Office of Management & Finance

The Financial Outlook

for the City of Portland General Fund

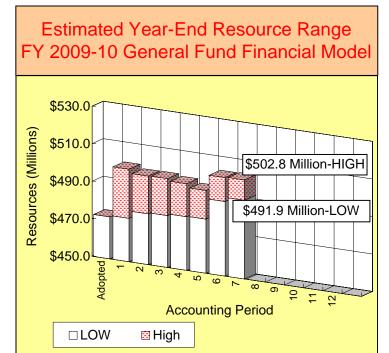
Accounting Period #7 (January)



Jan. 1, 2010, to Jan. 31, 2010

Estimated Year-End General Fund Resources

Estimated year-end General Fund resources as of January 31, 2010 are forecast to range from \$491.9 million (Low) to \$502.8 million (High). General Fund budgeted resources stood at \$487.7 million during January, inclusive of "Fall BuMP" budget adjustments. Revenues through the end of January totaled \$261.2 million and are up 5.6% compared to a year-ago. Most General Fund revenues at or below year-ago January levels. Revenue growth is the result of property taxes (3.9% over year-ago) and three large utility license fee audit recoveries totaling \$4.4 million. General Fund revenue growth adjusted for these audit recovery revenues appears to be about 3.8%. Again most of this



year-over-year increase is located in property tax revenue growth. Some of this revenue growth is also not real because

Continued on page 2

Resource Recap

* Budgeted Resources	\$487,674,733
* Resource Range, (High) (Low)	\$502,792,405
(Low)	\$491,941,031
*Revenues To-Date	\$261,182,983
Versus Year-AgoUP	5.6%

NOTEWORTHY AT AP-7

*Hotel/Motel DOWN -13.0% vs. year-ago *Utility License/Franchise UP 30.8% vs. year-ago *Property taxses UP 3.9% vs. year-ago

January: 1/01/10 - 1/31/10

The Bottom Line:

- Resources, year-end, are estimated to range from \$491.4 million (Low) to \$502.8 million (High).
- Budgeted Resources remained at \$487.7 million during January.
- Year-end expenditure estimates range from \$476.4 million (Low) to \$484.8 million (High).
- Forecast year-end balance, beginning FY2010-11 balance, is forecast to range between \$7.1 million (Low) to \$26.4 million (High). The point estimate is currently \$13.2 million.

Estimated Year-End General Fund Resources,

continued from page 1

business license quarterly tax payments are being counted as revenue as they are receipted as opposed to past years in which they were treated as deferred revenue until late February or early March and then recognized as revenues. This also means that there is no way to compare current (January) to-date revenues with year-ago because of the change in the underlying revenue recognition pattern.

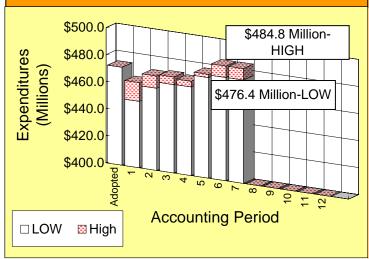
Utility license fee and franchise revenues are running about 3.5% ahead of last year net of audit recoveries discussed on the previous page. Transient lodging taxes continue to run well behind year-ago levels, although the decline in year-over-year revenues has improved to about the 13%. Property taxes are about 3.9% ahead of year-ago as expected.

Bureau revenues outside of Parks have about pulled even with last year. Parks' main fee revenue category is still badly behind last year at 10.2% below year-ago levels. Interagency and overhead revenues appear to be on track relative to budgeted amount.

General Fund Expenditures

General Fund expenditures as of Jan. 31 are \$281.2 million, inclusive of about \$21.8 million of encumbrances. Overall, expenses are now up 0.9% versus year-ago. Personal services expenditures however, are running 6.6% ahead of last year. The year-end personal services estimate remains at \$294.6 million versus an estimated

Year-End FY2009-10 Expenditure Range



Expense Recap

* Budgeted Expenses	\$487,674,733
* Expenses Range, (High) (Low)	\$484,824,907
(Low)	\$476,403,631
*Expenses To Date	\$281,155,398
Versus Year-AgoUP	0.9%

NOTEWORTHY AT AP-7

*Personal Services UP 6.6% vs. year-ago
*Materials and Services DOWN -8.3 vs. year-ago
*Capital Outlays DOWN -58.3% vs. year-ago

budget of \$290.0 million which includes the General Fund's compensation set-aside. Expenditures for the last 12 months (Feb. to June 2009, July 2009 to January 2010) total \$291.3 million and this is already \$1.3 million over budget. This number is likely to go up as new months are added with 2.8% cost of living and health benefits cost increases. A recently implemented hiring freeze may slow expense growth somewhat

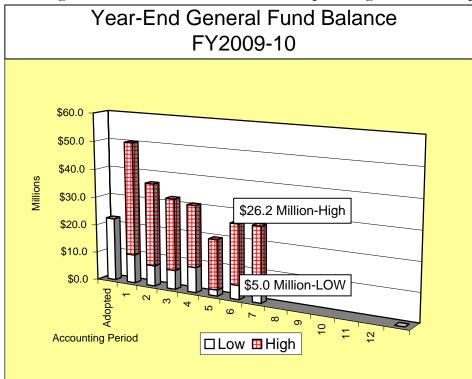
January: 1/01/10 - 1/31/10

The Financial Outlook, January City of Portland General Fund

Estimated year-end General Fund Balance ranges from \$7.1 million (Low) to about \$26.4 million (High). The point estimate improved to about \$13.2 million versus last month's \$11.0 million estimate. The \$13.2 million is still about \$1.8 million below the December financial fore-

Estimated Year-End Balance Range				
Item	High			
Resources	\$491,941,031	\$502,792,405		
Expenses	\$484,824,907	\$476,403,631		
End Balance	\$7,116,124	\$26,388,774		

cast estimate of \$14.8 million. The estimated range suggests that balance could come in as high as \$26.4 million. It is difficult to see how the General Fund could get to a number that high unless materials and services spending were to drop-off sharply during the last



five months if this fiscal vear. To date, both external and internal materials and services spending has been very steady. Also, given lowered budgets this year, it is likely that bureaus will spend closer to budget. Over the last four months external materials and services have consistently averaged an annual rate of about \$67 million with about \$18 million enencumbered. It is difficult to see how year-end could be less than \$71 million.

January: 1/01/10 - 1/31/10

2009 Employment Data Revised Downward

The Bureau of Labor Statistics (BLS) released revised Oregon jobs numbers. The revised numbers show job losses that are worse compared to earlier estimates. BLS now estimates that Oregon lost about 146,800 jobs. Earlier estimates were about 120,000. In addition, the State's unemployment rate remains mired in the low double digit range but seems to have stabilized at between 10% and 11%. BLS and Oregon officials estimate Oregon's underemployment rate at 20.7%. This statistic includes unemployed workers (still looking for work) as well as people that work part time but would like to work full time. This has to be a very high number, not seen since the 1930s, probably surpassing what happened to Oregon in the 1980s recession. Most observers believe that Oregon's 10.7% January unemployment rate will not move lower anytime soon. Employers will likely increase hours worked for underemployed workers resulting in no change to unemployment numbers. Both the State and metro unemployment rates will likely move lower at a very slow pace over the next 12 to 24 months.

FY2009-10 General Fund Resources:				
To-Date, Estimated Year-End & Current Revised Budget				
=General Fund Discretionary	Through	Estimated	Revised	
GENERAL FUND RESOURCE CATEGORY		January	Year-End	Budget
INTERNAL REVENUES	6400XY			
Service Reimbursements		\$8,481,191	\$20,842,810	\$22,436,082
Other Internal, Overhead & Transfers-I	N	\$14,895,336	\$32,032,471	\$32,293,667
PROPERTY & LODGING TAXES	410000			
Property Taxes	411000	\$168,042,547	\$187,540,890	\$186,129,048
Lodging Taxes	414000	\$6,124,809	\$14,382,809	\$15,674,351
BUSINESS LICENSES, PERMITS	421000			
Business Licenses	421100	\$16,928,914	\$56,460,617	\$56,230,090
Utility License/Franchise	425100	\$21,140,631	\$74,057,378	\$68,751,857
Other Permits		\$2,454,348	\$4,323,212	\$4,362,819
SERVICE CHARGES & FEES	44000	\$9,794,873	\$16,810,050	\$19,062,665
STATE (Cigarette & Liquor)	46000	\$5,035,806	\$13,285,334	\$12,306,689
LOCAL SOURCES (Contracts)	47000	\$6,386,736	\$17,605,706	\$17,282,567
MISC. REVENUES & INTEREST	49400	\$1,897,793	\$4,767,857	\$4,876,382
Bond Proceeds		\$0	\$0	\$0
BEGINNING FUND BALANCE		\$45,404,849	\$45,404,849	\$41,369,404
ENCUMBRANCE & CARRYOVER		\$6,899,112	\$6,899,112	\$6,899,112
GENERAL FUND RESOURCE TOTAL		\$313,486,944	\$494,413,097	\$487,674,733
Estimated Percent Of Budget Resources Realized		64.3%	101.4%	

FY2009-10 General Fund Expenses:				
To-Date, Estimated Year-End & Current Revised Budget				
	Through	Estimated	Revised	
GENERAL FUND EXPENSE CATEGORY	January	Year-End	Budget	
Salaries & Wages	\$117,179,372	\$202,462,487	\$201,854,695	
Part-Time	\$8,179,330	\$13,497,941	\$12,095,084	
Overtime	\$9,872,391	\$16,061,134	\$15,504,571	
Premium Pay	\$2,888,194	\$5,219,498	\$3,990,021	
Wage & Salary Indirects & Health Benefits	\$34,751,550	\$57,396,015	\$56,511,024	
TOTAL PERSONAL SERVICES	\$172,870,836	\$294,637,075	\$289,955,395	
Estimated Percent Of Budget Spent	59.6%	101.6%		
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EXTERNAL MATERIALS & SERVICES	\$51,959,202	\$71,897,761	\$80,377,368	
Estimated Percent Of Budget Spent	64.6%	89.5%		
INTERNAL MATERIALS & SERVICES	\$31,592,531	\$55,217,114	\$55,811,439	
Estimated Percent Of Budget Spent	56.6%	98.9%		
CAPITAL OUTLAY	\$3,502,580	\$6,071,130	\$6,071,130	
Estimated Percent Of Budget Spent	59.3%	100.0%	φο,υ/ 1,130	
GENERAL FUND CONTINGENCY	\$0	\$947,919	\$947,919	
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FUND CASH TRANSFERS	\$19,956,531	\$47,144,790	\$47,873,422	
BONDED DEBT RETIREMENT & INTEREST	\$1,273,717	\$5,300,000	\$6,638,060	
GENERAL FUND EXPENSE TOTAL	\$281,155,398	\$481,215,789	\$487,674,733	
Estimated Percent Of Budget Spent	57.7%	98.7%		

January: 1/01/10 - 1/31/10

FY2009-10 General Fund Expenses By Bureau:						
To-Date, E	To-Date, Estimated Year-End & Current Revised Budgets					
Percent Of Year Elapsed		58.3%	Percent Year Remaining		emaining	41.7%
		Through		Estimated	Revised	Percent
AU Description	AU#	January		Year-End	Budget	Spent
Police Bureau	PL	\$95,776,442		#N/A	\$159,623,113	60.0%
Fire Bureau	FR	\$55,280,982		#N/A	\$96,462,379	57.3%
Parks Bureau	PK	\$34,298,022		#N/A	\$58,864,388	58.3%
Subtotal-Public Safety a	ind Parks	\$185,355,446		#N/A	\$314,949,880	58.9%
Commissioner #2 (Fish)	PW	\$458,475			\$849,438	54.0%
Commissioner #4 (Leonard) PS	\$412,262			\$752,123	54.8%
Commissioner #3 (Saltzma	n) PA	\$470,506			\$853,489	55.1%
Commissioner #1 (Fritz)	PU	\$1,259,782			\$3,852,532	32.7%
Office of the Mayor	MY	\$1,905,952			\$3,041,153	62.7%
Operating Contingency	MFFM	\$0		\$947,919	\$947,919	0.0%
Bonded Debt P&I	MFFM	\$1,273,717		\$5,300,000	\$6,638,060	19.2%
Other Cash Transfers	MFFM	\$19,956,531		\$47,144,790	\$47,873,422	41.7%
Office of Cable Com.	СВ	\$1,256,876			\$2,210,406	56.9%
P.O.E.M	EM	\$974,214			\$1,672,214	58.3%
Planning & Sustainability	PN	\$8,309,582			\$13,612,086	61.0%
Government Relations	GR	\$741,488			\$1,229,938	60.3%
Office of Manage & Finar	MF	\$29,532,528			\$51,047,994	57.9%
Office of City Attorney	AT	\$4,934,030			\$8,416,351	58.6%
Office Human Relations	HN	\$431,143			\$722,129	59.7%
City Auditor	AU	\$4,810,725			\$8,922,432	53.9%
Office Neigh. Involve	NI	\$5,978,408			\$6,800,572	87.9%
Old Sustainable Develop	SD	\$23,355			\$0	#N/A
Office of Transportation		\$4,796			\$0	#N/A
Unused Line		\$0			\$0	#N/A
Unused Line		\$0			\$0	#N/A
Portland Housing Bureau	HC	\$13,065,585			\$13,282,593	98.4%
Subtotal-All Other	\$95,799,952		#N/A	\$172,724,853	55.5%	
General Fund Total-A	II AUs	\$281,155,398		#N/A	\$487,674,733	57.7%

\$0

Revenue And Economic Indicators

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

	FY2009-10	FY2008-09	Concern
Reserve Fund Usage Condition	1st Quarter	4th Quarter	Level
Basic Revenue Growth	1.8%	0.6%	Below 3%
Portland Unemployment Rate	11.8%	11.5%	Above 6.5%
Business License Revenue Growth	#N/A	<i>-8.8%</i>	Below 5.5%
Property Tax Delinquency Rate	6.0%	5.3%	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, last 12 months compared to year-ago.

January (FOFY10JAN.xls)

-Page 5-

January: 1/01/10 - 1/31/10