

Office of Management & Finance
The Financial Outlook
for the City of Portland General Fund



Accounting Period #10 (April)

April 1, 2010, to April 30, 2010

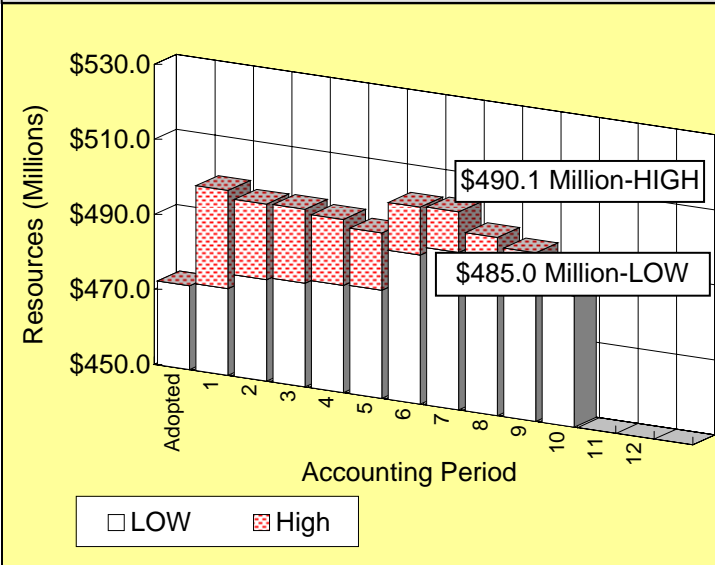
Estimated Year-End General Fund Resources

Estimated year-end General Fund resources as of April 30, 2010 are forecast to range from \$485.0 million (Low) to \$490.1 million (High). General Fund budgeted resources stood at \$489.7 million during April and do not yet reflect Council's recent spring budget "Bump" adjustments. Revenues at the end of April totaled \$350.7 million, down 4.7% versus last year. As has been the case all year the General Fund's financial condition continues to deteriorate. Business license revenues total about \$50.3 million at the end of April versus \$54.8 million last year, down 8.3%. Audit recovery revenues, at \$2.8 million to-date and up over \$2 million over year-ago have offset some of the slack in tax

revenues. Revenues did pick up a little bit in April. Nevertheless, FY2009-10 will probably set the low for this down-

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**Estimated Year-End Resource Range
 FY 2009-10 General Fund Financial Model**



Resource Recap	
* Budgeted Resources.....	\$489,685,077
* Resource Range, (High).....	\$490,062,508
.....(Low).....	\$484,994,111
*Revenues To-Date.....	\$350,662,736
Versus Year-Ago..UP.....	-4.7%
NOTEWORTHY AT AP-10	
*Hotel/Motel DOWN -10.9% vs. year-ago	
*Utility License/Franchise UP 6.3% vs. year-ago	
*Property taxes UP 4.2% vs. year-ago	

The Bottom Line:

- Resources, year-end, are estimated to range from \$485.0 million (Low) to \$490.1 million (High).
- Budgeted Resources totalled \$489.7 million as of April 30.
- Year-end expenditure estimates range from \$473.5 million (Low) to \$481.9 million (High).
- Forecast year-end balance, beginning FY2010-11 balance, is forecast to range between \$3.1 million (Low) to \$16.5 million (High). The point estimate is \$9.1 million.

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

turn and will still work out to be the severest revenue downturn on record.

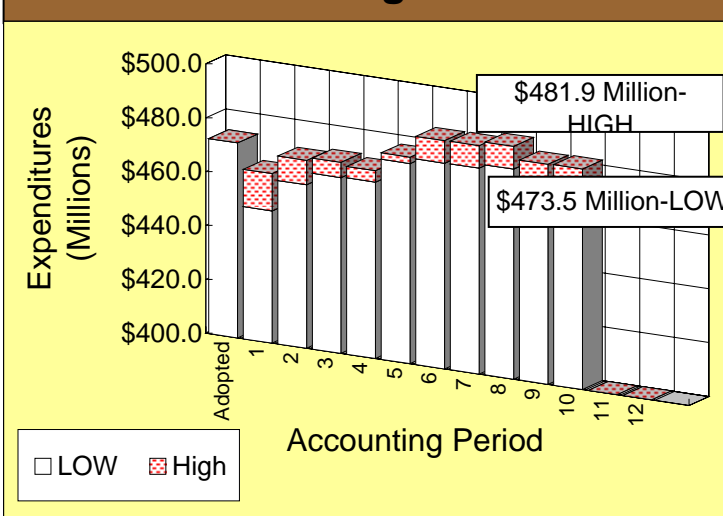
Third quarter utility license fees came in the door on May 15th. Revenues from PGE and PacifiCorp were up over last year while NW Natural and Qwest came in well below year-ago levels. Qwest's May 15 payment was \$582,750 versus \$696,270 last year, down 16.3%. Year-end revenues will probably total about \$2.5 million versus a budget of \$3.1 million. NW Natural's third quarter totaled \$3.7 million versus \$5.7 million last year. This reflects both the full impact of a large November 1 rate decrease as well as the effects of a very warm winter with not much in the way of a cold spell during the January - March quarter. Utility license fees are still expected to come in about \$1.2 million over budget as a result of large one-time audit recoveries this year.

Parks' main fee revenue category continues to run behind last year but the difference improved to down only 2.4% versus last April. **P**

General Fund Expenditures

General Fund expenditures as of April 30 total \$392.8 million, inclusive of \$20.0 million of encumbrances. Overall, expenses are now up 1.7% compared to last year. The personal services expenditure rate dropped slightly with the year over year difference falling from 4.1% to 3.7% ahead of year-ago. The year-end estimate

Year-End FY2009-10 Expenditure Range



Expense Recap

* Budgeted Expenses.....	\$489,685,077
* Expenses Range, (High).....	\$481,899,224
.....(Low).....	\$473,528,766
*Expenses To Date.....	\$392,797,316
Versus Year-Ago..UP.....	1.7%

NOTEWORTHY AT AP-10

- *Personal Services UP 3.7% vs. year-ago
- *Materials and Services DOWN -8.2 vs. year-ago
- *Capital Outlays DOWN -43.5% vs. year-ago

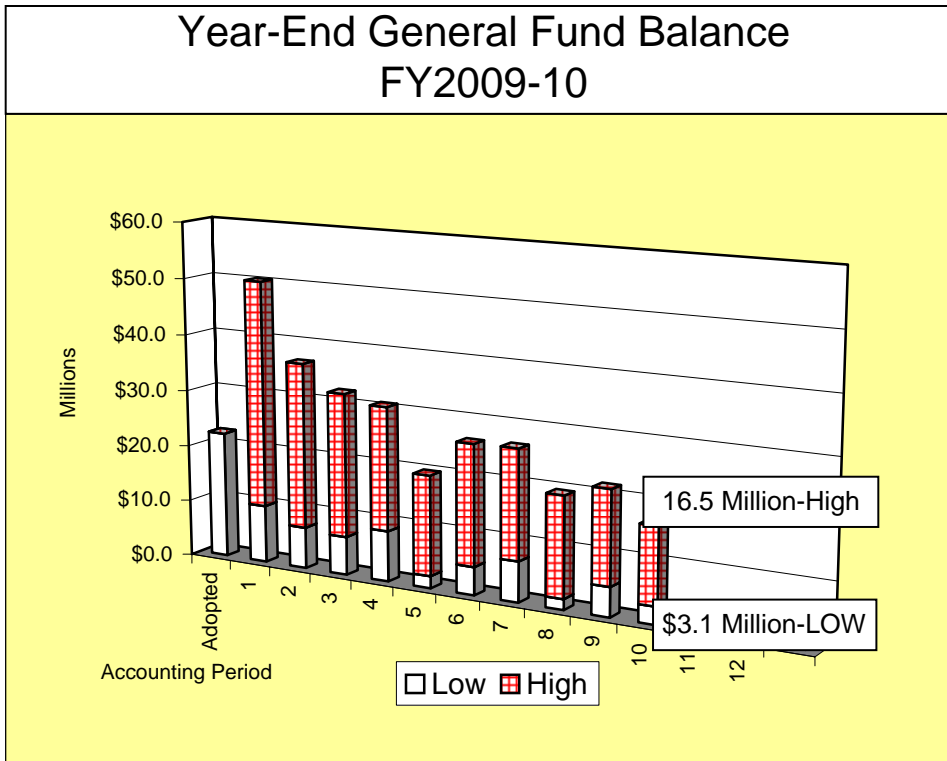
is now a few hundred thousand under budget.

External materials and services spending is running about 9.7% behind year-ago. Internal materials and services spending remains weak with expenses running \$2.7 million (5.8%) behind last year. Capital outlays are closing in on a \$6.0 million budget with \$5.5 spent or encumbered year-to-date. **P**

Estimated year-end General Fund Balance ranges from \$3.1 million (Low) to about \$16.5 million (High). The point estimate decreases to about \$9.1 million versus last month's \$11.7 million estimate. The \$9.1 million is about \$5.7 million below the December financial forecast

Estimated Year-End Balance Range		
Item	Low	High
Resources	\$484,994,111	\$490,062,508
Expenses	\$481,899,224	\$473,528,766
End Balance	\$3,094,887	\$16,533,742

estimate of \$14.8 million. The year-end balance forecast continues to deteriorate as revenues grow more slowly. Expenditures continue to slow down but strong personal services spending, particularly in the Police Bureau, is pulling down the General Fund's ending



balance. In addition, external materials and services spending is composed of, as of April, \$49.1 million of cash outlays with \$16 million encumbered. Expenses total \$65.1 million on a budget of about \$78.4 million. The \$74.1 million year-end estimate is uncomfortably close to the \$65.1 million year-to-date given the encumbrance over hang. The ending balance estimate is dependent on the \$74.1 million. P

Inflation Remains Muted, Unemployment Still High

Bureau of Labor Statistics (BLS) monthly inflation estimates continue to show little inflation. The Consumer Price Index for All Urban Consumers (CPI-U) declined 0.1% on a seasonally adjusted basis between March and April. The drop was the result of declines in food and energy prices. The year-over-year change in prices appears to be running at a little over 2%. Most observers think the subdued inflation reflects an economic environment that continues to be characterized by high unemployment and lots of excess production capacity which hold down wages and prices. Unemployment remains stubbornly high both. April data for the national economy put the national unemployment rate at 9.9%. For the first three months of the year unemployment was 9.7%. Oregon's March unemployment rate was 10.6% while January and February were 10.7% and 10.5% respectively. The metro-area economy has now experienced 15 straight months of double-digit unemployment rates with March 11.4% reading. Both January and February registered unemployment rates in excess of 11%.

FY2009-10 General Fund Resources: To-Date, Estimated Year-End & Current Revised Budget				
=General Fund Discretionary Resource		Through	Estimated	Revised
GENERAL FUND RESOURCE CATEGORY		April	Year-End	Budget
INTERNAL REVENUES				
Service Reimbursements	640000	\$14,196,692	\$19,377,223	\$22,710,342
Other Internal, Overhead & Transfers-IN		\$21,353,061	\$33,294,096	\$33,654,373
PROPERTY & LODGING TAXES				
Property Taxes	411000	\$177,680,043	\$188,201,089	\$186,129,048
Lodging Taxes	414000	\$9,701,882	\$14,066,655	\$15,674,351
BUSINESS LICENSES, PERMITS				
Business Licenses	421100	\$50,287,366	\$54,700,519	\$56,230,090
Utility License/Franchise	425100	\$37,495,430	\$71,544,192	\$70,321,735
Other Permits	426000	\$3,479,026	\$4,177,120	\$3,962,819
SERVICE CHARGES & FEES	439000	\$14,797,305	\$17,579,234	\$17,665,615
STATE (Cigarette & Liquor)	445100	\$8,060,887	\$13,203,794	\$12,306,689
LOCAL SOURCES (Contracts)	447000	\$10,983,864	\$14,383,224	\$17,282,567
MISC. REVENUES & INTEREST	454100	\$2,627,182	\$4,600,162	\$5,478,932
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		\$402,966,697	\$487,431,268	\$489,685,077
Estimated Percent Of Budget Resources Realized		82.3%	99.5%	

FY2009-10 General Fund Expenses: To-Date, Estimated Year-End & Current Revised Budget				
GENERAL FUND EXPENSE CATEGORY		Through	Estimated	Revised
		April	Year-End	Budget
Salaries & Wages	511100	\$165,606,914	\$199,477,101	\$202,732,695
Part-Time	511300	\$10,717,974	\$12,868,620	\$12,154,256
Overtime	512100	\$13,308,119	\$15,978,498	\$15,479,357
Premium Pay	513100	\$4,161,175	\$5,079,632	\$3,988,878
Wage & Salary Indirects & Health Benefits	514000	\$49,467,609	\$56,914,762	\$56,618,435
TOTAL PERSONAL SERVICES		\$243,261,791	\$290,318,614	\$290,973,621
Estimated Percent Of Budget Spent		83.6%	99.8%	
EXTERNAL MATERIALS & SERVICES 521000-549000		\$65,161,602	\$74,102,461	\$78,448,992
Estimated Percent Of Budget Spent		83.1%	94.5%	
INTERNAL MATERIALS & SERVICES 650000		\$44,536,653	\$52,109,387	\$55,914,349
Estimated Percent Of Budget Spent		79.7%	93.2%	
CAPITAL OUTLAY 561000		\$5,562,196	\$6,036,130	\$6,036,130
Estimated Percent Of Budget Spent		59.3%	100.0%	
GENERAL FUND CONTINGENCY		\$0	\$3,300,503	\$3,800,503
FUND CASH TRANSFERS		\$32,974,715	\$47,144,790	\$47,873,422
BONDED DEBT RETIREMENT & INTEREST		\$1,300,358	\$5,300,000	\$6,638,060
GENERAL FUND EXPENSE TOTAL		\$392,797,316	\$478,311,885	\$489,685,077
Estimated Percent Of Budget Spent		80.2%	97.7%	

FY2009-10 General Fund Expenses By Bureau: To-Date, Estimated Year-End & Current Revised Budgets					
Percent Of Year Elapsed.....		83.3%	Percent Year Remaining.....		16.7%
Bureau	Cost Center	Through April	Estimated Year-End	Revised Budget	Percent Spent
Police Bureau	PL	\$134,930,561	#N/A	\$158,888,113	84.9%
Fire Bureau	FR	\$78,234,100	#N/A	\$96,062,379	49.3%
Parks Bureau	PK	\$47,358,087	#N/A	\$58,847,888	80.5%
Subtotal-Public Safety and Parks		\$260,522,748	#N/A	\$313,798,380	83.0%
Commissioner #2 (Fish)	PW	\$680,868		\$849,438	80.2%
Commissioner #4 (Leonard)	PS	\$590,161		\$752,123	78.5%
Commissioner #3 (Saltzman)	PA	\$677,690		\$853,489	79.4%
Commissioner #1 (Fritz)	PU	\$1,457,013		\$3,852,532	37.8%
Office of the Mayor	MY	\$2,401,734		\$3,041,153	79.0%
Operating Contingency	MFFM	\$0	\$3,300,503	\$3,800,503	0.0%
Bonded Debt P&I	MFFM	\$1,300,358	\$5,300,000	\$6,638,060	19.6%
Other Cash Transfers	MFFM	\$32,974,715	\$47,144,790	\$47,873,422	3.5%
Office of Cable Com.	CB	\$1,659,646		\$2,225,406	74.6%
P.O.E.M	EM	\$1,386,751		\$1,672,214	82.9%
Planning & Sustainability	PN	\$11,396,374		\$13,612,086	83.7%
Government Relations	GR	\$1,022,290		\$1,229,938	83.1%
Office of Manage & Finar	MF	\$43,033,253		\$51,099,232	84.2%
Office of City Attorney	AT	\$7,051,504		\$8,659,373	81.4%
Office Human Relations	HN	\$561,909		\$722,129	77.8%
City Auditor	AU	\$6,718,451		\$8,922,432	75.3%
Office Neigh. Involve	NI	\$6,663,622		\$6,800,572	98.0%
Old Sustainable Develop	SD	\$14,766		\$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	\$12,698,669		\$13,282,593	95.6%
Subtotal-All Other AUs		\$132,294,568	#N/A	\$175,886,697	75.2%
General Fund Total-All AUs		\$392,817,316	#N/A	\$489,685,077	80.2%

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.

Reserve Fund Usage Condition	FY2009-10 2nd Quarter	FY2009-10 1st Quarter	Concern Level
Basic Revenue Growth	#N/A	#N/A	Below 3%
Portland Unemployment Rate	11.6%	11.5%	Above 6.5%
Business License Revenue Growth	#N/A	#N/A	Below 5.5%
Property Tax Delinquency Rate	6.0%	6.0%	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.