

OFFICE OF MANAGEMENT & FINANCE

The Financial Outlook

for the City of Portland General Fund



Accounting Period #9 (AP-9)

February 7 to March 5, 2008

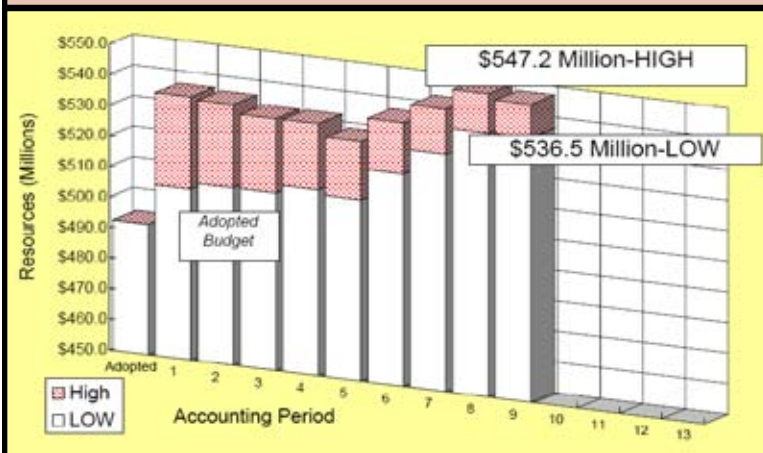
ESTIMATED YEAR-END GENERAL FUND RESOURCES

Estimated year-end General Fund resources as of AP-9 are forecast to range from \$536.5 million (Low) to \$547.2 million (High). General Fund budgeted resources are up slightly (about \$120,000) to \$525.1 million compared to AP-8. Council's July 1 Adopted Budget for FY 2007-08 was \$492.5 million.

General Fund revenues at AP-9 total \$277.7 million versus \$302.5 million last year at AP-9. This appears to indicate that revenues are 8.2% behind last year, but the comparison reflects a reporting anomaly and is not an accurate description of actual revenue. Property taxes, utility license fees, and hotel/motel taxes are all up vs. last year, and cigarette and liquor revenue distributions have about caught up to last year. Net business license revenues at AP-9 are a negative \$0.5 million versus almost \$40 million last year at AP-9. Here, the culprit is a slight difference in timing in recognition of quarterly tax payments as revenue this year

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Estimated Year-End Resource Range FY 2007-08 General Fund Financial Model



RESOURCE RECAP

*Budgeted Resources	\$525,118,827
*Resource Range, (High)	\$547,241,112
(Low)	\$536,450,061
Revenues At AP-9(*)	\$277,650,704
Versus Year-Ago...DOWN	-8.20%

NOTEWORTHY AT AP-9

- *Hotel/Motel UP 14.3% vs. year-ago
- *Property Taxes UP 5.4% vs. year-ago
- *Utility License Fees UP 8.5% vs. year-ago

The Bottom Line:

- **Resources, year end**, are estimated to range from \$536.5 million (low) to \$547.2 million (High).
- **Budgeted Resources** were \$525.1 million during AP-9.
- **Year-end expenditure** estimates range from \$497.2 million (Low) to \$502.2 million (High).
- **Forecast year end balance**, beginning FY 2008-09 balance, is forecast at somewhere between \$34.2 million (Low) to \$50.0 million (High).

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

versus last year. Last year this occurred before the AP-9 cutoff date. This year, this occurred on March 6, one day after the end of AP-9. Thus, about “\$40-plus” million of revenues will get into AP-10 numbers this year instead of AP-9 numbers like last year. Revenues net of business licenses appear to be about \$278.2 million vs. \$262.5 million last year, up about 6% year over year.

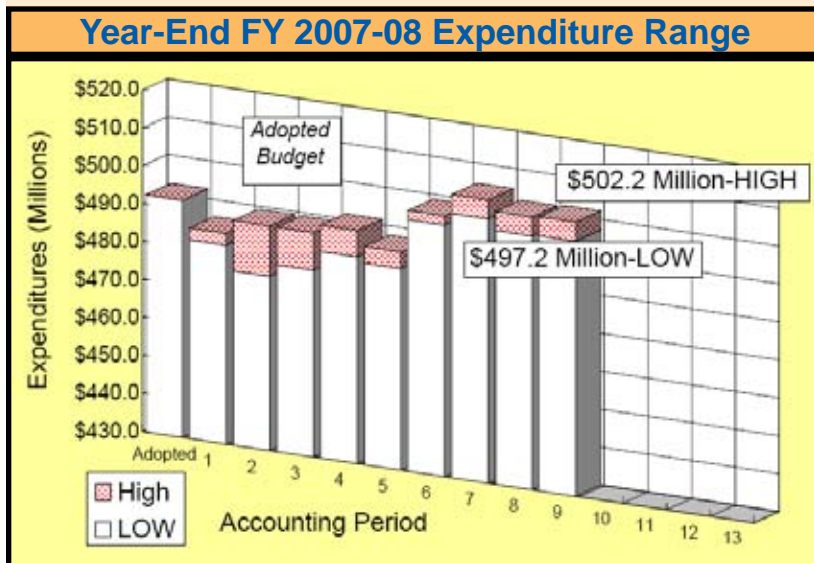
Parks’ main fee revenue category remains ahead of last year at 6.3% ahead of year ago at AP-9. Miscellaneous fee revenues are 15.8% behind last year while the catch-all miscellaneous revenue category ended AP-9 about 9.4% ahead of last year at AP-9. ■

GENERAL FUND EXPENDITURES

General Fund expenditures at AP-9 total about \$323.1 million inclusive of all current encumbrances. Netting out grant backed encumbrances yields an estimated \$322.4 million. During AP-9 the rate of spending decelerated to 9.4% ahead of last year. Personal services are about 1.5% ahead of last year overall. Overtime dropped from about 14% ahead of a year ago at AP-8 to 12.3% ahead of last year this period. Premium pay and benefits remain even to slightly behind last year. Part-time related personal services expenses continue to run 5% to 6% ahead of last year.

EXPENSE RECAP	
*IBIS Budgeted Expenses	\$525,118,827
*Expense Range, (High)	\$502,207,354
(Low)	\$497,210,266
Expenses At AP-9()	\$323,087,470
Versus Year-Ago...Up	9.40%
NOTEWORTHY AT AP-9	
*Personal Services UP 0.0% vs. year-ago	
*Materials and Services UP 11.2% vs. year-ago	
*Capital Outlays UP 13.7% vs. year-ago	

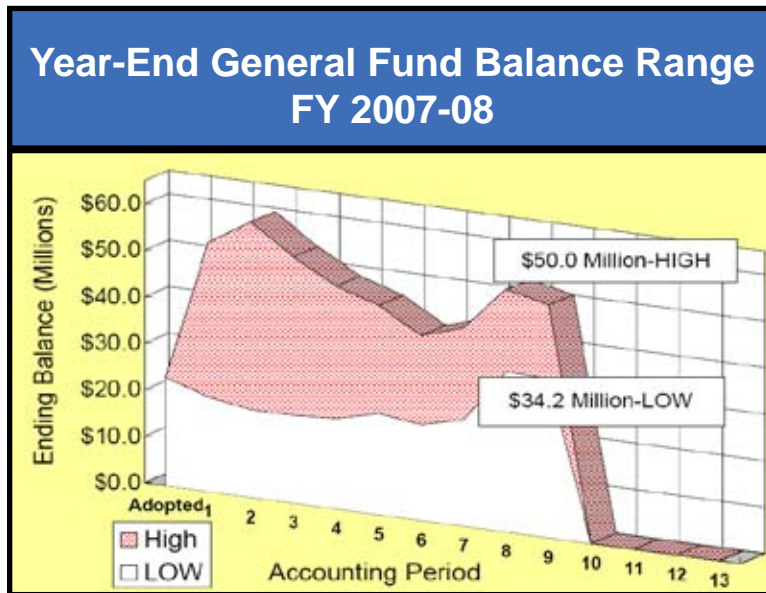
External materials and services rose to just over 15% ahead of last year. Internal materials and services dropped back to about 5.4% ahead of year ago at AP-9. ■



ESTIMATED YEAR-END GENERAL FUND BALANCE

Estimated year end General Fund balance ranges from \$34.2 million (Low) to about \$50.0 million (High) with the point estimate remaining in the vicinity of a little over \$39.0 million. “Spring BuMP” requests are still a ways off (May). Until the General Fund “gets there” bureau carryover requirements will not be known. Requests for carryover

Estimated Year-End Balance Range		
Item	Low	High
Resources	\$536,450,061	\$547,241,112
Expenses	\$502,207,354	\$497,210,266
End Balance	\$34,242,707	\$50,030,845



will be finalized by Council sometime in late June. This means that the amount of balance in excess of the current financial forecast estimate (\$28 million) cannot be resolved this year but will have to wait for the Fall BuMP. Spending, particularly in materials and services, continues to be very strong, especially when viewed in light of past years. Personal services expenses are a laggard this year, but that is probably due solely to the still unresolved labor contract with the Portland Firefighters Association now scheduled for an “interest arbitration.” Too many uncertainties remain to get much better or tighter on the ending fund balance estimate.

Recession Storm Clouds Gathering

Economic news continues to suggest that the US Economy had a very weak first quarter or possibly has entered into recession. On Friday, April 4th, the Bureau of Labor Statistics (BLS) reported that March payroll employment data showed a decline of about 80,000 jobs. During the first quarter of calendar 2008, BLS data estimate that first quarter payroll employment was down about 232,000 jobs overall. In addition, the nation’s unemployment rate increased by about 0.3% in March to about 5.1%. Separate BLS reports show much the same for Oregon. February unemployment at the state level came in at 5.5% versus 5% for February 2007. The Portland metro-area seems to be doing a little better with January unemployment at 5.5% versus 5.3% last year, while the absolute number of people employed increased by about 3,300. ■

FY 2007-08 General Fund Resources: To-Date, Estimated Year-End & Current Revised Budget			
GENERAL FUND RESOURCE CATEGORY	Through AP-9	Estimated Year-End	Revised Budget
INTERNAL REVENUES 41000			
Service Reimbursements	\$18,313,500	\$39,480,102	\$43,624,422
Other Internal, Overhead & Transfers-IN	\$17,709,494	\$43,317,728	\$44,935,457
PROPERTY & LODGING TAXES 42100			
Property Taxes	\$159,354,222	\$176,952,988	\$171,508,684
Lodging Taxes	\$12,782,012	\$16,518,908	\$14,659,186
BUSINESS LICENSES, PERMITS 43000			
Business Licenses	\$369,363	\$75,000,957	\$64,531,784
Utility License/Franchise	\$35,182,079	\$66,552,658	\$64,081,616
Other Permits	\$2,997,324	\$4,936,413	\$3,958,285
SERVICE CHARGES & FEES 44000	\$12,165,148	\$17,086,530	\$16,852,402
STATE (Cigarette & Liquor) 46000	\$6,451,657	\$11,608,961	\$10,779,684
LOCAL SOURCES (Contracts) 47000	\$8,304,047	\$14,840,438	\$15,742,529
MISC. REVENUES & INTEREST 49400	\$4,373,259	\$7,117,715	\$9,518,341
Bond Proceeds	\$0	\$0	\$0
BEGINNING FUND BALANCE	\$59,090,717	\$59,090,717	\$60,214,392
ENCUMBRANCE & CARRYOVER	\$6,641,677	\$6,641,677	\$4,712,045
GENERAL FUND RESOURCE TOTAL	\$343,734,499	\$539,145,790	\$525,118,827
Estimated Percent Of Budget Resources Realized	65.5%	102.7%	

FY 2007-08 General Fund Expenses: To Date, Estimated Year-End & Current Revised Budget			
GENERAL FUND EXPENSE CATEGORY	Through AP-9	Estimated Year-End	Revised Budget
Salaries & Wages	\$125,995,477	\$186,595,106	\$196,547,542
Overtime	\$8,105,418	\$12,782,349	\$9,568,267
Premium & Part-Time	\$36,254,631	\$51,788,961	\$53,965,356
Benefits	\$13,864,008	\$19,876,837	\$18,541,913
TOTAL PERSONAL SERVICES	\$184,219,534	\$271,043,253	\$278,623,079
Estimated Percent Of Budget Spent	66.1%	97.3%	
EXTERNAL MATERIALS & SERVICES	\$60,817,582	\$103,958,639	\$112,873,892
Estimated Percent Of Budget Spent	53.9%	92.1%	
INTERNAL MATERIALS & SERVICES	\$36,558,109	\$56,894,624	\$57,010,079
Estimated Percent Of Budget Spent	64.1%	99.8%	
CAPITAL OUTLAY	\$4,989,900	\$6,588,601	\$6,588,601
Estimated Percent Of Budget Spent	75.7%	100.0%	
CONTINGENCY & UNFORESEEN	\$0	\$6,308,064	\$13,148,347
FUND CASH TRANSFERS	\$36,502,345	\$55,865,415	\$56,874,829
INVENTORY	\$0	\$0	\$0
GENERAL FUND EXPENSE TOTAL	\$323,087,470	\$500,658,596	\$525,118,827
Grant Backed Encumbrances Adjustment	-\$702,385	-\$949,786	
GENERAL FUND EXPENSE TOTAL-NET	\$322,385,085	\$499,708,810	\$525,118,827
Estimated Percent Of Budget Spent	61.4%	95.2%	

FY 2007-08 General Fund Expenses by Bureau: To Date, Estimated Year-End & Current Revised Budgets					
Percent Of Year Elapsed.....		69.2%	Percent Year Remaining.....	30.8%	
		Through AP-9	Estimated Year-End	Revised Budget	
AU Description	AU#			Percent Spent	
Police Bureau	100	\$99,946,483	\$151,147,310	\$151,882,634	65.8%
Fire Bureau	124	\$58,854,313	\$85,305,327	\$89,141,411	66.0%
Parks Bureau	133	\$35,471,872	\$55,127,854	\$56,494,742	62.8%
Subtotal-Public Safety and Parks		\$194,272,668	\$291,580,491	\$297,518,787	65.3%
Commissioner #2 (Sten)	190	\$547,935		\$820,877	66.7%
Commissioner #4 (Leonard)	191	\$572,821		\$803,465	71.3%
Commissioner #3 (Saltzman)	192	\$512,556		\$723,532	70.8%
Commissioner #1 (Adams)	193	\$599,793		\$830,356	72.2%
Office of the Mayor	195	\$1,673,391		\$3,327,735	50.3%
Operating Contingency	298	\$0	\$6,308,064	\$11,148,347	#N/A
Unforeseen Revenues	298	\$0	\$0	\$2,000,000	#N/A
Other Cash Transfers	299	\$36,502,345	\$55,865,415	\$56,895,832	64.2%
Office of Cable Com	300	\$1,662,166		\$2,298,210	72.3%
P.O.E.M	110	\$5,180,224		\$7,015,440	73.8%
Office-Sus. Development	302	\$2,056,063		\$5,009,806	41.0%
Government Relations	303	\$691,399		\$1,127,432	61.3%
Office of Manage & Finance	307	\$16,804,340		\$27,442,657	61.2%
Office of City Attorney	312	\$4,960,544		\$7,766,127	63.9%
Business Licenses	316	\$0		\$0	#N/A
City Auditor	336	\$4,351,052		\$7,014,951	62.0%
Office Neigh. Involve	342	\$4,825,403		\$7,389,577	65.3%
OMF Citywide Projects	381	\$15,016,677		\$19,960,973	75.2%
OMF Revenue Bureau	390	\$6,726,922		\$11,102,339	60.6%
Special Appropriations	401	\$6,488,977		\$13,820,033	47.0%
Bureau of Planning	510	\$7,357,595		\$12,376,204	59.4%
Bureau Com. Develop	540	\$12,284,597		\$28,726,146	42.8%
Subtotal-All Other AUs		\$128,814,800	\$204,013,941	\$227,600,040	56.6%
General Fund Total-All AUs		\$323,087,468	\$495,594,432	\$525,118,827	61.5%
Grant Backed Encumbrances Adjustment		-\$702,385	-\$949,786	\$0	
General Fund Total-All AUs		\$322,385,083	\$494,644,646	\$525,118,827	61.4%

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."			
	FY2007-08	FY2007-08	Concern Level
Indicator	1st Quarter	2nd Quarter	
Basic Revenue Growth	8.0%	3.3%	Below 3%
Portland Unemployment Rate	4.6%	5.4%	Above 6.5%
Business License Revenue Growth	24.3%	17.2%	Below 5.5%
Property Tax Delinquency Rate	5.1%	4.8%	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 Kourosch Ghaemmaghami of the Bureau of Financial Services. Find the *Outlook* online at www.portlandonline.com/omf in the Financials section.

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