Office of Management & Finance

March Five-Year Forecast

for the City of Portland General Fund

As of....	10-Mar-2009	Previous Forecast..........	25-Nov-2008

March Financial Forecast Reflects Deepening Recession, Need For Larger Ongoing CAL Reductions To Balance

Item	December Forecast	March Forecast	Difference
Discretionary FY2009-10			
Revenues……………….	*$358,115,856*	*$349,857,944*	*($8,257,912)*
Beginning Balance……	*$17,091,746*	*$18,844,019*	*$1,752,273*
Available FY2009-10….	*$375,207,602*	*$368,701,963*	*($6,505,639)*
Requirements:			
Capital Set-Aside.............	*$0*	*$0*	*$0*
Council Set-Asides.........	*$44,746,664*	*$40,693,241*	*($4,053,423)*
One-Time Budgets...........	*$348,658*	*$348,658*	*$0*
Bureaus & Programs........	*$334,733,738*	*$334,686,209*	*($47,529)*
CAL Requirements......	*$379,829,060*	*$375,728,108*	*($4,100,951)*
Resources Less CAL.........	*($4,621,459)*	*($7,026,145)*	*($2,404,687)*
Ongoing FY09-10...............	*($7,105,000)*	***($8,780,000)***	*($1,675,000)*
Available One-Time........	***$2,483,541***	***$1,753,855***	*($729,686)*
Ongoing FY10-11..............	***$0***	*$0*	***$0***
Available One-Time........	***$163,771***	***$71,895***	***($91,876)***

Financial Forecast Five-Year Outlook Deteriorates

- *Forecast FY2009-10 resources are down $6.5 million compared to the previous December forecast. Revenues are down $8.3 million in this forecast and balance is up by about $1.8 million on accounting data through late November. Resources are net, about $6.5 million lower in this forecast, reflecting a deepening recession.*
- *Bureau CAL target estimates are unchanged from December. Council set-asides are down about $4 million due to a lower CPI-W related compensation increase as well as some small changes in other assumed set-asides.*
- *Bringing the General Fund into balance over the life of the five-year forecast period will require $8.8 million (2.6%) ongoing CAL cuts this budget cycle. If the decline in business license revenues is about right, these CAL reductions should stabilize the General Fund.*

Current Outlook

Recession's Start Dated To
Dec. 2007, Now In Year Two

The US Economy, battered by the worst financial crisis since the Great Depression, has lost its footing and is now deep into a recession that has been dated to December 2007 and is by now well into a second year. Oregon's unemployment rate recently reached 9.9%. The metro-area is not far behind at 8.1% for December. Both Oregon and the metro-area will likely see double digit unemployment rates during calendar 2009. General Fund revenues continue to reflect this worsening economic and financial environment. The March revenue forecast shows a continued and marked deterioration of the General Fund's financial condition.

Economy.com Now
Expects Longer Recession

Economy.com expects that this recession will, in the end, be the longest post-war recession on record. Although the federal stimulus package may stop the ongoing slide in economic activity, most pundits do not see much of a turnaround until possibly 2010.

Some Key Forecast Assumptions

M50 Assess. Value $1000.....	$43,637,853
FY2009-10 M50 Tax Base......	$199,730,455
M50 Compression Loss.......	*($7,155,818)*
Est. Tax Base Imposed.........	$192,574,637
Delinquency/Discount(%).....	*-6.0%*
Delinquency/Discount ($)......	*($11,554,478)*
FY10 Tax Base Revenues.....	$181,020,159
County M50 Levy................	$225,785,953
Library-Local Option..........	$46,265,483
Total-County Levies.........	*$272,051,436*

State Cigarette & Liquor Tax Revenues to City................	*$12,276,690*
CPI-W Increase (2nd Half '07 to 2nd Half '08, for COLAs).......	***2.8%***
Measure 50 FPD&R Levy...........	*$121,012,390*
Beginning General Fund FY2009-10 Balance....................	*$18,844,019*
Estimated Urban Renewal Divide-the-Taxes (11 Districts).....	*$90,431,123*
Current Forecast: FY2009-10 to FY2013-14	

March forecast FY2009-10 resources reflect continued deterioration of economic and financial conditions: revenues are down $8.3 million (-2.31%). Beginning fund balance is up $1.8 million on financial information through late November. Estimated FY2009-10 discretionary resources are down about $6.5 million (-1.7%). The two large changes to the forecast occurred in the business license and property tax revenue forecasts. Property taxes are down $2.1 million due to increased delinquency and higher compression loss assumptions. Multnomah County simulated FY2008-09 property tax results using 10% and 15% real market value (RMV) reductions. This simulation showed that falling RMVs will cause increased compression. The forecast assumes a 12.5% decline in residential RMVs. Using County modeling results pushes estimated compression (levy loss) up from 2.9% last December to 3.6% in this forecast.

Revenue Forecast RECAP For FY2009-10			
General Fund Revenue Category	**December Forecast**	**March Forecast**	**Difference**
Property Taxes.......................	**$188,283,835**	**$186,129,048**	($2,154,787)
Transient Lodgings................	**$15,674,351**	**$15,674,351**	$0
Business Licenses................	**$62,897,003**	**$56,230,090**	($6,666,913)
Utility License/Franchise.......	**$68,049,357**	**$68,749,357**	$700,000
State Revenues......................	**$12,283,785**	**$12,276,690**	($7,096)
Interest Income......................	**$1,683,204**	**$1,554,088**	($129,116)
Transfers-In...........................	**$6,342,706**	**$6,342,706**	$0
Miscellaneous........................	**$2,901,614**	**$2,901,614**	$0
Revenue Forecast..................	**$358,115,856**	**$349,857,944**	**($8,257,912)**
Beginning FUND Balance......	**$17,091,746**	**$18,844,019**	$1,752,273
Forecast Resources..............	**$375,207,602**	**$368,701,963**	**($6,505,639)**
% Change In Revenues................................		**-2.31%**	
% Change In Resources................................		**-1.73%**	

Business license revenues are expected to decline this year and next to a lower point because of the severity of this recession. If the recession is "U-shaped" they should recover and surpass their FY2007-08 peak of $74.1 million begining in FY20011-12.

A key revenue forecast assumption is a "Measure 50" General Fund tax base of $199.7 million. The forecast uses 2.9% assessed value growth on taxable assessed values. About 0.15% of this growth results from new construction. Although FY2008-09 was a "good year," Measure 50 assessed value growth is barely at the "advertised" 3 percent minimum. Property tax revenue growth is for the most part coming in below the region's average inflation rate. This lowers the General Fund's overall potential growth rate, making it more difficult to fund current services and ongoing bureau program CAL requirements. As noted above, RMV is expected to decline 12.5%. This will result in higher compression losses on City levies.

Revenue Forecast ASSUMPTIONS	
Revenue Category	**FY2009-10**
CITY Property Tax Levies	
Measure 50 Taxbase Levy..........	$199,730,455
UR(Divide-Taxes,Special Levy).	$122,999,723
FPD&R System Levy...................	$121,012,390
Childrens' Local Option Levy.	$17,568,600
City Of Portland Total..............	**$461,311,168**
MULTNOMAH County Levies	
Measure 50 Levy Authority........	$225,785,953
Local Option Levy (Library).......	$46,265,483
Mult. County Levy Total.........	**$272,051,436**
M50 Assessed Value Growth......	3.050%
Percent of FY2009-10 Levies Not Received First Year.............	**-6.000%**
Measure 50 Compression...........	**-3.600%**
Est. Portland Population............	580,486
GDP Growth (Economy.Com).....	**1.43%**
Revenue Sharing - Oregon(*)......	$12,276,690

(*) Cigarette and liquor tax distributions.

The FPD&R levy is now estimated at $121.0 million using a new five-year forecast from FPD&R. At present, the $121.0 million levy represents a 8.8% increase over and above the FY2008-09 levy. Recent approval of Measure 26-53 will,over the coming years, substantially increase near term levy requirements.

THE BOTTOM LINE: Revenue growth is again weaker in this forecast reflecting a deepening recession both locally and nationally. The result is a further decline in business license revenues compared to the previous forecast. Resources fall short of estimated requirements by a wide margin and about $8.8 million of ongoing CAL reductions are required to balance the General Fund over the five-year forecast period. Council needs to be mindful that the CAL reductions recommended in this forecast may become part of an iterative process lasting more than one budget cycle depending on the recession's actual impact on revenues.

Five-Year General Fund Revenue Forecast
FY2009-10 to FY2013-14

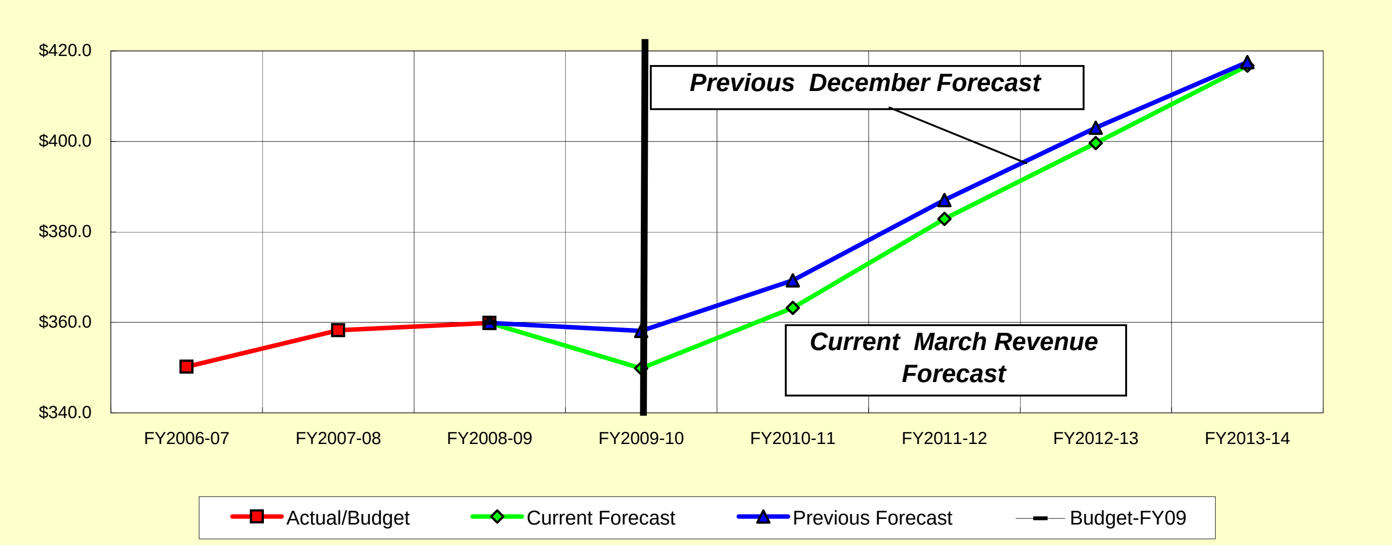

Figure 1-Current General Fund 5-Year Revenue Forecast

A key forecast assumption is that both the national and regional economies have slipped into a recession that, at the local level is "U-shaped," with a recovery starting in late FY2009-10 or early FY2010-11. Business license and transient lodging tax revenues ought to recover to pre-recession levels in forecast out-years.

Figure 1 summarizes the 5-year revenue forecast off of the FY2008-09 base. Property tax revenues remain critically dependent on taxable assessed value growth. Overall revenue growth is forecast to average 3%, but revenue growth will be negative in FY2009-10. Growth begins to reassert itself the following year as business license and transient tax revenues "bottom out." In the out-years of the forecast normal trend revenue growth should return.

Estimated FY2009-10 General Fund current allocation level (CAL) costs are unchanged from last December's forecast. Cost escalation has been initially offset by a large one-time, two year, PERS employer contribution rate reduction. The forecast does not include any explicit assumptions about new labor contracts that will be negotiated during FY2009-10 beyond the usual assumption of wage and salary increases at CPI-W (Portland-Salem), December to December prior to the fiscal year start. Settlements in excess of CPI-W increases would impact this forecast, extending the cycle of CAL reductions needed to stabilize the General Fund over this five-year forecast horizon for another one or two budget cycles. In addition, the recession that has started is viewed by most pundits as likely to be one that is longer and deeper than anything seen in the modern post-World War II period. Business license and transient lodging tax revenues could easily "bottom-out" at levels millions of dollars below current forecast and not recover to pre-recession levels in forecast out-years.

Estimated Current Allocation Level Forecast Assumptions	**FY2009-10**
FY2009-10 CAL Targets……….	
December CAL Targets.............	$334,733,738
Curent Forecast CALTargets.....	$334,686,209
Difference In CAL Forecasts......	($47,529)
General Inflation Rates	
GDP Price Deflator.....................	0.2%
CPI-W% (Dec.'07-Dec.'08)(*).......	**2.8%**
Health Benefits % (AON)..........	**8.0%**
Producer Price Index.................	5.5%
CPI-Energy.................................	-7.6%
External M&S	
General-Overall..........................	3.2%
Energy-Electricity......................	10.0%
Energy-Natural Gas...................	14.8%
Sewer...	5.5%
Water...	8.5%
Utilities-Overall..........................	9.6%
Internal M&S.............................	
General-Overall..........................	7.8%
Risk/Workers' Comp...................	7.6%
Wage & Salary % Increase........	
Public Safety.............................	**2.8%**
All Other....................................	**2.8%**

(*) Final as published by BLS, February 20, 2009.

Assumed FY2009-10 Set-Asides		
Set-Aside Item	December Forecast	Forecast March
Compensation................	*$9,840,478*	*$7,362,536*
PDOT One-Time	$0	$0
Street Light O&M...........	$6,130,484	$6,118,142
Gen. Fund Contingency..	$3,200,000	$3,200,000
Unforeseen & Inventory..	$0	$0
Subtotal-Contingency	$3,200,000	$3,200,000
Capital Set-Aside...........	$0	$0
To General Reserve.......	$0	$0
ESA Set-Aside/BES.......	$386,043	$380,630
Voter Owned Elections...	$280,368	$104,216
City Hall Debt Service....	$2,421,250	$2,421,250
POBS Debt Service........	$7,949,452	$7,949,452
Other Debt Service.........	$1,443,055	$1,443,055
Police (Traffic).............	$276,000	$276,000
City Hall Maint. Reserve.	$294,310	$294,310
PDOT-Sustainability	$91,539	$90,255
Park-CAL/Maint.............	$965,970	$965,970
MERC Transfer..............	$766,100	$755,358
CAD, Transfer................	$4,500,000	$4,500,000
North Mac(Ord.#36441)	$3,000,000	$3,000,000
PDOT (Ord.#182904)(*).	$3,201,614	$1,832,066
Unused Line……………	$0	$0
Assumed Council Set-Asides...................	**$44,746,664**	**$40,693,241**
Difference vs. June Forecast..............		**($4,053,423)**

(*) Excess utility license and franchise fees above previous five-year forecast.

Assumed FY2009-10 set-asides are outlined in the table at the left where:

- The compensation set-aside is decreased reflecting a 2.8% COLA increase versus 4.3% assumed last December. An 8.0% health benefits cost increase (as forecast by AON) is up slightly from last December.

- The capital set-aside (net of related debt service requirements) has been eliminated and is dedicated to PSSRP funding.

- Pension Obligation Bond (POBS) debt service is $7.9 million, FY2009-10, down $1.2 million due to lower debt service interest.

- Set-asides continue to assume a planned $4.5 million transfer earmarked for computer aided dispatch (CAD) replacement.

- A one-time $3 million cash transfer to PDOT as required by ordinance for a transportation project in South Waterfront remains in the forecast.

- This past summer Council passed Ordinance #182904 dedicating all utility license and franchise fee revenues above the previous five-year forecast to PDOT in order to help close PDOT's gap between resources and requirements. OMF currently estimates this amount at $1.8 million for FY2008-9. This numwill be finalized (using actuals) next fiscal year during the fall budget adjustment process.

Set-asides assume a $3.2 million contingency. Of this amount $1.4 million is unobligated. The remaining $1.8 million, is earmarked for the Police Bureau, if required, during Spring of FY2009-10.

Set-asides are down net by $4.1 million compared to the December forecast. A lower compensation set-aside and a lower PDOT transfer explain virtually all of the difference between the December and March forecasts.

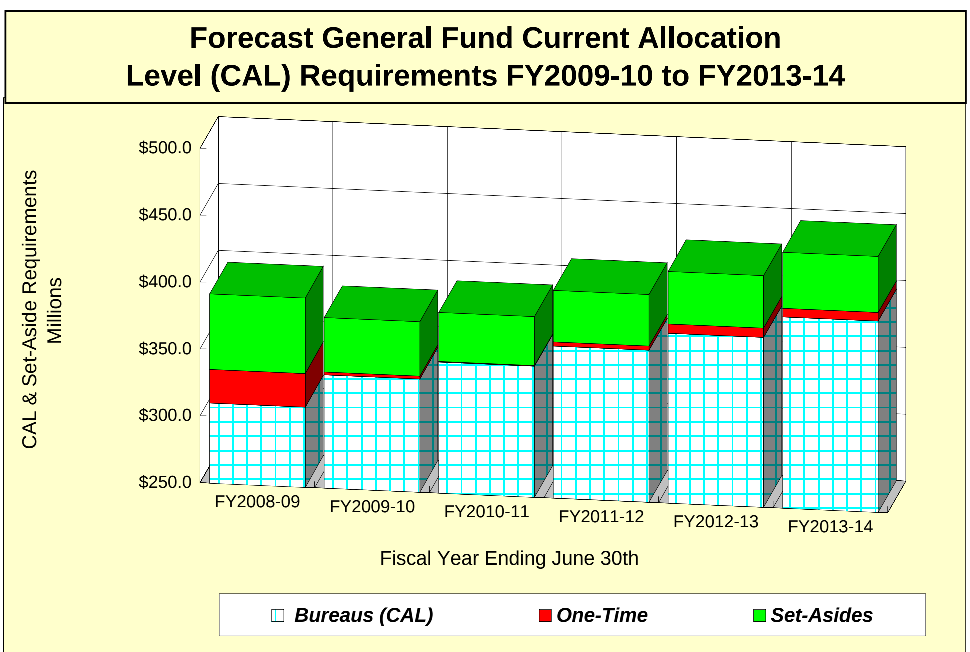

Figure 2-Current Service Level (CAL) Requirements

The table below combines the FY2009-10 resource forecast with estimated bureau CAL require-ments. Estimated resources total $368.7 million. Estimated set-asides represent a $40.7 million requirement. This leaves net, $328.1 million against $335.0 million of bureau CAL requirements. The five-year financial forecast (see page 7 detail) shows that CAL reductions totaling $8.8 million will balance the General Fund over the life of the forecast. Council may want to make deeper ongoing CAL reductions. Given the uncertainty about the length and depth of this recession, larger reductions would better position future budgets while creating increased one-time resources for the FY2009-10 budget process.

Sources & Uses of Funds: FY2009-10		
Item	***Budget*** FY2008-09	FY2009-10 ***Forecast***
FUND Revenues.............	$359,857,089	$349,857,944
Beginning Balance...........	$31,632,005	$18,844,019
FUND RESOURCES	*$391,489,094*	*$368,701,963*
Less: Council Set-Asides	($56,490,541)	($40,693,241)
Less: Capital Set-Aside...	$0	$0
EQUALS: AVAILABLE TO BUREAU-PROGRAMS...	$334,998,555	$328,008,722
Required Bureaus CAL....	$334,998,555	$335,034,868
GAP/DIFFERENCE.........	**$0**	**($7,026,146)**
AVAILABLE Ongoing FY2009-10...........		**($8,780,000)**
New One-Time...FY2009-10................		**$1,753,855**

The March financial forecast continues to show an economic and financial environment that is weaker compared to last December's outlook. Since last fall, the metro-area's unemployment rate is up 3 full percentage points while Oregon unemployment rate stands at almost 10%. This recession is likely to be more difficult than any post World War II recession:

- Council needs to be aware that the CAL reduction number coming out of this forecast may only be a first "iteration." The actual decline in business license and transient lodging tax revenues could easily be much worse than currently forecast. This recession may be deeper and longer than assumed in this forecast.

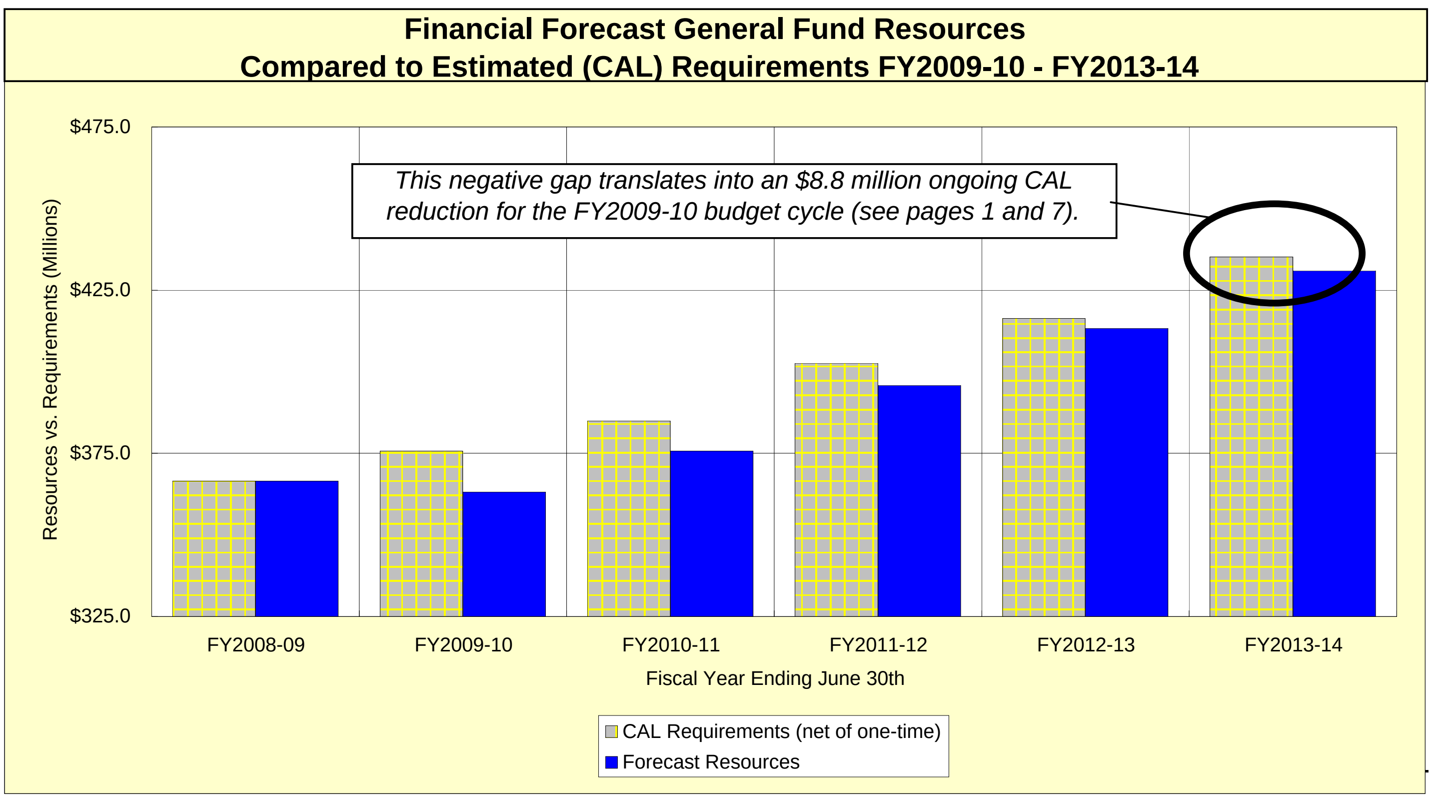

Figure 3-Financial Forecast Resources Compared to Requirements (See first table page 8)

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 $744.6 million for two-years ending FY2010-11.
- Requirements are currently estimated at $751.6 million over two-years.
- The General Fund is balanced for the life of the forecast with CAL reductions totaling $8.8 million for FY2009-10.

	Resources & Requirements Summary Next Two Years			
	Budget FY2008-09	Forecast FY2009-10	Forecast FY2010-11	Two-Year Total Total
Item-Category **Resources**	$391,489,094	$368,701,963	$375,920,620	***$744,622,583***
Less: Assumed Set-Asides				
TANS Interest Expense........................	$0	$0	$0	$0
Compensation Set-Aside.....................	$12,001,165	$7,362,536	$7,287,057	$14,649,593
Other Set-Asides				
Contingency...	$6,253,800	$3,200,000	$3,200,000	$6,400,000
Unforeseen Reimbursable..................	$0	$0	$0	$0
Subtotal-Contingency..........................	$6,253,800	$3,200,000	$3,200,000	$6,400,000
Capital Set-Aside................................	$0	$0	$0	$0
PERS Debt Service.............................	$8,249,552	$7,949,452	$8,960,503	$16,909,955
Other General Fund Debt Service.........	$1,437,460	$1,443,055	$1,436,165	$2,879,220
City Hall/Precincts-Debt Service...........	$2,421,900	$2,421,250	$2,415,250	$4,836,500
Street Light O&M Transfer...................	$5,614,371	$6,118,142	$6,442,949	$12,561,091
CAD & General Reserve Transfers.......	$7,150,000	$4,500,000	$0	$4,500,000
ESA Set-Aside (BES)...........................	$370,225	$380,630	$389,664	$770,294
Transit (FY08-09) Mall.........................	$1,033,000	$0	$0	$0
Water/Bathrooms..............................	$250,000	$0	$0	$0
City Hall Maintenance Reserve............	$294,310	$294,310	$294,310	$588,620
PDOT Transfer (FY2008-09)................	$5,975,000	$0	$0	$0
Voter Owned Elections.........................	$102,936	$104,216	$280,368	$384,584
Police (Traffic)/POEM Facilities Study..	$276,000	$276,000	$276,000	$552,000
Transfer (EBSP,MDTs) To BTS............	$2,402,913	$0	$0	$0
Facilities (FY2008-09), ECC/RTC.......	$600,000	$0	$0	$0
Parks Ongoing Maintenance.................	$1,235,412	$965,970	$887,368	$1,853,338
North Mac. Access(Resolution#36441)	$0	$3,000,000	$0	$3,000,000
MERC (Transfer To Spectator Fac.).....	$734,709	$755,358	$773,286	$1,528,644
PDOT Transfer Ord.#182904	$0	$1,832,066	$3,901,614	$5,733,680
PDOT (Sustainability)	$87,788	$90,255	$92,397	$182,653
Subtotal, Assumed Set-Asides............	$56,490,541	$40,693,249	$36,636,931	$77,330,172
Bureau Requirements & One-Time.........	$334,998,554	$335,034,872	$339,211,794	$674,246,666
Total Requirements..............................	$391,489,094	$375,728,116	$375,848,725	**$751,576,838**
Resources less Requirements Equals Excess(+)/CAL Gap(-).............	$0	**($7,026,153)**	**$71,895**	($6,954,258)
Ongoing Increases(Reductions).......	$0	**($8,780,000)**	**$0**	**($8,780,000)**
Available One-Time...........................	$0	**$1,753,855**	**$71,895**	**$1,825,750**

Raw FY2009-10 Through FY2013-14 Five-Year Financial Forecast Summary

The table below details "raw" financial forecast results i.e., prior to any efforts to model a solution in terms of CAL reductions for FY2009-10 that will balance the General Fund for the five-year forecast period. As can be seen from the table the gap between resources and requirements is about $12.5 million for next fiscal year. FY2009-10 represents the trough, bottom, for this recession. Recovery is expected to start during FY2010-11 but the damage from the recession will have been done. The native gap between resources and requirements appears to be about $4.2 million in the last year of the forecast, but a solution to the problem deals with an immediate gap of $12.5 million as well as the longer term picture.

	Raw Five-Year Financial Forecast				
Item	2010	2011	2012	2013	2014
Resources......................	$363,201,963	$375,730,434	$395,838,306	$413,266,514	$430,917,426
Requirements................					
Bureau Requirements....	$334,686,209	$348,098,230	$363,754,114	$376,891,882	$393,024,380
Planned One-Time........	$348,658	$245,408	$200,000	$200,000	$200,000
Council Set-Asides........	$40,693,241	$36,636,931	$38,693,417	$39,240,015	$41,931,705
GAP-Surplus(Deficit).....	***($12,526,145)***	***($9,250,136)***	***($6,809,225)***	***($3,065,384)***	***($4,238,658)***

Financial Forecast Five-Year Detail After Balancing

The table below summarizes a solution to balancing the General Fund for the life of the five-year forecast period. It should be viewed as only one of many potential or possible solutions. In this solution $5.5 million of excess reserves are used to bridge the gap caused by revenue shortfall for FY2009-10. The General General Reserve fund remains fully funded at the policy required 10% level. Use of all of the excess reserves reduces the size of the ongoing CAL reductions needed to stabilize the General Fund at a lower CAL level. Some one-time money may be available in the out-years if the recession is "U-shaped."

	Budget Yr.	**Next Cycle**	Financial Forecast Out-Years		
Item	2010	2011	2012	2013	2014
Total Resources............	$363,201,963	$375,920,620	$395,844,883	$413,266,740	$430,917,434
Transfer In From General Reserve..........	$5,500,000	$0	$0	$0	$0
Bureaus & Programs.......	$334,686,210	$338,966,386	$354,211,561	$367,004,678	$382,713,964
Capital Set-Aside..........	$0	$0	$0	$0	$0
Est. CAL Reduction.......	***($8,780,000)***	***$0***	***$0***	***$0***	***$0***
Planned One-Time.......	$348,658	$245,408	$200,000	$200,000	$200,000
New One-Time.............	***$1,753,855***	***$71,895***	***$2,739,905***	***$6,822,046***	***$6,071,765***
Pension Bonds P&I........	$7,949,452	$8,960,503	$9,926,960	$10,294,701	$10,668,773
Council Set-Asides.........	$32,743,788	$27,676,428	$28,766,456	$28,945,314	$31,262,931
Total Requirements	$368,701,963	$375,920,620	$395,844,882	$413,266,740	$430,917,434
Difference - GAP	*$0*	*($0)*	*$0*	*$0*	*$0*
Reserve Fund As A Percent Net Revenues	10.1%	10.1%	10.1%	10.0%	10.0%

Risks To The Financial Forecast

Although this forecast assumes continued a recessionary environment, uncertainties remain:

- *All of the financial and economic data available to OMF suggest that the US Economy is now in a deep recession. The depth and length of this recession represents a major uncertainty.*
- *Geopolitical uncertainties (Iraq, Pakistan) could also easily lead to a deeper recession.*
- *Any unanticipated CAL requirements will upset the forecast. The City will be negotiating new labor contracts during FY2009-10. Settlements above CPI-W increases upset the forecast.*
- *There continues to be some risk that future legislative action could curtail distributions of cigarette and liquor taxes to cities especially in light of the State's financial situtation this biennium.*

Two-Year Forecast Resources-By Budget Category Detail			
Category	*FY2008-09*	*FY2009-10*	*FY2010-11*
RESOURCES	***Budget***	***Forecast***	**Forecast**
Property Taxes			
Current Year Taxes	$174,955,885	$181,020,159	$186,318,524
Prior Year Taxes	$3,659,226	$3,933,572	$4,117,304
Payment in Lieu of Taxes	$1,359,749	$1,175,317	$1,192,725
Total Property Taxes	*$179,974,860*	*$186,129,048*	*$191,628,553*
Other Taxes			
Lodging Tax	$16,079,910	$15,674,351	$15,639,354
Licenses & Permits			
Business Licenses	$75,705,012	$56,230,090	$65,557,293
Utility License-External	$48,817,200	$51,755,883	$54,789,992
State Sources(*)			
State Shared Revenue	$12,036,210	$12,276,690	$12,578,343
Local Government			
Local Shared Revenue	$3,031,219	$2,851,614	$2,814,674
Miscellaneous Revenues			
Refunds	$30,000	$30,000	$30,000
Interest on Investments	$3,462,596	$1,554,088	$2,104,198
Other Misc. Revenues			
Other Misc. Revenues	$1,383,903	$20,000	$20,000
Unforeseen Reimbursable	$0	$0	$0
Transfers, Other Funds			
Utility License-Internal			
Water Operating	$4,184,153	$4,184,153	$4,399,515
Sewer Operating	$12,809,321	$12,809,321	$12,809,321
Miscellaneous			
Parking Facility-Tax Offset	$241,212	$241,213	$248,449
Hydro-Fund Transfer	$250,000	$250,000	$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	$5,500,000	$0
All Other Transfers............	$1,531,412	$31,412	$31,412
Subtotal-Transfers, Misc.	$2,342,705	$6,342,706	$799,942
Beginning Fund Balance (Unencumbered)	$31,632,005	$18,844,019	$12,749,434
TOTAL DISCRETIONARY	$391,489,094	$368,701,963	$375,920,620
Checksum Total-Page 2	$391,489,094	$368,701,963	$375,920,620
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 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 "traditional" 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 emloyer 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. Debt Management computes this schedule every year.

			Annual POB Debt Service	
	Bureau PERS	Percentage	FY2009-10	FY2010-11
FUND	Liability	Allocation	**$21,123,195**	**$23,809,748**
General Fund Bureaus..	$111,692,444	37.125%	$7,841,926	$8,839,302
Unused Line	$0	0.000%	$0	$0
Subtotal....................	**$111,692,444**	**37.125%**	**$7,841,926**	**$8,839,302**
Unused Line	$0	0.000%	$0	$0
Unused Line................	$1,306,238	0.434%	$91,711	$103,375
PDOT (net)..................	$55,355,308	18.399%	$3,886,496	$4,380,800
BOEC (net)..................	$2,863,780	0.952%	$201,066	$226,638
Development Svcs.......	$14,372,483	4.777%	$1,009,092	$1,137,433
BES	$39,340,224	13.076%	$2,762,077	$3,113,372
Hydroelectric	$301,524	0.100%	$21,170	$23,863
WATER	$35,664,494	11.854%	$2,504,004	$2,822,476
Golf Operating	$2,463,695	0.819%	$172,976	$194,976
PIR	$474,277	0.158%	$33,299	$37,534
Refuse Disposal	$765,048	0.254%	$53,714	$60,546
Environ. Remediation	$17,661	0.006%	$1,240	$1,398
Parks Bond Const.	$1,364,877	0.454%	$95,828	$108,016
Parks Construction	$22,803	0.008%	$1,601	$1,805
Facilities Services	$2,449,053	0.814%	$171,948	$193,817
Fleet Operating	$5,755,078	1.913%	$404,064	$455,455
Print & Distribution	$1,950,278	0.648%	$136,929	$154,344
BTS/Comm. Svcs.	$4,415,796	1.468%	$310,033	$349,465
Insurance & Claims	$1,074,662	0.357%	$75,452	$85,048
Health Insurance	$454,750	0.151%	$31,928	$35,988
LID	$1,025,153	0.341%	$71,976	$81,130
FPD&R	$613,574	0.204%	$43,079	$48,558
Communication Svcs.	$2,424,227	0.806%	$170,205	$191,853
Water CS	$5,194,602	1.727%	$364,713	$411,099
Arena/Facilities	$225,253	0.075%	$15,815	$17,826
Worker Comp. Oper.	$1,005,213	0.334%	$70,576	$79,552
PDC	$8,264,877	2.747%	$580,277	$654,079
TOTAL All Funds........	$300,857,371	100.00000%	$21,123,195	$23,809,748

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.

	2012	2013	2014
Out-Year Debt Service..........	$26,377,638	$27,354,788	$28,348,763