



PORTLAND DEVELOPMENT COMMISSION Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2015

A Component Unit of the City of Portland, Oregon

PDC | PORTLAND
DEVELOPMENT
COMMISSION
www.pdc.us

ON THE COVER: PORTLAND MERCADO

Portland's first and only Latino public market opened officially on Saturday, April 11, 2015. The Portland Mercado, developed by Hacienda CDC on PDC-owned property at 7238 SE Foster Road, hosts more than 15 Latino-owned businesses and food trucks offering everything from fresh produce and flowers to Cuban-Argentine fusion food. PDC helped throughout the planning process with grant funding and developing the concept and the business plan.

In addition to providing space for small businesses, the Mercado includes a 500-square-foot commissary kitchen featuring cold and frozen storage units. PDC provided a \$201,959 Community Livability Grant to the \$432,000 project. The kitchen serves as incubation space for Latino entrepreneurs and can be used for nutrition and enrichment classes as well.

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, 2015

About PDC



Where We've Been...

Where We're Headed...

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

PDC's Mission

PDC creates economic growth and opportunity for Portland.

PDC's Vision

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

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

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

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

Table of Contents

	Page
INTRODUCTORY SECTION	
Letter of Transmittal from Executive Director and Chief Financial Officer	I-V
Governing Board	VI
Organization Chart	VII
Map of Urban Renewal Areas	VIII
Certificate of Achievement for Excellence in Financial Reporting.....	IX
 FINANCIAL SECTION	
Independent Auditor's Report.....	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund (adopted as Urban Redevelopment Fund)	26
Housing and Community Development Contract Fund	27
Statement of Net Position – Proprietary Funds	28
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	29
Statement of Cash Flows – Proprietary Funds.....	30
Notes to the Basic Financial Statements:	
I. Summary of Significant Accounting Policies	31
II. Stewardship, Compliance, and Accountability	40

Table of Contents (continued)

Page

FINANCIAL SECTION, Continued:

Basic Financial Statements, Continued:

III. Detailed Notes on All Funds:

A. Cash and Cash Equivalents and Cash with City of Portland Investment Pool	41
B. Internal Balances and Transfers	45
C. Loans Receivable	45
D. Restricted Net Position	48
E. Property Held for Sale.....	49
F. Capital Assets	49
G. Operating Leases.....	50
H. Changes in Long-Term Liabilities	51
I. Amounts Due To and From the City of Portland.....	52
J. Revenue.....	52

IV. Other Information:

A. Pension Plan	52
B. Other Postemployment Benefits	64
C. Commitments	67
D. PDC's Use of the City of Portland's Conduit Debt	67
E. Contingencies	68
F. Risk Management	70
G. Related Party Transactions.....	72
H. Reviews by Grantor Agencies.....	73

Required Supplementary Information

Other Postemployment Healthcare Benefits Schedule of Fund Progress	75
Schedule of Contributions to Oregon Public Retirement System	76

SUPPLEMENTARY DATA (Combining Statements and Schedules, Budgetary Schedules, and Schedules of Capital Assets Used in the Operation of Governmental Funds):

Combining Balance Sheet – Nonmajor Governmental Funds	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	79
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	81
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Other Federal Grants Fund.....	82
Ambassador Program Fund.....	83
Enterprise Zone Fund	84
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds	87

Table of Contents (continued)

	Page
FINANCIAL SECTION, Continued:	
SUPPLEMENTARY DATA, Continued:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Neighborhood Prosperity Initiative Urban Renewal Fund	89
Downtown Waterfront Urban Renewal Fund	90
North Macadam Urban Renewal Fund	91
River District Urban Renewal Fund	92
South Park Blocks Urban Renewal Fund	93
Convention Center Urban Renewal Fund	94
Central Eastside Urban Renewal Fund	95
Lents Town Center Urban Renewal Fund	96
Interstate Corridor Urban Renewal Fund	97
Gateway Regional Center Urban Renewal Fund	98
Airport Way Urban Renewal Fund	99
Willamette Industrial Urban Renewal Fund	100
Education District Urban Renewal Fund	101
Combining Statement of Net Position, Proprietary Funds	103
Combining Statement of Revenues, Expenses, and Changes in Net Position, Proprietary Funds	104
Combining Statement of Cash Flows	105
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Enterprise Loans Fund	106
Combining Schedule of Net Position – for Components of the Enterprise Loans Fund	107
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position – for Components of the Enterprise Loans Fund	108
Schedule of Revenues, Expenses, and Changes in Fund Balance – Budget and Actual:	
Enterprise Management Fund	109
Business Management Fund	110
Risk Management Fund	111
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source	113
Schedule by Function and Activity	114
Schedule of Changes by Function and Activity	115
Schedule of Activity of Real Property Held by the Commission	116

STATISTICAL SECTION

Net Position by Component for the Last Ten Fiscal Years	119
Changes in Net Position for the Last Ten Fiscal Years	120
Fund Balances of Governmental Funds for the Last Ten Fiscal Years	121
Changes in Fund Balances of Governmental Funds for the Last Ten Fiscal Years	122
General Government Revenues for the Last Ten Fiscal Years	123
General Government Expenditures for the Last Ten Fiscal Years	124
Urban Renewal Area Consolidated Tax Rates for the Last Ten Fiscal Years	125

Table of Contents (continued)

Page

STATISTICAL SECTION, Continued:

Urban Renewal and Redevelopment Bonds – Future Bond Principal Requirements	127
Urban Renewal and Redevelopment Bonds – Future Bond Interest Requirements	129
Urban Renewal Indebtedness Summary	131
Urban Renewal Property Values, Tax Increment, and Projected Demographics – Last Ten Years or Since Inception:	
Downtown Waterfront Urban Renewal Fund	132
North Macadam Urban Renewal Fund	133
River District Urban Renewal Fund	134
South Park Blocks Urban Renewal Fund	135
Convention Center Urban Renewal Fund	136
Central Eastside Urban Renewal Fund	137
Lents Town Center Urban Renewal Fund	138
Interstate Corridor Urban Renewal Fund	139
Gateway Regional Center Urban Renewal Fund	140
Airport Way Urban Renewal Fund	141
Willamette Industrial Urban Renewal Fund	142
Neighborhood Prosperity Initiative Urban Renewal Fund	143
Financial Assistance Activity for the Last Ten Fiscal Years	144
Total Personal Income, Per Capita Income, Population Trends, and Unemployment Rates	145
Organizational Chart with Detail	146
Miscellaneous Statistics - June 30, 2015	147

AUDIT COMMENTS & DISCLOSURES

Report on Internal Control Over Financial Reporting and on Compliance and Other matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	148
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon Minimum Standards	150

Introductory Section_____



Tom Kelly
Chair

Gustavo J. Cruz, Jr.
Commissioner

Aneshka Dickson
Commissioner

Mark Edlen
Commissioner

William Myers
Commissioner

Charlie Hales
Mayor

Patrick Quinton
Executive Director

November 17, 2015

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, 2015. 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 2014-15 financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that PDC's financial statements for the fiscal year ended June 30, 2015, 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.

222 NW Fifth Avenue
Portland, OR
97209-3859

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

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. These amendments were approved in January of 2015. As a result no new tax increment will be collected in the Willamette Industrial Urban Renewal Area and FY2014-15 was the second and final year of the Education Urban Renewal Area to support existing commitments before retiring the district.

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 Providence Health Systems, Legacy Health, Fred Meyer, the Kaiser Foundation Health Plan of the Northwest, and Daimler Trucks North America. Trade, transportation, and utilities continue to comprise the largest industry segment of the regional economy and account for approximately 19 percent of local jobs.

While the global economy and the United States economy continue to grow moderately Portland has taken the lead in population and gross domestic product growth since 2008 at 22.8% according to Bloomberg Business. Livability and affordability are hallmarks of the greater Portland area and a key factor in placing Portland third on the Forbes list of the Best Places for Businesses and Careers. Moody's also projects a continued boom over the next three years with an annual growth rate of 7.3%, making Portland the second fastest growing economy in the country. Over the past 12 months, Oregon's employment has grown by 60,400 jobs, or 3.5%, the fastest job growth rate since early 2005. The Portland metropolitan area ended June 2015 with 5.4% unemployment, slightly higher than the national level at 5.3% and slightly better than the State of Oregon rate of 5.5% and down from the 6.4% of a year ago. To further guide its participation in Portland's economic growth, PDC has updated its Strategic Plan for the next five years. The goal of the Plan is to achieve widely shared prosperity among all Portland residents using PDC's tools for job creation, place-making, and economic opportunity.

Oregon statute limits the amount of property that can be included in a municipality's urban renewal areas to a maximum of 15 percent of assessed value and 15 percent of acreage. The aggregate amount of certified assessed value in the eighteen authorized urban renewal areas is approximately 10.9 percent of the City of Portland's total overall assessed value and 13.1 percent of overall acreage for the

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

Long-term Financial Planning

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

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

Recognizing that the geographic and use restrictions on tax-increment finances and the future of urban renewal supports the need for self-sustaining financial resources PDC has undertaken an in-depth look at the agency's financial sustainability as well as best practices in resource generation from similar economic development agencies to address that need.

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 2016.

Overall, PDC has budgeted approximately \$79.0 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 \$17.1 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 \$43.7 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 for housing projects where \$12.5 million will be funded through the Portland Housing Bureau (PHB) for the rehabilitation and preservation of affordable rental housing, and \$50.0 million has been budgeted for property redevelopment including \$16.9 million for the Multnomah County Health Building, \$5.5 million for the on-going redevelopment of Centennial Mills, and \$20.5 million for commercial real estate lending.

In the Oregon Convention Center URA budget has been allocated to commercial property redevelopment with \$28.7 million including \$4.0 million for a Convention Center Hotel, and affordable rental housing funded through PHB has been budgeted for \$11.9 million

In the Interstate Corridor URA, budgeted projects include Business Development where \$8.8 million has been budgeted for financial assistance, primarily in business lending, affordable housing projects of \$7.9 million has been budgeted through PHB, and \$4.3 million in property redevelopment. In addition, \$5.1 million is budgeted for Killingsworth and Lombard infrastructure transportation projects.

Approximately \$6.0 million is budgeted in the Lents Town Center URA for property redevelopment. Other initiatives in this area include \$2.6 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, 2014. PDC has received a Certificate of Achievement for the last 27 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, 2015 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, Ronda VanderMeer, and Michele Whaley for their efforts in producing this CAFR. We also wish to express our gratitude and appreciation to the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the Portland Development Commission's finances.

Respectfully submitted,



Patrick Quinton, Executive Director



Faye Brown, Chief Financial Officer

Portland Development Commission

A Component Unit of the City of Portland, Oregon



(from left to right, Aneshka Colas-Dickson, Gustavo J. Cruz Jr., Tom Kelly-Chairman, Patrick Quinton-Executive Director, William Myers, Mark Edlen)

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

19 NW 5th Ave., #203

Portland, OR 97209

aneshka@colasconstruction.com

July 9, 2016

Mark Edlen

Chief Executive Officer

Gerding Edlen

1477 NW Everett St.

Portland, OR 97209

Markedlen.PDC@gmail.com

July 9, 2017

Gustavo J. Cruz Jr.

Senior Counsel

AterWynne, LLP

1331 NW Lovejoy St #900

Portland, OR 97209

gjc@aterwynne.com

June 30, 2018

William Myers

Executive Secretary Treasurer

Columbia Pacific Building Trades Council

3535 SE 86th Avenue

Portland, OR 97266

Willy@cpbctc.com

June 30, 2018

Registered Agent

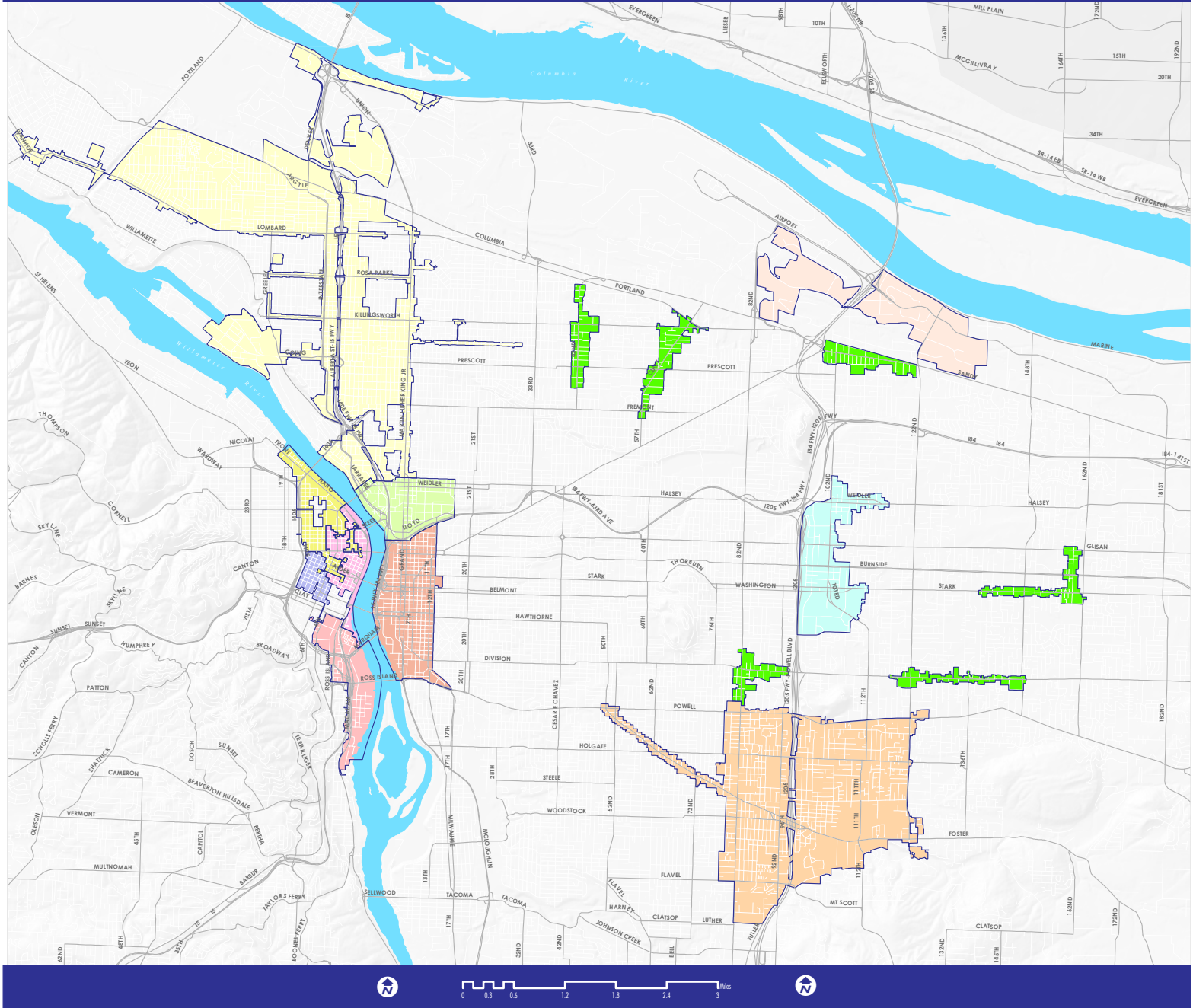
None

VI

Portland Development Commission

Organizational Chart





Total Acres in Urban Renewal Plan Areas: 11,397

Total Acres in the City of Portland: 92,773

URAs as a Percentage of City Acreage: 12.3%

Urban Renewal Areas

- | | | |
|-----------------------------|--|------------------------------|
| Airport Way URA | 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 |
| Gateway Regional Center URA | North Macadam 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, 2014

Jeffrey R. Enew

Executive Director/CEO





Financial
Section_____



REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general and housing and community development contract funds of the Portland Development Commission (a Component Unit of the City of Portland, Oregon) (the "Commission") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

MOSS-ADAMS_{LLP}

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general and housing and community development contract funds of the Commission as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the post-employment benefit information and the pension contribution information on pages 4 through 16 and 75 through 76, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

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.

MOSS-ADAMS_{LLP}

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2015 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Commission's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 12, 2015 on our consideration of the Commission's compliance with certain provisions of laws and regulation, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not provide an opinion on compliance.



James C. Lanzarotta, Partner
For Moss Adams LLP
Eugene, Oregon
November 12, 2015



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, 2015. 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, 2015 by \$335,613,252 (net position). Of this amount, \$6,195,242 represents unrestricted net position, which PDC may use to meet its ongoing obligations to citizens and creditors.
- PDC's total net position increased by \$15,295,600 (4.8%) when compared to the financial statements at June 30, 2014. The increase in net position is attributable to an overall decrease in liabilities and an increase in current and other assets. This change includes a decrease in total net position of \$3,882,257 (1.2%) resulting from restatement of the 2014 total net position and the implementation of Government Accounting Standard Board Statement 68 – Accounting and Financial Reporting for Pensions.
- As of June 30, 2015, PDC's governmental funds reported a combined ending fund balance of \$324,701,973, an increase of \$13,094,953 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 \$1,438,375, or approximately 22.3% of total general fund expenditures.
- Gross loans receivable decreased from \$78,741,627 to \$62,067,767 commission-wide, or 26.9%. The loan loss allowance decreased from \$23,529,465 to \$15,827,135, a decrease of 32.7% from the prior year's allowance. These changes resulted in net loans receivable of \$46,240,632, a 16.2% decrease over the prior year due to a number of loans being paid off 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 17-19 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 20-27 of this report.

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

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

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

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

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

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

The basic proprietary fund financial statements can be found on pages 28-30 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31-73 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning PDC's progress in funding its obligation to provide post-employment benefits to its employees. Required supplementary information can be found on pages 75-76 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 77-111 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 \$335,613,252 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	
	2015	2014	2015	2014	2015	2014
Assets						
Current and Other Assets	\$ 332,350,008	\$ 317,182,551	\$ 7,356,781	\$ 7,389,666	\$ 339,706,789	\$ 324,572,217
Capital Assets	14,279,722	14,507,557	-	-	14,279,722	14,507,557
Total Assets	346,629,730	331,690,108	7,356,781	7,389,666	353,986,511	339,079,774
Deferred Outflow s of Resources	596,226	-	-	-	596,226	-
Liabilities						
Current and Other Liabilities	5,746,712	6,163,440	93,072	100,485	5,839,784	6,263,925
Long-term Liabilities	9,088,061	12,498,197	-	-	9,088,061	12,498,197
Total Liabilities	14,834,773	18,661,637	93,072	100,485	14,927,845	18,762,122
Deferred Inflow s of Resources	4,041,640	-	-	-	4,041,640	-
Net Position						
Invested in Capital Assets	14,279,722	14,507,557	-	-	14,279,722	14,507,557
Restricted	315,138,288	297,804,184	-	-	315,138,288	297,804,184
Unrestricted	(1,068,467)	716,730	7,263,709	7,289,181	6,195,242	8,005,911
Total Net Position	\$ 328,349,543	\$ 313,028,471	\$ 7,263,709	\$ 7,289,181	\$ 335,613,252	\$ 320,317,652

Portland Development Commission's Net Position

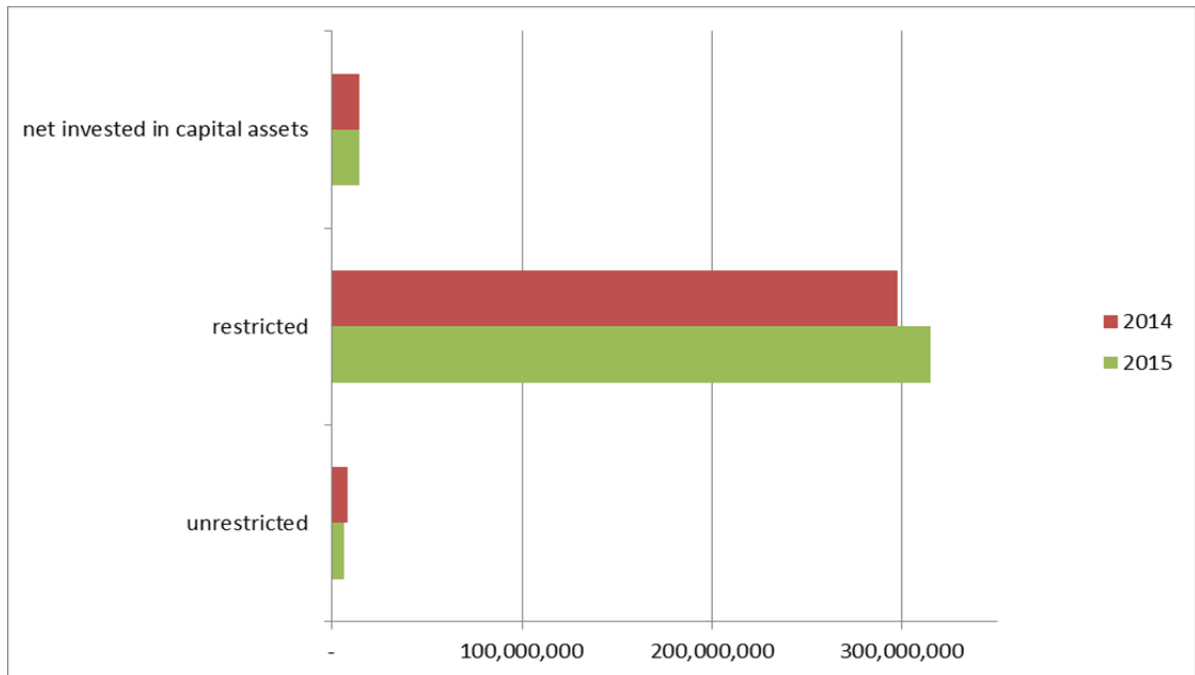
By far the largest portion of PDC's net position, \$315,138,288 or 93.9% represents resources that are subject to external restrictions on how they may be used in governmental activities. Restricted net position is mainly composed of urban renewal funds that are limited to use in the specific urban renewal area from whence the funds originated in the form of tax-increment debt proceeds in lieu of tax-increment revenues. The percentage of restricted net position increased 0.9% from fiscal year ended June 30, 2014.

A small portion of PDC's total net position (\$14,279,722 or 4.2%) 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* (\$6,195,242 or 1.9%) may be used to meet PDC's ongoing obligations to citizens and creditors.

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

**Portland Development Commission Net Position
June 30, 2014 and 2015**

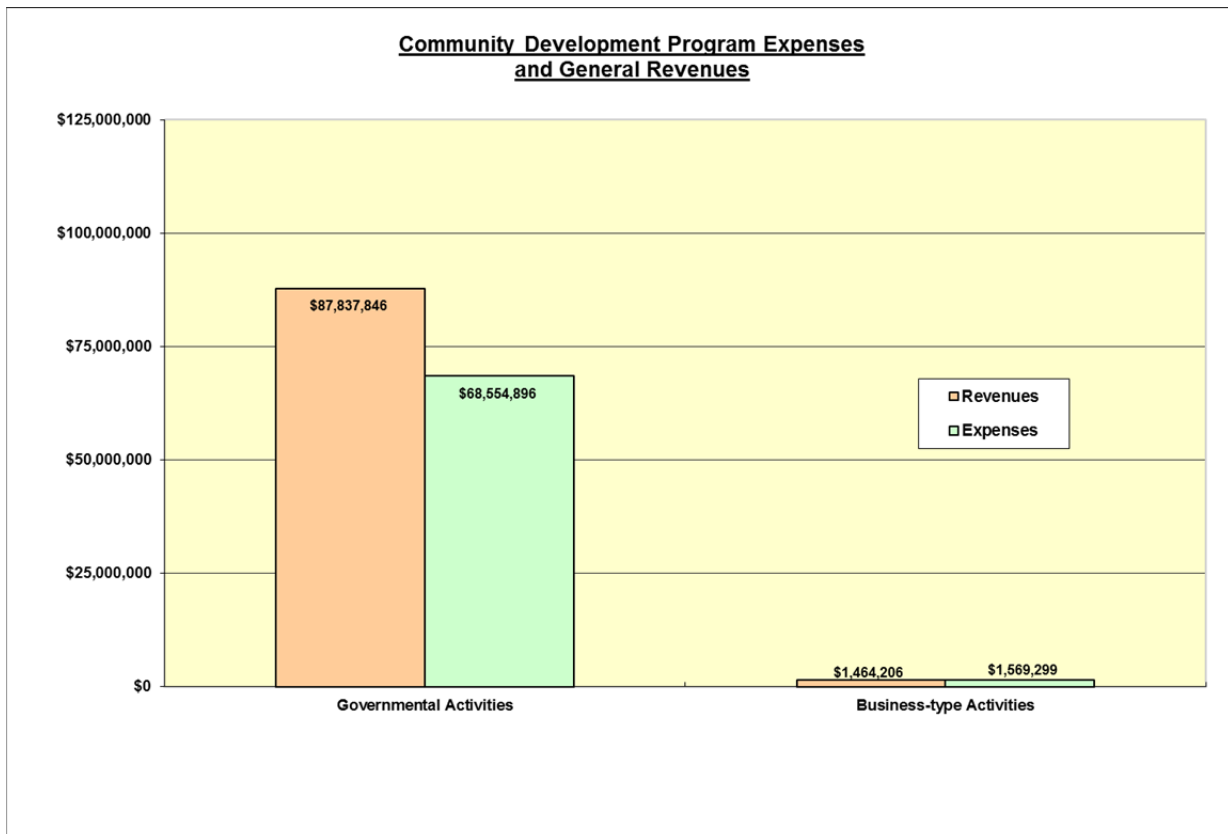


PDC's overall net position increased \$15,295,600 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$15,321,072 from the prior fiscal year for an ending balance of \$328,349,543. This increase is due primarily to increase in total revenues of \$4,937,274 or 6.0%, only program revenues experienced a slight decrease of \$1,272,914 or 7.8%. Meanwhile general revenues increased by \$6,210,188 or 9.3%, the result of an increase in miscellaneous revenues of \$11,456,507 which includes such revenues as loan collections (\$5,169,226), adjustment to loan loss allowance (\$7,702,330), and adjustment to pension expense (\$2,458,694) and offset by a decrease of \$5,484,315 in tax-increment debt proceeds (in lieu of tax-increment revenue).

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,957,476	\$ 8,735,896	\$ 1,427,679	\$ 6,999,595	\$ 7,385,155	\$ 15,735,491
Operating Grants and Contributions	9,146,999	7,641,493	-	-	9,146,999	7,641,493
General Revenues:						
Tax-increment Debt Proceeds (in lieu of tax-increment revenue)	54,233,796	59,718,111	-	-	54,233,796	59,718,111
Unrestricted Investment Income	1,076,076	838,080	36,527	27,889	1,112,603	865,969
Miscellaneous	17,423,499	5,966,992	-	-	17,423,499	5,966,992
Total Revenues	<u>87,837,846</u>	<u>82,900,572</u>	<u>1,464,206</u>	<u>7,027,484</u>	<u>89,302,052</u>	<u>89,928,056</u>
Expenses:						
Community Development	68,554,896	64,855,696	-	-	68,554,896	64,855,696
Enterprise Funds	-	-	1,569,299	1,132,181	1,569,299	1,132,181
Total Expenses	<u>68,554,896</u>	<u>64,855,696</u>	<u>1,569,299</u>	<u>1,132,181</u>	<u>70,124,195</u>	<u>65,987,877</u>
Increase (Decrease) in Net Position Before Transfers	19,282,950	18,044,876	(105,093)	5,895,303	19,177,857	23,940,179
Special Item - 511 NW Broadway	-	5,800,000	-	-	-	5,800,000
Transfers	(79,621)	2,227,027	79,621	(2,227,027)	-	-
Increase (Decrease) in Net Position	<u>19,203,329</u>	<u>26,071,903</u>	<u>(25,472)</u>	<u>3,668,276</u>	<u>19,177,857</u>	<u>29,740,179</u>
Beginning Net Position as previously reported	313,028,471	286,956,568	7,289,181	3,620,905	320,317,652	290,577,473
Restatement - Implementation GASB 68	(3,882,257)	-	-	-	(3,882,257)	-
Beginning Net Position as restated	<u>309,146,214</u>	<u>286,956,568</u>	<u>7,289,181</u>	<u>3,620,905</u>	<u>316,435,395</u>	<u>290,577,473</u>
Ending Net Position	<u>\$ 328,349,543</u>	<u>\$ 313,028,471</u>	<u>\$ 7,263,709</u>	<u>\$ 7,289,181</u>	<u>\$ 335,613,252</u>	<u>\$ 320,317,652</u>



Business-type Activities. For PDC's business-type activities, the results for the current fiscal year were a slight decrease in the overall net position for an ending balance of \$7,263,709. The total decrease in net position for business-type activities was \$25,472 or 0.3% from the prior year, with the only notable change being in program revenue due to property sales in the Business Management Fund during the prior year.

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

<u>Expenses</u>	<u>2015</u>	<u>2014</u>	<u>Change</u>
Personal services	\$ 14,100	\$ 60,396	\$ (46,296)
Professional services	1,102,833	975,189	127,644
Loan document costs	20,480	18,946	1,534
Financial assistance	118,483	-	118,483
Loan loss provision	936	-	936
Internal Service Reimbursements	56,770	-	56,770
Miscellaneous Expenses	255,697	77,650	178,047
Totals	\$ 1,569,299	\$ 1,132,181	\$ 437,118

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 \$16,673,862 or 21.2% due to an increase in the early payoff of several significant loans. The Loan Loss Allowance decreased by 32.7% or \$7,702,330. The percent change in the loan allowance compared to the change in the Gross Loans Receivables is indicative of loan types carrying a greater allowance percentage being paid. The smaller, current portion of the net portfolio increased 63.2% while the non-current portion decreased by 19.0%, also a reflection of the increase in payoffs this past year.

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

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% Change</u>
Gross Loans Receivable	\$ 62,067,767	\$ 78,741,629	\$ (16,673,862)	-21.2%
Allowance	(15,827,135)	(23,529,465)	7,702,330	-32.7%
Total Net	\$ 46,240,632	\$ 55,212,164	\$ (8,971,532)	-16.2%
Current Portion	\$ 3,017,105	\$ 1,848,610	\$ 1,168,495	63.2%
Non-Current Portion	43,223,527	53,363,554	(10,140,027)	-19.0%
Total Net	\$ 46,240,632	\$ 55,212,164	\$ (8,971,532)	-16.2%

Financial Analysis of Governmental Funds

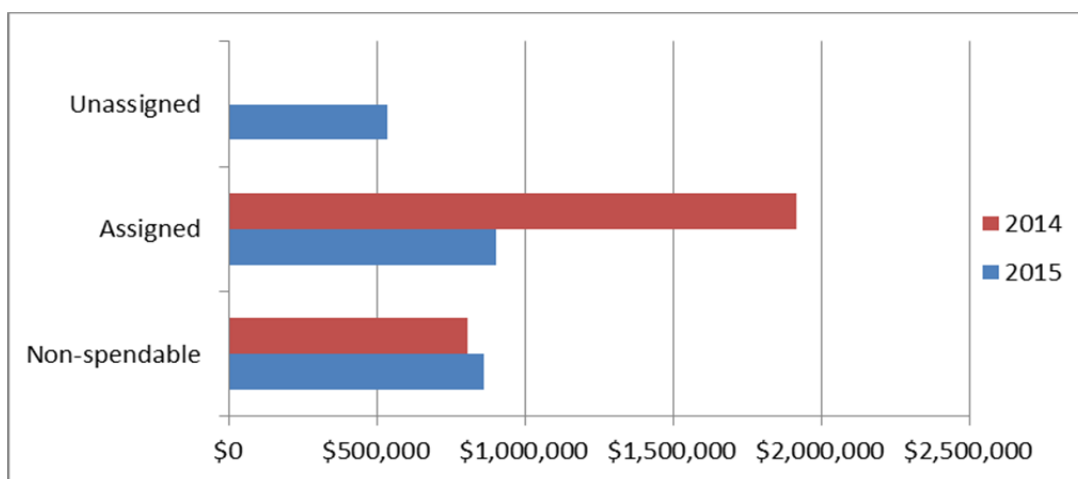
As noted earlier, PDC uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, 2015, PDC's governmental funds reported combined fund balances of \$324,701,973, an increase of \$13,094,953 in comparison with the prior year. PDC has \$535,759 available in unassigned fund balance for discretionary spending; there was no unassigned fund balance available at the end of 2014. The remainder of the fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is 1) not in spendable form (\$859,630), 2) restricted for particular purposes (\$322,403,968), or assigned for particular purposes (\$902,616).

**General Fund
Components of Fund Balance
June 30, 2014 and 2015**



The general fund is the chief operating fund of PDC. At the end of the current fiscal year, PDC had unassigned fund balance of \$535,759, while the total fund balance decreased to \$2,298,005. 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 35.6% of total general fund expenditures.

The fund balance of PDC's general fund decreased by \$425,027 during the current fiscal year, part of this change was due to an increase in expenditures for Community Development. Other key factors include:

- Revenues increased by \$350,851 overall, primarily in intergovernmental revenues, \$608,050 the result of additional program funding from the City's General Fund. This was offset by decreases in all other revenue categories; charges for services, \$129,717, miscellaneous, \$120,440, loan collections, \$3,130, and interest on investments, \$3,912.
- Net expenditures increased by \$198,844. Community Development increased by \$679,310 with the areas of professional service contracts, insurance charges, and City overhead charges accounting for the majority of the change. This increase was offset by decreases in Financial Assistance by \$347,859 for technical assistance and economic development grants to emerging businesses and Capital Outlay by \$132,607 for system related expenses that do not meet the capitalization threshold.

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 2015 is again lower than the five-year average and any of the last five years and that the five-year average decreased by \$7,108,873 from \$88,385,039 in fiscal year 2014.

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

Year	Amount	Change	%	
2011	\$ 85,287,184	\$		5-Year Average
2012	133,787,307	48,500,123	57%	= \$ 81,276,166
2013	73,354,431	-60,432,876	-45%	
2014	59,718,111	-13,636,320	-19%	
2015	54,233,796	-5,484,315	-9%	
	<u>\$ 406,380,829</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 131 of the Statistical Section.

The five other major governmental funds include the Housing and Community Development Contract 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>2015</u>	<u>2014</u>	<u>Change</u>
Housing and Community Development Contract Fund	\$ 42	\$ -	\$ 42
River District Urban Renewal Fund	85,782,001	88,875,697	(3,093,696)
Convention Center Urban Renewal Fund	62,677,994	62,903,202	(225,208)
Lents Town Center Urban Renewal Fund	28,676,055	25,606,834	3,069,221
Interstate Corridor Urban Renewal Fund	31,611,991	25,031,748	6,580,243
Total Fund Balances	<u>\$ 208,748,083</u>	<u>\$ 202,417,481</u>	<u>\$ 6,330,602</u>

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

In the River District Urban Renewal Fund, the \$3,093,696 or 3.5% net decrease in fund balance is the result of increases in miscellaneous revenue of \$4,021,067 or 274.7% due to adjustments made to the loan loss allowance and loan collections of \$3,810,091 or 4,406.5% both the result of early loan payoffs. These increases were offset by increases in total expenditures of 100.1% or \$18,930,309, primarily in the area of community development of \$14,403,275 or 202.9% primarily for PDC funded housing projects carried out by Portland Housing Bureau and in financial assistance where an increase of \$2,980,402 or 28.7% can be attributed to assistance for the renovation of the 511 NW Broadway property. Capital outlay also increased by 107.9% or \$1,546,632.

The Convention Center Urban Renewal Fund experienced a decrease of 0.004% in fund balance, or \$225,208, the result of a slight increase in revenues from rental income and interest on investments and an overall decrease in expenditures during this year.

In the Lents Town Center Urban Renewal Fund, fund balance increased slightly by \$3,069,221 or 12.0% due to small increases in most revenue areas including tax-increment debt proceeds (in lieu of tax-increment revenue) of \$361,912 or 4.2%. This was coupled with an increase in expenditures of \$767,236 or 13.7% in capital expenditures, \$795,268 or 63.9%, and financial assistance of \$850,955 or 337.7% which was offset by a decrease in community development of \$878,987 or 21.5%.

The Interstate Corridor Urban Renewal Fund ended 2015 with an increase in fund balance of \$6,580,243 or 26.3%. Revenues experienced an overall decrease of \$878,897 or 6.8% attributable to decreases in charges for services revenue of \$491,134 or 72.1% and miscellaneous revenue of \$419,743 or 83.6%. Expenditures decreased by \$4,922,208 or 47.8% primarily in the area of community development, which experienced a decrease of \$2,176,370, or 35.9% and in capital expenditures for urban renewal and financial assistance where decreases of \$2,527,772 or 80.9% and \$218,066 or 196.4% were experienced.

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 \$55,224 or 1.4% during the fiscal year ended June 30, 2015. 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 a decrease in net position of \$44,915 or 36.9%. Presently this fund is composed primarily of revenues: charges for services of \$1,081,958. 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 a decrease in net position of \$35,781 or 1.1%.

General Fund Budgetary Highlights

Differences between the original budget and final amended budget amounted to a \$284,538 increase in appropriations. The major differences are summarized as follows:

- Budgeted revenue decreased a net \$55,039 primarily due to decreases in loan collections and miscellaneous revenues for reimbursement.
- Budgeted expenditures in the General Fund reflected an increase of \$255,571 primarily in budgeted contingency.
- Increases in Administrative expenditures budgeted of \$53,212 represent a reallocation of staffing costs.

Differences between the final amended budget and actual revenues and expenditures amounted to a \$2,815,073 decrease over projected amounts. The major differences are summarized as follows:

- Actual revenues increased \$53,075 primarily due to an increase in loan collections.
- Expenditures were lower than budgeted by \$971,118 in the area of administration, the result of decreases in professional services, legal services, and non capital equipment maintenance and by \$27,562 in housing and \$234,690 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 \$1,483,514 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, 2015 capital assets amount to \$14,279,722 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, and software. The total decrease in PDC's investment in capital assets for the fiscal year ended June 30, 2014 was \$227,835 or (1.57)%.

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

<u>Asset Type</u>	Governmental Activities		
	2015	2014	Change
Land	\$ 7,495,883	\$ 7,495,883	\$ -
Buildings	4,406,752	4,452,393	(45,641)
Equipment	148,586	144,101	4,485
Intangible Software	2,228,501	2,415,180	(186,679)
Total Assets	<u>\$ 14,279,722</u>	<u>\$ 14,507,557</u>	<u>\$ (227,835)</u>

There were no major capital asset transactions during the year. Additional information on PDC's capital assets can be found in note III - F. on page 49 of this report, and in the Supplementary Data on pages 112-117.

Property Held for Sale. Expenditures for acquisition and improvements of real properties intended for sale to appropriate developers as well as intangible assets such as lease rights are referred to as property held for sale. This recording approach is also used for real property slated to be transferred

to the City of Portland. Following are the changes in property held for sale for the fiscal year ended June 30, 2015.

**Portland Development Commission's
Real Property Held for Sale
For the Fiscal Year Ended June 30, 2015**

Funding Source	Balance July 1, 2014	Additions	Disposals/ Adjustments	Balance June 30, 2015
General Fund	\$ 146,754	\$ -	\$ -	\$ 146,754
Housing and Community Development Contract Fund	251,456	-	-	251,456
River District Urban Renewal Fund	16,132,608	48,285	(660,000)	15,520,893
Convention Center Urban Renewal Fund	11,683,911	-	-	11,683,911
Lents Town Center	7,742,977	73,899	(279,860)	7,537,016
Interstate Corridor Urban Renewal Fund	6,868,322	283,156	(247,615)	6,903,863
Other Governmental Funds	30,543,974	25,355 *	(3,226,950)	27,342,379
Total Property Held for Sale	\$ 73,370,002	\$ 430,695	\$ (4,414,425)	\$ 69,386,272

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

In the River District Urban Renewal Fund, 401-439 W Burnside St-The Grove Hotel was disposed for \$660,000 for redevelopment as a hostel type hotel with ground floor retail use.

In the Lents Town Center Urban Renewal Fund, 5916 SE 91st-Edmondson Drapery site was written down by \$279,860 to market value based on a current appraisal and the 9101 SE Foster Road-Rotheringer site was recorded at book value as a transfer from the City of Portland for \$73,899.

Interstate Corridor Urban Renewal Fund recorded an adjustment of \$247,615 transferred from 8419 N Denver Ave to 8411 N Denver Ave due to a change in the counties tax lot consolidation.

Significant real property transactions in the Other Government Funds included:

- In the Downtown Waterfront Urban Renewal Fund, NW Davis-Block 8 was disposed of for \$2,360,000 for a mixed use redevelopment of a privately owned market rate apartment building, work/live apartments/office spaces and retail spaces.
- In the Central Eastside Urban Renewal Fund, 11 NE MLK Blvd-Unocal, 313 E Burnside St-Recovery Inn-Block 76, and 318 NE Couch-Fischels sites were disposed for \$866,950 for mixed use redevelopment of privately owned market rate apartment building, work/live apartments/office spaces and retail spaces.

Additional information on PDC's real property held for sale can be found in note III - E. on page 49 of this report, and in the Supplementary Data on pages 116-117.

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 2015 was 5.4% and 5.7% respectively, and July 2014 was 6.3%. This is down slightly from the rate of 7.2% the previous June. The unemployment rate for the United States as a whole for June 2015 is 5.3%. During the past 12 months, job growth in the metro area has accelerated to 4 percent; this is the fastest rate of growth since 2005 and according to the Oregon Office of Economic Analysis, this pace should continue for the next several years. Over the past year, every major sector of job growth has grown between 1 and 6 percent, with half of the metro area's broad sectors exceeding 5 percent. Portland's total non-farm wage and salary employment is up to 1,117,500, 3.7% higher than last fiscal year.
- The Portland area office vacancy tapered off to 9.54% during the second quarter with positive absorption of 8,801 square feet (sf). Metro-area development is expected to increase due to consistent low vacancy rates and fevered demand. Currently there are 7 buildings totaling 547,324 sf under construction in the Central City area.
- The industrial market fell to 7.48% at the end of this fiscal year with 332,079 sf absorbed. Projects totaling 1,137,155 sf are currently under construction.
- Inflation continues to be positive but consistently low at 0.2/month and 1.3% over this time last year on a national level in the last half of this fiscal year and forecasts predict that it will remain low due to the continued decline in gasoline prices.
- 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, 2016.

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, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 15,600	\$ -	\$ 15,600
Cash with City of Portland investment pool	208,224,431	6,125,179	214,349,610
Cash with fiscal agent	709,601	-	709,601
Receivables:			
Due from City of Portland	3,852,535	-	3,852,535
Accounts	616,818	192,709	809,527
Internal balances	(190,000)	190,000	-
Loans, net	2,917,838	99,267	3,017,105
Interest	437,030	12,976	450,006
Other	1,546,000	-	1,546,000
Prepays	325,155	-	325,155
Property held for sale	69,386,272	-	69,386,272
Total current assets	287,841,280	6,620,131	294,461,411
Noncurrent assets:			
Loans receivable, net	42,486,877	736,650	43,223,527
Net pension asset	2,021,851	-	2,021,851
Capital assets not being depreciated:			
Land	7,495,883	-	7,495,883
Capital assets net of accumulated depreciation:			
Buildings and improvements	4,406,752	-	4,406,752
Furniture, vehicles and equipment	148,586	-	148,586
Intangible software	2,228,501	-	2,228,501
Total noncurrent assets	58,788,450	736,650	59,525,100
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflow related to pensions	596,226	-	596,226
Total deferred outflow of resources	596,226	-	596,226
Total assets and deferred outflow of resources	\$ 347,225,956	\$ 7,356,781	\$ 354,582,737
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,984,583	\$ 10,363	\$ 1,994,946
Accrued liabilities	649,680	-	649,680
Due to City of Portland	2,547,742	82,709	2,630,451
Due to other entities	112,280	-	112,280
Deposits payable	84,699	-	84,699
Long-term liabilities due within one year:			
Pollution remediation	144,727	-	144,727
Replacement parking access	68,346	-	68,346
Vacation accrual	154,655	-	154,655
Total long-term liabilities due within one year	367,728	-	367,728
Total current liabilities	5,746,712	93,072	5,839,784
Noncurrent liabilities:			
Net other post-employment benefits obligation	792,855	-	792,855
Pollution remediation	4,413,570	-	4,413,570
Replacement parking access	143,246	-	143,246
Replacement parking construction	3,355,421	-	3,355,421
Vacation accrual	382,969	-	382,969
Total noncurrent liabilities	9,088,061	-	9,088,061
Total liabilities	14,834,773	93,072	14,927,845
DEFERRED INFLOW OF RESOURCES			
Deferred inflow related to pensions	4,041,640	-	4,041,640
	4,041,640	-	4,041,640
NET POSITION			
Net investment in capital assets	14,279,722	-	14,279,722
Restricted for:			
Urban renewal	305,168,269	-	305,168,269
Other	9,970,019	-	9,970,019
Unrestricted	(1,068,467)	7,263,709	6,195,242
Total net position	328,349,543	7,263,709	335,613,252
Total liabilities and net position	\$ 347,225,956	\$ 7,356,781	\$ 354,582,737

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, 2015**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants
Governmental activities:			
Community development	\$ 68,554,896	\$ 5,957,476	\$ 9,146,999
Business-type activities:			
Enterprise loans	365,839	333,883	-
Enterprise management	1,203,460	1,093,796	-
Total	<u>\$ 70,124,195</u>	<u>\$ 7,385,155</u>	<u>\$ 9,146,999</u>

General Revenues:

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

Total general revenues and transfers

Change in net position

Net position - July 1, 2014 as previously reported
Restatement

Net position - July 1, 2014 as restated

Net position - June 30, 2015

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
\$ (53,450,421)	\$ -	\$ (53,450,421)
-	(31,956)	(31,956)
-	(109,664)	(109,664)
(53,450,421)	(141,620)	(53,592,041)
54,233,796	-	54,233,796
1,076,076	36,527	1,112,603
17,423,499	-	17,423,499
(79,621)	79,621	-
72,653,750	116,148	72,769,898
19,203,329	(25,472)	19,177,857
313,028,471	7,289,181	320,317,652
(3,882,257)	-	(3,882,257)
309,146,214	7,289,181	316,435,395
\$ 328,349,543	\$ 7,263,709	\$ 335,613,252

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

		<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
	<u>General Fund</u>	<u>Housing and Community Development Contract Fund</u>	<u>River District Urban Renewal Fund</u>
ASSETS			
Cash and cash equivalents	\$ 15,600	\$ -	\$ -
Cash with City of Portland investment pool	1,864,192	36	51,669,602
Cash with fiscal agent	-	-	-
Receivables:			
Due from City of Portland	995,539	548,302	2,194,482
Accounts	72,500	-	311,139
Loans, net	389,006	-	17,605,817
Interest	2,841	-	110,507
Other	-	-	140,000
Prepays	323,870	-	-
Property held for sale	146,754	251,456	15,520,893
Total Assets	\$ 3,810,302	\$ 799,794	\$ 87,552,440
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 703,226	\$ 358,296	\$ 396,937
Accrued liabilities	616,973	-	-
Due to City of Portland	145,562	251,456	1,373,502
Due to other entities	13,829	-	-
Internal balances	-	190,000	-
Unearned revenues	-	-	-
Suspense	32,707	-	-
Total liabilities	1,512,297	799,752	1,770,439
FUND BALANCES			
Non-spendable			
Prepaid expenditures	323,870	-	-
Loans receivable	389,006	-	-
Property held for sale	146,754	-	-
Restricted			
Loans receivable	-	-	17,605,817
Property held for sale	-	-	15,520,893
Accounts receivable-others	-	42	-
Urban renewal	-	-	52,655,291
Contractual obligations	-	-	-
Assigned			
Subsequent year's expenditures	902,616	-	-
Unassigned			
Ending fund balance	535,759	-	-
Total fund balances	2,298,005	42	85,782,001
Total liabilities and fund balances	\$ 3,810,302	\$ 799,794	\$ 87,552,440

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
\$ -	\$ -	\$ -	\$ -	\$ 15,600
40,952,951	18,889,541	22,870,787	71,730,655	207,977,764
-	-	-	709,601	709,601
-	-	-	114,212	3,852,535
97,037	71,754	16,291	48,097	616,818
9,877,659	2,549,293	2,221,507	12,761,433	45,404,715
86,830	42,061	47,427	146,831	436,497
100,000	-	5,000	1,301,000	1,546,000
-	-	-	1,285	325,155
11,683,911	7,537,016	6,903,863	27,342,379	69,386,272
<u>\$ 62,798,388</u>	<u>\$ 29,089,665</u>	<u>\$ 32,064,875</u>	<u>\$ 114,155,493</u>	<u>\$ 330,270,957</u>
\$ 8,057	\$ 111,070	\$ 129,743	\$ 277,254	\$ 1,984,583
-	-	-	-	616,973
62,337	302,165	270,617	142,103	2,547,742
50,000	375	27,593	20,483	112,280
-	-	-	-	190,000
-	-	24,931	59,768	84,699
-	-	-	-	32,707
<u>120,394</u>	<u>413,610</u>	<u>452,884</u>	<u>499,608</u>	<u>5,568,984</u>
-	-	-	-	323,870
-	-	-	-	389,006
-	-	-	-	146,754
9,877,659	2,549,293	2,221,507	12,761,433	45,015,709
11,683,911	7,537,016	6,903,863	27,342,379	68,988,062
-	-	-	-	42
41,116,424	18,589,746	22,486,621	69,143,515	203,991,597
-	-	-	4,408,558	4,408,558
-	-	-	-	902,616
-	-	-	-	535,759
<u>62,677,994</u>	<u>28,676,055</u>	<u>31,611,991</u>	<u>113,655,885</u>	<u>324,701,973</u>
<u>\$ 62,798,388</u>	<u>\$ 29,089,665</u>	<u>\$ 32,064,875</u>	<u>\$ 114,155,493</u>	<u>\$ 330,270,957</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, 2015**

Fund balances - total governmental funds	\$	324,701,973
--	----	-------------

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		14,279,722
--	--	------------

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		(792,855)
--	--	-----------

Pension obligation		
Deferred outflow paid to Oregon PERS for current fiscal year	\$ 596,226	
Deferred inflow actual versus estimated earning on liability	(3,901,353)	
Deferred inflow of contributions versus proportional share	(140,287)	
Pension asset	2,021,851	
		(1,423,563)

Net vacation accrual obligation reported on the Balance Sheet		(537,624)
---	--	-----------

Pollution remediation liability		(4,558,297)
---------------------------------	--	-------------

Replacement parking access		(211,592)
----------------------------	--	-----------

Replacement parking construction		(3,355,421)
----------------------------------	--	-------------

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		247,200
---	--	---------

Net position of governmental activities	\$	328,349,543
---	----	-------------

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, 2015**

		Special Revenue Fund	Capital Projects Fund
	General Fund	Housing and Community Development Contract Fund	River District Urban Renewal District
REVENUES			
Intergovernmental revenues	\$ 5,285,556	\$ 2,263,169	\$ 1,136,210
Charges for services	348,029	-	2,440,958
Loan collections	18,589	-	3,896,557
Interest on investments	8,258	42	292,358
Miscellaneous	135,422	-	5,484,648
Tax-increment debt proceeds (in lieu of tax-increment revenue)	-	-	21,491,234
Total revenues	<u>5,795,854</u>	<u>2,263,211</u>	<u>34,741,965</u>
EXPENDITURES			
Current:			
Community development	2,861,756	-	21,503,591
Capital expenditures for urban renewal	-	-	2,980,185
Financial assistance	3,353,496	2,263,169	13,351,885
Capital Outlay	241,008	-	-
Total expenditures	<u>6,456,260</u>	<u>2,263,169</u>	<u>37,835,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(660,406)</u>	<u>42</u>	<u>(3,093,696)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	306,267	-	-
Transfers out	<u>(70,888)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>235,379</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(425,027)</u>	<u>42</u>	<u>(3,093,696)</u>
FUND BALANCES - July 1, 2014	<u>2,723,032</u>	<u>-</u>	<u>88,875,697</u>
FUND BALANCES - June 30, 2015	<u>\$ 2,298,005</u>	<u>\$ 42</u>	<u>\$ 85,782,001</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
\$ -	\$ -	\$ -	\$ 462,064	\$ 9,146,999
2,067,197	74,336	190,423	836,533	5,957,476
320,577	98,802	94,339	740,362	5,169,226
231,888	89,993	98,695	353,419	1,074,653
11,746	165,703	82,634	3,915,426	9,795,579
-	8,996,349	11,495,334	12,250,879	54,233,796
<u>2,631,408</u>	<u>9,425,183</u>	<u>11,961,425</u>	<u>18,558,683</u>	<u>85,377,729</u>
2,824,334	3,213,404	3,880,549	7,597,750	41,881,384
4,500	2,039,646	596,173	2,540,102	8,160,606
27,782	1,102,912	904,460	916,453	21,920,157
-	-	-	-	241,008
<u>2,856,616</u>	<u>6,355,962</u>	<u>5,381,182</u>	<u>11,054,305</u>	<u>72,203,155</u>
<u>(225,208)</u>	<u>3,069,221</u>	<u>6,580,243</u>	<u>7,504,378</u>	<u>13,174,574</u>
-	-	-	-	306,267
-	-	-	(315,000)	(385,888)
-	-	-	(315,000)	(79,621)
<u>(225,208)</u>	<u>3,069,221</u>	<u>6,580,243</u>	<u>7,189,378</u>	<u>13,094,953</u>
<u>62,903,202</u>	<u>25,606,834</u>	<u>25,031,748</u>	<u>106,466,507</u>	<u>311,607,020</u>
<u>\$ 62,677,994</u>	<u>\$ 28,676,055</u>	<u>\$ 31,611,991</u>	<u>\$ 113,655,885</u>	<u>\$ 324,701,973</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, 2015**

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

Net change in fund balances - total governmental funds	\$	13,094,953
<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	\$	273,850
Revenue for assets sold, donated or adjusted		(18,048)
Less current year depreciation		(494,707)
Loss on sale/disposal of assets net of depreciation		11,070
		(227,835)
Current year adjustment for change in net other post-employment benefits obligation payable in the Statement of Net Position		(48,692)
Current year adjustment for change in pension obligation		2,458,694
Current year adjustment for change in vacation accrual		(35,880)
Current year adjustment for change in pollution remediation		3,976,426
Current year adjustment for parking access		(9,133)
<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>		
Expenditures for internal services		(6,627)
Interest on investment		1,423
		(5,204)
Change in net position of governmental activities	\$	<u>19,203,329</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, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental revenues-				
State and local	\$ 57,844	\$ 57,844	\$ 57,369	\$ (475)
City of Portland, General Fund	5,425,564	5,308,563	5,228,187	(80,376)
Charges for services-				
Application fees and charges	1,774	1,500	1,628	128
Rental income	224,491	225,000	185,696	(39,304)
Contractual service charges	-	117,000	160,705	43,705
Loan Collections-				
Principal	76,403	56,251	108,665	52,414
Interest	12,516	13,137	18,589	5,452
Interest on investments	-	2,000	8,258	6,258
Miscellaneous:				
Reimbursements	41,527	3,785	4,645	860
Sale of personal property	-	-	1,612	1,612
Other	-	-	62,801	62,801
Total revenues	<u>5,840,119</u>	<u>5,785,080</u>	<u>5,838,155</u>	<u>53,075</u>
EXPENDITURES				
Current:				
Community development:				
Housing	166,018	114,392	86,830	27,562
Business development	5,541,487	5,533,510	5,298,820	234,690
Property redevelopment	516,951	416,215	371,101	45,114
Administration	12,760,989	12,814,201	11,843,083	971,118
Total community development	<u>18,985,445</u>	<u>18,878,318</u>	<u>17,599,834</u>	<u>1,278,484</u>
Contingency	<u>1,120,816</u>	<u>1,483,514</u>	<u>-</u>	<u>1,483,514</u>
Total expenditures	<u>20,106,261</u>	<u>20,361,832</u>	<u>17,599,834</u>	<u>2,761,998</u>
Excess (deficiency) of revenues over expenditures	<u>(14,266,142)</u>	<u>(14,576,752)</u>	<u>(11,761,679)</u>	<u>2,815,073</u>
OTHER FINANCING SOURCES (USES)				
Internal service reimbursements	12,698,538	12,698,538	11,611,800	(1,086,738)
Transfers in-				
General Fund	-	37,444	-	(37,444)
Education Urban Renewal Fund	300,000	300,000	300,000	-
Business Management Fund	<u>-</u>	<u>6,267</u>	<u>6,267</u>	<u>-</u>
Total transfers in	<u>300,000</u>	<u>343,711</u>	<u>306,267</u>	<u>(37,444)</u>
Internal service reimbursements	(400,000)	(400,000)	(366,090)	33,910
Transfers out:				
General Fund	-	(37,444)	-	37,444
Enterprise Loans Fund	<u>(90,693)</u>	<u>(70,888)</u>	<u>(70,888)</u>	<u>-</u>
Total transfers out	<u>(90,693)</u>	<u>(108,332)</u>	<u>(70,888)</u>	<u>37,444</u>
Total other financing sources (uses)	<u>12,507,845</u>	<u>12,533,917</u>	<u>11,481,089</u>	<u>(1,052,828)</u>
Net change in fund balance	<u>(1,758,297)</u>	<u>(2,042,835)</u>	<u>(280,590)</u>	<u>1,762,245</u>
FUND BALANCE - July 1, 2014	<u>1,758,297</u>	<u>2,042,835</u>	<u>2,042,835</u>	<u>-</u>
FUND BALANCE - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>1,762,245</u>	<u>\$ 1,762,245</u>
Adjustments to generally accepted accounting principles basis-				
Loans receivable, net			389,006	
Property held for sale			<u>146,754</u>	
FUND BALANCE - June 30, 2015 (GAAP BASIS)			<u>\$ 2,298,005</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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental revenue:				
Housing and Community				
Development contract	\$ 2,281,100	\$ 2,286,100	\$ 2,263,169	\$ (22,931)
Interest on investments	-	-	42	42
Total revenues	2,281,100	2,286,100	2,263,211	(22,889)
EXPENDITURES				
Current:				
Community development:				
Business development	2,281,100	2,286,100	2,263,169	22,931
Total community development	2,281,100	2,286,100	2,263,169	22,931
Total expenditures	2,281,100	2,286,100	2,263,169	22,931
Excess (deficiency) of revenues over expenditures	-	-	42	42
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Enterprise Loans Fund	-	-	190,000	190,000
Total transfers in	-	-	190,000	190,000
Transfers out-				
Enterprise Loans Fund	-	(103,000)	(103,000)	-
Total transfers out	-	(103,000)	(103,000)	-
Total other financing sources (uses)	-	(103,000)	87,000	190,000
Net change in fund balance	-	(103,000)	87,042	190,042
FUND BALANCE - July 1, 2014	-	103,000	103,000	-
FUND BALANCE - June 30, 2015	\$ -	\$ -	190,042	\$ 190,042
Adjustments to generally accepted accounting principles basis:				
Pension liability			-	
Interfund advances			(190,000)	
FUND BALANCE - June 30, 2015 (GAAP BASIS)			\$ 42	

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

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	<u>Nonmajor Enterprise Funds</u>	<u>Governmental Activities - Internal Service Fund</u>
ASSETS		
Current assets:		
Cash with City of Portland investment pool	\$ 6,125,179	\$ 246,667
Receivables:		
Accounts	192,709	-
Internal balances	190,000	-
Loans, net	99,267	-
Interest	12,976	533
	<u>6,620,131</u>	<u>247,200</u>
Total current assets		
	<u>6,620,131</u>	<u>247,200</u>
Noncurrent assets:		
Loans receivable, net	736,650	-
	<u>736,650</u>	<u>-</u>
Total noncurrent assets		
	<u>736,650</u>	<u>-</u>
Total assets	\$ <u><u>7,356,781</u></u>	\$ <u><u>247,200</u></u>
LIABILITIES AND NET POSITION		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 10,363	\$ -
Due to City of Portland	82,709	-
	<u>93,072</u>	<u>-</u>
Total current liabilities		
	<u>93,072</u>	<u>-</u>
Total liabilities	<u>93,072</u>	<u>-</u>
NET POSITION		
Restricted for rent abatement	-	220,087
Unrestricted	7,263,709	27,113
	<u>7,263,709</u>	<u>247,200</u>
Total net position		
	<u>7,263,709</u>	<u>247,200</u>
Total liabilities and net position	\$ <u><u>7,356,781</u></u>	\$ <u><u>247,200</u></u>

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

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015**

	Nonmajor Enterprise Funds	Governmental Activities - Internal Service Fund
OPERATING REVENUES:		
Charges for services	\$ 1,090,426	\$ -
Interest on loans	25,949	-
Miscellaneous revenues	311,304	-
Total operating revenues	<u>1,427,679</u>	<u>-</u>
OPERATING EXPENSES:		
Personal services	14,100	-
Professional services	1,102,833	6,627
Loan document costs	20,480	-
Financial assistance	118,483	-
Loan loss provision	936	-
Internal service reimbursements	56,770	-
Miscellaneous expenses	255,697	-
Total operating expenses	<u>1,569,299</u>	<u>6,627</u>
Operating income (loss)	<u>(141,620)</u>	<u>(6,627)</u>
NON-OPERATING REVENUES (EXPENSE):		
Interest on investments	36,527	1,423
Total non-operating revenues (expense)	<u>36,527</u>	<u>1,423</u>
Income before transfers	<u>(105,093)</u>	<u>(5,204)</u>
Transfers in	85,888	-
Transfers out	(6,267)	-
Change in net position	<u>(25,472)</u>	<u>(5,204)</u>
Net position - July 1, 2014	<u>7,289,181</u>	<u>252,404</u>
Net position - June 30, 2015	<u><u>\$ 7,263,709</u></u>	<u><u>\$ 247,200</u></u>

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

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2015**

	Nonmajor Enterprise Funds	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Loan collections from borrowers	\$ 192,626	\$ -
Interest on loans from borrowers	25,949	-
Loan fees from customers	4,267	-
Rent income	1,081,958	-
Payments from others	52,982	-
Payments to employees	(26,609)	-
Payments to vendors	(1,374,854)	(6,627)
Payments for interfund services used	(56,770)	-
Loans to borrowers	(359,878)	-
Miscellaneous reimbursements	307,719	-
Net cash provided/(used) by operating activities	(152,610)	(6,627)
Cash flows from noncapital financing activities:		
Collection of interfund loans	103,000	-
Transfers from other funds	85,888	-
Transfers to other funds	(196,267)	-
Net cash provided/(used) by noncapital financing activities	(7,379)	-
Cash flows from investing activities:		
Interest received from investing	35,683	1,267
Net decrease in cash and cash equivalents	(124,306)	(5,360)
Cash and cash equivalents-July 1, 2014	6,249,485	252,027
Cash and cash equivalents-June 30, 2015	\$ 6,125,179	\$ 246,667
Reconciliation of operating income to net cash provided/(used) by operating activities:		
Net operating income(loss)	\$ (141,620)	\$ (6,627)
Adjustments to reconcile net operating income to net cash provided/(used) by operating activities:		
Increase in due to City of Portland	(10,633)	-
Decrease in loans receivable	(56,559)	-
Increase in due from other entities	52,982	-
Decrease in accounts payable	3,220	-
Total adjustments	(10,990)	-
Net cash provided/(used) by operating activities	\$ (152,610)	\$ (6,627)

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, 2015

I. Summary of Significant Accounting Policies

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

The Portland Development Commission (PDC) is the City of Portland's (the City) urban renewal and economic development agency. The Commission was created in 1958 under Article I, Section 15 of the Charter of the City of Portland, Oregon to deliver projects and programs to achieve the City's business recruitment and retention, job creation, financial assistance for rehabilitation and restoration of property and business development and the acquisition of real property for the purpose of removing or preventing blight. PDC is governed by a five-member Commission, appointed by the Mayor and approved by the City Council to serve three-year terms.

PDC is a component unit of the City and its financial activities are discretely presented in a separate column in the City's basic financial statements. PDC 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, 2015

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):

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

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

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

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

PDC reports the following non-major proprietary funds:

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

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 \$56,770. Eliminations of these charges would distort the direct costs reported for the various programs concerned.

E. Measurement Focus and Basis of Accounting

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

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

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

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

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.

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

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

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

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

2. *Receivables and Payables*

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

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

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

3. *Prepaid Items*

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

4. *Capital Assets*

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

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.

Expenditures 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
Equipment	5-15
Computer software	10
Computer equipment	5

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

5. *Property Held for Sale*

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

6. *Compensated Absences*

It is PDC's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since PDC does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The current portion for the year ending June 30, 2015 was \$154,655.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

7. Long-term Obligations

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

8. Deferred Inflows and Outflows of Resources

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

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

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

9. Fund Equity and Net Position

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

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

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

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

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

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

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

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

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

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

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

10. Management Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of June 30, 2015, and the reported amounts of revenues, expenditures, and expenses for the year then ended. Actual results could differ from those estimates.

11. New Accounting Pronouncements

Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. PDC implemented GASB Statement No. 68 and 71 in the year ending June 30, 2015. Additional information can be found in Note IV – A. Pension Plan and Note 1 – G. 12. - Change in Accounting Principle.

Statement No. 72 *Fair Value Measurement and Application* was issued in February 2015 and will be effective for fiscal year 2016. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. Statement 72 is effective for fiscal year beginning after June 15, 2015. PDC will implement this in fiscal year 2016.

Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statement 67*

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

and 68. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. PDC will implement as required.

Statement No. 74 *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. PDC will implement this in fiscal year 2017.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. PDC will implement this in fiscal year 2018.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements in Statement 76 are effective for reporting periods beginning after June 15, 2015. PDC will implement this in fiscal year 2016.

Statement No. 77, *Tax Abatement Disclosures* Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. PDC will implement this in fiscal year 2017.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

12. Change in Accounting Principle

Based on implementation of GASB Statement No. 68 and 71, the PDC restated the beginning net position for the Governmental Activities as follows:

	Governmental Activities
Net position - beginning (as originally reported)	\$ 313,028,471
Cumulative effect of change in accounting principle	(3,882,257)
Net position - beginning (as restated)	<u>\$ 309,146,214</u>

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	\$ 5,838,155
Loans receivable revenues	(108,665)
Internal service revenues from business-type funds	56,770
Allowance for loans receivable	9,594
Revenues—GAAP basis	<u>\$ 5,795,854</u>
Expenditures—budgetary basis	\$ 17,599,834
Internal service reimbursement between governmental funds	(11,188,940)
Loan receivable increase	(500)
Loan write off	45,866
Expenditures—GAAP basis	<u>\$ 6,456,260</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, 2015

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2015, the following funds and programs had expenditures in excess of appropriations:

Fund	Program	Excess
Central Eastside Urban Renewal Fund	Infrastructure	\$ 653
Willamette Industrial Urban Renewal Fund	Administration	19
Business Management Fund	Property redevelopment	196

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).

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

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

Cash on hand	\$ 600
Deposits with financial institutions	724,601
Cash with City of Portland investment pool	214,349,610
	<u>\$ 215,074,811</u>

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

	Governmental Activities	Business- Type Activities	Total
Cash and cash equivalents	\$ 15,600	\$ -	\$ 15,600
Cash with City of Portland investment pool	208,224,431	6,125,179	214,349,610
Cash with fiscal agent	709,601	-	709,601
	<u>\$ 208,949,632</u>	<u>\$ 6,125,179</u>	<u>\$ 215,074,811</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 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, 2015, 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 \$724,601 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.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

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, 2015, the weighted average maturity of the City's investment portfolio was 449 days. To minimize interest rate risk, the City's investment policy limits the portfolio to a maximum weighted average maturity of twenty-four months. In addition, no more than 50% of the projected lowest cash balance may be invested in securities with a maturity range beyond two years. All other funds must be invested in less than two-year maturities and must meet the City's cash flow requirements.

Credit Risk

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

The City's investments in United States Treasury and Agency Obligations have short-term credit ratings of P-1 / A-1+ / F1+, by Moody's Investor Services, Standard & Poor's, and Fitch Ratings respectively. The City's investments in United States Treasury and Agency Obligations have long-term credit ratings of Aaa / AA+ / AAA, by Moody's Investor Services, Standard & Poor's, and Fitch Ratings respectively. The City's investments in Corporate Debt Obligations have short-term or long-term credit ratings of Aa3 / AA / AA- or better, by Moody's Investor Services, Standard & Poor's, and Fitch Ratings respectively. The City's investments in Municipal Debt Obligations have long-term credit ratings of Aa2 / AA+ or better, by Moody's Investor Services and Standard & Poor's Ratings respectively.

As of June 30, 2015, the LGIP was not rated.

Concentration of Credit Risk

Of the City's total investments as of June 30, 2015, 57.99% percent were United States Treasury and Agency Debt Obligations or short-term investments. All other investments not explicitly guaranteed by the United States government were less than five percent (per issuer basis) of the City's total investments. The City's investment policy addresses credit risk concentration by limiting both the types and amounts of securities that may be held in the portfolio. These portfolio restrictions vary based upon the investment type and issuer. These restrictions as well as other information contained in the City's investment policy are located at: <http://www.portlandoregon.gov/bfrs/article/510849>.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

Income Risk

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

Market Risk and Selection Risk

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

Municipal Securities Risks

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

U.S. Treasury Direct Obligations Risk

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

U.S. Government Obligations Risk

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

Repurchase Agreement Risk

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

When-Issued, Delayed Delivery Securities and Forward Commitments Risk

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

B. Internal Balances and Transfers

The composition of internal balances is as follows:

Payable Fund	Receivable Fund	
	Nonmajor	
	Enterprise	
	Funds	Total
Liabilities		
Housing and Community Development Contract Fund	\$ 190,000	\$ 190,000
Governmental fund liabilities		<u>\$ 190,000</u>

As of June 30, 2015, the Housing and Community Development Contract Fund owes the Enterprise Loans Fund \$190,000 for short-term Interfund loans for grant expenditures not yet reimbursed by the City of Portland and are repaid in the next accounting period.

Interfund Transfers made during the year are outlined below.

Transfer In Fund					
Transfer out fund	General Fund	Total Governmental Type Funds	Nonmajor Enterprise Funds	Total Business-Type Funds	Total Transfers Out
Governmental funds					
General Fund	\$ -	\$ -	\$ 70,888	\$ 70,888	\$ 70,888
Nonmajor governmental funds	300,000	300,000	118,000	118,000	418,000
Total governmental funds	<u>300,000</u>	<u>300,000</u>	<u>188,888</u>	<u>188,888</u>	<u>488,888</u>
Business-type funds					
Nonmajor enterprise funds	6,267	6,267	-	-	6,267
Total Business-type funds	<u>6,267</u>	<u>6,267</u>	<u>-</u>	<u>-</u>	<u>6,267</u>
Total Transfers In	<u>\$ 306,267</u>	<u>\$ 306,267</u>	<u>\$ 188,888</u>	<u>\$ 188,888</u>	<u>\$ 495,155</u>

The \$300,000 was repayment of funds spent for the start-up of a new URA. The \$118,000 was the combination of a \$103,000 short-term interfund loan and \$15,000 was for the repayment of costs for an event, the \$70,888 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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

economic development, which are collateralized by personal property. Net loans receivable are as follows:

Fund and Program	Maximum Term	Interest Rate	Gross Loans Receivable	Allowance And Discount
<u>Major Funds:</u>				
General Fund:				
Urban Development:				
Amortized loans	5 yrs	4%	\$ 390,572	\$ 19,529
Deferred payment loans	5 yrs	4%	35,925	17,962
Total Gross General Fund			426,497	37,491
Total Net General Fund				389,006
River District Urban Renewal Fund:				
Urban Development:				
Amortized loans	17 yrs	1% to 7%	14,049,874	701,934
Deferred payment loans	14 yrs	0% to 5%	8,515,753	4,257,876
Total Gross River District Urban Renewal Fund			22,565,627	4,959,810
Total Net River District Urban Renewal Fund				17,605,817
Convention Center Urban Renewal Fund:				
Urban Development:				
Deferred payment loans	15 yrs	2% to 3%	6,803,345	3,401,672
Amortized loans	15 yrs	1% to 7%	6,713,636	385,682
Cash flow loans	2 yrs	1% to 9%	2,960,654	2,812,622
Total Gross Convention Center Urban Renewal Fund			16,477,635	6,599,976
Total Net Convention Center Urban Renewal Fund				9,877,659
Lents Town Center Urban Renewal Fund:				
Urban Development:				
Deferred payment loans	19 yrs	0% to 3%	1,183,637	591,819
Amortized loans	9 yrs	3% to 6%	2,104,851	147,376
Total Gross Lents Town Center Urban Renewal Fund			3,288,488	739,195
Total Net Lents Town Center Urban Renewal Fund				2,549,293
Interstate Corridor Urban Renewal Fund:				
Urban Development:				
Amortized loans	7 yrs	0% to 6.75%	2,120,235	138,427
Deferred payment loans	7 yrs	0% to 2%	479,399	239,700
Total Gross Interstate Corridor Urban Renewal Fund			2,599,634	378,127
Total Net Interstate Corridor Urban Renewal Fund				2,221,507
Total Gross Major Funds			45,357,881	12,714,599
Total Net Major Funds				32,643,282

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

Other Governmental Funds:

Other Federal Grants Fund (EDA):

Urban Development:

Amortized Loans	11 yrs	3% to 5.75%	<u>763,540</u>	<u>38,177</u>
-----------------	--------	-------------	----------------	---------------

Total Gross Other Federal Grants Fund	<u>763,540</u>	<u>38,177</u>
---------------------------------------	----------------	---------------

Total Net Other Federal Grants Fund		<u>725,363</u>
-------------------------------------	--	----------------

Downtown Waterfront Urban Renewal Fund:

Urban Development:

Amortized loans	12 yrs	1% to 5%	3,289,658	164,483
-----------------	--------	----------	-----------	---------

Deferred payment loans	4 yrs	1% to 3%	<u>3,702,443</u>	<u>1,851,221</u>
------------------------	-------	----------	------------------	------------------

Total Gross Downtown Waterfront Urban Renewal Fund	<u>6,992,101</u>	<u>2,015,704</u>
--	------------------	------------------

Total Net Downtown Waterfront Urban Renewal Fund		<u>4,976,397</u>
--	--	------------------

North Macadam Urban Renewal Fund:

Urban Development:

Amortized loans	3 yrs	4%	<u>90,572</u>	<u>4,529</u>
-----------------	-------	----	---------------	--------------

Total Gross North Macadam Urban Renewal Fund:	<u>90,572</u>	<u>4,529</u>
---	---------------	--------------

Total Net North Macadam Urban Renewal Fund:		<u>86,043</u>
---	--	---------------

South Park Blocks Urban Renewal Fund:

Urban Development:

Amortized loans	12 yrs	1% to 5%	<u>1,754,530</u>	<u>87,727</u>
-----------------	--------	----------	------------------	---------------

Total Gross South Park Blocks Urban Renewal Fund	<u>1,754,530</u>	<u>87,727</u>
--	------------------	---------------

Total Net South Park Blocks Urban Renewal Fund		<u>1,666,803</u>
--	--	------------------

Central Eastside Urban Renewal Fund:

Urban Development:

Cash flow loans	18 yrs	4%	2,291,397	114,721
-----------------	--------	----	-----------	---------

Amortized loans	12 yrs	0% to 8.5%	<u>1,121,591</u>	<u>201,039</u>
-----------------	--------	------------	------------------	----------------

Total Gross Central Eastside Urban Renewal Fund	<u>3,412,988</u>	<u>315,760</u>
---	------------------	----------------

Total Net Central Eastside Urban Renewal Fund		<u>3,097,228</u>
---	--	------------------

Gateway Regional Center Urban Renewal Fund

Urban Development:

Amortized loans	11 yrs	1% to 3%	<u>213,108</u>	<u>10,655</u>
-----------------	--------	----------	----------------	---------------

Total Gross Gateway Regional Center Urban Renewal Fund	<u>213,108</u>	<u>10,655</u>
--	----------------	---------------

Total Net Gateway Regional Center Urban Renewal Fund		<u>202,453</u>
--	--	----------------

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

Fund and Program	Maximum Term	Interest Rate	Gross Loans Receivable	Allowance And Discount
<u>Other Governmental Funds (continued):</u>				
Airport Way Urban Renewal Fund:				
Urban Development:				
Amortized loans	15 yrs	2% to 8.5%	1,567,952	78,398
Deferred payment loans	2 yrs	2% to 8.5%	1,035,183	517,591
Total Gross Airport Way Urban Renewal Fund			2,603,135	595,989
Total Net Airport Way Urban Renewal Fund				2,007,146
Total Gross Other Governmental Funds			15,829,974	3,068,541
Total Net Other Governmental Funds				12,761,433
Total Gross Governmental Funds			61,187,855	15,783,140
Total Net Governmental Funds				45,404,715
<u>Enterprise Loans Fund:</u>				
Urban Development:				
Amortized loans	15 yrs	1% to 7%	879,912	43,995
Total Gross Enterprise Loans Fund			879,912	43,995
Total Net Enterprise Loans Fund				835,917
Total Gross All Funds			\$ 62,067,767	15,827,135
Total Net All Funds				\$ 46,240,632

The combined loan portfolio is composed of the following:

Organizational Unit and Program	Current Year Gross Loan Percentages		Gross Loans Receivable	Allowance And Discount
Urban Development:				
Amortized loans	56.49%	\$	35,060,031	2,021,951
Cash flow loans	8.46%		5,252,051	2,927,343
Deferred payment loans	35.05%		21,755,685	10,877,841
Urban development totals	100.00%		62,067,767	15,827,135
Total Gross Loans	100%	\$	62,067,767	15,827,135
Total Net Loans				\$ 46,240,632

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

or enabling legislation are reported as restricted net position. As summarized below, the government-wide Statement of Net Position reports \$315,136,288 of restricted net position.

Restricted by:

Enabling legislation:	
Urban renewal	\$ 305,168,269
Contributors:	
Public-private partnership agreement	9,970,019
	<u>\$ 315,138,288</u>

E. Property Held for Sale

Property held for sale consists of land, related buildings and improvements, as well as intangible assets acquired for the purpose of redevelopment that PDC intends to sell to appropriate developers or homeowners. The carrying amount of the property is stated at the lower of cost or net realizable value. The carrying value of the property is as follows:

Governmental Activities:	
General Fund	\$ 146,754
Housing and Community Development Contract Fund	251,456
River District Urban Renewal Fund	15,520,893
Convention Center Urban Renewal Fund	11,683,911
Lents Town Center	7,537,016
Interstate Corridor Urban Renewal Fund	6,903,863
Other Governmental Funds	27,342,379
Total Governmental Funds	<u>\$ 69,386,272</u>

F. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 7,495,883	\$ -	\$ -	\$ 7,495,883
Capital assets, being depreciated or amortized:				
Buildings and improvements	5,860,255	70,505	-	5,930,760
Leasehold improvements	3,849,501	-	-	3,849,501
Equipment	915,859	65,098	(10,294)	970,663
Intangible software	4,689,125	138,247	(7,754)	4,819,618
Total capital assets, being depreciated or amortized	<u>15,314,740</u>	<u>273,850</u>	<u>(18,048)</u>	<u>15,570,542</u>
Less accumulated depreciation or amortization for:				
Buildings and improvements	(1,407,862)	(116,146)	-	(1,524,008)
Leasehold improvements	(3,849,501)	-	-	(3,849,501)
Equipment	(771,758)	(60,613)	10,295	(822,076)
Intangible software	(2,273,945)	(317,948)	775	(2,591,118)
Total accumulated depreciation or amortization	<u>(8,303,066)</u>	<u>(494,707)</u>	<u>11,070</u>	<u>(8,786,703)</u>
Total capital assets, being depreciated or amortized, net	<u>7,011,674</u>	<u>(220,857)</u>	<u>(6,978)</u>	<u>6,783,839</u>
Governmental activities capital assets, net	<u>\$ 14,507,557</u>	<u>\$ (220,857)</u>	<u>\$ (6,978)</u>	<u>\$ 14,279,722</u>

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

G. Operating Leases

As Lessee

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

Fiscal Year Ending	Minimum Lease Payments
2016	\$ 979,068
2017	1,008,420
2018	1,038,732
2019	1,069,956
2020	1,102,128
	<u>\$ 5,198,304</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 \$85,600.

As Lessor

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

As of June 30 2015 PDC's investment in operating leases is as follows:

	Cost	Accumulated Depreciation	Book Value
Land and improvements	32,426,249	-	32,426,249
Buildings	2,707,441	1,462,010	1,245,431
	<u>35,133,690</u>	<u>1,462,010</u>	<u>33,671,680</u>

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

Rental revenue amounted to approximately \$6,564,600 for the fiscal year. The minimum future operating non-cancelable lease revenues are as follows:

Fiscal Year Ending	Minimum Revenue Total
2016	\$ 4,913,896
2017	2,183,011
2018	1,335,410
2019	1,230,503
2020	1,230,503
2021-2025	6,152,510
2025-2030	6,152,510
2031-2035	6,151,010
2035-2040	6,150,010
2041-2045	6,150,010
2045-2050	6,150,010
	<u>\$ 47,799,383</u>

H. Changes in Long-term Liabilities

	Beginning Balance, as restated	Additions	Payments/ Reductions	Long-term Ending Balances	Due within One Year
Governmental activities					
Post employment benefits	\$ 744,163	\$ 48,692	\$ -	\$ 792,855	\$ -
Pollution Remediation	7,867,795	-	3,309,498	4,413,570	144,727
Replacement parking access	135,772	142,507	66,687	143,246	68,346
Replacement parking construction	3,355,421	-	-	3,355,421	-
Pension liability	7,506,219	-	7,506,219	-	-
Vacation accrual	395,046	249,276	106,698	382,969	154,655
	<u>\$ 20,004,416</u>	<u>\$ 440,475</u>	<u>\$ 10,989,102</u>	<u>\$ 9,088,061</u>	<u>\$ 367,728</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.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

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, 2015 are as follows:

	Property Held for Sale	Accounts Payable	Ending Balance
General Fund	\$ -	\$ 145,562	\$ 145,562
Housing and Community Development Contract Fund	251,456	-	251,456
River District Urban Renewal Fund	-	1,373,502	1,373,502
Convention Center Urban Renewal Fund	-	62,337	62,337
Lents Town Center Urban Renewal Fund	-	302,165	302,165
Interstate Corridor Urban Renewal Fund	-	270,617	270,617
Other governmental funds	-	142,103	142,103
Other business type funds	-	82,709	82,709
Total	<u>\$ 251,456</u>	<u>\$ 2,378,995</u>	<u>\$ 2,630,451</u>

Grant revenues under various grant programs and other inter-governmental agreements due from the City of Portland totaled \$1,834,167 at June 30, 2015.

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	Ezone	Other	Total
General Fund	\$ 9,593	\$ -	\$ 85,117	\$ -	\$ 40,712	\$ 135,422
River District Urban Renewal Fund	5,088,695	-	395,953	-	-	5,484,648
Convention Center Urban Renewal Fund	11,746	-	-	-	-	11,746
Lents Town Center Urban Renewal Fund	78,929	75,898	10,876	-	-	165,703
Interstate Urban Renewal Fund	37,551	-	45,083	-	-	82,634
Other governmental funds	2,510,504	869,051	167,097	312,858	55,916	3,915,426
	<u>\$ 7,737,018</u>	<u>\$ 944,949</u>	<u>\$ 704,126</u>	<u>\$ 312,858</u>	<u>\$ 96,628</u>	<u>\$ 9,795,579</u>

IV. Other Information

A. Pension Plans

1. General Information about the Pension Plans

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

Description of the plan. Employees of PDC are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238, Tier One/Tier Two Retirement Plan and 238A, Oregon Public Service Retirement Plan (OPSRP). OPERS issues a publicly available financial report that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

PDC's net pension asset was derived from a proportional split of the overall net pension asset of the Oregon PERS system. PDC's proportional value was derived based on PDC's contributions to the system for the calendar year ending 2012. While PDC's proportion was not derived directly is a function of the City of Portland's percentage. Together PDC and the City contributed \$438,170,627 and the overall total for the PERS system was \$12,073,005,397. Of the \$438,170,627 (3.62934176%) PDC contributed \$669,618 (2.458% of the City's total).

Benefits provided under Chapter 238-Tier One / Tier Two

Pension Benefits. The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

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

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

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

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

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

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

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

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

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

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

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

Benefit Changes after Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Contributions:

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

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

Employer contributions for the year ended June 30, 2015 were \$596,226. The rates in effect for the fiscal year ended June 30, 2015 were: (1) Tier1/Tier 2 – 9.34 percent, (2) OPSRP general service – 7.52 percent

Actuarial Valuations:

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the entry age normal cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2012 rolled forward to June 30, 2014.
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><i>Disabled retirees:</i> Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Discount Rate:

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

Depletion Date Projection

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

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

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

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

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	16.0	24.0	20.0
Real Estate	9.5	15.5	12.5
Alternative Equity	-	10.0	10.0
Opportunity Portfolio	-	3.0	-
Total			100.0%

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC)

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
	<u>100.00%</u>	
Assumed Inflation - Mean		2.75%

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension (asset)/liability	\$ 4,282,132	\$ (2,021,851)	\$ (7,354,051)

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

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

At June 30, 2015, the PDC reported an asset of \$2,021,851 for its proportionate share of the net pension asset. The pension measured as of June 30, 2014 by an actuarial valuation as of December 31, 2012 and rolled forward to June 30, 2014. The City's proportion of the net pension

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

asset was based on PDC's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers found here http://www.oregon.gov/pers/docs/financial_reports/2014_cafr.pdf.

Rates of every employer have at least two major components:

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

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

An employer's present value of future normal cost (PVFNC) depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

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

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

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

For the year ended June 30, 2015, the PDC recognized negative pension expense of \$4,102,116. At June 30, 2015, PDC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earning on investments	(3,901,353)	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	(140,287)	-
Total (prior to post measurement date contributions)	(4,041,640)	-
Contributions made subsequent to the measurement date	-	596,226
Net Deferred Outflow/(Inflow) of Resources	<u>\$ (4,041,640)</u>	<u>\$ 596,226</u>

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

Deferred outflows of resources of \$596,226 related to pensions resulting from PDC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
Fiscal Year 2016	1,005,830
Fiscal Year 2017	1,005,830
Fiscal Year 2018	1,005,830
Fiscal Year 2019	1,005,830
Fiscal Year 2020	18,319
Total	<u>\$ 4,041,639</u>

Changes in Plan Provisions Subsequent to Measurement Date:

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and was not be included in the net pension liability (asset) proportionate shares provided to employers in June 2015.

Changes in Assumptions:

A summary of key changes implemented since the December 31, 2011 valuation are described briefly below. Additional detail as well as a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>.

Changes in Actuarial Methods and Allocation Procedures

Actuarial Cost Method

The Actuarial Cost Method was changed from the Projected Unit Credit (PUC) Cost Method to the Entry Age Normal (EAN) Cost Method. This change will allow PERS to use the same cost method

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

for contribution rate calculations as required for financial reporting under GASB Statements 67 and 68.

Tier 1/Tier 2 UAL Amortization

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

Contribution Rate Stabilization Method

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

Allocation of Liability for Service Segments

For purposes of allocating Tier 1/Tier 2 members’ actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2010 and December 31, 2011 valuations, the Money Match was weighted 40 percent for General Service members. For the December 31, 2012 and December 31, 2013 valuations, this weighting has been adjusted to 30 percent for General Service members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions

Investment Return and Interest Crediting. The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75%. Previously, the assumed investment return and interest crediting to regular account balances was 8.00% and the assumed interest crediting to variable account balances was 8.25%.

OPSRP Administrative Expenses. Assumed administrative expenses for the OPSRP System were reduced from \$6.6 million per year to \$5.5 million per year.

Healthcare Cost Inflation. The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman’s healthcare actuaries. This analysis includes

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act

Changes in Demographic Assumptions

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

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

Disability, Retirement from Active Status, and Termination. Rates for disability, retirement from active status, and termination were adjusted. Termination rates were changed from being indexed upon age to being indexed upon duration from hire date.

Changes in Salary Increase Assumptions

Merit Increases, Unused Sick Leave, and Vacation Pay. Assumed merit increases were lowered for School District members. Unused Sick Leave and Vacation Pay rates were adjusted.

Retiree Healthcare Participation. The RHIA participation rate for healthy retirees was reduced from 48% to 45%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

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

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

PDC's contribution for qualified employees for the year ending June 30, 2015 was \$467,844.

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

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

B. Other Post-employment Benefits

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

Funding Policy. In addition to the pension benefits described in Note IV.A., PDC provides post-retirement health care benefits in accordance with PDC Personnel Policy XIII. Employee Benefits. This PDC policy, in line with Oregon law, provides that retired employees and their dependents are eligible to participate in group insurance coverage at their own cost until age 65, or when they are otherwise eligible for Medicare. Eligibility is contingent on meeting the requirements to receive retirement benefits from 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, 2015, PDC has five eligible post-retirement participants enrolled and paying the full cost of their premiums.

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

	2015	2014	2013
Net OPEB Obligation at fiscal year beginning	\$ 744,163	\$ 729,471	\$ 679,030
Annual OPEB Cost/Annual Required Contribution (a)	158,140	155,944	172,305
Interest on net OPEB obligation (b)	26,046	25,531	27,161
Adjustment to the ARC (c)	(89,479)	(87,712)	(46,146)
Net annual OPEB cost (a + b + c)	94,707	93,763	153,320
Dollars contributed this FY (implicit benefit payments) (d)	(46,015)	(79,071)	(102,879)
Increase/Decrease in the Net OPEB Obligation during FY (a+b+c+d)	48,692	14,692	50,441
Net OPEB Obligation at fiscal year end	<u>\$ 792,855</u>	<u>\$ 744,163</u>	<u>\$ 729,471</u>
Percentage of Annual OPEB Cost paid	48.59%	84.33%	67.10%

Funding Status and Funding Progress. As of August 1, 2014, the actuarial accrued liability for benefits was \$518,127 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$518,127. The covered payroll (annual payroll of active employees covered by the plan) was \$8,595,239 for fiscal year 2015 and the ratio of the UAAL to the covered payroll was 9.2%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

In the August 2012 actuarial valuation performed by Milliman the projected unit credit cost method was used. The economic actuarial assumptions included a 2.75% inflation rate and a 3.5% investment rate of return, and annual healthcare cost trend rate of 5.50% for the first year and rates as follows for the subsequent years.

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

Dental costs are assumed to increase 4.50% per year. Demographic assumptions were based on assumptions used by Oregon PERS for its 2013 actuarial valuation of retirement benefits.

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

The RHIA plan was created by enabling legislation (ORS 238.420) and therefore the contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in 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 0.45% for both Tier 1 and 2 accounts as well as for OPSRP

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

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

Fiscal Year Ended June 30,	Annual Required Contribution	Actual Contribution	Required Contribution as a Percent of Actual Contribution
2015	\$ 40,848	\$ 40,848	100.00%
2014	41,046	41,046	100.00%
2013	54,083	54,083	100.00%

C. Commitments

Contractual and other commitments for subsequent years' expenditures amounting to \$64,875,891 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 \$9,239.

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	\$ -	\$ 94,351	\$ 94,351
River District Urban Renewal Area	32,061,243	-	32,061,243
Convention Center Urban Renewal Area	12,163,606	-	12,163,606
Lents Town Center Urban Renewal Area	1,165,166	-	1,165,166
Interstate Corridor Urban Renewal Area	15,446,079	-	15,446,079
Other governmental funds	3,230,686	714,760	3,945,446
Total	\$ 64,066,780	\$ 809,111	\$ 64,875,891

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.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

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, 2015, the total of the City's conduit debt outstanding as related to PDC development projects is \$58,105,000. In addition, PDC has participated in a contingent loan agreement with Home Forward with a remaining amount due at June 30, 2015 of \$4,705,000. These amounts may differ from actual amounts reported in the City CAFR because not all conduit debt issued by the City is related to PDC projects.

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

tenant has the option to renew the lease for two successive terms of 99 years each for a total maximum term of 297 years.

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

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

The Downtown Waterfront Urban Renewal Area issued its remaining maximum indebtedness in April 2008 and is anticipated to wind down its operations over the next five years. The subject property is included in PDC's Strategic Real Estate Disposition Plan as being disposed of within the next five years. The remaining resources of the URA have been budgeted toward investment in entrepreneurship and cluster industry job growth in the Old Town / Chinatown Creative Corridor and neighborhood enhancement through the redevelopment of underutilized blocks in Old Town / Chinatown. If PDC were intent on holding the property and not developing the site, the liability is estimated to be approximately \$9,271,975 for the first lease term, PDC does not see this as a probable outcome. Given the plans for the URA, the Strategic Real Estate Disposition Plan, and the re-focus on economic development, PDC has concluded three possible options for minimizing the liability to occur within these five years;

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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

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 risks in the conduct of its business, such as losses related to torts, errors and omissions, general liability, property damage, employer's liability, worker's compensation, and unemployment claims.

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

PDC is insured by Glatfelter and its underwriter, American Alternative Insurance, for commercial general liability in the amount of \$1,000,000 per occurrence, \$3,000,000 general aggregate; public officials and management liability in the amount of \$1,000,000, with a \$3,000,000 aggregate and a deductible of \$5,000 per claim; and excess liability, which provides an additional \$8,000,000 liability for each occurrence and in the aggregate.

PDC's real property, with an estimated total insured value of \$91,000,000, is insured by Lloyd's of London at a limit of \$50,000,000, except \$35,000,000 in the event of earthquake. A separate policy provides coverage for faithful performance (employee dishonesty) through Hartford Insurance in the amount of \$300,000 for employee theft, \$20,000 forgery or alteration, and \$11,500 for theft, disappearance and destruction of money, securities and other property. Employment practices liability coverage is provided through Zurich American Insurance Company in the amount of \$3,000,000 per claim with a \$150,000 deductible.

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

The Internal Service Fund has equity of \$247,400 to meet insurance policy deductible amounts and other amounts not fully reimbursed from insurance proceeds, as necessary. Of this amount, \$220,087 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

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

pollution, it does require PDC to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

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

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

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

During the fiscal year, PDC recognized an decrease in the liability by \$3,976,426. At June 30, 2015, PDC had a total outstanding pollution remediation liability of \$4,558,297 which has been reduced by just over \$1.8 million for estimated recoveries that PDC may be entitled to. The estimated current portion is \$144,727.

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.

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

G. Related Party Transactions

Portland Family of Funds Holdings, Inc.

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

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

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

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

Portland Small Business Investment Fund, LLC (PSB) is a subsidiary of PFF. 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, 2014. 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. These loans reached the

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Notes to the Financial Statements, Continued
June 30, 2015

end of the compliance period for new market tax credits and the loans have been returned to PDC as of July 31, 2015.

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.



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%
8/1/14	-	792,855	792,855	0.0%	8,595,239	9.2%

PORTLAND DEVELOPMENT COMMISSION
A Component Unit of the City of Portland, Oregon
Schedule of Required Supplementary Information
SCHEDULE OF CONTRIBUTIONS TO OREGON PUBLIC RETIREMENT SYSTEM
Last 2 Fiscal Years^A

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

Notes to Schedule

Valuation date:

A summary of key changes implemented since the December 31, 2011 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at:

<http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

Actuarially determined contribution rates are calculated as of June 30, two year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age Normal

Amortization method: Amortized as a level percentage of payroll as layered amortization bases over a closed period

Remaining amortization period: Tier One/Tier Two UAL is amortized over 20 years and OPSRP UAL is amortized over 16 years

Asset valuation method: Market value of assets

Inflation: 2.75%

Salary increases: 3.50%

Investment rate of return: 7.75%

Mortality: *Healthy retirees and beneficiaries:* RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.

Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.

Disabled retirees: Mortality rates are RP-2000 statistic combined disabled mortality sex-distinct table.

^A Schedule will add addition data for each fiscal year until ten fiscal years of data are shown.



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.

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

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.

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

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

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash with City of Portland investment pool	\$ 3,653,677	\$ 68,076,978	\$ 71,730,655
Cash with fiscal agent	709,601	-	709,601
Receivables:			
Due from City of Portland	88,421	25,791	114,212
Accounts	6,921	41,176	48,097
Loans, net	725,363	12,036,070	12,761,433
Interest	7,905	138,926	146,831
Other	-	1,301,000	1,301,000
Property held for sale	-	27,342,379	27,342,379
Other	-	1,285	1,285
Total assets	5,191,888	108,963,605	114,155,493
Total Assets and deferred outflow of resources	\$ 5,191,888	\$ 108,963,605	\$ 114,155,493
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 57,967	\$ 219,287	\$ 277,254
Due to City of Portland	-	142,103	142,103
Due to other entities	-	20,483	20,483
Unearned revenues	-	59,768	59,768
Total liabilities	57,967	441,641	499,608
FUND BALANCES			
Restricted			
Loans receivable	725,363	12,036,070	12,761,433
Property held for sale	-	27,342,379	27,342,379
Urban renewal	-	69,143,515	69,143,515
Contractual obligations	4,408,558	-	4,408,558
Total fund balances	5,133,921	108,521,964	113,655,885
Total liabilities and fund balances	\$ 5,191,888	\$ 108,963,605	\$ 114,155,493

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenues	\$ 462,064	\$ -	\$ 462,064
Charges for services	45,698	790,835	836,533
Loan interest collections	42,185	698,177	740,362
Interest on investments	22,621	330,798	353,419
Miscellaneous	422,727	3,492,699	3,915,426
Tax-increment debt proceeds (in lieu of tax-increment revenue)	<u>-</u>	<u>12,250,879</u>	<u>12,250,879</u>
Total revenues	<u>995,295</u>	<u>17,563,388</u>	<u>18,558,683</u>
EXPENDITURES			
Current:			
Community development	732,025	6,865,725	7,597,750
Capital expenditures for urban renewal	-	2,540,102	2,540,102
Financial assistance	<u>215,935</u>	<u>700,518</u>	<u>916,453</u>
Total expenditures	<u>947,960</u>	<u>10,106,345</u>	<u>11,054,305</u>
Excess (deficiency) of revenues over expenditures	<u>47,335</u>	<u>7,457,043</u>	<u>7,504,378</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(15,000)</u>	<u>(300,000)</u>	<u>(315,000)</u>
Total other financing sources (uses)	<u>(15,000)</u>	<u>(300,000)</u>	<u>(315,000)</u>
Net change in fund balances	<u>32,335</u>	<u>7,157,043</u>	<u>7,189,378</u>
FUND BALANCES - July 1, 2014	<u>5,101,586</u>	<u>101,364,921</u>	<u>106,466,507</u>
FUND BALANCES - June 30, 2015	<u>\$ 5,133,921</u>	<u>\$ 108,521,964</u>	<u>\$ 113,655,885</u>

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015**

	<u>Other Federal Grants Fund</u>	<u>Ambassador Program Fund</u>	<u>Enterprise Zone Fund</u>	<u>Total</u>
ASSETS				
Cash with City of Portland investment pool	\$ 811,344	\$ 18,640	\$ 2,823,693	\$ 3,653,677
Cash with fiscal agent	709,601	-	-	709,601
Receivables:				
Due from City of Portland	88,421	-	-	88,421
Accounts	6,921	-	-	6,921
Loans receivable, net	725,363	-	-	725,363
Interest	<u>1,672</u>	<u>40</u>	<u>6,193</u>	<u>7,905</u>
Total Assets	<u>\$ 2,343,322</u>	<u>\$ 18,680</u>	<u>\$ 2,829,886</u>	<u>\$ 5,191,888</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ <u>23,363</u>	\$ -	\$ 34,604	\$ <u>57,967</u>
Total liabilities	<u>23,363</u>	<u>-</u>	<u>34,604</u>	<u>57,967</u>
FUND BALANCES				
Restricted				
Loans receivable	725,363	-	-	725,363
Contractual obligations	<u>1,594,596</u>	<u>18,680</u>	<u>2,795,282</u>	<u>4,408,558</u>
Total fund balances	<u>2,319,959</u>	<u>18,680</u>	<u>2,795,282</u>	<u>5,133,921</u>
Total liabilities and fund balances	<u>\$ 2,343,322</u>	<u>\$ 18,680</u>	<u>\$ 2,829,886</u>	<u>\$ 5,191,888</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2015**

	Other Federal Grants Fund	Ambassador Program Fund	Enterprise Zone Fund	Total
REVENUES				
Intergovernmental revenues	\$ 462,064	\$ -	\$ -	\$ 462,064
Charges for services	9,648	-	36,050	45,698
Loan collections	42,185	-	-	42,185
Interest on investments	5,856	111	16,654	22,621
Miscellaneous	109,869	-	312,858	422,727
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	629,622	111	365,562	995,295
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
Community development	563,812	58	168,155	732,025
Financial assistance	-	-	215,935	215,935
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	563,812	58	384,090	947,960
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	65,810	53	(18,528)	47,335
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(15,000)	-	(15,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	(15,000)	-	(15,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	65,810	(14,947)	(18,528)	32,335
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - July 1, 2014	2,254,149	33,627	2,813,810	5,101,586
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - June 30, 2015	\$ 2,319,959	\$ 18,680	\$ 2,795,282	\$ 5,133,921
	<hr/>	<hr/>	<hr/>	<hr/>



**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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental revenue:				
Federal grants	\$ 425,955	\$ 590,418	\$ 462,064	\$ (128,354)
Charges for services:				
Application fees and charges	4,146	5,250	9,648	4,398
Loan Collections:				
Principal	202,670	380,000	422,675	42,675
Interest	18,803	28,000	42,185	14,185
Interest on investments	3,000	4,019	5,856	1,837
Miscellaneous:				
Reimbursements	-	219,264	96,741	(122,523)
Total revenues	<u>654,574</u>	<u>1,226,951</u>	<u>1,039,169</u>	<u>(187,782)</u>
EXPENDITURES				
Current:				
Community development:				
Business development	<u>952,008</u>	<u>1,532,814</u>	<u>710,150</u>	<u>822,664</u>
Total community development	<u>952,008</u>	<u>1,532,814</u>	<u>710,150</u>	<u>822,664</u>
Contingency	<u>355,136</u>	<u>958,484</u>	<u>-</u>	<u>958,484</u>
Total expenditures	<u>1,307,144</u>	<u>2,491,298</u>	<u>710,150</u>	<u>1,781,148</u>
Excess (deficiency) of revenues over expenditures	<u>(652,570)</u>	<u>(1,264,347)</u>	<u>329,019</u>	<u>1,593,366</u>
OTHER FINANCING USES				
Internal service reimbursements	<u>(15,000)</u>	<u>(15,000)</u>	<u>(13,770)</u>	<u>1,230</u>
Total other financing uses	<u>(15,000)</u>	<u>(15,000)</u>	<u>(13,770)</u>	<u>1,230</u>
Net change in fund balance	(667,570)	(1,279,347)	315,249	1,594,596
FUND BALANCE - July 1, 2014	<u>667,570</u>	<u>1,279,347</u>	<u>1,279,347</u>	<u>-</u>
FUND BALANCE - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>1,594,596</u>	<u>\$ 1,594,596</u>
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			725,363	
Pension liability			<u>-</u>	
FUND BALANCE - June 30, 2015 (GAAP BASIS)			<u>\$ 2,319,959</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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest on investments	\$ -	\$ 100	\$ 111	\$ 11
Total revenues	-	100	111	11
EXPENDITURES				
Current:				
Community development:				
Business development	15,000	18,727	58	18,669
Total community development	15,000	18,727	58	18,669
Total expenditures	15,000	18,727	58	18,669
Excess (deficiency) of revenues over expenditures	(15,000)	(18,627)	53	18,680
OTHER FINANCING USES				
Transfers out-				
Business Management Fund	(15,000)	(15,000)	(15,000)	-
Total transfers out	(15,000)	(15,000)	(15,000)	-
Total other financing uses	(15,000)	(15,000)	(15,000)	-
Net change in fund balance	(30,000)	(33,627)	(14,947)	18,680
FUND BALANCE - July 1, 2014	30,000	33,627	33,627	-
FUND BALANCE - June 30, 2015	\$ -	\$ -	\$ 18,680	\$ 18,680

**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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ -	\$ 34,500	\$ 36,050	\$ 1,550
Interest on investments	8,000	9,800	16,654	6,854
Miscellaneous:				
Other	324,487	312,858	312,858	-
Total revenues	332,487	357,158	365,562	8,404
EXPENDITURES				
Current:				
Community development:				
Business development	844,150	666,150	384,090	282,060
Total community development	844,150	666,150	384,090	282,060
Contingency	1,608,361	2,504,817	-	2,504,817
Total expenditures	2,452,511	3,170,967	384,090	2,786,877
Excess (deficiency) of revenues over expenditures	(2,120,024)	(2,813,809)	(18,528)	2,795,281
OTHER FINANCING USES				
Transfers out-				
General Fund	(66,424)	-	-	-
Total transfers out	(66,424)	-	-	-
Total other financing uses	(66,424)	-	-	-
Net change in fund balance	(2,186,448)	(2,813,809)	(18,528)	2,795,281
FUND BALANCE - July 1, 2014	2,186,448	2,813,809	2,813,810	1
FUND BALANCE - June 30, 2015	\$ -	\$ -	\$ 2,795,282	\$ 2,795,282

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

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2015**

	Neighborhood Prosperity Initiative Urban Renewal Fund	Downtown Waterfront Urban Renewal Fund	North Macadam Urban Renewal Fund	South Park Blocks Urban Renewal Fund
Cash with City of Portland investment pool	\$ 528,753	\$ 18,047,119	\$ 9,166,345	\$ 8,110,284
Receivables:				
Due from City of Portland	-	-	22,031	-
Accounts	-	6,530	27,031	-
Loans, net	-	4,976,396	86,044	1,666,803
Interest	579	36,709	18,267	17,059
Other	-	965,000	-	-
Property held for sale	-	2,902,768	6,554,627	3,459,855
Other	-	-	1,285	-
Total Assets	\$ 529,332	\$ 26,934,522	\$ 15,875,630	\$ 13,254,001
LIABILITIES				
Liabilities:				
Accounts payable	\$ -	\$ 19,899	\$ 26,353	\$ 8
Due to City of Portland	-	-	23,056	278
Due to other entities	-	20,483	-	-
Unearned revenues	-	59,768	-	-
Total liabilities	-	100,150	49,409	286
FUND BALANCES				
Restricted				
Loans receivable	-	4,976,396	86,044	1,666,803
Property held for sale	-	2,902,768	6,554,627	3,459,855
Urban renewal	529,332	18,955,208	9,185,550	8,127,057
Total fund balances	529,332	26,834,372	15,826,221	13,253,715
Total liabilities and fund balances	\$ 529,332	\$ 26,934,522	\$ 15,875,630	\$ 13,254,001

Central Eastside Urban Renewal Fund	Gateway Regional Urban Renewal Fund	Airport Way Urban Renewal Fund	Willamette Industrial Urban Renewal Fund	Education District Urban Renewal Fund	Total
\$ 15,731,767	\$ 6,414,674	\$ 4,769,582	\$ 4,191,174	\$ 1,117,280	\$ 68,076,978
-	3,048	-	-	712	25,791
7,615	-	-	-	-	41,176
3,097,228	202,453	2,007,146	-	-	12,036,070
30,708	14,027	10,143	8,830	2,604	138,926
336,000	-	-	-	-	1,301,000
313,690	4,068,519	10,042,920	-	-	27,342,379
-	-	-	-	-	1,285
<u>\$ 19,517,008</u>	<u>\$ 10,702,721</u>	<u>\$ 16,829,791</u>	<u>\$ 4,200,004</u>	<u>\$ 1,120,596</u>	<u>\$ 108,963,605</u>
\$ 104,404	\$ 28,078	\$ 2,623	\$ 66	\$ 37,856	\$ 219,287
46,937	45,363	580	101	25,788	142,103
-	-	-	-	-	20,483
-	-	-	-	-	59,768
<u>151,341</u>	<u>73,441</u>	<u>3,203</u>	<u>167</u>	<u>63,644</u>	<u>441,641</u>
3,097,228	202,453	2,007,146	-	-	12,036,070
313,690	4,068,519	10,042,920	-	-	27,342,379
<u>15,954,749</u>	<u>6,358,308</u>	<u>4,776,522</u>	<u>4,199,837</u>	<u>1,056,952</u>	<u>69,143,515</u>
<u>19,365,667</u>	<u>10,629,280</u>	<u>16,826,588</u>	<u>4,199,837</u>	<u>1,056,952</u>	<u>108,521,964</u>
<u>\$ 19,517,008</u>	<u>\$ 10,702,721</u>	<u>\$ 16,829,791</u>	<u>\$ 4,200,004</u>	<u>\$ 1,120,596</u>	<u>\$ 108,963,605</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, 2015**

	Neighborhood Prosperity Initiative Urban Renewal Fund	Downtown Waterfront Urban Renewal Fund	North Macadam Urban Renewal Fund	South Park Blocks Urban Renewal Fund
REVENUES				
Charges for services	\$ -	\$ 374,906	\$ 275,589	\$ 24,617
Loan collections	-	251,529	4,643	48,332
Interest on investments	1,030	86,677	40,108	45,365
Miscellaneous	-	1,333,818	57,570	31,227
Tax-increment debt proceeds (in lieu of tax-increment revenue)	<u>534,760</u>	<u>-</u>	<u>3,253,658</u>	<u>-</u>
Total revenues	<u>535,790</u>	<u>2,046,930</u>	<u>3,631,568</u>	<u>149,541</u>
EXPENDITURES				
Current:				
Community development	-	890,840	579,442	53,885
Capital expenditures for urban renewal	5,780	397,441	723,583	148,670
Financial assistance	<u>128,678</u>	<u>123,960</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>134,458</u>	<u>1,412,241</u>	<u>1,303,025</u>	<u>202,555</u>
Excess (deficiency) of revenues over (under) expenditures	<u>401,332</u>	<u>634,689</u>	<u>2,328,543</u>	<u>(53,014)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	401,332	634,689	2,328,543	(53,014)
FUND BALANCES - July 1, 2014	<u>128,000</u>	<u>26,199,683</u>	<u>13,497,678</u>	<u>13,306,729</u>
FUND BALANCES - June 30, 2015	<u>\$ <u>529,332</u></u>	<u>\$ <u>26,834,372</u></u>	<u>\$ <u>15,826,221</u></u>	<u>\$ <u>13,253,715</u></u>

Central Eastside Urban Renewal Fund	Gateway Regional Urban Renewal Fund	Airport Way Urban Renewal Fund	Willamette Industrial Urban Renewal Fund	Education Urban Renewal Fund	Total
\$ 105,934	\$ 9,561	\$ 228	\$ -	\$ -	\$ 790,835
349,692	4,676	39,305	-	-	698,177
69,298	32,728	27,594	22,837	5,161	330,798
2,058,965	3,826	6,581	-	712	3,492,699
<u>2,998,783</u>	<u>3,498,580</u>	<u>-</u>	<u>258,821</u>	<u>1,706,277</u>	<u>12,250,879</u>
<u>5,582,672</u>	<u>3,549,371</u>	<u>73,708</u>	<u>281,658</u>	<u>1,712,150</u>	<u>17,563,388</u>
1,318,271	3,387,600	340,379	82,578	212,730	6,865,725
-	100,271	225,224	-	939,133	2,540,102
<u>342,241</u>	<u>105,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,518</u>
<u>1,660,512</u>	<u>3,593,510</u>	<u>565,603</u>	<u>82,578</u>	<u>1,151,863</u>	<u>10,106,345</u>
<u>3,922,160</u>	<u>(44,139)</u>	<u>(491,895)</u>	<u>199,080</u>	<u>560,287</u>	<u>7,457,043</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>
3,922,160	(44,139)	(491,895)	199,080	260,287	7,157,043
<u>15,443,507</u>	<u>10,673,419</u>	<u>17,318,483</u>	<u>4,000,757</u>	<u>796,665</u>	<u>101,364,921</u>
<u>\$ 19,365,667</u>	<u>\$ 10,629,280</u>	<u>\$ 16,826,588</u>	<u>\$ 4,199,837</u>	<u>\$ 1,056,952</u>	<u>\$ 108,521,964</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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest on investments	\$ -	\$ -	\$ 1,030	\$ 1,030
Miscellaneous:				
Other	28,916	-	-	-
Tax-increment debt proceeds (in lieu of tax-increment revenue)	299,821	528,623	534,760	6,137
Total revenues	328,737	528,623	535,790	7,167
EXPENDITURES				
Current:				
Business development	328,737	250,000	134,458	115,542
Total community development	328,737	250,000	134,458	115,542
Contingency	-	406,623	-	406,623
Total expenditures	328,737	656,623	134,458	522,165
Excess (deficiency) of revenues over expenditures	-	(128,000)	401,332	529,332
FUND BALANCE - July 1, 2014	-	128,000	128,000	-
FUND BALANCE - June 30, 2015	\$ -	\$ -	\$ 529,332	\$ 529,332

**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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ 2,295	\$ 250	\$ 561	\$ 311
Rental income	242,932	134,764	180,783	46,019
Contractual service charges	-	-	193,562	193,562
Loan Collections:				
Principal	293,834	2,088,137	2,682,754	594,617
Interest	115,071	206,092	246,479	40,387
Interest on investments	60,000	60,000	86,677	26,677
Miscellaneous:				
Reimbursements	15,200	15,200	8,645	(6,555)
Sale of real property	1,517,737	2,600,000	2,600,000	-
Other	-	-	22,710	22,710
Total revenues	<u>2,247,069</u>	<u>5,104,443</u>	<u>6,022,171</u>	<u>917,728</u>
EXPENDITURES				
Current:				
Community development:				
Housing	1,717,345	-	-	-
Business development	507,140	203,140	45,524	157,616
Property redevelopment	8,368,109	2,347,250	913,259	1,433,991
Administration	8,000	4,501	4,501	-
Total Community development	<u>10,600,594</u>	<u>2,554,891</u>	<u>963,284</u>	<u>1,591,607</u>
Contingency	<u>2,075,764</u>	<u>16,397,236</u>	<u>-</u>	<u>16,397,236</u>
Total expenditures	<u>12,676,358</u>	<u>18,952,127</u>	<u>963,284</u>	<u>17,988,843</u>
Excess (deficiency) of revenues over expenditures	<u>(10,429,289)</u>	<u>(13,847,684)</u>	<u>5,058,887</u>	<u>18,906,571</u>
OTHER FINANCING USES				
Internal service reimbursements	<u>(569,047)</u>	<u>(569,047)</u>	<u>(520,410)</u>	<u>48,637</u>
Total other financing uses	<u>(569,047)</u>	<u>(569,047)</u>	<u>(520,410)</u>	<u>48,637</u>
Net change in fund balance	(10,998,336)	(14,416,731)	4,538,477	18,955,208
FUND BALANCE - July 1, 2014	<u>10,998,336</u>	<u>14,416,731</u>	<u>14,416,731</u>	<u>-</u>
FUND BALANCE - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>18,955,208</u>	<u>\$ 18,955,208</u>
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			4,976,396	
Property held for sale			<u>2,902,768</u>	
FUND BALANCE - June 30, 2015 (GAAP BASIS)			<u>\$ 26,834,372</u>	

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

**NORTH MACADAM URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Rental income	\$ 157,600	\$ 175,662	\$ 275,589	\$ 99,927
Contractual service charges	343,341	-	-	-
Loan Collections:				
Principal	23,988	24,000	34,269	10,269
Interest	3,250	3,347	4,643	1,296
Interest on investments	5,000	5,000	40,108	35,108
Miscellaneous:				
Reimbursements	-	141,000	55,857	(85,143)
Sale of real property	220	-	-	-
Other	17,000	-	-	-
Tax-increment debt proceeds (in lieu of tax-increment revenue)	2,364,922	2,593,000	3,253,658	660,658
Total revenues	2,915,321	2,942,009	3,664,124	722,115
EXPENDITURES				
Current:				
Community development:				
Housing	2,652	17,652	17,080	572
Business development	515,438	1,042,164	526,836	515,328
Property redevelopment	754,309	818,530	306,030	512,500
Infrastructure	317,618	812,367	240,935	571,432
Administration	20,000	33,769	29,791	3,978
Total community development	1,610,017	2,724,482	1,120,672	1,603,810
Contingency	5,259,893	6,842,212	-	6,842,212
Total expenditures	6,869,910	9,566,694	1,120,672	8,446,022
Excess (deficiency) of revenues over expenditures	(3,954,589)	(6,624,685)	2,543,452	9,168,137
OTHER FINANCING USES				
Internal service reimbursements	(204,353)	(204,353)	(186,940)	17,413
Total other financing uses	(204,353)	(204,353)	(186,940)	17,413
Net change in fund balance	(4,158,942)	(6,829,038)	2,356,512	9,185,550
FUND BALANCE - July 1, 2014	4,158,942	6,829,038	6,829,038	-
FUND BALANCE - June 30, 2015	\$ -	\$ -	9,185,550	\$ 9,185,550
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			86,044	
Property held for sale			6,554,627	
FUND BALANCE - June 30, 2015 (GAAP BASIS)			\$ 15,826,221	

**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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental revenue:				
Federal grants	\$ 1,322,413	\$ 1,983,620	\$ 1,136,210	\$ (847,410)
Charges for services:				
Application fees and charges	935	16,900	9,567	(7,333)
Rental income	2,110,930	2,119,168	2,431,391	312,223
Loan Collections:				
Principal	7,549,456	10,899,000	10,918,146	19,146
Interest	561,333	3,765,000	3,896,557	131,557
Interest on investments	-	200,000	292,358	92,358
Miscellaneous:				
Reimbursements	860,000	918,311	395,953	(522,358)
Sale of real property	-	650,000	630,000	(20,000)
Tax-increment debt proceeds (in lieu of tax-increment revenue)	29,178,701	20,472,169	21,491,234	1,019,065
Total revenues	41,583,768	41,024,168	41,201,416	177,248
EXPENDITURES				
Current:				
Community development:				
Housing	18,025,704	14,366,220	13,191,733	1,174,487
Business development	748,654	355,867	147,075	208,792
Property redevelopment	36,345,668	27,242,533	16,298,527	10,944,006
Infrastructure	3,587,086	4,372,128	2,584,940	1,787,188
Administration	65,000	71,055	69,511	1,544
Total community development	58,772,112	46,407,803	32,291,786	14,116,017
Contingency	911,920	37,846,176	-	37,846,176
Total expenditures	59,684,032	84,253,979	32,291,786	51,962,193
Excess (deficiency) of revenues over expenditures	(18,100,264)	(43,229,811)	8,909,630	52,139,441
OTHER FINANCING USES				
Internal service reimbursements	(6,028,370)	(6,028,370)	(5,512,520)	515,850
Total other financing uses	(6,028,370)	(6,028,370)	(5,512,520)	515,850
Net change in fund balance	(24,128,634)	(49,258,181)	3,397,110	52,655,291
FUND BALANCE - July 1, 2014	24,128,634	49,258,181	49,258,181	-
FUND BALANCE - June 30, 2015	\$ -	\$ -	52,655,291	\$ 52,655,291
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			17,605,817	
Property held for sale			15,520,893	
FUND BALANCE - June 30, 2015 (GAAP BASIS)			\$ 85,782,001	

**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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ 3,588	\$ 617	\$ 617	\$ -
Rental income	36,000	36,000	24,000	(12,000)
Loan Collections:				
Principal	558,600	90,000	204,678	114,678
Interest	30,558	35,000	48,332	13,332
Interest on investments	10,000	10,000	45,365	35,365
Miscellaneous:				
Other	-	-	20,993	20,993
Total revenues	<u>638,746</u>	<u>171,617</u>	<u>343,985</u>	<u>172,368</u>
EXPENDITURES				
Current:				
Community development:				
Housing	860,486	278,418	-	278,418
Business development	207,528	7,628	296	7,332
Property redevelopment	67,951	78,451	12,745	65,706
Infrastructure	-	156,000	148,561	7,439
Administration	5,000	4,525	4,422	103
Total community development	<u>1,140,965</u>	<u>525,022</u>	<u>166,024</u>	<u>358,998</u>
Contingency	<u>6,071,341</u>	<u>7,592,337</u>	<u>-</u>	<u>7,592,337</u>
Total expenditures	<u>7,212,306</u>	<u>8,117,359</u>	<u>166,024</u>	<u>7,951,335</u>
Excess (deficiency) of revenues over expenditures	<u>(6,573,560)</u>	<u>(7,945,742)</u>	<u>177,961</u>	<u>8,123,703</u>
OTHER FINANCING USES				
Internal service reimbursements	<u>(39,884)</u>	<u>(39,884)</u>	<u>(36,530)</u>	<u>3,354</u>
Total other financing uses	<u>(39,884)</u>	<u>(39,884)</u>	<u>(36,530)</u>	<u>3,354</u>
Net change in fund balance	(6,613,444)	(7,985,626)	141,431	8,127,057
FUND BALANCE - July 1, 2014	<u>6,613,444</u>	<u>7,985,626</u>	<u>7,985,626</u>	<u>-</u>
FUND BALANCE - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>8,127,057</u>	<u>\$ 8,127,057</u>
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			1,666,803	
Property held for sale			<u>3,459,855</u>	
FUND BALANCE - June 30, 2015 (GAAP BASIS)			<u>\$ 13,253,715</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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ 1,200	\$ 1,390	\$ 1,591	\$ 201
Rental income	1,495,282	1,669,581	2,021,179	351,598
Contractual service charges	-	48,000	44,427	(3,573)
Loan Collections:				
Principal	46,613	150,000	181,686	31,686
Interest	133,821	225,095	320,577	95,482
Interest on investments	40,000	40,000	231,888	191,888
Miscellaneous:				
Sale of real property	840,000	-	-	-
Total revenues	<u>2,556,916</u>	<u>2,134,066</u>	<u>2,801,348</u>	<u>667,282</u>
EXPENDITURES				
Current:				
Community development:				
Housing	12,455,040	964,182	686,375	277,807
Business development	339,236	62,180	2,232	59,948
Property redevelopment	28,522,448	2,105,403	1,891,118	214,285
Infrastructure	3,810	144,810	80,773	64,037
Administration	30,045	6,500	5,551	949
Total community development	<u>41,350,579</u>	<u>3,283,075</u>	<u>2,666,049</u>	<u>617,026</u>
Contingency	<u>965,481</u>	<u>39,808,483</u>	<u>-</u>	<u>39,808,483</u>
Total expenditures	<u>42,316,060</u>	<u>43,091,558</u>	<u>2,666,049</u>	<u>40,425,509</u>
Excess (deficiency) of revenues over expenditures	<u>(39,759,144)</u>	<u>(40,957,492)</u>	<u>135,299</u>	<u>41,092,791</u>
OTHER FINANCING USES				
Internal service reimbursements	<u>(277,043)</u>	<u>(277,043)</u>	<u>(253,410)</u>	<u>23,633</u>
Total other financing uses	<u>(277,043)</u>	<u>(277,043)</u>	<u>(253,410)</u>	<u>23,633</u>
Net change in fund balance	(40,036,187)	(41,234,535)	(118,111)	41,116,424
FUND BALANCE - July 1, 2014	<u>40,036,187</u>	<u>41,234,535</u>	<u>41,234,535</u>	<u>-</u>
FUND BALANCE - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>41,116,424</u>	<u>\$ 41,116,424</u>
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			9,877,659	
Property held for sale			<u>11,683,911</u>	
FUND BALANCE - June 30, 2015 (GAAP BASIS)			<u>\$ 62,677,994</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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ 14,622	\$ 1,670	\$ 2,551	\$ 881
Rental income	104,000	104,150	103,383	(767)
Loan Collections:				
Principal	757,797	733,329	1,886,998	1,153,669
Interest	40,019	186,000	349,692	163,692
Interest on investments	10,000	10,000	69,298	59,298
Miscellaneous:				
Reimbursements	-	2,811	2,821	10
Sale of real property	1,110,810	1,267,060	1,496,000	228,940
Other	-	-	11,486	11,486
Tax-increment debt proceeds (in lieu of tax-increment revenue)	2,997,000	2,997,000	2,998,783	1,783
Total revenues	5,034,248	5,302,020	6,921,012	1,618,992
EXPENDITURES				
Current:				
Community development:				
Housing	915,341	60,341	29,800	30,541
Business development	513,986	63,736	21,427	42,309
Property redevelopment	6,399,783	1,307,978	793,649	514,329
Infrastructure	25,113	25,313	25,966	(653)
Administration	18,000	35,104	31,132	3,972
Total community development	7,872,223	1,492,472	901,974	590,498
Contingency	3,727,083	13,659,249	-	13,659,249
Total expenditures	11,599,306	15,151,721	901,974	14,249,747
Excess (deficiency) of revenues over expenditures	(6,565,058)	(9,849,701)	6,019,038	15,868,739
OTHER FINANCING USES				
Internal service reimbursements	(1,005,840)	(1,005,840)	(919,830)	86,010
Total other financing uses	(1,005,840)	(1,005,840)	(919,830)	86,010
Net change in fund balance	(7,570,898)	(10,855,541)	5,099,208	15,954,749
FUND BALANCE - July 1, 2014	7,570,898	10,855,541	10,855,541	-
FUND BALANCE - June 30, 2015	\$ -	\$ -	15,954,749	\$ 15,954,749
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			3,097,228	
Property held for sale			313,690	
FUND BALANCE - June 30, 2015 (GAAP BASIS)			\$ 19,365,667	

**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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ 534	\$ 500	\$ 498	\$ (2)
Rental income	155,441	56,941	67,714	10,773
Contractual service charges	-	6,124	6,124	-
Loan Collections:				
Principal	59,416	370,000	932,499	562,499
Interest	42,110	70,000	98,802	28,802
Interest on investments	32,700	48,000	89,993	41,993
Miscellaneous:				
Reimbursements	-	4,273	10,876	6,603
Tax-increment debt proceeds (in lieu of tax-increment revenue)	8,899,732	8,991,000	8,996,349	5,349
Total revenues	9,189,933	9,546,838	10,202,855	656,017
EXPENDITURES				
Current:				
Community development:				
Housing	1,560,004	1,412,248	1,349,242	63,006
Business development	918,499	443,740	128,400	315,340
Property redevelopment	6,661,987	5,554,753	3,177,225	2,377,528
Infrastructure	1,915,493	1,459,543	1,092,294	367,249
Administration	20,000	32,413	27,554	4,859
Total community development	11,075,983	8,902,697	5,774,715	3,127,982
Contingency	6,072,176	14,689,015	-	14,689,015
Total expenditures	17,148,159	23,591,712	5,774,715	17,816,997
Excess (deficiency) of revenues over expenditures	(7,958,226)	(14,044,874)	4,428,140	18,473,014
OTHER FINANCING USES				
Internal service reimbursements	(1,364,652)	(1,364,652)	(1,247,920)	116,732
Total other financing uses	(1,364,652)	(1,364,652)	(1,247,920)	116,732
Net change in fund balance	(9,322,878)	(15,409,526)	3,180,220	18,589,746
FUND BALANCE - July 1, 2014	9,322,878	15,409,526	15,409,526	-
FUND BALANCE - June 30, 2015	\$ -	\$ -	18,589,746	\$ 18,589,746
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			2,549,293	
Property held for sale			7,537,016	
FUND BALANCE - June 30, 2015 (GAAP BASIS)			\$ 28,676,055	

**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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ 1,536	\$ 5,800	\$ 5,009	\$ (791)
Rental income	232,630	171,776	185,414	13,638
Loan Collections:				
Principal	143,410	375,000	417,610	42,610
Interest	55,989	71,444	94,339	22,895
Interest on investments	30,000	72,000	98,695	26,695
Miscellaneous:				
Reimbursements	-	40,349	45,083	4,734
Tax-increment debt proceeds (in lieu of tax-increment revenue)	14,988,500	11,488,500	11,495,334	6,834
Total revenues	15,452,065	12,224,869	12,341,484	116,615
EXPENDITURES				
Current:				
Community development:				
Housing	5,524,449	1,948,307	1,324,162	624,145
Business development	8,848,173	935,396	261,114	674,282
Property redevelopment	3,501,549	2,696,650	1,689,090	1,007,560
Infrastructure	3,919,636	443,411	361,275	82,136
Administration	22,532	39,966	36,083	3,883
Total community development	21,816,339	6,063,730	3,671,724	2,392,006
Contingency	3,502,310	19,815,852	-	19,815,852
Total expenditures	25,318,649	25,879,582	3,671,724	22,207,858
Excess (deficiency) of revenues over expenditures	(9,866,584)	(13,654,713)	8,669,760	22,324,473
OTHER FINANCING USES				
Internal service reimbursements	(1,895,448)	(1,895,448)	(1,733,300)	162,148
Total other financing uses	(1,895,448)	(1,895,448)	(1,733,300)	162,148
Net change in fund balance	(11,762,032)	(15,550,161)	6,936,460	22,486,621
FUND BALANCE - July 1, 2014	11,762,032	15,550,161	15,550,161	-
FUND BALANCE - June 30, 2015	\$ -	\$ -	22,486,621	\$ 22,486,621
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			2,221,507	
Property held for sale			6,903,863	
FUND BALANCE - June 30, 2015 (GAAP BASIS)			\$ 31,611,991	

**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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ 327	\$ 500	\$ 2,007	\$ 1,507
Rental income	-	1,700	7,554	5,854
Loan Collections:				
Principal	9,636	15,000	15,564	564
Interest	3,258	2,500	4,676	2,176
Interest on investments	12,800	19,000	32,728	13,728
Miscellaneous:				
Reimbursements	4,275	3,600	3,048	(552)
Tax-increment debt proceeds (in lieu of tax-increment revenue)	4,496,500	3,496,500	3,498,580	2,080
Total revenues	4,526,796	3,538,800	3,564,157	25,357
EXPENDITURES				
Current:				
Community development:				
Housing	3,727,701	3,289,005	2,790,226	498,779
Business development	390,427	481,500	21,555	459,945
Property redevelopment	2,104,792	809,845	226,158	583,687
Infrastructure	713,206	464,206	128,719	335,487
Administration	10,000	13,555	10,903	2,652
Total community development	6,946,126	5,058,111	3,177,561	1,880,550
Contingency	1,078,863	4,413,538	-	4,413,538
Total expenditures	8,024,989	9,471,649	3,177,561	6,294,088
Excess (deficiency) of revenues over expenditures	(3,498,193)	(5,932,849)	386,596	6,319,445
OTHER FINANCING USES				
Internal service reimbursements	(454,813)	(454,813)	(415,950)	38,863
Total other financing uses	(454,813)	(454,813)	(415,950)	38,863
Net change in fund balance	(3,953,006)	(6,387,662)	(29,354)	6,358,308
FUND BALANCE - July 1, 2014	3,953,006	6,387,662	6,387,662	-
FUND BALANCE - June 30, 2015	\$ -	\$ -	6,358,308	\$ 6,358,308
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			202,453	
Property held for sale			4,068,519	
FUND BALANCE - June 30, 2015 (GAAP BASIS)			\$ 10,629,280	

**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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ 481	\$ 200	\$ 228	\$ 28
Rental income	-	79,100	-	(79,100)
Loan Collections:				
Principal	56,516	70,000	100,848	30,848
Interest	28,919	30,603	39,305	8,702
Interest on investments	10,000	10,000	27,594	17,594
Total revenues	95,916	189,903	167,975	(21,928)
EXPENDITURES				
Current:				
Community development:				
Business development	463,378	289,378	6,397	282,981
Property redevelopment	1,097,172	1,567,403	205,173	1,362,230
Administration	3,647	4,150	4,099	51
Total community development	1,564,197	1,860,931	215,669	1,645,262
Contingency	2,612,667	3,133,652	-	3,133,652
Total expenditures	4,176,864	4,994,583	215,669	4,778,914
Excess (deficiency) of revenues over expenditures	(4,080,948)	(4,804,680)	(47,694)	4,756,986
OTHER FINANCING USES				
Internal service reimbursements	(228,946)	(228,946)	(209,410)	19,536
Total other financing uses	(228,946)	(228,946)	(209,410)	19,536
Net change in fund balance	(4,309,894)	(5,033,626)	(257,104)	4,776,522
FUND BALANCE - July 1, 2014	4,309,894	5,033,626	5,033,626	-
FUND BALANCE - June 30, 2015	\$ -	\$ -	4,776,522	\$ 4,776,522
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			2,007,146	
Property held for sale			10,042,920	
FUND BALANCE - June 30, 2015 (GAAP BASIS)			\$ 16,826,588	

**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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest on investments	\$ 10,000	\$ 10,000	\$ 22,837	\$ 12,837
Tax-increment debt proceeds (in lieu of tax-increment revenue)	-	-	258,821	258,821
Total revenues	10,000	10,000	281,658	271,658
EXPENDITURES				
Current:				
Community development:				
Business development	555,993	107,993	753	107,240
Property redevelopment	20,000	20,000	246	19,754
Administration	5,718	3,800	3,819	(19)
Total community development	581,711	131,793	4,818	126,975
Contingency	2,334,603	3,793,989	-	3,793,989
Total expenditures	2,916,314	3,925,782	4,818	3,920,964
Excess (deficiency) of revenues over expenditures	(2,906,314)	(3,915,782)	276,840	4,192,622
OTHER FINANCING USES				
Internal service reimbursements	(84,975)	(84,975)	(77,760)	7,215
Total other financing uses	(84,975)	(84,975)	(77,760)	7,215
Net change in fund balance	(2,991,289)	(4,000,757)	199,080	4,199,837
FUND BALANCE - July 1, 2014	2,991,289	4,000,757	4,000,757	-
FUND BALANCE - June 30, 2015	\$ -	\$ -	\$ 4,199,837	\$ 4,199,837

**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, 2015**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest on investments	\$ -	\$ -	\$ 5,161	\$ 5,161
Miscellaneous:				
Other	-	-	712	712
Tax-increment debt proceeds (in lieu of tax-increment revenue)	1,283,406	1,283,406	1,706,277	422,871
Total revenues	1,283,406	1,283,406	1,712,150	428,744
EXPENDITURES				
Current:				
Community development:				
Housing	417,828	-	-	-
Property redevelopment	5,100	10,682	3,861	6,821
Infrastructure	433,028	1,133,028	939,133	193,895
Administration	-	180,000	147,679	32,321
Total community development	855,956	1,323,710	1,090,673	233,037
Contingency	122,630	389,505	-	389,505
Total expenditures	978,586	1,713,215	1,090,673	622,542
Excess (deficiency) of revenues over expenditures	304,820	(429,809)	621,477	1,051,286
OTHER FINANCING USES				
Internal service reimbursements	(66,856)	(66,856)	(61,190)	5,666
Transfers out-				
General Fund	(300,000)	(300,000)	(300,000)	-
Total transfers out	(300,000)	(300,000)	(300,000)	-
Total other financing uses	(366,856)	(366,856)	(361,190)	5,666
Net change in fund balance	(62,036)	(796,665)	260,287	1,056,952
FUND BALANCE - July 1, 2014	62,036	796,665	796,665	-
FUND BALANCE - June 30, 2015	\$ -	\$ -	\$ 1,056,952	\$ 1,056,952

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 three Enterprise type funds.

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

Small Business Loan Fund
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.

Business Management Fund - provides for the activity track and manage non-URA property assets and activities and fee generation activities.

INTERNAL SERVICE FUND

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

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

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

COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Enterprise Loans Fund	Enterprise Management Fund	Business Management Fund	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash with City of Portland investment pool	\$ 3,033,146	\$ 76,477	\$ 3,015,556	\$ 6,125,179
Receivables:				
Accounts	-	82,709	110,000	192,709
Internal balances	190,000	-	-	190,000
Loans, net	99,267	-	-	99,267
Interest	6,202	387	6,387	12,976
Total current assets	3,328,615	159,573	3,131,943	6,620,131
Noncurrent assets:				
Loans receivable, net	736,650	-	-	736,650
Total noncurrent assets	736,650	-	-	736,650
Total assets	\$ 4,065,265	\$ 159,573	\$ 3,131,943	\$ 7,356,781
LIABILITIES AND NET POSITION				
Liabilities:				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ 10,363	\$ 10,363
Due to City of Portland	-	82,709	-	82,709
Total current liabilities	-	82,709	10,363	93,072
Total liabilities	-	82,709	10,363	93,072
NET POSITION				
Unrestricted	4,065,265	76,864	3,121,580	7,263,709
Total net position	4,065,265	76,864	3,121,580	7,263,709
Total liabilities and net position	\$ 4,065,265	\$ 159,573	\$ 3,131,943	\$ 7,356,781

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, 2015

	Enterprise Loans Fund	Enterprise Management Fund	Business Management Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES:				
Charges for services	\$ 4,267	\$ 1,081,958	\$ 4,201	\$ 1,090,426
Interest on loans	25,949	-	-	25,949
Miscellaneous revenues	303,667	-	7,637	311,304
Total operating revenues	<u>333,883</u>	<u>1,081,958</u>	<u>11,838</u>	<u>1,427,679</u>
OPERATING EXPENSES:				
Personal services	14,100	-	-	14,100
Professional services	8,850	1,081,474	12,509	1,102,833
Loan document costs	46	-	20,434	20,480
Financial assistance	118,483	-	-	118,483
Loan loss provision	936	-	-	936
Internal service reimbursements	22,980	-	33,790	56,770
Miscellaneous expenses	200,444	46,422	8,831	255,697
Total operating expenses	<u>365,839</u>	<u>1,127,896</u>	<u>75,564</u>	<u>1,569,299</u>
Operating income (loss)	<u>(31,956)</u>	<u>(45,938)</u>	<u>(63,726)</u>	<u>(141,620)</u>
NON-OPERATING REVENUES (EXPENSE):				
Interest on investments	16,292	1,023	19,212	36,527
Total non-operating revenues (expense)	<u>16,292</u>	<u>1,023</u>	<u>19,212</u>	<u>36,527</u>
Income before transfers	<u>(15,664)</u>	<u>(44,915)</u>	<u>(44,514)</u>	<u>(105,093)</u>
Transfers in	70,888	-	15,000	85,888
Transfers out	<u>-</u>	<u>-</u>	<u>(6,267)</u>	<u>(6,267)</u>
Change in net position	<u>55,224</u>	<u>(44,915)</u>	<u>(35,781)</u>	<u>(25,472)</u>
Net position - July 1, 2014	<u>4,010,041</u>	<u>121,779</u>	<u>3,157,361</u>	<u>7,289,181</u>
Net position - June 30, 2015	<u>\$ 4,065,265</u>	<u>\$ 76,864</u>	<u>\$ 3,121,580</u>	<u>\$ 7,263,709</u>

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, 2015

	Non-major Business-type Activities - Enterprise Funds			
	Enterprise Loans Fund	Enterprise Management Fund	Business Management Fund	Nonmajor Enterprise Funds
Cash flows from operating activities:				
Loan collections from borrowers	\$ 192,626	\$ -	\$ -	\$ 192,626
Interest on loans from borrowers	25,949	-	-	25,949
Loan fees from customers	4,267	-	-	4,267
Rent income	-	1,081,958	-	1,081,958
Payments from others	-	10,633	42,349	52,982
Payments to employees	(14,100)	-	(12,509)	(26,609)
Payments to vendors	(217,374)	(1,138,529)	(18,951)	(1,374,854)
Payments for interfund services used	(22,980)	-	(33,790)	(56,770)
Loans to borrowers	(359,878)	-	-	(359,878)
Miscellaneous reimbursements	295,881	-	11,838	307,719
Net cash provided/(used) by operating activities	<u>(95,609)</u>	<u>(45,938)</u>	<u>(11,063)</u>	<u>(152,610)</u>
Cash flows from noncapital financing activities:				
Collection of interfund loans	103,000	-	-	103,000
Transfers from other funds	70,888	-	15,000	85,888
Transfers to other funds	(190,000)	-	(6,267)	(196,267)
Net cash provided/(used) by noncapital financing activities	<u>(16,112)</u>	<u>-</u>	<u>8,733</u>	<u>(7,379)</u>
Cash flows from investing activities:				
Interest received from investing	13,393	966	21,324	35,683
Net cash increase (decrease) in cash and cash equivalents	(98,328)	(44,972)	18,994	(124,306)
Cash and cash equivalents-July 1, 2014	<u>3,131,474</u>	<u>121,449</u>	<u>2,996,562</u>	<u>6,249,485</u>
Cash and cash equivalents-June 30, 2015	<u>\$ 3,033,146</u>	<u>\$ 76,477</u>	<u>\$ 3,015,556</u>	<u>\$ 6,125,179</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Net operating (loss)	\$ (31,956)	\$ (45,938)	\$ (63,726)	\$ (141,620)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:				
Increase in due from City of Portland	-	(10,633)	-	(10,633)
Decrease in loans receivable	(56,559)	-	-	(56,559)
Increase in due from other entities	-	10,633	42,349	52,982
Decrease in accounts payable	(7,094)	-	10,314	3,220
Total adjustments	<u>(63,653)</u>	<u>-</u>	<u>52,663</u>	<u>(10,990)</u>
Net cash provided/(used) by operating activities	<u>\$ (95,609)</u>	<u>\$ (45,938)</u>	<u>\$ (11,063)</u>	<u>\$ (152,610)</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, 2015**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services:				
Application fees and charges	\$ 8,962	\$ 3,100	\$ 4,267	\$ 1,167
Loan Collections:				
Principal	266,187	138,500	192,625	54,125
Interest	16,944	16,891	25,949	9,058
Interest on investments	3,500	9,780	16,288	6,508
Miscellaneous:				
Other	-	295,463	295,881	418
Total revenues	<u>295,593</u>	<u>463,734</u>	<u>535,010</u>	<u>71,276</u>
EXPENDITURES				
Current:				
Community development:				
Housing	-	200,444	200,444	-
Business development	1,014,973	669,973	383,809	286,164
Administration	-	75,466	-	75,466
Total community development	<u>1,014,973</u>	<u>945,883</u>	<u>584,253</u>	<u>361,630</u>
Contingency	<u>1,045,109</u>	<u>2,794,423</u>	<u>-</u>	<u>2,794,423</u>
Total expenditures	<u>2,060,082</u>	<u>3,740,306</u>	<u>584,253</u>	<u>3,156,053</u>
Excess (deficiency) of revenues over expenditures	<u>(1,764,489)</u>	<u>(3,276,572)</u>	<u>(49,243)</u>	<u>3,227,329</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	90,693	70,888	70,888	-
Housing and Community Development Fund	<u>-</u>	<u>103,000</u>	<u>103,000</u>	<u>-</u>
Total transfers in	<u>90,693</u>	<u>173,888</u>	<u>173,888</u>	<u>-</u>
Internal service reimbursements	(25,000)	(25,000)	(22,980)	2,020
Transfers out-				
Housing and Community Development Fund	<u>-</u>	<u>-</u>	<u>(190,000)</u>	<u>(190,000)</u>
Total transfers out	<u>-</u>	<u>-</u>	<u>(190,000)</u>	<u>(190,000)</u>
Total internal service reimbursements and transfers	<u>(25,000)</u>	<u>(25,000)</u>	<u>(212,980)</u>	<u>(187,980)</u>
Total other financing sources (uses)	<u>65,693</u>	<u>148,888</u>	<u>(39,092)</u>	<u>(187,980)</u>
Net change in fund balance	<u>(1,698,796)</u>	<u>(3,127,684)</u>	<u>(88,335)</u>	<u>3,039,349</u>
FUND BALANCE - July 1, 2014	<u>1,698,796</u>	<u>3,127,684</u>	<u>3,127,683</u>	<u>(1)</u>
FUND BALANCE - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>3,039,348</u>	<u>\$ 3,039,348</u>
Adjustments to generally accepted accounting principles basis:				
Loans receivable, net			835,917	
Interfund advances			<u>190,000</u>	
FUND BALANCE - June 30, 2015 (GAAP BASIS)			<u>\$ 4,065,265</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, 2015**

	Small Business Loan Fund	Business Development Loan Fund	Working Capital Fund	Workforce Training/Hiring Fund	Total Enterprise Loans Fund
ASSETS					
Current assets:					
Cash with City of Portland investment pool	\$ 795,863	\$ 1,357,221	\$ 804,331	\$ 75,731	\$ 3,033,146
Receivables:					
Due from other funds	121,000	69,000	-	-	190,000
Loans, net	90,827	545	7,895	-	99,267
Interest	1,983	2,414	1,644	161	6,202
Total current assets	<u>1,009,673</u>	<u>1,429,180</u>	<u>813,870</u>	<u>75,892</u>	<u>3,328,615</u>
Noncurrent assets:					
Loans receivable, net	<u>496,447</u>	<u>200,065</u>	<u>40,138</u>	<u>-</u>	<u>736,650</u>
Total noncurrent assets	<u>496,447</u>	<u>200,065</u>	<u>40,138</u>	<u>-</u>	<u>736,650</u>
Total assets	<u>1,506,120</u>	<u>1,629,245</u>	<u>854,008</u>	<u>75,892</u>	<u>4,065,265</u>
Net Position:					
Unrestricted	<u>\$ 1,506,120</u>	<u>\$ 1,629,245</u>	<u>\$ 854,008</u>	<u>\$ 75,892</u>	<u>\$ 4,065,265</u>

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

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR COMPONENTS OF THE ENTERPRISE LOANS FUND
For the Fiscal Year Ended June 30, 2015

	Small Business Loan 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	\$ 2,722	\$ -	\$ 1,545	\$ -	\$ -	\$ 4,267
Interest on loans	16,761	-	8,624	564	-	25,949
Miscellaneous revenues	-	7,094	7,786	288,787	-	303,667
Total operating revenues	19,483	7,094	17,955	289,351	-	333,883
OPERATING EXPENSES:						
Personal services	9,885	-	3,207	1,008	-	14,100
Professional services	414	-	-	8,436	-	8,850
Loan document costs	-	-	46	-	-	46
Financial assistance	8,238	-	63,361	46,884	-	118,483
Loan loss provision	936	-	-	-	-	936
Internal service reimbursements	13,770	-	9,210	-	-	22,980
Miscellaneous expenses	-	200,444	-	-	-	200,444
Total operating expenses	33,243	200,444	75,824	56,328	-	365,839
Operating income (loss)	(13,760)	(193,350)	(57,869)	233,023	-	(31,956)
NON-OPERATING REVENUES (EXPENSE):						
Interest on investment	5,570	86	6,521	3,691	424	16,292
Total non-operating revenues (expense)	5,570	86	6,521	3,691	424	16,292
Income (loss) before transfers	(8,190)	(193,264)	(51,348)	236,714	424	(15,664)
TRANSFERS						
Transfers in	-	-	-	70,888	-	70,888
Total transfers	-	-	-	70,888	-	70,888
Change in net position	(8,190)	(193,264)	(51,348)	307,602	424	55,224
Net position - July 1, 2014	<u>1,514,310</u>	<u>193,264</u>	<u>1,680,593</u>	<u>546,406</u>	<u>75,468</u>	<u>4,010,041</u>
Net position - June 30, 2015	<u>\$ 1,506,120</u>	<u>\$ -</u>	<u>\$ 1,629,245</u>	<u>\$ 854,008</u>	<u>\$ 75,892</u>	<u>\$ 4,065,265</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services:				
Rental income	\$ 1,415,484	\$ 1,200,000	\$ 1,081,958	\$ (118,042)
Interest on investments	-	-	1,023	1,023
Miscellaneous:				
Other	-	-	-	-
Total revenues	<u>1,415,484</u>	<u>1,200,000</u>	<u>1,082,981</u>	<u>(117,019)</u>
EXPENDITURES				
Current:				
Community development:				
Housing	<u>1,415,484</u>	<u>1,321,779</u>	<u>1,127,896</u>	<u>193,883</u>
Total community development	<u>1,415,484</u>	<u>1,321,779</u>	<u>1,127,896</u>	<u>193,883</u>
Total expenditures	<u>1,415,484</u>	<u>1,321,779</u>	<u>1,127,896</u>	<u>193,883</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(121,779)</u>	<u>(44,915)</u>	<u>76,864</u>
Net change in fund balance	<u>-</u>	<u>(121,779)</u>	<u>(44,915)</u>	<u>76,864</u>
FUND BALANCE - July 1, 2014	<u>-</u>	<u>121,779</u>	<u>121,779</u>	<u>-</u>
FUND BALANCE - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,864</u>	<u>\$ 76,864</u>

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

**BUSINESS MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
For The Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
REVENUES				
Charges for services:				
Application fees and charges	\$ 30,000	\$ -	\$ -	\$ -
Rental income	20,000	20,000	-	(20,000)
Contractual service charges	-	-	4,201	4,201
Interest on investments	5,000	5,000	19,212	14,212
Miscellaneous:				
Reimbursements	-	-	7,636	7,636
Other	65,000	15,000	-	(15,000)
Total revenues	120,000	40,000	31,049	(8,951)
EXPENDITURES				
Current:				
Community development:				
Business development	91,465	68,182	32,525	35,657
Property redevelopment	9,052	9,052	9,248	(196)
Total Community development	100,517	77,234	41,773	35,461
Contingency	3,612,596	3,090,549	-	3,090,549
Total expenditures	3,713,113	3,167,783	41,773	3,126,010
Excess (deficiency) of revenues over expenditures	(3,593,113)	(3,127,783)	(10,724)	3,117,059
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Enterprise Zone Fund	66,424	-	-	-
Ambassador Program Fund	15,000	15,000	15,000	-
Total transfers in	81,424	15,000	15,000	-
Internal service reimbursements	(38,311)	(38,311)	(33,790)	4,521
Transfers out:				
General Fund	-	(6,267)	(6,267)	-
Total transfers out	-	(6,267)	(6,267)	-
Total internal service reimbursements and transfers	(38,311)	(44,578)	(40,057)	4,521
Total other financing sources (uses)	43,113	(29,578)	(25,057)	4,521
Net change in fund balance	(3,550,000)	(3,157,361)	(35,781)	3,121,580
FUND BALANCE - July 1, 2014	3,550,000	3,157,361	3,157,361	-
FUND BALANCE - June 30, 2015	\$ -	\$ -	\$ 3,121,580	\$ 3,121,580

**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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest on investments	\$ -	\$ 800	\$ 1,423	\$ 623
Total revenues	-	800	1,423	623
EXPENDITURES				
Current:				
Administration	252,027	253,204	6,627	246,577
Total Community development	252,027	253,204	6,627	246,577
Total expenditures	252,027	253,204	6,627	246,577
Excess (deficiency) of revenues over expenditures	(252,027)	(252,404)	(5,204)	247,200
Net change in fund balance	(252,027)	(252,404)	(5,204)	247,200
FUND BALANCE - July 1, 2014	252,027	252,404	252,404	-
FUND BALANCE - June 30, 2015	\$ -	\$ -	\$ 247,200	\$ 247,200

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

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

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
For The Fiscal Year Ended June 30, 2015**

Governmental funds capital assets:

Land	\$ 7,495,883
Buildings and improvements	5,930,760
Leasehold improvements	3,849,501
Equipment	970,663
Intangible software	2,228,500
Accumulated depreciation	(6,195,585)
	<u>\$ 14,279,722</u>

Investment in governmental funds capital assets by source:

General Fund	\$ 3,199,163
Capital Projects Funds	17,276,144
Accumulated depreciation	(6,195,585)
	<u>\$ 14,279,722</u>

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

PORTLAND DEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF PORTLAND OREGON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For The Fiscal Year Ended June 30, 2015

Function and Activity	Land	Buildings	Leasehold Improvements	Equipment	Software	Total
Community development Revitalization	\$ 7,495,883	\$ 5,930,760	\$ -	\$ -	\$ -	\$ 13,426,643
Administration	-	-	3,849,501	970,663	2,228,500	7,048,664
Total community development	7,495,883	5,930,760	3,849,501	970,663	2,228,500	20,475,307
Less: accumulated depreciation	-	(1,524,008)	(3,849,501)	(822,076)	-	(6,195,585)
Total governmental funds capital assets	\$ 7,495,883	\$ 4,406,752	\$ -	\$ 148,587	\$ 2,228,500	\$ 14,279,722

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

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

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
For The Fiscal Year Ended June 30, 2015**

Function and Activity	Governmental Capital Assets July 1, 2014	Additions	Deductions	Governmental Capital Assets June 30, 2015
Community development				
Revitalization	\$ 13,356,138	\$ 70,505	\$ -	\$ 13,426,643
Administration	7,180,539	203,345	(335,220)	7,048,664
Total community development	20,536,677	273,850	(335,220)	20,475,307
Less: accumulated depreciation	(6,029,120)	(166,465)	-	(6,195,585)
Total governmental funds capital assets	<u>\$ 14,507,557</u>	<u>\$ 107,385</u>	<u>\$ (335,220)</u>	<u>\$ 14,279,722</u>

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

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

**SCHEDULE OF ACTIVITY OF REAL PROPERTY
HELD BY THE COMMISSION
For The Fiscal Year Ended June 30, 2015**

Funding Source	Balance July 1, 2014	Additions	Sales/ Adjustment	Balance June 30, 2015
General Fund (Urban Redevelopment Fund):				
* Woodstock & Foster Rd-Dagel-LTC	\$ 100,000	\$ -	\$ -	\$ 100,000
* 9330 SE Harold St-Boys & Girls Club-LTC	46,754	-	-	46,754
South Auditorium Park Block C	2	-	-	2
Total	146,756	-	-	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-South 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 (16 spaces)	248,000	-	-	248,000
Total	5,895,028	-	(2,360,000)	3,535,028
North Macadam Urban Renewal Fund:				
* South Waterfront Development	2,374,961	4,586	-	2,379,547
* 1852 SW River Dr-River Place Garage	4,175,080	-	-	4,175,080
Total	6,550,041	4,586	-	6,554,627
River District Urban Renewal Fund:				
Union Station Parcels	6,864,652	-	-	6,864,652
* NW Naito Parkway	122,919	-	-	122,919
* Broadway Hoyt/Glisan/6th-Block R	72,283	-	-	72,283
* 1362 NW Naito Prkwy-Centennial Mills	2,650,000	-	-	2,650,000
511 NW Broadway-PNCA	5,800,000	-	-	5,800,000
* 800 NW 6th Ave Parking Site-Block Y	487,039	-	-	487,039
* 9th & Lovejoy-Station Place	405,938	-	-	405,938
* Station Place Garage	9,281,563	-	-	9,281,563
* Union Station-Old Fire Station	336,517	40,730	-	377,247
* 401-439 West Burnside St-Grove Hotel	660,000	-	(660,000)	-
** WIP Postal Site	2,116,349	7,555	-	2,123,904
Total	28,797,260	48,285	(660,000)	28,185,545
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
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)	-
* 318 NE Couch St-Fischels	213,597	-	(213,597)	-
** ODOT Blocks	-	120,091	-	120,091
** Clinton Triangle	-	41,203	-	41,203
Total	1,019,346	161,294	(866,950)	313,690

**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, 2015**

Funding Source	Balance July 1, 2014	Additions	Sales/ Adjustment	Balance June 30, 2015
Lents Town Center Urban Renewal Fund:				
* 9316 SE Woodstock Blvd-Glendville	115,689	-	-	115,689
* 9330 SE Harold St-Boys and Girls Club	1,330,456	-	-	1,330,456
* 6116 SE 93rd-Davis Property	94,311	-	-	94,311
* 5728 SE 91St & 5808 SE 91St-Rssn Church	337,000	-	-	337,000
* 9117-9123 SE Foster Rd	74,060	-	-	74,060
* 5916 SE 91st Ave-Edmondson Drapery	319,860	-	-	319,860
* 5933 SE 92nd Ave Lots 3-5-Dance Club	670,000	-	(279,860)	390,140
* 9231 SE Foster Rd-Arch Iron Wrks	630,000	-	-	630,000
* 5716 SE 92nd Ave-Bakery Block	2,151,149	-	-	2,151,149
* 8801 SE Foster Rd-Bauske	180,000	-	-	180,000
* 9320 SE Ramona St-Tate	120,970	-	-	120,970
* SE Foster Rd Lents Town Center II	372,966	-	-	372,966
* 7104-7120, 7126-7130, 7238 SE Foster Rd-Metro	1,246,516	-	-	1,246,516
* SE Reedway St-Sullivan	100,000	-	-	100,000
* 9101 SE Foster Rd-Rothinger	-	73,899	-	73,899
Total	7,742,977	73,899	(279,860)	7,537,016
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	247,616	-	1,575,093
* 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	351,225	35,540	-	386,765
Total	6,874,732	283,156	(247,615)	6,910,273
Gateway Regional Center Urban Renewal Fund:				
* 1111-1125 NE 99th-Oregon Clinic	848,094	-	-	848,094
* 10520 NE Halsey St	1,152,811	-	-	1,152,811
* 10506-10512 NE Halsey St	2,067,614	-	-	2,067,614
Total	4,068,519	-	-	4,068,519
Airport Way Urban Renewal Fund:				
* Holman St	5,000	-	-	5,000
* Cascade Station Lease Rights	10,178,445	(140,525)	-	10,037,920
** WIP Cascade Station Parking Garage	52,814	70,505	-	123,319
Total	10,236,259	(70,020)	-	10,166,239
Total all funds	86,726,140	\$ 501,200	\$ (4,414,425)	82,812,915
Add: Equipment	915,859			970,663
Leasehold improvements Mason/Ehrman Bldg	3,849,501			3,849,501
Software	2,059,096			1,734,170
** WIP ERP Software	356,083			494,330
Less: Property held for sale	(73,370,002)			(69,386,272)
Accumulated depreciation-NHFS	(6,029,120)			(6,195,585)
Total Capital Assets	\$ 14,507,557			\$ 14,279,722

* 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	119
<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	123
<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	125
<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	145
<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	147
<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									
	2005-06	2006-07	2007-08 (as restated) ⁽¹⁾	2008-09	2009-10	2010-11	2011-12 (as restated) ⁽²⁾	2012-13	2013-14 (as restated) ⁽³⁾	2014-15
Governmental activities										
Net investment in capital assets	\$ 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	\$ 14,279,722
Restricted	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	315,138,288
Unrestricted	3,389,413	2,660,789	3,283,081	4,943,550	1,527,725	3,689,822	(2,559,951)	1,956,432	(3,165,527)	(1,068,467)
Total governmental activities net position	213,766,356	230,295,689	253,121,832	279,369,273	279,406,315	226,887,092	285,432,845	286,956,568	309,146,214	328,349,543
Business-type activities										
Unrestricted	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	7,263,709
Total government										
Net investment in capital assets	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	14,279,722
Restricted	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	315,138,288
Unrestricted	17,897,782	17,329,769	19,692,457	21,968,413	14,310,566	7,088,615	933,496	5,577,337	4,123,654	6,195,242
Total government net position	\$ 228,274,725	\$ 244,964,669	\$ 269,531,208	\$ 296,394,136	\$ 292,189,176	\$ 230,285,885	\$ 289,465,633	\$ 290,577,473	\$ 316,435,395	\$ 335,613,252

- (1) Implementation of GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations.
(2) Implementation of GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements
(3) Implementation of GASB Statement No. 68 Accounting and Reporting for Pensions—an Amendment of GASB Statement No. 27

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

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

	Fiscal Year									
	2005-06	2006-07	2007-08 (as restated) ⁽²⁾	2008-09	2009-10	2010-11	2011-12 (as restated) ⁽³⁾	2012-13	2013-14	2014-15
Expenses										
Governmental activities:										
Community development	\$ 100,446,658	\$ 116,101,082	\$ 105,412,401	\$ 103,984,411	\$ 130,439,659	\$ 156,412,909	\$ 99,713,038	\$ 101,248,381	\$ 64,855,696	\$ 68,554,896
Business-type activities:										
Enterprise loans	1,239,307	2,322,045	8,105,250	9,936,353	10,450,636	10,621,790	375,805	214,579	79,814	365,839
Enterprise management	-	-	-	-	1,112,560	985,671	1,015,468	958,743	1,052,367	1,203,460
Total expenses	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	70,124,195
Program Revenues										
Governmental activities:										
Charges for services	9,142,846	5,692,711	5,322,051	4,609,577	5,423,765	3,984,188	3,291,192	4,047,062	8,735,896	5,957,476
Operating grants and contributions	16,386,221	8,686,663	12,007,140	9,537,786	17,538,107	7,262,870	7,170,821	7,970,747	7,641,483	9,146,999
Total governmental activities program revenues	25,529,067	14,382,374	17,329,191	14,147,363	22,961,872	11,247,058	10,462,013	12,017,809	16,377,389	15,104,475
Business-type activities:										
Charges for services										
Enterprise loans	2,676,027	2,037,570	3,211,791	3,643,684	1,368,842	1,126,578	240,514	95,055	163,255	333,883
Enterprise management	-	-	-	-	931,113	932,367	977,933	1,119,228	6,836,340	1,093,796
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	2,676,027	2,176,384	9,577,310	10,484,474	9,047,650	2,259,037	1,418,447	1,213,283	6,999,595	1,427,679
Total revenues	28,205,094	16,558,758	26,906,501	24,631,837	32,009,522	13,506,095	11,880,460	13,231,092	23,376,984	16,532,154
Net (expense)/revenue:										
Governmental activities	(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)	(53,450,421)
Business-type activities	2,676,027	2,176,384	9,577,310	10,484,474	(2,515,546)	(9,348,424)	27,174	39,961	5,867,414	(141,620)
Total net expenses	(72,241,564)	(99,562,324)	(78,505,900)	(79,352,574)	(109,993,333)	(154,514,275)	(89,223,851)	(89,190,611)	(42,610,893)	(53,592,041)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Tax-increment debt proceeds (in lieu of tax-increment revenue)	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	54,233,796
Unrestricted investment income	2,890,426	3,491,587	2,489,775	2,872,087	1,190,507	664,618	525,565	675,546	838,080	1,076,076
Miscellaneous	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	17,423,499
Special Item - Historic Monument	-	-	-	-	-	-	-	-	-	-
Transfer 511 NW Broadway	-	14,550,302	-	-	-	-	-	-	5,800,000	-
Special Item - Cascade Station lease rights	-	(110,836)	(137,742)	37,000	1,776,314	50,000	(60,000)	-	2,227,027	(79,621)
Transfers	(407,612)	118,268,041	110,909,353	116,084,489	107,514,829	92,646,628	157,796,778	80,754,295	74,550,210	72,653,750
Total governmental activities	94,368,627	118,268,041	110,909,353	116,084,489	107,514,829	92,646,628	157,796,778	80,754,295	74,550,210	72,653,750
Business-type activities:										
Unrestricted investment income	112,259	195,423	130,594	74,339	49,858	14,356	7,480	8,768	27,889	36,527
Miscellaneous	-	-	-	30,027	-	(50,000)	60,000	-	-	-
Transfers	407,612	110,836	137,742	(37,000)	(1,776,314)	(35,644)	146,209	-	(2,227,027)	79,621
Total business-type activities	519,871	306,259	268,336	67,366	(1,726,456)	(35,644)	146,209	8,768	(2,199,138)	116,148
Total	94,888,498	118,574,300	111,177,689	116,151,855	105,788,373	92,610,984	157,942,987	80,763,063	72,351,072	72,769,898
Changes in Net Position										
Governmental activities	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	19,203,329
Business-type activities	3,195,898	2,482,643	9,845,646	10,551,840	(4,242,002)	(9,384,068)	173,383	48,729	3,668,276	(25,472)
Total	\$ 22,646,934	\$ 19,011,976	\$ 32,671,789	\$ 36,799,281	\$ (4,204,960)	\$ (61,903,291)	\$ 68,719,136	\$ (8,427,548)	\$ 29,740,179	\$ 19,177,857

(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									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 (as restated) ⁽¹⁾	2012-13	2013-14	2014-15
General Fund										
Non-spendable	\$ 1,444,428	\$ 476,064	\$ 466,175	\$ 569,765	\$ 673,358	\$ 1,042,036	\$ 1,028,551	\$ 1,105,962	\$ 806,471	\$ 859,630
Assigned	-	-	-	-	-	3,069,788	2,397,106	2,923,994	1,936,241	902,616
Unassigned	1,471,055	1,788,615	2,789,504	4,391,564	4,632,922	1,010,040	751,723	-	(19,680)	535,759
Total general fund	\$ 2,915,483	\$ 2,264,679	\$ 3,255,679	\$ 4,961,329	\$ 5,306,280	\$ 5,121,864	\$ 4,177,380	\$ 4,029,956	\$ 2,723,032	\$ 2,298,005
All other governmental funds										
Reserved	\$ 127,770,229	\$ 165,555,407	\$ 174,306,280	\$ 182,333,262	\$ 187,587,202	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, report in:										
Special revenue funds	734,202	928,313	747,264	371,923	1,070,851	-	-	-	-	-
Capital projects funds	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	5,133,963
Capital projects funds	-	-	-	-	-	216,899,188	294,017,822	282,480,872	303,782,402	317,270,005
Total all other government funds	\$ 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	\$ 322,403,968

(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									
	2005-06	2006-07	2007-08	2008-09	2008-10	2010-11	2011-12 (as restated) ⁽⁴⁾	2012-13	2013-14	2014-15
Revenues										
Intergovernmental revenues	\$ 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	\$ 9,146,999
Charges for services	3,304,810	2,153,263	2,206,948	1,525,351	1,914,924	1,764,096	1,658,729	4,047,062	8,735,896	5,957,476
Loan collections	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	5,169,226
Interest on investments	2,881,904	3,468,091	2,471,816	2,861,153	1,186,801	662,945	523,907	674,321	836,822	1,074,653
Miscellaneous	8,911,725	8,468,224	2,627,865	7,920,829	14,100,415	6,644,825	23,543,906	5,456,632	10,173,615	9,795,579
Tax-increment debt proceeds (in lieu of tax-increment revenue)	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	54,233,796
Total revenues	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	85,377,729
Expenditures										
Community development	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	41,931,774
Capital outlay for urban renewal	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	8,110,216
Financial assistance	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	21,920,157
Capital outlay	-	-	-	-	-	-	-	112,468	373,615	241,008
Debt service - Interest	-	-	89,250	-	38,927	727,463	-	-	-	-
Total expenditures	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	72,203,155
Excess of revenues over (under) expenditures	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	13,174,574
Other financing sources (uses)										
Internal service reimbursements	-	-	-	-	569,901	-	-	-	-	-
Transfers in	3,971,121	1,937,319	4,581,453	19,923,389	16,001,799	50,000 ⁽³⁾	135,000	-	2,783,306	306,267
Transfers out	(4,685,416)	(2,048,155)	(4,719,195)	(19,886,389)	(14,225,485)	- ⁽³⁾	(195,000)	-	(556,279)	(385,888)
Total other financing sources (uses)	(714,295)	(110,836)	(137,742)	37,000	2,346,215	50,000	(60,000)	-	2,227,027	(79,621)
Special item - Cascade Station lease rights	-	14,550,302	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 19,573,000	\$ 17,080,165	\$ 31,132,551	\$ 27,596,063	\$ 2,895,427	\$ (53,203,921)	\$ 72,701,942	\$ (6,754,638)	\$ 20,055,659	\$ 13,094,953

(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
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 ⁽²⁾
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 ⁽³⁾
2008-09	16,378,576	1,695,463	20,243,983	2,976,453	6,881,900	32,987,672	105,254,573	186,418,620
2009-10	24,285,794	3,051,256	19,965,068	1,236,665	9,968,223	-	89,778,162	148,285,168 ⁽⁴⁾
2010-11	4,159,959	2,574,277	4,321,335	678,974	11,124,848	-	85,287,185	108,146,578
2011-12	7,370,821	2,636,662	5,398,916	533,046	7,038,089	-	133,787,307	156,764,841
2012-13	7,970,747	5,033,235	12,277,490	684,316	4,556,869	-	73,354,431	103,877,088
2013-14	7,641,493	9,774,616	5,670,941	865,970	14,462,252	-	59,718,111	98,133,383
2014-15	9,146,999	7,047,902	23,289,142	1,112,599	6,085,646	-	53,877,036	100,559,324

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

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

(2) Increase in tax-increment Debt Proceeds was due to City of Portland Line of Credit reimbursements for Capital Outlay.

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

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

**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
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
2014-15	11,918,561	31,409,309	8,147,325	23,422,050	-	74,897,245

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⁾
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	4.5113	1.2400	8.2560	0.0701	0.0966	-	0.4576	14.4637	0.2759
2014-15	4.4912	1.1800	8.1557	0.0701	0.4585	-	0.4576	14.8131	0.2642

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⁾
\$ 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
8.3535	5.8804	5.8140	6.4139	0.1000	0.0750	0.7222	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, 2015

(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	2008	2011	2004	2011	2011
	Series A & B	Series A	Series A	Series A	Series A & B	Series A
2015-16	\$ 4,420,000	\$ 2,160,000	\$ 4,090,000	\$ 1,550,000	\$ 1,655,000	\$ 3,935,000
2016-17	4,640,000	2,275,000	4,255,000	1,625,000	1,715,000	4,130,000
2017-18	4,875,000	2,390,000	4,430,000	1,710,000	1,790,000	4,335,000
2018-19	5,120,000	2,520,000	4,645,000	1,800,000	1,875,000	4,550,000
2019-20	5,375,000	2,680,000	4,880,000	1,890,000	1,965,000	4,780,000
2020-21	-	5,415,000	-	1,990,000	2,065,000	-
2021-22	-	5,760,000	-	2,095,000	2,175,000	-
2022-23	-	6,120,000	-	2,190,000	2,315,000	-
2023-24	-	7,000,000	-	2,295,000	2,460,000	-
2024-25	-	-	-	2,410,000	2,615,000	-
2025-26	-	-	-	-	2,780,000	-
2026-27	-	-	-	-	2,940,000	-
2027-28	-	-	-	-	3,085,000	-
2028-29	-	-	-	-	3,230,000	-
2029-30	-	-	-	-	3,390,000	-
2030-31	-	-	-	-	3,560,000	-
2031-32	-	-	-	-	-	-
Total	<u>\$ 24,430,000</u>	<u>\$ 36,320,000</u>	<u>\$ 22,300,000</u>	<u>\$ 19,555,000</u>	<u>\$ 39,615,000</u>	<u>\$ 21,730,000</u>

Source: Amortization schedule for each bond.

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

Convention Center Urban Renewal Bonds	River District Urban Renewal Bonds	South ParkBlocks Urban Renewal Bonds	Lents Town Center Urban Renewal Bonds	Central Eastside Urban Renewal Bonds	North Macadam Urban Renewal Bonds
2012 Series A	2012 Series A, B & C	2008 Series A & B	2010 Series A & B	2011 Series A & B	2010 Series A & B
\$ -	\$ 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	-	-	-	-
\$ 69,760,000	\$ 66,805,000	\$ 49,740,000	\$ 30,845,000	\$ 25,970,000	\$ 53,025,000

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

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

As of June 30, 2015

(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
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	\$ 3,515,250	\$ 13,858,204	\$ 3,260,000	\$ 5,765,642	\$ 20,203,519	\$ 3,365,000

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	South ParkBlocks Urban Renewal Bonds	Lents Town Center Urban Renewal Bonds	Central Eastside Urban Renewal Bonds	North Macadam Urban Renewal Bonds
2012 Series A	2012 Series A, B & C	2008 Series A & B	2010 Series A & B	2011 Series A & B	2010 Series A & B
\$ 2,792,917	\$ 2,916,278	\$ 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	442,362	644,850
-	549,450	-	275,113	344,362	461,250
-	414,450	-	144,250	236,212	236,250
-	272,700	-	-	122,550	-
-	125,200	-	-	-	-
\$ 22,167,706	\$ 23,399,593	\$ 13,231,163	\$ 14,612,041	\$ 12,490,938	\$ 21,421,822

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

URBAN RENEWAL INDEBTEDNESS SUMMARY

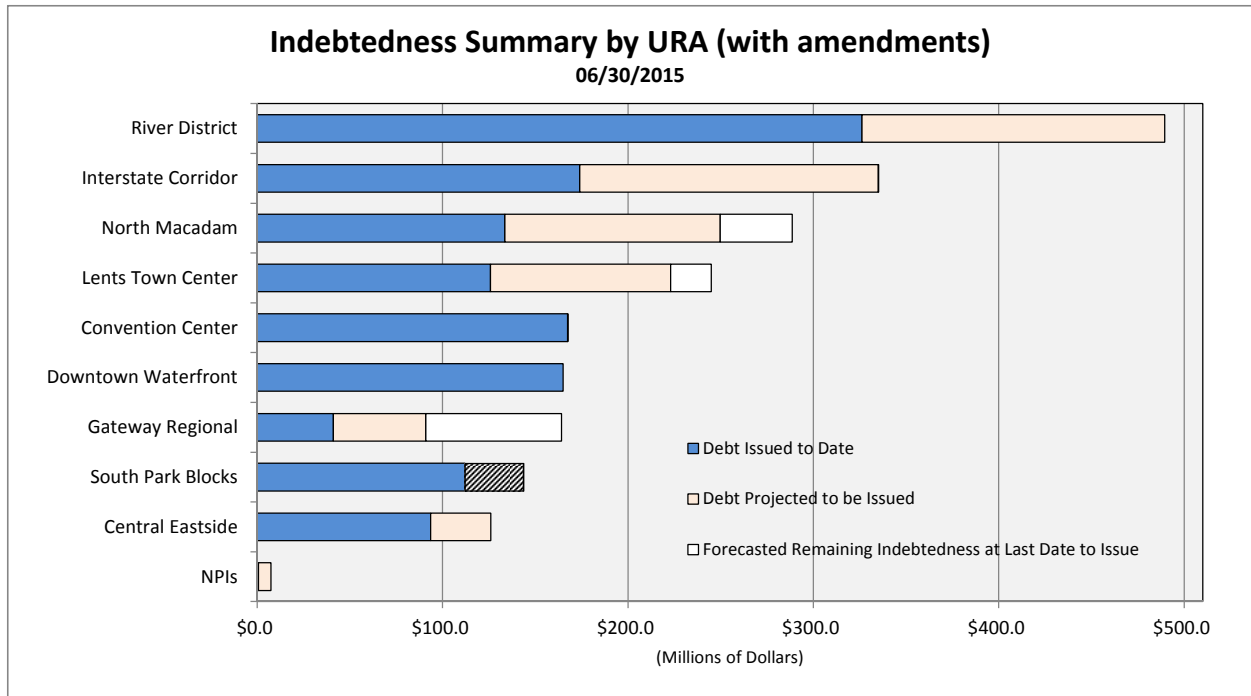
As of June 30, 2015

(Unaudited)

Urban Renewal Area	Maximum Indebtedness	Indebtedness Issued as of 06/30/15	Indebtedness Remaining as of 06/30/15	Projected Indebtedness to Be Issued	Last Date to Issue Long Term Debt	Acres
Airport Way	\$ 72.6	\$ 72.6	\$ 0.0	\$ 0.0	May 2011	1,841.4
Central Eastside	126.0	93.6	32.4	32.4	June 2023	692.3
Convention Center	167.5	167.5	0.0	0.0	June 2013	410.0
Downtown Waterfront	165.0	165.0	0.0	0.0	April 2008	233.1
Gateway	164.2	41.0	123.2	50.0	June 2022	658.5
Interstate Corridor	335.0	174.1	160.9	160.9	N/A	3,990.0
Lents Town Center	245.0	125.9	119.1	97.2	June 2020	2,846.3
Neighborhood Prosperity Initiative	7.5	0.7	6.8	6.8	N/A	803.7
North Macadam	288.6	133.5	155.0	116.2	June 2025	401.9
River District	489.5	326.2	163.3	163.3	June 2021	351.2
South Park Blocks	143.6	112.0	31.6	0.0	July 2008	156.3

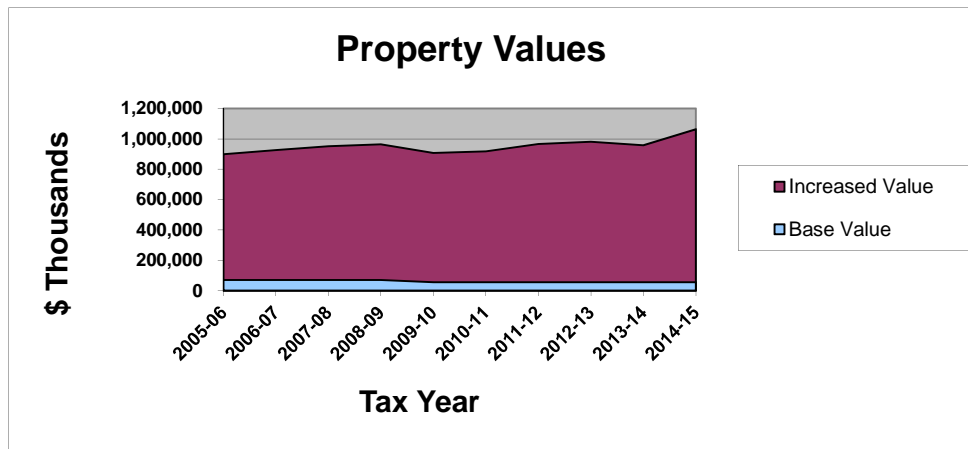
Notes:

- (1) Reduced Rate Plan: Bonds and Local Option Levies approved after 10/06/2001 do not contribute to urban renewal
- (2) Standard Rate Plan: Local Option Levies approved after 01/01/2013 do not contribute to urban renewal. River District and NPI URAs are subject to revenue share
- (3) Not all URAs are projected to reach maximum indebtedness due to debt coverage requirements and current market conditions.



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

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



Tax Year	Tax Rate ⁽¹⁾	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt ⁽¹⁾
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
2014-15	23.02	55,674,313	1,008,259,957	6,910,084

Source: Multnomah County Division of Assessment and Taxation

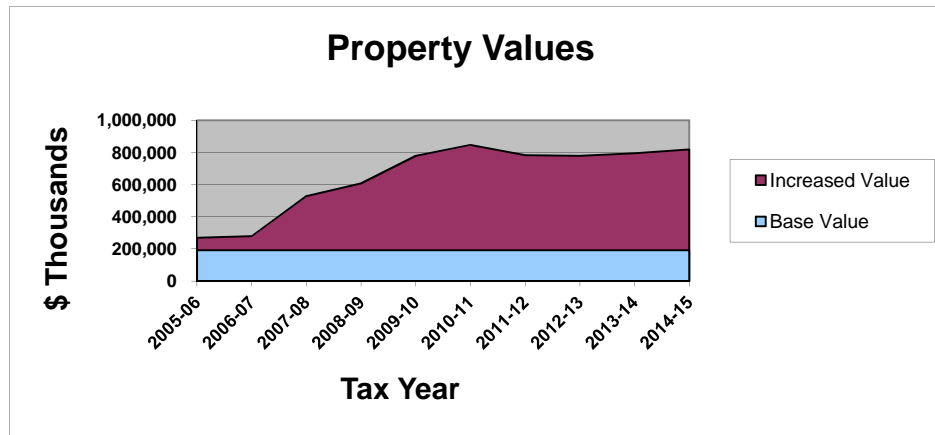
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	3,771	3,976	598,002	636,865
Per Capita Income	\$ 27,507	\$ 31,778	\$ 26,715	\$ 31,090
Total Housing Units	2,641	2,755	271,815	287,153
Owner Occupied Housing Units	336	365	134,292	144,047
Renter Occupied Housing Units	2,112	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⁾
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
2014-15		23.10	192,609,397	626,124,703	13,063,427

Source: Multnomah County Division of Assessment and Taxation

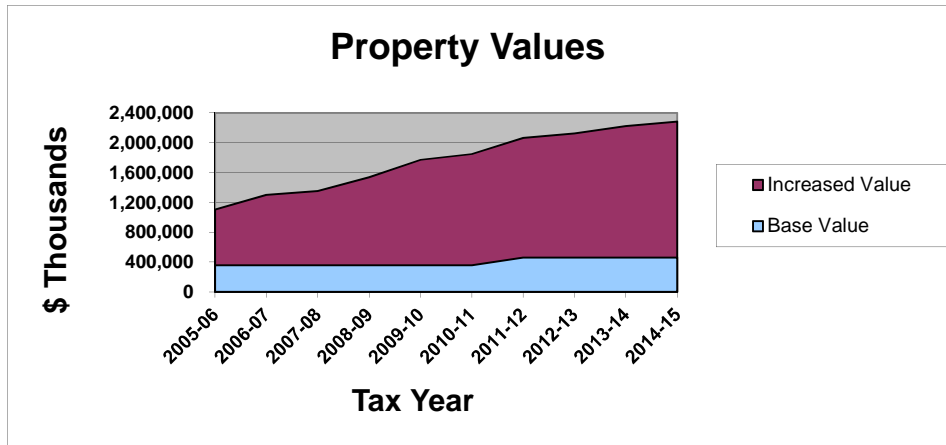
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	3,307	4,115	598,002	636,865
Per Capita Income	\$ 58,057	\$ 64,668	\$ 26,715	\$ 31,090
Total Housing Units	2,531	3,110	271,815	287,153
Owner Occupied Housing Units	792	998	134,292	144,047
Renter Occupied Housing Units	1,236	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⁾
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
2014-15	20.92	461,577,974	1,819,898,297	29,808,542

Source: Multnomah County Division of Assessment and Taxation

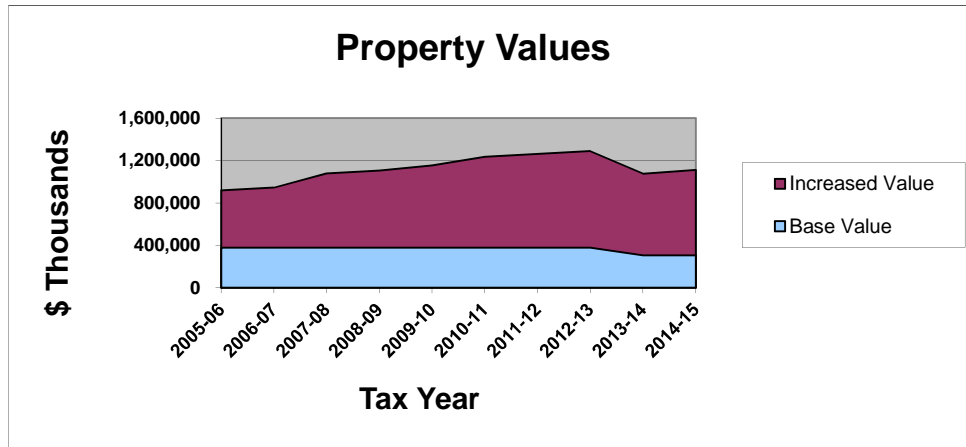
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	8,001	9,455	598,002	636,865
Per Capita Income	\$ 43,736	\$ 52,730	\$ 26,715	\$ 31,090
Total Housing Units	6,253	7,260	271,815	287,153
Owner Occupied Housing Units	1,459	1,645	134,292	144,047
Renter Occupied Housing Units	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⁾
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
2014-15	23.02	305,692,884	806,476,673	5,072,572

Source: Multnomah County Division of Assessment and Taxation

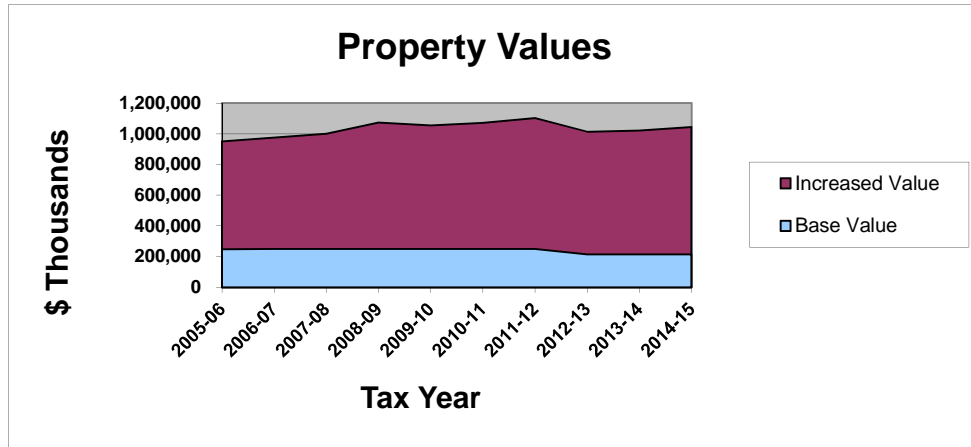
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	3,586	4,029	598,002	636,865
Per Capita Income	\$ 19,447	\$ 22,558	\$ 26,715	\$ 31,090
Total Housing Units	2,517	2,839	271,815	287,153
Owner Occupied Housing Units	256	286	134,292	144,047
Renter Occupied Housing Units	1,962	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⁾
2005-06	\$	21.76	\$ 248,214,131	\$ 701,773,824	\$ 5,441,875
2006-07		19.34	248,689,281	725,955,191	5,475,275
2007-08		19.68	248,689,281	751,940,292	5,438,655
2008-09		21.32	248,689,281	824,599,717	5,454,893
2009-10		20.75	248,951,143	804,685,182	5,419,374
2010-11		21.38	248,951,143	822,947,836	5,346,748
2011-12		21.35	248,951,143	852,646,229	5,141,484
2012-13		21.82	214,100,689	799,329,769	5,021,769
2013-14		21.97	214,100,689	796,003,675	4,952,060
2014-15		23.03	214,100,689	830,451,071	5,139,852

Source: Multnomah County Division of Assessment and Taxation

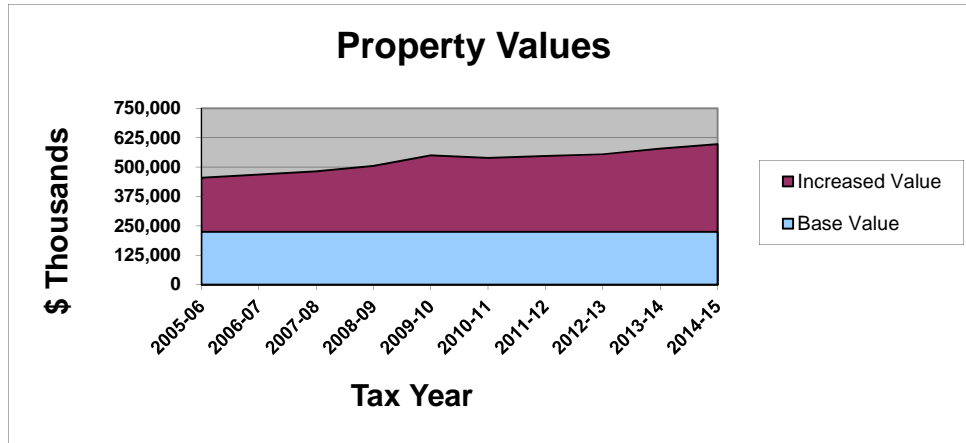
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	1,558	1,622	598,002	636,865
Per Capita Income	\$ 32,072	\$ 37,611	\$ 26,715	\$ 31,090
Total Housing Units	1,074	1,088	271,815	287,153
Owner Occupied Housing Units	159	166	134,292	144,047
Renter Occupied Housing Units	806	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⁾
2005-06	\$ 17.78	\$ 224,605,349	\$ 230,380,503	\$ 3,973,027
2006-07	18.14	224,605,349	243,532,862	4,296,871
2007-08	18.24	224,605,349	257,850,367	4,578,234
2008-09	18.51	224,605,349	279,998,617	5,030,994
2009-10	18.51	224,626,739	325,868,916	5,843,346
2010-11	18.00	224,626,739	314,667,331	5,460,067
2011-12	17.76	224,626,739	323,222,477	5,472,135
2012-13	17.92	224,626,739	330,134,282	5,557,691
2013-14	19.16	224,626,739	354,036,136	6,157,007
2014-15	18.94	224,626,739	372,895,947	6,560,153

Source: Multnomah County Division of Assessment and Taxation

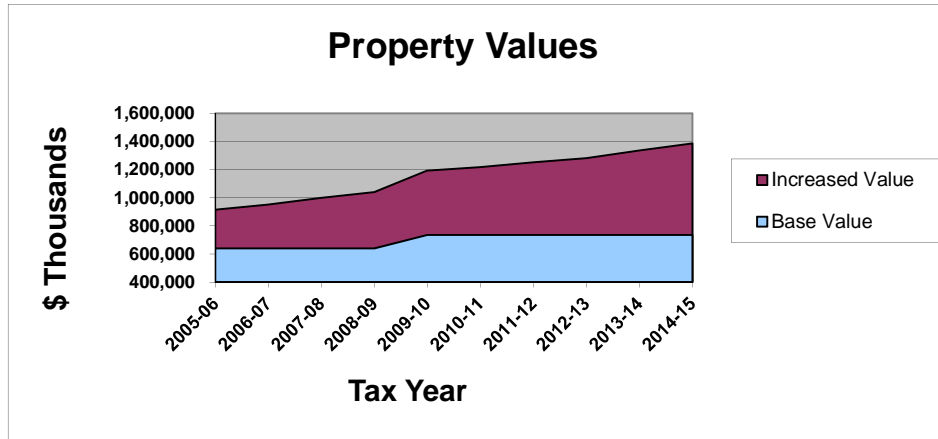
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	1,908	2,051	598,002	636,865
Per Capita Income	\$ 23,344	\$ 25,229	\$ 26,715	\$ 31,090
Total Housing Units	998	1,079	271,815	287,153
Owner Occupied Housing Units	91	93	134,292	144,047
Renter Occupied Housing Units	843	930	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⁾
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
2014-15	22.46	736,224,033	650,846,315	13,229,753

Source: Multnomah County Division of Assessment and Taxation

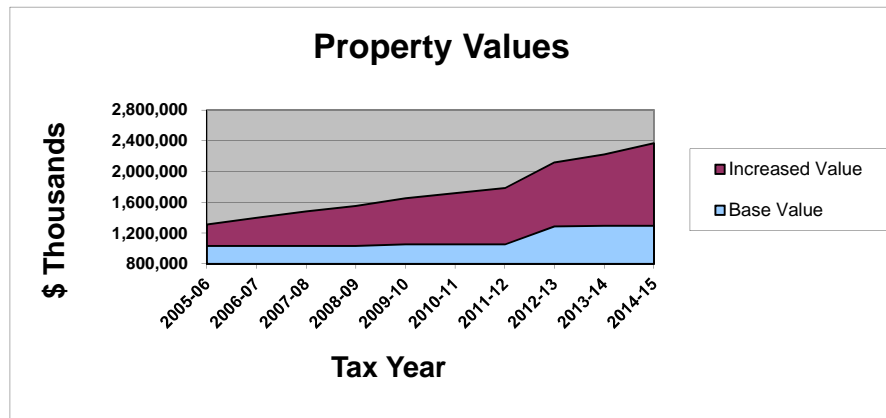
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	28,757	30,291	598,002	636,865
Per Capita Income	\$ 16,235	\$ 18,576	\$ 26,715	\$ 31,090
Total Housing Units	11,134	11,611	271,815	287,153
Owner Occupied Housing Units	5,337	5,610	134,292	144,047
Renter Occupied Housing 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⁾
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
2014-15	23.18	1,293,389,062	1,075,480,078	22,520,074

Source: Multnomah County Division of Assessment and Taxation

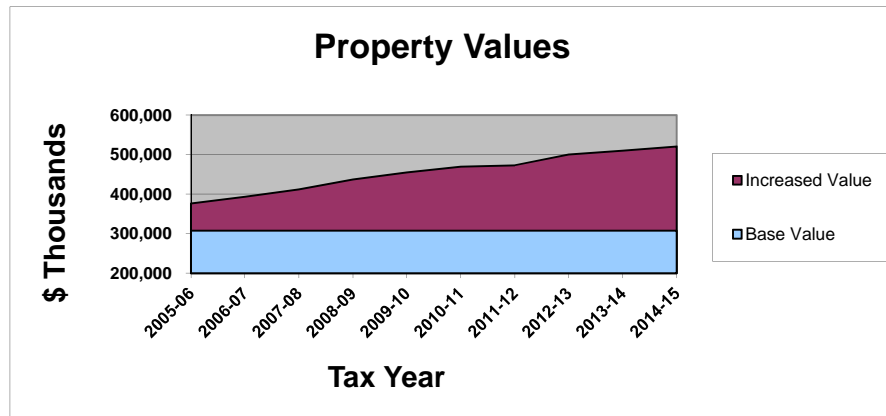
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	36,256	38,986	598,002	636,865
Per Capita Income	\$ 18,000	\$ 20,718	\$ 26,715	\$ 31,090
Total Housing Units	15,986	17,087	271,815	287,153
Owner Occupied Housing Units	7,547	8,140	134,292	144,047
Renter Occupied Housing 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⁾
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
2014-15	20.83	307,174,681	213,423,949	4,044,323

Source: Multnomah County Division of Assessment and Taxation

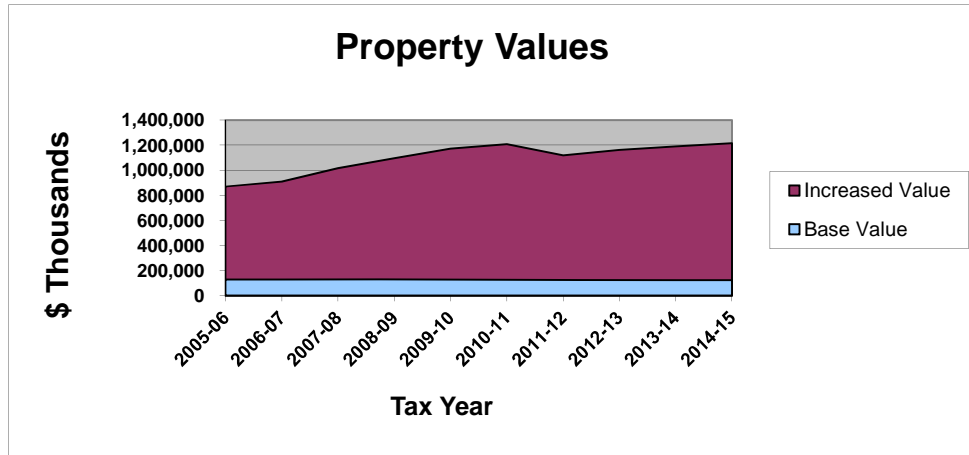
	URA		Portland	
	Current 2012	Projected 2017	Current 2012	Projected 2017
Population	5,890	6,348	598,002	636,865
Per Capita Income	\$ 22,224	\$ 25,897	\$ 26,715	\$ 31,090
Total Housing Units	3,097	3,317	271,815	287,153
Owner Occupied Housing Units	878	986	134,292	144,047
Renter Occupied Housing Units	1,962	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⁾
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
2014-15		20.49	124,710,301	1,089,924,214	2,255,741

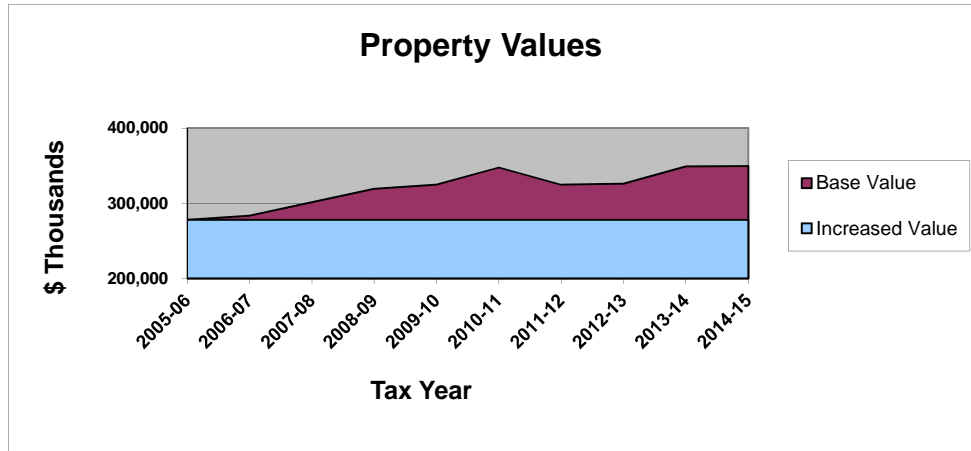
Source: Multnomah County Division of Assessment and Taxation

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

(1) 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
2014-15		0.00	278,034,345	71,620,775	-

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 2014-15

Source: Multnomah County Division of Assessment and Taxation

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

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

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

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

	42nd Ave NPI District	82nd Ave NPI District	Cully Blvd NPI District	Division- Midway NPI District	Parkrosse NPI District	Rosewood NPI District
<i>Frozen Base</i>						
2013-14	83,203,598	83,686,505	83,187,490	82,343,462	85,053,706	81,232,730
2014-15	83,203,598	83,686,505	83,187,490	82,343,462	85,053,706	81,232,730
<i>Excess Value Used</i>						
2013-14	3,723,747	49,055	4,870,550	2,520,678	-	3,353,630
2014-15	7,768,582	4,352,305	8,907,120	8,166,278	3,050,294	5,974,000
<i>Total Plan Area Value</i>						
2013-14	86,927,345	83,735,560	88,058,040	84,864,140	85,053,706	84,586,360
2014-15	90,972,180	88,038,810	92,094,610	90,509,740	88,104,000	87,206,730
<i>Taxes Imposed</i>						
2013-14	41,899	-	69,800	36,985	-	40,848
2014-15	109,627	59,635	134,183	129,370	39,831	89,720

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

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

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

<u>Fiscal Year</u>	<u>Business Financial Assistance</u>	
	<u>Number of loans and grants</u>	<u>Dollar Amount</u>
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
2014-15	234	14,203,451

Source: Commission loan system.

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

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

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

Year	Personal Income (Thousands)			Per Capita Income		
	Portland/ Vancouver/ Hillsboro MSA	Oregon	U.S. Total	Portland/ Vancouver/ Hillsboro MSA	Oregon	U.S. Total
2005	\$ 73,806	\$ 116,889	\$10,251,639	\$ 35,215	\$ 32,103	\$ 34,586
2006	79,399	124,589	10,870,319	37,145	33,666	36,307
2007	83,765	133,871	11,652,339	38,511	35,027	38,632
2008	87,053	136,277	12,086,534	39,436	35,956	39,751
2009	85,922	133,907	11,852,715	38,936	35,159	38,637
2010	87,550	137,672	12,423,332	39,212	35,869	40,163
2011	93,406	146,001	13,179,561	41,313	37,744	42,298
2012	98,698	152,721	13,729,063	43,103	39,166	43,735
2013	101,210	158,117	14,081,242	43,728	40,233	44,543
2014	n/a	165,483	11,284,198	n/a	41,681	46,129

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

Year	POPULATION TRENDS				UNEMPLOYMENT RATES	
	Portland (1)	Portland/ Vancouver/ Hillsboro MSA (1)	Oregon (1)	U.S. Total (1)	Portland Unemployment % Rate (2)	Oregon Unemployment %Rate (2)
2005	533,467	2,082,240	3,638,871	296,507,061	6.1	6.4
2006	537,081	2,137,540	3,700,758	299,398,484	5.2	5.3
2007	568,380	2,159,720	3,745,455	301,621,157	4.9	5.2
2008	557,706	2,207,462	3,790,060	304,059,724	5.8	5.4
2009	582,130	2,206,737	3,808,600	309,771,529	11.0	11.6
2010	581,484	2,232,717	3,838,212	309,326,225 (3)	10.5	10.8
2011	583,546	2,260,928	3,868,229	311,587,816	9.1	9.5
2012	587,865	2,289,800	3,899,353	313,914,040	7.6	8.1
2013	594,687	2,314,554	3,930,065	316,128,839	7.3	7.8
2014	619,360	2,347,127	3,970,239	318,857,056	5.4	5.8

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, 2015
(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	FY2010-11		FY2011-12		FY2012-13		FY2013-14		FY2014-15	
	FTE	LTE	FTE	LTE	FTE	LTE	FTE	LTE	FTE	LTE
Urban Development	66.3	0.0	58.3	0.0	59.3	0.0	50.1	3.0 ⁽²⁾	38.0	0.0
Executive	35.0	0.9	19.0	1.0	24.0	0.0	24.0	0.0 ⁽²⁾	2.0	0.0 ⁽³⁾
Central Services	54.0	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance & Business Operations	0.0	0.0	58.0	2.0 ⁽¹⁾	51.0	1.0	40.5	5.0 ⁽²⁾	23.0	2.0
Legal & Human Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	0.0 ⁽³⁾
Opportunities Cooperative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	0.0 ⁽³⁾
Communication & Social Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0	0.0 ⁽³⁾
Real Estate & Lending	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.0	0.0 ⁽³⁾
Total	155.3	5.2	135.3	3.0	134.3	1.0	114.6	8.0	93.0	2.0

(1) For FY 2011-12 the Central Services and Executive departments were reorganized and the Finance & Business Operations Department was formed. The information technology and human resources function moved staff from Executive to Finance & Business Operations

(2) 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.

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

Urban Renewal District Land Area and Base Values

As of June 30, 2015

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

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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements for the general and housing and community development contract funds of the Portland Development Commission (a Component Unit of the City of Portland, Oregon) (the "Commission") as of and for the year ended June 30, 2015, 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 12, 2015.

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.

**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.

A handwritten signature in black ink that reads "Moss Adams, LLP". The signature is written in a cursive, flowing style.

Eugene, Oregon
November 12, 2015

**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**

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

We have audited the basic financial statements of the Portland Development Commission (a Component Unit of the City of Portland Oregon) (the "Commission"), as of and for the year ended June 30, 2015, and have issued our report thereon dated November 12, 2015. 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 2015 and 2016.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State:

- The Commission experienced budgetary over-expenditures in three funds which are disclosed in the notes to the financial statements.



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 12, 2015



222 NW FIFTH AVENUE • PORTLAND, OR 97209