

Office of Management & Finance
The Financial Outlook
for the City of Portland General Fund



Accounting Period #8 (February)

Feb. 1, 2010, to Feb. 28, 2010

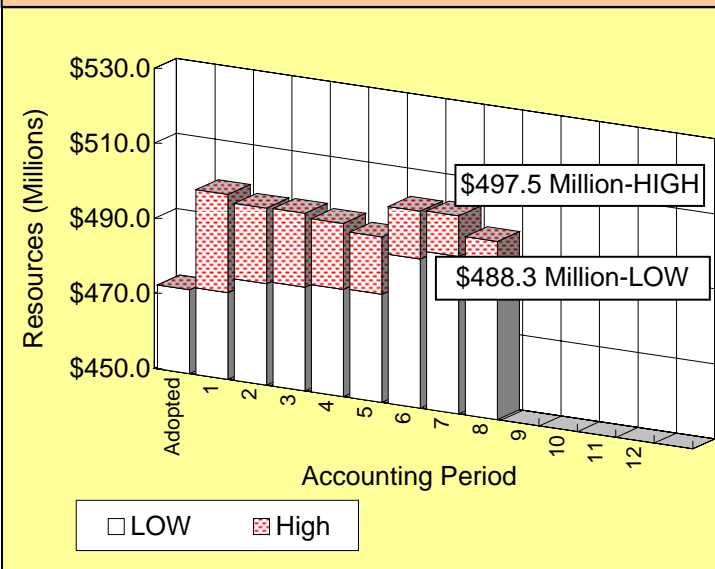
Estimated Year-End General Fund Resources

Estimated year-end General Fund resources as of February 28, 2010 are forecast to range from \$488.3 million (Low) to \$497.5 million (High). General Fund budgeted resources stood at \$487.7 million during February, inclusive of "Winter BuMP" budget adjustments. Revenues through the end of January totaled \$283.3 million, down 6.5% versus a year-ago. This comparison is the result of a new collection pattern for business license revenues which total \$17.6 million to-date versus \$34.7 million last year. Also, there was a problem converting utility license fees to the new accounting system such that revenues normally received in February did not get into the system correctly until March of

last year. Adjusting revenues for these problems put year-to-date revenues only slightly behind last year.

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Estimated Year-End Resource Range FY 2009-10 General Fund Financial Model



Resource Recap	
* Budgeted Resources.....	\$487,674,733
* Resource Range, (High).....	\$497,469,551
.....(Low).....	\$488,329,362
*Revenues To-Date.....	\$283,320,102
Versus Year-Ago..UP.....	-6.5%
NOTEWORTHY AT AP-8	
*Hotel/Motel DOWN -9.3% vs. year-ago	
*Utility License/Franchise UP 89.1% vs. year-ago	
*Property taxes UP 3.9% vs. year-ago	

The Bottom Line:

- **Resources, year-end**, are estimated to range from \$488.3 million (Low) to \$497.5 million (High).
- **Budgeted Resources** remained at \$487.7 million during February.
- **Year-end expenditure estimates** range from \$478.0 million (Low) to \$486.5 million (High).
- **Forecast year-end balance**, beginning FY2010-11 balance, is forecast to range between \$1.9 million (Low) to \$19.5 million (High). The point estimate is dropped to \$8.0 million.

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

Property taxes continue to prop-up the General Fund: revenues total \$169.3 million versus \$162.9 million last year. Year-over-year growth stands at 3.9%. Transient lodging taxes total \$7.8 million compared to \$8.6 million last year and are now down "only" 9.3% versus year-ago. It may be that revenues bottomed out in the second quarter (of this fiscal year) and some pickup in economic activity is actually starting to occur.

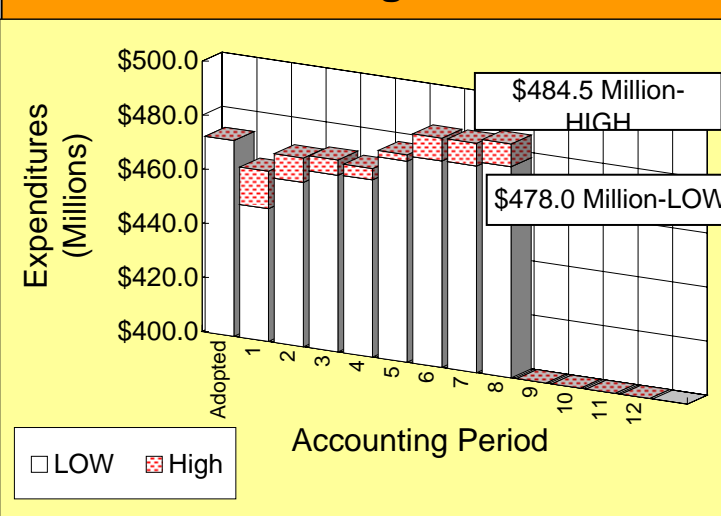
Utility license fees remain well ahead of last year on the strength of \$4.4 million in audit recovery revenues. Business license revenues are well behind last year, as expected, year-over-year comparability should return with March revenue figures. State shared, cigarette and liquor tax revenues appear to be on track with budgeted revenue estimates.

Bureau revenues outside of Parks are now about even with last year. Parks' main fee revenue category remains badly behind last year, 15.1% below year-ago levels. Interagency and overhead revenues remain on track relative to budgeted amounts **P**

General Fund Expenditures

General Fund expenditures as of Feb. 31 are \$317.6 million, inclusive of about \$20.7 million of encumbrances. Overall, expenses are up 1.1% over last year. Personal services expenditures continue to run "hot," up 6.2% compared to year-ago. The year-end personal services estimate is up \$900,000 to \$295.5 million versus a

Year-End FY2009-10 Expenditure Range



Expense Recap

* Budgeted Expenses.....	\$487,674,733
* Expenses Range, (High).....	\$486,454,853
.....(Low).....	\$478,005,265
*Expenses To Date.....	\$317,569,627
Versus Year-Ago..UP.....	1.1%

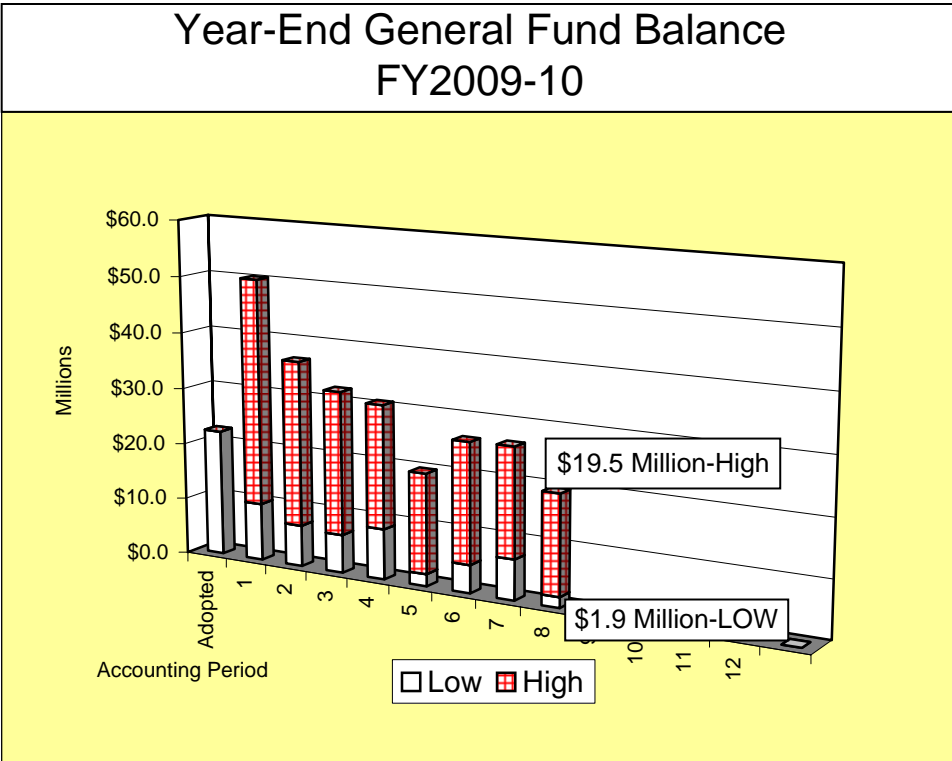
NOTEWORTHY AT AP-8

- *Personal Services UP 6.2% vs. year-ago
- *Materials and Services DOWN -4.9 vs. year-ago
- *Capital Outlays DOWN -78.9% vs. year-ago

budget of \$290.0 million (including the General Fund's compensation set-aside). External materials and services expenses are running 8% behind last year but \$59 million of expenditures to-date plus \$19.6 million of encumbrances is about equal to the \$80.3 million budgeted for FY2009-10. Internal materials and services are even with year-ago levels, up just 0.8%. Capital outlays remain well below last year. **P**

Estimated year-end General Fund Balance ranges from \$1.9 million (Low) to about \$19.5 million (High). The point estimate declines to to about \$8.0 million versus last month's \$13.2 million estimate. The \$8.0 million is about \$6.8 million below the December financial forecast estimate of \$14.8 million. The upper end of the balance range is probably not very likely unless there is some kind of marked slowdown in spending, across-the-board, in all three major spending areas. This is unlikely because the typical pattern for the last half of the

Estimated Year-End Balance Range		
Item	Low	High
Resources	\$488,329,362	\$497,469,551
Expenses	\$486,454,853	\$478,005,265
End Balance	\$1,874,509	\$19,464,286



fiscal year calls for and acceleration in expenditure rates. Currently, the year-end forecast calls for General Fund spending totaling about \$482.8 million on a budget of \$487.7 million. This amounts to 99% of budget spent. This, if true, works out to about three percentage points above average, worth about \$14.6 million of ending balance in more "normal" times. It is likely that the Fund will end the year with very little "in the till." [P](#)

Employment Data Remains Dreary

The Bureau of Labor Statistics (BLS) released national employment data for February and January regional and state data. BLS says the February number of unemployed remained at 14.9 million leaving the unemployment rate unchanged at 9.7%. Separate nonfarm payroll employment data showed job losses totaling 36,000. It is difficult to tell if winter weather in the east skewed the data in some way. January state and regional data shows that thirty states saw month-over-month unemployment rate increases. Michigan and Nevada registered the highest unemployment rates at 14.3% and 13% respectively. Oregon came in a 10.7%, toward the high end and a percentage point above the national unemployment rate. Oregon January nonfarm data put January nonfarm payroll employment at 1.591 million versus 1.658 million year-ago. Year-over-year job losses are about 67,300. As yet there is not much data suggesting that the economy as it relates to employment and jobs is doing much more than scraping along the bottom of the Great Recession.

The Financial Outlook, February *City of Portland General Fund*

FY2009-10 General Fund Resources: To-Date, Estimated Year-End & Current Revised Budget			
=General Fund Discretionary Resource		Through	Estimated
GENERAL FUND RESOURCE CATEGORY		February	Year-End
			Revised Budget
INTERNAL REVENUES			
Service Reimbursements	640000	\$9,485,205	\$20,065,787
Other Internal, Overhead & Transfers-IN		\$14,901,912	\$32,032,471
PROPERTY & LODGING TAXES			
Property Taxes	411000	\$169,263,796	\$187,541,078
Lodging Taxes	414000	\$7,825,324	\$14,511,143
BUSINESS LICENSES, PERMITS			
Business Licenses	421100	\$17,578,388	\$55,087,372
Utility License/Franchise	425100	\$33,171,685	\$77,002,528
Other Permits	426000	\$2,795,285	\$4,198,679
SERVICE CHARGES & FEES	439000	\$11,198,511	\$16,823,499
STATE (Cigarette & Liquor)	445100	\$6,873,873	\$12,827,020
LOCAL SOURCES (Contracts)	447000	\$8,091,468	\$13,723,425
MISC. REVENUES & INTEREST	454100	\$2,134,656	\$4,666,316
Bond Proceeds		\$0	\$0
BEGINNING FUND BALANCE		\$45,404,849	\$45,404,849
ENCUMBRANCE & CARRYOVER		\$6,899,112	\$6,899,112
GENERAL FUND RESOURCE TOTAL		\$335,624,063	\$490,783,279
Estimated Percent Of Budget Resources Realized		68.8%	100.6%

FY2009-10 General Fund Expenses: To-Date, Estimated Year-End & Current Revised Budget			
GENERAL FUND EXPENSE CATEGORY		Through	Estimated
		February	Year-End
			Revised Budget
Salaries & Wages	511100	\$132,381,144	\$203,323,568
Part-Time	511300	\$8,996,546	\$13,497,941
Overtime	512100	\$10,917,092	\$16,061,134
Premium Pay	513100	\$3,231,062	\$5,219,498
Wage & Salary Indirects & Health Benefits	514000	\$39,365,677	\$57,396,015
TOTAL PERSONAL SERVICES		\$194,891,521	\$295,498,156
Estimated Percent Of Budget Spent		67.2%	101.9%
EXTERNAL MATERIALS & SERVICES 521000-549000		\$59,043,148	\$72,654,492
Estimated Percent Of Budget Spent		73.5%	90.4%
INTERNAL MATERIALS & SERVICES 650000		\$35,791,938	\$55,217,114
Estimated Percent Of Budget Spent		64.1%	98.9%
CAPITAL OUTLAY 561000		\$2,386,228	\$6,071,130
Estimated Percent Of Budget Spent		59.3%	100.0%
GENERAL FUND CONTINGENCY		\$0	\$947,919
FUND CASH TRANSFERS		\$24,174,406	\$47,144,790
BONDED DEBT RETIREMENT & INTEREST		\$1,282,387	\$5,300,000
GENERAL FUND EXPENSE TOTAL		\$317,569,627	\$482,833,601
Estimated Percent Of Budget Spent		65.1%	99.0%

FY2009-10 General Fund Expenses By Bureau: To-Date, Estimated Year-End & Current Revised Budgets					
Percent Of Year Elapsed.....		66.7%	Percent Year Remaining.....		33.3%
Bureau	Cost Center	Through February	Estimated Year-End	Revised Budget	Percent Spent
Police Bureau	PL	\$108,861,612	#N/A	\$159,623,113	68.2%
Fire Bureau	FR	\$60,448,791	#N/A	\$96,462,379	62.7%
Parks Bureau	PK	\$38,055,194	#N/A	\$58,864,388	64.6%
Subtotal-Public Safety and Parks		\$207,365,596	#N/A	\$314,949,880	65.8%
Commissioner #2 (Fish)	PW	\$531,863		\$849,438	62.6%
Commissioner #4 (Leonard)	PS	\$465,997		\$752,123	62.0%
Commissioner #3 (Saltzman)	PA	\$533,647		\$853,489	62.5%
Commissioner #1 (Fritz)	PU	\$1,227,535		\$3,852,532	31.9%
Office of the Mayor	MY	\$1,948,409		\$3,041,153	64.1%
Operating Contingency	MFFM	\$0	\$947,919	\$947,919	0.0%
Bonded Debt P&I	MFFM	\$1,282,387	\$5,300,000	\$6,638,060	19.3%
Other Cash Transfers	MFFM	\$24,174,406	\$47,144,790	\$47,873,422	50.5%
Office of Cable Com.	CB	\$1,546,180		\$2,210,406	70.0%
P.O.E.M	EM	\$1,092,293		\$1,672,214	65.3%
Planning & Sustainability	PN	\$9,279,422		\$13,612,086	68.2%
Government Relations	GR	\$822,322		\$1,229,938	66.9%
Office of Manage & Finar	MF	\$36,657,456		\$51,047,994	71.8%
Office of City Attorney	AT	\$5,570,477		\$8,416,351	66.2%
Office Human Relations	HN	\$485,734		\$722,129	67.3%
City Auditor	AU	\$5,364,372		\$8,922,432	60.1%
Office Neigh. Involve	NI	\$6,221,560		\$6,800,572	91.5%
Old Sustainable Develop	SD	\$23,355		\$0	#N/A
Office of Transportation	-----	\$4,796		\$0	#N/A
Unused Line	-----	\$0		\$0	#N/A
Unused Line	-----	\$0		\$0	#N/A
Portland Housing Bureau	HC	\$12,971,821		\$13,282,593	97.7%
Subtotal-All Other AUs		\$110,204,031	#N/A	\$172,724,853	63.8%
General Fund Total-All AUs		\$317,569,627	#N/A	\$487,674,733	65.1%

Revenue And Economic Indicators

This table summarizes basic revenue and economic indicators. The onset of an economic slowdown or finan trouble will be reflected by indicators that climb above the applicable "Concern Level" and turn green.

Reserve Fund Usage Condition	FY2009-10 1st Quarter	FY2008-09 4th Quarter	Concern Level
Basic Revenue Growth	1.8%	0.6%	Below 3%
Portland Unemployment Rate	11.8%	11.5%	Above 6.5%
Business License Revenue Growth	#N/A	-8.8%	Below 5.5%
Property Tax Delinquency Rate	6.0%	5.3%	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, last 12 months compared to year-ago.