

Portland Development Commission Doing Business As

# Prosper Portland

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018



A Component Unit of the  
City of Portland, Oregon

**ON THE COVER:**

*Left and right:* Groundbreaking for the Asian Health & Services Center's new headquarters on SE Foster at SE 91st Avenue in Lents Town Center.

*Center:* Industry professionals at a TechTown community conversation about inclusion and diversity in Portland's tech industry.

# **PROSPER PORTLAND**

A Component Unit of the City of Portland, Oregon

# **Comprehensive Annual Financial Report**

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

Kimberly Branam, Executive Director  
Faye Brown, Chief Financial Officer

For the fiscal year ended June 30, 2018



## **Who we are...**

## **What we do...**

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

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

### ***Prosper Portland's Mission***

*Prosper Portland creates economic growth and opportunity for Portland.*

### ***Prosper Portland's Vision***

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

*Prosper Portland stimulates job creation, encourages broad economic prosperity, and fosters great places on behalf of the City of Portland.*

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

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

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



**Building an Equitable Economy**

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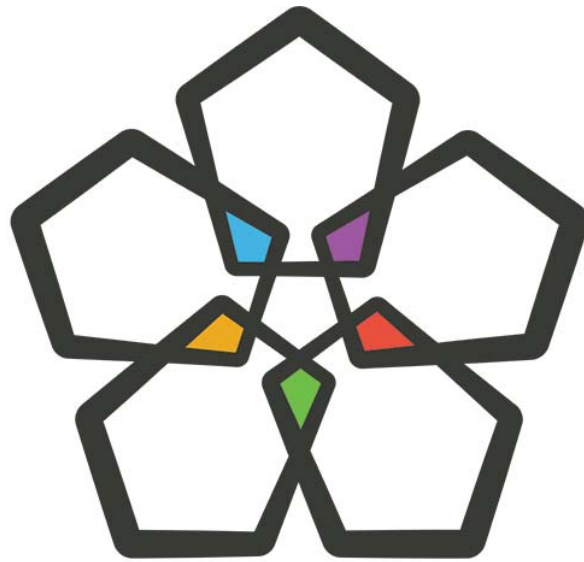
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# Introductory Section\_\_\_\_\_



**PROSPER**  
PORTLAND

**Building an Equitable Economy**



October 25, 2018

Gustavo J. Cruz, Jr.  
Chair

Francesca Gambetti  
Commissioner

Dr. Alisha Moreland-  
Capuia  
Commissioner

William Myers  
Commissioner

Peter Platt  
Commissioner

Ted Wheeler  
Mayor

Kimberly Branam  
Executive Director

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

The Finance & Business Operations Department and I are pleased to submit Prosper Portland's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. State law requires that all local governments publish a complete set of financial statements within six months of the close of each fiscal year. This report is published to provide the Prosper Portland Commissioners, the Mayor and City Council, the citizens of the City of Portland (City), city staff, and other readers with detailed information concerning Prosper Portland's financial position and activities.

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

Prosper Portland's charter requires Prosper Portland to undergo an annual independent audit by a licensed municipal auditor. The accounting firm of Moss Adams LLP conducted the audit of Prosper Portland's FY 2017-18 financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Prosper Portland's financial statements for the fiscal year ended June 30, 2018, 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.

### **Prosper Portland Profile**

Prosper Portland creates economic growth and opportunity for Portland. Its vision is to make Portland one of the most globally competitive, healthy, and equitable cities in the world by investing in job creation, encouraging broad economic prosperity, and fostering

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great places throughout the city. It aspires to be a workplace of choice with passionate staff excelling in an open and empowering environment and sharing a commitment to collective success.

Prosper Portland is committed to growing quality jobs, advancing opportunities for prosperity, creating vibrant neighborhoods and communities, and collaborating with partners to create an equitable city, with prosperity shared by Portlanders of all colors, incomes and neighborhoods.

Prosper Portland was created as a city agency in 1958 under Article I, Section 15 of the Charter of the City of Portland, Oregon to serve as Portland's urban renewal and economic development agency. The governing body is a five-member Commission, appointed by the Mayor and approved by the City Council. Prosper Portland is a component unit of the City of Portland and is reported in its CAFR as a discretely presented component unit. Prosper Portland currently manages sixteen active urban renewal districts throughout the City of Portland, several revolving loan funds, and annual funding from the City General Fund, and is a subrecipient of federal Community Development Block Grant (CDBG) funds.

Prosper Portland has one blended component unit, 9101 Foster LLC, created for construction and management of the 9101 SE Foster Road Project, now known as Lents Commons, in the Lents Town Center urban renewal area (URA). Construction was completed in FY 2017-18.

Prosper Portland's five-year strategic plan is to achieve widely shared prosperity among residents by harnessing and expending the agency's tools for job creation, place-making, and economic opportunity. The Strategic Plan requires a deliberate and equal focus on building healthy communities, maintaining economic competitiveness, and creating equitable opportunities. It also lays out Prosper Portland's commitment to addressing issues of racial equity both within the organization and in its work.

Prosper Portland's business is conducted at monthly public meetings, and all activities are guided by the strategic plan and the annual budget. Developed in conjunction with public and private community partners, the budget is appropriated by fund and business line (service). Each fund and business line include specific allocations of resources by funding source, business line, and project and programs. In accordance with Oregon Local Budget Law, the proposed annual budget is presented to the Portland City Council, acting as the Prosper Portland Budget Committee, for review and approval. Following budget committee approval, Prosper Portland submits the approved budget to the Tax Supervising and Conservation Commission for review and to the Prosper Portland Board of Commissioners for review, adoption, and subsequent amendment as necessary.

### **Relevant Financial Policies**

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

required, for example, by debt covenants. Interest is paid by the City of Portland to Prosper Portland and is allocated based on each fund's periodic cash balance.

### **Local Economic Conditions**

Portland is the financial, trade, transportation, manufacturing, and business service center for Oregon, southwest Washington, and the Columbia River Basin. The area's five largest private sector employers are Intel Corporation, Providence Health Systems, Oregon Health & Science University, Kroger, and the Kaiser Foundation Health Plan of the Northwest. Trade, transportation, and utilities continue to compose the largest industry segment of the regional economy and account for approximately 18 percent of local jobs.

Portland's household median income continues to climb. In 2017, Portland posted the 10th highest median household income in the nation, up 25 percent since 2010 when Portland had the 17th highest income in the nation. During this time, Portland's income growth outstripped most of Oregon, except for Bend which experienced 27 percent growth.

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 sixteen authorized urban renewal areas is approximately 9.0 percent of the City of Portland's total overall assessed value and 12.3 percent of overall acreage for the City. Each of the existing URAs is currently projected to have adequate funding capability to pursue established plans.

### **Long-term Financial Planning**

The Prosper Portland Board adopted The Ten Year Financial Sustainability Plan in July 2018 that created a comprehensive framework for funding agency programs, projects, and initiatives over the next ten years.

Tax-increment resources currently provide most of funding as detailed in the five-year forecast and early years of the Ten Year Financial Sustainability Plan. At present there are no known legal or legislative challenges to the funding of urban renewal activities using tax-increment financing. Annually, Prosper Portland forecasts projected revenues and expenditures for each of the urban renewal districts. 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.

The Financial Sustainability Plan emphasizes the need for new and different funding to enable Prosper Portland to continue to foster widespread economic prosperity, grow family wage jobs, create complete neighborhoods, and build partnerships with community organizations and the private sector.

### **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 2019.

Overall, Prosper Portland has budgeted approximately \$47 million across urban renewal areas and city-wide for financial assistance through loans or grants (e.g., Economic Opportunity

Funds, business or commercial lending programs, Prosperity Initiative Program grants, Community Livability Program grants, Property Fit program loans) to stimulate investment and job growth, leveraging Prosper Portland dollars with private and public funds. Prosper Portland has an important role to play in the current economy and continues to seek new ways to provide more funds to the community.

The Commission has budgeted \$11.7 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 \$61.0 million for housing programs as part of the Affordable Housing Set Aside Policy, implemented through an intergovernmental agreement with the Portland Housing Bureau and incorporating amendments adopted by City Council that dedicates 45 percent of all new TIF Debt Proceeds to affordable housing. The Intergovernmental Agreement with the Portland Housing Bureau consists of all homeownership, home repair, and affordable rental housing projects and programs including the preservation of existing housing.

The largest project costs are proposed to occur in the Interstate Corridor Urban Renewal Area with \$44 million in planned spending. Housing is the largest planned expenditure at \$35 million due to 70 percent of new TIF proceeds allocated to the Affordable Housing Set Aside Policy. Prosper Portland's \$8 million in direct investments are guided by the North/Northeast Community Development Initiative which includes resources allocated to the Prosperity Investment Program grants and commercial and business lending focused on long-term property owners in the area.

The River District URA includes the second largest amount of project costs at \$42 million. Projects include affordable housing and planned investment in the Old Town/Chinatown Action Plan. Combined with the Downtown Waterfront URA, total investment in Old Town/Chinatown is planned at more than \$50 million in the Five-Year Forecast. Major predevelopment activities are ongoing as part of the Broadway Corridor Framework plan, which encompasses the United States Postal Service site that Prosper Portland acquired in 2017.

Other major projects in FY 2018-19 include completion of the Convention Center Garage in the Oregon Convention Center Urban Renewal Area, completion of four-major mixed-use projects at Lents Town Center, development of the ODOT Blocks in Central Eastside, and construction of the 109th and Halsey mixed-use project in Gateway.

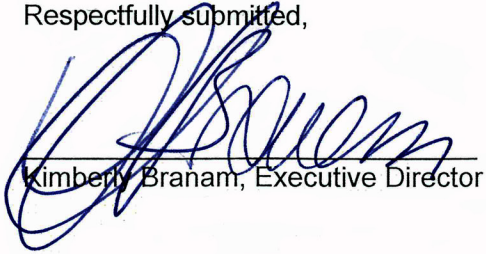
### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Prosper Portland for its CAFR for the fiscal year ended June 30, 2017. Prosper Portland has received a Certificate of Achievement for the last 30 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. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles in the United States of America and applicable legal requirements.

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

The preparation of Prosper Portland's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018 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 Tony Barnes, Gina Bixby, Sam Brugato, Yana Eysmont, and Michele Whaley for their efforts in producing this CAFR. We also wish to express our gratitude and appreciation to the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Prosper Portland's finances.

Respectfully submitted,



Kimberly Branham, Executive Director



Faye Brown, Chief Financial Officer

# Prosper Portland

A Component Unit of the City of Portland, Oregon



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

## Governing Board

(As of July 18, 2018)

## Term Expires

Gustavo J. Cruz Jr., Chair

*Senior Counsel*

Faleigh Wada Witt

121 SW Morrison St., #600

Portland, OR 97204

[gcruz@fwlaw.com](mailto:gcruz@fwlaw.com)

June 30, 2021

William Myers, Vice Chair

*Executive Secretary Treasurer*

Columbia Pacific Building Trades Council

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June 30, 2021

Alisha Moreland-Capuia, M.D.

*Executive Director, Avel Gordly Center for Healing*

*and Assistant Professor Public Psychiatry*

Oregon Health & Science University

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July 9, 2019

Peter Platt

*Owner*

Andina

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[pdplatt@gmail.com](mailto:pdplatt@gmail.com)

August 1, 2020

Francesca Gambetti

*Partner/Project Manager*

Shiels Obletz Johnsen, Inc.

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Portland, OR 97205

[Francesca@sojpdx.com](mailto:Francesca@sojpdx.com)

August 1, 2020

## Registered Agent

None

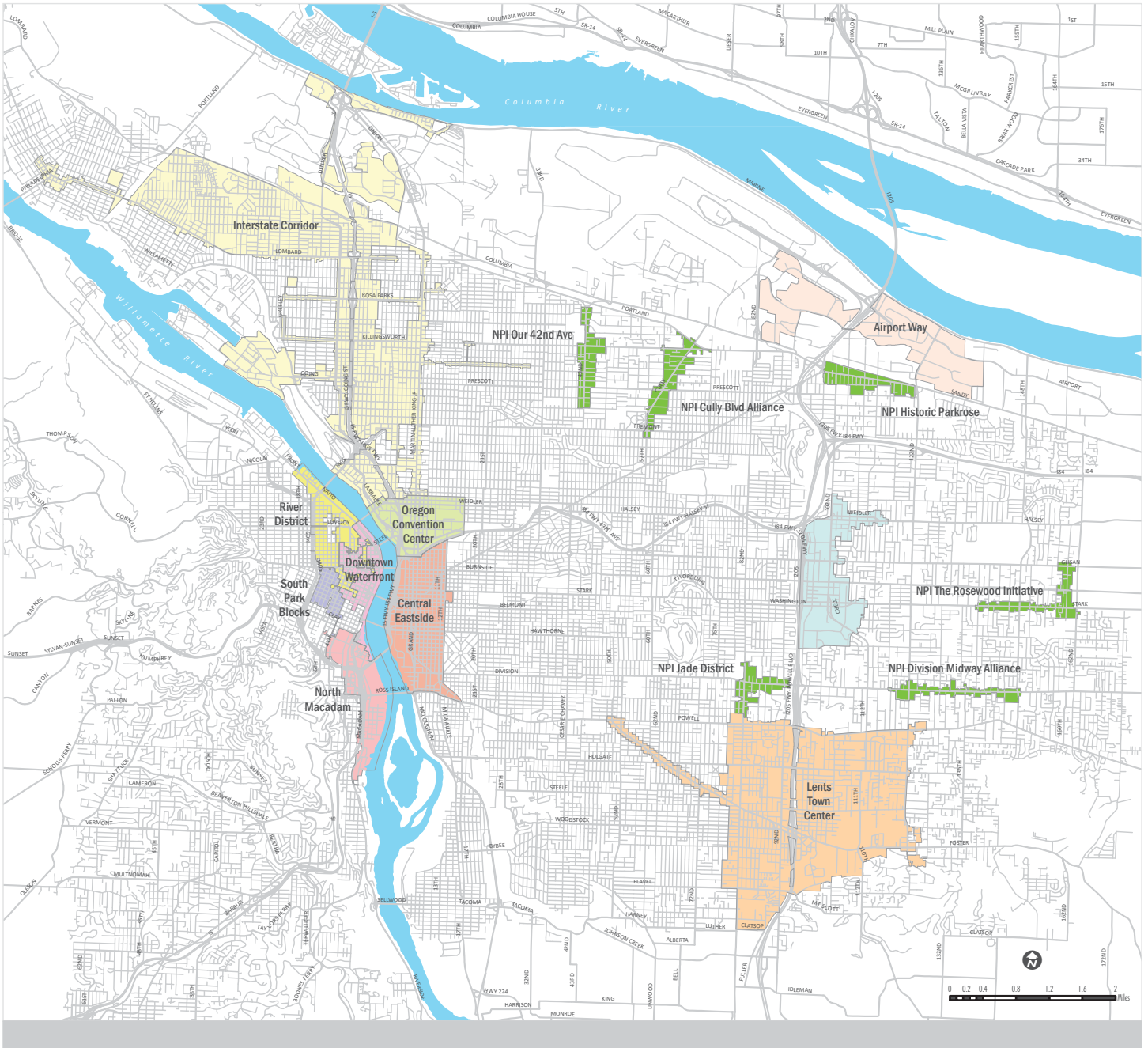


# Prosper Portland

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## Organizational Chart





Total Acres in Urban Renewal Plan Areas: 11,397

URAs as a Percentage of City Acreage: 12.3%

**Legend**

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



Government Finance Officers Association

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Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

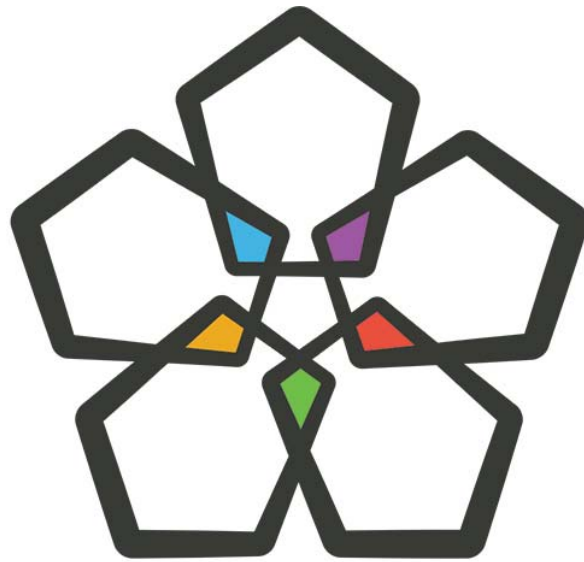
**Prosper Portland  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



**PROSPER**  
PORTLAND

**Building an Equitable Economy**

# Financial Section\_\_\_\_\_



**PROSPER**  
PORTLAND

**Building an Equitable Economy**

## **Report of Independent Auditors**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund of Portland Development Commission, dba Prosper Portland (a Component Unit of the City of Portland) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Prosper Portland's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Prosper Portland as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the post-employment benefit information, and the pension contribution information on pages 5 through 15 and 72 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

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



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2018 on our consideration of Prosper Portland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Prosper Portland's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Prosper Portland's internal control over financial reporting and compliance.

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

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 25, 2018, on our consideration of the Prosper Portland's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in blue ink that reads "James C. Lavarotto". The signature is written in a cursive, flowing style.

For Moss Adams LLP  
Portland, Oregon  
October 25, 2018

## Management's Discussion and Analysis

As management of Prosper Portland, we offer readers of Prosper Portland's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. 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 Prosper Portland exceeded the liabilities for the current year ended June 30, 2018 by \$443,718,660 (net position).
- Prosper Portland's total net position increased by \$47,436,691 (12.0%) when compared to the financial statements at June 30, 2017. The increase in net position is attributable to an increase in current and other assets resulting from an increase in total revenues.
- As of June 30, 2018, Prosper Portland's governmental activities reported a combined ending fund balance of \$427,897,366 an increase of \$43,841,988 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 \$1,250,675, or approximately 20.0% of total general fund expenditures.
- Gross loans receivable increased from \$76,224,839 to \$77,520,969 commission-wide, or 1.7%. In contrast the loan loss allowance increased from \$18,608,269 to \$25,634,100, an increase of 37.5% from the prior year's allowance. The large change in the loan loss allowance was primarily due to cash flow loans being funded but having a larger loan loss percentage than other loans offered.

### Overview of the Financial Statements

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

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

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

The *Statement of Activities* presents information showing how Prosper Portland's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

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

The government-wide financial statements can be found on pages 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. Prosper Portland, like other state and

local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of Prosper Portland can be divided into two categories: governmental funds and proprietary funds.

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

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

Prosper Portland maintains 19 individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for each of the major funds. The major governmental funds are: General Fund (adopted as the Urban Redevelopment Fund); 9101 Foster LLC, a blended component unit, North Macadam Urban Renewal Fund; River District Urban Renewal Fund; Convention Center Urban Renewal Fund; Lents Town Center Urban Renewal Fund; and Interstate Corridor Urban Renewal Fund. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the combining and individual fund statements and schedules section of this report.

Prosper Portland adopts an annual appropriated budget for all funds except for 9101 Foster LLC. For those funds with an adopted budget a budgetary comparison statement has been provided to demonstrate compliance with budgetary requirements.

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

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

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

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

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

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

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

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31-70 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Prosper Portland's progress in funding its obligation to provide post-employment benefits to its employees. Required supplementary information can be found on pages 72-75 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 80-113 of this report.

### Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Prosper Portland, total assets exceeded liabilities by \$443,718,660 for all governmental and business-type funds at the close of the most recent fiscal year.

#### Prosper Portland's Net Position At June 30

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 454,722,759	\$ 392,959,450	\$ 15,821,294	\$ 12,226,591	\$ 470,544,053	\$ 405,186,041
Capital assets	57,606,056	45,116,399	-	-	57,606,056	45,116,399
Total assets	512,328,815	438,075,849	15,821,294	12,226,591	528,150,109	450,302,440
Deferred outflow of resources	3,713,940	5,691,201	-	-	3,713,940	5,691,201
Liabilities						
Current and other liabilities	33,252,042	6,040,205	-	-	33,252,042	6,040,205
Long-term liabilities	54,534,671	53,380,582	-	-	54,534,671	53,380,582
Total liabilities	87,786,713	59,420,787	-	-	87,786,713	59,420,787
Deferred inflow of resources	358,676	314,545	-	-	358,676	314,545
Net position						
Invested in capital assets	57,606,056	45,116,399	-	-	57,606,056	45,116,399
Restricted	391,726,469	350,670,021	3,000,000	3,000,000	394,726,469	353,670,021
Unrestricted	(21,435,159)	(11,754,702)	12,821,294	9,226,591	(8,613,865)	(2,528,111)
Total net position	\$ 427,897,366	\$ 384,031,718	\$ 15,821,294	\$ 12,226,591	\$ 443,718,660	\$ 396,258,309

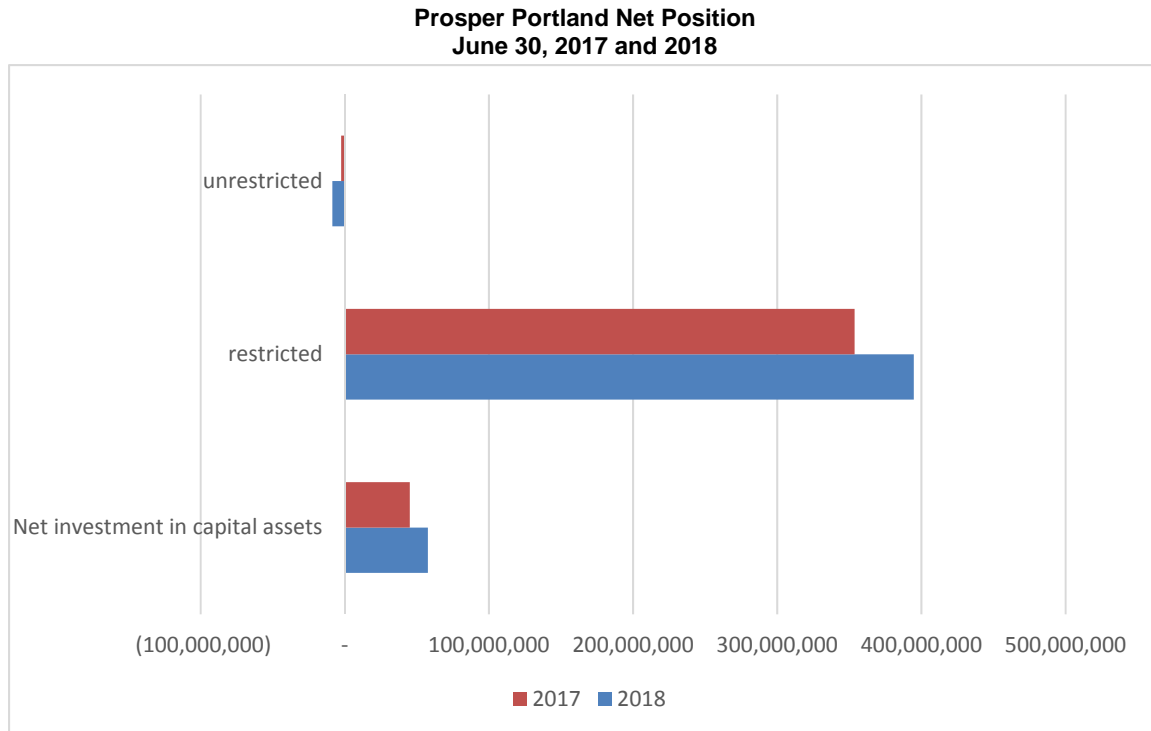
### Prosper Portland's Net Position

By far the largest portion of Prosper Portland's net position, \$394,726,469 or 89.0% represents resources that are subject to external restrictions on how they may be used. 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 11.6% from fiscal year ended June 30, 2017.

The next largest portion of Prosper Portland's total net position (\$57,606,056 or 13.0%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and software). These capital assets are used to provide services to citizens; consequently, these assets are *not* available for future spending. The investment in capital assets increased 27.7% over the previous year due largely to the completion of the major revenue generating capital asset Lents Commons.

All the components of net position are either restricted as to the purposes they can be used for or are invested in capital assets (property, buildings, equipment, and software). Consequently, the unrestricted component of net position is only (\$8,613,865).

At the end of the current fiscal year, Prosper Portland reported positive balances in all restricted categories of net position, for the Commission as a whole, with the governmental activities showing a deficit in unrestricted net position and the business-type activities showing a positive balance for both restricted and unrestricted net position.



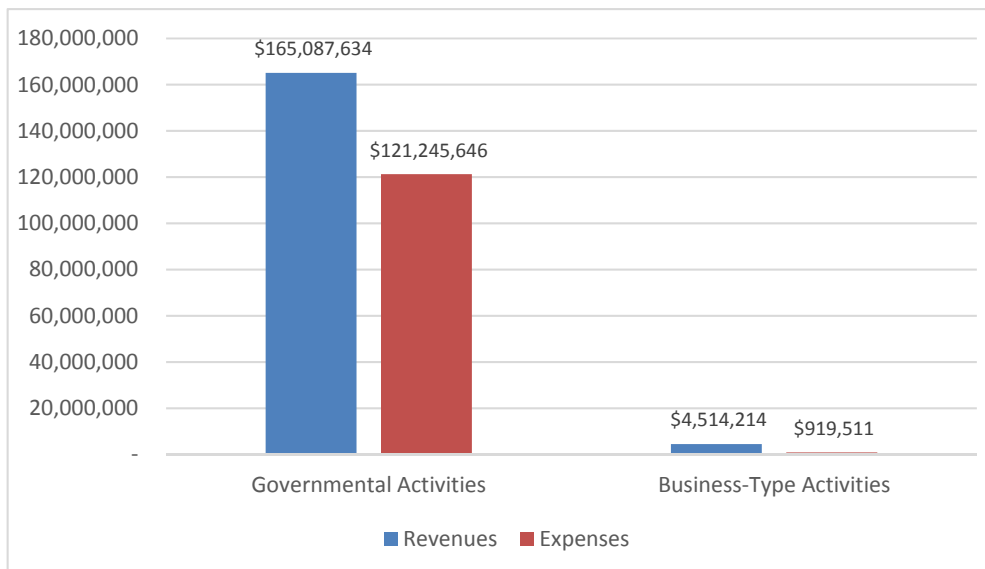
Prosper Portland's overall net position increased \$47,436,692 from the prior fiscal year. The changes are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$43,841,989 from the prior fiscal year for an ending balance of \$427,897,366 which includes a prior period restatement of beginning net position due to the adoption of Governmental Accounting Standards Board Statement 75 of \$23,659. The change in governmental activities is due primarily to a decrease in community development expenses of \$28,588,423 or -19.1%. The decrease from the prior year is due to lower property acquisition activities. However, this decrease was partially offset by higher lending activity. Program revenues experienced a slight dip of 6.4% but general revenues had a healthy increase of \$20,856,298 for an increase of 16.5%. The tax increment debt proceeds are the lion's share of this increase at \$24,792,790 and miscellaneous revenue also increased by \$12,332,217, which is largely represented by land and property sales, loan loss adjustments and reimbursements. These increases were offset by a complete drop off of debt proceeds from the City of Portland for operations.

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

	<b>Governmental Activities</b>		<b>Business Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 7,969,592	\$ 10,738,238	\$ 50,602	\$ 64,654	\$ 8,020,194	\$ 10,802,892
Operating grants and contributions	9,854,692	8,308,635	-	-	9,854,692	8,308,635
General revenues						
Tax-increment debt proceeds (in lieu of tax-increment revenue)	116,187,078	91,394,288	-	-	116,187,078	91,394,288
City of Portland debt proceeds for operations	-	17,372,202	-	-	-	17,372,202
Unrestricted investment income	3,350,550	2,246,957	138,711	152,615	3,489,261	2,399,572
Miscellaneous	27,725,723	15,468,001	4,324,901	44,906	32,050,624	15,512,907
<b>Total revenues</b>	<b>165,087,635</b>	<b>145,528,321</b>	<b>4,514,214</b>	<b>262,175</b>	<b>169,601,849</b>	<b>145,790,496</b>
<b>Expenses</b>						
Community development	121,245,646	149,834,069	-	-	121,245,646	149,834,069
Enterprise loans	-	-	329,863	47,240	329,863	47,240
Enterprise management	-	-	589,648	537,901	589,648	537,901
<b>Total expenses</b>	<b>121,245,646</b>	<b>149,834,069</b>	<b>919,511</b>	<b>585,141</b>	<b>122,165,157</b>	<b>150,419,210</b>
<b>Increase (Decrease) in net position before transfers</b>	<b>43,841,989</b>	<b>(4,305,748)</b>	<b>3,594,703</b>	<b>(322,966)</b>	<b>47,436,692</b>	<b>(4,628,714)</b>
Transfers	-	(99,018)	-	99,018	-	-
<b>Increase (Decrease) in net position</b>	<b>43,841,989</b>	<b>(4,404,766)</b>	<b>3,594,703</b>	<b>(223,948)</b>	<b>47,436,692</b>	<b>(4,628,714)</b>
<b>Beginning net position</b>	<b>384,031,718</b>	<b>388,436,484</b>	<b>12,226,591</b>	<b>12,450,539</b>	<b>396,258,309</b>	<b>400,887,023</b>
restatement	23,659	-			23,659	-
<b>Restated beginning net position</b>	<b>384,055,377</b>	<b>388,436,484</b>	<b>12,226,591</b>	<b>12,450,539</b>	<b>396,281,968</b>	<b>400,887,023</b>
<b>Ending net position</b>	<b>\$ 427,897,366</b>	<b>\$ 384,031,718</b>	<b>\$ 15,821,294</b>	<b>\$ 12,226,591</b>	<b>\$ 443,718,660</b>	<b>\$ 396,258,309</b>

**Community Development Program Expenses  
and General Revenues**



**Business-type Activities.** For Prosper Portland's business-type activities, the results for the current fiscal year were an increase in the overall net position for an ending balance of \$15,821,294. The increase in net position for business-type activities was \$3,594,703 or 29.4% from the prior year, most notably in miscellaneous revenue due to the recognized property transfer from the City of Portland.

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

<b>Expenses</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
Personal services	\$ 55,462	\$ 68,060	\$ 12,598
Professional services	588,443	516,495	(71,948)
Financial assistance	275,606	586	(275,020)
<b>Totals</b>	<b>\$ 919,511</b>	<b>\$ 585,141</b>	<b>\$ (334,370)</b>

One major component of Prosper Portland's net position in both governmental and business-type funds is loans receivable from its customers. During the current fiscal year, Prosper Portland's gross portfolio experienced a modest increase of \$1,296,130 or 1.7%. The Loan Loss Allowance increased by 37.8% or \$7,025,833. The large percentage change in the allowance is due to an overall portfolio review and a more conservative allowance being applied to the cash flow loans. The current portion of the net portfolio decreased 37.2% while the non-current portion dropped 27.9% or \$12,914,980. Decreases were driven by the payoff and partial loan forgiveness totaling \$3,107,697 per the terms of the loans with the Oregon College of Oriental Medicine.

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

	<b>2018</b>	<b>2017</b>	<b>Change</b>	<b>% Change</b>
Gross loans receivable	\$ 77,520,969	\$ 76,224,839	\$ 1,296,130	1.7%
Allowance	(25,634,102)	(18,608,269)	(7,025,833)	37.8%
Total, net	<u>\$ 51,886,867</u>	<u>\$ 57,616,570</u>	<u>\$ (5,729,703)</u>	-9.9%
Current portion	\$ 3,274,502	\$ 5,214,849	\$ (1,940,347)	-37.2%
Non-current portion	33,335,864	46,250,844	(12,914,980)	-27.9%
Total, net	<u>\$ 36,610,366</u>	<u>\$ 51,465,693</u>	<u>\$ (14,855,327)</u>	-28.9%

*Net loans receivable reflects the elimination of interfund activity between Prosper Portland and its component unit, 9101 Foster, LLC for a loan in the amount of \$15,276,501 in fiscal year 2018 and a balance of \$6,150,877 in fiscal year 2017*

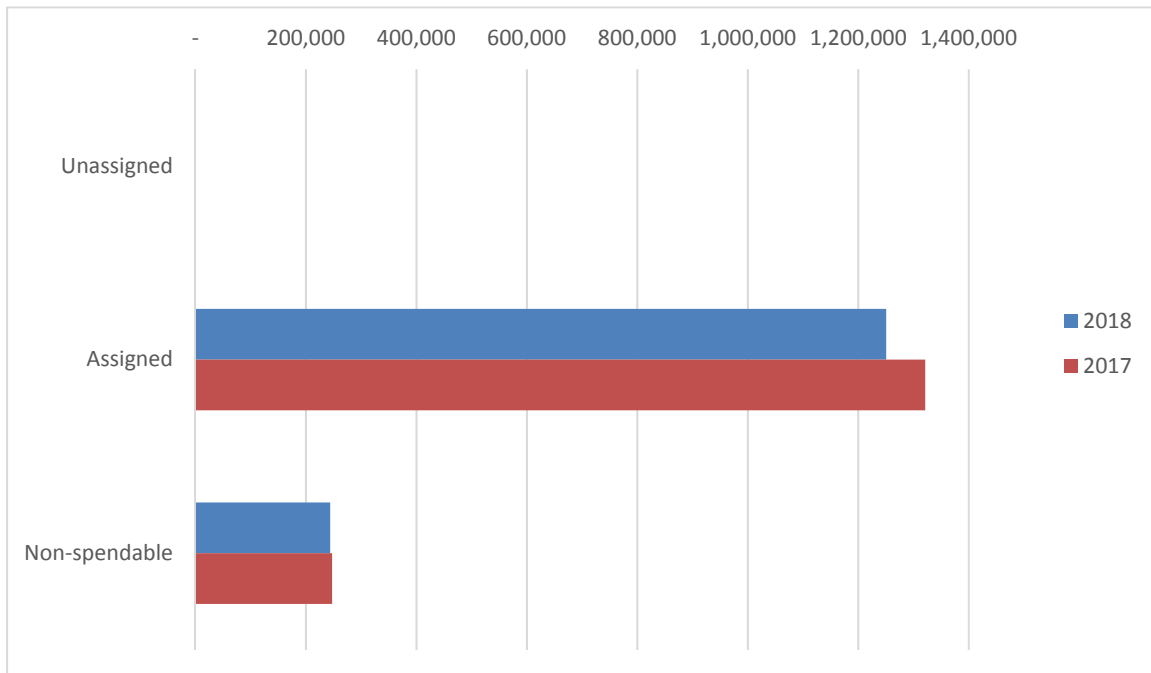
## **Financial Analysis of Governmental Funds**

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

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

At June 30, 2018, Prosper Portland's governmental funds reported combined fund balances of \$422,199,777, an increase of \$34,029,362 in comparison with the prior year. Prosper Portland had unassigned fund balance of (\$15,279,155) the result of 9101 Foster LLC having a negative ending fund balance. The remainder of the fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is 1) not in spendable form (\$244,069), 2) restricted for particular purposes (\$435,984,188) or assigned for particular purposes (\$1,250,675).

**General Fund  
Components of Fund Balance  
June 30, 2017 and 2018**



The general fund is the chief operating fund of Prosper Portland. At the end of the current fiscal year, Prosper Portland's general fund had no unassigned fund balance, and the total fund balance decreased to \$1,494,744. 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 23.9% of total general fund expenditures.

The fund balance of Prosper Portland's general fund decreased by \$74,080 during the current fiscal year ended June 30, 2018, Key factors include:

- Revenues increased by \$536,506 overall, primarily in intergovernmental revenues, \$541,849 the result of an increase in program funding from the City's General Fund and a small grant from Bureau of Planning and Sustainability at the City of Portland.
- Net expenditures increased by \$503,259. Financial assistance accounts for the major part of the decrease; increasing by \$475,902 for technical assistance and economic development grants to emerging businesses along with capital outlay, which decreased by \$75,224 for system related expenses that did not meet the capitalization threshold. Community development increased by \$47,867 with the areas of professional service contracts, insurance charges, and City overhead charges accounting for most of the change.

Tax-increment funding (TIF) proceeds are typically Prosper Portland's largest annual income source, and that was certainly the case for this fiscal year. The following schedule illustrates the TIF proceeds received by Prosper Portland from the City of Portland over the last five years. Note that the annual allotment of TIF proceeds received in fiscal year 2018 is above the five-year average for the second time in recent years and that the five-year average increased by \$8,566,529 from \$72,152,703 in fiscal year 2017. This is due to continued assessed value growth from new construction in several urban renewal areas.



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

<u>Year</u>	<u>Amount</u>	<u>Change</u>	<u>%</u>	
2014	\$ 59,718,111			5-Year Average \$ 80,719,232
2015	54,233,796	(5,484,315)	-9.2%	
2016	82,062,888	27,829,092	51.3%	
2017	91,394,288	9,331,400	11.4%	
2018	116,187,078	24,792,790	27.1%	
	<u>\$ 403,596,161</u>			

The City of Portland receives property taxes in each of the designated urban renewal areas and forwards a portion to be allocated as TIF to Prosper Portland for projects. The amount of TIF allocated to Prosper Portland varies annually depending on each of the urban renewal areas' projected tax revenues, debt capacity, and existing levels of outstanding debt held by the City. Each urban renewal area has a planned expiration date after which it cannot issue additional tax-increment debt. A typical life-cycle is between ten and twenty years; however, the expiration date may be extended by the Board of Commissioners. An urban renewal area that has reached its maximum indebtedness or expiration date will no longer issue new tax-increment debt but may continue spending until its resources are exhausted and will receive tax-increment revenues until all outstanding debt is retired. The Downtown Waterfront Urban Renewal Area, South Park Blocks Urban Renewal Area, and Airport Way Urban Renewal Area have all reached their plan expiration dates, and the Oregon Convention Center Urban Renewal Area has issued its last tax-increment debt. Further information on urban renewal indebtedness and the current life cycle status can be found on page 132 of the Statistical Section.

The six other major governmental funds include the 9101 Foster LLC Fund, North Macadam Urban Renewal Fund, River District Urban Renewal Fund, Convention Center Urban Renewal Fund, Lents Town Center Urban Renewal Fund, and the Interstate Corridor Urban Renewal Fund. The following table shows the change in their fund balances.

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

<u>Fund</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
9101 Foster LLC	\$ (15,279,155)	\$ (6,150,877)	\$ (9,128,278)
North Macadam Urban Renewal	22,433,326	18,646,977	3,786,349
River District Urban Renewal	146,288,370	124,503,347	21,785,023
Convention Center Urban Renewal	51,793,121	55,917,306	(4,124,185)
Lents Town Center Urban Renewal	28,029,774	25,124,497	2,905,277
Interstate Corridor Urban Renewal	54,486,709	42,669,004	11,817,705
	<u>\$ 287,752,145</u>	<u>\$ 260,710,254</u>	<u>\$ 27,041,891</u>

The 9101 Foster LLC Fund was created for the sole purpose of completing and managing the planned development of a mixed use, mixed income apartment project, Lents Commons. Lents Commons has begun renting units and is nearing completion. It is anticipated to be finished by the end of 2018.

Fund balance in the North Macadam Urban Renewal Area increased by \$3,786,349 or 20.3% due primarily to an increase in tax-increment debt proceeds of \$11,438,087 an increase of 161.2% and an increase in community development expenditures of \$8,069,815. A big portion of this increase is reflected in three grants made for housing and higher education support for a total of \$13,850,000.

In the River District Urban Renewal Fund, the \$21,785,023 or 17.5% net increase in fund balance is the result of decreases in tax-increment debt proceeds (in lieu of tax-increment revenue) of \$11,690,764 or 26.8%. In fiscal year 2018 there were no draws on the operational line of credit resulting in a decrease in revenue of \$17,372,202. The expenses in in community development decreased \$8,486,393. Capital expenses for urban renewal dropped \$11,848,608, largely due to the prior year conversion of property held for sale to capital assets, inflating expenses

on a one-time basis, and financial assistance dropped \$16,660,560. These decreases were anticipated with a drop in budgeted expenditures of just of \$41,000,000.

The Convention Center Urban Renewal Fund experienced a decrease of 6.4% in fund balance, or \$4,124,185. Charges for services, loan collections and interest revenue declined \$3,346,639, 1,686,516, and \$170,669 respectively. Miscellaneous revenue increased 28.8% or \$868,362 due the sale of land. While the large decrease in charges services was due to one-time revenue in the prior fiscal year repaying expenditures related to repairs on Veteran's Memorial Coliseum of \$3,009,372. The transfer of the new market tax credit loans in the prior fiscal year also resulted in a one-time increase of loan interest revenue of \$1,730,845. If these prior year transactions are excluded the increase in revenue year over year is a modest 6.27%. The big investment in this urban renewal area is a new parking structure that will be used to support the Convention Center hotel being constructed alongside. TriMet has purchased a condominium unit for \$9 million in the parking structure to house security operations.

In the Lents Town Center Urban Renewal Fund, the fund balance increased by \$2,905,277 or 11.6% the result of a \$17,626,729 (175.0%) increase in revenues. This was coupled with an increase in expenditures of \$6,769,208 or 33.7%; in community development for housing of \$2,605,707 or 26.4% through the Portland Housing Bureau, and financial assistance increasing just over \$5 million due to the construction of Lents Commons.

The Interstate Corridor Urban Renewal Fund ended the year with an increase in fund balance of \$11,817,705 or 27.7%. Revenues experienced an increase overall of \$7,006,821 or 35.4%. Most of this increase was due to the increase in tax increment debt proceeds in lieu tax-increment revenue of \$6,798,685. Expenditures decreased by \$4,280,200 or 22.2% primarily in capital expenditures for capital improvement of \$5,214,878 or 98.7% principally due to the reclassification of property previously held for sale in the prior fiscal year.

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

The Business Management Fund was established to account for activity related to business and real estate that is not funded by tax increment or other public funding sources. Net position in the Business Management Fund increased by \$3,838,7547 or 56.4%. This increase is the consequence of the sale of Parcel 3 a property donated to Prosper Portland in 1985.

### **General Fund Budgetary Highlights**

Differences between the original budget and final amended budget amounted to a \$317,694 decrease in appropriations. The major differences are summarized as follows:

- Budgeted revenue increased a net \$690,360 primarily due to increases in intergovernmental revenue, charges for services, and interest on loans.
- Budgeted expenditures in the General Fund reflected an increase of \$416,954 with increases in property redevelopment and economic development of \$380,000 and \$687,679, respectively, and decreases in administration of \$59,625 and contingency of \$591,100.
- The increase in economic development was due in part to an increase in the intergovernmental agreement with the City of Portland in support of those activities. The increase in property redevelopment expenditures was the result of the acquisition and implementation of property management software expenditures.

Differences between the final amended budget and actual revenues and expenditures amounted to a \$1,706,698 decrease over projected amounts. The major differences are summarized as follows:

- Actual revenues decreased \$424,788 primarily due to decreases in intergovernmental revenues and contractual service charges.
- Expenditures were lower than budgeted by \$577,648 in the area of administration, the result of underspending in personnel services due to vacancies and underspending in administrative materials and services.
- Budgeted contingency funds of \$1,189,227 represent resources expected to be carried over to the following fiscal year's beginning balance.

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

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

**Capital assets.** As of June 30, 2018, capital assets amount to \$57,606,056 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, and software. The total increase in Prosper Portland's investment in capital assets for the fiscal year ended June 30, 2018 was \$12,489,657 or 27.7%.

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

Asset type	Governmental activities		
	2018	2017	Change
Land	\$ 16,016,870	\$ 16,011,711	\$ 5,159
Work in progress	5,704,940	6,617,523	(912,583)
Buildings	34,440,976	27,515,450	6,925,526
Equipment	234,039	202,167	31,872
Intangible software	1,209,231	1,387,071	(177,840)
Total asset	<u>\$ 57,606,056</u>	<u>\$ 51,733,922</u>	<u>\$ 5,872,134</u>

Additional information on Prosper Portland's capital assets can be found in note III - F. on page 49 of this report, and in the Supplementary Data on pages 116-120.

**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, 2018.

### Prosper Portland's Real Property Held for Sale For the Fiscal Year Ended June 30, 2018

Funding Source	Balance July 1, 2017	Additions	Disposals/ Adjustments	Balance June 30, 2018
General Fund	\$ 146,754	\$ -	\$ -	\$ 146,754
North Macadam Urban Renewal Fund	2,244,152	747,045	(1,098,491)	1,892,706
River District Urban Renewal Fund	8,718,649	-	-	8,718,649
Convention Center Urban Renewal Fund	6,036,157	-	(455,843)	5,580,314
Lents Town Center	3,896,395	-	(1,157,000)	2,739,395
Interstate Corridor Urban Renewal Fund	1,034,095	-	-	1,034,095
Other Governmental Funds	20,567,004	39,800 *	(4,624,686)	15,982,118
Subtotal Governmental Funds	<u>42,643,206</u>	<u>786,845</u>	<u>(7,336,020)</u>	<u>36,094,031</u>
Business Management Fund	70,201,392	944,425	-	71,145,817
Total Property Held for Sale	<u>\$ 112,844,598</u>	<u>\$ 1,731,270</u>	<u>\$ (7,336,020)</u>	<u>\$ 107,239,848</u>

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

In the North Macadam District Urban Renewal Fund, 401 SW Harrison St-Jasmine Tree was moved from the South Park URA fund and disposed of for \$747,045 for a mixed used building. 2095 SW River Dr.-Lot 3 at South

Waterfront Development property was disposed of for mixed use to include affordable housing units and retail space for \$351,446.

In the Convention Center Urban Renewal Fund, Block 47 was disposed of for \$455,843 for the development of a hotel.

In the Lents Town Center Urban Renewal Fund, four properties totaling \$1,157,000 were disposed of for redevelopment.

Significant real property transactions in the other governmental funds consist of the PSU Carpool Lot and the Jasmine Tree site that were disposed for a mixed-use building for \$3,459,854 and parcel A/L at Cascade Station that was disposed of for \$1,181,022.

In the Business Management Fund, Block 25 was booked at a value of \$ 944,425.

Additional information on Prosper Portland's real property held for sale can be found in note III - E. on page 48 of this report, and in the Supplementary Data on pages 119-120.

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

### **Economic Factors and Next Year's Budgets and Rates**

- The Portland metropolitan area unemployment rate for July 2018 was 3.7% down from 4% in 2017 and 4.8% in 2016. The unemployment rate for the United States as a whole for July 2018 is 3.9%. Meanwhile, job growth was 2.5% year over year with the Portland metro area adding 28,900 jobs over the past 12 months, with healthcare and construction as the fastest growing industries.
- The Portland area office vacancy was 11.7% during the second quarter with net absorption of 65,000 square feet (sf). Currently there is total 15M sf of office space under construction in the Portland area.
- In the industrial market the average vacancy rate was 3.8% at the end of the 2nd quarter of 2018 with around 500,000 sf absorbed. Projects totaling 2,6M sf are currently under construction.
- Inflation continues to be positive but consistently low at 2.9% at the end of the fiscal year and 1.9% over this time last year on a national level.
- All of the above economic indicators are occurring in the context of similar economic improvements for the State of Oregon.
- All these factors were considered in preparing Prosper Portland's budget for the next fiscal year ending June 30, 2019.

### **Requests for Information**

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

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

**STATEMENT OF NET POSITION**  
**June 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 53,823	\$ -	\$ 53,823
Cash with City of Portland investment pool	280,149,100	10,866,473	291,015,573
Cash with fiscal agent	687,548	-	687,548
Receivables:			
Due from City of Portland	5,135,979	-	5,135,979
Accounts	25,372,176	16,822	25,388,998
Internal balances	69,659,421	(69,659,421)	-
Loans, net	2,943,576	330,926	3,274,502
Interest	1,173,400	45,924	1,219,324
Other	173,183	1,238	174,421
Property held for sale	36,094,034	71,145,817	107,239,851
Total current assets	421,442,240	12,747,779	434,190,019
Non-current assets:			
Loans receivable, net	33,262,349	73,515	33,335,864
Other post-employment benefits	18,170	-	18,170
Escrow deposit	-	3,000,000	3,000,000
Capital assets not being depreciated:			
Land	16,016,870	-	16,016,870
Work in progress	5,704,940	-	5,704,940
Capital assets net of accumulated depreciation:			
Buildings and improvements	34,440,976	-	34,440,976
Leasehold improvements	234,039	-	234,039
Intangible software	1,209,231	-	1,209,231
Total non-current assets	90,886,575	3,073,515	93,960,090
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflow related to other post-employment benefits	68,685	-	68,685
Deferred outflow related to pensions	3,645,255	-	3,645,255
Total deferred outflow of resources	3,713,940	-	3,713,940
Total assets and deferred outflow of resources	\$ 516,042,755	\$ 15,821,294	\$ 531,864,049
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 1,450,615	\$ -	\$ 1,450,615
Accrued liabilities	440,510	-	440,510
Due to City of Portland	23,813,634	-	23,813,634
Due to other entities	6,616,861	-	6,616,861
Deposits payable	50,000	-	50,000
Long-term liabilities due within one year:			
Pollution remediation	770,135	-	770,135
Vacation accrual	110,288	-	110,288
Total long-term liabilities due within one year	880,423	-	880,423
Total current liabilities	33,252,043	-	33,252,043
Non-current liabilities:			
Long-term liabilities:			
Other post-employment benefits obligation	336,842	-	336,842
Net pension obligation	9,878,065	-	9,878,065
Pollution remediation	43,831,654	-	43,831,654
Vacation accrual	488,110	-	488,110
Total non-current liabilities	54,534,671	-	54,534,671
<b>Total liabilities</b>	87,786,714	-	87,786,714
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred inflow related to other post-employment benefits	24,442	-	24,442
Deferred inflow related to pensions	334,234	-	334,234
Total deferred inflow of resources	358,676	-	358,676
<b>NET POSITION</b>			
Net investment in capital assets	57,606,056	-	57,606,056
Restricted for:			
Urban renewal	384,763,108	-	384,763,108
Property clean up	-	3,000,000	3,000,000
Other	6,963,360	-	6,963,360
Unrestricted	(21,435,159)	12,821,294	(8,613,865)
Total net position	427,897,365	15,821,294	443,718,659
Total liabilities and net position	\$ 516,042,755	\$ 15,821,294	\$ 531,864,049

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

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

**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2018**

Functions/Programs			Program Revenues	
			Charges for Services	Operating Grants and Contributions
	Expenses			
Governmental activities:				
Community development	\$ 121,245,646	\$	7,969,592	\$ 9,854,692
Business-type activities:				
Enterprise loans	329,863		2,602	-
Enterprise management	589,648		48,000	-
Total	\$ 122,165,157	\$	8,020,194	\$ 9,854,692

General Revenues:

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

Change in net position

Net position - July 1, 2017  
Restatement  
Net position - July 1, 2017 as restated  
  
Net position - June 30, 2018

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

<b>Net Expense and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (103,421,362)	\$ -	\$ (103,421,362)
-	(327,261)	(327,261)
-	(541,648)	(541,648)
(103,421,362)	(868,909)	(104,290,271)
116,187,078	-	116,187,078
-	-	-
3,350,550	138,711	3,489,261
27,725,722	4,324,901	32,050,623
147,263,350	4,463,612	151,726,962
43,841,988	3,594,703	47,436,691
384,031,718	12,226,591	396,258,309
23,659	-	23,659
384,055,377	12,226,591	396,281,968
\$ 427,897,365	\$ 15,821,294	\$ 443,718,659

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

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2018**

	<b>Special Revenue Funds</b>		<b>Capital Projects Funds</b>	
	<b>General Fund</b>	<b>Component Unit 9101 Foster LLC</b>	<b>North Macadam Urban Renewal Fund</b>	<b>River District Urban Renewal Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,544	\$ 39,279	\$ -	\$ -
Cash with City of Portland investment pool	476,418	-	25,173,416	56,356,572
Restricted cash with City of Portland investment	-	-	-	-
Receivables:				
Due from City of Portland	1,932,029	-	-	1,825,876
Accounts	99,130	65,391	642,523	314,116
Internal balances	-	-	-	69,951,421
Internal payable	-	-	-	-
Loans, net	97,315	-	-	13,908,377
Interest	313	-	99,218	230,236
Other	198	-	-	-
Property held for sale	146,754	-	1,892,705	8,718,649
Other	-	-	-	35,690
<b>Total Assets</b>	<b>2,766,701</b>	<b>104,670</b>	<b>27,807,862</b>	<b>151,340,937</b>
<b>Total Assets</b>	<b>\$ 2,766,701</b>	<b>\$ 104,670</b>	<b>\$ 27,807,862</b>	<b>\$ 151,340,937</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 682,771	\$ 7,239	\$ 457	\$ 235,201
Accrued liabilities	440,510	-	-	-
Notes Payable other	-	15,276,501	-	-
Due to City of Portland	135,821	-	5,374,079	4,817,366
Due to other entities	12,855	100,085	-	-
Internal balances	-	-	-	-
Unearned revenues	-	-	-	-
<b>Total Liabilities</b>	<b>1,271,957</b>	<b>15,383,825</b>	<b>5,374,536</b>	<b>5,052,567</b>
<b>FUND BALANCES</b>				
Non-spendable				
Loans receivable	97,315	-	-	-
Property held for sale	146,754	-	-	-
Restricted				
Loans receivable	-	-	-	13,908,377
Urban renewal	-	-	22,433,326	132,379,993
Contractual obligations	-	-	-	-
Assigned				
Subsequent year's expenditures	1,250,675	-	-	-
Unassigned				
Ending fund balance	-	(15,279,155)	-	-
<b>Total Fund Balances</b>	<b>1,494,744</b>	<b>(15,279,155)</b>	<b>22,433,326</b>	<b>146,288,370</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,766,701</b>	<b>\$ 104,670</b>	<b>\$ 27,807,862</b>	<b>\$ 151,340,937</b>

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



**Capital Projects Funds (continued)**

<b>Convention Center Urban Renewal Fund</b>	<b>Lents Town Center Urban Renewal Fund</b>	<b>Interstate Corridor Urban Renewal Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	-	\$ 53,823
18,066,763	17,049,564	50,607,187	112,286,549	280,016,469
-	-	-	687,548	687,548
-	-	-	1,378,074	5,135,979
23,367,837	18,785	11,730	852,664	25,372,176
-	-	-	-	69,951,421
-	-	-	937,000	937,000
11,150,094	12,368,592	9,028,030	4,930,018	51,482,426
76,883	79,036	214,272	472,881	1,172,839
-	-	-	4,583	4,781
5,580,314	2,739,395	1,034,096	15,982,121	36,094,034
117,346	4,180	7,187	3,999	168,402
<u>58,359,237</u>	<u>32,259,552</u>	<u>60,902,502</u>	<u>137,535,437</u>	<u>471,076,898</u>
<u>\$ 58,359,237</u>	<u>\$ 32,259,552</u>	<u>\$ 60,902,502</u>	<u>137,535,437</u>	<u>\$ 471,076,898</u>
\$ 26,153	\$ 32,763	\$ 13,808	452,223	\$ 1,450,615
-	-	-	-	440,510
-	-	-	-	15,276,501
9,963	4,197,015	6,378,064	2,901,326	23,813,634
6,480,000	-	23,921	-	6,616,861
-	-	-	1,229,000	1,229,000
50,000	-	-	-	50,000
<u>6,566,116</u>	<u>4,229,778</u>	<u>6,415,793</u>	<u>4,582,549</u>	<u>48,877,121</u>
-	-	-	-	97,315
-	-	-	-	146,754
11,150,094	12,368,592	9,028,030	4,930,018	51,385,111
40,643,027	15,661,182	45,458,679	122,275,564	378,851,771
-	-	-	5,747,306	5,747,306
-	-	-	-	1,250,675
-	-	-	-	(15,279,155)
<u>51,793,121</u>	<u>28,029,774</u>	<u>54,486,709</u>	<u>132,952,888</u>	<u>422,199,777</u>
<u>\$ 58,359,237</u>	<u>\$ 32,259,552</u>	<u>\$ 60,902,502</u>	<u>137,535,437</u>	<u>\$ 471,076,898</u>



**PROSPER**  
PORTLAND

**Building an Equitable Economy**

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2018**

Fund balances - total governmental funds	\$	422,199,777
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Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		57,606,056
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The following liabilities are not due and payable in the current period and, therefore are not reported in the funds:

Other post-employment benefits			
Post-employment benefit PERS Retirement Health Insurance Account asset	\$	18,170	
Deferred outflow of resources		68,685	
Post-employment benefit obligation health insurance continuation liability		(336,842)	
Deferred inflow of resources		(24,442)	
Total other post-employment benefits			(274,429)

Net vacation accrual obligation reported on the Balance Sheet		(598,398)
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Pollution remediation liability		(44,601,789)
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Pension			
Deferred outflow of resources		3,645,255	
Net pension liability		(9,878,065)	
Deferred inflow of resources		(334,234)	
Total pension			(6,567,044)

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

133,192

Net position of governmental activities	\$	<u>427,897,365</u>
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The accompanying notes are an integral part of the basic financial statements.

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2018**

	Special Revenue Fund		Capital Projects Fund	
	General Fund	Component Unit 9101 Foster LLC	North Macadam Urban Renewal Fund	River District Urban Renewal District
<b>REVENUES</b>				
Intergovernmental revenues	\$ 6,071,705	\$ -	\$ -	\$ 1,255,276
Charges for services	96,822	132,264	340,459	2,881,567
Loan collections	5,620	-	254	523,596
Interest on investments	5,671	-	261,185	718,999
Miscellaneous	7,009	28,843	8,916,320	2,484,416
Tax-increment debt proceeds (in lieu of tax-increment revenue)	-	-	18,533,021	31,982,497
<b>Total revenues</b>	<b>6,186,827</b>	<b>161,107</b>	<b>28,051,239</b>	<b>39,846,351</b>
<b>EXPENDITURES</b>				
Current:				
Community development	2,101,157	464,165	8,914,460	14,001,343
Capital expenditures for urban renewal	-	-	1,500,430	3,432,786
Financial assistance	3,915,303	-	13,850,000	627,199
Capital Outlay	244,447	8,825,220	-	-
<b>Total expenditures</b>	<b>6,260,907</b>	<b>9,289,385</b>	<b>24,264,890</b>	<b>18,061,328</b>
Excess (deficiency) of revenues over (under) expenditures	(74,080)	(9,128,278)	3,786,349	21,785,023
Net change in fund balances	(74,080)	(9,128,278)	3,786,349	21,785,023
<b>FUND BALANCES - July 1, 2017</b>	<b>1,568,824</b>	<b>(6,150,877)</b>	<b>18,646,977</b>	<b>124,503,347</b>
<b>FUND BALANCES (deficit) - June 30, 2018</b>	<b>\$ 1,494,744</b>	<b>\$ (15,279,155)</b>	<b>\$ 22,433,326</b>	<b>\$ 146,288,370</b>

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

**Capital Projects Fund (continued)**

<b>Convention Center Urban Renewal Fund</b>	<b>Lents Town Center Urban Renewal Fund</b>	<b>Interstate Corridor Urban Renewal Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 2,527,711	\$ 9,854,692
2,410,962	261,205	198,042	1,648,271	7,969,592
328,666	111,147	40,339	215,448	1,225,070
234,822	150,742	525,926	1,451,372	3,348,717
3,883,532	1,519,090	134,438	9,089,689	26,063,337
-	27,697,239	25,885,987	12,088,334	116,187,078
<u>6,857,982</u>	<u>29,739,423</u>	<u>26,784,732</u>	<u>27,020,825</u>	<u>164,648,486</u>
3,310,127	14,567,156	14,059,477	6,182,734	63,600,619
3,456,480	1,202,085	69,756	4,209,168	13,870,705
-	11,064,905	837,794	9,562,213	39,857,414
<u>4,215,560</u>	<u>-</u>	<u>-</u>	<u>5,159</u>	<u>13,290,386</u>
<u>10,982,167</u>	<u>26,834,146</u>	<u>14,967,027</u>	<u>19,959,274</u>	<u>130,619,124</u>
<u>(4,124,185)</u>	<u>2,905,277</u>	<u>11,817,705</u>	<u>7,061,551</u>	<u>34,029,362</u>
<u>(4,124,185)</u>	<u>2,905,277</u>	<u>11,817,705</u>	<u>7,061,551</u>	<u>34,029,362</u>
<u>55,917,306</u>	<u>25,124,497</u>	<u>42,669,004</u>	<u>125,891,337</u>	<u>388,170,415</u>
<u>\$ 51,793,121</u>	<u>\$ 28,029,774</u>	<u>\$ 54,486,709</u>	<u>\$ 132,952,888</u>	<u>\$ 422,199,777</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2018**

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

Net change in fund balances - total governmental funds	\$	34,029,362
<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	\$	13,290,386
Less current year depreciation		(794,004)
Loss on sale/disposal of assets net of depreciation		<u>(6,725)</u>
		12,489,657
Pension related expenses that are reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds		(898,328)
Current year adjustment for change in net other post-employment benefits obligation payable in the Statement of Net Position		437,315
Current year adjustment for change in vacation accrual		(49,860)
Current year adjustment for change in pollution remediation		(2,167,504)
<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		(487)
Interest on investment		<u>1,833</u>
		1,346
Change in net position of governmental activities	\$	<u><u>43,841,988</u></u>

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

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

**GENERAL FUND (adopted as Urban Redevelopment Fund)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Intergovernmental revenues-				
State and local	\$ 59,117	\$ 150,000	\$ 150,000	\$ -
City of Portland, General Fund	5,787,610	6,144,824	5,921,705	(223,119)
Charges for services-				
Application fees and charges	-	-	136	136
Rental income	12,926	-	-	-
Contractual service charges	-	246,000	50,280	(195,720)
Loan Collections-				
Principal	-	66,757	45,001	(21,756)
Interest	-	2,432	5,423	2,991
Interest on investments	-	-	5,671	5,671
Miscellaneous:				
Reimbursements	60,000	-	729	729
Sale of personal property	-	-	41	41
Other	-	-	6,239	6,239
Total revenues	<u>5,919,653</u>	<u>6,610,013</u>	<u>6,185,225</u>	<u>(424,788)</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Property redevelopment	289,639	669,639	668,301	1,338
Economic development	5,646,041	6,333,720	5,970,447	363,273
Administration	12,404,787	12,345,162	11,767,514	577,648
Total community development	<u>18,340,467</u>	<u>19,348,521</u>	<u>18,406,262</u>	<u>942,259</u>
Contingency	<u>1,780,327</u>	<u>1,189,227</u>	<u>-</u>	<u>1,189,227</u>
Total expenditures	<u>20,120,794</u>	<u>20,537,748</u>	<u>18,406,262</u>	<u>2,131,486</u>
Excess (deficiency) of revenues over expenditures	<u>(14,201,141)</u>	<u>(13,927,735)</u>	<u>(12,221,037)</u>	<u>1,706,698</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Internal service reimbursements	13,049,163	13,049,163	12,507,858	(541,305)
Transfers in-				
General Fund	<u>-</u>	<u>211,857</u>	<u>-</u>	<u>(211,857)</u>
Total transfers in	<u>-</u>	<u>211,857</u>	<u>-</u>	<u>(211,857)</u>
Internal service reimbursements	(372,735)	(372,735)	(357,650)	15,085
Transfers out:				
General Fund	-	(211,857.00)	-	211,857.00
Enterprise Loans Fund	<u>-</u>	<u>(70,000)</u>	<u>-</u>	<u>70,000</u>
Total transfers out	<u>-</u>	<u>(281,857)</u>	<u>-</u>	<u>281,857</u>
Total other financing sources (uses)	<u>12,676,428</u>	<u>12,606,428</u>	<u>12,150,208</u>	<u>(456,220)</u>
Net change in fund balance	(1,524,713)	(1,321,307)	(70,829)	1,250,478
<b>FUND BALANCE - July 1, 2017</b>	<u>1,524,713</u>	<u>1,321,307</u>	<u>1,321,306</u>	<u>(1)</u>
<b>FUND BALANCE - June 30, 2018</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1,250,477</u>	<u>\$ 1,250,477</u>
<b>Adjustments to generally accepted accounting principles basis-</b>				
Loans receivable, net			97,315	
Other receivable			198	
Property held for sale			<u>146,754</u>	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			<u>\$ 1,494,744</u>	

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

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2018**

	<b>Major Business- type Activities- Enterprise Funds</b>				<b>Governmental Activities - Internal Service Fund</b>
	<b>Business Management Fund</b>		<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>ASSETS</b>					
Current assets:					
Cash with City of Portland investment pool	\$ 7,347,611	\$	3,518,862	\$ 10,866,473	\$ 132,631
Receivables:					
Accounts	16,822		-	16,822	-
Internal balances	-		1,229,000	1,229,000	-
Loans, net	-		330,926	330,926	-
Interest	28,766		17,158	45,924	561
Property held for sale	71,145,817		-	71,145,817	-
Other	-		1,238	1,238	-
Total current assets	<u>78,539,016</u>		<u>5,097,184</u>	<u>83,636,200</u>	<u>133,192</u>
Noncurrent assets:					
Escrow deposit	3,000,000		-	3,000,000	-
Loans receivable, net	-		73,515	73,515	-
Total noncurrent assets	<u>3,000,000</u>		<u>73,515</u>	<u>3,073,515</u>	<u>-</u>
<b>Total assets</b>	<u><u>\$ 81,539,016</u></u>	<u><u>\$</u></u>	<u><u>5,170,699</u></u>	<u><u>\$ 86,709,715</u></u>	<u><u>\$ 133,192</u></u>
<b>LIABILITIES AND NET POSITION</b>					
Liabilities:					
Current liabilities:					
Advance from other funds	69,951,421		-	69,951,421	-
Total current liabilities	<u>69,951,421</u>		<u>-</u>	<u>69,951,421</u>	<u>-</u>
Non-current Liabilities:					
Accounts payable	937,000		-	937,000	-
Total non-current liabilities	<u>937,000</u>		<u>-</u>	<u>937,000</u>	<u>-</u>
<b>Total liabilities</b>	<u>70,888,421</u>		<u>-</u>	<u>70,888,421</u>	<u>-</u>
<b>NET POSITION</b>					
Restricted for rent abatement	-		-	-	100,000
Restricted for pollution remediation	3,000,000		-	3,000,000	-
Unrestricted	7,650,595		5,170,699	12,821,294	33,192
Total net position	<u>10,650,595</u>		<u>5,170,699</u>	<u>15,821,294</u>	<u>133,192</u>
<b>Total liabilities and net position</b>	<u><u>\$ 81,539,016</u></u>	<u><u>\$</u></u>	<u><u>5,170,699</u></u>	<u><u>\$ 86,709,715</u></u>	<u><u>\$ 133,192</u></u>

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



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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2018

	Major Business-type Activities-Enterprise Funds			Governmental Activities - Internal Service Fund
	Business Management Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 48,000	\$ 2,602	\$ 50,602	\$ -
Interest on loans	-	12,707	12,707	-
Miscellaneous revenues	4,312,379	12,522	4,324,901	-
Total operating revenues	4,360,379	27,831	4,388,210	-
<b>OPERATING EXPENSES:</b>				
Personal services	1,456	54,006	55,462	487
Professional services	588,192	251	588,443	-
Financial assistance	-	275,606	275,606	-
Total operating expenses	589,648	329,863	919,511	487
Operating income (loss)	3,770,731	(302,032)	3,468,699	(487)
<b>NON-OPERATING REVENUES (EXPENSE):</b>				
Interest on investments	68,026	57,978	126,004	1,833
Total non-operating revenues (expense)	68,026	57,978	126,004	1,833
Income before transfers	3,838,757	(244,054)	3,594,703	1,346
Change in net position	3,838,757	(244,054)	3,594,703	1,346
<b>Net position - July 1, 2017</b>	6,811,838	5,414,753	12,226,591	131,846
<b>Net position - June 30, 2018</b>	<u>\$ 10,650,595</u>	<u>\$ 5,170,699</u>	<u>\$ 15,821,294</u>	<u>\$ 133,192</u>

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

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2018

	<b>Major Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Business Management Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>Cash flows from operating activities:</b>				
Loan collections from borrowers	\$ -	\$ 412,213	\$ 412,213	\$ -
Interest on loans from borrowers	-	11,469	11,469	-
Loan fees from customers	-	2,603	2,603	-
Collection of receivables from other entities	(4,494)	-	(4,494)	-
Payments to employees	(1,456)	(36,856)	(38,312)	(487)
Payments to vendors	(600)	(252)	(852)	-
Payments for interfund services used	(587,592)	(17,150)	(604,742)	-
Loans to borrowers	-	(232,367)	(232,367)	-
Change in Payable	937,000	-	937,000	-
Sale of Real Property	3,290,148	-	3,290,148	-
Miscellaneous reimbursements (payments)	125,806	-	125,806	-
<b>Net cash provided/(used) by operating activities</b>	<b>3,758,812</b>	<b>139,660</b>	<b>3,898,472</b>	<b>(487)</b>
<b>Cash flows from noncapital financing activities:</b>				
Repayment of interfund borrowing	-	484,000	484,000	-
Interfund borrowing	-	(1,229,000)	(1,229,000)	-
Interfund loan for property acquisition	-	-	-	-
<b>Net cash provide (used) by noncapital financing activities</b>	<b>-</b>	<b>(745,000)</b>	<b>(745,000)</b>	<b>-</b>
<b>Cash flows from investing activities:</b>				
Interest received from investing	52,406	52,730	105,136	1,667
Net cash increase (decrease) in cash and cash equivalents	3,811,218	(552,610)	3,258,608	1,180
<b>Cash and cash equivalents-July 1, 2017</b>	<b>3,536,393</b>	<b>4,071,472</b>	<b>7,607,865</b>	<b>131,451</b>
<b>Cash and cash equivalents-June 30, 2018</b>	<b>\$ 7,347,611</b>	<b>\$ 3,518,862</b>	<b>\$ 10,866,473</b>	<b>\$ 132,631</b>
<b>Cash with City of Portland investment pool</b>	<b>\$ 7,347,611</b>	<b>\$ 3,518,862</b>	<b>\$ 10,866,473</b>	<b>\$ 132,631</b>
<b>Total</b>	<b>\$ 7,347,611</b>	<b>\$ 3,518,862</b>	<b>\$ 10,866,473</b>	<b>\$ 132,631</b>
<b>Reconciliation of operating income to net cash provided/(used) by operating activities:</b>				
Net operating income(loss)	\$ 3,770,731	\$ (302,032)	\$ 3,468,699	\$ (487)
Adjustments to reconcile net operating income to net cash provided/(used) by operating activities:				
increase in property held for sale	(7,425)			-
Increase in loans receivable	(4,494)	442,930	438,436	-
Increase in due from other entities	-	(1,238)	(1,238)	-
Total adjustments	(11,919)	441,692	437,198	-
<b>Net cash provided/(used) by operating activities</b>	<b>\$ 3,758,812</b>	<b>\$ 139,660</b>	<b>\$ 3,905,897</b>	<b>\$ (487)</b>

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

**PROSPER PORTLAND**  
**A Component Unit of the City of Portland, Oregon**  
**Notes to the Financial Statements**  
**June 30, 2018**

***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 activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

**B. Reporting Entity**

Prosper Portland is the City of Portland's (the City) urban renewal and economic development agency and adopted the new name on May 11, 2017. Prosper Portland was created in 1958 under Article I, Section 15 of the Charter of the City of Portland, Oregon to deliver projects and programs to achieve the City's business recruitment and retention, job creation, financial assistance for rehabilitation and restoration of property and business development, and for the acquisition of real property for the purpose of removing or preventing blight. Prosper Portland is governed by a five-member Commission, appointed by the Mayor and approved by the City Council to serve three-year terms.

Prosper Portland is a component unit of the City and its financial activities are discretely presented in a separate column in the City's basic financial statements. Prosper Portland's Commission established a limited liability corporation for construction and management of the 9101 Foster project. The 9101 Foster LLC is included in this report as a blended component unit of Prosper Portland.

**C. Basis of Presentation—Government-Wide Statements**

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

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

**D. Basis of Presentation—Fund Financial Statements**

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

**PROSPER PORTLAND**  
**A Component Unit of the City of Portland, Oregon**  
**Notes to the Financial Statements**  
**June 30, 2018**

Prosper Portland reports the following major governmental funds:

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

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

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

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

*Convention Center Urban Renewal Fund* – accounts for resources used to develop a plan for the area surrounding the Oregon Convention Center that will best support Convention Center business, enhance area recreational and entertainment facilities, strengthen ties to downtown Portland, 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.

*Component Unit 9101 Foster LLC* – accounts for activities associated with 9101 LLC established to operate the newly-constructed Lents Commons,

Prosper Portland reports the following major proprietary funds:

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

Prosper Portland reports the following non-major proprietary funds:

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

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

As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are overhead charges allocated by the General Fund to the Enterprise Loans Fund in the amount of \$46,406. Elimination of these charges would distort the direct costs reported for the various programs concerned.

**PROSPER PORTLAND**  
**A Component Unit of the City of Portland, Oregon**  
**Notes to the Financial Statements**  
**June 30, 2018**

**E. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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

**F. Budgetary Basis of Accounting**

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

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

**PROSPER PORTLAND**  
**A Component Unit of the City of Portland, Oregon**  
**Notes to the Financial Statements**  
**June 30, 2018**

**G. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2018, the following funds and programs had expenditures in excess of appropriations:

<u>Fund</u>	<u>Business Line</u>	<u>Excess</u>
River District Urban Renewal Fund	Housing	\$693,778

**H. Assets, Liabilities, and Net Position**

**1. Cash and Investments**

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

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

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

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

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

**2. Receivables and Payables**

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

Loans receivable are recorded when the borrower has signed a promissory note and disbursements are made in accordance with the loan agreement. Prosper Portland maintains an interest accrual balance for outstanding interest earned but not paid at the end of the year.

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

**PROSPER PORTLAND**  
**A Component Unit of the City of Portland, Oregon**  
**Notes to the Financial Statements**  
**June 30, 2018**

**3. Capital Assets**

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

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

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

<b>Asset</b>	<b>Years</b>
Buildings and improvements	50
Leasehold improvements	6
Equipment	5-15
Computer software	10
Computer equipment	5

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

**4. Property Held for Sale**

Land, related buildings and improvements, as well as intangible assets acquired for the purpose of redevelopment and sale are recognized as assets and stated at the lower of cost (including costs of appraisal, demolition, improvements, and relocation) or net realizable value and are offset by non-spendable or restricted fund balance depending on the fund classification. Upon final disposition or a decline in the value of the property, gain or loss is charged or credited to operations.

**5. Compensated Absences**

It is Prosper Portland's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Prosper Portland does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The current portion for the year ending June 30, 2018 was \$110,288.

**PROSPER PORTLAND**  
**A Component Unit of the City of Portland, Oregon**  
**Notes to the Financial Statements**  
**June 30, 2018**

**6. Long-term Obligations**

***Other post-employment benefits (OPEB)***

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

***Net Pension Liability***

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

***Other***

Prosper Portland also reports a long-term obligation for pollution remediation and vacation obligation due employees. Long-term bonded debt issued to finance urban development activities is not reported in the financial statements but is reported in the City of Portland's financial statements since the debt is the obligation of the City.

**7. Deferred Inflows and Outflows of Resources**

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

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

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

*Other post-employment benefits (OPEB)*– For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Oregon Public Employees Retirement System Retiree Health Insurance Account (OPERS RHIA) and additions to/deductions from OPERS RHIA's fiduciary net position have been determined on the same basis as they are reported by OPERS RHIA. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



**PROSPER PORTLAND**  
**A Component Unit of the City of Portland, Oregon**  
**Notes to the Financial Statements**  
**June 30, 2018**

**8. Fund Equity and Net Position**

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

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

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

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

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

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

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

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

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

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

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

**9. Management Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of June 30, 2018, and the reported amounts of revenues, expenditures, and expenses for the year then ended. Actual results could differ from those estimates.

**10. New Accounting Pronouncements**

GASB Statement No. 75 *Accounting and Financial Report for Postemployment Benefits Other Than Pensions* was issued in June 2017 and was effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with

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regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Prosper Portland implemented this in fiscal year 2018.

GASB Statement No. 81 *Irrevocable Split-Interest Agreements* was issued in March 2016 and will be effective for fiscal year 2018. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Prosper Portland does not believe this applies to Prosper Portland operations at this time but will evaluate as agreements of this nature may be entered into in the future.

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

GASB Statement No. 84, *Fiduciary Activities* was issued in January of 2017 and will be effective for fiscal years beginning after December 15, 2018. This pronouncement enhances consistency and uniformity in reporting by establishing criteria for identification of activities that should be reported as fiduciary types and clarifying how that applies to business-type activities. Prosper Portland will implement this in fiscal year 2020 if applicable.

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

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

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* was issued in April of 2018 and is effective for fiscal years beginning after June 15, 2018. This pronouncement requires that additional essential information related to debt be disclosed in notes to financial statements, and that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. Prosper Portland will implement this in fiscal year 2019 if applicable.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued in June of 2018 and is effective for fiscal years beginning after December 15, 2019. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Prosper Portland will implement this in fiscal year 2021 if applicable.

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GASB Statement No. 90, *Majority Equity Interest* was issued in August of 2018 and is effective for fiscal years beginning after December 15, 2018. This Statement defines majority equity interest and requires that a majority equity interest should be reported as an investment if it qualifies. Prosper Portland will implement this in fiscal year 2019 if applicable.

**II. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

Prosper Portland is required by Oregon Local Budget Law to budget all funds, except for the 9101 Foster LLC fund, which is not required to have a budget. Funds requiring a budget are budgeted on the modified accrual basis of accounting. The resolution authorizing appropriations sets the maximum level of expenditures for each fund. The original budget is adopted by the Commission by resolution prior to the beginning of the fiscal year (July 1 through June 30). The amount reported as “fund balance” on the General Fund budgetary basis of accounting derives from the basis of accounting used in preparing Prosper Portland’s budget.

In the General Fund this amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances due to required entries to adjust from a budgetary basis of reporting to a generally accepted accounting principal (GAAP) basis of accounting. These largest of these adjustments relate to loans receivable payments and disbursements reported as revenues and expenses on a budgetary basis but not on a GAAP basis. Those adjustment and others for the General Fund are detailed below:

Revenues—budgetary basis	\$ 6,185,225
Accrued Loan Interest	197
Loans receivable revenues	(45,001)
Internal services revenues from business-type funds	46,406
	<u>\$ 6,186,827</u>
Expenditures—budgetary basis	\$ 18,406,262
Loan disbursements	(57,617)
Allowance for loans receivable	16,064
Internal service reimbursements between governmental funds	(12,103,802)
	<u>\$ 6,260,907</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 using 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 using appropriation transfers between the levels of control. Such transfers require approval by the Commission. The Commission approved two supplemental budgets during the fiscal year. Appropriations lapse at each fiscal year-end.

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

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

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

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

***Fair Value Inputs and Methodologies***

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

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

***Fair Value Hierarchy***

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

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

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

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

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

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

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has recorded its investments at fair value, and primarily uses the Market Approach to valuing each security. The City applies fair market value updates to the securities on a daily basis. Security pricing is provided by the City's trust custodian, and is reported daily to the City by its custodian bank. Assets are categorized by asset type, which is a key component of determining hierarchy levels. Asset types allowable per the City's investment policy generally fall within hierarchy levels 1 and 2.

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

Cash on hand	\$ 600
Deposits with financial institutions	740,771
Cash with City of Portland investment pool	291,015,573
	<u>\$ 291,756,944</u>

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Cash and cash equivalents	\$ 741,371	\$ -	\$ 741,371
Cash with City of Portland investment pool	280,149,100	10,866,473	291,015,573
	<u>\$ 280,890,471</u>	<u>\$ 10,866,473</u>	<u>\$ 291,756,944</u>

***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

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

In the case of security purchases, there is a risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All trades are executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. As of June 30, 2018, the City had no investments that were held by either counterparty or the counterparty's trust department agent. Therefore, the City has no outstanding investments that were exposed to custodial credit risk.

Prosper Portland bank deposits of \$53,823 are insured by the FDIC up to \$250,000 with the assets being secured by collateralized eligible securities at the FHLB of Des Moines, in agreement with the OST Public Funds Collateralization Program.

***Interest Rate Risk***

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

As of June 30, 2018, the weighted average maturity of the City's investment portfolio was 484 days. To minimize interest rate risk, the City's investment policy limits the portfolio to a maximum weighted average maturity of twenty-four months. In addition, no more than 50% of the projected lowest cash balance may be invested in securities with a maturity range beyond two years. All other funds must be invested in less than two-year maturities and must meet the City's cash flow requirements.

***Credit Risk***

Credit risk is the financial risk of not receiving principal and interest when due from an issuer. The types of investments permitted by the Investment Policy seek to minimize this risk by the conservative nature of the permissible investments, and by establishing safe limits on the level of investments with financial institutions, other municipalities, issuers of commercial paper, corporate debt, and by monitoring their credit quality on an ongoing basis. An investment policy stressing a relatively short maturity and highly rated investment grade debt serves to additionally minimize credit risk. Maximum combined corporate indebtedness (Commercial Paper and Corporate Bonds) is limited to 35 percent of the total portfolio and a five percent limit of the total portfolio per issuer.

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

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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, 2018, the LGIP was not rated. Investments in the LGIP are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. The City intends to measure these investments at book value as the LGIP fair value approximates it on an amortized cost basis.

***Concentration of Credit Risk***

Of the City's total investments as of June 30, 2018, 88 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:

<https://www.portlandoregon.gov/citycode/index.cfm?a=200869><http://www.portlandoregon.gov/bfrs/article/589308>.

***Income Risk***

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

***Market Risk and Selection Risk***

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

***Municipal Securities Risks***

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

***U.S. Treasury Direct Obligations Risk***

Direct obligations of the U.S. Treasury have historically involved little risk of loss of principal if held to maturity. However, due to fluctuations in interest rates, the market value of such securities may vary during the holding period. Periodic Federal government negotiations about whether and when to raise the Federal

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debt ceiling may also cause the market value of U.S. Treasury direct obligations to vary during the holding period.

***U.S. Government Obligations Risk***

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

***Repurchase Agreement Risk***

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

***When-Issued, Delayed Delivery Securities and Forward Commitments Risk***

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

**B. Internal Balances and Transfers**

The composition of internal balances is as follows:

<b>Payable Fund</b>	<b>Receivable Fund</b>		<b>Total</b>
	<b>Major Governmental Funds</b>	<b>Non-major Business-type funds</b>	
Governmental Funds			
Non-major Governmental Funds			
CDBG EOI	\$ -	\$ (818,000)	\$ (818,000)
Neighborhood Prosperity Initiative URA	-	(411,000)	(411,000)
Total Governmental Funds liabilities	-	(1,229,000)	(1,229,000)
Business-type Funds			
Major Business-type Funds			
Business Management Fund	69,951,421	-	69,951,421
Total Business-type Funds liabilities	69,951,421	-	69,951,421
<b>Total interfund payables</b>	<b>\$ 69,951,421</b>	<b>\$ (1,229,000)</b>	<b>\$ 68,722,421</b>

The CDBG EOI, and Neighborhood Prosperity Initiative URA owe \$1,109,000 for short-term interfund loans for grant expenditures not yet reimbursed. The Neighborhood Prosperity Initiative URA also received a long-term loan of \$120,000 to make property improvements in the district to support the neighborhood



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prosperity initiative and is paying 1.34% until the loan is repaid. The River District Urban Renewal Fund made a long-term capital loan to the Business Management Fund of \$69,951,421 towards the acquisition of the United States Post Office property. The Business Management Fund is paying 0.84% interest on this loan until it is repg paid.

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

	<u>Transfer in Fund</u>	
	<u>Non-major Business-type Funds</u>	<u>Total Transfers Out</u>
<b>Transfer out fund</b>		
Non-major governmental funds		
Housing and Community Development Fun	\$ 484,000	\$ 484,000
Nonmajor governmental funds	<u>\$ 120,000</u>	<u>120,000</u>
Total governmental funds	<u>604,000</u>	<u>604,000</u>
<b>Total Transfers In</b>	<u><u>\$ 604,000</u></u>	<u><u>\$ 604,000</u></u>

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**C. Loans Receivable**

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

<b>Fund and Program</b>	<b>Maximum Term</b>	<b>Interest Rate</b>	<b>Gross Loans Receivable</b>	<b>Allowance And Discount</b>
<b>Major Funds:</b>				
General Fund:				
Urban Development:				
Amortized loans	5 yrs	0.04	\$ 100,632	\$ 5,032
Deferred payment loans	5 yrs	0.04	34,296	32,581
Total Gross General Fund			134,928	37,613
Total Net General Fund				97,315
River District Urban Renewal Fund:				
Urban Development:				
Amortized loans	17 yrs	1% to 7%	8,486,898	657,271
Deferred payment loans	14 yrs	0% to 5%	8,105,000	2,026,250
Total Gross River District Urban Renewal Fund			16,591,898	2,683,521
Total Net River District Urban Renewal Fund				13,908,377
Convention Center Urban Renewal Fund:				
Urban Development:				
Deferred payment loans	15 yrs	2% to 3%	205,431	51,358
Amortized loans	15 yrs	1% to 7%	11,485,767	637,780
Cash flow loans	2 yrs	1% to 9%	2,960,656	2,812,622
Total Gross Convention Center Urban Renewal Fund			14,651,854	3,501,760
Total Net Convention Center Urban Renewal Fund				11,150,094
Lents Town Center Urban Renewal Fund:				
Urban Development:				
Deferred payment loans	19 yrs	0% to 3%	32,105	8,026
Amortized loans	9 yrs	3% to 6%	1,559,689	110,566
Cash flow loans	9 yrs	0	28,381,163	17,485,773
PreDev-CPRL	1 to 3 yrs	0% to 6%	-	-
Total Gross Lents Town Center Urban Renewal Fund			29,972,957	17,604,365
Total Net Lents Town Center Urban Renewal Fund				12,368,592
Interstate Corridor Urban Renewal Fund:				
Urban Development:				
Amortized loans	7 yrs	0% to 6.75%	9,464,126	585,826
Deferred payment loans	7 yrs	0% to 2%	199,641	49,911
Total Gross Interstate Corridor Urban Renewal Fund			9,663,767	635,737
Total Net Interstate Corridor Urban Renewal Fund				9,028,030
Total Gross Major Funds			71,015,404	24,462,996
Total Net Major Funds				46,552,408

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<b>Fund and Program</b>	<b>Maximum Term</b>	<b>Interest Rate</b>	<b>Gross Loans Receivable</b>	<b>Allowance And Discount</b>
<b><u>Other Governmental Funds:</u></b>				
Other Federal Grants Fund (EDA):				
Urban Development:				
Amortized Loans	11 yrs	3% to 5.75%	1,058,049	186,064
Total Gross Other Federal Grants Fund			1,058,049	186,064
Total Net Other Federal Grants Fund				871,985
Downtown Waterfront Urban Renewal Fund:				
Urban Development:				
Amortized loans	12 yrs	1% to 5%	347,990	17,400
Deferred payment loans	4 yrs	1% to 3%	29,309	7,326
Total Gross Downtown Waterfront Urban Renewal Fund			377,299	24,726
Total Net Downtown Waterfront Urban Renewal Fund				352,573
South Park Blocks Urban Renewal Fund:				
Urban Development:				
Amortized loans	12 yrs	1% to 5%	605,435	30,272
Total Gross South Park Blocks Urban Renewal Fund			605,435	30,272
Total Net South Park Blocks Urban Renewal Fund				575,163
Central Eastside Urban Renewal Fund:				
Urban Development:				
Amortized loans	12 yrs	0% to 8.5%	1,529,039	283,354
Deferred payment loans	6 yrs	0% to 4.25%	85,290	21,322
Total Gross Central Eastside Urban Renewal Fund			1,614,329	304,676
Total Net Central Eastside Urban Renewal Fund				1,309,653
Airport Way Urban Renewal Fund:				
Urban Development:				
Amortized loans	15 yrs	2% to 8.5%	1,122,933	63,837
Deferred payment loans	2 yrs	2% to 8.5%	1,015,397	253,849
Total Gross Airport Way Urban Renewal Fund			2,138,330	317,686
Total Net Airport Way Urban Renewal Fund				1,820,644
Total Gross Other Governmental Funds			5,793,442	863,424
Total Net Other Governmental Funds				4,930,018
<b>Total Gross Governmental Funds</b>			<b>76,808,846</b>	<b>25,326,420</b>
<b>Total Net Governmental Funds</b>				<b>51,482,426</b>
<b><u>Business-type Funds:</u></b>				
Enterprise Loans Fund:				
Urban Development:				
Amortized loans	15 yrs	1% to 7%	712,121	307,680
Total Gross Enterprise Loans Fund			712,121	307,680
Total Net Enterprise Loans Fund				404,441
<b>Total Gross All Funds</b>			<b>\$ 77,520,967</b>	<b>25,634,100</b>
<b>Total Net All Funds</b>				<b>\$ 51,886,867</b>

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The combined loan portfolio is composed of the following:

Organizational Unit and Program	Current Year Gross Loan Percentages	Gross Loans Receivable	Allowance And Discount
Urban Development:			
Amortized loans	47.05%	\$ 36,472,679	\$ 2,885,082
Cash flow loans	40.43%	31,341,819	20,298,395
Deferred payment loans	12.52%	9,706,469	2,450,623
PreDev-CPRL	0.00%	-	0
Urban development totals	<u>100.00%</u>	<u>77,520,967</u>	<u>25,634,100</u>
 <b>Total Gross Loans</b>	 100%	 <b>\$ <u>77,520,967</u></b>	 <b><u>25,634,100</u></b>
 <b>Total Net Loans</b>			 <b>\$ <u>51,886,867</u></b>

**Summary Loans Receivable Aging:**

Curent loans receivable, net	\$ 3,274,502
noncurrent loans receivable, net	<u>33,335,864</u>
	<u>\$ 36,610,366</u>

The Summary Loans Receivable as shown above and on the government-wide Statement of Net Position reflects the elimination of interfund activity between the agency and its component unit for the \$15,276,501 loan between Prosper Portland and 9101 Foster LLC.

**D. Restricted Net Position**

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

<b>Restricted by:</b>	
Enabling legislation:	
Urban renewal	\$ 384,763,108
Contributors:	
Property Clean up	3,000,000
Public-private partnership agreement	<u>6,963,360</u>
	<u>\$ 394,726,468</u>

**E. Property Held for Sale**

Property held for sale consists of land, related buildings and improvements, as well as intangible assets acquired for redevelopment that Prosper Portland intends to sell to appropriate developers. The carrying

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amount of the property is stated at the lower of cost or net realizable value. The carrying value of the remaining property is as follows:

**Governmental activities:**

General Fund	\$ 146,754
North Macadam Urban Renewal Fund	1,892,705
River District Urban Renewal Fund	8,718,649
Convention Center Urban Renewal Fund	5,580,314
Lents Town Center Urban Renewal Fund	2,739,395
Interstate Corridor Urban Renewal Fund	1,034,096
Other governmental funds	15,982,121
Total governmental activities	<u>36,094,034</u>

**Business-type Activities:**

Business Management Fund	71,145,817
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<b>Total property held for sale</b>	<u><u>\$ 107,239,851</u></u>
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**F. Capital Assets**

Prosper Portland's capital assets are all used in community development. The capital assets are composed of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 16,011,711	\$ 5,159	\$ -	\$ -	\$ 16,016,870
Work in progress-software	-	135,022	-	-	135,022
Work in progress-Lents Commons	5,263,165	8,825,220	-	(14,088,385)	-
Work in progress-Block 49 parking garage	1,354,358	4,215,560	-	-	5,569,918
Total Capital assets, not being depreciated:	<u>22,629,234</u>	<u>13,180,961</u>	<u>-</u>	<u>(14,088,385)</u>	<u>21,721,810</u>
Capital assets, being depreciated or amortized:					
Buildings and improvements	23,083,400	-	-	14,088,385	37,171,785
Leasehold improvements	3,849,501	-	-	-	3,849,501
Equipment	1,155,937	109,425	713,461	-	551,901
Intangible software	1,778,402	-	-	-	1,778,402
Total capital assets, being depreciated or amortized	<u>29,867,240</u>	<u>109,425</u>	<u>713,461</u>	<u>14,088,385</u>	<u>43,351,589</u>
Total capital assets before depreciation	<u>52,496,474</u>	<u>13,290,386</u>	<u>713,461</u>	<u>-</u>	<u>65,073,399</u>
Less accumulated depreciation or amortization for:					
Buildings and improvements	(2,185,473)	(545,336)	-	-	(2,730,809)
Leasehold improvements	(3,849,501)	-	-	-	(3,849,501)
Equipment	(953,770)	(70,828)	(706,736)	-	(317,862)
Intangible software	(391,331)	(177,840)	-	-	(569,171)
Total accumulated depreciation or amortization	<u>(7,380,075)</u>	<u>(794,004)</u>	<u>(706,736)</u>	<u>-</u>	<u>(7,467,343)</u>
Total capital assets, being depreciated or amortized, net	<u>22,487,165</u>	<u>(684,579)</u>	<u>6,725</u>	<u>14,088,385</u>	<u>35,884,246</u>
Governmental activities capital assets, net	<u>\$ 45,116,399</u>	<u>\$ 12,496,382</u>	<u>\$ 6,725</u>	<u>\$ -</u>	<u>\$ 57,606,056</u>

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**G. Operating Leases**

**As Lessee**

Prosper Portland leases office space and land under operating leases. Rental expenditures and payments for landlord-paid expenses include a share of the custodial services contract costs. Allowable insurance, elevator and other repair expenses allowed under the lease amounted to approximately \$121,000. Future minimum lease payments under Prosper Portland's operating leases are as follows:

Fiscal Year Ending	Minimum Lease Payments
2019	\$ 1,137,767
2020	1,163,857
	<u>\$ 2,301,624</u>

**As Lessor**

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

As of June 30, 2018, Prosper Portland's investment in operating leases is as follows:

	Basis Value	Accumulated Depreciation	Book Value
Land and improvements	\$ 15,573,647	\$ -	\$ 15,573,647
Buildings	34,071,784	(2,482,811)	31,588,973
	<u>\$ 49,645,431</u>	<u>\$ (2,482,811)</u>	<u>\$ 47,162,620</u>

Rental revenue amounted to approximately \$6,259,000 for the fiscal year. The minimum future operating non-cancelable lease revenues are as follows:

Fiscal Year Ending	Minimum Revenue Total
2019	\$ 5,146,744
2020	3,831,683
2021	1,976,683
2022	1,976,683
2023	1,976,683
2024-2028	8,614,332
2029-2033	8,083,885
2034-2038	6,149,510
2039-2043	6,149,510
2044-2048	6,149,510
	<u>\$ 50,055,223</u>

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**H. Changes in Long-Term Liabilities**

For governmental activities, including vacation accruals, pension liability and post-employment benefits will generally be liquidated by the general fund and pollution remediation will be liquidated by the capital project fund in which the property is located.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Payments/ Reductions</b>	<b>Long-term Ending Balances</b>	<b>Due within One year</b>
Governmental activities					
Net other post-employment benefits	\$ 735,404	\$ -	\$ 438,772	\$ 296,632	\$ -
Net pension obligation	11,045,372	-	1,167,307	9,878,065	-
Pollution remediation	42,434,285	2,167,504	-	44,601,789	770,135
Vacation accrual	548,538	49,860	-	598,398	110,288
	<u>\$ 54,763,599</u>	<u>\$ 2,217,364</u>	<u>\$ 1,606,079</u>	<u>\$ 55,374,884</u>	<u>\$ 880,423</u>

**I. Amounts Due To and From the City of Portland**

Amounts due to the City of Portland consist principally of accounts payable for various interagency work provided. Balances due to the City of Portland by fund as of June 30, 2018 are as follows:

	<b>Accounts Payable</b>
General Fund	\$ 135,821
North Macadam Urban Renewal Fund	5,374,079
River District Urban Renewal Fund	4,817,366
Convention Center Urban Renewal Fund	9,963
Lents Town Center Urban Renewal Fund	4,197,015
Interstate Corridor Urban Renewal Fund	6,378,064
Other governmental funds	2,901,326
	<u>\$ 23,813,634</u>

Grant revenues under various grant programs and other inter-governmental agreements due from the City of Portland totaled \$5,135,979 at June 30, 2018.

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**J. Revenue**

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

	<b>Loan Loss Adjustment</b>	<b>Land /Personal Property Sales</b>	<b>Reimbursement</b>	<b>Other</b>	<b>Total</b>
<b>Governmental funds</b>					
General Fund	\$ -	\$ 41	\$ 729	\$ 6,239	\$ 7,009
Component Unit 9101 Foster LLC	-	-	23,224	5,619	28,843
North Macadam Urban Renewal Fund	1,034	8,820,330	-	94,956	8,916,320
River District Urban Renewal Fund	2,003,273	-	89,951	391,192	2,484,416
Convention Center Urban Renewal Fund	63,532	3,820,000	-	-	3,883,532
Lents Town Center Urban Renewal Fund	-	1,443,292	75,798	-	1,519,090
Interstate Corridor Urban Renewal Fund	30,455	-	102,226	1,757	134,438
Other governmental funds	2,131,997	6,803,121	33,577	120,994	9,089,689
<b>Total governmental funds</b>	<b>4,230,291</b>	<b>20,886,784</b>	<b>325,505</b>	<b>620,757</b>	<b>26,063,337</b>
<b>Business-type funds</b>					
Business Management Fund	-	3,290,148	46,520	975,711	4,312,379
Other business-type funds	12,522	-	-	-	12,522
<b>Total business-type funds</b>	<b>12,522</b>	<b>3,290,148</b>	<b>46,520</b>	<b>975,711</b>	<b>4,324,901</b>
	<b>\$ 4,242,813</b>	<b>\$ 24,176,932</b>	<b>\$ 372,025</b>	<b>\$ 1,596,468</b>	<b>\$ 30,388,238</b>

**IV. Other Information**

**A. Pension Plans**

**1. General Information about the Pension Plans**

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

*Plan description.* Prosper Portland employees hired after December 31, 2006 are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan in accordance with Oregon Revised Statutes Chapter 238, Chapter 23A, and Internal Revenue Service Code Section 401(a).

OPERS prepares their financial statements in accordance with Governmental Accounting Standards Board (GASB) Statements and generally accepted accounting principles. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plan. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. OPERS issues a publicly available financial report that can be obtained at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

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



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

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

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

***Benefits provided under ORS 238 - Tier One / Tier Two:***

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years, or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General Service employees may retire after reaching age 55, Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

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

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

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

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Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0%.

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

*Pension Benefits.* The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

*Death Benefits.* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

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

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

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

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

Prosper Portland's employer contributions for the year ended June 30, 2018 were \$915,327, excluding amounts to fund employer specific liabilities. The contribution rates in effect for the fiscal year ended June 30, 2018 for each pension program were: Tier1/Tier 2 – 12.65%, OPSRP – 8.39%.

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

At June 30, 2018, Prosper Portland reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate

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the net pension liability was determined by an actuarial valuation as of December 31, 2015 and rolled forward to June 30, 2017. Prosper Portland's proportion of the set was based on the Prosper Portland's projected long-term contribution effort as compared to the total projected net pension a long-term contribution effort of all employers. Prosper Portland is not referenced in the report but is included in references to the City of Portland, as the reporting entity, including the City's fiduciary fund. At June 30, 2018, the City's proportionate share of OPERS net pension liability was 3.71313021% and Prosper Portland portion of the City's OPERS net pension liability was 1.7310%.

For the year ended June 30, 2018, Prosper Portland recognized pension expense of \$1,779,468. At June 30, 2018, Prosper Portland reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 474,115	\$ -
Net difference between projected and actual earnings on investments	355,297	-
Change in assumptions	1,866,561	-
Change in proportionate share and differences between employer contributions and proportionate share of contributions	-	(251,932)
Changes in Proportionate Share	33,956	(82,302)
	<u>2,729,929</u>	<u>(334,234)</u>
Contributions made subsequent to the measurement date	915,327	-
	<u>\$ 3,645,256</u>	<u>\$ (334,234)</u>

Prosper Portland deferred \$915,327 for contributions made subsequent to the measurement date, which is recognized as a reduction of the net pension liability for the year ending June 30, 2018.

Fiscal Year Ending June 30,	Deferred Outflow of Resources					Deferred Inflow of Resources		
	Differences between Expected and Actual Experience	Changes of Assumptions	Difference between Projected and Actual earnings on Investments	Changes in Proportionate share	Total	Differences between Employer Contributions and Proportionate Share of Contributions	Changes in Employer Portion	Total
2019	\$ 125,032	\$ 563,666	\$ (792,693)	\$ 12,790	\$ (91,205)	\$ (101,748)	\$ (19,140)	\$ (120,888)
2020	125,032	563,666	823,163	12,790	1,524,651	(91,532)	(19,140)	(110,672)
2021	146,934	563,666	419,199	5,502	1,135,301	(41,773)	(19,140)	(60,913)
2022	40,694	175,563	(94,372)	1,827	123,712	(13,510)	(19,140)	(32,650)
2023	36,423	-	-	1,046	37,469	(3,369)	(5,742)	(9,111)
Thereafter	-	-	-	-	-	-	-	-
	<u>\$ 474,115</u>	<u>\$ 1,866,561</u>	<u>\$ 355,297</u>	<u>\$ 33,956</u>	<u>\$ 2,729,929</u>	<u>\$ (251,932)</u>	<u>\$ (82,302)</u>	<u>\$ (334,234)</u>

**Actuarial Methods and Assumptions:**

**Actuarial Valuations.** The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry

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age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation date:	December 31, 2015
Measurement date:	June 30, 2017
Experience study:	2014, published September 2015
Actuarial cost method:	Entry age normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	<p><u>Healthy retirees and beneficiaries:</u> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><u>Active members:</u> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><u>Disabled retirees:</u> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table</p>

The actuarial valuation calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study, which reviewed experience for the four-year period ending on December 31, 2014.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.50% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members, and those of the contributing employers, are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

*Depletion Date Projection.* GASB Statement No. 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

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*Assumed Asset Allocation.*

<b><u>Asset Class/Strategy</u></b>	<b><u>Low Range</u></b>	<b><u>High Range</u></b>	<b><u>OIC Target</u></b>
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	14.0	21.0	17.5
Real estate	9.5	15.5	12.5
Alternative equity	0.0	12.5	12.5
Opportunity portfolio	0.0	3.0	0.0
Total			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 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

*Sensitivity of Prosper Portland's proportionate share of the net pension liability to changes in the discount rate:* The following presents the reporting entity's proportionate share of the net pension liability calculated using the discount rate of (7.50%), as well as what the proportionate share of the net pension liability

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would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Proportionate share of the net pension (asset/liability)	\$ 14,765,375	\$ 8,664,197	\$ 3,562,484

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

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

<http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

*Allocation of Liability for Service Segments:* For purposes of allocating Tier One/Tier Two members actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier One/Tier Two population. For the December 31, 2012 and December 31, 2013 valuations, the Money Match was weighted 30 percent for General Service members. For the December 31, 2014 and December 31, 2015 valuations, this weighting has been adjusted to 25 percent for General Service members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

*Changes in Economic Assumptions:*

- *Inflation.* The inflation rate was lowered to 2.5% based on a combination of historical and market data and expert forecasts.
- *Payroll Growth.* Which is the sum of inflation and real wage growth was 3.5%.
- *Investment Return and Interest Crediting.* The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.5%.
- *Tier One/Tier Two Administrative Expenses.* Recently implemented GASB statements No. 67 and 68 necessitated an explicit Tier 1/Tier 2 administrative expense assumption. The administrative expense for December 31, 2015 and December 31, 2015 is \$33 million per year.
- *Healthcare Cost Inflation.* Inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

*Changes in Demographic Assumptions:*

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

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- Disabled Mortality. The disabled mortality assumption base was changed from the RP2000 static tables to the RP2000 generational tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.
- Disability, Retirement from Active Status, and Termination. Rates for disability, retirement from active status, and termination were adjusted.

*Changes in Salary Increase Assumptions:*

- Merit Increases, Unused Sick Leave, and Vacation Pay. Unused sick leave and vacation pay rates were adjusted.
- Retiree Healthcare Participation. The RHIA participation rate for healthy retirees was reduced from 45% to 38%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

**Defined Contribution Plan – Individual Account Program (IAP):**

*Pension Benefits.* Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

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

*Contributions.* Prosper Portland has chosen to pay the employees' contributions to the plan. Six percent of covered payroll is paid for general service employees. For fiscal year 2018 Prosper Portland paid \$915,327.

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

**B. Other Post-Employment Benefits (OPEB)**

**1. Health Insurance Continuation (HIC)**

Plan description and benefits provided: Prosper Portland has a health insurance continuation option available for retirees. It is a substantive post-employment benefits plan offered under Oregon Revised Statute (ORS) 243. ORS 243.303 requires that Prosper Portland provide retirees and their dependents with an opportunity to participate in group health and dental insurance from the date of retirement to age 65, with a rate calculated using claims experience from retirees and active employees for health plan rating purposes. Providing the same rate to retirees as provided to current employees constitutes an

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implicit rate subsidy for OPEB. This single-employer "Plan" is not a stand-alone plan and therefore does not issue its own financial statements.

***Total OPEB liability***

Prosper Portland's total HIC liability of \$336,842 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Valuation date	July 1, 2016	July 1, 2016
Measurement date	June 30, 2016	June 30, 2017
Inflation	2.50%	2.50%
Salary increases	3.50%	3.50%
Healthy Mortality		
	<ul style="list-style-type: none"> <li>• RP-2000 healthy white-collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females.</li> <li>• RP-2000 healthy white-collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females.</li> </ul>	
Actuarial cost method	Entry Age Normal	Entry Age Normal
Discount rate	2.85%	3.58%

The results of the July 1, 2016 valuation are used to prepare GASB 45 accounting results for the fiscal year ending June 30, 2017.

***Changes in Total OPEB Liability***

Balance as of June 30, 2017	\$ 359,090
Changes for the year:	
Service cost	21,990
Interest on total OPEB liability	10,351
Effect of changes to benefit terms	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	(18,548)
Benefit payments	(36,041)
Balance as of June 30, 2018	\$ 336,842

***Changes since prior valuation***

Expected Claims and Premiums	Updated to reflect changes in available benefits and premium levels. If applicable, expected retiree and dependent costs were updated to reflect current health cost guidelines.
Health Care Cost Trend	Updated to reflect changes in current premium levels, as well as projected economic and regulatory conditions.
Future Retiree Coverage	In the prior valuation, 55% of active members were assumed to elect coverage upon retirement. 70% of male members who elected coverage upon retirement were also assumed to elect spouse coverage.



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General Inflation	Assumed inflation was decreased from 2.75% to 2.50% per year.
Mortality, Withdrawal, and Retirement Rates	Updated to reflect assumptions used in the Oregon PERS December 31, 2015 actuarial valuation.
Actuarial Cost Method	The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal to comply with new GASB accounting standards.

***Sensitivity Analysis***

The following presents the total OPEB liability of the Plan, calculated using the discount rate of 3.58%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	\$361,831	\$336,842	\$313,671

A similar sensitivity analysis for changes in the healthcare cost trend assumption is as follows:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$305,454	\$336,842	\$373,658

***OPEB Expense and deferred Outflows of Resources and deferred Inflows of Resources related to OPEB***

For the year ended June 30, 2018, Prosper Portland recognized an OPEB expense of \$29,674. At June 30, 2018, the reported deferred inflows of resources related to OPEB:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Changes of assumptions	\$ -	\$ (15,881)
Contributions made subsequent to the measurement date	35,525	-
	<u>\$ 35,525</u>	<u>\$ (15,881)</u>

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Annual Recognition
2019	\$ (2,667)
2020	(2,667)
2021	(2,667)
2022	(2,667)
2023	(2,667)
Thereafter	(2,546)
	<u>\$ (15,881)</u>

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**C. OPERS Retirement Health Insurance Account (RHIA)**

Plan description: Prosper Portland contributes to the PERS RHIA for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit OPEB plan administered by PERS. ORS 238.420 established this trust fund and authorizes the Oregon Legislature to establish and amend the benefit provisions. PERS issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR

97281-3700, telephone (503) 598-7377, or by URL:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits provided: RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible employees. 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 Prosper Portland, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. The plan is closed to new entrants after January 1, 2004.

Contributions: Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of plan members and participating employers were established and may be amended only by the Oregon Legislature. Participating cities are contractually required to contribute to RHIA at a rate assessed each year by PERS. Prosper Portland's contractually required contribution rate for the year ended June 30, 2018, was 0.43 percent of the covered payroll, actuarially determined as an amount expected to finance the costs of benefits earned by employees during the year. Contributions to the OPEB plan were \$33,160 for the year ended June 30, 2018. Employees are not required to contribute to the OPEB plan.

***OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:***

At June 30, 2018, Prosper Portland reported an asset of \$18,170 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation date as of December 31, 2015. Prosper Portland's proportionate share of the City of Portland's RHIA net OPEB asset has been determined based on full-time equivalent employees at Prosper Portland compared to the City's full-time equivalent employees to obtain a proportionate share for contributions to the RHIA program (as reported by PERS) during the Measurement Period ending on the corresponding measurement date. Prosper Portland's proportionate share used at June 30, 2017 and June 30, 2016 was 1.2311%.

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For the year ended June 30, 2018, Prosper Portland recognized an OPEB expense of \$44. At June 30, 2018, Prosper Portland reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	\$ -	\$ (8,415)
Changes in proportionate share		(146)
Total (prior to post-measurement date contributions)	-	(8,561)
contributions made subsequent to measurement date	33,160	-
Net deferred outflow/(inflows) of resources	<u>\$ 33,160</u>	<u>\$ (8,561)</u>

Deferred outflows of resources resulting from contributions subsequent to the measurement date of \$33,160 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Deferred Inflows of Resources</u>		
Fiscal Year Ending June 30,	<u>Net Difference between Projected and Actual Earnings on Investments</u>	<u>Changes in Proportionate Share</u>
2019	\$ 2,104	\$ (54)
2020	2,104	(54)
2021	2,104	(36)
2022	2,103	-
	<u>\$ 8,415</u>	<u>\$ (144)</u>

# PROSPER PORTLAND

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#### ***Actuarial Methods & Assumptions:***

The total OPEB liability in the December 31, 2015 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2015
Measurement date	June 30, 2017
Experience study	2014, published September 23, 2015
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	<p><i>Healthy retirees and beneficiaries:</i>  RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as describe 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 (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

**Discount rate:** The discount rate used to measure the total OPEB liability at June 30, 2017 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Depletion Date Projection:** GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability. 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.

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*Assumed Asset Allocation*

<b>Asset Class/Strategy</b>	<b>Low Range (%)</b>	<b>High Range (%)</b>	<b>OIC Target (%)</b>
Cash	-	3.00	-
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	14.0	21.0	17.5
Real Estate	9.5	15.5	12.5
Alternative Equity	-	12.5	12.5
Opportunity Portfolio	-	3.0	-
Total			<u>100</u>

**Long-Term Expected Rate of Return:** To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an 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.

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

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***Sensitivity of Prosper Portland's proportionate share of the net OPEB asset to changes in the discount rate:***

The following presents Prosper Portland's proportionate share of the net OPEB liability/(asset) if it were calculated using a discount rate one percentage point lower (6.50%) or one percentage point higher (8.50%)

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Decrease (8.50%)
Proportionate share to the net OPEB liability (asset)	\$ 2,533	\$ (18,171)	\$ (35,782)

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, disclosure of a healthcare cost trend analysis is not applicable.

***OPEB plan fiduciary net position:***

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

***Aggregate Net OPEB Liability/Asset, Pension Expense, & Net Deferred Outflow/Inflow of Resources Related to OPEB:***

The tables below present the aggregate balance (in millions) of Prosper Portland's net OPEB liability/(asset), OPEB expense, and net deferred inflows and outflows as of June 30, 2018:

	Deferred Outflow/(Inflow) of Resources - OPEB	Net OPEB Liability/(Asset)	OPEB Expense
RHIA	\$ (8,560)	\$ (18,170)	\$ 44
HIC	52,783	336,842	22,248
	<u>\$ 44,223</u>	<u>\$ 318,672</u>	<u>\$ 22,292</u>

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**D. Commitments**

Contractual and other commitments for subsequent years' expenditures amounting to \$301,456,394 are included in the budgetary fund balances indicating tentative plans for utilization in future periods. Commitments for subsequent years' expenditures are as follows:

	<b>Committed for Urban Renewal</b>	<b>Committed for contractual obligation</b>	<b>Total</b>
Governmental activities			
General fund	\$ -	\$ 1,250,675	\$ 1,250,675
North Macadam Urban Renewal Fund	23,981,838	-	23,981,838
River District Urban Renewal Fund	25,864,994	-	25,864,994
Convention Center Urban Renewal Fund	65,811,167	-	65,811,167
Lents Town Center Urban Renewal Fund	59,250,605	-	59,250,605
Interstate Corridor Urban Renewal Fund	101,554,699	-	101,554,699
Other governmental funds	22,528,047	1,214,369	23,742,416
Total governmental activities	<u>\$ 298,991,350</u>	<u>\$ 2,465,044</u>	<u>\$ 301,456,394</u>

**E. Prosper Portland's Use of the City of Portland's Conduit Debt**

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

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

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

The bonds are collateralized solely by the specific project and payments are made by the developers. The bonds shall not be payable from or a charge against any other funds or assets, nor shall the City or Prosper Portland be subject to any liability thereon. No holder or holders of the bonds shall ever have the right to compel any exercise of the taxing power of the City to pay the bonds or the interest thereon, nor to enforce payment thereof against any property of the City or Prosper Portland except the specific project. Upon completion of the repayment of the debt by the developer, the assets constructed become the property of the developer. At June 30, 2018, the total of the City's conduit debt outstanding as related to Prosper Portland development projects is \$15,000,000. In addition, Prosper Portland has participated in a contingent loan agreement with Home Forward which has a remaining amount due at June 30, 2018 of \$3,940,000. These amounts may differ from actual amounts reported in the City CAFR because not all conduit debt issued by the City is related to Prosper Portland projects.

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**F. Contingencies**

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

**G. Risk Management**

Prosper Portland is not part of the City of Portland's self-insurance program and purchases a variety of commercial insurance policies to protect itself against loss. Like most other large public agencies, Prosper Portland is exposed to various risks in the conduct of its business, such as losses related to torts, errors and omissions, general liability, property damage, employer's liability, worker's compensation, and unemployment claims.

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

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

Prosper Portland's real property, which is predominantly held for sale, with an estimated total insured value (TIV) of \$95 million, is insured by Lloyd's of London for the TIV with a sublimit of \$35 million for flood and earth movement events. A separate policy provides coverage for faithful performance (employee dishonesty) through Hartford Insurance in the amount of \$300,000 for employee theft, and \$100,000 for computer and funds transfer fraud. Employment practices liability coverage is provided through AIG in the amount of \$4 million per claim with a \$75,000 deductible.

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

The Internal Service Fund has equity of \$133,192 to meet insurance policy deductible amounts and other amounts not fully reimbursed from insurance proceeds, as necessary. Of this amount, \$100,000 is an insurance deductible reserve as required by the Rivers East LLC Rent Abatement Agreement.



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***Environmental Risk***

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

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

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

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

During the fiscal year, Prosper Portland recognized an increase in the liability of \$2,167,504. At June 30, 2018, Prosper Portland had a total outstanding pollution remediation liability of \$44,601,789, which has been reduced by just over \$657,000 for estimated recoveries that Prosper Portland may be entitled to. The estimated current portion is \$770,135.

***Portland Harbor Superfund***

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

In January 2017, EPA finalized the Feasibility Study and issued a final Record of Decision for Portland Harbor (ROD). Potential remedy costs were included in the ROD for comparative purposes among the potential remedies. Those comparative estimates were based on site-wide cleanup actions and do not include estimates of cleanup of individual sub-areas nor any individual party's share of those costs. This

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large and complex Superfund Site is not progressing under conventional processes used for smaller sites. For example, the next step at Portland Harbor is to conduct a new baseline sampling before remedy implementation. (ROD Section 10.1.1.9). As of July 2017, EPA is negotiating a baseline sampling scope of work with a group of potentially responsible parties. Once a scope of work and agreement on consent are reached, the sampling effort is expected to take approximately two additional years. It is anticipated that information from this baseline sampling will refine and may alter the scope of active remediation required. The proposed course of action within individual sub-areas will be determined during remedial design for each sub-area. It is anticipated that allocation of liability for cleanup will be determined sometime after the baseline sampling is conducted.

***Other***

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

**H. Reviews by Grantor Agencies**

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

## REQUIRED SUPPLEMENTARY INFORMATION

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**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**Last Ten Fiscal Years or Since Inception<sup>2</sup>**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Prosper Portland's proportion of the net pension liability <sup>1</sup>	0.0733%	0.0736%	0.0721%	0.0892%	0.0892%
Prosper Portland's proportionate share of the net pension liability (asset)	\$ 9,878,065	\$ 11,045,372	\$ 4,139,065	\$ (2,021,851)	\$ 4,551,875
Covered-employee payroll	7,204,533	8,234,621	8,595,239	8,363,449	9,896,391
Contributions as a percentage of covered-employee payroll	137.1090%	134.1333%	48.1553%	-24.1748%	45.9953%
Plan fiduciary net position as a percentage of total pension liability	83.10%	80.50%	91.90%	103.59%	92.00%

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

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

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**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS TO OREGON PUBLIC RETIREMENT SYSTEM**  
**Last Ten Fiscal Years or Since Inception<sup>2</sup>**

	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>
Actuarially determined contribution	\$ 915,327	\$ 673,628	\$ 736,024	\$ 596,226	\$ 669,619
Contributions in relation to the actuarially determined contribution	<u>915,327</u>	<u>673,628</u>	<u>736,024</u>	<u>596,226</u>	<u>669,619</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 7,203,271	\$ 7,204,533	\$ 8,234,621	\$ 8,595,239	\$ 8,363,449
Contributions as a percentage of covered-employee payroll	12.71%	9.35%	8.94%	6.94%	8.01%

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

**PROSPER PORTLAND**  
**A Component Unit of the City of Portland, Oregon**

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT**  
**BENEFITS LIABILITY AND RELATED RATIOS**  
**Last Ten Fiscal Years or Since Inception<sup>1</sup>**

	<b>2018</b>
<b>Health Insurance Continuation</b>	
Service Cost	\$ 21,990
Interest on total OPEB liability	10,351
Effect of change to benefit terms	-
Effect of economic/demographic gains or (losses)	-
Effect of assumption changes or inputs	(18,548)
Benefit payments	(36,041)
Net change in total OPEB liability	(22,248)
Total OPEB liability, beginning	359,090
Total OPEB liability, ending	336,842
Covered payroll	7,203,271
Total OPEB liability as a % of covered payroll*	4.6762%

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

Notes to Required Schedule

This "plan" is not administered by a trust and does not accumulate assets.

**PROSPER PORTLAND**  
**A Component Unit of the City of Portland, Oregon**

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**  
**Last Ten Fiscal Years or Since Inception<sup>2</sup>**

	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>OPERS Retirement Health Insurance Account</b>		
Proportion of the OPEB Liability	-0.0606%	0.0270%
Proportion share of the net OEPB liability (asset)	\$ (30,191)	\$ 12,021
Covered payroll	\$ 7,203,271	\$ 7,204,533
Effect of economic/demographic gains or (losses)	-0.4191%	0.1669%
Plan net position as a percentage of the total OPEB liability	108.90%	94.20%

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



**PROSPER**  
PORTLAND

**Building an Equitable Economy**



# Supplementary Data

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



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**Building an Equitable Economy**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

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

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

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

### **CAPITAL PROJECTS FUNDS**

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

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

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

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

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

*Gateway Regional Center Urban Renewal Fund* - accounts for resources used to transform the area into a Regional Center with enhanced housing, employment, recreational and cultural opportunities.

*Airport Way Urban Renewal Fund* - accounts for resources used for: acquisitions and construction related to the Riverside Parkway projects; projects to increase job density by attracting and retaining businesses; supporting transit and other infrastructure investments; increasing Portland's inventory of developable land for industry and creation of quality jobs; and protecting the natural resources of the greater Portland area.

*Willamette Industrial Urban Renewal Fund* - accounts for resources used to attract new industrial, high-technology, manufacturing, and distributing businesses to the currently vacant or unused parcels of land.

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

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2018**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash with City of Portland investment pool	\$ 5,117,845	\$ 107,168,704	\$ 112,286,549
Cash with fiscal agent	687,548	-	687,548
Receivables:			
Due from City of Portland	683,474	694,600	1,378,074
Accounts	483,736	368,928	852,664
Internal Payable	-	937,000	937,000
Loans, net	871,985	4,058,033	4,930,018
Interest	21,508	451,373	472,881
Other	-	4,583	4,583
Property held for sale	-	15,982,121	15,982,121
Other	3,999	-	3,999
<b>Total assets</b>	<u>\$ 7,870,095</u>	<u>\$ 129,665,342</u>	<u>\$ 137,535,437</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 432,804	\$ 19,419	\$ 452,223
Due to City of Portland	-	2,901,326	2,901,326
Due to other funds	818,000	411,000	1,229,000
<b>Total liabilities</b>	<u>1,250,804</u>	<u>3,331,745</u>	<u>4,582,549</u>
<b>FUND BALANCES</b>			
Restricted			
Loans receivable	871,985	4,058,033	4,930,018
Urban renewal	-	122,275,564	122,275,564
Contractual obligations	5,747,306	-	5,747,306
<b>Total fund balances</b>	<u>6,619,291</u>	<u>126,333,597</u>	<u>132,952,888</u>
<b>Total liabilities and fund balances</b>	<u>\$ 7,870,095</u>	<u>\$ 129,665,342</u>	<u>\$ 137,535,437</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Intergovernmental revenues	\$ 2,110,921	\$ 416,790	\$ 2,527,711
Charges for services	1,273,838	374,433	1,648,271
Loan interest collections	67,880	147,568	215,448
Interest on investments	63,761	1,387,611	1,451,372
Miscellaneous	-	9,089,689	9,089,689
Tax-increment debt proceeds (in lieu of tax-increment revenue)	<u>-</u>	<u>12,088,334</u>	<u>12,088,334</u>
Total revenues	<u>3,516,400</u>	<u>23,504,425</u>	<u>27,020,825</u>
<b>EXPENDITURES</b>			
Current:			
Community development	264,260	5,918,474	6,182,734
Capital expenditures for urban renewal	-	4,209,168	4,209,168
Financial assistance	2,666,630	6,895,583	9,562,213
Capital outlay	<u>-</u>	<u>5,159</u>	<u>5,159</u>
Total expenditures	<u>2,930,890</u>	<u>17,028,384</u>	<u>19,959,274</u>
Excess (deficiency) of revenues over expenditures	<u>585,510</u>	<u>6,476,041</u>	<u>7,061,551</u>
Net change in fund balances	<u>585,510</u>	<u>6,476,041</u>	<u>7,061,551</u>
<b>FUND BALANCES - July 1, 2017</b>	<u>6,033,781</u>	<u>119,857,556</u>	<u>125,891,337</u>
<b>FUND BALANCES - June 30, 2018</b>	<u><u>\$ 6,619,291</u></u>	<u><u>\$ 126,333,597</u></u>	<u><u>\$ 132,952,888</u></u>

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

**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
June 30, 2018

	<b>Housing and Community Development Contract Fund</b>	<b>Other Federal Grants Fund</b>	<b>Enterprise Zone Fund</b>	<b>Ambassador Program Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Cash with City of Portland investment pool	\$ 152	\$ 739,484	\$ 4,363,619	\$ 14,590	\$ 5,117,845
Cash with fiscal agent	-	687,548	-	-	687,548
Receivables:					
Due from City of Portland	683,474	-	-	-	683,474
Accounts	483,593	-	143	-	483,736
Loans, net	-	871,985	-	-	871,985
Interest	-	3,110	18,337	61	21,508
Other	-	3,999	-	-	3,999
<b>Total Assets</b>	<b>\$ 1,167,219</b>	<b>\$ 2,306,126</b>	<b>\$ 4,382,099</b>	<b>\$ 14,651</b>	<b>\$ 7,870,095</b>
<b>LIABILITIES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 349,219	\$ -	\$ 83,585	\$ -	\$ 432,804
Internal balances	818,000	-	-	-	818,000
<b>Total liabilities</b>	<b>1,167,219</b>	<b>-</b>	<b>83,585</b>	<b>-</b>	<b>1,250,804</b>
<b>FUND BALANCES</b>					
Non-spendable					
Restricted					
Loans receivable	-	871,985	-	-	871,985
Contractual obligations	-	1,434,141	4,298,514	14,651	5,747,306
Total fund balances	-	2,306,126	4,298,514	14,651	6,619,291
<b>Total liabilities and fund balances</b>	<b>\$ 1,167,219</b>	<b>\$ 2,306,126</b>	<b>\$ 4,382,099</b>	<b>\$ 14,651</b>	<b>\$ 7,870,095</b>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Fiscal Year Ended June 30, 2018

	Housing and Community Development Contract Fund	Other Federal Grants Fund	Enterprise Zone Fund	Ambassador Program Fund	Total
<b>REVENUES</b>					
Intergovernmental revenues	\$ 2,110,921	\$ -	\$ -	\$ -	\$ 2,110,921
Charges for services	-	8,830	1,265,008	-	1,273,838
Loan collections	-	67,880	-	-	67,880
Interest on investments	-	11,143	52,416	202	63,761
Total revenues	<u>2,110,921</u>	<u>87,853</u>	<u>1,317,424</u>	<u>202</u>	<u>3,516,400</u>
<b>EXPENDITURES</b>					
Current:					
Community development	-	14,424	249,033	803	264,260
Financial assistance	<u>2,128,867</u>	<u>127,025</u>	<u>410,738</u>	<u>-</u>	<u>2,666,630</u>
Total expenditures	<u>2,128,867</u>	<u>141,449</u>	<u>659,771</u>	<u>803</u>	<u>2,930,890</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,946)</u>	<u>(53,596)</u>	<u>657,653</u>	<u>(601)</u>	<u>585,510</u>
Net change in fund balances	<u>(17,946)</u>	<u>(53,596)</u>	<u>657,653</u>	<u>(601)</u>	<u>585,510</u>
<b>FUND BALANCES - July 1, 2017</b>	<u>17,946</u>	<u>2,359,722</u>	<u>3,640,861</u>	<u>15,252</u>	<u>6,033,781</u>
<b>FUND BALANCES - June 30, 2018</b>	<u>\$ -</u>	<u>\$ 2,306,126</u>	<u>\$ 4,298,514</u>	<u>\$ 14,651</u>	<u>\$ 6,619,291</u>

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

**HOUSING AND COMMUNITY DEVELOPMENT CONTRACT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Intergovernmental revenues-				
Housing and Community				
Development contract	\$ 2,087,620	\$ 2,138,745	\$ 2,110,921	\$ (27,824)
Total revenues	2,087,620	2,138,745	2,110,921	(27,824)
<b>EXPENDITURES</b>				
Current:				
Community development:				
Economic development	2,087,620	2,138,745	2,128,867	9,878
Total community development	2,087,620	2,138,745	2,128,867	9,878
Contingency	-	17,946	-	17,946
Total expenditures	2,087,620	2,156,691	2,128,867	27,824
Excess (deficiency) of revenues				
over expenditures	-	(17,946)	(17,946)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in-				
Enterprise Loans Fund	-	-	818,000	818,000
Total transfers in	-	-	818,000	818,000
Transfers out:	-	-	-	-
Enterprise Loans Fund	-	(484,000)	(484,000)	-
Total transfers out	-	(484,000)	(484,000)	-
Total other financing sources (uses)	-	(484,000)	334,000	818,000
Net change in fund balance	-	(501,946)	316,054	818,000
<b>FUND BALANCE - July 1, 2017</b>	-	501,946	501,946	-
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	818,000	\$ 818,000
<b>Adjustments to generally accepted</b>				
<b>accounting principles basis-</b>				
Interfund advances			(818,000)	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			\$ -	



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

**OTHER FEDERAL GRANTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Charges for services-				
Application fees and charges	\$ 1,674	\$ 1,674	\$ 8,830	\$ 7,156
Loan Collections-				
Principal	164,560	150,000	229,220	79,220
Interest	44,666	50,000	63,881	13,881
Interest on investments	2,567	2,567	11,143	8,576
Total revenues	213,467	204,241	313,074	108,833
<b>EXPENDITURES</b>				
Current:				
Community development:				
Economic development	277,540	777,540	120,894	656,646
Total community development	277,540	777,540	120,894	656,646
Contingency	551,676	664,663	-	664,663
Total expenditures	829,216	1,442,203	120,894	1,321,309
Excess (deficiency) of revenues over expenditures	(615,749)	(1,237,962)	192,180	1,430,142
Net change in fund balance	(615,749)	(1,237,962)	192,180	1,430,142
<b>FUND BALANCE - July 1, 2017</b>	615,749	1,237,962	1,237,962	-
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	1,430,142	\$ 1,430,142
<b>Adjustments to generally accepted accounting principles basis-</b>				
Loans receivable, net			871,985	
Other receivable			3,999	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			\$ 2,306,126	

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

**ENTERPRISE ZONE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Charges for services-				
Application fees and charges	\$ 30,000	\$ 100,000	\$ 96,656	\$ (3,344)
Contractual service charges	1,004,518	1,004,518	1,168,352	163,834
Interest on investments	12,895	12,895	52,416	39,521
Total revenues	1,047,413	1,117,413	1,317,424	200,011
<b>EXPENDITURES</b>				
Current:				
Community development:				
Economic development	1,569,336	1,339,217	645,691	693,526
Total community development	1,569,336	1,339,217	645,691	693,526
Contingency	2,336,259	3,404,419	-	3,404,419
Total expenditures	3,905,595	4,743,636	645,691	4,097,945
Excess (deficiency) of revenues over expenditures	(2,858,182)	(3,626,223)	671,733	4,297,956
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(14,638)	(14,638)	(14,080)	558
Total other financing uses	(14,638)	(14,638)	(14,080)	558
Net change in fund balance	(2,872,820)	(3,640,861)	657,653	4,298,514
<b>FUND BALANCE - July 1, 2017</b>	2,872,820	3,640,861	3,640,861	-
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	\$ 4,298,514	\$ 4,298,514

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

**AMBASSADOR FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Interest on investments	\$ -	\$ -	\$ 202	\$ 202
Total revenues	-	-	202	202
<b>EXPENDITURES</b>				
Current:				
Community development:				
Economic development	12,020	12,020	803	11,217
Total community development	12,020	12,020	803	11,217
Contingency	-	3,232	-	3,232
Total expenditures	12,020	15,252	803	14,449
Excess (deficiency) of revenues over expenditures	(12,020)	(15,252)	(601)	14,651
Net change in fund balance	(12,020)	(15,252)	(601)	14,651
<b>FUND BALANCE - July 1, 2017</b>	12,020	15,252	15,252	-
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	\$ 14,651	\$ 14,651

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

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**June 30, 2018**

	<b>Neighborhood Prosperity Initiative Urban Renewal Fund</b>	<b>Downtown Waterfront Urban Renewal Fund</b>	<b>South Park Blocks Urban Renewal Fund</b>
<b>ASSETS</b>			
Cash with City of Portland			
investment pool	\$ 723,223	\$ 43,236,339	\$ 7,470,397
Receivables:			
Due from City of Portland	694,600	-	-
Accounts	-	1,050	-
Internal payable	-	937,000	-
Loans, net	-	352,573	575,163
Interest	2,507	185,580	31,861
Other	-	1,149	1,206
Property held for sale	-	1,094,069	-
<b>Total Assets</b>	<b>\$ 1,420,330</b>	<b>\$ 45,807,760</b>	<b>\$ 8,078,627</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 518	\$ 1,229
Due to City of Portland	-	154,221	407,170
Internal balances	411,000	-	-
<b>Total liabilities</b>	<b>411,000</b>	<b>154,739</b>	<b>408,399</b>
<b>FUND BALANCES</b>			
Restricted			
Loans receivable	-	352,573	575,163
Urban renewal	1,009,330	45,300,448	7,095,065
<b>Total fund balances</b>	<b>1,009,330</b>	<b>45,653,021</b>	<b>7,670,228</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,420,330</b>	<b>\$ 45,807,760</b>	<b>\$ 8,078,627</b>

<b>Central Eastside Urban Renewal Fund</b>	<b>Gateway Regional Center Urban Renewal Fund</b>	<b>Airport Way Urban Renewal Fund</b>	<b>Willamette Industrial Urban Renewal Fund</b>	<b>Total</b>
\$ 27,414,477	\$ 18,223,372	\$ 5,925,664	\$ 4,175,232	\$ 107,168,704
-	-	-	-	694,600
367,878	-	-	-	368,928
-	-	-	-	937,000
1,309,653	-	1,820,644	-	4,058,033
113,809	74,868	25,072	17,676	451,373
2,228	-	-	-	4,583
<u>2,901,699</u>	<u>4,108,319</u>	<u>7,878,034</u>	<u>-</u>	<u>15,982,121</u>
<u>\$ 32,109,744</u>	<u>\$ 22,406,559</u>	<u>\$ 15,649,414</u>	<u>\$ 4,192,908</u>	<u>\$ 129,665,342</u>
\$ 1,303	\$ 11,415	\$ 4,954	\$ -	\$ 19,419
1,859,917	480,018	-	-	2,901,326
-	-	-	-	411,000
<u>1,861,220</u>	<u>491,433</u>	<u>4,954</u>	<u>-</u>	<u>3,331,745</u>
1,309,653	-	1,820,644	-	4,058,033
<u>28,938,871</u>	<u>21,915,126</u>	<u>13,823,816</u>	<u>4,192,908</u>	<u>122,275,564</u>
<u>30,248,524</u>	<u>21,915,126</u>	<u>15,644,460</u>	<u>4,192,908</u>	<u>126,333,597</u>
<u>\$ 32,109,744</u>	<u>\$ 22,406,559</u>	<u>\$ 15,649,414</u>	<u>\$ 4,192,908</u>	<u>\$ 129,665,342</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Neighborhood Prosperity Initiative Urban Renewal Fund</b>	<b>Downtown Waterfront Urban Renewal Fund</b>	<b>South Park Blocks Urban Renewal Fund</b>
<b>REVENUES</b>			
Intergovernmental revenues	\$ 416,790	\$ -	\$ -
Charges for services	-	51,716	102
Loan collections	-	64,623	20,924
Interest on investments	8,964	591,600	85,786
Miscellaneous	-	1,925,643	6,900,858
Tax-increment debt proceeds (in lieu of tax-increment revenue)	694,600	-	-
	<u>1,120,354</u>	<u>2,633,582</u>	<u>7,007,670</u>
Total revenues			
	<u>1,120,354</u>	<u>2,633,582</u>	<u>7,007,670</u>
<b>EXPENDITURES</b>			
Current:			
Community development	44,060	536,139	792,523
Capital expenditures for urban renewal	-	625,954	3,461,976
Financial assistance	901,232	831,597	4,650,518
Capital Outlay	-	-	-
	<u>945,292</u>	<u>1,993,690</u>	<u>8,905,017</u>
Total expenditures			
	<u>945,292</u>	<u>1,993,690</u>	<u>8,905,017</u>
Excess (deficiency) of revenues over (under) expenditures	175,062	639,892	(1,897,347)
	<u>175,062</u>	<u>639,892</u>	<u>(1,897,347)</u>
Net change in fund balances			
	<u>175,062</u>	<u>639,892</u>	<u>(1,897,347)</u>
<b>FUND BALANCES - July 1, 2017</b>	<u>834,268</u>	<u>45,013,129</u>	<u>9,567,575</u>
<b>FUND BALANCES - June 30, 2018</b>	\$ <u><u>1,009,330</u></u>	\$ <u><u>45,653,021</u></u>	\$ <u><u>7,670,228</u></u>

<b>Central Eastside Urban Renewal Fund</b>	<b>Gateway Regional Center Urban Renewal Fund</b>	<b>Airport Way Urban Renewal Fund</b>	<b>Willamette Industrial Urban Renewal Fund</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 416,790
322,205	150	260	-	374,433
36,002	113	25,906	-	147,568
351,714	210,987	80,881	57,679	1,387,611
6,692	3,629	252,867	-	9,089,689
<u>6,396,492</u>	<u>4,997,242</u>	<u>-</u>	<u>-</u>	<u>12,088,334</u>
<u>7,113,105</u>	<u>5,212,121</u>	<u>359,914</u>	<u>57,679</u>	<u>23,504,425</u>
2,858,909	1,315,680	359,663	11,500	5,918,474
4,196	28,111	88,931	-	4,209,168
315,563	196,673	-	-	6,895,583
5,159	-	-	-	5,159
<u>3,183,827</u>	<u>1,540,464</u>	<u>448,594</u>	<u>11,500</u>	<u>17,028,384</u>
<u>3,929,278</u>	<u>3,671,657</u>	<u>(88,680)</u>	<u>46,179</u>	<u>6,476,041</u>
<u>3,929,278</u>	<u>3,671,657</u>	<u>(88,680)</u>	<u>46,179</u>	<u>6,476,041</u>
<u>26,319,246</u>	<u>18,243,469</u>	<u>15,733,140</u>	<u>4,146,729</u>	<u>119,857,556</u>
\$ <u><u>30,248,524</u></u>	\$ <u><u>21,915,126</u></u>	\$ <u><u>15,644,460</u></u>	\$ <u><u>4,192,908</u></u>	\$ <u><u>126,333,597</u></u>

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

**NEIGHBORHOOD PROSPERITY INITIATIVE URBAN RENEWAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Intergovernmental revenues-				
State and local	\$ 370,374	\$ 416,790	\$ 416,790	\$ (0)
Interest on investments	2,150	2,150	8,964	6,814
Tax increment debt proceeds				
(in lieu of tax increment revenue)	667,594	693,345	694,600	1,255
Total revenues	1,040,118	1,112,285	1,120,354	8,069
<b>EXPENDITURES</b>				
Current:				
Community development:				
Economic development	1,040,000	1,140,000	901,232	238,768
Total community development	1,040,000	1,140,000	901,232	238,768
Contingency	542,779	880,951	-	880,951
Total expenditures	1,582,779	2,020,951	901,232	1,119,719
Excess (deficiency) of revenues over expenditures	(542,661)	(908,666)	219,122	1,127,788
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in-	-	-	-	
Enterprise Loans Fund	120,000	120,000	411,000	291,000
Total transfers in	120,000	120,000	411,000	291,000
Internal service reimbursements	(45,603)	(45,603)	(44,060)	1,543
Total other financing sources (uses)	74,397	74,397	366,940	292,543
Net change in fund balance	(468,264)	(834,269)	586,062	1,420,331
<b>FUND BALANCE - July 1, 2017</b>	468,264	834,269	834,268	(1)
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	1,420,330	\$ 1,420,330
<b>Adjustments to generally accepted accounting principles basis-</b>				
Interfund advances			(411,000)	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			\$ 1,009,330	



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

**DOWNTOWN WATERFRONT URBAN RENEWAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Charges for services-				
Application fees and charges	\$ 21,906	\$ 21,906	\$ 1,224	\$ (20,682)
Rental income	47,993	47,993	50,492	2,499
Loan Collections-				
Principal	2,683,904	3,183,000	3,224,223	41,223
Interest	151,395	64,310	63,474	(836)
Interest on investments	10,000	394,678	591,600	196,922
Miscellaneous:				
Reimbursements	29,789	29,789	27,085	(2,704)
Sale of personal property	24,000	24,000	28,000	4,000
Other	-	-	75	75
Total revenues	<u>2,968,987</u>	<u>3,765,676</u>	<u>3,986,173</u>	<u>220,497</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	971,910	750,000	184,422	565,578
Property redevelopment	14,527,037	2,113,037	865,140	1,247,897
Economic development	244,690	258,690	48,345	210,345
Administration	8,000	12,121	5,276	6,845
Total community development	<u>15,751,637</u>	<u>3,133,848</u>	<u>1,103,183</u>	<u>2,030,665</u>
Contingency	<u>25,717,699</u>	<u>41,943,121</u>	<u>-</u>	<u>41,943,121</u>
Total expenditures	<u>41,469,336</u>	<u>45,076,969</u>	<u>1,103,183</u>	<u>43,973,786</u>
Excess (deficiency) of revenues over expenditures	<u>(38,500,349)</u>	<u>(41,311,293)</u>	<u>2,882,990</u>	<u>44,194,283</u>
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	<u>(265,646)</u>	<u>(265,646)</u>	<u>(254,700)</u>	<u>10,946</u>
Total other financing uses	<u>(265,646)</u>	<u>(265,646)</u>	<u>(254,700)</u>	<u>10,946</u>
Net change in fund balance	(38,765,995)	(41,576,939)	2,628,290	44,205,229
<b>FUND BALANCE - July 1, 2017</b>	<u>38,765,995</u>	<u>41,576,939</u>	<u>41,576,940</u>	<u>1</u>
<b>FUND BALANCE - June 30, 2018</b>	<u>\$ -</u>	<u>\$ -</u>	44,205,230	<u>\$ 44,205,230</u>
<b>Adjustments to generally accepted accounting principles basis-</b>				
Loans receivable, net			352,573	
Other receivable			1,149	
Property held for sale			<u>1,094,069</u>	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			<u>\$ 45,653,021</u>	

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

**NORTH MACADAM URBAN RENEWAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Charges for services-				
Application fees and charges	\$ -	\$ -	\$ 75	\$ 75
Rental income	307,448	307,448	340,384	32,936
Contractual service charges	-	57,877	-	(57,877)
Loan Collections-				
Principal	12,261	-	20,685	20,685
Interest	126	-	254	254
Interest on investments	30,000	160,647	261,185	100,538
Miscellaneous:				
Sale of personal property	9,161,924	9,161,924	9,171,776	9,852
Other	-	-	94,956	94,956
Tax increment debt proceeds (in lieu of tax increment revenue)	14,833,197	18,526,456	18,533,021	6,565
Total revenues	24,344,956	28,214,352	28,422,336	207,984
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	19,293,553	22,528,873	15,521,138	7,007,735
Infrastructure	1,171,708	2,945,367	2,070,383	874,984
Property redevelopment	6,012,345	8,768,455	5,839,552	2,928,903
Administration	20,000	15,337	10,106	5,231
Total community development	26,497,606	34,258,032	23,441,179	10,816,853
Contingency	9,910,507	9,480,191	-	9,480,191
Total expenditures	36,408,113	43,738,223	23,441,179	20,297,044
Excess (deficiency) of revenues over expenditures	(12,063,157)	(15,523,871)	4,981,157	20,505,028
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(859,303)	(859,303)	(823,710)	35,593
Total other financing uses	(859,303)	(859,303)	(823,710)	35,593
Net change in fund balance	(12,922,460)	(16,383,174)	4,157,447	20,540,621
<b>FUND BALANCE - July 1, 2017</b>	12,922,460	16,383,174	16,383,174	-
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	20,540,621	\$ 20,540,621
<b>Adjustments to generally accepted accounting principles basis-</b>				
Property held for sale			1,892,705	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			\$ 22,433,326	

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

**RIVER DISTRICT URBAN RENEWAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Intergovernmental revenues-				
Federal grants	\$ 640,000	\$ 1,458,266	\$ 1,236,942	\$ (221,324)
State and local	-	-	18,334	18,334
Charges for services-				
Application fees and charges	7,812	89,812	96,975	7,163
Rental income	2,290,790	2,290,790	2,784,592	493,802
Loan Collections-				
Principal	680,409	421,632	699,010	277,378
Interest	296,164	201,505	487,906	286,401
Interest on investments	493,293	862,006	718,999	(143,007)
Miscellaneous:				
Reimbursements	136,000	226,000	89,951	(136,049)
Other	-	-	391,191	391,191
Tax increment debt proceeds (in lieu of tax increment revenue)	28,475,000	31,968,000	31,982,497	14,497
Total revenues	33,019,468	37,518,011	38,506,397	988,386
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	11,292,850	4,908,956	5,602,734	(693,778)
Infrastructure	861,994	2,184,827	1,543,444	641,383
Property redevelopment	16,495,068	8,719,561	5,669,587	3,049,974
Economic development	169,286	169,286	38,947	130,339
Administration	686,014	639,372	459,304	180,068
Total community development	29,505,212	16,622,002	13,314,016	3,307,986
Contingency	10,855,621	49,186,022	-	49,186,022
Total expenditures	40,360,833	65,808,024	13,314,016	52,494,008
Excess (deficiency) of revenues over expenditures	(7,341,365)	(28,290,013)	25,192,381	53,482,394
<b>OTHER FINANCING SOURCES (USES)</b>				
Internal service reimbursements	(4,589,152)	(4,589,152)	(4,397,312)	191,840
Total other financing sources (uses)	(4,589,152)	(4,589,152)	(4,397,312)	191,840
Net change in fund balance	(11,930,517)	(32,879,165)	20,795,069	53,674,234
<b>FUND BALANCE - July 1, 2017</b>	11,930,517	32,879,165	32,879,164	(1)
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	53,674,233	\$ 53,674,233
<b>Adjustments to generally accepted accounting principles basis-</b>				
Loans receivable, net			13,908,377	
Interest receivable			35,690	
Interfund advances			69,951,421	
Property held for sale			8,718,649	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			\$ 146,288,370	

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

**SOUTH PARK BLOCKS URBAN RENEWAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Charges for services-				
Application fees and charges	\$ 832	\$ 832	\$ 102	\$ (730)
Contractual service charges	-	92,123	-	(92,123)
Loan Collections-				
Principal	88,367	62,481	100,333	37,852
Interest	15,589	9,515	19,718	10,203
Interest on investments	10,000	67,584	85,786	18,202
Miscellaneous:				
Sale of personal property	6,028,076	6,775,121	6,775,121	-
Other	-	-	120,720	120,720
Tax increment debt proceeds (in lieu of tax increment revenue)	1,000,000	-	-	-
Total revenues	7,142,864	7,007,656	7,101,780	94,124
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	1,146,191	1,144,220	519,433	624,787
Property redevelopment	4,656,902	4,756,902	4,657,682	99,220
Economic development	200,000	200,000	4,621	195,379
Administration	5,000	7,821	5,276	2,545
Total community development	6,008,093	6,108,943	5,187,012	921,931
Contingency	4,326,294	6,066,704	-	6,066,704
Total expenditures	10,334,387	12,175,647	5,187,012	6,988,635
Excess (deficiency) of revenues over expenditures	(3,191,523)	(5,167,991)	1,914,768	7,082,759
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(269,250)	(269,250)	(258,150)	11,100
Total other financing uses	(269,250)	(269,250)	(258,150)	11,100
Net change in fund balance	(3,460,773)	(5,437,241)	1,656,618	7,093,859
<b>FUND BALANCE - July 1, 2017</b>	3,460,773	5,437,241	5,437,241	-
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	7,093,859	\$ 7,093,859
<b>Adjustments to generally accepted accounting principles basis-</b>				
Loans receivable, net			575,163	
Other receivable			1,206	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			\$ 7,670,228	

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

**CONVENTION CENTER URBAN RENEWAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Charges for services-				
Application fees and charges	\$ 3,350	\$ 3,350	\$ 10,333	\$ 6,983
Rental income	2,616,656	2,616,656	2,400,629	(216,027)
Loan Collections-				
Principal	158,763	266,943	494,464	227,521
Interest	259,930	235,551	311,319	75,768
Interest on investments	10,000	375,442	234,822	(140,620)
Miscellaneous:				
Sale of personal property	12,200,000	4,300,000	3,820,000	(480,000)
Total revenues	15,248,699	7,797,942	7,271,567	(526,375)
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	5,067,073	2,585,573	71,872	2,513,701
Property redevelopment	4,864,791	21,000,195	9,231,199	11,768,996
Economic development	116,650	116,650	5,219	111,431
Administration	30,045	12,121	5,276	6,845
Total community development	10,078,559	23,714,539	9,313,566	14,400,973
Contingency	7,424,790	21,118,115	-	21,118,115
Total expenditures	17,503,349	44,832,654	9,313,566	35,519,088
Excess (deficiency) of revenues over expenditures	(2,254,650)	(37,034,712)	(2,041,999)	34,992,713
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(1,270,413)	(1,270,413)	(1,217,760)	52,653
Total other financing uses	(1,270,413)	(1,270,413)	(1,217,760)	52,653
Net change in fund balance	(3,525,063)	(38,305,125)	(3,259,759)	35,045,366
<b>FUND BALANCE - July 1, 2017</b>	3,525,063	38,305,125	38,305,125	-
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	35,045,366	\$ 35,045,366
<b>Adjustments to generally accepted accounting principles basis-</b>				
Loans receivable, net			11,150,094	
Other receivable			17,347	
Property held for sale			5,580,314	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			\$ 51,793,121	

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

**CENTRAL EASTSIDE URBAN RENEWAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Charges for services-				
Application fees and charges	\$ 1,996	\$ 1,996	\$ 961	\$ (1,035)
Rental income	104,000	104,000	321,244	217,244
Loan Collections-				
Principal	158,763	128,698	273,257	144,559
Interest	259,930	20,039	33,774	13,735
Interest on investments	5,000	244,182	351,714	107,532
Miscellaneous:				
Reimbursements	-	-	6,492	6,492
Other	-	-	200	200
Tax increment debt proceeds (in lieu of tax increment revenue)	5,827,553	6,492,491	6,396,492	(95,999)
Total revenues	6,357,242	6,991,406	7,384,134	392,728
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	806,530	2,014,632	1,908,014	106,618
Infrastructure	2,026,075	2,235,950	74,401	2,161,549
Property redevelopment	3,078,547	2,938,947	518,582	2,420,365
Economic development	449,694	449,694	63,890	385,804
Administration	32,404	6,650	4,395	2,255
Total community development	6,393,250	7,645,873	2,569,282	5,076,591
Contingency	17,608,146	20,543,776	-	20,543,776
Total expenditures	24,001,396	28,189,649	2,569,282	25,620,367
Excess (deficiency) of revenues over expenditures	(17,644,154)	(21,198,243)	4,814,852	26,013,095
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(528,338)	(528,338)	(506,490)	21,848
Total other financing uses	(528,338)	(528,338)	(506,490)	21,848
Net change in fund balance	(18,172,492)	(21,726,581)	4,308,362	26,034,943
<b>FUND BALANCE - July 1, 2017</b>	18,172,492	21,726,581	21,726,582	1
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	26,034,944	\$ 26,034,944
<b>Adjustments to generally accepted accounting principles basis-</b>				
Loans receivable, net			1,309,653	
Other receivable			2,228	
Property held for sale			2,901,699	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			\$ 30,248,524	

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

**LENTS TOWN CENTER URBAN RENEWAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Charges for services-				
Application fees and charges	\$ 1,586	\$ 1,586	\$ 93,561	\$ 91,975
Rental income	166,238	166,238	167,644	1,406
Loan Collections-				
Principal	1,091,289	1,158,324	1,135,833	(22,491)
Interest	40,862	117,120	106,967	(10,153)
Interest on investments	20,033	27,915	150,742	122,827
Miscellaneous:				
Reimbursements	64,905	64,905	75,798	10,893
Sale of personal property	-	-	1,443,292	1,443,292
Tax increment debt proceeds (in lieu of tax increment revenue)	33,689,000	28,988,000	27,697,239	(1,290,761)
Total revenues	35,073,913	30,524,088	30,871,076	346,988
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	14,862,827	14,503,326	12,464,647	2,038,679
Infrastructure	1,892,327	1,995,900	38,041	1,957,859
Property redevelopment	20,613,259	14,931,077	9,834,300	5,096,777
Economic development	851,047	851,047	7,123	843,924
Administration	20,000	38,243	22,063	16,180
Total community development	38,239,460	32,319,593	22,366,174	9,953,419
Contingency	1,146,732	2,549,887	-	2,549,887
Total expenditures	39,386,192	34,869,480	22,366,174	12,503,306
Excess (deficiency) of revenues over expenditures	(4,312,279)	(4,345,392)	8,504,902	12,850,294
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(1,623,903)	(1,623,903)	(1,556,590)	67,313
Total other financing uses	(1,623,903)	(1,623,903)	(1,556,590)	67,313
Net change in fund balance	(5,936,182)	(5,969,295)	6,948,312	12,917,607
<b>FUND BALANCE - July 1, 2017</b>	5,936,182	5,969,295	5,969,295	-
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	12,917,607	\$ 12,917,607
<b>Adjustments to generally accepted accounting principles basis-</b>				
Loans receivable, net			12,368,592	
Other receivable			4,180	
Property held for sale			2,739,395	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			\$ 28,029,774	

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

**INTERSTATE CORRIDOR URBAN RENEWAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Charges for services-				
Application fees and charges	\$ 1,854	\$ 1,854	\$ 3,740	\$ 1,886
Rental income	283,879	283,879	194,302	(89,577)
Loan Collections-				
Principal	194,962	166,062	363,450	197,388
Interest	36,736	20,539	38,152	17,613
Interest on investments	88,931	287,856	525,926	238,070
Miscellaneous:				
Reimbursements	93,386	93,386	102,226	8,840
Other	-	-	1,757	1,757
Tax increment debt proceeds (in lieu of tax increment revenue)	27,981,000	25,974,000	25,885,987	(88,013)
Total revenues	28,680,748	26,827,576	27,115,540	287,964
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	37,543,769	22,473,190	11,023,271	11,449,919
Infrastructure	1,300,791	804,961	43,865	761,096
Property redevelopment	7,347,245	7,258,409	1,424,009	5,834,400
Economic development	411,278	446,278	211,692	234,586
Administration	22,532	32,610	18,793	13,817
Total community development	46,625,615	31,015,448	12,721,630	18,293,818
Contingency	8,879,064	25,741,718	-	25,741,718
Total expenditures	55,504,679	56,757,166	12,721,630	44,035,536
Excess (deficiency) of revenues over expenditures	(26,823,931)	(29,929,590)	14,393,910	44,323,500
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(2,385,536)	(2,385,536)	(2,286,640)	98,896
Total other financing uses	(2,385,536)	(2,385,536)	(2,286,640)	98,896
Net change in fund balance	(29,209,467)	(32,315,126)	12,107,270	44,422,396
<b>FUND BALANCE - July 1, 2017</b>	29,209,467	32,315,126	32,315,126	-
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	44,422,396	\$ 44,422,396
<b>Adjustments to generally accepted accounting principles basis-</b>				
Loans receivable, net			9,028,030	
Other receivable			2,187	
Property held for sale			1,034,096	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			\$ 54,486,709	



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

**GATEWAY REGIONAL CENTER URBAN RENEWAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Charges for services-				
Application fees and charges	\$ 104	\$ 104	\$ 150	\$ 46
Loan Collections-				
Principal	10,125	54,442	72,589	18,147
Interest	2,769	85	113	28
Interest on investments	35,726	114,788	210,987	96,199
Tax increment debt proceeds (in lieu of tax increment revenue)	4,650,252	4,995,000	4,997,242	2,242
Total revenues	4,698,976	5,164,419	5,281,081	116,662
<b>EXPENDITURES</b>				
Current:				
Community development:				
Housing	1,655,850	755,850	476,264	279,586
Infrastructure	2,697,256	1,217,256	38,870	1,178,386
Property redevelopment	7,346,510	1,224,510	431,781	792,729
Economic development	389,025	389,025	4,580	384,445
Administration	10,000	5,589	2,949	2,640
Total community development	12,098,641	3,592,230	954,444	2,637,786
Contingency	3,855,989	15,025,327	-	15,025,327
Total expenditures	15,954,630	18,617,557	954,444	17,663,113
Excess (deficiency) of revenues over expenditures	(11,255,654)	(13,453,138)	4,326,637	17,779,775
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(652,853)	(652,853)	(625,820)	27,033
Total other financing uses	(652,853)	(652,853)	(625,820)	27,033
Net change in fund balance	(11,908,507)	(14,105,991)	3,700,817	17,806,808
<b>FUND BALANCE - July 1, 2017</b>	11,908,507	14,105,991	14,105,990	(1)
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	17,806,807	\$ 17,806,807
<b>Adjustments to generally accepted accounting principles basis-</b>				
Property held for sale			4,108,319	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			\$ 21,915,126	

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

**AIRPORT WAY URBAN RENEWAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Charges for services-				
Application fees and charges	\$ 813	\$ 813	\$ 260	\$ (553)
Loan Collections-				
Principal	139,744	39,439	108,996	69,557
Interest	22,862	13,503	25,906	12,403
Interest on investments	10,000	65,882	80,881	14,999
Miscellaneous:				
Sale of personal property	-	994,532	994,532	-
Total revenues	<u>173,419</u>	<u>1,114,169</u>	<u>1,210,575</u>	<u>96,406</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Property redevelopment	93,450	297,450	187,357	110,093
Economic development	68,299	68,299	10,372	57,927
Administration	3,647	7,821	4,576	3,245
Total community development	<u>165,396</u>	<u>373,570</u>	<u>202,305</u>	<u>171,265</u>
Contingency	<u>5,464,837</u>	<u>5,673,553</u>	<u>-</u>	<u>5,673,553</u>
Total expenditures	<u>5,630,233</u>	<u>6,047,123</u>	<u>202,305</u>	<u>5,844,818</u>
Excess (deficiency) of revenues over expenditures	<u>(5,456,814)</u>	<u>(4,932,954)</u>	<u>1,008,270</u>	<u>5,941,224</u>
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	<u>(111,548)</u>	<u>(111,548)</u>	<u>(106,990)</u>	<u>4,558</u>
Total other financing uses	<u>(111,548)</u>	<u>(111,548)</u>	<u>(106,990)</u>	<u>4,558</u>
Net change in fund balance	(5,568,362)	(5,044,502)	901,280	5,945,782
<b>FUND BALANCE - July 1, 2017</b>	<u>5,568,362</u>	<u>5,044,502</u>	<u>5,044,502</u>	<u>-</u>
<b>FUND BALANCE - June 30, 2018</b>	\$ <u>-</u>	\$ <u>-</u>	5,945,782	\$ <u>5,945,782</u>
<b>Adjustments to generally accepted accounting principles basis-</b>				
Loans receivable, net			1,820,644	
Property held for sale			<u>7,878,034</u>	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			\$ <u>15,644,460</u>	

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

**WILLAMETTE INDUSTRIAL URBAN RENEWAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Interest on investments	\$ 10,000	\$ 49,115	\$ 57,679	\$ 8,564
Total revenues	10,000	49,115	57,679	8,564
<b>EXPENDITURES</b>				
Current:				
Community development:				
Property redevelopment	26,650	26,650	-	26,650
Economic development	90,000	90,000	-	90,000
Administration	5,718	-	-	-
Total community development	122,368	116,650	-	116,650
Contingency	3,878,412	4,067,257	-	4,067,257
Total expenditures	4,000,780	4,183,907	-	4,183,907
Excess (deficiency) of revenues over expenditures	(3,990,780)	(4,134,792)	57,679	4,192,471
<b>OTHER FINANCING USES</b>				
Internal service reimbursements	(11,937)	(11,937)	(11,500)	437
Total other financing uses	(11,937)	(11,937)	(11,500)	437
Net change in fund balance	(4,002,717)	(4,146,729)	46,179	4,192,908
<b>FUND BALANCE - July 1, 2017</b>	4,002,717	4,146,729	4,146,729	-
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	\$ 4,192,908	\$ 4,192,908



**PROSPER**  
PORTLAND

**Building an Equitable Economy**

## **PROPRIETARY FUNDS**

### **ENTERPRISE FUNDS**

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

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

*Small Business Loan Fund*

*Business Development Loan Fund*

*Working Capital Fund*

*NPI Opportunity Fund*

*Workforce Training/Hiring Fund*

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

### **INTERNAL SERVICE FUND**

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

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

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

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2018**

	<b>Enterprise Loans Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash with City of Portland investment pool	\$ 3,518,862
Receivables:	
Internal balances	1,229,000
Loans, net	330,926
Interest	17,158
Other	1,238
	<hr/>
Total current assets	5,097,184
	<hr/>
Noncurrent assets:	
Loans receivable, net	73,515
	<hr/>
Total noncurrent assets	73,515
	<hr/>
Total assets	\$ 5,170,699
	<hr/> <hr/>
<b>LIABILITIES AND NET POSITION</b>	
<b>Liabilities:</b>	
Current liabilities:	
<b>NET POSITION</b>	
Net investment in capital assets	-
Unrestricted	5,170,699
	<hr/>
Total net position	5,170,699
	<hr/>
Total liabilities and net position	\$ 5,170,699
	<hr/> <hr/>

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**

**For the Fiscal Year Ended June 30, 2018**

	<b>Enterprise Loans Fund</b>
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 2,602
Interest on loans	12,707
Miscellaneous revenues	<u>12,522</u>
Total operating revenues	<u>27,831</u>
<b>OPERATING EXPENSES:</b>	
Personal services	54,006
Professional services	251
Financial assistance	<u>275,606</u>
Total operating expenses	<u>329,863</u>
Operating income (loss)	<u>(302,032)</u>
<b>NON-OPERATING REVENUES (EXPENSE):</b>	
Interest on investments	<u>57,978</u>
Total non-operating revenues (expense)	<u>57,978</u>
Income before transfers	<u>(244,054)</u>
Change in net position	<u>(244,054)</u>
<b>Net position - July 1, 2017</b>	<u>5,414,753</u>
<b>Net position - June 30, 2018</b>	<u><u>\$ 5,170,699</u></u>

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

**COMBINING STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Non-Major Business-type Activities -</b>
	<b>Enterprise Loans Fund</b>
<b>Cash flows from operating activities:</b>	
Loan collections from borrowers	\$ 412,213
Interest on loans from borrowers	11,469
Loan fees from customers	2,603
Payments to employees	(36,856)
Payments to vendors	(252)
Payments for interfund services used	(17,150)
Loans to borrowers	(232,367)
<b>Net cash provided/(used) by operating activities</b>	<b>139,660</b>
<b>Cash flows from noncapital financing activities:</b>	
Repayment of interfund borrowing	484,000
Interfund borrowing	(1,229,000)
<b>Net cash provide (used) by capital and related financing activities</b>	<b>(745,000)</b>
<b>Cash flows from investing activities:</b>	
Interest received from investing	52,730
Net cash increase (decrease) in cash and cash equivalents	(552,610)
<b>Cash and cash equivalents-July 1, 2017</b>	<b>4,071,472</b>
<b>Cash and cash equivalents-June 30, 2018</b>	<b>\$ 3,518,862</b>
<b>Cash with City of Portland investment pool</b>	<b>\$ 3,518,862</b>
<b>Total</b>	<b>\$ 3,518,862</b>
<b>Reconciliation of operating income to net cash provided/(used) by operating activities:</b>	
Net operating income(loss)	\$ (302,032)
Adjustments to reconcile net operating income to net cash provided/(used) by operating activities:	
Decrease in loans receivable	442,930
Decrease in due from other entities	(1,238)
Total adjustments	441,692
Net cash provided/(used) by operating activities	\$ 139,660



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

**ENTERPRISE LOANS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Charges for services-				
Application fees and charges	\$ 4,018	\$ 4,018	\$ 2,604	\$ (1,414)
Loan Collections-				
Principal	495,962	547,705	412,212	(135,493)
Interest	8,880	31,898	11,469	(20,429)
Interest on investments	21,236	21,236	57,976	36,740
Total revenues	530,096	604,857	484,261	(120,596)
<b>EXPENDITURES</b>				
Current:				
Community development:				
Economic development	670,818	670,818	240,217	430,601
Total community development	670,818	670,818	240,217	430,601
Contingency	3,904,512	5,658,472	-	5,658,472
Total expenditures	4,575,330	6,329,290	240,217	6,089,073
Excess (deficiency) of revenues over expenditures	(4,045,234)	(5,724,433)	244,044	5,968,477
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in-				
General Fund	-	364,000	484,000	120,000
Housing and Community Development Contract Fund	-	190,000	-	(190,000)
Total transfers in	-	554,000	484,000	(70,000)
Internal service reimbursements	(48,308)	(48,308)	(46,406)	1,902
Transfers out:				
General Fund	(120,000)	(120,000)	(1,229,000)	(1,109,000)
Total transfers out	(120,000)	(120,000)	(1,229,000)	(1,109,000)
Total other financing sources (uses)	(168,308)	385,692	(791,406)	(1,177,098)
Net change in fund balance	(4,213,542)	(5,338,741)	(547,362)	4,791,379
<b>FUND BALANCE - July 1, 2017</b>	<b>4,213,542</b>	<b>5,338,741</b>	<b>4,083,383</b>	<b>(1,255,358)</b>
<b>FUND BALANCE - June 30, 2018</b>	<b>\$ -</b>	<b>\$ -</b>	<b>3,536,021</b>	<b>\$ 3,536,021</b>
<b>Adjustments to generally accepted accounting principles basis-</b>				
Loans receivable, net			404,441	
Other receivable			1,237	
Interfund advances			1,229,000	
<b>FUND BALANCE - June 30, 2018 (GAAP BASIS)</b>			<b>\$ 5,170,699</b>	

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

**COMBINING SCHEDULE OF NET POSITION**  
**FOR COMPONENTS OF THE ENTERPRISE LOANS FUND**  
**June 30, 2018**

	<b>Small Business Loan Fund</b>	<b>Business Development Loan Fund</b>	<b>Working Capital fund</b>	<b>NPI Opportunity Fund</b>	<b>Workforce Training/Hiring Fund</b>	<b>Total Enterprise Loans Fund</b>
<b>ASSETS</b>						
Current assets:						
Cash with City of Portland investment pool	\$ 321,926	\$ 1,163,302	\$ 1,048,072	\$ 907,531	\$ 78,031	\$ 3,518,862
Receivables:						
Due from other funds	826,000	403,000	-	-	-	1,229,000
Loans, net	55,683	8,296	8,326	258,621	-	330,926
Interest	2,620	5,316	5,050	3,842	330	17,158
Other	803	89	346	-	-	1,238
Total current assets	1,207,032	1,580,003	1,061,794	1,169,994	78,361	5,097,184
Noncurrent assets:						
Loans receivable, net	272,635	58,720	781	(258,621)	-	73,515
Total noncurrent assets	272,635	58,720	781	(258,621)	-	73,515
Total assets	1,479,667	1,638,723	1,062,575	911,373	78,361	5,170,699
<b>Net Position:</b>						
Unrestricted	\$ 1,479,667	\$ 1,638,723	\$ 1,062,575	\$ 911,373	\$ 78,361	\$ 5,170,699

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

**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR COMPONENTS OF THE ENTERPRISE LOANS FUND**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Small Business Loan Fund</b>	<b>Business Development Loan Fund</b>	<b>Working Capital Fund</b>	<b>NPI Opportunity Fund</b>	<b>Workforce Training/Hiring Fund</b>	<b>Total Enterprise Loans Fund</b>
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 865	\$ 935	\$ 552	\$ 250	\$ -	\$ 2,602
Interest on loans	1,110	2,869	552	8,176	-	12,707
Miscellaneous revenues	-	-	-	12,522	-	12,522
Total operating revenues	<u>1,975</u>	<u>3,804</u>	<u>1,104</u>	<u>20,948</u>	<u>-</u>	<u>27,831</u>
<b>OPERATING EXPENSES:</b>						
Personal services	30,817	18,798	4,345	46	-	54,006
Professional services	234	17	-	-	-	251
Financial assistance	31,432	17,090	227,084	-	-	275,606
Total operating expenses	<u>62,483</u>	<u>35,905</u>	<u>231,429</u>	<u>46</u>	<u>-</u>	<u>329,863</u>
Operating income (loss)	<u>(60,508)</u>	<u>(32,101)</u>	<u>(230,325)</u>	<u>20,902</u>	<u>-</u>	<u>(302,032)</u>
<b>NON-OPERATING REVENUES (EXPENSE):</b>						
Interest on investment	11,101	18,501	17,251	10,048	1,077	57,978
Total non-operating revenues (expense)	<u>11,101</u>	<u>18,501</u>	<u>17,251</u>	<u>10,048</u>	<u>1,077</u>	<u>57,978</u>
Income (loss) before transfers	<u>(49,407)</u>	<u>(13,600)</u>	<u>(213,074)</u>	<u>30,950</u>	<u>1,077</u>	<u>(244,054)</u>
Change in net position	<u>(49,407)</u>	<u>(13,600)</u>	<u>(213,074)</u>	<u>30,950</u>	<u>1,077</u>	<u>(244,054)</u>
<b>Net position - July 1, 2017</b>	<u>1,529,074</u>	<u>1,652,323</u>	<u>1,275,649</u>	<u>880,423</u>	<u>77,284</u>	<u>5,414,753</u>
<b>Net position - June 30, 2018</b>	<u>\$ 1,479,667</u>	<u>\$ 1,638,723</u>	<u>\$ 1,062,575</u>	<u>\$ 911,373</u>	<u>\$ 78,361</u>	<u>\$ 5,170,699</u>

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

**BUSINESS MANAGEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Rental income	\$ -	\$ 55,000	\$ -	\$ (55,000)
Contractual service charges	-	30,000	48,000	18,000
Interest on investments	69,066	69,066	68,026	(1,040)
Miscellaneous:				
Reimbursements	-	-	46,520	46,520
Sale of personal property	3,300,000	3,300,000	3,290,148	(9,852)
Other	-	-	31,286	31,286
Total revenues	3,369,066	3,454,066	3,483,980	29,914
EXPENDITURES				
Property redevelopment	543,293	2,642,374	589,648	2,052,726
Total community development	543,293	2,642,374	589,648	2,052,726
Contingency	9,411,509	7,373,559	-	7,373,559
Total expenditures	9,954,802	10,015,933	589,648	9,426,285
Net change in fund balance	(6,585,736)	(6,561,867)	2,894,332	9,456,199
FUND BALANCE - July 1, 2017	6,585,736	6,561,867	6,561,867	-
FUND BALANCE - June 30, 2018	\$ -	\$ -	9,456,199	\$ 9,456,199
Adjustments to generally accepted accounting principles basis-				
Interfund advances			(69,951,421)	
Property held for sale			71,145,817	
FUND BALANCE - June 30, 2018 (GAAP BASIS)			\$ 10,650,595	

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

**RISK MANAGEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Interest on investments	\$ -	\$ -	\$ 1,833	\$ 1,833
Total revenues	-	-	1,833	1,833
<b>EXPENDITURES</b>				
Current:				
Community development:				
Administration	131,208	131,208	487	130,721
Total community development	131,208	131,208	487	130,721
Contingency	-	638	-	638
Total expenditures	131,208	131,846	487	131,359
Excess (deficiency) of revenues over expenditures	(131,208)	(131,846)	1,346	133,192
Net change in fund balance	(131,208)	(131,846)	1,346	133,192
<b>FUND BALANCE - July 1, 2017</b>	131,208	131,846	131,846	-
<b>FUND BALANCE - June 30, 2018</b>	\$ -	\$ -	\$ 133,192	\$ 133,192



**PROSPER**  
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**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

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

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY SOURCE**

**For The Fiscal Year Ended June 30, 2018**

Governmental funds capital assets:

Land	\$ 16,016,870
Buildings and improvements	37,171,785
Leasehold improvements	3,849,501
Equipment	551,901
Intangible software, net	1,209,231
Work in process	5,704,940
Accumulated depreciation	(6,898,172)
	<u>\$ 57,606,056</u>

Investment in governmental funds capital assets by source:

General Fund	\$ 1,761,133
Special Revenue Fund	14,917,384
Capital Projects Funds	47,825,711
Accumulated depreciation	(6,898,172)
	<u>\$ 57,606,056</u>

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



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

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
For The Fiscal Year Ended June 30, 2018**

<b>Function and Activity</b>	<b>Land</b>	<b>Buildings</b>	<b>Leasehold Improvements</b>	<b>Equipment</b>	<b>Software</b>	<b>Work in Process</b>	<b>Total</b>
Community development Revitalization Administration	\$ 16,016,870	\$ 37,171,785	\$ -	\$ -	\$ -	\$ 5,569,918	\$ 58,758,572
	-	-	3,849,501	551,901	1,209,231	135,022	5,745,655
Total community development	16,016,870	37,171,785	3,849,501	551,901	1,209,231	5,704,940	64,504,228
Less: accumulated depreciation	-	(2,730,808)	(3,849,501)	(317,863)	-	-	(6,898,172)
Total governmental funds capital assets	\$ 16,016,870	\$ 34,440,977	\$ -	\$ 234,038	\$ 1,209,231	\$ 5,704,940	\$ 57,606,056

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

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

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
For The Fiscal Year Ended June 30, 2018**

<b>Function and Activity</b>	<b>Governmental Capital Assets July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Governmental Capital Assets June 30, 2018</b>
Community development				
Revitalization	\$ 45,712,634	\$ 13,045,939	\$ -	\$ 58,758,573
Administration	6,392,509	244,447	(891,301)	5,745,655
Total community development	52,105,143	13,290,386	(891,301)	64,504,228
Less: accumulated depreciation	(6,988,744)	-	90,572	(6,898,172)
Total governmental funds capital assets	<u>\$ 45,116,399</u>	<u>\$ 13,290,386</u>	<u>\$ (800,729)</u>	<u>\$ 57,606,056</u>

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

**PROSPER PORTLAND**  
**A COMPONENT UNIT OF THE CITY OF PORTLAND OREGON**  
**SCHEDULE OF ACTIVITY OF REAL PROPERTY AND CAPITAL ASSETS**  
**HELD BY THE COMMISSION**  
**For The Fiscal Year Ended June 30, 2018**

<b>Funding Source</b>	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Sales/ Adjustment</b>	<b>Balance June 30, 2018</b>
<b>HELD FOR SALE ASSETS:</b>				
<b>General Fund (Urban Redevelopment Fund):</b>				
Woodstock & Foster Rd-Dagel-LTC	\$ 100,000	\$ -	\$ -	\$ 100,000
9330 SE Harold St-Boys & Girls Club-LTC	46,754	-	-	46,754
<b>Total</b>	<b>146,754</b>	<b>-</b>	<b>-</b>	<b>146,754</b>
<b>Downtown Waterfront Urban Renewal Fund:</b>				
NW Naito Parkway	73,597	-	-	73,597
South Waterfront Development	96,472	-	-	96,472
411 NW Flanders Unit 100	800,000	-	-	800,000
411 NW Flanders Parking (10 spaces)	155,000	-	(31,000)	124,000
<b>Total</b>	<b>1,125,069</b>	<b>-</b>	<b>(31,000)</b>	<b>1,094,069</b>
<b>North Macadam Urban Renewal Fund:</b>				
401 SW Harrison St-Jasmine Tree	-	747,045	(747,045)	-
South Waterfront Development	2,244,152	-	(351,447)	1,892,705
<b>Total</b>	<b>2,244,152</b>	<b>747,045</b>	<b>(1,098,492)</b>	<b>1,892,705</b>
<b>River District Urban Renewal Fund:</b>				
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
9th & Lovejoy-Station Place	38,412	-	-	38,412
4th & West Burnside	1,201,636	-	-	1,201,636
Union Station-Old Fire Station	430,863	-	-	430,863
US Postal Site	4,202,536	-	-	4,202,536
<b>Total</b>	<b>8,718,649</b>	<b>-</b>	<b>-</b>	<b>8,718,649</b>
<b>South Park Blocks Urban Renewal Fund:</b>				
5th & SW Montgomery St-PSU Carpool Lot	2,712,809	-	(2,712,809)	-
401 SW Harrison St-Jasmine Tree	747,045	-	(747,045)	-
<b>Total</b>	<b>3,459,854</b>	<b>-</b>	<b>(3,459,854)</b>	<b>-</b>
<b>Convention Center Urban Renewal Fund:</b>				
NE Hol/MLK Blvd-Christie-Block 47	455,843	-	(455,843)	-
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
<b>Total</b>	<b>6,036,157</b>	<b>-</b>	<b>(455,843)</b>	<b>5,580,314</b>
<b>Central Eastside Urban Renewal Fund:</b>				
ODOT Blocks	2,845,000	-	-	2,845,000
** WIP Clinton Triangle	56,697	2	-	56,699
<b>Total</b>	<b>2,901,697</b>	<b>2</b>	<b>-</b>	<b>2,901,699</b>
<b>Lents Town Center Urban Renewal Fund:</b>				
9316 SE Woodstock Blvd-Glendville	115,689	-	(115,689)	-
9330 SE Harold St-Boys and Girls Club	1,251,909	-	-	1,251,909
6116 SE 93rd-Davis Property	94,311	-	(94,311)	-
5728 SE 91st & 5808 SE 91st-Rssn Church	437,000	-	(437,000)	-
9231 SE Foster Rd-Arch Iron Wrks	630,000	-	-	630,000
9320 SE Ramona St-Tate	120,970	-	-	120,970
7104-7120, 7126-7130, 7238 SE Foster Rd-Metr	1,246,516	-	(510,000)	736,516
<b>Total</b>	<b>3,896,395</b>	<b>-</b>	<b>(1,157,000)</b>	<b>2,739,395</b>
<b>Interstate Corridor Urban Renewal Fund:</b>				
2221 N Argyle St	1,034,095	1	-	1,034,096
<b>Total</b>	<b>1,034,095</b>	<b>1</b>	<b>-</b>	<b>1,034,096</b>
<b>Gateway Regional Center Urban Renewal Fund:</b>				
1111-1125 NE 99th-Oregon Clinic	848,094	39,800	-	887,894
10520 NE Halsey St	1,152,811	-	-	1,152,811
10506-10512 NE Halsey St	2,067,614	-	-	2,067,614
<b>Total</b>	<b>4,068,519</b>	<b>39,800</b>	<b>-</b>	<b>4,108,319</b>
<b>Airport Way Urban Renewal Fund:</b>				
Cascade Station Lease Rights	9,011,865	-	(1,133,831)	7,878,034
<b>Total</b>	<b>9,011,865</b>	<b>-</b>	<b>(1,133,831)</b>	<b>7,878,034</b>
<b>Business Management Fund</b>				
BLOCK 25-3RD/4TH & NW FLANDERS/GLISAN	-	944,425	-	944,425
US Postal Site-715 NW Hoyt St	70,201,392	-	-	70,201,392
<b>Total</b>	<b>70,201,392</b>	<b>944,425</b>	<b>-</b>	<b>71,145,817</b>
<b>Total all HFS funds</b>	<b>112,844,598</b>	<b>1,731,273</b>	<b>(7,336,020)</b>	<b>107,239,851</b>

**PROSPER PORTLAND**  
**A COMPONENT UNIT OF THE CITY OF PORTLAND OREGON**  
**SCHEDULE OF ACTIVITY OF REAL PROPERTY AND CAPITAL ASSETS**  
**HELD BY THE COMMISSION**  
**For The Fiscal Year Ended June 30, 2018**

<b>Funding Source</b>	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Sales/ Adjustment</b>	<b>Balance June 30, 2018</b>
<b>NOT HELD FOR SALE ASSETS (CAPITAL ASSETS):</b>				
<b>General Fund (Urban Redevelopment Fund):</b>				
South Auditorium Park Block C	2	-	-	2
<b>Total</b>	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
<b>Downtown Waterfront Urban Renewal Fund:</b>				
Union Station Parcels-South of Union St	632,260	-	-	632,260
<b>Total</b>	<u>632,260</u>	<u>-</u>	<u>-</u>	<u>632,260</u>
<b>North Macadam Urban Renewal Fund:</b>				
1852 SW River Dr-River Place Garage	4,175,080	-	-	4,175,080
<b>Total</b>	<u>4,175,080</u>	<u>-</u>	<u>-</u>	<u>4,175,080</u>
<b>River District Urban Renewal Fund:</b>				
Union Station Parcels	6,864,652	-	-	6,864,652
511 NW Broadway-PNCA	5,800,000	-	-	5,800,000
800 NW 6th Ave Parking Site-Block Y	487,039	-	-	487,039
Station Place Garage	9,281,563	-	-	9,281,563
<b>Total</b>	<u>22,433,254</u>	<u>-</u>	<u>-</u>	<u>22,433,254</u>
<b>Convention Center Urban Renewal Fund:</b>				
** WIP Block 49 Parking Garage	1,354,358	4,215,560	-	5,569,918
1st/Multnomah /2nd/Holladay-Block 49	1,747,754	-	-	1,747,754
420 Holladay St-Inn @ Convention Center	3,900,000	-	-	3,900,000
<b>Total</b>	<u>7,002,112</u>	<u>4,215,560</u>	<u>-</u>	<u>11,217,672</u>
<b>Central Eastside Urban Renewal Fund:</b>				
240 NE MLK Blvd	152,396	5,160	-	157,556
<b>Total</b>	<u>152,396</u>	<u>5,160</u>	<u>-</u>	<u>157,556</u>
<b>9101 Foster LLC Fund:</b>				
Lents Commons-9101 SE Foster RD	5,263,165	8,825,219	-	14,088,384
Lents Commons-9101 SE Foster RD	829,000	-	-	829,000
<b>Total</b>	<u>6,092,165</u>	<u>8,825,219</u>	<u>-</u>	<u>14,917,384</u>
<b>Lents Town Center Urban Renewal Fund:</b>				
5716 SE 92nd Ave-Bakery Block	2,151,149	-	-	2,151,149
<b>Total</b>	<u>2,151,149</u>	<u>-</u>	<u>-</u>	<u>2,151,149</u>
<b>Interstate Corridor Urban Renewal Fund:</b>				
4500 N Albina-Albina Triangle	6,410	-	-	6,410
3620 NE MLK Blvd-Parking Lot	61,888	-	-	61,888
8411 N Denver Ave	1,575,093	-	-	1,575,093
2221 N Argyle St	1,430,825	-	-	1,430,825
<b>Total</b>	<u>3,074,216</u>	<u>-</u>	<u>-</u>	<u>3,074,216</u>
<b>Total all NHFS funds</b>	<u>45,712,634</u>	<u>13,045,939</u>	<u>-</u>	<u>58,758,573</u>
<b>Total all real property assets</b>	<u>158,557,232</u>	<u>14,777,212</u>	<u>(7,336,020)</u>	<u>165,998,424</u>
<b>CAPITAL ASSETS:</b>				
<b>Add:</b>				
Equipment	1,155,937	109,425	(713,461)	551,901
Leasehold improvements Mason/Ehrman Bldg	3,849,501	-	-	3,849,501
Intangible Software, net	1,387,071	135,022	(177,840)	1,344,253
Accumulated depreciation-NHFS	(6,988,744)	-	90,572	(6,898,172)
<b>Total Capital Assets</b>	<u>\$ 157,960,997</u>	<u>\$ 15,021,659</u>	<u>\$ (8,136,749)</u>	<u>\$ 164,845,907</u>

\*\* Represents work in process

# Statistical Section\_\_\_\_\_



**PROSPER**  
PORTLAND

**Building an Equitable Economy**

## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	124
<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	128
<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	132
<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	137
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place.</i>	
Operating Information	148
<i>These schedules contain service data to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.</i>	

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

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

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

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12 (as restated) <sup>(2)</sup>	2012-13	2013-14 (as restated) <sup>(3)</sup>	2014-15	2015-16	2016-17	2017-18
Governmental activities										
Net investment in capital assets	\$ 12,404,855	\$ 9,995,090	\$ 9,602,690	\$ 8,938,704	\$ 8,754,072	\$ 14,507,557	\$ 14,279,722	\$ 13,371,303	\$ 45,116,399	\$ 57,606,056
Restricted	262,020,868	267,883,500	213,594,580	289,054,092	276,246,064	297,804,184	315,138,288	378,814,692	350,670,021	391,726,468
Unrestricted	4,943,550	1,527,725	3,689,822	(2,559,951)	1,956,432	(3,165,527)	(1,068,467)	(3,749,511)	(11,754,702)	(21,435,159)
Total governmental activities net position	279,369,273	279,406,315	226,887,092	295,432,845	286,956,568	309,146,214	328,349,543	388,436,484	384,031,718	427,897,365
Business-type activities										
Restricted	-	-	-	-	-	-	-	-	3,000,000	3,000,000
Unrestricted	17,024,863	12,782,861	3,398,793	3,572,176	3,620,905	7,289,181	7,263,709	12,450,539	9,226,591	12,821,294
Total business type activities net position	17,024,863	12,782,861	3,398,793	3,572,176	3,620,905	7,289,181	7,263,709	12,450,539	12,226,591	15,821,294
Total government										
Net investment in capital assets	12,404,855	9,995,090	9,602,690	8,938,704	8,754,072	14,507,557	14,279,722	13,371,303	45,116,399	57,606,056
Restricted	262,020,868	267,883,500	213,594,580	279,593,433	276,246,064	297,804,184	315,138,288	378,814,692	353,670,021	394,726,468
Unrestricted	21,968,413	14,310,586	7,088,615	933,496	5,577,337	4,123,654	6,195,242	8,701,028	(2,528,111)	(8,613,865)
Total government net position	\$ 296,394,136	\$ 292,189,176	\$ 230,285,885	\$ 289,465,633	\$ 290,577,473	\$ 316,435,395	\$ 335,613,252	\$ 400,887,023	\$ 396,258,309	\$ 443,718,659

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

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

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



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

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

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12 (as restated) <sup>(2)</sup>	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Expenses</b>										
Governmental activities:										
Community development	\$ 103,984,411	\$ 130,439,659	\$ 156,412,909	\$ 99,713,038	\$ 101,248,381	\$ 64,855,696	\$ 68,554,896	\$ 68,101,385	\$ 149,834,069	\$ 121,245,646
Business-type activities:										
Enterprise loans	9,936,353	10,450,636	10,621,790	375,805	214,579	79,814	365,839	63,104	47,240	329,863
Enterprise management	-	1,112,560	985,671	1,015,468	958,743	1,052,367	1,203,460	1,177,944	537,901	589,648
Total expenses	113,920,764	142,002,855	168,020,370	101,104,311	102,421,703	65,987,877	70,124,195	69,342,433	150,419,210	122,165,157
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	4,609,577	5,423,765	3,984,188	3,291,192	4,047,062	8,735,896	5,957,476	23,012,140	10,738,238	7,969,592
Operating grants and contributions	9,537,786	17,538,107	7,262,870	7,170,821	7,970,747	7,641,493	9,146,999	16,566,699	8,308,635	9,854,692
Total governmental activities program revenues	14,147,363	22,961,872	11,247,058	10,462,013	12,017,809	16,377,389	15,104,475	39,578,839	19,046,873	17,824,284
Business-type activities:										
Charges for services										
Enterprise Loans	3,643,684	1,368,842	1,126,578	240,514	95,055	163,255	333,883	13,562	5,021	2,802
Enterprise management	-	931,113	932,367	977,933	1,118,228	6,836,340	1,093,796	5,114,402	59,633	48,000
Operating grants and contributions	6,840,790	6,747,695	200,092	200,000	-	-	-	871,000	-	-
Total business-type activities program revenues	10,484,474	9,047,650	2,259,037	1,418,447	1,213,283	6,999,595	1,427,679	5,998,964	64,654	50,802
Total revenues	24,631,837	32,009,522	13,506,095	11,880,460	13,231,092	23,376,984	16,532,154	45,577,803	19,111,527	17,874,886
Net (expense)/revenue:										
Governmental activities	(89,837,048)	(107,477,787)	(145,165,851)	(89,251,025)	(89,230,572)	(48,478,307)	(53,450,421)	(28,522,546)	(130,787,196)	(103,421,362)
Business-type activities	10,484,474	(2,515,546)	(9,348,424)	27,174	39,961	5,887,414	(141,620)	4,757,916	(520,487)	(868,909)
Total net expenses	(79,352,574)	(109,993,333)	(154,514,275)	(89,223,851)	(69,190,611)	(42,610,893)	(53,592,041)	(23,764,630)	(131,307,683)	(104,290,271)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Tax-increment debt proceeds										
(in lieu of tax-increment revenue)	105,254,573	89,778,162	85,287,185	133,787,307	73,354,431	59,718,111	54,233,796	82,062,888	91,384,288	116,187,078
City of portland debt proceeds for operations	-	-	-	-	-	-	-	-	17,372,202	-
Unrestricted investment income	2,872,087	1,190,507	664,618	525,565	675,546	838,080	1,076,076	1,711,929	2,246,957	3,350,550
Miscellaneous	7,920,829	14,769,846	6,644,825	23,543,906	6,724,318	5,966,992	17,423,499	4,972,873	15,468,001	27,800,218
Special Item - Historic Monument	-	-	-	-	-	5,800,000	-	-	-	-
Transfer 511 NW Broadway	-	1,776,314	50,000	(60,000)	2,227,027	2,227,027	(79,621)	(138,203)	(99,018)	-
Transfers	37,000	-	92,646,628	157,796,778	80,754,295	74,550,210	72,653,750	88,609,437	126,382,430	147,337,846
Total governmental activities	116,084,489	107,514,829	92,646,628	157,796,778	80,754,295	74,550,210	72,653,750	88,609,437	126,382,430	147,337,846
Business-type activities:										
Unrestricted investment income	74,339	49,858	14,356	7,480	8,768	27,889	36,527	102,954	152,615	138,711
Miscellaneous	30,027	-	-	78,729	-	-	-	187,757	44,906	4,324,901
Transfers	(37,000)	(1,776,314)	(90,000)	60,000	-	(2,227,027)	79,621	138,203	99,018	-
Total business-type activities	67,366	(1,726,456)	(35,644)	146,209	8,768	(2,199,138)	116,148	428,914	296,539	4,463,612
Total	116,151,855	105,788,373	92,610,984	157,942,987	80,763,063	72,351,072	72,769,898	89,038,401	126,678,969	151,801,458
<b>Changes in Net Position</b>										
Governmental activities	26,247,441	37,042	(52,519,223)	68,545,753	(8,476,277)	26,071,903	19,203,329	60,086,941	(4,404,766)	43,916,484
Business-type activities	10,551,840	(4,242,002)	(9,384,068)	173,383	48,729	3,688,276	(25,472)	5,186,830	(223,949)	3,594,703
Total	\$ 36,799,281	\$ (4,204,960)	\$ (61,903,291)	\$ 68,719,136	\$ (8,427,548)	\$ 29,740,179	\$ 19,177,857	\$ 65,273,771	\$ (4,628,714)	\$ 47,511,187

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

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

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

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12 (as restated) <sup>(1)</sup>	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Fund										
Non-spendable	\$ 569,765	\$ 673,358	\$ 1,042,036	\$ 1,028,551	\$ 1,105,962	\$ 806,471	\$ 859,630	\$ 302,609	\$ 247,518	\$ 244,069
Assigned	-	-	3,069,788	2,397,106	2,923,994	1,936,241	902,616	1,472,560	1,321,306	1,250,675
Unassigned	4,391,564	4,632,922	1,010,040	751,723	-	(19,680)	535,759	-	-	-
Total general fund	\$ 4,961,329	\$ 5,306,280	\$ 5,121,864	\$ 4,177,380	\$ 4,029,956	\$ 2,723,032	\$ 2,298,005	\$ 1,775,169	\$ 1,568,824	\$ 1,494,744
All other governmental funds										
Reserved	\$ 182,333,262	\$ 187,587,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, report in:										
Special revenue funds	371,923	1,070,851	-	-	-	-	-	-	-	-
Capital projects funds	88,815,802	84,843,645	-	-	-	-	-	-	-	-
Restricted										
Special revenue funds	-	-	3,583,005	110,797	5,040,534	5,101,586	5,133,963	5,203,434	6,033,781	6,619,291
Capital projects funds	-	-	216,899,188	294,017,822	282,480,872	303,782,402	317,270,005	380,278,386	386,718,687	429,364,897
Unassigned	-	-	-	-	-	-	-	-	(6,150,877)	(15,279,155)
Total all other government funds	\$ 271,520,987	\$ 273,501,698	\$ 220,482,193	\$ 294,128,619	\$ 287,521,406	\$ 308,883,988	\$ 322,403,968	\$ 385,481,820	\$ 386,601,591	\$ 420,705,033

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

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12 (as restated) <sup>(2)</sup>	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Revenues</b>										
Intergovernmental revenues	\$ 9,537,786	\$ 17,538,107	\$ 7,262,870	\$ 7,170,821	\$ 7,970,747	\$ 7,641,493	\$ 9,146,999	\$ 9,887,944	\$ 8,308,635	\$ 9,854,692
Charges for services	1,525,351	1,914,924	1,764,096	1,658,729	4,047,062	8,735,896	5,957,476	23,012,140	10,738,238	7,969,592
Loan collections	3,084,226	3,508,841	1,010,555	1,238,233	1,267,686	1,241,522	5,169,226	2,550,478	3,448,954	1,225,070
Interest on investments	2,861,153	1,186,801	662,945	523,307	674,321	836,822	1,074,653	1,710,068	2,267,507	3,348,717
City of Portland debt issued operations	-	-	-	-	-	-	-	6,878,755	17,372,202	-
Miscellaneous	7,920,829	14,100,415	6,644,825	23,543,906	5,456,632	10,173,615	9,795,579	2,405,154	11,956,501	26,063,337
Tax-increment debt proceeds (in lieu of tax-increment revenue)	105,254,572	89,778,162	85,287,185	133,787,307	73,354,431	59,718,111	54,233,796	82,062,888	91,394,288	116,187,078
Total revenues	130,183,918	128,027,250	102,632,476	167,922,903	92,770,879	88,347,459	85,377,729	128,307,427	145,486,325	164,648,486
<b>Expenditures</b>										
Community development	37,508,986	42,361,435	63,899,297	61,122,362	52,585,334	32,577,253	41,931,774	39,872,743	73,538,917	72,457,507
Capital outlay for urban renewal	36,518,711	35,237,650	45,311,997	17,166,817	34,530,496	15,100,936	8,110,216	14,865,593	32,665,931	18,091,424
Financial assistance	28,597,158	49,840,026	45,947,640	16,871,782	12,297,219	22,467,023	21,920,157	10,469,685	31,513,955	39,857,414
Capital outlay	-	-	-	-	112,468	373,615	241,008	406,187	6,755,078	212,779
Debt service -	-	-	-	-	-	-	-	-	-	-
Interest	-	38,327	727,463	-	-	-	-	-	-	-
Total expenditures	102,624,855	127,478,038	155,886,397	95,160,961	99,525,517	70,518,827	72,203,155	65,614,208	144,473,881	130,619,124
Excess of revenues over (under) expenditures	27,559,063	549,212	(53,253,921)	72,761,942	(6,754,638)	17,828,632	13,174,574	62,693,219	1,012,444	34,029,362
<b>Other financing sources (uses)</b>										
Internal service reimbursements	-	569,901	-	-	-	-	-	-	-	-
Transfers in	19,923,389	16,001,799	50,000 <sup>(1)</sup>	135,000	-	2,783,306	306,267	-	-	-
Transfers out	(19,886,389)	(14,225,485)	-	(195,000)	-	(556,279)	(385,888)	(138,203)	(99,018)	-
Total other financing sources (uses)	37,000	2,346,215	50,000	(60,000)	-	2,227,027	(79,621)	(138,203)	(99,018)	-
Net change in fund balances	\$ 27,596,063	\$ 2,895,427	\$ (53,203,921)	\$ 72,701,942	\$ (6,754,638)	\$ 20,055,659	\$ 13,094,953	\$ 62,555,016	\$ 913,426	\$ 34,029,362

- (1) Decrease in transfers is due to the elimination of major federal grant programs and related required transfers with the transition of housing to the Portland Housing Bureau.  
(2) Implementation of GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

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

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

<b>Fiscal Year</b>	<b>Inter-Governmental Revenues</b>	<b>Charges for Services</b>	<b>Loan Collections <sup>(1)</sup></b>	<b>Investment Income</b>	<b>Miscellaneous</b>	<b>Service Reimbursements</b>	<b>Tax-increment Debt Proceeds (in lieu of tax-increment revenue)</b>	<b>Total</b>
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 <sup>(2)</sup>
2010-11	4,159,959	2,574,277	4,321,335	678,974	11,124,848	-	85,287,185	108,146,578
2011-12	7,370,821	2,636,662	5,398,916	533,046	7,038,089	-	133,787,307	156,764,841
2012-13	7,970,747	5,033,235	12,277,490	684,316	4,556,869	-	73,354,431	103,877,088
2013-14	7,641,493	9,774,616	5,670,941	865,970	14,462,252	-	59,718,111	98,133,383
2014-15	9,146,999	7,047,902	23,289,142	1,112,599	6,085,646	-	53,877,036	100,559,324
2015-16	10,558,944	28,103,854 <sup>(4)</sup>	14,989,913	1,774,970	12,019,278 <sup>(3)</sup>	-	82,062,888	149,509,847
2016-17	8,308,635	10,760,230	23,822,421	2,862,402	43,643,995 <sup>(5)</sup>	-	91,394,288	180,791,971
2017-18	9,854,692	7,841,526	8,347,629	3,476,552	26,518,135	-	116,187,078	172,225,612

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

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

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

(3) Include \$6,878,755 in City of Portland general obligation debt issued for a PDC capital project. This revenue is not included in miscellaneous revenue in the statements but consolidated here.

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

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

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

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

<b>Fiscal Year</b>	<b>Personal Services</b>	<b>Materials and Services</b>	<b>Capital Outlay<sup>(1)</sup></b>	<b>Financial Assistance</b>	<b>Debt Service</b>	<b>Total</b>
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 <sup>(2)</sup>	36,771,943	66,245,765	8,467,384	156,641,863
2010-11	17,904,488	49,598,814 <sup>(3)</sup>	27,269,642	32,918,717	3,016,545	130,708,206
2011-12	15,440,575	52,000,490	14,186,295	12,576,846	-	94,204,206
2012-13	15,331,763	37,721,066	22,440,579	13,484,418	-	88,977,826
2013-14	13,590,294	20,065,873	8,291,982	22,700,709	-	64,648,858
2014-15	11,918,561	31,409,309	8,147,325	23,422,050	-	74,897,245
2015-16	12,556,208	28,486,217	20,142,771 <sup>(4)</sup>	24,370,157	-	85,555,353
2016-17	11,773,156	61,624,590	93,273,152 <sup>(5)</sup>	58,664,156	-	225,335,054
2017-18	12,372,624	51,266,545	13,227,943	37,282,161	-	114,149,273

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

- (1) Includes both expenditures for capital outlay and purchases of properties held for sale.
- (2) Decrease due to reclass of internal service charges being classified as interfund transfer.
- (3) Increase due principally to reimbursement payments to Portland Housing Bureau.
- (4) Increase due principally to increased work in the River District Urban Renewal area largely around the upcoming acquisition of the US Post Office property and Centennial Mills demolition.
- (5) Post office purchase

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

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

Districts Common to All Areas

Fiscal Year	Multnomah County	Multnomah Library District <sup>(10)</sup>	City of Portland	Port of Portland	Metro Service District	Tri-County Metropolitan Transportation District <sup>(9)</sup>	Multnomah County ESD	Subtotal	City of Portland Urban Renewal <sup>(1)</sup>
2008-09	5.4026	-	7.8235	0.0701	0.4368	0.0863	0.4576	14.2769	0.3100
2009-10	5.4026	-	7.8235	0.0701	0.4368	0.0863	0.4576	14.2769	0.3100
2010-11	5.3846	-	7.8077	0.0701	0.4088	0.0878	0.4576	14.2166	0.3009
2011-12	5.4403	-	7.9806	0.0701	0.3154	0.0583	0.4576	14.3223	0.2926
2012-13	5.4240	-	8.0976	0.0701	0.4043	-	0.4576	14.4536	0.2857
2013-14	4.5113	1.2400	8.2560	0.0701	0.0966	-	0.4576	14.4637	0.2759
2014-15	4.4912	1.1800	8.1557	0.0701	0.4585	-	0.4576	14.8131	0.2642
2015-16	4.4872	1.1800	8.0153	0.0701	0.3883	-	0.4576	14.5985	0.2527
2016-17	4.3934	1.1800	7.9705	0.0701	0.3970	-	0.4576	14.4686	0.2405
2017-18	4.3434	1.2400	4.5770	0.0701	0.0966	-	0.4576	10.7847	0.2283

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

- (1) Special levy applied only to Option 3 urban renewal areas: Oregon Convention Center, South Park Blocks, Downtown Waterfront, and Airport Way.
- (2) Applies to all areas except Gateway Regional Center Urban Renewal Area with the exception of a small number of properties.
- (3) Applies to Gateway Regional Center and Airport Way urban renewal areas
- (4) Applies only to the Airport Way Urban Renewal Area.
- (5) Applies to the following urban renewal areas: Lents Town Center, Gateway Regional Center, Interstate Corridor, Willamette Industrial, Airport Way, Oregon Convention Center, and Central Eastside
- (6) Applies to the following urban renewal areas: River District, North Macadam, South Park Blocks, and Downtown Waterfront.
- (7) Applies to the Lents Town Center, Gateway Regional Center, and Airport Way urban renewal areas.
- (8) Applies to Lents Town Center, and Gateway Regional Center urban renewal areas.
- (9) Tri-County Metropolitan District had no tax assessment rate beginning 2012-13
- (10) District established by voters in November 2013 general election

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

Portland Public School District #1 <sup>(2)</sup>	Parkrose School District #3 <sup>(3)</sup>	Reynolds School District #7 <sup>(4)</sup>	David Douglas School District #40 <sup>(8)</sup>	East Multnomah County Soil & Water Conservation District <sup>(5)</sup>	West Multnomah County Soil & Water Conservation District <sup>(6)</sup>	Portland Community College <sup>(2)</sup>	Mt. Hood Community College <sup>(7)</sup>
6.5281	6.1391	5.6033	6.5048	0.1000	0.0391	0.6325	0.4917
6.5281	6.1391	5.6033	6.5048	0.1000	0.0391	0.6325	0.4917
6.5281	6.0049	5.5958	6.4276	0.1000	0.0469	0.6359	0.4917
7.2681	5.8923	5.7789	6.3955	0.1000	0.0732	0.5981	0.4917
7.2681	6.1141	5.9856	6.3836	0.1000	0.0750	0.6651	0.4917
8.3571	6.0605	6.0188	6.3267	0.1000	0.0750	0.7342	0.4917
8.3535	5.8804	5.8140	6.4139	0.1000	0.0750	0.7222	0.4917
8.3632	5.9151	5.9701	6.4058	0.1000	0.0750	0.5855	0.4917
8.3304	5.8333	6.0517	6.4207	0.1000	0.0750	0.6785	0.4917
5.2781	4.8906	4.4626	4.6394	0.1000	0.0750	0.2828	0.4917

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

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

As of June 30, 2017

(Unaudited)

<b>Fiscal Year</b>	<b>Airport Way Urban Renewal Bonds</b>	<b>Downtown Waterfront Urban Renewal Bonds</b>	<b>Downtown Waterfront Urban Renewal Bonds</b>	<b>Interstate Corridor Urban Renewal Bonds</b>	<b>Interstate Corridor Urban Renewal Bonds</b>	<b>Convention Center Urban Renewal Bonds</b>
	<b>2015 Series A</b>	<b>2008 Series A</b>	<b>2011 Series A</b>	<b>2015 Series A</b>	<b>2011 Series A &amp; B</b>	<b>2011 Series B</b>
2017-18	4,974,400	2,390,000	4,430,000	1,480,000	1,790,000	4,335,000
2018-19	5,047,300	2,520,000	4,645,000	1,555,000	1,875,000	4,550,000
2019-20	5,118,900	2,680,000	4,880,000	1,630,000	1,965,000	4,780,000
2020-21	-	5,415,000	-	1,710,000	2,065,000	-
2021-22	-	5,760,000	-	1,800,000	2,175,000	-
2022-23	-	6,120,000	-	1,890,000	2,315,000	-
2023-24	-	7,000,000	-	1,980,000	2,460,000	-
2024-25	-	-	-	2,080,000	2,615,000	-
2025-26	-	-	-	-	2,780,000	-
2026-27	-	-	-	-	2,940,000	-
2027-28	-	-	-	-	3,085,000	-
2028-29	-	-	-	-	3,230,000	-
2029-30	-	-	-	-	3,390,000	-
2030-31	-	-	-	-	3,560,000	-
2031-32	-	-	-	-	-	-
<b>Total</b>	<b>\$ 15,140,600</b>	<b>\$ 31,885,000</b>	<b>\$ 13,955,000</b>	<b>\$ 14,125,000</b>	<b>\$ 36,245,000</b>	<b>\$ 13,665,000</b>

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.



<b>Convention Center Urban Renewal Bonds</b>	<b>River District Urban Renewal Bonds</b>	<b>South ParkBlocks Urban Renewal Bonds</b>	<b>Lents Town Center Urban Renewal Bonds</b>	<b>Central Eastside Urban Renewal Bonds</b>	<b>North Macadam Urban Renewal Bonds</b>
<b>2011 Series B</b>	<b>2012 Series A, B &amp; C</b>	<b>2008 Series A &amp; B</b>	<b>2010 Series A &amp; B</b>	<b>2011 Series A &amp; B</b>	<b>2010 Series A &amp; B</b>
-	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	-	-	-	-
<b>\$ 69,760,000</b>	<b>\$ 57,240,000</b>	<b>\$ 40,450,000</b>	<b>\$ 28,070,000</b>	<b>\$ 23,730,000</b>	<b>\$ 47,960,000</b>

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

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

As of June 30, 2017

(Unaudited)

<b>Fiscal Year</b>	<b>Airport Way Urban Renewal Bonds</b>	<b>Downtown Waterfront Urban Renewal Bonds</b>	<b>Downtown Waterfront Urban Renewal Bonds</b>	<b>Interstate Corridor Urban Renewal Bonds</b>	<b>Interstate Corridor Urban Renewal Bonds</b>	<b>Convention Center Urban Renewal Bonds</b>
	<b>2015 Series A</b>	<b>2008 Series A</b>	<b>2011 Series A</b>	<b>2015 Series A</b>	<b>2011 Series A &amp; B</b>	<b>2011 Series B</b>
2017-18	208,940	1,986,289	686,250	706,250	1,948,517	683,250
2018-19	140,294	1,858,185	464,750	632,250	1,865,747	466,500
2019-20	70,641	1,699,425	232,500	554,500	1,772,484	239,000
2020-21	-	1,530,585	-	473,000	1,670,815	-
2021-22	-	1,189,440	-	387,500	1,560,875	-
2022-23	-	826,560	-	297,500	1,423,980	-
2023-24	-	441,000	-	203,000	1,278,274	-
2024-25	-	-	-	104,000	1,123,442	-
2025-26	-	-	-	-	958,854	-
2026-27	-	-	-	-	802,538	-
2027-28	-	-	-	-	655,538	-
2028-29	-	-	-	-	509,000	-
2029-30	-	-	-	-	347,500	-
2030-31	-	-	-	-	178,000	-
2031-32	-	-	-	-	-	-
<b>Total</b>	<b>\$ 419,875</b>	<b>\$ 9,531,484</b>	<b>\$ 1,383,500</b>	<b>\$ 3,358,000</b>	<b>\$ 16,095,564</b>	<b>\$ 1,388,750</b>

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.

<b>Convention Center Urban Renewal Bonds</b>	<b>River District Urban Renewal Bonds</b>	<b>South ParkBlocks Urban Renewal Bonds</b>	<b>Lents Town Center Urban Renewal Bonds</b>	<b>Central Eastside Urban Renewal Bonds</b>	<b>North Macadam Urban Renewal Bonds</b>
<b>2012 Series A</b>	<b>2012 Series A, B &amp; C</b>	<b>2008 Series A &amp; B</b>	<b>2010 Series A &amp; B</b>	<b>2011 Series A &amp; B</b>	<b>2010 Series A &amp; B</b>
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	-	-	-	-
<b>\$ 16,581,872</b>	<b>\$ 17,731,332</b>	<b>\$ 8,160,415</b>	<b>\$ 11,324,941</b>	<b>\$ 9,924,802</b>	<b>\$ 16,559,873</b>

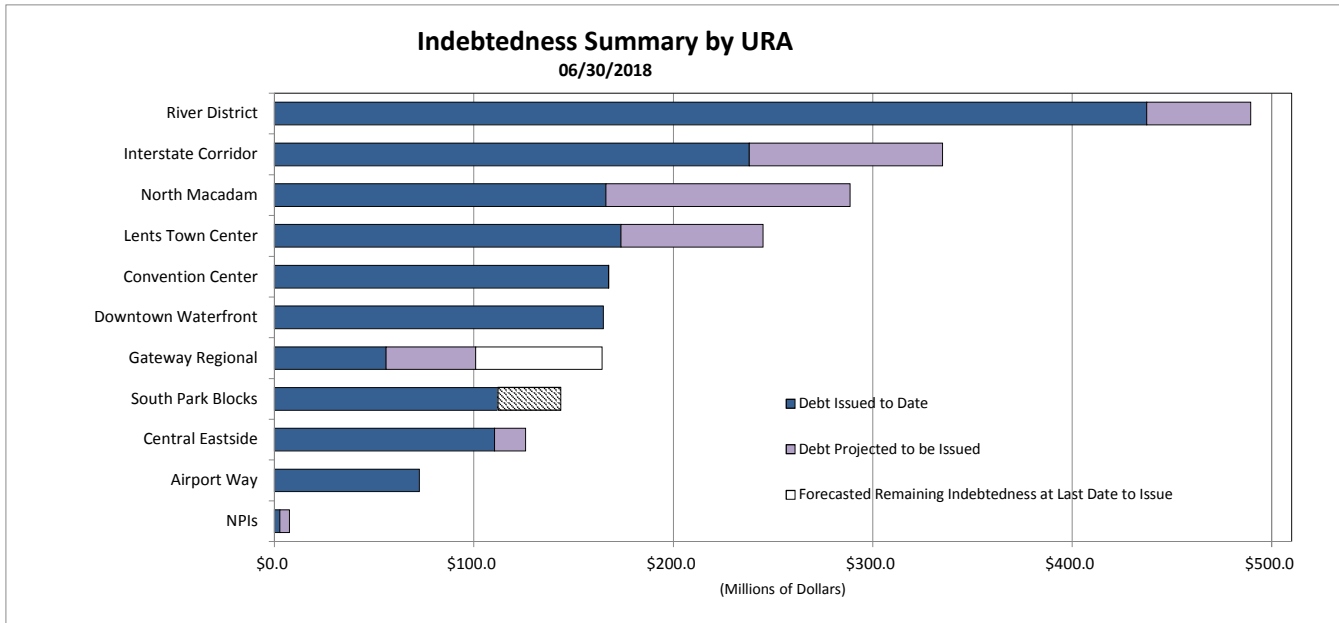
**PROSPER PORTLAND**  
**A COMPONENT UNIT OF THE CITY OF PORTLAND, OREGON**

**URBAN RENEWAL INDEBTEDNESS SUMMARY**  
**As of June 30, 2018**  
**In Millions**  
**(Unaudited)**

Urban Renewal Area	Maximum Indebtedness	Indebtedness Issued as of 6/30/18	Indebtedness Remaining as of 6/30/18	Projected Indebtedness to Be Issued	Last Date to Issue Long Term Debt	Acres
Airport Way	\$72.6	\$72.6	\$0.0	\$0.0	May 2011	885.1
Central Eastside	\$126.0	\$110.4	\$15.6	\$15.6	August 2023	708.5
Convention Center	\$167.5	\$167.5	\$0.0	\$0.0	June 2013	410.0
Downtown Waterfront	\$165.0	\$165.0	\$0.0	\$0.0	April 2008	233.1
Gateway	\$164.2	\$56.0	\$108.2	\$44.9	June 2022	658.5
Interstate Corridor	\$335.0	\$238.2	\$96.8	\$96.8	N/A	3,990.0
Lents Town Center	\$245.0	\$173.8	\$71.2	\$71.2	June 2020	2,846.3
Neighborhood Prosperity Initiative (6)	\$7.5	\$2.8	\$4.7	\$4.7	N/A	803.7
North Macadam	\$288.6	\$166.2	\$122.4	\$122.4	June 2025	447.0
River District	\$489.5	\$437.4	\$52.1	\$52.1	June 2021	314.8
South Park Blocks	\$143.6	\$112.0	\$31.6	\$0.0	July 2008	156.3

**Notes:**

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



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

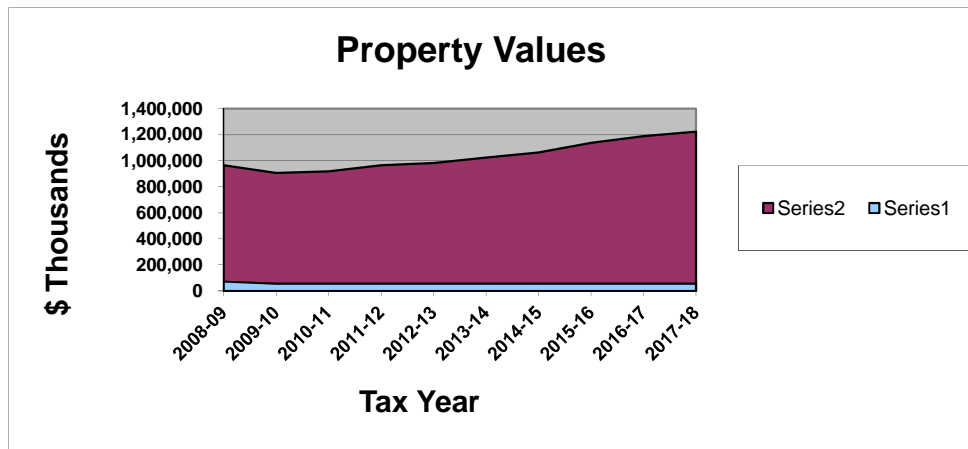
**NEIGHBORHOOD PROSPERITY INITIATIVE URBAN RENEWAL FUND**  
**PROPERTY VALUES, TAX INCREMENT**  
For The Last Ten Fiscal Years Or Since Inception  
(Unaudited)

	42nd Ave NPI District	82nd Ave NPI District	Cully Blvd NPI District	Division- Midway NPI District	Parkrose NPI District	Rosewood NPI District
<b>Frozen Base</b>						
2013-14	\$ 83,203,598	\$ 83,686,505	\$ 83,187,490	\$ 82,343,462	\$ 85,053,706	\$ 81,232,730
2014-15	83,203,598	83,686,505	83,187,490	82,343,462	85,053,706	81,232,730
2015-16	83,203,598	83,686,505	83,187,490	82,343,462	85,053,706	81,232,730
2016-17	83,203,598	83,686,505	83,187,490	82,343,462	85,053,706	81,232,730
2017-18	83,203,598	83,686,505	83,187,490	82,343,462	85,053,706	81,232,730
<b>Excess Value Used</b>						
2013-14	\$ 3,723,747	\$ 49,055	\$ 4,870,550	\$ 2,520,678	\$ -	\$ 3,353,630
2014-15	7,768,582	4,352,305	8,907,120	8,166,278	3,050,294	5,974,000
2015-16	2,152,071	3,758,446	2,942,349	878,088	2,776,723	2,193,052
2016-17	6,779,639	5,959,886	6,796,865	6,292,173	5,889,740	8,493,867
2017-18	6,815,643	8,579,009	6,815,746	6,344,007	10,843,402	6,517,263
<b>Excess Value Not Used</b>						
2013-14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2014-15	-	-	-	-	-	-
2015-16	8,863,101	2,798,799	9,350,151	9,161,980	4,081,721	7,303,428
2016-17	8,402,453	3,443,809	9,013,315	6,233,265	6,557,924	3,174,913
2017-18	-	-	-	-	-	-
<b>Total Plan Area Value</b>						
2013-14	\$ 86,927,345	83,735,560	\$ 88,058,040	\$ 84,864,140	\$ 84,535,040	\$ 83,459,135
2014-15	90,972,180	88,038,810	92,094,610	90,509,740	88,104,000	87,206,730
2015-16	94,218,770	90,243,750	95,479,990	92,383,530	91,912,150	90,729,210
2016-17	98,385,690	93,090,200	98,997,670	94,868,900	97,501,370	92,901,510
2017-18	90,019,241	92,265,514	90,003,236	88,687,469	95,897,108	87,749,993
<b>Taxes Imposed</b>						
2013-14	\$ 41,899	\$ -	\$ 69,800	\$ 36,985	\$ -	\$ 40,848
2014-15	109,627	59,635	134,183	129,370	39,831	89,720
2015-16	20,601	42,059	37,359	4,316	40,970	22,157
2016-17	94,997	90,043	94,997	103,144	92,970	136,102
2017-18	94,523	123,637	94,523	105,635	169,689	104,055
<b>Measure 5 Loss</b>						
2013-14	\$ 4,216	\$ -	\$ 7,038	\$ 5,439	\$ -	\$ 6,379
2014-15	8,359	4,531	10,216	12,959	4,175	9,675
2015-16	1,105	2,361	2,110	318	3,188	1,754
2016-17	4,488	4,271	4,488	4,728	6,353	7,017
2017-18	4,639	6,057	4,639	4,522	11,694	4,763

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

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

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



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2008-09	20.76	70,866,644	893,495,927	7,344,233
2009-10	21.37	55,674,313	850,698,640	7,288,146
2010-11	21.30	55,674,313	863,116,692	7,193,407
2011-12	21.83	55,674,313	910,075,667	6,925,883
2012-13	22.05	55,674,313	926,217,621	6,776,377
2013-14	23.63	55,674,313	967,422,027	6,647,962
2014-15	23.02	55,674,313	1,008,259,957	6,910,084
2015-16	20.75	55,674,313	1,082,330,397	7,247,591
2016-17	20.67	55,674,313	1,132,664,663	7,324,037
2017-18	22.04	55,674,313	1,167,916,519	7,289,540

Source: Multnomah County Division of Assessment and Taxation

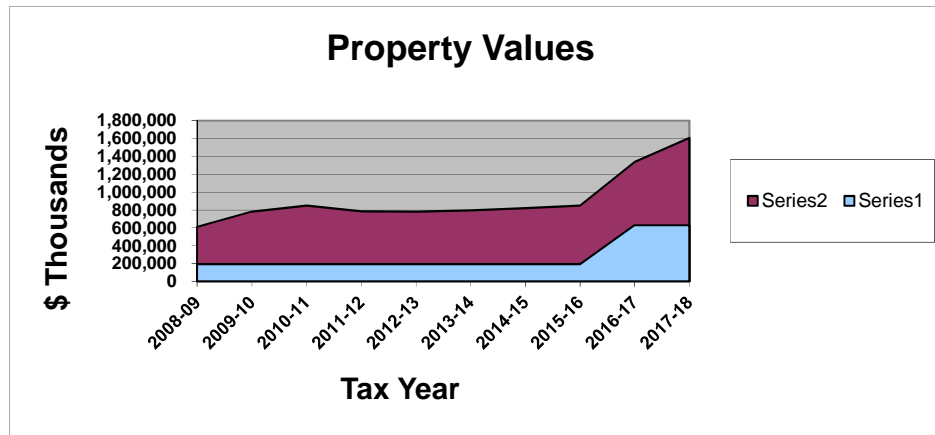
	URA		Portland	
	Current 2016	Projected 2021	Current 2016	Projected 2021
Population	3,841	3,998	620,560	655,843
Per Capita Income	\$ 31,366	\$ 34,049	\$ 33,116	\$ 36,242
Total Housing Units	2,615	2,666	278,917	292,702
Owner Occupied Housing Units	309	325	130,533	136,985
Renter Occupied Housing Units	2,173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

Source: The 2016/2021 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 forecast illustrates the effects of current events. *PDC GIS*

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

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

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



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2008-09	20.78	192,609,397	415,675,637	8,269,705
2009-10	21.38	192,609,397	587,134,026	11,923,266
2010-11	21.35	192,609,397	655,671,677	13,139,779
2011-12	21.90	192,609,397	590,963,588	11,699,128
2012-13	22.09	192,609,397	587,825,696	11,477,781
2013-14	23.74	192,609,397	603,130,306	12,445,073
2014-15	23.10	192,609,397	626,124,703	13,063,427
2015-16	20.80	192,609,397	656,547,113	12,916,053
2016-17	20.70	628,094,444	706,794,276	13,972,086
2017-18	22.13	628,094,444	977,148,976	20,617,469

Source: Multnomah County Division of Assessment and Taxation

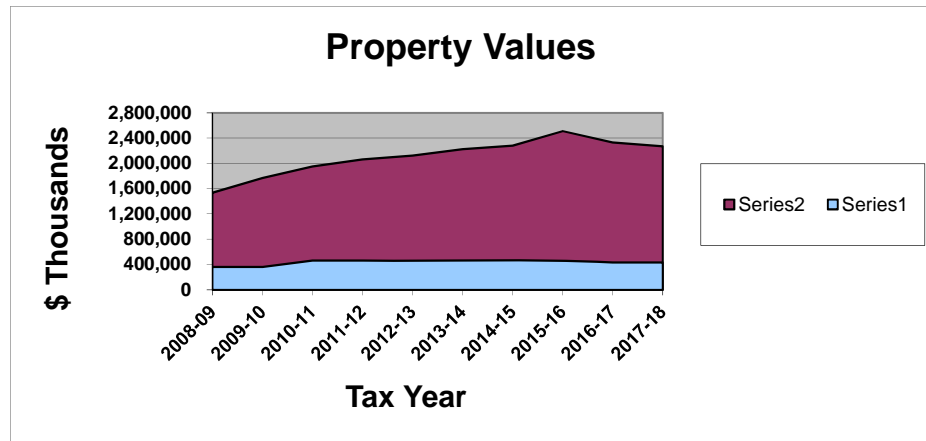
	URA		Portland	
	Current 2016	Projected 2021	Current 2016	Projected 2021
Population	5,650	6,287	620,560	655,843
Per Capita Income	\$ 59,166	\$ 66,504	\$ 33,116	\$ 36,242
Total Housing Units	4,122	4,482	278,917	292,702
Owner Occupied Housing Units	1,035	1,143	130,533	136,985
Renter Occupied Housing Units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

Source: The 2016/2021 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 forecast illustrates the effects of current events. *PDC GIS*

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

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

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



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2008-09	19.94	358,684,364	1,177,770,363	23,482,535
2009-10	20.38	358,684,364	1,411,486,318	28,760,647
2010-11	20.08	461,577,974	1,488,594,879	29,883,737
2011-12	19.83	461,577,974	1,602,807,681	31,571,279
2012-13	19.58	461,577,974	1,661,649,575	31,307,650
2013-14	20.68	461,577,974	1,762,885,437	32,611,642
2014-15	20.92	461,577,974	1,819,898,297	29,808,542
2015-16	19.71	461,577,974	2,051,122,151	30,600,151
2016-17	19.81	432,292,135	1,900,139,920	37,649,099
2017-18	21.11	432,292,135	1,838,197,433	38,810,728

Source: Multnomah County Division of Assessment and Taxation

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

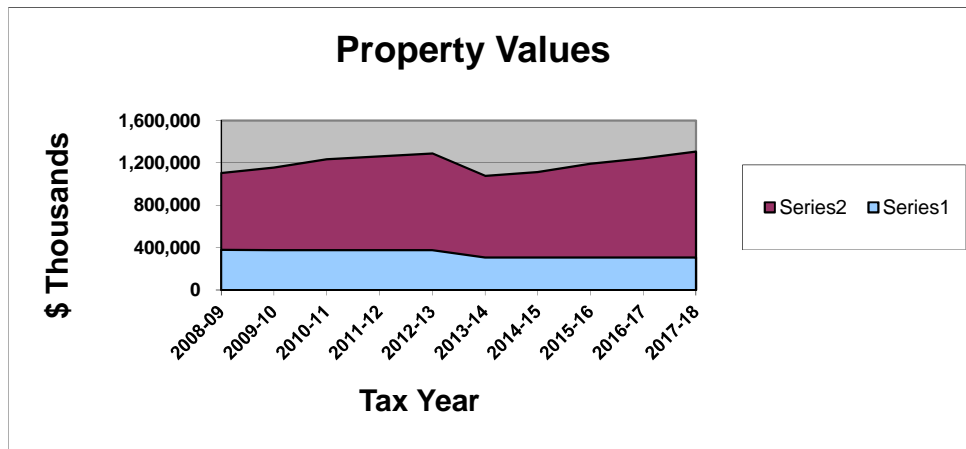
Source: The 2016/2021 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 forecast illustrates the effects of current events. *PDC GIS*

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



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

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



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2008-09	20.72	378,055,680	727,733,672	5,381,549
2009-10	21.33	376,066,574	778,265,484	5,341,041
2010-11	21.30	376,066,574	858,446,906	5,281,167
2011-12	21.77	376,066,574	885,549,998	5,072,867
2012-13	21.98	376,066,574	912,842,988	4,959,738
2013-14	23.62	305,692,884	770,670,660	4,876,124
2014-15	23.02	305,692,884	806,476,673	5,072,572
2015-16	20.73	305,692,884	884,961,826	5,314,364
2016-17	20.61	305,692,884	938,026,116	5,362,116
2017-18	21.94	305,692,884	1,000,595,563	5,328,692

Source: Multnomah County Division of Assessment and Taxation

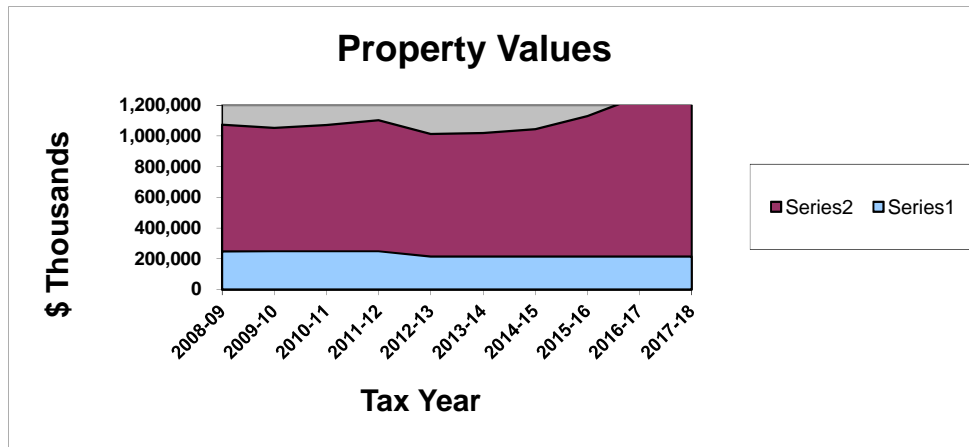
	URA		Portland	
	Current 2016	Projected 2021	Current 2016	Projected 2021
Population	3,761	4,067	620,560	655,843
Per Capita Income	\$ 28,739	\$ 31,756	\$ 33,116	\$ 36,242
Total Housing Units	2,694	2,926	278,917	292,702
Owner Occupied Housing Units	248	269	130,533	136,985
Renter Occupied Housing Units	2,082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

Source: The 2016/2021 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 forecast illustrates the effects of current events. *PDC GIS*

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

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

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



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2008-09	19.68	248,689,281	824,599,717	5,454,893
2009-10	21.32	248,951,143	804,685,182	5,419,374
2010-11	20.75	248,951,143	822,947,836	5,346,748
2011-12	21.38	248,951,143	852,646,229	5,141,484
2012-13	21.35	214,100,689	799,329,769	5,021,769
2013-14	21.82	214,100,689	796,003,675	4,952,060
2014-15	21.97	214,100,689	830,451,071	5,139,852
2015-16	20.70	214,100,689	916,482,391	5,375,306
2016-17	20.66	214,100,689	1,044,786,006	5,443,597
2017-18	22.00	214,100,689	1,039,709,754	5,412,053

Source: Multnomah County Division of Assessment and Taxation

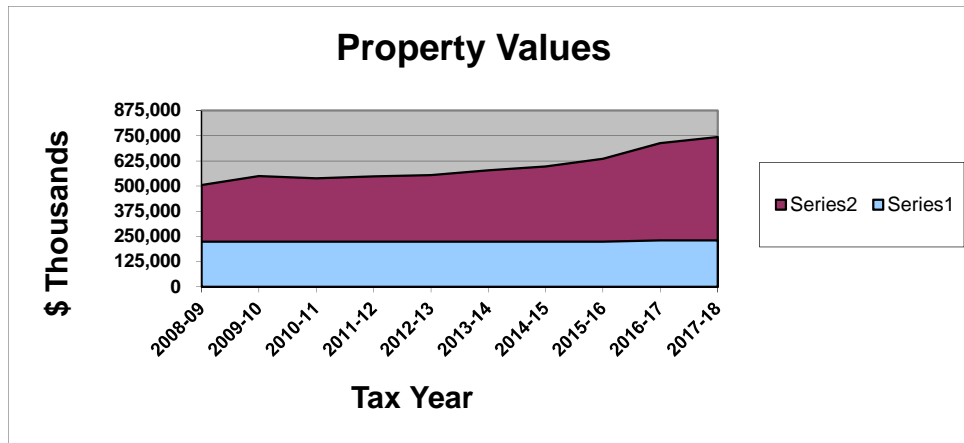
	URA		Portland	
	Current 2016	Projected 2021	Current 2016	Projected 2021
Population	1,682	1,813	620,560	655,843
Per Capita Income	\$ 37,185	\$ 39,368	\$ 33,116	\$ 36,242
Total Housing Units	1,157	1,237	278,917	292,702
Owner Occupied Housing Units	154	165	130,533	136,985
Renter Occupied Housing Units	886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

Source: The 2016/2021 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 forecast illustrates the effects of current events. *PDC GIS*

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

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

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



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2008-09	18.51	224,626,739	279,998,617	5,030,994
2009-10	18.51	224,626,739	325,868,916	5,843,346
2010-11	18.00	224,626,739	314,667,331	5,460,067
2011-12	17.76	224,626,739	323,222,477	5,472,135
2012-13	17.92	224,626,739	330,134,282	5,557,691
2013-14	19.16	224,626,739	354,036,136	6,157,007
2014-15	18.94	224,626,739	372,895,947	6,560,153
2015-16	18.46	224,626,739	386,173,918	6,744,094
2016-17	18.38	230,541,190	434,403,878	7,622,430
2017-18	18.49	230,541,190	513,235,852	9,043,216

Source: Multnomah County Division of Assessment and Taxation

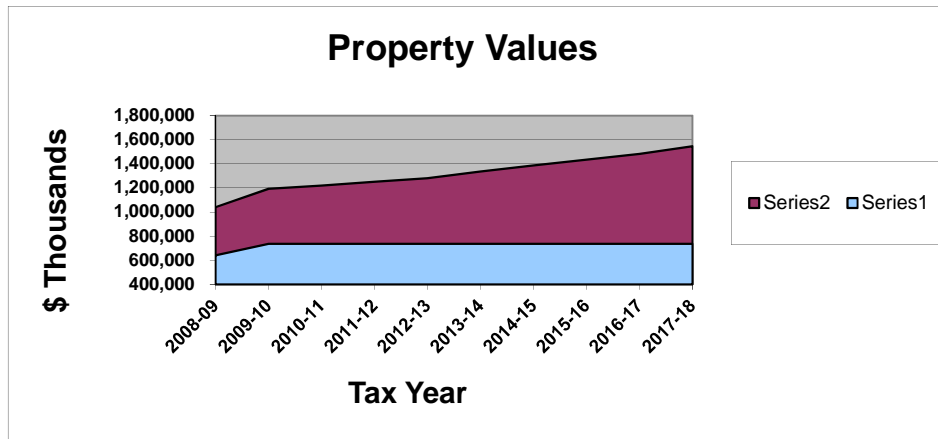
	URA		Portland	
	Current 2016	Projected 2021	Current 2016	Projected 2021
Population	2,161	2,336	620,560	655,843
Per Capita Income	\$ 28,760	\$ 31,212	\$ 33,116	\$ 36,242
Total Housing Units	1,164	1,269	278,917	292,702
Owner Occupied Housing Units	90	96	130,533	136,985
Renter Occupied Housing Units	1,000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

Source: The 2016/2021 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 forecast illustrates the effects of current events. *PDC GIS*

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

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

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



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2008-09	20.91	640,177,922	400,982,105	8,056,078
2009-10	21.40	736,224,033	457,950,622	9,344,988
2010-11	21.30	736,224,033	482,455,121	9,685,618
2011-12	21.58	736,224,033	515,771,987	10,098,006
2012-13	21.78	736,224,033	545,241,847	10,524,133
2013-14	23.03	736,224,033	599,867,032	12,003,585
2014-15	22.46	736,224,033	650,846,315	13,229,753
2015-16	20.81	736,224,033	698,111,797	13,700,744
2016-17	20.69	736,224,033	746,610,587	14,751,575
2017-18	21.62	736,224,033	810,553,020	16,727,156

Source: Multnomah County Division of Assessment and Taxation

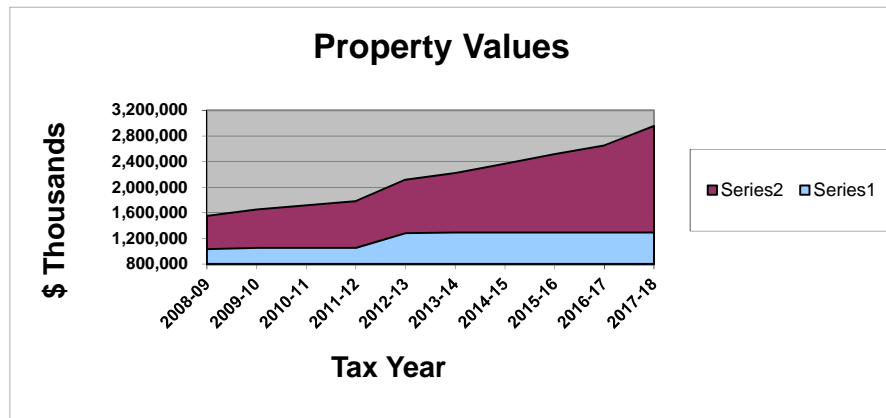
	URA		Portland	
	Current 2016	Projected 2021	Current 2016	Projected 2021
Population	29,633	31,066	620,560	655,843
Per Capita Income	\$ 18,275	\$ 19,957	\$ 33,116	\$ 36,242
Total Housing Units	11,332	11,796	278,917	292,702
Owner Occupied Housing Units	5,111	5,379	130,533	136,985
Renter Occupied Housing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

Source: The 2016/2021 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 forecast illustrates the effects of current events. *PDC GIS*

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

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

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



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2008-09	20.86	1,033,372,876	520,098,507	10,382,389
2009-10	21.48	1,051,408,349	603,067,607	12,307,811
2010-11	21.39	1,051,408,349	667,154,843	13,395,188
2011-12	21.93	1,051,408,349	732,982,715	14,532,562
2012-13	22.14	1,285,932,631	833,779,005	16,318,215
2013-14	23.78	1,293,389,062	928,040,273	19,182,025
2014-15	23.18	1,293,389,062	1,075,480,078	22,520,074
2015-16	20.86	1,293,389,062	1,222,834,128	24,121,728
2016-17	20.77	1,293,389,062	1,361,889,768	27,009,707
2017-18	22.17	1,293,389,062	1,662,446,085	35,131,608

Source: Multnomah County Division of Assessment and Taxation

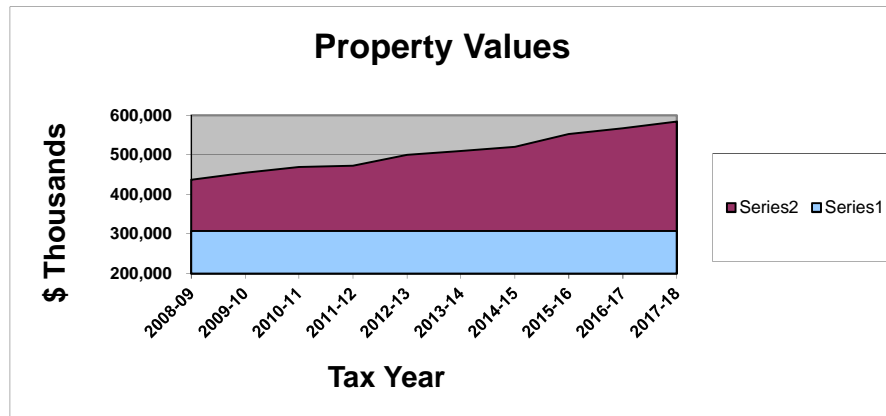
	URA		Portland	
	Current 2016	Projected 2021	Current 2016	Projected 2021
Population	38,606	41,451	620,560	655,843
Per Capita Income	\$ 24,928	\$ 27,360	\$ 33,116	\$ 36,242
Total Housing Units	16,821	17,979	278,917	292,702
Owner Occupied Housing Units	7,435	7,857	130,533	136,985
Renter Occupied Housing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

Source: The 2016/2021 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 forecast illustrates the effects of current events. PDC G/S

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

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

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



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2008-09	20.91	307,174,681	129,631,176	2,623,998
2009-10	21.15	307,174,681	147,626,654	3,001,090
2010-11	20.97	307,174,681	162,221,215	3,228,472
2011-12	20.77	307,174,681	165,778,737	3,149,978
2012-13	20.88	307,174,681	193,181,233	3,600,918
2013-14	21.33	307,174,681	202,760,459	3,755,877
2014-15	20.83	307,174,681	213,423,949	4,044,323
2015-16	20.63	307,174,681	245,514,959	4,745,960
2016-17	20.46	307,174,681	260,170,089	5,072,692
2017-18	20.47	307,174,681	277,397,571	5,427,473

Source: Multnomah County Division of Assessment and Taxation

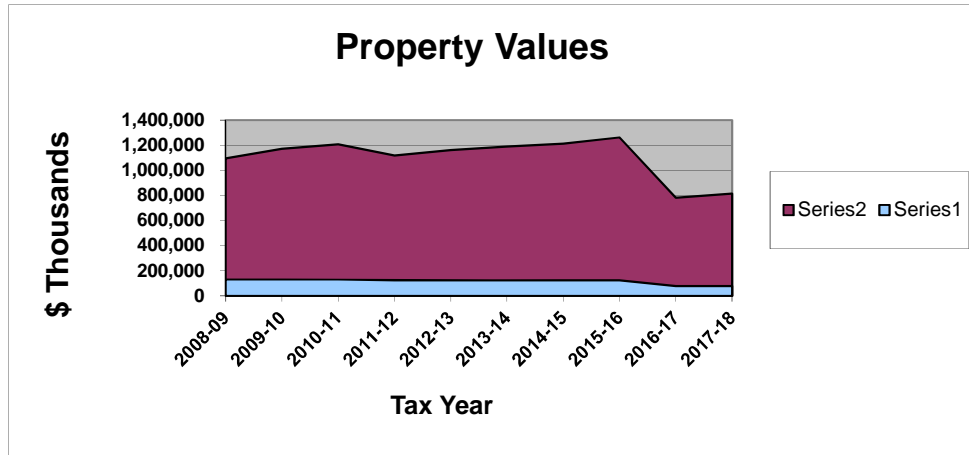
	URA		Portland	
	Current 2016	Projected 2021	Current 2016	Projected 2021
Population	6,006	6,347	620,560	655,843
Per Capita Income	\$ 22,821	\$ 24,695	\$ 33,116	\$ 36,242
Total Housing Units	3,100	3,251	278,917	292,702
Owner Occupied Housing Units	716	845	130,533	136,985
Renter Occupied Housing Units	2,058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

Source: The 2016/2021 forecasted demographic figures have been derived using ESRI's Business Analyst Software. Forecasts are developed by incorporating all the Census 2010 data as well as using postcensus trends in the population which are captured from a variety of data sources and applied to the most accurate update for 2016. This change is then extrapolated five years to 2021. The 2016 update represents current events; the 2021 forecast illustrates the effects of current events. *PDC GIS*

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

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

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



Tax Year	Tax Rate <sup>(1)</sup>	Base Value	Increased Value	Tax Revenue for Urban Renewal Debt <sup>(1)</sup>
2008-09	19.99	129,701,177	965,779,764	2,390,141
2009-10	20.55	129,701,177	1,043,109,736	2,374,741
2010-11	20.34	129,701,177	1,077,899,700	2,340,489
2011-12	20.22	124,710,301	992,524,455	2,276,718
2012-13	20.68	124,710,301	1,036,798,748	2,237,816
2013-14	21.07	124,710,301	1,065,895,813	2,154,123
2014-15	20.49	124,710,301	1,086,924,214	2,255,741
2015-16	20.02	124,710,301	1,137,468,819	2,312,721
2016-17	19.73	77,306,472	704,813,426	2,324,902
2017-18	20.31	77,306,472	736,979,222	2,340,785

Source: Multnomah County Division of Assessment and Taxation

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

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

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

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

<u>Fiscal Year</u>	<u>Number of loans and grants</u>	<u>Dollar Amount</u>
2008-09	47	5,499,620
2009-10	258	15,391,215
2010-11	269	10,631,493
2011-12	264	33,764,995
2012-13	236	7,547,956
2013-14	234	8,919,709
2014-15	300	20,769,972
2015-16	234	14,203,451
2016-17	157	48,530,924
2017-18	171	43,342,987

Source: Commission loan system.

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



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

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

Year	Personal Income (Thousands)			Per Capita Income		
	Portland/ Vancouver/ Hillsboro MSA	Oregon	U.S. Total	Portland/ Vancouver/ Hillsboro MSA	Oregon	U.S. Total
2005	\$ 73,806	\$ 116,889	\$ 10,251,639	\$ 35,215	\$ 32,103	\$ 34,586
2006	79,399	124,589	10,870,319	37,145	33,666	36,307
2007	83,765	133,871	11,652,339	38,511	35,027	38,632
2008	87,053	136,277	12,086,534	39,436	35,956	39,751
2009	85,922	133,907	11,852,715	38,936	35,159	38,637
2010	87,550	137,672	12,423,332	39,212	35,869	40,163
2011	93,406	146,001	13,179,561	41,313	37,744	42,298
2012	98,698	152,721	13,729,063	43,103	39,166	43,735
2013	101,210	158,117	14,081,242	43,728	40,233	44,543
2014	107,536	163,653	14,683,147	45,794	41,220	46,049
2015	115,691	173,170	15,324,108	48,422	42,974	48,112
2016	122,434	185,840	15,912,777	50,489	45,482	49,204
2017	NA	192,064	16,413,551	NA	46,361	50,392

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

Year	POPULATION TRENDS				UNEMPLOYMENT RATES	
	Portland (1)	Portland/ Vancouver/ Hillsboro MSA (1)	Oregon (1)	U.S. Total (1)	Portland Unemployment % Rate (2)	Oregon Unemployment %Rate (2)
2005	533,467	2,082,240	3,638,871	296,507,061	6.1	6.4
2006	537,081	2,137,540	3,700,758	299,398,484	5.2	5.3
2007	568,380	2,159,720	3,745,455	301,621,157	4.9	5.2
2008	557,706	2,207,462	3,790,060	304,059,724	5.8	5.4
2009	582,130	2,206,737	3,808,600	309,771,529	11.0	11.6
2010	581,484	2,232,717	3,838,212	309,326,225 (3)	10.5	10.8
2011	583,546	2,260,928	3,868,229	311,587,816	9.1	9.5
2012	587,865	2,289,800	3,899,353	313,914,040	7.6	8.1
2013	594,687	2,314,554	3,930,065	316,128,839	7.3	7.8
2014	619,360	2,347,127	3,970,239	318,857,056	5.4	6.1
2015	632,309	2,389,228	4,029,631	321,365,215	4.6	5.5
2016	529,657	2,424,955	4,085,989	323,405,935	3.7	3.7
2017	NA	NA	4,142,776	325,719,178	3.9	4.1

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

(2) Oregon Employment Department

(3) US Census 2010

Note: NA = Information Not Available



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

**MISCELLANEOUS STATISTICS**  
As of June 30, 2018  
(Unaudited)

**Date of Charter Amendment creating agency**

**Form of Government**

**Number of Employees:**

As of June 30	FY2013-14		FY2014-15		FY2015-16		FY2016-17		FY2017-18		
	FTE	LTE	FTE	LTE	FTE	LTE	FTE	LTE	FTE	LTE	
Urban Development	50.1	3.0 <sup>(1)</sup>	38.0	0.0	38.0	0.0	0.0	0.0	0.0	0.0	<sup>(3)</sup>
Executive	24.0	0.0 <sup>(1)</sup>	2.0	0.0 <sup>(2)</sup>	2.0	0.0	2.0	0.0	2.0	0.0	
Finance & Business Operations	40.5	5.0 <sup>(1)</sup>	23.0	2.0	23.0	2.0	20.0	0.0	17.9	1.2	
Legal & Human Resources	0.0	0.0	7.0	0.0 <sup>(2)</sup>	7.0	0.0	0.0	0.0	0.0	0.0	<sup>(3)</sup>
Opportunities Cooperative	0.0	0.0	3.0	0.0 <sup>(2)</sup>	3.0	0.0	0.0	0.0	0.0	0.0	<sup>(3)</sup>
Communication & Social Equity	0.0	0.0	6.0	0.0 <sup>(2)</sup>	6.0	0.0	0.0	0.0	0.0	0.0	<sup>(3)</sup>
Social Equity, Policy & Communications	0.0	0.0	0.0	0.0	0.0	0.0	10.0	1.0	10.0	1.0	
Real Estate & Lending	0.0	0.0	14.0	0.0 <sup>(2)</sup>	14.0	0.0	0.0	0.0	0.0	0.0	<sup>(3)</sup>
Legal	0.0	0.0	0.0	0.0	0.0	0.0	5.0	0.0	4.0	0.0	<sup>(3)</sup>
Human Resources	0.0	0.0	0.0	0.0	0.0	0.0	2.0	1.0	3.0	1.0	<sup>(3)</sup>
Development and Investment	0.0	0.0	0.0	0.0	0.0	0.0	23.0	0.0	23.0	1.0	<sup>(3)</sup>
Economic Development	0.0	0.0	0.0	0.0	0.0	0.0	22.0	1.0	21.0	2.0	<sup>(3)</sup>
<b>Total</b>	<b>114.6</b>	<b>8.0</b>	<b>93.0</b>	<b>2.0</b>	<b>93.0</b>	<b>2.0</b>	<b>84.0</b>	<b>3.0</b>	<b>80.9</b>	<b>6.2</b>	

- (1) In FY 2013-14 the FTE count was decreased by 19.7 FTE from FY 2012-13. 7 of these positions were reassigned as LTE (4 in Finance & Business Operations and 3 in Urban Development.). The Urban Development Department decreased by 9.1 FTE. The Finance & Business Operations Department decreased by 10.5 FTE. 2.0 FTE in Information Technology and 1.0 in Business Operations were reassigned to Executive from Finance & Business Operations in FY 2012-13 after
- (2) After the adoption of the FY 2013-14 budget the Executive Department was split into functions (Legal & Human Resources, Opportunities Cooperative, Communications & Social Equity, and Real Estate & Lending) which created four new departments. The decrease from 24.0 FTE in FY 2013-14 to 2.0 FTE in FY 2014-15 represents the creation of these departments and a reassignment of staff from and to Urban Development. The FY 2014-15 budget was adopted with this new organizational structure.
- (3) After the adoption of the FY 2016-17 budget with the implementation of the Strategic Plan Urban Development essentially split into two new functions, Development and Investment, and Economic Development. Legal and Human Resources functions were split apart and the work of the Opportunities Cooperative was absorbed by Development and Investment. Social Equity, Policy & Communications was an expansion of the Communications & Social Equity function which added staff that did not move with the other work of Urban Development. The net decrease in positions is consistent with the anticipated reduction in positions that will occur over time through attrition in Prosper Portland's long-term financial plan. The FY 2017-18 budget was adopted with this new organizational structure.

**Urban Renewal District Land Area and Base Values**  
As of June 30, 2018

District	Acres	Base Value
Airport Way	885.2	77,306,472
Central Eastside	708.5	230,541,190
Downtown Waterfront	233.1	55,674,313
Gateway Regional Center	658.5	307,174,681
Interstate Corridor	3,991.5	1,293,458,372
Lents Town Center	2,846.3	736,224,033
North Macadam	447.1	628,094,444
Oregon Convention Center	410.0	214,100,689
River District	314.8	432,292,135
Neighborhood Prosperity Initiatives	805.9	498,707,491
South Park Blocks	97.9	305,692,884
<b>Total URA Land Data</b>	<b>4,561.0</b>	<b>\$ 3,485,808,332</b>
<b>Total City Land Data</b>	<b>92,773</b>	<b>\$ 55,616,562,285</b>
Urban renewal land as a percentage of City total	4.9%	6.3%



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**Building an Equitable Economy**

# Audit Comments and Disclosures\_\_\_\_\_



**PROSPER**  
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**Building an Equitable Economy**

**Report of Independent Auditors on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Portland Development Commission, dba Prosper Portland (A Component Unit of the City of Portland) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Prosper Portland's basic financial statements, and have issued our report thereon dated October 25, 2018.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the Schedule of Findings and Responses as item 2018-001, that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Prosper Portland's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2018-001.

## **Prosper Portland's Response to Finding**

Prosper Portland's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Prosper Portland's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

*Moss Adams, LLP*

Portland, Oregon  
October 25, 2018



**Portland Development Commission, dba Prosper Portland**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2018**

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**Financial Statement Findings**

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**FINDING 2018-001 – Significant Deficiency in Internal Control Over Financial Reporting, 9101 Foster LLC, component unit of Prosper Portland**

***Criteria or specific requirement:***

Accurate financial reporting requires expenditures and related liabilities to be recorded in the proper period. In addition, management has an obligation to establish proper internal controls over the cutoff of expenditures to ensure transactions are recorded in the correct period and as a mechanism to reduce the risk of material misstatements from occurring in the financial statements.

***Condition:***

We identified two capital outlay expenditures recorded in the current fiscal year that were actually incurred and represented transactions that should have been recognized as expenditures and related liabilities in the prior year financial statements within the 9101 Foster LLC (the LLC) entity, a component unit of Prosper Portland. The error occurred, in part, due to the receipt and processing of contractor invoices after the normal year-end financial close time frame, and in part, due to the lack of sufficient controls to obtain the necessary information during the financial close process.

***Context:***

The LLC is a fairly new entity that was established by Prosper Portland to own and operate a particular property. The LLC started incurring costs for certain capital improvements to the property in the prior fiscal year. While we have found Prosper Portland to have appropriate controls in place with respect to cutoff of expenditures, sufficient internal controls had not yet been implemented related to the LLC. As such, this finding is specific to the LLC.

***Effect:***

Certain capital costs incurred in the prior fiscal year were not recognized in the financial statements until the current fiscal year. Given the nature and amount of the error, management decided not to restate the prior year financial statements. As a result, there is an immaterial error in both the prior and current year financial statements.

***Cause:***

The LLC did not properly design controls to ensure accurate cutoff of capital outlay expenditures.

***Recommendation:***

The LLC should establish and implement controls to ensure that expenditures are recorded in the correct period.



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

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

We have audited the basic financial statements of Portland Development Commission, dba Prosper Portland (a Component Unit of the City of Portland) as of and for the year ended June 30, 2018 and have issued our report thereon dated October 25, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

**Compliance**

As part of obtaining reasonable assurance about whether Prosper Portland's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-0000 to 162-010-0320, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2018 and 2019.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, except those noted below:

- Prosper Portland had over-expenditures of \$693,778 for housing in the River District Fund for the year ended June 30, 2018.

## **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal controls described in the Schedule of Findings and Responses as item 2018-001 that we consider to be a significant deficiency related to 9101 Foster, LLC, a component unit of Prosper Portland.

## **Prosper Portland's Response to Finding**

Prosper Portland's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Prosper Portland's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of This Report**

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



For Moss Adams LLP  
Portland, Oregon  
October 25, 2018

