OFFICE OF MANAGEMENT & FINANCE

The Financial Outlook

for the City of Portland General Fund

Accounting Period #5 (AP-5) **October 18 to November 14, 2007**

ESTIMATED YEAR-END GENERAL FUND RESOURCES

Estimated year-end General Fund resources at AP-5 are forecast to range from $509.3 million (Low) to $528.1 million (High). General fund budgeted resources remain unchanged at $492.5 million as of November 14. Council's revised budget is unchanged compared to the July 1 Adopted Budget for FY 2007-08.

General Fund revenues at AP-5 total $63.1 million versus $68.6 million last year at AP-5. Revenues "appear" to be down on a year over year basis because property tax receipts (turnovers) have come in about a week later than normal due to the timing of the Thanksgiving holiday this year. The December 5 turnover from Multnomah County totaled $30.1 million this year (received Dec. 5) compared to only $7.4 million last year (received Dec. 1). Thus, as was the case with franchise fees for last period, the AP-5 comparison does not signal an overall decline in revenues, rather it reflects a change in the timing of property tax receipts as well as an AP-5 cutoff date that last year put franchise fee revenues into AP-6 as opposed to AP-5. At AP-6, year over year revenue comparisons will again become meaningful.

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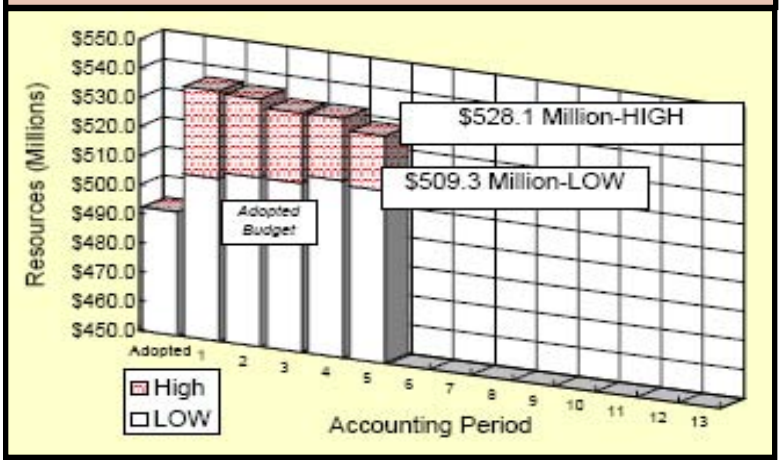
Estimated Year-End Resource Range
FY 2007-08 General Fund Financial Model



RESOURCE RECAP

*Budgeted Resources	$492,511,185
*Resource Range, (High)	$528,137,395
(Low)	$509,281,606
Revenues At AP-5(*)	$63,069,141
Versus Year-Ago...Down	-8.00%

NOTEWORTHY AT AP-5

* Hotel/Motel Up 14.3 % vs. year-ago
* Property Taxes Down -14 % vs. year-ago

The Bottom Line:

- **Resources, year end** are estimated to range from $509.3 million (Low) to $528.1 million (High).
- **Budgeted Resources** remained at $492.5 million during AP-05.
- **Year-end expenditure** estimates range from $483.1 million (Low) to $487.5 million (High).
- **Forecast year end balance**, beginning FY 2008-09 balance, is forecast at between $21.7 million (Low) to $45.0 million (High).

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

Transient lodging tax revenues continue to surprise on the upside. October revenues were $5.3 million versus $4.4 million a year ago. November revenues were $442,765 versus $683,049. For the first two months of the second quarter, revenues totaled $5,715,281 versus $5,086,424 last year. Revenues were up 12.4% or $628,857 just for this two month period alone. This revenue reflects activity in the July-September quarter which is traditionally the strongest quarter, but, even so, it was still a very strong showing as well as the strongest quarter to date.

Bureau fee revenues, with the exception of Parks' main fee revenue category, look weak through the first five periods of this year with miscellaneous fee revenues down 17% and miscellaneous revenues down 8.5% year to date. ■

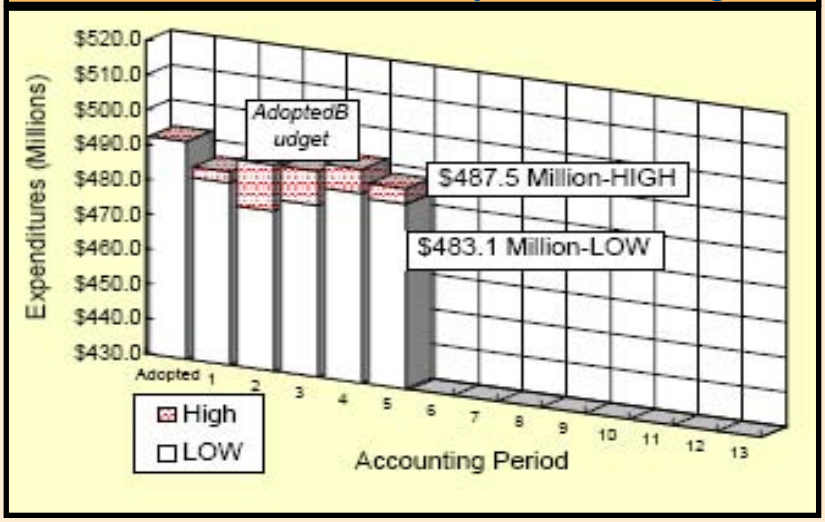
General Fund Expenditures

General Fund expenditures at AP-5 total about $180.3 million inclusive of all current encumbrances. Netting out grant backed encumbrances yields an estimated $179.1 million. Expenditures at AP-5 look to be about 10.9% ahead of a year-ago. The pattern of spending that has been in place for the past several periods remains intact. Personal services expenditures as a whole are only 0.8% head of last year at this time while overtime expenses are 11.9% ahead of a year ago.

External materials and services are 36% ahead of last year with expenditure growth concentrated in the professional services line item. Internal materials and services are about 5.1% ahead of last year at AP-5. ■

Expense Recap	
*IBIS Budgeted Expenses	$492,511,185
*Expense Range, (High)	$487,541,906
(Low)	$483,146,612
*Expenses At AP-5(*)	$180,338,624
Versus Year-Ago...Up	10.90%
NOTEWORTHY AT AP-5	
* Personal Services UP 0.8%	
* All M&S UP 23% vs. year-ago	
* Capital Outlays UP 13.3%	

Year-End FY 2006-07 Expenditure Range



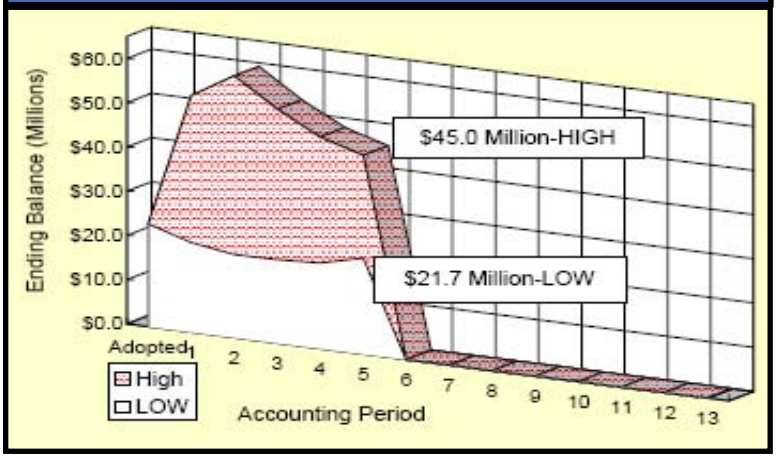
Estimated Year-End General Fund Balance

Estimated year end General Fund balance ranges from $21.7 million (Low) to about $45.0 million (High). This balance range still reflects unaudited FY 2006-07 results as reported in last year's AP-13 *Outlook*. The range for the ending balance estimate has started to narrow somewhat and will continue to do so over the coming period. However, the period to period volatility in business license revenues, combined with the fact that the bulk of business license revenues come in the door during late April and early May, will keep the interval estimate at plus or minus several percentage points.

Estimated Year-End Balance Range

Item	Low	High
Resources	$509,281,606	$528,137,395
Expenses	$487,541,906	$483,146,612
End Balance	$21,739,699	$44,990,783

Year-End General Fund Balance Range FY 2007-08



AP-4's $24.4 million point estimate for balance has now been incorporated into the December financial forecast which went to Council on December 5. The next financial forecast update is traditionally scheduled for late March for use in making Proposed Budget decisions. The financial forecast document is available for viewing on the web at www.portlandonline.com/shared/cfm/image.cfm?id=175913. ■

December Financial Forecast Is Out

The December financial forecast went to Council on December 5. The forecast shows that the outlook for FY 2008-09 is improved over last June. Forecast FY 2008-09 revenues are up $18.2 million (5.3%) over last June's forecast. With the exception of a couple of new cost items not in last June's forecast, costs are about the same when viewed against a $354 million requirements estimate. The forecast estimates Council has about $7.9 million in ongoing resources available for the FY 2008-09 budget process (versus none in the previous forecast) with about $26.5 million available for one-time projects (versus $13.2 million forecast last June). The principal risks to the forecast are reemergence of recessionary conditions and the ultimate cost of as yet unresolved new labor agreements with firefighters and seasonal workers. ■

FY 2007-08 General Fund Resources: To-Date, Estimated Year-End & Current Revised Budget

☐ =General Fund Discretionary Resource GENERAL FUND RESOURCE CATEGORY		Through AP-5	Estimated Year-End	Revised Budget
INTERNAL REVENUES	41000			
Service Reimbursements		$6,182,380	$31,535,987	$37,101,161
Other Internal, Overhead & Transfers-IN		$8,498,702	$34,508,789	$36,566,062
PROPERTY & LODGING TAXES	42100			
Property Taxes		$15,550,343	$175,487,842	$171,508,684
Lodging Taxes		$8,803,753	$15,743,622	$14,659,186
BUSINESS LICENSES, PERMITS	43000			
Business Licenses		$3,213,948	$71,040,539	$64,531,784
Utility License/Franchise		$4,537,896	$63,489,464	$64,031,616
Other Permits		$1,512,797	$4,231,857	$3,955,000
SERVICE CHARGES & FEES	44000	$7,041,587	$17,003,826	$16,614,077
STATE (Cigarette & Liquor)	46000	$2,918,513	$12,209,106	$10,779,684
LOCAL SOURCES (Contracts)	47000	$3,013,676	$14,504,256	$15,375,180
MISC. REVENUES & INTEREST	49400	$1,843,854	$6,942,124	$9,167,936
Bond Proceeds		$0	$0	$0
BEGINNING FUND BALANCE		$58,237,188	$58,237,188	$37,220,815
ENCUMBRANCE & CARRYOVER		$7,495,205	$7,495,205	$11,000,000
GENERAL FUND RESOURCE TOTAL		$128,849,842	$512,429,804	$492,511,185
Estimated Percent Of Budget Resources Realized		26.2%	104.0%	

FY 2007-08 General Fund Expenses: To Date, Estimated Year-End & Current Revised Budget

GENERAL FUND EXPENSE CATEGORY	Through AP-5	Estimated Year-End	Revised Budget
Salaries & Wages	$68,465,486	$188,262,288	$195,315,481
Overtime	$4,750,336	$12,449,849	$8,097,443
Premium & Part-Time	$9,008,434	$19,093,201	$17,544,680
Benefits	$20,776,065	$53,420,202	$53,420,202
TOTAL PERSONAL SERVICES	$103,000,321	$273,225,541	$274,377,806
Estimated Percent Of Budget Spent	37.5%	99.6%	
EXTERNAL MATERIALS & SERVICES	$36,781,426	$84,833,538	$85,676,855
Estimated Percent Of Budget Spent	42.9%	99.0%	
INTERNAL MATERIALS & SERVICES	$19,793,683	$54,361,356	$55,328,463
Estimated Percent Of Budget Spent	35.8%	98.3%	
CAPITAL OUTLAY	$4,565,647	$2,380,496	$2,380,496
Estimated Percent Of Budget Spent	191.8%	100.0%	
CONTINGENCY & UNFORESEEN	$0	$21,621,651	$23,621,651
FUND CASH TRANSFERS	$16,197,547	$50,488,229	$51,125,914
INVENTORY	$0	$0	$0
GENERAL FUND EXPENSE TOTAL	$180,338,624	$486,910,811	$492,511,185
Grant Backed Encumbrances Adjustment	-$1,265,549	-$1,582,592	
GENERAL FUND EXPENSE TOTAL-NET	$179,073,075	$485,328,219	$492,511,185
Estimated Percent Of Budget Spent	36.6%	98.9%	

FY 2007-08 General Fund Expenses by Bureau:
To Date, Estimated Year-End & Current Revised Budgets

Percent Of Year Elapsed.....38.5%			Percent Year Remaining.....		61.5%
AU Description	AU#	Through AP-5	Estimated Year-End	Revised Budget	Percent Spent
Police Bureau	100	$55,005,460	$151,278,649	$146,405,705	37.6%
Fire Bureau	124	$35,430,543	$84,944,743	$84,766,660	41.8%
Parks Bureau	133	$20,347,762	$55,000,254	$55,069,112	36.9%
Subtotal-Public Safety and Parks		$110,783,765	$291,223,646	$286,241,477	38.7%
Commissioner #2 (Sten)	190	$304,934		$820,877	37.1%
Commissioner #4 (Leonard)	191	$365,367		$802,018	45.6%
Commissioner #3 (Saltzman)	192	$261,379		$723,532	36.1%
Commissioner #1 (Adams)	193	$332,885		$830,356	40.1%
Office of the Mayor	195	$980,053		$2,965,589	33.0%
Operating Contingency	298	$59	$21,621,651	$21,621,651	#N/A
Unforeseen Revenues	298	$0	$0	$2,000,000	#N/A
Other Cash Transfers	299	$16,197,547	$50,488,229	$51,125,914	31.7%
Office of Cable Com	300	$861,906		$2,001,030	43.1%
P.O.E.M	110	$2,922,498		$8,069,857	36.2%
Office-Sus. Development	302	$1,096,662		$4,199,380	26.1%
Government Relations	303	$367,429		$1,127,432	32.6%
Office of Manage & Finance	307	$9,565,664		$26,445,527	36.2%
Office of City Attorney	312	$2,628,139		$7,606,127	34.6%
Business Licenses	316	$3,040		$0	#N/A
City Auditor	336	$2,376,341		$6,968,501	34.1%
Office Neigh. Involve	342	$2,671,506		$6,470,975	41.3%
OMF Citywide Projects	381	$10,295,858		$13,046,010	78.9%
OMF Revenue Bureau	390	$3,681,226		$10,805,689	34.1%
Special Appropriations	401	$3,796,548		$9,889,004	38.4%
Bureau of Planning	510	$4,026,884		$11,233,929	35.8%
Bureau Com. Develop	540	$6,834,933		$17,516,309	39.0%
Subtotal-All Other AUs		$69,570,858	$199,405,223	$206,269,708	33.7%
General Fund Total-All AUs		$180,354,623	$490,628,869	$492,511,185	36.6%
Grant Backed Encumbrances Adjustment		-$1,265,549	-$1,582,592	$0	
General Fund Total-All AUs		$179,089,074	$489,046,278	$492,511,185	36.3%

Revenue and Economic Indicators

This table summarizes some basic revenue and economic indicators. The onset of an economic slowdown or financial trouble will be reflected by indicators that climb above the applicable "Concern Level."

	FY2007-08	FY2006-07	Concern Level
Reserve Fund Usage Condition	1st Quarter	4th Quarter	
Basic Revenue Growth	***7.7%***	***8.1%***	Below 3%
Portland Unemployment Rate	***5.4%***	***4.6%***	Above 6.5%
Business License Revenue Growth	***22.1%***	***30.2%***	Below 5.5%
Property Tax Delinquency Rate	***4.8%***	***5.1%***	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.

(FOFY 0508)