



PORTLAND DEVELOPMENT COMMISSION
**Comprehensive Annual
Financial Report**

For the Fiscal Year Ended
June 30, 2014

A Component Unit of the City of Portland, Oregon

PDC | PORTLAND
DEVELOPMENT
COMMISSION
www.pdc.us

ON THE COVER: OLD TOWN/CHINATOWN

Portland City Council recently approved the Old Town/Chinatown Five-Year Action Plan, a series of objectives and concrete steps to revitalize the historic Portland neighborhood.

Activity ramped up almost immediately, from redevelopment investments in the Society Hotel and Grove Hotel to the co-location of PDC's 2014 Startup PDX Challenge winners in the New Market Theater Building to the launch of PDC's 2014-15 Community Livability Grant program for the first time in Old Town/Chinatown.

PDC's FY14/15 budget and Action Plan toolkit included \$19 million for DOS, Storefront and loan programs; a seismic pilot program, and a pilot SDC exemption program for middle-income housing.

PORTLAND DEVELOPMENT COMMISSION

A Component Unit of the City of Portland, Oregon

Comprehensive Annual Financial Report

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

Patrick Quinton, Executive Director
Faye Brown, Chief Financial Officer

For the fiscal year ended June 30, 2014

About PDC



Where We've Been... Where We're Headed...

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

PDC's Mission

PDC creates economic growth and opportunity for Portland.

PDC's Vision

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

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

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

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

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Introductory Section_____



Tom Kelly
Chair

Aneshka Dickson
Commissioner

Mark Edlen
Commissioner

John C. Mohlis
Commissioner

Charles A. Wilhoite
Commissioner

Charlie Hales
Mayor

Patrick Quinton
Executive Director

November 14, 2014

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

The Finance & Business Operations Department and I are pleased to submit the Portland Development Commission's (PDC or Commission) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. State law requires that all local governments publish a complete set of financial statements within six months of the close of each fiscal year. This report is published to provide the PDC Commissioners, the Mayor and City Council, the citizens of the City of Portland (City), city staff, and other readers with detailed information concerning PDC's financial position and activities.

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

PDC's charter requires the Commission to undergo an annual independent audit by a licensed municipal auditor. The accounting firm of Moss Adams, LLP conducted the audit of the PDC's FY 2013-14 financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that PDC's financial statements for the fiscal year ended June 30, 2014, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The independent auditor's report is presented at the front of the financial section of this report.

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

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PDC Profile

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

PDC's mission is to create economic growth and opportunity for Portland. The agency stimulates job creation, encourages broad economic prosperity, and fosters great places on behalf of the City of Portland. The linkages among these efforts and the integration of services set PDC apart and assure the achievement of true efficiencies. In carrying out city policy, PDC has developed and managed projects and programs which have played a major role in keeping Portland one of America's most livable cities. PDC currently manages eighteen active urban renewal areas (URAs) scattered geographically throughout the City of Portland, works extensively in Portland's neighborhoods to deliver a broad range of neighborhood improvement programs, and carries out a comprehensive range of economic development programs which create jobs for residents citywide. In April 2014, based on a proposal from Mayor Charlie Hales, discussions began regarding amendments to current URA's, including the reduction of assessed values in the Airport Way and River District Urban Renewal Areas, the discontinuation of tax collection for the Willamette Industrial Urban Renewal Area, the elimination of the Education Urban Renewal Area, and expansion and extensions in the North Macadam and Central Eastside Urban Renewal Areas. As a result no new tax increment will be collected in the Willamette Industrial Urban Renewal Area and FY2014-15 will be the second and final year of the Education Urban Renewal Area to support existing commitments before retiring the district. Plan amendments will be developed with anticipated approval by the Board and City Council late in 2014.

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

Relevant Financial Policies

PDC's charter prescribes that it maintains budgeting and accounting systems and prepares an annual budget in accordance with Oregon Local Budget Law. Funds are used to segregate activities in accordance with special restrictions on the use of revenue. Expenditures are recorded by fund and purpose on the modified accrual basis of accounting, and are further classified by program, project, and organizational unit for internal management information. Cash and other assets, related liabilities, and residual equity are segregated into independent self-balancing funds. All capital asset and long-term liabilities are reflected in the government-wide financial statements. PDC's charter requires its cash to be deposited in the City of Portland's investment pool and invested by the City Treasurer in accordance with Oregon Revised Statutes 294.035 and 294.046. In addition, special accounts may be maintained if required, for example, by debt covenants. Interest is paid by the City of Portland to PDC, and is allocated based on each fund's periodic cash balance.

Local Economic Conditions

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

Despite an on-going recession, greater Portland's employment base grew by 4% in the past five years with more than 1.02 million workers making it the 5th largest workforce on the West Coast. According to Greater Portland Inc., it is projected that Portland's employment base will grow by 11% to 1.1 million by 2017. The only states to see sustained acceleration in job growth are Delaware, Florida, Nevada, and Oregon. The latter three of which were hard hit by the housing boom and bust and as housing rebounded in 2013, growth picked up. As reported in the Portland Metro Labor Trends published by the State of Oregon Employment Department recovery remains strong with a monthly job growth average of 2,900 jobs since the start of the year and 2,600 per month during the last year. Over the past year, job growth in the metro area has accelerated with every major sector increasing over the year. Construction remains the fastest-growing sector (+8.1%) while professional and business services added the largest number of jobs (+6,900). The Portland metropolitan area ended June 2014 with 6.1% unemployment, the same as the national level and slightly better than the State of Oregon rate of 6.8% and down from the 7.3% of a year ago.

Oregon statute limits the amount of property that can be included in a municipality's urban renewal areas to a maximum of 15 percent of assessed value and 15 percent of acreage. The aggregate amount of certified assessed value in the eighteen authorized urban renewal areas is approximately 12.0 percent of the City of Portland's total overall assessed value and 14.2 percent of overall acreage for the

City. Each of the established URAs is currently projected to have adequate funding capability to pursue established plans.

Long-term Financial Planning

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

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

Major Initiatives

Major initiatives cited in this section are highlights based on budgeted project dollars in the adopted budget for the fiscal year ending in June 2015.

Overall, PDC has budgeted approximately \$68.6 million across urban renewal areas and city-wide for financial assistance through loans or grants (e.g., Economic Opportunity Funds, Redevelopment Loan Projects, Clean Energy Works Oregon) to stimulate investment and job growth, leveraging PDC dollars with private and public funds. PDC has an important role to play in the current economy and we continue to seek new ways to get more funds into our community.

The Commission has budgeted \$10.9 million for new and in-progress city infrastructure improvements including parks, transportation and public facilities across most urban renewal areas. The Commission has also budgeted approximately \$46.8 million for housing programs as part of the Affordable Housing Set Aside Policy, implemented through an intergovernmental agreement with the Portland Housing Bureau. The IGA with the Portland Housing Bureau consists of all homeownership, home repair, and affordable rental housing projects and programs including the preservation of existing housing.

The largest project costs are proposed to occur in the River District URA, most notably in the area of property redevelopment with on-going redevelopment of the Centennial Mills site, the renovation of the 511 NW Broadway property received as a donation from the United States National Park Service for the future home of the Pacific Northwest College of Art, and other general commercial real estate lending (\$35.9 million in total). Housing projects of \$18.0 million will be funded through the Portland Housing Bureau (PHB) for the rehabilitation and preservation of affordable rental housing, along with infrastructure projects at Union Station (\$1.7 million) and district transportation (\$1.8 million).

In the Oregon Convention Center URA budget has been allocated to commercial property redevelopment with \$20.0 million for Veterans Memorial Coliseum and \$4.0 million towards the Convention Center Hotel. Housing projects funded through the

Portland Housing Bureau (PHB) total \$12.5 million and include \$7.0 million for the OCC Miracles Club and \$4.9 million for affordable housing.

In the Interstate Corridor URA, the highest profile projects will be for Business Lending where \$8.6 million has been budgeted for financial assistance and affordable housing, \$5.5 million, through PHB; \$1.3 million for property redevelopment; and \$3.7 million in infrastructure projects such as the Killingsworth Streetscape.

Approximately \$6.4 million is budgeted in the Lents Town Center URA for property redevelopment. Other initiatives in this area include \$1.9 million in parks and transportation and \$1.6 million in housing through PHB.

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, 2013. PDC has received a Certificate of Achievement for the last 26 consecutive fiscal years. GFOA's Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government comprehensive annual financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles in the United States of America and applicable legal requirements.

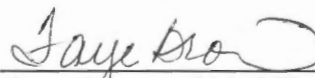
A Certificate of Achievement is valid for a period of one year only. PDC's management believes that our current report continues to meet the Certificate of Achievement Program requirements, and PDC will be submitting it to GFOA to determine its eligibility for another certificate.

The preparation of PDC's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014 would not have been possible without the efficient and dedicated service of the entire staff of the Commission and the Finance & Business Operations Department. A special thanks to Amy Aragon, Sam Brugato, Yana Eysmont, Catherine Kaminski, Marivic Tupaz, and Michele Whaley for their efforts in producing this CAFR. We also wish to express our gratitude and appreciation to the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the Portland Development Commission's finances.

Respectfully submitted,



Patrick Quinton, Executive Director



Faye Brown, Chief Financial Officer

Portland Development Commission

A Component Unit of the City of Portland, Oregon



(from left to right, Mark Edlen, John Mohlis, Tom Kelly-Chairman,
Charles Wilhoite, Patrick Quinton-Executive Director, Aneshka Colas-Dickson)

Governing Board

(As of October 1, 2014)

Term Expires

Tom Kelly, Chair

President

Neil Kelly Company

804 N. Alberta St.

Portland, OR 97217

tomk@neilkelly.com

July 9, 2017

Aneshka Colas-Dickson, Vice Chair

Vice President & CFO

Colas Construction

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July 9, 2016

Mark Edlen

Chief Executive Officer

Gerding Edlen

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July 9, 2017

John Mohlis, Secretary

Executive Secretary

Oregon State Building & Construction Trades Council

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June 30, 2015

Charles A. Wilhoite

Managing Director

Willamette Management Associates

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June 30, 2015

Registered Agent

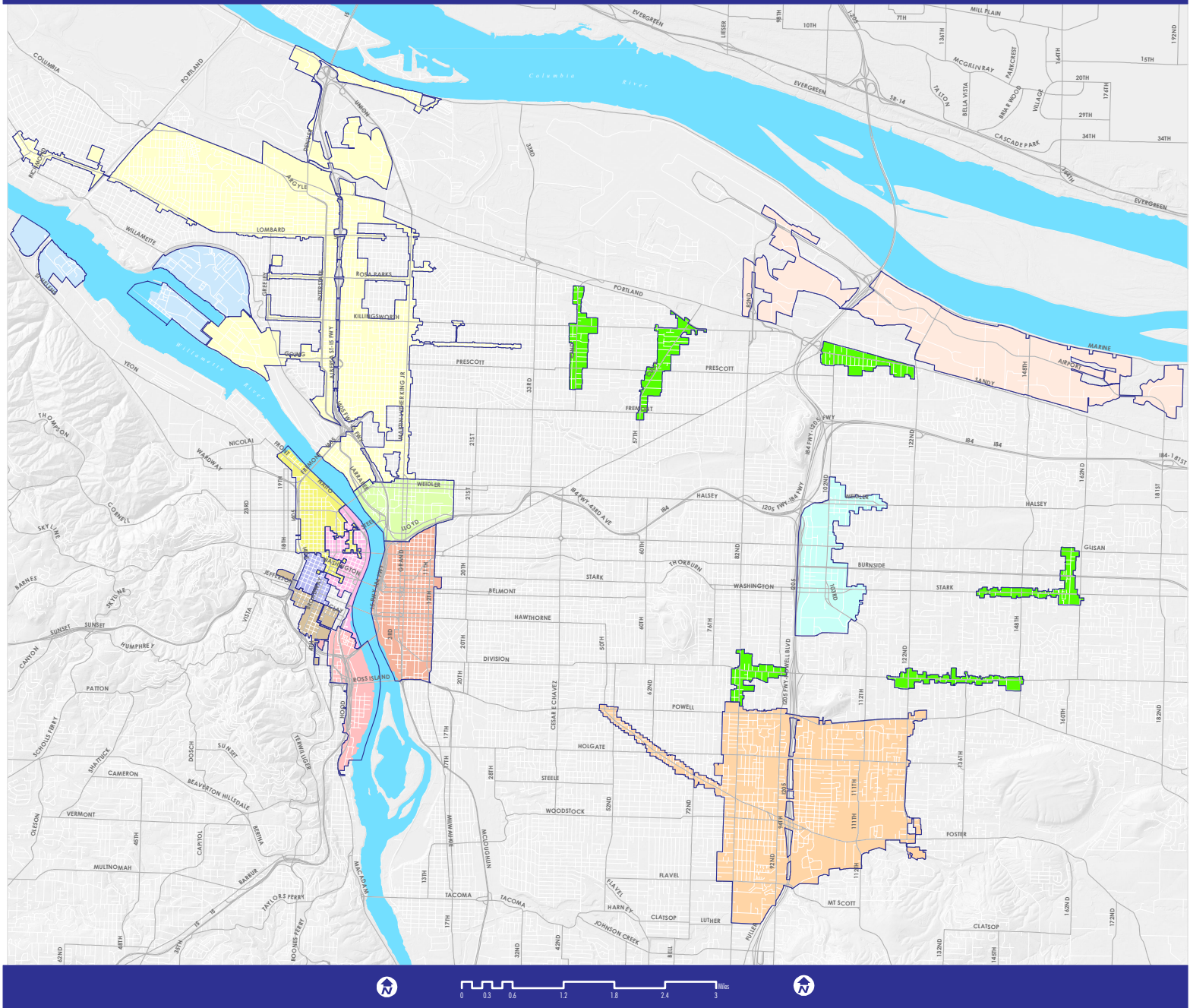
None

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Portland Development Commission

Organizational Chart





Total Acres in Urban Renewal Plan Areas: 13,226

Total Acres in the City of Portland: 92,841

URAs as a Percentage of City Acreage: 14.2%

Urban Renewal Areas

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



Government Finance Officers Association

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

Presented to

**Portland Development
Commission, Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



Financial
Section_____



REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statements for the General Fund and the Housing and Community Development Contract Fund 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, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statements for the General Fund and the Housing and Community Development Contract Fund of the Commission as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 15 and the other post-employment healthcare benefits schedule on page 63, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 13, 2014 on our consideration of the Commission's compliance with certain provisions of laws and regulation, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not provide an opinion on compliance.

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

James C. Lanzarotta, Partner
for Moss Adams LLP
Eugene, Oregon
November 13, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets of PDC exceeded the liabilities for the current year ended June 30, 2014 by \$320,317,652 (net position). Of this amount, \$8,005,911 represents unrestricted net position, which PDC may use to meet its ongoing obligations to citizens and creditors.
- PDC's total net position increased by \$29,740,179 (10.2%) when compared to the financial statements at June 30, 2013. The increase in net position is attributable to an overall decrease in Expenses and increases in Program Revenues and Miscellaneous Revenues.
- As of June 30, 2014, PDC's governmental funds reported a combined ending fund balance of \$311,607,020, an increase of \$20,055,659 from the prior year.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$1,916,561, or approximately 30.6% of total general fund expenditures.
- Gross loans receivable decreased from \$82,623,710 to \$78,741,629 commission-wide, or 4.7%. The loan loss allowance decreased from \$24,850,555 to \$23,529,465, a decrease of 5.3% from the prior year's allowance. These changes resulted in net loans receivable of \$55,212,164, a 4.4% decrease over the prior year due to a number of loans being paid early.

Overview of the Financial Statements

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

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

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

The *Statement of Activities* presents information showing how PDC's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and

expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

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

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

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

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

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

PDC maintains 18 individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for each of the major funds. The major governmental funds are: General Fund (adopted as the Urban Redevelopment Fund); Housing and Community Development (HCD) Contract Fund; North Macadam Urban Renewal Fund; River District Urban Renewal Fund; Convention Center Urban Renewal Fund; Lents Town Center Urban Renewal Fund; and Interstate Corridor Urban Renewal Fund. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the combining and individual fund statements and schedules section of this report.

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 30-61 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 63 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, proprietary funds and the internal service fund are presented immediately following the required supplementary information on post-employment benefits. Combining statements and individual fund budgetary comparison schedules can be found on pages 64-98 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of PDC, total assets exceeded liabilities by \$320,317,652 for all governmental and business-type funds at the close of the most recent fiscal year.

Portland Development Commission's Net Position

At June 30

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and						
Other Assets	\$ 317,182,551	\$ 298,694,150	\$ 7,389,666	\$ 3,704,384	\$ 324,572,217	\$ 302,398,534
Capital Assets	14,507,557	8,754,072	-	-	14,507,557	8,754,072
Total Assets	<u>331,690,108</u>	<u>307,448,222</u>	<u>7,389,666</u>	<u>3,704,384</u>	<u>339,079,774</u>	<u>311,152,606</u>
Liabilities						
Other Liabilities	6,163,440	7,449,068	100,485	83,479	6,263,925	7,532,547
Long-term Liabilities	12,498,197	13,042,586	-	-	12,498,197	13,042,586
Total Liabilities	<u>18,661,637</u>	<u>20,491,654</u>	<u>100,485</u>	<u>83,479</u>	<u>18,762,122</u>	<u>20,575,133</u>
Net Position						
Invested in Capital						
Assets	14,507,557	8,754,072	-	-	14,507,557	8,754,072
Restricted	297,804,184	276,463,494	-	-	297,804,184	276,463,494
Unrestricted	716,730	1,739,002	7,289,181	3,620,905	8,005,911	5,359,907
Total Net Position	<u>\$ 313,028,471</u>	<u>\$ 286,956,568</u>	<u>\$ 7,289,181</u>	<u>\$ 3,620,905</u>	<u>\$ 320,317,652</u>	<u>\$ 290,577,473</u>

Portland Development Commission's Net Position

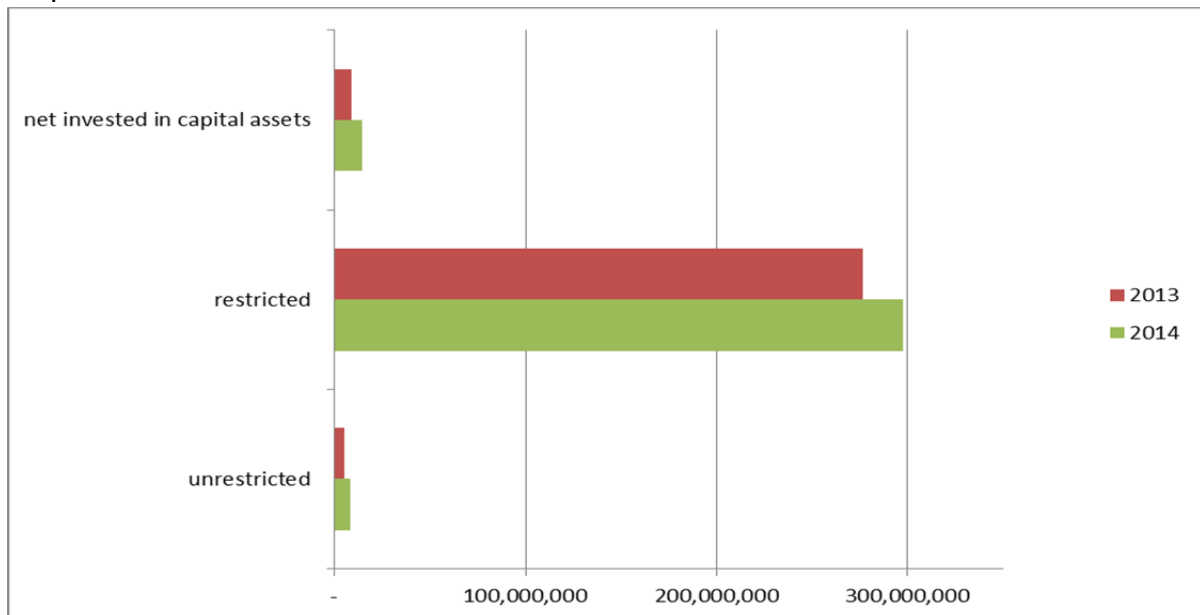
By far the largest portion of PDC's net position, \$297,804,184 or 93.0% represents resources that are subject to external restrictions on how they may be used in governmental activities. Restricted net position is mainly composed of urban renewal funds that are limited to use in the specific urban renewal area from whence the funds originated in the form of tax-increment debt proceeds in lieu of tax-increment revenues. The percentage of restricted net position increased 7.7% from fiscal year ended June 30, 2013.

A small portion of PDC's total net position (\$14,507,557 or 4.5%) reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment). These capital assets are used to provide services to citizens; consequently, these assets are *not* available for future spending.

The remaining balance of *unrestricted net position* (\$8,005,911 or 2.5%) may be used to meet PDC's ongoing obligations to citizens and creditors.

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

**Portland Development Commission Net Position
June 30, 2013 and 2014**

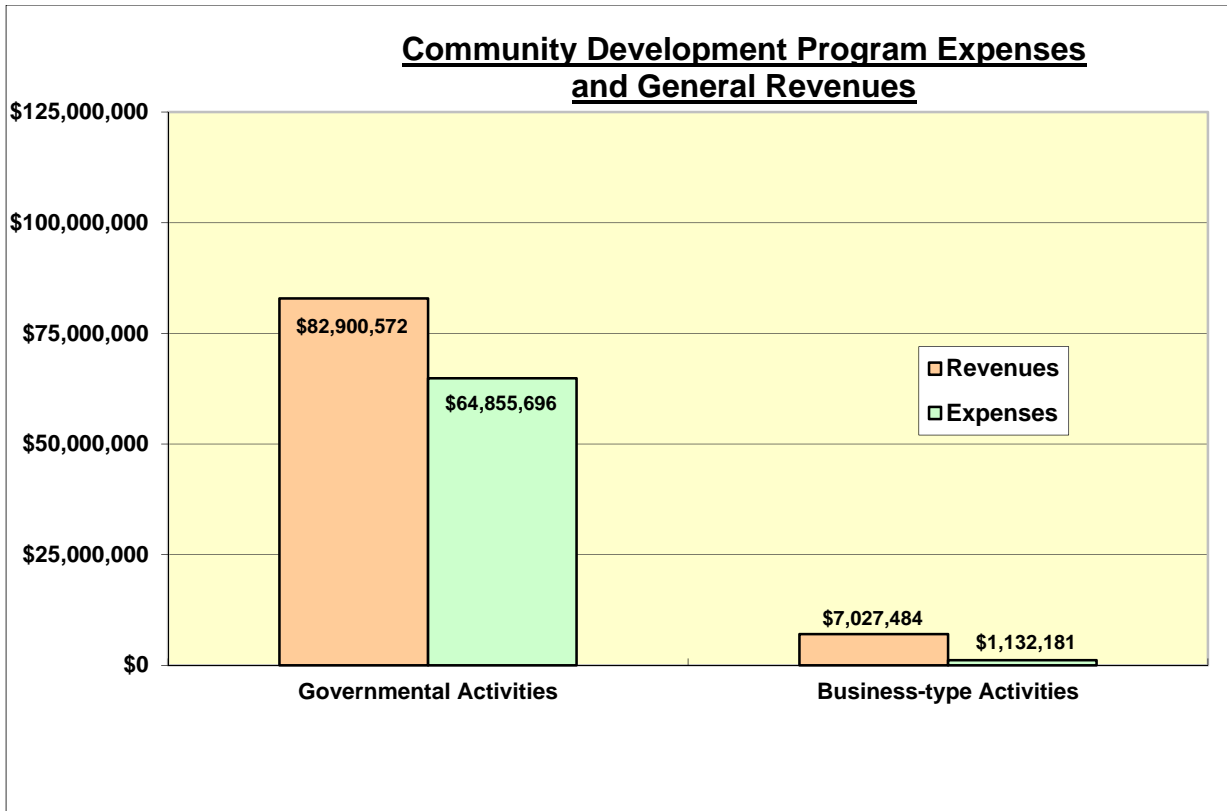


PDC's overall net position increased \$29,740,179 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$26,071,903 from the prior fiscal year for an ending balance of \$313,028,471. This increase is due primarily to decrease in expenses of \$36,392,685 or 64.1%. This was offset by an increase in charges for services, \$4,688,834, and a slight decrease, \$329,254, in intergovernmental revenues. Meanwhile general revenues decreased by \$6,204,085 or 7.7% the result of a decrease of \$13,636,320 in tax-increment debt proceeds (in lieu of tax-increment revenue) offset by the receipt of donated property through the United States National Park Service for \$5,800,000 and a \$2,721,538 increase in transfers in the North Macadam Urban Renewal Fund, the result of a property disposition.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 8,735,896	\$ 4,047,062	\$ 6,999,595	\$ 1,213,283	\$ 15,735,491	\$ 5,260,345
Operating Grants and Contributions	7,641,493	7,970,747	-	-	7,641,493	7,970,747
General Revenues:						
Tax-increment Debt Proceeds (in lieu of tax-increment revenue)	59,718,111	73,354,431	-	-	59,718,111	73,354,431
Unrestricted Investment Income	838,080	675,546	27,889	8,768	865,969	684,314
Miscellaneous	5,966,992	6,724,318	-	-	5,966,992	6,724,318
Total Revenues	<u>82,900,572</u>	<u>92,772,104</u>	<u>7,027,484</u>	<u>1,222,051</u>	<u>89,928,056</u>	<u>93,994,155</u>
Expenses:						
Community Development	64,855,696	101,248,381	-	-	64,855,696	101,248,381
Enterprise Funds	-	-	1,132,181	1,173,322	1,132,181	1,173,322
Total Expenses	<u>64,855,696</u>	<u>101,248,381</u>	<u>1,132,181</u>	<u>1,173,322</u>	<u>65,987,877</u>	<u>102,421,703</u>
Increase (Decrease) in Net Position Before Transfers	18,044,876	(8,476,277)	5,895,303	48,729	23,940,179	(8,427,548)
Special Item - 511 NW Broadway	5,800,000	-	-	-	5,800,000	-
Transfers	2,227,027	-	(2,227,027)	-	-	-
Increase (Decrease) in Net Position	<u>26,071,903</u>	<u>(8,476,277)</u>	<u>3,668,276</u>	<u>48,729</u>	<u>29,740,179</u>	<u>(8,427,548)</u>
Beginning Net Position as previously reported	286,956,568	285,972,186	3,620,905	3,493,447	290,577,473	289,465,633
Restatement - Implementation GASB 62	-	9,460,659	-	78,729	-	9,539,388
Beginning Net Position as restated	<u>286,956,568</u>	<u>295,432,845</u>	<u>3,620,905</u>	<u>3,572,176</u>	<u>290,577,473</u>	<u>299,005,021</u>
Ending Net Position	<u>\$ 313,028,471</u>	<u>\$ 286,956,568</u>	<u>\$ 7,289,181</u>	<u>\$ 3,620,905</u>	<u>\$ 320,317,652</u>	<u>\$ 290,577,473</u>



Business-type Activities. For PDC's business-type activities, the results for the current fiscal year were positive in that overall net position increased to an ending balance of \$7,289,181. The total increase in net position for business-type activities was \$3,668,276 or 101.3% from the prior year. The growth is primarily due to the sale of Riverplace Parcel 8 in the Business Management Fund.

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

<u>Expenses</u>	<u>2014</u>	<u>2013</u>	<u>Change</u>
Personal services	\$ 60,396	\$ 18,985	\$ 41,411
Professional services	975,189	125,662	849,527
Loan document costs	18,946	27,749	(8,803)
Financial assistance	-	75,000	(75,000)
Internal Service Reimbursements	-	93,640	(93,640)
Miscellaneous Expenses	77,650	832,286	(754,636)
Totals	\$ 1,132,181	\$ 1,173,322	\$ (41,141)

One major component of PDC's net position in both governmental and business-type funds is loans receivable from its customers. During the current fiscal year, PDC's gross portfolio decreased \$3,882,081 or 4.7%. The loan loss allowance decreased by 5.3% or \$1,321,090. The smaller, current portion of the net portfolio decreased 71.8% while the non-current portion increased by 4.2%, reflecting a trend in shorter-term lending and an increase in payoffs this past year.

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

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
Gross Loans Receivable	\$ 78,741,629	\$ 82,623,710	\$ (3,882,081)	-4.7%
Allowance	(23,529,465)	(24,850,555)	1,321,090	-5.3%
Total Net	\$ 55,212,164	\$ 57,773,155	\$ (2,560,991)	-4.4%
Current Portion	\$ 1,848,610	\$ 6,566,589	\$ (4,717,979)	-71.8%
Non-Current Portion	53,363,554	51,206,566	2,156,988	4.2%
Total Net	\$ 55,212,164	\$ 57,773,155	\$ (2,560,991)	-4.4%

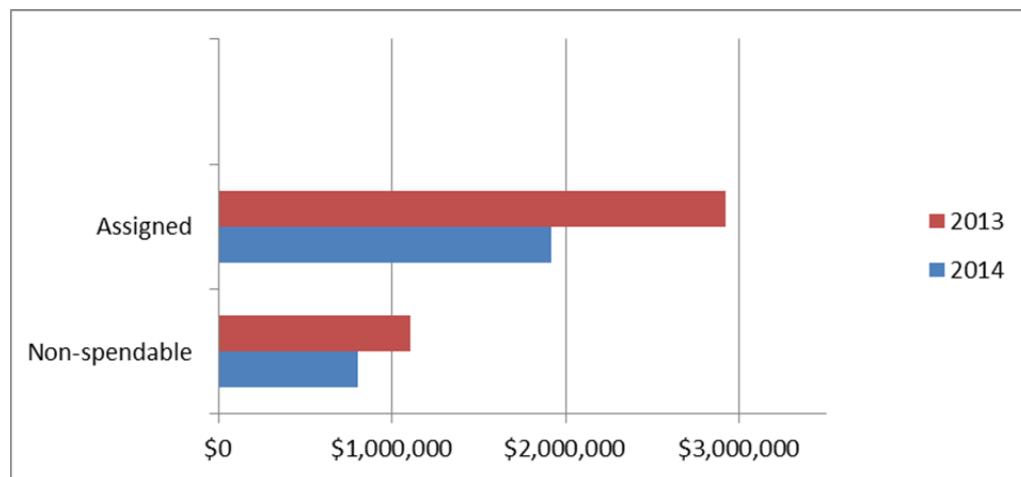
Financial Analysis of Governmental Funds

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

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

At June 30, 2014, PDC's governmental funds reported combined fund balances of \$311,607,020, an increase of \$20,055,659 in comparison with the prior year. PDC has no unassigned fund balance available for discretionary spending at this time. The remainder of the fund balance is either *nonspendable, restricted, or assigned* to indicate that it is 1) not in spendable form (\$806,471), 2) restricted for particular purposes (\$308,883,988), or assigned for particular purposes (\$1,916,561).

**General Fund
Components of Fund Balance
June 30, 2013 and 2014**



The general fund is the chief operating fund of PDC. At the end of the current fiscal year, PDC had no unassigned fund balance, while the total fund balance decreased to \$2,723,032. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total general fund expenditures. Total fund balance represents approximately 43.5% of total general fund expenditures.

The fund balance of PDC's general fund decreased by \$1,306,924 during the current fiscal year, part of this change was due to the increases in Financial Assistance and Capital Outlay. Other key factors include:

- Revenues decreased by \$1,502,359 primarily in intergovernmental revenues, \$1,335,398, and miscellaneous revenues \$141,300.
- Net expenditures decreased by \$837,370. Community Development decreased by \$1,675,715 in the areas of professional service contracts; public communications and marketing, travel, and meeting expenses account for the majority of the change. This decrease was offset by increases in Financial Assistance by \$577,198 for technical assistance and economic development grants and Capital Outlay by \$261,147.

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 2014 is again lower than the five-year average and any of the last five years and that the five-year average decreased by \$9,107,292 from \$97,492,331 in fiscal year 2013.

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

Year	Amount	Change	%	
2010	\$ 89,778,162	\$		5-Year Average
2011	85,287,184	-4,490,978	-5%	= \$ 88,385,039
2012	133,787,307	48,500,123	57%	
2013	73,354,431	-60,432,876	-45%	
2014	59,718,111	-13,636,320	-19%	
	<u>\$ 441,925,195</u>			

The City of Portland receives property taxes in each of the designated urban renewal areas and forwards a portion to be allocated as TIF to the Portland Development Commission for projects. The amount of TIF allocated to PDC varies annually depending on each of the urban renewal areas' projected tax revenues, debt capacity, and existing levels of outstanding debt held by the City. Each urban renewal area has a planned expiration date after which it cannot issue additional tax-increment debt. A typical life-cycle is between ten and twenty years; however, the expiration date may be extended by the Board of Commissioners. An urban renewal area that has reached its maximum indebtedness or expiration date will no longer issue new long-term tax-increment debt, but may continue spending until its resources are exhausted and will receive tax-increment revenues until all outstanding debt is retired. The Downtown Waterfront Urban Renewal Area, South Park Blocks Urban Renewal Area, and Airport Way Urban Renewal Area have all reached their plan expiration dates and Oregon Convention Center Urban Renewal Area has issued its last tax-increment debt. Further information on urban renewal indebtedness and the current life cycle status can be found on page 118 of the Statistical Section.

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

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

<u>Fund</u>	<u>2014</u>	<u>2013</u>	<u>Change</u>
Housing and Community Development Contract Fund	\$ -	\$ 814	\$ (814)
North Macadam Urban Renewal Fund	13,497,678	10,216,790	3,280,888
River District Urban Renewal Fund	88,875,697	77,035,525	11,840,172
Convention Center Urban Renewal Fund	62,903,202	65,231,024	(2,327,822)
Lents Town Center Urban Renewal Fund	25,606,834	22,177,172	3,429,662
Interstate Corridor Urban Renewal Fund	25,031,748	22,494,816	2,536,932
Total Fund Balances	<u>\$ 215,915,159</u>	<u>\$ 197,156,141</u>	<u>\$ 18,759,018</u>

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

In the North Macadam Urban Renewal Fund, fund balance experienced an increase of \$3,280,888 or 32.1%. This was the net effect of a decrease in capital expenditures for urban renewal by \$11,913,390 for infrastructure on behalf of the City and \$10,048,446 in community development for housing. This is offset by an increase in financial assistance of \$1,702,519 and a decrease of \$16,492,185 or 73.9% in tax-increment debt proceeds (in lieu of tax-increment revenue) primarily due to the inclusion of a line of credit draw to fund the City's \$10,000,000 contribution to the Milwaukee Light Rail Project in the prior year and a \$2,721,538 transfer from the Business Management Fund for the reimbursement of TIF investment in River Place Parcel 8.

In the River District Urban Renewal Fund, the \$11,840,172 or 15.4% net increase in fund balance is the result of increases in charges for services of \$3,073,352 or 362.3% and miscellaneous revenues of \$1,294,275 or 764.5%. These increases were offset by increases in expenditures of 71.2% or \$7,885,261, primarily in the area of financial assistance where an increase of \$9,255,040 or 829.0% can be attributed to a \$10,000,000 grant to Multnomah County. This increase in expenditures is further offset by an increase in community development, \$1,682,379 or 31.1% and a decrease in capital expenditures of \$3,052,158 or 68.0%.

The Convention Center Urban Renewal Fund experienced a decrease of 3.6% in fund balance, or \$2,327,822, the result of receiving little tax-increment debt proceeds (in lieu of tax-increment revenue) during this year.

In the Lents Town Center Urban Renewal Fund, fund balance increased slightly by \$3,429,662 or 15.5% due to an increase in tax-increment debt proceeds (in lieu of tax-increment revenue) of \$1,332,359 or 18.3%. This was coupled with a decrease in expenditures of \$3,184,472 or 36.3% in all categories, community development, \$1,680,256 or 29.1%, capital expenditures, \$1,196,031 or 49.0%, and financial assistance of \$305,185 or 54.8%.

The Interstate Corridor Urban Renewal Fund ended 2014 with an increase in fund balance of \$2,536,932 or 11.4%. Revenues experienced an overall decrease of \$1,397,605 (9.8%) attributable to a decrease in miscellaneous revenue of \$2,116,246 or 80.8% and offset by an increase of \$506,247 or 288.8% in charges for services. Expenditures decreased by \$2,477,174 or 19.4% primarily in the area of Community Development.

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

PDC's Enterprise Loans Fund encompasses numerous loan programs. Net position for the Enterprise Loans Fund increased by \$587,983 during the fiscal year ended June 30, 2014. The Enterprise Management Fund accounts for activity related to the operation and maintenance of PDC properties and City of Portland properties PDC has contracted to manage outside of urban renewal areas and reflects an increase in net position of \$37,980 or 45.3%. Presently this fund is composed primarily of revenues: charges for services of \$1,037,969. Expenditures stem from the transfer of revenue to PHB as the current property reported in this fund is a housing project and the payment of insurance on the property. The Business Management Fund was established in 2013 to account for the activity related to business and real estate that is not funded by tax increment or other public funding sources and has an increase in net position of \$3,042,313 chiefly the result of the disposition of River Place Parcel 8.

General Fund Budgetary Highlights

Differences between the original budget and final amended budget amounted to a \$1,568,179 increase in appropriations. The major differences are summarized as follows:

- Budgeted revenue increased a net \$418,684 primarily due to increases in charges for services, loan collections and miscellaneous revenues recognizing private business development grants.
- Budgeted expenditures in the General Fund reflected an increase of \$1,262,367 primarily in business development.
- Decreases in Administrative expenditures budgeted of \$241,977 represent a decrease in materials and services based on year-end forecasts.

Differences between the final amended budget and actual revenues and expenditures amounted to a \$3,269,043 decrease over projected amounts. The major differences are summarized as follows:

- Actual revenues increased \$159,970 primarily due to charges for services representing revenues received for application fees, rental income, and contractual service charges.
- Expenditures were lower than budgeted by \$1,076,680 in administration the result of decreases in professional services, legal, and insurance expenditures and by \$56,273 in housing and \$69,560 in business development due to undisbursed commitments funded by the City of Portland General Fund. These commitments will disburse in the coming fiscal year.
- Budgeted contingency funds of \$1,823,274 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, 2014 capital assets amount to \$14,507,557 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, equipment, and software. The total increase in PDC's investment in capital assets for the fiscal year ended June 30, 2014 was \$5,753,485 or 65.7%.

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

Asset Type	Governmental Activities		
	2014	2013	Change
Land	\$ 7,495,883	\$ 4,802,391	\$ 2,693,492
Buildings	4,452,393	1,353,727	3,098,666
Vehicles & Equipment	144,101	220,604	(76,503)
Intangible Software	2,415,180	2,377,350	37,830
Total Assets	\$ 14,507,557	\$ 8,754,072	\$ 5,753,485

Major capital asset transactions during the year consisted of an increase to Land and Buildings due to the donation of the Federal Building (511 NW Broadway) through the U.S. National Park Service. Vehicles and Equipment decreased in value during the fiscal year primarily due to the disposition of the PDC fleet vehicles and offset by a slight increase in Intangible Software. Additional information on PDC's capital assets can be found in note III - F. on page 46 of this report, and in the Supplementary Data on pages 99-104.

Property Held for Sale. Expenditures for acquisition and improvements of real properties intended for sale to appropriate developers are referred to as property held for sale. This recording approach is also used for real property slated to be transferred to the City of Portland. Following are the changes in property held for sale for the fiscal year ended June 30, 2014.

**Portland Development Commission's
Real Property Held for Sale
For the Fiscal Year Ended June 30, 2014**

Funding Source	Balance July 1, 2013	Additions	Disposals/ Adjustments	Balance June 30, 2014
General Fund	\$ 146,754	\$ -	\$ -	\$ 146,754
Housing and Community Development Fund	251,456	-	-	251,456
North Macadam Urban Renewal Fund	7,905,905	-	(1,355,864)	6,550,041
River District Urban Renewal Fund	16,557,971	69,270	(494,633)	16,132,608
Convention Center Urban Renewal Fund	11,683,911	-	-	11,683,911
Interstate Corridor Urban Renewal Fund	6,861,673	6,649	-	6,868,322
Lents Town Center	8,458,606	-	(715,629)	7,742,977
Other Governmental Funds	28,702,067	(145,406) *	(4,562,728)	23,993,933
Total Property Held for Sale	<u>\$ 80,568,343</u>	<u>\$ (69,487)</u>	<u>\$ (7,128,854)</u>	<u>\$ 73,370,002</u>

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

In the North Macadam Urban Renewal Fund, South Waterfront Lot 2 was disposed for redevelopment of a hotel and parts of South Waterfront Lots 3 and 4 were transferred to the City of Portland for the Portland Milwaukie Light Rail project for \$1,241,689 and \$114,175 respectively.

In the River District Urban Renewal Fund, Station Place Lot 7 was disposed for \$463,331 for the use of off-street parking facility for a near-by hotel and Lot 8 was written down by \$31,302 to current real market value.

In the Lents Town Center Urban Renewal Fund, 9316 SE Woodstock Blvd-Glendville site, 6116 SE 93rd-Davis site, 9119-9123 SE Foster Rd, 5916 SE 91st-Edmondson Drapery site and 7104-7120 SE Foster Rd-Metro site were written down by an aggregate total of \$715,629 to market value based on current appraisals or the county real market value.

Significant real property transactions in the Other Government Funds included:

- In the Downtown Waterfront Urban Renewal Fund, three of the Old Town Lofts-411 NW Flanders parking spaces were disposed for \$46,500 to tenants.
- In the Central Eastside Urban Renewal Fund, 5-13 NE 3rd Ave- Block 67, 123. NE 3rd-Convention Center Plaza sites and 111 NE MLK Blvd-Block 5 were disposed for \$2,952,601 for mixed use redevelopment of privately owned market rate apartment building, work/live apartments/office spaces and retail spaces.
- In the Airport Way Urban Renewal Fund, NE Riverside Parkway site was disposed for \$1,563,627 for redevelopment of a corporate headquarters office, sales and service facility.

Additional information on PDC's real property held for sale can be found in note III - E. on page 46 of this report, and in the Supplementary Data on pages 103-104.

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

Economic Factors and Next Year's Budgets and Rates

- The Portland metropolitan area unemployment rate for June and July 2014 was 6.1%, and July 2013 was 7.3%. This is down slightly from the rate of 8.2% the previous June. The unemployment rate for the United States as a whole for June 2014 is also 6.1%. During the past 12 months, job growth in the metro area has accelerated from about 2 percent annually to more than 3 percent. According to the Bureau of Labor Statistics, the latest numbers rank the rate of job growth in the greater Portland metro area as the ninth fastest among the nation's 50 largest metro areas. Monthly job growth has averaged 2,900 jobs since the start of the calendar year and 2,600 during the past twelve months. Portland's total non-farm wage and salary employment is up to 1,073,900, 3.2% higher than last fiscal year.
- The Portland area office vacancy rose slightly to 10.5% during the second quarter with positive absorption of 70,398 sf.
- The industrial market saw vacancies continued its downward trajectory to another record low of 8.3% during this past quarter in the Portland area with strong positive absorption of 327,916 sf. As the economic recovery continues the demand for industrial space is outpacing the supply.
- Inflation rate trends for the Portland metropolitan area continue to compare slightly less favorable to national indices as they have since 2007. Rates projected through June 2014 are 2.1% and 2.6%, respectively. Residents of the Portland-Salem area in general spend a larger share of their expenditures on shelter than does the rest of the country, but less on household energy. Transportation for the average consumer in the Portland area is the smaller share of expenditures.
- All of the above economic indicators are occurring in the context of similar economic improvements for the State of Oregon.

All of these factors were considered in preparing PDC's budget for the next fiscal year ending June 30, 2015.

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 POSITION
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 15,500	\$ -	\$ 15,500
Cash with City of Portland investment pool	183,903,731	6,249,485	190,153,216
Cash with fiscal agent	712,812	-	712,812
Receivables:			
Due from City of Portland	3,723,796	-	3,723,796
Accounts	489,988	245,691	735,679
Internal balances	(103,000)	103,000	-
Loans, net	1,404,273	444,337	1,848,610
Interest	279,079	12,132	291,211
Other	120,133	-	120,133
Prepays	237,704	-	237,704
Property held for sale	73,370,002	-	73,370,002
Total current assets	<u>264,154,018</u>	<u>7,054,645</u>	<u>271,208,663</u>
Noncurrent assets:			
Loans receivable, net	53,028,533	335,021	53,363,554
Capital assets not being depreciated:			
Land	7,495,883	-	7,495,883
Capital assets net of accumulated depreciation:			
Buildings and improvements	4,452,393	-	4,452,393
Furniture, vehicles and equipment	144,101	-	144,101
Intangible software	2,415,180	-	2,415,180
Total noncurrent assets	<u>67,536,090</u>	<u>335,021</u>	<u>67,871,111</u>
Total assets	<u>\$ 331,690,108</u>	<u>\$ 7,389,666</u>	<u>\$ 339,079,774</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,301,235	\$ 49	\$ 2,301,284
Accrued liabilities	737,030	7,094	744,124
Due to City of Portland	2,019,102	93,342	2,112,444
Due to other entities	265,760	-	265,760
Long-term liabilities due within one year:			
Pollution remediation	666,928	-	666,928
Replacement parking access	66,687	-	66,687
Vacation accrual	106,698	-	106,698
Total long-term liabilities due within one year	<u>840,313</u>	<u>-</u>	<u>840,313</u>
Total current liabilities	<u>6,163,440</u>	<u>100,485</u>	<u>6,263,925</u>
Noncurrent liabilities:			
Long-term liabilities:			
Net other post-employment benefits obligation	744,163	-	744,163
Pollution remediation	7,867,795	-	7,867,795
Replacement parking access	135,772	-	135,772
Replacement parking construction	3,355,421	-	3,355,421
Vacation accrual	395,046	-	395,046
Total noncurrent liabilities	<u>12,498,197</u>	<u>-</u>	<u>12,498,197</u>
Total liabilities	<u>18,661,637</u>	<u>100,485</u>	<u>18,762,122</u>
NET POSITION			
Invested in capital assets	14,507,557	-	14,507,557
Restricted for:			
Urban renewal	291,677,292	-	291,677,292
Other	6,126,892	-	6,126,892
Unrestricted	716,730	7,289,181	8,005,911
Total net position	<u>313,028,471</u>	<u>7,289,181</u>	<u>320,317,652</u>
Total liabilities and net position	<u>\$ 331,690,108</u>	<u>\$ 7,389,666</u>	<u>\$ 339,079,774</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, 2014**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants
Governmental activities:			
Community development	\$ 64,855,696	\$ 8,735,896	\$ 7,641,493
Business-type activities:			
Enterprise loans	79,814	163,255	-
Enterprise management	1,052,367	6,836,340	-
Total	<u>\$ 65,987,877</u>	<u>\$ 15,735,491</u>	<u>\$ 7,641,493</u>

General Revenues:

Tax-increment debt proceeds (in lieu
of tax-increment revenue) -
intergovernmental revenues, unrestricted
Unrestricted investment income
Miscellaneous revenues
Special item — Historic Monument
Transfer 511 NW Broadway
Transfers

Total general revenues and transfers

Change in net position

Net position - July 1, 2013

Net position - June 30, 2014

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

Net Expense and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (48,478,307)	\$ -	\$ (48,478,307)
-	83,441	83,441
-	5,783,973	5,783,973
(48,478,307)	5,867,414	(42,610,893)
59,718,111	-	59,718,111
838,080	27,889	865,969
5,966,992	-	5,966,992
5,800,000	-	5,800,000
2,227,027	(2,227,027)	-
74,550,210	(2,199,138)	72,351,072
26,071,903	3,668,276	29,740,179
286,956,568	3,620,905	290,577,473
\$ 313,028,471	\$ 7,289,181	\$ 320,317,652

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

		<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>
	<u>General Fund</u>	<u>Housing and Community Development Contract Fund</u>	<u>North Macadam Urban Renewal Fund</u>	<u>River District Urban Renewal Fund</u>
ASSETS				
Cash and cash equivalents	\$ 15,500	\$ -	\$ -	\$ -
Cash with City of Portland investment pool	2,454,723	2,224	7,421,001	47,809,302
Cash with fiscal agent	-	-	-	-
Receivables:				
Due from City of Portland	1,255,492	427,221	-	1,703,821
Accounts	72,265	-	18,946	14,592
Loans, net	533,443	-	118,599	23,484,908
Interest	3,279	-	6,077	81,018
Other	-	-	-	15,962
Prepays	236,419	-	1,285	-
Property held for sale	146,754	251,456	6,550,041	16,132,608
Total assets	\$ 4,717,875	\$ 680,901	\$ 14,115,949	\$ 89,242,211
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 918,258	\$ 326,445	\$ 436,159	\$ 54,673
Accrued liabilities	737,030	-	-	-
Due to City of Portland	237,953	251,456	182,112	311,841
Due to other entities	101,602	-	-	-
Internal balances	-	103,000	-	-
Total liabilities	1,994,843	680,901	618,271	366,514
Fund balances:				
Non-spendable				
Prepaid expenditures	236,419	-	-	-
Loans receivable	423,298	-	-	-
Property held for sale	146,754	-	-	-
Restricted				
Loans receivable	-	-	118,599	23,484,908
Property held for sale	-	-	6,550,041	16,132,608
Urban renewal	-	-	6,829,038	49,258,181
Contractual obligations	-	-	-	-
Assigned				
Subsequent year's expenditures	1,916,561	-	-	-
Total fund balances	2,723,032	-	13,497,678	88,875,697
Total liabilities and fund balances	\$ 4,717,875	\$ 680,901	\$ 14,115,949	\$ 89,242,211

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

Capital Projects Funds (continued)

Convention Center Urban Renewal Fund	Lents Town Center Urban Renewal Fund	Interstate Corridor Urban Renewal Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 15,500
41,293,410	15,502,947	16,209,416	52,958,681	183,651,704
-	-	-	712,812	712,812
-	-	207,991	129,271	3,723,796
122,194	185,057	13,782	63,152	489,988
9,984,756	2,454,331	2,613,265	15,243,504	54,432,806
62,184	24,654	25,534	75,956	278,702
100,000	-	4,171	-	120,133
-	-	-	-	237,704
11,683,911	7,742,977	6,868,322	23,993,933	73,370,002
<u>\$ 63,246,455</u>	<u>\$ 25,909,966</u>	<u>\$ 25,942,481</u>	<u>\$ 93,177,309</u>	<u>\$ 317,033,147</u>
\$ 4,157	\$ 86,147	\$ 341,438	\$ 133,958	\$ 2,301,235
-	-	-	-	737,030
289,096	216,797	460,510	69,337	2,019,102
50,000	188	108,785	5,185	265,760
-	-	-	-	103,000
<u>343,253</u>	<u>303,132</u>	<u>910,733</u>	<u>208,480</u>	<u>5,426,127</u>
-	-	-	-	236,419
-	-	-	-	423,298
-	-	-	-	146,754
9,984,756	2,454,331	2,613,265	15,243,504	53,899,363
11,683,911	7,742,977	6,868,322	23,993,933	72,971,792
41,234,535	15,409,526	15,550,161	49,604,608	177,886,049
-	-	-	4,126,784	4,126,784
-	-	-	-	1,916,561
<u>62,903,202</u>	<u>25,606,834</u>	<u>25,031,748</u>	<u>92,968,829</u>	<u>311,607,020</u>
<u>\$ 63,246,455</u>	<u>\$ 25,909,966</u>	<u>\$ 25,942,481</u>	<u>\$ 93,177,309</u>	<u>\$ 317,033,147</u>



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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2014**

Fund balances - total governmental funds	\$ 311,607,020
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	14,507,557
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The following liabilities are not due and payable in the current
period and, therefore are not reported in the funds:

Net other post-employment benefit obligation reported on the Balance Sheet	(744,163)
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Net vacation accrual obligation reported on the Balance Sheet	(501,744)
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Pollution remediation liability	(8,534,723)
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Replacement parking access	(202,459)
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Replacement parking construction	(3,355,421)
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The internal service fund is used by management to charge insurance costs to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position	<u>252,404</u>
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Net position of governmental activities	<u>\$ 313,028,471</u>
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The accompanying notes are an integral part of the basic financial statements.

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014**

		Special Revenue Fund		Capital Projects Fund
	General Fund	Housing and Community Development Contract Fund	North Macadam Urban Renewal Fund	River District Urban Renewal District
REVENUES				
Intergovernmental revenues	\$ 4,677,506	\$ 2,581,125	\$ -	\$ -
Charges for services	477,746	-	1,610,354	3,921,615
Loan collections	21,719	-	6,067	86,466
Interest on investments	12,170	-	14,387	228,884
Miscellaneous	255,862	-	933,458	1,463,581
Tax-increment debt proceeds (in lieu of tax-increment revenue)	-	-	5,827,668	25,044,978
Total revenues	<u>5,445,003</u>	<u>2,581,125</u>	<u>8,391,934</u>	<u>30,745,524</u>
EXPENDITURES				
Current:				
Community development	2,182,446	157,255	2,223,394	7,100,316
Capital expenditures for urban renewal	-	-	3,808,787	1,433,553
Financial assistance	3,701,355	2,424,684	1,800,403	10,371,483
Capital Outlay	<u>373,615</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,257,416</u>	<u>2,581,939</u>	<u>7,832,584</u>	<u>18,905,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(812,413)</u>	<u>(814)</u>	<u>559,350</u>	<u>11,840,172</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	61,768	-	2,721,538	-
Transfers out	<u>(556,279)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(494,511)</u>	<u>-</u>	<u>2,721,538</u>	<u>-</u>
Net change in fund balances	(1,306,924)	(814)	3,280,888	11,840,172
FUND BALANCES - July 1, 2013	<u>4,029,956</u>	<u>814</u>	<u>10,216,790</u>	<u>77,035,525</u>
FUND BALANCES - June 30, 2014	<u>\$ 2,723,032</u>	<u>\$ -</u>	<u>\$ 13,497,678</u>	<u>\$ 88,875,697</u>

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

Capital Projects Fund (continued)

Convention Center Urban Renewal Fund	Lents Town Center Urban Renewal Fund	Interstate Corridor Urban Renewal Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 382,862	\$ 7,641,493
1,387,076	65,116	681,557	592,432	8,735,896
279,756	104,645	88,014	654,855	1,241,522
211,612	61,886	72,974	234,909	836,822
46,603	152,304	502,377	6,819,430	10,173,615
<u>21,036</u>	<u>8,634,437</u>	<u>11,495,400</u>	<u>8,694,592</u>	<u>59,718,111</u>
<u>1,946,083</u>	<u>9,018,388</u>	<u>12,840,322</u>	<u>17,379,080</u>	<u>88,347,459</u>
3,788,778	4,092,391	6,056,919	6,975,754	32,577,253
168,231	1,244,378	3,123,945	5,322,042	15,100,936
316,896	251,957	1,122,526	2,477,719	22,467,023
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>373,615</u>
<u>4,273,905</u>	<u>5,588,726</u>	<u>10,303,390</u>	<u>14,775,515</u>	<u>70,518,827</u>
<u>(2,327,822)</u>	<u>3,429,662</u>	<u>2,536,932</u>	<u>2,603,565</u>	<u>17,828,632</u>
-	-	-	-	2,783,306
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(556,279)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,227,027</u>
(2,327,822)	3,429,662	2,536,932	2,603,565	20,055,659
<u>65,231,024</u>	<u>22,177,172</u>	<u>22,494,816</u>	<u>90,365,264</u>	<u>291,551,361</u>
\$ <u>62,903,202</u>	\$ <u>25,606,834</u>	\$ <u>25,031,748</u>	\$ <u>92,968,829</u>	\$ <u>311,607,020</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, 2014**

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

Net change in fund balances - total governmental funds	\$	20,055,659
<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	\$	416,652
Revenue for donated asset		5,800,000
Less current year depreciation		(444,741)
Loss on sale/disposal of assets net of depreciation		<u>(18,426)</u>
		5,753,485
Current year expense for net other post-employment benefits obligation payable in the Statement of Net Position		(14,692)
Current year expense for the change in vacation accrual		(12,507)
Current year revenue for pollution remediation		351,855
Current year adjustment for parking access		65,900
Current year expense for replacement parking construction		(129,055)
<p>The internal service fund is used by management to charge insurance costs to individual funds. The change in net position is reported with governmental activities.</p>		
Interest on investment		<u>1,258</u>
Change in net position of governmental activities	\$	<u><u>26,071,903</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, 2014

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Intergovernmental revenues-				
State and local	\$ -	\$ 56,960	\$ 56,710	\$ (250)
City of Portland, General Fund	4,777,437	4,707,273	4,620,796	(86,477)
Charges for services-				
Application fees and charges	-	776	1,696	920
Rental income	-	133,000	193,034	60,034
Contractual service charges	-	153,000	245,522	92,522
Loan Collections-				
Principal	-	64,000	110,045	46,045
Interest	-	14,000	21,719	7,719
Interest on investments	-	5,000	12,170	7,170
Miscellaneous:				
Reimbursements	153,000	-	93	93
Sale of real property	-	-	25,000	25,000
Private grants and donations	-	200,000	200,000	-
Other	-	15,112	22,306	7,194
Total revenues	<u>4,930,437</u>	<u>5,349,121</u>	<u>5,509,091</u>	<u>159,970</u>
EXPENDITURES				
Current:				
Community development:				
Housing	137,985	137,985	81,712	56,273
Business development	4,718,396	5,619,559	5,549,999	69,560
Property redevelopment	93,567	528,912	445,626	83,286
Administration	<u>14,825,712</u>	<u>14,583,735</u>	<u>13,507,055</u>	<u>1,076,680</u>
Total community development	<u>19,775,660</u>	<u>20,870,191</u>	<u>19,584,392</u>	<u>1,285,799</u>
Contingency	<u>1,655,438</u>	<u>1,823,274</u>	<u>-</u>	<u>1,823,274</u>
Total expenditures	<u>21,431,098</u>	<u>22,693,465</u>	<u>19,584,392</u>	<u>3,109,073</u>
Excess (deficiency) of revenues over expenditures	<u>(16,500,661)</u>	<u>(17,344,344)</u>	<u>(14,075,301)</u>	<u>3,269,043</u>
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	14,989,251	14,950,941	13,630,028	(1,320,913)
Transfers in-				
General Fund	315,015	814,430	-	(814,430)
Enterprise Loans Fund	<u>-</u>	<u>61,768</u>	<u>61,768</u>	<u>-</u>
Total transfers in	<u>315,015</u>	<u>876,198</u>	<u>61,768</u>	<u>(814,430)</u>
Internal service reimbursements	(450,713)	(342,388)	(247,678)	94,710
Transfers out:				
General Fund	(15,015)	(814,430)	-	814,430
Enterprise Loans Fund	<u>-</u>	<u>(556,279)</u>	<u>(556,279)</u>	<u>-</u>
Total transfers out	<u>(15,015)</u>	<u>(1,370,709)</u>	<u>(556,279)</u>	<u>814,430</u>
Total other financing sources (uses)	<u>14,838,538</u>	<u>14,114,042</u>	<u>12,887,839</u>	<u>(1,226,203)</u>
Net change in fund balance	(1,662,123)	(3,230,302)	(1,187,462)	2,042,840
FUND BALANCE - July 1, 2013	<u>1,662,123</u>	<u>3,230,302</u>	<u>3,230,297</u>	<u>(5)</u>
FUND BALANCE - June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>2,042,835</u>	<u>\$ 2,042,835</u>
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			533,443	
Property held for sale			<u>146,754</u>	
FUND BALANCE - June 30, 2014 (GAAP BASIS)			<u>\$ 2,723,032</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, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental revenue:				
Housing and Community				
Development contract	\$ 2,093,417	\$ 2,688,890	\$ 2,581,125	\$ (107,765)
Total revenues	2,093,417	2,688,890	2,581,125	(107,765)
EXPENDITURES				
Current:				
Community development:				
Business development	2,093,417	2,580,565	2,484,504	96,061
Total Community development	2,093,417	2,580,565	2,484,504	96,061
Total expenditures	2,093,417	2,580,565	2,484,504	96,061
Excess (deficiency) of revenues over expenditures	-	108,325	96,621	(11,704)
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	-	-	103,000	103,000
Total transfers in	-	-	103,000	103,000
Internal service reimbursements	-	(108,325)	(97,435)	10,890
Transfers out-				
General Fund	-	(312,815)	(312,000)	815
Total transfers out	-	(312,815)	(312,000)	815
Total other financing sources (uses)	-	(421,140)	(306,435)	114,705
Net change in fund balance	-	(312,815)	(209,814)	103,001
FUND BALANCE - July 1, 2013	-	312,815	312,814	(1)
FUND BALANCE - June 30, 2014	\$ -	\$ -	103,000	\$ 103,000
Adjustments to generally accepted accounting principles basis:				
Interfund advances			(103,000)	
FUND BALANCE - June 30, 2014 (GAAP BASIS)			\$ -	

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

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Major Business-type Activities -Enterprise Funds			Governmental Activities - Internal Service Fund
	Business Management Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
ASSETS				
Current assets:				
Cash with City of Portland investment pool	\$ 2,996,562	\$ 3,252,923	\$ 6,249,485	\$ 252,027
Receivables:				
Accounts	152,349	93,342	245,691	-
Internal balances	-	103,000	103,000	-
Loans, net	-	444,337	444,337	-
Interest	8,499	3,633	12,132	377
Total current assets	3,157,410	3,897,235	7,054,645	252,404
Noncurrent assets:				
Loans receivable, net	-	335,021	335,021	-
Total noncurrent assets	-	335,021	335,021	-
Total assets	\$ 3,157,410	\$ 4,232,256	\$ 7,389,666	\$ 252,404
LIABILITIES AND NET POSITION				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 49	\$ -	\$ 49	\$ -
Accrued liability	-	7,094	7,094	-
Due to City of Portland	-	93,342	93,342	-
Total current liabilities	49	100,436	100,485	-
Total liabilities	49	100,436	100,485	-
NET POSITION				
Restricted for rent abatement	-	-	-	218,835
Unrestricted	3,157,361	4,131,820	7,289,181	33,569
Total net position	3,157,361	4,131,820	7,289,181	252,404
Total liabilities and net position	\$ 3,157,410	\$ 4,232,256	\$ 7,389,666	\$ 252,404

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

PORTLAND DEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

	Major Business- type Activities - Enterprise Funds Business Management Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Fund
OPERATING REVENUES:				
Charges for services	\$ 29,798	\$ 1,046,416	\$ 1,076,214	\$ -
Interest on loans	-	38,915	38,915	-
Miscellaneous revenues	5,768,573	115,893	5,884,466	-
Total operating revenues	5,798,371	1,201,224	6,999,595	-
OPERATING EXPENSES:				
Personal services	3,738	56,658	60,396	-
Professional services	693	974,496	975,189	-
Loan document costs	-	18,946	18,946	-
Loan loss provision	-	-	-	-
Miscellaneous expenses	47,095	30,555	77,650	-
Total operating expenses	51,526	1,080,655	1,132,181	-
Operating income (loss)	5,746,845	120,569	5,867,414	-
NON-OPERATING REVENUES (EXPENSE):				
Interest on investments	17,006	10,883	27,889	1,258
Total non-operating revenues (expense)	17,006	10,883	27,889	1,258
Income before transfers	5,763,851	131,452	5,895,303	1,258
Transfers in	-	556,279	556,279	-
Transfers out	(2,721,538)	(61,768)	(2,783,306)	-
Change in net position	3,042,313	625,963	3,668,276	1,258
Net position - July 1, 2013	115,048	3,505,857	3,620,905	251,146
Net position - June 30, 2014	\$ 3,157,361	\$ 4,131,820	\$ 7,289,181	\$ 252,404

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, 2014

	Major Business-type Activities - Enterprise Funds Business Management Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Fund
Cash flows from operating activities:				
Loan collections from borrowers	\$ -	\$ 537,695	\$ 537,695	\$ -
Interest on loans from borrowers	-	51,289	51,289	-
Loan fees from customers	-	8,447	8,447	-
Rent income	24,363	1,037,969	1,062,332	-
Payments from others	(149,623)	64,996	(84,627)	-
Payments to employees	(3,738)	(19,163)	(22,901)	-
Payments to vendors	(47,740)	(1,007,041)	(1,054,781)	-
Payments for interfund services used	-	(37,495)	(37,495)	-
Loans to borrowers	-	(4,597)	(4,597)	-
Sale of real property	5,630,000	-	5,630,000	-
Miscellaneous reimbursements	144,009	46,420	190,429	-
Net cash provided by operating activities	<u>5,597,271</u>	<u>678,520</u>	<u>6,275,791</u>	<u>-</u>
Cash flows from noncapital financing activities:				
Collection of interfund loans	-	198,500	198,500	-
Transfers from other funds	-	669,779	669,779	-
Transfers to other funds	(2,721,538)	(164,768)	(2,886,306)	-
Net cash provided by noncapital financing activities	<u>(2,721,538)</u>	<u>703,511</u>	<u>(2,018,027)</u>	<u>-</u>
Cash flows from investing activities:				
Interest received from investing	8,509	10,512	19,021	1,340
Net increase in cash and cash equivalents	2,884,242	1,392,543	4,276,785	1,340
Cash and cash equivalents-July 1, 2013	<u>112,320</u>	<u>1,860,380</u>	<u>1,972,700</u>	<u>250,687</u>
Cash and cash equivalents-June 30, 2014	<u>\$ 2,996,562</u>	<u>\$ 3,252,923</u>	<u>\$ 6,249,485</u>	<u>\$ 252,027</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Net operating income	\$ 5,746,845	\$ 120,569	\$ 5,867,414	\$ -
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:				
Increase in due to City of Portland	-	100,411	100,411	-
Decrease in loans receivable	-	475,998	475,998	-
Increase in due from other entities	(149,623)	(16,767)	(166,390)	-
Decrease in accounts payable	49	(1,691)	(1,642)	-
Total adjustments	<u>(149,574)</u>	<u>557,951</u>	<u>408,377</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 5,597,271</u>	<u>\$ 678,520</u>	<u>\$ 6,275,791</u>	<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
Notes to the Financial Statements
June 30, 2014

I. Summary of Significant Accounting Policies

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

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

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

C. Basis of Presentation—Government-Wide Statements

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

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2014

D. Basis of Presentation—Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the proprietary funds are reported as separate columns in the fund financial statements. Non-major governmental funds are consolidated into a single column in the basic financial statements. Combining schedules of the components of the enterprise funds and the non-major governmental funds are presented in the supplementary data section of the report.

PDC reports the following major governmental funds:

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

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

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

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

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

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

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2014

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 fund:

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

PDC reports the following non-major proprietary funds:

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

Enterprise Management Fund – this enterprise fund provides for the activity related to the operation and maintenance of PDC properties or City of Portland properties PDC has contracted to manage outside urban renewal areas. Currently, this fund includes operating revenues and expenses of the Headwaters Apartments.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are overhead charges allocated by the General Fund to the Enterprise Loans Fund in the amount of \$37,495. Eliminations of these charges would distort the direct costs reported for the various programs concerned.

E. Measurement Focus and Basis of Accounting

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2014

current period. For this purpose, PDC considers receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

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

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

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

F. Budgetary Basis of Accounting

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

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2014

G. Assets, Liabilities, and Net Position

1. Cash and Investments

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

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

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

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

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

2. Receivables and Payables

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

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2014

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

3. *Prepaid Items*

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

4. *Capital Assets*

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

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

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

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

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2014

5. *Property Held for Sale*

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

6. *Compensated Absences*

It is PDC's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since PDC does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The current portion for the year ending June 30, 2014 was \$106,698.

7. *Long-term Obligations*

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

8. *Fund Equity and Net Position*

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

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

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

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

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

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2014

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

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

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

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

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

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, 2014, 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

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

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

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2014

Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* is effective for fiscal year 2015. The provisions of this Statement should be applied simultaneously with the provision of Statement 68 which PDC will implement in fiscal year 2015.

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	\$ 5,509,091
Loans receivable revenues	(110,045)
Internal service revenues from business-type funds	37,495
Allowance for loans receivable	8,462
Revenues—GAAP basis	<u>\$ 5,445,003</u>
Expenditures—budgetary basis	\$ 19,584,392
Internal service reimbursement between governmental funds	(13,344,856)
Loan write off	17,880
Expenditures—GAAP basis	<u>\$ 6,257,416</u>

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2014

III. Detailed Notes on All Funds

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

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

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

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

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

Cash on hand	\$ 500
Deposits with financial institutions	727,812
Cash with City of Portland investment pool	190,153,216
	<u>\$ 190,881,528</u>

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

	Governmental Activities	Business- Type Activities	Total
Cash and cash equivalents	\$ 15,500	\$ -	\$ 15,500
Cash with City of Portland investment pool	183,903,731	6,249,485	190,153,216
Cash with fiscal agent	712,812	-	712,812
	<u>\$ 184,632,043</u>	<u>\$ 6,249,485</u>	<u>\$ 190,881,528</u>

The cash with fiscal agent is a demand deposit account 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

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either insured by the Federal Deposit Insurance Corporation (FDIC), or collateralized with eligible securities in amounts determined by the Office of the State Treasurer (OST). The FDIC's standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category. The OST's custodian, Federal Home Loan Bank of Seattle, is the agent of the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the Depository Bank, Custodian Bank and Office of the State Treasurer (OST) and are held for the benefit of OST on behalf of the public depositors.

For an investment, this is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All trades are executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. The City's investment policy complies with ORS 294.035 and ORS 294.810 that lists acceptable investments. As of June 30, 2014, the City had no investments that were held by either counterparty or the counterparty's trust department agent. Therefore, the City has no outstanding investments that were exposed to custodial credit risk.

PDC bank deposits of \$727,812 are insured by the FDIC up to \$250,000 with the assets being secured by collateralized eligible securities at the FHLB of Seattle, in agreement with the OST Public Funds Collateralization Program.

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, 2014, the weighted average maturity of the City's investment portfolio was 530 days. To minimize interest rate risk, the City's investment policy limits the portfolio to a maximum weighted average maturity of eighteen months. In addition, no more than 50% of the projected lowest cash balance may be invested in securities with a maturity range beyond two years. All other funds must be invested in less than three-year maturities and must meet the City's cash flow requirements. Investments with maturities greater than three years may be purchased only with the approval of the IAC.

Credit Risk

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

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The City's investments in United States Treasury and Agency Obligations have short-term credit ratings of P-1 / A-1+ / F1+, by Moody's Investor Services, Standard & Poor's, and Fitch Ratings respectively. The City's investments in United States Treasury and Agency Obligations have long-term credit ratings of Aaa / AA+ / AAA, by Moody's Investor Services, Standard & Poor's, and Fitch Ratings respectively. The City's investments in Corporate Debt Obligations have short-term or long-term credit ratings of A3 / A- / A- or better, by Moody's Investor Services, Standard & Poor's, and Fitch Ratings respectively. The City's investments in Municipal Debt Obligations have short-term credit ratings of A-1 / SP-1 / F1 or better, by Moody's Investor Services, Standard & Poor's, and Fitch Ratings respectively.

As of June 30, 2014, the LGIP was not rated.

Concentration of Credit Risk

Of the City's total investments as of June 30, 2014, 60% percent were United States Agency Debt Obligations or short-term investments. All other investments not explicitly guaranteed by the United States government were less than five percent (per issuer basis) of the City's total investments. The City's investment policy addresses credit risk concentration by limiting both the types and amounts of securities that may be held in the portfolio. These portfolio restrictions vary based upon the investment type and issuer. These restrictions as well as other information contained in the City's investment policy are located at:

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

B. Internal Balances and Transfers

The composition of internal balances is as follows:

Payable Fund	Receivable Fund	
	Nonmajor	
	Enterprise	
	Funds	Total
Liabilities		
Housing and Community Development Contract Fund	\$ 103,000	\$ 103,000
Governmental fund liabilities		<u>\$ 103,000</u>

As of June 30, 2014, the Housing and Community Development Fund owes the Enterprise Loans Fund \$103,000 for short-term Interfund loans for grant expenditures not yet reimbursed by the City of Portland and are repaid in the next accounting period.

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Interfund Transfers made during the year are outlined below.

Transfer out fund	Transfer In Fund					Total Transfers Out
	General Fund	North Macadam Urban Renewal Fund	Total Governmental Type Funds	Nonmajor Enterprise Funds	Total Business-Type Funds	
Governmental funds						
General Fund	\$ -	\$ -	\$ -	\$ 556,279	\$ 556,279	\$ 556,279
Total governmental funds	-	-	-	556,279	556,279	556,279
Business-type funds						
Business Management Fund	-	2,721,538	2,721,538	-	-	2,721,538
Nonmajor enterprise funds	61,768	-	61,768	-	-	61,768
Total Business-type funds	61,768	2,721,538	2,783,306	-	-	2,783,306
Total Transfers In	\$ 61,768	\$ 2,721,538	\$ 2,783,306	\$ 556,279	\$ 556,279	\$ 3,339,585

The \$2.7 million transfer was for the portion of the proceeds of a property sale that was owed to the North Macadam urban renewal fund. The \$61,768 transfer was the closure of a sub-fund of the Enterprise Loans fund, and the \$556,279 transfer was transfer of loan repayment proceeds.

C. Loans Receivable

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

Fund and Program	Maximum Term	Interest Rate	Gross Loans Receivable	Allowance And Discount
Major Funds:				
General Fund:				
Urban Development:				
Amortized loans	5 yrs	4%	\$ 540,399	\$ 27,020
Deferred payment loans	5 yrs	4%	40,129	20,065
Total Gross General Fund			580,528	47,085
Total Net General Fund				533,443
North Macadam Urban Renewal Fund:				
Urban Development:				
Amortized loans	3 yrs	4%	124,841	6,242
Total Gross North Macadam Urban Renewal Fund:			124,841	6,242
Total Net North Macadam Urban Renewal Fund:				118,599
River District Urban Renewal Fund:				
Urban Development:				
Amortized loans	17 yrs	1% to 7%	14,929,337	746,467
Deferred payment loans	14 yrs	0% to 5%	18,604,076	9,302,038
Total Gross River District Urban Renewal Fund			33,533,413	10,048,505
Total Net River District Urban Renewal Fund				23,484,908

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Fund and Program	Maximum Term	Interest Rate	Gross Loans Receivable	Allowance And Discount
Major Funds (continued)				
Convention Center Urban Renewal Fund:				
Urban Development:				
Deferred payment loans	15 yrs	2% to 3%	6,816,241	3,408,120
Amortized loans	15 yrs	1% to 7%	6,819,582	390,979
Cash flow loans	2 yrs	1% to 9%	2,960,654	2,812,622
Total Gross Convention Center Urban Renewal Fund			16,596,477	6,611,721
Total Net Convention Center Urban Renewal Fund				9,984,756
Lents Town Center Urban Renewal Fund:				
Urban Development:				
Deferred payment loans	19 yrs	0% to 3%	1,230,832	615,416
Amortized loans	9 yrs	3% to 6%	2,009,911	170,996
Total Gross Lents Town Center Urban Renewal Fund			3,240,743	786,412
Total Net Lents Town Center Urban Renewal Fund				2,454,331
Interstate Corridor Urban Renewal Fund:				
Urban Development:				
Amortized loans	7 yrs	0% to 6.75%	2,513,985	158,199
Deferred payment loans	7 yrs	0% to 2%	514,958	257,479
Total Gross Interstate Corridor Urban Renewal Fund			3,028,943	415,678
Total Net Interstate Corridor Urban Renewal Fund				2,613,265
Total Gross Major Funds			57,104,945	17,915,643
Total Net Major Funds				39,189,302
Other Governmental Funds:				
Other Federal Grants Fund (EDA):				
Urban Development:				
Amortized Loans	11 yrs	3% to 5.75%	1,026,107	51,305
Total Gross Other Federal Grants Fund			1,026,107	51,305
Total Net Other Federal Grants Fund				974,802
Downtown Waterfront Urban Renewal Fund:				
Urban Development:				
Amortized loans	12 yrs	1% to 5%	3,824,464	191,223
Deferred payment loans	4 yrs	1% to 3%	5,773,887	2,886,944
Total Gross Downtown Waterfront Urban Renewal Fund			9,598,351	3,078,167
Total Net Downtown Waterfront Urban Renewal Fund				6,520,184
South Park Blocks Urban Renewal Fund:				
Urban Development:				
Amortized loans	12 yrs	1% to 5%	1,959,208	97,960
Total Gross South Park Blocks Urban Renewal Fund			1,959,208	97,960
Total Net South Park Blocks Urban Renewal Fund				1,861,248

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Fund and Program	Maximum Term	Interest Rate	Gross Loans Receivable	Allowance And Discount
Major Funds (continued)				
Central Eastside Urban Renewal Fund:				
Urban Development:				
Cash flow loans	18 yrs	4%	1,180,755	1,121,717
Amortized loans	12 yrs	0% to 8.5%	3,326,592	213,330
Deferred payment loans	6 yrs	0% to 4.25%	792,640	396,320
Total Gross Central Eastside Urban Renewal Fund			5,299,987	1,731,367
Total Net Central Eastside Urban Renewal Fund				3,568,620
Gateway Regional Urban Renewal Fund				
Urban Development:				
Amortized loans	11 yrs	1% to 3%	228,672	11,434
Total Gross Gateway Regional Center Urban Renewal Fund			228,672	11,434
Total Net Gateway Regional Center Urban Renewal Fund				217,238
Airport Way Urban Renewal Fund:				
Urban Development:				
Amortized loans	15 yrs	2% to 8.5%	1,665,380	83,269
Deferred payment loans	2 yrs	2% to 8.5%	1,038,602	519,301
Total Gross Airport Way Urban Renewal Fund			2,703,982	602,570
Total Net Airport Way Urban Renewal Fund				2,101,412
Total Gross Other Governmental Funds			20,816,307	5,572,803
Total Net Other Governmental Funds				15,243,504
Total Gross Governmental Funds			77,921,252	23,488,446
Total Net Governmental Funds				54,432,806
Enterprise Loans Fund:				
Urban Development:				
Amortized loans	15 yrs	1% to 7%	820,377	41,019
Total Gross Enterprise Loans Fund			820,377	41,019
Total Net Enterprise Loans Fund				779,358
Total Gross All Funds			\$ 78,741,629	23,529,465
Total Net All Funds				\$ 55,212,164

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The combined loan portfolio is composed of the following:

<u>Organizational Unit and Program</u>	<u>Current Year Gross Loan Percentages</u>	<u>Gross Loans Receivable</u>	<u>Allowance And Discount</u>
Urban Development:			
Amortized loans	50.53%	\$ 39,788,855	\$ 2,189,443
Cash flow loans	5.26%	4,141,409	3,934,339
Deferred payment loans	44.21%	34,811,365	17,405,683
Urban development totals	<u>100.00%</u>	<u>78,741,629</u>	<u>23,529,465</u>
Total Gross Loans	100%	\$ <u>78,741,629</u>	<u>23,529,465</u>
Total Net Loans			\$ <u>55,212,164</u>
Summary Loans Receivable Aging:			
Current loans receivable, net		\$ 1,404,273	
Noncurrent loans receivable, net		<u>53,807,891</u>	
Total Net Loans		\$ <u>55,212,164</u>	

D. Restricted Net Position

Constraints placed on the use either by external parties such as creditors, grantors, and contributors, or laws and regulations of other governments, or legally restricted through provisions or enabling legislation are reported as restricted net position. As summarized below, the government-wide Statement of Net Position reports \$295,082,646 of restricted net position.

Restricted by:	
Enabling legislation:	
Urban renewal	\$ 288,955,754
Contributors:	
Public-private partnership agreement	<u>6,126,892</u>
	\$ <u>295,082,646</u>

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E. Property Held for Sale

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

Governmental Activities:	
General Fund	\$ 146,754
Housing and Community Development Contract Fund	251,456
North Macadam Urban Renewal Fund	6,550,041
River District Urban Renewal Fund	16,132,608
Convention Center Urban Renewal Fund	11,683,911
Lents Town Center	7,742,977
Interstate Corridor Urban Renewal Fund	6,868,322
Other Governmental Funds	23,993,933
Total Governmental Funds	\$ 73,370,002

F. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,802,391	\$ 2,700,000	\$ (6,508)	\$ 7,495,883
Capital assets, being depreciated or amortized:				
Buildings and improvements	2,707,441	3,152,814	-	5,860,255
Leasehold improvements	3,849,501	-	-	3,849,501
Vehicles and equipment	1,000,303	-	(84,444)	915,859
Intangible software	4,325,288	363,837	-	4,689,125
Total capital assets, being depreciated or amortized	11,882,533	3,516,651	(84,444)	15,314,740
Less accumulated depreciation or amortization for:				
Buildings and improvements	(1,353,714)	(54,148)	-	(1,407,862)
Leasehold improvements	(3,849,501)	-	-	(3,849,501)
Vehicles and equipment	(779,699)	(64,586)	72,527	(771,758)
Intangible software	(1,947,938)	(326,007)	-	(2,273,945)
Total accumulated depreciation or amortization	(7,930,852)	(444,741)	72,527	(8,303,066)
Total capital assets, being depreciated or amortized, net	3,951,681	3,071,910	(11,917)	7,011,674
Governmental activities capital assets, net	<u>\$ 8,754,072</u>	<u>\$ 5,771,910</u>	<u>\$ (18,425)</u>	<u>\$ 14,507,557</u>

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G. Operating Leases

As Lessee

PDC leases office space and land under operating leases. Rental expenditures amounted to approximately \$1,114,000. Future minimum lease payments under PDC's operating leases are as follows:

Fiscal Year Ending	minimum Lease Payments
2015	\$ 1,131,480
2016	1,165,416
2017	1,200,384
2018	1,236,396
2019	1,273,488
2020	1,311,684
	<u>\$ 7,318,848</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 \$108,800.

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 \$41,099,623. Rental revenue amounted to approximately \$8,079,900 for the fiscal year. The minimum future operating non-cancelable lease revenues are as follows:

Fiscal Year Ending	Minimum Revenue Total
2015	\$ 4,279,863
2016	681,087
2017	77,928
2018	65,038
2019	502
2020-2024	2,510
2025-2029	2,510
2030-2034	1,510
2035-2039	10
2040-2044	10
2045-2049	10
	<u>\$ 5,110,978</u>

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H. Changes in Long-term Liabilities

	Beginning Balance	Additions	Payments/ Reductions	Long-term Ending Balances	Due within One Year
Governmental activities					
Post employment benefits	\$ 729,471	\$ 14,692	\$ -	\$ 744,163	\$ -
Pollution Remediation	8,886,578	-	351,855	7,867,795	666,928
Replacement parking access	268,359	-	65,900	135,772	66,687
Replacement parking construction	3,226,366	129,055	-	3,355,421	-
Vacation accrual	585,140	553,495	636,891	395,046	106,698
	<u>\$ 13,695,914</u>	<u>\$ 697,242</u>	<u>\$ 1,054,646</u>	<u>\$ 12,498,197</u>	<u>\$ 840,313</u>

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

I. Amounts Due To and From the City of Portland

Due To the City of Portland consists principally of an amount related to property held for sale which was acquired via grant funds under the Community Development Block Grant program that PDC administered for the City of Portland and accounts payable for services provided by the City. Balances of Due to the City of Portland by fund as of June 30, 2014 follow.

	Property Held for Sale	Accounts Payable	Ending Balance
General Fund	\$ -	\$ 237,953	\$ 237,953
Housing and Community Development Contract Fund	251,456	-	251,456
North Macadam Urban Renewal Fund	-	182,112	182,112
River District Urban Renewal Fund	-	311,841	311,841
Convention Center Urban Renewal Fund	-	289,096	289,096
Lents Town Center Urban Renewal Fund	-	216,797	216,797
Interstate Corridor Urban Renewal Fund	-	460,510	460,510
Other governmental funds	-	69,337	69,337
Other business type funds	-	93,342	93,342
Total	<u>\$ 251,456</u>	<u>\$ 1,860,988</u>	<u>\$ 2,112,444</u>

Grant revenues under various grant programs and other inter-governmental agreements due from the City of Portland totaled \$3,723,796 at June 30, 2014.

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J. Revenue

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

	Loan Loss Adjustment	Land Sales	Reimbursement	Other	Total
General Fund	\$ 8,464	\$ -	\$ 93	\$ 247,305	\$ 255,862
North Macadam Urban Renewal Fund	1,642	859,230	55,653	16,933	933,458
River District Urban Renewal Fund	5,031	142,000	1,063,005	253,545	1,463,581
Convention Center Urban Renewal Fund	23,796	-	-	22,807	46,603
Lents Town Center Urban Renewal Fund	25,384	-	126,920	-	152,304
Interstate Urban Renewal Fund	452,065	-	50,312	-	502,377
Other governmental funds	1,019,392	5,472,325	170,311	157,402	6,819,430
	<u>\$ 1,535,774</u>	<u>\$ 6,473,555</u>	<u>\$ 1,466,294</u>	<u>\$ 697,992</u>	<u>\$ 10,173,615</u>

Three items of note in the other category above are \$253,545 in revenues from the Union Station property in the River District URA, \$200,000 in private grant monies to fund the workforce and microenterprise programs in the General Fund, and \$156,948 from the Ezone program.

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

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made by the employee or “picked-up” by the employer) go into the IAP portion of OPSRP. PERS plan members retain their existing PERS accounts, but any future member contributions will be deposited in the member’s IAP, not into the member’s PERS account.

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

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

Funding Policy

Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the Oregon Public Employees Retirement Board. Contributions made by PDC for the year ended June 30, 2014 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, 2013. In October 2013, the City was notified by the PERS actuarial firm that based on the most recent actuarial valuation the City’s contribution rate for the fiscal year was 9.34% for Tier 1 and Tier 2 members and 7.52% for OPSRP members.

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Annual Pension Cost

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

Other Supplementary Information

Schedule of Rates expressed as a percentage of covered payroll

	Fiscal Year					
	2012		2013		2014	
	PERS	OPSRP	PERS	OPSRP	PERS	OPSRP
PERS Defined Benefit Plan	9.30%	7.69%	9.30%	7.69%	9.34%	7.52%
Employee IAP*	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
	<u>15.30%</u>	<u>13.69%</u>	<u>15.30%</u>	<u>13.69%</u>	<u>15.34%</u>	<u>13.52%</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, 2012, 2013, and 2014 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

	2012	2013	2014
Covered Payroll	\$ 10,570,046	\$ 9,896,391	\$ 8,363,449
PERS Contributions*	1,435,201	1,437,123	1,122,584

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

Fiscal Year	
Ended	Amount
2012	\$ 499,262
2013	549,197
2014	590,536

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

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to current employees. GASB 45 is applicable to the PDC due only to the implicit rate subsidy. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

Funding Policy. In addition to the pension benefits described in Note IV.A., PDC provides post-retirement health care benefits in accordance with PDC Personnel Policy XIII. Employee Benefits. This PDC policy, in line with Oregon law, provides that retired employees and their dependents are eligible to participate in group insurance coverage at their own cost until age 65, or when they are otherwise eligible for Medicare. Eligibility is contingent on meeting the requirements to receive retirement benefits from PERS as discussed in the previous section. Dependents of a retired PDC Employee may participate in group coverage at the time of retirement; only so long as the retiree is covered by a PDC plan. As of June 30, 2014, PDC has 6 eligible post-retirement participants enrolled and paying the full cost of their premiums. In addition, PDC is paying the full cost of health premiums as a result of a retiree incentive for 4 eligible participants.

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.

	2014	2013	2012
Net OPEB Obligation at fiscal year beginning	\$ 729,471	\$ 679,030	\$ 638,271
Annual OPEB Cost/Annual Required Contribution (a)	155,944	172,305	164,427
Interest on net OPEB obligation (b)	25,531	27,161	25,531
Adjustment to the ARC (c)	<u>(87,712)</u>	<u>(46,146)</u>	<u>(43,376)</u>
Net annual OPEB cost (a + b + c)	93,763	153,320	146,582
Dollars contributed this FY (implicit benefit payments) (d)	<u>(79,071)</u>	<u>(102,879)</u>	<u>(105,823)</u>
Increase/Decrease in the Net OPEB Obligation during FY (a+b+c+d)	14,692	50,441	40,759
Net OPEB Obligation at fiscal year end	<u>\$ 744,163</u>	<u>\$ 729,471</u>	<u>\$ 679,030</u>
Percentage of Annual OPEB Cost paid	84.33%	67.10%	72.19%

Funding Status and Funding Progress. As of August 1, 2012, the actuarial accrued liability for benefits was \$756,942 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$756,942. The covered payroll (annual payroll of active employees covered by the plan) was \$8,363,449 for fiscal year 2014 and the ratio of the UAAL to the covered payroll was 9.1%. 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.

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Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

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

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

In addition, PDC contributes to Oregon Public Employees Retirement System's (OPERS) Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700 or on the internet at URL: http://oregon.gov/PERS/section/financial_reports/financials.shtml, or by calling 1-503-598-7377.

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

Participating local governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.49% for both Tier 1 and 2 accounts as well as for for OPSRP accounts of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. Amortized as a level percentage of payroll; UAL (10 year) amortization period is closed. An inflation rate of 2.75% is used for this agent multiple-employer postemployment benefit plan. Required and actual contributions are reported below:

Fiscal Year Ended June 30,	Annual Required Contribution	Actual Contribution
2014	\$ 41,046	\$ 41,046
2013	54,083	54,083
2012	57,323	57,323

C. Commitments

Contractual and other commitments for subsequent years' expenditures amounting to \$87,806,365 are included in the budgetary fund balances indicating tentative plans for utilization in future periods. In addition, PDC has contractual and other commitments relating to future expenditures for grant projects, grant funded loan commitments, and other business fund commitments aggregating \$6,630.

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Commitments for subsequent year's expenditures are as follows:

Fund Balance for:	Committed for Urban Renewal	Committed for contractual obligation	Total
Housing and Community Development Contract	\$ -	\$ 65,736	\$ 65,736
North Macadam Urban Renewal Area	1,939,494	-	1,939,494
River District Urban Renewal Area	49,258,181	-	49,258,181
Convention Center Urban Renewal Area	12,461,058	-	12,461,058
Lents Town Center Urban Renewal Area	3,930,697	-	3,930,697
Interstate Corridor Urban Renewal Area	13,490,487	-	13,490,487
Other governmental funds	6,387,429	273,283	6,660,712
Total	<u>\$ 87,467,346</u>	<u>\$ 339,019</u>	<u>\$ 87,806,365</u>

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

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

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

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

The bonds are collateralized solely by the specific project and payments are made by the developers. The bonds shall not be payable from or a charge against any other funds or assets, nor shall the City or PDC be subject to any liability thereon. No holder or holders of the bonds shall ever have the right to compel any exercise of the taxing power of the City to pay the bonds or the interest thereon, nor to enforce payment thereof against any property of the City or PDC except the specific project. Upon completion of the repayment of the debt by the developer, the assets constructed become the property of the developer. At June 30, 2014, the total of the City's conduit debt outstanding as related to PDC development projects is \$45,740,000. In addition, PDC has participated in a contingent loan agreement with Home Forward with a remaining amount due at

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June 30, 2014 of \$4,940,000. These amount may differ from actual amounts reported in the City CAFR because not all conduit debt issued by the City is related to PDC projects.

E. Contingencies

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

Contingent Liability

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

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

The final agreement ("Basement Use Agreement") requires the owner of the property to pay the cost of replacement parking during any period in which some or all of the basement parking is not accessible for use. This replacement parking payment obligation commences one year after the earlier of demolition of the existing building or the date when the basement parking otherwise becomes inaccessible. The existing building on the property was demolished in January 2007, making the parking inaccessible, and triggering the payment for replacement parking beginning in January 2008. This obligation passed to PDC with the purchase of the land.

The Downtown Waterfront Urban Renewal Area issued its remaining maximum indebtedness in April 2008 and is anticipated to wind down its operations over the next five years. The subject property is included in PDC's Strategic Real Estate Disposition Plan as being disposed of within the next five years. The remaining resources of the URA have been budgeted toward investment

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in entrepreneurship and cluster industry job growth in the Old Town / Chinatown Creative Corridor and neighborhood enhancement through the redevelopment of underutilized blocks in Old Town / Chinatown. If PDC were intent on holding the property and not developing the site, the liability is estimated to be approximately \$9,271,975 for the first lease term, PDC does not see this as a probable outcome. Given the plans for the URA, the Strategic Real Estate Disposition Plan, and the re-focus on economic development, PDC has concluded three possible options for minimizing the liability to occur within these five years;

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

It is more than likely that the property will be disposed of within the five years included in the long term liability section of these notes. Should a disposition not occur in a reasonable amount of time within the five year period, PDC would construct the replacement parking before the end of the period to relieve the obligation. Based on current construction costs estimate indexed at 4.0% compounding, the liability for replacement parking is estimated at \$3,355,421.

F. Risk Management

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

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

PDC is covered by Glatfelters American Alternative Insurance for: a commercial general liability policy in the amount of \$1,000,000 per occurrence, \$3,000,000 aggregate and an additional \$5,000,000 excess liability policy subject to \$5,000 deductible for each wrongful act or occurrence; public officials errors and omission coverage in the amount of \$1,000,000 with a \$3,000,000 aggregate and a deductible of \$5,000 per claim.; a blanket property policy through Lloyd's of London for \$100,000,000. Umbrella policy provides an additional \$8,000,000 under the excess liability umbrella policy. A separate policy provides coverage for faithful performance (employee dishonesty) through Hartford Insurance in the amount of \$300,000, providing protection from losses from forgery, alteration, theft, and disappearance. Employment practices liability coverage

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June 30, 2014

is provided through Zurich American Insurance in the amount of \$3,000,000 per claim with a \$150,000 deductible per claim. PDC has an aggressive risk management policy of transferring liability to contractors, lessees, event sponsors, and other entities through specific indemnification and insurance requirements in all contracts and agreements. PDC has been successful in resolving claims and has not suffered any significant losses over the past year. In addition, there have been minimal reductions in insurance coverage and no insurance settlements have exceeded insurance coverage limits in any of the past eight fiscal years.

The Internal Service Fund has equity of \$252,404 to meet insurance policy deductible amounts and other amounts not fully reimbursed from insurance proceeds, as necessary. Of this amount, \$218,835 is an insurance deductible reserve as required by the Rivers East LLC Rent Abatement Agreement.

Environmental Risk

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

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

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

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

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During the fiscal year, PDC recognized estimated revenue which decreased the liability by \$351,855. At June 30, 2014, PDC had a total outstanding pollution remediation liability of \$8,534,723. The estimated current portion is \$666,928.

Portland Harbor Superfund

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

G. Related Party Transactions

Portland Family of Funds Holdings, Inc.

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

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

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

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

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

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

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

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

- Former PDC Commissioner serves as Chief Executive Officer and President as well as PFF Board Chair
- Former PDC Executive Director serves on the PFF Board
- Former PDC Commission Chair also serves on the PFF Board
- Former PDC Project Specialist is a PFF staff member

Other

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

H. Reviews by Grantor Agencies

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

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June 30, 2014

I. Special Item

With an effort that began in 2002 PDC completed a transaction with the United States National Park Service through the General Service Administration (GSA) for the transfer of ownership of the property located at 511 NW Broadway. This transfer was made at no cost to PDC via a Historical Monument Transfer program designed to encourage the preservation of surplus historic structures. The purpose of the acquisition was to provide property for a long-term lease to the Pacific Northwest College of Art (PNCA) for renovation and relocation of their main campus. PNCA is an independent college providing professional education in the visual arts and granting Bachelor of Fine Arts and Master of Fine Arts degrees in a variety of artistic medium. PNCA's lease has a 99 year term with an option to renew for another 99 years. The rent is \$1 per year. PNCA covered all the financial costs associated with the transfer of ownership as well as all costs associated with the ownership, including a broad indemnity to protect PDC from any unforeseen liability. In the event PNCA vacates the property, PDC may lease the property to another party and retain the revenue for other PDC programs. PDC may also return the property to the GSA. If the GSA declines the offer, PDC may offer the property for sale and retain the proceeds.

J. Subsequent Events

Portland New Market Fund – Armory loans

In two separate actions, the Board of Commissioners amended the loans extended on the Armory restoration project. The first accepted an offered settlement on the \$2,600,000 loan in the amount of \$1,250,000. The second converted the \$2,000,000 loan to a grant for community contribution as was originally intended at the projects inception.

Sage Hospitality – The Nines

In April, a resolution was passed by the Board of Commissioners authorizing the sale of the loans made to renovate the Meier & Frank Building in the River District Urban Renewal Area for an aggregate amount of \$11,500,000. PDC provided three loans to Urban Heritage Portland Hotel, LLC and one loan to Portland Hotel Fund, LLC to assist in project financing in the original amount of \$16,925,000. A third-party loan valuator determined the current market value to be between \$9,000,000 and \$9,600,000. Funds were received and the sale finalized in July 2014.

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
8/1/08	\$ -	\$ 1,176,724	\$ 1,176,724	0.0%	\$ 14,305,934	8.2%
8/1/10	-	1,082,727	1,082,727	0.0%	12,845,833	8.4%
8/1/12	-	756,942	756,942	0.0%	8,363,449	9.1%

Supplementary Data

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



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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, 2014**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash with City of Portland investment pool	\$ 3,281,807	\$ 49,676,874	\$ 52,958,681
Cash with fiscal agent	712,812	-	712,812
Receivables:			
Due from City of Portland	121,659	7,612	129,271
Accounts	20,791	42,361	63,152
Loans, net	974,802	14,268,702	15,243,504
Interest	4,681	71,275	75,956
Property held for sale	-	23,993,933	23,993,933
Total assets	\$ 5,116,552	\$ 88,060,757	\$ 93,177,309
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 14,966	\$ 118,992	\$ 133,958
Due to City of Portland	-	69,337	69,337
Due to other entities	-	5,185	5,185
Total liabilities	14,966	193,514	208,480
Fund balances:			
Restricted			
Loans receivable	974,802	14,268,702	15,243,504
Property held for sale	-	23,993,933	23,993,933
Urban renewal	-	49,604,608	49,604,608
Contractual obligations	4,126,784	-	4,126,784
Total fund balances	5,101,586	87,867,243	92,968,829
Total liabilities and fund balances	\$ 5,116,552	\$ 88,060,757	\$ 93,177,309

**PORTLAND DEVELOPMENT COMMISSION
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**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenues	\$ 382,862	\$ -	\$ 382,862
Charges for services	119,853	472,579	592,432
Loan interest collections	50,139	604,716	654,855
Interest on investments	16,529	218,380	234,909
Miscellaneous	330,760	6,488,670	6,819,430
Tax-increment debt proceeds (in lieu of tax-increment revenue)	<u>-</u>	<u>8,694,592</u>	<u>8,694,592</u>
Total revenues	<u>900,143</u>	<u>16,478,937</u>	<u>17,379,080</u>
EXPENDITURES			
Current:			
Community development	798,277	6,177,477	6,975,754
Capital expenditures for urban renewal	-	5,322,042	5,322,042
Financial assistance	<u>40,000</u>	<u>2,437,719</u>	<u>2,477,719</u>
Total expenditures	<u>838,277</u>	<u>13,937,238</u>	<u>14,775,515</u>
Excess (deficiency) of revenues over expenditures	<u>61,866</u>	<u>2,541,699</u>	<u>2,603,565</u>
Net change in fund balances	<u>61,866</u>	<u>2,541,699</u>	<u>2,603,565</u>
FUND BALANCES - July 1, 2013	<u>5,039,720</u>	<u>85,325,544</u>	<u>90,365,264</u>
FUND BALANCES - June 30, 2014	<u>\$ 5,101,586</u>	<u>\$ 87,867,243</u>	<u>\$ 92,968,829</u>

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2014**

	Other Federal Grants Fund	Ambassador Program Fund	Enterprise Zone Fund	Total
ASSETS				
Cash with City of Portland investment pool	\$ 438,350	\$ 33,576	\$ 2,809,881	\$ 3,281,807
Cash with fiscal agent	712,812	-	-	712,812
Receivables:				
Due from City of Portland	121,659	-	-	121,659
Accounts	20,791	-	-	20,791
Loans receivable, net	974,802	-	-	974,802
Interest	701	51	3,929	4,681
Total assets	\$ 2,269,115	\$ 33,627	\$ 2,813,810	\$ 5,116,552
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 14,966	\$ -	\$ -	\$ 14,966
Total liabilities	14,966	-	-	14,966
Fund balances:				
Restricted				
Loans receivable	974,802	-	-	974,802
Contractual obligations	1,279,347	33,627	2,813,810	4,126,784
Total fund balances	2,254,149	33,627	2,813,810	5,101,586
Total liabilities and fund balances	\$ 2,269,115	\$ 33,627	\$ 2,813,810	\$ 5,116,552

**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, 2014**

	Other Federal Grants Fund	Ambassador Program Fund	Enterprise Zone Fund	Total
REVENUES				
Intergovernmental revenues	\$ 382,862	\$ -	\$ -	\$ 382,862
Charges for services	8,488	-	111,365	119,853
Loan collections	50,139	-	-	50,139
Interest on investments	3,869	160	12,500	16,529
Miscellaneous	<u>170,812</u>	<u>3,000</u>	<u>156,948</u>	<u>330,760</u>
Total revenues	<u>616,170</u>	<u>3,160</u>	<u>280,813</u>	<u>900,143</u>
EXPENDITURES				
Current:				
Community development	599,099	728	198,450	798,277
Financial assistance	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>
Total expenditures	<u>599,099</u>	<u>728</u>	<u>238,450</u>	<u>838,277</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,071</u>	<u>2,432</u>	<u>42,363</u>	<u>61,866</u>
Net change in fund balances	17,071	2,432	42,363	61,866
FUND BALANCES - July 1, 2013	<u>2,237,078</u>	<u>31,195</u>	<u>2,771,447</u>	<u>5,039,720</u>
FUND BALANCES - June 30, 2014	<u>\$ 2,254,149</u>	<u>\$ 33,627</u>	<u>\$ 2,813,810</u>	<u>\$ 5,101,586</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, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental revenue:				
Federal grants	\$ 1,020,920	\$ 904,510	\$ 382,862	\$ (521,648)
Charges for services:				
Application fees and charges	-	2,000	8,488	6,488
Loan Collections:				
Principal	287,520	465,000	496,613	31,613
Interest	46,218	40,000	50,139	10,139
Interest on investments	5,000	3,000	3,869	869
Miscellaneous:				
Reimbursements	-	115,000	148,534	33,534
Total revenues	<u>1,359,658</u>	<u>1,529,510</u>	<u>1,090,505</u>	<u>(439,005)</u>
EXPENDITURES				
Current:				
Community development:				
Business development	<u>1,648,801</u>	<u>1,647,391</u>	<u>598,733</u>	<u>1,048,658</u>
Total Community development	<u>1,648,801</u>	<u>1,647,391</u>	<u>598,733</u>	<u>1,048,658</u>
Contingency	<u>400,658</u>	<u>667,570</u>	<u>-</u>	<u>667,570</u>
Total expenditures	<u>2,049,459</u>	<u>2,314,961</u>	<u>598,733</u>	<u>1,716,228</u>
Excess (deficiency) of revenues over expenditures	<u>(689,801)</u>	<u>(785,451)</u>	<u>491,772</u>	<u>1,277,223</u>
OTHER FINANCING USES				
Internal service reimbursements	<u>(56,123)</u>	<u>(56,123)</u>	<u>(51,417)</u>	<u>4,706</u>
Total other financing uses	<u>(56,123)</u>	<u>(56,123)</u>	<u>(51,417)</u>	<u>4,706</u>
Net change in fund balance	<u>(745,924)</u>	<u>(841,574)</u>	<u>440,355</u>	<u>1,281,929</u>
FUND BALANCE - July 1, 2013	<u>745,924</u>	<u>841,574</u>	<u>838,992</u>	<u>(2,582)</u>
FUND BALANCE - June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>1,279,347</u>	<u>\$ 1,279,347</u>
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			<u>974,802</u>	
FUND BALANCE - June 30, 2014 (GAAP BASIS)			<u>\$ 2,254,149</u>	

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

**AMBASSADOR PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ -	\$ 100	\$ 160	\$ 60
Miscellaneous:				
Reimbursements	-	-	3,000	3,000
Other	-	5,000	-	(5,000)
Total revenues	-	5,100	3,160	(1,940)
EXPENDITURES				
Current:				
Community development:				
Business development	26,060	35,554	50	35,504
Total Community development	26,060	35,554	50	35,504
Total expenditures	26,060	35,554	50	35,504
Excess (deficiency) of revenues over expenditures	(26,060)	(30,454)	3,110	33,564
OTHER FINANCING USES				
Internal service reimbursements	(740)	(740)	(678)	62
Total other financing uses	(740)	(740)	(678)	62
Net change in fund balance	(26,800)	(31,194)	2,432	33,626
FUND BALANCE - July 1, 2013	26,800	31,194	31,195	1
FUND BALANCE - June 30, 2014	\$ -	\$ -	\$ 33,627	\$ 33,627

**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, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ 28,000	\$ 150,000	\$ 111,365	\$ (38,635)
Interest on investments	11,500	8,000	12,500	4,500
Miscellaneous:				
Other	1,104,900	280,000	156,948	(123,052)
Total revenues	1,144,400	438,000	280,813	(157,187)
EXPENDITURES				
Current:				
Community development:				
Business development	924,118	523,000	238,450	284,550
Total Community development	924,118	523,000	238,450	284,550
Contingency	1,836,927	2,186,448	-	2,186,448
Total expenditures	2,761,045	2,709,448	238,450	2,470,998
Excess (deficiency) of revenues over expenditures	(1,616,645)	(2,271,448)	42,363	2,313,811
OTHER FINANCING USES				
Internal service reimbursements	(38,311)	-	-	-
Transfers out-				
General Fund	-	(500,000)	-	500,000
Total transfers out	-	(500,000)	-	500,000
Total other financing uses	(38,311)	(500,000)	-	500,000
Net change in fund balance	(1,654,956)	(2,771,448)	42,363	2,813,811
FUND BALANCE - July 1, 2013	1,654,956	2,771,448	2,771,447	(1)
FUND BALANCE - June 30, 2014	\$ -	\$ -	\$ 2,813,810	\$ 2,813,810

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

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2014**

	Neighborhood Prosperity Initiative Urban Renewal Fund	Downtown Waterfront Urban Renewal Fund	South Park Blocks Urban Renewal Fund	Central Eastside Urban Renewal Fund
ASSETS				
Cash with City of Portland investment pool	\$ 128,000	\$ 14,400,879	\$ 7,978,061	\$ 10,895,379
Receivables:				
Due from City of Portland	-	-	-	2,100
Accounts	-	21,629	3,015	17,717
Loans, net	-	6,520,184	1,861,248	3,568,620
Interest	-	21,100	11,936	14,213
Property held for sale	-	5,262,768	3,459,855	1,019,346
Total assets	\$ 128,000	\$ 26,226,560	\$ 13,314,115	\$ 15,517,375
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 12,379	\$ -	\$ 58,270
Due to City of Portland	-	9,313	7,386	15,598
Due to other entities	-	5,185	-	-
Total liabilities	-	26,877	7,386	73,868
Fund balances:				
Restricted				
Loans receivable	-	6,520,184	1,861,248	3,568,620
Property held for sale	-	5,262,768	3,459,855	1,019,346
Urban renewal	128,000	14,416,731	7,985,626	10,855,541
Total fund balances	128,000	26,199,683	13,306,729	15,443,507
Total liabilities and fund balances	\$ 128,000	\$ 26,226,560	\$ 13,314,115	\$ 15,517,375

Gateway Regional Urban Renewal Fund	Airport Way Urban Renewal Fund	Willamette Industrial Urban Renewal Fund	Education District Urban Renewal Fund	Total
\$ 6,408,190	\$ 5,045,502	\$ 3,995,197	\$ 825,666	\$ 49,676,874
5,512	-	-	-	7,612
-	-	-	-	42,361
217,238	2,101,412	-	-	14,268,702
9,763	7,636	5,699	928	71,275
<u>4,068,519</u>	<u>10,183,445</u>	<u>-</u>	<u>-</u>	<u>23,993,933</u>
<u>\$ 10,709,222</u>	<u>\$ 17,337,995</u>	<u>\$ 4,000,896</u>	<u>\$ 826,594</u>	<u>\$ 88,060,757</u>
\$ 29,002	\$ 18,888	\$ -	\$ 453	\$ 118,992
6,801	624	139	29,476	69,337
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,185</u>
<u>35,803</u>	<u>19,512</u>	<u>139</u>	<u>29,929</u>	<u>193,514</u>
217,238	2,101,412	-	-	14,268,702
4,068,519	10,183,445	-	-	23,993,933
<u>6,387,662</u>	<u>5,033,626</u>	<u>4,000,757</u>	<u>796,665</u>	<u>49,604,608</u>
<u>10,673,419</u>	<u>17,318,483</u>	<u>4,000,757</u>	<u>796,665</u>	<u>87,867,243</u>
<u>\$ 10,709,222</u>	<u>\$ 17,337,995</u>	<u>\$ 4,000,896</u>	<u>\$ 826,594</u>	<u>\$ 88,060,757</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2014

	Neighborhood Prosperity Initiative Urban Renewal Fund	Downtown Waterfront Urban Renewal Fund	South Park Blocks Urban Renewal Fund	Central Eastside Urban Renewal Fund
REVENUES				
Charges for services	\$ -	\$ 269,766	\$ 39,301	\$ 157,522
Loan collections	-	276,339	52,001	227,989
Interest on investments	-	70,224	43,225	35,326
Miscellaneous	-	68,627	5,475	4,776,174
Tax-increment debt proceeds (in lieu of tax-increment revenue)	<u>178,000</u>	<u>-</u>	<u>-</u>	<u>2,998,800</u>
Total revenues	<u>178,000</u>	<u>684,956</u>	<u>140,002</u>	<u>8,195,811</u>
EXPENDITURES				
Current:				
Community development	-	861,572	1,536,949	1,161,041
Capital expenditures for urban renewal	-	67,499	2,149	3,117,556
Financial assistance	<u>50,000</u>	<u>119,419</u>	<u>35,909</u>	<u>2,156,698</u>
Total expenditures	<u>50,000</u>	<u>1,048,490</u>	<u>1,575,007</u>	<u>6,435,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>128,000</u>	<u>(363,534)</u>	<u>(1,435,005)</u>	<u>1,760,516</u>
Net change in fund balances	128,000	(363,534)	(1,435,005)	1,760,516
FUND BALANCES - July 1, 2013	<u>-</u>	<u>26,563,217</u>	<u>14,741,734</u>	<u>13,682,991</u>
FUND BALANCES - June 30, 2014	<u>\$ 128,000</u>	<u>\$ 26,199,683</u>	<u>\$ 13,306,729</u>	<u>\$ 15,443,507</u>

Gateway Regional Urban Renewal Fund	Airport Way Urban Renewal Fund	Willamette Industrial Urban Renewal Fund	Education Urban Renewal Fund	Total
\$ 5,842	\$ 148	\$ -	\$ -	\$ 472,579
4,932	43,455	-	-	604,716
26,051	24,949	17,168	1,437	218,380
401	1,637,993	-	-	6,488,670
<u>3,498,600</u>	<u>-</u>	<u>999,600</u>	<u>1,019,592</u>	<u>8,694,592</u>
<u>3,535,826</u>	<u>1,706,545</u>	<u>1,016,768</u>	<u>1,021,029</u>	<u>16,478,937</u>
1,871,897	430,147	185,294	130,577	6,177,477
62,409	1,978,642	-	93,787	5,322,042
75,693	-	-	-	2,437,719
<u>2,009,999</u>	<u>2,408,789</u>	<u>185,294</u>	<u>224,364</u>	<u>13,937,238</u>
<u>1,525,827</u>	<u>(702,244)</u>	<u>831,474</u>	<u>796,665</u>	<u>2,541,699</u>
1,525,827	(702,244)	831,474	796,665	2,541,699
<u>9,147,592</u>	<u>18,020,727</u>	<u>3,169,283</u>	<u>-</u>	<u>85,325,544</u>
<u>\$ 10,673,419</u>	<u>\$ 17,318,483</u>	<u>\$ 4,000,757</u>	<u>\$ 796,665</u>	<u>\$ 87,867,243</u>

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

**NEIGHBORHOOD PROSPERITY INITIATIVE URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Miscellaneous:				
Private grants and donations	\$ 120,000	\$ 60,000	\$ -	\$ (60,000)
Tax-increment debt proceeds (in lieu of tax-increment revenue)	396,077	179,487	178,000	(1,487)
Total revenues	516,077	239,487	178,000	(61,487)
EXPENDITURES				
Current:				
Business development	496,795	239,487	50,000	189,487
Total Community development	496,795	239,487	50,000	189,487
Contingency	19,282	-	-	-
Total expenditures	516,077	239,487	50,000	189,487
Excess (deficiency) of revenues over expenditures	-	-	128,000	128,000
FUND BALANCE - July 1, 2013	-	-	-	-
FUND BALANCE - June 30, 2014	\$ -	\$ -	\$ 128,000	\$ 128,000

**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, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ 4,267	\$ 8,564	\$ 4,297
Rental income	72,000	253,200	261,202	8,002
Loan Collections:				
Principal	416,203	416,203	896,379	480,176
Interest	79,277	79,277	276,339	197,062
Interest on investments	90,000	63,000	70,224	7,224
Miscellaneous:				
Reimbursements	-	15,200	14,998	(202)
Sale of real property	4,952,000	75,000	37,000	(38,000)
Other	-	-	436	436
Total revenues	5,609,480	906,147	1,565,142	658,995
EXPENDITURES				
Current:				
Community development:				
Housing	517,400	-	-	-
Business development	532,670	182,670	26,032	156,638
Property redevelopment	7,679,972	2,995,909	460,118	2,535,791
Administration	22,262	22,262	8,404	13,858
Total Community development	8,752,304	3,200,841	494,554	2,706,287
Contingency	9,087,639	10,998,336	-	10,998,336
Total expenditures	17,839,943	14,199,177	494,554	13,704,623
Excess (deficiency) of revenues over expenditures	(12,230,463)	(13,293,030)	1,070,588	14,363,618
OTHER FINANCING USES				
Internal service reimbursements	(633,446)	(633,446)	(580,334)	53,112
Total other financing uses	(633,446)	(633,446)	(580,334)	53,112
Net change in fund balance	(12,863,909)	(13,926,476)	490,254	14,416,730
FUND BALANCE - July 1, 2013	12,863,909	13,926,476	13,926,477	1
FUND BALANCE - June 30, 2014	\$ -	\$ -	14,416,731	\$ 14,416,731
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			6,520,184	
Property held for sale			5,262,768	
FUND BALANCE - June 30, 2014 (GAAP BASIS)			\$ 26,199,683	

**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, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Rental income	\$ 1,151,173	\$ 1,077,173	\$ 1,276,957	\$ 199,784
Contractual service charges	333,397	393,397	333,397	(60,000)
Loan Collections:				
Principal	26,149	26,149	32,845	6,696
Interest	4,981	4,981	6,067	1,086
Interest on investments	10,000	65,652	14,387	(51,265)
Miscellaneous:				
Reimbursements	-	-	55,652	55,652
Sale of real property	859,230	859,230	859,230	-
Other	-	-	16,933	16,933
Tax-increment debt proceeds (in lieu of tax-increment revenue)	5,040,192	5,000,000	5,827,668	827,668
Total revenues	<u>7,425,122</u>	<u>7,426,582</u>	<u>8,423,136</u>	<u>996,554</u>
EXPENDITURES				
Current:				
Community development:				
Housing	1,609,300	893,984	859,905	34,079
Business development	559,312	559,312	1,454	557,858
Property redevelopment	966,179	956,596	240,279	716,317
Infrastructure	3,902,615	4,503,467	4,252,651	250,816
Administration	34,262	27,262	14,211	13,051
Total Community development	<u>7,071,668</u>	<u>6,940,621</u>	<u>5,368,500</u>	<u>1,572,121</u>
Contingency	<u>269,322</u>	<u>4,158,942</u>	<u>-</u>	<u>4,158,942</u>
Total expenditures	<u>7,340,990</u>	<u>11,099,563</u>	<u>5,368,500</u>	<u>5,731,063</u>
Excess (deficiency) of revenues over expenditures	<u>84,132</u>	<u>(3,672,981)</u>	<u>3,054,636</u>	<u>6,727,617</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Business Management Fund	<u>-</u>	<u>2,721,538</u>	<u>2,721,538</u>	<u>-</u>
Total transfers in	<u>-</u>	<u>2,721,538</u>	<u>2,721,538</u>	<u>-</u>
Internal service reimbursements	<u>(1,209,643)</u>	<u>(1,209,643)</u>	<u>(1,108,219)</u>	<u>101,424</u>
Total other financing sources (uses)	<u>(1,209,643)</u>	<u>1,511,895</u>	<u>1,613,319</u>	<u>101,424</u>
Net change in fund balance	<u>(1,125,511)</u>	<u>(2,161,086)</u>	<u>4,667,955</u>	<u>6,829,041</u>
FUND BALANCE - July 1, 2013	<u>1,125,511</u>	<u>2,161,086</u>	<u>2,161,083</u>	<u>(3)</u>
FUND BALANCE - June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>6,829,038</u>	<u>\$ 6,829,038</u>
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			118,599	
Property held for sale			<u>6,550,041</u>	
FUND BALANCE - June 30, 2014 (GAAP BASIS)			<u>\$ 13,497,678</u>	

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

**RIVER DISTRICT URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental revenue:				
Federal grants	\$ 1,800,000	\$ 1,790,946	\$ -	\$ (1,790,946)
Charges for services:				
Application fees and charges	-	23,000	425,937	402,937
Rental income	698,127	3,225,147	3,495,678	270,531
Loan Collections:				
Principal	2,468,055	2,468,055	186,039	(2,282,016)
Interest	431,509	431,509	86,466	(345,043)
Interest on investments	400,000	200,000	228,884	28,884
Miscellaneous:				
Reimbursements	-	1,030,000	1,063,005	33,005
Sale of real property	-	142,000	142,000	-
Other	-	-	253,545	253,545
Tax-increment debt proceeds (in lieu of tax-increment revenue)	20,003,036	25,000,000	25,044,978	44,978
Total revenues	25,800,727	34,310,657	30,926,532	(3,384,125)
EXPENDITURES				
Current:				
Community development:				
Housing	6,701,777	928,468	807,405	121,063
Business development	1,072,255	1,072,781	209,764	863,017
Property redevelopment	33,546,577	39,744,699	14,370,718	25,373,981
Infrastructure	4,469,645	2,549,319	750,941	1,798,378
Administration	64,262	66,262	53,689	12,573
Total Community development	45,854,516	44,361,529	16,192,517	28,169,012
Contingency	3,440,302	24,128,634	-	24,128,634
Total expenditures	49,294,818	68,490,163	16,192,517	52,297,646
Excess (deficiency) of revenues over expenditures	(23,494,091)	(34,179,506)	14,734,015	48,913,521
OTHER FINANCING USES				
Internal service reimbursements	(4,110,646)	(4,110,646)	(3,765,984)	344,662
Total other financing uses	(4,110,646)	(4,110,646)	(3,765,984)	344,662
Net change in fund balance	(27,604,737)	(38,290,152)	10,968,031	49,258,183
FUND BALANCE - July 1, 2013	27,604,737	38,290,152	38,290,150	(2)
FUND BALANCE - June 30, 2014	\$ -	\$ -	49,258,181	\$ 49,258,181
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			23,484,908	
Property held for sale			16,132,608	
FUND BALANCE - June 30, 2014 (GAAP BASIS)			\$ 88,875,697	

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, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ 209	\$ 301	\$ 92
Rental income	9,000	36,000	39,000	3,000
Loan Collections:				
Principal	62,994	62,994	109,196	46,202
Interest	60,523	60,523	52,001	(8,522)
Interest on investments	10,000	66,000	43,225	(22,775)
Miscellaneous:				
Sale of real property	-	747,045	-	(747,045)
Other	-	-	15	15
Total revenues	<u>142,517</u>	<u>972,771</u>	<u>243,738</u>	<u>(729,033)</u>
EXPENDITURES				
Current:				
Community development:				
Housing	477,886	1,642,772	1,333,373	309,399
Business development	224,264	224,264	320	223,944
Property redevelopment	778,271	733,583	81,046	652,537
Infrastructure	112,612	162,499	9,610	152,889
Administration	6,095	14,095	11,435	2,660
Total Community development	<u>1,599,128</u>	<u>2,777,213</u>	<u>1,435,784</u>	<u>1,341,429</u>
Contingency	<u>4,013,897</u>	<u>6,613,444</u>	<u>-</u>	<u>6,613,444</u>
Total expenditures	<u>5,613,025</u>	<u>9,390,657</u>	<u>1,435,784</u>	<u>7,954,873</u>
Excess (deficiency) of revenues over expenditures	<u>(5,470,508)</u>	<u>(8,417,886)</u>	<u>(1,192,046)</u>	<u>7,225,840</u>
OTHER FINANCING USES				
Internal service reimbursements	(151,965)	(151,965)	(139,223)	12,742
Transfers out-				
General Fund	<u>-</u>	<u>(747,045)</u>	<u>-</u>	<u>747,045</u>
Total other financing uses	<u>(151,965)</u>	<u>(899,010)</u>	<u>(139,223)</u>	<u>759,787</u>
Net change in fund balance	(5,622,473)	(9,316,896)	(1,331,269)	7,985,627
FUND BALANCE - July 1, 2013	<u>5,622,473</u>	<u>9,316,896</u>	<u>9,316,895</u>	<u>(1)</u>
FUND BALANCE - June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>7,985,626</u>	<u>\$ 7,985,626</u>
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			1,861,248	
Property held for sale			<u>3,459,855</u>	
FUND BALANCE - June 30, 2014 (GAAP BASIS)			<u>\$ 13,306,729</u>	

**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, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ 3,114	\$ 8,184	\$ 5,070
Rental income	1,116,803	1,159,531	1,378,892	219,361
Loan Collections:				
Principal	1,052,111	1,052,111	216,928	(835,183)
Interest	200,402	200,402	279,756	79,354
Interest on investments	50,000	292,000	211,612	(80,388)
Miscellaneous:				
Other	-	-	22,807	22,807
Tax-increment debt proceeds (in lieu of tax-increment revenue)	-	-	21,036	21,036
Total revenues	<u>2,419,316</u>	<u>2,707,158</u>	<u>2,139,215</u>	<u>(567,943)</u>
EXPENDITURES				
Current:				
Community development:				
Housing	13,415,305	1,001,885	669,548	332,337
Business development	343,023	343,023	15,582	327,441
Property redevelopment	27,798,662	2,773,673	1,962,003	811,670
Infrastructure	108,228	150,068	4,839	145,229
Administration	44,306	24,262	9,001	15,261
Total Community development	<u>41,709,524</u>	<u>4,292,911</u>	<u>2,660,973</u>	<u>1,631,938</u>
Contingency	<u>70,295</u>	<u>40,036,187</u>	<u>-</u>	<u>40,036,187</u>
Total expenditures	<u>41,779,819</u>	<u>44,329,098</u>	<u>2,660,973</u>	<u>41,668,125</u>
Excess (deficiency) of revenues over expenditures	<u>(39,360,503)</u>	<u>(41,621,940)</u>	<u>(521,758)</u>	<u>41,100,182</u>
OTHER FINANCING USES				
Internal service reimbursements	<u>(1,602,361)</u>	<u>(1,602,361)</u>	<u>(1,468,008)</u>	<u>134,353</u>
Total other financing uses	<u>(1,602,361)</u>	<u>(1,602,361)</u>	<u>(1,468,008)</u>	<u>134,353</u>
Net change in fund balance	(40,962,864)	(43,224,301)	(1,989,766)	41,234,535
FUND BALANCE - July 1, 2013	<u>40,962,864</u>	<u>43,224,301</u>	<u>43,224,301</u>	<u>-</u>
FUND BALANCE - June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>41,234,535</u>	<u>\$ 41,234,535</u>
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			9,984,756	
Property held for sale			<u>11,683,911</u>	
FUND BALANCE - June 30, 2014 (GAAP BASIS)			<u>\$ 62,903,202</u>	

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

**CENTRAL EASTSIDE URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ 7,332	\$ 4,668	\$ (2,664)
Rental income	6,000	183,000	130,854	(52,146)
Contractual service charges	-	-	22,000	22,000
Loan Collections:				
Principal	173,119	173,119	428,559	255,440
Interest	32,975	32,975	227,989	195,014
Interest on investments	10,000	34,000	35,326	1,326
Miscellaneous:				
Reimbursements	-	-	3,781	3,781
Sale of real property	1,650,000	2,260,000	3,802,000	1,542,000
Tax-increment debt proceeds (in lieu of tax-increment revenue)	2,997,000	2,997,000	2,998,800	1,800
Total revenues	4,869,094	5,687,426	7,653,977	1,966,551
EXPENDITURES				
Current:				
Community development:				
Housing	40,619	40,619	40,619	-
Business development	616,536	241,536	99,248	142,288
Property redevelopment	1,600,068	2,027,459	932,035	1,095,424
Infrastructure	-	26,813	17,340	9,473
Administration	32,262	24,262	8,277	15,985
Total Community development	2,289,485	2,360,689	1,097,519	1,263,170
Contingency	5,047,443	7,570,898	-	7,570,898
Total expenditures	7,336,928	9,931,587	1,097,519	8,834,068
Excess (deficiency) of revenues over expenditures	(2,467,834)	(4,244,161)	6,556,458	10,800,619
OTHER FINANCING USES				
Internal service reimbursements	(655,048)	(655,048)	(600,125)	54,923
Total other financing uses	(655,048)	(655,048)	(600,125)	54,923
Net change in fund balance	(3,122,882)	(4,899,209)	5,956,333	10,855,542
FUND BALANCE - July 1, 2013	3,122,882	4,899,209	4,899,208	(1)
FUND BALANCE - June 30, 2014	\$ -	\$ -	10,855,541	\$ 10,855,541
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			3,568,620	
Property held for sale			1,019,346	
FUND BALANCE - June 30, 2014 (GAAP BASIS)			\$ 15,443,507	

**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, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ -	\$ 10,381	\$ 10,381
Rental income	59,827	61,802	54,735	(7,067)
Loan Collections:				
Principal	70,890	70,000	88,627	18,627
Interest	68,110	80,000	104,645	24,645
Interest on investments	10,000	32,714	61,886	29,172
Miscellaneous:				
Reimbursements	-	1,160	126,920	125,760
Sale of real property	151,000	-	-	-
Tax-increment debt proceeds (in lieu of tax-increment revenue)	7,845,688	8,785,457	8,634,437	(151,020)
Total revenues	8,205,515	9,031,133	9,081,631	50,498
EXPENDITURES				
Current:				
Community development:				
Housing	2,123,991	2,306,200	1,376,033	930,167
Business development	957,074	1,201,588	356,348	845,240
Property redevelopment	5,340,687	4,322,580	947,310	3,375,270
Infrastructure	3,821,669	1,062,234	357,558	704,676
Administration	26,451	36,951	22,143	14,808
Total Community development	12,269,872	8,929,553	3,059,392	5,870,161
Contingency	1,650,693	9,322,878	-	9,322,878
Total expenditures	13,920,565	18,252,431	3,059,392	15,193,039
Excess (deficiency) of revenues over expenditures	(5,715,050)	(9,221,298)	6,022,239	15,243,537
OTHER FINANCING USES				
Internal service reimbursements	(1,979,695)	(1,979,695)	(1,813,705)	165,990
Total other financing uses	(1,979,695)	(1,979,695)	(1,813,705)	165,990
Net change in fund balance	(7,694,745)	(11,200,993)	4,208,534	15,409,527
FUND BALANCE - July 1, 2013	7,694,745	11,200,993	11,200,992	(1)
FUND BALANCE - June 30, 2014	\$ -	\$ -	15,409,526	\$ 15,409,526
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			2,454,331	
Property held for sale			7,742,977	
FUND BALANCE - June 30, 2014 (GAAP BASIS)			\$ 25,606,834	

**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, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ 11,451	\$ 91,693	\$ 80,242
Rental income	210,000	197,040	181,873	(15,167)
Contractual service charges	-	200,000	407,991	207,991
Loan Collections:				
Principal	174,849	1,154,110	1,196,432	42,322
Interest	128,829	65,000	88,014	23,014
Interest on investments	30,000	40,000	72,974	32,974
Miscellaneous:				
Reimbursements	-	40,112	50,312	10,200
Sale of real property	364,998	-	-	-
Tax-increment debt proceeds (in lieu of tax-increment revenue)	13,742,243	11,488,500	11,495,400	6,900
Total revenues	14,650,919	13,196,213	13,584,689	388,476
EXPENDITURES				
Current:				
Community development:				
Housing	5,323,341	4,757,391	2,735,290	2,022,101
Business development	3,464,001	810,700	737,309	73,391
Property redevelopment	3,133,766	3,024,757	2,148,641	876,116
Infrastructure	6,024,749	2,943,129	2,763,401	179,728
Administration	48,834	53,302	31,190	22,112
Total Community development	17,994,691	11,589,279	8,415,831	3,173,448
Contingency	711,523	11,762,032	-	11,762,032
Total expenditures	18,706,214	23,351,311	8,415,831	14,935,480
Excess (deficiency) of revenues over expenditures	(4,055,295)	(10,155,098)	5,168,858	15,323,956
OTHER FINANCING USES				
Internal service reimbursements	(2,697,848)	(2,697,848)	(2,471,644)	226,204
Total other financing uses	(2,697,848)	(2,697,848)	(2,471,644)	226,204
Net change in fund balance	(6,753,143)	(12,852,946)	2,697,214	15,550,160
FUND BALANCE - July 1, 2013	6,753,143	12,852,946	12,852,947	1
FUND BALANCE - June 30, 2014	\$ -	\$ -	15,550,161	\$ 15,550,161
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			2,613,265	
Property held for sale			6,868,322	
FUND BALANCE - June 30, 2014 (GAAP BASIS)			\$ 25,031,748	

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

**GATEWAY REGIONAL CENTER URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ 100	\$ 534	\$ 434
Rental income	-	-	5,308	5,308
Loan Collections:				
Principal	7,515	7,515	8,018	503
Interest	7,221	7,221	4,932	(2,289)
Interest on investments	7,000	7,000	26,051	19,051
Tax-increment debt proceeds (in lieu of tax-increment revenue)	5,190,197	3,496,500	3,498,600	2,100
Total revenues	5,211,933	3,518,336	3,543,443	25,107
EXPENDITURES				
Current:				
Community development:				
Housing	3,683,315	1,388,445	927,969	460,476
Business development	526,056	528,306	24,417	503,889
Property redevelopment	3,128,234	1,431,639	208,632	1,223,007
Infrastructure	1,083	201,083	62,959	138,124
Administration	24,262	24,262	11,126	13,136
Total Community development	7,362,950	3,573,735	1,235,103	2,338,632
Contingency	282,467	3,953,006	-	3,953,006
Total expenditures	7,645,417	7,526,741	1,235,103	6,291,638
Excess (deficiency) of revenues over expenditures	(2,433,484)	(4,008,405)	2,308,340	6,316,745
OTHER FINANCING USES				
Internal service reimbursements	(845,814)	(845,814)	(774,896)	70,918
Total other financing uses	(845,814)	(845,814)	(774,896)	70,918
Net change in fund balance	(3,279,298)	(4,854,219)	1,533,444	6,387,663
FUND BALANCE - July 1, 2013	3,279,298	4,854,219	4,854,218	(1)
FUND BALANCE - June 30, 2014	\$ -	\$ -	6,387,662	\$ 6,387,662
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			217,238	
Property held for sale			4,068,519	
FUND BALANCE - June 30, 2014 (GAAP BASIS)			\$ 10,673,419	

**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, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ 92	\$ 148	\$ 56
Loan Collections:				
Principal	148,626	148,626	83,128	(65,498)
Interest	28,309	28,309	43,455	15,146
Interest on investments	10,000	10,000	24,949	14,949
Miscellaneous:				
Sale of real property	759,000	1,633,325	1,633,325	-
Total revenues	945,935	1,820,352	1,785,005	(35,347)
EXPENDITURES				
Current:				
Community development:				
Business development	491,736	491,736	27,373	464,363
Property redevelopment	361,887	641,458	388,264	253,194
Administration	17,909	24,262	8,007	16,255
Total Community development	871,532	1,157,456	423,644	733,812
Contingency	2,364,390	4,309,894	-	4,309,894
Total expenditures	3,235,922	5,467,350	423,644	5,043,706
Excess (deficiency) of revenues over expenditures	(2,289,987)	(3,646,998)	1,361,361	5,008,359
OTHER FINANCING USES				
Internal service reimbursements	(301,381)	(301,381)	(276,111)	25,270
Total other financing uses	(301,381)	(301,381)	(276,111)	25,270
Net change in fund balance	(2,591,368)	(3,948,379)	1,085,250	5,033,629
FUND BALANCE - July 1, 2013	2,591,368	3,948,379	3,948,376	(3)
FUND BALANCE - June 30, 2014	\$ -	\$ -	5,033,626	\$ 5,033,626
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			2,101,412	
Property held for sale			10,183,445	
FUND BALANCE - June 30, 2014 (GAAP BASIS)			\$ 17,318,483	

**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, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest on investments	\$ 10,000	\$ 10,000	\$ 17,168	\$ 7,168
Tax-increment debt proceeds (in lieu of tax-increment revenue)	695,589	999,000	999,600	600
Total revenues	705,589	1,009,000	1,016,768	7,768
EXPENDITURES				
Current:				
Community development:				
Business development	761,991	761,991	5,848	756,143
Property redevelopment	229,059	229,059	194	228,865
Administration	5,718	2,000	1,569	431
Total Community development	996,768	993,050	7,611	985,439
Contingency	2,276,560	2,991,289	-	2,991,289
Total expenditures	3,273,328	3,984,339	7,611	3,976,728
Excess (deficiency) of revenues over expenditures	(2,567,739)	(2,975,339)	1,009,157	3,984,496
OTHER FINANCING USES				
Internal service reimbursements	(193,945)	(193,945)	(177,683)	16,262
Total other financing uses	(193,945)	(193,945)	(177,683)	16,262
Net change in fund balance	(2,761,684)	(3,169,284)	831,474	4,000,758
FUND BALANCE - July 1, 2013	2,761,684	3,169,284	3,169,283	(1)
FUND BALANCE - June 30, 2014	\$ -	\$ -	\$ 4,000,757	\$ 4,000,757

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

**EDUCATION URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest on investments	\$ -	\$ -	\$ 1,437	\$ 1,437
Tax-increment debt proceeds (in lieu of tax-increment revenue)	1,264,872	1,026,337	1,019,592	(6,745)
Total revenues	1,264,872	1,026,337	1,021,029	(5,308)
EXPENDITURES				
Current:				
Community development:				
Housing	108,437	108,437	82,875	25,562
Business development	15,280	15,280	222	15,058
Property redevelopment	25,588	772,633	27,920	744,713
Infrastructure	793,828	793,828	93,954	699,874
Total Community development	943,133	1,690,178	204,971	1,485,207
Contingency	571	62,036	-	62,036
Total expenditures	943,704	1,752,214	204,971	1,547,243
Excess (deficiency) of revenues over expenditures	321,168	(725,877)	816,058	1,541,935
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	-	747,045	-	(747,045)
Total transfers in	-	747,045	-	(747,045)
Internal service reimbursements	(21,168)	(21,168)	(19,393)	1,775
Transfers out-				
General Fund	(300,000)	-	-	-
Total transfers out	(300,000)	-	-	-
Total other financing sources (uses)	(321,168)	725,877	(19,393)	(745,270)
Net change in fund balance	-	-	796,665	796,665
FUND BALANCE - June 30, 2014	\$ -	\$ -	\$ 796,665	\$ 796,665

PROPRIETARY FUNDS

ENTERPRISE FUNDS

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

PDC has two Enterprise type funds.

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

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

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

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

INTERNAL SERVICE FUND

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

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

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

**COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014**

	Enterprise Loans Fund	Enterprise Management Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Cash with City of Portland investment pool	\$ 3,131,474	\$ 121,449	\$ 3,252,923
Receivables:			
Accounts	-	93,342	93,342
Internal balances	103,000	-	103,000
Loans, net	444,337	-	444,337
Interest	3,303	330	3,633
Total current assets	3,682,114	215,121	3,897,235
Noncurrent assets:			
Loans receivable, net	335,021	-	335,021
Total noncurrent assets	335,021	-	335,021
Total assets	\$ 4,017,135	\$ 215,121	\$ 4,232,256
LIABILITIES AND NET POSITION			
Liabilities:			
Current liabilities:			
Accrued liability	\$ 7,094	\$ -	\$ 7,094
Due to City of Portland	-	93,342	93,342
Total current liabilities	7,094	93,342	100,436
Total liabilities	7,094	93,342	100,436
NET POSITION			
Unrestricted	4,010,041	121,779	4,131,820
Total net position	4,010,041	121,779	4,131,820
Total liabilities and net position	\$ 4,017,135	\$ 215,121	\$ 4,232,256

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

**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014**

	Enterprise Loans Fund	Enterprise Management Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Charges for services	\$ 8,447	\$ 1,037,969	\$ 1,046,416
Interest on loans	38,915	-	38,915
Miscellaneous revenues	115,893	-	115,893
	<hr/>	<hr/>	<hr/>
Total operating revenues	163,255	1,037,969	1,201,224
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES:			
Personal services	56,658	-	56,658
Professional services	3,710	970,786	974,496
Loan document costs	18,946	-	18,946
Miscellaneous expenses	500	30,055	30,555
	<hr/>	<hr/>	<hr/>
Total operating expenses	79,814	1,000,841	1,080,655
	<hr/>	<hr/>	<hr/>
Operating income (loss)	83,441	37,128	120,569
	<hr/>	<hr/>	<hr/>
NON-OPERATING REVENUES (EXPENSE):			
Interest on investments	10,031	852	10,883
	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expense)	10,031	852	10,883
	<hr/>	<hr/>	<hr/>
Income before transfers	93,472	37,980	131,452
	<hr/>	<hr/>	<hr/>
Transfers in	556,279	-	556,279
Transfers out	(61,768)	-	(61,768)
	<hr/>	<hr/>	<hr/>
Change in net position	587,983	37,980	625,963
	<hr/>	<hr/>	<hr/>
Net position - July 1, 2013	3,422,058	83,799	3,505,857
	<hr/>	<hr/>	<hr/>
Net position - June 30, 2014	\$ 4,010,041	\$ 121,779	\$ 4,131,820
	<hr/>	<hr/>	<hr/>

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

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2014

	Non-major Business-type Activities - Enterprise Funds		
	Enterprise Loans Fund	Enterprise Management Fund	Nonmajor Enterprise Funds
Cash flows from operating activities:			
Loan collections from borrowers	\$ 537,695	\$ -	\$ 537,695
Interest on loans from borrowers	51,289	-	51,289
Loan fees from customers	8,447	-	8,447
Rent income	-	1,037,969	1,037,969
Payments from others	-	64,996	64,996
Payments to employees	(19,163)	-	(19,163)
Payments to vendors	(24,848)	(982,193)	(1,007,041)
Payments for interfund services used	(37,495)	-	(37,495)
Loans to borrowers	(4,597)	-	(4,597)
Miscellaneous reimbursements	46,420	-	46,420
Net cash provided by operating activities	<u>557,748</u>	<u>120,772</u>	<u>678,520</u>
Cash flows from noncapital financing activities:			
Collection of interfund loans	198,500	-	198,500
Transfers from other funds	669,779	-	669,779
Transfers to other funds	(164,768)	-	(164,768)
Net cash provided by noncapital financing activities	<u>703,511</u>	<u>-</u>	<u>703,511</u>
Cash flows from investing activities:			
Interest received from investing	9,835	677	10,512
Net increase in cash and cash equivalents	1,271,094	121,449	1,392,543
Cash and cash equivalents-July 1, 2013	<u>1,860,380</u>	<u>-</u>	<u>1,860,380</u>
Cash and cash equivalents-June 30, 2014	<u>\$ 3,131,474</u>	<u>\$ 121,449</u>	<u>\$ 3,252,923</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Net operating income	\$ 83,441	\$ 37,128	\$ 120,569
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Increase in due from City of Portland	-	100,411	100,411
Decrease in loans receivable	475,998	-	475,998
Increase in due from other entities	-	(16,767)	(16,767)
Decrease in accounts payable	(1,691)	-	(1,691)
Total adjustments	<u>474,307</u>	<u>83,644</u>	<u>557,951</u>
Net cash provided by operating activities	<u>\$ 557,748</u>	<u>\$ 120,772</u>	<u>\$ 678,520</u>

**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
For the Fiscal Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ 10,378	\$ 8,447	\$ (1,931)
Loan Collections:				
Principal	419,065	498,500	537,695	39,195
Interest	129,049	32,500	38,915	6,415
Interest on investments	6,000	7,000	10,032	3,032
Miscellaneous:				
Recovery of bad loan debt	-	-	17,374	17,374
Reimbursements	-	-	7	7
Other	-	-	38,458	38,458
Total revenues	<u>554,114</u>	<u>548,378</u>	<u>650,928</u>	<u>102,550</u>
EXPENDITURES				
Current:				
Community development:				
Housing	-	216,065	18,515	197,550
Business development	1,250,638	1,221,730	25,448	1,196,282
Administration	57,751	57,751	-	57,751
Total Community development	<u>1,308,389</u>	<u>1,495,546</u>	<u>43,963</u>	<u>1,451,583</u>
Contingency	<u>331,826</u>	<u>1,698,796</u>	<u>-</u>	<u>1,698,796</u>
Total expenditures	<u>1,640,215</u>	<u>3,194,342</u>	<u>43,963</u>	<u>3,150,379</u>
Excess (deficiency) of revenues over expenditures	<u>(1,086,101)</u>	<u>(2,645,964)</u>	<u>606,965</u>	<u>3,252,929</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	-	556,279	556,279	-
Housing and Community Development Fund	-	312,815	312,000	(815)
Total transfers in	<u>-</u>	<u>869,094</u>	<u>868,279</u>	<u>(815)</u>
Internal service reimbursements	(40,405)	(40,405)	(37,495)	2,910
Transfers out-				
General Fund	-	(61,768)	(61,768)	-
Housing and Community Development Fund	-	-	(103,000)	(103,000)
Total transfers out	<u>-</u>	<u>(61,768)</u>	<u>(164,768)</u>	<u>(103,000)</u>
Total internal service reimbursements and transfers	<u>(40,405)</u>	<u>(102,173)</u>	<u>(202,263)</u>	<u>(100,090)</u>
Total other financing sources (uses)	<u>(40,405)</u>	<u>766,921</u>	<u>666,016</u>	<u>(100,905)</u>
Net change in fund balance	<u>(1,126,506)</u>	<u>(1,879,043)</u>	<u>1,272,981</u>	<u>3,152,024</u>
FUND BALANCE - July 1, 2013	<u>1,126,506</u>	<u>1,879,043</u>	<u>1,854,702</u>	<u>(24,341)</u>
FUND BALANCE - June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>3,127,683</u>	<u>\$ 3,127,683</u>
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			779,358	
Interfund advances			103,000	
FUND BALANCE - June 30, 2014 (GAAP BASIS)			<u>\$ 4,010,041</u>	

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

COMBINING SCHEDULE OF NET POSITION
FOR COMPONENTS OF THE ENTERPRISE LOANS FUND
June 30, 2014

	<u>Small Business Loan Fund</u>	<u>Portland Startup Fund</u>	<u>Neighborhood Housing Loan Fund</u>	<u>Business Development Loan Fund</u>	<u>Working Capital Fund</u>	<u>Workforce Training/Hiring Fund</u>	<u>Total Enterprise Loans Fund</u>
ASSETS							
Current assets:							
Cash with City of Portland investment pool	\$ 1,016,767	\$ -	\$ 200,063	\$ 1,292,987	\$ 546,304	\$ 75,353	\$ 3,131,474
Receivables:							
Due from other funds	65,500	-	-	37,500	-	-	103,000
Loans, net	95,722	-	-	348,615	-	-	444,337
Interest	1,300	-	295	1,491	102	115	3,303
Total current assets	1,179,289	-	200,358	1,680,593	546,406	75,468	3,682,114
Noncurrent assets:							
Loans receivable, net	335,021	-	-	-	-	-	335,021
Total noncurrent assets	335,021	-	-	-	-	-	335,021
Total assets	1,514,310	-	200,358	1,680,593	546,406	75,468	4,017,135
LIABILITIES AND NET POSITION							
Liabilities:							
Current liabilities:							
Accrued liability	-	-	7,094	-	-	-	7,094
Total current liabilities	-	-	7,094	-	-	-	7,094
Total liabilities	-	-	7,094	-	-	-	7,094
Net Position:							
Unrestricted	\$ 1,514,310	\$ -	\$ 193,264	\$ 1,680,593	\$ 546,406	\$ 75,468	\$ 4,010,041

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

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR COMPONENTS OF THE ENTERPRISE LOANS FUND
For the Fiscal Year Ended June 30, 2014

	Small Business Loan Fund	Portland Startup Fund	Neighborhood Housing Loan Fund	Business Development Loan Fund	Working Capital Fund	Workforce Training/Hiring Fund	Total Enterprise Loans Fund
OPERATING REVENUES:							
Charges for services	\$ 3,382	\$ -	\$ 3,160	\$ 1,905	\$ -	\$ -	\$ 8,447
Interest on loans	15,337	-	-	23,578	-	-	38,915
Miscellaneous revenues	42,954	-	21,308	34,473	-	17,158	115,893
Total operating revenues	61,673	-	24,468	59,956	-	17,158	163,255
OPERATING EXPENSES:							
Personal services	25,066	-	-	25,162	6,430	-	56,658
Professional services	125	-	-	-	3,585	-	3,710
Loan document costs	144	-	18,016	786	-	-	18,946
Miscellaneous expenses	-	-	500	-	-	-	500
Total operating expenses	25,335	-	18,516	25,948	10,015	-	79,814
Operating income (loss)	36,338	-	5,952	34,008	(10,015)	17,158	83,441
NON-OPERATING REVENUES (EXPENSE):							
Interest on investment	4,564	-	798	4,172	142	355	10,031
Total non-operating revenues (expense)	4,564	-	798	4,172	142	355	10,031
Income (loss) before transfers	40,902	-	6,750	38,180	(9,873)	17,513	93,472
TRANSFERS							
Transfers in	-	-	-	-	556,279	-	556,279
Transfers out	-	(61,768)	-	-	-	-	(61,768)
Total transfers	-	(61,768)	-	-	556,279	-	494,511
Change in net position	40,902	(61,768)	6,750	38,180	546,406	17,513	587,983
Net position - July 1, 2013	<u>1,473,408</u>	<u>61,768</u>	<u>186,514</u>	<u>1,642,413</u>	<u>-</u>	<u>57,955</u>	<u>3,422,058</u>
Net position - June 30, 2014	<u>\$ 1,514,310</u>	<u>\$ -</u>	<u>\$ 193,264</u>	<u>\$ 1,680,593</u>	<u>\$ 546,406</u>	<u>\$ 75,468</u>	<u>\$ 4,010,041</u>

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

**ENTERPRISE MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Rental income	\$ 969,631	\$ 999,631	\$ 1,037,969	\$ 38,338
Interest on investments	-	-	852	852
Miscellaneous:				
Other	-	-	-	-
Total revenues	969,631	999,631	1,038,821	39,190
EXPENDITURES				
Current:				
Community development:				
Housing	969,631	1,083,431	1,000,841	82,590
Total Community development	969,631	1,083,431	1,000,841	82,590
Total expenditures	969,631	1,083,431	1,000,841	82,590
Excess (deficiency) of revenues over expenditures	-	(83,800)	37,980	121,780
Net change in fund balance	-	(83,800)	37,980	121,780
FUND BALANCE - July 1, 2013	-	83,800	83,799	(1)
FUND BALANCE - June 30, 2014	\$ -	\$ -	\$ 121,779	\$ 121,779

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

**BUSINESS MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
For The Fiscal Year Ended June 30, 2014**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services-				
Application fees and charges	\$ 160,050	\$ 160,050	\$ -	\$ (160,050)
Rental income	-	20,000	24,363	4,363
Contractual service charges	25,000	25,000	5,435	(19,565)
Interest on investments	-	5,000	17,006	12,006
Miscellaneous:				
Reimbursements	-	-	19,963	19,963
Sale of real property	14,000	5,668,363	5,630,000	(38,363)
Other	-	15,000	118,610	103,610
Total revenues	199,050	5,893,413	5,815,377	(78,036)
EXPENDITURES				
Current:				
Community development:				
Business development	145,000	246,472	6,450	240,022
Property redevelopment	60,855	65,810	45,076	20,734
Total Community development	205,855	312,282	51,526	260,756
Contingency	-	3,474,641	-	3,474,641
Total expenditures	205,855	3,786,923	51,526	3,735,397
Excess (deficiency) of revenues over expenditures	(6,805)	2,106,490	5,763,851	3,657,361
Transfers in:				
Enterprise Zone fund	-	500,000	-	(500,000)
Total transfers in	-	500,000	-	(500,000)
Transfers out:				
North Macadam Urban Renewal Fund	-	(2,721,538)	(2,721,538)	-
Total transfers out	-	(2,721,538)	(2,721,538)	-
Total transfers	-	(2,221,538)	(2,721,538)	(500,000)
Net change in fund balance	(6,805)	(115,048)	3,042,313	3,157,361
FUND BALANCE - July 1, 2013	6,805	115,048	115,048	-
FUND BALANCE - June 30, 2014	\$ -	\$ -	\$ 3,157,361	\$ 3,157,361

**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, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest on investments	\$ -	\$ -	\$ 1,258	\$ 1,258
Total revenues	-	-	1,258	1,258
EXPENDITURES				
Current:				
Administration	250,887	251,146	-	251,146
Total Community development	250,887	251,146	-	251,146
Total expenditures	250,887	251,146	-	251,146
Excess (deficiency) of revenues over expenditures	(250,887)	(251,146)	1,258	252,404
Net change in fund balance	(250,887)	(251,146)	1,258	252,404
FUND BALANCE - July 1, 2013	250,887	251,146	251,146	-
FUND BALANCE - June 30, 2014	\$ -	\$ -	\$ 252,404	\$ 252,404

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, 2014**

Governmental funds capital assets:

Land	\$ 7,495,883
Buildings and improvements	5,860,255
Leasehold improvements	3,849,501
Vehicles and equipment	915,859
Intangible software	2,415,179
Accumulated depreciation	(6,029,120)
	<u>\$ 14,507,557</u>

Investment in governmental funds capital assets by source:

General Fund	\$ 3,331,038
Capital Projects Funds	17,205,639
Accumulated depreciation	(6,029,120)
	<u>\$ 14,507,557</u>

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

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

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2014

Function and Activity	Land	Buildings and Improvements	Leasehold improvements	Vehicles and Equipment	Software	Total
Community development						
Revitalization	\$ 7,495,883	\$ 5,860,255	\$ -	\$ -	\$ -	\$ 13,356,138
Administration	-	-	3,849,501	915,859	2,415,179	7,180,539
Total community development	7,495,883	5,860,255	3,849,501	915,859	2,415,179	20,536,677
Less: accumulated depreciation	-	(1,407,861)	(3,849,501)	(771,758)	-	(6,029,120)
Total governmental funds capital assets	\$ 7,495,883	\$ 4,452,394	\$ -	\$ 144,101	\$ 2,415,179	\$ 14,507,557

**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**

June 30, 2014

Function and Activity	Governmental Capital Assets July 1, 2013	Additions	Deductions	Governmental Capital Assets June 30, 2014
Community development				
Revitalization	\$ 7,509,831	\$ 5,852,815	\$ (6,508)	\$ 13,356,138
Administration	7,227,155	363,836	(410,452)	7,180,539
Total community development	14,736,986	6,216,651	(416,960)	20,536,677
Less: accumulated depreciation	(5,982,914)	(118,732)	72,526	(6,029,120)
Total governmental funds capital assets	\$ 8,754,072	\$ 6,097,919	\$ (344,434)	\$ 14,507,557

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, 2014

Funding Source	Balance July 1, 2013	Additions	Sales/ Adjustment	Balance June 30, 2014
General Fund (Urban Redevelopment Fund):				
* Woodstock & Foster Rd-Dagel-LTC	\$ 100,000	\$ -	\$ -	\$ 100,000
* 9330 SE Harold St-Boys & Girls Club-LTC	46,754	-	-	46,754
South Auditorium Park Block C	2	-	-	2
Upshur- Willamette Heights Lot 8	6,500	-	(6,500)	-
Block 101-1510 SW Harbor Way	1	-	(1)	-
Tom McCall Waterfront Park	7	-	(7)	-
Total	153,264	-	(6,508)	146,756
Housing and Community Development Fund:				
* 9133 SE Foster Blvd-Lents Plaza-Mcgalliard	251,456	-	-	251,456
Total	251,456	-	-	251,456
Downtown Waterfront Urban Renewal Fund:				
* NW Naito Parkway	73,597	-	-	73,597
* 209 SW Oak St-Abandoned Jail	1	-	-	1
* 820-838 SW 3rd Ave-Cossette	1,781,170	-	-	1,781,170
Union Station Parcels-Land to S of Union St	632,260	-	-	632,260
* NW Davis BLK 8	2,360,000	-	-	2,360,000
* 411 NW Flanders Unit 100	800,000	-	-	800,000
* 411 NW Flanders Parking (19 spaces)	294,500	-	(46,500)	248,000
Total	5,941,528	-	(46,500)	5,895,028
North Macadam Urban Renewal Fund:				
* South Waterfront Development	3,730,825	-	(1,355,864)	2,374,961
* 1852 SW River Dr-River Place Garage	4,175,080	-	-	4,175,080
Total	7,905,905	-	(1,355,864)	6,550,041
River District Urban Renewal Fund:				
Union Station Parcels	6,864,652	-	-	6,864,652
* NW Naito Parkway	122,919	-	-	122,919
* Broadway Hoyt/Glisan/6th-Block R	72,283	-	-	72,283
* 1362 NW Naito Prkwy-Centennial Mills	2,650,000	-	-	2,650,000
511 NW Broadway-PNCA	-	5,800,000	-	5,800,000
* 800 NW 6th Ave Parking Site-Block Y	487,039	-	-	487,039
* 9th & Lovejoy-Station Place	900,571	-	(494,633)	405,938
* Station Place Garage	9,281,563	-	-	9,281,563
* Union Station-Old Fire Station	267,247	69,270	-	336,517
* 401-439 West Burnside St-Grove Hotel	660,000	-	-	660,000
** WIP Postal Site	2,116,349	-	-	2,116,349
Total	23,422,623	5,869,270	(494,633)	28,797,260
South Park Blocks Urban Renewal Fund:				
* 5th & SW Montgomery St-PSU Carpool Lot	2,712,810	-	-	2,712,810
* 401 SW Harrison St-Jasmine Tree	747,045	-	-	747,045
Total	3,459,855	-	-	3,459,855
Convention Center Urban Renewal Fund:				
* NE Hol/MLK Blvd-Christie-Block 47	455,843	-	-	455,843
* 1st/Multnomah /2nd/Holladay-Block 49	1,747,754	-	-	1,747,754
* 420 Holladay St-Inn @ Convention Center	3,900,000	-	-	3,900,000
* 831-834 NE MLK Blvd-Sizzler	2,784,186	-	-	2,784,186
* 84 NE Weidler St-B & K	876,128	-	-	876,128
* 910 NE MLK-Menashe	1,920,000	-	-	1,920,000
Total	11,683,911	-	-	11,683,911

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, 2014

Funding Source	Balance July 1, 2013	Additions	Sales/ Adjustment	Balance June 30, 2014
Central Eastside Urban Renewal Fund:				
* 240 NE MLK Blvd	152,396	-	-	152,396
* 11 NE MLK Blvd-Unocal Sites	574,950	-	-	574,950
* 313 E Burnside St-Recovery Inn-Block 76	78,403	-	-	78,403
* 5-13 NE 3rd Ave-Block 67	540,413	-	(540,413)	-
* 318 NE Couch St-Fischels	213,597	-	-	213,597
* 123 NE 3rd Ave-Convention Center Plaza Sites	1,109,587	-	(1,109,587)	-
* 111 NE MLK Blvd-Block 75	1,302,601	-	(1,302,601)	-
Total	3,971,947	-	(2,952,601)	1,019,346
Lents Town Center Urban Renewal Fund:				
* 9316 SE Woodstock Blvd-Glendville	123,278	-	(7,589)	115,689
* 9330 SE Harold St-Boys and Girls Club	1,330,456	-	-	1,330,456
* 6116 SE 93rd-Davis Property	103,975	-	(9,664)	94,311
* 5728 SE 91st & 5808 SE 91st-Rssn Church	337,000	-	-	337,000
* 9117-9123 SE Foster Rd	170,685	-	(96,625)	74,060
* 5916 SE 91st Ave-Edmondson Drapery	788,016	-	(468,156)	319,860
* 5933 SE 92nd Ave Lots 3-5-Dance Club	670,000	-	-	670,000
* 9231 SE Foster Rd-Arch Iron Wrks	630,000	-	-	630,000
* 5716 SE 92nd Ave-Bakery Block	2,151,149	-	-	2,151,149
* 8801 SE Foster Rd-Bauske	180,000	-	-	180,000
* 9320 SE Ramona St-Tate	120,970	-	-	120,970
* SE Foster Rd Lents Town Center II	372,966	-	-	372,966
* 7104-7120, 7126-7130, 7238 SE Foster Rd-Metro	1,380,111	-	(133,595)	1,246,516
* SE Reedway St-Sullivan	100,000	-	-	100,000
Total	8,458,606	-	(715,629)	7,742,977
Interstate Corridor Urban Renewal Fund:				
* 5001 NE MLK Blvd-Living Color	815,321	-	-	815,321
* 5029 NW MLK Blvd-Walnut Park Theater	362,582	-	-	362,582
* 5125-5131 NE MLK Blvd-Wirf	933,183	-	-	933,183
4500 N Albina-Albina Triangle	6,410	-	-	6,410
* 5116 NE Garfield St-Reiss	304,110	-	-	304,110
* 3620 NE MLK Blvd-Parking Lot	61,888	-	-	61,888
* 8411 N Denver Ave	1,327,477	-	-	1,327,477
* 8419 N Denver Ave	247,615	-	-	247,615
* 2221 N Argyle St	2,464,921	-	-	2,464,921
* 6931 NE MLK JR Blvd-C & M Motors	344,576	6,649	-	351,225
Total	6,868,083	6,649	-	6,874,732
Gateway Regional Center Urban Renewal Fund:				
* 1111-1125 NE 99th-Oregon Clinic	848,094	-	-	848,094
* 10520 NE Halsey St	1,152,811	-	-	1,152,811
* 10506-10512 NE Halsey St	2,067,614	-	-	2,067,614
Total	4,068,519	-	-	4,068,519
Airport Way Urban Renewal Fund:				
* NE 185th Riverside Parkway	1,563,627	-	(1,563,627)	-
* Holman St	5,000	-	-	5,000
* Cascade Station Lease Rights	10,323,851	(145,406)	-	10,178,445
** WIP Cascade Station Parking Garage	-	52,814	-	52,814
Total	11,892,478	(92,592)	(1,563,627)	10,236,259
Total all funds	88,078,175	\$ 5,783,327	\$ (7,135,362)	86,726,140
Add:				
Vehicles and equipment	1,000,303			915,859
Leasehold improvements Mason/Ehrman Bldg	3,849,501			3,849,501
Software	2,377,350			2,059,096
** WIP ERP Software	-			356,083
Less:				
Property held for sale	(80,568,343)			(73,370,002)
Accumulated depreciation-NHFS	(5,982,914)			(6,029,120)
Total Capital Assets	\$ 8,754,072			\$ 14,507,557

* Represents property held for sale
** Represents work in process

Statistical
Section_____



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	106
<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	110
<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	112
<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	131
<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	133
<i>These schedules contain service data to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.</i>	

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

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

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

	Fiscal Year									
	2004-05	2005-06	2006-07	2007-08 (as restated) ⁽¹⁾	2008-09	2009-10	2010-11	2011-12 (as restated) ⁽²⁾	2012-13	2013-14
Governmental activities										
Invested in capital assets, net of related debt	\$ 13,864,073	\$ 13,188,653	\$ 12,715,642	\$ 12,358,875	\$ 12,404,855	\$ 9,995,090	\$ 9,602,690	\$ 8,938,704	\$ 8,754,072	\$ 14,507,557
Restricted	177,136,865	197,188,290	214,919,258	237,479,876	262,020,868	267,883,500	213,594,580	289,054,092	276,246,064	297,804,184
Unrestricted	3,314,382	3,389,413	2,660,789	3,283,081	4,943,550	1,527,725	3,689,822	(2,559,951)	1,956,432	716,730
Total governmental activities net position	194,315,320	213,766,356	230,295,689	253,121,832	279,369,273	279,406,315	226,887,092	295,432,845	286,956,568	313,028,471
Business-type activities										
Unrestricted	12,551,778	14,508,369	14,668,980	16,409,376	17,024,863	12,782,861	3,398,793	3,572,176	3,620,905	7,289,181
Total government										
Invested in capital assets, net of related debt	13,864,073	13,188,653	12,715,642	12,358,875	12,404,855	9,995,090	9,602,690	8,938,704	8,754,072	14,507,557
Restricted	177,136,865	197,188,290	214,919,258	237,479,876	262,020,868	267,883,500	213,594,580	279,593,433	276,246,064	297,804,184
Unrestricted	15,866,160	17,897,782	17,329,769	19,692,457	21,968,413	14,310,586	7,088,615	933,496	5,577,337	8,005,911
Total government net position	\$ 206,867,098	\$ 228,274,725	\$ 244,964,669	\$ 269,531,208	\$ 296,394,136	\$ 292,189,176	\$ 230,285,885	\$ 289,465,633	\$ 290,577,473	\$ 320,317,652

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

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

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

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

	Fiscal Year									
	2004-05	2005-06	2006-07	2007-08 (as restated) ⁽²⁾	2008-09	2009-10	2010-11	2011-12 (as restated) ⁽³⁾	2012-13	2013-14
Expenses										
Governmental activities:										
Community development	\$ 99,462,500	\$ 100,446,658	\$ 116,101,082	\$ 105,412,401	\$ 103,994,411	\$ 130,439,659	\$ 156,412,909	\$ 99,713,038	\$ 101,248,381	\$ 64,855,696
Business-type activities:										
Enterprise loans	5,010,245	1,239,307	2,322,045	8,105,250	9,936,353	10,450,636	10,621,790	375,805	214,579	79,814
Enterprise management	-	-	-	-	-	1,112,560	985,671	1,015,468	958,743	1,052,367
Total expenses	104,472,745	101,685,965	118,423,127	113,517,651	113,920,764	142,002,855	168,020,370	101,104,311	102,421,703	65,987,877
Program Revenues										
Governmental activities:										
Charges for services	6,957,708	9,142,846	5,692,711	5,322,051	4,609,577	5,423,765	3,994,188	3,291,192	4,047,062	8,735,896
Operating grants and contributions	14,481,639	16,386,221	8,669,663	12,007,140	9,537,786	17,538,107	7,262,870	7,170,821	7,970,747	7,641,493
Total governmental activities program revenues	21,439,347	25,529,067	14,362,374	17,329,191	14,147,363	22,961,872	11,247,058	10,462,013	12,017,809	16,377,389
Business-type activities:										
Charges for services										
Enterprise loans	2,999,021	2,676,027	2,037,570	3,211,791	3,643,684	1,368,842	1,126,578	240,514	95,055	163,255
Enterprise management	-	-	-	-	-	931,113	932,367	977,933	1,118,228	6,836,340
Operating grants and contributions	-	-	138,814	6,365,519	6,840,790	6,747,695	200,092	200,000	-	-
Total business-type activities program revenues	2,999,021	2,676,027	2,176,384	9,577,310	10,484,474	9,047,650	2,259,037	1,418,447	1,213,283	6,999,595
Total revenues	24,438,368	28,205,094	16,538,758	26,906,501	24,631,837	32,009,522	13,506,095	11,880,460	13,231,092	23,376,984
Net (expense)/revenue:										
Governmental activities	(78,023,153)	(74,917,591)	(101,738,708)	(88,083,210)	(89,837,048)	(107,477,787)	(145,165,851)	(89,251,025)	(89,230,572)	(48,478,307)
Business-type activities	2,999,021	2,676,027	2,176,384	9,577,310	10,484,474	(2,515,546)	(9,348,424)	27,174	39,981	5,867,414
Total net expenses	(75,024,132)	(72,241,564)	(99,562,324)	(78,505,900)	(79,352,574)	(109,993,333)	(154,514,275)	(69,223,851)	(69,190,591)	(42,610,893)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Tax-increment debt proceeds										
(in lieu of tax-increment revenue)	43,671,683	82,974,088 ⁽¹⁾	91,878,764	105,929,455	105,254,573	89,778,162	85,287,185	133,787,307	73,354,431	59,718,111
Unrestricted investment income	2,009,751	2,890,426	3,491,587	2,489,775	2,872,087	1,190,507	664,618	525,565	675,546	838,080
Miscellaneous	2,707,265	8,911,725	8,458,224	2,627,865	7,920,829	14,769,846	6,644,825	23,543,906	6,724,318	5,966,992
Special Item - Historic Monument	-	-	-	-	-	-	-	-	-	-
Transfer 511 NW Broadway	-	-	-	-	-	-	-	-	-	5,800,000
Special Item - Cascade Station lease rights	-	-	-	-	-	-	-	-	-	-
Transfers	8,951	(407,612)	(110,836)	(137,742)	37,000	1,776,314	50,000	(60,000)	-	2,227,027
Total governmental activities	48,397,650	94,368,627	118,288,041	110,909,353	116,084,489	107,514,829	92,646,628	157,796,778	80,754,295	74,550,210
Business-type activities:										
Unrestricted investment income	79,764	112,259	195,423	130,594	74,339	49,858	14,356	7,480	8,788	27,889
Miscellaneous	-	-	-	-	30,027	-	-	78,729	-	-
Transfers	(8,951)	407,612	110,836	137,742	(37,000)	(1,776,314)	(50,000)	60,000	-	(2,227,027)
Total business-type activities	70,813	519,871	306,259	268,336	67,366	(1,726,456)	(35,644)	146,209	8,788	(2,199,138)
Total	48,468,463	94,888,498	118,574,300	111,177,689	116,151,855	105,788,373	92,610,984	157,942,987	80,763,083	72,351,072
Changes in Net Position										
Governmental activities	(29,625,503)	19,451,036	16,529,333	22,826,143	26,247,441	37,042	(52,519,223)	68,545,753	(8,476,277)	26,071,903
Business-type activities	(1,940,411)	1,956,591	160,598	1,740,396	10,551,840	(4,242,002)	(9,384,088)	173,383	48,729	3,688,276
Total	\$ (31,565,914)	\$ 21,407,627	\$ 16,689,931	\$ 24,566,539	\$ 36,799,281	\$ (4,204,960)	\$ (61,903,291)	\$ 68,719,136	\$ (8,427,548)	\$ 29,740,179

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

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

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

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

	Fiscal Year									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 (as restated) ⁽¹⁾	2012-13	2013-14
General Fund										
Non-spendable	\$ 2,452,654	\$ 1,444,428	\$ 476,064	\$ 466,175	\$ 569,765	\$ 673,358	\$ 1,042,036	\$ 1,028,551	\$ 1,105,962	\$ 806,471
Assigned	-	-	-	-	-	-	3,069,788	2,397,106	2,923,994	1,936,241
Unassigned	701,254	1,471,055	1,788,615	2,789,504	4,391,564	4,632,922	1,010,040	751,723	-	(19,680)
Total general fund	\$ 3,153,908	\$ 2,915,483	\$ 2,264,679	\$ 3,255,679	\$ 4,961,329	\$ 5,306,280	\$ 5,121,864	\$ 4,177,380	\$ 4,029,956	\$ 2,723,032
All other governmental funds										
Reserved	\$ 113,678,934	\$ 127,770,229	\$ 165,555,407	\$ 174,306,280	\$ 182,333,262	\$ 187,587,202	\$ -	\$ -	\$ -	\$ -
Unreserved, report in:										
Special revenue funds	1,048,085	734,202	926,313	747,264	371,923	1,070,851	-	-	-	-
Capital projects funds	62,649,846	68,683,859	48,435,539	70,007,265	88,815,802	84,843,645	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	3,583,005	110,797	5,040,534	5,101,586
Capital projects funds	-	-	-	-	-	-	216,899,188	294,017,822	282,480,872	303,782,402
Total all other government funds	\$ 177,376,865	\$ 197,188,290	\$ 214,919,259	\$ 245,060,809	\$ 271,520,987	\$ 273,501,698	\$ 220,482,193	\$ 294,128,619	\$ 287,521,406	\$ 308,883,988

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

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

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

	Fiscal Year									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 (as restated) ⁽⁴⁾	2012-13	2013-14
Revenues										
Intergovernmental revenues	\$ 14,481,639	\$ 16,386,221	\$ 8,669,663	\$ 12,007,140	\$ 9,537,766	\$ 17,538,107	\$ 7,262,870	\$ 7,170,821	\$ 7,970,747	\$ 7,641,493
Charges for services	3,064,571	3,304,810	2,153,263	2,206,948	1,525,351	1,914,924	1,764,096	1,658,729	4,047,062	8,735,886
Loan collections	3,893,137	5,838,036	3,539,448	3,115,103	3,084,226	3,508,841	1,010,555	1,238,233	1,267,686	1,241,522
Interest on investments	2,004,595	2,881,904	3,468,081	2,471,816	2,861,153	1,186,801	662,945	523,907	674,321	836,822
Miscellaneous	2,707,265	8,911,725	8,459,224	2,627,865	7,920,829	14,100,415	6,644,825	23,543,906	5,456,632	10,173,615
Tax-increment debt proceeds (in lieu of tax-increment revenue)	43,671,683	82,974,088 ⁽¹⁾	91,878,764 ⁽¹⁾	105,929,455 ⁽²⁾	105,254,573	89,778,162	85,287,185	133,787,307	73,354,431	59,718,111
Total revenues	69,822,890	120,296,784	118,167,453	128,356,327	130,183,918	128,027,250	102,632,476	167,922,903	92,770,879	88,347,459
Expenditures										
Community development	32,096,129	29,618,462	63,600,425	38,092,378	37,508,986	42,361,435	63,899,297	61,122,362	52,585,334	32,577,253
Capital outlay for urban renewal	30,724,590	42,727,841	17,090,870	25,019,143	36,518,711	35,237,650	45,311,997	17,166,817	34,530,496	15,100,936
Financial assistance	37,608,692	27,663,186	34,835,459	33,887,263	28,597,158	49,840,026	45,947,640	16,871,782	12,297,219	22,467,023
Capital outlay	-	-	-	-	-	-	-	-	112,468	373,615
Debt service - Interest	14,330	-	-	89,250	-	38,927	727,463	-	-	-
Total expenditures	100,443,741	100,009,489	115,526,754	97,088,034	102,624,855	127,478,038	155,886,397	95,160,961	99,525,517	70,518,827
Excess of revenues over (under) expenditures	(30,620,851)	20,287,295	2,640,699	31,270,293	27,559,063	549,212	(53,253,921)	72,761,942	(6,754,638)	17,828,632
Other financing sources (uses)										
Internal service reimbursements	-	-	-	-	-	569,901	-	-	-	-
Transfers in	804,960	3,971,121	1,937,319	4,581,453	19,923,389	16,001,799	50,000 ⁽³⁾	135,000	-	2,783,306
Transfers out	(796,009)	(4,685,416)	(2,048,155)	(4,719,195)	(19,886,389)	(14,225,485)	-	(195,000)	-	(556,279)
Total other financing sources (uses)	8,951	(714,295)	(110,836)	(137,742)	37,000	2,346,215	50,000	(60,000)	-	2,227,027
Special item - Cascade Station lease rights	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (30,611,900)	\$ 19,573,000	\$ 17,080,185	\$ 31,132,551	\$ 27,596,063	\$ 2,895,427	\$ (53,203,921)	\$ 72,701,942	\$ (6,754,638)	\$ 20,055,659

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

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

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

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

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

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

Fiscal Year	Inter- Governmental Revenues	Charges for Services	Loan Collections ⁽¹⁾	Investment Income	Miscellaneous	Service Reimbursements	Tax-increment Debt Proceeds (in lieu of tax-increment revenue)	Total
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 ⁽²⁾
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 ⁽³⁾
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 ⁽⁴⁾
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 ⁽⁵⁾
2010-11	4,159,959	2,574,277	4,321,335	678,974	11,124,848	-	85,287,185	108,146,578
2011-12	7,370,821	2,636,662	5,398,916	533,046	7,038,089	-	133,787,307	156,764,841
2012-13	7,970,747	5,033,235	12,277,490	684,316	4,556,869	-	73,354,431	103,877,088
2013-14	7,641,493	9,774,616	5,670,941	865,970	14,462,252	-	59,718,111	98,133,383

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

- (1) Interest earned on loans is included in Loan Collections.
- (2) Increase in 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.
- (3) Increase in tax-increment Debt Proceeds was due to City of Portland Line of Credit reimbursements for Capital Outlay.
- (4) Increase was due to bonds issued for Downtown Waterfront urban renewal area.
- (5) 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⁽¹⁾	Financial Assistance	Debt Service	Total
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 ⁽²⁾	51,208,537	1,522,868	164,425,834
2006-07	24,601,713	63,212,456 ⁽³⁾	26,616,600	57,005,317	1,062,549	172,498,635
2007-08	27,904,908	40,464,287	40,139,330	49,894,489	2,868,011	161,271,025
2008-09	28,520,035	42,124,266	35,660,038	52,267,819	8,315,206	166,887,364
2009-10	22,175,426	22,981,345 ⁽⁴⁾	36,771,943	66,245,765	8,467,384	156,641,863
2010-11	17,904,488	49,598,814 ⁽⁵⁾	27,269,642	32,918,717	3,016,545	130,708,206
2011-12	15,440,575	52,000,490	14,186,295	12,576,846	-	94,204,206
2012-13	15,331,763	37,721,066	22,440,579	13,484,418	-	88,977,826
2013-14	13,590,294	20,065,873	8,291,982	22,700,709	-	64,648,858

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

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

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

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

Districts Common to All Areas

Fiscal Year	Multnomah County	Multnomah Library District⁽¹⁰⁾	City of Portland	Port of Portland	Metro Service District	Tri-County Metropolitan Transportation District	Multnomah County ESD	Subtotal	City of Portland Urban Renewal ⁽¹⁾
2004-05	\$ 5.3065	\$ -	\$ 7.9181	\$ 0.0701	\$ 0.2841	\$ 0.1191	\$ 0.4576	\$ 14.1555	\$ 0.3754
2005-06	5.2949	-	7.8128	0.0701	0.2782	0.0973	0.4576	14.0109	0.3588
2006-07	5.4171	-	7.9024	0.0701	0.4289	0.0856	0.4576	14.3617	0.4250
2007-08	5.3936	-	7.3924	0.0701	0.3984	0.0803	0.4576	13.7924	0.3235
2008-09	5.4026	-	7.8235	0.0701	0.4368	0.0863	0.4576	14.2769	0.3100
2009-10	5.4026	-	7.8235	0.0701	0.4368	0.0863	0.4576	14.2769	0.3100
2010-11	5.3846	-	7.8077	0.0701	0.4088	0.0878	0.4576	14.2166	0.3009
2011-12	5.4403	-	7.9806	0.0701	0.3154	0.0583	0.4576	14.3223	0.2926
2012-13	5.4240	-	8.0976	0.0701	0.4043	- ⁽⁹⁾	0.4576	14.4536	0.2857
2013-14	4.3434	1.2400	8.2560	0.0701	0.0966	- ⁽⁹⁾	0.4576	14.4637	0.2759

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

- (1) Special levy applied only to Option 3 urban renewal areas: Oregon Convention Center, South Park Blocks, Downtown Waterfront, and Airport Way.
- (2) Applies to all areas except Gateway Regional Center Urban Renewal Area with the exception of a small number of properties.
- (3) Applies to Gateway Regional Center and Airport Way urban renewal areas
- (4) Applies only to the Airport Way Urban Renewal Area.
- (5) Applies to the following urban renewal areas: Lents Town Center, Gateway Regional Center, Interstate Corridor, Willamette Industrial, Airport Way, Oregon Convention Center, and Central Eastside
- (6) Applies to the following urban renewal areas: River District, North Macadam, South Park Blocks, and Downtown Waterfront.
- (7) Applies to the Lents Town Center, Gateway Regional Center, and Airport Way urban renewal areas.
- (8) Applies to Lents Town Center, and Gateway Regional Center urban renewal areas.
- (9) Tri-County Metropolitan District had no tax assessment rate
- (10) District established by voters in November 2013 general election

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

Portland Public School District #1 ⁽²⁾	Parkrose School District #3 ⁽³⁾	Reynolds School District #7 ⁽⁴⁾	David Douglas School District #40 ⁽⁸⁾	East Multnomah County Soil & Water Conservation District ⁽⁵⁾	West Multnomah County Soil & Water Conservation District ⁽⁶⁾	Portland Community College ⁽²⁾	Mt. Hood Community College ⁽⁷⁾
\$ 4.7743	\$ 6.3294	\$ 6.0151	\$ 6.5495	\$ 0.0413	\$ -	\$ 0.4950	\$ 0.4917
5.2781	6.2635	5.9497	6.8335	0.0326	-	0.4889	0.4917
6.5281	5.9247	5.8339	6.8590	0.0715	0.0378	0.5051	0.4917
6.5281	5.8887	5.8147	6.8731	0.0877	0.0369	0.5031	0.4917
6.5281	6.1391	5.6033	6.5048	0.1000	0.0391	0.6325	0.4917
6.5281	6.1391	5.6033	6.5048	0.1000	0.0391	0.6325	0.4917
6.5281	6.0049	5.5958	6.4276	0.1000	0.0469	0.6359	0.4917
7.2681	5.8923	5.7789	6.3955	0.1000	0.0732	0.5981	0.4917
7.2681	6.1141	5.9856	6.3836	0.1000	0.0750	0.6651	0.4917
8.3571	6.0605	6.0188	6.3267	0.1000	0.0750	0.7342	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, 2014

(Unaudited)

Fiscal Year	Airport Way Urban Renewal Bonds	Downtown Waterfront Urban Renewal Bonds	Downtown Waterfront Urban Renewal Bonds	Interstate Corridor Urban Renewal Bonds	Interstate Corridor Urban Renewal Bonds	Convention Center Urban Renewal Bonds
	2005 Series A & B	2008 Series A	2011 Series A	2004 Series A	2011 Series A & B	2011 Series A
2014-15	\$ 4,210,000	\$ 2,050,000	\$ 3,970,000	\$ 1,490,000	\$ 1,600,000	\$ 3,785,000
2015-16	4,420,000	2,160,000	4,090,000	1,550,000	1,655,000	3,935,000
2016-17	4,640,000	2,275,000	4,255,000	1,625,000	1,715,000	4,130,000
2017-18	4,875,000	2,390,000	4,430,000	1,710,000	1,790,000	4,335,000
2018-19	5,120,000	2,520,000	4,645,000	1,800,000	1,875,000	4,550,000
2019-20	5,375,000	2,680,000	4,880,000	1,890,000	1,965,000	4,780,000
2020-21	-	5,415,000	-	1,990,000	2,065,000	-
2021-22	-	5,760,000	-	2,095,000	2,175,000	-
2022-23	-	6,120,000	-	2,190,000	2,315,000	-
2023-24	-	7,000,000	-	2,295,000	2,460,000	-
2024-25	-	-	-	2,410,000	2,615,000	-
2025-26	-	-	-	-	2,780,000	-
2026-27	-	-	-	-	2,940,000	-
2027-28	-	-	-	-	3,085,000	-
2028-29	-	-	-	-	3,230,000	-
2029-30	-	-	-	-	3,390,000	-
2030-31	-	-	-	-	3,560,000	-
2031-32	-	-	-	-	-	-
Total	\$ 28,640,000	\$ 38,370,000	\$ 26,270,000	\$ 21,045,000	\$ 41,215,000	\$ 25,515,000

Source: Amortization schedule for each bond.

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

Convention Center Urban Renewal Bonds	River District Urban Renewal Bonds	River District Urban Renewal Bonds	South ParkBlocks Urban Renewal Bonds	Lents Town Center Urban Renewal Bonds	Central Eastside Urban Renewal Bonds	North Macadam Urban Renewal Bonds
2012 Series A	2003 Series B	2012 Series A, B & C	2008 Series A & B	2010 Series A & B	2011 Series A & B	2010 Series A & B
\$ -	\$ 655,000	\$ 3,920,000	\$ 4,250,000	\$ 1,290,000	\$ 1,050,000	\$ 2,370,000
-	-	4,700,000	4,510,000	1,350,000	1,095,000	2,465,000
-	-	4,865,000	4,780,000	1,425,000	1,145,000	2,600,000
-	-	5,070,000	5,070,000	1,510,000	1,205,000	2,740,000
-	-	5,290,000	8,690,000	1,595,000	1,270,000	2,885,000
500,000	-	5,490,000	5,845,000	1,690,000	1,345,000	3,040,000
14,075,000	-	5,735,000	4,060,000	1,785,000	1,425,000	3,205,000
14,600,000	-	5,965,000	4,265,000	1,900,000	1,490,000	3,380,000
15,165,000	-	6,235,000	4,480,000	2,015,000	1,555,000	3,525,000
15,775,000	-	2,165,000	8,040,000	2,145,000	1,625,000	3,655,000
9,645,000	-	2,255,000	-	2,275,000	1,700,000	3,840,000
-	-	2,350,000	-	2,390,000	1,780,000	3,995,000
-	-	2,465,000	-	2,500,000	1,870,000	4,150,000
-	-	2,570,000	-	2,625,000	1,960,000	4,320,000
-	-	2,700,000	-	2,755,000	2,060,000	4,500,000
-	-	2,835,000	-	2,885,000	2,165,000	4,725,000
-	-	2,985,000	-	-	2,280,000	-
-	-	3,130,000	-	-	-	-
<u>\$ 69,760,000</u>	<u>\$ 655,000</u>	<u>\$ 70,725,000</u>	<u>\$ 53,990,000</u>	<u>\$ 32,135,000</u>	<u>\$ 27,020,000</u>	<u>\$ 55,395,000</u>

**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, 2014

(Unaudited)

Fiscal Year	Airport Way Urban Renewal Bonds	Downtown Waterfront Urban Renewal Bonds	Downtown Waterfront Urban Renewal Bonds	Interstate Corridor Urban Renewal Bonds	Interstate Corridor Urban Renewal Bonds	Convention Center Urban Renewal Bonds
	2005 Series A & B	2008 Series A	2011 Series A	2004 Series A	2011 Series A & B	2011 Series A
2014-15	\$ 1,378,250	\$ 2,324,383	\$ 1,139,150	\$ 1,042,731	\$ 2,138,610	\$ 1,237,900
2015-16	1,167,750	2,219,628	1,020,050	983,131	2,085,282	1,086,500
2016-17	946,750	2,107,092	856,450	905,631	2,022,673	889,750
2017-18	714,750	1,986,289	686,250	824,381	1,948,517	683,250
2018-19	471,000	1,858,185	464,750	734,606	1,865,747	466,500
2019-20	215,000	1,699,425	232,500	640,106	1,772,484	239,000
2020-21	-	1,530,585	-	540,881	1,670,815	-
2021-22	-	1,189,440	-	436,406	1,560,875	-
2022-23	-	826,560	-	344,750	1,423,980	-
2023-24	-	441,000	-	235,250	1,278,274	-
2024-25	-	-	-	120,500	1,123,442	-
2025-26	-	-	-	-	958,854	-
2026-27	-	-	-	-	802,538	-
2027-28	-	-	-	-	655,538	-
2028-29	-	-	-	-	509,000	-
2029-30	-	-	-	-	347,500	-
2030-31	-	-	-	-	178,000	-
2031-32	-	-	-	-	-	-
Total	\$ 4,893,500	\$ 16,182,587	\$ 4,399,150	\$ 6,808,375	\$ 22,342,129	\$ 4,602,900

Source: Amortization schedule for each bond.

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

Convention Center Urban Renewal Bonds	River District Urban Renewal Bonds	River District Urban Renewal Bonds	South ParkBlocks Urban Renewal Bonds	Lents Town Center Urban Renewal Bonds	Central Eastside Urban Renewal Bonds	North Macadam Urban Renewal Bonds
2012 Series A	2003 Series B	2012 Series A, B & C	2008 Series A & B	2010 Series A & B	2011 Series A & B	2010 Series A & B
\$ 2,792,917	\$ 26,855	\$ 3,016,144	\$ 2,927,691	\$ 1,741,326	\$ 1,351,828	\$ 2,591,061
2,792,917	-	2,916,278	2,671,373	1,682,592	1,308,253	2,497,209
2,792,917	-	2,751,983	2,399,375	1,604,508	1,257,883	2,364,740
2,792,917	-	2,546,720	2,111,093	1,522,086	1,199,660	2,225,016
2,792,917	-	2,325,793	1,805,322	1,434,747	1,132,963	2,077,769
2,792,917	-	2,125,132	1,334,500	1,342,493	1,059,989	1,922,729
2,774,802	-	1,878,047	1,042,250	1,244,743	978,671	1,759,359
2,250,790	-	1,653,858	839,250	1,132,574	912,125	1,580,712
1,685,332	-	1,380,069	626,000	1,013,178	848,800	1,439,188
1,075,244	-	1,089,535	402,000	886,555	780,769	1,307,000
416,953	-	1,000,121	-	756,238	705,613	1,124,250
-	-	903,607	-	642,488	624,863	970,650
-	-	788,700	-	527,738	535,863	810,850
-	-	677,950	-	402,738	442,363	644,850
-	-	549,450	-	275,113	344,363	461,250
-	-	414,450	-	144,250	236,213	236,250
-	-	272,700	-	-	122,550	-
-	-	125,200	-	-	-	-
<u>\$ 24,960,626</u>	<u>\$ 26,855</u>	<u>\$ 26,415,737</u>	<u>\$ 16,158,854</u>	<u>\$ 16,353,367</u>	<u>\$ 13,842,767</u>	<u>\$ 24,012,883</u>

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

URBAN RENEWAL INDEBTEDNESS SUMMARY

As of June 30, 2014

(Unaudited)

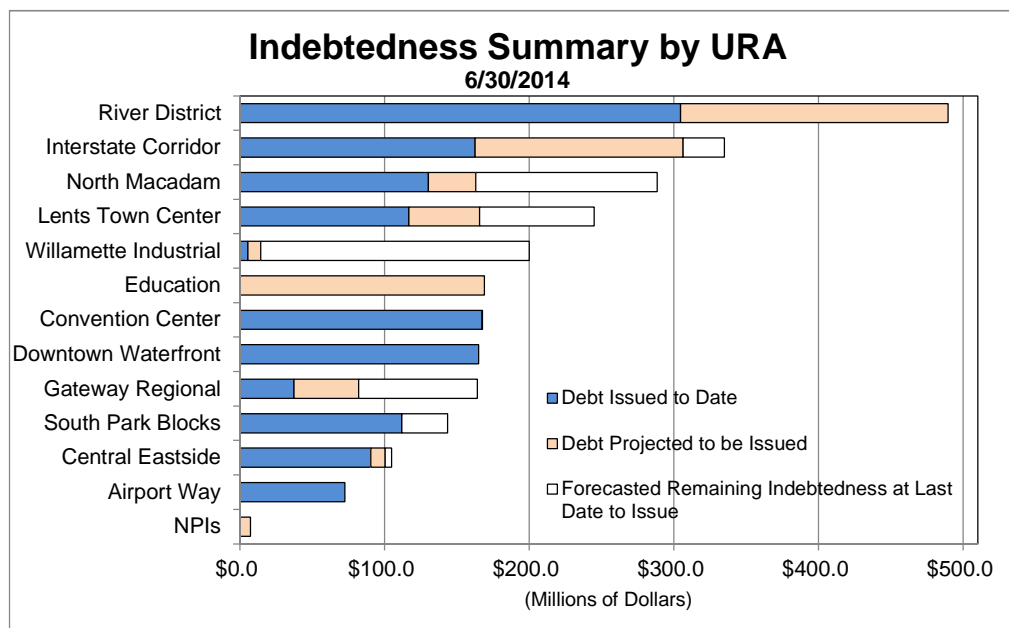
Urban Renewal Area	Maximum Indebtedness	Indebtedness Issued as of 6/30/14	Indebtedness Remaining as of 6/30/14	Projected Indebtedness to Be Issued ⁽³⁾	Last Date to Issue Long Term Debt	Plan Type
Airport Way	\$ 72,638,268	\$ 72,638,268	\$ -	\$ -	May 2011	Option 3
Central Eastside	104,979,000	90,618,140	14,360,860	9,767,853	August 2018	Reduced Rate Plan ⁽¹⁾
Convention Center	167,511,000	167,510,000	1,000	-	June 2013	Option 3
Downtown Waterfront	165,000,000	165,000,000	-	-	April 2008	Option 3
Education	169,000,000	1,020,000	167,980,000	167,980,000	June 2041	Standard Rate Plan ⁽²⁾
Gateway Regional	164,240,000	37,533,485	126,706,515	44,600,000	June 2022	Standard Rate Plan ⁽²⁾
Interstate Corridor	335,000,000	162,557,000	172,443,000	143,900,000	N/A	Standard Rate Plan ⁽²⁾
Lents Town Center	245,000,000	116,852,777	128,147,223	48,800,000	June 2020	Standard Rate Plan ⁽²⁾
Neighborhood Prosperity Initiative	7,500,000	178,000	7,322,000	7,322,000	N/A	Standard Rate Plan ⁽²⁾
North Macadam	288,562,000	130,289,410	158,272,590	32,700,000	June 2020	Standard Rate Plan ⁽²⁾
River District	489,500,000	304,684,306	184,815,694	184,815,694	June 2021	Standard Rate Plan ⁽²⁾
South Park Blocks	143,619,000	112,035,000	31,584,000	-	July 2008	Option 3
Willamette Industrial	200,000,000	5,496,000	194,504,000	9,000,000	December 2024	Reduced Rate Plan ⁽¹⁾

Notes:

(1) Reduced Rate Plan: Bonds and Local Option Levies approved after 10/06/2001 do not contribute to urban renewal.

(2) Standard Rate Plan: All levies contribute to urban renewal. River District, Education and NPI URAs are subject to revenue sharing.

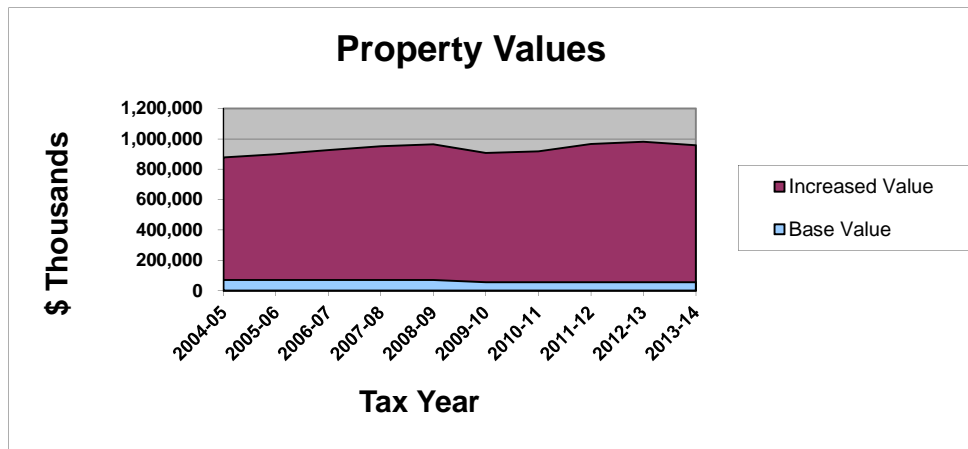
(3) Not all URAs are projected to reach maximum indebtedness due to debt coverage requirements and current market conditions.



The following 11 pages contain statistical data for 11 of the 13 urban renewal areas. The two new urban renewal areas, Neighborhood Prosperity Initiative Urban Renewal Fund and Education Urban Renewal Fund have no history to report and no related housing statistical data to report so these two areas are not presented.

**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⁾
2004-05	\$	21.58	\$ 70,866,644	\$ 807,467,176	\$ 7,128,198
2005-06		19.02	70,866,644	828,313,148	7,199,233
2006-07		19.57	70,866,644	854,990,000	7,322,396
2007-08		21.46	70,866,644	881,338,267	7,373,237
2008-09		20.68	70,866,644	893,495,927	7,315,259
2009-10		21.53	55,674,313	850,698,640	7,344,233
2010-11		21.56	55,674,313	863,116,698	7,288,146
2011-12		21.83	55,674,313	910,075,667	6,925,883
2012-13		22.05	55,674,313	926,217,621	6,776,377
2013-14		23.63	55,674,313	902,053,844	6,647,962

Source: Multnomah County Division of Assessment and Taxation

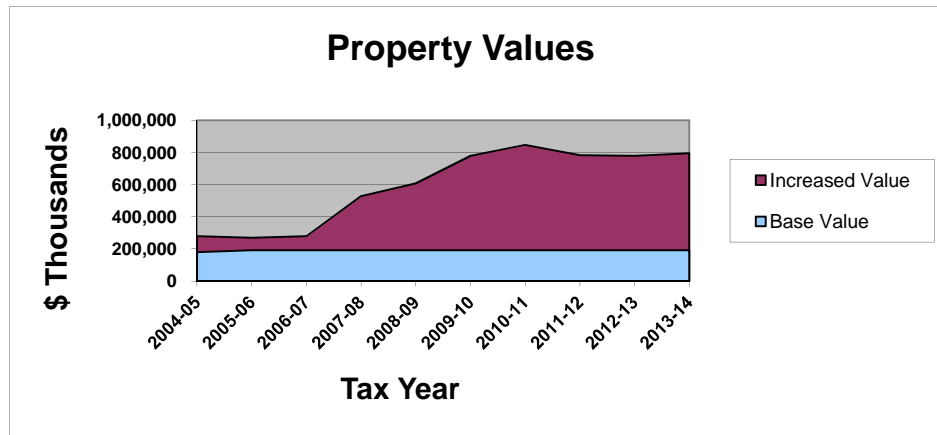
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	3,771	3,976	598,002	636,865
Per Capita Income	\$ 27,507	\$ 31,778	\$ 26,715	\$ 31,090
Total Housing Units	2,641	2,755	271,815	287,153
Owner Occupied Housing Units	336	365	134,292	144,047
Renter Occupied Housing Units	2,112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

Source: The 2012/2017 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2012 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 forecast illustrates the effects of current events and the expected recovery from the recession. *PDC GIS*

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

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

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



Tax Year	Tax Rate ⁽¹⁾		Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2004-05	\$	21.46	\$ 180,450,967	\$ 98,624,297	\$ 1,984,570
2005-06		18.94	192,609,397	77,592,382	1,403,366
2006-07		19.51	192,609,397	86,887,411	1,627,714
2007-08		21.35	192,609,397	336,699,090	6,862,754
2008-09		20.78	192,609,397	415,675,637	8,269,705
2009-10		21.38	192,609,397	587,134,026	11,923,266
2010-11		21.35	192,609,397	655,671,677	13,139,779
2011-12		21.90	192,609,397	590,963,588	11,699,128
2012-13		22.09	192,609,397	587,825,696	11,477,781
2013-14		23.74	192,609,397	603,130,306	12,445,073

Source: Multnomah County Division of Assessment and Taxation

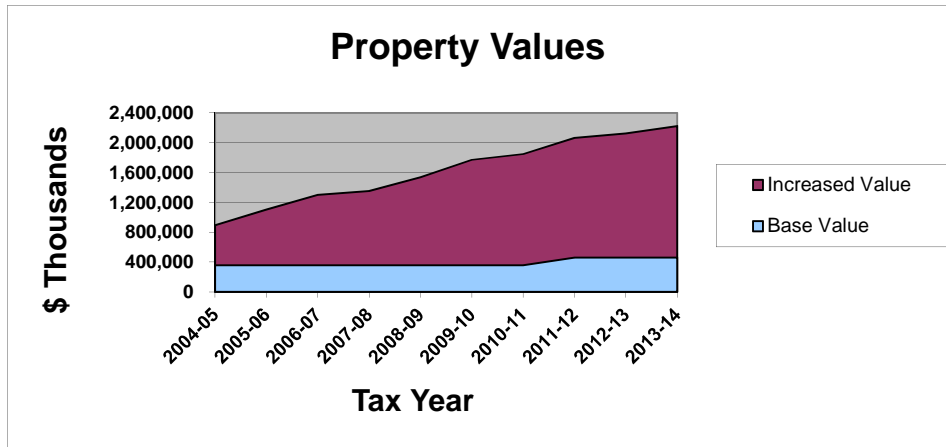
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	3,307	4,115	598,002	636,865
Per Capita Income	\$ 58,057	\$ 64,668	\$ 26,715	\$ 31,090
Total Housing Units	2,531	3,110	271,815	287,153
Owner Occupied Housing Units	792	998	134,292	144,047
Renter Occupied Housing Units	1,236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

Source: The 2012/2017 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2012 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 forecast illustrates the effects of current events and the expected recovery from the recession. *PDC GIS*

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

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

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



Tax Year	Tax Rate ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2004-05	\$ 20.45	\$ 358,684,364	\$ 532,780,808	\$ 10,893,010
2005-06	18.50	358,684,364	744,785,705	13,775,847
2006-07	18.96	358,684,364	940,187,466	17,822,132
2007-08	20.43	358,684,364	991,749,182	20,265,457
2008-09	19.94	358,684,364	1,177,770,363	23,482,535
2009-10	20.38	358,684,364	1,411,486,318	28,760,647
2010-11	20.08	358,684,364	1,488,594,879	29,883,737
2011-12	19.83	461,577,974	1,602,807,681	31,571,279
2012-13	19.58	461,577,974	1,661,649,575	31,307,650
2013-14	20.68	461,577,974	1,762,885,437	32,611,642

Source: Multnomah County Division of Assessment and Taxation

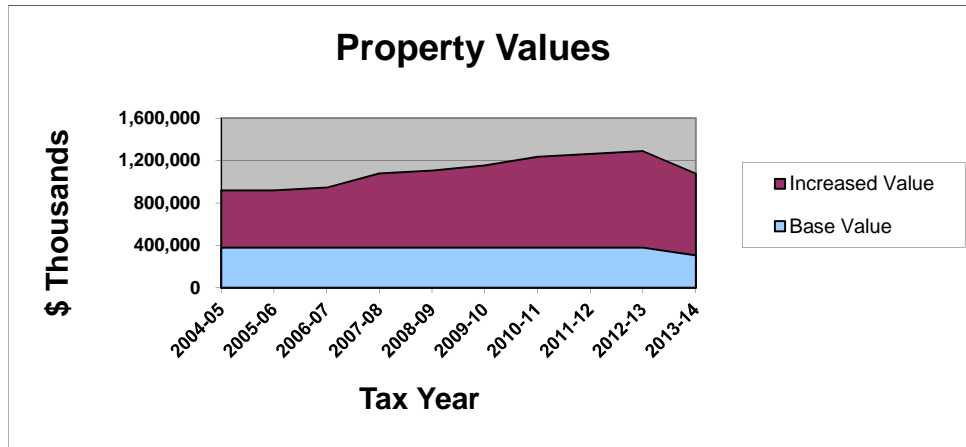
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	8,001	9,455	598,002	636,865
Per Capita Income	\$ 43,736	\$ 52,730	\$ 26,715	\$ 31,090
Total Housing Units	6,253	7,260	271,815	287,153
Owner Occupied Housing Units	1,459	1,645	134,292	144,047
Renter Occupied Housing Units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

Source: The 2012/2017 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2012 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 forecast illustrates the effects of current events and the expected recovery from the recession. *PDC GIS*

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

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

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



Tax Year	Tax Rate ⁽¹⁾		Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2004-05	\$	21.76	\$ 378,055,680	\$ 540,333,579	\$ 5,280,064
2005-06		19.31	378,055,680	540,982,035	5,370,006
2006-07		19.66	378,055,680	566,120,167	5,403,278
2007-08		21.32	378,055,680	700,363,924	5,376,221
2008-09		20.72	378,055,680	727,733,672	5,381,549
2009-10		21.33	376,066,574	778,265,484	5,341,041
2010-11		21.30	376,066,574	858,446,906	5,281,167
2011-12		21.77	376,066,574	885,549,998	5,072,867
2012-13		21.98	376,068,574	912,842,988	4,959,738
2013-14		23.62	305,692,884	770,670,660	4,876,124

Source: Multnomah County Division of Assessment and Taxation

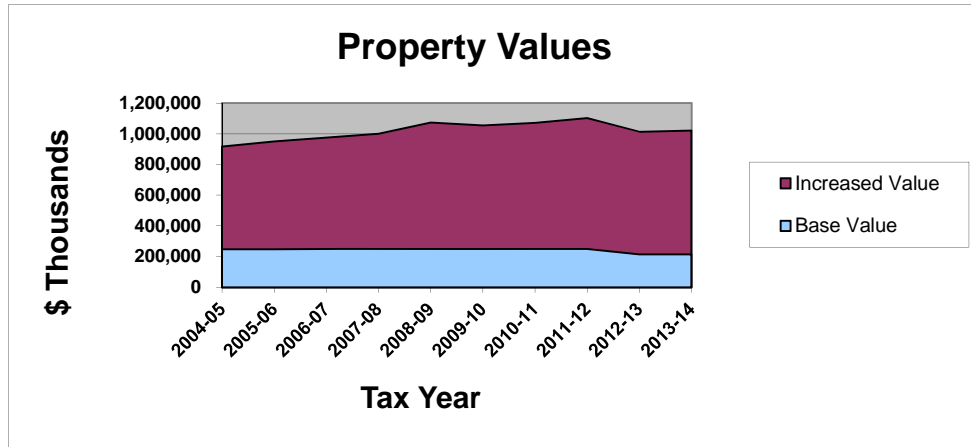
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	3,586	4,029	598,002	636,865
Per Capita Income	\$ 19,447	\$ 22,558	\$ 26,715	\$ 31,090
Total Housing Units	2,517	2,839	271,815	287,153
Owner Occupied Housing Units	256	286	134,292	144,047
Renter Occupied Housing Units	1,962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

Source: The 2012/2017 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2012 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 forecast illustrates the effects of current events and the expected recovery from the recession. *PDC GIS*

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

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

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



Tax Year	Tax Rate ⁽¹⁾		Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2004-05	\$	21.76	\$ 247,728,838	\$ 668,865,098	\$ 5,304,200
2005-06		19.34	248,214,131	701,773,824	5,348,082
2006-07		19.68	248,689,281	725,955,191	5,441,875
2007-08		21.32	248,689,281	751,940,292	5,475,275
2008-09		20.75	248,689,281	824,599,717	5,438,655
2009-10		21.38	248,951,143	804,685,182	5,454,893
2010-11		21.35	248,951,143	822,947,836	5,419,374
2011-12		21.82	248,951,143	852,646,229	5,346,748
2012-13		21.97	214,100,689	799,329,769	5,021,769
2013-14		23.67	214,100,689	796,003,675	4,952,060

Source: Multnomah County Division of Assessment and Taxation

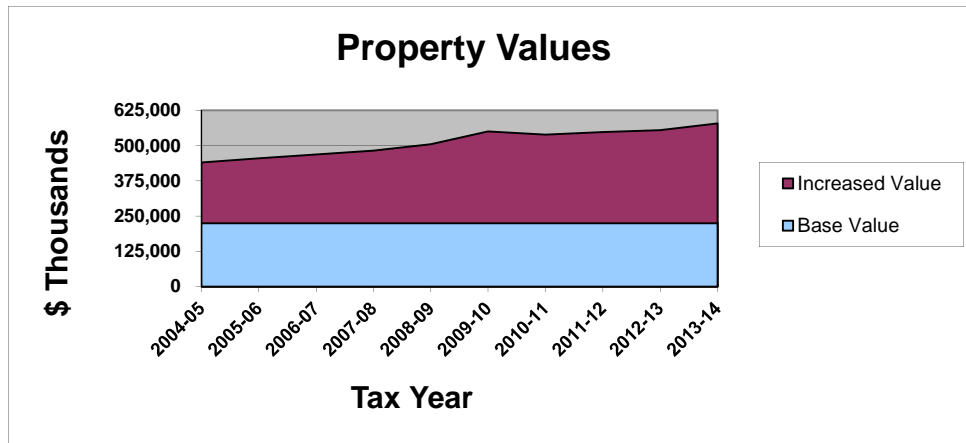
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	1,558	1,622	598,002	636,865
Per Capita Income	\$ 32,072	\$ 37,611	\$ 26,715	\$ 31,090
Total Housing Units	1,074	1,088	271,815	287,153
Owner Occupied Housing Units	159	166	134,292	144,047
Renter Occupied Housing Units	806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

Source: The 2012/2017 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2012 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 forecast illustrates the effects of current events and the expected recovery from the recession. *PDC GIS*

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

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

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



Tax Year	Tax Rate ⁽¹⁾		Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2004-05	\$	20.21	\$ 224,605,349	\$ 215,708,847	\$ 4,164,087
2005-06		17.78	224,605,349	230,380,503	3,973,027
2006-07		18.14	224,605,349	243,532,862	4,296,871
2007-08		18.24	224,605,349	257,850,367	4,578,234
2008-09		18.51	224,605,349	279,998,617	5,030,994
2009-10		18.51	224,605,349	325,868,916	5,843,346
2010-11		18.00	224,605,349	314,667,331	5,460,067
2011-12		17.76	224,605,349	323,222,477	5,472,135
2012-13		17.92	224,605,349	330,134,282	5,557,691
2013-14		19.16	224,626,739	354,036,136	6,157,007

Source: Multnomah County Division of Assessment and Taxation

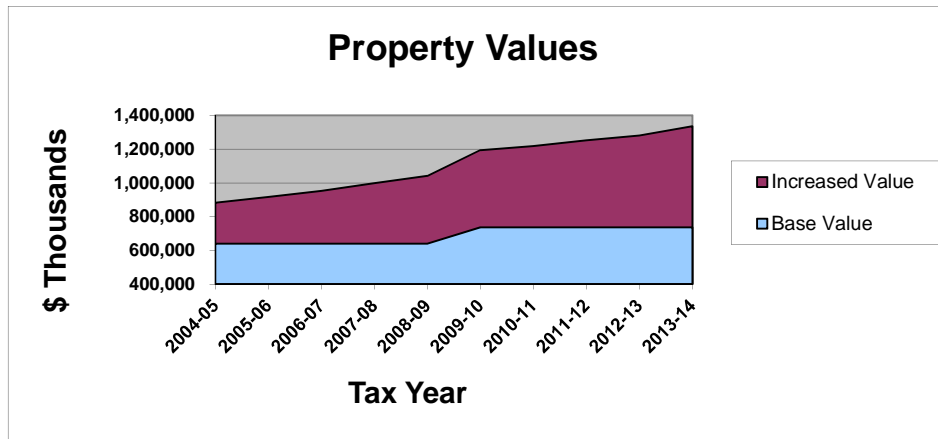
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	1,908	2,051	598,002	636,865
Per Capita Income	\$ 23,344	\$ 25,229	\$ 26,715	\$ 31,090
Total Housing Units	998	1,079	271,815	287,153
Owner Occupied Housing Units	91	93	134,292	144,047
Renter Occupied Housing Units	843	930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

Source: The 2012/2017 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 forecast illustrates the effects of current events. *PDC GIS*

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

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

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



Tax Year	Tax Rate ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2004-05	\$ 21.52	\$ 640,177,922	\$ 243,212,853	\$ 4,929,404
2005-06	19.91	640,177,922	275,822,211	5,249,632
2006-07	20.24	640,177,922	312,317,448	6,077,743
2007-08	21.44	640,177,922	358,801,970	7,375,650
2008-09	20.91	640,177,922	400,982,105	8,056,078
2009-10	21.40	736,224,033	457,950,622	9,344,988
2010-11	21.30	736,224,033	482,455,121	9,685,618
2011-12	21.58	736,224,033	515,771,987	10,098,006
2012-13	21.78	736,224,033	545,241,847	10,524,133
2013-14	23.03	736,224,033	599,867,032	12,003,585

Source: Multnomah County Division of Assessment and Taxation

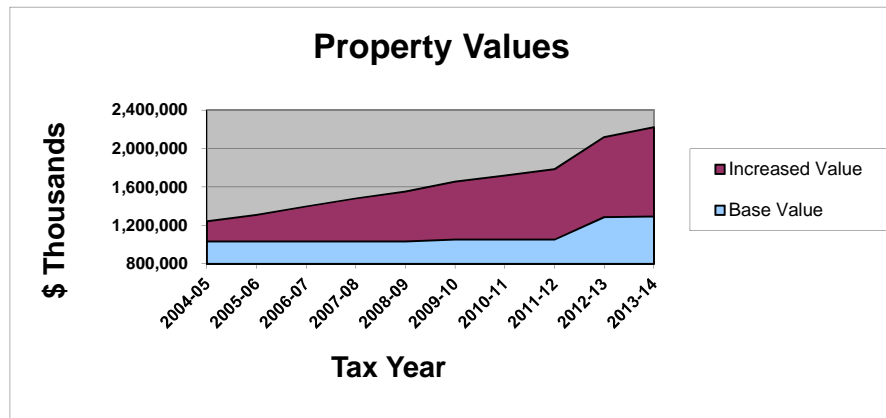
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	28,757	30,291	598,002	636,865
Per Capita Income	\$ 16,235	\$ 18,576	\$ 26,715	\$ 31,090
Total Housing Units	11,134	11,611	271,815	287,153
Owner Occupied Housing Units	5,337	5,610	134,292	144,047
Renter Occupied Housing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

Source: The 2012/2017 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 forecast illustrates the effects of current events. *PDC GIS*

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

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

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



Tax Year	Tax Rate ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2004-05	\$ 21.70	\$ 1,033,372,876	\$ 209,114,965	\$ 4,253,560
2005-06	19.30	1,033,372,876	276,592,476	5,096,500
2006-07	19.73	1,033,372,876	363,829,663	6,890,757
2007-08	21.38	1,033,372,876	447,042,428	9,124,210
2008-09	20.86	1,033,372,876	520,098,507	10,382,389
2009-10	21.48	1,051,408,349	603,067,607	12,307,811
2010-11	21.39	1,051,408,349	667,154,843	13,395,188
2011-12	21.93	1,051,408,349	732,982,715	14,532,562
2012-13	22.14	1,285,932,631	833,779,005	16,318,215
2013-14	23.78	1,293,389,062	928,040,273	19,182,025

Source: Multnomah County Division of Assessment and Taxation

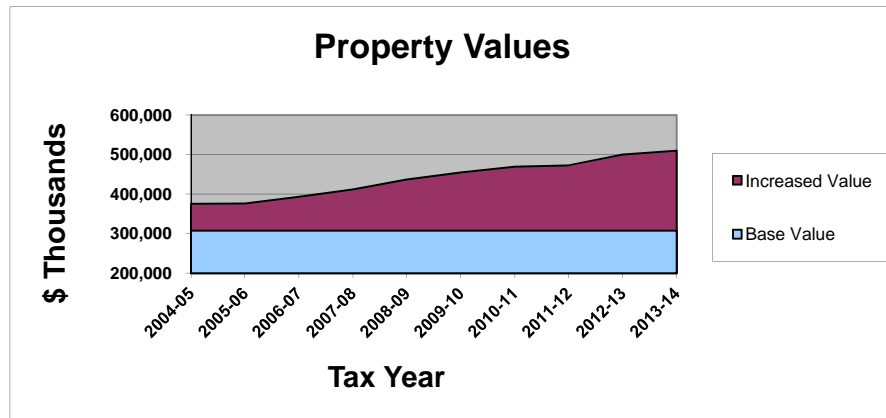
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	36,256	38,986	598,002	636,865
Per Capita Income	\$ 18,000	\$ 20,718	\$ 26,715	\$ 31,090
Total Housing Units	15,986	17,087	271,815	287,153
Owner Occupied Housing Units	7,547	8,140	134,292	144,047
Renter Occupied Housing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

Source: The 2012/2017 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 forecast illustrates the effects of current events. PDC G/S

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

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

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⁾
2004-05	\$ 20.86	\$ 307,174,681	\$ 68,476,163	\$ 1,356,824
2005-06	20.85	307,174,681	68,766,041	1,375,408
2006-07	21.07	307,174,681	86,192,591	1,751,370
2007-08	21.44	307,174,681	105,057,959	2,174,962
2008-09	20.91	307,174,681	129,631,176	2,623,998
2009-10	21.15	307,174,681	147,626,654	3,001,090
2010-11	20.97	307,174,681	162,221,215	3,228,472
2011-12	20.77	307,174,681	165,778,737	3,149,978
2012-13	20.88	307,174,681	193,181,233	3,600,918
2013-14	21.33	307,174,681	202,760,459	3,755,877

Source: Multnomah County Division of Assessment and Taxation

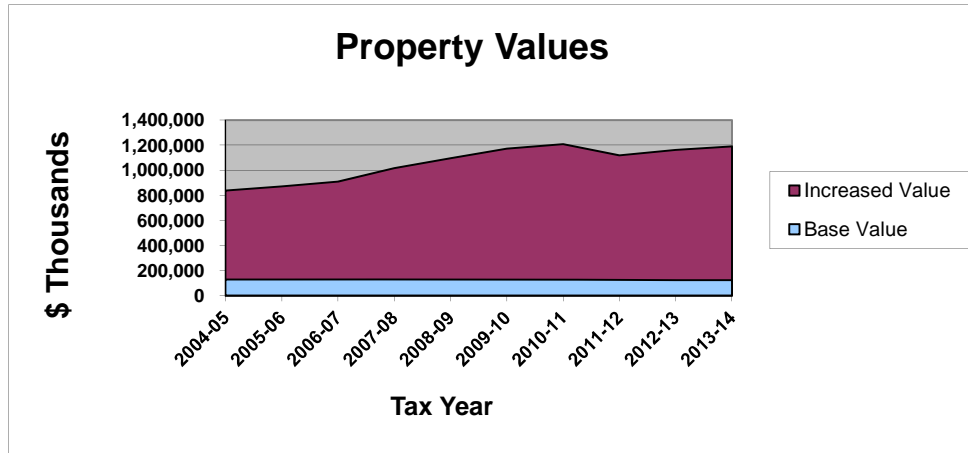
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	5,890	6,348	598,002	636,865
Per Capita Income	\$ 22,224	\$ 25,897	\$ 26,715	\$ 31,090
Total Housing Units	3,097	3,317	271,815	287,153
Owner Occupied Housing Units	878	986	134,292	144,047
Renter Occupied Housing Units	1,962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

Source: The 2012/2017 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2012. This change is then extrapolated five years to 2017. The 2012 update represents current events; the 2017 forecast illustrates the effects of current events. *PDC GIS*

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

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

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



Tax Year	Tax Rate ⁽¹⁾		Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2004-05	\$	21.02	\$ 129,701,177	\$ 708,712,135	\$ 2,347,588
2005-06		20.45	129,701,177	739,905,461	2,373,451
2006-07		20.33	129,701,177	779,770,869	2,389,518
2007-08		20.59	129,701,177	886,308,606	2,386,745
2008-09		19.99	129,701,177	965,779,764	2,390,141
2009-10		20.55	129,701,177	1,043,109,736	2,374,741
2010-11		20.34	129,701,177	1,077,899,700	2,340,489
2011-12		20.22	124,710,301	992,524,455	2,276,718
2012-13		20.68	124,710,301	1,036,798,748	2,237,816
2013-14		21.07	124,710,301	1,065,895,813	2,154,123

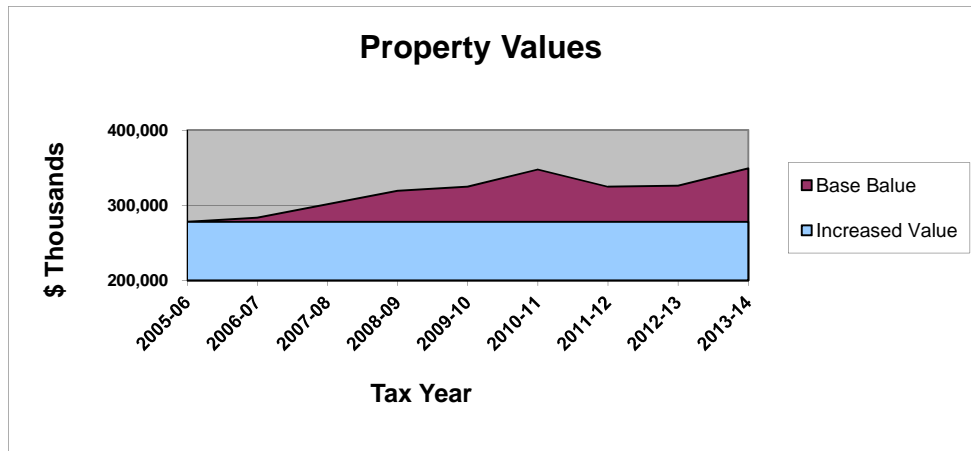
Source: Multnomah County Division of Assessment and Taxation

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

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

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

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



Tax Year	Tax Rate ⁽¹⁾		Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
2005-06	\$	18.26	\$ 278,034,345	\$ -	\$ -
2006-07		15.15	278,034,345	5,655,915	85,706
2007-08		16.84	278,034,345	23,273,744	391,905
2008-09		17.92	278,034,345	41,284,536	739,979
2009-10		18.03	278,034,345	46,707,594	842,243
2010-11		17.63	278,034,345	69,552,044	1,226,407
2011-12		17.13	278,034,345	46,606,563	798,540
2012-13		17.24	278,034,345	48,075,015	828,719
2013-14		18.81	278,034,345	71,165,175	1,338,726

Willamette Industrial URA consists of Multnomah County tax districts 730 and 731. Only data for tax district 731 is shown. Tax district 730 has a frozen tax base of \$203,408,790, and assessed property values for this district decreased by \$122,340,860 from fiscal year 2005-06 through 2013-14.

Source: Multnomah County Division of Assessment and Taxation

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

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

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

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

<u>Fiscal Year</u>	<u>Business Financial Assistance</u>	
	<u>Number of loans and grants</u>	<u>Dollar Amount</u>
2004-05	52	\$ 10,590,559
2005-06	59	14,505,900
2006-07	54	12,466,365
2007-08	47	5,499,620
2008-09	258	15,391,215
2009-10	269	10,631,493
2010-11	264	33,764,995
2011-12	236	7,547,956
2012-13	234	8,919,709
2013-14	300	20,769,972

Source: Commission loan system.

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

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

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

Year	Personal Income (Thousands)			Per Capita Income		
	Portland/ Vancouver/ Hillsboro MSA	Oregon	U.S. Total	Portland/ Vancouver/ Hillsboro MSA	Oregon	U.S. Total
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	85,922	133,907	11,852,715	38,936	35,159	38,637
2010	87,550	137,672	12,423,332	39,212	35,869	40,163
2011	93,406	146,001	13,179,561	41,313	37,744	42,298
2012	98,698	152,721	13,729,063	43,103	39,166	43,735
2013	n/a	158,117	14,081,242	n/a	40,233	44,543

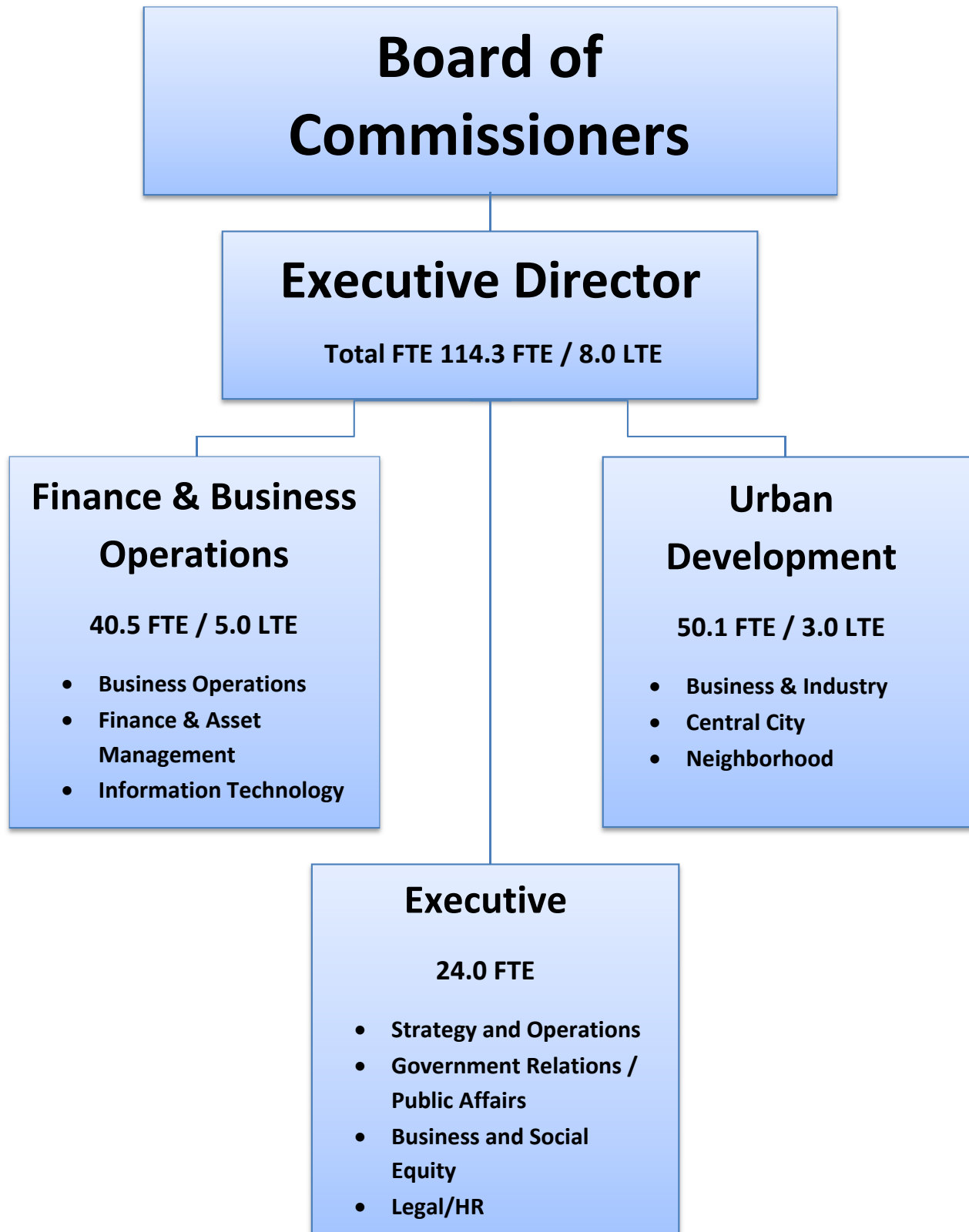
Sources: U.S. Department of Commerce, Bureau of Economic Analysis
Oregon Office of Economic Analysis

Year	POPULATION TRENDS				UNEMPLOYMENT RATES	
	Portland (1)	Portland/ Vancouver/ Hillsboro MSA (1)	Oregon (1)	U.S. Total (1)	Portland Unemployment % Rate (2)	Oregon Unemployment %Rate (2)
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	2,206,737	3,808,600	309,771,529	11.0	11.6
2010	581,484	2,232,717	3,838,212	309,326,225 (3)	10.5	10.8
2011	583,546	2,260,928	3,868,229	311,587,816	9.1	9.5
2012	587,865	2,289,800	3,899,353	313,914,040	7.6	8.1
2013	n/a	n/a	3,930,065	316,128,839	7.3	7.8

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

(2) Oregon Employment Department

(3) US Census 2010



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

**MISCELLANEOUS STATISTICS
As of June 30, 2014
(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	FY2009-10		FY2010-11		FY2011-12		FY2012-13		FY2013-14	
	FTE	LTE	FTE	LTE	FTE	LTE	FTE	LTE	FTE	LTE
Urban Development	71.1	3.0 ⁽¹⁾	66.3	0.0	58.3	0.0	59.3	0.0	50.1	3.0
Housing	37.0	1.0	0.0	0.0 ⁽²⁾	0.0	0.0	0.0	0.0	0.0	0.0
Executive	42.0	2.0	35.0	0.9	19.0	1.0	24.0	0.0	24.0	0.0
Central Services	63.0	0.0	54.0	4.3	0.0	0.0	0.0	0.0	0.0	0.0
Finance & Business Operations	0.0	0.0	0.0	0.0 ⁽²⁾	58.0	2.0	51.0	1.0	40.5	5.0
Total	213.1	6.0	155.3	5.2	135.3	3.0	134.3	1.0	114.6	8.0

- (1) In FY 2009-10 the previously named Development and Economic Development Departments were merged into the Urban Development Department.
- (2) In FY 2010-11 the Housing function was transferred to the Portland Housing Bureau, the Central Service Department was renamed Finance & Business Operations, and the former Executive Department was split into the Government Relations & Public Affairs, Strategy & Operations, Business & Social Equity, and Legal Departments.
- (3) In FY 2013-14 the FTE count was decreased by 19.7 FTE from FY 2012-13. 7 of these positions were reassigned as LTE (4 in Finance & Business Operations and 3 in Urban Development.). The Urban Development Department decreased by 9.1 FTE. The Finance & Business Operations Department decreased by 10.5 FTE. 2.0 FTE in Information Technology and 1.0 in Business Operations were reassigned to Executive from Finance & Business Operations in FY 2012-13 after the adoption of the FY 2012-13 Budget.

**Urban Renewal District Land Area and Base Values
As of June 30, 2014**

District	Acres	Base Value
42nd Avenue ⁽¹⁾	136.2	\$ 83,203,598
82nd Avenue and Division ⁽¹⁾	108.8	83,686,505
Airport Way	1,841.4	124,710,301
Central Eastside	692.3	224,626,739
Cully Blvd ⁽¹⁾	164.6	83,187,490
Division-Midway ⁽¹⁾	115.9	82,343,462
Downtown Waterfront	233.1	55,674,313
Education District ⁽¹⁾	144.0	622,437,726
Gateway Regional Center	658.5	307,174,681
Interstate Corridor	3,990.0	1,293,389,062
Lents Town Center	2,846.3	736,224,033
North Macadam	401.9	192,609,397
Oregon Convention Center	410.0	214,100,689
Parkrose ⁽¹⁾	142.6	85,053,706
River District	351.2	461,577,974
Rosewood ⁽¹⁾	135.6	81,232,730
South Park Blocks ⁽²⁾	97.9	305,692,884
Willamette Industrial	755.5	481,443,135
Total URA Land Data	13,225.8	\$ 5,518,368,425.00
Total City Land Data	92,841	\$ 46,142,052,109
	14.2%	12.0%

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

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



Audit Comments and Disclosures_____



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparison statements on pages 25 through 26 of the Portland Development Commission (a Component Unit of the City of Portland, Oregon) (the "Commission") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 13, 2014.

Internal Control Over Financial Reporting

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

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

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

MOSS-ADAMS_{LLP}**Compliance and Other Matters**

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

Purpose of this Report

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



Eugene, Oregon
November 13, 2014

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

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

We have audited the basic financial statements of the Portland Development Commission (a Component Unit of the City of Portland Oregon) (the Commission), as of and for the year ended June 30, 2014, and have issued our report thereon dated November 13, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the Commission's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 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 2014 and 2015.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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



Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

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

A handwritten signature in black ink, reading "James C. Lanzarotta".

James C. Lanzarotta, Partner
for Moss Adams LLP
Eugene, Oregon
November 13, 2014



222 NW FIFTH AVENUE • PORTLAND, OR 97209