

## Exhibit 2: FY 2021-22 Over-Expenditure Ordinance

### General Fund Summary

	Adopted Budget	Current Revised Budget	Proposed Adjustments	Total Proposed Revised
Beginning Fund Balance	29,097,508	102,632,470	-	102,632,470
Taxes	306,099,807	306,099,807	-	306,099,807
Licenses & Permits	226,908,332	227,404,332	-	227,404,332
Charges for Services	19,520,827	16,804,094	-	16,804,094
Intergovernmental	65,926,711	66,888,073	-	66,888,073
Interagency Revenue	64,972,416	64,084,823	-	64,084,823
Fund Transfers - Revenue	51,721,625	81,398,554	175,000	81,573,554
Bond & Note Proceeds	2,025,000	2,411,472	-	2,411,472
Miscellaneous	3,991,306	3,528,261	-	3,528,261
<b>Revenues</b>	<b>770,263,532</b>	<b>871,251,886</b>	<b>175,000</b>	<b>871,426,886</b>
	Adopted Budget	Current Revised Budget	Proposed Adjustments	Total Proposed Revised
Personnel	470,401,089	466,105,009	(1,169,500)	464,935,509
External Materials and Services	141,314,712	179,707,294	875,145	180,582,439
Internal Materials and Services	70,640,562	82,505,129	131,000	82,636,129
Capital Outlay	3,242,000	4,723,203	-	4,723,203
Debt Service	13,012,339	13,102,339	(90,000)	13,012,339
Fund Transfers - Expense	49,557,169	91,873,295	1,034,819	92,908,114
Contingency	22,095,661	33,235,617	(606,464)	32,629,153
<b>Expenses</b>	<b>770,263,532</b>	<b>871,251,886</b>	<b>175,000</b>	<b>871,426,886</b>

#### New General Fund Requests

There is one request for new resources in the FY 2021-22 Over-Expenditure Ordinance (OEO) as filed. \$32,500 is being requested to cover anticipated vacation payout costs in the Office of the Commissioner of Public Affairs. Although this may be offset by vacancy savings, in order to ensure that the office does not over expend the full resources are being requested at this time. Any unspent resources will fall to balance.

#### Contingency

The OEO as filed includes the following changes to General Fund contingency:

- Draws \$748,964 from General Fund policy set-aside and transfer to the Spectator Venues & Visitor Activities Fund for program expenses related to the mitigation of excess groundwater in the right-of-way near Providence Park Stadium.
- Recognizes \$175,000 from the Citywide Obligations Reserve Fund to true up debt service for the Integrated Tax System Project.

### Other Notable Adjustments

There is a \$100,000 transfer from the Office of Management & Finance (OMF) Community Services Division (CSD) to the Portland Fire and Rescue (PF&R) to backfill PF&R's personnel service costs for 2.0 FTE PF&R members who are temporarily supporting the Street Services Coordination Center.

## Interfund Loan

The Grants Fund (217) is a reimbursement fund such that all expenses in the fund are expected to be reimbursed by entities outside of the City of Portland. The City accounts for grant reimbursement on a modified accrual basis, per the requirements of Generally Accepted Accounting Principles (GAAP). Under this modified accrual basis of accounting, expenses are incurred at the time services are delivered or goods are provided, and revenues are recognized when reimbursement is received. This creates a lag between expenses and revenues. This lag in the grants funds can result in temporary negative fund balances. Oregon State Local Budget Law requires that fund balances not be negative at the end of a fiscal year. GAAP requires that governmental funds not end the year with negative cash assets. The reimbursement nature of the grants funds results in the funds frequently carrying negative cash balances. Interfund loans to the grants funds are necessary to comply with Local Budget Law and GAAP, and such loans must be approved by City Council.

The OEO contains an interfund loan to the Grants Fund in the amount of \$50.0 million total. \$25.0 million comes from the Transportation Operating Fund, which is the largest driver of the negative balance, and \$25.0 million from the Parks System Development Charge Capital Construction and Maintenance fund, the only other funding source with sufficient reserves available to back this unusually large year-end loan. A companion resolution to this ordinance is filed with City Council authorizing the loan, as required by Oregon Revised Statutes. The repayment of the loan will occur in FY 2022-23.

## Notable Non-General Fund Changes

Below is a summary of changes in funds other than the General Fund. There are a few notable changes to funds outside the General Fund, which include:

- The **Portland Housing Bureau** is adjusting several of its funds related to timing of multi-year projects across FY 2020-22 and FY 2022-23 and truing up budgets to match forecasted resources. The largest adjustment is budgeting \$8.0 million in Community Development Block Grant funding for the Anna Mann project. The bureau is also budgeting a \$1.4 million

cash transfer from the Tax Increment Financing Reimbursement Fund to the Affordable Housing Development Fund.

- The **Portland Bureau of Transportation** is appropriating grants revenues for the following projects: \$800,000 for the Capital Highway: Multnomah Village to West Portland, SW project; \$230,000 for the 174th: Stark - Main, SE project; and \$250,000 for the Safe Villages move.
- The **Bureau of Development Services** is adjusting how funds in the Shelter Permit Waiver Reimbursement Fund is budgeted on the expense side. This move draws \$1.0 million from Contingency as the adjustment is necessary to make the fund fully operational. There is no change in overall appropriation.
- The **Portland Water Bureau** plans to increase expenses related to the Hydroelectric Power Operating Fund by drawing on contingency for \$450,000: \$400,000 (EMS) to cover expenses for additional tree-trimming by PG&E and for increased costs for Energy NW and \$50,000 (PS) to cover expenses related to a staff retirement vacation payout.

More detailed changes by fund follow on the subsequent pages.

Fund Name	Fund Number	Bureau Program Expenses	Interfund Cash Transfers	Debt Service	Contingency	Explanation
Transportation Operating Fund	200	270,600	-	25,000,000	(25,270,600)	The Portland Bureau of Transportation is withdrawing \$25 million from contingency for an interfund loan to the Grants Fund. In addition, the bureau is drawing \$270,600 from contingency to fund an IA with OMF-Facilities for rent billings.
Development Services Fund	203	1,000,000	-	-	(1,000,000)	Technical adjustment to correct how the Shelter Permit Waiver Reimbursement Fund is budgeted on the expense side. This adjustment is necessary to make the fund fully operational. There is no change in overall appropriation.
Housing Investment Fund	213	(55,089)	-	-	-	Minor adjustments based on projected available balance and recognizes resources for project disbursement in a different fund.
Grants Fund	217	1,568,500	-	-	-	This recognizes grant revenue across multiple bureaus and projects.
Community Development Block Grant Fund	218	8,000,000	-	-	-	Appropriate resources for the Anna Mann project disbursement.
Tax Increment Financing Reimbursement Fund	221	11,500	1,398,657	-	-	Trues up project budgets and budgets a cash transfer to the Affordable Housing Development Fund.
Inclusionary Housing Fund	225	85,089	-	-	-	Allocate resources for final project disbursement.
Housing Property Fund	226	3,500	-	-	-	Adjusting revenues and expenditures to match forecast.
Recreational Cannabis Tax Fund	227	-	900,000	-	2,320,565	True-up adjustments are being made to balance the Recreational Cannabis Tax Fund for a program carryover that was approved in the Fall Budget Monitoring process (\$3,857,000), and for a shift in budget from program expense to inter-fund cash transfer (\$900,000).
Affordable Housing Development Fund	230	1,468,776	-	-	-	Recognizes cash transfer revenue from the Tax Increment Financial Reimbursement Fund.

Fund Name	Fund Number	Bureau Program Expenses	Interfund Cash Transfers	Debt Service	Contingency	Explanation
Citywide Obligations Reserve Fund	231	-	105,728	-	(105,728)	True-up adjustments are being made to debt service for the Integrated Tax System project, drawing \$105,728 from contingency, decreasing the transfer to the Government Bond Redemption Fund by \$69,272 and increasing the transfer to the General Fund by \$175,000.
Governmental Bond Redemption Fund	317	-	-	(69,272)	-	Debt service paid to the Government Bond Redemption Fund for the line of credit for the Integrated Tax System project is being trued up by a reduction of \$69,272.
Parks Capital Improvement Program Fund	402	25,215,736	-	-	(25,000,000)	\$25 million as a cash transfer to the Grants Fund to cover an overnight loan. \$215,736 in cash transfer revenue from the General Fund to cover fleet purchases for which a Fleet Service Request (FSR) was submitted but for which the funds will not be encumbered by year end.
Hydroelectric Power Operating Fund	601	450,000	-	-	(450,000)	The Portland Water Bureau plans to increase expenses by drawing on contingency for \$450,000: \$400,000 (EMS) to cover expenses for additional tree-trimming by PG&E and for increased costs for Energy NW and \$50,000 (PS) to cover expenses related to a retirement vacation payout.
Water Fund	602	(81,000)	-	-	81,000	This adjustment is related to the budget revenue and expense for the Powell-Division grant.
Spectator Venues & Visitor Activities Fund	607	748,964	-	-	-	Recognize \$748,964 of General Fund policy set-aside transferred to the Spectator Venues and Visitor Activities program for program expenses related to the mitigation of excess groundwater in the right-of-way near Providence Park Stadium
Facilities Services Operating Fund	701	345,050	-	-	-	This increase in program expenses is related to matching interagency increases with PBOT, Fleet and grant funds for Facility services.

Fund Name	Fund Number	Bureau Program Expenses	Interfund Cash Transfers	Debt Service	Contingency	Explanation
CityFleet Operating Fund	702	300,736	-	-	(35,000)	\$300,736 increase in program expenses which includes a \$215,736 adjustment to align budget to spending for PP&R fleet purchases and a \$50,000 increase in internal interagency costs to align the budget to spending. The change also includes a \$35,000 increase in internal service interagency costs for the Fuel Station Replacement Project which is offset by a \$35,000 draw from CityFleet Operating Fund's contingency.
Printing & Distribution Services Operating Fund	703	43,250	-	-	-	\$43,250 of new expenses are appropriated for additional services to other parts of OMF.
Technology Services Fund	706	-	-	-	166,200	\$166,200 of new revenues from other bureaus and offices for additional services are being placed in contingency.