Office of Management & Finance

The Financial Outlook



for the City of Portland General Fund

Accounting Period #10 (AP-10)

March 6 to April 2, 2008

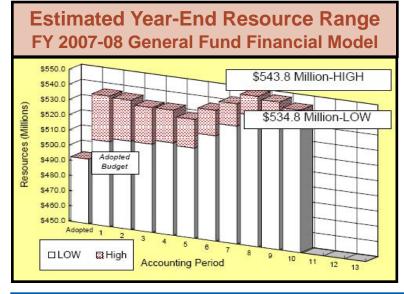
ESTIMATED YEAR-END GENERAL FUND RESOURCES

Estimated year-end General Fund resources as of AP-10 are forecast to range from \$534.8 million (Low) to \$543.8 million (High). General Fund budgeted resources at AP-10 total to \$525.3 million, up about \$217,000 compared to AP-9. Council's July 1 Adopted Budget for FY 2007-08 was \$492.5 million.

General Fund revenues at AP-10 total \$343.3 million versus \$338.4 million last year at AP-10. Revenues are up about 1.8% compared to last year at AP-10. Discretionary revenues are up 2.0%. Overall, General Fund revenue continues to look healthy but there are a couple of problem areas on the nondiscretionary side of the ledger. Grant revenues stand at \$3.4 million to-date versus \$6.9 million last year and \$16.9 million of budgeted revenues. Police (among other bureaus) is apparently behind in grant reimbursement paperwork.

Similarly, contract revenues (not Multnomah County) are about 23% behind last year. Finally,

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Resource Recap					
*Budgeted Resources	\$525,335,789				
*Resource Range, (High)	\$543,798,947				
(Low)	\$534,843,819				
Revenues At AP-10(*)	\$343,306,047				
Versus Year-AgoUP	1.76%				
NOTEWORTHY AT AP-10					
* Hotel/Motel UP 14.2% vs. year-ago					
* Property Taxes UP 5.1% vs. year-ago					
* Utility License Fees UP 7.3% vs. year-ago					

The Bottom Line:

- Resources, year end, are estimated to range from \$534.8 million (Low) to \$543.8 million (High).
- Budgeted Resources were \$525.3 million during AP-10.
- Year-end expenditure estimates range from \$499.5 million (Low) to \$504.5 million (High).
- Forecast year end balance, beginning FY 2008-09 balance, is forecast at somewhere between \$30.3 million (Low) to \$44.3 million (High).

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

last year's numbers included a one-time \$5 million transfer into the General Fund that will not be repeated this year. Adjusting the year-over-year comparison for the \$5 million difference puts revenue growth at 3.3%.

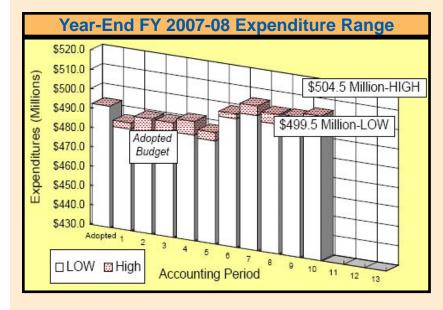
Parks' main fee revenue category is 4.6% ahead of last year, and miscellaneous fees and miscellaneous revenues are now both ahead of last year. Business license revenues through the end of AP-10, which ended April 2, were \$45.94 million this year, versus \$45.96 million last year, going into the crucial weeks around the April 15 tax deadline.

GENERAL FUND EXPENDITURES

General Fund expenditures at AP-10 total about \$357.0 million inclusive of all current encumbrances. Netting out grant backed encumbrances yields an estimated \$356.1 million. Year-over-year expenditure growth continues to show double digit growth with expenditures up 10% versus last year at AP-10.

Personal services expenditures are now up to about 2.2% ahead of last year. Wage and salary growth is 1.5%, while overtime is up 10% over a year-ago. Premium pay is flat and benefits costs are up about 3% over last year at AP-10.

EXPENSE RECAP					
*IBIS Budgeted Ex	*IBIS Budgeted Expenses				
*Expense Range,	Expense Range, (High)				
	(Low)	\$499,499,163			
*Expenses At AP-10	*Expenses At AP-10(*)				
Versus Year-AgoUp		9.66%			
NOTEW	NOTEWORTHY AT AP-10				
* Personal Services UP 2.2% vs. year-ago					
* Materials and Services UP 13.0% vs. year-ago					
* Capital Outlays UP 13.7%vs. year-ago					

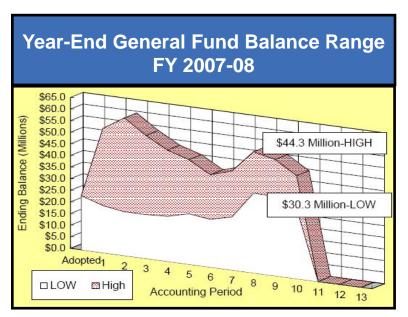


External materials and services jumped to 15.9% ahead of last year, continuing their acceleration. Internal materials and services dropped back to about 8.7% ahead of last year at AP-10. Capital outlays are also well ahead of last year.

ESTIMATED YEAR-END GENERAL FUND BALANCE

Estimated year-end General fund balance ranges from \$30.3 million (Low) to about \$44.3 million (High) with the point estimate falling back to about \$35.5 million this period versus a Mayor's Proposed budget of \$28 million in discretionary beginning balance. The spring "BuMP" is underway but not yet complete. The BuMP should clear

Estimated Year-End Balance Range				
Item	Low	High		
Resources	\$534,843,819	\$543,798,947		
Expenses	\$504,519,255	\$499,499,163		
End Balance	\$30,324,564	\$44,299,784		



up what kind of gross balance will be needed to fund encumbrance requirements, bureau carryover requirements, and the budgeted discretionary beginning fund balance of \$28 million. The ending balance estimate at AP-10 must still be treated as preliminary, as AP-11 includes the income tax filing deadline when much of the business license revenue comes in, and year-end expenditures including carryovers and encumbrances may still fluctuate from projections.

State and Local Real Estate Markets Stressed

The housing downturn is starting to hit Oregon. A recent article in the "Oregon Business" magazine clearly details that Oregon is not immune from the collapse of real estate markets and the ongoing financial crisis. A key housing price index published in late March shows that Portland home prices registered their first year-over-year drop of about 0.5% between January 2007 and January 2008. Similarly, statewide employment data shows a sharp downturn in construction related employment over the past several months. The Bend area as well as Lincoln and Douglas counties appear to be particularly hard-hit. Some smaller regional banks have reported losses and write-downs on bad real estate and mortgage loans. While the fallout is clearly not as severe here in Oregon, it nevertheless is going to hurt.

FY 2007-08 General Fund Resources: To-Date, Estimated Year-End & Current Revised Budget				
☐ =General Fund Discretionary Resource		Through	Estimated	Revised
GENERAL FUND RESOURCE CATEGORY		AP-10	Year-End	Budget
INTERNAL REVENUES	41000			
Service Reimbursements		\$25,899,528	\$39,261,980	\$43,624,422
Other Internal, Overhead & Transfers-IN		\$20,749,437	\$41,788,237	\$44,935,457
PROPERTY & LODGING TAXES	42100			
Property Taxes		\$165,900,410	\$176,929,831	\$171,508,684
Lodging Taxes		\$12,863,009	\$16,703,341	\$14,659,186
BUSINESS LICENSES, PERMITS	43000			
Business Licenses		\$46,853,049	\$75,676,037	\$64,531,784
Utility License/Franchise		\$35,228,751	\$66,750,964	\$64,081,616
Other Permits		\$3,185,199	\$4,575,626	\$3,958,285
SERVICE CHARGES & FEES	44000	\$13,441,746	\$17,220,368	\$16,852,402
STATE (Cigarette & Liquor)	46000	\$6,769,611	\$11,746,424	\$10,779,684
LOCAL SOURCES (Contracts)	47000	\$8,670,551	\$14,060,052	\$15,742,529
MISC. REVENUES & INTEREST	49400	\$5,094,992	\$7,086,222	\$9,518,341
Bond Proceeds		\$0	\$0	\$0
BEGINNING FUND BALANCE		\$59,090,717	\$59,090,717	\$60,431,354
ENCUMBRANCE & CARRYOVER		\$6,641,677	\$6,641,677	\$4,712,045
GENERAL FUND RESOURCE TOTAL		\$410,388,677	\$537,531,477	\$525,335,789
Estimated Percent Of Budget Resources Realized		78.1%	102.3%	

FY 2007-08 General Fund Expenses: To Date, Estimated Year-End & Current Revised Budget						
GENERAL FUND EXPENSE CATEGORY	Through AP-10	Estimated Year-End	Revised Budget			
Salaries & Wages	\$140,193,278	\$186,595,106	\$196,693,410			
Overtime	\$8,899,375	\$12,782,349	\$9,570,030			
Premium & Part-Time	\$40,470,881	\$51,788,961	\$54,014,795			
Benefits	\$15,081,113	\$19,876,837	\$18,541,806			
TOTAL PERSONAL SERVICES	\$204,644,647	\$271,043,253	\$278,820,041			
Estimated Percent Of Budget Spent	73.4%	97.2%				
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EXTERNAL MATERIALS & SERVICES	\$66,090,838	\$106,348,116	\$112,893,892			
Estimated Percent Of Budget Spent	58.5%	94.2%				
INTERNAL MATERIALS & SERVICES	\$42,251,371	\$56,585,061	\$57,010,079			
Estimated Percent Of Budget Spent	74.1%	99.3%				
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CAPITAL OUTLAY	\$5,102,378	\$6,588,601	\$6,588,601			
Estimated Percent Of Budget Spent	77.4%	100.0%				
CONTINGENCY & UNFORESEEN	\$0	\$6,308,064	\$13,148,347			
FUND CASH TRANSFERS	\$38,883,746	\$55,941,856	\$56,874,829			
INVENTORY	\$0	\$0	\$0			
GENERAL FUND EXPENSE TOTAL	\$356,972,980	\$502,814,951	\$525,335,789			
Grant Backed Encumbrances Adjustment	-\$839,151	-\$805,742				
GENERAL FUND EXPENSE TOTAL-NET	\$356,133,829	\$502,009,209	\$525,335,789			

FY 2007-08 General Fund Expenses by Bureau: To Date, Estimated Year-End & Current Revised Budgets					
Percent Of Year Elapsed		76.9%	Percent Year Rem	aining	23.1%
		Through	Estimated	Revised	Percent
AU Description	AU#	AP-10	Year-End	Budget	Spent
Police Bureau	100	\$112,190,151	\$151,872,393	\$152,099,596	73.8%
Fire Bureau	124	\$64,707,077	\$85,603,831	\$89,141,411	72.6%
Parks Bureau	133	\$39,759,204		\$56,494,742	70.4%
Subtotal-Public Safety and Parks		\$216,656,432	\$293,695,403	\$297,735,749	72.8%
Commissioner #2 (Sten)	190	\$597,949		\$820,877	72.8%
Commissioner #4 (Leonard)	191	\$625,613		\$803,465	77.9%
Commissioner #3 (Saltzman)	192	\$564,176		\$723,532	78.0%
Commissioner #1 (Adams)	193	\$664,958		\$830,356	80.1%
Office of the Mayor	195	\$1,862,153		\$3,327,735	56.0%
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	\$38,883,746	\$55,941,856	\$56,874,829	68.4%
Office of Cable Com	300	\$1,739,061		\$2,298,210	75.7%
P.O.E.M	110	\$5,396,898		\$7,015,440	76.9%
Office-Sus. Development	302	\$2,282,307		\$5,009,806	45.6%
Government Relations	303	\$786,563		\$1,127,432	69.8%
Office of Manage & Finance	307	\$18,591,060		\$27,442,657	67.7%
Office of City Attorney	312	\$5,572,521		\$7,766,127	71.8%
Business Licenses	316	\$0		\$0	#N/A
City Auditor	336	\$4,877,568		\$7,014,951	69.5%
Office Neigh. Involve	342	\$5,244,085		\$7,389,577	71.0%
OMF Citywide Projects	381	\$15,302,057		\$19,960,973	76.7%
OMF Revenue Bureau	390	\$7,680,796		\$11,102,339	69.2%
Special Appropriations	401	\$7,117,839		\$13,820,033	51.5%
Bureau of Planning	510	\$8,187,981		\$12,376,204	66.2%
Bureau Com. Develop	540	\$14,339,211		\$28,747,149	49.9%
Subtotal-All Other AUs		\$140,316,542	\$204,461,198	\$227,600,040	61.7%
General Fund Total-All AUs		\$356,972,974	\$498,156,601	\$525,335,789	68.0%
Grant Backed Encumbrances Adjustme	nt	-\$839,151	-\$805,742	\$0	
General Fund Total-All AUs		\$356,133,823	\$497,350,859	\$525,335,789	67.8%

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
Reserve Fund Usage Condition	2nd Quarter	3rd Quarter	Level
Basic Revenue Growth	8.0%	19.7%	Below 3%
Portland Unemployment Rate	4.6%	5.4%	Above 6.5%
Business License Revenue Growth	24.3%	11.8%	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 Kourosh Ghaemmaghami of the Bureau of Financial Services. Find the Outlook online at www.portlandonline.com/omf in the Financials section.

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