

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



Accounting Period #10 (AP-10)

March 8 to April 4, 2007

ESTIMATED YEAR-END GENERAL FUND RESOURCES

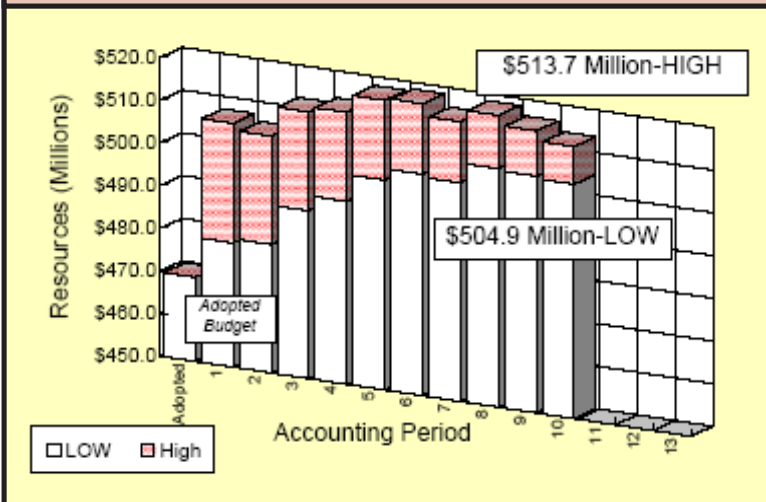
Estimated year-end General Fund resources at AP-10 are forecast to range from \$504.9 million (Low) to \$513.7 million (High). Budgeted resources at AP-10 remain at the AP-9 level of \$502.2 million as of April 4. Council's revised budget remains at about \$32.5 million above the Adopted Budget for FY 2006-07.

General Fund revenues at AP-10 total \$338.4 million, up about 10.4% over last year at AP-10. Discretionary revenues total an estimated \$270.3 million which is about 10.7% ahead of year ago. Revenue growth remains very strong as indicated by the year over year differences at AP-10.

Major General Fund discretionary revenue categories, property taxes, transient lodging taxes, business licenses, and utility license and franchise fees all reflect the power of an upswing in the business cycle to generate above average revenue growth.

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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)	\$513,707,402
(Low)	\$504,861,165
Revenues At AP-10(*)	\$338,409,106
Versus Year-Ago...UP	10.42%
NOTEWORTHY AT AP-10	
* Hotel/Motel Up 8.7 % vs. year-ago	
* Property Taxes Up 5 % vs. year-ago	

The Bottom Line:

- **Resources, year-end**, are estimated to range from \$504.9 million (Low) to \$513 million (High).
- **Budgeted Resources** rose to \$502.2 million during AP-9.
- **Year-end expenditure estimates** range from \$476.9 million (Low) to \$481.7 million (High).
- **FY 2006-07 year-end, beginning FY 2007-08 balance**, is forecast at somewhere between \$23.2 million (Low) to \$36.8 million (High).

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

Property tax revenues total \$157.8 million and are running about 4.9% ahead of last year. Given the restrictiveness of existing Measure 5/50 constitutional mechanics, results this year represent about as “good as it gets.” February lodging industry data for downtown Portland put occupancy rates about four percentage points ahead of a year ago and room rates are up about \$10 or by almost 10%. Business license fees through April 4 are almost 14% ahead of last year. Utility license and franchise fees are running about 5% to 6% ahead of last year even though utility license fees from Water and Environmental Services (sewer, drainage) remain capped at \$16.9 million.

Bureau fee revenues continue to present a mixed picture. Parks’ main fee revenue category is running about 12.2% ahead of year ago and miscellaneous bureau fee and permit revenues are also well ahead of year ago. Police revenue remains well short of budget due primarily to a delay in implementing a new impound policy that was to produce additional revenue. ■

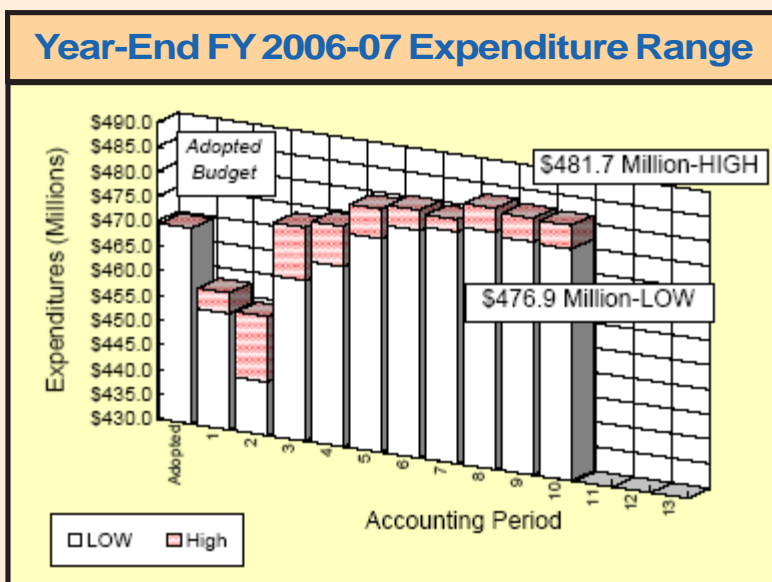
GENERAL FUND EXPENDITURES

General Fund AP-10 expenditures total about \$325.5 million inclusive of all current encumbrances. Netting out grant-backed encumbrances yields an expense total of \$223.5. Overall, General Fund expenses are up about 4.1% compared to last year at AP-10.

Personal services expenditure growth accelerated during AP-10 even though the main wage and salary category remains barely 1% ahead of last year. This growth is being driven by overtime, premium pay, and health benefits growth. Overtime and premium pay are now 14.3% and 19.2% ahead of last year at AP-10 respectively. This represents a sharp increase in growth over even AP-9.

Materials and services expenditures are about 9% ahead of year ago at AP-10. ■

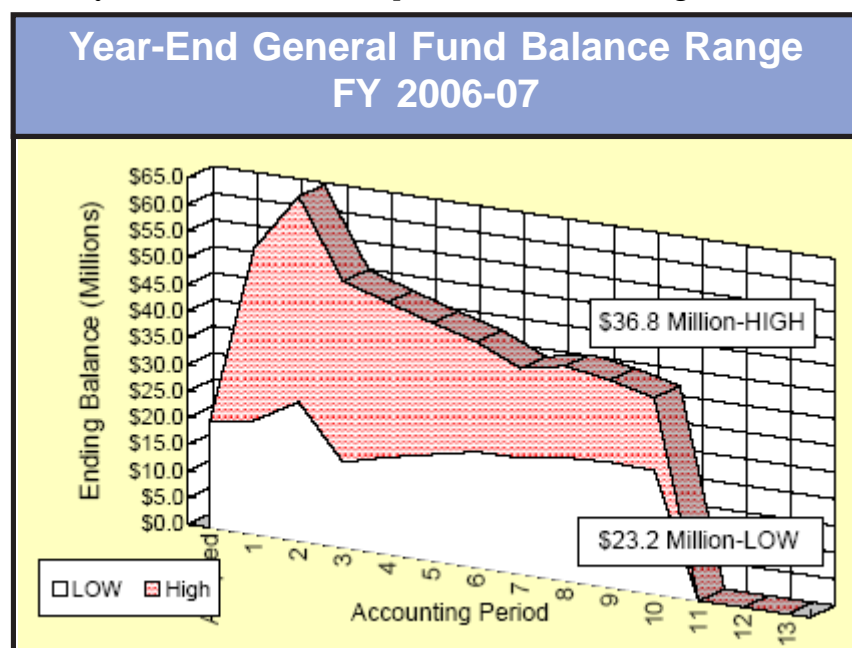
EXPENSE RECAP	
* IBIS Budgeted Expenses	\$502,187,370
* Expense Range, (High)	\$481,697,101
(Low)	\$476,904,095
* Expenses At AP-10(*)	\$325,514,216
Versus Year-Ago..Up	4.14%
NOTEWORTHY AT AP-10	
* Personal Services UP 4.4%	
* All M&S UP 9% vs. year-ago	
* Capital Expense DOWN -14.4%	



ESTIMATED YEAR-END GENERAL FUND BALANCE

The estimated year end General Fund balance ranges from \$23.2 million (Low) to about \$36.8 million (High). If resources turn out to be 1.3% higher and expenses turn out to be 1.4% lower, then balance ends up at \$36.8 million. Conversely, if expenses turn out to be 1.4% higher and revenues end up 1.3% lower then balance ends up at the low end of the range at \$23.2 million. Very small changes in year-end revenue and expense estimates, amounting to only several tenths of a percent, result in large material swings to the ending balance estimate.

Estimated Year-End Balance Range		
Item	Low	High
Resources	\$504,861,165	\$513,707,402
Expenses	\$481,697,101	\$476,904,095
End Balance	\$23,164,065	\$36,803,308



The ending fund balance estimate remains centered on a \$28 million balance estimate that has been included in the Mayor’s Proposed Budget.

This balance estimate may change materially with bureau carryover requests due in by May 7 to the Office of Management & Finance for the Spring BuMP. A closer ending fund balance estimate should be possible after analysis of carryover requests is completed in May. ■

Portland Makes List of Top 100 Places to Live

The Portland Business Journal recently reported that Relocate-America.com, a Michigan company that provides “relocation resources for customers planning a move,” put Portland on its annual list of top 100 best places to live. Nominated communities are screened using a number of criteria including, “beauty of the area, quality of schools, and the economic and environmental health of the community.” The top spot in the survey went to Asheville, North Carolina. Four large cities (Chicago, San Francisco, Asheville, and Portland, Maine – at number 6) and six small cities (for example, Ithaca, New York and Spencer, Iowa) make up the top 10. Klamath Falls was the only other Oregon city to make Relocate-America.com’s 2007 top 100 places to live. ■

FY 2006-07 General Fund Resources: To-Date, Estimated Year-End & Current Revised Budget			
GENERAL FUND RESOURCE CATEGORY	Through AP-10	Estimated Year-End	Revised Budget
INTERNAL REVENUES 41000			
Service Reimbursements	\$26,399,871	\$39,932,942	\$46,433,653
Other Internal, Overhead & Transfers-IN	\$28,795,431	\$51,269,421	\$60,850,520
PROPERTY & LODGING TAXES 42100			
Property Taxes	\$157,804,052	\$168,420,357	\$164,437,521
Lodging Taxes	\$11,262,123	\$14,371,824	\$13,502,206
BUSINESS LICENSES, PERMITS 43000			
Business Licenses	\$46,663,700	\$63,581,630	\$52,830,754
Utility License/Franchise	\$32,838,787	\$62,999,652	\$59,055,137
Other Permits	\$2,469,295	\$3,207,367	\$3,817,184
SERVICE CHARGES & FEES 44000	\$12,300,126	\$15,763,009	\$14,771,056
STATE (Cigarette & Liquor) 46000	\$7,300,066	\$11,031,101	\$10,295,514
LOCAL SOURCES (Contracts) 47000	\$8,853,032	\$15,267,504	\$15,910,505
MISC. REVENUES & INTEREST 49400	\$4,840,134	\$7,266,190	\$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	\$393,813,774	\$507,398,156	\$502,187,370
Estimated Percent Of Budget Resources Realized	78.4%	101.0%	

FY 2006-07 General Fund Expenses: To-Date, Estimated Year-End & Current Revised Budget			
GENERAL FUND EXPENSE CATEGORY	Through AP-10	Estimated Year-End	Revised Budget
Salaries & Wages	\$138,170,974	\$183,371,521	\$188,815,205
Overtime	\$8,096,624	\$11,078,938	\$8,343,519
Premium & Part-Time	\$14,708,374	\$19,102,287	\$18,293,587
Benefits	\$39,322,996	\$50,280,758	\$52,922,501
TOTAL PERSONAL SERVICES	\$200,298,968	\$263,833,504	\$268,374,812
Estimated Percent Of Budget Spent	74.6%	98.3%	
EXTERNAL MATERIALS & SERVICES	\$57,033,881	\$102,260,514	\$118,401,035
Estimated Percent Of Budget Spent	48.2%	86.4%	
INTERNAL MATERIALS & SERVICES	\$38,854,257	\$52,678,112	\$52,678,112
Estimated Percent Of Budget Spent	73.8%	100.0%	
CAPITAL OUTLAY	\$4,485,914	\$7,552,850	\$7,811,299
Estimated Percent Of Budget Spent	57.4%	96.7%	
CONTINGENCY & UNFORESEEN	\$0	\$3,715,622	\$5,715,622
FUND CASH TRANSFERS	\$24,841,196	\$49,259,996	\$49,206,490
INVENTORY	\$0	\$0	\$0
GENERAL FUND EXPENSE TOTAL	\$325,514,216	\$479,300,598	\$502,187,370
Grant Backed Encumbrances Adjustment	-\$1,964,697	-\$2,127,271	
GENERAL FUND EXPENSE TOTAL-NET	\$323,549,519	\$477,173,326	\$502,187,370
Estimated Percent Of Budget Spent	64.8%	95.4%	

FY 2006-07 General Fund Expenses by Bureau: To-Date, Estimated Year-End & Current Revised Budgets					
Percent Of Year Elapsed.....		76.9%	Percent Year Remaining.....		23.1%
		Through	Estimated	Revised	Percent
AU Description	AU#	AP-10	Year-End	Budget	Spent
Police Bureau	100	\$108,137,201	\$144,660,035	\$146,856,502	73.6%
Fire Bureau	124	\$62,016,797	\$83,386,734	\$86,021,799	72.1%
Parks Bureau	133	\$37,065,990	\$50,954,266	\$52,564,949	70.5%
Subtotal-Public Safety and Parks		\$207,219,988	\$279,001,035	\$285,443,249	72.6%
Commissioner #2 (Sten)	190	\$562,184		\$692,879	81.1%
Commissioner #4 (Leonard)	191	\$494,439		\$683,516	72.3%
Commissioner #3 (Saltzman)	192	\$511,982		\$703,743	72.8%
Commissioner #1 (Adams)	193	\$614,188		\$792,526	77.5%
Office of the Mayor	195	\$1,916,688		\$3,074,338	62.3%
Operating Contingency	298	\$1,886	\$3,715,622	\$3,715,622	#N/A
Unforeseen Revenues	298	\$0	\$0	\$2,000,000	#N/A
Other Cash Transfers	299	\$24,488,945	\$49,259,996	\$46,590,286	52.6%
Office of Cable Com	300	\$1,584,812		\$2,082,379	76.1%
P.O.E.M	110	\$8,381,373		\$13,596,360	61.6%
Office-Sus. Development	302	\$1,757,246		\$4,425,059	39.7%
Government Relations	303	\$550,681		\$950,649	57.9%
Office of Manage & Finance	307	\$17,389,959		\$24,859,600	70.0%
Office of City Attorney	312	\$5,023,874		\$6,895,212	72.9%
Business Licenses	316	\$3,298		\$0	#N/A
City Auditor	336	\$5,122,104		\$7,547,589	67.9%
Office Neigh. Involve	342	\$4,611,915		\$6,492,981	71.0%
OMF Citywide Projects	381	\$10,777,257		\$16,890,901	63.8%
OMF Revenue Bureau	390	\$13,749,910		\$17,000,548	80.9%
Special Appropriations	401	\$7,991,227		\$21,379,301	37.4%
Bureau of Planning	510	\$4,806,702		\$9,298,284	51.7%
Bureau Com. Develop	540	\$7,953,438		\$27,072,347	29.4%
Subtotal-All Other AUs		\$118,294,108	\$190,057,134	\$216,744,121	54.6%
General Fund Total-All AUs		\$325,514,096	\$469,058,168	\$502,187,370	64.8%
Grant Backed Encumbrances Adjustment		-\$1,964,697.16	-\$2,127,271.31	\$0	
General Fund Total-All AUs		\$323,549,399	\$466,930,897	\$502,187,370	64.4%

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	FY2006-07	Concern Level
Reserve Fund Usage Condition	2nd Quarter	1st Quarter	
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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