

OFFICE OF MANAGEMENT & FINANCE  
**The Financial Outlook**  
*for the City of Portland General Fund*



**Accounting Period #5 (AP-5)**

October 19 to November 15, 2006

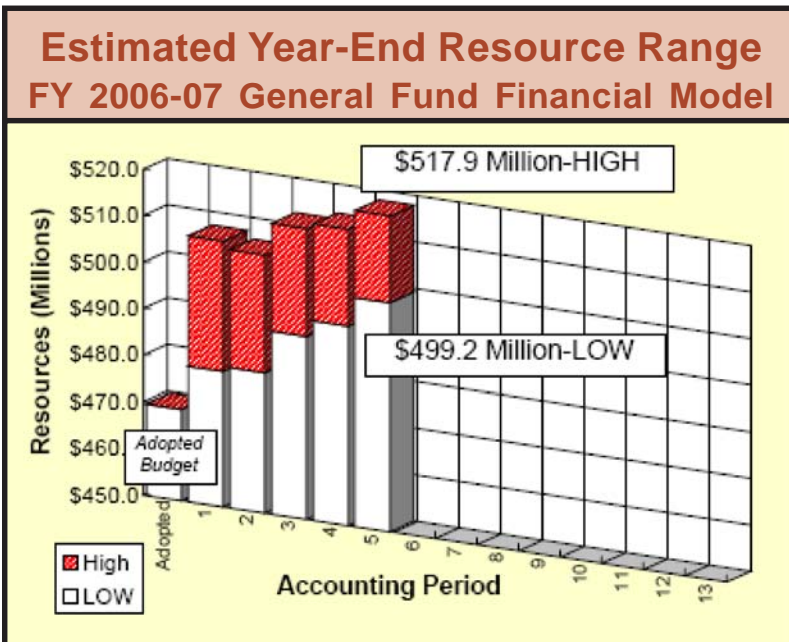
**ESTIMATED YEAR-END GENERAL FUND RESOURCES**

Estimated year-end General Fund resources at AP-5 are forecast to range from \$499.2 million (LOW) to \$517.9 million (HIGH). Budgeted resources of \$469.7 million increased in the fall budget update and monitoring process (Fall BuMP) with recognition of additional beginning balance bringing budget up to at least \$488.6 million. AP-6 reports will reflect the BuMP.

General Fund revenues at AP-5 are \$68.6 million, down about 16.5% from last year. Net of utility license and franchise fees, revenues are \$54.6 million this year versus \$56.9 million last year, about \$2.3 million (4.1%) behind last year at AP-5.

Accounting period data puts transient lodging taxes at \$7.7 million through November 15<sup>th</sup> versus \$7.2 million last year. Separate monthly data through the

*Continued on page 2*



<b>RESOURCE RECAP</b>	
* Budgeted Resources.....	\$488,563,958
* Resource Range, (High).....	\$517,865,093
.....(Low).....	\$499,188,556
Revenues At AP-5(*) .....	<b>\$68,552,299</b>
Versus Year-Ago....DOWN.....	<b>-16.53%</b>
<b>NOTEWORTHY AT AP-5</b>	
* Hotel/Motel Up 6.6 % vs. year-ago	
* Property Taxes Down -25 % vs. year-ago	
(*) Net of utility franchise fees, revenues are 4.1% lower.	

**The Bottom Line:**

- **Resources, year-end**, are estimated to range from \$499.2 million (Low) to \$517.9 (High).
- **Budgeted Resources** are assumed to rise to \$488.6 million in the Fall BuMP.
- **Year-end expenditure estimates** range from \$476.9 million (Low) to \$482.9 million (High).
- **FY 2006-07 year-end balance** is forecast between \$16.3 million (Low) to \$41 million (High).

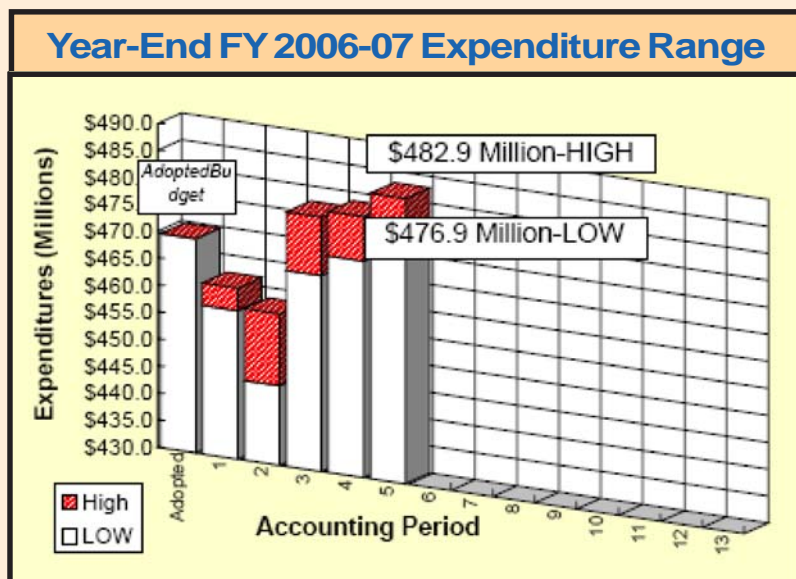
**Estimated Year-End General Fund Resources, continued from page 1**

end of November shows \$7.7 million in revenues versus \$7.3 million last year. Growth picked up in the second quarter, revenues are now healthier at 6.6% ahead of last year. Property taxes were initially slower in getting started this year but separate monthly data put General Fund tax based revenues at about \$143.3 million as of December 6th versus about \$137.2 million last year. Revenues are up a solid 4.5% over last year, which is about where they should be.

Business license revenues total \$1.2 million versus a negative \$200,000 at this time last year. (Revenues are negative when credits and refunds exceed gross tax revenues.) The year-end estimate is currently \$63.6 million.

Bureau fee and permit revenues remain mixed with Parks' main fee revenues up 9.3%. One miscellaneous revenue account (449000) is up 123.3% but it now turns out that this temporarily includes delinquent water and sewer (Cayenta) payments. ■

## GENERAL FUND EXPENDITURES



General Fund AP-5 expenditures total \$162.6 million versus last year's \$154.2 million. Expense growth remains very strong, with expenses up 5.5% over last year. Overtime and premium expense growth continues to be high. Overtime totals \$4.2 million versus \$3.9 million last year. Premium pay totals \$4.7 million vs. \$4.0 million year ago. Overtime and premium pay are up 9.7% and 17.4% respectively. Benefits, as would be expected, are 13% ahead of last year.

EXPENSE RECAP	
* IBIS Budgeted Expenses.....	\$488,563,958
* Expense Range, (High).....	\$482,901,033
* .....(Low).....	\$476,878,800
* Expenses At AP-5(*).....	\$162,607,872
Versus Year-Ago..UP.....	5.47%
NOTEWORTHY AT AP-5	
* Personal Services UP 5.6%	
* All M&S UP 5% vs. year-ago	
* Capital Expense DOWN -12.4%	

AP-5 external materials and services expenses total \$27.0 million versus \$24.6 million last year at AP-5, up 10.1% since this time last year.

Internal materials and services expenditures are about 1.8% behind last year with expenses totaling \$18.8 million versus \$19.2 million last year at AP-5. ■

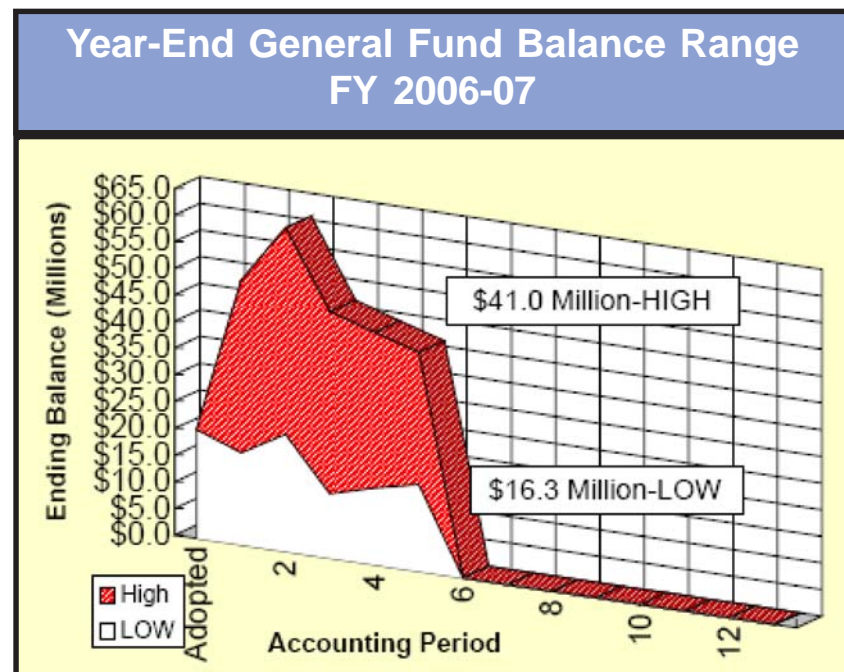
## ESTIMATED YEAR-END GENERAL FUND BALANCE

The estimated year-end General Fund balance ranges from \$16.3 million (Low) to about \$41.0 million (High). This wide balance range is typical this early in the fiscal year.

The AP-5 ending balance estimate remains in the vicinity of \$20 million and seems centered on a \$19 to \$20 million number at present. The General Fund’s AP-6 accounting reports will reflect Council Fall BuMP budget adjustments. AP-6 and AP-7 reports will present a clearer picture of budgeted revenues and expenses.

Estimated Year-End Balance Range		
Item	Low	High
Resources.....	\$499,188,556	\$517,865,093
Expenses.....	\$482,901,033	\$476,878,800
<b>End Balance...</b>	<b>\$16,287,523</b>	<b>\$40,986,293</b>

The current year-end revenue estimate is based on a grants revenue estimate of \$18.5 million versus a



current budget of \$14.8 million. It is expected that budgeted grant revenue estimates will be revised to somewhere between \$20 to \$25 million by June.

It is hoped that this change in estimating year-end grant revenues will eliminate some of the problems caused by the late receipt of grant revenues. As much as half of the annual grant revenues come in the door during the July to August accrual period. In addition, the Office of Management & Fincance will estimate grant-backed encumbrances included in the balance which will improve balance estimates. ■

### Fiscal Situation of Northwest States

Marple’s Pacific Northwest Letter (Wed., Nov. 8, 2006, No. 1475) reports that, “surpluses are piling up in state capitals,” in the Pacific Northwest. Marple’s reports that Washington’s economists have revised their initial state revenue estimates eleven times, upping the revenue forecast by \$2.9 billion or 12%. The picture is much the same throughout the Pacific Northwest. Montana is reported to have a general-fund surplus of about \$1 billion, equal to 33% of current General Fund spending. Idaho tax revenues also continue to outrun updated forecasts and Oregon will return about \$1.1 billion to taxpayers because revenues for the current biennium are well beyond 2% above forecast. The Pacific Northwest’s economy clearly was on a roll during calendar year 2006. ■

FY 2006-07 General Fund Resources: To-Date, Estimated Year-End & Current Revised Budget				
	=General Fund Discretionary Resource	Through AP-5	Estimated Year-End	Revised Budget
<b>GENERAL FUND RESOURCES</b>				
INTERNAL REVENUES.....	41000			
Service Reimbursements.....		\$4,673,390	\$40,380,093	\$48,650,714
Other Internal, Overhead & Transfers-IN.....		\$7,639,382	\$48,393,253	\$44,974,365
PROPERTY & LODGING TAXES.....	42100			
Property Taxes.....		\$18,026,947	\$168,224,464	\$164,437,521
Lodging Taxes.....		\$7,700,233	\$13,812,898	\$13,502,206
BUSINESS LICENSES, PERMITS....	43000			
Business Licenses.....		\$1,464,549	\$63,581,630	\$52,830,754
Utility License/Franchise.....		\$13,980,245	\$61,595,019	\$59,055,137
Other Permits.....		\$1,227,833	\$3,288,662	\$3,817,184
SERVICE CHARGES & FEES.....	44000	\$6,724,535	\$16,109,070	\$14,383,656
STATE (Cigarette & Liquor).....	46000	\$1,662,816	\$11,427,650	\$10,253,228
LOCAL SOURCES (Contracts).....	47000	\$3,799,220	\$14,650,046	\$16,353,562
MISC. REVENUES & INTEREST.....	49400	\$1,681,880	\$6,733,003	\$11,352,160
TAX ANTICIPATION NOTES/Note Sales.....		\$0	\$0	\$0
BEGINNING FUND BALANCE.....		\$38,631,728	\$38,631,728	\$38,203,471
ENCUMBRANCE & CARRYOVER.....		\$14,869,525	\$14,869,525	\$10,750,000
<b>GENERAL FUND RESOURCE TOTAL</b>		<b>\$122,082,283</b>	<b>\$501,697,041</b>	<b>\$488,563,958</b>
Estimated Percent Of Budget Resources Realized		25.0%	102.7%	

FY 2006-07 General Fund Expenses: To-Date, Estimated Year-End & Current Revised Budget				
		Through AP-5	Estimated Year-End	Revised Budget
<b>GENERAL FUND EXPENDITURES</b>				
Salaries & Wages.....		\$68,382,919	\$185,160,651	\$190,463,624
Overtime.....		\$4,245,926	\$10,790,103	\$7,635,351
Premium & Part-Time.....		\$8,892,519	\$18,653,248	\$17,139,558
Benefits.....		\$20,689,334	\$52,934,373	\$53,892,249
<b>TOTAL PERSONAL SERVICES.....</b>		<b>\$102,210,698</b>	<b>\$267,538,375</b>	<b>\$269,130,782</b>
Estimated Percent Of Budget Spent.....		38.0%	99.4%	
EXTERNAL MATERIALS & SERVICES.....		\$27,046,282	\$85,342,963	\$88,712,002
Estimated Percent Of Budget Spent.....		30.5%	96.2%	
INTERNAL MATERIALS & SERVICES.....		\$18,833,574	\$53,836,310	\$53,836,310
Estimated Percent Of Budget Spent.....		35.0%	100.0%	
CAPITAL OUTLAY.....		\$4,028,214	\$3,905,460	\$3,141,779
Estimated Percent Of Budget Spent.....		128.2%	124.3%	
CONTINGENCY & UNFORESEEN.....		\$0	\$33,162,023	\$36,443,803
FUND CASH TRANSFERS.....		\$10,489,104	\$36,713,410	\$37,299,282
INVENTORY.....		\$0	\$0	\$0
<b>GENERAL FUND EXPENSE TOTAL</b>		<b>\$162,607,872</b>	<b>\$480,498,541</b>	<b>\$488,563,958</b>
Estimated Percent Of Budget Spent.....		33.3%	98.3%	

FY 2006-07 General Fund Expenses by Bureau: To-Date, Estimated Year-End & Current Revised Budgets					
Percent of the Year Elapsed.....		38.5%	Percent of the Year Remaining.....		61.5%
AU Description	AU#	Through AP-5	Estimated Year-End	Revised Budget	Percent Spent
Police Bureau	100	\$53,870,424	\$145,255,152	\$143,629,695	37.5%
Fire Bureau	124	\$32,911,296	\$83,808,605	\$79,941,935	41.2%
Parks Bureau	133	\$19,446,755	\$49,556,755	\$48,866,117	39.8%
<b>Subtotal-Public Safety and Parks</b>		<b>\$106,228,475</b>	<b>\$278,620,513</b>	<b>\$272,437,746</b>	<b>39.0%</b>
Commissioner #2 (Sten)	190	\$286,986	#N/A	\$692,879	41.4%
Commissioner #4 (Leonard)	191	\$242,945	#N/A	\$683,516	35.5%
Commissioner #3 (Saltzman)	192	\$267,104	#N/A	\$703,743	38.0%
Commissioner #1 (Adams)	193	\$305,366	#N/A	\$777,526	39.3%
Office of the Mayor	195	\$1,029,788	#N/A	\$2,569,938	40.1%
Operating Contingency	298	\$0	\$33,162,023	\$34,443,803	#N/A
Unforeseen Revenues	298	\$0	\$0	\$2,000,000	#N/A
Other Cash Transfers	299	\$10,276,538	\$36,713,410	\$36,745,433	28.0%
Office of Cable Comm/Franchise	300	\$502,427	#N/A	\$1,897,379	26.5%
P.O.E.M	110	\$5,831,986	#N/A	\$10,538,252	55.3%
Office of Sustainable Development	302	\$869,465	#N/A	\$2,913,583	29.8%
Government Relations	303	\$236,540	#N/A	\$799,425	29.6%
Office of Management & Finance	307	\$8,752,464	#N/A	\$24,161,519	36.2%
Office of City Attorney	312	\$2,446,146	#N/A	\$6,835,605	35.8%
Business Licenses	316	\$3,784	#N/A	\$0	#N/A
Stock Account	325	\$0	#N/A	\$0	0.0%
City Auditor	336	\$2,579,125	#N/A	\$7,945,771	32.5%
Office Neighborhood Involvement	342	\$2,647,747	#N/A	\$5,818,149	45.5%
OMF Citywide Projects	381	\$2,825,395	#N/A	\$9,049,626	31.2%
OMF Revenue Bureau	390	\$7,942,225	#N/A	\$26,184,644	30.3%
Special Appropriations	401	\$3,621,715	#N/A	\$18,090,126	20.0%
Bureau of Planning	510	\$2,366,493	#N/A	\$7,710,379	30.7%
Housing & Community Develop	540	\$3,345,043	#N/A	\$15,564,914	21.5%
<b>Subtotal-All Other Aus</b>		<b>\$56,379,282</b>	<b>\$201,756,301</b>	<b>\$216,126,212</b>	<b>26.1%</b>
<b>General Fund Total-All AUs</b>		<b>\$162,607,757</b>	<b>\$480,376,814</b>	<b>\$488,563,958</b>	<b>33.3%</b>

Revenue and Economic Indicators			
This table summarizes some basic revenue and economic indicators. The onset of an economic slow-down or financial trouble will be reflected by indicators that climb above the applicable "Concern Level."			
	FY2005-06	FY2005-06	Concern Level
Reserve Fund Usage Condition	4th Quarter	3rd Quarter	
Basic Revenue Growth.....	7.7%	8.5%	Below 3%
Portland Unemployment Rate.....	5.7%	6.0%	Above 6.5%
Business License Revenue Growth.....	22.7%	28.8%	Below 5.5%
Property Tax Delinquency Rate.....	5.5%	5.5%	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](http://www.portlandonline.com/omf) in the Financials section.  
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