

City of Portland
Office of Management & Finance
THE FINANCIAL OUTLOOK

Accounting Period 10
(March 10, 2005 to April 6, 2005)

General Fund Financial Outlook
(Issue Date: May. 31, 2005)

Estimated Year-End General Fund Resources At AP-10 are forecast to range from \$419.3 million (LOW) to \$441.8 million (HIGH). Council's revised budget, period 10, is \$433.2 million which is up about \$380,000 from period 9. Council's current revised budget stands at \$45.8 million above the July 1 Adopted Budget. As has been the case all year overall revenue growth stands at about 6 percent while discretionary revenue growth lags behind at 2.97 percent. Grant, bureau fee and inter-agency revenues continue to be the principal sources of General Fund revenue growth. Discretionary revenues are now growing but continue to grow more slowly than other revenues. (*) Net of intrafund revenues.

RESOURCE RECAP	
* IBIS Budgeted Resources.....	\$433,163,491
* Resource Range....(High).....	\$441,793,043
.....(Low).....	\$419,302,104
* Revenues At AP-10(*)	\$300,071,954
Versus Year-Ago...UP.....	6.00%
(*) Net of Short-Term Borrowing	
NOTEWORTHY AT AP-10	
* Hotel/Motel Up 6.1 % vs. year-ago	
* Utility License Up 1.4 % vs. year-ago	
* Property Taxes Up 3.3% vs. year-ago	

Estimated Year-End Resource Range FY2004-05
General Fund Financial Model

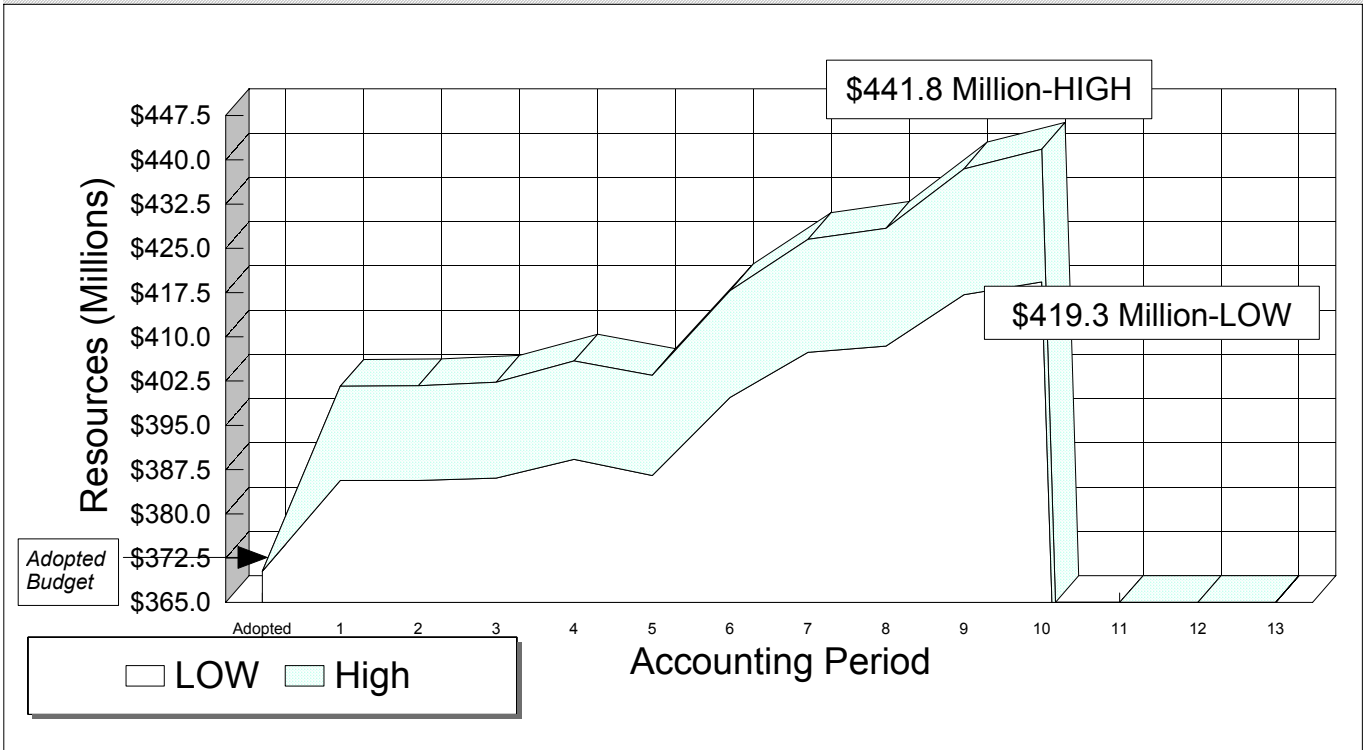


Figure 1-General Fund Resources, Year-End FY2003-04

The Bottom Line: Resources, year-end, are estimated to range from \$419.3 million (Low) to \$441.8 million (High). Budgeted resources are \$433.2 million. Year-end expenditure estimates range from \$386.0 million (Low) to \$403.0 million (High). Forecast year-end balance, beginning FY2005-06 balance, is forecast at somewhere between \$16.3 million (Low) to as much as \$55.8 million (High). This ending balance range continues to be very wide.

Transient lodging taxes at period 10 total about \$9.2 million versus \$8.7 million last year, up 6.14% year over year. As of April 30 revenues totaled \$10.6 million versus \$10.4 million at the end of last April. Typically, fourth quarter tax payments come in the last two weeks of April on into early May. This year's April receipts fell \$400,000 below last April. Hopefully, this is just a timing problem.

Property tax revenues are \$143.3 million as of period 10 (April 6th) compared to \$138.8 million last year. Year over year growth appears to be about 3.2%, which, given Measure 50 restrictions, is probably as about as good as property tax revenue growth can get.

Utility license fees remain very weak with revenues through period 10 up only about 1.4% over last year. Nearly all of this growth is concentrated in NW Natural franchise fees. Fourth quarter payments are due May 15th. The current year end forecast suggests revenues of \$56.2 million against a budgeted revenue estimate of \$57.8 million. Business license revenues remain a bright spot, well ahead of year ago.

Parks, main fee revenue category remains over 9 percent ahead of year ago. The two basic miscellaneous fee revenue categories (all General Fund bureaus) continue to lag well behind last year.

General Fund expenditures at AP-10 total about \$289.6 million vs. last year's \$269.6 million. Expenditure growth continues to decelerate at 7.4% above year ago at period 10. Personal services expenditures total \$178.2 million at period 10 versus \$167.4 million last year. Year over year growth appears to be almost 6.5%. Expenditures for the last 13 periods (10 this year plus last three periods last year) total \$231.5 million compared to a \$214.1 million 13 period total last year at period 10. Growth measured using these two numbers works out to 8.1%.

EXPENDITURE RECAP	
* IBIS Budgeted Expenses.....	\$433,163,491
* Expense Range.....(High).....	\$403,021,329
*(Low).....	\$386,021,726
* Expenses At AP-10(*).....	\$289,612,551
Versus Year-Ago..Up.....	7.4%
(*) Net of Short Term Borrowing	
NOTEWORTHY AT AP-10	
* Personal Services UP 6.5% vs. year-ago	
* All M&S UP 20% vs. year-ago	
* Capital Outlays UP 156.2% vs. year-ago	

**Year-End FY2004-05 Expenditure Range
General Fund Financial Model**

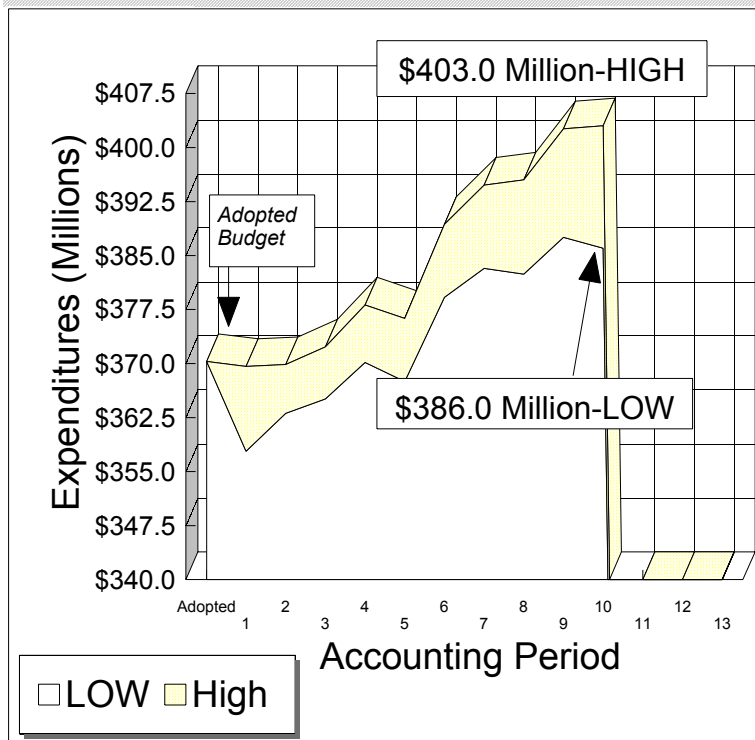


Figure 2-General Fund Expenditures, FY2004-05

External materials and services expenses are 33.9% ahead of last year, but encumbrances remain abnormally high at \$8.2 million versus \$2.7 million last year. Council's revised budget totals almost \$90.7 million at this point.

Internal materials and services expenditures total \$35.1 million at period 10 versus \$33.2 million year ago. Expenditures at period 10 continue to run 5.8% ahead of last year. Expenses for the past 13 periods total \$49.6 million versus a revised budget of \$50.7 million.

Capital outlays now total \$6.4 million as of period 10. It is likely the entire \$8.1 million budget will be spent by year-end.

The Estimated Year-End General Fund Balance at AP-10 ranges from \$16.3 (Low) to \$55.7 million (High). The "point estimate" this period is increased to \$20.4 million versus an \$18.7 million point estimate at period 9. The revised April financial forecast used the \$18.7 million point estimate for an FY2005-06 budgeted discretionary beginning fund balance for the Mayor's Proposed Budget. The period 10 estimate is about \$1.7 million above the April financial forecast estimate. It is likely that this number will holdup and may well improve through to year-end if the deceleration of expenditure growth continues relative to what is clearly very strong overall revenue growth that currently appears to be about 6%. Ending balance has the potential to go higher. Grant revenues are \$9.8 million to date versus a budget of \$40.5 million and a year end estimate of \$24.2 million. Assuming year end expenditure estimates are about right means that any grant revenues in excess of the year end \$24.2 million will simply fall to ending balance. The bulk of actual grant revenues are usually put into the system in June and July.

Estimated Year-End Balance Range		
Item	Low	High
Resources.....	\$419,302,104	\$441,793,043
Expenses.....	\$403,021,329	\$386,021,726
End Balance	\$16,280,775	\$55,771,318

Ending Fund Balance Range

**Estimated Year-End General Fund Balance Range FY2004-05
General Fund Financial Model**

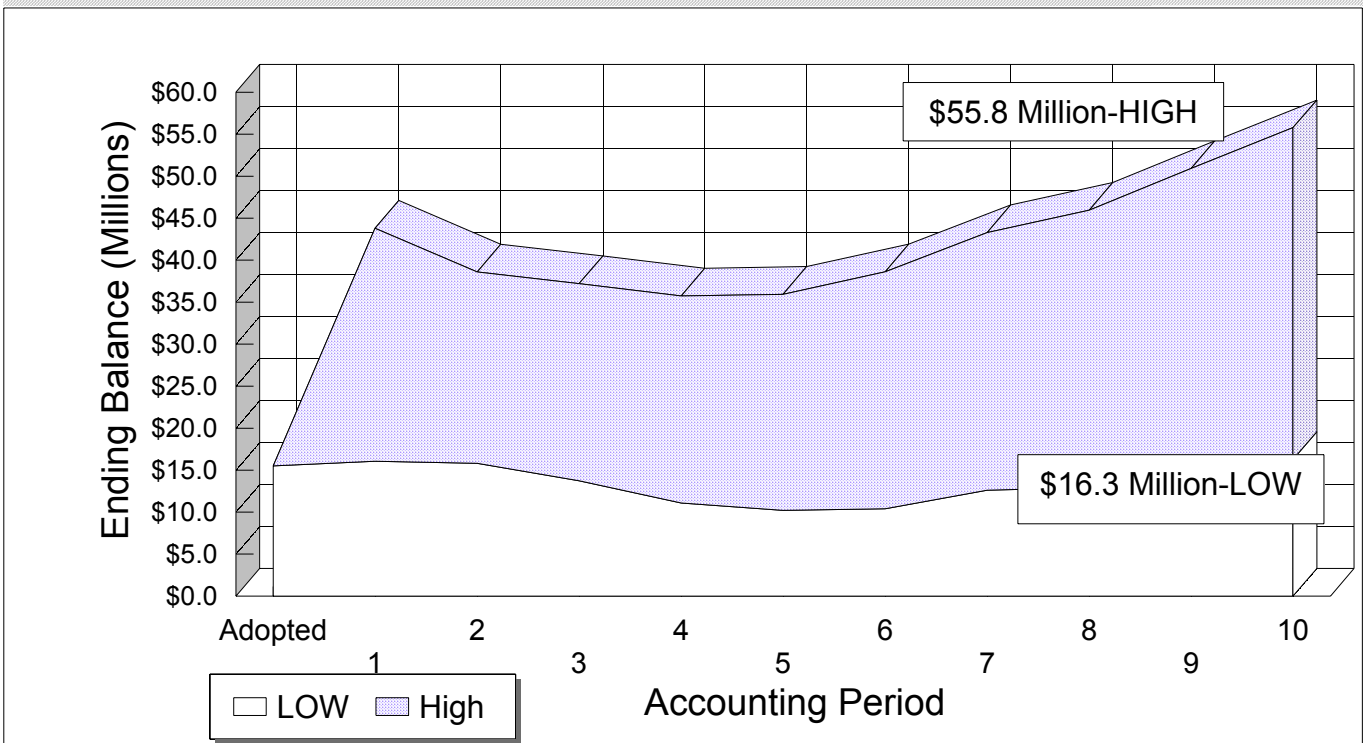


Figure 3-Estimated General Fund Balance, Year-End FY2004-05

Oregon Reports Third Highest Increase In Home Sales

The latest survey conducted by National Association of Realtors (NAR) shows nationwide existing home sales jumped by 8.3% from first quarter of 2004 - the third highest pace on record. Alaska, Wyoming and Oregon (17%) had the strongest increases, followed by 13 other states with double digit sales gain from a year ago. Median Portland metro resale prices rose by 14.7% from first quarter of 2004 to \$223,700. NAR's report which covered changes in 136 metropolitan statistical areas, showed 66 areas with double-digit annual increases and only 6 posting modest declines. Nationwide, 3 Florida metro areas witnessed the fastest growth; Bradenton experienced the highest increase of about 46%. Youngstown (Ohio) ranked as having the most affordable homes, with an average home costing \$82,400. In San Francisco area, the median price was over 8 times that amount at \$689,200.

Table 1-General Fund Resources, FY2004-05			
GENERAL FUND RESOURCE CATEGORY	Through	Estimated	Revised
	AP-10		
INTERNAL REVENUES..... 41000			
Service Reimbursements.....	\$15,658,203	\$31,773,310	\$34,164,849
Other Internal & Transfers-IN.....	\$24,507,721	\$46,121,635	\$62,695,816
PROPERTY & LODGING TAXES 42100			
Property Taxes.....	\$143,300,711	\$153,756,908	\$153,173,082
Lodging Taxes.....	\$9,244,225	\$11,722,184	\$10,811,022
BUSINESS LICENSES, PERMITS.... 43000			
Business Licenses.....	\$39,894,110	\$48,152,352	\$39,274,397
Utility License/Franchise.....	\$40,170,789	\$56,197,441	\$58,174,903
Other Permits.....	\$2,277,692	\$2,895,246	\$3,086,096
SERVICE CHARGES & FEES..... 44000	\$9,504,021	\$13,493,708	\$12,927,930
STATE, FEDERAL SOURCES..... 46000	\$6,385,478	\$10,454,589	\$9,742,997
LOCAL SOURCES (Contracts)..... 47000	\$8,681,418	\$15,137,549	\$16,618,687
MISC. REVENUES & INTEREST..... 49400	\$4,005,686	\$5,821,791	\$6,611,265
TAX ANTICIPATION NOTES/Note Sales.....	\$0	\$0	\$0
BEGINNING FUND BALANCE.....	\$21,018,655	\$21,018,655	\$21,018,665
ENCUMBRANCE & CARRYOVER.....	\$4,863,782	\$4,863,782	\$4,863,782
GENERAL FUND RESOURCE TOTAL	\$329,512,491	\$421,409,150	\$433,163,495
Estimated Percent Of Budget Resources Realized	76.1%	97.3%	

Table 2-General Fund Expenditures, FY2004-05			
GENERAL FUND EXPENDITURES	Through	Estimated	Revised
	AP-10		
Salaries & Wages.....	\$128,569,709	\$169,885,417	\$179,700,391
Overtime.....	\$6,579,136	\$9,503,312	\$7,772,612
Benefits.....	\$30,564,428	\$38,311,046	\$40,608,574
Premium & Part-Time.....	\$12,522,734	\$16,449,847	\$17,276,662
TOTAL PERSONAL SERVICES.....	\$178,236,007	\$234,149,621	\$245,358,239
Estimated Percent Of Budget Spent.....	72.6%	95.4%	
EXTERNAL MATERIALS & SERVICES.....	\$48,228,833	\$73,742,510	\$90,681,216
Estimated Percent Of Budget Spent.....	53.2%	81.3%	
INTERNAL MATERIALS & SERVICES.....	\$35,094,938	\$50,295,828	\$50,725,609
Estimated Percent Of Budget Spent.....	69.2%	99.2%	
CAPITAL OUTLAY.....	\$6,450,929	\$8,139,690	\$8,139,690
Estimated Percent Of Budget Spent.....	79.3%	100.0%	
CONTINGENCY & UNFORESEEN.....	\$0	\$1,000,000	\$3,042,119
FUND CASH TRANSFERS.....	\$21,601,844	\$33,688,599	\$35,216,622
INVENTORY.....	\$0	\$0	\$0
GENERAL FUND EXPENSE TOTAL	\$289,612,551	\$401,016,248	\$433,163,495
Estimated Percent Of Budget Spent.....	66.9%	92.6%	

Table 3-General Fund Expenditures By Appropriation Unit, FY2004-05					
Percent Of Year Gone...	76.9%				
Percent Year Left.....	23.1%				
AU Description	AU#	Through AP-10	Estimated Year-End	Revised Budget	Percent Spent
Police Bureau.....	100	\$101,761,306	\$136,458,663	\$142,404,861	71.5%
Fire Bureau.....	124	\$56,451,399	\$75,276,379	\$77,161,891	73.2%
Bureau Of Parks.....	130	\$33,460,191	\$46,963,408	\$49,168,119	68.1%
Subtotal-Public Safety and Parks		\$191,672,896	\$258,698,450	\$268,734,870	71.3%
Commissioner #2 (Sten)	190	\$482,406	NA	\$644,337	74.9%
Commissioner #4 (Leonard)	191	\$434,172	NA	\$640,112	67.8%
Commissioner #3 (Saltzman)	192	\$456,316	NA	\$714,292	63.9%
Commissioner #1 (Adams)	193	\$511,236	NA	\$646,080	79.1%
Office Of The Mayor	195	\$1,164,011	NA	\$1,406,043	82.8%
Operating Contingency...	298	\$6	\$500,000	\$1,042,119	NA
Unforeseen Revenues..	298	\$0	\$500,000	\$2,000,000	NA
Other Cash Transfers.....	299	\$21,601,844	\$33,688,599	\$35,216,622	61.3%
Office of Cable Com.....	300	\$1,361,472	NA	\$1,882,644	72.3%
P.O.E.M.....	110	\$6,241,250	NA	\$11,261,800	55.4%
Office-Sus. Develop.....	302	\$1,305,949	NA	\$3,996,745	32.7%
Government Relations..	303	\$502,683	NA	\$825,308	60.9%
Office Of Man. & Fin.....	307	\$17,849,141	NA	\$24,963,385	71.5%
Office Of City Attorney....	312	\$4,034,671	NA	\$5,665,787	71.2%
Business Licenses.....	316	\$4,666,289	NA	\$9,394,390	49.7%
Unused Line.....		\$0	NA	\$0	NA
Stock Account.....	325	(\$3,743)	NA	\$25,000	-15.0%
City Auditor.....	336	\$4,952,145	NA	\$7,241,018	68.4%
Unused Line.....		\$0	NA	\$0	NA
Office Neigh. Involve.....	342	\$5,222,652	NA	\$7,216,637	72.4%
OMF Citywide Projects	381	\$3,335,818	NA	\$5,355,466	NA
OMF Utility Billing.....	390	\$2,078,021	NA	\$5,101,774	NA
Special Appropriations....	401	\$5,905,259	NA	\$12,251,747	48.2%
Bureau Of Planning.....	510	\$4,679,105	NA	\$6,786,980	68.9%
Bureau Com. Develop.....	540	\$11,163,787	NA	\$20,150,338	55.4%
Subtotal-All Other AUs.....		\$97,944,490	\$145,671,857	\$164,428,625	59.6%
General Fund Total-All AUs		\$289,617,386	\$404,370,308	\$433,163,495	66.9%

Table 4-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."			
	FY2004-05	FY2004-05	
Reserve Fund Usage Condition	3rd Quarter	2nd Quarter	Concern Level
Basic Revenue Growth (*)	7.6%	5.0%	Below 3.0%
Portland Unemployment Rate	7.1%	8.4%	Above 6.5%
Business License Revenue Growth	25.3%	11.3%	Below 5.5%
Property Tax Delinquency Rate	5.4%	5.4%	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.