

Budget Review 2023-24

Metro

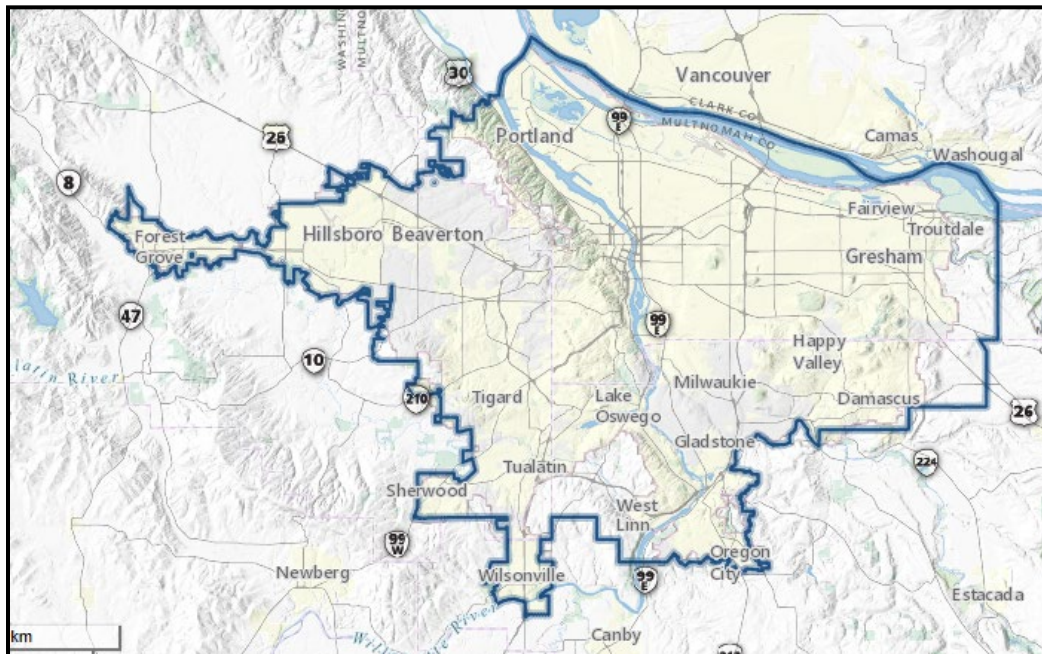


BUDGET HIGHLIGHTS

- The FY 2023-24 budget totals \$1.79 billion, a 9.7% increase over the previous year's budget.
- The supportive housing program expects to collect \$234 million in tax collections for the program. A total of \$212.1 million will be sent to Multnomah, Washington, and Clackamas counties in FY 2023-24 for housing services.
- The budget includes continued funding for the Regional Illegal Dumping Program, funded in part by \$10 million from the state last fiscal year. The remaining balance of the state funds will be carried forward to complete the planned work.
- Visitor venues all see increases in budget from the previous year as visitors return. Overall attendance is at about 87% of pre-pandemic years.

INTRODUCTION & BACKGROUND

Metro's boundaries encompass the urban areas of Multnomah, Clackamas and Washington counties covering 461 square miles, 24 cities, and a population of over 1.8 million.



Metro is a regional government with a home rule charter. It is governed by a seven-member elected board of directors. Its charter was approved by voters in the November 1992. Prior to that, the entity operated as the Metropolitan Service District under a structure defined by the Oregon Legislature. The charter permits Metro to assume additional functions, if approved by ordinance, and to impose certain limited type taxes without voter approval.

Metro has six council members elected by district and a Council President position elected regionwide. All council positions are paid. The Council President is a full-time position; the councilors serve part-time. An independent Metro Auditor is elected regionwide. The Metro Council created a subordinate appointed board, the seven-member Metropolitan Exposition-Recreation Commission (MERC), to oversee operations of the entertainment and convention venues.

Metro's functions, as authorized by its charter, are:

- Development and delivery of regional research and data.
- Acquisition and management of regional parks and green spaces.
- Administration of solid waste disposal and waste reduction programs.
- Operation of regional venues such as Oregon Zoo, the Oregon Convention Center, Portland's Center for the Arts and the Portland Expo Center.

Additionally, the charter grants Metro authority to assume responsibility for future issues of "metropolitan concern".

| Metro | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Assessed Value in Billions | \$176.834 | \$184.791 | \$193.113 | \$201.776 |
| Real Market Value (M-5) in Billions | \$337.814 | \$353.506 | \$376.879 | \$423.733 |
| Property Tax Rate Extended: | | | | |
| Operations | \$0.0966 | \$0.0966 | \$0.0966 | \$0.0966 |
| Local Option Levy | \$0.0960 | \$0.0960 | \$0.0960 | \$0.0960 |
| Debt Service | \$0.4702 | \$0.3974 | \$0.3774 | \$0.3735 |
| Total Property Tax Rate | \$0.6628 | \$0.5900 | \$0.5700 | \$0.5661 |
| Measure 5 Loss | \$-1,981,711 | \$-2,246,268 | \$-2,322,365 | \$-2,133,028 |
| Number of Employees (FTE's) | 1,000 | 967 | 1,027 | 1,074 |

The FY 2023-24 budget continues to be anchored by the following strategic framework:

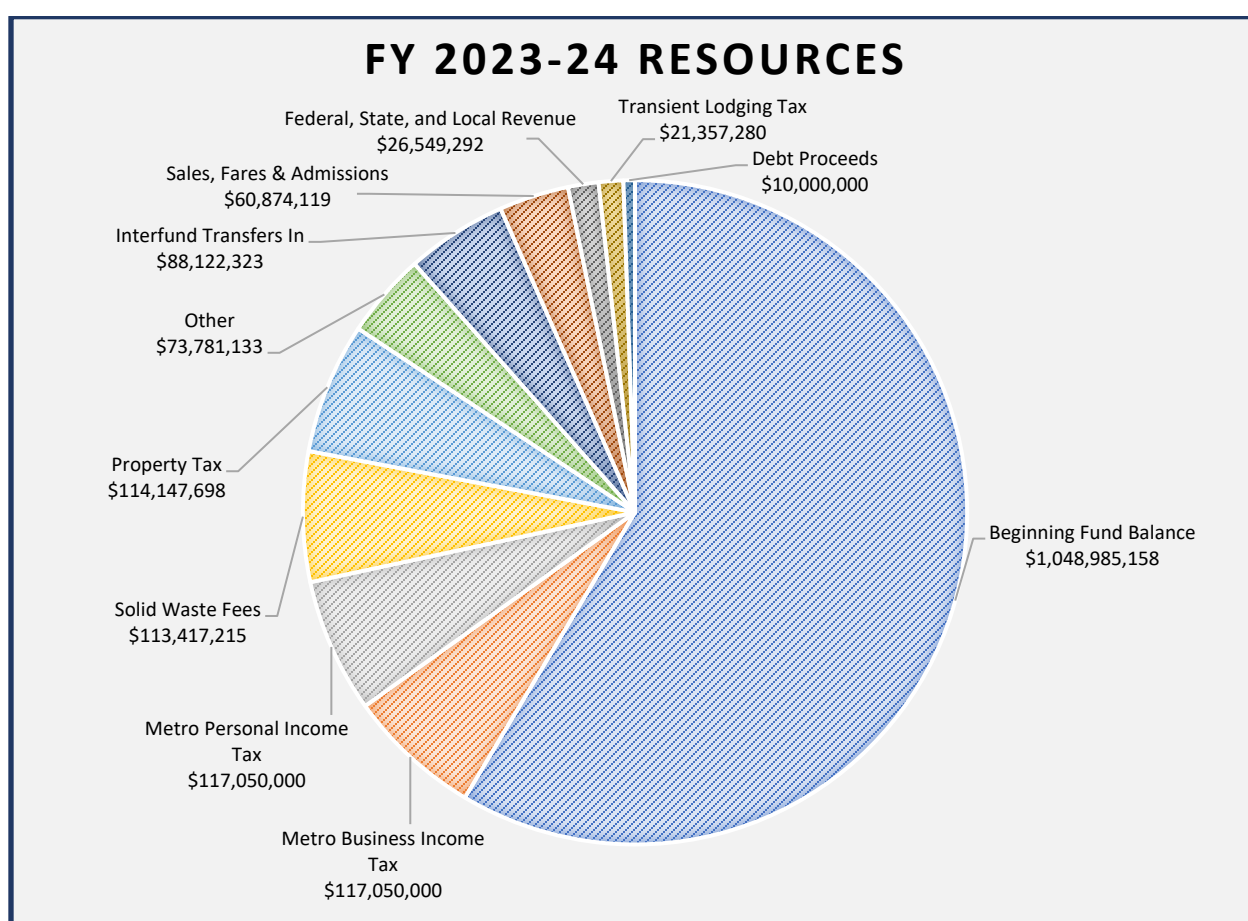


BUDGET OVERVIEW

The 2023-24 Budget is \$1.79 billion, a 9.7% increase over the current year budget. Metro continues its efforts to “keep our promises” and to “build back better” and recover from pandemic disruptions.

RESOURCES

Metro’s **beginning fund balance** for FY 24 is 59% of total resources, and consists of unspent revenues from the prior fiscal year as well as reserves for specific purposes. The majority of these funds are unspent bond proceeds for Parks and Natural Areas (\$170 million) and Affordable Housing (nearly half of fund balance, \$444 million). Another major contributor is the Supportive Housing Services fund, with a beginning fund balance of \$189 million.



Revenues

Metro’s top three sources of revenue are income taxes, solid waste fees, and property taxes.

At 36%, **income tax** is the largest revenue for Metro in the FY 2023-24 budget. These taxes were approved in 2020 and fund the supportive housing services program, related tax collection, and program administration and oversight. Income tax includes two separate tax components: a 1% tax on personal income for individuals with incomes above \$125,000 or \$200,000 for those filing jointly, and 1% tax on

net business income with gross receipts over \$5.0 million. The Metro income taxes for businesses and individuals are budgeted to bring in a total of \$234.1 million, an increase of 4% from last year's budget. Both taxes became effective on January 1, 2021 with the first tax collections received by April 2022. The district estimates that two-thirds of taxpayers paid the tax while one-third did not in 2022. Metro waived penalties and interest for the housing services tax for 2022 and is committed to improving communication on the tax requirements.

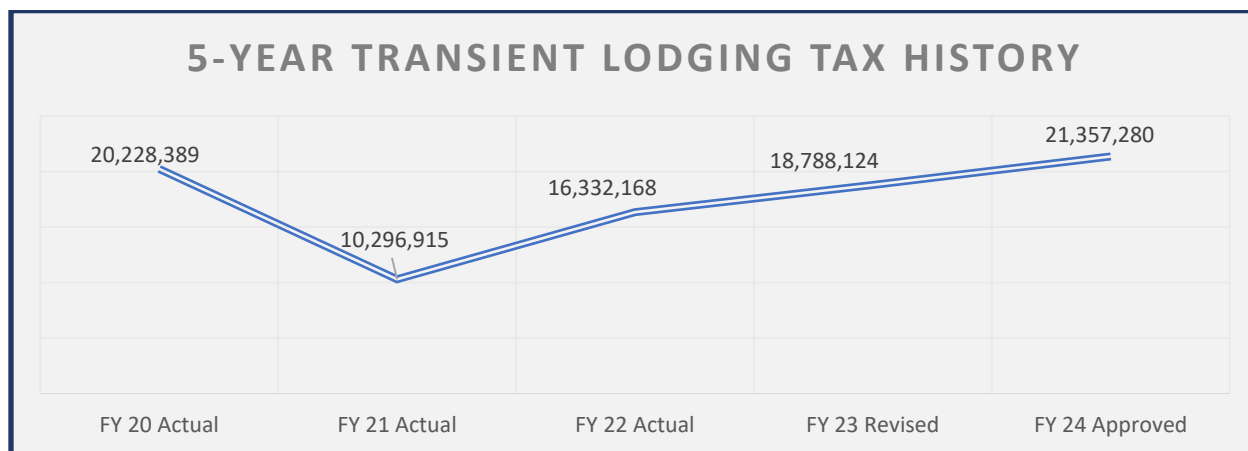
Solid waste fee revenues budgeted increase by about 7% from FY 2022-23, an increase of \$7.4 million dollars. To provide fee predictability, the Metro Council directed a cap of 8% annually on solid waste tip fees. The tip fee is the charge per ton that haulers pay to dump garbage at Metro's regional transfer stations. Solid waste tonnage is expected to decrease in this budget but the higher tip fee increases overall revenue. As with all financial policies, the Council will consider the tip fee increase during approval of the budget.

Property taxes are budgeted at \$114.1 million, an increase of 3.5% from FY 2022-23. The majority of property taxes (\$76.6 million) fund debt service related to general obligation bond issues for Natural Areas and Affordable housing. A local option levy for natural areas operations was renewed for a third five-year period effective July 1, 2023 through June 30, 2028. Metro will receive just under \$18.2 million from this source.

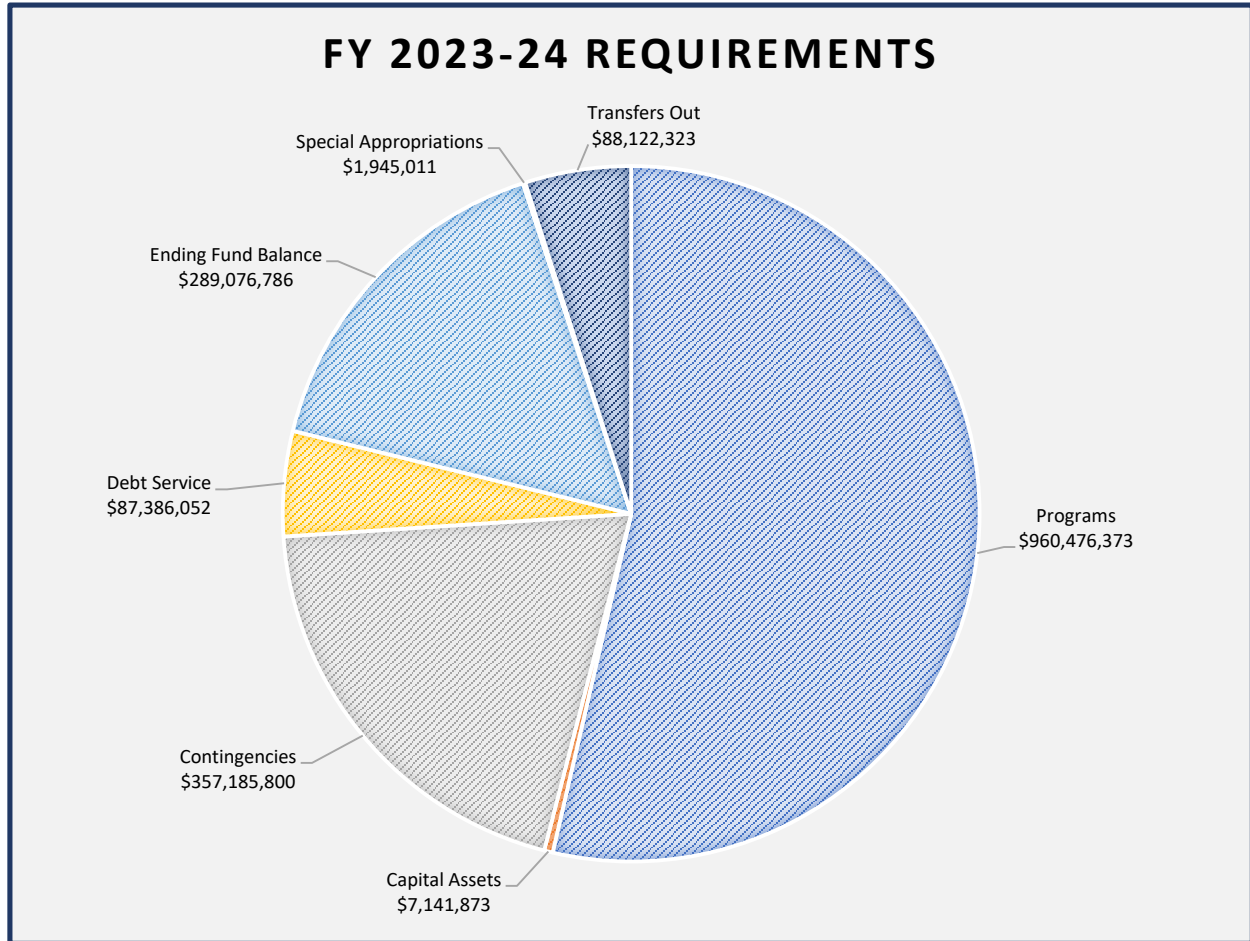
Federal, state, and local revenues decreased by 19.3% due to a one-time payment of \$10 million dollars in state funds for FY 2022-23 to support community clean-up efforts. A balance of \$2.5 million from the original grant is carried forward in this budget to complete the planned clean-up work.

Sales, fares, and admissions in aggregate are budgeted at a 9.8% increase over FY 2022-23 for a total of \$60.9 million. The increase is due to higher expected attendance at visitor venues; sales revenue is also expected to increase proportionately as visitors purchase food, drinks and other items while attending venues.

Another important source of income is the **transient lodging tax (TLT)**, which saw a large decrease during the pandemic. Transient lodging tax is budgeted higher than last year at \$21.4 million, and is more than double the actual lodging tax amount received in FY 2020-21. This is the first year that the TLT has returned to pre-pandemic levels (\$20.2 million in FY 2019-20).



REQUIREMENTS



Interfund Transfers, Contingency and Ending Fund Balance

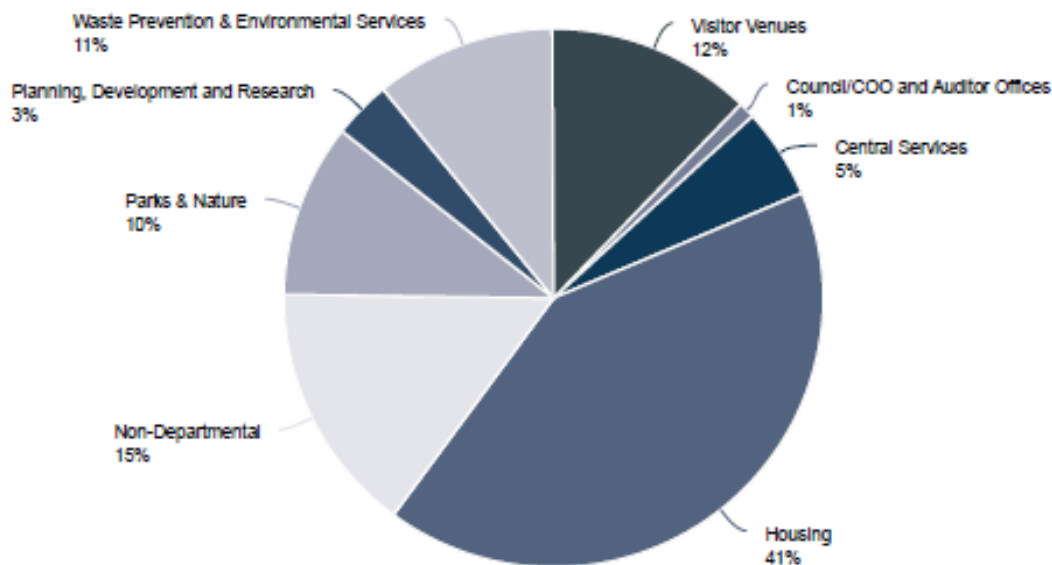
Details on expenditures are below, broken out by budget category/object classification. The rest of budget requirements are made up of:

- Interfund transfers (\$88.1 million, primarily covering internal services or resource sharing between funds);
- Contingency, a total of \$357.2 million, just under 34% of the total operating budget; and,
- Ending Fund Balance, \$289.1 million

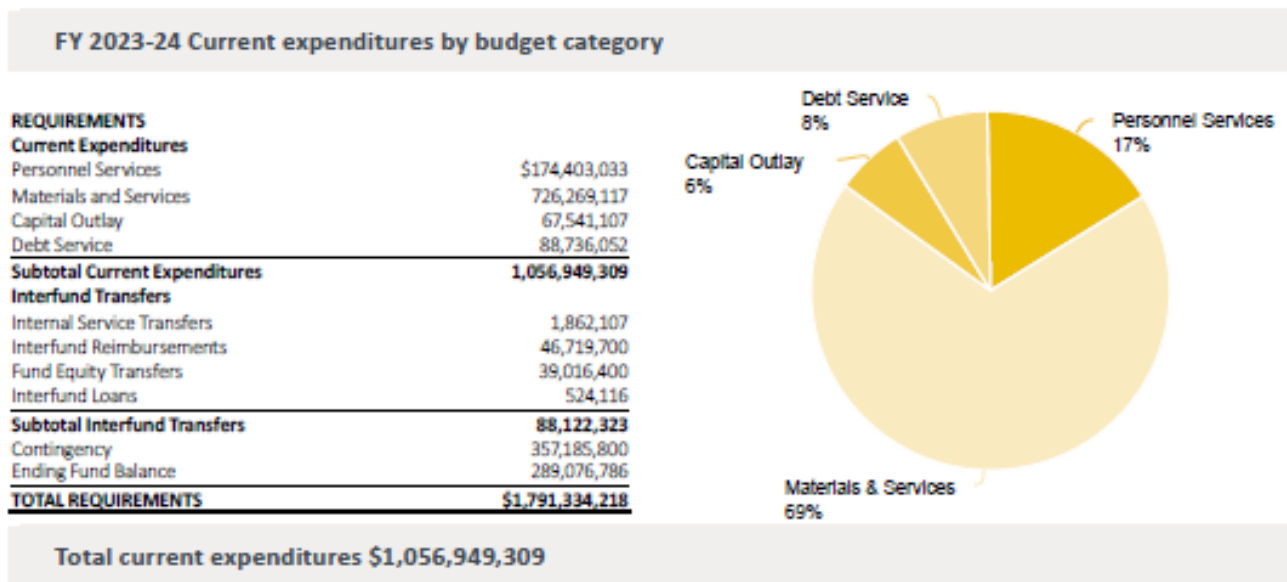
Combined contingency and ending fund balance are higher by 24.6% from FY 2022-23, an increase of \$127.6 million. This amount will decrease each year as the district allocates prior debt proceeds to projects.

Expenditures by Function

The graph below from Metro provides a helpful overview of where dollars are spent – the largest share of the budget, at 41%, funds the supportive housing and affordable housing programs.



Expenditures by Object



Personnel Services – 16.5% of total operating expenditures, \$174.4 million

The budget for personnel services reflects a net increase of 28.65 FTE from the current year budget and an expenditure increase of \$19.7 million (12.7%). Total positions for FY 2023-24 are 1,130.75 FTE.

- Central Service functions increase a combined total of 19.80 FTE in this budget, including 8.00 FTE in Capital Asset Management, 3.00 FTE to Finance and Regulatory Services, 3.00 FTE in Information Technology and Records Management, 3.00 for Communications, and 2.80 FTE in the Council office.
- Housing increases by 4.00 FTE to expand capacity in the supportive housing program, but transferred 1.10 FTE to other departments for a net increase of 2.90 FTE in the new department.
- Visitor Venues increase by a net 4.90 FTE primarily to help with security and support equity goals.
- Planning and development increased by 6.20 FTE, primarily to support supportive housing efforts.
- Waste Prevention and Environmental Services adds a position to support compliance work but transfers 3.35 FTE to other areas and does not extend an existing 1.00 FTE limited duration position resulting in a net loss of 3.35 FTE in this budget.

Full-Time equivalent changes by organizational unit

| | FY 2022-23 Amended FTE | FY 2023-24 Changes | | | | | FY 2023-24 Adopted FTE |
|---|------------------------------|-----------------------------------|--------------------------------|------------------------------------|---------------------|-------------------------------|------------------------------|
| | | Other Transferred Positions | Eliminated LD Positions* | Eliminated Regular Positions | New LD Positions | New Regular Positions** | |
| Capital Asset Management | 28.40 | 6.00 | | | | 2.00 | 36.40 |
| Communications | 36.20 | 1.00 | | | | 2.00 | 39.20 |
| Council | 41.20 | 0.80 | | | 1.00 | 1.00 | 44.00 |
| Diversity, Equity and Inclusion | 11.00 | | | | | | 11.00 |
| Finance and Regulatory Services | 73.60 | 1.00 | | | | 2.00 | 76.60 |
| Housing | 22.50 | (1.10) | | | | 4.00 | 25.40 |
| Human Resources | 32.00 | | | | | | 32.00 |
| Information Technology and Records Management | 34.00 | | | | | 3.00 | 37.00 |
| Office of Metro Attorney | 17.00 | | | | | | 17.00 |
| Office of the Auditor | 7.00 | | | | | | 7.00 |
| Parks and Nature | 138.50 | (1.20) | | | 0.50 | 2.00 | 139.80 |
| Planning, Development and Research | 76.00 | (0.90) | | | 1.00 | 3.00 | 79.10 |
| Waste Prevention and Environmental Services | 195.25 | (3.35) | (1.00) | | | 1.00 | 191.90 |
| Visitor Venues | 389.45 | (2.25) | | (0.35) | | 7.50 | 394.35 |
| Non-Departmental | 0.00 | | | | | | 0.00 |
| TOTAL | 1102.10 | 0.00 | (1.00) | (0.35) | 2.50 | 27.50 | 1,130.75 |

*includes positions converted to regular status

**includes positions converted from limited duration

Materials & Services – 68.7% of total operating expenditures, \$726.3 million

Materials & Services represents the largest proportion of Metro expenditures in this budget. Much of the materials and services budget includes funds that will be distributed to local jurisdictions:

- Metro has budgeted the largest share of these dollars in the affordable housing fund, and plans on distributing \$244 million in FY 2023-24 to local partners for land acquisition, acquisition and rehabilitation of existing residential properties, and new construction of affordable housing.
- The second largest share is budgeted in the Supportive Housing Services program, which is anticipated to disburse \$212 million for payments to other jurisdictions implementing programs and the related tax collection costs.

The budget document notes, “other significant materials and services expenditures include \$77 million for solid waste transfer station operations and the transport of solid waste to the Columbia Ridge Landfill in Gilliam County, program costs for Resource Conservation Recycling and Solid Waste Compliance and Cleanup. In addition, materials and services at the Visitor Venues (OCC, Oregon Zoo, Expo and Portland’5),

which account for spending necessary to operate and market the facilities, are estimated to be \$53 million for FY 2023-24.”

Capital Outlay – 6% of total operating expenditures, \$67.5 million

Capital expenditures include potential land and equipment purchases, facility improvements, and other large asset replacement and upgrade projects. The largest share of capital outlay dollars will fund \$13.0 million for regional parks projects and projects at the Metro Regional Center. A total of \$30.9 million is budgeted for the Parks and Nature Bond Fund, with projects including land acquisition and improvement projects in existing Metro parks. Capital outlay also includes \$14.1 million for solid waste facility capital projects, including \$4.0 million for acquisition of the RID annex and heavy equipment purchases.

Debt Service – 8% of total operating expenditures, \$88.7 million

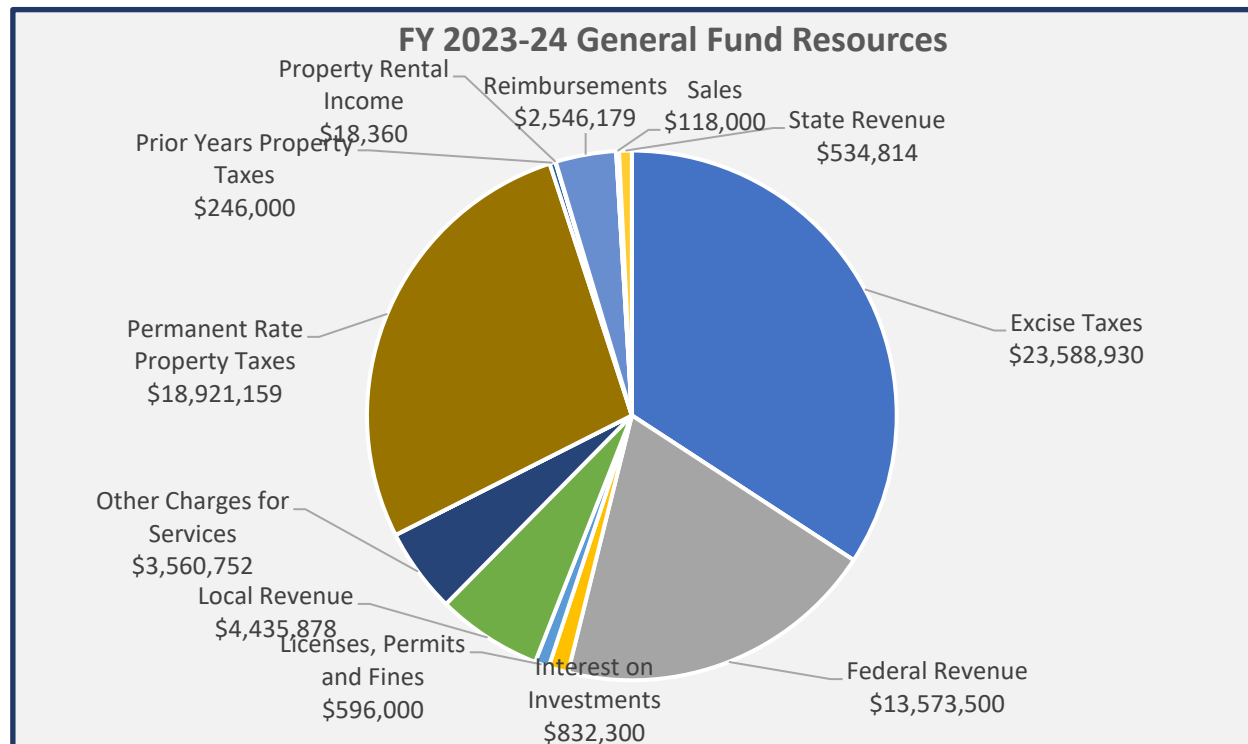
Debt service includes payments on bonds sold for Affordable housing, Oregon Convention Center, Natural Areas program, Expo, Oregon Zoo, and the Oregon Convention Center hotel project. The Debt section provides additional detail.

GENERAL FUND

The General Fund totals \$181.4 million for FY 2023-24 and makes up approximately 10.1% of the total Metro budget. All general government and central service functions are budgeted in this fund. Planning, Development, and Research staffing is also budgeted in the General Fund.

The 2023-2024 Budget moves the budget for the Glendoveer Golf Course out of the General Fund and into the Parks and Nature Operating Fund to better align operations.

GENERAL FUND RESOURCES

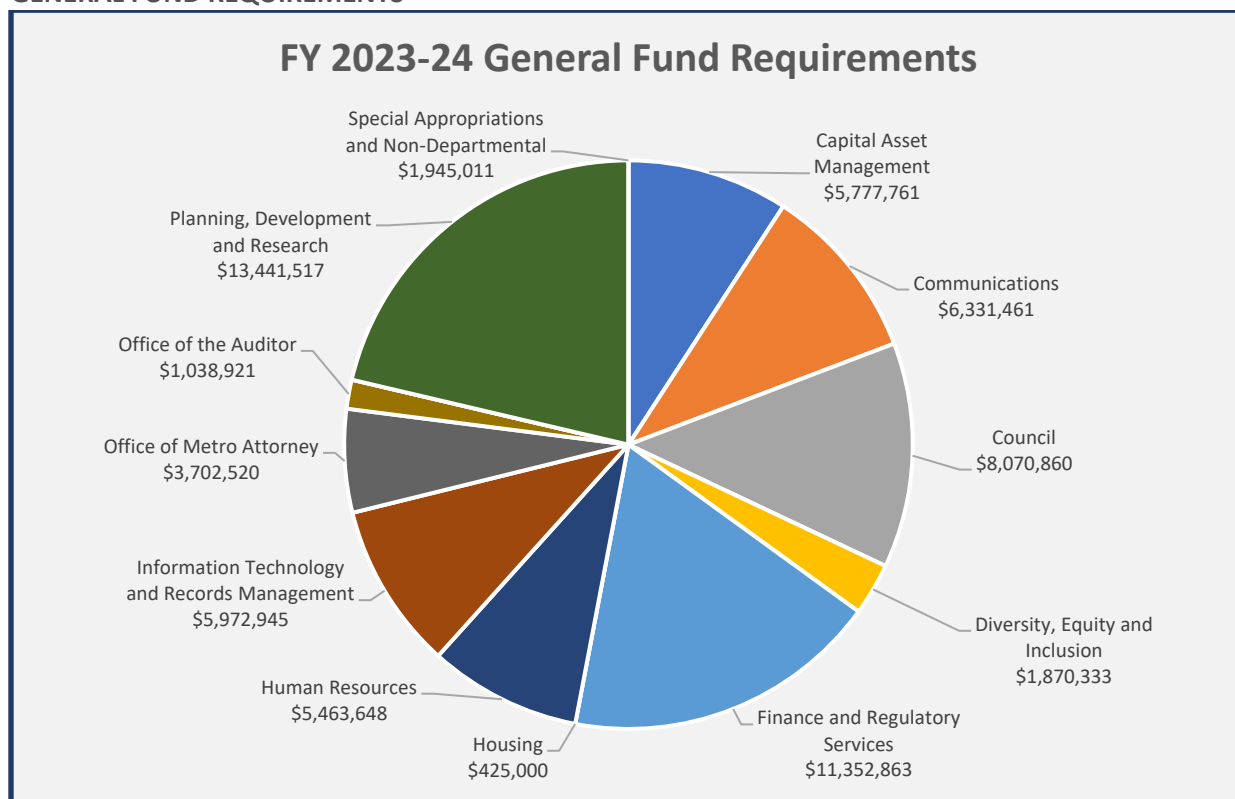


Primary revenues in the General Fund include property taxes, the general excise tax, and intergovernmental revenue. Metro expects no major changes in General Fund revenues for the coming year. Total resources decrease 3.0% from the current year due to decreased beginning fund balance (-\$848,600), other income (-\$3.0 million), and transfers in (-\$4.3 million).

Budgeted beginning fund balance decreases by \$0.8 million from last FY for a total of \$68.2 million, and includes restricted revenues for Transit Oriented Development, Construction Excise Tax program balance, and for major projects and programs requiring committed funds. The decrease in Other Income revenues reflects the movement of Glendoveer Golf Course to the Parks and Nature Operating Fund. In FY 2022-23, golf course revenues provided \$3.3 million revenue; the amount is removed in the current budget.

According to Metro's five-year forecast, Metro will need to keep a close eye on the balance of revenue and expenditures in the General Fund, and Metro may need to make additional adjustments in the future.

GENERAL FUND REQUIREMENTS



The majority of General Fund costs support Planning, Development, and Research. Central services (includes Metro Attorney, Auditor, Communications, Finance, Human Resources, Information Technology, and Capital Asset Management) increase over last year's budget due to a focused effort to support hiring and addressing an existing backlog of unfilled positions and transfers with functional areas to better reflect where the work is done. As also seen in other funds, budgeted contingency is increased as Metro continues to navigate an evolving economic landscape.

OTHER SIGNIFICANT BUDGET AREAS

PLANNING, DEVELOPMENT, AND RESEARCH DEPARTMENT

The role of the Planning, Development, and Research department has evolved as the region has grown. The Supportive Housing Services and Affordable Housing programs, formerly in this department in the FY 2022-23 budget, have been moved to their own department. Land use and transportation planning, in addition to research and data collection continue to be the focus of this department.

Transportation

- This program relies on federal funding for system and project planning.
- The 2023 Regional Transportation Plan is in progress and will be presented to Council in Nov 2023.
- Metro has been coordinating planning efforts for multi-modal improvements on the Tualatin Valley Highway, 82nd Avenue, and the Interstate Bridge Replacement Project.

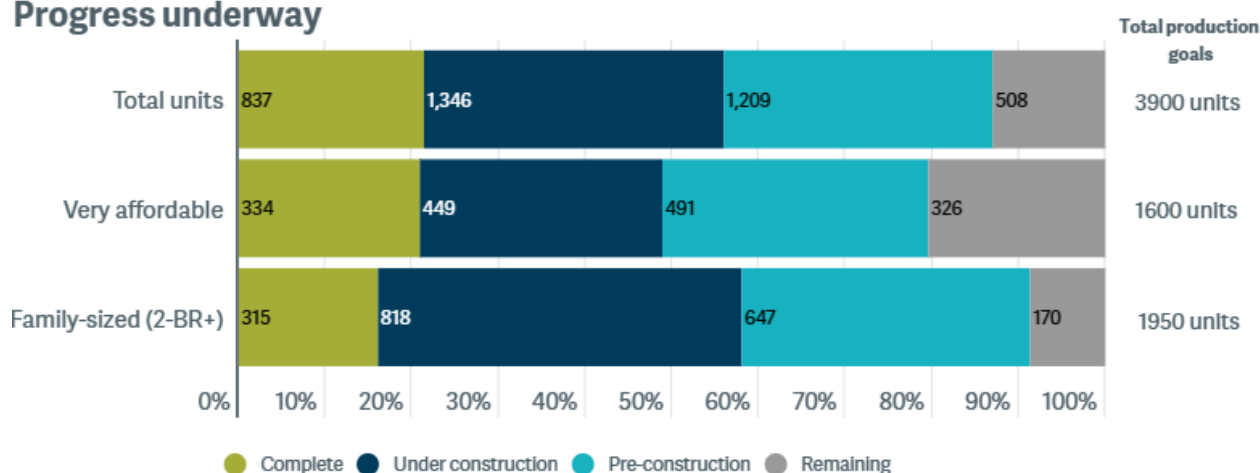
HOUSING

In November 2022, Metro established the Housing Department (formerly part of Planning, Development, and Research) to address the region's housing crisis integrating its Supportive Housing Services and Affordable Housing programs.

Affordable Housing

- Metro voters passed a \$652.8 million affordable housing bond measure in November 2018 to create permanently affordable homes across the Metro region. Metro issued the full authorized bond amount in May 2019; fund balance is budgeted at \$150 million and a contingency of \$50 million for FY 24.
- The bond measure promised the addition of 3,900 units if approved ([information on bond progress available here](#) – snip of bond progress as of April 2023 below).
- Debt service payments will be \$39.2 million in FY 2023-24.

Progress underway



Supportive Housing

- The goals for this ten-year program are to connect chronically homeless households with supportive housing and stabilize 10,000 households at risk of or experiencing homelessness into permanent housing.
- In May 2020 voters approved a measure to fund supportive housing services through a personal income tax and a business income tax.
- The program distributed nearly \$7 million to local partners in FY 2020-21 and FY 2021-22.
- The 2023-2024 Budget anticipates tax collections of \$234.1 million (\$117,050,000 each from the personal and business tax), with \$212.1 million budgeted for distribution to Multnomah, Washington, and Clackamas counties. The actual amounts received in FY 2021-22 were \$147.9 million personal income tax and \$94.7 million business income tax for a total of \$242.7 million. Funds are distributed based on the percentage of tax paid by households in the three counties. The fund has no fund balance but holds \$191 million in contingency reserved for payments to local implementation partners and Metro oversight and administrative costs.

PARKS AND NATURE DEPARTMENT

Primary funding sources include the parks and natural areas local option levy – extended for a third five-year term - and parks and natural areas bonds. Expenditures fund basic operations and activities to serve the department’s mission of protecting water quality, fish, and wildlife habitat, and creating opportunities to enjoy nature close to come through parks, trails and natural areas.

- The Parks & Nature Operating fund increases this year by just under \$7.0 million (18.8%). This includes \$3.55 million revenue from Glendoveer Golf Course that was historically budgeted in the General Fund.
- The first series of bonds under the November 2019 authorization were issued in April 2020 for \$200,000,000. The beginning balance in the Parks and Nature Bond Fund in FY 2023-24 is projected at \$170.5 million; \$19.5 million of this amount is reserved for a possible future project at Willamette Cove. \$84 million is budgeted as expenditures for FY 24.
- Changes this year include 5.6 FTE added to assist in operating and maintaining Metro properties and managing special projects.
- The capital budget includes \$10.0 million for nature areas acquisition and \$13.4 million for improvements at Blue Lake Park.

VISITOR VENUES

Visitor venues include the Oregon Convention Center, Portland’s Centers for the Arts, Portland Expo Center, and the Oregon Zoo. Nearly half of all part-time and permanent staff at Metro provide direct service to venue customers. Visitor venue items of note:

- Expectations are that event-based revenue will continue to slowly grow over the next five years.
- Transient Lodging Taxes (TLT) makes up 23.4% of revenue for the MERC Fund, providing operating and capital, and fund balance resources for the Oregon Convention Center, Expo, and Portland’s. TLT saw a large decrease during the pandemic. In the upcoming budget, transient lodging tax is budgeted higher than last year at \$21.4 million, more than double the actual lodging tax amount received in FY 2020-21 and for the first time exceeding pre-pandemic levels of \$20.2 million.

- The MERC (Metropolitan Exposition Recreation Commission) fund increased by \$26.8 million dollars, a 30.5% increase from the revised FY 2022-23 budget.
- Revenue is up 30.5% for the visitor venues. The budget assumes attendance approaching pre-COVID levels. Overall annual event revenues are projected at 90% of FY 2018-19 levels, the last full year of activity at the venues.
- Personnel services increased by 15.5% to restore positions across the venues.

Items of significant change or interest for selected visitor venues:

Expo

- The Portland Expo Center continues to face challenges on the expenditure side over the long-term. Current projects include a detailed review to develop options for the future.
- The Expo Center has significant deferred maintenance challenges and will be focusing on critical capital projects using General Fund support. The budget includes \$2.0 million in capital outlay for security improvements.

Portland's

- Portland's continues to offer robust entertainment options through its theaters. The theaters are adding positions for security that were lost during the pandemic closure.
- Capital improvements focus on life safety issues at the theaters and preliminary design for a roof replacement at the Arlene Schnitzer Concert Hall.

Zoo

- The Oregon Zoo operating budget sees an increase of over \$13.6 million from FY 2022-23. Operating contingency is increased from \$12.4 million last year to \$19.8 million in 2023-24. The Zoo will receive \$17.0 million in revenue from the general fund to support operations, an increase of \$2.4 million from the current year.
- The Zoo predicts attendance of 1.3 million in 2023-24 which is about 87% of the 1.5 million annual attendance pre-pandemic.
- The budget includes \$4.1 million capital funding at the zoo, including \$1.5 million budgeted for electrical improvements and wildfire resiliency at the Jonsson Center for Wildlife Conservation. The 2022 federal omnibus bill included \$2.0 million for this purpose.
- The Zoo has cancelled the Zoo Summers Concerts program for the foreseeable future but is replacing it with six to ten smaller scale evening events.

WASTE PREVENTION AND ENVIRONMENTAL SERVICES

The Waste Prevention and Environmental Services (WPES) department is responsible for ensuring that all solid waste generated in the region is managed in a manner that protects public health and safeguards the environment.

- The FY 2022-23 budget added RID (Regional Illegal Dumping Program) funding in the amount of \$10.0 million from the state. The FY 23-24 budget includes \$2.5 million carry forward to complete planned work. One-time funding from the state allowed for significant improvements on litter collection throughout the region.

- The number of FTE in the department decreases to 191.90 FTE from 195.25 FTE in the current year. The positions have been moved to Capital Assets to reflect their work in project management; in addition, 1.00 limited duration position was not renewed.
- This budget includes \$18.7 million for transfer station operations, \$11.8 million for waste transport, and \$11.0 million in disposal fees. This is up from 2022-23 expenses of \$16.5 million for operations, \$11.7 million for transport, and \$10.8 million for disposal. Solid waste costs exceed capped rate increases.
- The FY 2023-24 budget includes capital funding for RID Annex acquisition, heavy equipment purchases, and improvements at the Metro Central Transfer Station for organics processing.

DEBT STATUS

Metro has \$807.4 million in outstanding general obligation debt with bond issues for Natural Areas (2012, 2018, and 2020), Zoo Infrastructure (2012 & 2018), and Affordable Housing (2019). The majority of outstanding debt, \$592 million, is for affordable housing. The FY 2023-24 budget includes \$78.8 million for GO bond debt service and \$87.4 million in total debt service payments.

Metro also holds full faith and credit bonds (\$15.3 million outstanding), pension obligation bonds (\$10.7 million outstanding), and dedicated tax revenue bonds for the Oregon Convention Center hotel (\$46.9 million outstanding).

The district does not intend to issue new bonds in FY 2023-24, but is planning on refunding the Oregon Zoo 2012A Series bonds for a savings of approximately \$940,000 (note: Metro amended their proposed budget to include this change in the Approved budget, see section below). Actual savings will be determined by interest rates at the time of issuance.

FY 2023-24 Summary of debt service payments

| | Principal | Interest | Fiscal Year Debt Service |
|---|---------------------|---------------------|-----------------------------|
| General Obligation Bonds | | | |
| Natural Areas 2012A Series | \$7,690,000 | \$1,196,200 | \$8,886,200 |
| Natural Areas 2018 Series | 2,125,000 | 342,750 | 2,467,750 |
| Natural Areas 2020A Series | - | 3,526,179 | 3,526,179 |
| Natural Areas 2020B Series | 17,425,000 | 578,615 | 18,003,615 |
| Oregon Zoo Infrastructure 2012A Series | 4,360,000 | 1,088,075 | 5,448,075 |
| Oregon Zoo Infrastructure 2018 Series | 975,000 | 289,500 | 1,264,500 |
| Affordable Housing 2019 Series | 19,600,000 | 19,583,904 | 39,183,904 |
| Full Faith and Credit Refunding Bonds | | | |
| 2016 Series | 965,000 | 49,450 | 1,014,450 |
| Full Faith and Credit | | | |
| 2018 Series | 1,060,000 | 586,450 | 1,646,450 |
| Limited Tax Pension Obligation Bonds, Series 2005 | 2,010,000 | 536,179 | 2,546,179 |
| Revenue Bonds | | | |
| OCC Hotel Project, Series 2017 | 1,055,000 | 2,343,750 | 3,398,750 |
| TOTAL FY 2022-23 DEBT SERVICE PAYMENTS | \$57,265,000 | \$30,121,052 | \$87,386,052 |

CHANGES FROM PROPOSED TO APPROVED

In order to review budgets within tight timelines, we often work initially from the Proposed budget. Due to time constraints, we wrote the original Metro review using Proposed budget numbers. We received the approved budget without sufficient time to fully revise the budget review and instead are offering a summary of the changes here. The Approved budget contained only two changes, impacting the General Fund and the debt service fund:

Increase General Obligation Debt Service Fund by \$3,500,750 - Issuing general obligation refunding bonds will increase the FY 2023-24 General Obligation Debt Service Tax Levy but is expected to generate a projected savings of \$940,000. Will refund Natural Areas (2012 A Series) and Zoo Infrastructure (2012 A Series) with new General Obligation Refunding (2023 Series).

Reduce General Fund contingency and Increase Expenditures in the Chief Operating Officer's budget to fund additional scope related to the Portland Expo Future Phase 2 project by \$295,000 – Since this is a transfer of contingency, it does not impact the overall General Fund budget amount. Rather it increases the Council appropriation of the General Fund and reduces contingency. These funds will support work related to market and feasibility studies, strategic communication, and sports marketing and branding for the Portland Expo Future Phase 2 project.

Summary of Approved Budget Changes

| Fund | Appropriation | Proposed Budget | Amendment | Approved Budget |
|----------------------|---------------|-----------------|-------------|-----------------|
| GO Debt Service Fund | Debt Service | \$78,780,223 | \$3,500,750 | \$82,280,973 |
| General Fund | Council | \$10,196,167 | \$295,000 | \$10,491,167 |

The net result is a \$3,500,750 increase to Metro's budget from \$1,791,334,218 Proposed to \$1,794,834,968 Approved.

BUDGET PROCESS & COMPLIANCE

| Yes | No | Compliance Issue |
|-----|----|---|
| X | | Did the district meet publication requirements? |
| X | | Do resources equal requirements in every fund? |
| X | | Does the G.O. Debt Service Fund show only principal and interest payments? |
| X | | Are contingencies shown only in operating funds? |
| X | | Did the budget committee approve the budget? |
| X | | Did the budget committee set the levy? |
| | X | Does the audit show the district was in compliance with budget law? - <i>over expenditure</i> |

LOCAL BUDGET LAW COMPLIANCE

The FY 2023-24 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purposes shown.

The audit report for FY 2021-22 notes the following exception: excess expenditures over appropriations for the fiscal year end. This is not a trend for the district, so staff are not suggesting a recommendation. Details on the over-expenditure are as follows:

| | |
|---------------------------------|-----------|
| General Fund – Parks and Nature | \$277,710 |
|---------------------------------|-----------|

The district reports that this over-expenditure was related to higher-than-expected activity at the Glendoveer Golf Course that was not identified in time to amend the budget. To avoid future over-expenditures the district:

- Developed and will review a report to track expenditures at the appropriation level by month to identify potential overages;
- Moved the Parks and Nature sub-fund for the Glendoveer Golf Course from the General Fund into the Parks and Nature Operating Fund, starting in the FY 2023-24 budget; and,
- Improved communication of anticipated expenses between the Parks and Nature Finance Director and program staff, especially near fiscal year-end

It should be noted that there is a net positive \$227,930 revenue over expenditures at Glendoveer Golf Course as revenue also came in \$505,641 higher than budgeted.

As per TSCC policy, since this is not a recurring issue and Metro staff have sufficiently addressed it, there is no recommendation for the certification letter related to the over expenditure.

CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff notes no deficiencies in the district's FY 2023-24 budget development process and offers no recommendations or objections for the certification letter.

METRO

Budget Summary

| | 2020 - 2021 | 2021 - 2022 | 2022 - 2023 | 2023 - 2024 | % |
|--|-------------|-------------|-------------|-------------|--------|
| | Actual | Actual | Revised | Approved | Change |

SUMMARY OF ALL FUNDS

PROPERTY TAX BREAKDOWN:

| | | | | | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| Permanent Rate Property Taxes | 16,863,440 | 17,627,319 | 18,022,135 | 18,921,159 | 5.0% |
| Local Option Levy Property Taxes | 16,269,649 | 16,874,644 | 17,246,331 | 18,170,316 | 5.4% |
| GO Debt Property Taxes | 72,739,517 | 73,202,270 | 74,586,398 | 76,582,223 | 2.7% |
| Prior Years Property Taxes | 401,228 | 427,769 | 486,000 | 474,000 | -2.5% |
| Payments in Lieu of Property Taxes | 193,486 | 116,252 | 0 | 0 | 0.0% |
| TOTAL PROPERTY TAX | 106,467,320 | 108,248,254 | 110,340,864 | 114,147,698 | 3.5% |

RESOURCES:

| | | | | | |
|---------------------------|----------------------|----------------------|----------------------|----------------------|-------------|
| Beginning Fund Balance | 1,093,855,868 | 1,040,457,220 | 939,999,842 | 1,048,985,158 | 11.6% |
| Property Taxes | 106,467,320 | 108,248,254 | 110,340,864 | 114,147,698 | 3.5% |
| Other Taxes | 33,734,136 | 284,312,380 | 267,458,851 | 279,046,210 | 4.3% |
| Intergovernmental Revenue | 22,508,501 | 61,137,911 | 32,901,042 | 26,549,292 | -19.3% |
| Fees and Charges | 90,292,141 | 30,583,710 | 34,207,442 | 50,595,178 | 47.9% |
| Other Income | 42,298,081 | 148,069,817 | 168,529,810 | 183,888,359 | 9.1% |
| Debt Proceeds | 27,500,000 | 294,935 | 0 | 0 | 0.0% |
| Transfers In | 58,079,074 | 76,009,160 | 79,621,473 | 88,122,323 | 10.7% |
| TOTAL RESOURCES | 1,474,735,121 | 1,749,113,387 | 1,633,059,324 | 1,791,334,218 | 9.7% |

REQUIREMENTS BY FUNCTION:

| | | | | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|-------------|
| Administrative Services | 43,020,101 | 45,718,557 | 82,756,580 | 77,250,982 | -6.7% |
| Housing | 51,709,082 | 144,706,030 | 494,556,110 | 474,665,532 | -4.0% |
| Community Development | 104,304,997 | 110,286,114 | 156,814,530 | 164,104,303 | 4.6% |
| Parks, Recreation and Culture | 92,060,548 | 102,787,188 | 203,146,335 | 253,542,440 | 24.8% |
| Debt Service | 85,104,103 | 95,242,964 | 97,462,890 | 87,386,052 | -10.3% |
| Transfers Out | 58,079,074 | 76,009,160 | 79,621,473 | 88,122,323 | 10.7% |
| Contingencies | 0 | 0 | 159,501,448 | 357,185,800 | 123.9% |
| Ending Fund Balance | 1,040,457,220 | 1,174,363,376 | 359,199,958 | 289,076,786 | -19.5% |
| TOTAL REQUIREMENTS BY FUNCTION | 1,474,735,125 | 1,749,113,389 | 1,633,059,324 | 1,791,334,218 | 9.7% |

REQUIREMENTS BY OBJECT:

| | | | | | |
|----------------------|-------------|-------------|-------------|-------------|-------|
| Personnel Services | 94,148,996 | 115,733,856 | 154,718,103 | 174,403,033 | 12.7% |
| Materials & Services | 170,412,320 | 276,506,622 | 725,457,275 | 726,269,117 | 0.1% |
| Capital Outlay | 26,533,414 | 11,257,412 | 57,098,177 | 67,541,107 | 18.3% |
| Debt Service | 85,104,103 | 95,242,964 | 97,462,890 | 88,736,052 | -9.0% |
| Fund Transfers | 58,079,074 | 76,009,160 | 79,621,473 | 88,122,323 | 10.7% |

| | | | | | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|-------------|
| Contingencies | 0 | 0 | 159,501,448 | 357,185,800 | 123.9% |
| Ending Fund Balance | 1,040,457,219 | 1,174,363,377 | 359,199,958 | 289,076,786 | -19.5% |
| TOTAL REQUIREMENTS BY OBJECT | 1,474,735,125 | 1,749,113,391 | 1,633,059,324 | 1,791,334,218 | 9.7% |

SUMMARY OF BUDGET - BY FUND

| | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|-------------|
| General Fund | 141,064,536 | 184,882,207 | 187,079,674 | 181,385,628 | -3.0% |
| Oregon Zoo Operating Fund | 41,146,893 | 63,817,953 | 59,321,456 | 80,332,610 | 35.4% |
| Parks & Nature Operating Fund | 31,378,147 | 34,308,894 | 36,985,157 | 43,949,878 | 18.8% |
| Supportive Housing Services Fund | 29,025,372 | 260,802,975 | 240,674,251 | 423,318,799 | 75.9% |
| Affordable Housing Fund | 673,456,024 | 633,548,876 | 535,213,989 | 447,333,044 | -16.4% |
| GO Bond Debt Service Fund | 76,609,365 | 77,346,959 | 76,584,398 | 78,780,223 | 2.9% |
| General Asset Management Fund | 36,075,812 | 35,042,535 | 37,827,546 | 36,470,438 | -3.6% |
| Oregon Zoo Infrast & Animal Welfare Fund | 11,940,566 | 0 | 0 | 0 | 0.0% |
| Oregon Zoo Asset Management Fund | 8,396,535 | 8,640,059 | 11,451,601 | 15,760,000 | 37.6% |
| Open Spaces Fund | 23,652 | 0 | 0 | 0 | 0.0% |
| Natural Areas Fund | 12,693,442 | 6,444,980 | 4,530,000 | 4,530,000 | 0.0% |
| Parks and Nature Bond Fund | 210,830,093 | 204,018,809 | 182,225,000 | 173,482,500 | -4.8% |
| General Revenue Bond Fund | 10,490,237 | 10,493,485 | 10,501,533 | 10,176,116 | -3.1% |
| MERC Fund | 53,385,792 | 85,150,125 | 87,791,560 | 114,580,837 | 30.5% |
| Solid Waste Revenue Fund | 126,860,735 | 134,157,179 | 154,392,403 | 171,725,482 | 11.2% |
| Risk Management Fund | 6,764,147 | 5,977,136 | 4,574,988 | 5,656,898 | 23.6% |
| Cemetery Perpetual Care Fund | 809,233 | 816,232 | 787,747 | 770,314 | -2.2% |
| Smith & Bybee Wetlands Fund | 1,963,031 | 1,691,992 | 1,368,500 | 1,341,810 | -2.0% |
| Community Enhancement Fund | 1,821,513 | 1,972,993 | 1,749,521 | 1,739,641 | -0.6% |
| GRAND TOTAL ALL FUNDS | 1,474,735,125 | 1,749,113,389 | 1,633,059,324 | 1,791,334,218 | 9.7% |

DETAIL OF GENERAL FUND

RESOURCES:

| | | | | | |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------|
| Beginning Fund Balance | 57,526,276 | 49,373,460 | 69,034,607 | 68,186,007 | -1.2% |
| Property Tax | 17,243,849 | 17,928,596 | 18,292,135 | 19,167,159 | 4.8% |
| Other Taxes | 21,857,447 | 25,330,176 | 23,670,727 | 23,588,930 | -0.3% |
| Federal Revenue | 8,551,022 | 7,194,953 | 13,275,895 | 13,573,500 | 2.2% |
| State Revenue | 695,261 | 506,358 | 210,000 | 534,814 | 154.7% |
| Local Revenue | 1,429,899 | 28,976,650 | 3,610,823 | 4,435,878 | 22.8% |
| Fees and Charges | 934,321 | 1,634,542 | 3,932,972 | 4,156,752 | 5.7% |
| Other Income | 6,419,328 | 6,910,630 | 6,507,035 | 3,514,839 | -46.0% |
| Transfers In | 26,407,133 | 47,026,840 | 48,545,480 | 44,227,749 | -8.9% |
| TOTAL FUND RESOURCES | 141,064,536 | 184,882,205 | 187,079,674 | 181,385,628 | -3.0% |

REQUIREMENTS:

| | | | | | |
|-------------------------|------------|------------|------------|------------|-------|
| Administrative Services | 34,538,474 | 38,494,482 | 53,864,831 | 60,817,488 | 12.9% |
| Community Development | 20,213,306 | 23,342,790 | 38,071,763 | 40,325,835 | 5.9% |

| | | | | | |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------|
| Parks, Recreation and Culture | 3,115,466 | 3,540,270 | 3,227,423 | 0 | -100.0% |
| Debt Service | 6,009,371 | 14,388,654 | 14,482,097 | 2,546,179 | -82.4% |
| Transfers Out | 27,814,460 | 24,235,831 | 25,919,836 | 26,694,190 | 3.0% |
| Contingencies | 0 | 0 | 24,224,885 | 23,831,880 | -1.6% |
| Ending Fund Balance | 49,373,459 | 80,880,180 | 27,288,839 | 27,170,056 | -0.4% |
| TOTAL FUND REQUIREMENTS | 141,064,536 | 184,882,207 | 187,079,674 | 181,385,628 | -3.0% |

DETAIL OF GENERAL OBLIGATION DEBT SERVICE FUND

RESOURCES:

| | | | | | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Beginning Fund Balance | 3,466,965 | 3,907,953 | 1,848,000 | 1,998,000 | 8.1% |
| GO Debt Property Taxes | 72,739,517 | 73,202,270 | 74,586,398 | 76,582,223 | 2.7% |
| Interest on Investments | 402,883 | 236,736 | 150,000 | 200,000 | 33.3% |
| TOTAL FUND RESOURCES | 76,609,365 | 77,346,959 | 76,584,398 | 78,780,223 | 2.9% |

REQUIREMENTS:

| | | | | | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Debt Services | 72,701,412 | 74,459,597 | 76,584,398 | 78,780,223 | 2.9% |
| Ending Fund Balance | 3,907,953 | 2,887,362 | 0 | 0 | 0.0% |
| TOTAL FUND RESOURCES | 76,609,365 | 77,346,959 | 76,584,398 | 78,780,223 | 2.9% |