

City of Portland
Office of Finance & Administration
THE FINANCIAL OUTLOOK

Accounting Period 13 Run 4
(May 25 to June 30, 2000)

General Fund Financial Outlook
(Issue Date: Sept. 12, 2000)

Estimated Year-End General Fund Resources At AP-13 are forecast to range from \$347.9 million (LOW) to \$348.6 million (HIGH). AP-13 revised budget resources total \$367.76 million which is unchanged from period 12. Revenue growth through August 26th works out to about 3.6% and may edge slightly higher when audited numbers are finished sometime in late October or early November. Revenue growth slowed considerably during the last half of the fiscal year. Utility license/franchise fees appear to be the only bright spot. Here year-to-year growth registered 6.2% and revenues have come in over budget.

RESOURCE RECAP	
* IBIS Budgeted Resources.....	\$367,763,554
* Resource Range...(High).....	\$348,559,852
(Low).....	\$347,863,429
* Revenues At AP-13(*).....	\$327,926,620
Versus Year-Ago...UP.....	3.60%
(*) Net of Short-Term Borrowing	
NOTEWORTHY AT AP-13	
* Hotel/Motel UP 5.1% vs. year-ago	
* Utility License UP 6.2% vs. year-ago	
* Property Taxes UP 4.1% vs. year-ago	

Estimated Year-End Resource Range FY1999-00
General Fund Financial Model

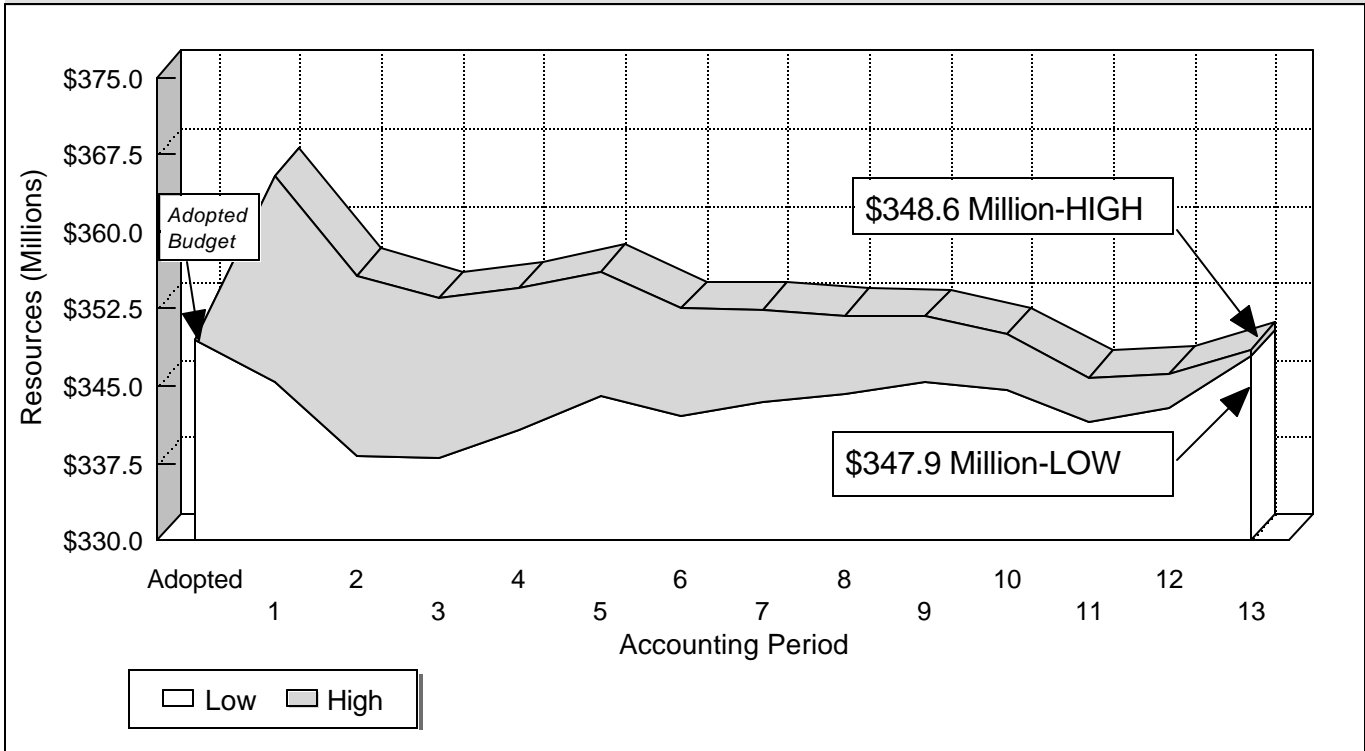


Figure 1-General Fund Resources, Year-End FY1999-00

The Bottom Line: Resources, year-end, are estimated to range from \$347.9 million (Low) to \$348.6 million (High). Budgeted resources are \$367.76 million. Year-end expenditure estimates range from \$334.7 million (Low) to \$334.9 million (High). Forecast year-end balance, beginning FY2000-01 balance, is forecast at somewhere between \$12.97 million (Low) to as much as \$13.89 million (High).

The Estimated Year-End General Fund Balance at AP-13 ranges from \$12.9 million (Low) to about \$13.9 million (High). The ending balance estimate this OUTLOOK, reflects all accounting information available through August 26th. Council's Adopted Budget assumes a beginning fund FY2000-01 balance of \$12.878 million inclusive of \$3.548 million in bureau carryover requests tacked onto the estimated year-end discretionary balance. Currently available data puts the year-end discretionary balance at \$13.482 million. This is an estimated \$603,882 above FY2000-01 beginning fund balance. The only revenue item outstanding should be the last property tax accrual, the September property tax turn-over. Adjustments to audit can change revenues or expenses by several hundred thousand dollars in either direction. The Office of Management and Finance recommends that any additional ending balance be used to reduce the FY2000-01 business license revenue estimate. Judging from last year's actual results, this year's revenue estimate appears to be \$1 to \$2 million too high.

Estimated	Year-End	Balance	Range
Item	Low		High
Resources.....	\$347,863,429		\$348,559,852
Expenses.....	\$334,896,672		\$334,662,361
End Balance	\$12,966,757		\$13,897,491
<i>Ending Fund Balance Range</i>			

**Estimated Year-End General Fund Balance Range FY1999-00
General Fund Financial Model**

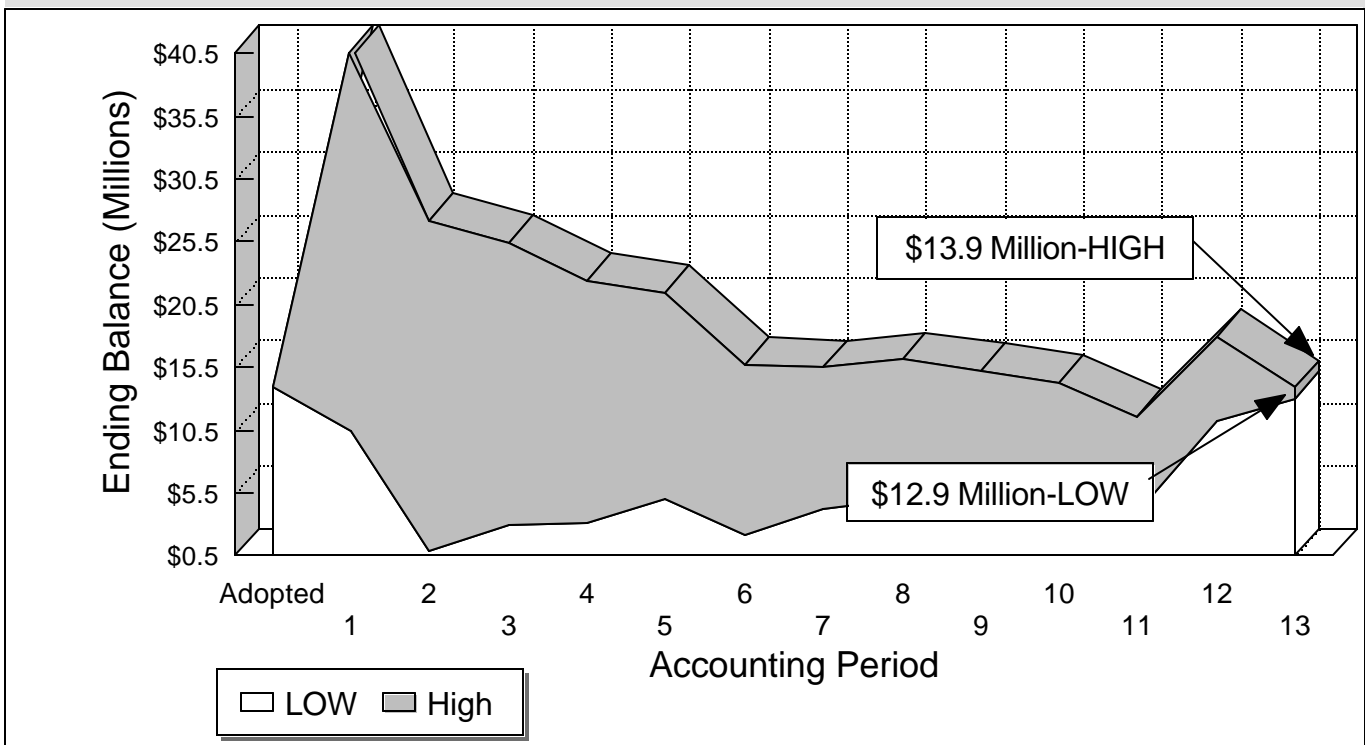


Figure 3-Estimated General Fund Balance, Year-End FY1999-00

Global Shortage of Chips Helps Boost Local High Tech Jobs

A worldwide shortage of microprocessors and computer chips is limiting supplies of many networking equipment, cell phones and other portable devices. Faced with these problems thousands of cell phones, digital cameras and even toys lie idle on factory shelves. Part of the problem lies with under-investment in chip factories between 1996-1998, caused by over-capacity and underestimating chip demands. Analysts expected 190 million cell phones to be produced in 1999, while actual was 285 million. Intel, the world's largest chip and flash memory maker is reacting to the shortage by investing over \$2 billion in new production capacity this year. Intel's Washington County plants added 800 workers in May and 900 in June, and semiconductor employment in Portland area is at all time high. But some analysts caution what will eventually cure the shortages, may lead to the opposite direction.

Table 1-General Fund Resources, FY1999-00			
GENERAL FUND RESOURCES BY CATEGORY	Through AP-13	Estimated Year-End	Revised Budget
INTERNAL REVENUES..... 41000			
Service Reimbursements.....	\$23,373,132	\$23,373,132	\$25,538,743
Other Internal & Transfers-IN.....	\$30,593,960	\$30,593,960	\$46,905,014
PROPERTY & LODGING TAXES 42100			
Property Taxes.....	\$131,729,698	\$132,372,775	\$131,767,225
Lodging Taxes.....	\$10,715,418	\$10,715,418	\$10,794,799
BUSINESS LICENSES, PERMITS.... 43000			
Business Licenses.....	\$50,794,773	\$50,794,773	\$52,409,103
Utility License/Franchise.....	\$47,076,119	\$47,076,119	\$44,244,205
Other Permits.....	\$1,871,914	\$1,871,914	\$1,746,154
SERVICE CHARGES & FEES..... 44000	\$10,607,098	\$10,607,098	\$10,310,102
STATE, FEDERAL SOURCES..... 46000	\$8,148,866	\$8,148,866	\$8,731,698
LOCAL SOURCES (Contracts)..... 47000	\$8,299,142	\$8,299,142	\$8,726,808
MISC. REVENUES & INTEREST..... 49400	\$4,716,499	\$4,716,499	\$5,213,382
TAX ANTICIPATION NOTES/Note Sales.....	\$0	\$0	\$0
BEGINNING FUND BALANCE.....	\$11,840,921	\$11,840,921	\$12,034,770
ENCUMBRANCE & CARRYOVER.....	\$7,801,022	\$7,801,022	\$9,341,551
GENERAL FUND RESOURCE TOTAL	\$347,568,563	\$348,211,640	\$367,763,554
Estimated Percent Of Budget Resources Realized	94.5%	94.7%	

Table 2-General Fund Expenditures, FY1999-00			
GENERAL FUND EXPENDITURES	Through AP-13	Estimated Year-End	Revised Budget
Salaries & Wages.....	\$141,255,106	\$141,255,106	\$141,379,487
Overtime.....	\$9,176,725	\$9,176,725	\$8,081,052
Benefits.....	\$34,087,555	\$34,087,555	\$36,396,445
Premium & Part-Time.....	\$14,990,023	\$14,990,023	\$22,081,334
TOTAL PERSONAL SERVICES.....	\$199,509,409	\$199,509,409	\$207,938,318
Estimated Percent Of Budget Spent.....	95.9%	95.9%	
EXTERNAL MATERIALS & SERVICES.....	\$57,548,279	\$57,548,279	\$72,013,207
Estimated Percent Of Budget Spent.....	79.9%	79.9%	
INTERNAL MATERIALS & SERVICES.....	\$37,750,028	\$37,750,028	\$38,506,556
Estimated Percent Of Budget Spent.....	98.0%	98.0%	
CAPITAL OUTLAY.....	\$2,636,793	\$2,636,793	\$3,639,533
Estimated Percent Of Budget Spent.....	72.4%	72.4%	
CONTINGENCY & UNFORESEEN.....	\$0	\$0	\$6,648,157
FUND CASH TRANSFERS.....	\$36,554,218	\$37,284,797	\$38,989,762
INVENTORY.....	\$0	\$0	\$0
GENERAL FUND EXPENSE TOTAL	\$333,998,727	\$334,729,307	\$367,735,533
Estimated Percent Of Budget Spent.....	90.8%	91.0%	

Table 3-General Fund Expenditures By Appropriation Unit, FY1999-00					
Percent Of Year Gone		90.8%			
Percent Year Remaining		9.2%			
AU Description	AU#	Through AP-13	Estimated Year-End	Revised Budget	Percent Spent
Police Bureau.....	100	\$100,301,228	\$114,048,410	\$123,019,503	81.5%
Fire Bureau.....	124	\$52,569,992	\$59,006,910	\$61,853,663	85.0%
Bureau Of Parks.....	130	\$33,608,791	\$39,556,441	\$39,119,814	85.9%
Subtotal-Public Safety and Parks		\$186,480,011	\$212,611,761	\$223,992,980	83.3%
Commissioner #2 (Sten)	190	\$547,467	NA	\$640,861	85.4%
Commissioner #4 (Hales)	191	\$540,843	NA	\$632,297	85.5%
Commissioner #3 (Saltzman)	192	\$520,906	NA	\$634,979	82.0%
Commissioner #1 (Francesconi)	193	\$562,765	NA	\$662,576	84.9%
Office Of The Mayor	195	\$1,238,924	NA	\$1,451,721	85.3%
Operating Contingency...	298	\$0	\$0	\$6,914,720	NA
Unforeseen Revenues..	298	\$0	\$668,000	\$1,114,474	NA
Other Cash Transfers.....	299	\$27,184,081	\$37,293,129	\$37,237,279	73.0%
Office of Cable Com.....	300	\$1,268,742	NA	\$1,709,943	74.2%
Unused Line.....		\$0	NA	\$0	NA
Energy Office.....	302	\$786,011	NA	\$1,257,408	62.5%
Government Relations..	303	\$547,781	NA	\$680,029	80.6%
Office Of Man. & Fin.....	307	\$20,682,055	NA	\$28,282,157	73.1%
Office Of City Attorney.....	312	\$3,885,064	NA	\$4,427,976	87.7%
Business Licenses.....	316	\$2,778,913	NA	\$3,288,878	84.5%
Purchases & Stores.....	319	\$2,314,143	NA	\$2,871,937	80.6%
Stock Account.....	325	(\$11,669)	NA	\$0	NA
City Auditor.....	336	\$4,196,707	NA	\$5,223,626	80.3%
Unused Line.....		\$0	NA	\$0	0.0%
Office Neigh. Involve.....	342	\$3,675,975	NA	\$4,212,673	87.3%
Bureau General Svces.....	346	\$1,271,430	NA	\$1,426,900	89.1%
Unused Line.....		\$0	NA	\$0	0.0%
Special Appropriations.....	401	\$12,810,975	NA	\$19,589,018	65.4%
Bureau Of Planning.....	510	\$4,472,152	NA	\$6,693,465	66.8%
Bureau Com. Develop.....	540	\$5,992,950	NA	\$12,569,528	47.7%
Subtotal-All Other AUs.....		\$95,266,215	\$120,990,876	\$141,522,445	67.3%
General Fund Total-All AUs		\$281,746,226	\$333,602,637	\$365,515,425	77.1%

Table 4-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."			
	FY1999-00	FY1999-00	
Reserve Fund Usage Condition	3rd Quarter	2nd Quarter	Concern Level
Basic Revenue Growth (*)	4.0%	5.6%	Below 5.5%
Portland Unemployment Rate	4.8%	4.1%	Above 6.5%
Business License Revenue Growth	-0.1%	5.5%	Below 5.5%
Property Tax Delinquency Rate	5.1%	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 DATA CORNER

Recent Economic & Financial Data: CPI Data

The Bureau of Labor Statistics released Portland consumer price index information for the first half of calendar 2000 (last half, fiscal 2000). Portland CPI indexes are published twice yearly and represent estimates for a six month period. The first half of calendar 2000, January through June CPI-U came in at 3.3% above the same six month period year-ago. The CPI-W increase came in at 3.4% above year-ago. These two annual increases are a little lower than six months ago. The table below summarizes recent CPI -U and W data .

CPI-U, PORTLAND-SALEM, All Urban Consumers (1982-84=100)						
	Jan.- June	12 Month	July - Dec.	12 Month	Annual	12 Month
Year	CPI-U	% Change	CPI-U	% Change	Average	% Change
1989	119.3	5.0%	121.6	4.9%	120.4	5.0%
1990	124.9	4.7%	129.8	6.7%	127.4	5.8%
1991	132.8	6.3%	135.1	4.1%	133.9	5.1%
1992	138.8	4.5%	140.9	4.3%	139.8	4.4%
1993	143.6	3.5%	145.8	3.5%	144.7	3.5%
1994	147.7	2.9%	150.1	2.9%	148.9	2.9%
1995	152.5	3.2%	153.9	2.5%	153.2	2.9%
1996	157.2	3.1%	160.0	4.0%	158.6	3.5%
1997	162.6	3.4%	165.5	3.4%	164.1	3.4%
1998	166.1	2.2%	168.1	1.6%	167.1	1.9%
1999	170.8	2.8%	174.4	3.7%	172.6	3.3%
2000	176.4	3.3%	NA	NA	NA	NA
CPI-W, PORTLAND-SALEM, Urban Wage Earners (1982-84=100)						
	Jan.- June	12 Month	July - Dec.	12 Month	Annual	12 Month
Year	CPI-W	% Change	CPI-W	% Change	Average	% Change
1989	116.4	5.0%	118.7	5.0%	117.6	5.0%
1990	121.8	4.6%	126.6	6.7%	124.2	5.7%
1991	129.6	6.4%	132.1	4.3%	130.8	5.3%
1992	135.5	4.6%	137.7	4.2%	136.6	4.4%
1993	140.3	3.5%	142.6	3.6%	141.5	3.6%
1994	144.3	2.9%	146.8	2.9%	145.6	2.9%
1995	149.1	3.3%	150.7	2.7%	149.9	3.0%
1996	153.9	3.2%	156.5	3.8%	155.2	3.5%
1997	159.0	3.3%	161.7	3.3%	160.4	3.3%
1998	162.2	2.0%	163.5	1.1%	162.9	1.6%
1999	166.2	2.5%	169.6	3.7%	167.9	3.1%
2000	171.8	3.4%	NA	NA	NA	NA

CPI data is widely available and can be accessed in the following ways:

- CPI 24 Hour Hotline for Portland (503) 231-2045
- Bureau of Labor Statistics-San Francisco (415) 975-4406
- The Bureau of Labor Statistics Web Site can be accessed at:
http://www.bls.gov/ro9news.htm then click "Pacific Cities and U.S. City Average"