

PORTLAND DEVELOPMENT COMMISSION

Comprehensive Annual Financial Report

for the Fiscal Year Ended **June 30, 2010**

A Component Unit of the
City of Portland, Oregon

PDC
PORTLAND
DEVELOPMENT
COMMISSION

Created by Portland voters in 1958, PDC plays a major role in making Portland, Oregon one of America's most livable cities. As Portland's urban renewal and economic development agency, PDC is pursuing an aggressive strategy to create the most sustainable economy in the world, by connecting people and resources to achieve the city's vision of healthy neighborhoods, a vibrant central city, a strong regional economy, and quality jobs and housing for all. PDC integrates business, economic and physical development to spark job creation and attract investments that provide a full range of employment opportunities and economic benefits to all residents in the region. PDC has played a key role in the creation of many of Portland's most important landmarks, and is internationally recognized as a model for urban renewal success and sustainable practices. For more information, visit the PDC website at www.pdc.us.

Cover photo:

A grand opening ceremony on October 27, 2009 welcomed Director Park, Portland's new piazza in the Park Blocks, at SW Park Avenue and SW Yamhill Street. PDC provided approximately half of the funding for the park, a former surface parking lot and at one time the site of a proposed above-ground parking structure. Now the park covers more than 300 underground parking spaces, offering attractive walkways, benches for seating, and full-service dining at Café Violetta.

The result of a public/private partnership that included considerable financial support from Thomas Moyer and Jordan Schnitzer, the park is named to honor Simon and Helen Director, Schnitzer's maternal grandparents, and pays special tribute to teachers, with a water feature known as Teachers Fountain. The park was designed by Laurie Olin of the Olin Partnership with significant contributions from local team members Zimmer Gunsul Frasca, Mayer-Reed, and KPFF; general contractor was Brandt Construction from Vancouver, WA.



PORTLAND DEVELOPMENT COMMISSION

A Component Unit of the City of Portland, Oregon

Comprehensive Annual Financial Report

**Prepared by the Portland Development Commission
Central Services Department**

Bruce A. Warner, Executive Director
Julie V. Cody, Chief Financial Officer

For the fiscal year ended June 30, 2010

About PDC



Where We've Been...

Where We're Headed...

Created by Portland voters in 1958, the Portland Development Commission (the "Commission" or "PDC") has played a major role in keeping Portland one of America's most livable cities. During the past 50 years, PDC has taken forward 20 urban renewal plans that have helped change the face of the city—making it a better place to live for all Portlanders. Specifically, the Commission is the City agency that helps provide sustained livability for our City and region.

PDC's Mission

Our Mission is to bring together resources to achieve Portland's vision of a diverse, sustainable community with healthy neighborhoods, a vibrant central city, a strong regional economy, and quality jobs and housing for all.

PDC's Vision

The Portland Development Commission's vision is to be a catalyst for positive change in the creation of a world-class 21st Century city; a city in which economic prosperity, quality housing, and employment opportunities are available to all.

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

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Introductory Section_____

PDC

PORTLAND
DEVELOPMENT
COMMISSION

November 22, 2010

J. Scott Andrews
Commission Chair

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

Aneshka Dickson
Commissioner

John C. Mohlis
Commissioner

Steven Straus
Commissioner

Charles A. Wilhoite
Commissioner

Sam Adams
Mayor

Bruce A. Warner
Executive Director

The Central Services Department and I are pleased to submit the Portland Development Commission's (PDC or Commission) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. 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 Commissioners of PDC, the citizens of the City of Portland (City), city staff, and other readers with detailed information concerning the financial position and activities of the PDC.

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. The management of PDC is responsible for establishing and maintaining an effective internal control structure to safeguard its assets, assure the reliability of its accounting records, and promote operational efficiency. Because the cost of such controls should not outweigh their benefits, PDC's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free of any material misstatements.

PDC's charter requires the Commission to undergo an annual independent audit by a licensed municipal auditor. The accounting firm of Moss Adams, LLP, conducted the audit of the PDC's FY 2009-10 financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that PDC's financial statements for the fiscal year ended June 30, 2010, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The independent auditor's report is presented at the front of the financial section of this report.

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

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PDC Profile

PDC was created as a city agency in 1958 under Article I, Section 15 of the Charter of the City of Portland, Oregon. PDC conducts its business under the name “Portland Development Commission”, though it is officially titled the Department of Development and Civic Promotion in the City of Portland’s charter. PDC’s principal activities are business retention, employment creation, affordable housing and home ownership, financial assistance for rehabilitation and restoration of properties, and the acquisition of real property for the purpose of removing or preventing blight. The governing body is a five-member Commission, appointed by the Mayor and approved by the City Council. PDC is a component unit of the City of Portland and is discretely reported in their Comprehensive Annual Financial Report.

PDC’s mission is to bring together community resources to achieve Portland’s vision of a diverse sustainable community with healthy neighborhoods, a vibrant central city, a strong regional economy, and quality jobs and housing for all. It is the linkages among these efforts and the integration of services that sets PDC apart and assures that true efficiencies are achieved. In carrying out city policy, PDC has developed and managed projects and programs which have played a major role in keeping Portland one of America’s most livable cities. PDC currently manages eleven urban renewal areas (URA’s) scattered geographically throughout the City of Portland, and works extensively in Portland’s neighborhoods to deliver a broad range of housing and neighborhood improvement programs, and to carry out a comprehensive range of economic development programs which create jobs for residents citywide.

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

Relevant Financial Policies

PDC’s charter prescribes that it maintains budgeting and accounting systems and prepare an annual budget in accordance with Oregon Local Budget Law. Funds are used to segregate activities in accordance with special restrictions on the use of revenue. Expenditures are recorded by fund and purpose on the modified accrual basis of accounting, and are further classified by program, project, and organizational unit for internal management information. Cash and other assets,

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

Local Economic Conditions

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

The national economic slowdown has impacted Oregon and the Portland metropolitan area. The second quarter marked the second consecutive quarter of job growth in the state but at an anemic rate of just 0.5%. The Portland metropolitan area population growth trend at 1.9% is running slightly ahead of the State of Oregon rate of 0.9% according to the most recently published data. The state Office of Economic Analysis estimates that it will take until the fourth quarter of 2014 before employment returns to the pre-recession peak reached in the first quarter of 2008. Greenlight Greater Portland, an independent economic development group, forecasts a strong future for the Portland metro area in its 2010 Greater Portland Prosperity Index. The group says the local economy's emphasis on manufacturing and trade will serve Portland well in the future, and predicts that the area's gross regional product will rise by 22% by 2015. The group sees one of Portland's key strengths as flexibility, and believes Portlanders will continue to adapt to changing economic conditions. The Portland metropolitan area ended June 2010 with 10.0% unemployment which continues to be higher than the national level of 9.5%, yet slightly lower than the State of Oregon rate of 10.5% and down significantly from the 11.6% of a year ago.

Oregon statute limits the amount of property that can be included in a municipality's urban renewal areas to a maximum of 15% of assessed value and 15% of acreage. The aggregate amount of certified assessed value in the eleven urban renewal areas is approximately 10.3% of the City of Portland's total overall assessed value and 14.2% of overall acreage for the City. Each of the eleven URA's are currently projected to have adequate funding capability to pursue established plans.

Long-term Financial Planning

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

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

Future of Urban Renewal Initiative

The work of PDC is made possible for the most part by tax-increment financing. Tax-increment financing (TIF) is borrowing against future tax revenues. In May of 2007 with many of our urban renewal areas approaching critical junctures such as plan expiration or reaching the maximum indebtedness, PDC began a study to re-evaluate and update existing urban renewal plans.

The first two projects undertaken by this initiative were the Westside Study and the Lents Town Center (LTC) Plan Amendment Study. The Westside Study considered the future of Portland's downtown URA's, Downtown Waterfront (DTWF), South Park Blocks (SPB), and the River District (RD), while LTC Plan Amendment Study resulted in the urban renewal areas first plan amendment. The revised plan amendments are in the process of being implemented.

As part of the update to the City's Comprehensive Plan, PDC is analyzing the potential for a new district downtown. Some areas that will be studied include Con-Way, Goose Hollow, the retail core and Cultural District, and the broader University area. The Westside Study Urban Renewal Advisory Group recommended that PDC study the potential for a new district which would include the areas mentioned above in addition to decreasing the size of the South Park Blocks and Downtown Waterfront URAs. By identifying areas that still require assistance from URAs with little funds, they can be potentially included in a new district. Now known as the Central City Study, the Committee recently discussed a draft investment strategy and reviewed a proposed urban renewal area boundary.

Also underway is the North/Northeast (N/NE) Economic Development Initiative which includes an analysis of past and planned investments, possible boundary adjustments, and priorities for new investments in the Interstate Corridor and Oregon Convention Center URAs. PDC is conducting the N/NE Economic Development Initiative in partnership with the community to ensure that PDC investments enhance livability and economic opportunity within the two urban renewal areas and the city at large. After months of discussion and public meetings the N/NE Community Advisory Committee approved and will

recommend to the PDC eight separate recommendations regarding policy issues and boundary adjustments for the Interstate Corridor Urban Renewal Area (ICURA) and Oregon Convention Center Urban Renewal Area (OCCURA). The recommendations include policy issues dealing with prioritization of investment, the establishment of a Community Benefits Agreement for the Rose Quarter development, recommendations for the Portland Housing Bureau, and five URA boundary adjustment recommendations. The recommendations was delivered to the PDC Board in July; pending results of the Rose Quarter/Memorial Coliseum effort and, if so directed, ICURA and OCCURA plan amendments will tentatively occur in Spring 2011.

With potential amendments to ICURA and OCCURA, the potential creation of a new URA, and because of state statute constraints on acreage and assessed value, PDC began to look at the feasibility of removing acreage from Airport Way Urban Renewal Area. The tenth amendment to the Airport Way Urban Renewal Plan was approved by City Council in March, 2010 reducing the Airport Way URA by 870 acres.

Major Initiatives

Major initiatives cited in this section are highlights based on budgeted project dollars for the fiscal year ending in June 2011. The largest dollar projects are proposed to occur in the River District URA: \$7 million for the Pearl Family Housing project to fund the predevelopment and construction of new affordable family housing on Block 247; \$13.5 million to the Housing Authority of Portland (HAP) for the Resource Access Center; \$4.1 million for the Yards at Union Station, the final stage of the Yards at Union Station loan for development of new affordable housing, \$4.5 million to the City of Portland Bureau of Transportation for the River District's portion of the Streetcar Loop; \$5.2 million for planned renovations to Union Station, and \$3.2 million has been budgeted in Redevelopment Loan Projects to provide gap financing to building owners and developers to bring more commercial and industrial space into productive use.

In the North Macadam URA, the highest profile projects will be; Affordable Veteran Housing, \$12.4 million for the negotiation of a disposition, development, and financing agreement for the development of approximately 200 units of new rental housing targeted for households at 0-60% Median Family Income (MFI); \$1.5 million will fund the design and construction of Phase I of the Central District Greenway Design project. In the Central Eastside URA, \$3.2 million through an Intergovernmental Agreement (IGA) with Portland Bureau of Transportation will fund the Streetcar Loop through Central Eastside terminating near the Oregon Museum of Science and Industry (OMSI); \$1 million will be expended in the completion of the Eastside Burnside/Couch Couplet along with \$2.6 million in redevelopment activities surrounding the Burnside Bridgehead. These funds will provide for completion activities and the implementation of the Burnside Bridgehead Framework Plan.

The South Park Blocks URA will expend \$6 million in the preparation and future remediation of the Jasmine Tree Property and the design and construction of the Oregon Sustainability Center through agreements with the Oregon University System and other building owners. This includes the engineering and construction of permanent streetcar realignment through the project. In the Downtown Waterfront URA; \$5.7 million will fund the Block 8 Redevelopment, located at NW Naito Parkway, Couch, 1st and Davis streets, this project includes redevelopment of the Globe Hotel and development of the remainder of the block owned by PDC.

Approximately \$5 million dollars is budgeted in the Interstate Corridor and the Lents Town Center URA's rehabilitation and homebuyer subsidies for the resale of single family homes formerly owned by HAP to first time homebuyers. Other initiatives in these areas include; \$5 million for the Killingsworth Block mixed income ownership units plus retail and \$1.4 million for Ainsworth Court affordable rental housing in the Interstate Corridor URA and \$1.3 million for the acquisition and rehabilitation of the Glen Apartments in the Lents Town Center URA.

PDC has budgeted approximately \$41.1 million across urban renewal areas and city-wide for financial assistance through loans or grants (e.g., Quality Jobs Program, Economic Opportunity Funds, Redevelopment Loan Projects, Clean Energy Works Oregon) to stimulate investment and job growth, leveraging PDC dollars with private and public funds. PDC has an important role to play in the current economy and we continue to seek new ways to get more funds into our community

The Commission has budgeted approximately \$70.5 million for Housing programs. This consists of all homeownership, home repair, and affordable rental housing projects and programs including the preservation of existing housing. These expenditures will occur through the Portland Housing Bureau. Formalized in July 2009, the Portland Housing Bureau combined the PDC Housing Department and the City of Portland Bureau of Housing and Community Development; however the transfer of the PDC staff and resources was delayed to allow sufficient time to resolve all related technical issues. The transfer of staff and resources did not occur until on or after July 1, 2010.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PDC for its CAFR for the fiscal year ended June 30, 2009. PDC has received a Certificate of Achievement for the last 22 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 fiscal year only. PDC's management believes that our current report continues to meet the Certificate of Achievement Program requirements, and PDC will be submitting it to GFOA to determine its eligibility for another certificate.

In addition, PDC also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2009. In order to qualify for the Distinguished Budget Presentation Award, PDC's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of PDC's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010, would not have been possible without the efficient and dedicated service of the entire staff of the Commission and the Central Services Department. A special thanks to Amy Aragon, Steve Baron, Bethany Bilyeu, Faye Brown, Sam Brugato, Yana Eysmont, Michael Gum, Catherine Kaminski, Jane Kingston, Jim Miller, and Michele Whaley for their efforts in producing this CAFR. We also wish to express our gratitude and appreciation to the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the Portland Development Commission's finances.

Respectfully submitted,



Bruce A. Warner, Executive Director

Julie V. Cody, Chief Financial Officer

Portland Development Commission

A Component Unit of the City of Portland, Oregon



(from left to right John Mohlis, Steven Straus, Bertha Ferran, Charles Wilhoite, Scott Andrews)

Governing Board

(As of June 30, 2010)

Scott Andrews, Chairman
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Melvin Mark Companies
111 SW Columbia, Ste 1380
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Term Expires
August 12, 2011

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July 10, 2010

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June 30, 2012

Steven Straus
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April 21, 2011

Registered Agent

None

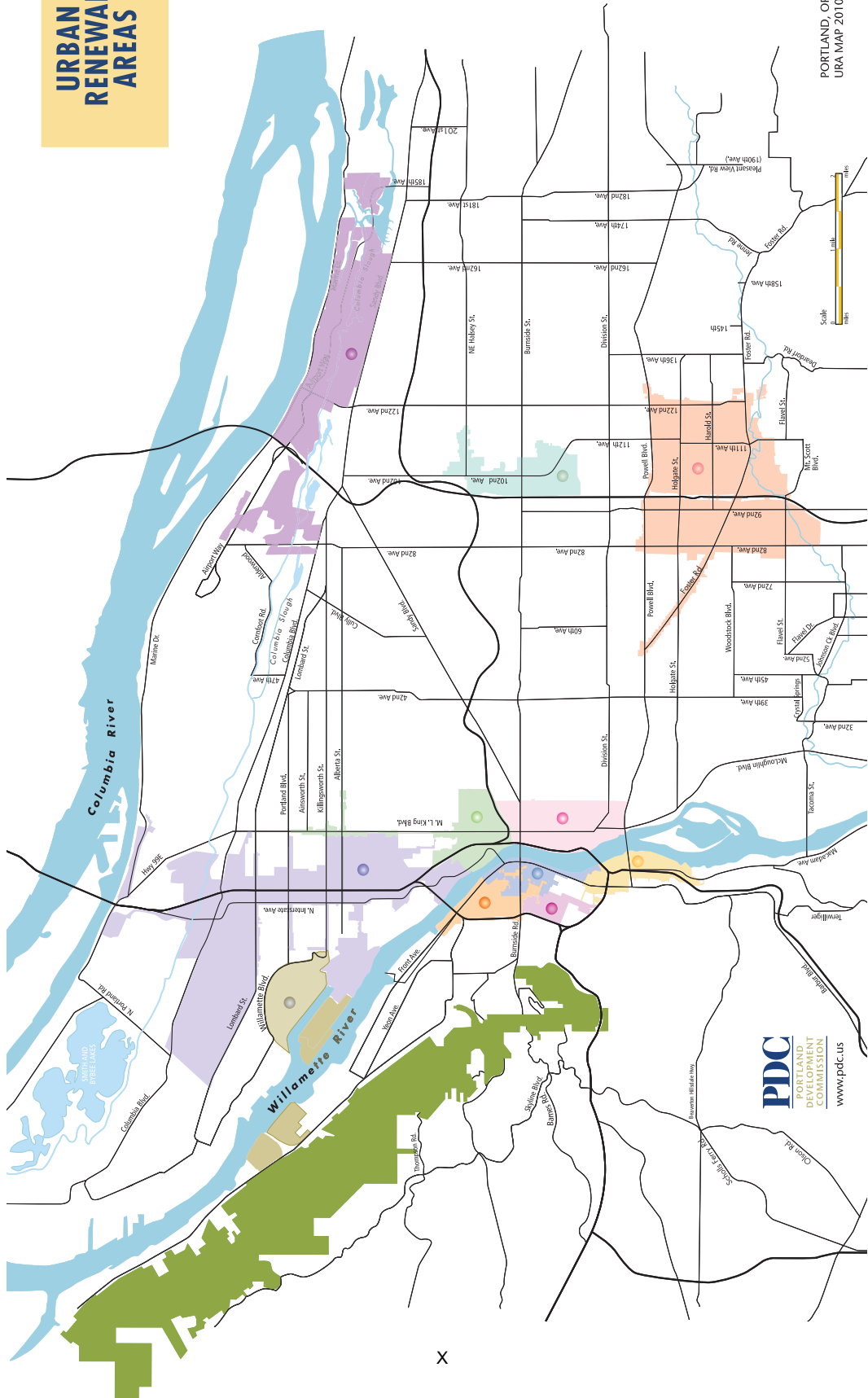
Portland Development Commission

Organizational Chart



URBAN RENEWAL AREAS

- Airport Way
- Central Eastside
- Downtown Waterfront
- Gateway Regional Center
- Interstate Corridor
- Lents Town Center
- North Macadam
- Oregon Convention Center/Inner Northeast
- River District
- South Park Blocks
- Willamette Industrial



Certificate of Achievement for Excellence in Financial Reporting

Presented to
Portland Development Commission
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, reading "Jeffrey R. Emen".

Executive Director



PDC

PORTLAND
DEVELOPMENT
COMMISSION

Financial
Section_____

PDC

PORTLAND
DEVELOPMENT
COMMISSION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Portland Development Commission (a Component Unit of the City of Portland, Oregon) (the Commission), as of and for the year ended June 30, 2010, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 of the Commission, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and for the respective budgetary comparison statements for the General Fund, the Housing and Community Development Contract Fund, and the HOME Grant Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



INDEPENDENT AUDITOR'S REPORT – (continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2010, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 18, and the post-employment healthcare benefits schedule on page 68, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, supplementary data and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary data section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in blue ink that reads "James C. Lanzarotta".

James C. Lanzarotta, Partner
for Moss Adams, LLP
Portland, Oregon
November 19, 2010

Management's Discussion and Analysis

As management of Portland Development Commission (PDC), we offer readers of PDC's financial statements this narrative overview and analysis of the financial activities of PDC for the fiscal year ended June 30, 2010. Management's Discussion and Analysis is intended to explain the significant changes in financial position, as well as differences between the current and prior years. 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-vii of this report.

Financial Highlights

- The assets of PDC exceeded the liabilities for the current year ended June 30, 2010 by \$292,189,176 (net assets). Of this amount, \$14,310,586 (unrestricted net assets) may be used to meet PDC's ongoing obligations to citizens and creditors.
- PDC's total net assets decreased by \$4,204,960 (1.4%) when compared to the financial statements at June 30, 2009. The net asset decrease is primarily attributable to an overall decrease in general revenues and transfers of \$10,363,482 or 8.9% and an increase of \$7,379,178 or 30.0% in program revenues.
- As of June 30, 2010, PDC's governmental activities reported combined ending net assets of \$279,406,315, an increase of \$37,042 from the prior year. Approximately 0.5% of the net assets, \$1,527,725, is available for spending at PDC's discretion (unrestricted net assets).
- PDC's total long-term debt decreased by \$686,971 (6.7%) during the fiscal year ended June 30, 2010. The key factor in this decrease is in the business-type activities for private lender program and a financing payoff of \$1,031,421 to Bank of America. This is offset in the governmental funds by an increase of \$135,618 recorded for net other post-employment benefit obligation along with an increase of \$208,832 for pollution remediation.
- Gross loans receivable increased from \$337,998,812 to \$374,169,115 commission-wide, or 10.7%. The loan loss allowance increased from \$251,720,433 to \$285,334,311, an increase of 13.4% from the prior year's allowance, resulting in net loans receivable of \$88,834,804.

Broader detail on these highlights and other topics will be presented throughout the remainder of this report.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to PDC's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The *Statement of Net Assets* presents information on all of PDC's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of PDC is improving or deteriorating. The *Statement of Activities* presents information showing how PDC's net assets changed during the most recent fiscal year. All changes in net assets 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation).

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

The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. PDC, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Commission adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with budgetary requirements. All of the funds of PDC can be divided into three categories: governmental funds, proprietary funds, and fiduciary (agency) 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 activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

PDC maintains 17 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for each of the major funds. The major governmental funds are: General Fund (adopted as the Urban Redevelopment Fund); Housing and Community Development (HCD) Contract Fund; HOME Grant Fund; Downtown Waterfront Urban Renewal Fund; River District Urban Renewal Fund; South Park Blocks Urban Renewal Fund; Convention Center Urban Renewal Fund; Lents Town Center Urban Renewal Fund; and the Interstate Corridor Urban Renewal Fund. Data from the other eight governmental funds are combined into a single, aggregated

presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 22-30 of this report.

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

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund data are combined into a single, aggregated presentation, including such major programs as: the Private Lender Program, Bank of America Fund; the Neighborhood Housing Loans Fund; and the Housing Investment Fund. Additionally, the internal service fund is presented in the proprietary fund financial statements. Individual fund data for the internal service fund is provided elsewhere in this report.

Enterprise Loans Fund. The Enterprise Loans Fund is used to account for revolving loan programs. PDC intends to prevent expenses from exceeding annual income in order to preserve the original principal of each program. Original resources for these programs were derived primarily from federal grants from the U.S. Department of Housing and Urban Development. In addition, resources from the City of Portland are accounted for in the Housing Investment Fund (HIF).

Enterprise Management Fund. The Enterprise Management Fund is used to account for the activity related to the operation and maintenance of PDC properties or City of Portland properties PDC has contracted to manage outside of Urban Renewal Areas.

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

The basic proprietary fund financial statements can be found on pages 31-33 of this report.

Fiduciary (agency) funds. Fiduciary funds are used to account for resources held for the benefit of parties outside PDC. Fiduciary (agency) funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support PDC's own programs. The accounting used for fiduciary (agency) funds is much like that used for proprietary funds.

The basic fiduciary (agency) fund financial statement can be found on page 34 of this report.

Notes to the basic 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 35-66 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning PDC's progress in funding its

obligation to provide post-employment benefits to its employees. Required supplementary information can be found on page 68 of this report.

Supplementary Data. The combining statements referred to earlier in connection with nonmajor governmental funds are presented as supplementary data following the basic financial statements. Combining statements and individual fund budgetary comparison schedules can be found on pages 69-100 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. PDC's total assets exceeded liabilities by \$292,189,176 for all governmental and business-type funds at the close of the most recent fiscal year.

By far the largest portion of PDC's net assets, \$267,883,500 or 91.7%, represents resources that are subject to external restrictions on how they may be used in governmental activities. Restricted net assets are mainly comprised of urban renewal funds which 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 assets remained fairly constant over the fiscal year, increasing 2.2% from the proportion of restricted net assets from fiscal year ended June 30, 2009.

Portland Development Commission's Net Assets At June 30

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and						
Other Assets	\$ 311,669,046	\$ 311,602,257	\$ 12,809,937	\$ 18,535,866	\$ 324,478,983	\$ 330,138,123
Capital Assets	9,995,090	12,404,855	-	-	9,995,090	12,404,855
Total Assets	321,664,136	324,007,112	12,809,937	18,535,866	334,474,073	342,542,978
Liabilities						
Other Liabilities	32,611,368	35,335,836	27,076	479,582	32,638,444	35,815,418
Long-term Liabilities	9,646,453	9,302,003	-	1,031,421	9,646,453	10,333,424
Total Liabilities	42,257,821	44,637,839	27,076	1,511,003	42,284,897	46,148,842
Net Assets						
Invested in Capital						
Assets	9,995,090	12,404,855	-	-	9,995,090	12,404,855
Restricted	267,883,500	262,020,868	-	-	267,883,500	262,020,868
Unrestricted	1,527,725	4,943,550	12,782,861	17,024,863	14,310,586	21,968,413
Total Net Asset	\$ 279,406,315	\$ 279,369,273	\$ 12,782,861	\$ 17,024,863	\$ 292,189,176	\$ 296,394,136

A small portion of PDC's total net assets (\$9,995,090 or 3.4%) 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 remaining balance of *unrestricted net assets* (\$14,310,586) may be used to meet PDC's ongoing obligations to citizens and creditors. Most of the unrestricted net assets, 89.3%, are contained in the business-type activities. Note that unrestricted net assets have decreased 34.9% during fiscal year 2010. The business-type unrestricted net assets decreased by 24.9%, or \$4,242,002, while the governmental segment decreased \$3,415,825, or 69.1%.

At June 30, 2010, PDC is able to report positive balances in all three categories of net assets, both for the Commission as a whole, as well as for its separate governmental and business-type activities. This is consistent with the reporting for prior fiscal years.

One major component of PDC's assets is loans receivable from its customers. During this last year, PDC's gross portfolio increased \$36,170,303 or 10.7%, likewise the loan loss allowance also increased by 13.4% or \$33,613,878 from the prior year. The smaller, current portion of the net portfolio increased 12.3% while the non-current portion increased by 2.3%, reflecting a continuing trend in higher-risk and longer-term lending.

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

	2010	2009	Change	% Change
Gross Loans Receivable	\$ 374,169,115	\$ 337,998,812	\$ 36,170,303	10.7%
Allowance & Discount	(285,334,311)	(251,720,433)	(33,613,878)	13.4%
Total Net	<u>\$ 88,834,804</u>	<u>\$ 86,278,379</u>	<u>\$ 2,556,425</u>	3.0%
Current Portion	\$ 5,960,684	\$ 5,306,219	\$ 654,465	12.3%
Non-Current Portion	82,874,120	80,972,160	1,901,960	2.3%
Total Net	<u>\$ 88,834,804</u>	<u>\$ 86,278,379</u>	<u>\$ 2,556,425</u>	3.0%

PDC's ending net assets decreased by \$4,204,960, or approximately 1.4%, during the current fiscal year. In general, PDC's overall financial position has held relatively steady over the year, despite a \$2,984,304 (2.1%) decrease in revenues over the prior year, coupled with an increase in expenses by \$28,083,584 (24.7%). The increase in expenses consisted primarily of a change in the reporting of indirect services (\$23,030,738) which are now being recorded as Transfers.

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

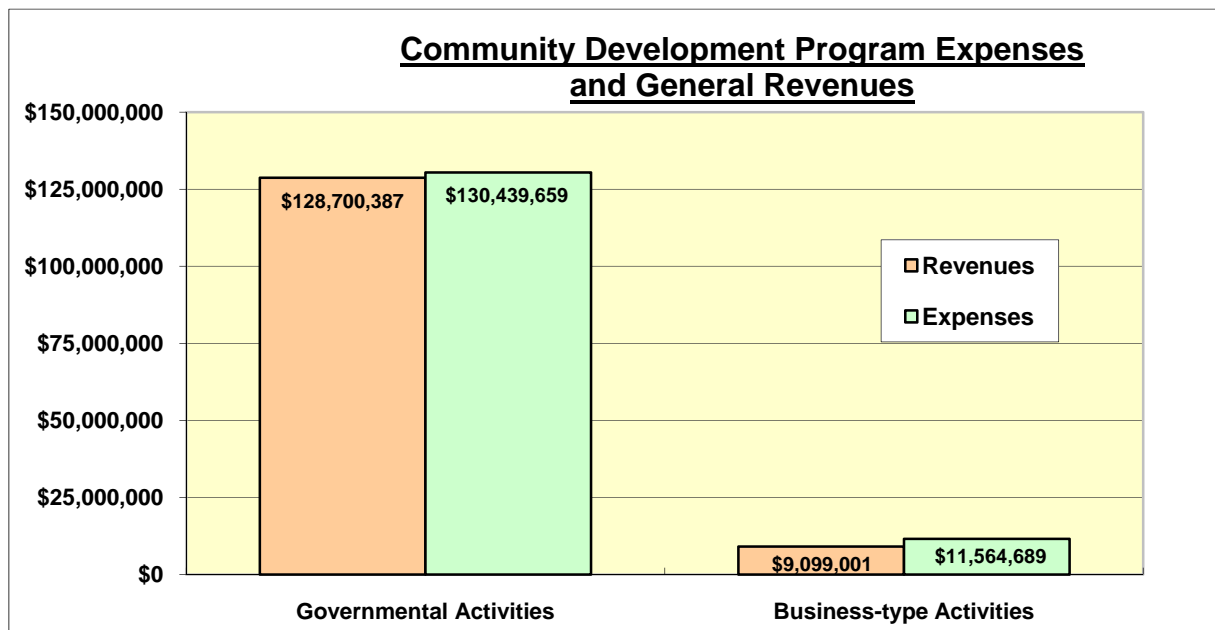
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,423,765	\$ 4,609,577	\$ 2,301,448	\$ 3,643,684	\$ 7,725,213	\$ 8,253,261
Operating Grants and Contributions	17,538,107	9,537,786	6,747,695	6,840,790	24,285,802	16,378,576
General Revenues:						
Tax-increment Debt Proceeds (in lieu of tax-increment revenue)	89,778,162	105,254,573	-	-	89,778,162	105,254,573
Unrestricted Investment Income	1,190,507	2,872,087	49,858	74,339	1,240,365	2,946,426
Miscellaneous	14,769,846	7,920,829	-	30,027	14,769,846	7,950,856
Total Revenues	<u>128,700,387</u>	<u>130,194,852</u>	<u>9,099,001</u>	<u>10,588,840</u>	<u>137,799,388</u>	<u>140,783,692</u>
Expenses:						
Community Development	130,439,659	103,984,411	-	-	130,439,659	103,984,411
Enterprise Funds	-	-	11,564,689	9,936,353	11,564,689	9,936,353
Total Expenses	<u>130,439,659</u>	<u>103,984,411</u>	<u>11,564,689</u>	<u>9,936,353</u>	<u>142,004,348</u>	<u>113,920,764</u>
Increase (Decrease) in Net Assets Before Special Item and Transfers	(1,739,272)	26,210,441	(2,465,688)	652,487	(4,204,960)	26,862,928
Transfers	<u>1,776,314</u>	<u>37,000</u>	<u>(1,776,314)</u>	<u>(37,000)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	37,042	26,247,441	(4,242,002)	615,487	(4,204,960)	26,862,928
Beginning Net Assets	<u>279,369,273</u>	<u>253,121,832</u>	<u>17,024,863</u>	<u>16,409,376</u>	<u>296,394,136</u>	<u>269,531,208</u>
Ending Net Assets	<u>\$ 279,406,315</u>	<u>\$ 279,369,273</u>	<u>\$ 12,782,861</u>	<u>\$ 17,024,863</u>	<u>\$ 292,189,176</u>	<u>\$ 296,394,136</u>

Governmental activities. PDC's ending net assets for governmental activities increased by \$37,042, while overall there was a 1.4% decrease in total net assets on a government-wide basis. This increase is due primarily to a decrease in governmental revenues of \$2,064,366 or 1.6%, while expenditures increased by 24.9% overall, or \$25,885,347.

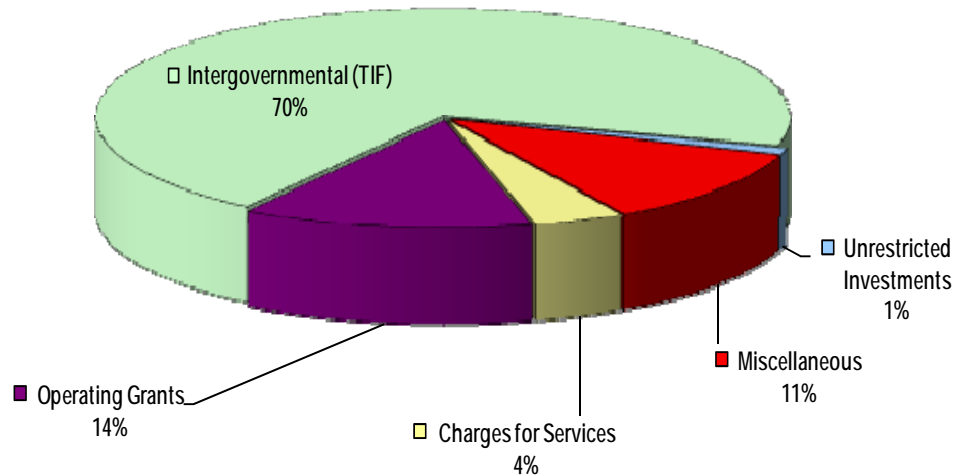
**Portland Development Commission's
Summary of Changes in Net Assets
for the Fiscal Year Ended June 30, 2010
Compared to the Fiscal Year Ended June 30, 2009**

	Governmental Activities	Business-type Activities	Total Change
Revenue Changes			
(Decrease) - Tax-Increment Proceeds (in lieu of tax-increment revenue)	\$ (15,476,411)	\$ -	\$ (15,476,411)
Increase/(Decrease) - Charges for Services	814,188	(1,342,236)	(528,048)
Increase/(Decrease) - Operating Grants and Contributions	8,000,321	(93,095)	7,907,226
(Decrease) - Unrestricted Investment Income	(1,681,580)	(24,481)	(1,706,061)
Increase/(Decrease) - Miscellaneous	6,279,116	(30,027)	6,249,089
Total Revenue Changes	(2,064,366)	(1,489,839)	(3,554,205)
Prior Year Net Asset Increase	26,247,441	615,487	26,862,928
(Increase) in Expenses	(25,885,347)	(1,628,336)	(27,513,683)
Transfers In/(Out) Change	1,739,314	(1,739,314)	-
Change in Net Assets Current Year	\$ 37,042	\$ (4,242,002)	\$ (4,204,960)

A significant increase in operating grants and contributions as well as an increase in miscellaneous revenues offset the decreased tax-increment proceeds (in lieu of tax-increment revenue). These increases were due to an increase in Federal Grant programs and the sale of real property. A marked increase in Financial Assistance is the primary source of increased expenses and the negligible change in net assets.



Revenues by Source - Governmental Type Activities



Tax-increment funding (TIF) proceeds are typically PDC's largest annual income source, and that was certainly the case for this fiscal year. The following schedule illustrates the TIF proceeds received by PDC from the City of Portland over the last five years. Note that the annual allotment of TIF proceeds received in fiscal year 2010 is a bit lower than the five-year average and any of the last three years and that the five-year average increased, by \$9,221,296 from \$85,941,712 in fiscal year 2009.

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

Year	Amount	Change	%	
2006	\$ 82,974,088			5-Year Average = \$95,163,008
2007	91,878,763	\$ 8,904,675	11%	
2008	105,929,455	14,050,692	15%	
2009	105,254,573	-674,882	-1%	
2010	89,778,162	-15,476,411	-15%	
	<u>\$ 475,815,041</u>			

The City of Portland receives property taxes in each of the designated urban renewal areas and forwards a portion to be allocated as TIF to the Portland Development Commission for projects. The amount of TIF allocated to PDC varies annually depending on each of the urban renewal area's projected tax revenues, debt capacity, and existing levels of outstanding debt held by the City. Each urban renewal area has a planned expiration date after which it cannot issue additional tax-increment debt. A typical life-cycle is between ten and twenty years, however, the expiration date may be extended by the Board of Commissioners. An urban renewal area that has reached its maximum indebtedness or expiration date will no longer issue new long-term tax-increment debt, but may

Business-type activities. PDC's net assets for business-type activities increased by \$615,487 or 3.8%, for the fiscal year ended June 30, 2009. The key elements of this increase are the volume of activity seen through the Housing Line of Credit and Net Revenues received by the Enterprise Management Fund.

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

<u>Expenses</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>
Personal services	\$ 259,106	\$ 310,555	\$ (51,449)
Professional services	195,826	368,992	(173,166)
Loan document costs	38,892	280,931	(242,039)
Financial assistance	7,781,913	4,646,711	3,135,202
Loan loss provision	71,340	1,269,841	(1,198,501)
Miscellaneous Expenses	255,095	-	255,095
Interest Expense	835,519	915,675	(80,156)
Gain on sale of property held for sale	(30,027)	(32,909)	2,882
Internal service reimbursements	498,662	345,454	153,208
Totals	\$ 9,906,326	\$ 8,105,250	\$ 1,801,076

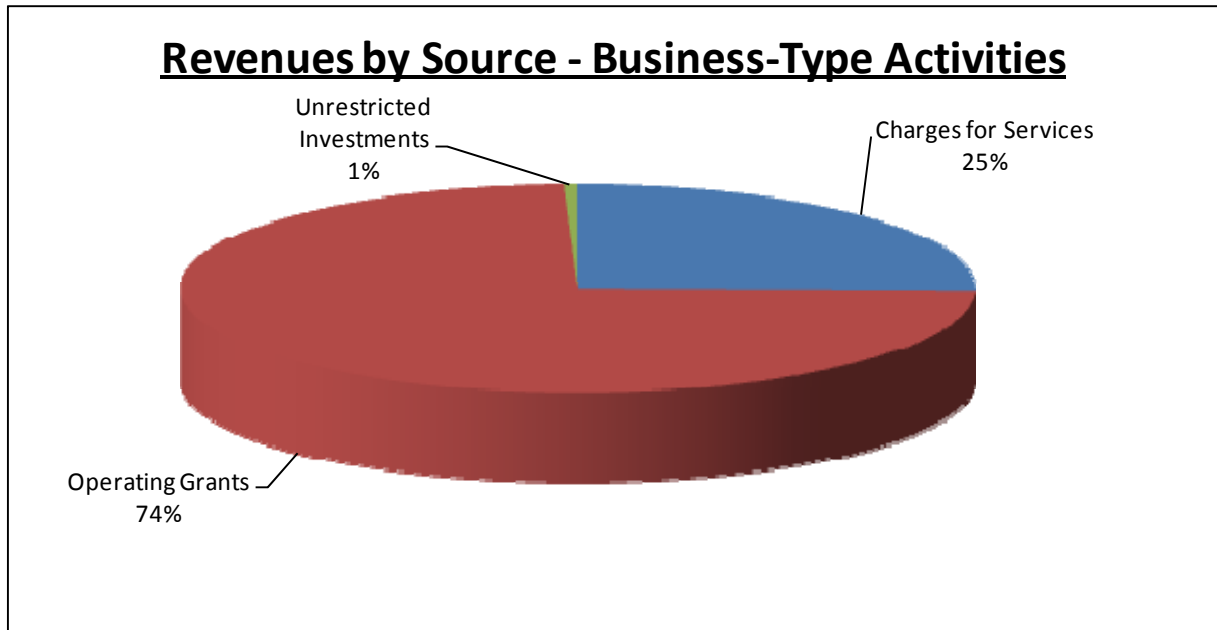
In fiscal year 2009, increased expenses were incurred for: \$3,135,202 in the repayment of an increased number of Housing Line of Credit advances; less a \$1,198,501 decrease in the change in the loan loss provision, a result of a quieter housing market over previous years.

The summary history below illustrates the fluctuating nature of the loan loss allowance. In 2009, the \$1,198,501 decrease (4.0%) in the allowance expense is consistent with the \$2,019,767 (4.3%) decrease in the gross portfolio for the Enterprise Loans Fund. However, there continues to be a shift in the portfolio composition from performing amortizing loans to deferred payment (First Home Buyer Assistance) and cash flow dependent loans.

**Portland Development Commission
Loan Loss Allowance History
Enterprise Loans Fund
For the Fiscal Years Ended June 30**

<u>Year</u>	<u>Allowance Expense (Recovery)</u>	<u>Change from Prior year</u>
2004	\$ (1,439,452)	
2005	2,235,185	\$ 3,674,637
2006	75,899	(2,159,286)
2007	406,467	330,568
2008	1,269,841	863,374
2009	71,340	(1,198,501)

Business-type revenues overall decreased (14.1%) over the prior year, or \$1,489,839. Charges for services experienced a \$1,342,236, (19.6%) decrease and while operating grants decreased 1.4% or \$93,095, it remains the largest source of revenue in Business-Type Activities. Unrestricted investment income also experienced a decrease this fiscal year of \$24,481 or 32.9%.



Financial Analysis of PDC's Funds

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

Governmental funds. The focus of PDC's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing PDC's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2010, PDC's governmental funds reported combined ending fund balances of \$278,807,978, an increase of \$2,895,427, or 1.1% from the prior year. Approximately 20.5% of the total amount, \$57,262,813, constitutes *unreserved fund balance*, which is available for spending at the Commission's discretion. Another \$33,284,605 is unreserved but is designated for subsequent year's expenditures. The remainder of fund balance is *reserved* to indicate that it is not available for discretionary spending because it has already been committed for urban renewal programs, \$186,152,890, or for other restricted purposes, \$2,107,670, in the general fund and other governmental funds.

The General Fund, adopted as the Urban Redevelopment Fund, is the primary operating fund of PDC. During the current fiscal year ended June 30, 2010, the fund balance of the General Fund increased from \$4,961,329 to \$5,306,280. Key factors in the \$344,951 increase include:

- Revenues increased by \$539,014 primarily due to an increase in Intergovernmental Revenues, a result of added allocations received from the City General Fund for Economic Development efforts citywide coupled with an increase in loan collections. This is partially offset by decreases in charges for services, interest on investments and miscellaneous revenues.
- Net expenditures increased \$4,519,634. An increase of \$4,761,171 in community development for professional service contracts, public communications and marketing, and training, travel, and meeting expenses accounts for the majority of the change, the result of increased economic development efforts citywide. Capital Outlay expenditures decreased by \$149,260 as did Financial Assistance for technical assistance and economic development by \$662,170.
- Transfers In reflect planned reimbursements of \$37,000 from the Headwaters Revenue Fund for property-specific insurance premiums, \$5,935 from the BRAC Grant Fund, and \$1,000,000 from the Enterprise Loans Fund to support an ongoing cash flow reserve for Economic Development.

The eight other major governmental funds include the Housing and Community Development Contract Fund, HOME Grant Fund, Downtown Waterfront Urban Renewal Fund, River District Urban Renewal Fund, South Park Blocks Urban Renewal Fund, Convention Center Urban Renewal Fund, Lents Town Center Urban Renewal Fund, and the Interstate Corridor Urban Renewal Fund. The following table shows the change in their fund balances.

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

<u>Fund</u>	<u>2010</u>	<u>2009</u>	<u>Change</u>
Housing and Community Development Contract Fund	\$ (4,868)	\$ 3,304	\$ (8,172)
HOME Grant Fund	118,182	24,286	93,896
Downtown Waterfront Urban Renewal Fund	39,159,263	39,606,422	(447,159)
River District Urban Renewal Fund	57,797,469	63,791,687	(5,994,218)
South Park Block Urban Renewal Fund	29,750,583	42,652,193	(12,901,610)
Convention Center Urban Renewal Fund	33,377,157	32,843,401	533,756
Lents Town Center Urban Renewal Fund	30,883,879	14,349,384	16,534,495
Interstate Corridor Urban Renewal Fund	10,486,337	8,470,582	2,015,755
Total Fund Balances	\$ 201,568,002	\$ 201,741,259	\$ (173,257)

As expected, the Housing and Community Development Contract Fund did not experience a significant change in its fund balance. The small change that did occur can be attributed primarily to an increase in financial assistance for the year. The HOME Grant Fund reported an increase in fund balance this past year due to increased intergovernmental revenues.

In the Downtown Waterfront Urban Renewal Fund, fund balance decreased \$447,159 or 1.1% due to an increase in miscellaneous revenue resulting from the assumption and transfer of the Grove Hotel from Housing Authority of Portland (HAP) as well as other properties transferred to the River District URA. Financial Assistance and Community Development expenditures decreased by \$1,578,842 or 42.7% and \$1,959,221 or 47.0% respectively. Capital Outlay decreased this year by \$8,846,872 or 73.1% due to the completion of major projects in fiscal year 2009.

In the River District Urban Renewal Area, the \$5,994,218 or 9.4% net decrease in fund balance can be attributed to an increase in tax-increment debt proceeds (in lieu of tax-increment revenue) of 14.1% or \$2,666,767. Financial Assistance experienced a dramatic increase of \$14,892,628 or 3,278.5% for projects such as Pearl Family Housing, Grove Apartments, New Avenues for Youth, and the Resource Access Center. Capital Outlay also saw a significant increase of \$4,116,413 for the Portland Streetcar Loop and the acquisition of the Grove Hotel and other properties transferred as the result of the URA boundary changes.

The South Park Blocks Urban Renewal Fund reflects a dramatic decrease in fund balance, \$12,901,610 or 30.3%, mainly from a \$35,357,941 decrease in tax-increment debt proceeds (in lieu of tax-increment revenue). A 28.7% or \$3,446,863 increase was recorded in expenditures and transfers primarily due to an increase in Financial Assistance of \$5,165,362 (125.0%) extended on projects such as the Martha Washington and University Place and offset by decrease in Community Development (\$1,507,679).

In fiscal year 2010, the Convention Center Urban Renewal Fund experienced a 1.6% increase in fund balance, or \$533,756. Most significant was an increase of \$4,612,827 in tax-increment debt proceeds (in lieu of tax-increment revenue) coupled with a decrease of \$1,111,311 or 98.8% on miscellaneous revenues the result of property sales in the previous year. An overall increase in expenditures of \$1,092,753 or 14.9% was attributable to a \$826,566 or 49.7% increase in Financial Assistance and a slight increase in Community Development, \$366,123.

The Lents Town Center Urban Renewal Fund experienced the largest increase in fund balance at 115.2% or \$16,534,495. Tax-increment debt proceeds (in lieu of tax-increment revenue) reflects Lents URA Bond Sale sold in June 2010 is the primary source of increased revenues with an increase of \$12,522,400 or 99.9% over the previous year. Meanwhile expenditures remained steady with only a .6% increase or \$288,015.

The Interstate Corridor Urban Renewal Fund ended 2010 with an increase in fund balance of \$2,015,755 or 23.8%. Revenues experienced an overall decrease of \$3,422,162 (19.6%) attributable to a similar decrease in tax-increment debt proceeds (in lieu of tax-increment revenue) of \$3,195,351 or 18.7%. Expenditures also decreased by \$2,416,955 or 16.7% primarily in the area of Financial Assistance.

**Portland Development Commission
Tax-Increment Funds (Debt Proceeds) Allocation
For the Years Ended June 30**

Capital Projects Urban Renewal Funds	2010	2009	Change
Downtown Waterfront	\$ 440,000	\$ 575,000	\$ (135,000)
River District	21,602,295	18,935,528	2,666,767
South Park Blocks	318,750	35,676,691	(35,357,941)
Convention Center	8,111,079	3,498,250	4,612,829
Lents Town Center	25,057,063	12,534,663	12,522,400
Interstate Corridor	13,861,917	17,057,268	(3,195,351)
Other Governmental Funds	20,387,058	16,977,173	3,409,885
Total TIF Allocation \$	<u>89,778,162</u>	<u>105,254,573</u>	<u>(15,476,411)</u>

Proprietary funds. PDC's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. PDC's Enterprise Loans Fund encompasses numerous loan programs. Net assets for the Enterprise Loans Fund decreased by

\$4,027,367 during the fiscal year ended June 30, 2010. Factors concerning the decrease in net assets of the Enterprise Loans Fund have already been addressed in the discussion of PDC's business-type activities. The Enterprise Management Fund accounts for activity related to non-URA property operation and maintenance and reflects a decrease in Net assets of \$214,635 or 63.0%. At present this fund is comprised primarily of revenues: charges for services of \$931,113 and \$3,812 of investment interest. Expenditures stem from the line of credit interest expense and the establishment of a reserve account both paid to the City of Portland for a total of \$1,007,599 and property taxes of \$104,961 paid to Multnomah County.

General Fund Budgetary Highlights

Differences between the original budget and final amended budget amounted to a \$1,759,490 increase in appropriations. The major differences are summarized as follows:

- Budgeted revenue decreased a net \$769,899 primarily due to lower than expected intergovernmental revenues from the City of Portland, General Fund for city-wide economic development initiatives.
- Budgeted expenditures in the General Fund reflected a decrease in the funding of the East Storefront Program and an increase in contingency funds.
- Increases in Administrative expenditures budgeted represent staffing operating costs being re-categorized from the operating program areas.

Differences between the final amended budget and actual revenues and expenditures amounted to a \$2,469,293 decrease from projected revenues and a \$7,148,220 decrease from anticipated expenditures. The major differences are summarized as follows:

- Actual Revenues decreased \$2,469,293 primarily due to budgeted line of credit draws for technology not being utilized.
- Administrative expenditures were lower than budgeted by \$3,604,002 over the final budget due to under spending in the ERP implementation and other IT projects.
- Budgeted contingency funds represent resources expected to be carried over to the following fiscal year beginning balance.

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

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

Capital assets. As of June 30, 2010 capital assets amount to \$9,995,090 (net of accumulated depreciation). This investment in capital assets includes land, buildings, systems, improvements, vehicles, equipment and software. The total decrease in PDC's investment in capital assets for the fiscal year ended June 30, 2010 was \$2,409,765, or 19.4%.

Portland Development Commission - Capital Assets
(net of accumulated depreciation)
At June 30

<u>Asset Type</u>	<u>Governmental Activities</u>		
	<u>2010</u>	<u>2009</u>	<u>Change</u>
Land	\$ 6,284,260	\$ 8,439,349	\$ (2,155,089)
Buildings	1,516,172	1,570,318	(54,146)
Leasehold Improvements	704,936	1,276,596	(571,660)
Vehicles and equipment	462,537	1,118,592	(656,055)
Intangible Software	1,027,185	-	1,027,185
Total Assets	\$ 9,995,090	\$ 12,404,855	\$ (2,409,765)

There were no major capital asset transactions during the year. Two properties included in the Union Station lots previously included in Land were reclassified to Property Held for Sale. Other types of capitalized assets decreased slightly in value during the fiscal year with the exception of vehicles and equipment for the purchase of new equipment and the reclassification of intangible software per GASB 49. Additional information on PDC's capital assets can be found in note III - E. on page 52 of this report, and in the Supplementary Data on pages 101-106.

Property Held for Sale. Expenditures for acquisition and improvements of real properties intended for sale to appropriate developers or homeowners are referred to herein 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, 2010.

Portland Development Commission
Real Property Held for Sale
For the Fiscal Year Ended June 30, 2010

<u>Funding Source</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Disposal/ Adjustments</u>	<u>Balance June 30, 2010</u>
General Fund	\$ 146,754	\$ -	\$ -	\$ 146,754
Housing and Community Development Contract Fund	251,456	-	-	251,456
Downtown Waterfront Urban Renewal Fund	11,937,757	-	(1,811,435)	10,126,322
River District Urban Renewal Fund	20,308,864	8,308,953	(3,044,214)	25,573,603
South Park Blocks Urban Renewal Fund	8,200,366	-	(1,475,000)	6,725,366
Convention Center Urban Renewal Fund	21,191,372	117,893	-	21,309,265
Lents Town Center Urban Renewal Fund	7,325,203	2,908,904	-	10,234,107
Interstate Corridor Urban Renewal Fund	3,819,717	-	(240,000)	3,579,717
Other Governmental Funds	49,693,911	2,557,904	(7,288,714)	44,963,101
Total Property Held for Sale	\$ 122,875,400	\$ 13,893,654	\$ (13,859,363)	\$ 122,909,691

In the Downtown Waterfront Urban Renewal Area six sites with an combined booked value of \$1,811,434 were moved to the River District URA due to boundary realignments.

In the River District Urban Renewal Area, the Grove Hotel was purchased for \$3,728,627 from the Housing Authority of Portland (HAP) and subsequently written down to market value of \$1,100,000 based on a recent appraisal. In addition, seven properties were moved from two different Urban

Renewal Area's due to boundary realignments. These transfers included two Union Station parcels, the 421-436 NW 3rd site, Blocks R, Y, and U from Downtown Waterfront URA and the Fairfield Hotel from the South Park Blocks URA. In addition, part of Block U was sold for \$415,587 to Housing Authority of Portland.

In the South Park Blocks Urban Renewal Area, the Fairfield Hotel with a booked value of \$1,475,000 was transferred to the River District URA due to boundary realignments.

Three sites in the Lents Town Center Urban Renewal Area were acquired to further facilitate implementation of the Lents Town Center revitalization plan. They are 5718 SE 92nd Ave., 8801 SE Foster Blvd., and 9320 SE Ramona St., for a combined increase of \$2,845,262.

Significant real property transactions in the Other Government Funds included:

- In the North Macadam Urban Renewal Fund, Air Rights at the 3516-3605 SW Macadam Blvd. site were sold and the Parking Garage Work in Progress asset at the same location was dissolved.
- In the Gateway Urban Renewal Fund, real property at 9929 NE Glisan St., 9999 NE Glisan St, and 618 NE 99th Ave. was acquired at a cost of \$1,912,639 for redevelopment in the implementation of the Opportunity Gateway Concept Plan and Redevelopment Strategy.
- In the Airport Way Urban Renewal Fund, Lots 6, 7 and an easement on Lot 1 at NE 185th Riverside Parkway were sold to developers for \$2,795,018. In addition, \$186,542 was booked as amortization of the lease rights at Cascade Station.

Additional information on PDC's real property held for sale can be found in note III - D. on page 52 of this report, and in the Supplementary Data on pages 105-106.

Long-term debt. PDC does not maintain a debt service fund. Due to the nature of the services PDC provides to the community, all debt activity is fully represented in the Governmental and Enterprise Loans Fund.

PDC entered into a Private Lender Program Financing Agreement (PLPA) with the Bank of America. PDC loaned the borrowed funds to homeowners and investors for acquisition and rehabilitation of residential properties. Transactions relating to this agreement are recorded in the Enterprise Loans Fund.

**Portland Development Commission
Private Lender Program Debt:
Comparison of Balances
At June 30**

<u>Program</u>	<u>Enterprise Loans Fund Debt Balances</u>		
	<u>2010</u>	<u>2009</u>	<u>Change</u>
Private Lender - Bank of America			
Current	\$ -	\$ 207,300	\$ (207,300)
Non-Current	-	1,031,421	(1,031,421)
Total Program Notes Payable	<u>\$ -</u>	<u>\$ 1,238,721</u>	<u>\$ (1,238,721)</u>

During fiscal year 2010, the Private Lender Program Debt was paid in full. Upon release of the loan collateral borrower loans will be returned to the originating funds and the PLPA fund closed. Additional information regarding PDC's Private Lender Program financing debt can be found in note III - G. on page 54 of this report.

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

Economic Factors and Next Year's Budgets and Rates

- The Portland metropolitan area unemployment rate for June 2010 was 10.0%, and July 2010 was 10.4%. This is down slightly from the rate of 11.0% a year ago in June. The unemployment rate for the United States as a whole for June 2010 remains 9.5%. Job growth has yet to pick up and employment analysts speculate that job losses are likely to continue through the third quarter followed by minimal growth in the fourth. Job expansion is predicted to pick up steam in 2011 and 2012 but it may be as late as 2014 before we see employment levels return. Portland's total non-farm wage and salary employment has fallen to 948,200 at a rate of 4.3% over the last fiscal year.
- The Portland area office market increased vacancy to 12.7% during the second quarter with small amounts of construction deliveries in recent months and improvement not expected in the immediate future. Net absorption continues to be low with (242,145) square feet of office space absorption year to date. At present 526,225 square feet of new construction is underway.
- The industrial market saw vacancies increase less than 1% during this past quarter in the Portland area with a steady increase over recent quarters to 15.2%. Manufacturing is expected to be a major factor in Portland's economic recovery. It is predicted that the manufacturing sector could grow by 14% in the next five years.
- Inflation rate trends for the Portland metropolitan area compare slightly more favorably to National indices. Rates projected through June 1.6% and 1.9%, respectively.
- All of the above positive indicators are occurring in the context of similar economic improvements for the State of Oregon.

All of these factors were considered in preparing PDC's budget for the next fiscal year ending June 30, 2011.

Requests for Information

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

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

STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 314,745	\$ -	\$ 314,745
Cash with City of Portland investment pool	103,708,684	2,058,928	105,767,612
Cash with fiscal agent	123,774	-	123,774
Receivables:			
Due from City of Portland	3,542,957	563,117	4,106,074
Due from other entities	1,642,674	1,000	1,643,674
Internal balances	3,579,937	(3,579,937)	-
Loans, net	3,508,841	2,451,843	5,960,684
Interest	291,854	11,957	303,811
Prepays	274,798	-	274,798
Property held for sale	122,909,691	-	122,909,691
Total current assets	<u>239,897,955</u>	<u>1,506,908</u>	<u>241,404,863</u>
Noncurrent assets:			
Restricted cash-			
City of Portland investment pool	-	200,000	200,000
Loans receivable, net	71,771,091	11,103,029	82,874,120
Capital assets not being depreciated:			
Land	6,284,260	-	6,284,260
Capital assets net of accumulated depreciation:			
Buildings and improvements	1,516,172	-	1,516,172
Leasehold improvements	704,936	-	704,936
Furniture, vehicles and equipment	462,537	-	462,537
Intangible software	1,027,185	-	1,027,185
Total noncurrent assets	<u>81,766,181</u>	<u>11,303,029</u>	<u>93,069,210</u>
Total assets	<u>\$ 321,664,136</u>	<u>\$ 12,809,937</u>	<u>\$ 334,474,073</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,399,382	\$ 16,196	\$ 2,415,578
Accrued liabilities	2,282,269	7,094	2,289,363
Due to City of Portland	27,797,321	3,786	27,801,107
Deposits payable	132,396	-	132,396
Total current liabilities	<u>32,611,368</u>	<u>27,076</u>	<u>32,638,444</u>
Noncurrent liabilities:			
Net other post-employment benefits obligation	507,267	-	507,267
Pollution remediation	9,139,186	-	9,139,186
Total noncurrent liabilities	<u>9,646,453</u>	<u>-</u>	<u>9,646,453</u>
Total liabilities	<u>42,257,821</u>	<u>27,076</u>	<u>42,284,897</u>
NET ASSETS			
Invested in capital assets	9,995,090	-	9,995,090
Restricted for:			
Urban renewal	261,857,349	-	261,857,349
Other	6,026,151	-	6,026,151
Unrestricted	1,527,725	12,782,861	14,310,586
Total net assets	<u>279,406,315</u>	<u>12,782,861</u>	<u>292,189,176</u>
Total liabilities and net assets	<u>\$ 321,664,136</u>	<u>\$ 12,809,937</u>	<u>\$ 334,474,073</u>

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

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

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants
Governmental activities:			
Community development	\$ 130,439,659	\$ 5,423,765	\$ 17,538,107
Business-type activities:			
Enterprise loans	10,450,636	1,368,842	6,747,695
Enterprise management	1,112,560	931,113	-
Total	<u>\$ 142,002,855</u>	<u>\$ 7,723,720</u>	<u>\$ 24,285,802</u>

General Revenues:

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

Transfers

Total general revenues and transfers

Change in net assets

Net assets - June 30, 2009

Net assets - June 30, 2010

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

Net Expense and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (107,477,787)	\$ -	\$ (107,477,787)
-	(2,334,099)	(2,334,099)
-	(181,447)	(181,447)
(107,477,787)	(2,515,546)	(109,993,333)
89,778,162	-	89,778,162
1,190,507	49,858	1,240,365
14,769,846	-	14,769,846
1,776,314	(1,776,314)	-
107,514,829	(1,726,456)	105,788,373
37,042	(4,242,002)	(4,204,960)
279,369,273	17,024,863	296,394,136
\$ <u>279,406,315</u>	\$ <u>12,782,861</u>	\$ <u>292,189,176</u>

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010**

	Special Revenue Funds				
	General Fund	Housing and Community Development Contract Fund	HOME Grant Fund	Downtown Waterfront Urban Renewal Fund	River District Urban Renewal Fund
ASSETS					
Cash and cash equivalents	\$ 314,745	\$ -	\$ -	\$ -	\$ -
Cash with City of Portland investment pool	5,876,002	343,170	5,000	17,438,978	17,938,623
Cash with fiscal agent	-	-	-	-	-
Receivables:					
Due from City of Portland	1,976,882	1,294,790	160,174	-	100,219
Accounts	16,796	-	-	1,786	84,325
Internal balances	-	4,197,319	607,618	-	-
Loans, net	526,604	7,556,473	3,621,134	12,013,906	20,066,700
Interest	16,417	81	330	38,164	79,983
Prepays	274,798	-	-	-	-
Property held for sale	146,754	251,456	-	10,126,322	25,573,603
Total assets	\$ 9,148,998	\$ 13,643,289	\$ 4,394,256	\$ 39,619,156	\$ 63,843,453
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,168,561	\$ 304,798	\$ -	\$ 46,478	\$ 139,356
Accrued liabilities	2,282,269	-	-	-	-
Due to City of Portland	310,946	12,122,359	4,272,074	412,907	5,906,628
Deposits payable	80,942	-	-	508	-
Internal balances	-	1,221,000	4,000	-	-
Total liabilities	3,842,718	13,648,157	4,276,074	459,893	6,045,984
Fund balances:					
Reserved for:					
Loans receivable	526,604	-	-	12,013,906	20,066,700
Property held for sale	146,754	-	-	10,126,322	25,573,603
Notes receivable	-	-	-	-	-
Unreserved, designated for subsequent year's expenditures in:					
General Fund	2,842,762	-	-	-	-
Special Revenue Funds	-	-	93,812	-	-
Capital Projects Funds	-	-	-	2,408,349	12,157,166
Unreserved, undesignated, reported in:					
General Fund	1,790,160	-	-	-	-
Special Revenue Funds	-	(4,868)	24,370	-	-
Capital Projects Funds	-	-	-	14,610,686	-
Total fund balances (deficit)	5,306,280	(4,868)	118,182	39,159,263	57,797,469
Total liabilities and fund balances	\$ 9,148,998	\$ 13,643,289	\$ 4,394,256	\$ 39,619,156	\$ 63,843,453

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

Capital Projects Funds

South Park Blocks 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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 314,745
18,362,261	4,070,803	16,142,982	3,395,655	19,886,276	103,459,750
-	-	-	-	123,774	123,774
-	9,330	-	-	1,562	3,542,957
-	-	130	-	1,539,637	1,642,674
-	-	-	-	-	4,804,937
4,698,095	9,013,397	4,809,292	4,514,363	8,459,968	75,279,932
61,012	11,643	16,074	4,720	62,664	291,088
-	-	-	-	-	274,798
6,725,366	21,309,265	10,234,107	3,579,717	44,963,101	122,909,691
<u>\$ 29,846,734</u>	<u>\$ 34,414,438</u>	<u>\$ 31,202,585</u>	<u>\$ 11,494,455</u>	<u>\$ 75,036,982</u>	<u>\$ 312,644,346</u>
\$ 33,356	\$ 44,223	\$ 76,491	\$ 25,179	\$ 560,940	\$ 2,399,382
-	-	-	-	-	2,282,269
62,795	993,058	242,215	982,939	2,491,400	27,797,321
-	-	-	-	50,946	132,396
-	-	-	-	-	1,225,000
96,151	1,037,281	318,706	1,008,118	3,103,286	33,836,368
4,698,095	9,013,397	4,809,292	4,514,363	8,459,968	64,102,325
6,725,366	21,309,265	10,234,107	3,579,717	44,963,101	122,658,235
-	-	-	-	1,500,000	1,500,000
-	-	-	-	-	2,842,762
-	-	-	-	234,771	328,583
1,928,316	3,054,495	3,999,886	2,392,257	4,172,791	30,113,260
-	-	-	-	-	1,790,160
-	-	-	-	722,766	742,268
16,398,806	-	11,840,594	-	11,880,299	54,730,385
29,750,583	33,377,157	30,883,879	10,486,337	71,933,696	278,807,978
<u>\$ 29,846,734</u>	<u>\$ 34,414,438</u>	<u>\$ 31,202,585</u>	<u>\$ 11,494,455</u>	<u>\$ 75,036,982</u>	<u>\$ 312,644,346</u>

PDC

PORTLAND
DEVELOPMENT
COMMISSION

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2010**

Fund balances - total governmental funds	\$ 278,807,978
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	9,995,090
Net other post-employment benefit obligation reported on the Balance Sheet	(507,267)
Pollution remediation liability	(9,139,186)
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 Assets	<u>249,700</u>
Net assets of governmental activities	\$ <u><u>279,406,315</u></u>

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2010

	Special Revenue Fund				
	General Fund	Housing and Community Development Contract Fund	HOME Grant Fund	Downtown Waterfront Urban Renewal Fund	River District Urban Renewal District
REVENUES					
Intergovernmental revenues	\$ 6,068,722	\$ 7,066,549	\$ 4,402,836	\$ -	\$ -
Charges for services	2,320	4,484	8	421,781	493,763
Loan collections	23,623	609,660	435,006	378,555	490,665
Interest on investments	68,538	230	873	157,571	312,379
Miscellaneous	885,146	53,301	-	5,741,549	679,058
Tax-increment debt proceeds (in lieu of tax-increment revenue)	-	-	-	440,000	21,602,295
Total revenues	<u>7,048,349</u>	<u>7,734,224</u>	<u>4,838,723</u>	<u>7,139,456</u>	<u>23,578,160</u>
EXPENDITURES					
Current-					
Community development	5,331,072	5,265,037	-	2,212,961	5,745,697
Financial assistance	1,606,450	2,453,244	4,744,827	2,115,122	15,346,881
Capital outlay	808,811	24,115	-	3,258,532	8,479,800
Debt service-					
Interest	-	-	-	-	-
Total expenditures	<u>7,746,333</u>	<u>7,742,396</u>	<u>4,744,827</u>	<u>7,586,615</u>	<u>29,572,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(697,984)</u>	<u>(8,172)</u>	<u>93,896</u>	<u>(447,159)</u>	<u>(5,994,218)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,042,935	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>1,042,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	344,951	(8,172)	93,896	(447,159)	(5,994,218)
FUND BALANCES (deficit) - July 1, 2009	<u>4,961,329</u>	<u>3,304</u>	<u>24,286</u>	<u>39,606,422</u>	<u>63,791,687</u>
FUND BALANCES (deficit) - June 30, 2010	<u>\$ 5,306,280</u>	<u>\$ (4,868)</u>	<u>\$ 118,182</u>	<u>\$ 39,159,263</u>	<u>\$ 57,797,469</u>

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

Capital Projects Funds

South Park Blocks 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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,538,107
74,382	219,618	109,184	22,601	566,783	1,914,924
360,269	589,575	83,535	114,404	423,549	3,508,841
313,366	54,039	38,963	19,972	220,870	1,186,801
1,480,538	13,124	4,436	45,728	5,767,436	14,670,316
<u>318,750</u>	<u>8,111,079</u>	<u>25,057,063</u>	<u>13,861,917</u>	<u>20,387,058</u>	<u>89,778,162</u>
<u>2,547,305</u>	<u>8,987,435</u>	<u>25,293,181</u>	<u>14,064,622</u>	<u>27,365,696</u>	<u>128,597,151</u>
2,811,690	3,948,231	4,076,794	4,973,610	7,996,287	42,361,379
9,298,368	2,490,903	4,367,661	4,007,801	3,408,825	49,840,082
3,338,857	2,014,545	314,231	3,067,456	13,931,303	35,237,650
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,927</u>	<u>38,927</u>
<u>15,448,915</u>	<u>8,453,679</u>	<u>8,758,686</u>	<u>12,048,867</u>	<u>25,375,342</u>	<u>127,478,038</u>
<u>(12,901,610)</u>	<u>533,756</u>	<u>16,534,495</u>	<u>2,015,755</u>	<u>1,990,354</u>	<u>1,119,113</u>
-	-	-	-	739,314	1,782,249
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,935)</u>	<u>(5,935)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>733,379</u>	<u>1,776,314</u>
(12,901,610)	533,756	16,534,495	2,015,755	2,723,733	2,895,427
<u>42,652,193</u>	<u>32,843,401</u>	<u>14,349,384</u>	<u>8,470,582</u>	<u>69,209,963</u>	<u>275,912,551</u>
<u>\$ 29,750,583</u>	<u>\$ 33,377,157</u>	<u>\$ 30,883,879</u>	<u>\$ 10,486,337</u>	<u>\$ 71,933,696</u>	<u>\$ 278,807,978</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010**

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

Net change in fund balances - total governmental funds	\$	2,895,427
<p>Governmental funds report capital asset acquisitions as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital assets acquisitions.</p>		
Expenditures for capital assets	\$	689,393
Less current year depreciation		(1,041,059)
Loss on sale/disposal of assets net of depreciation		(2,058,099)
		<u>(2,409,765)</u>
Current year expense for net other post-employment benefits obligation payable in the Statement of Net Assets		(135,618)
Current year expense for pollution remediation		(208,832)
<p>The internal service fund is used by management to charge insurance costs to individual funds. The change in net assets is reported with governmental activities.</p>		
Expenditures for internal services	\$	(207,406)
Miscellaneous revenue		99,530
Interest on investment		3,706
		<u>(104,170)</u>
Change in net assets of governmental activities	\$	<u><u>37,042</u></u>

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

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

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, 2010

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Intergovernmental revenues-				
City of Portland, General Fund	\$ 6,253,852	\$ 6,154,352	\$ 6,068,722	\$ (85,630)
City of Portland, other	3,273,857	2,464,483	-	(2,464,483)
Charges for services-				
Application fees and charges	-	-	1,243	1,243
Rental income	-	-	1,077	1,077
Loan Collections-				
Principal	-	10,000	113,452	103,452
Interest	-	10,000	23,623	13,623
Interest on investments	7,881	76,856	68,538	(8,318)
Miscellaneous:				
Reimbursements	-	50,000	189,007	139,007
Private grants and donations	295,500	295,500	90,000	(205,500)
Other	-	-	36,236	36,236
Total revenues	<u>9,831,090</u>	<u>9,061,191</u>	<u>6,591,898</u>	<u>(2,469,293)</u>
EXPENDITURES				
Current:				
Community development:				
Housing	1,096,866	-	-	-
Business and industry	7,442,887	6,116,597	5,497,881	618,716
Revitalization	1,320,726	1,257,000	829,481	427,519
Infrastructure	144,740	-	-	-
Administration	24,947,207	27,700,853	24,096,851	3,604,002
Total community development	<u>34,952,426</u>	<u>35,074,450</u>	<u>30,424,213</u>	<u>4,650,237</u>
Contingency	<u>860,517</u>	<u>2,497,983</u>	<u>-</u>	<u>2,497,983</u>
Total expenditures	<u>35,812,943</u>	<u>37,572,433</u>	<u>30,424,213</u>	<u>7,148,220</u>
Excess (deficiency) of revenues over expenditures	<u>(25,981,853)</u>	<u>(28,511,242)</u>	<u>(23,832,315)</u>	<u>4,678,927</u>
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	23,732,514	23,727,219	23,681,321	(45,898)
Transfers in-				
General Fund	-	2,924,969	2,924,969	-
Enterprise Loans Fund	-	1,000,000	1,000,000	-
Other Federal Grants Fund	-	5,935	5,935	-
Enterprise Management Fund	37,000	37,000	37,000	-
Total transfers in	<u>37,000</u>	<u>3,967,904</u>	<u>3,967,904</u>	<u>-</u>
Internal service reimbursements	(650,583)	(650,583)	(650,583)	-
Transfers out:				
General Fund	-	(2,924,969)	(2,924,969)	-
Total transfers out	<u>-</u>	<u>(2,924,969)</u>	<u>(2,924,969)</u>	<u>-</u>
Total other financing sources (uses)	<u>23,118,931</u>	<u>24,119,571</u>	<u>24,073,673</u>	<u>(45,898)</u>
Net change in fund balance	<u>(2,862,922)</u>	<u>(4,391,671)</u>	<u>241,358</u>	<u>4,633,029</u>
FUND BALANCE - July 1, 2009	<u>2,862,922</u>	<u>4,391,671</u>	<u>4,391,564</u>	<u>(107)</u>
FUND BALANCE - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>4,632,922</u>	<u>\$ 4,632,922</u>
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			526,604	
Property held for sale			146,754	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			<u>\$ 5,306,280</u>	

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

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

**HOUSING AND COMMUNITY DEVELOPMENT CONTRACT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2010**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental revenues-				
Housing and Community				
Development contract	\$ 5,640,425	\$ 10,796,402	\$ 6,182,143	\$ (4,614,259)
Federal grants	-	-	376,483	376,483
City of Portland, General Fund	-	-	507,915	507,915
Charges for services-				
Application fees and charges	-	-	1,984	1,984
Rental income	-	-	2,500	2,500
Loan Collections-				
Principal	400,000	400,000	531,546	131,546
Interest	400,000	400,000	78,115	(321,885)
Interest on investments	-	-	237	237
Miscellaneous:				
Reimbursements	-	-	3,301	3,301
Sale of real property	-	-	50,000	50,000
Total revenues	6,440,425	11,596,402	7,734,224	(3,862,178)
EXPENDITURES				
Current:				
Community development:				
Housing	1,981,221	7,812,268	3,342,885	4,469,383
Business and industry	3,201,111	2,251,111	3,001,631	(750,520)
Administration	-	10,000	556	9,444
Total community development	5,182,332	10,073,379	6,345,072	3,728,307
Total expenditures	5,182,332	10,073,379	6,345,072	3,728,307
Excess (deficiency) of revenues over expenditures	1,258,093	1,523,023	1,389,152	(133,871)
OTHER FINANCING SOURCES (USES)				
Transfers in-				
Enterprise Loans Fund	-	-	1,221,000	1,221,000
Total transfers in	-	-	1,221,000	1,221,000
Internal service expenditures	(1,258,093)	(1,525,624)	(1,397,324)	128,300
Transfers out:				
Enterprise Loans Fund	-	(465,000)	(465,000)	-
Total transfers out	-	(465,000)	(465,000)	-
Total other financing uses	(1,258,093)	(1,990,624)	(641,324)	1,349,300
Net change in fund balance	-	(467,601)	747,828	1,215,429
FUND BALANCE - July 1, 2009	-	467,601	468,304	703
FUND BALANCE - June 30, 2010	\$ -	\$ -	1,216,132	\$ 1,216,132
Adjustments to generally accepted accounting principles basis-				
Interfund advances			(1,221,000)	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			\$ (4,868)	

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

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

**HOME GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2010**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental revenues-				
Federal grants	\$ 3,289,520	\$ 6,084,313	\$ 4,402,836	\$ (1,681,477)
Charges for services-				
Application fees and charges	-	-	8	8
Loan Collections-				
Principal	150,000	150,000	196,043	46,043
Interest	150,000	150,000	238,963	88,963
Interest on investments	-	-	873	873
Total revenues	<u>3,589,520</u>	<u>6,384,313</u>	<u>4,838,723</u>	<u>(1,545,590)</u>
EXPENDITURES				
Current:				
Community development:				
Housing	<u>3,589,520</u>	<u>6,408,599</u>	<u>4,744,827</u>	<u>1,663,772</u>
Total community development	<u>3,589,520</u>	<u>6,408,599</u>	<u>4,744,827</u>	<u>1,663,772</u>
Total expenditures	<u>3,589,520</u>	<u>6,408,599</u>	<u>4,744,827</u>	<u>1,663,772</u>
Excess (deficiency) of revenues over expenditures	-	(24,286)	93,896	118,182
OTHER FINANCING SOURCES (USES)				
Transfers in-				
Enterprise Loans Fund	-	-	4,000	4,000
Total transfers in	-	-	4,000	4,000
Transfers out:				
Enterprise Loans Fund	-	(690,000)	(690,000)	-
Total transfers out	-	(690,000)	(690,000)	-
Total other financing uses	-	(690,000)	(686,000)	4,000
Net change in fund balance	-	(714,286)	(592,104)	122,182
FUND BALANCE - July 1, 2009	-	714,286	714,286	-
FUND BALANCE - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	122,182	<u>\$ 122,182</u>
Adjustments to generally accepted accounting principles basis-				
Interfund advances			(4,000)	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			<u>\$ 118,182</u>	

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

PDC

PORTLAND
DEVELOPMENT
COMMISSION

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

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Enterprise Loans Fund	Enterprise Management Fund	Totals	
ASSETS				
Current assets:				
Cash with City of Portland investment pool	\$ 1,934,196	\$ 124,732	\$ 2,058,928	\$ 248,934
Receivables:				
Due from City of Portland	563,117	-	563,117	-
Accounts	1,000	-	1,000	-
Internal balances	1,225,000	-	1,225,000	-
Loans, net	2,451,843	-	2,451,843	-
Interest	10,512	1,445	11,957	766
Total current assets	6,185,668	126,177	6,311,845	249,700
Noncurrent assets:				
Restricted cash-				
City of Portland investment pool	200,000	-	200,000	-
Loans receivable, net	11,103,029	-	11,103,029	-
Total noncurrent assets	11,303,029	-	11,303,029	-
Total assets	\$ 17,488,697	\$ 126,177	\$ 17,614,874	\$ 249,700
LIABILITIES AND NET ASSETS				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 16,196	\$ -	\$ 16,196	\$ -
Accrued liability	7,094	-	7,094	-
Due to City of Portland	3,786	-	3,786	-
Internal balances	4,804,937	-	4,804,937	-
Total current liabilities	4,832,013	-	4,832,013	-
Total liabilities	4,832,013	-	4,832,013	-
NET ASSETS				
Unrestricted	12,656,684	126,177	12,782,861	249,700
Total net assets (deficit)	12,656,684	126,177	12,782,861	249,700
Total liabilities and net assets	\$ 17,488,697	\$ 126,177	\$ 17,614,874	\$ 249,700

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

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Enterprise Loans Fund	Enterprise Management Fund	Totals	
OPERATING REVENUES:				
Charges for services	\$ 205,220	\$ 931,113	\$ 1,136,333	\$ -
Interest on loans	655,093	-	655,093	-
Miscellaneous revenues	510,022	-	510,022	99,530
Intergovernmental revenues	1,711,824	-	1,711,824	-
Investor loan draws	5,035,871	-	5,035,871	-
Total operating revenues	8,118,030	931,113	9,049,143	99,530
OPERATING EXPENSES:				
Personal services	253,105	-	253,105	2,080
Professional services	1,171,860	354,961	1,526,821	205,326
Loan document costs	24,189	-	24,189	-
Financial assistance	5,544,749	-	5,544,749	-
Loan loss provision	1,393,874	-	1,393,874	-
Internal service reimbursements	569,901	-	569,901	-
Miscellaneous expenses	1,470,896	757,599	2,228,495	-
Total operating expenses	10,428,574	1,112,560	11,541,134	207,406
Operating income (loss)	(2,310,544)	(181,447)	(2,491,991)	(107,876)
NON-OPERATING REVENUES (EXPENSE):				
Interest on investments	46,046	3,812	49,858	3,706
Interest expense	(23,555)	-	(23,555)	-
Total non-operating revenues (expense)	22,491	3,812	26,303	3,706
Income before (loss) transfers	(2,288,053)	(177,635)	(2,465,688)	(104,170)
Transfers out	(1,739,314)	(37,000)	(1,776,314)	-
Change in net assets	(4,027,367)	(214,635)	(4,242,002)	(104,170)
NET ASSETS (DEFICIT) - July 1, 2009	16,684,051	340,812	17,024,863	353,870
NET ASSETS (DEFICIT) - June 30, 2010	\$ 12,656,684	\$ 126,177	\$ 12,782,861	\$ 249,700

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

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2010

	Business-type Activities			Governmental Activities-Internal Service Fund
	Enterprise Loans Fund	Enterprise Management Fund	Totals	
Cash flows from operating activities:				
Loan collections from borrowers	\$ 8,152,840	\$ -	\$ 8,152,840	\$ -
Intergovernmental revenue	1,261,824	-	1,261,824	-
Interest on loans from borrowers	655,093	-	655,093	-
Loan fees from customers	205,220	-	205,220	-
Investor loan draws	5,035,871	-	5,035,871	-
Rent income	-	931,113	931,113	-
Payments to employees	(337,237)	-	(337,237)	(2,080)
Payments to vendors	(8,204,197)	(1,112,560)	(9,316,757)	(205,326)
Payments for interfund services used	(485,569)	-	(485,569)	-
Loans to borrowers	(7,138,867)	-	(7,138,867)	-
Miscellaneous reimbursements	320,217	-	320,217	99,530
Net cash (used) by operating activities	(534,805)	(181,447)	(716,252)	(107,876)
Cash flows from noncapital financing activities:				
Principal paid on notes payable	(1,238,721)	-	(1,238,721)	-
Interest paid on notes payable	(24,900)	-	(24,900)	-
Transfers from other funds	4,779,878	-	4,779,878	-
Transfers to other funds	(6,569,027)	(37,000)	(6,606,027)	-
Net cash (used) by noncapital financing activities	(3,052,770)	(37,000)	(3,089,770)	-
Cash flows from investing activities				
Interest received from investing	64,474	4,693	69,167	5,913
Net increase in cash and cash equivalents	(3,523,101)	(213,754)	(3,736,855)	(101,963)
Cash and cash equivalents-July 1, 2009	5,657,297	338,486	5,995,783	350,897
Cash and cash equivalents-June 30, 2010	\$ 2,134,196	\$ 124,732	\$ 2,258,928	\$ 248,934
Cash with City of Portland investment pool	\$ 1,934,196	\$ 124,732	\$	\$ 248,934
Restricted cash-City of Portland investment pool	200,000	-	-	-
Total	\$ 2,134,196	\$ 124,732	\$	\$ 248,934
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Net operating (loss)	\$ (2,310,544)	\$ (181,447)	\$ (2,491,991)	\$ (107,876)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:				
Decrease in due from City of Portland	(581,684)	-	(581,684)	-
Decrease in loans receivable	2,312,715	-	2,312,715	-
Decrease in due from other entities	63,000	-	63,000	-
Decrease in accounts payable	(18,292)	-	(18,292)	-
Total adjustments	1,775,739	-	1,775,739	-
Net cash (used) by operating activities	\$ (534,805)	\$ (181,447)	\$ (716,252)	\$ (107,876)

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

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

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
June 30, 2010**

Assets

Cash with City of Portland investment pool	\$ 62,312
Interest receivable	<u>162</u>
Total assets	<u><u>\$ 62,474</u></u>

Liabilities

Accounts payable	<u><u>\$ 62,474</u></u>
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The accompanying notes are an integral part of the financial statements.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Basic Financial Statements
June 30, 2010

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

PDC is a component unit of the City and its financial activities are discretely presented in a separate column in the City's basic financial statements.

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements. 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 Loans Fund and the non-major governmental funds are presented in the supplementary data section of the report.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Basic Financial Statements, Continued
June 30, 2010

timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Loans Receivable and Property Held for Sale are treated as financial resources, an activity that does not result from revenue transactions. No expenditure is recognized when property is purchased or a loan is issued, and income is only recognized for the interest portion of loan collections and any proceeds for property sales in excess of the property's cost basis. Expenditures are recognized if a loan is discounted, or an allowance is recorded. Since loans receivable and properties held for sale are not resources available to liquidate current liabilities, they are offset by a reservation of fund balance.

PDC reports the following major governmental funds:

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

Housing and Community Development Contract Fund – accounts for the contract with the City of Portland Bureau of Housing and Community Development to administer a portion of the City's Community Development Block Grant programs and a related revolving loan fund.

HOME Grant Fund – accounts for the contract with the City of Portland Bureau of Housing and Community Development to administer a portion of the City's HOME Grant programs.

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Basic Financial Statements, Continued
June 30, 2010

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.

South Park Block Urban Renewal Fund – accounts for the resources used to increase the supply of affordable rental housing and the southwest quadrant of downtown Portland and to provide new landscaping, lighting , and other public improvements in the culture-rich Portland State University campus area.

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.

PDC reports the following major proprietary funds:

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

PDC reports the following non-major proprietary funds:

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.

Additionally, PDC reports the following fund type:

Fiduciary (Agency) Funds – accounts for loans serviced for outside agencies and held by PDC in a fiduciary capacity. Agency funds do not have a measurement focus, but do use the accrual basis of accounting.

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Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. PDC has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are overhead charges allocated by the General Fund to the Enterprise Loans Fund in the amount of \$569,901. Eliminations of these charges would distort the direct costs reported for the various programs concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with ongoing operations. The principal operating revenues of the Enterprise Loans Fund are interest on loans and charges for loan fees. Operating expenses include the administrative and interest expense on borrowings. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities, and Net Assets or Equity

1. *Cash and Investments*

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

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

Investment pool cash balances are part of the City's cash management activity and are considered cash and cash equivalents. Activities undertaken by the investment pool on behalf of the proprietary funds are not considered as part of the investing and financing activities of the funds, and details of these investments are not reported in the Statement of Cash Flows. In general, interest earned from pooled investments is allocated to each City fund, including PDC which appears as a single cash account, based on average earnings rate and daily cash balance of each fund. PDC allocates and

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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 banker's acceptances, Aa rated corporate bonds, time deposits, repurchase agreements and the State of Oregon Local Government Investment Pool.

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

2. *Receivables and Payables*

Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as internal balances. Reimbursements due from other governmental entities for the CDBG and HOME 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. For loans funded by Community Development Block Grant proceeds, or other arrangements requiring the proceeds from loan repayments to be maintained or reloaned in accordance with the specific requirements of the program under which the original loan was made, the loans receivable are offset by a Due to the City of Portland, the original provider of the funds.

PDC maintains a valuation allowance for loans receivable comprised of an allowance for risk and an allowance for present value discount. 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. The allowance for the present value discount gives recognition to the economic cost of providing loans at interest rates below market, and represents an estimate of the difference between the present value of discounted net cash flows using the weighted average interest rate for the program within which a given loan belongs.

3. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items both in the government-wide and fund financial statements.

4. *Capital Assets*

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

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funds. Capital assets, which are acquired and held for internal use, are stated at historical cost, and include the costs of appraisals and demolition. Donated capital assets are recorded at their fair market value at the date of donation.

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

Depreciation 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
Vehicles	8
Equipment	5-15
Computer software	10
Computer equipment	5

The useful life for two categories reported above were changed to align with the City's useful life. Computer software was changed from five to ten years and computer equipment was changed from three to five years. Generally, when construction projects are completed on behalf of the City of Portland, the project's capital assets are transferred to the City at cost. Proceeds from sale of capital assets originally purchased with grant resources are reported as due to City of Portland until recycled through the grant program. All other proceeds from the sale of capital assets are recognized as revenue.

5. Property Held for Sale

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

6. Compensated Absences

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

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7. Long-term Obligations

Long-term bonded debt issued to finance urban development activities is not reported in the financial statements, but is reported in the City of Portland's financial statements since the debt is the obligation of the City. Debt, which financed loans made by PDC, had been reported as Private Lender Participation Agreement notes payable in the Enterprise Loans Fund in the financial statements and was paid off during the fiscal year.

8. Fund Equity and Net Assets

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

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

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

Unrestricted. This represents net assets not included in other categories.

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

Reserved. This includes the portion of fund balance related to assets that are not available to liquidate current liabilities such as long term loans receivable, properties held for sale, prepaid expenses, and other long term assets.

Unreserved, designated. This includes tentative plans for utilization of fund balances in future periods for uncompleted construction contracts, commitments related to unperformed contracts for goods and services, and loan commitments not yet disbursed.

Unreserved. This represents fund balances not included in the other categories.

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, 2010, 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

For fiscal year 2010, GASB Statement 51 (GASBS 51), *Accounting and Financial Reporting for Intangible Assets*, establishing guidelines for the reporting intangible assets became effective. PDC had already been recording and reporting intangible assets so required only a minor change in reporting. The not held for sale intangible assets are now reported as a separate asset category in the

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financial statements and tables in the notes to the basic financial statements rather than a part of Vehicles and Equipment.

Future Adoption of GASB Pronouncements

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Issued February, 2009 this statement will be effective for PDC for fiscal year ending June 30, 2011. The objective of this Statement is to improve the usefulness and understandability of governmental fund balance information. This Statement provides more clearly defined categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statement and help financial statement users better understand the purposes for which governments have chosen to use particular funds for financial reporting. Preliminary assessment of PDC's funds is underway.

GASB Statement No. 59, *Financial Instruments Omnibus* was issued in June 2010. The Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The Statement is effective for financial statements prepared by state and local governments for periods beginning after June 15, 2010, with earlier application encouraged. PDC will not be subject to this statement as all investing of PDC funds is handled by the City.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

PDC is required by Oregon Local Budget Law to budget all funds except the Agency Funds. All funds, except the Agency Funds, are budgeted on the modified accrual basis of accounting. The resolution authorizing appropriations sets the maximum level of expenditures for each fund. The original budget is adopted by the Commission by resolution prior to the beginning of the fiscal year (July 1 through June 30). The amount reported as "fund balance" on the General Fund budgetary basis of accounting derives from the basis of accounting used in preparing PDC's budget. This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of the transactions in the table below.

Revenues—budgetary basis	\$ 6,591,898
Loans receivable revenues	<u>(113,450)</u>
Revenues—GAAP basis	<u>\$ 6,478,448</u>
Expenditures—budgetary basis	\$ 30,424,213
Book new loans receivable	(258,987)
Allowance for loans receivable	<u>41,944</u>
Expenditures—GAAP basis	<u>\$ 30,207,170</u>

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Appropriations are made by organizational unit; appropriating the expenditure budget by program. This is a change from prior years where appropriations were made by organizational units. The change was made in conjunction with a substantial change to PDC's chart of accounts and financial system in fiscal year 2009. 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 publications in newspapers, but always requires approval by the Commission. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Commission. The Commission approved three supplemental budgets during the fiscal year. Appropriations lapse at each fiscal year-end.

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2010, the following funds and programs had expenditures in excess of appropriations:

Fund	Program	Excess
Housing and Community Development Contract	Business and Industry	\$ 750,520
Enterprise Zone Fund	Business and Industry	3,152
Central Eastside Urban Renewal Fund	Housing	26,109
Gateway Regional Center Urban Renewal Fund	Infrastructure	80,808
Enterprise Loans Fund	Transfers	1,285,340

C. Deficit Fund Equity

The Housing and Community Development Fund reflects a deficit GAAP fund balance of \$4,868 as of June 30 due to expenditures made prior to receipt of funds being held by the City of Portland.

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 and the State Treasurer's Local Government Investment Pool (LGIP).

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

Cash on hand	\$ 500
Deposits with financial institutions	438,019
Cash with City of Portland investment pool	105,829,924
Restricted cash	200,000
	<u>\$ 106,468,443</u>

The balance is reflected in the Statement of Net Assets and Statement of Fiduciary Assets and Liabilities as follows:

	Governmental Activities	Business- Type Activities	Fiduciary Activities	Total
Cash and cash equivalents	\$ 314,745	\$ -	\$ -	\$ 314,745
Cash with City of Portland investment pool	103,708,684	2,058,928	62,312	105,829,924
Cash with fiscal agent	123,774	-	-	123,774
Restricted cash	-	200,000	-	200,000
	<u>\$ 104,147,203</u>	<u>\$ 2,258,928</u>	<u>\$ 62,312</u>	<u>\$ 106,468,443</u>

Per the agreement with the City, \$200,000 has been restricted for the establishment of the Homeownership Line of Credit.

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

Custodial credit risk—deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy is in accordance with ORS 295. All deposits are collateralized with eligible securities in amounts determined by the Office of the State Treasurer (OST). The City's deposit policy requires that all deposits are covered by the Federal Deposit Insurance Corporation (FDIC), and/or are collateralized as required by and in compliance with ORS 295.

The FDIC's standard insurance amount currently is \$250,000 per depositor. The \$250,000 limit is permanent for certain retirement accounts (includes IRAs) and is temporary for all other deposit accounts through December 31, 2013. On January 1, 2014, the standard insurance amount will return to \$100,000 per depositor for all deposit accounts except certain retirement accounts, which will remain at \$250,000 per depositor.

The OST's custodian, Federal Home Loan Bank of Seattle, is the agent of the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the Depository Bank, Custodian Bank and Office of the State Treasurer (OST) and are held for the benefit of OST on behalf of the public depositors.

PDC bank deposit of \$123,774 at Wells Fargo Bank is 100% insured by the FDIC.

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Interest Rate Risk

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

As of June 30, 2010, the weighted average maturity of the City's investment portfolio was 297 days. To minimize interest rate risk, the City's investment policy limits the portfolio to a maximum weighted average maturity of eighteen months. In addition, no more than 50% of the projected lowest cash balance may be invested in securities with a maturity range beyond two years. All other funds must be invested in less than two-year maturities and must meet the City's cash flow requirements. Investments with maturities greater than two years may be purchased only with the approval of the IAC.

Credit Risk

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

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

As of June 30, 2010, the LGIP was not rated.

Concentration of Credit Risk

Of the City's total investments as of June 30, 2010, 86.9% percent were United States Agency Debt Obligations or short-term investments. All other investments not explicitly guaranteed by the United States Government were less than one percent of the City's total investments. The City's investment policy addresses credit risk concentration by limiting both the types and amounts of securities that may be held in the portfolio. These portfolio restrictions vary based upon the investment type and issuer. These restrictions as well as other information contained in the City's investment policy are located at: <http://www.portlandonline.com/shared/cfm/image.cfm?id=197428>.

Custodial credit risk--investments

For an investment, this is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy complies with ORS 294.035 and ORS 294.810 that lists acceptable investments. As of June 30, 2010, 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.

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B. Internal Balances and Transfers

The composition of internal balances is as follows:

Payable Fund	Receivable Fund			Total
	Housing and Community Development Contract Fund	HOME Grant Fund	Enterprise Loans Fund	
Assets				
Enterprise Loans Fund	\$ 4,197,319	\$ 607,618	\$ -	\$ 4,804,937
Governmental Fund Receivables				<u>\$ 4,804,937</u>
Liabilities				
Housing and Community Development Contract Fund	\$ -	\$ -	\$ 1,221,000	\$ 1,221,000
HOME Grant Fund	-	-	4,000	<u>4,000</u>
Governmental Fund Liabilities				<u>\$ 1,225,000</u>

As of June 30, 2010, the Enterprise Loans Fund owes the Housing and Community Development Contract Fund and the Other Federal Grants Fund the total amount of \$4,804,937 for loan collateral provided for the Private Lender Participation Agreement loans (PLPA). The PLPA note was paid in full in fiscal year 2010 (Note III. G.). The collateral will be returned to originating funds when released by Bank of America. The Housing and Community Development Fund, and HOME Grant Fund owe the Enterprise Loans Fund \$1,221,000, and \$4,000 respectively, for short-term Interfund loans for grant expenditures not yet reimbursed by the City of Portland and are repaid in the next accounting period.

Interfund transfers made during the year are outlined below.

Transfer out fund	Transfer In Fund					Total
	General Fund	Housing and Community Development Contract Fund	HOME Grant Fund	Other Governmental Funds	Enterprise Loans Fund	
Housing and Community Development Contract Fund	\$ -	\$ -	\$ -	\$ -	\$ 465,000	\$ 465,000
HOME Grants Fund	-	-	-	-	690,000	690,000
Enterprise Loans Fund	1,000,000	-	-	739,314	-	1,739,314
Other Governmental Funds	5,935	-	-	-	16,000	21,935
Other Business-Type funds	37,000	-	-	-	-	37,000
	<u>\$ 1,042,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 739,314</u>	<u>\$ 1,171,000</u>	<u>\$ 2,953,249</u>

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C. Loans Receivable

Loans receivable are comprised of loans to qualified borrowers for the rehabilitation and restoration of single and multi-family residences, collateralized by real property, and commercial loans to small business 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
Major Funds:				
General Fund:				
Urban Development:				
Amortized loans	10 yrs	4% to 6%	\$ 664,299	\$ 156,346
Deferred payment loans	10 yrs	4%	49,841	31,190
Total Gross General Fund			714,140	187,536
Total Net General Fund				526,604
Housing and Community Development Contract Fund:				
Multi-family housing:				
Cash flow loans	30 yrs	0% to 3%	4,797,106	4,369,450
Equity gap loans	Indefinite	0%	17,435,985	17,435,985
Deferred payment loans	60 yrs	0% to 3%	1,769,051	1,331,635
Amortized loans	30 yrs	0% to 8%	2,704,470	625,028
Neighborhood housing:				
Deferred payment loans	Indefinite	0%	6,618,712	2,502,241
Shared appreciation mortgages	Indefinite	0%	384,500	96,125
Amortized loans	26 yrs	0% to 5%	247,293	40,180
Total Gross Housing and Community Development Contract Fund			33,957,117	26,400,644
Total Net Housing and Community Development Contract Fund				7,556,473
HOME Grant Fund:				
Multi-family housing:				
Cash flow loans	45 yrs	0% to 3%	22,903,080	21,545,185
Equity gap loans	Indefinite	0%	15,968,468	15,968,468
Deferred payment loans	20 yrs	0% to 3%	1,256,352	745,779
Amortized loans	30 yrs	1% to 3%	3,583,858	2,234,740
Neighborhood housing:				
Deferred payment loans	Indefinite	0%	62,751	14,776
Shared appreciation mortgages	Indefinite	0%	474,097	118,524
Total Gross HOME Grant Fund			44,248,606	40,627,472
Total Net HOME Grant Fund				3,621,134

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Fund and Program	Maximum Term	Interest Rate	Gross Loans Receivable	Allowance And Discount
Downtown Waterfront Urban Renewal Fund:				
Urban Development:				
Equity gap loans	Indefinite	0%	717,199	717,199
Amortized loans	20 yrs	0% to 9%	5,602,330	1,138,922
Deferred payment loans	20 yrs	0% to 3%	2,500,575	1,441,618
Multi-family housing :				
Cash flow loans	30 yrs	0% to 5%	33,833,071	31,528,140
Deferred payment loans	50 yrs	0% to 3%	2,764,879	1,932,085
Amortized loans	30 yrs	0% to 3%	6,968,491	4,452,845
Equity gap loans	Indefinite	0%	8,772,331	8,772,331
Neighborhood housing-				
Shared appreciation mortgages	Indefinite	0%	1,117,559	279,389
Total Gross Downtown Waterfront Urban Renewal Fund			62,276,435	50,262,529
Total Net Downtown Waterfront Urban Renewal Fund				12,013,906
River District Urban Renewal Fund:				
Urban Development:				
Amortized loans	20 yrs	0% to 9%	14,436,854	4,110,292
Deferred payment loans	10 yrs	0% to 5%	11,748,181	6,660,869
Multi-family housing:				
Amortized loans	30 yrs	1% to 3%	2,681,907	1,532,120
Cash flow loans	60 yrs	0% to 3%	37,949,268	34,682,045
Deferred payment loans	2 yrs	0%	214,990	111,837
Neighborhood housing:				
Shared appreciation mortgages	Indefinite	0%	201,434	68,771
Total Gross River District Urban Renewal Fund			67,232,634	47,165,934
Total Net River District Urban Renewal Fund				20,066,700
South Park Blocks Urban Renewal Fund				
Urban Development:				
Amortized loans	30 yrs	1% to 5%	1,702,965	434,982
Multi-family housing:				
Equity gap loans	Indefinite	0%	12,761,650	12,761,650
Deferred payment loans	40 yrs	1% to 3%	2,885,962	2,423,428
Cash flow loans	52 yrs	0% to 3%	26,346,928	24,295,405
Amortized loans	30 yrs	3%	2,431,936	1,626,753
Neighborhood housing:				
Shared appreciation mortgages	Indefinite	0%	233,500	122,628
Total Gross South Park Blocks Urban Renewal Fund			46,362,941	41,664,846
Total Net South Park Blocks Urban Renewal Fund				4,698,095
Convention Center Urban Renewal Fund:				
Urban Development:				
Deferred payment loans	20 yrs	0% to 3%	7,656,761	5,838,758
Amortized loans	30 yrs	1% to 7%	8,953,952	2,885,584
Cash flow loans	42 yrs	1% to 9%	2,960,655	2,918,030
Multi-family housing:				
Cash flow loans	Indefinite	0%	3,324,635	3,190,101
Equity gap loans	Indefinite	0%	759,463	759,463
Deferred payment loans	Indefinite	0%	563,759	226,075
Amortized loans	38 yrs	3%	1,513,469	901,286
Total Gross Convention Center Urban Renewal Fund			25,732,694	16,719,297
Total Net Convention Center Urban Renewal Fund				9,013,397

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Fund and Program	Maximum Term	Interest Rate	Gross Loans Receivable	Allowance And Discount
Lents Town Center Urban Renewal Fund:				
Urban Development:				
Cash flow loans	35 yrs	3%	315,850	198,900
Deferred payment loans	35 yrs	0% to 3%	1,317,690	1,017,911
Amortized loans	30 yrs	0% to 9%	3,083,093	960,722
Multi-family housing:				
Amortized loans	30 yrs	3%	621,362	416,760
Deferred payment loans	30 yrs	0% to 3%	1,018,115	509,546
Cash flow loans	Indefinite	0%	884,396	845,400
Equity gap loans	Indefinite	0%	3,159,126	3,159,126
Neighborhood housing:				
Deferred payment loans	30 yrs	0% to 4%	3,242,905	2,322,807
Amortized loans	30 yrs	3% to 5%	89,392	17,061
Shared appreciation mortgages	Indefinite	0%	700,795	175,199
Total Gross Lents Town Center Urban Renewal Fund			14,432,724	9,623,432
Total Net Lents Town Center Urban Renewal Fund				4,809,292
Interstate Corridor Urban Renewal Fund:				
Urban Development:				
Amortized loans	20 yrs	0% to 9%	3,179,153	843,744
Deferred payment loans	20 yrs	0% to 2%	657,744	389,949
Multi-family housing:				
Amortized loans	2 yrs	0%	474,192	201,352
Cash flow	40 yrs	0% to 1%	8,170,992	7,966,801
Deferred payment loans	24 yrs	0% to 1%	1,149,850	741,468
Equity gap loans	Indefinite	0%	397,753	397,753
Neighborhood housing:				
Deferred payment loans	30 yrs	0% to 4%	2,465,771	1,673,667
Shared appreciation mortgages	Indefinite	0%	150,725	37,681
Amortized loans	20 yrs	4% to 5%	148,894	28,296
Total Gross Interstate Corridor Urban Renewal Fund			16,795,074	12,280,711
Total Net Interstate Corridor Urban Renewal Fund				4,514,363
Total Gross Major Funds			311,752,365	
Total Net Major Funds				66,819,964
Other Governmental Funds:				
Other Federal Grants Fund				
Urban Development:				
Amortized Loans	20 yrs	3% to 8%	1,660,132	230,259
In default loans	N/A	0%	310,886	310,886
Total Gross Other Federal Grants Fund			1,971,018	541,145
Total Net Other Federal Grants Fund				1,429,873
Enterprise Zone Fund				
Urban Development:				
Amortized Loans	6 yrs	0%	5,000	561
Total Gross Enterprise Zone Fund			5,000	561
Total Net Enterprise Zone Fund				4,439
North Macadam Urban Renewal Fund:				
Urban Development:				
Amortized loans	31 yrs	1%	3,131,200	958,825
Cash flow loans	31 yrs	0%	3,181,116	3,106,382
Deferred payment loans	2 yrs	0%	32,735	16,651
Multi-family housing:				
Deferred payment loans	4 yrs	0%	1,907,053	962,477
Total Gross North Macadam Urban Renewal Fund			8,252,104	5,044,335
Total Net North Macadam Urban Renewal Fund				3,207,769

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Fund and Program	Maximum Term	Interest Rate	Gross Loans Receivable	Allowance And Discount
Central Eastside Urban Renewal Fund:				
Urban Development:				
Cash flow	28 yrs	4%	1,180,754	1,148,062
Amortized loans	20 yrs	0% to 9%	3,545,619	1,130,653
Deferred payment loans	20 yrs	0%	545,500	345,276
Multi-family housing:				
Amortized loans	29 yrs	1%	73,195	36,587
Deferred payment loans	2 yrs	0%	75,000	38,802
Equity gap loans	Indefinite	0%	2,300,000	2,300,000
			<u>7,720,068</u>	<u>4,999,380</u>
Total Gross Central Eastside Urban Renewal Fund				<u>4,999,380</u>
Total Net Central Eastside Urban Renewal Fund				<u>2,720,688</u>
Gateway Regional Center Urban Renewal Fund:				
Urban Development:				
Amortized loans	20 yrs	1% to 9%	278,258	89,891
			<u>278,258</u>	<u>89,891</u>
Total Gross Gateway Regional Center Urban Renewal Fund				<u>89,891</u>
Total Net Gateway Regional Center Urban Renewal Fund				<u>188,367</u>
Airport Way Urban Renewal Fund:				
Urban Development:				
Amortized loans	20 yrs	0% to 9%	1,271,769	376,113
Deferred payment loans	20 yrs	0%	50,000	36,824
			<u>1,321,769</u>	<u>412,937</u>
Total Gross Airport Way Urban Renewal Fund				<u>412,937</u>
Total Net Airport Way Urban Renewal Fund				<u>908,832</u>
			<u>19,548,217</u>	
Total Gross Other Governmental Funds				<u>8,459,968</u>
Total Net Other Governmental Funds				<u>8,459,968</u>
Total Gross Governmental Funds			<u>331,300,582</u>	
Total Net Governmental Funds				<u>75,279,932</u>
Enterprise Loans Fund				
Urban Development:				
Amortized loans	15yrs	0% to 9%	2,780,679	328,986
Cash flow loans	10 yrs	5%	200,000	190,265
In default loans	N/A	0%	75,517	75,517
Multi-family housing:				
Equity gap loans	Indefinite	0%	6,505,824	6,505,824
Deferred payment loans	20 yrs	0% to 3%	2,254,281	1,491,887
Amortized loans	30 yrs	0% to 7%	6,019,808	1,545,720
Cash flow loans	40 yrs	0% to 5%	16,223,694	11,354,859
In default loans	N/A	0%	7,599,529	7,599,529
Neighborhood housing:				
Amortized loans	20 yrs	0% to 3%	1,065,118	154,939
Deferred payment loans	30 yrs	0% to 3%	144,083	66,135
			<u>42,868,533</u>	<u>29,313,661</u>
Total Gross Enterprise Loans Fund				<u>29,313,661</u>
Total Net Enterprise Loans Fund				<u>13,554,872</u>
Total Gross All Funds			<u>\$ 374,169,115</u>	
Total Net All Funds				<u>\$ 88,834,804</u>

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Of the \$13,554,872 net receivable in the Enterprise Loans Fund, \$5,103,333 is assigned as collateral on notes payable under the Private Lender Participation Agreement (Note III.G.).

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	13.44%	\$ 50,295,303	\$ 13,645,880
Cash flow loans	2.09%	7,838,375	7,561,639
Deferred payment loans	6.56%	24,559,027	15,779,046
Equity gap loans	0.19%	717,199	717,199
In default loans	0.10%	386,403	386,403
Urban development totals	<u>22.40%</u>	<u>83,796,307</u>	<u>38,090,167</u>
Multi-family housing:			
Amortized loans	7.24%	27,072,688	13,573,191
Cash flow loans	41.27%	154,433,170	139,777,386
Deferred payment loans	4.24%	15,859,292	10,515,019
Equity gap loans	18.19%	68,060,600	68,060,600
In default loans	2.03%	7,599,529	7,599,529
Multi-family housing totals	<u>72.97%</u>	<u>273,025,279</u>	<u>239,525,725</u>
Neighborhood housing:			
Amortized loans	0.41%	1,550,697	240,476
Deferred payment loans	3.35%	12,534,222	6,579,626
Shared appreciation mortgages	0.87%	3,262,610	898,317
Neighborhood housing totals	<u>4.64%</u>	<u>17,347,529</u>	<u>7,718,419</u>
Total Gross Loans	100%	\$ <u>374,169,115</u>	<u>285,334,311</u>
Total Net Loans			\$ <u>88,834,804</u>
Summary Loans Receivable Aging:			
Current loans receivable, net		\$ 5,960,684	
Noncurrent loans receivable, net		<u>82,874,120</u>	
Total Net Loans		\$ <u>88,834,804</u>	

The Loan Loss Allowance is comprised of both an interest discount factor and a loan loss risk factor. The total allowance at June 30, 2010 is broken down as follows:

Interest Discount Factor	\$ 32,473,378
Loan Loss Risk Factor	<u>252,860,933</u>
Total Allowance and Discount	\$ <u>285,334,311</u>

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D. Property Held for Sale

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

Governmental Activities:	
General Fund	\$ 146,754
Housing and Community Development Contract Fund	251,456
Downtown Waterfront Urban Renewal Fund	10,126,322
River District Urban Renewal Fund	25,573,603
South Park Blocks Urban Renewal Fund	6,725,366
Convention Center Urban Renewal Fund	21,309,265
Lents Town Center Urban Renewal Fund	10,234,107
Interstate Corridor Urban Renewal Fund	3,579,717
Other Governmental Funds	44,963,101
Total Governmental Funds	<u>\$ 122,909,691</u>

E. Capital Assets

Capital assets are composed of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 8,439,349	\$ 19,499	\$ (2,174,588)	\$ -	\$ 6,284,260
Capital assets, being depreciated:					
Buildings and improvements	2,707,441	-	-	-	2,707,441
Leasehold improvements	3,716,402	133,098	-	-	3,849,500
Vehicles, and equipment	2,837,027	53,285	(35,611)	(610,873)	2,243,828
Intangible software	-	483,511	-	610,873	1,094,384
Total capital assets being depreciated	<u>9,260,870</u>	<u>669,894</u>	<u>(35,611)</u>	<u>-</u>	<u>9,895,153</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,137,122)	(54,147)	-	-	(1,191,269)
Leasehold improvements	(2,439,805)	(704,759)	-	-	(3,144,564)
Vehicles, and equipment	(1,718,437)	(221,473)	152,100	6,519	(1,781,291)
Intangible software	-	(60,680)	-	(6,519)	(67,199)
Total accumulated depreciation	<u>(5,295,364)</u>	<u>(1,041,059)</u>	<u>152,100</u>	<u>-</u>	<u>(6,184,323)</u>
Total capital assets, being depreciated, net	<u>3,965,506</u>	<u>(371,165)</u>	<u>116,489</u>	<u>-</u>	<u>3,710,830</u>
Governmental activities capital assets, net	<u>\$ 12,404,855</u>	<u>\$ (351,666)</u>	<u>\$ (2,058,099)</u>	<u>\$ -</u>	<u>\$ 9,995,090</u>

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F. Operating Leases

As Lessee

PDC leases office space and land under operating leases. Rental expenditures amounted to approximately \$1,656,240. Future minimum lease payments under PDC's operating leases are as follows:

Fiscal Year Ending	Minimum Lease Payments
2011	\$ 753,975
2012	1,035,456
2013	1,066,524
2014	1,098,516
2015	1,131,480
2016-2020	6,187,368
	<u>\$ 11,273,319</u>

The amounts above do not include lessee maintenance charges in excess of the stipulated minimum rental fees. The total of such charges for the fiscal year amounted to approximately \$2,990.

As Lessor

PDC functions as a lessor for office space, parking lot space, and land leases on certain property which it has acquired as part of its urban renewal activities. The carrying value of the property being leased is approximately \$51,750,100, accumulated depreciation is \$1,191,270. Rental revenue amounted to approximately \$2,487,000 for the fiscal year. The minimum future operating non-cancelable lease revenues are as follows:

Fiscal Year Ending	Minimum Revenue Total
2011	\$ 2,114,303
2012	185,033
2013	46,290
2014	28,811
2015	2,891
2016-2020	55
2021-2025	55
2026-2030	55
2031-2035	55
2036-2040	55
2041-2045	55
2046-2049	45
	<u>\$ 2,377,703</u>

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G. Private Lender Participation Agreements

As of June 30, 2010, the Private Lender Participation Agreement note payable is paid in full. During the fiscal year \$23,555 in interest was paid and was reported as a direct program expense in the Statement of Activities. However there are remaining pledged loans receivable (net of allowance) under the PLPA Agreement of:

<u>Lender Institution</u>	<u>Pledged Loans Receivable</u>
Bank of America	\$ 4,235,212

The gross amount of pledged loans receivable, before deducting the related allowance, is \$5,103,333. The loans receivable will be returned to the originating funds when released by Bank of America.

H. Changes in Long-term Liabilities

	<u>Long-term Beginning Balance</u>	<u>Short Term Beginning Balance</u>	<u>Additions</u>	<u>Payments/ Reductions</u>	<u>Long-term Ending Balances</u>	<u>Due Within One Year</u>
Governmental activities						
Post employment benefits	\$ 371,649	\$ -	\$ 135,618	\$ -	\$ 507,267	\$ -
Pollution Remediation	8,930,354	-	208,832	-	9,139,186	-
	<u>\$ 9,302,003</u>	<u>\$ -</u>	<u>\$ 344,450</u>	<u>\$ -</u>	<u>\$ 9,646,453</u>	<u>\$ -</u>
Business-type activities						
PLPA-Bank of America	\$ 1,031,421	\$ 207,300	\$ -	\$ 1,238,721	\$ -	\$ -

For governmental activities, 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.

I. Amounts Due To and From the City of Portland

Due To the City of Portland consists principally of loan principal and interest receivable on contracts for services under the Community Development Block Grants and HOME programs administered by PDC for the City of Portland. Under this program, such principal and interest repayments are recycled through the Block Grant process. Other due to amounts are related to property held for sale which was acquired via grant funds and amounts drawn from the City. Balances of Due to the City of Portland by fund as of June 30, 2010 follow. Loans are stated net of valuation allowance.

	<u>Loan Principal</u>	<u>Property Held for Sale</u>	<u>Internal Balances</u>	<u>Accounts Payable</u>	<u>Ending Balance</u>
Housing and Community					
Development Contract Fund	\$ 7,556,473	\$ 251,456	\$ 4,197,319	\$ 117,111	\$ 12,122,359
HOME Grant Fund	3,621,134	-	607,617	43,322	4,272,073
Enterprise Loans Fund	-	-	-	3,786	3,786
North Macadam Urban Renewal Fund	-	2,289,082	-	119,732	2,408,814
Other Governmental Funds	-	-	-	8,994,075	8,994,075
Total	<u>\$ 11,177,607</u>	<u>\$ 2,540,538</u>	<u>\$ 4,804,936</u>	<u>\$ 9,278,026</u>	<u>\$ 27,801,107</u>

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PDC has pledged the land known as South Waterfront Development Lots 3 and 8 in the North Macadam Urban Renewal Area. The property, recorded at cost of \$2,484,777, is security for \$2,289,082 in funds due to the City of Portland related to the Portland Streetcar from Portland State to the River Place Project. Both parcels were scheduled to be sold to repay the City however, sufficient funds were available in fiscal year 2011 and the advance has been repaid and the properties retained for future development..

Grant revenues under various grant programs and other inter-governmental agreements due from the City of Portland totaled \$4,106,074 at June 30, 2010.

IV. Other Information

A. Retirement and Deferred Compensation Plans

State of Oregon Public Employees Retirement System

Plan Description

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

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

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

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

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

Benefits vest after five years of continuous service or when employee has reached 50 years of age. Retirement is allowed at age 58 (age 60 for Tier Two members) or with 30 years of service with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Retirement benefits, based on final average salary and length of service, are calculated using either a money

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match, full formula, or a formula plus annuity computation, if a greater benefit results, and are payable in a lump sum or monthly using several payment options. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

Funding Policy

The rate of employer contributions to PERS is determined periodically by PERS based on actuarial valuations performed at least every two years. Contributions made by PDC for the year ended June 30, 2010 on behalf of qualifying employees represented 6% of covered payroll.

Risk Pooling and Revised PERS Contribution Rates

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

The most recent actuarial valuation was prepared for the period ending December 31, 2007. In September 2010, the City was notified by the PERS actuarial firm that based on the most recent actuarial valuation the City's contribution rate would be increasing for the upcoming fiscal year 2011 to 8.61% for Tier 1 and Tier 2 members and 7.19% for OPSRP members.

Annual Pension Cost

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

The required contribution was determined as part of the independent actuarial valuation using the entry age actuarial cost method. PDC, as a component unit of the City, does not maintain a separate PERS account. Accordingly, separate actuarial values for PDC are not available. The amortization method used is a 24-year closed group, fixed term. Significant economic assumptions used in the actuarial valuation include: (a) rate of return on the investment of present and future assets of 8 percent per annum compounded annually, (b) projected salary increases at 4 percent per year compounded annually, (c) increases due to promotions and longevity that vary by age and service, (d) pre- and post-mortality life expectancies of employees, based upon several mortality tables, (e) rates of withdrawal from active service before retirement for reasons other than death, rates of disabilities, and expected retirement ages developed on the basis of actual plan experience, (f) consumer price inflation at 3 percent per year, and (g) a factor for unused sick leave that is used to calculate retirement benefits under the Full Formula and Formula Plus Annuity benefit calculations.

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Other Supplementary Information

Schedule of Rates expressed as a percentage of covered payroll

	Fiscal Year					
	2008		2009		2010	
	PERS	OPSRP	PERS	OPSRP	PERS	OPSRP
PES Defined Benefit Plan	6.66%	9.21%	6.66%	9.21%	4.30%	5.04%
Employee IAP*	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
	<u>12.66%</u>	<u>15.21%</u>	<u>12.66%</u>	<u>15.21%</u>	<u>10.30%</u>	<u>11.04%</u>

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

The amounts contributed to PERS during the years ended June 30, 2008, 2009, and 2010 were equal to the required contributions for each year. The approximate covered payroll and actual amounts contributed by PDC were as follows:

Schedule of Employer Contributions

	2008	2009	2010
Covered Payroll	\$ 13,272,207	\$ 14,305,937	\$ 15,778,255
PERS Contributions*	1,806,791	1,970,957	1,711,281

*As provided by Oregon PERS

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

Fiscal Year Ended	Amount
2008	\$465,400
2009	359,159
2010	384,883

B. Other Post-employment Benefits

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

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Funding Policy. In addition to the pension benefits described in Note IV.A., PDC provides post-retirement health care benefits in accordance with PDC Personnel Policy XIII. Employee Benefits. This PDC policy, in line with Oregon law, provides that retired employees and their dependents are eligible to participate in group insurance coverage at their own cost until age 65, or when they are otherwise eligible for Medicare. Dependents of a retired PDC Employee may participate in group coverage at the time of retirement; only so long as the retiree is covered by a PDC plan. As of June 30, 2010, PDC has six eligible post-retirement participants enrolled and paying the full cost of their premiums.

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

Net OPEB Obligation at FYE 2009		\$ 371,649
Annual OPEB Cost/Annual Required Contribution (a)	\$ 213,254	
Interest on net OPEB obligation (b)	16,756	
Adjustment to the ARC (c)	(26,284)	
Dollars contributed this FY (implicit benefit payments) (d)	(68,108)	
Increase/Decrease in the Net OPEB Obligation during FY (a+b+c+d)		135,618
Percentage of Annual OPEB Cost Contributed during the year (a/b)	31.94%	
Net OPEB Obligation at FYE 2010		<u>\$ 507,267</u>

Funding Status and Funding Progress. As of August 1, 2008, the actuarial accrued liability for benefits was \$1,176,724, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,176,724. The covered payroll (annual payroll of active employees covered by the plan) was \$15,778,255 for fiscal year 2010 and the ratio of the UAAL to the covered payroll was 7.5%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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Fisca Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
2010	\$ 203,726	33.44%	\$ 507,267
2009	249,420	22.69%	371,649
2008	234,396	23.71%	178,827

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) 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 August 1, 2008 actuarial valuation performed by Milliman, the projected unit credit cost method was used. The economic actuarial assumptions included a 4.5% investment rate of return, and annual healthcare cost trend rate of 10.0% for the first year that is graded down 0.5% per year to 5.0% per year in the eleventh year and beyond, and an annual payroll increase of 3.75%. Demographic assumptions were based on assumptions used by Oregon PERS.

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

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

Participating local governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.37% for Tier 1 and 2 accounts and 0.26% for OPSRP accounts of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on

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

Fiscal Year Ended June 30,	Annual Required Contribution	Actual Contribution
2010	\$ 29,978	\$ 29,978
2009	37,195	37,195
2008	34,508	34,508

C. Commitments

Contractual and other commitments amounting to \$32,980,392 have been recorded as unreserved, designated fund balances for subsequent years' expenditures to indicate tentative plans for utilization in future periods. In addition, PDC has contractual and other commitments relating to future expenditures for grant projects, grant funded loan commitments, and Enterprise Loans Fund loan commitments aggregating \$1,001,813.

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

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

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

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

The bonds are collateralized solely by the specific project and payments are made by the developers. The bonds shall not be payable from or a charge against any other funds or assets, nor shall the City or PDC be subject to any liability thereon. No holder or holders of the bonds shall ever have the right to

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compel any exercise of the taxing power of the City to pay the bonds or the interest thereon, nor to enforce payment thereof against any property of the City or PDC except the specific project. Upon completion of the repayment of the debt by the developer, the assets constructed become the property of the developer. At June 30, 2010, the total of the City's conduit debt outstanding as related to PDC development projects is \$125,190,000. This amount may differ from actual amounts reported in the City CAFR because not all conduit debt issued by the City is related to PDC projects.

E. Contingencies

In the normal course of business PDC is subject to litigation. The opinion of PDC's General Counsel is that the outcome of any litigation will not have a significant effect on the financial statements. PDC may be obligated in the future under the following contingency.

Portland Community Reinvestments Initiatives, Inc.

On August 1, 1998, the City and PDC, acting as agent for the City, executed an Amended and Restated Agreement (Agreement) to guarantee any deficiencies in debt service under a \$10,000,000 term loan between Portland Community Reinvestment Initiatives, Inc. (PCRI) and U.S. Bank National Association (U.S. Bank). The Agreement replaces a series of prior agreements, which started in 1992.

Under the Agreement, the City specifically pledged all of its Community Development Block Grant funds and income administered by the federal Department of Housing and Urban Development to the extent they are needed to cure an event of default by PCRI under the term loan. The City, acting through PDC, also pledged loans held by PDC for the City as additional collateral.

PDC and the City are required to jointly certify to U.S. Bank on a quarterly basis that cash receipts from pledged loans are at least 1.20 times quarterly debt service on this loan. In addition, the loan collateral must at the end of each quarter have a principal balance at least 1.25 times the debt principal balance. Certified amounts jointly reported by the PDC and the City are as follows:

<u>Quarter Ending</u>	<u>Total PCRI Debt Service</u>	<u>Total PDC Cash Receipts</u>	<u>Debt Service Coverage Ratio</u>
September 30, 2009	\$ 156,288	\$ 223,724	1.43%
December 31, 2009	156,288	329,590	2.11%
March 31, 2010	156,288	310,541	1.99%
June 30, 2010	156,288	202,527	1.30%

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<u>Quarter Ending</u>	<u>Outstanding Loan Principal</u>	<u>Loan Principal Amount Pledged</u>	<u>Debt Principal Coverage Ratio</u>
September 30, 2009	\$ 6,241,425	\$ 15,761,170	2.53%
December 31, 2009	3,415,291	15,490,625	4.54%
March 31, 2010	5,970,218	15,240,575	2.55%
June 30, 2010	5,871,660	16,559,675	2.82%

The quarterly certifications are in full compliance with terms of the agreement or have received suitable waivers. The guarantee by the City is limited to the specific assets and income pledged. It is not a full faith and credit guarantee by either PDC or the City. PDC has confirmed with U.S. Bank that PCRI has made full and timely debt service payments under its term loan during the fiscal year ended June 30, 2010.

F. Risk Management

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

PDC is insured by the State Accident Insurance Fund (SAIF) against losses from employee workers' compensation claims up to a limit of \$500,000 for each incident and each employee. PDC is covered by a commercial general liability policy through Travelers Insurance in the amount of \$2,000,000 per occurrence and an additional \$5,000,000 excess liability policy subject to \$10,000 deductible and a blanket property policy through Lloyd's of London for \$100,000,000. A separate policy provides coverage for faithful performance (employee dishonesty) through Hartford Insurance in the amount of \$300,000, providing protection from losses from forgery, alteration, theft, and disappearance; employment practices liability coverage is provided through Zurich American Insurance in the amount of \$3,000,000 per claim with a \$150,000 deductible per claim; public officials errors and omission coverage is provided through Travelers in the amount of \$2,000,000 with a \$4,000,000 aggregate and a deductible of \$25,000 per claim. Automobile coverage for PDC fleet vehicles is provided through Travelers in the amount of \$1,000,000 for bodily injury/property damage with a \$250 deductible for comprehensive and \$500 deductible for collision. Umbrella policy provides an additional \$5 million under the excess liability umbrella policy.

PDC has an aggressive risk management policy of transferring liability to contractors, lessees, event sponsors, and other entities through specific indemnification and insurance requirements in all contracts and agreements. PDC has been successful in resolving claims and has not suffered any significant losses over the past year. In addition, there have been no reductions in insurance coverage and no insurance settlements have exceeded insurance coverage limits in any of the past six fiscal years.

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The Internal Service Fund has equity of \$249,700 to meet insurance policy deductible amounts and other amounts not fully reimbursed from insurance proceeds, as necessary. Of this amount, \$214,011 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:

	<u>2010</u>	<u>2009</u>
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims (including IBNRs)	550,000	540,910
Claim payments	-	(540,910)
Unpaid claims, end of fiscal year	<u>\$ 550,000</u>	<u>\$ -</u>

Environmental Risk

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

- Pollution poses an imminent danger to the public and PDC is compelled to take action;
- PDC is in violation of a pollution related permit or license;
- PDC is named or has evidence that it will be named as responsible party by a regulator;
- PDC is named or has evidence that it will be named in a lawsuit to enforce a cleanup; or
- PDC commence 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 PDC properties. PDC has programs, rules, and regulations that routinely deal with remediation related issues. Much of PDC's mission is to deal with blighted properties which sometimes include pollution conditions. PDC has the knowledge and expertise to estimate the remediation but also employs consultants when expedient. The obligations presented herein are based on estimates by both PDC staff and consultants and are based up prior experience in identifying and funding similar remediation activities. The standards require PDC to calculate pollution remediation liabilities using the expected cash flow technique. Where PDC cannot reasonably estimate a pollution remediation obligation, it does not report a liability.

The remediation obligation estimates that appear in this report are subject to change over time. Cost may vary due to price fluctuation, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulation and other factors that could result in revisions to these estimates. Prospective recoveries from responsible parties may reduce PDC's obligation.

During the fiscal year, PDC recognized estimated additional expense which increased the liability by \$208,832. At June 30, 2010, PDC had an outstanding pollution remediation liability of \$9,139,186.

PORTLAND DEVELOPMENT COMMISSION
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Portland Harbor Superfund

In January 2008, the City of Portland, and subsequently PDC, was notified of a CERCLA 104 (e) records request and therefore potential liability with respect to the Portland Harbor Superfund that may include 46 current and previously-owned PDC parcels on or adjacent to the lower reach of the Willamette River. The Portland Harbor Superfund matter is still in the early discovery stage, and it is likely to be several years before any potential liability is known.

G. Related Party Transactions

Portland Family of Funds Holdings, Inc.

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

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

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

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

Portland Small Business Investment Fund, LLC (PSB) is a subsidiary of PFF. PDC has an unsecured non-recourse loan with PSB, in a maximum amount of \$4,000,000. The purpose of this program is to finance subordinated loans to qualified small businesses to enable them to use New Market Tax Credits. PDC underwrites these borrowers. At present six fund-level loans between PDC and PSB have a total balance of \$4,000,000 at June 30, 2010, with 20-year final maturities. Each advance to PSB is exactly matched by a corresponding note and deed of trust from a small business borrower in favor of PSB. PSB passes on payments received to PDC.

PORTLAND DEVELOPMENT COMMISSION
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June 30, 2010

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

Unrelated to the tax credit program are two deferred payment loans for the historic Armory restoration project totaling \$4,600,000 to the Portland New Markets Investment Fund, a PFF subsidiary. One loan for \$2,600,000 carries an interest rate of 3%, and the other loan for \$2,000,000 has no stated interest rate. Both loans mature in January 2013. They are reserved at 50% in the River District Urban Renewal Fund.

A former PDC Commissioner now serves as Portland Family of Funds chairman and chief executive officer. A former PDC Executive serves on the PFF Board of Directors.

Other

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

H. Reviews by Grantor Agencies

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

I. Debtor Bankruptcy Filing

General Growth Properties, Inc. (GGP) had a promissory note held by PDC. PDC had been notified that GGP had filed for bankruptcy in 2009. The final payment was expected and made timely in fiscal year 2010.

J. Subsequent Events

Citywide Housing Reorganization

In December 2008, the City of Portland (City) Mayor announced a major reorganization that would merge the PDC Housing Department with the City's Bureau of Housing and Community Development (BHCD) into a new bureau to be called the Portland Housing Bureau (PHB). Due to the complexity of issues related to the potential merging of PDC's Housing assets and liabilities, as well as system conversion complications, preparations have taken longer than expected. Housing Department co-located in the PHB offices in November 2009. The final transition of employees, assets and liabilities

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Notes to the Basic Financial Statements, Continued
June 30, 2010

was completed on July 1, 2010. While not all details are known at this time PDC anticipates transferring 1,880 housing related loans and grants with a gross value of \$289,703,646, 17 real properties with a book value of \$14,006,502 and three fixed assets with a value of \$55,630, along with the assets, liabilities, and fund balances of 13 complete funds and 6 partial funds.

K. Termination Benefits

PDC offered a target severance program which provides qualified employees with a minimum of two months salary and up to six months of paid health insurance upon termination of employment. At the end of the fiscal year 2010, 12 individuals had qualified for and entered into these programs. The net cost of this termination benefit was \$322,618. Of this benefit \$99,154 was recorded in fiscal year 2010 and \$223,464 will be recorded throughout the first six months of fiscal year 2011. Due to the short duration of this termination plan, payments have not been discounted. This plan has no effect on the actuarial accrued liability related to other postemployment benefits.

PDC also offered a voluntary retirement incentive program which also offered six months of paid health insurance if elected and a cash incentive based on years of service. Three employees elected to retire with this incentive. The net cost of this termination benefit was \$90,138 all paid in fiscal year 2011. Due to the short duration of this termination plan, payments have not been discounted. It is expected that this plan will not have a material effect on the actuarial accrued liability related to other postemployment benefits as there were only two employees who elected to continue coverage.

REQUIRED SUPPLEMENTARY INFORMATION

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
8/1/06	\$ -	\$ 994,779	\$ 994,779	0.0%	\$13,272,207	7.5%
8/1/08	-	1,176,724	1,176,724	0.0%	14,305,934	8.2%

Supplementary Data

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

PDC

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Other Federal Grants - accounts for revenues and expenditures under BRAC Grant and EPA Brownfield 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.

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.

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.

**PORTLAND DEVELOPMENT COMMISSION
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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash with City of Portland investment pool	\$ 830,996	\$ 19,055,280	\$ 19,886,276
Cash with fiscal agent	123,774	-	123,774
Receivables:			
Due from City of Portland	-	1,562	1,562
Accounts	-	1,539,637	1,539,637
Loans, net	1,434,312	7,025,656	8,459,968
Interest	2,767	59,897	62,664
Property held for sale	-	44,963,101	44,963,101
Total assets	\$ 2,391,849	\$ 72,645,133	\$ 75,036,982
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 560,940	\$ 560,940
Due to City of Portland	-	2,491,400	2,491,400
Due to other entities	-	50,946	50,946
Total liabilities	-	3,103,286	3,103,286
Fund balances:			
Reserved for:			
Loans receivable	1,434,312	7,025,656	8,459,968
Property held for sale	-	44,963,101	44,963,101
Notes receivable	-	1,500,000	1,500,000
Unreserved, designated for			
Subsequent year's expenditures	234,771	4,172,791	4,407,562
Unreserved, undesignated reported in:			
Special Revenue Funds	722,766	-	722,766
Capital Projects Funds	-	11,880,299	11,880,299
Total fund balances	2,391,849	69,541,847	71,933,696
Total liabilities and fund balances	\$ 2,391,849	\$ 72,645,133	\$ 75,036,982

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2010**

	<u>Other Federal Grants Fund</u>	<u>Ambassador Program Fund</u>	<u>Enterprise Zone Fund</u>	<u>Total</u>
ASSETS				
Cash with City of Portland investment pool	\$ 567,109	\$ 23,421	\$ 240,466	\$ 830,996
Cash with fiscal agent	123,774	-	-	123,774
Loans receivable, net	1,429,873	-	4,439	1,434,312
Interest	<u>1,723</u>	<u>98</u>	<u>946</u>	<u>2,767</u>
Total assets	<u>\$ 2,122,479</u>	<u>\$ 23,519</u>	<u>\$ 245,851</u>	<u>\$ 2,391,849</u>
LIABILITIES AND FUND BALANCES				
Fund balances:				
Reserved for				
Loans receivable	\$ 1,429,873	\$ -	\$ 4,439	\$ 1,434,312
Unreserved, designated for				
Subsequent year's expenditures	234,771	-	-	234,771
Unreserved, undesignated	<u>457,835</u>	<u>23,519</u>	<u>241,412</u>	<u>722,766</u>
Total fund balances	<u>2,122,479</u>	<u>23,519</u>	<u>245,851</u>	<u>2,391,849</u>
Total liabilities and fund balances	<u>\$ 2,122,479</u>	<u>\$ 23,519</u>	<u>\$ 245,851</u>	<u>\$ 2,391,849</u>

**PORTLAND DEVELOPMENT COMMISSION
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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2010**

	North Macadam Urban Renewal Fund	Central Eastside Urban Renewal Fund
ASSETS		
Cash with City of Portland investment pool	\$ 8,356,560	\$ 1,148,981
Receivables:		
Due from City of Portland	-	-
Accounts	1,500,000	38,500
Loans, net	3,207,769	2,720,688
Interest	20,852	6,507
Property held for sale	8,963,458	13,979,401
Total assets	\$ 22,048,639	\$ 17,894,077
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 245,126	\$ 10,112
Due to City of Portland	2,408,814	13,193
Due to other entities	-	-
Total liabilities	2,653,940	23,305
Fund balances:		
Reserved for:		
Loans receivable	3,207,769	2,720,688
Property held for sale	8,963,458	13,979,401
Notes receivable	1,500,000	-
Unreserved, designated for		
Subsequent year's expenditures	2,073,341	1,170,683
Unreserved, undesignated	3,650,131	-
Total fund balances	19,394,699	17,870,772
Total liabilities and fund balances	\$ 22,048,639	\$ 17,894,077

Gateway Regional Urban Renewal Fund	Airport Way Urban Renewal Fund	Willamette Industrial Urban Renewal Fund	Total
\$ 2,656,447	\$ 5,694,562	\$ 1,198,730	\$ 19,055,280
1,562	-	-	1,562
390	747	-	1,539,637
188,367	908,832	-	7,025,656
8,827	20,112	3,599	59,897
6,314,131	15,706,111	-	44,963,101
<u>9,169,724</u>	<u>\$ 22,330,364</u>	<u>\$ 1,202,329</u>	<u>\$ 72,645,133</u>
283,832	\$ 20,373	\$ 1,497	\$ 560,940
67,687	1,479	227	2,491,400
20,946	30,000	-	50,946
<u>372,465</u>	<u>51,852</u>	<u>1,724</u>	<u>3,103,286</u>
188,367	908,832	-	7,025,656
6,314,131	15,706,111	-	44,963,101
-	-	-	1,500,000
595,332	324,146	9,289	4,172,791
1,699,429	5,339,423	1,191,316	11,880,299
<u>8,797,259</u>	<u>22,278,512</u>	<u>1,200,605</u>	<u>69,541,847</u>
<u>\$ 9,169,724</u>	<u>\$ 22,330,364</u>	<u>\$ 1,202,329</u>	<u>\$ 72,645,133</u>

PDC

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2010**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Charges for services	\$ 2,784	\$ 563,999	\$ 566,783
Loan interest collections	276,776	146,773	423,549
Interest on investments	12,788	208,082	220,870
Miscellaneous	1,447,393	4,320,043	5,767,436
Tax-increment debt proceeds (in lieu of tax-increment revenue)	<u>-</u>	<u>20,387,058</u>	<u>20,387,058</u>
Total revenues	<u>1,739,741</u>	<u>25,625,955</u>	<u>27,365,696</u>
EXPENDITURES			
Current-			
Community development	224,758	7,771,529	7,996,287
Financial assistance	205,229	3,203,596	3,408,825
Capital outlay	-	13,931,303	13,931,303
Debt service:			
Interest	<u>-</u>	<u>38,927</u>	<u>38,927</u>
Total expenditures	<u>429,987</u>	<u>24,945,355</u>	<u>25,375,342</u>
Excess (deficiency) of revenues over expenditures	<u>1,309,754</u>	<u>680,600</u>	<u>1,990,354</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	739,314	-	739,314
Transfers out	<u>(5,935)</u>	<u>-</u>	<u>(5,935)</u>
Total other financing sources (uses)	733,379	-	733,379
Net change in fund balances	<u>2,043,133</u>	<u>680,600</u>	<u>2,723,733</u>
FUND BALANCES (deficit) - July 1, 2009	<u>348,716</u>	<u>68,861,247</u>	<u>69,209,963</u>
FUND BALANCES (deficit) - June 30, 2010	<u>\$ 2,391,849</u>	<u>\$ 69,541,847</u>	<u>\$ 71,933,696</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS
For The Fiscal Year Ended June 30, 2010**

	Other Federal Grants Fund	Ambassador Program Fund	Enterprise Zone Fund	Total
REVENUES				
Charges for services	\$ 2,784	\$ -	\$ -	\$ 2,784
Loan collections	276,776	-	-	276,776
Interest on investments	8,000	433	4,355	12,788
Miscellaneous	1,430,454	1,000	15,939	1,447,393
Total revenues	<u>1,718,014</u>	<u>1,433</u>	<u>20,294</u>	<u>1,739,741</u>
EXPENDITURES				
Current-				
Community development	42,603	11,289	170,866	224,758
Financial assistance	205,229	-	-	205,229
Total expenditures	<u>247,832</u>	<u>11,289</u>	<u>170,866</u>	<u>429,987</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,470,182</u>	<u>(9,856)</u>	<u>(150,572)</u>	<u>1,309,754</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	652,297	-	87,017	739,314
Transfers out	(5,935)	-	-	(5,935)
Total other financing sources (uses)	<u>646,362</u>	<u>-</u>	<u>87,017</u>	<u>733,379</u>
Net change in fund balances	2,116,544	(9,856)	(63,555)	2,043,133
FUND BALANCES (deficit) - July 1, 2009	<u>5,935</u>	<u>33,375</u>	<u>309,406</u>	<u>348,716</u>
FUND BALANCES (deficit) - June 30, 2010	<u>\$ 2,122,479</u>	<u>\$ 23,519</u>	<u>\$ 245,851</u>	<u>\$ 2,391,849</u>

**PORTLAND DEVELOPMENT COMMISSION
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, 2010**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services-				
Application fees and charges	\$ -	\$ -	\$ 2,784	\$ 2,784
Loan Collections-				
Principal	-	175,000	216,680	41,680
Interest	-	95,000	60,096	(34,904)
Interest on investments	-	-	8,000	8,000
Miscellaneous:				
Reimbursements	-	-	581	581
Total revenues	-	270,000	288,141	18,141
EXPENDITURES				
Current:				
Community development:				
Business and industry	-	511,623	207,793	303,830
Total community development	-	511,623	207,793	303,830
Contingency	-	370,635	-	370,635
Total expenditures	-	882,258	207,793	674,465
Excess (deficiency) of revenues over expenditures	-	(612,258)	80,348	692,606
OTHER FINANCING SOURCES (USES)				
Transfers in-				
Enterprise Loans Fund	-	652,297	652,297	-
Total transfers in	-	652,297	652,297	-
Internal service expenditures	-	(40,039)	(40,039)	-
Transfers out:				
General Fund	-	(5,935)	(5,935)	-
Enterprise Loans Fund	-	(16,000)	(16,000)	-
Total transfers out	-	(21,935)	(21,935)	-
Total other financing uses	-	590,323	590,323	-
Net change in fund balance	-	(21,935)	670,671	692,606
FUND BALANCE - July 1, 2009	-	21,935	21,935	-
FUND BALANCE - June 30, 2010	\$ -	\$ -	692,606	\$ 692,606
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			1,429,873	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			\$ 2,122,479	

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

**AMBASSADOR PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2010**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest on investments	\$ -	\$ -	\$ 433	\$ 433
Miscellaneous:				
Private grants and donations	-	-	1,000	1,000
Total revenues	-	-	1,433	1,433
EXPENDITURES				
Current:				
Community development:				
Business and industry	-	33,375	11,289	22,086
Total community development	-	33,375	11,289	22,086
Total expenditures	-	33,375	11,289	22,086
Excess (deficiency) of revenues over expenditures	-	(33,375)	(9,856)	23,519
Net change in fund balance	-	(33,375)	(9,856)	23,519
FUND BALANCE - July 1, 2009	-	33,375	33,375	-
FUND BALANCE - June 30, 2010	\$ -	\$ -	\$ 23,519	\$ 23,519

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

**ENTERPRISE ZONE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2010**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest on investments	\$ 13,073	\$ 3,500	\$ 4,355	\$ 855
Miscellaneous:				
Other	50,000	14,000	15,939	1,939
Total revenues	63,073	17,500	20,294	2,794
EXPENDITURES				
Current:				
Community development:				
Business and industry	197,017	81,442	84,594	(3,152)
Total community development	197,017	81,442	84,594	(3,152)
Contingency	189,307	263,829	-	263,829
Total expenditures	386,324	345,271	84,594	260,677
Excess (deficiency) of revenues over expenditures	(323,251)	(327,771)	(64,300)	263,471
OTHER FINANCING SOURCES (USES)				
Transfers in-				
Enterprise Loans Fund	87,017	87,017	87,017	-
Total transfers in	87,017	87,017	87,017	-
Internal expenditures	(84,266)	(64,266)	(86,328)	(22,062)
Total other financing sources (uses)	2,751	22,751	689	(22,062)
Net change in fund balance	(320,500)	(305,020)	(63,611)	241,409
FUND BALANCE - July 1, 2009	320,500	305,020	305,023	3
FUND BALANCE - June 30, 2010	\$ -	\$ -	241,412	\$ 241,412
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			4,439	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			\$ 245,851	

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR CAPITAL PROJECTS FUNDS
For The Fiscal Year Ended June 30, 2010**

	North Macadam Urban Renewal Fund	Central Eastside Urban Renewal Fund
REVENUES		
Charges for services	\$ 429,131	\$ 126,773
Loan collections	29,138	77,468
Interest on investments	63,134	35,570
Miscellaneous	1,540,483	43,160
Tax-increment debt proceeds (in lieu of tax-increment revenue)	<u>7,996,000</u>	<u>7,938,748</u>
Total revenues	<u>10,057,886</u>	<u>8,221,719</u>
EXPENDITURES		
Current-		
Community development	3,387,540	2,034,272
Financial assistance	29,625	2,715,616
Capital outlay	4,971,898	5,915,750
Debt service-		
Interest	<u>38,927</u>	<u>-</u>
Total expenditures	<u>8,427,990</u>	<u>10,665,638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,629,896</u>	<u>(2,443,919)</u>
Net change in fund balances	1,629,896	(2,443,919)
FUND BALANCES (deficit) - July 1, 2009	<u>17,764,803</u>	<u>20,314,691</u>
FUND BALANCES (deficit) - June 30, 2010	<u><u>\$ 19,394,699</u></u>	<u><u>\$ 17,870,772</u></u>

Gateway Regional Urban Renewal Fund	Airport Way Urban Renewal Fund	Willamette Industrial Urban Renewal Fund	Total
\$ 5,781	\$ 2,086	\$ 228	\$ 563,999
5,500	34,667	-	146,773
29,547	69,422	10,409	208,082
203,283	2,533,117	-	4,320,043
<u>3,722,810</u>	<u>-</u>	<u>729,500</u>	<u>20,387,058</u>
<u>3,966,921</u>	<u>2,639,292</u>	<u>740,137</u>	<u>25,625,955</u>
1,420,513	650,077	279,127	7,771,529
300,225	158,130	-	3,203,596
151,707	2,882,297	9,651	13,931,303
<u>-</u>	<u>-</u>	<u>-</u>	<u>38,927</u>
<u>1,872,445</u>	<u>3,690,504</u>	<u>288,778</u>	<u>24,945,355</u>
<u>2,094,476</u>	<u>(1,051,212)</u>	<u>451,359</u>	<u>680,600</u>
2,094,476	(1,051,212)	451,359	680,600
<u>6,702,783</u>	<u>23,329,724</u>	<u>749,246</u>	<u>68,861,247</u>
<u>\$ 8,797,259</u>	<u>\$ 22,278,512</u>	<u>\$ 1,200,605</u>	<u>\$ 69,541,847</u>

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

DOWNTOWN WATERFRONT URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 578	\$ 578
Rental income	100,000	200,531	421,203	220,672
Loan Collections:				
Principal	350,000	555,479	3,850,254	3,294,775
Interest	350,000	370,320	378,555	8,235
Interest on investments	380,000	100,000	157,571	57,571
Miscellaneous:				
Reimbursements	-	273,843	271,829	(2,014)
Sale of real property	2,250,000	6,045,163	2,771,566	(3,273,597)
Tax-increment debt proceeds (in lieu of tax-increment revenue)	300,000	-	440,000	440,000
Total revenues	<u>3,730,000</u>	<u>7,545,336</u>	<u>8,291,556</u>	<u>746,220</u>
EXPENDITURES				
Current:				
Community development:				
Housing	533,054	733,054	425,306	307,748
Business and industry	619,100	1,102,853	905,944	196,909
Revitalization	5,086,653	4,234,899	780,823	3,454,076
Infrastructure	2,563,126	2,400,864	1,532,253	868,611
Administration	-	192,878	50,038	142,840
Total community development	<u>8,801,933</u>	<u>8,664,548</u>	<u>3,694,364</u>	<u>4,970,184</u>
Contingency	<u>6,645,375</u>	<u>11,302,630</u>	<u>-</u>	<u>11,302,630</u>
Total expenditures	<u>15,447,308</u>	<u>19,967,178</u>	<u>3,694,364</u>	<u>16,272,814</u>
Excess (deficiency) of revenues over expenditures	<u>(11,717,308)</u>	<u>(12,421,842)</u>	<u>4,597,192</u>	<u>17,019,034</u>
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	<u>(1,437,241)</u>	<u>(1,437,241)</u>	<u>(1,437,241)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,437,241)</u>	<u>(1,437,241)</u>	<u>(1,437,241)</u>	<u>-</u>
Net change in fund balance	(13,154,549)	(13,859,083)	3,159,951	17,019,034
FUND BALANCE - July 1, 2009	<u>13,154,549</u>	<u>13,859,083</u>	<u>13,859,085</u>	<u>2</u>
FUND EQUITY - June 30, 2010	\$ <u>-</u>	\$ <u>-</u>	17,019,036	\$ <u>17,019,036</u>
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			12,013,905	
Property held for sale			<u>10,126,322</u>	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			\$ <u>39,159,263</u>	

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

NORTH MACADAM URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 1,074	\$ 1,074
Rental income	-	-	129,531	129,531
Contractual service charges	298,526	298,526	298,526	-
Loan Collections:				
Principal	1,959,928	95,957	96,064	107
Interest	-	63,971	29,138	(34,833)
Interest on investments	50,000	20,000	63,134	43,134
Miscellaneous:				
Reimbursements	-	-	25,336	25,336
Sale of real property	3,000,000	1,500,000	1,499,770	(230)
Tax-increment debt proceeds (in lieu of tax-increment revenue)	18,235,550	7,996,000	7,996,000	-
Total revenues	23,544,004	9,974,454	10,138,573	164,119
EXPENDITURES				
Current:				
Community development:				
Housing	16,987,821	427,305	333,772	93,533
Business and industry	783,854	1,553,854	651,606	902,248
Revitalization	630,994	480,760	223,952	256,808
Infrastructure	2,132,214	4,279,214	1,709,340	2,569,874
Administration	16,626	32,000	32,000	-
Total community development	20,551,509	6,773,133	2,950,670	3,822,463
Debt service:				
Principal	-	2,000,000	1,960,918	39,082
Interest	-	-	38,927	(38,927)
Total debt service	-	2,000,000	1,999,845	155
Contingency	558,724	4,025,826	-	4,025,826
Total expenditures	21,110,233	12,798,959	4,950,515	7,848,444
Excess (deficiency) of revenues over expenditures	2,433,771	(2,824,505)	5,188,058	8,012,563
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	(2,644,078)	(2,644,078)	(2,644,078)	-
Total other financing sources (uses)	(2,644,078)	(2,644,078)	(2,644,078)	-
Net change in fund balance	(210,307)	(5,468,583)	2,543,980	8,012,563
FUND BALANCE - July 1, 2009	210,307	5,468,583	5,468,574	(9)
FUND EQUITY - June 30, 2010	\$ -	\$ -	8,012,554	\$ 8,012,554
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			3,207,769	
Other receivable			1,500,000	
Property held for sale			8,963,458	
Due to City of Portland			(2,289,082)	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			\$ 19,394,699	

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

**RIVER DISTRICT URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2010**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 1,683	\$ 1,683
Rental income	200,000	1,016,000	492,080	(523,920)
Loan Collections:				
Principal	1,127,500	1,800,000	1,445,003	(354,997)
Interest	172,500	-	490,665	490,665
Interest on investments	1,000,000	150,000	312,379	162,379
Miscellaneous:				
Reimbursements	125,000	125,000	86,558	(38,442)
Sale of real property	-	1,013,155	592,500	(420,655)
Tax-increment debt proceeds (in lieu of tax-increment revenue)	17,582,400	37,162,800	21,602,295	(15,560,505)
Total revenues	20,207,400	41,266,955	25,023,163	(16,243,792)
EXPENDITURES				
Current:				
Community development:				
Housing	14,045,744	31,587,861	21,250,044	10,337,817
Business and industry	2,286,815	881,815	693,533	188,282
Revitalization	2,948,740	6,348,161	5,669,193	678,968
Infrastructure	13,217,993	11,679,507	5,935,249	5,744,258
Administration	50,000	492,874	134,790	358,084
Total community development	32,549,292	50,990,218	33,682,809	17,307,409
Contingency	3,414,718	11,093,548	-	11,093,548
Total expenditures	35,964,010	62,083,766	33,682,809	28,400,957
Excess (deficiency) of revenues over expenditures	(15,756,610)	(20,816,811)	(8,659,646)	12,157,165
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	(4,115,425)	(4,115,425)	(4,115,425)	-
Total other financing sources (uses)	(4,115,425)	(4,115,425)	(4,115,425)	-
Net change in fund balance	(19,872,035)	(24,932,236)	(12,775,071)	12,157,165
FUND BALANCE - July 1, 2009	19,872,035	24,932,236	24,932,237	1
FUND EQUITY - June 30, 2010	\$ -	\$ -	12,157,166	\$ 12,157,166
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			20,066,700	
Property held for sale			25,573,603	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			\$ 57,797,469	

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

SOUTH PARK BLOCKS URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 686	\$ 686
Rental income	-	-	63,696	63,696
Contractual service charges	-	-	10,000	10,000
Loan Collections:				
Principal	50,000	1,282,884	575,547	(707,337)
Interest	-	-	360,269	360,269
Interest on investments	300,000	220,000	313,366	93,366
Miscellaneous:				
Reimbursements	-	-	5,538	5,538
Sale of real property	1,800,000	1,535,775	1,475,000	(60,775)
Tax-increment debt proceeds (in lieu of tax-increment revenue)	299,700	225,000	318,750	93,750
Total revenues	2,449,700	3,263,659	3,122,852	(140,807)
EXPENDITURES				
Current:				
Community development:				
Housing	7,233,248	14,912,973	9,196,755	5,716,218
Business and industry	3,908,690	1,301,661	657,716	643,945
Revitalization	2,628,100	694,611	645,440	49,171
Infrastructure	1,376,688	2,027,413	1,780,423	246,990
Administration	-	174,071	58,021	116,050
Total community development	15,146,726	19,110,729	12,338,355	6,772,374
Contingency	11,085,845	11,695,555	-	11,695,555
Total expenditures	26,232,571	30,806,284	12,338,355	18,467,929
Excess (deficiency) of revenues over expenditures	(23,782,871)	(27,542,625)	(9,215,503)	18,327,122
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	(1,826,908)	(1,826,908)	(1,826,908)	-
Total other financing sources (uses)	(1,826,908)	(1,826,908)	(1,826,908)	-
Net change in fund balance	(25,609,779)	(29,369,533)	(11,042,411)	18,327,122
FUND BALANCE - July 1, 2009	25,609,779	29,369,533	29,369,533	-
FUND EQUITY - June 30, 2010	\$ -	\$ -	18,327,122	\$ 18,327,122
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			4,698,095	
Property held for sale			6,725,366	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			\$ 29,750,583	

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

CONVENTION CENTER URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 3,445	\$ 3,445
Rental income	126,000	226,000	216,173	(9,827)
Loan Collections:				
Principal	97,616	320,665	583,049	262,384
Interest	97,616	550,000	589,575	39,575
Interest on investments	160,000	50,000	54,039	4,039
Miscellaneous:				
Reimbursements	-	-	13,124	13,124
Tax-increment debt proceeds (in lieu of tax-increment revenue)	12,787,200	10,489,500	8,111,079	(2,378,421)
Total revenues	13,268,432	11,636,165	9,570,484	(2,065,681)
EXPENDITURES				
Current:				
Community development:				
Housing	4,411,792	5,518,892	2,535,142	2,983,750
Business and industry	1,539,743	1,539,744	613,895	925,849
Revitalization	6,050,769	2,912,167	2,486,969	425,198
Infrastructure	2,048,242	2,479,258	2,191,078	288,180
Administration	25,953	280,071	146,954	133,117
Total community development	14,076,499	12,730,132	7,974,038	4,756,094
Contingency	135,621	364,082	-	364,082
Total expenditures	14,212,120	13,094,214	7,974,038	5,120,176
Excess (deficiency) of revenues over expenditures	(943,688)	(1,458,049)	1,596,446	3,054,495
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	(2,231,467)	(2,231,467)	(2,231,467)	-
Total other financing sources (uses)	(2,231,467)	(2,231,467)	(2,231,467)	-
Net change in fund balance	(3,175,155)	(3,689,516)	(635,021)	3,054,495
FUND BALANCE - July 1, 2009	3,175,155	3,689,516	3,689,516	-
FUND EQUITY - June 30, 2010	\$ -	\$ -	3,054,495	\$ 3,054,495
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			9,013,397	
Property held for sale			21,309,265	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			\$ 33,377,157	

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

INTERSTATE CORRIDOR URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 10,830	\$ 10,830
Rental income	-	-	11,770	11,770
Loan Collections:				
Principal	53,559	395,238	400,678	5,440
Interest	53,559	53,559	114,404	60,845
Interest on investments	20,000	20,000	19,972	(28)
Miscellaneous:				
Reimbursements	-	-	45,728	45,728
Sale of real property	2,920,424	-	-	-
Tax-increment debt proceeds (in lieu of tax-increment revenue)	24,187,941	22,409,901	13,861,917	(8,547,984)
Total revenues	<u>27,235,483</u>	<u>22,878,698</u>	<u>14,465,299</u>	<u>(8,413,399)</u>
EXPENDITURES				
Current:				
Community development:				
Housing	6,626,311	4,957,735	3,598,350	1,359,385
Business and industry	1,903,287	1,556,439	790,748	765,691
Revitalization	9,135,044	8,631,239	2,622,142	6,009,097
Infrastructure	5,508,792	4,739,792	2,886,167	1,853,625
Administration	19,464	398,559	172,752	225,807
Total community development	<u>23,192,898</u>	<u>20,283,764</u>	<u>10,070,159</u>	<u>10,213,605</u>
Contingency	<u>1,796,798</u>	<u>592,052</u>	<u>-</u>	<u>592,052</u>
Total expenditures	<u>24,989,696</u>	<u>20,875,816</u>	<u>10,070,159</u>	<u>10,805,657</u>
Excess (deficiency) of revenues over expenditures	<u>2,245,787</u>	<u>2,002,882</u>	<u>4,395,140</u>	<u>2,392,258</u>
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	<u>(3,284,717)</u>	<u>(3,284,717)</u>	<u>(3,284,717)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,284,717)</u>	<u>(3,284,717)</u>	<u>(3,284,717)</u>	<u>-</u>
Net change in fund balance	(1,038,930)	(1,281,835)	1,110,423	2,392,258
FUND BALANCE - July 1, 2009	<u>1,038,930</u>	<u>1,281,835</u>	<u>1,281,834</u>	<u>(1)</u>
FUND EQUITY - June 30, 2010	\$ <u>-</u>	\$ <u>-</u>	2,392,257	\$ <u>2,392,257</u>
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			4,514,363	
Property held for sale			3,579,717	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			\$ <u>10,486,337</u>	

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

**AIRPORT WAY URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ 221	\$ 221	\$ -
Rental income	-	181,781	1,865	(179,916)
Loan Collections:				
Principal	16,956	136,893	144,261	7,368
Interest	16,956	25,027	34,667	9,640
Interest on investments	70,000	54,536	69,422	14,886
Miscellaneous:				
Reimbursements	5,000	-	546	546
Sale of real property	5,400,000	2,253,201	2,532,571	279,370
Other	-	100,000	-	(100,000)
Total revenues	<u>5,508,912</u>	<u>2,751,659</u>	<u>2,783,553</u>	<u>31,894</u>
EXPENDITURES				
Current:				
Community development:				
Business and industry	1,282,309	1,292,309	645,205	647,104
Revitalization	327,660	211,971	134,320	77,651
Administration	3,150	39,000	35,929	3,071
Total community development	<u>1,613,119</u>	<u>1,543,280</u>	<u>815,454</u>	<u>727,826</u>
Contingency	<u>6,586,636</u>	<u>4,903,850</u>	<u>-</u>	<u>4,903,850</u>
Total expenditures	<u>8,199,755</u>	<u>6,447,130</u>	<u>815,454</u>	<u>5,631,676</u>
Excess (deficiency) of revenues over expenditures	<u>(2,690,843)</u>	<u>(3,695,471)</u>	<u>1,968,099</u>	<u>5,663,570</u>
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	<u>(315,012)</u>	<u>(315,012)</u>	<u>(315,012)</u>	<u>-</u>
Total other financing sources (uses)	<u>(315,012)</u>	<u>(315,012)</u>	<u>(315,012)</u>	<u>-</u>
Net change in fund balance	<u>(3,005,855)</u>	<u>(4,010,483)</u>	<u>1,653,087</u>	<u>5,663,570</u>
FUND BALANCE - July 1, 2009	<u>3,005,855</u>	<u>4,010,483</u>	<u>4,010,482</u>	<u>(1)</u>
FUND BALANCE - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>5,663,569</u>	<u>\$ 5,663,569</u>
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			908,832	
Property held for sale			<u>15,706,111</u>	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			<u>\$ 22,278,512</u>	

PORTLAND DEVELOPMENT COMMISSION
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CENTRAL EASTSIDE URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 6,615	\$ 6,615
Rental income	-	99,662	120,158	20,496
Loan Collections:				
Principal	65,050	200,617	209,411	8,794
Interest	65,050	54,140	77,468	23,328
Interest on investments	-	33,731	35,570	1,839
Miscellaneous:				
Recovery of bad loan debt	-	-	3,500	3,500
Reimbursements	-	-	39,310	39,310
Tax-increment debt proceeds (in lieu of tax-increment revenue)	<u>8,677,135</u>	<u>8,793,200</u>	<u>7,938,748</u>	<u>(854,452)</u>
Total revenues	<u>8,807,235</u>	<u>9,181,350</u>	<u>8,430,780</u>	<u>(750,570)</u>
EXPENDITURES				
Current:				
Community development:				
Housing	2,999,764	4,374,764	4,400,873	(26,109)
Business and industry	990,247	1,730,247	875,533	854,714
Revitalization	1,522,059	1,413,479	536,371	877,108
Infrastructure	4,186,745	4,248,745	4,055,882	192,863
Administration	10,137	18,000	13,993	4,007
Total community development	<u>9,708,952</u>	<u>11,785,235</u>	<u>9,882,652</u>	<u>1,902,583</u>
Contingency	<u>88,078</u>	<u>18,668</u>	<u>-</u>	<u>18,668</u>
Total expenditures	<u>9,797,030</u>	<u>11,803,903</u>	<u>9,882,652</u>	<u>1,921,251</u>
Excess (deficiency) of revenues over expenditures	<u>(989,795)</u>	<u>(2,622,553)</u>	<u>(1,451,872)</u>	<u>1,170,681</u>
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	<u>(1,420,762)</u>	<u>(1,420,762)</u>	<u>(1,420,762)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,420,762)</u>	<u>(1,420,762)</u>	<u>(1,420,762)</u>	<u>-</u>
Net change in fund balance	<u>(2,410,557)</u>	<u>(4,043,315)</u>	<u>(2,872,634)</u>	<u>1,170,681</u>
FUND BALANCE - July 1, 2009	<u>2,410,557</u>	<u>4,043,315</u>	<u>4,043,317</u>	<u>2</u>
FUND EQUITY - June 30, 2010	\$ <u>-</u>	\$ <u>-</u>	1,170,683	\$ <u>1,170,683</u>
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			2,720,688	
Property held for sale			13,979,401	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			\$ <u>17,870,772</u>	

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

LENTS TOWN CENTER URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 19,679	\$ 19,679
Rental income	-	-	89,505	89,505
Loan Collections:				
Principal	234,050	120,094	229,994	109,900
Interest	44,050	-	83,535	83,535
Interest on investments	24,240	11,000	38,963	27,963
Miscellaneous:				
Reimbursements	-	-	4,436	4,436
Tax-increment debt proceeds (in lieu of tax-increment revenue)	20,049,948	24,786,264	25,057,063	270,799
Total revenues	20,352,288	24,917,358	25,523,175	605,817
EXPENDITURES				
Current:				
Community development:				
Housing	6,633,409	5,632,272	4,375,043	1,257,229
Business and industry	1,518,062	1,423,062	564,854	858,208
Revitalization	6,099,886	5,159,886	4,165,707	994,179
Infrastructure	3,371,586	1,490,586	1,039,928	450,658
Administration	10,000	21,000	21,000	-
Total community development	17,632,943	13,726,806	10,166,532	3,560,274
Contingency	635,484	11,674,387	-	11,674,387
Total expenditures	18,268,427	25,401,193	10,166,532	15,234,661
Excess (deficiency) of revenues over expenditures	2,083,861	(483,835)	15,356,643	15,840,478
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	(2,510,596)	(2,510,596)	(2,510,596)	-
Total other financing sources (uses)	(2,510,596)	(2,510,596)	(2,510,596)	-
Net change in fund balance	(426,735)	(2,994,431)	12,846,047	15,840,478
FUND BALANCE - July 1, 2009	426,735	2,994,431	2,994,433	2
FUND EQUITY - June 30, 2010	\$ -	\$ -	15,840,480	\$ 15,840,480
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			4,809,292	
Property held for sale			10,234,107	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			\$ 30,883,879	

PORTLAND DEVELOPMENT COMMISSION
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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, 2010

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental revenue:				
Federal grants	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
Charges for services:				
Rental income	-	-	5,781	5,781
Loan Collections:				
Principal	-	13,371	5	(13,366)
Interest	-	-	5,500	5,500
Interest on investments	7,356	10,000	29,547	19,547
Miscellaneous:				
Reimbursements	-	450,000	143,422	(306,578)
Sale of real property	-	-	8,834	8,834
Tax-increment debt proceeds (in lieu of tax-increment revenue)	6,101,514	3,723,569	3,722,810	(759)
Total revenues	6,308,870	4,396,940	3,915,899	(481,041)
EXPENDITURES				
Current:				
Community development:				
Housing	3,110,972	2,155,854	2,067,797	88,057
Business and industry	679,953	379,953	97,731	282,222
Revitalization	1,377,138	502,138	369,098	133,040
Infrastructure	1,454,200	679,200	760,008	(80,808)
Administration	10,000	10,000	9,686	314
Total community development	6,632,263	3,727,145	3,304,320	422,825
Contingency	616,377	2,352,976	-	2,352,976
Total expenditures	7,248,640	6,080,121	3,304,320	2,775,801
Excess (deficiency) of revenues over expenditures	(939,770)	(1,683,181)	611,579	2,294,760
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	(984,362)	(984,362)	(984,362)	-
Total other financing sources (uses)	(984,362)	(984,362)	(984,362)	-
Net change in fund balance	(1,924,132)	(2,667,543)	(372,783)	2,294,760
FUND BALANCE - July 1, 2009	1,924,132	2,667,543	2,667,544	1
FUND EQUITY - June 30, 2010	\$ -	\$ -	2,294,761	\$ 2,294,761
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			188,367	
Property held for sale			6,314,131	
FUND BALANCE - June 30, 2010 (GAAP BASIS)			\$ 8,797,259	

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

**WILLAMETTE INDUSTRIAL URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Charges for services:				
Rental income	\$ -	\$ -	\$ 228	\$ 228
Interest on investments	2,072	7,282	10,409	3,127
Tax-increment debt proceeds (in lieu of tax-increment revenue)	699,300	729,500	729,500	-
Total revenues	701,372	736,782	740,137	3,355
EXPENDITURES				
Current:				
Community development:				
Business and industry	226,940	226,940	4,921	222,019
Revitalization	515,000	515,000	115,915	399,085
Administration	4,940	4,940	1,364	3,576
Total community development	746,880	746,880	122,200	624,680
Contingency	395,433	572,567	-	572,567
Total expenditures	1,142,313	1,319,447	122,200	1,197,247
Excess (deficiency) of revenues over expenditures	(440,941)	(582,665)	617,937	1,200,602
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	(166,578)	(166,578)	(166,578)	-
Total other financing sources (uses)	(166,578)	(166,578)	(166,578)	-
Net change in fund balance	(607,519)	(749,243)	451,359	1,200,602
FUND BALANCE - July 1, 2009	607,519	749,243	749,246	3
FUND EQUITY - June 30, 2010	\$ -	\$ -	\$ 1,200,605	\$ 1,200,605

PDC

PORTLAND
DEVELOPMENT
COMMISSION

PROPRIETARY FUNDS

ENTERPRISE FUNDS

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

PDC has two Enterprise type funds.

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

*Private Lender Program-Bank of America
Housing Investment
Program Reserve
Housing and Urban Development Rental Rehabilitation
Neighborhood Housing Loans
Economic Development Administration Revolving Loans
Economic Development Administration Industrial Sites Loans
Business Assistance Loan Fund
N/NE Business Assistance
Workforce Training/Hiring
Portland Startup Fund*

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

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

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.

PDC

PORTLAND
DEVELOPMENT
COMMISSION

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

**ENTERPRISE LOANS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
For The Fiscal Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual GAAP to</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(GAAP Basis)</u>	<u>Actual Budgetary Adjustments</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
REVENUES						
Intergovernmental revenue:						
Housing and Community						
Development contract	\$ -	\$ 1,583,753	\$ -	\$ -	\$ -	\$ (1,583,753)
City of Portland, General Fund	-	200,000	1,711,824	-	1,711,824	1,511,824
Investor loan draws	8,000,000	8,000,000	5,035,871	-	5,035,871	(2,964,129)
Charges for services-						
Application fees and charges	-	-	205,220	-	205,220	205,220
Rental income	-	-	-	-	-	-
Loan Collections:						
Principal	8,774,386	8,757,545	-	8,153,414	8,153,414	(604,131)
Interest	1,026,424	978,527	655,094	-	655,094	(323,433)
Interest on investments	-	-	46,045	-	46,045	46,045
Miscellaneous:						
Recovery of bad loan debt	-	-	16,500	-	16,500	16,500
Reimbursements	50,000	50,000	29,260	-	29,260	(20,740)
Other	-	-	464,261	(458,364)	5,897	5,897
Total revenues	<u>17,850,810</u>	<u>19,569,825</u>	<u>8,164,075</u>	<u>7,695,050</u>	<u>15,859,125</u>	<u>(3,710,700)</u>
EXPENDITURES						
Current:						
Community development:						
Housing	17,307,953	19,072,967	8,533,840	5,895,297	14,429,137	4,643,830
Business and industry	1,141,806	1,103,307	1,807,427	(1,077,285)	730,142	373,165
Revitalization	9,161	-	-	-	-	-
Administration	50,000	346,297	87,306	(6,150)	81,156	265,141
Total community development	<u>18,508,920</u>	<u>20,522,571</u>	<u>10,428,573</u>	<u>4,811,862</u>	<u>15,240,435</u>	<u>5,282,136</u>
Debt service:						
Service fees	-	20,000	-	-	-	20,000
Principal	500,000	1,250,000	-	1,238,721	1,238,721	11,279
Interest	-	50,000	23,555	-	23,555	26,445
Total debt service	<u>500,000</u>	<u>1,320,000</u>	<u>23,555</u>	<u>1,238,721</u>	<u>1,262,276</u>	<u>57,724</u>
Contingency	<u>3,236,001</u>	<u>2,365,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,365,344</u>
Total expenditures	<u>22,244,921</u>	<u>24,207,915</u>	<u>10,452,128</u>	<u>6,050,583</u>	<u>16,502,711</u>	<u>7,705,204</u>
Excess (deficiency) of revenues over expenditures	<u>(4,394,111)</u>	<u>(4,638,090)</u>	<u>(2,288,053)</u>	<u>1,644,467</u>	<u>(643,586)</u>	<u>3,994,504</u>
Transfers in:						
Housing and Community						
Development Contract Fund	-	465,000	-	465,000	465,000	-
HOME Grant Fund	-	690,000	-	690,000	690,000	-
Other Federal Grants Fund	-	16,000	-	16,000	16,000	-
Total transfers in	<u>-</u>	<u>1,171,000</u>	<u>-</u>	<u>1,171,000</u>	<u>1,171,000</u>	<u>-</u>
Internal service reimbursements	(802,426)	(509,561)	-	(569,901)	(569,901)	(60,340)
Transfers out:						
General Fund	-	(1,000,000)	(1,000,000)	-	(1,000,000)	-
Housing and Community						
Development Contract Fund	-	-	-	(1,221,000)	(1,221,000)	(1,221,000)
HOME Grant Fund	-	-	-	(4,000)	(4,000)	(4,000)
Other Federal Grants Fund	-	(652,297)	(652,297)	-	(652,297)	-
Enterprise Zone Fund	(87,017)	(87,017)	(87,017)	-	(87,017)	-
Total transfers out	<u>(87,017)</u>	<u>(1,739,314)</u>	<u>(1,739,314)</u>	<u>(1,225,000)</u>	<u>(2,964,314)</u>	<u>(1,225,000)</u>
Total transfers	<u>(89,443)</u>	<u>(1,077,875)</u>	<u>(1,739,314)</u>	<u>(623,901)</u>	<u>(2,363,215)</u>	<u>(1,285,340)</u>
Net change in fund balance	(5,283,554)	(5,715,965)	(4,027,367)	1,020,566	(3,006,801)	2,709,164
FUND EQUITY - July 1, 2009	<u>5,283,554</u>	<u>5,715,965</u>	<u>16,684,051</u>	<u>(10,968,170)</u>	<u>5,715,881</u>	<u>(84)</u>
FUND EQUITY - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,656,684</u>	<u>\$ (9,947,604)</u>	<u>\$ 2,709,080</u>	<u>\$ 2,709,080</u>

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

**COMBINING SCHEDULE OF NET ASSETS
FOR COMPONENTS OF THE ENTERPRISE LOANS FUND
June 30, 2010**

	Private Lender Program Bank of America	Housing Investment	Program Reserve	Housing and Urban Development Rental Rehabilitation	Neighborhood Housing Loans
ASSETS					
Current assets:					
Cash with City of Portland investment pool	\$ 771,232	\$ 473,885	\$ 35,177	\$ 41,678	\$ 81,208
Receivables:					
Due from City of Portland	-	113,117	-	-	-
Accounts	-	-	-	-	1,000
Due from other funds	-	-	940,000	125,000	-
Loans, net	805,702	1,397,267	7	29,856	-
Interest	2,284	1,831	3,905	281	900
Total current assets	1,579,218	1,986,100	979,089	196,815	83,108
Noncurrent assets:					
Restricted cash-					
City of Portland investment pool	-	-	-	-	200,000
Loans receivable, net	3,429,500	4,329,745	329,642	742,564	-
Total noncurrent assets	3,429,500	4,329,745	329,642	742,564	200,000
Total assets	5,008,718	6,315,845	1,308,731	939,379	283,108
LIABILITIES AND NET ASSETS					
Liabilities:					
Current liabilities:					
Accounts payable	-	6,838	7,875	-	1,441
Accrued liability	-	-	-	-	7,094
Due to City of Portland	-	-	680	-	3,106
Due to other funds	4,804,937	-	-	-	-
Total current liabilities	4,804,937	6,838	8,555	-	11,641
Total liabilities	4,804,937	6,838	8,555	-	11,641
Net Assets-					
Unrestricted (deficit)	\$ 203,781	\$ 6,309,007	\$ 1,300,176	\$ 939,379	\$ 271,467

<u>Economic Development Administration Revolving Loans</u>	<u>Economic Development Administration Industrial Sites Loans</u>	<u>Business Assistance Loan Fund</u>	<u>N/NE Business Assistance</u>	<u>Workforce Training/ Hiring</u>	<u>Portland Startup Fund</u>	<u>Total Enterprise Loans Fund</u>
\$ -	\$ -	\$ 305,177	\$ 169,126	\$ 56,713	\$ -	\$ 1,934,196
-	-	-	-	-	450,000	563,117
-	-	-	-	-	-	1,000
-	-	-	160,000	-	-	1,225,000
-	-	156,269	62,742	-	-	2,451,843
-	-	879	240	192	-	10,512
-	-	462,325	392,108	56,905	450,000	6,185,668
-	-	-	-	-	-	200,000
-	-	1,016,192	1,255,386	-	-	11,103,029
-	-	1,016,192	1,255,386	-	-	11,303,029
-	-	1,478,517	1,647,494	56,905	450,000	17,488,697
-	-	42	-	-	-	16,196
-	-	-	-	-	-	7,094
-	-	-	-	-	-	3,786
-	-	-	-	-	-	4,804,937
-	-	42	-	-	-	4,832,013
-	-	42	-	-	-	4,832,013
\$ -	\$ -	\$ 1,478,475	\$ 1,647,494	\$ 56,905	\$ 450,000	\$ 12,656,684

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

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR COMPONENTS OF THE ENTERPRISE LOANS FUND
For the Fiscal Year Ended June 30, 2010

	Private Lender Program Bank of America	Housing Investment	Program Reserve	Housing and Urban Development Rental Rehabilitation	Neighborhood Housing Loans
OPERATING REVENUES:					
Charges for services	\$ 573	\$ 60,396	\$ 9,750	\$ -	\$ 128,034
Interest on loans	231,288	294,722	6	37,913	11,874
Miscellaneous revenues	171,259	4,874	34,896	34,546	21,985
Intergovernmental revenues	-	1,261,824	-	-	-
Investor loan draws	-	-	-	-	5,035,871
Total operating revenues	403,120	1,621,816	44,652	72,459	5,197,764
OPERATING EXPENSES:					
Personal services	-	200,269	-	-	48,448
Professional services	-	1,030,102	79,471	-	14,324
Loan document costs	-	1,493	-	-	19,343
Financial assistance	63,758	38,584	-	-	5,204,808
Loan loss provision	-	1,354,432	-	-	-
Internal service reimbursements	-	367,877	30,127	22,070	43,716
Miscellaneous expenses	-	7,750	680	-	16,905
Total operating expenses	63,758	3,000,507	110,278	22,070	5,347,544
Operating income (loss)	339,362	(1,378,691)	(65,626)	50,389	(149,780)
NON-OPERATING REVENUES (EXPENSE):					
Interest on investment	7,712	9,693	14,752	1,402	2,757
Interest expense	(23,555)	-	-	-	-
Total non-operating revenues (expense)	(15,843)	9,693	14,752	1,402	2,757
Income (loss) before transfers	323,519	(1,368,998)	(50,874)	51,791	(147,023)
TRANSFERS					
Transfers out	-	-	(1,000,000)	-	-
Total transfers	-	-	(1,000,000)	-	-
Change in net assets	323,519	(1,368,998)	(1,050,874)	51,791	(147,023)
NET ASSETS (DEFICIT) - July 1, 2009	(119,738)	7,678,005	2,351,050	887,588	418,490
NET ASSETS (DEFICIT) - June 30, 2010	\$ 203,781	\$ 6,309,007	1,300,176	\$ 939,379	\$ 271,467

Economic Development Administration Revolving Loans	Economic Development Administration Industrial Sites Loans	Business Assistance Loan Fund	N/NE Business Assistance	Workforce Training/ Hiring	Portland Startup Fund	Total Enterprise Loans Fund
\$ -	\$ -	\$ 4,577	\$ 1,890	\$ -	\$ -	\$ 205,220
-	-	33,410	45,880	-	-	655,093
-	-	233,315	3,258	5,889	-	510,022
-	-	-	-	-	450,000	1,711,824
-	-	-	-	-	-	5,035,871
-	-	271,302	51,028	5,889	450,000	8,118,030
-	-	2,702	1,686	-	-	253,105
-	-	46,957	-	1,006	-	1,171,860
-	-	3,353	-	-	-	24,189
-	-	221,500	16,099	-	-	5,544,749
-	-	-	39,442	-	-	1,393,874
-	-	84,132	21,979	-	-	569,901
593,910	850,306	1,326	19	-	-	1,470,896
593,910	850,306	359,970	79,225	1,006	-	10,428,574
(593,910)	(850,306)	(88,668)	(28,197)	4,883	450,000	(2,310,544)
-	-	4,784	4,222	724	-	46,046
-	-	-	-	-	-	(23,555)
-	-	4,784	4,222	724	-	22,491
(593,910)	(850,306)	(83,884)	(23,975)	5,607	450,000	(2,288,053)
(325,834)	(326,463)	(87,017)	-	-	-	(1,739,314)
(325,834)	(326,463)	(87,017)	-	-	-	(1,739,314)
(919,744)	(1,176,769)	(170,901)	(23,975)	5,607	450,000	(4,027,367)
919,744	1,176,769	1,649,376	1,671,469	51,298	-	16,684,051
\$ -	\$ -	\$ 1,478,475	\$ 1,647,494	\$ 56,905	\$ 450,000	\$ 12,656,684

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

**ENTERPRISE MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
For The Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget-
REVENUES				
Charges for services-				
Rental income	\$ 1,262,952	\$ 1,262,952	\$ 931,113	\$ (331,839)
Interest on investments	-	-	3,812	3,812
Total revenues	1,262,952	1,262,952	934,925	(328,027)
EXPENDITURES				
Current:				
Community development:				
Housing	1,585,952	1,566,764	1,112,560	454,204
Total community development	1,585,952	1,566,764	1,112,560	454,204
Total expenditures	1,585,952	1,566,764	1,112,560	454,204
Excess (deficiency) of revenues over expenditures	(323,000)	(303,812)	(177,635)	126,177
Transfers out:				
General Fund	(37,000)	(37,000)	(37,000)	-
Total transfers out	(37,000)	(37,000)	(37,000)	-
Total transfers	(37,000)	(37,000)	(37,000)	-
Net change in fund balance	(360,000)	(340,812)	(214,635)	126,177
FUND EQUITY - July 1, 2009	360,000	340,812	340,812	-
FUND EQUITY - June 30, 2010	\$ -	\$ -	\$ 126,177	\$ 126,177

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

**RISK MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
For The Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest on investments	\$ -	\$ -	\$ 3,707	\$ 3,707
Miscellaneous:				
Other	-	-	99,530	99,530
Total revenues	-	-	103,237	103,237
EXPENDITURES				
Current:				
Administration	350,000	353,870	207,407	146,463
Total community development	350,000	353,870	207,407	146,463
Total expenditures	350,000	353,870	207,407	146,463
Excess (deficiency) of revenues over expenditures	(350,000)	(353,870)	(104,170)	249,700
Net change in fund balance	(350,000)	(353,870)	(104,170)	249,700
FUND BALANCE - July 1, 2009	350,000	353,870	353,870	-
FUND BALANCE - June 30, 2010	\$ -	\$ -	\$ 249,700	\$ 249,700

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

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND**

For the Fiscal Year Ended June 30, 2010

	<u>Balance July 1, 2009</u>		<u>Additions</u>		<u>Deductions</u>		<u>Balance June 30, 2010</u>
Assets:							
Cash with City of Portland investment pool	\$ 70,646	\$	929,982	\$	938,316	\$	62,312
Interest receivable	<u>622</u>		<u>6,161</u>		<u>6,621</u>		<u>162</u>
Total assets	<u>\$ 71,268</u>	\$	<u>936,143</u>	\$	<u>944,937</u>	\$	<u>62,474</u>
 Liabilities -							
Accounts payable	<u>\$ 71,268</u>	\$	<u>920,625</u>	\$	<u>929,419</u>	\$	<u>62,474</u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

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

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
June 30, 2010**

Governmental funds capital assets:

Land	\$ 6,284,260
Buildings and improvements	2,707,441
Leasehold improvements	3,849,500
Vehicles, and equipment	704,936
Intangible software	2,633,276
Accumulated depreciation	<u>(6,184,323)</u>

Total governmental funds capital assets	\$ <u><u>9,995,090</u></u>
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Investment in governmental funds capital assets by source:

General Fund	\$ 3,344,728
Special Revenue Funds	182,833
Capital Projects Funds	12,651,852
Accumulated depreciation	<u>(6,184,323)</u>

Total governmental funds capital assets	\$ <u><u>9,995,090</u></u>
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This schedule presents only the capital asset balances related to governmental funds.

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

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2010

Function and Activity	Land	Buildings and Improvements	Leasehold Improvements	Vehicles and Equipment	Software	Total
Community development						
Revitalization	\$ 6,284,260	\$ 2,707,441	\$ -	\$ -	\$ -	\$ 8,991,701
Administration	-	-	3,849,500	2,243,828	1,094,384	7,187,712
Total Community development	6,284,260	2,707,441	3,849,500	2,243,828	1,094,384	16,179,413
Less: Accumulated depreciation	-	(1,191,269)	(3,144,564)	(1,781,291)	(67,199)	(6,184,323)
Total governmental funds capital assets	\$ 6,284,260	\$ 1,516,172	\$ 704,936	\$ 462,537	\$ 1,027,185	\$ 9,995,090

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

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended June 30, 2010**

<u>Program</u>	<u>Governmental Funds Capital Assets July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2010</u>
Community development:				
Revitalization	\$ 11,146,790	\$ 19,499	\$ (2,174,590)	\$ 8,991,699
Adminstration	<u>6,553,429</u>	<u>786,385</u>	<u>(152,100)</u>	<u>7,187,714</u>
Total Community development	17,700,219	805,884	(2,326,690)	16,179,413
Less: Accumulated depreciation	<u>(5,295,364)</u>	<u>(1,041,059)</u>	<u>152,100</u>	<u>(6,184,323)</u>
Total governmental funds capital assets	\$ <u>12,404,855</u>	\$ <u>(235,175)</u>	\$ <u>(2,174,590)</u>	\$ <u>9,995,090</u>

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

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

SCHEDULE OF ACTIVITY OF REAL PROPERTY
HELD BY THE COMMISSION
For The Fiscal Year Ended June 30, 2010

Funding Source	Balance July 1, 2009	Additions	Sales/ Adjustment	Balance June 30, 2010
General Fund (Urban Redevelopment Fund):				
* 9330 SE Harold St-Boys & Girls Club-LTC	\$ 46,754	\$ -	\$ -	\$ 46,754
* Woodstock & Foster Rd-Dagel Site-LTC	100,000	-	-	100,000
South Auditorium Park Block C	2	-	-	2
Block J-1720 SW Front	2	-	-	2
Upshur- Willamette Heights Lot 7 & 8	6,501	-	-	6,501
Block 103-SW Montgomery Street	1	-	-	1
Block 101-1510 SW Harbor Way	1	-	-	1
Block 111-Market/Clay/Front	1	-	-	1
Tom McCall Waterfront Park Lots	7	-	-	7
Total	153,269	-	-	153,269
Housing and Community Development Fund:				
2600 N Williams Ave-Quad Site	182,833	-	-	182,833
2650 NW Upshur St-Upshur House	201,400	-	(201,400)	-
* 5815 SE 92nd-Lents Plaza Mcgalliard Site	251,456	-	-	251,456
Total	635,689	-	(201,400)	434,289
Downtown Waterfront Urban Renewal Fund:				
Union Station Parcels	10,749,632	19,499	(1,973,189)	8,795,942
* 820-838 SW 3rd Ave-Cossette Site	1,761,290	-	-	1,761,290
* 421-438 NW 3rd Ave-Dirty Duck Site	526,842	-	(526,842)	-
* Broadway Hoyt/Glisan/6th-Block R	72,283	-	(72,283)	-
* NW Naito Parkway	3,000	-	-	3,000
* 800 NW 6th Ave Parking Site-Block Y	487,039	-	(487,039)	-
* Broadway/Hoyt/Irving/6th-Block U	725,271	-	(725,271)	-
* 209 SW Oak St-Abandoned Jail	1,730,179	-	-	1,730,179
* 88 NW Couch St-Block 8	2,222,946	-	-	2,222,946
* NW Davis BLK 8	4,408,907	-	-	4,408,907
Total	22,687,389	19,499	(3,784,624)	18,922,264
North Macadam Urban Renewal Fund:				
* 3516-3604 SW Macadam AirRights	1,412,196	-	(1,412,196)	-
** 3516-3604 SW Macadam-Parking Garage Block 33	3,000,000	-	(3,000,000)	-
* South Waterfront Development Sites	3,722,148	8,677	-	3,730,825
* Old Spaghetti Factory-Blk 49	5,232,633	-	-	5,232,633
Total	13,366,977	8,677	(4,412,196)	8,963,458
River District Urban Renewal Fund:				
* 1362 NW Naito Prkwy-Centennial Mill	7,689,813	-	-	7,689,813
* Union Station Parcels-Old Fire Station & Lot 5	-	1,221,011	-	1,221,011
* 421-438 NW 3rd Ave-Dirty Duck Site	-	526,842	-	526,842
* Broadway Hoyt/Glisan/6th-Block R	-	72,283	-	72,283
* 800 NW 6th Ave Parking Site-Block Y	-	487,039	-	487,039
* Broadway/Hoyt/Irving/6th-Block U	-	779,226	(415,587)	363,639
* 1103-1121 SW Stark St-Fairfield Hotel	-	1,475,000	-	1,475,000
* NW Naito Parkway	174,561	15,875	-	190,436
* Station Place Garage	9,277,726	-	-	9,277,726
** Postal Site	2,115,450	899	-	2,116,349
* NW 9th Avenue Parcel	1	-	-	1
* 9th & Lovejoy-Station Place	1,051,313	2,151	-	1,053,464
* 401-439 West Burnside St-Grove Hotel	-	3,728,627	(2,628,627)	1,100,000
Total	20,308,864	8,308,953	(3,044,214)	25,573,603
South Park Blocks Urban Renewal Fund:				
* 1101-1139 SW Jefferson St-Jefferson West Apts	2,918,743	-	-	2,918,743
* 1103-1121 SW Stark St-Fairfield Hotel	1,475,000	-	(1,475,000)	-
* 5th & SW Montgomery St-PSU Carpool Lot	2,700,000	-	-	2,700,000
* 401 SW Harrison St-Jasmine Tree	1,106,623	-	-	1,106,623
Total	8,200,366	-	(1,475,000)	6,725,366
Convention Center Urban Renewal Fund:				
* 5001 NE MLK Blvd-Living Color Site	815,321	-	-	815,321
* 831-834 NE MLK Blvd-Sizzler Site	2,586,941	56,005	-	2,642,946
* 5125-5131 NE MLK Blvd-Wirf Sites	933,183	-	-	933,183
* 1st/Multnomah /2nd/Holladay Sts-Block 49	1,747,754	-	-	1,747,754
* NE Hol/MLK Blvd-Christie-Block 47	455,843	-	-	455,843
* 5029 NW MLK Blvd-Walnut Park Theater	362,582	-	-	362,582
* 6431-6435 NE MLK Blvd-Eagle Summit Site	635,740	-	-	635,740
* 420 Holladay St-Inn @ Convention Center	5,493,803	-	-	5,493,803
* NE Grand Ave-Block 45 Cascadian Lots	1,424,731	-	-	1,424,731
* 84 NE Weidler St-B & K Site	876,128	-	-	876,128
* 1306 NE 2nd Ave-King Crusher Site	383,920	-	-	383,920
* 6445 NE MLK Blvd-Ashbrook Bakery Site	116,920	-	-	116,920
* 3368 NE MLK Blvd-Grant Site	345,060	-	-	345,060
* 910 NE MLK-Menashe Site	4,547,284	-	-	4,547,284
* 427 NE Cook-McCann Site	290,000	-	-	290,000
* NE Cook/MLK-Lenske Site	176,162	-	-	176,162
* 3620 NE MLK Blvd-Parking Lot	-	61,888	-	61,888
Total	21,191,372	117,893	-	21,309,265

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

SCHEDULE OF ACTIVITY OF REAL PROPERTY
HELD BY THE COMMISSION
For The Fiscal Year Ended June 30, 2010

Funding Source	Balance July 1, 2009	Additions	Sales/ Adjustment	Balance June 30, 2010
Central Eastside Urban Renewal Fund:				
* 318 NE Couch St-Fischels Site	534,525	-	-	534,525
* 313 E Burnside St-Recovery Inn-Block 76	566,422	-	-	566,422
* 1401 SE Water Ave-OMSI Crescent Site	450,000	-	-	450,000
* 240 NE MLK Blvd	152,397	-	-	152,397
* 5-13 NE 3rd Ave-Block 67	312,728	-	-	312,728
* 11 NE MLK Blvd-Unocal Site	574,950	-	-	574,950
* 111 NE MLK Blvd-Block 75	1,302,599	-	-	1,302,599
* 123 NE 3rd Ave-Convention Center Plaza	10,043,592	42,188	-	10,085,780
Total	13,937,213	42,188	-	13,979,401
Lents Town Center Urban Renewal Fund:				
* 5728 SE 91st & 5808 SE 91st-Rssn Ch & Hse	687,398	-	-	687,398
* 9117-9123 SE Foster Rd	116,300	-	-	116,300
* 9231 SE Foster Rd	1,251,166	27,811	-	1,278,977
* 9330 SE Harold St-Boys and Girls Club	1,142,004	35,831	-	1,177,835
* 9316 SE Woodstock Blvd-Glendville	123,278	-	-	123,278
* 6116 SE 93rd-Davis Property	103,975	-	-	103,975
* 5916 SE 91st Ave	770,267	-	-	770,267
* 5933 SE 92nd Ave Lot #3-#5	1,076,019	-	-	1,076,019
* 6936 SE 91st Avenue	180,874	-	-	180,874
* 8730 SE Rural Street	185,882	-	-	185,882
* 8732 SE Rural Street	185,901	-	-	185,901
* 6801 SE 86th Avenue	205,934	-	-	205,934
* 6111 SE 86th Avenue	180,874	-	-	180,874
* 6719 SE 86th Avenue	185,896	-	-	185,896
* 6325 SE 86th Avenue	180,874	-	-	180,874
* 6317 SE 89th Avenue	180,879	-	-	180,879
* 6109 SE 90th Avenue	185,882	-	-	185,882
* 10105 SE Pardee	180,884	-	-	180,884
* 8037 SE Duke Street	200,916	-	-	200,916
* 5718 SE 92nd Avenue	-	2,151,149	-	2,151,149
* 8801 SE Foster Blvd	-	409,797	-	409,797
* 9320 SE Ramona St	-	284,316	-	284,316
Total	7,325,203	2,908,904	-	10,234,107
Interstate Corridor Urban Renewal Fund:				
* Marco Bldg	500,000	-	(240,000)	260,000
4500 N Albina	6,410	-	-	6,410
* 5116 NE Garfield St-Reiss Site	304,110	-	-	304,110
* 9020 N. Chautauqua Ave	257,452	-	-	257,452
* 8920 N. Drummond Ave	181,290	-	-	181,290
* 8606 N. Curtis Ave	190,809	-	-	190,809
* 3309 N. Halleck Street	181,375	-	-	181,375
* 3325 N. Halleck St	190,809	-	-	190,809
* 3220 N. Hunt St	190,809	-	-	190,809
* 3107 N. Houghton	190,895	-	-	190,895
* 3702 N. Arlington Place	200,416	-	-	200,416
* 3101 N. Arlignton Place	181,375	-	-	181,375
* Killingsworth Station	1,250,377	-	-	1,250,377
Total	3,826,127	-	(240,000)	3,586,127
Gateway Regional Center Urban Renewal Fund:				
* 10225 NE Burnside St-Childrens Receiving Ctr	683,828	-	-	683,828
* 9707 NE Multnomah Blvd-Gateway Transit Ctr	848,094	-	-	848,094
* 10520 NE Halsey St.	1,091,124	61,868	-	1,152,992
* 10506-10512 NE Halsey St.	1,184,046	532,532	-	1,716,578
* 9992, 9999 NE Gilsan/618 NE 99th Ave	-	1,912,639	-	1,912,639
Total	3,807,092	2,507,039	-	6,314,131
Airport Way Urban Renewal Fund:				
* Holman St Site	5,000	-	-	5,000
* NE 185th Riverside Parkway-Spada	4,172,103	-	(2,608,476)	1,563,627
* Cascade Station-Lease Rights	13,990,676	-	(186,542)	13,804,134
* 12824 NE Airport Way-Danner South	192,850	-	-	192,850
* 12810 NE Airport Way-Danner North	81,500	-	(81,500)	-
* 13328 NE Airport Way-Damonte	140,500	-	-	140,500
Total	18,582,629	-	(2,876,518)	15,706,111
Total all funds	134,022,190	\$ 13,913,153	\$ (16,033,952)	131,901,391
Add: Vehicles and equipment	2,837,027			2,243,828
Software	-			1,094,384
Leasehold improvements	3,716,402			3,849,501
Less: Property held for sale	(122,875,400)			(122,909,691)
Accumulated depreciation-NHFS	(5,295,364)			(6,184,323)
Total Capital Assets	\$ 12,404,855			\$ 9,995,090

* Represents property held for sale.

** Represents work in process.

Statistical
Section_____

PDC

PORTLAND
DEVELOPMENT
COMMISSION

STATISTICAL SECTION

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

Contents	Page
Financial Trends	108
<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	112
<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	114
<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	130
<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	132
<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. PDC implemented GASB Statement 34 in FY2001-2002; schedules presenting government-wide information included information beginning in that year.

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

**NET ASSETS BY COMPONENT
Last Nine Fiscal Years
(Unaudited)**

	Fiscal Year								
	2001-02 (as restated)	2002-03 (as restated)	2003-04	2004-05	2005-06	2006-07	2007-08 (as restated)	2008-09	2009-10
Governmental activities									
Invested in capital assets, net of related debt	\$ 12,379,903	\$ 12,078,534	\$ 13,181,711	\$ 13,864,073	\$ 13,188,653	\$ 12,715,642	\$ 12,358,875	\$ 12,404,855	\$ 9,995,090
Restricted	198,391,518	223,589,051	207,792,342	177,136,865	197,188,290	214,919,258	237,479,876	262,020,868	267,883,500
Unrestricted	5,070,488	3,385,457	2,966,770	3,314,382	3,389,413	2,660,789	3,283,081	4,943,550	1,527,725
Total governmental activities net assets	215,841,909	239,053,042	223,940,823	194,315,320	213,766,356	230,295,689	253,121,832	279,369,273	279,406,315
Business-type activities									
Unrestricted	22,632,982	13,946,370	14,492,189	12,551,778	14,508,369	14,668,980	16,409,376	17,024,863	12,782,861
Total government									
Invested in capital assets, net of related debt	12,379,903	12,078,534	13,181,711	13,864,073	13,188,653	12,715,642	12,358,875	12,404,855	9,995,090
Restricted	198,391,518	223,589,051	207,792,342	177,136,865	197,188,290	214,919,258	237,479,876	262,020,868	267,883,500
Unrestricted	27,703,470	17,331,827	17,458,959	15,866,160	17,897,782	17,329,769	19,692,457	21,968,413	14,310,586
Total government net assets	238,474,891	252,999,412	238,433,012	206,867,098	228,274,725	244,964,669	269,531,208	296,394,136	292,189,176

CHANGES IN NET ASSETS
Last Nine Fiscal Years
(Unaudited)

(1) Increase is due to bonds issued for River District urban renewal area.

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

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

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

	Fiscal Year								
	2001-02 (as restated)	2002-03 (as restated)	2003-04	2004-05	2005-06	2006-07	2007-08 (as restated)	2008-09	2009-10
General Fund									
Reserved	\$ 3,064,071	\$ 3,129,527	\$ 2,707,267	\$ 2,452,654	\$ 1,444,428	\$ 476,064	\$ 466,175	\$ 569,765	\$ 673,358
Unreserved	1,755,571	-	-	701,254	1,471,055	1,788,615	2,789,504	4,391,564	4,632,922
Total general fund	\$ 4,819,642	\$ 3,129,527	\$ 2,707,267	\$ 3,153,908	\$ 2,915,483	\$ 2,264,679	\$ 3,255,679	\$ 4,961,329	\$ 5,306,280
All other governmental funds									
Reserved	\$ 99,129,827	\$ 129,823,503	\$ 125,008,341	\$ 113,678,934	\$ 127,770,229	\$ 165,555,407	\$ 174,306,280	\$ 181,763,497	\$ 187,587,202
Unreserved, reported in:									
Special revenue funds	1,349,852	1,360,203	935,674	1,048,085	734,202	928,313	747,264	371,923	1,070,851
Capital project funds	97,911,839	92,405,345	82,491,391	62,649,846	68,683,859	48,435,539	70,007,265	88,815,802	84,843,645
Total all other government funds	\$ 198,391,518	\$ 223,589,051	\$ 208,435,406	\$ 177,376,865	\$ 197,188,290	\$ 214,919,259	\$ 245,060,809	\$ 270,951,222	\$ 273,501,698

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

	Fiscal Year								
	2001-02 (as restated)	2002-03 (as restated)	2003-04	2004-05	2005-06	2006-07	2007-08 (as restated)	2008-09	2009-10
Revenues									
Intergovernmental revenues	\$ 8,208,877	\$ 4,698,443	\$ 9,935,888	\$ 14,481,639	\$ 16,386,221	\$ 8,669,663	\$ 12,007,140	\$ 9,537,786	\$ 17,538,107
Charges for services	1,236,893	1,770,616	1,517,374	3,064,571	3,304,810	2,153,263	2,206,948	1,525,351	1,914,924
Loan collections	4,827,194	4,542,297	4,226,734	3,893,137	5,838,036	3,539,448	3,115,103	3,084,226	3,508,841
Interest on investments	4,934,581	2,436,580	1,470,370	2,004,595	2,881,904	3,468,091	2,471,816	2,861,153	1,186,801
PLPA receivable repayment	1,093,043	-	-	-	-	-	-	-	-
Miscellaneous	3,186,101	2,941,489	6,768,486	2,707,265	8,911,725	8,458,224	2,627,865	7,920,829	14,100,415
Tax-increment debt proceeds									
(in lieu of tax-increment revenue)	35,346,282	64,390,903 ⁽¹⁾	36,906,756	43,671,683	82,974,088 ⁽²⁾	91,878,764 ⁽²⁾	105,929,455 ⁽³⁾	105,254,573	89,778,162
Total revenues	58,832,971	80,780,328	60,825,608	69,822,890	120,296,784	118,167,453	128,358,327	130,183,918	128,027,250
Expenditures									
Community development	22,428,569	24,143,208	26,242,691	32,096,129	29,618,462	63,600,425	38,092,378	37,508,986	42,361,435
Capital outlay	14,503,201	15,288,758	13,492,269	30,724,590	42,727,841	17,090,870	25,019,143	36,518,711	35,237,650
Financial assistance	26,805,541	18,274,514	36,677,660	37,608,692	27,663,186	34,835,459	33,887,263	28,597,158	49,840,026
Debt service -									
Interest	211,463	-	2,356	14,330	-	-	89,250	-	38,927
Total expenditures	63,948,774	57,706,480	76,414,976	100,443,741	100,009,489	115,526,754	97,088,034	102,624,855	127,478,038
Excess of revenues over (under) expenditures	(5,115,803)	23,073,848	(15,589,368)	(30,620,851)	20,287,295	2,640,699	31,270,293	27,559,063	549,212
Other financing sources (uses)									
Internal service reimbursements	-	-	-	-	-	-	-	-	569,901
Transfers in	1,655,541	727,944	491,511	804,960	3,971,121	1,937,319	4,581,453	19,923,389	16,001,799
Transfers out	(1,369,506)	(294,374)	(478,048)	(796,009)	(4,685,416)	(2,048,155)	(4,719,195)	(19,886,389)	(14,225,485)
Total other financing sources (uses)	286,035	433,570	13,463	8,951	(714,295)	(110,836)	(137,742)	37,000	2,346,215
Special item - Cascade Station lease rights	-	-	-	-	-	14,550,302	-	-	-
Net change in fund balances	\$ (4,829,768)	\$ 23,507,418	\$ (15,575,905)	\$ (30,611,900)	\$ 19,573,000	\$ 17,080,165	\$ 31,132,551	\$ 27,586,063	\$ 2,885,427

(1) Increase is due to bonds issued for River District urban renewal area.

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

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

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

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

Fiscal Year	Inter-Governmental Revenues	Charges for Services	Loan Collections ⁽¹⁾	Investment Income	Miscellaneous	Service Reimbursements	Tax-increment Debt Proceeds (in lieu of tax-increment revenue) ⁽²⁾	Total
2000-01	\$ 19,240,258	\$ 1,298,583	\$ 13,862,275	\$ 7,697,840	\$ 8,345,574	\$ -	\$ 151,330,444	\$ 201,774,974 ⁽³⁾
2001-02	13,116,244	2,196,655	15,662,655	5,313,639	6,649,451	-	35,346,282	78,284,926 ⁽⁴⁾
2002-03	5,328,175	2,236,099	14,430,643	2,597,430	6,923,527	11,305,170	64,390,903	107,211,947 ⁽⁵⁾
2003-04	13,423,445	1,629,205	14,728,499	1,547,852	16,865,270	14,617,997	36,906,756	99,719,024 ⁽⁶⁾
2004-05	15,614,350	3,128,250	13,857,498	2,088,352	4,769,740	22,238,125	43,671,683	105,367,998 ⁽⁷⁾
2005-06	16,386,221	3,470,247	25,053,209	2,993,474	5,006,640	23,126,825	82,974,088	159,010,704 ⁽⁸⁾
2006-07	8,808,477	2,471,383	14,432,249	3,678,696	8,088,537	26,533,745	91,878,764	155,891,851
2007-08	18,372,659	3,369,928	16,939,460	2,648,707	5,748,141	29,660,046	105,929,455	182,668,396 ⁽⁹⁾
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 ⁽¹⁰⁾

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

- (1) Interest earned on loans is included in Loan Collections.
- (2) Through fiscal year 1996-97, transfers from City of Portland Debt Service Funds are included in Miscellaneous. Beginning with fiscal year 1997-98, transfers from City of Portland Debt Service Funds are included in tax-increment Debt Proceeds (in lieu of tax increment revenue).
- (3) During fiscal year 2000-01, bonds were issued for three urban renewal funds, Convention Center, South Park Blocks and the Waterfront Urban Renewal.
- (4) The large decrease in tax-increment revenues is due to the Shilo Inn court decision.
- (5) Increase is due to bonds issued for River District urban renewal area and for overhead charges budgeted as service reimbursements. In prior years, Service Reimbursements were budgeted as Interfund Transfers.
- (6) Increase in Home and CDBG grant revenues and revenues received from the sale of property held for sale has increased the intergovernmental and miscellaneous revenues. No bonds were issued during the fiscal year, thereby the reduction of the tax-increment debt proceeds.
- (7) Increase in Service Reimbursements is due to the change in methodology of Personal Services beginning Fiscal Year 2004-05. In prior years Personal Services were expended directly to individual funds.
- (8) Increase in tax-increment Debt Proceeds is due to City of Portland Line of Credit reimbursements for Capital Outlay.
- (9) Increase is due to bonds issued for Downtown Waterfront urban renewal area.
- (10) Internal service reimbursements were reclassified to a transfer.

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

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

Fiscal Year	Personal Services	Materials and Services	Capital Outlay	Financial Assistance	Debt Service	Total
2000-01	\$ 9,481,010	\$ 12,326,023	\$ 50,703,788	\$ 26,627,024	\$ 2,920,990	\$ 102,058,835
2001-02	11,358,989	11,939,244	46,780,248	39,675,273	2,895,684	112,649,438
2002-03	12,797,482	22,306,881 ⁽¹⁾	26,293,552	27,808,001	2,867,083	92,072,999
2003-04	15,089,965	25,926,709	37,335,990 ⁽²⁾	43,957,311 ⁽²⁾	2,738,977	125,048,952
2004-05	20,501,767	31,805,745	35,920,409	50,698,697	3,299,652	142,226,270
2005-06	22,373,756	27,902,737	61,417,936 ⁽³⁾	51,208,537	1,522,868	164,425,834
2006-07	24,601,713	63,212,456 ⁽⁴⁾	26,616,600	57,005,317	1,062,549	172,498,635
2007-08	27,904,908	40,464,287	40,139,330	49,894,489	2,868,011	161,271,025
2008-09	28,520,035	42,124,266	35,660,038	52,267,819	8,315,206	166,887,364
2009-10	22,175,426	22,981,345 ⁽⁵⁾	36,771,943	66,245,765	8,467,384	156,641,863

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

- (1) In fiscal year 2002-03, due to a change in Budget presentation, Service Reimbursements are budgeted as Materials and Services. In prior years, they were budgeted as Interfund Transfers.
- (2) Increase due to the acquisition of \$16.6 million in property held for sale in the River District Urban Renewal Area.
- (3) Increase due to added infrastructure and transportation in the Gateway and Lents Urban Renewal Areas and the acquisition of the Headquarters Hotel property held for sale in the Convention Center Urban Renewal Area.
- (4) Increase is due to added infrastructure and transportation for the Light Rail Expansion, Portland Aerial Tram, and the Portland Streetcar.
- (5) Decrease due to reclass of internal service charges being classified as interfund transfer.

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

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

Districts Common to All Areas

Fiscal Year	Multnomah County	City of Portland	Port of Portland	Metro Service District	Tri-County Metropolitan Transportation District	Multnomah County ESD	Subtotal	City of Portland Urban Renewal ⁽¹⁾
2000-01	\$ 5.3050	\$ 6.8957	\$ 0.0737	\$ 0.3401	\$ 0.1345	\$ 0.4576	\$ 13.2066	\$ 0.3769
2001-02	5.2110	6.7161	0.0707	0.3239	0.1372	0.4576	12.9165	0.3842
2002-03	5.1742	6.9663	0.0701	0.2835	0.1239	0.4576	13.0756	0.4151
2003-04	5.2719	8.1893	0.0701	0.2900	0.1080	0.4576	14.3869	0.4039
2004-05	5.2785	7.9791	0.0701	0.2838	0.1104	0.4576	14.1795	0.3897
2005-06	5.3065	7.9181	0.0701	0.2841	0.1191	0.4576	14.1555	0.3754
2006-07	5.2949	7.8128	0.0701	0.2782	0.0973	0.4576	14.0109	0.3588
2007-08	5.4171	7.9024	0.0701	0.4289	0.0856	0.4576	14.3617	0.4250
2008-09	5.3936	7.3924	0.0701	0.3984	0.0803	0.4576	13.7924	0.3235
2009-10	5.4026	7.8235	0.0701	0.4368	0.0863	0.4576	14.2769	0.3100

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.

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⁾
\$ 6.9959	\$ 6.2787	\$ 5.2896	\$ 5.4724	\$ -	\$ -	\$ 0.3717	\$ 0.5173
6.9747	6.5084	6.3151	6.7110	-	-	0.5511	0.5144
7.2206	6.5859	6.0246	6.7349	-	-	0.4944	0.5164
7.1160	6.9056	6.0259	6.6373	-	-	0.5118	0.5137
7.1792	6.6952	6.0431	6.5923	-	-	0.5099	0.4981
4.7743	6.3294	6.0151	6.5495	0.0413	-	0.4950	0.4917
5.2781	6.2635	5.9497	6.8335	0.0326	-	0.4889	0.4917
6.5281	5.9247	5.8339	6.8590	0.0715	0.0378	0.5051	0.4917
6.5281	5.8887	5.8147	6.8731	0.0877	0.0369	0.5031	0.4917
6.5281	6.1391	5.6033	6.5048	0.1000	0.0391	0.6325	0.4917

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

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

As Of June 30, 2010
(Unaudited)

Fiscal Year	South ParkBlocks Urban Renewal Bonds	Convention Center Urban Renewal Bonds	Downtown Waterfront Urban Renewal Bonds	River District Urban Renewal Bonds	Interstate Corridor Urban Renewal Bonds	Airport Way Urban Renewal Bonds	South ParkBlocks Urban Renewal Bonds	Downtown Waterfront Urban Renewal Bonds	Lents Town Center Urban Renewal Bonds
	2000 Series A & B	2000 Series A & B	2000 Series A & B	2003 Series A & B	2004 Series A	2005 Series A & B	2008 Series A & B	2008 Series A & B	2010 Series A & B
2010-11	\$ 2,095,000	\$ 3,205,000	\$ 3,215,000	\$ 2,655,000	\$ 1,280,000	\$ 3,530,000	\$ 1,270,000	\$ 1,715,000	\$ 1,175,000
2011-12	2,250,000	3,445,000	3,445,000	2,750,000	1,325,000	3,675,000	1,315,000	1,790,000	1,155,000
2012-13	320,000	3,710,000	3,695,000	2,855,000	1,380,000	3,815,000	3,485,000	1,870,000	1,190,000
2013-14	-	3,995,000	3,960,000	2,970,000	1,435,000	4,010,000	4,015,000	1,960,000	1,235,000
2014-15	-	4,230,000	4,185,000	3,090,000	1,490,000	4,210,000	4,250,000	2,050,000	1,290,000
2015-16	-	4,470,000	4,415,000	3,225,000	1,550,000	4,420,000	4,510,000	2,160,000	1,350,000
2016-17	-	4,725,000	4,665,000	3,385,000	1,625,000	4,640,000	4,780,000	2,275,000	1,425,000
2017-18	-	4,995,000	4,935,000	3,550,000	1,710,000	4,875,000	5,070,000	2,390,000	1,510,000
2018-19	-	5,280,000	5,215,000	3,725,000	1,800,000	5,120,000	8,690,000	2,520,000	1,595,000
2019-20	-	5,570,000	5,515,000	3,915,000	1,890,000	5,375,000	5,845,000	2,680,000	1,690,000
2020-21	-	-	-	4,110,000	1,990,000	-	4,060,000	5,415,000	1,785,000
2021-22	-	-	-	4,315,000	2,095,000	-	4,265,000	5,760,000	1,900,000
2022-23	-	-	-	4,520,000	2,190,000	-	4,480,000	6,120,000	2,015,000
2023-24	-	-	-	-	2,295,000	-	8,040,000	7,000,000	2,145,000
2024-25	-	-	-	-	2,410,000	-	-	-	2,275,000
2025-26	-	-	-	-	-	-	-	-	2,390,000
2026-27	-	-	-	-	-	-	-	-	2,500,000
2027-28	-	-	-	-	-	-	-	-	2,625,000
2028-29	-	-	-	-	-	-	-	-	2,755,000
2029-30	-	-	-	-	-	-	-	-	2,885,000
Total	<u>\$ 4,665,000</u>	<u>\$ 43,625,000</u>	<u>\$ 43,245,000</u>	<u>\$ 45,065,000</u>	<u>\$ 26,465,000</u>	<u>\$ 43,670,000</u>	<u>\$ 64,075,000</u>	<u>\$ 45,705,000</u>	<u>\$ 36,890,000</u>

Source: Amortization schedule for each bond.

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

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

**URBAN RENEWAL AND REDEVELOPMENT BONDS
FUTURE BOND INTEREST REQUIREMENTS
As Of June 30, 2010
(Unaudited)**

Fiscal Year	South ParkBlocks Urban Renewal Bonds	Convention Center Urban Renewal Bonds	Downtown Waterfront Urban Renewal Bonds	River District Urban Renewal Bonds	Interstate Corridor Urban Renewal Bonds	Airport Way Urban Renewal Bonds	South ParkBlocks Urban Renewal Bonds	Downtown Waterfront Urban Renewal Bonds	Lents Town Center Urban Renewal Bonds
	2000	2000	2000	2003	2004	2005	2008	2008	2010
	Series B	Series A & B	Series A & B	Series A & B	Series A	Series A & B	Series A & B	Series A & B	Series A & B
2010-11	\$ 2,095,000	\$ 2,673,163	\$ 2,605,705	\$ 2,075,650	\$ 1,253,131	\$ 2,057,700	\$ 3,481,523	\$ 2,660,456	\$ 1,856,656
2011-12	2,250,000	2,429,583	2,372,296	1,980,070	1,208,331	1,916,500	3,420,919	2,588,941	1,875,028
2012-13	320,000	2,166,041	2,122,189	1,875,570	1,155,331	1,769,500	3,353,565	2,508,928	1,838,784
2013-14	-	1,880,371	1,857,604	1,763,654	1,100,131	1,578,750	3,169,835	2,421,599	1,793,849
2014-15	-	1,647,008	1,636,298	1,644,260	1,042,731	1,378,250	2,927,691	2,324,383	1,741,325
2015-16	-	1,405,718	1,404,228	1,508,693	983,131	1,167,750	2,671,373	2,219,628	1,682,591
2016-17	-	1,149,705	1,152,515	1,349,845	905,631	946,750	2,399,375	2,107,092	1,604,507
2017-18	-	880,555	884,465	1,180,595	824,381	714,750	2,111,093	1,986,289	1,522,085
2018-19	-	595,250	603,188	1,006,200	734,606	471,000	1,805,322	1,858,185	1,434,747
2019-20	-	306,350	303,325	819,950	640,106	215,000	1,334,500	1,699,425	1,342,492
2020-21	-	-	-	624,200	540,881	-	1,042,250	1,530,585	1,244,742
2021-22	-	-	-	418,700	436,406	-	839,250	1,189,440	1,132,573
2022-23	-	-	-	212,100	344,750	-	626,000	826,560	1,013,177
2023-24	-	-	-	-	235,250	-	402,000	441,000	886,554
2024-25	-	-	-	-	120,500	-	-	-	756,238
2025-26	-	-	-	-	-	-	-	-	642,488
2026-27	-	-	-	-	-	-	-	-	527,738
2027-28	-	-	-	-	-	-	-	-	402,738
2028-29	-	-	-	-	-	-	-	-	275,113
2029-30	-	-	-	-	-	-	-	-	144,250
Total	<u>\$ 4,665,000</u>	<u>\$ 15,133,744</u>	<u>\$ 14,941,813</u>	<u>\$ 16,459,487</u>	<u>\$ 11,525,297</u>	<u>\$ 12,215,950</u>	<u>\$ 29,584,696</u>	<u>\$ 26,362,511</u>	<u>\$ 23,717,675</u>

Source: Amortization schedule for each bond.

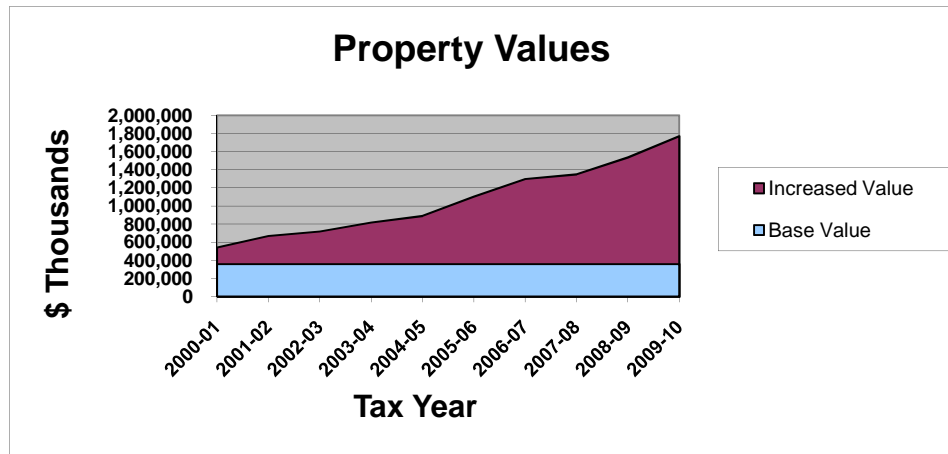
Note 1: Bonds are debt of the City of Portland and are disclosed in the City's Comprehensive Annual Financial Report. This information is included in this report to assist the reader in determining future financing capacity.

PDC

PORTLAND
DEVELOPMENT
COMMISSION

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

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



Tax Year	Tax Rate ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2000-01	\$ 18.95	\$ 358,684,364	\$ 183,247,735	\$ 3,471,735
2001-02	18.77	358,684,364	311,352,811	5,842,751
2002-03	19.71	358,684,364	360,419,813	7,103,606
2003-04	20.36	358,684,364	460,215,910	9,369,834
2004-05	20.45	358,684,364	532,780,808	10,893,010
2005-06	18.50	358,684,364	744,785,705	13,775,847
2006-07	18.96	358,684,364	940,187,466	17,822,132
2007-08	20.43	358,684,364	991,749,182	20,265,457
2008-09	19.94	358,684,364	1,177,770,363	23,482,535
2009-10	20.38	358,684,364	1,411,486,318	28,760,647

Source: Multnomah County Division of Assessment and Taxation

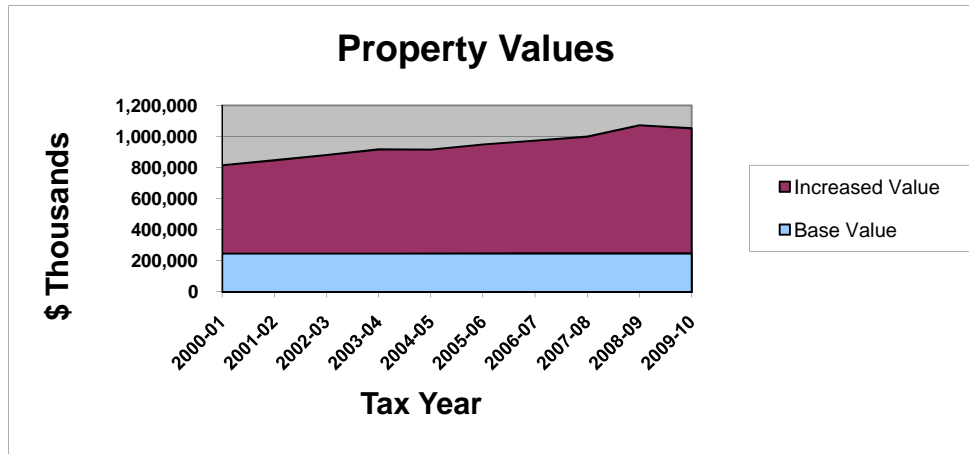
	URA		Portland	
	Current 2008	Projected 2013	Current 2008	Projected 2013
Population	5,258	6,397	557,614	704,957
Per Capita Income	\$ 36,589	\$ 44,179	\$ 30,317	\$ 35,277
Owner Occupied Housing Units	3,779	4,742	255,949	267,407
Renter Occupied Housing Units	1,065	1,336	137,536	139,659
	2,128	2,691	100,748	107,606

Source: The 2008/2013 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2000 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 2008. This change is then extrapolated five years to 2013. The 2008 update represents current events; the 2013 forecast illustrates the effects of current events and the expected recovery from the recession. PDC GIS

(1) Amounts are budgeted estimated revenues and not the actual collections for the fiscal year.

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

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



Tax Year	Tax Rate ⁽¹⁾		Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2000-01	\$	20.57	\$ 247,502,688	\$ 568,643,371	\$ 5,329,818
2001-02		20.11	247,502,688	599,699,903	5,321,789
2002-03		20.70	247,728,838	634,324,294	5,439,991
2003-04		21.91	247,728,838	669,453,106	5,304,200
2004-05		21.73	247,728,838	668,865,098	5,348,082
2005-06		19.33	248,214,131	701,773,824	5,441,875
2006-07		19.68	248,689,281	725,955,191	5,475,275
2007-08		21.30	248,689,281	751,940,292	5,438,655
2008-09		20.76	248,689,281	824,599,717	5,454,893
2009-10		21.41	248,951,143	804,685,182	5,419,374

Source: Multnomah County Division of Assessment and Taxation

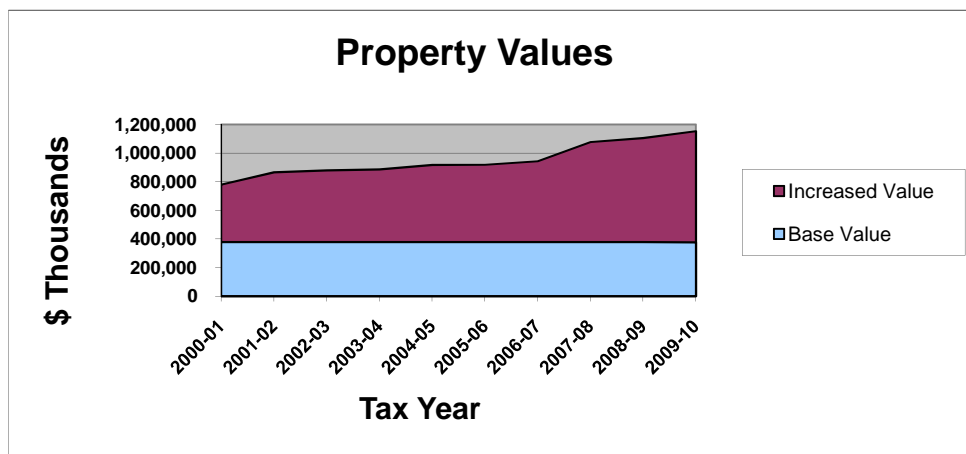
	URA		Portland	
	Current 2008	Projected 2013	Current 2008	Projected 2013
Population	2,204	2,322	557,614	704,957
Per Capita Income	\$ 28,955	\$ 33,706	\$ 30,317	\$ 35,277
Owner Occupied Housing Units	1,512	1,612	255,949	267,407
Renter Occupied Housing Units	334	337	137,536	139,659
	949	1,020	100,748	107,606

Source: The 2008/2013 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2000 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 2008. This change is then extrapolated five years to 2013. The 2008 update represents current events; the 2013 forecast illustrates the effects of current events and the expected recovery from the recession. PDC GIS

(1) Amounts are budgeted estimated revenues and not the actual collections for the fiscal year.

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

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



Tax Year	Tax Rate ⁽¹⁾		Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2000-01	\$	20.57	\$ 378,055,680	\$ 402,102,868	\$ 5,359,285
2001-02		20.55	378,055,680	489,214,478	5,361,842
2002-03		20.67	378,055,680	502,592,163	5,356,909
2003-04		21.91	378,055,680	508,799,241	5,231,174
2004-05		21.76	378,055,680	540,333,579	5,280,064
2005-06		19.31	378,055,680	540,982,035	5,370,006
2006-07		19.66	378,055,680	566,120,167	5,403,278
2007-08		21.32	378,055,680	700,363,924	5,376,221
2008-09		20.72	378,055,680	727,733,672	5,381,549
2009-10		21.33	376,066,574	778,265,484	5,341,041

Source: Multnomah County Division of Assessment and Taxation

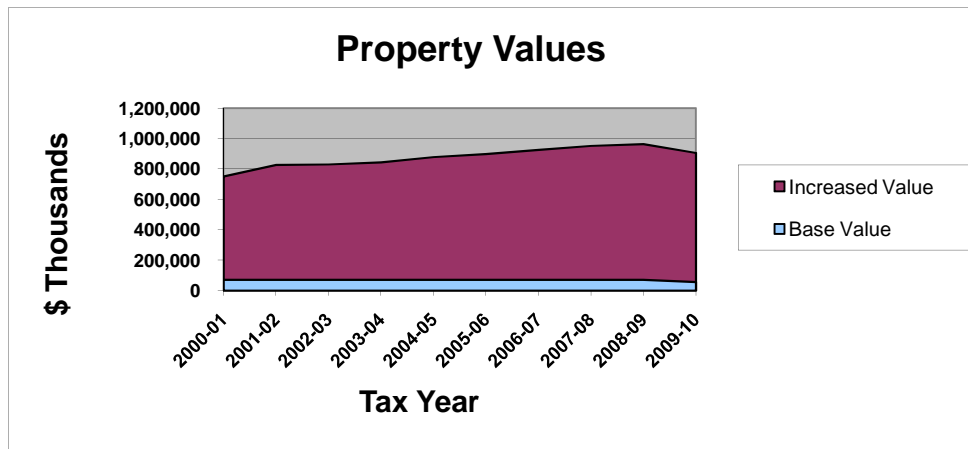
	URA		Portland	
	Current 2008	Projected 2013	Current 2008	Projected 2013
Population	5,975	6,472	557,614	704,957
Per Capita Income	\$ 33,186	\$ 39,924	\$ 30,317	\$ 35,277
Owner Occupied Housing Units	2,808	3,378	255,949	267,407
Renter Occupied Housing Units	594	737	137,536	139,659
	1,762	2,094	100,748	107,606

Source: The 2008/2013 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2000 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 2008. This change is then extrapolated five years to 2013. The 2008 update represents current events; the 2013 forecast illustrates the effects of current events and the expected recovery from the recession. PDC GIS

(1) Amounts are budgeted estimated revenues and not the actual collections for the fiscal year.

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

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



Tax Year	Tax Rate ⁽¹⁾		Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2000-01	\$	20.57	\$ 70,866,644	\$ 680,684,980	\$ 7,364,058
2001-02		20.61	70,866,644	755,937,736	7,323,468
2002-03		20.71	70,866,644	759,787,319	7,310,380
2003-04		21.92	70,866,644	772,959,655	7,128,198
2004-05		21.78	70,866,644	807,467,176	7,199,233
2005-06		19.33	70,866,644	828,313,148	7,322,396
2006-07		19.70	70,866,644	854,990,000	7,373,237
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

Source: Multnomah County Division of Assessment and Taxation

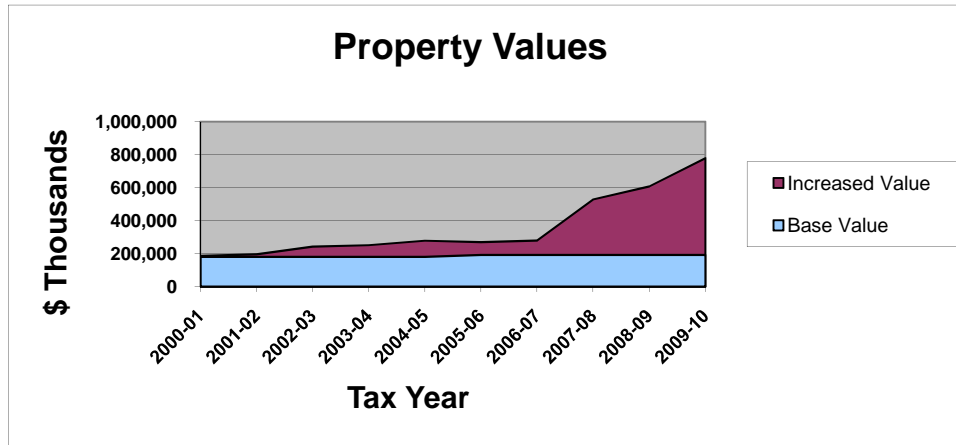
	URA		Portland	
	Current 2008	Projected 2013	Current 2008	Projected 2013
Population	3,337	3,924	557,614	704,957
Per Capita Income	\$ 33,186	\$ 39,924	\$ 30,317	\$ 35,277
Owner Occupied Housing Units	2,808	3,378	255,949	267,407
Renter Occupied Housing Units	594	737	137,536	139,659
	1,762	2,094	100,748	107,606

Source: The 2008/2013 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2000 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 2008. This change is then extrapolated five years to 2013. The 2008 update represents current events; the 2013 forecast illustrates the effects of current events and the expected recovery from the recession. PDC GIS

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

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



Tax Year	Tax Rate ⁽¹⁾		Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2000-01	\$	20.57	\$ 180,450,967	\$ 5,702,908	\$ 112,356
2001-02		20.75	180,450,967	15,450,023	302,150
2002-03		20.36	180,450,967	62,791,415	1,217,321
2003-04		21.53	180,450,967	71,592,763	1,432,961
2004-05		21.46	180,450,967	98,624,297	1,984,570
2005-06		18.94	192,609,397	77,592,382	1,403,366
2006-07		19.51	192,609,397	86,887,411	1,627,714
2007-08		21.35	192,609,397	336,699,090	6,862,754
2008-09		20.78	192,609,397	415,675,637	8,269,705
2009-10		21.39	192,609,397	587,134,026	11,932,266

Source: Multnomah County Division of Assessment and Taxation

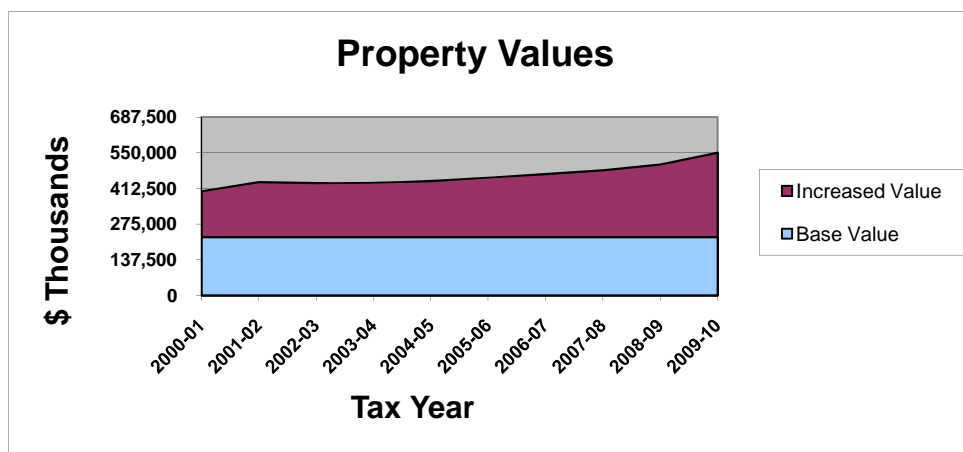
	URA		Portland	
	Current 2008	Projected 2013	Current 2008	Projected 2013
Population	1,408	1,473	557,614	704,957
Per Capita Income	\$ 71,605	\$ 87,134	\$ 30,317	\$ 35,277
Owner Occupied Housing Units	1,181	1,253	255,949	267,407
Renter Occupied Housing Units	330	344	137,536	139,659
	626	655	100,748	107,606

Source: The 2008/2013 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2000 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 2008. This change is then extrapolated five years to 2013. The 2008 update represents current events; the 2013 forecast illustrates the effects of current events and the expected recovery from the recession. PDC GIS

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

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



Tax Year	Tax Rate ⁽¹⁾		Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2000-01	\$	20.57	\$ 224,605,349	\$ 177,127,421	\$ 3,413,379
2001-02		20.24	224,605,349	212,183,161	4,046,580
2002-03		20.64	224,605,349	208,600,216	4,098,740
2003-04		20.33	224,605,349	210,497,285	4,063,491
2004-05		20.21	224,605,349	215,708,847	4,164,087
2005-06		17.78	224,605,349	230,380,503	3,973,027
2006-07		18.14	224,605,349	243,532,862	4,296,871
2007-08		18.24	224,605,349	257,850,367	4,578,234
2008-09		18.51	224,605,349	279,998,617	5,030,994
2009-10		18.51	224,626,739	325,868,916	5,843,346

Source: Multnomah County Division of Assessment and Taxation

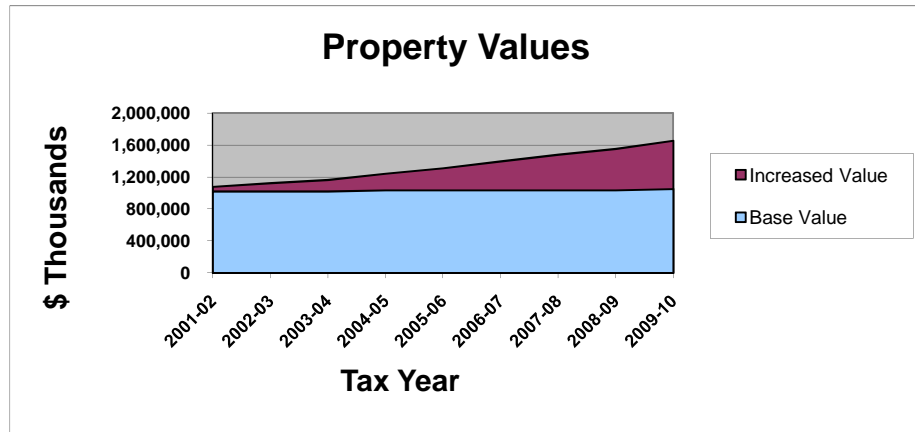
	URA		Portland	
	Current 2008	Projected 2013	Current 2008	Projected 2013
Population	1,687	1,701	557,614	704,957
Per Capita Income	\$ 26,658	\$ 32,125	\$ 30,317	\$ 35,277
Owner Occupied Housing Units	942	960	255,949	267,407
Renter Occupied Housing Units	334	337	137,536	139,659
	949	1,020	100,748	107,606

Source: The 2008/2013 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2000 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 2008. This change is then extrapolated five years to 2013. The 2008 update represents current events; the 2013 forecast illustrates the effects of current events and the expected recovery from the recession. PDC GIS

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

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



Tax Year	Tax Rate ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2001-02	\$ 20.91	\$ 1,019,794,975	\$ 58,139,955	\$ 1,145,888
2002-03	20.54	1,019,794,975	104,464,625	2,042,785
2003-04	21.74	1,019,794,975	144,893,801	2,925,355
2004-05	21.70	1,033,372,876	209,114,965	4,253,560
2005-06	19.30	1,033,372,876	276,592,476	5,096,500
2006-07	19.73	1,033,372,876	363,829,663	6,890,757
2007-08	21.38	1,033,372,876	447,042,428	9,124,210
2008-09	20.86	1,033,372,876	520,098,507	10,382,389
2009-10	21.48	1,051,408,349	603,067,607	12,307,811

Source: Multnomah County Division of Assessment and Taxation

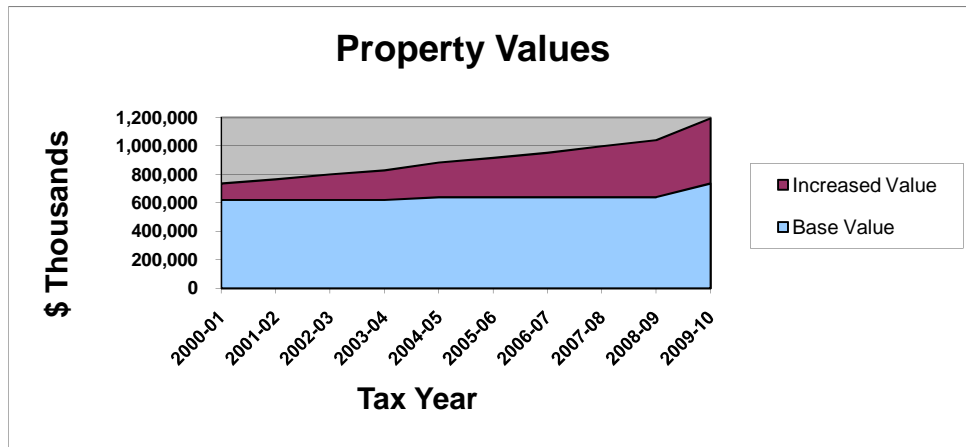
	URA		Portland	
	Current 2008	Projected 2013	Current 2008	Projected 2013
Population	30,307	31,057	557,614	704,957
Per Capita Income	\$ 19,760	\$ 22,613	\$ 30,317	\$ 35,277
Total Housing Units	12,592	12,999	255,949	267,407
Owner Occupied Housing Units	6,408	6,440	137,536	139,659
Renter Occupied Housing Units	5,036	5,282	100,748	107,606

Source: The 2008/2013 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2000 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 2008. This change is then extrapolated five years to 2013. The 2008 update represents current events; the 2013 forecast illustrates the effects of current events and the expected recovery from the recession. PDC GIS

(1) Amounts are budgeted estimated revenues and not the actual collections for the fiscal year.

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

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



Tax Year	Tax Rate ⁽¹⁾		Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2000-01	\$	20.09	\$ 620,720,135	\$ 115,413,447	\$ 2,287,155
2001-02		21.47	620,720,135	144,345,122	2,919,877
2002-03		20.45	620,720,135	179,595,927	3,510,832
2003-04		21.66	620,720,135	208,029,051	4,205,914
2004-05		21.52	640,177,922	243,212,853	4,929,404
2005-06		19.91	640,177,922	275,822,211	5,249,632
2006-07		20.24	640,177,922	312,317,448	6,077,743
2007-08		21.44	640,177,922	358,801,970	7,375,650
2008-09		20.91	640,177,922	400,982,105	8,056,078
2009-10		21.40	736,224,033	457,950,622	9,344,988

Source: Multnomah County Division of Assessment and Taxation

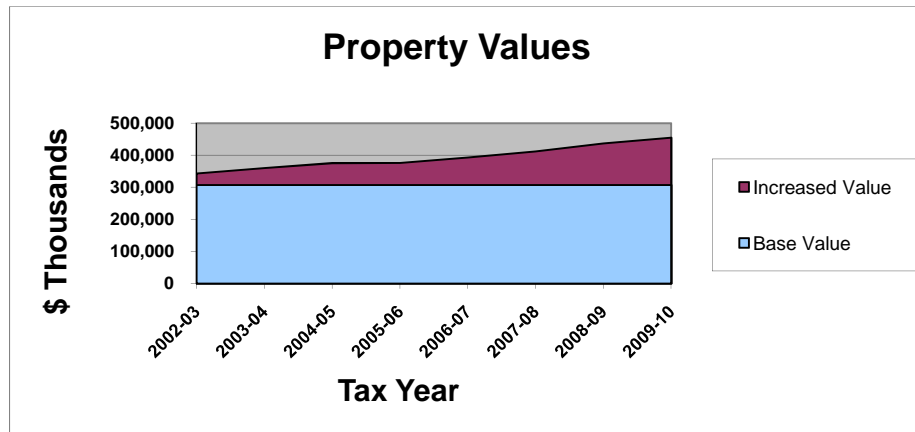
	URA		Portland	
	Current 2008	Projected 2013	Current 2008	Projected 2013
Population	25,983	26,996	557,614	704,957
Per Capita Income	\$ 19,128	\$ 22,113	\$ 30,317	\$ 35,277
Total Housing Units	10,392	10,856	255,949	267,407
Owner Occupied Housing Units	5,731	5,790	137,536	139,659
Renter Occupied Housing Units	3,852	4,153	100,748	107,606

Source: The 2008/2013 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2000 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 2008. This change is then extrapolated five years to 2013. The 2008 update represents current events; the 2013 forecast illustrates the effects of current events and the expected recovery from the recession. PDC GIS

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

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



Tax Year	Tax Rate ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2002-03	\$ 19.70	\$ 307,174,681	\$ 35,847,381	\$ 681,489
2003-04	20.96	307,174,681	53,283,385	1,053,666
2004-05	20.86	307,174,681	68,476,163	1,356,824
2005-06	20.85	307,174,681	68,766,041	1,375,408
2006-07	21.07	307,174,681	86,192,591	1,751,370
2007-08	21.44	307,174,681	105,057,959	2,174,962
2008-09	20.91	307,174,681	129,631,176	2,623,998
2009-10	21.15	307,174,681	147,626,654	3,001,090

Source: Multnomah County Division of Assessment and Taxation

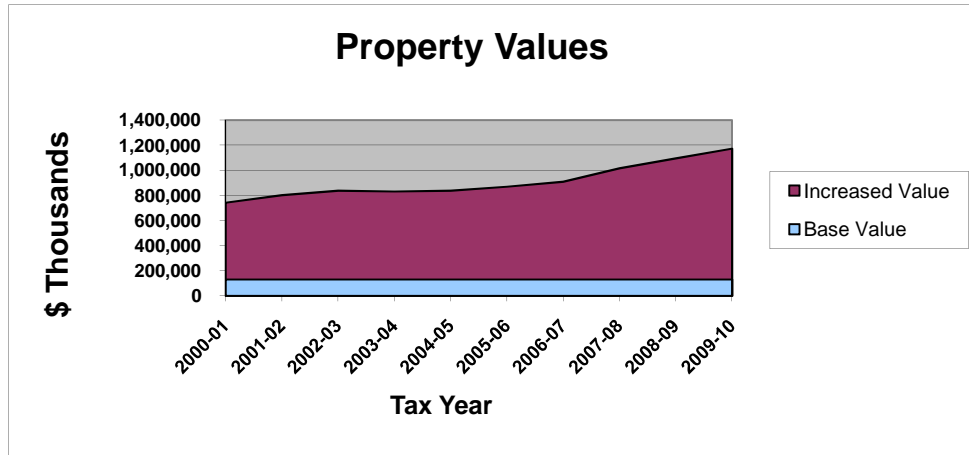
	URA		Portland	
	Current 2008	Projected 2013	Current 2008	Projected 2013
Population	6,108	6,647	557,614	704,957
Per Capita Income	\$ 22,322	\$ 25,291	\$ 30,317	\$ 35,277
Total Housing Units	2,761	3,026	255,949	267,407
Owner Occupied Housing Units	1,055	1,082	137,536	139,659
Renter Occupied Housing Units	1,440	1,635	100,748	107,606

Source: The 2008/2013 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2000 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 2008. This change is then extrapolated five years to 2013. The 2008 update represents current events; the 2013 forecast illustrates the effects of current events and the expected recovery from the recession. PDC GIS

(1) Amounts are budgeted estimated revenues and not the actual collections for the fiscal year.

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

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



Tax Year	Tax Rate ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2000-01	\$ 19.91	\$ 129,701,177	\$ 611,974,431	\$ 2,427,515
2001-02	20.08	129,701,177	671,716,792	2,406,618
2002-03	19.94	129,701,177	708,692,948	2,392,481
2003-04	21.38	129,701,177	701,262,923	2,328,250
2004-05	21.02	129,701,177	708,712,135	2,347,588
2005-06	20.45	129,701,177	739,905,461	2,373,451
2006-07	20.33	129,701,177	779,770,869	2,389,518
2007-08	20.59	129,701,177	886,308,606	2,386,745
2008-09	19.99	129,701,177	965,779,764	2,390,141
2009-10	20.55	129,701,177	1,043,109,736	2,374,741

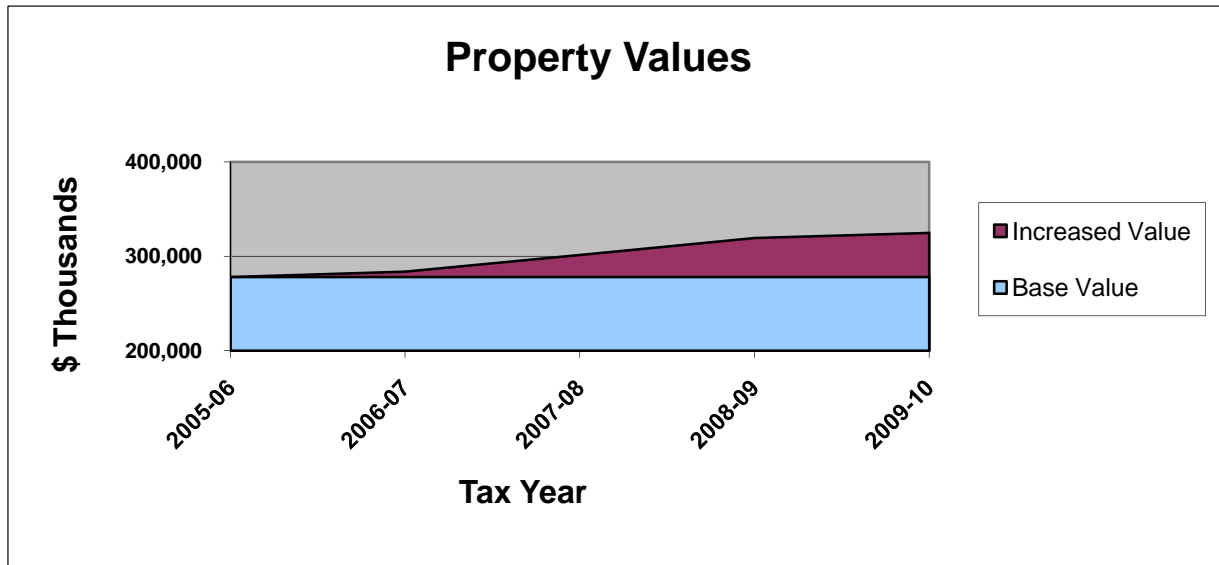
Source: Multnomah County Division of Assessment and Taxation

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

(1) Amounts are budgeted estimated revenues and not the actual collections for the fiscal year.

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

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



Tax Year	Tax Rate ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2005-06	\$ 0.00	\$ 278,034,345	\$ -	\$ -
2006-07	15.15	278,034,345	5,655,915	85,706
2007-08	16.84	278,034,345	23,273,744	391,905
2008-09	17.92	278,034,345	41,284,536	739,979
2009-10	18.03	278,034,345	46,707,594	842,243

Willamette Industrial URA consists of Multnomah County tax districts 730 and 731. Only data for tax district 731 is shown. Tax district 730 has a frozen tax base of \$203,408,790, and assessed property values for this district decreased by \$115,736,470 from fiscal year 2005-06 through 2009-10.

Source: Multnomah County Division of Assessment and Taxation

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

(1) Amounts are budgeted estimated revenues and not the actual collections for the fiscal year.

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

**LENDING ACTIVITY
For The Last Ten Fiscal Years
(Unaudited)**

<u>Fiscal Year</u>	<u>Homeowner Loans</u>		<u>Rental Housing Loans</u>		<u>Business Loans</u>	
	<u>Number of Units</u>	<u>Dollar Amount</u>	<u>Number of Units</u>	<u>Dollar Amount</u>	<u>Number of loans</u>	<u>Dollar Amount</u>
2000-01	264	\$ 3,984,322	687	\$ 23,158,276	26	\$ 2,052,703
2001-02	215	5,433,114	1,003	22,079,544	24	4,058,226
2002-03	161	2,334,155	1,766	38,402,972	25	5,767,290
2003-04	283	5,450,503	660	13,543,836	42	7,148,345
2004-05	259	3,447,477	882	17,398,098	52	10,590,559
2005-06	163	5,189,916	725	26,115,141	59	14,505,900
2006-07	100	3,715,847	1,374	42,936,188	54	12,466,365
2007-08	138	9,536,734	957	38,155,909	47	5,499,620
2008-09	189	11,977,072	24	21,707,821	258	15,391,215
2009-10	205	9,690,115	896	72,456,177	269	10,631,493

Source: Commission loan system.

Notes: Homeowner loans are made to owner-occupant of single family dwellings. Financial assistance is provided for improvements ranging from security enhancements to whole house acquisition and rehabilitation. One house constitutes a unit.

Rental housing loans are made to investors and developers for multi-family dwellings. Financial assistance is provided for rehabilitation or for construction of new multi-family rental dwellings. An apartment constitutes a unit.

Business loans provide assistance for building repair, facility expansion, new equipment or working capital.

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

**TOTAL PERSONAL INCOME, PER CAPITA INCOME,
POPULATION TRENDS, AND UNEMPLOYMENT RATE
PORTLAND/VANCOUVER/BEAVERTON MSA, OREGON, AND THE UNITED STATES
2000 to 2009
(Unaudited)**

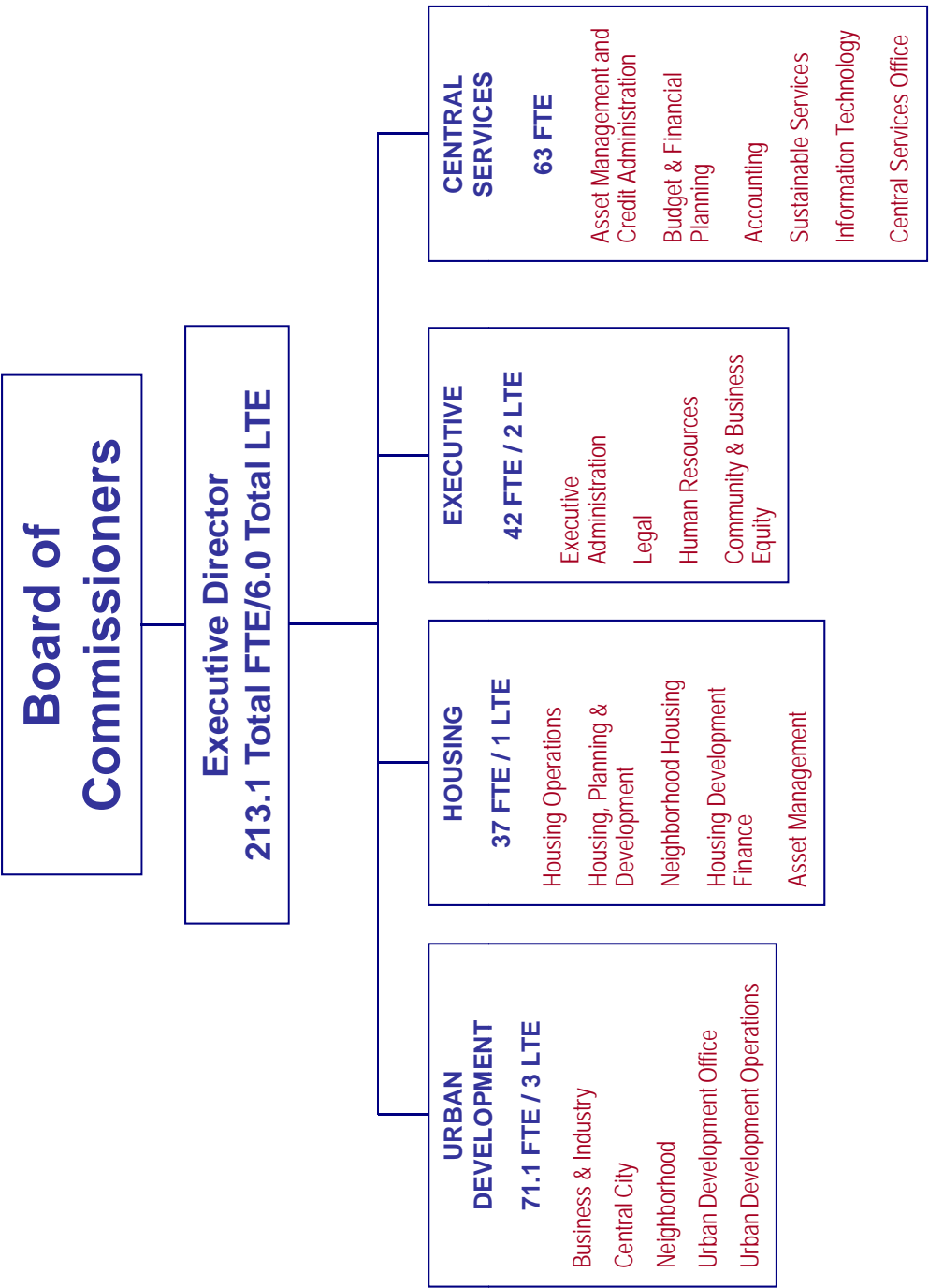
Year	Personal Income (Millions)			Per Capita Income		
	Portland/ Vancouver/ Beaverton MSA	Oregon	U.S. Total	Portland/ Vancouver/ Beaverton MSA	Oregon	U.S. Total
2000	\$ 62,190	\$ 96,402	\$ 8,422,074	\$ 32,122	\$ 28,097	\$ 29,845
2001	63,933	99,020	8,716,992	32,353	28,507	30,574
2002	64,909	101,882	8,872,871	32,255	28,924	30,810
2003	65,959	103,890	9,157,257	32,328	29,161	31,484
2004	69,853	109,757	9,705,504	33,875	30,561	33,050
2005	73,806	116,889	10,251,639	35,215	32,103	34,586
2006	79,399	124,589	10,870,319	37,145	33,666	36,307
2007	83,765	133,871	11,652,339	38,511	35,027	38,632
2008	87,053	136,277	12,086,534	39,436	35,956	39,751
2009	86,822	141,933	12,462,673	39,443	36,125	39,626

Sources: U.S. Department of Commerce, Bureau of Economic Analysis as of 9/30/10
Oregon Office of Economic Analysis

Year	POPULATION TRENDS				UNEMPLOYMENT RATE	
	Portland ⁽¹⁾	Portland/ Vancouver/ Beaverton MSA ⁽¹⁾	Oregon ⁽¹⁾	U.S. Total ⁽¹⁾	Portland Unemployment % Rate ⁽²⁾	Oregon Unemployment %Rate ⁽²⁾
2000	529,121	1,935,960	3,421,399	281,421,906	4.5	5.1
2001	534,689	1,960,500	3,474,183	285,226,284	5.8	6.2
2002	538,095	1,989,550	3,523,529	288,125,973	7.8	7.5
2003	538,843	2,019,250	3,561,155	290,796,023	9.0	8.5
2004	532,742	2,050,650	3,589,168	293,638,158	7.2	7.4
2005	533,467	2,082,240	3,638,871	296,507,061	6.1	6.4
2006	537,081	2,137,540	3,700,758	299,398,484	5.2	5.3
2007	568,380	2,159,720	3,745,455	301,621,157	4.9	5.2
2008	557,706	2,207,462	3,790,060	304,059,724	5.8	5.4
2009	582,130	2,241,841	3,825,657	307,006,550	11.0	11.6

Source: ⁽¹⁾ U.S. Department of Commerce, Bureau of Economic Analysis as of 9/30/10
Oregon Office of Economic Analysis

⁽²⁾ Oregon Employment Department



NOTE: FTE=Full Time Employee; LTE=Limited Term Employee

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

MISCELLANEOUS STATISTICS

As Of June 30, 2010

(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	FY2003-04		FY2004-05		FY2005-06		FY2006-07		FY2007-08		FY2008-09		FY2009-10	
	FTE		FTE	LTE *	FTE	LTE *	FTE	LTE *	FTE	LTE *	FTE	LTE *	FTE	LTE *
Development	33.5		32.5	5.0	34.5	7.0	42.5	1.0 (4)	42.5	1.0	42.5	1.0	0.0	0.0
Urban Development	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	71.1	3.0 (6)
Economic Development	23.0		23.0	1.0	26.0	2.0	26.0	0.0 (4)	26.0	0.0	30.0	0.0	0.0	0.0
Housing	37.0		37.0	8.0	34.0	7.0	42.0	1.0 (4)	42.0	1.0	42.0	1.0	37.0	1.0
Executive	47.0		24.0	8.0 (2)	26.0	9.0	11.0	0.0 (4)	42.0	0.0 (5)	42.0	0.0	42.0	2.0
Central Services	23.0		52.0	10.0 (2)	56.0	9.0	55.0	0.0 (4)	60.0	0.0 (5)	66.0	0.0	63.0	0.0
Community Relations &														
Business Equity	0.0		0.0	0.0	0.0	0.0	8.0	0.0 (4)	0.0	0.0 (5)	0.0	0.0	0.0	0.0
People & Technology	0.0		0.0	0.0	0.0	0.0	28.0	0.0 (4)	0.0	0.0 (5)	0.0	0.0	0.0	0.0
Resource Development	5.0		6.0	0.0	0.0	0.0 (3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	168.5		174.5	32.0	176.5	34.0	212.5	2.0	212.5	2.0	222.5	2.0	213.1	6.0

* PDC began utilizing Limited-term FTE positions (LTE) in FY 2002-03 to help meet the agency's workload brought on by multiple new projects and initiatives.

- (1) The fluctuation between Executive and Central Services was caused by the transfer of Information Services to the Executive Department.
- (2) Information Services and Professional Services were transferred to Central Services from the Executive Department.
- (3) In FY 2005-06 Resource Development has been merged with Economic Development.
- (4) In FY 2006-07 Department reorganization resulted in staffing redistribution between Executive & Legal and Finance & Administration to the newly created departments of; Central Services, Community Relations & Business Equity, and People & Technology. Additionally 35 LTE positions were transferred to FTE.
- (5) In FY2007-08 Department reorganization resulted in staffing redistribution between Executive and Central Services of the former People & Technology and Community Relations & Business Equity Departments.
- (6) In FY 2009-10 the previously named Development and Economic Development Departments were merged into the Urban Development Department.

**Urban Renewal District Land Area and Base Values
As Of June 30, 2010**

District	Acres	Base Value
Airport Way*	2,713	\$ 129,701,177
Central Eastside	692	224,626,739
Convention Center Area	595	248,951,143
Interstate Corridor	3,804	1,051,408,349
Lents Town Center	2,846	736,224,033
North Macadam	402	192,609,397
River District	351	461,577,974
South Park Blocks	156	376,066,574
Gateway	659	307,174,681
Downtown Waterfront	233	55,674,313
Willamette Industrial	756	481,443,135
Total URA Land Data	13,207	\$ 4,265,457,515
Total City Land Data	92,766	\$ 41,320,384,192

Urban Renewal Land as a Percentage of City Total 14.2% 10.3%

* On March 17, 2010, the City of Portland Council approved the reduction of the acreage of the Airport Way Urban Renewal Area to 1841.4 acres. However, the Multnomah County Assessor has not yet certified the revised frozen base, therefore this change is not reflected above.

PDC

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Audit Comments and Disclosures_____

PDC

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Portland Development Commission (a Component Unit of the City of Portland Oregon) (the Commission) as of and for the year ended June 30, 2010, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 19, 2010. 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.

Internal Control Over Financial Reporting

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

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

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.



**REPORT 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 – (continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of 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*.

We noted certain matters that we reported to management of the Commission in a separate letter dated November 19, 2010.

This report is intended solely for the information and use of the Board of Commissioners, management, state agencies and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Portland, Oregon
November 19, 2010

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

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

We have audited the basic financial statements of the Portland Development Commission (a Component Unit of the City of Portland Oregon) (the Commission), as of and for the year ended June 30, 2010, and have issued our report thereon dated November 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

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

- The accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2010 and 2011.
- 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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *OREGON AUDITING STANDARDS* – (continued)**

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. Except as discussed below, the results of our tests 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.

Excess of Expenditures over Appropriations

As described in Note II, Stewardship, Compliance, and Accountability, the results of testing indicated instances of non-compliance related to excess expenditures over appropriations in the following funds:

- Housing and Community Development Contract Fund
- Enterprise Zone Fund
- Central Eastside Urban Renewal Fund
- Gateway Regional Center Urban Renewal Fund
- Enterprise Loans Fund

Other Local Budget Law Violations

The Commission made several changes to the fiscal year 2010/2011 budget after the public hearing was held and the budget approved. As allowed by ORS 294.435, the budget for any fund may be increased by \$5,000 or 10% of the fund's total appropriations, whichever is greater. We found that there was an increase in the Enterprise Loan Fund appropriations after the public hearing in an amount greater than the allowed 10%. The official resolution adopting the budget increased total appropriations to \$3,720,306 from \$3,320,306 as approved at the public hearing, an increase of \$400,000 or 12%.

The Commission adopted a resolution authorizing certain inter-fund loans to various funds from the Enterprise Loan Fund. Total borrowings from the Enterprise Loan Fund during the year were always within the \$2,000,000 limit specified in the resolution. However, on at least three occasions during the year, the Enterprise Loan Fund had insufficient cash to cover the balances borrowed by the other funds involved. As such, a deemed loan was made by an unspecified fund that was not approved by resolution in advance in violation of ORS 294.460.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *OREGON AUDITING STANDARDS* – (continued)**

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

However, we did identify other internal control matters that we have reported to management in separate letter.

This report is intended solely for the information of the Board of Commissioners, management, and the State of Oregon and is not intended to be and should not be used by anyone other than those specified parties.



James C. Lanzarotta, Partner
for Moss Adams LLP
Portland, Oregon
November 19, 2010

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