

**AUDIT COMMITTEE OF THE  
PORTLAND DEVELOPMENT COMMISSION**

Portland, Oregon

**RESOLUTION NO. 7036**

**ACCEPTING AND APPROVING COMPREHENSIVE ANNUAL FINANCIAL  
REPORT FOR FISCAL YEAR 2012-2013 AS REQUIRED BY OREGON  
REVISED STATUTE 297.425, PORTLAND CITY CHARTER CHAPTER 15-  
104, AND PDC RESOLUTION NO. 6112**

**WHEREAS**, Oregon Revised Statute 297.425 requires that “the accounts and fiscal affairs of every municipal corporation shall be audited and reviewed at least once each calendar or fiscal year;”

**WHEREAS**, Portland City Charter Chapter 15-104 requires that “the Commission shall provide for an annual comprehensive independent audit of all funds and accounts of the Commission by a qualified Certified Public Accountant or firm of such accountants selected with the approval of the City Auditor;”

**WHEREAS**, the Portland Development Commission (“PDC”) Board of Commissioners (“Board”) delegated authority to the PDC Audit Committee (“Audit Committee”) through Resolution no. 6122 to, among other things, “review and comment on management’s response to audit findings and recommendations, and provide the Board with recommendations on addressing issues identified by the auditor and/or management;”

**WHEREAS**, Moss Adams, LLP (“MA”) has been contracted with by the City of Portland to conduct an annual comprehensive independent audit of all funds and accounts of PDC for fiscal year (FY) 2012-13;

**WHEREAS**, based upon the independent audit, MA has audited the PDC’s Comprehensive Annual Financial Report (“CAFR”) for the FY ended June 30, 2013, attached hereto as Exhibit A (the “FY 2012-13 CAFR”), and prepared a letter discussing significant matters of interest noted during the course of the annual fiscal year-end audit for FY 2012-13, attached hereto as Exhibit B (the “MA Management Letter”); and

**WHEREAS**, management has prepared responses to the Management Letter, with such responses attached hereto as Exhibit C (the “PDC Management Responses”).

**NOW, THEREFORE, BE IT RESOLVED**, that the PDC Board, acting as the Audit Committee, hereby accepts and approves the FY 2012-13 CAFR on behalf of PDC;

**BE IT FURTHER RESOLVED**, that the Audit Committee hereby accepts the MA Management Letter and endorses the PDC Management Responses; and

**BE IT FURTHER RESOLVED,** that this resolution shall become effective 30 days after its adoption.

**Adopted by Portland Development Commission on January 9, 2014**

A handwritten signature in black ink, appearing to read "Gina Wiedrick". The signature is written in a cursive, flowing style.

---

Gina Wiedrick, Recording Secretary

**AUDIT COMMITTEE OF THE  
PORTLAND DEVELOPMENT COMMISSION**

Portland, Oregon

**RESOLUTION NO. 7036**

**EXHIBIT A**

**ACCEPTING AND APPROVING COMPREHENSIVE ANNUAL FINANCIAL  
REPORT FOR FISCAL YEAR 2012-2013 AS REQUIRED BY OREGON  
REVISED STATUTE 297.425, PORTLAND CITY CHARTER CHAPTER 15-  
104, AND PDC RESOLUTION NO. 6112**

Exhibit A includes this cover page and contains 168 pages:

- Portland Development Commission Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013

# PORTLAND DEVELOPMENT COMMISSION

## Comprehensive Annual Financial Report

for the Fiscal Year Ended  
**June 30, 2013**



A Component Unit of the City of Portland, Oregon

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**ON THE COVER:**

*On Wednesday, June 5, 2013, residents, business owners, educators and students celebrated the completion of a project that was 10 years in the making: the Jefferson High School frontage improvements.*

*The project began as an idea from the late Carl Flipper III in 2002. Carl was the very definition of a good citizen; he was a Humboldt resident active in the neighborhood association, served on the Interstate Corridor Urban Renewal Advisory Committee, and was president of the local chapter of the NAACP.*

*Mr. Flipper's vision was to beautify the neighborhood one street frontage at a time, and to improve the front of Jefferson in conjunction with the Killingsworth Streetscape improvements that were occurring in the vicinity. He enlisted Portland Public Schools, PDC, the neighborhood association, the library and adjacent businesses to participate.*

*The improvements at the corner of N. Kerby and N. Killingsworth mark a notable change along one of PDC's priority commercial corridors, one which has historically faced lagging investment. PDC's management of the improvements meant that we were able to control the contracting and ensure that we met our business and social equity requirements.*

*Thanks to a collective vision and shared perseverance, a positive pedestrian experience now knits together the businesses on each side of the school, creates a more visual connection between the neighborhood and the school, and reinforces the importance place Jefferson High School holds in the community.*

**Photos:**

*Top left: A plaque commemorates Carl Flipper III's commitment to the project*

*Top right: Project partners celebrate the opening - Ricky Allen, Vice Principal, Jefferson H.S.; Margaret Calvert, Principal, Jefferson H.S.; Carole Smith, Superintendent, Portland Public Schools; Annette Albright-Flipper; Denyse McGriff, Project Manager, Portland Development Commission; Bobbie Reagan, Portland Public Schools Board Member; Patricia Welch, Administrator, North Portland Neighborhood Library.*

*Bottom: The new Jefferson H.S. frontage*

# **PORTLAND DEVELOPMENT COMMISSION**

A Component Unit of the City of Portland, Oregon

# **Comprehensive Annual Financial Report**

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**Prepared by the Portland Development Commission  
Finance and Business Operations**

Patrick Quinton, Executive Director  
Faye Brown, Chief Financial Officer

For the fiscal year ended June 30, 2013

# About PDC

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## ***Where We've Been...***

## ***Where We're Headed...***

Created by Portland voters in 1958, the Portland Development Commission (the “Commission” or “PDC”) has played a major role in keeping Portland one of America's most livable cities. During the past 50 years, PDC has taken forward 20 urban renewal plans that have helped change the face of the city—making it a better place to live for all Portlanders. PDC focuses on what matters to Portland: job creation, economic vitality, collaboration and partnership, and responsible stewardship. As Portland's urban renewal and economic development agency, PDC is pursuing an aggressive strategy to create the most sustainable economy in the world.

### ***PDC's Mission***

*Our Mission is to create economic growth and opportunity for Portland.*

### ***PDC's Vision***

*Portland is one of the most globally competitive, equitable, and desirable cities in the world.*

*The Portland Development Commission stimulates job creation, encourages broad economic prosperity, and fosters great places on behalf of the City of Portland.*

*We are a workplace of choice with passionate staff excelling in an open and empowering environment and sharing a commitment to our collective success.*

The Commission is responsible for maintaining an accounting system and providing for a comprehensive independent financial audit. The following pages are the Commission's Comprehensive Annual Financial Report with accompanying report of independent auditor.

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# Introductory Section\_\_\_\_\_

**PDC** | PORTLAND  
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**J. Scott Andrews**  
Commission Chair

November 18, 2013

**Aneshka Dickson**  
Commissioner

**John C. Mohlis**  
Commissioner

To the Commissioners of the Portland Development Commission,  
Mayor and Members of the City Council, and the  
Citizens of the City of Portland, Oregon:

**Steven Straus**  
Commissioner

**Charles A. Wilhoite**  
Commissioner

**Charlie Hales**  
Mayor

**Patrick Quinton**  
Executive Director

The Finance & Business Operations Department and I are pleased to submit the Portland Development Commission's (PDC or Commission) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. State law requires that all local governments publish a complete set of financial statements within six months of the close of each fiscal year. This report is published to provide the PDC Commissioners, the Mayor and City Council, the citizens of the City of Portland (City), city staff, and other readers with detailed information concerning PDC's financial position and activities.

Management assumes full responsibility for the completeness and reliability of all information presented in this report, including all disclosures, based upon a comprehensive internal control framework that it has established for this purpose. PDC management is responsible for establishing and maintaining an effective internal control structure to safeguard its assets, assure the reliability of its accounting records, and promote operational efficiency. Because the cost of such controls should not outweigh their benefits, PDC's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free of any material misstatements.

PDC's charter requires the Commission to undergo an annual independent audit by a licensed municipal auditor. The accounting firm of Moss Adams, LLP conducted the audit of the PDC's FY 2012-13 financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that PDC's financial statements for the fiscal year ended June 30, 2013, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The independent auditor's report is presented at the front of the financial section of this report.

222 NW Fifth Avenue  
Portland, OR  
97209-3859

503-823-3200 Main  
503-823-3368 Fax  
503-823-3366 TTY

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

## **PDC Profile**

PDC was created as a city agency in 1958 under Article I, Section 15 of the Charter of the City of Portland, Oregon to serve as Portland's urban renewal and economic development agency. PDC's principal activities are business recruitment and retention, job creation, financial assistance for rehabilitation and restoration of properties and business development, and the acquisition of real property for the purpose of removing or preventing blight. The governing body is a five-member Commission, appointed by the Mayor and approved by the City Council. PDC is a component unit of the City of Portland and is discretely reported in its CAFR.

PDC's mission is to create economic growth and opportunity for Portland. The agency stimulates job creation, encourages broad economic prosperity, and fosters great places on behalf of the City of Portland. The linkages among these efforts and the integration of services set PDC apart and assure the achievement of true efficiencies. In carrying out city policy, PDC has developed and managed projects and programs which have played a major role in keeping Portland one of America's most livable cities. PDC currently manages eleven active urban renewal areas (URAs) scattered geographically throughout the City of Portland, works extensively in Portland's neighborhoods to deliver a broad range of neighborhood improvement programs, and carries out a comprehensive range of economic development programs which create jobs for residents citywide. In the spring of 2012 the PDC Board and City Council approved seven new urban renewal areas. Six of the new areas are mini-URAs with a focus on specific neighborhood commercial corridors. Collectively known as the Neighborhood Prosperity Initiative (NPI) Districts, these new URAs will be community-driven and directed. Also approved was the formation of the Education Urban Renewal Area around Portland State University (PSU). Urban renewal projects in these areas are budgeted to begin in fiscal year 2014 when the new URAs are expected to start receiving tax increment proceeds.

PDC's business is conducted at semi-monthly public meetings and all activities are guided by the annual budget. Developed in conjunction with public and private community partners, the budget concentrates PDC resources in urban renewal areas and throughout Portland's business districts and neighborhoods. Development of the budget for business lines and key activities at the program area level is critical to PDC plans for the future. In accordance with Oregon Local Budget Law, the proposed annual budget is presented to the Portland City Council acting as the PDC Budget Committee for review and approval. Following budget committee approval, PDC submits the approved budget to the Tax Supervising and Conservation Commission (TSCC) for review and to the PDC Board of Commissioners for review, adoption, and subsequent amendment as necessary. The appropriated budget is prepared by fund and program.

## **Relevant Financial Policies**

PDC's charter prescribes that it maintains budgeting and accounting systems and prepares an annual budget in accordance with Oregon Local Budget Law. Funds are used to segregate activities in accordance with special restrictions on the use of revenue. Expenditures are recorded by fund and purpose on the modified accrual

basis of accounting, and are further classified by program, project, and organizational unit for internal management information. Cash and other assets, related liabilities, and residual equity are segregated into independent self-balancing funds. All capital asset and long-term liabilities are reflected in the government-wide financial statements. PDC's charter requires its cash to be deposited in the City of Portland's investment pool and invested by the City Treasurer in accordance with Oregon Revised Statutes 294.035 and 294.046. In addition, special accounts may be maintained if required, for example, by debt covenants. Interest is paid by the City of Portland to PDC, and is allocated based on each fund's periodic cash balance.

### **Local Economic Conditions**

Portland is the financial, trade, transportation, manufacturing, and business service center for Oregon, southwest Washington, and the Columbia River Basin. The area's five largest private sector employers are Intel Corporation, Providence Health Systems, Oregon Health & Science University, Fred Meyer, and the Kaiser Foundation Health Plan of the Northwest. Trade, transportation, and utilities continue to comprise the largest industry segment of the regional economy and account for approximately 19 percent of local jobs.

Portland was among the hardest-hit metro areas in the nation by the Great Recession. Portland's unemployment rate topped 11 percent in March 2009 as 82,000 jobs disappeared from our economy. The Portland Metro Labor Trends published by the State of Oregon Employment Department noted that Portland experienced one of the worst labor markets for job seekers as measured by labor supply/demand ratio. Since hitting bottom in January 2010, the Portland metro area has added back 76,300 of the 82,100 jobs lost during the Great Recession. Over the past year, every one of the region's major private-sector industries has expanded evidence of a broad-based recovery. After being a strong factor in the growth slowdown, the housing market too is in solid recovery mode. Housing sales, starts, and prices are all posting strong gains. The Portland metropolitan area ended June 2013 with 7.3% unemployment, slightly below the national level of 7.6% and the State of Oregon rate of 7.8% and down from the 8.8% of a year ago.

Oregon statute limits the amount of property that can be included in a municipality's urban renewal areas to a maximum of 15 percent of assessed value and 15 percent of acreage. The aggregate amount of certified assessed value in the eighteen authorized urban renewal areas is approximately 12.7 percent of the City of Portland's total overall assessed value and 14.2 percent of overall acreage for the City. Each of the eleven previously established URAs is currently projected to have adequate funding capability to pursue established plans.

### **Long-term Financial Planning**

At present there are no known legal or legislative challenges to the funding of urban renewal activities using tax-increment financing. It is anticipated that tax-increment resources will provide ongoing funding as detailed in the five-year forecast.



Annually, PDC forecasts projected revenues and expenditures for each of the urban renewal areas. This effort results in a five-year forecast of project and program budget requirements for the funds associated with them. To a large extent, non-urban renewal area revenues and expenditure requirements are dependent on the annual allocation of resources from external funding providers.

### **Major Initiatives**

Major initiatives cited in this section are highlights based on budgeted project dollars for the fiscal year ending in June 2014.

Overall, PDC has budgeted approximately \$82.2 million across urban renewal areas and city-wide for financial assistance through loans or grants (e.g., Economic Opportunity Funds, Redevelopment Loan Projects, Clean Energy Works Oregon) to stimulate investment and job growth, leveraging PDC dollars with private and public funds. PDC has an important role to play in the current economy and we continue to seek new ways to get more funds into our community.

The Commission has budgeted \$19.2 million for new and in-progress city infrastructure improvements including parks, transportation and public facilities across most urban renewal areas. The Commission has also budgeted approximately \$35.1 million for housing programs as part of the Affordable Housing Set Aside Policy, implemented through an intergovernmental agreement with the Portland Housing Bureau. The IGA with the Portland Housing Bureau consists of all homeownership, home repair, and affordable rental housing projects and programs including the preservation of existing housing.

The largest project costs are proposed to occur in the River District URA, most notably in the area of property redevelopment with a grant to Multnomah County (\$26.9 million) for the development and construction of a county health department headquarters, ongoing redevelopment of the Centennial Mills site (\$1.4 million), and general commercial real estate lending (\$3 million). Housing projects of \$6.7 million will be funded through the Portland Housing Bureau (PHB) for the rehabilitation and preservation of affordable rental housing, along with infrastructure projects at Union Station (\$2.2 million) and Pearl District transportation (\$2.2 million).

The Oregon Convention Center URA will fund \$13.4 million in housing projects funded through PHB. Property redevelopment projects funded this coming year include \$20 million for Rose Quarter revitalization and \$4 million for the Convention Center hotel project.

In the Interstate Corridor URA, the highest profile projects will be affordable housing, \$5.3 million, through PHB; \$3.3 million for site recruitment and business development; and \$5.9 million in infrastructure projects such as Dawson Park and Killingsworth Streetscape.

Approximately \$1.6 million is budgeted in the North Macadam URA for veterans' affordable housing funded through PHB. Other initiatives in this area include \$2.1 million in transportation and streetscapes, and \$1.7 million in public facilities.

### Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PDC for its CAFR for the fiscal year ended June 30, 2012. PDC has received a Certificate of Achievement for the last 25 consecutive fiscal years. GFOA's Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government comprehensive annual financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles in the United States of America and applicable legal requirements.

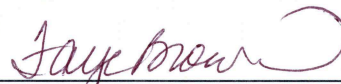
A Certificate of Achievement is valid for a period of one year only. PDC's management believes that our current report continues to meet the Certificate of Achievement Program requirements, and PDC will be submitting it to GFOA to determine its eligibility for another certificate.

The preparation of PDC's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013 would not have been possible without the efficient and dedicated service of the entire staff of the Commission and the Finance & Business Operations Department. A special thanks to Amy Aragon, Sam Brugato, Yana Eysmont, Catherine Kaminski, Faramarz Khozouiee, and Michele Whaley for their efforts in producing this CAFR. We also wish to express our gratitude and appreciation to the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the Portland Development Commission's finances.

Respectfully submitted,



Patrick Quinton, Executive Director



Faye Brown, Chief Financial Officer

# Portland Development Commission

A Component Unit of the City of Portland, Oregon



(from left to right Aneshka Colas-Dickson, Steven Straus, Patrick Quinton-Executive Director, Scott Andrews-Chairman, John Mohlis, Charles Wilhoite)

## Governing Board

(As of June 30, 2013)

## Term Expires

Scott Andrews, Chairman  
Melvin Mark Companies  
111 SW Columbia, Ste 1380  
Portland, OR 97201  
[sandresw@melvinmark.com](mailto:sandresw@melvinmark.com)

July 9, 2014

Charles A. Wilhoite  
*Managing Director*  
Willamette Management Associates  
111 SW Fifth Ave, Suite 2150  
Portland, OR 97204  
[cawilhoite@willamette.com](mailto:cawilhoite@willamette.com)

June 30, 2015

Aneshka Colas-Dickson  
*Vice President & CFO*  
Colas Construction  
5319 SW Westgate Drive, Suite 207  
Portland, OR 97209  
[AneshkaDickson@colasconstruction.com](mailto:AneshkaDickson@colasconstruction.com)

July 9, 2016

John Mohlis  
*Executive Secretary-Treasurer*  
Columbia Pacific Building Trades Council  
17986 S. Fir Cone Ct  
Oregon City, OR 97045  
[john\\_mohlis@comcast.net](mailto:john_mohlis@comcast.net)

June 30, 2015

Steven Straus  
*President*  
Glumac  
320 SW Washington St., Ste 200  
Portland, OR 97204  
[sstraus@glumac.com](mailto:sstraus@glumac.com)

July 9, 2014

## Registered Agent

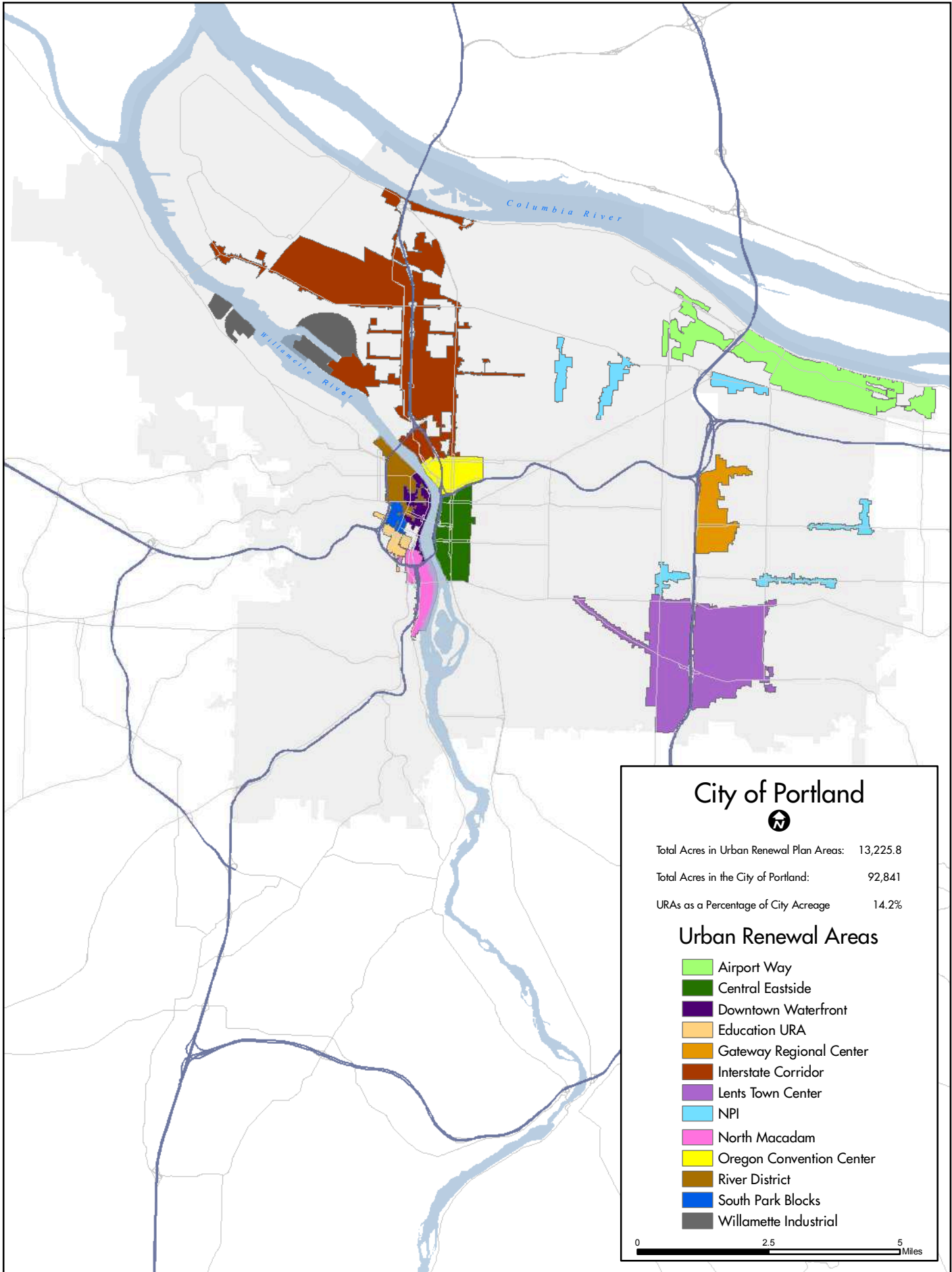
None

# Portland Development Commission

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## Organizational Chart







Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Portland Development  
Commission, Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

*Jeffrey R. Emer*

Executive Director/CEO



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DEVELOPMENT  
COMMISSION  
[www.pdc.us](http://www.pdc.us)

Financial  
Section\_\_\_\_\_



**PDC** | PORTLAND  
DEVELOPMENT  
COMMISSION  
[www.pdc.us](http://www.pdc.us)

**REPORT OF INDEPENDENT AUDITORS**

Board of Commissioners  
Portland Development Commission, Portland Oregon  
(A Component Unit of the City of Portland)

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statements on pages 25 through 26 of the Portland Development Commission (a Component Unit of the City of Portland, Oregon) (the "Commission") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statements on pages 25 through 26 of the Commission as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other post-employment healthcare benefits schedule, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

## MOSS ADAMS<sub>LLP</sub>

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The combining and individual fund statements and schedules on pages 62 through 92 and the supplementary data on pages 94 through 98, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements, schedules and supplementary data are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our date November 15, 2013 on our consideration of the Commission's compliance with certain provisions of laws and regulation, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not provide an opinion on compliance.



James C. Lanzarotta, Partner  
for Moss Adams LLP  
Eugene, Oregon  
November 15, 2013

## Management's Discussion and Analysis

As management of Portland Development Commission (PDC), we offer readers of PDC's financial statements this narrative overview and analysis of the financial activities of PDC for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

### Financial Highlights

- The assets of PDC exceeded the liabilities for the current year ended June 30, 2013 by \$290,577,473 (net position). Of this amount, \$5,359,907 represents unrestricted net position, which PDC may use to meet its ongoing obligations to citizens and creditors.
- PDC's total net position, excluding the restatement for GASB 62, decreased by \$8,427,548 (2.9%) when compared to the financial statements at June 30, 2012. The net position decrease is attributable to an overall decrease in tax-increment debt proceeds (in lieu of tax-increment revenue) as fiscal year 2012 included urban renewal bond proceeds.
- As of June 30, 2013, PDC's governmental funds reported a combined ending fund balance of \$291,551,361, an increase of \$2,706,021 from the prior year. PDC reports no unassigned fund balance available for spending at the government's discretion.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$2,923,994, or approximately 41.2% of total general fund expenditures.
- Gross loans receivable decreased from \$91,524,165 to \$82,623,744 commission-wide, or 10.8%. The loan loss allowance decreased from \$36,566,369 to \$24,850,557, a decrease of 47.1% from the prior year's allowance due to the implementation of GASB 62. This resulted in net loans receivable of \$57,773,154, a 3.4% increase over the prior year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to PDC's basic financial statements. PDC's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of PDC's finances, in a manner similar to private-sector business.

The *Statement of Net Position* presents financial information on all of PDC's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of PDC is improving or deteriorating.

The *Statement of Activities* presents information showing how PDC's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of PDC that are principally supported by tax-increment debt proceeds (in lieu of tax-increment revenue) and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of PDC include general government, housing and community development contract administration, urban renewal and redevelopment. The business-type activities of PDC include jobs, housing and commercial financial assistance programs together with historic preservation. These activities are mainly provided as some form of financial assistance.

The government-wide financial statements can be found on pages 16-18 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. PDC, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of PDC can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating our near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

PDC maintains 16 individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for each of the major funds. The major governmental funds are: General Fund (adopted as the Urban Redevelopment Fund); Housing and Community Development (HCD) Contract Fund; North Macadam Urban Renewal Fund; River District Urban Renewal Fund; Convention Center Urban Renewal Fund; and Interstate Corridor Urban Renewal Fund. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the combining and individual fund statements and schedules section of this report.

PDC adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with budgetary requirements.

The basic governmental fund financial statements can be found on pages 19-26 of this report.

**Proprietary Funds.** PDC maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. PDC uses three enterprise funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among PDC's various functions. PDC uses an internal service fund to account for risk management. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The enterprise loans fund data are combined into a single, aggregated presentation, and include such programs as: the Business Development Loan Fund and the Small Business Loan Fund. Additionally, the internal service fund is presented in the proprietary fund financial statements. Individual fund data for the internal service fund is provided elsewhere in this report.

*Enterprise Loans Fund.* The Enterprise Loans Fund is used to account for revolving loan programs. PDC intends to prevent expenses from exceeding annual income in order to preserve the original principal of each program.

*Enterprise Management Fund.* The Enterprise Management Fund is used to account for the activity related to the operation and maintenance of PDC properties or City of Portland properties PDC has contracted to manage outside of urban renewal areas.

*Business Management Fund.* The Business Management Fund is used to account for the activity related to business and real estate that is not funded by tax increment or other public funding sources.

*Internal Service Fund.* A Risk Management Fund is used to set aside resources to meet insurance policy deductible amounts and other amounts not fully reimbursed from insurance proceeds, as necessary. In certain risk areas, the deductible amount increased substantially, requiring PDC to formally establish the program. Additional contributions may be made in future years.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 30-58 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning PDC's progress in funding its obligation to provide post-employment benefits to its employees. Required supplementary information can be found on page 60 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, proprietary funds and the internal service fund are presented immediately following the required supplementary information on post-employment benefits. Combining statements and individual fund budgetary comparison schedules can be found on pages 61-92 of this report.

## Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of PDC, total assets exceeded liabilities by \$290,577,473 for all governmental and business-type funds at the close of the most recent fiscal year.

### Portland Development Commission's Net Position At June 30

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Current and						
Other Assets	\$ 298,694,150	\$ 294,769,982	\$ 3,704,384	\$ 3,718,716	\$ 302,398,534	\$ 298,488,698
Capital Assets	8,754,072	8,938,704	-	-	8,754,072	8,938,704
Total Assets	<u>307,448,222</u>	<u>303,708,686</u>	<u>3,704,384</u>	<u>3,718,716</u>	<u>311,152,606</u>	<u>307,427,402</u>
<b>Liabilities</b>						
Other Liabilities	7,449,068	5,846,705	83,479	225,269	7,532,547	6,071,974
Long-term Liabilities	<u>13,042,586</u>	<u>11,889,795</u>	<u>-</u>	<u>-</u>	<u>13,042,586</u>	<u>11,889,795</u>
Total Liabilities	<u>20,491,654</u>	<u>17,736,500</u>	<u>83,479</u>	<u>225,269</u>	<u>20,575,133</u>	<u>17,961,769</u>
<b>Net Position</b>						
Invested in Capital						
Assets	8,754,072	8,938,704	-	-	8,754,072	8,938,704
Restricted	276,463,494	279,593,433	-	-	276,463,494	279,593,433
Unrestricted	<u>1,739,002</u>	<u>(2,559,951)</u>	<u>3,620,905</u>	<u>3,493,447</u>	<u>5,359,907</u>	<u>933,496</u>
Total Net Position	<u>\$ 286,956,568</u>	<u>\$ 285,972,186</u>	<u>\$ 3,620,905</u>	<u>\$ 3,493,447</u>	<u>\$ 290,577,473</u>	<u>\$ 289,465,633</u>

### Portland Development Commission's Net Position

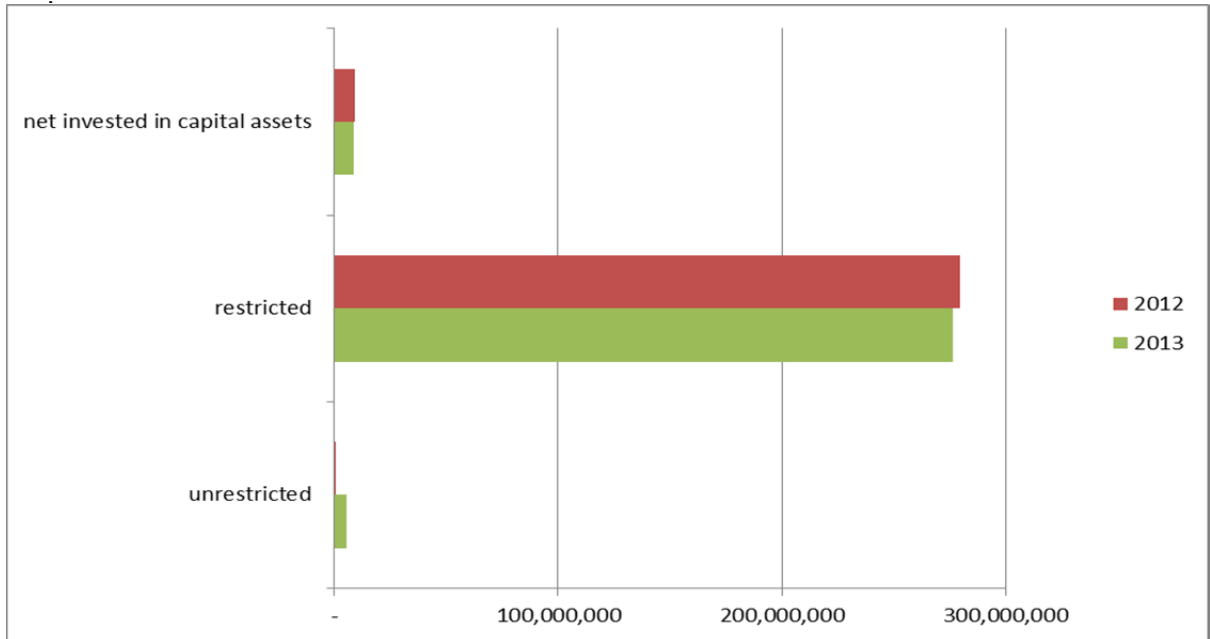
By far the largest portion of PDC's net position, \$276,463,494 or 95.1% represents resources that are subject to external restrictions on how they may be used in governmental activities. Restricted net position is mainly composed of urban renewal funds that are limited to use in the specific urban renewal area from whence the funds originated in the form of tax-increment debt proceeds in lieu of tax-increment revenues. The percentage of restricted net position remained fairly constant over the fiscal year, decreasing only 1.5% from fiscal year ended June 30, 2012.

A small portion of PDC's total net position (\$8,754,072 or 3.0%) reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment). These capital assets are used to provide services to citizens; consequently, these assets are *not* available for future spending.

The remaining balance of *unrestricted net position* (\$5,359,907 or 1.8%) may be used to meet PDC's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, PDC is able to report positive balances in all three categories of net position, for the Commission as a whole, as well as for its separate business-type activities and for the governmental activities, a slight change with the reporting for prior fiscal years.

**Portland Development Commission Net Position  
June 30, 2012 and 2013**



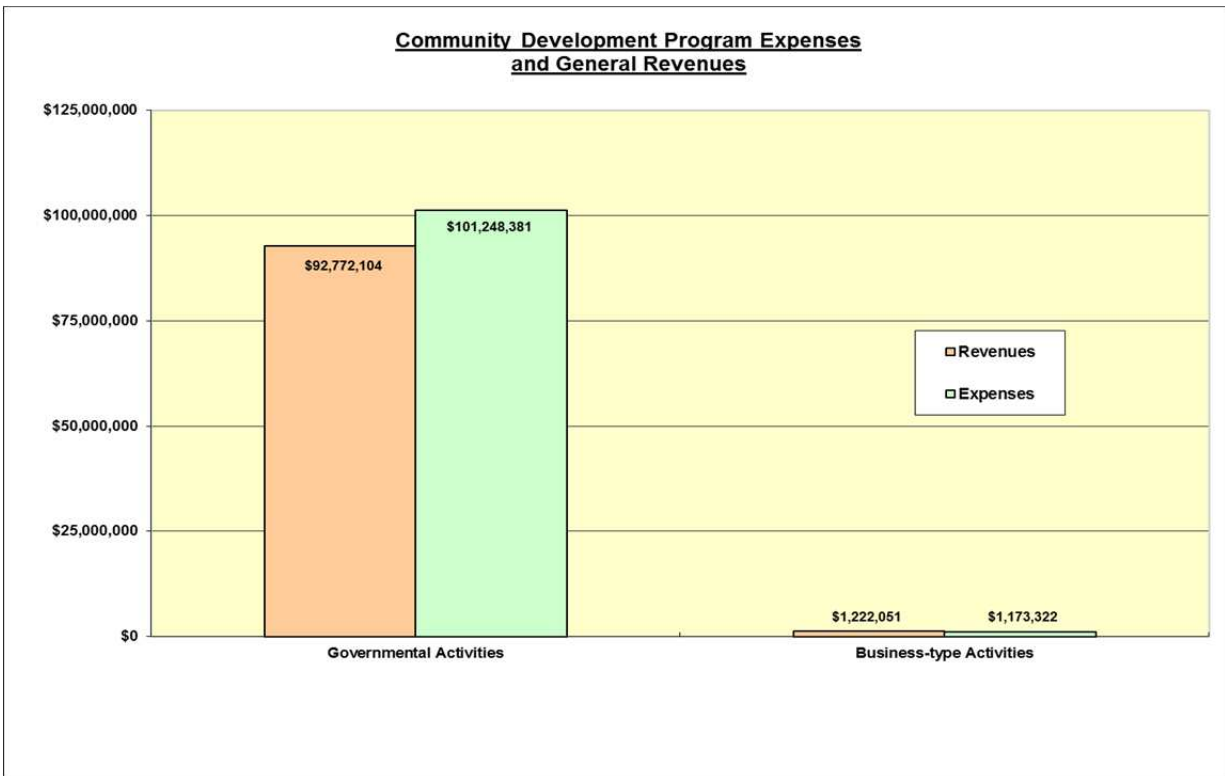
PDC's overall net position increased \$1,111,840 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, net position for governmental activities decreased \$8,476,277, excluding GASB 62 implementation, from the prior fiscal year for an ending balance of \$286,956,568. This decrease is due primarily to decrease in tax-increment debt proceeds (in lieu of tax-increment revenue) as fiscal year 2012 included urban renewal bond proceeds. This was offset by minor increases in intergovernmental revenues of \$799,926 and charges for services of \$755,870. Meanwhile expenditures increased slightly, \$1,535,343 or 1.5% mostly in capital outlay due to contractual commitments for City of Portland infrastructure.



**Portland Development Commission's Changes in Net Position  
For the Fiscal Years Ended June 30**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,047,062	\$ 3,291,192	\$ 1,213,283	\$ 1,218,447	\$ 5,260,345	\$ 4,509,639
Operating Grants and Contributions	7,970,747	7,170,821	-	200,000	7,970,747	7,370,821
General Revenues:						
Tax-increment Debt Proceeds (in lieu of tax-increment revenue)	73,354,431	133,787,307	-	-	73,354,431	133,787,307
Unrestricted Investment Income	675,546	525,565	8,768	7,480	684,314	533,045
Miscellaneous	6,724,318	14,083,247	-	-	6,724,318	14,083,247
<b>Total Revenues</b>	<b>92,772,104</b>	<b>158,858,132</b>	<b>1,222,051</b>	<b>1,425,927</b>	<b>93,994,155</b>	<b>160,284,059</b>
Expenses:						
Community Development	101,248,381	99,713,038	-	-	101,248,381	99,713,038
Enterprise Funds	-	-	1,173,322	1,391,273	1,173,322	1,391,273
<b>Total Expenses</b>	<b>101,248,381</b>	<b>99,713,038</b>	<b>1,173,322</b>	<b>1,391,273</b>	<b>102,421,703</b>	<b>101,104,311</b>
Increase (Decrease) in Net Position						
Before Transfers	(8,476,277)	59,145,094	48,729	34,654	(8,427,548)	59,179,748
Transfers	-	(60,000)	-	60,000	-	-
Increase (Decrease) in Net Position	(8,476,277)	59,085,094	48,729	94,654	(8,427,548)	59,179,748
Beginning Net Position as previously reported	285,972,186	226,887,092	3,493,447	3,398,793	289,465,633	230,285,885
Restatement	9,460,659	-	78,729	-	9,539,388	-
Beginning Net Position as restated	295,432,845	226,887,092	3,572,176	3,398,793	299,005,021	230,285,885
Ending Net Position	\$ 286,956,568	\$ 285,972,186	\$ 3,620,905	\$ 3,493,447	\$ 290,577,473	\$ 289,465,633



**Business-type Activities.** For PDC's business-type activities, the results for the current fiscal year were positive in that overall net position increased to an ending balance of \$3,620,905. The total increase in net position for business-type activities was \$127,458 or 3.7% from the prior year. The growth in large part is due to a reduction in financial assistance in the Enterprise Loans Fund.

**Portland Development Commission's  
Changes In Business-type Activities Expenses  
For the Fiscal Years Ended June 30**

<u>Expenses</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
Personal services	\$ 18,985	\$ 19,732	\$ (747)
Professional services	125,662	15,868	109,794
Loan document costs	27,749	14,532	13,217
Financial assistance	75,000	209,238	(134,238)
Internal Service Reimbursements	93,640	98,423	(4,783)
Miscellaneous Expenses	832,286	1,033,480	(201,194)
<b>Totals</b>	<b>\$ 1,173,322</b>	<b>\$ 1,391,273</b>	<b>\$ (217,951)</b>

One major component of PDC's net position in both governmental and business-type funds is loans receivable from its customers. During the current fiscal year, PDC's gross portfolio decreased \$8,900,454 or 9.7%. The loan loss allowance, net of the prior year restatement for the implementation of GASB 62 decreased by 8.1% or \$2,176,424. The smaller, current portion of the net portfolio increased 40.6% while the non-current portion increased by 14.4%, reflecting a trend in shorter-term lending and an increase in payoffs this past year.

**Portland Development Commission's  
Loans Receivable  
At June 30**

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>%</u>
		as Restated		Change
Gross Loans Receivable	\$ 82,623,711	\$ 91,524,165	\$ (8,900,454)	-9.7%
Allowance	(24,850,557)	(27,026,981)	2,176,424	-8.1%
<b>Total Net</b>	<b>\$ 57,773,154</b>	<b>\$ 64,497,184</b>	<b>\$ (6,724,030)</b>	<b>-10.4%</b>
Current Portion	\$ 6,566,589	\$ 4,670,683	\$ 1,895,906	40.6%
Non-Current Portion	51,206,565	59,826,501	(8,619,936)	-14.4%
<b>Total Net</b>	<b>\$ 57,773,154</b>	<b>\$ 64,497,184</b>	<b>\$ (6,724,030)</b>	<b>-10.4%</b>

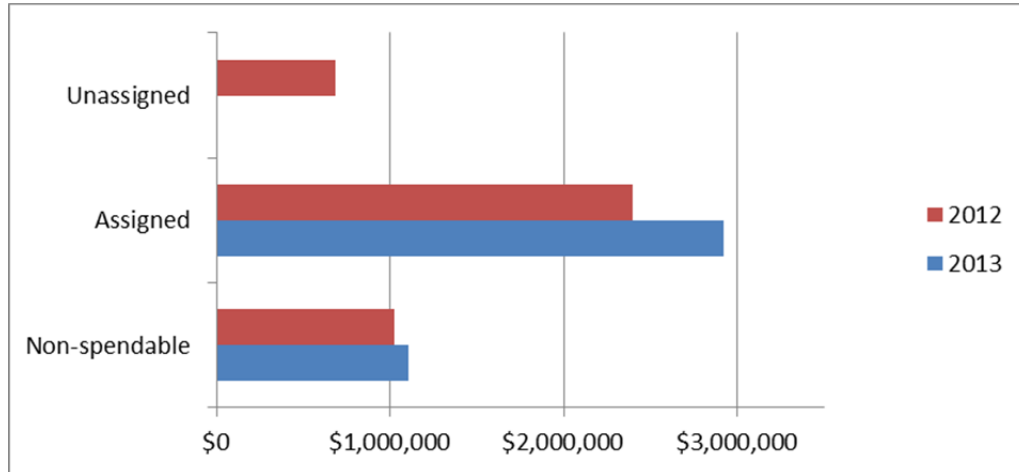
**Financial Analysis of Governmental Funds**

As noted earlier, PDC uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of PDC's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the PDC's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the fund balance which has not yet been limited to use for a particular purpose by either an external party, PDC itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by PDC's Board of Commissioners.

At June 30, 2013, PDC's governmental funds reported combined fund balances of \$291,551,361, a decrease of \$6,754,638 in comparison with the restated prior year. PDC has no unassigned fund balance available for discretionary spending at this time. The remainder of the fund balance is either *nonspendable, restricted, or assigned* to indicate that it is 1) not in spendable form (\$1,105,962), 2) restricted for particular purposes (\$287,521,405), or assigned for particular purposes (\$2,923,994).

**General Fund  
Components of Fund Balance  
June 30, 2012 and 2013**



The general fund is the chief operating fund of PDC. At the end of the current fiscal year, PDC had no unassigned fund balance, while the total fund balance decreased to \$4,029,956. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total general fund expenditures. Total fund balance represents approximately 56.8% of total general fund expenditures.

The fund balance of PDC's general fund decreased by \$147,424 during the current fiscal year. As previously noted, part of this change was due to the implementation of GASB 62 which resulted in a decrease in the loan allowance of \$63,786. Other key factors include:

- Revenues increased by \$1,898,106 primarily in intergovernmental revenues, \$1,443,765, and charges for services \$484,959.
- Net expenditures increased by \$1,097,260. Community Development increased by \$610,631 in the areas of professional service contracts; public communications and marketing, travel, and meeting expenses account for the majority of the change. Financial Assistance also increased by \$1,043,146 for technical assistance and economic development grants. These increases were offset by a decrease on \$556,517 in capital outlay.

Tax-increment funding (TIF) proceeds are typically PDC's largest annual income source, and that was certainly the case for this fiscal year. The following schedule illustrates the TIF proceeds received by PDC from the City of Portland over the last five years. Note that the annual allotment of TIF proceeds received in fiscal year 2013 is somewhat lower than the five-year average and any of the last five years and that the five-year average decreased by \$6,515,005 from \$104,007,336 in fiscal year 2012.

**Summary History of TIF Proceeds  
Received by Portland Development Commission  
For the Fiscal Years Ended June 30**

Year	Amount	Change	%	
2009	\$ 105,254,573			5-Year Average = \$ 97,492,331
2010	89,778,162	-15,476,411	-15%	
2011	85,287,184	-4,490,978	-5%	
2012	133,787,307	48,500,123	57%	
2013	73,354,431	-60,432,876	-45%	
	<u>\$ 487,461,657</u>			

The City of Portland receives property taxes in each of the designated urban renewal areas and forwards a portion to be allocated as TIF to the Portland Development Commission for projects. The amount of TIF allocated to PDC varies annually depending on each of the urban renewal areas' projected tax revenues, debt capacity, and existing levels of outstanding debt held by the City. Each urban renewal area has a planned expiration date after which it cannot issue additional tax-increment debt. A typical life-cycle is between ten and twenty years; however, the expiration date may be extended by the Board of Commissioners. An urban renewal area that has reached its maximum indebtedness or expiration date will no longer issue new long-term tax-increment debt, but may continue spending until its resources are exhausted and will receive tax-increment revenues until all outstanding debt is retired. The Downtown Waterfront Urban Renewal Area, South Park Blocks Urban Renewal Area, and Airport Way Urban Renewal Area have all reached their plan expiration dates and Oregon Convention Center Urban Renewal Area has issued its last tax-increment debt.

The five other major governmental funds include the Housing and Community Development Contract Fund, North Macadam Urban Renewal Fund, River District Urban Renewal Fund, Convention Center Urban Renewal Fund and the Interstate Corridor Urban Renewal Fund. The following table shows the change in their fund balances.

**Portland Development Commission's  
Schedule of Other Major Governmental Fund Balances  
At June 30**

<u>Fund</u>	<u>2013</u>	<u>2012 as Restated</u>	<u>Change</u>
Housing and Community Development Contract Fund	\$ 814	\$ 7,492	\$ (6,678)
North Macadam Urban Renewal Fund	10,216,790	15,296,548	(5,079,758)
River District Urban Renewal Fund	77,035,525	61,574,182	15,461,343
Convention Center Urban Renewal Fund	65,231,024	73,030,583	(7,799,559)
Interstate Corridor Urban Renewal Fund	22,494,816	21,037,456	1,457,360
<b>Total Fund Balances</b>	<b>\$ 174,978,969</b>	<b>\$ 170,946,261</b>	<b>\$ 4,032,708</b>

As expected, the Housing and Community Development Contract Fund did not experience a significant change in its fund balance. The bulk of the programs in this fund transferred to the Portland Housing Bureau. What remains is a portion of the Economic Opportunity Initiative grant program administered by PDC on behalf of the City of Portland on a reimbursement basis.

In the North Macadam Urban Renewal Fund, fund balance decreased \$5,079,758 or 33.2%. This was the net effect of an increase in expenditures for capital outlay and community development by \$15,722,177 for infrastructure on behalf of the City and \$9,112,203 for housing. This is offset by a decrease in financial assistance of \$6,133,003 or 98.4% and an increase of \$15,991,174 or 252.7% in tax-increment debt proceeds (in lieu of tax-increment revenue) which included a line of credit draw to fund the City's \$10,000,000 contribution to the Milwaukee Light Rail Project.

In the River District Urban Renewal Area, the \$15,461,343 or 25.1% net increase in fund balance can be attributed to a decrease in expenditures of 64.6% or \$20,105,954, primarily in the area of community development, where the completion of the Resource Access Center contributed to a reduction of \$23,218,155 or 81.1% over the previous year. This reduction is offset by moderate increases in capital outlay and financial assistance as well as the implementation of GASB 62.

In fiscal year 2013, the Convention Center Urban Renewal Fund experienced a decrease of 10.7% in fund balance, or \$7,799,559. As the result of remaining balance of bond proceeds received in fiscal year 2012, the Convention Center Urban Renewal Fund received no tax-increment debt proceeds (in lieu of tax-increment revenue) during this year along with the implementation of GASB 62 resulted in a reduction in revenues of \$50,703,739.

The Interstate Corridor Urban Renewal Fund ended 2013 with an increase in fund balance of \$1,457,360 or 6.9%. Revenues experienced an overall decrease of \$6,925,140 (33.6%) attributable to decreases in tax-increment debt proceeds (in lieu of tax-increment revenue) of \$8,366,216 or 42.6% and offset by an increase of \$1,446,309 or 123.4% in miscellaneous revenue due in part to a decrease in the loan loss allowance resulting from the implementation of GASB 62. Expenditures increased by \$2,807,417 or 28.2% primarily in the area of Community Development.

**Proprietary funds.** PDC's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

PDC's Enterprise Loans Fund encompasses numerous loan programs. Net position for the Enterprise Loans Fund decreased by \$32,512 during the fiscal year ended June 30, 2013. The Enterprise Management Fund accounts for activity related to the operation and maintenance of PDC properties and City of Portland properties PDC has contracted to manage outside of urban renewal areas and reflects an increase in net position of \$44,922 or 115.6%. Presently this fund is composed primarily of revenues: charges for services of \$983,847 and \$483 of investment interest. Expenditures stem from the transfer of revenue to PHB as the current property reported in this fund is a housing project and the payment of insurance on the property. The Business Management Fund was established this past fiscal year to account for the activity related to business and real estate that is not funded by tax increment or other public funding sources and has a fund balance of \$115,048.

### **General Fund Budgetary Highlights**

Differences between the original budget and final amended budget amounted to a \$937,187 increase in appropriations. The major differences are summarized as follows:

- Budgeted revenue increased a net \$125,975 primarily due to an increase in Intergovernmental revenues, City of Portland General Fund appropriations and miscellaneous revenues recognizing private business development grants.
- Budgeted expenditures in the General Fund reflected an increase of \$1,569,616 primarily in contingency.

- Decreases in Administrative expenditures budgeted of \$1,858,409 represent the timing of Business and Technology Fund projects moving to fiscal year 2013-14.

Differences between the final amended budget and actual revenues and expenditures amounted to a \$4,476,735 decrease over projected amounts. The major differences are summarized as follows:

- Actual revenues increased \$405,965 primarily due to charges for services representing revenues received for application fees, rental income, and contractual service charges.
- Expenditures were lower than budgeted by \$171,087 in housing and \$1,268,401 in business development due to undisbursed commitments funded by the City of Portland General Fund. These commitments will disburse in the coming fiscal year.
- Budgeted contingency funds of \$2,576,518 represent resources expected to be carried over to the following fiscal year beginning balance.
- Overspending in the General Fund in the Administrative business line of \$30,895 was due to unrecoverable charges in the federal grant program paid by the City of Portland General Fund allocation that was not in the amended budget.

### Capital Assets, Property Held for Sale, and Long-Term Debt

PDC records all of its capital outlay expenditures as either capital assets to be used in the course of business or project-related property held for sale.

**Capital assets.** As of June 30, 2013 capital assets amount to \$8,754,072 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, equipment, and software. The total decrease in PDC's investment in capital assets for the fiscal year ended June 30, 2013 was \$184,632 or 2%.

#### Portland Development Commission's Capital Assets (net of accumulated depreciation) At June 30

<u>Asset Type</u>	<u>Governmental Activities</u>		
	<u>2013</u>	<u>2012</u>	<u>Change</u>
Land	\$ 4,802,391	\$ 4,646,050	\$ 156,341
Buildings	1,353,727	1,407,874	(54,147)
Vehicles, Equipment & Software	220,604	182,198	38,406
Intangible Software	2,377,350	2,702,582	(325,232)
<b>Total Assets</b>	<b>\$ 8,754,072</b>	<b>\$ 8,938,704</b>	<b>\$ (184,632)</b>

There were no major capital asset transactions during the year. Land values increased due to a site that was reclassified from a Held for Sale to a Not Held for Sale asset. Other types of capitalized assets decreased slightly in value during the fiscal year (depreciation) with the exception of vehicles, equipment and software where a slight increase reflects the purchase of new equipment. Additional information on PDC's capital assets can be found in note III - F. on page 45 of this report, and in the Supplementary Data on pages 93-98.

**Property Held for Sale.** Expenditures for acquisition and improvements of real properties intended for sale to appropriate developers are referred to as property held for sale. This recording approach is also used for real property slated to be transferred to the City of Portland. Following are the changes in property held for sale for the fiscal year ended June 30, 2013.

**Portland Development Commission's  
Real Property Held for Sale  
For the Fiscal Year Ended June 30, 2013**

Funding Source	Balance July 1, 2012	Additions	Disposals/ Adjustments	Balance June 30, 2013
General Fund	\$ 146,754	\$ -	\$ -	\$ 146,754
Housing and Community Development Fund	251,456	-	-	251,456
North Macadam Urban Renewal Fund	9,903,977	-	(1,998,072)	7,905,905
River District Urban Renewal Fund	16,707,288	10,864	(160,181)	16,557,971
Convention Center Urban Renewal Fund	13,277,714	-	(1,593,803)	11,683,911
Interstate Corridor Urban Renewal Fund	6,556,640	305,033	-	6,861,673
Other Governmental Funds	48,631,761	112,224	(11,583,312)	37,160,673
<b>Total Property Held for Sale</b>	<b>\$ 95,475,590</b>	<b>\$ 428,121</b>	<b>\$ (15,335,368)</b>	<b>\$ 80,568,343</b>

In the North Macadam Urban Renewal Area, River Place Garage was written down by \$1,998,072 to the current real market value of \$4,175,080.

In the River District Urban Renewal Area, Station Place Lot 6 was reclassified from a Held for Sale to a Not Held for Sale asset at a value of \$156,344.

In the Convention Center Urban Renewal Area, the Inn at the Convention Center Hotel was written down to market value based on a recent appraisal of \$3,900,000, an adjustment of \$1,593,803.

In the Interstate Corridor Urban Renewal Area, the majority of the increase was for fire life safety repairs on the Nelson site at 8411 N Denver St.

Significant real property transactions in the Other Government Funds included:

- In the Downtown Waterfront Urban Renewal Area, Block 8 was written down by \$140,000 to market value based on a current appraisal of \$2,360,000.
- In the Central Eastside Urban Renewal Area, 123 NE 3<sup>rd</sup> Ave, the Convention Center Plaza was sold for \$7,088,955 for redevelopment. Also, Block 67 lots 1-4 were written down by \$1,582,332 and lots 7-8 were written down by \$77,223 based on current appraisals of \$310,000 and \$1,340,000, respectively. A new appraisal for the Block 76 West parcels of \$292,000 resulted in a write-down of a \$808,947.
- In the Airport Way Urban Renewal Area, the Damonte and Danner South sites, with a value of \$333,350, were transferred to the City of Portland.
- In the Lents Town Center Urban Renewal Area, 5933 SE 92<sup>nd</sup> (\$406,019), 9231 SE Foster Road (\$648,976) and SE Reedway-Sullivan Site (\$10,991) were written down to market value based on appraisals of \$670,000, \$630,000 and \$100,000, respectively.
- In the South Park Blocks Urban Renewal Area, 401 SW Harrison-Jasmine Tree was written down \$407,877 to market value based on an appraisal of \$747,045.

Additional information on PDC's real property held for sale can be found in note III - E. on page 44 of this report, and in the Supplementary Data on pages 97-98.

**Long-term debt.** PDC does not issue bonds, but receives proceeds from bonds issued and carried by the City of Portland. Additionally, the City of Portland maintains lines of credit to provide short-term funding for PDC projects. The City's lines of credit are ultimately repaid with the long-term financing provided by bond sales. See the statistical section on bonds in this report and the City of Portland's financial statements for further information.

### **Economic Factors and Next Year's Budgets and Rates**

- The Portland metropolitan area unemployment rate for June and July 2013 was 7.3%, and July 2012 was 8.2%. This is down slightly from the rate of 9.2% the previous June. The unemployment rate for the United States as a whole for June 2013 remains 7.6%. The rate of job recovery in Oregon at 2.2% from the lowest point is running only slightly ahead of the national rate of 1.6%. Portland was among the hardest-hit metro areas in the nation; by the end of the recession (June 2009), the Portland metro area had 7.25 unemployed workers for each online job posting. Nationally, the figure was 5.20. Currently, Portland's ratio has dropped to 2.03, one of the strongest turnarounds in the nation and on track to reach our pre-recession ratio of 1.15 (May 2007). Portland's total non-farm wage and salary employment is up to 1,040,700, 2.8% higher than last fiscal year.
- The Portland area office vacancy rose slightly to 10.07% during the second quarter with minor positive absorption (3,674 sf).
- The industrial market saw vacancies fall to 9.65% during this past quarter in the Portland area with strong positive absorption of 326,432 sf. As the economic recovery continues and demand for industrial space grows around the Portland metro region, rental rates are rising and concessions are waning.
- Inflation rate trends for the Portland metropolitan area continue to compare slightly less favorable to national indices as they have since 2007. Rates projected through June 2013 are 1.8% and 1.9%, respectively. Oregonians spend far more on shelter and food, the two largest components of the index and components where price increases have been mild.
- All of the above economic indicators are occurring in the context of similar economic improvements for the State of Oregon.

All of these factors were considered in preparing PDC's budget for the next fiscal year ending June 30, 2014.

In addition, on October 10, 2013, PDC announced the impacts of a planned reduction in force (RIF). The reduction will reduce the total positions at PDC by 32 FTE including vacant positions by the end of the calendar year. As it was originally anticipated to occur in the spring of 2014, the RIF was not accounted for in the budget for 2014 but will be reflected in a future budget amendment.

### **Requests for Information**

This financial report is designed to provide a general financial overview for those with an interest in PDC's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, Portland Development Commission, 222 NW Fifth Avenue, Portland, Oregon, 97209.



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**PORTLAND DEVELOPMENT COMMISSION**  
**A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**STATEMENT OF NET POSITION**  
**June 30, 2013**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 73,179	\$ -	\$ 73,179
Cash with City of Portland investment pool	157,104,500	1,972,700	159,077,200
Cash with fiscal agent	491,632	-	491,632
Receivables:			
Due from City of Portland	2,548,175	81,763	2,629,938
Accounts	1,114,931	79,301	1,194,232
Internal balances	(312,000)	312,000	-
Loans, net	6,194,978	371,611	6,566,589
Interest	265,935	3,264	269,199
Other	15,354	-	15,354
Prepays	306,303	-	306,303
Property held for sale	80,568,343	-	80,568,343
Total current assets	<u>248,371,330</u>	<u>2,820,639</u>	<u>251,191,969</u>
Noncurrent assets:			
Loans receivable, net	50,322,820	883,745	51,206,565
Capital assets not being depreciated:			
Land	4,802,391	-	4,802,391
Capital assets net of accumulated depreciation:			
Buildings and improvements	1,353,727	-	1,353,727
Furniture, vehicles and equipment	220,604	-	220,604
Intangible software	2,377,350	-	2,377,350
Total noncurrent assets	<u>59,076,892</u>	<u>883,745</u>	<u>59,960,637</u>
Total assets	<u>\$ 307,448,222</u>	<u>\$ 3,704,384</u>	<u>\$ 311,152,606</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 1,958,310	\$ 1,691	\$ 1,960,001
Accrued liabilities	663,770	7,094	670,864
Due to City of Portland	4,003,926	74,694	4,078,620
Due to other entities	169,734	-	169,734
Long-term liabilities due within one year:			
Pollution remediation	491,525	-	491,525
Replacement parking access	65,900	-	65,900
Vacation accrual	95,903	-	95,903
Total long-term liabilities due within one year	<u>653,328</u>	<u>-</u>	<u>653,328</u>
Total current liabilities	<u>7,449,068</u>	<u>83,479</u>	<u>7,532,547</u>
Noncurrent liabilities:			
Long-term liabilities:			
Net other post-employment benefits obligation	729,471	-	729,471
Pollution remediation	8,395,053	-	8,395,053
Replacement parking access	202,459	-	202,459
Replacement parking construction	3,226,366	-	3,226,366
Vacation accrual	489,237	-	489,237
Total noncurrent liabilities	<u>13,042,586</u>	<u>-</u>	<u>13,042,586</u>
Total liabilities	<u>20,491,654</u>	<u>83,479</u>	<u>20,575,133</u>
<b>NET POSITION</b>			
Invested in capital assets	8,754,072	-	8,754,072
Restricted for:			
Urban renewal	270,099,568	-	270,099,568
Other	6,363,926	-	6,363,926
Unrestricted	1,739,002	3,620,905	5,359,907
Total net position	<u>286,956,568</u>	<u>3,620,905</u>	<u>290,577,473</u>
Total liabilities and net position	<u>\$ 307,448,222</u>	<u>\$ 3,704,384</u>	<u>\$ 311,152,606</u>

The accompanying notes are an integral part of the basic financial statements.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2013**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>	
		<b>Charges for Services</b>	<b>Operating Grants</b>
Governmental activities:			
Community development	\$ 101,248,381	\$ 4,047,062	\$ 7,970,747
Business-type activities:			
Enterprise loans	214,579	95,055	-
Enterprise management	958,743	1,118,228	-
<b>Total</b>	<b>\$ 102,421,703</b>	<b>\$ 5,260,345</b>	<b>\$ 7,970,747</b>

General Revenues:

Tax-increment debt proceeds (in lieu  
of tax-increment revenue) -  
intergovernmental revenues, unrestricted  
Unrestricted investment income  
Miscellaneous revenues

Transfers

Total general revenues and transfers

Change in net assets

Net position - July 1, 2012 as previously reported  
Restatement

Net position - July 1, 2012 as restated

Net position - June 30, 2013

The accompanying notes are an integral part of the basic financial statements.

<b>Net Expense and Changes in Net Assets</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (89,230,572)	\$ -	\$ (89,230,572)
-	(119,524)	(119,524)
-	159,485	159,485
<u>(89,230,572)</u>	<u>39,961</u>	<u>(89,190,611)</u>
73,354,431	-	73,354,431
675,546	8,768	684,314
6,724,318	-	6,724,318
-	-	-
<u>80,754,295</u>	<u>8,768</u>	<u>80,763,063</u>
(8,476,277)	48,729	(8,427,548)
285,972,186	3,493,447	289,465,633
9,460,659	78,729	9,539,388
<u>295,432,845</u>	<u>3,572,176</u>	<u>299,005,021</u>
<u>\$ 286,956,568</u>	<u>\$ 3,620,905</u>	<u>\$ 290,577,473</u>

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2013**

	<b>Special Revenue Funds</b>			
	<b>General Fund</b>	<b>Housing and Community Development Contract Fund</b>	<b>North Macadam Urban Renewal Fund</b>	<b>River District Urban Renewal Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 73,179	\$ -	\$ -	\$ -
Cash with City of Portland investment pool	2,847,309	912	3,141,124	39,664,778
Cash with fiscal agent	-	-	-	-
Receivables:				
Due from City of Portland	1,827,482	598,183	-	-
Accounts	25,332	-	19,104	57,974
Loans, net	652,905	-	149,802	22,187,403
Interest	4,512	-	5,938	56,159
Prepays	306,303	-	-	-
Property held for sale	146,754	251,456	7,905,905	16,557,971
Other	-	-	-	6,320
<b>Total assets</b>	<b>\$ 5,883,776</b>	<b>\$ 850,551</b>	<b>\$ 11,221,873</b>	<b>\$ 78,530,605</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 796,652	\$ 268,769	\$ 6,478	\$ 39,740
Accrued liabilities	759,673	-	-	-
Due to City of Portland	190,743	268,968	998,605	1,455,340
Due to other entities	106,752	-	-	-
Internal balances	-	312,000	-	-
<b>Total liabilities</b>	<b>1,853,820</b>	<b>849,737</b>	<b>1,005,083</b>	<b>1,495,080</b>
 <b>Fund balances:</b>				
Non-spendable				
Prepaid expenditures	306,303	-	-	-
Loans receivable	652,905	-	-	-
Property held for sale	146,754	-	-	-
Restricted				
Loans receivable	-	-	149,802	22,187,403
Property held for sale	-	-	7,905,905	16,557,972
Accounts receivable-others	-	814	-	-
Urban renewal	-	-	2,161,083	38,290,150
Contractual obligations	-	-	-	-
Assigned				
Subsequent year's expenditures	2,923,994	-	-	-
<b>Total fund balances</b>	<b>4,029,956</b>	<b>814</b>	<b>10,216,790</b>	<b>77,035,525</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,883,776</b>	<b>\$ 850,551</b>	<b>\$ 11,221,873</b>	<b>\$ 78,530,605</b>

The accompanying notes are an integral part of the basic financial statements.

**Capital Projects Funds**

<b>Convention Center Urban Renewal Fund</b>	<b>Interstate Corridor Urban Renewal Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 73,179
43,148,462	13,892,759	54,158,469	156,853,813
-	-	491,632	491,632
-	-	122,510	2,548,175
77,193	1,253	934,075	1,114,931
10,322,812	2,780,196	20,424,680	56,517,798
80,021	23,611	95,235	265,476
-	-	-	306,303
11,683,911	6,861,673	37,160,673	80,568,343
-	9,034	-	15,354
<u>\$ 65,312,399</u>	<u>\$ 23,568,526</u>	<u>\$ 113,387,274</u>	<u>\$ 298,755,004</u>
\$ 33,645	\$ 476,521	\$ 336,505	\$ 1,958,310
-	-	-	759,673
47,730	553,509	489,031	4,003,926
-	43,680	19,302	169,734
-	-	-	312,000
<u>81,375</u>	<u>1,073,710</u>	<u>844,838</u>	<u>7,203,643</u>
-	-	-	306,303
-	-	-	652,905
-	-	-	146,754
10,322,812	2,780,196	20,424,680	55,864,893
11,683,911	6,861,673	37,160,673	80,170,134
-	-	-	814
43,224,301	12,852,947	51,315,449	147,843,930
-	-	3,641,634	3,641,634
-	-	-	2,923,994
<u>65,231,024</u>	<u>22,494,816</u>	<u>112,542,436</u>	<u>291,551,361</u>
<u>\$ 65,312,399</u>	<u>\$ 23,568,526</u>	<u>\$ 113,387,274</u>	<u>\$ 298,755,004</u>

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**PORTLAND DEVELOPMENT COMMISSION  
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**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2013**

Fund balances - total governmental funds	\$	291,551,361
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		8,754,072
The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Net other post-employment benefit obligation		(729,471)
Long term vacation accrual obligation		(489,237)
Pollution remediation liability		(8,886,578)
Replacement parking access liability		(268,359)
Replacement parking construction liability		(3,226,366)
The internal service fund is used by management to charge insurance costs to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position		251,146
Net position of governmental activities	\$	286,956,568

The accompanying notes are an integral part of the basic financial statements.



**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2013**

	<b>Special Revenue Fund</b>			
	<b>General Fund</b>	<b>Housing and Community Development Contract Fund</b>	<b>North Macadam Urban Renewal Fund</b>	<b>River District Urban Renewal District</b>
<b>REVENUES</b>				
Intergovernmental revenues	\$ 6,012,904	\$ 1,860,393	\$ -	\$ -
Charges for services	497,045	-	543,192	848,263
Loan collections	27,429	-	2,331	62,958
Interest on investments	12,822	-	19,212	121,023
Miscellaneous	397,162	8	127,555	169,306
Tax-increment debt proceeds (in lieu of tax-increment revenue)	-	-	22,319,853	25,279,884
<b>Total revenues</b>	<b>6,947,362</b>	<b>1,860,401</b>	<b>23,012,143</b>	<b>26,481,434</b>
<b>EXPENDITURES</b>				
Current:				
Community development	3,858,161	171,272	12,271,840	5,417,937
Capital expenditures for urban renewal	-	-	15,722,177	4,485,711
Financial assistance	3,124,157	1,695,807	97,884	1,116,443
Capital outlay	112,468	-	-	-
<b>Total expenditures</b>	<b>7,094,786</b>	<b>1,867,079</b>	<b>28,091,901</b>	<b>11,020,091</b>
Excess (deficiency) of revenues over expenditures	(147,424)	(6,678)	(5,079,758)	15,461,343
<b>Net change in fund balances</b>	<b>(147,424)</b>	<b>(6,678)</b>	<b>(5,079,758)</b>	<b>15,461,343</b>
<b>FUND BALANCES - July 1, 2012 as previously reported</b>	<b>4,113,594</b>	<b>7,492</b>	<b>15,296,548</b>	<b>57,345,568</b>
Restatement	63,786	-	-	4,228,614
<b>FUND BALANCES - July 1, 2012 as restated</b>	<b>4,177,380</b>	<b>7,492</b>	<b>15,296,548</b>	<b>61,574,182</b>
<b>FUND BALANCES - June 30, 2013</b>	<b>\$ 4,029,956</b>	<b>\$ 814</b>	<b>\$ 10,216,790</b>	<b>\$ 77,035,525</b>

The accompanying notes are an integral part of the basic financial statements.

**Capital Projects Fund**

	<b>Convention Center Urban Renewal Fund</b>	<b>Interstate Corridor Urban Renewal Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$	-	\$ -	\$ 97,450	\$ 7,970,747
	1,109,304	175,310	873,948	4,047,062
	301,265	128,310	745,393	1,267,686
	224,764	45,191	251,309	674,321
	374,301	2,618,623	1,769,677	5,456,632
	<u>-</u>	<u>11,270,490</u>	<u>14,484,204</u>	<u>73,354,431</u>
	<u>2,009,634</u>	<u>14,237,924</u>	<u>18,221,981</u>	<u>92,770,879</u>
	7,809,664	8,596,165	14,460,295	52,585,334
	1,611,341	1,462,005	11,249,262	34,530,496
	388,188	2,722,394	3,152,346	12,297,219
	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,468</u>
	<u>9,809,193</u>	<u>12,780,564</u>	<u>28,861,903</u>	<u>99,525,517</u>
	<u>(7,799,559)</u>	<u>1,457,360</u>	<u>(10,639,922)</u>	<u>(6,754,638)</u>
	(7,799,559)	1,457,360	(10,639,922)	(6,754,638)
	71,171,583	20,635,615	120,274,940	288,845,340
	1,859,000	401,841	2,907,418	9,460,659
	<u>73,030,583</u>	<u>21,037,456</u>	<u>123,182,358</u>	<u>298,305,999</u>
\$	<u><u>65,231,024</u></u>	<u><u>22,494,816</u></u>	<u><u>112,542,436</u></u>	<u><u>291,551,361</u></u>

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2013**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$	(6,754,638)
--	----	-------------

Governmental funds report capital asset acquisitions as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital assets acquisitions.

Expenditures for capital assets	\$	882,791	
Less current year depreciation/amortization		(435,160)	
Loss on sale/disposal of assets net of depreciation		<u>(632,263)</u>	(184,632)

Current year expense for net other post-employment benefits obligation payable in the Statement of Net Position	(50,441)
---	----------

Current year change in vacation accrual	183,005
---	---------

Current year revenue for pollution remediation	(1,351,159)
--	-------------

Current year adjustment for parking access	59,729
--	--------

Current year expense for replacement parking construction	(379,366)
---	-----------

The internal service fund is used by management to charge insurance costs to individual funds. The change in net position is reported with governmental activities.

Interest on investment	<u>1,225</u>
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Change in net position of governmental activities	\$	<u><u>(8,476,277)</u></u>
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The accompanying notes are an integral part of the basic financial statements.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**GENERAL FUND (adopted as Urban Redevelopment Fund)  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues-				
State and local	\$ -	\$ -	\$ 53,187	\$ 53,187
City of Portland, General Fund	5,788,326	6,235,962	5,959,717	(276,245)
Charges for services-				
Application fees and charges	-	-	2,006	2,006
Rental income	358,601	-	98,148	98,148
Contractual service charges	-	-	303,250	303,250
Loan Collections-				
Principal	50,000	-	120,385	120,385
Interest	50,000	-	27,429	27,429
Interest on investments	8,480	4,500	12,822	8,322
Miscellaneous:				
Recovery of bad loan debt	-	-	1,340	1,340
Reimbursements	178,455	317,125	285,366	(31,759)
Private grants and donations	-	2,250	2,250	-
Other	-	-	99,902	99,902
<b>Total revenues</b>	<u>6,433,862</u>	<u>6,559,837</u>	<u>6,965,802</u>	<u>405,965</u>
<b>EXPENDITURES</b>				
Housing	442,101	237,294	66,207	171,087
Business development	5,417,268	6,664,038	5,395,637	1,268,401
Property redevelopment	434,455	800,651	714,992	85,659
Administration	16,188,356	14,329,947	14,360,842	(30,895)
Total community development	<u>22,482,180</u>	<u>22,031,930</u>	<u>20,537,678</u>	<u>1,494,252</u>
Contingency	556,652	2,576,518	-	2,576,518
<b>Total expenditures</b>	<u>23,038,832</u>	<u>24,608,448</u>	<u>20,537,678</u>	<u>4,070,770</u>
Excess (deficiency) of revenues over expenditures	<u>(16,604,970)</u>	<u>(18,048,611)</u>	<u>(13,571,876)</u>	<u>4,476,735</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Internal service reimbursements	14,886,941	15,186,941	14,092,957	(1,093,984)
Transfers in-				
General Fund	-	418,764	-	(418,764)
<b>Total transfers in</b>	<u>-</u>	<u>418,764</u>	<u>-</u>	<u>(418,764)</u>
Internal service reimbursements	(548,598)	(548,598)	(556,424)	(7,826)
Transfers out:				
General Fund	-	(212,310)	-	212,310
<b>Total transfers out</b>	<u>-</u>	<u>(212,310)</u>	<u>-</u>	<u>212,310</u>
<b>Total other financing sources (uses)</b>	<u>14,338,343</u>	<u>14,844,797</u>	<u>13,536,533</u>	<u>(1,308,264)</u>
Net change in fund balance	(2,266,627)	(3,203,814)	(35,343)	3,168,471
<b>FUND BALANCE - July 1, 2012</b>	<u>2,266,627</u>	<u>3,203,814</u>	<u>3,265,640</u>	<u>61,826</u>
<b>FUND BALANCE - June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>3,230,297</u>	<u>\$ 3,230,297</u>
<b>Adjustments to generally accepted accounting principles basis-</b>				
Loans receivable, net			652,905	
Property held for sale			<u>146,754</u>	
<b>FUND BALANCE - June 30, 2013 (GAAP BASIS)</b>			<u>\$ 4,029,956</u>	

The accompanying notes are an integral part of the basic financial statements.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**HOUSING AND COMMUNITY DEVELOPMENT CONTRACT FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenue:				
Housing and Community Development contract	\$ 2,114,907	\$ 2,114,907	\$ 1,860,393	\$ (254,514)
Miscellaneous:				
Other	-	-	8	8
<b>Total revenues</b>	<b>2,114,907</b>	<b>2,114,907</b>	<b>1,860,401</b>	<b>(254,506)</b>
<b>EXPENDITURES</b>				
Current:				
Business development	1,980,237	1,980,237	1,789,453	190,784
Total Community development	1,980,237	1,980,237	1,789,453	190,784
<b>Total expenditures</b>	<b>1,980,237</b>	<b>1,980,237</b>	<b>1,789,453</b>	<b>190,784</b>
Excess (deficiency) of revenues over expenditures	134,670	134,670	70,948	(63,722)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Enterprise Loans Fund	-	-	312,000	312,000
<b>Total transfers in</b>	<b>-</b>	<b>-</b>	<b>312,000</b>	<b>312,000</b>
Internal service reimbursements	(134,670)	(134,670)	(77,626)	57,044
Transfers out-				
General Fund	-	(107,500)	-	107,500
Enterprise Loans Fund	-	-	(100,000)	(100,000)
<b>Total transfers out</b>	<b>-</b>	<b>(107,500)</b>	<b>(100,000)</b>	<b>7,500</b>
<b>Total other financing sources (uses)</b>	<b>(134,670)</b>	<b>(242,170)</b>	<b>134,374</b>	<b>376,544</b>
Net change in fund balance	-	(107,500)	205,322	312,822
<b>FUND BALANCE - July 1, 2012</b>	<b>-</b>	<b>107,500</b>	<b>107,492</b>	<b>(8)</b>
<b>FUND BALANCE - June 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>312,814</b>	<b>\$ 312,814</b>
<b>Adjustments to generally accepted accounting principles basis:</b>				
Interfund advances			(312,000)	
<b>FUND BALANCE - June 30, 2013 (GAAP BASIS)</b>			<b>\$ 814</b>	

The accompanying notes are an integral part of the basic financial statements

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2013**

	<u>Nonmajor Enterprise Funds</u>	<u>Governmental Activities - Internal Service Fund</u>
<b>ASSETS</b>		
Current assets:		
Cash with City of Portland investment pool	\$ 1,972,700	\$ 250,687
Receivables:		
Due from City of Portland	81,763	-
Accounts	79,301	-
Internal balances	312,000	-
Loans, net	371,611	-
Interest	3,264	459
Total current assets	<u>2,820,639</u>	<u>251,146</u>
Noncurrent assets:		
Loans receivable, net	<u>883,745</u>	<u>-</u>
Total noncurrent assets	<u>883,745</u>	<u>-</u>
Total assets	<u>\$ 3,704,384</u>	<u>\$ 251,146</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 1,691	\$ -
Accrued liability	7,094	-
Due to City of Portland	<u>74,694</u>	<u>-</u>
Total current liabilities	<u>83,479</u>	<u>-</u>
Total liabilities	<u>83,479</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted for rent abatement	-	217,430
Unrestricted	<u>3,620,905</u>	<u>33,716</u>
Total net position	<u>3,620,905</u>	<u>251,146</u>
Total liabilities and net position	<u>\$ 3,704,384</u>	<u>\$ 251,146</u>

The accompanying notes are an integral part of the basic financial statements.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2013

	<u>Nonmajor Enterprise Funds</u>	<u>Governmental Activities - Internal Service Fund</u>
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 1,079,814	\$ -
Interest on loans	51,498	-
Miscellaneous revenues	<u>81,971</u>	<u>-</u>
Total operating revenues	<u>1,213,283</u>	<u>-</u>
 <b>OPERATING EXPENSES:</b>		
Personal services	18,985	-
Professional services	125,662	-
Loan document costs	27,749	-
Financial assistance	75,000	-
Internal service reimbursements	93,640	-
Miscellaneous expenses	<u>832,286</u>	<u>-</u>
Total operating expenses	<u>1,173,322</u>	<u>-</u>
Operating income (loss)	<u>39,961</u>	<u>-</u>
 <b>NON-OPERATING REVENUES (EXPENSE):</b>		
Interest on investments	<u>8,768</u>	<u>1,225</u>
Total non-operating revenues (expense)	<u>8,768</u>	<u>1,225</u>
Change in net position	<u>48,729</u>	<u>1,225</u>
 <b>Net position - July 1, 2012 as previously reported</b>	3,493,447	249,921
<b>Restatement</b>	<u>78,729</u>	<u>-</u>
<b>Net position - July 1, 2012 as restated</b>	<u>3,572,176</u>	<u>249,921</u>
 <b>Net position - June 30, 2013</b>	<u>\$ 3,620,905</u>	<u>\$ 251,146</u>

The accompanying notes are an integral part of the basic financial statements.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2013**

	<u>Nonmajor Enterprise Funds</u>	<u>Governmental Activities- Internal Service Fund</u>
<b>Cash flows from operating activities:</b>		
Loan collections from borrowers	\$ 371,612	\$ -
Interest on loans from borrowers	51,498	-
Loan fees from customers	34,054	-
Rent income	1,005,760	-
Payments to others	(83,460)	-
Payments to employees	(18,985)	-
Payments to vendors	(1,202,483)	-
Payments for interfund services used	(93,640)	-
Loans to borrowers	(201,788)	-
Miscellaneous reimbursements	113,479	-
<b>Net cash provided(used) by operating activities</b>	<u>(23,953)</u>	<u>-</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers from other funds	100,000	-
Transfers to other funds	(312,000)	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(212,000)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Interest received from investing	<u>10,222</u>	<u>1,590</u>
Net decrease in cash and cash equivalents	(225,731)	1,590
<b>Cash and cash equivalents-July 1, 2012</b>	<u>2,198,431</u>	<u>249,097</u>
<b>Cash and cash equivalents-June 30, 2013</b>	<u>\$ 1,972,700</u>	<u>\$ 250,687</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Net operating income(loss)	\$ 39,961	\$ -
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:		
Decrease in due to/from City of Portland	(142,246)	-
Increase in loans receivable	161,333	-
Decrease in due from other entities	(83,459)	-
Increase in accounts payable	458	-
Total adjustments	<u>(63,914)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ (23,953)</u>	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.



**PDC** | PORTLAND  
DEVELOPMENT  
COMMISSION  
[www.pdc.us](http://www.pdc.us)

**PORTLAND DEVELOPMENT COMMISSION**  
**A Component Unit of the City of Portland, Oregon**  
**Notes to the Financial Statements**  
**June 30, 2013**

***I. Summary of Significant Accounting Policies***

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**B. Reporting Entity**

The Portland Development Commission (PDC) is the City of Portland's (the City) urban renewal and redevelopment agency. The Commission was created in 1958 under Article I, Section 15 of the Charter of the City of Portland, Oregon to deliver projects and programs to achieve the City's housing, economic development and redevelopment priorities and to link citizens to jobs. PDC is governed by a five-member Commission, appointed by the Mayor and approved by the City Council to serve three-year terms.

PDC is a component unit of the City and its financial activities are discretely presented in a separate column in the City's basic financial statements. PDC has no component units.

**C. Basis of Presentation—Government-Wide Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of PDC. Governmental activities, which normally are supported by tax-increment revenues and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who use or directly benefit from services or privileges provided by the given function, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function. Tax-increment debt proceeds (in lieu of tax-increment revenue) and other items not properly included among program revenues are reported as general revenues.

**D. Basis of Presentation—Fund Financial Statements**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the proprietary funds are reported as separate columns in the fund

**PORTLAND DEVELOPMENT COMMISSION**  
**A Component Unit of the City of Portland, Oregon**  
**Notes to the Financial Statements, Continued**  
**June 30, 2013**

financial statements. Non-major governmental funds are consolidated into a single column in the basic financial statements. Combining schedules of the components of the enterprise funds and the non-major governmental funds are presented in the supplementary data section of the report.

PDC reports the following major governmental funds:

*General Fund (adopted as Urban Redevelopment Fund)* – this is PDC’s primary operating fund. It accounts for the financial operations not accounted for in any other fund and for indirect administrative costs. Principal resources are reimbursement for services to other funds, contract fees for services provided to other agencies, miscellaneous grants, donations and interest earnings. Primary expenditures are for personal services, operational supplies, and capital outlay.

*Housing and Community Development Contract Fund* – accounts for the contract with the City of Portland Housing Bureau to administer a portion of the City’s Community Development Block Grant revenues for the Economic Opportunity Initiative programs.

The following capital project major funds are primarily funded by tax-increment debt proceeds (in lieu of tax-increment revenue):

*North Macadam Urban Renewal Fund* – accounts for resources used in the redevelopment of the district into a major mixed-use Central City neighborhood, with a spectacular greenway and parks system, with improved transportation infrastructure and accessibility, enhanced public amenities and uses.

*River District Urban Renewal Fund* – accounts for resources used in the development and construction of a wide range of housing units, new commercial opportunities and open space, all oriented to the Willamette River.

*Convention Center Urban Renewal Fund* - accounts for resources used to develop a plan for the area surrounding the Oregon Convention Center that will best support Convention Center business, enhance area recreational and entertainment facilities, strengthen ties to downtown Portland, and ensure the area’s compatibility with nearby neighborhoods; and to develop the Eastbank Riverfront park.

*Interstate Corridor Urban Renewal Fund* – accounts for resources used in the construction and preservation of a wide array of housing options, new family-wage jobs, and the infrastructure investment to support these efforts.

PDC reports the following non-major proprietary funds:

*Enterprise Loans Fund* - this enterprise fund accounts for the activities of PDC’s various loan programs.

*Enterprise Management Fund* – this enterprise fund provides for the activity related to the operation and maintenance of PDC properties or City of Portland properties PDC has contracted to manage

**PORTLAND DEVELOPMENT COMMISSION**  
**A Component Unit of the City of Portland, Oregon**  
**Notes to the Financial Statements, Continued**  
**June 30, 2013**

outside urban renewal areas. Currently, this fund includes operating revenues and expenses of the Headwaters Apartments.

*Business Management Fund* – provides for the activity related to business and real estate that is not funded by tax increment or other public funding sources.

*Risk Management Fund* – the Internal Service Fund sets aside resources to meet the insurance policy deductibles, if necessary.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are overhead charges allocated by the General Fund to the Enterprise Loans Fund in the amount of \$93,640. Eliminations of these charges would distort the direct costs reported for the various programs concerned.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, PDC considers receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Significant revenues which were measurable and available under the modified accrual basis are composed of certain intergovernmental revenues consisting primarily of grant proceeds and tax-increment debt proceeds (in lieu of tax-increment revenue).

Amounts reported as program revenues include 1) charges to customers or applicants for services or privileges provided, 2) operating grants and contributions. All other revenues are considered general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with ongoing operations.

**PORTLAND DEVELOPMENT COMMISSION**  
**A Component Unit of the City of Portland, Oregon**  
**Notes to the Financial Statements, Continued**  
**June 30, 2013**

The principal operating revenues of the Enterprise Loans Fund are interest on loans and charges for loan fees. Operating expenses include the administrative and interest expense on borrowings. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available to use for the same purpose, it is PDC's policy to use restricted resources first, then unrestricted resources as they are needed.

**F. Budgetary Basis of Accounting**

The appropriated budget is prepared by fund and business line. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the business line level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to State of Oregon regulations.

**G. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2013, the following funds and programs had expenditures in excess of appropriations:

Fund	Business Line	Excess
General Fund	Administration	\$ 30,895

**H. Assets, Liabilities, and Net Position**

**1. Cash and Investments**

The Portland Development Commission's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City Charter requires PDC to participate in the City's cash and investment pool. Each fund's portion of this pool is displayed on the Balance Sheet and the Statement of Net Position as "Cash with City of Portland Investment Pool".

Investment pool cash balances are part of the City's cash management activity and are considered cash and cash equivalents. Activities undertaken by the investment pool on behalf of the proprietary funds are not considered as part of the investing and financing activities of the funds, and details of these investments are not reported in the Statement of Cash Flows. In general, interest earned from

**PORTLAND DEVELOPMENT COMMISSION**  
**A Component Unit of the City of Portland, Oregon**  
**Notes to the Financial Statements, Continued**  
**June 30, 2013**

pooled investments is allocated to each City fund, including PDC which appears as a single cash account, based on average earnings rate and daily cash balance of each fund. PDC allocates and credits interest received from the City to each individual fund based on the monthly ending cash balance.

The types of investments in which the City may invest are restricted by State of Oregon statutes and a Council-adopted investment policy. Authorized investments include general obligations of the United States government and its agencies, obligations of the States of Oregon, California, Idaho and Washington that have a rating of AA or better, A-1 rated commercial paper and bankers' acceptances, Aa rated corporate bonds, time deposits, repurchase agreements and the State of Oregon Local Government Investment Pool.

PDC recorded its investment in the City of Portland Investment Pool at fair value.

**2. *Receivables and Payables***

Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as internal balances. Reimbursements due from other governmental entities for the CDBG Economic Opportunity Initiative (CDBG-EOI) programs are reported as accounts receivable.

Loans receivable are recorded when the borrower has signed a promissory note and disbursements are made in accordance with the loan agreement. In the Housing and Community Development Fund there is one remaining economic development property which was purchased with CDBG funds in a prior year and is offset by a Due to the City of Portland, the original provider of the funds.

PDC maintains a valuation allowance for loans receivable of an allowance for risk. The allowance for risk is determined based on the historical performance of each loan type and upon continuing consideration of changes in the character of the portfolio.

**3. *Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items both in the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**4. *Capital Assets***

Capital assets include property, buildings, equipment, and software. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for furniture and equipment and real property acquisitions and improvements are stated as capital outlay expenditures in the governmental funds. Capital assets, which are acquired and held for internal use, are stated at historical cost, and include the costs of appraisals and demolition. Donated capital assets are recorded at their fair market value at the date of donation.

**PORTLAND DEVELOPMENT COMMISSION**  
**A Component Unit of the City of Portland, Oregon**  
**Notes to the Financial Statements, Continued**  
**June 30, 2013**

Costs incurred for the acquisition and improvements of properties, as an agent for the owner, are not capitalized. Maintenance and repairs of a routine nature are charged to expenditures/expenses as incurred and are not capitalized.

Depreciation and amortization on capital assets is recorded in the Statement of Activities and is calculated using a modified half-year convention method on a straight-line basis over the following estimated useful lives.

<u>Asset</u>	<u>Years</u>
Buildings and improvements	50
Leasehold improvements	6
Vehicles	8
Equipment	5-15
Computer software	10
Computer equipment	5

Generally, when construction projects are completed on behalf of the City of Portland, the project's capital assets are transferred to the City at cost. Proceeds from sale of capital assets originally purchased with grant resources are reported as due to City of Portland until recycled through the grant program. All other proceeds from the sale of capital assets are recognized as revenue.

**5. Property Held for Sale**

Land and related buildings and improvements acquired for the purpose of redevelopment and sale are recognized as assets and stated at the lower of cost (including costs of appraisal, demolition, and relocation) or net realizable value and are offset by non-spendable or restricted fund balance depending on the fund classification, except for those acquired with grant proceeds. Property held for sale acquired with grant resources are offset by an amount Due to the City of Portland until cycled through the grant program. Upon final disposition or a decline in the value of the property, gain or loss is charged or credited to operations.

**6. Compensated Absences**

It is PDC's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since PDC does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The current portion for the year ending June 30, 2013 was \$95,903.

**7. Long-term Obligations**

Long-term bonded debt issued to finance urban development activities is not reported in the financial statements, but is reported in the City of Portland's financial statements since the debt is the obligation of the City.

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**8. Fund Equity and Net Position**

PDC's equity is classified as follows in the government-wide and proprietary fund financial statements:

*Invested in capital assets.* This represents PDC's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

*Restricted.* This represents net position that are limited in their use by external third parties, laws or regulations of other governments, or imposed by legislation.

*Unrestricted.* This represents net position not included in other categories.

PDC's fund balance is classified as follows in the governmental fund financial statements:

*Non-spendable.* This includes the portion of fund balance that is not in a spendable form such as prepaids or others such as long term loans receivable, properties held for sale, prepaid expenses.

*Restricted.* The restriction is imposed by a third party such as creditors or regulators or enabling legislation.

*Committed.* This represents resources committed by PDC's board. Resolutions passed by the PDC Board of Commissioners is required to commit or release funds at this level.

*Assigned.* This represents resources intended for a specific purpose but not meeting the criteria to be classified as committed. The Board of Commissioners, in adopting the implementation of GASB 54 designated the Chief Financial Officer the authority to assign resources and ending fund balance. This delegation pertains to the assigned/unassigned categories of the General Fund to demonstrate intended use of unassigned funds.

*Unassigned.* Residual amount that is not restricted, committed, or assigned in the General Fund and any negative amount in other funds created by expenditures exceeding restricted, committed, or assigned resources.

PDC will spend resources in the following order as appropriate for the specific expenditures when more than one category of fund balance exists: Restricted, Committed, Assigned, and Unassigned. Any exceptions to this spending order must be approved by the Board of Commissioners.

**9. Management Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of June 30, 2013, and the reported amounts of revenues, expenditures, and expenses for the year then ended. Actual results could differ from those estimates.



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**10. New Accounting Pronouncements**

Statement No. 65 *Items Previously Reported as Assets and Liabilities* was issued in March 2012 and becomes effective for fiscal year 2014. It will reclassify some items that were previously reported as either assets or liabilities. PDC will implement this in fiscal year 2014.

Statement No. 66 *Technical Correction—2012—an amendment of GASB Statement No. 10 and No. 62* was issued in March 2012 and is effective for fiscal year 2014. The effect of these technical corrections has not yet been evaluated but they will be implemented in fiscal 2014 if PDC is subject to the requirement.

Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 26* was issued in June 2012 and becomes effective for fiscal year 2014. Primarily this pronouncement changes the way the pension plan providers will report pensions. PDC will not be subject to this pronouncement.

Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* was issued in June 2012 and is effective for fiscal year 2015. This pronouncement will require PDC to record a pension liability. PDC will implement this in fiscal year 2015.

Statement No. 69 *Government Combinations and Disposals of Government Operations* is effective for fiscal year 2015. PDC would be subject to this statement only if acquiring another government or merging with another government and this is not expected.

Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees* is effective for fiscal year 2014. To date PDC has not engaged in transactions which would make it subject to this pronouncement.

**11. Changes in Accounting Principles**

With the implementation of GASB Statement No. 62 PDC removed the effect of present value calculations on the loan portfolio. The increase in fund balance across all funds and net position for the Commission for fiscal year 2013 was \$9,539,388 and is detailed on the face of the financial statements. The amount of the allowance due to the present value portion of the allowance at fiscal year-end 2011 was \$15,844,656 which had an impact on net assets for fiscal year 2012 was \$6,005,268. Additionally, PDC implemented GASB Statement No. 63 which changed all references from net assets to net position and had no other significant impacts.

**II. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

PDC is required by Oregon Local Budget Law to budget all funds except the Agency Funds. All funds, except the Agency Funds, are budgeted on the modified accrual basis of accounting. The resolution authorizing appropriations sets the maximum level of expenditures for each fund. The original budget is adopted by the Commission by resolution prior to the beginning of the fiscal year (July 1 through

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June 30). The amount reported as “fund balance” on the General Fund budgetary basis of accounting derives from the basis of accounting used in preparing PDC’s budget. This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of the transactions in the table below.

Revenues—budgetary basis	\$ 6,965,802
Loans receivable revenues	(120,385)
Internal service revenues from business-type funds	93,640
Allowance for loans receivable	8,305
Revenues—GAAP basis	<u>\$ 6,947,362</u>
Expenditures—budgetary basis	\$ 20,537,678
Internal service reimbursement between governmental funds	(13,442,892)
Expenditures—GAAP basis	<u>\$ 7,094,786</u>

Appropriations are made by organizational unit or programs, appropriating the expenditure budget by business line. Expenditure detail is also provided by the following categories: Personal Services, Materials and Services, Capital Outlay, Financial Assistance, Debt Service, and other levels of control established by the resolution. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget may require hearings before the public and publication in newspapers, but always requires approval by the Commission. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Commission. The Commission approved three supplemental budgets during the fiscal year. Appropriations lapse at each fiscal year-end.

**III. Detailed Notes on All Funds**

**A. Cash and Cash Equivalents and Cash with City of Portland Investment Pool**

The City maintains a cash and investment pool that is available for use by all funds including its component units. Cash and investments are presented on the balance sheet in the basic financial statements at fair value in accordance with GASB Statement No. 31.

All investment pool cash purchases and sales are part of the City’s cash management activity and considered cash and cash equivalents. Activities undertaken by the pool on behalf of the proprietary funds are not part of operating, capital, investing, or financing activities of the proprietary funds, and details of these transactions are not reported in the Statement of Cash Flows. In general, interest earned from pooled investments is allocated to each fund based on the average earnings rate and daily cash balance of each fund.

Oregon Revised Statutes (ORS) 294 authorizes the City and component units to invest primarily in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers’ acceptances, high-grade commercial paper, high-grade corporate bonds and the State Treasurer’s Local Government Investment Pool (LGIP).

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PDC's cash balance as of June 30 is composed of the following:

Cash on hand	\$	500
Deposits with financial institutions		564,311
Cash with City of Portland investment pool		<u>159,077,200</u>
		<u>\$ 159,642,011</u>

The balance is reflected in the Statement of Net Position is as follows:

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
Cash and cash equivalents	\$ 73,179	\$ -	\$ 73,179
Cash with City of Portland investment pool	157,104,500	1,972,700	159,077,200
Cash with fiscal agent	<u>491,632</u>	<u>-</u>	<u>491,632</u>
	<u>\$ 157,669,311</u>	<u>\$ 1,972,700</u>	<u>\$ 159,642,011</u>

The cash with fiscal agent is an account at Wells Fargo Bank created to comply with the Economic Development Administration's (EDA) requirement to sequester excess program cash.

***Custodial credit risk—deposits***

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy is in accordance with ORS 295. All deposits are either insured by the Federal Deposit Insurance Corporation (FDIC), or collateralized with eligible securities in amounts determined by the Office of the State Treasurer (OST). The FDIC's standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category. The OST's custodian, Federal Home Loan Bank of Seattle, is the agent of the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the Depository Bank, Custodian Bank and Office of the State Treasurer (OST) and are held for the benefit of OST on behalf of the public depositors.

For an investment, this is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All trades are executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. The City's investment policy complies with ORS 294.035 and ORS 294.810 that lists acceptable investments. As of June 30, 2013, the City had no investments that were held by either counterparty or the counterparty's trust department agent. Therefore, the City has no outstanding investments that were exposed to custodial credit risk.

PDC bank deposits of \$491,632 at Wells Fargo Bank are insured by the FDIC up to \$250,000 with the additional being secured by collateralized eligible securities.

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***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of June 30, 2013, the weighted average maturity of the City's investment portfolio was 500 days. To minimize interest rate risk, the City's investment policy limits the portfolio to a maximum weighted average maturity of eighteen months. In addition, no more than 50% of the projected lowest cash balance may be invested in securities with a maturity range beyond two years. All other funds must be invested in less than three-year maturities and must meet the City's cash flow requirements. Investments with maturities greater than three years may be purchased only with the approval of the IAC.

***Credit Risk***

Credit risk is the financial risk of not receiving principal and interest when due from an issuer. The types of investments permitted by the Investment Policy seek to minimize this risk by the conservative nature of the permissible investments and by establishing safe limits on the level of investments with Oregon financial institutions and issuers of commercial paper, corporate debt, and by monitoring their credit quality on an ongoing basis. A portfolio policy stressing a relatively short maturity and highly rated investment grade debt serves to additionally minimize credit risk.

The City's investments in United States Treasury and Agency Obligations have short-term credit ratings of P-1 / A-1+ / F1+, by Moody's Investor Services, Standard & Poor's, and Fitch Ratings respectively. The City's investments in United States Treasury and Agency Obligations have long-term credit ratings of Aaa / AA+ / AAA, by Moody's Investor Services, Standard & Poor's, and Fitch Ratings respectively. The City's investments in Corporate Debt Obligations have short-term or long-term credit ratings of Aa3 / AA- / AA- or better, by Moody's Investor Services, Standard & Poor's, and Fitch Ratings respectively. The City's investments in Municipal Debt Obligations have short-term credit ratings of A-1 / SP-1 / F1 or better, by Moody's Investor Services, Standard & Poor's, and Fitch Ratings respectively.

As of June 30, 2013, the LGIP was not rated.

***Concentration of Credit Risk***

Of the City's total investments as of June 30, 2013, 60% percent were United States Agency Debt Obligations or short-term investments. All other investments not explicitly guaranteed by the United States government were less than five percent (per issuer basis) of the City's total investments. The City's investment policy addresses credit risk concentration by limiting both the types and amounts of securities that may be held in the portfolio. These portfolio restrictions vary based upon the investment type and issuer. These restrictions as well as other information contained in the City's investment policy are located at:

<http://www.portlandonline.com/auditor/index.cfm?c=47787&a=200869>.

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**B. Internal Balances**

The composition of internal balances is as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	
Liabilities	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Housing and Community Contract Fund	\$ 312,000	\$ 312,000
Governmental Fund Liabilities		\$ 312,000

As of June 30, 2013, the Housing and Community Development Fund owes the Enterprise Loans Fund \$312,000 for short-term Interfund loans for grant expenditures not yet reimbursed by the City of Portland and are repaid in the next accounting period.

**C. Loans Receivable**

Loans receivable are composed of loans to qualified borrowers for rehabilitation and redevelopment of commercial properties and commercial loans to small business to promote economic development, which are collateralized by personal property. Net loans receivable are as follows:

<u>Fund and Program</u>	<u>Maximum Term</u>	<u>Interest Rate</u>	<u>Gross Loans Receivable</u>	<u>Loan Loss Risk Factor</u>
<b>Major Funds:</b>				
General Fund:				
Urban Development:				
Amortized loans	11 yrs	3% to 6%	\$ 663,729	\$ 33,186
Deferred payment loans	10 yrs	4%	44,724	22,362
Total Gross General Fund			<u>708,453</u>	<u>55,548</u>
Total Net General Fund				<u>652,905</u>
North Macadam Urban Renewal Fund:				
Urban Development:				
Amortized loans	5 yrs	4%	157,687	7,885
Total Gross North Macadam Urban Renewal Fund:			<u>157,687</u>	<u>7,885</u>
Total Net North Macadam Urban Renewal Fund:				<u>149,802</u>
River District Urban Renewal Fund:				
Urban Development:				
Amortized loans	25 yrs	1% to 6%	13,732,150	686,608
Deferred payment loans	17 yrs	0% to 5%	18,283,723	9,141,862
Total Gross River District Urban Renewal Fund:			<u>32,015,873</u>	<u>9,828,470</u>
Total Net River District Urban Renewal Fund:				<u>22,187,403</u>

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<u>Fund and Program</u>	<u>Maximum Term</u>	<u>Interest Rate</u>	<u>Gross Loans Receivable</u>	<u>Loan Loss Risk Factor</u>
Convention Center Urban Renewal Fund:				
Urban Development:				
Amortized loans	31 yrs	1% to 7%	7,168,772	408,444
Deferred payment loans	30 yrs	2% to 3%	6,828,903	3,414,451
Cash flow loans	11 yrs	1% to 9%	2,960,655	2,812,623
Total Gross Convention Center Urban Renewal Fund:			<u>16,958,330</u>	<u>6,635,518</u>
Total Net Convention Center Urban Renewal Fund:				<u>10,322,812</u>
Interstate Corridor Urban Renewal Fund:				
Urban Development:				
Amortized loans	12 yrs	0% to 9%	2,197,191	142,369
Deferred payment loans	12 yrs	0% to 2%	1,450,748	725,374
Total Gross Interstate Corridor Urban Renewal Fund:			<u>3,647,939</u>	<u>867,743</u>
Total Net Interstate Corridor Urban Renewal Fund:				<u>2,780,196</u>
Total Gross Major Funds			<u>53,488,282</u>	<u>17,395,164</u>
Total Net Major Funds				<u>36,093,118</u>
<b><u>Other Governmental Funds:</u></b>				
Other Federal Grants Fund (EDA)				
Urban Development:				
Amortized loans	20 yrs	3% to 6%	1,471,670	73,584
Total Gross Other Federal Grants Fund (EDA)			<u>1,471,670</u>	<u>73,584</u>
Total Net Other Federal Grants Fund (EDA)				<u>1,398,086</u>
Downtown Waterfront Urban Renewal Fund				
Urban Development:				
Amortized loans	20 yrs	1% to 9%	4,719,760	235,988
Deferred payment loans	10 yrs	1% to 3%	5,687,402	2,843,702
Total Gross Downtown Waterfront Urban Renewal Fund			<u>10,407,162</u>	<u>3,079,690</u>
Total Net Downtown Waterfront Urban Renewal Fund				<u>7,327,472</u>
South Park Blocks Urban Renewal Fund				
Urban Development:				
Amortized loans	12 yrs	1% to 5%	2,068,404	103,420
Total Gross South Park Blocks Urban Renewal Fund			<u>2,068,404</u>	<u>103,420</u>
Total Net South Park Blocks Urban Renewal Fund				<u>1,964,984</u>
Central Eastside Urban Renewal Fund				
Urban Development:				
Amortized loans	21 yrs	0% to 9%	3,629,729	228,486
Deferred payment loans	11 yrs	0% to 4%	2,703,113	1,351,556
Cash flow loans	28 yrs	4%	1,180,754	1,121,718
Total Gross Central Eastside Urban Renewal Fund			<u>7,513,596</u>	<u>2,701,760</u>
Total Net Central Eastside Urban Renewal Fund				<u>4,811,836</u>

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<u>Fund and Program</u>	<u>Maximum Term</u>	<u>Interest Rate</u>	<u>Gross Loans Receivable</u>	<u>Loan Loss Risk Factor</u>
Lents Town Center Urban Renewal Fund:				
Urban Development:				
Amortized loans	20 yrs	3% to 6%	2,051,975	173,098
Deferred payment loans	36 yrs	0% to 3%	1,277,394	638,697
Total Gross Lents Town Center Urban Renewal Fund:			<u>3,329,369</u>	<u>811,795</u>
Total Net Lents Town Center Urban Renewal Fund:				<u>2,517,574</u>
Gateway Regional Center Urban Renewal Fund				
Urban Development:				
Amortized loans			236,690	11,835
Total Gross Gateway Regional Center Urban Renewal Fund			<u>236,690</u>	<u>11,835</u>
Total Net Gateway Regional Center Urban Renewal Fund				<u>224,855</u>
Airport Way Urban Renewal fund				
Urban Development:				
Amortized loans	22 yrs	2% to 9%	1,747,372	87,369
Deferred payment loans	22 yrs	2% to 9%	1,039,738	519,868
Total Gross Airport Way Urban Renewal fund			<u>2,787,110</u>	<u>607,237</u>
Total Net Airport Way Urban Renewal fund				<u>2,179,873</u>
<b>Total Gross Governmental Funds</b>			<u>27,814,001</u>	<u>7,389,321</u>
<b>Total Net Governmental Funds</b>				<u>20,424,680</u>
<b>Business-type Funds</b>				
Enterprise Loans Fund				
Amortized loans	12 yrs	3% to 7%	1,321,428	66,072
<b>Total Gross Enterprise</b>			<u>1,321,428</u>	<u>66,072</u>
<b>Total Net Enterprise</b>				<u>1,255,356</u>
<b>Total Gross All Funds</b>			<u>\$ 82,623,711</u>	<u>24,850,557</u>
<b>Total Net All Funds</b>				<u>\$ 57,773,154</u>

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The combined loan portfolio is composed of the following:

<u>Organizational Unit and Program</u>	<u>Current Year Gross Loan Percentages</u>		<u>Gross Loans Receivable</u>		<u>Allowance</u>
Urban Development:					
Amortized loans	49.82%	\$	41,166,557	\$	2,258,344
Cash flow loans	5.01%		4,141,409		3,934,341
Deferred payment loans	45.16%		37,315,745		18,657,872
Urban development totals	<u>100.00%</u>		<u>82,623,711</u>		<u>24,850,557</u>
<b>Total Gross Loans</b>	100%	<b>\$</b>	<b><u>82,623,711</u></b>		<b><u>24,850,557</u></b>
<b>Total Net Loans</b>				<b>\$</b>	<b><u>57,773,154</u></b>
<b>Summary Loans Receivable Aging:</b>					
Current loans receivable, net		\$	6,566,589		
Noncurrent loans receivable, net			51,206,565		
<b>Total Net Loans</b>		<b>\$</b>	<b><u>57,773,154</u></b>		

**D. Restricted Net Position**

Constraints placed on the use either by external parties such as creditors, grantors, and contributors, or laws and regulations of other governments, or legally restricted through provisions or enabling legislation are reported as restricted net position. As summarized below, the government-wide Statement of Net Position reports \$276,463,494 of restricted net position.

**Restricted by:**

Enabling legislation:		
Urban renewal	\$	270,099,568
Contributors:		
Public-private partnership agreement		<u>6,363,926</u>
	<b>\$</b>	<b><u>276,463,494</u></b>

**E. Property Held for Sale**

Property held for sale consists of real property PDC intends to sell to appropriate developers or homeowners. The carrying amount of the property is stated at the lower of cost or net realizable value. The carrying value of the property is as follows:

**Governmental Activities:**

General Fund	\$	146,754
Housing and Community Development Contract Fund		251,456
North Macadam Urban Renewal Fund		7,905,905
River District Urban Renewal Fund		16,557,971
Convention Center Urban Renewal Fund		11,683,911
Interstate Corridor Urban Renewal Fund		6,861,673
Other Governmental Funds		<u>37,160,673</u>
<b>Total Governmental Funds</b>	<b>\$</b>	<b><u>80,568,343</u></b>



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**F. Capital Assets**

PDCs capital assets are all used in community development and are composed of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 4,646,050	\$ 788,604	\$ (632,263)	\$ 4,802,391
Capital assets, being depreciated:				
Buildings and improvements	2,707,441	-	-	2,707,441
Leasehold improvements	3,849,501	-	-	3,849,501
Vehicles and equipment	1,069,547	94,187	(163,431)	1,000,303
Intangible software	4,325,288	-	-	4,325,288
Total capital assets being depreciated	<u>11,951,777</u>	<u>94,187</u>	<u>(163,431)</u>	<u>11,882,533</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(1,299,567)	(54,147)	-	(1,353,714)
Leasehold improvements	(3,849,501)	-	-	(3,849,501)
Vehicles and equipment	(887,349)	(55,781)	163,431	(779,699)
Intangible software	(1,622,706)	(325,232)	-	(1,947,938)
Total accumulated depreciation	<u>(7,659,123)</u>	<u>(435,160)</u>	<u>163,431</u>	<u>(7,930,852)</u>
Total capital assets, being depreciated, net	<u>4,292,654</u>	<u>(340,973)</u>	<u>-</u>	<u>3,951,681</u>
Governmental activities capital assets, net	<u>\$ 8,938,704</u>	<u>\$ 447,631</u>	<u>\$ (632,263)</u>	<u>\$ 8,754,072</u>

**G. Operating Leases**

**As Lessee**

PDC leases office space and land under operating leases. Rental expenditures amounted to approximately \$1,078,700. Future minimum lease payments under PDC's operating leases are as follows:

<u>Fiscal Year Ending</u>	<u>Minimum Lease Payments</u>
2014	\$ 1,098,516
2015	1,131,480
2016	1,165,416
2017	1,200,384
2018	1,236,396
2019-2020	<u>2,585,172</u>
	<u>\$ 8,417,364</u>

The amounts above do not include lessee maintenance charges in excess of the stipulated minimum rental fees. The total of such charges for the fiscal year amounted to approximately \$116,500.

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**As Lessor**

PDC functions as a lessor for office space, parking lot space, and land leases on certain property which it has acquired as part of its urban renewal activities. The carrying value of the property being leased is approximately \$25,317,000. Rental revenue amounted to approximately \$2,177,000 for the fiscal year. The minimum future operating non-cancelable lease revenues are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Minimum</u> <u>Revenue Total</u>
2014	\$ 2,727,257
2015	2,096,806
2016	204,970
2017	57,503
2018	502
2019-2023	2,510
2024-2028	2,510
2029-2033	2,010
2034-2038	10
2039-2043	10
2044-2048	10
	<u>\$ 5,094,098</u>

**H. Changes in Long-term Liabilities**

	<u>Long-term</u> <u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Payments/</u> <u>Reductions</u>	<u>Long-term</u> <u>Ending</u> <u>Balances</u>	<u>Due within</u> <u>One Year</u>
Governmental activities					
Post employment benefits	\$ 679,030	\$ 50,441	\$ -	\$ 729,471	\$ -
Pollution Remediation	7,535,419	1,351,159	-	8,395,053	491,525
Replacement parking access	328,088	-	59,729	202,459	65,900
Replacement parking construction	2,847,000	379,366	-	3,226,366	-
Vacation accrual	672,242	-	87,102	489,237	95,903
	<u>\$ 12,061,779</u>	<u>\$ 1,780,966</u>	<u>\$ 146,831</u>	<u>\$ 13,042,586</u>	<u>\$ 653,328</u>

For governmental activities, vacation accruals and post-employment benefits will generally be liquidated by the general fund and pollution remediation will be liquidated by the capital project fund in which the property is located. The replacement parking and replace parking construction liabilities will both be liquidated by the Downtown Waterfront Urban Renewal Fund.

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**I. Amounts Due To and From the City of Portland**

Due To the City of Portland consists principally of an amount related to property held for sale which was acquired via grant funds under the Community Development Block Grant program that PDC administered for the City of Portland and accounts payable for services provided by the City. Balances of Due to the City of Portland by fund as of June 30, 2013 follow.

	<u>Property Held for Sale</u>	<u>Accounts Payable</u>	<u>Ending Balance</u>
General Fund	\$ -	\$ 190,743	\$ 190,743
Housing and Community Development Contract Fund	251,456	17,512	268,968
North Macadam Urban Renewal Fund	-	998,605	998,605
River District Urban Renewal Fund	-	1,455,340	1,455,340
Convention Center Urban Renewal Fund	-	47,730	47,730
Interstate Corridor Urban Renewal Fund	-	553,509	553,509
Other governmental funds	-	489,031	489,031
Other business type funds	-	74,694	74,694
Total	<u>\$ 251,456</u>	<u>\$ 3,827,164</u>	<u>\$ 4,078,620</u>

Grant revenues under various grant programs and other inter-governmental agreements due from the City of Portland totaled \$2,629,937 at June 30, 2013.

**J. Revenue**

Miscellaneous revenue for the fiscal year was higher than normal. This was predominantly due to the loan loss adjustment for the year and reimbursements as detailed below:

	<u>Reimbursements</u>	<u>Loan Loss Adjustment</u>	<u>Ezone</u>	<u>Other</u>	<u>Total Miscellaneous Revenue</u>
General	\$ 285,366	\$ 8,304	\$ -	\$ 103,492	\$ 397,162
HCD Contract	-	-	-	8	8
North Macadam	32,555	-	-	95,000	127,555
River District	5,651	149,689	-	13,966	169,306
Convention Center	90,967	243,334	-	40,000	374,301
Interstate Corridor	37,754	2,580,869	-	-	2,618,623
Other Governmental	616,541	291,492	832,941	28,703	1,769,677
Total Governmental Fund	<u>\$ 1,068,834</u>	<u>\$ 3,273,688</u>	<u>\$ 832,941</u>	<u>\$ 281,169</u>	<u>\$ 5,456,632</u>

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**IV. Other Information**

**A. Retirement and Deferred Compensation Plans**

***State of Oregon Public Employees Retirement System***

***Plan Description***

The State of Oregon Public Employees Retirement System (PERS), a cost-sharing multi-employer defined benefit plan, administers a retirement plan for the City and its component units. PDC, as a component unit, has a cost-sharing arrangement with the City. All PDC full-time employees are participants under one or more plans currently available through PERS.

There are currently two programs with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are PERS Program members. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members.

OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

Beginning January 1, 2004, all employees who are active members of PERS became members of the OPSRP IAP Program. PERS plan member contributions (the employee contribution, whether made by the employee or “picked-up” by the employer) go into the IAP portion of OPSRP. PERS plan members retain their existing PERS accounts, but any future member contributions will be deposited in the member’s IAP, not into the member’s PERS account.

Oregon PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700, or on the internet at URL: [http://oregon.gov/PERS/section/financial\\_reports/financials.shtml](http://oregon.gov/PERS/section/financial_reports/financials.shtml), or by calling 1-503-598-7377.

Benefits generally vest after contributions are made in five consecutive calendar years or when employee has reached 50 years of age. Retirement is allowed at age 58 (age 60 for Tier Two members) or with 30 years of service with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Retirement benefits, based on final average salary and length of service, are calculated using either a money match, full formula, or a formula plus annuity computation, if a greater benefit results, and are payable in a lump sum or monthly using several payment options. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

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**Funding Policy**

Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the Oregon Public Employees Retirement Board. Contributions made by PDC for the year ended June 30, 2013 on behalf of qualifying employees represented 6% of covered payroll.

**Risk Pooling and Revised PERS Contribution Rates**

Effective January 1, 2000, the City elected to participate in the Local Government Rate Pool (LGRP). The LGRP was created by legislative act of the State of Oregon and provided governments the option to pool their PERS related assets and liabilities with others that elected to participate in the pool, whereby contribution rates are determined based on the overall experience of the pool versus the potentially more volatile experience of individual employers. The LGRP was expanded and replaced by the State and Local Government Rate Pool (the SLGRP). The City made the election to join the SLGRP as of January 1, 2002.

The most recent actuarial valuation was prepared for the period ending December 31, 2011. In October 2012, the City was notified by the PERS actuarial firm that based on the most recent actuarial valuation the City's contribution rate for the fiscal year was 9.3% for Tier 1 and Tier 2 members and 7.69% for OPSRP members.

**Annual Pension Cost**

PERS sets the rate for the SLGRP, based on the independent actuarial study that is performed every two years. This rate establishes the annual required contribution for the City and PDC.

**Other Supplementary Information**

Schedule of Rates expressed as a percentage of covered payroll

	Fiscal Year					
	2011		2012		2013	
	PERS	OPSRP	PERS	OPSRP	PERS	OPSRP
PERS Defined Benefit Plan	4.30%	5.04%	9.30%	7.69%	9.30%	7.69%
Employee IAP*	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
	<u>10.30%</u>	<u>11.04%</u>	<u>15.30%</u>	<u>13.69%</u>	<u>15.30%</u>	<u>13.69%</u>

*\*PDC has chosen to pay the employee contributions to the IAP as an additional employee benefit*

The amounts contributed to PERS during the years ended June 30, 2011, 2012, and 2013 were equal to the required contributions for each year. The approximate covered payroll and actual amounts contributed by PDC were as follows:

**Schedule of Employer Contributions**

	2011	2012	2013
Covered Payroll	\$ 11,921,205	\$ 10,570,046	\$ 9,896,391
PERS Contributions*	1,266,681	1,435,201	1,437,123

*\*As provided by Oregon PERS*

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In 1997, as a result of changing legislation and a court decision mandating taxation of state PERS benefits for retirees, the actuaries determined that the PERS unfunded liability for the City's plan was \$257 million which PDC shared. This unfunded liability would have created extremely high contribution rate for the City and PDC. In order to help the City meet the financial demands of the liability, the City issued a 30 year bond for \$300 million. \$257 million was put directly into PERS to offset the unfunded liability to make the annual contributions more manageable. PDC's contributions to the City's Annual Pension Cost for its share of their PERS liability over the last three fiscal years were as follows:

Fiscal Year Ended	Amount
2011	\$ 467,363
2012	499,262
2013	549,197

**B. Other Post-employment Benefits**

*Plan Description.* PDC does not have a formal post-employment benefits plan for any employee groups; however the PDC is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. GASB 45 is applicable to the PDC due only to the implicit rate subsidy. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

*Funding Policy.* In addition to the pension benefits described in Note IV.A., PDC provides post-retirement health care benefits in accordance with PDC Personnel Policy XIII. Employee Benefits. This PDC policy, in line with Oregon law, provides that retired employees and their dependents are eligible to participate in group insurance coverage at their own cost until age 65, or when they are otherwise eligible for Medicare. Eligibility is contingent on meeting the requirements to receive retirement benefits from PERS as discussed in the previous section. Dependents of a retired PDC Employee may participate in group coverage at the time of retirement; only so long as the retiree is covered by a PDC plan. As of June 30, 2013, PDC has 10 eligible post-retirement participants enrolled and paying the full cost of their premiums.

*Annual Other Post-employment Benefits Cost and Net Other Post-employment Benefits Obligation.* The PDC's annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 15 years. The following table shows the components of the PDC's annual other post-employment benefit cost for the year, the amount actually contributed to the plan, and changes in the PDC's other post-employment benefit obligation to the plan. PDC participates in a cost-sharing multi-employer plan.

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	2013	2012	2011
Net OPEB Obligation at fiscal year beginning	\$ 679,030	\$ 638,271	\$ 507,267
Annual OPEB Cost/Annual Required Contribution (a)	172,305	164,427	228,289
Interest on net OPEB obligation (b)	27,161	25,531	22,827
Adjustment to the ARC (c)	<u>(46,146)</u>	<u>(43,376)</u>	<u>(35,806)</u>
Net annual OPEB cost (a + b + c)	153,320	146,582	215,310
Dollars contributed this FY (implicit benefit payments) (d)	<u>(102,879)</u>	<u>(105,823)</u>	<u>(84,306)</u>
Increase/Decrease in the Net OPEB Obligation during FY (a+b+c+d)	50,441	40,759	131,004
Net OPEB Obligation at fiscal year end	<u>\$ 729,471</u>	<u>\$ 679,030</u>	<u>\$ 638,271</u>
Percentage of Annual OPEB Cost paid	67.10%	72.19%	39.16%

*Funding Status and Funding Progress.* As of August 1, 2012, the actuarial accrued liability for benefits was \$756,942 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$756,942. The covered payroll (annual payroll of active employees covered by the plan) was \$9,896,391 for fiscal year 2013 and the ratio of the UAAL to the covered payroll was 7.6%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) which includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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In the August 2012 actuarial valuation performed by Milliman the projected unit credit cost method was used. The economic actuarial assumptions included a 2.75% inflation rate and a 3.5% investment rate of return, and annual healthcare cost trend rate of 7.25% for the first year and rates as follows for the subsequent years.

<u>Fiscal Year</u>	<u>Assumed Rate Trend</u>
2013	6.50%
2014	6.00
2015-2021	5.75
2022	6.00
2023	6.50
2024-2027	6.75
2028-2034	6.50
2035	6.25
2036-2039	6.00
2040-2047	5.75
2048+	5.50

Dental costs are assumed to increase 5.25% per year. Demographic assumptions were based on assumptions used by Oregon PERS for its 2009 actuarial valuation of retirement benefits.

In addition, PDC contributes to Oregon Public Employees Retirement System's (OPERS) Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

The RHIA plan was created by enabling legislation (ORS 238.420) and therefore the contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating local governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59% for Tier 1 and 2 accounts and 0.50% for OPSRP accounts of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in



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accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. Amortized as a level percentage of payroll; UAL (10 year) amortization period is closed. An inflation rate of 2.75% is used for this agent multiple-employer postemployment benefit plan. Required and actual contributions are reported below:

<u>Fiscal Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>
2013	\$ 54,083	\$ 54,083
2012	57,323	57,323
2011	29,329	29,329

**C. Commitments**

Contractual and other commitments for subsequent years' expenditures amounting to \$80,624,299 are included in the budgetary fund balances indicating tentative plans for utilization in future periods. In addition, PDC has contractual and other commitments relating to future expenditures for grant projects, grant funded loan commitments, and Enterprise Loans Fund loan commitments aggregating \$5,213.

Commitments for subsequent year's expenditures are as follows:

<u>Fund Balance for:</u>	<u>Committed for Urban Renewal</u>	<u>Committed for contractual obligation</u>	<u>Total</u>
Housing and Community Development Contract	\$ -	\$ 19,266	\$ 19,266
North Macadam Urban Renewal Area	1,521,684	-	1,521,684
River District Urban Renewal Area	37,400,086	-	37,400,086
Convention Center Urban Renewal Area	29,892,574	-	29,892,574
Interstate Corridor Urban Renewal Area	3,952,001	-	3,952,001
Other governmental funds	7,295,510	543,178	7,838,688
<b>Total</b>	<b>\$ 80,061,855</b>	<b>\$ 562,444</b>	<b>\$ 80,624,299</b>

**D. PDC's Use of the City of Portland's Conduit Debt**

The City has issued Economic Development Revenue Bonds (bonds). The proceeds of these bond sales are used by private developers to finance capital expansion in urban renewal areas.

The City's and PDC's participation in the financing of these projects enables the developer to utilize applicable provisions of the United States Internal Revenue Code (IRC Section 103) of 1954, as amended. IRC Section 103 encourages the construction of certain facilities and the public financing thereof through revenue bonds by providing that the interest on such bonds, as contrasted with any bonds issued by the developer itself, will be exempt from federal income tax. This tax exemption enables the purchasers of the bonds to accept a lower rate of interest and, since the developer in effect pays the interest on the bonds, reduces the interest cost of the project financing to the developer.

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The bond indentures provide that the bonds shall never constitute a general obligation of, an indebtedness of, or a charge against the general credit of the City or PDC. Nor are the bonds payable in any manner from revenue raised by taxation. Rather, the bonds will be special obligations of the City payable solely from the revenues, receipts, and resources pledged under the indentures and not from other revenues, funds, or assets of the City.

The bonds are collateralized solely by the specific project and payments are made by the developers. The bonds shall not be payable from or a charge against any other funds or assets, nor shall the City or PDC be subject to any liability thereon. No holder or holders of the bonds shall ever have the right to compel any exercise of the taxing power of the City to pay the bonds or the interest thereon, nor to enforce payment thereof against any property of the City or PDC except the specific project. Upon completion of the repayment of the debt by the developer, the assets constructed become the property of the developer. At June 30, 2013, the total of the City's conduit debt outstanding as related to PDC development projects is \$71,285,000. This amount may differ from actual amounts reported in the City CAFR because not all conduit debt issued by the City is related to PDC projects.

**E. Contingencies**

In the normal course of business PDC is subject to litigation. The opinion of PDC's General Counsel is that the outcome of any litigation will not have a significant effect on the financial statements.

***Contingent Liability***

In 2002, PDC acquired property in the Downtown Waterfront Urban Renewal Area with the intent of using the property for housing development. The property included an abandoned structure not used in more than 20 years and a basement parking garage. Attached to the acquisition of the property were three agreements between the former owner and the owner of the adjacent property regarding the basement parking. The first lease between former owner (as landlord) and the owner of the adjacent property (as tenant) dated December 12, 1997 (the "Basement Parking Lease") leased the basement of any current or future building located on the Property to the tenant for use as parking. The initial term of the Basement Parking Lease is 99 years and the tenant has the option to renew the lease for two successive terms of 99 years each for a total maximum term of 297 years.

Under a second agreement also dated December 12, 1997 (the "Parking Leaseback Lease"), the tenant leased back to the former owner, for use by future tenants of the new building to be constructed on the Property, certain parking in the basement of the Property and on nearby property owned by the tenant. The term of the lease commences upon occupancy of the new building to be constructed on the Property and continues for 99 years. The former owner has the option to renew the lease for two successive terms of 99 years each for a total maximum term of 297 years.

The final agreement ("Basement Use Agreement") requires the owner of the property to pay the cost of replacement parking during any period in which some or all of the basement parking is not accessible for use. This replacement parking payment obligation commences one year after the earlier of demolition of the existing building or the date when the basement parking otherwise becomes

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inaccessible. The existing building on the property was demolished in January 2007, making the parking inaccessible, and triggering the payment for replacement parking beginning in January 2008. This obligation passed to PDC with the purchase of the land.

The Downtown Waterfront Urban Renewal Area issued its remaining maximum indebtedness in April 2008 and is anticipated to wind down its operations over the next five years. The subject property is included in PDC's Strategic Real Estate Disposition Plan as being disposed of within the next five years. The remaining resources of the URA have been budgeted toward investment in entrepreneurship and cluster industry job growth in the Old Town / Chinatown Creative Corridor and neighborhood enhancement through the redevelopment of underutilized blocks in Old Town / Chinatown. If PDC were intent on holding the property and not developing the site, the liability is estimated to be approximately \$9,397,604 for the first lease term, PDC does not see this as a probable outcome. Given the plans for the URA, the Strategic Real Estate Disposition Plan, and the re-focus on economic development, PDC has concluded three possible options for minimizing the liability to occur within these five years;

1. The property is sold and PDC no longer holds fee title (the obligation would pass with the property).
2. PDC reaches a consensual settlement with the other party to the agreement to terminate the obligation.
3. PDC constructs basement parking on the property that satisfies the requirements of the underlying agreement.

It is more than likely that the property will be disposed of within the five years included in the long term liability section of these notes. Should a disposition not occur in a reasonable amount of time within the five year period, PDC would construct the replacement parking before the end of the period to relieve the obligation. Based on current construction costs estimate indexed at 4.0% compounding, the liability for replacement parking is estimated at \$3,226,366.

**F. Risk Management**

PDC is not part of the City of Portland's self-insurance program and purchases a variety of commercial insurance policies to protect itself against loss. Like most other large public agencies, PDC is exposed to various risk of loss related to torts, errors and omissions, general liability, property damage, worker's compensation, and unemployment claims.

PDC is insured by the State Accident Insurance Fund (SAIF) against losses from employee workers' compensation claims up to a limit of \$500,000 for each incident and each employee.

PDC is covered by Glatfelters American Alternative Insurance for: a commercial general liability policy in the amount of \$1,000,000 per occurrence, \$3,000,000 aggregate and an additional \$5,000,000 excess liability policy subject to \$5,000 deductible for each wrongful act or occurrence; public officials

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errors and omission coverage in the amount of \$1,000,000 with a \$3,000,000 aggregate and a deductible of \$5,000 per claim.; automobile coverage for PDC fleet vehicles in the amount of \$1,000,000 for bodily injury/property damage with a \$250 deductible for comprehensive and \$500 deductible for collision; a blanket property policy through Lloyd's of London for \$100,000,000.. Umbrella policy provides an additional \$8,000,000 under the excess liability umbrella policy. A separate policy provides coverage for faithful performance (employee dishonesty) through Hartford Insurance in the amount of \$300,000, providing protection from losses from forgery, alteration, theft, and disappearance. Employment practices liability coverage is provided through Zurich American Insurance in the amount of \$3,000,000 per claim with a \$150,000 deductible per claim. PDC has an aggressive risk management policy of transferring liability to contractors, lessees, event sponsors, and other entities through specific indemnification and insurance requirements in all contracts and agreements. PDC has been successful in resolving claims and has not suffered any significant losses over the past year. In addition, there have been minimal reductions in insurance coverage and no insurance settlements have exceeded insurance coverage limits in any of the past seven fiscal years.

The Internal Service Fund has equity of \$251,146 to meet insurance policy deductible amounts and other amounts not fully reimbursed from insurance proceeds, as necessary. Of this amount, \$217,430 is an insurance deductible reserve as required by the Rivers East LLC Rent Abatement Agreement.

***Environmental Risk***

GASBS 49 provides guidance for state and local governments in estimating and reporting the potential costs of pollution remediation. While GASBS 49 does not require the PDC to search for pollution, it does require PDC to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and PDC is compelled to take action;
- PDC is in violation of a pollution related permit or license;
- PDC is named or has evidence that it will be named as responsible party by a regulator;
- PDC is named or has evidence that it will be named in a lawsuit to enforce a cleanup; or
- PDC commences or legally obligates itself to conduct remediation activities.

Site investigation, planning and design, cleanup and site monitoring are typical remediation activities under way across the many PDC properties. PDC has programs, rules, and regulations that routinely deal with remediation-related issues. Much of PDC's mission is to deal with blighted properties which sometimes include pollution conditions. PDC has the knowledge and expertise to estimate the remediation but also employs consultants when expedient. The obligations presented herein are based on estimates by both PDC staff and consultants and are based upon prior experience in identifying and funding similar remediation activities. The standards require PDC to calculate pollution remediation liabilities using the expected cash flow technique. Where PDC cannot reasonably estimate a pollution remediation obligation, it does not report a liability.

The remediation obligation estimates that appear in this report are subject to change over time. Cost may vary due to price fluctuation, changes in technology, changes in potential responsible parties,

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results of environmental studies, changes to statutes or regulation and other factors that could result in revisions to these estimates. Prospective recoveries from responsible parties may reduce PDC's obligation.

During the fiscal year, PDC recognized estimated expense which increased the liability by \$1,351,159. At June 30, 2013, PDC had a total outstanding pollution remediation liability of \$8,886,578. The estimated current portion is \$491,525.

*Portland Harbor Superfund*

In January 2008, the City of Portland, and subsequently PDC, was notified by the Environmental Protection Agency (EPA) of a CERCLA 104 (e) records request and therefore potential liability with respect to the Portland Harbor Superfund that may include 46 current and previously-owned PDC parcels on or adjacent to the lower reach of the Willamette River within the EPA study area. The Portland Harbor Superfund matter is still in the assessment phase of investigation, and it is likely to be several years before a record of decision is issued by EPA and any potential liability is known.

**G. Related Party Transactions**

***Portland Family of Funds Holdings, Inc.***

Portland Development Commission has a working relationship with Portland New Markets Fund I, LLC (PNMF), a subsidiary owned by the Portland Family of Funds Holdings, Inc., an Oregon mutual-benefit corporation (PFF), for purposes of obtaining New Market Tax Credit (NMTC) Allocations from the U.S. Treasury.

PNMF was certified as a Community Development Entity in August 2002, by the Community Development Financial Institutions Fund of the U.S. Department of the Treasury in order to become eligible for tax credits through the NMTC program. PNMF was awarded \$100 million in NMTC allocation authority as part of the NMTC program established by Congress. All of the tax credits awarded have been committed to City of Portland projects.

It is intended that through the NMTC program and PNMF, PDC will be able to advance beneficial development projects in the City of Portland. The "NMTC Collaboration Agreement" between PDC, PFF, and PNMF dated May 11, 2005, outlines the respective roles and responsibilities of the working relationship between the entities. This agreement will continue in force for any future awards of NMTC allocation authority given to PFF or any of its subsidiaries.

PDC's role consists of project identification and sourcing, as well as veto and joint approval rights of proposed projects. The functions of PNMF include ongoing day-to-day management control and fundraising activities, and all tax-credit related financial transactions will be recorded by PNMF. PNMF is charged with activities for raising private equity capital, lending their own credit, and owning private equity. Such activities are constitutionally prohibited to PDC by Article XI, Section 9 of the Oregon Constitution.

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**Notes to the Financial Statements, Continued**  
**June 30, 2013**

Portland Small Business Investment Fund, LLC (PSB) is a subsidiary of PFF. PDC has an unsecured non-recourse loan with PSB, in a maximum amount of \$4,000,000. The purpose of this program is to finance subordinated loans to qualified small businesses to enable them to use New Market Tax Credits. PDC underwrites these borrowers. At present six fund-level loans between PDC and PSB have a total balance of \$4,000,000 at June 30, 2013. Each advance to PSB was exactly matched by a corresponding note and deed of trust from a small business borrower in favor of PSB. PSB passes on payments received to PDC.

All such loans are interest-only and are unsecured during the seven-year holding period required to obtain the maximum benefit from New Market Tax Credits. Borrowers may not prepay loans during this period; interest rates during the first seven years range from 1% to 3%. The loans then convert to fully amortizing loans at interest rates ranging from 3% to 6% for the next 13 years. At that time PDC receives a security interest in the loans. Interstate Corridor URA, Lents URA, and Oregon Convention Center URA all reserve these loans at a 10% rate.

Unrelated to the tax credit program are two deferred payment loans for the historic Armory restoration project totaling \$4,600,000 to the Portland New Markets Investment Fund, a PFF subsidiary. One loan for \$2,600,000 carries an interest rate of 3%, and the other loan for \$2,000,000 has no stated interest rate. The loans mature in June 2014 and March 2014 respectively. They are reserved at 50% in the River District Urban Renewal Fund.

The Portland Family of Funds has three individuals who had prior relationship with PDC. They are:

- Former PDC Commissioner serves as Chief Executive Officer and President as well as PFF Board Chair
- Former PDC Executive Director serves on the PFF Board
- Former PDC Commission Chair also serves on the PFF Board

***Other***

In the course of carrying out the City of Portland's development policies, PDC engaged in numerous transactions with the City, including but not limited to the provision of materials and services, real property acquisition, development, transfers, and sales. PDC also participates in the City of Portland's cash investment pool.

**H. Reviews by Grantor Agencies**

Costs of each grant project are subject to review by the grantor agency to assure that such costs are in accordance with or further the purpose of the grant program. Any costs disallowed as the result of the review would become a liability and could require the return of such amounts to the grantor agency.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**Other Postemployment Healthcare Benefits  
Schedule of Fund Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a % of Covered Payroll</b>
8/1/08	\$ -	\$ 1,176,724	\$ 1,176,724	0.0%	\$ 14,305,934	8.2%
8/1/10	-	1,082,727	1,082,727	0.0%	12,845,833	8.4%
8/1/12	-	756,942	756,942	0.0%	9,896,391	7.6%

# Supplementary Data

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Combining Statements and Schedules, Budgetary Schedules, and Schedules of  
Capital Assets Used in the Operation of Governmental Funds

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Other Federal Grants Fund - accounts for revenues and expenditures for an EDA Grant.

Ambassador Program Fund - accounts for monies donated by private businesses for outreach activities.

Enterprise Zone Fund - accounts for monies received from participating Enterprise Zone companies to provide the North/Northeast Portland community with workforce and business development opportunities.

### **CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

*Downtown Waterfront Urban Renewal Fund* - accounts for resources used in the redeveloping property around Union Station for a variety of public and private uses, including: multifamily housing, redevelopment, and continued rail passenger service; improving the 73-acre south Waterfront Project area, including public streets, riverfront, and park improvements..

*South Park Blocks Urban Renewal Fund* - accounts for resources used in the development and improvement of the south park blocks.

*Central Eastside Urban Renewal Fund* - accounts for resources used in the development and improvement of the central eastside while maintaining a good environment for existing businesses by making improvements and developing the Eastbank Riverfront park.

*Lents Town Center Urban Renewal Fund* – accounts for resources used in the revitalization of commercial and residential areas in and near the existing Lents neighborhood.

*Gateway Regional Center Urban Renewal Fund* - accounts for resources used to transform the area into a Regional Center with enhanced housing, employment, recreational and cultural opportunities.

*Airport Way Urban Renewal Fund* - accounts for resources used for: acquisitions and construction related to the Riverside Parkway projects; projects to increase job density by attracting and retaining businesses; supporting transit and other infrastructure investments; increasing Portland's inventory of developable land for industry and creation of quality jobs; and protecting the natural resources of the greater Portland area.

*Willamette Industrial Urban Renewal Fund* - accounts for resources used to attract new industrial, high-technology, manufacturing, and distributing businesses to the currently vacant or unused parcels of land.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2013**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash with City of Portland investment pool	\$ 2,239,115	\$ 51,919,354	\$ 54,158,469
Cash with fiscal agent	491,632	-	491,632
Receivables:			
Due from City of Portland	97,450	25,060	122,510
Accounts	877,954	56,121	934,075
Loans, net	1,398,086	19,026,594	20,424,680
Interest	4,592	90,643	95,235
Property held for sale	-	37,160,673	37,160,673
	<u>5,108,829</u>	<u>108,278,445</u>	<u>113,387,274</u>
<b>Total assets</b>	<b>\$ 5,108,829</b>	<b>\$ 108,278,445</b>	<b>\$ 113,387,274</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 69,109	\$ 267,396	\$ 336,505
Due to City of Portland	-	489,031	489,031
Due to other entities	-	19,302	19,302
	<u>69,109</u>	<u>775,729</u>	<u>844,838</u>
<b>Total liabilities</b>	<b>69,109</b>	<b>775,729</b>	<b>844,838</b>
 <b>Fund balances:</b>			
Restricted			
Loans receivable	1,398,086	19,026,594	20,424,680
Property held for sale	-	37,160,673	37,160,673
Urban renewal	-	51,315,449	51,315,449
Contractual obligations	3,641,634	-	3,641,634
	<u>5,039,720</u>	<u>107,502,716</u>	<u>112,542,436</u>
<b>Total fund balances</b>	<b>5,039,720</b>	<b>107,502,716</b>	<b>112,542,436</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,108,829</b>	<b>\$ 108,278,445</b>	<b>\$ 113,387,274</b>

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2013**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Intergovernmental revenues	\$ 97,450	\$ -	\$ 97,450
Charges for services	303,730	570,218	873,948
Loan interest collections	57,808	687,585	745,393
Interest on investments	13,813	237,496	251,309
Miscellaneous	937,741	831,936	1,769,677
Tax-increment debt proceeds (in lieu of tax-increment revenue)	<u>-</u>	<u>14,484,204</u>	<u>14,484,204</u>
Total revenues	<u>1,410,542</u>	<u>16,811,439</u>	<u>18,221,981</u>
<b>EXPENDITURES</b>			
Current:			
Community development	440,721	14,019,574	14,460,295
Capital expenditures for urban renewal	-	11,249,262	11,249,262
Financial assistance	<u>11,539</u>	<u>3,140,807</u>	<u>3,152,346</u>
Total expenditures	<u>452,260</u>	<u>28,409,643</u>	<u>28,861,903</u>
Excess (deficiency) of revenues over expenditures	<u>958,282</u>	<u>(11,598,204)</u>	<u>(10,639,922)</u>
Net change in fund balances	<u>958,282</u>	<u>(11,598,204)</u>	<u>(10,639,922)</u>
<b>FUND BALANCES - July 1, 2012 as previously reported</b>	3,978,133	116,296,807	120,274,940
<b>Restatement</b>	<u>103,305</u>	<u>2,804,113</u>	<u>2,907,418</u>
<b>FUND BALANCES - July 1, 2012 as restated</b>	<u>4,081,438</u>	<u>119,100,920</u>	<u>123,182,358</u>
<b>FUND BALANCES - June 30, 2013</b>	<u>\$ 5,039,720</u>	<u>\$ 107,502,716</u>	<u>\$ 112,542,436</u>

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2013**

	<b>Other Federal Grants Fund</b>	<b>Ambassador Program Fund</b>	<b>Enterprise Zone Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Cash with City of Portland investment pool	\$ 315,527	\$ 28,638	\$ 1,894,950	\$ 2,239,115
Cash with fiscal agent	491,632	-	-	491,632
Receivables:				
Due from City of Portland	97,450	-	-	97,450
Accounts	-	5,000	872,954	877,954
Loans receivable, net	1,398,086	-	-	1,398,086
Interest	992	57	3,543	4,592
<b>Total assets</b>	<b>\$ 2,303,687</b>	<b>\$ 33,695</b>	<b>\$ 2,771,447</b>	<b>\$ 5,108,829</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 66,609	\$ 2,500	\$ -	\$ 69,109
Total liabilities	66,609	2,500	-	69,109
<b>Fund balances:</b>				
Restricted				
Loans receivable	1,398,086	-	-	1,398,086
Contractual obligations	838,992	31,195	2,771,447	3,641,634
Total fund balances	2,237,078	31,195	2,771,447	5,039,720
<b>Total liabilities and fund balances</b>	<b>\$ 2,303,687</b>	<b>\$ 33,695</b>	<b>\$ 2,771,447</b>	<b>\$ 5,108,829</b>

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Fiscal Year Ended June 30, 2013**

	<u>Other Federal Grants Fund</u>	<u>Ambassador Program Fund</u>	<u>Enterprise Zone Fund</u>	<u>Total</u>
<b>REVENUES</b>				
Intergovernmental revenues	\$ 97,450	\$ -	\$ -	\$ 97,450
Charges for services	6,816	-	296,914	303,730
Loan collections	57,808	-	-	57,808
Interest on investments	4,170	130	9,513	13,813
Miscellaneous	89,800	15,000	832,941	937,741
	<u>256,044</u>	<u>15,130</u>	<u>1,139,368</u>	<u>1,410,542</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
Community development	236,436	3,909	200,376	440,721
Financial assistance	5,539	-	6,000	11,539
	<u>241,975</u>	<u>3,909</u>	<u>206,376</u>	<u>452,260</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>14,069</u>	<u>11,221</u>	<u>932,992</u>	<u>958,282</u>
Net change in fund balances	14,069	11,221	932,992	958,282
<b>FUND BALANCES - July 1, 2012 as previously reported</b>	2,119,704	19,974	1,838,455	3,978,133
<b>Restatement</b>	103,305	-	-	103,305
<b>FUND BALANCES - July 1, 2012 as restated</b>	<u>2,223,009</u>	<u>19,974</u>	<u>1,838,455</u>	<u>4,081,438</u>
<b>FUND BALANCES - June 30, 2013</b>	<u>\$ 2,237,078</u>	<u>\$ 31,195</u>	<u>2,771,447</u>	<u>5,039,720</u>



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**PORTLAND DEVELOPMENT COMMISSION  
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**OTHER FEDERAL GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenue:				
Federal grants	\$ 460,950	\$ 964,342	\$ 97,450	\$ (866,892)
Charges for services:				
Application fees and charges	-	-	6,816	6,816
Loan Collections:				
Principal	267,551	213,343	299,229	85,886
Interest	49,475	54,331	57,808	3,477
Interest on investments	8,845	8,845	4,170	(4,675)
Miscellaneous:				
Reimbursements	-	-	89,800	89,800
<b>Total revenues</b>	<u>786,821</u>	<u>1,240,861</u>	<u>555,273</u>	<u>(685,588)</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Business development	1,092,024	1,594,460	586,536	1,007,924
Total Community development	<u>1,092,024</u>	<u>1,594,460</u>	<u>586,536</u>	<u>1,007,924</u>
Contingency	514,644	530,989	-	530,989
<b>Total expenditures</b>	<u>1,606,668</u>	<u>2,125,449</u>	<u>586,536</u>	<u>1,538,913</u>
Excess (deficiency) of revenues over expenditures	<u>(819,847)</u>	<u>(884,588)</u>	<u>(31,263)</u>	<u>853,325</u>
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(64,667)	(64,667)	(60,009)	4,658
<b>Total other financing uses</b>	<u>(64,667)</u>	<u>(64,667)</u>	<u>(60,009)</u>	<u>4,658</u>
Net change in fund balance	(884,514)	(949,255)	(91,272)	857,983
<b>FUND BALANCE - July 1, 2012</b>	<u>884,514</u>	<u>949,255</u>	<u>930,264</u>	<u>(18,991)</u>
<b>FUND BALANCE - June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	838,992	<u>\$ 838,992</u>
<b>Adjustments to generally accepted accounting principles basis:</b>				
Loans receivable, net			1,398,086	
<b>FUND BALANCE - June 30, 2013 (GAAP BASIS)</b>			<u>\$ 2,237,078</u>	

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**AMBASSADOR PROGRAM FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest on investments	\$ -	\$ 40	\$ 130	\$ 90
Miscellaneous:				
Other	-	-	15,000	15,000
Total revenues	-	40	15,130	15,090
<b>EXPENDITURES</b>				
Current:				
Business development	13,514	16,328	489	15,839
Total Community development	13,514	16,328	489	15,839
Total expenditures	13,514	16,328	489	15,839
Excess (deficiency) of revenues over expenditures	(13,514)	(16,288)	14,641	30,929
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(3,686)	(3,686)	(3,420)	266
Total other financing uses	(3,686)	(3,686)	(3,420)	266
Net change in fund balance	(17,200)	(19,974)	11,221	31,195
<b>FUND BALANCE - July 1, 2012</b>	17,200	19,974	19,974	-
<b>FUND BALANCE - June 30, 2013</b>	\$ -	\$ -	\$ 31,195	\$ 31,195

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**ENTERPRISE ZONE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services:				
Application fees and charges	\$ -	\$ 10,000	\$ 296,914	\$ 286,914
Interest on investments	12,405	11,500	9,513	(1,987)
Miscellaneous:				
Other	161,569	195,000	832,941	637,941
Total revenues	<u>173,974</u>	<u>216,500</u>	<u>1,139,368</u>	<u>922,868</u>
<b>EXPENDITURES</b>				
Current:				
Business development	625,000	808,983	200,983	608,000
Administration	49,751	20,821	47	20,774
Total Community development	<u>674,751</u>	<u>829,804</u>	<u>201,030</u>	<u>628,774</u>
Contingency	<u>826,741</u>	<u>1,219,391</u>	<u>-</u>	<u>1,219,391</u>
Total expenditures	<u>1,501,492</u>	<u>2,049,195</u>	<u>201,030</u>	<u>1,848,165</u>
Excess (deficiency) of revenues over expenditures	<u>(1,327,518)</u>	<u>(1,832,695)</u>	<u>938,338</u>	<u>2,771,033</u>
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	<u>(5,761)</u>	<u>(5,761)</u>	<u>(5,346)</u>	<u>415</u>
Total other financing uses	<u>(5,761)</u>	<u>(5,761)</u>	<u>(5,346)</u>	<u>415</u>
Net change in fund balance	(1,333,279)	(1,838,456)	932,992	2,771,448
<b>FUND BALANCE - July 1, 2012</b>	<u>1,333,279</u>	<u>1,838,456</u>	<u>1,838,455</u>	<u>(1)</u>
<b>FUND BALANCE - June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,771,447</u>	<u>\$ 2,771,447</u>

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
NONMAJOR CAPITAL PROJECTS FUNDS  
June 30, 2013**

	<b>Downtown Waterfront Urban Renewal Fund</b>	<b>South Park Blocks Urban Renewal Fund</b>	<b>Central Eastside Urban Renewal Fund</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash with City of Portland investment pool	\$ 13,966,584	\$ 9,365,328	\$ 4,996,074
Receivables:			
Due from City of Portland	-	-	-
Accounts	17,874	-	6,494
Loans, net	7,327,472	1,964,984	4,811,836
Interest	25,704	17,780	7,151
Property held for sale	<u>5,309,268</u>	<u>3,459,855</u>	<u>3,971,947</u>
<b>Total assets</b>	<b>\$ <u>26,646,902</u></b>	<b>\$ <u>14,807,947</u></b>	<b>\$ <u>13,793,502</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 2,589	\$ -	\$ 89,429
Due to City of Portland	75,911	66,213	21,082
Due to other entities	<u>5,185</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>83,685</u>	<u>66,213</u>	<u>110,511</u>
 <b>Fund balances:</b>			
Restricted			
Loans receivable	7,327,472	1,964,984	4,811,836
Property held for sale	5,309,268	3,459,855	3,971,947
Urban renewal	<u>13,926,477</u>	<u>9,316,895</u>	<u>4,899,208</u>
Total fund balances	<u>26,563,217</u>	<u>14,741,734</u>	<u>13,682,991</u>
<b>Total liabilities and fund balances</b>	<b>\$ <u>26,646,902</u></b>	<b>\$ <u>14,807,947</u></b>	<b>\$ <u>13,793,502</u></b>

<u>Lents Town Center Urban Renewal Fund</u>	<u>Gateway Regional Urban Renewal Fund</u>	<u>Airport Way Urban Renewal Fund</u>	<u>Willamette Industrial Urban Renewal Fund</u>	<u>Total</u>
\$ 11,602,490	\$ 4,877,541	\$ 3,946,981	\$ 3,164,356	\$ 51,919,354
25,060	-	-	-	25,060
30,086	1,667	-	-	56,121
2,517,574	224,855	2,179,873	-	19,026,594
19,082	8,956	6,619	5,351	90,643
<u>8,458,606</u>	<u>4,068,519</u>	<u>11,892,478</u>	<u>-</u>	<u>37,160,673</u>
<u>\$ 22,652,898</u>	<u>\$ 9,181,538</u>	<u>\$ 18,025,951</u>	<u>\$ 3,169,707</u>	<u>\$ 108,278,445</u>
\$ 169,569	\$ 2,502	\$ 3,307	\$ -	\$ 267,396
292,040	31,444	1,917	424	489,031
<u>14,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,302</u>
<u>475,726</u>	<u>33,946</u>	<u>5,224</u>	<u>424</u>	<u>775,729</u>
2,517,574	224,855	2,179,873	-	19,026,594
8,458,606	4,068,519	11,892,478	-	37,160,673
<u>11,200,992</u>	<u>4,854,218</u>	<u>3,948,376</u>	<u>3,169,283</u>	<u>51,315,449</u>
<u>22,177,172</u>	<u>9,147,592</u>	<u>18,020,727</u>	<u>3,169,283</u>	<u>107,502,716</u>
<u>\$ 22,652,898</u>	<u>\$ 9,181,538</u>	<u>\$ 18,025,951</u>	<u>\$ 3,169,707</u>	<u>\$ 108,278,445</u>

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
NONMAJOR CAPITAL PROJECTS FUNDS  
For the Fiscal Year Ended June 30, 2013**

	<b>Downtown Waterfront Urban Renewal Fund</b>	<b>South Park Blocks Urban Renewal Fund</b>	<b>Central Eastside Urban Renewal Fund</b>
<b>REVENUES</b>			
Charges for services	\$ 255,967	\$ 41,679	\$ 168,763
Loan collections	287,255	58,902	130,277
Interest on investments	69,256	50,899	16,075
Miscellaneous	17,875	14,713	4,262
Tax-increment debt proceeds (in lieu of tax-increment revenue)	-	-	2,968,812
	<hr/>	<hr/>	<hr/>
Total revenues	<u>630,353</u>	<u>166,193</u>	<u>3,288,189</u>
<b>EXPENDITURES</b>			
Current:			
Community development	928,326	2,283,456	1,414,031
Capital expenditures for urban renewal	254,563	39,267	7,628,399
Financial assistance	92,508	64,274	1,247,783
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>1,275,397</u>	<u>2,386,997</u>	<u>10,290,213</u>
Excess (deficiency) of revenues over expenditures	<u>(645,044)</u>	<u>(2,220,804)</u>	<u>(7,002,024)</u>
Net change in fund balances	(645,044)	(2,220,804)	(7,002,024)
<b>FUND BALANCES - July 1, 2012 as previously reported</b>	26,431,395	16,826,685	20,061,074
Restatement	776,866	135,853	623,941
<b>FUND BALANCES - July 1, 2012 as restated</b>	<hr/> <u>27,208,261</u>	<hr/> <u>16,962,538</u>	<hr/> <u>20,685,015</u>
<b>FUND BALANCES - June 30, 2013</b>	<u>\$ 26,563,217</u>	<u>\$ 14,741,734</u>	<u>\$ 13,682,991</u>

<b>Lents Town Center Urban Renewal Fund</b>	<b>Gateway Regional Urban Renewal Fund</b>	<b>Airport Way Urban Renewal Fund</b>	<b>Willamette Industrial Urban Renewal Fund</b>	<b>Total</b>
\$ 102,697	\$ 1,112	\$ -	\$ -	\$ 570,218
105,371	4,442	101,338	-	687,585
49,283	20,754	17,856	13,373	237,496
147,753	393,131	254,202	-	831,936
<u>7,302,078</u>	<u>3,498,600</u>	<u>-</u>	<u>714,714</u>	<u>14,484,204</u>
<u>7,707,182</u>	<u>3,918,039</u>	<u>373,396</u>	<u>728,087</u>	<u>16,811,439</u>
5,775,647	2,735,986	647,173	234,955	14,019,574
2,440,409	140,189	745,687	748	11,249,262
<u>557,142</u>	<u>153,554</u>	<u>1,025,546</u>	<u>-</u>	<u>3,140,807</u>
<u>8,773,198</u>	<u>3,029,729</u>	<u>2,418,406</u>	<u>235,703</u>	<u>28,409,643</u>
<u>(1,066,016)</u>	<u>888,310</u>	<u>(2,045,010)</u>	<u>492,384</u>	<u>(11,598,204)</u>
(1,066,016)	888,310	(2,045,010)	492,384	(11,598,204)
22,573,355	8,240,387	19,487,012	2,676,899	116,296,807
669,833	18,895	578,725	-	2,804,113
<u>23,243,188</u>	<u>8,259,282</u>	<u>20,065,737</u>	<u>2,676,899</u>	<u>119,100,920</u>
<u>\$ 22,177,172</u>	<u>\$ 9,147,592</u>	<u>\$ 18,020,727</u>	<u>\$ 3,169,283</u>	<u>\$ 107,502,716</u>



**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**DOWNTOWN WATERFRONT URBAN RENEWAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 984	\$ 984
Rental income	700	160,000	254,983	94,983
Loan Collections:				
Principal	383,496	203,982	226,595	22,613
Interest	140,023	155,865	287,255	131,390
Interest on investments	116,367	70,000	69,257	(743)
Miscellaneous:				
Reimbursements	-	-	7,375	7,375
Sale of real property	-	-	10,500	10,500
<b>Total revenues</b>	<b>640,586</b>	<b>589,847</b>	<b>856,949</b>	<b>267,102</b>
<b>EXPENDITURES</b>				
Current:				
Business development	1,021,800	231,657	19,914	211,743
Property redevelopment	6,476,490	1,193,382	663,303	530,079
Infrastructure	-	25,000	21,611	3,389
Administration	17,078	19,078	8,800	10,278
Total Community development	<u>7,515,368</u>	<u>1,469,117</u>	<u>713,628</u>	<u>755,489</u>
Contingency	4,207,011	12,863,909	-	12,863,909
<b>Total expenditures</b>	<b>11,722,379</b>	<b>14,333,026</b>	<b>713,628</b>	<b>13,619,398</b>
Excess (deficiency) of revenues over expenditures	<u>(11,081,793)</u>	<u>(13,743,179)</u>	<u>143,321</u>	<u>13,886,500</u>
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	<u>(554,956)</u>	<u>(554,956)</u>	<u>(514,980)</u>	<u>39,976</u>
<b>Total other financing uses</b>	<b>(554,956)</b>	<b>(554,956)</b>	<b>(514,980)</b>	<b>39,976</b>
Net change in fund balance	(11,636,749)	(14,298,135)	(371,659)	13,926,476
<b>FUND BALANCE - July 1, 2012</b>	<u>11,636,749</u>	<u>14,298,135</u>	<u>14,298,136</u>	<u>1</u>
<b>FUND BALANCE - June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>13,926,477</u>	<u>\$ 13,926,477</u>
<b>Adjustments to generally accepted accounting principles basis:</b>				
Loans receivable, net			7,327,472	
Property held for sale			<u>5,309,268</u>	
<b>FUND BALANCE - June 30, 2013 (GAAP BASIS)</b>			<u>\$ 26,563,217</u>	

**PORTLAND DEVELOPMENT COMMISSION**  
**A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**NORTH MACADAM URBAN RENEWAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 3,500	\$ 3,500
Rental income	15,000	165,000	215,383	50,383
Contractual service charges	324,309	324,309	324,309	-
Loan Collections:				
Principal	100,092	-	14,139	14,139
Interest	28,790	-	2,331	2,331
Interest on investments	23,460	20,000	19,212	(788)
Miscellaneous:				
Reimbursements	-	-	32,555	32,555
Other	-	-	95,000	95,000
Tax-increment debt proceeds (in lieu of tax-increment revenue)	<u>21,815,755</u>	<u>23,954,876</u>	<u>22,319,853</u>	<u>(1,635,023)</u>
Total revenues	<u>22,307,406</u>	<u>24,464,185</u>	<u>23,026,282</u>	<u>(1,437,903)</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	10,990,414	11,281,465	10,912,899	368,566
Business development	570,214	865,214	267,994	597,220
Property redevelopment	879,007	1,032,589	519,227	513,362
Infrastructure	10,216,795	14,671,852	13,750,231	921,621
Administration	24,623	49,623	36,739	12,884
Total Community development	<u>22,681,053</u>	<u>27,900,743</u>	<u>25,487,090</u>	<u>2,413,653</u>
Contingency	<u>1,141,810</u>	<u>1,125,511</u>	<u>-</u>	<u>1,125,511</u>
Total expenditures	<u>23,822,863</u>	<u>29,026,254</u>	<u>25,487,090</u>	<u>3,539,164</u>
Excess (deficiency) of revenues over expenditures	<u>(1,515,457)</u>	<u>(4,562,069)</u>	<u>(2,460,808)</u>	<u>2,101,261</u>
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	<u>(830,505)</u>	<u>(830,505)</u>	<u>(770,680)</u>	<u>59,825</u>
Total other financing uses	<u>(830,505)</u>	<u>(830,505)</u>	<u>(770,680)</u>	<u>59,825</u>
Net change in fund balance	(2,345,962)	(5,392,574)	(3,231,488)	2,161,086
<b>FUND BALANCE - July 1, 2012</b>	<u>2,345,962</u>	<u>5,392,574</u>	<u>5,392,571</u>	<u>(3)</u>
<b>FUND BALANCE - June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>2,161,083</u>	<u>\$ 2,161,083</u>
<b>Adjustments to generally accepted accounting principles basis:</b>				
Loans receivable, net			149,802	
Property held for sale			<u>7,905,905</u>	
<b>FUND BALANCE - June 30, 2013 (GAAP BASIS)</b>			<u>\$ 10,216,790</u>	

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**RIVER DISTRICT URBAN RENEWAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenue:				
Federal grants	\$ -	\$ 440,805	\$ -	\$ (440,805)
Charges for services:				
Application fees and charges	-	-	270	270
Rental income	582,348	698,128	847,993	149,865
Loan Collections:				
Principal	600,000	241,920	134,129	(107,791)
Interest	-	-	62,958	62,958
Interest on investments	-	-	121,023	121,023
Miscellaneous:				
Reimbursements	452,822	556,250	5,651	(550,599)
Other	-	-	13,966	13,966
Tax-increment debt proceeds (in lieu of tax-increment revenue)	<u>21,756,450</u>	<u>23,834,068</u>	<u>25,279,884</u>	<u>1,445,816</u>
Total revenues	<u>23,391,620</u>	<u>25,771,171</u>	<u>26,465,874</u>	<u>694,703</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	4,066,210	2,824,016	373,519	2,450,497
Business development	2,322,655	521,005	64,595	456,410
Property redevelopment	8,746,064	7,493,761	2,760,336	4,733,425
Infrastructure	8,501,084	5,966,243	3,930,380	2,035,863
Administration	66,953	116,953	66,757	50,196
Total Community development	<u>23,702,966</u>	<u>16,921,978</u>	<u>7,195,587</u>	<u>9,726,391</u>
Contingency	<u>7,769,589</u>	<u>27,604,737</u>	<u>-</u>	<u>27,604,737</u>
Total expenditures	<u>31,472,555</u>	<u>44,526,715</u>	<u>7,195,587</u>	<u>37,331,128</u>
Excess (deficiency) of revenues over expenditures	<u>(8,080,935)</u>	<u>(18,755,544)</u>	<u>19,270,287</u>	<u>38,025,831</u>
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	<u>(3,569,367)</u>	<u>(3,669,367)</u>	<u>(3,405,046)</u>	<u>264,321</u>
Total other financing uses	<u>(3,569,367)</u>	<u>(3,669,367)</u>	<u>(3,405,046)</u>	<u>264,321</u>
Net change in fund balance	(11,650,302)	(22,424,911)	15,865,241	38,290,152
<b>FUND BALANCE - July 1, 2012</b>	<u>11,650,302</u>	<u>22,424,911</u>	<u>22,424,909</u>	<u>(2)</u>
<b>FUND BALANCE - June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>38,290,150</u>	<u>\$ 38,290,150</u>
<b>Adjustments to generally accepted accounting principles basis:</b>				
Loans receivable, net			22,187,403	
Property held for sale			<u>16,557,972</u>	
<b>FUND BALANCE - June 30, 2013 (GAAP BASIS)</b>			<u>\$ 77,035,525</u>	

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**SOUTH PARK BLOCKS URBAN RENEWAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 5,679	\$ 5,679
Rental income	-	36,000	36,000	-
Loan Collections:				
Principal	88,133	126,754	224,054	97,300
Interest	58,524	37,627	58,902	21,275
Interest on investments	57,441	65,000	50,899	(14,101)
<b>Total revenues</b>	<b>204,098</b>	<b>265,381</b>	<b>375,534</b>	<b>110,153</b>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	3,692,804	3,494,512	1,648,818	1,845,694
Business development	641,313	290,000	1,990	288,010
Property redevelopment	135,946	1,599,726	193,659	1,406,067
Infrastructure	1,361,314	76,000	42,617	33,383
Administration	8,604	10,604	6,461	4,143
Total Community development	5,839,981	5,470,842	1,893,545	3,577,297
Contingency	11,451	5,622,473	-	5,622,473
<b>Total expenditures</b>	<b>5,851,432</b>	<b>11,093,315</b>	<b>1,893,545</b>	<b>9,199,770</b>
Excess (deficiency) of revenues over expenditures	(5,647,334)	(10,827,934)	(1,518,011)	9,309,923
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(96,798)	(96,798)	(89,825)	6,973
<b>Total other financing uses</b>	<b>(96,798)</b>	<b>(96,798)</b>	<b>(89,825)</b>	<b>6,973</b>
Net change in fund balance	(5,744,132)	(10,924,732)	(1,607,836)	9,316,896
<b>FUND BALANCE - July 1, 2012</b>	<b>5,744,132</b>	<b>10,924,732</b>	<b>10,924,731</b>	<b>(1)</b>
<b>FUND BALANCE - June 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>9,316,895</b>	<b>\$ 9,316,895</b>
<b>Adjustments to generally accepted accounting principles basis:</b>				
Loans receivable, net			1,964,984	
Property held for sale			3,459,855	
<b>FUND BALANCE - June 30, 2013 (GAAP BASIS)</b>			<b>\$ 14,741,734</b>	

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**CONVENTION CENTER URBAN RENEWAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 9,707	\$ 9,707
Rental income	-	1,161,803	1,099,597	(62,206)
Loan Collections:				
Principal	300,000	300,000	536,163	236,163
Interest	-	100,000	300,826	200,826
Interest on investments	25,000	100,000	224,764	124,764
Miscellaneous:				
Reimbursements	-	119,432	90,967	(28,465)
Other	-	-	40,000	40,000
<b>Total revenues</b>	<u>325,000</u>	<u>1,781,235</u>	<u>2,302,024</u>	<u>520,789</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	9,328,983	1,281,483	142,156	1,139,327
Business development	693,318	363,318	45,509	317,809
Property redevelopment	28,721,725	5,855,066	5,220,142	634,924
Infrastructure	156,285	56,285	852	55,433
Administration	40,217	40,217	38,111	2,106
<b>Total Community development</b>	<u>38,940,528</u>	<u>7,596,369</u>	<u>5,446,770</u>	<u>2,149,599</u>
Contingency	5,920,015	40,362,864	-	40,362,864
<b>Total expenditures</b>	<u>44,860,543</u>	<u>47,959,233</u>	<u>5,446,770</u>	<u>42,512,463</u>
Excess (deficiency) of revenues over expenditures	<u>(44,535,543)</u>	<u>(46,177,998)</u>	<u>(3,144,746)</u>	<u>43,033,252</u>
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(2,652,182)	(2,652,182)	(2,461,133)	191,049
<b>Total other financing uses</b>	<u>(2,652,182)</u>	<u>(2,652,182)</u>	<u>(2,461,133)</u>	<u>191,049</u>
Net change in fund balance	(47,187,725)	(48,830,180)	(5,605,879)	43,224,301
<b>FUND BALANCE - July 1, 2012</b>	<u>47,187,725</u>	<u>48,830,180</u>	<u>48,830,180</u>	<u>-</u>
<b>FUND BALANCE - June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>43,224,301</u>	<u>\$ 43,224,301</u>
<b>Adjustments to generally accepted accounting principles basis:</b>				
Loans receivable, net			10,322,812	
Property held for sale			11,683,911	
<b>FUND BALANCE - June 30, 2013 (GAAP BASIS)</b>			<u>\$ 65,231,024</u>	

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**CENTRAL EASTSIDE URBAN RENEWAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 26,263	\$ 26,263
Rental income	20,000	31,000	142,500	111,500
Loan Collections:				
Principal	533,899	627,218	586,335	(40,883)
Interest	87,734	102,838	130,277	27,439
Interest on investments	13,803	10,000	16,075	6,075
Miscellaneous:				
Reimbursements	-	-	1,385	1,385
Sale of real property	1,000,000	2,300,000	2,300,000	-
Other	-	-	2,877	2,877
Tax-increment debt proceeds (in lieu of tax-increment revenue)	<u>2,682,053</u>	<u>2,775,975</u>	<u>2,968,812</u>	<u>192,837</u>
Total revenues	<u>4,337,489</u>	<u>5,847,031</u>	<u>6,174,524</u>	<u>327,493</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	41,606	46,106	34,755	11,351
Business development	1,171,286	566,479	186,698	379,781
Property redevelopment	2,373,004	4,041,457	3,123,801	917,656
Infrastructure	389,270	328,511	261,226	67,285
Administration	<u>28,173</u>	<u>43,173</u>	<u>31,808</u>	<u>11,365</u>
Total Community development	<u>4,003,339</u>	<u>5,025,726</u>	<u>3,638,288</u>	<u>1,387,438</u>
Contingency	<u>862,087</u>	<u>3,122,882</u>	<u>-</u>	<u>3,122,882</u>
Total expenditures	<u>4,865,426</u>	<u>8,148,608</u>	<u>3,638,288</u>	<u>4,510,320</u>
Excess (deficiency) of revenues over expenditures	<u>(527,937)</u>	<u>(2,301,577)</u>	<u>2,536,236</u>	<u>4,837,813</u>
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	<u>(852,316)</u>	<u>(852,316)</u>	<u>(790,920)</u>	<u>61,396</u>
Total other financing uses	<u>(852,316)</u>	<u>(852,316)</u>	<u>(790,920)</u>	<u>61,396</u>
Net change in fund balance	(1,380,253)	(3,153,893)	1,745,316	4,899,209
<b>FUND BALANCE - July 1, 2012</b>	<u>1,380,253</u>	<u>3,153,893</u>	<u>3,153,892</u>	<u>(1)</u>
<b>FUND BALANCE - June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>4,899,208</u>	<u>\$ 4,899,208</u>
<b>Adjustments to generally accepted accounting principles basis:</b>				
Loans receivable, net			4,811,836	
Property held for sale			<u>3,971,947</u>	
<b>FUND BALANCE - June 30, 2013 (GAAP BASIS)</b>			<u>\$ 13,682,991</u>	

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**LENTS TOWN CENTER URBAN RENEWAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 686	\$ 686
Rental income	-	59,827	77,011	17,184
Contractual service charges	-	-	25,000	25,000
Loan Collections:				
Principal	173,000	73,000	159,619	86,619
Interest	-	-	105,371	105,371
Interest on investments	7,000	7,000	49,283	42,283
Miscellaneous:				
Reimbursements	300,000	301,250	125,360	(175,890)
Tax-increment debt proceeds (in lieu of tax-increment revenue)	<u>15,561,365</u>	<u>7,092,906</u>	<u>7,302,078</u>	<u>209,172</u>
Total revenues	<u>16,041,365</u>	<u>7,533,983</u>	<u>7,844,408</u>	<u>310,425</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	2,528,352	4,222,472	2,921,228	1,301,244
Business development	1,403,037	622,435	134,551	487,884
Property redevelopment	5,686,566	2,474,864	1,348,507	1,126,357
Infrastructure	3,061,214	1,366,478	1,248,105	118,373
Administration	31,952	31,952	28,110	3,842
Total Community development	<u>12,711,121</u>	<u>8,718,201</u>	<u>5,680,501</u>	<u>3,037,700</u>
Contingency	<u>5,583,896</u>	<u>7,694,745</u>	<u>-</u>	<u>7,694,745</u>
Total expenditures	<u>18,295,017</u>	<u>16,412,946</u>	<u>5,680,501</u>	<u>10,732,445</u>
Excess (deficiency) of revenues over expenditures	<u>(2,253,652)</u>	<u>(8,878,963)</u>	<u>2,163,907</u>	<u>11,042,870</u>
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	<u>(2,095,095)</u>	<u>(2,195,095)</u>	<u>(2,036,972)</u>	<u>158,123</u>
Total other financing uses	<u>(2,095,095)</u>	<u>(2,195,095)</u>	<u>(2,036,972)</u>	<u>158,123</u>
Net change in fund balance	(4,348,747)	(11,074,058)	126,935	11,200,993
<b>FUND BALANCE - July 1, 2012</b>	<u>4,348,747</u>	<u>11,074,058</u>	<u>11,074,057</u>	<u>(1)</u>
<b>FUND BALANCE - June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>11,200,992</u>	<u>\$ 11,200,992</u>
<b>Adjustments to generally accepted accounting principles basis:</b>				
Loans receivable, net			2,517,574	
Property held for sale			<u>8,458,606</u>	
<b>FUND BALANCE - June 30, 2013 (GAAP BASIS)</b>			<u>\$ 22,177,172</u>	

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**INTERSTATE CORRIDOR URBAN RENEWAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 9,202	\$ 9,202
Rental income	-	211,580	166,108	(45,472)
Loan Collections:				
Principal	450,000	5,000,000	7,424,420	2,424,420
Interest	-	1,000,000	128,310	(871,690)
Interest on investments	20,000	30,000	45,191	15,191
Miscellaneous:				
Reimbursements	-	61,573	37,754	(23,819)
Tax-increment debt proceeds (in lieu of tax-increment revenue)	16,592,000	10,936,644	11,270,490	333,846
<b>Total revenues</b>	<b>17,062,000</b>	<b>17,239,797</b>	<b>19,081,475</b>	<b>1,841,678</b>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	6,826,344	6,676,230	5,368,366	1,307,864
Business development	3,105,158	1,905,190	365,514	1,539,676
Property redevelopment	2,638,466	5,804,413	5,399,366	405,047
Infrastructure	3,121,776	1,131,776	287,067	844,709
Administration	34,044	59,163	58,734	429
<b>Total Community development</b>	<b>15,725,788</b>	<b>15,576,772</b>	<b>11,479,047</b>	<b>4,097,725</b>
Contingency	1,786,532	6,753,143	-	6,753,143
<b>Total expenditures</b>	<b>17,512,320</b>	<b>22,329,915</b>	<b>11,479,047</b>	<b>10,850,868</b>
Excess (deficiency) of revenues over expenditures	(450,320)	(5,090,118)	7,602,428	12,692,546
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(2,126,743)	(2,226,743)	(2,066,341)	160,402
<b>Total other financing uses</b>	<b>(2,126,743)</b>	<b>(2,226,743)</b>	<b>(2,066,341)</b>	<b>160,402</b>
Net change in fund balance	(2,577,063)	(7,316,861)	5,536,087	12,852,948
<b>FUND BALANCE - July 1, 2012</b>	<b>2,577,063</b>	<b>7,316,861</b>	<b>7,316,860</b>	<b>(1)</b>
<b>FUND BALANCE - June 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>12,852,947</b>	<b>\$ 12,852,947</b>
<b>Adjustments to generally accepted accounting principles basis:</b>				
Loans receivable, net			2,780,196	
Property held for sale			6,861,673	
<b>FUND BALANCE - June 30, 2013 (GAAP BASIS)</b>			<b>\$ 22,494,816</b>	



**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**GATEWAY REGIONAL CENTER URBAN RENEWAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 212	\$ 212
Rental income	-	-	900	900
Loan Collections:				
Principal	11,011	11,011	4,905	(6,106)
Interest	-	-	4,442	4,442
Interest on investments	8,000	8,000	20,754	12,754
Miscellaneous:				
Reimbursements	-	389,836	392,560	2,724
Other	-	-	326	326
Tax-increment debt proceeds (in lieu of tax-increment revenue)	<u>5,905,290</u>	<u>3,496,500</u>	<u>3,498,600</u>	<u>2,100</u>
Total revenues	<u>5,924,301</u>	<u>3,905,347</u>	<u>3,922,699</u>	<u>17,352</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	3,438,881	2,470,244	2,077,446	392,798
Business development	473,864	457,364	62,025	395,339
Property redevelopment	1,625,030	723,682	237,017	486,665
Infrastructure	376,191	376,191	140,994	235,197
Administration	20,470	20,470	11,752	8,718
Total Community development	<u>5,934,436</u>	<u>4,047,951</u>	<u>2,529,234</u>	<u>1,518,717</u>
Contingency	<u>2,190,830</u>	<u>3,279,298</u>	<u>-</u>	<u>3,279,298</u>
Total expenditures	<u>8,125,266</u>	<u>7,327,249</u>	<u>2,529,234</u>	<u>4,798,015</u>
Excess (deficiency) of revenues over expenditures	<u>(2,200,965)</u>	<u>(3,421,902)</u>	<u>1,393,465</u>	<u>4,815,367</u>
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	<u>(539,347)</u>	<u>(539,347)</u>	<u>(500,495)</u>	<u>38,852</u>
Total other financing uses	<u>(539,347)</u>	<u>(539,347)</u>	<u>(500,495)</u>	<u>38,852</u>
Net change in fund balance	(2,740,312)	(3,961,249)	892,970	4,854,219
<b>FUND BALANCE - July 1, 2012</b>	<u>2,740,312</u>	<u>3,961,249</u>	<u>3,961,248</u>	<u>(1)</u>
<b>FUND BALANCE - June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	4,854,218	<u>\$ 4,854,218</u>
<b>Adjustments to generally accepted accounting principles basis:</b>				
Loans receivable, net			224,855	
Property held for sale			<u>4,068,519</u>	
<b>FUND BALANCE - June 30, 2013 (GAAP BASIS)</b>			<u>\$ 9,147,592</u>	

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**AIRPORT WAY URBAN RENEWAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Loan Collections:				
Principal	\$ 275,000	\$ 425,000	\$ 857,966	\$ 432,966
Interest	-	25,000	100,532	75,532
Interest on investments	25,000	25,000	17,856	(7,144)
Miscellaneous:				
Reimbursements	-	-	61	61
<b>Total revenues</b>	<b>300,000</b>	<b>475,000</b>	<b>976,415</b>	<b>501,415</b>
<b>EXPENDITURES</b>				
Current:				
Business development	803,171	451,370	36,027	415,343
Property redevelopment	500,841	813,043	410,905	402,138
Administration	24,721	24,721	21,225	3,496
Total Community development	1,328,733	1,289,134	468,157	820,977
Contingency	1,440,197	2,591,368	-	2,591,368
<b>Total expenditures</b>	<b>2,768,930</b>	<b>3,880,502</b>	<b>468,157</b>	<b>3,412,345</b>
Excess (deficiency) of revenues over expenditures	(2,468,930)	(3,405,502)	508,258	3,913,760
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(480,562)	(480,562)	(445,945)	34,617
<b>Total other financing uses</b>	<b>(480,562)</b>	<b>(480,562)</b>	<b>(445,945)</b>	<b>34,617</b>
Net change in fund balance	(2,949,492)	(3,886,064)	62,313	3,948,377
<b>FUND BALANCE - July 1, 2012</b>	<b>2,949,492</b>	<b>3,886,064</b>	<b>3,886,063</b>	<b>(1)</b>
<b>FUND BALANCE - June 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>3,948,376</b>	<b>\$ 3,948,376</b>
<b>Adjustments to generally accepted accounting principles basis:</b>				
Loans receivable, net			2,179,873	
Property held for sale			11,892,478	
<b>FUND BALANCE - June 30, 2013 (GAAP BASIS)</b>			<b>\$ 18,020,727</b>	

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**WILLAMETTE INDUSTRIAL URBAN RENEWAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 10,000	\$ 10,000	\$ 13,373	\$ 3,373
Tax-increment debt proceeds (in lieu of tax-increment revenue)	706,450	740,826	714,714	(26,112)
Total revenues	716,450	750,826	728,087	(22,739)
<b>EXPENDITURES</b>				
Current:				
Business development	916,204	292,190	13,308	278,882
Property redevelopment	138,532	137,355	3,158	134,197
Administration	5,718	5,718	5,082	636
Total Community development	1,060,454	435,263	21,548	413,715
Contingency	1,106,176	2,761,684	-	2,761,684
Total expenditures	2,166,630	3,196,947	21,548	3,175,399
Excess (deficiency) of revenues over expenditures	(1,450,180)	(2,446,121)	706,539	3,152,660
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(230,779)	(230,779)	(214,155)	16,624
Total other financing uses	(230,779)	(230,779)	(214,155)	16,624
Net change in fund balance	(1,680,959)	(2,676,900)	492,384	3,169,284
<b>FUND BALANCE - July 1, 2012</b>	1,680,959	2,676,900	2,676,899	(1)
<b>FUND BALANCE - June 30, 2013</b>	\$ -	\$ -	\$ 3,169,283	\$ 3,169,283

## PROPRIETARY FUNDS

### ENTERPRISE FUNDS

Enterprise funds are used to report an activity for which a fee is charged to external users for goods or services.

PDC has two Enterprise type funds.

*Enterprise Loans Fund* - this fund accounts for the various loan programs which are not required to be accounted for in another fund.

*Small Business Loan Fund*  
*Portland Startup Fund*  
*Neighborhood Housing Loan Fund*  
*Business Development Loan Fund*  
*Workforce Training/Hiring Fund*

Combining Schedules are presented by loan program. These include a Combining Schedule of Net Position and a Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position.

*Enterprise Management Fund* - provides for the activity related to the operations and management of PDC properties or City of Portland properties PDC has contracted to manage outside of Urban Renewal Areas. Currently, this fund includes the operating revenues and expenses of the Headwaters Apartments.

*Business Management Fund* – provides for the activity related to business and real estate that are not funded by tax increment or other public funding sources.

### INTERNAL SERVICE FUND

Internal service funds are used to report any activity that provides services to other funds on a cost reimbursement basis.

*Risk Management Fund* – this fund was established to set aside resources that would be used to meet insurance policy deductibles, if necessary.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**COMBINING SCHEDULE OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2013**

	<u>Enterprise Loans Fund</u>	<u>Enterprise Management Fund</u>	<u>Business Management Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>ASSETS</b>				
Current assets:				
Cash with City of Portland investment pool	\$ 1,860,380	\$ -	\$ 112,320	\$ 1,972,700
Receivables:				
Due from City of Portland	-	81,763	-	81,763
Accounts	-	76,575	2,726	79,301
Internal balances	312,000	-	-	312,000
Loans, net	371,611	-	-	371,611
Interest	3,107	155	2	3,264
Total current assets	<u>2,547,098</u>	<u>158,493</u>	<u>115,048</u>	<u>2,820,639</u>
Noncurrent assets:				
Loans receivable, net	<u>883,745</u>	<u>-</u>	<u>-</u>	<u>883,745</u>
Total noncurrent assets	<u>883,745</u>	<u>-</u>	<u>-</u>	<u>883,745</u>
Total assets	<u>\$ 3,430,843</u>	<u>\$ 158,493</u>	<u>\$ 115,048</u>	<u>\$ 3,704,384</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	\$ 1,691	\$ -	\$ -	\$ 1,691
Accrued liability	7,094	-	-	7,094
Due to City of Portland	<u>-</u>	<u>74,694</u>	<u>-</u>	<u>74,694</u>
Total current liabilities	<u>8,785</u>	<u>74,694</u>	<u>-</u>	<u>83,479</u>
Total liabilities	<u>8,785</u>	<u>74,694</u>	<u>-</u>	<u>83,479</u>
<b>NET POSITION</b>				
Unrestricted	<u>3,422,058</u>	<u>83,799</u>	<u>115,048</u>	<u>3,620,905</u>
Total net position	<u>3,422,058</u>	<u>83,799</u>	<u>115,048</u>	<u>3,620,905</u>
Total liabilities and net position	<u>\$ 3,430,843</u>	<u>\$ 158,493</u>	<u>\$ 115,048</u>	<u>\$ 3,704,384</u>

**PORTLAND DEVELOPMENT COMMISSION**  
**A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Enterprise Loans Fund</u>	<u>Enterprise Management Fund</u>	<u>Business Management Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 34,054	\$ 983,847	\$ 61,913	\$ 1,079,814
Interest on loans	51,498	-	-	51,498
Miscellaneous revenues	<u>9,503</u>	<u>-</u>	<u>72,468</u>	<u>81,971</u>
Total operating revenues	<u>95,055</u>	<u>983,847</u>	<u>134,381</u>	<u>1,213,283</u>
<b>OPERATING EXPENSES:</b>				
Personal services	15,944	-	3,041	18,985
Professional services	422	125,240	-	125,662
Loan document costs	27,749	-	-	27,749
Financial assistance	75,000	-	-	75,000
Internal service reimbursements	93,640	-	-	93,640
Miscellaneous expenses	<u>1,824</u>	<u>814,168</u>	<u>16,294</u>	<u>832,286</u>
Total operating expenses	<u>214,579</u>	<u>939,408</u>	<u>19,335</u>	<u>1,173,322</u>
Operating income (loss)	<u>(119,524)</u>	<u>44,439</u>	<u>115,046</u>	<u>39,961</u>
<b>NON-OPERATING REVENUES (EXPENSE):</b>				
Interest on investments	<u>8,283</u>	<u>483</u>	<u>2</u>	<u>8,768</u>
Total non-operating revenues (expense)	<u>8,283</u>	<u>483</u>	<u>2</u>	<u>8,768</u>
Income before transfers	<u>(111,241)</u>	<u>44,922</u>	<u>115,048</u>	<u>48,729</u>
Change in net position	<u>(111,241)</u>	<u>44,922</u>	<u>115,048</u>	<u>48,729</u>
Net position - July 1, 2012 as previously reported	3,454,570	38,877	-	3,493,447
Restatement	<u>78,729</u>	<u>-</u>	<u>-</u>	<u>78,729</u>
Net position - July 1, 2012 as restated	<u>3,533,299</u>	<u>38,877</u>	<u>-</u>	<u>3,572,176</u>
Net position - June 30, 2013	<u>\$ 3,422,058</u>	<u>\$ 83,799</u>	<u>\$ 115,048</u>	<u>\$ 3,620,905</u>

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**ENTERPRISE LOANS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services:				
Application fees and charges	\$ -	\$ 25,000	\$ 34,054	\$ 9,054
Loan Collections:				
Principal	335,735	397,893	371,612	(26,281)
Interest	82,421	84,026	51,498	(32,528)
Interest on investments	6,406	5,059	8,284	3,225
Miscellaneous:				
Reimbursements	-	-	1,011	1,011
Other	-	27,774	447	(27,327)
<b>Total revenues</b>	<b>424,562</b>	<b>539,752</b>	<b>466,906</b>	<b>(72,846)</b>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	-	25,000	24,963	37
Business development	1,172,991	1,487,825	297,765	1,190,060
Administration	-	27,774	27,774	-
<b>Total Community development</b>	<b>1,172,991</b>	<b>1,540,599</b>	<b>350,502</b>	<b>1,190,097</b>
Contingency	151,983	724,420	-	724,420
<b>Total expenditures</b>	<b>1,324,974</b>	<b>2,265,019</b>	<b>350,502</b>	<b>1,914,517</b>
Excess (deficiency) of revenues over expenditures	(900,412)	(1,725,267)	116,404	1,841,671
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Housing and Community Development Fund	-	-	100,000	100,000
<b>Total transfers in</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>100,000</b>
Internal service reimbursements	(100,909)	(100,909)	(93,640)	7,269
Transfers out-				
Housing and Community Development Fund	-	-	(312,000)	(312,000)
<b>Total transfers out</b>	<b>-</b>	<b>-</b>	<b>(312,000)</b>	<b>(312,000)</b>
<b>Total other financing sources (uses)</b>	<b>(100,909)</b>	<b>(100,909)</b>	<b>(305,640)</b>	<b>(204,731)</b>
<b>Net change in fund balance</b>	<b>(1,001,321)</b>	<b>(1,826,176)</b>	<b>(189,236)</b>	<b>1,636,940</b>
<b>FUND BALANCE - July 1, 2012</b>	<b>1,001,321</b>	<b>1,826,176</b>	<b>2,043,938</b>	<b>217,762</b>
<b>FUND BALANCE - June 30, 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,854,702</b>	<b>\$ 1,854,702</b>
<b>Adjustments to generally accepted accounting principles basis:</b>				
Loans receivable, net			1,255,356	
Interfund advances			312,000	
<b>FUND BALANCE - June 30, 2013 (GAAP BASIS)</b>			<b>\$ 3,422,058</b>	

**PORTLAND DEVELOPMENT COMMISSION**  
**A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**COMBINING SCHEDULE OF NET POSITION**  
**FOR COMPONENTS OF THE ENTERPRISE LOANS FUND**  
 June 30, 2013

	<u>Small Business Loan Fund</u>	<u>Portland Startup Fund</u>	<u>Neighborhood Housing Loan Fund</u>	<u>Business Development Loan Fund</u>	<u>Workforce Training/Hiring Fund</u>	<u>Total Enterprise Loans Fund</u>
<b>ASSETS</b>						
Current assets:						
Cash with City of Portland investment pool	\$ 787,402	\$ 61,768	\$ 194,093	\$ 759,270	\$ 57,847	\$ 1,860,380
Receivables:						
Due from other funds	198,500	-	-	113,500	-	312,000
Loans, net	94,823	-	-	276,788	-	371,611
Interest	1,507	-	285	1,207	108	3,107
Total current assets	<u>1,082,232</u>	<u>61,768</u>	<u>194,378</u>	<u>1,150,765</u>	<u>57,955</u>	<u>2,547,098</u>
Noncurrent assets:						
Loans receivable, net	<u>392,044</u>	<u>-</u>	<u>-</u>	<u>491,701</u>	<u>-</u>	<u>883,745</u>
Total noncurrent assets	<u>392,044</u>	<u>-</u>	<u>-</u>	<u>491,701</u>	<u>-</u>	<u>883,745</u>
Total assets	<u>1,474,276</u>	<u>61,768</u>	<u>194,378</u>	<u>1,642,466</u>	<u>57,955</u>	<u>3,430,843</u>
<b>LIABILITIES AND NET POSITION</b>						
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable	868	-	770	53	-	1,691
Accrued liability	-	-	7,094	-	-	7,094
Total current liabilities	<u>868</u>	<u>-</u>	<u>7,864</u>	<u>53</u>	<u>-</u>	<u>8,785</u>
Total liabilities	<u>868</u>	<u>-</u>	<u>7,864</u>	<u>53</u>	<u>-</u>	<u>8,785</u>
<b>Net Position:</b>						
Unrestricted	<u>\$ 1,473,408</u>	<u>\$ 61,768</u>	<u>\$ 186,514</u>	<u>\$ 1,642,413</u>	<u>\$ 57,955</u>	<u>\$ 3,422,058</u>



**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR COMPONENTS OF THE ENTERPRISE LOANS FUND  
For the Fiscal Year Ended June 30, 2013**

	<b>Small Business Loan Fund</b>	<b>Portland Startup Fund</b>	<b>Neighborhood Housing Loan Fund</b>	<b>Business Development Loan Fund</b>	<b>Workforce Training/Hiring Fund</b>	<b>Total Enterprise Loans Fund</b>
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 2,355	\$ -	\$ 19,983	\$ 11,716	\$ -	\$ 34,054
Interest on loans	18,250	-	-	33,248	-	51,498
Miscellaneous revenues	3,338	-	269	5,896	-	9,503
Total operating revenues	<u>23,943</u>	<u>-</u>	<u>20,252</u>	<u>50,860</u>	<u>-</u>	<u>95,055</u>
<b>OPERATING EXPENSES:</b>						
Personal services	4,985	-	-	10,959	-	15,944
Professional services	-	-	-	422	-	422
Loan document costs	-	-	24,963	2,786	-	27,749
Financial assistance	75,000	-	-	-	-	75,000
Internal service reimbursements	39,604	-	-	54,036	-	93,640
Miscellaneous expenses	-	-	-	1,824	-	1,824
Total operating expenses	<u>119,589</u>	<u>-</u>	<u>24,963</u>	<u>70,027</u>	<u>-</u>	<u>214,579</u>
Operating income (loss)	<u>(95,646)</u>	<u>-</u>	<u>(4,711)</u>	<u>(19,167)</u>	<u>-</u>	<u>(119,524)</u>
<b>NON-OPERATING REVENUES (EXPENSE):</b>						
Interest on investment	4,267	-	795	2,938	283	8,283
Total non-operating revenues (expense)	<u>4,267</u>	<u>-</u>	<u>795</u>	<u>2,938</u>	<u>283</u>	<u>8,283</u>
Change in net position	(91,379)	-	(3,916)	(16,229)	283	(111,241)
<b>Net position - July 1, 2012 as previously reported</b>	1,525,615	61,768	190,430	1,619,085	57,672	3,454,570
<b>Restatement</b>	39,172	-	-	39,557	-	78,729
<b>Net position - July 1, 2012 as restated</b>	<u>1,564,787</u>	<u>61,768</u>	<u>190,430</u>	<u>1,658,642</u>	<u>57,672</u>	<u>3,533,299</u>
<b>Net position - June 30, 2013</b>	<u>\$ 1,473,408</u>	<u>\$ 61,768</u>	<u>\$ 186,514</u>	<u>\$ 1,642,413</u>	<u>\$ 57,955</u>	<u>\$ 3,422,058</u>

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**ENTERPRISE MANAGEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
For The Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services-				
Rental income	\$ 1,300,000	\$ 1,000,000	\$ 983,847	\$ (16,153)
Interest on investments	-	-	483	483
Total revenues	<u>1,300,000</u>	<u>1,000,000</u>	<u>984,330</u>	<u>(15,670)</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	<u>1,300,000</u>	<u>1,001,749</u>	<u>939,408</u>	<u>62,341</u>
Total Community development	<u>1,300,000</u>	<u>1,001,749</u>	<u>939,408</u>	<u>62,341</u>
Total expenditures	<u>1,300,000</u>	<u>1,001,749</u>	<u>939,408</u>	<u>62,341</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,749)</u>	<u>44,922</u>	<u>46,671</u>
Transfers out:				
General Fund	<u>-</u>	<u>(37,128)</u>	<u>-</u>	<u>37,128</u>
Total transfers out	<u>-</u>	<u>(37,128)</u>	<u>-</u>	<u>37,128</u>
Total transfers	<u>-</u>	<u>(37,128)</u>	<u>-</u>	<u>37,128</u>
Net change in fund balance	<u>-</u>	<u>(38,877)</u>	<u>44,922</u>	<u>83,799</u>
<b>FUND EQUITY - July 1, 2012</b>	<u>-</u>	<u>38,877</u>	<u>38,877</u>	<u>-</u>
<b>FUND EQUITY - June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,799</u>	<u>\$ 83,799</u>

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**BUSINESS MANAGEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
For The Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services-				
Application fees and charges	\$ -	\$ 179,283	\$ -	\$ (179,283)
Rental income	-	14,000	21,913	7,913
Contractual service charges	-	25,000	40,000	15,000
Interest on investments	-	-	2	2
Miscellaneous:				
Reimbursements	-	-	21,357	21,357
Private grants and donations	-	-	5,000	5,000
Other	-	-	46,110	46,110
	<u>-</u>	<u>218,283</u>	<u>134,382</u>	<u>(83,901)</u>
Total revenues	<u>-</u>	<u>218,283</u>	<u>134,382</u>	<u>(83,901)</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Business development	-	145,000	-	145,000
Property redevelopment	-	73,283	19,334	53,949
Total Community development	<u>-</u>	<u>218,283</u>	<u>19,334</u>	<u>198,949</u>
Total expenditures	<u>-</u>	<u>218,283</u>	<u>19,334</u>	<u>198,949</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>115,048</u>	<u>115,048</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>115,048</u>	<u>115,048</u>
<b>FUND BALANCE - June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,048</u>	<u>\$ 115,048</u>

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**RISK MANAGEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest on investments	\$ 500	\$ 1,000	\$ 1,225	\$ 225
Total revenues	<u>500</u>	<u>1,000</u>	<u>1,225</u>	<u>225</u>
<b>EXPENDITURES</b>				
Current:				
Administration	248,765	250,921	-	250,921
Total Community development	<u>248,765</u>	<u>250,921</u>	<u>-</u>	<u>250,921</u>
Total expenditures	<u>248,765</u>	<u>250,921</u>	<u>-</u>	<u>250,921</u>
Excess (deficiency) of revenues over expenditures	<u>(248,265)</u>	<u>(249,921)</u>	<u>1,225</u>	<u>251,146</u>
Net change in fund balance	(248,265)	(249,921)	1,225	251,146
<b>FUND BALANCE - July 1, 2012</b>	<u>248,265</u>	<u>249,921</u>	<u>249,921</u>	<u>-</u>
<b>FUND BALANCE - June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,146</u>	<u>\$ 251,146</u>

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**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

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**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY SOURCE  
June 30, 2013**

Governmental funds capital assets:		
Land	\$	4,802,391
Buildings and improvements		2,707,441
Leasehold improvements		3,849,501
Vehicles, and equipment		1,000,303
Intangible software		2,377,350
Accumulated depreciation		<u>(5,982,914)</u>
Total governmental funds capital assets	\$	<u>8,754,072</u>
Investment in governmental funds capital assets by source:		
General Fund	\$	3,377,653
Capital Projects Funds		11,359,333
Accumulated depreciation		<u>(5,982,914)</u>
Total governmental funds capital assets	\$	<u>8,754,072</u>

This schedule presents only the capital asset balances related to governmental funds.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
JUNE 30, 2013**

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Leasehold Improvements</u>	<u>Vehicles and Equipment</u>	<u>Software</u>	<u>Total</u>
<b>Community development</b>						
Revitalization	\$ 4,802,391	\$ 2,707,441	\$ -	\$ -	\$ -	\$ 7,509,832
Administration	-	-	3,849,501	1,000,303	2,377,350	7,227,154
Total Community development	4,802,391	2,707,441	3,849,501	1,000,303	2,377,350	14,736,986
Less: Accumulated depreciation	-	(1,353,714)	(3,849,501)	(779,699)	-	(5,982,914)
<b>Total governmental funds capital assets</b>	<u>\$ 4,802,391</u>	<u>\$ 1,353,727</u>	<u>\$ -</u>	<u>\$ 220,604</u>	<u>\$ 2,377,350</u>	<u>\$ 8,754,072</u>



**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
For the Fiscal Year Ended June 30, 2013**

<u>Program</u>	<u>Governmental Funds Capital Assets July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2013</u>
<b>Community development:</b>				
Revitalization	\$ 7,353,491	\$ 6,864,652	\$ (6,708,312)	\$ 7,509,831
Adminstration	<u>7,621,630</u>	<u>94,187</u>	<u>(488,662)</u>	<u>7,227,155</u>
Total Community development	16,594,236	6,958,839	(7,196,974)	14,736,986
Less: Accumulated depreciation	<u>(6,036,417)</u>	<u>(109,928)</u>	<u>163,431</u>	<u>(5,982,914)</u>
<b>Total governmental funds capital assets</b>	<b>\$ <u>10,557,819</u></b>	<b>\$ <u>6,848,911</u></b>	<b>\$ <u>(7,033,543)</u></b>	<b>\$ <u>8,754,072</u></b>

This schedule presents only the capital asset balances related to governmental funds.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**SCHEDULE OF ACTIVITY OF REAL PROPERTY  
HELD BY THE COMMISSION  
For The Fiscal Year Ended June 30, 2013**

<u>Funding Source</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Sales/ Adjustment</u>	<u>Balance June 30, 2013</u>
<b>General Fund (Urban Redevelopment Fund):</b>				
* Woodstock & Foster Rd-Dagel-LTC	\$ 100,000	\$ -	\$ -	\$ 100,000
* 9330 SE Harold St-Boys & Girls Club-LTC	46,754	-	-	46,754
South Auditorium Park-Block C	2	-	-	2
Upshur- Willamette Heights	6,501	-	(1)	6,500
Block 103-SW Montgomery Street	1	-	(1)	-
Block 101-1510 SW Harbor Way	1	-	-	1
Block 111-Market/Clay/Front Streets	1	-	(1)	-
Tom McCall Waterfront Park	7	-	-	7
<b>Total</b>	<u>153,267</u>	<u>-</u>	<u>(3)</u>	<u>153,264</u>
<b>Housing and Community Development Fund:</b>				
* 9133 SE Fostert Rd-Lents Plaza-Mcgalliard	251,456	-	-	251,456
<b>Total</b>	<u>251,456</u>	<u>-</u>	<u>-</u>	<u>251,456</u>
<b>Downtown Waterfront Urban Renewal Fund:</b>				
* NW Naito Parkway	73,597	-	-	73,597
* 209 SW Oak St-Abandoned Jail	1	-	-	1
* 820-838 SW 3rd Ave-Cossette	1,761,290	19,880	-	1,781,170
Union Station Parcels	7,340,568	-	(6,708,308)	632,260
* NW Davis BLK 8	2,500,000	-	(140,000)	2,360,000
* 411 NW Flanders Unit 100	800,000	-	-	800,000
* 411 NW Flanders Prk (19 Spaces)	310,000	-	(15,500)	294,500
<b>Total</b>	<u>12,785,456</u>	<u>19,880</u>	<u>(6,863,808)</u>	<u>5,941,528</u>
<b>North Macadam Urban Renewal Fund:</b>				
* South Waterfront Development Sites	3,730,825	-	-	3,730,825
* 1852 SW River Dr-RiverPlace Garage	6,173,152	-	(1,998,072)	4,175,080
<b>Total</b>	<u>9,903,977</u>	<u>-</u>	<u>(1,998,072)</u>	<u>7,905,905</u>
<b>River District Urban Renewal Fund:</b>				
Union Station Parcels	-	6,864,652	-	6,864,652
* NW Naito Parkway	122,919	-	-	122,919
* Broadway Hoyt/Glisan/6th-Block R	72,283	-	-	72,283
* 1362 NW Naito Prkwy-Centennial Mills	2,650,000	-	-	2,650,000
* 800 NW 6th Ave Parking Site-Block Y	487,039	-	-	487,039
* 9th & Lovejoy-Station Place	1,060,752	-	(160,181)	900,571
* Station Place Garage	9,277,726	3,837	-	9,281,563
* Union Station-Old Fire Station	260,220	7,027	-	267,247
* 401-439 West Burnside St-Grove Hotel	660,000	-	-	660,000
** WIP Postal Site	2,116,349	-	-	2,116,349
<b>Total</b>	<u>16,707,288</u>	<u>6,875,516</u>	<u>(160,181)</u>	<u>23,422,623</u>
<b>South Park Blocks Urban Renewal Fund:</b>				
* 5th & SW Montgomery St-PSU Carpool Lot	2,708,560	4,250	-	2,712,810
* 401 SW Harrison St-Jasmine Tree	1,154,922	-	(407,877)	747,045
<b>Total</b>	<u>3,863,482</u>	<u>4,250</u>	<u>(407,877)</u>	<u>3,459,855</u>
<b>Convention Center Urban Renewal Fund:</b>				
* NE Hol/MLK Blvd-Christie-Block 47	455,843	-	-	455,843
* 1st/Multnomah /2nd/Holladay Sts-Block 49	1,747,754	-	-	1,747,754
* 420 Holladay St-Inn @ Convention Center	5,493,803	-	(1,593,803)	3,900,000
* 831-834 NE MLK Blvd-Sizzler	2,784,186	-	-	2,784,186
* 84 NE Weidler St-B & K	876,128	-	-	876,128
* 910 NE MLK-Menashe	1,920,000	-	-	1,920,000
<b>Total</b>	<u>13,277,714</u>	<u>-</u>	<u>(1,593,803)</u>	<u>11,683,911</u>

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**SCHEDULE OF ACTIVITY OF REAL PROPERTY  
HELD BY THE COMMISSION  
For The Fiscal Year Ended June 30, 2013**

<u>Funding Source</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Sales/ Adjustment</u>	<u>Balance June 30, 2013</u>
<b>Central Eastside Urban Renewal Fund:</b>				
* 240 NE MLK Blvd	152,399	-	(3)	152,396
* 11 NE MLK Blvd-Unocal	574,950	-	-	574,950
* 313 E Burnside St-Recovery Inn-Block 76	566,422	-	(488,019)	78,403
* 5-13 NE 3rd Ave-Block 67	312,728	227,685	-	540,413
* 318 NE Couch St-Fischels	534,525	-	(320,928)	213,597
* 123 NE 3rd Ave-Convention Center Plaza	10,085,780	-	(8,976,193)	1,109,587
* 111 NE MLK Blvd-Block 75	1,302,599	2	-	1,302,601
<b>Total</b>	<u>13,529,403</u>	<u>227,687</u>	<u>(9,785,143)</u>	<u>3,971,947</u>
<b>Lents Town Center Urban Renewal Fund:</b>				
* 9316 SE Woodstock Blvd-Glendville	123,278	-	-	123,278
* 9330 SE Harold St-Boys and Girls Club	1,320,193	10,263	-	1,330,456
* 6116 SE 93rd-Davis Property	103,975	-	-	103,975
* 5728 SE 91St & 5808 SE 91St-Rssn Ch	337,000	-	-	337,000
* 9117-9123 SE Foster Rd	170,685	-	-	170,685
* 5916 SE 91st Ave-Edmondson Drapery	788,016	-	-	788,016
* 5933 SE 92nd Ave Lot 3-5-Dance Club	1,076,019	-	(406,019)	670,000
* 9231 SE Foster Rd-Arch Iron Wrks	1,278,977	-	(648,977)	630,000
* 5716 SE 92nd Ave-Bakery Block	2,151,149	-	-	2,151,149
* 8801 SE Foster Rd-Bauske	180,000	-	-	180,000
* 9320 SE Ramona St-Tate	120,970	-	-	120,970
* SE Foster Rd Lents Town Center II	372,966	-	-	372,966
* 7104-7120, 7126-7130, 7238 SE Foster Rd	1,380,111	-	-	1,380,111
* SE Reedway St-Sullivan	110,991	-	(10,991)	100,000
<b>Total</b>	<u>9,514,330</u>	<u>10,263</u>	<u>(1,065,987)</u>	<u>8,458,606</u>
<b>Interstate Corridor Urban Renewal Fund:</b>				
* 5001 NE MLK Blvd-Living Color	815,321	-	-	815,321
* 5029 NW MLK Blvd-Walnut Park Theater	362,582	-	-	362,582
* 5125-5131 NE MLK Blvd-Wirf	933,183	-	-	933,183
4500 N Albina-Triangle	6,410	-	-	6,410
* 5116 NE Garfield St-Reiss	304,110	-	-	304,110
* 3620 NE MLK Blvd-Parking Lot	61,888	-	-	61,888
* 8411 N Denver Ave	1,037,020	290,457	-	1,327,477
* 8419 N Denver Ave	247,615	-	-	247,615
* 2221 N Argyle St	2,464,921	-	-	2,464,921
* 6931 NE MLK JR Blvd-C & M Motors	330,000	14,576	-	344,576
<b>Total</b>	<u>6,563,050</u>	<u>305,033</u>	<u>-</u>	<u>6,868,083</u>
<b>Gateway Regional Center Urban Renewal Fund:</b>				
* 1111-1125 NE 99th-Oregon Clinic	848,094	-	-	848,094
* 10520 NE Halsey St	1,152,811	-	-	1,152,811
* 10506-10512 NE Halsey St	2,067,614	-	-	2,067,614
<b>Total</b>	<u>4,068,519</u>	<u>-</u>	<u>-</u>	<u>4,068,519</u>
<b>Airport Way Urban Renewal Fund:</b>				
* NE 185th Riverside Parkway-Spada	1,563,627	-	-	1,563,627
* Holman St Site	5,000	-	-	5,000
* 13328 NE Airport Way-Damonte	140,500	-	(140,500)	-
* 12824 NE Airport Way-Danner South	192,850	-	(192,850)	-
* Cascade Station Lease Rights	10,309,162	(149,856)	164,545	10,323,851
<b>Total</b>	<u>12,211,139</u>	<u>(149,856)</u>	<u>(168,805)</u>	<u>11,892,478</u>
<b>Total all funds</b>	<u>102,829,081</u>	<u>\$ 7,292,773</u>	<u>\$ (22,043,679)</u>	<u>88,078,175</u>
<b>Add:</b>				
Vehicles and equipment	1,069,547			1,000,303
Leasehold improvements Mason/Ehrman Bldg	3,849,501			3,849,501
Software	2,702,582			2,377,350
<b>Less:</b>				
Property held for sale	(95,475,590)			(80,568,343)
Accumulated depreciation-NHFS	(6,036,417)			(5,982,914)
<b>Total Capital Assets</b>	<u>\$ 8,938,704</u>			<u>\$ 8,754,072</u>

\* Represents property held for sale

\*\* Represents work in process

Statistical  
Section\_\_\_\_\_

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## STATISTICAL SECTION

This part of PDC's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required information says about the Commission's overall financial health.

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<i>These schedules contain service data to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**NET POSITION BY COMPONENT  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08 (as restated) <sup>(1)</sup>	2008-09	2009-10	2010-11	2011-12 (as restated) <sup>(2)</sup>	2012-13
Governmental activities										
Invested in capital assets, net of related debt	\$ 13,181,711	\$ 13,864,073	\$ 13,188,653	\$ 12,715,642	\$ 12,358,875	\$ 12,404,855	\$ 9,995,090	\$ 9,602,690	\$ 8,938,704	\$ 8,754,072
Restricted	207,792,342	177,136,865	197,188,290	214,919,258	237,479,876	262,020,868	267,883,500	213,594,580	289,054,092	276,246,064
Unrestricted	<u>2,966,770</u>	<u>3,314,382</u>	<u>3,389,413</u>	<u>2,660,789</u>	<u>3,283,081</u>	<u>4,943,550</u>	<u>1,527,725</u>	<u>3,689,822</u>	<u>(2,559,951)</u>	<u>1,956,432</u>
Total governmental activities net position	<u>223,940,823</u>	<u>194,315,320</u>	<u>213,766,356</u>	<u>230,295,689</u>	<u>253,121,832</u>	<u>279,369,273</u>	<u>279,406,315</u>	<u>226,887,092</u>	<u>295,432,845</u>	<u>286,956,568</u>
Business-type activities										
Unrestricted	<u>14,492,189</u>	<u>12,551,778</u>	<u>14,508,369</u>	<u>14,668,980</u>	<u>16,409,376</u>	<u>17,024,863</u>	<u>12,782,861</u>	<u>3,398,793</u>	<u>3,572,176</u>	<u>3,620,905</u>
Total government										
Invested in capital assets, net of related debt	13,181,711	13,864,073	13,188,653	12,715,642	12,358,875	12,404,855	9,995,090	9,602,690	8,938,704	8,754,072
Restricted	207,792,342	177,136,865	197,188,290	214,919,258	237,479,876	262,020,868	267,883,500	213,594,580	279,593,433	276,246,064
Unrestricted	<u>17,458,959</u>	<u>15,866,160</u>	<u>17,897,782</u>	<u>17,329,769</u>	<u>19,692,457</u>	<u>21,968,413</u>	<u>14,310,586</u>	<u>7,088,615</u>	<u>933,496</u>	<u>5,577,337</u>
Total government net position	<u>\$ 238,433,012</u>	<u>\$ 206,867,098</u>	<u>\$ 228,274,725</u>	<u>\$ 244,964,669</u>	<u>\$ 269,531,208</u>	<u>\$ 296,394,136</u>	<u>\$ 292,189,176</u>	<u>\$ 230,285,885</u>	<u>\$ 289,465,633</u>	<u>\$ 290,577,473</u>

(1) Implementation of GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations.

(2) Implementation of GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

**PORTLAND DEVELOPMENT COMMISSION**  
**A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08 (as restated) <sup>(2)</sup>	2008-09	2009-10	2010-11	2011-12 (as restated) <sup>(3)</sup>	2012-13
<b>Expenses</b>										
Governmental activities:										
Community development	\$ 75,311,799	\$ 99,462,500	\$ 100,446,658	\$ 116,101,082	\$ 105,412,401	\$ 103,984,411	\$ 130,439,659	\$ 156,412,909	\$ 99,713,038	\$ 101,248,381
Business-type activities:										
Enterprise loans	866,407	5,010,245	1,239,307	2,322,045	8,105,250	9,936,353	10,450,636	10,621,790	375,805	214,579
Enterprise management	-	-	-	-	-	-	1,112,560	985,671	1,015,468	958,743
Total expenses	<u>76,178,206</u>	<u>104,472,745</u>	<u>101,685,965</u>	<u>118,423,127</u>	<u>113,517,651</u>	<u>113,920,764</u>	<u>142,002,855</u>	<u>168,020,370</u>	<u>101,104,311</u>	<u>102,421,703</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	5,101,044	6,957,708	9,142,846	5,692,711	5,322,051	4,609,577	5,423,765	3,984,188	3,291,192	4,047,062
Operating grants and contributions	9,935,888	14,481,639	16,386,221	8,669,663	12,007,140	9,537,786	17,538,107	7,262,870	7,170,821	7,970,747
Total governmental activities program revenues	<u>15,036,932</u>	<u>21,439,347</u>	<u>25,529,067</u>	<u>14,362,374</u>	<u>17,329,191</u>	<u>14,147,363</u>	<u>22,961,872</u>	<u>11,247,058</u>	<u>10,462,013</u>	<u>12,017,809</u>
Business-type activities:										
Charges for services										
Enterprise Loans	1,350,925	2,999,021	2,676,027	2,037,570	3,211,791	3,643,684	1,368,842	1,126,578	240,514	95,055
Enterprise management	-	-	-	-	-	-	931,113	932,367	977,933	1,118,228
Operating grants and contributions	-	-	-	138,814	6,365,519	6,840,790	6,747,695	200,092	200,000	-
Total business-type activities program revenues	<u>1,350,925</u>	<u>2,999,021</u>	<u>2,676,027</u>	<u>2,176,384</u>	<u>9,577,310</u>	<u>10,484,474</u>	<u>9,047,650</u>	<u>2,259,037</u>	<u>1,418,447</u>	<u>1,213,283</u>
Total revenues	<u>16,387,857</u>	<u>24,438,368</u>	<u>28,205,094</u>	<u>16,538,758</u>	<u>26,906,501</u>	<u>24,631,837</u>	<u>32,009,522</u>	<u>13,506,095</u>	<u>11,880,460</u>	<u>13,231,092</u>
Net (expense)/revenue:										
Governmental activities	(60,274,867)	(78,023,153)	(74,917,591)	(101,738,708)	(88,083,210)	(89,837,048)	(107,477,787)	(145,165,851)	(89,251,025)	(89,230,572)
Business-type activities	1,350,925	2,999,021	2,676,027	2,176,384	9,577,310	10,484,474	(2,515,546)	(9,348,424)	27,174	39,961
Total net expenses	<u>(58,923,942)</u>	<u>(75,024,132)</u>	<u>(72,241,564)</u>	<u>(99,562,324)</u>	<u>(78,505,900)</u>	<u>(79,352,574)</u>	<u>(109,993,333)</u>	<u>(154,514,275)</u>	<u>(89,223,851)</u>	<u>(89,190,611)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Tax-increment debt proceeds										
(in lieu of tax-increment revenue)	36,906,756	43,671,683	82,974,088 <sup>(1)</sup>	91,878,764	105,929,455	105,254,573	89,778,162	85,287,185	133,787,307	73,354,431
Unrestricted investment income	1,473,943	2,009,751	2,890,426	3,491,587	2,489,775	2,872,087	1,190,507	664,618	525,565	675,546
Miscellaneous	6,768,486	2,707,265	8,911,725	8,458,224	2,627,865	7,920,829	14,769,846	6,644,825	23,543,906	6,724,318
Special Item - Cascade Station lease rights	-	-	-	14,550,302	-	-	-	-	-	-
Transfers	13,463	8,951	(407,612)	(110,836)	(137,742)	37,000	1,776,314	50,000	(60,000)	-
Total governmental activities	<u>45,162,648</u>	<u>48,397,650</u>	<u>94,368,627</u>	<u>118,268,041</u>	<u>110,909,353</u>	<u>116,084,489</u>	<u>107,514,829</u>	<u>92,646,628</u>	<u>157,796,778</u>	<u>80,754,295</u>
Business-type activities:										
Unrestricted investment income	74,764	79,764	112,259	195,423	130,594	74,339	49,858	14,356	7,480	8,768
Miscellaneous	-	-	-	-	-	30,027	-	-	78,729	-
Transfers	(13,463)	(8,951)	407,612	110,836	137,742	(37,000)	(1,776,314)	(50,000)	60,000	-
Total business-type activities	<u>61,301</u>	<u>70,813</u>	<u>519,871</u>	<u>306,259</u>	<u>268,336</u>	<u>67,366</u>	<u>(1,726,456)</u>	<u>(35,644)</u>	<u>146,209</u>	<u>8,768</u>
Total	<u>45,223,949</u>	<u>48,468,463</u>	<u>94,888,498</u>	<u>118,574,300</u>	<u>111,177,689</u>	<u>116,151,855</u>	<u>105,788,373</u>	<u>92,610,984</u>	<u>157,942,987</u>	<u>80,763,063</u>
<b>Changes in Net Position</b>										
Governmental activities	(15,112,219)	(29,625,503)	19,451,036	16,529,333	22,826,143	26,247,441	37,042	(52,519,223)	68,545,753	(8,476,277)
Business-type activities	545,819	(1,940,411)	1,956,591	160,598	1,740,396	10,551,840	(4,242,002)	(9,384,068)	173,383	48,729
Total	<u>\$ (14,566,400)</u>	<u>\$ (31,565,914)</u>	<u>\$ 21,407,627</u>	<u>\$ 16,689,931</u>	<u>\$ 24,566,539</u>	<u>\$ 36,799,281</u>	<u>\$ (4,204,960)</u>	<u>\$ (61,903,291)</u>	<u>\$ 68,719,136</u>	<u>\$ (8,427,548)</u>

(1) Increase is due to City of Portland Line of Credit reimbursements received for capital outlay.

(2) Implementation of GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations.

(3) Implementation of GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements



**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 (as restated) <sup>(1)</sup>	2012-13
General Fund										
Non-spendable	\$ 2,707,267	\$ 2,452,654	\$ 1,444,428	\$ 476,064	\$ 466,175	\$ 569,765	\$ 673,358	\$ 1,042,036	\$ 1,028,551	\$ 1,105,962
Assigned	-	-	-	-	-	-	-	3,069,788	2,397,106	2,923,994
Unassigned	-	701,254	1,471,055	1,788,615	2,789,504	4,391,564	4,632,922	1,010,040	751,723	-
Total general fund	<u>\$ 2,707,267</u>	<u>\$ 3,153,908</u>	<u>\$ 2,915,483</u>	<u>\$ 2,264,679</u>	<u>\$ 3,255,679</u>	<u>\$ 4,961,329</u>	<u>\$ 5,306,280</u>	<u>\$ 5,121,864</u>	<u>\$ 4,177,380</u>	<u>\$ 4,029,956</u>
All other governmental funds										
Reserved	\$ 125,008,341	\$ 113,678,934	\$ 127,770,229	\$ 165,555,407	\$ 174,306,280	\$ 182,333,262	\$ 187,587,202	\$ -	\$ -	\$ -
Unreserved, report in:										
Special revenue funds	935,674	1,048,085	734,202	928,313	747,264	371,923	1,070,851	-	-	-
Capital projects funds	82,491,391	62,649,846	68,683,859	48,435,539	70,007,265	88,815,802	84,843,645	-	-	-
Restricted										
Special revenue funds	-	-	-	-	-	-	-	3,583,005	110,797	5,040,534
Capital projects funds	-	-	-	-	-	-	-	216,899,188	294,017,822	282,480,872
Total all other government funds	<u>\$ 208,435,406</u>	<u>\$ 177,376,865</u>	<u>\$ 197,188,290</u>	<u>\$ 214,919,259</u>	<u>\$ 245,060,809</u>	<u>\$ 271,520,987</u>	<u>\$ 273,501,698</u>	<u>\$ 220,482,193</u>	<u>\$ 294,128,619</u>	<u>\$ 287,521,406</u>

(1) Implementation of GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 (as restated) <sup>(4)</sup>	2012-13
<b>Revenues</b>										
Intergovernmental revenues	\$ 9,935,888	\$ 14,481,639	\$ 16,386,221	\$ 8,669,663	\$ 12,007,140	\$ 9,537,786	\$ 17,538,107	\$ 7,262,870	\$ 7,170,821	\$ 7,970,747
Charges for services	1,517,374	3,064,571	3,304,810	2,153,263	2,206,948	1,525,351	1,914,924	1,764,096	1,658,729	4,047,062
Loan collections	4,226,734	3,893,137	5,838,036	3,539,448	3,115,103	3,084,226	3,508,841	1,010,555	1,238,233	1,267,686
Interest on investments	1,470,370	2,004,595	2,881,904	3,468,091	2,471,816	2,861,153	1,186,801	662,945	523,907	674,321
Miscellaneous	6,768,486	2,707,265	8,911,725	8,458,224	2,627,865	7,920,829	14,100,415	6,644,825	23,543,906	5,456,632
Tax-increment debt proceeds (in lieu of tax-increment revenue)	36,906,756	43,671,683	82,974,088 <sup>(1)</sup>	91,878,764 <sup>(1)</sup>	105,929,455 <sup>(2)</sup>	105,254,573	89,778,162	85,287,185	133,787,307	73,354,431
<b>Total revenues</b>	<b>60,825,608</b>	<b>69,822,890</b>	<b>120,296,784</b>	<b>118,167,453</b>	<b>128,358,327</b>	<b>130,183,918</b>	<b>128,027,250</b>	<b>102,632,476</b>	<b>167,922,903</b>	<b>92,770,879</b>
<b>Expenditures</b>										
Community development	26,242,691	32,096,129	29,618,462	63,600,425	38,092,378	37,508,986	42,361,435	63,899,297	61,122,362	52,585,334
Capital outlay	13,492,269	30,724,590	42,727,841	17,090,870	25,019,143	36,518,711	35,237,650	45,311,997	17,166,817	34,642,964
Financial assistance	36,677,660	37,608,692	27,663,186	34,835,459	33,887,263	28,597,158	49,840,026	45,947,640	16,871,782	12,297,219
Debt service - Interest	2,356	14,330	-	-	89,250	-	38,927	727,463	-	-
<b>Total expenditures</b>	<b>76,414,976</b>	<b>100,443,741</b>	<b>100,009,489</b>	<b>115,526,754</b>	<b>97,088,034</b>	<b>102,624,855</b>	<b>127,478,038</b>	<b>155,886,397</b>	<b>95,160,961</b>	<b>99,525,517</b>
Excess of revenues over (under) expenditures	(15,589,368)	(30,620,851)	20,287,295	2,640,699	31,270,293	27,559,063	549,212	(53,253,921)	72,761,942	(6,754,638)
<b>Other financing sources (uses)</b>										
Internal service reimbursements	-	-	-	-	-	-	569,901	-	-	-
Transfers in	491,511	804,960	3,971,121	1,937,319	4,581,453	19,923,389	16,001,799	50,000 <sup>(3)</sup>	135,000	-
Transfers out	(478,048)	(796,009)	(4,685,416)	(2,048,155)	(4,719,195)	(19,886,389)	(14,225,485)	- <sup>(3)</sup>	(195,000)	-
<b>Total other financing sources (uses)</b>	<b>13,463</b>	<b>8,951</b>	<b>(714,295)</b>	<b>(110,836)</b>	<b>(137,742)</b>	<b>37,000</b>	<b>2,346,215</b>	<b>50,000</b>	<b>(60,000)</b>	<b>-</b>
Special Item - Cascade Station lease rights	-	-	-	14,550,302	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ (15,575,905)</b>	<b>\$ (30,611,900)</b>	<b>\$ 19,573,000</b>	<b>\$ 17,080,165</b>	<b>\$ 31,132,551</b>	<b>\$ 27,596,063</b>	<b>\$ 2,895,427</b>	<b>\$ (53,203,921)</b>	<b>\$ 72,701,942</b>	<b>\$ (6,754,638)</b>

(1) Increase is due to City of Portland Line of Credit reimbursements received for capital outlay.

(2) Increase is due to issuance of bonds for Downtown Waterfront urban renewal area

(3) Decrease in transfers is due to the elimination of major federal grant programs and related required transfers with the transition of housing to the Portland Housing Bureau.

(4) Implementation of GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**GENERAL GOVERNMENT REVENUES  
For The Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Inter- Governmental Revenues	Charges for Services	Loan Collections <sup>(1)</sup>	Investment Income	Miscellaneous	Service Reimbursements	Tax-increment Debt Proceeds (in lieu of tax-increment revenue) <sup>(2)</sup>	Total
2003-04	\$ 13,423,445	\$ 1,629,205	\$ 14,728,499	\$ 1,547,852	\$ 16,865,270	\$ 14,617,997	\$ 36,906,756	\$ 99,719,024 <sup>(3)</sup>
2004-05	15,614,350	3,128,250	13,857,498	2,088,352	4,769,740	22,238,125	43,671,683	105,367,998 <sup>(4)</sup>
2005-06	16,386,221	3,470,247	25,053,209	2,993,474	5,006,640	23,126,825	82,974,088	159,010,704 <sup>(5)</sup>
2006-07	8,808,477	2,471,383	14,432,249	3,678,696	8,088,537	26,533,745	91,878,764	155,891,851
2007-08	18,372,659	3,369,928	16,939,460	2,648,707	5,748,141	29,660,046	105,929,455	182,668,396 <sup>(6)</sup>
2008-09	16,378,576	1,695,463	20,243,983	2,976,453	6,881,900	32,987,672	105,254,573	186,418,620
2009-10	24,285,794	3,051,256	19,965,068	1,236,665	9,968,223	-	89,778,162	148,285,168 <sup>(7)</sup>
2010-11	4,159,959	2,574,277	4,321,335	678,974	11,124,848	-	85,287,185	108,146,578
2011-12	7,370,821	2,636,662	5,398,916	533,046	7,038,089	-	133,787,307	156,764,841
2012-13	7,970,747	5,033,235	12,277,490	684,316	4,556,869	-	73,354,431	103,877,088

Source: Portland Development Commission records on a budgetary basis for all funds.

- (1) Interest earned on loans is included in Loan Collections.
- (2) Through fiscal year 1996-97, transfers from City of Portland Debt Service Funds were included in Miscellaneous. Beginning with fiscal year 1997-98, transfers from City of Portland Debt Service Funds are included in tax-increment Debt Proceeds (in lieu of tax increment revenue).
- (3) Increase in Home and CDBG grant revenues and revenues received from the sale of property held for sale has increased the intergovernmental and miscellaneous revenues. No bonds were issued during the fiscal year, thereby the reduction of the tax-increment debt proceeds.
- (4) Increase in Service Reimbursements is due to the change in methodology of Personal Services beginning Fiscal Year 2004-05. In prior years Personal Services were expended directly to individual funds.
- (5) Increase in tax-increment Debt Proceeds was due to City of Portland Line of Credit reimbursements for Capital Outlay.
- (6) Increase was due to bonds issued for Downtown Waterfront urban renewal area.
- (7) Internal service reimbursements were reclassified to a transfer.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**GENERAL GOVERNMENT EXPENDITURES  
For The Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Personal Services	Materials and Services	Capital Outlay <sup>(6)</sup>	Financial Assistance	Debt Service	Total
2003-04	\$ 15,089,965	\$ 25,926,709	\$ 37,335,990 <sup>(1)</sup>	\$ 43,957,311 <sup>(1)</sup>	\$ 2,738,977	\$ 125,048,952
2004-05	20,501,767	31,805,745	35,920,409	50,698,697	3,299,652	142,226,270
2005-06	22,373,756	27,902,737	61,417,936 <sup>(2)</sup>	51,208,537	1,522,868	164,425,834
2006-07	24,601,713	63,212,456 <sup>(3)</sup>	26,616,600	57,005,317	1,062,549	172,498,635
2007-08	27,904,908	40,464,287	40,139,330	49,894,489	2,868,011	161,271,025
2008-09	28,520,035	42,124,266	35,660,038	52,267,819	8,315,206	166,887,364
2009-10	22,175,426	22,981,345 <sup>(4)</sup>	36,771,943	66,245,765	8,467,384	156,641,863
2010-11	17,904,488	49,598,814 <sup>(5)</sup>	27,269,642	32,918,717	3,016,545	130,708,206
2011-12	15,440,575	52,000,490	14,186,295	12,576,846	-	94,204,206
2012-13	15,331,763	37,721,066	22,440,579	13,484,418	-	88,977,826

Source: Portland Development Commission records on a budgetary basis for all funds.

- (1) Increase due to the acquisition of \$16.6 million in property held for sale in the River District Urban Renewal Area.
- (2) Increase due to added infrastructure and transportation in the Gateway and Lents Urban Renewal Areas and the acquisition of the Headquarters Hotel property held for sale in the Convention Center Urban Renewal Area.
- (3) Increase is due to added infrastructure and transportation for the Light Rail Expansion, Portland Aerial Tram, and the Portland Streetcar.
- (4) Decrease due to reclass of internal service charges being classified as interfund transfer.
- (5) Increase due principally to reimbursement payments to Portland Housing Bureau
- (6) Includes both expenditures for capital outlay and purchases of properties held for sale.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**URBAN RENEWAL AREA CONSOLIDATED TAX RATES  
For The Last Ten Fiscal Years  
(Unaudited)**

Districts Common to All Areas

Fiscal Year	Multnomah County	City of Portland	Port of Portland	Metro Service District	Tri-County Metropolitan Transportation District	Multnomah County ESD	Subtotal	City of Portland Urban Renewal <sup>(1)</sup>
2003-04	\$ 5.2785	\$ 7.9791	\$ 0.0701	\$ 0.2838	\$ 0.1104	\$ 0.4576	\$ 14.1795	\$ 0.3897
2004-05	5.3065	7.9181	0.0701	0.2841	0.1191	0.4576	14.1555	0.3754
2005-06	5.2949	7.8128	0.0701	0.2782	0.0973	0.4576	14.0109	0.3588
2006-07	5.4171	7.9024	0.0701	0.4289	0.0856	0.4576	14.3617	0.4250
2007-08	5.3936	7.3924	0.0701	0.3984	0.0803	0.4576	13.7924	0.3235
2008-09	5.4026	7.8235	0.0701	0.4368	0.0863	0.4576	14.2769	0.3100
2009-10	5.4026	7.8235	0.0701	0.4368	0.0863	0.4576	14.2769	0.3100
2010-11	5.3846	7.8077	0.0701	0.4088	0.0878	0.4576	14.2166	0.3009
2011-12	5.4403	7.9806	0.0701	0.3154	0.0583	0.4576	14.3223	0.2926
2012-13	5.4240	8.0976	0.0701	0.4043	-	(9) 0.4576	14.4536	0.2857

Tax rates are expressed in terms of dollars and cents per \$1,000 of assessed value. Multnomah County collects all property taxes and distributes the taxes collected to each taxing district at least monthly. No charges are made to the taxing districts for these services. The sequestered tax increment revenue property taxes are recorded in the debt service funds of the City of Portland and are disclosed in the City's annual financial report.

- (1) Special levy applied only to Option 3 urban renewal areas: Oregon Convention Center, South Park Blocks, Downtown Waterfront, and Airport Way.
- (2) Applies to all areas except Gateway Regional Center Urban Renewal Area with the exception of a small number of properties.
- (3) Applies to Gateway Regional Center and Airport Way urban renewal areas
- (4) Applies only to the Airport Way Urban Renewal Area.
- (5) Applies to the following urban renewal areas: Lents Town Center, Gateway Regional Center, Interstate Corridor, Willamette Industrial, Airport Way, Oregon Convention Center, and Central Eastside
- (6) Applies to the following urban renewal areas: River District, North Macadam, South Park Blocks, and Downtown Waterfront.
- (7) Applies to the Lents Town Center, Gateway Regional Center, and Airport Way urban renewal areas.
- (8) Applies to Lents Town Center, and Gateway Regional Center urban renewal areas.
- (9) Tri-County Metropolitan District had no tax assessment rate

Source: Multnomah County Tax Supervising and Conservation Commission Annual Reports.

<b>Portland Public School District #1 <sup>(2)</sup></b>	<b>Parkrose School District #3 <sup>(3)</sup></b>	<b>Reynolds School District #7 <sup>(4)</sup></b>	<b>David Douglas School District #40 <sup>(8)</sup></b>	<b>East Multnomah County Soil &amp; Water Conservation District <sup>(5)</sup></b>	<b>West Multnomah County Soil &amp; Water Conservation District <sup>(6)</sup></b>	<b>Portland Community College <sup>(2)</sup></b>	<b>Mt. Hood Community College <sup>(7)</sup></b>
\$ 7.1792	\$ 6.6952	\$ 6.0431	\$ 6.5923	\$ -	\$ -	\$ 0.5099	\$ 0.4981
4.7743	6.3294	6.0151	6.5495	0.0413	-	0.4950	0.4917
5.2781	6.2635	5.9497	6.8335	0.0326	-	0.4889	0.4917
6.5281	5.9247	5.8339	6.8590	0.0715	0.0378	0.5051	0.4917
6.5281	5.8887	5.8147	6.8731	0.0877	0.0369	0.5031	0.4917
6.5281	6.1391	5.6033	6.5048	0.1000	0.0391	0.6325	0.4917
6.5281	6.1391	5.6033	6.5048	0.1000	0.0391	0.6325	0.4917
6.5281	6.0049	5.5958	6.4276	0.1000	0.0469	0.6359	0.4917
7.2681	5.8923	5.7789	6.3955	0.1000	0.0732	0.5981	0.4917
7.2681	6.1141	5.9856	6.3836	0.1000	0.0750	0.6651	0.4917

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**URBAN RENEWAL AND REDEVELOPMENT BONDS  
FUTURE BOND PRINCIPAL REQUIREMENTS**

As of June 30, 2013

(Unaudited)

Fiscal Year	Airport Way	Downtown	Downtown	Interstate	Interstate	Convention
	Urban Renewal	Waterfront	Waterfront	Corridor Urban	Corridor Urban	Center Urban
	Bonds	Urban Renewal	Urban	Renewal Bonds	Renewal Bonds	Renewal Bonds
	2005	2008	2011	2004	2011	2011
	Series A & B	Series A & B	Series A & B	Series A	Series A & B	Series A
2013-14	\$ 4,010,000	\$ 1,960,000	\$ 3,845,000	\$ 1,435,000	\$ 1,555,000	\$ 3,260,000
2014-15	4,210,000	2,050,000	3,970,000	1,490,000	1,600,000	3,785,000
2015-16	4,420,000	2,160,000	4,090,000	1,550,000	1,655,000	3,935,000
2016-17	4,640,000	2,275,000	4,255,000	1,625,000	1,715,000	4,130,000
2017-18	4,875,000	2,390,000	4,430,000	1,710,000	1,790,000	4,335,000
2018-19	5,120,000	2,520,000	4,645,000	1,800,000	1,875,000	4,550,000
2019-20	5,375,000	2,680,000	4,880,000	1,890,000	1,965,000	4,780,000
2020-21	-	5,415,000	-	1,990,000	2,065,000	-
2021-22	-	5,760,000	-	2,095,000	2,175,000	-
2022-23	-	6,120,000	-	2,190,000	2,315,000	-
2023-24	-	7,000,000	-	2,295,000	2,460,000	-
2024-25	-	-	-	2,410,000	2,615,000	-
2025-26	-	-	-	-	2,780,000	-
2026-27	-	-	-	-	2,940,000	-
2027-28	-	-	-	-	3,085,000	-
2028-29	-	-	-	-	3,230,000	-
2029-30	-	-	-	-	3,390,000	-
2030-31	-	-	-	-	3,560,000	-
2031-32	-	-	-	-	-	-
Total	<u>\$ 32,650,000</u>	<u>\$ 40,330,000</u>	<u>\$ 30,115,000</u>	<u>\$ 22,480,000</u>	<u>\$ 42,770,000</u>	<u>\$ 28,775,000</u>

Source: Amortization schedule for each bond.

Note 1: Bonds are debt of the City of Portland and are disclosed in the City's Comprehensive Annual Financial Report. This information is included in this report to assist the reader in determining future financing capacity.

<b>Convention Center Urban Renewal Bonds</b>	<b>River District Urban Renewal Bonds</b>	<b>River District Urban Renewal Bonds</b>	<b>South ParkBlocks Urban Renewal Bonds</b>	<b>Lents Town Center Urban Renewal Bonds</b>	<b>Central Eastside Urban Renewal Bonds</b>	<b>North Macadam Urban Renewal Bonds</b>
<b>2012 Series A</b>	<b>2003 Series B</b>	<b>2012 Series A, B &amp; C</b>	<b>2008 Series A &amp; B</b>	<b>2010 Series A &amp; B</b>	<b>2011 Series A &amp; B</b>	<b>2010 Series A &amp; B</b>
\$ -	\$ 2,970,000	\$ 1,460,000	\$ 4,015,000	\$ 1,235,000	\$ 1,015,000	\$ 2,290,000
-	655,000	3,920,000	4,250,000	1,290,000	1,050,000	2,370,000
-	-	4,700,000	4,510,000	1,350,000	1,095,000	2,465,000
-	-	4,865,000	4,780,000	1,425,000	1,145,000	2,600,000
-	-	5,070,000	5,070,000	1,510,000	1,205,000	2,740,000
-	-	5,290,000	8,690,000	1,595,000	1,270,000	2,885,000
500,000	-	5,490,000	5,845,000	1,690,000	1,345,000	3,040,000
14,075,000	-	5,735,000	4,060,000	1,785,000	1,425,000	3,205,000
14,600,000	-	5,965,000	4,265,000	1,900,000	1,490,000	3,380,000
15,165,000	-	6,235,000	4,480,000	2,015,000	1,555,000	3,525,000
15,775,000	-	2,165,000	8,040,000	2,145,000	1,625,000	3,655,000
9,645,000	-	2,255,000	-	2,275,000	1,700,000	3,840,000
-	-	2,350,000	-	2,390,000	1,780,000	3,995,000
-	-	2,465,000	-	2,500,000	1,870,000	4,150,000
-	-	2,570,000	-	2,625,000	1,960,000	4,320,000
-	-	2,700,000	-	2,755,000	2,060,000	4,500,000
-	-	2,835,000	-	2,885,000	2,165,000	4,725,000
-	-	2,985,000	-	-	2,280,000	-
-	-	3,130,000	-	-	-	-
<b>\$ 69,760,000</b>	<b>\$ 3,625,000</b>	<b>\$ 72,185,000</b>	<b>\$ 58,005,000</b>	<b>\$ 33,370,000</b>	<b>\$ 28,035,000</b>	<b>\$ 57,685,000</b>



**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**URBAN RENEWAL AND REDEVELOPMENT BONDS  
FUTURE BOND INTEREST REQUIREMENTS**

As of June 30, 2013

(Unaudited)

Fiscal Year	Airport Way	Downtown	Downtown	Interstate	Interstate	Convention
	Urban Renewal	Waterfront	Waterfront	Corridor Urban	Corridor Urban	Center Urban
	Bonds	Urban Renewal	Urban	Renewal Bonds	Renewal Bonds	Renewal Bonds
	2005	2008	2011	2004	2011	2011
	Series A & B	Series A & B	Series A & B	Series A	Series A & B	Series A
2013-14	\$ 1,578,750	\$ 2,421,599	\$ 1,254,500	\$ 1,100,131	\$ 2,184,560	\$ 1,368,300
2014-15	1,378,250	2,324,383	1,139,150	1,042,731	2,138,610	1,237,900
2015-16	1,167,750	2,219,628	1,020,050	983,131	2,085,282	1,086,500
2016-17	946,750	2,107,092	856,450	905,631	2,022,673	889,750
2017-18	714,750	1,986,289	686,250	824,381	1,948,517	683,250
2018-19	471,000	1,858,185	464,750	734,606	1,865,747	466,500
2019-20	215,000	1,699,425	232,500	640,106	1,772,484	239,000
2020-21	-	1,530,585	-	540,881	1,670,815	-
2021-22	-	1,189,440	-	436,406	1,560,875	-
2022-23	-	826,560	-	344,750	1,423,980	-
2023-24	-	441,000	-	235,250	1,278,274	-
2024-25	-	-	-	120,500	1,123,442	-
2025-26	-	-	-	-	958,854	-
2026-27	-	-	-	-	802,538	-
2027-28	-	-	-	-	655,538	-
2028-29	-	-	-	-	509,000	-
2029-30	-	-	-	-	347,500	-
2030-31	-	-	-	-	178,000	-
2031-32	-	-	-	-	-	-
Total	<u>\$ 6,472,250</u>	<u>\$ 18,604,186</u>	<u>\$ 5,653,650</u>	<u>\$ 7,908,506</u>	<u>\$ 24,526,689</u>	<u>\$ 5,971,200</u>

Source: Amortization schedule for each bond.

Note 1: Bonds are debt of the City of Portland and are disclosed in the City's Comprehensive Annual Financial Report. This information is included in this report to assist the reader in determining future financing capacity.

<b>Convention Center Urban Renewal Bonds</b>	<b>River District Urban Renewal Bonds</b>	<b>River District Urban Renewal Bonds</b>	<b>South ParkBlocks Urban Renewal Bonds</b>	<b>Lents Town Center Urban Renewal Bonds</b>	<b>Central Eastside Urban Renewal Bonds</b>	<b>North Macadam Urban Renewal Bonds</b>
<b>2012 Series A</b>	<b>2003 Series B</b>	<b>2012 Series A, B &amp; C</b>	<b>2008 Series A &amp; B</b>	<b>2010 Series A &amp; B</b>	<b>2011 Series A &amp; B</b>	<b>2010 Series A &amp; B</b>
\$ 2,792,917	\$ 146,249	\$ 3,039,723	\$ 3,169,835	\$ 1,793,850	\$ 1,388,693	\$ 2,673,730
2,792,917	26,855	3,016,144	2,927,691	1,741,326	1,351,828	2,591,061
2,792,917	-	2,916,278	2,671,373	1,682,592	1,308,253	2,497,209
2,792,917	-	2,751,983	2,399,375	1,604,508	1,257,883	2,364,740
2,792,917	-	2,546,720	2,111,093	1,522,086	1,199,660	2,225,016
2,792,917	-	2,325,793	1,805,322	1,434,747	1,132,963	2,077,769
2,792,917	-	2,125,132	1,334,500	1,342,493	1,059,989	1,922,729
2,774,802	-	1,878,047	1,042,250	1,244,743	978,671	1,759,359
2,250,790	-	1,653,858	839,250	1,132,574	912,125	1,580,712
1,685,332	-	1,380,069	626,000	1,013,178	848,800	1,439,188
1,075,244	-	1,089,535	402,000	886,555	780,769	1,307,000
416,953	-	1,000,121	-	756,238	705,613	1,124,250
-	-	903,607	-	642,488	624,863	970,650
-	-	788,700	-	527,738	535,863	810,850
-	-	677,950	-	402,738	442,363	644,850
-	-	549,450	-	275,113	344,363	461,250
-	-	414,450	-	144,250	236,213	236,250
-	-	272,700	-	-	122,550	-
-	-	125,200	-	-	-	-
<b>\$ 27,753,543</b>	<b>\$ 173,104</b>	<b>\$ 29,455,460</b>	<b>\$ 19,328,689</b>	<b>\$ 18,147,217</b>	<b>\$ 15,231,460</b>	<b>\$ 26,686,613</b>

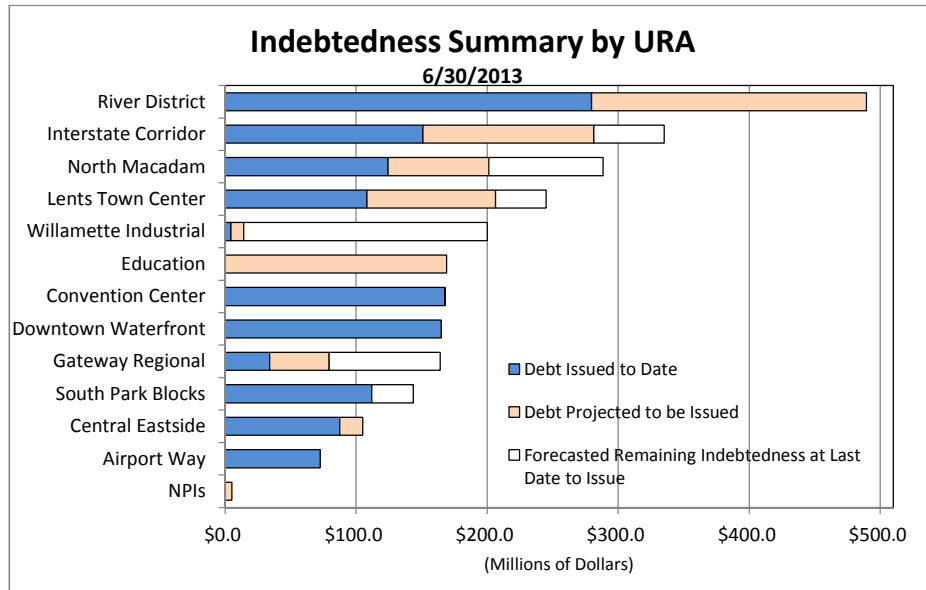
**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**URBAN RENEWAL INDEBTEDNESS SUMMARY  
As of June 30, 2013  
(Unaudited)**

<b>Urban Renewal Area</b>	<b>Maximum Indebtedness</b>	<b>Indebtedness Issued as of 6/30/13</b>	<b>Indebtedness Remaining as of 6/30/13</b>	<b>Projected Indebtedness to Be Issued<sup>(3)</sup></b>	<b>Last Date to Issue Long Term Debt</b>	<b>Plan Type</b>
Airport Way	\$ 72,638,268	\$ 72,638,268	\$ -	\$ -	May 2011	Option 3
Central Eastside	104,979,000	87,614,313	17,364,687	17,364,687	August 2018	Reduced Rate Plan <sup>(1)</sup>
Convention Center	167,511,000	167,510,000	1,000	-	June 2013	Option 3
Downtown Waterfront	165,000,000	165,000,000	-	-	April 2008	Option 3
Education	169,000,000	-	169,000,000	169,000,000	June 2041	Standard Rate Plan <sup>(2)</sup>
Gateway Regional	164,240,000	34,024,772	130,215,228	45,327,009	June 2022	Standard Rate Plan <sup>(2)</sup>
Interstate Corridor	335,000,000	151,044,648	183,955,352	130,273,317	N/A	Standard Rate Plan <sup>(2)</sup>
Lents Town Center	245,000,000	108,226,973	136,773,027	98,151,361	June 2020	Standard Rate Plan <sup>(2)</sup>
Neighborhood Prosperity Initiative	7,500,000	-	7,500,000	5,270,009	N/A	Standard Rate Plan <sup>(2)</sup>
North Macadam	288,562,000	124,451,698	164,110,302	76,922,755	June 2020	Standard Rate Plan <sup>(2)</sup>
River District	489,500,000	279,619,190	209,880,810	209,880,810	June 2021	Standard Rate Plan <sup>(2)</sup>
South Park Blocks	143,619,000	112,035,000	31,584,000	-	July 2008	Option 3
Willamette Industrial	200,000,000	4,495,714	195,504,286	9,655,579	December 2024	Reduced Rate Plan <sup>(1)</sup>

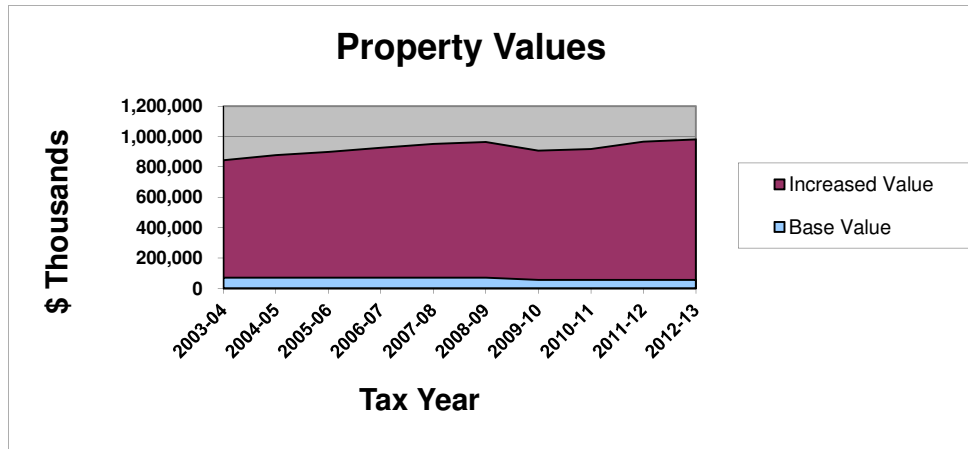
Notes:

- (1) Reduced Rate Plan: Bonds and Local Option Levies approved after 10/06/2001 do not contribute to urban renewal.
- (2) Standard Rate Plan: All levies contribute to urban renewal. River District, Education and NPI URAs are subject to revenue sharing.
- (3) Not all URAs are projected to reach maximum indebtedness due to debt coverage requirements and current market conditions.



**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**DOWNTOWN WATERFRONT URBAN RENEWAL FUND  
PROPERTY VALUES, TAX INCREMENT, AND PROJECTED DEMOGRAPHICS  
For The Last Ten Fiscal Years Or Since Inception  
(Unaudited)**



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2003-04	\$ 22.44	\$ 70,866,644	\$ 772,959,655	\$ 7,310,380
2004-05	21.58	70,866,644	807,467,176	7,128,198
2005-06	19.02	70,866,644	828,313,148	7,199,233
2006-07	19.57	70,866,644	854,990,000	7,322,396
2007-08	21.46	70,866,644	881,338,267	7,373,237
2008-09	20.68	70,866,644	893,495,927	7,315,259
2009-10	21.53	55,674,313	850,698,640	7,344,233
2010-11	21.56	55,674,313	863,116,698	7,288,146
2011-12	21.83	55,674,313	910,075,667	6,925,883
2012-13	22.05	55,674,313	926,217,621	6,776,377

Source: Multnomah County Division of Assessment and Taxation

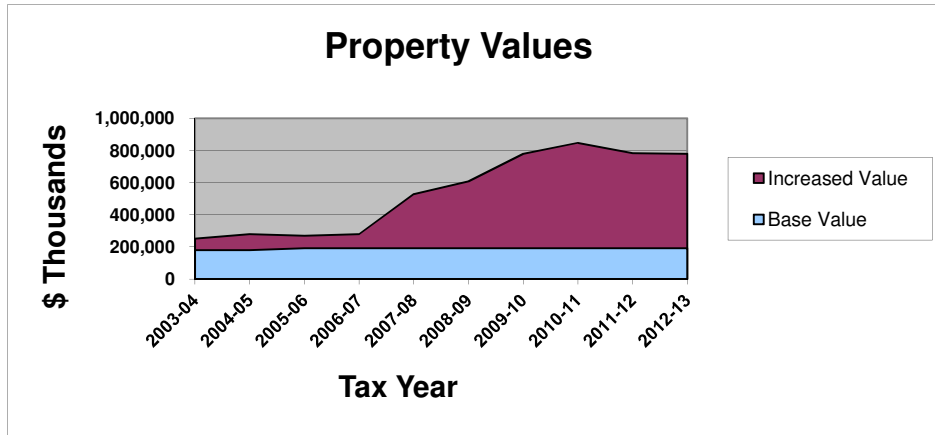
	URA		Portland	
	Current 2010	Projected 2015	Current 2010	Projected 2015
Population	3,185	3,722	582,051	619,141
Per Capita Income	\$ 31,707	\$ 39,038	\$ 29,282	\$ 33,577
Total Housing Units	2,691	3,225	266,332	284,555
Owner Occupied Housing Units	520	649	136,959	145,384
Renter Occupied Housing Units	1,718	2,023	110,429	118,355

Source: The 2010/2015 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2010. This change is then extrapolated five years to 2015. The 2010 update represents current events; the 2015 forecast illustrates the effects of current events and the expected recovery from the recession. *PDC GIS*

(1) Tax rate is the average, imputed tax rate based on Tax Revenue for Urban Renewal Debt (taxes imposed) and Increased Value.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**NORTH MACADAM URBAN RENEWAL FUND  
PROPERTY VALUES, TAX INCREMENT, AND PROJECTED DEMOGRAPHICS  
For The Last Ten Fiscal Years Or Since Inception  
(Unaudited)**



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2003-04	\$ 21.53	\$ 180,450,967	\$ 71,592,763	\$ 1,432,961
2004-05	21.46	180,450,967	98,624,297	1,984,570
2005-06	18.94	192,609,397	77,592,382	1,403,366
2006-07	19.51	192,609,397	86,887,411	1,627,714
2007-08	21.35	192,609,397	336,699,090	6,862,754
2008-09	20.78	192,609,397	415,675,637	8,269,705
2009-10	21.38	192,609,397	587,134,026	11,923,266
2010-11	21.35	192,609,397	655,671,677	13,139,779
2011-12	21.90	192,609,397	590,963,588	11,699,128
2012-13	22.09	192,609,397	587,825,696	11,477,781

Source: Multnomah County Division of Assessment and Taxation

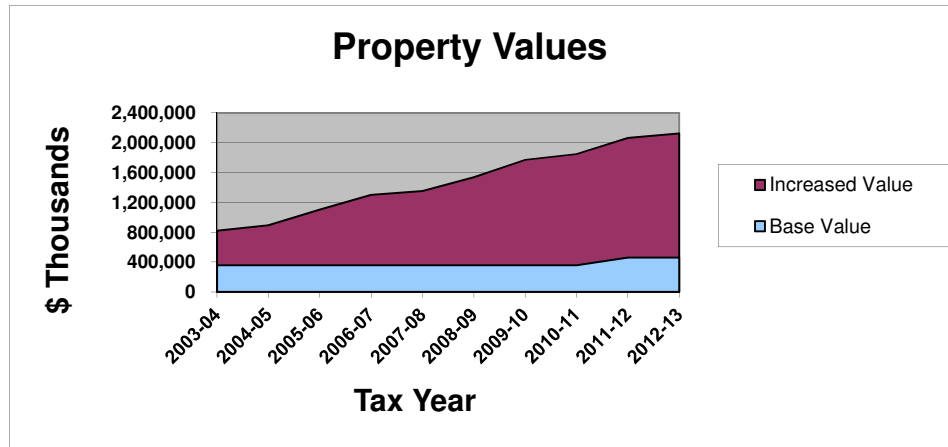
	URA		Portland	
	Current 2010	Projected 2015	Current 2010	Projected 2015
Population	2,011	2,269	582,051	619,141
Per Capita Income	\$ 58,949	\$ 68,437	\$ 29,282	\$ 33,577
Total Housing Units	1,597	1,789	266,332	284,555
Owner Occupied Housing Units	490	551	136,959	145,384
Renter Occupied Housing Units	839	944	110,429	118,355

Source: The 2010/2015 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2010. This change is then extrapolated five years to 2015. The 2010 update represents current events; the 2015 forecast illustrates the effects of current events and the expected recovery from the recession. *PDC GIS*

(1) Tax rate is the average, imputed tax rate based on Tax Revenue for Urban Renewal Debt (taxes imposed) and Increased Value.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**RIVER DISTRICT URBAN RENEWAL FUND  
PROPERTY VALUES, TAX INCREMENT, AND PROJECTED DEMOGRAPHICS  
For The Last Ten Fiscal Years Or Since Inception  
(Unaudited)**



<u>Tax Year</u>	<u>Tax Rate <sup>(1)</sup></u>	<u>Base Value</u>	<u>Increased Value</u>	<u>Tax Revenue for Urban Renewal Debt <sup>(1)</sup></u>
2003-04	\$ 20.36	\$ 358,684,364	\$ 460,215,910	\$ 9,369,834
2004-05	20.45	358,684,364	532,780,808	10,893,010
2005-06	18.50	358,684,364	744,785,705	13,775,847
2006-07	18.96	358,684,364	940,187,466	17,822,132
2007-08	20.43	358,684,364	991,749,182	20,265,457
2008-09	19.94	358,684,364	1,177,770,363	23,482,535
2009-10	20.38	358,684,364	1,411,486,318	28,760,647
2010-11	20.08	358,684,364	1,488,594,879	29,883,737
2011-12	19.83	461,577,974	1,602,807,681	31,571,279
2012-13	19.58	461,577,974	1,661,649,575	31,307,650

Source: Multnomah County Division of Assessment and Taxation

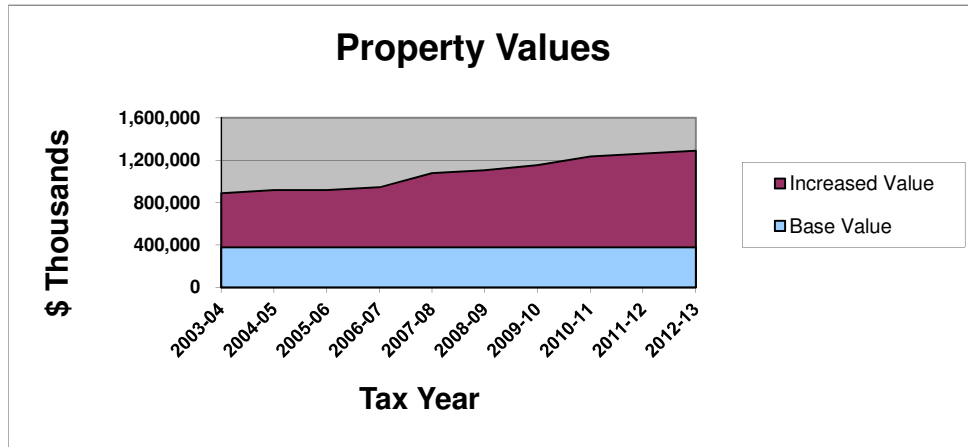
	<u>URA</u>		<u>Portland</u>	
	<u>Current 2010</u>	<u>Projected 2015</u>	<u>Current 2010</u>	<u>Projected 2015</u>
Population	5,654	6,843	582,051	619,141
Per Capita Income	\$ 35,636	\$ 43,896	\$ 29,282	\$ 33,577
Total Housing Units	4,069	5,074	266,332	284,555
Owner Occupied Housing Units	1,043	1,323	136,959	145,384
Renter Occupied Housing Units	2,454	3,042	110,429	118,355

Source: The 2010/2015 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2010. This change is then extrapolated five years to 2015. The 2010 update represents current events; the 2015 forecast illustrates the effects of current events and the expected recovery from the recession. *PDC GIS*

(1) Tax rate is the average, imputed tax rate based on Tax Revenue for Urban Renewal Debt (taxes imposed) and Increased Value.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**SOUTH PARK BLOCKS URBAN RENEWAL FUND  
PROPERTY VALUES, TAX INCREMENT, AND PROJECTED DEMOGRAPHICS  
For The Last Ten Fiscal Years Or Since Inception  
(Unaudited)**



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2003-04	\$ 21.91	\$ 378,055,680	\$ 508,799,241	\$ 5,231,174
2004-05	21.76	378,055,680	540,333,579	5,280,064
2005-06	19.31	378,055,680	540,982,035	5,370,006
2006-07	19.66	378,055,680	566,120,167	5,403,278
2007-08	21.32	378,055,680	700,363,924	5,376,221
2008-09	20.72	378,055,680	727,733,672	5,381,549
2009-10	21.33	376,066,574	778,265,484	5,341,041
2010-11	21.30	376,066,574	858,446,906	5,281,167
2011-12	21.77	376,066,574	885,549,998	5,072,867
2012-13	21.98	376,068,574	912,842,988	4,959,738

Source: Multnomah County Division of Assessment and Taxation

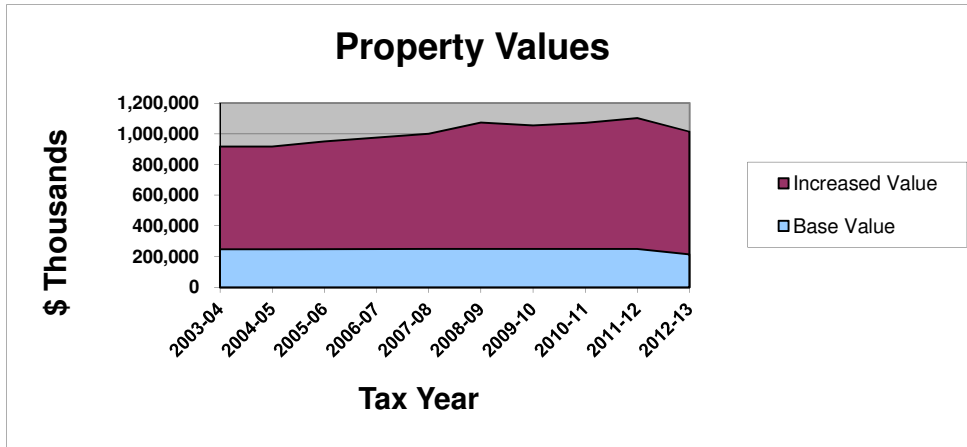
	URA		Portland	
	Current 2010	Projected 2015	Current 2010	Projected 2015
Population	3,005	3,310	582,051	619,141
Per Capita Income	\$ 18,516	\$ 20,948	\$ 29,282	\$ 33,577
Total Housing Units	2,318	2,602	266,332	284,555
Owner Occupied Housing Units	55	63	136,959	145,384
Renter Occupied Housing Units	2,051	2,304	110,429	118,355

Source: The 2010/2015 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2010. This change is then extrapolated five years to 2015. The 2010 update represents current events; the 2015 forecast illustrates the effects of current events and the expected recovery from the recession. *PDC GIS*

(1) Tax rate is the average, imputed tax rate based on Tax Revenue for Urban Renewal Debt (taxes imposed) and Increased Value.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**CONVENTION CENTER URBAN RENEWAL FUND  
PROPERTY VALUES, TAX INCREMENT, AND PROJECTED DEMOGRAPHICS  
For The Last Ten Fiscal Years Or Since Inception  
(Unaudited)**



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2003-04	\$ 21.92	\$ 247,728,838	\$ 669,453,106	\$ 5,439,991
2004-05	21.76	247,728,838	668,865,098	5,304,200
2005-06	19.34	248,214,131	701,773,824	5,348,082
2006-07	19.68	248,689,281	725,955,191	5,441,875
2007-08	21.32	248,689,281	751,940,292	5,475,275
2008-09	20.75	248,689,281	824,599,717	5,438,655
2009-10	21.38	248,951,143	804,685,182	5,454,893
2010-11	21.35	248,951,143	822,947,836	5,419,374
2011-12	21.82	248,951,143	852,646,229	5,346,748
2012-13	21.97	214,100,689	799,329,769	5,021,769

Source: Multnomah County Division of Assessment and Taxation

	URA		Portland	
	Current 2010	Projected 2015	Current 2010	Projected 2015
Population	1,366	1,515	582,051	619,141
Per Capita Income	\$ 35,300	\$ 41,436	\$ 29,282	\$ 33,577
Total Housing Units	1,140	1,264	266,332	284,555
Owner Occupied Housing Units	212	236	136,959	145,384
Renter Occupied Housing Units	733	814	110,429	118,355

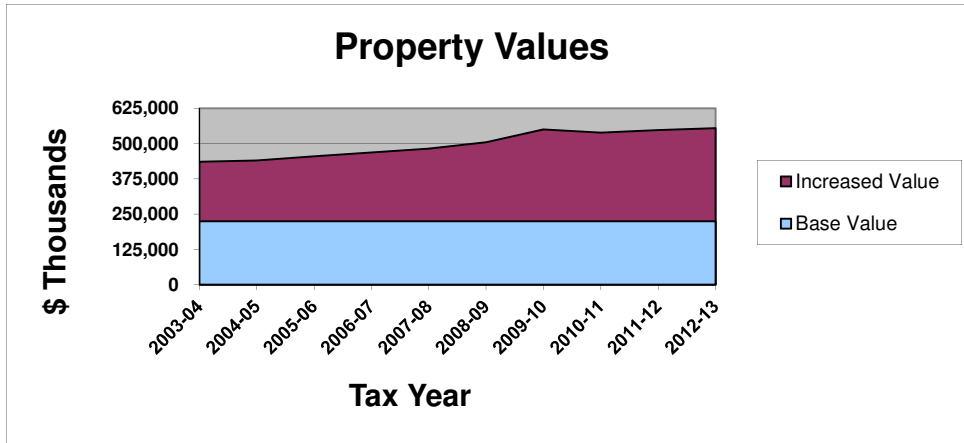
Source: The 2010/2015 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2010. This change is then extrapolated five years to 2015. The 2010 update represents current events; the 2015 forecast illustrates the effects of current events and the expected recovery from the recession. *PDC GIS*

(1) Tax rate is the average, imputed tax rate based on Tax Revenue for Urban Renewal Debt (taxes imposed) and Increased Value.



**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**CENTRAL EASTSIDE URBAN RENEWAL FUND  
PROPERTY VALUES, TAX INCREMENT, AND PROJECTED DEMOGRAPHICS  
For The Last Ten Fiscal Years Or Since Inception  
(Unaudited)**



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2003-04	\$ 20.33	\$ 224,605,349	\$ 210,497,285	\$ 4,063,491
2004-05	20.21	224,605,349	215,708,847	4,164,087
2005-06	17.78	224,605,349	230,380,503	3,973,027
2006-07	18.14	224,605,349	243,532,862	4,296,871
2007-08	18.24	224,605,349	257,850,367	4,578,234
2008-09	18.51	224,605,349	279,998,617	5,030,994
2009-10	18.51	224,605,349	325,868,916	5,843,346
2010-11	18.00	224,605,349	314,667,331	5,460,067
2011-12	17.76	224,605,349	323,222,477	5,472,135
2012-13	17.92	224,626,739	330,134,282	5,557,691

Source: Multnomah County Division of Assessment and Taxation

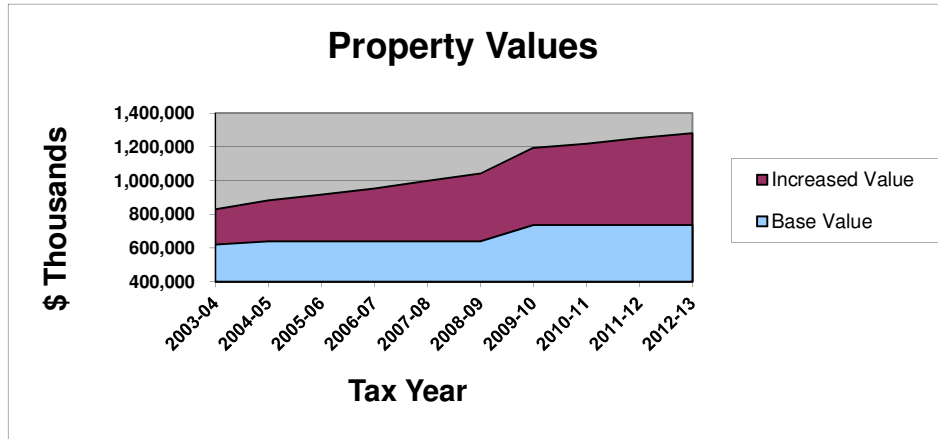
	URA		Portland	
	Current 2010	Projected 2015	Current 2010	Projected 2015
Population	1,714	1,757	582,051	619,141
Per Capita Income	\$ 25,963	\$ 30,479	\$ 29,282	\$ 33,577
Total Housing Units	960	986	266,332	284,555
Owner Occupied Housing Units	137	143	136,959	145,384
Renter Occupied Housing Units	713	732	110,429	118,355

Source: The 2010/2015 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2010. This change is then extrapolated five years to 2015. The 2010 update represents current events; the 2015 forecast illustrates the effects of current events and the expected recovery from the recession. *PDC GIS*

(1) Tax rate is the average, imputed tax rate based on Tax Revenue for Urban Renewal Debt (taxes imposed) and Increased Value.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**LENTS TOWN CENTER URBAN RENEWAL FUND  
PROPERTY VALUES, TAX INCREMENT, AND PROJECTED DEMOGRAPHICS  
For The Last Ten Fiscal Years Or Since Inception  
(Unaudited)**



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2003-04	\$ 21.66	\$ 620,720,135	\$ 208,029,051	\$ 4,205,914
2004-05	21.52	640,177,922	243,212,853	4,929,404
2005-06	19.91	640,177,922	275,822,211	5,249,632
2006-07	20.24	640,177,922	312,317,448	6,077,743
2007-08	21.44	640,177,922	358,801,970	7,375,650
2008-09	20.91	640,177,922	400,982,105	8,056,078
2009-10	21.40	736,224,033	457,950,622	9,344,988
2010-11	21.30	736,224,033	482,455,121	9,685,618
2011-12	21.58	736,224,033	515,771,987	10,098,006
2012-13	21.78	736,224,033	545,241,847	10,524,133

Source: Multnomah County Division of Assessment and Taxation

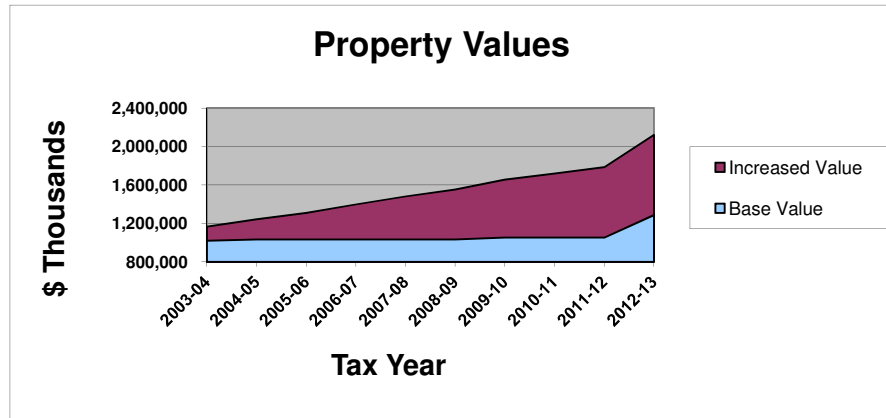
	URA		Portland	
	Current 2010	Projected 2015	Current 2010	Projected 2015
Population	26,968	28,687	582,051	619,141
Per Capita Income	\$ 19,965	\$ 22,362	\$ 29,282	\$ 33,577
Total Housing Units	10,728	11,426	266,332	284,555
Owner Occupied Housing Units	5,657	5,952	136,959	145,384
Renter Occupied Housing Units	4,210	4,541	110,429	118,355

Source: The 2010/2015 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2010. This change is then extrapolated five years to 2015. The 2010 update represents current events; the 2015 forecast illustrates the effects of current events and the expected recovery from the recession. PDC GIS

(1) Tax rate is the average, imputed tax rate based on Tax Revenue for Urban Renewal Debt (taxes imposed) and Increased Value.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**INTERSTATE CORRIDOR URBAN RENEWAL FUND  
PROPERTY VALUES, TAX INCREMENT, AND PROJECTED DEMOGRAPHICS  
For The Last Ten Fiscal Years Or Since Inception  
(Unaudited)**



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2003-04	\$ 21.74	\$ 1,019,794,975	\$ 144,893,801	\$ 2,925,355
2004-05	21.70	1,033,372,876	209,114,965	4,253,560
2005-06	19.30	1,033,372,876	276,592,476	5,096,500
2006-07	19.73	1,033,372,876	363,829,663	6,890,757
2007-08	21.38	1,033,372,876	447,042,428	9,124,210
2008-09	20.86	1,033,372,876	520,098,507	10,382,389
2009-10	21.48	1,051,408,349	603,067,607	12,307,811
2010-11	21.39	1,051,408,349	667,154,843	13,395,188
2011-12	21.93	1,051,408,349	732,982,715	14,532,562
2012-13	22.14	1,285,932,631	833,779,005	16,318,215

Source: Multnomah County Division of Assessment and Taxation

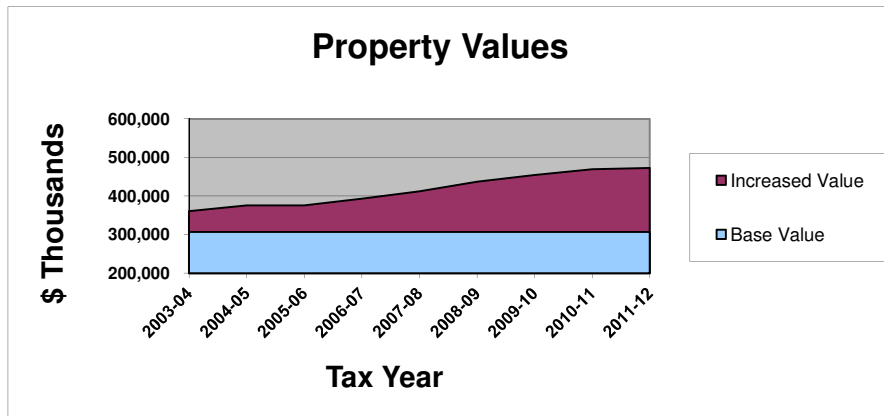
	URA		Portland	
	Current 2010	Projected 2015	Current 2010	Projected 2015
Population	34,780	37,332	582,051	619,141
Per Capita Income	\$ 20,137	\$ 23,031	\$ 29,282	\$ 33,577
Total Housing Units	14,437	15,479	266,332	284,555
Owner Occupied Housing Units	6,965	7,478	136,959	145,384
Renter Occupied Housing Units	6,176	6,607	110,429	118,355

Source: The 2010/2015 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2010. This change is then extrapolated five years to 2015. The 2010 update represents current events; the 2015 forecast illustrates the effects of current events and the expected recovery from the recession. *PDC GIS*

(1) Tax rate is the average, imputed tax rate based on Tax Revenue for Urban Renewal Debt (taxes imposed) and Increased Value.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**GATEWAY REGIONAL CENTER URBAN RENEWAL FUND  
PROPERTY VALUES, TAX INCREMENT, AND PROJECTED DEMOGRAPHICS  
For The Last Ten Fiscal Years Or Since Inception  
(Unaudited)**



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2003-04	\$ 20.96	\$ 307,174,681	\$ 53,283,385	\$ 1,053,666
2004-05	20.86	307,174,681	68,476,163	1,356,824
2005-06	20.85	307,174,681	68,766,041	1,375,408
2006-07	21.07	307,174,681	86,192,591	1,751,370
2007-08	21.44	307,174,681	105,057,959	2,174,962
2008-09	20.91	307,174,681	129,631,176	2,623,998
2009-10	21.15	307,174,681	147,626,654	3,001,090
2010-11	20.97	307,174,681	162,221,215	3,228,472
2011-12	20.77	307,174,681	165,778,737	3,149,978
2012-13	20.88	307,174,681	193,181,233	3,600,918

Source: Multnomah County Division of Assessment and Taxation

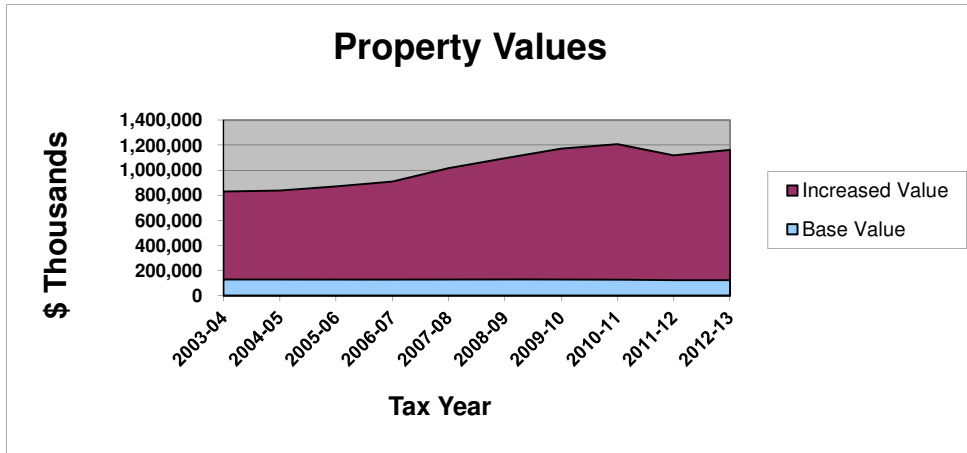
	URA		Portland	
	Current 2010	Projected 2015	Current 2010	Projected 2015
Population	6,390	7,091	582,051	619,141
Per Capita Income	\$ 22,321	\$ 25,476	\$ 29,282	\$ 33,577
Total Housing Units	2,852	3,165	266,332	284,555
Owner Occupied Housing Units	1,047	1,143	136,959	145,384
Renter Occupied Housing Units	1,529	1,714	110,429	118,355

Source: The 2010/2015 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2010. This change is then extrapolated five years to 2015. The 2010 update represents current events; the 2015 forecast illustrates the effects of current events and the expected recovery from the recession. PDC GIS

(1) Tax rate is the average, imputed tax rate based on Tax Revenue for Urban Renewal Debt (taxes imposed) and Increased Value.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**AIRPORT WAY URBAN RENEWAL FUND  
PROPERTY VALUES, TAX INCREMENT, AND PROJECTED DEMOGRAPHICS  
For The Last Ten Fiscal Years Or Since Inception  
(Unaudited)**



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2003-04	\$ 21.38	\$ 129,701,177	\$ 701,262,923	\$ 2,328,250
2004-05	21.02	129,701,177	708,712,135	2,347,588
2005-06	20.45	129,701,177	739,905,461	2,373,451
2006-07	20.33	129,701,177	779,770,869	2,389,518
2007-08	20.59	129,701,177	886,308,606	2,386,745
2008-09	19.99	129,701,177	965,779,764	2,390,141
2009-10	20.55	129,701,177	1,043,109,736	2,374,741
2010-11	20.34	129,701,177	1,077,899,700	2,340,489
2011-12	20.22	124,710,301	992,524,455	2,276,718
2012-13	20.68	124,710,301	1,036,798,748	2,237,816

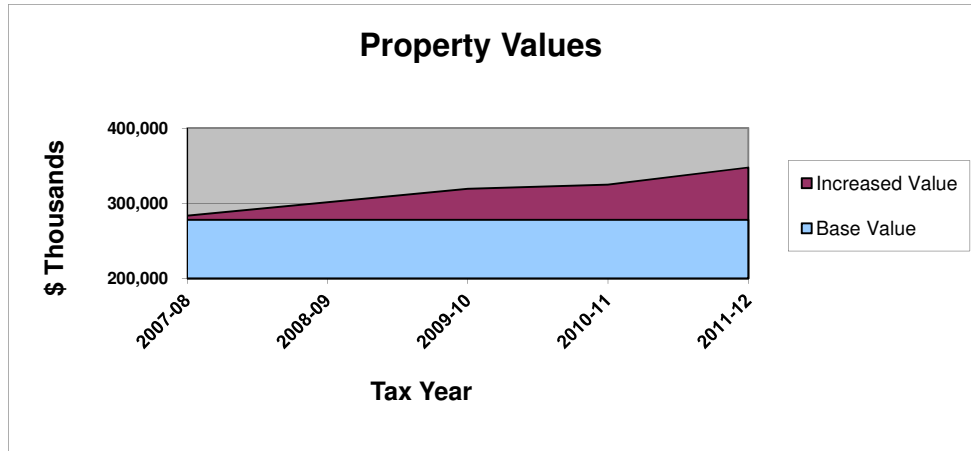
Source: Multnomah County Division of Assessment and Taxation

Population and housing data are not included for Airport Way Urban Renewal Area because it is primarily an industrial area.

(1) Tax rate is the average, imputed tax rate based on Tax Revenue for Urban Renewal Debt (taxes imposed) and Increased Value.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**WILLAMETTE INDUSTRIAL URBAN RENEWAL FUND  
PROPERTY VALUES, TAX INCREMENT, AND PROJECTED DEMOGRAPHICS  
For The Last Ten Fiscal Years Or Since Inception  
(Unaudited)**



<b>Tax Year</b>	<b>Tax Rate <sup>(1)</sup></b>	<b>Base Value</b>	<b>Increased Value</b>	<b>Tax Revenue for Urban Renewal Debt <sup>(1)</sup></b>
2005-06	\$ 18.26	\$ 278,034,345	\$ -	\$ -
2006-07	15.15	278,034,345	5,655,915	85,706
2007-08	16.84	278,034,345	23,273,744	391,905
2008-09	17.92	278,034,345	41,284,536	739,979
2009-10	18.03	278,034,345	46,707,594	842,243
2010-11	17.63	278,034,345	69,552,044	1,226,407
2011-12	17.13	278,034,345	46,606,563	798,540
2012-13	0.00	278,034,345	48,075,015	828,719

Willamette Industrial URA consists of Multnomah County tax districts 730 and 731. Only data for tax district 731 is shown. Tax district 730 has a frozen tax base of \$203,408,790, and assessed property values for this district decreased by \$122,340,860 from fiscal year 2005-06 through 2012-13.

Source: Multnomah County Division of Assessment and Taxation

Population and housing data are not included for Willamette Industrial Urban Renewal Area because it is primarily an industrial area.

(1) Tax rate is the average, imputed tax rate based on Tax Revenue for Urban Renewal Debt (taxes imposed) and Increased Value.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**Financial Assistance  
For The Last Ten Fiscal Years  
(Unaudited)**

<u>Fiscal Year</u>	<u>Business Financial Assistance</u>	
	<u>Number of loans and grants</u>	<u>Dollar Amount</u>
2003-04	42	\$ 7,148,345
2004-05	52	10,590,559
2005-06	59	14,505,900
2006-07	54	12,466,365
2007-08	47	5,499,620
2008-09	258	15,391,215
2009-10	269	10,631,493
2010-11	264	33,764,995
2011-12	236	7,547,956
2012-13	234	8,919,709

Source: Commission loan system.

Notes: Financial assistance may include assistance for building repair, facility expansion, new equipment, storefront improvements, or working capital as well as a myriad of other small assistance programs.

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**TOTAL PERSONAL INCOME, PER CAPITA INCOME,  
POPULATION TRENDS, AND UNEMPLOYMENT RATES  
PORTLAND/VANCOUVER/BEAVERTON MSA, OREGON, AND THE UNITED STATES  
(Unaudited)**

Year	Personal Income (Thousands)			Per Capita Income		
	Portland/ Vancouver/ Beaverton MSA	Oregon	U.S. Total	Portland/ Vancouver/ Beaverton MSA	Oregon	U.S. Total
2003	65,959	103,890	9,157,257	32,328	29,161	31,484
2004	69,853	109,757	9,705,504	33,875	30,561	33,050
2005	73,806	116,889	10,251,639	35,215	32,103	34,586
2006	79,399	124,589	10,870,319	37,145	33,666	36,307
2007	83,765	133,871	11,652,339	38,511	35,027	38,632
2008	87,053	136,277	12,086,534	39,436	35,956	39,751
2009	86,822	133,907	11,852,715	39,443	35,159	38,637
2010	88,965	137,820	12,308,496	39,843	35,906	39,791
2011	93,449	145,300	12,949,905	41,302	37,527	41,560
2012	n/a	151,241	n/a	n/a	38,786	42,693

Sources: U.S. Department of Commerce, Bureau of Economic Analysis  
Oregon Office of Economic Analysis

Year	POPULATION TRENDS				UNEMPLOYMENT RATES	
	Portland <sup>(1)</sup>	Portland/ Vancouver/ Beaverton MSA <sup>(1)</sup>	Oregon <sup>(1)</sup>	U.S. Total <sup>(1)</sup>	Portland Unemployment % Rate <sup>(2)</sup>	Oregon Unemployment %Rate <sup>(2)</sup>
2003	538,843	2,019,250	3,561,155	290,796,023	9.0	8.5
2004	532,742	2,050,650	3,589,168	293,638,158	7.2	7.4
2005	533,467	2,082,240	3,638,871	296,507,061	6.1	6.4
2006	537,081	2,137,540	3,700,758	299,398,484	5.2	5.3
2007	568,380	2,159,720	3,745,455	301,621,157	4.9	5.2
2008	557,706	2,207,462	3,790,060	304,059,724	5.8	5.4
2009	582,130	2,241,841	3,808,600	309,771,529	11.0	11.6
2010	581,484	2,235,580	3,831,074	309,330,219 <sup>(3)</sup>	10.5	10.8
2011	583,546	2,246,083	3,857,625	311,591,917	9.1	9.5
2012	587,865	2,266,573	3,883,735	313,907,142	7.6	8.1

Source: <sup>(1)</sup> U.S. Department of Commerce, Bureau of Economic Analysis  
Oregon Office of Economic Analysis

<sup>(2)</sup> Oregon Employment Department

<sup>(3)</sup> US Census 2010



# Board of Commissioners

## Executive Director

Total FTE 134.3 FTE / 1.0 LTE

### Finance & Business Operations

52.0 FTE / 1.0 LTE

- Business Operations
- Finance & Asset Management
- Information Technology

### Urban Development

59.3 FTE

- Business & Industry
- Central City
- Neighborhood

### Executive

23.0 FTE

- Strategy and Operations
- Government Relations / Public Affairs
- Business and Social Equity
- Legal

**PORTLAND DEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**MISCELLANEOUS STATISTICS  
As of June 30, 2013  
(Unaudited)**

Date of Charter Amendment creating agency

May 16, 1958

Form of Government

Commission, Appointed by City Mayor  
Approved by City Council

Number of Employees:

As of June 30	FY2008-09		FY2009-10		FY2010-11		FY2011-12		FY2012-13	
	FTE	LTE	FTE	LTE	FTE	LTE	FTE	LTE	FTE	LTE
Development	42.5	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Urban Development	0.0	0.0	71.1	3.0 <sup>(1)</sup>	58.3	0.0	58.3	0.0	59.3	0.0
Economic Development	30.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Housing	42.0	1.0	37.0	1.0	0.0	0.0 <sup>(2)</sup>	0.0	0.0	0.0	0.0
Executive	42.0	0.0	42.0	2.0	19.0	1.0	19.0	1.0	23.0	0.0
Central Services	66.0	0.0	63.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance & Business Operations	0.0	0.0	0.0	0.0	58.0	2.0 <sup>(2)</sup>	58.0	2.0	52.0	1.0
<b>Total</b>	<b>222.5</b>	<b>2.0</b>	<b>213.1</b>	<b>6.0</b>	<b>135.3</b>	<b>3.0</b>	<b>135.3</b>	<b>3.0</b>	<b>134.3</b>	<b>1.0</b>

(1) In FY 2009-10 the previously named Development and Economic Development Departments were merged into the Urban Development Department.

(2) In FY 2010-11 the Housing function was transferred to the Portland Housing Bureau, the Central Service Department was renamed Finance & Business Operations, and the former Executive Department was split into the Government Relations & Public Affairs, Strategy & Operations, Business & Social Equity, and Legal Departments.

**Urban Renewal District Land Area and Base Values  
As of June 30, 2013**

District	Acres	Base Value
42nd Avenue <sup>(1)</sup>	136.2	\$ 81,011,867
82nd Avenue and Division <sup>(1)</sup>	108.8	81,523,638
Airport Way	1,841.4	124,710,301
Central Eastside	692.3	224,626,739
Cully Blvd <sup>(1)</sup>	164.6	81,000,273
Division-Midway <sup>(1)</sup>	115.9	80,201,117
Downtown Waterfront	233.1	55,674,313
Education District <sup>(1)</sup>	144.0	620,993,235
Gateway Regional Center	658.5	307,174,681
Interstate Corridor	3,990.0	1,051,408,349
Lents Town Center	2,846.3	736,224,033
North Macadam	401.9	192,609,397
Oregon Convention Center	410.0	248,951,143
Parkrose <sup>(1)</sup>	142.6	80,493,774
River District	351.2	461,577,974
Rosewood <sup>(1)</sup>	135.6	78,774,383
South Park Blocks <sup>(2)</sup>	97.9	376,066,574
Willamette Industrial	755.5	481,443,135
<b>Total URA Land Data</b>	<b>13,225.8</b>	<b>\$ 5,364,464,926.00</b>
Total City Land Data	92,841	42,375,411,465
	14.2%	12.7%

(1) For newly created urban renewal areas, frozen base reflects the value from FY11/12 and could be adjusted to include additional utility and personal property values.

(2) Amendments occurred in FY11/12 and revised base values will not be reflected until FY13/14

**PDC** | PORTLAND  
DEVELOPMENT  
COMMISSION  
[www.pdc.us](http://www.pdc.us)

# Audit Comments and Disclosures\_\_\_\_\_

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DEVELOPMENT  
COMMISSION  
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**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners, Portland Development Commission  
 Portland Development Commission, Portland Oregon  
 (A Component Unit of the City of Portland)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparison statements on pages 25 through 26 of the Portland Development Commission (a Component Unit of the City of Portland, Oregon) (the "Commission") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 15, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**MOSS-ADAMS<sub>LLP</sub>****Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss Adams, LLP*

Eugene, Oregon  
November 15, 2013

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH OREGON MINIMUM AUDITING STANDARDS**

Board of Commissioners, Portland Development Commission  
Portland Development Commission, Portland Oregon  
(A Component Unit of the City of Portland)

We have audited the basic financial statements of the Portland Development Commission (a Component Unit of the City of Portland Oregon) (the Commission), as of and for the year ended June 30, 2013, and have issued our report thereon dated November 15, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

### **Compliance**

As part of obtaining reasonable assurance about whether the Commission's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2013 and 2014.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.



However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance.

### **Internal Control Over Financial Reporting**

Management of the Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies, as defined previously.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James C. Lanzarotta, Partner  
for Moss Adams LLP  
Eugene, Oregon  
November 15, 2013



222 NW FIFTH AVENUE • PORTLAND, OR 97209

**MOSS-ADAMS** LLP  
Certified Public Accountants | Business Consultants

To the Audit Committee of the  
Portland Development Commission, Portland Oregon  
(A Component Unit of the City of Portland), and  
LaVonne Griffin-Valade, Auditor, City of Portland

We have audited the financial statements of the Portland Development Commission (a Component Unit of the City of Portland, Oregon) (the “Commission”) as of and for the year ended June 30, 2013, and have issued our report thereon dated November 15, 2013. Professional standards require that we provide you with the following information related to our audit.

**OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA**

As stated in our engagement letter dated May 9, 2012, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control over financial reporting. Accordingly, we considered the Commission’s internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



## **OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS**

Our responsibility for other information in the financial statements does not extend beyond the financial information identified in our report. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. However, we have read the information and nothing came to our attention that caused us to believe that such information or its manner of presentation is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

## **PLANNED SCOPE AND TIMING OF THE AUDIT**

We performed the audit according to the planned scope and timing previously communicated to you in our planning meeting held with you June 19, 2013.

## **SIGNIFICANT AUDIT FINDINGS AND ISSUES**

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. There were no changes in the application of existing policies during 2013 except for the following. As described in Note 1.11 to the financial statements, the Commission implemented several new accounting standards of the Governmental Accounting Standards Board (GASB), including the removal of the effect of present value calculations on the loans receivable portfolio. The implementation of this standard resulted in an increase in the reported value of loans receivable and net assets by \$9,539,388.

We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

## MOSS ADAMS<sub>LLP</sub>

### **Significant Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The determination of the allowance for discounts and uncollectible loans and other receivables,
- Useful lives of property and equipment,
- Claims liability,
- Employee benefit plan accruals,
- Overhead allocations, and
- Pollution remediation costs.

Based upon our audit procedures, we concur with the significant estimates and assumptions made by management in the preparation of the financial statements.

### **Financial Statement Disclosures**

The disclosures in the financial statements are consistent, clear and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Loans receivable and the related allowances,
- Properties held for sale,
- Employee pension plan disclosures,
- Contingent liabilities, and
- Environmental risk.

### **Significant Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

## MOSS ADAMS<sub>LLP</sub>

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements as a whole.

There was one uncorrected misstatement relating to the accrual of employee health insurance benefits for the month of July, 2013, in error resulting in the overstatement of accrued liabilities, and the understatement of net assets/fund balance by approximately \$160,000. Management determined that the error was not material to the financial statements, and we concur with that assessment.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated November 15, 2013.

### **Management Consultation with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

## MOSS ADAMS<sub>LLP</sub>

### **Other Significant Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the audit committee and management of the Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Moss Adams, LLP*

Eugene, Oregon  
November 15, 2013

**AUDIT COMMITTEE OF THE  
PORTLAND DEVELOPMENT COMMISSION**

Portland, Oregon

**RESOLUTION NO. 7036**

**EXHIBIT C**

**ACCEPTING AND APPROVING COMPREHENSIVE ANNUAL FINANCIAL  
REPORT FOR FISCAL YEAR 2012-2013 AS REQUIRED BY OREGON  
REVISED STATUTE 297.425, PORTLAND CITY CHARTER CHAPTER 15-  
104, AND PDC RESOLUTION NO. 6112**

Exhibit A includes this cover page and contains 3 pages:

- Portland Development Commission Letter to Ms. LaVonne Griffin-Valade, Office of City Auditor, and Mr. James Lanzarotta, Moss Adams, LLC, dated December 16, 2013





PORTLAND  
DEVELOPMENT  
COMMISSION  
[www.pdc.us](http://www.pdc.us)

**J. Scott Andrews**  
Commission Chair

December 16, 2013

**Aneshka Dickson**  
Commissioner

Ms. LaVonne Griffin-Valade  
Office of City Auditor  
Audit Service Division  
1221 S.W. 4<sup>th</sup> Avenue, Room 310  
Portland, OR 97204

**John C. Mohlis**  
Commissioner

**Steven Straus**  
Commissioner

**Charles A. Wilhoite**  
Commissioner

Mr. James Lanzarotta  
Moss Adams, LLC  
975 Oak Street, Suite 500  
Eugene, OR 97401

**Charlie Hales**  
Mayor

**Patrick Quinton**  
Executive Director

Dear Ms. Griffin-Valade and Mr. Lanzarotta:

This letter details management's responses to the internal operations area identified in the Moss Adams Management Letter for the Portland Development Commission's ("PDC") Fiscal Year 2012-13 Audit. A resolution to accept and approve the Fiscal Year 2012-13 Comprehensive Annual Financial Report and the responses noted below is scheduled for the January 9, 2014 Board meeting.

The Moss Adams comment recapped below is included under "Corrected and Uncorrected Misstatements" on page four of the SAS 114 Report to Management:

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements as a whole.

There was one uncorrected misstatement relating to the accrual of employee health insurance benefits for the month of July, 2013, an error resulting in the overstatement of accrued liabilities, and the understatement of net assets/fund balance by approximately \$160,000. Management determined that the error was not material to the financial statements, and we concur with that assessment.

*Management Response:* The uncorrected misstatement refers to the disbursement of accrued employee health insurance premiums posted to the month of June. Management asserts that the uncorrected misstatement is immaterial with regard to the financial statements. Management will continue to review the year-end posting of disbursements to insure the accurate reporting of accrued liabilities.

222 NW Fifth Avenue  
Portland, OR  
97209-3859

503-823-3200 Main  
503-823-3368 Fax  
503-823-3366 TTY

Ms. LaVonne Griffin-Valade & Mr. James Lanzarotta

PDC Management Responses

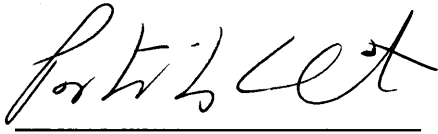
December 16, 2013

Page 2 of 2

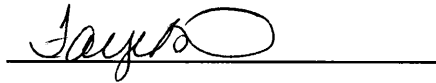
**Conclusion**

In closing, the comments and suggestions provided by the external auditor each year are highly appreciated by management. We continue to find value in this feedback and will endeavor to implement appropriate policies and procedures in response. Finally, we welcome additional feedback and guidance from the PDC Audit Committee on these and other issues.

Respectfully submitted,



Patrick Quinton  
Executive Director



Faye Brown  
Chief Financial Officer

C:  
Drummond Kahn, Director Audit Services Division, City of Portland  
Catherine Kaminski, Accounting Manager, PDC

crk

**RESOLUTION NO. 7036**

**RESOLUTION TITLE:**

ACCEPTING AND APPROVING COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2012-2013 AS REQUIRED BY OREGON REVISED STATUTE 297.425, PORTLAND CITY CHARTER CHAPTER 15-104, AND PDC RESOLUTION NO. 6112


Adopted by the Portland Development Commission on January 9, 2014

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Scott Andrews	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Commissioner Aneshka Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Tom Kelly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner John Mohlis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Commissioner Charles Wilhoite	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Regular Agenda		

**CERTIFICATION**

**The undersigned hereby certifies that:**

*The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Portland Development Commission and as duly recorded in the official minutes of the meeting.*

	<b>Date:</b>  January 10, 2014
<b>Gina Wiedrick, Recording Secretary</b>	