Office of Management & Finance

Spring Financial Forecast

for the City of Portland General Fund

07-Dec-2006



Financial Foreca	st Continues to Show Both C	ngoing and
One-Time Ava	ailable to Council's FY2007-0	R Rudaet

05-Mar-2007 Previous Forecast.....

December March Difference						
ltem	December Forecast					
	Forecasi	rorecast	vs. December			
Council Discretionary						
Available FY2007-08	\$355,406,654	\$362,490,870	\$7,084,216			
Requirements:						
Capital Set-Aside	\$1,915,000	\$1,915,000	\$0			
Council Set-Asides	\$34,630,174	\$32,986,878	(\$1,643,296)			
One-Time Budgets	\$4,033,415	\$4,233,415	\$200,000			
Bureaus & Programs	\$286,347,616	\$286,396,916	\$49,300			
CAL Requirements	\$326,926,205	\$325,532,209	(\$1,393,995)			
Resources Less CAL	\$28,480,449	\$36,958,661	\$8,478,211			
Ongoing FY07-08	\$9,390,961	\$10,650,000	\$1,259,039			
Available One-Time	\$19,089,488	\$26,308,664	\$7,219,176			
Ongoing FY08-09	\$0	\$0	\$0			
Available One-Time	\$12,711,555	\$13,334,509	\$622,954			

Resources Remain in Excess of CAL Requirements

- Resources are up \$7.1 million in this forecast. Most of this increase is concentrated in a higher beginning balance estimate. Revenues are down net, \$1.6 million due to a lower business license revenue estimate that reflects recent Council approval of Resolution #36473.
- Requirements are down net, \$1.4 million. The compensation set-aside is down \$1.6 million due to a lower Portland-Salem CPI-W increase (2.7%, forecast assumption was 3.2%) and AON's revised health benefits forecast which is lower than the previous forecast.
- Resources continue to exceed estimated CAL requirements. This revised Spring forecast shows that \$10.7 million can be allocated to new ongoing requirements. About \$26.3 million is available to Council's FY2007-08 budget for one-time projects. Forecast out-year increases in health benefits costs will continue to generate large one-time resource availability.

Forecast Continues to Improve General Fund Outlook

Current Outlook

The Spring financial forecast shows lower revenues, but the lower revenue estimate has been more than offset by lower costs such that estimated resources above CAL are improved. In this forecast ongoing is improved by \$1.3 million. An increased balance estimate improves one-time available to \$26.3 million.

Fall BuMP Increases Ongoing Requirements \$1.27 Million

<u>Bureau</u>	<u>Amount</u>
Fire	\$277,216
Gov. Relations	\$299,850
Revenue Bur	\$240,000
Spec. Approps	\$452,000
TOTAL	\$1,269,066

Health Benefits Costs

This five-year financial forecast assumes "95/5" health care cost sharing. The City's share of health care premiums is assumed at 95%. The consultant's (AON) current forecast means health care costs are expected to increase from about \$31 million budget in FY2006-07 to \$51.6 million in FY2011-12.

	M50 Assess. Value \$1000	\$39,843,204	State Cigarette & Liquor	
	FY2007-08 M50 Tax Base	\$182,362,346	Tax Revenues to City	\$10,749,685
	M50 Compression Loss	(\$5,926,776)	CPI-W Increase (2nd Half '05	
Some	Est. Tax Base Imposed	\$176,435,570	to 2nd Half '06, for COLAs)	2.7%
Key	Delinquency/Discount(%)	-5.5%	Measure 50 FPD&R Levy	\$96,346,411
Forecast	Delinquency/Discount (\$)	(\$9,651,026)	Beginning General Fund	
Assump-	FY08 Tax Base Revenues	\$166,784,544	FY2007-08 Balance	\$27,964,095
tions	County M50 Levy	\$207,446,744	Estimated Urban Renewal Di-	
	Library-Local Option	\$42,507,621	vide-the-Taxes (11 Districts)	\$69,415,993
	Total-County Levies	\$234,369,611	Current Forecast: FY2007-08 t	o FY2011-12

Forecast FY2007-08 resources are \$7.1 million above last November's resource forecast. Revenues are down net \$1.6 million (-0.47%). Beginning balance is up \$8.6 million based on OUTLOOK data through February 7 (period 8). Revenues are down in this forecast. The revised business license revenue forecast reflects passage by Council of Resolution #36473. This resolution increases the Owners' Compensation deduction to \$80,000 and the gross receipts exemption to \$50,000 for tax year 2007. Although the resolution expresses Council's intent to ultimately increase the Owners' Compensation deduction to \$125,000 and re-

structure the minimum charge, this revenue forecast only incorporates the initial "current law" changes, which are estimated to reduce FY2007-08 revenues by about \$3.5 million.

The property tax revenue estimate is up marginally on a lower compression assumption.

The transient lodging revenue estimate is up \$251,918. These reve-

Revenue Forecast RECAP, FY2007-08 (Spring Forecast)					
General Fund	November	Current			
Revenue Category	Resources	Forecast	Difference		
Property Taxes	\$170,845,266	\$171,508,684	\$663,418		
Transient Lodgings	\$14,407,269	\$14,659,186	\$251,918		
Business Licenses	\$68,045,876	\$64,531,684	(\$3,514,192)		
Utility License/Franchise	\$63,015,617	\$64,031,615	\$1,015,997		
State Revenues	\$10,744,869	\$10,749,685	\$4,816		
Interest Income	\$3,292,988	\$3,292,988	\$0		
Transfers IN	\$790,560	\$790,560	\$0		
Miscellaneous	\$4,962,373	\$4,962,373	\$0		
Revenue Forecast	\$336,104,818	\$334,526,775	(\$1,578,043)		
Beginning FUND Balance	\$19,301,836	\$27,964,095	\$8,662,259		
Forecast Resources	\$355,406,654	\$362,490,870	\$7,084,216		
% Change In Revenues		-0.47%			
% Change In Resources		1.99%			

nues continue to strengthen. Utility license and franchise fees are up about \$1 million in this forecast on the strength of recent Oregon Public Utilities Commission approved rate increases for PGE and PacifiCorp.

A key revenue forecast assumption is a "Measure 50" General Fund tax base levy of \$182.4 million. The forecast calls for 2.95% assessed value growth on taxable assessed values. About 0.25% of this growth results from new construction. Although FY2006-07 was a good year, Measure 50 assessed value growth lags behind the "advertised" 3 percent minimum. Property tax revenue growth is for the most part coming in below the region's average inflation rate. In addition, 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 FPD&R levy is forecast at \$96.4 million. This represents a \$9.8 million increase over FY2006-07's \$86.6 million levy. This number is preliminary pending approval by FPD&R's Board. The current forecast reflects expected changes that result from voter approval of pension reform Measure 26-86.

Revenue Forecast ASSUMPTIONS					
Revenue Category FY2007-08					
CITY Property Tax Levies					
Measure 50 Taxbase Levy	\$182,362,346				
Local Option & UR Collections	\$115,995,717				
Measure 50 FPD&R Levy	\$96,346,411				
City Local Government Total	\$394,704,474				
MULTNOMAH County Levies					
Measure 50 Levy Authority	\$207,446,744				
Local Option Levy (Library)	\$42,507,621				
Mult. County Levy Total	\$249,954,365				
M50 Assessed Value Growth	2.95%				
Percent of FY2007-08 Levies					
Not Received First Year	-5.45%				
Measure 50 Compression	-3.25%				
Est. Portland Population	567,213				
GDP Growth (Economy.Com)	3.2%				
Revenue Sharing - Oregon(*)	\$10,749,685				

(*) Cigarette and liquor tax distributions.

THE BOTTOM LINE: A revised Spring General Fund resource forecast continues to show good revenue growth further improving the General Fund's near term financial outlook. The financial forecast continues to show that Council's FY2007-08 budget process has both ongoing and one-time money available above current appropriation level (CAL) requirements. This represents the first time in the last several years that the General Fund will be able to expand beyond CAL requirements.

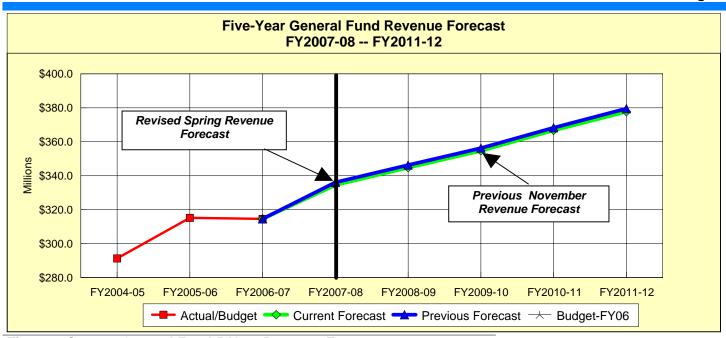


Figure 1-Current General Fund 5-Year Revenue Forecast

A key forecast assumption is a national economy that continues to expand at moderate rates and a growing regional economy. The metro area's economy has surpassed previous peak employment levels and continues to expand. The forecast absolutely depends on continued economic growth.

Figure 1 summarizes the 5-year revenue forecast off of the FY2006-07 base. Revenue growth remains critically dependent on assessed value growth. Revenue growth is forecast to average 3.8 percent over the next five years reflecting improved regional economic performance over the next couple of years. This means that cyclical revenues, transient lodging taxes and business license revenues, will grow at higher rates consistent with an expanding economy.

Financial forecast FY2007-08 General Fund current allocation level (CAL) costs are about \$49,300 above last December's published CAL targets. This increase is located in a revised RACC target which is tied to the better of Portland-Salem CPI increases or forecast transient lodging revenue growth. Transient lodging revenue growth is higher in this forecast and RACC's target is revised as required by contract to reflect the transient lodging revenue growth estimate. The RACC is the sole CAL target adjustment. Initial SAP costs

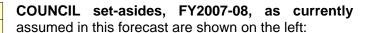
Estimated Current Allocation Level					
Forecast Assumptions	FY2007-08				
FY2007-08 Bureau CAL Targets					
Dec. Forecast - CAL Targets	\$286,347,616				
Current Forecast CALTargets	\$286,396,916				
Difference In CAL Forecasts	\$49,300				
General Inflation Rates					
GDP Price Deflator	2.4%				
CPI-W% (Dec.'05-Dec.'06)(*)	2.7%				
Health Benefits Increase (AON)	2.9%				
Producer Price Index	1.0%				
CPI-Energy	2.2%				
External M&S					
General-Overall	2.7%				
Energy-Electricity	6.0%				
Energy-Gas	8.0%				
Sewer	5.7%				
Water	5.1%				
Utilities-Overall	6.8%				
Internal M&S					
General-Overall	2.7%				
Risk/Workers' Comp	7.6%				
Wage & Salary % Increase	 0/				
Public Safety	2.7%				
All Other	2.7%				

(*) Actual, as published by BLS February 21, 2007.

of \$1.4 million have been located in OMF's budget with cost recovery split between overhead recovery and a discretionary CAL target adjustment. CAL estimates are based on an actual 2.7% COLA as published by the Bureau of Labor Statistics on February 21, 2007. The increase in Portland-Salem CPI-W index second half of calendar 2005 to 2006 was 2.7%. Targets continue to reflect "Fall BuMP" budget adjustments.

Forecast Council Set-Asides							
Forecast FY2007-08							
Set-Aside Item	Set-Aside Item December Current						
Compensation	\$6,981,379	\$5,409,616					
ESA Planning(*)	\$0	\$0					
Street Light O&M	\$5,150,728	\$5,150,728					
Gen. Fund Contingency	\$3,200,000	\$3,200,000					
Unforeseen & Inventory	\$2,000,000	\$2,000,000					
Subtotal-Contingency	\$5,200,000	\$5,200,000					
Capital Set-Aside	\$1,915,000	\$1,915,000					
PDOT Grant Match '09	\$0	\$0					
ESA Set-Aside/BES	\$356,665	\$356,665					
Voter Owned Elections	\$280,368	\$208,832					
City Hall Debt Service	\$2,419,250	\$2,419,250					
POBS Debt Service	\$7,950,006	\$7,950,006					
Other Debt Service	\$1,664,625	\$1,664,626					
New Columbia	\$2,018,000	\$2,018,000					
City Hall Maint. Reserve	\$294,310	\$294,310					
Housing Trust Fund	\$958,149	\$958,149					
Park-CAL/Maint	\$820,930	\$820,930					
Unused Line	\$0	\$0					
Trans. General Reserve	\$0	\$0					
Unused Line	\$0	\$0					
Unused Line	\$0	\$0					
Miscellaneous Transfers	\$535,763	\$535,763					
Financial Forecast							
Council Set-Asides	\$36,545,174	\$34,901,875					
Difference versus June Forecast (\$1,643,2							

(*) Moved into bureau CAL targets.



- The compensation set-aside is revised to \$5.4 million, \$1,571,763 lower than last December. This is the result of a lower COLA requirement (2.7% vs. 3.2%), lower health benefits cost increases, and a net decrease in the PERS employer contribution rate. The COLA increase has been trued-up to the actual CPI-W increase of 2.7% as released by BLS February 21, 2007.
- The capital set-aside continues to to be set at \$1.9 million. Capital related, "Other Debt Service" is \$1.7 million for FY2007-08.
- The "voter owned elections" transfer is lower due to allocation formula differences.
- A \$2 million set-aside has been created in this forecast to fund Council's commitment to the New Columbia project.
- The General Fund's Pension Obligation Bond (POBS) debt service share is \$8.0 million for FY2007-08. With FY2007-08 the tenyear "ramp-up" in POBS debt service cost is completed. From here on out annual costs should increase by about 4% annually.

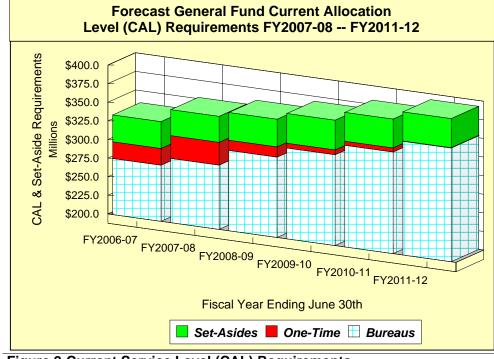


Figure 2-Current Service Level (CAL) Requirements

This forecast assumes a contingency of \$3.2 million. This is composed of a general contingency of \$1.4 million with \$1.8 million remaining as earmarked for Police. A contingency of \$1.4 million, given a discretionary resource estimate of \$361.5 million, works out to a contingency that is a scant 0.4% of estimated resources. Council may wish to either increase in Fund's contingency or alternatively increase the capital set-aside.

Set-asides are down by about \$1.6 million in this forecast. This results from a lower compensation set-aside. Wage and sallary increases are lower in this forecast. In addition, revised health benefits cost estimates (from AON) are lower.

The table below combines the FY2007-08 resource forecast with estimated bureau ongoing CAL tar-

Sources & Uses of Funds: FY2007-08					
	Forecast				
Item	FY2006-07	FY2007-08			
FUND Revenues	\$314,586,018	\$334,526,775			
Beginning Balance	\$19,314,473	\$27,964,095			
FUND RESOURCES	\$333,900,491	\$362,490,870			
Less: Council Set-Asides.	(\$34,830,214)	(\$32,986,878)			
Less: Capital Set-Aside	(\$1,260,000)	(\$1,915,000)			
EQUALS: AVAILABLE TO					
BUREAU-PROGRAMS	\$297,810,282	\$327,588,992			
Bureau Total	\$297,810,282	\$290,630,331			
GAP/DIFFERENCE	\$0	\$36,958,661			
AVAILABLE Ongoing FY2	007-08	\$10,650,000			
New One-TimeFY2007-08 \$26,308,664					

gets for FY2007-08. Forecast discretionary resources total \$362.5 million. Deducting set-asides of \$34.9 million leaves \$327.6 million against estimated CAL requirements and one-time budgets of about \$290.6 million. An estimated \$36.9 million is available to Council's FY2007-08 budget process. This is split between ongoing and one-time as \$10.7 million ongoing and \$26.3 million in one-time. This balances the General Fund over the forecast period, given crucial cost escalation assumptions for health care costs. The financial forecast anticipates successively smaller amounts of one-time money will be available to Council over the three-year period ending FY2010-11.

The out-years of the financial forecast are also improved and show amounts that should be available to Council as one-time funds. Additional ongoing funds are not projected because of the strong escalation rate in health care costs as forecast by the City's health care consultant (AON). It is also important to point out that:

The current financial forecast shows that incorporating \$10.7 million into ongoing bureau CAL requirements for FY2007-08 can be sustained, but there is the risk that a recession, higher inflation or health care costs could easily result in the need for CAL reductions within the five-year time frame of this forecast.

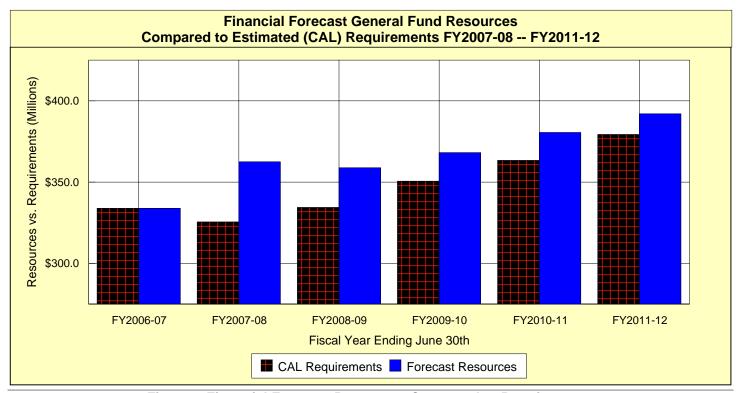


Figure 3-Financial Forecast Resources Compared to Requirements

2-YEAR FINANCIAL FORECAST RESOURCES & REQUIREMENTS DETAIL

The table below summarizes a full two-year financial forecast for General Fund resources and requirements:

- Resources total \$721.3 million for two-years ending FY2008-09.
- Requirements are currently estimated at \$671.0 million over twoyears.
- The General Fund is balanced for the life of the forecast with \$10.7 million ongoing and \$26.3 million one-time available in FY2007-08.

	Resources & Requirements Summary Next Two Years				
	Budget	Forecast	Forecast	Two-Year Total	
	FY2006-07	FY2007-08	FY2008-09	Total	
Item-Category Resources	\$333,900,491	\$362,490,870	\$358,836,966	\$721,327,836	
Less: Assumed Set-Asides					
TANS Interest Expense	\$0	\$0	\$0	\$0	
Compensation Set-Aside	\$4,559,943	\$5,409,616	\$7,863,905	\$13,273,521	
Other Set-Asides					
Contingency	\$4,804,805	\$3,200,000	\$3,200,000	\$6,400,000	
Unforeseen Reimbursable	\$2,000,000	\$2,000,000	\$2,000,000	\$4,000,000	
Subtotal-Contingency	\$6,804,805	\$5,200,000	\$5,200,000	\$10,400,000	
Capital Set-Aside	\$1,260,000	\$1,915,000	\$1,915,000	\$3,830,000	
PERS Debt Service	\$7,307,031	\$7,950,006	\$8,700,896	\$16,650,902	
Other General Fund Debt Service	\$1,665,000	\$1,664,626	\$1,437,460	\$3,102,086	
City Hall/Precincts-Debt Service	\$2,420,700	\$2,419,250	\$2,421,900	\$4,841,150	
Street Light O&M Transfer	\$4,876,282	\$5,150,728	\$5,274,480	\$10,425,208	
Transfer To General Reserve	\$0	\$0	\$0	\$0	
ESA Set-Aside (BES)	\$345,488	\$356,665	\$366,867	\$723,532	
Mall Renovations/Transit	\$0	\$0	\$1,033,000	\$1,033,000	
Environmental Remediation	\$500,000	\$0	\$0	\$0	
City Hall Maintenance Reserve	\$294,310	\$294,310	\$294,310	\$588,620	
PDOT Transfer ('07)	\$715,000	\$0	\$0	\$0	
Voter Elections	\$280,368	\$208,832	\$280,368	\$489,200	
New Columbia Set-Aside	\$0	\$2,018,000	\$0	\$2,018,000	
Unused Line	\$0	\$0	\$0	\$0	
Housing Trust Fund	\$928,122	\$958,149	\$985,555	\$1,943,704	
Parks Ongoing Maintenance	\$795,204	\$820,930	\$844,412	\$1,665,342	
Unused Line	\$0	\$0	\$0	\$0	
Transfer One-Time Housing Invest	\$2,400,000	\$0	\$0	\$0	
BTS & Miscellaneous Transfers	\$937,961	\$535,763	\$548,259	\$1,084,022	
Subtotal, Assumed Set-Asides	\$36,090,214	\$34,901,875	\$37,166,412	\$72,068,287	
Bureau Requirements & One-Time	\$294,238,465	\$290,630,331	\$308,336,046	\$598,966,377	
Total Requirements Resources less Requirements	\$330,328,678	\$325,532,201	\$345,502,458	\$671,034,663	
Equals Excess(+)/CAL Gap(-)	\$3,571,813	\$36,958,669	\$13,334,509		
Ongoing Increases(Reductions)	\$3,371,813	\$10,650,000	\$13,334,309	\$10,650,000	
Available One-Time	\$0	\$26,308,664	\$13,334,509	\$39,643,173	
Available One Time	ΨΟ	Ψ20,000,004	Ψ10,007,009	Ψου, υπο, 17 ο	

FY2007-08 Through FY2011-12 Financial Forecast Summary

The five-year financial forecast shows that General Fund resources are sufficient to cover estimated current appropriation levels through FY2011-12. Resources exceed estimated requirements in each year, but the amount that is in excess of estimated requirements steadily declines to just over \$12.6 million in the last year of the forecast. This is absorbed by adding \$10.7 million of ongoing requirements in FY2007-08. The principal reason that more ongoing is not available is the health care cost forecast. The City's health care consultant now forecasts annual cost escalation of about 10% to 11%. This means that a large portion of forecast revenue growth needs to be spent "one-time" so that out-year health increases remain funded.

	Budget For	Next Year	Financial Forecast Out-Years		
Item	2008	2009	2010	2011	2012
Resources	\$362,490,870	\$358,836,966	\$368,159,664	\$380,539,652	\$391,984,195
Requirements					
Bureau Requirements	\$286,396,916	\$296,917,957	\$310,545,943	\$324,481,142	\$340,171,436
One-Time Budgets	\$4,233,415	\$385,600	\$200,000	\$200,000	\$200,000
Council Set-Asides	\$34,901,875	\$37,166,412	\$39,831,328	\$38,688,037	\$38,948,641
GAP-Surplus(Deficit)	\$36,958,664	\$24,366,998	\$17,582,393	\$17,170,473	\$12,664,119

Five-Year Detail Of Current Recommended Financial Plan

The financial forecast shows Council can increase ongoing CAL requirements \$10.7 million in the FY2007-08 budget process. For FY2007-08 this leaves about \$26.3 million available for one-time budgets. The forecast also shows that Council should have additional one-time resources available in each of following three budgets through FY2010-11. This course of action is not without some risk. The onset of a recession, increased inflation, higher health care cost escalation, or loss of state shared cigarette and liquor tax revenues could easily make it difficult for Council to sustain the ongoing programmatic increases.

	Two-Year	Forecast	Financial Forecast Out-Years		
Item	2008	2009	2010	2011	2012
Total Resources	\$362,490,870	\$358,836,966	\$368,159,664	\$380,539,652	\$391,984,195
Transfer In From					
General Reserve	\$0	\$0	\$0	\$0	\$0
Bureaus & Programs	\$286,396,916	\$307,950,446	\$322,076,568	\$336,528,239	\$352,792,550
Capital Set-Aside	\$1,915,000	\$1,915,000	\$1,915,000	\$1,915,000	\$1,915,000
Est. CAL Increase	\$10,650,000	\$0	\$0	<i>\$0</i>	<i>\$0</i>
Planned One-Time	\$4,233,415	\$385,600	\$200,000	\$200,000	\$200,000
New One-Time	\$26,308,664	\$13,334,509	\$6,051,768	\$5,123,375	\$43,004
Pension Bonds P&I	\$7,950,006	\$8,700,896	\$9,043,756	\$9,386,000	\$9,792,622
Council Set-Asides	\$25,036,869	\$26,550,516	\$28,872,572	\$27,387,038	\$27,241,019
Total Requirements	\$362,490,870	\$358,836,967	\$368,159,663	\$380,539,652	\$391,984,195
Difference	(\$0)	(\$0)	\$0	\$0	\$0
Reserve Fund As A					
Percent Net Revenues	10.0%	10.3%	10.5%	10.7%	11.0%

Risks To The Financial Forecast

Although this forecast assumes continued economic expansion, there are uncertainties:

- The possibility of state-wide tax reform is higher than in the past; there could be some negative fiscal impact on local government revenues.
- The Oregon Legislature is studying the distribution of cigarette and liquor taxes to cities. There is some risk that some or all of these revenues (totaling about \$10.7 million) could be lost.
- Expiration of Parks' local option levy will put pressure on the General Fund to cover operating costs covered by this levy, which would affect the forecast in either FY2008-09 or FY2009-10.
- Geopolitical uncertainties (energy, Iraq) could easily lead to a recession.

Two-Year Forecast Resources-By Budget Category Detail							
Category	FY2006-07 FY2007-08 FY2008-09						
RESOURCES	Budget	Forecast	Forecast				
Property Taxes							
Current Year Taxes	\$159,918,111	\$166,784,544	\$171,546,347				
Prior Year Taxes	\$3,737,990	\$3,482,313	\$3,432,773				
Payment in Lieu of Taxes	\$781,420	\$1,241,827	\$1,247,865				
Total Property Taxes	\$164,437,521	\$171,508,684	\$176,226,985				
Other Taxes							
Lodging Tax	\$13,502,206	\$14,659,186	\$15,562,468				
Licenses & Permits							
Business Licenses	\$52,830,754	\$64,531,684	\$67,996,411				
Utility License-External	\$42,149,663	\$47,038,141	\$47,245,285				
State Sources(*)							
State Shared Revenue	\$10,199,408	\$10,749,685	\$11,279,777				
Local Government							
Local Shared Revenue	\$2,740,836	\$2,882,373	\$3,031,219				
Miscellaneous Revenues							
Refunds	\$30,000	\$30,000	\$30,000				
Interest on Investments	\$2,784,196	\$3,292,988	\$3,593,352				
Other Misc. Revenues							
Other Misc. Revenues	\$50,000	\$50,000	\$50,000				
Unforeseen Reimbursable	\$2,000,000	\$2,000,000	\$2,000,000				
Transfers, Other Funds							
Utility License-Internal							
Water Operating	\$4,184,153	\$4,184,153	\$4,184,153				
Sewer Operating	\$12,809,321	\$12,809,321	\$12,809,321				
Miscellaneous	•						
Parking Facility-Tax Offset	\$227,367	\$234,188	\$241,214				
Hydro-Fund Transfer	\$200,000	\$200,000	\$200,000				
Fleet Transfer	\$5,000,000	\$0	\$0				
Refuse Disposal	\$85,000	\$85,000	\$85,000				
HCD-Indirect	\$258,589	\$243,835	\$243,835				
Federal Grants-Indirect	\$0	\$0	\$0				
Transfer-General Reserve	\$1,044,567	\$0	\$0				
Other Transfers	\$52,437	\$27,537	\$0				
Subtotal-Transfers, Misc.	\$6,867,960	\$790,560	\$770,049				
Beginning Fund Balance	\$19,314,473	\$27.064.00F	\$14 0E7 047				
(Unencumbered)		\$27,964,095	\$14,057,947				
Chacksum Total Page 2	\$333,900,491	\$362,490,870	\$358,836,966				
Checksum Total-Page 2	\$333,900,491	\$362,490,870	\$358,836,966				
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 City 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 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 employer's 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 as computed by Debt Management.

	•	J	Annual POB Debt Service	
	Bureau PERS	Percentage	FY2007-08	FY2008-09
FUND	Liability	Allocation	\$21,414,323	\$23,436,939
General Fund Bureaus	\$111,689,086	37.125%	\$7,950,006	\$8,700,896
Unused Line	\$0	0.000%	\$0	\$0
Subtotal	\$111,689,086	37.125%	\$7,950,006	\$8,700,896
BGS Non-discretionary	\$1,306,199	0.434%	\$92,975	\$101,756
OMF Water Billing	\$0	0.000%	\$0	\$0
PDOT (net)	\$55,353,645	18.399%	\$3,940,061	\$4,312,206
BOEC (net)	\$2,863,692	0.952%	\$203,837	\$223,090
Buildings (OPDR)	\$14,372,042	4.777%	\$1,022,999	\$1,119,623
BES	\$39,339,044	13.076%	\$2,800,145	\$3,064,623
Hydroelectric	\$301,518	0.100%	\$21,462	\$23,489
WATER	\$40,857,860	13.581%	\$2,908,254	\$3,182,943
Golf Operating	\$2,463,621	0.819%	\$175,360	\$191,923
PIR	\$474,264	0.158%	\$33,758	\$36,946
Refuse Disposal	\$765,035	0.254%	\$54,455	\$59,598
Environ. Remediation	\$17,660	0.006%	\$1,257	\$1,376
Parks Bond Const.	\$1,364,840	0.454%	\$97,149	\$106,325
Parks Construction	\$22,801	0.008%	\$1,623	\$1,777
Facilities Services	\$2,448,982	0.814%	\$174,318	\$190,782
Fleet Operating	\$5,754,906	1.913%	\$409,633	\$448,324
Print & Distribution	\$1,950,216	0.648%	\$138,816	\$151,928
BTS	\$4,415,663	1.468%	\$314,306	\$343,993
Insurance & Claims	\$1,074,631	0.357%	\$76,492	\$83,717
Health Insurance	\$454,736	0.151%	\$32,368	\$35,425
LID	\$1,025,122	0.341%	\$72,968	\$79,860
FPD&R	\$613,559	0.204%	\$43,673	\$47,798
Unused Line	\$0	0.000%	\$0	\$0
Comm. Services	\$2,424,157	0.806%	\$172,551	\$188,849
Arena/Facilities	\$225,247	0.075%	\$16,033	\$17,547
Worker Comp. Oper.	\$1,005,187	0.334%	\$71,549	\$78,307
PDC	\$8,264,635	2.747%	\$588,275	\$643,838
TOTAL All Funds	\$300,848,346	100.00000%	\$21,414,323	\$23,436,939

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.

	2010	2011	2012
Out-Year Debt Service	\$24,360,474	\$25,282,350	\$26,377,638