



KARL MILLER CENTER




BLACK HEALTH
MATTERS

Portland Development Commission Doing Business As

Prosper Portland Comprehensive Annual Financial Report

For the Fiscal
Year Ended

June 30, 2017



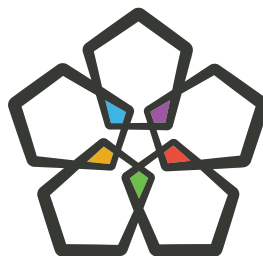
A Component Unit of the City of Portland, Oregon



**PROSPER
PORTLAND**
Building an Equitable Economy

ON THE COVER:

Left: Dr. Rahmat Shoureshi, President, Portland State University (PSU); Wim Wiewel, former president, PSU; and Kimberly Branam, Executive Director, Prosper Portland at the opening of the expanded PSU School of Business Administration. *Right:* Darlene Solomon, client of the North by Northeast Community Health Center. *Bottom:* Javier Mena of the Portland Housing Bureau, Charlie Hales and Kimberly Branam joined community members at the “We Dig Lents” groundbreaking ceremony for Lents Commons.



PROSPER
PORTLAND

Building an Equitable Economy

PROSPER PORTLAND

A Component Unit of the City of Portland, Oregon

Comprehensive Annual Financial Report

**Prepared by the Prosper Portland
Finance and Business Operations**

Kimberly Branam, Executive Director
Faye Brown, Chief Financial Officer

For the fiscal year ended June 30, 2017



Who we are...

What we do...

We are the economic and urban development agency for the city of Portland. We are deeply committed to building an equitable economy by focusing on four cornerstones of our work: creating vibrant neighborhoods and communities, job creation, advancing opportunities for prosperity and collaborating with partners for an equitable city. We work with partners to drive public attention and resources to different areas of the city, which helps Portland realize capital projects – parks, streetscape improvements, community centers – that would not happen on their own, making it a better place to live for all Portlanders.

Our five year strategic plan is to achieve widely shared prosperity among residents by harnessing and expanding the agency's tools for job creation, place-making and economic opportunity. The agency's new name and identity further demonstrate its commitment to these goals.

Prosper Portland's Mission

Prosper Portland creates economic growth and opportunity for Portland.

Prosper Portland's Vision

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

Prosper Portland 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.

Our new logo was inspired by the shape of a keystone, the pivotal final piece of an archway in ancient bridge construction. It is used to symbolize trust, partnership, and our role in building an equitable economy for Portlanders. The five keystone shapes represent the five neighborhoods of Portland (N, NE, SE, SW, and NW) as well as the five objectives of our Strategic Plan.

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



Building an Equitable Economy

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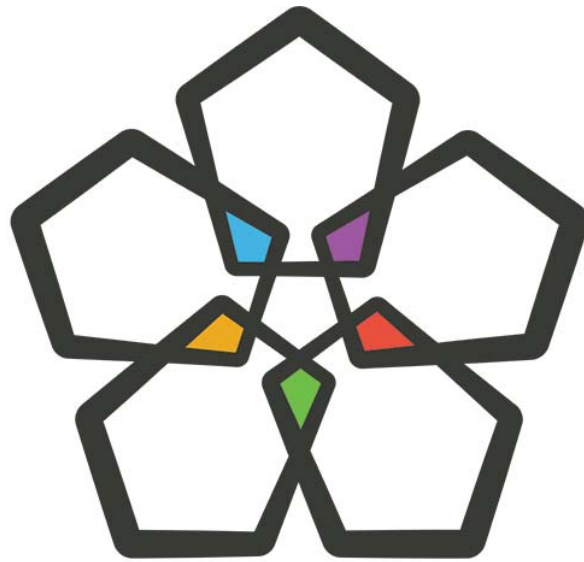
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Introductory Section_____



PROSPER
PORTLAND

Building an Equitable Economy



October 24, 2017

Gustavo J. Cruz, Jr.
Chair

Francesca Gambetti
Commissioner

Dr. Alisha Moreland-
Capuia
Commissioner

William Myers
Commissioner

Peter Platt
Commissioner

Ted Wheeler
Mayor

Kimberly Branam
Executive Director

To the Commissioners of Prosper Portland,
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 Prosper Portland's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. 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 Prosper Portland Commissioners, the Mayor and City Council, the citizens of the City of Portland (City), city staff, and other readers with detailed information concerning Prosper Portland'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. Prosper Portland 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, Prosper Portland's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free of any material misstatements.

Prosper Portland's charter requires Prosper Portland to undergo an annual independent audit by a licensed municipal auditor. The accounting firm of Moss Adams LLP conducted the audit of Prosper Portland's FY 2016-17 financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Prosper Portland's financial statements for the fiscal year ended June 30, 2017, 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.

prosperportland.us

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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.

Prosper Portland Profile

Prosper Portland 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. Prosper Portland'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. Prosper Portland is a component unit of the City of Portland and is discretely reported in its CAFR.

Prosper Portland'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 Prosper Portland apart and assure the achievement of true efficiencies. In carrying out city policy, Prosper Portland has developed and managed projects and programs that have played a major role in keeping Portland one of America's most livable cities. Prosper Portland currently manages seventeen 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 that create jobs for residents citywide. Prosper Portland has one blended component unit, 9101 Foster LLC, created for construction and management of the 9101 SE Foster Road Project in the Lents Town Center URA.

In May 2017 Prosper Portland, previously known as The Portland Development Commission, announced its new name and logo reflecting the agency's shift toward more inclusive economic development. Our five year strategic plan is to achieve widely shared prosperity among residents by harnessing and expending the agency's tools for job creation, place-making, and economic opportunity. Our new logo was inspired by the shape of a keystone, the pivotal final piece of an archway in ancient bridge construction and is used to symbolize trust, partnership, and our role in building an equitable economy for Portlanders. The five keystone shapes represent the five neighborhoods of Portland (N, NE, SE, SW, and NW) as well as the five objectives of our strategic plan.

Prosper Portland'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 Prosper Portland 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 Prosper Portland's 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 Prosper Portland Budget Committee for review and approval. Following budget committee approval, Prosper Portland submits the approved budget to the Tax Supervising and Conservation Commission for review and to the Prosper Portland Board of

Commissioners for review, adoption, and subsequent amendment as necessary. The appropriated budget is prepared by fund and service.

Relevant Financial Policies

Prosper Portland'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. Prosper Portland'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 Prosper Portland, 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 labor market continues to outperform most states, even as growth rates have begun to slow, Oregon remains in the top five US States for employment growth. The Portland Metro Labor Trends published by the State of Oregon Employment Department reports a slight increase in year over year job growth of 3.3% or 37,400 jobs. Job growth in the metro area shows continued growth in every major sector with year over year growth percentages ranging from 0.4% in Financial Activities to 11.7% in Construction. The Portland metropolitan area ended June 2017 with 3.7% unemployment, slightly lower than the national level of 4.4% and on par with the State of Oregon's rate of 3.7%. 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 % of assessed value and 15 % of acreage. The aggregate amount of certified assessed value in the nineteen authorized urban renewal areas is approximately 9.0 percent of the City of Portland's total overall assessed value and 12.3 % 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, Prosper Portland 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 2018.

Overall, Prosper Portland has budgeted approximately \$61.3 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 Prosper Portland dollars with private and public funds. Prosper Portland has an important role to play in the current economy and we continue to seek new ways to provide more funds to our community.

The Commission has budgeted \$10.0 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 \$92.6 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 Interstate Corridor URA, the highest profile projects will be for affordable housing, \$37.5 million, funded through the Portland Housing Bureau (PHB) for the rehabilitation and preservation of affordable rental housing. Property Redevelopment projects of \$6.9 million include \$2.5 million in commercial property real estate lending and \$2.6 million in loans and grants under the Prosperity Investment Program.

In the River District URA, on-going commercial real estate lending (\$15.8 million in total), including \$13 million in Old Town/China Town Investment and Parking are the primary projects budgeted for this next year. Housing projects of \$11.3 million will be funded through the Portland Housing Bureau (PHB), along with infrastructure projects at Union Station (\$1.8 million).

Approximately \$19.6 million is budgeted in the Lents Town Center URA for property redevelopment with 4 major mixed-use projects slated for completion. These projects

include \$14.9 million in affordable housing funded through PHB. Other initiatives in this area include \$1.9 million in parks and transportation.

In the North Macadam URA budget, \$5.9 million has been allocated to redevelopment strategy, primarily \$2.5 million for the North District Partnership and \$2.9 in Property Redevelopment for the development of the Jasmine Block. Housing projects funded through the Portland Housing Bureau (PHB) total \$19.3 million for affordable housing, and \$1.2 million is budgeted for continued work on Bond Avenue.

Downtown Waterfront URA has budgeted \$14 million in redevelopment strategy for Old Town/China Town Investment and parking and \$1 million for affordable housing through PHB.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Prosper Portland for its CAFR for the fiscal year ended June 30, 2016. Prosper Portland has received a Certificate of Achievement for the last 29 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. Prosper Portland's management believes that our current report continues to meet the Certificate of Achievement Program requirements, and Prosper Portland will be submitting it to GFOA to determine its eligibility for another certificate.

The preparation of Prosper Portland's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017 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 Gina Bixby, Sam Brugato, Yana Eysmont, Catherine Kaminski, 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 Prosper Portland's finances.

Respectfully submitted,



Kimberly Branam, Executive Director



Faye Brown, Chief Financial Officer

Prosper Portland

A Component Unit of the City of Portland, Oregon



(from left to right, Alisha Moreland-Capuia, M.D.; Peter Platt; Gustavo J. Cruz, Jr., Chairman; Kimberly Branam, Executive Director; William Myers; Francesca Gambetti)

Governing Board

(As of August 9, 2017)

Term Expires

Gustavo J. Cruz Jr., Chair

Senior Counsel

Faleigh Wada Witt

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Portland, OR 97204

gcruz@fwlaw.com

June 30, 2018

William Myers, Vice Chair

Executive Secretary Treasurer

Columbia Pacific Building Trades Council

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June 30, 2018

Alisha Moreland-Capuia, M.D.

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July 9, 2019

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August 1, 2020

Francesca Gambetti

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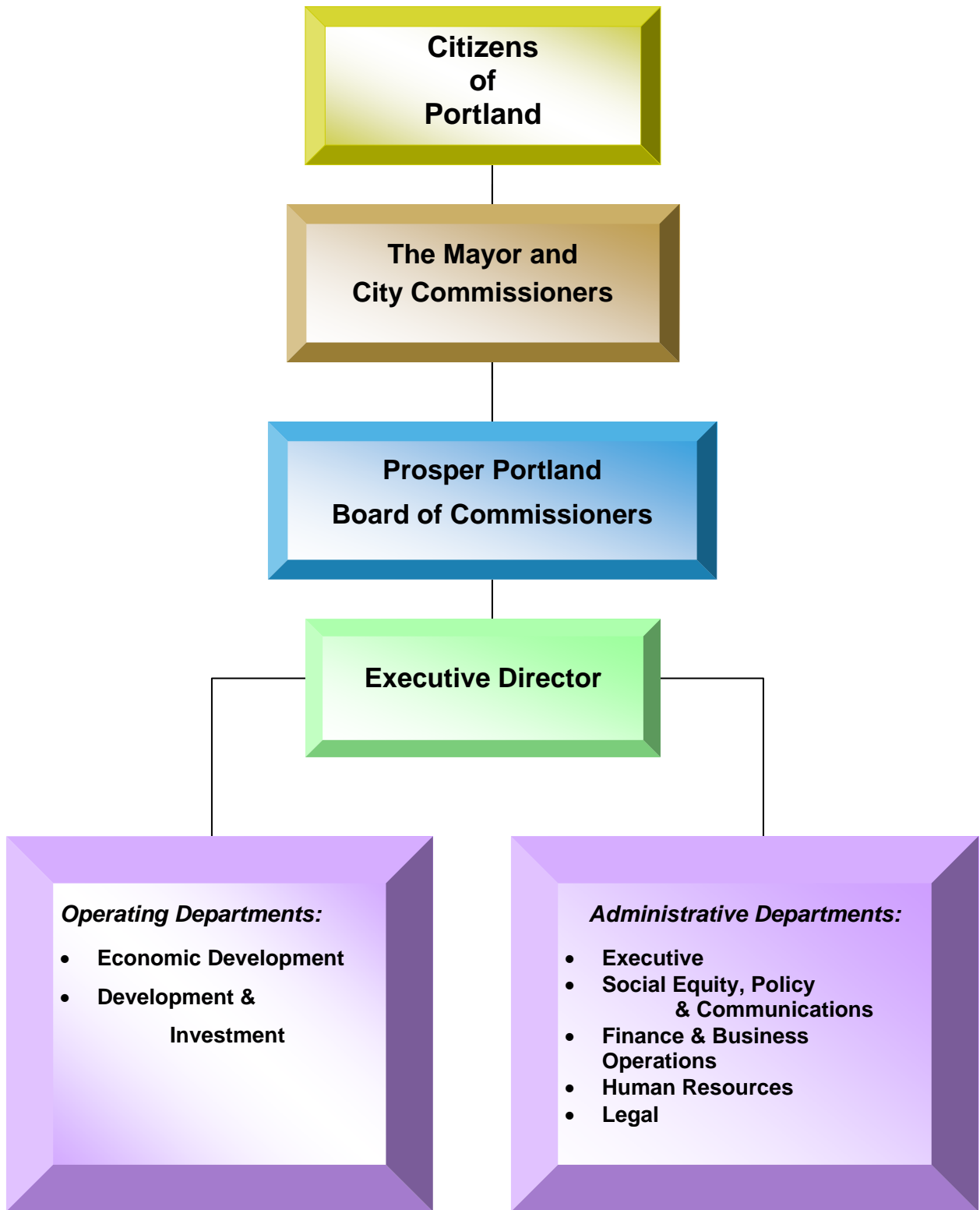
August 1, 2020

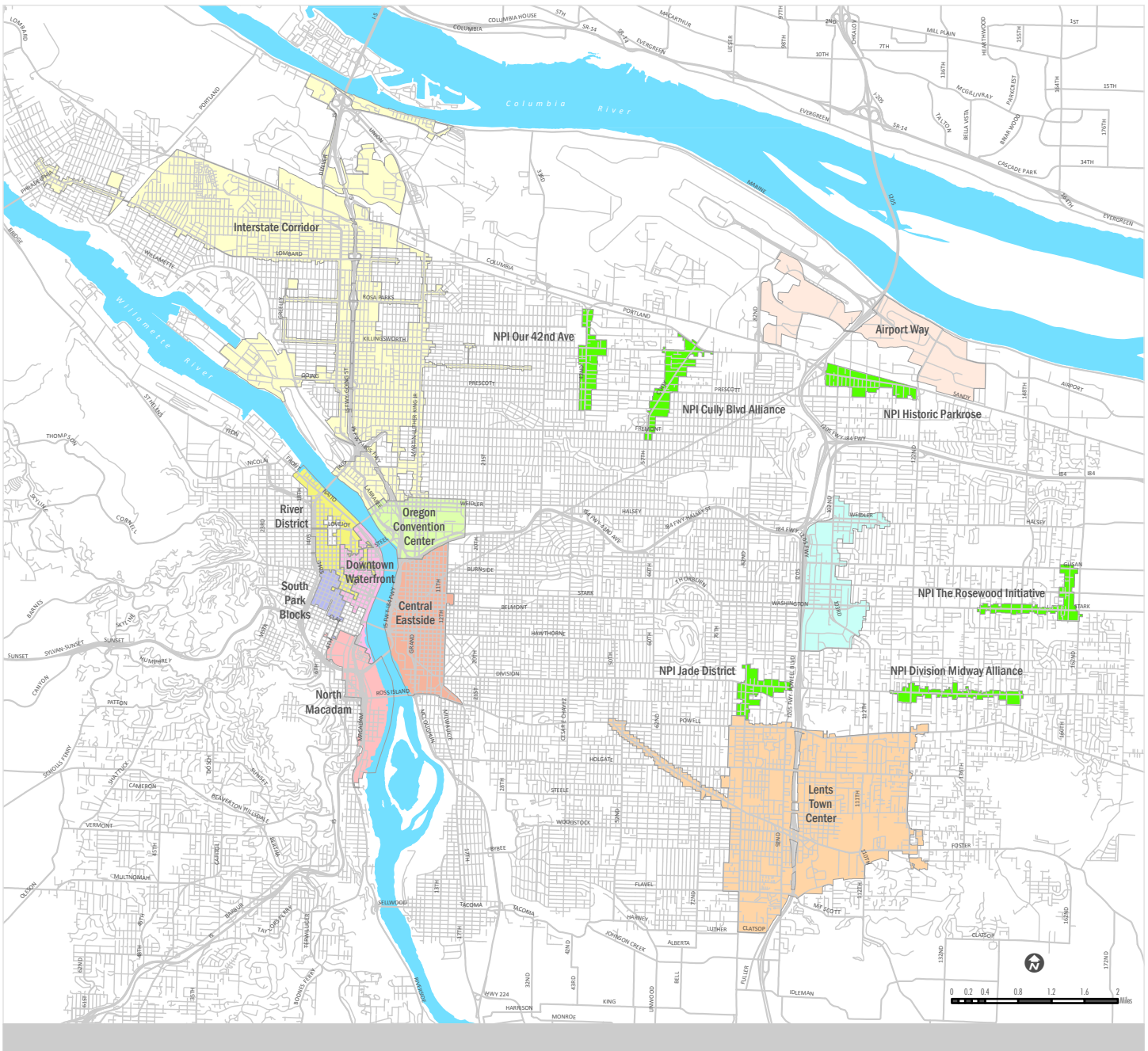
Registered Agent

None

Prosper Portland

Organizational Chart





Total Acres in Urban Renewal Plan Areas: 11,397

URAs as a Percentage of City Acreage: 12.3%

Legend

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



Government Finance Officers Association

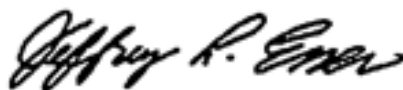
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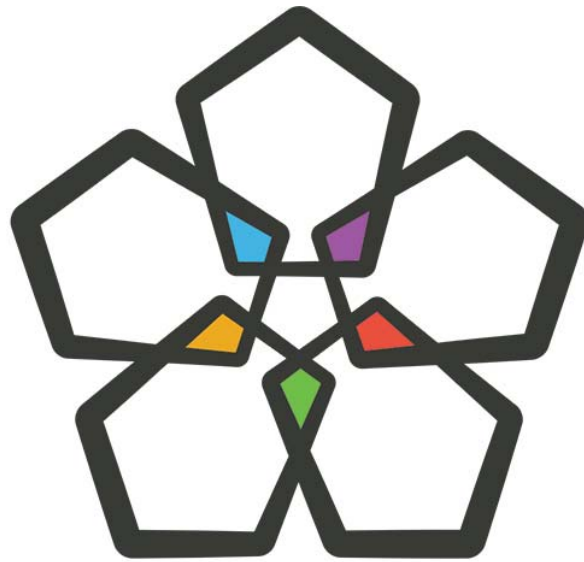
**Portland Development Commission
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016



Executive Director/CEO



PROSPER
PORTLAND

Building an Equitable Economy

Financial
Section_____



PROSPER
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Building an Equitable Economy

Report of Independent Auditors

The Board of Commissioners
Portland Development Commission, Portland, Oregon, dba Prosper Portland
(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, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund of Portland Development Commission, dba Prosper Portland (a Component Unit of the City of Portland) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Prosper Portland'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.

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, and the aggregate remaining fund information and the budgetary comparisons for the general fund of Prosper Portland as of June 30, 2017, 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 discussion and analysis, the post-employment benefit information, and the pension contribution information on pages 4 through 17 and 69 through 71 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Prosper Portland's basic financial statements. The Supplementary Data as listed in the table of contents which includes the combining and individual fund statements, budgetary, capital asset and real property schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary data 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 supplementary is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 October 24, 2017 on our consideration of Prosper Portland'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 solely 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 the effectiveness of 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 Prosper Portland's internal control over financial reporting and compliance.

Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 24, 2017, on our consideration of the Prosper Portland's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in 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 to provide an opinion on compliance.

A handwritten signature in blue ink that reads "James C. Luyarotto". The signature is written in a cursive style with a large, stylized 'J' and 'L'.

For Moss Adams LLP
Eugene, Oregon
October 24, 2017



PROSPER
PORTLAND

Building an Equitable Economy

Management's Discussion and Analysis

As management of Prosper Portland, we offer readers of Prosper Portland's financial statements this narrative overview and analysis of the financial activities of Prosper Portland for the fiscal year ended June 30, 2017. 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.

Prosper Portland, previously known as The Portland Development Commission, adopted its new name and logo in May 2017 to reflect the agency's shift toward more inclusive economic development.

Financial Highlights

- The assets of Prosper Portland exceeded the liabilities for the current year ended June 30, 2017 by \$396,258,309 (net position).
- Prosper Portland's total net position decreased by \$4,628,714 (1.2%) when compared to the financial statements at June 30, 2016. The decrease in net position is attributable to an increase in current and other assets resulting from an increase in total revenues. Revenue increases were offset by an increase in long-term liabilities related to the purchase of the US Postal Service property.
- As of June 30, 2017, Prosper Portland's governmental activities reported a combined ending fund balance of \$384,031,718, a decrease of \$4,404,766 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 \$1,321,306, or approximately 22.9% of total general fund expenditures.
- Gross loans receivable increased from \$64,169,542 to \$76,224,839 commission-wide, or 18.8%. The loan loss allowance increased from \$16,151,394 to \$18,608,269, an increase of 15.2% from the prior year's allowance. These changes resulted in net loans receivable of \$57,616,570, a 20.0% increase over the prior year due to an increase in commercial property redevelopment loans.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Prosper Portland's basic financial statements. Prosper Portland'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.

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

The *Statement of Net Position* presents financial information on all of Prosper Portland'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 Prosper Portland is improving or deteriorating.

The *Statement of Activities* presents information showing how Prosper Portland'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 Prosper Portland 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 Prosper Portland include general government, housing and community development contract administration, economic development and business growth, and urban renewal and redevelopment. The business-type activities of Prosper Portland 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 18-20 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. Prosper Portland, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Prosper Portland 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*.

Prosper Portland maintains 19 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); 9101 Foster LLC, a blended component unit, 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.

Prosper Portland 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 21-27 of this report.

Proprietary Funds. Prosper Portland 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. Prosper Portland uses three enterprise funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Prosper Portland's various functions. Prosper Portland 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. Prosper Portland 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 Prosper Portland properties or City of Portland properties Prosper Portland 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 Prosper Portland 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 31-67 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Prosper Portland's progress in funding its obligation to provide post-employment benefits to its employees. Required supplementary information can be found on pages 69-71 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 73-106 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 Prosper Portland, total assets exceeded liabilities by \$396,258,309 for all governmental and business-type funds at the close of the most recent fiscal year.

Prosper Portland's Net Position At June 30

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------|----------------------------|-----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Assets | | | | | | |
| Current and Other Assets | \$ 392,959,450 | \$ 392,732,299 | \$ 12,226,591 | \$ 12,648,163 | \$ 405,186,041 | \$ 405,380,462 |
| Capital Assets | 45,116,399 | 13,371,303 | - | - | 45,116,399 | 13,371,303 |
| Total Assets | <u>438,075,849</u> | <u>406,103,602</u> | <u>12,226,591</u> | <u>12,648,163</u> | <u>450,302,440</u> | <u>418,751,765</u> |
| Deferred Outflows of Resources | <u>5,691,201</u> | <u>1,030,372</u> | <u>-</u> | <u>-</u> | <u>5,691,201</u> | <u>1,030,372</u> |
| Liabilities | | | | | | |
| Current and Other Liabilities | 6,040,205 | 5,628,280 | - | 197,624 | 6,040,205 | 5,825,904 |
| Long-term Liabilities | 53,380,582 | 12,274,514 | - | - | 53,380,582 | 12,274,514 |
| Total Liabilities | <u>59,420,787</u> | <u>17,902,794</u> | <u>-</u> | <u>197,624</u> | <u>59,420,787</u> | <u>18,100,418</u> |
| Deferred Inflows of Resources | <u>314,545</u> | <u>794,696</u> | <u>-</u> | <u>-</u> | <u>314,545</u> | <u>794,696</u> |
| Net Position | | | | | | |
| Invested in Capital Assets | 45,116,399 | 13,371,303 | - | - | 45,116,399 | 13,371,303 |
| Restricted | 350,670,021 | 378,814,692 | 3,000,000 | - | 353,670,021 | 378,814,692 |
| Unrestricted | (11,754,702) | (3,749,511) | 9,226,591 | 12,450,539 | (2,528,111) | 8,701,028 |
| Total Net Position | <u>\$ 384,031,718</u> | <u>\$ 388,436,484</u> | <u>\$ 12,226,591</u> | <u>\$ 12,450,539</u> | <u>\$ 396,258,309</u> | <u>\$ 400,887,023</u> |

Prosper Portland's Net Position

By far the largest portion of Prosper Portland's net position, \$353,670,021 or 89.3% 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 decreased 6.6% from fiscal year ended June 30, 2016.

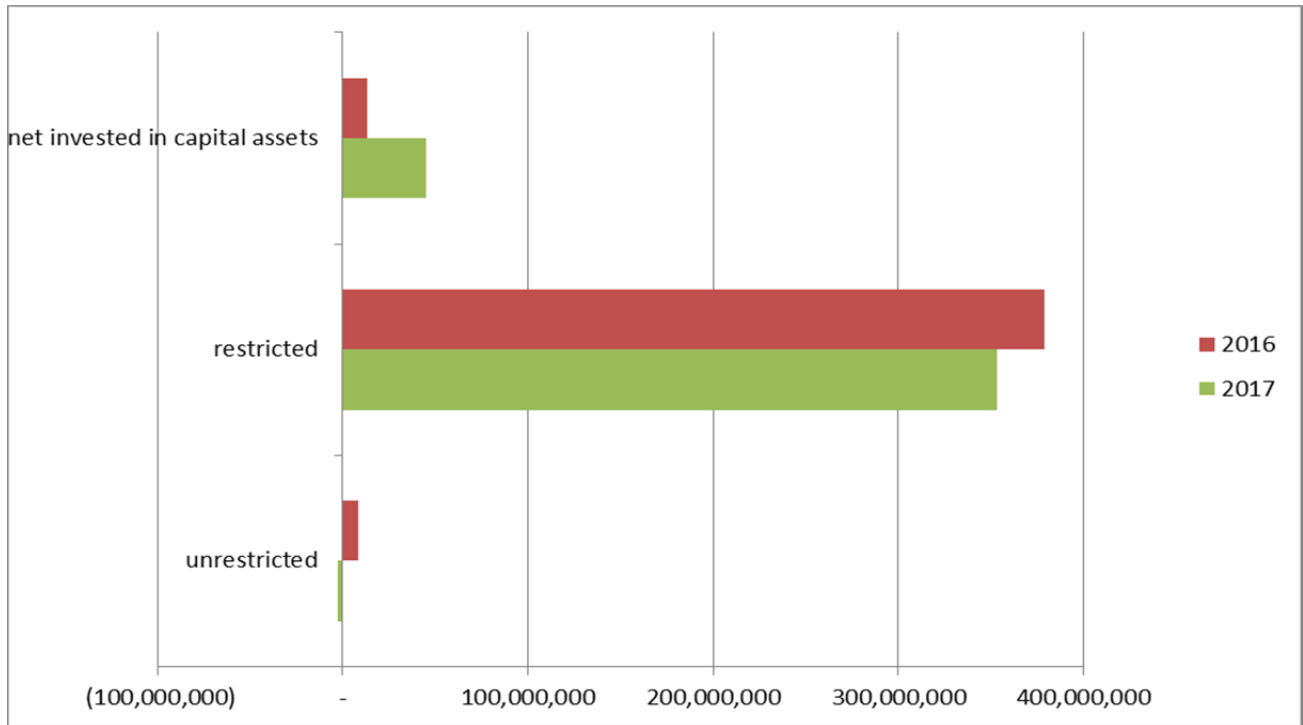
The next largest portion of Prosper Portland's total net position (\$45,116,399 or 11.4%) reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment). These capital assets are used to provide services to citizens; consequently, these assets are *not* available for future spending. The percentage of investment in capital assets net position increased 8.1% over the previous year due to a strategic shift in the categorical classification of revenue producing properties from previously held for sale to not held for sale.

All of the components of net position are either restricted as to the purposes they can be used for or are invested in capital assets (buildings, roads, bridges, and so on). Consequently, the unrestricted component of net position showed a \$2,528,111 deficit at the end of this year. This deficit does not

mean that Prosper Portland does not have resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than currently available resources.

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

Prosper Portland Net Position June 30, 2016 and 2017

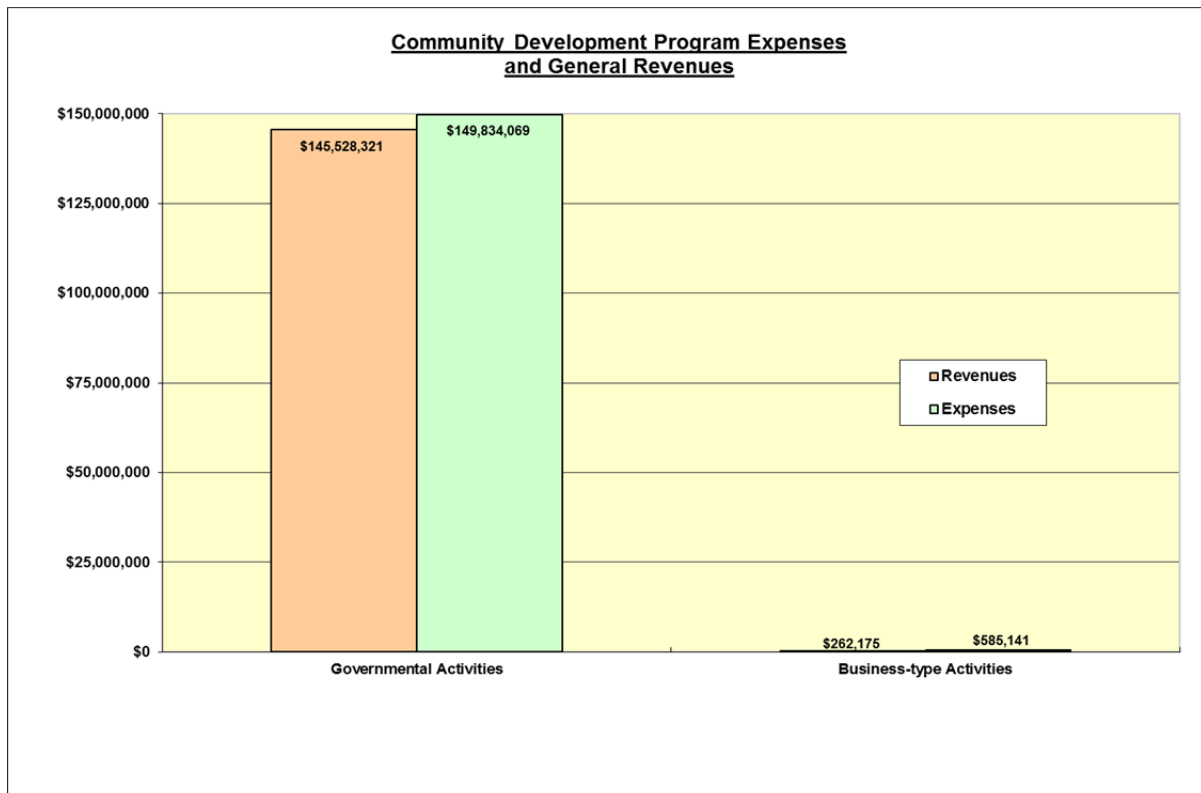


Prosper Portland's overall net position decreased \$4,628,714 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities decreased \$4,404,766 from the prior fiscal year for an ending balance of \$384,031,718. This decrease is due primarily to an increase in community development expenses of \$81,732,684 or 120.0% the result of \$43,140,524 in housing expenditures through the Portland Housing Bureau, Financial Assistance in the form of a grant for \$17,079,592 to Multnomah County for the construction of a new county health building, and the reclassification of \$24,962,785 revenue producing property to property not held for sale. Meanwhile program revenues decreased \$20,531,966 or 51.9% the result of decreases over the prior year's return of the advance funding for a new Multnomah County Courthouse and in charges for services for the unexpected settlement on the development of Pioneer Square. General revenues increased by \$37,733,758 or 42.5%, in part due to a \$9,331,400 increase in TIF proceeds, an increase in line of credit draws related to the purchase of the US Postal Service property of \$10,493,447, and an increase of \$9,924,909 in miscellaneous revenues due to the sale of Station Place Lot 5 and adjustments made to the loan allowance for loans paid off during the year.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|-----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 10,738,238 | \$ 23,012,140 | \$ 64,654 | \$ 5,127,964 | \$ 10,802,892 | \$ 28,140,104 |
| Operating Grants and Contributions | 8,308,635 | 16,566,699 | - | 871,000 | 8,308,635 | 17,437,699 |
| General Revenues: | | | | | | |
| Tax-increment Debt Proceeds (in lieu of tax-increment revenue) | 91,394,288 | 82,062,888 | - | - | 91,394,288 | 82,062,888 |
| City of Portland debt proceeds for operations | 17,372,202 | - | - | - | 17,372,202 | - |
| Unrestricted Investment Income | 2,246,957 | 1,711,929 | 152,615 | 102,954 | 2,399,572 | 1,814,883 |
| Miscellaneous | 15,468,001 | 4,972,873 | 44,906 | 187,757 | 15,512,907 | 5,160,630 |
| Total Revenues | <u>145,528,321</u> | <u>128,326,529</u> | <u>262,175</u> | <u>6,289,675</u> | <u>145,790,496</u> | <u>134,616,204</u> |
| Expenses: | | | | | | |
| Community Development | 149,834,069 | 68,101,385 | - | - | 149,834,069 | 68,101,385 |
| Enterprise Funds | - | - | 585,141 | 1,241,048 | 585,141 | 1,241,048 |
| Total Expenses | <u>149,834,069</u> | <u>68,101,385</u> | <u>585,141</u> | <u>1,241,048</u> | <u>150,419,210</u> | <u>69,342,433</u> |
| Increase (Decrease) in Net Position Before Transfers | (4,305,748) | 60,225,144 | (322,966) | 5,048,627 | (4,628,714) | 65,273,771 |
| Transfers | (99,018) | (138,203) | 99,018 | 138,203 | - | - |
| Increase (Decrease) in Net Position | <u>(4,404,766)</u> | <u>60,086,941</u> | <u>(223,948)</u> | <u>5,186,830</u> | <u>(4,628,714)</u> | <u>65,273,771</u> |
| Beginning Net Position | 388,436,484 | 328,349,543 | 12,450,539 | 7,263,709 | 400,887,023 | 335,613,252 |
| Ending Net Position | <u>\$ 384,031,718</u> | <u>\$ 388,436,484</u> | <u>\$ 12,226,591</u> | <u>\$ 12,450,539</u> | <u>\$ 396,258,309</u> | <u>\$ 400,887,023</u> |



Business-type Activities. For Prosper Portland's business-type activities, the results for the current fiscal year were a decrease in the overall net position for an ending balance of \$12,226,591. The total decrease in net position for business-type activities was \$223,948 or 1.8% from the prior year, most notably in program revenue but also in expenses due to increased one-time activities reported in fiscal year 2016 and the transfer of the management of The Headwaters Apartments to the Portland Housing Bureau.

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

| <u>Expenses</u> | <u>2017</u> | <u>2016</u> | <u>Change</u> |
|------------------------|-------------------|---------------------|---------------------|
| Personal services | \$ 68,060 | \$ 44,521 | \$ 23,539 |
| Professional services | 516,495 | 1,155,631 | (639,136) |
| Financial assistance | 586 | 17,146 | (16,560) |
| Miscellaneous Expenses | - | 23,750 | (23,750) |
| Totals | \$ 585,141 | \$ 1,241,048 | \$ (655,907) |

One major component of Prosper Portland's net position in both governmental and business-type funds is loans receivable from its customers. During the current fiscal year, Prosper Portland's gross portfolio increased \$12,055,297 or 18.8% due to the disbursement of several significant development loans. The Loan Loss Allowance increased by 15.2% or \$2,456,875. 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 increased 342.2% while the non-current portion decreased by 1.3%, a reflection of the extended terms associated with the commercial property redevelopment loans made this past year and the maturity of pre-development loans associated with those redevelopment loans.

**Prosper Portland's
Loans Receivable
At June 30**

| | <u>2017</u> | <u>2016</u> | <u>Change</u> | <u>% Change</u> |
|------------------------|----------------------|----------------------|---------------------|---------------------|
| Gross Loans Receivable | \$ 76,224,839 | \$ 64,169,542 | \$ 12,055,297 | 18.8% |
| Allowance | (18,608,269) | (16,151,394) | (2,456,875) | 15.2% |
| Total Net | \$ 57,616,570 | \$ 48,018,148 | \$ 9,598,422 | 20.0% |
| Current Portion | \$ 5,214,849 | \$ 1,179,245 | \$ 4,035,604 | 342.2% |
| Non-Current Portion | 46,250,844 | 46,838,903 | (588,059) | -1.3% |
| Total Net | \$ 51,465,693 | \$ 48,018,148 | \$ 3,447,545 | 7.2% |

Net Loans Receivable reflects the elimination of interfund activity between Prosper Portland and its component unit, 9101 Foster LLC, for a loan in the amount of \$6,150,877.

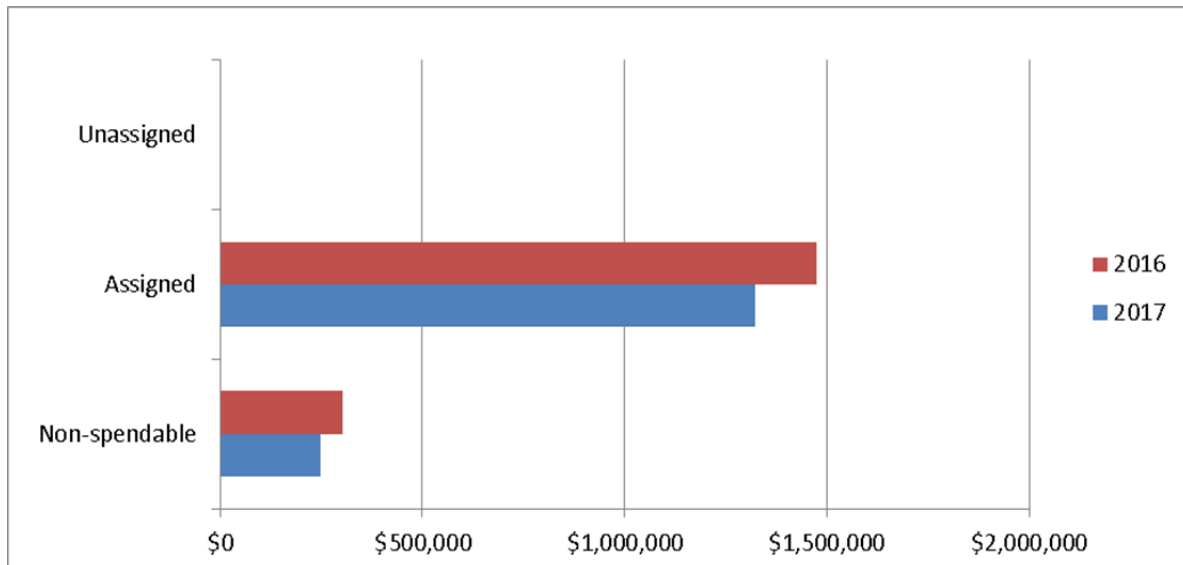
Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of Prosper Portland's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Prosper Portland'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, Prosper Portland itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by Prosper Portland's Board of Commissioners.

At June 30, 2017, Prosper Portland's governmental funds reported combined fund balances of \$388,170,415, an increase of \$913,426 in comparison with the prior year. Prosper Portland had unassigned fund balance of (\$6,150,877) the result of 9101 Foster LLC whose balance sheet contains only a note payable to Prosper Portland. The remainder of the fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is 1) not in spendable form (\$247,518), 2) restricted for particular purposes (\$392,752,468), or assigned for particular purposes (\$1,321,306).

**General Fund
Components of Fund Balance
June 30, 2016 and 2017**



The general fund is the chief operating fund of Prosper Portland. At the end of the current fiscal year, Prosper Portland's General Fund had no unassigned fund balance, while the total fund balance decreased to \$1,568,824. 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 27.3% of total general fund expenditures.

The fund balance of Prosper Portland's general fund decreased by \$206,345 during the current fiscal year ended June 30, 2017, part of this change was due to an increase in expenditures for Capital Outlay. Other key factors include:

- Revenues decreased by \$1,103,757 overall, primarily in intergovernmental revenues, \$1,189,602 the result of a decrease in program funding from the City's General Fund and miscellaneous revenue, \$21,742. Loan Collections and interest on investments also experienced decreases, \$2,264 and \$4,038, over the previous year. These decreases were offset by an increase in charges for services, \$113,889.
- Net expenditures decreased by \$1,381,063. Financial Assistance accounts for the major part of the decrease; decreasing by \$1,142,090 for technical assistance and economic development grants to emerging businesses along with Capital Outlay, which decreased by \$268,632 for system related expenses that do not meet the capitalization threshold. Community Development increased by \$29,659 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 Prosper Portland's largest annual income source, and that was certainly the case for this fiscal year. The following schedule illustrates the TIF proceeds received by Prosper Portland from the City of Portland over the last five years. Note that the annual allotment of TIF proceeds received in fiscal year 2017 is above the five-year average for the second time in recent years and that the five-year average decreased by \$8,478,604 from \$80,631,307 in fiscal year 2016.

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

| Year | Amount | Change | % | |
|------|-----------------------|-------------|------|-----------------------------------|
| 2013 | 73,354,431 | | | 5-Year Average = \$ 72,152,703 |
| 2014 | 59,718,111 | -13,636,320 | -19% | |
| 2015 | 54,233,796 | -5,484,315 | -9% | |
| 2016 | 82,062,888 | 27,829,092 | 51% | |
| 2017 | 91,394,288 | 9,331,400 | 11% | |
| | <u>\$ 360,763,514</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 Prosper Portland for projects. The amount of TIF allocated to Prosper Portland 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 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 125 of the Statistical Section.

The seven other major governmental funds include the 9101 Foster LLC 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.

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

| <u>Fund</u> | <u>2017</u> | <u>2016</u> | <u>Change</u> |
|--|-----------------------|-----------------------|-----------------------|
| 9101 Foster LLC Fund | \$ (6,150,877) | \$ - | (6,150,877) |
| Downtown Waterfront Urban Renewal Fund | 45,013,129 | 44,241,433 | 771,696 |
| North Macadam Urban Renewal Fund | 18,646,977 | 20,889,856 | (2,242,879) |
| River District Urban Renewal Fund | 124,503,347 | 107,042,878 | 17,460,469 |
| Convention Center Urban Renewal Fund | 55,917,306 | 59,741,473 | (3,824,167) |
| Lents Town Center Urban Renewal Fund | 25,124,497 | 34,148,444 | (9,023,947) |
| Interstate Corridor Urban Renewal Fund | 42,669,004 | 42,138,320 | 530,684 |
| Total Fund Balances | \$ 305,723,383 | \$ 308,202,404 | \$ (2,479,021) |

The 9101 Foster LLC Fund was created at the end of fiscal year 2016 for the sole purpose of completing and managing the planned development of a mixed use, mixed income apartment project begun by WDA 91st and Foster Development LLC. At this time, the fund balance consists of the note payable to the Lents Town Center Urban Renewal Fund.

The Downtown Waterfront Urban Renewal Area reflects an increase in fund balance of \$771,696 or 1.7%, the result of decreases in both revenues and expenditures after substantial increase in revenue in the prior year due to the return of advance funding from Multnomah County and by the final payment on the development of Pioneer Square.

Fund balance in the North Macadam Urban Renewal Area decreased by \$2,242,879 or 10.7% due primarily to increases in community development of \$3,797,840 or 188.8% for budgeted housing expenditures through the Portland Housing Bureau (\$1,764,926) and PSU Redevelopment Partnership Strategy (\$1,358,722) and for capital expenditures for urban renewal of \$3,484,886 or 499.7% for infrastructure improvements on Bond Avenue.

In the River District Urban Renewal Fund, the \$17,460,469 or 16.3% net increase in fund balance is the result of increases in tax-increment debt proceeds (in lieu of tax-increment revenue) of \$8,190,695 or 23.1% due to line of credit advances for tax-increment debt proceeds (in lieu of tax-increment revenue) for project expenditures (\$16,584,101) in addition to an increase in interim debt proceeds from a City general fund line of credit advance (\$17,372,202) for project costs directly related to the acquisition of the US Postal Service site. These increases were coupled with an increase in miscellaneous revenue for the sale of Station Place Lot 5 for \$7,400,000. In total expenditures increased 114.9% or \$29,636,848. Increases were reflected in the area of community development of \$6,611,461 or 41.6% primarily for Prosper Portland funded housing projects carried out by Portland Housing Bureau, in capital expenditures for urban renewal where an increase of \$5,945,795 or 61.2% can be attributed mainly to expenditures for work on Centennial Mills. Financial Assistance also increased by 8,204.7% or \$17,079,592 due primarily to the final grant disbursement for the new Multnomah County Health Department building.

The Convention Center Urban Renewal Fund experienced a decrease of 6.4% in fund balance, or \$3,824,167, the result of an increase in revenues in the areas of charges for services (\$3,009,373) resulting from the reimbursement by the City of Portland for repairs on Veteran's Memorial Coliseum, \$1,730,845 from additional loan interest received from the New Market Tax Credit unwind of the Marco Investment Fund LLC, and \$3,015,170 in miscellaneous revenue reflecting the change in the Loan Allowance also resulting from the New Market Tax Credit unwind. Increased expenditures

offset the increased revenues by \$9,306,021 or 162.9% the result of increases for community development of \$2,339,529 (29.2%) for housing and \$6,967,100 or 16,987.9% in capital expenditures for urban renewal from the reclassification of property previously held for sale in the amount of \$5,653,754 and expenditures of \$1,354,358 for work in process on the Convention Center Garage.

In the Lents Town Center Urban Renewal Fund, fund balance decreased by \$9,023,947 or 26.4% the result of a \$601,713 (5.8%) increase in revenues, primarily in miscellaneous revenues the result of property sales. This was coupled with an increase in expenditures of \$15,098,049 or 304.0%; in community development for \$8,875,794 or 72.7% for housing expenditures through the Portland Housing Bureau, and financial assistance of \$5,265,858 or 722.3% due to changes in the loan allowance for commercial property redevelopment loans.

The Interstate Corridor Urban Renewal Fund ended the year with an increase in fund balance of \$530,684 or 1.3%. Revenues experienced a slight increase overall of \$723,408 or 3.7%. Expenditures increased by \$10,188,369 or 112.5% primarily in the area of community development, which experienced an increase of \$7,618,945 or 146.4% and in capital expenditures for urban renewal that increased by \$2,326,416 or 78.6% due to the reclassification of property previously held for sale.

Proprietary funds. Prosper Portland'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 decreased by \$346,650 or 4.9%. This decrease is the result of increases in professional services of 480,186 or 12,760.7% due to interest expense recorded for the interfund loan related to the acquisition and redevelopment of the US Postal Service site in the River District Urban Renewal Area.

General Fund Budgetary Highlights

Differences between the original budget and final amended budget amounted to a \$163,978 decrease in appropriations. The major differences are summarized as follows:

- Budgeted revenue increased a net \$282,957 primarily due to increases in charges for services, interest on loans, and miscellaneous reimbursements.
- Budgeted expenditures in the General Fund reflected an increase of \$387,160 primarily in budgeted contingency.
- Decreases in Administrative expenditures budgeted of \$108,773 represent a reallocation of staffing costs.

Differences between the final amended budget and actual revenues and expenditures amounted to a \$2,506,866 decrease over projected amounts. The major differences are summarized as follows:

- Actual revenues decreased \$469,943 primarily due to decreases in intergovernmental revenues and interest received in loan collections.
- Expenditures were lower than budgeted by \$861,815 in the area of administration, the result of decreases in professional services, legal services, and non-capital equipment maintenance and by \$9,280 in housing and \$521,839 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 \$1,524,713 represent resources expected to be carried over to the following fiscal year beginning balance.

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

Prosper Portland 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, 2017 capital assets amount to \$45,116,399 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, and software. The total increase in Prosper Portland's investment in capital assets for the fiscal year ended June 30, 2017 was \$31,745,096 or 237.4%.

Prosper Portland's Capital Assets (net of accumulated depreciation) At June 30

| Asset Type | Governmental Activities | | |
|---------------------|-------------------------|----------------------|----------------------|
| | 2017 | 2016 | Change |
| Land | \$ 16,011,711 | \$ 7,495,883 | \$ 8,515,828 |
| Buildings | 27,515,450 | 4,167,285 | 23,348,165 |
| Equipment | 202,167 | 199,710 | 2,457 |
| Intangible Software | 1,387,071 | 1,508,425 | (121,354) |
| Total Assets | <u>\$ 45,116,399</u> | <u>\$ 13,371,303</u> | <u>\$ 31,745,096</u> |

As the result of a strategic shift in the management and recording of Prosper Portland properties, select revenue producing properties, valued at \$24,962,787, were reclassified from property held for sale to capital assets, and in 9101 Foster LLC, work in process and land increased capital assets for the acquisition and development of the mixed use apartment project now known as Lents Commons. Additional information on Prosper Portland's capital assets can be found in note III - F. on page 50 of this report, and in the Supplementary Data on pages 108-113.

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, 2017.

**Prosper Portland's
Real Property Held for Sale
For the Fiscal Year Ended June 30, 2017**

| Funding Source | Balance July 1, 2016 | Additions | Disposals/ Adjustments | Balance June 30, 2017 |
|--|-------------------------|----------------------|---------------------------|--------------------------|
| General Fund | \$ 146,754 | \$ - | \$ - | \$ 146,754 |
| Downtown Waterfront Urban Renewal Fund | 1,171,570 | - | (46,501) | 1,125,069 |
| North Macadam Urban Renewal Fund | 6,419,232 | | (4,175,080) | 2,244,152 |
| River District Urban Renewal Fund | 17,623,396 | 5,475,626 | (14,380,373) | 8,718,649 |
| Convention Center Urban Renewal Fund | 11,683,911 | - | (5,647,754) | 6,036,157 |
| Lents Town Center | 7,537,016 | 377,263 | (4,017,884) | 3,896,395 |
| Interstate Corridor Urban Renewal Fund | 6,517,097 | - | (5,483,002) | 1,034,095 |
| Other Governmental Funds | 17,273,101 | 2,894,191 * | (725,357) | 19,441,935 |
| Subtotal Governmental Funds | 68,372,077 | 8,747,080 | (34,475,951) | 42,643,206 |
| Business Management Fund | 3,025,892 | 84,699,605 | (17,524,105) | 70,201,392 |
| Total Property Held for Sale | \$ 71,397,969 | \$ 93,446,685 | \$ (52,000,056) | \$ 112,844,598 |

*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, three of the Old Town Lofts-411 NW Flanders parking spaces were sold to tenants of the building for a total of \$46,501.

In the North Macadam District Urban Renewal Fund, River Place Garage (\$4,175,080) was reclassified as properties not held for sale.

In the River District Urban Renewal Fund, \$4,219,259 was added from work in process towards the acquisition of the US Postal Service site and 4th and Burnside was acquired for \$1,201,636 for future redevelopment. Additionally, Block Y and Station Place Garage were reclassified as properties not held for sale for a total of \$9,768,602 and Station Place Lot 5 was disposed of for \$373,562 for future commercial office and retail space.

In the Convention Center Urban Renewal Fund, Block 49 and the Inn at the Convention Center were reclassified as properties not held for sale in the amount of \$5,647,754.

In the Lents Town Center Urban Renewal Fund, Seven properties totaling \$1,886,735 were disposed of for redevelopment and the Bakery Block valued at \$2,151,149 was reclassified as properties not held for sale.

Four properties totaling \$2,415,196 were disposed of in the Interstate Corridor Urban Renewal Fund for redevelopment and 3620 NE MLK Blvd, 8411 N Denver Ave and 2221 N Argyle St, valued at \$3,067,806, were reclassified as properties not held for sale.

Significant real property transactions in the other governmental funds consist of the acquisition of the ODOT Blocks for \$2,845,000 for future redevelopment to include constructing structured parking. 9123 SE Foster Blvd was disposed for mixed use to include affordable housing units and retail space for \$251,456, and 240 NE MLK Blvd was reclassified as properties not held for sale.

In the Business Management Fund, \$3,025,892 was added from work in process towards the acquisition of the US Postal Service site along with the additional acquisition cost of \$81,673,713. The US Postal Service total was reduced by the Portland Housing Bureau's shared-portion of \$14,498,213.

Additional information on Prosper Portland's real property held for sale can be found in note III - E. on page 49 of this report, and in the Supplementary Data on pages 111-113.

Long-term debt. Prosper Portland 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 Prosper Portland 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 2017 was 3.7% and 3.9% respectively, and 5.3% in July 2016. This is down slightly from the rate of 5.4% the previous June. The unemployment rate for the United States as a whole for June 2017 is 4.4%. Meanwhile job growth has slowed to an average 2.6% 2017. The Portland metro area added 37,400 jobs over the past 12 months, with construction continuing to lead as the fastest growing industry, and leisure & hospitality and health services adding the greatest number of jobs.
- The Portland area office vacancy is up slightly to 9.8% during the second quarter with net absorption of 37,621 square feet (sf). Metro-area demand and leasing activity remain strong despite a higher vacancy rate. Currently there is total 1,971,508 sf of office space under construction in the Portland area.
- In the industrial market the average vacancy rate fell to 3.3% at the end of the 2nd quarter, 2017 with 909,863 sf absorbed. Projects totaling 2,478,775 sf are currently under construction.
- Inflation continues to be positive but consistently low at 2.4% at the end of the fiscal year and 2.1% 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 Prosper Portland's budget for the next fiscal year ending June 30, 2018.

Requests for Information

This financial report is designed to provide a general financial overview for those with an interest in Prosper Portland'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, Prosper Portland, 222 NW Fifth Avenue, Portland, Oregon, 97209.

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

STATEMENT OF NET POSITION
June 30, 2017

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 10,887 | \$ - | \$ 10,887 |
| Cash with City of Portland investment pool | 222,670,680 | 7,607,865 | 230,278,545 |
| Receivables: | | | |
| Due from City of Portland | 4,392,913 | - | 4,392,913 |
| Accounts | 2,052,789 | 12,328 | 2,065,117 |
| Internal balances | 69,467,421 | (69,467,421) | - |
| Loans, net | 4,952,537 | 262,312 | 5,214,849 |
| Interest | 696,946 | 25,057 | 722,003 |
| Other | 406,285 | - | 406,285 |
| Property held for sale | 42,643,206 | 70,201,392 | 112,844,598 |
| Total current assets | 347,293,664 | 8,641,533 | 355,935,197 |
| Noncurrent assets: | | | |
| Loans receivable, net | 45,665,786 | 585,058 | 46,250,844 |
| Escrow deposit | - | 3,000,000 | 3,000,000 |
| Capital assets not being depreciated: | | | |
| Land | 16,011,711 | - | 16,011,711 |
| Work in progress | 6,617,523 | - | 6,617,523 |
| Capital assets net of accumulated depreciation: | | | |
| Buildings and improvements | 20,897,927 | - | 20,897,927 |
| Equipment | 202,167 | - | 202,167 |
| Intangible software | 1,387,071 | - | 1,387,071 |
| Total noncurrent assets | 90,782,185 | 3,585,058 | 94,367,243 |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred outflow related to pensions | 5,691,201 | - | 5,691,201 |
| Total deferred outflow of resources | 5,691,201 | - | 5,691,201 |
| Total assets and deferred outflow of resources | \$ 443,767,050 | \$ 12,226,591 | \$ 455,993,641 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 1,410,820 | \$ - | \$ 1,410,820 |
| Accrued liabilities | 505,310 | - | 505,310 |
| Due to City of Portland | 2,533,047 | - | 2,533,047 |
| Due to other entities | 146,821 | - | 146,821 |
| Unearned revenue | 61,190 | - | 61,190 |
| Long-term liabilities due within one year: | | | |
| Pollution remediation | 1,265,610 | - | 1,265,610 |
| Vacation accrual | 117,407 | - | 117,407 |
| Total long-term liabilities due within one year | 1,383,017 | - | 1,383,017 |
| Total current liabilities | 6,040,205 | - | 6,040,205 |
| Noncurrent liabilities: | | | |
| Long-term liabilities: | | | |
| Net other post-employment benefits obligation | 735,404 | - | 735,404 |
| Net pension obligation | 11,045,372 | - | 11,045,372 |
| Pollution remediation | 41,168,675 | - | 41,168,675 |
| Vacation accrual | 431,131 | - | 431,131 |
| Total noncurrent liabilities | 53,380,582 | - | 53,380,582 |
| Total liabilities | 59,420,787 | - | 59,420,787 |
| DEFERRED INFLOW OF RESOURCES | | | |
| Deferred inflow related to pensions | 314,545 | - | 314,545 |
| Total deferred inflow of resources | 314,545 | - | 314,545 |
| NET POSITION | | | |
| Net investment in capital assets | 45,116,399 | - | 45,116,399 |
| Restricted for: | | | |
| Urban renewal | 344,284,403 | - | 344,284,403 |
| Other | 6,385,618 | 3,000,000 | 9,385,618 |
| Unrestricted | (11,754,702) | 9,226,591 | (2,528,111) |
| Total net position | 384,031,718 | 12,226,591 | 396,258,309 |
| Total liabilities and net position | \$ 443,767,050 | \$ 12,226,591 | \$ 455,993,641 |

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

**PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017**

| Functions/Programs | Expenses | Program Revenues | |
|---------------------------|-----------------------|-------------------------|--|
| | | Charges for Services | Operating Grants and Contributions |
| Governmental activities: | | | |
| Community development | \$ 149,834,069 | \$ 10,738,238 | \$ 8,308,635 |
| Business-type activities: | | | |
| Enterprise loans | 47,240 | 5,021 | - |
| Enterprise management | 537,901 | 59,633 | - |
| Total | <u>\$ 150,419,210</u> | <u>\$ 10,802,892</u> | <u>\$ 8,308,635</u> |

General Revenues:

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

Transfers

Total general revenues and transfers

Change in net position

Net position - July 1, 2016

Net position - June 30, 2017

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 |
| \$ (130,787,196) | \$ - | \$ (130,787,196) |
| - | (42,219) | (42,219) |
| - | (478,268) | (478,268) |
| (130,787,196) | (520,487) | (131,307,683) |
| 91,394,288 | - | 91,394,288 |
| 17,372,202 | - | 17,372,202 |
| 2,246,957 | 152,615 | 2,399,572 |
| 15,468,001 | 44,906 | 15,512,907 |
| (99,018) | 99,018 | - |
| 126,382,430 | 296,539 | 126,678,969 |
| (4,404,766) | (223,948) | (4,628,714) |
| 388,436,484 | 12,450,539 | 400,887,023 |
| \$ 384,031,718 | \$ 12,226,591 | \$ 396,258,309 |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2017

| | Special Revenue Funds | | Capital Projects Funds | |
|--|------------------------------|---------------------------------------|---|---|
| | General Fund | Component Unit 9101 Foster LLC | Downtown Waterfront Urban Renewal Fund | North Macadam Urban Renewal Fund |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 10,887 | \$ - | \$ - | \$ - |
| Cash with City of Portland investment pool | 754,339 | - | 40,498,297 | 17,630,240 |
| Receivables: | | | | |
| Due from City of Portland | 1,905,251 | - | - | - |
| Accounts | 44,000 | - | 967,441 | 127,176 |
| Internal balances | - | - | - | - |
| Loans, net | 100,764 | - | 2,311,120 | 19,651 |
| Interest | 2,677 | - | 121,920 | 55,617 |
| Property held for sale | 146,754 | - | 1,125,069 | 2,244,152 |
| Other | - | - | - | 1,285 |
| Total Assets | <u>2,964,672</u> | <u>-</u> | <u>45,023,847</u> | <u>20,078,121</u> |
| Total Assets | <u>\$ 2,964,672</u> | <u>\$ -</u> | <u>\$ 45,023,847</u> | <u>\$ 20,078,121</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 757,722 | \$ - | \$ 5,423 | \$ 141,714 |
| Accrued liabilities | 505,310 | - | - | - |
| Notes Payable other | - | 6,150,877 | - | - |
| Due to City of Portland | 120,241 | - | 85 | 1,288,430 |
| Due to other entities | 12,575 | - | 5,210 | 1,000 |
| Internal balances | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Total Liabilities | <u>1,395,848</u> | <u>6,150,877</u> | <u>10,718</u> | <u>1,431,144</u> |
| FUND BALANCES | | | | |
| Non-spendable | | | | |
| Loans receivable | 100,764 | - | - | - |
| Property held for sale | 146,754 | - | - | - |
| Work in process | - | - | - | - |
| Restricted | | | | |
| Loans receivable | - | - | 2,311,120 | 19,651 |
| Accounts receivable-others | - | - | - | - |
| Urban renewal | - | - | 42,702,009 | 18,627,326 |
| Contractual obligations | - | - | - | - |
| Assigned | | | | |
| Subsequent year's expenditures | 1,321,306 | - | - | - |
| Unassigned | | | | |
| Ending fund balance | <u>-</u> | <u>(6,150,877)</u> | <u>-</u> | <u>-</u> |
| Total Fund Balances | <u>1,568,824</u> | <u>(6,150,877)</u> | <u>45,013,129</u> | <u>18,646,977</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,964,672</u> | <u>\$ -</u> | <u>\$ 45,023,847</u> | <u>\$ 20,078,121</u> |

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 |
|--|---|---|---|---|---|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,887 |
| 30,488,850 | 38,097,499 | 6,969,161 | 32,368,409 | 55,732,434 | 222,539,229 |
| 1,865,144 | - | - | - | 622,518 | 4,392,913 |
| 333,327 | 73,741 | 17,695 | 11,553 | 477,856 | 2,052,789 |
| 69,951,421 | - | - | - | - | 69,951,421 |
| 12,954,113 | 11,576,025 | 15,258,807 | 9,319,782 | 5,228,938 | 56,769,200 |
| 94,052 | 114,050 | 29,643 | 106,204 | 172,388 | 696,551 |
| 8,718,649 | 6,036,157 | 3,896,395 | 1,034,095 | 19,441,935 | 42,643,206 |
| 300,000 | 100,000 | - | 5,000 | - | 406,285 |
| <u>124,705,556</u> | <u>55,997,472</u> | <u>26,171,701</u> | <u>42,845,043</u> | <u>81,676,069</u> | <u>399,462,481</u> |
| \$ <u>124,705,556</u> | \$ <u>55,997,472</u> | \$ <u>26,171,701</u> | \$ <u>42,845,043</u> | \$ <u>81,676,069</u> | \$ <u>399,462,481</u> |
| | | | | | |
| \$ 181,564 | \$ 29,025 | \$ 25,690 | \$ 100,043 | \$ 169,639 | \$ 1,410,820 |
| - | - | - | - | - | 505,310 |
| - | - | - | - | - | 6,150,877 |
| 9,645 | 1,141 | 1,020,677 | 68,606 | 24,222 | 2,533,047 |
| 7,199 | - | 837 | - | 120,000 | 146,821 |
| - | - | - | - | 484,000 | 484,000 |
| 3,800 | 50,000 | - | 7,390 | - | 61,190 |
| <u>202,208</u> | <u>80,166</u> | <u>1,047,204</u> | <u>176,039</u> | <u>797,861</u> | <u>11,292,065</u> |
| | | | | | |
| - | - | - | - | - | 100,764 |
| - | - | - | - | - | 146,754 |
| - | - | - | - | - | - |
| 12,954,113 | 11,576,025 | 15,258,807 | 9,319,782 | 5,228,938 | 56,668,436 |
| - | - | - | - | 17,946 | 17,946 |
| 111,549,234 | 44,341,281 | 9,865,690 | 33,349,222 | 70,737,249 | 331,172,011 |
| - | - | - | - | 4,894,075 | 4,894,075 |
| - | - | - | - | - | 1,321,306 |
| - | - | - | - | - | (6,150,877) |
| <u>124,503,347</u> | <u>55,917,306</u> | <u>25,124,497</u> | <u>42,669,004</u> | <u>80,878,208</u> | <u>388,170,415</u> |
| \$ <u>124,705,555</u> | \$ <u>55,997,472</u> | \$ <u>26,171,701</u> | \$ <u>42,845,043</u> | \$ <u>81,676,069</u> | \$ <u>399,462,480</u> |



PROSPER
PORTLAND

Building an Equitable Economy

**PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2017**

| | |
|--|----------------|
| Fund balances - total governmental funds | \$ 388,170,415 |
|--|----------------|

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 | 45,116,399 |
|---|------------|

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 | (735,404) |
|---|-----------|

| | |
|--|-----------|
| Net vacation accrual obligation reported on the Balance Sheet | (548,538) |
|--|-----------|

| | |
|---------------------------------|--------------|
| Pollution remediation liability | (42,434,285) |
|---------------------------------|--------------|

| | |
|-----------------------|--------------|
| Pension | |
| Deferred outflow | 5,691,201 |
| Deferred inflow | (314,545) |
| Net pension liability | (11,045,372) |

| | |
|--|----------------|
| 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 | <u>131,846</u> |
|--|----------------|

| | |
|---|------------------------------|
| Net position of governmental activities | \$ <u><u>384,031,717</u></u> |
|---|------------------------------|

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

PROSPER PORTLAND
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, 2017

| | Special Revenue Fund | | Capital Projects Fund | |
|---|-----------------------------|---------------------------------------|---|---|
| | General Fund | Component Unit 9101 Foster LLC | Downtown Waterfront Urban Renewal Fund | North Macadam Urban Renewal Fund |
| REVENUES | | | | |
| Intergovernmental revenues | \$ 5,380,006 | \$ - | \$ - | \$ - |
| Charges for services | 229,278 | - | 20,375 | 486,977 |
| Loan collections | 6,742 | - | 104,882 | 1,535 |
| Interest on investments | 8,711 | - | 431,387 | 163,481 |
| City of Portland line of credit advance | - | - | - | - |
| Miscellaneous | 25,584 | - | 1,050,318 | 1,707 |
| Tax-increment debt proceeds (in lieu of tax-increment revenue) | - | - | - | 7,094,934 |
| Total revenues | 5,650,321 | - | 1,606,962 | 7,748,634 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development | 2,180,692 | 887,712 | 612,071 | 5,809,232 |
| Capital expenditures for urban renewal | - | - | 4,579 | 4,182,281 |
| Financial assistance | 3,439,401 | - | 218,616 | - |
| Capital Outlay | 137,555 | 5,263,165 | - | - |
| Total expenditures | 5,757,648 | 6,150,877 | 835,266 | 9,991,513 |
| Excess (deficiency) of revenues over (under) expenditures | (107,327) | (6,150,877) | 771,696 | (2,242,879) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (99,018) | - | - | - |
| Total other financing sources (uses) | (99,018) | - | - | - |
| Net change in fund balances | (206,345) | (6,150,877) | 771,696 | (2,242,879) |
| FUND BALANCES - July 1, 2016 | 1,775,169 | - | 44,241,433 | 20,889,856 |
| FUND BALANCES (deficit) - June 30, 2017 | \$ 1,568,824 | \$ (6,150,877) | \$ 45,013,129 | \$ 18,646,977 |

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 |
|--|---|---|---|---|---|
| \$ 503,075 | \$ - | \$ - | \$ - | \$ 2,425,554 | \$ 8,308,635 |
| 2,586,975 | 5,757,601 | 278,018 | 231,316 | 1,147,698 | 10,738,238 |
| 933,002 | 2,015,184 | 145,319 | 58,738 | 183,552 | 3,448,954 |
| 258,757 | 405,491 | 153,278 | 279,334 | 567,068 | 2,267,507 |
| 17,372,202 | - | - | - | - | 17,372,202 |
| 7,190,086 | 3,015,170 | 393,866 | 121,221 | 158,549 | 11,956,501 |
| <u>43,673,261</u> | <u>-</u> | <u>10,070,510</u> | <u>19,087,302</u> | <u>11,468,281</u> | <u>91,394,288</u> |
| <u>72,517,358</u> | <u>11,193,446</u> | <u>11,040,991</u> | <u>19,777,911</u> | <u>15,950,702</u> | <u>145,486,325</u> |
| 22,487,736 | 8,009,501 | 12,200,928 | 12,821,627 | 8,529,418 | 73,538,917 |
| 15,281,394 | 5,653,754 | 1,869,097 | 5,284,634 | 390,192 | 32,665,931 |
| 17,287,759 | - | 5,994,913 | 1,140,966 | 3,432,300 | 31,513,955 |
| <u>-</u> | <u>1,354,358</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,755,078</u> |
| <u>55,056,889</u> | <u>15,017,613</u> | <u>20,064,938</u> | <u>19,247,227</u> | <u>12,351,910</u> | <u>144,473,881</u> |
| <u>17,460,469</u> | <u>(3,824,167)</u> | <u>(9,023,947)</u> | <u>530,684</u> | <u>3,598,792</u> | <u>1,012,444</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(99,018)</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(99,018)</u> |
| <u>17,460,469</u> | <u>(3,824,167)</u> | <u>(9,023,947)</u> | <u>530,684</u> | <u>3,598,792</u> | <u>913,426</u> |
| <u>107,042,878</u> | <u>59,741,473</u> | <u>34,148,444</u> | <u>42,138,320</u> | <u>77,279,416</u> | <u>387,256,989</u> |
| <u>\$ 124,503,347</u> | <u>\$ 55,917,306</u> | <u>\$ 25,124,497</u> | <u>\$ 42,669,004</u> | <u>\$ 80,878,208</u> | <u>\$ 388,170,415</u> |

**PROSPER PORTLAND
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, 2017**

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

| | | |
|--|----|---------|
| Net change in fund balances - total governmental funds | \$ | 913,426 |
|--|----|---------|

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

| | | | |
|--|----|------------------|------------|
| Expenditures for capital assets | \$ | 7,700,960 | |
| Transfer from property held for sale to capital assets | | 24,962,787 | |
| Less current year depreciation | | (797,297) | |
| Loss on sale/disposal of assets net of depreciation | | <u>(121,354)</u> | |
| | | | 31,745,096 |

| | |
|--|-------------|
| Pension related expenses that are reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds | (1,765,327) |
|--|-------------|

| | |
|--|--------|
| Current year adjustment for change in net other post-employment benefits obligation payable in the Statement of Net Position | 40,210 |
|--|--------|

| | |
|--|-----------|
| Current year adjustment for termination of parking access and garage construction commitment | 3,573,706 |
|--|-----------|

| | |
|--|--------|
| Current year adjustment for change in vacation accrual | 21,827 |
|--|--------|

| | |
|---|--------------|
| Current year adjustment for change in pollution remediation | (38,816,490) |
|---|--------------|

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

| | |
|------------------------|------------------|
| Interest on investment | <u>(117,215)</u> |
|------------------------|------------------|

| | | |
|---|----|---------------------------|
| Change in net position of governmental activities | \$ | <u><u>(4,404,767)</u></u> |
|---|----|---------------------------|

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

PROSPER PORTLAND
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, 2017

| | Budgeted Amounts | | | Variance with |
|---|-------------------------|---------------------|---------------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Intergovernmental revenues- | | | | |
| State and local | \$ 59,117 | \$ 59,117 | \$ - | \$ (59,117) |
| City of Portland, General Fund | 5,743,466 | 5,622,466 | 5,380,006 | (242,460) |
| Charges for services- | | | | |
| Application fees and charges | - | - | 1,242 | 1,242 |
| Rental income | 12,926 | 12,926 | 2,350 | (10,576) |
| Contractual service charges | 15,464 | 210,330 | 183,024 | (27,306) |
| Loan Collections- | | | | |
| Principal | - | - | 99,277 | 99,277 |
| Interest | 57,986 | 195,077 | 6,742 | (188,335) |
| Interest on investments | - | - | 8,711 | 8,711 |
| Miscellaneous: | | | | |
| Reimbursements | - | 72,000 | 16,014 | (55,986) |
| Sale of personal property | - | - | 582 | 582 |
| Other | - | - | 4,025 | 4,025 |
| Total revenues | <u>5,888,959</u> | <u>6,171,916</u> | <u>5,701,973</u> | <u>(469,943)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Housing | 18,184 | 88,050 | 78,770 | 9,280 |
| Property redevelopment | 230,248 | 445,248 | 386,086 | 59,162 |
| Economic development | 5,881,126 | 5,825,126 | 5,303,287 | 521,839 |
| Administration | <u>12,814,812</u> | <u>12,706,039</u> | <u>11,844,224</u> | <u>861,815</u> |
| Total community development | <u>18,944,370</u> | <u>19,064,463</u> | <u>17,612,367</u> | <u>1,452,096</u> |
| Contingency | <u>1,257,646</u> | <u>1,524,713</u> | <u>-</u> | <u>1,524,713</u> |
| Total expenditures | <u>20,202,016</u> | <u>20,589,176</u> | <u>17,612,367</u> | <u>2,976,809</u> |
| Excess (deficiency) of revenues over expenditures | <u>(14,313,057)</u> | <u>(14,417,260)</u> | <u>(11,910,394)</u> | <u>2,506,866</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Internal service reimbursements | 13,464,206 | 13,464,206 | 12,226,614 | (1,237,592) |
| Transfers in- | | | | |
| General Fund | <u>-</u> | <u>99,438</u> | <u>-</u> | <u>(99,438)</u> |
| Total transfers in | <u>-</u> | <u>99,438</u> | <u>-</u> | <u>(99,438)</u> |
| Internal service reimbursements | (362,523) | (362,523) | (329,234) | 33,289 |
| Transfers out: | | | | |
| Enterprise Loans Fund | <u>(57,986)</u> | <u>(217,199)</u> | <u>(99,018)</u> | <u>118,181</u> |
| Total transfers out | <u>(57,986)</u> | <u>(217,199)</u> | <u>(99,018)</u> | <u>118,181</u> |
| Total other financing sources (uses) | <u>13,043,697</u> | <u>12,983,922</u> | <u>11,798,362</u> | <u>(1,185,560)</u> |
| Net change in fund balance | (1,269,360) | (1,433,338) | (112,032) | 1,321,306 |
| FUND BALANCE - July 1, 2016 | <u>1,269,360</u> | <u>1,433,338</u> | <u>1,433,338</u> | <u>-</u> |
| FUND BALANCE - June 30, 2017 | <u>\$ -</u> | <u>\$ -</u> | <u>1,321,306</u> | <u>\$ 1,321,306</u> |
| Adjustments to generally accepted accounting principles basis- | | | | |
| Loans receivable, net | | | 100,764 | |
| Property held for sale | | | <u>146,754</u> | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | <u>\$ 1,568,824</u> | |

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

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

| | Major Business- type Activities- Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|---|--|--------------------------------------|-----------------------------------|-----------|--|
| | Business Management Fund | Nonmajor Enterprise Funds | Total Enterprise Funds | | |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash with City of Portland investment pool | \$ 3,536,393 | \$ 4,071,472 | \$ 7,607,865 | \$ | 131,451 |
| Receivables: | | | | | |
| Accounts | 12,328 | - | 12,328 | | - |
| Internal balances | - | 484,000 | 484,000 | | - |
| Loans, net | - | 262,312 | 262,312 | | - |
| Interest | 13,146 | 11,911 | 25,057 | | 395 |
| Property held for sale | 70,201,392 | - | 70,201,392 | | - |
| Total current assets | 73,763,259 | 4,829,695 | 78,592,954 | | 131,846 |
| Noncurrent assets: | | | | | |
| Escrow deposit | 3,000,000 | - | 3,000,000 | | - |
| Loans receivable, net | - | 585,058 | 585,058 | | - |
| Total noncurrent assets | 3,000,000 | 585,058 | 3,585,058 | | - |
| Total assets | \$ 76,763,259 | \$ 5,414,753 | \$ 82,178,012 | \$ | 131,846 |
| LIABILITIES AND NET POSITION | | | | | |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Advance from other funds | 69,951,421 | - | 69,951,421 | | - |
| Total current liabilities | 69,951,421 | - | 69,951,421 | | - |
| Total liabilities | 69,951,421 | - | 69,951,421 | | - |
| NET POSITION | | | | | |
| Restricted for rent abatement | - | - | - | | 104,319 |
| Restricted for pollution remediation | 3,000,000 | - | 3,000,000 | | - |
| Unrestricted | 3,811,838 | 5,414,753 | 9,226,591 | | 27,527 |
| Total net position | 6,811,838 | 5,414,753 | 12,226,591 | | 131,846 |
| Total liabilities and net position | \$ 76,763,259 | \$ 5,414,753 | \$ 82,178,012 | \$ | 131,846 |

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

PROSPER PORTLAND
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, 2017

| | Major Business-type Activities-Enterprise Funds | | | Governmental Activities - Internal Service Fund |
|--|---|---------------------------------|---------------------------|--|
| | Business Management Fund | Nonmajor Enterprise Funds | Total Enterprise Funds | |
| OPERATING REVENUES: | | | | |
| Charges for services | \$ 59,633 | \$ 5,021 | \$ 64,654 | \$ - |
| Interest on loans | - | 47,913 | 47,913 | - |
| Miscellaneous revenues | 32,632 | 12,274 | 44,906 | - |
| Total operating revenues | 92,265 | 65,208 | 157,473 | - |
| OPERATING EXPENSES: | | | | |
| Personal services | 21,616 | 46,444 | 68,060 | - |
| Professional services | 483,949 | 32,546 | 516,495 | 119,000 |
| Financial assistance | - | 586 | 586 | - |
| Total operating expenses | 505,565 | 79,576 | 585,141 | 119,000 |
| Operating income (loss) | (413,300) | (14,368) | (427,668) | (119,000) |
| NON-OPERATING REVENUES (EXPENSE): | | | | |
| Interest on investments | 63,650 | 41,052 | 104,702 | 1,785 |
| Total non-operating revenues (expense) | 63,650 | 41,052 | 104,702 | 1,785 |
| Income before transfers | (349,650) | 26,684 | (322,966) | (117,215) |
| Transfers in | - | 99,018 | 99,018 | - |
| Change in net position | (349,650) | 125,702 | (223,948) | (117,215) |
| Net position - July 1, 2016 | 7,161,488 | 5,289,051 | 12,450,539 | 249,061 |
| Net position - June 30, 2017 | \$ 6,811,838 | \$ 5,414,753 | \$ 12,226,591 | \$ 131,846 |

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

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

| | 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 | \$ - | \$ 262,313 | \$ 262,313 | \$ - | - |
| Interest on loans from borrowers | - | 47,907 | 47,907 | - | - |
| Loan fees from customers | - | 5,021 | 5,021 | - | - |
| Rent income | 15,931 | - | 15,931 | - | - |
| Payments to employees | (21,616) | (3,782) | (25,398) | - | - |
| Payments to vendors | (512,144) | (112,363) | (624,507) | (119,000) | - |
| Payments for interfund services used | - | (42,662) | (42,662) | - | - |
| Loans to borrowers | - | (28,555) | (28,555) | - | - |
| Miscellaneous reimbursements (payments) | 76,334 | - | 76,334 | - | - |
| Net cash provided/(used) by operating activities | (441,495) | 127,879 | (313,616) | | (119,000) |
| Cash flows from noncapital financing activities: | | | | | |
| Construction Deposit/Retain | (3,000,000) | - | (3,000,000) | - | - |
| Transfers from other funds | - | 414,018 | 414,018 | - | - |
| Transfers to other funds | - | (484,000) | (484,000) | - | - |
| Interfund loan for property acquisition | 66,925,529 | - | 66,925,529 | - | - |
| Acquisition of property held for sale | (81,673,713) | - | (81,673,713) | - | - |
| Sale of interest in property held for sale | 14,498,213 | - | 14,498,213 | - | - |
| Net cash provide (used) by noncapital financing activities | (3,249,971) | (69,982) | (3,319,953) | | - |
| Cash flows from investing activities: | | | | | |
| Interest received from investing | 68,284 | 38,227 | 106,511 | 2,085 | - |
| Net cash increase (decrease) in cash and cash equivalents | (3,623,182) | 96,124 | (3,527,058) | | (116,915) |
| Cash and cash equivalents-July 1, 2016 | 7,159,575 | 3,975,349 | 11,134,924 | | 248,366 |
| Cash and cash equivalents-June 30, 2017 | \$ 3,536,393 | \$ 4,071,473 | \$ 7,607,866 | | \$ 131,451 |
| Cash with City of Portland investment pool | \$ 3,536,393 | \$ 4,071,473 | \$ 7,607,866 | | \$ 131,451 |
| Total | \$ 3,536,393 | \$ 4,071,473 | \$ 7,607,866 | | \$ 131,451 |
| Reconciliation of operating income to net cash provided/(used) by operating activities: | | | | | |
| Net operating income(loss) | \$ (413,300) | \$ (14,368) | \$ (427,668) | \$ (119,000) | |
| Adjustments to reconcile net operating income to net cash provided/(used) by operating activities: | | | | | |
| Increase in due to City of Portland | - | (175,557) | (175,557) | - | - |
| Increase in loans receivable | (3,117) | 222,070 | 218,953 | - | - |
| Increase in due from other entities | (6,128) | 95,734 | 89,606 | - | - |
| Increase in accounts payable | (18,950) | - | (18,950) | - | - |
| Total adjustments | (28,195) | 142,247 | 114,052 | - | - |
| Net cash provided/(used) by operating activities | \$ (441,495) | \$ 127,879 | \$ (313,616) | | \$ (119,000) |

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

PROSPER PORTLAND
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements
June 30, 2017

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.

B. Reporting Entity

Prosper Portland (formerly known as the Portland Development Commission) is the City of Portland's (the City) urban renewal and economic development agency and adopted the new name on May 11, 2017. Prosper Portland 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. Prosper Portland is governed by a five-member Commission, appointed by the Mayor and approved by the City Council to serve three-year terms.

Prosper Portland 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. Prosper Portland's Commission established at the end of last year the creation of a limited liability corporation for construction and management of the 9101 Foster project. The 9101 Foster LLC is included in this report as a blended component unit of Prosper Portland.

C. Basis of Presentation—Government-Wide Statements

The government-wide financial statements report information on all of the activities of Prosper Portland. Governmental activities, which normally are supported by tax-increment revenues and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

D. Basis of Presentation—Fund Financial Statements

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

PROSPER PORTLAND
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements
June 30, 2017

Prosper Portland reports the following major governmental funds:

General Fund (adopted as Urban Redevelopment Fund) – this is Prosper Portland'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.

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.

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.

Prosper Portland 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.

PROSPER PORTLAND
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements
June 30, 2017

As a rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are overhead charges allocated by the General Fund to the Enterprise Loans Fund in the amount of \$42,662. Elimination 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, Prosper Portland considers receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Significant revenues that 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. All revenues and expenses not meeting this definition are reported as non-operating revenues.

When both restricted and unrestricted resources are available to use for the same purpose, it is Prosper Portland'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

PROSPER PORTLAND
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements
June 30, 2017

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

Investment pool cash balances are part of the City's cash management activity and are considered cash and cash equivalents. Activities undertaken by the investment pool on behalf of the proprietary funds are not considered 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 Prosper Portland, which appears as a single cash account, based on average earnings rate and daily cash balance of each fund. Prosper Portland 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 (LGIP).

Prosper Portland 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.

Prosper Portland 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. Capital Assets

Capital assets include property, buildings, equipment, and software. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for equipment, real property acquisitions, and

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improvements are stated as capital outlay expenditures in the governmental funds. Capital assets, which are acquired and held for internal use, are stated at historical cost, and include the costs of appraisals and demolition. Donated capital assets are recorded at their acquisition value as of 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.

4. 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.

5. Compensated Absences

It is Prosper Portland'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 Prosper Portland 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, 2017 was \$117,407.

6. Long-term Obligations

Other post-employment benefits (OPEB)

Prosper Portland's net OPEB obligation is recognized as a long-term liability in the government-wide financial statements, the amount of which is actuarially determined.

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Net Pension Liability

Prosper Portland reports its proportionate share of the Net Pension Liability of the Oregon Public Employees Retirement System (OPERS). For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of 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 benefit terms. Investments are reported at fair value.

Other

Prosper Portland also report a long-term obligation for pollution remediation and vacation obligation due employees. 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.

7. 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.

8. Fund Equity and Net Position

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

Net Investment in capital assets. This represents Prosper Portland's total investment in capital assets.

Restricted. This represents net position that is limited in 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.

Prosper Portland'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.

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

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

Assigned. This represents resources intended for a specific purpose but not meeting the criteria to be classified as committed. The Board of Commissioners 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.

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

9. Management Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of June 30, 2017, and the reported amounts of revenues, expenditures, and expenses for the year then ended. Actual results could differ from those estimates.

10. New Accounting Pronouncements

GASB Statement No. 75 *Accounting and Financial Report for Postemployment Benefits other Than Pensions* was issued in June 2017 and will be effective for fiscal years beginning after June 15, 2017. 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. Prosper Portland will implement this in fiscal year 2018.

GASB Statement No. 81 *Irrevocable Split-Interest Agreements* was issued in March 2016 and will be 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. Prosper Portland does not believe this applies to Prosper Portland operations at this time but will evaluate as agreements of this nature may be entered into.

GASB Statement No. 83, *Certain Asset Retirement Obligations* was issued in November of 2016 and will be effective for fiscal years beginning after June 15, 2018. This pronouncement establishes uniform criteria for governments to measure and recognize as a liability, certain asset retirement obligations (AROs). Prosper Portland will implement this in fiscal year 2019 if it applies.

GASB Statement No. 84, *Fiduciary Activities* was issued in January of 2017 and will be effective for fiscal years beginning after December 15, 2018. This pronouncement enhances consistency and uniformity in

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reporting by establishing criteria for identification of activities that should be reported as fiduciary types and clarifying how that applies to business-type activities. Prosper Portland will implement this in fiscal year 2020 if applicable.

GASB Statement No. 85, *Omnibus 2017* was issued in March of 2017 and will be effective for fiscal years beginning after June 15, 2017. This pronouncement addresses multiple issues including goodwill (and “negative” goodwill), fair value measurement/application, blending component units, and pensions and postemployment benefits (OPEB). Prosper Portland will implement this in fiscal year 2018 if applicable.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* was issued in May of 2017 and will be effective for fiscal years beginning after June 15, 2017. This pronouncement establishes uniformity for derecognizing debt that is defeased in substance, regardless of how the means of extinguishing that debt were acquired. This also applies to the financial reporting of prepaid insurance related to debt. Prosper Portland is not subject to this statement as Prosper Portland is prohibited by the City Charter which established the agency statute from issuing debt.

GASB Statement No. 87, *Leases* was issued in June of 2017 and is effective for fiscal years beginning after December 15, 2019. This pronouncement establishes a single model for lease accounting, under which the lessee recognizes a lease liability and intangible asset, and a lessor recognizes a lease receivable and deferred inflow asset. This will capture liabilities that currently are not reported, and move leases under a single model for improved comparative financial statements. Prosper Portland will implement this in fiscal year 2021 if applicable.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

Prosper Portland 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 Prosper Portland’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 | \$ 5,701,973 |
| Loans receivable revenues | (99,277) |
| Internal services revenues from business-type funds | 42,662 |
| Allowance for loans receivable | 4,963 |
| | <u>\$ 5,650,321</u> |
| Expenditures—budgetary basis | \$ 17,612,367 |
| Internal service reimbursements between governmental func | (11,854,719) |
| | <u>\$ 5,757,648</u> |

Appropriations are made by organizational unit or programs, appropriating the expenditure budget by business line. Expenditure detail is also provided by the following categories: Personal Services, Materials and Services, Capital Outlay, Financial Assistance, Debt Service, and other levels of control established by the resolution. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget may require hearings before the public and publication in

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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 two supplemental budgets during the fiscal year. Appropriations lapse at each fiscal year-end.

III. Detailed Notes on All Funds

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

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

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

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

Additional direct purchases of commercial paper and corporate debt obligations were suspended on 12/21/2016 and are no longer permitted under the City's current investment policy, although current investments may be held to maturity.

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.

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 an 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.

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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 updates to 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.

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

| | |
|--|-----------------------|
| Cash on hand | \$ 600 |
| Deposits with financial institutions | 10,287 |
| Cash with City of Portland investment pool | 230,278,545 |
| | <u>\$ 230,289,432</u> |

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

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|-----------------------|
| Cash and cash equivalents | \$ 10,887 | \$ - | \$ 10,887 |
| Cash with City of Portland investment pool | 222,670,680 | 7,607,865 | 230,278,545 |
| | <u>\$ 222,681,567</u> | <u>\$ 7,607,865</u> | <u>\$ 230,289,432</u> |

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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.

In the case of security purchases, 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, 2017, 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.

Prosper Portland bank deposits of \$10,287 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.

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 fluctuate in response to changes in interest rates rather 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, 2017, 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. An investment 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

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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, 2017, the LGIP was not rated. Investments in the 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 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 on an amortized cost basis.

Concentration of Credit Risk

Of the City's total investments as of June 30, 2017, 72.6 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/citycode/index.cfm?a=200869><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 that could affect the market for and value of municipal securities.

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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. Periodic Federal government negotiations about whether and when to raise the Federal debt ceiling may also cause the market value of U.S. Treasury direct obligations to 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.

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.

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B. Internal Balances and Transfers

The composition of internal balances is as follows:

| Payable Fund | Receivable Fund | | Total |
|---------------------------------------|--|--------------------------------------|----------------------|
| | River District Urban Renewal Fund | Non-major Business-type Funds | |
| Governmental Funds | | | |
| Non-major Governmental Funds | \$ - | \$ 484,000 | \$ 484,000 |
| Total Governmental Funds liabilities | - | 484,000 | 484,000 |
| Business-type Funds | | | |
| Major Business-type Funds | | | |
| Business Management Fund | 69,951,421 | - | 69,951,421 |
| Total Business-type Funds liabilities | 69,951,421 | - | 69,951,421 |
| Total interfund payables | \$ 69,951,421 | \$ 484,000 | \$ 70,435,421 |

The Housing and Community Development Contract Fund owes \$484,000 for a short-term Interfund loan for grant expenditures not yet reimbursed. The River District Urban Renewal Fund made a long-term capital loan to the Business Management Fund of \$69,951,421 towards the acquisition of the United States Post Office property. The Business Management Fund is paying 0.84% interest on this loan until it is repaid.

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

| Transfer out fund | Transfer in Fund | |
|--------------------------|--------------------------------------|----------------------------|
| | Non-major Business-type Funds | Total Transfers Out |
| Governmental funds | | |
| General Fund | \$ 99,018 | \$ 99,018 |

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C. Loans Receivable

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

| Fund and Program | Maximum Term | Interest Rate | Gross Loans Receivable | Allowance And Discount |
|--|---------------------|----------------------|-------------------------------|-------------------------------|
| <u>Major Funds:</u> | | | | |
| General Fund: | | | | |
| Urban Development: | | | | |
| Amortized loans | 5 yrs | 0.04 | \$ 88,017 | \$ 4,401 |
| Deferred payment loans | 5 yrs | 0.04 | 34,296 | 17,148 |
| Total Gross General Fund | | | 122,313 | 21,549 |
| Total Net General Fund | | | | 100,764 |
| Downtown Waterfront Urban Renewal Fund: | | | | |
| Urban Development: | | | | |
| Amortized loans | 12 yrs | 1% to 5% | 462,122 | 23,106 |
| Deferred payment loans | 4 yrs | 1% to 3% | 3,744,207 | 1,872,103 |
| Total Gross Downtown Waterfront Urban Renewal Fund | | | 4,206,329 | 1,895,209 |
| Total Net Downtown Waterfront Urban Renewal Fund | | | | 2,311,120 |
| North Macadam Urban Renewal Fund: | | | | |
| Urban Development: | | | | |
| Amortized loans | 3 yrs | 0.04 | 20,685 | 1,034 |
| Total Gross North Macadam Urban Renewal Fund: | | | 20,685 | 1,034 |
| Total Net North Macadam Urban Renewal Fund: | | | | 19,651 |
| River District Urban Renewal Fund: | | | | |
| Urban Development: | | | | |
| Amortized loans | 17 yrs | 1% to 7% | 9,185,908 | 459,295 |
| Deferred payment loans | 14 yrs | 0% to 5% | 8,455,000 | 4,227,500 |
| Total Gross River District Urban Renewal Fund | | | 17,640,908 | 4,686,795 |
| Total Net River District Urban Renewal Fund | | | | 12,954,113 |
| Convention Center Urban Renewal Fund: | | | | |
| Urban Development: | | | | |
| Deferred payment loans | 15 yrs | 2% to 3% | 219,124 | 109,562 |
| Amortized loans | 15 yrs | 1% to 7% | 11,961,536 | 643,107 |
| Cash flow loans | 2 yrs | 1% to 9% | 2,960,656 | 2,812,622 |
| Total Gross Convention Center Urban Renewal Fund | | | 15,141,316 | 3,565,291 |
| Total Net Convention Center Urban Renewal Fund | | | | 11,576,025 |

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| Fund and Program | Maximum Term | Interest Rate | Gross Loans Receivable | Allowance And Discount |
|--|---------------------|----------------------|-------------------------------|-------------------------------|
| <u>Major Funds:</u> | | | | |
| Lents Town Center Urban Renewal Fund: | | | | |
| Urban Development: | | | | |
| Deferred payment loans | 19 yrs | 0% to 3% | 54,360 | 27,180 |
| Amortized loans | 9 yrs | 3% to 6% | 15,792,035 | 825,408 |
| Cash flow loans | 9 yrs | 0 | 5,300,000 | 5,035,000 |
| PreDev-CPRL | 1 to 3 yrs | 0% to 6% | 974,883 | 974,883 |
| Total Gross Lents Town Center Urban Renewal Fund | | | 22,121,278 | 6,862,471 |
| Total Net Lents Town Center Urban Renewal Fund | | | | 15,258,807 |
| Interstate Corridor Urban Renewal Fund: | | | | |
| Urban Development: | | | | |
| Amortized loans | 7 yrs | 0% to 6.75% | 9,684,051 | 515,202 |
| Deferred payment loans | 7 yrs | 0% to 2% | 301,922 | 150,989 |
| Total Gross Interstate Corridor Urban Renewal Fund | | | 9,985,973 | 666,191 |
| Total Net Interstate Corridor Urban Renewal Fund | | | | 9,319,782 |
| Total Gross Major Funds | | | 69,238,802 | 17,698,540 |
| Total Net Major Funds | | | | 51,540,262 |
| <u>Other Governmental Funds:</u> | | | | |
| Other Federal Grants Fund (EDA): | | | | |
| Urban Development: | | | | |
| Amortized Loans | 11 yrs | 3% to 5.75% | 1,180,800 | 59,040 |
| Total Gross Other Federal Grants Fund | | | 1,180,800 | 59,040 |
| Total Net Other Federal Grants Fund | | | | 1,121,760 |
| South Park Blocks Urban Renewal Fund: | | | | |
| Urban Development: | | | | |
| Amortized loans | 12 yrs | 1% to 5% | 705,768 | 35,288 |
| Total Gross South Park Blocks Urban Renewal Fund | | | 705,768 | 35,288 |
| Total Net South Park Blocks Urban Renewal Fund | | | | 670,480 |
| Central Eastside Urban Renewal Fund: | | | | |
| Urban Development: | | | | |
| Amortized loans | 12 yrs | 0% to 8.5% | 1,745,750 | 125,703 |
| Deferred payment loans | 6 yrs | 0% to 4.25% | 141,836 | 70,918 |
| Total Gross Central Eastside Urban Renewal Fund | | | 1,887,586 | 196,621 |
| Total Net Central Eastside Urban Renewal Fund | | | | 1,690,965 |

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| Fund and Program | Maximum Term | Interest Rate | Gross Loans Receivable | Allowance And Discount |
|--|-------------------------|--------------------------|---------------------------------------|---------------------------------------|
| <u>Other Governmental Funds (continued):</u> | | | | |
| Gateway Regional Center Urban Renewal Fund | | | | |
| Urban Development: | | | | |
| Amortized loans | 11 yrs | 1% to 3% | 72,589 | 3,629 |
| Total Gross Gateway Regional Center Urban Renewal Fund | | | 72,589 | 3,629 |
| Total Net Gateway Regional Center Urban Renewal Fund | | | | 68,960 |
| Airport Way Urban Renewal Fund: | | | | |
| Urban Development: | | | | |
| Amortized loans | 15 yrs | 2% to 8.5% | 1,229,133 | 61,457 |
| Deferred payment loans | 2 yrs | 2% to 8.5% | 1,018,193 | 509,096 |
| Total Gross Airport Way Urban Renewal Fund | | | 2,247,326 | 570,553 |
| Total Net Airport Way Urban Renewal Fund | | | | 1,676,773 |
| Total Gross Other Governmental Funds | | | 6,094,069 | 865,131 |
| Total Net Other Governmental Funds | | | | 5,228,938 |
| Total Gross Governmental Funds | | | 75,332,871 | 18,563,671 |
| Total Net Governmental Funds | | | | 56,769,200 |
| <u>Business-type Funds:</u> | | | | |
| Enterprise Loans Fund: | | | | |
| Urban Development: | | | | |
| Amortized loans | 15 yrs | 1% to 7% | 891,968 | 44,598 |
| Total Gross Enterprise Loans Fund | | | 891,968 | 44,598 |
| Total Net Enterprise Loans Fund | | | | 847,370 |
| Total Gross All Funds | | | \$ 76,224,839 | 18,608,269 |
| Total Net All Funds | | | | \$ 57,616,570 |

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The combined loan portfolio is composed of the following:

| Organizational Unit and Program | Current Year Gross Loan Percentages | Gross Loans Receivable | Allowance And Discount |
|--|--|---------------------------------------|---------------------------------------|
| Urban Development: | | | |
| Amortized loans | 69.56% | \$ 53,020,362 | \$ 2,801,268 |
| Cash flow loans | 10.84% | 8,260,656 | 7,847,622 |
| Deferred payment loans | 18.33% | 13,968,938 | 6,984,496 |
| PreDev-CPRL | 1.28% | 974,883 | 974,883 |
| Urban development totals | <u>100.00%</u> | <u>76,224,839</u> | <u>18,608,269</u> |
| Total Gross Loans | 100% | \$ <u>76,224,839</u> | <u>18,608,269</u> |
| Total Net Loans | | | \$ <u>57,616,570</u> |
| Summary Loans Receivable Aging: | | | |
| Current loans receivable, net | | \$ 5,214,849 | |
| Noncurrent loans receivable, net | | <u>46,250,844</u> | |
| Total Net Loans | | \$ <u>51,465,693</u> | |

The Summary Loans Receivable as shown above and on the government-wide Statement of Net Position reflects the elimination of interfund activity between the agency and its component unit for the \$6,150,877 loan between Prosper Portland and 9101 Foster LLC.

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 | \$ 344,284,403 |
| Contributors: | |
| Other contracts | <u>9,385,618</u> |
| | \$ <u>353,670,021</u> |

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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 Prosper Portland intends to sell to appropriate developers. The carrying amount of the property is stated at the lower of cost or net realizable value. Due to a strategic change in property management Prosper Portland reclassified \$24,962,787 in property held for sale to capital assets and intends to hold and use the property to further the mission. The reclass of the property from property held for sale to property not held for sale resulted in an expense to the various urban renewal funds for the value held at the time of the transaction. The carrying value of the remaining property is as follows:

| | |
|--|------------------------------|
| Governmental activities: | |
| General Fund | \$ 146,754 |
| Downtown Waterfront Urban Renewal Fund | 1,125,069 |
| North Macadam Urban Renewal Fund | 2,244,152 |
| River District Urban Renewal Fund | 8,718,649 |
| Convention Center Urban Renewal Fund | 6,036,157 |
| Lents Town Center Urban Renewal Fund | 3,896,395 |
| Interstate Corridor Urban Renewal Fund | 1,034,095 |
| Other governmental funds | 19,441,935 |
| Total governmental activities | 42,643,206 |
| Business-type Activities: | |
| Business Management Fund | 70,201,392 |
| Total property held for sale | <u><u>\$ 112,844,598</u></u> |

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F. Capital Assets

Prosper Portland's capital assets are all used in community development. This includes \$24,962,787 in property transferred from property held for sale above and the values are included in the increases. The capital assets are composed of the following:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|----------------------|------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 7,495,883 | \$ 8,515,828 | \$ - | \$ 16,011,711 |
| Work in progress | - | 6,617,523 | - | 6,617,523 |
| Total Capital assets, not being depreciated: | <u>7,495,883</u> | <u>15,133,351</u> | <u>-</u> | <u>22,629,234</u> |
| Capital assets, being depreciated or amortized: | | | | |
| Buildings and improvements | 5,807,441 | 17,275,959 | - | 23,083,400 |
| Leasehold improvements | 3,849,501 | - | - | 3,849,501 |
| Equipment | 1,079,340 | 76,597 | - | 1,155,937 |
| Intangible software | 1,765,141 | 56,486 | 43,225 | 1,778,402 |
| Total capital assets, being depreciated or amortized | <u>12,501,423</u> | <u>17,409,042</u> | <u>43,225</u> | <u>29,867,240</u> |
| Less accumulated depreciation or amortization for: | | | | |
| Buildings and improvements | (1,640,156) | (545,317) | - | (2,185,473) |
| Leasehold improvements | (3,849,501) | - | - | (3,849,501) |
| Equipment | (879,630) | (74,140) | - | (953,770) |
| Intangible software | (256,716) | (177,840) | (43,225) | (391,331) |
| Total accumulated depreciation or amortization | <u>(6,626,003)</u> | <u>(797,297)</u> | <u>(43,225)</u> | <u>(7,380,075)</u> |
| Total capital assets, being depreciated or amortized, net | <u>5,875,420</u> | <u>16,611,745</u> | <u>-</u> | <u>22,487,165</u> |
| Governmental activities capital assets, net | <u>\$ 13,371,303</u> | <u>\$ 31,745,096</u> | <u>\$ -</u> | <u>\$ 45,116,399</u> |

G. Operating Leases

As Lessee

Prosper Portland 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 \$237,000. In addition to the minimum lease payments Prosper Portland temporarily leased one additional floor to accommodate staff relocation while earthquake modifications were being done in the building. This increased the amount paid to the GC Mason Ehrman above the contract amount by just over \$52,000. Future minimum lease payments under Prosper Portland's operating leases are as follows:

| Fiscal Year Ending | Minimum Lease Payments |
|-------------------------------|-----------------------------------|
| 2018 | \$ 1,038,732 |
| 2019 | 1,069,956 |
| 2020 | 1,102,128 |
| | <u>\$ 3,210,816</u> |

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As Lessor

Prosper Portland functions as a lessor for office space, parking lot space, and land leases on certain property that it has acquired as part of its urban renewal activities.

As of June 30 2017, Prosper Portland's investment in operating leases is as follows:

| | <u>Basis Value</u> | <u>Accumulated Depreciation</u> | <u>Book Value</u> |
|-----------------------|----------------------|-------------------------------------|----------------------|
| Land and improvements | \$ 16,000,299 | \$ - | \$ 16,000,299 |
| Buildings | 19,983,400 | (1,999,475) | 17,983,925 |
| | <u>\$ 35,983,699</u> | <u>\$ (1,999,475)</u> | <u>\$ 33,984,224</u> |

Rental revenue amounted to approximately \$6,360,000 for the fiscal year. The minimum future operating non-cancelable lease revenues are as follows:

| <u>Fiscal Year Ending</u> | <u>Minimum Revenue Total</u> |
|-------------------------------|----------------------------------|
| 2018 | \$ 5,941,469 |
| 2019 | 2,767,632 |
| 2020 | 1,295,232 |
| 2021 | 1,295,232 |
| 2022 | 1,295,232 |
| 2023-2027 | 6,152,160 |
| 2028-2032 | 6,152,160 |
| 2033-2037 | 6,150,040 |
| 2038-2042 | 6,149,510 |
| 2043-2047 | 6,149,510 |
| | <u>\$ 43,348,179</u> |

H. Changes in Long-term Liabilities

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.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Payments/ Reductions</u> | <u>Long-term Ending Balances</u> | <u>Due within One year</u> |
|------------------------------------|------------------------------|----------------------|---------------------------------|--|--------------------------------|
| Governmental activities | | | | | |
| Net other post-employment benefits | \$ 775,614 | \$ - | \$ 40,210 | \$ 735,404 | \$ - |
| Net pension obligation | 4,139,065 | 6,906,307 | - | 11,045,372 | - |
| Pollution remediation | 3,474,911 | 39,102,258 | 142,884 | 41,168,675 | 1,265,610 |
| Replacement parking access | 218,285 | - | 218,285 | - | - |
| Replacement parking construction | 3,355,421 | - | 3,355,421 | - | - |
| Vacation accrual | 381,726 | 355,451 | 188,639 | 431,131 | 117,407 |
| | <u>\$ 12,345,022</u> | <u>\$ 46,364,016</u> | <u>\$ 3,945,439</u> | <u>\$ 53,380,582</u> | <u>\$ 1,383,017</u> |

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I. Amounts Due To and From the City of Portland

Due To the City of Portland consists principally accounts payable for various interagency work provided. Balances due to the City of Portland by fund as of June 30, 2017 are as follows:

| | Accounts Payable |
|--|---------------------|
| General Fund | \$ 120,241 |
| Downtown Waterfront Urban Renewal Fund | 85 |
| North Macadam Urban Renewal Fund | 1,288,430 |
| River District Urban Renewal Fund | 9,645 |
| Convention Center Urban Renewal Fund | 1,141 |
| Lents Town Center Urban Renewal Fund | 1,020,677 |
| Interstate Corridor Urban Renewal Fund | 68,606 |
| Other governmental funds | 24,222 |
| | <u>\$ 2,533,047</u> |

Grant revenues under various grant programs and other inter-governmental agreements due from the City of Portland totaled \$4,392,913 at June 30, 2017.

J. Revenue

Prosper Portland 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:

| | Loan Loss Adjustment | Land /Personal Property Sales | Reimbursement | Other | Total |
|--|-------------------------|----------------------------------|-------------------|------------------|----------------------|
| Governmental funds | | | | | |
| General Fund | \$ 4,963 | \$ 582 | \$ 16,014 | \$ 4,025 | \$ 25,584 |
| Downtown Waterfront Urban Renewal Fund | - | 1,013,499 | 31,518 | 5,301 | 1,050,318 |
| North Macadam Urban Renewal Fund | 1,707 | - | - | - | 1,707 |
| River District Urban Renewal Fund | 48,792 | 7,026,466 | 74,763 | 40,065 | 7,190,086 |
| Convention Center Urban Renewal Fund | 3,015,170 | - | - | - | 3,015,170 |
| Lents Town Center Urban Renewal Fund | - | 320,810 | 73,056 | - | 393,866 |
| Interstate Corridor Urban Renewal Fund | 40,960 | - | 80,261 | - | 121,221 |
| Other governmental funds | 138,906 | 6,569 | 13,074 | - | 158,549 |
| Total governmental funds | <u>3,250,498</u> | <u>8,367,926</u> | <u>288,686</u> | <u>49,391</u> | <u>11,956,501</u> |
| Business-type funds | | | | | |
| Business Management Fund | - | - | 24,395 | 8,237 | 32,632 |
| Other business-type funds | 12,274 | - | - | - | 12,274 |
| Total business-type funds | <u>12,274</u> | <u>-</u> | <u>24,395</u> | <u>8,237</u> | <u>44,906</u> |
| | <u>\$ 3,262,772</u> | <u>\$ 8,367,926</u> | <u>\$ 313,081</u> | <u>\$ 57,628</u> | <u>\$ 12,001,407</u> |

IV. Other Information

A. Pension Plans

1. General Information about the Pension Plans

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

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Plan description. Prosper Portland employees hired after December 31, 2006 are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan in accordance with Oregon Revised Statutes Chapter 238, Chapter 23A, 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 and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plan. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 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.

Benefits provided under ORS 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% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under 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 (age 45 for police and fire members). General Service employees may retire after reaching age 55, 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.

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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 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% of the member's salary determined as of the last full month of employment before the disability occurred.

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 (COLA). The COLA is capped at 2.0%.

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% 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% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

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% of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes after Retirement. Under ORS 238.360 monthly benefits are adjusted annually through a cost-of-living adjustment (COLA). The COLA is capped at 2.0%.

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Funding Policy. 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.

Contributions. OPERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the OPERS' third-party actuary.

Prosper Portland's employer contributions for the year ended June 30, 2017 were \$673,628, excluding amounts to fund employer specific liabilities. The contribution rates in effect for the fiscal year ended June 30, 2017 for each pension program were: Tier1/Tier 2 – 12.85%, OPSRP – 7.00%.

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

At June 30, 2017, Prosper Portland reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 and rolled forward to June 30, 2016. Prosper Portland's proportion of the set was based on the Prosper Portland's projected long-term contribution effort as compared to the total projected net pension a long-term contribution effort of all employers. Prosper Portland is not referenced in the report but is included in references to the City of Portland, as the Reporting entity, including the City's fiduciary fund. At June 30, 2017, the City's proportionate share of OPERS net pension liability was 3.78332893% and Prosper Portland portion of the City's OPERS net pension liability was 1.9681%.

For the year ended June 30, 2017, Prosper Portland recognized pension expense of \$759,496. At June 30, 2017, Prosper Portland 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 | \$ 380,377 | \$ - |
| Net difference between projected and actual earnings on investments | 2,208,362 | - |
| Change in assumptions | 2,384,062 | - |
| employer contributions and proportionate share of contributions | - | (314,545) |
| Change in employer proportionate share | 44,773 | - |
| | 5,017,574 | (314,545) |
| Contributions made subsequent to the measurement date | 673,628 | - |
| | <u>\$ 5,691,202</u> | <u>\$ (314,545)</u> |

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For fiscal year 2017 deferred outflows of \$673,628 were reported as resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported by Prosper Portland as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent years as follows:

| Fiscal Year Ending June 30, | Deferred Outflow of Resources | | | | | Deferred Inflow of Resources | |
|-----------------------------------|--|---------------------------|---|--------------------------------------|-----------------------|---|-------------------|
| | Differences between Expected and Actual Experience | Changes of Assumptions | Difference between Projected and Actual earnings on Investments | Changes in Proportionate share | Total | Differences between Employer Contributions and Proportionate Share of Contributions | Total |
| 2018 | \$ (70,927) | \$ (449,823) | \$ (441,672) | \$ (8,261) | \$ (970,683) | \$ 58,545 | \$ 58,545 |
| 2019 | (70,927) | (449,823) | (441,672) | (8,261) | (970,683) | 58,545 | 58,545 |
| 2020 | (70,927) | (449,823) | (441,672) | (8,261) | (970,683) | 58,545 | 58,545 |
| 2021 | (70,927) | (449,823) | (441,672) | (8,261) | (970,683) | 42,958 | 42,958 |
| 2022 | (44,160) | (449,823) | (441,672) | (2,323) | (937,978) | 22,598 | 22,598 |
| 2023 | (7,895) | (134,947) | - | 489 | (142,353) | 4,786 | 4,786 |
| | <u>\$ (335,763)</u> | <u>\$ (2,384,062)</u> | <u>\$ (2,208,360)</u> | <u>\$ (34,878)</u> | <u>\$ (4,963,063)</u> | <u>\$ 245,977</u> | <u>\$ 245,977</u> |

Actuarial Methods and Assumptions:

Actuarial Valuations. The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

| | |
|-----------------------------------|--|
| Valuation date: | December 31, 2014 |
| Measurement date: | June 30, 2016 |
| Experience study: | 2014, published September 2015 |
| Actuarial cost method: | Entry age normal |
| Actuarial assumptions: | |
| Inflation rate | 2.50 percent |
| Long-term expected rate of return | 7.50 percent |
| Discount rate | 7.50 percent |
| Projected salary increases | 3.50 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 | <p><u>Healthy retirees and beneficiaries:</u> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><u>Active members:</u> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><u>Disabled retirees:</u> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table</p> |

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The actuarial valuation calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members. 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 7.50% 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.

Depletion Date Projection. GASB Statement No. 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.

Assumed Asset Allocation.

| <u>Asset Class/Strategy</u> | <u>Low Range</u> | <u>High Range</u> | <u>OIC Target</u> |
|-----------------------------|------------------|-------------------|-------------------|
| 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 | 13.5 | 21.5 | 17.5 |
| Real estate | 9.5 | 15.5 | 12.5 |
| Alternative equity | 0.0 | 12.5 | 12.5 |
| Opportunity portfolio | 0.0 | 3.0 | 0.0 |
| Total | | | <u>100.0%</u> |

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 2015 the PERS 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.

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| Asset Class | Target | Compound Annual Return (Geometric) |
|-----------------------------------|---------------|---|
| Core Fixed Income | 8.00% | 4.00% |
| Short-Term Bonds | 8.00 | 3.61 |
| Intermediate-Term Bonds | 3.00 | 5.42 |
| High Yield Bonds | 1.00 | 6.20 |
| Large/Mid Cap US Equities | 15.75 | 6.70 |
| Small Cap US Equities | 1.31 | 6.99 |
| Micro Cap US Equities | 1.31 | 7.01 |
| Developed Foreign Equities | 13.13 | 6.73 |
| Emerging Foreign Equities | 4.12 | 7.25 |
| Non-US Small Cap Equities | 1.88 | 7.22 |
| Private Equity | 17.50 | 7.97 |
| Real Estate (Property) | 10.00 | 5.84 |
| Real Estate (REITS) | 2.50 | 6.69 |
| Hedge Fund of Funds - Diversified | 2.50 | 4.64 |
| Hedge Fund - Event-driven | 0.63 | 6.72 |
| Timber | 1.88 | 5.85 |
| Farmland | 1.88 | 6.37 |
| Infrastructure | 3.75 | 7.13 |
| Commodities | 1.88 | 4.58 |
| Assumed Inflation – Mean | | 2.50 |

Sensitivity of the Prosper Portland's proportionate share of the net pension liability to changes in the discount rate: The following presents the reporting entity's proportionate share of the net pension liability calculated using the discount rate of (7.50%), as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage-point higher (8.50%) than the current rate:

| | 1% Decrease (6.50%) | Discount Rate (7.50%) | 1% Increase (8.50%) |
|--|--------------------------------|----------------------------------|--------------------------------|
| Proportionate share of the net pension (asset/liability) | \$ 18,048,956 | \$ 11,045,372 | \$ 5,435,334 |

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report. The effect of OPERS on Prosper Portland's net position has been determined on the same basis used by OPERS.

Changes in Assumptions: A summary of key changes implemented since the December 31, 2014 valuation are described briefly below. Additional detail and 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

Allocation of Liability for Service Segments: For purposes of allocating Tier One/Tier Two 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 PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier One/Tier Two population. For

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the December 31, 2012 and December 31, 2013 valuations, the Money Match was weighted 30 percent for General Service members. For the December 31, 2014 and December 31, 2015 valuations, this weighting has been adjusted to 25 percent for General Service members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions:

- *Inflation.* The inflation rate was lowered to 2.5% 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% to 3.5%.
- *Investment Return and Interest Crediting.* The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.5%. Previously, the assumed investment return and interest crediting to both regular and variable account balances was 7.75%.
- *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.
- *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% to 38%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

Defined Contribution Plan – Individual Account Program (IAP):

Pension Benefits. Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member 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, the

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date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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.

Death Benefits. Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, 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.

Contributions. The City has chosen to pay the employees' contributions to the plan. Six percent of covered payroll is paid for general service employees and nine percent of covered payroll is paid for firefighters and police officers. For fiscal year 2017 the City paid \$23 million.

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

B. Other Post-employment Benefits

Plan Description. Prosper Portland does not have a formal post-employment benefits plan for any employee groups; however Prosper Portland 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 Prosper Portland 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., Prosper Portland provides post-retirement health care benefits in accordance with Prosper Portland personnel Policy 14. Employee Benefits. This Prosper Portland 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 Prosper Portland employee may participate in group coverage at the time of retirement only so long as the retiree is covered by a Prosper Portland plan. As of June 30, 2017, Prosper Portland has five eligible post-retirement participants enrolled and paying the full cost of their premiums. In addition, Prosper Portland has two post-retirement participants whose premiums are being paid by Prosper Portland 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. Prosper Portland'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 costs each year and amortize any unfunded actuarial liabilities over a period of 15 years. The following table shows the components of Prosper Portland's annual other post-employment benefit cost for the year, the amount actually contributed to the plan, and changes in Prosper Portland's other post-employment benefit obligation to the plan. Prosper Portland participates in a cost-sharing multi-employer plan.

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| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|-------------------|
| Net OPEB Obligations at fiscal year beginning | \$ 775,614 | \$ 792,855 | \$ 744,163 |
| Annual OPEB Cost/Annual Required Contribution (a) | 61,946 | 96,197 | 158,140 |
| Interest on net OPEB obligation (b) | 27,146 | 27,750 | 26,046 |
| Adjustment to the ARC (c) | (93,261) | (95,334) | (89,479) |
| Net annual OPEB cost (a + b + c) | <u>(4,169)</u> | <u>28,613</u> | <u>94,707</u> |
| Dollars contributed the fiscal year (implicit benefit payments) (d) | (36,041) | (45,854) | (46,015) |
| Increase/Decrease in the Net OPEB Obligation during fiscal year (a + b + c + d) | <u>(40,210)</u> | <u>(17,241)</u> | <u>48,692</u> |
| Net OPEB Obligation at fiscal year end | <u>\$ 735,404</u> | <u>\$ 775,614</u> | <u>\$ 792,855</u> |
| Percentage of Annual OPEB Cost paid | -864.50% | 160.26% | 48.59% |

Funding Status and Funding Progress. As of July 1, 2016, the actuarial accrued liability for benefits was \$342,766 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$342,766. The covered payroll (annual payroll of active employees covered by the plan) was \$7,204,533 for fiscal year 2017 and the ratio of the UAAL to the covered payroll was 4.8%. 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 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.

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

In the July 2016 actuarial valuation performed by Milliman the projected unit credit cost method was used. The economic actuarial assumptions included a 2.5% inflation rate and a 3.5% investment rate of return, and annual healthcare cost trend rate of 7% for the first year and rates as follows for the subsequent years.

| <u>Year</u> | <u>Pre-65 Trend</u> |
|-------------|---------------------|
| 2017 | 7.50 % |
| 2018 | 6.00 |
| 2019 | 5.50 |
| 2020-2025 | 5.25 |
| 2026 | 5.00 |
| 2027-2029 | 5.25 |
| 2030 | 5.75 |
| 2031-2035 | 6.25 |
| 2036-2040 | 6.00 |
| 2041-2043 | 5.75 |
| 2044-2052 | 5.50 |
| 2053-2063 | 5.25 |
| 2064+ | 5.00 |

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Dental costs are assumed to increase 4.50% per year. Demographic assumptions were based on assumptions used by Oregon OPERS for its 2016 actuarial valuation of retirement benefits.

In addition, Prosper Portland 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 or on the internet at URL:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>, 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 One/Tier Two 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 post-employment 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 |
|---------------------------------------|---|--------------------------------|--|
| 2017 | \$ 33,479 | \$ 33,479 | 100% |
| 2016 | 37,055 | 37,055 | 100% |
| 2015 | 40,848 | 40,848 | 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. Commitments for subsequent years' expenditures are as follows:

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| | Committed for Urban Renewal | Committed for contractual obligation | Total |
|--|--------------------------------|--|-----------------------|
| Governmental activities | | | |
| General fund | \$ - | \$ 3,778,102 | \$ 3,778,102 |
| Downtown Waterfront Urban Renewal Fund | 3,756,659 | - | 3,756,659 |
| North Macadam Urban Renewal Fund | 18,097,722 | - | 18,097,722 |
| River District Urban Renewal Fund | 23,673,699 | - | 23,673,699 |
| Convention Center Urban Renewal Fund | 40,751,039 | - | 40,751,039 |
| Lents Town Center Urban Renewal Fund | 15,785,327 | - | 15,785,327 |
| Interstate Corridor Urban Renewal Fund | 26,379,019 | - | 26,379,019 |
| Other governmental funds | 11,669,717 | 751,725 | 12,421,442 |
| Total governmental activities | <u>\$ 140,113,182</u> | <u>\$ 4,529,827</u> | <u>\$ 144,643,009</u> |

D. Prosper Portland'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 Prosper Portland'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 Prosper Portland. 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 Prosper Portland 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 Prosper Portland 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, 2017, the total of the City's conduit debt outstanding as related to Prosper Portland development projects is \$15,000,000. In addition, Prosper Portland has participated in a contingent loan agreement with Home Forward which has a remaining amount due at June 30, 2017 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 Prosper Portland projects.

E. Contingencies

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

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F. Risk Management

Prosper Portland 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, Prosper Portland 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.

Prosper Portland 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.

Prosper Portland 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.

Prosper Portland's real property, which is predominantly held for sale, with an estimated total insured value of \$80,545,000, is insured by Lloyd's of London at a limit of \$50,000,000 including 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 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.

Prosper Portland 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. Prosper Portland 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 \$131,846 to meet insurance policy deductible amounts and other amounts not fully reimbursed from insurance proceeds, as necessary. Of this amount, \$104,319 is an insurance deductible reserve as required by the Rivers East LLC Rent Abatement Agreement.

Changes in the balances of claims liabilities including incurred but not reported (IBNR) liabilities during the past two fiscal years are as follows:

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Environmental Risk

GASB Statement 49 provides guidance for state and local governments in estimating and reporting the potential costs of pollution remediation. While GASB Statement 49 does not require Prosper Portland to search for pollution, it does require Prosper Portland 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 Prosper Portland is compelled to take action;
- Prosper Portland is in violation of a pollution related permit or license;
- Prosper Portland is named or has evidence that it will be named as responsible party by a regulator;
- Prosper Portland is named or has evidence that it will be named in a lawsuit to enforce a cleanup;
- or
- Prosper Portland commences or legally obligates itself to conduct remediation activities.

Site investigation, planning and design, cleanup and site monitoring are typical remediation activities underway across the many Prosper Portland properties. Prosper Portland has programs, rules, and regulations that routinely deal with remediation-related issues. Much of Prosper Portland's mission is to deal with blighted properties which sometimes include pollution conditions. Prosper Portland 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 Prosper Portland staff and consultants and are based upon prior experience in identifying and funding similar remediation activities. The standards require Prosper Portland to calculate pollution remediation liabilities using the expected cash flow technique. Where Prosper Portland 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 Prosper Portland's obligation.

During the fiscal year, Prosper Portland recognized an increase in the liability of \$38,816,490. At June 30, 2017, Prosper Portland had a total outstanding pollution remediation liability of \$42,434,285, which has been reduced by just over \$1,417,000 for estimated recoveries that Prosper Portland may be entitled to. The estimated current portion is \$1,265,610.

Portland Harbor Superfund

In January 2008, the City of Portland, and subsequently Prosper Portland, was notified by the Environmental Protection Agency (EPA) of a CERCLA 104(3) records request and therefore potential liability with respect to the Portland Harbor Superfund that may include 46 current and previously-owned Prosper Portland parcels on or adjacent to the lower reach of the Willamette River within the EPA study area.

In January 2017, EPA finalized the Feasibility Study and issued a final Record of Decision for Portland Harbor (ROD). Potential remedy costs were included in the ROD for comparative purposes among the potential remedies. Those comparative estimates were based on site-wide cleanup actions and do not include estimates of cleanup of individual sub-areas nor any individual party's share of those costs. This large and complex Superfund Site is not progressing under conventional processes used for smaller sites. For example, the next step at Portland Harbor is to conduct a new baseline sampling before remedy implementation. (ROD Section 10.1.1.9). As of July 2017, EPA is negotiating a baseline sampling scope work with a group of potentially responsible parties. Once a scope of work and agreement on consent are reached, the sampling effort is expected to take approximately two additional years. It is anticipated that

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information from this baseline sampling will refine and may alter the scope of active remediation required. The proposed course of action within individual sub-areas will be determined during remedial design for each sub-area. It is anticipated that allocation of liability for cleanup will be determined sometime after the baseline sampling is conducted.

G. Related Party Transactions

Portland Family of Funds Holdings, Inc.

Prosper Portland 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, Prosper Portland will be able to advance beneficial development projects in the City of Portland. The "NMTC Collaboration Agreement" between Prosper Portland, 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.

Prosper Portland'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 Prosper Portland by Article XI, Section 9 of the Oregon Constitution.

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

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

The remaining NMTC transactions with PFF were scheduled to be completed in fiscal year 2017. However, unforeseen delays have pushed the closing of the relationship between Prosper Portland and PFF for these related transactions but should be completed by the end of the calendar year 2018.

Other

In the course of carrying out the City of Portland's development policies, Prosper Portland 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. Prosper Portland also participates in the City of Portland's cash investment pool.

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H. Reviews by Grantor Agencies

Costs of each grant project are subject to review by the grantor agency to ensure 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

A convention center hotel has been contemplated by the Convention Center Urban Renewal Plan for many years. Groundbreaking for the garage and the new hotel took place on July 14th. As a requirement of the development agreement with the hotel developer, Prosper Portland deposited the contract price for the construction of the garage (\$29,732,537) into a construction escrow account on August 1st.

One of Prosper Portland's properties known as the Old Fire Station at 510 NW 3rd Avenue has experienced two fires since the close of fiscal year 2017. The cause of the fires is currently under investigation by the insurance claims adjuster. The building has been vacant for several years so was unoccupied at the time of fire.



PROSPER
PORTLAND

Building an Equitable Economy

REQUIRED SUPPLEMENTARY INFORMATION

PROSPER PORTLAND
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 |
|--------------------------------|---------------------------------|-----------------------------------|---|-----------------|-----------------|---|
| 08/01/2012 | - | \$ 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% |
| 07/01/2016 | - | 342,766 | 342,766 | 0.0% | 7,204,533 | 4.8% |

PROSPER PORTLAND
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 Years or Since Inception²

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------|--------------|----------------|--------------|
| Prosper Portland's proportion of the net pension liability ¹ | 0.1924% | 0.0721% | 0.0892% | 0.0892% |
| Prosper Portland's proportionate share of the net pension liability (asset) | \$ 11,045,372 | \$ 4,139,065 | \$ (2,021,851) | \$ 4,551,875 |
| Covered-employee payroll | 7,204,533 | 8,234,621 | 8,595,239 | 8,363,449 |
| Contributions as a percentage of covered-employee payroll | 153.3114% | 50.2642% | -23.5229% | 54.4258% |
| Plan fiduciary net position as a percentage of total pension liability | 80.50% | 91.90% | 103.59% | 92.00% |

¹ Calculated from Prosper Portland's proportionate share reported from the City of Portland proportionate share of the OPERS (Prosper Portland is not reported individually)

² Schedule is intended to show ten years of data. Additional data will be displayed as it becomes available

PROSPER PORTLAND
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 Years or Since Inception²

| | <u>2016</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|----------------|----------------|----------------|----------------|
| Actuarially determined contribution | \$ 673,628 | \$ 736,024 | \$ 596,226 | \$ 669,619 |
| Contributions in relation to the actuarially determined contribution | <u>673,628</u> | <u>736,024</u> | <u>596,226</u> | <u>669,619</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 7,204,533 | \$ 8,234,621 | \$ 8,595,239 | \$ 8,363,449 |
| Contributions as a percentage of covered-employee payroll | 9.35% | 8.94% | 6.94% | 8.01% |

¹ Schedule is intended to show ten years of data. Additional data will be displayed as it becomes available

Supplementary Data

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



PROSPER
PORTLAND

Building an Equitable Economy

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.

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.

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.

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

| | Special Revenue | Capital Projects | Total Nonmajor Governmental Funds |
|--|----------------------------|-----------------------------|--|
| ASSETS | | | |
| Cash with City of Portland investment pool | \$ 4,777,395 | \$ 50,955,039 | \$ 55,732,434 |
| Receivables: | | | |
| Due from City of Portland | 622,518 | - | 622,518 |
| Accounts | 130,186 | 347,670 | 477,856 |
| Loans, net | 1,121,760 | 4,107,178 | 5,228,938 |
| Interest | 14,466 | 157,922 | 172,388 |
| Property held for sale | - | 19,441,935 | 19,441,935 |
| Total assets | \$ 6,666,325 | \$ 75,009,744 | \$ 81,676,069 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 148,544 | \$ 21,095 | \$ 169,639 |
| Due to City of Portland | - | 24,222 | 24,222 |
| Due to other entities | - | 120,000 | 120,000 |
| Due to other funds | 484,000 | - | 484,000 |
| Total liabilities | 632,544 | 165,317 | 797,861 |
| FUND BALANCES | | | |
| Restricted | | | |
| Loans receivable | 1,121,760 | 4,107,178 | 5,228,938 |
| Accounts receivable-others | 17,946 | - | 17,946 |
| Urban renewal | - | 70,737,249 | 70,737,249 |
| Contractual obligations | 4,894,075 | - | 4,894,075 |
| Total fund balances | 6,033,781 | 74,844,427 | 80,878,208 |
| Total liabilities and fund balances | \$ 6,666,325 | \$ 75,009,744 | \$ 81,676,069 |

PROSPER PORTLAND
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, 2017

| | Special Revenue | Capital Projects | Total Nonmajor Governmental Funds |
|---|----------------------------|-----------------------------|--|
| REVENUES | | | |
| Intergovernmental revenues | \$ 2,130,224 | \$ 295,330 | \$ 2,425,554 |
| Charges for services | 1,007,336 | 140,362 | 1,147,698 |
| Loan interest collections | 79,108 | 104,444 | 183,552 |
| Interest on investments | 47,083 | 519,985 | 567,068 |
| Miscellaneous | 67,411 | 91,138 | 158,549 |
| Tax-increment debt proceeds (in lieu of tax-increment revenue) | - | 11,468,281 | 11,468,281 |
| Total revenues | <u>3,331,162</u> | <u>12,619,540</u> | <u>15,950,702</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Community development | 180,107 | 8,349,311 | 8,529,418 |
| Capital expenditures for urban renewal | - | 390,192 | 390,192 |
| Financial assistance | <u>2,320,708</u> | <u>1,111,592</u> | <u>3,432,300</u> |
| Total expenditures | <u>2,500,815</u> | <u>9,851,095</u> | <u>12,351,910</u> |
| Excess (deficiency) of revenues over expenditures | <u>830,347</u> | <u>2,768,445</u> | <u>3,598,792</u> |
| Net change in fund balances | <u>830,347</u> | <u>2,768,445</u> | <u>3,598,792</u> |
| FUND BALANCES - July 1, 2016 | <u>5,203,434</u> | <u>72,075,982</u> | <u>77,279,416</u> |
| FUND BALANCES - June 30, 2017 | <u>\$ 6,033,781</u> | <u>\$ 74,844,427</u> | <u>\$ 80,878,208</u> |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2017

| | Housing and Community Development Contract Fund | Other Federal Grants Fund | Enterprise Zone Fund | Ambassador Program Fund | Total |
|--|--|--------------------------------------|---------------------------------|------------------------------------|---------------------|
| ASSETS | | | | | |
| Cash with City of Portland investment pool | \$ 876 | \$ 1,234,583 | \$ 3,526,733 | \$ 15,203 | \$ 4,777,395 |
| Receivables: | | | | | |
| Due from City of Portland | 622,518 | - | - | - | 622,518 |
| Accounts | - | - | 130,186 | - | 130,186 |
| Loans, net | - | 1,121,760 | - | - | 1,121,760 |
| Interest | - | 3,636 | 10,781 | 49 | 14,466 |
| Total Assets | \$ 623,394 | \$ 2,359,979 | \$ 3,667,700 | \$ 15,252 | \$ 6,666,325 |
| LIABILITIES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 121,448 | \$ 257 | \$ 26,839 | \$ - | \$ 148,544 |
| Internal balances | 484,000 | - | - | - | 484,000 |
| Total liabilities | 605,448 | 257 | 26,839 | - | 632,544 |
| FUND BALANCES | | | | | |
| Non-spendable | | | | | |
| Restricted | | | | | |
| Loans receivable | - | 1,121,760 | - | - | 1,121,760 |
| Accounts receivable-others | 17,946 | - | - | - | 17,946 |
| Contractual obligations | - | 1,237,962 | 3,640,861 | 15,252 | 4,894,075 |
| Total fund balances | 17,946 | 2,359,722 | 3,640,861 | 15,252 | 6,033,781 |
| Total liabilities and fund balances | \$ 623,394 | \$ 2,359,979 | \$ 3,667,700 | \$ 15,252 | \$ 6,666,325 |

PROSPER PORTLAND
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, 2017

| | Housing and Community Development Contract Fund | Other Federal Grants Fund | Enterprise Zone Fund | Ambassador Program Fund | Total |
|--|--|------------------------------|-------------------------|----------------------------|---------------------|
| REVENUES | | | | | |
| Intergovernmental revenues | \$ 2,130,224 | \$ - | \$ - | \$ - | \$ 2,130,224 |
| Charges for services | - | 3,214 | 1,004,122 | - | 1,007,336 |
| Loan collections | - | 79,108 | - | - | 79,108 |
| Interest on investments | (42) | 11,967 | 34,964 | 194 | 47,083 |
| Miscellaneous | - | 66,411 | 1,000 | - | 67,411 |
| Total revenues | <u>2,130,182</u> | <u>160,700</u> | <u>1,040,086</u> | <u>194</u> | <u>3,331,162</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Community development | - | 57,701 | 118,644 | 3,762 | 180,107 |
| Financial assistance | <u>2,112,278</u> | <u>-</u> | <u>208,430</u> | <u>-</u> | <u>2,320,708</u> |
| Total expenditures | <u>2,112,278</u> | <u>57,701</u> | <u>327,074</u> | <u>3,762</u> | <u>2,500,815</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>17,904</u> | <u>102,999</u> | <u>713,012</u> | <u>(3,568)</u> | <u>830,347</u> |
| Net change in fund balances | <u>17,904</u> | <u>102,999</u> | <u>713,012</u> | <u>(3,568)</u> | <u>830,347</u> |
| FUND BALANCES - July 1, 2016 | <u>42</u> | <u>2,256,723</u> | <u>2,927,849</u> | <u>18,820</u> | <u>5,203,434</u> |
| FUND BALANCES - June 30, 2017 | <u>\$ 17,946</u> | <u>\$ 2,359,722</u> | <u>\$ 3,640,861</u> | <u>\$ 15,252</u> | <u>\$ 6,033,781</u> |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

HOUSING AND COMMUNITY DEVELOPMENT CONTRACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|--|-------------------------|--------------|---------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Intergovernmental revenues- | | | | |
| Housing and Community | | | | |
| Development contract | \$ 2,130,224 | \$ 2,130,224 | \$ 2,130,224 | \$ - |
| Interest on investments | - | - | (42) | (42) |
| Miscellaneous: | | | | |
| Sale of personal property | - | 251,456 | 251,456 | - |
| Total revenues | 2,130,224 | 2,381,680 | 2,381,638 | (42) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Property redevelopment | - | 251,456 | 251,456 | - |
| Economic development | 2,130,224 | 2,130,266 | 2,112,278 | 17,988 |
| Total community development | 2,130,224 | 2,381,722 | 2,363,734 | 17,988 |
| Total expenditures | 2,130,224 | 2,381,722 | 2,363,734 | 17,988 |
| Excess (deficiency) of revenues | | | | |
| over expenditures | - | (42) | 17,904 | 17,946 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in- | | | | |
| Enterprise Loans Fund | - | - | 484,000 | 484,000 |
| Total transfers in | - | - | 484,000 | 484,000 |
| Transfers out: | - | (290,000) | (290,000) | - |
| Total transfers out | - | (290,000) | (290,000) | - |
| Total other financing sources (uses) | - | (290,000) | 194,000 | 484,000 |
| Net change in fund balance | - | (290,042) | 211,904 | 501,946 |
| FUND BALANCE - July 1, 2016 | - | 290,042 | 290,042 | - |
| FUND BALANCE - June 30, 2017 | \$ - | \$ - | 501,946 | \$ 501,946 |
| Adjustments to generally accepted | | | | |
| accounting principles basis- | | | | |
| Interfund advances | | | (484,000) | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | \$ 17,946 | |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

OTHER FEDERAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|---|-------------------------|--------------|---------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for services- | | | | |
| Application fees and charges | \$ 1,564 | \$ 1,564 | \$ 3,214 | \$ 1,650 |
| Loan Collections- | | | | |
| Principal | 131,544 | 375,823 | 436,698 | 60,875 |
| Interest | 21,175 | 50,871 | 79,108 | 28,237 |
| Interest on investments | 200 | 200 | 11,967 | 11,767 |
| Total revenues | 154,483 | 428,458 | 530,987 | 102,529 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Economic development | 215,362 | 565,362 | 49,645 | 515,717 |
| Total community development | 215,362 | 565,362 | 49,645 | 515,717 |
| Contingency | 88,782 | 615,749 | - | 615,749 |
| Total expenditures | 304,144 | 1,181,111 | 49,645 | 1,131,466 |
| Excess (deficiency) of revenues over expenditures | (149,661) | (752,653) | 481,342 | 1,233,995 |
| OTHER FINANCING USES | | | | |
| Internal service reimbursements | (43,241) | (43,241) | (39,273) | 3,968 |
| Total other financing uses | (43,241) | (43,241) | (39,273) | 3,968 |
| Net change in fund balance | (192,902) | (795,894) | 442,069 | 1,237,963 |
| FUND BALANCE - July 1, 2016 | 192,902 | 795,894 | 795,893 | (1) |
| FUND BALANCE - June 30, 2017 | \$ - | \$ - | 1,237,962 | \$ 1,237,962 |
| Adjustments to generally accepted accounting principles basis- | | | | |
| Loans receivable, net | | | 1,121,760 | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | \$ 2,359,722 | |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

ENTERPRISE ZONE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|--|-------------------------|--------------|---------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for services- | | | | |
| Application fees and charges | \$ 38,000 | \$ 6,688 | \$ 47,085 | \$ 40,397 |
| Contractual service charges | - | 855,315 | 957,037 | 101,722 |
| Interest on investments | 7,154 | 7,154 | 34,964 | 27,810 |
| Miscellaneous: | | | | |
| Reimbursements | - | - | 1,000 | 1,000 |
| Other | 801,584 | - | - | - |
| Total revenues | 846,738 | 869,157 | 1,040,086 | 170,929 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Economic development | 1,098,276 | 921,202 | 324,360 | 596,842 |
| Total community development | 1,098,276 | 921,202 | 324,360 | 596,842 |
| Contingency | 2,130,404 | 2,872,820 | - | 2,872,820 |
| Total expenditures | 3,228,680 | 3,794,022 | 324,360 | 3,469,662 |
| Excess (deficiency) of revenues over expenditures | (2,381,942) | (2,924,865) | 715,726 | 3,640,591 |
| OTHER FINANCING USES | | | | |
| Internal service reimbursements | (2,981) | (2,981) | (2,714) | 267 |
| Total other financing uses | (2,981) | (2,981) | (2,714) | 267 |
| Net change in fund balance | (2,384,923) | (2,927,846) | 713,012 | 3,640,858 |
| FUND BALANCE - July 1, 2016 | 2,384,923 | 2,927,846 | 2,927,849 | 3 |
| FUND BALANCE - June 30, 2017 | \$ - | \$ - | \$ 3,640,861 | \$ 3,640,861 |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

AMBASSADOR FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|--|-------------------------|--------------|---------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Interest on investments | \$ 150 | \$ 150 | \$ 194 | \$ 44 |
| Total revenues | 150 | 150 | 194 | 44 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Economic development | 18,950 | 18,950 | 3,762 | 15,188 |
| Total community development | 18,950 | 18,950 | 3,762 | 15,188 |
| Contingency | - | 20 | - | 20 |
| Total expenditures | 18,950 | 18,970 | 3,762 | 15,208 |
| Excess (deficiency) of revenues over expenditures | (18,800) | (18,820) | (3,568) | 15,252 |
| Net change in fund balance | (18,800) | (18,820) | (3,568) | 15,252 |
| FUND BALANCE - July 1, 2016 | 18,800 | 18,820 | 18,820 | - |
| FUND BALANCE - June 30, 2017 | \$ - | \$ - | \$ 15,252 | \$ 15,252 |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2017

| | Neighborhood Prosperity Initiative Urban Renewal Fund | South Park Blocks Urban Renewal Fund | Central Eastside Urban Renewal Fund |
|--|--|---|--|
| ASSETS | | | |
| Cash with City of Portland investment pool | \$ 832,479 | \$ 5,430,215 | \$ 21,323,280 |
| Receivables: | | | |
| Accounts | - | - | 345,416 |
| Loans, net | - | 670,480 | 1,690,965 |
| Interest | 1,789 | 14,545 | 71,071 |
| Property held for sale | <u>-</u> | <u>3,459,854</u> | <u>2,901,697</u> |
| Total Assets | \$ <u>834,268</u> | \$ <u>9,575,094</u> | \$ <u>26,332,429</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ - | \$ 6,231 |
| Due to City of Portland | - | 7,519 | 6,952 |
| Due to other entities | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>-</u> | <u>7,519</u> | <u>13,183</u> |
| FUND BALANCES | | | |
| Non-spendable | | | |
| Restricted | | | |
| Loans receivable | - | 670,480 | 1,690,965 |
| Urban renewal | <u>834,268</u> | <u>8,897,095</u> | <u>24,628,281</u> |
| Total fund balances | <u>834,268</u> | <u>9,567,575</u> | <u>26,319,246</u> |
| Total liabilities and fund balances | \$ <u>834,268</u> | \$ <u>9,575,094</u> | \$ <u>26,332,429</u> |

| Gateway Regional Center Urban Renewal Fund | Airport Way Urban Renewal Fund | Willamette Industrial Urban Renewal Fund | Total |
|---|---|---|----------------------|
| \$ 14,082,011 | \$ 5,152,384 | \$ 4,134,670 | \$ 50,955,039 |
| 2,254 | - | - | 347,670 |
| 68,960 | 1,676,773 | - | 4,107,178 |
| 42,663 | 15,417 | 12,437 | 157,922 |
| <u>4,068,519</u> | <u>9,011,865</u> | <u>-</u> | <u>19,441,935</u> |
| <u>\$ 18,264,407</u> | <u>\$ 15,856,439</u> | <u>\$ 4,147,107</u> | <u>\$ 75,009,744</u> |
| \$ 11,872 | \$ 2,992 | \$ - | \$ 21,095 |
| 9,066 | 307 | 378 | 24,222 |
| <u>-</u> | <u>120,000</u> | <u>-</u> | <u>120,000</u> |
| <u>20,938</u> | <u>123,299</u> | <u>378</u> | <u>165,317</u> |
| 68,960 | 1,676,773 | - | 4,107,178 |
| <u>18,174,509</u> | <u>14,056,367</u> | <u>4,146,729</u> | <u>70,737,249</u> |
| <u>18,243,469</u> | <u>15,733,140</u> | <u>4,146,729</u> | <u>74,844,427</u> |
| <u>\$ 18,264,407</u> | <u>\$ 15,856,439</u> | <u>\$ 4,147,107</u> | <u>\$ 75,009,744</u> |

PROSPER PORTLAND
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, 2017

| | Neighborhood Prosperity Initiative Urban Renewal Fund | South Park Blocks Urban Renewal Fund | Central Eastside Urban Renewal Fund |
|---|--|---|--|
| REVENUES | | | |
| Intergovernmental revenues | \$ 295,330 | \$ - | \$ - |
| Charges for services | - | 265 | 139,282 |
| Loan collections | - | 24,322 | 42,958 |
| Interest on investments | 6,058 | 67,949 | 230,674 |
| Miscellaneous | - | 18,645 | 36,778 |
| Tax-increment debt proceeds (in lieu of tax-increment revenue) | <u>573,900</u> | <u>1,000,000</u> | <u>4,898,040</u> |
| Total revenues | <u>875,288</u> | <u>1,111,181</u> | <u>5,347,732</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Community development | 87,374 | 4,620,698 | 2,290,491 |
| Capital expenditures for urban renewal | - | - | 346,892 |
| Financial assistance | <u>703,053</u> | <u>3,823</u> | <u>177,616</u> |
| Total expenditures | <u>790,427</u> | <u>4,624,521</u> | <u>2,814,999</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>84,861</u> | <u>(3,513,340)</u> | <u>2,532,733</u> |
| Net change in fund balances | <u>84,861</u> | <u>(3,513,340)</u> | <u>2,532,733</u> |
| FUND BALANCES - July 1, 2016 | <u>749,407</u> | <u>13,080,915</u> | <u>23,786,513</u> |
| FUND BALANCES - June 30, 2017 | <u>\$ 834,268</u> | <u>\$ 9,567,575</u> | <u>\$ 26,319,246</u> |

| Gateway Regional Center Urban Renewal Fund | Airport Way Urban Renewal Fund | Willamette Industrial Urban Renewal Fund | Total Governmental Funds |
|---|---|---|---|
| \$ - | \$ - | \$ - | \$ 295,330 |
| 500 | 315 | - | 140,362 |
| 3,581 | 33,583 | - | 104,444 |
| 117,057 | 54,150 | 44,097 | 519,985 |
| 21,375 | 14,340 | - | 91,138 |
| <u>4,996,341</u> | <u>-</u> | <u>-</u> | <u>11,468,281</u> |
| <u>5,138,854</u> | <u>102,388</u> | <u>44,097</u> | <u>12,619,540</u> |
| 990,139 | 354,805 | 5,804 | 8,349,311 |
| 34,320 | 8,980 | - | 390,192 |
| <u>227,100</u> | <u>-</u> | <u>-</u> | <u>1,111,592</u> |
| <u>1,251,559</u> | <u>363,785</u> | <u>5,804</u> | <u>9,851,095</u> |
| <u>3,887,295</u> | <u>(261,397)</u> | <u>38,293</u> | <u>2,768,445</u> |
| <u>3,887,295</u> | <u>(261,397)</u> | <u>38,293</u> | <u>2,768,445</u> |
| <u>14,356,174</u> | <u>15,994,537</u> | <u>4,108,436</u> | <u>72,075,982</u> |
| <u>\$ 18,243,469</u> | <u>\$ 15,733,140</u> | <u>\$ 4,146,729</u> | <u>\$ 74,844,427</u> |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

NEIGHBORHOOD PROSPERITY INITIATIVE URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|-------------------------------------|-------------------------|--------------|---------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Intergovernmental revenues- | | | | |
| State and local | \$ 243,799 | \$ 289,954 | \$ 295,330 | \$ 5,376 |
| Interest on investments | 672 | 672 | 6,058 | 5,386 |
| Tax increment debt proceeds | | | | |
| (in lieu of tax increment revenue) | 563,466 | 559,411 | 573,900 | 14,489 |
| Total revenues | 807,937 | 850,037 | 875,288 | 25,251 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Economic development | 915,000 | 1,035,000 | 703,053 | 331,947 |
| Total community development | 915,000 | 1,035,000 | 703,053 | 331,947 |
| Contingency | 259,785 | 468,265 | - | 468,265 |
| Total expenditures | 1,174,785 | 1,503,265 | 703,053 | 800,212 |
| Excess (deficiency) of revenues | | | | |
| over expenditures | (366,848) | (653,228) | 172,235 | 825,463 |
| OTHER FINANCING USES | | | | |
| Internal service reimbursements | (96,178) | (96,178) | (87,374) | 8,804 |
| Enterprise Loans Fund | - | (25,000) | (25,000) | - |
| Total transfers out | - | (25,000) | (25,000) | - |
| Total other financing uses | (96,178) | (121,178) | (112,374) | 8,804 |
| Net change in fund balance | (463,026) | (774,406) | 59,861 | 834,267 |
| FUND BALANCE - July 1, 2016 | 463,026 | 774,406 | 774,407 | 1 |
| FUND BALANCE - June 30, 2017 | \$ - | \$ - | \$ 834,268 | \$ 834,268 |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

DOWNTOWN WATERFRONT URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|---|-------------------------|---------------------|----------------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for services- | | | | |
| Application fees and charges | \$ 4,980 | \$ 4,980 | \$ 4,988 | \$ 8 |
| Rental income | 48,835 | 14,752 | 15,387 | 635 |
| Contractual service charges | - | 37,404 | - | (37,404) |
| Loan Collections- | | | | |
| Principal | 103,287 | 110,177 | 253,965 | 143,788 |
| Interest | 146,612 | 152,298 | 104,882 | (47,416) |
| Interest on investments | 10,000 | 10,000 | 431,387 | 421,387 |
| Miscellaneous: | | | | |
| Reimbursements | 18,000 | 30,454 | 31,518 | 1,064 |
| Sale of personal property | 5,524,000 | 1,048,000 | 1,060,000 | 12,000 |
| Other | - | - | 5,301 | 5,301 |
| Total revenues | <u>5,855,714</u> | <u>1,408,065</u> | <u>1,907,428</u> | <u>499,363</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Housing | 1,971,910 | - | - | - |
| Infrastructure | 2,500,000 | - | - | - |
| Property redevelopment | 9,161,281 | 2,469,647 | 401,369 | 2,068,278 |
| Economic development | 268,698 | 268,698 | 69,204 | 199,494 |
| Administration | 8,000 | 9,000 | 9,000 | - |
| Total community development | <u>13,909,889</u> | <u>2,747,345</u> | <u>479,573</u> | <u>2,267,772</u> |
| Contingency | <u>26,912,264</u> | <u>38,765,995</u> | <u>-</u> | <u>38,765,995</u> |
| Total expenditures | <u>40,822,153</u> | <u>41,513,340</u> | <u>479,573</u> | <u>41,033,767</u> |
| Excess (deficiency) of revenues over expenditures | <u>(34,966,439)</u> | <u>(40,105,275)</u> | <u>1,427,855</u> | <u>41,533,130</u> |
| OTHER FINANCING USES | | | | |
| Internal service reimbursements | <u>(476,622)</u> | <u>(476,622)</u> | <u>(432,812)</u> | <u>43,810</u> |
| Total other financing uses | <u>(476,622)</u> | <u>(476,622)</u> | <u>(432,812)</u> | <u>43,810</u> |
| Net change in fund balance | (35,443,061) | (40,581,897) | 995,043 | 41,576,940 |
| FUND BALANCE - July 1, 2016 | <u>35,443,061</u> | <u>40,581,897</u> | <u>40,581,897</u> | <u>-</u> |
| FUND BALANCE - June 30, 2017 | <u>\$ -</u> | <u>\$ -</u> | <u>41,576,940</u> | <u>\$ 41,576,940</u> |
| Adjustments to generally accepted accounting principles basis- | | | | |
| Loans receivable, net | | | 2,311,120 | |
| Property held for sale | | | <u>1,125,069</u> | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | <u>\$ 45,013,129</u> | |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

NORTH MACADAM URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|---|-------------------------|-------------------|----------------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for services- | | | | |
| Application fees and charges | \$ 136 | \$ 136 | \$ - | \$ (136) |
| Rental income | 261,895 | 298,444 | 486,977 | 188,533 |
| Loan Collections- | | | | |
| Principal | 26,112 | 26,112 | 34,134 | 8,022 |
| Interest | 1,126 | 1,126 | 1,535 | 409 |
| Interest on investments | 30,000 | 30,000 | 163,481 | 133,481 |
| Miscellaneous: | | | | |
| Sale of personal property | 1,700,000 | - | - | - |
| Tax increment debt proceeds (in lieu of tax increment revenue) | 8,993,000 | 8,993,000 | 7,094,934 | (1,898,066) |
| Total revenues | 11,012,269 | 9,348,818 | 7,781,061 | (1,567,757) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Housing | 8,100,000 | 2,003,000 | 1,764,626 | 238,374 |
| Infrastructure | 2,455,831 | 2,700,831 | 1,762,103 | 938,728 |
| Property redevelopment | 5,248,307 | 5,301,074 | 1,535,181 | 3,765,893 |
| Economic development | 3,605 | 3,605 | 89 | 3,516 |
| Administration | 20,000 | 21,000 | 13,994 | 7,006 |
| Total community development | 15,827,743 | 10,029,510 | 5,075,993 | 4,953,517 |
| Contingency | 1,674,780 | 12,922,460 | - | 12,922,460 |
| Total expenditures | 17,502,523 | 22,951,970 | 5,075,993 | 17,875,977 |
| Excess (deficiency) of revenues over expenditures | (6,490,254) | (13,603,152) | 2,705,068 | 16,308,220 |
| OTHER FINANCING USES | | | | |
| Internal service reimbursements | (815,394) | (815,394) | (740,440) | 74,954 |
| Total other financing uses | (815,394) | (815,394) | (740,440) | 74,954 |
| Net change in fund balance | (7,305,648) | (14,418,546) | 1,964,628 | 16,383,174 |
| FUND BALANCE - July 1, 2016 | 7,305,648 | 14,418,546 | 14,418,546 | - |
| FUND BALANCE - June 30, 2017 | \$ - | \$ - | 16,383,174 | \$ 16,383,174 |
| Adjustments to generally accepted accounting principles basis- | | | | |
| Loans receivable, net | | | 19,651 | |
| Property held for sale | | | 2,244,152 | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | \$ 18,646,977 | |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

RIVER DISTRICT URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|---|-------------------------|--------------|----------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Intergovernmental revenues- | | | | |
| Federal grants | \$ 1,088,734 | \$ 1,280,000 | \$ 503,075 | \$ (776,925) |
| Charges for services- | | | | |
| Application fees and charges | 7,579 | 7,579 | 737 | (6,842) |
| Rental income | 2,314,264 | 2,197,699 | 2,586,238 | 388,539 |
| Loan Collections- | | | | |
| Principal | 157,377 | 226,322 | 975,833 | 749,511 |
| Interest | 78,446 | 334,154 | 933,002 | 598,848 |
| Interest on investments | 200,000 | 693,293 | 258,757 | (434,536) |
| Notes payable draws | 13,342,901 | 17,961,785 | 17,372,202 | (589,583) |
| Miscellaneous: | | | | |
| Recovery of bad loan debt | - | - | 18,780 | 18,780 |
| Reimbursements | - | 100,000 | 74,763 | (25,237) |
| Sale of personal property | 4,500,000 | 7,400,028 | 7,400,028 | - |
| Other | - | - | 21,285 | 21,285 |
| Tax increment debt proceeds (in lieu of tax increment revenue) | 44,053,039 | 41,975,000 | 43,673,261 | 1,698,261 |
| Total revenues | 65,742,340 | 72,175,860 | 73,817,961 | 1,642,101 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Housing | 21,055,906 | 15,999,306 | 14,978,888 | 1,020,418 |
| Infrastructure | 3,979,475 | 1,639,972 | 616,777 | 1,023,195 |
| Property redevelopment | 22,563,068 | 39,718,612 | 26,400,711 | 13,317,901 |
| Economic development | 161,227 | 161,227 | 49,613 | 111,614 |
| Administration | 1,307,027 | 437,608 | 216,909 | 220,699 |
| Total community development | 49,066,703 | 57,956,725 | 42,262,898 | 15,693,827 |
| Contingency | 27,320,799 | 11,930,517 | - | 11,930,517 |
| Total expenditures | 76,387,502 | 69,887,242 | 42,262,898 | 27,624,344 |
| Excess (deficiency) of revenues over expenditures | (10,645,162) | 2,288,618 | 31,555,063 | 29,266,445 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in- | | | | |
| General Fund | 474,360 | 493,293 | - | (493,293) |
| Total transfers in | 474,360 | 493,293 | - | (493,293) |
| Internal service reimbursements | (4,694,346) | (4,694,346) | (4,262,805) | 431,541 |
| Interfund loan | - | (3,000,000) | (66,925,529) | (63,925,529) |
| Transfers out: | | | | |
| Downtown Waterfront Urban Renewal Fund | (67,600,000) | (67,600,000) | - | 67,600,000 |
| Total transfers out | (67,600,000) | (67,600,000) | - | 67,600,000 |
| Total other financing sources (uses) | (71,819,986) | (74,801,053) | (71,188,334) | 3,612,719 |
| Net change in fund balance | (82,465,148) | (72,512,435) | (39,633,271) | 32,879,164 |
| FUND BALANCE - July 1, 2016 | 82,465,148 | 72,512,435 | 72,512,435 | - |
| FUND BALANCE - June 30, 2017 | \$ - | \$ - | 32,879,164 | \$ 32,879,164 |
| Adjustments to generally accepted accounting principles basis- | | | | |
| Loans receivable, net | | | 12,954,113 | |
| Interfund advances | | | 69,951,421 | |
| Property held for sale | | | 8,718,649 | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | \$ 124,503,347 | |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

SOUTH PARK BLOCKS URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|---|-------------------------|--------------|---------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for services- | | | | |
| Application fees and charges | \$ 837 | \$ 837 | \$ 265 | \$ (572) |
| Loan Collections- | | | | |
| Principal | 70,151 | 70,151 | 372,900 | 302,749 |
| Interest | 17,287 | 17,287 | 24,322 | 7,035 |
| Interest on investments | 10,000 | 10,000 | 67,949 | 57,949 |
| Miscellaneous: | | | | |
| Sale of personal property | - | 747,045 | - | (747,045) |
| Tax increment debt proceeds (in lieu of tax increment revenue) | - | - | 1,000,000 | 1,000,000 |
| Total revenues | 98,275 | 845,320 | 1,465,436 | 620,116 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Housing | 3,105,000 | 5,360,000 | 4,328,848 | 1,031,152 |
| Property redevelopment | 52,104 | 107,138 | 7,289 | 99,849 |
| Economic development | 200,000 | 200,000 | 3,852 | 196,148 |
| Administration | 5,000 | 8,120 | 7,006 | 1,114 |
| Total community development | 3,362,104 | 5,675,258 | 4,346,995 | 1,328,263 |
| Contingency | 4,703,572 | 3,460,773 | - | 3,460,773 |
| Total expenditures | 8,065,676 | 9,136,031 | 4,346,995 | 4,789,036 |
| Excess (deficiency) of revenues over expenditures | (7,967,401) | (8,290,711) | (2,881,559) | 5,409,152 |
| OTHER FINANCING USES | | | | |
| Internal service reimbursements | (305,615) | (305,615) | (277,526) | 28,089 |
| Total other financing uses | (305,615) | (305,615) | (277,526) | 28,089 |
| Net change in fund balance | (8,273,016) | (8,596,326) | (3,159,085) | 5,437,241 |
| FUND BALANCE - July 1, 2016 | 8,273,016 | 8,596,326 | 8,596,326 | - |
| FUND BALANCE - June 30, 2017 | \$ - | \$ - | 5,437,241 | \$ 5,437,241 |
| Adjustments to generally accepted accounting principles basis- | | | | |
| Loans receivable, net | | | 670,480 | |
| Property held for sale | | | 3,459,854 | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | \$ 9,567,575 | |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

CONVENTION CENTER URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|---|-------------------------|---------------------|----------------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for services- | | | | |
| Application fees and charges | \$ 1,931 | \$ 3,642 | \$ 10,336 | \$ 6,694 |
| Rental income | 7,534,543 | 2,538,043 | 2,737,892 | 199,849 |
| Contractual service charges | - | - | 3,009,373 | 3,009,373 |
| Loan Collections- | | | | |
| Principal | 152,954 | 11,727,758 | 8,152,045 | (3,575,713) |
| Interest | 189,160 | 2,187,591 | 2,015,184 | (172,407) |
| Interest on investments | 10,000 | 10,000 | 405,491 | 395,491 |
| Miscellaneous: | | | | |
| Reimbursements | - | 50,000 | - | (50,000) |
| Sale of personal property | 4,500,000 | 1,300,000 | - | (1,300,000) |
| Total revenues | <u>12,388,588</u> | <u>17,817,034</u> | <u>16,330,321</u> | <u>(1,486,713)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Housing | 4,080,000 | 5,080,000 | 4,119,460 | 960,540 |
| Property redevelopment | 7,170,579 | 46,178,079 | 11,126,828 | 35,051,251 |
| Economic development | 115,880 | 115,770 | 1,082 | 114,688 |
| Administration | 30,045 | 32,045 | 10,056 | 21,989 |
| Total community development | <u>11,396,504</u> | <u>51,405,894</u> | <u>15,257,426</u> | <u>36,148,468</u> |
| Contingency | <u>1,250,454</u> | <u>3,525,063</u> | <u>-</u> | <u>3,525,063</u> |
| Total expenditures | <u>12,646,958</u> | <u>54,930,957</u> | <u>15,257,426</u> | <u>39,673,531</u> |
| Excess (deficiency) of revenues over expenditures | <u>(258,370)</u> | <u>(37,113,923)</u> | <u>1,072,895</u> | <u>38,186,818</u> |
| OTHER FINANCING USES | | | | |
| Transfers in- | | | | |
| Business Management Fund | <u>102,510</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total transfers in | <u>102,510</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Internal service reimbursements | (1,287,005) | (1,287,005) | (1,168,698) | 118,307 |
| Transfers out: | <u>(30,600,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total transfers out | <u>(30,600,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing uses | <u>(31,784,495)</u> | <u>(1,287,005)</u> | <u>(1,168,698)</u> | <u>118,307</u> |
| Net change in fund balance | (32,042,865) | (38,400,928) | (95,803) | 38,305,125 |
| FUND BALANCE - July 1, 2016 | <u>32,042,865</u> | <u>38,400,928</u> | <u>38,400,928</u> | <u>-</u> |
| FUND BALANCE - June 30, 2017 | <u>\$ -</u> | <u>\$ -</u> | <u>38,305,125</u> | <u>\$ 38,305,125</u> |
| Adjustments to generally accepted accounting principles basis- | | | | |
| Loans receivable, net | | | 11,576,025 | |
| Property held for sale | | | <u>6,036,156</u> | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | <u>\$ 55,917,306</u> | |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

CENTRAL EASTSIDE URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|---|-------------------------|---------------------|----------------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for services- | | | | |
| Application fees and charges | \$ 1,622 | \$ 1,040 | \$ 4,407 | \$ 3,367 |
| Rental income | 104,000 | 104,000 | 134,875 | 30,875 |
| Loan Collections- | | | | |
| Principal | 95,880 | 153,390 | 363,114 | 209,724 |
| Interest | 28,473 | 31,539 | 42,958 | 11,419 |
| Interest on investments | 5,000 | 5,000 | 230,674 | 225,674 |
| Miscellaneous: | | | | |
| Reimbursements | - | - | 2,472 | 2,472 |
| Tax increment debt proceeds (in lieu of tax increment revenue) | 4,207,546 | 5,057,526 | 4,898,040 | (159,486) |
| Total revenues | <u>4,442,521</u> | <u>5,352,495</u> | <u>5,676,540</u> | <u>324,045</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Housing | 3,235,965 | 2,663,851 | 1,287,357 | 1,376,494 |
| Infrastructure | 3,069,234 | 654,234 | 113,199 | 541,035 |
| Property redevelopment | 1,944,024 | 4,416,856 | 3,470,717 | 946,139 |
| Economic development | 330,215 | 330,215 | 46,092 | 284,123 |
| Administration | 32,404 | 32,404 | 5,372 | 27,032 |
| Total community development | <u>8,611,842</u> | <u>8,097,560</u> | <u>4,922,737</u> | <u>3,174,823</u> |
| Contingency | <u>8,836,501</u> | <u>18,172,492</u> | <u>-</u> | <u>18,172,492</u> |
| Total expenditures | <u>17,448,343</u> | <u>26,270,052</u> | <u>4,922,737</u> | <u>21,347,315</u> |
| Excess (deficiency) of revenues over expenditures | <u>(13,005,822)</u> | <u>(20,917,557)</u> | <u>753,803</u> | <u>21,671,360</u> |
| OTHER FINANCING USES | | | | |
| Internal service reimbursements | <u>(600,782)</u> | <u>(600,782)</u> | <u>(545,560)</u> | <u>55,222</u> |
| Total other financing uses | <u>(600,782)</u> | <u>(600,782)</u> | <u>(545,560)</u> | <u>55,222</u> |
| Net change in fund balance | (13,606,604) | (21,518,339) | 208,243 | 21,726,582 |
| FUND BALANCE - July 1, 2016 | <u>13,606,604</u> | <u>21,518,339</u> | <u>21,518,339</u> | <u>-</u> |
| FUND BALANCE - June 30, 2017 | <u>\$ -</u> | <u>\$ -</u> | <u>21,726,582</u> | <u>\$ 21,726,582</u> |
| Adjustments to generally accepted accounting principles basis- | | | | |
| Loans receivable, net | | | 1,690,965 | |
| Property held for sale | | | <u>2,901,699</u> | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | <u>\$ 26,319,246</u> | |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

LENTS TOWN CENTER URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|---|-------------------------|--------------|---------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for services- | | | | |
| Application fees and charges | \$ 31,211 | \$ 82,611 | \$ 130,817 | \$ 48,206 |
| Rental income | 109,545 | 111,346 | 147,201 | 35,855 |
| Loan Collections- | | | | |
| Principal | 90,841 | 8,692,461 | 8,871,394 | 178,933 |
| Interest | 31,276 | 114,657 | 145,319 | 30,662 |
| Interest on investments | 51,118 | 116,118 | 153,278 | 37,160 |
| Miscellaneous: | | | | |
| Reimbursements | 73,056 | 73,056 | 73,056 | - |
| Sale of personal property | 1,203,000 | 3,902,233 | 2,187,545 | (1,714,688) |
| Tax increment debt proceeds (in lieu of tax increment revenue) | 16,690,000 | 17,990,000 | 10,070,510 | (7,919,490) |
| Total revenues | 18,280,047 | 31,082,482 | 21,779,120 | (9,303,362) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Housing | 11,953,402 | 14,913,471 | 9,858,940 | 5,054,531 |
| Infrastructure | 3,096,082 | 1,494,058 | 40,631 | 1,453,427 |
| Property redevelopment | 17,306,851 | 27,846,621 | 26,035,952 | 1,810,669 |
| Economic development | 896,266 | 896,266 | 51,753 | 844,513 |
| Administration | 20,000 | 21,000 | 15,397 | 5,603 |
| Total community development | 33,272,601 | 45,171,416 | 36,002,673 | 9,168,743 |
| Contingency | 249,609 | 5,936,182 | - | 5,936,182 |
| Total expenditures | 33,522,210 | 51,107,598 | 36,002,673 | 15,104,925 |
| Excess (deficiency) of revenues over expenditures | (15,242,163) | (20,025,116) | (14,223,553) | 5,801,563 |
| OTHER FINANCING USES | | | | |
| Internal service reimbursements | (1,824,654) | (1,824,654) | (1,656,921) | 167,733 |
| Total other financing uses | (1,824,654) | (1,824,654) | (1,656,921) | 167,733 |
| Net change in fund balance | (17,066,817) | (21,849,770) | (15,880,474) | 5,969,296 |
| FUND BALANCE - July 1, 2016 | 17,066,817 | 21,849,770 | 21,849,769 | (1) |
| FUND BALANCE - June 30, 2017 | \$ - | \$ - | 5,969,295 | \$ 5,969,295 |
| Adjustments to generally accepted accounting principles basis- | | | | |
| Loans receivable, net | | | 15,258,807 | |
| Property held for sale | | | 3,896,395 | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | \$ 25,124,497 | |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

INTERSTATE CORRIDOR URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|---|-------------------------|--------------|---------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for services- | | | | |
| Application fees and charges | \$ 4,991 | \$ 4,991 | \$ 2,548 | \$ (2,443) |
| Rental income | 290,246 | 265,246 | 228,768 | (36,478) |
| Loan Collections- | | | | |
| Principal | 121,516 | 599,766 | 660,890 | 61,124 |
| Interest | 45,621 | 48,195 | 58,738 | 10,543 |
| Interest on investments | 39,901 | 164,901 | 279,334 | 114,433 |
| Miscellaneous: | | | | |
| Reimbursements | 71,526 | 71,526 | 80,261 | 8,735 |
| Sale of personal property | 502,160 | 502,160 | 502,160 | - |
| Tax increment debt proceeds (in lieu of tax increment revenue) | 18,981,000 | 18,981,000 | 19,087,302 | 106,302 |
| Total revenues | 20,056,961 | 20,637,785 | 20,900,001 | 262,216 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Housing | 17,723,948 | 10,025,515 | 9,969,042 | 56,473 |
| Infrastructure | 2,784,483 | 224,653 | 91,652 | 133,001 |
| Property redevelopment | 4,432,394 | 5,143,478 | 2,563,267 | 2,580,211 |
| Economic development | 916,903 | 446,703 | 231,860 | 214,843 |
| Administration | 22,532 | 23,532 | 20,452 | 3,080 |
| Total community development | 25,880,260 | 15,863,881 | 12,876,273 | 2,987,608 |
| Contingency | 10,241,604 | 28,874,467 | - | 28,874,467 |
| Total expenditures | 36,121,864 | 44,738,348 | 12,876,273 | 31,862,075 |
| Excess (deficiency) of revenues over expenditures | (16,064,903) | (24,100,563) | 8,023,728 | 32,124,291 |
| OTHER FINANCING USES | | | | |
| Internal service reimbursements | (2,075,948) | (2,075,948) | (1,885,114) | 190,834 |
| Total other financing uses | (2,075,948) | (2,075,948) | (1,885,114) | 190,834 |
| Net change in fund balance | (18,140,851) | (26,176,511) | 6,138,614 | 32,315,125 |
| FUND BALANCE - July 1, 2016 | 18,140,851 | 26,176,511 | 26,176,512 | 1 |
| FUND BALANCE - June 30, 2017 | \$ - | \$ - | 32,315,126 | \$ 32,315,126 |
| Adjustments to generally accepted accounting principles basis- | | | | |
| Loans receivable, net | | | 9,319,782 | |
| Property held for sale | | | 1,034,096 | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | \$ 42,669,004 | |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

GATEWAY REGIONAL CENTER URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|---|-------------------------|--------------|---------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for services- | | | | |
| Application fees and charges | \$ 1,764 | \$ 1,764 | \$ 500 | \$ (1,264) |
| Loan Collections- | | | | |
| Principal | 9,932 | 9,932 | 126,086 | 116,154 |
| Interest | 2,962 | 2,962 | 3,581 | 619 |
| Interest on investments | 22,444 | 22,444 | 117,057 | 94,613 |
| Miscellaneous: | | | | |
| Reimbursements | - | - | 15,071 | 15,071 |
| Tax increment debt proceeds (in lieu of tax increment revenue) | 4,508,142 | 4,979,215 | 4,996,341 | 17,126 |
| Total revenues | 4,545,244 | 5,016,317 | 5,258,636 | 242,319 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Housing | 2,630,466 | 180,466 | 72,527 | 107,939 |
| Infrastructure | 2,480,486 | 285,048 | 100,814 | 184,234 |
| Property redevelopment | 4,618,056 | 1,640,926 | 408,508 | 1,232,418 |
| Economic development | 370,160 | 378,285 | 19,236 | 359,049 |
| Administration | 10,000 | 10,000 | 3,923 | 6,077 |
| Total community development | 10,109,168 | 2,494,725 | 605,008 | 1,889,717 |
| Contingency | 1,885,530 | 11,908,507 | - | 11,908,507 |
| Total expenditures | 11,994,698 | 14,403,232 | 605,008 | 13,798,224 |
| Excess (deficiency) of revenues over expenditures | (7,449,454) | (9,386,915) | 4,653,628 | 14,040,543 |
| OTHER FINANCING USES | | | | |
| Internal service reimbursements | (711,999) | (711,999) | (646,552) | 65,447 |
| Total other financing uses | (711,999) | (711,999) | (646,552) | 65,447 |
| Net change in fund balance | (8,161,453) | (10,098,914) | 4,007,076 | 14,105,990 |
| FUND BALANCE - July 1, 2016 | 8,161,453 | 10,098,914 | 10,098,914 | - |
| FUND BALANCE - June 30, 2017 | \$ - | \$ - | 14,105,990 | \$ 14,105,990 |
| Adjustments to generally accepted accounting principles basis- | | | | |
| Loans receivable, net | | | 68,960 | |
| Property held for sale | | | 4,068,519 | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | \$ 18,243,469 | |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

AIRPORT WAY URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|---|-------------------------|--------------------|----------------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for services- | | | | |
| Application fees and charges | \$ 830 | \$ 830 | \$ 315 | \$ (515) |
| Loan Collections- | | | | |
| Principal | 60,698 | 58,422 | 205,315 | 146,893 |
| Interest | 25,381 | 23,232 | 33,583 | 10,351 |
| Interest on investments | 10,000 | 10,000 | 54,150 | 44,150 |
| Miscellaneous: | | | | |
| Sale of personal property | 385,505 | 1,035,000 | 1,100 | (1,033,900) |
| Total revenues | <u>482,414</u> | <u>1,127,484</u> | <u>294,463</u> | <u>(833,021)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Property redevelopment | 118,348 | 145,659 | 101,043 | 44,616 |
| Economic development | 260,383 | 260,183 | 8,659 | 251,524 |
| Administration | 3,647 | 7,647 | 5,647 | 2,000 |
| Total community development | <u>382,378</u> | <u>413,489</u> | <u>115,349</u> | <u>298,140</u> |
| Contingency | <u>4,707,577</u> | <u>5,568,362</u> | <u>-</u> | <u>5,568,362</u> |
| Total expenditures | <u>5,089,955</u> | <u>5,981,851</u> | <u>115,349</u> | <u>5,866,502</u> |
| Excess (deficiency) of revenues over expenditures | <u>(4,607,541)</u> | <u>(4,854,367)</u> | <u>179,114</u> | <u>5,033,481</u> |
| OTHER FINANCING USES | | | | |
| Internal service reimbursements | <u>(119,950)</u> | <u>(119,950)</u> | <u>(108,929)</u> | <u>11,021</u> |
| Total other financing uses | <u>(119,950)</u> | <u>(119,950)</u> | <u>(108,929)</u> | <u>11,021</u> |
| Net change in fund balance | (4,727,491) | (4,974,317) | 70,185 | 5,044,502 |
| FUND BALANCE - July 1, 2016 | <u>4,727,491</u> | <u>4,974,317</u> | <u>4,974,317</u> | <u>-</u> |
| FUND BALANCE - June 30, 2017 | \$ <u>-</u> | \$ <u>-</u> | 5,044,502 | \$ <u>5,044,502</u> |
| Adjustments to generally accepted accounting principles basis- | | | | |
| Loans receivable, net | | | 1,676,773 | |
| Property held for sale | | | 9,011,865 | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | \$ <u>15,733,140</u> | |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

WILLAMETTE INDUSTRIAL URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|-------------|--------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Interest on investments | \$ 10,000 | \$ 10,000 | \$ 44,097 | \$ 34,097 |
| Total revenues | 10,000 | 10,000 | 44,097 | 34,097 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Property redevelopment | 20,000 | 20,000 | 86 | 19,914 |
| Economic development | 95,000 | 90,000 | - | 90,000 |
| Administration | 5,718 | 5,718 | 5,718 | - |
| Total community development | 120,718 | 115,718 | 5,804 | 109,914 |
| Contingency | 3,857,514 | 4,002,717 | - | 4,002,717 |
| Total expenditures | 3,978,232 | 4,118,435 | 5,804 | 4,112,631 |
| Excess (deficiency) of revenues over expenditures | (3,968,232) | (4,108,435) | 38,293 | 4,146,728 |
| Net change in fund balance | (3,968,232) | (4,108,435) | 38,293 | 4,146,728 |
| FUND BALANCE - July 1, 2016 | 3,968,232 | 4,108,435 | 4,108,436 | 1 |
| FUND BALANCE - June 30, 2017 | \$ - | \$ - | \$ 4,146,729 | \$ 4,146,729 |



PROSPER
PORTLAND

Building an Equitable Economy

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.

Prosper Portland has three 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 Prosper Portland properties or City of Portland properties Prosper Portland has contracted to manage outside of Urban Renewal Areas. Currently, this fund includes the operating revenues and expenses of the Headwaters Apartments which has been transferred to the Portland Housing Bureau.

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.

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

| | <u>Enterprise Loans Fund</u> | <u>Enterprise Management Fund</u> | <u>Total Nonmajor Enterprise Funds</u> |
|--|----------------------------------|---|--|
| ASSETS | | | |
| Current assets: | | | |
| Cash with City of Portland investment pool | \$ 4,071,472 | \$ - | \$ 4,071,472 |
| Receivables: | | | |
| Internal balances | 484,000 | - | 484,000 |
| Loans, net | 262,312 | - | 262,312 |
| Interest | 11,911 | - | 11,911 |
| Total current assets | <u>4,829,695</u> | <u>-</u> | <u>4,829,695</u> |
| Noncurrent assets: | | | |
| Loans receivable, net | <u>585,058</u> | <u>-</u> | <u>585,058</u> |
| Total noncurrent assets | <u>585,058</u> | <u>-</u> | <u>585,058</u> |
| Total assets | <u>\$ 5,414,753</u> | <u>\$ -</u> | <u>\$ 5,414,753</u> |
| LIABILITIES AND NET POSITION | | | |
| Liabilities: | | | |
| Current liabilities: | | | |
| NET POSITION | | | |
| Net investment in capital assets | - | - | - |
| Unrestricted | <u>5,414,753</u> | <u>-</u> | <u>-</u> |
| Total net position | <u>5,414,753</u> | <u>-</u> | <u>5,414,753</u> |
| Total liabilities and net position | <u>\$ 5,414,753</u> | <u>\$ -</u> | <u>\$ 5,414,753</u> |

PROSPER PORTLAND
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, 2017

| | Enterprise Loans Fund | Enterprise Management Fund | Total Nonmajor Enterprise Funds |
|--|----------------------------------|---|--|
| OPERATING REVENUES: | | | |
| Charges for services | \$ 5,021 | \$ - | \$ 5,021 |
| Interest on loans | 47,913 | - | 47,913 |
| Miscellaneous revenues | 12,274 | - | 12,274 |
| Total operating revenues | 65,208 | - | 65,208 |
| OPERATING EXPENSES: | | | |
| Personal services | 46,444 | - | 46,444 |
| Professional services | 210 | 32,336 | 32,546 |
| Financial assistance | 586 | - | 586 |
| Total operating expenses | 47,240 | 32,336 | 79,576 |
| Operating income (loss) | 17,968 | (32,336) | (14,368) |
| NON-OPERATING REVENUES (EXPENSE): | | | |
| Interest on investments | 40,829 | 223 | 41,052 |
| Total non-operating revenues (expense) | 40,829 | 223 | 41,052 |
| Income before transfers | 58,797 | (32,113) | 26,684 |
| Transfers in | 99,018 | - | 99,018 |
| Change in net position | 157,815 | (32,113) | 125,702 |
| Net position - July 1, 2016 | 5,256,938 | 32,113 | 5,289,051 |
| Net position - June 30, 2017 | \$ 5,414,753 | \$ - | \$ 5,414,753 |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

| | 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 | \$ 262,313 | \$ - | \$ 262,313 |
| Interest on loans from borrowers | 47,907 | - | 47,907 |
| Loan fees from customers | 5,021 | - | 5,021 |
| Payments to employees | (3,782) | - | (3,782) |
| Payments to vendors | (204) | (112,159) | (112,363) |
| Payments for interfund services used | (42,662) | - | (42,662) |
| Loans to borrowers | (28,555) | - | (28,555) |
| Net cash provided/(used) by operating activities | <u>240,038</u> | <u>(112,159)</u> | <u>127,879</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers from other funds | 414,018 | - | 414,018 |
| Transfers to other funds | (484,000) | - | (484,000) |
| Net cash provide (used) by capital and related financing activities | <u>(69,982)</u> | <u>-</u> | <u>(69,982)</u> |
| Cash flows from investing activities: | | | |
| Interest received from investing | 37,900 | 327 | 38,227 |
| Net cash increase (decrease) in cash and cash equivalents | 207,956 | (111,832) | 96,124 |
| Cash and cash equivalents-July 1, 2016 | <u>3,863,517</u> | <u>111,832</u> | <u>3,975,349</u> |
| Cash and cash equivalents-June 30, 2017 | <u>\$ 4,071,473</u> | <u>\$ -</u> | <u>\$ 4,071,473</u> |
| Cash with City of Portland investment pool | <u>\$ 4,071,473</u> | <u>\$ -</u> | <u>\$ 4,071,473</u> |
| Total | <u>\$ 4,071,473</u> | <u>\$ -</u> | <u>\$ 4,071,473</u> |
| Reconciliation of operating income to net cash provided/(used) by operating activities: | | | |
| Net operating income(loss) | \$ 17,968 | \$ (32,336) | \$ (14,368) |
| Adjustments to reconcile net operating income to net cash provided/(used) by operating activities: | | | |
| Increase in due to City of Portland | - | (175,557) | (175,557) |
| Decrease in loans receivable | 222,070 | - | 222,070 |
| Decrease in due from other entities | - | 95,734 | 95,734 |
| Total adjustments | <u>222,070</u> | <u>(79,823)</u> | <u>142,247</u> |
| Net cash provided/(used) by operating activities | <u>\$ 240,038</u> | <u>\$ (112,159)</u> | <u>\$ 127,879</u> |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

ENTERPRISE LOANS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|---|-------------------------|------------------|---------------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for services- | | | | |
| Application fees and charges | \$ 2,483 | \$ 2,483 | \$ 5,021 | \$ 2,538 |
| Loan Collections- | | | | |
| Principal | 186,368 | 213,496 | 262,312 | 48,816 |
| Interest | 10,353 | 71,220 | 47,908 | (23,312) |
| Interest on investments | 8,066 | 8,066 | 40,834 | 32,768 |
| Total revenues | 207,270 | 295,265 | 356,075 | 60,810 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Economic development | 1,411,595 | 1,595,375 | 32,546 | 1,562,829 |
| Total community development | 1,411,595 | 1,595,375 | 32,546 | 1,562,829 |
| Contingency | 2,169,559 | 4,213,542 | - | 4,213,542 |
| Total expenditures | 3,581,154 | 5,808,917 | 32,546 | 5,776,371 |
| Excess (deficiency) of revenues over expenditures | (3,373,884) | (5,513,652) | 323,529 | 5,837,181 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in- | | | | |
| General Fund | 57,986 | 242,760 | 224,018 | (18,742) |
| Housing and Community Development Contract Fund | - | 190,000 | 190,000 | - |
| Total transfers in | 57,986 | 432,760 | 414,018 | (18,742) |
| Internal service reimbursements | (46,968) | (46,968) | (42,662) | 4,306 |
| Transfers out: | | | | |
| Housing and Community Development Fund | - | - | (484,000) | (484,000) |
| Total transfers out | - | - | (484,000) | (484,000) |
| Total other financing sources (uses) | 11,018 | 385,792 | (112,644) | (498,436) |
| Net change in fund balance | (3,362,866) | (5,127,860) | 210,885 | 5,338,745 |
| FUND BALANCE - July 1, 2016 | <u>3,362,866</u> | <u>5,127,860</u> | <u>3,872,498</u> | <u>(1,255,362)</u> |
| FUND BALANCE - June 30, 2017 | <u>\$ -</u> | <u>\$ -</u> | <u>4,083,383</u> | <u>\$ 4,083,383</u> |
| Adjustments to generally accepted accounting principles basis- | | | | |
| Loans receivable, net | | | 847,370 | |
| Interfund advances | | | 484,000 | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | <u>\$ 5,414,753</u> | |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

COMBINING SCHEDULE OF NET POSITION
FOR COMPONENTS OF THE ENTERPRISE LOANS FUND
June 30, 2017

| | 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 | \$ 799,999 | \$ 1,298,803 | \$ 1,255,044 | \$ 640,574 | \$ 77,052 | \$ 4,071,472 |
| Receivables: | | | | | | |
| Due from other funds | 308,000 | 176,000 | - | - | - | 484,000 |
| Loans, net | 114,079 | 132,539 | 15,694 | - | - | 262,312 |
| Interest | <u>2,333</u> | <u>3,832</u> | <u>3,588</u> | <u>1,926</u> | <u>232</u> | <u>11,911</u> |
| Total current assets | 1,224,411 | 1,611,174 | 1,274,326 | 642,500 | 77,284 | 4,829,695 |
| Noncurrent assets: | | | | | | |
| Loans receivable, net | <u>304,663</u> | <u>41,149</u> | <u>1,323</u> | <u>237,923</u> | <u>-</u> | <u>585,058</u> |
| Total noncurrent assets | <u>304,663</u> | <u>41,149</u> | <u>1,323</u> | <u>237,923</u> | <u>-</u> | <u>585,058</u> |
| Total assets | <u>1,529,074</u> | <u>1,652,323</u> | <u>1,275,649</u> | <u>880,423</u> | <u>77,284</u> | <u>5,414,753</u> |
| Net Position: | | | | | | |
| Unrestricted | <u>\$ 1,529,074</u> | <u>\$ 1,652,323</u> | <u>\$ 1,275,649</u> | <u>\$ 880,423</u> | <u>\$ 77,284</u> | <u>\$ 5,414,753</u> |

PROSPER PORTLAND
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, 2017

| | Small Business Loan Fund | Business Development Loan Fund | Working Capital Fund | NPI Opportunity Fund | Workforce Training/Hiring Fund | Total Enterprise Loans Fund |
|--|--------------------------------|--------------------------------------|-------------------------|----------------------------|--------------------------------------|-----------------------------------|
| OPERATING REVENUES: | | | | | | |
| Charges for services | \$ 3,007 | \$ 1,974 | \$ 40 | \$ - | \$ - | \$ 5,021 |
| Interest on loans | 23,902 | 11,732 | 558 | 11,721 | - | 47,913 |
| Miscellaneous revenues | 4,862 | 6,627 | 785 | - | - | 12,274 |
| Total operating revenues | 31,771 | 20,333 | 1,383 | 11,721 | - | 65,208 |
| OPERATING EXPENSES: | | | | | | |
| Personal services | 33,164 | 12,318 | 811 | 151 | - | 46,444 |
| Professional services | 162 | 48 | - | - | - | 210 |
| Financial assistance | - | - | - | 586 | - | 586 |
| Total operating expenses | 33,326 | 12,366 | 811 | 737 | - | 47,240 |
| Operating income (loss) | (1,555) | 7,967 | 572 | 10,984 | - | 17,968 |
| NON-OPERATING REVENUES (EXPENSE): | | | | | | |
| Interest on investment | 7,908 | 12,904 | 12,367 | 6,829 | 821 | 40,829 |
| Total non-operating revenues (expense) | 7,908 | 12,904 | 12,367 | 6,829 | 821 | 40,829 |
| Income (loss) before transfers | 6,353 | 20,871 | 12,939 | 17,813 | 821 | 58,797 |
| TRANSFERS | | | | | | |
| Transfers in | - | - | 99,018 | - | - | 99,018 |
| Total transfers | - | - | 99,018 | - | - | 99,018 |
| Change in net position | 6,353 | 20,871 | 111,957 | 17,813 | 821 | 157,815 |
| Net position - July 1, 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> |
| Net position - June 30, 2017 | <u>\$ 1,529,074</u> | <u>\$ 1,652,323</u> | <u>\$ 1,275,649</u> | <u>\$ 880,423</u> | <u>\$ 77,284</u> | <u>\$ 5,414,753</u> |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

ENTERPRISE MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|--|-------------------------|--------------|---------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for services- | | | | |
| Rental income | \$ 1,250,000 | \$ - | \$ - | \$ - |
| Interest on investments | - | 223 | 223 | - |
| Total revenues | 1,250,000 | 223 | 223 | - |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Housing | 1,250,000 | 32,336 | 32,336 | - |
| Total community development | 1,250,000 | 32,336 | 32,336 | - |
| Total expenditures | 1,250,000 | 32,336 | 32,336 | - |
| Excess (deficiency) of revenues over expenditures | - | (32,113) | (32,113) | - |
| Net change in fund balance | - | (32,113) | (32,113) | - |
| FUND BALANCE - July 1, 2016 | - | 32,113 | 32,113 | - |
| FUND BALANCE - June 30, 2017 | \$ - | \$ - | \$ - | \$ - |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

BUSINESS MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Rental income | \$ - | \$ - | \$ 15,931 | \$ 15,931 |
| Contractual service charges | - | 14,500,000 | 43,702 | (14,456,298) |
| Interest on investments | 69,541 | 69,541 | 63,650 | (5,891) |
| Miscellaneous: | | | | |
| Reimbursements | - | - | 24,395 | 24,395 |
| Sale of personal property | - | - | 14,498,213 | 14,498,213 |
| Other | - | 250,000 | 8,237 | (241,763) |
| Total revenues | 69,541 | 14,819,541 | 14,654,128 | (165,413) |
| EXPENDITURES | | | | |
| Property redevelopment | 98,200,000 | 85,490,000 | 82,173,768 | 3,316,232 |
| Economic development | - | 12,000 | 5,510 | 6,490 |
| Total community development | 98,200,000 | 85,502,000 | 82,179,278 | 3,322,722 |
| Contingency | 9,871,950 | 6,585,736 | - | 6,585,736 |
| Total expenditures | 108,071,950 | 92,087,736 | 82,179,278 | 9,908,458 |
| Excess (deficiency) of revenues over expenditures | (108,002,409) | (77,268,195) | (67,525,150) | 9,743,045 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Interfund loan | 98,200,000 | 70,600,000 | - | (70,600,000) |
| River District Urban Renewal Fund | - | - | 66,925,529 | 66,925,529 |
| Total transfers in | - | - | 66,925,529 | 66,925,529 |
| Interfund loan | (576,870) | (493,293) | - | 493,293 |
| Total other financing sources (uses) | 97,623,130 | 70,106,707 | 66,925,529 | (3,181,178) |
| Net change in fund balance | (10,379,279) | (7,161,488) | (599,621) | 6,561,867 |
| FUND BALANCE - July 1, 2016 | 10,379,279 | 7,161,488 | 7,161,488 | - |
| FUND BALANCE - June 30, 2017 | \$ - | \$ - | 6,561,867 | \$ 6,561,867 |
| Adjustments to generally accepted accounting principles basis- | | | | |
| Interfund advances | | | (69,951,421) | |
| Property held for sale | | | 70,201,392 | |
| FUND BALANCE - June 30, 2017 (GAAP BASIS) | | | \$ 6,811,838 | |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

RISK MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with |
|--|-------------------------|--------------|----------------|----------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Interest on investments | \$ 1,000 | \$ 1,000 | \$ 1,785 | \$ 785 |
| Total revenues | 1,000 | 1,000 | 1,785 | 785 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development: | | | | |
| Administration | 249,200 | 249,200 | 119,000 | 130,200 |
| Total community development | 249,200 | 249,200 | 119,000 | 130,200 |
| Contingency | - | 861 | - | 861 |
| Total expenditures | 249,200 | 250,061 | 119,000 | 131,061 |
| Excess (deficiency) of revenues over expenditures | (248,200) | (249,061) | (117,215) | 131,846 |
| Net change in fund balance | (248,200) | (249,061) | (117,215) | 131,846 |
| FUND BALANCE - July 1, 2016 | 248,200 | 249,061 | 249,061 | - |
| FUND BALANCE - June 30, 2017 | <u>-</u> | <u>-</u> | <u>131,846</u> | <u>131,846</u> |

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

**PROSPER PORTLAND
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, 2017

Governmental funds capital assets:

| | | |
|----------------------------|-----------|-------------------|
| Land | \$ | 16,011,711 |
| Buildings and improvements | | 23,083,400 |
| Leasehold improvements | | 3,849,502 |
| Equipment | | 1,155,937 |
| Intangible software | | 1,387,071 |
| Work in process | | 6,617,522 |
| Accumulated depreciation | | (6,988,744) |
| | <u>\$</u> | <u>45,116,399</u> |

Investment in governmental funds capital assets by source:

| | | |
|--------------------------|-----------|-------------------|
| General Fund | \$ | 2,543,008 |
| Capital Projects Funds | | 49,562,135 |
| Accumulated depreciation | | (6,988,744) |
| | <u>\$</u> | <u>45,116,399</u> |

This schedule presents only the capital assets balances related to governmental funds

**PROSPER PORTLAND
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, 2017**

| Function and Activity | Land (including WIP) | Buildings | Leasehold Improvements | Equipment | Software | Work in Process | Total |
|---|---------------------------------|---------------------------|-----------------------------------|------------------------|---------------------|----------------------------|----------------------------|
| Community development Revitalization Administration | \$ 16,011,711 - | \$ 23,083,400 - | \$ 3,849,502 - | \$ 1,155,937 - | \$ 1,387,071 - | \$ 6,617,522 - | \$ 45,712,633 6,392,510 |
| Total community development Less: accumulated depreciation | 16,011,711 - | 23,083,400 (2,185,476) | 3,849,502 (3,849,501) | 1,155,937 (953,767) | 1,387,071 - | 6,617,522 - | 52,105,143 (6,988,744) |
| Total governmental funds capital assets | <u>\$ 16,011,711</u> | <u>\$ 20,897,924</u> | <u>\$ 1</u> | <u>\$ 202,170</u> | <u>\$ 1,387,071</u> | <u>\$ 6,617,522</u> | <u>\$ 45,116,399</u> |

This schedule presents only the capital assets balances related to governmental funds

PROSPER PORTLAND
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, 2017

| Function and Activity | Governmental Capital Assets July 1, 2016 | Additions | Deductions | Governmental Capital Assets June 30, 2017 |
|---|---|----------------------|-------------------|--|
| Community development | | | | |
| Revitalization | \$ 13,303,324 | \$ 32,409,310 | \$ - | \$ 45,712,634 |
| Administration | 6,437,267 | (44,758) | - | 6,392,509 |
| Total community development | 19,740,591 | 32,364,552 | - | 52,105,143 |
| Less: accumulated depreciation | (6,369,288) | (619,456) | - | (6,988,744) |
| Total governmental funds capital assets | <u>\$ 13,371,303</u> | <u>\$ 31,745,096</u> | <u>\$ -</u> | <u>\$ 45,116,399</u> |

This schedule presents only the capital assets balances related to governmental funds

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND OREGON

SCHEDULE OF ACTIVITY OF REAL PROPERTY AND CAPITAL ASSETS
HELD BY THE COMMISSION
For The Fiscal Year Ended June 30, 2017

| Funding Source | Balance July 1, 2016 | Additions | Sales/ Adjustment | Balance June 30, 2017 |
|---|---------------------------------|------------------|------------------------------|----------------------------------|
| HELD FOR SALE ASSETS: | | | | |
| 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 |
| Total | <u>146,754</u> | <u>-</u> | <u>-</u> | <u>146,754</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>(251,456)</u> | <u>-</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) | - |
| 411 NW Flanders Unit 100 | 800,000 | - | - | 800,000 |
| 411 NW Flanders Parking (10 spaces) | 201,500 | - | (46,500) | 155,000 |
| Total | <u>1,171,570</u> | <u>-</u> | <u>(46,501)</u> | <u>1,125,069</u> |
| North Macadam Urban Renewal Fund: | | | | |
| South Waterfront Development | 2,244,152 | - | - | 2,244,152 |
| * 1852 SW River Dr-River Place Garage | 4,175,080 | - | (4,175,080) | - |
| Total | <u>6,419,232</u> | <u>-</u> | <u>(4,175,080)</u> | <u>2,244,152</u> |
| River District Urban Renewal Fund: | | | | |
| Union Station Parcels | - | - | - | - |
| NW Naito Parkway | 122,919 | - | - | 122,919 |
| Broadway Hoyt/Glisan/6th-Block R | 72,283 | - | - | 72,283 |
| 1362 NW Naito Prkwy-Centennial Mills | 2,650,000 | - | - | 2,650,000 |
| * 800 NW 6th Ave Parking Site-Block Y | 487,039 | - | (487,039) | - |
| 9th & Lovejoy-Station Place | 411,974 | - | (373,562) | 38,412 |
| * Station Place Garage | 9,281,563 | - | (9,281,563) | - |
| 4th & West Burnside | - | 1,201,636 | - | 1,201,636 |
| Union Station-Old Fire Station | 378,359 | 52,504 | - | 430,863 |
| US Postal Site | - | 4,221,486 | (18,950) | 4,202,536 |
| ** WIP US Postal Site | 4,219,259 | - | (4,219,259) | - |
| Total | <u>17,623,396</u> | <u>5,475,626</u> | <u>(14,380,373)</u> | <u>8,718,649</u> |
| South Park Blocks Urban Renewal Fund: | | | | |
| 5th & SW Montgomery St-PSU Carpool Lot | 2,712,809 | - | - | 2,712,809 |
| 401 SW Harrison St-Jasmine Tree | 747,045 | - | - | 747,045 |
| Total | <u>3,459,854</u> | <u>-</u> | <u>-</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>(5,647,754)</u> | <u>6,036,157</u> |
| Central Eastside Urban Renewal Fund: | | | | |
| * 240 NE MLK Blvd | 152,396 | - | (152,396) | - |
| ODOT Blocks | - | 2,845,000 | - | 2,845,000 |
| ** WIP ODOT Blocks | 132,808 | 49,191 | (181,999) | - |
| ** Clinton Triangle | 56,697 | - | - | 56,697 |
| Total | <u>341,901</u> | <u>2,894,191</u> | <u>(334,395)</u> | <u>2,901,697</u> |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND OREGON

SCHEDULE OF ACTIVITY OF REAL PROPERTY AND CAPITAL ASSETS
HELD BY THE COMMISSION
For The Fiscal Year Ended June 30, 2017

| Funding Source | Balance July 1, 2016 | Additions | Sales/ Adjustment | Balance June 30, 2017 |
|--|---------------------------------|-------------------|------------------------------|----------------------------------|
| 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 | - | (78,547) | 1,251,909 |
| 6116 SE 93rd-Davis Property | 94,311 | - | - | 94,311 |
| 5728 SE 91St & 5808 SE 91St-Rssn Church | 337,000 | 377,263 | (277,263) | 437,000 |
| 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-Rothinger | 73,899 | - | (73,899) | - |
| Total | 7,537,016 | 377,263 | (4,017,884) | 3,896,395 |
| 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) | - |
| 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 | 1,034,095 | - | - | 1,034,095 |
| * 2221 N Argyle St | 1,430,825 | - | (1,430,825) | - |
| Total | 6,517,097 | - | (5,483,002) | 1,034,095 |
| 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 | 4,068,519 | - | - | 4,068,519 |
| Airport Way Urban Renewal Fund: | | | | |
| Holman St | 5,000 | - | (5,000) | - |
| Cascade Station Lease Rights | 9,146,371 | - | (134,506) | 9,011,865 |
| Total | 9,151,371 | - | (139,506) | 9,011,865 |
| Business Management Fund | | | | |
| ** WIP Postal Site | 3,025,892 | - | (3,025,892) | - |
| Postal Site | - | 84,699,605 | (14,498,213) | 70,201,392 |
| Total | 3,025,892 | 84,699,605 | (17,524,105) | 70,201,392 |
| Total all HFS funds | 71,397,969 | 93,446,685 | (52,000,056) | 112,844,598 |
| NOT HELD FOR SALE ASSETS (CAPITAL ASSETS): | | | | |
| General Fund | | | | |
| South Auditorium Park Block C | 2 | - | - | 2 |
| Total | 2 | - | - | 2 |
| Downtown Waterfront Urban Renewal Area: | | | | |
| Union Station Parcels-South of Union St | 632,260 | - | - | 632,260 |
| Total | 632,260 | - | - | 632,260 |
| North Macadam Urban Renewal Fund: | | | | |
| * 1852 SW River Dr-River Place Garage | - | 4,175,080 | - | 4,175,080 |
| Total | - | 4,175,080 | - | 4,175,080 |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND OREGON
SCHEDULE OF ACTIVITY OF REAL PROPERTY AND CAPITAL ASSETS
HELD BY THE COMMISSION
For The Fiscal Year Ended June 30, 2017

| Funding Source | Balance July 1, 2016 | Additions | Sales/ Adjustment | Balance June 30, 2017 |
|--|---------------------------------|-----------------------|------------------------------|----------------------------------|
| River District Urban Renewal Fund: | | | | |
| Union Station Parcels | 6,864,652 | - | - | 6,864,652 |
| 511 NW Broadway-PNCA | 5,800,000 | - | - | 5,800,000 |
| * 800 NW 6th Ave Parking Site-Block Y | - | 487,039 | - | 487,039 |
| * Station Place Garage | - | 9,281,563 | - | 9,281,563 |
| Total | 12,664,652 | 9,768,602 | - | 22,433,254 |
| Convention Center Urban Renewal Fund: | | | | |
| ** Block 49 Parking Garage | - | 1,354,358 | - | 1,354,358 |
| * 1st/Multnomah /2nd/Holladay-Block 49 | - | 1,747,754 | - | 1,747,754 |
| * 420 Holladay St-Inn @ Convention Center | - | 3,900,000 | - | 3,900,000 |
| Total | - | 7,002,112 | - | 7,002,112 |
| Central Eastside Urban Renewal Fund: | | | | |
| * 240 NE MLK Blvd | - | 152,396 | - | 152,396 |
| Total | - | 152,396 | - | 152,396 |
| 9101 Foster LLC Fund: | | | | |
| ** WIP 9101 SE Foster RD-9101 Foster LLC | - | 5,263,165 | - | 5,263,165 |
| 9101 SE Foster RD-9101 Foster LLC | - | 829,000 | - | 829,000 |
| Total | - | 6,092,165 | - | 6,092,165 |
| Lents Town Center Urban Renewal Fund: | | | | |
| * 5716 SE 92nd Ave-Bakery Block | - | 2,151,149 | - | 2,151,149 |
| Total | - | 2,151,149 | - | 2,151,149 |
| Interstate Corridor Urban Renewal Fund: | | | | |
| 4500 N Albina-Albina Triangle | 6,410 | - | - | 6,410 |
| * 3620 NE MLK Blvd-Parking Lot | - | 61,888 | - | 61,888 |
| * 8411 N Denver Ave | - | 1,575,093 | - | 1,575,093 |
| * 2221 N Argyle St | - | 1,430,825 | - | 1,430,825 |
| Total | 6,410 | 3,067,806 | - | 3,074,216 |
| Total all NHFS funds | 13,303,324 | 26,317,145 | - | 45,712,634 |
| Total all real property assets | 84,701,293 | 119,763,830 | (52,000,056) | 158,557,232 |
| CAPITAL ASSETS: | | | | |
| Add: Equipment | 1,079,340 | 76,597 | - | 1,155,937 |
| Leasehold improvements Mason/Ehrman Bldg | 3,849,501 | - | - | 3,849,501 |
| Software | 1,508,425 | 56,486 | (177,840) | 1,387,071 |
| Accumulated depreciation-NHFS | (6,369,287) | (619,457) | - | (6,988,744) |
| Total Capital Assets | \$ 84,769,272 | \$ 119,277,456 | \$ (52,177,896) | \$ 157,960,997 |

* Represents properties transferred from property held for sale to properties not held for sale which resulted in a transfer of \$24,962,787.

** Represents work in process



PROSPER
PORTLAND

Building an Equitable Economy

Statistical
Section_____



PROSPER
PORTLAND

Building an Equitable Economy

STATISTICAL SECTION

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

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|--|-------------|
| Financial Trends | 115 |
| <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 | 119 |
| <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 | 123 |
| <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 | 126 |
| <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 | 137 |
| <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.

**PROSPER PORTLAND
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 | 2016-17 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 12,358,875 | \$ 12,404,855 | \$ 9,995,090 | \$ 9,602,690 | \$ 8,938,704 | \$ 8,754,072 | \$ 14,507,557 | \$ 14,279,722 | \$ 13,371,303 | \$ 45,116,399 |
| Restricted | 237,479,876 | 262,020,868 | 267,883,500 | 213,594,590 | 289,054,092 | 276,246,064 | 297,804,184 | 315,138,288 | 378,814,692 | 350,670,021 |
| Unrestricted | 3,283,081 | 4,943,550 | 1,527,725 | 3,689,822 | (2,559,951) | 1,956,432 | (3,165,527) | (1,068,467) | (3,749,511) | (11,754,702) |
| Total governmental activities net position | 253,121,832 | 279,369,273 | 279,406,315 | 226,887,092 | 295,432,845 | 286,956,568 | 309,146,214 | 328,349,543 | 388,436,484 | 384,031,718 |
| Business-type activities | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | - | 3,000,000 |
| Unrestricted | 16,409,376 | 17,024,863 | 12,782,861 | 3,398,793 | 3,572,176 | 3,620,905 | 7,289,181 | 7,263,709 | 12,450,539 | 9,226,591 |
| Total government | | | | | | | | | | |
| Net investment in capital assets | 12,358,875 | 12,404,855 | 9,995,090 | 9,602,690 | 8,938,704 | 8,754,072 | 14,507,557 | 14,279,722 | 13,371,303 | 45,116,399 |
| Restricted | 237,479,876 | 262,020,868 | 267,883,500 | 213,594,590 | 279,593,433 | 276,246,064 | 297,804,184 | 315,138,288 | 378,814,692 | 353,670,021 |
| Unrestricted | 19,692,457 | 21,968,413 | 14,310,586 | 7,088,615 | 933,496 | 5,577,337 | 4,123,654 | 6,195,242 | 8,701,028 | (2,528,111) |
| Total government net position | \$ 269,531,208 | \$ 296,394,136 | \$ 292,189,176 | \$ 230,285,885 | \$ 289,465,633 | \$ 290,577,473 | \$ 316,435,395 | \$ 335,613,252 | \$ 400,887,023 | \$ 396,258,309 |

(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

**PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

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

| | 2007-08 (as restated) ⁽¹⁾ | 2008-09 | 2009-10 | 2010-11 | 2011-12 (as restated) ⁽²⁾ | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|---|----------------|----------------|-----------------|---|----------------|---------------|---------------|---------------|----------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Community development | \$ 105,412,401 | \$ 103,984,411 | \$ 130,439,659 | \$ 156,412,909 | \$ 99,713,038 | \$ 101,248,381 | \$ 64,855,696 | \$ 68,554,896 | \$ 68,101,385 | \$ 149,834,069 |
| Business-type activities: | | | | | | | | | | |
| Enterprise loans | 8,105,250 | 9,936,353 | 10,450,636 | 10,621,790 | 375,805 | 214,579 | 79,814 | 365,839 | 63,104 | 47,240 |
| Enterprise management | - | - | 1,112,560 | 985,671 | 1,015,488 | 958,743 | 1,052,367 | 1,203,460 | 1,177,944 | 537,901 |
| Total expenses | 113,517,651 | 113,920,764 | 142,002,855 | 168,020,370 | 101,104,311 | 102,421,703 | 65,987,877 | 70,124,195 | 69,342,433 | 150,419,210 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | 5,322,051 | 4,609,577 | 5,423,765 | 3,984,188 | 3,291,192 | 4,047,062 | 8,735,696 | 5,957,476 | 23,012,140 | 10,736,238 |
| Operating grants and contributions | 12,007,140 | 9,537,786 | 17,538,107 | 7,262,870 | 7,170,821 | 7,970,747 | 7,641,493 | 9,146,999 | 16,566,689 | 8,308,635 |
| Total governmental activities program revenues | 17,329,191 | 14,147,363 | 22,961,872 | 11,247,058 | 10,462,013 | 12,017,809 | 16,377,389 | 15,104,475 | 39,578,839 | 19,046,873 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Enterprise Loans | 3,211,791 | 3,643,684 | 1,368,842 | 1,126,578 | 240,514 | 95,055 | 163,255 | 333,883 | 13,562 | 5,021 |
| Enterprise management | - | - | 931,113 | 932,367 | 977,933 | 1,118,228 | 6,836,340 | 1,093,796 | 5,114,402 | 59,633 |
| Operating grants and contributions | 6,365,519 | 6,840,790 | 6,747,695 | 200,092 | 200,000 | - | - | - | 871,000 | - |
| Total business-type activities program revenues | 9,577,310 | 10,484,474 | 9,047,650 | 2,259,037 | 1,418,447 | 1,213,283 | 6,999,595 | 1,427,679 | 5,998,964 | 64,654 |
| Total revenues | 26,906,501 | 24,631,837 | 32,009,522 | 13,506,095 | 11,880,460 | 13,231,092 | 23,376,984 | 16,532,154 | 45,577,803 | 19,111,527 |
| Net (expense)/revenue: | | | | | | | | | | |
| Governmental activities | (88,083,210) | (89,837,048) | (107,477,787) | (145,165,851) | (89,251,025) | (89,230,572) | (48,478,307) | (53,450,421) | (28,522,546) | (130,787,196) |
| Business-type activities | 9,577,310 | 10,484,474 | (2,515,546) | (9,348,424) | 27,174 | 39,961 | 5,867,414 | (141,620) | 4,757,916 | (520,487) |
| Total net expenses | (78,505,900) | (79,352,574) | (109,993,333) | (154,514,275) | (89,223,851) | (89,190,611) | (42,610,893) | (53,592,041) | (23,764,630) | (131,307,683) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Tax-increment debt proceeds | 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 | 91,394,288 |
| (in lieu of tax-increment revenue) | - | - | - | - | - | - | - | - | - | 17,372,202 |
| City of portland debt proceeds for operations | 2,489,775 | 2,872,087 | 1,190,507 | 664,618 | 525,565 | 675,546 | 838,080 | 1,076,076 | 1,711,929 | 2,246,957 |
| Unrestricted investment income | 2,627,665 | 7,920,829 | 14,769,846 | 6,644,825 | 23,543,906 | 6,724,318 | 5,966,992 | 17,423,499 | 4,972,873 | 15,468,001 |
| Miscellaneous | - | - | - | - | - | - | 5,800,000 | - | - | - |
| Special Item - Historic Monument | - | - | - | - | - | - | 2,227,027 | (79,621) | (138,203) | (99,018) |
| Transfer 511 NW Broadway | (137,742) | 37,000 | 1,776,314 | 50,000 | (60,000) | - | 74,550,210 | 72,653,750 | 88,609,487 | 126,382,430 |
| Transfers | 110,909,353 | 116,084,489 | 107,514,829 | 92,646,628 | 157,796,778 | 80,754,295 | - | - | - | - |
| Total governmental activities | 130,594 | 74,339 | 49,858 | 14,356 | 7,480 | 8,768 | 27,889 | 36,527 | 102,954 | 152,615 |
| Business-type activities: | | | | | | | | | | |
| Miscellaneous | - | 30,027 | - | - | 78,729 | - | - | - | 187,757 | 44,906 |
| Transfers | 137,742 | (37,000) | (1,776,314) | (50,000) | 60,000 | - | (2,227,027) | 79,621 | 138,203 | 99,018 |
| Total business-type activities | 268,336 | 67,366 | (1,726,456) | (35,644) | 146,209 | 8,768 | (2,199,138) | 116,148 | 428,914 | 296,539 |
| Total | 111,177,689 | 116,151,855 | 105,788,373 | 92,610,984 | 157,942,987 | 80,763,063 | 72,351,072 | 72,769,898 | 89,038,401 | 126,678,969 |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities | 22,826,143 | 26,247,441 | 37,042 | (52,519,223) | 68,545,753 | (8,476,277) | 26,071,903 | 19,203,329 | 60,086,941 | (4,404,766) |
| Business-type activities | 9,845,646 | 10,551,840 | (4,242,002) | (9,384,068) | 173,383 | 48,729 | 3,668,276 | (25,472) | 5,186,830 | (223,948) |
| Total | \$ 32,671,789 | \$ 36,799,281 | \$ (4,204,960) | \$ (61,903,291) | \$ 68,719,136 | \$ (8,427,548) | \$ 29,740,179 | \$ 19,177,857 | \$ 65,273,771 | \$ (4,628,714) |

(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

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Unaudited)

| | Fiscal Year | | | | | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|---|----------------|----------------|----------------|----------------|----------------|
| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 (as restated) ⁽¹⁾ | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| General Fund | | | | | | | | | | |
| Non-spendable | \$ 466,175 | \$ 569,765 | \$ 673,358 | \$ 1,042,036 | \$ 1,028,551 | \$ 1,105,962 | \$ 806,471 | \$ 859,630 | \$ 302,609 | \$ 247,518 |
| Assigned | - | - | - | 3,069,788 | 2,397,106 | 2,923,994 | 1,936,241 | 902,616 | 1,472,560 | 1,321,306 |
| Unassigned | 2,789,504 | 4,391,564 | 4,632,922 | 1,010,040 | 751,723 | - | (19,680) | 535,759 | - | - |
| Total general fund | \$ 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 | \$ 1,568,824 |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$ 174,306,280 | \$ 182,333,262 | \$ 187,587,202 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, report in: | | | | | | | | | | |
| Special revenue funds | 747,264 | 371,923 | 1,070,851 | - | - | - | - | - | - | - |
| Capital projects funds | 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 | 6,033,781 |
| Capital projects funds | - | - | - | 216,899,188 | 294,017,822 | 282,480,872 | 303,782,402 | 317,270,005 | 380,278,386 | 386,718,687 |
| Unassigned | | | | | | | | | | |
| Special revenue funds | - | - | - | - | - | - | - | - | - | (6,150,877) |
| Total all other government funds | \$ 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 | \$ 386,601,591 |

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

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Unaudited)

| | Fiscal Year | | | | | | | | | |
|---|----------------|---------------|---------------|-----------------------|---|----------------|---------------|---------------|---------------|--------------|
| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 (as restated) ⁽²⁾ | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| Revenues | | | | | | | | | | |
| Intergovernmental revenues | \$ 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 | \$ 8,308,635 |
| Charges for services | 2,206,948 | 1,525,351 | 1,914,924 | 1,764,096 | 1,656,729 | 4,047,062 | 8,735,896 | 5,957,476 | 23,012,140 | 10,738,238 |
| Loan collections | 3,115,103 | 3,084,226 | 3,508,841 | 1,010,555 | 1,238,233 | 1,267,886 | 1,241,522 | 5,169,226 | 2,550,478 | 3,448,954 |
| Interest on investments | 2,471,816 | 2,861,153 | 1,186,801 | 662,945 | 523,907 | 674,321 | 836,822 | 1,074,653 | 1,710,068 | 2,267,507 |
| City of Portland debt issued operations | - | - | - | - | - | - | - | - | 6,878,755 | 17,372,202 |
| Miscellaneous | 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 | 11,956,501 |
| Tax-increment debt proceeds (in lieu of tax-increment revenue) | 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 | 91,394,288 |
| Total revenues | 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 | 145,486,325 |
| Expenditures | | | | | | | | | | |
| Community development | 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 | 73,538,917 |
| Capital outlay for urban renewal | 25,019,143 | 36,518,711 | 35,237,650 | 45,311,897 | 17,166,817 | 34,530,496 | 15,100,936 | 8,110,216 | 14,865,593 | 32,665,931 |
| Financial assistance | 33,887,263 | 28,597,158 | 49,840,026 | 45,947,640 | 16,871,782 | 12,297,219 | 22,467,023 | 21,920,157 | 10,469,685 | 31,513,955 |
| Capital outlay | - | - | - | - | - | 112,468 | 373,615 | 241,008 | 406,187 | 6,755,078 |
| Debt service - | - | - | - | - | - | - | - | - | - | - |
| Interest | 89,250 | - | 38,927 | 727,463 | - | - | - | - | - | - |
| Total expenditures | 97,088,034 | 102,624,855 | 127,478,038 | 155,886,397 | 95,160,961 | 99,525,517 | 70,518,827 | 72,203,155 | 65,614,208 | 144,473,881 |
| Excess of revenues over (under) expenditures | 31,270,293 | 27,559,063 | 549,212 | (53,253,921) | 72,761,942 | (6,754,639) | 17,828,632 | 13,174,574 | 62,693,219 | 1,012,444 |
| Other financing sources (uses) | | | | | | | | | | |
| Internal service reimbursements | - | - | 569,901 | - | - | - | - | - | - | - |
| Transfers in | 4,581,453 | 19,923,389 | 16,001,799 | 50,000 ⁽¹⁾ | 135,000 | - | 2,785,306 | 306,267 | - | - |
| Transfers out | (4,719,195) | (19,886,389) | (14,225,485) | - | (195,000) | - | (556,279) | (385,888) | (138,203) | (99,019) |
| Total other financing sources (uses) | (137,742) | 37,000 | 2,346,215 | 50,000 | (60,000) | - | 2,227,027 | (79,621) | (138,203) | (99,019) |
| Net change in fund balances | \$ -31,132,551 | \$ 27,596,063 | \$ 2,895,427 | \$ (53,203,921) | \$ 72,701,942 | \$ (6,754,639) | \$ 20,055,659 | \$ 13,094,953 | \$ 62,555,016 | \$ 913,426 |

- (1) 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.
(2) Implementation of GASB Statement No. 65 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

PROSPER PORTLAND
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 |
|--------------------|------------------------------------|-----------------------------|--|--------------------------|---------------------------|-------------------------------|---|----------------------------|
| 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 ⁽²⁾ |
| 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 ⁽³⁾ |
| 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 ⁽⁵⁾ | 14,989,913 | 1,774,970 | 12,019,278 ⁽⁴⁾ | - | 82,062,888 | 149,509,847 |
| 2016-17 | 8,308,635 | 10,760,230 | 23,822,421 | 2,862,402 | 43,643,995 ⁽⁶⁾ | - | 91,394,288 | 180,791,971 |

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

(1) Interest earned on loans is included in Loan Collections.

(2) Increase was due to bonds issued for Downtown Waterfront urban renewal area.

(3) Internal service reimbursements were reclassified to a transfer.

(4) 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.

(5) Increase due to Pioneer Square settlement and return of TIF funds from Multnomah County

(6) Increase due to proceeds from debt issued on our behalf from CoP

PROSPER PORTLAND
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 |
|------------------------|------------------------------|-----------------------------------|---|---------------------------------|-------------------------|--------------|
| 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 ⁽²⁾ | 36,771,943 | 66,245,765 | 8,467,384 | 156,641,863 |
| 2010-11 | 17,904,488 | 49,598,814 ⁽³⁾ | 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 ⁽⁴⁾ | 24,370,157 | - | 85,555,353 |
| 2016-17 | 11,773,156 | 61,624,590 | 93,273,152 ⁽⁵⁾ | 58,664,156 | - | 225,335,054 |

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

- (1) Includes both expenditures for capital outlay and purchases of properties held for sale.
- (2) Decrease due to reclass of internal service charges being classified as interfund transfer.
- (3) Increase due principally to reimbursement payments to Portland Housing Bureau.
- (4) 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.
- (5) Post office purchase

PROSPER PORTLAND
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⁽⁹⁾ | Multnomah County ESD | Subtotal | City of Portland Urban Renewal⁽¹⁾ |
|--------------------|-------------------------|--|-------------------------|-------------------------|-------------------------------|--|-----------------------------|-----------------|---|
| 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 | - | 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 |
| 2016-17 | 4.3934 | 1.1800 | 7.9705 | 0.0701 | 0.3970 | - | 0.4576 | 14.4686 | 0.2405 |

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 beginning 2012-13*
- (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 | 5.8887 | 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 | 0.5855 | 0.4917 |
| 8.3304 | 5.8333 | 6.0517 | 6.4207 | 0.1000 | 0.0750 | 0.6785 | 0.4917 |

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

URBAN RENEWAL AND REDEVELOPMENT BONDS
FUTURE BOND PRINCIPAL REQUIREMENTS

As of June 30, 2017
(Unaudited)

| Fiscal Year | Airport Way Urban Renewal Bonds | Downtown | | Downtown Waterfront | | Interstate Corridor Urban Renewal Bonds | | Interstate Corridor Urban Renewal Bonds | | 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 | |
|--------------|---------------------------------------|----------------------|----------------------|------------------------|----------------------|---|----------------------|---|----------------------|---|----------------------|--|----------------------|---|----------------------|---|----------------------|--|----------------------|---|----------------------|
| | | 2008 | | 2011 | | 2015 | | 2011 | | 2011 | | 2012 | | 2008 | | 2010 | | 2011 | | 2010 | |
| | | Series A | Series A | Series A | Series A | Series A | Series A | Series A & B | Series B | Series B | Series B | Series A, B & C | Series A & B | Series A & B | Series A & B | Series A & B | Series A & B | Series A & B | Series A & B | Series A & B | Series A & B |
| 2017-18 | 4,974,400 | 2,390,000 | 4,430,000 | 1,480,000 | 1,790,000 | 1,790,000 | 1,790,000 | 1,790,000 | 4,335,000 | - | - | 5,070,000 | 5,070,000 | 5,070,000 | 1,510,000 | 1,205,000 | 1,205,000 | 1,205,000 | 1,205,000 | 2,740,000 | 2,885,000 |
| 2018-19 | 5,047,300 | 2,520,000 | 4,645,000 | 1,555,000 | 1,875,000 | 1,875,000 | 1,875,000 | 1,875,000 | 4,550,000 | - | - | 5,290,000 | 5,290,000 | 8,690,000 | 1,595,000 | 1,270,000 | 1,270,000 | 1,345,000 | 1,345,000 | 3,040,000 | 3,205,000 |
| 2019-20 | 5,118,900 | 2,680,000 | 4,880,000 | 1,630,000 | 1,965,000 | 1,965,000 | 1,965,000 | 1,965,000 | 4,780,000 | 500,000 | 500,000 | 5,490,000 | 5,490,000 | 5,845,000 | 1,690,000 | 1,345,000 | 1,345,000 | 1,425,000 | 1,425,000 | 3,205,000 | 3,380,000 |
| 2020-21 | - | 5,415,000 | - | 1,710,000 | 2,065,000 | 2,065,000 | 2,065,000 | 2,065,000 | - | 14,075,000 | 14,075,000 | 5,735,000 | 5,735,000 | 4,060,000 | 1,785,000 | 1,490,000 | 1,490,000 | 1,490,000 | 1,490,000 | 3,525,000 | 3,655,000 |
| 2021-22 | - | 5,760,000 | - | 1,800,000 | 2,175,000 | 2,175,000 | 2,175,000 | 2,175,000 | - | 14,600,000 | 14,600,000 | 5,985,000 | 5,985,000 | 4,265,000 | 1,900,000 | 1,555,000 | 1,555,000 | 1,555,000 | 1,555,000 | 3,840,000 | 3,995,000 |
| 2022-23 | - | 6,120,000 | - | 1,890,000 | 2,315,000 | 2,315,000 | 2,315,000 | 2,315,000 | - | 15,165,000 | 15,165,000 | 6,235,000 | 6,235,000 | 4,480,000 | 2,015,000 | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 | 4,320,000 | 4,500,000 |
| 2023-24 | - | 7,000,000 | - | 1,980,000 | 2,460,000 | 2,460,000 | 2,460,000 | 2,460,000 | - | 15,775,000 | 15,775,000 | 2,165,000 | 2,165,000 | 8,040,000 | 2,145,000 | 1,870,000 | 1,870,000 | 1,870,000 | 1,870,000 | 4,725,000 | - |
| 2024-25 | - | - | - | 2,080,000 | 2,615,000 | 2,615,000 | 2,615,000 | 2,615,000 | - | 9,645,000 | 9,645,000 | 2,255,000 | 2,255,000 | - | 2,275,000 | 1,780,000 | 1,780,000 | 1,780,000 | 1,780,000 | - | - |
| 2025-26 | - | - | - | - | 2,760,000 | 2,760,000 | 2,760,000 | 2,760,000 | - | - | - | 2,350,000 | 2,350,000 | - | 2,390,000 | 1,870,000 | 1,870,000 | 1,870,000 | 1,870,000 | - | - |
| 2026-27 | - | - | - | - | 2,940,000 | 2,940,000 | 2,940,000 | 2,940,000 | - | - | - | 2,465,000 | 2,465,000 | - | 2,500,000 | 1,960,000 | 1,960,000 | 1,960,000 | 1,960,000 | - | - |
| 2027-28 | - | - | - | - | 3,085,000 | 3,085,000 | 3,085,000 | 3,085,000 | - | - | - | 2,570,000 | 2,570,000 | - | 2,625,000 | 2,060,000 | 2,060,000 | 2,060,000 | 2,060,000 | - | - |
| 2028-29 | - | - | - | - | 3,230,000 | 3,230,000 | 3,230,000 | 3,230,000 | - | - | - | 2,700,000 | 2,700,000 | - | 2,755,000 | 2,165,000 | 2,165,000 | 2,165,000 | 2,165,000 | - | - |
| 2029-30 | - | - | - | - | 3,390,000 | 3,390,000 | 3,390,000 | 3,390,000 | - | - | - | 2,835,000 | 2,835,000 | - | 2,885,000 | 2,280,000 | 2,280,000 | 2,280,000 | 2,280,000 | - | - |
| 2030-31 | - | - | - | - | 3,560,000 | 3,560,000 | 3,560,000 | 3,560,000 | - | - | - | 2,985,000 | 2,985,000 | - | - | - | - | - | - | - | - |
| 2031-32 | - | - | - | - | - | - | - | - | - | - | - | 3,130,000 | 3,130,000 | - | - | - | - | - | - | - | - |
| Total | \$ 15,140,600 | \$ 31,885,000 | \$ 13,955,000 | \$ 14,125,000 | \$ 36,245,000 | \$ 36,245,000 | \$ 36,245,000 | \$ 36,245,000 | \$ 13,665,000 | \$ 69,760,000 | \$ 69,760,000 | \$ 57,240,000 | \$ 57,240,000 | \$ 40,450,000 | \$ 28,070,000 | \$ 23,730,000 | \$ 23,730,000 | \$ 23,730,000 | \$ 23,730,000 | \$ 47,960,000 | \$ 47,960,000 |

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.

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

URBAN RENEWAL AND REDEVELOPMENT BONDS
FUTURE BOND INTEREST REQUIREMENTS

As of June 30, 2017
(Unaudited)

| Fiscal Year | Airport Way Urban Renewal Bonds | | Downtown Waterfront Urban Renewal Bonds | | Downtown Waterfront Urban Renewal Bonds | | Interstate Corridor Urban Renewal Bonds | | Interstate Corridor Urban Renewal Bonds | | Convention Center Urban Renewal Bonds | | 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 | |
|-------------|---------------------------------|--------------|---|--------------|---|---------------|---|---------------|---|--------------|---------------------------------------|---------------|---------------------------------------|----------------------|------------------------------------|----------------------|--------------------------------------|-------|---------------------------------------|-------|--------------------------------------|-------|-----------------------------------|--|
| | 2015 Series A | Bonds | 2008 Series A | Bonds | 2011 Series A | Bonds | 2015 Series A | Bonds | 2011 Series A & B | Bonds | 2011 Series B | 2012 Series A | Bonds | 2012 Series A, B & C | 2012 Series A, B & C | 2012 Series A, B & C | 2008 Series A & B | Bonds | 2010 Series A & B | Bonds | 2011 Series A & B | Bonds | 2010 Series A & B | |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| 2017-18 | 208,940 | | 1,986,289 | 686,250 | | 1,948,517 | 706,250 | | 683,250 | | 683,250 | 2,792,917 | | 2,792,917 | 2,546,720 | | 2,111,093 | | 1,522,086 | | 1,199,660 | | 2,225,016 | |
| 2018-19 | 140,294 | | 1,858,185 | 464,750 | | 1,865,747 | 632,250 | | 466,500 | | 466,500 | 2,792,917 | | 2,792,917 | 2,325,793 | | 1,805,322 | | 1,434,747 | | 1,132,963 | | 2,077,769 | |
| 2019-20 | 70,641 | | 1,699,425 | 232,500 | | 1,772,484 | 554,500 | | 239,000 | | 239,000 | 2,792,917 | | 2,792,917 | 2,125,132 | | 1,334,500 | | 1,342,493 | | 1,059,989 | | 1,922,729 | |
| 2020-21 | - | | 1,530,585 | - | | 1,670,815 | 473,000 | | - | | - | 2,774,802 | | 2,774,802 | 1,878,047 | | 1,042,250 | | 1,244,743 | | 978,671 | | 1,759,359 | |
| 2021-22 | - | | 1,189,440 | - | | 1,560,875 | 387,500 | | - | | - | 2,250,790 | | 2,250,790 | 1,653,858 | | 839,250 | | 1,132,574 | | 912,125 | | 1,580,712 | |
| 2022-23 | - | | 826,560 | - | | 1,423,980 | 297,500 | | - | | - | 1,685,332 | | 1,685,332 | 1,380,069 | | 626,000 | | 1,013,178 | | 848,800 | | 1,439,188 | |
| 2023-24 | - | | 441,000 | - | | 1,278,274 | 203,000 | | - | | - | 1,075,244 | | 1,075,244 | 1,089,535 | | 402,000 | | 886,555 | | 780,769 | | 1,307,000 | |
| 2024-25 | - | | - | - | | 1,123,442 | 104,000 | | - | | - | 416,953 | | 416,953 | 1,000,121 | | - | | 756,238 | | 705,613 | | 1,124,250 | |
| 2025-26 | - | | - | - | | 958,854 | - | | - | | - | - | | - | 903,607 | | - | | 642,488 | | 624,863 | | 970,650 | |
| 2026-27 | - | | - | - | | 802,538 | - | | - | | - | - | | - | 788,700 | | - | | 527,738 | | 535,863 | | 810,850 | |
| 2027-28 | - | | - | - | | 655,538 | - | | - | | - | - | | - | 677,950 | | - | | 402,738 | | 442,362 | | 644,850 | |
| 2028-29 | - | | - | - | | 509,000 | - | | - | | - | - | | - | 549,450 | | - | | 275,113 | | 344,362 | | 461,250 | |
| 2029-30 | - | | - | - | | 347,500 | - | | - | | - | - | | - | 414,450 | | - | | 144,250 | | 236,212 | | 236,250 | |
| 2030-31 | - | | - | - | | 178,000 | - | | - | | - | - | | - | 272,700 | | - | | - | | 122,550 | | - | |
| 2031-32 | - | | - | - | | - | - | | - | | - | - | | - | 125,200 | | - | | - | | - | | - | |
| Total | \$ 419,875 | \$ 9,531,484 | \$ 1,383,500 | \$ 3,358,000 | \$ 16,095,564 | \$ 16,581,872 | \$ 17,731,332 | \$ 11,324,941 | \$ 8,160,415 | \$ 9,924,802 | \$ 16,559,873 | | | | | | | | | | | | | |

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.

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

URBAN RENEWAL INDEBTEDNESS SUMMARY
As of June 30, 2017
In Millions
(Unaudited)

| Urban Renewal Area | Maximum Indebtedness | Indebtedness Issued as of 06/30/17 | Indebtedness Remaining as of 06/30/17 | Projected Indebtedness to Be Issued | Last Date to Issue Long Term Debt |
|--|----------------------|------------------------------------|---------------------------------------|-------------------------------------|-----------------------------------|
| Airport Way | \$72.6 | \$72.6 | \$0.0 | \$0.0 | May 2011 |
| Central Eastside | \$126.0 | \$104.0 | \$22.0 | \$22.0 | August 2023 |
| Convention Center | \$167.5 | \$167.5 | \$0.0 | \$0.0 | June 2013 |
| Downtown Waterfront | \$165.0 | \$165.0 | \$0.0 | \$0.0 | April 2008 |
| Gateway | \$164.2 | \$51.0 | \$113.2 | \$48.6 | June 2022 |
| Interstate Corridor | \$335.0 | \$212.3 | \$122.7 | \$122.7 | N/A |
| Lents Town Center | \$245.0 | \$146.1 | \$98.9 | \$91.9 | June 2020 |
| Neighborhood Prosperity Initiative (6) | \$7.5 | \$2.1 | \$5.4 | \$5.4 | N/A |
| North Macadam | \$288.6 | \$147.7 | \$140.9 | \$140.9 | June 2025 |
| River District | \$489.5 | \$405.4 | \$84.1 | \$84.1 | June 2021 |
| South Park Blocks | \$143.6 | \$112.0 | \$31.6 | \$0.0 | July 2008 |

Notes:

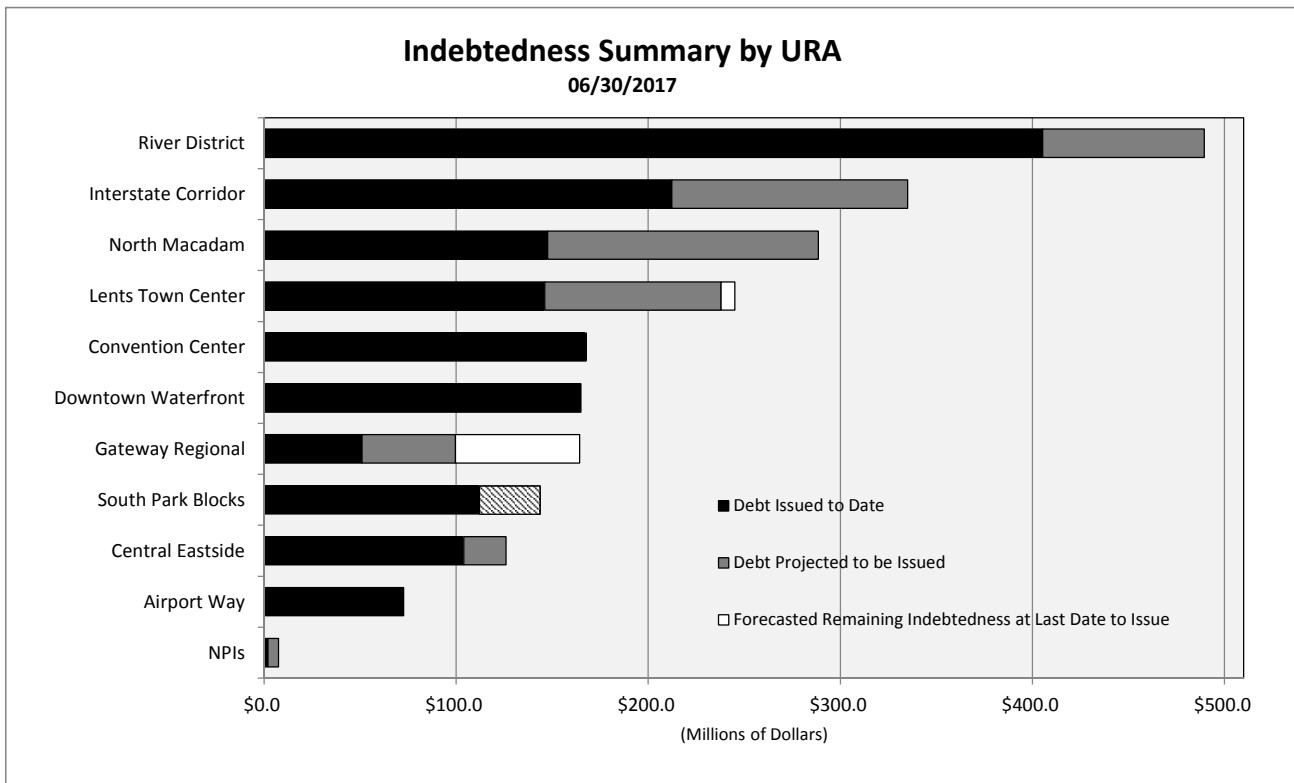
1,587,935,205

618,913,863

515,657,665

103,256,198

- (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.



PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

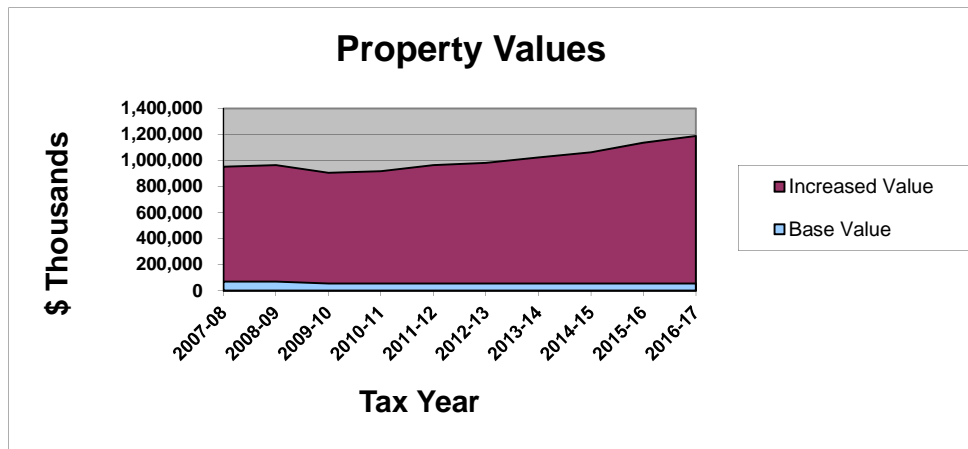
NEIGHBORHOOD PROSPERITY INITIATIVE URBAN RENEWAL FUND
PROPERTY VALUES, TAX INCREMENT
For The Last Ten Fiscal Years Or Since Inception
(Unaudited)

| | 42nd Ave NPI District | 82nd Ave NPI District | Cully Blvd NPI District | Division- Midway NPI District | Parkrose NPI District | Rosewood NPI District |
|-------------------------------------|----------------------------------|----------------------------------|------------------------------------|--|----------------------------------|----------------------------------|
| <i>Frozen Base</i> | | | | | | |
| 2013-14 | \$ 83,203,598 | \$ 83,686,505 | \$ 83,187,490 | \$ 82,343,462 | \$ 85,053,706 | \$ 81,232,730 |
| 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 |
| 2016-17 | 83,203,598 | 83,686,505 | 83,187,490 | 82,343,462 | 85,053,706 | 81,232,730 |
| <i>Excess Value Used</i> | | | | | | |
| 2013-14 | \$ 3,723,747 | \$ 49,055 | \$ 4,870,550 | \$ 2,520,678 | \$ - | \$ 3,353,630 |
| 2014-15 | 7,768,582 | 4,352,305 | 8,907,120 | 8,166,278 | 3,050,294 | 5,974,000 |
| 2015-16 | 2,152,071 | 3,758,446 | 2,942,349 | 878,088 | 2,776,723 | 2,193,052 |
| 2016-17 | 6,779,639 | 5,959,886 | 6,796,865 | 6,292,173 | 5,889,740 | 8,493,867 |
| <i>Excess Value Not Used</i> | | | | | | |
| 2013-14 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2014-15 | - | - | - | - | - | - |
| 2015-16 | 8,863,101 | 2,798,799 | 9,350,151 | 9,161,980 | 4,081,721 | 7,303,428 |
| 2016-17 | 8,402,453 | 3,443,809 | 9,013,315 | 6,233,265 | 6,557,924 | 3,174,913 |
| <i>Total Plan Area Value</i> | | | | | | |
| 2013-14 | \$ 86,927,345 | 83,735,560 | \$ 88,058,040 | \$ 84,864,140 | \$ 84,535,040 | \$ 83,459,135 |
| 2014-15 | 90,972,180 | 88,038,810 | 92,094,610 | 90,509,740 | 88,104,000 | 87,206,730 |
| 2015-16 | 94,218,770 | 90,243,750 | 95,479,990 | 92,383,530 | 91,912,150 | 90,729,210 |
| 2016-17 | 98,385,690 | 93,090,200 | 98,997,670 | 94,868,900 | 97,501,370 | 92,901,510 |
| <i>Taxes Imposed</i> | | | | | | |
| 2013-14 | \$ 41,899 | \$ - | \$ 69,800 | \$ 36,985 | \$ - | \$ 40,848 |
| 2014-15 | 109,627 | 59,635 | 134,183 | 129,370 | 39,831 | 89,720 |
| 2015-16 | 20,601 | 42,059 | 37,359 | 4,316 | 40,970 | 22,157 |
| 2016-17 | 94,997 | 90,043 | 94,997 | 103,144 | 92,970 | 136,102 |
| <i>Measure 5 Loss</i> | | | | | | |
| 2013-14 | \$ 4,216 | \$ - | \$ 7,038 | \$ 5,439 | \$ - | \$ 6,379 |
| 2014-15 | 8,359 | 4,531 | 10,216 | 12,959 | 4,175 | 9,675 |
| 2015-16 | 1,105 | 2,361 | 2,110 | 318 | 3,188 | 1,754 |
| 2016-17 | 4,488 | 4,271 | 4,488 | 4,728 | 6,353 | 7,017 |

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. As such, there is no housing data.

PROSPER PORTLAND
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⁾ |
|----------|-------------------------|------------|-----------------|---|
| 2007-08 | 21.30 | 70,866,644 | 881,338,267 | 7,315,259 |
| 2008-09 | 20.76 | 70,866,644 | 893,495,927 | 7,344,233 |
| 2009-10 | 21.37 | 55,674,313 | 850,698,640 | 7,288,146 |
| 2010-11 | 21.30 | 55,674,313 | 863,116,692 | 7,193,407 |
| 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 | 967,422,027 | 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 |
| 2016-17 | 20.67 | 55,674,313 | 1,132,664,663 | 7,324,037 |

Source: Multnomah County Division of Assessment and Taxation

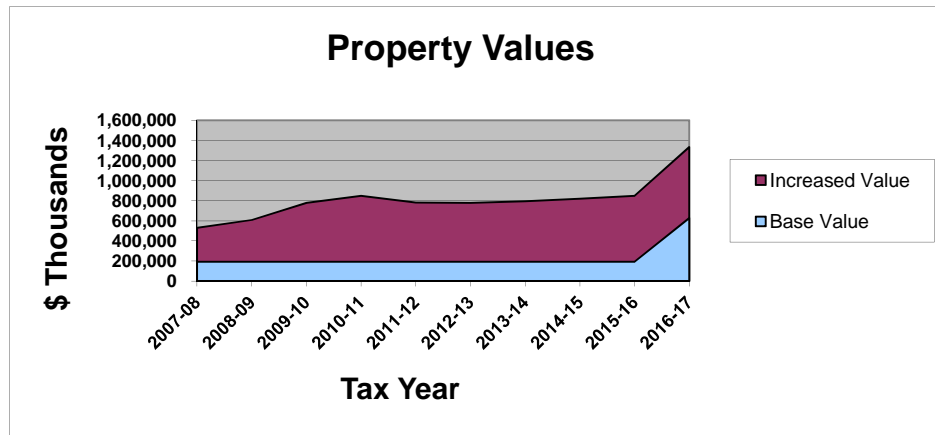
| | URA | | Portland | |
|-------------------------------|-----------------|-------------------|-----------------|-------------------|
| | Current 2016 | Projected 2021 | Current 2016 | Projected 2021 |
| Population | 3,841 | 3,998 | 620,560 | 655,843 |
| Per Capita Income | \$ 31,366 | \$ 34,049 | \$ 33,116 | \$ 36,242 |
| Total Housing Units | 2,615 | 2,666 | 278,917 | 292,702 |
| Owner Occupied Housing Units | 309 | 325 | 130,533 | 136,985 |
| Renter Occupied Housing Units | 2,173 | 2,269 | 131,091 | 138,448 |

Source: The 2016/2021 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 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 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.

PROSPER PORTLAND
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⁾ |
|----------|-------------------------|-------------|-----------------|---|
| 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 |
| 2016-17 | 20.70 | 628,094,444 | 706,794,276 | 13,972,086 |

Source: Multnomah County Division of Assessment and Taxation

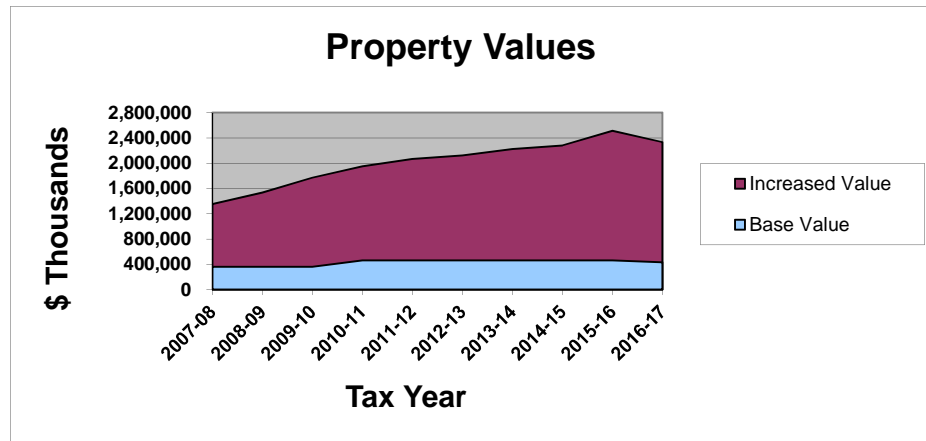
| | URA | | Portland | |
|-------------------------------|--------------|----------------|--------------|----------------|
| | Current 2016 | Projected 2021 | Current 2016 | Projected 2021 |
| Population | 5,650 | 6,287 | 620,560 | 655,843 |
| Per Capita Income \$ | 59,166 | \$ 66,504 | \$ 33,116 | \$ 36,242 |
| Total Housing Units | 4,122 | 4,482 | 278,917 | 292,702 |
| Owner Occupied Housing Units | 1,035 | 1,143 | 130,533 | 136,985 |
| Renter Occupied Housing Units | 2,440 | 2,689 | 131,091 | 138,448 |

Source: The 2016/2021 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 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 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.

PROSPER PORTLAND
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⁾ |
|----------|-------------------------|-------------|-----------------|---|
| 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 |
| 2016-17 | 19.81 | 432,292,135 | 1,900,139,920 | 37,649,099 |

Source: Multnomah County Division of Assessment and Taxation

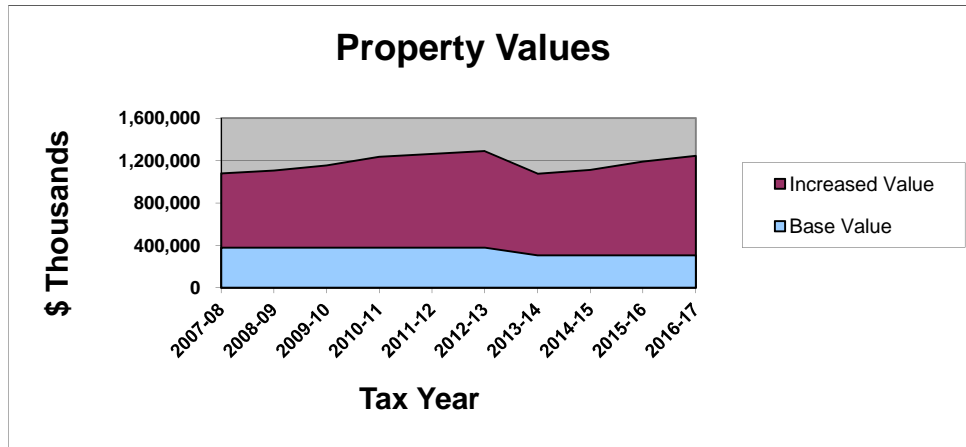
| | URA | | Portland | |
|-------------------------------|-----------------|-------------------|-----------------|-------------------|
| | Current 2016 | Projected 2021 | Current 2016 | Projected 2021 |
| Population | 6,045 | 6,655 | 620,560 | 655,843 |
| Per Capita Income | \$ 55,058 | \$ 62,645 | \$ 33,116 | \$ 36,242 |
| Total Housing Units | 4,525 | 4,817 | 278,917 | 292,702 |
| Owner Occupied Housing Units | 932 | 968 | 130,533 | 136,985 |
| Renter Occupied Housing Units | 2,819 | 3,179 | 131,091 | 138,448 |

Source: The 2016/2021 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 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 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.

PROSPER PORTLAND
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⁾ |
|----------|-------------------------|-------------|-----------------|---|
| 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 | 376,066,574 | 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 |
| 2016-17 | 20.61 | 305,692,884 | 938,026,116 | 5,362,116 |

Source: Multnomah County Division of Assessment and Taxation

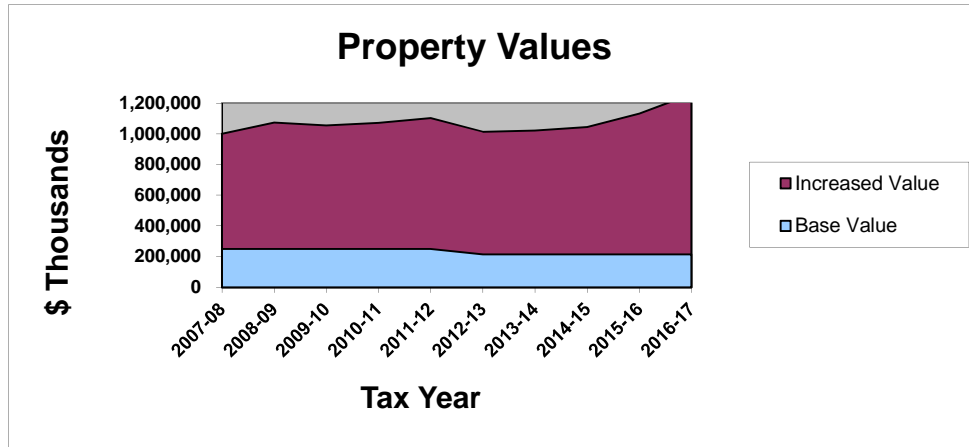
| | URA | | Portland | |
|-------------------------------|--------------|----------------|--------------|----------------|
| | Current 2016 | Projected 2021 | Current 2016 | Projected 2021 |
| Population | 3,761 | 4,067 | 620,560 | 655,843 |
| Per Capita Income | \$ 28,739 | \$ 31,756 | \$ 33,116 | \$ 36,242 |
| Total Housing Units | 2,694 | 2,926 | 278,917 | 292,702 |
| Owner Occupied Housing Units | 248 | 269 | 130,533 | 136,985 |
| Renter Occupied Housing Units | 2,082 | 2,282 | 131,091 | 138,448 |

Source: The 2016/2021 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 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 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.

PROSPER PORTLAND
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⁾ |
|----------|-------------------------|-------------|-----------------|---|
| 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 |
| 2016-17 | 20.66 | 214,100,689 | 1,044,786,006 | 5,443,597 |

Source: Multnomah County Division of Assessment and Taxation

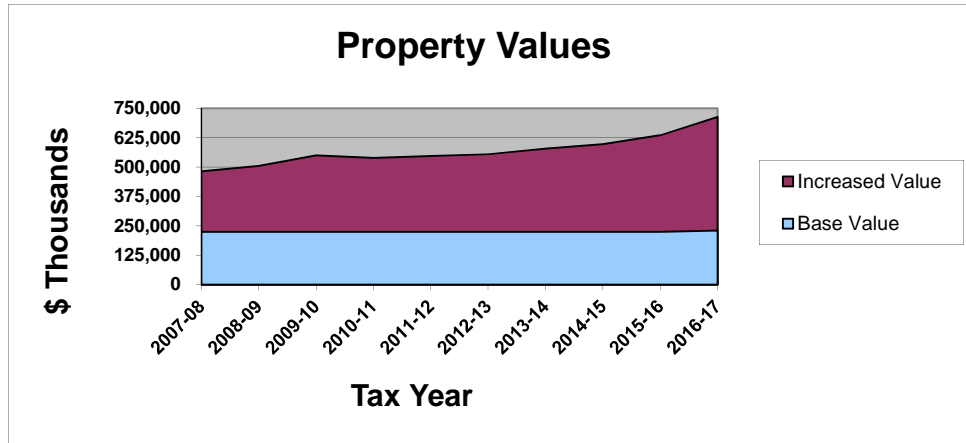
| | URA | | Portland | |
|-------------------------------|--------------|----------------|--------------|----------------|
| | Current 2016 | Projected 2021 | Current 2016 | Projected 2021 |
| Population | 1,682 | 1,813 | 620,560 | 655,843 |
| Per Capita Income | \$ 37,185 | \$ 39,368 | \$ 33,116 | \$ 36,242 |
| Total Housing Units | 1,157 | 1,237 | 278,917 | 292,702 |
| Owner Occupied Housing Units | 154 | 165 | 130,533 | 136,985 |
| Renter Occupied Housing Units | 886 | 948 | 131,091 | 138,448 |

Source: The 2016/2021 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 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 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.

PROSPER PORTLAND
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⁾ |
|----------|-------------------------|-------------|-----------------|---|
| 2007-08 | 18.24 | 224,605,349 | 257,850,367 | 4,578,234 |
| 2008-09 | 18.51 | 224,626,739 | 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 | 18.46 | 224,626,739 | 386,173,918 | 6,744,094 |
| 2016-17 | 18.38 | 230,541,190 | 434,403,878 | 7,622,430 |

Source: Multnomah County Division of Assessment and Taxation

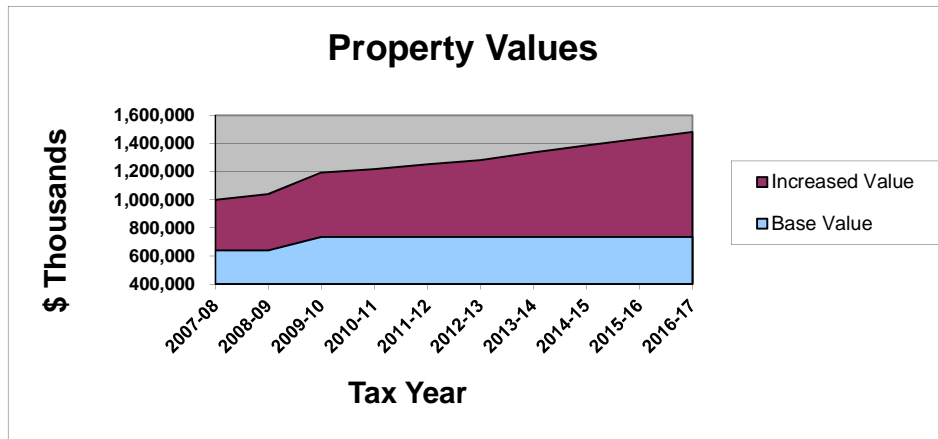
| | URA | | Portland | |
|-------------------------------|--------------|----------------|--------------|----------------|
| | Current 2016 | Projected 2021 | Current 2016 | Projected 2021 |
| Population | 2,161 | 2,336 | 620,560 | 655,843 |
| Per Capita Income | \$ 28,760 | \$ 31,212 | \$ 33,116 | \$ 36,242 |
| Total Housing Units | 1,164 | 1,269 | 278,917 | 292,702 |
| Owner Occupied Housing Units | 90 | 96 | 130,533 | 136,985 |
| Renter Occupied Housing Units | 1,000 | 1,091 | 131,091 | 138,448 |

Source: The 2016/2021 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 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 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.

PROSPER PORTLAND
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⁾ |
|----------|-------------------------|-------------|-----------------|---|
| 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 |
| 2016-17 | 20.69 | 736,224,033 | 746,610,587 | 14,751,575 |

Source: Multnomah County Division of Assessment and Taxation

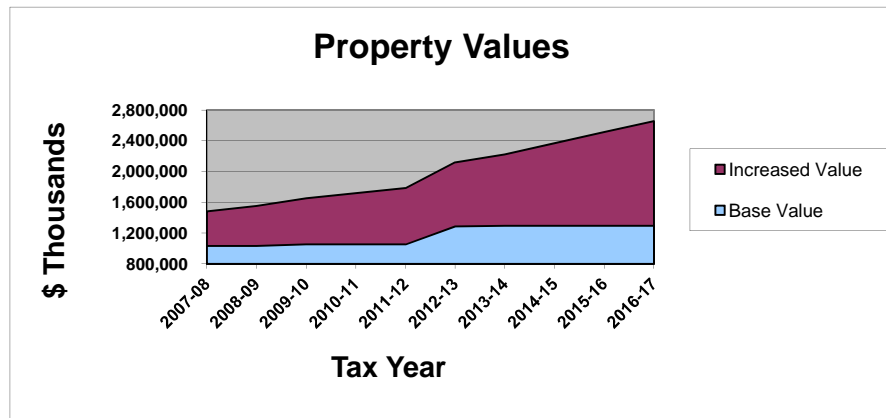
| | URA | | Portland | |
|-------------------------------|-----------------|-------------------|-----------------|-------------------|
| | Current 2016 | Projected 2021 | Current 2016 | Projected 2021 |
| Population | 29,633 | 31,066 | 620,560 | 655,843 |
| Per Capita Income | \$ 18,275 | \$ 19,957 | \$ 33,116 | \$ 36,242 |
| Total Housing Units | 11,332 | 11,796 | 278,917 | 292,702 |
| Owner Occupied Housing Units | 5,111 | 5,379 | 130,533 | 136,985 |
| Renter Occupied Housing Units | 5,496 | 5,674 | 131,091 | 138,448 |

Source: The 2016/2021 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 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 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.

PROSPER PORTLAND
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⁾ |
|----------|-------------------------|---------------|-----------------|---|
| 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 |
| 2016-17 | 20.77 | 1,293,389,062 | 1,361,889,768 | 27,009,707 |

Source: Multnomah County Division of Assessment and Taxation

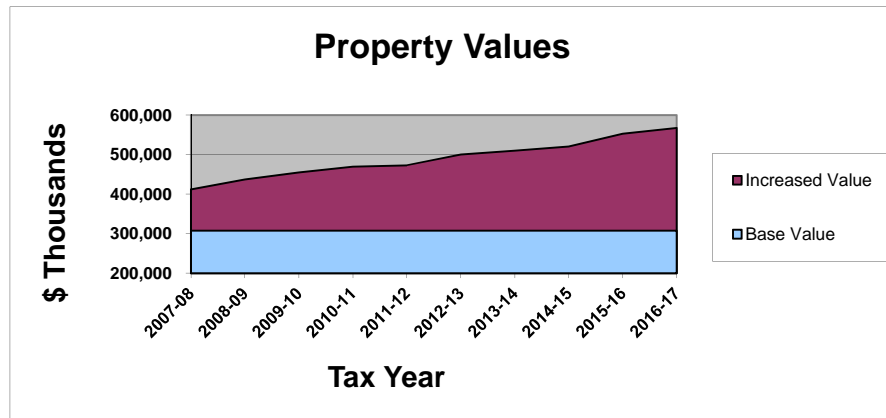
| | URA | | Portland | |
|-------------------------------|--------------|----------------|--------------|----------------|
| | Current 2016 | Projected 2021 | Current 2016 | Projected 2021 |
| Population | 38,606 | 41,451 | 620,560 | 655,843 |
| Per Capita Income | \$ 24,928 | \$ 27,360 | \$ 33,116 | \$ 36,242 |
| Total Housing Units | 16,821 | 17,979 | 278,917 | 292,702 |
| Owner Occupied Housing Units | 7,435 | 7,857 | 130,533 | 136,985 |
| Renter Occupied Housing Units | 8,427 | 9,079 | 131,091 | 138,448 |

Source: The 2016/2021 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 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 forecast illustrates the effects of current events. 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.

PROSPER PORTLAND
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⁾ |
|----------|-------------------------|-------------|-----------------|---|
| 2007-08 | 21.44 | 307,174,681 | 105,057,959 | 2,174,962 |
| 2008-09 | 20.91 | 307,174,681 | 129,631,176 | 2,623,998 |
| 2009-10 | 21.15 | 307,174,681 | 147,626,654 | 3,001,090 |
| 2010-11 | 20.97 | 307,174,681 | 162,221,215 | 3,228,472 |
| 2011-12 | 20.77 | 307,174,681 | 165,778,737 | 3,149,978 |
| 2012-13 | 20.88 | 307,174,681 | 193,181,233 | 3,600,918 |
| 2013-14 | 21.33 | 307,174,681 | 202,760,459 | 3,755,877 |
| 2014-15 | 20.83 | 307,174,681 | 213,423,949 | 4,044,323 |
| 2015-16 | 20.63 | 307,174,681 | 245,514,959 | 4,745,960 |
| 2016-17 | 20.46 | 307,174,681 | 260,170,089 | 5,072,692 |

Source: Multnomah County Division of Assessment and Taxation

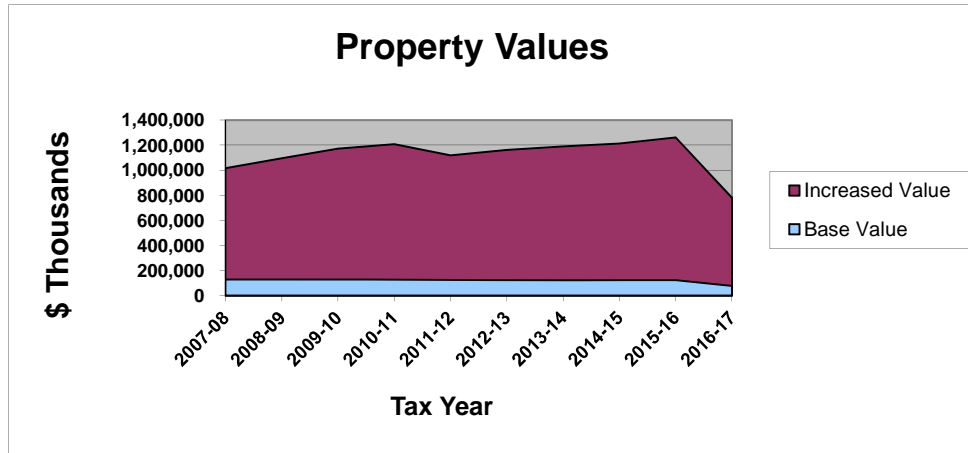
| | URA | | Portland | |
|-------------------------------|--------------|----------------|--------------|----------------|
| | Current 2016 | Projected 2021 | Current 2016 | Projected 2021 |
| Population | 6,006 | 6,347 | 620,560 | 655,843 |
| Per Capita Income | \$ 22,821 | \$ 24,695 | \$ 33,116 | \$ 36,242 |
| Total Housing Units | 3,100 | 3,251 | 278,917 | 292,702 |
| Owner Occupied Housing Units | 716 | 845 | 130,533 | 136,985 |
| Renter Occupied Housing Units | 2,058 | 2,165 | 131,091 | 138,448 |

Source: The 2016/2021 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 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 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.

PROSPER PORTLAND
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⁾ |
|----------|-------------------------|-------------|-----------------|---|
| 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 | 1,086,924,214 | 2,255,741 |
| 2015-16 | 20.02 | 124,710,301 | 1,137,468,819 | 2,312,721 |
| 2016-17 | 19.73 | 77,306,472 | 704,813,426 | 2,324,902 |

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.

PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

Financial Assistance
For The Last Ten Fiscal Years
(Unaudited)

| <u>Fiscal Year</u> | <u>Number of loans and grants</u> | <u>Dollar Amount</u> |
|--------------------|---|--------------------------|
| 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 |
| 2016-17 | 157 | 48,530,924 |

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.

PROSPER PORTLAND
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 | 115,691 | 173,170 | 15,324,108 | 48,422 | 42,974 | 48,112 |
| 2016 | NA | 184,407 | NA | NA | 45,049 | 49,571 |

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

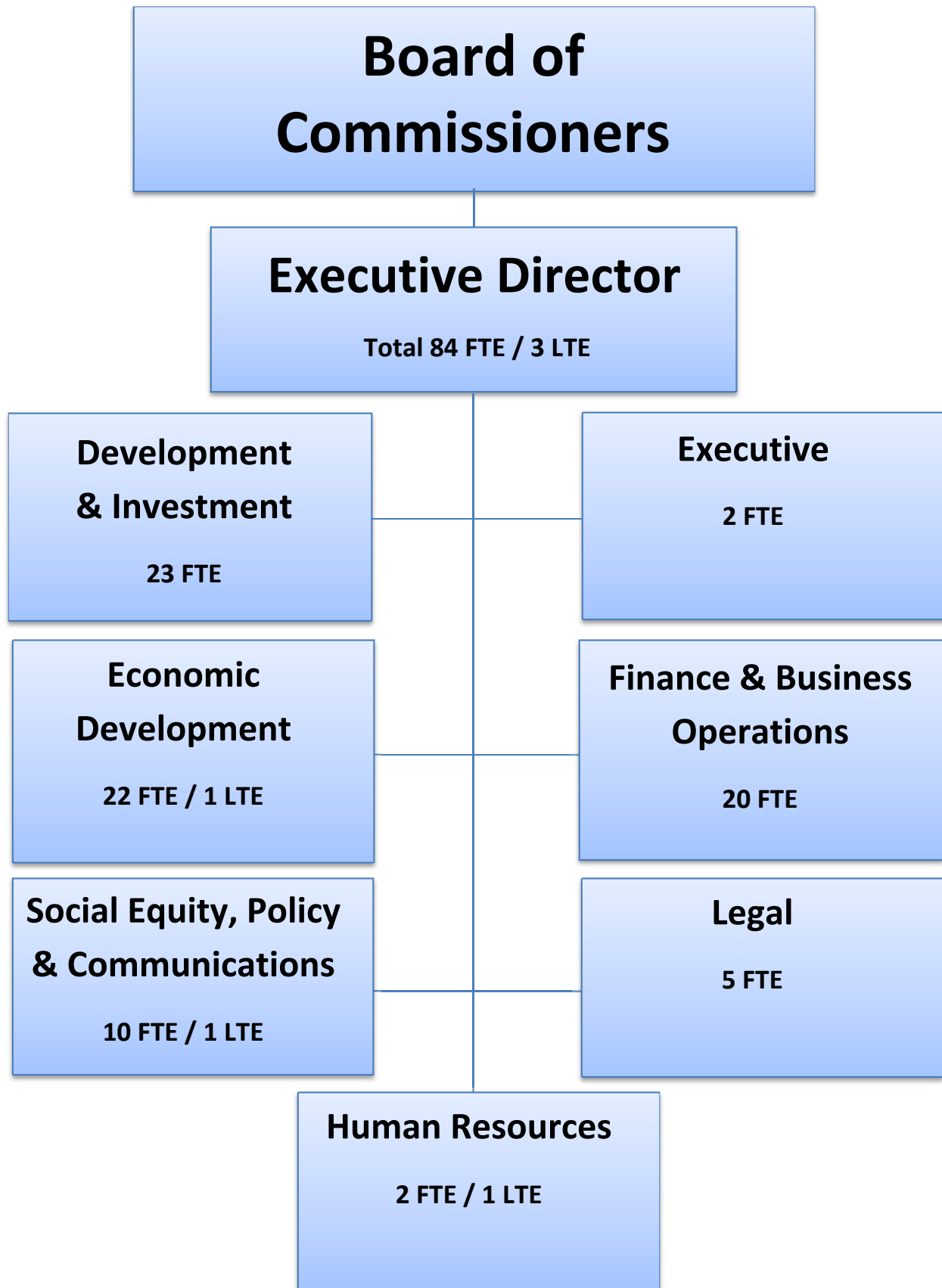
| Year | POPULATION TRENDS | | | | UNEMPLOYMENT RATES | |
|------|-------------------|--|------------|-------------------|--|-------------------------------------|
| | Portland (1) | Portland/ Vancouver/ Hillsboro MSA (1) | Oregon (1) | U.S. Total (1) | Portland Unemployment % Rate (2) | Oregon Unemployment %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 | 2,389,228 | 4,029,631 | 321,365,215 | 4.6 | 5.5 |
| 2016 | NA | NA | 4,093,465 | NA | 3.7 | 3.7 |

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

(2) Oregon Employment Department

(3) US Census 2010

Note: NA = Information Not Available



PROSPER PORTLAND
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON

MISCELLANEOUS STATISTICS
As of June 30, 2017
(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 | | FY2016-17 | |
|--|--------------|--------------------|--------------|------------|--------------|--------------------|-------------|--------------------|-------------|------------|-------------|--------------------|
| | FTE | LTE | 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 | 0.0 | 0.0 ⁽³⁾ |
| Executive | 19.0 | 1.0 | 24.0 | 0.0 | 24.0 | 0.0 ⁽¹⁾ | 2.0 | 0.0 ⁽²⁾ | 2.0 | 0.0 | 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 | 20.0 | 0.0 |
| Legal & Human Resources | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 7.0 | 0.0 ⁽²⁾ | 7.0 | 0.0 | 0.0 | 0.0 ⁽³⁾ |
| Opportunities Cooperative | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3.0 | 0.0 ⁽²⁾ | 3.0 | 0.0 | 0.0 | 0.0 ⁽³⁾ |
| Communication & Social Equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 6.0 | 0.0 ⁽²⁾ | 6.0 | 0.0 | 0.0 | 0.0 ⁽³⁾ |
| Social Equity, Policy & Communications | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 10.0 | 1.0 |
| Real Estate & Lending | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 14.0 | 0.0 ⁽²⁾ | 14.0 | 0.0 | 0.0 | 0.0 ⁽³⁾ |
| Legal | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5.0 | 0.0 ⁽³⁾ |
| Human Resources | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.0 | 1.0 ⁽³⁾ |
| Development and Investment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 23.0 | 0.0 ⁽³⁾ |
| Economic Development | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 22.0 | 1.0 ⁽³⁾ |
| Total | 135.3 | 3.0 | 134.3 | 1.0 | 114.6 | 8.0 | 93.0 | 2.0 | 93.0 | 2.0 | 84.0 | 3.0 |

(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 organizational structure.

(3) After the adoption of the FY 2016-17 budget with the implementation of the Strategic Plan Urban Development essentially split into two new functions, Development and Investment, and Economic Development. Legal and Human Resources functions were split apart and the work of the Opportunities Cooperative was absorbed by Development and Investment. Social Equity, Policy & Communications was an expansion of the Communications & Social Equity function which added staff that did not move with the other work of Urban Development. The net decrease in positions is consistent with the anticipated reduction in positions that will occur over time through attrition in Prosper Portland's long-term financial plan. The FY 2017-18 budget was adopted with this new organizational structure.

Urban Renewal District Land Area and Base Values
As of June 30, 2017

| <u>District</u> | <u>Acres</u> | <u>Base Value</u> |
|--|-----------------|--------------------------|
| Airport Way | 885.2 | 77,306,472 |
| Central Eastside | 708.5 | 230,541,190 |
| Downtown Waterfront | 233.1 | 55,674,313 |
| Gateway Regional Center | 658.5 | 307,174,681 |
| Interstate Corridor | 3,991.5 | 1,293,458,372 |
| Lents Town Center | 2,846.3 | 736,224,033 |
| North Macadam | 447.1 | 628,094,444 |
| Oregon Convention Center | 410.0 | 214,100,689 |
| River District | 314.8 | 432,292,135 |
| Neighborhood Prosperity Initiatives | 805.9 | 498,707,491 |
| South Park Blocks | 97.9 | 305,692,884 |
| Total URA Land Data | 11,398.8 | \$ 4,779,266,704 |
| Total City Land Data | 92,773 | \$ 53,031,006,574 |
| Urban renewal land as a percentage of City total | 12.3% | 9.0% |



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Building an Equitable Economy

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
Prosper Development Commission, Portland, Oregon (dba Prosper Portland)
(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 fund of Portland Development Commission, dba Prosper Portland (A Component Unit of the City of Portland) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Prosper Portland's basic financial statements, and have issued our report thereon dated October 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Prosper Portland'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 Prosper Portland's internal control. Accordingly, we do not express an opinion on the effectiveness of Prosper Portland'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Prosper Portland'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
October 24, 2017

Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Minimum Audit Standards*

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

We have audited the basic financial statements of Portland Development Commission, dba Prosper Portland (a Component Unit of the City of Portland) as of and for the year ended June 30, 2017 and have issued our report thereon dated October 24, 2017. 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 from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether Prosper Portland's basic financial statements are free from 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 162-010-0000 to 162-010-0320, 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 2017 and 2018.
- 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 test disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Prosper Portland'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Prosper Portland's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

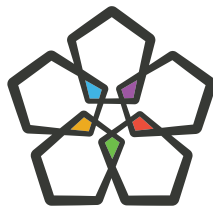
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations,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



For Moss Adams LLP
Eugene, Oregon
October 24, 2017



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