

OFFICE OF MANAGEMENT & FINANCE
The Financial Outlook
for the City of Portland General Fund



Accounting Period #9 (AP-9)

February 8 to March 7, 2007

ESTIMATED YEAR-END GENERAL FUND RESOURCES

Estimated year-end General Fund resources at AP-9 are forecast to range from \$505.5 million (Low) to \$516.1 million (High). Budgeted resources at AP-9 stand at \$502.2 million as of March 7. At AP-9, Council's revised budget increased by \$2.2 million to \$32.5 million over the July 1 Adopted Budget for FY 2006-07.

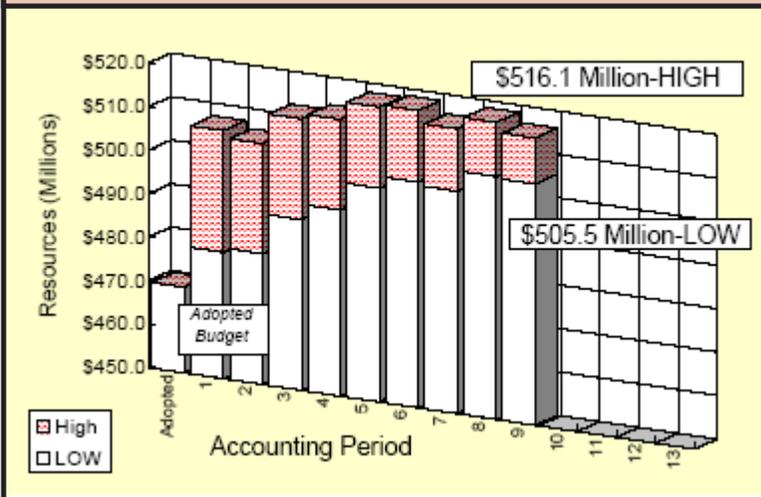
General Fund revenues at AP-9 are estimated at \$303.5 million, up about 7.2% over last year. Discretionary revenues are up about 7.6% compared to last year at AP-9. Revenue growth continues to exhibit good strength as the General Fund heads into the last three months of FY 2006-07.

Property tax revenues to date total about \$151.1 million versus \$146.7 million last year at AP-9. Year over

year growth slipped to just over 3%. This appears to be the result of a timing issue because tax revenues through AP-9 do not reflect a large "turnover" of property tax

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**Estimated Year-End Resource Range
 FY 2006-07 General Fund Financial Model**



RESOURCE RECAP	
* Budgeted Resources	\$502,187,370
* Resource Range, (High)	\$516,073,758
(Low)	\$505,495,087
Revenues At AP-9(*)	\$303,505,098
Versus Year-Ago...UP	7.24%
NOTEWORTHY AT AP-9	
* Hotel/Motel Up 9.0 % vs. year-ago	
* Property Taxes Up 3 % vs. year-ago	

The Bottom Line:

- **Resources, year-end**, are estimated to range from \$505.5 million (Low) to \$516.1 million (High).
- **Budgeted Resources** rose to \$502.2 million during AP-9.
- **Year-end expenditure estimates** range from \$477.2 million (Low) to \$482.0 million (High).
- **FY 2006-07 year-end, Beginning FY 2007-08 balance** is forecast at somewhere between \$23.5 million (Low) to \$38.9 million (High).

Estimated Year-End General Fund Resources, continued from page 1

receipts from Multnomah County that occurred on March 12, five days after the March 7 close of the accounting period.

Utility license and franchise fees continue to show good growth. Franchise and utility license fees from investor-owned utilities (PGE, NWN, PacifiCorp., and Qwest) are up about 5.5% over last year. Similarly, transient lodging taxes and business license fees also remain on a roll. Transient lodging taxes had a very strong third quarter and revenues are about 9% ahead of last year. Business license fees, adjusted for a \$38.1 million “rollover” of quarterly tax payments to revenues, appear to be about 11.2% ahead of last year on a comparable year over year basis.

Bureau fee revenues, with the exception of Police, are also in good shape. The Parks Bureau’s main fee revenue category is 10.5% ahead of last year at AP-9. Police Bureau revenues are below target primarily due to a delay in implementing a new impound policy that was to produce additional revenue. ■

GENERAL FUND EXPENDITURES

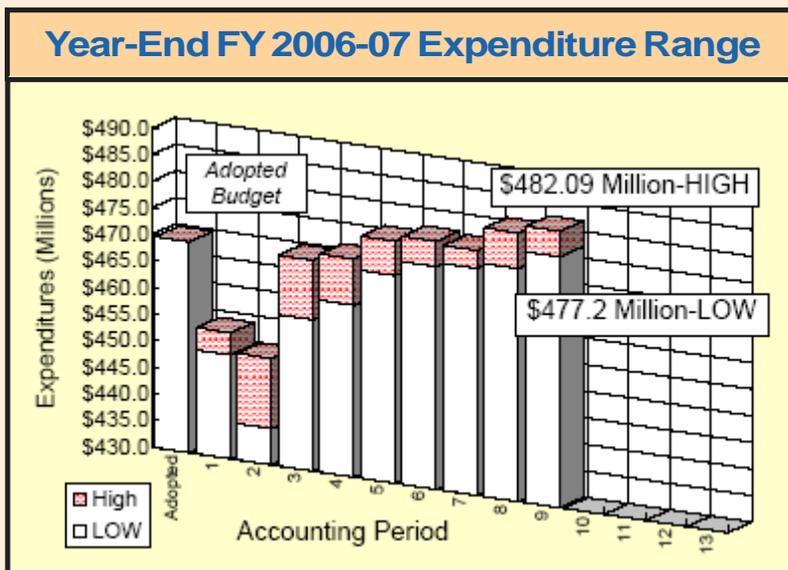
General Fund AP-9 expenditures total about \$295.3 million inclusive of all current encumbrances. Netting out grant-backed encumbrances yields an expense total of \$293.0. Overall, General Fund expenses are up about 5.1% compared to last year at AP-9.

Through the end of AP-9, wage and salary growth remains flat with year over year growth a bare 1%. This is likely due to vacancies and to reorganization that moved Revenue Bureau water and sewer billing personnel back into the Water Bureau, out of the General Fund.

Overtime, premium pay, and benefits all continue well ahead of year ago levels, up 12%, 17.5% and 11.6% respectively.

Materials and services expenditures are about 13.7% ahead of year ago at AP-9. ■

EXPENSE RECAP	
* IBIS Budgeted Expenses	\$502,187,370
* Expense Range, (High)	\$481,995,875
(Low)	\$477,199,896
* Expenses At AP-9(*)	\$295,320,329
Versus Year-Ago..Up	5.13%
NOTEWORTHY AT AP-9	
* Personal Services UP 4.3%	
* All M&S UP 14% vs. year-ago	
* Capital Expense DOWN -17.4%	



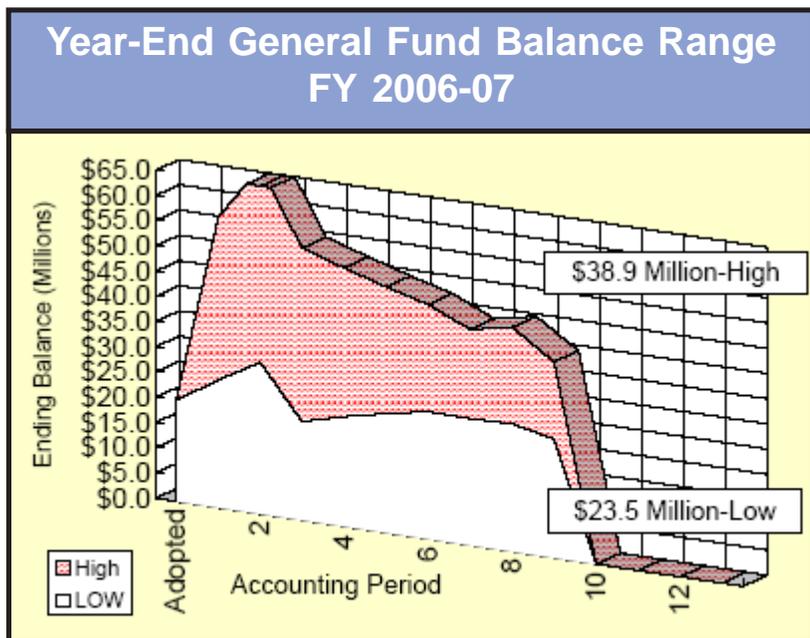
ESTIMATED YEAR-END GENERAL FUND BALANCE

The estimated year end General Fund balance ranges from \$23.5 million (Low) to about \$38.9 million (High). This estimated range narrowed a little between AP-8 and AP-9.

The estimated ending fund balance “point” estimate (as of March 7) works out to \$28.4 million. The current financial forecast (for the Mayor’s Proposed Budget) uses a \$27.9 million estimate. Statistically, there is little difference between these two estimates. It will be difficult to better refine the ending balance estimate until bureau carryover requests are received. These are due May 7 as part of the spring “BuMP” process.

Estimated Year-End Balance Range		
Item	Low	High
Resources	\$505,495,087	\$516,073,758
Expenses	\$481,995,875	\$477,199,896
End Balance	\$23,499,212	\$38,873,862

The ending balance estimate is about \$3.6 million higher due to grant-backed encumbrances. The \$3.6 million represents a nine-period average. Actual grant-backed encumbrances at AP-9 total only \$2.1 million. The instability in this number continues to be a problem. ■



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Oregon Economic & Job Growth Continues

Oregon’s Employment Department recently released calendar 2006 employment data (by place of residence). The revised data show that job growth was somewhat lower than originally estimated. Each year the Department revises employment and unemployment data using more complete and updated data that is not usually available earlier in the year. The revised data show that 2006 Oregon employment growth was 2.9%, which is still a very good number indicating strong growth. Revised payroll data (a measure of employment by place of work) shows that 2005 job gains were lower than originally estimated. Revised payroll data also shows a flattening out of growth towards the end of calendar 2006. Early calendar 2007 data continue to indicate an economy that is growing but at a slower pace. ■

FY 2006-07 General Fund Resources: To-Date, Estimated Year-End & Current Revised Budget			
GENERAL FUND RESOURCE CATEGORY	Through AP-9	Estimated Year-End	Revised Budget
INTERNAL REVENUES 41000			
Service Reimbursements	\$11,268,581	\$39,932,942	\$46,433,653
Other Internal, Overhead & Transfers-IN	\$25,865,698	\$52,086,207	\$60,850,520
PROPERTY & LODGING TAXES 42100			
Property Taxes	\$151,119,614	\$168,308,361	\$164,437,521
Lodging Taxes	\$11,185,821	\$14,382,097	\$13,502,206
BUSINESS LICENSES, PERMITS 43000			
Business Licenses	\$40,654,624	\$63,581,630	\$52,830,754
Utility License/Franchise	\$32,414,890	\$63,426,441	\$59,055,137
Other Permits	\$2,270,442	\$3,263,346	\$3,817,184
SERVICE CHARGES & FEES 44000	\$12,018,051	\$16,071,935	\$14,771,056
STATE (Cigarette & Liquor) 46000	\$6,533,333	\$11,055,302	\$10,295,514
LOCAL SOURCES (Contracts) 47000	\$6,461,517	\$14,219,124	\$15,910,505
MISC. REVENUES & INTEREST 49400	\$4,079,654	\$7,420,723	\$9,978,052
Bond Proceeds	\$0	\$0	\$0
BEGINNING FUND BALANCE	\$46,230,866	\$46,230,866	\$42,248,977
ENCUMBRANCE & CARRYOVER	\$8,056,291	\$8,056,291	\$8,056,291
GENERAL FUND RESOURCE TOTAL	\$358,159,382	\$508,035,264	\$502,187,370
Estimated Percent Of Budget Resources Realized	71.3%	101.2%	

FY 2006-07 General Fund Expenses: To-Date, Estimated Year-End & Current Revised Budget			
GENERAL FUND EXPENSE CATEGORY	Through AP-9	Estimated Year-End	Revised Budget
Salaries & Wages	\$124,198,345	\$183,844,480	\$188,815,080
Overtime	\$7,215,769	\$11,135,023	\$8,343,519
Premium & Part-Time	\$13,480,887	\$18,968,182	\$18,293,578
Benefits	\$36,607,507	\$50,712,842	\$52,922,452
TOTAL PERSONAL SERVICES	\$181,502,508	\$264,660,527	\$268,374,628
Estimated Percent Of Budget Spent	67.6%	98.6%	
EXTERNAL MATERIALS & SERVICES	\$52,865,737	\$105,082,891	\$118,401,219
Estimated Percent Of Budget Spent	44.6%	88.8%	
INTERNAL MATERIALS & SERVICES	\$34,673,121	\$52,678,112	\$52,678,112
Estimated Percent Of Budget Spent	65.8%	100.0%	
CAPITAL OUTLAY	\$4,389,830	\$7,811,299	\$7,811,299
Estimated Percent Of Budget Spent	56.2%	100.0%	
CONTINGENCY & UNFORESEEN	\$0	\$3,000,000	\$5,715,622
FUND CASH TRANSFERS	\$21,889,133	\$49,801,495	\$49,206,490
INVENTORY	\$0	\$0	\$0
GENERAL FUND EXPENSE TOTAL	\$295,320,329	\$483,034,324	\$502,187,370
Grant Backed Encumbrances Adjustment	-\$2,089,177	-\$3,436,438	
GENERAL FUND EXPENSE TOTAL-NET	\$293,231,152	\$479,597,886	\$502,187,370
Estimated Percent Of Budget Spent	58.8%	96.2%	

FY 2006-07 General Fund Expenses by Bureau: To-Date, Estimated Year-End & Current Revised Budgets					
Percent Of Year Elapsed.....		69.2%	Percent Year Remaining.....		30.8%
		Through AP-9	Estimated Year-End	Revised Budget	Percent Spent
AU Description	AU#				
Police Bureau	100	\$97,400,285	\$144,233,049	\$146,578,407	66.4%
Fire Bureau	124	\$56,455,758	\$84,565,998	\$85,649,425	65.9%
Parks Bureau	133	\$33,656,449	\$50,798,879	\$52,406,293	64.2%
Subtotal-Public Safety and Parks		\$187,512,492	\$279,597,927	\$284,634,124	65.9%
Commissioner #2 (Sten)	190	\$511,301		\$692,879	73.8%
Commissioner #4 (Leonard)	191	\$448,364		\$683,516	65.6%
Commissioner #3 (Saltzman)	192	\$460,769		\$703,743	65.5%
Commissioner #1 (Adams)	193	\$553,867		\$792,526	69.9%
Office of the Mayor	195	\$1,755,341		\$3,074,338	57.1%
Operating Contingency	298	\$1,886	\$3,000,000	\$3,715,622	#N/A
Unforeseen Revenues	298	\$0	\$0	\$2,000,000	#N/A
Other Cash Transfers	299	\$21,564,820	\$49,801,495	\$49,165,961	43.9%
Office of Cable Com	300	\$1,527,378		\$2,082,379	73.3%
P.O.E.M	110	\$7,908,166		\$13,596,360	58.2%
Office-Sus. Development	302	\$1,594,390		\$4,425,059	36.0%
Government Relations	303	\$499,080		\$950,649	52.5%
Office of Manage & Finance	307	\$15,575,818		\$24,859,600	62.7%
Office of City Attorney	312	\$4,518,123		\$6,895,212	65.5%
Business Licenses	316	\$3,256		\$0	#N/A
City Auditor	336	\$4,716,631		\$7,539,789	62.6%
Office Neigh. Involve	342	\$4,188,735		\$6,492,981	64.5%
OMF Citywide Projects	381	\$10,516,224		\$15,132,151	69.5%
OMF Revenue Bureau	390	\$12,767,044		\$17,000,364	75.1%
Special Appropriations	401	\$7,603,622		\$21,379,485	35.6%
Bureau of Planning	510	\$4,300,585		\$9,298,284	46.3%
Bureau Com. Develop	540	\$6,933,180		\$27,072,347	25.6%
Subtotal-All Other AUs		\$107,948,581	\$186,891,781	\$217,553,246	49.6%
General Fund Total-All AUs		\$295,461,073	\$466,489,707	\$502,187,370	58.8%
Grant Backed Encumbrances Adjustment		-\$2,089,177	-\$3,436,438	\$0	
General Fund Total-All AUs		\$293,371,896	\$463,053,269	\$502,187,370	58.2%

Revenue and Economic Indicators			
This table summarizes some basic revenue and economic indicators. The onset of an economic slow-down or financial trouble will be reflected by indicators that climb above the applicable "Concern Level."			
	FY2006-07 2nd Quarter	FY2006-07 1st Quarter	Concern Level
Reserve Fund Usage Condition			
Basic Revenue Growth	6.9%	7.1%	Below 3%
Portland Unemployment Rate	4.6%	5.1%	Above 6.5%
Business License Revenue Growth	45.6%	22.7%	Below 5.5%
Property Tax Delinquency Rate	5.5%	5.5%	Above 8.0%
Basic revenues include property taxes, transient lodgings taxes, business licenses, cigarette and liquor tax distributions, utility license/franchise fees, and interest income revenues, last 12 months compared to year-ago.			

The OMF *Financial Outlook* is written and produced by City Economist D.S. Barden and Economist Kourosh Ghaemmaghami of the Bureau of Financial Services. Find the *Outlook* online at www.portlandonline.com/omf in the Financials section.
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