# City of Portland Office of Management & Finance

### THE FINANCIAL OUTLOOK

Accounting Period 3 (August 25 to Sept. 21, 2005)

General Fund Financial Outlook (Issue Date: Oct. 28, 2005)

Estimated Year-End General Fund Resources At AP-3 are forecast to range from \$434.0 million (LOW) to \$452.8 million (HIGH). Council's revised budget, period 3, totals about \$439.0 million, unchanged compared to period 1, identical to Council's FY2005-06 Adopted Budget. The "Fall Bump" budget updating and adjustment process is underway. General Fund revenues at period 3 are about 3.7 percent behind year-ago: service reimbursement revenues, grants, and bureau contract revenues are \$1.5 million million behind last year, period 3. Bureau fee and General fund discretionary revenues are about 1.2 percent ahead of period 3 last year.

RESOURCE REC	CAP
* IBIS Budgeted Resources	\$439,037,343
* Resource Range(High)	\$452,787,298
(Low)	\$433,995,488
* Revenues At AP-3(*)	\$30,928,376
Versus Year-AgoUP	-3.68%
(*) Net of Short-Term Borrov	ving
NOTEWORTHY AT	Г АР-3
* Hotel/Motel Up 13.8 % vs. year	-ago
* Utility License Up 4.3 % vs. yea	r-ago

(\*) And net of intrafund revenues

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

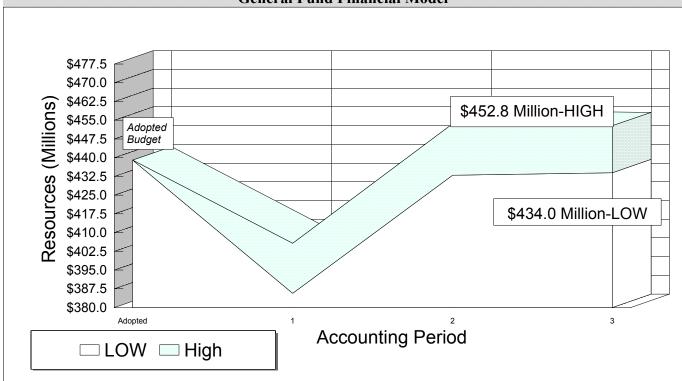


Figure 1-General Fund Resources, Year-End FY2003-04

The Bottom Line: Resources, year-end, are estimated to range from \$434.0 million (Low) to \$452.8 million (High). Budgeted resources are \$439.0 million. Year-end expenditure estimates range from \$414.1 million (Low) to \$423.1 million (High). Forecast year-end balance, beginning FY2006-07 balance, is forecast at somewhere between \$10.9 million (Low) to as much as \$38.7 million (High).

Initial property tax revenue data for FY2005-06 was released the second week of October. The General Fund's tax base levy came in at \$170.3 million reflecting 2.9% assessed value growth. The levy loss due to compression declined to 3.1% (about a \$5 million loss) yielding a levy of \$164.9 million before provision for delinquencies and discounts. Revenues are currently estimated at \$155.6 million versus budget of \$154.2. Revenues at year-end should be about \$1.4 million (0.9%) over budget. The decline in the compression loss percentage will be temporary and is mostly due to the fact that FPD&R's levy was "flat" at last \* Capital Outlays UP 164.2% vs. year-ago year's levels. This in turn restrained growth in urban re-

EXPENDITURE RI	ECAP
* IBIS Budgeted Expenses	\$439,037,343
* Expense Range(High)	\$423,050,543
*(Low)	\$414,062,639
* Expenses At AP-3(*)	\$93,041,215
Versus Year-AgoUp	-1.0%
(*) Net of Short T	Term Borrowing
NOTEWORTHY AT	Г АР-3
* Personal Services DOWN -8.0% v	s. year-ago
* All M&S UP 7% vs. year-ago	_
* Canital Outland UD 164 20/ via via	

newal collections (which must fit under the \$10 Measure 5 rate limit) also contributing to lower compression losses. Other General Fund discretionary revenues remain in good shape. Transient lodging tax revenues total about \$3.3 million as of period 3 and are about 13.8 percent ahead of last year. Utility license and franchise fees total about \$13.4 million and are about 4.3 percent ahead of year-ago. Business license revenues continue to do well but it is still very early in the year.

Bureau fee and miscellaneous revenues are mixed. Parks' main fee revenue category appears to be about 1.6 percent ahead of last year. The miscellaneous fee revenues are about 14 percent ahead of last year and the catchall miscellaneous revenues are about 7 percent behind last year at period 3.

General Fund expenditures at AP-3 total about \$93.0 million vs. last year's \$94.0 million. Expenditures to-date are about 1 percent behind year-ago. Personal services expenses are 8.0 percent behind year-ago. Some of this difference is due to budget reductions in this budget. In

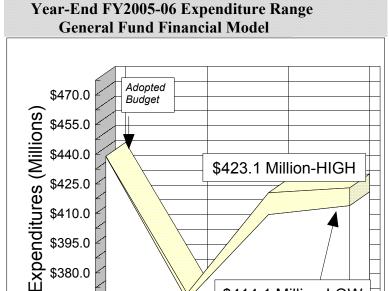


Figure 2-General Fund Expenditures, FY2005-06

addition last year's numbers include a large Police retroactive wage and salary adjustment and this is skewing year over year comparisons.

Materials and services expenditures, both external and internal are running ahead of year-ago levels. External materials and services total \$15.2 million at period 3 versus \$14.8 million last year: up 2.6 percent. Internal materials and services total about \$9.9 milion at period 3: up 13.7 percent or \$1.2 million.

Capital outlays now total about \$3.8 million as of period 3. This is contineus to be composed of about \$181,000 in cash outlays with encumbrances of \$3.6 million. As of period 3 spending continues to exceed Adopted Budget which totals about \$3.3 million. It is still clear if this constitutes a problem or something that will be cleared up in the Fall BUMP such that budget will catchup with actual outlays and encumbrances.

Adopted

\$380.0

\$365.0

\$350.0

□LOW ■High

\$414.1 Million-LOW

Accounting Period

The Estimated Year-End General Fund Balance at AP-3 ranges from \$10.9 (Low) to \$38.7 million (High). The current ending balance "point" estimate for the General Fund's FY2005-06 year-end \$15.2 million versus the period 2 estimate of \$16.7 million (net of what is required for current encumbrances). It is still early in the year, and there continues to be a very wide variance or "collar" around point estimates. The December financial forecasts FY2006-07 beginning fund balance is now running off of this estimate and is typically finalized using the period 4 estimate. Period 4 ended October 19 and accounting reports are due out shortly. The \$15.2 million estimate is about \$3.4 million over the

beginning balance estimate that was used last Spring in the previous financial forecast. Typically any increase like this falls to the bottom line as one-time money available to Council during the budget process for FY2006-07. It is still early in the year. The Fall BUMP will materially change the budget and give more information about the size of *Ending Fund*.

the budget and give more information about the size of *Ending Fund Balance Range* budget that is being spent against for the current year.

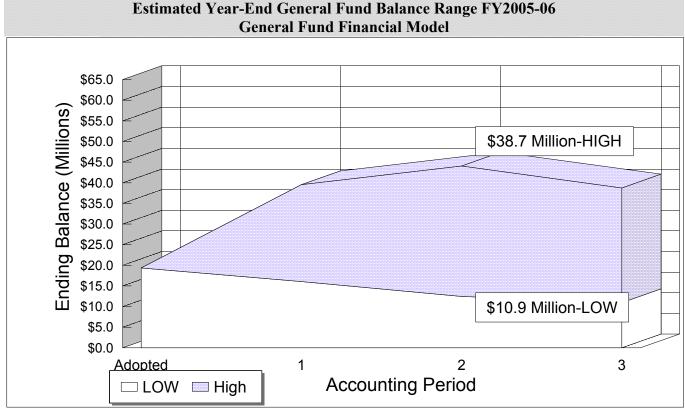


Figure 3-Estimated General Fund Balance, Year-End FY2005-06

# Wellpartner Recognized As 2005 Oregon Growth Company Of The Year

According to a recent Business Wire article, the Oregon Entrepreneurs Forum (OEF) tapped Wellpartner, an innovative provider of home delivery pharmacy solutions, as 2005 Growth Company of the Year. Wellpartner uses a modern, automated fulfillment center to provide medications for treating chronic health conditions using a wide variety of distribution options. Rapid increase in demand by health plans, pharmacists, self insured employers, clinics, Medicaid programs and other clients increased Wellpartner revenue 589% from 2002 to 2004. Among other winners of the 2005 OEF Entrepreneurship Awards were: Eleven Wireless, Portland-based software company whose product helps customers build and centrally manage their Wi-Fi, WiMAX and wired networks, and HemCon, founded to develop and market a revolutionary new bandage designed to control severe bleeding.

Table 1-General Fund Resources, FY2005-06			
	Through	Estimated	Revised
GENERAL FUND RESOURCE CATEGORY	AP-3	Year-End	Budget
INTERNAL REVENUES 41000			
Service Reimbursements	. \$575,626	\$38,102,741	\$44,826,754
Other Internal & Transfers-IN	\$3,188,273	\$35,576,308	\$38,029,668
PROPERTY & LODGING TAXES 42100			
Property Taxes	\$50,883	\$160,647,217	\$158,678,968
Lodging Taxes	\$3,349,087	\$12,809,108	\$12,092,518
BUSINESS LICENSES, PERMITS 43000			
Business Licenses	\$3,208,310	\$52,228,430	\$44,418,253
Utility License/Franchise	\$13,352,170	\$57,902,089	\$57,612,597
Other Permits	\$674,201	\$3,218,325	\$3,160,253
SERVICE CHARGES & FEES 44000	\$3,138,525	\$14,062,330	\$13,844,145
STATE, FEDERAL SOURCES 46000	\$835,339	\$9,739,786	\$10,105,896
LOCAL SOURCES (Contracts) 47000	\$1,549,500	\$11,886,124	\$15,115,146
MISC. REVENUES & INTEREST 49400	\$1,014,677	\$6,157,925	\$7,647,900
TAX ANTICIPATION NOTES/Note Sales	\$0	\$0	\$0
BEGINNING FUND BALANCE	. \$25,654,275	\$25,654,275	\$21,005,245
ENCUMBRANCE & CARRYOVER	. \$8,191,711	\$8,191,711	\$12,500,000
GENERAL FUND RESOURCE TOTAL	\$64,782,577	\$436,176,370	\$439,037,347
<b>Estimated Percent Of Budget Resources Realized</b>	14.8%	99.3%	

Table 2-General Fund Expenditures, FY2005-06			
	Through	Estimated	Revised
GENERAL FUND EXPENDITURES	AP-3	Year-End	Budget
Salaries & Wages	\$39,774,272	\$176,473,172	\$181,741,457
Overtime	\$2,352,977	\$8,913,163	\$7,809,018
Benefits	\$10,996,349	\$44,888,987	\$43,709,259
Premium & Part-Time	\$5,561,369	\$16,923,431	\$16,386,948
TOTAL PERSONAL SERVICES	\$58,684,967	\$247,198,753	\$249,646,682
Estimated Percent Of Budget Spent	23.5%	99.0%	
EXTERNAL MATERIALS & SERVICES	\$15,228,909	\$69,515,630	\$77,010,250
Estimated Percent Of Budget Spent	19.8%	90.3%	
INTERNAL MATERIALS & SERVICES	\$9,879,250	\$51,215,792	\$52,534,885
Estimated Percent Of Budget Spent	18.8%	97.5%	
CAPITAL OUTLAY	\$3,818,097	\$3,712,057	\$3,277,290
Estimated Percent Of Budget Spent	116.5%	113.3%	
CONTINGENCY & UNFORESEEN	\$0	\$10,994,726	\$18,259,326
FUND CASH TRANSFERS	\$5,429,992	\$38,308,857	\$38,308,860
INVENTORY	\$0	\$0	\$0
GENERAL FUND EXPENSE TOTAL	\$93,041,215	\$420,945,814	\$439,037,293
Estimated Percent Of Budget Spent	21.2%	95.9%	

Table 3-General Fund Expend	itures B	y Appropriati	ion Unit, FY2	005-06	
Percent Of Year Gone	23.1%				
Percent Year Left	76.9%	Through	Estimated	Revised	Percent
AU Description	AU#	AP-3	Year-End	Budget	Spent
Police Bureau	100	\$32,251,369	\$138,143,274	\$135,027,383	23.9%
Fire Bureau	124	\$20,095,811	\$75,544,321	\$74,887,494	26.8%
Bureau Of Parks	130	\$10,919,650	\$48,022,046	\$48,639,181	22.5%
Subtotal-Public Safety and Pa	arks	\$63,266,830	\$261,709,642	\$258,554,057	24.5%
Commissioner #2 (Sten)	190	\$150,837	NA	\$656,537	23.0%
Commissioner #4 (Leonard)	191	\$132,344	NA	\$651,855	20.3%
Commissioner #3 (Saltzman)	192	\$153,694	NA	\$669,705	22.9%
Commissioner #1 (Adams)	193	\$196,841	NA	\$658,649	29.9%
Office Of The Mayor	195	\$384,118	NA	\$1,769,029	21.7%
Operating Contingency	298	\$6	\$9,994,726	\$16,259,326	NA
Unforeseen Revenues	298	\$0	\$1,000,000	\$2,000,000	NA
Other Cash Transfers	299	\$5,429,992	\$38,308,857	\$38,308,860	14.2%
Office of Cable Com	300	\$402,797	NA	\$1,809,844	22.3%
P.O.E.M	110	\$2,287,371	NA	\$6,744,145	33.9%
Office-Sus. Develop	302	\$450,057	NA	\$2,633,911	17.1%
Government Relations	303	\$137,965	NA	\$762,167	18.1%
Office Of Man. & Fin	307	\$5,021,259	NA	\$25,251,117	19.9%
Office Of City Attorney	312	\$1,275,307	NA	\$6,162,499	20.7%
Business Licenses	316	\$1,383,053	NA	\$8,075,363	17.1%
Stock Account	325	(\$131,469)	NA	\$25,000	-525.9%
City Auditor	336	\$1,642,136	NA	\$7,840,092	20.9%
Office Neigh. Involve	342	\$1,489,796	NA	\$7,217,237	20.6%
OMF Citywide Projects	381	\$1,736,267	NA	\$9,305,965	NA
OMF Utility Billing	390	\$2,749,561	NA	\$13,694,718	NA
Special Appropriations	401	\$2,195,338	NA	\$13,963,822	15.7%
Bureau Of Planning	510	\$1,480,838	NA	\$6,214,404	23.8%
Bureau Com. Develop	540	\$1,284,701	NA	\$9,808,990	13.1%
Subtotal-All Other AUs		\$29,852,809	\$165,329,365	\$180,483,236	16.5%
General Fund Total-All A	Us	\$93,119,639	\$427,039,007	\$439,037,293	21.2%

#### 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	4th Quarter	3rd Quarter	Concern Level
Basic Revenue Growth (*)	7.2%	7.6%	Below 3.0%
Portland Unemployment Rate	7.1%	8.4%	Above 6.5%
<b>Business License Revenue Growth</b>	25.2%	25.3%	Below 5.5%
Property Tax Delinquency Rate	5.4%	5.4%	Above 8.0%

<sup>(\*)</sup> 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.

Financial Outlook, AP-03

FY2005-06, FOFY0603

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## THE DATA CORNER

## Recent Economic & Financial Data: Levy & Tax Rate Data

In this issue of the OUTLOOK a page is included that highlights and summarizes FY2005-06 property tax levy, tax rate, and assessed value data. This is probably the second most requested kind of data that people call and ask for on a regular basis next to CPI data requests.

FY2003-04	LE'	VY	Estimated	Tax Rate	(\$/\$1,000)
Portland Levy Authority	Certified	Imposed(*)	Revenues	City Average	Levy Code 1
General Fund Tax Base	\$170,222,429	\$164,978,731	\$155,115,505	\$4.2593	\$4.2593
Public Safety Retirement	\$86,597,962	\$83,963,170	\$78,943,582	\$2.1677	\$2.1677
Urban Renewal	\$68,632,503	\$65,783,310	\$61,982,418	\$1.7299	\$1.7299
Local Option Levies	\$29,709,154	\$23,016,043	\$21,704,128	0.7433	\$0.7433
Subtotal-Subject To \$10	\$256,820,391	\$314,587,053	\$295,050,294	\$8.9002	\$8.9002
G.O. Debt Levy	\$8,150,938	\$8,150,938	\$7,686,335	\$0.2045	\$0.2045
Total-All City Levies	\$265,042,749	\$322,737,991	\$302,736,629	\$9.1047	\$9.1047
Typical Tax Bill, Taxable	Assessed Va	alue \$150,000	due City	\$1,365.71	\$1,365.71

<sup>(\*)</sup> Imposed = Certified less loss for truncation, offsets, and Measure 50 comrpession.

Note: urban renewal collections are composed of "divide-the-taxes" collections plus a special levy.

#### **City of Portland-Assessed Value Data**

Fiscal Year Real Market Value-\$1,000s		U.R.(**)	M50 Assessed Value			
Ends 6/30	In Mult. Co.	in Other(*)	Total	Increment	In Mult. Co.	in Other(*)
1989(***)	\$14,430,090	\$54,944	\$14,485,034	\$533,704		
1990	\$13,646,087	\$55,584	\$13,701,671	\$594,118		
1991	\$15,873,503	\$59,068	\$15,932,571	\$674,293		
1992	\$18,330,344	\$79,582	\$18,409,927	\$928,097		
1993	\$20,091,976	\$88,154	\$20,180,129	\$1,065,141		
1994	\$21,599,964	\$90,912	\$21,690,876	\$1,233,846		
1995	\$24,940,673	\$98,129	\$25,038,802	\$1,182,073		
1996	\$28,201,782	\$109,452	\$28,311,234	\$1,447,255		
1997	\$31,311,065	\$127,896	\$31,438,961	\$1,777,108		
1998	\$34,374,191	\$147,783	\$34,521,974	\$2,231,354	\$26,413,251	\$111,212
1999	\$36,598,114	\$159,606	\$36,757,720	\$1,425,225	\$28,615,024	\$128,750
2000	\$39,618,832	\$174,744	\$39,793,577	\$2,025,657	\$30,062,010	\$133,939
2001	\$43,736,871	\$186,188	\$43,923,059	\$2,397,934	\$31,743,285	\$142,710
2002	\$47,103,252	\$201,208	\$47,304,460	\$3,051,445	\$33,178,672	\$152,421
2003	\$49,032,978	\$217,305	\$49,250,283	\$3,472,650	\$33,979,644	\$158,690
2004	\$51,549,254	\$234,689	\$51,783,943	\$3,709,125	\$34,833,882	\$168,688
2005	\$54,568,485	\$253,464	\$54,821,949	\$4,093,670	\$35,946,930	\$179,226
2006	\$59,347,557	\$273,241	\$59,620,798	\$5,102,345	\$36,990,734	\$186,755
Current 5-Year Trend						
2007	\$62,314,935	\$295,100	\$62,610,035	\$9,131,772	\$37,999,692	\$192,264
2008	\$65,430,682	\$318,708	\$65,749,390	\$10,247,797	\$39,024,122	\$197,936
2009	\$68,702,216	\$344,205	\$69,046,421	\$11,488,391	\$40,345,197	\$203,775
2010	\$72,137,326	\$371,741	\$72,509,068	\$12,858,582	\$41,534,491	\$209,786
2011	\$75,744,193	\$401,481	\$76,145,673	\$14,380,428	\$42,711,671	\$215,975

Note: Real Market Values data for FY99-00 to FY05-06 are estimated, actual data is not available.

<sup>(\*\*)</sup> U.R. = Urban Renewal, \$1,000s (\*) Washington & Clackamas counties

<sup>(\*\*\*)</sup> Not "true cash value." All other years to 1991 are true cash value, 1992 on are Measure 5 "real market value."