Office of Management & Finance

June Five-Year Forecast

for the City of Portland General Fund

As of.... 30-Jun-2009 | *Previous Forecast..........* 10-Mar-2009

Council's Adopted Budget And Five-Year Financial Plan Balances General Fund To Lower Resources Levels

Item	December Forecast	Adopted Budget	Difference
Discretionary FY2009-10			
Revenues………………..	*$349,857,944*	*$350,122,073*	*$264,129*
Beginning Balance……	*$18,844,019*	*$35,203,158*	*$16,359,140*
Available FY2009-10….	*$368,701,963*	*$385,325,231*	*$16,623,268*
Requirements:			
Capital Set-Aside.............	*$0*	*$0*	*$0*
Council Set-Asides.........	*$40,693,241*	*$36,879,080*	*($3,814,161)*
One-Time Budgets...........	*$348,658*	*$25,456,771*	*$25,108,113*
Bureaus & Programs........	*$334,686,209*	*$322,989,380*	*($11,696,829)*
CAL Requirements......	*$375,728,108*	*$385,325,231*	*$9,597,124*
Resources Less CAL.........	*($7,026,145)*	*$0*	*$7,026,145*
Ongoing FY09-10...............	*($8,780,000)*	***$0***	*$8,780,000*
Available One-Time........	***$1,753,855***	***$0***	*($1,753,855)*
Ongoing FY10-11...............	***$0***	*$0*	***$0***
Available One-Time........	***$71,895***	***$3,505,644***	***$3,433,749***

Adopted Budget Balances The General Fund To Lower Level

- *Budgeted discretionary FY2009-10 resources are up $16.6 million when compared to last March. There was no material change in the revenue forecast. Budgeted beginning balance was forecast at $31.1 million off of March financial data. This was increased during the budget process by $4.1 million to accommodate carryover requirements.*
- *Adopted Bureau CAL budgets are about $11.7 million below March CAL targets. Council set-asides are about $3.8 million below March levels. These reductions have been offset by a large set of one-time FY2009-10 budgets.*
- *Council's Adopted Budget balances the General Fund for the life of the current five year forecast given crucial revenue forecasts for both business license and transient lodging tax revenues. If the recession continues to worsen, the next budget cycle for FY2010-11 may see more cuts.*

Current Outlook

Oregon's Unemployment
<u>Rate Tops 12%</u>

Oregon's unemployment rate has increased to over 12% in just 10 months. At 12.1%, Oregon has the second highest unemployment rate in the country, second only to Michigin which is bedeviled by the auto industry meltdown. At this level, Oregon's unemployment rate is probably as high as it has ever been in the modern post-WWII period. The Metro area's preliminary April unemployment rate was 11.6% versus 11.7% a month earlier. The steep slide in economic activity has produced a slump in business license and transient lodging tax revenues while at the same time weakening other revenue streams (e.g., permits) across the City.

Economy.com Now
<u>Expects Longer Recession</u>

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 econnomic activity, most pundits do not see much of a turn-around until possibly sometime during the first half of calendar 2010.

Some Key Forecast Assumptions		
	M50 Assess. Value $1000.....	$43,631,292
	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...........	*$114,980,456*
Beginning General Fund FY2009-10 Balance....................	*$35,203,158*
Estimated Urban Renewal Divide-the-Taxes (11 Districts).....	*$89,988,854*
Current Forecast: FY2009-10 to FY2013-14	

Forecast FY2009-10 revenues are essentially unchanged compared to last March's forecast. The beginning balance forecast was increased to $31.1 million using current year financial data through the end of March. The budget process increased this estimate to $35.2 million in order to accommodate identified carryover requirements. The revenue forecast calls for property taxes to weaken reflecting increased delinquency rates and a higher levy compression loss. Rising foreclosures and economic stress are expected to increase property tax delinquencies. Declining housing real market value (RMV) is expected to lower property tax limits available at $10 per thousand and increase comrpession. Utility license fees may weaken further to levels below forecast. NW Natural has implemented a $32 million June credit to customers and will reduce rates across-the-board next November 1. The current forecast included only a small rate decrease.

Revenue Forecast RECAP For FY2009-10			
General Fund Revenue Category	**March Forecast**	**Adopted Budgtet**	**Difference**
Property Taxes.......................	**$186,129,048**	**$186,129,048**	$0
Transient Lodgings...............	**$15,674,351**	**$15,674,351**	$0
Business Licenses................	**$56,230,090**	**$56,230,090**	$0
Utility License/Franchise.......	**$68,749,357**	**$68,749,357**	$0
State Revenues......................	**$12,276,690**	**$12,276,690**	$0
Interest Income......................	**$1,554,088**	**$1,554,088**	$0
Transfers-In...........................	**$6,342,706**	**$6,560,847**	$218,141
Miscellaneous.........................	**$2,901,614**	**$2,947,602**	$45,988
Revenue Forecast..................	**$349,857,944**	**$350,122,073**	**$264,129**
Beginning FUND Balance......	**$18,844,019**	**$35,203,158**	$16,359,140
Forecast Resources..............	**$368,701,963**	**$385,325,231**	**$16,623,268**
% Change In Revenues................................		**0.08%**	
% Change In Resources................................		**4.51%**	

Business license revenues are expected to decline to a $56.2 million level next year. This is currently forecast as the "bottom" for this downturn in the economic cycle. Transient lodging tax revenues are still forecast to bottom out at $15.7 million during FY2009-10.

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. The expected decline in residential RMVs will, for at least the next two years worsen the ability of revenues to meet costs.

Revenue Forecast ASSUMPTIONS	
Revenue Category	**FY2009-10**
CITY Property Tax Levies	
Measure 50 Taxbase Levy.........	$199,730,455
UR(Divide-Taxes,Special Levy).	$122,554,812
FPD&R System Levy..................	$114,980,456
Childrens' Local Option Levy.	$17,565,958
City Of Portland Total...............	**$454,831,681**
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 $115.2 million using a new five-year forecast from FPD&R. At present, the $115.2 million levy represents a 3.4% increase over and above the FY2008-09 levy. Past voter approval of Measure 26-53 will,over the coming years, substantially increase levy requirements.

THE BOTTOM LINE: In the current forecast, revenue growth is weaker reflecting a deepening recession both locally and nationally. Business license revenues are well into a steep decline that is expected to bottom out next year at $56.3 million, well below a previous peak of about $75.5 million. Council Adopted Budget reduces Bureau CAL budgets and set-asides but increases one-time funding in order to balance the fund over the 5-year forecast period. Council needs to be mindful that CAL reductions in this budget may be only the first step in an interactive process lasting more than one budget cycle should the recession deepen further.

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

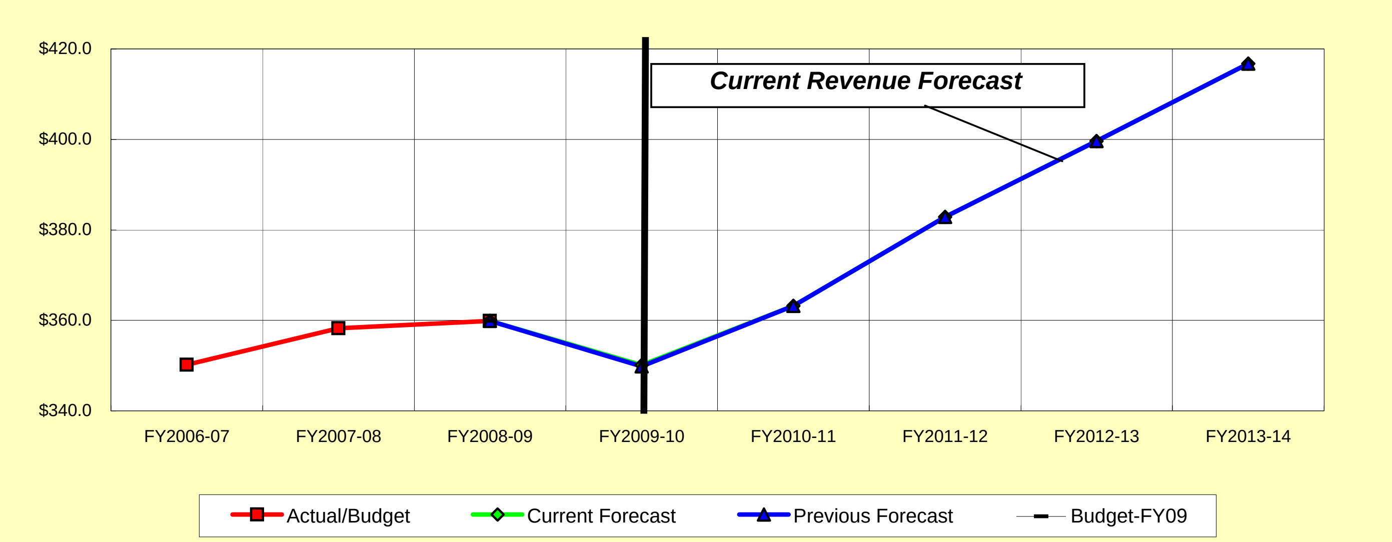

Figure 1-Current General Fund 5-Year Revenue Forecast

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 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 2.9%, 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 is expected to return.

Estimated FY2009-10 General Fund current allocation level (CAL) costs are $11.7 million below March forecast levels, reflecting Adopted Budget decision-making. Council set-asides are also lower, while one-time budgets are increased. 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 until forecast out-years than currently forecast.

Estimated Current Allocation Level	
Forecast Assumptions	**FY2009-10**
FY2009-10 CAL Targets..........	
March CAL Targets....................	$334,686,209
Adopted Budget CAL................	$322,989,380
Difference In CAL Forecasts......	($11,696,829)
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	March Forecast	Adopted Budget
Compensation................	*$7,362,536*	*$7,362,536*
PDOT Downtown Mkting	$0	$303,309
Street Light O&M............	$6,118,142	$5,823,960
Gen. Fund Contingency..	$3,200,000	$828,188
Rainy-Day Reserve	$0	$1,500,000
Subtotal-Contingency	$3,200,000	$2,328,188
Capital Set-Aside...........	$0	$0
To General Reserve.......	$0	$0
BES ESA Transfer	$380,630	$0
Voter Owned Elections...	$104,216	$0
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	$0
City Hall Maint. Reserve.	$294,310	$294,310
PDOT-Sustainability	$90,255	$86,963
Park-CAL/Maint..............	$965,970	$1,064,970
MERC Transfer...............	$755,358	$766,100
CAD, Transfer.................	$4,500,000	$0
North Mac(Ord.#36441)	$3,000,000	$3,000,000
PDOT (Ord.#182904)(*).	$1,832,066	$1,832,066
Archives Center	$0	$197,952
OMF Citywide Transfer	$0	$461,500
OMF EBSP Transfer	$0	$1,543,469
Assumed Council Set-Asides....................	**$40,693,241**	**$36,879,080**
Difference vs. June Forecast...............		**($3,814,161)**

(*) Excess utility license and franchise fees over previous forecast.

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

- The compensation set-aside is re-reflects a Council approved 2.8% COLA increase versus 4.3% assumed last December. Health benefits are projected in increase (as forecast by AON) by about 8%.

- 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.

- About $2.0 million of transfers have been added to set-asides (EBSP and OMF Citywide) for large capital projects.

- 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 num- will be finalized (using actuals) next fiscal year during the fall budget adjustment process.

Forecast General Fund Current Allocation Level (CAL) Requirements FY2009-10 to FY2013-14

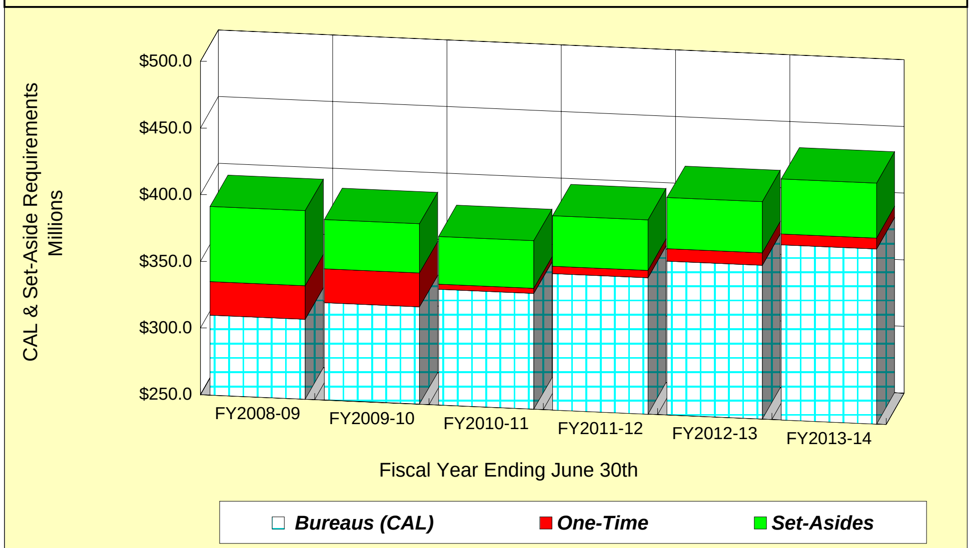

Figure 2-Current Service Level (CAL) Requirements

Set-asides assume a $2.3 million contingency. Of this amount $828,188 is contingency. Another $1.5 million hast been budgeted as a "rainy-day" reserve for the FY2009-10 fiscal year.

Set-asides are down net by $3.8 million compared to the March forecast. Most of the difference between March and Adopted Budget is due the dropping of a $4.5 million requirement for CAD replacement.

The table below combines the FY2009-10 resource forecast with estimated bureau CAL require-ments. Estimated resources total $385.2 million. Budgeted requirements have been reduced to fit within the $385.2 million resource constraint. Adopted Budget set-asides are now pegged at $36.9 million and bureau ongoing and one-time budgets have been pared back to $348.5 million as shown in the table at the left. This, Adopted budget balances also balances the General Fund to the five-year financial forecast. If the resource and requirements projections "prove out" there should be little or no need for further CAL reductions in the budget cycle for FY2010-11. This however, depends on what depths this recession is actually going to plumb.

Sources & Uses of Funds: FY2009-10

Item	***Budget*** FY2008-09	FY2009-10 ***Budgeted***
FUND Revenues.............	$359,857,089	$350,122,073
Beginning Balance...........	$31,632,005	$35,203,158
FUND RESOURCES	*$391,489,094*	*$385,325,231*
Less: Council Set-Asides.	($56,490,541)	($36,879,080)
Less: Capital Set-Aside...	$0	$0
EQUALS: AVAILABLE TO BUREAU-PROGRAMS...	$334,998,555	$348,446,151
Required Bureaus CAL....	$334,998,555	$348,446,151
GAP/DIFFERENCE.........	**$0**	**($0)**
AVAILABLE Ongoing FY2009-10...........		**$0**
New One-Time...FY2009-10................		**$0**

This financial forecast continues to show an economic and financial environment that is weak-er compared to the previous outlook. Since last fall, the metro-area's unemployment rate has ratcheted up to over 11% and will test levels above 12% in the coming months. This recession is already far more severe in terms of length and depth of decline than any post World War II recession:

- Council needs to be aware that the CAL reductions incorporated into Adopted Budget may only be a first "iteration." The actual declines in business license and transient lodging tax revenues could easily be much worse than currently forecast. This recession may easily be deeper and longer than assumed in the financial forecast.

Financial Forecast General Fund Resources
Compared to Estimated (CAL) Requirements FY2009-10 - FY2013-14

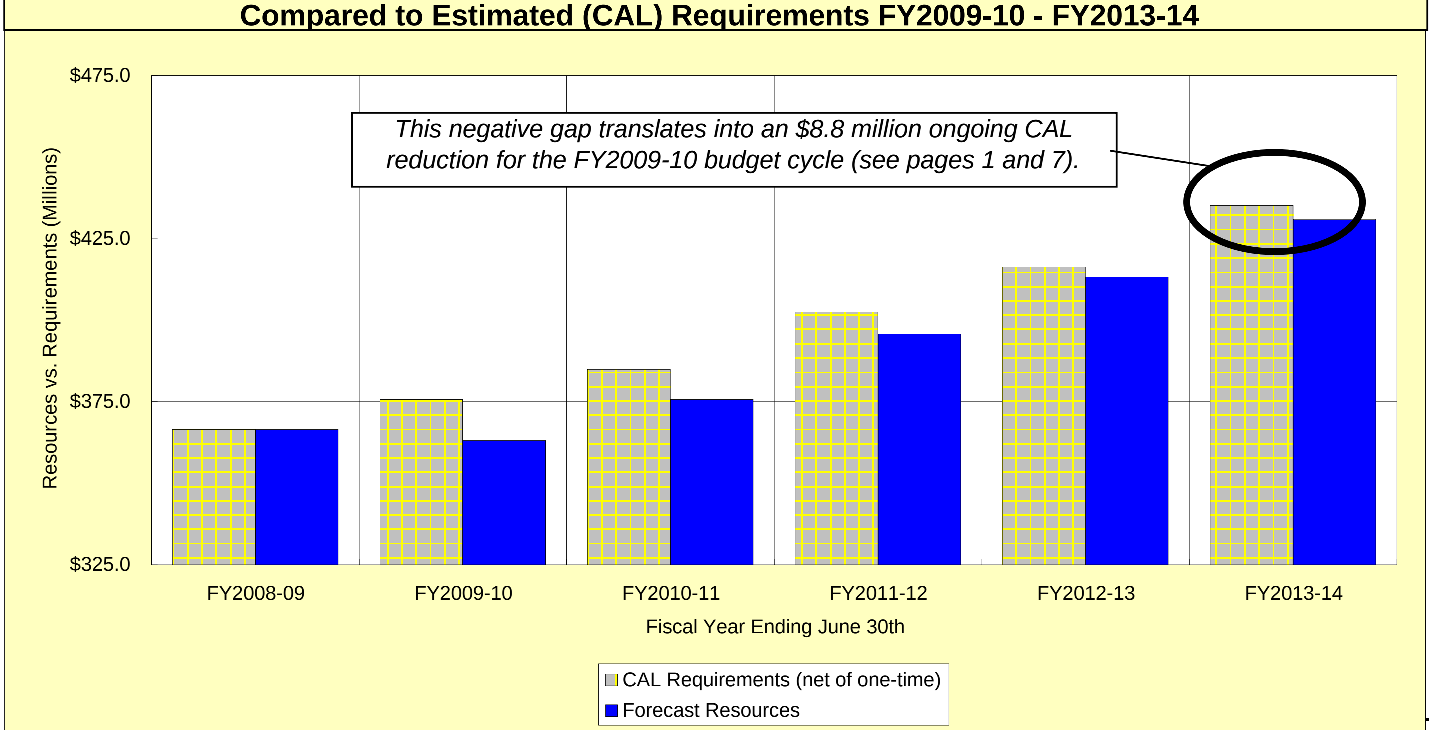

Figure 3-Financial Forecast Resources Compared to Requirements (See first table page 8)

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 $761.7 million for two-years ending FY2010-11.
- Requirements are currently estimated at $754.1 million over two-years with the possibility of about $5.3 million available, one-time, FY2010-11.
- The General Fund is balanced for the life of the forecast with CAL bureau reductions incoprorated into Council's Adopted Budget.

	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	$385,325,231	$376,344,417	***$761,669,649***
Less: Assumed Set-Asides				
TANS Interest Expense........................	$0	$0	$0	$0
Compensation Set-Aside.....................	$12,001,165	$7,362,535	$7,287,057	$14,649,592
Other Set-Asides				
Contingency.......................................	$6,253,800	$2,328,188	$1,400,000	$3,728,188
Unforeseen Reimbursable..................	$0	$0	$0	$0
Subtotal-Contingency........................	$6,253,800	$2,328,188	$1,400,000	$3,728,188
PDOT-Downtown Marketing................	$0	$303,307	$0	$303,307
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	$5,823,958	$6,131,828	$11,955,786
CAD & General Reserve Transfers.......	$7,150,000	$0	$0	$0
ESA Set-Aside (BES)..........................	$370,225	$0	$0	$0
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	$0	$280,368	$280,368
Police (Traffic)/POEM Facilities Study..	$276,000	$0	$0	$0
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	$1,064,970	$887,368	$1,952,338
North Mac. Access(Resolution#36441)	$0	$3,000,000	$0	$3,000,000
MERC (Transfer To Spectator Fac.).....	$734,709	$766,100	$784,282	$1,550,382
PDOT Transfer Ord.#182904……….	$0	$1,832,066	$3,901,614	$5,733,680
Archives Center……………………….	$0	$197,952		
OMF Citywide Transfer………………..	$0	$461,499		
OMF EBSP Transfer………………….	$0	$1,543,469		
PDOT (Sustainability)………………….	$87,788	$86,962	$89,027	$175,989
Subtotal, Assumed Set-Asides............	$56,490,541	$36,879,081	$33,867,773	$68,543,926
Bureau Requirements & One-Time........	$334,998,554	$348,446,156	$337,080,392	$685,526,548
Total Requirements.............................	$391,489,094	$385,325,232	$370,948,164	**$754,070,473**
Resources less Requirements				
Equals Excess(+)/CAL Gap(-).............	$0	**$0**	**$5,396,253**	$5,396,253
Ongoing Increases(Reductions).......	$0	**$0**	**$0**	**$0**
Available One-Time...........................	$0	**$0**	**$3,505,644**	**$3,505,644**

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 was 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............	$379,825,231	$376,344,417	$395,696,794	$413,092,590	$430,735,285
Transfer In From General Reserve...........	$5,500,000	$0	$0	$0	$0
Bureaus & Programs.......	$322,989,380	$336,834,984	$352,392,620	$365,353,434	$381,353,073
Capital Set-Aside..........	$0	$0	$0	$0	$0
Est. CAL Reduction.......	***$0***	***$0***	***$0***	***$0***	***$0***
Planned One-Time.......	$25,456,771	$245,408	$200,000	$200,000	$200,000
New One-Time.............	***$0***	***$3,505,644***	***$5,270,106***	***$9,136,415***	***$8,057,218***
Pension Bonds P&I........	$7,949,452	$8,960,503	$9,926,960	$10,294,701	$10,668,773
Council Set-Asides.........	$28,929,628	$26,797,878	$27,907,108	$28,108,041	$30,456,220
Total Requirements	$385,325,232	$376,344,417	$395,696,795	$413,092,591	$430,735,284
Difference - GAP	*($0)*	*$0*	*($0)*	*($1)*	*$0*
Reserve Fund As A Percent Net Revenues	10.4%	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	$65,988	$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	$249,553	$31,815
Subtotal-Transfers, Misc.	$2,342,705	$6,560,847	$800,345
Beginning Fund Balance (Unencumbered)	$31,632,005	$35,203,158	$13,172,828
TOTAL DISCRETIONARY	$391,489,094	$385,325,231	$376,344,417
Checksum Total-Page 2	$391,489,094	$385,325,231	$376,344,417
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