

# A report to our community

From Portland City Auditor LaVonne Griffin-Valade

July 2012



## How Portland operates

Incorporated in 1851, Portland is a home rule charter city. The City Charter is the basic law under which the City operates and can be amended only by a vote of the people. The Charter provides for five non-partisan Council members, called Commissioners, including the Mayor. They are elected at-large to four-year terms.

The City of Portland has the last remaining commission form of government among large cities in the United States. In a commission form of government, the Mayor and Commissioners act as legislators and administrators, with the Commissioners responsible for enacting City laws, enforcing City laws,

and administering bureaus under the respective Commissioner's supervision. The Mayor assigns the bureaus to each Commissioner.

The City Auditor is also elected but is not part of the Council and has no formal voting authority. Portland has had an elected City Auditor since 1868. As an auditor that is accountable to the voters of Portland, the City Auditor is administratively independent from the Mayor and other City Council members. This allows the Office of the City Auditor to audit City government bureaus and programs, as well as provide other services that require independence and neutrality.

## Portland's City services

- Public safety: police, fire and rescue, emergency communications, and emergency management
- Utilities: water and sewer
- Transportation and parking: street maintenance, neighborhood traffic studies, and street improvements
- Parks: recreational and cultural services
- Planning and community development: buildings review, housing services, employment and economic development
- Community services: neighborhood improvements, housing development, and shelter programs
- Support services/legislative/administrative: facilities, financial, fleet, human resources, printing, risk management, and technology
- Other operations: refuse disposal and environmental remediation

## City profile

*With a population greater than 585,000, Portland comprises an area of approximately 145 square miles in northwestern Oregon. It is the center of commerce, industry, transportation, finance, and services for a metropolitan area of over two million people.*

## City Auditor's mission

*To ensure open and accountable government by providing independent and impartial reviews, access to public information, and service for City government and the public.*

## City Auditor's view

*"The City's overall financial position has lost ground due to the growing debt, unfunded liabilities, and funding gaps in maintaining infrastructure."*

LaVonne Griffin-Valade, City Auditor



# How we measure up

*Fiscal year 2011*



## Key issues identified in recent audits

- Some spending of utility ratepayer money is not consistent with the planning, budget, and rate setting process, and it is not always clear how these items are directly related to providing water and sewer services.
- The Police Bureau should explore ways to speed incident investigations, improve the timeliness of officer conduct investigations, and adopt improved accountability measures.
- The services and obligations of City property tax dollars have shifted over the last 10 years, with an increasing share going to support urban renewal debt, and less going to the General Fund.
- The City should take care of current assets before adding more assets.
- Reduced spending on street preservation has contributed to a decrease in the amount of street preservation work. This in turn has increased the backlog of unmet street repair needs and costs.
- While Portland Development Commission loan programs have improved, major borrowers are not consistently tracked and PDC oversight of large loans has been limited.

Photo: Portland City Hall

## Where your 2011 City property tax dollars were spent



Source: Portland CAFRs

## Community satisfaction with City services

2007 2011

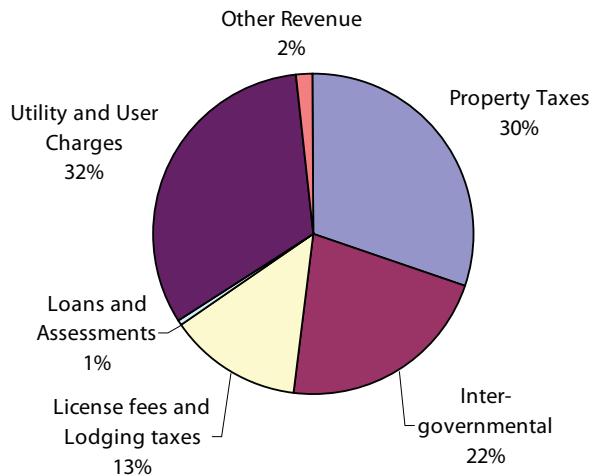
Positive ratings of Public Safety Services		
Police	64%	59%
Fire & Emergency Services	91%	87%
9-1-1	76%	76%
Positive ratings of Public Utility Services		
Water	74%	71%
Sewer	53%	46%
Storm drainage	45%	41%
Positive ratings of Transportation Services		
Street maintenance	40%	35%
Street lighting	59%	57%
Positive ratings of Parks and Recreation		
Parks	82%	85%
Recreation	74%	77%
Positive ratings of Community Development		
City livability	79%	78%
Neighborhood livability	82%	86%
Overall positive ratings City government performance		
	55%	49%

Source: City Auditor's annual Community Survey, 2011

# Our finances

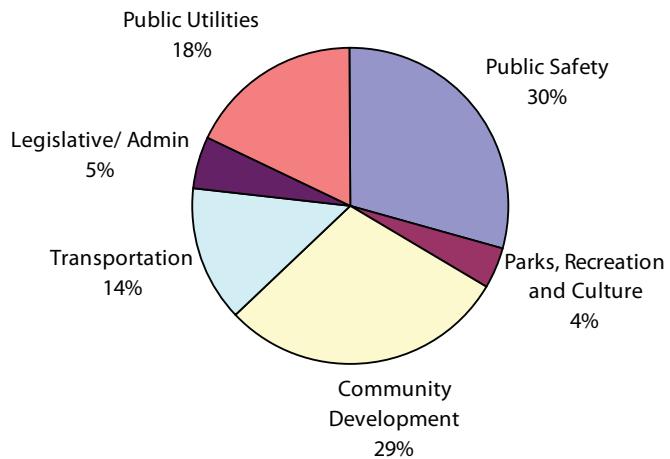
## Revenues and Expenses

### Revenues by Source, 2011 (\$1.4 billion)



	2010	2011
Property taxes	\$ 423,996,101	\$ 431,884,379
Intergovernmental	179,137,795	306,470,348
Licenses fees and lodging taxes	183,409,536	187,711,827
Loans and assessments	23,364,630	9,628,615
Utility and user charges	501,582,922	462,181,298
Other revenue	22,684,082	22,328,259
<b>Total revenues *</b>	<b>\$ 1,334,175,066</b>	<b>\$ 1,420,204,726</b>

### Expenditures by Service Area, 2011 (\$1.8 billion)



	2010	2011
Public Safety	\$ 525,261,652	\$ 525,468,694
Parks, Recreation and Culture	78,492,128	70,935,728
Community Development **	297,185,939	520,631,215
Transportation	214,279,925	246,817,527
Legislative / Administration	94,118,481	92,014,060
Public Utilities	316,164,341	323,785,323
<b>Total expenditures *</b>	<b>\$ 1,525,502,466</b>	<b>\$ 1,779,652,547</b>

\* Numbers not adjusted for inflation

\*\* Community Development includes: housing, planning, local improvement districts, urban renewal, and neighborhood involvement.

### Independent Audit

Independent audits of the City's finances have consistently found that the City's financial statements are accurate.

Complete financial information can be found at:

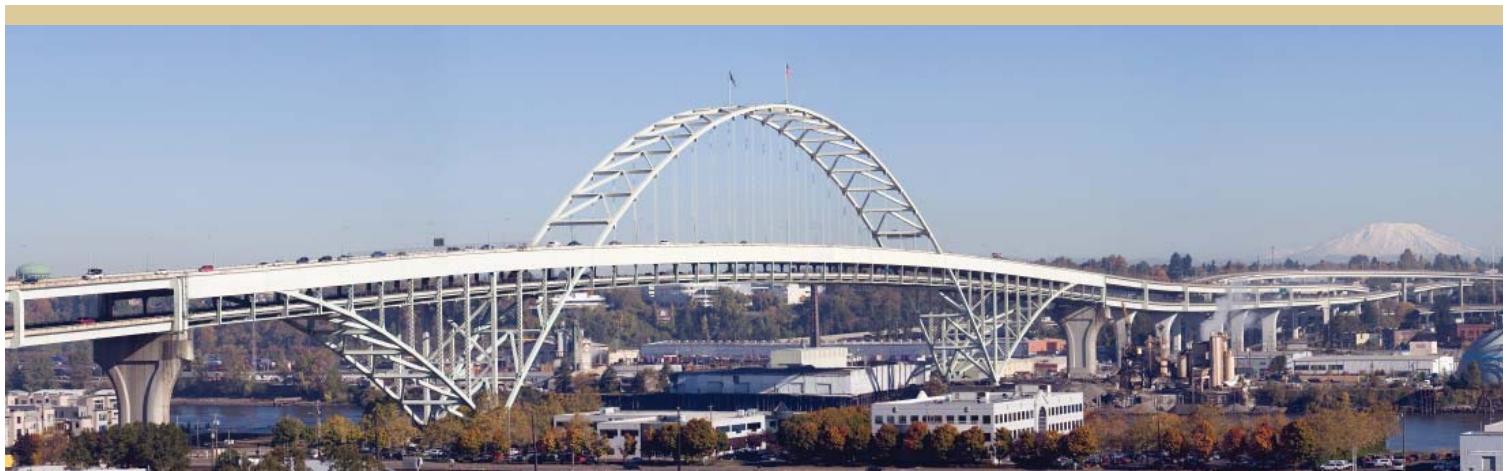
<http://www.portlandoregon.gov/auditor/index.cfm?c=58392>



Portland, Oregon

# What's next

## Challenges and Strengths



### Audits help improve City government by:

- Evaluating program efficiency and effectiveness
- Comparing performance with best practices and with other similar governments
- Providing recommendations for improved performance and effectiveness
- Testing the adequacy of controls established to prevent waste and safeguard assets
- Assessing the accuracy of financial reports and management information
- Checking for compliance with laws and regulations

### For more information

Regarding the City Auditor, and audit reports, visit our web site:  
[www.portlandoregon.gov/auditor](http://www.portlandoregon.gov/auditor)

Regarding general City questions or on specific bureaus, please call:

503-823-4000  
[www.portlandoregon.gov](http://www.portlandoregon.gov)

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by Cacophony from Wikipedia

### Challenges

- The City's debt is increasing. In 2011, the outstanding debt per resident was about \$5,600.
- Unfunded pension liabilities are likely to decrease revenue available to other local governments and special levies.
- A growing funding gap in infrastructure maintenance, including a growing backlog of unmet street repair needs.

### Strengths

- Citywide, residents continue to feel positively about the livability of neighborhoods.
- The City's revenue base is diversified between sources that are relatively stable along with those that fluctuate with the economy.
- City financial policies meet many best practices and help in multi-year planning. They guide, and at times restrict, how the City spends its resources.

### Objective, scope and methodology

The objective of this report was to provide a summary of City programs, finances, strengths and challenges to the residents of Portland. This report presents City data that has already been published -- but in a brief, easily accessible format -- to both inform and be accountable to the public.

To accomplish this we reviewed and extracted information from the City's Comprehensive Annual Financial Report (CAFR), Portland's Fiscal Sustainability and Financial Condition (Audit #399), Transition Report: Key challenges for a new City Council (Audit #376), results

from the 21st Annual Community Survey (Audit #409), and other recent audits.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

#### Audit Team

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Layout/design: Robert Cowan

