

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



Accounting Period #9 (March)

March 1, 2010, to March 31, 2010

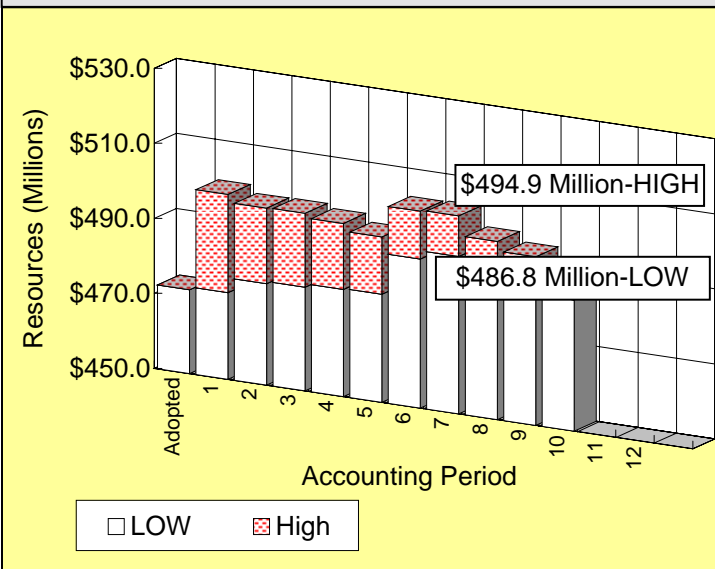
## Estimated Year-End General Fund Resources

Estimated year-end General Fund resources as of March 31, 2010 are forecast to range from \$486.8 million (Low) to \$494.3 million (High). General Fund budgeted resources stood at \$489.7 million during March, inclusive of "Winter BuMP" budget adjustments. Revenues through the end of March totaled \$307.5 million, down 11.9% versus a year-ago. This comparison is a pretty good, "clean," comparison; the General Fund's financial condition continues to deteriorate. Business license remain well behind last year. Although still subject to year-over-year comparison problems, revenues are too far behind last year. How badly behind year-ago will depend on what happens during the April tax

season. Early April daily returns are somewhat promising, suggesting that perhaps revenues will make up some

*Continued on page 2*

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



Resource Recap	
* Budgeted Resources.....	\$489,685,077
* Resource Range, (High).....	\$494,930,747
.....(Low).....	\$486,884,631
*Revenues To-Date.....	\$307,508,223
Versus Year-Ago..UP.....	-11.9%
NOTEWORTHY AT AP-9	
*Hotel/Motel DOWN -14.7% vs. year-ago	
*Utility License DOWN -5.7% vs. year-ago	
*Property taxes UP 4.3% vs. year-ago	

## The Bottom Line:

- Resources, year-end, are estimated to range from \$486.8 million (Low) to \$494.9 million (High).
- Budgeted Resources totalled \$489.7 million as of March 31.
- Year-end expenditure estimates range from \$473.3 million (Low) to \$481.7 million (High).
- Forecast year-end balance, beginning FY2010-11 balance, is forecast to range between \$5.2 million (Low) to \$21.6 million (High). The point estimate is \$11.2 million.

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

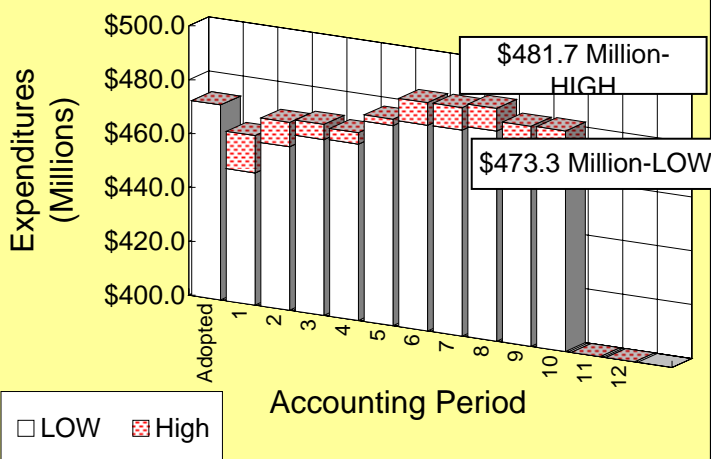
lost ground. Transient lodging taxes, the other "cyclical" revenue stood at \$8.0 million at the end of March versus about \$9.4 million last year. Revenues are down about 14% year-over-year. Separate hotel data for downtown Portland show that both room and occupancy rates firmed up during February. Transient lodging taxes may "come back" a little towards year-end. Property taxes continue to run about 4.3% ahead of last year as expected. Utility license fees look like they are about 5.7% behind last year but this is apparent and due to a timing problem in current year revenues. Utility license and franchise fees should end the year about \$2.3 million over budget. State shared liquor and cigarette tax distributions turned down during March and are running about 11% behind year-ago. It is not clear, whether this comparison is due to some kind of timing problem (as is often the case) or has something to do with the severity of the economic downturn.

Parks' main fee revenue category continues to run about 9.4% behind last year. Bureau fee and permit revenue categories are running even to ahead of last year **P**

### General Fund Expenditures

**General Fund expenditures as of March 31** total \$353.5 million, inclusive of \$20.6 million of encumbrances. Overall, expenses are down 0.9% compared to last year. Personal services cooled off during March with the year-over year increase dropping from 6.2% to 4.1%. The year-end estimate drops to about \$293 million.

#### Year-End FY2009-10 Expenditure Range



### Expense Recap

* Budgeted Expenses.....	<b>\$489,685,077</b>
* Expenses Range, (High).....	<b>\$481,709,588</b>
.....(Low).....	<b>\$473,342,424</b>
*Expenses To Date.....	<b>\$353,534,573</b>
Versus Year-Ago..UP.....	<b>-0.9%</b>

**NOTEWORTHY AT AP-9**

- \*Personal Services UP 4.1% vs. year-ago
- \*Materials and Services DOWN -10.6 vs. year-ago
- \*Capital Outlays DOWN -57.2% vs. year-ago

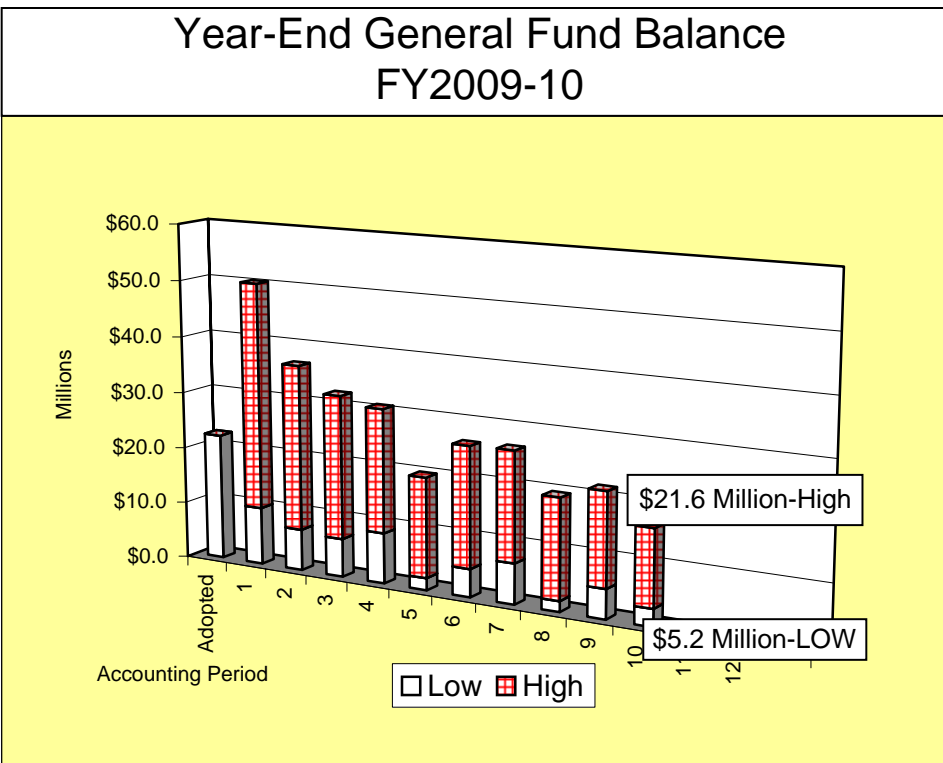
This is still \$2 million over a budget inclusive of the compensation set-aside.

External materials and services spending continued to weaken with year-over-year running about 13.4% below year-ago. Internal materials and services are about 6% behind year-ago. It is expected however that by year-end about 98% of budget will be spent. Capital outlays should come in at budget at year-end **P**

**Estimated year-end General Fund Balance**

ranges from \$5.2 million (Low) to about \$21.6 million (High). The point estimate is \$11.7 million versus last month's \$8.0 million estimate, up \$3.2 million but still about \$3.1 million below the December financial forecast estimate of \$14.8 million. The upper end of the balance range remains very unlikely in the absence of some kind of marked and broad spending slowdown across all three major expense categories. This would require that the "typical" last few months of the fiscal year spending

Estimated Year-End Balance Range		
Item	Low	High
Resources	\$486,884,631	\$494,930,747
Expenses	\$481,709,588	\$473,342,424
End Balance	\$5,175,043	\$21,588,323



pattern not occur. Typically expenditures, particularly external materials and services (M&S) expenses pickup speed during May and June. Last year external M&S expenses averaged \$5.2 million a month, July to April and averaged about \$9.3 million a month during May and June. It still looks like the General Fund will end the fiscal year with an "abnormally" low discretionary ending fund balance. [P](#)

**Oregon And Metro-Area February Employment Data**

Underemployment and unemployment continue to plague Oregon's economy. February local area unemployment data continues to paint a picture of a deep recession. The metro-area's economy registered (including Vancouver on the Washington side) an 11.1% unemployment rate during February versus 10.6% a year-ago. The Corvallis area is the only place with a single-digit unemployment rate at 7.4% for February. Overall Oregon's unemployment rate was 11.4% (not seasonally adjusted). Separate employment data (by place of work) shows that for February Oregon suffered job losses of about 49,200 while the metro-area is estimated to be down about 37,100 jobs, both on a year-over-year basis. All other major areas in the state (Bend, Corvallis, Eugene-Springfield, and Salem) also registered year-over-year job losses. The metro-area has now suffered 13 straight months with a double-digit unemployment rate with no end in sight. Although unemployment data for the recession of the 1980s is not strictly comparable, this 13-month string exceeds the metro-area's experience during the downturn of the mid-1980s.

FY2009-10 General Fund Resources: To-Date, Estimated Year-End & Current Revised Budget				
=General Fund Discretionary Resource		Through	Estimated	Revised
GENERAL FUND RESOURCE CATEGORY		March	Year-End	Budget
<b>INTERNAL REVENUES</b>				
Service Reimbursements	640000	\$13,120,273	\$21,555,164	\$22,710,342
Other Internal, Overhead & Transfers-IN		\$19,321,624	\$33,885,111	\$33,654,373
<b>PROPERTY &amp; LODGING TAXES</b>				
Property Taxes	411000	\$176,764,024	\$188,356,314	\$186,129,048
Lodging Taxes	414000	\$8,045,395	\$14,035,599	\$15,674,351
<b>BUSINESS LICENSES, PERMITS</b>				
Business Licenses	421100	\$21,982,903	\$54,523,064	\$56,230,090
Utility License/Franchise	425100	\$33,171,685	\$72,560,938	\$70,321,735
Other Permits	426000	\$3,130,529	\$4,170,231	\$3,962,819
<b>SERVICE CHARGES &amp; FEES</b>	439000	\$13,071,418	\$17,060,251	\$17,665,615
<b>STATE (Cigarette &amp; Liquor)</b>	445100	\$6,874,025	\$12,016,931	\$12,306,689
<b>LOCAL SOURCES (Contracts)</b>	447000	\$9,586,664	\$14,215,452	\$17,282,567
<b>MISC. REVENUES &amp; INTEREST</b>	454100	\$2,439,683	\$4,648,270	\$5,478,932
Bond Proceeds		\$0	\$0	\$0
<b>BEGINNING FUND BALANCE</b>		\$57,584,099	\$45,404,849	\$41,369,404
<b>ENCUMBRANCE &amp; CARRYOVER</b>		\$6,899,112	\$6,899,112	\$6,899,112
<b>GENERAL FUND RESOURCE TOTAL</b>		\$371,991,434	\$489,331,287	\$489,685,077
Estimated Percent Of Budget Resources Realized		76.0%	99.9%	

FY2009-10 General Fund Expenses: To-Date, Estimated Year-End & Current Revised Budget				
GENERAL FUND EXPENSE CATEGORY		Through	Estimated	Revised
		March	Year-End	Budget
Salaries & Wages	511100	\$149,313,867	\$200,629,280	\$202,732,695
Part-Time	511300	\$9,848,138	\$12,939,030	\$12,154,256
Overtime	512100	\$12,305,482	\$16,363,192	\$15,479,357
Premium Pay	513100	\$3,783,424	\$5,824,137	\$3,988,878
Wage & Salary Indirects & Health Benefits	514000	\$44,427,573	\$57,063,942	\$56,618,435
<b>TOTAL PERSONAL SERVICES</b>		\$219,678,484	\$292,819,581	\$290,973,621
Estimated Percent Of Budget Spent		75.5%	100.6%	
<b>EXTERNAL MATERIALS &amp; SERVICES 521000-549000</b>		\$62,200,699	\$68,222,538	\$78,448,992
Estimated Percent Of Budget Spent		79.3%	87.0%	
<b>INTERNAL MATERIALS &amp; SERVICES 650000</b>		\$40,478,036	\$54,800,118	\$55,914,349
Estimated Percent Of Budget Spent		72.4%	98.0%	
<b>CAPITAL OUTLAY 561000</b>		\$4,218,454	\$6,036,130	\$6,036,130
Estimated Percent Of Budget Spent		59.3%	100.0%	
<b>GENERAL FUND CONTINGENCY</b>		\$0	\$3,300,503	\$3,800,503
<b>FUND CASH TRANSFERS</b>		\$25,668,298	\$47,144,790	\$47,873,422
<b>BONDED DEBT RETIREMENT &amp; INTEREST</b>		\$1,290,602	\$5,300,000	\$6,638,060
<b>GENERAL FUND EXPENSE TOTAL</b>		\$353,534,573	\$477,623,661	\$489,685,077
Estimated Percent Of Budget Spent		72.2%	97.5%	

FY2009-10 General Fund Expenses By Bureau: To-Date, Estimated Year-End & Current Revised Budgets					
Percent Of Year Elapsed.....		75.0%	Percent Year Remaining.....		25.0%
Bureau	Cost Center	Through March	Estimated Year-End	Revised Budget	Percent Spent
Police Bureau	PL	\$122,183,607	#N/A	\$158,888,113	76.9%
Fire Bureau	FR	\$69,948,822	#N/A	\$96,062,379	44.4%
Parks Bureau	PK	\$42,621,582	#N/A	\$58,847,888	72.4%
Subtotal-Public Safety and Parks		\$234,754,011	#N/A	\$313,798,380	74.8%
Commissioner #2 (Fish)	PW	\$607,190		\$849,438	71.5%
Commissioner #4 (Leonard)	PS	\$529,116		\$752,123	70.3%
Commissioner #3 (Saltzman)	PA	\$607,452		\$853,489	71.2%
Commissioner #1 (Fritz)	PU	\$1,346,156		\$3,852,532	34.9%
Office of the Mayor	MY	\$2,164,630		\$3,041,153	71.2%
Operating Contingency	MFFM	\$0	\$3,800,503	\$3,800,503	0.0%
Bonded Debt P&I	MFFM	\$1,290,602	\$5,300,000	\$6,638,060	19.4%
Other Cash Transfers	MFFM	\$25,668,298	\$47,144,790	\$47,873,422	2.9%
Office of Cable Com.	CB	\$1,383,130		\$2,225,406	62.2%
P.O.E.M	EM	\$1,226,922		\$1,672,214	73.4%
Planning & Sustainability	PN	\$10,435,888		\$13,612,086	76.7%
Government Relations	GR	\$944,327		\$1,229,938	76.8%
Office of Manage & Finar	MF	\$40,163,204		\$51,099,232	78.6%
Office of City Attorney	AT	\$6,329,181		\$8,659,373	73.1%
Office Human Relations	HN	\$524,348		\$722,129	72.6%
City Auditor	AU	\$6,086,538		\$8,922,432	68.2%
Office Neigh. Involve	NI	\$6,729,387		\$6,800,572	99.0%
Old Sustainable Develop	SD	\$22,770		\$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	\$12,736,628		\$13,282,593	95.9%
Subtotal-All Other AUs		\$118,800,562	#N/A	\$175,886,697	67.5%
General Fund Total-All AUs		\$353,554,573	#N/A	\$489,685,077	72.2%

**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 2nd Quarter	FY2009-10 1st Quarter	Concern Level
Basic Revenue Growth	#N/A	#N/A	Below 3%
Portland Unemployment Rate	11.6%	11.5%	Above 6.5%
Business License Revenue Growth	#N/A	#N/A	Below 5.5%
Property Tax Delinquency Rate	6.0%	6.0%	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.