

**AUDIT COMMITTEE OF THE
PORTLAND DEVELOPMENT COMMISSION**

Portland, Oregon

RESOLUTION NO. 7226

**ACCEPTING AND APPROVING THE COMPREHENSIVE ANNUAL
FINANCIAL REPORT FOR FISCAL YEAR 2015-2016 AND ACCEPTING THE
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

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, the Portland City Charter Chapter 15-104 requires that Portland Development Commission (“PDC”) 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 PDC Board of Commissioners (“Board”) through Resolution No. 6112 delegated authority to the PDC Audit Committee (“PDC Audit Committee”) to, among other things, “review and comment on management’s response to audit findings and recommendations, and provide the PDC Board with recommendations on addressing issues identified by the auditor and/or management;”

WHEREAS, Moss Adams, LLP (“Moss Adams”) has been contracted with by the City of Portland to conduct an annual comprehensive independent audit of all funds and accounts of PDC for the fiscal year (“FY”) 2015-16;

WHEREAS, based upon the independent audit, Moss Adams has audited PDC’s Comprehensive Annual Financial Report (CAFR) for the FY ended June 30, 2016, attached hereto as Exhibit A (the “FY 2015-16 CAFR”), and prepared a communication to those charged with governance for FY 2015-16, attached hereto as Exhibit B (the “Moss Adams Communication Letter”).

NOW, THEREFORE, BE IT RESOLVED, that the PDC Board, acting as the PDC Audit Committee, hereby accepts and approves the Fiscal Year 2015-16 CAFR (see Exhibit A) on behalf of PDC;

BE IT FURTHER RESOLVED, that the PDC Audit Committee hereby accepts the Moss Adams Communication with Those Charged with Governance (see Exhibit B), and

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon its adoption

Adopted by the Portland Development Commission on January 18, 2017



Pam Micek, Recording Secretary

**AUDIT COMMITTEE OF THE
PORTLAND DEVELOPMENT COMMISSION**

Portland, Oregon

RESOLUTION NO. 7226

EXHIBIT A

**ACCEPTING AND APPROVING THE COMPREHENSIVE ANNUAL
FINANCIAL REPORT FOR FISCAL YEAR 2015-2016 AND ACCEPTING THE
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

Exhibit A includes this cover page and contains 152 pages:

- Portland Development Commission Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016



PORTLAND DEVELOPMENT COMMISSION Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2016

A Component Unit of the City of Portland, Oregon

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ON THE COVER:

The November 2015 opening of the Society Hotel on the corner of NW 3rd and Davis marked yet another milestone in the vision for Old Town/Chinatown as a safe, vibrant, economically healthy neighborhood. The project owners behind the revival of the long-dormant Mariners building, built in 1881 as a boarding house for sailors, have attracted a new mix of travelers to enjoy the ground floor café, spectacular views from the rooftop deck, and an eclectic mix of rooms from bunk-style to king-size comforts. With the help of a \$678,000 loan from the Portland Development Commission, the project partners took on an extensive, \$4 million-plus renovation project that transformed the building into the Society Hotel.

PORTLAND DEVELOPMENT COMMISSION

A Component Unit of the City of Portland, Oregon

Comprehensive Annual Financial Report

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

Kimberly Branam, Executive Director
Faye Brown, Chief Financial Officer

For the fiscal year ended June 30, 2016

About PDC



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

PDC creates economic growth and opportunity for Portland.

PDC's Vision

Portland is one of the most globally competitive, equitable, and healthy 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.

Table of Contents

	Page
INTRODUCTORY SECTION	
Letter of Transmittal from Executive Director and Chief Financial Officer	I-V
Governing Board	VI
Organization Chart	VII
Map of Urban Renewal Areas	VIII
Certificate of Achievement for Excellence in Financial Reporting.....	IX
 FINANCIAL SECTION	
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	25
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund (adopted as Urban Redevelopment Fund).....	26
Housing and Community Development Contract Fund.....	27
Statement of Net Position – Proprietary Funds.....	28
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	29
Statement of Cash Flows – Proprietary Funds.....	30
Notes to the Basic Financial Statements:	
I. Summary of Significant Accounting Policies.....	31
II. Stewardship, Compliance, and Accountability	39

Table of Contents (continued)

	Page
FINANCIAL SECTION, Continued:	
Basic Financial Statements, Continued:	
III. Detailed Notes on All Funds:	
A. Cash and Cash Equivalents and Cash with City of Portland Investment Pool	40
B. Internal Balances and Transfers	45
C. Loans Receivable	46
D. Restricted Net Position	49
E. Property Held for Sale.....	50
F. Capital Assets	50
G. Operating Leases.....	51
H. Changes in Long-Term Liabilities	52
I. Amounts Due To and From the City of Portland.....	52
J. Revenue.....	53
IV. Other Information:	
A. Pension Plan	53
B. Other Postemployment Benefits	65
C. Commitments	67
D. PDC's Use of the City of Portland's Conduit Debt	68
E. Contingencies	69
F. Risk Management	70
G. Related Party Transactions.....	72
H. Reviews by Grantor Agencies.....	73
I. Subsequent Events.....	73
Required Supplementary Information	
Other Postemployment Healthcare Benefits Schedule of Fund Progress	75
Schedule of Proportionate Share of the Net Pension Liability (Asset).....	76
Schedule of Contributions to Oregon Public Retirement System	77
 SUPPLEMENTARY DATA (Combining Statements and Schedules, Budgetary Schedules, and Schedules of Capital Assets Used in the Operation of Governmental Funds):	
Combining Balance Sheet – Nonmajor Governmental Funds	79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	80
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	82
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Other Federal Grants Fund.....	83
Ambassador Program Fund.....	84
Enterprise Zone Fund	85
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds	88

Table of Contents (continued)

	Page
FINANCIAL SECTION, Continued:	
SUPPLEMENTARY DATA, Continued:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Neighborhood Prosperity Initiative Urban Renewal Fund	90
Downtown Waterfront Urban Renewal Fund	91
North Macadam Urban Renewal Fund	92
River District Urban Renewal Fund	93
South Park Blocks Urban Renewal Fund	94
Convention Center Urban Renewal Fund	95
Central Eastside Urban Renewal Fund	96
Lents Town Center Urban Renewal Fund	97
Interstate Corridor Urban Renewal Fund	98
Gateway Regional Center Urban Renewal Fund	99
Airport Way Urban Renewal Fund	100
Willamette Industrial Urban Renewal Fund	101
Education District Urban Renewal Fund	102
Combining Statement of Net Position, Proprietary Funds	104
Combining Statement of Revenues, Expenses, and Changes in Net Position, Proprietary Funds	105
Combining Statement of Cash Flows	106
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Enterprise Loans Fund	107
Combining Schedule of Net Position – for Components of the Enterprise Loans Fund	108
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position – for Components of the Enterprise Loans Fund	109
Schedule of Revenues, Expenses, and Changes in Fund Balance – Budget and Actual:	
Enterprise Management Fund	110
Business Management Fund	111
Risk Management Fund	112
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source	114
Schedule of Changes by Function and Activity	115
Schedule by Function and Activity	116
Schedule of Activity of Real Property Held by the Commission	117
 STATISTICAL SECTION	
Net Position by Component for the Last Ten Fiscal Years	120
Changes in Net Position for the Last Ten Fiscal Years	121
Fund Balances of Governmental Funds for the Last Ten Fiscal Years	122
Changes in Fund Balances of Governmental Funds for the Last Ten Fiscal Years	123
General Government Revenues for the Last Ten Fiscal Years	124
General Government Expenditures for the Last Ten Fiscal Years	125
Urban Renewal Area Consolidated Tax Rates for the Last Ten Fiscal Years	126

Table of Contents (continued)

	Page
STATISTICAL SECTION, Continued:	
Urban Renewal and Redevelopment Bonds – Future Bond Principal Requirements	128
Urban Renewal and Redevelopment Bonds – Future Bond Interest Requirements	130
Urban Renewal Indebtedness Summary	132
Urban Renewal Property Values, Tax Increment, and Projected Demographics – Last Ten Years or Since Inception:	
Downtown Waterfront Urban Renewal Fund	133
North Macadam Urban Renewal Fund	134
River District Urban Renewal Fund	135
South Park Blocks Urban Renewal Fund	136
Convention Center Urban Renewal Fund	137
Central Eastside Urban Renewal Fund	138
Lents Town Center Urban Renewal Fund	139
Interstate Corridor Urban Renewal Fund	140
Gateway Regional Center Urban Renewal Fund	141
Airport Way Urban Renewal Fund	142
Willamette Industrial Urban Renewal Fund	143
Neighborhood Prosperity Initiative Urban Renewal Fund	144
Financial Assistance Activity for the Last Ten Fiscal Years	145
Total Personal Income, Per Capita Income, Population Trends, and Unemployment Rates	146
Organizational Chart with Detail	147
Miscellaneous Statistics - June 30, 2016	148

AUDIT COMMENTS & DISCLOSURES

Report on Internal Control Over Financial Reporting and on Compliance and Other matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	149
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon Minimum Standards	151

Introductory Section_____

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Tom Kelly
Chair

Gustavo J. Cruz, Jr.
Commissioner

Mark Edlen
Commissioner

**Alisha Moreland-
Capuia**
Commissioner

William Myers
Commissioner

Charlie Hales
Mayor

Kimberly Branam
Executive Director

November 8, 2016

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

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, 2016. 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 2015-16 financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that PDC's financial statements for the fiscal year ended June 30, 2016, 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.

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.

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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 eighteen 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 July 2015 the PDC Board of Commissioners ("Board") approved three agreements, including a Predevelopment Loan, with WDA 91st and Foster Development LLC for the purpose of development of the Property into a mixed-use, mixed-income apartment project that will reinvigorate the Lents Town Center. An integral part of that agreement was the eventual transfer of the completed project to PDC 10 years after construction. After working together to advance the project this past year, it was agreed that the project transfer to PDC would occur prior to construction and that PDC would complete and manage the project under the ownership of a limited liability corporation. As a result on June 8th the Board approved the creation 9101 Foster LLC, a limited liability corporation for the sole purpose of completing and managing the project.

PDC's business is conducted at monthly public meetings and all activities are guided by the strategic plan and 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 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 service.

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 service, 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, Kroger, 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 18 percent of local jobs.

Oregon's economic expansion continues marking almost 50 consecutive months of job growth. Since 2012, employers have added more than 200,000 jobs, an average gain of 4,200 jobs per month and currently the fastest job growth in the nation at 3.3%. The Portland Metro Labor Trends published by the State of Oregon Employment Department reports a slightly lower year over year job growth of 2.9% or 31,700 jobs. Job growth in the metro area shows continued growth in every major sector with year over year growth percentages ranging from 0.9% in Financial Activities to 3.7% in Leisure and Hospitality. The Portland metropolitan area ended June 2016 with 5.0% unemployment, slightly higher than the national level of 4.9% and the State of Oregon's rate of 4.8%, while remaining low all are beginning to show slight increases over the last few months.

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 10.9 percent of the City of Portland's total overall assessed value and 13.1 percent of overall acreage for the City. Each of the 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 in the adopted budget for the fiscal year ending in June 2017.

Overall, PDC has budgeted approximately \$52.5 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 \$20.4 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 \$75.1 million for housing programs as part of the Affordable Housing Set Aside Policy, implemented through an intergovernmental agreement with the Portland Housing Bureau and incorporating amendments adopted by City Council that dedicates 45% of all new TIF Debt Proceeds to affordable housing. 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 property redevelopment with on-going redevelopment of the Centennial Mills site, the upgrade of the 10th & Yamhill Parking Garage, and other general commercial real estate lending (\$22.6 million in total). Housing projects of \$21.1 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 (\$1.4 million) and district transportation (\$2.5 million).

In the Oregon Convention Center URA budget has been allocated to redevelopment strategy primarily \$5.0 million for the Rose Quarter Master Plan and \$2.0 in Property Redevelopment for the continued management of the Inn at the Convention Center. Housing projects funded through the Portland Housing Bureau (PHB) total \$4.1 million for affordable housing.

In the Interstate Corridor URA, the highest profile projects will be for affordable housing, \$17.7 million, through PHB; \$4.4 million for property redevelopment; and \$2.8 million in infrastructure projects such as street improvements and parks.

Approximately \$17.3 million is budgeted in the Lents Town Center URA for property redevelopment. Other initiatives in this area include \$12.0 million in housing through PHB and \$3.1 million in parks and transportation.

In the Enterprise Funds, the Business Management fund has budgeted \$98.2 million for the U.S.Post Office site acquisition and the construction of the Convention Center Garage.


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, 2015. PDC has received a Certificate of Achievement for the last 28 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, 2016 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 Sam Brugato, Yana Eysmont, Catherine Kaminski, Marivic Tupaz, 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,



Kimberly Branam, Executive Director



Faye Brown, Chief Financial Officer

Portland Development Commission

A Component Unit of the City of Portland, Oregon



(from left to right, Gustavo J. Cruz Jr., William Myers, Tom Kelly-Chairman, Kimberly Branam-Executive Director, Alisha Moreland-Capuia, Mark Edlen)

Governing Board

(As of October 25, 2016)

Term Expires

Tom Kelly, Chair
President

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July 9, 2017

Mark Edlen

Chief Executive Officer
Gerding Edlen
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July 9, 2017

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June 30, 2018

William Myers

Executive Secretary Treasurer
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June 30, 2018

Alisha Moreland-Capuia, M.D.

*Executive Director, Avel Gordly Center for Healing
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June 30, 2019

Registered Agent

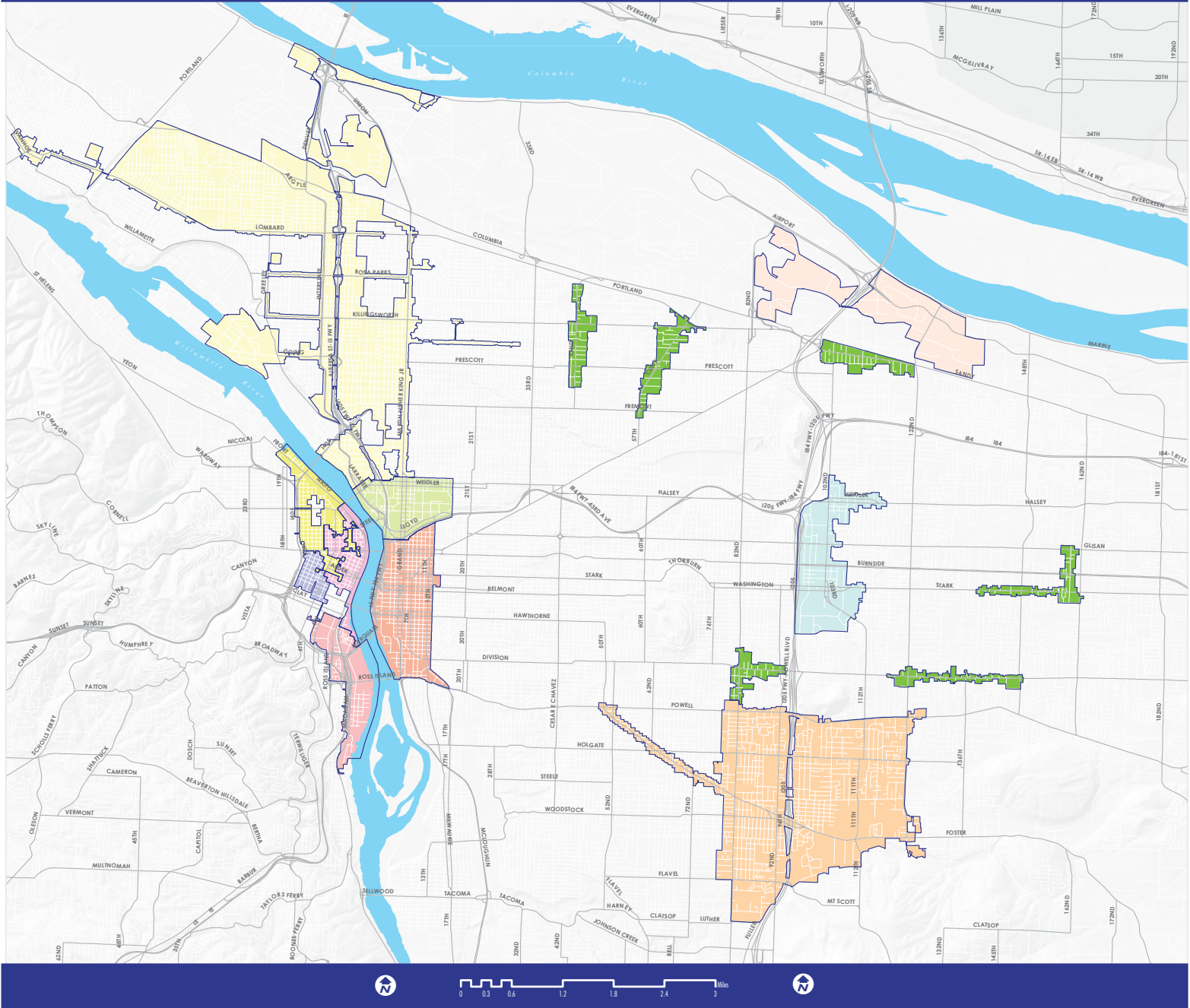
None

VI

Portland Development Commission

Organizational Chart





Total Acres in Urban Renewal Plan Areas: 11,397

Total Acres in the City of Portland: 92,773

URAs as a Percentage of City Acreage: 12.3%

Urban Renewal Areas

- Airport Way URA
 - Central Eastside URA
 - Downtown Waterfront URA
 - Gateway Regional Center URA
- Interstate Corridor URA
 - Lents Town Center URA
 - Neighborhood Prosperity Initiative Areas
 - North Macadam URA
- Oregon Convention Center URA
 - River District URA
 - South Park Blocks



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, 2015

Executive Director/CEO

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Financial
Section_____

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REPORT OF INDEPENDENT AUDITORS

The 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 comparisons for the general and housing and community development contract funds 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, 2016, 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 entity'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.

MOSS ADAMS_{LLP}

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 comparisons for the general and housing and community development contract funds of the Commission as of June 30, 2016, 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, the post-employment benefit information and the pension contribution information on pages 4 through 16 and 75 through 77, 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. 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 Supplementary Data as listed in the table of contents which includes the combining and individual fund statements and schedules 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 combined and individual fund statements, and schedules presented as Supplementary Data, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

MOSS ADAMS_{LLP}

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 section and statistical information has 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 7, 2016 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 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 report dated November 7, 2016 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.



For Moss Adams LLP
Eugene, Oregon
November 7, 2016

PDC | PORTLAND
DEVELOPMENT
COMMISSION
www.pdc.us

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, 2016. 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, 2016 by \$400,887,023 (net position). Of this amount, \$8,701,028 represents unrestricted net position, which PDC may use to meet its ongoing obligations to citizens and creditors.
- PDC's total net position increased by \$65,273,771 (19.5%) when compared to the financial statements at June 30, 2015. The increase in net position is attributable to an increase in current and other assets the result of an increase in total revenues such as program revenues due to a return of advance funds from Multnomah County and in part by a negotiated settlement on the final payment of Pioneer Square Development Agreement. General revenues also increased due to increases in Tax-increment debt proceeds (in lieu of tax-increment revenue) and line of credit proceeds in preparation of property acquisitions.
- As of June 30, 2016, PDC's governmental funds reported a combined ending fund balance of \$388,436,484, an increase of \$60,086,941 from the prior year.
- 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 \$1,472,560, or approximately 20.6% of total general fund expenditures.
- Gross loans receivable increased from \$62,067,767 to \$64,169,542 commission-wide, or 3.4%. The loan loss allowance increased from \$15,827,135 to \$16,151,394, an increase of 2.0% from the prior year's allowance. These changes resulted in net loans receivable of \$48,018,148, a 3.8% increase over the prior year due to an increase in commercial property redevelopment loans.

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, and 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 17-19 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 18 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; Downtown Waterfront Urban Renewal Fund, North Macadam Urban Renewal Fund, River District Urban Renewal Fund; Convention Center Urban Renewal Fund; Lents Town 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 20-27 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 28-30 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 31-73 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 pages 75-77 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 79-112 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 \$400,907,022 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	
	2016	2015	2016	2015	2016	2015
Assets						
Current and						
Other Assets	\$ 392,732,299	\$ 332,350,008	\$ 12,648,163	\$ 7,356,781	\$ 405,380,462	\$ 339,706,789
Capital Assets	13,371,303	14,279,722	-	-	13,371,303	14,279,722
Total Assets	<u>406,103,602</u>	<u>346,629,730</u>	<u>12,648,163</u>	<u>7,356,781</u>	<u>418,751,765</u>	<u>353,986,511</u>
Deferred Outflow s of Resources	<u>1,030,372</u>	<u>596,226</u>	<u>-</u>	<u>-</u>	<u>1,030,372</u>	<u>596,226</u>
Liabilities						
Current and Other						
Liabilities	5,628,280	5,746,712	197,624	93,072	5,825,904	5,839,784
Long-term Liabilities	12,274,514	9,088,061	-	-	12,274,514	9,088,061
Total Liabilities	<u>17,902,794</u>	<u>14,834,773</u>	<u>197,624</u>	<u>93,072</u>	<u>18,100,418</u>	<u>14,927,845</u>
Deferred Inflow s of Resources	<u>794,696</u>	<u>4,041,640</u>	<u>-</u>	<u>-</u>	<u>794,696</u>	<u>4,041,640</u>
Net Position						
Invested in Capital						
Assets	13,371,303	14,279,722	-	-	13,371,303	14,279,722
Restricted	378,814,692	315,138,288	-	-	378,814,692	315,138,288
Unrestricted	(3,749,511)	(1,068,467)	12,450,539	7,263,709	8,701,028	6,195,242
Total Net Position	<u>\$ 388,436,484</u>	<u>\$ 328,349,543</u>	<u>\$ 12,450,539</u>	<u>\$ 7,263,709</u>	<u>\$ 400,887,023</u>	<u>\$ 335,613,252</u>

Portland Development Commission's Net Position

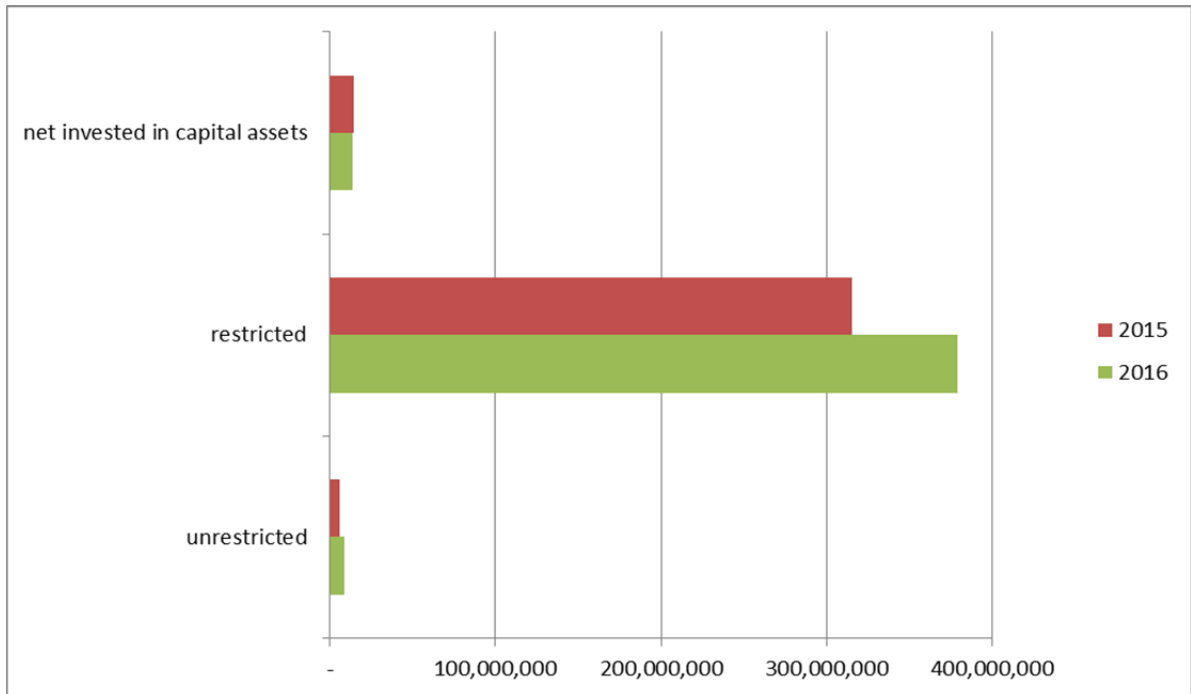
By far the largest portion of PDC's net position, \$378,814,692 or 94.5% represents resources that are subject to external restrictions on how they may be used in governmental activities. Restricted net position is mainly composed of urban renewal funds that are limited to use in the specific urban renewal 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 increased 0.6% from fiscal year ended June 30, 2015.

A small portion of PDC's total net position (\$13,371,303 or 3.3%) 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* (\$8,721,028 or 2.2%) 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 in two of the three categories for the governmental activities, a slight change with the reporting for prior fiscal years.

**Portland Development Commission Net Position
June 30, 2015 and 2016**

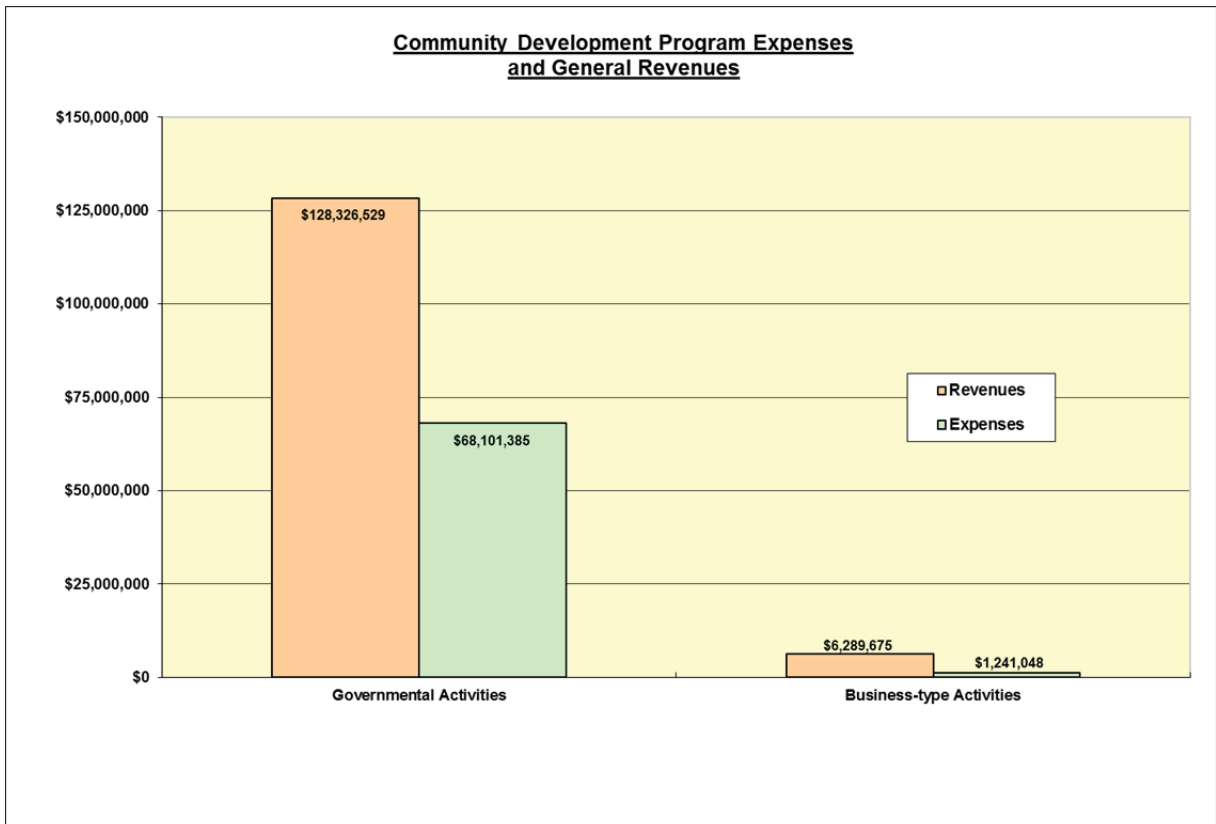


PDC's overall net position increased \$65,293,770 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$60,086,941 from the prior fiscal year for an ending balance of \$388,436,484. This increase is due primarily to increase in total revenues of \$40,488,683 or 46.1%, only miscellaneous revenues experienced a decrease, \$12,450,626 or 71.5%. Meanwhile program revenues increased \$24,474,364 or 162.0% in part due to the return of advance funding of \$9,323,009 for the Multnomah County courthouse which will no longer be located in the Downtown Waterfront Urban Renewal Area and in part by the negotiated settlement of the final payment on the development of Pioneer Square by GGP (\$7,400,000). General revenues increased by \$16,014,319 or 22.0%, the result of an increase in Tax-increment Debt Proceeds (in lieu of tax-increment revenue) of \$27,829,092 which also includes such revenues as Line of Credit proceeds (\$15,490,566) backed by TIF proceeds for the US Post Office property acquisition and (\$6,878,755) backed by City General Fund for expenditures related to the Centennial Mills project.

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 23,012,140	\$ 5,957,476	\$ 5,127,964	\$ 1,427,679	\$ 28,140,104	\$ 7,385,155
Operating Grants and Contributions	16,566,699	9,146,999	871,000	-	17,437,699	9,146,999
General Revenues:						
Tax-increment Debt Proceeds (in lieu of tax-increment revenue)	82,062,888	54,233,796	-	-	82,062,888	54,233,796
Unrestricted Investment Income	1,711,929	1,076,076	102,954	36,527	1,814,883	1,112,603
Miscellaneous	4,972,873	17,423,499	187,757	-	5,160,630	17,423,499
Total Revenues	128,326,529	87,837,846	6,289,675	1,464,206	134,616,204	89,302,052
Expenses:						
Community Development	68,101,385	68,554,896	-	-	68,101,385	68,554,896
Enterprise Funds	-	-	1,241,048	1,569,299	1,241,048	1,569,299
Total Expenses	68,101,385	68,554,896	1,241,048	1,569,299	69,342,433	70,124,195
Increase (Decrease) in Net Position Before Transfers	60,225,144	19,282,950	5,048,627	(105,093)	65,273,771	19,177,857
Transfers	(138,203)	(79,621)	138,203	79,621	-	-
Increase (Decrease) in Net Position	60,086,941	19,203,329	5,186,830	(25,472)	65,273,771	19,177,857
Beginning Net Position	328,349,543	313,028,471	7,263,709	7,289,181	335,613,252	320,317,652
Ending Net Position	\$ 388,436,484	\$ 328,349,543	\$ 12,450,539	\$ 7,263,709	\$ 400,887,023	\$ 335,613,252



Business-type Activities. For PDC's business-type activities, the results for the current fiscal year were an increase in the overall net position for an ending balance of \$12,450,539. The total increase in net position for business-type activities was \$5,186,830 or 71.4% from the prior year, most notably in program revenue due in part to a portion of the negotiated settlement of the final payment on the development of Pioneer Square by GGP (\$3,962,500), an advance on the line of credit in preparation for planned property acquisition in the Business Management Fund, and by the advance funding from the City of Portland to establish the NPI Opportunity Loan Fund.

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

<u>Expenses</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
Personal services	\$ 44,521	\$ 14,100	\$ 30,421
Professional services	1,155,631	1,102,833	52,798
Loan document costs	-	20,480	(20,480)
Financial assistance	17,146	118,483	(101,337)
Loan loss provision	-	936	(936)
Internal Service Reimbursements	-	56,770	(56,770)
Miscellaneous Expenses	23,750	255,697	(231,947)
Totals	\$ 1,241,048	\$ 1,569,299	\$ (328,251)

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 increased \$2,101,775 or 3.4% due to the funding of several significant development loans. The Loan Loss Allowance increased by 2.0% or \$324,259. The percent change in the loan allowance compared to the change in the Gross Loans Receivables is indicative of loan types carrying extended terms. The smaller, current portion of the net portfolio decreased 60.9% while the non-current portion increased by 8.4%, a reflection of the extended terms associated with the commercial property redevelopment loans made this past year.

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

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Gross Loans Receivable	\$ 64,169,542	\$ 62,067,767	\$ 2,101,775	3.4%
Allowance	(16,151,394)	(15,827,135)	(324,259)	2.0%
Total Net	\$ 48,018,148	\$ 46,240,632	\$ 1,777,516	3.8%
Current Portion	\$ 1,179,245	\$ 3,017,105	\$ (1,837,860)	-60.9%
Non-Current Portion	46,838,903	43,223,527	3,615,376	8.4%
Total Net	\$ 48,018,148	\$ 46,240,632	\$ 1,777,516	3.8%

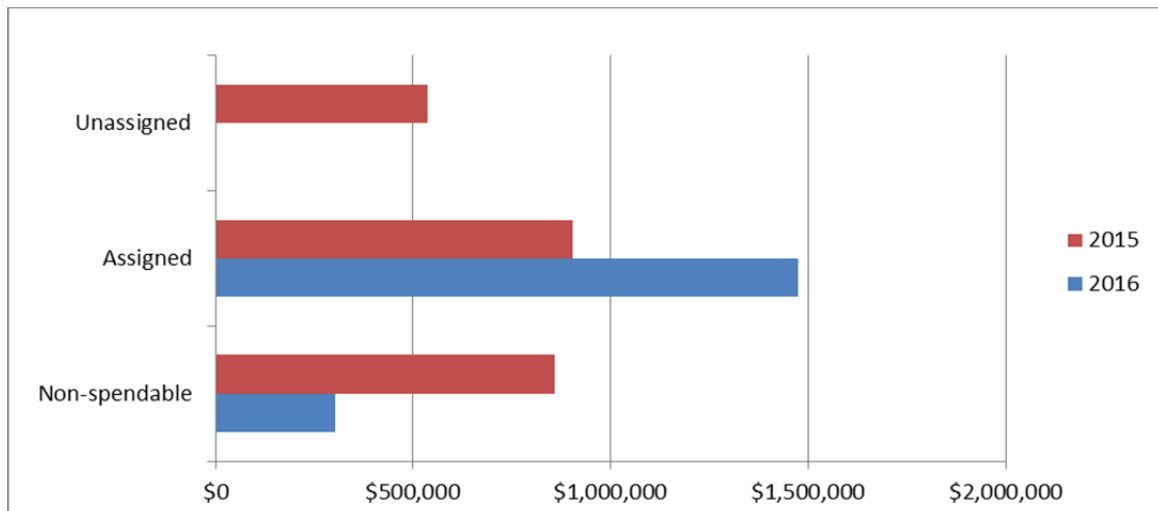
Financial Analysis of Governmental Funds

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, 2016, PDC's governmental funds reported combined fund balances of \$387,256,989, an increase of \$62,555,016 in comparison with the prior year. PDC had no unassigned fund balance 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 (\$302,609), 2) restricted for particular purposes (\$385,481,820), or assigned for particular purposes (\$1,472,560).

**General Fund
Components of Fund Balance
June 30, 2015 and 2016**



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 \$1,775,169. 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 24.9% of total general fund expenditures.

The fund balance of PDC's general fund decreased by \$522,836 during the current fiscal year ended June 30, 2016, part of this change was due to an increase in expenditures for Financial Assistance. Other key factors include:

- Revenues increased by \$958,224 overall, primarily in intergovernmental revenues, \$1,284,052 the result of additional program funding from the City's General Fund and interest on investments, \$4,491. This was offset by decreases in all other revenue categories; charges for services, \$232,640, miscellaneous, \$88,096, loan collections, \$9,583.

- Net expenditures increased by \$682,451. Financial Assistance accounts for the major part of the increase; increasing by \$1,227,995 for technical assistance and economic development grants to emerging businesses along with Capital Outlay, which increased by \$165,179 for system related expenses, that do not meet the capitalization threshold. Community Development decreased by \$710,723 with the areas of professional service contracts, insurance charges, and City overhead charges accounting for the majority of the change.

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 2016 is slightly above the five-year average for the first time since 2012 and that the five-year average decreased by \$644,859 from \$81,276,166 in fiscal year 2015.

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

Year	Amount	Change	%	
2012	\$ 133,787,307			5-Year Average = \$ 80,631,307
2013	73,354,431	-60,432,876	-45%	
2014	59,718,111	-13,636,320	-19%	
2015	54,233,796	-5,484,315	-9%	
2016	82,062,888	27,829,092	51%	
	<u>\$ 403,156,533</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. Further information on urban renewal indebtedness and the current life cycle status can be found on page 132 of the Statistical Section.

The seven other major governmental funds include the Housing and Community Development Contract Fund, Downtown Waterfront Urban Renewal Fund, North Macadam Urban Renewal Fund, River District Urban Renewal Fund, Convention Center Urban Renewal Fund, Lents Town 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>2016</u>	<u>2015</u>	<u>Change</u>
Housing and Community Development Contract Fund	\$ 42	\$ 42	-
Downtown Waterfront Urban Renewal Fund	44,241,433	26,834,372	17,407,061
North Macadam Urban Renewal Fund	20,889,856	15,826,221	5,063,635
River District Urban Renewal Fund	107,042,878	85,782,001	21,260,877
Convention Center Urban Renewal Fund	59,741,473	62,677,994	(2,936,521)
Lents Town Center Urban Renewal Fund	34,148,444	28,676,055	5,472,389
Interstate Corridor Urban Renewal Fund	42,138,320	31,611,991	10,526,329
Total Fund Balances \$	<u>308,202,446</u>	<u>251,408,676</u>	<u>56,793,770</u>

As expected, the Housing and Community Development Contract Fund did not experience a significant change in its fund balance. The Economic Opportunity Initiative grant program administered by PDC on behalf of the City of Portland on a reimbursement basis is the only program remaining in this fund at present.

The Downtown Waterfront Urban Renewal Area reflects an increase in fund balance of \$17,407,061 or 64.9%, the result of an increase in charges for services of \$16,401,959. This is due to the return of advance funding of \$9,323,009 from Multnomah County, advanced for the courthouse, which will no longer be located in the Downtown Waterfront Urban Renewal Area and by the final payment on the development of Pioneer Square by GGP (\$7,400,000).

Fund balance in the North Macadam Urban Renewal Area increased by \$5,063,635 or 32.0% due primarily to an increase of \$3,743,542 or 115.1% in tax-increment debt proceeds (in lieu of tax-increment revenue) along with an increase in charges for services of \$406,173 or 147.4% due to the sale of Transportation System Development Credits.

In the River District Urban Renewal Fund, the \$21,260,877 or 24.8% net increase in fund balance is the result of increases in tax-increment debt proceeds (in lieu of tax-increment revenue) of \$13,991,332 or 65.1% due to line of credit advances for tax-increment debt proceeds (in lieu of tax-increment revenue) for project expenditures (\$15,490,566) in addition to an increase in intergovernmental revenues from a City general fund line of credit advance (\$6,878,755) for project costs directly related to Centennial Mills. These increases were offset by decreases in total expenditures of 31.8% or \$12,042,058. Decreases were reflected in the area of community development of \$5,627,316 or 26.2% primarily for PDC funded housing projects carried out by Portland Housing Bureau and in financial assistance where a decrease of \$13,143,718 or 98.4% can be attributed to assistance for the renovation of the 511 NW Broadway property in last fiscal year. Capital expenditures for urban renewal also increased by 225.8% or \$6,728,976 mainly due to expenditures for work on Centennial Mills.

The Convention Center Urban Renewal Fund experienced a decrease of 4.7% in fund balance, or \$2,936,521, the result of an increase in expenditures for community development of \$2,845,638 or 100.8% during this year.

In the Lents Town Center Urban Renewal Fund, fund balance increased by \$5,472,389 or 19.1% due mostly to an increase in tax-increment debt proceeds (in lieu of tax-increment revenue) of \$999,651 or 11.1%. This was coupled with a decrease in expenditures of \$1,389,073 or 21.9% in capital expenditures, \$1,126,946 or 55.3%, and financial assistance of \$373,857 or 33.9%.

The Interstate Corridor Urban Renewal Fund ended the year with an increase in fund balance of \$10,526,329 or 33.3%. Revenues experienced an overall increase of \$7,623,762 or 63.7% attributable to an increase in tax-increment debt proceeds (in lieu of tax-increment revenue) of \$7,497,066 or 65.2%. Expenditures increased by \$3,677,676 or 68.3% primarily in the area of community development, which experienced an increase of \$1,322,133 or 34.1% and in capital expenditures for urban renewal which increased by \$2,362,045 or 396.2%.

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

The Business Management Fund was established to account for activity related to business and real estate that is not funded by tax increment or other public funding sources. Net position in the Business Management Fund increased by \$4,039,908 or 129.4%. This increase is the result of the non-TIF portion of the final payment on the development of Pioneer Square by GGP (\$3,962,500).

General Fund Budgetary Highlights

Differences between the original budget and final amended budget amounted to a \$278,716 decrease in appropriations. The major differences are summarized as follows:

- Budgeted revenue decreased a net \$369,562 primarily due to decreases in intergovernmental revenues and charges for services
- Budgeted expenditures in the General Fund reflected a decrease of \$111,908 primarily in budgeted contingency.
- Increases in Administrative expenditures budgeted of \$182,958 represent a reallocation of staffing costs.

Differences between the final amended budget and actual revenues and expenditures amounted to a \$1,680,868 decrease over projected amounts. The major differences are summarized as follows:

- Actual revenues decreased \$21,295 primarily due to decreases in intergovernmental revenues and rental income offset by an increase in loan collections.
- Expenditures were lower than budgeted by \$271,240 in the area of administration, the result of decreases in professional services, legal services, and non capital equipment maintenance and by \$85,949 in housing and \$147,352 in economic 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 \$1,189,204 represent resources expected to be carried over to the following fiscal year beginning balance.

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, 2016 capital assets amount to \$13,371,303 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment,

and software. The total decrease in PDC's investment in capital assets for the fiscal year ended June 30, 2016 was \$908,419 or 6.36%.

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

<u>Asset Type</u>	Governmental Activities		
	2016	2015	Change
Land	\$ 7,495,883	\$ 7,495,883	\$ -
Buildings	4,167,285	4,406,752	(239,467)
Equipment	199,710	148,586	51,124
Intangible Software	1,508,425	2,228,501	(720,076)
Total Assets	\$ 13,371,303	\$ 14,279,722	\$ (908,419)

There were no major capital asset transactions during the year. Additional information on PDC's capital assets can be found in note III - F. on page 50 of this report, and in the Supplementary Data on pages 113-118.

Property Held for Sale. Expenditures for acquisition and improvements of real properties intended for sale to appropriate developers, as well as intangible assets such as lease rights, 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, 2016.

**Portland Development Commission's
Real Property Held for Sale
For the Fiscal Year Ended June 30, 2016**

<u>Funding Source</u>	<u>Balance</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance</u>
	<u>July 1, 2015</u>		<u>June 30, 2016</u>	
General Fund	\$ 146,754	\$ -	\$ -	\$ 146,754
Housing and Community Development Contract Fund	251,456	-	-	251,456
Downtown Waterfront Urban Renewal Fund	2,902,768	96,472	(1,827,670)	1,171,570
North Macadam Urban Renewal Fund	6,554,627		(135,395)	6,419,232
River District Urban Renewal Fund	15,520,893	2,102,503	-	17,623,396
Convention Center Urban Renewal Fund	11,683,911	-	-	11,683,911
Lents Town Center	7,537,016	-	-	7,537,016
Interstate Corridor Urban Renewal Fund	6,903,863	719	(387,485)	6,517,097
Other Governmental Funds	17,884,984	(8,113) *	(855,226)	17,021,645
Subtotal Governmental Funds	69,386,272	2,191,581	(3,205,776)	68,372,077
Business Management Fund	-	3,025,892	-	3,025,892
Total Property Held for Sale	\$ 69,386,272	\$ 5,217,473	\$ (3,205,776)	\$ 71,397,969

*Amortization is recorded as a reduction in the value of the asset. This reflects the current year amortization of intangible assets.

In the Downtown Waterfront Urban Renewal Fund, the 820-838 SW Oak-Cossette Site was disposed for \$1,781,170 to be redeveloped as a hotel. Additionally, three of the Old Town Lofts-411 NW Flanders parking spaces were disposed for \$46,500 to tenants.

In the River District Urban Renewal Fund, \$2,076,405 was added to work in process towards the acquisition of the US Post Office site.

Interstate Corridor Urban Renewal Fund, 6931 NE MLK JR Blvd-C & M Motors was disposed for \$387,484 for the redevelopment of a residential construction firm.

Significant real property transactions in the other government funds consist of a portion of the Cascade Station Lease Rights in the Airport Way Urban Renewal Fund that was sold for \$855,223 for the development of a hotel.

In the Business Management Fund, \$3,044,842 was added as work in process towards the acquisition of the US Post Office site.

Additional information on PDC's real property held for sale can be found in note III - E. on page 50 of this report, and in the Supplementary Data on pages 117-118.

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 2016 was 5.0% and 5.3% respectively, and July 2015 was 5.4%. This is down slightly from the rate of 6.2% the previous June. The unemployment rate for the United States as a whole for June 2016 is 4.9%. During the past 12 months, labor force growth rate in the metro area has accelerated to 4.7 percent; this is more than double that rate in 2015 (2.0%) and the fastest pace since the mid-to-late nineties. Meanwhile job growth has slowed to an average 2.7% so far in 2016. The Portland metro area added 31,700 jobs over the past 12 months, with construction continuing to lead as the fastest growing industry, and private education and health services adding the greatest number of jobs.
- The Portland area office vacancy is up slightly to 9.0% during the third quarter with net absorption of 599,080 square feet (sf). Metro-area demand and leasing activity remain strong despite a higher vacancy rate. Currently there is total 1,605,421 sf of office space under construction in the Portland area.
- In the industrial market the average vacancy rate fell to 4.43% at the end of the 1st quarter, 2016 with 386,000 sf absorbed. Projects totaling 2,500,000 sf are currently under construction.
- Inflation continues to be positive but consistently low at 1.01% at the end of the fiscal year and .89% over this time last year on a national level.
- 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, 2017.

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, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,835	\$ -	\$ 5,835
Cash with City of Portland investment pool	266,278,282	11,134,924	277,413,206
Receivables:			
Due from City of Portland	5,540,886	-	5,540,886
Accounts	1,694,833	101,934	1,796,767
Internal balances	2,710,892	(2,710,892)	-
Loans, net	973,609	205,636	1,179,245
Interest	743,776	26,865	770,641
Other	416,285	-	416,285
Prepays	20,725	-	20,725
Property held for sale	68,372,077	3,025,892	71,397,969
Total current assets	346,757,200	11,784,359	358,541,559
Noncurrent assets:			
Loans receivable, net	45,975,099	863,804	46,838,903
Capital assets not being depreciated:			
Land	7,495,883	-	7,495,883
Capital assets net of accumulated depreciation:			
Buildings and improvements	4,167,285	-	4,167,285
Furniture, vehicles and equipment	199,710	-	199,710
Intangible software	1,508,425	-	1,508,425
Total noncurrent assets	59,346,402	863,804	60,210,206
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflow related to pensions	1,030,372	-	1,030,372
Total deferred outflow of resources	1,030,372	-	1,030,372
Total assets and deferred outflow of resources	\$ 407,133,974	\$ 12,648,163	\$ 419,782,137
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,875,853	\$ 18,950	\$ 2,894,803
Accrued liabilities	563,702	-	563,702
Due to City of Portland	1,682,436	175,557	1,857,993
Due to other entities	30,490	-	30,490
Unearned revenue	73,768	3,117	76,885
Long-term liabilities due within one year:			
Pollution remediation	142,884	-	142,884
Replacement parking access	70,508	-	70,508
Vacation accrual	188,639	-	188,639
Total long-term liabilities due within one year	402,031	-	402,031
Total current liabilities	5,628,280	197,624	5,825,904
Noncurrent liabilities:			
Long-term liabilities:			
Net other post-employment benefits obligation	775,614	-	775,614
Net pension obligation	4,139,065	-	4,139,065
Pollution remediation	3,474,911	-	3,474,911
Replacement parking access	147,777	-	147,777
Replacement parking construction	3,355,421	-	3,355,421
Vacation accrual	381,726	-	381,726
Total noncurrent liabilities	12,274,514	-	12,274,514
Total liabilities	17,902,794	197,624	18,100,418
DEFERRED INFLOW OF RESOURCES			
Deferred inflow related to pensions	794,696	-	794,696
Total deferred inflow of resources	794,696	-	794,696
NET POSITION			
Net investment in capital assets	13,371,303	-	13,371,303
Restricted for:			
Urban renewal	373,086,885	-	373,086,885
Other	5,727,807	-	5,727,807
Unrestricted	(3,749,511)	12,450,539	8,701,028
Total net position	388,436,484	12,450,539	400,887,023
Total liabilities and net position	\$ 407,133,974	\$ 12,648,163	\$ 419,782,137

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, 2016**

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
Community development	\$ 68,101,385	\$ 23,012,140	\$ 16,566,699
Business-type activities:			
Enterprise loans	63,104	13,562	871,000
Enterprise management	1,177,944	5,114,402	-
Total	<u>\$ 69,342,433</u>	<u>\$ 28,140,104</u>	<u>\$ 17,437,699</u>

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 position

Net position - July 1, 2015

Net position - June 30, 2016

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

Net Expense and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (28,522,546)	\$ -	\$ (28,522,546)
-	821,458	821,458
-	3,936,458	3,936,458
<u>(28,522,546)</u>	<u>4,757,916</u>	<u>(23,764,630)</u>
82,062,888	-	82,062,888
1,711,929	102,954	1,814,883
4,972,873	187,757	5,160,630
<u>(138,203)</u>	<u>138,203</u>	<u>-</u>
<u>88,609,487</u>	<u>428,914</u>	<u>89,038,401</u>
60,086,941	5,186,830	65,273,771
<u>328,349,543</u>	<u>7,263,709</u>	<u>335,613,252</u>
<u>\$ 388,436,484</u>	<u>\$ 12,450,539</u>	<u>\$ 400,887,023</u>

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Special Revenue Funds	Capital Projects Funds	
		Housing and Community Development Contract Fund	Downtown Waterfront Urban Renewal Fund	North Macadam Urban Renewal Fund
ASSETS				
Cash and cash equivalents	\$ 5,835	\$ -	\$ -	\$ -
Cash with City of Portland investment pool	100,516	8,891	39,602,393	15,037,408
Receivables:				
Due from City of Portland	2,801,120	583,938	-	-
Accounts	39,073	-	965,000	-
Internal balances	-	-	-	-
Loans, net	195,077	-	2,487,966	52,078
Interest	1,757	-	111,104	42,338
Prepays	20,725	-	-	-
Property held for sale	146,754	251,456	1,171,570	6,419,232
Other	-	-	-	1,285
Total Assets	\$ 3,310,857	\$ 844,285	\$ 44,338,033	\$ 21,552,341
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 889,541	\$ 302,787	\$ 87,523	\$ 641,811
Accrued liabilities	557,702	-	-	-
Due to City of Portland	80,011	251,456	1,284	19,674
Due to other entities	8,434	-	5,210	1,000
Internal balances	-	290,000	-	-
Unearned revenues	-	-	2,583	-
Total liabilities	1,535,688	844,243	96,600	662,485
FUND BALANCES				
Non-spendable				
Prepaid expenditures	20,725	-	-	-
Loans receivable	135,130	-	-	-
Property held for sale	146,754	-	-	-
Restricted				
Loans receivable	-	-	2,487,966	52,078
Property held for sale	-	-	1,171,570	6,419,232
Urban renewal	-	-	40,581,897	14,418,546
Contractual obligations	-	42	-	-
Assigned				
Subsequent year's expenditures	1,472,560	-	-	-
Unassigned				
Ending fund balance	-	-	-	-
Total fund balances	1,775,169	42	44,241,433	20,889,856
Total liabilities and fund balances	\$ 3,310,857	\$ 844,285	\$ 44,338,033	\$ 21,552,341

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

Capital Projects Funds (continued)

River District Urban Renewal Fund	Convention Center Urban Renewal Fund	Lents Town Center Urban Renewal Fund	Interstate Corridor Urban Renewal Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,835
70,309,839	38,225,923	22,633,758	26,614,863	53,496,325	266,029,916
1,984,653	-	-	-	171,175	5,540,886
266,232	18,119	18,670	50,739	337,000	1,694,833
3,025,892	-	-	-	-	3,025,892
13,881,155	9,656,634	4,761,659	9,444,711	6,469,428	46,948,708
180,047	109,970	68,638	78,507	150,720	743,081
-	-	-	-	-	20,725
17,623,396	11,683,911	7,537,016	6,517,097	17,021,645	68,372,077
260,000	150,000	-	5,000	-	416,285
<u>\$ 107,531,214</u>	<u>\$ 59,844,557</u>	<u>\$ 35,019,741</u>	<u>\$ 42,710,917</u>	<u>\$ 77,646,293</u>	<u>\$ 392,798,238</u>
\$ 453,815	\$ 10,683	\$ 158,461	\$ 127,194	\$ 204,038	\$ 2,875,853
-	-	-	-	6,000	563,702
27,633	33,641	712,836	424,020	131,881	1,682,436
6,888	-	-	8,958	-	30,490
-	-	-	-	25,000	315,000
-	58,760	-	12,425	-	73,768
<u>488,336</u>	<u>103,084</u>	<u>871,297</u>	<u>572,597</u>	<u>366,919</u>	<u>5,541,249</u>
-	-	-	-	-	20,725
-	-	-	-	-	135,130
-	-	-	-	-	146,754
13,881,155	9,656,634	4,761,659	9,444,711	6,469,428	46,753,631
17,623,396	11,683,911	7,537,016	6,517,097	17,021,645	67,973,867
75,538,327	38,400,928	21,849,769	26,176,512	50,045,739	267,011,718
-	-	-	-	3,742,562	3,742,604
-	-	-	-	-	1,472,560
-	-	-	-	-	-
<u>107,042,878</u>	<u>59,741,473</u>	<u>34,148,444</u>	<u>42,138,320</u>	<u>77,279,374</u>	<u>387,256,989</u>
<u>\$ 107,531,214</u>	<u>\$ 59,844,557</u>	<u>\$ 35,019,741</u>	<u>\$ 42,710,917</u>	<u>\$ 77,646,293</u>	<u>\$ 392,798,238</u>

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2016**

Fund balances - total governmental funds	\$	387,256,989
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		13,371,303
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 reported on the Balance Sheet		(775,614)
Net vacation accrual obligation reported on the Balance Sheet		(570,365)
Pollution remediation liability		(3,617,795)
Replacement parking access		(218,285)
Replacement parking construction		(3,355,421)
Pension		
Deferred outflow		1,030,372
Deferred inflow		(794,696)
Net pension liability		(4,139,065)
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		249,061
Net position of governmental activities	\$	388,436,484

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, 2016**

		<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
	<u>General Fund</u>	<u>Housing and Community Development Contract Fund</u>	<u>Downtown Waterfront Urban Renewal Fund</u>	<u>North Macadam Urban Renewal Fund</u>
REVENUES				
Intergovernmental revenues	\$ 6,569,608	\$ 2,131,893	\$ -	\$ -
Charges for services	115,389	-	16,776,865	681,762
Loan collections	9,006	-	1,163,219	3,158
Interest on investments	12,749	-	262,626	85,720
City of Portland line of credit advance	-	-	-	-
Miscellaneous	47,326	-	992,870	26,462
Tax-increment debt proceeds (in lieu of tax-increment revenue)	-	-	-	6,997,200
Total revenues	<u>6,754,078</u>	<u>2,131,893</u>	<u>19,195,580</u>	<u>7,794,302</u>
EXPENDITURES				
Current:				
Community development	2,151,033	-	951,607	2,011,392
Capital expenditures for urban renewal	-	-	33,961	697,395
Financial assistance	4,581,491	2,131,893	802,951	21,880
Capital Outlay	406,187	-	-	-
Total expenditures	<u>7,138,711</u>	<u>2,131,893</u>	<u>1,788,519</u>	<u>2,730,667</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(384,633)</u>	<u>-</u>	<u>17,407,061</u>	<u>5,063,635</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(138,203)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(138,203)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(522,836)</u>	<u>-</u>	<u>17,407,061</u>	<u>5,063,635</u>
FUND BALANCES - July 1, 2015	<u>2,298,005</u>	<u>42</u>	<u>26,834,372</u>	<u>15,826,221</u>
FUND BALANCES - June 30, 2016	<u>\$ 1,775,169</u>	<u>\$ 42</u>	<u>\$ 44,241,433</u>	<u>\$ 20,889,856</u>

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

Capital Projects Fund (continued)

River District Urban Renewal District	Convention Center Urban Renewal Fund	Lents Town Center Urban Renewal Fund	Interstate Corridor Urban Renewal Fund	Other Governmental Funds	Total Governmental Funds
\$ 593,861	\$ -	\$ -	\$ -	\$ 392,582	\$ 9,687,944
2,426,605	2,169,942	180,644	262,888	398,045	23,012,140
716,053	284,339	92,483	84,089	198,131	2,550,478
390,800	301,274	146,973	152,482	357,444	1,710,068
6,878,755	-	-	-	-	6,878,755
565,840	19,516	23,178	93,328	636,634	2,405,154
<u>35,482,566</u>	<u>-</u>	<u>9,996,000</u>	<u>18,992,400</u>	<u>10,594,722</u>	<u>82,062,888</u>
<u>47,054,480</u>	<u>2,775,071</u>	<u>10,439,278</u>	<u>19,585,187</u>	<u>12,577,558</u>	<u>128,307,427</u>
15,876,275	5,669,972	3,325,134	5,202,682	4,684,648	39,872,743
9,709,161	41,012	912,700	2,958,218	513,146	14,865,593
208,167	608	729,055	897,958	1,095,682	10,469,685
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,187</u>
<u>25,793,603</u>	<u>5,711,592</u>	<u>4,966,889</u>	<u>9,058,858</u>	<u>6,293,476</u>	<u>65,614,208</u>
<u>21,260,877</u>	<u>(2,936,521)</u>	<u>5,472,389</u>	<u>10,526,329</u>	<u>6,284,082</u>	<u>62,693,219</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(138,203)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(138,203)</u>
<u>21,260,877</u>	<u>(2,936,521)</u>	<u>5,472,389</u>	<u>10,526,329</u>	<u>6,284,082</u>	<u>62,555,016</u>
<u>85,782,001</u>	<u>62,677,994</u>	<u>28,676,055</u>	<u>31,611,991</u>	<u>70,995,292</u>	<u>324,701,973</u>
<u>\$ 107,042,878</u>	<u>\$ 59,741,473</u>	<u>\$ 34,148,444</u>	<u>\$ 42,138,320</u>	<u>\$ 77,279,374</u>	<u>\$ 387,256,989</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, 2016**

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

Net change in fund balances - total governmental funds	\$	62,555,016
<p>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.</p>		
Expenditures for capital assets	\$	1,403,613
Revenue for assets sold, donated or adjusted		(123,319)
Less current year depreciation		(491,854)
Loss on sale/disposal of assets net of depreciation		(1,696,859)
		(908,419)
Pension liability		
Current year change in pension liability		(6,160,916)
Current year deferred outflow for expected vs actual experience		240,917
Current year deferred outflow for change in employer position		53,431
Current year deferred outflow for projected vs actual earnings		2,330,812
Current year deferred inflow for contribution vs proportionate share of contribution		(89,698)
Current year amortization of deferred inflow projected vs actual earnings from prior years		975,338
Current year amortization deferred inflow employer contribution and proportionate share from prior years		30,492
Reverse prior year deferred outflow for amount paid to OPERS		(596,226)
Defer amount paid to OPERS for current year		736,024
Current year adjustment for change in net other post-employment benefits obligation payable in the Statement of Net Position		17,241
Current year adjustment for change in vacation accrual		(32,741)
Current year adjustment for change in pollution remediation		940,502
Current year adjustment for parking access		(6,693)
<p>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.</p>		
Interest on investment		1,861
		1,861
Change in net position of governmental activities	\$	60,086,941

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues-				
State and local	\$ 59,117	\$ 559,117	\$ 595,116	\$ 35,999
City of Portland, General Fund	6,857,110	6,066,486	5,974,492	(91,994)
Charges for services-				
Application fees and charges	1,500	1,500	466	(1,034)
Rental income	224,406	124,406	2,270	(122,136)
Contractual service charges	42,839	42,839	76,403	33,564
Loan Collections-				
Principal	106,381	130,431	204,907	74,476
Interest	9,261	6,273	9,006	2,733
Interest on investments	2,000	2,000	12,749	10,749
Miscellaneous:				
Reimbursements	-	-	336	336
Sale of personal property	-	-	3,247	3,247
Other	-	-	32,765	32,765
Total revenues	7,302,614	6,933,052	6,911,757	(21,295)
EXPENDITURES				
Current:				
Community development:				
Housing	169,651	165,183	79,234	85,949
Property redevelopment	266,367	266,367	257,949	8,418
Economic development	7,161,024	6,984,398	6,837,046	147,352
Administration	13,051,066	13,234,024	12,962,784	271,240
Total community development	20,648,108	20,649,972	20,137,013	512,959
Contingency	1,302,976	1,189,204	-	1,189,204
Total expenditures	21,951,084	21,839,176	20,137,013	1,702,163
Excess (deficiency) of revenues over expenditures	(14,648,470)	(14,906,124)	(13,225,256)	1,680,868
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	13,608,290	13,608,290	13,355,092	(253,198)
Transfers in-				
General Fund	-	147,871	-	(147,871)
Total transfers in	-	147,871	-	(147,871)
Internal service reimbursements	(326,209)	(326,209)	(320,540)	5,669
Transfers out:				
General Fund	-	(147,871)	-	147,871
Enterprise Loans Fund	(117,141)	(138,203)	(138,203)	-
Total transfers out	(117,141)	(286,074)	(138,203)	147,871
Total other financing sources (uses)	13,164,940	13,143,878	12,896,349	(247,529)
Net change in fund balance	(1,483,530)	(1,762,246)	(328,907)	1,433,339
FUND BALANCE - July 1, 2015	1,483,530	1,762,246	1,762,245	(1)
FUND BALANCE - June 30, 2016	\$ -	\$ -	1,433,338	\$ 1,433,338
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			195,077	
Property held for sale			146,754	
FUND BALANCE - June 30, 2016 (GAAP BASIS)			\$ 1,775,169	

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues- Housing and Community Development contract	\$ 2,141,841	\$ 2,164,772	\$ 2,131,893	\$ (32,879)
Total revenues	2,141,841	2,164,772	2,131,893	(32,879)
EXPENDITURES				
Current:				
Community development:				
Economic development	2,141,841	2,164,814	2,131,893	32,921
Total community development	2,141,841	2,164,814	2,131,893	32,921
Total expenditures	2,141,841	2,164,814	2,131,893	32,921
Excess (deficiency) of revenues over expenditures	-	(42)	-	42
OTHER FINANCING SOURCES (USES)				
Transfers in-				
Enterprise Loans Fund	-	-	290,000	290,000
Total transfers in	-	-	290,000	290,000
Transfers out:				
Enterprise Loans Fund	-	(190,000)	(190,000)	-
Total transfers out	-	(190,000)	(190,000)	-
Total other financing sources (uses)	-	(190,000)	100,000	290,000
Net change in fund balance	-	(190,042)	100,000	290,042
FUND BALANCE - July 1, 2015	-	190,042	190,042	-
FUND BALANCE - June 30, 2016	\$ -	\$ -	290,042	\$ 290,042
Adjustments to generally accepted accounting principles basis-				
Interfund advances			(290,000)	
FUND BALANCE - June 30, 2016 (GAAP BASIS)			\$ 42	

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, 2016**

	Major Business- type Activities- Enterprise Funds		Nonmajor Enterprise Funds		Total Enterprise Funds		Governmental Activities - Internal Service Fund
	Business Management Fund						
ASSETS							
Current assets:							
Cash with City of Portland investment pool	\$ 7,159,575	\$	3,975,349	\$	11,134,924	\$	248,366
Receivables:							
Accounts	6,200		95,734		101,934		-
Internal balances	-		315,000		315,000		-
Loans, net	-		205,636		205,636		-
Interest	17,780		9,085		26,865		695
Property held for sale	3,025,892		-		3,025,892		-
Total current assets	10,209,447		4,600,804		14,810,251		249,061
Noncurrent assets:							
Loans receivable, net	-		863,804		863,804		-
Total noncurrent assets	-		863,804		863,804		-
Total assets	\$ 10,209,447	\$	5,464,608	\$	15,674,055	\$	249,061
LIABILITIES AND NET POSITION							
Liabilities:							
Current liabilities:							
Accounts payable	\$ 18,950	\$	-	\$	18,950	\$	-
Due to City of Portland	-		175,557		175,557		-
Unearned revenues	3,117		-		3,117		-
Advance from other funds	3,025,892		-		3,025,892		-
Total current liabilities	3,047,959		175,557		3,223,516		-
Total liabilities	3,047,959		175,557		3,223,516		-
NET POSITION							
Restricted for rent abatement	-		5,289,051		5,289,051		221,764
Unrestricted	7,161,488		-		7,161,488		27,297
Total net position	7,161,488		5,289,051		12,450,539		249,061
Total liabilities and net position	\$ 10,209,447	\$	5,464,608	\$	15,674,055	\$	249,061

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, 2016

	Major Business-type Activities-Enterprise Funds			Governmental Activities - Internal Service Fund
	Business Management Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES:				
Intergovernmental revenues	\$ -	\$ 871,000	\$ 871,000	\$ -
Charges for services	4,004,634	1,123,330	5,127,964	-
Interest on loans	-	39,913	39,913	-
Miscellaneous revenues	18,094	169,663	187,757	-
Total operating revenues	<u>4,022,728</u>	<u>2,203,906</u>	<u>6,226,634</u>	<u>-</u>
OPERATING EXPENSES:				
Personal services	2	44,519	44,521	-
Professional services	3,763	1,151,868	1,155,631	-
Financial assistance	-	17,146	17,146	-
Miscellaneous expenses	18,950	4,800	23,750	-
Total operating expenses	<u>22,715</u>	<u>1,218,333</u>	<u>1,241,048</u>	<u>-</u>
Operating income (loss)	<u>4,000,013</u>	<u>985,573</u>	<u>4,985,586</u>	<u>-</u>
NON-OPERATING REVENUES (EXPENSE):				
Interest on investments	39,895	23,146	63,041	1,861
Total non-operating revenues (expense)	<u>39,895</u>	<u>23,146</u>	<u>63,041</u>	<u>1,861</u>
Income before transfers	<u>4,039,908</u>	<u>1,008,719</u>	<u>5,048,627</u>	<u>1,861</u>
Transfers in	-	138,203	138,203	-
Change in net position	<u>4,039,908</u>	<u>1,146,922</u>	<u>5,186,830</u>	<u>1,861</u>
Net position - July 1, 2015	<u>3,121,580</u>	<u>4,142,129</u>	<u>7,263,709</u>	<u>247,200</u>
Net position - June 30, 2016	<u>\$ 7,161,488</u>	<u>\$ 5,289,051</u>	<u>\$ 12,450,539</u>	<u>\$ 249,061</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, 2016

	Major Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Business Management Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:				
Loan collections from borrowers	\$ -	\$ 205,636	\$ 205,636	\$ -
Intergovernmental revenue	-	871,000	871,000	-
Interest on loans from borrowers	-	39,913	39,913	-
Loan fees from customers	-	13,562	13,562	-
Rent income	-	1,109,768	1,109,768	-
Collection of receivables from other entities	-	79,823	79,823	-
Payments to employees	(2)	(8,269)	(8,271)	-
Payments to vendors	92,791	(1,156,668)	(1,063,877)	-
Payments for interfund services used	-	(36,250)	(36,250)	-
Loans to borrowers	-	(451,450)	(451,450)	-
Miscellaneous reimbursements (payments)	4,022,728	164,807	4,187,535	-
Net cash provided by operating activities	<u>4,115,517</u>	<u>831,872</u>	<u>4,947,389</u>	<u>-</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	328,203	328,203	-
Transfers to other funds	-	(315,000)	(315,000)	-
Interfund loan for property acquisition	3,025,892	-	3,025,892	-
Acquisition of property held for sale	(3,025,892)	-	(3,025,892)	-
Net cash provide (used) by capital and related financing activities	<u>-</u>	<u>13,203</u>	<u>13,203</u>	<u>-</u>
Cash flows from investing activities:				
Interest received from investing	28,502	20,651	49,153	1,699
Net increase in cash and cash equivalents	4,144,019	865,726	5,009,745	1,699
Cash and cash equivalents-July 1, 2015	<u>3,015,556</u>	<u>3,109,623</u>	<u>6,125,179</u>	<u>246,667</u>
Cash and cash equivalents-June 30, 2016	<u>\$ 7,159,575</u>	<u>\$ 3,975,349</u>	<u>\$ 11,134,924</u>	<u>\$ 248,366</u>
Cash with City of Portland investment pool	<u>\$ 7,159,575</u>	<u>\$ 3,975,349</u>	<u>\$ 11,134,924</u>	<u>\$ 248,366</u>
Total	<u>\$ 7,159,575</u>	<u>\$ 3,975,349</u>	<u>\$ 11,134,924</u>	<u>\$ 248,366</u>
Reconciliation of operating income to net cash provided/(used) by operating activities:				
Net operating income(loss)	\$ 4,000,013	\$ 985,572	\$ 4,985,585	\$ -
Adjustments to reconcile net operating income to net cash provided/(used) by operating activities:				
Increase in due to City of Portland	-	92,848	92,848	-
Increase in loans receivable	3,117	(233,523)	(230,406)	-
Increase in due from other entities	103,800	(13,025)	90,775	-
Increase in accounts payable	8,587	-	8,587	-
Total adjustments	<u>115,504</u>	<u>(153,700)</u>	<u>(38,196)</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 4,115,517</u>	<u>\$ 831,872</u>	<u>\$ 4,947,389</u>	<u>\$ -</u>

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

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PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements
June 30, 2016

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 economic development 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 business recruitment and retention, job creation, financial assistance for rehabilitation and restoration of property and business development, and for the acquisition of real property for the purpose of removing or preventing blight. 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's Commission took action at the June 8, 2016 board meeting to authorize the creation of a limited liability corporation which will become a component unit of the PDC. There were no financial transactions for this entity in fiscal year 2016.

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.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

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 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):

Downtown Waterfront Urban Renewal Fund – accounts for resources used in redeveloping property for a variety of public and private uses, include: multifamily housing, and redevelopment; improving the 73-acre south Waterfront Project area, including public streets, riverfront, and park improvements.

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.

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.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

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 major proprietary funds:

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.

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

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 \$36,250. 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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

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. 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 service. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the service 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. 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".

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

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 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 as 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 equipment, real property acquisitions, and improvements are stated as capital outlay expenditures in the governmental funds.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

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.

Expenditures incurred for the acquisition and improvement 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.

Asset	Years
Buildings and improvements	50
Leasehold improvements	6
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, related buildings and improvements, as well as intangible assets acquired for the purpose of redevelopment and sale are recognized as assets and stated at the lower of cost (including costs of appraisal, demolition, improvements, 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, 2016 was \$188,639.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

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.

8. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for the *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure/expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Fund Equity and Net Position

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

Net Investment in capital assets. This represents PDC's total investment in 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 long term loans receivable, properties held for sale, and 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 are required to commit or release funds at this level.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Assigned. This represents resources intended for a specific purpose but not meeting the criteria to be classified as committed. The Board of Commissioners established fund balance policy in adopting the implementation of GASB 54 in Resolution No. 6894 and designated the Chief Financial Officer the authority to assign resources and ending fund balance as necessary. 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.

10. 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, 2016, and the reported amounts of revenues, expenditures, and expenses for the year then ended. Actual results could differ from those estimates.

11. New Accounting Pronouncements

GASB Statement No. 75 *Accounting and Financial Report for Postemployment Benefits other Than Pensions* was issued in June 2015. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. PDC will implement this in fiscal year 2018.

GASB Statement No. 77 *Tax Abatement Disclosures* was issued in August 2015. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. PDC will implement this in fiscal year 2017.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Statement No. 80 *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of *Statement No. 14, The Financial Reporting Entity*, as amended. PDC will implement as required.

Statement No. 81 *Irrevocable Split-Interest Agreements* was issued in March 2016 and will effective for fiscal year 2018. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. PDC does not believe this applies to PDC operations.

Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*—was issued in March of 2016 and be effective for fiscal years beginning after June 15, 2016. This pronouncement clarifies required disclosure of payroll-related measures, matters related to the selection of assumptions and the treatment of deviations from the guidance is an Actuarial Standard of Practice and the classification of employer payments made to satisfy employee (plan member) contributions. PDC will implement this in fiscal year 2017 if it applies.

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 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	\$ 6,911,757
Loans receivable revenues	(204,907)
Internal services revenues from business-type funds	36,250
Allowance for loans receivable	10,978
	\$ 6,754,078
Expenditures—budgetary basis	\$ 20,137,013
Internal service reimbursements between governmental funds	(12,998,302)
	\$ 7,138,711

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

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.

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2016, the following funds and programs had expenditures in excess of appropriations:

Fund	Program	Excess
North Macadam Urban Renewal Fund	Property redevelopment	\$ 558,562

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).

The City's investment policy is reviewed annually by the Office of Management and Finance, after consulting with the City's Investment Advisory Committee (IAC). Material changes to the policy require submission to the Oregon Short-Term Fund Board for review. Once completed, it is submitted annually for adoption by City Council.

The City does not invest in any form of derivatives or reverse repurchase agreements and does not leverage its investment portfolio in any manner. The City purchases investments only through designated Primary Government Securities Dealers approved by the Federal Reserve Bank of New York, or broker/dealers approved by the Chief Financial Officer or designee in consultation with the City Treasurer and the IAC.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Fair Value Inputs and Methodologies

The following methods (or “techniques”) and inputs are used to establish the fair value of each asset.

Bond investments are valued on the basis of last available bid prices or current market quotations provided by dealers or pricing services. Floating rate loan interests are valued at the mean of the bid prices from one or more brokers or dealers as obtained from a pricing service. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments and calculated yield measures.

Fair Value Hierarchy

Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market– corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has recorded its investments at fair value, and primarily uses the Market Approach to valuing each security. The City applies fair market value

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

updates to its the securities on a daily basis. Security pricing is provided by the City's trust custodian, and is reported daily to the City by its custodian bank. Assets are categorized by asset type, which is a key component of determining hierarchy levels. Asset types allowable per the City's investment policy generally fall within hierarchy level 1 and 2.

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

Cash on hand	\$	600
Deposits with financial institutions		5,235
Cash with City of Portland investment pool		277,413,206
		\$ 277,419,041

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

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 5,835	\$ -	\$ 5,835
Cash with City of Portland investment pool	266,278,282	11,134,924	277,413,206
	\$ 266,284,117	\$ 11,134,924	\$ 277,419,041

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 Des Moines (FHLB), 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 OST and are held for the benefit of OST on behalf of the public depositors.

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. As of June 30, 2016, 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 \$5,235 are insured by the FDIC up to \$250,000 with the assets being secured by collateralized eligible securities at the FHLB of Des Moines, in agreement with the OST Public Funds Collateralization Program.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Interest Rate Risk

Interest rate risk is the risk that the value of a debt security may fall when interest rates rise. In general, the market price of debt securities with longer maturities will go up or down in response to changes in interest rates rather more than the market price of shorter-term securities. Additionally, securities issued or guaranteed by the U.S. Government, its agencies, instrumentalities and sponsored enterprises have historically involved little risk of loss of principal if held to maturity. However, due to fluctuations in interest rates, the market value of such securities may vary prior to maturity.

As of June 30, 2016, the weighted average maturity of the City's investment portfolio was 420 days. To minimize interest rate risk, the City's investment policy limits the portfolio to a maximum weighted average maturity of twenty-four 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 two-year maturities and must meet the City's cash flow requirements.

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 financial institutions, other municipalities, 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. Maximum combined corporate indebtedness (Commercial Paper and Corporate Bonds) is limited to 35 percent of the total portfolio and a five percent limit of the total portfolio per issuer.

The City's investments in United States Treasury and Agency Obligations have short-term credit ratings of P-1 / A-1 / F-1, 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 long-term credit ratings of Aa2 / AA+ or better, by Moody's Investor Services and Standard & Poor's Ratings respectively.

As of June 30, 2016, the LGIP was not rated. Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. The LGIP seeks to exchange

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. The City intends to measure these investments at book value as the LGIP fair value approximates it amortized cost basis.

Concentration of Credit Risk

Of the City's total investments as of June 30, 2016, 60.49% percent were United States Treasury and 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.portlandoregon.gov/bfrs/article/589308>.

Income Risk

Income risk is the risk that the portfolio's yield will vary as short-term securities in the portfolio mature and the proceeds are reinvested in securities with different interest rates.

Market Risk and Selection Risk

Market risk is the risk that one or more markets in which the portfolio invests will go down in value, including the possibility that the markets will go down sharply and unpredictably. Selection risk is the risk that the securities selected by portfolio management will underperform the markets, the relevant indices, or the other securities available for selection with similar investment objectives and investment strategies.

Municipal Securities Risks

Municipal securities risks include the relative lack of information about certain issuers of municipal securities, and the possibility of future legislative changes which could affect the market for and value of municipal securities.

U.S. Treasury Direct Obligations Risk

Direct obligations of the U.S. Treasury have historically involved little risk of loss of principal if held to maturity. However, due to fluctuations in interest rates, the market value of such securities may vary during the holding period.

U.S. Government Obligations Risk

Certain securities in which the portfolio may invest, including securities issued by certain government agencies and government sponsored enterprises, are not guaranteed by the U.S. Government or supported by the full faith and credit of the United States.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Repurchase Agreement Risk

In a repurchase agreement, the City purchases securities from a counterparty who agrees to repurchase the same security at a mutually agreed upon date and price. On a daily basis, the counterparty is required to maintain eligible collateral subject to the agreement and in value no less than 102% percent of the agreed repurchase amount. The City only accepts United States Treasuries or Agencies as collateral. The agreements are conditioned upon the collateral being deposited under the Federal Reserve book entry system or held in a segregated account by a custodian under tri-party repurchase agreements. In the event the counterparty defaults and the fair value of the collateral declines, the City could experience losses, delays and costs in liquidating the collateral, should it be required to liquidate the securities prior to stated maturities.

When-Issued, Delayed Delivery Securities and Forward Commitments Risk

When-issued, delayed delivery securities and forward commitments involve the risk that a security the portfolio buys will lose value prior to its delivery. There also is the risk that a security will not be issued or that the other party to the transaction will not meet its delivery obligation. If this occurs, the portfolio may lose both the investment opportunity for the assets it set aside to pay for the security and any gain in the security's price.

B. Internal Balances and Transfers

The composition of internal balances is as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>		
	<u>River District Urban Renewal Fund</u>	<u>Non-major Business-type funds</u>	<u>Total</u>
Governmental Funds			
Major Governmental Fund			
Housing and Community Development Contract Fund	\$ -	\$ 290,000	\$ 290,000
Non-major Governmental Funds	-	25,000	25,000
Total Governmental Funds liabilities	-	315,000	315,000
Business-type Funds			
Major Business-type Funds			
Business Management Fund	3,025,892	-	3,025,892
Total Business-type Funds liabilities	3,025,892	-	3,025,892
Total interfund payables	\$ 3,025,892	\$ 315,000	\$ 3,340,892

As of June 30, 2016, the Housing and Community Development Contract Fund owes \$290,000 and the Neighborhood Prosperity Initiative Urban Renewal fund owes \$25,000 to the Enterprise Loans for short-term Interfund loans for grant expenditures not yet reimbursed. The River District Urban Renewal Fund made a long-term capital loan to the Business Management Fund of \$3,025,892 towards the acquisition of the United States Post Office property (see also note VI. I. Subsequent Events). The Business Management Fund is paying 0.84% interest on this loan until it is repaid.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Interfund Transfers were for the transfer of loan repayment proceeds and are outlined below.

<u>Transfer out fund</u>	<u>Transfer in Fund</u> Non-major Business-type Funds	<u>Total Transfers</u> <u>Out</u>
Governmental funds		
General Fund	\$ 138,203	\$ 138,203

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>Allowance And Discount</u>
Major Funds:				
General Fund:				
Urban Development:				
Amortized loans	5 yrs	4%	\$ 187,294	\$ 9,365
Deferred payment loans	5 yrs	4%	34,296	17,148
Total Gross General Fund			221,590	26,513
Total Net General Fund				195,077
Downtown Waterfront Urban Renewal Fund:				
Urban Development:				
Amortized loans	12 yrs	1% to 5%	655,509	32,775
Deferred payment loans	4 yrs	1% to 3%	3,726,710	1,861,478
Total Gross Downtown Waterfront Urban Renewal Fund			4,382,219	1,894,253
Total Net Downtown Waterfront Urban Renewal Fund				2,487,966
North Macadam Urban Renewal Fund:				
Urban Development:				
Amortized loans	3 yrs	4%	54,819	2,741
Total Gross North Macadam Urban Renewal Fund:			54,819	2,741
Total Net North Macadam Urban Renewal Fund:				52,078
River District Urban Renewal Fund:				
Urban Development:				
Amortized loans	17 yrs	1% to 7%	10,161,742	508,087
Deferred payment loans	14 yrs	0% to 5%	8,455,000	4,227,500
Total Gross River District Urban Renewal Fund			18,616,742	4,735,587
Total Net River District Urban Renewal Fund				13,881,155

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

<u>Fund and Program</u>	<u>Maximum Term</u>	<u>Interest Rate</u>	<u>Gross Loans Receivable</u>	<u>Allowance And Discount</u>
Major Funds:				
Convention Center Urban Renewal Fund:				
Urban Development:				
Deferred payment loans	15 yrs	2% to 3%	6,790,187	3,395,094
Amortized loans	15 yrs	1% to 7%	6,486,253	372,744
Cash flow loans	2 yrs	1% to 9%	2,960,654	2,812,622
Total Gross Convention Center Urban Renewal Fund			<u>16,237,094</u>	<u>6,580,460</u>
				<u>9,656,634</u>
Lents Town Center Urban Renewal Fund:				
Urban Development:				
Deferred payment loans	19 yrs	0% to 3%	1,131,958	565,979
Amortized loans	9 yrs	3% to 6%	4,431,744	256,064
Cash flow loans	9 yrs	0%	400,000	380,000
Total Gross Lents Town Center Urban Renewal Fund			<u>5,963,702</u>	<u>1,202,043</u>
				<u>4,761,659</u>
Interstate Corridor Urban Renewal Fund:				
Urban Development:				
Amortized loans	7 yrs	0% to 6.75%	9,789,084	521,872
Deferred payment loans	7 yrs	0% to 2%	354,999	177,500
Total Gross Interstate Corridor Urban Renewal Fund			<u>10,144,083</u>	<u>699,372</u>
				<u>9,444,711</u>
Total Gross Major Funds			<u>55,620,249</u>	<u>15,140,969</u>
				<u>40,479,280</u>
Other Governmental Funds:				
Other Federal Grants Fund (EDA):				
Urban Development:				
Amortized Loans	11 yrs	3% to 5.75%	1,536,384	75,554
Total Gross Other Federal Grants Fund			<u>1,536,384</u>	<u>75,554</u>
				<u>1,460,830</u>
South Park Blocks Urban Renewal Fund:				
Urban Development:				
Amortized loans	12 yrs	1% to 5%	1,078,668	53,933
Total Gross South Park Blocks Urban Renewal Fund			<u>1,078,668</u>	<u>53,933</u>
				<u>1,024,735</u>

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

<u>Fund and Program</u>	<u>Maximum Term</u>	<u>Interest Rate</u>	<u>Gross Loans Receivable</u>	<u>Allowance And Discount</u>
<u>Other Governmental Funds (continued):</u>				
Central Eastside Urban Renewal Fund:				
Urban Development:				
Amortized loans	12 yrs	0% to 8.5%	1,976,155	140,404
Deferred payment loans	6 yrs	0% to 4.25%	<u>181,044</u>	<u>90,522</u>
Total Gross Central Eastside Urban Renewal Fund			<u>2,157,199</u>	<u>230,926</u>
Total Net Central Eastside Urban Renewal Fund				<u>1,926,273</u>
Gateway Regional Center Urban Renewal Fund				
Urban Development:				
Amortized loans	11 yrs	1% to 3%	<u>198,675</u>	<u>9,934</u>
Total Gross Gateway Regional Center Urban Renewal Fund			<u>198,675</u>	<u>9,934</u>
Total Net Gateway Regional Center Urban Renewal Fund				<u>188,741</u>
Airport Way Urban Renewal Fund:				
Urban Development:				
Amortized loans	15 yrs	2% to 8.5%	1,427,840	71,391
Deferred payment loans	2 yrs	2% to 8.5%	<u>1,024,801</u>	<u>512,401</u>
Total Gross Airport Way Urban Renewal Fund			<u>2,452,641</u>	<u>583,792</u>
Total Net Airport Way Urban Renewal Fund				<u>1,868,849</u>
Total Gross Other Governmental Funds			<u>7,423,567</u>	<u>954,139</u>
Total Net Other Governmental Funds				<u>6,469,428</u>
Total Gross Governmental Funds			<u>63,043,816</u>	<u>16,095,108</u>
Total Net Governmental Funds				<u>46,948,708</u>
<u>Business-type Funds:</u>				
Enterprise Loans Fund:				
Urban Development:				
Amortized loans	15 yrs	1% to 7%	<u>1,125,726</u>	<u>56,286</u>
Total Gross Enterprise Loans Fund			<u>1,125,726</u>	<u>56,286</u>
Total Net Enterprise Loans Fund				<u>1,069,440</u>
Total Gross All Funds			\$ <u>64,169,542</u>	<u>16,151,394</u>
Total Net All Funds				\$ <u>48,018,148</u>

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

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 And Discount</u>
Urban Development:			
Amortized loans	60.95%	\$ 39,109,893	\$ 2,111,150
Cash flow loans	5.24%	3,360,654	3,192,622
Deferred payment loans	33.81%	21,698,995	10,847,622
Urban development totals	<u>100.00%</u>	<u>64,169,542</u>	<u>16,151,394</u>
Total Gross Loans	100%	\$ <u>64,169,542</u>	<u>16,151,394</u>
Total Net Loans			\$ <u>48,018,148</u>
Summary Loans Receivable Aging:			
Current loans receivable, net		\$ 1,179,245	
Noncurrent loans receivable, net		<u>46,838,903</u>	
Total Net Loans		\$ <u>48,018,148</u>	

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 restricted net position as follows:

Restricted by:	
Enabling legislation:	
Urban renewal	\$ 373,086,885
Contributors:	
Public-private partnership agreement	<u>5,727,807</u>
	<u>\$ 378,814,692</u>

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

E. Property Held for Sale

Property held for sale consists of land, related buildings and improvements, as well as intangible assets acquired for the purpose of redevelopment that 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
Downtown Waterfront Urban Renewal Fund	1,171,570
North Macadam Urban Renewal Fund	6,419,232
River District Urban Renewal Fund	17,623,396
Convention Center Urban Renewal Fund	11,683,911
Lents Town Center Urban Renewal Fund	7,537,016
Interstate Corridor Urban Renewal Fund	6,517,097
Other governmental funds	17,021,645
Total governmental activities	<u>68,372,077</u>
Business-type Activities:	
Business Management Fund	3,025,892
Total property held for sale	<u><u>\$ 71,397,969</u></u>

F. Capital Assets

PDC's 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	\$ 7,495,883	\$ -	\$ -	\$ 7,495,883
Capital assets, being depreciated or amortized:				
Buildings and improvements	5,930,760	-	123,319	5,807,441
Leasehold improvements	3,849,501	-	-	3,849,501
Vehicles and equipment	970,662	108,678	-	1,079,340
Intangible softw are	4,819,619	1,294,935	4,349,413	1,765,141
Total capital assets, being depreciated or amortized	<u>15,570,542</u>	<u>1,403,613</u>	<u>4,472,732</u>	<u>12,501,423</u>
Less accumulated depreciation or amortization for:				
Buildings and improvements	(1,524,008)	(116,148)	-	(1,640,156)
Leasehold improvements	(3,849,501)	-	-	(3,849,501)
Equipment	(822,076)	(57,554)	-	(879,630)
Intangible softw are	<u>(2,591,118)</u>	<u>(318,152)</u>	<u>(2,652,554)</u>	<u>(256,716)</u>
Total accumulated depreciation or amortization	<u>(8,786,703)</u>	<u>(491,854)</u>	<u>(2,652,554)</u>	<u>(6,626,003)</u>
Total capital assets, being depreciated or amortized, net	<u>6,783,839</u>	<u>911,759</u>	<u>1,820,178</u>	<u>5,875,420</u>
Governmental activities capital assets, net	<u><u>\$ 14,279,722</u></u>	<u><u>\$ 911,759</u></u>	<u><u>\$ 1,820,178</u></u>	<u><u>\$ 13,371,303</u></u>

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

G. Operating Leases

As Lessee

PDC leases office space and land under operating leases. Rental expenditures and payments for landlord-paid expenses including a share of the custodial services contract costs. Allowable insurance, elevator and other repair expenses allowed under the lease amounted to approximately \$1.2 million. Future minimum lease payments under PDC's operating leases are as follows:

Fiscal Year Ending	Minimum Lease Payments
2017	\$ 1,008,420
2018	1,038,732
2019	1,069,956
2020	1,102,128
	<u>\$ 4,219,236</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 \$236,000.

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.

As of June 30 2016, PDC's investment in operating leases is as follows:

	Basis Value	Accumulated Depreciation	Book Value
Land and improvements	\$ 32,339,455	\$ -	\$ 32,339,455
Buildings	2,738,441	1,315,282	4,053,723
	<u>\$ 35,077,896</u>	<u>\$ 1,315,282</u>	<u>\$ 36,393,178</u>

Rental revenue amounted to approximately \$6,945,000 for the fiscal year. The minimum future operating non-cancelable lease revenues are as follows:

Fiscal Year Ending	Minimum Revenue Total
2017	\$ 5,484,612
2018	1,961,932
2019	1,392,432
2020	1,230,432
2021	1,230,432
2022-2026	6,150,040
2027-2031	6,150,040
2032-2036	6,149,510
2037-2041	6,149,510
2042-2046	6,149,510
2047-2051	6,149,508
	<u>\$ 48,197,958</u>

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

H. Changes in Long-term Liabilities

	Beginning Balance	Additions	Payments/ Reductions	Long-term Ending Balances	Due within One year
Governmental activities					
Net other post-employment benefits	\$ 792,855	\$ -	\$ 17,241	\$ 775,614	\$ -
Net pension obligation	-	6,160,916	2,021,851	4,139,065	-
Pollution remediation	4,413,570	-	938,659	3,474,911	142,884
Replacement parking access	143,246	4,531	-	147,777	70,508
Replacement parking construction	3,355,421	-	-	3,355,421	-
Vacation accrual	382,969	-	1,243	381,726	188,639
	<u>\$ 9,088,061</u>	<u>\$ 6,165,447</u>	<u>\$ 2,978,994</u>	<u>\$ 12,274,514</u>	<u>\$ 402,031</u>

For governmental activities, including vacation accruals, pension liability 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 replacement parking construction liabilities will both be liquidated by the Downtown Waterfront Urban Renewal Fund.

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, 2016 are as follows:

	Property Held for Sale	Accounts Payable	Ending Balance
General Fund	\$ -	\$ 80,011	\$ 80,011
Housing and Community Development Contract Fund	251,456	-	251,456
Downtown Waterfront Urban Renewal Fund	-	1,284	1,284
North Macadam Urban Renewal Fund	-	19,674	19,674
River District Urban Renewal Fund	-	27,633	27,633
Convention Center Urban Renewal Fund	-	33,641	33,641
Lents Town Center Urban Renewal Fund	-	712,836	712,836
Interstate Corridor Urban Renewal fund	-	424,020	424,020
Other governmental funds	-	131,881	131,881
Other business-type funds	-	175,557	175,557
	<u>\$ 251,456</u>	<u>\$ 1,606,537</u>	<u>\$ 1,857,993</u>

Grant revenues under various grant programs and other inter-governmental agreements due from the City of Portland totaled \$5,540,886 at June 30, 2016.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

J. Revenue

PDC reports several large items in miscellaneous revenue. These revenues are predominantly due to the loan loss adjustment for the year, land sales, and reimbursements as detailed below:

Governmental funds	Loan Loss	Land /Personal	Reimbursement	Enterprise		Total
	Adjustment	Property Sales		Zone	Other	
	\$	\$	\$	Program	\$	\$
General Fund	43,743	3,247	336	-	-	47,326
Downtown Waterfront Urban Renewal Fund	936,753	-	56,117	-	-	992,870
North Macadam Urban Renewal Fund	1,788	-	24,674	-	-	26,462
River District Urban Renewal Fund	200,053	-	365,787	-	-	565,840
Convention Center Urban Renewal Fund	19,516	-	-	-	-	19,516
Lents Town Center Urban Renewal Fund	1,490	-	21,688	-	-	23,178
Interstate Corridor Urban Renewal Fund	719	27,515	65,094	-	-	93,328
Other governmental funds	170,753	2,207	45,529	418,145	-	636,634
Total governmental funds	1,374,815	32,969	579,225	418,145	-	2,405,154
Business-type funds						
Business Management Fund	-	-	9,988	-	8,106	18,094
Other business-type funds	4,856	-	164,807	-	-	169,663
Total business-type funds	4,856	-	174,795	-	8,106	187,757
	\$ 1,379,671	\$ 32,969	\$ 754,020	\$ 418,145	\$ 8,106	\$ 2,592,911

IV. Other Information

A. Pension Plans

1. General Information about the Pension Plans

The Oregon Public Employees Retirement System (OPERS) provides cost-sharing multiple-employer defined benefit plans.

Description of the plan. Employees of PDC are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238, Tier One/Tier Two Retirement Plan, 238A, Oregon Public Service Retirement Plan (OPSRP) and Internal Revenue Service Code Section 401(a). OPERS prepares their financial statements in accordance with Governmental Accounting Standards Board (GASB) Statements and generally accepted accounting principles. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits are recognized in the month they are earned, and withdrawals are recognized in the month they are due and payable. Investments are recognized at fair value, the amount at which financial instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sales. OPERS issues a publicly available financial report that can be obtained at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

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).

The 1995 Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

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

PDC’s net pension liability was derived at June 30, 2016 from the City’s reported proportionate share of the overall net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 and rolled forward to June 30, 2015. The City’s proportion of the net was based on the City’s projected long-term contribution effort as compared to the total projected net pension liability a long-term contribution effort of all employers. References to the City of Portland, as the Reporting entity, include the City’s fiduciary fund and component unit. At June 30, 2016, the City’s proportion of OPERS net pension liability was 3.78054215 percent. PDC’s portion of the City’s total was calculated based on payments to OPERS during fiscal year 2015 and is 2.058% of the City’s total.

Benefits provided under Chapter 238-Tier One / Tier Two

Pension Benefits. The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- Member was employed by a OPERS employer at the time of death,
- Member died within 120 days after termination of OPERS-covered employment,
- Member died as a result of injury sustained while employed in a OPERS-covered job, or
- Member was on an official leave of absence from an OPERS-covered job at the time of death.

Disability Benefits. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes after Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Benefits provided under Chapter 238A-OPSRP Pension Program (OPSRP DB).

Pension Benefits. The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes after Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Contributions:

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2012 actuarial valuation, as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2016 were \$736,024. The rates in effect for the fiscal year ended June 30, 2016 were: (1) Tier1/Tier 2 – 9.34 percent, (2) OPSRP general service – 7.52 percent

Actuarial Valuations:

The employer contribution rates effective July 1, 2014, through June 30, 2016, were set using the entry age normal cost method.

For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions:

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Actuarial Methods and Assumptions:

Valuation date:	December 31, 2013
Measurement date:	June 30, 2015
Experience study:	2014, published September 2015
Actuarial cost method:	Entry age normal
Actuarial assumptions:	
Inflation rate	2.75 percent
Long-term expected rate of return	7.75 percent
Discount rate	7.75 percent
Projected salary increases	3.75 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0/15%) in accordance with Moro decision; blend based on service
Mortality	<u>Healthy retirees and beneficiaries:</u> RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. <u>Active members:</u> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. <u>Disabled retirees:</u> Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount Rate:

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon OPERS:

- Oregon OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt securities	15.0	25.0	20.0
Public equity	32.5	42.5	37.5
Private equity	16.0	24.0	20.0
Real estate	9.5	15.5	12.5
Alternative equity	0.0	10.0	10.0
Opportunity portfolio	0.0	3.0	0.0
Total			100.0%

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the OPERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00	3.70
Intermediate-Term Bonds	3.00	4.10
High Yield Bonds	1.80	6.66
Large Cap US Equities	11.65	7.20
Mid Cap US Equities	3.88	7.30
Small Cap US Equities	2.27	7.45
Developed Foreign Equities	14.21	6.90
Emerging Foreign Equities	5.49	7.40
Private Equity	20.00	8.26
Opportunity Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	.71	6.07
Assumed Inflation – Mean		2.75

Sensitivity of PDC's proportionate share of the net pension liability to changes in the discount rate. The following presents the PDC's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what PDC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension (asset)/liability	\$ 9,989,323	\$ 4,139,065	\$ (791,256)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the PDC reported a liability of \$4,139,065 for its proportionate share of the net pension liability. The pension measured as of June 30, 2015 by an actuarial valuation as of December 31, 2013 and rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on PDC's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers found here http://www.oregon.gov/pers/docs/financial_reports/2014_cafir.pdf.

Rates of every employer have at least two major components:

- **Normal Cost Rate:** The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.
- **UAL Rate:** If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumptions. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is simply the Unfunded Actuarial Liability (UAL) itself. The UAL represents the portion of the projected long-term contribution effort related to past service.
- Looking at both rate components, the projected long-term contribution effort is just the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings.

The UAL has Tier 1/Tier 2 and OPSRP pieces. The Tier 1/Tier 2 piece is based on the employer's Tier 1/Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1/Tier 2 rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1/Tier 2 UAL is just their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. For example, if the employer's payroll is one percent of the pool's total payroll, the employer will be allocated one percent of the pool's UAL. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier 1/Tier 2 pooling arrangement, who are referred to as "Independent Employers", have their Tier 1/Tier 2 UAL tracked separately in the actuarial valuation.

An employer's present value of future normal cost (PVFNC) depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.

Since many governments in Oregon have sold pension obligation bonds and deposited the proceeds with OPERS (referred to as side accounts or transitional surplus), adjustments are required. After each employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's side account, transitional surplus, and pre-SLGRP surplus (if any). This is done as those balances decrease the employer's projected long-term contribution effort because side accounts are effectively pre-paid contributions.

Looking at both rate components, the projected long-term contribution effort is just the sum of the PVFNC and UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

For the year ended June 30, 2016, the PDC recognized pension expense of \$3,485,656. At June 30, 2016, PDC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 240,917	\$ -
Net difference between projected and actual earnings on investments	-	(595,202)
Differences between contributions and proportionate share of contributions	-	(199,494)
Changes in employer proportion	53,431	-
Total (prior to post-measurement date contributions)	294,348	(796,696)
Contributions made subsequent to measurement date	736,024	-
Net deferred outflow / (inflows) of resources	\$ 1,030,372	\$ (796,696)

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Deferred outflows and inflows of resources of \$235,676 related to pensions resulting from PDC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended June 30,		
2017	\$	359,400
2018		(376,624)
2019		(376,624)
2020		610,887
2021		610,887
		827,926
		827,926

Changes in Plan Provisions Subsequent to the Measurement Date:

At its July 31, 2015 meeting, the OPERS Board lowered the “assumed rate” to 7.5 percent effective, January 1, 2016. The assumed rate is the rate of investment return (including inflation) that OPERS Fund’s plans are expected to earn over the long term. Oregon Administrative Rule 459-007-0001(2) states that the assumed rate “means the actuarial assumed rate of return on investments as adopted by the Board for the most recent actuarial valuation.” Based on the sensitivity analysis provided by OPERS, it is estimated that this could increase net pension liability by another \$77 million.

Changes in Assumptions:

A summary of key changes implemented since the December 31, 2013 valuation are described briefly below. Additional detail as well as a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September 23, 2015, and can be found at:

https://www.oregon.gov/pers/docs/2014_experience_study_9-23-15.pdf

Changes in Actuarial Methods and Allocation Procedures

Actuarial Cost Method

The Actuarial Cost Method was changed from the Projected Unit Credit (PUC) Cost Method to the Entry Age Normal (EAN) Cost Method. This change will allow OPERS to use the same cost method for contribution rate calculations as required for financial reporting under GASB Statements 67 and 68.

Allocation of Liability for Service Segments

For purposes of allocating Tier 1/Tier 2 members’ actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by OPERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31,

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

2010 and December 31, 2011 valuations, the Money Match was weighted 40 percent for General Service members. For the December 31, 2012 and December 31, 2013 valuations, this weighting has been adjusted to 30 percent for General Service members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Tier 1/Tier 2 UAL Amortization

In combination with the change in cost method, the OPERS Board chose to re-amortize the outstanding Tier 1/Tier 2 UAL as of December 31, 2013 over a closed period of 20 years as a level percentage of projected payroll. Gains and losses between subsequent rate-setting valuations will be amortized over a closed 20 year period from the valuation in which they are first recognized.

Contribution Rate Stabilization Method

The “grade-in range” over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70% to 60% or increases from 130% to 140%. Previously the ranges had been 80% to 70% and 120% to 130%. The modification to the grade-in range was made in combination with the change to actuarial cost method, as discussed at the July 2013 OPERS Board public meeting.

Changes in Economic Assumptions

Inflation: The inflation rate was lowered to 2.5 percent based on a combination of historical and market data and expert forecasts.

Payroll Growth: The payroll growth, which is the sum of inflation and real wage growth, was reduced from 3.75 percent to 3.5 percent.

Investment Return and Interest Crediting: The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.5 percent. Previously, the assumed investment return and interest crediting to both regular and variable account balances was 7.75 percent.

Tier One/Tier Two Administrative Expenses: Recently implemented GASB statements No. 67 and 68 necessitated an explicit Tier 1/Tier 2 administrative expense assumption. The administrative expense for December 31, 2014 and December 31, 2015 is \$33 million per year.

Healthcare Cost Inflation: The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman’s healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

Changes in Demographic Assumptions

Healthy Mortality: The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Disabled Mortality: The disabled mortality assumption base was changed from the RP2000 static tables to the RP2000 generational tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination: Rates for disability, retirement from active status, and termination were adjusted.

Changes in Salary Increase Assumptions

Merit Increases, Unused Sick Leave, and Vacation Pay: Unused sick leave and vacation pay rates were adjusted.

Retiree Healthcare Participation: The RHIA participation rate for healthy retirees was reduced from 45 percent to 38 percent. The RHIPA participation rate was changed from a uniform rate of 13 percent to a service-based table of rates.

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits The IAP plan is authorized by ORS 238 and administered by OPERS. Participants in OPERS defined benefit pension plans also participate in the OPERS defined contribution plan. The IAP plan is solely funded by member contributions. PDC makes the required contribution on behalf of members. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. All qualifying PDC employees are enrolled in the OPSRP IAP program. PDC makes contributions for qualified employees so they become vested on the earliest of the following dates: the date the employee completes 600 hours of service in each of five calendar years, the date the employee reaches normal retirement age, the date the IAP is terminated, the date the active employee becomes disabled, or the date the active member dies. There are just over 900 state and local governments that participate in the OPSRP IAP program.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

PDC's contribution for qualified employees for the year ending June 30, 2016 was \$470,065.

Death Benefits Upon the death of a non-retired member the member's account balance the beneficiary receives in a lump sum, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping OPERS contracts with VOYA Financial to maintain IAP participant records.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

B. Other Post-employment Benefits

Plan Description. PDC does not have a formal post-employment benefits plan for any employee groups; however 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 OPERS 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, 2016, PDC has five eligible post-retirement participants enrolled and paying the full cost of their premiums. In addition, PDC has two post-retirement participants whose premiums are being paid by PDC for one year as part of an early retirement incentive package. If they choose to continue coverage after that date the responsibility for payment will revert to them.

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.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net OPEB Obligations at fiscal year beginning	\$ 792,855	\$ 744,163	\$ 729,471
Annual OPEB Cost/Annual Required Contribution (a)	96,197	158,140	155,944
Interest on net OPEB obligation (b)	27,750	26,046	25,531
Adjustment to the ARC (c)	<u>(95,334)</u>	<u>(89,479)</u>	<u>(87,712)</u>
Net annual OPEB cost (a + b + c)	28,613	94,707	93,763
Dollars contributed the fiscal year (implicit benefit payments) (d)	<u>(45,854)</u>	<u>(46,015)</u>	<u>(79,071)</u>
Increase/Decrease in the Net OPEB Obligation during fiscal year (a + b + c + d)	<u>(17,241)</u>	<u>48,692</u>	<u>14,692</u>
Net OPEB Obligation at fiscal year end	<u>\$ 775,614</u>	<u>\$ 792,855</u>	<u>\$ 744,163</u>
Percentage of Annual OPEB Cost paid	160.26%	48.59%	84.33%

Funding Status and Funding Progress. As of August 1, 2014, the actuarial accrued liability for benefits was \$518,127 and the actuarial value of assets was \$0, resulting in an unfunded actuarial

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

accrued liability (UAAL) of \$518,127. The covered payroll (annual payroll of active employees covered by the plan) was \$8,050,800 for fiscal year 2016 and the ratio of the UAAL to the covered payroll was 9.8%. 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 OPERSpective of the calculations.

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 5.50% for the first year and rates as follows for the subsequent years.

<u>Fiscal Year</u>	<u>Assumed Rate Trend</u>
2016-2029	5.50 %
2030	5.75
2031	6.00
2032	6.50
2033-2035	6.75
2036-2037	6.50
2038-2041	6.25
2042-2049	6.00
2050-2070+	4.75-5.75

Dental costs are assumed to increase 4.50% per year. Demographic assumptions were based on assumptions used by Oregon OPERS for its 2013 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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

or on the internet at URL: http://oregon.gov/PERS/section/financial_reports/financials.shtml, or by calling 1-503-598-7377.

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 OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS 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 OPERS 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 0.45% for both Tier 1 and 2 accounts as well as 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 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:

Fiscal Year Ended June 30,	Annual Required Contribution	Actual Contribution	Required Contribution as a percent of Actual Contribution
2016	\$ 37,055	\$ 37,055	100%
2015	40,848	40,848	100%
2014	41,046	41,046	100%

C. Commitments

Contractual and other commitments for subsequent years' expenditures amounting to \$87,324,851 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 other business fund commitments aggregating \$144,000.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

Commitments for subsequent year's expenditures are as follows:

	Committed for Urban Renewal	Committed for contractual obligation	Total
Governmental activities			
General fund	\$ -	\$ 3,196,679	\$ 3,196,679
Housing and Community Development Contract	-	75,845	75,845
Downtown Waterfront Urban Renewal Area	1,976,504	-	1,976,504
North Macadam Urban Renewal Area	1,916,250	-	1,916,250
River District Urban Renewal Area	38,877,747	-	38,877,747
Convention Center Urban Renewal Area	9,649,249	-	9,649,249
Other governmental funds	30,890,914	742,663	31,633,577
Total governmental activities	<u>\$ 83,310,664</u>	<u>\$ 4,015,187</u>	<u>\$ 87,325,851</u>

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.

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, 2016, the total of the City's conduit debt outstanding as related to PDC development projects is \$15,000,000. In addition, PDC has participated in a contingent loan agreement with Home Forward with a remaining amount due at June 30, 2016 of \$6,335,000. These amounts may differ from actual amounts reported in the City CAFR because not all conduit debt issued by the City is related to PDC projects.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

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 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 \$9,271,975 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;

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

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.

Based on current construction costs estimate indexed at 4.0% compounding, the liability for replacement parking is estimated at \$3,355,421.

In January, the Board authorized the terms of a purchase and sale agreement of this property. It is scheduled to close in the fall of 2016. If the transaction proceeds to completion per option one (1) above the obligation will pass with the property.

The City of Portland and PDC have cooperated on a guarantee to a State Energy Loan Program (SELP) to SoloPower for \$5,000,000 of the original \$20,000,000 loan made. Subsequently, the agreement was revised to move the \$5,000,000 guarantee to a contribution to the 10th & Yamhill parking garage renovation and will release PDC from any future obligation to back up the City's guarantee. The City may repay money to PDC in the case of loan repayment or other termination of the of the SELP loan.

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 risks in the conduct of its business, such as losses related to torts, errors and omissions, general liability, property damage, employer's liability, 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 insured by Glatfelter and its underwriter, American Alternative Insurance, for commercial general liability in the amount of \$1,000,000 per occurrence, \$3,000,000 general aggregate; public officials and management liability in the amount of \$1,000,000, with a \$3,000,000 aggregate and a deductible of \$5,000 per claim; and excess liability, which provides an additional \$8,000,000 liability for each occurrence and in the aggregate.

PDC's real property, which is predominantly held for sale, with an estimated total insured value of \$91,000,000, is insured by Lloyd's of London at a limit of \$50,000,000, except \$35,000,000 in the event of earthquake. A separate policy provides coverage for faithful performance (employee dishonesty) through Hartford Insurance in the amount of \$300,000 for employee theft, \$20,000 forgery or alteration, and \$11,500 for theft, disappearance and destruction of money, securities and

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

other property. Employment practices liability coverage is provided through Zurich American Insurance Company in the amount of \$3,000,000 per claim with a \$150,000 deductible.

PDC has an aggressive risk management practice of transferring liability to contractors, lessees, event sponsors, and other entities through specific indemnification and insurance requirements in 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 nine fiscal years.

The Internal Service Fund has equity of \$249,061 to meet insurance policy deductible amounts and other amounts not fully reimbursed from insurance proceeds, as necessary. Of this amount, \$221,764 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, 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 an decrease in the liability by \$940,502. At June 30, 2016, PDC had a total outstanding pollution remediation liability of \$3,617,795 which has been reduced by

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

just over \$1.8 million for estimated recoveries that PDC may be entitled to. The estimated current portion is \$142,884.

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.

Portland Small Business Investment Fund, LLC (PSB) is a subsidiary of PFF. The purpose of this program is to finance subordinated loans to qualified small businesses to enable them to use New Market Tax Credits.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2016

The loans have converted to fully amortizing loans at interest rates ranging from 3% to 6%. These loans reached the end of the compliance period for new market tax credits and the loans have been returned to PDC as of July 31, 2016.

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

The remaining NMTC transactions with PFF will be completed in fiscal year 2017 and the relationship between PDC and PFF around these transactions will be completed.

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.

I. Subsequent Events

On September 8, 2016, PDC purchased the property located at 715 NW Hoyt, Portland, OR for \$88,000,000. The property is approximately 13.4 acres located in the River District Urban Renewal Area, in between Portland's Old Town/Chinatown neighborhood and the Pearl District. The USPO site will be acquired by PDC's Business Management Fund.

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REQUIRED SUPPLEMENTARY INFORMATION

**PORTLAND DEVELOPMENT COMMISISON
A COMPONENT UNIT OF THE CITY OF PORTLAND**

**OTHER POST-EMPLOYMENT HEALTHCARE BENEFITS
SCHEDULE OF FUND PROGRESS
June 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
08/01/2008	\$ -	\$ 1,176,724	\$ 1,176,724	0.0%	\$ 14,305,934	8.2%
08/01/2010	-	1,082,727	1,082,727	0.0%	12,845,833	8.4%
08/01/2012	-	756,942	756,942	0.0%	8,363,449	9.1%
08/01/2014	-	518,127	518,127	0.0%	8,050,800	6.4%

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Schedule of Required Supplementary Information
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
Last Ten Fiscal Year or Since Inception

	<u>2016</u>	<u>2015</u>	<u>2014</u>
PDC's proportion of the net pension liability ¹	0.0721%	0.0892%	0.0892%
PDC's proportionate share of the net pension liability (asset)	\$ 4,139,065	\$ (2,021,851)	\$ 4,551,875
Covered-employee payroll	8,234,621	8,595,239	8,363,449
Contributions as a percentage of covered-employee payroll	50.2642%	-23.5229%	54.4258%
Plan fiduciary net position as a percentage of total pension liability	91.90%	103.59%	92.00%

¹ Calculated from PDCs proportionate share reported from the City of Portland proportionate share of the OPERS (PDC is not reported individually)

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Schedule of Required Supplementary Information
SCHEDULE OF CONTRIBUTIONS TO OREGON PUBLIC RETIREMENT SYSTEM
Last Ten Fiscal Year or Since Inception

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 736,024	\$ 596,226	\$ 669,619
Contributions in relation to the actuarially determined contribution	<u>736,024</u>	<u>596,226</u>	<u>669,619</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 8,234,621	\$ 8,595,239	\$ 8,363,449
Contributions as a percentage of covered-employee payroll	8.94%	6.94%	8.01%

Supplementary Data

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.

Neighborhood Prosperity Initiative Urban Renewal Fund - accounts for resources used in the six small URAs dedicated to neighborhood 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.

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.

Education Urban Renewal Fund - accounts for resources used to improvement the district around Portland State University.

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

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash with City of Portland investment pool	\$ 3,787,650	\$ 49,708,675	\$ 53,496,325
Receivables:			
Due from City of Portland	-	171,175	171,175
Accounts	-	337,000	337,000
Loans, net	1,460,830	5,008,598	6,469,428
Interest	10,886	139,834	150,720
Property held for sale	-	17,021,645	17,021,645
	<u>5,259,366</u>	<u>72,386,927</u>	<u>77,646,293</u>
Total assets			
	<u>5,259,366</u>	<u>72,386,927</u>	<u>77,646,293</u>
Total Assets and deferred outflow of resources	<u>\$ 5,259,366</u>	<u>\$ 72,386,927</u>	<u>\$ 77,646,293</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 55,974	\$ 148,064	\$ 204,038
Accrued liabilities	-	6,000	6,000
Due to City of Portland	-	131,881	131,881
Due to other funds	-	25,000	25,000
	<u>55,974</u>	<u>310,945</u>	<u>366,919</u>
Total liabilities			
	<u>55,974</u>	<u>310,945</u>	<u>366,919</u>
FUND BALANCES			
Restricted			
Loans receivable	1,460,830	5,008,598	6,469,428
Property held for sale	-	17,021,645	17,021,645
Urban renewal	-	50,045,739	50,045,739
Contractual obligations	3,742,562	-	3,742,562
	<u>5,203,392</u>	<u>72,075,982</u>	<u>77,279,374</u>
Total fund balances			
	<u>5,203,392</u>	<u>72,075,982</u>	<u>77,279,374</u>
Total liabilities and fund balances	<u>\$ 5,259,366</u>	<u>\$ 72,386,927</u>	<u>\$ 77,646,293</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
For the Fiscal Year Ended June 30, 2016**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenues	\$ 62,743	\$ 329,839	\$ 392,582
Charges for services	279,298	118,747	398,045
Loan interest collections	62,845	135,286	198,131
Interest on investments	29,648	327,796	357,444
Miscellaneous	459,930	176,704	636,634
Tax-increment debt proceeds (in lieu of tax-increment revenue)	-	10,594,722	10,594,722
Total revenues	894,464	11,683,094	12,577,558
EXPENDITURES			
Current:			
Community development	383,767	4,300,881	4,684,648
Capital expenditures for urban renewal	-	513,146	513,146
Financial assistance	441,226	654,456	1,095,682
Total expenditures	824,993	5,468,483	6,293,476
Excess (deficiency) of revenues over expenditures	69,471	6,214,611	6,284,082
Net change in fund balances	69,471	6,214,611	6,284,082
FUND BALANCES - July 1, 2015	5,133,921	65,861,371	70,995,292
FUND BALANCES - June 30, 2016	\$ 5,203,392	\$ 72,075,982	\$ 77,279,374

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2016**

	Other Federal Grants Fund	Enterprise Zone Fund	Ambassador Program Fund	Total
ASSETS				
Cash with City of Portland investment pool	\$ 822,012	\$ 2,946,870	\$ 18,768	\$ 3,787,650
Receivables:				
Loans receivable, net	1,460,830	-	-	1,460,830
Interest	2,392	8,442	52	10,886
Total Assets	\$ 2,285,234	\$ 2,955,312	\$ 18,820	\$ 5,259,366
LIABILITIES				
Liabilities:				
Accounts payable	\$ 28,511	\$ 27,463	\$ -	\$ 55,974
Total liabilities	28,511	27,463	-	55,974
FUND BALANCES				
Restricted				
Loans receivable	1,460,830	-	-	1,460,830
Contractual obligations	795,893	2,927,849	18,820	3,742,562
Total fund balances	2,256,723	2,927,849	18,820	5,203,392
Total liabilities and fund balances	\$ 2,285,234	\$ 2,955,312	\$ 18,820	\$ 5,259,366

**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, 2016**

	<u>Other Federal Grants Fund</u>	<u>Enterprise Zone Fund</u>	<u>Ambassador Program Fund</u>	<u>Total</u>
REVENUES				
Intergovernmental revenues	\$ 62,743	\$ -	\$ -	\$ 62,743
Charges for services	8,698	270,600	-	279,298
Loan collections	62,845	-	-	62,845
Interest on investments	6,718	22,790	140	29,648
Miscellaneous	41,785	418,145	-	459,930
Total revenues	<u>182,789</u>	<u>711,535</u>	<u>140</u>	<u>894,464</u>
EXPENDITURES				
Current:				
Community development	206,132	177,635	-	383,767
Financial assistance	39,893	401,333	-	441,226
Total expenditures	<u>246,025</u>	<u>578,968</u>	<u>-</u>	<u>824,993</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(63,236)</u>	<u>132,567</u>	<u>140</u>	<u>69,471</u>
Net change in fund balances	<u>(63,236)</u>	<u>132,567</u>	<u>140</u>	<u>69,471</u>
FUND BALANCES - July 1, 2015	<u>2,319,959</u>	<u>2,795,282</u>	<u>18,680</u>	<u>5,133,921</u>
FUND BALANCES - June 30, 2016	<u>\$ 2,256,723</u>	<u>\$ 2,927,849</u>	<u>\$ 18,820</u>	<u>\$ 5,203,392</u>

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

**OTHER FEDERAL GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues-				
Federal grants	\$ 124,364	\$ 90,415	\$ 62,743	\$ (27,672)
Charges for services-				
Application fees and charges	1,500	10,500	8,698	(1,802)
Loan Collections-				
Principal	143,809	127,124	172,849	45,725
Interest	18,416	39,447	62,845	23,398
Interest on investments	2,875	5,250	6,718	1,468
Miscellaneous:				
Reimbursements	49,639	42,529	41,785	(744)
Total revenues	<u>340,603</u>	<u>315,265</u>	<u>355,638</u>	<u>40,373</u>
EXPENDITURES				
Current:				
Community development:				
Economic development	681,791	1,643,232	1,109,081	534,151
Total community development	681,791	1,643,232	1,109,081	534,151
Contingency	571,240	192,902	-	192,902
Total expenditures	<u>1,253,031</u>	<u>1,836,134</u>	<u>1,109,081</u>	<u>727,053</u>
Excess (deficiency) of revenues over expenditures	<u>(912,428)</u>	<u>(1,520,869)</u>	<u>(753,443)</u>	<u>767,426</u>
OTHER FINANCING USES				
Internal service reimbursements	(46,056)	(46,056)	(45,260)	796
Total other financing uses	<u>(46,056)</u>	<u>(46,056)</u>	<u>(45,260)</u>	<u>796</u>
Net change in fund balance	(958,484)	(1,566,925)	(798,703)	768,222
FUND BALANCE - July 1, 2015	<u>958,484</u>	<u>1,566,925</u>	<u>1,594,596</u>	<u>27,671</u>
FUND BALANCE - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	795,893	<u>\$ 795,893</u>
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			<u>1,460,830</u>	
FUND BALANCE - June 30, 2016 (GAAP BASIS)			<u>\$ 2,256,723</u>	

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

**ENTERPRISE ZONE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services-				
Application fees and charges	\$ 53,000	\$ 235,000	\$ 270,600	\$ 35,600
Interest on investments	7,515	15,238	22,790	7,552
Miscellaneous:				
Other	<u>568,000</u>	<u>424,053</u>	<u>418,145</u>	<u>(5,908)</u>
Total revenues	<u>628,515</u>	<u>674,291</u>	<u>711,535</u>	<u>37,244</u>
EXPENDITURES				
Current:				
Community development:				
Economic development	<u>981,762</u>	<u>1,082,757</u>	<u>577,078</u>	<u>505,679</u>
Total community development	<u>981,762</u>	<u>1,082,757</u>	<u>577,078</u>	<u>505,679</u>
Contingency	<u>2,149,680</u>	<u>2,384,923</u>	<u>-</u>	<u>2,384,923</u>
Total expenditures	<u>3,131,442</u>	<u>3,467,680</u>	<u>577,078</u>	<u>2,890,602</u>
Excess (deficiency) of revenues over expenditures	<u>(2,502,927)</u>	<u>(2,793,389)</u>	<u>134,457</u>	<u>2,927,846</u>
OTHER FINANCING USES				
Internal service reimbursements	<u>(1,890)</u>	<u>(1,890)</u>	<u>(1,890)</u>	<u>-</u>
Total other financing uses	<u>(1,890)</u>	<u>(1,890)</u>	<u>(1,890)</u>	<u>-</u>
Net change in fund balance	(2,504,817)	(2,795,279)	132,567	2,927,846
FUND BALANCE - July 1, 2015	<u>2,504,817</u>	<u>2,795,279</u>	<u>2,795,282</u>	<u>3</u>
FUND BALANCE - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,927,849</u>	<u>\$ 2,927,849</u>

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

**AMBASSADOR FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ -	\$ 120	\$ 140	\$ 20
Total revenues	<u>-</u>	<u>120</u>	<u>140</u>	<u>20</u>
EXPENDITURES				
Current:				
Community development:				
Economic development	18,627	18,800	-	18,800
Total community development	<u>18,627</u>	<u>18,800</u>	<u>-</u>	<u>18,800</u>
Total expenditures	<u>18,627</u>	<u>18,800</u>	<u>-</u>	<u>18,800</u>
Excess (deficiency) of revenues over expenditures	<u>(18,627)</u>	<u>(18,680)</u>	<u>140</u>	<u>18,820</u>
Net change in fund balance	(18,627)	(18,680)	140	18,820
FUND BALANCE - July 1, 2015	<u>18,627</u>	<u>18,680</u>	<u>18,680</u>	<u>-</u>
FUND BALANCE - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,820</u>	<u>\$ 18,820</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, 2016**

	<u>Neighborhood Prosperity Initiative Urban Renewal Fund</u>	<u>South Park Blocks Urban Renewal Fund</u>	<u>Central Eastside Urban Renewal Fund</u>
ASSETS			
Cash with City of Portland investment pool	\$ 604,801	\$ 8,573,974	\$ 21,216,727
Receivables:			
Due from City of Portland	168,000	-	-
Accounts	-	-	337,000
Loans, net	-	1,024,735	1,926,273
Interest	1,606	24,068	59,659
Property held for sale	-	3,459,854	341,901
Total Assets	<u>\$ 774,407</u>	<u>\$ 13,082,631</u>	<u>\$ 23,881,560</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 432	\$ 12,324
Accrued liabilities	-	-	-
Due to City of Portland	-	1,284	82,723
Internal balances	25,000	-	-
Total liabilities	<u>25,000</u>	<u>1,716</u>	<u>95,047</u>
FUND BALANCES			
Restricted			
Loans receivable	-	1,024,735	1,926,273
Property held for sale	-	3,459,854	341,901
Urban renewal	749,407	8,596,326	21,518,339
Total fund balances	<u>749,407</u>	<u>13,080,915</u>	<u>23,786,513</u>
Total liabilities and fund balances	<u>\$ 774,407</u>	<u>\$ 13,082,631</u>	<u>\$ 23,881,560</u>

<u>Gateway Regional Center Urban Renewal Fund</u>	<u>Airport Way Urban Renewal Fund</u>	<u>Willamette Industrial Urban Renewal Fund</u>	<u>Education District Urban Renewal Fund</u>	<u>Total</u>
\$ 10,246,647	\$ 4,968,303	\$ 4,098,223	\$ -	\$ 49,708,675
3,175	-	-	-	171,175
-	-	-	-	337,000
188,741	1,868,849	-	-	5,008,598
29,017	13,987	11,497	-	139,834
<u>4,068,519</u>	<u>9,151,371</u>	<u>-</u>	<u>-</u>	<u>17,021,645</u>
<u>\$ 14,536,099</u>	<u>\$ 16,002,510</u>	<u>\$ 4,109,720</u>	<u>\$ -</u>	<u>\$ 72,386,927</u>
\$ 134,619	\$ 689	\$ -	\$ -	\$ 148,064
-	6,000	-	-	6,000
45,306	1,284	1,284	-	131,881
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
<u>179,925</u>	<u>7,973</u>	<u>1,284</u>	<u>-</u>	<u>310,945</u>
188,741	1,868,849	-	-	5,008,598
4,068,519	9,151,371	-	-	17,021,645
<u>10,098,914</u>	<u>4,974,317</u>	<u>4,108,436</u>	<u>-</u>	<u>50,045,739</u>
<u>14,356,174</u>	<u>15,994,537</u>	<u>4,108,436</u>	<u>-</u>	<u>72,075,982</u>
<u>\$ 14,536,099</u>	<u>\$ 16,002,510</u>	<u>\$ 4,109,720</u>	<u>\$ -</u>	<u>\$ 72,386,927</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, 2016**

	Neighborhood Prosperity Initiative Urban Renewal Fund	South Park Blocks Urban Renewal Fund	Central Eastside Urban Renewal Fund
REVENUES			
Intergovernmental revenues	\$ 329,839	\$ -	\$ -
Charges for services	-	266	118,360
Loan collections	-	30,476	61,566
Interest on investments	3,868	64,357	132,098
Miscellaneous	-	33,849	119,480
Tax-increment debt proceeds (in lieu of tax-increment revenue)	153,900	-	5,442,822
Total revenues	487,607	128,948	5,874,326
EXPENDITURES			
Current:			
Community development	34,992	263,318	1,158,172
Capital expenditures for urban renewal	-	-	38,818
Financial assistance	232,540	38,430	256,490
Total expenditures	267,532	301,748	1,453,480
Excess (deficiency) of revenues over (under) expenditures	220,075	(172,800)	4,420,846
Net change in fund balances	220,075	(172,800)	4,420,846
FUND BALANCES - July 1, 2015	529,332	13,253,715	19,365,667
FUND BALANCES - June 30, 2016	\$ 749,407	\$ 13,080,915	\$ 23,786,513

Gateway Regional Center Urban Renewal Fund	Airport Way Urban Renewal Fund	Willamette Industrial Urban Renewal Fund	Education District Urban Renewal Fund	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 329,839
35	86	-	-	118,747
4,818	38,426	-	-	135,286
56,953	37,651	31,083	1,786	327,796
722	22,653	-	-	176,704
<u>4,998,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,594,722</u>
<u>5,060,528</u>	<u>98,816</u>	<u>31,083</u>	<u>1,786</u>	<u>11,683,094</u>
1,037,656	682,746	122,484	1,001,513	4,300,881
168,982	248,121	-	57,225	513,146
<u>126,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>654,456</u>
<u>1,333,634</u>	<u>930,867</u>	<u>122,484</u>	<u>1,058,738</u>	<u>5,468,483</u>
<u>3,726,894</u>	<u>(832,051)</u>	<u>(91,401)</u>	<u>(1,056,952)</u>	<u>6,214,611</u>
<u>3,726,894</u>	<u>(832,051)</u>	<u>(91,401)</u>	<u>(1,056,952)</u>	<u>6,214,611</u>
<u>10,629,280</u>	<u>16,826,588</u>	<u>4,199,837</u>	<u>1,056,952</u>	<u>65,861,371</u>
<u>\$ 14,356,174</u>	<u>\$ 15,994,537</u>	<u>\$ 4,108,436</u>	<u>\$ -</u>	<u>\$ 72,075,982</u>

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

**NEIGHBORHOOD PROSPERITY INITIATIVE URBAN RENEWAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues-				
State and local	\$ 289,582	\$ 330,473	\$ 329,839	\$ (634)
Interest on investments	1,248	2,153	3,868	1,715
Tax increment debt proceeds (in lieu of tax increment revenue)	166,312	157,414	153,900	(3,514)
Total revenues	457,142	490,040	487,607	(2,433)
EXPENDITURES				
Current:				
Community development:				
Economic development	550,000	515,000	226,760	288,240
Total community development	550,000	515,000	226,760	288,240
Contingency	272,419	463,026	-	463,026
Total expenditures	822,419	978,026	226,760	751,266
Excess (deficiency) of revenues over expenditures	(365,277)	(487,986)	260,847	748,833
OTHER FINANCING SOURCES (USES)				
Transfers in-				
Enterprise Loans Fund	-	-	25,000	25,000
Total transfers in	-	-	25,000	25,000
Internal service reimbursements	(41,346)	(41,346)	(40,772)	574
Total other financing sources (uses)	(41,346)	(41,346)	(15,772)	25,574
Net change in fund balance	(406,623)	(529,332)	245,075	774,407
FUND BALANCE - July 1, 2015	406,623	529,332	529,332	-
FUND BALANCE - June 30, 2016	\$ -	\$ -	774,407	\$ 774,407
Adjustments to generally accepted accounting principles basis-				
Interfund advances			(25,000)	
FUND BALANCE - June 30, 2016 (GAAP BASIS)			\$ 749,407	

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

**DOWNTOWN WATERFRONT URBAN RENEWAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services-				
Application fees and charges	\$ 6,000	\$ 1,650	\$ 3,052	\$ 1,402
Rental income	49,135	62,805	50,804	(12,001)
Contractual service charges	-	16,723,009	16,723,009	-
Loan Collections-				
Principal	117,089	2,609,732	2,762,919	153,187
Interest	204,398	1,139,040	1,163,219	24,179
Interest on investments	30,000	30,000	262,626	232,626
Miscellaneous:				
Reimbursements	15,200	59,570	56,117	(3,453)
Sale of personal property	2,440,900	2,524,000	2,541,025	17,025
Total revenues	2,862,722	23,149,806	23,562,771	412,965
EXPENDITURES				
Current:				
Community development:				
Housing	1,717,345	-	-	-
Infrastructure	1,138,000	500,000	-	500,000
Property redevelopment	4,548,423	5,296,812	1,223,484	4,073,328
Economic development	254,283	291,698	152,644	139,054
Administration	4,501	11,795	8,674	3,121
Total community development	7,662,552	6,100,305	1,384,802	4,715,503
Contingency	11,035,759	35,443,061	-	35,443,061
Total expenditures	18,698,311	41,543,366	1,384,802	40,158,564
Excess (deficiency) of revenues over expenditures	(15,835,589)	(18,393,560)	22,177,969	40,571,529
OTHER FINANCING USES				
Internal service reimbursements	(561,647)	(561,647)	(551,280)	10,367
Total other financing uses	(561,647)	(561,647)	(551,280)	10,367
Net change in fund balance	(16,397,236)	(18,955,207)	21,626,689	40,581,896
FUND BALANCE - July 1, 2015	16,397,236	18,955,207	18,955,208	1
FUND BALANCE - June 30, 2016	\$ -	\$ -	40,581,897	\$ 40,581,897
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			2,487,966	
Property held for sale			1,171,570	
FUND BALANCE - June 30, 2016 (GAAP BASIS)			\$ 44,241,433	

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

**NORTH MACADAM URBAN RENEWAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services-				
Rental income	\$ 239,062	\$ 236,062	\$ 681,762	\$ 445,700
Loan Collections-				
Principal	25,028	25,028	35,754	10,726
Interest	2,211	2,211	3,158	947
Interest on investments	20,000	20,000	85,720	65,720
Miscellaneous:				
Reimbursements	-	-	24,674	24,674
Sale of personal property	-	7,700,000	-	(7,700,000)
Other	17,000	17,000	-	(17,000)
Tax increment debt proceeds (in lieu of tax increment revenue)	1,740,000	1,740,000	6,997,200	5,257,200
Total revenues	2,043,301	9,740,301	7,828,268	(1,912,033)
EXPENDITURES				
Current:				
Community development:				
Housing	2,000,000	9,360,000	181,404	9,178,596
Infrastructure	886,318	886,318	514,180	372,138
Property redevelopment	265,785	357,476	916,038	(558,562)
Economic development	14,732	14,732	431	14,301
Administration	33,769	5,740	5,739	1
Total community development	3,200,604	10,624,266	1,617,792	9,006,474
Contingency	5,304,928	7,305,648	-	7,305,648
Total expenditures	8,505,532	17,929,914	1,617,792	16,312,122
Excess (deficiency) of revenues over expenditures	(6,462,231)	(8,189,613)	6,210,476	14,400,089
OTHER FINANCING USES				
Internal service reimbursements	(995,937)	(995,937)	(977,480)	18,457
Total other financing uses	(995,937)	(995,937)	(977,480)	18,457
Net change in fund balance	(7,458,168)	(9,185,550)	5,232,996	14,418,546
FUND BALANCE - July 1, 2015	7,458,168	9,185,550	9,185,550	-
FUND BALANCE - June 30, 2016	\$ -	\$ -	14,418,546	\$ 14,418,546
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			52,078	
Property held for sale			6,419,232	
FUND BALANCE - June 30, 2016 (GAAP BASIS)			\$ 20,889,856	

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

**RIVER DISTRICT URBAN RENEWAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues-				
Federal grants	\$ 1,983,620	\$ 1,969,511	\$ 593,861	\$ (1,375,650)
Charges for services-				
Application fees and charges	6,000	10,000	9,196	(804)
Rental income	2,472,865	2,406,249	2,417,409	11,160
Loan Collections-				
Principal	4,681,013	4,509,652	6,061,989	1,552,337
Interest	530,764	849,728	716,053	(133,675)
Interest on investments	200,000	200,000	390,800	190,800
City of Portland line of credit advance	-	11,497,639	6,878,755	(4,618,884)
Miscellaneous:				
Reimbursements	-	179,235	365,787	186,552
Sale of personal property	200,000	7,142,500	-	(7,142,500)
Other	-	4,834	200,053	195,219
Tax increment debt proceeds (in lieu of tax increment revenue)	40,948,515	59,916,660	35,482,566	(24,434,094)
Total revenues	51,022,777	88,686,008	53,116,469	(35,569,539)
EXPENDITURES				
Current:				
Community development:				
Housing	12,455,583	7,930,070	6,482,849	1,447,221
Infrastructure	2,909,606	2,615,958	2,045,986	569,972
Property redevelopment	51,090,145	38,640,718	16,492,188	22,148,530
Economic development	767,191	772,971	149,399	623,572
Administration	71,055	652,317	73,591	578,726
Total community development	<u>67,293,580</u>	<u>50,612,034</u>	<u>25,244,013</u>	<u>25,368,021</u>
Contingency	16,489,815	82,465,148	-	82,465,148
Total expenditures	83,783,395	133,077,182	25,244,013	107,833,169
Excess (deficiency) of revenues over expenditures	(32,760,618)	(44,391,174)	27,872,456	72,263,630
OTHER FINANCING SOURCES (USES)				
Transfers in-				
Business Management Fund	-	21,440	-	(21,440)
Total transfers in	-	21,440	-	(21,440)
Internal service reimbursements	(5,085,559)	(5,085,559)	(4,989,420)	96,139
Transfers out:				
Business Management Fund-interfund loan	-	(3,200,000)	(3,025,892)	174,108
Total transfers out	-	(3,200,000)	(3,025,892)	174,108
Total other financing sources (uses)	(5,085,559)	(8,264,119)	(8,015,312)	248,807
Net change in fund balance	(37,846,177)	(52,655,293)	19,857,144	72,512,437
FUND BALANCE - July 1, 2015	37,846,177	52,655,293	52,655,291	(2)
FUND BALANCE - June 30, 2016	\$ -	\$ -	72,512,435	\$ 72,512,435
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			13,881,155	
Interfund advances			3,025,892	
Property held for sale			17,623,396	
FUND BALANCE - June 30, 2016 (GAAP BASIS)			\$ 107,042,878	

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

**SOUTH PARK BLOCKS URBAN RENEWAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services-				
Application fees and charges	\$ 300	\$ 300	\$ 266	\$ (34)
Loan Collections-				
Principal	81,177	656,419	675,918	19,499
Interest	31,912	23,235	30,476	7,241
Interest on investments	10,000	10,000	64,357	54,357
	123,389	689,954	771,017	81,063
EXPENDITURES				
Current:				
Community development:				
Housing	860,500	-	-	-
Property redevelopment	79,003	79,003	40,074	38,929
Economic development	200,100	200,100	4,550	195,550
Administration	4,500	11,795	8,674	3,121
Total community development	1,144,103	290,898	53,298	237,600
Contingency	6,318,551	8,273,016	-	8,273,016
Total expenditures	7,462,654	8,563,914	53,298	8,510,616
Excess (deficiency) of revenues over expenditures	(7,339,265)	(7,873,960)	717,719	8,591,679
OTHER FINANCING USES				
Internal service reimbursements	(253,097)	(253,097)	(248,450)	4,647
Total other financing uses	(253,097)	(253,097)	(248,450)	4,647
Net change in fund balance	(7,592,362)	(8,127,057)	469,269	8,596,326
FUND BALANCE - July 1, 2015	7,592,362	8,127,057	8,127,057	-
FUND BALANCE - June 30, 2016	\$ -	\$ -	8,596,326	\$ 8,596,326
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			1,024,735	
Property held for sale			3,459,854	
FUND BALANCE - June 30, 2016 (GAAP BASIS)			\$ 13,080,915	

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

**CONVENTION CENTER URBAN RENEWAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services-				
Application fees and charges	\$ 1,500	\$ 1,500	\$ 1,050	\$ (450)
Rental income	2,012,790	2,017,290	2,168,892	151,602
Loan Collections-				
Principal	298,970	156,764	240,541	83,777
Interest	197,045	194,244	284,339	90,095
Interest on investments	30,000	30,000	301,274	271,274
Miscellaneous:				
Sale of personal property	1,800,000	-	-	-
 Total revenues	4,340,305	2,399,798	2,996,096	596,298
 EXPENDITURES				
Current:				
Community development:				
Housing	11,850,000	3,770,000	2,588,943	1,181,057
Property redevelopment	28,861,353	6,660,769	2,102,798	4,557,971
Economic development	150,100	2,000	1,447	553
Administration	6,500	11,795	8,674	3,121
Total community development	40,867,953	10,444,564	4,701,862	5,742,702
Contingency	2,252,042	32,042,865	-	32,042,865
 Total expenditures	43,119,995	42,487,429	4,701,862	37,785,567
 Excess (deficiency) of revenues over expenditures	(38,779,690)	(40,087,631)	(1,705,766)	38,381,865
 OTHER FINANCING USES				
Internal service reimbursements	(1,028,793)	(1,028,793)	(1,009,730)	19,063
 Total other financing uses	(1,028,793)	(1,028,793)	(1,009,730)	19,063
 Net change in fund balance	(39,808,483)	(41,116,424)	(2,715,496)	38,400,928
 FUND BALANCE - July 1, 2015	39,808,483	41,116,424	41,116,424	-
 FUND BALANCE - June 30, 2016	\$ -	\$ -	38,400,928	\$ 38,400,928
 Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			9,656,634	
Property held for sale			11,683,911	
 FUND BALANCE - June 30, 2016 (GAAP BASIS)			\$ 59,741,473	

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

**CENTRAL EASTSIDE URBAN RENEWAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services-				
Application fees and charges	\$ 800	\$ 800	\$ 1,156	\$ 356
Rental income	104,000	104,000	117,204	13,204
Loan Collections-				
Principal	157,779	211,525	1,258,479	1,046,954
Interest	32,773	51,986	61,566	9,580
Interest on investments	10,000	10,000	132,098	122,098
Miscellaneous:				
Reimbursements	-	-	3,745	3,745
Tax increment debt proceeds (in lieu of tax increment revenue)	5,168,320	5,168,320	5,442,822	274,502
Total revenues	<u>5,473,672</u>	<u>5,546,631</u>	<u>7,017,070</u>	<u>1,470,439</u>
EXPENDITURES				
Current:				
Community development:				
Housing	3,199,671	199,671	103,464	96,207
Infrastructure	1,650,000	160,000	150,197	9,803
Property redevelopment	6,568,379	6,611,052	580,897	6,030,155
Economic development	337,411	338,423	44,154	294,269
Administration	35,104	8,511	8,308	203
Total community development	<u>11,790,565</u>	<u>7,317,657</u>	<u>887,020</u>	<u>6,430,637</u>
Contingency	6,765,235	13,606,604	-	13,606,604
Total expenditures	<u>18,555,800</u>	<u>20,924,261</u>	<u>887,020</u>	<u>20,037,241</u>
Excess (deficiency) of revenues over expenditures	<u>(13,082,128)</u>	<u>(15,377,630)</u>	<u>6,130,050</u>	<u>21,507,680</u>
OTHER FINANCING USES				
Internal service reimbursements	(577,121)	(577,121)	(566,460)	10,661
Total other financing uses	<u>(577,121)</u>	<u>(577,121)</u>	<u>(566,460)</u>	<u>10,661</u>
Net change in fund balance	(13,659,249)	(15,954,751)	5,563,590	21,518,341
FUND BALANCE - July 1, 2015	<u>13,659,249</u>	<u>15,954,751</u>	<u>15,954,749</u>	<u>(2)</u>
FUND BALANCE - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>21,518,339</u>	<u>\$ 21,518,339</u>
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			1,926,273	
Property held for sale			341,901	
FUND BALANCE - June 30, 2016 (GAAP BASIS)			<u>\$ 23,786,513</u>	

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

**LENTS TOWN CENTER URBAN RENEWAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services-				
Application fees and charges	\$ 1,500	\$ 50,300	\$ 44,450	\$ (5,850)
Rental income	60,875	61,025	136,194	75,169
Loan Collections-				
Principal	441,874	126,316	155,823	29,507
Interest	50,813	82,833	92,483	9,650
Interest on investments	44,067	61,040	146,973	85,933
Miscellaneous:				
Reimbursements	80,200	82,500	21,688	(60,812)
Other	-	-	649	649
Tax increment debt proceeds (in lieu of tax increment revenue)	9,990,000	9,990,000	9,996,000	6,000
Total revenues	10,669,329	10,454,014	10,594,260	140,246
EXPENDITURES				
Current:				
Community development:				
Housing	1,616,689	1,794,840	1,229,666	565,174
Infrastructure	2,657,083	1,042,058	712,139	329,919
Property redevelopment	6,494,793	6,754,073	3,712,803	3,041,270
Economic development	866,270	866,270	188,818	677,452
Administration	32,413	19,327	18,281	1,046
Total community development	11,667,248	10,476,568	5,861,707	4,614,861
Contingency	12,190,722	17,066,817	-	17,066,817
Total expenditures	23,857,970	27,543,385	5,861,707	21,681,678
Excess (deficiency) of revenues over expenditures	(13,188,641)	(17,089,371)	4,732,553	21,821,924
OTHER FINANCING USES				
Internal service reimbursements	(1,500,374)	(1,500,374)	(1,472,530)	27,844
Total other financing uses	(1,500,374)	(1,500,374)	(1,472,530)	27,844
Net change in fund balance	(14,689,015)	(18,589,745)	3,260,023	21,849,768
FUND BALANCE - July 1, 2015	14,689,015	18,589,745	18,589,746	1
FUND BALANCE - June 30, 2016	\$ -	\$ -	21,849,769	\$ 21,849,769
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			4,761,659	
Property held for sale			7,537,016	
FUND BALANCE - June 30, 2016 (GAAP BASIS)			\$ 34,148,444	

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

**INTERSTATE CORRIDOR URBAN RENEWAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services-				
Application fees and charges	\$ 2,200	\$ 1,500	\$ 1,951	\$ 451
Rental income	266,124	284,124	260,937	(23,187)
Loan Collections-				
Principal	201,706	609,027	459,791	(149,236)
Interest	59,293	55,584	84,089	28,505
Interest on investments	59,448	72,914	152,482	79,568
Miscellaneous:				
Reimbursements	63,529	63,529	65,094	1,565
Sale of personal property	742,412	415,000	415,000	-
Tax increment debt proceeds (in lieu of tax increment revenue)	18,981,000	18,981,000	18,992,400	11,400
 Total revenues	 20,375,712	 20,482,678	 20,431,744	 (50,934)
 EXPENDITURES				
Current:				
Community development:				
Housing	7,928,756	5,558,846	2,505,250	3,053,596
Infrastructure	5,793,207	3,593,207	2,713,792	879,415
Property redevelopment	4,675,467	4,864,783	1,319,173	3,545,610
Economic development	8,893,324	8,935,324	8,366,686	568,638
Administration	41,466	34,133	28,992	5,141
Total community development	27,332,220	22,986,293	14,933,893	8,052,400
Contingency	11,017,190	18,140,851	-	18,140,851
 Total expenditures	 38,349,410	 41,127,144	 14,933,893	 26,193,251
 Excess (deficiency) of revenues over expenditures	 (17,973,698)	 (20,644,466)	 5,497,851	 26,142,317
 OTHER FINANCING USES				
Internal service reimbursements	(1,842,154)	(1,842,154)	(1,807,960)	34,194
 Total other financing uses	 (1,842,154)	 (1,842,154)	 (1,807,960)	 34,194
 Net change in fund balance	 (19,815,852)	 (22,486,620)	 3,689,891	 26,176,511
 FUND BALANCE - July 1, 2015	 19,815,852	 22,486,620	 22,486,621	 1
 FUND BALANCE - June 30, 2016	 \$ -	 \$ -	 26,176,512	 \$ 26,176,512
 Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			9,444,711	
Property held for sale			6,517,097	
 FUND BALANCE - June 30, 2016 (GAAP BASIS)			 \$ 42,138,320	

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

**GATEWAY REGIONAL CENTER URBAN RENEWAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services-				
Application fees and charges	\$ 50	\$ 50	\$ 35	\$ (15)
Loan Collections-				
Principal	9,820	10,467	14,433	3,966
Interest	3,073	3,348	4,818	1,470
Interest on investments	13,241	20,832	56,953	36,121
Miscellaneous:				
Reimbursements	3,600	3,600	-	(3,600)
Tax increment debt proceeds (in lieu of tax increment revenue)	<u>4,423,980</u>	<u>4,797,948</u>	<u>4,998,000</u>	<u>200,052</u>
Total revenues	<u>4,453,764</u>	<u>4,836,245</u>	<u>5,074,239</u>	<u>237,994</u>
EXPENDITURES				
Current:				
Community development:				
Housing	527,325	178,837	178,837	-
Infrastructure	2,016,642	426,642	220,894	205,748
Property redevelopment	2,280,915	1,451,815	298,523	1,153,292
Economic development	354,271	354,271	25,976	328,295
Administration	13,555	7,285	6,513	772
Total community development	<u>5,192,708</u>	<u>2,418,850</u>	<u>730,743</u>	<u>1,688,107</u>
Contingency	<u>3,060,345</u>	<u>8,161,453</u>	<u>-</u>	<u>8,161,453</u>
Total expenditures	<u>8,253,053</u>	<u>10,580,303</u>	<u>730,743</u>	<u>9,849,560</u>
Excess (deficiency) of revenues over expenditures	<u>(3,799,289)</u>	<u>(5,744,058)</u>	<u>4,343,496</u>	<u>10,087,554</u>
OTHER FINANCING USES				
Internal service reimbursements	<u>(614,249)</u>	<u>(614,249)</u>	<u>(602,890)</u>	<u>11,359</u>
Total other financing uses	<u>(614,249)</u>	<u>(614,249)</u>	<u>(602,890)</u>	<u>11,359</u>
Net change in fund balance	(4,413,538)	(6,358,307)	3,740,606	10,098,913
FUND BALANCE - July 1, 2015	<u>4,413,538</u>	<u>6,358,307</u>	<u>6,358,308</u>	<u>1</u>
FUND BALANCE - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	10,098,914	<u>\$ 10,098,914</u>
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			188,741	
Property held for sale			<u>4,068,519</u>	
FUND BALANCE - June 30, 2016 (GAAP BASIS)			<u>\$ 14,356,174</u>	

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

**AIRPORT WAY URBAN RENEWAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services-				
Application fees and charges	\$ 100	\$ 100	\$ 86	\$ (14)
Rental income	79,100	-	-	-
Loan Collections-				
Principal	59,157	88,000	150,482	62,482
Interest	27,423	28,276	38,426	10,150
Interest on investments	10,000	10,000	37,651	27,651
Miscellaneous:				
Sale of personal property	-	759,251	759,251	-
Other	-	-	8,261	8,261
	175,780	885,627	994,157	108,530
EXPENDITURES				
Current:				
Community development:				
Property redevelopment	116,741	272,720	205,955	66,765
Economic development	294,832	69,732	9,713	60,019
Administration	4,150	11,795	11,024	771
Total community development	415,723	354,247	226,692	127,555
Contingency	2,313,298	4,727,491	-	4,727,491
Total expenditures	2,729,021	5,081,738	226,692	4,855,046
Excess (deficiency) of revenues over expenditures	(2,553,241)	(4,196,111)	767,465	4,963,576
OTHER FINANCING USES				
Internal service reimbursements	(580,411)	(580,411)	(569,670)	10,741
Total other financing uses	(580,411)	(580,411)	(569,670)	10,741
Net change in fund balance	(3,133,652)	(4,776,522)	197,795	4,974,317
FUND BALANCE - July 1, 2015	3,133,652	4,776,522	4,776,522	-
FUND BALANCE - June 30, 2016	\$ -	\$ -	4,974,317	\$ 4,974,317
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			1,868,849	
Property held for sale			9,151,371	
FUND BALANCE - June 30, 2016 (GAAP BASIS)			\$ 15,994,537	

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

**WILLAMETTE INDUSTRIAL URBAN RENEWAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 10,000	\$ 10,000	\$ 31,083	\$ 21,083
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>31,083</u>	<u>21,083</u>
EXPENDITURES				
Current:				
Community development:				
Property redevelopment	20,000	20,000	-	20,000
Economic development	96,059	96,059	-	96,059
Administration	3,800	8,920	7,974	946
Total community development	<u>119,859</u>	<u>124,979</u>	<u>7,974</u>	<u>117,005</u>
Contingency	<u>3,567,505</u>	<u>3,968,232</u>	<u>-</u>	<u>3,968,232</u>
Total expenditures	<u>3,687,364</u>	<u>4,093,211</u>	<u>7,974</u>	<u>4,085,237</u>
Excess (deficiency) of revenues over expenditures	<u>(3,677,364)</u>	<u>(4,083,211)</u>	<u>23,109</u>	<u>4,106,320</u>
OTHER FINANCING USES				
Internal service reimbursements	<u>(116,625)</u>	<u>(116,625)</u>	<u>(114,510)</u>	<u>2,115</u>
Total other financing uses	<u>(116,625)</u>	<u>(116,625)</u>	<u>(114,510)</u>	<u>2,115</u>
Net change in fund balance	(3,793,989)	(4,199,836)	(91,401)	4,108,435
FUND BALANCE - July 1, 2015	<u>3,793,989</u>	<u>4,199,836</u>	<u>4,199,837</u>	<u>1</u>
FUND BALANCE - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,108,436</u>	<u>\$ 4,108,436</u>

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

**EDUCATION URBAN RENEWAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ -	\$ 1,786	\$ 1,786	\$ -
Total revenues	-	1,786	1,786	-
EXPENDITURES				
Current:				
Community development:				
Infrastructure	-	57,225	57,225	-
Property redevelopment	-	568	568	-
Administration	389,506	1,000,945	1,000,945	-
Total community development	389,506	1,058,738	1,058,738	-
Total expenditures	389,506	1,058,738	1,058,738	-
Excess (deficiency) of revenues over expenditures	(389,506)	(1,056,952)	(1,056,952)	-
Net change in fund balance	(389,506)	(1,056,952)	(1,056,952)	-
FUND BALANCE - July 1, 2015	389,506	1,056,952	1,056,952	-
FUND BALANCE - June 30, 2016	\$ -	\$ -	\$ -	\$ -

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
Business Development Loan Fund
Working Capital Fund
NPI Opportunity 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 track and manage non-URA property assets and activities and fee generation activities.

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 STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016**

	Enterprise Loans Fund	Enterprise Management Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Cash with City of Portland investment pool	\$ 3,863,517	\$ 111,832	\$ 3,975,349
Receivables:			
Accounts	-	95,734	95,734
Internal balances	315,000	-	315,000
Loans, net	205,636	-	205,636
Interest	8,981	104	9,085
Total current assets	4,393,134	207,670	4,600,804
Noncurrent assets:			
Loans receivable, net	863,804	-	863,804
Total noncurrent assets	863,804	-	863,804
Total assets	\$ 5,256,938	\$ 207,670	\$ 5,464,608
LIABILITIES AND NET POSITION			
Liabilities:			
Current liabilities:			
Due to City of Portland	\$ -	\$ 175,557	\$ 175,557
Total current liabilities	-	175,557	175,557
NET POSITION			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	5,256,938	32,113	-
Total net position	5,256,938	32,113	5,289,051
Total liabilities and net position	\$ 5,256,938	\$ 207,670	\$ 5,464,608

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

**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016**

	Enterprise Loans Fund	Enterprise Management Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Intergovernmental revenues	\$ 871,000	\$ -	\$ 871,000
Charges for services	13,562	1,109,768	1,123,330
Interest on loans	39,913	-	39,913
Miscellaneous revenues	169,663	-	169,663
Total operating revenues	1,094,138	1,109,768	2,203,906
OPERATING EXPENSES:			
Personal services	44,519	-	44,519
Professional services	1,439	1,150,429	1,151,868
Financial assistance	17,146	-	17,146
Miscellaneous expenses	-	4,800	4,800
Total operating expenses	63,104	1,155,229	1,218,333
Operating income (loss)	1,031,034	(45,461)	985,573
NON-OPERATING REVENUES (EXPENSE):			
Interest on investments	22,436	710	23,146
Total non-operating revenues (expense)	22,436	710	23,146
Income before transfers	1,053,470	(44,751)	1,008,719
Transfers in	138,203	-	138,203
Change in net position	1,191,673	(44,751)	1,146,922
Net position - July 1, 2015	4,065,265	76,864	4,142,129
Net position - June 30, 2016	\$ 5,256,938	\$ 32,113	\$ 5,289,051

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

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

	Non-Major Business-type Activities - Enterprise Funds		Total Non-Major Enterprise Funds
	Enterprise Loans Fund	Enterprise Management Fund	
Cash flows from operating activities:			
Loan collections from borrowers	\$ 205,636	\$ -	\$ 205,636
Intergovernmental revenue	871,000	-	871,000
Interest on loans from borrowers	39,913	-	39,913
Loan fees from customers	13,562	-	13,562
Rent income	-	1,109,768	1,109,768
Collection of receivables from other entities	-	79,823	79,823
Payments to employees	(8,269)	-	(8,269)
Payments to vendors	(1,439)	(1,155,229)	(1,156,668)
Payments for interfund services used	(36,250)	-	(36,250)
Loans to borrowers	(451,450)	-	(451,450)
Miscellaneous reimbursements (payments)	164,807	-	164,807
Net cash provided by operating activities	<u>797,510</u>	<u>34,362</u>	<u>831,872</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	328,203	-	328,203
Transfers to other funds	(315,000)	-	(315,000)
Net cash provide (used) by capital and related financing activities	<u>13,203</u>	<u>-</u>	<u>13,203</u>
Cash flows from investing activities:			
Interest received from investing	19,658	993	20,651
Net increase in cash and cash equivalents	830,371	35,355	865,726
Cash and cash equivalents-July 1, 2015	<u>3,033,146</u>	<u>76,477</u>	<u>3,109,623</u>
Cash and cash equivalents-June 30, 2016	<u>\$ 3,863,517</u>	<u>\$ 111,832</u>	<u>\$ 3,975,349</u>
Cash with City of Portland investment pool	<u>\$ 3,863,517</u>	<u>\$ 111,832</u>	<u>\$ 3,975,349</u>
Total	<u>\$ 3,863,517</u>	<u>\$ 111,832</u>	<u>\$ 3,975,349</u>
Reconciliation of operating income to net cash provided/(used) by operating activities:			
Net operating income(loss)	\$ 1,031,033	\$ (45,461)	\$ 985,572
Adjustments to reconcile net operating income to net cash provided/(used) by operating activities:			
Increase in due to City of Portland	-	92,848	92,848
Decrease in loans receivable	(233,523)	-	(233,523)
Decrease in due from other entities	-	(13,025)	(13,025)
Total adjustments	<u>(233,523)</u>	<u>79,823</u>	<u>(153,700)</u>
Net cash provided by operating activities	<u>\$ 797,510</u>	<u>\$ 34,362</u>	<u>\$ 831,872</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues-				
City of Portland, General Fund	\$ -	\$ 871,000	\$ 871,000	\$ -
Charges for services-				
Application fees and charges	750	16,850	13,562	(3,288)
Loan Collections-				
Principal	155,344	165,020	205,637	40,617
Interest	13,032	29,560	39,913	10,353
Interest on investments	8,883	18,450	22,436	3,986
Miscellaneous:				
Reimbursements	-	-	164,807	164,807
Total revenues	<u>178,009</u>	<u>1,100,880</u>	<u>1,317,355</u>	<u>216,475</u>
EXPENDITURES				
Current:				
Community development:				
Housing	193,768	-	-	-
Economic development	759,729	1,012,716	461,158	551,558
Administration	75,466	75,892	-	75,892
Total community development	<u>1,028,963</u>	<u>1,088,608</u>	<u>461,158</u>	<u>627,450</u>
Contingency	<u>2,292,522</u>	<u>3,343,004</u>	<u>-</u>	<u>3,343,004</u>
Total expenditures	<u>3,321,485</u>	<u>4,431,612</u>	<u>461,158</u>	<u>3,970,454</u>
Excess (deficiency) of revenues over expenditures	<u>(3,143,476)</u>	<u>(3,330,732)</u>	<u>856,197</u>	<u>4,186,929</u>
OTHER FINANCING SOURCES (USES)				
Transfers in-				
General Fund	117,141	138,203	138,203	-
Housing and Community Development Contract Fund	<u>-</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Total transfers in	<u>117,141</u>	<u>328,203</u>	<u>328,203</u>	<u>-</u>
Internal service reimbursements	(36,822)	(36,822)	(36,250)	572
Transfers out:				
General Fund	<u>-</u>	<u>-</u>	<u>(315,000)</u>	<u>(315,000)</u>
Total transfers out	<u>-</u>	<u>-</u>	<u>(315,000)</u>	<u>(315,000)</u>
Total other financing sources (uses)	<u>197,460</u>	<u>291,381</u>	<u>(23,047)</u>	<u>(314,428)</u>
Net change in fund balance	(2,946,016)	(3,039,351)	833,150	3,872,501
FUND BALANCE - July 1, 2015	<u>3,063,157</u>	<u>3,039,351</u>	<u>3,039,348</u>	<u>(3)</u>
FUND BALANCE - June 30, 2016	<u>\$ 117,141</u>	<u>\$ -</u>	<u>3,872,498</u>	<u>\$ 3,872,498</u>
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			1,069,440	
Interfund advances			<u>315,000</u>	
FUND BALANCE - June 30, 2016 (GAAP BASIS)			<u>\$ 5,256,938</u>	

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, 2016

	Small Business Loan Fund	Business Development Loan Fund	Working Capital fund	NPI Opportunity Fund	Workforce Training/Hiring Fund	Total Enterprise Loans Fund
ASSETS						
Current assets:						
Cash with City of Portland investment pool	\$ 809,305	\$ 1,213,426	\$ 1,129,080	\$ 635,457	\$ 76,249	\$ 3,863,517
Receivables:						
Due from other funds	200,000	115,000	-	-	-	315,000
Loans, net	117,600	68,129	16,954	2,953	-	205,636
Interest	2,292	3,425	2,685	365	214	8,981
Total current assets	<u>1,129,197</u>	<u>1,399,980</u>	<u>1,148,719</u>	<u>638,775</u>	<u>76,463</u>	<u>4,393,134</u>
Noncurrent assets:						
Loans receivable, net	<u>393,524</u>	<u>231,472</u>	<u>14,973</u>	<u>223,835</u>	<u>-</u>	<u>863,804</u>
Total noncurrent assets	<u>393,524</u>	<u>231,472</u>	<u>14,973</u>	<u>223,835</u>	<u>-</u>	<u>863,804</u>
Total assets	<u>1,522,721</u>	<u>1,631,452</u>	<u>1,163,692</u>	<u>862,610</u>	<u>76,463</u>	<u>5,256,938</u>
Net Position:						
Unrestricted	<u>\$ 1,522,721</u>	<u>\$ 1,631,452</u>	<u>\$ 1,163,692</u>	<u>\$ 862,610</u>	<u>\$ 76,463</u>	<u>\$ 5,256,938</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, 2016**

	Small Business Loan Fund	Business Development Loan Fund	Working Capital Fund	NPI Opportunity Fund	Workforce Training/Hiring Fund	Total Enterprise Loans Fund
OPERATING REVENUES:						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 871,000	\$ -	\$ 871,000
Charges for services	5,411	5,583	159	2,409	-	13,562
Interest on loans	25,014	12,869	1,215	815	-	39,913
Miscellaneous revenues	4,422	-	165,241	-	-	169,663
Total operating revenues	<u>34,847</u>	<u>18,452</u>	<u>166,615</u>	<u>874,224</u>	<u>-</u>	<u>1,094,138</u>
OPERATING EXPENSES:						
Personal services	23,912	18,957	1,650	-	-	44,519
Professional services	631	765	-	43	-	1,439
Financial assistance	-	5,210	-	11,936	-	17,146
Total operating expenses	<u>24,543</u>	<u>24,932</u>	<u>1,650</u>	<u>11,979</u>	<u>-</u>	<u>63,104</u>
Operating income (loss)	<u>10,304</u>	<u>(6,480)</u>	<u>164,965</u>	<u>862,245</u>	<u>-</u>	<u>1,031,034</u>
NON-OPERATING REVENUES (EXPENSE):						
Interest on investment	<u>6,297</u>	<u>8,687</u>	<u>6,516</u>	<u>365</u>	<u>571</u>	<u>22,436</u>
Total non-operating revenues (expense)	<u>6,297</u>	<u>8,687</u>	<u>6,516</u>	<u>365</u>	<u>571</u>	<u>22,436</u>
Income (loss) before transfers	<u>16,601</u>	<u>2,207</u>	<u>171,481</u>	<u>862,610</u>	<u>571</u>	<u>1,053,470</u>
TRANSFERS						
Transfers in	-	-	138,203	-	-	138,203
Total transfers	<u>-</u>	<u>-</u>	<u>138,203</u>	<u>-</u>	<u>-</u>	<u>138,203</u>
Change in net position	16,601	2,207	309,684	862,610	571	1,191,673
Net position - July 1, 2015	<u>1,506,120</u>	<u>1,629,245</u>	<u>854,008</u>	<u>-</u>	<u>75,892</u>	<u>4,065,265</u>
Net position - June 30, 2016	<u>\$ 1,522,721</u>	<u>\$ 1,631,452</u>	<u>\$ 1,163,692</u>	<u>\$ 862,610</u>	<u>\$ 76,463</u>	<u>\$ 5,256,938</u>

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

**ENTERPRISE MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services-				
Rental income	\$ 1,200,000	\$ 1,250,000	\$ 1,109,768	\$ (140,232)
Interest on investments	-	-	710	710
 Total revenues	<u>1,200,000</u>	<u>1,250,000</u>	<u>1,110,478</u>	<u>(139,522)</u>
EXPENDITURES				
Current:				
Community development:				
Housing	1,200,000	1,326,864	1,155,229	171,635
Total community development	<u>1,200,000</u>	<u>1,326,864</u>	<u>1,155,229</u>	<u>171,635</u>
 Total expenditures	<u>1,200,000</u>	<u>1,326,864</u>	<u>1,155,229</u>	<u>171,635</u>
 Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(76,864)</u>	<u>(44,751)</u>	<u>32,113</u>
 Net change in fund balance	-	(76,864)	(44,751)	32,113
 FUND BALANCE - July 1, 2015	<u>-</u>	<u>76,864</u>	<u>76,864</u>	<u>-</u>
 FUND BALANCE - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,113</u>	<u>\$ 32,113</u>

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

**BUSINESS MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services-				
Contractual service charges	\$ 1,000,000	\$ 3,962,500	\$ 4,004,634	\$ 42,134
Interest on investments	25,000	25,000	39,895	14,895
Miscellaneous:				
Reimbursements	-	-	9,988	9,988
Sale of personal property	-	3,300,000	-	(3,300,000)
Other	-	-	8,106	8,106
	1,025,000	7,287,500	4,062,623	(3,224,877)
EXPENDITURES				
Current:				
Community development:				
Property redevelopment	1,000,000	3,200,000	3,044,844	155,156
Economic development	25,000	25,000	3,763	21,237
Administration	4,802	4,802	-	4,802
Total community development	1,029,802	3,229,802	3,048,607	181,195
Contingency	3,085,747	10,357,839	-	10,357,839
Total expenditures	4,115,549	13,587,641	3,048,607	10,539,034
Excess (deficiency) of revenues over expenditures	(3,090,549)	(6,300,141)	1,014,016	7,314,157
OTHER FINANCING SOURCES (USES)				
Interfund loan	-	3,200,000	-	(3,200,000)
Transfers in-				
River District Urban Renewal Fund	-	-	3,025,892	3,025,892
Total transfers in	-	-	3,025,892	3,025,892
Interfund loan	-	(21,440)	-	21,440
Total other financing sources (uses)	-	3,178,560	3,025,892	(152,668)
Net change in fund balance	(3,090,549)	(3,121,581)	4,039,908	7,161,489
FUND BALANCE - July 1, 2015	3,090,549	3,121,581	3,121,580	(1)
FUND BALANCE - June 30, 2016	\$ -	\$ -	7,161,488	\$ 7,161,488
Adjustments to generally accepted accounting principles basis-				
Interfund advances			(3,025,892)	
Property held for sale			3,025,892	
FUND BALANCE - June 30, 2016 (GAAP BASIS)			\$ 7,161,488	

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

**RISK MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 760	\$ 1,000	\$ 1,861	\$ 861
Total revenues	<u>760</u>	<u>1,000</u>	<u>1,861</u>	<u>861</u>
EXPENDITURES				
Current:				
Community development:				
Administration	253,964	248,200	-	248,200
Total community development	<u>253,964</u>	<u>248,200</u>	<u>-</u>	<u>248,200</u>
Total expenditures	<u>253,964</u>	<u>248,200</u>	<u>-</u>	<u>248,200</u>
Excess (deficiency) of revenues over expenditures	<u>(253,204)</u>	<u>(247,200)</u>	<u>1,861</u>	<u>249,061</u>
Net change in fund balance	(253,204)	(247,200)	1,861	249,061
FUND BALANCE - July 1, 2015	<u>253,204</u>	<u>247,200</u>	<u>247,200</u>	<u>-</u>
FUND BALANCE - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,061</u>	<u>\$ 249,061</u>

**CAPITAL ASSETS
USED IN THE OPERATION
OF 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 SOURCE**

For The Fiscal Year Ended June 30, 2016

Governmental funds capital assets:	
Land	\$ 7,495,883
Buildings and improvements	5,807,441
Leasehold improvements	3,849,501
Equipment	1,079,340
Intangible software	1,508,426
Accumulated depreciation	(6,369,287)
	<u>\$ 13,371,303</u>
Investment in governmental funds capital assets by source:	
General Fund	\$ 2,587,766
Capital Projects Funds	17,152,825
Accumulated depreciation	(6,369,287)
	<u>\$ 13,371,303</u>

This schedule presents only the capital assets 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 OF CHANGES BY FUNCTION AND ACTIVITY
For The Fiscal Year Ended June 30, 2016**

Function and Activity	Land	Buildings	Leasehold Improvements	Equipment	Software	Total
Community development Revitalization Administration	\$ 7,495,883	\$ 5,807,441	\$ 3,849,501	\$ -	\$ -	\$ 13,303,324
Total community development	7,495,883	5,807,441	3,849,501	1,079,341	1,508,427	19,740,593
Less: accumulated depreciation	-	(1,640,159)	(3,849,501)	(879,630)	-	(6,369,290)
Total governmental funds capital assets	<u>\$ 7,495,883</u>	<u>\$ 4,167,282</u>	<u>\$ -</u>	<u>\$ 199,710</u>	<u>\$ 1,508,427</u>	<u>\$ 13,371,303</u>

This schedule presents only the capital assets 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
For The Fiscal Year Ended June 30, 2016**

<u>Function and Activity</u>	<u>Governmental Capital Assets July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Capital Assets June 30, 2016</u>
Community development				
Revitalization	\$ 13,426,643	\$ -	\$ (123,319)	\$ 13,303,324
Administration	7,048,664	1,886,066	(2,497,464)	6,437,267
Total community development	<u>20,475,307</u>	<u>1,886,066</u>	<u>(2,620,783)</u>	<u>19,740,591</u>
Less: accumulated depreciation	<u>(6,195,585)</u>	<u>(173,702)</u>	<u>-</u>	<u>(6,369,287)</u>
Total governmental funds capital assets	<u>\$ 14,279,722</u>	<u>\$ 1,712,364</u>	<u>\$ (2,620,783)</u>	<u>\$ 13,371,303</u>

This schedule presents only the capital assets 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, 2016**

Funding Source	Balance July 1, 2015	Additions	Sales/ Adjustment	Balance June 30, 2016
General Fund (Urban Redevelopment Fund):				
* 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
Total	<u>146,756</u>	<u>-</u>	<u>-</u>	<u>146,756</u>
Housing and Community Development Fund:				
* 9133 SE Foster Blvd-Lents Plaza-Mcgalliard	251,456	-	-	251,456
Total	<u>251,456</u>	<u>-</u>	<u>-</u>	<u>251,456</u>
Downtown Waterfront Urban Renewal Fund:				
* NW Naito Parkway	73,597	-	-	73,597
* South Waterfront Development	-	96,472	-	96,472
* 209 SW Oak St-Abandoned Jail	1	-	-	1
* 820-838 SW 3rd Ave-Cossette	1,781,170	-	(1,781,170)	-
Union Station Parcels-South of Union St	632,260	-	-	632,260
* 411 NW Flanders Unit 100	800,000	-	-	800,000
* 411 NW Flanders Parking (16 spaces)	248,000	-	(46,500)	201,500
Total	<u>3,535,028</u>	<u>96,472</u>	<u>(1,827,670)</u>	<u>1,803,830</u>
North Macadam Urban Renewal Fund:				
* South Waterfront Development	2,379,547	-	(135,395)	2,244,152
* 1852 SW River Dr-River Place Garage	4,175,080	-	-	4,175,080
Total	<u>6,554,627</u>	<u>-</u>	<u>(135,395)</u>	<u>6,419,232</u>
River District Urban Renewal Fund:				
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
511 NW Broadway-PNCA	5,800,000	-	-	5,800,000
* 800 NW 6th Ave Parking Site-Block Y	487,039	-	-	487,039
* 9th & Lovejoy-Station Place	405,938	6,036	-	411,974
* Station Place Garage	9,281,563	-	-	9,281,563
* Union Station-Old Fire Station	377,247	1,112	-	378,359
** WIP Postal Site	2,123,904	2,095,355	-	4,219,259
Total	<u>28,185,545</u>	<u>2,102,503</u>	<u>-</u>	<u>30,288,048</u>
South Park Blocks Urban Renewal Fund:				
* 5th & SW Montgomery St-PSU Carpool Lot	2,712,810	-	(1)	2,712,809
* 401 SW Harrison St-Jasmine Tree	747,045	-	-	747,045
Total	<u>3,459,855</u>	<u>-</u>	<u>(1)</u>	<u>3,459,854</u>
Convention Center Urban Renewal Fund:				
* NE Hol/MLK Blvd-Christie-Block 47	455,843	-	-	455,843
* 1st/Multnomah /2nd/Holladay-Block 49	1,747,754	-	-	1,747,754
* 420 Holladay St-Inn @ Convention Center	3,900,000	-	-	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
Total	<u>11,683,911</u>	<u>-</u>	<u>-</u>	<u>11,683,911</u>
Central Eastside Urban Renewal Fund:				
* 240 NE MLK Blvd	152,396	-	-	152,396
** ODOT Blocks	120,091	12,717	-	132,808
** Clinton Triangle	41,203	15,494	-	56,697
Total	<u>313,690</u>	<u>28,211</u>	<u>-</u>	<u>341,901</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, 2016**

Funding Source	Balance July 1, 2015	Additions	Sales/ Adjustment	Balance June 30, 2016
Lents Town Center Urban Renewal Fund:				
* 9316 SE Woodstock Blvd-Glendville	115,689	-	-	115,689
* 9330 SE Harold St-Boys and Girls Club	1,330,456	-	-	1,330,456
* 6116 SE 93rd-Davis Property	94,311	-	-	94,311
* 5728 SE 91St & 5808 SE 91St-Rssn Church	337,000	-	-	337,000
* 9117-9123 SE Foster Rd	74,060	-	-	74,060
* 5916 SE 91st Ave-Edmondson Drapery	319,860	-	-	319,860
* 5933 SE 92nd Ave Lots 3-5-Dance Club	390,140	-	-	390,140
* 9231 SE Foster Rd-Arch Iron Wrks	630,000	-	-	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-Metro	1,246,516	-	-	1,246,516
* SE Reedway St-Sullivan	100,000	-	-	100,000
* 9101 SE Foster Rd-Rotheringer	73,899	-	-	73,899
Total	<u>7,537,016</u>	<u>-</u>	<u>-</u>	<u>7,537,016</u>
Interstate Corridor Urban Renewal Fund:				
* 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-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	1,575,093	-	-	1,575,093
* 2221 N Argyle St	2,464,921	-	(1)	2,464,920
* 6931 NE MLK JR Blvd-C & M Motors	386,765	719	(387,484)	-
Total	<u>6,910,273</u>	<u>719</u>	<u>(387,485)</u>	<u>6,523,507</u>
Gateway Regional Center Urban Renewal Fund:				
* 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
Total	<u>4,068,519</u>	<u>-</u>	<u>-</u>	<u>4,068,519</u>
Airport Way Urban Renewal Fund:				
* Holman St	5,000	-	-	5,000
* Cascade Station Lease Rights	10,037,920	(36,326)	(855,223)	9,146,371
** WIP Cascade Station Parking Garage	123,319	-	(123,319)	-
Total	<u>10,166,239</u>	<u>(36,326)</u>	<u>(978,542)</u>	<u>9,151,371</u>
Business Management Fund				
** WIP Postal Site	-	3,025,892	-	3,025,892
Total	<u>-</u>	<u>3,025,892</u>	<u>-</u>	<u>3,025,892</u>
Total all funds	<u>82,812,915</u>	<u>\$ 5,217,470</u>	<u>\$ (3,329,093)</u>	<u>84,701,293</u>
Add:				
Equipment	970,663			1,079,340
Leasehold improvements Mason/Ehrman Bldg	3,849,501			3,849,501
Software	1,734,170			1,508,425
** WIP ERP Software	494,330			-
Less:				
Property held for sale	(69,386,272)			(71,397,969)
Accumulated depreciation-NHFS	(6,195,585)			(6,369,287)
Total Capital Assets	<u>\$ 14,279,722</u>			<u>\$ 13,371,303</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.

Contents	Page
Financial Trends	120
<i>These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time.</i>	
Revenue Capacity	124
<i>These schedules contain information to help the reader assess the Commission's most significant local revenue source, tax increment debt proceeds (in lieu of tax increment revenue).</i>	
Debt Capacity	126
<i>These schedules present information to help the reader assess the affordability of the Commission's current levels of understanding debt and its ability to issue additional debt in the future.</i>	
Demographics and Economic Information	146
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place.</i>	
Operating Information	148
<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									
	2007-08 (as restated) ⁽¹⁾	2008-09	2009-10	2010-11	2011-12 (as restated) ⁽²⁾	2012-13	2013-14 (as restated) ⁽³⁾	2014-15	2015-16	
Governmental activities										
Net investment in capital assets	\$ 12,715,642	\$ 12,404,855	\$ 9,985,090	\$ 9,602,690	\$ 8,938,704	\$ 8,754,072	\$ 14,507,557	\$ 14,279,722	\$ 13,371,303	
Restricted	214,919,258	262,020,868	267,883,500	213,594,560	289,054,092	276,246,064	297,804,184	315,138,288	378,814,692	
Unrestricted	2,660,789	4,943,550	1,527,725	3,689,822	(2,559,951)	1,956,432	(3,165,527)	(1,068,467)	(3,729,511)	
Total governmental activities net position	\$ 230,295,669	\$ 279,369,273	\$ 279,406,315	\$ 226,887,092	\$ 295,432,845	\$ 286,956,568	\$ 309,146,214	\$ 328,349,543	\$ 388,456,484	
Business-type activities										
Unrestricted	14,688,980	17,024,863	12,782,861	3,398,793	3,572,176	3,620,905	7,289,181	7,263,709	12,450,539	
Total government										
Net investment in capital assets	\$ 12,715,642	\$ 12,404,855	\$ 9,985,090	\$ 9,602,690	\$ 8,938,704	\$ 8,754,072	\$ 14,507,557	\$ 14,279,722	\$ 13,371,303	
Restricted	214,919,258	262,020,868	267,883,500	213,594,560	279,593,433	276,246,064	297,804,184	315,138,288	378,814,692	
Unrestricted	17,329,769	21,968,413	14,310,586	7,088,615	933,496	5,577,337	4,123,654	6,195,242	8,721,028	
Total government net position	\$ 244,964,669	\$ 296,394,136	\$ 292,189,176	\$ 230,285,895	\$ 289,465,633	\$ 290,577,473	\$ 316,435,395	\$ 335,613,252	\$ 400,907,023	

(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.

(3) Implementation of GASB Statement No. 68 Accounting and Reporting for Pensions—an Amendment of GASB Statement No. 27.

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

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

	Fiscal Year									
	2007-08 (as restated) ⁽²⁾	2008-09	2009-10	2010-11	2011-12 (as restated) ⁽¹⁾	2012-13	2013-14	2014-15	2015-16	
Expenses										
Governmental activities:										
Community development	\$ 116,101,082	\$ 105,412,401	\$ 130,439,659	\$ 156,412,909	\$ 99,713,038	\$ 101,248,381	\$ 64,855,696	\$ 68,554,886	\$ 68,101,385	
Business-type activities:										
Enterprise loans	2,322,045	8,105,250	10,450,638	10,621,790	375,805	214,579	79,814	365,839	63,104	
Enterprise management	-	-	1,112,560	985,671	1,015,468	958,743	1,052,367	1,203,460	1,177,944	
Total expenses	118,423,127	113,517,651	142,002,855	168,020,370	101,104,311	102,421,703	65,987,877	70,124,195	69,342,433	
Program Revenues										
Governmental activities:										
Charges for services	5,692,711	5,322,051	5,423,765	3,984,188	3,291,192	4,047,062	8,735,896	5,957,476	23,012,140	
Operating grants and contributions	8,669,663	12,007,140	17,538,107	7,262,870	7,170,821	7,970,747	7,641,493	9,146,999	16,566,699	
Total governmental activities program revenues	14,362,374	17,329,191	22,961,872	11,247,058	10,462,013	12,017,809	16,377,389	15,104,475	39,578,839	
Business-type activities:										
Charges for services										
Enterprise Loans	2,037,570	3,211,791	1,368,842	1,126,578	240,514	95,055	163,255	333,883	13,562	
Enterprise management	-	-	931,113	932,367	977,933	1,118,228	6,836,340	1,093,796	5,114,402	
Operating grants and contributions	138,814	6,365,519	6,747,695	200,092	200,000	-	-	-	871,000	
Total business-type activities program revenues	2,176,384	9,577,310	9,047,650	2,259,037	1,418,447	1,213,283	6,999,595	1,427,679	5,993,984	
Total revenues	16,538,758	26,906,501	32,009,522	13,506,095	11,880,460	13,231,092	23,376,984	16,532,154	45,577,803	
Net (expense)/revenue:	(101,738,709)	(88,083,210)	(107,477,787)	(145,165,851)	(89,251,025)	(89,230,572)	(48,478,307)	(63,450,421)	(28,522,546)	
Governmental activities	2,176,384	9,577,310	(2,515,546)	(9,348,424)	27,174	39,961	5,867,414	(141,620)	4,757,916	
Business-type activities	(99,562,324)	(78,505,900)	(109,893,333)	(154,514,275)	(89,223,851)	(89,190,611)	(42,616,893)	(63,592,041)	(23,764,630)	
General Revenues and Other Changes in Net Position										
Governmental activities:										
Tax-increment debt proceeds	91,878,764	105,929,455	89,778,162	85,287,185	133,787,307	73,354,431	59,718,111	54,233,796	82,062,888	
(in lieu of tax-increment revenue)	3,491,587	2,489,775	1,190,507	664,618	525,565	675,546	838,080	1,076,076	1,711,929	
Unrestricted investment income	8,458,224	2,627,865	14,769,846	6,644,825	23,543,906	6,724,318	5,966,992	17,423,499	4,972,873	
Miscellaneous	-	-	-	-	-	-	-	-	-	
Special Item - Historic Monument	-	-	-	-	-	-	-	-	-	
Transfer - 511 NW Broadway	-	-	-	-	-	-	-	-	-	
Special Item - Cascade Station lease rights	14,550,302	(137,742)	1,776,314	50,000	(60,000)	2,227,027	(79,621)	(79,621)	(138,203)	
Transfers	(110,836)	110,909,353	107,514,829	92,646,628	157,736,778	80,754,295	74,550,210	72,633,750	88,609,487	
Total governmental activities	118,268,041	110,909,353	116,084,489	116,084,489	157,736,778	80,754,295	74,550,210	72,633,750	88,609,487	
Business-type activities:										
Unrestricted investment income	195,423	130,594	74,339	14,356	7,480	8,768	27,889	36,527	102,954	
Miscellaneous	-	-	30,027	-	78,729	-	-	-	187,757	
Transfers	110,836	137,742	(37,000)	(50,000)	60,000	(2,227,027)	79,621	-	138,203	
Total business-type activities	306,259	268,336	67,366	(35,644)	146,209	8,768	(2,199,138)	116,148	428,914	
Total	118,574,300	111,177,689	116,151,855	92,510,984	157,942,987	80,763,063	72,351,072	72,769,898	89,038,401	
Changes in Net Position										
Governmental activities	16,529,333	22,826,143	37,042	(52,519,223)	68,545,753	(8,476,277)	26,071,903	19,203,329	60,086,941	
Business-type activities	2,482,643	9,845,646	(4,242,002)	(9,384,088)	173,363	48,729	3,688,276	(25,472)	5,186,830	
Total	\$ 19,011,976	\$ 32,671,789	\$ (4,204,960)	\$ (61,903,291)	\$ 68,719,136	\$ (8,427,548)	\$ 29,740,179	\$ 19,177,857	\$ 65,273,771	

(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									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 (as restated) ⁽¹⁾	2012-13	2013-14	2014-15	2015-16
General Fund										
Non-spendable	\$ 476,064	\$ 466,175	\$ 569,765	\$ 673,358	\$ 1,042,036	\$ 1,028,551	\$ 1,105,962	\$ 806,471	\$ 859,630	\$ 302,609
Assigned	-	-	-	-	3,069,788	2,397,106	2,923,994	1,936,241	902,616	1,472,560
Unassigned	1,788,615	2,789,504	4,391,564	4,632,922	1,010,040	751,723	-	(19,680)	535,759	-
Total general fund	\$ 2,264,679	\$ 3,255,679	\$ 4,961,329	\$ 5,306,280	\$ 5,121,864	\$ 4,177,380	\$ 4,029,956	\$ 2,723,032	\$ 2,298,005	\$ 1,775,169
All other governmental funds										
Reserved	\$ 165,555,407	\$ 174,306,280	\$ 182,333,262	\$ 187,587,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, report in:										
Special revenue funds	928,313	747,264	371,923	1,070,851	-	-	-	-	-	-
Capital projects funds	48,435,539	70,007,265	88,815,802	84,843,645	-	-	-	-	-	-
Restricted										
Special revenue funds	-	-	-	-	3,583,005	110,797	5,040,534	5,101,586	5,133,963	5,203,434
Capital projects funds	-	-	-	-	216,899,188	294,017,822	282,480,872	303,782,402	317,270,005	380,278,386
Total all other government funds	\$ 214,919,259	\$ 245,060,809	\$ 271,520,987	\$ 273,501,698	\$ 220,482,193	\$ 294,128,619	\$ 287,521,406	\$ 308,883,988	\$ 322,403,968	\$ 385,481,820

(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									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 (as restated) ⁽⁴⁾	2012-13	2013-14	2014-15	2015-16
Revenues										
Intergovernmental revenues	\$ 8,669,663	\$ 12,007,140	\$ 9,537,786	\$ 17,538,107	\$ 7,262,870	\$ 7,170,821	\$ 7,970,747	\$ 7,641,493	\$ 9,146,999	\$ 9,687,944
Charges for services	2,153,263	2,206,948	1,525,351	1,914,924	1,764,096	1,658,729	4,047,062	8,735,896	5,957,476	23,012,140
Loan collections	3,539,448	3,115,103	3,084,226	3,508,841	1,010,555	1,238,233	1,267,686	1,241,522	5,169,226	2,550,478
Interest on investments	3,468,091	2,471,816	2,861,153	1,186,801	662,945	523,907	674,321	836,822	1,074,653	1,710,068
City of Portland debt issued operations										6,878,755
Miscellaneous	8,458,224	2,627,865	7,920,829	14,100,415	6,644,825	23,543,906	5,456,632	10,173,615	9,795,579	2,405,154
Tax-increment debt proceeds										
(in lieu of tax-increment revenue) ⁽²⁾	91,878,764	105,929,455	105,254,573	89,778,162	85,287,185	133,787,307	73,354,431	59,718,111	54,233,796	82,062,888
Total revenues	118,167,453	128,358,327	130,183,918	128,027,250	102,632,476	167,922,903	92,770,879	88,347,459	85,377,729	128,307,427
Expenditures										
Community development	63,600,425	38,092,378	37,508,986	42,361,435	63,899,297	61,122,362	52,585,334	32,577,253	41,931,774	39,872,743
Capital outlay for urban renewal	17,090,870	25,019,143	36,518,711	35,237,650	45,311,897	17,166,817	34,530,496	15,100,836	8,110,216	14,865,593
Financial assistance	34,835,459	33,887,263	28,597,158	49,840,026	45,947,640	16,871,782	12,297,219	22,467,023	21,920,157	10,468,685
Capital outlay							112,468	373,615	241,008	406,187
Debt service -										
Interest		89,250		38,927	727,463					
Total expenditures	115,526,754	97,088,034	102,624,855	127,478,038	155,886,397	95,160,961	99,525,517	70,518,627	72,203,155	65,614,208
Excess of revenues over (under) expenditures	2,640,699	31,270,293	27,559,063	549,212	(53,253,921)	72,761,942	(6,754,638)	17,828,632	13,174,574	62,693,219
Other financing sources (uses)										
Internal service reimbursements				569,901						
Transfers in	1,937,319	4,561,453	19,923,389	16,001,799	50,000 ⁽³⁾	135,000		2,783,306	306,267	
Transfers out	(2,048,155)	(4,719,195)	(19,886,389)	(14,225,485)		(195,000)		(556,279)	(385,888)	(138,203)
Total other financing sources (uses)	(110,836)	(137,742)	37,000	2,346,215	50,000	(60,000)		2,227,027	(79,621)	(138,203)
Special item - Cascade Station lease rights	14,550,302									
Net change in fund balances	\$ 17,080,165	\$ 31,132,551	\$ 27,596,063	\$ 2,895,427	\$ (53,203,921)	\$ 72,701,942	\$ (6,754,638)	\$ 20,055,659	\$ 13,094,953	\$ 62,555,016

(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 ⁽¹⁾	Investment Income	Miscellaneous	Service Reimbursements	Tax-increment Debt Proceeds (in lieu of tax-increment revenue)	Total
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 ⁽²⁾
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 ⁽³⁾
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 ⁽⁴⁾
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
2013-14	7,641,493	9,774,616	5,670,941	865,970	14,462,252	-	59,718,111	98,133,383
2014-15	9,146,999	7,047,902	23,289,142	1,112,599	6,085,646	-	53,877,036	100,559,324
2015-16	10,558,944	28,103,854 ⁽⁶⁾	14,989,913	1,774,970	12,019,278 ⁽⁵⁾	-	82,062,888	149,509,847

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

- (1) Interest earned on loans is included in Loan Collections.
- (2) Increase in tax-increment Debt Proceeds was due to City of Portland Line of Credit reimbursements for Capital Outlay.
- (3) Increase was due to bonds issued for Downtown Waterfront urban renewal area.
- (4) Internal service reimbursements were reclassified to a transfer.
- (5) Include \$6,878,755 in City of Portland general obligation debt issued for a PDC capital project. This revenue is not included in miscellaneous revenue in the statements but consolidated here.
- (6) Increase due to Pioneer Square settlement and return of TIF funds from Multnomah County

**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 ⁽¹⁾	Financial Assistance	Debt Service	Total
2006-07	\$ 24,601,713	\$ 63,212,456 ⁽³⁾	\$ 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 ⁽⁴⁾	36,771,943	66,245,765	8,467,384	156,641,863
2010-11	17,904,488	49,598,814 ⁽⁵⁾	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
2013-14	13,590,294	20,065,873	8,291,982	22,700,709	-	64,648,858
2014-15	11,918,561	31,409,309	8,147,325	23,422,050	-	74,897,245
2015-16	12,556,208	28,486,217	20,142,771 ⁽⁶⁾	24,370,157	-	85,555,353

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

- (1) Includes both expenditures for capital outlay and purchases of properties held for sale.
- (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) Increase due principally to increased work in the River District Urban Renewal area largely around the upcoming acquisition of the US Post Office property and Centennial Mills demolition.

**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	Multnomah Library District ⁽¹⁰⁾	City of Portland	Port of Portland	Metro Service District	Tri-County Metropolitan Transportation District	Multnomah County ESD	Subtotal	City of Portland Urban Renewal ⁽¹⁾
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
2013-14	4.5113	1.2400	8.2560	0.0701	0.0966	-	0.4576	14.4637	0.2759
2014-15	4.4912	1.1800	8.1557	0.0701	0.4585	-	0.4576	14.8131	0.2642
2015-16	4.4872	1.1800	8.0153	0.0701	0.3883	-	0.4576	14.5985	0.2527

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
- (10) District established by voters in November 2013 general election

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

Portland Public School District #1 ⁽²⁾	Parkrose School District #3 ⁽³⁾	Reynolds School District #7 ⁽⁴⁾	David Douglas School District #40 ⁽⁸⁾	East Multnomah County Soil & Water Conservation District ⁽⁵⁾	West Multnomah County Soil & Water Conservation District ⁽⁶⁾	Portland Community College ⁽²⁾	Mt. Hood Community College ⁽⁷⁾
\$ 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
8.3571	6.0605	6.0188	6.3267	0.1000	0.0750	0.7342	0.4917
8.3535	5.8804	5.8140	6.4139	0.1000	0.0750	0.7222	0.4917
8.3632	5.9151	5.9701	6.4058	0.1000	0.0750	-	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, 2016

(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
	2015	2008	2011	2015	2011	2011
	Series A	Series A	Series A	Series A	Series A & B	Series B
2016-17	\$ 4,900,800	\$ 2,275,000	\$ 4,255,000	\$ 1,410,000	\$ 1,715,000	\$ 4,130,000
2017-18	4,974,400	2,390,000	4,430,000	1,480,000	1,790,000	4,335,000
2018-19	5,047,300	2,520,000	4,645,000	1,555,000	1,875,000	4,550,000
2019-20	5,118,900	2,680,000	4,880,000	1,630,000	1,965,000	4,780,000
2020-21	-	5,415,000	-	1,710,000	2,065,000	-
2021-22	-	5,760,000	-	1,800,000	2,175,000	-
2022-23	-	6,120,000	-	1,890,000	2,315,000	-
2023-24	-	7,000,000	-	1,980,000	2,460,000	-
2024-25	-	-	-	2,080,000	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>\$ 20,041,400</u>	<u>\$ 34,160,000</u>	<u>\$ 18,210,000</u>	<u>\$ 15,535,000</u>	<u>\$ 37,960,000</u>	<u>\$ 17,795,000</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.

Convention Center Urban Renewal Bonds	River District Urban Renewal Bonds	South ParkBlocks Urban Renewal Bonds	Lents Town Center Urban Renewal Bonds	Central Eastside Urban Renewal Bonds	North Macadam Urban Renewal Bonds
2011 Series B	2012 Series A, B & C	2008 Series A & B	2010 Series A & B	2011 Series A & B	2010 Series A & B
\$ -	\$ 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	-	-	-	-
\$ 69,760,000	\$ 62,105,000	\$ 45,230,000	\$ 29,495,000	\$ 24,875,000	\$ 50,560,000

**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, 2016

(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
	2015	2008	2011	2015	2011	2011
	Series A	Series A	Series A	Series A	Series A & B	Series B
2016-17	\$ 276,571	\$ 2,107,092	\$ 856,450	\$ 776,750	\$ 2,022,673	\$ 889,750
2017-18	208,940	1,986,289	686,250	706,250	1,948,517	683,250
2018-19	140,294	1,858,185	464,750	632,250	1,865,747	466,500
2019-20	70,641	1,699,425	232,500	554,500	1,772,484	239,000
2020-21	-	1,530,585	-	473,000	1,670,815	-
2021-22	-	1,189,440	-	387,500	1,560,875	-
2022-23	-	826,560	-	297,500	1,423,980	-
2023-24	-	441,000	-	203,000	1,278,274	-
2024-25	-	-	-	104,000	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>\$ 696,446</u>	<u>\$ 11,638,576</u>	<u>\$ 2,239,950</u>	<u>\$ 4,134,750</u>	<u>\$ 18,118,237</u>	<u>\$ 2,278,500</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.

Convention Center Urban Renewal Bonds	River District Urban Renewal Bonds	South ParkBlocks Urban Renewal Bonds	Lents Town Center Urban Renewal Bonds	Central Eastside Urban Renewal Bonds	North Macadam Urban Renewal Bonds
2012 Series A	2012 Series A, B & C	2008 Series A & B	2010 Series A & B	2011 Series A & B	2010 Series A & B
\$ 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	442,362	644,850
-	549,450	-	275,113	344,362	461,250
-	414,450	-	144,250	236,212	236,250
-	272,700	-	-	122,550	-
-	125,200	-	-	-	-
\$ 19,374,789	\$ 20,483,315	\$ 10,559,790	\$ 12,929,449	\$ 11,182,685	\$ 18,924,613

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

URBAN RENEWAL INDEBTEDNESS SUMMARY

As of June 30, 2016

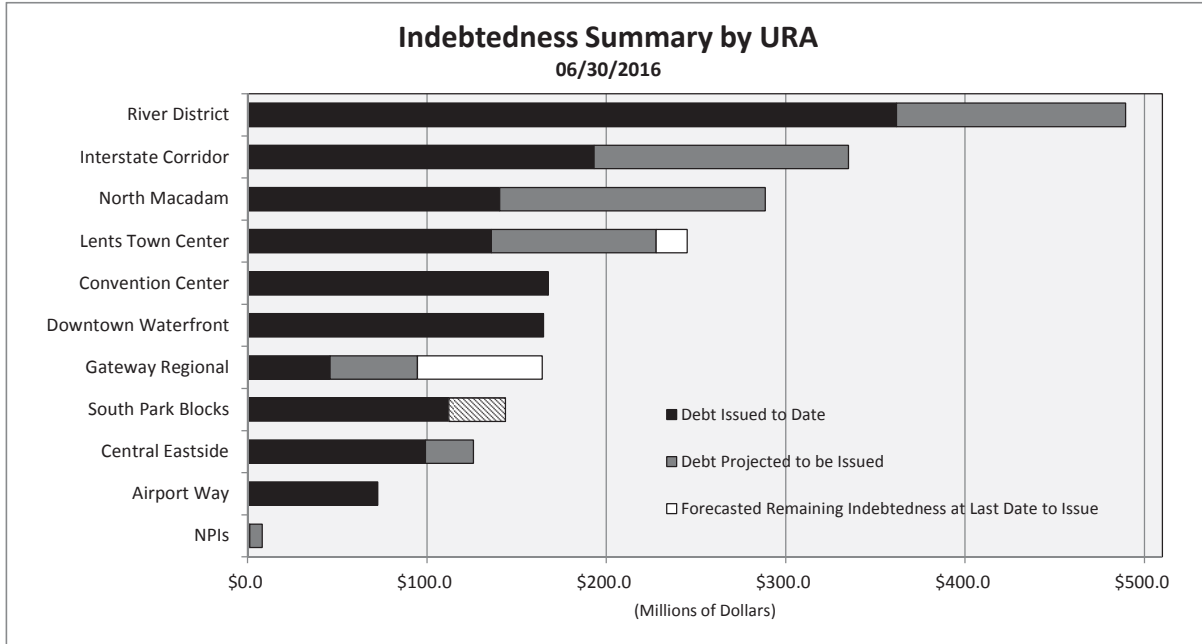
In Millions

(Unaudited)

Urban Renewal Area	Maximum Indebtedness	Indebtedness Issued as of 06/30/16	Indebtedness Remaining as of 06/30/16	Projected Indebtedness to Be Issued	Last Date to Issue Long Term Debt	Acres
Airport Way	\$72.6	\$72.6	\$0.0	\$0.0	May 2011	885.0
Central Eastside	126.0	99.1	26.9	26.9	August 2023	708.5
Convention Center	167.5	167.5	0.0	0.0	June 2013	410.0
Downtown Waterfront	165.0	165.0	0.0	0.0	April 2008	233.1
Gateway	164.2	46.0	118.2	48.6	June 2022	658.5
Interstate Corridor	335.0	193.2	141.8	141.8	N/A	3,990.0
Lents Town Center	245.0	135.9	109.1	91.9	June 2020	2,846.3
Neighborhood Prosperity Initiative	7.5	1.2	6.3	7.0	N/A	803.7
North Macadam	288.6	140.5	148.0	148.0	June 2025	447.0
River District	489.5	361.7	127.8	127.8	June 2021	314.8
South Park Blocks	143.6	112.0	31.6	0.0	July 2008	156.3

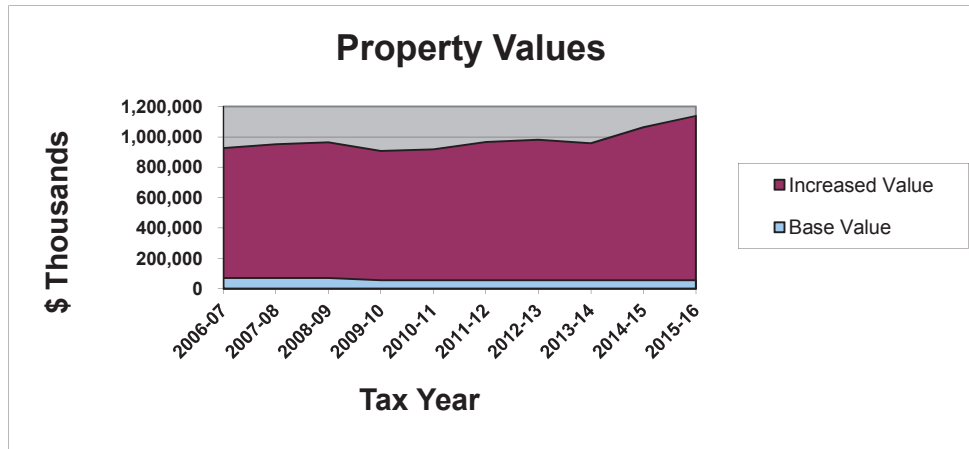
Notes:

- (1) Reduced Rate Plan: Bonds and Local Option Levies approved after 10/06/2001 do not contribute to urban renewal. Education URA is subject to revenue sharing.
- (2) Standard Rate Plan: Local Option Levies approved after 01/01/2013 do not contribute to urban renewal. River District 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 ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
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
2013-14	23.63	55,674,313	902,053,844	6,647,962
2014-15	23.02	55,674,313	1,008,259,957	6,910,084
2015-16	20.75	55,674,313	1,082,330,397	7,247,591

Source: Multnomah County Division of Assessment and Taxation

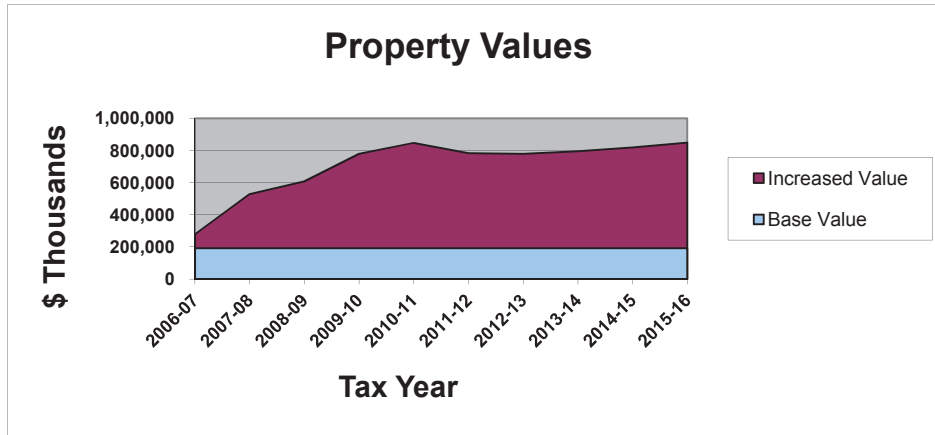
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	3,771	3,976	598,002	636,865
Per Capita Income	\$ 27,507	\$ 31,778	\$ 26,715	\$ 31,090
Total Housing Units	2,641	2,755	271,815	287,153
Owner Occupied Housing Units	336	365	134,292	144,047
Renter Occupied Housing Units	2,112	2,255	120,520	128,391

Source: The 2012/2017 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2012 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 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 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 ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
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
2013-14	23.74	192,609,397	603,130,306	12,445,073
2014-15	23.10	192,609,397	626,124,703	13,063,427
2015-16	20.80	192,609,397	656,547,113	12,916,053

Source: Multnomah County Division of Assessment and Taxation

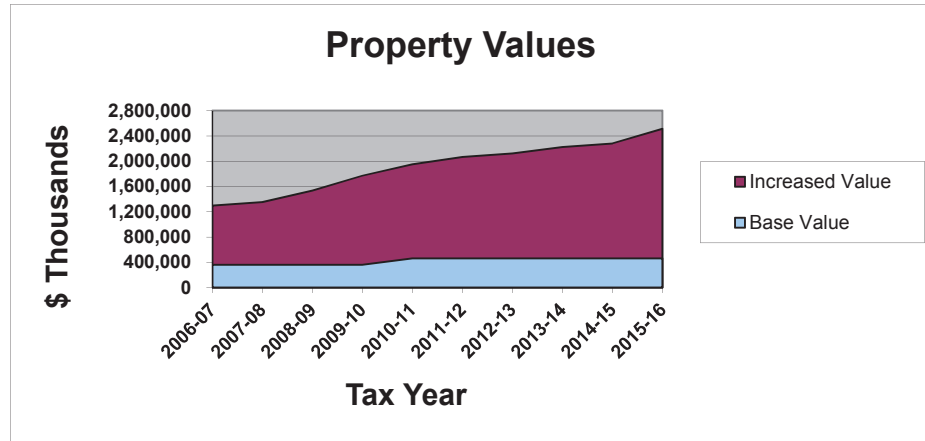
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	3,307	4,115	598,002	636,865
Per Capita Income	\$ 58,057	\$ 64,668	\$ 26,715	\$ 31,090
Total Housing Units	2,531	3,110	271,815	287,153
Owner Occupied Housing Units	792	998	134,292	144,047
Renter Occupied Housing Units	1,236	1,522	120,520	128,391

Source: The 2012/2017 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2012 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 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 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)**



Tax Year	Tax Rate ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
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	461,577,974	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
2013-14	20.68	461,577,974	1,762,885,437	32,611,642
2014-15	20.92	461,577,974	1,819,898,297	29,808,542
2015-16	19.71	461,577,974	2,051,122,151	30,600,151

Source: Multnomah County Division of Assessment and Taxation

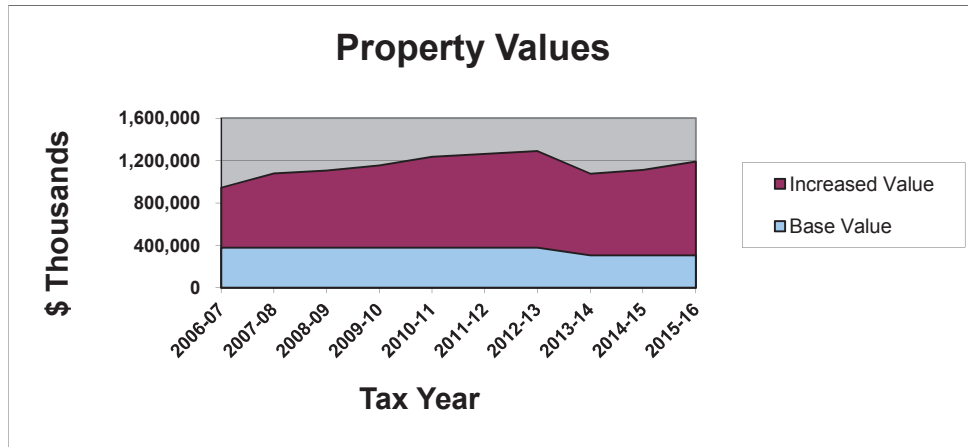
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	8,001	9,455	598,002	636,865
Per Capita Income	\$ 43,736	\$ 52,730	\$ 26,715	\$ 31,090
Total Housing Units	6,253	7,260	271,815	287,153
Owner Occupied Housing Units	1,459	1,645	134,292	144,047
Renter Occupied Housing Units	3,655	4,458	120,520	128,391

Source: The 2012/2017 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2012 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 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 forecast illustrates the effects of current events and the expected recovery from the recession. PDC G/S

(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 ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
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
2013-14	23.62	305,692,884	770,670,660	4,876,124
2014-15	23.02	305,692,884	806,476,673	5,072,572
2015-16	20.73	305,692,884	884,961,826	5,314,364

Source: Multnomah County Division of Assessment and Taxation

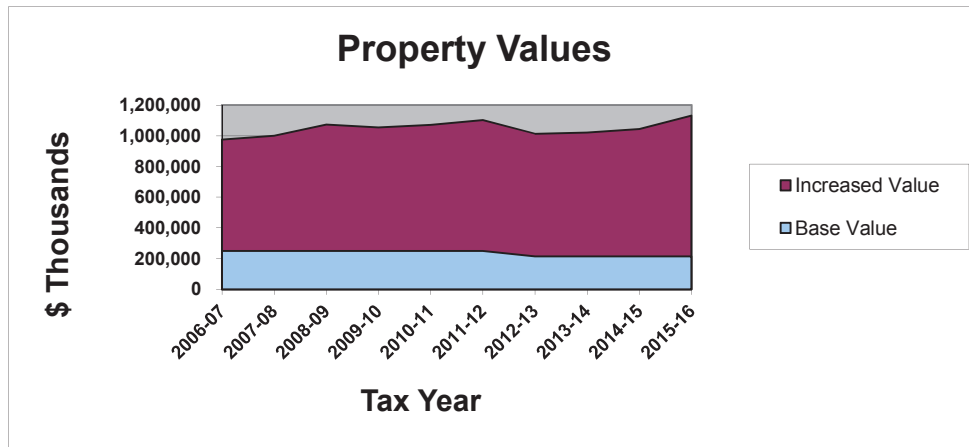
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	3,586	4,029	598,002	636,865
Per Capita Income	\$ 19,447	\$ 22,558	\$ 26,715	\$ 31,090
Total Housing Units	2,517	2,839	271,815	287,153
Owner Occupied Housing Units	256	286	134,292	144,047
Renter Occupied Housing Units	1,962	2,249	120,520	128,391

Source: The 2012/2017 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2012 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 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 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 ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2006-07	\$ 21.76	\$ 248,689,281	\$ 725,955,191	\$ 5,475,275
2007-08	19.34	248,689,281	751,940,292	5,438,655
2008-09	19.68	248,689,281	824,599,717	5,454,893
2009-10	21.32	248,951,143	804,685,182	5,419,374
2010-11	20.75	248,951,143	822,947,836	5,346,748
2011-12	21.38	248,951,143	852,646,229	5,141,484
2012-13	21.35	214,100,689	799,329,769	5,021,769
2013-14	21.82	214,100,689	796,003,675	4,952,060
2014-15	21.97	214,100,689	830,451,071	5,139,852
2015-16	20.70	214,100,689	916,482,391	5,375,306

Source: Multnomah County Division of Assessment and Taxation

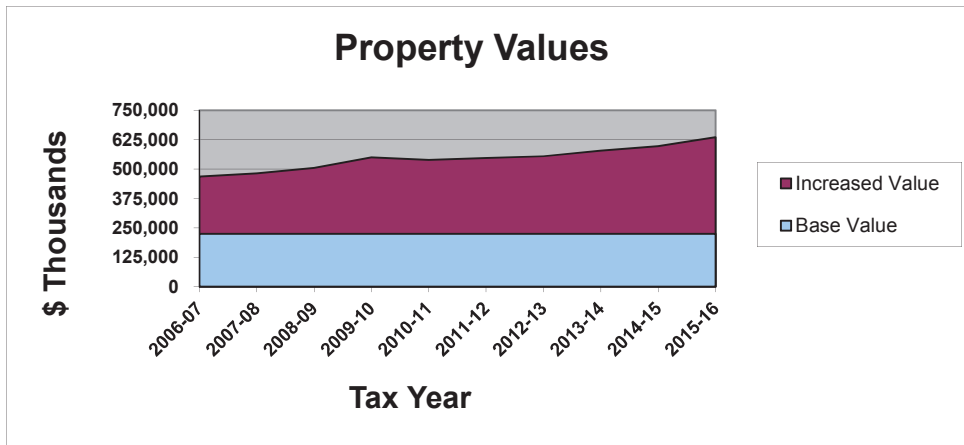
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	1,558	1,622	598,002	636,865
Per Capita Income	\$ 32,072	\$ 37,611	\$ 26,715	\$ 31,090
Total Housing Units	1,074	1,088	271,815	287,153
Owner Occupied Housing Units	159	166	134,292	144,047
Renter Occupied Housing Units	806	828	120,520	128,391

Source: The 2012/2017 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2012 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 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 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 ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
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	224,626,739	325,868,916	5,843,346
2010-11	18.00	224,626,739	314,667,331	5,460,067
2011-12	17.76	224,626,739	323,222,477	5,472,135
2012-13	17.92	224,626,739	330,134,282	5,557,691
2013-14	19.16	224,626,739	354,036,136	6,157,007
2014-15	18.94	224,626,739	372,895,947	6,560,153
2015-16	18.37	224,626,739	386,173,918	6,711,094

Source: Multnomah County Division of Assessment and Taxation

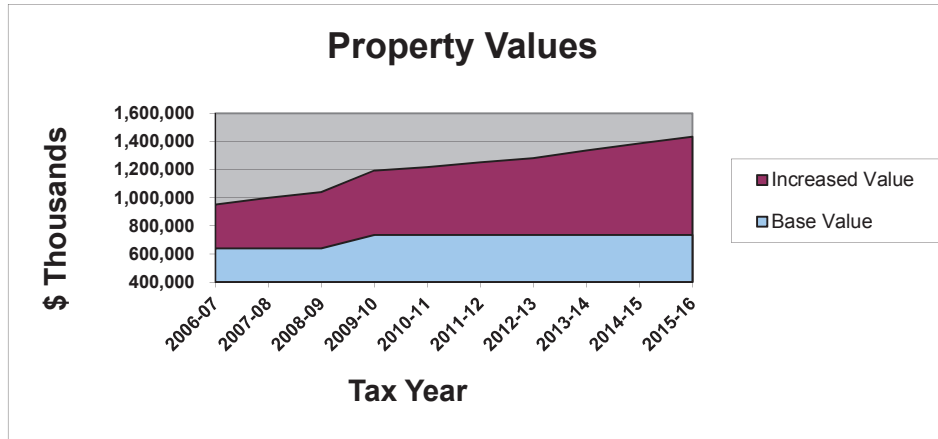
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	1,908	2,051	598,002	636,865
Per Capita Income	\$ 23,344	\$ 25,229	\$ 26,715	\$ 31,090
Total Housing Units	998	1,079	271,815	287,153
Owner Occupied Housing Units	91	93	134,292	144,047
Renter Occupied Housing Units	843	930	120,520	128,391

Source: The 2012/2017 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 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 forecast illustrates the effects of current events. *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 ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
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
2013-14	23.03	736,224,033	599,867,032	12,003,585
2014-15	22.46	736,224,033	650,846,315	13,229,753
2015-16	20.81	736,224,033	698,111,797	13,700,744

Source: Multnomah County Division of Assessment and Taxation

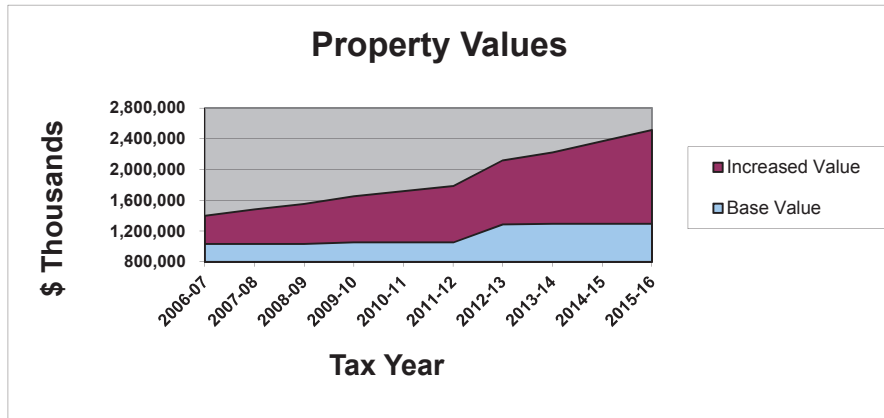
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	28,757	30,291	598,002	636,865
Per Capita Income	\$ 16,235	\$ 18,576	\$ 26,715	\$ 31,090
Total Housing Units	11,134	11,611	271,815	287,153
Owner Occupied Housing Units	5,337	5,610	134,292	144,047
Renter Occupied Housing Units	5,098	5,399	120,520	128,391

Source: The 2012/2017 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 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 forecast illustrates the effects of current events. *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 ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
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
2013-14	23.78	1,293,389,062	928,040,273	19,182,025
2014-15	23.18	1,293,389,062	1,075,480,078	22,520,074
2015-16	20.86	1,293,389,062	1,222,834,128	24,121,728

Source: Multnomah County Division of Assessment and Taxation

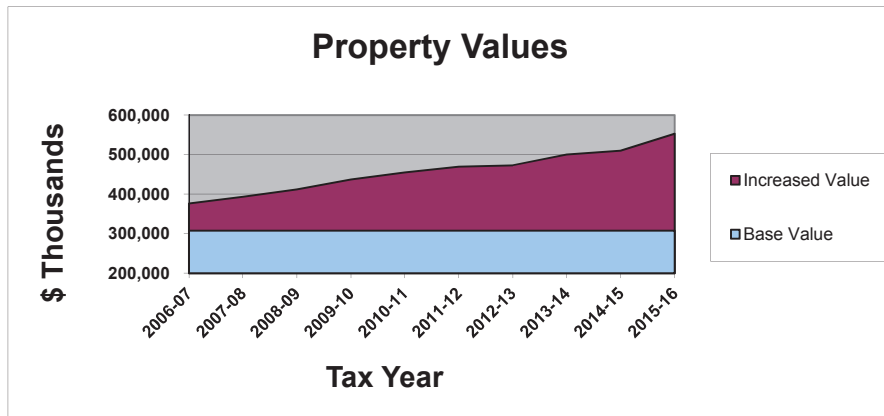
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	36,256	38,986	598,002	636,865
Per Capita Income	\$ 18,000	\$ 20,718	\$ 26,715	\$ 31,090
Total Housing Units	15,986	17,087	271,815	287,153
Owner Occupied Housing Units	7,547	8,140	134,292	144,047
Renter Occupied Housing Units	7,487	8,099	120,520	128,391

Source: The 2012/2017 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 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 forecast illustrates the effects of current events. 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 ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2006-07	\$ 20.85	\$ 307,174,681	\$ 68,766,041	\$ 1,375,408
2007-08	21.07	307,174,681	86,192,591	1,751,370
2008-09	21.44	307,174,681	105,057,959	2,174,962
2009-10	20.91	307,174,681	129,631,176	2,623,998
2010-11	21.15	307,174,681	147,626,654	3,001,090
2011-12	20.97	307,174,681	162,221,215	3,228,472
2012-13	20.77	307,174,681	165,778,737	3,149,978
2013-14	20.88	307,174,681	193,181,233	3,600,918
2014-15	21.33	307,174,681	202,760,459	3,755,877
2015-16	20.63	307,174,681	245,514,959	4,745,960

Source: Multnomah County Division of Assessment and Taxation

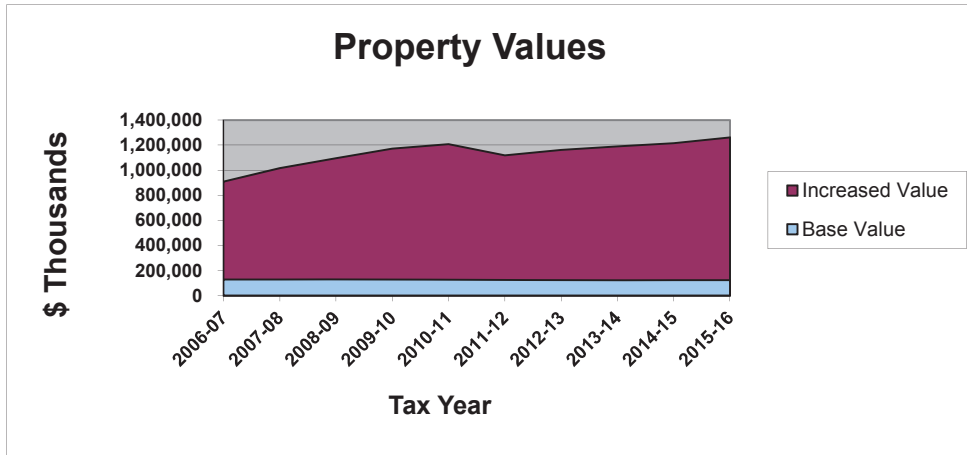
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	5,890	6,348	598,002	636,865
Per Capita Income	\$ 22,224	\$ 25,897	\$ 26,715	\$ 31,090
Total Housing Units	3,097	3,317	271,815	287,153
Owner Occupied Housing Units	878	986	134,292	144,047
Renter Occupied Housing Units	1,962	2,078	120,520	128,391

Source: The 2012/2017 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 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 forecast illustrates the effects of current events. *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 ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
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
2013-14	21.07	124,710,301	1,065,895,813	2,154,123
2014-15	20.49	124,710,301	1,089,924,214	2,255,741
2015-16	20.02	124,710,301	1,137,468,819	2,312,721

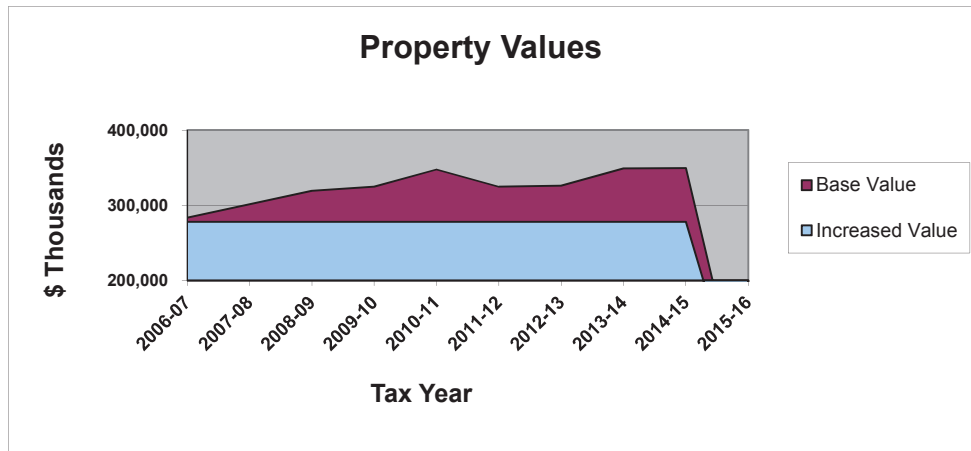
Source: Multnomah County Division of Assessment and Taxation

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)**



Tax Year	Tax Rate ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2006-07	\$ 18.26	\$ 278,034,345	\$ -	\$ -
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	17.24	278,034,345	48,075,015	828,719
2013-14	18.81	278,034,345	71,165,175	1,338,726
2014-15	0.00	278,034,345	71,620,775	-
2015-16	0.00	-	-	-

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 2015-16

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**

**NEIGHBORHOOD PROSPERITY INITIATIVE URBAN RENEWAL FUND
PROPERTY VALUES, TAX INCREMENT
For The Last Ten Fiscal Years Or Since Inception
(Unaudited)**

	42nd Ave NPI District	82nd Ave NPI District	Cully Blvd NPI District	Division- Midway NPI District	Parkrosse NPI District	Rosewood NPI District
<i>Frozen Base</i>						
2014-15	\$ 83,203,598	\$ 83,686,505	\$ 83,187,490	\$ 82,343,462	\$ 85,053,706	\$ 81,232,730
2015-16	83,203,598	83,686,505	83,187,490	82,343,462	85,053,706	81,232,730
<i>Excess Value Used</i>						
2014-15	\$ 7,768,582	\$ 4,352,305	\$ 8,907,120	\$ 2,520,678	\$ 3,050,294	\$ 5,974,000
2015-16	3,723,747	3,758,446	2,942,349	8,166,278	2,776,723	2,193,052
<i>Total Plan Area Value</i>						
2014-15	\$ 90,972,180	\$ 88,038,810	\$ 92,094,610	\$ 84,864,140	\$ 88,104,000	\$ 87,206,730
2015-16	86,927,345	90,243,750	95,679,990	90,509,740	91,912,150	90,729,210
<i>Taxes Imposed</i>						
2014-15	\$ 109,627	\$ 59,635	\$ 134,183	\$ 36,985	\$ 39,831	\$ 89,720
2015-16	20,601	42,059	37,359	129,370	40,970	22,157

The Neighborhood Prosperity Initiative Urban Renewal Fund is a collection of six areas in the City of Portland where programs have been developed to do urban renewal improvements around the business districts. There is no housing so no housing statistical data is presented.

**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>
2006-07	59	\$ 14,505,900
2007-08	54	12,466,365
2008-09	47	5,499,620
2009-10	258	15,391,215
2010-11	269	10,631,493
2011-12	264	33,764,995
2012-13	236	7,547,956
2013-14	234	8,919,709
2014-15	300	20,769,972
2015-16	234	14,203,451

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/HILLSBORO MSA, OREGON, AND THE UNITED STATES
(Unaudited)**

Year	Personal Income (Thousands)			Per Capita Income		
	Portland/ Vancouver/ Hillsboro MSA	Oregon	U.S. Total	Portland/ Vancouver/ Hillsboro MSA	Oregon	U.S. Total
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	85,922	133,907	11,852,715	38,936	35,159	38,637
2010	87,550	137,672	12,423,332	39,212	35,869	40,163
2011	93,406	146,001	13,179,561	41,313	37,744	42,298
2012	98,698	152,721	13,729,063	43,103	39,166	43,735
2013	101,210	158,117	14,081,242	43,728	40,233	44,543
2014	107,536	163,653	14,683,147	45,794	41,220	46,049
2015	-	173,170	15,324,108	-	42,974	47,669

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

Year	POPULATION TRENDS				UNEMPLOYMENT RATES	
	Portland ⁽¹⁾	Portland/ Vancouver/ Hillsboro MSA ⁽¹⁾	Oregon ⁽¹⁾	U.S. Total ⁽¹⁾	Portland Unemployment % Rate ⁽²⁾	Oregon Unemployment %Rate ⁽²⁾
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	2,206,737	3,808,600	309,771,529	11.0	11.6
2010	581,484	2,232,717	3,838,212	309,326,225 ⁽³⁾	10.5	10.8
2011	583,546	2,260,928	3,868,229	311,587,816	9.1	9.5
2012	587,865	2,289,800	3,899,353	313,914,040	7.6	8.1
2013	594,687	2,314,554	3,930,065	316,128,839	7.3	7.8
2014	619,360	2,347,127	3,970,239	318,857,056	5.4	6.1
2015	632,309	2,348,247	4,029,631	321,365,215	4.6	5.5

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

⁽²⁾ Oregon Employment Department

⁽³⁾ US Census 2010



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

**MISCELLANEOUS STATISTICS
As of June 30, 2016
(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	FY2011-12		FY2012-13		FY2013-14		FY2014-15		FY2015-16	
	FTE	LTE	FTE	LTE	FTE	LTE	FTE	LTE	FTE	LTE
Urban Development	58.3	0.0	59.3	0.0	50.1	3.0 ⁽¹⁾	38.0	0.0	38.0	0.0
Executive	19.0	1.0	24.0	0.0	24.0	0.0 ⁽¹⁾	2.0	0.0 ⁽²⁾	2.0	0.0
Finance & Business Operations	58.0	2.0 ⁽¹⁾	51.0	1.0	40.5	5.0 ⁽¹⁾	23.0	2.0	23.0	2.0
Legal & Human Resources	0.0	0.0	0.0	0.0	0.0	0.0	7.0	0.0 ⁽²⁾	7.0	0.0
Opportunities Cooperative	0.0	0.0	0.0	0.0	0.0	0.0	3.0	0.0 ⁽²⁾	3.0	0.0
Communication & Social Equity	0.0	0.0	0.0	0.0	0.0	0.0	6.0	0.0 ⁽²⁾	6.0	0.0
Real Estate & Lending	0.0	0.0	0.0	0.0	0.0	0.0	14.0	0.0 ⁽²⁾	14.0	0.0
Total	135.3	3.0	134.3	1.0	114.6	8.0	93.0	2.0	93.0	2.0

(1) In FY 2013-14 the FTE count was decreased by 19.7 FTE from FY 2012-13. 7 of these positions were reassigned as LTE (4 in Finance & Business Operations and 3 in Urban Development.). The Urban Development Department decreased by 9.1 FTE. The Finance & Business Operations Department decreased by 10.5 FTE. 2.0 FTE in Information Technology and 1.0 in Business Operations were reassigned to Executive from Finance & Business Operations in FY 2012-13 after the adoption of the FY 2012-13 Budget.

(2) After the adoption of the FY 2013-14 budget the Executive Department was split into functions (Legal & Human Resources, Opportunities Cooperative, Communications & Social Equity, and Real Estate & Lending) which created four new departments. The decrease from 24.0 FTE in FY 2013-14 to 2.0 FTE in FY 2014-15 represents the creation of these departments and a reassignment of staff from and to Urban Development. The FY 2014-15 budget was adopted with this new organization structure.

**Urban Renewal District Land Area and Base Values
As of June 30, 2016**

District	Acres	Base Value
42nd Avenue	136.2	\$ 83,203,598
82nd Avenue and Division	108.8	83,686,505
Airport Way	885.2	72,757,303
Central Eastside	708.5	230,387,869
Cully Blvd	164.6	83,187,490
Division-Midway	115.9	82,343,462
Downtown Waterfront	233.1	55,674,313
Gateway Regional Center	658.5	307,174,681
Interstate Corridor	3,990.0	1,293,389,062
Lents Town Center	2,846.3	736,224,033
North Macadam	447.1	622,412,373
Oregon Convention Center	410.0	214,100,689
Parkrose	142.6	85,053,706
River District	314.8	429,570,320
Rosewood	135.6	81,232,730
South Park Blocks	97.9	305,692,884
Willamette Industrial	755.5	481,443,135
Total URA Land Data	12,150.6	\$ 5,247,534,153
Total City Land Data	92,841	\$ 48,067,593,728
Urban renewal land as a percentage of City total	13.1%	10.9%

Audit Comments and Disclosures_____

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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*

The Board of Commissioners
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, and the aggregate remaining fund information and the budgetary comparison statements for the general and housing and community development contract funds 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, 2016, and the related notes to the financial statements, collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 7, 2016.

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 the 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_{LLP}**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 7, 2016

**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 OREGON MINIMUM AUDIT STANDARDS**

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

We have audited the basic financial statements of Portland Development Commission (a Component Unit of the City of Portland Oregon) (the "Commission"), as of and for the year ended June 30, 2016 and have issued our report thereon dated November 7, 2016. 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 2016 and 2017.
- 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 an instance of noncompliance that is required to be reported under Minimum Standards for Audits of Municipal Corporations, prescribed by the Secretary of State:

- The Commission experienced budgetary over-expenditures in one fund which is disclosed in the notes to the financial statements.

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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 the 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.

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 7, 2016



222 NW FIFTH AVENUE • PORTLAND, OR 97209

Communications with the Board of Commissioners
Portland Development Commission,
Portland, Oregon

June 30, 2016

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

To the Board of Commissioners
Portland Development Commission, Portland Oregon
(A Component Unit of the City of Portland), and
Mary Hull Caballero, 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, 2016, and have issued our report thereon dated November 7, 2016. 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 professional services contract #30002662, Amendment 9, effective April 22, 2016, 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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, rather than absolute, assurance about whether the financial statements are free of 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.

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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

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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 on September 14, 2016.

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 I. to the financial statements. No new accounting policies were adopted and there were no changes in the application of existing policies during fiscal year 2016. 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.

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,

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- 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.

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. During the audit, one misstatement was identified which reclassified approximately \$294,000 from miscellaneous revenue to grant revenue. 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.

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.

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Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 7, 2016.

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.

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 7, 2016

RESOLUTION NO. 7226

RESOLUTION TITLE:

ACCEPTING AND APPROVING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2015-2016 AND ACCEPTING THE COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE


Adopted by the Portland Development Commission on January 18, 2017

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Tom Kelly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Mark Edlen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Commissioner Alisha Moreland-Capuia MD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Commissioner William Myers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Gustavo J. Cruz, Jr.	<input checked="" 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.

	Date: January 20, 2017
Pam Micek, Recording Secretary	