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To: Mayor Tom Potter
Commissioner Sam Adams
Commissioner Randy Leonard
Commissioner Erik Sten
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City Auditor Gary Blackmer

From: Casey Short, Manager
Financial Planning Division

Subject: FY 2007-08 Fall Budget Monitoring Process and Minor Supplemental Budget

In the Fall Budget Monitoring Process (BuMP), City bureaus report on financial and program performance through the end of the past fiscal year and request adjustments to the current fiscal year's budget. The Fall Budget Adjustment and Minor Supplemental Budget ordinance adopts proposed adjustments and will be heard on Wednesday, December 5, 2007.

The Financial Planning Division has prepared this document to summarize the highlights of bureau submissions for the Fall BuMP, requests and adjustments that flow from those submissions, and requests identified in the Fall Minor Supplemental Budget. FPD's full analysis of the requests from bureaus and the financial performance of the bureaus will be sent to Council Offices on November 30, 2007.

The fall 2007 Major Supplemental Budget will also be brought to Council on December 5, 2007 through a separate ordinance. This process is required for funds that increase resources and requirements by more than ten percent.

Exhibits to the ordinance include a revised Schedule of Appropriations (Exhibits 1a and 1b), BuMP and Minor Supplemental Budget adjustments (Exhibit 2).

Summary of Major Actions

The BuMP adjusts budgets that show a decrease or no change in total resources and requirements. There are seventeen funds requesting BuMP adjustments, with a net decrease of \$1.8 million. The Minor Supplemental Budget adjusts budgets that increase by less than 10%. The fall Minor Supplemental Budget increases resources and requirements by \$77.1 million, in nineteen funds. The largest of these are the General Fund (\$55.2 million), Federal Grants Fund (\$8.4 million), General Reserve Fund (\$3.9 million), Housing Investment Fund (\$3.2 million), and Parks Capital Construction & Maintenance Fund (\$2.5 million). See below for discussion of these actions.

Review of Significant Budget Adjustment Process (BuMP) Requests

Seventeen funds request technical changes in the budget adjustment process; the major changes are in the Portland International Raceway Fund, Bancroft Bond Redemption Fund, Facilities Services Fund, and Technology Services Fund.

Portland International Raceway Fund

The fund has a net decrease of \$4.5 million. This is due to a decision to reallocate funding for debt financing for the Portland International Raceway due to the unfavorable debt financing interest rates.

Bancroft Bond Redemption Fund

The fund shows a net decrease of \$19.3 million. In FY 2007-08, the fund was inadvertently over budgeted due to a technical error. This amendment will rectify the problem.

Facilities Services Fund

The fund has a net increase of \$6.0 million. The increase is primarily due to carryover funds for unfinished capital projects that were not completed at the end of last fiscal year.

Technology Services Fund

The fund shows a net increase of approximately \$15.0 million. This is due to the recognition of additional beginning balance because of the Enterprise Business Solution Project bond revenue and carryover funds for unfinished projects.

Review of significant Minor Supplemental Budget Requests

Federal Grants Fund

In the Federal Grants Fund, the City recognizes an additional \$8.4 million from various grants. Most of this amount will be transferred to other bureaus in the fall BuMP to cover eligible grants activities. The largest items in this category include the Police Bureau requesting \$2.9 million, the Fire Bureau requesting \$1.4 million, the Office of Transportation requesting \$1.7 million, and the Bureau of Housing & Community Development requesting \$1.0 million.

General Reserve Fund

The fund shows a net increase of \$3.9 million. This is due to a transfer of \$2.2 million from the General Fund beginning balance to increase the reserve amount to 10% of the total General Fund, and a transfer of \$1.7 million for CAD replacement.

Housing Investment Fund

The fund shows an increase in resources and requirements of approximately \$3.2 million. This is due primarily to carryover funds for projects that were not completed in last fiscal year.

Parks Construction & Maintenance Fund

The fund has a net increase of \$2.5 million. This is due primarily to the carryover of unfinished projects from last fiscal year and recognition of additional revenues from the Parks Local Option Levy Fund, private grants and donations to cover projected expenditures in the capital program.

General Fund

The General Fund shows a net increase in resources and requirements by approximately \$55.2 million. This includes a transfer of approximately \$6.7 million in General Fund One-time to various bureaus. Other requests for General Fund include carryover of \$10.4 million, and encumbrance carryover of \$6.3 million.

New Requests for General Fund Resources

In this ordinance, the total new requests for General Fund are \$5,771,262. Detail information on bureaus proposed for General Fund funding is included in the attached Fall BuMP General Fund Requests report.

If the ordinance is adopted, there will be a balance of \$14,881,036 in the General Fund Contingency after the fall BuMP. Of this amount, \$3,590 is General Fund Discretionary.

Attachment.