

December Financial Forecast

for the City of Portland General Fund



As of..... 05-Dec-2007 Previous Forecast..... 15-Jun-2007 Current Outlook

December Financial Forecast Improved Over Last June Shows Mix Of Ongoing And One-Time Available to Council

Item	Forecast Last June	December Forecast	Difference
Council Discretionary Available FY2008-09..	\$359,707,552	\$388,028,673	\$28,321,121
Requirements:			
Capital Set-Aside.....	\$1,915,000	\$1,915,000	\$0
Council Set-Asides(*).....	\$40,314,302	\$45,500,047	\$5,185,746
One-Time Budgets.....	\$908,030	\$908,030	\$0
Bureaus & Programs...	\$303,421,058	\$305,338,228	\$1,917,170
CAL Requirements....	\$346,558,389	\$353,661,305	\$7,102,917
Resources Less CAL.....	\$13,149,162	\$34,367,367	\$21,218,205
Ongoing FY08-09.....	\$0	\$7,872,000	\$7,872,000
Available One-Time...	\$13,149,162	\$26,495,368	\$13,346,206
Ongoing FY09-10.....	\$0	\$0	\$0
Available One-Time...	\$6,973,087	\$10,370,938	\$3,397,851

(*) Only \$2.0 million of this difference is an ongoing increase.

Financial Forecast Resources Exceed Estimated Requirements

- ◆ Continued strong revenue growth and lower health benefit cost increases have combined to deliver ongoing and one-time resource availability to Council's FY2008-09 budget process.
- ◆ Resources are increased by \$28.3 million in this forecast as compared to last June. Revenues are up across-the-board led by business license fees, transient lodging taxes, and property tax revenues. Forecast beginning balance is higher by about \$10.1 million in this forecast.
- ◆ The five-year financial forecast shows that Council can increase support for ongoing budgets by about \$7.9 million, leaving about \$26.5 million for one-time budgets and projects. Allocation of resources above "CAL" to ongoing budgets is not without some risk. A turn in the economy would make it difficult to sustain ongoing budget increases.

Regional Economic Growth

Story Remains Intact

Regional economic growth was brisk throughout FY2006-07. Although employment growth slowed towards the tail end of last fiscal year, strong revenue growth in the "cyclicals" (transient lodging taxes and business licenses) indicates that this expansion remains intact. The sub-prime financial mess, however, represents a major uncertainty both for the national and regional economies. It is still unclear as to how bad the financial fallout is going to get and what the ultimate impact on the economy will be. For now, the impact does not appear to have started a recession.

Health Benefits Costs

This five-year financial forecast continues to use a "95/5" health care cost split. The City's share of health premiums is 95%. The consultant's (AON) current forecast calls for FY2008-09 costs to increase by 7.3%. Out-year increases average about 10%. These steep cost increases make it difficult for the General Fund to increase ongoing budgets.

Some Key Forecast Assumptions	M50 Assess. Value \$1000.....	\$41,731,475	State Cigarette & Liquor Tax Revenues to City.....	\$12,036,210	
	FY2008-09 M50 Tax Base.....	\$191,004,961		CPI-W Increase (2nd Half '06 to 2nd Half '07, for COLAs).....	3.3%
	M50 Compression Loss.....	(\$5,443,641)		Measure 50 FPD&R Levy.....	\$107,349,527
	Est. Tax Base Imposed.....	\$185,561,320		Beginning General Fund FY2008-09 Balance.....	\$24,414,885
	Delinquency/Discount(%).....	-5.7%		Estimated Urban Renewal Divide-the-Taxes (11 Districts).....	\$78,002,808
	Delinquency/Discount (\$).....	(\$10,623,386)		Current Forecast: FY2008-09 to FY2012-13	
	FY08 Tax Base Revenues.....	\$174,937,934			
	County M50 Levy.....	\$0			
	Library-Local Option.....	\$0			
	Total-County Levies.....	\$0			

Forecast FY2008-09 resources have increased by about \$28.3 million compared to last June's forecast done in conjunction with Council's Adopted Budget. Revenues are up \$18.2 million (5.3%). Beginning balance is up \$10.1 million on data through October 17 (period 4). Forecast business license revenues continue to reflect Council's passage of Resolution #36473 which increases the Owners' Compensation deduction to \$80,000 and the gross receipts exemption to \$50,000 beginning tax year 2007. The resolution also expresses Council's intent to increase the Owners' Compensation deduction to \$125,000 over five years

and restructure the minimum charge. The forecast includes only the the initial change, re-reducing revenues \$3.2 million. Council's intent is that all changes will be revenue neutral.

Most other revenue estimates are improved compared to June. Property taxes, transient lodging and utility license fee revenues are substantially higher on strong regional growth trends. "Transfers IN" include a large one-time \$2.9 million repayment to two loans made to the School's Surcharge Fund.

Revenue Forecast RECAP, FY2008-09			
General Fund Revenue Category	Last June For FY2008-09	December Forecast	Difference
Property Taxes.....	\$176,226,985	\$179,956,909	\$3,729,924
Transient Lodgings.....	\$15,562,468	\$16,215,568	\$653,100
Business Licenses.....	\$67,996,411	\$76,959,259	\$8,962,848
Utility License/Franchise.....	\$64,238,759	\$65,852,176	\$1,613,417
State Revenues.....	\$11,937,649	\$12,036,210	\$98,562
Interest Income.....	\$3,593,352	\$3,791,119	\$197,767
Transfers IN.....	\$761,294	\$3,691,327	\$2,930,033
Miscellaneous.....	\$5,111,219	\$5,111,219	\$0
Revenue Forecast.....	\$345,428,136	\$363,613,788	\$18,185,652
Beginning FUND Balance.....	\$14,279,415	\$24,414,885	\$10,135,469
Forecast Resources.....	\$359,707,552	\$388,028,673	\$28,321,121
% Change In Revenues.....		5.26%	
% Change In Resources.....		7.87%	

A key revenue forecast assumption is a "Measure 50" General Fund tax base levy of \$191.0 million. The forecast calls for 2.95% assessed value growth on taxable assessed values. About 0.25% of this growth results from new construction. Although FY2007-08 was a "good year," Measure 50 assessed value growth lags behind the "advertised" 3 percent minimum. Property tax revenue growth is for the most part coming in below the region's average inflation rate. In addition, this lowers the General Fund's overall potential growth rate making it more difficult to fund current services and ongoing bureau program CAL requirements.

The FPD&R levy is estimated at \$107.5 million. This represents a \$12.2 million increase over FY2007-08's \$95.4 million levy. This levy amount is an estimate and subject to receipt of a new five-year forecast from FPD&R as well as approval of the forecast and budget by FPD&R's board. Recent voter approval of Measure 26-53 will, over the coming years, substantially increase near term levy requirements.

Revenue Forecast ASSUMPTIONS	
Revenue Category	FY2008-09
CITY Property Tax Levies.....	
Measure 50 Taxbase Levy.....	\$191,004,961
UR(Divide-Taxes,Special Levy)	\$93,002,808
FPD&R System Levy.....	\$107,349,527
City Local Government Total....	\$391,357,297
MULTNOMAH County Levies	
Measure 50 Levy Authority.....	\$216,696,404
Local Option Levy (Library).....	\$44,402,956
Mult. County Levy Total.....	\$261,099,360
M50 Assessed Value Growth.....	2.95%
Percent of FY2008-09 Levies	
Not Received First Year.....	-5.73%
Measure 50 Compression.....	-2.85%
Est. Portland Population.....	561,741
GDP Growth (Economy.Com).....	2.9%
Revenue Sharing - Oregon(*).....	\$12,036,210

(*) Cigarette and liquor tax distributions.

THE BOTTOM LINE: A good regional economy continues to push revenue growth above long term trend growth. Health care cost increases for the past three years have been in the relatively low single digits although forecast out-years assume a return to double digit growth. Strong revenue growth together with lower health care cost increases delivers resources in excess of "CAL" requirements to the bottom line for Council's FY2008-09 budget process with a mix of ongoing and one-time resources available.

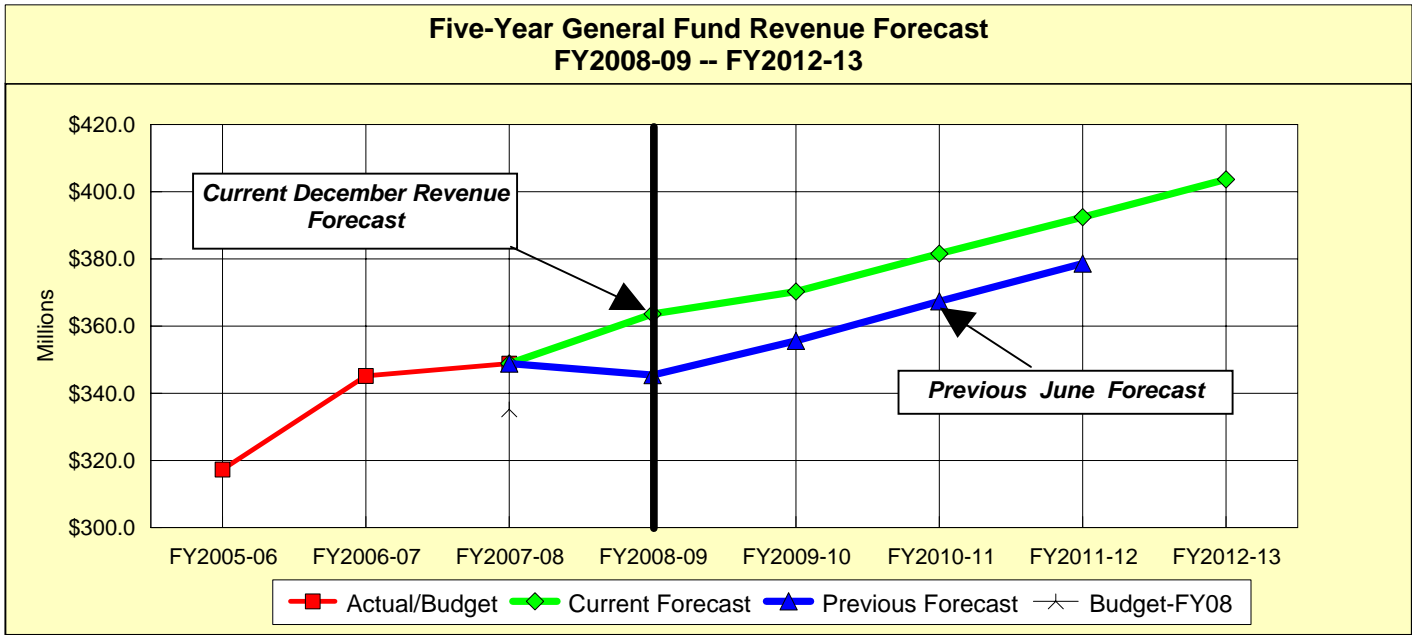


Figure 1-Current General Fund 5-Year Revenue Forecast

A key forecast assumption is a national economy that continues to expand at moderate rates and a growing regional economy. The metro area's economy has surpassed previous peak employment levels and continues to expand. The forecast absolutely depends on continued local area economic growth.

Figure 1 summarizes the 5-year revenue forecast off of the FY2007-08 base. Property tax revenue growth remains critically dependent on assessed value growth. Overall revenue growth is forecast to average 3.8% for the next five years reflecting continued good regional economic performance for the next couple of years. Transient lodging tax revenues and business license revenues, should grow at above trend rates consistent with an expanding economy.

Estimated FY2008-09 General Fund current allocation level (CAL) costs are up about \$1.9 million (0.6%) reflecting funding decisions as found in Council's Adopted Budget and previous financial plan. The forecast also includes an FY2009-10 \$2.7 million CAL target increase for Parks that "backfills" half of the loss of Parks' local option levy funding. Parks' local option levy expires at the end of the FY2007-08 fiscal year. Estimated CAL targets are also somewhat higher due to the use of higher cost escalation assumptions. The forecast also includes a \$2.1 million provision, FY2008-09, funding the City's "Last Best Offer (LBO)" to the Portland Fire Fighters Association (PFFA). The \$2.1 million rises to \$3 million in FY2009-10 and this represents the estimated full ongoing impact of the City's LBO. At present contract negotiations with this bargaining unit remain unresolved. The City is also in negotiations with seasonal (mostly Parks) workers and this contract is also outstanding. A Parks CAL target adjustment will be made, if necessary, prior to the Proposed Budget to reflect the final outcome of these labor negotiations.

Estimated Current Allocation Level	
Forecast Assumptions	FY2008-09
FY2008-09 Bureau CAL Targets	
June CAL Targets.....	\$303,421,058
Current Forecast CAL Targets.....	\$305,338,228
Difference in CAL Forecasts.....	\$1,917,170
General Inflation Rates.....	
GDP Price Deflator.....	2.0%
CPI-W% (Dec.'06-Dec.'07)(*).....	3.3%
Health Benefits Increase (AON)....	7.3%
Producer Price Index.....	1.1%
CPI-Energy.....	1.9%
External M&S.....	
General-Overall.....	3.1%
Energy-Electricity.....	10.0%
Energy-Natural Gas.....	-8.9%
Sewer.....	5.7%
Water.....	5.1%
Utilities-Overall.....	3.3%
Internal M&S.....	
General-Overall.....	3.1%
Risk/Workers' Comp.....	6.2%
Wage & Salary % Increase.....	
Public Safety.....	3.3%
All Other.....	3.3%

(*) Preliminary, scheduled for publication by BLS, February 2008.

Assumed FY2008-09 Set-Asides		
Set-Aside Item	June Forecast	December Forecast
Compensation.....	\$7,863,905	\$7,950,659
Unused Line.....	\$0	\$0
Street Light O&M.....	\$5,274,475	\$5,614,371
Gen. Fund Contingency...	\$3,200,000	\$3,200,000
Unforeseen & Inventory...	\$2,000,000	\$2,000,000
Subtotal-Contingency	\$5,200,000	\$5,200,000
Capital Set-Aside.....	\$1,915,000	\$1,915,000
To General Reserve.....	\$0	\$3,950,000
ESA Set-Aside/BES.....	\$366,867	\$368,364
Voter Owned Elections...	\$280,368	\$102,936
City Hall Debt Service.....	\$2,421,900	\$2,421,900
POBS Debt Service.....	\$8,700,896	\$8,137,967
Other Debt Service.....	\$1,437,460	\$1,437,460
Police/POEM.....	\$276,000	\$276,000
City Hall Maint. Reserve..	\$294,310	\$294,310
Housing Trust Fund.....	\$985,555	\$989,577
Park-CAL/Maint.....	\$844,412	\$844,412
MERC Transfer.....	\$731,723	\$734,709
CAD, Transfer.....	\$4,000,000	\$4,000,000
Mall Project.....	\$1,033,000	\$1,033,000
Fire Contract LBO(*).....	\$0	\$2,056,591
Misc. Transfers.....	\$603,431	\$87,788
Forecast Set-Asides & Council Set-Asides.....	\$42,229,302	\$47,415,044
Difference vs. December Forecast.....		\$5,185,743

(*) LBO, Last Best (contract) Offer.

Assumed set-asides for FY2008-09 are as currently summarized in the table to the left:

- The compensation set-aside is about the same as forecast last June at \$7.9 million and reflects an assumed 3.3% COLA increase and a 7.3% health benefits cost increase (as forecast by the City's consultant - AON).
- A "standard" capital set-aside (net of related debt service requirements) of \$1.9 million is assumed in the financial forecast.
- The General Fund's Pension Obligation Bond (POBS) debt service share is \$8.1 million for FY2008-09. With FY2008-09 the ten-year "ramp-up" in POBS debt service cost is completed. From here on out annual costs should increase by about 4% annually.
- Set-asides continue to assume a planned \$4 million transfer earmarked for computer aided dispatch (CAD) replacement.
- The financial forecast assumes a \$3.75 million transfer to the General Reserve Fund designed to keep the fund at the policy required 10% level. This is a new requirement not anticipated in the forecast done last June. Continued strong revenue growth has outstripped the ability of interest earnings to keep the Reserve Fund at the 10% level.

This financial forecast uses a "standard" \$3.2 million contingency. Of this amount \$1.4 million is unobligated. The remainder is earmarked for the Police Bureau as has been Council's practice over past years.

Set-asides are up net by \$5.1 million compared to set-asides as assumed in last June's forecast. This increase is due to the \$3.7 million Reserve Fund transfer and inclusion in set-asides of the City "Last Best Offer" (LBO) to the Portland Fire Fighters Association. The reserve transfer is one-time, the LBO cost is ongoing. Ongoing costs are about \$2 million of the total increase.

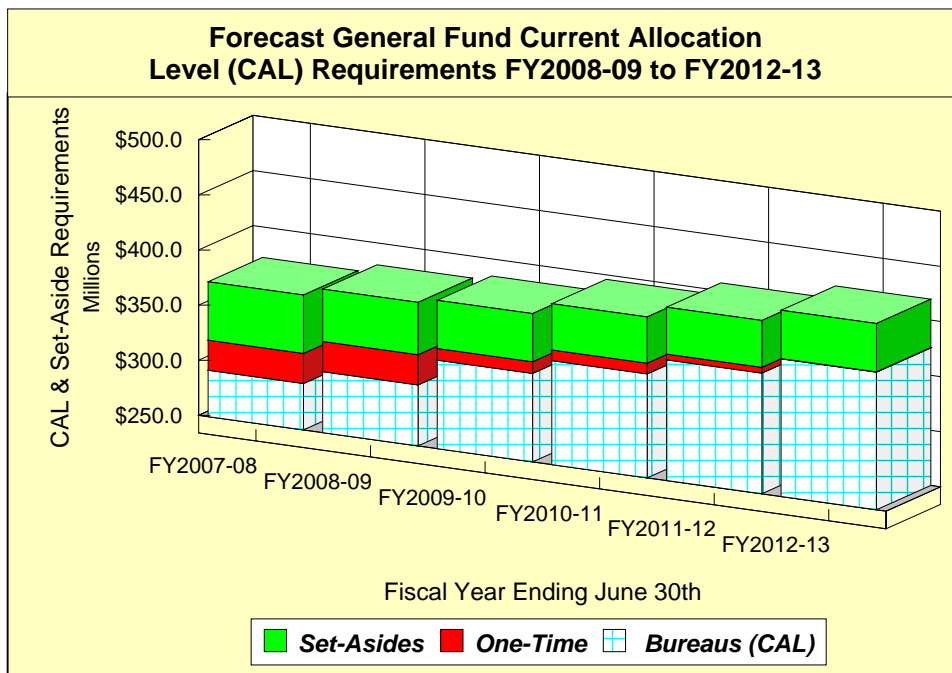


Figure 2-Current Service Level (CAL) Requirements

The table below combines the FY2008-09 resource forecast with estimated bureau CAL requirements as updated in this financial forecast. Estimated resources total \$388.0 million. Assumed set-asides total \$47.4 million leaving \$340.6 million against estimated bureau ongoing plus onetime of \$306.2 million. The positive difference of \$34.4 million drops to the bottom line and is available to Council's FY2008-09 budget process. The financial forecast splits this into \$7.9 million ongoing with about \$26.5 million for one-time budgets and projects. The out-years of the forecast continue to show substantial but declining amounts of one-time resources will be available to Council in subsequent budget cycles possibly out to FY2011-12.

Sources & Uses of Funds: FY2008-09		
Item	Budget	FY2008-09
	FY2007-08	Forecast
FUND Revenues.....	\$335,223,172	\$363,613,788
Beginning Balance.....	\$37,220,815	\$24,414,885
FUND RESOURCES	\$372,443,987	\$388,028,673
Less: Council Set-Asides.	(\$51,159,774)	(\$45,500,047)
Less: Capital Set-Aside....	(\$1,915,000)	(\$1,915,000)
EQUALS: AVAILABLE TO BUREAU-PROGRAMS..	\$319,369,213	\$340,613,625
Reaired Bureaus CAL.....	\$319,369,213	\$306,246,258
GAP/DIFFERENCE.....	\$0	\$34,367,368
AVAILABLE Ongoing FY2008-09.....		\$7,872,000
New One-Time...FY2008-09.....		\$26,495,368

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The out-years of the financial forecast are improved somewhat and show amounts that should be available to Council as one-time funds. Additional ongoing is not available because of the strong escalation rate in health care costs as forecast by the City's health care consultant (AON). It is also important to point out that:

- The current financial forecast shows that ongoing bureau CAL requirements plus an additional \$7.9 million for FY2008-09 can be sustained, but there is the risk that a recession, higher inflation or health care costs could easily result in the need for CAL reductions in some near term budget process.

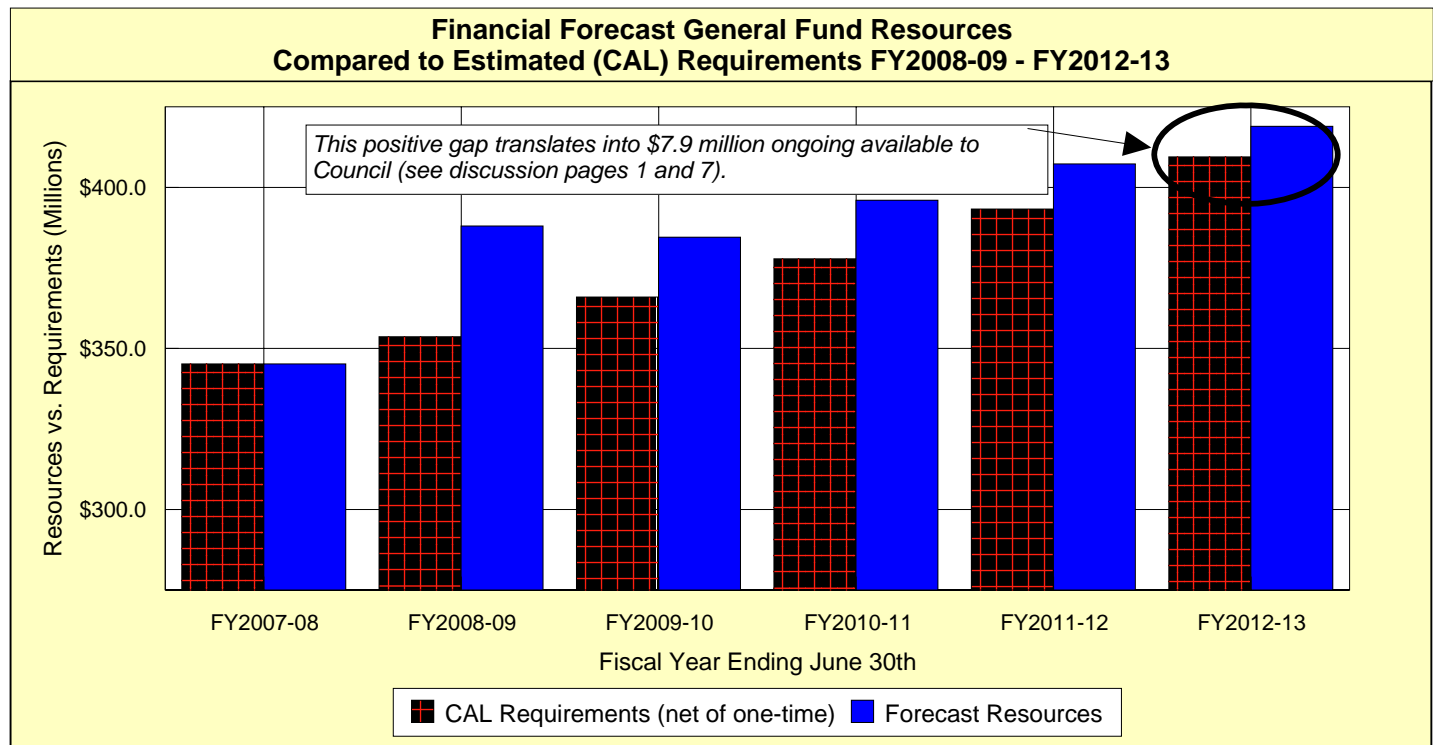


Figure 3-Financial Forecast Resources Compared to Requirements (See first table page 8)

FORECAST RESOURCES & REQUIREMENTS DETAIL NEXT TWO YEARS

The table below summarizes the next two years of the financial forecast General Fund resources and requirements:

- Resources total \$772.6 million for two-years ending FY2009-10.
- Requirements are currently estimated at \$722.9 million over two-years.
- The General Fund is balanced for the life of the forecast with \$7.9 million ongoing for FY2008-09 with about \$36.7 million available over the next two budget processes for one-time budgets

		<i>Resources & Requirements Summary Next Two Years</i>			
		Budget	Forecast	Forecast	Two-Year Total
		FY2007-08	FY2008-09	FY2009-10	Total
Item-Category ▼	Resources →	\$372,443,987	\$388,028,673	\$384,560,957	\$772,589,630
Less: Assumed Set-Asides					
TANS Interest Expense.....		\$0	\$0	\$0	\$0
Compensation Set-Aside.....		\$5,409,616	\$7,950,659	\$7,707,297	\$15,657,956
Other Set-Asides					
Contingency.....		\$10,621,651	\$3,200,000	\$3,200,000	\$6,400,000
Unforeseen Reimbursable.....		\$2,000,000	\$2,000,000	\$2,000,000	\$4,000,000
Subtotal-Contingency.....		\$12,621,651	\$5,200,000	\$5,200,000	\$10,400,000
Capital Set-Aside.....		\$1,915,000	\$1,915,000	\$1,915,000	\$3,830,000
PERS Debt Service.....		\$8,059,014	\$8,137,967	\$9,043,756	\$17,181,723
Other General Fund Debt Service.....		\$1,664,626	\$1,437,460	\$1,443,055	\$2,880,515
City Hall/Precincts-Debt Service.....		\$2,419,250	\$2,421,900	\$2,421,250	\$4,843,150
Street Light O&M Transfer.....		\$6,350,728	\$5,614,371	\$5,748,285	\$11,362,656
CAD Transfer.....		\$0	\$4,000,000	\$0	\$4,000,000
ESA Set-Aside (BES).....		\$356,665	\$368,364	\$378,470	\$746,834
Mall Renovations/Transit (FY2008-09).....		\$3,280,418	\$0	\$0	\$0
PDOT One-Time Packages.....		\$711,375	\$2,056,591	\$3,139,140	\$5,195,731
City Hall Maintenance Reserve.....		\$294,310	\$294,310	\$294,310	\$588,620
PDOT Transfer (FY2007-08).....		\$4,140,000	\$0	\$0	\$0
Voter Owned Elections.....		\$208,832	\$102,936	\$280,368	\$383,304
Police (Traffic)/POEM Facilities Study.....		\$726,000	\$276,000	\$276,000	\$552,000
Unused Line.....		\$0	\$0	\$0	\$0
Housing Trust Fund.....		\$958,149	\$989,577	\$1,016,727	\$2,006,305
Parks Ongoing Maintenance.....		\$820,930	\$844,412	\$965,970	\$1,810,382
North Mac. Access(Resolution#36441)		\$0	\$0	\$3,000,000	\$3,000,000
MERC (Transfer To Spectator Fac.)....		\$0	\$734,709	\$754,866	\$1,489,575
Miscellaneous Transfers.....		\$3,138,210	\$87,788	\$90,197	\$177,985
Subtotal, Assumed Set-Asides.....		\$53,074,774	\$42,432,044	\$43,674,692	\$86,106,736
Bureau Requirements & One-Time.....		\$319,369,214	\$306,246,265	\$330,515,327	\$636,761,592
Total Requirements.....		\$372,443,987	\$348,678,304	\$374,190,019	\$722,868,328
Resources less Requirements					
Equals Excess(+)/CAL Gap(-).....		(\$0)	\$39,350,368	\$10,370,938	
Ongoing Increases(Reductions).....		\$0	\$7,872,000	\$0	\$7,872,000
Available One-Time.....		\$0	\$26,495,368	\$10,370,938	\$36,866,306

Raw FY2008-09 Through FY2012-13 Five-Year Financial Forecast Summary

The "raw" financial forecast shows substantial amounts of funds available to the current and successive budgets with the annual amount available in excess of "CAL" requirements falling to just under \$9.5 million in the last year of the forecast (FY2012-13). This amount indicates roughly that an increase in ongoing CAL or programmatic requirements of \$7.9 million "discounted" for expected cost escalation is available and can be allocated as part of Council's budget deliberations for FY2008-09. This amount could have been much larger were it not for the expected out-year double-digit increases (as forecast by AON) in health benefits costs and a lowered business license revenue forecast due to recent reform.

Item	Forecast		Financial Forecast Out-Years		
	2009	2010	2011	2012	2013
Resources.....	\$388,028,673	\$384,560,957	\$396,020,808	\$407,272,344	\$418,973,509
Requirements.....					
Bureau Requirements...	\$305,338,230	\$322,090,086	\$335,797,306	\$350,505,400	\$365,519,420
Planned One-Time.....	\$908,030	\$200,000	\$200,000	\$200,000	\$200,000
Council Set-Asides.....	\$47,415,044	\$43,674,692	\$41,842,975	\$42,593,551	\$43,758,991
GAP-Surplus(Deficit).....	\$34,367,368	\$18,596,180	\$18,180,527	\$13,973,392	\$9,495,097

Financial Forecast Five-Year Detail After Balancing

The financial forecast shows that the General Fund is balanced over the next five years by splitting resources in excess of "CAL" requirements into about \$7.9 million for ongoing programmatic increases with the remaining \$26.5 million allocated to one-time projects during FY2008-09. The out-years of the financial forecast show successively smaller amounts of one-time resources available to future budget cycles with little or nothing available in the last year of the forecast, FY2012-13. This balances the General Fund over the five-year forecast horizon.

Item	Forecast		Financial Forecast Out-Years		
	2009	2010	2011	2012	2013
Total Resources.....	\$388,028,673	\$384,560,957	\$396,020,808	\$406,272,344	\$415,723,509
Transfer In From General Reserve.....	\$0	\$0	\$0	\$1,000,000	\$3,250,000
Bureaus & Programs.....	\$305,338,230	\$330,315,327	\$344,369,670	\$359,449,051	\$374,837,965
Capital Set-Aside.....	\$1,915,000	\$1,915,000	\$1,915,000	\$1,915,000	\$1,915,000
Est. CAL Increase.....	\$7,872,000	\$0	\$0	\$0	\$0
Planned One-Time.....	\$908,030	\$200,000	\$200,000	\$200,000	\$200,000
New One-Time.....	\$26,495,368	\$10,370,938	\$9,608,163	\$5,029,741	\$176,552
Pension Bonds P&I.....	\$8,137,967	\$9,043,756	\$9,386,072	\$9,792,698	\$10,155,465
Council Set-Asides.....	\$37,362,077	\$32,715,936	\$30,541,903	\$30,885,853	\$31,688,526
Total Requirements	\$388,028,672	\$384,560,957	\$396,020,808	\$407,272,343	\$418,973,508
Difference	\$0	\$0	\$0	\$0	\$0
Reserve Fund As A Percent Net Revenues	10.0%	10.2%	10.4%	10.4%	10.0%

Risks To The Financial Forecast

Although this forecast assumes continued economic expansion, there are uncertainties:

- Geopolitical uncertainties (energy, Iraq) could easily lead to recession.
- Financial uncertainties in the form of the subprime mortgage debacle continues to put the national economy at risk and could easily lead to recession.
- The five-year financial plan "back fills" about half on Parks' ongoing local option levy related revenue loss. The remaining \$2.7 million is not included in Council's five-year financial plan.
- The Oregon Legislature continues to look at the distribution of cigarette and liquor taxes to cities. There continues to be some risk that future legislative action could curtail distributions to cities.

Two-Year Forecast Resources-By Budget Category Detail			
<i>Category</i>	<i>FY2007-08</i>	<i>FY2008-09</i>	<i>FY2009-10</i>
RESOURCES	Budget	Forecast	Forecast
Property Taxes			
Current Year Taxes	\$166,784,544	\$174,937,934	\$179,978,310
Prior Year Taxes	\$3,482,313	\$3,659,226	\$3,744,919
Payment in Lieu of Taxes	\$1,241,827	\$1,359,749	\$1,363,545
Total Property Taxes	\$171,508,684	\$179,956,909	\$185,086,775
Other Taxes			
Lodging Tax	\$14,659,186	\$16,215,568	\$16,869,275
Licenses & Permits			
Business Licenses	\$64,531,784	\$76,959,259	\$80,871,560
Utility License-External	\$47,038,142	\$48,858,702	\$48,720,560
State Sources(*)			
State Shared Revenue	\$10,749,684	\$12,036,210	\$12,044,641
Local Government			
Local Shared Revenue	\$2,882,373	\$3,031,219	\$3,187,751
Miscellaneous Revenues			
Refunds	\$30,000	\$30,000	\$30,000
Interest on Investments	\$3,292,988	\$3,791,119	\$3,519,575
Other Misc. Revenues			
Other Misc. Revenues	\$752,556	\$50,000	\$50,000
Unforeseen Reimbursable	\$2,000,000	\$2,000,000	\$2,000,000
Transfers, Other Funds			
Utility License-Internal			
Water Operating	\$4,184,153	\$4,184,153	\$4,184,153
Sewer Operating	\$12,809,321	\$12,809,321	\$12,809,321
Miscellaneous			
Parking Facility-Tax Offset	\$234,187	\$241,213	\$248,449
Hydro-Fund Transfer	\$200,000	\$200,000	\$200,000
Fleet Transfer	\$0	\$0	\$0
Refuse Disposal	\$85,000	\$85,000	\$85,000
HCD-Indirect	\$235,081	\$235,081	\$235,081
Federal Grants-Indirect	\$0	\$0	\$0
Transfer-General Reserve	\$0	\$0	\$0
Other Transfers.....	\$30,033	\$2,930,033	\$130,033
Subtotal-Transfers, Misc.	\$784,301	\$3,691,327	\$898,563
Beginning Fund Balance (Unencumbered)	\$37,220,815	\$24,414,885	\$14,288,784
TOTAL DISCRETIONARY	\$372,443,987	\$388,028,673	\$384,560,957
Checksum Total-Page 2	\$372,443,987	\$388,028,673	\$384,560,957
Checksum Difference	\$0	\$0	\$0

(*) Cigarette & liquor tax distributions to General Fund from State of Oregon

This table shows the resource forecast by budget categories as they appear in City budget documents. The italicized categories match to line items on the summary on page 2. Local Shared Revenues and Miscellaneous Revenues are collapsed into one simplified category on page 2 (Misc. & Local Shared) but are shown here in budget detail.

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Discussion of PERS Pension Obligation Bonds (POBS) Debt Service Schedule

In November of 1999, the City sold \$300 million of Pension Obligation Bonds (POBS). The bond proceeds were used to eliminate the City's unfunded PERS pension liability. This reduced the City's employer's PERS contribution rate from 10.48% to 8.56% during FY2000-01. In selling bonds, the City avoided an immediate PERS employer contribution rate increase to 17.4%. The debt service costs were structured so as to phase in higher pension costs over a ten-year period ending FY2007-08.

Pension bond debt service is allocated to bureaus using a bureau's actual PERS contributions for the fiscal year in which the sale of the pension obligation bonds occurred as computed by Debt Management.

FUND	Bureau PERS Liability	Percentage Allocation	Annual POB Debt Service	
			FY2008-09	FY2009-10
			\$21,414,323	\$23,436,939
General Fund Bureaus..	\$111,689,102	37.125%	\$8,137,967	\$9,043,756
Unused Line	\$0	0.000%	\$0	\$0
Subtotal.....	\$111,689,102	37.125%	\$8,137,967	\$9,043,756
BGS Non-discretionary	\$1,306,197	0.434%	\$95,173	\$105,766
OMF Water Billing	\$0	0.000%	\$0	\$0
PDOT (net).....	\$55,353,648	18.399%	\$4,033,215	\$4,482,129
BOEC (net).....	\$2,863,688	0.952%	\$208,656	\$231,881
Development Svcs.....	\$14,372,049	4.777%	\$1,047,186	\$1,163,742
BES	\$39,339,043	13.076%	\$2,866,348	\$3,185,385
Hydroelectric	\$301,512	0.100%	\$21,969	\$24,415
WATER	\$40,857,873	13.581%	\$2,977,014	\$3,308,368
Golf Operating	\$2,463,621	0.819%	\$179,506	\$199,486
PIR	\$474,262	0.158%	\$34,556	\$38,402
Refuse Disposal	\$765,028	0.254%	\$55,742	\$61,946
Environ. Remediation	\$17,663	0.006%	\$1,287	\$1,430
Parks Bond Const.	\$1,364,841	0.454%	\$99,446	\$110,515
Parks Construction	\$22,810	0.008%	\$1,662	\$1,847
Facilities Services	\$2,448,977	0.814%	\$178,439	\$198,300
Fleet Operating	\$5,754,908	1.913%	\$419,318	\$465,990
Print & Distribution	\$1,950,217	0.648%	\$142,098	\$157,914
BTS	\$4,415,663	1.468%	\$321,737	\$357,548
Insurance & Claims	\$1,074,624	0.357%	\$78,300	\$87,016
Health Insurance	\$454,732	0.151%	\$33,133	\$36,821
LID	\$1,025,120	0.341%	\$74,693	\$83,007
FPD&R	\$613,551	0.204%	\$44,705	\$49,681
Unused Line	\$0	0.000%	\$0	\$0
Comm. Services	\$2,424,163	0.806%	\$176,631	\$196,291
Arena/Facilities	\$225,246	0.075%	\$16,412	\$18,238
Worker Comp. Oper.	\$1,005,179	0.334%	\$73,240	\$81,392
PDC	\$8,264,629	2.747%	\$602,183	\$669,208
TOTAL All Funds.....	\$300,848,346	100.00000%	\$21,920,616	\$24,360,474

The table below details POB debt service for the three out-years of the financial forecast. About half of the debt issued is variable interest rate debt. Actual annual debt service numbers will fluctuate year-to-year in response to short term interest rates. The out-year numbers must be viewed as approximate. Higher interest rates represent a risk to this and subsequent forecasts.

	2011	2012	2013
Out-Year Debt Service.....	\$25,282,350	\$26,377,638	\$27,354,788