Metro Attorney and Metro headquarters building operations). The principal resources of the fund are an excise tax on Metro's facilities and services levied in accordance with the Metro Code, general property taxes derived from a tax levy approved by voters in May 1990, charges for services provided by the various activities of Metro, intergovernmental revenues in the form of grants and contracts, charges for services provided to Metro functions not accounted for within the General Fund and investment earnings.

ENTERPRISE FUNDS

Solid Waste Revenue Fund

This fund accounts for revenues and expenditures for the implementation, administration, and enforcement of Metro's Solid Waste Management Plan. The primary revenue source is from fees collected for the disposal of solid waste. This fund also accounts for the operation of the Metro South and Metro Central transfer stations and recycling facilities, and the closed St. Johns Landfill.

Metropolitan Exposition Recreation Commission Fund

This fund accounts for the revenues and expenditures of the Metropolitan Exposition Recreation Commission (MERC), which includes the Oregon Convention Center, Portland Center for the Performing Arts and the Portland Expo Center. The fund maintains the facilities and administration as divisions within the fund but is appropriated at the following levels: total operating expenditure including capital outlay for all venues, debt service, transfers and contingency. Principal sources of revenues are user fees and charges, food service revenues and hotel/motel tax.

SPECIAL REVENUE FUNDS

Smith and Bybee Wetlands Fund

This fund accounts for the implementation of the Smith and Bybee Lakes management plan, managed by Metro's Parks and Environmental Services. A natural Resources Plan for Smith and Bybee Lakes was adopted by the City of Portland and Metro in December 1990. Primary resources are grants and interest.

General Asset Management Fund

This fund accounts for major non-bond funded capital acquisition and construction projects undertaken by General Fund assets of Metro as well as provides for the ongoing and future renewal and replacement needs of Metro's assets acquired by the General Fund. Included are projects for regional parks and facilities and the Oregon Zoo as well as significant capital expenditures for other non-enterprise related Metro activities. In addition, this fund accounts for designated funds transferred from Multnomah County as of January 1, 1994. The funds are restricted for use at Oxbow Regional Park. Major capital project revenue sources include, but are not limited to, grants, donations, contributions from the General Fund and other revenues

and contributions identified for capital purpose. Primary sources of revenue for renewal and replacement are annual scheduled contributions from the General Fund and interest earnings. Expenditures are made in accordance with a 25-year renewal and replacement schedule reviewed and updated on a regular basis, with physical inventory and evaluation at least once every five years. In the CAFR, this fund is consolidated as part of the General Fund to be in compliance with GAAP.

General Revenue Bond Fund

General revenue bonds and other financing proceeds are accounted for in this fund. To date this fund has been used for construction of the Metro Regional Center, the Washington Park parking lot renovation, contribution to TriMet for the zoo light rail station and for the construction of the Expo Center Hall D replacement. This fund also accounts for the payments on outstanding debt associated with these projects. The principal sources of revenue are charges to organizational units for debt service, interest earnings and loan proceeds. In the CAFR, this fund is segregated and then combined with another applicable fund for proper GAAP classification within the General Fund (zoo and building management), and an enterprise fund (MERC) on a GAAP basis.

Rehabilitation and Enhancement Fund

This fund accounts for funds received and expenditures for rehabilitation and enhancement of the area in and around the solid waste transfer facilities and St. Johns Landfill. Primary resources are rehabilitation and enhancement fees and interest. Expenditures are for planning and implementation of rehabilitation and enhancement programs in the area.

Parks and Natural Areas Local Option Levy Fund

This fund accounts for proceeds received from the five-year local option levy approved by the voters of the Metro region in May 2013. Primary resources of the fund are property taxes. These resources are restricted by the local option levy measure for specified expenditures related to the operation, restoration and development of regional parks and natural areas and do not include debt service expenditures or expenditures on large capital projects.

CAPITAL PROJECTS FUNDS

Open Spaces Fund

This fund accounts for the bond proceeds and expenditures related to the Open Spaces, Parks and Streams general obligation bonds approved by the voters in 1995. Primary sources of revenue include interest earnings on the bond proceeds and public and private contributions toward the acquisition program. Expenditures are governed by the bond measure and are related to the acquisition of land and the establishment of trails.

Natural Areas Fund

This fund accounts for the bond proceeds and expenditures related to the Natural Areas general obligation bonds approved by the voters in 2006. Primary sources of revenues include bond proceeds, interest earnings on the bond proceeds and public and private contributions toward the acquisition program. Expenditures are governed by the bond measure and are related to the acquisition of land and the preservation of natural areas.

Oregon Zoo Infrastructure and Animal Welfare Bond Fund

This fund accounts for bond proceeds and expenditures related to the Oregon Zoo general obligation bonds approved by the voters in 2008. Primary sources of revenue include bond proceeds and interest earnings on the bonds. Expenditures are governed by the bond measure and are related to design and construction of capital projects for infrastructure and animal welfare at the Oregon Zoo.

INTERNAL SERVICE FUNDS

Risk Management Fund

This fund accounts for insured, self insured and risk management activities performed for the organizational units within Metro. The fund purchases property and liability insurance and maintains reserves for self insured deductible expenses. Workers' compensation costs are also a combination of purchased and self insurance. In addition, the fund accounts for unemployment insurance. Primary revenues are charges to user funds and interest. Primary expenditures are insurance premiums, claims costs and actuarial evaluations.

DEBT SERVICE FUND

General Obligation Bond Debt Service Fund

This fund accounts for payments of general obligation bond principal and interest to bond holders. The principal source of revenue is property taxes.

PERMANENT FUND

Cemetery Perpetual Care Fund

This fund was created in 2003 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 will receive revenue from a 25 percent surcharge on grave sales. It is anticipated that no expenditures will be made from this fund until grave sites are exhausted at the cemeteries.