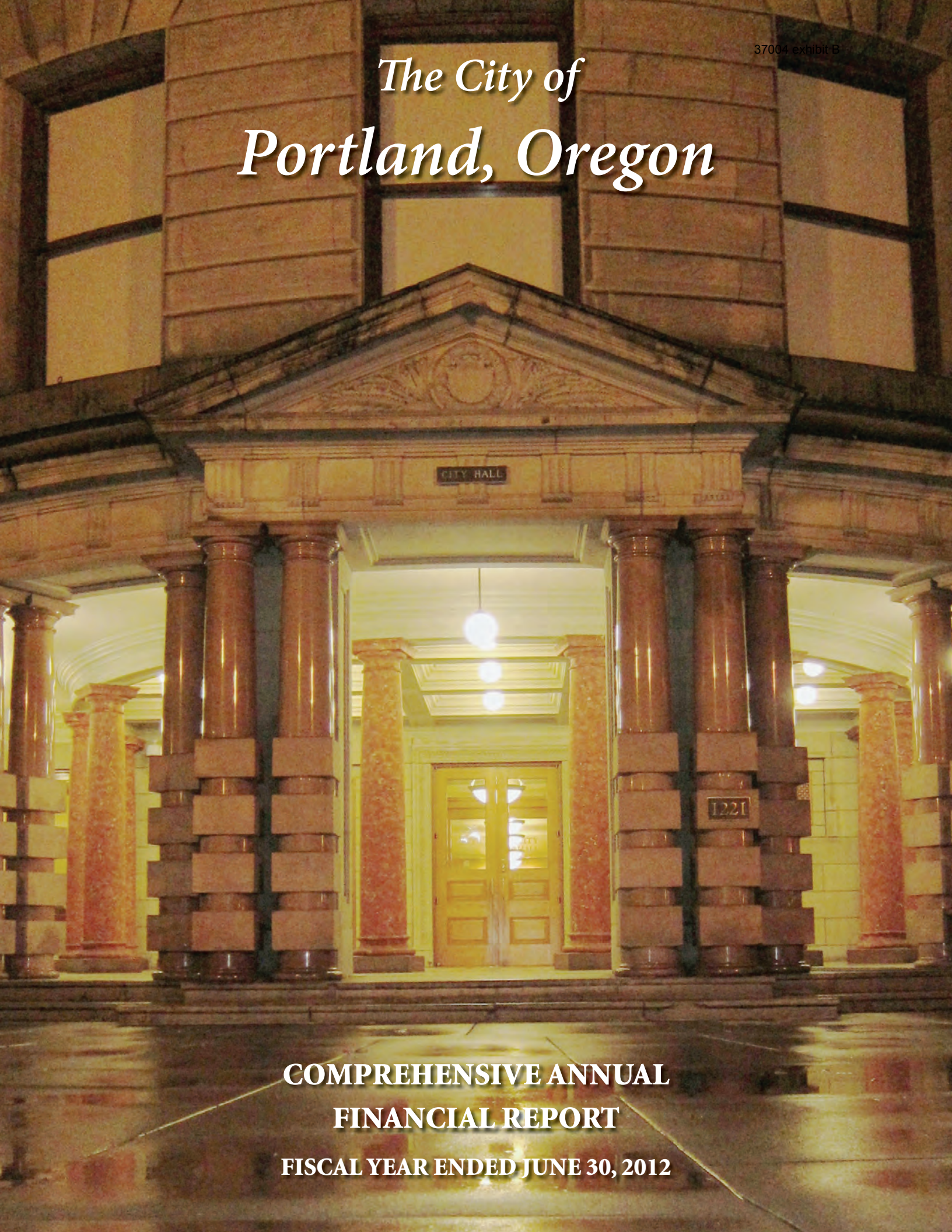
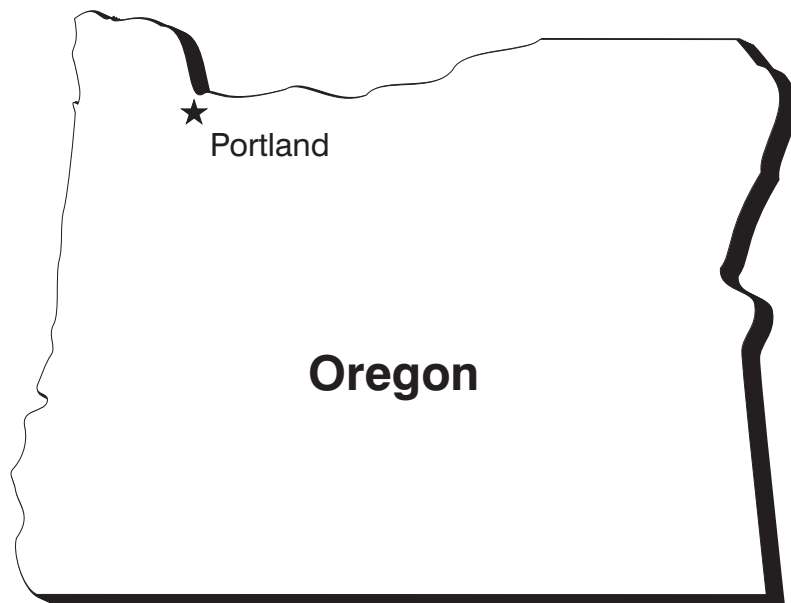


The City of Portland, Oregon



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2012



City Hall Reflections
Cover Photographer: Lois Summers

Other photography provided by Lois Summers.

CITY OF PORTLAND, OREGON

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2012



Office of Management and Finance
Jack D. Graham, Chief Administrative Officer



Police Horse

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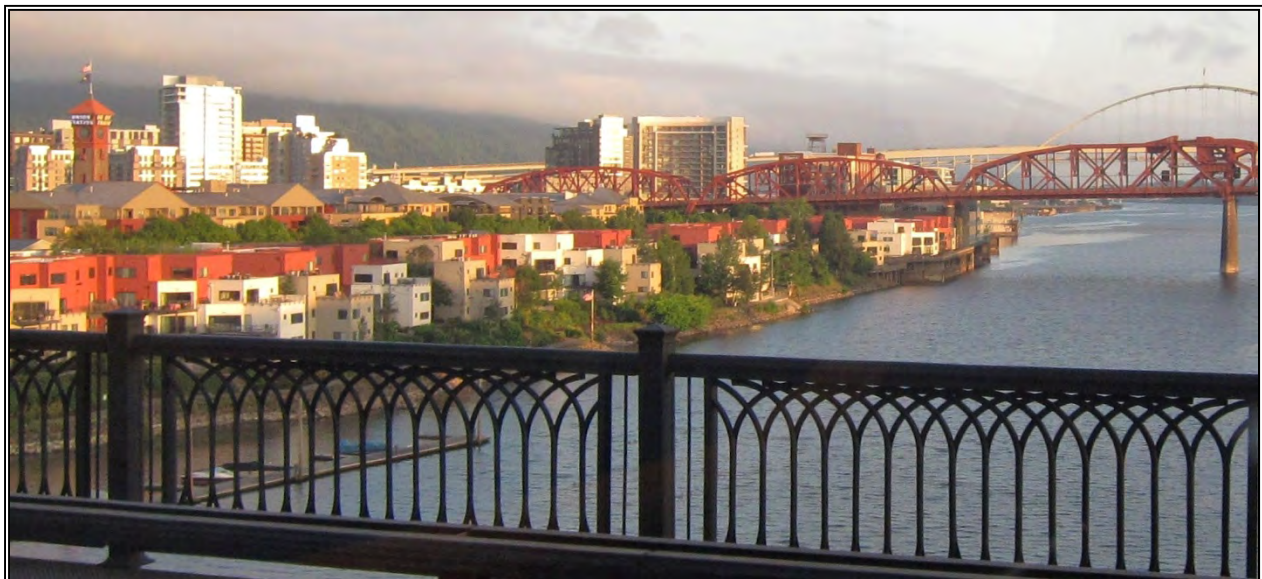
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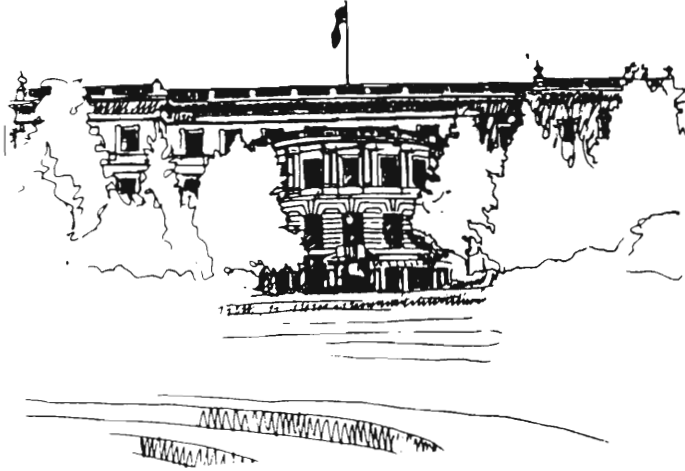
Water Front Northwest Portland

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INTRODUCTORY SECTION



Portland City Hall, 1895



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE
Sam Adams, Mayor
Jack D. Graham, Chief Administrative Officer

Bureau of Financial Services
Richard F. Goward, Jr., CFO
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December 21, 2012

Mayor Sam Adams, City Commissioners,
City Auditor, and Citizens of the
City of Portland, Oregon

The Bureau of Financial Services is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Portland, Oregon (the City) for the fiscal year ended June 30, 2012.

This report is published to provide the City Council, City staff, our citizens, and other readers with detailed information concerning the financial position and activities of the City. City management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

To the best of our knowledge and belief, the enclosed report is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. The accompanying disclosures are necessary to enable the reader to gain the maximum understanding of the City's financial affairs.

THE REPORT

The CAFR is presented in three main sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a list of principal officials, organizational charts, and a copy of last fiscal year's Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association of the United States and Canada's (GFOA).

The financial section is prepared in accordance with accounting principles generally accepted in the United States of America. This section of the CAFR includes the Management's Discussion and Analysis (MD&A), which can be found immediately following the report of the independent auditor, the basic financial statements and combining and individual fund statements and schedules, as well as required supplementary information.

The MD&A provides a narrative introduction, overview, and analysis to accompany the basic financial statements and should be read in conjunction with this letter of transmittal. The basic financial statements include the government-wide financial statements that present an overview of the City's entire operations, while the fund level statements present the financial information of each of the City's major funds, as well as non-major funds.

Lastly, the statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

In addition to the CAFR, this publication includes a report on the City's compliance with applicable federal laws and regulations related to the Single Audit Act, OMB Circular A-133.

An Equal Opportunity Employer

To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.

CITY PROFILE

The City, with a population in excess of 593,000, comprises an area of approximately 145 square miles in northwestern Oregon. Located astride the Willamette River at its confluence with the Columbia River, the City is the center of commerce, industry, transportation, finance, and services for a contiguous metropolitan area spanning into three Oregon counties and the City of Vancouver Washington, which altogether include over two million people. The City is also the largest city in Oregon, the seat of Multnomah County, and the second largest city in the Pacific Northwest.

The City was incorporated in 1851 and is a home rule charter city. The City Charter is the basic law under which the City operates and can be amended only by a vote of the people. In 1913 a modified commission was created, which is rare in cities as large as Portland.

The Charter provides for five non-partisan Council members, called Commissioners, including the Mayor. They are elected at-large to four-year terms. The Mayor and Commissioners act as legislators and administrators, with the Commissioners responsible for enacting City laws, enforcing City laws, and administering bureaus under the respective Commissioner's supervision. The Mayor assigns the bureaus to each Commissioner.

The City Auditor is also elected and required by Charter to be a Certified Public Accountant, Certified Internal Auditor, or Certified Management Accountant. The Auditor is not part of the Council and has no formal voting authority.

The City operates under the provisions of the City Code and City Charter, which are consistent with the Oregon Constitution and State law (Oregon Revised Statutes). The City's Code consists of all of the regulatory and penal ordinances and certain administrative ordinances of the City of Portland. The charter grants legal authority to City government, determines the form of City government, and assigns duties to public officials. Ordinances are passed by a simple majority vote of three of the five Council members.

The City provides the following services, as authorized in its Charter:

- Planning and community development: buildings review, housing services, employment, and economic development
- Citizen and community services: neighborhood improvements, housing development, and shelter programs
- Public safety: police, fire and rescue, emergency communications, and emergency management
- Transportation and parking: street maintenance, neighborhood traffic studies, and street improvements
- Support services/legislative/administrative: facilities, financial, fleet, human resources, printing, risk management, and technology
- Parks: recreational and cultural services
- Utilities: water and sewer
- Other operations: refuse disposal and environmental remediation

REPORTING ENTITY

This report encompasses all funds of the City and organizations required to be included because the City is financially accountable for them. Under the City Charter, the Fire and Police Disability and Retirement Fund and the Portland Development Commission (PDC) are required to have separate financial audits conducted by external certified public accountants. The various funds of these organizations are also included in this report, and the information presented has been condensed from separately commissioned audit reports to conform to City reporting formats.

ECONOMIC CONDITIONS AND OUTLOOK

A. Recent economic performance

Once again in 2012, we are seeing similar growth patterns to those of 2010 and 2011, when solid growth at the beginning of the year gave way to slow growth over the summer. Broadly speaking, the local economy has done comparatively well over the last couple of years. The local unemployment rate has fallen nearly three percentage points from its high in 2009, and the metropolitan area added over 19,800 jobs from June 2011 to June 2012. Most recently, the housing market is showing signs of life, as very low inventories and even lower mortgage rates are combining to push prices higher for the first time in four years.

Local area inflation was modest during the first half of calendar year 2012. The Portland-Salem Consumer Price Index, All Urban Wage Earners (CPI-W), was up an annualized 2.2 percent for the first six months of calendar year 2012 over the last six months of calendar year 2011. These levels are expected to remain moderate in the second half of the year, and remain relatively low for the foreseeable future.

The City has two primary revenue sources that are acutely sensitive to economic conditions, business license revenues and transient lodging taxes. General Fund business license revenues totaled \$72.9 million for FY2011-12, growing 11.1 percent over FY2010-11, nearly recovering to pre-recession levels after falling more than 20 percent from the peak of collections in FY2007-08. Meanwhile, General Fund transient lodging taxes reached a record high, growing by less than 12 percent for the second year in a row to \$17.8 million. Continued low interest rates coupled with low fund balances helped to push interest earnings lower. Property taxes, with historic property value declines that limited growth, grew by 1.5 percent. Overall, General Fund revenue from external sources grew by just under 3 percent in FY2011-12 over FY2010-11 figures.

B. Outlook

The outlook generally assumes a continuation of the current slow growth. There remains great uncertainty related to the global, national, and local economies. In particular, Europe continues to languish somewhere in between barely stable and insolvency, while the United States is enduring another self-inflicted injury with the pending "fiscal cliff", a combination of government spending cuts and tax increases that may pull a substantial amount of money out of the economy at the beginning of 2013. Boosted by growth in Asia and the high tech industry in general, the rapid expansion of exports is one indicator that has taken a more traditional path during this economic recovery. However, the most recent data does show that the growth may be slowing.

In August, Multnomah County referred a measure to voters that would establish a permanent library taxing district. Because of the property tax limitations put in place in the 1990s, the impact to the City's General Fund will be an ongoing loss of \$7-\$10 million beginning in FY2013-14. The tenuous housing market, that has recently shown some signs of life, will help determine both the level of this impact as well as the general property tax revenue growth. Other factors, including the limited outlook for long-term inflation and healthy growth in the City's cyclical tax revenues, should help mitigate these cuts over the five-year forecast period.

C. Long-term financial planning

The City maintains a five-year financial planning horizon and balances requirements to resources over the life of the five-year forecast. The budget distinguishes between ongoing and one-time revenues. City financial policies discourage the use of one-time revenue to fund ongoing obligations. The City continues to maintain General Fund reserves equal to 10 percent of General Fund discretionary revenues in order to guard against a significant economic downturn, disaster, or major unanticipated expense. Although the economic triggers have been met that would allow the City to use reserve funds, the City Council has opted to deal with revenue shortfalls through budget reductions and efficiencies.

Several non-General Fund bureaus also face resource challenges related to the funding of major capital projects and infrastructure maintenance. The Bureau of Environmental Services anticipates annual increases in the typical household's sewer/storm-water bill to average approximately 5.43 percent over the next five years to fund deferred maintenance projects and continue to operate and maintain the City's sewer and storm-water infrastructure. The Water Bureau forecasted average effective retail rate increases of 14.8% for the next two years, followed by increases of 13.5% and 7.7% for each of the remaining two years of the forecast period. These increases are needed to fund capital projects related to the EPA's Long Term 2 Enhanced Surface Water Treatment Rule, the treatment variance monitoring program, and other critical infrastructure maintenance and replacement. The Bureau of Transportation continues to face a growing maintenance backlog.

D. Major initiatives

The City's FY2011-12 budget invested in several initiatives of citywide importance, both new and continuing. The first initiative was already underway from the prior year, but all others are new in fiscal year 2012.

- *The Portland Plan*: The City's Comprehensive Plan and Central City Plan comprise the Portland Plan, which is intended to guide planning policies for the next 20-30 years. In FY2011-12, the City continued progress on the Portland Plan, with \$2,445,117 budgeted, and the Central City plan is now a separate project budgeted at \$1,110,815 in the FY2011-12 revised Budget.
- *Combined Sewer Overflow (CSO) Program*: The Bureau of Environmental Services completed construction of a large combined sewer and storm-water collection pipe to reduce sewer overflows into the Willamette River. The project was completed during FY2011-12, and the Adopted Budget included \$26.5 million for CSO capital costs as the program is closed out.
- *Emergency Coordination Center (ECC)*: Planning and design work for the new ECC in southeast Portland continued in FY 2011-12 with expenditures of \$1,723,808 in the General Fund and Public Safety GO Bond Fund, and \$128,445 in the Water Bureau with a total project budget of \$19,849,000. A construction contract was executed in March 2012 with construction starting in mid-April. The anticipated construction completion date is scheduled for October 2013 with a final move-in and beginning of operations expected by January 2014.
- *E-205 – Parks Equity for Eastside Parks*: The Portland Parks and Recreation Bureau adopted budget included \$500,000 for an initiative that will provide new parks on the underserved Portland eastside. Two parks were completed during FY2012: 1) Gilbert Primary Park included the development of approximately three-fourths of a mile of soft surface pathway system, installation of benches, playground resurfacing, tree liming, and pruning; and 2) Parklane Park included restoration of an existing playground, development of two new play areas, new benches, picnic tables, and two new drinking fountains.

OTHER FINANCIAL INFORMATION

A. Financial policies

To help ensure its continued ability to meet immediate and long-term service objectives, the City has adopted and adheres to a set of Comprehensive Financial Management Policies. These policies govern the allocation and management of resources including use of one-time only funds.

B. Accounting system and budgetary control

The City's accounting system supports an adequate internal control structure. This structure helps to safeguard the City's assets against loss, theft, or misuse. The accounting system provides reliable financial records for preparing financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure provides reasonable, but not absolute, assurance that the City's assets are safeguarded. The concept of reasonable assurance first recognizes that the cost of a control should not exceed the benefits likely to be derived. Secondly, the evaluation of costs and benefits require estimates and judgments by management.

The preparation of the City's budget is governed by Oregon Budget Law, ORS §294.305 to §294.565. The Mayor proposes a budget and the City Council serves as the Budget Committee in approving and adopting the budget. Public notice is given for all Budget Committee meetings. Citizens are involved in the budget process through surveys, forums, public hearings, and representation from five community budget advisors who participate in budget deliberations with the Council.

The City Council is required to adopt a budget no later than June 30, the close of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared and presented by bureau and by fund.

Council has set the level of appropriations under Oregon Budget Law at the fund, organizational unit (bureau), and major category of expenditure. Additionally, transfers between major object categories are allowed with approval of the Commissioner-in-Charge. The Council conducts three to four budget monitoring and amendment actions during the fiscal year to address changing financial needs and conditions.

OTHER INFORMATION

A. Independent audit

The City's Charter requires an annual audit of the City's financial records. These records, represented in the CAFR, have been audited by the City's independent Certified Public Accountants, Moss Adams LLP. This audit included the City's Single Audit for FY2011-12 pursuant to OMB Circular A-133. A report on the City's compliance with applicable Federal laws and regulations related to the Single Audit Act, OMB Circular A-133, is included in this report beginning on page 329.

B. Certificate of Achievement

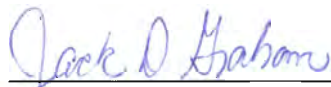
The GFOA has awarded the City with a Certificate of Achievement for Excellence in Financial Reporting for its CAFR consecutively for the last thirty-one fiscal years. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR with contents that conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

C. Acknowledgments

We would like to express our sincere gratitude to the City personnel who contributed to this report, especially personnel in the Accounting Division. Appreciation is also extended to the bureaus, City Council, City Auditor, and the many City managers whose leadership and commitment are vital to the health and vitality of the City of Portland.

Respectfully submitted,



Jack D. Graham
Chief Administrative Officer
Office of Management & Finance



Richard F. Goward, Jr.
Chief Financial Officer
Bureau of Financial Services

ELECTED OFFICIALS OF THE CITY OF PORTLAND



**Sam Adams
Mayor**



**Dan Saltzman
Commissioner of Public Affairs**



**Randy Leonard
Commissioner of Public Safety**



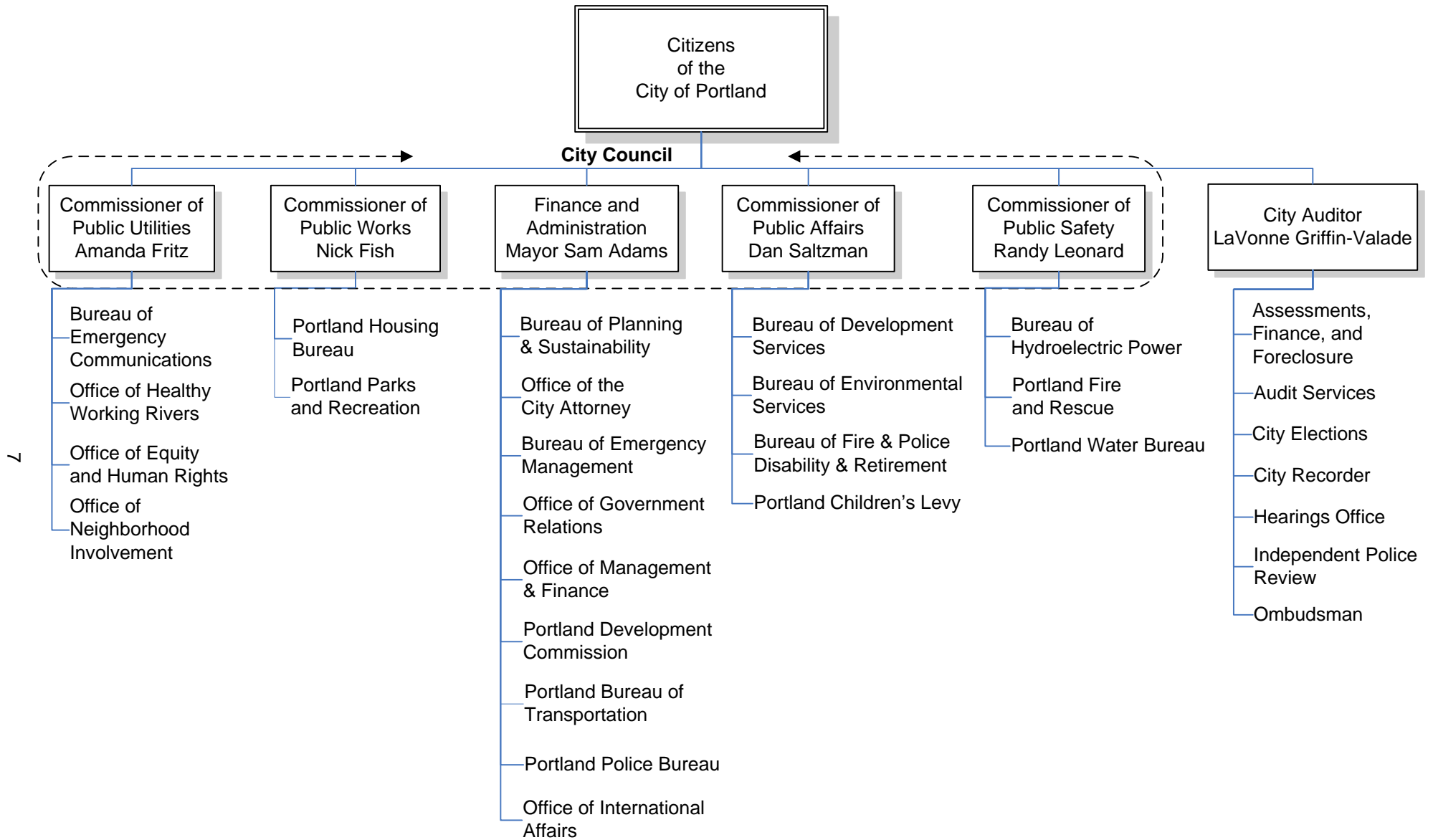
**Nick Fish
Commissioner of Public Works**



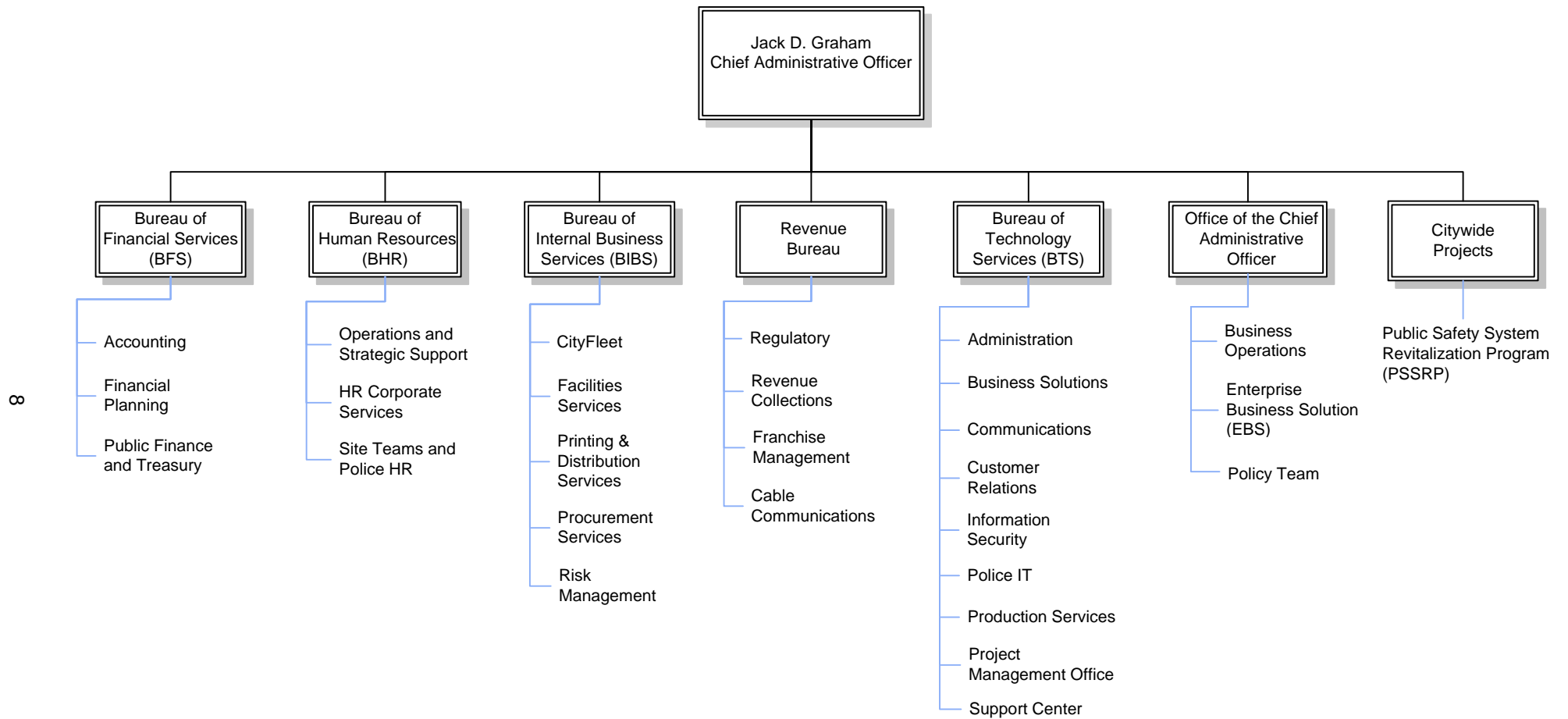
**Amanda Fritz
Commissioner of Public Utilities**



**LaVonne Griffin-Valade
City Auditor**



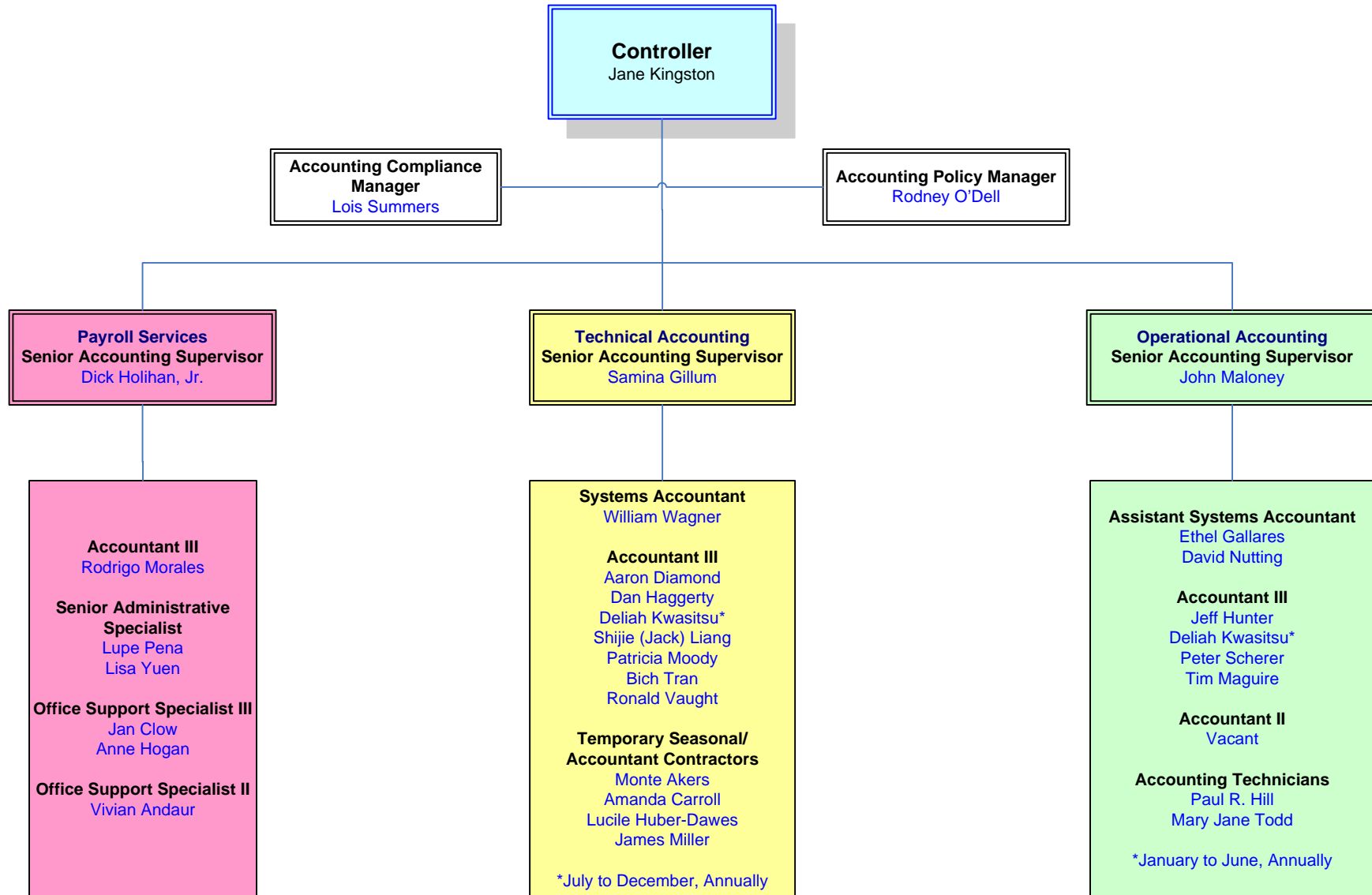
Office of Management and Finance



City of Portland
Office of Management and Finance
Bureau of Financial Services
Accounting Division
FY 2012 - 2013

37004 exhibit B

6



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Portland
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



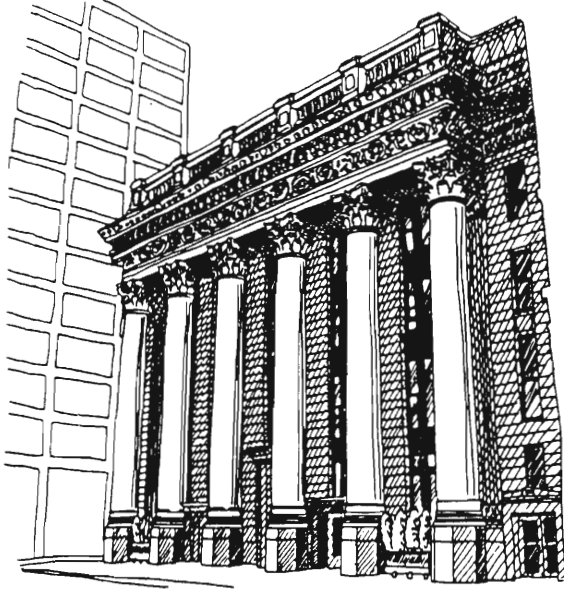
Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



U.S. National Bank, c 1917

REPORT OF INDEPENDENT AUDITORS

To the City Council
City of Portland, Oregon
Portland, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Portland, Oregon, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Portland's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Portland, Oregon, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Accounting principles generally accepted in the United States of America require that management's discussion and analysis and employee benefit funding progress information on pages 13 through 37 and 148, 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 management's discussion and analysis and the schedule of funding progress for other post-employment benefits described in the preceding paragraph 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 this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary schedules, combining and individual nonmajor fund financial statements, other financial schedules, and schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133) on pages 141 to 147, 151 to 295, and 331 to 341, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules, combining and individual nonmajor fund financial statements, other financial schedules, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Portland's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

For Moss Adams LLP
Eugene, Oregon
December 21, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Portland (the "City"), we offer readers of the City's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. 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 starting on page 1 of this report.

FINANCIAL HIGHLIGHTS

The following are the City's financial highlights for fiscal year ending June 30, 2012:

- The assets of the City exceeded its liabilities at the close of FY2011-12 by \$2,431,024,915 (*net assets*). Included in this amount is an *unrestricted net assets* deficit totaling \$1,741,416,036, as shown on table 1-C on page 17. This negative balance is caused by governmental activities and is further discussed in the government-wide financial analysis section of this Management's Discussion and Analysis (MD&A) found on page 16.
- The City's total net assets decreased by \$61,800,958 from FY2010-11 as shown on table 2-C on page 21. This decrease results primarily from a reduction in revenues of \$60,713,233 and an increase in expenses of \$92,758,913 versus the prior year, including an increase in the pension trust obligation liability of \$82,369,227.
- The City's governmental funds reported combined ending fund balances of \$315,676,787, an increase of \$45,304,391, in comparison to FY2010-11, as shown on page 45. Of the combined ending governmental fund balances, \$73,563,846 or 23.3 percent, is available for spending at the City's discretion subject to Council approved policies (*assigned and unassigned fund balances*).
- The unassigned fund balance for the General Fund was \$22,296,208 or 4.1 percent of total General Fund expenditures.
- The City's total bonded debt increased by \$3,510,168 or 0.1 percent over FY2010-11, as shown on Table 5 on page 34. Major components contributing to this rise included an increase of \$83,080,000 in urban renewal bonds, offset by reductions of: \$70,001,000 in revenue bonds, \$8,432,172 in limited tax revenue bonds, \$7,790,000 in general obligation bonds, and \$1,485,000 in limited tax improvement bonds. The residual change of \$8,138,340 was comprised of unamortized bond premiums and discounts.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

A. Government-wide financial statements

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes 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*). Governmental activities include: public safety, parks/recreation/culture, community development, transportation and metered parking, legislative/administrative/support services, environmental services, and interest on long-term debt. The business-type activities of the City include environmental services, water, hydroelectric power, parking facilities, golf, motor sports, spectator facilities, and housing.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the Portland Development Commission (PDC), a legally separate entity for which the City is financially accountable. Financial information for PDC is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 40-42 of this report.

B. Fund financial statements

A *fund* is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 a government's 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 funding 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*.

The City maintains 40 individual governmental funds. Governmental funds are further classified as *general*, *special revenue*, *debt service*, *capital projects*, or *permanent* funds. Within each fund-type group, funds are additionally classified as *major* or *nonmajor* funds.

Individual fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Transportation Operating Fund, Special Finance and Resource Fund, and the Grants Fund, all of which are considered to be *major funds*. Data from the other 36 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 this report.

The City's major governmental funds, the General Fund, Transportation Operating Fund, Special Finance and Resource Fund, and the Grants Fund, are presented in their respective columns,

and the remaining funds are combined into a column titled "Other Governmental Funds". For each major fund, a budgetary comparison statement is presented. Information on nonmajor funds can be found in the combining schedules of nonmajor funds and/or the supplemental information-budgetary comparison schedules sections of this report. Completing this report is a series of other financial and statistical schedules as required by statute.

The basic governmental fund financial statements can be found on pages 43-46 of this report.

- **Proprietary funds.** The City maintains 18 proprietary funds, which are further classified as either enterprise funds or internal service funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Of the 18 proprietary funds, ten are *enterprise funds*.

Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for health insurance, facilities, fleet, printing and distribution, self-insurance for general liability and worker's compensation, and technology services. These services predominantly benefit governmental rather than business-type functions. Therefore, they have been included within *governmental activities* in the government-wide financial statements. Of the 18 proprietary funds, eight are *internal service funds*.

Proprietary funds statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for water and sewer system operations, both of which are considered major funds. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 48-53 of this report.

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

The basic fiduciary fund financial statements can be found on pages 54-55 of this report.

C. 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 financial statements can be found on pages 57-139 of this report.

D. Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligations to the citizenry and its employees. Required supplementary information can be found on pages 141-149 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 151-191 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceed liabilities by \$2,431,024,915 at the close of FY2011-12.

A. Analysis of net assets

The largest portion of the City's net assets reflects an investment of \$3,962,832,965 or 163 percent in capital assets (e.g. land, buildings, equipment, and intangible assets), less any related outstanding debt used to acquire those assets as shown on table 1-C on page 17. The high percentage of investment in capital assets vis-à-vis total net assets is largely a result of the offsetting deficit *unrestricted net assets* (mentioned below). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets cannot be liquidated to pay for the liabilities. A more detailed discussion of capital assets begins on page 30.

An additional portion of the City's net assets, \$209,607,986 or approximately 8.7 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance is an *unrestricted net assets* deficit totaling \$1,741,416,036.

At the end of FY2011-12, the City is able to report positive balances in two categories of net assets for the government as a whole: (1) invested in capital assets, net of related debt, and (2) restricted net assets. Unrestricted net assets, the third category of net assets, had a negative balance due to governmental activities, and is comprised of outstanding debt with no offsetting assets. Business-type activities have a positive balance for all three categories of net assets.

Table 1-A
City of Portland, Oregon
Summary of Net Assets
For Years as Stated

	Governmental Activities		
	FY 2011-12	FY 2010-11	Change
ASSETS			
Current and other assets	\$ 752,207,927	\$ 724,251,862	\$ 27,956,065
Capital assets	2,319,429,357	2,352,389,353	(32,959,996)
Total assets	3,071,637,284	3,076,641,215	(5,003,931)
LIABILITIES			
Long-term liabilities outstanding	2,370,962,069	2,220,781,061	150,181,008
Other liabilities	180,736,530	187,398,990	(6,662,460)
Total liabilities	2,551,698,599	2,408,180,051	143,518,548
NET ASSETS			
Invested in capital assets, net of related debt	2,170,541,622	2,219,412,554	(48,870,932)
Restricted	194,759,450	197,584,177	(2,824,727)
Unrestricted surplus (deficit)	(1,845,362,387)	(1,748,535,567)	(96,826,820)
Total net assets	\$ 519,938,685	\$ 668,461,164	\$ (148,522,479)

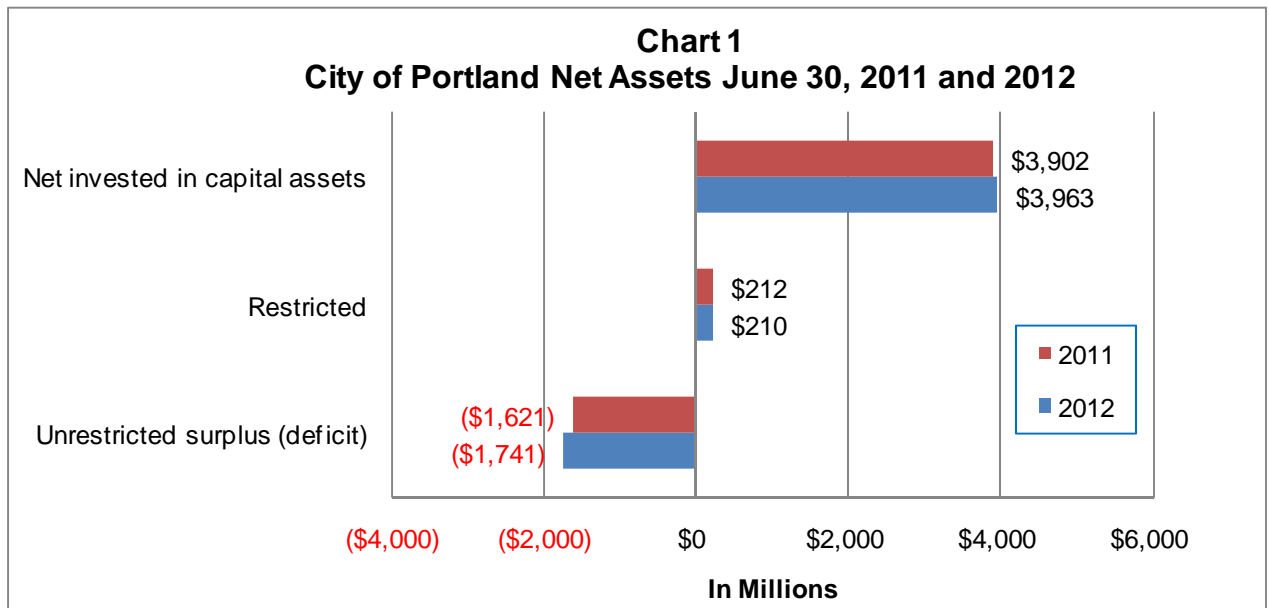
Table 1-B
City of Portland, Oregon
Summary of Net Assets
For Years as Stated

	Business-type Activities		
	FY 2011-12	FY 2010-11	Change
ASSETS			
Current and other assets	\$ 304,008,020	\$ 478,779,560	\$ (174,771,540)
Capital assets	3,894,281,072	3,735,358,330	158,922,742
Total assets	4,198,289,092	4,214,137,890	(15,848,798)
LIABILITIES			
Long-term liabilities outstanding	2,122,750,044	2,227,049,416	(104,299,372)
Other liabilities	164,452,818	162,723,765	1,729,053
Total liabilities	2,287,202,862	2,389,773,181	(102,570,319)
NET ASSETS			
Invested in capital assets, net of related debt	1,792,291,343	1,682,414,671	109,876,672
Restricted	14,848,536	14,716,777	131,759
Unrestricted surplus (deficit)	103,946,351	127,233,261	(23,286,910)
Total net assets	\$ 1,911,086,230	\$ 1,824,364,709	\$ 86,721,521

Table 1-C
City of Portland, Oregon
Summary of Net Assets
For Years as Stated

	Total Net Assets		
	FY 2011-12	FY 2010-11	Change
ASSETS			
Current and other assets	\$ 1,056,215,947	\$ 1,203,031,422	\$ (146,815,475)
Capital assets	6,213,710,429	6,087,747,683	125,962,746
Total assets	7,269,926,376	7,290,779,105	(20,852,729)
LIABILITIES			
Long-term liabilities outstanding	4,493,712,113	4,447,830,477	45,881,636
Other liabilities	345,189,348	350,122,755	(4,933,407)
Total liabilities	4,838,901,461	4,797,953,232	40,948,229
NET ASSETS			
Invested in capital assets, net of related debt:	3,962,832,965	3,901,827,225	61,005,740
Restricted	209,607,986	212,300,954	(2,692,968)
Unrestricted surplus (deficit)	(1,741,416,036)	(1,621,302,306)	(120,113,730)
Total net assets	\$ 2,431,024,915	\$ 2,492,825,873	\$ (61,800,958)

Chart 1 illustrates the components of the City's net assets.



B. Analysis of changes in net assets

As noted previously, the City's overall net assets decreased by \$61,800,958 during FY2011-12. This decrease is explained in the governmental and business-type activities discussion beginning on page 22.

Table 2-A
City of Portland, Oregon
Summary of Changes in Net Assets
For Years as Stated

Governmental Activities

	FY 2011-12	FY 2010-11	Change
Revenues			
<i>Program revenues:</i>			
Charges for services	\$ 336,039,537	\$ 301,105,353	\$ 34,934,184
Operating grants and contributions	196,150,183	179,417,682	16,732,501
Capital grants and contributions	94,247,887	190,020,546	(95,772,659)
<i>General revenues:</i>			
Property taxes	432,481,353	431,933,936	547,417
Lodging taxes	21,359,108	19,142,687	2,216,421
Investment earnings	8,967,966	10,565,464	(1,597,498)
Total revenues	1,089,246,034	1,132,185,668	(42,939,634)
Expenses			
Public safety	486,886,299	460,750,759	26,135,540
Parks, recreation and culture	77,703,274	71,215,918	6,487,356
Community development	294,320,842	235,115,877	59,204,965
Transportation and metered parking	247,019,675	264,399,020	(17,379,345)
Legislative / admin / support services	92,989,301	85,191,243	7,798,058
Environmental services	503,400	187,805	315,595
Water	409,074	89,336	319,738
Interest on long-term debt	48,030,292	46,341,420	1,688,872
Total expenses	1,247,862,157	1,163,291,378	84,570,779
Revenues over (under) expenses	(158,616,123)	(31,105,710)	(127,510,413)
Transfers	6,398,095	15,500,817	(9,102,722)
Special item:			
Contributions from PDC	3,695,549	64,246,749	(60,551,200)
Change in net assets	(148,522,479)	48,641,856	(197,164,335)
Net assets -- beginning	668,461,164	619,819,308	48,641,856
Net assets -- ending	\$ 519,938,685	\$ 668,461,164	\$ (148,522,479)

Table 2-B
City of Portland, Oregon
Summary of Changes in Net Assets
For Years as Stated

Business-type Activities

	<u>FY 2011-12</u>	<u>FY 2010-11</u>	<u>Change</u>
Revenues			
<i>Program revenues:</i>			
Charges for services	\$ 435,012,570	\$ 409,237,124	\$ 25,775,446
Capital grants and contributions	3,964,882	44,450,756	(40,485,874)
<i>General revenues:</i>			
Investment earnings	<u>1,450,984</u>	<u>4,514,155</u>	<u>(3,063,171)</u>
Total revenues	<u>440,428,436</u>	<u>458,202,035</u>	<u>(17,773,599)</u>
Expenses			
Environmental services	194,880,070	189,838,169	5,041,901
Water	108,344,964	103,260,628	5,084,336
Hydroelectric power	1,895,974	2,049,214	(153,240)
Parking facilities	6,858,239	6,419,814	438,425
Golf	7,704,762	7,803,648	(98,886)
Motor sports	1,702,924	1,730,151	(27,227)
Spectator facilities	8,098,517	9,412,865	(1,314,348)
Housing	<u>967,848</u>	<u>1,750,675</u>	<u>(782,827)</u>
Total expenses	<u>330,453,298</u>	<u>322,265,164</u>	<u>8,188,134</u>
Revenues over (under) expenses	109,975,138	135,936,871	(25,961,733)
Transfers	(6,398,095)	(15,500,817)	9,102,722
Special item:			
Capital asset write-off	<u>(16,855,522)</u>	<u>-</u>	<u>(16,855,522)</u>
Change in net assets	86,721,521	120,436,054	(33,714,533)
Net assets -- beginning	<u>1,824,364,709</u>	<u>1,703,928,655</u>	<u>120,436,054</u>
Net assets -- ending	<u>\$ 1,911,086,230</u>	<u>\$ 1,824,364,709</u>	<u>\$ 86,721,521</u>

Table 2-C
City of Portland, Oregon
Summary of Changes in Net Assets
For Years as Stated

	Total Net Assets		
	FY 2011-12	FY 2010-11	Change
Revenues			
<i>Program revenues:</i>			
Charges for services	\$ 771,052,107	\$ 710,342,477	\$ 60,709,630
Operating grants and contributions	196,150,183	179,417,682	16,732,501
Capital grants and contributions	98,212,769	234,471,302	(136,258,533)
<i>General revenues:</i>			
Property taxes	432,481,353	431,933,936	547,417
Lodging taxes	21,359,108	19,142,687	2,216,421
Investment earnings	10,418,950	15,079,619	(4,660,669)
Total revenues	1,529,674,470	1,590,387,703	(60,713,233)
Expenses			
Public safety	486,886,299	460,750,759	26,135,540
Parks, recreation and culture	77,703,274	71,215,918	6,487,356
Community development	294,320,842	235,115,877	59,204,965
Transportation and metered parking	247,019,675	264,399,020	(17,379,345)
Legislative / admin / support services	92,989,301	85,191,243	7,798,058
Interest on long-term debt	48,030,292	46,341,420	1,688,872
Environmental services	195,383,470	190,025,974	5,357,496
Water	108,754,038	103,349,964	5,404,074
Hydroelectric power	1,895,974	2,049,214	(153,240)
Parking facilities	6,858,239	6,419,814	438,425
Golf	7,704,762	7,803,648	(98,886)
Motor sports	1,702,924	1,730,151	(27,227)
Spectator facilities	8,098,517	9,412,865	(1,314,348)
Housing	967,848	1,750,675	(782,827)
Total expenses	1,578,315,455	1,485,556,542	92,758,913
Revenues over (under) expenses	(48,640,985)	104,831,161	(153,472,146)
Special items:			
Capital asset write-off	(16,855,522)	-	(16,855,522)
Contributions from PDC	3,695,549	64,246,749	(60,551,200)
Change in net assets	(61,800,958)	169,077,910	(230,878,868)
Net assets -- beginning	2,492,825,873	2,323,747,963	169,077,910
Net assets -- ending	\$ 2,431,024,915	\$ 2,492,825,873	\$ (61,800,958)

Governmental activities. Governmental activities decreased the City's net assets by \$148,522,479. Overall assets declined \$5,003,932 and liabilities increased \$143,518,547. The net asset decline is strongly linked to the Fire and Police Disability and Retirement (FPD&R) Plan net pension obligation (NPO), which increased by \$82,369,227. Contributions toward the NPO are funded through a special property tax levy, which is passed through the General Fund to FPD&R. There is some risk that revenues from this tax levy may be negatively affected by declines in property tax values, and/or the levy cap may cause revenues to fall short of a particular year's benefit payment. However, as the economy improves and property taxes increase, it is expected that this dedicated revenue stream will continue to provide a stable funding resource for the City's pension liability. The NPO increase, plus an increase in other post employment benefits of \$3,396,915, account for much of the increase in governmental expenses of \$84,570,779 or 7.3 percent from the prior year.

Governmental capital assets have decreased overall by \$32,959,996. Additionally, depreciation decreased by \$1,935,168 or 1.1 percent over the year, an indication that some fully depreciated or disposed capital assets are not being replaced. Further information on capital assets can be found in the section beginning on page 30, or in Note III.F., beginning on page 86.

Another key factor giving rise to the net asset decrease was a reduction in governmental revenues of \$42,939,634 or 3.8 percent, primarily in the area of program revenues, which declined \$44,105,974. In particular, revenue from capital grants and contributions decreased \$95,772,659 or 50.4 percent. Transportation project grant revenues declined significantly over the prior year, primarily due to the phasing out of matching federal funds on the Streetcar project, which culminated in the opening of the Eastside line in September, 2013. Additionally, ARRA grant funding was reduced by \$6,810,894 as this federal program winds down.

The following charts provide a visual representation of the expenses and revenues for governmental activities for FY2011-12. Chart 2 shows expenses and program revenues generated by each program activity while Chart 3 shows all governmental revenues.

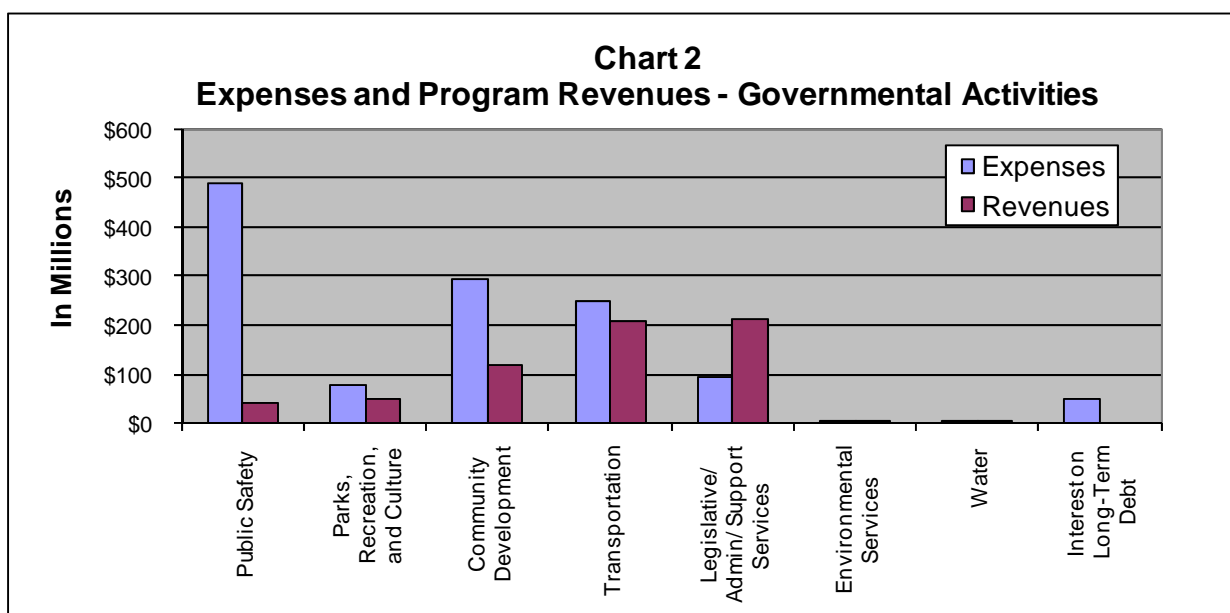
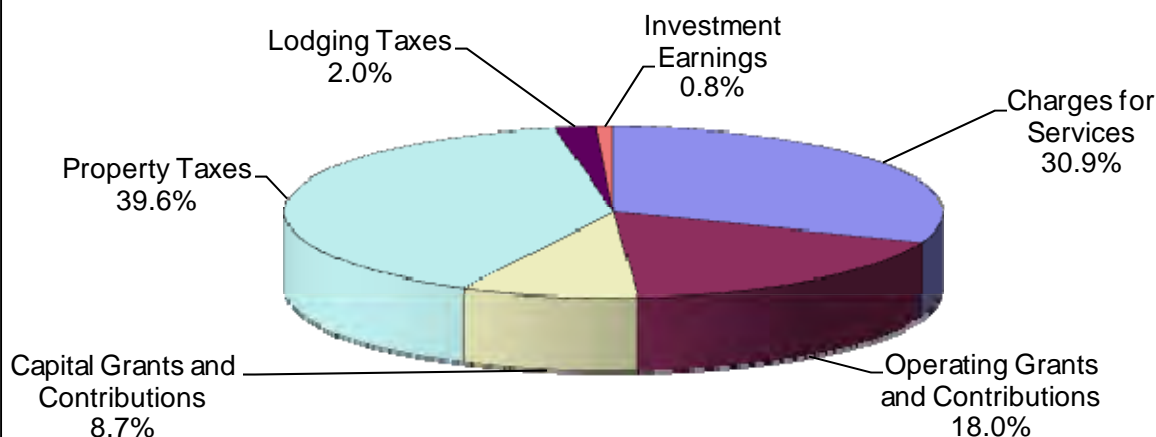


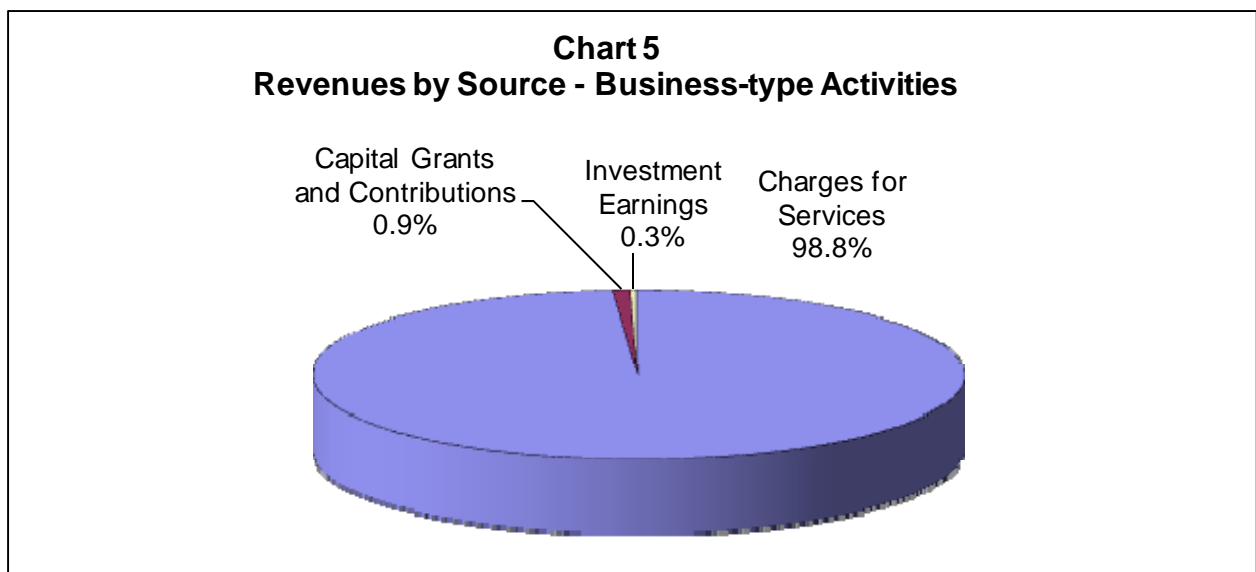
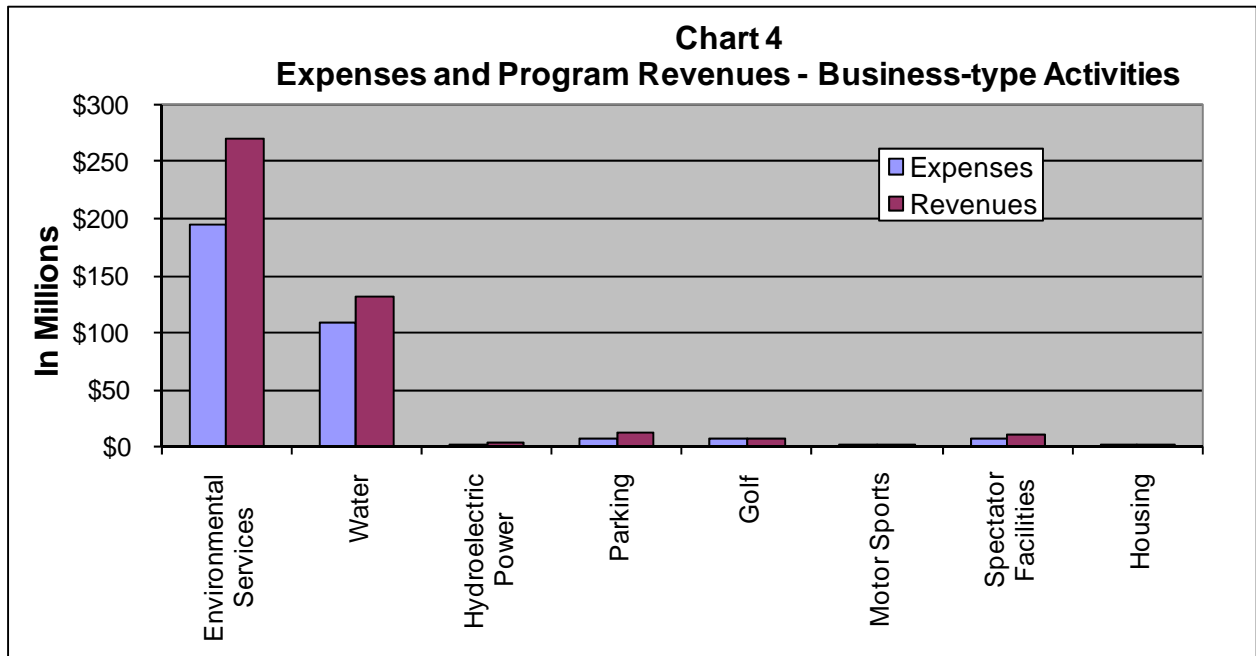
Chart 3
Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City's net assets by \$86,721,521. Sewage disposal and water operations contributed \$74,254,676 and \$23,665,608, respectively, and were offset by a capital asset special item expense of \$16,855,522 for design costs incurred through March 2012 for a water treatment facility that will not be built at Bull Run by the Water Bureau. The remaining net asset contributions came from other business-type activities as shown in Chart 4 below. Key elements of these net asset increases are as follows:

- Revenues from service charges and fees were \$28,813,659 more than last year. Water and Sewer operations accounted for \$29,143,792, or 101.1 percent of the increase, resulting from approved rate increases of 12.9 percent and 6.0 percent, respectively. The increased revenues provided additional resources for system improvements, compliance with U.S. Environmental Protection Agency mandates, and for related debt service payments.
- Revenues for capital grants and contributions decreased by \$40,485,874. A one-time contribution of \$27,375,839 was received in FY2011 for the rebuilding of a baseball stadium into a major league soccer field. Also in FY2011, the Headwaters Apartment Complex was contributed by PDC to the City.
- Total assets for all business-type activities decreased by \$15,848,798 over the prior year. Key components of this decline included an overall reduction of restricted cash and investments of \$166,060,192 or 73.5 percent, a reduction of \$14,381,766 or 63.9 percent in internal balances, and an increase of \$158,922,742 or 4.3 percent from additions to capital assets, net of depreciation. Depreciation increased a modest \$165,393. A major reclassification of construction in progress to infrastructure accounts for the large increase in assets, as described in the Capital Assets section on pages 30-31. Due to this change and the fact that depreciation does not begin on new assets in the year they are placed in service, it is expected that there will be significant upswing in the business-type capital assets depreciation expense in fiscal year 2013.
- Total liabilities for all business-type activities decreased \$102,570,319 over the prior year due primarily to reductions in noncurrent notes and bonded debt of \$106,298,348.

The following graphs provide a visual representation of the expenses and revenues for business-type activities for the current fiscal year.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

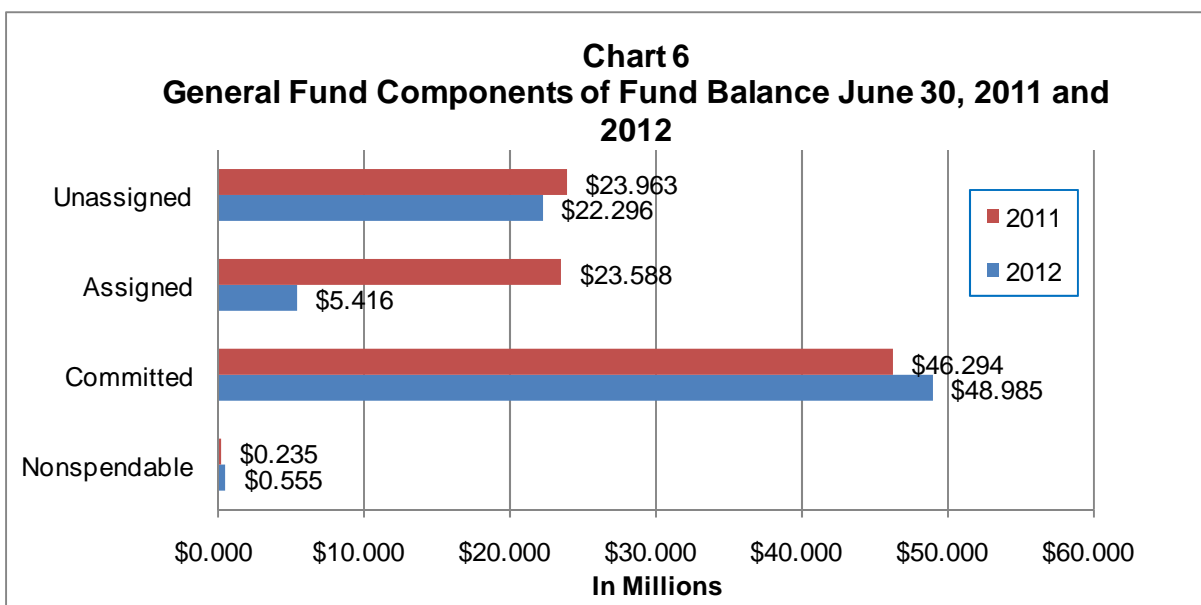
A. Governmental funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$315,676,787, an increase of \$45,304,391 as shown on page 45. Of the combined ending fund balances, \$14,989,604 or 4.7 percent constitutes the *unassigned fund balance*, and \$50,999,649 or 18.6 percent constitutes *assigned fund balance* in the appropriate fund types as shown on page 43. The remainder of fund balance is classified as *nonspendable, restricted, or committed* to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, *total fund balance* was \$77,251,696, of which \$22,296,208 or 28.9 percent is unassigned, \$5,415,881 or 7.0 percent is assigned through the fiscal year 2012 budget, and \$48,984,519 or 63.4 percent is committed. The committed portion of General Fund balance represents the General Fund Reserve, which by policy cannot be spent except under the authority and action of the City Council. The final portion of General Fund balance, \$555,088 or 0.7 percent is nonspendable, as shown on page 43. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 14.2 percent of total General Fund expenditures.

Chart 6 illustrates the changes in the components of General Fund fund balance from June 30, 2011 to June 30, 2012.



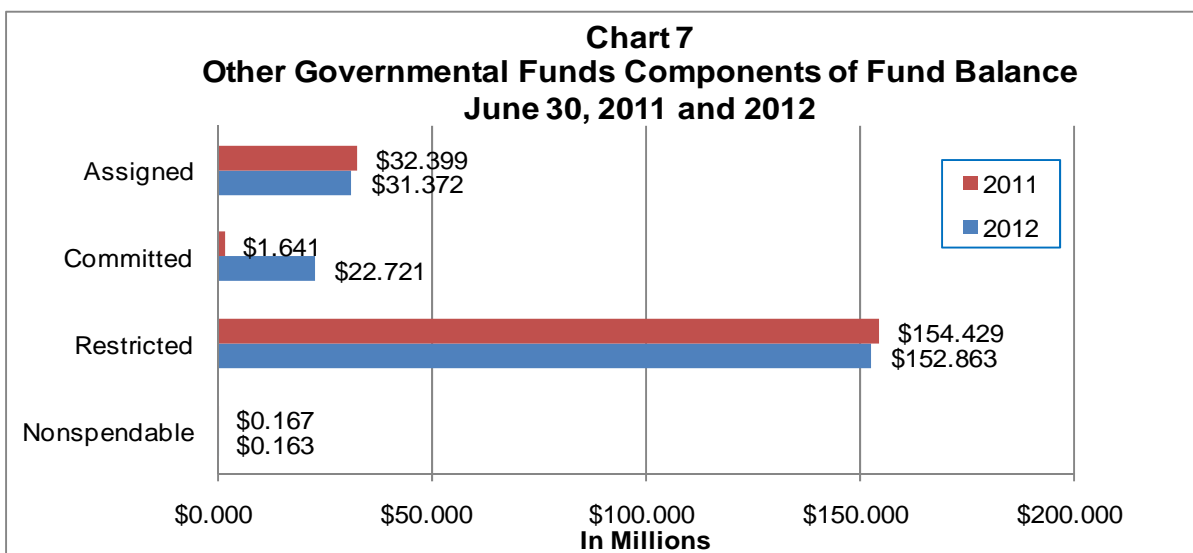
The fund balance of the City's General Fund decreased by \$16,829,091 during FY2011-12. Key factors in the decrease related to current year activity were a \$29,100,323 increase in expenditures and an increased use of other financing sources of \$2,313,041, offset by a \$12,908,886 increase in revenues. Significant expenditure increases included: public safety, \$16,498,973; parks and recreation, \$5,292,247; community development, \$4,121,777; and legislative and administrative support services, \$3,028,979. Of all the general fund revenue streams, interagency revenues showed the greatest increase of \$8,100,369 over the prior year. Licenses and fees increased by \$6,452,147, and lodging tax revenues increased \$1,825,168. Charges for services increased by \$968,116. The greatest revenue decrease was in property taxes which declined by \$3,037,300 or 1.0 percent. Additional information on General Fund changes is provided on pages 27-29.

The Transportation Operating Fund had a total ending fund balance of \$38,482,472, an increase of \$28,923,740; of which \$5,467,464 is nonspendable, \$18,803,168 is restricted, and \$14,211,840 is assigned, as shown on page 43. Key factors in this rise in fund balance include a significant revenue increase of \$17,609,627, or 14.5 percent, including a \$7,778,519 or 318.6 percent increase in licenses and fees, and a \$3,511,972 or 6.1 percent increase in intergovernmental revenues. In FY

2011, there was a modest decrease in licenses and fees probably due to impacts of the economic downturn, so that the budgeted revenues for licenses and fees were very conservative for FY2011-12. Licenses and permit revenues were higher than expected in the current year, perhaps a result of the improved economy and execution of permits that were delayed from the prior year. Additionally, street light infrastructure locate permits were instituted in FY2011-12 and became a new revenue source. Expenditures decreased overall by \$5,713,975 or 3.9 percent. There was a \$15,732,266 or 13.4 percent decrease in spending for transportation and parking, which was largely offset by an increase of \$10,528,700 or 44.4 percent for capital outlay. Fund balance represents 27.4 percent of total Transportation Operating Fund expenditures.

The Special Finance and Resource Fund became a major fund in fiscal year 2012. This fund experienced a \$45,646 or 53.9 percent increase in fund balance, primarily due to new bond issuances of \$76,218,116, an increase of \$47,192,787 or 162.6 percent, and transfers in of \$58,000,000, an increase of \$1,710,000 or 3.0 percent. Offsetting expenditures of \$133,787,307 were made for community development, which was an increase of \$48,399,012 or 56.7 percent from the prior year. The entire ending fund balance of \$130,344 is restricted. In the prior year, the Special Finance and Resource Fund was classified as a nonmajor fund, and was included as part of Other Governmental Funds in the basic financial statements. Fund balance represents 0.1 percent of total Special Finance and Resource Fund expenditures.

The Grants Fund experienced a \$14,596,938 or 66.6 percent increase in fund balance. The entire fund balance of (\$7,306,604) is an unassigned deficit, as shown on page 43. See Note II.D on page 71 for an explanation of the nature of the deficit fund balance. A key factor in this fund balance improvement included a decrease in overall expenditures of \$27,830,611 or 21.8 percent. The most significant expenditure decrease was in capital outlay for \$34,601,250 or 35.8 percent. Additionally, there was a significant decrease in intergovernmental revenues of \$43,919,349 or 28.0 percent. Fund balance represents 7.3 percent of total Grants Fund expenditures.



Other Governmental Funds showed a significant increase in ending fund balance for FY2011-12, \$18,567,158 or 9.8 percent, primarily due to increased revenues and a real property contribution of \$3,695,549 contributed by PDC to the City. Chart 7 illustrates the changes in the components of fund balance for Other Governmental Funds from June 30, 2011 to June 30, 2012.

See pages 151-170 for greater detail on Combining Statements for governmental funds.

B. Proprietary funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail, as shown on pages 172-191.

At the end of the fiscal year, unrestricted net assets of the Sewage Disposal Fund and the Water Fund amounted to \$33,922,865 and \$46,848,186, respectively. The total growth in net assets for the Sewage Disposal Fund and the Water Fund was \$74,254,676 and \$6,810,086, respectively.

The unrestricted net assets for other enterprise funds totaled \$18,833,894, while the change in net assets for other enterprise funds equaled an increase of \$5,902,865. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budgeted expenditures and the final amended budget totaled a reduction of approximately \$4,890,267 and can be briefly summarized as follows:

- *\$6,329,432 increase in personal services.* This budgetary increase resulted primarily from the City's Budget Monitoring Process (BMP) ordinances for Fall 2011 and Spring 2012, which included: \$4,372,560 for the Police Bureau for overtime costs related to Occupy Portland events, graffiti abatement, a related limited-term employee, and a compensation set-aside in anticipation of retirements; \$1,250,708 for Portland Parks and Recreation in response to a higher than anticipated level of public demand for services and casual labor, as well as in response to park repairs related to Occupy Portland events; \$897,396 for Portland Fire and Rescue in anticipation of retirements in June 2012; \$568,446 for the newly created Office of Equity and Human Rights; and a reduction of \$847,332 for the Office of Management and Finance to reflect projected expenditures through year-end.
- *\$2,032,484 decrease in materials and services.* This overall budgetary decrease included the following major reductions during the fiscal year: \$6,725,000 was removed from materials and services in the Fall and Spring BMPs to more accurately reflect projected spending on the Public Safety Systems Revitalization Project (PSSRP), and \$840,000 of PDC funding was rebudgeted in FY 2012-13 due to the timing of expected expenditures.

The above materials and services decreases were offset by numerous smaller increases across bureaus. \$1,658,657 was added to the materials and services budget for the Police Bureau, including: an overall increase of \$1,044,857 in the Fall BMP encumbrance; non-discretionary carryovers offset by a \$36,200 decrease in the Spring BMP; and an additional \$650,000 in an ordinance to prevent Police Bureau over expenditures.

A budget increase of \$906,196 in the Commissioner of Public Affairs Office was due to a Fall BMP adjustment for encumbrance and program carryovers. Additionally, an appropriation transferred dollars from personal services to external materials and services to align with anticipated spending.

The Bureau of Planning and Sustainability's materials and services budget increased \$660,563 to cover encumbrance carryovers from FY 2010-11 and to true up agreements for several programs. There was a new appropriation to fund the negative advances, an increased interagency agreement with the Bureau of Transportation for the West Hayden Island project, and an interagency agreement with the Bureau of Development Services for neighborhood inspections.

Finally, for Portland Fire and Rescue, a Fall BMP increase of \$769,451 for encumbrance carryover was partially offset by a Spring BMP reduction of \$92,629 related to an intergovernmental agreement with the Bureau of Fire and Police Disability and Retirement and funding received for a Tri-Data staffing model study.

- *\$1,463,821 increase in capital outlay.* This budgetary increase resulted primarily from the Fall BMP action relating to encumbrance carryovers from FY2010-11 in the Fire Bureau for fire apparatus replacement.
- *\$10,566,036 decrease in general operating contingencies.* This overall budgetary decrease is the net result of \$20,608,854 of draws on operating contingencies and \$10,042,818 in additional resources throughout the year. Major draws on contingencies included: \$6,499,857 of carryovers and encumbrances and \$972,483 of mid-year reductions and additions in the Fall BMP; \$5,099,460 of COLA requests for non-represented staff and elimination of \$1,435,092 for new requests in the Spring BMP; and \$6,600,00 that was rededicated to the coverage of internal loans. Major new resources included: \$6,776,934 and \$1,347,911 in beginning balance adjustments in the Fall and Spring BMPs, respectively, and \$1,824,600 and \$90,000 amounts were carried forward for fiscal year 2012-13.

Actual revenues were \$3,772,138 above the final amended budget, primarily due to increased licenses and fees. Actual expenditures were \$17,701,646 less than the final amended budget, primarily due to under expenditures for: personal services of \$3,154,811, materials and services of \$8,209,970, capital outlay of \$833,739, and general operating contingencies of \$5,228,499. These under expenditures were primarily due to:

- \$3,154,811 in under spending for personal services was spread across multiple bureaus. In the Office of Management and Finance, there were savings across the board in all divisions, with the biggest savings in Financial Services of \$350,000. The savings were mostly due to position vacancies and other typical under expenditures in personnel.

The Portland Fire and Rescue (PF&R) under spent personal services by \$1,123,286, which was primarily due to position vacancies and overtime savings. The vacancy savings mainly resulted from ten vacant positions in the Return-to-Work pilot program and firefighter hiring freeze in effect since Fall 2011. The Return-to-Work pilot program, which ended in the prior fiscal year, was intended to help injured firefighters transition to less physically demanding positions such as fire inspectors. Overtime savings is attributable to the high staffing level of the Traveler Pool that was created to cover vacation and other types of leave at fire stations to reduce the need for overtime incurred when off-duty firefighters are called in.

The Office of Equity and Human Rights (OEHR) was created by Council during the FY 2011-12 budget process, and its FY 2011-12 budget represents a full year's General Fund personnel resources allocation. However, several positions were vacant for the majority or entirety of the fiscal year. Additionally, other positions that had been part of the former Office of Human Relations did not shift to the OEHR business area until March 2012. All of these factors resulted in an under expenditure in OEHR of \$253,272 for personal services.

For the Police Bureau, a variance in personal services of \$253,495 or 0.2 percent was due to a minor excess in the estimation of compensation set-aside funding required in the 2012 Spring BMP adjustment.

The remaining personal services under spending spanned multiple bureaus.

- \$8,209,970 in under expenditures in materials and services spreads across multiple bureaus. Special appropriations approved by City Council were under spent by \$1,406,595, due to \$400,000 encumbered for the Future Connect Scholarship Program. The majority of the remaining amount encumbered was for the Regional Arts and Culture Council.

In the Office of Management and Finance, materials and services under spending was due to \$750,000 in various encumbrances and \$400,000 in Procurement Services savings due to the temporary suspension of the Sheltered Market Program.

PF&R under spent \$805,222 primarily due to encumbrances that were not spent by the end of the fiscal year. The materials and services expenditures were under budget because year-end actuals did not include approximately \$725,000 of encumbrances for goods and services ordered but not received or paid for by fiscal-year end. If the encumbrances were included, the actual would be in

line with the budget. As requested by PF&R, the majority of these encumbrances were re-appropriated in FY 2012-13 in the fall BMP.

The \$771,828 variance for the Commissioner of Public Affairs Office is due to the repeated carryover of one-time funds granted in FY 2011. \$625,012 of the variance was for the Gateway Center for Domestic Violence Services and was approved for carryover in the FY2012-13 Fall BMP.

In the Mayor's Office, the overall under expenditures of \$662,971 were primarily due to projects in the education program that were not completed by the end of the year. \$430,128 of the variance was approved for carryover into the FY2012-13 Fall BMP.

The Portland Housing Bureau under spent \$572,571 on encumbered contracts that were carried over into FY2011-12. Approximately \$390,000 of that amount is from sub-recipient contracts that did not spend down by June 30. Several of the contracts (about \$340,000) were extended and the funds carried forward into FY 2012-13 via the Fall BMP. Approximately \$110,000 is from under spending on support services through an intergovernmental agreement with PDC.

The Portland Police Bureau experienced under expenditures in materials and services of \$459,472 or 1.1 percent that were encumbered by purchase orders for items not received by fiscal-year end. The full amount was taken as a carryover into FY 2012-13 in the Fall BMP to satisfy those encumbrances. Overall, the bureau's remaining General Fund balance was 0.4 percent of the revised budget.

The City Auditor's Office had \$440,262 of under expenditures in materials and services. Lower than anticipated expenditures were primarily unused funds for professional and miscellaneous services across the bureau, particularly in Audit Services. In addition, repair and maintenance expenditures were lower. Also, education, travel, and supplies spending was minimized. The Auditor's Office bills the LID Fund for program costs associated with the Assessments, Finance, and Foreclosure Division. These costs were less than originally budgeted due to lower spending on technology costs related to the Lien Accounting System replacement project and fewer lien searches performed by external providers.

The Portland Planning and Sustainability Bureau experienced under expenditures of \$423,372 in materials and services for contract encumbrances, the largest of which was for \$120,645 with Portland Community Media for video and TV broadcasting services to document community input at Planning and Sustainability Commission meetings and City-hosted Town Hall sessions. All other contracts were \$50,000 or less. The full amount was carried over into FY 2012-13 in the Fall BMP to allow spending on the numerous contracts.

In the City Attorney's Office, there were \$269,053 in materials and services under expenditures. Several technology projects were delayed due to the Windows 7 implementation and staff time constraints. The delayed projects include: \$50,000 for programming enhancements to the Office's litigation and knowledge database, \$10,000 for trial support software training and development, and \$25,000 for Legal Hold Pro. These projects were postponed, and the budgeted funds have been re-allocated in FY2012-13. Expenses related to a scheduled office space expansion have also been delayed, resulting in savings of \$40,000 for additional rent and \$50,000 in moving and space reconfiguration costs.

The remaining materials and services under spending spanned multiple bureaus.

- \$883,739 in capital outlay under expenditures were due to a delay in the receipt of apparatus and equipment by Portland Fire and Rescue prior to fiscal-year end. The encumbrance budget will be carried over, and actual expenditures will be paid for in FY2012-13.

Local budget law (ORS 294.100 and 294.435(4)) requires local governments to stay within the appropriations set for the fiscal year. During FY2011-12, General Fund expenditures did not exceed budgetary estimates in any of the expenditure categories.

CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital assets

The City's investment in capital assets for its governmental and business-type activities, as of June 30, 2012, amounts to \$6,213,710,429 (net of accumulated depreciation). This investment in capital assets includes infrastructure, construction in progress, buildings, land, improvements to land, equipment, and intangible assets. The total increase in the City's investment in capital assets for the current fiscal year was \$125,962,745 or 2.1 percent, a 1.4 percent decrease for governmental activities and a 4.3 percent increase for business-type activities.

Major capital asset events during the current fiscal year included the following:

1. *Governmental activities* - Governmental capital assets decreased by \$32,959,997 or 1.4 percent. Key factors in this change were decreases in infrastructure of \$78,435,028 or 5.2 percent, and construction in progress of \$17,708,025 or 6.1 percent. Decreases in these areas were partially offset by increases in buildings of \$16,880,491 or 8.4 percent; an increase in land of \$16,577,838 or 9.4 percent; an increase in improvements to land of \$15,094,906 or 24.5 percent; and an increase in equipment of \$10,640,988 or 16.8 percent. Intangible assets increased \$3,988,834 or 9.8 percent.

The decrease in infrastructure of \$78,435,028 was primarily due to \$149,415,796 of depreciation in excess of additions of \$70,980,768. Infrastructure additions included transportation projects totaling \$67,621,588.

The construction in progress decrease of \$17,708,025 was primarily due to Portland Bureau of Transportation placing capital assets into service related to operational projects, including the Eastside Streetcar Loop expansion and the SW Moody Avenue reconstruction.

Buildings increased \$16,880,491, which was primarily due to the addition of the East Portland Community Center Pool by the Portland Parks and Recreation Bureau.

Land increased \$16,577,838 largely due to property contributed for The Fields Neighborhood Park in northwest Portland. Land improvements increased \$15,094,906, primarily driven by the installation of synthetic turf and better lighting at Buckman Field adjacent to Benson High School, improvements related to Director's Park, and Laurelhurst Pond.

Notable equipment additions included the radio system stability project for \$6,389,418, a new communication tower on the hills at Council Crest for \$3,536,499, and the purchase of new vehicles.

The largest intangible asset increase was for land use rights of \$2,108,720, which represents numerous easements and right-of-ways purchased by the Bureau of Transportation. A computer-aided dispatch (CAD) system replacement accounted for the majority of the software increase of \$1,863,316. Finally, owning rights increased \$16,798 or 138.2 percent due to the acquisition of the Paxton-Beall Trail easement by the Portland Parks and Recreation Bureau.

2. *Business-type activities* - Business-type capital assets increased \$158,922,742 or 4.3 percent. Key factors in this change were an increase in infrastructure of \$769,542,079 or 30.4 percent, and a decrease in construction in progress of \$624,697,452 or 70.2 percent. This is primarily due to the Bureau of Environmental Services (BES) and the Portland Water Bureau (PWB) placing capital assets into service. For BES, this includes the Eastside Combined Sewer Overflow project, also known as the Big Pipe Project, and the Balch Consolidation Conduit, all of which were completed in Fall 2011. For the PWB, this includes the construction of Powell Butte Reservoir and the Westside Header project to install water mains. Equipment increased \$5,825,551 or 21.3 percent, due to the purchase of new vehicles. Software increased \$873,681 or 105.7 percent due to the installation of two new software packages by BES.

The following table provides comparative information on the City's capital assets for FY2011-12 and FY2010-11:

Table 3
City of Portland, Oregon
Capital Assets, Net of Depreciation
For Years as Stated

Asset Category	FY 2011-12	FY 2010-11	Change
Governmental Activities			
Infrastructure	\$ 1,439,633,609	\$ 1,518,068,637	\$ (78,435,028)
Construction in progress	271,460,504	289,168,529	(17,708,025)
Buildings	218,735,864	201,855,373	16,880,491
Land	193,883,842	177,306,004	16,577,838
Improvements to land	76,723,375	61,628,469	15,094,906
Equipment	74,120,780	63,479,792	10,640,988
Intangible assets:			
Land use rights	16,996,167	14,887,447	2,108,720
Software	27,846,263	25,982,947	1,863,316
Owning rights	28,953	12,155	16,798
Total	\$ 2,319,429,357	\$ 2,352,389,353	\$ (32,959,997)
Business-type Activities			
Infrastructure	\$ 3,299,420,049	\$ 2,529,877,970	\$769,542,079
Construction in progress	265,142,129	889,839,581	(624,697,452)
Buildings	156,908,719	160,112,722	(3,204,003)
Land	95,811,875	88,298,330	7,513,545
Improvements to land	27,694,791	24,758,468	2,936,323
Equipment	33,150,796	27,325,245	5,825,551
Intangible assets:			
Land use rights	14,442,270	14,308,482	133,788
Software	1,700,437	826,756	873,681
Owning rights	10,006	10,776	(770)
Total	\$ 3,894,281,072	\$ 3,735,358,330	\$158,922,742
Total Net Capital Assets			
Infrastructure	\$ 4,739,053,658	\$ 4,047,946,607	\$691,107,051
Construction in progress	536,602,633	1,179,008,110	(642,405,477)
Buildings	375,644,583	361,968,095	13,676,488
Land	289,695,717	265,604,334	24,091,384
Improvements to land	104,418,166	86,386,937	18,031,229
Equipment	107,271,576	90,805,037	16,466,539
Intangible assets:			
Land use rights	31,438,437	29,195,929	2,242,508
Software	29,546,700	26,809,703	2,736,997
Owning rights	38,959	22,931	16,028
Total	\$ 6,213,710,429	\$ 6,087,747,683	\$125,962,745

Information on the City's capital assets can be found in Note III.F. on pages 86-92 of this report.

B. Debt administration

The City holds debt in the form of lines of credit, loans, notes, and bonds. A decrease of \$39,106,403 in lines of credit outstanding, offset by an increase of \$3,510,168 in bonds outstanding, account for the largest components of the \$34,686,627 overall change in debt. Most of the line of credit decrease is due to long-term financings that replaced outstanding balances on the Interstate Corridor Urban Renewal Area line of credit for \$43,353,021, the Oregon Convention Center Urban Renewal Area line of credit for \$30,101,141, and the Local Improvement District line of credit for \$2,240,697. Additionally, the 2009 Transportation line of credit was reduced as scheduled by \$305,000. In the enterprise funds, the major league soccer stadium (Jeld-Wen Field) line of credit balance of \$11,900,000 was taken out with long-term bonds. All of these reductions were offset by \$48,793,457 in new lines of credit issuances, the largest portion of which, \$17,313,315, was for the Resource Access Center line of credit.

The increase in bonds outstanding is due entirely to a \$93,750,369 increase in governmental bonds, primarily urban renewal bonds, offset by a \$90,240,201 decrease business-type activity bonds, primarily revenue bonds. New governmental loans increased overall debt by \$951,372 from the prior year.

Table 4
City of Portland, Oregon
Outstanding Debt
For Years as Stated

	FY 2011-12	FY 2010-11	Change
Governmental Activities			
Bonds	\$ 1,057,924,700	\$ 964,174,331	\$ 93,750,369
Lines of Credit	90,148,167	117,354,570	(27,206,403)
Loans	7,766,000	7,100,000	666,000
Total governmental activities	1,155,838,867	1,088,628,901	67,209,966
Business-type Activities			
Bonds	2,187,591,357	2,277,831,558	(90,240,201)
Lines of Credit	-	11,900,000	(11,900,000)
Loans	20,532,528	20,247,156	285,372
Notes	283,321	325,085	(41,764)
Total business-type activities	2,208,407,206	2,310,303,799	(101,896,593)
Total Outstanding Debt			
Bonds	3,245,516,057	3,242,005,889	3,510,168
Lines of Credit	90,148,167	129,254,570	(39,106,403)
Loans	28,298,528	27,347,156	951,372
Notes	283,321	325,085	(41,764)
Total outstanding debt	<u>\$ 3,364,246,073</u>	<u>\$ 3,398,932,700</u>	<u>\$ (34,686,627)</u>

As of June 30, 2012, the City had total bonded debt outstanding of \$3,245,516,057. Unamortized premiums and discounts for governmental activities net to \$28,556,970, while unamortized premiums, discounts and deferred loss on refunding for business-type activities net to \$87,643,791. Of the total bonded debt outstanding, \$70,740,000 is general obligation (GO) bond debt for governmental activities, secured by the full faith and credit and unlimited taxing power of the City, a decrease of

\$7,790,000 from FY2010-11. This decrease was due to scheduled repayments related to emergency facilities, \$3,955,000, and Parks, \$3,835,000. GO bond debt for governmental activities is funded by property taxes.

The City has \$518,095,296 of limited tax revenue bonds outstanding, a decrease of \$8,432,172 from FY2010-11. In the governmental funds, this reduction was due to a combination of new issuances offset by scheduled principal payments and refundings of \$89,137,080. New refunding issuances included \$67,015,000 for the expansion of the Oregon Convention Center, and \$1,315,000 for the Portland Center for the Performing Arts. Additionally, \$27,310,000 of new issuances were completed in the internal service funds, including \$13,305,000 for a Police Training Facility, \$8,560,000 to refund bonds issued for City Hall renovation and the 800Mhz communication system, and \$5,445,000 for the new Emergency Coordination Center. These new issuances were offset by \$18,808,180 in scheduled repayments and the refunding in the internal service funds. Overall, new issuances totaled \$95,640,000 and reductions totaled \$107,945,260 in governmental activities. In business-type activities, scheduled payments of \$8,126,912 were offset by \$12,000,000 of new limited tax revenue bonds issued to replace a line of credit that provided interim financing of improvements at Jeld-Wen Field, for a net change of \$3,873,088. All of these bonds are secured by the full faith and credit of the City and have been issued for a variety of purposes, including funding pension liabilities. These bonds will be repaid from specific revenue sources and from the General Fund.

An additional \$508,130,000 of the City's outstanding debt consists of urban renewal bonds that are repaid from tax increment revenues generated from the City's various urban renewal areas (URA). The increase of \$83,080,000 was due to new bond issuances totaling \$175,950,000 which was partially offset by scheduled principal payments of \$25,060,000 and refundings of \$67,810,000. Proceeds from the \$69,760,000 of bonds issued during FY2011-12 for the Oregon Convention Center URA were used to pay the outstanding balance on a line of credit established to provide interim financing for projects, to finance additional capital projects, and to pay issuance costs. Additionally in this URA, \$29,685,000 was issued to refund the outstanding balance of bonds issued in FY1999-00. A new issuance of \$30,370,000 was completed in the Downtown Waterfront URA to refund the outstanding balance of bonds issued in FY2000-01 and to pay issuance costs. Finally, two new issuances, one for \$28,890,000 and the second for \$17,245,000, were completed in the Interstate Corridor URA to pay the outstanding balance on a line of credit established to provide interim financing for projects, to provide cash for a debt service reserve, and to pay issuance costs.

As of June 30, 2012, the City had \$55,940,000 of outstanding limited tax improvement bonds a decrease of \$1,485,000 from FY2010-11. This decrease, primarily due to scheduled principal payments of \$3,565,000 and bond calls of \$1,320,000, was offset by a new issuance of \$3,400,000 intended to finance various public improvements.

The remainder of the City's debt is comprised of revenue bonds, totaling approximately \$1,976,410,000, a decrease of \$70,001,000 over FY2010-11. This decrease, primarily due to scheduled principal payments of \$84,034,000 and a refunding of \$767,000, was partially offset by a new bond issuance of \$15,400,000. Proceeds from the new bonds issued during FY2011-12 will be used to fund the cost of transportation capital projects, fund a debt service reserve, and pay issuance costs. In general, revenue bonds are secured solely by specified revenue sources such as water, sewer, parking, golf, and gas tax revenues.

The following table provides comparative information on the City's outstanding bonded debt, not including unamortized premium and discounts on bonds:

Table 5
City of Portland, Oregon
Outstanding Bonded Debt
For Years as Stated

	<u>FY 2011-12</u>	<u>FY 2010-11</u>	<u>Change</u>
Governmental Activities			
General Obligation Bonds	\$ 70,740,000	\$ 78,530,000	\$ (7,790,000)
Limited Tax Improvement Bonds	55,940,000	57,425,000	(1,485,000)
Urban Renewal Bonds	508,130,000	425,050,000	83,080,000
Limited Tax Revenue Bonds	376,042,730	388,347,991	(12,305,261)
Revenue Bonds	18,515,000	3,715,000	14,800,000
Unamortized premiums & discounts	28,556,970	11,106,340	17,450,630
Total governmental activities	<u>1,057,924,700</u>	<u>964,174,331</u>	<u>93,750,369</u>
Business-type Activities			
Limited Tax Revenue Bonds	142,052,566	138,179,477	3,873,089
Revenue Bonds	1,957,895,000	2,042,696,000	(84,801,000)
Unamortized premiums & discounts	87,643,791	96,956,081	(9,312,290)
Total business-type activities	<u>2,187,591,357</u>	<u>2,277,831,558</u>	<u>(90,240,201)</u>
Total Outstanding Debt			
General Obligation Bonds	70,740,000	78,530,000	(7,790,000)
Limited Tax Improvement Bonds	55,940,000	57,425,000	(1,485,000)
Urban Renewal Bonds	508,130,000	425,050,000	83,080,000
Limited Tax Revenue Bonds	518,095,296	526,527,468	(8,432,172)
Revenue Bonds	1,976,410,000	2,046,411,000	(70,001,000)
Unamortized premiums & discounts	116,200,761	108,062,421	8,138,340
Total outstanding bonded debt	<u>\$ 3,245,516,057</u>	<u>\$ 3,242,005,889</u>	<u>\$ 3,510,168</u>

The City's total bonded debt increased by \$3,510,168, or 0.1 percent, during the FY2011-12. Bonded debt for governmental activities increased by \$93,750,370 while debt for business-type activities decreased by \$90,240,202. As detailed previously, the primary reason for the increase in bonded debt relating to governmental activities was the long-term takeout financing of balances on interim lines-of-credit for various urban renewal areas, while the primary reason for the decrease in debt relating to business-type activities was the repayment of revenue bonds.

Other factors impacting the City's debt management program are as follows:

- **Debt limitation.** Oregon Revised Statutes provides a limit on non-self-supporting general obligation debt of three percent of the real market value of all taxable property within the City's boundaries. Based on the City's FY2011-12 real market value, this debt limitation is \$2,434,903,050. The amount of outstanding City debt subject to this limitation is \$70,740,000.

- **Debt ratings.** The City's unlimited tax general obligation debt remains rated "Aaa" by Moody's Investors Service and was confirmed in May 2012 and reconfirmed in August 2012. The rating on the River District Urban Renewal Area Bonds was upgraded from A2 to A1 in June 2012. All other ratings remain unchanged in FY2011-12.

Credit	Moody's Rating
Unlimited Tax General Obligation Bonds	Aaa
First Lien Water Revenue Bonds	Aaa
Second Lien Water Revenue Bonds	Aa1
Limited Tax Revenue Bonds	Aa1
Arena Limited Tax Revenue Bonds	Aa1
Limited Tax Improvement Bonds	Aa1
Limited Tax Pension Obligation Revenue Bonds	Aa1
Limited Tax Housing Revenue Bonds	Aa1
Gas Tax Revenue Bonds	Aa2
First Lien Sewer Revenue Bonds (1)	Aa2
Second Lien Sewer Revenue Bonds (1)	Aa3
Airport Way Urban Renewal Bonds	Aa3
Oregon Convention Center Urban Renewal Bonds	Aa3
Downtown Waterfront Urban Renewal Bonds	Aa3
South Park Blocks Urban Renewal Bonds	Aa3
River District Urban Renewal Bonds	A1
North Macadam Urban Renewal Bonds	A1
Lents Town Center Urban Renewal Bonds	A1
Central Eastside Urban Renewal Bonds	A2
Interstate Corridor Urban Renewal Bonds	A2
Hydroelectric Revenue Bonds (PGE) (2)	Baa1

Notes:

- (1) These bonds are additionally rated AA by Standard and Poor's.
- (2) These bonds are additionally rated BBB by Standard and Poor's.

- **Debt ratios.** The City's debt ratios, as of June 30, 2012, are shown below:

	Amount	Per Capita	Percent of Real Market Valuation	Percent of Assessed Valuation
Population July 1, 2011	585,845	--	--	--
2011-12 Real Market Value	\$81,163,435,001	\$138,541	--	--
2011-12 Assessed Value (1)	\$51,253,281,336	\$87,486	63.15%	--
Gross Bonded Debt (2)	\$728,331,996	\$1,243	0.90%	1.42%
Net Direct Debt (3)	\$266,374,633	\$455	0.33%	0.52%
Net Overlapping Debt	\$922,309,297	\$1,574	1.14%	1.80%
Net Direct and Overlapping Debt	\$1,188,683,930	\$2,029	1.46%	2.32%
(1) Market Value reported in this table encompasses City of Portland values within Multnomah, Washington, and Clackamas Counties, including estimated urban renewal incremental real market values. Market Values reported in this table are "Measure 5 Values", which represent the real market value of properties that are not specially assessed; and the value of specially assessed properties, including farm, forestland, and exempt property, which are less than full real market value. In 2011-12, the Measure 5 Market Value represented about 82 percent of full real market value.				
(2) Includes City's outstanding general obligation bonds, limited tax revenue bonds, limited tax improvement bonds, and general fund backed lines of credit and state loans.				
(3) Includes non self-supporting limited tax revenue bonds secured by the City's General Fund as well as general obligation bonds paid from a separate, unlimited <i>ad valorem</i> tax.				

Additional information on the City's long-term debt can be found in Note III.I. on pages 96-112 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors currently affect the City of Portland and were considered in developing the City of Portland's budget for the 2012-2013 fiscal year.

- According to the U.S. Bureau of Labor Statistics, the unemployment rate for the City of Portland in August 2012 was 8.3 percent. This compares favorably with the State of Oregon rate of 8.6 percent, and is only slightly higher than the national rate of 8.1 percent.
- Based on data released August 17, 2012, inflation rose at an annualized rate of 2.5 percent for the first six months of 2012. Much of the total Consumer Price Index (CPI) increase was driven by increases in commodities prices. While commodity price increases are expected to wane, they have persisted long enough through the calendar year that the CPI-W, which determines the cost of living increases for nearly all City employees, is expected to be lower, probably 2.7 percent for 2012.
- Water rates and sewer bills increased 7.6 percent and 5.4 percent, respectively, for the 2013 budget year. These increases were necessary to fund ongoing operation and maintenance of aging systems, comply with U.S. Environmental Protection Agency mandates and permit requirements, and fund additional debt service payments resulting from the financing of system improvements.

- The most recent employer PERS rates (the City pays a contribution into the retirement system based on a calculated percent of employees' wages) increased General Fund PERS costs by just under 50 percent. These rates are expected to increase throughout the five-year forecast horizon as the PERS Fund tries to climb back from significant losses suffered in 2008.
- The City will be renegotiating most of their major collective bargaining contracts through June 2013, except the Portland Fire Fighters Association (PFFA). Historically, the City's costs rise with each negotiation relative to the preceding contract. Given the current conditions, any increase in costs above the typical cost-of-living allowance (COLA) will likely need to be paid for with cuts from General Fund bureaus and/or programs.
- Historically, property taxes have been a relatively stable form of revenue. Given its importance to the General Fund – it provides roughly half of all discretionary revenue – the steady growth in property tax revenue has helped the City avoid the level of cuts seen at the state level. While that will still generally remain the case, increased property tax compression and uncertainty surrounding the impact associated with the recent establishment of the Multnomah County Library District will increase the variability on the City's property tax collections. For example, current estimates call for a roughly \$10 million reduction in property taxes from the increased compression associated with the new Library District beginning in FY 2013-14.
- It appears that the local real estate market has turned a corner. Most price data suggests that the local housing market hit a low for prices early in 2012. Note that all markets are very localized right now, so certain parts of the City have likely not seen any real gains. Furthermore, low vacancy rates and rising rents have supported a sharp increase in apartment construction. It should also be noted that it has taken the nearly perfect market conditions of low inventories and record low mortgage rates to turn the market. As a result, the market remains susceptible to a small downturn in economic conditions.
- Likely influenced by a labor dispute at the Port of Portland, marine freight movement at the Port is lower compared to last year. Meanwhile, nearly every other commercial activity indicator appears to continue to gain steam. In particular, hotel activity and room rates have helped to fuel record transient lodging tax collections over the last year.
- There remains great uncertainty related to the global, national, and local economies. Europe continues to languish somewhere between barely stable and insolvent, while the United States may endure another self-inflicted injury with the pending "fiscal cliff" – a combination of government spending cuts and tax increases that may pull a substantial amount of money out of the economy – at the beginning of 2013.

During the current fiscal year, unrestricted, unassigned fund balance in the general fund decreased by \$1,666,790 to \$22,296,208, largely due to changed reporting classification requirements. The City of Portland has appropriated this entire amount for spending in the 2013 fiscal year budget. By using the available fund balance, the City intends to avoid the need to raise taxes or charges during the 2013 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the City of Portland's Accounting Division, Bureau of Financial Services, 1120 SW Fifth Avenue, Suite 1250, Portland, Oregon 97204.



Pioneer Courthouse and Sign Showing Points of Interest Near and Far

Basic Financial Statements



E.K. Haseltine Residence, 1880

Government-wide Financial Statements



K.A.J. Mackenzie Residence, 1892



City Hall and Portland Building

City of Portland, Oregon
Statement of Net Assets
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Portland Development Commission
ASSETS				
Current assets (unrestricted):				
Cash and investments	\$ 255,707,508	\$ 118,746,655	\$ 374,454,163	\$ 145,342,235
Receivables:				
Taxes	13,823,796	-	13,823,796	-
Accounts, net	37,876,982	64,275,282	102,152,264	260,770
Assessments	10,887,259	795,721	11,682,980	-
Loans, net	519,746	-	519,746	4,670,683
Advances	1,583,686	2,894,400	4,478,086	-
Accrued interest	1,251,326	800,332	2,051,658	288,187
Due from primary government	-	-	-	1,845,055
Due from component unit	557,464	221,942	779,406	-
Internal balances	(4,743,302)	8,138,302	3,395,000	-
Inventories	7,254,332	2,896,513	10,150,845	-
Property held for sale	-	-	-	95,475,590
Prepaid expense	1,264,170	-	1,264,170	319,065
Current assets (restricted):				
Cash and investments	42,597,195	3,374,972	45,972,167	-
Receivables:				
Taxes	16,750,513	-	16,750,513	-
Accounts, net	36,000	-	36,000	-
Assessments	939,676	-	939,676	-
Loans, net	2,261,212	-	2,261,212	-
Advances	2,178,731	-	2,178,731	-
Grants	10,366,453	-	10,366,453	-
Accrued interest	992,630	-	992,630	-
Due from component unit	2,690,817	-	2,690,817	-
Internal balances	(3,395,000)	-	(3,395,000)	-
Property held for sale	13,920,934	-	13,920,934	-
Total current assets	415,322,128	202,144,119	617,466,247	248,201,585
Noncurrent assets (unrestricted):				
Capital assets, not being depreciated or amortized:				
Land	193,883,842	95,811,875	289,695,717	4,646,050
Construction in progress	271,460,504	265,142,129	536,602,633	-
Intangible assets:				
Land use rights	16,996,167	14,442,270	31,438,437	-
Owning rights	28,953	-	28,953	-
Capital assets net of accumulated depreciation:				
Infrastructure	1,439,633,609	3,299,420,049	4,739,053,658	-
Buildings	218,735,864	156,908,719	375,644,583	1,407,874
Improvements to land	76,723,375	27,694,791	104,418,166	-
Leasehold improvements	-	-	-	-
Equipment	74,120,780	33,150,796	107,271,576	182,198
Intangible assets:				
Owning rights	-	10,006	10,006	-
Software	27,846,263	1,700,437	29,546,700	2,702,582
Net capital assets	2,319,429,357	3,894,281,072	6,213,710,429	8,938,704
Receivables:				
Loans, net	4,598,968	-	4,598,968	50,287,113
Assessments	14,040,135	3,589,857	17,629,992	-
Prepaid expense	107,513,367	41,916,696	149,430,063	-
Noncurrent assets (restricted):				
Cash and investments	106,291,311	56,357,348	162,648,659	-
Receivables:				
Assessments	61,231,324	-	61,231,324	-
Loans, net	32,616,037	-	32,616,037	-
Grants	10,594,657	-	10,594,657	-
Total noncurrent assets	2,656,315,156	3,996,144,973	6,652,460,129	59,225,817
Total assets	\$ 3,071,637,284	\$ 4,198,289,092	\$ 7,269,926,376	\$ 307,427,402

Continued next page

City of Portland, Oregon
Statement of Net Assets, Continued
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Portland Development Commission
LIABILITIES				
Current liabilities (payable from unrestricted assets):				
Accounts payable	\$ 22,769,233	\$ 29,673,199	\$ 52,442,432	\$ 1,458,854
Self insurance claims	11,587,135	-	11,587,135	-
Compensated absences	36,268,813	7,264,594	43,533,407	-
Bonds payable	22,988,484	103,523,602	126,512,086	-
Notes and loans payable	3,861,000	1,637,057	5,498,057	-
Accrued interest payable	3,455,889	17,114,274	20,570,163	-
Unearned revenue	739,684	849,252	1,588,936	-
Due to primary government	-	-	-	3,473,052
Due to component unit	1,390,667	-	1,390,667	-
Other liabilities	3,149	175,868	179,017	1,027,813
Pollution remediation	-	840,000	840,000	112,255
Current liabilities (payable from restricted assets):				
Accounts payable	8,882,348	1,085,641	9,967,989	-
Bonds payable	44,730,637	2,136,758	46,867,395	-
Due to component unit	454,388	-	454,388	-
Accrued interest payable	-	152,573	152,573	-
Unearned revenue	10,313,092	-	10,313,092	-
Other liabilities	13,292,011	-	13,292,011	-
Total current liabilities	180,736,530	164,452,818	345,189,348	6,071,974
Noncurrent liabilities:				
Self insurance claims	11,556,668	-	11,556,668	-
Compensated absences	13,947,959	1,274,004	15,221,963	672,242
Bonds payable	990,205,579	2,081,930,997	3,072,136,576	-
Notes and loans payable	94,053,167	19,178,792	113,231,959	-
Accrued Interest payable	60,890,630	15,767,289	76,657,919	-
Net pension obligation	1,169,340,301	-	1,169,340,301	-
Other liabilities	-	532,340	532,340	3,115,359
Other postemployment benefits	29,337,547	3,041,622	32,379,169	679,030
Landfill postclosure	861,365	-	861,365	-
Pollution remediation	768,853	1,025,000	1,793,853	7,423,164
Total noncurrent liabilities	2,370,962,069	2,122,750,044	4,493,712,113	11,889,795
Total liabilities	2,551,698,599	2,287,202,862	4,838,901,461	17,961,769
NET ASSETS				
Invested in capital assets, net of related debt	2,170,541,622	1,792,291,343	3,962,832,965	8,938,704
Restricted for:				
Public safety	2,103,669	-	2,103,669	-
Parks, recreation and culture	3,884,173	-	3,884,173	-
Community development	64,116,392	-	64,116,392	-
Transportation and metered parking	17,643,859	-	17,643,859	-
Legislative / admin / support services	5,635,723	-	5,635,723	-
Debt service	70,154,804	5,019,230	75,174,034	-
Capital projects	30,636,227	9,829,306	40,465,533	279,593,433
Parks endowment fund:				
Nonexpendable	182,953	-	182,953	-
Environmental services	20,938	-	20,938	-
Water	380,712	-	380,712	-
Unrestricted surplus (deficit)	(1,845,362,387)	103,946,351	(1,741,416,036)	933,496
Total net assets	\$ 519,938,685	\$ 1,911,086,230	\$ 2,431,024,915	\$ 289,465,633

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

City of Portland, Oregon
Statement of Activities
For the Year Ended June 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Portland Development Commission
Functions/Programs								
Primary government:								
Governmental activities:								
Public safety	\$ 486,886,299	\$ 12,351,514	\$ 27,289,601	\$ 354,899	\$ (446,890,285)	\$ -	\$ (446,890,285)	\$ -
Parks, recreation and culture	77,703,274	19,377,137	4,688,677	23,929,803	(29,707,657)	-	(29,707,657)	-
Community development	294,320,842	43,503,027	73,858,757	58,065	(176,900,993)	-	(176,900,993)	-
Transportation and metered parking	247,019,675	77,531,542	61,862,374	68,266,117	(39,359,642)	-	(39,359,642)	-
Legislative / admin / support services	92,989,301	183,276,317	26,966,623	190,363	117,444,002	-	117,444,002	-
Environmental services	503,400	-	153,579	1,448,640	1,098,819	-	1,098,819	-
Water	409,074	-	1,330,572	-	921,498	-	921,498	-
Interest on long-term debt	48,030,292	-	-	-	(48,030,292)	-	(48,030,292)	-
Total governmental activities	1,247,862,157	336,039,537	196,150,183	94,247,887	(621,424,550)	-	(621,424,550)	-
Business-type activities:								
Environmental services	194,880,070	268,824,936	-	1,319,321	-	75,264,187	75,264,187	-
Water	108,344,964	130,911,138	-	784,017	-	23,350,191	23,350,191	-
Hydroelectric power	1,895,974	4,082,287	-	-	-	2,186,313	2,186,313	-
Parking facilities	6,858,239	12,092,247	-	-	-	5,234,008	5,234,008	-
Golf	7,704,762	7,732,554	-	2,375	-	30,167	30,167	-
Motor sports	1,702,924	1,752,621	-	-	-	49,697	49,697	-
Spectator facilities	8,098,517	8,601,320	-	1,859,169	-	2,361,972	2,361,972	-
Housing	967,848	1,015,467	-	-	-	47,619	47,619	-
Total business-type activities:	330,453,298	435,012,570	-	3,964,882	-	108,524,154	108,524,154	-
Total primary government	\$ 1,578,315,455	\$ 771,052,107	\$ 196,150,183	\$ 98,212,769	(621,424,550)	108,524,154	(512,900,396)	-
Component unit:								
Portland Development Commission	\$ 97,408,762	\$ 4,509,639	\$ 7,370,821	\$ -	-	-	-	(85,528,302)
General revenues:								
Taxes:								
Property					432,481,353	-	432,481,353	-
Lodging					21,359,108	-	21,359,108	-
Payments from the City					-	-	-	133,787,307
Investment earnings					8,967,966	1,450,984	10,418,950	533,045
Miscellaneous revenues (primarily sale of property held for sale)					-	-	-	14,083,247
Transfers					6,398,095	(6,398,095)	-	-
Special item:								
Capital asset write-off					-	(16,855,522)	(16,855,522)	-
Contribution from PDC					3,695,549	-	3,695,549	(3,695,549)
Total general revenues, special item and transfers					472,902,071	(21,802,633)	451,099,438	144,708,050
Change in net assets					(148,522,479)	86,721,521	(61,800,958)	59,179,748
Net assets -- beginning					668,461,164	1,824,364,709	2,492,825,873	230,285,885
Net assets -- ending					\$ 519,938,685	\$ 1,911,086,230	\$ 2,431,024,915	\$ 289,465,633

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

Fund Financial Statements



Union Station, 1890

**City of Portland, Oregon
Balance Sheet
Governmental Funds
June 30, 2012**

	General Fund	Transportation Operating	Special Finance and Resource	Grants	Other Governmental Funds	Total
ASSETS						
Unrestricted:						
Cash and investments	\$ 58,305,999	\$ 6,437,566	\$ -	\$ -	\$ 44,402,445	\$ 109,146,010
Receivables:						
Taxes	13,823,796	-	-	-	-	13,823,796
Accounts, net	20,254,606	11,080,682	-	-	4,980,933	36,316,221
Assessments	59,818	794,652	-	-	24,072,924	24,927,394
Loans, net	-	-	-	-	5,118,714	5,118,714
Advances	1,583,686	-	-	-	-	1,583,686
Accrued interest	247,100	47,506	-	-	459,345	753,951
Due from other funds	28,234	351,789	-	-	56,817	436,840
Due from component unit	457,599	150	-	-	19,192	476,941
Internal loans	3,851,000	2,500,000	-	-	-	6,351,000
Inventories	367,454	5,166,521	-	-	-	5,533,975
Prepaid items	187,634	300,943	-	-	-	488,577
Restricted:						
Cash and investments	5,633,446	18,803,168	152,552	5,378,193	103,728,939	133,696,298
Receivables:						
Taxes	7,658,565	-	-	-	9,091,948	16,750,513
Accounts, net	-	-	-	-	36,000	36,000
Assessments	-	-	-	-	62,171,000	62,171,000
Loans, net	-	-	-	742,697	34,134,552	34,877,249
Advances	-	-	-	414,808	1,763,923	2,178,731
Grants	-	-	-	16,299,473	4,661,637	20,961,110
Accrued interest	-	-	693	57,066	934,871	992,630
Due from component unit	-	-	-	712,603	1,978,214	2,690,817
Property held for sale	-	-	-	-	13,920,934	13,920,934
Total assets	\$ 112,458,937	\$ 45,482,977	\$ 153,245	\$ 23,604,840	\$ 311,532,388	\$ 493,232,387
LIABILITIES AND FUND BALANCES						
Liabilities payable from unrestricted assets:						
Accounts payable	\$ 8,268,080	\$ 4,683,493	\$ -	\$ -	\$ 1,055,216	\$ 14,006,789
Due to component unit	1,390,667	-	-	-	-	1,390,667
Deferred revenue	12,062,839	1,832,716	-	-	23,951,467	37,847,022
Unearned revenue	193,644	481,147	-	-	10,685	685,476
Other accrued liabilities	-	3,149	-	-	-	3,149
Liabilities payable from restricted assets:						
Accounts payable	-	-	22,901	3,844,124	4,679,744	8,546,769
Due to other funds	-	-	-	810,503	28,234	838,737
Due to component unit	-	-	-	17,148	437,240	454,388
Due to fiduciary fund	7,658,565	-	-	-	-	7,658,565
Internal loans payable	-	-	-	8,100,000	1,646,000	9,746,000
Deferred revenue	-	-	-	7,828,005	72,603,495	80,431,500
Unearned revenue	-	-	-	10,311,664	1,428	10,313,092
Other accrued liabilities	5,633,446	-	-	-	-	5,633,446
Total liabilities	35,207,241	7,000,505	22,901	30,911,444	104,413,509	177,555,600
Fund balances:						
Nonspendable	555,088	5,467,464	-	-	163,142	6,185,694
Restricted	-	18,803,168	130,344	-	152,862,735	171,796,247
Committed	48,984,519	-	-	-	22,721,074	71,705,593
Assigned	5,415,881	14,211,840	-	-	31,371,928	50,999,649
Unassigned	22,296,208	-	-	(7,306,604)	-	14,989,604
Total fund balances	77,251,696	38,482,472	130,344	(7,306,604)	207,118,879	315,676,787
Total liabilities and fund balances	\$ 112,458,937	\$ 45,482,977	\$ 153,245	\$ 23,604,840	\$ 311,532,388	\$ 493,232,387

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

City of Portland, Oregon
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2012

Fund balances - total governmental funds **\$ 315,676,787**

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are reported only in the government-wide statements. 2,126,371,734

Other long-term assets are prepaid or are not available to pay for current period expenditures and, therefore, are deferred in the fund statements:

Prepaid item - unamortized PERS balance 97,793,849

Deferred items eliminated for government-wide
(See Note III.D., Deferred and unearned revenue) 118,278,522

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 242,849,439

Noncurrent bonds payable are not due and payable in the current period and are not reported in the governmental funds. (971,586,919)

Unfunded net pension obligation for the City's Fire and Police Disability and Retirement Plan is not reported in the governmental fund financial statements because such amounts are not due and payable in the current period. (See Note IV.E., Employee retirement systems and pension plans) (1,169,340,301)

Other long-term liabilities that are not due and payable in the current period and are not reported in the governmental funds include:

Compensated absences	(47,505,616)
Other postemployment benefits	(28,368,804)
Notes and loans payable	(97,914,167)
Internal service fund lookback adjustment to business-type activities	(4,341,406)
Pollution remediation	(768,853)
Landfill postclosure	(861,365)
Accrued interest	(60,344,215)
	(209,082,366)

Net assets of governmental activities **\$ 519,938,685**

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

City of Portland, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Transportation Operating	Special Finance and Resource	Grants	Other Governmental Funds	Total
REVENUES						
Taxes:						
Property	\$ 298,745,196	\$ -	\$ -	\$ -	\$ 128,260,087	\$ 427,005,283
Lodging	17,836,176	-	-	-	3,522,932	21,359,108
Licenses and fees	147,754,216	10,220,144	-	-	27,213,014	185,187,374
Intergovernmental	25,047,456	60,879,826	-	112,783,681	64,137,384	262,848,347
Charges for services	12,084,527	6,196,100	-	-	8,640,278	26,920,905
Interagency	45,233,983	27,628,640	-	-	879,570	73,742,193
Parking fees	320,648	23,645,128	-	-	55,834	24,021,610
Parking fines	-	5,572,913	-	-	-	5,572,913
Rents and reimbursements	3,932,082	490,598	-	-	49,493	4,472,173
Miscellaneous service charges	1,527,842	1,133,283	-	-	8,504,605	11,165,730
Loan collections	825	-	-	-	-	825
Assessments	8,128	766,293	-	-	8,190,630	8,965,051
Investment earnings	1,151,688	180,504	1,548	134,669	6,529,284	7,997,693
Payments in lieu of taxes	1,659,725	-	-	-	-	1,659,725
Sale of inventory	-	-	-	-	565,000	565,000
Miscellaneous	2,658,450	2,447,021	-	1,401,166	3,127,615	9,634,252
Total revenues	<u>557,960,942</u>	<u>139,160,450</u>	<u>1,548</u>	<u>114,319,516</u>	<u>259,675,726</u>	<u>1,071,118,182</u>
EXPENDITURES						
Current:						
Public safety	371,736,806	-	-	11,554,832	19,235,352	402,526,990
Parks, recreation and culture	66,789,435	-	-	407,844	2,897,858	70,095,137
Community development	35,570,444	-	133,787,307	19,559,208	110,899,486	299,816,445
Transportation and metered parking	-	101,448,869	-	1,283,506	-	102,732,375
Legislative / admin / support services	61,630,240	-	-	3,737,447	8,326,595	73,694,282
Environmental services	-	-	-	503,400	-	503,400
Water	-	-	-	409,074	-	409,074
Debt service and related costs:						
Principal	3,323,136	3,244,685	-	-	264,948,119	271,515,940
Interest	2,402,931	1,689,562	-	84,431	37,819,758	41,996,682
Debt issuance costs	-	52,277	386,711	-	1,674,448	2,113,436
Capital outlay	1,510,673	34,250,630	-	62,182,836	11,898,493	109,842,632
Total expenditures	<u>542,963,665</u>	<u>140,686,023</u>	<u>134,174,018</u>	<u>99,722,578</u>	<u>457,700,109</u>	<u>1,375,246,393</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,997,277</u>	<u>(1,525,573)</u>	<u>(134,172,470)</u>	<u>14,596,938</u>	<u>(198,024,383)</u>	<u>(304,128,211)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,030,705	14,447,000	58,000,000	-	35,294,806	110,772,511
Transfers out	(34,860,071)	(2,033,169)	-	-	(59,716,791)	(96,610,031)
Proceeds from sale of capital assets	2,998	71,440	-	-	-	74,438
Bonds and notes issued	-	16,633,569	76,218,116	-	14,400,631	107,252,316
Refunding bonds issued	-	-	-	-	204,621,141	204,621,141
Bonds and notes premium	-	1,330,473	-	-	17,478,690	18,809,163
Bonds and notes discount	-	-	-	-	(82,485)	(82,485)
Loans issued	-	-	-	-	900,000	900,000
Total other financing and uses	<u>(31,826,368)</u>	<u>30,449,313</u>	<u>134,218,116</u>	<u>-</u>	<u>212,895,992</u>	<u>345,737,053</u>
SPECIAL ITEM						
Contribution from PDC	-	-	-	-	3,695,549	3,695,549
Net change in fund balances	<u>(16,829,091)</u>	<u>28,923,740</u>	<u>45,646</u>	<u>14,596,938</u>	<u>18,567,158</u>	<u>45,304,391</u>
Fund balances - beginning	94,080,787	9,558,732	-	(21,903,542)	188,636,419	270,372,396
Nonmajor fund reclassified to major fund	-	-	84,698	-	(84,698)	-
Fund balances - beginning, as restated	<u>94,080,787</u>	<u>9,558,732</u>	<u>84,698</u>	<u>(21,903,542)</u>	<u>188,551,721</u>	<u>270,372,396</u>
Fund balances - ending	<u>\$ 77,251,696</u>	<u>\$ 38,482,472</u>	<u>\$ 130,344</u>	<u>\$ (7,306,604)</u>	<u>\$ 207,118,879</u>	<u>\$ 315,676,787</u>

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

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 Year Ended June 30, 2012

Net change in fund balances - total governmental funds **\$ 45,304,391**

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

The effect of capital outlays made by the governmental funds 109,842,632

Disposals of capital assets and capital contributions 12,655,873

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost is depreciated over their useful lives. Depreciation expense for governmental funds is reported in the government-wide statements. (See Note III.F., the Capital assets section of the Notes to the Financial Statements, for a breakdown of depreciation expense by function.) (160,726,327)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 7,621,171

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is allocated to governmental and business-type activities. (6,786,278)

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. This is the amount by which bond proceeds exceeded principal retirement in the current period. (63,154,506)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes related to long-term liabilities included:

Accrual of compensated absences and interest payable, the premium amortization on bonds payable, and recognition of capital lease obligations (1,096,665)

Accrual of net pension liability which is not reported as an expenditure in governmental funds (82,369,227)

Amortization of prepaid pension costs (5,614,958)

Internal service fund lookback adjustment to business-type activities 246,106

Accrual (861,365)

Accrual of environmental remediation costs (279,274)

Accrual of other postemployment benefits which are not reported as an expenditure in governmental funds (3,304,052)

Net change in net assets - governmental activities **\$ (148,522,479)**

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



City Hall Columns

**City of Portland, Oregon
Statement of Net Assets
Proprietary Funds
June 30, 2012**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewage Disposal	Water	Other Funds	Total	
ASSETS					
Current assets (unrestricted):					
Cash and investments	\$ 31,939,279	\$ 64,626,887	\$ 22,180,489	\$ 118,746,655	\$ 146,561,498
Receivables:					
Accounts, net	44,453,631	18,632,057	1,189,594	64,275,282	1,560,761
Assessments	585,357	210,364	-	795,721	-
Advances	-	2,804,400	90,000	2,894,400	-
Accrued interest	347,510	316,392	136,430	800,332	497,376
Due from other funds	21,013	380,883	-	401,896	-
Due from component unit	5,000	-	216,942	221,942	80,523
Internal loans	-	-	3,395,000	3,395,000	-
Inventories	1,335,900	1,560,613	-	2,896,513	1,720,357
Prepaid expense	-	-	-	-	775,593
Total current assets (unrestricted)	78,687,690	88,531,596	27,208,455	194,427,741	151,196,108
Current assets (restricted):					
Cash and investments	1,085,641	-	2,289,331	3,374,972	335,579
Total current assets (restricted)	1,085,641	-	2,289,331	3,374,972	335,579
Total current assets	79,773,331	88,531,596	29,497,786	197,802,713	151,531,687
Noncurrent assets (unrestricted):					
Capital assets, not being depreciated or amortized:					
Land	62,091,165	15,120,632	18,600,078	95,811,875	8,842,532
Construction in progress	142,267,439	120,727,125	2,147,565	265,142,129	26,566,392
Intangible assets:					
Land use rights	12,122,209	2,315,561	4,500	14,442,270	-
Capital assets, being depreciated or amortized:					
Infrastructure	3,031,438,190	874,286,315	44,128,641	3,949,853,146	12,037,338
Buildings	19,853,751	37,283,939	192,634,352	249,772,042	148,061,527
Improvements to land	1,292,824	14,392,055	23,492,689	39,177,568	873,162
Equipment	27,104,061	28,870,122	4,794,382	60,768,565	100,732,497
Intangible assets:					
Owning rights	-	10,776	-	10,776	-
Software	9,710,018	1,410,027	252,638	11,372,683	41,795,454
Accumulated depreciation and amortization	(351,363,155)	(337,264,984)	(103,441,843)	(792,069,982)	(145,851,279)
Capital assets net of accumulated depreciation and amortization	2,954,516,502	757,151,568	182,613,002	3,894,281,072	193,057,623
Receivables:					
Assessments	3,538,231	51,626	-	3,589,857	-
Prepaid pension obligation	19,579,460	20,335,394	2,001,842	41,916,696	9,719,518
Total noncurrent assets (unrestricted)	2,977,634,193	777,538,588	184,614,844	3,939,787,625	202,777,141
Noncurrent assets (restricted):					
Cash and investments	28,070,500	15,884,413	12,402,435	56,357,348	14,856,629
Total noncurrent assets	3,005,704,693	793,423,001	197,017,279	3,996,144,973	217,633,770
Total assets	\$ 3,085,478,024	\$ 881,954,597	\$ 226,515,065	\$ 4,193,947,686	\$ 369,165,457

Continued next page

City of Portland, Oregon
Statement of Net Assets, Continued
Proprietary Funds
June 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewage Disposal	Water	Other Funds	Total	
LIABILITIES					
Current liabilities (payable from unrestricted assets):					
Accounts payable	\$ 11,683,405	\$ 14,518,808	\$ 3,470,986	\$ 29,673,199	\$ 8,762,444
Self insurance claims	-	-	-	-	11,587,135
Compensated absences	3,278,581	3,544,030	441,983	7,264,594	2,539,595
Bonds payable	80,245,847	16,897,751	6,380,004	103,523,602	11,897,276
Notes and loans payable	1,354,862	282,195	-	1,637,057	-
Accrued interest payable	13,038,480	3,505,602	570,192	17,114,274	346,226
Unearned revenue	549,721	244,142	55,389	849,252	54,208
Other liabilities	136,115	39,753	-	175,868	-
Pollution remediation	145,000	-	695,000	840,000	-
Total current liabilities (unrestricted)	<u>110,432,011</u>	<u>39,032,281</u>	<u>11,613,554</u>	<u>161,077,846</u>	<u>35,186,884</u>
Current liabilities (payable from restricted assets):					
Accounts payable	1,085,641	-	-	1,085,641	335,579
Bonds payable	-	-	2,136,758	2,136,758	-
Accrued interest payable	-	-	152,573	152,573	-
Total current liabilities (restricted)	<u>1,085,641</u>	<u>-</u>	<u>2,289,331</u>	<u>3,374,972</u>	<u>335,579</u>
Total current liabilities	<u>111,517,652</u>	<u>39,032,281</u>	<u>13,902,885</u>	<u>164,452,818</u>	<u>35,522,463</u>
Noncurrent liabilities:					
Self insurance claims	-	-	-	-	11,556,668
Compensated absences	569,863	622,685	81,456	1,274,004	171,561
Bonds payable	1,593,222,889	402,710,996	85,997,112	2,081,930,997	74,440,505
Notes and loans payable	19,178,792	-	-	19,178,792	-
Accrued interest payable	7,364,966	7,649,316	753,007	15,767,289	3,656,078
Other liabilities	146,794	-	385,546	532,340	-
Other postemployment benefits	1,284,644	1,546,087	210,891	3,041,622	968,743
Pollution remediation	415,000	-	610,000	1,025,000	-
Total noncurrent liabilities	<u>1,622,182,948</u>	<u>412,529,084</u>	<u>88,038,012</u>	<u>2,122,750,044</u>	<u>90,793,555</u>
Total liabilities	<u>1,733,700,600</u>	<u>451,561,365</u>	<u>101,940,897</u>	<u>2,287,202,862</u>	<u>126,316,018</u>
NET ASSETS					
Invested in capital assets, net of related debt	1,317,654,559	383,545,046	91,091,738	1,792,291,343	136,106,495
Restricted for:					
Debt service	200,000	-	4,819,230	5,019,230	-
Capital projects	-	-	9,829,306	9,829,306	-
Unrestricted	33,922,865	46,848,186	18,833,894	99,604,945	106,742,944
Total net assets	<u>\$ 1,351,777,424</u>	<u>\$ 430,393,232</u>	<u>\$ 124,574,168</u>	<u>1,906,744,824</u>	<u>\$ 242,849,439</u>
Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds				<u>4,341,406</u>	
Net assets of business-type activities				<u>\$ 1,911,086,230</u>	

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

City of Portland, Oregon
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewage Disposal	Water	Other Funds	Total	
Operating revenues:					
Service charges and fees	\$ 255,238,165	\$ 130,441,210	\$ 17,973,585	\$ 403,652,960	\$ 179,153,196
Licenses and permits	1,428,987	-	2,572,010	4,000,997	-
Rents and reimbursements	71,291	-	7,750,936	7,822,227	1,461,900
Concessions	-	-	1,286,485	1,286,485	-
Parking fees	-	-	11,778,211	11,778,211	-
Power sales	-	-	4,020,431	4,020,431	-
Miscellaneous	1,732,379	469,928	253,952	2,456,259	2,647,261
Total operating revenues	258,470,822	130,911,138	45,635,610	435,017,570	183,262,357
Operating expenses:					
Salaries and wages	46,008,644	38,308,147	6,872,286	91,189,077	42,119,457
Operating supplies	3,428,085	3,228,096	673,601	7,329,782	11,658,853
Professional services	35,452,114	18,406,542	9,019,905	62,878,561	23,388,461
Utilities	5,053,988	2,038,069	285,426	7,377,483	3,224,563
Claims	7,640	-	-	7,640	52,986,343
Utility license fees	12,809,321	4,279,884	-	17,089,205	37,287
Miscellaneous	6,677,789	4,304,743	8,391,199	19,373,731	31,697,109
Depreciation and amortization	30,158,176	22,290,243	5,499,361	57,947,780	19,644,071
Total operating expenses	139,595,757	92,855,724	30,741,778	263,193,259	184,756,144
Operating income	118,875,065	38,055,414	14,893,832	171,824,311	(1,493,787)
Nonoperating revenues (expenses):					
Investment earnings (loss)	709,195	541,346	200,443	1,450,984	970,273
Interest expense	(46,130,545)	(15,255,913)	(4,811,545)	(66,198,003)	(2,863,258)
Debt issuance costs	(104,887)	-	(259,488)	(364,375)	(189,513)
Gain (loss) on sale of capital assets	(150,009)	(697,064)	(195,105)	(1,042,178)	(595,461)
Miscellaneous	-	585,623	(95,273)	490,350	-
Total nonoperating revenues (expenses)	(45,676,246)	(14,826,008)	(5,160,968)	(65,663,222)	(2,677,959)
Income before contributions and transfers	73,198,819	23,229,406	9,732,864	106,161,089	(4,171,746)
Transfers in	151,552	140,008	330,289	621,849	6,372,742
Transfers out	(415,016)	(487,823)	(6,021,832)	(6,924,671)	(14,232,400)
Capital contributions	1,319,321	784,017	1,861,544	3,964,882	5,245,126
Income before special item	74,254,676	23,665,608	5,902,865	103,823,149	(6,786,278)
Special item:					
Capital asset write-off	-	(16,855,522)	-	(16,855,522)	-
Change in net assets	74,254,676	6,810,086	5,902,865	86,967,627	(6,786,278)
Total net assets - beginning	1,277,522,748	423,583,146	118,671,303		249,635,717
Total net assets - ending	\$ 1,351,777,424	\$ 430,393,232	\$ 124,574,168		\$ 242,849,439
Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds				(246,106)	
Change in net assets of business-type activities				\$ 86,721,521	

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



City Hall and Winter Snow

City of Portland, Oregon
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewage Disposal	Water	Other Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 268,684,172	\$ 122,371,813	\$ 41,837,422	\$ 432,893,407	\$ 56,393,321
Receipts from interfund services provided	2,363,095	3,101,363	1,260,293	6,724,751	126,644,906
Payments to suppliers	(22,861,577)	(2,152,285)	(13,322,059)	(38,335,921)	(100,246,446)
Payments to employees	(44,572,845)	(36,755,255)	(6,705,140)	(88,033,240)	(41,448,322)
Payments for interfund services used	(47,328,672)	(24,324,537)	(6,443,978)	(78,097,187)	(21,650,882)
Other receipts (payments)	324	678,277	(12,070)	666,531	-
Net cash provided by operating activities	156,284,497	62,919,376	16,614,468	235,818,341	19,692,577
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	65,505	140,008	328,503	534,016	6,372,742
Transfers out	(415,016)	(486,037)	(6,021,832)	(6,922,885)	(14,146,353)
Net cash provided (used) by noncapital financing activities	(349,511)	(346,029)	(5,693,329)	(6,388,869)	(7,773,611)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of bonds and notes	1,267,882	282,195	12,000,000	13,550,077	27,310,000
Premium on bonds and notes issued	-	-	142,208	142,208	2,378,527
Sale of capital assets	380,831	362,967	15,064	758,862	809,917
Acquisition of capital assets	(145,587,575)	(83,482,890)	(2,115,416)	(231,185,881)	(21,158,199)
Principal paid on bonds, notes and capital leases	(70,001,109)	(14,919,219)	(21,214,052)	(106,134,380)	(18,808,180)
Interest paid on bonds, notes and capital leases	(53,987,750)	(15,743,004)	(4,772,836)	(74,503,590)	(2,872,163)
Bond issuance costs	(104,887)	-	(259,488)	(364,375)	(189,513)
Net cash used by capital related financing activities	(268,032,608)	(113,499,951)	(16,204,520)	(397,737,079)	(12,529,611)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	1,407,500	657,939	183,835	2,249,274	1,075,828
Net increase (decrease) in cash and cash equivalents	(110,690,122)	(50,268,665)	(5,099,546)	(166,058,333)	465,183
CASH AND CASH EQUIVALENTS, July 1, 2011	171,785,542	130,779,965	41,971,801	344,537,308	161,288,523
CASH AND CASH EQUIVALENTS, June 30, 2012	\$ 61,095,420	\$ 80,511,300	\$ 36,872,255	\$ 178,478,975	\$ 161,753,706
Reconciliation of cash and cash equivalents to the Statement of Net Assets:					
Unrestricted cash and cash equivalents	\$ 31,939,279	\$ 64,626,887	\$ 22,180,489	\$ 118,746,655	\$ 146,561,498
Restricted cash and cash equivalents	29,156,141	15,884,413	14,691,766	59,732,320	15,192,208
Total	\$ 61,095,420	\$ 80,511,300	\$ 36,872,255	\$ 178,478,975	\$ 161,753,706

Continued next page

Statement of Cash Flows, Continued
Proprietary Funds
For the Year Ended June 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	<u>Sewage Disposal</u>	<u>Water</u>	<u>Other Funds</u>	<u>Total</u>	
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 118,875,065	\$ 38,055,414	\$ 14,893,832	\$ 171,824,311	\$ (1,493,787)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization of capital assets	30,158,176	22,290,243	5,499,361	57,947,780	19,644,071
Provision for uncollectible accounts	1,183,469	845,671	-	2,029,140	-
Nonoperating revenue	-	585,623	-	585,623	-
Accounts and contracts receivable	(4,211,114)	(5,023,396)	(1,923,086)	(11,157,596)	310,436
Due from (to) other funds	70,000	-	(216,942)	(146,942)	23,494
Internal loans receivable	16,700,000	-	(295,000)	16,405,000	-
Inventories	(44,203)	583,344	-	539,141	(204,793)
Accounts payable	(7,074,370)	5,351,950	213,084	(1,509,336)	169,315
Self insurance claims	-	-	-	-	1,130,688
Compensated absences	183,993	242,197	30,740	456,930	20,212
Unearned revenue	(41,405)	44,631	(23,990)	(20,764)	478
Other liabilities	357,261	(199,413)	(1,585,000)	(1,427,152)	(400)
Other postemployment benefits	127,625	143,112	21,469	292,206	92,863
Net cash provided by operating activities	<u>\$ 156,284,497</u>	<u>\$ 62,919,376</u>	<u>\$ 16,614,468</u>	<u>\$ 235,818,341</u>	<u>\$ 19,692,577</u>
Noncash information					
Prepaid PERS amortization	\$ (1,124,181)	\$ (1,167,583)	\$ (114,937)	\$ (2,406,701)	\$ (558,060)
Capital contribution	1,319,321	784,017	1,861,544	3,964,882	5,245,126
Special item: Capital asset write-off	-	(16,855,522)	-	(16,855,522)	-
Increase (decrease) in fair value of investments (classified as cash equivalents)	(381,966)	(177,859)	(11,899)	(571,724)	(9,576)

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

City of Portland
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Pension Trust</u>	<u>Agency</u>
ASSETS		
Current assets:		
Cash and investments	\$ 21,476,710	\$ 32,531,155
Receivables:		
Accounts, net	-	1,864,441
Advances	-	864,793
Pension recovery	1,863,667	-
Accrued interest	179,138	28,047
Due from other funds	7,658,565	-
Due from component unit	-	2,828
Prepaid expense	306,038	-
	<hr/>	<hr/>
Total current assets	31,484,118	35,291,264
	<hr/>	<hr/>
Capital assets:		
Construction in progress	138,434	-
Equipment	11,426	-
Intangible assets:		
Software	292,465	-
Accumulated depreciation and amortization	(288,026)	-
	<hr/>	<hr/>
Net capital assets	154,299	-
	<hr/>	<hr/>
Total assets	31,638,417	\$ 35,291,264
	<hr/>	<hr/>
LIABILITIES		
Accounts payable	8,384,364	\$ 3,381,151
Salaries and withholding taxes	-	15,134,665
Compensated absences	643,822	67,382
Due to other government	-	7,386,513
Bonds payable	456,512	-
Accrued interest payable	115,933	-
Contingent pension liability	1,526,453	-
Other liabilities	-	9,317,829
Other postemployment benefits	32,960	3,724
	<hr/>	<hr/>
Total liabilities	11,160,044	\$ 35,291,264
	<hr/>	<hr/>
NET ASSETS		
Invested in capital assets, net of related debt	154,299	
Held in trust for pension benefits	20,324,074	
	<hr/>	
Total net assets	\$ 20,478,373	
	<hr/>	

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

City of Portland
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

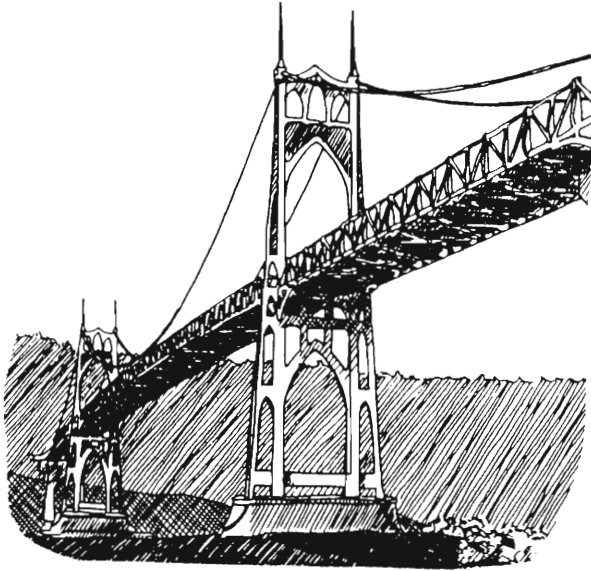
	<u>Pension Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 105,880,356
Pension recovery	54,738
Other	169,467
	<hr/>
Total contributions	106,104,561
Investment earnings	257,308
	<hr/>
Total additions	106,361,869
	<hr/>
DEDUCTIONS	
Benefits and refunds paid to plan members and beneficiaries	108,216,664
Administrative expenses	3,392,450
	<hr/>
Total deductions	111,609,114
	<hr/>
Change in net assets	(5,247,245)
Net assets - beginning	25,725,618
	<hr/>
Net assets - ending	\$ <u><u>20,478,373</u></u>

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



City Hall in Fall

Notes to the Financial Statements



St. John's Bridge, 1931

City of Portland, Oregon
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

I. Summary of significant accounting policies:

A. Reporting entity:

The territory of Oregon incorporated the City of Portland (City) in 1851, eight years prior to the year Oregon was granted statehood in 1859. The State of Oregon granted a new charter to the City of Portland in 1903. Voters approved an extensive revision to the City Charter, which established a commission form of government in 1913. The City Council, composed of an elected mayor and four commissioners, forms the legislative branch of the City government. The commissioners and mayor manage City bureaus.

The accompanying financial statements present the financial condition of the government and its component units, entities for which the government is considered to be financially accountable. Criteria indicating financial accountability includes, but are not limited to, the following:

- Appointment by the City of a majority of voting members of the governing body of an organization with the ability to impose its will on the daily operations of an organization, such as: power to remove appointed members at will; to modify or approve budgets, rates or fees; to make other substantive decisions; or
- Provision by the organization of specific financial benefits to the City; imposition by an organization of specific financial burdens on the City, such as assumption of deficits or provision of support; or
- Fiscal dependency of the organization on the City, such as: lack of authority to determine a budget, approve rates, or issue its own bonded debt without City approval.

Blended component units, although legally separate entities, are part of the government's operations. Their sole purpose is to provide services entirely to or exclusively for the City or the City Council as the governing body. A *discretely presented component unit* is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City, its governing body is not substantially the same as the City's governing body, and it does not provide services entirely or exclusively to the City government.

Blended component unit - Fire and Police Disability and Retirement Fund

The Fire and Police Disability and Retirement (FPDR) Fund was established by adoption of Chapter 5 of the City Charter by voters in a general election held on November 2, 1948. Ten subsequent amendments have been passed by voters. The most recent changes were passed November 6, 2012. The FPDR Fund provides for the benefit of the sworn employees of Portland Fire and Rescue, the sworn employees of the Bureau of Police of the City of Portland, and for the benefit of the surviving spouses and dependent minor children of deceased sworn employees (Section 5-101).

The FPDR Fund's Board of Trustees also administers a reserve fund authorized under a provision of Chapter 5 (Section 5-104) of the Charter of the City of Portland. The reserve fund provides for advances to the FPDR Fund in the event the latter is depleted to the extent it cannot meet its obligations. Under provisions of the City Charter, the reserve fund maximum is established at \$750,000 (Section 5-103). The FPDR Fund and reserve fund are reported as pension trust funds, fiduciary fund type.

Complete financial statements may be obtained from the administrative office at: Fire and Police Disability and Retirement Fund Board, 1800 SW First Ave., Suite 450, Portland, Oregon 97201, e-mail: FPDR@PortlandOregon.gov, URL: <http://www.portlandonline.com/index.cfm?c=41134&> or by telephone: (503) 823-6823.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

I. Summary of significant accounting policies, continued:

A. Reporting entity, continued:

Discretely presented component unit - Portland Development Commission

The Portland Development Commission (PDC) is organized under Chapter 15 of the Charter of the City of Portland, Oregon and is the City's urban renewal and redevelopment agency. The Department of Development and Civic Promotion has been administered by the PDC since May 16, 1958. PDC's principal activities are business retention, employment creation, real estate acquisition to remove or prevent blight, construction improvements, and rehabilitation/restoration lending.

Based upon criteria established by the Governmental Accounting Standards Board (GASB), assets, liabilities, revenues and expenses related to PDC are included in the component unit column of the City's government-wide financial statements. Excerpts of PDC's notes to the basic financial statements are included if significant. Unless noted otherwise in this report, accounting policies of the component unit are consistent with those described for the primary government. The City is financially accountable for operations of PDC through budgetary authority and fiscal management. PDC prepares a separate Comprehensive Annual Financial Report (CAFR), and it may be obtained from their administrative offices at 222 NW Fifth Ave., Portland, Oregon 97209-3859, URL: <http://www.pdc.us/resource-library-results.aspx> or by telephone: (503) 823-3200.

B. Government-wide and fund financial statements:

The government-wide financial statements, which include the statement of net assets and the statement of activities, report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Segments are identified as individual enterprise funds. Segment information for the major funds, Sewage Disposal and Water, is provided in separate columns in the *Statement of Net Assets Proprietary Funds*. Segment information for nonmajor enterprise funds is provided in the Combining Statement of Net Assets and the Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.

Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items, not properly included among program revenues, are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements section of the Basic Financial Statements.

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

I. Summary of significant accounting policies, continued:

C. Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary 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. Property taxes are recognized as revenues in the year for which they are levied. 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 become 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, the City considers revenues to be available if they are collected within *sixty days* of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred,

Significant revenues, measurable and available for the fiscal year ended June 30, 2012, under the modified accrual basis of accounting were as follows:

- Federal and state grants (to the extent that revenues are earned as eligible expenditures are incurred)
- State, county, and local shared revenues of business license taxes, liquor taxes, and other taxes
- Interagency agreement revenues for personal services and materials and services between funds
- Property taxes collected within sixty days following year-end.

Expenditures generally are recorded when a liability is incurred. Exceptions are:

- Claims and judgments
- Interfund transactions for services which are recorded on the accrual basis
- Interest expenditures on general long-term debt which are recorded when due
- Earned but unpaid vacations which are recorded as expenditures to the extent they are expected to be liquidated with expendable, available financial resources

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. This fund accounts for all financial transactions of the general government, except those required to be accounted for in another fund.

The *Transportation Operating Fund* accounts for activities associated with the City's transportation system. The resources available to this fund that are neither restricted nor committed are a combination of parking revenue and license and permit fees. Other resources include: state gas tax, system development charges, and agreements with other governments which are restricted to the purpose of transportation infrastructure and maintenance. In total, over half of the resources available to this fund are restricted.

The *Special Finance and Resource Fund* accounts for bond proceeds that are being held for use in capital project-type funds at the Portland Development Commission, a component unit of the City. During the fiscal year ended June 30, 2012, this fund met the requirements to report as a major fund.

The *Grants Fund* accounts for the majority of the City's activities associated with federal and state financial assistance programs as well as private donations. All revenue streams flowing into this fund are restricted.

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

I. Summary of significant accounting policies, continued:

C. Measurement focus, basis of accounting, and financial statement presentation, continued:

The City reports the following major proprietary funds:

The *Sewage Disposal Fund* accounts for the activities associated with waste water collection and treatment.

The *Water Fund* accounts for activities associated with the water distribution system.

Additionally the City reports the following fund types:

Special revenue funds are primarily operating funds that account for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

Debt service funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term debt of governmental funds.

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital-related outflows financed by proprietary funds are included within those funds. The principal sources of revenues are proceeds from bonded debt, assessments, system development charges, local cost sharing, and other service charges.

The *permanent fund* accounts for and reports resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs for the benefit of the City and its citizenry.

Enterprise funds account for the operations of predominantly self-supporting activities rendering services to the public on a user charge basis.

Internal service funds account for goods and services provided by one City bureau to another City bureau, or to other governments on a cost reimbursement basis. The internal service funds account for the activities of health insurance for employees, facilities, fleet, printing and distribution, liability insurance, workers' compensation insurance, technology services, and support services for the City's financial system.

The *pension trust fund* accounts for activities of the Fire and Police Disability and Retirement pension and benefits for members of the Fire and Police Bureaus, their widows and surviving children.

Agency funds account for resources received and held by the City in a custodial capacity on behalf of other organizations. The City maintains two types of agency funds, trustee and clearing. Trustee funds are used to account for resources collected on behalf of other governments or organizations. Clearing funds are used to account for amounts previously expensed to operating funds and transferred to the clearing funds until paid.

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

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

I. Summary of significant accounting policies, continued:

C. Measurement focus, basis of accounting, and financial statement presentation, continued:

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between enterprise and various other City functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Indirect expenses include general government, support services, and administration costs. These indirect expenses are based on a full-cost allocation approach, thereby spreading indirect expenses among functions with the objective of applying all expenses. This allocation is performed through the General Fund and is included in direct program expenses for the various functional activities within individual funds.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not included as program revenues are reported as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods or services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services such as water and sewer. The principal operating revenues of the City's internal service funds are printing fees, telecommunication charges, vehicle use and maintenance fees, insurance fees, facility rents, and information system support charges primarily to other City funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. Professional services reported by enterprise funds include both expenses for external services and charges from internal service funds. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Parks Endowment Fund, the City's only permanent fund, accounts for gifts, donations, and endowments of a permanent nature. The principal is invested and earnings are available to support Parks and Recreation programs and activities. Any income not used under the terms and conditions of the original donation shall increase the trust reserve.

D. Assets, liabilities, and net assets or equity:

1. Cash and investments

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, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

All investment pool cash purchases and sales are part of the City's cash management activity and considered cash and cash equivalents. Activities undertaken by the pool, on behalf of the proprietary funds, are not part of operating, capital, investing, or financing activities of the proprietary funds. Details of these transactions are not reported in the Statements 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.

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

I. Summary of significant accounting policies, continued:

D. Assets, liabilities, and net assets or equity, continued:

1. Cash and investments, continued:

Oregon Revised Statutes (ORS) 294, authorizes the City and component units to invest primarily in general obligations of the United States (U.S.) Government and its agencies and instrumentalities, of the U.S. or enterprises sponsored by the U.S. Government and obligations whose payment is guaranteed by the U.S., agencies and instrumentalities of the U.S. or enterprises sponsored by the U.S. Government, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade commercial paper, and the State Treasurer's Local Government Investment Pool (LGIP).

2. Receivables

Uncollected property taxes in governmental funds are shown on the balance sheet as receivables. Property is valued annually, as of January 1. Taxes are assessed and become property liens on July 1, annually. Property tax statements are mailed no later than October 25, and taxes are due in three installments on November 15, February 15, and May 15. Discounts, less than or equal to 3 percent, are offered to those paying early. Taxes outstanding on May 16 are considered delinquent. Property tax receivables are deemed to be substantially collectible or recoverable through foreclosure. Accordingly, no allowance for doubtful tax accounts is deemed necessary. All other receivables are shown net of an allowance for uncollectibles.

Proprietary fund receivables are recorded as revenue when earned, including services earned but not billed. The receivables of proprietary funds include billing for residential and commercial customers utilizing the City's water, sewer, and storm water management services. These receivables are reported net of an allowance for doubtful accounts. The allowance for doubtful accounts is based on management's assessment of the collectibility of specific customer accounts, the aging of the accounts receivable, historical experience, and other currently available evidence.

Local Improvement District (LID) project expenditures are recognized as accounts receivable when incurred. Upon completion of LID projects, City Council assesses a lien upon the benefited properties at which point accounts receivable are reclassified as assessments receivable.

Contracts and mortgages receivable consist primarily of loans for restoration and rehabilitation of property within the City. Federal and state grants, shared revenues, and interest are recorded as revenue when earned and are included in accounts and grants receivable. Advances receivable are primarily monies paid to third parties prior to services performed. As services are rendered these advances are reduced from future payments.

Loans receivable are recorded when the borrower has signed a promissory note, and disbursements are made in accordance with the loan agreement. The City maintains a valuation allowance for loans receivable that is comprised of an allowance for risk and an allowance for present value discount. The allowance for risk is determined based on the historical performance of each loan type and upon continuing consideration of changes in the character of the portfolio. The allowance for the present value discount represents an estimate of the difference between the present value of discounted net cash flows, using the weighted average interest rate program for each loan, and the loan's book value.

3. Accounts payable

Accounts payable to vendors and contractors include general accounts payable, retainage payable, deposits payable, and other accrued contingent liabilities not included in short-term or long-term liabilities.

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

I. Summary of significant accounting policies, continued:

D. Assets, liabilities, and net assets or equity, continued:

4. Inventories and property held for sale

Inventories are materials and supplies that are stated at average cost. For both governmental and proprietary fund financial statements, inventories are expensed when consumed or used in operations. Inventories are expensed when purchased in the budgetary statements and schedules.

Land and related buildings and improvements acquired for the purpose of redevelopment and sale are recognized as assets and stated at the lower of cost (including costs of appraisal, demolition, and relocation) or net realizable value and are offset by a 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. Prepaid items and advances

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items or advances in both the government-wide and fund financial statements using the purchases method. Payments which are classified as prepaid are primarily items that are being amortized such as prepaid insurance and rent. Amortization of Public Employees Retirement System (PERS) expenditures made in excess of the annually required contribution is recorded as noncurrent prepaid items in both the government-wide and proprietary fund financial statements. Payments made to small non-profits and businesses which need payments in advance due to their lack of working capital are classified as advances.

6. Restricted amounts

Certain assets are classified as restricted assets because their use is limited by parties external to the City. Parties external to the City include citizens, creditors, grantors, public interest groups, other governments, and the courts. Restrictions may also be imposed by laws through constitutional provisions or legally enforceable enabling legislation. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

7. Capital assets

Capital assets, which include land, construction in progress, buildings and building improvements, improvements to land, leasehold improvements, equipment, infrastructure, capital leases, and intangible assets (land use rights, owning rights, and software), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

All land, buildings, permanent land use rights, and permanent owning rights are capital assets with no minimum cost threshold. Infrastructure, land improvements, and internally-generated software are capitalized with total costs of \$10,000 or more. Equipment, term land use rights, term owning rights, and other computer software (not internally-generated) with a cost of \$5,000 or greater are capitalized. Dollar thresholds for capital lease assets are the same amount as the purchased capital asset counterpart.

Land use rights include: easements, rights of way, water, timber, air, and mineral rights that grant the City the ability to use, obtain, harvest, mine, or otherwise use resources on land not owned by the City. Owning rights include: trademarks, copyrights, and patents.

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

I. Summary of significant accounting policies, continued:

D. Assets, liabilities, and net assets or equity, continued:

7. Capital assets, continued

Capital assets are recorded at historical cost or estimated historical cost when actual cost is not available. Items acquired through donations are capitalized on the basis of fair value at the date of transfer plus ancillary costs necessary to place them in service. Donated items are capitalized if the fair value, and any ancillary charges necessary to place the asset into use, meets the capitalization threshold for that class of asset. The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized.

Upon disposal of capital assets, historical cost or estimated historical cost is removed. Proceeds from sales are generally recorded as revenue in the fund that originally acquired the assets.

Depreciation and amortization of capital assets are computed on the straight-line method over their estimated useful lives. Depreciation and amortization are not taken during the year of acquisition. Beginning in fiscal year 2008-09, salvage values are no longer used except for vehicles.

The estimated useful lives of capital assets are:

- Infrastructure – 20 to 100 years
- Improvements to land – 20 to 50 years
- Buildings & building improvements – 10 to 50 years
- Equipment – 3 to 20 years
- Term land use rights – depends on conditions of contract
- Term owning rights – depends on conditions of contract
- Computer software – internally generated – 7 to 17 years
- Computer software – other software – 1 to 10 years

Works of art and historical treasures held as a collection are not capitalized as long as:

- a. Collections are held for public exhibit rather than financial gain;
- b. Such items are protected, unencumbered, cared for, and preserved; and
- c. Proceeds from any sales are used by the City to acquire other works of art and historical treasures.

Such items are owned by the City but protected and maintained by the Regional Arts and Culture Council, a nonprofit corporation. The City's collection consists of many items acquired over a long period of time.

8. Capitalized interest

Interest costs of tax-exempt borrowing, less interest earned on investments acquired with these proceeds, are capitalized in proprietary funds from the date of borrowing, after the date of actual expenditure, until the constructed assets are ready for their intended use.

9. Leases

In accordance with Financial Accounting Standards Board (FASB) Statement No. 13, some leases are classified as capital lease obligations and are recorded at the lesser of present value of minimum lease payments or fair value of the leased property at inception. Leases not meeting the criteria of a capital lease are classified as operating leases.

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

I. Summary of significant accounting policies, continued:

D. Assets, liabilities, and net assets or equity, continued:

10. Compensated absences

City employees accumulate earned but unused vacation and sick leave benefits in accordance with applicable bargaining agreements. Vacation leave is recorded in government-wide, proprietary, and fiduciary fund financial statements when earned by employees. Compensated absences are reported in governmental funds only if they have matured. Collective bargaining agreements for Fire and Police Bureau employees require they be paid for accrued sick leave upon retirement. Sick leave for these employees is accrued when earned. Sick leave for other City employees does not vest and is expended in all funds when leave is taken. All compensated absences are paid by the individual funds as they become due.

11. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In the governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. Statement of cash flows

In the statement of cash flows for proprietary funds, cash and cash equivalents include all assets in the cash and investment pool. This pool is similar to a demand deposit account for enterprise and internal service funds so deposits and cash withdrawals may be made any time without prior notice or penalty. This treatment is in conformity with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, which states that deposits in cash management pools that have the general characteristics of demand deposit accounts are appropriately classified as cash.

13. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted (GAAP) in the United States of America require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

14. Net assets and fund balances

In the financial statements, assets in excess of liabilities are presented in one of two ways depending on the measurement focus of the statement.

On the *Statement of Net Assets* for government-wide reporting and for the proprietary funds and on the fiduciary funds' *Statement of Fiduciary Net Assets*, net assets are segregated into three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

I. Summary of significant accounting policies, continued:

D. Assets, liabilities, and net assets or equity, continued:

14. Net assets and fund balances, continued:

Net assets invested in capital assets, net of related debt represents total capital assets less accumulated depreciation less debt directly related to capital assets less unspent bond proceeds.

Restricted net assets are those whose use is *not* subject solely to the government's own discretion. Restrictions may be placed on net assets by an external third party that provided the resources, by laws or regulations of other governments, by enabling legislation, by endowment agreements, or by the nature of the asset. Unspent bond proceeds for capital projects are used in the calculation of restricted net assets.

Unrestricted surplus (deficit) net assets represent amounts not included in other categories.

On the *Balance Sheet – Governmental Funds*, assets in excess of liabilities are reported as fund balances and are segregated into separate classifications indicating the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent.

Fund balance is reported as ***Nonspendable*** when the resources cannot be spent because they are either in a nonspendable form or are legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid items.

Fund balance is reported as ***Restricted*** when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, and then unrestricted resources, as they are needed.

Fund balance is reported as ***Committed*** for amounts that can be used only for specific purposes as determined by a formal action of the City Council, the City's highest level of decision-making authority. City Council can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken (the adoption of another ordinance or resolution) to remove or revise the limitation.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as ***Assigned*** fund balance. The City has not established a policy regarding the assignment of funds, so this category of fund balance represents the residual amounts not otherwise reported as unspendable, restricted, or committed in governmental funds outside of the General Fund.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that is not otherwise reported as unspendable, restricted, or committed within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

The City has not established a formal policy regarding the use of its unrestricted fund balance amounts. When expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used, the City intends to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts.

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

I. Summary of significant accounting policies, continued:

D. Assets, liabilities, and net assets or equity, continued:

15. Stabilization arrangements

There are two stabilization arrangements within the City, for which separate funds have been established: the General Reserve Fund and the Transportation Reserve Fund.

The *General Reserve Fund* was established by Resolution No. 34722 and adopted by the City Council on May 3, 1990. The two components to the General Reserve Fund are the emergency reserve and the countercyclical reserve, and each is mandated to maintain a balance of five percent of the General Fund revenues less any short-term borrowing receipts, intrafund, and grant revenues.

The emergency reserve component is available to fund one-time, emergency, unanticipated expenditure requirements or offset unanticipated revenue fluctuations occurring within a fiscal year. The emergency reserve will only be accessed when the result of emergency expenditures or an unexpected revenue reduction would likely result in a negative ending fund balance for the General Fund. Emergency reserve resources must begin to be restored in the fiscal year following their use. Restoration will be consistent with Council's past practice of budgeting transfers totaling a minimum of \$1 million a year to the General Reserve Fund.

The countercyclical reserve component is available to either maintain General Fund current service levels programs or to adjust expenditure growth to match slower revenue growth during the first 18 to 24 months of a recession. The countercyclical reserve may be used when basic revenue growth (where "basic revenue" is defined as the sum of General Fund property tax, business license, utility license/franchise fees, cigarette and liquor taxes, transient lodging taxes, and interest income) falls to below 5.5 percent for two consecutive quarters or the Financial Forecast estimates basic revenue growth will be below 5.5 percent for the next fiscal year, and one or more of the following conditions occurs in conjunction with slower revenue growth:

- The Portland Metropolitan Area (PMA) unemployment rate is reported above 6.5 percent for two consecutive quarters, or the Financial Forecast estimates PMA unemployment will average in excess of 6.5 percent for the next fiscal year.
- The property tax delinquency rate exceeds 8 percent.
- Business license year-to-year revenue growth falls below 5.5 percent for two consecutive quarters or the financial forecast estimates business license revenue growth at less than 5.5 percent for the next fiscal year.

The Council should begin to restore countercyclical reserves within 24 months of their first use. Revenue shortfalls associated with bureau service reimbursement income, contract income, or cost recovery income may not be offset by a transfer of resources from the General Reserve Fund. The fund balance of the General Reserve Fund was \$49 million as of June 30, 2012.

The *Transportation Reserve Fund* was established in July 1, 1992 in accordance with Ordinance No. 165570, which created the transportation reserve policy. The policy designates two types of reserves.

Countercyclical reserves are mandated to maintain current service level programs or buffer the impact of major revenue interruptions, such as those caused by an economic recession. The policy sets this reserve amount at 5 percent of the Portland Bureau of Transportation's (PBOT's) discretionary adopted budget revenues.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

I. Summary of significant accounting policies, continued:

D. Assets, liabilities, and net assets or equity, continued:

15. Stabilization arrangements, continued:

Emergency reserves are mandated to fund major one-time unexpected requirements, such as those related to a structural failure or road emergency associated with a natural disaster or event. The policy sets this reserve amount at 5 percent of PBOT's discretionary adopted budget appropriations excluding contingency. Due to continued reductions in the operating fund, transfers to the reserves have not yet reached the level the policy requires. The fund balance of the Transportation Reserve Fund was \$14 thousand as of June 30, 2012.

E. Adoption of new GASB pronouncements:

During the fiscal year ended June 30, 2012, the City implemented the following GASB Pronouncements:

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Issued December 2009, the objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The City does not participate as or in an agent employer or an agent multiple-employer OPEB plan, therefore no changes were required.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. Issued June 2011, the objective of this Statement is to enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty or a swap counterparty's credit support provider is replaced. The City is involved in no hedging activities, so no changes were required.

F. Future adoption of GASB pronouncements:

The following GASB pronouncements have been issued, but are not effective as of June 30, 2012:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. Issued November 2010, the objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The requirements of this Statement establish recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. GASB No. 60 will be effective for the City fiscal year ending June 30, 2013.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. Issued November 2010, the objective of this Statement is to improve financial reporting for a governmental financial reporting entity and amends Statement No. 14, *The Financial Reporting Entity*, and Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The requirements of GASB 61 result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. GASB No. 61 will be effective for the City fiscal year ending June 30, 2013.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

I. Summary of significant accounting policies, continued:

F. Future adoption of GASB pronouncements, continued:

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Issued December 2010, the objective of this Statement is to improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments, so they derive from a single source. This effort brings the authoritative accounting and financial reporting literature together in one place, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. It will eliminate the need for financial statement preparers and auditors to determine which Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments. GASB No. 62 will be effective for the City fiscal year ending June 30, 2013.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. Issued June 2011, the objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. GASB No. 63 will be effective for the City fiscal year ending June 30, 2013.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Issued March 2012, this Statement moves some items from the assets and liabilities sections to the deferred outflows and deferred inflows sections of the statements. GASB No. 65 will be effective for the City fiscal year ending June 30, 2014.

GASB Statement No. 66, Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62. Issued March 2012, this Statement improves accounting and financial reporting by resolving conflicting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. GASB No. 66 will be effective for the City fiscal year ending June 30, 2014.

GASB Statement No. 67, Financial Reporting for Pension Plans (Plans) – an amendment of GASB Statement No. 25. Issued June 2012, this Statement makes significant changes to accounting by pension plans by replacing the requirements of GASB No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB No. 50, *Pension Disclosures*. GASB No. 67 will be effective for the City fiscal year ending June 30, 2014.

GASB Statement No. 68, Accounting and Financial Reporting for Pension (Employers) – an amendment of GASB Statement No. 27. Issued June 2012, this Statement replaces the requirements of GASB No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 68, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. GASB No. 68 will be effective for the City fiscal year ending June 30, 2015.

The City of Portland will implement new GASB pronouncements no later than the required effective date. The City is currently evaluating whether or not the above-listed new GASB pronouncements will have a significant financial impact to the City to the issuance of its financial statements.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

II. Stewardship, compliance, and accountability:

A. Budgetary information:

Except for certain fiduciary funds, state law requires the City to budget all funds. State law further requires that total resources in each fund equal total expenditures and requirements for that fund. Appropriations lapse at fiscal year end.

The City legally adopts its budget annually for all funds prior to July 1st through passage of an ordinance. This budget ordinance authorizes positions and establishes appropriations for the fiscal year by bureau, fund, and major categories of expenditures. The legal level of appropriation is established for bureau program expenses, interfund cash transfers, total debt service and related expenditures, contingencies for each fund, and for the General Fund at the appropriation-unit level. Bureau program expenses include the major object categories; personal services, materials and services, and capital outlay. Special appropriations are budgeted at the fund level across functional areas within the General Fund. The City budgets on the modified accrual basis of accounting.

Budgets may be modified during the fiscal year through different means. Bureau managers, without City Council's approval, may request a transfer of appropriations between line items within major object categories, provided transfers do not affect total appropriations. In addition, bureaus may transfer appropriations between major object categories with the permission of their commissioner-in-charge, provided the adjustments do not affect total appropriations. However, most appropriation transfers happen during one of the four supplemental budget processes during the year (Budget Monitoring Process).

Bureaus are allowed to amend the budget via ordinance outside the Adopted Budget and Budget Monitoring Process with City Council approval. All new grant awards received mid-year go before Council for budget amendment approval.

Intrafund activity has been eliminated from the Schedules of Revenues and Expenditures – Budget and Actual. The City has discontinued budgeting for intrafund transfers within the same business area but will continue to budget intrafund transfers that cross business areas.

B. Interfund loans:

Loans from one fund to another are permitted whenever the loan is authorized by official resolution or ordinance of the governing body per Oregon Revised Statutes (ORS) 294.460. The City made \$9.7 million in interfund loans, of which \$0.4 million were made without a formal ordinance.

Nonmajor Special Revenue Funds

Housing and Community Development	\$200,000
Home Grant	246,000

C. Expenditures in excess of appropriations:

State law requires a supplemental budget to increase appropriations when unexpected additional resources become available. A supplemental budget is also required to transfer appropriations from a fund's operating contingency during the fiscal year. The supplemental budget process requires a public hearing, advance notice by newspaper publication, and City Council approval. The City adopted three supplemental budgets and made a number of appropriation transfers requiring approval by the City Council during the fiscal year ended June 30, 2012.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

II. Stewardship, compliance, and accountability, continued:

C. Expenditures in excess of appropriations, continued:

Oregon state law requires disclosure of fund expenditures in excess of budgeted appropriations. However, local budget law exempts reporting of over appropriations for a variety of situations related to the issuance, repayment, and refunding of bonds as defined in ORS 294.326 (5-6). This includes bonds issued under revenue bond authority as defined in ORS 287A.150, which requires a 60-day referral period after the publication of a public notice before revenue bonds authorized by a resolution may be sold.

For the fiscal year ended June 30, 2012, the Special Projects Debt Service Fund had expenditures for debt service and related costs over appropriations that were exempt from supplemental budgetary requirements per ORS 294.326(5)(c) and ORS 294.483(1)(c).

Several funds (Police Special Revenue, Golf, Portland International Raceway, and Cable) were within budget at the bureau program level but exceeded budget at the major object category (see Note II.A. Budgetary Information, for the major object categories included in program expenses).

For the fiscal year ended June 30, 2012, the following funds had total expenditures in excess of budgeted appropriations:

<u>General Fund</u>	
Community Development	
Office of Community Technology	
Program expenses	\$ 89,999
<u>Nonmajor Proprietary Fund</u>	
Health Insurance Operating	
Program expenses	1,167,406

The over expenditure of \$90 thousand in the Office of Community Technology (OCT) relates to advances for materials and services made by OCT to community partners and occurred prior to the OCT's merger with the Revenue Bureau. The over expenditure of \$1.2 million in the Health Insurance Operating Fund is due to a larger than anticipated medical claims payments.

D. Deficit fund equity:

Oregon state law requires fund disclosure of deficit fund balances/total net assets. At June 30, 2012, two funds had a deficit balance, GAAP basis:

<u>Major Special Revenue Fund:</u>	
Grants	\$7,306,604
<u>Internal Service Fund:</u>	
Enterprise Business Solutions Services	560,813

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

II. Stewardship, compliance, and accountability, continued:

D. Deficit fund equity, continued:

The Grants Fund, a major special revenue fund, reported a deficit fund balance of \$7.3 million in the Grants columns of the *Balance Sheet – Governmental Funds*, and the *Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds*. The activity for this fund is reported in governmental activities on the government-wide *Statement of Activities*. The deficit was caused by timing differences which were introduced when the City switched to tracking all grant-related expenditures in a central grants fund. Since almost all of the City's grants are reimbursable, there is an inherent delay between incurring expenditures and the processing of the related billing to the grantors.

The Enterprise Business Solutions Services (EBSS) Fund, an internal service fund, reported deficit net assets of \$0.6 million in the governmental activities – Internal Service Funds columns of the *Statement of Net Assets – Proprietary Funds*, and the *Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds*. The activity for this fund is reported in business-type activities on the government-wide *Statement of Activities*. The deficit net assets EBSS resulted from a larger deficit in "Invested in capital assets, net of related debt" compared to fiscal year ending June 30, 2011. This increase in deficit is a result of depreciation expense exceeding current year principle payments on related debt. The debt has various service periods ranging from 7 to 10 years. The deficit in net assets will continue to grow in the earlier stage of the life of the debts and will reverse itself as the debt is paid off.

III. Detailed notes:

A. Cash and investments:

Cash and investments for the primary government are comprised of governmental and business-type activities. The balances at June 30, 2012 are:

	Primary Government	Fiduciary Activities	Total Government	Component Unit (PDC)	Total
Cash on hand	\$ 21,560	\$ -	\$ 21,560	\$ 500	\$ 22,060
Deposits with financial institutions	12,096,704	-	12,096,704	137,987	12,234,691
Investments	570,956,725	54,007,865	624,964,590	145,204,448 *	770,169,038
Total cash and investments	<u>\$ 583,074,989</u>	<u>\$ 54,007,865</u>	<u>\$ 637,082,854</u>	<u>\$ 145,342,935</u>	<u>\$ 782,425,789</u>

*PDC cash and investments with the City include \$102,482 of outstanding payroll, payroll taxes, and cash in transit from the City.

Restricted cash and investments

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Activities	Total Government	Component Unit (PDC)	Total
Unrestricted	\$ 255,707,508	\$ 118,746,655	\$ 374,454,163	\$ 32,531,155	\$ 406,985,318	\$ 145,342,935	\$ 552,328,253
Restricted	148,888,506	59,732,320	208,620,826	21,476,710	230,097,536	-	230,097,536
Total	<u>\$ 404,596,014</u>	<u>\$ 178,478,975</u>	<u>\$ 583,074,989</u>	<u>\$ 54,007,865</u>	<u>\$ 637,082,854</u>	<u>\$ 145,342,935</u>	<u>\$ 782,425,789</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

A. Cash and investments, continued:

Restricted cash and investments, continued:

Cash and investments at June 30, 2012 that are restricted by legal or contractual requirements are comprised of the following:

<u>Governmental activities:</u>	
General fund:	
Business license overpayments	\$ 5,633,446
Transportation fund:	
Capital projects	18,803,168
Special Finance and Resource:	
Urban Renewal Projects	152,552
Grants fund:	
Federal and state grants	5,378,193
Nonmajor governmental funds:	
Debt service	51,071,110
Federal and state grants	191,653
Voter approved special levies	6,812,812
Capital projects	49,404,800
Public safety	1,934,198
Parks, recreation and culture	827,951
Community development	8,496,243
Permanent endowment	182,380
	<hr/>
Total governmental activities	148,888,506
	<hr/>
<u>Business-type activities:</u>	
Sewage Disposal fund:	
Debt service for capital projects related debt	29,156,141
Water fund:	
Debt service for capital projects related debt	15,884,413
Nonmajor enterprise funds:	
Debt service	4,818,700
Renewal and replacement	9,873,066
	<hr/>
Total business-type activities	59,732,320
	<hr/>
Total primary government restricted cash	208,620,826
	<hr/>
Total fiduciary activities	21,476,710
	<hr/>
Total restricted cash and investments	<u>\$ 230,097,536</u>

Component unit - Portland Development Commission

Total cash reported by PDC for fiscal year ending June 30, 2012 was \$145.3 million, none of which was restricted.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

A. Cash and investments, continued:

Deposits

Primary government

Custodial credit risk—deposits. There is a risk that, in the event of a bank failure, the City's deposits may not be returned. The City's deposit policy is in accordance with ORS 295. All deposits are collateralized with eligible securities in amounts determined by the Oregon State Treasury (OST). The City's deposit policy requires that all deposits are covered by the Federal Deposit Insurance Corporation (FDIC), and/or are collateralized as required by and in compliance with ORS 295. The bank balance is covered by federal depository insurance or by collateral held by one or more of the State's authorized collateral pool managers. As of June 30, 2012, the book value of all the City's deposits was \$50 million.

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

The FDIC's standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category. From December 31, 2010 through December 31, 2012, for all FDIC-insured institutions, deposits held in noninterest-bearing transaction accounts will be fully insured regardless of the amount in the account. Public Money Market Deposit Accounts (PMMDAs) and Negotiable Order of Withdrawal (NOW) accounts are not eligible for this temporary unlimited insurance coverage, regardless of the interest rate, even if no interest is paid.

Component unit - Portland Development Commission

Total deposits for PDC were \$137,987 of which 100 percent was covered by the Federal Deposit Insurance Corporation.

Investments

Primary government

All investment pool purchases and sales are part of the City's cash management activity and considered cash and cash equivalents. Activities undertaken by the pool on behalf of the proprietary funds are not part of operating, capital, investing, or financing activities of the proprietary funds, and details of these transactions are not reported in the Statement of Cash Flows.

Interest earned from pooled investments is allocated to each fund based on the average earnings rate and daily cash balance of each fund. The City has recorded investments at fair value.

City Treasury assesses a management fee that is deducted from investment income before distributions are made to all City funds. This fee is based on City Treasury's net operating expenses and totaled \$926,787 for fiscal year ended June 30, 2012.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

A. Cash and investments, continued:

Investments, continued:

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 IAC was established pursuant to City Code section 3.88.010 and is comprised of public members who serve without compensation and have industry experience in areas of finance, investment, or economics. The public members are appointed by the commissioner-in-charge with approval by City Council, and serve two-year terms. The Oregon Short-Term Fund Board consists of the State Treasurer and six members appointed by the Governor and the State Treasurer.

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 Administrative Officer or designee in consultation with the City Treasurer and the IAC.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which 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. 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 exchanges 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 net asset value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool.

The following investments are permitted under the City's investment policy as well as by ORS 294.035 and ORS 294.810:

- United States Treasury debt obligations
- United States Agency debt obligations
- Bankers' acceptances
- Commercial paper issued by U.S. corporations
- Interest-bearing deposits in State of Oregon financial institutions collateralized with securities as required by Oregon Revised Statute 295
- State of Oregon Local Government Investment Pool
- Repurchase agreements secured by United States Treasury debt obligations
- Corporate debt obligations guaranteed by: the United States Government, the Federal Deposit Insurance Corporation (FDIC), or any other United States Government agency that sponsors commercial deposit or credit-default protection insurance
- Corporate debt obligations issued by U.S. corporations
- Municipal debt obligations issued by the State of Oregon and local agencies and authorities

Interest rate risk. As of June 30, 2012, the weighted-average maturity of the City's investment portfolio was 0.95 years. To minimize interest rate risk, the City's investment policy limits the portfolio to a maximum weighted-average maturity of eighteen months. In addition, no more than 50 percent 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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

A. Cash and investments, continued:

Investments, continued:

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

The City's investments in United States Treasury and Agency debt obligations have short-term credit ratings of P-1 / A-1 / F1+, by Moody's Investor Services, Standard & Poor's, and Fitch Ratings respectively. Long-term credit ratings show in the table below. The City's investments in Corporate Debt Obligations in the table below represent either short-term or long-term credit ratings. The City's investments in Municipal Debt Obligations have short-term credit ratings of SP-1+ or better, by Standard & Poor's, and are not rated by Moody's Investor Services and Fitch Ratings. As of June 30, 2012, the LGIP was not rated. The credit quality distribution for securities with credit exposure as a percentage of total investments as of June 30, 2012 is:

Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Investments				
	Moody's Investor's Service	Standard & Poor's	Fitch Ratings	Percentage of Total Investments
Federal Home Loan Bank	Aaa	AA+	AAA	10.75%
Federal Home Loan Mortgage Corporation	Aaa	AA+	AAA	17.00
Federal National Mortgage Association	Aaa	AA+	AAA	16.15
Federal Farm Credit Bank	Aaa	AA+	AAA	5.89
Federal Agriculture Mortgages Corporation	N/R*	N/R*	N/R*	11.16
Financing Corporation (FICO)	Aaa	N/R*	N/R*	1.16
U.S. Guaranteed Corporate Bonds	Aaa	AA+	AAA	1.30
U.S. Treasury Debt Obligations	Aaa	AA+	AAA	1.96
Total U.S. Agency Debt Obligations				65.38
Corporate bonds	Aa3	AA-	AA-	14.91
Municipal bonds	N/R*	SP-1+	N/R*	0.50
Bankers' acceptances	P -1	A -1	F1+	1.30
Commercial paper	P -1	A -1	F1	5.80
Time/Interest Bearing Deposits	N/R*	N/R*	N/R*	6.49
Local Government Investment Pool	N/R*	N/R*	N/R*	5.63
Total Investments				100.00%
*N/R = Not Rated				

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

A. Cash and investments, continued:

Investments, continued:

Concentration of credit risk. Of the City's total investments, as of June 30, 2012, 65.4 percent were United States Agency debt obligations or short-term investments (see table on the previous page for individual distributions). All other investments not explicitly guaranteed by the United States Government were limited to 5 percent per issuer. 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. The restrictions of the portfolio vary based upon the investment type and issuer. These restrictions, as well as other information contained in the City's investment policy, are located at:

<http://www.portlandonline.com/omf/index.cfm?c=26610&a=399540>

Custodial credit risk-investments. For an investment, this is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All trades are executed by delivery vs. payment to ensure that securities are deposited in an eligible financial institution prior to the release of funds. The City's investment policy complies with ORS 294.035 and ORS 294.810 that list acceptable investments that are identified below. As of June 30, 2012, 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.

As of June 30, 2012, the City had the following investments and maturities (this table includes fiduciary activities):

Investment Type	Book Value	Fair Market Value	Fair Value Investment Maturity (Years)		Weighted Average Maturity (Years)
			Less Than 1	1 - 5	
U.S. Treasury Debt Obligations	\$ 15,093,042	\$ 15,090,619	\$ 10,028,919	\$ 5,061,700	0.02
U.S. Agencies	476,380,097	478,299,245	179,793,217	298,506,028	0.83
U.S. Guaranteed Corporate Bonds	10,044,632	10,048,800	10,048,800	-	-
Corporate bonds	114,780,620	114,829,390	101,758,330	13,071,060	0.08
Municipal bonds	3,860,000	3,860,000	3,860,000	-	-
Bankers' acceptances	9,975,000	9,975,000	9,975,000	-	0.01
Commerical paper	44,638,785	44,638,785	44,638,785	-	0.01
Time/Interest bearing deposits	49,939,096	49,939,096	49,939,096	-	-
Local Government Investment Pool	43,385,621	43,385,621	43,385,621	-	-
Total investments	<u>\$ 768,096,893</u>	<u>\$ 770,066,556</u>	<u>\$ 453,427,768</u>	<u>\$ 316,638,788</u>	<u>0.95</u>
Portfolio weighted average maturity					52.85%
Net portfolio yield		0.54%			

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

B. Receivables:

Receivables as of June 30, 2012, are as follows:

	Governmental Activities						Total
	General	Transportation Operating	Special Finance and Resource	Grants	Nonmajor Funds	Internal Service	
Taxes	\$ 21,482,361	\$ -	\$ -	\$ -	\$ 9,091,948	\$ -	\$ 30,574,309
Accounts	21,222,633	11,105,682	-	-	5,016,933	1,606,298	38,951,546
Assessments	59,818	794,652	-	-	86,243,924	-	87,098,394
Loans	-	-	-	10,619,040	322,410,945	-	333,029,985
Advances	1,583,686	-	-	414,808	1,763,923	-	3,762,417
Grants	-	-	-	16,299,473	4,661,637	-	20,961,110
Interest	247,100	47,506	693	57,066	1,394,216	497,376	2,243,957
Total receivables	44,595,598	11,947,840	693	27,390,387	430,583,526	2,103,674	516,621,718
Allowance for doubtful accounts	(968,027)	(25,000)	-	(9,876,343)	(283,157,679)	(45,537)	(294,072,586)
Receivables, net	<u>\$ 43,627,571</u>	<u>\$ 11,922,840</u>	<u>\$ 693</u>	<u>\$ 17,514,044</u>	<u>\$ 147,425,847</u>	<u>\$ 2,058,137</u>	<u>\$ 222,549,132</u>
Not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ 354,283</u>	<u>\$ -</u>	<u>\$ 732,948</u>	<u>\$ 106,288,225</u>	<u>\$ -</u>	<u>\$ 107,375,456</u>
Delinquent special assessments	<u>\$ 59,818</u>	<u>\$ 240,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,086,256</u>	<u>\$ -</u>	<u>\$ 10,386,298</u>

	Business-type Activities			
	Sewage Disposal	Water	Nonmajor Funds	Total
Accounts	\$ 48,941,496	\$ 21,601,278	\$ 1,199,594	\$ 71,742,368
Assessments	4,123,588	261,990	-	4,385,578
Advances	-	2,804,400	90,000	2,894,400
Interest	347,510	316,392	136,430	800,332
Total receivables	53,412,594	24,984,060	1,426,024	79,822,678
Allowance for doubtful accounts	(4,487,865)	(2,969,221)	(10,000)	(7,467,086)
Receivables, net	<u>\$ 48,924,729</u>	<u>\$ 22,014,839</u>	<u>\$ 1,416,024</u>	<u>\$ 72,355,592</u>
Not scheduled for collection during the subsequent year	<u>\$ 3,538,231</u>	<u>\$ 51,626</u>	<u>\$ -</u>	<u>\$ 3,589,857</u>
Delinquent special assessments	<u>\$ 222,873</u>	<u>\$ 1,265</u>	<u>\$ -</u>	<u>\$ 224,138</u>

Some special assessments in the Transportation Operating, other nonmajor governmental, Sewage Disposal, and Water Funds are not expected to be collected within one year. City special assessment liens are defined as being delinquent once they are 30 days past due. This applies to assessments that cannot be financed, or to those that have entered into a financing repayment contract. Certain special assessments have not been financed but are under deferral status and are not deemed delinquent. Delinquent special assessments total \$10.6 million.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

B. Receivables:

Loans Receivable

Loans receivable are comprised of: 1) Portland Housing Bureau loans to qualified borrowers for rehabilitation and restoration of single and multi-family residences which are collateralized by real property; and 2) Portland Parks and Recreation loans to tax-exempt non-profit corporations.

Portland Housing Bureau Loans

The Portland Housing Bureau (PHB) loans receivable balances as of June 30, 2012 are as follows:

Fund and Program	Maximum Term	Interest Rate	Gross Loans Receivable	Allowance And Discount
Major Governmental Fund:				
Grants Fund:				
Multi-Family Housing:				
Cash Flow Loans	30 yrs	0% - 3%	\$ 1,358,217	\$ (1,303,593)
Equity Gap Loans	Indefinite	0%	7,599,467	(7,599,467)
Amortized Loans	30 yrs	0% - 3%	1,445,238	(761,265)
Single-Family Housing:				
Deferred Payment Loans	30 yrs	0% - 3%	216,118	(212,018)
Total PHB Loans, Gross - Grants Fund			10,619,040	(9,876,343)
Total PHB Loans, Net - Grants Fund				742,697
Total PHB Loans, Net - Major Governmental Fund				742,697
Other Nonmajor Special Revenue Funds:				
Community Development Block Grant (CDBG) Fund:				
Multi-Family Housing:				
Cash Flow Loans	30 yrs	0% - 3%	3,696,370	(3,607,809)
Equity Gap Loans	Indefinite	0%	20,484,581	(20,484,581)
Amortized Loans	30 yrs	0% - 3%	5,641,997	(3,368,411)
Deferred Payment Loans	60 yrs	0% - 8%	1,944,260	(1,394,923)
Single-Family Housing:				
Amortized Loans	26 yrs	0% - 5%	706,363	(88,408)
Deferred Payment Loans	Indefinite	0%	5,744,555	(1,828,158)
Shared Appreciation Mortgage	Indefinite	0%	324,500	(197,451)
Total PHB Loans, Gross - CDGB Fund			38,542,626	(30,969,741)
Total PHB Loans, Net - CDGB Fund				7,572,885
HOME Grant Fund:				
Multi-Family Housing:				
Cash Flow Loans	45 yrs	0% - 3%	21,745,875	(21,169,048)
Equity Gap Loans	Indefinite	0%	19,726,156	(19,726,156)
Amortized Loans	30 yrs	1% - 3%	5,283,017	(3,132,338)
Deferred Payment Loans	20 yrs	0% - 3%	1,817,684	(1,410,812)
Single-Family Housing:				
Deferred Payment Loans	Indefinite	0%	62,751	(11,183)
Shared Appreciation Mortgage	Indefinite	0%	474,097	(368,907)
Total PHB Loans, Gross - HOME Grant Fund			49,109,580	(45,818,444)
Total PHB Loans, Net - HOME Grant Fund				3,291,136

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

B. Receivables, continued:

Loans Receivable, continued:

Portland Housing Bureau Loans, continued:

<u>Fund and Program</u>	<u>Maximum Term</u>	<u>Interest Rate</u>	<u>Gross Loans Receivable</u>	<u>Allowance And Discount</u>
Housing Investment Fund:				
Multi-Family Housing:				
Cash Flow Loans	40 yrs	0% - 5%	10,224,204	(9,935,210)
Equity Gap Loans	Indefinite	0%	6,279,175	(6,279,175)
Amortized Loans	30 yrs	0% - 7%	12,904,570	(7,625,294)
Deferred Payment Loans	20 yrs	0% - 3%	1,330,850	(828,638)
Single-Family Housing:				
Amortized Loans	20 yrs	0% - 3%	30,080	(3,968)
Deferred Payment Loans	30 yrs	0% - 3%	281,269	(117,042)
Other Deferred Payment Loans	30 yrs	30 yrs	1,021,301	(671,824)
Total PHB Loans, Gross - Housing Investment Fund			32,071,449	(25,461,151)
Total PHB Loans, Net - Housing Investment Fund				6,610,298
Tax Increment Financing Reimbursement (TIF) Fund:				
Multi-Family Housing:				
Cash Flow Loans	30 - 60 yrs	1% - 9%	125,136,032	(122,516,017)
Equity Gap Loans	Indefinite	0%	31,715,630	(31,715,630)
Amortized Loans	30 yrs	0% - 7%	25,239,735	(14,693,940)
Deferred Payment Loans	20 - 50 yrs	0% - 9%	8,738,594	(5,729,390)
Single-Family Housing:				
Amortized Loans	20 - 30 yrs	1% - 5%	239,668	(42,186)
Deferred Payment Loans	30 yrs	0% - 4%	7,462,660	(4,255,393)
Shared Appreciation Mortgage	Indefinite	0%	2,069,022	(1,405,037)
Other Deferred Payment Loans	30 yrs	0% - 3%	824,100	(550,750)
Total PHB Loans, Gross - TIF Fund			201,425,441	(180,908,343)
Total PHB Loans, Net - TIF Fund				20,517,098
Total PHB Loans, Net - Other Nonmajor Special Revenue Funds				37,991,417
Total PHB Loans, Gross - All Funds			\$ 331,768,136	\$ (293,034,022)
Total PHB Loans, Net - All Funds				\$ 38,734,114

The loan loss allowance is comprised of both an interest discount factor and a loan risk factor. The total allowance at June 30, 2012 is broken down as follows:

Interest Discount Factor	\$ 17,938,364
Loan Loss Risk Factor	275,095,658
Total Allowance and Discount	<u>\$ 293,034,022</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

B. Receivables, continued:

Loans Receivable, continued:

Portland Housing Bureau Loans, continued:

HUD Section 108 Loan Guarantees

The City of Portland has entered into contracts with the U.S. Department of Housing and Urban Development (HUD) as guarantor for guarantees made under HUD's Section 108 Loan Guarantee Program ("Program"). The Program, regulated by federal guidelines in 24 CFR 570, Subpart M, "Loan Guarantees", is a source of financing allotted for economic development, housing rehabilitation, public facilities rehabilitation, construction or installation for the benefit of low-to moderate-income persons, or to aid in the prevention of slums.

HUD contracts for loan guarantee assistance contains certain security provisions. The primary security is a pledge by the City of its current and future Community Development Block Grant (CDBG) funds. The City provides additional security for each Guaranteed Loan, and that such additional security must be acceptable to HUD. The additional security, as specified by federal regulation 24 CFR 570.705(b)(1), is identified in the individual contracts executed at the time each Guaranteed Loan is issued, and may include assets financed by the guaranteed loan.

Finally, the loan guarantee contracts provide that HUD may use existing pledged grants to prepay (or defeasance of) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due there under. HUD reserves the right to require further security, and the City may substitute other collateral subject to HUD's approval.

Housing Preservation Loan Fund Project. In April, 2009, the City of Portland received approval confirmation from the HUD for the City's request for loan guarantee assistance of up to \$15 million under Section 108 of the Housing and Community Development Act of 1974. City Ordinance number 182873, dated June 3, 2009, duly authorized acceptance of the funds from HUD and the creation of the Portland Housing Preservation Fund to facilitate related transactions. On December 21, 2009, the City signed contract ("Contract") number B-08-MC-41-003 with the HUD for the loan guarantee assistance, as well as two related contracts for specific Guaranteed Loan note commitments. Guaranteed Loan note commitments are executed with third-party borrowers under the HUD Section 108 program guidelines. These borrowers are scheduled to make periodic pass-through payments to the City, and the City will make annual principal and semi-annual interest payments to HUD.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

B. Receivables, continued:

Loans Receivable, continued:

Portland Housing Bureau Loans , continued:

HUD Section 108 Loan Guarantees, continued:

As of June 30, 2012, the City had nine outstanding loans receivable under the HUD Section 108 Loan Guarantee program Contract B-08-MC-41-003 totaling \$7.2 million, for which the City is contingently liable. Each loan was executed with a promissory note ("Note") signed by the borrower. Loan details are presented in the table below.

Borrower Name	Maximum Principal	Principal Disbursed As of 6/30/2012	Outstanding Balance As of 6/30/2012	Interest Rate	Maturity Date	Payment or Cash Flow Measure Begins	Allowance	Loan Type
<u>Cash Flow (CF) Loans:</u>								
Roselyn Renewal, LLC	\$ 830,000	\$ 830,000	\$ 830,000	0.50%	June, 2059	4/1/2011	\$ 813,566	CF
Reach Walnut Partners, LP	1,641,000	1,641,000	1,554,192	0.50%	May, 2071	4/1/2012	1,523,419	CF
Villa De Suenos, LP Loan # 2	950,000	750,000	750,000	0.00%	June, 2041	5/1/2012	735,150	CF
Uptown Tower Apartments, LP	700,000	700,000	700,000	4.50%	December, 2035	1/1/2026	686,140	CF & MFHA
Total CF Loans	<u>4,121,000</u>	<u>3,921,000</u>	<u>3,834,192</u>				<u>3,758,275</u>	
<u>Multi-Family Housing Amortized (MFHA) Loans:</u>								
Halsey Center	650,000	650,000	611,524	3.00%	November, 2030	12/1/2010	357,741	MFHA
Human Solutions Inc.	1,439,000	1,373,547	1,336,656	4.25%	October, 2031	10/1/2011	781,944	MFHA
Villa De Suenos, LP Loan # 1	750,000	750,000	725,234	4.00%	June, 2031	7/1/2011	424,262	MFHA
Upshur Renewal Housing, LP	415,000	373,500	362,374	5.00%	June, 2031	7/1/2011	211,988	MFHA
Los Jardines, LP	400,000	375,459	375,459	2.72%	March, 2032	8/1/2012	219,643	MFHA
Total MFHA Loans	<u>3,654,000</u>	<u>3,522,506</u>	<u>3,411,247</u>				<u>1,995,578</u>	
Total	<u>\$7,775,000</u>	<u>\$7,443,506</u>	<u>\$7,245,439</u>				<u>\$5,753,853</u>	

Annual repayment amounts for cash flow loan types are based on each borrower's excess cash flow level as defined in each of the Notes. An allowance for uncollectibility was established at 95 percent on the cash flow loans based on their non-amortizing repayment terms. Some of the borrowers reported no excess cash flow for the calendar year ended December 31, 2011, and accordingly 2012 payments on those loans were not received.

Annual repayments for multi-family amortized loans follow various set repayment schedules. An allowance for uncollectibility was established at 50 percent for these loans based on their amortized repayment terms.

Annual City repayments of principal are due to HUD August 1st of each year and mature on August 1, 2032, in accordance with the corresponding HUD Guaranteed Loan Program Variable/Fixed Rate Notes. For the corresponding note payable to HUD see Note III.I. Long-term debt, Loans Payable.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

B. Receivables, continued:

Loans Receivable, continued:

Portland Parks and Recreation Loans:

The Portland Parks and Recreation loans receivable balances include loans to the Oregon Rail Heritage Foundation (ORHF) and Portland City United (PCU) as described below and are reported in the nonmajor Capital Projects Funds totaling \$1.3 million for the fiscal year ended June 30, 2012.

Oregon Rail Heritage Foundation

Under Ordinance No. 183280, the City loaned the ORHF, an Oregon tax exempt non-profit corporation, \$978,598 to purchase property for permanent maintenance and operation of historic steam locomotives owned by the City. The outstanding loan balance was \$0.9 million at June 30, 2012. Ordinance No. 184775, on July 27, 2011, revised the loan and authorized a new loan agreement with ORHF to construct an engine house and rail interpretive center for the City-owned historic locomotives. The revised loan, at 3.41 percent per annum, shall terminate upon payment in full, but no later than September 30, 2016.

The revised loan calls for periodic payments of principal and interest as follows:

Payment Date	Principal	Interest	Total
9/1/2012	\$ -	\$ 16,353	\$ 16,353
3/1/2013	-	16,353	16,353
9/1/2013	200,000	16,353	216,353
3/1/2014	-	12,942	12,942
9/1/2014	210,000	12,943	222,943
3/1/2015	-	9,362	9,362
9/1/2015	220,000	9,362	229,362
3/1/2016	-	5,611	5,611
9/1/2016	316,099	5,611	321,710
Total	<u>\$ 946,099</u>	<u>\$ 104,890</u>	<u>\$1,050,989</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

B. Receivables, continued:

Loans Receivable, continued:

Portland Parks and Recreation Loans, continued:

Portland City United, continued:

On November 15, 2010, the City entered into an agreement with PCU, an Oregon tax-exempt non-profit corporation, to loan PCU the amount of \$350,000 to pay for field improvements at Buckman Field. The loan interest rate is 4.5 percent per annum. The funding for this loan came from the Portland Parks and Recreation, System Development Charge program and all payments shall be reimbursed to this program. Effective October 28, 2011, the loan payment schedule was amended to the following, which moves the maturity date from November 15, 2014 to May 15, 2015. The loan agreement, as amended, calls for periodic payments of principal and interest as follows:

Payment			
Date	Principal	Interest	Total
11/15/2012	\$ 83,352	\$ 14,209	\$ 97,561
11/15/2013	87,102	10,457	97,559
11/15/2014	91,022	6,538	97,560
5/15/2015	54,274	1,221	55,495
Total	<u>\$315,750</u>	<u>\$32,425</u>	<u>\$348,175</u>

C. Payables:

Payables and other accrued liabilities at June 30, 2012, are as follows:

Governmental Activities								
	General	Transportation Operating	Special Finance and Resource	Grants	Nonmajor Funds	Internal Service	Unallocated Governmental	Total
Accounts to vendors and contractors	\$ 13,901,526	\$ 4,686,643	\$ 22,901	\$ 3,844,124	\$ 5,734,959	\$ 9,098,023	\$ 7,658,565	\$ 44,946,741
Interest on bonds and notes	-	-	-	-	-	4,002,304	60,344,215	64,346,519
Total payables	<u>\$ 13,901,526</u>	<u>\$ 4,686,643</u>	<u>\$ 22,901</u>	<u>\$ 3,844,124</u>	<u>\$ 5,734,959</u>	<u>\$ 13,100,327</u>	<u>\$ 68,002,780</u>	<u>\$ 109,293,260</u>

Business-type Activities			
	Sewage Disposal	Water	Nonmajor Funds
Accounts to vendors and contractors	\$ 13,051,955	\$ 14,558,561	\$ 3,856,532
Interest on bonds and notes	20,403,446	11,154,918	1,475,772
Total payables	<u>\$ 33,455,401</u>	<u>\$ 25,713,479</u>	<u>\$ 5,332,304</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

D. Deferred and unearned revenue:

The City recognizes revenues when earned. Amounts received in advance of the period in which services are rendered are recorded as a liability, "Unearned Revenue". Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

The various components of deferred revenue reported in the governmental funds at June 30, 2012 are as follows:

	Governmental Funds				Total
	General	Transportation Operating	Grants	Nonmajor Funds	
Deferred revenue	\$ 1,363,596	\$ 1,038,064	\$ 7,828,005	\$ 3,955,716	\$ 14,185,381
Liens - LID	-	-	-	12,071,975	12,071,975
Liens	59,818	794,652	-	73,493,971	74,348,441
Taxes	10,639,425	-	-	7,033,300	17,672,725
Total deferred revenue	<u>\$ 12,062,839</u>	<u>\$ 1,832,716</u>	<u>\$ 7,828,005</u>	<u>\$ 96,554,962</u>	<u>\$ 118,278,522</u>

The various components of unearned revenue reported at June 30, 2012 are as follows:

	Governmental Activities					Total
	General	Transportation Operating	Grants	Nonmajor Funds	Internal Service	
Grants	\$ -	\$ -	\$ 10,311,664	\$ -	\$ -	\$ 10,311,664
Misc. unearned	193,644	481,147	-	12,113	54,208	741,112
Total unearned revenue	<u>\$ 193,644</u>	<u>\$ 481,147</u>	<u>\$ 10,311,664</u>	<u>\$ 12,113</u>	<u>\$ 54,208</u>	<u>\$ 11,052,776</u>

	Business-type Activities			Total
	Sewage Disposal	Water	Nonmajor Funds	
Total misc. unearned revenue	<u>\$ 549,721</u>	<u>\$ 244,142</u>	<u>\$ 55,389</u>	<u>\$ 849,252</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

E. Fund balances, governmental funds:

On the Balance Sheet – Governmental Funds, the fund balances are reported in the aggregate in the classifications defined by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances by classification for the year ended June 30, 2012 were as follows:

	General	Transportation Operating	Special Finance and Resource	Grants	Other Governmental Funds	Total
Nonspendable:						
Inventories	\$ 367,454	\$ 5,166,521	\$ -	\$ -	\$ -	\$ 5,533,975
Prepaid items	187,634	300,943	-	-	-	488,577
Corpus of permanent fund	-	-	-	-	163,142	163,142
Restricted:						
Public safety	-	-	-	-	26,083,325	26,083,325
Parks, recreation and culture	-	-	-	-	17,535,708	17,535,708
Community development	-	-	130,344	-	55,336,378	55,466,722
Transportation and metered parking	-	18,803,168	-	-	1,674,420	20,477,588
Debt service	-	-	-	-	52,232,904	52,232,904
Committed:						
Public safety	-	-	-	-	12,680,802	12,680,802
Parks, recreation and culture	-	-	-	-	1,715,527	1,715,527
Community development	-	-	-	-	7,840,233	7,840,233
Legislative / admin / support services	48,984,519	-	-	-	484,512	49,469,031
Assigned:						
Parks, recreation and culture	-	-	-	-	4,613,905	4,613,905
Community development	-	-	-	-	12,113,228	12,113,228
Transportation and metered parking	-	14,211,840	-	-	-	14,211,840
Legislative / admin / support services	5,415,881	-	-	-	-	5,415,881
Debt service	-	-	-	-	14,644,795	14,644,795
Unassigned	22,296,208	-	-	(7,306,604)	-	14,989,604
Total fund balances	<u>\$ 77,251,696</u>	<u>\$ 38,482,472</u>	<u>\$ 130,344</u>	<u>\$ (7,306,604)</u>	<u>\$ 207,118,879</u>	<u>\$ 315,676,787</u>

F. Capital assets:

Primary Government

In the governmental activities column of the statement of activities, capital asset reclassifications or transfers between governmental funds and internal service funds have been eliminated. In a like manner, capital asset transfers between enterprise funds have been eliminated in the business-type activities column. The remaining transfers shown on the statement of activities consist of \$9,226 in capital asset transfers from governmental activities to business-type activities.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

F. Capital assets, continued:

Capital assets activity for the primary government, which excludes fiduciary activities, for the year ended June 30, 2012, is as follows:

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 177,306,004	\$ 13,663,137	\$ -	\$ 2,914,701	\$ 193,883,842
Construction in progress	289,168,529	128,040,352	-	(145,748,377)	271,460,504
Intangible assets:					
Land use rights	14,887,447	1,923,677	-	185,043	16,996,167
Owning rights	12,155	16,798	-	-	28,953
Total capital assets, not being depreciated or amortized	481,374,135	143,643,964	-	(142,648,633)	482,369,466
Capital assets, being depreciated or amortized:					
Infrastructure	4,393,000,130	1,637,264	(784,343)	70,127,847	4,463,980,898
Buildings	314,038,149	-	-	24,544,125	338,582,274
Improvements to land	112,579,630	2,326,969	-	17,588,590	132,495,189
Equipment	143,142,168	2,654,700	(9,532,177)	19,207,688	155,472,379
Intangible assets:					
Software	52,814,760	-	(1,726,137)	11,116,680	62,205,303
Total capital assets being depreciated or amortized	5,015,574,837	6,618,933	(12,042,657)	142,584,929	5,152,736,043
Less accumulated depreciation or amortization for:					
Infrastructure	(2,874,931,493)	(149,630,315)	214,519	-	(3,024,347,289)
Buildings	(112,182,776)	(7,663,634)	-	-	(119,846,410)
Improvements to land	(50,951,161)	(4,820,653)	-	-	(55,771,814)
Equipment	(79,662,376)	(9,646,389)	7,884,236	72,930	(81,351,599)
Intangible assets:					
Software	(26,831,813)	(8,609,407)	1,082,180	-	(34,359,040)
Total accumulated depreciation or amortization	(3,144,559,619)	(180,370,398)	9,180,935	72,930	(3,315,676,152)
Total capital assets, being depreciated or amortized, net	1,871,015,218	(173,751,465)	(2,861,722)	142,657,859	1,837,059,891
Governmental activities capital assets, net	\$ 2,352,389,353	\$ (30,107,501)	\$ (2,861,722)	\$ 9,226	\$ 2,319,429,357

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

F. Capital assets, continued:

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Business-type activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 88,298,330	\$ 37,472	\$ -	\$ 7,476,073	\$ 95,811,875
Construction in progress	889,839,581	230,731,020	(16,855,522) *	(838,572,950)	265,142,129
Intangible assets:					
Land use rights	14,308,482	94,257	-	39,531	14,442,270
Total capital assets, not being depreciated or amortized	992,446,393	230,862,749	(16,855,522)	(831,057,346)	375,396,274
Capital assets, being depreciated or amortized:					
Infrastructure	3,140,666,687	1,851,166	(7,556,857)	814,892,150	3,949,853,146
Buildings	248,279,772	2,339,503	(1,413,598)	566,365	249,772,042
Improvements to land	34,602,283	13,573	(32,741)	4,594,453	39,177,568
Equipment	54,393,104	426,646	(4,003,329)	9,952,144	60,768,565
Intangible assets:					
Owning rights	10,776	-	-	-	10,776
Software	11,665,705	-	(1,408,959)	1,115,937	11,372,683
Total capital assets being depreciated or amortized	3,489,618,327	4,630,888	(14,415,484)	831,121,049	4,310,954,780
Less accumulated depreciation or amortization for:					
Infrastructure	(610,788,717)	(47,247,811)	7,186,240	417,191	(650,433,097)
Buildings	(88,167,050)	(5,468,000)	731,442	40,285	(92,863,323)
Improvements to land	(9,843,815)	(1,212,019)	6,548	(433,491)	(11,482,777)
Equipment	(27,067,859)	(3,778,124)	3,325,128	(96,914)	(27,617,769)
Intangible assets:					
Owning rights	-	(770)	-	-	(770)
Software	(10,838,949)	(241,056)	1,407,759	-	(9,672,246)
Total accumulated depreciation or amortization	(746,706,390)	(57,947,780)	12,657,117	(72,929)	(792,069,982)
Total capital assets, being depreciated or amortized, net	2,742,911,937	(53,316,892)	(1,758,368)	831,048,120	3,518,884,798
Business-type activities capital assets, net	\$ 3,735,358,330	\$ 177,545,857	\$ (18,613,890)	\$ (9,226)	\$ 3,894,281,072

* See Note III. L. Special item, for explanation.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

F. Capital assets, continued:

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Total:					
Capital assets, not being depreciated or amortized:					
Land	\$ 265,604,334	\$ 13,700,608	\$ -	\$ 10,390,775	\$ 289,695,717
Construction in progress	1,179,008,110	358,771,372	(16,855,522)	(984,321,327)	536,602,633
Intangible assets:					
Land use rights	29,195,929	2,017,934	-	224,574	31,438,437
Owning rights	12,155	16,798	-	-	28,953
Total capital assets, not being depreciated or amortized	1,473,820,528	374,506,712	(16,855,522)	(973,705,979)	857,765,740
Capital assets, being depreciated or amortized:					
Infrastructure	7,533,666,818	3,488,430	(8,341,200)	885,019,996	8,413,834,044
Buildings	562,317,921	2,339,503	(1,413,598)	25,110,490	588,354,316
Improvements to land	147,181,912	2,340,542	(32,741)	22,183,043	171,672,756
Equipment	197,535,272	3,081,348	(13,535,506)	29,159,832	216,240,946
Intangible assets:					
Owning rights	10,776	-	-	-	10,776
Software	64,480,464	-	(3,135,098)	12,232,618	73,577,984
Total capital assets being depreciated or amortized	8,505,193,163	11,249,823	(26,458,143)	973,705,979	9,463,690,822
Less accumulated depreciation or amortization for:					
Infrastructure	(3,485,720,211)	(196,878,125)	7,400,759	417,191	(3,674,780,386)
Buildings	(200,349,826)	(13,131,634)	731,442	40,285	(212,709,733)
Improvements to land	(60,794,975)	(6,032,672)	6,548	(433,491)	(67,254,590)
Equipment	(106,730,235)	(13,424,513)	11,209,363	(23,985)	(108,969,370)
Intangible assets:					
Owning rights	-	(770)	-	-	(770)
Software	(37,670,761)	(8,850,462)	2,489,939	-	(44,031,284)
Total accumulated depreciation or amortization	(3,891,266,008)	(238,318,176)	21,838,051	-	(4,107,746,133)
Total capital assets, being depreciated or amortized, net	4,613,927,155	(227,068,353)	(4,620,092)	973,705,979	5,355,944,689
Total capital assets, net	\$ 6,087,747,683	\$ 147,438,359	\$ (21,475,614)	\$ -	\$ 6,213,710,429

Capitalized interest

Total interest costs incurred in internal service funds in fiscal year ending June 30, 2012 were \$2.9 million. Total interest costs incurred in business-type activities in fiscal year ending June 30, 2012 were \$95.6 million, of which \$29.4 million was capitalized for a net interest expense of \$66.2 million.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

F. Capital assets, continued:

Depreciation and amortization

Fully depreciated capital assets at June 30, 2012 totaled \$165.4 million, of which \$74.3 million pertains to governmental activities and \$91.2 million to business-type activities. The total remaining salvage values are \$2.9 million, of which \$2.4 million pertains to governmental activities and \$0.5 million to business-type activities. Capital assets held by the City's internal service funds are billed according to interagency agreements to the various functions based on their use of the assets. Depreciation and amortization expenses are charged to the internal service fund that owns and bills for the use of the assets.

Depreciation and amortization expenses of the primary government are as follows:

	Amount
Governmental activities:	
Public safety	\$ 3,938,981
Parks, recreation and culture	7,592,755
Community development	47,181
Transportation and metered parking	148,770,824
Legislative/ admin/ support services	376,586
Total governmental funds	<u>160,726,327</u>
Internal service funds -	
Legislative/ admin/ support services	<u>19,644,071</u>
Total governmental activities	<u><u>\$ 180,370,398</u></u>
Business-type activities:	
Environmental services	\$ 30,235,047
Water	22,290,240
Hydroelectric power	607,392
Parking facilities	514,020
Golf	757,206
Motor sports	167,010
Spectator facilities	3,117,265
Housing	259,600
Total business-type activities	<u><u>\$ 57,947,780</u></u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

F. Capital assets, continued:

Construction and technology project commitments

The City has active construction and technology projects as of June 30, 2012. These include building, remodeling and retrofitting fire facilities, park improvements, communication, sewer, transportation, and water infrastructure upgrades.

At year end, the City's contractual commitments to complete the various projects were as follows:

Projects	Spent to date	Remaining Commitments	Financing Source
Governmental activities:			
Special Projects	\$ 7,755,149	\$ 226,489	General obligation bonds / General Fund
Transportation	153,237,110	6,796,485	Intergovernmental cost sharing / Grants / System development charges / Local improvement districts / Transportation revenues
Fire facilities	3,683,842	5,112,615	General obligation bonds / Intergovernmental cost
Parks	16,017,519	5,588,018	Local option levy / Tax increment / Grants / General Fund discretionary
Facilities	5,704,274	11,178,927	General Fund discretionary
Total governmental activities	186,397,894	28,902,534	
Business-type activities:			
Sewer	242,422,350	140,583,728	Revenue bonds / Sewer rate revenues
Water	62,319,301	101,080,674	Revenue bonds / Water rate revenues / Project reimbursements
Total business-type activities	304,741,651	241,664,402	
Total project commitments	\$ 491,139,545	\$ 270,566,936	

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

F. Capital assets, continued:

Component Unit - Portland Development Commission

Activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 6,101,427	\$ 10,813	\$(1,466,190)	\$ -	\$ 4,646,050
Construction in progress	854,362	-	(854,362)	-	-
Total capital assets, not being depreciated	6,955,789	10,813	(2,320,552)	-	4,646,050
Capital assets, being depreciated or amortized:					
Buildings and improvements	2,707,441	-	-	-	2,707,441
Leasehold improvements	3,849,501	-	-	-	3,849,501
Vehicles and equipment	2,151,111	60,172	-	(1,141,736)	1,069,547
Intangible assets:					
Software	930,394	2,075,567	(1,429,332)	1,125,953	2,702,582
Total capital assets, being depreciated or amortized	9,638,447	2,135,739	(1,429,332)	(15,783)	10,329,071
Less accumulated depreciation or amortization for:					
Buildings and improvements	(1,245,419)	(54,148)	-	-	(1,299,567)
Leasehold improvements	(3,849,324)	(177)	-	-	(3,849,501)
Vehicles and equipment	(1,896,803)	(111,646)	1,105,317	15,783	(887,349)
Total accumulated depreciation	(6,991,546)	(165,971)	1,105,317	15,783	(6,036,417)
Total capital assets, being depreciated or amortized, net	2,646,901	1,969,768	(324,015)	-	4,292,654
Governmental activities capital assets, net	\$ 9,602,690	\$ 1,980,581	\$(2,644,567)	\$ -	\$ 8,938,704

G. Interfund receivables, payables, and transfers:

Due to/from other funds

Primary government

Transactions between individual funds and the component unit are recorded as "due to" and "due from". Repayment of these transactions is required. The General Fund due to the fiduciary funds represents employer contributions to pay pension benefits. Nonmajor governmental funds due to other funds represent federal, state, and private grants receivable not yet transferred to benefiting City bureaus. These interfund balances are expected to be repaid within one year. The composition of due to and due from other funds as of June 30, 2012 was:

Funds	Governmental Activities			Business-type Activities		Fiduciary Activities	Total Due To Other Funds
	General	Transportation Operating	Nonmajor governmental	Sew age Disposal	Water		
Governmental Activities:							
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$7,658,565	\$ 7,658,565
Grants		351,789	56,817	21,013	380,883	-	810,502
Nonmajor funds	28,234	-	-	-	-	-	28,234
Total due from other funds	<u>\$28,234</u>	<u>\$ 351,789</u>	<u>\$ 56,817</u>	<u>\$21,013</u>	<u>\$ 380,883</u>	<u>\$7,658,565</u>	<u>\$ 8,497,301</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

G. Interfund receivables, payables, and transfers, continued:

Due to/from other funds, continued:

Component Unit - Portland Development Commission

The amount due from PDC to the City is \$3.5 million in accounts receivable and \$0.2 million of amounts related to PDC property held for sale acquired via grant funds and amounts from the City. The amounts due from the City to PDC for various grant expenditures and other intergovernmental agreements total \$1.8 million.

	Governmental Activities					Business-type Activities				Net Due (To)
		Transportation		Internal	Nonmajor		Nonmajor		Portland	From
Funds	General	Operating	Grants	Services	Governmental	Sew age	Enterprise	Fiduciary	Development	Component
					Funds	Disposal	Funds	Activities	Commision	Unit
<u>Governmental Activities:</u>										
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,390,667)	\$ (1,390,667)
Grants	-	-	-	-	-	-	-	-	(17,148)	(17,148)
Nonmajor funds	-	-	-	-	-	-	-	-	(437,240)	(437,240)
Total due (to) from component unit	-	-	-	-	-	-	-	-	(1,845,055)	(1,845,055)
<u>Portland Development Commission:</u>										
PDC - All funds	457,599	150	712,603	80,523	1,997,406	5,000	216,942	2,829	-	3,473,052
Net due from (to) component unit	\$ 457,599	\$ 150	\$ 712,603	\$ 80,523	\$ 1,997,406	\$ 5,000	\$ 216,942	\$ 2,829	\$ (1,845,055)	\$ 1,627,997

Interfund transfers

The primary purposes of the significant transfers that occur on a routine basis are as follows: transfers from the General Fund to the Transportation Operating Fund are for street lighting. Transfers from the General Fund to Nonmajor Governmental Funds are for various programs including: emergency communications, development services support, debt service payments, and the General Fund portion of the PERS debt. General Fund transfers to the Internal Service Funds are for financial commitments to fund operating improvements.

Transportation Fund transfers to the Nonmajor Governmental Funds are for debt service payments and the Transportation Fund portion of the PERS debt. Transfers from the Nonmajor Governmental Funds to the Special Finance and Resource Fund are for receipt of the du jour proceeds. Transfers from the Internal Service Funds to Nonmajor Governmental Funds are for radio replacement for emergency communication. Transfers from the Nonmajor Enterprise Funds to the Transportation fund are for overhead charges.

In the governmental activities column of the statement of activities, transfers between governmental funds have been eliminated. In a like manner, transfers between enterprise funds have been eliminated in the business-type activities column.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

G. Interfund receivables, payables, and transfers, continued:

Interfund transfers, continued:

Interfund transfers and the reconciliation to the Statement of Activities for the fiscal year ended June 30, 2012 consist of the following:

	Governmental Activities					Business-type Activities			Total
	General	Transportation Operating	Special Finance and Resource	Nonmajor Funds	Internal Service	Sewage Disposal	Water	Nonmajor Funds	Transfers Out
Governmental activities:									
General	\$ -	\$ 9,066,632	\$ -	\$ 20,162,094	\$ 5,625,915	\$ -	\$ 5,430	\$ -	\$ 34,860,071
Transportation	387,232	-	-	1,645,937	-	-	-	-	2,033,169
Nonmajor funds	121,855	-	58,000,000	784,448	556,153	-	-	254,335	59,716,791
Internal service	1,921,502	1,084	-	11,808,842	190,674	151,552	134,578	24,168	14,232,400
Business-type activities:									
Sewage disposal	-	-	-	415,016	-	-	-	-	415,016
Water	-	-	-	436,037	-	-	-	51,786	487,823
Nonmajor funds	600,116	5,379,284	-	42,432	-	-	-	-	6,021,832
Total transfers in	<u>\$ 3,030,705</u>	<u>\$ 14,447,000</u>	<u>\$ 58,000,000</u>	<u>\$ 35,294,806</u>	<u>\$ 6,372,742</u>	<u>\$ 151,552</u>	<u>\$ 140,008</u>	<u>\$ 330,289</u>	117,767,102
Reconciliation:									
Total internal service funds									(14,232,400)
Total governmental funds									(96,610,031)
Total business-type activities									(51,786)
Capital assets transferred from enterprise funds									95,273
Internal service funds transfer to business-type activities									(310,298)
Governmental activities transfers to business-type activities									(259,765)
Total transfers per statement of activities									<u>\$ 6,398,095</u>

Interfund loans

As of June 30, 2012, the Grants Funds received temporary operating loans of \$2.2 million from General Fund, \$2.5 million from Transportation Operating Fund, and \$3.1 million from the Parking Facilities Fund and \$0.3 million from the Environmental Remediation Fund, both of which are Nonmajor Enterprise Funds. The Community Development Block Grant Fund received a temporary operating loan of \$1.4 million from the General Fund. The HOME Grant Fund received a temporary operating loan of \$0.2 million from the General Fund. All of the internal loans are expected to be repaid during fiscal year ending June 30, 2013. Interfund loan balances at June 30, 2012 are:

	Governmental Activities		Business-type Activities	Total Internal Loans Payable
	General	Transportation Operating	Nonmajor Funds	
Governmental activities:				
Grants	\$ 2,205,000	\$ 2,500,000	\$ 3,395,000	\$ 8,100,000
Nonmajor funds	1,646,000	-	-	1,646,000
Total Internal loans receivable	<u>\$ 3,851,000</u>	<u>\$ 2,500,000</u>	<u>\$ 3,395,000</u>	<u>\$ 9,746,000</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

H. Leases:

Operating leases

The City acts as lessor for cancellable and noncancelable operating leases that arise primarily for leasing office or retail space. Noncancelable operating lease revenues were \$2.4 million from governmental activities and \$1.8 million from business-type activities for fiscal year ending June 30, 2012.

As of June 30, 2012, future minimum rents to be received from noncancelable operating leases are contractually due as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities	Total
2013	\$ 1,728,653	\$ 1,489,040	\$ 3,217,693
2014	1,325,233	1,171,500	2,496,733
2015	1,234,916	889,088	2,124,004
2016	806,180	814,810	1,620,990
2017	475,340	730,172	1,205,512
2018-2022	1,817,855	2,784,655	4,602,510
2023-2027	1,551,492	2,400,274	3,951,766
2028-2032	1,175,784	2,513,742	3,689,526
2033-2037	942,330	2,797,970	3,740,300
2038-2042	919,744	3,122,603	4,042,347
2043-2047	949,124	-	949,124
2048-2052	1,037,246	-	1,037,246
2053-2057	793,917	-	793,917
2058-2062	391,894	-	391,894
2063-2067	437,369	-	437,369
2068-2072	488,121	-	488,121
2073-2077	544,762	-	544,762
2078-2082	431,214	-	431,214
Total	<u>\$ 17,051,174</u>	<u>\$ 18,713,854</u>	<u>\$ 35,765,028</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

H. Leases, continued:

Operating leases, continued:

The City leases land, buildings and equipment under noncancelable operating leases. The costs for such leases were \$2.4 million for governmental activities and \$1.6 million for business-type activities. As of June 30, 2012, future minimum payments for these operating leases are contractually due as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
2013	\$ 2,334,238	\$ 1,615,225	\$177,320	\$ 4,126,783
2014	2,312,455	1,076,308	180,571	3,569,334
2015	1,864,305	503,459	184,182	2,551,946
2016	803,355	509,792	187,866	1,501,013
2017	442,848	210,825	191,623	845,296
2018-2022	841,749	-	15,995	857,744
2023-2027	537,795	-	-	537,795
2028-2032	597,687	-	-	597,687
2033-2037	667,042	-	-	667,042
2038-2042	520,655	-	-	520,655
2043-2047	581,071	-	-	581,071
2048-2052	648,498	-	-	648,498
2053-2057	723,749	-	-	723,749
2058-2062	807,732	-	-	807,732
2063-2067	901,460	-	-	901,460
2068-2072	1,006,065	-	-	1,006,065
2073-2077	1,122,808	-	-	1,122,808
2078-2082	1,253,097	-	-	1,253,097
2083-2087	1,398,505	-	-	1,398,505
2088-2092	1,560,786	-	-	1,560,786
2093-2097	1,741,898	-	-	1,741,898
2098-2102	849,254	-	-	849,254
	<u>\$23,517,052</u>	<u>\$3,915,609</u>	<u>\$937,557</u>	<u>\$28,370,218</u>

I. Long-term debt:

The City issues a variety of debt types for the purpose of carrying out its capital financing activities. The various types of debt are discussed below and each debt type reports the range of maturities for each of its outstanding debt issue. The City's tax-exempt debt remains in compliance with all Internal Revenue Service arbitrage regulations. Outstanding debt amounts are as of June 30, 2012.

General obligation bonds

The City issues general obligation bonds for the acquisition and construction of capital improvements of major capital facilities. General obligation bonds are currently outstanding for only governmental activities. The City has issued \$89.7 million of unlimited tax general obligation bonds for governmental activities. Currently \$70.7 million of these bonds are outstanding. The bonds were originally issued for park system improvements and emergency facilities. The City is authorized to levy an unlimited ad valorem tax to pay for these bonds.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

General obligation bonds, continued:

General obligation bonds currently outstanding are as follows:

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2012
Governmental activities:						
Parks	2010A	4.00%	04/16/2010	2010-2015	\$ 19,960,000	\$ 12,440,000
Emergency Facilities	2004A	3.25-4.25	01/28/2004	2004-2024	13,965,000	9,575,000
Emergency Facilities	2008A	3.00-4.75	11/18/2008	2008-2028	15,360,000	13,855,000
Emergency Facilities	2009A	1.75-4.00	07/10/2009	2010-2019	14,560,000	10,405,000
Emergency Facilities	2011A	2.00-4.125	05/13/2011	2011-2026	25,835,000	24,465,000
Total General Obligation Bonds					<u>\$ 89,680,000</u>	<u>\$ 70,740,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2013	\$ 8,065,000	\$ 2,601,552
2014	8,355,000	2,321,015
2015	8,650,000	2,019,471
2016	4,455,000	1,722,047
2017	4,590,000	1,578,871
2018-2022	20,310,000	5,469,702
2023-2027	15,140,000	1,940,379
2028-2032	1,175,000	55,812
Total	<u>\$ 70,740,000</u>	<u>\$ 17,708,849</u>

Limited tax improvement bonds

The City has \$55.9 million of outstanding limited tax improvement bonds. These bonds were issued for the purpose of financing local improvement projects. These bonds are expected to be fully self-supporting from assessment payments received from property owners benefiting from the improvement projects. In addition, the City has pledged its full faith and credit to pay the bonds. Interest rates on the outstanding bonds range from 2 to 5 percent.

In December 2011, the City issued \$3.4 million in bonds to pay for public works projects. Rates range from 1 to 4 percent and will be paid off over 20 years.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

Limited tax improvement bonds, continued:

Limited tax improvement bonds currently outstanding are as follows:

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2012
Governmental activities:						
Limited Tax Improvement	2003A	4.35%	05/22/2003	2003-2023	\$ 21,430,000	\$ 6,335,000
Limited Tax Improvement	2007A	5.00	06/28/2007	2007-2027	41,745,000	28,245,000
Limited Tax Improvement	2010A	2.00-4.125	04/20/2010	2010-2030	22,305,000	18,215,000
Limited Tax Improvement	2011A	2.00-4.00	12/13/2011	2012-2032	3,400,000	3,145,000
Total Limited Tax Improvement Bonds					<u>\$ 88,880,000</u>	<u>\$ 55,940,000</u>

Annual debt service requirements to maturity for limited tax improvement bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2013	\$ 1,560,000	\$ 2,447,811
2014	1,525,000	2,416,611
2015	1,365,000	2,370,861
2016	215,000	2,329,911
2017	8,565,000	2,323,461
2018-2022	5,625,000	9,208,450
2023-2027	26,015,000	7,471,757
2028-2032	11,070,000	1,455,311
Total	<u>\$ 55,940,000</u>	<u>\$ 30,024,173</u>

Urban renewal and redevelopment bonds

The City issues urban renewal and redevelopment bonds to finance capital projects that stimulate job creation and growth in designated target areas. The City has urban renewal and redevelopment bonds outstanding that are secured solely by the tax increment revenues generated from the respective urban renewal areas. The City has issued long-term urban renewal and redevelopment bonds for nine of its urban renewal districts including; Airport Way, Oregon Convention Center, South Park Blocks, Downtown Waterfront, Interstate Corridor, Lents Town Center, North Macadam, Central East Side, and River District.

The \$508.1 million outstanding balances on these bonds are paid from tax increment revenues generated from the respective urban renewal areas. No additional City revenues are pledged to the repayment of these bonds. Interest rates on the outstanding bonds range from 2 to 7.26 percent.

In July 2011, the City issued \$30.4 million of urban renewal and redevelopment bonds for the Downtown Waterfront Urban Renewal Area. These bonds were issued to pay off the 2000 Series A bonds. The bonds are secured by and payable from the tax increment revenues from the Downtown Waterfront Urban Renewal Area. The bonds will be paid back over 9 years with interest rates ranging from 1 to 5 percent.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

Urban renewal and redevelopment bonds, continued:

In July 2011, the City issued \$29.7 million of urban renewal and redevelopment bonds for the Oregon Convention Center Urban Renewal Area. These bonds were used to pay off the 2000 Series A. The bonds are secured by and payable from the tax increment revenues from the Oregon Convention Center Urban Renewal Area. The Bonds will be paid back over 9 years with interest rates ranging from 2 to 5 percent.

In August 2011, the City issued \$28.9 million and \$17.3 million of urban renewal and redevelopment bonds for the Interstate Urban Renewal Area. These bonds were used to pay off outstanding lines of credit. The bonds are secured by and payable from the tax increment revenues from the Interstate Urban Renewal Area. The bonds will be paid back over 20 years with an interest rate of 0.65 to 6.294 percent.

In May 2012, the City issued \$69.8 million of urban renewal and redevelopment bonds for the Oregon Convention Center Urban Renewal Area. These bonds were used to finance capital projects and to repay an outstanding line of credit. The bonds are secured by and payable from the tax increment revenues from the Oregon Convention Center Urban Renewal Area. The bonds will be paid back over 13 years with an interest rate of 3.623 to 4.323 percent.

Urban renewal bonds currently outstanding are as follows:

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2012
Governmental activities:						
South Park Blocks	2008A	5.272-6.081%	07/01/2008	2009-2019	\$ 34,580,000	\$ 29,470,000
South Park Blocks	2008B	5.00	07/01/2008	2009-2024	32,020,000	32,020,000
South Park Blocks	2011A	2.20	05/19/2011	2011-2013	2,585,000	210,000
Waterfront Renewal	2000B	7.26	10/31/2000	2001-2013	24,970,000	3,525,000
Waterfront Renewal	2008A	4.67-6.30	04/23/2008	2008-2024	50,165,000	42,200,000
Waterfront Renewal	2011A	2.00-5.00	07/06/2011	2012-2020	30,370,000	30,290,000
Central East Side	2011A	3.058-6.246	03/31/2011	2011-2021	10,205,000	9,535,000
Central East Side	2011B	4.25-5.375	03/31/2011	2011-2031	19,485,000	19,485,000
Airport Way	2005A	5.00	09/29/2005	2005-2020	45,370,000	36,465,000
Oregon Convention Center	2011A	2.30	05/19/2011	2011-2013	7,540,000	3,705,000
Oregon Convention Center	2012A	3.623-4.323	05/17/2012	2012-2025	69,760,000	69,760,000
Oregon Convention Center	2011B	3.00-5.00	07/06/2011	2012-2020	29,685,000	29,195,000
River District	2003A	3.45-5.00	06/17/2003	2004-2023	33,180,000	33,180,000
River District	2003B	3.92-4.10	06/17/2003	2004-2015	28,760,000	6,480,000
Lents District	2010A	3.776-6.284	06/18/2010	2010-2024	21,240,000	18,910,000
Lents District	2010B	4.50-5.00	06/18/2010	2010-2030	15,650,000	15,650,000
North Macadam	2010A	3.20-3.96	09/23/2010	2011-2022	29,645,000	24,625,000
North Macadam	2010B	3.75-5.00	09/23/2010	2011-2030	35,280,000	35,280,000
Interstate Corridor	2004A	4.00-5.25	12/09/2004	2005-2025	32,310,000	23,860,000
Interstate Corridor	2011A	2.528-6.294	08/11/2011	2012-2021	28,890,000	27,040,000
Interstate Corridor	2011B	4.50-5.00	08/11/2011	2012-2031	17,245,000	17,245,000
Total Urban Renewal and Redevelopment Bonds					<u>\$ 598,935,000</u>	<u>\$ 508,130,000</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

Urban renewal and redevelopment bonds, continued:

Annual debt service requirements to maturity for urban renewal and redevelopment bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2013	\$ 27,350,000	\$ 24,882,911
2014	27,590,000	23,490,513
2015	29,155,000	22,310,102
2016	30,455,000	21,023,374
2017	31,975,000	19,497,610
2018-2022	188,295,000	70,543,757
2023-2027	129,770,000	24,946,800
2028-2032	43,540,000	4,999,978
Total	<u>\$ 508,130,000</u>	<u>\$ 211,695,045</u>

Limited tax and limited tax revenue bonds

The City has issued limited tax revenue bonds to finance local and public capital improvement projects and to reduce the City's payments to the State of Oregon Public Employees Retirement System (PERS). These bond issues include non self-supporting General Fund obligations and self-supporting General Fund obligations.

Non-self-supporting general fund obligations

Limited Tax Revenue Bonds. As of June 30, 2012, the City had \$79.1 million of outstanding limited tax revenue bonds and \$18.1 million in limited tax housing revenue bonds outstanding, which are backed primarily from General Fund resources.

In December 2011, the City sold \$5.4 million of 2011 Series B limited tax revenue bonds to pay for construction costs of the emergency coordination center. These bonds will be paid off over 15 years and interest rates range from 2 to 3 percent.

In May 2012, the City sold \$21.9 million of 2012 Series B limited tax revenue bonds to pay for construction of a police training facility and to pay off the 2004 Series A bonds. The term of these bonds is 10 years with interest rates ranging from 3 to 4 percent.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

Limited tax and limited tax revenue bonds, continued:

Non-self-supporting general fund obligations, continued:

Non-self-supporting limited tax revenue bonds currently outstanding are as follows:

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2012
Governmental activities:						
Capital Financing - Facilities	2008A	3.75-5.00%	06/10/2008	2008-2018	\$ 17,725,000	\$ 11,350,000
Integrated Regional Network Enterprise (IRNE)	2010A	3.00	04/22/2010	2010-2013	2,565,000	480,000
Emergency Coordination Center	2011B	2.00-3.00	12/15/2011	2012-2026	5,445,000	5,445,000
Police Training Facility	2012B	3.00-4.00	05/24/2012	2012-2022	13,305,000	13,305,000
EBS Project	2007A	4.25	04/24/2007	2007-2016	22,480,000	10,035,000
EBS Project	2009B	3.00-4.00	12/17/2009	2010-2017	9,400,000	8,380,000
Capital Improvement & Renovation	2010A	3.00-3.125	04/22/2010	2010-2020	4,840,000	4,460,000
Radio Shop	2003A	4.00	01/15/2003	2003-2013	930,000	110,000
Emergency Operations Center Expansion (EOC)	2003A	4.00	01/15/2003	2003-2013	160,000	20,000
800MHz	2003A	4.00	01/15/2003	2003-2013	2,635,000	305,000
800MHz	2012B	3.00-4.00	05/24/2012	2012-2013	86,350	86,350
800MHz	2012B	3.00-4.00	05/24/2012	2012-2016	8,473,650	8,473,650
CAD project	2009B	3.00-4.00	12/17/2009	2010-2017	8,210,000	5,270,000
Archives Space Project	2007C	4.00-4.50	10/11/2007	2008-2028	11,925,000	10,230,000
Total Non Self-Supporting Limited Tax Revenue Bonds: Governmental activities					<u>108,180,000</u>	<u>77,950,000</u>
Business-type activities:						
Portland International Raceway	LOC	6.14	10/25/2007	2008-2017	2,010,000	1,160,000
Total Non Self-Supporting Limited Tax Revenue Bonds					<u>\$ 110,190,000</u>	<u>\$ 79,110,000</u>

Non-self-supporting limited tax housing revenue bonds currently outstanding are as follows:

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2012
Governmental activities:						
Housing Projects	2005C	4.35-4.45%	06/21/2005	2005-2014	\$ 3,170,000	\$ 620,000
Housing Projects	2005D	3.50-5.00	06/21/2005	2005-2025	6,975,000	6,845,000
Total Non Self-Supporting Limited Tax Housing Revenue Bonds: Governmental activities					10,145,000	7,465,000
Business-type activities:						
Headwaters Apt Project	2005A	3.83-4.71	04/18/2005	2005-2035	10,480,000	9,525,000
Headwaters Apt Project	2005B	4.70	04/18/2005	2005-2035	1,260,000	1,150,000
Total Non Self-Supporting Limited Tax Housing Revenue Bonds: Business-type activities					<u>11,740,000</u>	<u>10,675,000</u>
Total Non Self-Supporting Limited Tax Housing Revenue Bonds					<u>\$ 21,885,000</u>	<u>\$ 18,140,000</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

Limited tax and limited tax revenue bonds, continued:

Non-self-supporting general fund obligations, continued:

Limited Tax Pension Obligation Revenue Bonds. The City issued \$300.8 million of Limited Tax Pension Obligation Revenue Bonds in November 1999 to finance the City's December 31, 1997 Public Employees Retirement System (PERS) unfunded actuarial accrued pension liability with the State of Oregon PERS. The bonds are secured by available general funds, defined as revenues that are legally available to pay the bonds, and not prohibited for such use under the charter and ordinances of the City and Oregon laws. Revenues include all taxes and other legally available general funds of the City. At June 30, 2012, interest rates of the outstanding bonds, \$63.3 million of 1999 Series D variable rate bonds and \$63.3 million of 1999 Series E variable rate bonds, were 0.15 percent and 0.24 percent respectively. Interest rates on the fixed rate \$134.5 million of 1999 Series C bonds ranges from 7.701 to 7.93 percent.

The \$300.8 million liability has been distributed as follows:

	Original Distribution	Liability June 30, 2012
Governmental activities:		
Governmental Funds	\$ 211,379,554	\$ 183,454,244
Internal Service Funds	16,741,773	14,530,024
Total Governmental activities	228,121,327	197,984,268
Business-type activities	72,201,017	62,662,566
Fiduciary activities	526,002	456,512
Total	<u>\$ 300,848,346</u>	<u>\$ 261,103,346</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

Limited tax and limited tax revenue bonds, continued:

Non-self-supporting general fund obligations, continued:

Non-self-supporting limited tax pension obligation revenue bonds currently outstanding are as follows:

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2012
Governmental activities:						
Allocation of Limited Tax Pension Obligation	1999C	7.701%	11/01/1999	2000-2022	\$ 84,292,006	\$ 71,898,226
Allocation of Limited Tax Pension Obligation	1999C	7.93	11/01/1999	2000-2029	30,090,299	30,090,310
Allocation of Limited Tax Pension Obligation	1999D	variable	11/01/1999	2000-2019	56,869,511	47,997,866
Allocation of Limited Tax Pension Obligation	1999E	variable	11/01/1999	2000-2019	56,869,511	47,997,866
Total Governmental activities					<u>228,121,327</u>	<u>197,984,268</u>
Business-type activities:						
Allocation of Limited Tax Pension Obligation	1999C	7.701	11/01/1999	2000-2022	26,678,633	22,755,991
Allocation of Limited Tax Pension Obligation	1999C	7.93	11/01/1999	2000-2029	9,523,664	9,523,655
Allocation of Limited Tax Pension Obligation	1999D	variable	11/01/1999	2000-2019	17,999,360	15,191,460
Allocation of Limited Tax Pension Obligation	1999E	variable	11/01/1999	2000-2019	17,999,360	15,191,460
Total Business-type activities					<u>72,201,017</u>	<u>62,662,566</u>
Fiduciary activities:						
Allocation of Limited Tax Pension Obligation	1999C	7.701	11/01/1999	2000-2022	194,360	165,783
Allocation of Limited Tax Pension Obligation	1999C	7.93	11/01/1999	2000-2029	69,382	69,381
Allocation of Limited Tax Pension Obligation	1999D	variable	11/01/1999	2000-2019	131,130	110,674
Allocation of Limited Tax Pension Obligation	1999E	variable	11/01/1999	2000-2019	131,130	110,674
Total Fiduciary activities					<u>526,002</u>	<u>456,512</u>
Total Limited Tax Pension Bonds					<u>\$ 300,848,346</u>	<u>\$ 261,103,346</u>

Approximately 40 percent of the debt service on these bonds is expected to be paid from resources of the General Fund. The remaining 60 percent is expected to be paid by non-General Fund bureaus of the City (see "Self-supporting General Fund Obligations" below). As of June 30, 2012, \$96.9 million of outstanding principal remained on the portion of the bonds is projected to be repaid with General Fund resources.

Self-supporting obligations

In October 2011, Series 2011A limited tax refunding bonds were sold to pay off the 2001 series A bonds issued for the Oregon Convention Center Completion Project. The \$67 million in bonds will be paid over 19 years and pay interest of 2.5 to 5 percent.

In December 2011, the City issued a \$1.3 million bank placement refunding bonds PCPA 2011 for the purpose of paying off the 2001 series C bonds. The term of these bonds is 10 years and interest is 2.36 percent.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

Limited tax and limited tax revenue bonds, continued:

Self-supporting obligations, continued:

In April 2012, the City issued 2012 Series A limited tax revenue bonds to pay off the line of credit taken out to help pay costs of refurbishing the JELD-WEN field in the amount of \$12 million. These bonds will be paid over 15 years with interest rates ranging from 3.25 to 3.5 percent.

The following issues are expected to be repaid from sources other than the General Fund and are considered self-supporting.

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2012
Governmental activities:						
Oregon Convention Center	2011A	4.00-5.00%	10/06/2011	2012-2030	\$ 67,015,000	\$ 65,930,000
Deferred Interest	2001B	4.84-5.36	02/13/2001	2001-2022	18,058,888	14,193,934
Portland Center for Performing Arts	2011A	2.36	12/15/2011	2012-2021	1,315,000	1,200,000
Portland Mall Revitalization	2007B	4.00-5.00	08/02/2007	2008-2017	16,860,000	9,250,000
North McAdams Investors	LOC	5.75	07/01/2007	2007-2016	2,500,000	2,069,528
Total Self-Supporting Limited Tax Revenue Bonds: Governmental activities					105,748,888	92,643,462
Business-type activities:						
Central City Streetcar	2009A	2.50-4.00	05/21/2009	2009-2024	21,450,000	17,815,000
Arena	2005B	5.00	03/03/2005	2005-2017	17,810,000	14,490,000
Civic Stadium	2001D	6.50-7.00	05/15/2001	2001-2023	35,000,000	23,250,000
Jen-Weld Field	2012A	3.25-3.50	01/00/1900	2012-2027	12,000,000	12,000,000
Total Self-Supporting Limited Tax Revenue Bonds: Business-type activities					86,260,000	67,555,000
Total Self-Supporting Limited Tax Revenue Bonds					<u>\$ 192,008,888</u>	<u>\$ 160,198,462</u>

Annual debt service requirements to maturity for all of the above types of limited tax revenue bonds are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities		Fiduciary Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 24,699,122	\$ 14,652,156	\$ 8,887,898	\$ 6,058,851	\$ 20,894	\$ 15,005
2014	25,590,417	16,013,917	9,723,884	6,250,453	23,997	18,847
2015	27,568,330	16,541,572	10,630,866	6,201,198	27,362	20,797
2016	29,913,271	15,819,155	11,604,848	5,689,602	31,034	19,553
2017	30,220,640	15,241,461	10,614,830	5,207,547	34,968	18,737
2018-2022	140,630,640	56,151,713	56,006,585	17,275,164	248,876	58,488
2023-2027	63,859,853	152,983,508	27,144,549	47,877,860	51,430	323,951
2028-2032	33,560,457	69,391,940	5,384,106	22,106,639	17,951	154,066
2033-2037	-	-	2,055,000	205,370	-	-
Total	<u>\$ 376,042,730</u>	<u>\$ 356,795,422</u>	<u>\$ 142,052,566</u>	<u>\$ 116,872,684</u>	<u>\$ 456,512</u>	<u>\$ 629,444</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

Revenue bonds

The City issues revenue bonds to satisfy a variety of capital financing requirements backed solely by the fees derived from the provision of certain services. Types of revenue bonds outstanding include bonds issued for sewer system facilities, water system facilities, parking system facilities, golf facilities, environmental remediation activities, road improvements, and hydroelectric generation facilities. Fees and charges are collected for the individual services provided, generally on the basis of usage.

In November 2011, the City issued \$15.4 million of Revenue Bonds backed by Gas Tax receipts. The Revenue Bonds were issued to fund capital improvements to the Road System. The final maturity of the 2011 Series A Bonds will occur in 2023 with interest rates ranging from 2.5 to 5 percent.

Ordinances for revenue bonds generally require the City to maintain restricted reserve accounts to provide for the payment of debt service in the event that pledged revenues are not sufficient to pay debt service when due. The bond ordinances for particular enterprise funds also require setting rates such that net operating income provides specified levels of debt service coverage on outstanding bonds and to maintain adequate insurance on the facilities. Revenue bonds may be redeemed at dates earlier than the stated maturity at call rates varying from 100 to 103 percent of face value dependent upon the call date. The City is in compliance with its bond covenants as of and for the fiscal year ended June 30, 2012.

Revenue bonds outstanding at June 30, 2012 are as follows:

Purpose	Interest Rates	Principal Outstanding
Gas Tax Revenue Bonds:		
Public street improvements	2.50-5.00%	\$ 18,515,000
Sewage Disposal:		
Sewer improvements and maintenance	3.70-5.25	1,565,785,000
Water Operating:		
Water lines improvement and maintenance	3.00-5.00	381,060,000
Hydroelectric Power:		
Electrical power generating plant	5.523	11,050,000
Total		<u>\$ 1,976,410,000</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

Revenue bonds, continued:

Revenue bonds currently outstanding are as follows:

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2012
Governmental activities:						
Gas Tax	1998A	4.80-5.00%	06/01/1998	1999-2018	\$ 3,070,000	\$ 1,230,000
Gas Tax	2005A	3.25-3.75	03/17/2005	2005-2016	4,400,000	1,885,000
Gas Tax	2011A	2.50-5.00	11/22/2011	2012-2023	15,400,000	15,400,000
Total Revenue Bonds: Governmental activities					22,870,000	18,515,000
Business-type activities:						
Water	2004A	4.50	05/06/2004	2004-2015	29,900,000	12,135,000
Water	2004B	4.00-5.00	05/06/2004	2004-2023	61,900,000	43,360,000
Water	2006A	4.00-5.00	09/21/2006	2007-2031	68,970,000	60,585,000
Water	2006B	4.00-5.00	09/21/2006	2007-2020	44,000,000	38,855,000
Water	2008A	4.00-5.00	08/07/2008	2008-2033	79,680,000	74,240,000
Water	2010A	4.00-5.00	02/11/2010	2010-2035	73,440,000	70,560,000
Water	2011A	3.00-5.00	03/22/2011	2011-2036	82,835,000	81,325,000
Sewage Disposal	2003A	5.00-5.25	04/03/2003	2004-2023	88,370,000	33,155,000
Sewage Disposal	2004A	4.00-5.00	11/30/2004	2005-2024	163,500,000	123,270,000
Sewage Disposal	2004B	5.00	11/30/2004	2005-2017	93,080,000	83,130,000
Sewage Disposal	2005A	5.00	06/16/2005	2005-2020	144,850,000	144,850,000
Sewage Disposal	2006A	4.50-5.00	05/25/2006	2007-2031	177,845,000	152,470,000
Sewage Disposal	2006B	4.50-5.00	05/25/2006	2007-2031	87,135,000	74,900,000
Sewage Disposal	2007A	5.00	03/08/2007	2007-2015	193,510,000	90,140,000
Sewage Disposal	2008A	4.25-5.00	04/21/2008	2008-2033	333,015,000	291,675,000
Sewage Disposal	2008B	5.00	04/21/2008	2008-2033	195,700,000	190,675,000
Sewage Disposal	2010A	4.00-5.00	08/19/2010	2010-2035	407,850,000	381,520,000
Hydroelectric Power	2006	5.523	04/05/2006	2006-2016	21,370,000	11,050,000
Total Revenue Bonds: Business-type activities					2,346,950,000	1,957,895,000
Total Revenue Bonds					\$ 2,369,820,000	\$ 1,976,410,000

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 1,695,000	\$ 804,950	\$ 87,665,000	\$ 93,491,970
2014	1,850,000	645,663	91,875,000	89,258,833
2015	1,915,000	584,443	96,470,000	84,677,670
2016	1,980,000	507,962	103,480,000	79,871,282
2017	1,555,000	428,000	108,055,000	74,703,830
2018-2022	7,830,000	1,131,000	606,955,000	286,106,836
2023-2027	1,690,000	50,700	390,530,000	158,701,889
2028-2032	-	-	334,290,000	80,183,982
2033-2037	-	-	138,575,000	12,835,931
Total	\$ 18,515,000	\$ 4,152,718	\$ 1,957,895,000	\$ 959,832,223

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

Revenue bonds, continued:

The City issues debt backed solely by future fees received for certain services. At June 30, 2012, future pledged revenues are as follows:

Purpose	Revenue Stream	For the Year Ending June 30, of Final Payments	Future Pledged Revenue Debt Outstanding	Approx. of Future Revenue Pledged to Gross Revenue	Revenue, Net of Related Expenses For the Year Ended June 30, 2012	Debt Payments For the Year Ended June 30, 2012
Gas Tax Revenue Bonds:						
Public street improvements	State gas tax	2023	\$ 22,667,718	2.94%	\$ 55,942,058 *	\$ 749,628
Transportation Line of Credit:						
Public street improvements	State gas tax	2015	6,494,532	3.64%	- *	368,842
Urban Renewal & Redevelopment:						
Fund improvements in the urban renewal and redevelopment area	Tax increment property tax	2031	789,160,421	23.83%	106,752,745	50,779,215
Sewer State Revolving Fund Loans:						
Financing energy, sewer system improvements	Sewer fees	2031	21,815,036	0.29%	188,743,483 **	1,469,540
Sewage System Revenue Bonds:						
Sewer improvement and maintenance	Sewer fees	2035	2,329,599,720	24.37%	- **	146,881,405
Water System Revenue Bonds:						
Water lines improvement and maintenance	Water fees	2036	575,583,551	8.41%	64,686,000 ***	31,576,393
Water Loan:						
Well field improvements	Water fees	2013	286,969	0.21%	- ***	-
Hydroelectric Power Revenue Bonds:						
Electrical power generating plant	Power sales	2016	12,543,972	68.17%	2,855,162	2,711,764
Golf Operations Revenue Bonds:						
Golf courses improvement and maintenance	Golf course fees	2012	-	N/A	164,557	1,557,704
Total			<u>\$3,758,151,919</u>		<u>\$ 419,144,005</u>	<u>\$236,094,491</u>
Governmental activities			\$ 818,322,671		\$ 162,694,803	\$ 51,897,685
Business-type activities			2,939,829,248		256,449,202	184,196,806
Total			<u>\$3,758,151,919</u>		<u>\$ 419,144,005</u>	<u>\$236,094,491</u>

*same revenue source pledged for two purposes

**same revenue source pledged for two purposes

***same revenue source pledged for two purposes

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

Refundings

On July 6, 2011, the City issued \$29.7 million of Oregon Convention Center Urban Renewal and Redevelopment Refunding Bonds, 2011 Series B to refund the outstanding balance on the Oregon Convention Center Urban Renewal and Redevelopment Bonds, 2000 Series A. The proceeds were sufficient to pay the principal and interest on \$32.9 million of the refunded bonds. As a result, the refunded bonds have been fully redeemed in the current fiscal year and the liability has been removed from the governmental activities column in the statement of net assets. This refunding was undertaken to reduce total debt service payments by \$6.1 million over nine years and resulted in an economic gain of \$5.3 million.

Also on July 6, 2011, the City issued \$30.4 million of Downtown Waterfront Urban Renewal and Redevelopment Bonds, 2011 Series A to refund the outstanding balance of the Downtown Waterfront Urban Renewal and Redevelopment Bonds, 2000 Series A. The proceeds were sufficient to pay the principal and interest on \$33.1 million of the refunded bonds. As a result, the refunded bonds have been fully redeemed in the current fiscal year and the liability has been removed from the governmental activities column in the statement of net assets. This refunding was undertaken to reduce total debt service payments by \$6.2 million over nine years and resulted in an economic gain of \$5.3 million.

On October 6, 2011, the City issued \$67 million of Limited Tax Revenue Refunding Bonds, 2011 Series A (Oregon Convention Center Completion Project) to refund the outstanding balance of the Limited Tax Revenue Bonds, 2001 Series A (Oregon Convention Center Completion Project). The proceeds were sufficient to pay the principal and interest on \$74.6 million of the refunded bonds. As a result, the refunded bonds have been fully redeemed in the current fiscal year and the liability has been removed from the governmental activities column in the statement of net assets. This refunding was undertaken to reduce total debt service payments by \$15 million over 19 years and resulted in an economic gain of \$11.3 million.

On December 15, 2011, the City issued a \$1.3 million Full Faith and Credit Loan Agreement (PCPA Refunding) to refund the outstanding balance of the Limited Tax Revenue Bonds, 2001 Series C (PCPA Project). The proceeds were sufficient to pay the principal and interest on \$1.3 million of the refunded bonds. As a result, the refunded bonds have been fully redeemed in the current fiscal year and the liability has been removed from the governmental activities column in the statement of net assets. This refunding was undertaken to reduce total debt service payments by \$0.2 million over ten years and resulted in an economic gain of \$0.2 million.

On May 24, 2012, the City issued the Limited Tax Revenue & Refunding Bonds, 2012 Series B (Police Training Facility Project). \$8.6 million of those bonds were to refund the outstanding balance of the Limited Tax Revenue Bonds, 2004 Series A. The proceeds were sufficient to pay the principal and interest on \$9 million of the refunded bonds. As a result, the refunded bonds have been fully redeemed in the current fiscal year and the liability has been removed from the governmental activities column in the statement of net assets. This refunding was undertaken to reduce total debt service payments by \$0.6 million over four years and resulted in an economic gain of \$0.5 million.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

Conduit debt

The City has issued Economic Development Revenue Bonds, which have not been recorded as a liability for GAAP presentation purposes. Private developers use the proceeds of these bond sales to finance capital expansion. The Economic Development Revenue Bonds have not been recognized as a liability of the City, because the bonds are secured solely by the specific project and the developers make the payments. The bonds shall not be payable from a charge upon any of the City's resources or assets, nor shall the City be subject to any liability from these bonds. No holder or holders of these bonds shall ever have the right to compel an exercise of the taxing power of the City to pay the bonds or the interest thereon, nor to enforce payment against any property of the City. Upon completion of the project, the developer owns the assets constructed. Since the City does not own any of the assets constructed or assume any of the liabilities associated with repayment, this does not require balance sheet disclosure or recognition of revenues and expenditures according to GAAP. The total outstanding principal of these bonds as of June 30, 2012 is \$133.1 million. The City has made a limited, subject-to-appropriation, pledge of its General Fund to restore reserve fund balances on four Housing Authority of Portland revenue bond issues. The original par amount of these issues is \$30.9 million, of which \$25.9 million remains outstanding.

Notes, lines of credit and loans payable

Notes payable. The City issues Notes to finance equipment acquisitions and improvements, improving streets and sidewalks, and to provide interim financing of urban renewal plans. Sewage Disposal Fund's \$0.3 million note payable with the State of Oregon is for flood storage, water quality, and habitat improvements to the Johnson Creek flood plain. The interest rate on the note payable on June 30, 2012 was 5 percent.

Lines of credit. As of June 30, 2012, the City has \$90.2 million outstanding on various lines of credit. The use of proceeds and remaining balances are as follows:

Provide interim financing for urban renewal district projects	\$69.0 million
Finance various City backed projects, including:	
Various transportation improvements	6.4 million
Local improvement district projects	12.4 million
Improvements to parks	2.4 million

Other than the outstanding lines of credit for transportation improvements, the remaining outstanding lines of credit are secured by the General Fund. The City expects to retire \$8.8 million of the lines of credit with working capital. The rest will be replaced with long-term bonds. Interest rates on the outstanding line of credit balances on June 30, 2012 ranged from 0.66 to 2.61 percent; all are variable rates tied to either prime or the London Interbank Offered Rate (LIBOR).

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

Notes, lines of credit and loans payable, continued:

Loans Payable. The City has entered into various loan arrangements for the purpose of financing water system improvements, sewer system improvements, park projects and housing loans. Additions during fiscal year 2012 were \$0.4 million in housing loans guaranteed by the City with HUD Section 108 funding, \$0.5 million parks projects, \$0.3 million of water projects and \$1.3 million in sewer loans. The principal balance of these loans on June 30, 2012 is \$28.3 million. Interest rates vary from 0.86 to 6.25 percent with maturities to fiscal year 2032. Details for the activity of notes, lines of credit and loans payable can be found in the changes in long-term liabilities schedule at the end of this note. Annual debt service requirements to maturity for notes payable, lines of credit, and loans payable are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$46,074,034	\$ 778,229	\$ 1,637,057	\$ 219,318
2014	29,510,231	735,798	1,368,041	199,613
2015	2,266,200	505,355	1,386,781	184,125
2016	13,338,903	471,206	1,400,676	168,230
2017	621,000	248,823	1,414,725	152,180
2018-2022	2,014,799	1,022,542	7,030,230	525,019
2023-2027	2,184,000	650,037	6,337,155	167,664
2028-2032	1,905,000	160,372	241,184	5,444
Total	<u>\$97,914,167</u>	<u>\$4,572,362</u>	<u>\$20,815,849</u>	<u>\$1,621,593</u>

For further information on the HUD Section 108 Loan Guarantee Program, refer to the Loans Receivable section of Note III.B., Receivables.

Other liabilities

The City's policy relating to compensated absences is described in Note I.D.10. The long-term portion of compensated absences for governmental activities and business-type activities is \$14 million and \$1.3 million respectively at June 30, 2012. The total amount outstanding at June 30, 2012 was \$50.2 million for governmental activities and \$8.5 million for business-type activities.

Other postemployment benefits are described in Note IV.D. The total amount outstanding at June 30, 2012 was \$29.3 million for governmental activities and \$3 million for business-type activities.

The police and fire pension liability is described in Note IV.E. \$1,169 million was outstanding at June 30, 2012 and it is solely a governmental activities liability.

The long-term portions of compensated absences, other postemployment benefits and police and fire pension liabilities are expected to be paid in future years from future resources. In prior years, compensated absences and other postemployment benefits have been liquidated primarily by the governmental and enterprise funds to which the employees who earned the benefits were assigned. The general fund liquidates the police and fire pension liability. Compensated absences and other post employment benefits are liquidated by the general fund, transportation fund, grants fund, emergency communication fund, development services fund, housing investment fund, parks local levy fund, children's investment fund, community development block grant fund, HOME grant fund, Portland parks memorial trust fund, tax increment reimbursement fund, and parks capital construction and maintenance fund.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

II. Detailed notes, continued:

I. Long-term debt, continued:

Changes in long-term liabilities:

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the totals below for governmental activities. At June 30, 2012, internal service funds had \$82.8 million of bonds outstanding. For fiscal year 2012, there were no governmental fund resources committed to liquidate other long-term liabilities. The governmental funds and internal service funds, which have a long-term liability, paid the debt service obligations from current resources. Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 78,530,000	\$ -	\$ 7,790,000	\$ 70,740,000	\$ 8,065,000
Limited tax improvement bonds					
payable from assessment payments	57,425,000	3,400,000	4,885,000	55,940,000	1,560,000
Urban renewal and redevelopment bonds	425,050,000	175,950,000	92,870,000	508,130,000	27,350,000
Limited tax and limited tax revenue bonds	388,347,991	95,640,000	107,945,261	376,042,730	24,699,122
Revenue bonds	3,715,000	15,400,000	600,000	18,515,000	1,695,000
Unamortized premium and discounts	11,106,340	21,105,205	3,654,575	28,556,970	4,349,999
Total bonds payable	964,174,331	311,495,205	217,744,836	1,057,924,700	67,719,121
Notes, loans and line of credit payable	124,454,570	49,693,457	76,233,860	97,914,167	3,861,000
Self insurance claims	22,013,115	52,986,156	51,855,468	23,143,803	11,587,135
Net pension obligation	1,086,971,074	82,369,227	-	1,169,340,301	-
Other postemployment benefits	25,943,204	3,396,915	2,572	29,337,547	-
Compensated absences	49,099,895	53,512,074	52,395,197	50,216,772	36,268,813
Total other long-term liabilities	1,308,481,858	241,957,829	180,487,097	1,369,952,590	51,716,948
Total long-term liabilities:					
Governmental activities	<u>\$ 2,272,656,189</u>	<u>\$ 553,453,034</u>	<u>\$ 398,231,933</u>	<u>\$ 2,427,877,290</u>	<u>\$ 119,436,069</u>
Business-type activities:					
Bonds payable:					
Limited tax and limited tax revenue bonds	\$ 138,179,477	\$ 12,000,000	\$ 8,126,911	\$ 142,052,566	\$ 8,887,898
Revenue bonds	2,042,696,000	-	84,801,000	1,957,895,000	87,665,000
Unamortized premium and discounts	96,956,081	142,208	9,454,498	87,643,791	9,107,462
Total bonds payable	2,277,831,558	12,142,208	102,382,409	2,187,591,357	105,660,360
Notes and loans payable	32,472,241	1,550,077	13,206,469	20,815,849	1,637,057
Compensated absences	8,081,668	8,986,192	8,529,262	8,538,598	7,264,594
Other postemployment benefits	2,749,416	292,206	-	3,041,622	-
Total other long-term liabilities	43,303,325	10,828,475	21,735,731	32,396,069	8,901,651
Total long-term liabilities:					
Business-type activities	<u>\$ 2,321,134,883</u>	<u>\$ 22,970,683</u>	<u>\$ 124,118,140</u>	<u>\$ 2,219,987,426</u>	<u>\$ 114,562,011</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

I. Long-term debt, continued:

Auction Rate Securities

As of June 30, 2012, the City had \$126.6 million in outstanding Limited Tax Pension Obligation Revenue Bonds, 1999 Series D and E, in the form of auction rate securities. These taxable, seven-day auction rate securities are rated Aa1 by Moody's Investors Service and are not backed by municipal bond insurance or other credit enhancement.

All \$126.6 million of these securities remain outstanding as of November 6, 2012. Beginning in February 2008, the City began to experience "failed" auctions due to the collapse of the auction rate market. Failed auctions occur when, on any given auction date, there are insufficient buyers to purchase all of the auction rate securities that have been offered for sale by investors. When an auction fails, the rate on the securities for the next interest rate period is determined by a mathematical formula that is defined in the legal provisions for the bonds. The legal provisions for the City's outstanding auction rate securities provide that in the event of a failed auction (and assuming the rating of the securities remains at Aa3 or higher), the interest rate for the next interest period is set at 150 percent of the most recent seven-day AA-rated financial commercial paper index. Since February 2008, all of the City's auctions have "failed" and the rate on these securities has been set by formula. The average interest rate since July 1, 2012 has been 0.117 percent, plus a 0.25 percent broker/dealer fee, for an average all-in cost of 0.367 percent. For the week of October 29, 2012, the all in rate was 0.475 percent for Series D and 0.43 percent for Series E bonds. The City expects that it will continue to experience failed auctions for the foreseeable future. As such, the interest rates on the City's auction rates securities will likely continue to be tied directly to the seven-day, AA-rated financial commercial paper index. The City continues to evaluate options related to its pension auction rate securities, including the possibility of refunding the auction rate securities into fixed-rate debt if market conditions warrant.

Bond Insurer Rating Downgrades

As of June 30, 2012, the City has approximately \$149.3 million face amount of debt service reserve fund surety policies ("credit facilities") relating to outstanding sewer, water, parking and gas tax revenue bonds, as well as urban renewal and redevelopment bonds issued for the Airport Way, Convention Center, Downtown Waterfront, and Interstate Corridor urban renewal areas. The City has historically purchased debt service reserve surety bonds from municipal bond insurance companies in lieu of cash funding debt service reserve requirements for certain revenue bonds and urban renewal bonds. The legal provisions for these revenue bonds and urban renewal bonds provide that the minimum credit rating of the credit facility provider must exceed specified rating levels. In most cases, the legal provisions state that the credit facility rating "test" is made only at the time of issuance of the bonds. However, in other documents it is unclear or ambiguous whether the test is made only at the time of issuance or whether the rating test is ongoing. Where the rating test is unclear as to its timing (at time of issuance only vs. ongoing), the City has taken the position that if the rating of the credit facility provider falls below the minimum standard subsequent to the issuance of the bonds, the City is not required to replace the credit facility with an alternative credit facility or with cash. As of November 6, 2012, the City had the following face amount of debt service reserve (DSR) surety policies with the various bond insurers. Where only one rating is shown, the related bonds are rated only by Moody's Investors' Service.

Bond Insurers	Insurer Ratings (Moody's / S&P)	Face Amount of DSR Surety Bonds
Ambac Assurance Corporation (Ambac)	Not Rated	\$ 9,542,522
Assured Guaranty Municipal Corporation (formerly FSA)	Aa3 / AA-	88,753,029
National Public Finance Guarantee Corporation (formerly MBIA)	Baa2 / BBB	50,972,738
Total		<u>\$149,268,289</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

J. Short-term debt:

The City issues overnight bonds to permit the City's component unit, PDC, to access tax increment revenues deposited into debt service funds established for each urban renewal district. Under ORS 457.435 and 457.440, tax increment collections may only be spent to pay principal and interest on indebtedness. Tax increment collections are expected to be sufficient to meet debt service requirements for outstanding long-term debt. The City issues overnight debt to release excess collections to PDC for capital projects. The City issued \$58 million in overnight bonds in fiscal year 2012 and redeemed those bonds within five days. At June 30, 2012, there were no outstanding overnight bonds.

At the beginning of the fiscal year, the City issued \$16.7 million of Tax Anticipation Notes in advance of property tax collections, depositing the proceeds in the Fire and Police Disability and Retirement (fiduciary) Fund. The notes were issued to meet current operating expenses of the Fire and Police Disability and Retirement Fund. The Tax Anticipation Notes were paid prior to the end of the fiscal year.

Short-term debt activity of the fiscal year ended June 30, 2012 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Over night bonds	\$ -	\$ 58,000,000	\$ 58,000,000	\$ -
Tax anticipation notes	-	16,720,000	16,720,000	-
Totals	<u>\$ -</u>	<u>\$ 74,720,000</u>	<u>\$ 74,720,000</u>	<u>\$ -</u>

K. Termination benefits:

The City offers a targeted severance program which provides qualified employees with a minimum of two months' salary and six months of paid health insurance upon termination of employment. Individual severance agreements are generated by the various bureaus in specific instances offering health care continuation and are generally offered for up to six months of coverage.

The American Recovery and Reinvestment Act of 2009 (ARRA) as amended allows qualified individuals a health insurance premium reduction of 65 percent for up to fifteen months. The six-month severance term and the fifteen-month ARRA term run consecutively. The ARRA program applies only to terminations through May 31, 2010.

The City began offering a new plan, referred to as the Safety Net program as part of the "Employee Transition Services Program," for employees laid off for budgetary reasons between July 1, 2009 and June 30, 2010. The Employee Transition Services Program, including the Safety Net program was renewed for the period July 1, 2010 through June 30, 2011 as part of Resolution No. 36788 adopted by Council on May 26, 2010. Qualified employees will receive up to six months of paid COBRA health insurance upon termination of employment. The six month Safety Net term and the fifteen month ARRA term run consecutively. The Safety Net program applies only to terminations through June 30, 2011.

Due to the short duration of the termination plans, payments have not been discounted. This plan has no effect on the actuarial accrued liability related to other postemployment benefits.

The number of employees affected and the net cost of these termination benefits for fiscal year ending June 30, 2012 were:

	Number of Participants	Benefits
ARRA	3	\$ 2,326
Safety Net	7	48,387
Severance	11	77,338
Totals	<u>21</u>	<u>\$ 128,051</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

III. Detailed notes, continued:

L. Special items:

Portland Water Bureau UV treatment plant

The Portland Water Bureau (Water Bureau) is under an Environmental Protection Agency (EPA) Long-Term 2 Enhanced Surface Water Treatment Rule (LT2), to either remove or inactivate cryptosporidium that may or may not exist in the Bull Run watershed, the City's primary water supply. The Water Bureau chose to inactivate the organism using an ultraviolet (UV) light treatment plant.

The EPA deadline for construction of a treatment facility to comply with the LT2 rule was April 1, 2014, at a total estimated cost of \$90 million. Concurrent with the design phase of the treatment plant, the Water Bureau applied for a variance from the LT2 rule. If the variance was granted, construction would not proceed. If the variance was not granted, construction of the plant would proceed to completion.

The variance was granted March 14, 2012. The cost incurred in the design phase by the end of March 2012 was \$16.9 million, and was removed from Construction in Progress (CIP) and expensed as a special item in the fiscal year ended June 30, 2012.

Contribution from Portland Development Commission (PDC)

The City Council voted to move the City's housing-related activities from the PDC (the City's discretely presented component unit) to the Portland Housing Bureau, effective July 1, 2010. Besides moving administration of the programs, and the housing revolving loan program, real estate held for resale was moved to the City funds that comprise the Portland Housing Bureau. During the fiscal year ended June 30, 2012, three additional properties held for resale, with a value of \$3.7 million were transferred from PDC to the Tax Increment Financing Reimbursement fund. The City has chosen to categorize this contribution of assets to the City as a special item since it is significant, unusual in nature, infrequent in occurrence, and within the control of City management.

IV. Other information:

A. Risk management:

The City is exposed to various risks of loss related to theft, damage and destruction of assets, tort claims (general and fleet liability), injuries to employees, acts of terrorism, and natural disasters. The City of Portland is self-insured for workers' compensation, general liability claims and certain employees' medical coverage in internal service funds.

Per Oregon Revised Statute (ORS) 30.272 limitations on liability of public bodies for personal injury to any single claimant for causes of action arising on or after July 1, 2012 and before July 1, 2013 may not exceed \$600,000 for single claimant and \$1,200,000 for multiple claimants.

Per ORS 30.273 limitations on liability of public bodies for property damage arising on or after July 1, 2012 and before July 1, 2013 may not exceed \$104,300 for single claimant and \$521,400 for multiple claimants.

The City estimates liability for incurred losses for reported and unreported claims for workers' compensation, general and fleet liability and employee medical coverage (included in accrued self insurance claims in the combined statement of net assets). Workers' compensation, general and fleet liability estimates are primarily based on individual case estimates for reported claims and through historical data for unreported claims as determined by the City's Risk Management Services and independent actuarial studies. Liabilities are based on estimated ultimate cost of settling claims, including

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

A. Risk management, continued:

effects of inflation and other societal and economic factors. Estimated liability is then discounted by the City's expected rate of return and anticipated timing of cash outlays to determine present value of the liability. For fiscal year ended June 30, 2013, the expected rate of return used was 0.35 percent. For fiscal year ending June 30, 2014 and subsequent years, the expected rate of return used was 0.5 percent. The Bureau of Human Resources and the employee benefits consultant determines relevant employees' medical coverage estimates.

The City provides insurance coverage deemed as adequate, appropriate, and actuarially sound. It meets all the City's anticipated settlements, obligations and outstanding liabilities. Furthermore, current levels of accrued claims and retained earnings are viewed as reasonable provisions for expected future losses. An excess liability coverage insurance policy covers individual claims in excess of \$1,000,000 to policy limits, and an excess workers' compensation coverage insurance policy covers claims in excess of \$850,000 for occurrences after July 1, 2012. The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance fund. The City's limits of coverage on the excess liability policy is \$10 million per claim above the \$1 million self-insurance retention for covered torts occurring after November 12, 2012.

Liabilities are reported in the applicable fund when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors.

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether any are allocated to specific claims. Estimated recoveries, from salvage or subrogation for example, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows:

	Year ended June 30, 2012	Year ended June 30, 2011
Balance, beginning of fiscal year	\$ 22,013,115	\$ 24,795,770
Incurred claims and adjustments	52,986,156	38,378,073
Claim cash payments	(51,855,468)	(41,160,728)
Unpaid claims, end of fiscal year	<u>\$ 23,143,803</u>	<u>\$ 22,013,115</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

B. Landfill closure and postclosure care:

The Killingsworth Fast Disposal (KFD) Landfill was permitted as a Municipal Solid Waste Landfill that primarily accepted construction and demolition waste for disposal. In the early 1980's, the KFD Landfill was permitted by the Oregon Department of Environmental Quality ("DEQ") and franchised by the Metro Regional Government to Riedel Waste Systems, Inc. ("RWS"), owners of the property. In 1990, the KFD Landfill was permanently closed. After closure of the landfill, per DEQ requirements, RWS installed a geomembrane cap and a gas extraction system. In 1995, RWS, finding it financially unable to perform the DEQ required maintenance and monitoring of the system, abandoned the property. Following abandonment, DEQ, in 1995, began conducting monitoring and maintenance activities at the KFD Property, and in 1999 DEQ began installation of a new gas extraction system, repair of damaged areas of the geomembrane cap, drainage system improvements and associated improvements to mitigate threats to human health posed by the site. On March 7, 2002, DEQ issued a Solid Waste Disposal Site Closure Permit (No. 1204) to the City of Portland in order to assure that, through the City, post-closure care of the closed KFD Landfill would take place. This post-closure care included the proper operation, maintenance and monitoring of the post-closure equipment and systems installed on the KFD Property.

Federal and State laws and regulations require the City of Portland, as the permittee, to perform postclosure care of the site including operation, maintenance, and monitoring of the methane gas extraction and leachate collection systems; site membrane cap and final cover maintenance; site drainage systems maintenance; and, groundwater monitoring wells maintenance for a period of 30 years from the March 7, 2002 execution date of the Solid Waste Disposal Site Closure Permit (from 2002 to 2032).

The KFD Landfill property, and responsibility for post-closure care, was transferred to the City only after 100 percent of the fill capacity of the site was reached, operations ceased and the landfill was permanently closed. Prior to transfer of the property to the City, DEQ installed, monitored, operated, and maintained site closure systems. On February 25, 2002, the City of Portland and Oregon DEQ entered into Intergovernmental Agreement (DEQ. No. R001-02) wherein the City agreed to manage and pay for the overall post-closure care and maintenance of the site until no longer required; to partially reimburse DEQ (\$500,000) for its cost of installing a new gas extraction/flare and leachate collection system at the site; and, wherein, DEQ agreed, that upon satisfactory performance by the City of Portland, of its obligations under the Agreement, the City would be released from a significant part of the environmental liabilities at the site. The City has completed payment of the \$500,000 to DEQ for partial reimbursement of the capital investments made to install the post-closure systems.

The City has established future annual post-closure care cost projections (2012–2032) based on the average actual annual costs of the first 10 years of the City's operation, maintenance, and monitoring of the site closure systems (2002–2011). Based on these actual costs and projections, the thirty-year post closure care cost, as of June 30, 2012, is estimated to be \$1.38 million under current Federal and State laws and regulations. (Note: costs going forward have been inflated by 2.5 percent annually). Actual costs may be higher due to inflation, changes in technology, changes in regulations, or the need for repair or replacement of site equipment.

As of June 30, 2012, the City of Portland and Metro (through Intergovernmental Agreement (IGA) No. 51802) have paid a total of \$409,675 in post-closure care costs. This reduces the remaining estimated liability to \$975,148 for the remaining 20 years of post-closure care, of which \$861,365 is the City's responsibility.

Metro, through IGA No. 51802, will provide \$222,776 in site maintenance and monitoring services from fiscal years 2002 through 2022. In addition, Parks has established a committed account in its Parks Memorial Trust fund, a special revenue fund, for the purpose of future payment of post-closure liabilities with a fund balance of \$84,619, and a Cash and Investments balance of \$109,619 as of June 30, 2012. The City's initial annual on-going general fund contributions into the committed account within the Parks Memorial Fund were \$25,000

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

B. Landfill closure and postclosure care, continued:

from fiscal years 2002 through 2010. In fiscal year 2011, the annual contributions were increased to \$36,200 thereafter through June 30, 2032. For fiscal years 2013 through 2014, the City will increase the annual contribution to \$61,200. For fiscal year 2015, the annual contribution will be \$37,698. The increases in funding for these years balance the increases in costs in prior years.

Additional resources will be infused by the City, if needed, to meet the on-going costs of post-closure care. The closure plan for the closed KFD Landfill is in compliance with the plan filed with the Oregon Department of Environmental Quality.

C. Commitments and contingent liabilities:

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the City's self-insurance internal service funds are reviewed and losses, discounted to reflect the time value of money, are accrued based on the judgment of City management. According to City management, based on advice of legal counsel with respect to such litigation and claims, ultimate disposition of these matters will not have a material adverse effect on the financial position or results of City operations. Claims not covered by the City's self-insurance program are recognized in proprietary funds when it appears probable that a loss has been incurred and the amount in question can be reasonably estimated. Claims against governmental funds are recognized when due.

State of Oregon Safe Drinking Water Revolving Loan

The City entered into an agreement with the State of Oregon (the State) in 2009. The agreement calls for the State to loan the City \$1,300,000 to replace seven pumps in the Columbia South Shore well system. This loan was broken down into an ARRA-forgivable note in the amount of \$650,000 and an ARRA F-1 note in the amount of \$650,000. As of June 30, 2011, the \$650,000 for the ARRA-forgivable note has been paid to the City for reimbursement of program costs. No money has been drawn on the ARRA F-1 note.

The State, at June 30, 2012, is showing a loan receivable in the amount of \$650,000 offset by an allowance for doubtful accounts of \$650,000. It is the intention of the City to comply with all requirements of the agreement, and it is anticipated that the loan will be forgiven in full. As such the City has recorded the payments from the State as grant revenue and shows no liability associated with the ARRA-forgivable note.

Labor agreements

There are eight labor agreements between the City and its employees. The labor agreement with Portland Fire Fighters' Association (PFFA) - Local 43 expired on June 30, 2012, and has since been renegotiated and adopted by the Council. All other contracts had been settled and ratified by City Council prior to year end and are currently in effect.

	<u>Effective Dates</u>
The Portland Fire Fighters' Association (PFFA) - Local 43	7/1/2012 - 6/30/2016
Portland Police Association (PPA)	7/1/2010 - 6/30/2013
The Portland Police Commanding Officers Association (PPCOA)	7/1/2010 - 6/30/2013
Bureau of Emergency Communications (BOEC) -	7/1/2010 - 6/30/2013
The District Council of Trade Unions (DCTU) -	7/1/2010 - 6/30/2013
The City of Portland Professional Employees Association (COPPEA)	7/1/2010 - 6/30/2013
Laborers' Local 483 - Recreation Employees	7/1/2010 - 6/30/2013
Laborers' Local 483 - Seasonal Maintenance Workers	7/1/2011 - 6/30/2014
Portland Housing Bureau (PHB)	3/21/2012 - 6/30/2015

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

C. Commitments and contingent liabilities, continued:

Bonds

The City's general credit is obligated on limited tax improvement bonds totaling \$55.9 million at June 30, 2012, only to the extent that liens foreclosed against properties involved in the assessment districts and collections of related assessments and interest are insufficient to retire outstanding bonds and pay bond interest.

Contractual commitments

Non-construction contractual commitments at June 30, 2012 amounted to:

Governmental activities	\$ 24,608,023
Business-type activities	4,892,814
Total	<u>\$ 29,500,837</u>

Included in these amounts are uncompleted balances of professional service contracts, goods and services contracts, and intergovernmental agreements. Construction commitments of \$270.6 million are presented in Note III. F. Capital Assets, Construction and technology project commitments.

HUD Section 108 Loan Guarantee

The City is also party to a Section 108 loan guarantee contract (B97-MC-41-0003) with HUD for the Commercial Revitalization Loan Fund Program, which is administered by the Portland Development Commission (PDC). The HUD contract, signed in December 1999, was for \$8 million. There are eight outstanding loans totaling \$4.7 million in original principal, with remaining balances of \$2.9 million at June 30, 2012. The table below presents a list of borrowers and their respective loan principal balances:

Borrower Name	Original Principal Amount	Principal Balance June 30,	
		2012	2011
HUD Offering Rate Variance	\$ 31,000	\$ 21,000	\$ 26,000
Killingsworth / McCuller Crossing	143,000	100,000	109,000
MRK - Alberta Street Market	850,000	686,000	722,000
OUV1	700,000	-	405,000
OUV2	800,000	665,000	690,000
PCRI / Alberta Simmons	375,000	240,000	260,000
PCRI / Maggie Gibson	670,000	465,000	500,000
PUB Group	875,000	510,000	555,000
Rachel Elizabeth / Rexall	290,000	182,000	198,000
Total	<u>\$ 4,734,000</u>	<u>\$ 2,869,000</u>	<u>\$ 3,465,000</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

C. Commitments and contingent liabilities, continued:

HUD Section 108 Loan Guarantee, continued:

The Bank of New York Mellon (BNY) serves as custodian for this group of HUD Section 108 loans under an indenture and trust agreement between the City and BNY executed in 1999. All transactions flow through BNY trust accounts. The HUD offering rate variance is repaid by PDC on a periodic amortizing basis from Economic Development Initiatives (EDI) grant reserve funds also held in trust by BNY. The collective loan balances under this HUD contract, for which the City is contingently liable should the borrowers default, is \$3.5 million. For further information on the HUD Section 108 Loan Guarantee Program, refer to the Loans Receivable section of Note III.B., Receivables.

Hydroelectric Power Fund

The Hydroelectric Power Fund's (Hydro) agreement with a private utility (the utility) requires that the cost to the utility for the power generated by Hydro's plant be measured against the cost of power generated by the utility at one of its generating plants. The agreement specifies that, to the extent the cost of power generated by Hydro's plant is less than the cost of power generated by the utility, 50 percent of the cost savings is to be paid by the utility to Hydro. To date, there have been no such payments, as the cost of power generated by Hydro's plant has been greater than that of the utility's designated plants on a cumulative contract basis.

The agreement states that, upon expiration of the term of the agreement, if the accumulated cost of power generated at Hydro's plant exceeds that of the accumulated cost of a like amount of power generated by the utility, then the carrying value of the renewal and replacement assets shall be paid to the utility to offset up to 50 percent of the "excess cost" incurred by the utility to generate power at Hydro's plant. The balance of the assets, if any, shall be divided equally between Hydro and the utility. In the event the accumulated cost of power generated at Hydro's plant exceeds that of the accumulated cost of a like amount of power generated by the utility, and the carrying value of the renewal and replacement assets is less than 50 percent of the excess cost, no further amounts would be required to be paid to the utility. At August 31, 2012, the total accumulated excess cost was \$19,747,054, 50 percent of this total was \$9,873,527, and the carrying value of the renewal and replacement assets was \$9,904,079.

Environmental Remediation

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* established accounting and financial reporting standards for pollution remediation obligations. Multiple remediation projects have been recognized by the City of Portland and accounted for in accordance to GASB Statement No. 49. The details of these projects are discussed below under Portland Harbor Superfund Site and Portland Housing Bureau. There are other remediation projects which the City of Portland did not recognize any liability due to expected total recovery of the remediation cost from previous owners.

Portland Harbor Superfund Site

Portland Harbor was listed as a federal Superfund site in December of 2000. In 2001, the City of Portland and nine other potentially responsible parties entered into an Administrative Order on Consent (AOC) with EPA obligating them to finance a Remedial Investigation and Feasibility Study (RI/FS) under the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

The signatories to the AOC have agreed upon a cost allocation plan to fund the Remedial Investigation/Feasibility Study (RI/FS). Under this arrangement, the City's share is 25 percent. The City's share of the RI/FS costs does not define the City's final liability for the assessment costs and bears no relationship to the City's potential liability for cleanup costs at the site. The City's costs for this phase of the work are being financed primarily from user fees generated by the City's sanitary sewer and stormwater utility,

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

C. Commitments and contingent liabilities, continued:

Environmental Remediation, continued:

Portland Harbor Superfund Site, continued:

which is managed by the City's Bureau of Environmental Services (BES) and funds the City's Environmental Remediation Fund. The City's estimated liability associated with the RI/FS activities through 2015 is expected to range between \$0.7 million and \$1.3 million; which was accrued at fiscal year ended June 30, 2012 using the expected cash flow technique as required by GASB Statement No. 49. Since 2001, the City has contributed over \$23 million to the Lower Willamette Group for the RI/FS. The City believes that an estimate of maximum exposure of the Portland Harbor cleanup cannot be made but could be material to the period in which it is recorded.

Total costs of cleaning up the site and restoration of natural resources will be estimated at the completion of the RI/FS but will not include estimates of any individual party's share of those costs. Additional parties that contributed to the contamination may be discovered during the investigation. It is anticipated that allocation of liability for cleanup will be determined after a remedial action is selected. Under CERCLA, responsible parties that fail to enter into agreements to remediate and restore Superfund sites become subject to legal action by EPA to recover their full share of liability for cleanup and restoration activity, including imposition of fines and other financially punitive measures. The draft FS was submitted to EPA in March and the proposed plan is not expected to be done for several years. The City's ultimate liability is undeterminable at this time. However, it is expected to be a material amount.

The City will seek recovery of some or all of its RI/FS costs from other parties that have liability at the Superfund site. To date, EPA has notified more than 140 entities and property owners along the Willamette River, including the City, that they were potentially responsible for further investigation and cleanup of contaminated sediments in Portland Harbor. The City is participating in voluntary negotiations with approximately 95 other potentially responsible parties to develop a method of fairly allocating investigation and remedy costs among all responsible parties. Additional entities that contributed to the contamination may be discovered throughout the process. This non-judicial allocation process is expected to take several more years to complete. The administrative costs are shared among the participating parties. The City's share of administrative process costs for fiscal year ended June 30, 2013 have not been determined, but are expected to be approximately \$25,000 to \$50,000.

The City is also one of ten plaintiffs who filed suit in June 2009 against 40 entities to protect against a potential statute of limitations claim by parties that are not participating in negotiated settlements or did not agree to waive statute of limitation defenses. The plaintiffs in the litigation sought and were issued a stay of the litigation pending the outcome of the negotiated settlement discussed above.

The City may also have liabilities to Natural Resource Trustees of the Willamette River (including federal, state and tribal resource agencies) for damages to natural resources in Portland Harbor. The City is participating in negotiations with the federal resource trustees regarding these potential natural resource damages and is voluntarily contributing funding for the trustees to develop a damage assessment. The amount or duration of additional Trustee funding cannot be determined. Potential resource damages have not been quantified by the trustees and cannot be estimated at this time until the conclusion of Trustee activities. It is anticipated that costs for restoration of natural resources will be estimated at the completion of the RI/FS. The City's ultimate liability is undeterminable at this time. However, it is expected to be a material amount in the period it is recorded.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

C. Commitments and contingent liabilities, continued:

Portland Housing Bureau

Portland Development Commission (PDC) Housing Department merged with the City's Bureau of Housing and Community Development into a new bureau, the Portland Housing Bureau (PHB). The final transition took place on July 1, 2010. Seventeen properties were contributed by PDC to PHB, of which four properties have potential environmental remediation issues.

Through an intergovernmental agreement, PHB continues to rely upon the knowledge and expertise from PDC and PDC's consultants to continue estimating the remediation costs. The potential obligations are estimates by PDC staff and consultants and are based upon prior experience in identifying and funding similar remediation activities. Site investigation, planning and design, cleanup, and site monitoring are typical remediation activities underway across many PDC properties, and therefore PDC has programs, rules, and regulations that routinely deal with remediation-related issues. Much of PDC's mission is to deal with blighted properties, which sometimes include pollution conditions. PDC has the knowledge and expertise to estimate the remediation but also employs consultants when expedient. The standards require that pollution remediation liabilities be calculated using the expected cash flow technique. When an estimate cannot be reasonably made, a pollution remediation obligation is not reported.

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

For the properties that are part of Block U, there is contaminated soil removal to address. The property in the vicinity of 99th Avenue and Glisan Street has potential underground storage tank (UST) and cesspool remediation which will be addressed as part of the development of the property as the property is conveyed to the developer. The Fairfield Hotel and Jefferson West Apartment properties have potential UST remediation, and it is anticipated that remediation (if required) would occur as part of the redevelopment of those properties. During the fiscal year, the City recognized estimated additional expense which increased the liability to \$768,853 for these properties.

D. Other postemployment benefits:

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree Health Insurance Continuation premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined benefit plan.

Health Insurance Continuation

Plan Description: The City has a Health Insurance Continuation option available for most groups of retirees. It is a substantive postemployment benefits plan offered under Oregon Revised Statutes (ORS) 243. ORS 243.303 requires the City provide retirees with an opportunity to participate in group health and dental insurance from the date of retirement to age 65, and the rate would be 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 implicit rate subsidy for OPEB. This single-employer "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

Funding Policy: In order to fund the Health Insurance Continuation option, the City collects insurance premiums from participating retirees each month. The premiums are either deposited in the City's self insurance fund or paid directly to a third-party health insurance provider, depending upon the plan. At the date of the latest actuarial report, 948 retirees and 444 spouses were participating in the plan.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

D. Other postemployment benefits, continued:

Health Insurance Continuation, continued:

The City has elected not to pre-fund the fiscal year 2012 employer's annual required contribution (ARC) to the plan.

The Health Insurance Continuation "blended" premium rates, according to the most recent actuarial valuation, dated July 1, 2011, are:

<u>All Employee Groups Except Portland Police Association (PPA)</u>			
	Medical Only	Dental	Vision
City Health Care Plan			
Participants	\$ 518.19	\$57.97	\$5.05
Participant and Spouses	1,004.07	100.11	9.19
Kaiser			
Participants	\$ 542.39	\$58.96	\$4.08
Participant and Spouses	1,067.20	101.41	8.28
<u>Portland Police Association (PPA)</u>			
	Medical Only	Dental	Vision
City Health Care Plan			
Participants	\$ 633.28	\$58.00	\$4.22
Participant and Spouses	1,244.08	100.19	7.68
Kaiser			
Participants	\$ 521.62	\$49.97	\$4.48
Participant and Spouses	1,025.03	85.95	9.10

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit cost is calculated based on the (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

D. Other postemployment benefits, continued:

Health Insurance Continuation, continued:

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's OPEB obligation to the plan.

	Health Insurance Continuation
Annual Required Contribution (ARC)	\$ 9,951,569
Interest on net OPEB obligation	1,005,262
Adjustment to annual required contribution	(1,561,642)
Annual OPEB Cost	9,395,189
Less expected contribution	(5,701,106)
Increase in Net OPEB obligation	3,694,083
Net OPEB obligation - beginning of year	28,721,772
Net OPEB obligation - end of year	<u>\$ 32,415,855</u>
Governmental activities	\$ 28,372,530
Business-type activities	4,010,365
Fiduciary activities	32,960
Net OPEB obligation - end of year	<u>\$ 32,415,855</u>

On November 6, 2007, voters in the City of Portland passed a measure that changed the medical coverage for retirees of the Fire and Police Disability and Retirement (FPDR) Fund. The change was effective for retirees after January 1, 2007. The measure requires the FPDR Fund to pay for the post-retirement medical expense associated with retired police and firefighters' approved claims for job-related injuries and occupational disabilities. Information on these obligations is included in Note IV.D., under the Fire and Police Disability and Retirement Plan.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2012, were as follows:

Health Insurance Continuation				
Fiscal Year Ended	Annual OPEB Cost	Contribution	Percent of Annual OPEB Cost Contributions	Net OPEB Obligation
6/30/2010	10,595,075	6,457,534	60.95%	20,920,813
6/30/2011 *	13,442,894	5,641,935	41.97%	28,721,772
6/30/2012	9,395,189	5,701,106	60.68%	32,415,855

* OPEB cost includes prior year adjustment for HCR Excise Tax

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

D. Other postemployment benefits, continued:

Health Insurance Continuation, continued:

Funded Status and Funding Progress: The funded status of the plan as of July 1, 2011 (the date of the most recent actuarial valuation):

	Health Insurance Continuation
Actuarial accrued liability (AAL)	\$ 104,946,292
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 104,946,292
Actuarial valuation method	Entry age normal
Amortization of unfunded AAL	30 years open
Funded ratio	0%
Investment return assumption	3.5%
Inflation rate assumption	2.3%
Merit increase	0.33-2.55%
Healthcare cost trend rate	1.0-9.5%
Covered payroll (active plan members)	\$ 326,480,413
UAAL as a percentage of covered payroll	32%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return and an annual healthcare cost trend rate of 1 to 9.5 percent for health insurance, 0 to 6 percent for dental insurance and 0 to 3 percent for vision. The UAAL is amortized over an open period of 30 years using the level percentage of projected pay.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

D. Other postemployment benefits, continued:

PERS Retirement Health Insurance Account

Plan Description: The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, telephone (503) 598-7377, or by URL: http://Oregon.gov/PERS/section/financial_reports/financials.shtml.

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

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.59 percent of annual covered payroll. The Oregon PERS Board of Trustees sets the employer contribution rate. It is based on the annual required contribution of the combined participant employers. This is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a closed period not to exceed 30 years. The City's contributions to RHIA equaled the required contributions each year and were:

Fiscal Year Ended	RHIA Contributions
6/30/2010	\$ 739,467
6/30/2011	702,335
6/30/2012	1,637,795

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

E. Employee retirement systems and pension plans:

State of Oregon Public Employees Retirement System

Plan description: All civilian City employees, all sworn fire and police personnel hired after December 31, 2006, and 8 sworn fire and police personnel hired before January 1, 2007 are participants under one or more plans currently available through Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee retirement system administered under ORS 238 and 238A.

The 1995 Legislature created a second tier of benefits for those who became members after 1995. The second tier does not have the Tier One assumed earnings rate guarantee.

There are currently two programs with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are PERS Program members. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

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

Oregon PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700, telephone (503) 598-7377, or by URL: http://Oregon.gov/PERS/section/financial_reports/financials.shtml.

PERS' benefits vest after five years of continuous service or at normal retirement age. For Tiers One and Two, vesting also occurs upon attaining age 50 regardless of time worked. Tier One general service employees may retire with unreduced benefits after reaching age 55 with 30 years of service (age 50 for fire and police personnel with 25 years of service), or they can retire at age 58 with less than 30 years service (age 55 for fire and police personnel with less than 25 years service). Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with less than 30 years of service. Fire and police personnel benefits are reduced if retirement occurs prior to age 55 with less than 25 years of service. Tier Two members are eligible for full benefits at age 60 or at age 55 with 30 years of service. Police and fire personnel are eligible for retirement with full benefits at age 55 or at age 50 with 25 years of service. Similar to Tier One, Tier Two general service employee benefits are reduced when retirement occurs before age 60 with less than 30 years of service and benefits are reduced for fire and police retirements at age 55 or earlier with less than 25 years service. OPSRP general service members are eligible for full benefits at age 58 with 30 years of service or age 65 with less than 30 years. OPSRP fire and police members are eligible for full benefits at age 53 with 25 years of service or at age 60 with less than 25 years.

Tier One retirement benefits are based on final average salary and length of service and are calculated by either money match or full formula methods, whichever produces the greatest benefit. For members hired before August 21, 1981 there is a third calculation method available, formula plus annuity. Tier Two uses the money match and full formula methods. OPSRP only uses full formula. Tier One and Two fire and police personnel may purchase increased benefits that are payable between the date of retirement and age 65. This benefit is not available in OPSRP. These benefit provisions and other requirements are established by state statutes.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

E. Employee retirement systems and pension plans, continued:

State of Oregon Public Employees Retirement System, continued:

On November 7, 2006, voters in the City of Portland passed a measure that took effect January 1, 2007. All police officers and firefighters hired on or after January 1, 2007 will now be enrolled in the state retirement system instead of the City's Fire and Police Disability and Retirement (FPDR) fund for retirement purposes. They will remain under the City's FPDR plan for disability payments.

Funding policy. The rate of employer contributions to PERS is determined periodically by PERS based on actuarial valuations performed annually. Beginning in fiscal year 1999-2000, PERS began passing costs on to employers due to the Oregon State Legislature increasing retiree benefits in 1995 by a maximum of 9.89 percent benefit increase on benefits earned before October 1991 after a Court decision mandating taxation of state PERS benefits for retirees and due to the interpretation of PERS statutes by the PERS Board increasing benefits beyond those foreseen by the legislature.

The impact on the City to recover the higher PERS costs would have raised its employer contribution rate from 10.48 to 17.4 percent of covered members' compensation. The City elected to finance its December 31, 1997, UAAL of \$257.9 million to receive a lower employer contribution rate of 8.56 percent of covered employees' salaries. Proceeds of the 1999 Series C, D & E Bonds (the "Bonds") were used to finance all of the estimated UAAL of the City with PERS as of December 31, 1997. This resulted in the City having an over-funded actuarial accrued liability (AAL) of \$60.8 million at December 31, 1999. It is the City's policy to recognize pension expenditures or expenses as currently funded.

In addition to paying PERS, the City's estimated UAAL proceeds of the bond were also used to pay costs related to financing of the UAAL, including capitalized interest and costs of issuance. The full faith and credit of the City secures the bonds. Total bonds issued for fiscal year 2000 equaled \$300.8 million. The City is not authorized to levy additional taxes to pay these obligations. The liability will be financed by various city-wide bureaus based upon those bureaus' contributions to PERS for participating employees. The debt is recorded on the government-wide statements and is allocated to both governmental and business-type activities. Ultimately this debt is viewed as being an obligation of the general government.

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

The most recent actuarial valuation used to set employer contribution rates was prepared for the period ending December 31, 2009 and was issued October 2010. Based on that valuation, the City's contribution rates increased for fiscal year 2012.

Annual pension cost. PERS sets the rate for the SLGRP based on the independent actuarial study that is performed every year. The actuarial study is done on the projected unit credit actuarial cost method and the UAAL is amortized as a level percentage of payroll over 20 years.

Significant economic assumptions used in the actuarial valuation include: (a) rate of return on the investment of present and future assets of eight percent per annum compounded annually, (b) projected salary increases at 3.75 percent per year compounded annually, (c) increases due to promotions and longevity that vary by age and service, (d) pre- and post-mortality life expectancies of employees, based upon several mortality tables, (e) rates of withdrawal from active service before retirement for reasons other than death, rates of disabilities, and expected retirement ages developed on the basis of actual plan

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

E. Employee retirement systems and pension plans, continued:

State of Oregon Public Employees Retirement System, continued:

experience, (f) consumer price inflation at 2.75 percent per year, and (g) a factor for unused sick leave that is used to calculate retirement benefits under the full formula and formula plus annuity benefit calculations.

Contribution rates for the last three fiscal years at June 30, expressed as percentage of covered payroll, were as follows:

	General Service					
	2010		2011		2012	
	PERS	OPSRP	PERS	OPSRP	PERS	OPSRP
PERS Defined Benefit Plan	4.30%	5.04%	4.30%	5.04%	9.30%	7.69%
Employee IAP*	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Total contribution rate	10.30%	11.04%	10.30%	11.04%	15.30%	13.69%

* The City has chosen to pay the employee contribution to the IAP as an additional benefit.

	Firefighters & Police Officers					
	2010		2011		2012	
	PERS	OPSRP	PERS	OPSRP	PERS	OPSRP
PERS Defined Benefit Plan	4.30%	7.75%	4.30%	7.75%	9.30%	10.40%
Employee IAP*	6% / 9%**	9.00%	6% / 9%**	9.00%	6% / 9%**	9.00%
Total contribution rate	10.30-13.30%	16.75%	10.30-13.30%	16.75%	15.30-18.30%	19.40%

* The City has chosen to pay the employee contribution to the IAP as an additional benefit.

** The City pays 6% for firefighters and police officers in this tier who were hired before 1/1/07. 9% is paid for those who were hired since then.

The City sold bonds in 1999 and deposited the proceeds in an account with PERS. The state sets rates for members of the SLGRP. The City opted to amortize the original deposit ratably over the life of the bonds. The unamortized balance of the funds deposited with PERS at June 30 was:

	2010	2011	2012
Governmental funds	\$ 109,023,765	\$ 103,408,807	\$ 97,793,849
Internal Service funds	10,835,638	10,277,578	9,719,518
Governmental activities	119,859,403	113,686,385	107,513,367
Business-type activities	46,730,097	44,323,396	41,916,695
Fiduciary funds	340,444	322,911	305,378
Total prepaid	\$ 166,929,944	\$ 158,332,692	\$ 149,735,440

The amounts contributed to PERS during the years ended June 30, 2010, 2011, and 2012 were equal to the required contribution for each year. The amounts contributed by the City were as follows:

	2010	2011	2012
Cash contribution during year	\$ 32,598,608	\$ 33,622,080	\$ 45,229,731
Amortization of deposit with PERS	8,597,252	8,597,252	8,597,252
Total	\$ 41,195,860	\$ 42,219,332	\$ 53,826,983

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

E. Employee retirement systems and pension plans, continued:

Fire and Police Disability and Retirement Plan

Description of plan: As of June 30, 2012, membership data related to the Fire and Police Disability, Retirement and Death Benefit Plan (the Plan) was as follows:

	FPDR One	FPDR Two	FPDR Three	Total
Retirees, beneficiaries and participants with disabilities currently receiving pension and long-term disability benefits	661	1,187	-	1,848
Terminated employees that are vested, but not yet receiving benefits	-	62	-	62
Current members on short-term disability	-	6	5	11
Current members:				
Vested	-	1,254	-	1,254
Non-vested	-	-	-	-
Not in FPDR pension plan	-	-	362	362
Total current members	-	1,254	362	1,616

The Plan consists of three tiers, two of which are now closed to new employees. The Plan's authority for vesting and benefit provisions are provided by the City Charter. Fire and police personnel generally become eligible for membership in the Plan immediately upon employment. See *The Fire and Police Disability and Retirement Fund*, (Note I.A.) for information on obtaining financial statements.

FPDR One, the original plan, and FPDR Two, the tier in which most active fire and police personnel hired before January 1, 2007 participate, are single employer defined-benefit plans, administered by the FPDR Board of Trustees. As of June 30, 2012, there were 661 members and beneficiaries subject to the Plan as constituted prior to July 1, 1990, now called FPDR One; 2,503 members and beneficiaries were subject to the new Plan after June 30, 1990, now called FPDR Two.

On November 7, 2006, voters in the City of Portland passed a measure that changed the retirement plan for new police officers and firefighters. Members hired after 2006 are FPDR Three members and enrolled in PERS, predominantly in the Oregon Public Service Retirement Plan (OPSRP), for retirement benefits. New employees do not become members of PERS for six months unless they were previously members of PERS. The FPDR Fund pays the employee and employer portion of the PERS contributions. FPDR Three members are covered by the same disability and death benefit provisions as FPDR Two members. As of June 30, 2012, the number of FPDR Three members was 362.

The Plan provides for service-connected and occupational disability benefits for FPDR Two and Three members at 75 percent of the member's base pay, reduced by 50 percent of any wages earned in other employment, for the first year. After the first year, if the member is medically stationary and capable of substantial gainful activity, benefits are reduced to 50 percent of the member's base pay, and then reduced by 25 percent of any wages earned in other employment. The minimum benefit is 25 percent of the member's base pay. The Plan also provides for nonservice-connected disability benefits at reduced rates of base pay after 10 years of service.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

E. Employee retirement systems and pension plans, continued:

Fire and Police Disability and Retirement Plan, continued:

FPDR One service-connected and occupational disability benefits are paid at 60 percent of top-step pay for a police officer or fire fighter. Nonservice-connected disability benefits for FPDR One members are paid in the amount of the member's maximum earned pension, defined below, with a minimum payment of 20 percent of top step pay for a police officer or fire fighter.

Active members enrolled in the Plan prior to July 1, 1990 were required to make an election as to whether they wished to fall under the provisions of the Plan as constituted prior to July 1, 1990 or become subject to the new Plan provisions effective after June 30, 1990. Under the old plan, now called FPDR One, benefits are provided upon termination of employment on or after attaining the age of 50 (with 25 or more years of service) or 55 (with 20 years or more of service). Retirement benefits are paid to members at two percent of top-step pay for a police officer or firefighter for each year of active service (up to 60 percent).

Effective July 1, 1990, the Plan was amended to provide for the payment of FPDR Two retirement benefits upon termination of employment on or after attaining age 55, or on or after attaining age 50 if the member has 25 or more years of service. Members become 100 percent vested after five years of service. Benefits are paid to members at retirement using the following formula: 2.2 percent to 2.8 percent multiplied by years of service (30-year maximum); that product is multiplied by the highest one-year base pay the member received during the final three years of employment. The accrual rate of 2.2, 2.4, 2.6 or 2.8 percent is selected by the member at retirement; the rate determines the survivor benefit.

Additional pension benefits are mandated by Oregon Revised Statutes for members whose service began prior to July 14, 1995. The benefits were defined in 1995 but made retroactive to 1991, when the State of Oregon began taxing local pension benefits. The benefits are calculated as a percentage of the Plan benefits, using the greatest of 9.89 percent times the member's percentage of creditable service prior to October 1991 or 0 to 4 percent based on the member's years of service. The 2011 Oregon State Legislature amended the statutes so that members who retire after December 31, 2011, and are not subject to Oregon income tax, will be eligible only for 0 percent to 4 percent based on years of service. The Charter provides that, upon termination of employment before attaining five years of service, FPDR Two members shall be entitled to a lump-sum payment consisting of seven percent of base pay received by the member, excluding the first six months of membership. The Charter also provides for FPDR One members, to receive a refund of contributions if they terminate employment before vesting. As of June 30, 2012, there were no unvested FPDR One or FPDR Two members.

Death benefits are paid to the surviving spouse or minor children if the member dies from a service-connected or occupational death, regardless of vesting, based on a percentage of base pay or salary as defined in the Plan. Death benefits are also paid to the surviving spouse or minor children in the case of a nonservice-connected death if the member has sufficient service time, as defined by the plan, and for death after retirement.

On November 6, 2007, voters in the City of Portland passed a measure that expanded the types of members who are eligible under the Plan for post-retirement medical treatment required as a result of the member's claim, approved before retirement, for a job-related injury or illness, or for an occupational disability. The change was effective for retirees from active service after January 1, 2007. For additional information on FPD&R's other post-retirement benefit obligations, see Fiduciary activities in Note IV.C., Health Insurance Continuation.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

E. Employee retirement systems and pension plans, continued:

Fire and Police Disability and Retirement Plan, continued:

Oregon House Bill 2420 governing workers' compensation law became effective January 1, 2010. The bill established the presumption that twelve types of cancers are occupational diseases for firefighters. The new presumption is not deemed to have a material impact on the valuation of disability-related medical expenses after retirement.

Summary of significant accounting policies: The Plan is reported as a Pension Trust Fund, included within the fiduciary funds, and is maintained on the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Cash and investments held by the City Treasurer in the City of Portland investment pool are stated at fair value. The Pension Trust Fund's cash and investments are maintained in a cash and investment pool with other funds of the City. Interest earned on pooled investments is allocated monthly based on average participation of the Pension Trust Fund in relation to total investments in the pool. See Note III.A., Cash and Investments for additional information on associated investment risks.

Funding policy and reserves: The Pension Trust Fund was established by adoption of Chapter 5 of the City Charter by the voters at the general election held November 2, 1948. Ten subsequent amendments have been made by voters with the last one being November 6, 2012.

The Board of Trustees of the Pension Trust Fund also administers a Reserve Fund, authorized under provisions of Chapter 5 (Section 5-104) of the City of Portland's Charter. The Reserve Fund's purpose is to provide a reserve from which advances can be made to the Fire and Police Disability and Retirement Fund in the event the latter is depleted to the extent it cannot meet its current obligations. Under provisions of the City Charter, the Reserve Fund maximum is established at \$750,000 and was fully funded at June 30, 2012.

In accordance with Charter provisions, there are no requirements to finance the Plan using actuarial techniques. As required by Charter, the Pension Trust Fund's Board of Trustees prepares an estimate of the amount required to pay and discharge all requirements of the Pension Trust Fund, exclusive of any loans or advances, for the next succeeding fiscal year and submits this estimate to the City Council.

The Council is required by Charter to levy a tax sufficient to provide amounts necessary to meet estimates provided by the Board of Trustees. Funding for the Plan is accomplished by imposition of a special property tax levy which cannot exceed two and eight-tenths mills on each dollar of valuation of property (\$2.80 per \$1,000 of real market value) not exempt from such levy and is recognized in the FPDR Fund.

Prior to July 1, 1990, the City had no legal liability to pay for obligations in excess of current year revenues available to the plan. Benefits and claims, if a deficiency occurred, would have been required to be paid on a pro rata basis. Effective July 1, 1990, in the event that funding for the Plan is less than the required payment of benefits to be made in any particular year, the FPDR Fund could receive advances from the FPDR Reserve Fund first and other City funds second, to make up the difference. Repayment of advances, if any, would be made from the special property tax levy in the succeeding year. In the event that the special property tax levy is insufficient to pay benefits because benefits paid exceed the two and eight-tenth mills limit, then other City funds would be required to make up the difference from the Reserve Fund. For fiscal year ended June 30, 2012, the weighted levy rate per \$1,000 of real market value under the special property tax levy was \$1.34.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

E. Employee retirement systems and pension plans, continued:

Fire and Police Disability and Retirement Plan, continued:

Prior to July 1, 1990, members were required to contribute 7 percent of a member's base salary into the Plan. Effective July 1, 1990, members are no longer required to make contributions into the Plan.

Total actual contributions to the Plan for fiscal year ended June 30, 2012, consisted of the special property tax levy of \$104.8 million, which is 79.3 percent of the annual covered payroll of \$132.1 million. The City has recognized a net pension obligation (NPO) of \$1,164.1 million. The NPO was determined in accordance with GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. No expenditure or liability is reported for the NPO in the governmental fund financial statements, because such amounts normally are not expected to be liquidated with available financial resources. Instead, expenditures are reported in the governmental funds only when the amounts in question are, in fact, funded. In the interim, the liability for the NPO is reported in the government-wide statement of net assets.

The Plan's schedule of funding progress, annual pension cost and net pension obligation are as follows:

SCHEDULES OF FUNDING PROGRESS

Pension and Disability Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2012	\$20,287,803	\$2,674,072,175	\$2,653,784,372	0.76%	\$132,069,810	2009.38%
The AAL shown in this year is a rollforward of the AAL from the 7/1/2010 actual valuation, assuming no gains or losses						

Disability Related Medical Expenses after Retirement

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2012 *	\$ -	\$ 5,405,084	\$ 5,405,084	0.00%	\$132,069,810	4.09%
* AAL is a rollforward from 7/1/2010 actuarial valuation assuming no gains or losses. Does not reflect the implicit subsidy benefits for FPDR Members included in the City of Portland's OPEB.						

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

E. Employee retirement systems and pension plans, continued:

Fire and Police Disability and Retirement Plan, continued:

SCHEDULES OF ANNUAL PENSION COST

Pension and Disability Plan

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 173,983,893	\$ 105,100,343	60.41%	\$ 1,005,686,675
2011	183,194,176	107,210,358	58.52%	1,081,670,493
2012	182,008,383	99,569,443	54.71%	1,164,109,433

Disability Related Medical Expenses after Retirement

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 1,795,545	\$ 767,366	42.74%	\$ 5,356,445
2011	386,309	442,173	114.46%	5,300,581
2012	387,181	456,894	118.01%	5,230,868
Does not reflect the implicit subsidy benefits for FPDR Members included in the City of Portland's OPEB.				

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

E. Employee retirement systems and pension plans, continued:

Fire and Police Disability and Retirement Plan, continued:

NET PENSION OBLIGATION

Pension and Disability Plan

		Fiscal Year Ended June 30, 2012
Net pension asset (obligation), beginning of year		\$ (1,081,670,493)
Annual Required Contribution	\$ (198,888,786)	
Interest on pension asset (obligation)	(43,266,820)	
Adjustment to Annual Required Contribution	60,147,223	
Annual Pension Cost	(182,008,383)	
Contributions made	99,569,443	
Change in pension asset (obligation)		(82,438,940)
Net pension asset (obligation), end of year		\$ (1,164,109,433)

Disability Related Medical Expenses after Retirement

		Fiscal Year Ended June 30, 2012
Net pension asset (obligation), beginning of year		\$ (5,300,581)
Annual Required Contribution	\$ (469,901)	
Interest on pension asset (obligation)	(212,023)	
Adjustment to Annual Required Contribution	294,743	
Annual Pension Cost	(387,181)	
Contributions made	456,894	
Change in pension asset (obligation)		69,713
Net pension asset (obligation), end of year		\$ (5,230,868)

Does not reflect the implicit subsidy benefits for FPDR Members included in the City of Portland's OPEB conducted by AON.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

E. Employee retirement systems and pension plans, continued:

Fire and Police Disability and Retirement Plan, continued:

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Pension and Disability Plan

Valuation date	July 1, 2010
Actuarial cost method	Attained age normal
Amortization method	30-year level dollar
Remaining amortization period	30 years open
Asset valuation method	Net assets of pension funds
Actuarial assumption methods:	
Investment rate of return	4.00%
Projected salary increases - Police *	3.75%
Projected salary increases - Fire *	4.25%
Includes inflation at cost of living adjustments	2.75%
Post-retirement benefit increases:	
Per FPDR One	3.75%
Per FPDR Two	2.00%

* These rates are for officers with more than seven years of service. Those with less than seven years have rate increases ranging up to 14%

Disability Related Medical Expenses After Retirement

Valuation date	July 1, 2010
Actuarial cost method	Entry Age
Amortization method	30-year level dollar
Remaining amortization period	30 years open
Asset valuation method	Unfunded
Actuarial assumption methods:	
Investment rate of return	4.00%
Average annual health care cost trend	5.00%

F. Related Parties:

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

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

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

F. Related Parties:

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

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

Portland Small Business Investment Fund, LLC (PSB) is another subsidiary of PFF. PDC has an unsecured non-recourse loan with PSB, for a maximum amount of \$4 million. The purpose of this program is to finance subordinated loans to qualified small businesses to enable the use of New Market Tax Credits. PDC underwrites loans to these borrowers. At present, six fund-level loans between PDC and PSB have a total balance of \$4 million at June 30, 2012. Each advance to PSB was exactly matched by a corresponding note and deed of trust from a small business borrower in favor of PSB. PSB passes on payments received to PDC.

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

Unrelated to the tax credit program are two deferred payment loans for the historic Armory restoration project totaling \$4.6 million from PDC to the Portland New Markets Investment Fund, another PFF subsidiary. One loan for \$2.6 million carries an interest rate of 3 percent, and the other loan for \$2 million has no stated interest rate. Both loans mature in January 2013. They are reserved at 50 percent in the River District Urban Renewal Fund at PDC.

PHB made a grant of \$4 million using urban renewal monies, to assist with the Blanchet House development project to build a community facility for the provision of meals for needy individuals, and to provide transitional housing for homeless men earning at or below 30 percent of median gross household income in the City. PFF, through one of its subsidiaries, United Fund Advisors, was involved with structuring the financial transactions that made the project possible using NMTC among other strategies.

A former PDC Commissioner now serves as the PFF chairman, chief executive officer, and executive chair of the board of directors. Additionally, one former PDC executive director serves on the PFF board of directors.

Other

In the course of carrying out the City's housing, economic development, transportation, and other policies involving the City's urban renewal districts, the City engaged in numerous transactions with PDC, including but not limited to the provision of materials and services, as well as real property acquisition, development, transfers, and sales. PDC also participates in the City's cash investment pool.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

G. Subsequent events:

Fire and Police Disability and Retirement

In July 2012 the Multnomah County Circuit Court ruled on a lawsuit, *Tim Anderson, et al, v. City of Portland, by and through the Bureau of Fire and Police Disability Retirement Fund*, Case No. 110811052. The court found that the FPDR Board of Trustees does not have the authority to hold back annual benefit adjustments to FPDR Two beneficiaries, without their permission, in order to recoup \$2.8 million in pension overpayments made between February 1997 and December 2008. The recovery method invalidated by the Court was approved by the Internal Revenue Service through its Voluntary Correction Program, so that the FPDR Plan could retain its tax qualification. FPDR will file a request to stay the judgment once it has been issued, and will also appeal the decision to the State Court of Appeals.

In August 2012, tax anticipation notes were issued for \$21 million with a true interest cost of 0.17 percent. The notes are due for repayment on June 27, 2013.

On November 6, 2012, Portland voters approved 11 plan amendments referred to them by the Portland City Council. The plan amendments are effective January 1, 2013. The most significant changes will:

- Alter the final pay definition used to calculate FPDR Two pension benefits, such that final pay will never include more than 366 days of wages, will include contract wage increases applicable to those 366 days regardless of when the wages are received, and will be calculated at the full-time rate for part-time members (whose pension is already reduced for part-time service);
- Create a new six-month service requirement before sworn employees become covered by the FPDR plan;
- Reduce service time required to claim nonservice death benefits from ten years to five;
- Eliminate a provision that allows pension benefits following vested termination to be increased if the member was subsequently employed in a position covered by the Oregon Public Employees Retirement System;
- Allow interim disability benefits to be paid while a claim is being reviewed.

While some plan amendments will increase costs, the net impact of all eleven amendments is a cost savings. An independent actuary has estimated the long-term savings of the key changes at \$40 million in today's dollars.

Following the election, the Portland Police Association and the Portland Fire Fighters Association filed separate collective bargaining grievances related to some of the plan amendments approved by the voters, specifically the amendments that alter the definition of final pay.

Milwaukie Light Rail Transit Project

On October 1, 2012 the City of Portland paid \$50 million to the Tri-County Metropolitan District of Oregon (Tri-Met) in compliance with the Revised and Restated Portland-Milwaukie Light Rail Project Intergovernmental Grant Agreement between Tri-Met and City of Portland, Oregon (the City) (Agreement). The Agreement provides for the design and construction of the Orange Line (Light Rail Transportation) connecting Portland with SE Park Avenue in Clackamas County. The line will serve the Central City, Portland State University, South Waterfront, Oregon Museum of Science and Industry District, SE Portland, and the Milwaukie Town Center. The alignment will consist of 7.3 miles of double-track light rail, stations, overhead catenary, park-and-ride lots, and other necessary capital elements and amenities. Service start date for this project is estimated for September, 2015. The project is owned and will be operated by Tri-Met. The total cost of the project is estimated to be \$1.495 billion.

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

G. Subsequent events, continued:

Milwaukie Light Rail Transit Project, continued:

On May 22, 2012, the Federal Transit Administration authorized a full funding grant agreement for the project, which commits the federal government to provide 50 percent of the project's established budget. Local funding for the remaining 50 percent is provided from various sources, including resources of the State of Oregon, Tri-Met, the City of Portland, the City of Milwaukie and Clackamas County.

The \$50 million is the major part of the \$55 million in local matching funds committed by The City to this project. The remaining \$5 million commitment will be met by in-kind real estate donations. To fund the City's share, the city used proceeds from a 2012 Series C Bond issue, \$10 million of tax increment bond proceeds and other resources of the Portland Bureau of Transportation.

Debt activity

Subsequent to fiscal year-end, the City redeemed the following debt instruments:

Debt Redeemed:	Event Date	Principal
River District Urban Renewal and Redevelopment Bonds, Series 2003A	7/10/2012	\$ 33,180,000
Limited Tax Improvement Bonds, Series 2003A	11/30/2012	535,000
Limited Tax Improvement Bonds, Series 2007A	11/30/2012	1,125,000
Limited Tax Improvement Bonds, Series 2010A	11/30/2012	370,000
Limited Tax Improvement Bonds, Series 2011A	11/30/2012	120,000

Subsequent to fiscal year-end, the City made draws on the following open lines of credit:

Line of Credit Activity	Origination Date	Maximum Credit	Draw (Repayment) Date	Principal Draw (Repayment)	Length in Years	Interest Rate
Park Maintenance LOC:						
Line of Credit Draw	7/15/2011	\$ 3,210,000	7/27/2012	\$ 312,832	4	Variable
Line of Credit Draw	7/15/2011	3,210,000	10/12/2012	466,839	4	Variable
Line of Credit Draw	7/15/2011	3,210,000	10/29/2012	464,991	4	Variable
River District Urban Renewal:						
Line of Credit Payment	11/3/2010	92,100,000	7/10/2012	(14,151,985)	3	Variable
Resource Access Center:						
Line of Credit Payment	7/10/2012	16,000,000	7/10/2012	(14,488,211)	3	Variable
Line of Credit Payment	12/15/2011	13,572,838	7/10/2012	(13,572,838)	1	Variable
North Macadam Urban Renewal:						
Line of Credit Draw	11/3/2010	26,500,000	9/28/2012	10,000,000	3	Variable
Bureau of Environmental Services:						
Line of Credit Draw	3/29/2012	95,000,000	10/17/2012	14,734,894	1.5	Variable

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2012

IV. Other information, continued:

G. Subsequent events, continued:

Debt activity, continued:

Subsequent to fiscal year-end, the City increased the following existing debt instrument:

Notes and Loans:	Issue Date	Principal	Length in Years	Interest Rate
Tax Anticipation Notes, Series 2012 Fire and Police Disability and Retirement Fund	8/23/2012	\$ 21,030,000	0.95	2.0%
Columbia South Shore Wellfield State loan to Water Bureau	8/29/2012	147,336	0.25	3.0
Columbia South Shore Wellfield State loan payment by Water Bureau	9/26/2012	(147,336)	0.25	3.0

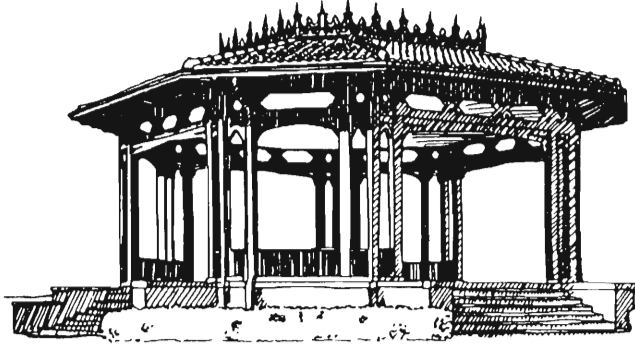
Subsequent to fiscal year-end, the City issued the following debt:

Bonds and Terms:	Origination Date	Principal	Length in Years	Interest Rate
River District Urban Renewal and Redevelopment Bonds 2012 Series A Interest payable semi-annually on June 15 and December 15 Refinance Urban Renewal and Redevelopment Lines of Credit and fund reserve account	7/10/2012	\$24,250,000	14	1.253 - 4.43%
River District Urban Renewal and Redevelopment Bonds 2012 Series B Interest payable semi-annually on June 15 and December 15 Refinance Urban Renewal and Redevelopment Lines of Credit and Bonds, and fund reserve account	7/10/2012	34,140,000	20	3.0 - 5.0
River District Urban Renewal and Redevelopment Bonds 2012 Series C Interest payable semi-annually on June 15 and December 15 Refinance Urban Renewal and Redevelopment Lines of Credit	7/10/2012	15,275,000	19	3.75 - 5.0
First Lien Water System Revenue Bonds 2012 Series A Interest payable semi-annually on October 1 and April 1 Finance costs of the Capital Improvement Plan and fund reserve account	8/2/2012	76,510,000	23	3.0 - 5.0
Portland-Milwaukie Light Rail Limited Tax Revenue Bonds 2012 Series C Interest payable semi-annually on September 1 and March 1 Finance costs of the Portland-Milwaukie Light Rail Project	9/20/2012	36,160,000	20	3.0 - 5.0



Waterfall in Portland Japanese Garden

Required Supplementary Information



Peninsula Park Bandstand, 1913

City of Portland, Oregon
General Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Current year property taxes	\$ 193,087,513	\$ 193,087,513	\$ 189,626,070	\$ (3,461,443)
Prior year property taxes	4,144,317	4,144,317	4,357,152	212,835
Lodging taxes	15,248,600	15,248,600	17,836,176	2,587,576
Total taxes	212,480,430	212,480,430	211,819,398	(661,032)
Licenses and permits:				
Business licenses, net	67,386,974	67,386,974	72,926,005	5,539,031
Public utility licenses	52,815,822	52,815,822	52,498,486	(317,336)
Construction permits	970,000	970,000	1,454,544	484,544
Other permits	3,494,366	3,482,366	3,253,470	(228,896)
Total licenses and permits	124,667,162	124,655,162	130,132,505	5,477,343
Intergovernmental:				
Federal cost sharing	110,000	110,000	178,764	68,764
State revenue sharing	12,389,324	12,389,324	13,330,164	940,840
State cost sharing	30,000	30,000	52,746	22,746
Multnomah County cost sharing	1,746,461	1,821,461	1,476,301	(345,160)
Local revenue sharing	4,079,402	3,862,693	2,712,786	(1,149,907)
Local cost sharing	5,309,952	5,551,894	6,314,666	762,772
Grant revenue	788,553	927,141	730,405	(196,736)
Overhead charges	251,624	251,624	251,624	-
Total intergovernmental	24,705,316	24,944,137	25,047,456	103,319
Service charges and fees:				
Public works and utility charges	35,000	-	57,335	57,335
Inspection fees	1,200,000	1,200,000	980,157	(219,843)
Rents and reimbursements	3,888,839	4,111,881	3,932,082	(179,799)
Parking fees	321,204	256,000	320,648	64,648
Parks and recreation facilities fees	10,324,308	10,642,806	11,047,035	404,229
Other service charges	1,458,604	1,470,604	1,527,842	57,238
Total service charges and fees	17,227,955	17,681,291	17,865,099	183,808
Billings to other funds for services	24,570,210	24,989,257	23,330,723	(1,658,534)
Billings to other funds for overhead	24,655,158	24,655,158	24,653,330	(1,828)
Other:				
Loan repayments	-	-	825	825
Assessments	-	-	8,128	8,128
Sales - other	537,364	682,595	1,117,055	434,460
Refunds	201,000	201,000	80,112	(120,888)
Donations	-	79,805	143,598	63,793
Investment earnings	2,232,069	2,232,069	912,698	(1,319,371)
Payment in lieu of taxes	777,556	777,556	1,659,725	882,169
Fines	357,150	357,150	123,002	(234,148)
Miscellaneous	517,700	580,590	1,194,684	614,094
Total other	4,622,839	4,910,765	5,239,827	329,062
Total revenues	432,929,070	434,316,200	438,088,338	3,772,138

Continued next page

City of Portland, Oregon
General Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
EXPENDITURES				
Current:				
Personal services	310,048,565	316,377,997	313,223,186	3,154,811
Materials and services	132,899,387	130,866,903	122,656,933	8,209,970
General operating contingencies	15,794,535	5,228,499	-	5,228,499
Debt service and related costs:				
Principal	3,408,136	3,323,136	3,323,136	-
Interest	2,627,558	2,627,558	2,402,931	224,627
Debt issuance costs	-	-	-	-
Capital outlay	250,000	1,713,821	830,082	883,739
 Total expenditures	 465,028,181	 460,137,914	 442,436,268	 17,701,646
 Revenues over (under) expenditures	 (32,099,111)	 (25,821,714)	 (4,347,930)	 21,473,784
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Pension Debt Redemption	-	142,000	121,854	(20,146)
Development Services	57,000	-	-	-
Sewer System Operating	12,809,321	12,809,321	12,809,321	-
Water	5,159,207	5,159,207	4,775,103	(384,104)
Hydroelectric Power Operating	300,000	300,000	300,000	-
Golf	-	30,000	30,000	-
Parking Facilities	255,902	255,902	255,902	-
Spectator Facilities Operating	14,214	14,214	14,214	-
Health Insurance Operating	115,500	441,500	441,500	-
Facilities Services Operating	518,248	518,248	518,248	-
CityFleet Operating	114,167	114,167	114,167	-
Printing and Distribution Services Operating	278,115	278,115	278,114	(1)
Insurance and Claims Operating	30,069	30,069	30,069	-
Workers' Compensation Self Insurance Operatin	27,771	27,771	27,771	-
Technology Services	7,833,883	519,634	523,921	4,287
Enterprise Business Solutions Services	-	25,000	25,000	-
 Total transfers from other funds	 27,513,397	 20,665,148	 20,265,184	 (399,964)

Continued next page

City of Portland, Oregon
General Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
OTHER FINANCING SOURCES (USES), Continued				
Transfers to other funds:				
Transportation Operating	(9,704,258)	(9,066,632)	(9,066,632)	-
Emergency Communication	(12,727,650)	(12,709,542)	(12,709,542)	-
Development Services	(2,760,064)	(3,031,800)	(3,031,800)	-
General Reserve	(1,852,234)	(2,395,473)	(2,395,473)	-
Portland Parks Memorial Trust	(36,200)	(51,780)	(51,780)	-
Pension Debt Redemption	(1,194,443)	(1,194,443)	(1,194,443)	-
Governmental Bond Redemption	(1,273,149)	(1,273,149)	(1,273,149)	-
Local Improvement District Construction	(23,022)	(23,022)	(23,022)	-
Parks Capital Construction and Maintenance	(1,685,027)	(1,878,358)	(1,878,358)	-
Water	-	(5,430)	(5,430)	-
Facilities Services Operating	(3,541,220)	(3,778,220)	(3,778,220)	-
Technology Services	-	(95,411)	(95,411)	-
Enterprise Business Solutions Services	-	(248,000)	(248,000)	-
Total transfers to other funds	(34,797,267)	(35,751,260)	(35,751,260)	-
Internal loan proceeds	-	500,000	500,000	-
Internal loan remittances	-	(6,600,000)	(3,851,000)	2,749,000
Sale of capital asset	-	-	2,998	2,998
Total other financing sources (uses)	(7,283,870)	(21,186,112)	(18,834,078)	2,352,034
Net change in fund balance	(39,382,981)	(47,007,826)	(23,182,008)	23,825,818
Fund balance - beginning	39,382,981	47,007,826	47,007,826	-
Fund balance - ending	\$ -	\$ -	23,825,818	\$ 23,825,818
Adjustment to generally accepted accounting principles (GAAP) basis:				
Reserve fund budgeted as separate fund			48,984,519	
Unrealized gain (loss) on investments			222,905	
Internal loans			3,851,000	
Inventories			367,454	
Fund balance - GAAP basis			\$ 77,251,696	

City of Portland, Oregon
Transportation Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Licenses and permits:				
Construction permits	\$ 1,633,000	\$ 1,639,200	\$ 2,584,340	\$ 945,140
Other permits	-	-	236,456	236,456
Total licenses and permits	1,633,000	1,639,200	2,820,796	1,181,596
Intergovernmental:				
Federal cost sharing	-	-	5,073	5,073
State revenue sharing	34,139,000	30,749,002	31,885,187	1,136,185
State cost sharing	-	-	621,302	621,302
Multnomah County cost sharing	100,000	100,000	47,731	(52,269)
Local revenue sharing	31,157,000	31,034,360	27,181,812	(3,852,548)
Local cost sharing	402,971	547,971	1,138,721	590,750
Grant revenue	100,000	100,000	-	(100,000)
Total intergovernmental	65,898,971	62,531,333	60,879,826	(1,651,507)
Service charges and fees:				
Public works and utility charges	3,187,049	1,624,462	5,978,338	4,353,876
Inspection fees	160,000	160,000	217,542	57,542
Rents and reimbursements	-	-	490,598	490,598
Parking fees	26,497,000	26,497,000	29,218,041	2,721,041
Other service charges	765,000	765,000	1,133,503	368,503
Total service charges and fees	30,609,049	29,046,462	37,038,022	7,991,560
Billings to other funds for services	26,590,543	29,182,247	27,628,640	(1,553,607)
Other:				
Donations	325,000	325,000	235,248	(89,752)
Investment earnings	120,000	120,000	110,209	(9,791)
Assessments	450,000	450,000	766,293	316,293
Sales - other	819,200	808,985	1,111,280	302,295
Miscellaneous	607,000	607,000	1,100,494	493,494
Total other	2,321,200	2,310,985	3,323,524	1,012,539
Total revenues	127,052,763	124,710,227	131,690,808	6,980,581
EXPENDITURES				
Current:				
Personal services	65,606,240	66,255,543	61,415,122	4,840,421
Materials and services	56,347,566	60,137,351	51,651,379	8,485,972
General operating contingencies	10,122,362	9,327,547	-	9,327,547
Overhead charges - General Fund	4,720,041	4,720,041	4,720,041	-

Continued next page

City of Portland, Oregon
Transportation Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES, Continued				
Debt service and related costs:				
Principal	4,894,684	4,894,684	3,244,685	1,649,999
Interest	1,890,462	1,890,462	1,689,562	200,900
Debt issuance costs	-	-	52,277	(52,277)
Capital outlay	35,891,121	25,931,281	20,912,219	5,019,062
Total expenditures	<u>179,472,476</u>	<u>173,156,909</u>	<u>143,685,285</u>	<u>29,471,624</u>
Revenues over (under) expenditures	<u>(52,419,713)</u>	<u>(48,446,682)</u>	<u>(11,994,477)</u>	<u>36,452,205</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	9,704,258	9,066,632	9,066,632	-
Local Improvement District Construction	16,770,767	11,770,767	7,399,348	(4,371,419)
Parking Facilities	3,747,689	5,289,284	5,289,284	-
Spectator Facilities Operating	90,000	90,000	90,000	-
Printing and Distribution Services Operating	1,084	1,084	1,084	-
Total transfers from other funds	<u>30,313,798</u>	<u>26,217,767</u>	<u>21,846,348</u>	<u>(4,371,419)</u>
Transfers to other funds:				
Sewer System Operating	(50,000)	(50,000)	(45,132)	4,868
Gas Tax Bond Redemption	(1,076,157)	(1,076,157)	(1,061,972)	14,185
Pension Debt Redemption	(583,965)	(583,965)	(583,965)	-
Total transfers to other funds	<u>(1,710,122)</u>	<u>(1,710,122)</u>	<u>(1,691,069)</u>	<u>19,053</u>
Bonds and notes issued	2,615,000	18,153,500	16,633,569	(1,519,931)
Bonds and notes premium	-	-	1,330,473	1,330,473
Internal loan proceeds	-	2,600,000	2,600,000	-
Sale of capital asset	-	-	71,440	71,440
Total other financing sources (uses)	<u>31,218,676</u>	<u>45,261,145</u>	<u>40,790,761</u>	<u>(4,470,384)</u>
Net change in fund balance	<u>(21,201,037)</u>	<u>(3,185,537)</u>	<u>28,796,284</u>	<u>31,981,821</u>
Fund balance - beginning	<u>21,201,037</u>	<u>3,185,537</u>	<u>1,925,289</u>	<u>(1,260,248)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>30,721,573</u>	<u>\$ 30,721,573</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Reserve fund budgeted as separate fund			13,954	
Unrealized gain (loss) on investments			80,424	
Internal loans			2,500,000	
Inventories			5,166,521	
Fund balance - GAAP basis			<u>\$ 38,482,472</u>	

City of Portland, Oregon
Grants Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental:				
Grant revenue	\$ 84,845,316	\$ 126,642,605	\$ 112,783,681	\$ (13,858,924)
Other:				
Loan repayments	-	-	318,944	318,944
Investment earnings	-	-	134,669	134,669
Total revenues	84,845,316	126,642,605	113,237,294	(13,405,311)
EXPENDITURES				
Current:				
Personal services	11,146,478	14,741,465	10,215,872	4,525,593
Materials and services	32,791,161	55,844,244	41,582,564	14,261,680
General operating contingencies	-	327,120	-	327,120
Capital outlay	40,907,677	55,929,569	46,308,975	9,620,594
Total expenditures	84,845,316	126,842,398	98,107,411	28,734,987
Revenues over (under) expenditures	-	(199,793)	15,129,883	15,329,676
OTHER FINANCING SOURCES (USES)				
Internal loan proceeds	-	11,295,000	8,100,000	(3,195,000)
Internal loan remittances	-	(23,245,660)	(23,215,091)	30,569
Total other financing sources (uses)	-	(11,950,660)	(15,115,091)	(3,164,431)
Net change in fund balance	-	(12,150,453)	14,792	12,165,245
Fund balance - beginning	-	23,445,453	35,907	(23,409,546)
Fund balance - ending	\$ -	\$ 11,295,000	50,699	\$ (11,244,301)
Adjustment to generally accepted accounting principles (GAAP) basis:				
Loans receivable, net			742,697	
Internal loans			(8,100,000)	
Fund balance (deficit) - GAAP basis			\$ (7,306,604)	

City of Portland, Oregon
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2012

A. Adjustments from the budgetary basis of accounting to GAAP:

General Fund, Transportation Operating Fund, Special Finance and Resource Fund and Grants Fund are the City's major governmental funds. Both General Fund and Transportation Fund have their own reserve funds that account for counter-cyclical and emergency reserves. These two reserve funds' budgetary activities are reported in the Special Revenue Funds' section of the CAFR. At fiscal year-end, ending fund balances are folded in with General Fund and Transportation Fund, respectively.

Gain (loss) on investments is the change in fair value of investments and is not recorded in budgetary statements.

Inventories and prepaid expenses, reported in General Fund and Transportation Operating Fund, are resources not available for spending in the subsequent year.

The Grants Fund reports \$0.7 million of loans receivable, net of allowance for uncollectible. These loans are comprised of Portland Housing Bureau loans to qualified borrowers for the rehabilitation and restoration of single and multi-family residences which are collateralized by real property.

Internal loans receivable, reported in General Fund as \$3.9 million, Transportation Reserve Fund, that folds into the Transportation Operating Fund for GAAP, as \$2.5 million and a portion of two nonmajor enterprise funds as \$1.7 million, are temporary operating loans to Grants Fund. These internal loans provide interim funding to cover lags in federal, state and other grant reimbursements per Council Resolution #36935. The corresponding internal loans payable is reported in the Grants Fund as \$8.1 million.

A separate budgetary report, General Fund by Function, is included as part of the Governmental Funds' Budget and Actual section of the CAFR.

B. Expenditures in excess of appropriations:

State law requires a supplemental budget to increase appropriations when unexpected additional resources become available. A supplemental budget is also required to transfer appropriations from a fund's operating contingency during the fiscal year. The supplemental budget process requires a public hearing, advance notice by newspaper publication, and City Council approval. The City adopted three supplemental budgets and made a number of appropriation transfers requiring approval by City Council during fiscal year ended June 30, 2012.

Oregon state law requires disclosure of fund expenditures in excess of budgeted appropriations. For fiscal year ended June 30, 2012, General Fund had total expenditures in excess of budgeted appropriations:

<u>General Fund</u>	
Community Development	
Office of Community Technology	
Program expenses	\$ 89,999

City of Portland, Oregon
Notes to the Required Supplementary Information, Continued
For the Fiscal Year Ended June 30, 2012

C. Other postemployment benefits:

SCHEDULE OF FUNDING PROGRESS

City Employees Health Continuation Plan Other Postemployment Retirement Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2007	\$ -	\$ 98,027,683	\$ 98,027,683	0%	N/A	N/A
7/1/2009 *	-	113,446,149	113,446,149	0%	N/A	N/A
7/1/2011 **	-	104,946,292	104,946,292	0%	\$326,480,413	32.14%

N/A = not available
 * restated to reflect impact of HRC Excise Tax
 ** restated to reflect impact of change in discount rate

D. Employee retirement pension benefits:

SCHEDULE OF FUNDING PROGRESS

Fire and Police Disability and Retirement Pension Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Attained Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/2007 *	\$ 9,884,902	\$1,919,501,000	\$1,909,616,098	0.51%	\$121,760,468	1568.34%
6/30/2008	5,377,290	2,217,414,215	2,212,036,925	0.24%	116,960,994	1891.26%
6/30/2009 *	11,571,074	2,279,923,000	2,268,351,926	0.51%	147,723,042	1535.54%
6/30/2010	16,542,896	2,549,479,088	2,532,936,192	0.65%	121,080,178	2091.95%
6/30/2011 *	25,648,253	2,610,360,794	2,584,712,541	0.98%	126,440,943	2044.21%
6/30/2012	20,287,803	2,674,072,175	2,653,784,372	0.76%	132,069,810	2009.38%

* Actuarial valuations are not performed in odd-numbered years. The AALs shown in odd-numbered years are roll forwards of AAL from the prior actuarial valuation assuming no gains or losses, with adjustments in certain years to reflect a different discount rate.
 ** Revised

Continued next page

City of Portland, Oregon
Notes to the Required Supplementary Information, Continued
For the Fiscal Year Ended June 30, 2012

D. Employee retirement pension benefits, continued:

FPD&R Disability Related Medical Expenses after Retirement Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ¹ (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2008	\$ -	\$ 20,308,278	\$ 20,308,278	0%	\$116,960,994 *	17.36%
7/1/2010	-	5,118,095	5,118,095	0%	121,080,178	4.23%
7/1/2012	-	5,405,084	5,405,084	0%	132,069,810	4.09%

* Revised

¹ AAL was calculated under Attained Age cost method for 2006 and 2008, and Entry Age cost method for 2010.



Portland Skyline



Old and New Architecture

Combining and Individual Fund Statements and Schedules



Fried/Durkheimer Residence, 1800-81

Nonmajor Governmental Funds

Nonmajor Governmental Fund Types:

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs, for the benefit of the City of Portland or its citizenry.

**City of Portland, Oregon
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
ASSETS					
Unrestricted:					
Cash and investments	\$ 13,780,266	\$ 14,476,336	\$ 16,145,843	\$ -	\$ 44,402,445
Receivables:					
Accounts, net	2,632,633	-	2,348,300	-	4,980,933
Assessments	9,745,633	1,948,958	12,378,333	-	24,072,924
Loans, net	5,118,714	-	-	-	5,118,714
Accrued interest	397,702	45,492	16,151	-	459,345
Due from other funds	-	-	56,817	-	56,817
Due from component unit	19,192	-	-	-	19,192
Restricted:					
Cash and investments	18,262,858	51,071,110	34,212,591	182,380	103,728,939
Receivables:					
Taxes	832,946	8,259,002	-	-	9,091,948
Accounts, net	36,000	-	-	-	36,000
Assessments	33,042	61,242,683	895,275	-	62,171,000
Loans, net	32,872,703	-	1,261,849	-	34,134,552
Advances	3,923	-	1,760,000	-	1,763,923
Grants	4,661,637	-	-	-	4,661,637
Accrued interest	400,329	393,122	140,847	573	934,871
Due from component unit	790,445	-	1,187,769	-	1,978,214
Property held for sale	13,920,934	-	-	-	13,920,934
Total assets	<u>\$ 103,508,957</u>	<u>\$ 137,436,703</u>	<u>\$ 70,403,775</u>	<u>\$ 182,953</u>	<u>\$ 311,532,388</u>
LIABILITIES AND FUND BALANCES					
Liabilities payable from unrestricted assets:					
Accounts payable	\$ 276,800	\$ -	\$ 778,416	\$ -	\$ 1,055,216
Deferred revenue	9,747,143	1,825,991	12,378,333	-	23,951,467
Unearned revenue	10,685	-	-	-	10,685
Liabilities payable from restricted assets:					
Accounts payable	4,152,107	-	527,637	-	4,679,744
Due to other funds	28,234	-	-	-	28,234
Due to component unit	437,240	-	-	-	437,240
Internal loans payable	1,646,000	-	-	-	1,646,000
Deferred revenue	4,649,627	67,058,593	895,275	-	72,603,495
Unearned revenue	1,428	-	-	-	1,428
Total liabilities	<u>20,949,264</u>	<u>68,884,584</u>	<u>14,579,661</u>	<u>-</u>	<u>104,413,509</u>
Fund balances:					
Nonspendable	-	-	-	163,142	163,142
Restricted	60,900,181	53,907,324	38,035,419	19,811	152,862,735
Committed	13,240,400	-	9,480,674	-	22,721,074
Assigned	8,419,112	14,644,795	8,308,021	-	31,371,928
Total fund balances	<u>82,559,693</u>	<u>68,552,119</u>	<u>55,824,114</u>	<u>182,953</u>	<u>207,118,879</u>
Total liabilities and fund balances	<u>\$ 103,508,957</u>	<u>\$ 137,436,703</u>	<u>\$ 70,403,775</u>	<u>\$ 182,953</u>	<u>\$ 311,532,388</u>

City of Portland, Oregon
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012

	Assessment Collection	Emergency Communication	Development Services	Property Management License
ASSETS				
Unrestricted:				
Cash and investments	\$ -	\$ 2,372,859	\$ 4,344,176	\$ 62,974
Receivables:				
Accounts, net	-	1,791,169	817,112	-
Assessments	-	-	9,745,633	-
Loans, net	-	-	-	-
Accrued interest	-	9,561	23,464	1,077
Due from component unit	-	-	19,192	-
Restricted:				
Cash and investments	80,075	-	5,147,326	-
Receivables:				
Taxes	-	-	-	-
Accounts, net	-	-	-	-
Assessments	3,086	-	-	-
Loans, net	-	-	-	-
Advances	-	-	-	-
Grants	-	-	-	-
Accrued interest	251	-	-	-
Due from component unit	-	-	-	-
Property held for sale	-	-	-	-
	<u>83,412</u>	<u>4,173,589</u>	<u>20,096,903</u>	<u>64,051</u>
Total assets	\$ <u>83,412</u>	\$ <u>4,173,589</u>	\$ <u>20,096,903</u>	\$ <u>64,051</u>
LIABILITIES AND FUND BALANCES				
Liabilities payable from unrestricted assets:				
Accounts payable	\$ -	\$ 109,068	\$ 88,420	\$ 23,885
Deferred revenue	-	-	9,747,143	-
Unearned revenue	-	-	10,685	-
Liabilities payable from restricted assets:				
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Due to component unit	-	-	-	-
Internal loans payable	-	-	-	-
Deferred revenue	3,086	-	-	-
Unearned revenue	-	-	-	-
	<u>3,086</u>	<u>109,068</u>	<u>9,846,248</u>	<u>23,885</u>
Total liabilities	3,086	109,068	9,846,248	23,885
Fund balances:				
Restricted	80,326	-	5,147,326	-
Committed	-	4,064,521	-	40,166
Assigned	-	-	5,103,329	-
	<u>80,326</u>	<u>4,064,521</u>	<u>10,250,655</u>	<u>40,166</u>
Total fund balances	80,326	4,064,521	10,250,655	40,166
Total liabilities and fund balances	\$ <u>83,412</u>	\$ <u>4,173,589</u>	\$ <u>20,096,903</u>	\$ <u>64,051</u>

<u>Private for Hire Transportation Safety</u>	<u>Convention and Tourism</u>	<u>Housing Investment</u>	<u>Parks Local Option Levy</u>	<u>Children's Investment</u>	<u>Community Development Block Grant</u>
\$ 222,099	\$ 246,890	\$ 2,793,509	\$ -	\$ -	\$ 20,716
-	-	24,021	-	-	-
-	-	-	-	-	-
-	-	5,118,714	-	-	-
697	1,617	337,481	-	-	-
-	-	-	-	-	-
-	-	490,590	2,890,539	3,922,273	15,113
-	-	-	21,983	810,963	-
-	-	-	-	-	-
-	-	-	-	-	29,956
-	-	1,491,584	-	-	7,572,885
-	-	-	-	3,923	-
-	-	-	-	-	3,180,372
-	-	3,497	11,053	19,457	13,294
-	-	-	-	-	251,456
-	-	-	-	-	-
<u>\$ 222,796</u>	<u>\$ 248,507</u>	<u>\$ 10,259,396</u>	<u>\$ 2,923,575</u>	<u>\$ 4,756,616</u>	<u>\$ 11,083,792</u>
\$ -	\$ 26,957	\$ 23,473	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,085,156	373,797
-	-	-	-	-	28,234
-	-	-	-	-	413,757
-	-	-	-	-	1,400,000
-	-	-	19,422	642,957	2,633,206
-	-	-	-	-	1,428
<u>-</u>	<u>26,957</u>	<u>23,473</u>	<u>19,422</u>	<u>3,728,113</u>	<u>4,850,422</u>
-	-	1,985,671	2,904,153	1,028,503	6,212,654
222,796	221,550	7,840,233	-	-	-
-	-	410,019	-	-	20,716
<u>222,796</u>	<u>221,550</u>	<u>10,235,923</u>	<u>2,904,153</u>	<u>1,028,503</u>	<u>6,233,370</u>
<u>\$ 222,796</u>	<u>\$ 248,507</u>	<u>\$ 10,259,396</u>	<u>\$ 2,923,575</u>	<u>\$ 4,756,616</u>	<u>\$ 11,083,792</u>

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City of Portland, Oregon
Combining Balance Sheet, Continued
Nonmajor Special Revenue Funds
June 30, 2012

	HOME Grant	Portland Parks Memorial Trust	Tax Increment Reimbursement	Police Special Revenue	Total
ASSETS					
Unrestricted:					
Cash and investments	\$ -	\$ 1,272,775	\$ 2,444,268	\$ -	\$ 13,780,266
Receivables:					
Accounts, net	-	150	181	-	2,632,633
Assessments	-	-	-	-	9,745,633
Loans, net	-	-	-	-	5,118,714
Accrued interest	-	5,539	18,266	-	397,702
Due from component unit	-	-	-	-	19,192
Restricted:					
Cash and investments	176,540	827,951	2,778,253	1,934,198	18,262,858
Receivables:					
Taxes	-	-	-	-	832,946
Accounts, net	-	36,000	-	-	36,000
Assessments	-	-	-	-	33,042
Loans, net	3,291,136	-	20,517,098	-	32,872,703
Advances	-	-	-	-	3,923
Grants	1,481,265	-	-	-	4,661,637
Accrued interest	88,781	3,096	255,015	5,885	400,329
Due from component unit	-	-	538,989	-	790,445
Property held for sale	-	-	13,920,934	-	13,920,934
Total assets	\$ 5,037,722	\$ 2,145,511	\$ 40,473,004	\$ 1,940,083	\$ 103,508,957
LIABILITIES AND FUND BALANCES					
Liabilities payable from unrestricted assets:					
Accounts payable	\$ -	\$ 4,997	\$ -	\$ -	\$ 276,800
Deferred revenue	-	-	-	-	9,747,143
Unearned revenue	-	-	-	-	10,685
Liabilities payable from restricted assets:					
Accounts payable	306,558	-	338,469	48,127	4,152,107
Due to other funds	-	-	-	-	28,234
Due to component unit	-	-	23,483	-	437,240
Internal loans payable	246,000	-	-	-	1,646,000
Deferred revenue	1,350,956	-	-	-	4,649,627
Unearned revenue	-	-	-	-	1,428
Total liabilities	1,903,514	4,997	361,952	48,127	20,949,264
Fund balances:					
Restricted	3,134,208	867,047	37,648,337	1,891,956	60,900,181
Committed	-	851,134	-	-	13,240,400
Assigned	-	422,333	2,462,715	-	8,419,112
Total fund balances	3,134,208	2,140,514	40,111,052	1,891,956	82,559,693
Total liabilities and fund balances	\$ 5,037,722	\$ 2,145,511	\$ 40,473,004	\$ 1,940,083	\$ 103,508,957



Portland Building

**City of Portland, Oregon
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2012**

	<u>River District Urban Renewal Area Debt Redemption</u>	<u>Bonded Debt Interest and Sinking</u>	<u>Downtown Waterfront Renewal Bond Sinking</u>	<u>Interstate Corridor Debt Service</u>
ASSETS				
Unrestricted:				
Cash and Investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Assessments	-	-	-	-
Accrued interest	-	-	-	-
Restricted:				
Cash and investments	9,168,038	622,033	7,175,009	8,250,925
Receivables:				
Taxes	2,019,718	724,560	784,228	909,417
Assessments	-	-	-	-
Accrued interest	93,580	22,175	41,538	47,878
	<u>11,281,336</u>	<u>1,368,768</u>	<u>8,000,775</u>	<u>9,208,220</u>
Total assets	\$ <u>11,281,336</u>	\$ <u>1,368,768</u>	\$ <u>8,000,775</u>	\$ <u>9,208,220</u>
LIABILITIES AND FUND BALANCES				
Liabilities payable from unrestricted assets:				
Deferred revenue	\$ -	\$ -	\$ -	\$ -
Liabilities payable from restricted assets:				
Deferred revenue	1,541,338	567,372	615,921	692,146
	<u>1,541,338</u>	<u>567,372</u>	<u>615,921</u>	<u>692,146</u>
Total liabilities	1,541,338	567,372	615,921	692,146
Fund balances:				
Restricted	9,739,998	801,396	7,384,854	8,516,074
Assigned	-	-	-	-
	<u>9,739,998</u>	<u>801,396</u>	<u>7,384,854</u>	<u>8,516,074</u>
Total fund balances	9,739,998	801,396	7,384,854	8,516,074
Total liabilities and fund balances	\$ <u>11,281,336</u>	\$ <u>1,368,768</u>	\$ <u>8,000,775</u>	\$ <u>9,208,220</u>

<u>Pension Debt Redemption</u>	<u>South Park Block Redemption</u>	<u>Airport Way Debt Service</u>	<u>Gas Tax Bond Redemption</u>	<u>Lents Town Center Urban Renewal Area Debt Redemption</u>
\$ 1,087,434	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
7,017	-	-	-	-
-	8,473,801	1,372,294	1,669,127	3,151,800
-	528,036	428,322	-	643,902
-	-	-	-	-
-	40,505	16,023	5,293	28,313
<u>\$ 1,094,451</u>	<u>\$ 9,042,342</u>	<u>\$ 1,816,639</u>	<u>\$ 1,674,420</u>	<u>\$ 3,824,015</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	409,788	338,527	-	489,094
-	409,788	338,527	-	489,094
-	8,632,554	1,478,112	1,674,420	3,334,921
1,094,451	-	-	-	-
<u>1,094,451</u>	<u>8,632,554</u>	<u>1,478,112</u>	<u>1,674,420</u>	<u>3,334,921</u>
<u>\$ 1,094,451</u>	<u>\$ 9,042,342</u>	<u>\$ 1,816,639</u>	<u>\$ 1,674,420</u>	<u>\$ 3,824,015</u>

Continued next page

City of Portland, Oregon
Combining Balance Sheet, Continued
Nonmajor Debt Service Funds
June 30, 2012

	Central Eastside Industrial District Debt Service	Bancroft Bond Interest and Sinking	Convention Center Area Debt Service	North Macadam Urban Renewal Area Debt Redemption
ASSETS				
Unrestricted:				
Cash and Investments	\$ -	\$ 13,359,178	\$ -	\$ -
Receivables:				
Assessments	-	1,948,958	-	-
Accrued interest	-	38,392	-	-
Restricted:				
Cash and investments	2,473,593	738,593	2,248,063	5,190,230
Receivables:				
Taxes	367,696	-	807,015	789,647
Assessments	-	59,167,389	-	-
Accrued interest	16,159	7,953	25,864	37,978
Total assets	\$ <u>2,857,448</u>	\$ <u>75,260,463</u>	\$ <u>3,080,942</u>	\$ <u>6,017,855</u>
LIABILITIES AND FUND BALANCES				
Liabilities payable from unrestricted assets:				
Deferred revenue	\$ -	\$ 1,825,991	\$ -	\$ -
Liabilities payable from restricted assets:				
Deferred revenue	280,940	58,612,377	635,669	606,184
Total liabilities	280,940	60,438,368	635,669	606,184
Fund balances:				
Restricted	2,576,508	1,301,558	2,445,273	5,411,671
Assigned	-	13,520,537	-	-
Total fund balances	2,576,508	14,822,095	2,445,273	5,411,671
Total liabilities and fund balances	\$ <u>2,857,448</u>	\$ <u>75,260,463</u>	\$ <u>3,080,942</u>	\$ <u>6,017,855</u>

<u>Special Projects Debt Service</u>	<u>Gateway Urban Renewal Area Debt Redemption</u>	<u>Willamette Industrial Urban Renewal Area Debt Service</u>	<u>Governmental Bond Redemption</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 29,724	\$ 14,476,336
-	-	-	-	1,948,958
-	-	-	83	45,492
42,962	482,190	12,452	-	51,071,110
-	198,848	57,613	-	8,259,002
2,075,294	-	-	-	61,242,683
147	6,554	3,162	-	393,122
<u>\$ 2,118,403</u>	<u>\$ 687,592</u>	<u>\$ 73,227</u>	<u>\$ 29,807</u>	<u>\$ 137,436,703</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,825,991
2,075,294	149,639	44,304	-	67,058,593
<u>2,075,294</u>	<u>149,639</u>	<u>44,304</u>	<u>-</u>	<u>68,884,584</u>
43,109	537,953	28,923	-	53,907,324
-	-	-	29,807	14,644,795
<u>43,109</u>	<u>537,953</u>	<u>28,923</u>	<u>29,807</u>	<u>68,552,119</u>
<u>\$ 2,118,403</u>	<u>\$ 687,592</u>	<u>\$ 73,227</u>	<u>\$ 29,807</u>	<u>\$ 137,436,703</u>

**City of Portland, Oregon
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2012**

	BFRES Facilities GO Bond Construction	Local Improvement District Construction	Parks Capital Construction and Maintenance	Public Safety GO Bond Construction	Total
ASSETS					
Unrestricted:					
Cash and investments	\$ -	\$ 4,047,158	\$ 3,482,404	\$ 8,616,281	\$ 16,145,843
Receivables:					
Accounts, net	-	55,040	2,293,260	-	2,348,300
Assessments	-	12,378,333	-	-	12,378,333
Accrued interest	-	16,151	-	-	16,151
Due from other funds	-	-	56,817	-	56,817
Restricted:					
Cash and investments	1,856,910	99,353	11,302,628	20,953,700	34,212,591
Receivables:					
Assessments	-	-	895,275	-	895,275
Loans, net	-	-	1,261,849	-	1,261,849
Advances	-	-	-	1,760,000	1,760,000
Accrued interest	6,533	-	42,588	91,726	140,847
Due from component unit	-	-	1,187,769	-	1,187,769
Total assets	<u>\$ 1,863,443</u>	<u>\$ 16,596,035</u>	<u>\$ 20,522,590</u>	<u>\$ 31,421,707</u>	<u>\$ 70,403,775</u>
LIABILITIES AND FUND BALANCES					
Liabilities payable from unrestricted assets:					
Accounts payable	\$ -	\$ 1,900	\$ 776,516	\$ -	\$ 778,416
Deferred revenue	-	12,378,333	-	-	12,378,333
Liabilities payable from restricted assets:					
Accounts payable	147,293	-	50,137	330,207	527,637
Deferred revenue	-	-	895,275	-	895,275
Total liabilities	<u>147,293</u>	<u>12,380,233</u>	<u>1,721,928</u>	<u>330,207</u>	<u>14,579,661</u>
Fund balances:					
Restricted	1,716,150	99,353	13,744,697	22,475,219	38,035,419
Committed	-	-	864,393	8,616,281	9,480,674
Assigned	-	4,116,449	4,191,572	-	8,308,021
Total fund balances	<u>1,716,150</u>	<u>4,215,802</u>	<u>18,800,662</u>	<u>31,091,500</u>	<u>55,824,114</u>
Total liabilities and fund balances	<u>\$ 1,863,443</u>	<u>\$ 16,596,035</u>	<u>\$ 20,522,590</u>	<u>\$ 31,421,707</u>	<u>\$ 70,403,775</u>

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
REVENUES					
Taxes:					
Property	\$ 10,797,702	\$ 117,462,385	\$ -	\$ -	\$ 128,260,087
Lodging	3,522,932	-	-	-	3,522,932
Licenses and fees	26,963,014	-	250,000	-	27,213,014
Intergovernmental	55,491,138	5,622,910	3,023,336	-	64,137,384
Charges for services	1,364,062	-	7,276,216	-	8,640,278
Interagency	842,183	-	37,387	-	879,570
Parking fees	-	-	55,834	-	55,834
Rents and reimbursements	44,514	-	4,979	-	49,493
Miscellaneous service charges	7,550,094	-	954,511	-	8,504,605
Assessments	1,848,635	5,817,704	524,291	-	8,190,630
Investment earnings	2,229,005	3,848,097	451,040	1,142	6,529,284
Sale of inventory	565,000	-	-	-	565,000
Miscellaneous	2,107,269	499,262	521,084	-	3,127,615
Total revenues	<u>113,325,548</u>	<u>133,250,358</u>	<u>13,098,678</u>	<u>1,142</u>	<u>259,675,726</u>
EXPENDITURES					
Current:					
Public safety	18,863,776	-	371,576	-	19,235,352
Parks, recreation and culture	1,913,178	-	984,080	600	2,897,858
Community development	101,264,177	-	9,635,309	-	110,899,486
Legislative / admin / support services	8,326,595	-	-	-	8,326,595
Debt service and related costs:					
Principal	1,699,886	260,936,718	2,311,515	-	264,948,119
Interest	752,151	36,888,737	178,870	-	37,819,758
Debt issuance costs	38,411	1,585,819	50,218	-	1,674,448
Capital outlay	1,078,207	-	10,820,286	-	11,898,493
Total expenditures	<u>133,936,381</u>	<u>299,411,274</u>	<u>24,351,854</u>	<u>600</u>	<u>457,700,109</u>
Revenues over (under) expenditures	<u>(20,610,833)</u>	<u>(166,160,916)</u>	<u>(11,253,176)</u>	<u>542</u>	<u>(198,024,383)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	15,987,222	5,415,315	13,892,269	-	35,294,806
Transfers out	(1,569,485)	(58,121,854)	(25,452)	-	(59,716,791)
Bonds and notes issued	-	1,675,559	12,725,072	-	14,400,631
Refunding bonds issued	-	204,621,141	-	-	204,621,141
Bonds and notes premium	-	17,243,073	235,617	-	17,478,690
Bonds and notes discount	-	(82,485)	-	-	(82,485)
Loans issued	400,000	-	500,000	-	900,000
Total other financing sources (uses)	<u>14,817,737</u>	<u>170,750,749</u>	<u>27,327,506</u>	<u>-</u>	<u>212,895,992</u>
SPECIAL ITEM					
Contribution from PDC	3,695,549	-	-	-	3,695,549
Net change in fund balances	<u>(2,097,547)</u>	<u>4,589,833</u>	<u>16,074,330</u>	<u>542</u>	<u>18,567,158</u>
Fund balances - beginning	84,657,240	63,962,286	39,834,482	182,411	188,636,419
Nonmajor fund reclassified to major fund	-	-	(84,698)	-	(84,698)
Fund balances - beginning, as restated	<u>84,657,240</u>	<u>63,962,286</u>	<u>39,749,784</u>	<u>182,411</u>	<u>188,551,721</u>
Fund balances - ending	<u>\$ 82,559,693</u>	<u>\$ 68,552,119</u>	<u>\$ 55,824,114</u>	<u>\$ 182,953</u>	<u>\$ 207,118,879</u>

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended 30, 2012

	Assessment Collection	Emergency Communication	Development Services	Property Management License
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Lodging	-	-	-	-
Licenses and fees	-	-	21,932,149	4,760,465
Intergovernmental	-	6,335,857	4,215	-
Charges for services	-	-	1,329,413	-
Interagency	-	37	842,146	-
Rents and reimbursements	-	-	-	-
Miscellaneous service charges	-	185,174	6,963,607	343
Assessments	390	-	1,841,920	-
Investment earnings	2,227	15,206	448,852	2,657
Sale of inventory	-	-	-	-
Miscellaneous	-	14,157	6,771	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	2,617	6,550,431	33,369,073	4,763,465
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
Public safety	-	18,408,716	-	-
Parks, recreation and culture	-	-	-	-
Community development	1,573	-	27,424,819	-
Legislative / admin / support services	-	-	-	4,764,531
Debt service and related costs:				
Principal	-	1,044,052	421,834	-
Interest	-	280,320	316,474	-
Debt issuance costs	-	-	7,221	-
Capital outlay	-	290,485	51,399	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,573	20,023,573	28,221,747	4,764,531
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Revenues over (under) expenditures	1,044	(13,473,142)	5,147,326	(1,066)
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	12,888,779	3,031,800	-
Transfers out	-	(586,364)	(151,622)	-
Loans issued	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	12,302,415	2,880,178	-
	<hr/>	<hr/>	<hr/>	<hr/>
SPECIAL ITEM				
Contribution from PDC	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	1,044	(1,170,727)	8,027,504	(1,066)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - beginning	79,282	5,235,248	2,223,151	41,232
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ 80,326	\$ 4,064,521	\$ 10,250,655	\$ 40,166
	<hr/>	<hr/>	<hr/>	<hr/>

Private for Hire Transportation Safety	Convention and Tourism	Housing Investment	Parks Local Option Levy	Children's Investment	Community Development Block Grant
\$ -	\$ -	\$ -	\$ 11,789	\$ 10,785,913	\$ -
-	3,522,932	-	-	-	-
-	-	-	-	-	-
-	-	214,914	-	-	5,482,503
-	-	-	-	-	-
-	-	-	-	-	-
-	-	383,746	-	-	200
-	-	-	-	-	6,325
1,392	3,713	524,147	19,369	23,197	55,138
-	-	-	-	-	-
-	-	1,294,084	-	3,803	433
<u>1,392</u>	<u>3,526,645</u>	<u>2,416,891</u>	<u>31,158</u>	<u>10,812,913</u>	<u>5,544,599</u>
-	-	-	-	-	-
-	-	-	975,518	-	-
-	-	1,152,164	-	14,052,548	14,848,564
46	3,562,018	-	-	-	-
-	-	-	-	-	234,000
-	-	-	-	-	155,357
-	-	-	-	-	16,190
-	-	393,519	-	-	1,760
<u>46</u>	<u>3,562,018</u>	<u>1,545,683</u>	<u>975,518</u>	<u>14,052,548</u>	<u>15,255,871</u>
<u>1,346</u>	<u>(35,373)</u>	<u>871,208</u>	<u>(944,360)</u>	<u>(3,239,635)</u>	<u>(9,711,272)</u>
-	-	3,855	-	5,683	-
-	-	(254,335)	(483,952)	-	-
-	-	400,000	-	-	-
-	-	149,520	(483,952)	5,683	-
-	-	-	-	-	-
<u>1,346</u>	<u>(35,373)</u>	<u>1,020,728</u>	<u>(1,428,312)</u>	<u>(3,233,952)</u>	<u>(9,711,272)</u>
<u>221,450</u>	<u>256,923</u>	<u>9,215,195</u>	<u>4,332,465</u>	<u>4,262,455</u>	<u>15,944,642</u>
\$ <u><u>222,796</u></u>	\$ <u><u>221,550</u></u>	\$ <u><u>10,235,923</u></u>	\$ <u><u>2,904,153</u></u>	\$ <u><u>1,028,503</u></u>	\$ <u><u>6,233,370</u></u>

Continued next page

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Nonmajor Special Revenue Funds
For the Fiscal Year Ended 30, 2012

	<u>HOME Grant</u>	<u>Portland Parks Memorial Trust</u>	<u>Tax Increment Reimbursement</u>	<u>Police Special Revenue</u>	<u>Total</u>
REVENUES					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	10,797,702
Lodging	-	-	-	-	3,522,932
Licenses and fees	-	270,400	-	-	26,963,014
Intergovernmental	2,432,762	-	40,117,097	903,790	55,491,138
Charges for services	-	34,649	-	-	1,364,062
Interagency	-	-	-	-	842,183
Rents and reimbursements	-	44,514	-	-	44,514
Miscellaneous service charges	1,401	-	15,623	-	7,550,094
Assessments	-	-	-	-	1,848,635
Investment earnings	23,033	13,241	1,084,431	12,402	2,229,005
Sale of inventory	-	-	565,000	-	565,000
Miscellaneous	-	629,858	4,758	153,405	2,107,269
Total revenues	<u>2,457,196</u>	<u>992,662</u>	<u>41,786,909</u>	<u>1,069,597</u>	<u>113,325,548</u>
EXPENDITURES					
Current:					
Public safety	-	-	-	455,060	18,863,776
Parks, recreation and culture	-	937,660	-	-	1,913,178
Community development	4,016,303	-	39,768,206	-	101,264,177
Legislative / admin / support services	-	-	-	-	8,326,595
Debt service and related costs:					
Principal	-	-	-	-	1,699,886
Interest	-	-	-	-	752,151
Debt issuance costs	-	-	15,000	-	38,411
Capital outlay	217,702	-	-	123,342	1,078,207
Total expenditures	<u>4,234,005</u>	<u>937,660</u>	<u>39,783,206</u>	<u>578,402</u>	<u>133,936,381</u>
Revenues over (under) expenditures	<u>(1,776,809)</u>	<u>55,002</u>	<u>2,003,703</u>	<u>491,195</u>	<u>(20,610,833)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	57,105	-	-	15,987,222
Transfers out	-	(93,212)	-	-	(1,569,485)
Loans issued	-	-	-	-	400,000
Total other financing sources (uses)	<u>-</u>	<u>(36,107)</u>	<u>-</u>	<u>-</u>	<u>14,817,737</u>
SPECIAL ITEM					
Contribution from PDC	<u>-</u>	<u>-</u>	<u>3,695,549</u>	<u>-</u>	<u>3,695,549</u>
Net change in fund balances	<u>(1,776,809)</u>	<u>18,895</u>	<u>5,699,252</u>	<u>491,195</u>	<u>(2,097,547)</u>
Fund balances - beginning	<u>4,911,017</u>	<u>2,121,619</u>	<u>34,411,800</u>	<u>1,400,761</u>	<u>84,657,240</u>
Fund balances - ending	<u>\$ 3,134,208</u>	<u>\$ 2,140,514</u>	<u>\$ 40,111,052</u>	<u>\$ 1,891,956</u>	<u>\$ 82,559,693</u>



Downtown Portland

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2012

	River District Urban Renewal Area Debt Redemption	Bonded Debt Interest and Sinking	Downtown Waterfront Renewal Bond Sinking	Interstate Corridor Debt Service
REVENUES				
Taxes:				
Property	\$ 30,342,382	\$ 10,709,640	\$ 9,933,755	\$ 13,955,446
Intergovernmental	-	-	-	-
Assessments	-	-	-	-
Investment earnings	136,695	28,926	68,380	85,933
Miscellaneous	-	-	-	-
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Total revenues	30,479,077	10,738,566	10,002,135	14,041,379
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Debt service and related costs:				
Principal	2,750,000	7,790,000	38,375,000	46,528,021
Interest	2,264,998	2,887,890	4,539,537	3,176,357
Debt issuance costs	-	-	217,653	347,667
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Total expenditures	5,014,998	10,677,890	43,132,190	50,052,045
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	25,464,079	60,676	(33,130,055)	(36,010,666)
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(25,000,000)	-	-	(8,000,000)
Bonds and notes issued	-	-	-	-
Refunding bonds issued	-	-	30,370,000	46,135,000
Bonds and notes premium	-	-	3,028,972	-
Bonds and notes discount	-	-	-	(82,485)
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Total other financing and uses	(25,000,000)	-	33,398,972	38,052,515
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	464,079	60,676	268,917	2,041,849
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - beginning	9,275,919	740,720	7,115,937	6,474,225
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ 9,739,998	\$ 801,396	\$ 7,384,854	\$ 8,516,074
	<hr/>	<hr/>	<hr/>	<hr/>

<u>Pension Debt Redemption</u>	<u>South Park Block Redemption</u>	<u>Airport Way Debt Service</u>	<u>Gas Tax Bond Redemption</u>	<u>Lents Town Center Urban Renewal Area Debt Redemption</u>
\$ -	\$ 6,946,552	\$ 5,465,353	\$ -	\$ 9,713,382
6,472	-	-	-	-
-	-	-	-	-
13,075	70,184	22,861	6,315	42,531
499,262	-	-	-	-
<u>518,809</u>	<u>7,016,736</u>	<u>5,488,214</u>	<u>6,315</u>	<u>9,755,913</u>
1,712,375	3,690,000	3,675,000	905,000	1,155,000
1,237,037	3,481,896	1,916,500	166,491	1,875,247
369,784	319	-	-	-
<u>3,319,196</u>	<u>7,172,215</u>	<u>5,591,500</u>	<u>1,071,491</u>	<u>3,030,247</u>
<u>(2,800,387)</u>	<u>(155,479)</u>	<u>(103,286)</u>	<u>(1,065,176)</u>	<u>6,725,666</u>
3,080,194	-	-	1,061,972	-
(121,854)	-	-	-	(7,519,895)
-	-	-	1,673,047	-
-	-	-	-	-
-	-	-	-	-
<u>2,958,340</u>	<u>-</u>	<u>-</u>	<u>2,735,019</u>	<u>(7,519,895)</u>
157,953	(155,479)	(103,286)	1,669,843	(794,229)
<u>936,498</u>	<u>8,788,033</u>	<u>1,581,398</u>	<u>4,577</u>	<u>4,129,150</u>
<u>\$ 1,094,451</u>	<u>\$ 8,632,554</u>	<u>\$ 1,478,112</u>	<u>\$ 1,674,420</u>	<u>\$ 3,334,921</u>

Continued next page

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Nonmajor Debt Service Funds
For the Year Ended June 30, 2012

	Central Eastside Industrial District Debt Service	Bancroft Bond Interest and Sinking	Convention Center Area Debt Service	North Macadam Urban Renewal Area Debt Redemption
REVENUES				
Taxes:				
Property	\$ 5,273,181	\$ -	\$ 10,081,810	\$ 11,268,201
Intergovernmental	-	-	-	-
Assessments	-	5,729,873	-	-
Investment earnings	26,330	3,106,088	37,953	60,283
Miscellaneous	-	-	-	-
Total revenues	<u>5,299,511</u>	<u>8,835,961</u>	<u>10,119,763</u>	<u>11,328,484</u>
EXPENDITURES				
Debt service and related costs:				
Principal	670,000	4,885,000	67,326,141	2,155,000
Interest	1,773,044	2,541,352	1,946,261	2,805,747
Debt issuance costs	800	-	202,009	-
Total expenditures	<u>2,443,844</u>	<u>7,426,352</u>	<u>69,474,411</u>	<u>4,960,747</u>
Revenues over (under) expenditures	<u>2,855,667</u>	<u>1,409,609</u>	<u>(59,354,648)</u>	<u>6,367,737</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,866,161)	-	(4,500,000)	(6,331,845)
Bonds and notes issued	-	2,512	-	-
Refunding bonds issued	-	-	59,786,141	-
Bonds and notes premium	-	-	3,680,949	-
Bonds and notes discount	-	-	-	-
Total other financing and uses	<u>(2,866,161)</u>	<u>2,512</u>	<u>58,967,090</u>	<u>(6,331,845)</u>
Net change in fund balances	<u>(10,494)</u>	<u>1,412,121</u>	<u>(387,558)</u>	<u>35,892</u>
Fund balances - beginning	<u>2,587,002</u>	<u>13,409,974</u>	<u>2,832,831</u>	<u>5,375,779</u>
Fund balances - ending	<u>\$ 2,576,508</u>	<u>\$ 14,822,095</u>	<u>\$ 2,445,273</u>	<u>\$ 5,411,671</u>

Special Projects Debt Service	Gateway Urban Renewal Area Debt Redemption	Willamette Industrial Urban Renewal Area Debt Service	Governmental Bond Redemption	Total
\$ -	\$ 3,034,786	\$ 737,897	\$ -	\$ 117,462,385
5,616,438	-	-	-	5,622,910
87,831	-	-	-	5,817,704
128,910	9,653	3,741	239	3,848,097
-	-	-	-	499,262
5,833,179	3,044,439	741,638	239	133,250,358
78,515,181	-	-	805,000	260,936,718
5,716,834	91,370	27	468,149	36,888,737
447,587	-	-	-	1,585,819
84,679,602	91,370	27	1,273,149	299,411,274
(78,846,423)	2,953,069	741,611	(1,272,910)	(166,160,916)
-	-	-	1,273,149	5,415,315
-	(2,846,099)	(936,000)	-	(58,121,854)
-	-	-	-	1,675,559
68,330,000	-	-	-	204,621,141
10,533,152	-	-	-	17,243,073
-	-	-	-	(82,485)
78,863,152	(2,846,099)	(936,000)	1,273,149	170,750,749
16,729	106,970	(194,389)	239	4,589,833
26,380	430,983	223,312	29,568	63,962,286
\$ 43,109	\$ 537,953	\$ 28,923	\$ 29,807	\$ 68,552,119

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2012

	BFRES Facilities GO Bond Construction	Local Improvement District Construction	Parks Capital Construction and Maintenance	Public Safety GO Bond Construction	Total
REVENUES					
Licenses and fees	\$ -	\$ -	\$ 250,000	\$ -	\$ 250,000
Intergovernmental	-	-	3,023,336	-	3,023,336
Charges for services	-	-	7,276,216	-	7,276,216
Interagency	-	-	37,387	-	37,387
Parking fees	-	-	55,834	-	55,834
Rents and reimbursements	-	-	4,979	-	4,979
Miscellaneous service charges	-	954,111	400	-	954,511
Assessments	-	313,365	210,926	-	524,291
Investment earnings	16,958	101,274	147,550	185,258	451,040
Miscellaneous	10,737	-	507,458	2,889	521,084
Total revenues	27,695	1,368,750	11,514,086	188,147	13,098,678
EXPENDITURES					
Current:					
Public safety	95,711	-	-	275,865	371,576
Parks, recreation and culture	-	-	984,080	-	984,080
Community development	-	9,635,309	-	-	9,635,309
Debt service and related costs:					
Principal	-	2,270,786	40,729	-	2,311,515
Interest	-	124,288	54,582	-	178,870
Debt issuance costs	-	45,901	3,806	511	50,218
Capital outlay	1,766,098	-	6,929,087	2,125,101	10,820,286
Total expenditures	1,861,809	12,076,284	8,012,284	2,401,477	24,351,854
Revenues over (under) expenditures	(1,834,114)	(10,707,534)	3,501,802	(2,213,330)	(11,253,176)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	23,022	2,460,718	11,408,529	13,892,269
Transfers out	-	(10,814)	(14,638)	-	(25,452)
Bonds and notes issued	-	10,093,824	2,631,248	-	12,725,072
Bonds and notes premium	-	235,617	-	-	235,617
Loans issued	-	-	500,000	-	500,000
Total other financing sources (uses)	-	10,341,649	5,577,328	11,408,529	27,327,506
Net change in fund balances	(1,834,114)	(365,885)	9,079,130	9,195,199	16,074,330
Fund balances - beginning	3,550,264	4,581,687	9,721,532	21,896,301	39,749,784
Fund balances - ending	\$ 1,716,150	\$ 4,215,802	\$ 18,800,662	\$ 31,091,500	\$ 55,824,114

Nonmajor Proprietary Funds

Nonmajor Proprietary Fund Types:

Enterprise Funds may be used to report any activity for which a fee is charged to external users for goods and services.

Internal Service Funds may be used to report any activity that provides goods or services on a cost-reimbursement basis to: other funds, departments, or agencies of the primary government and its component units, or to other governments.



Portland Historic Area

City of Portland, Oregon
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2012

	Hydroelectric Power	Golf	Portland International Raceway
ASSETS			
Current assets (unrestricted):			
Cash and investments	\$ 92,351	\$ 981,385	\$ 690,864
Receivables:			
Accounts, net	-	40,832	-
Advances	-	-	-
Accrued interest	55,309	1,320	2,133
Due from component unit	-	-	-
Internal loans	-	-	-
	<u>147,660</u>	<u>1,023,537</u>	<u>692,997</u>
Total current assets (unrestricted)			
Current assets (restricted):			
Cash and investments	2,289,331	-	-
	<u>2,289,331</u>	<u>-</u>	<u>-</u>
Total current assets (restricted)			
Total current assets	<u>2,436,991</u>	<u>1,023,537</u>	<u>692,997</u>
Noncurrent assets (unrestricted):			
Capital assets, not being depreciated or amortized:			
Land	-	586,696	-
Construction in progress	-	362,361	-
Intangible assets:			
Land use rights	4,500	-	-
Capital assets, being depreciated or amortized:			
Infrastructure	44,123,225	-	-
Buildings	-	6,199,790	-
Improvements to land	-	15,847,827	5,007,161
Equipment	-	1,418,083	168,876
Intangible assets:			
Software	-	-	-
Accumulated depreciation and amortization	(20,210,328)	(11,735,718)	(2,647,824)
	<u>23,917,397</u>	<u>12,679,039</u>	<u>2,528,213</u>
Capital assets, net of accumulated depreciation and amortization			
Prepaid pension obligation	150,077	1,226,176	236,042
	<u>24,067,474</u>	<u>13,905,215</u>	<u>2,764,255</u>
Total noncurrent assets (unrestricted)			
Noncurrent assets (restricted):			
Cash and Investments	12,148,100	-	-
	<u>36,215,574</u>	<u>13,905,215</u>	<u>2,764,255</u>
Total noncurrent assets			
Total assets	<u>\$ 38,652,565</u>	<u>\$ 14,928,752</u>	<u>\$ 3,457,252</u>

<u>Solid Waste Management</u>	<u>Parking Facilities</u>	<u>Spectator Facilities Operating</u>	<u>Environmental Remediation</u>	<u>Headwaters Apartment Complex</u>	<u>Total</u>
\$ 2,030,874	\$ 5,352,135	\$ 6,811,273	\$ 5,923,399	\$ 298,208	\$ 22,180,489
1,039,750	9,161	99,851	-	-	1,189,594
-	30,000	60,000	-	-	90,000
7,659	24,224	26,269	18,087	1,429	136,430
-	-	-	-	216,942	216,942
-	3,100,000	-	295,000	-	3,395,000
<u>3,078,283</u>	<u>8,515,520</u>	<u>6,997,393</u>	<u>6,236,486</u>	<u>516,579</u>	<u>27,208,455</u>
-	-	-	-	-	2,289,331
-	-	-	-	-	2,289,331
<u>3,078,283</u>	<u>8,515,520</u>	<u>6,997,393</u>	<u>6,236,486</u>	<u>516,579</u>	<u>29,497,786</u>
229,259	10,578,071	4,432,758	1,563,333	1,209,961	18,600,078
-	1,417,550	367,654	-	-	2,147,565
-	-	-	-	-	4,500
-	-	-	5,416	-	44,128,641
-	39,835,205	133,591,542	1,768,170	11,239,645	192,634,352
-	301,900	815,000	1,520,801	-	23,492,689
-	350,455	2,856,968	-	-	4,794,382
118,575	98,580	35,483	-	-	252,638
<u>(73,773)</u>	<u>(26,303,597)</u>	<u>(40,071,921)</u>	<u>(1,049,925)</u>	<u>(1,348,757)</u>	<u>(103,441,843)</u>
274,061	26,278,164	102,027,484	3,807,795	11,100,849	182,613,002
<u>380,761</u>	<u>-</u>	<u>-</u>	<u>8,786</u>	<u>-</u>	<u>2,001,842</u>
654,822	26,278,164	102,027,484	3,816,581	11,100,849	184,614,844
-	-	-	-	254,335	12,402,435
<u>654,822</u>	<u>26,278,164</u>	<u>102,027,484</u>	<u>3,816,581</u>	<u>11,355,184</u>	<u>197,017,279</u>
\$ <u>3,733,105</u>	\$ <u>34,793,684</u>	\$ <u>109,024,877</u>	\$ <u>10,053,067</u>	\$ <u>11,871,763</u>	\$ <u>226,515,065</u>

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City of Portland, Oregon
Combining Statement of Net Assets, Continued
Nonmajor Enterprise Funds
June 30, 2012

	Hydroelectric Power	Golf	Portland International Raceway
LIABILITIES			
Current liabilities (payable from unrestricted assets):			
Accounts payable	\$ 3,000	\$ 50,779	\$ 25,545
Compensated absences	30,973	186,984	61,746
Bonds payable	10,268	83,893	221,150
Accrued interest payable	523	4,272	6,757
Unearned revenue	-	-	-
Pollution remediation	-	-	-
	<hr/>	<hr/>	<hr/>
Total current liabilities (unrestricted)	44,764	325,928	315,198
	<hr/>	<hr/>	<hr/>
Current liabilities (payable from restricted assets):			
Bonds payable	2,136,758	-	-
Accrued interest payable	152,573	-	-
	<hr/>	<hr/>	<hr/>
Total current liabilities (restricted)	2,289,331	-	-
	<hr/>	<hr/>	<hr/>
Total current liabilities	2,334,095	325,928	315,198
	<hr/>	<hr/>	<hr/>
Noncurrent liabilities:			
Compensated absences	5,839	34,138	11,002
Bonds payable	9,119,076	1,749,148	1,291,721
Accrued interest payable	56,449	461,234	88,790
Other liabilities	-	-	-
Other postemployment benefits	5,130	112,902	30,035
Pollution remediation	-	-	-
	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	9,186,494	2,357,422	1,421,548
	<hr/>	<hr/>	<hr/>
Total liabilities	11,520,589	2,683,350	1,736,746
	<hr/>	<hr/>	<hr/>
NET ASSETS			
Invested in capital assets, net of related debt	12,875,638	12,679,040	1,368,213
Restricted for:			
Debt service	4,564,895	-	-
Capital projects	9,829,306	-	-
Unrestricted	(137,863)	(433,638)	352,293
	<hr/>	<hr/>	<hr/>
Total net assets	\$ 27,131,976	\$ 12,245,402	\$ 1,720,506
	<hr/>	<hr/>	<hr/>

<u>Solid Waste Management</u>	<u>Parking Facilities</u>	<u>Spectator Facilities Operating</u>	<u>Environmental Remediation</u>	<u>Headwaters Apartment Complex</u>	<u>Total</u>
\$ 221,977	\$ 1,729,547	\$ 64,284	\$ 1,184,867	\$ 190,987	\$ 3,470,986
127,302	-	-	34,978	-	441,983
26,051	1,309,232	4,441,781	601	287,028	6,380,004
1,327	158,781	267,979	31	130,522	570,192
-	55,389	-	-	-	55,389
-	-	-	695,000	-	695,000
<u>376,657</u>	<u>3,252,949</u>	<u>4,774,044</u>	<u>1,915,477</u>	<u>608,537</u>	<u>11,613,554</u>
-	-	-	-	-	2,136,758
-	-	-	-	-	152,573
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,289,331</u>
<u>376,657</u>	<u>3,252,949</u>	<u>4,774,044</u>	<u>1,915,477</u>	<u>608,537</u>	<u>13,902,885</u>
23,883	-	-	6,594	-	81,456
543,161	16,958,800	45,765,970	12,541	10,556,695	85,997,112
143,227	-	-	3,307	-	753,007
-	-	-	-	385,546	385,546
49,725	425	-	12,674	-	210,891
-	-	-	610,000	-	610,000
<u>759,996</u>	<u>16,959,225</u>	<u>45,765,970</u>	<u>645,116</u>	<u>10,942,241</u>	<u>88,038,012</u>
<u>1,136,653</u>	<u>20,212,174</u>	<u>50,540,014</u>	<u>2,560,593</u>	<u>11,550,778</u>	<u>101,940,897</u>
274,061	8,010,132	51,819,733	3,807,795	257,126	91,091,738
-	-	-	-	254,335	4,819,230
-	-	-	-	-	9,829,306
<u>2,322,391</u>	<u>6,571,378</u>	<u>6,665,130</u>	<u>3,684,679</u>	<u>(190,476)</u>	<u>18,833,894</u>
<u>\$ 2,596,452</u>	<u>\$ 14,581,510</u>	<u>\$ 58,484,863</u>	<u>\$ 7,492,474</u>	<u>\$ 320,985</u>	<u>\$ 124,574,168</u>

City of Portland, Oregon
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

	Health Insurance Operating	Facilities Services Operating	CityFleet Operating
ASSETS			
Current assets (unrestricted):			
Cash and investments	\$ 15,174,392	\$ 27,813,600	\$ 20,140,350
Receivables:			
Accounts, net	-	105,176	215,919
Accrued interest	50,105	122,381	56,513
Due from component unit	-	29,473	-
Inventories	-	-	1,102,592
Prepaid expense	-	12,023	-
	<u>15,224,497</u>	<u>28,082,653</u>	<u>21,515,374</u>
Total current assets (unrestricted)			
Current assets (restricted):			
Cash and investments	-	335,579	-
	<u>-</u>	<u>335,579</u>	<u>-</u>
Total current assets (restricted)			
	<u>15,224,497</u>	<u>28,418,232</u>	<u>21,515,374</u>
Total current assets			
Noncurrent assets (unrestricted):			
Capital assets, not being depreciated or amortized:			
Land	-	8,493,603	-
Construction in progress	-	15,744,852	5,993,905
Capital assets, being depreciated or amortized:			
Infrastructure	-	-	-
Buildings	-	146,700,629	440,834
Improvements to land	-	873,162	-
Equipment	-	974,569	63,083,047
Intangible assets:			
Software	-	751,067	158,600
Accumulated depreciation and amortization	-	(57,793,445)	(30,874,303)
	<u>-</u>	<u>115,744,437</u>	<u>38,802,083</u>
Capital assets net of accumulated depreciation and amortization			
Prepaid pension obligation	226,322	1,218,876	2,864,281
	<u>226,322</u>	<u>116,963,313</u>	<u>41,666,364</u>
Total noncurrent assets (unrestricted)			
Noncurrent assets (restricted):			
Cash and investments	-	14,856,629	-
	<u>-</u>	<u>14,856,629</u>	<u>-</u>
Total noncurrent assets			
	<u>226,322</u>	<u>131,819,942</u>	<u>41,666,364</u>
Total assets	<u>\$ 15,450,819</u>	<u>\$ 160,238,174</u>	<u>\$ 63,181,738</u>

Printing and Distribution Services Operating	Insurance and Claims Operating	Workers' Compensation Self Insurance Operating	Technology Services	Enterprise Business Solutions Services	Total
\$ 1,220,523	\$ 27,095,016	\$ 18,640,778	\$ 32,144,744	\$ 4,332,095	\$ 146,561,498
134,787	24,138	-	1,080,741	-	1,560,761
3,240	81,280	58,226	107,583	18,048	497,376
24,624	-	-	26,426	-	80,523
-	-	-	617,765	-	1,720,357
-	244,864	-	518,706	-	775,593
<u>1,383,174</u>	<u>27,445,298</u>	<u>18,699,004</u>	<u>34,495,965</u>	<u>4,350,143</u>	<u>151,196,108</u>
-	-	-	-	-	335,579
-	-	-	-	-	335,579
<u>1,383,174</u>	<u>27,445,298</u>	<u>18,699,004</u>	<u>34,495,965</u>	<u>4,350,143</u>	<u>151,531,687</u>
-	-	-	348,929	-	8,842,532
-	-	-	4,819,275	8,360	26,566,392
-	-	-	12,037,338	-	12,037,338
-	-	-	920,064	-	148,061,527
-	-	-	-	-	873,162
3,015,616	-	-	33,659,265	-	100,732,497
315,337	91,468	6,445	4,335,691	36,136,846	41,795,454
(2,600,386)	(64,566)	(2,275)	(32,878,301)	(21,638,003)	(145,851,279)
<u>730,567</u>	<u>26,902</u>	<u>4,170</u>	<u>23,242,261</u>	<u>14,507,203</u>	<u>193,057,623</u>
<u>970,643</u>	<u>534,859</u>	<u>500,289</u>	<u>3,404,248</u>	<u>-</u>	<u>9,719,518</u>
<u>1,701,210</u>	<u>561,761</u>	<u>504,459</u>	<u>26,646,509</u>	<u>14,507,203</u>	<u>202,777,141</u>
-	-	-	-	-	14,856,629
<u>1,701,210</u>	<u>561,761</u>	<u>504,459</u>	<u>26,646,509</u>	<u>14,507,203</u>	<u>217,633,770</u>
\$ <u>3,084,384</u>	\$ <u>28,007,059</u>	\$ <u>19,203,463</u>	\$ <u>61,142,474</u>	\$ <u>18,857,346</u>	\$ <u>369,165,457</u>

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City of Portland, Oregon
Combining Statement of Net Assets, Continued
Internal Service Funds
June 30, 2012

	Health Insurance Operating	Facilities Services Operating	CityFleet Operating
LIABILITIES			
Current liabilities (payable from unrestricted assets):			
Accounts payable	\$ 2,151,287	\$ 2,352,430	\$ 981,257
Self insurance claims	4,384,985	-	-
Compensated absences	61,392	188,431	333,172
Bonds payable	15,485	6,593,857	195,971
Accrued interest payable	789	247,119	9,979
Unearned revenue	-	54,208	-
	<u>6,613,938</u>	<u>9,436,045</u>	<u>1,520,379</u>
Total current liabilities (unrestricted)			
Current liabilities (payable from restricted assets):			
Accounts payable	-	335,579	-
	<u>-</u>	<u>335,579</u>	<u>-</u>
Total current liabilities (restricted)			
	<u>-</u>	<u>335,579</u>	<u>-</u>
Total current liabilities	<u>6,613,938</u>	<u>9,771,624</u>	<u>1,520,379</u>
Noncurrent liabilities:			
Self insurance claims	-	-	-
Compensated absences	4,318	12,560	23,427
Bonds payable	322,855	47,075,228	4,085,927
Accrued interest payable	85,134	458,492	1,077,421
Other postemployment benefits	21,977	84,957	192,192
	<u>434,284</u>	<u>47,631,237</u>	<u>5,378,967</u>
Total noncurrent liabilities			
	<u>434,284</u>	<u>47,631,237</u>	<u>5,378,967</u>
Total liabilities	<u>7,048,222</u>	<u>57,402,861</u>	<u>6,899,346</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	78,754,124	38,802,083
Unrestricted	8,402,597	24,081,189	17,480,309
	<u>8,402,597</u>	<u>24,081,189</u>	<u>17,480,309</u>
Total net assets	<u>\$ 8,402,597</u>	<u>\$ 102,835,313</u>	<u>\$ 56,282,392</u>

Printing and Distribution Services Operating	Insurance and Claims Operating	Workers' Compensation Self Insurance Operating	Technology Services	Enterprise Business Solutions Services	Total
\$ 262,414	\$ 1,215,756	\$ 313,411	\$ 1,354,630	\$ 131,259	\$ 8,762,444
-	4,909,473	2,292,677	-	-	11,587,135
114,220	107,779	33,673	1,584,570	116,358	2,539,595
66,411	36,594	34,229	1,117,521	3,837,208	11,897,276
3,382	1,863	1,743	19,018	62,333	346,226
-	-	-	-	-	54,208
<u>446,427</u>	<u>6,271,465</u>	<u>2,675,733</u>	<u>4,075,739</u>	<u>4,147,158</u>	<u>35,186,884</u>
-	-	-	-	-	335,579
-	-	-	-	-	335,579
<u>446,427</u>	<u>6,271,465</u>	<u>2,675,733</u>	<u>4,075,739</u>	<u>4,147,158</u>	<u>35,522,463</u>
-	6,424,534	5,132,134	-	-	11,556,668
7,952	7,581	2,368	105,276	8,079	171,561
1,384,638	762,977	713,671	4,856,207	15,239,002	74,440,505
365,116	201,190	188,189	1,280,536	-	3,656,078
63,089	29,376	23,045	530,187	23,920	968,743
<u>1,820,795</u>	<u>7,425,658</u>	<u>6,059,407</u>	<u>6,772,206</u>	<u>15,271,001</u>	<u>90,793,555</u>
<u>2,267,222</u>	<u>13,697,123</u>	<u>8,735,140</u>	<u>10,847,945</u>	<u>19,418,159</u>	<u>126,316,018</u>
730,567	26,902	4,170	22,357,656	(4,569,007)	136,106,495
86,595	14,283,034	10,464,153	27,936,873	4,008,194	106,742,944
<u>\$ 817,162</u>	<u>\$ 14,309,936</u>	<u>\$ 10,468,323</u>	<u>\$ 50,294,529</u>	<u>\$ (560,813)</u>	<u>\$ 242,849,439</u>

City of Portland, Oregon
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	Hydroelectric Power	Golf	Portland International Raceway
Operating revenues:			
Service charges and fees	\$ 61,856	\$ 6,156,113	\$ 429,921
Licenses and permits	-	-	-
Rents and reimbursements	-	413,987	1,168,963
Concessions	-	1,136,598	149,887
Parking fees	-	-	-
Power sales	4,020,431	-	-
Miscellaneous	-	25,856	3,850
	<u>4,082,287</u>	<u>7,732,554</u>	<u>1,752,621</u>
Total operating revenues			
	<u>4,082,287</u>	<u>7,732,554</u>	<u>1,752,621</u>
Operating expenses:			
Salaries and wages	265,824	3,207,472	805,337
Operating supplies	225	404,832	107,022
Professional services	300,419	913,741	159,512
Utilities	-	201,684	83,456
Miscellaneous	53,268	2,083,061	276,956
Depreciation and amortization	607,392	757,206	167,010
	<u>1,227,128</u>	<u>7,567,996</u>	<u>1,599,293</u>
Total operating expenses			
	<u>1,227,128</u>	<u>7,567,996</u>	<u>1,599,293</u>
Operating income	<u>2,855,159</u>	<u>164,558</u>	<u>153,328</u>
Nonoperating revenues (expenses):			
Investment earning (loss)	44,693	4,946	4,702
Interest expense	(668,179)	(136,937)	(102,630)
Debt issuance costs	-	-	-
Gain (loss) on sale of capital assets	-	5,064	-
Miscellaneous	-	-	-
	<u>(623,486)</u>	<u>(126,927)</u>	<u>(97,928)</u>
Total nonoperating revenues (expenses)			
	<u>(623,486)</u>	<u>(126,927)</u>	<u>(97,928)</u>
Income before contributions and transfers	2,231,673	37,631	55,400
Transfers in	612	3,778	288
Transfers out	(303,182)	(55,990)	(5,004)
Capital contributions	-	2,375	-
	<u>1,929,103</u>	<u>(12,206)</u>	<u>50,684</u>
Change in net assets			
	<u>1,929,103</u>	<u>(12,206)</u>	<u>50,684</u>
Total net assets - beginning	25,202,873	12,257,608	1,669,822
Total net assets - ending	<u>\$ 27,131,976</u>	<u>\$ 12,245,402</u>	<u>\$ 1,720,506</u>

Solid Waste Management	Parking Facilities	Spectator Facilities Operating	Environmental Remediation	Headwaters Apartment Complex	Total
\$ 1,807,659	\$ 813,186	\$ 2,264,836	\$ 5,424,547	\$ 1,015,467	\$ 17,973,585
2,572,010	-	-	-	-	2,572,010
-	652,912	5,047,437	467,637	-	7,750,936
-	-	-	-	-	1,286,485
-	10,523,378	1,254,833	-	-	11,778,211
-	-	-	-	-	4,020,431
81,284	102,771	34,214	5,977	-	253,952
<u>4,460,953</u>	<u>12,092,247</u>	<u>8,601,320</u>	<u>5,898,161</u>	<u>1,015,467</u>	<u>45,635,610</u>
2,098,775	112,268	-	382,610	-	6,872,286
44,180	115,172	-	2,170	-	673,601
2,193,242	2,063,569	723,487	2,665,935	-	9,019,905
-	286	-	-	-	285,426
817,088	3,455,712	1,218,763	486,176	175	8,391,199
7,905	514,020	3,117,265	68,963	259,600	5,499,361
<u>5,161,190</u>	<u>6,261,027</u>	<u>5,059,515</u>	<u>3,605,854</u>	<u>259,775</u>	<u>30,741,778</u>
<u>(700,237)</u>	<u>5,831,220</u>	<u>3,541,805</u>	<u>2,292,307</u>	<u>755,692</u>	<u>14,893,832</u>
11,558	49,159	45,880	36,702	2,803	200,443
(33,411)	(584,757)	(2,576,787)	(771)	(708,073)	(4,811,545)
-	-	(259,488)	-	-	(259,488)
-	-	(200,169)	-	-	(195,105)
-	-	(95,273)	-	-	(95,273)
<u>(21,853)</u>	<u>(535,598)</u>	<u>(3,085,837)</u>	<u>35,931</u>	<u>(705,270)</u>	<u>(5,160,968)</u>
(722,090)	5,295,622	455,968	2,328,238	50,422	9,732,864
70,787	385	104	-	254,335	330,289
(8,071)	(5,545,186)	(104,214)	(185)	-	(6,021,832)
-	-	1,859,169	-	-	1,861,544
<u>(659,374)</u>	<u>(249,179)</u>	<u>2,211,027</u>	<u>2,328,053</u>	<u>304,757</u>	<u>5,902,865</u>
<u>3,255,826</u>	<u>14,830,689</u>	<u>56,273,836</u>	<u>5,164,421</u>	<u>16,228</u>	<u>118,671,303</u>
<u>\$ 2,596,452</u>	<u>\$ 14,581,510</u>	<u>\$ 58,484,863</u>	<u>\$ 7,492,474</u>	<u>\$ 320,985</u>	<u>\$ 124,574,168</u>

City of Portland, Oregon
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2012

	Health Insurance Operating	Facilities Services Operating	CityFleet Operating
Operating revenues:			
Service charges and fees	\$ 47,686,238	\$ 22,182,502	\$ 27,640,721
Rents and reimbursements	-	1,461,900	-
Miscellaneous	898,213	749,725	121,971
	<u>48,584,451</u>	<u>24,394,127</u>	<u>27,762,692</u>
Total operating revenues			
Operating expenses:			
Salaries and wages	1,141,968	3,293,753	6,652,537
Operating supplies	8,163	856,661	8,975,530
Professional services	1,291,375	3,599,436	1,229,475
Utilities	-	3,135,985	32,871
Claims	48,135,210	-	187
Utility license fees	-	-	-
Miscellaneous	2,927,871	9,749,333	1,942,644
Depreciation and amortization	-	3,153,975	5,408,454
	<u>53,504,587</u>	<u>23,789,143</u>	<u>24,241,698</u>
Total operating expenses			
Operating income (loss)	<u>(4,920,136)</u>	<u>604,984</u>	<u>3,520,994</u>
Nonoperating revenues(expenses):			
Investment earning (loss)	70,440	263,757	114,406
Interest expense	(19,860)	(1,424,321)	(251,337)
Debt issuance costs	-	(189,027)	-
Gain (loss) on sale of capital assets	-	-	141,662
	<u>50,580</u>	<u>(1,349,591)</u>	<u>4,731</u>
Total non-operating revenues (expenses)			
Income before contributions and transfers	(4,869,556)	(744,607)	3,525,725
Transfers in	3,897	5,451,607	2,620
Transfers out	(446,299)	(547,583)	(194,256)
Capital contributions	-	-	-
	<u>(5,311,958)</u>	<u>4,159,417</u>	<u>3,334,089</u>
Change in net assets			
Total net assets - beginning	<u>13,714,555</u>	<u>98,675,896</u>	<u>52,948,303</u>
Total net assets - ending	<u>\$ 8,402,597</u>	<u>\$ 102,835,313</u>	<u>\$ 56,282,392</u>

Printing and Distribution Services Operating	Insurance and Claims Operating	Workers' Compensation Self Insurance Operating	Technology Services	Enterprise Business Solutions Services	Total
\$ 6,477,693	\$ 10,616,161	\$ 3,659,121	\$ 48,373,017	\$ 12,517,743	\$ 179,153,196
-	-	-	-	-	1,461,900
68,873	105,347	200,984	501,323	825	2,647,261
<u>6,546,566</u>	<u>10,721,508</u>	<u>3,860,105</u>	<u>48,874,340</u>	<u>12,518,568</u>	<u>183,262,357</u>
1,883,712	1,159,600	1,037,529	24,672,938	2,277,420	42,119,457
516,849	3,249	34,080	1,086,528	177,793	11,658,853
1,051,861	3,689,024	980,426	5,943,994	5,602,870	23,388,461
190	-	-	55,517	-	3,224,563
-	2,865,534	1,985,412	-	-	52,986,343
-	-	-	37,287	-	37,287
3,101,979	1,803,730	416,208	11,589,239	166,105	31,697,109
287,693	5,380	379	3,560,821	7,227,369	19,644,071
<u>6,842,284</u>	<u>9,526,517</u>	<u>4,454,034</u>	<u>46,946,324</u>	<u>15,451,557</u>	<u>184,756,144</u>
<u>(295,718)</u>	<u>1,194,991</u>	<u>(593,929)</u>	<u>1,928,016</u>	<u>(2,932,989)</u>	<u>(1,493,787)</u>
5,368	166,028	114,779	202,253	33,242	970,273
(85,173)	(46,933)	(43,901)	(330,215)	(661,518)	(2,863,258)
-	-	-	(486)	-	(189,513)
(67,575)	-	-	(669,548)	-	(595,461)
<u>(147,380)</u>	<u>119,095</u>	<u>70,878</u>	<u>(797,996)</u>	<u>(628,276)</u>	<u>(2,677,959)</u>
(443,098)	1,314,086	(523,051)	1,130,020	(3,561,265)	(4,171,746)
888	1,043	1,620	657,357	253,710	6,372,742
(498,585)	(52,765)	(50,766)	(12,417,146)	(25,000)	(14,232,400)
-	-	-	5,245,126	-	5,245,126
<u>(940,795)</u>	<u>1,262,364</u>	<u>(572,197)</u>	<u>(5,384,643)</u>	<u>(3,332,555)</u>	<u>(6,786,278)</u>
1,757,957	13,047,572	11,040,520	55,679,172	2,771,742	249,635,717
<u>\$ 817,162</u>	<u>\$ 14,309,936</u>	<u>\$ 10,468,323</u>	<u>\$ 50,294,529</u>	<u>\$ (560,813)</u>	<u>\$ 242,849,439</u>

City of Portland, Oregon
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2012

	Hydroelectric Power	Golf	Portland International Raceway
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,020,431	\$ 7,765,827	\$ 1,752,621
Receipts from interfund services provided	61,856	-	-
Payments to suppliers	(88,399)	(3,015,195)	(545,719)
Payments to employees	(251,162)	(3,108,523)	(775,323)
Payments for interfund services used	(262,748)	(710,769)	(139,014)
Other receipts (payments)	-	-	-
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by operating activities	3,479,978	931,340	292,565
	<hr/>	<hr/>	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	612	1,992	288
Transfers out	(303,182)	(55,990)	(5,004)
	<hr/>	<hr/>	<hr/>
Net cash used by noncapital financing activities	(302,570)	(53,998)	(4,716)
	<hr/>	<hr/>	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of bonds and notes	-	-	-
Premium on notes and bonds issued	-	-	-
Sale of capital assets	-	5,064	-
Acquisition of capital assets	-	(363,420)	-
Principal paid on bonds, notes and capital leases	(2,053,850)	(1,568,311)	(203,920)
Interest paid on bonds, notes and capital leases	(673,156)	(113,941)	(92,946)
Bond issuance costs	-	-	-
	<hr/>	<hr/>	<hr/>
Net cash used by capital related financing activities	(2,727,006)	(2,040,608)	(296,866)
	<hr/>	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earning (loss) on investments	(2,021)	10,611	5,439
	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	448,381	(1,152,655)	(3,578)
	<hr/>	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, July 1, 2011	14,081,401	2,134,040	694,442
	<hr/>	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, June 30, 2012	\$ 14,529,782	\$ 981,385	\$ 690,864
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of cash and cash equivalents to the Statement of Net Assets:			
Unrestricted cash and cash equivalents	\$ 92,351	\$ 981,385	\$ 690,864
Restricted cash and cash equivalents	14,437,431	-	-
	<hr/>	<hr/>	<hr/>
Total cash and cash equivalents	\$ 14,529,782	\$ 981,385	\$ 690,864
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Solid Waste Management	Parking Facilities	Spectator Facilities Operating	Environmental Remediation	Headwaters Apartments	Total
\$ 4,526,862	\$ 9,260,537	\$ 8,545,027	\$ 5,167,592	\$ 798,525	\$ 41,837,422
9,305	753,563	-	435,569	-	1,260,293
(1,638,471)	(1,947,096)	(2,318,062)	(3,768,942)	(175)	(13,322,059)
(2,064,858)	(112,268)	-	(393,006)	-	(6,705,140)
(1,624,519)	(2,122,802)	(702,225)	(881,901)	-	(6,443,978)
(12,070)	-	-	-	-	(12,070)
(803,751)	5,831,934	5,524,740	559,312	798,350	16,614,468
70,787	385	104	-	254,335	328,503
(8,071)	(5,545,186)	(104,214)	(185)	-	(6,021,832)
62,716	(5,544,801)	(104,110)	(185)	254,335	(5,693,329)
-	-	12,000,000	-	-	12,000,000
-	-	142,208	-	-	142,208
-	-	10,000	-	-	15,064
-	(1,372,260)	(379,736)	-	-	(2,115,416)
(22,454)	(1,210,000)	(15,900,000)	(518)	(254,999)	(21,214,052)
(16,221)	(665,375)	(2,679,076)	(373)	(531,748)	(4,772,836)
-	-	(259,488)	-	-	(259,488)
(38,675)	(3,247,635)	(7,066,092)	(891)	(786,747)	(16,204,520)
16,997	60,865	58,255	32,383	1,306	183,835
(762,713)	(2,899,637)	(1,587,207)	590,619	267,244	(5,099,546)
2,793,587	8,251,772	8,398,480	5,332,780	285,299	41,971,801
\$ 2,030,874	\$ 5,352,135	\$ 6,811,273	\$ 5,923,399	\$ 552,543	\$ 36,872,255
\$ 2,030,874	\$ 5,352,135	\$ 6,811,273	\$ 5,923,399	\$ 298,208	\$ 22,180,489
-	-	-	-	254,335	14,691,766
\$ 2,030,874	\$ 5,352,135	\$ 6,811,273	\$ 5,923,399	\$ 552,543	\$ 36,872,255

Continued next page

City of Portland, Oregon
Nonmajor Enterprise Funds
Combining Statement of Cash Flows, Continued
For the Year Ended June 30, 2012

	<u>Hydroelectric Power</u>	<u>Golf</u>	<u>Portland International Raceway</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 2,855,159	\$ 164,558	\$ 153,328
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization of capital assets	607,392	757,206	167,010
Change in assets and liabilities:			
Accounts, contracts receivable, advances and assessments	8,615	103,674	13,553
Due (from) to other funds	-	-	-
Internal loans receivable	-	-	-
Accounts payable	2,765	(108,095)	(57,787)
Compensated absences	5,570	17,669	13,855
Unearned revenue	-	(14,551)	-
Other postemployment benefits	477	10,879	2,606
Pollution remediation	-	-	-
Net cash provided (used) by operating activities	<u>\$ 3,479,978</u>	<u>\$ 931,340</u>	<u>\$ 292,565</u>
<u>Non-Noncash information</u>			
Non-operating prepaid PERS amortization	\$ (8,615)	\$ (70,401)	\$ (13,553)
Capital contribution	-	2,375	-
Increase (decrease) in fair value of investments (classified as cash equivalents)	392	(4,008)	(69)

<u>Solid Waste Management</u>	<u>Parking Facilities</u>	<u>Spectator Facilities Operating</u>	<u>Environmental Remediation</u>	<u>Headwaters Apartment Complex</u>	<u>Total</u>
\$ (700,237)	\$ 5,831,220	\$ 3,541,805	\$ 2,292,307	\$ 755,692	\$ 14,893,832
7,905	514,020	3,117,265	68,963	259,600	5,499,361
85,006	(2,078,147)	(56,293)	506	-	(1,923,086)
-	-	-	-	(216,942)	(216,942)
-	-	-	(295,000)	-	(295,000)
(208,480)	1,574,280	(1,078,037)	88,438	-	213,084
5,329	-	-	(11,683)	-	30,740
-	(9,439)	-	-	-	(23,990)
6,726	-	-	781	-	21,469
-	-	-	(1,585,000)	-	(1,585,000)
<u>\$ (803,751)</u>	<u>\$ 5,831,934</u>	<u>\$ 5,524,740</u>	<u>\$ 559,312</u>	<u>\$ 798,350</u>	<u>\$ 16,614,468</u>
\$ (21,862)	\$ -	\$ -	\$ (506)	\$ -	\$ (114,937)
-	-	1,859,169	-	-	1,861,544
(2,766)	(2,846)	(5,970)	2,503	865	(11,899)

City of Portland, Oregon
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2012

	Health Insurance Operating	Facilities Services Operating	CityFleet Operating
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 48,395,701	\$ 1,174,705	\$ 272,662
Receipts from interfund services	188,750	23,475,744	27,482,256
Payments to suppliers	(49,945,556)	(13,827,288)	(10,572,879)
Payments to employees	(1,115,801)	(3,205,389)	(6,473,651)
Payments for interfund services used	(933,787)	(3,586,170)	(2,366,953)
	<u>(3,410,693)</u>	<u>4,031,602</u>	<u>8,341,435</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	3,897	5,451,607	2,620
Transfers out	(446,299)	(547,583)	(194,256)
	<u>(442,402)</u>	<u>4,904,024</u>	<u>(191,636)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sales of bond, notes and loans	-	27,223,650	-
Premium on bonds, notes and loans issued	-	2,376,111	-
Sale of capital assets	-	-	809,917
Acquisition of capital assets	-	(9,986,289)	(7,862,797)
Principal paid on bonds, notes and capital leases	(13,347)	(13,269,880)	(168,912)
Interest paid on bonds, notes and capital leases	(9,642)	(1,543,898)	(122,023)
Bond issuance costs	-	(189,027)	-
	<u>(22,989)</u>	<u>4,610,667</u>	<u>(7,343,815)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	57,141	262,350	132,901
	<u>57,141</u>	<u>262,350</u>	<u>132,901</u>
Net cash provided by (used for) investing activities	57,141	262,350	132,901
Net increase (decrease) in cash and cash equivalent	(3,818,943)	13,808,643	938,885
CASH AND CASH EQUIVALENTS, July 1, 2011	<u>18,993,335</u>	<u>29,197,165</u>	<u>19,201,465</u>
CASH AND CASH EQUIVALENTS, June 30, 2012	<u>\$ 15,174,392</u>	<u>\$ 43,005,808</u>	<u>\$ 20,140,350</u>
Reconciliation of cash and cash equivalents to the Statement of Net Assets:			
Unrestricted cash and cash equivalents	\$ 15,174,392	\$ 27,813,600	\$ 20,140,350
Restricted cash and cash equivalents	-	15,192,208	-
Total cash and cash equivalents	<u>\$ 15,174,392</u>	<u>\$ 43,005,808</u>	<u>\$ 20,140,350</u>

Printing and Distribution Services Operating	Insurance and Claims Operating	Workers' Compensation Self Insurance Operating	Technology Services	Enterprise Business Solutions Services	Total
\$ 1,147,504	\$ 426,228	\$ 200,984	\$ 4,774,712	\$ 825	\$ 56,393,321
5,466,454	10,616,161	3,659,121	43,238,677	12,517,743	126,644,906
(3,888,873)	(4,659,399)	(2,577,093)	(13,145,802)	(1,629,556)	(100,246,446)
(1,815,944)	(1,121,571)	(999,497)	(24,400,007)	(2,316,462)	(41,448,322)
(1,048,266)	(2,880,130)	(757,185)	(5,548,396)	(4,529,995)	(21,650,882)
<u>(139,125)</u>	<u>2,381,289</u>	<u>(473,670)</u>	<u>4,919,184</u>	<u>4,042,555</u>	<u>19,692,577</u>
888	1,043	1,620	657,357	253,710	6,372,742
(498,585)	(52,765)	(50,766)	(12,331,099)	(25,000)	(14,146,353)
<u>(497,697)</u>	<u>(51,722)</u>	<u>(49,146)</u>	<u>(11,673,742)</u>	<u>228,710</u>	<u>(7,773,611)</u>
-	-	-	86,350	-	27,310,000
-	-	-	2,416	-	2,378,527
-	-	-	-	-	809,917
(79,848)	-	-	(3,249,843)	20,578	(21,158,199)
(57,241)	(31,541)	(29,503)	(1,732,756)	(3,505,000)	(18,808,180)
(41,350)	(22,785)	(21,314)	(222,388)	(888,763)	(2,872,163)
-	-	-	(486)	-	(189,513)
<u>(178,439)</u>	<u>(54,326)</u>	<u>(50,817)</u>	<u>(5,116,707)</u>	<u>(4,373,185)</u>	<u>(12,529,611)</u>
8,898	184,076	135,393	255,669	39,400	1,075,828
8,898	184,076	135,393	255,669	39,400	1,075,828
(806,363)	2,459,317	(438,240)	(11,615,596)	(62,520)	465,183
2,026,886	24,635,699	19,079,018	43,760,340	4,394,615	161,288,523
<u>\$ 1,220,523</u>	<u>\$ 27,095,016</u>	<u>\$ 18,640,778</u>	<u>\$ 32,144,744</u>	<u>\$ 4,332,095</u>	<u>\$ 161,753,706</u>
\$ 1,220,523	\$ 27,095,016	\$ 18,640,778	\$ 32,144,744	\$ 4,332,095	\$ 146,561,498
-	-	-	-	-	15,192,208
<u>\$ 1,220,523</u>	<u>\$ 27,095,016</u>	<u>\$ 18,640,778</u>	<u>\$ 32,144,744</u>	<u>\$ 4,332,095</u>	<u>\$ 161,753,706</u>

Continued next page

City of Portland, Oregon
Internal Service Funds
Combining Statement of Cash Flows, Continued
For the Year Ended June 30, 2012

	<u>Health Insurance Operating</u>	<u>Facilities Services Operating</u>	<u>CityFleet Operating</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (4,920,136)	\$ 604,984	\$ 3,520,994
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and amortization of fixed assets	-	3,153,975	5,408,454
Change in assets and liabilities			
Accounts, contracts receivable, advances and assessments	12,995	355,779	156,682
Due (from) to other funds	-	(29,473)	-
Inventories	-	-	(20,430)
Accounts payable	678,038	(72,121)	(738,695)
Self insurance claims	805,238	-	-
Accrued compensated absences	10,732	9,867	(3,100)
Unearned revenue	-	478	-
Other postemployment benefits	2,440	8,513	17,530
Other accrued liabilities	-	(400)	-
Net cash provided by (used in) operating activities	<u><u>\$ (3,410,693)</u></u>	<u><u>\$ 4,031,602</u></u>	<u><u>\$ 8,341,435</u></u>
Noncash information:			
Prepaid PERS amortization	\$ (12,995)	\$ (69,984)	\$ (164,456)
Noncash capital contribution	-	-	-
Increase (decrease) in fair value of investments (classified as cash equivalents)	(12,133)	43,487	1,533

<u>Printing and Distribution Services Operating</u>	<u>Insurance and Claims Operating</u>	<u>Workers' Compensation Self Insurance Operating</u>	<u>Technology Services</u>	<u>Enterprise Business Solutions Services</u>	<u>Total</u>
\$ (295,718)	\$ 1,194,991	\$ (593,929)	\$ 1,928,016	\$ (2,932,989)	\$ (1,493,787)
287,693	5,380	379	3,560,821	7,227,369	19,644,071
73,529	351,590	28,725	(668,864)	-	310,436
49,594	-	-	3,373	-	23,494
-	-	-	(184,363)	-	(204,793)
(266,260)	659,656	(81,250)	202,730	(212,783)	169,315
-	162,352	163,098	-	-	1,130,688
6,604	3,999	7,701	28,003	(43,594)	20,212
-	-	-	-	-	478
5,433	3,321	1,606	49,468	4,552	92,863
-	-	-	-	-	(400)
<u>\$ (139,125)</u>	<u>\$ 2,381,289</u>	<u>\$ (473,670)</u>	<u>\$ 4,919,184</u>	<u>\$ 4,042,555</u>	<u>\$ 19,692,577</u>
\$ (55,731)	\$ (30,709)	\$ (28,725)	\$ (195,460)	\$ -	\$ (558,060)
-	-	-	5,245,126	-	5,245,126
(2,848)	6,137	(3,035)	(42,145)	(572)	(9,576)



Portland Waterfront Promenade

Fiduciary Funds

Pension Trust Funds:

Fire and Police Disability and Retirement Fund

This fund provides pension and benefits for members of the Fire Bureau and Police Bureau, their widows and children.

Fire and Police Disability and Retirement Reserve Fund

This fund is a reserve for the Fire and Police Disability and Retirement Fund in the event of an emergency.

Fire and Police Supplemental Retirement Reserve Fund

This fund is a reserve for supplemental retirement benefits to certain members of the Fire and Police Bureaus.

Agency Funds:

Cable Fund

This fund accounts for cable revenues and expenditures as required by an intergovernmental agreement with the Mt. Hood Cable Regulatory Commission.

Trustee Fund

This fund is a depository for monies paid to the City Treasurer, primarily for payment of obligations, and to guarantee performance of future services.

Multnomah County Business Income Tax Fund

This fund accounts for revenues and expenses associated with collection and disbursement of Multnomah County business income taxes.

Clearing Funds

These funds account for transfers from other funds to pay City payroll, benefits, accounts payable, internal transactions, and fire and police pension benefits.

City of Portland
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2012

	Fire and Police Disability and Retirement	Fire and Police Disability and Retirement Reserve	Fire and Police Supplemental Retirement Reserve	Total
ASSETS				
Current assets:				
Cash and investments	\$ 20,691,086	\$ 750,000	\$ 35,624	\$ 21,476,710
Receivables:				
Pension recovery	1,863,667	-	-	1,863,667
Accrued interest	179,019	-	119	179,138
Due from other funds	7,658,565	-	-	7,658,565
Prepaid expense	305,378	-	660	306,038
	<u>30,697,715</u>	<u>750,000</u>	<u>36,403</u>	<u>31,484,118</u>
Total current assets				
Capital assets:				
Construction in progress	138,434	-	-	138,434
Equipment	11,426	-	-	11,426
Intangible assets:				
Software	292,465	-	-	292,465
Accumulated depreciation and amortization	(288,026)	-	-	(288,026)
	<u>154,299</u>	<u>-</u>	<u>-</u>	<u>154,299</u>
Net capital assets				
Total assets	<u>30,852,014</u>	<u>750,000</u>	<u>36,403</u>	<u>31,638,417</u>
LIABILITIES				
Accounts payable	8,384,232	-	132	8,384,364
Compensated absences	643,822	-	-	643,822
Accrued interest payable	115,933	-	-	115,933
Bonds payable	456,512	-	-	456,512
Contingent pension liability	1,526,453	-	-	1,526,453
Other postemployment benefits	32,960	-	-	32,960
	<u>11,159,912</u>	<u>-</u>	<u>132</u>	<u>11,160,044</u>
Total liabilities				
NET ASSETS				
Invested in capital assets, net of related debt	154,299	-	-	154,299
Held in trust for pension benefits	19,537,803	750,000	36,271	20,324,074
	<u>19,692,102</u>	<u>750,000</u>	<u>36,271</u>	<u>20,478,373</u>
Total net assets	<u>\$ 19,692,102</u>	<u>\$ 750,000</u>	<u>\$ 36,271</u>	<u>\$ 20,478,373</u>

City of Portland
Combining Statement of Fiduciary Net Assets
Agency Funds
For the Year Ended June 30, 2012

	Cable	Trustee	Multnomah County Business Income Tax	Clearing Funds	Total
ASSETS					
Cash and investments	\$ 5,352,685	\$ 6,496,853	\$ 638,739	\$ 20,042,878	\$ 32,531,155
Receivables:					
Accounts, net	1,580,448	46,685	-	237,308	1,864,441
Advances	864,793	-	-	-	864,793
Accrued interest	16,880	5,272	5,760	135	28,047
Due from component unit	-	2,828	-	-	2,828
	<u>7,814,806</u>	<u>6,551,638</u>	<u>644,499</u>	<u>20,280,321</u>	<u>35,291,264</u>
Total assets	\$ <u>7,814,806</u>	\$ <u>6,551,638</u>	\$ <u>644,499</u>	\$ <u>20,280,321</u>	\$ <u>35,291,264</u>
LIABILITIES					
Checks and accounts payable	\$ 357,187	\$ -	\$ -	\$ 3,023,964	\$ 3,381,151
Salaries and withholding taxes	-	-	-	15,134,665	15,134,665
Compensated absences	67,382	-	-	-	67,382
Due to other government	7,386,513	-	-	-	7,386,513
Other liabilities	-	6,551,638	644,499	2,121,692	9,317,829
Other postemployment benefits	3,724	-	-	-	3,724
	<u>7,814,806</u>	<u>6,551,638</u>	<u>644,499</u>	<u>20,280,321</u>	<u>35,291,264</u>
Total liabilities	\$ <u>7,814,806</u>	\$ <u>6,551,638</u>	\$ <u>644,499</u>	\$ <u>20,280,321</u>	\$ <u>35,291,264</u>

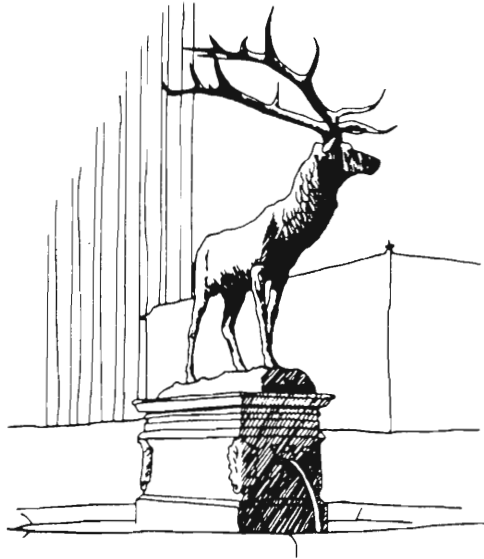
City of Portland
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
June 30, 2012

	Fire and Police Disability and Retirement	Fire and Police Disability and Retirement Reserve	Fire and Police Supplemental Retirement Reserve	Total
ADDITIONS				
Contributions:				
Employer	\$ 105,880,356	\$ -	\$ -	\$ 105,880,356
Pension recovery	54,738	-	-	54,738
Other	169,467	-	-	169,467
Total contributions	106,104,561	-	-	106,104,561
Investment earnings	257,054	-	254	257,308
Total additions	106,361,615	-	254	106,361,869
DEDUCTIONS				
Benefits and refunds paid to plan members and beneficiaries	108,208,555	-	8,109	108,216,664
Refunds	-	-	-	-
Administrative expenses	3,392,450	-	-	3,392,450
Total deductions	111,601,005	-	8,109	111,609,114
Change in net assets	(5,239,390)	-	(7,855)	(5,247,245)
Net assets - beginning	24,931,492	750,000	44,126	25,725,618
Net assets - ending	\$ <u>19,692,102</u>	\$ <u>750,000</u>	\$ <u>36,271</u>	\$ <u>20,478,373</u>

City of Portland, Oregon
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Cable				
Assets:				
Cash and investments	\$ 5,195,746	\$ 5,875,409	\$ 5,718,470	\$ 5,352,685
Receivables:				
Accounts, net	1,247,760	8,298,839	7,966,151	1,580,448
Advances	568,887	3,118,960	2,823,054	864,793
Accrued interest	20,600	34,324	38,044	16,880
Total assets	<u>\$ 7,032,993</u>	<u>\$ 17,327,532</u>	<u>\$ 16,545,719</u>	<u>\$ 7,814,806</u>
Liabilities:				
Checks and accounts payable	\$ 459,839	\$ 32,935,336	\$ 33,037,988	\$ 357,187
Compensated absences	72,889	40,245	45,752	67,382
Due to other government	6,497,693	7,386,513	6,497,693	7,386,513
Other postemployment benefits	2,572	2,869	1,717	3,724
Total liabilities	<u>\$ 7,032,993</u>	<u>\$ 40,364,963</u>	<u>\$ 39,583,150</u>	<u>\$ 7,814,806</u>
Trustee				
Assets:				
Cash and investments	\$ 5,640,464	\$ 39,614,150	\$ 38,757,761	\$ 6,496,853
Receivables:				
Accounts, net	4,493	686,081	643,889	46,685
Accrued interest	1,647	10,079	6,454	5,272
Due from component unit	-	2,828	-	2,828
Total assets	<u>\$ 5,646,604</u>	<u>\$ 40,313,138</u>	<u>\$ 39,408,104</u>	<u>\$ 6,551,638</u>
Total liabilities	<u>\$ 5,646,604</u>	<u>\$ 251,937,945</u>	<u>\$ 251,032,911</u>	<u>\$ 6,551,638</u>
Multnomah Co. Business Income Tax				
Assets:				
Cash and investments	\$ 683,889	\$ 58,295,562	\$ 58,340,712	\$ 638,739
Receivables:				
Accrued interest	6,108	9,705	10,053	5,760
Total assets	<u>\$ 689,997</u>	<u>\$ 58,305,267</u>	<u>\$ 58,350,765</u>	<u>\$ 644,499</u>
Total liabilities	<u>\$ 689,997</u>	<u>\$ 727,102,136</u>	<u>\$ 727,147,634</u>	<u>\$ 644,499</u>
Clearing				
Assets:				
Cash and investments	\$ 19,084,951	\$ 1,164,054,165	\$ 1,163,096,238	\$ 20,042,878
Receivables:				
Accounts, net	248,258	1,808,658,306	1,808,669,256	237,308
Accrued interest	187	320	372	135
Total assets	<u>\$ 19,333,396</u>	<u>\$ 2,972,712,791</u>	<u>\$ 2,971,765,866</u>	<u>\$ 20,280,321</u>
Liabilities:				
Checks and accounts payable	\$ 8,073,486	\$ 220,023,452	\$ 225,072,974	\$ 3,023,964
Salaries and withholding taxes	8,886,496	784,419,648	778,171,479	15,134,665
Other liabilities	2,373,414	388,847,767	389,099,489	2,121,692
Total liabilities	<u>\$ 19,333,396</u>	<u>\$ 1,393,290,867</u>	<u>\$ 1,392,343,942</u>	<u>\$ 20,280,321</u>
Total - All Agency Funds				
Assets:				
Cash and investments	\$ 30,605,050	\$ 1,267,839,286	\$ 1,265,913,181	\$ 32,531,155
Receivables:				
Accounts, net	1,500,511	1,817,643,226	1,817,279,296	1,864,441
Advances	568,887	3,118,960	2,823,054	864,793
Accrued interest	28,542	54,428	54,923	28,047
Due from component unit	-	2,828	-	2,828
Total assets	<u>\$ 32,702,990</u>	<u>\$ 3,088,658,728</u>	<u>\$ 3,086,070,454</u>	<u>\$ 35,291,264</u>
Liabilities:				
Checks and accounts payable	\$ 8,533,325	\$ 252,958,788	\$ 258,110,962	\$ 3,381,151
Salaries and withholding taxes	8,886,496	784,419,648	778,171,479	15,134,665
Compensated absences	72,889	40,245	45,752	67,382
Due to other government	6,497,693	7,386,513	6,497,693	7,386,513
Other liabilities	8,710,015	1,367,887,848	1,367,280,034	9,317,829
Other postemployment benefits	2,572	2,869	1,717	3,724
Total liabilities	<u>\$ 32,702,990</u>	<u>\$ 2,412,695,911</u>	<u>\$ 2,410,107,637</u>	<u>\$ 35,291,264</u>

Schedules of Revenues and Expenditures Governmental Funds - Budget and Actual



David P. Thompson Fountain, 1900

SCHED OF REV & EXPEND
GOVERNMENTAL FUNDS
BUDGET & ACTUAL

General Fund by Function Budget and Actual

This fund accounts for City financial resources not included in other funds. Principal revenue sources are property taxes, licenses, permits, interfund service billings, and federal and state shared revenues. Primary expenditures are: police protection, fire, rescue and emergency services, parks maintenance and recreation, and general administration.

City of Portland, Oregon
General Fund by Function
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Current year property taxes	\$ 193,087,513	\$ 193,087,513	\$ 189,626,070	\$ (3,461,443)
Prior year property taxes	4,144,317	4,144,317	4,357,152	212,835
Lodging taxes	15,248,600	15,248,600	17,836,176	2,587,576
Total taxes	212,480,430	212,480,430	211,819,398	(661,032)
Licenses and permits:				
Business licenses, net	67,386,974	67,386,974	72,926,005	5,539,031
Public utility licenses	52,815,822	52,815,822	52,498,486	(317,336)
Construction permits	970,000	970,000	1,454,544	484,544
Other permits	3,494,366	3,482,366	3,253,470	(228,896)
Total licenses and permits	124,667,162	124,655,162	130,132,505	5,477,343
Intergovernmental:				
Federal cost sharing	110,000	110,000	178,764	68,764
State revenue sharing	12,389,324	12,389,324	13,330,164	940,840
State cost sharing	30,000	30,000	52,746	22,746
Multnomah County cost sharing	1,746,461	1,821,461	1,476,301	(345,160)
Local revenue sharing	4,079,402	3,862,693	2,712,786	(1,149,907)
Local cost sharing	5,309,952	5,551,894	6,314,666	762,772
Grant revenue	788,553	927,141	730,405	(196,736)
Overhead charges	251,624	251,624	251,624	-
Total intergovernmental	24,705,316	24,944,137	25,047,456	103,319
Charges for services:				
Public works and utility charges	35,000	-	57,335	57,335
Inspection fees	1,200,000	1,200,000	980,157	(219,843)
Rents and reimbursements	3,888,839	4,111,881	3,932,082	(179,799)
Parking fees	321,204	256,000	320,648	64,648
Parks and recreation facilities fees	10,324,308	10,642,806	11,047,035	404,229
Other service charges	1,458,604	1,470,604	1,527,842	57,238
Total service charges and fees	17,227,955	17,681,291	17,865,099	183,808
Billings to other funds for services	24,570,210	24,989,257	23,330,723	(1,658,534)
Billings to other funds for overhead	24,655,158	24,655,158	24,653,330	(1,828)
Other:				
Loan repayments	-	-	825	825
Assessments	-	-	8,128	8,128
Sales - other	537,364	682,595	1,117,055	434,460
Refunds	201,000	201,000	80,112	(120,888)
Donations	-	79,805	143,598	63,793
Investment earnings	2,232,069	2,232,069	912,698	(1,319,371)
Payment in lieu of taxes	777,556	777,556	1,659,725	882,169
Fines	357,150	357,150	123,002	(234,148)
Miscellaneous	517,700	580,590	1,194,684	614,094
Total other	4,622,839	4,910,765	5,239,827	329,062
Total revenues	432,929,070	434,316,200	438,088,338	3,772,138

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City of Portland, Oregon
General Fund by Function, Continued
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current:				
Public Safety				
Portland Police Bureau				
Personal services	125,102,749	129,475,309	129,221,814	253,495
Materials and services	39,585,623	41,244,280	40,784,808	459,472
Total Portland Police Bureau	<u>164,688,372</u>	<u>170,719,589</u>	<u>170,006,622</u>	<u>712,967</u>
Portland Fire and Rescue				
Personal services	84,145,529	85,042,925	83,919,639	1,123,286
Materials and services	11,155,230	11,782,052	10,976,830	805,222
Total Portland Fire and Rescue	<u>95,300,759</u>	<u>96,824,977</u>	<u>94,896,469</u>	<u>1,928,508</u>
Portland Office of Emergency Management				
Personal services	1,168,637	1,168,637	1,161,739	6,898
Materials and services	601,090	601,090	561,958	39,132
Total Portland Office of Emergency Management	<u>1,769,727</u>	<u>1,769,727</u>	<u>1,723,697</u>	<u>46,030</u>
Total Public Safety	<u>261,758,858</u>	<u>269,314,293</u>	<u>266,626,788</u>	<u>2,687,505</u>
Parks, Recreation and Culture				
Portland Parks and Recreation				
Personal services	39,655,970	40,906,678	40,802,274	104,404
Materials and services	21,118,967	20,854,697	20,842,618	12,079
Total Portland Parks and Recreation	<u>60,774,937</u>	<u>61,761,375</u>	<u>61,644,892</u>	<u>116,483</u>
Total Parks, Recreation and Culture	<u>60,774,937</u>	<u>61,761,375</u>	<u>61,644,892</u>	<u>116,483</u>
Community Development				
Portland Housing Bureau				
Personal services	346,993	471,193	443,705	27,488
Materials and services	11,404,053	11,804,746	11,232,175	572,571
Total Portland Housing Bureau	<u>11,751,046</u>	<u>12,275,939</u>	<u>11,675,880</u>	<u>600,059</u>
Bureau of Planning and Sustainability				
Personal services	7,171,233	7,238,644	7,139,894	98,750
Materials and services	2,338,501	2,999,064	2,575,692	423,372
Total Bureau of Planning and Sustainability	<u>9,509,734</u>	<u>10,237,708</u>	<u>9,715,586</u>	<u>522,122</u>
Office of Community Technology				
Personal services	582,493	606,493	603,600	2,893
Materials and services	1,395,100	1,460,176	1,553,068	(92,892)
Total Office of Community Technology	<u>1,977,593</u>	<u>2,066,669</u>	<u>2,156,668</u>	<u>(89,999)</u>

Continued next page

City of Portland, Oregon
General Fund by Function, Continued
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES, Continued				
Current, Continued:				
Community Development, Continued:				
Office of Neighborhood Involvement				
Personal services	3,427,123	3,413,556	3,381,136	32,420
Materials and services	3,652,605	3,952,416	3,327,443	624,973
Total Office of Neighborhood Involvement	7,079,728	7,365,972	6,708,579	657,393
Portland Development Commission				
Materials and services	5,788,326	4,948,326	4,731,295	217,031
Total Portland Development Commission	5,788,326	4,948,326	4,731,295	217,031
Office of Equity & Human Rights				
Personal services	-	568,446	315,174	253,272
Materials and services	-	320,430	99,268	221,162
Total Office of Equity & Human Rights	-	888,876	414,442	474,434
Total Community Development	36,106,427	37,783,490	35,402,450	2,381,040
Legislative/ Admin/ Support Services				
Office of the City Attorney				
Personal services	8,049,019	8,149,019	8,003,606	145,413
Materials and services	1,529,400	1,393,400	1,124,347	269,053
Total Office of the City Attorney	9,578,419	9,542,419	9,127,953	414,466
Office of the City Auditor				
Personal services	4,939,032	5,094,032	5,080,266	13,766
Materials and services	4,201,665	4,169,728	3,729,466	440,262
Total Office of the City Auditor	9,140,697	9,263,760	8,809,732	454,028
Office of Government Relations				
Personal services	841,004	852,004	832,051	19,953
Materials and services	478,872	467,872	415,497	52,375
Total Office of Government Relations	1,319,876	1,319,876	1,247,548	72,328
Office of Human Relations				
Personal services	422,473	248,083	151,256	96,827
Materials and services	195,464	121,354	108,954	12,400
Total Office of Human Relations	617,937	369,437	260,210	109,227
Office of Management and Finance				
Personal services	28,145,894	27,661,962	26,849,944	812,018
Materials and services	17,498,262	11,122,067	9,836,937	1,285,130
Subtotal Office of Management and Finance	45,644,156	38,784,029	36,686,881	2,097,148
Special Appropriations				
Personal services	368,400	5,000	-	5,000
Materials and services	9,277,601	9,450,386	8,043,791	1,406,595
Total Special Appropriations	9,646,001	9,455,386	8,043,791	1,411,595
Total Office of Management and Finance	55,290,157	48,239,415	44,730,672	3,508,743

Continued next page

City of Portland, Oregon
General Fund by Function, Continued
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES, Continued				
Current, Continued:				
Legislative/ Admin/ Support Services, Continued:				
Office of the Mayor				
Personal services	2,433,829	2,306,829	2,303,309	3,520
Materials and services	1,762,937	2,333,932	1,670,961	662,971
Total Office of the Mayor	4,196,766	4,640,761	3,974,270	666,491
Commissioner of Public Affairs				
Personal services	1,049,850	1,013,850	989,069	24,781
Materials and services	517,527	1,423,723	651,895	771,828
Total Commissioner of Public Affairs	1,567,377	2,437,573	1,640,964	796,609
Commissioner of Public Safety				
Personal services	656,431	653,431	627,977	25,454
Materials and services	121,140	124,140	114,136	10,004
Total Commissioner of Public Safety	777,571	777,571	742,113	35,458
Commissioner of Public Utilities				
Personal services	757,300	752,300	703,239	49,061
Materials and services	139,040	144,040	131,641	12,399
Total Commissioner of Public Utilities	896,340	896,340	834,880	61,460
Commissioner of Public Works				
Personal services	784,606	749,606	693,494	56,112
Materials and services	137,984	148,984	144,153	4,831
Total Commissioner of Public Works	922,590	898,590	837,647	60,943
Total Legislative/ Admin/ Support Services	84,307,730	78,385,742	72,205,989	6,179,753
Nondepartmental				
General operating contingencies	15,794,535	5,228,499	-	5,228,499
Total Nondepartmental	15,794,535	5,228,499	-	5,228,499
Debt service and related costs:				
Principal	3,408,136	3,323,136	3,323,136	-
Interest	2,627,558	2,627,558	2,402,931	224,627
Total debt service and related costs	6,035,694	5,950,694	5,726,067	224,627
Capital outlay	250,000	1,713,821	830,082	883,739
Total expenditures	465,028,181	460,137,914	442,436,268	17,701,646
Revenues over (under) expenditures	(32,099,111)	(25,821,714)	(4,347,930)	21,473,784

Continued next page

City of Portland, Oregon
General Fund by Function, Continued
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Pension Debt Redemption	-	142,000	121,854	(20,146)
Development Services	57,000	-	-	-
Sewer System Operating	12,809,321	12,809,321	12,809,321	-
Water	5,159,207	5,159,207	4,775,103	(384,104)
Hydroelectric Power Operating	300,000	300,000	300,000	-
Golf	-	30,000	30,000	-
Parking Facilities	255,902	255,902	255,902	-
Spectator Facilities Operating	14,214	14,214	14,214	-
Health Insurance Operating	115,500	441,500	441,500	-
Facilities Services Operating	518,248	518,248	518,248	-
CityFleet Operating	114,167	114,167	114,167	-
Printing and Distribution Services Operating	278,115	278,115	278,114	(1)
Insurance and Claims Operating	30,069	30,069	30,069	-
Workers' Compensation Self Insurance Operating	27,771	27,771	27,771	-
Technology Services	7,833,883	519,634	523,921	4,287
Enterprise Business Solutions Services	-	25,000	25,000	-
Total transfers from other funds	<u>27,513,397</u>	<u>20,665,148</u>	<u>20,265,184</u>	<u>(399,964)</u>
Transfers to other funds:				
Transportation Operating	(9,704,258)	(9,066,632)	(9,066,632)	-
Emergency Communication	(12,727,650)	(12,709,542)	(12,709,542)	-
Development Services	(2,760,064)	(3,031,800)	(3,031,800)	-
General Reserve	(1,852,234)	(2,395,473)	(2,395,473)	-
Portland Parks Memorial Trust	(36,200)	(51,780)	(51,780)	-
Pension Debt Redemption	(1,194,443)	(1,194,443)	(1,194,443)	-
Governmental Bond Redemption	(1,273,149)	(1,273,149)	(1,273,149)	-
Local Improvement District Construction	(23,022)	(23,022)	(23,022)	-
Parks Capital Construction and Maintenance	(1,685,027)	(1,878,358)	(1,878,358)	-
Water	-	(5,430)	(5,430)	-
Facilities Services Operating	(3,541,220)	(3,778,220)	(3,778,220)	-
Technology Services	-	(95,411)	(95,411)	-
Enterprise Business Solutions Services	-	(248,000)	(248,000)	-
Total transfers to other funds	<u>(34,797,267)</u>	<u>(35,751,260)</u>	<u>(35,751,260)</u>	<u>-</u>
Internal loan proceeds	-	500,000	500,000	-
Internal loan remittances	-	(6,600,000)	(3,851,000)	2,749,000
Sale of capital asset	-	-	2,998	2,998
Total other financing sources (uses)	<u>(7,283,870)</u>	<u>(21,186,112)</u>	<u>(18,834,078)</u>	<u>2,352,034</u>
Net change in fund balance	<u>(39,382,981)</u>	<u>(47,007,826)</u>	<u>(23,182,008)</u>	<u>23,825,818</u>
Fund balance -- beginning	<u>39,382,981</u>	<u>47,007,826</u>	<u>47,007,826</u>	<u>-</u>
Fund balance -- ending	<u>\$ -</u>	<u>\$ -</u>	<u>23,825,818</u>	<u>\$ 23,825,818</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Reserve fund budgeted as separate fund			48,984,519	
Unrealized gain on investments			222,905	
Internal loans			3,851,000	
Inventories			367,454	
Fund balance - GAAP basis			<u>\$ 77,251,696</u>	



Rose Festival Fireworks

Special Revenue Funds

Budget and Actual

Assessment Collection Fund

This fund accounts for programs related to local improvement projects to protect the City from unpaid assessments. Revenues are derived from the sale of bonds and real property.

Emergency Communication Fund

This fund accounts for resources and expenditures related to emergency 911 services.

Development Services Fund

This fund accounts for revenues derived from planning and permit fees and for operation expenditures.

Property Management License Fund

This fund accounts for the activities of economic improvement districts. Revenues are derived from special assessments, administrative charges, interest on investments and collection fees.

Private for Hire Transportation Safety Fund

This fund was established to create and manage a grant program for the purchase and installation of cameras in Portland area taxicabs and other private for hire transportation vehicles.

Convention and Tourism Fund

This fund accounts for transient lodging tax revenues from hotel occupancy within the City. Expenditures are related to the promotion of convention business and tourism in the City.

General Reserve Fund

This fund accounts for counter-cyclical and emergency reserves for the General Fund.

Transportation Reserve Fund

This fund accounts for counter-cyclical and emergency reserves for the Office of Transportation.

Housing Investment Fund

This fund accounts for financing housing projects administered by the Livable Housing Council.

Parks Local Option Levy Fund

This fund was established to manage the five-year local option levy in support of Parks operation, maintenance, and capital programs.

Children's Investment Fund

This fund accounts for revenues and expenditures related to the Children's Levy, approved by Portland area voters in November 2002. The Children's Investment Fund shall be expended only for purposes of early childhood programs, child abuse prevention and intervention, and after school and mentoring programs for children.

Community Development Block Fund

This fund accounts for receipts and expenditures of Federal Housing and Community Development programs.

HOME Grant Fund

This fund accounts for federal entitlement grants received from the Home Investment Partnership Program. These funds are used for acquisition, rehabilitation and/or new construction of housing for low income and special needs persons.

Portland Parks Memorial Trust Fund

This fund accounts for monies held by the City in a trustee capacity with disbursements made in accordance with the trust agreements.

Tax Increment Reimbursement Fund

This fund was established to coincide with the creation of the Portland Housing Bureau to account for restricted tax increment financing that will now be received by the City to pay for certain functions that used to be done by the Portland Development Commission.

Police Special Revenue Fund

This fund was established to account for restricted or committed law enforcement revenues. By law, the Police Bureau may only spend asset forfeiture proceeds on certain functions such as drug enforcement and education. Other donations received are restricted to specific programs for which the contributions were provided.

City of Portland, Oregon
Assessment Collection Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Assessments	\$ 250	\$ 250	\$ 390	\$ 140
Investment earnings	750	750	2,230	1,480
	<u>1,000</u>	<u>1,000</u>	<u>2,620</u>	<u>1,620</u>
Total revenues				
EXPENDITURES				
Current:				
Materials and services	1,532	1,532	1,532	-
General operating contingencies	78,320	78,320	-	78,320
Overhead charges - General Fund	41	41	41	-
	<u>79,893</u>	<u>79,893</u>	<u>1,573</u>	<u>78,320</u>
Total expenditures				
Net change in fund balance	(78,893)	(78,893)	1,047	79,940
Fund balance - beginning	78,893	78,893	79,013	120
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	80,060	<u>\$ 80,060</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			266	
Fund balance - GAAP basis			<u>\$ 80,326</u>	

City of Portland, Oregon
Emergency Communication Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
State revenue sharing	\$ 3,000,000	\$ 3,000,000	\$ 2,872,387	\$ (127,613)
Local cost sharing	3,725,278	3,720,863	3,463,470	(257,393)
Charges for services:				
Other service charges	200,000	200,000	185,174	(14,826)
Billings to other funds for services	-	-	37	37
Other:				
Refunds	-	-	(292)	(292)
Investment earnings	50,000	50,000	21,139	(28,861)
Miscellaneous			14,449	14,449
Total revenues	<u>6,975,278</u>	<u>6,970,863</u>	<u>6,556,364</u>	<u>(414,499)</u>
EXPENDITURES				
Current:				
Personal services	14,076,415	13,714,817	13,187,185	527,632
Materials and services	4,514,072	5,218,734	4,927,833	290,901
General operating contingencies	2,641,966	3,646,857	-	3,646,857
Overhead charges - General Fund	584,183	584,183	584,183	-
Debt service and related costs:				
Principal	1,153,852	1,153,852	1,044,052	109,800
Interest	176,259	176,259	280,320	(104,061)
Total expenditures	<u>23,146,747</u>	<u>24,494,702</u>	<u>20,023,573</u>	<u>4,471,129</u>
Revenues over (under) expenditures	<u>(16,171,469)</u>	<u>(17,523,839)</u>	<u>(13,467,209)</u>	<u>4,056,630</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	12,727,650	12,709,542	12,709,542	-
Printing and Distribution Services Operating	1,551	1,551	1,551	-
Insurance and Claims Operating	586	586	586	-
Workers' Compensation Self Insurance				
Operating	1,276	1,276	1,276	-
Technology Services	4,369	175,824	175,824	-
Total transfers from other funds	<u>12,735,432</u>	<u>12,888,779</u>	<u>12,888,779</u>	<u>-</u>
Transfers to other funds:				
Pension Debt Redemption	(30,211)	(30,211)	(30,211)	-
Technology Services	(500,000)	(556,153)	(556,153)	-
Total transfers to other funds	<u>(530,211)</u>	<u>(586,364)</u>	<u>(586,364)</u>	<u>-</u>
Total other financing sources (uses)	<u>12,205,221</u>	<u>12,302,415</u>	<u>12,302,415</u>	<u>-</u>
Net change in fund balance	(3,966,248)	(5,221,424)	(1,164,794)	4,056,630
Fund balance - beginning	<u>3,966,248</u>	<u>5,221,424</u>	<u>5,221,427</u>	<u>3</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>4,056,633</u>	<u>\$ 4,056,633</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			7,888	
Fund balance - GAAP basis			<u>\$ 4,064,521</u>	

City of Portland, Oregon
Development Services Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Licenses and permits:				
Construction permits	\$ 17,192,394	\$ 17,942,394	\$ 21,379,042	\$ 3,436,648
Other permits	468,094	468,094	553,108	85,014
Intergovernmental:				
Grant revenue	-	5,000	4,215	(785)
Service charges and fees:				
Inspection fees	1,076,830	1,076,830	1,329,413	252,583
Other service charges	4,775,597	5,555,597	6,963,607	1,408,010
Billings to other funds for services	844,396	883,283	842,146	(41,137)
Other:				
Assessments	2,030,729	2,030,729	1,841,920	(188,809)
Investment earnings	-	-	428,802	428,802
Miscellaneous	-	-	6,771	6,771
Total revenues	<u>26,388,040</u>	<u>27,961,927</u>	<u>33,349,024</u>	<u>5,387,097</u>
EXPENDITURES				
Current:				
Personal services	19,015,310	19,216,653	18,353,847	862,806
Materials and services	8,928,297	9,362,200	7,097,502	2,264,698
General operating contingencies	1,336,640	1,064,017	-	1,064,017
Overhead charges - General Fund	2,021,350	2,021,350	2,021,350	-
Debt service and related costs:				
Principal	421,834	421,834	421,834	-
Interest	333,538	348,538	316,474	32,064
Debt issuance costs	-	15,000	7,221	7,779
Capital Outlay	-	10,000	3,520	6,480
Total expenditures	<u>32,056,969</u>	<u>32,459,592</u>	<u>28,221,748</u>	<u>4,237,844</u>
Revenues over (under) expenditures	<u>(5,668,929)</u>	<u>(4,497,665)</u>	<u>5,127,276</u>	<u>9,624,941</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
General	2,703,064	3,031,800	3,031,800	-
Transfer to other fund:				
Pension Debt Redemption	(151,622)	(151,622)	(151,622)	-
Loans issued	2,602,149	2,602,149	-	(2,602,149)
Internal loan remittances	-	(1,500,000)	(1,500,000)	-
Total other financing sources (uses)	<u>5,153,591</u>	<u>3,982,327</u>	<u>1,380,178</u>	<u>(2,602,149)</u>
Net change in fund balance	(515,338)	(515,338)	6,507,454	7,022,792
Fund balance - beginning	515,338	515,338	3,711,636	3,196,298
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	10,219,090	<u>\$ 10,219,090</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			31,565	
Fund balance - GAAP basis			<u>\$ 10,250,655</u>	

City of Portland, Oregon
Property Management License Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Licenses and permits:				
Business licenses, net	\$ 4,537,156	\$ 5,165,156	\$ 4,760,090	\$ (405,066)
Other permits	483,630	380	374	(6)
Charges for services:				
Other service charges	8,100	2,100	343	(1,757)
Other:				
Investment earnings	3,800	3,650	2,631	(1,019)
	<u>5,032,686</u>	<u>5,171,286</u>	<u>4,763,438</u>	<u>(407,848)</u>
Total revenues				
EXPENDITURES				
Current:				
Materials and services	<u>5,032,686</u>	<u>5,171,286</u>	<u>4,764,530</u>	<u>406,756</u>
Net change in fund balance	-	-	(1,092)	(1,092)
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>41,049</u>	<u>41,049</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	39,957	<u>\$ 39,957</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>209</u>	
Fund balance - GAAP basis			<u>\$ 40,166</u>	

City of Portland, Oregon
Private for Hire Transportation Safety Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ <u>1,200</u>	\$ <u>1,200</u>	\$ <u>1,405</u>	\$ <u>205</u>
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>1,405</u>	<u>205</u>
EXPENDITURES				
Current:				
Overhead charges - General Fund	<u>46</u>	<u>46</u>	<u>46</u>	<u>-</u>
Total expenditures	<u>46</u>	<u>46</u>	<u>46</u>	<u>-</u>
Net change in fund balance	1,154	1,154	1,359	205
Fund balance - beginning	<u>219,882</u>	<u>219,882</u>	<u>220,699</u>	<u>817</u>
Fund balance - ending	\$ <u><u>221,036</u></u>	\$ <u><u>221,036</u></u>	222,058	\$ <u><u>1,022</u></u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>738</u>	
Fund balance - GAAP basis			\$ <u>222,796</u>	

City of Portland, Oregon
Convention and Tourism Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes:				
Lodging taxes	\$ 3,049,720	\$ 3,625,720	\$ 3,522,932	\$ (102,788)
Other:				
Investment earnings	<u>3,000</u>	<u>3,900</u>	<u>3,834</u>	<u>(66)</u>
Total revenues	<u>3,052,720</u>	<u>3,629,620</u>	<u>3,526,766</u>	<u>(102,854)</u>
EXPENDITURES				
Current:				
Materials and services	3,034,531	3,611,431	3,543,829	67,602
Overhead charges - General Fund	<u>18,189</u>	<u>18,189</u>	<u>18,189</u>	<u>-</u>
Total expenditures	<u>3,052,720</u>	<u>3,629,620</u>	<u>3,562,018</u>	<u>67,602</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(35,252)</u>	<u>(35,252)</u>
Net change in fund balance	-	-	(35,252)	(35,252)
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>255,981</u>	<u>255,981</u>
Fund balance - ending	\$ <u>-</u>	\$ <u>-</u>	220,729	\$ <u>220,729</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>821</u>	
Fund balance - GAAP basis			\$ <u>221,550</u>	

City of Portland, Oregon
General Reserve Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other:				
Investment earnings	\$ 533,900	\$ 533,900	\$ 294,671	\$ (239,229)
EXPENDITURES				
Current:				
General operating contingencies	49,355,438	49,898,677	-	49,898,677
Revenues over (under) expenditures	(48,821,538)	(49,364,777)	294,671	49,659,448
OTHER FINANCING SOURCES				
Transfer from other fund:				
General	1,852,234	2,395,473	2,395,473	-
Total other financing uses	1,852,234	2,395,473	2,395,473	-
Net change in fund balance	(46,969,304)	(46,969,304)	2,690,144	49,659,448
Fund balance - beginning	46,969,304	46,969,304	46,294,375	(674,929)
Fund balance - ending	\$ -	\$ -	48,984,519	\$ 48,984,519
Adjustment to generally accepted accounting principles (GAAP) basis:				
General Reserve Fund budgeted as separate fund - to General Fund			(48,984,519)	
Fund balance - GAAP basis			\$ -	

City of Portland, Oregon
Transportation Reserve Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other:				
Investment earnings	\$ 9,000	\$ 9,000	\$ 8,687	\$ (313)
EXPENDITURES				
Current:				
General operating contingencies	2,516,292	16,292	-	16,292
Revenues over (under) expenditures	(2,507,292)	(7,292)	8,687	15,979
OTHER FINANCING SOURCES (USES)				
Internal loan proceeds	-	2,500,000	2,500,000	-
Internal loan remittances	-	(2,500,000)	(2,500,000)	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(2,507,292)	(7,292)	8,687	15,979
Fund balance - beginning	2,507,292	7,292	5,267	(2,025)
Fund balance - ending	\$ -	\$ -	13,954	\$ 13,954
Adjustment to generally accepted accounting principles (GAAP) basis:				
Transportation Reserve Fund budgeted as separate fund - to Transportation Operating Fund			(13,954)	
Fund balance - GAAP basis			\$ -	

City of Portland, Oregon
Housing Investment Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
State cost sharing	\$ 18,000	\$ 18,000	\$ -	\$ (18,000)
Multnomah County cost sharing	32,319	32,319	-	(32,319)
Local cost sharing	-	132,381	-	(132,381)
Local revenue sharing	-	-	214,914	214,914
Charges for services:				
Other service charges	260,800	269,800	383,746	113,946
Billings to other funds for services	-	4,000	-	(4,000)
Other:				
Loan repayments	711,345	711,345	1,424,271	712,926
Refunds	-	-	240	240
Investment earnings	10,000	10,000	522,973	512,973
Miscellaneous	-	-	25	25
Total revenues	<u>1,032,464</u>	<u>1,177,845</u>	<u>2,546,169</u>	<u>1,368,324</u>
EXPENDITURES				
Current:				
Personal services	727,370	730,225	668,830	61,395
Materials and services	8,461,934	8,978,061	1,605,728	7,372,333
General operating contingencies	795,249	638,167	-	638,167
Overhead charges - General Fund	67,666	67,666	67,666	-
Total expenditures	<u>10,052,219</u>	<u>10,414,119</u>	<u>2,342,224</u>	<u>8,071,895</u>
Revenues over (under) expenditures	<u>(9,019,755)</u>	<u>(9,236,274)</u>	<u>203,945</u>	<u>9,440,219</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
Printing and Distribution Services Operating	3,855	3,855	3,855	-
Transfer to other fund:				
Headwaters Apartment Complex	-	(254,335)	(254,335)	-
Loan proceeds	7,624,985	7,541,105	400,000	(7,141,105)
Total other financing sources (uses)	<u>7,628,840</u>	<u>7,290,625</u>	<u>149,520</u>	<u>(7,141,105)</u>
Net change in fund balance	<u>(1,390,915)</u>	<u>(1,945,649)</u>	<u>353,465</u>	<u>2,299,114</u>
Fund balance - beginning	<u>1,390,915</u>	<u>1,945,649</u>	<u>2,932,326</u>	<u>986,677</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>3,285,791</u>	<u>\$ 3,285,791</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			11,153	
Loans receivable			6,610,298	
Accrued interest receivable			328,681	
Fund balance - GAAP basis			<u>\$ 10,235,923</u>	

City of Portland, Oregon
Parks Local Option Levy Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes:				
Prior year property taxes	\$ 32,142	\$ 25,642	\$ 11,789	\$ (13,853)
Other:				
Investment earnings	-	21,150	24,328	3,178
Total revenues	<u>32,142</u>	<u>46,792</u>	<u>36,117</u>	<u>(10,675)</u>
EXPENDITURES				
Current:				
Personal services	384,311	394,304	394,304	-
Materials and services	578,307	568,314	562,764	5,550
General operating contingencies	3,197,449	2,899,669	-	2,899,669
Overhead charges - General Fund	18,450	18,450	18,450	-
Total expenditures	<u>4,178,517</u>	<u>3,880,737</u>	<u>975,518</u>	<u>2,905,219</u>
Revenues over (under) expenditures	<u>(4,146,375)</u>	<u>(3,833,945)</u>	<u>(939,401)</u>	<u>2,894,544</u>
OTHER FINANCING USES				
Transfer to other fund:				
Parks Capital Construction and Maintenance	-	(483,952)	(483,952)	-
Net change in fund balance	(4,146,375)	(4,317,897)	(1,423,353)	2,894,544
Fund balance - beginning	<u>4,146,375</u>	<u>4,317,897</u>	<u>4,317,897</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	2,894,544	<u>\$ 2,894,544</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			9,609	
Fund balance - GAAP basis			<u>\$ 2,904,153</u>	

City of Portland, Oregon
Children's Investment Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes:				
Current year property taxes	\$ 11,837,017	\$ 10,497,912	\$ 10,517,447	\$ 19,535
Prior year property taxes	330,385	330,385	268,466	(61,919)
Other:				
Investment earnings	50,000	36,000	36,759	759
Miscellaneous	-	-	3,803	3,803
	<u>12,217,402</u>	<u>10,864,297</u>	<u>10,826,475</u>	<u>(37,822)</u>
Total revenues				
EXPENDITURES				
Current:				
Personal services	448,184	458,184	452,082	6,102
Materials and services	15,025,827	14,280,310	13,575,466	704,844
General operating contingencies	6,011	368,941	-	368,941
Overhead charges - General Fund	25,000	25,000	25,000	-
	<u>15,505,022</u>	<u>15,132,435</u>	<u>14,052,548</u>	<u>1,079,887</u>
Total expenditures				
Revenues over (under) expenditures	<u>(3,287,620)</u>	<u>(4,268,138)</u>	<u>(3,226,073)</u>	<u>1,042,065</u>
OTHER FINANCING SOURCES				
Transfers from other funds:				
Printing and Distribution Services Operating	5,602	5,602	5,602	-
Insurance and Claims Operating	19	19	19	-
Workers' Compensation Self Insurance Operating	34	34	34	-
Technology Services	28	28	28	-
	<u>5,683</u>	<u>5,683</u>	<u>5,683</u>	<u>-</u>
Total transfers from other funds				
Net change in fund balance	(3,281,937)	(4,262,455)	(3,220,390)	1,042,065
Fund balance - beginning	<u>3,281,937</u>	<u>4,262,455</u>	<u>4,235,855</u>	<u>(26,600)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,015,465</u>	<u>\$ 1,015,465</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			13,038	
Fund balance - GAAP basis			<u>\$ 1,028,503</u>	

City of Portland, Oregon
Community Development Block Grant
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental:				
Grant revenue	\$ 13,148,352	\$ 14,631,361	\$ 5,733,959	\$ (8,897,402)
Service charges and fees:				
Other service charges	-	-	200	200
Other:				
Assessments	-	-	6,325	6,325
Investment earnings	-	-	55,138	55,138
Loan repayments	-	-	997,001	997,001
Miscellaneous	-	-	433	433
Total revenues	13,148,352	14,631,361	6,793,056	(7,838,305)
EXPENDITURES				
Current:				
Personal services	1,775,863	1,775,863	1,481,959	293,904
Materials and services	10,972,489	11,232,119	7,402,092	3,830,027
General operating contingencies	-	1,134,379	-	1,134,379
Debt service and related costs:				
Principal	383,000	472,000	234,000	238,000
Interest	-	-	155,357	(155,357)
Debt issuance costs	17,000	17,000	16,190	810
Total expenditures	13,148,352	14,631,361	9,289,598	5,341,763
Revenues over (under) expenditures	-	-	(2,496,542)	(2,496,542)
OTHER FINANCING SOURCES (USES)				
Internal loan proceeds	-	1,200,000	1,400,000	200,000
Total other financing sources (uses)	-	1,200,000	1,400,000	200,000
Net change in fund balance	-	1,200,000	(1,096,542)	(2,296,542)
Fund balance - beginning	-	-	1,143,733	1,143,733
Fund balance - ending	\$ -	\$ 1,200,000	47,191	\$ (1,152,809)
Adjustment to generally accepted accounting principles (GAAP) basis:				
Loans receivable			7,572,885	
Internal loans			(1,400,000)	
Accrued interest receivable			13,294	
Fund balance - GAAP basis			\$ 6,233,370	

City of Portland, Oregon
HOME Grant Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
Grant revenue	\$ 7,212,931	\$ 6,331,862	\$ 2,432,762	\$ (3,899,100)
Charges for services:				
Other service charges	-	-	1,401	1,401
Other:				
Loan repayments	-	-	243,643	243,643
Miscellaneous	-	-	23,033	23,033
Total revenues	<u>7,212,931</u>	<u>6,331,862</u>	<u>2,700,839</u>	<u>(3,631,023)</u>
EXPENDITURES				
Current:				
Personal services	384,077	384,077	367,338	16,739
Materials and services	6,828,854	4,883,470	3,578,135	1,305,335
General operating contingencies	-	1,064,315	-	1,064,315
Total expenditures	<u>7,212,931</u>	<u>6,331,862</u>	<u>3,945,473</u>	<u>2,386,389</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1,244,634)</u>	<u>(1,244,634)</u>
OTHER FINANCING SOURCES (USES)				
Internal loan proceeds	-	-	246,000	246,000
Net change in fund balance	-	-	(998,634)	(998,634)
Fund balance - beginning	-	-	998,925	998,925
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	291	<u>\$ 291</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Loans receivable			3,291,136	
Internal loans			(246,000)	
Accrued interest receivable			88,781	
Fund balance - GAAP basis			<u>\$ 3,134,208</u>	

City of Portland, Oregon
Portland Parks Memorial Trust Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Licenses and permits:				
Other permits	\$ 40,000	\$ 265,000	\$ 270,400	\$ 5,400
Intergovernmental:				
Grant revenue	-	-	-	-
Service charges and fees:				
Rents and reimbursements	159,100	40,000	44,514	4,514
Parks and recreation facilities fees	3,402	3,402	34,649	31,247
Other service charges	20,000	20,000	-	(20,000)
Other:				
Donations	724,550	735,550	614,140	(121,410)
Investment earnings	16,112	15,639	13,409	(2,230)
Miscellaneous	-	-	15,718	15,718
Total revenues	<u>963,164</u>	<u>1,079,591</u>	<u>992,830</u>	<u>(86,761)</u>
EXPENDITURES				
Current:				
Personal services	592,356	489,299	258,366	230,933
Materials and services	1,880,689	2,037,187	679,294	1,357,893
General operating contingencies	492,572	587,549	-	587,549
Capital outlay	19,025	18,947	-	18,947
Total expenditures	<u>2,984,642</u>	<u>3,132,982</u>	<u>937,660</u>	<u>2,195,322</u>
Revenues over (under) expenditures	<u>(2,021,478)</u>	<u>(2,053,391)</u>	<u>55,170</u>	<u>2,108,561</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	36,200	51,780	51,780	-
Water	-	5,000	5,000	-
Golf	53,600	-	-	-
Printing & Distribution Services Operating	325	325	325	-
Total transfers from other funds	<u>90,125</u>	<u>57,105</u>	<u>57,105</u>	<u>-</u>
Transfer to other fund:				
Parks Capital Construction and Maintenance	-	(93,212)	(93,212)	-
Total other financing sources (uses)	<u>90,125</u>	<u>(36,107)</u>	<u>(36,107)</u>	<u>-</u>
Net change in fund balance	(1,931,353)	(2,089,498)	19,063	2,108,561
Fund balance - beginning	<u>1,931,353</u>	<u>2,089,498</u>	<u>2,114,468</u>	<u>24,970</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>2,133,531</u>	<u>\$ 2,133,531</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			6,983	
Fund balance - GAAP basis			<u>\$ 2,140,514</u>	

City of Portland, Oregon
Tax Increment Reimbursement Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
Local revenue sharing	\$ 47,516,161	\$ 50,885,715	\$ 40,117,097	\$ (10,768,618)
Charges for services:				
Other service charges	-	-	15,623	15,623
Other:				
Loan repayments	4,468,762	4,468,762	7,531,155	3,062,393
Refunds	-	-	1,237	1,237
Investment earnings	-	-	1,073,845	1,073,845
Sales of Inventory	-	565,000	565,000	-
Miscellaneous	380,000	-	3,521	3,521
	<u>52,364,923</u>	<u>55,919,477</u>	<u>49,307,478</u>	<u>(6,611,999)</u>
Total revenues				
EXPENDITURES				
Current:				
Personal services	1,953,074	2,032,074	1,822,427	209,647
Materials and services	52,238,105	52,996,344	44,286,344	8,710,000
General operating contingencies	-	897,000	-	897,000
Overhead charges - General Fund	73,744	73,744	73,744	-
Debt service and related costs:				
Debt issuance costs	-	40,000	15,000	25,000
Capital outlay	-	1,563,882	-	1,563,882
	<u>54,264,923</u>	<u>57,603,044</u>	<u>46,197,515</u>	<u>11,405,529</u>
Total expenditures				
Revenues over (under) expenditures	<u>(1,900,000)</u>	<u>(1,683,567)</u>	<u>3,109,963</u>	<u>4,793,530</u>
OTHER FINANCING USES				
Sale of capital asset	<u>1,900,000</u>	<u>1,563,882</u>	<u>-</u>	<u>(1,563,882)</u>
Net change in fund balance	-	(119,685)	3,109,963	3,229,648
Fund balance - beginning	<u>-</u>	<u>119,685</u>	<u>2,290,667</u>	<u>2,170,982</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>5,400,630</u>	<u>\$ 5,400,630</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			17,375	
Accrued interest receivable			255,015	
Loans receivable			20,517,098	
Property held for resale			13,920,934	
Fund balance - GAAP basis			<u>\$ 40,111,052</u>	

City of Portland, Oregon
Police Special Revenue Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>				Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>		
REVENUES					
Intergovernmental:					
Federal cost sharing	\$ 400,000	\$ 435,785	\$ 730,175	\$	294,390
State revenue sharing	120,000	45,000	173,615		128,615
Other:					
Donations	160,000	199,215	153,405		(45,810)
Investment earnings	-	-	10,975		10,975
	<u>680,000</u>	<u>680,000</u>	<u>1,068,170</u>		<u>388,170</u>
Total revenues					
EXPENDITURES					
Current:					
Materials and services	1,850,009	1,991,768	489,159		1,502,609
Overhead charges - General Fund	4,991	4,991	4,991		-
Capital outlay	-	79,000	84,252		(5,252)
	<u>1,855,000</u>	<u>2,075,759</u>	<u>578,402</u>		<u>1,497,357</u>
Total expenditures					
Net change in fund balance	(1,175,000)	(1,395,759)	489,768		1,885,527
Fund balance - beginning	1,175,000	1,395,759	1,395,758		(1)
Fund balance - ending	\$ <u>-</u>	\$ <u>-</u>	1,885,526	\$	<u>1,885,526</u>
Adjustment to generally accepted accounting principles (GAAP) basis:					
Unrealized gain (loss) on investments			6,430		
Fund balance - GAAP basis			\$ 1,891,956		

Debt Service Funds Budget and Actual

River District Urban Renewal Area Debt Redemption Fund

This fund accounts for redemption of bonds issued for tax increment improvements to the River District Urban Renewal Area.

Bonded Debt Interest and Sinking Fund

This fund accounts for payment of principal and interest on general obligation bonded debt.

Downtown Waterfront Renewal Bond Sinking Fund

This fund accounts for payment of principal and interest on urban renewal bonds. Revenue is derived from sequestered taxes on property within the urban renewal area.

Interstate Corridor Debt Service Fund

This fund accounts for payment of principal and interest on bonds to be issued for activities associated with the Interstate Corridor Urban Renewal Area.

Pension Debt Redemption Fund

This fund accounts for resources and expenditures to pay principal and interest on the City's pension obligation bonds.

South Park Block Redemption Fund

This fund accounts for payment of principal and interest on urban renewal and redevelopment bonds. Revenue is derived from taxes on property within the South Park Blocks Urban Renewal Project Area.

Airport Way Debt Service Fund

This fund accounts for redemption of bonds to be issued for tax increment improvements to the Airport Way Urban Renewal Area.

Gas Tax Bond Redemption Fund

This fund accounts for redemption of bonds issued for certain street improvements.

Lents Town Center Urban Renewal Area Debt Redemption Fund

This fund accounts for redemption of bonds issued for tax increment improvements to the Lents Town Center Urban Renewal Area.

Central Eastside Industrial District Debt Service Fund

This fund accounts for redemption of bonds issued for tax increment improvements to the City's Central Eastside.

Bancroft Bond Interest and Sinking Fund

This fund accounts for transactions related to Bancroft bonding activity that are regulated by the I.R.S. code of 1986. The fund also provides segregated financial reporting of each bond issue subject to the provisions of this code.

Convention Center Area Debt Service Fund

This fund accounts for redemption of bonds issued for tax increment improvements to the Convention Center Urban Renewal Area.

North Macadam Urban Renewal Area Debt Redemption Fund

This fund accounts for tax increment revenues and debt service payments for activities associated with the North Macadam Urban Renewal Area.

Special Projects Debt Service Fund

This fund accounts for payment of principal and interest on bonds to be issued for a variety of special projects. These projects comprise only the Convention Center Expansion at this time.

Gateway Urban Renewal Area Debt Redemption Fund

This fund accounts for tax increment revenues and debt service payments for activities associated with the establishment of the Gateway Urban Renewal Area.

Willamette Industrial Urban Renewal Area Debt Service Fund

This fund is established to achieve a proper matching of revenues and expenditures related to the newly created Willamette Industrial Urban Renewal Area and to achieve compliance with Oregon Revised Statutes, which require that a separate fund be created for each urban renewal area.

Governmental Bond Redemption Fund

This fund accounts for payment of principal and interest on capital lease bond and note obligations.

City of Portland, Oregon
River District Urban Renewal Area Debt Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Current year property taxes	\$ 28,019,243	\$ 28,019,243	\$ 29,725,815	\$ 1,706,572
Prior year property taxes	577,000	577,000	616,567	39,567
Other:				
Investment earnings	107,605	107,605	136,036	28,431
Total revenues	28,703,848	28,703,848	30,478,418	1,774,570
EXPENDITURES				
Debt service and related costs:				
Principal	29,205,412	30,186,382	27,750,000	2,436,382
Interest	3,004,582	3,004,582	2,264,998	739,584
Total expenditures	32,209,994	33,190,964	30,014,998	3,175,966
Net change in fund balance	(3,506,146)	(4,487,116)	463,420	4,950,536
Fund balance - beginning	8,241,096	9,222,066	9,246,103	24,037
Fund balance - ending	\$ 4,734,950	\$ 4,734,950	9,709,523	\$ 4,974,573
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			30,475	
Fund balance - GAAP basis			\$ 9,739,998	

City of Portland, Oregon
Bonded Debt Interest and Sinking Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
REVENUES	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Taxes:				
Current year property taxes	\$ 10,472,890	\$ 10,472,890	\$ 10,513,674	\$ 40,784
Prior year property taxes	100,000	100,000	195,966	95,966
Other:				
Investment earnings	30,000	30,000	28,828	(1,172)
Total revenues	<u>10,602,890</u>	<u>10,602,890</u>	<u>10,738,468</u>	<u>135,578</u>
EXPENDITURES				
Debt service and related costs:				
Principal	7,790,000	7,790,000	7,790,000	-
Interest	2,887,890	2,887,890	2,887,890	-
Total expenditures	<u>10,677,890</u>	<u>10,677,890</u>	<u>10,677,890</u>	<u>-</u>
Net change in fund balance	(75,000)	(75,000)	60,578	135,578
Fund balance - beginning	<u>75,000</u>	<u>75,000</u>	<u>738,750</u>	<u>663,750</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	799,328	<u>\$ 799,328</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>2,068</u>	
Fund balance - GAAP basis			<u>\$ 801,396</u>	

City of Portland, Oregon
Downtown Waterfront Renewal Bond Sinking Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes:				
Current year property taxes	\$ 9,605,547	\$ 9,605,547	\$ 9,689,991	\$ 84,444
Prior year property taxes	337,000	337,000	243,764	(93,236)
Other:				
Investment earnings	81,860	81,860	67,965	(13,895)
Total revenues	<u>10,024,407</u>	<u>10,024,407</u>	<u>10,001,720</u>	<u>(22,687)</u>
EXPENDITURES				
Debt service and related costs:				
Principal	5,235,000	5,235,000	5,315,000	(80,000)
Interest	4,961,237	4,961,237	4,539,537	421,700
Debt issuance costs	-	-	217,653	(217,653)
Total expenditures	<u>10,196,237</u>	<u>10,196,237</u>	<u>10,072,190</u>	<u>124,047</u>
Revenues over (under) expenditures	<u>(171,830)</u>	<u>(171,830)</u>	<u>(70,470)</u>	<u>101,360</u>
OTHER FINANCING SOURCES (USES)				
Bonds and notes issued	-	-	30,370,000	30,370,000
Bonds and notes premium	-	-	3,028,972	3,028,972
Payments to refunded loan and bond escrow agent	-	-	(33,060,000)	(33,060,000)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>338,972</u>	<u>338,972</u>
Net change in fund balance	(171,830)	(171,830)	268,502	440,332
Fund balance - beginning	<u>6,718,271</u>	<u>6,718,271</u>	<u>7,092,502</u>	<u>374,231</u>
Fund balance - ending	<u>\$ 6,546,441</u>	<u>\$ 6,546,441</u>	<u>7,361,004</u>	<u>\$ 814,563</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>23,850</u>	
Fund balance - GAAP basis			<u>\$ 7,384,854</u>	

City of Portland, Oregon
Interstate Corridor Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes:				
Current year property taxes	\$ 13,179,581	\$ 13,396,076	\$ 13,683,150	\$ 287,074
Prior year property taxes	250,000	250,000	272,296	22,296
Other:				
Investment earnings	79,754	79,754	79,758	4
Total revenues	<u>13,509,335</u>	<u>13,725,830</u>	<u>14,035,204</u>	<u>309,374</u>
EXPENDITURES				
Debt service and related costs:				
Principal	12,487,626	13,330,196	11,175,000	2,155,196
Interest	4,303,294	4,303,294	3,176,357	1,126,937
Debt issuance costs	-	-	347,667	(347,667)
Total expenditures	<u>16,790,920</u>	<u>17,633,490</u>	<u>14,699,024</u>	<u>2,934,466</u>
Revenues over (under) expenditures	<u>(3,281,585)</u>	<u>(3,907,660)</u>	<u>(663,820)</u>	<u>3,243,840</u>
OTHER FINANCING SOURCES (USES)				
Bonds and notes issued	-	-	46,135,000	46,135,000
Payments to refunded loan and bond escrow agent	-	-	(43,353,021)	(43,353,021)
Bonds and notes discount	-	-	(82,485)	(82,485)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,699,494</u>	<u>2,699,494</u>
Net change in fund balance	<u>(3,281,585)</u>	<u>(3,907,660)</u>	<u>2,035,674</u>	<u>5,943,334</u>
Fund balance - beginning	<u>5,816,917</u>	<u>6,442,992</u>	<u>6,452,973</u>	<u>9,981</u>
Fund balance - ending	<u>\$ 2,535,332</u>	<u>\$ 2,535,332</u>	<u>8,488,647</u>	<u>\$ 5,953,315</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>27,427</u>	
Fund balance - GAAP basis			<u>\$ 8,516,074</u>	

City of Portland, Oregon
Pension Debt Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Other:				
Investment earnings	\$ -	\$ -	\$ 12,625	\$ 12,625
Miscellaneous	521,566	521,566	499,262	(22,304)
Total revenues	521,566	521,566	511,887	(9,679)
EXPENDITURES				
Current:				
Materials and services	142,000	-	-	-
Debt service and related costs:				
Principal	1,712,376	1,712,376	1,712,375	1
Interest	1,353,945	1,353,945	1,237,037	116,908
Debt issuance costs	403,434	403,434	369,784	33,650
Total expenditures	3,611,755	3,469,755	3,319,196	150,559
Revenues over (under) expenditures	(3,090,189)	(2,948,189)	(2,807,309)	140,880
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	1,194,443	1,194,443	1,194,443	-
Transportation Operating	583,965	583,965	583,965	-
Emergency Communication	30,211	30,211	30,211	-
Development Services	151,622	151,622	151,622	-
Local Improvement District Construction	10,814	10,814	10,814	-
Parks Capital Construction and Maintenance	14,637	14,637	14,637	-
Sewer System Operating	415,016	415,016	415,016	-
Water	431,037	431,037	431,037	-
Hydroelectric Power Operating	3,182	3,182	3,182	-
Golf	25,990	25,990	25,990	-
Portland International Raceway	5,004	5,004	5,004	-
Solid Waste Management	8,071	8,071	8,071	-
Environmental Remediation	185	185	185	-
Health Insurance Operating	4,799	4,799	4,799	-
Facilities Services Operating	25,835	25,835	25,835	-
CityFleet Operating	60,713	60,713	60,713	-
Printing and Distribution Services Operating	20,574	20,574	20,574	-
Insurance and Claims Operating	11,335	11,335	11,335	-
Workers' Compensation Self Insurance Operating	10,604	10,604	10,604	-
Technology Services	72,157	72,157	72,157	-
Fire and Police Disability and Retirement	6,472	6,472	6,472	-
Total transfers from other funds	3,086,666	3,086,666	3,086,666	-

Continued next page

City of Portland, Oregon
Pension Debt Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES), Continued:				
Transfer to other fund:				
General	-	(142,000)	(121,854)	20,146
Total other financing sources (uses)	3,086,666	2,944,666	2,964,812	20,146
Net change in fund balance	(3,523)	(3,523)	157,503	161,026
Fund balance - beginning	753,523	753,523	933,333	179,810
Fund balance - ending	<u>\$ 750,000</u>	<u>\$ 750,000</u>	1,090,836	<u>\$ 340,836</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			3,615	
Fund balance - GAAP basis			<u>\$ 1,094,451</u>	

City of Portland, Oregon
South Park Block Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Taxes:				
Current year property taxes	\$ 6,761,607	\$ 6,761,607	\$ 6,775,898	\$ 14,291
Prior year property taxes	210,000	210,000	170,654	(39,346)
Other:				
Investment earnings	131,837	131,837	71,364	(60,473)
Total revenues	<u>7,103,444</u>	<u>7,103,444</u>	<u>7,017,916</u>	<u>(85,528)</u>
EXPENDITURES				
Debt service and related costs:				
Principal	3,565,000	3,565,000	3,690,000	(125,000)
Interest	3,608,432	3,608,432	3,481,896	126,536
Debt issuance costs	-	-	319	(319)
Total expenditures	<u>7,173,432</u>	<u>7,173,432</u>	<u>7,172,215</u>	<u>1,217</u>
Net change in fund balance	(69,988)	(69,988)	(154,299)	(84,311)
Fund balance - beginning	<u>8,443,334</u>	<u>8,443,334</u>	<u>8,758,685</u>	<u>315,351</u>
Fund balance - ending	<u>\$ 8,373,346</u>	<u>\$ 8,373,346</u>	8,604,386	<u>\$ 231,040</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>28,168</u>	
Fund balance - GAAP basis			<u>\$ 8,632,554</u>	

City of Portland, Oregon
Airport Way Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u>
REVENUES			Amounts	Positive
Taxes:				(Negative)
Current year property taxes	\$ 5,259,991	\$ 5,259,991	\$ 5,342,303	\$ 82,312
Prior year property taxes	136,000	136,000	123,050	(12,950)
Other:				
Investment earnings	47,737	47,737	23,304	(24,433)
Total revenues	<u>5,443,728</u>	<u>5,443,728</u>	<u>5,488,657</u>	<u>44,929</u>
EXPENDITURES				
Debt service and related costs:				
Principal	3,675,000	3,675,000	3,675,000	-
Interest	1,916,500	1,916,500	1,916,500	-
Total expenditures	<u>5,591,500</u>	<u>5,591,500</u>	<u>5,591,500</u>	<u>-</u>
Net change in fund balance	(147,772)	(147,772)	(102,843)	44,929
Fund balance - beginning	<u>1,315,150</u>	<u>1,315,150</u>	<u>1,576,393</u>	<u>261,243</u>
Fund balance - ending	<u>\$ 1,167,378</u>	<u>\$ 1,167,378</u>	<u>1,473,550</u>	<u>\$ 306,172</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			4,562	
Fund balance - GAAP basis			<u>\$ 1,478,112</u>	

City of Portland, Oregon
Gas Tax Bond Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ -	\$ -	\$ 6,315	\$ 6,315
EXPENDITURES				
Debt service and related costs:				
Principal	905,000	905,000	905,000	-
Interest	175,710	175,710	166,491	9,219
Total expenditures	<u>1,080,710</u>	<u>1,080,710</u>	<u>1,071,491</u>	<u>9,219</u>
Revenues over (under) expenditures	<u>(1,080,710)</u>	<u>(1,080,710)</u>	<u>(1,065,176)</u>	<u>15,534</u>
OTHER FINANCING SOURCES				
Transfer from other fund:				
Transportation Operating	1,076,157	1,076,157	1,061,972	(14,185)
Bonds and notes issued	-	1,673,047	1,673,047	-
Total other financing sources	<u>1,076,157</u>	<u>2,749,204</u>	<u>2,735,019</u>	<u>(14,185)</u>
Net change in fund balance	(4,553)	1,668,494	1,669,843	1,349
Fund balance - beginning	<u>4,553</u>	<u>4,553</u>	<u>4,577</u>	<u>24</u>
Fund balance - ending	\$ <u>-</u>	\$ <u>1,673,047</u>	1,674,420	\$ <u>1,373</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			-	
Fund balance - GAAP basis			<u>\$ 1,674,420</u>	

City of Portland, Oregon
Lents Town Center Urban Renewal Area Debt Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
REVENUES	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Taxes:				
Current year property taxes	\$ 9,427,853	\$ 9,427,853	\$ 9,510,177	\$ 82,324
Prior year property taxes	200,000	200,000	203,205	3,205
Other:				
Investment earnings	46,501	46,501	45,523	(978)
Total revenues	<u>9,674,354</u>	<u>9,674,354</u>	<u>9,758,905</u>	<u>84,551</u>
EXPENDITURES				
Debt service and related costs:				
Principal	8,444,602	8,747,356	8,674,895	72,461
Interest	2,000,029	2,000,029	1,875,247	124,782
Total expenditures	<u>10,444,631</u>	<u>10,747,385</u>	<u>10,550,142</u>	<u>197,243</u>
Net change in fund balance	(770,277)	(1,073,031)	(791,237)	281,794
Fund balance - beginning	<u>3,802,869</u>	<u>4,105,623</u>	<u>4,115,681</u>	<u>10,058</u>
Fund balance - ending	<u>\$ 3,032,592</u>	<u>\$ 3,032,592</u>	3,324,444	<u>\$ 291,852</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			10,477	
Fund balance - GAAP basis			<u>\$ 3,334,921</u>	

City of Portland, Oregon
Central Eastside Industrial District Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes:				
Current year property taxes	\$ 5,038,303	\$ 5,038,303	\$ 5,152,363	\$ 114,060
Prior year property taxes	128,000	128,000	120,818	(7,182)
Other:				
Investment earnings	35,639	35,639	26,559	(9,080)
Total revenues	<u>5,201,942</u>	<u>5,201,942</u>	<u>5,299,740</u>	<u>97,798</u>
EXPENDITURES				
Debt service and related costs:				
Principal	3,385,717	3,549,038	3,536,161	12,877
Interest	1,834,362	1,834,362	1,773,044	61,318
Debt issuance costs	-	-	800	(800)
Total expenditures	<u>5,220,079</u>	<u>5,383,400</u>	<u>5,310,005</u>	<u>73,395</u>
Revenues over (under) expenditures	<u>(18,137)</u>	<u>(181,458)</u>	<u>(10,265)</u>	<u>171,193</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
Special Finance and Resource Fund	14,000	14,000	-	(14,000)
Total other financing sources (uses)	<u>14,000</u>	<u>14,000</u>	<u>-</u>	<u>(14,000)</u>
Net change in fund balance	(4,137)	(167,458)	(10,265)	157,193
Fund balance - beginning	<u>2,410,000</u>	<u>2,573,321</u>	<u>2,578,551</u>	<u>5,230</u>
Fund balance - ending	<u>\$ 2,405,863</u>	<u>\$ 2,405,863</u>	<u>2,568,286</u>	<u>\$ 162,423</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			8,222	
Fund balance - GAAP basis			<u>\$ 2,576,508</u>	

City of Portland, Oregon
Bancroft Bond Interest and Sinking Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Other:				
Assessments	\$ 5,102,825	\$ 5,102,825	\$ 5,729,873	\$ 627,048
Investment earnings	3,158,024	3,158,024	3,097,482	(60,542)
Total revenues	8,260,849	8,260,849	8,827,355	566,506
EXPENDITURES				
Debt service and related costs:				
Principal	4,850,000	4,850,000	4,885,000	(35,000)
Interest	2,488,193	2,488,193	2,541,352	(53,159)
Total expenditures	7,338,193	7,338,193	7,426,352	(88,159)
Revenues over (under) expenditures	922,656	922,656	1,401,003	478,347
OTHER FINANCING SOURCES (USES)				
Bonds and notes issued	-	-	2,512	2,512
Internal loan proceeds	-	1,500,000	1,500,000	-
Total other financing sources (uses)	-	1,500,000	1,502,512	2,512
Net change in fund balance	922,656	2,422,656	2,903,515	480,859
Fund balance - beginning	11,217,983	11,871,718	11,871,718	-
Fund balance - ending	\$ 12,140,639	\$ 14,294,374	14,775,233	\$ 480,859
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			46,862	
Internal loan distribution				
Fund balance - GAAP basis			\$ 14,822,095	

City of Portland, Oregon
Convention Center Area Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Taxes:				
Current year property taxes	\$ 9,782,772	\$ 9,782,772	\$ 9,837,248	\$ 54,476
Prior year property taxes	260,000	260,000	244,562	(15,438)
Other:				
Investment earnings	49,208	49,208	39,454	(9,754)
Total revenues	<u>10,091,980</u>	<u>10,091,980</u>	<u>10,121,264</u>	<u>29,284</u>
EXPENDITURES				
Debt service and related costs:				
Principal	9,036,644	9,555,378	8,825,000	730,378
Interest	3,353,792	3,353,792	1,946,261	1,407,531
Debt issuance costs	-	-	202,009	(202,009)
Total expenditures	<u>12,390,436</u>	<u>12,909,170</u>	<u>10,973,270</u>	<u>1,935,900</u>
Revenues over (under) expenditures	<u>(2,298,456)</u>	<u>(2,817,190)</u>	<u>(852,006)</u>	<u>1,965,184</u>
OTHER FINANCING SOURCES (USES)				
Bonds and notes issued	-	-	59,786,141	59,786,141
Bonds and notes premium	-	-	3,680,949	3,680,949
Payments to refunded loan and bond escrow agent	-	-	(63,001,141)	(63,001,141)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>465,949</u>	<u>465,949</u>
Net change in fund balance	<u>(2,298,456)</u>	<u>(2,817,190)</u>	<u>(386,057)</u>	<u>2,431,133</u>
Fund balance - beginning	<u>2,298,456</u>	<u>2,817,190</u>	<u>2,823,857</u>	<u>6,667</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>2,437,800</u>	<u>\$ 2,437,800</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>7,473</u>	
Fund balance - GAAP basis			<u>\$ 2,445,273</u>	

City of Portland, Oregon
North Macadam Urban Renewal Area Debt Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes:				
Current year property taxes	\$ 13,494,749	\$ 13,494,749	\$ 11,015,321	\$ (2,479,428)
Prior year property taxes	175,000	175,000	252,880	77,880
Other:				
Investment earnings	70,643	70,643	60,564	(10,079)
Total revenues	<u>13,740,392</u>	<u>13,740,392</u>	<u>11,328,765</u>	<u>(2,411,627)</u>
EXPENDITURES				
Debt service and related costs:				
Principal	10,860,000	11,245,106	8,486,845	2,758,261
Interest	2,885,392	2,885,392	2,805,747	79,645
Total expenditures	<u>13,745,392</u>	<u>14,130,498</u>	<u>11,292,592</u>	<u>2,837,906</u>
Revenues over (under) expenditures	<u>(5,000)</u>	<u>(390,106)</u>	<u>36,173</u>	<u>426,279</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
Special Finance and Resource Fund	5,000	5,000	-	(5,000)
Total other financing sources (uses)	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Net change in fund balance	-	(385,106)	36,173	421,279
Fund balance - beginning	4,965,650	5,350,756	5,358,245	7,489
Fund balance - ending	<u>\$ 4,965,650</u>	<u>\$ 4,965,650</u>	5,394,418	<u>\$ 428,768</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			17,253	
Fund balance - GAAP basis			<u>\$ 5,411,671</u>	

City of Portland, Oregon
Special Projects Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
Local revenue sharing	\$ 6,429,923	\$ 6,429,923	\$ 5,616,438	\$ (813,485)
Other:				
Assessments	216,320	216,320	87,831	(128,489)
Investment earnings	-	-	128,857	128,857
Total revenues	<u>6,646,243</u>	<u>6,646,243</u>	<u>5,833,126</u>	<u>(813,117)</u>
EXPENDITURES				
Debt service and related costs:				
Principal	1,755,181	1,755,181	2,585,181	(830,000)
Interest	4,887,062	4,887,062	5,716,834	(829,772)
Debt issuance costs	-	-	447,587	(447,587)
Total expenditures	<u>6,642,243</u>	<u>6,642,243</u>	<u>8,749,602</u>	<u>(2,107,359)</u>
Revenues over (under) expenditures	<u>4,000</u>	<u>4,000</u>	<u>(2,916,476)</u>	<u>(2,920,476)</u>
OTHER FINANCING SOURCES (USES)				
Refunding bond sales	-	-	68,330,000	68,330,000
Bonds and notes premium	-	-	10,533,152	10,533,152
Payments to refunded loan and bond escrow agent	-	-	(75,930,000)	(75,930,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,933,152</u>	<u>2,933,152</u>
Net change in fund balance	4,000	4,000	16,676	12,676
Fund balance - beginning	-	-	26,290	26,290
Fund balance - ending	<u>\$ 4,000</u>	<u>\$ 4,000</u>	42,966	<u>\$ 38,966</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			143	
Fund balance - GAAP basis			<u>\$ 43,109</u>	

City of Portland, Oregon
Gateway Urban Renewal Debt Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes:				
Current year property taxes	\$ 3,186,427	\$ 3,186,427	\$ 2,968,220	\$ (218,207)
Prior year property taxes	62,000	62,000	66,566	4,566
Other:				
Investment earnings	8,527	8,527	9,342	815
	<u>3,256,954</u>	<u>3,256,954</u>	<u>3,044,128</u>	<u>(212,826)</u>
Total revenues				
EXPENDITURES				
Debt service and related costs:				
Principal	3,230,453	3,409,924	2,846,099	563,825
Interest	276,051	276,051	91,370	184,681
	<u>3,506,504</u>	<u>3,685,975</u>	<u>2,937,469</u>	<u>748,506</u>
Total expenditures				
Net change in fund balance	(249,550)	(429,021)	106,659	535,680
Fund balance - beginning	249,550	429,021	429,691	670
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	\$ 536,350	<u>\$ 536,350</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			1,603	
Fund balance - GAAP basis			<u>\$ 537,953</u>	

City of Portland, Oregon
Willamette Industrial Urban Renewal Area Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Current year property taxes	\$ 1,188,759	\$ 1,188,759	\$ 716,696	\$ (472,063)
Prior year property taxes	13,000	13,000	21,201	8,201
Other:				
Investment earnings	3,155	3,155	4,394	1,239
Total revenues	1,204,914	1,204,914	742,291	(462,623)
EXPENDITURES				
Debt service and related costs:				
Principal	1,390,000	1,422,446	936,000	486,446
Interest	4,914	4,914	27	4,887
Total expenditures	1,394,914	1,427,360	936,027	491,333
Net change in fund balance	(190,000)	(222,446)	(193,736)	28,710
Fund balance - beginning	190,000	222,446	222,618	172
Fund balance - ending	\$ -	\$ -	28,882	\$ 28,882
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			41	
Fund balance - GAAP basis			\$ 28,923	

City of Portland, Oregon
Governmental Bond Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ -	\$ -	\$ 239	\$ 239
EXPENDITURES				
Debt service and related costs:				
Principal	805,000	805,000	805,000	-
Interest	468,149	468,149	468,149	-
	<u>1,273,149</u>	<u>1,273,149</u>	<u>1,273,149</u>	<u>-</u>
Total expenditures				
	<u>(1,273,149)</u>	<u>(1,273,149)</u>	<u>(1,272,910)</u>	<u>239</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
General	1,273,149	1,273,149	1,273,149	-
	<u>1,273,149</u>	<u>1,273,149</u>	<u>1,273,149</u>	<u>-</u>
Total transfer from other fund				
	<u>-</u>	<u>-</u>	<u>239</u>	<u>239</u>
Net change in fund balance	-	-	239	239
Fund balance - beginning	-	-	29,568	29,568
Fund balance - ending	\$ <u>-</u>	\$ <u>-</u>	29,807	\$ <u>29,807</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			-	
Fund balance - GAAP basis			\$ <u>29,807</u>	

Capital Projects Funds

Budget and Actual

Special Finance and Resource Fund

This fund serves as a staging area for bond proceeds to ensure proper presentation of City assets and liabilities. Bond proceeds are recorded in this fund and then transferred to the appropriate agency.

Bureau of Fire, Rescue and Emergency Services Facilities GO Bond Construction Fund

This fund accounts for revenues and expenditures associated with bond-funded capital projects for seismic and operational station upgrades, renovation and replacement of certain existing facilities, and building new fire, rescue and emergency facilities.

Local Improvement District Construction Fund

This fund accounts for financing and construction of improvements paid for, wholly or in part, from special assessments levied against benefited properties.

Parks Capital Construction and Maintenance Fund

This fund accounts for revenues and expenditures associated with capital projects funded by the March 1, 1995 Parks General Obligation bond issue.

Public Safety GO Bond Construction Fund

This fund accounts for revenues and expenditures associated with capital projects funded by the November 2, 2010 Public Safety General Obligation bond issue.

City of Portland, Oregon
Special Finance and Resource Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Other:				
Investment earnings	\$ -	\$ -	\$ 1,327	\$ 1,327
EXPENDITURES				
Current:				
Materials and services	111,670,742	149,345,742	133,787,307	15,558,435
Debt service and related costs:				
Debt issuance costs	649,258	2,149,258	386,711	1,762,547
Total expenditures	112,320,000	151,495,000	134,174,018	17,320,982
Revenues over (under) expenditures	(112,320,000)	(151,495,000)	(134,172,691)	17,322,309
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
Central Eastside Urban Renewal District	(14,000)	(14,000)	-	14,000
North Macadam Urban Renewal District	(5,000)	(5,000)	-	5,000
Bonds and notes issued	112,320,000	151,495,000	134,218,116	(17,276,884)
Total other financing sources (uses)	112,301,000	151,476,000	134,218,116	(17,257,884)
Net change in fund balance	(19,000)	(19,000)	45,425	64,425
Fund balance - beginning	19,000	19,000	84,412	65,412
Fund balance - ending	\$ -	\$ -	129,837	\$ 129,837
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			507	
Fund balance - GAAP basis			\$ 130,344	

City of Portland, Oregon
BFRES Facilities GO Bond Construction Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Other:				
Investment earnings	\$ 19,033	\$ 19,033	\$ 16,958	\$ (2,075)
Miscellaneous	-	-	10,738	10,738
Total revenues	19,033	19,033	27,696	8,663
EXPENDITURES				
Current:				
Materials and services	401,642	571,642	329,664	241,978
General operating contingencies	836,866	666,866	-	666,866
Overhead charges - General Fund	69,171	69,171	69,171	-
Capital outlay	2,054,867	2,054,867	1,462,975	591,892
Total expenditures	3,362,546	3,362,546	1,861,810	1,500,736
Net change in fund balance	(3,343,513)	(3,343,513)	(1,834,114)	1,509,399
Fund balance - beginning	3,343,513	3,343,513	3,550,264	206,751
Fund balance - ending	\$ -	\$ -	1,716,150	\$ 1,716,150
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			-	
Fund balance - GAAP basis			\$ 1,716,150	

City of Portland, Oregon
Local Improvement District Construction Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive Negative
	Original	Final	Actual Amounts	
REVENUES				
Service charges and fees:				
Other service charges	\$ 773,500	\$ 773,500	\$ 954,111	\$ 180,611
Other:				
Assessments	372,370	372,370	313,365	(59,005)
Investment earnings	62,237	62,237	102,901	40,664
Total revenues	1,208,107	1,208,107	1,370,377	162,270
EXPENDITURES				
Current:				
Materials and services	1,417,330	1,519,330	1,384,028	135,302
General operating contingencies	4,113,232	3,937,217	-	3,937,217
Debt service and related costs:				
Principal	4,057,196	2,555,095	2,270,786	284,309
Interest	118,790	118,790	124,288	(5,498)
Debt issuance costs	15,000	40,000	45,901	(5,901)
Total expenditures	9,721,548	8,170,432	3,825,003	4,345,429
Revenues over (under) expenditures	(8,513,441)	(6,962,325)	(2,454,626)	4,507,699
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
General	23,022	23,022	23,022	-
Transfers to other funds:				
Transportation Operating	(16,770,767)	(11,770,767)	(7,399,348)	4,371,419
Pension Debt Redemption	(10,814)	(10,814)	(10,814)	-
Sewer System Construction	(700,000)	(829,000)	(828,598)	402
Water Construction	-	(49,500)	(23,335)	26,165
Total transfers to other funds	(17,481,581)	(12,660,081)	(8,262,095)	4,397,986
Bonds and notes issued	21,245,767	14,797,490	10,093,824	(4,703,666)
Bonds and notes premium	-	235,617	235,617	-
Total other financing sources (uses)	3,787,208	2,396,048	2,090,368	(305,680)
Net change in fund balance	(4,726,233)	(4,566,277)	(364,258)	4,202,019
Fund balance - beginning	4,726,233	4,566,277	4,566,277	-
Fund balance - ending	\$ -	\$ -	4,202,019	\$ 4,202,019
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			13,783	
Fund balance - GAAP basis			\$ 4,215,802	

City of Portland, Oregon
Parks Capital Construction and Maintenance Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>				Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>		
REVENUES					
Licenses and permits:					
Other permits	\$ -	\$ 250,000	\$ 250,000	\$	-
Intergovernmental:					
Local revenue sharing	10,031,000	5,339,034	-		(5,339,034)
Local cost sharing	-	-	3,013,513		3,013,513
Grant revenue	-	-	9,823		9,823
Service charges and fees:					
Public works and utility charges	4,226,234	6,210,900	7,276,216		1,065,316
Rents and reimbursements	-	60,120	4,979		(55,141)
Parking fees	-	-	55,834		55,834
Other service charges	-	-	400		400
Billings to other funds for services	-	-	37,387		37,387
Other:					
Loan repayments	1,056,490	82,490	34,250		(48,240)
Assessments	-	-	210,926		210,926
Donations	-	507,542	505,026		(2,516)
Investment earnings	71,918	71,918	124,153		52,235
Miscellaneous	70,708	70,708	2,430		(68,278)
	<u>15,456,350</u>	<u>12,592,712</u>	<u>11,524,937</u>		<u>(1,067,775)</u>
EXPENDITURES					
Current:					
Personal services	1,696,021	1,669,529	1,460,855		208,674
Materials and services	4,663,019	4,015,938	2,756,221		1,259,717
General operating contingencies	2,212,137	9,565,885	-		9,565,885
Overhead charges - General Fund	313,123	313,123	313,123		-
Debt service and related costs:					
Principal	1,118,686	40,729	40,729		-
Interest	165,628	92,204	54,582		37,622
Debt issuance costs	-	15,000	3,806		11,194
Capital outlay	15,758,055	11,843,545	3,347,967		8,495,578
	<u>25,926,669</u>	<u>27,555,953</u>	<u>7,977,283</u>		<u>19,578,670</u>
Total expenditures	<u>25,926,669</u>	<u>27,555,953</u>	<u>7,977,283</u>		<u>19,578,670</u>
Revenues over (under) expenditures	(10,470,319)	(14,963,241)	3,547,654		18,510,895

Continued next page

City of Portland, Oregon
Parks Capital Construction and Maintenance Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	1,685,027	1,878,358	1,878,358	-
Parks Local Option Levy	-	483,952	483,952	-
Portland Parks Memorial Trust	-	93,212	93,212	-
Facilities Services Operating	-	3,500	3,500	-
CityFleet Operating	22	22	22	-
Printing and Distribution Services Operating	1,674	1,674	1,674	-
Total transfers from other funds	<u>1,686,723</u>	<u>2,460,718</u>	<u>2,460,718</u>	<u>-</u>
Transfers to other funds:				
Pension Debt Redemption	(14,637)	(14,637)	(14,637)	-
Sewer Operating	-	(35,000)	(35,000)	-
Total transfers to other funds	<u>(14,637)</u>	<u>(49,637)</u>	<u>(49,637)</u>	<u>-</u>
Bonds and notes issued	-	224,000	2,631,248	2,407,248
Loans issued	3,910,000	3,460,000	500,000	(2,960,000)
Total other financing sources (uses)	<u>5,582,086</u>	<u>6,095,081</u>	<u>5,542,329</u>	<u>(552,752)</u>
Net change in fund balance	(4,888,233)	(8,868,160)	9,089,983	17,958,143
Fund balance - beginning	<u>4,888,233</u>	<u>8,868,160</u>	<u>8,399,994</u>	<u>(468,166)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	17,489,977	<u>\$ 17,489,977</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			48,836	
Loans receivable			1,261,849	
Fund balance - GAAP basis			<u>\$ 18,800,662</u>	

City of Portland, Oregon
Public Safety GO Bond Construction Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Other:				
Investment earnings	\$ 84,898	\$ 84,898	\$ 161,491	\$ 76,593
Miscellaneous	-	-	2,889	2,889
Total revenues	84,898	84,898	164,380	79,482
EXPENDITURES				
Current:				
Personal services	181,153	356,341	245,687	110,654
Materials and services	1,310,930	1,925,054	1,158,308	766,746
General operating contingencies	11,481,094	24,153,056	-	24,153,056
Debt service and related costs:				
Debt issuance costs	-	2,000	511	1,489
Capital outlay	6,724,000	6,878,750	996,971	5,881,779
Total expenditures	19,697,177	33,315,201	2,401,477	30,913,724
Revenues over (under) expenditures	(19,612,279)	(33,230,303)	(2,237,097)	30,993,206
OTHER FINANCIAL SOURCES				
Transfer from other fund:				
Technology Services	253,330	11,408,529	11,408,529	-
Total other financing sources	253,330	11,408,529	11,408,529	-
Net change in fund balance	(19,358,949)	(21,821,774)	9,171,432	30,993,206
Fund balance - beginning	19,358,949	21,821,774	21,821,774	-
Fund balance - ending	\$ -	\$ -	30,993,206	\$ 30,993,206
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			98,294	
Fund balance - GAAP basis			\$ 31,091,500	

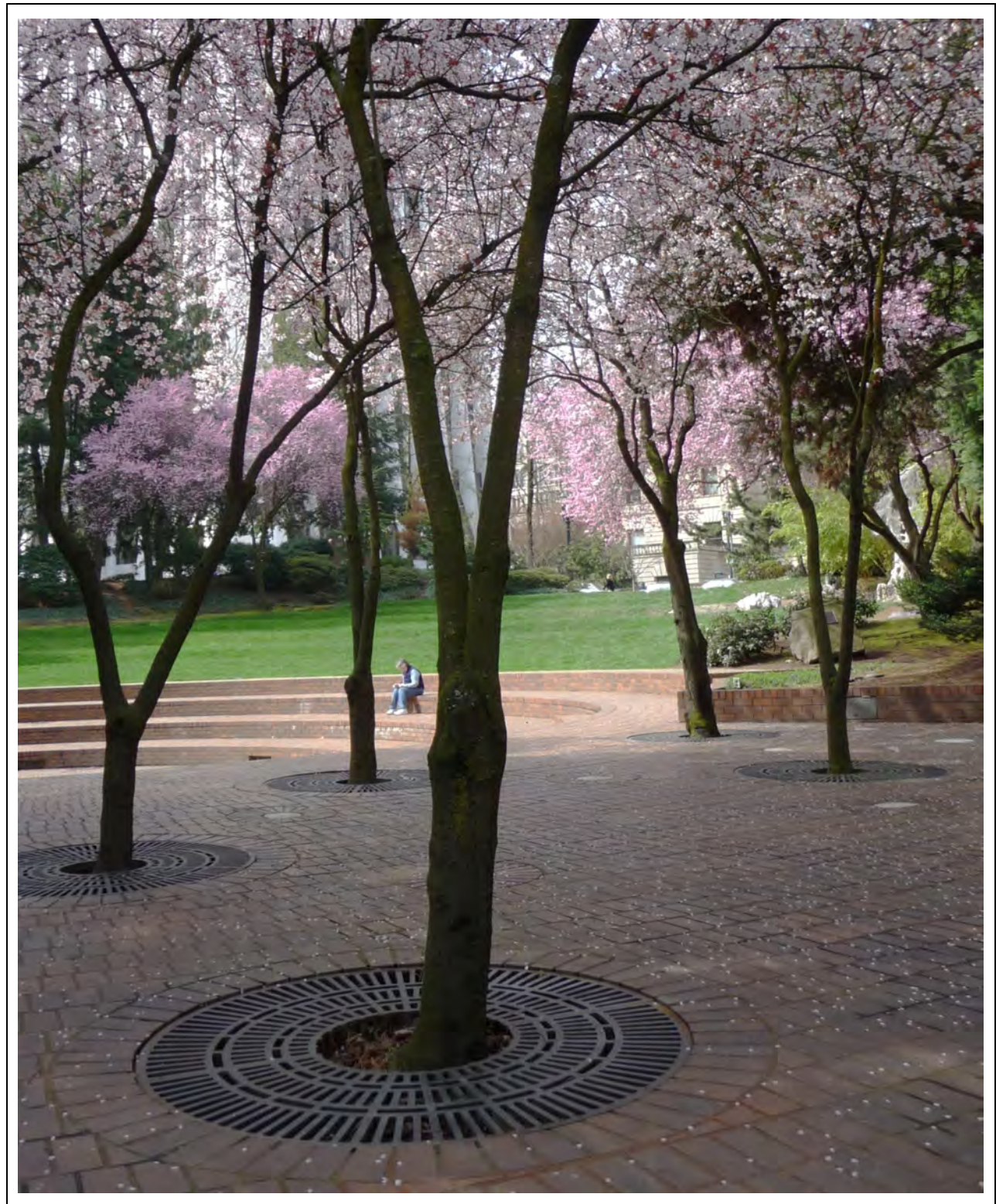
Permanent Fund Budget and Actual

Parks Endowment Fund

This fund accounts for gifts, donations, and endowments of a permanent nature. The principal is invested and earnings are available to support Parks and Recreation programs and activities. Any income not used under the terms and conditions of the original donation shall apply to increase the trust reserve.

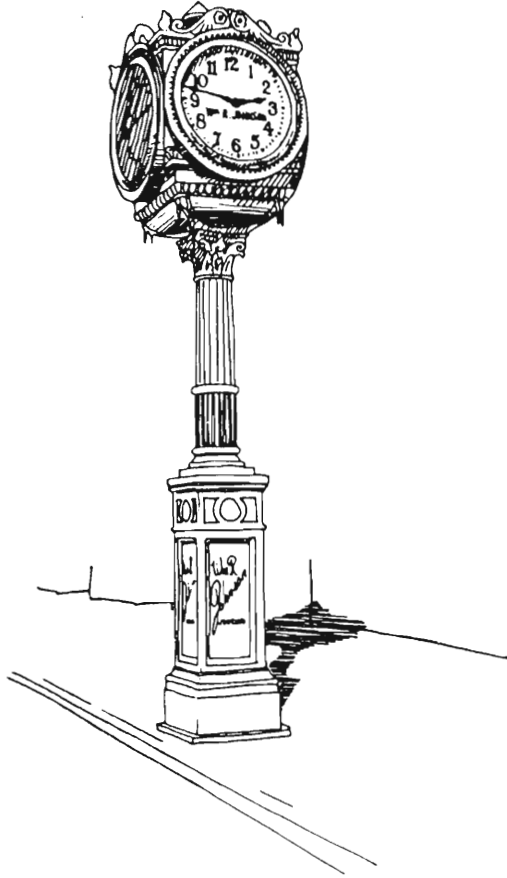
**City of Portland, Oregon
Parks Endowment Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u></u>
REVENUES				
Other:				
Investment earnings	\$ 920	\$ 920	\$ 1,155	\$ 235
EXPENDITURES				
Current:				
Materials and services	18,923	18,923	600	18,323
General operating contingencies	-	1,167	-	1,167
Total expenditures	<u>18,923</u>	<u>20,090</u>	<u>600</u>	<u>19,490</u>
Net change in fund balance	(18,003)	(19,170)	555	19,725
Fund balance - beginning	<u>180,625</u>	<u>181,792</u>	<u>181,792</u>	<u>-</u>
Fund balance - ending	<u>\$ 162,622</u>	<u>\$ 162,622</u>	182,347	<u>\$ 19,725</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>606</u>	
Fund balance - GAAP basis			<u>\$ 182,953</u>	



Portland City Park

Schedules of Revenues and Expenditures Proprietary Funds - Budget and Actual



Johnson Street Clock, 1880

Enterprise Funds Budget and Actual

Sewage Disposal Fund

This fund accounts for the wastewater collection and treatment system activities and financing systems development charges through bonded assessments and payment of principal and interest on improvement bonds. Revenue is derived mainly from user fees.

Water Fund

This fund accounts for water distribution system activities. Revenues are derived mainly from water service and installation charges.

Hydroelectric Power Fund

This fund accounts for assets relating to development and installation of hydroelectric generating equipment at the City-owned Bull Run Reservoir. The fund also accounts for activities of the generating plant.

Golf Fund

This fund accounts for the purchase, improvement, and maintenance of municipal golf courses. It also accounts for recreation programs and training utilizing the golf facilities. Revenues are derived from golf fees.

Portland International Raceway Fund

This fund accounts for basic operations of the raceway. Revenues are derived primarily from user fees.

Solid Waste Management Fund

This fund accounts for expenses, user fees, and other revenues associated with the City's oversight of solid waste collection activities and its efforts to reduce solid waste through recycling and waste reduction.

Parking Facilities Fund

This fund accounts for activities of City-owned parking facilities. Revenues are derived from parking fees and commercial space rentals.

Spectator Facilities Operating Fund

This fund accounts for revenues and expenses associated with the development, maintenance, and operation of PGE Park and the Rose Quarter.

Environmental Remediation Fund

This fund is used to identify and track remediation projects and related debt service. Revenues are derived from Revenue Bond sales, remediation charges, and Solid Waste Management Fund transfers.

Headwaters Apartment Complex Fund

This fund accounts for expenses and revenues associated with the City-owned Headwaters Apartment Complex.

Enterprise Funds Budget and Actual

For financial reporting and operating purposes, management considers the activities of the enterprise funds as unitary enterprises. However, for budgetary and legal purposes, these activities are accounted for in the funds listed below. Budget to actual schedules for these funds, prepared on the modified accrual basis of accounting, are included in this subsection.

ENTERPRISE FUNDS:

SEWAGE DISPOSAL FUND:

- Sewer System Operating Fund
- Sewer System Debt Redemption Fund
- Sewer System Construction Fund
- Sewer System Rate Stabilization Fund

WATER FUND:

- Water Fund
- Water Bond Sinking Fund
- Water Construction Fund

HYDROELECTRIC POWER FUND:

- Hydroelectric Power Operating Fund
- Hydroelectric Power Bond Redemption Fund
- Hydroelectric Power Renewal and Replacement Fund

GOLF FUND:

- Golf Fund
- Golf Revenue Bond Redemption Fund

PORTLAND INTERNATIONAL RACEWAY FUND

SOLID WASTE MANAGEMENT FUND

PARKING FACILITIES FUND

SPECTATOR FACILITIES OPERATING FUND

ENVIRONMENTAL REMEDIATION FUND

HEADWATERS APARTMENT COMPLEX FUND

City of Portland, Oregon
Sewer System Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Licenses and permits:				
Construction permits	\$ 480,000	\$ 480,000	\$ 696,431	\$ 216,431
Other permits	750,000	750,000	732,556	(17,444)
Intergovernmental:				
State revenue sharing	-	-	129,079	129,079
State cost sharing	125,000	125,000	224,109	99,109
Local cost sharing	25,000	25,000	507,923	482,923
Grant revenue	-	-	176,761	176,761
Service charges and fees:				
Public works and utility charges	254,581,556	257,101,969	244,451,238	(12,650,731)
Inspection fees	20,000	20,000	146,284	126,284
Rents and reimbursements	100,000	100,000	71,291	(28,709)
Other service charges	95,000	95,000	185,588	90,588
Billings to other funds for services	2,424,073	3,013,507	2,363,095	(650,412)
Other:				
Sales - other	322,000	322,000	319,754	(2,246)
Refunds	5,000	5,000	324	(4,676)
Donations	-	-	10,000	10,000
Investment earnings	250,000	250,000	310,902	60,902
Miscellaneous	150,000	226,647	244,785	18,138
Total revenues	259,327,629	262,514,123	250,570,120	(11,944,003)
EXPENDITURES				
Current:				
Personal services	56,629,091	57,662,914	56,564,993	1,097,921
Materials and services	72,184,762	88,364,411	82,712,841	5,651,570
General operating contingencies	29,650,447	32,833,203	-	32,833,203
Overhead charges - General Fund	6,900,701	6,900,701	6,900,701	-
Debt service and related costs:				
Principal	1,154,640	1,154,640	1,154,640	-
Interest	912,959	912,959	834,120	78,839
Debt issuance costs	106,000	106,000	104,887	1,113
Capital outlay	85,502,197	73,069,449	67,993,737	5,075,712
Total expenditures	253,040,797	261,004,277	216,265,919	44,738,358
Revenues over (under) expenditures	6,286,832	1,509,846	34,304,201	32,794,355

Continued next page

City of Portland, Oregon
Sewer System Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Transportation Operating	50,000	50,000	45,132	(4,868)
Parks Capital Construction and Maintenance	-	35,000	35,000	-
Sewer System Construction	108,000,000	107,561,495	96,397,764	(11,163,731)
Sewer System Rate Stabilization	20,000,000	25,000,000	18,525,000	(6,475,000)
Water	92,000	151,078	151,078	-
CityFleet Operating	3,289	3,289	3,289	-
Printing and Distribution Services Operating	48,906	48,906	48,906	-
Insurance and Claims Operating	3,936	3,936	3,936	-
Workers' Compensation Self Insurance Operating	3,039	3,039	3,039	-
Technology Services	16,335	128,080	6,335	(121,745)
Total transfers from other funds	128,217,505	132,984,823	115,219,479	(17,765,344)
Transfers to other funds:				
General	(12,809,321)	(12,809,321)	(12,809,321)	-
Pension Debt Redemption	(415,016)	(415,016)	(415,016)	-
Sewer System Debt Redemption	(148,280,000)	(148,280,000)	(148,174,520)	105,480
Sewer System Construction	(15,000,000)	(15,000,000)	(740,000)	14,260,000
Total transfers to other funds	(176,504,337)	(176,504,337)	(162,138,857)	14,365,480
Loans issued	-	-	1,267,882	1,267,882
Sale of capital asset	-	9,668	380,831	371,163
Total other financing sources (uses)	(48,286,832)	(43,509,846)	(45,270,665)	(1,760,819)
Net change in fund balance	(42,000,000)	(42,000,000)	(10,966,464)	31,033,536
Fund balance - beginning	42,200,000	42,200,000	53,098,679	10,898,679
Fund balance - ending	\$ 200,000	\$ 200,000	42,132,215	\$ 41,932,215
Adjustment to generally accepted accounting principles (GAAP) basis:				
Debt redemption fund budgeted as separate fund			30,808,101	
Construction fund budgeted as separate fund			15,286,981	
Rate stabilization fund budgeted as separate fund			12,356,845	
Unrealized gain (loss) on investments			203,209	
Allowance for uncollectible accounts			(4,487,865)	
Inventories			1,335,900	
Prepaid expense			19,579,460	
Capital assets, net of accumulated depreciation and amortization			2,954,516,502	
Compensated absences			(3,848,444)	
Bonds payable			(1,673,468,736)	
Notes and loans payable			(20,533,654)	
Accrued Interest payable			(20,403,446)	
Other postemployment benefits			(1,284,644)	
Pollution remediation			(415,000)	
Fund balance - GAAP basis			\$ 1,351,777,424	

City of Portland, Oregon
Sewer System Debt Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other:				
Investment earnings	\$ 200,000	\$ 200,000	\$ 195,710	\$ (4,290)
EXPENDITURES				
Debt service and related costs:				
Principal	68,900,029	68,900,029	68,846,469	53,560
Interest	79,574,430	79,574,430	79,562,598	11,832
Total expenditures	148,474,459	148,474,459	148,409,067	65,392
Revenues over (under) expenditures	(148,274,459)	(148,274,459)	(148,213,357)	61,102
OTHER FINANCING SOURCES				
Transfer from other fund:				
Sewer System Operating	148,280,000	148,280,000	148,174,520	(105,480)
Bonds and notes issued	18,000,000	18,000,000	-	(18,000,000)
Total other financing sources	166,280,000	166,280,000	148,174,520	(18,105,480)
Net change in fund balance	18,005,541	18,005,541	(38,837)	(18,044,378)
Fund balance - beginning	30,770,500	30,770,500	30,846,938	76,438
Fund balance - ending	\$ 48,776,041	\$ 48,776,041	30,808,101	\$ (17,967,940)
Adjustment to generally accepted accounting principles (GAAP) basis:				
Sewer System Debt Redemption Fund budgeted as separate fund to Sewer System Operating Fund			(30,808,101)	
Fund balance - GAAP basis			\$ -	

City of Portland, Oregon
Sewer System Construction Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
State cost sharing	\$ -	\$ -	\$ 9,295	\$ 9,295
Service charges and fees:				
Public works and utility charges	350,000	350,000	786,639	436,639
Other:				
Investment earnings	500,000	500,000	392,778	(107,222)
Total revenues	<u>850,000</u>	<u>850,000</u>	<u>1,188,712</u>	<u>338,712</u>
EXPENDITURES				
Current:				
Materials and services	-	206,000	-	206,000
General operating contingencies	218,150,000	218,717,505	-	218,717,505
Debt service and related costs:				
Debt issuance costs	400,000	194,000	-	194,000
Total expenditures	<u>218,550,000</u>	<u>219,117,505</u>	<u>-</u>	<u>219,117,505</u>
Revenues over (under) expenditures	<u>(217,700,000)</u>	<u>(218,267,505)</u>	<u>1,188,712</u>	<u>219,456,217</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Local Improvement District Construction	700,000	829,000	828,598	(402)
Sewer System Operating	15,000,000	15,000,000	740,000	(14,260,000)
Technology Services	-	-	107,708	107,708
Transfer to other fund:				
Sewer System Operating	(108,000,000)	(107,561,495)	(96,397,764)	11,163,731
Bonds and notes issued	210,000,000	210,000,000	-	(210,000,000)
Total other financing sources (uses)	<u>117,700,000</u>	<u>118,267,505</u>	<u>(94,721,458)</u>	<u>(212,988,963)</u>
Net change in fund balance	(100,000,000)	(100,000,000)	(93,532,746)	6,467,254
Fund balance - beginning	<u>100,000,000</u>	<u>100,000,000</u>	<u>108,819,727</u>	<u>8,819,727</u>
Fund balance - ending	\$ <u>-</u>	\$ <u>-</u>	15,286,981	\$ <u>15,286,981</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Sewer System Construction Fund budgeted as separate fund to Sewer System Operating Fund			(15,286,981)	
Fund balance - GAAP basis			\$ <u>-</u>	

City of Portland, Oregon
Sewer System Rate Stabilization Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Loan repayments	\$ 21,700,000	\$ -	\$ -	\$ -
Investment earnings	160,000	160,000	191,771	31,771
Total revenues	<u>21,860,000</u>	<u>160,000</u>	<u>191,771</u>	<u>31,771</u>
EXPENDITURES				
Current:				
General operating contingencies	<u>6,735,000</u>	<u>5,735,000</u>	<u>-</u>	<u>5,735,000</u>
Revenues over (under) expenditures	<u>15,125,000</u>	<u>(5,575,000)</u>	<u>191,771</u>	<u>5,766,771</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other fund:				
Sewer System Operating	(20,000,000)	(25,000,000)	(18,525,000)	6,475,000
Internal loan proceeds	<u>-</u>	<u>16,700,000</u>	<u>16,700,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(20,000,000)</u>	<u>(8,300,000)</u>	<u>(1,825,000)</u>	<u>6,475,000</u>
Net change in fund balance	(4,875,000)	(13,875,000)	(1,633,229)	12,241,771
Fund balance - beginning	<u>4,875,000</u>	<u>13,875,000</u>	<u>13,990,074</u>	<u>115,074</u>
Fund balance - ending	\$ <u>-</u>	\$ <u>-</u>	12,356,845	\$ <u>12,356,845</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Sewer System Rate Stabilization Fund budgeted as separate fund to Sewer System Operating Fund			<u>(12,356,845)</u>	
Fund balance - GAAP basis			\$ <u>-</u>	

City of Portland, Oregon
Water Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Intergovernmental:				
State cost sharing	\$ -	\$ -	\$ 118,851	\$ 118,851
Local cost sharing	451,000	451,000	541,357	90,357
Grant revenue	-	-	446,790	446,790
Service charges and fees:				
Public works and utility charges	125,436,472	125,436,472	120,064,070	(5,372,402)
Rents and reimbursements	550,000	550,000	585,623	35,623
Other service charges	1,900,000	1,900,000	3,034,336	1,134,336
Billings to other funds for services	2,939,148	3,219,148	3,101,363	(117,785)
Other:				
Sales - other	75,000	75,000	256,349	181,349
Refunds	75,000	75,000	92,654	17,654
Investment earnings	221,681	221,681	235,174	13,493
Miscellaneous	40,000	40,000	97,590	57,590
Total revenues	<u>131,688,301</u>	<u>131,968,301</u>	<u>128,574,157</u>	<u>(3,394,144)</u>
EXPENDITURES				
Current:				
Personal services	61,084,308	60,784,308	57,370,003	3,414,305
Materials and services	38,945,333	42,098,606	35,545,087	6,553,519
General operating contingencies	52,356,150	95,459,934	-	95,459,934
Overhead charges - General Fund	3,801,384	3,801,384	3,801,384	-
Debt service and related costs:				
Principal	1,199,219	1,199,219	1,199,219	-
Interest	948,207	948,207	866,324	81,883
Debt issuance costs	836,600	836,600	-	836,600
Capital outlay	98,815,220	53,062,220	47,784,984	5,277,236
Total expenditures	<u>257,986,421</u>	<u>258,190,478</u>	<u>146,567,001</u>	<u>111,623,477</u>
Revenues over (under) expenditures	<u>(126,298,120)</u>	<u>(126,222,177)</u>	<u>(17,992,844)</u>	<u>108,229,333</u>

Continued next page

City of Portland, Oregon
Water Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	-	5,430	5,430	-
Water Construction	136,883,970	136,883,970	91,781,330	(45,102,640)
CityFleet Operating	13,647	13,647	13,647	-
Printing and Distribution Services Operating	103,368	103,368	103,368	-
Insurance and Claims Operating	3,372	3,372	3,372	-
Workers' Compensation Self Insurance Operating	4,780	4,780	4,780	-
Technology Services	9,411	9,411	9,411	-
Total transfers from other funds	137,018,548	137,023,978	91,921,338	(45,102,640)
Transfers to other funds:				
General	(5,159,207)	(5,159,207)	(4,775,103)	384,104
Portland Parks Memorial Trust	-	(5,000)	(5,000)	-
Pension Debt Redemption	(431,037)	(431,037)	(431,037)	-
Sewer System Operating	(92,000)	(151,078)	(151,078)	-
Water Bond Sinking	(31,140,711)	(31,140,711)	(31,262,395)	(121,684)
Water Construction	(19,365,572)	(19,365,572)	(19,624,970)	(259,398)
Solid Waste Management	-	(80,295)	(50,000)	30,295
Total transfers to other funds	(56,188,527)	(56,332,900)	(56,299,583)	33,317
Loans issued	-	-	282,195	282,195
Sale of capital asset	200,000	263,000	362,967	99,967
Total other financing sources (uses)	81,030,021	80,954,078	36,266,917	(44,687,161)
Net change in fund balance	(45,268,099)	(45,268,099)	18,274,073	63,542,172
Fund balance - beginning	45,268,099	45,268,099	48,311,400	3,043,301
Fund balance - ending	\$ -	\$ -	66,585,473	\$ 66,585,473
Adjustment to generally accepted accounting principles (GAAP) basis:				
Water Bond Sinking Fund budgeted as separate fund			15,965,653	
Water Construction Fund budgeted as separate fund			9,364,480	
Unrealized gain (loss) on investments			267,687	
Allowance for uncollectible accounts			(2,969,221)	
Inventories			1,560,613	
Prepaid expenses			20,335,394	
Capital assets net of accumulated depreciation and amortization			757,151,568	
Compensated absences			(4,166,715)	
Bonds payable			(419,608,747)	
Notes and loans payable			(282,195)	
Accrued interest payable			(11,154,918)	
Utility taxes payable			(1,109,753)	
Other postemployment benefits			(1,546,087)	
Fund balance - GAAP basis			\$ 430,393,232	

City of Portland, Oregon
Water Bond Sinking Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 133,188	\$ 133,189	\$ 102,489	\$ (30,700)
EXPENDITURES				
Debt service and related costs:				
Principal	13,720,000	13,720,000	13,720,000	-
Interest	17,856,394	17,856,395	17,856,394	1
Total expenditures	<u>31,576,394</u>	<u>31,576,395</u>	<u>31,576,394</u>	<u>1</u>
Revenues over (under) expenditures	<u>(31,443,206)</u>	<u>(31,443,206)</u>	<u>(31,473,905)</u>	<u>(30,699)</u>
OTHER FINANCING SOURCES				
Transfers from other funds:				
Water	31,140,711	31,140,711	31,262,395	121,684
Water Construction	302,495	302,495	215,597	(86,898)
Total transfers from other funds	<u>31,443,206</u>	<u>31,443,206</u>	<u>31,477,992</u>	<u>34,786</u>
Bonds and notes issued	<u>12,620,000</u>	<u>12,620,000</u>	<u>-</u>	<u>(12,620,000)</u>
Total other financing sources	<u>44,063,206</u>	<u>44,063,206</u>	<u>31,477,992</u>	<u>(12,585,214)</u>
Net change in fund balance	12,620,000	12,620,000	4,087	(12,615,913)
Fund balance - beginning	<u>15,936,928</u>	<u>15,936,928</u>	<u>15,961,566</u>	<u>24,638</u>
Fund balance - ending	\$ <u>28,556,928</u>	\$ <u>28,556,928</u>	15,965,653	\$ <u>(12,591,275)</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Water Bond Sinking Fund budgeted as separate fund - to Water Fund			(15,965,653)	
Fund balance - GAAP basis			\$ <u>-</u>	

City of Portland, Oregon
Water Construction Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Service charges and fees:				
Public works and utility charges	\$ 1,000,000	\$ 1,000,000	\$ 1,505,931	\$ 505,931
Other:				
Investment earnings	332,495	332,495	381,542	49,047
Total revenues	<u>1,332,495</u>	<u>1,332,495</u>	<u>1,887,473</u>	<u>554,978</u>
EXPENDITURES				
Current:				
General operating contingencies	20,577,970	20,627,470	-	20,627,470
Revenues over (under) expenditures	<u>(19,245,475)</u>	<u>(19,294,975)</u>	<u>1,887,473</u>	<u>21,182,448</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Local Improvement District Construction	-	49,500	23,335	(26,165)
Water	19,365,572	19,365,572	19,624,970	259,398
Total transfers from other funds	<u>19,365,572</u>	<u>19,415,072</u>	<u>19,648,305</u>	<u>233,233</u>
Transfers to other funds:				
Water	(136,883,970)	(136,883,970)	(91,781,330)	45,102,640
Water Bond Sinking	(302,495)	(302,495)	(215,597)	86,898
Total transfers to other funds	<u>(137,186,465)</u>	<u>(137,186,465)</u>	<u>(91,996,927)</u>	<u>45,189,538</u>
Bonds and notes issued	<u>148,631,000</u>	<u>148,631,000</u>	<u>-</u>	<u>(148,631,000)</u>
Total other financing sources (uses)	<u>30,810,107</u>	<u>30,859,607</u>	<u>(72,348,622)</u>	<u>(103,208,229)</u>
Net change in fund balance	11,564,632	11,564,632	(70,461,149)	(82,025,781)
Fund balance - beginning	<u>72,034,535</u>	<u>72,034,535</u>	<u>79,825,629</u>	<u>7,791,094</u>
Fund balance - ending	\$ <u><u>83,599,167</u></u>	\$ <u><u>83,599,167</u></u>	9,364,480	\$ <u><u>(74,234,687)</u></u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Water Construction Fund budgeted as separate fund - to Water Fund			(9,364,480)	
Fund balance - GAAP basis			\$ <u><u>-</u></u>	

City of Portland, Oregon
Hydroelectric Power Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Billings to other funds for services	\$ 63,500	\$ 63,500	\$ 61,856	\$ (1,644)
Other:				
Sales - other	897,100	897,100	922,677	25,577
Investment earnings	9,150	9,150	4,456	(4,694)
Total revenues	969,750	969,750	988,989	19,239
EXPENDITURES				
Current:				
Personal services	262,380	262,380	251,162	11,218
Materials and services	430,574	430,574	266,299	164,275
General operating contingencies	190,928	190,928	-	190,928
Overhead charges - General Fund	87,612	87,612	87,612	-
Debt service and related costs:				
Principal	8,850	8,850	8,850	-
Interest	6,997	6,997	6,393	604
Total expenditures	987,341	987,341	620,316	367,025
Revenues over (under) expenditures	(17,591)	(17,591)	368,673	386,264
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Hydroelectric Power Renewal and Replacement	125,000	125,000	49,434	(75,566)
CityFleet Operating	18	18	18	-
Printing and Distribution Services Operating	379	379	379	-
Insurance and Claims Operating	174	174	174	-
Workers' Compensation Self Insurance Operating	26	26	26	-
Technology Services Operating	15	15	15	-
Total transfers from other funds:	125,612	125,612	50,046	(75,566)
Transfers to other funds:				
General	(300,000)	(300,000)	(300,000)	-
Pension Debt Redemption	(3,182)	(3,182)	(3,182)	-
Total transfers to other funds	(303,182)	(303,182)	(303,182)	-
Total other financing sources (uses)	(177,570)	(177,570)	(253,136)	(75,566)
Net change in fund balance	(195,161)	(195,161)	115,537	310,698
Fund balance - beginning	195,161	195,161	266,369	71,208
Fund balance - ending	\$ -	\$ -	381,906	\$ 381,906
Adjustment to generally accepted accounting principles (GAAP) basis:				
Hydroelectric Power Bond Redemption Fund budgeted as separate fund			4,454,948	
Hydroelectric Renewal and Replacement Fund budgeted as separate fund			9,744,787	
Unrealized gain (loss) on investments			450	
Capital assets net of accumulated depreciation and amortization			23,917,397	
Prepaid expenses			150,077	
Compensated absences			(36,812)	
Bonds payable			(11,266,102)	
Accrued Interest payable			(209,545)	
Other postemployment benefits			(5,130)	
Fund balance - GAAP basis			\$ 27,131,976	

City of Portland, Oregon
Hydroelectric Power Bond Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other:				
Sales - other	\$ 2,750,100	\$ 2,750,100	\$ 2,750,138	\$ 38
Investment earnings	44,300	44,300	(1,763)	(46,063)
	<u>2,794,400</u>	<u>2,794,400</u>	<u>2,748,375</u>	<u>(46,025)</u>
Total revenues				
EXPENDITURES				
Debt service and related costs:				
Principal	2,045,000	2,045,000	2,045,000	-
Interest	666,765	666,765	666,764	1
	<u>2,711,765</u>	<u>2,711,765</u>	<u>2,711,764</u>	<u>1</u>
Total expenditures				
Net change in fund balance	82,635	82,635	36,611	(46,024)
Fund balance - beginning	4,451,694	4,451,694	4,418,337	(33,357)
Fund balance - ending	<u>\$ 4,534,329</u>	<u>\$ 4,534,329</u>	4,454,948	<u>\$ (79,381)</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Hydroelectric Power Bond Redemption Fund budgeted as separate fund - to Hydroelectric Power Operating Fund			(4,454,948)	
Fund balance - GAAP basis			<u>\$ -</u>	

City of Portland, Oregon
Hydroelectric Power Renewal and Replacement Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Sales - other	\$ 243,400	\$ 243,400	\$ 347,616	\$ 104,216
Investment earnings	65,600	65,600	41,608	(23,992)
	<u>309,000</u>	<u>309,000</u>	<u>389,224</u>	<u>80,224</u>
Total revenues				
EXPENDITURES				
Current:				
General operating contingencies	9,665,050	9,665,050	-	9,665,050
	<u>(9,356,050)</u>	<u>(9,356,050)</u>	<u>389,224</u>	<u>9,745,274</u>
Revenues over (under) expenditures				
OTHER FINANCING USES				
Transfer to other fund:				
Hydroelectric Power Operating	(125,000)	(125,000)	(49,434)	75,566
	<u>(9,481,050)</u>	<u>(9,481,050)</u>	<u>339,790</u>	<u>9,820,840</u>
Net change in fund balance				
Fund balance - beginning	9,481,050	9,481,050	9,404,997	(76,053)
	<u>9,481,050</u>	<u>9,481,050</u>	<u>9,404,997</u>	<u>(76,053)</u>
Fund balance - ending	\$ <u>-</u>	\$ <u>-</u>	9,744,787	\$ <u>9,744,787</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Hydroelectric Power Renewal and Replacement Fund budgeted as separate fund - to Hydroelectric Power Operating Fund			(9,744,787)	
Fund balance - GAAP basis			\$ <u>-</u>	

City of Portland, Oregon
Golf Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Service charges and fees:				
Rents and reimbursements	\$ 462,503	\$ 462,503	\$ 413,987	\$ (48,516)
Concessions	1,146,114	1,146,114	1,136,598	(9,516)
Parks and recreation facilities fees	6,425,177	5,975,177	5,732,579	(242,598)
Other service charges	422,889	422,889	423,533	644
Other:				
Sales - other	1,270	18,270	23,223	4,953
Investment earnings	11,230	11,230	1,534	(9,696)
Miscellaneous	5,855	5,855	2,634	(3,221)
Total revenues	<u>8,475,038</u>	<u>8,042,038</u>	<u>7,734,088</u>	<u>(307,950)</u>
EXPENDITURES				
Current:				
Personal services	3,067,561	3,107,561	3,108,523	(962)
Materials and services	3,931,003	3,477,887	3,440,256	37,631
General operating contingencies	1,773,736	1,225,210	-	1,225,210
Overhead charges - General Fund	189,528	189,528	189,528	-
Debt service and related costs:				
Principal	72,310	72,310	72,310	-
Interest	57,174	57,174	52,237	4,937
Capital outlay	4,760,000	336,734	336,955	(221)
Total expenditures	<u>13,851,312</u>	<u>8,466,404</u>	<u>7,199,809</u>	<u>1,266,595</u>
Revenues over (under) expenditures	<u>(5,376,274)</u>	<u>(424,366)</u>	<u>534,279</u>	<u>958,645</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
CityFleet Operating	1,146	1,146	1,146	-
Insurance and Claims Operating	166	166	166	-
Workers' Compensation Self Insurance	259	259	259	-
Technology Services	421	421	421	-
Total transfers from other funds	<u>1,992</u>	<u>1,992</u>	<u>1,992</u>	<u>-</u>
Transfers to other funds:				
General	-	(30,000)	(30,000)	-
Portland Parks Memorial Trust	(53,600)	-	-	-
Pension Debt Redemption	(25,990)	(25,990)	(25,990)	-
Golf Revenue Bond Redemption	(806,669)	(915,165)	(912,420)	2,745
Total transfers to other funds	<u>(886,259)</u>	<u>(971,155)</u>	<u>(968,410)</u>	<u>2,745</u>
Bonds and notes issued	4,700,000	-	-	-
Sale of capital asset	-	-	5,064	5,064
Total other financing sources (uses)	<u>3,815,733</u>	<u>(969,163)</u>	<u>(961,354)</u>	<u>7,809</u>
Net change in fund balance	<u>(1,560,541)</u>	<u>(1,393,529)</u>	<u>(427,075)</u>	<u>966,454</u>
Fund balance - beginning	<u>1,560,541</u>	<u>1,393,529</u>	<u>1,393,529</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>966,454</u>	<u>\$ 966,454</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Golf Revenue Bond Redemption Fund budgeted as separate fund			3,042	
Unrealized gain (loss) on investments			3,262	
Capital asset net of accumulated depreciation and amortization			12,679,039	
Prepaid expenses			1,226,176	
Compensated absences			(221,122)	
Bonds payable			(1,833,041)	
Accrued interest payable			(465,506)	
Other postemployment benefits			(112,902)	
Fund balance - GAAP basis			<u>\$ 12,245,402</u>	

City of Portland, Oregon
Golf Revenue Bond Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other:				
Investment earnings	\$ 4,456	\$ 1,633	\$ 7,420	\$ 5,787
EXPENDITURES				
Debt service and related costs:				
Principal	729,000	1,496,000	1,496,000	-
Interest	77,669	61,704	61,704	-
Total expenditures	806,669	1,557,704	1,557,704	-
Revenues over (under) expenditures	(802,213)	(1,556,071)	(1,550,284)	5,787
OTHER FINANCING SOURCES				
Transfer from other fund:				
Golf	806,669	915,165	912,420	(2,745)
Net change in fund balance	4,456	(640,906)	(637,864)	3,042
Fund balance - beginning	636,605	640,906	640,906	-
Fund balance - ending	\$ 641,061	\$ -	3,042	\$ 3,042
Adjustment to generally accepted accounting principles (GAAP) basis:				
Golf Revenue Bond Redemption Fund budgeted as separate fund - to Golf Fund			(3,042)	
Fund balance - GAAP basis			\$ -	

City of Portland, Oregon
Portland International Raceway Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Service charges and fees:				
Rents and reimbursements	\$ 1,271,813	\$ 1,148,740	\$ 1,168,963	\$ 20,223
Concessions	151,671	151,671	149,887	(1,784)
Parks and recreation facilities fees	361,476	361,476	371,535	10,059
Other service charges	9,965	88,038	58,386	(29,652)
Other:				
Investment earnings	3,138	3,138	4,771	1,633
Miscellaneous	5,262	4,462	3,850	(612)
Total revenues	<u>1,803,325</u>	<u>1,757,525</u>	<u>1,757,392</u>	<u>(133)</u>
EXPENDITURES				
Current:				
Personal services	783,997	773,997	775,323	(1,326)
Materials and services	656,999	656,420	587,623	68,797
General operating contingencies	738,945	596,867	-	596,867
Overhead charges - General Fund	39,323	39,323	39,323	-
Debt service and related costs:				
Principal	203,920	203,920	203,920	-
Interest	93,896	93,896	92,946	950
Total expenditures	<u>2,517,080</u>	<u>2,364,423</u>	<u>1,699,135</u>	<u>665,288</u>
Revenues over (under) expenditures	<u>(713,755)</u>	<u>(606,898)</u>	<u>58,257</u>	<u>665,155</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
CityFleet Operating	75	75	75	-
Printing and Distribution Services Operating	32	32	32	-
Insurance and Claims Operating	50	50	50	-
Workers' Compensation Self Insurance	78	78	78	-
Technology Services Operating	53	53	53	-
Total transfers from other funds	<u>288</u>	<u>288</u>	<u>288</u>	<u>-</u>
Transfer to other fund:				
Pension Debt Redemption	(5,004)	(5,004)	(5,004)	-
Total other financing sources (uses)	<u>(4,716)</u>	<u>(4,716)</u>	<u>(4,716)</u>	<u>-</u>
Net change in fund balance	<u>(718,471)</u>	<u>(611,614)</u>	<u>53,541</u>	<u>665,155</u>
Fund balance - beginning	<u>718,471</u>	<u>611,614</u>	<u>611,614</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>665,155</u>	<u>\$ 665,155</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			2,297	
Prepaid expenses			236,042	
Capital asset net of accumulated depreciation and amortization			2,528,213	
Compensated absences			(72,748)	
Bonds payable			(1,512,871)	
Accrued interest payable			(95,547)	
Other postemployment benefits			(30,035)	
Fund balance - GAAP basis			<u>\$ 1,720,506</u>	

City of Portland, Oregon
Solid Waste Management Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Licenses and permits:				
Public utility licenses	\$ 2,578,199	\$ 2,578,199	\$ 2,541,210	\$ (36,989)
Other permits	17,500	17,500	30,800	13,300
Intergovernmental:				
Local revenue sharing	26,000	26,000	25,175	(825)
Grant revenue	-	-	86,414	86,414
Service charges and fees:				
Public works and utility charges	1,605,148	1,605,148	1,668,036	62,888
Other service charges	-	-	230	230
Billings to other funds for services	55,000	15,000	9,305	(5,695)
Other:				
Refunds	-	-	9,696	9,696
Donations	-	4,000	18,500	14,500
Investment earnings	12,923	12,923	14,324	1,401
Fines	1,190	1,190	500	(690)
Miscellaneous	36,310	41,310	71,089	29,779
Total revenues	<u>4,332,270</u>	<u>4,301,270</u>	<u>4,475,279</u>	<u>174,009</u>
EXPENDITURES				
Current:				
Personal services	1,943,651	2,147,587	2,064,858	82,729
Materials and services	3,042,663	3,753,709	2,914,267	839,442
Overhead charges - General Fund	140,245	140,245	140,245	-
Debt service and related costs:				
Principal	22,454	22,454	22,454	-
Interest	17,754	17,754	16,221	1,533
Total expenditures	<u>5,166,767</u>	<u>6,081,749</u>	<u>5,158,045</u>	<u>923,704</u>
Revenues over (under) expenditures	<u>(834,497)</u>	<u>(1,780,479)</u>	<u>(682,766)</u>	<u>1,097,713</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Water	-	80,295	50,000	(30,295)
CityFleet Operating	18	18	18	-
Printing and Distribution Services Operating	-	20,618	20,618	-
Insurance and Claims Operating	55	55	55	-
Workers' Compensation Self Insurance	96	96	96	-
Total transfers from other funds	<u>169</u>	<u>101,082</u>	<u>70,787</u>	<u>(30,295)</u>
Transfer to other fund:				
Pension Debt Redemption	(8,071)	(8,071)	(8,071)	-
Total transfers to other funds	<u>(8,071)</u>	<u>(8,071)</u>	<u>(8,071)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,902)</u>	<u>93,011</u>	<u>62,716</u>	<u>(30,295)</u>
Net change in fund balance	(842,399)	(1,687,468)	(620,050)	1,067,418
Fund balance - beginning	<u>2,390,139</u>	<u>3,255,826</u>	<u>3,469,605</u>	<u>213,779</u>
Fund balance - ending	<u>\$ 1,547,740</u>	<u>\$ 1,568,358</u>	<u>2,849,555</u>	<u>\$ 1,281,197</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			6,751	
Capital assets net of accumulated depreciation and amortization			274,061	
Prepaid expenses			380,761	
Compensated absences			(151,185)	
Bonds payable			(569,212)	
Accrued interest payable			(144,554)	
Other postemployment benefits			(49,725)	
Fund balance - GAAP basis			<u>\$ 2,596,452</u>	

City of Portland, Oregon
Parking Facilities Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
State revenue sharing	\$ -	\$ -	\$ 59,623	\$ 59,623
Service charges and fees:				
Rents and reimbursements	700,000	700,000	652,912	(47,088)
Parking fees	10,650,000	10,850,000	10,523,378	(326,622)
Billings to other funds for services	713,871	713,871	753,563	39,692
Sales - other	-	-	102,100	102,100
Other:				
Investment earnings	60,000	60,000	52,005	(7,995)
Miscellaneous	3,000	3,000	671	(2,329)
Total revenues	<u>12,126,871</u>	<u>12,326,871</u>	<u>12,144,252</u>	<u>(182,619)</u>
EXPENDITURES				
Current:				
Personal services	132,348	132,348	112,268	20,080
Materials and services	6,383,518	6,583,518	5,579,512	1,004,006
General operating contingencies	6,686,668	2,795,073	-	2,795,073
Overhead charges - General Fund	189,738	189,738	189,738	-
Debt service and related costs:				
Principal	1,210,000	1,210,000	1,210,000	-
Interest	665,375	665,375	665,375	-
Capital outlay	1,000,000	1,250,000	1,237,749	12,251
Total expenditures	<u>16,267,647</u>	<u>12,826,052</u>	<u>8,994,642</u>	<u>3,831,410</u>
Revenues over (under) expenditures	<u>(4,140,776)</u>	<u>(499,181)</u>	<u>3,149,610</u>	<u>3,648,791</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Printing and Distribution Services Operating	101	101	101	-
Insurance and Claims Operating	219	219	219	-
Technology Services	65	65	65	-
Total transfers from other funds	<u>385</u>	<u>385</u>	<u>385</u>	<u>-</u>
Transfers to other funds:				
General	(255,902)	(255,902)	(255,902)	-
Transportation Operating	(3,747,689)	(5,289,284)	(5,289,284)	-
Total transfers to other funds	<u>(4,003,591)</u>	<u>(5,545,186)</u>	<u>(5,545,186)</u>	<u>-</u>
Loans issued	-	1,000,000	-	(1,000,000)
Internal loan proceeds	-	830,660	830,660	-
Internal loan remittances	-	(3,100,000)	(3,100,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(1,269,340)</u>	<u>(7,814,141)</u>	<u>(1,000,000)</u>
Net change in fund balance	<u>(4,140,776)</u>	<u>(1,768,521)</u>	<u>(4,664,531)</u>	<u>2,648,791</u>
Fund balance - beginning	<u>8,143,982</u>	<u>7,313,322</u>	<u>8,267,019</u>	<u>953,697</u>
Fund balance - ending	<u>\$ 4,003,206</u>	<u>\$ 5,544,801</u>	<u>3,602,488</u>	<u>\$ 3,602,488</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			28,096	
Internal loans receivable			3,100,000	
Capital assets net of accumulated depreciation and amortization			26,278,164	
Bonds payable			(18,268,032)	
Accrued interest payable			(158,781)	
Other postemployment benefits			(425)	
Fund balance - GAAP basis			<u>\$ 14,581,510</u>	

City of Portland, Oregon
Spectator Facilities Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Intergovernmental:				
Local cost sharing	\$ 1,794,044	\$ 25,794,044	\$ 2,161,698	\$ (23,632,346)
Service charges and fees:				
Rents and reimbursements	5,110,870	5,110,870	5,047,437	(63,433)
Parking fees	1,250,000	1,250,000	1,254,833	4,833
Other service charges	-	-	103,138	103,138
Other:				
Sales - other	34,215	34,215	34,214	(1)
Investment earnings	50,000	50,000	51,850	1,850
Total revenues	<u>8,239,129</u>	<u>32,239,129</u>	<u>8,653,170</u>	<u>(23,585,959)</u>
EXPENDITURES				
Current:				
Personal services	-	50,000	-	50,000
Materials and services	2,340,780	2,645,730	1,821,449	824,281
General operating contingencies	5,726,513	5,058,721	-	5,058,721
Overhead charges - General Fund	100,801	100,801	100,801	-
Debt service and related costs:				
Principal	4,000,000	4,000,000	4,000,000	-
Interest	2,907,030	2,907,030	2,679,077	227,953
Debt issuance costs	50,000	355,050	259,488	95,562
Capital outlay	-	24,250,000	399,736	23,850,264
Total expenditures	<u>15,125,124</u>	<u>39,367,332</u>	<u>9,260,551</u>	<u>30,106,781</u>
Revenues over (under) expenditures	<u>(6,885,995)</u>	<u>(7,128,203)</u>	<u>(607,381)</u>	<u>6,520,822</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Printing and Distribution Services Operating	1	1	1	-
Insurance and Claims Operating	103	103	103	-
Total transfers from other funds	<u>104</u>	<u>104</u>	<u>104</u>	<u>-</u>
Transfers to other funds:				
General	(90,000)	(90,000)	(90,000)	-
Transportation Operating	(14,214)	(14,214)	(14,214)	-
Total transfers to other funds	<u>(104,214)</u>	<u>(104,214)</u>	<u>(104,214)</u>	<u>-</u>
Bonds and notes issued	-	12,000,000	12,000,000	-
Bonds and notes premium	-	142,208	142,208	-
Payments to refunded loan and bond escrow agent	-	(11,900,000)	(11,900,000)	-
Sale of capital asset	-	-	10,000	10,000
Total other financing sources (uses)	<u>(104,110)</u>	<u>138,098</u>	<u>148,098</u>	<u>10,000</u>
Net change in fund balance	<u>(6,990,105)</u>	<u>(6,990,105)</u>	<u>(459,283)</u>	<u>6,530,822</u>
Fund balance - beginning	<u>6,990,105</u>	<u>6,990,105</u>	<u>7,369,750</u>	<u>379,645</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>6,910,467</u>	<u>\$ 6,910,467</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			22,642	
Capital assets net of accumulated depreciation and amortization			102,027,484	
Bonds payable			(50,207,751)	
Accrued interest payable			(267,979)	
Fund balance - GAAP basis			<u>\$ 58,484,863</u>	

City of Portland, Oregon
Environmental Remediation Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Service charges and fees:				
Public works and utility charges	\$ 4,671,868	\$ 4,671,868	\$ 4,988,978	\$ 317,110
Rents and reimbursements	535,000	535,000	467,637	(67,363)
Billings to other funds for services	370,000	370,000	435,569	65,569
Other:				
Investment earnings	15,000	15,000	34,199	19,199
Miscellaneous	-	-	5,977	5,977
Total revenues	<u>5,591,868</u>	<u>5,591,868</u>	<u>5,932,360</u>	<u>340,492</u>
EXPENDITURES				
Current:				
Personal services	493,596	493,596	393,006	100,590
Materials and services	4,959,603	4,925,377	3,749,017	1,176,360
General operating contingencies	1,502,293	1,241,519	-	1,241,519
Overhead charges - General Fund	135,263	135,263	135,263	-
Debt service and related costs:				
Principal	518	518	518	-
Interest	410	410	374	36
Total expenditures	<u>7,091,683</u>	<u>6,796,683</u>	<u>4,278,178</u>	<u>2,518,505</u>
Revenues over (under) expenditures	<u>(1,499,815)</u>	<u>(1,204,815)</u>	<u>1,654,182</u>	<u>2,858,997</u>
OTHER FINANCING (USES)				
Transfer to other fund:				
Pension Debt Redemption	(185)	(185)	(185)	-
Internal loan remittances	-	(295,000)	(295,000)	-
Total other financing sources (uses)	<u>(185)</u>	<u>(295,185)</u>	<u>(295,185)</u>	<u>-</u>
Net change in fund balance	(1,500,000)	(1,500,000)	1,358,997	2,858,997
Fund balance - beginning	<u>1,500,000</u>	<u>1,500,000</u>	<u>2,681,951</u>	<u>1,181,951</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>4,040,948</u>	<u>\$ 4,040,948</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			20,671	
Internal loans receivable			295,000	
Capital assets net of accumulated depreciation and amortization			3,807,795	
Prepaid expenses			8,786	
Compensated absences			(41,572)	
Bonds payable			(13,142)	
Accrued interest payable			(3,338)	
Other postemployment benefits			(12,674)	
Pollution remediation long-term liability			(610,000)	
Fund balance - GAAP basis			<u>\$ 7,492,474</u>	

City of Portland, Oregon
Headwaters Apartment Complex Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental:				
Local cost sharing	\$ 814,128	\$ 814,128	\$ 1,015,468	\$ 201,340
Other:				
Investment earnings	-	-	1,938	1,938
Total revenues	814,128	814,128	1,017,406	203,278
EXPENDITURES				
Current:				
Materials and services	25,552	1,000	176	824
General operating contingencies	-	254,335	-	254,335
Overhead charges - General Fund	1,828	1,828	-	1,828
Debt service and related costs:				
Principal	-	-	255,000	(255,000)
Interest	786,748	977,748	722,735	255,013
Total expenditures	814,128	1,234,911	977,911	257,000
Revenues over (under) expenditures	-	(420,783)	39,495	(53,722)
OTHER FINANCING (USES)				
Transfer from other fund:				
Housing Investment Fund	-	254,335	254,335	-
Net change in fund balance	-	(166,448)	293,830	460,278
Fund balance - beginning	-	166,448	284,260	117,812
Fund balance - ending	\$ -	\$ -	578,090	\$ 578,090
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			1,837	
Capital assets net of accumulated depreciation and amortization			11,100,849	
Bonds payable			(10,843,723)	
Accrued interest payable			(516,068)	
Fund balance - GAAP basis			\$ 320,985	

Internal Service Funds Budget and Actual

Health Insurance Operating Fund

This fund accounts for the City's self-insured health program with the exception of Portland Police Association employees.

Facilities Services Operating Fund

This fund accounts for the operation and maintenance of City facilities, properties and capital projects.

CityFleet Operating Fund

This fund accounts for automotive fleet services provided to City and County agencies.

Printing and Distribution Services Operating Fund

This fund accounts for reproduction and distribution services provided to City and County agencies.

Insurance and Claims Operating Fund

This fund accounts for the City's self-insured program for liability and tort risks.

Workers' Compensation Self Insurance Operating Fund

This fund accounts for the City's self-insured program for workers' compensation claims.

Technology Services Fund

This fund accounts for multi-year funding of major capital purchases of information technology equipment and services provided to City agencies.

Enterprise Business Solutions Services Fund

This fund is established to account for the City's financial system, including current support and future improvements, and to appropriately allocate expenditures of this system across City bureaus.

City of Portland, Oregon
Health Insurance Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Service charges and fees:				
Health care charges	\$ 39,071,924	\$ 45,478,701	\$ 47,497,488	\$ 2,018,787
Other service charges	-	48,000	-	(48,000)
Billings to other funds for services	-	-	188,750	188,750
Other:				
Investment earnings	563,230	-	82,573	82,573
Miscellaneous	3,532,836	1,141,289	898,213	(243,076)
Total revenues	43,167,990	46,667,990	48,667,024	1,999,034
EXPENDITURES				
Current:				
Personal services	1,105,888	1,135,888	1,115,801	20,087
Materials and services	42,786,304	49,986,304	51,173,797	(1,187,493)
General operating contingencies	17,438,533	12,185,333	-	12,185,333
Overhead charges - General Fund	383,583	383,583	383,583	-
Debt service and related costs:				
Principal	5,604	25,006	13,347	11,659
Interest	21,056	1,654	9,642	(7,988)
Total expenditures	61,740,968	63,717,768	52,696,170	11,021,598
Revenues over (under) expenditures	(18,572,978)	(17,049,778)	(4,029,146)	13,020,632
OTHER FINANCING USES				
Transfers from other funds:				
Printing and Distribution Services Operating	3,657	3,657	3,657	-
Insurance and Claims Operating	38	38	38	-
Workers' Compensation Self Insurance Operating	68	68	68	-
Technology Services	134	134	134	-
Total transfers from other funds	3,897	3,897	3,897	-
Transfers to other funds:				
General	(115,500)	(441,500)	(441,500)	-
Pension Debt Redemption	(4,799)	(4,799)	(4,799)	-
Total transfers to other funds	(120,299)	(446,299)	(446,299)	-
Total other financing sources (uses)	(116,402)	(442,402)	(442,402)	-
Net change in fund balance	(18,689,380)	(17,492,180)	(4,471,548)	13,020,632
Fund balance - beginning	18,689,380	17,492,180	17,492,185	5
Fund balance - ending	\$ -	\$ -	13,020,637	\$ 13,020,637
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			52,573	
Prepaid expenses			226,322	
Compensated absences			(65,710)	
Self insurance claims			(4,384,985)	
Bonds payable			(338,340)	
Accrued interest payable			(85,923)	
Other postemployment benefits			(21,977)	
Fund balance - GAAP basis			\$ 8,402,597	

City of Portland, Oregon
Facilities Services Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental:				
Federal cost sharing	\$ -	\$ -	\$ 106,348	\$ 106,348
State cost sharing	-	-	966	966
Multnomah County cost sharing	513,004	513,004	2,216	(510,788)
Local cost sharing	60,000	60,000	99,012	39,012
Service charges and fees:				
Rents and reimbursements	957,285	957,285	1,461,900	504,615
Other service charges	-	-	2,500	2,500
Billings to other funds for services	24,851,113	25,059,235	23,475,744	(1,583,491)
Other:				
Sales - other	-	-	556,659	556,659
Investment earnings	-	-	220,270	220,270
Miscellaneous	-	-	193,065	193,065
Total revenues	26,381,402	26,589,524	26,118,680	(470,844)
EXPENDITURES				
Current:				
Personal services	3,582,569	3,641,804	3,465,354	176,450
Materials and services	22,098,781	30,254,882	17,810,727	12,444,155
General operating contingencies	31,699,041	25,892,658	-	25,892,658
Overhead charges - General Fund	916,505	916,505	916,505	-
Debt service and related costs:				
Principal	4,347,880	4,347,880	4,347,880	-
Interest	1,462,630	1,537,630	1,543,900	(6,270)
Debt issuance costs	-	225,000	189,027	35,973
Capital outlay	1,651,486	9,906,200	8,340,505	1,565,695
Total expenditures	65,758,892	76,722,559	36,613,898	40,108,661
Revenues over (under) expenditures	(39,377,490)	(50,133,035)	(10,495,218)	39,637,817

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City of Portland, Oregon
Facilities Services Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	3,541,220	3,778,220	3,778,220	-
CityFleet Operating	328	328	328	-
Printing and Distribution Services Operating	1,851	1,851	1,851	-
Insurance and Claims Operating	573	573	573	-
Workers' Compensation Self Insurance Operating	306	306	306	-
Technology Services	66,045	166,045	166,045	-
Total transfers from other funds	<u>3,610,323</u>	<u>3,947,323</u>	<u>3,947,323</u>	<u>-</u>
Transfers to other funds:				
General	(518,248)	(518,248)	(518,248)	-
Pension Debt Redemption	(25,835)	(25,835)	(25,835)	-
Parks Capital Construction and Maintenance	-	(3,500)	(3,500)	-
Total transfers to other funds	<u>(544,083)</u>	<u>(547,583)</u>	<u>(547,583)</u>	<u>-</u>
Bonds and notes issued	5,451,000	19,879,213	27,223,650	7,344,437
Bonds and notes premium	-	-	2,376,111	2,376,111
Payments to refunded loan and bond escrow agent	-	-	(8,922,000)	(8,922,000)
Total other financing sources (uses)	<u>8,517,240</u>	<u>23,279,953</u>	<u>24,077,501</u>	<u>798,548</u>
Net change in fund balance	(30,860,250)	(26,854,082)	13,582,283	40,436,365
Fund balance - beginning	<u>30,860,250</u>	<u>26,854,082</u>	<u>26,850,781</u>	<u>(3,301)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	40,433,064	<u>\$ 40,433,064</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			142,957	
Capital assets net of accumulated depreciation and amortization			115,744,437	
Prepaid expenses			1,218,876	
Allowance for uncollectible accounts			(43,377)	
Compensated absences			(200,991)	
Bonds payable			(53,669,085)	
Accrued interest payable			(705,611)	
Other postemployment benefits			(84,957)	
Fund balance - GAAP basis			<u>\$ 102,835,313</u>	

City of Portland, Oregon
CityFleet Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental:				
Federal cost sharing	\$ 100,000	\$ 100,000	\$ 110,020	\$ 10,020
State cost sharing	-	-	35,602	35,602
Local cost sharing	-	-	12,842	12,842
Billings to other funds for services	28,598,965	29,526,258	27,482,256	(2,044,002)
Other:				
Investment earnings	150,000	150,000	112,873	(37,127)
Miscellaneous	-	-	121,573	121,573
Total revenues	28,848,965	29,776,258	27,875,166	(1,901,092)
EXPENDITURES				
Current:				
Personal services	6,716,627	6,901,627	6,473,651	427,976
Materials and services	13,314,650	13,531,258	12,466,596	1,064,662
General operating contingencies	17,458,873	13,682,430	-	13,682,430
Overhead charges - General Fund	728,948	728,948	728,948	-
Debt service and related costs:				
Principal	168,912	168,912	168,912	-
Interest	133,557	133,557	122,023	11,534
Capital outlay	8,331,946	12,737,536	6,868,388	5,869,148
Total expenditures	46,853,513	47,884,268	26,828,518	21,055,750
Revenues over (under) expenditures	(18,004,548)	(18,108,010)	1,046,648	19,154,658

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City of Portland, Oregon
CityFleet Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Printing and Distribution Services Operating	1,171	1,171	1,171	-
Insurance and Claims Operating	388	388	388	-
Workers' Compensation Self Insurance Operating	661	661	661	-
Technology Services	400	400	400	-
Total transfers from other funds	2,620	2,620	2,620	-
Transfers to other funds:				
General	(114,167)	(114,167)	(114,167)	-
Pension Debt Redemption	(60,713)	(60,713)	(60,713)	-
Parks Capital Construction and Maintenance	(22)	(22)	(22)	-
Sewer System Operating	(3,289)	(3,289)	(3,289)	-
Water	(13,647)	(13,647)	(13,647)	-
Hydroelectric Power Operating	(18)	(18)	(18)	-
Golf	(1,146)	(1,146)	(1,146)	-
Portland International Raceway	(75)	(75)	(75)	-
Solid Waste Management	(18)	(18)	(18)	-
Facilities Services Operating	(328)	(328)	(328)	-
Printing and Distribution Services Operating	(244)	(244)	(243)	1
Insurance and Claims Operating	(6)	(6)	(6)	-
Workers' Compensation Self Insurance Operating	(5)	(5)	(5)	-
Technology Services	(555)	(555)	(555)	-
Enterprise Business Solutions Services	(24)	(24)	(24)	-
Cable	(1)	(1)	(1)	-
Total transfers to other funds	(194,258)	(194,258)	(194,257)	1
Sale of capital asset	600,000	600,000	809,917	209,917
Total other financing sources (uses)	408,362	408,362	618,280	209,918
Net change in fund balance	(17,596,186)	(17,699,648)	1,664,928	19,364,576
Fund balance - beginning	17,596,186	17,699,648	17,699,648	-
Fund balance - ending	\$ -	\$ -	19,364,576	\$ 19,364,576
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			66,949	
Inventories			1,102,592	
Prepaid expenses			2,864,281	
Capital assets net of accumulated depreciation and amortization			38,802,083	
Compensated absences			(356,599)	
Bonds payable			(4,281,898)	
Accrued interest payable			(1,087,400)	
Other postemployment benefits			(192,192)	
Fund balance - GAAP basis			\$ 56,282,392	

City of Portland, Oregon
Printing and Distribution Services Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Intergovernmental:				
State cost sharing	\$ 248,683	\$ 248,683	\$ 168,182	\$ (80,501)
Multnomah County cost sharing	474,874	474,874	385,075	(89,799)
Local cost sharing	322,391	322,391	355,800	33,409
Service charges and fees:				
Other service charges	108,676	108,676	102,183	(6,493)
Billings to other funds for services	5,926,468	6,014,791	5,466,454	(548,337)
Other:				
Sales - other	60,007	60,007	65,838	5,831
Investment earnings	-	11,000	8,216	(2,784)
Miscellaneous	700	700	3,035	2,335
	<u>7,141,799</u>	<u>7,241,122</u>	<u>6,554,783</u>	<u>(686,339)</u>
EXPENDITURES				
Current:				
Personal services	1,943,626	1,988,478	1,815,944	172,534
Materials and services	4,581,698	4,661,804	4,335,776	326,028
General operating contingencies	948,610	1,009,377	-	1,009,377
Overhead charges - General Fund	330,964	330,964	330,964	-
Debt service and related costs:				
Principal	57,241	57,241	57,241	-
Interest	45,260	45,260	41,351	3,909
Capital outlay	371,250	371,250	79,849	291,401
	<u>8,278,649</u>	<u>8,464,374</u>	<u>6,661,125</u>	<u>1,803,249</u>
Total expenditures	<u>8,278,649</u>	<u>8,464,374</u>	<u>6,661,125</u>	<u>1,803,249</u>
Revenues over (under) expenditures	(1,136,850)	(1,223,252)	(106,342)	1,116,910

Continued next page

City of Portland, Oregon
Printing and Distribution Services Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
CityFleet Operating	244	244	243	1
Insurance and Claims Operating	118	118	118	-
Workers' Compensation Self Insurance Operating	189	189	189	-
Technology Services	338	338	338	-
	<u>889</u>	<u>889</u>	<u>888</u>	<u>1</u>
Transfers to other funds:				
General	(278,115)	(278,115)	(278,114)	1
Transportation Operating	(1,084)	(1,084)	(1,084)	-
Emergency Communication	(1,551)	(1,551)	(1,551)	-
Housing Investment	(3,855)	(3,855)	(3,855)	-
Children's Investment	(5,602)	(5,602)	(5,602)	-
Portland Parks Memorial Trust	(325)	(325)	(325)	-
Pension Debt Redemption	(20,574)	(20,574)	(20,574)	-
Parks Capital Construction and Maintenance	(1,674)	(1,674)	(1,674)	-
Sewer System Operating	(48,906)	(48,906)	(48,906)	-
Water	(103,368)	(103,368)	(103,368)	-
Hydroelectric Power Operating	(379)	(379)	(379)	-
Portland International Raceway	(32)	(32)	(32)	-
Solid Waste Management	(20,618)	(20,618)	(20,618)	-
Parking Facilities	(101)	(101)	(101)	-
Spectator Facilities Operating	(1)	(1)	(1)	-
Health Insurance Operating	(3,657)	(3,657)	(3,657)	-
Facilities Services Operating	(1,851)	(1,851)	(1,851)	-
CityFleet Operating	(1,171)	(1,171)	(1,171)	-
Insurance and Claims Operating	(723)	(723)	(723)	-
Workers' Compensation Self Insurance Operating	(1,346)	(1,346)	(1,346)	-
Technology Services	(2,370)	(2,370)	(2,370)	-
Enterprise Business Solutions Services	(1,283)	(1,283)	(1,283)	-
Fire and Police Disability and Retirement	(3,595)	(3,595)	(3,595)	-
Cable	(543)	(543)	(543)	-
	<u>(502,724)</u>	<u>(502,724)</u>	<u>(502,723)</u>	<u>1</u>
Total other financing sources (uses)	<u>(501,835)</u>	<u>(501,835)</u>	<u>(501,835)</u>	<u>-</u>
Net change in fund balance	(1,638,685)	(1,725,087)	(608,177)	1,116,910
Fund balance - beginning	1,638,685	1,725,087	1,724,880	(207)
Fund balance - ending	\$ <u>-</u>	\$ <u>-</u>	1,116,703	\$ <u>1,116,703</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			4,057	
Capital assets net of accumulated depreciation and amortization			730,567	
Prepaid expenses			970,643	
Compensated absences			(122,172)	
Bonds payable			(1,451,049)	
Accrued interest payable			(368,498)	
Other postemployment benefits			(63,089)	
Fund balance - GAAP basis			\$ <u>817,162</u>	

City of Portland, Oregon
Insurance and Claims Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Billings to other funds for services	\$ 10,731,824	\$ 10,616,161	\$ 10,616,161	\$ -
Other:				
Investment earnings	120,000	120,000	159,891	39,891
Miscellaneous	176,519	176,519	105,347	(71,172)
Total revenues	<u>11,028,343</u>	<u>10,912,680</u>	<u>10,881,399</u>	<u>(31,281)</u>
EXPENDITURES				
Current:				
Personal services	1,150,449	1,230,840	1,121,571	109,269
Materials and services	8,172,323	12,926,719	7,784,155	5,142,564
General operating contingencies	21,029,076	20,726,742	-	20,726,742
Overhead charges - General Fund	414,928	414,928	414,928	-
Debt service and related costs:				
Principal	31,541	31,541	31,541	-
Interest	24,939	24,939	22,786	2,153
Capital outlay	182,000	247,000	-	247,000
Total expenditures	<u>31,005,256</u>	<u>35,602,709</u>	<u>9,374,981</u>	<u>26,227,728</u>
Revenues over (under) expenditures	<u>(19,976,913)</u>	<u>(24,690,029)</u>	<u>1,506,418</u>	<u>26,196,447</u>

Continued next page

City of Portland, Oregon
Insurance and Claims Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
CityFleet Operating	6	6	6	-
Printing and Distribution Services Operating	723	723	723	-
Workers' Compensation Self Insurance Operating	84	84	84	-
Technology Services	230	230	230	-
Total transfers from other funds	1,043	1,043	1,043	-
Transfers to other funds:				
General	(30,069)	(30,069)	(30,069)	-
Emergency Communication	(586)	(586)	(586)	-
Children's Investment	(19)	(19)	(19)	-
Pension Debt Redemption	(11,335)	(11,335)	(11,335)	-
Sewer System Operating	(3,936)	(3,936)	(3,936)	-
Water	(3,372)	(3,372)	(3,372)	-
Hydroelectric Power Operating	(174)	(174)	(174)	-
Golf	(166)	(166)	(166)	-
Portland International Raceway	(50)	(50)	(50)	-
Solid Waste Management	(55)	(55)	(55)	-
Parking Facilities	(219)	(219)	(219)	-
Spectator Facilities Operating	(103)	(103)	(103)	-
Health Insurance Operating	(38)	(38)	(38)	-
Facilities Services Operating	(573)	(573)	(573)	-
CityFleet Operating	(388)	(388)	(388)	-
Printing and Distribution Services Operating	(118)	(118)	(118)	-
Workers' Compensation Self Insurance Operating	(53)	(53)	(53)	-
Technology Services	(1,433)	(1,433)	(1,433)	-
Enterprise Business Solutions Services	(78)	(78)	(78)	-
Fire and Police Disability and Retirement	(76)	(76)	(76)	-
Cable	(25)	(25)	(25)	-
Total transfers to other funds	(52,866)	(52,866)	(52,866)	-
Total other financing sources (uses)	(51,823)	(51,823)	(51,823)	-
Net change in fund balance	(20,028,736)	(24,741,852)	1,454,595	26,196,447
Fund balance - beginning	20,028,736	24,741,852	24,684,880	(56,972)
Fund balance - ending	\$ -	\$ -	26,139,475	\$ 26,139,475
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			90,067	
Capital assets net of accumulated depreciation and amortization			26,902	
Prepaid expenses			534,859	
Compensated absences			(115,360)	
Self insurance claims			(11,334,007)	
Bonds payable			(799,571)	
Accrued interest payable			(203,053)	
Other postemployment benefits			(29,376)	
Fund balance - GAAP basis			\$ 14,309,936	

City of Portland, Oregon
Workers' Compensation Self Insurance Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Billings to other funds for services	\$ 3,728,725	\$ 3,659,121	\$ 3,659,121	\$ -
Other:				
Investment earnings	106,056	106,056	117,814	11,758
Miscellaneous	209,117	209,117	200,984	(8,133)
Total revenues	<u>4,043,898</u>	<u>3,974,294</u>	<u>3,977,919</u>	<u>3,625</u>
EXPENDITURES				
Current:				
Personal services	1,005,579	1,102,256	999,497	102,759
Materials and services	3,109,848	3,970,029	3,079,734	890,295
General operating contingencies	17,774,199	17,077,935	-	17,077,935
Overhead charges - General Fund	173,128	173,128	173,128	-
Debt service and related costs:				
Principal	29,503	29,503	29,503	-
Interest	23,328	23,328	21,313	2,015
Capital outlay	182,000	247,000	-	247,000
Total expenditures	<u>22,297,585</u>	<u>22,623,179</u>	<u>4,303,175</u>	<u>18,320,004</u>
Revenues over (under) expenditures	<u>(18,253,687)</u>	<u>(18,648,885)</u>	<u>(325,256)</u>	<u>18,323,629</u>

Continued next page

City of Portland, Oregon
Workers' Compensation Self Insurance Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
CityFleet Operating	5	5	5	-
Printing and Distribution Services Operating	1,346	1,346	1,346	-
Insurance and Claims Operating	53	53	53	-
Technology Services	216	216	216	-
	<u>1,620</u>	<u>1,620</u>	<u>1,620</u>	<u>-</u>
Total transfers from other funds				
	<u>1,620</u>	<u>1,620</u>	<u>1,620</u>	<u>-</u>
Transfers to other funds:				
General	(27,771)	(27,771)	(27,771)	-
Emergency Communication	(1,276)	(1,276)	(1,276)	-
Children's Investment	(34)	(34)	(34)	-
Pension Debt Redemption	(10,604)	(10,604)	(10,604)	-
Sewer System Operating	(3,039)	(3,039)	(3,039)	-
Water	(4,780)	(4,780)	(4,780)	-
Hydroelectric Power Operating	(26)	(26)	(26)	-
Golf	(259)	(259)	(259)	-
Portland International Raceway	(78)	(78)	(78)	-
Solid Waste Management	(96)	(96)	(96)	-
Health Insurance Operating	(68)	(68)	(68)	-
Facilities Services Operating	(306)	(306)	(306)	-
CityFleet Operating	(661)	(661)	(661)	-
Printing and Distribution Services Operating	(189)	(189)	(189)	-
Insurance and Claims Operating	(84)	(84)	(84)	-
Technology Services	(1,435)	(1,435)	(1,435)	-
Enterprise Business Solutions Services	(60)	(60)	(60)	-
Fire and Police Disability and Retirement	(131)	(131)	(131)	-
Cable	(36)	(36)	(36)	-
	<u>(50,933)</u>	<u>(50,933)</u>	<u>(50,933)</u>	<u>-</u>
Total transfers to other funds				
	<u>(50,933)</u>	<u>(50,933)</u>	<u>(50,933)</u>	<u>-</u>
Total other financing sources (uses)				
	<u>(49,313)</u>	<u>(49,313)</u>	<u>(49,313)</u>	<u>-</u>
Net change in fund balance	(18,303,000)	(18,698,198)	(374,569)	18,323,629
Fund balance - beginning	18,303,000	18,698,198	18,698,198	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	18,323,629	<u>\$ 18,323,629</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			61,964	
Capital assets net of accumulated depreciation and amortization			4,170	
Prepaid expenses			500,289	
Compensated absences			(36,041)	
Self insurance claims			(7,424,811)	
Bonds payable			(747,900)	
Accrued interest payable			(189,932)	
Other postemployment benefits			(23,045)	
			<u>10,468,323</u>	
Fund balance - GAAP basis			<u>\$ 10,468,323</u>	

City of Portland, Oregon
Technology Services Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental:				
Federal cost sharing	\$ 499,143	\$ 499,143	\$ 475,831	\$ (23,312)
State cost sharing	408,578	408,578	357,809	(50,769)
Multnomah County cost sharing	1,613,812	1,613,812	1,693,259	79,447
Local cost sharing	2,555,914	2,555,914	2,470,061	(85,853)
Service charges and fees:				
Other service charges	155,547	155,547	137,380	(18,167)
Billings to other funds for services	43,913,957	45,534,042	43,238,677	(2,295,365)
Other:				
Sales - other	522,393	522,393	407,348	(115,045)
Investment earnings	225,000	225,000	244,398	19,398
Miscellaneous	30,000	30,000	93,975	63,975
Total revenues	49,924,344	51,544,429	49,118,738	(2,425,691)
EXPENDITURES				
Current:				
Personal services	26,102,359	26,536,928	24,512,966	2,023,962
Materials and services	19,637,709	22,485,613	19,250,850	3,234,763
General operating contingencies	27,934,565	27,947,739	-	27,947,739
Overhead charges - General Fund	1,669,781	1,669,781	1,669,781	-
Debt service and related costs:				
Principal	1,644,756	1,644,756	1,644,756	-
Interest	235,925	235,925	222,389	13,536
Debt issuance costs	-	-	486	(486)
Capital outlay	2,416,276	2,580,276	967,985	1,612,291
Total expenditures	79,641,371	83,101,018	48,269,213	34,831,805
Revenues over (under) expenditures	(29,717,027)	(31,556,589)	849,525	32,406,114

Continued next page

City of Portland, Oregon
Technology Services Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	-	95,411	95,411	-
Emergency Communication	500,000	556,153	556,153	-
CityFleet Operating	555	555	555	-
Printing and Distribution Services Operating	2,370	2,370	2,370	-
Insurance and Claims Operating	1,433	1,433	1,433	-
Workers Compensation Self Insurance Operating	1,435	1,435	1,435	-
Total transfers from other funds	<u>505,793</u>	<u>657,357</u>	<u>657,357</u>	<u>-</u>
Transfers to other funds:				
General	(7,833,883)	(519,634)	(523,921)	(4,287)
Emergency Communication	(4,369)	(175,824)	(175,824)	-
Children's Investment	(28)	(28)	(28)	-
Pension Debt Redemption	(72,157)	(72,157)	(72,157)	-
Public Safety GO Bond Construction	(253,330)	(11,408,529)	(11,408,529)	-
Sewer System Operating	(16,335)	(16,335)	(6,335)	10,000
Sewer System Construction	-	(111,745)	(107,708)	4,037
Water	(9,411)	(9,411)	(9,411)	-
Hydroelectric Power Operating	(15)	(15)	(15)	-
Golf	(421)	(421)	(421)	-
Portland International Raceway	(53)	(53)	(53)	-
Parking Facilities	(65)	(65)	(65)	-
Health Insurance Operating	(134)	(134)	(134)	-
Facilities Services Operating	(66,045)	(166,045)	(166,045)	-
CityFleet Operating	(400)	(400)	(400)	-
Printing and Distribution Services Operating	(338)	(338)	(338)	-
Insurance and Claims Operating	(230)	(230)	(230)	-
Workers' Compensation Self Insurance Operating	(216)	(216)	(216)	-
Enterprise Business Solutions Services	(4,265)	(4,265)	(4,265)	-
Fire and Police Disability and Retirement	(168)	(168)	(168)	-
Cable	(31)	(31)	(31)	-
Total transfers to other funds	<u>(8,261,894)</u>	<u>(12,486,044)</u>	<u>(12,476,294)</u>	<u>9,750</u>
Bonds and notes issued	-	-	86,350	86,350
Bonds and notes premium	-	-	2,416	2,416
Payments to refunded loan and bond escrow agent	-	-	(88,000)	(88,000)
Total other financing sources (uses)	<u>(7,756,101)</u>	<u>(11,828,687)</u>	<u>(11,818,171)</u>	<u>10,516</u>
Net change in fund balance	(37,473,128)	(43,385,276)	(10,968,646)	32,416,630
Fund balance - beginning	<u>37,473,128</u>	<u>43,385,276</u>	<u>43,385,276</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	32,416,630	<u>\$ 32,416,630</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			106,940	
Capitalized assets net of accumulated depreciation and amortization			23,242,261	
Prepaid expenses			3,404,248	
Inventories			617,765	
Compensated absences			(1,689,846)	
Bonds payable			(5,973,728)	
Accrued interest payable			(1,299,554)	
Other postemployment benefits			(530,187)	
Fund balance - GAAP basis			<u>\$ 50,294,529</u>	

City of Portland, Oregon
Enterprise Business Solutions Services Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Billings to other funds for services	\$ 12,506,543	\$ 12,517,888	\$ 12,517,743	\$ (145)
Other:				
Investment earnings	140,000	140,000	33,814	(106,186)
Miscellaneous	-	-	825	825
Total revenues	<u>12,646,543</u>	<u>12,657,888</u>	<u>12,552,382</u>	<u>(105,506)</u>
EXPENDITURES				
Current:				
Personal services	2,210,737	2,469,571	2,316,462	153,109
Materials and services	5,742,838	6,404,309	5,750,372	653,937
General operating contingencies	4,418,446	3,502,944	-	3,502,944
Overhead charges - General Fund	175,818	175,818	175,818	-
Debt service and related costs:				
Principal	3,505,000	3,505,000	3,505,000	-
Interest	888,763	888,763	888,763	-
Total expenditures	<u>16,941,602</u>	<u>16,946,405</u>	<u>12,636,415</u>	<u>4,309,990</u>
Revenues over (under) expenditures	<u>(4,295,059)</u>	<u>(4,288,517)</u>	<u>(84,033)</u>	<u>4,204,484</u>
OTHER FINANCING SOURCES				
Transfers from other funds:				
General	-	248,000	248,000	-
CityFleet Operating	24	24	24	-
Printing and Distribution Services Operating	1,283	1,283	1,283	-
Insurance and Claims Operating	78	78	78	-
Workers' Compensation Self Insurance Operating	60	60	60	-
Technology Services	4,265	4,265	4,265	-
Total transfers from other funds	<u>5,710</u>	<u>253,710</u>	<u>253,710</u>	<u>-</u>
Transfer to other fund:				
General	-	(25,000)	(25,000)	-
Total other financing sources	<u>5,710</u>	<u>228,710</u>	<u>228,710</u>	<u>-</u>
Net change in fund balance	<u>(4,289,349)</u>	<u>(4,059,807)</u>	<u>144,677</u>	<u>4,204,484</u>
Fund balance - beginning	<u>4,289,349</u>	<u>4,059,807</u>	<u>4,059,807</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>4,204,484</u>	<u>\$ 4,204,484</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			14,400	
Capitalized assets net of accumulated depreciation and amortization			14,507,203	
Compensated absences			(124,437)	
Bonds payable			(19,076,210)	
Accrued interest payable			(62,333)	
Other postemployment benefits			(23,920)	
Fund balance - GAAP basis			<u>\$ (560,813)</u>	

Schedules of Revenues and Expenditures Fiduciary Funds - Budget and Actual

Pension Trust Funds:

Fire and Police Disability and Retirement Fund

This fund provides pension and benefits for members of the Fire Bureau and Police Bureau, their widows and children.

Fire and Police Disability and Retirement Reserve Fund

This fund is a reserve for the Fire and Police Disability and Retirement Fund in the event of an emergency.

Fire and Police Supplemental Retirement Reserve Fund

This fund is a reserve for supplemental retirement benefits to certain members of the Fire and Police Bureaus.

Agency Funds:

Cable Fund

This fund accounts for cable revenues and expenditures as required by an intergovernmental agreement with the Mt. Hood Cable Regulatory Commission.

City of Portland, Oregon
Fire and Police Disability and Retirement Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes:				
Current year property taxes	\$ 103,800,575	\$ 103,800,575	\$ 102,270,256	\$ (1,530,319)
Prior year property taxes	1,900,000	1,900,000	2,491,718	591,718
Service charges and fees:				
Other service charges	-	-	34	34
Billings to other funds for services	142,000	142,000	142,000	-
Other:				
Investment earnings	300,000	300,000	270,411	(29,589)
Miscellaneous	1,037,927	60,000	27,433	(32,567)
Pension recovery	-	977,927	993,334	15,407
	<u>107,180,502</u>	<u>107,180,502</u>	<u>106,195,186</u>	<u>(985,316)</u>
EXPENDITURES				
Current:				
Personal services	1,718,200	1,718,200	1,704,039	14,161
Materials and services	112,531,835	112,346,835	107,729,374	4,617,461
General operating contingencies	9,864,815	9,299,815	-	9,299,815
Overhead charges - General Fund	330,536	330,536	330,536	-
Debt service and related costs:				
Principal	26,817,009	26,817,009	16,738,009	10,079,000
Interest	175,033	175,033	247,786	(72,753)
Debt issuance costs	20,000	20,000	12,397	7,603
Capital outlay	275,000	275,000	138,934	136,066
	<u>151,732,428</u>	<u>150,982,428</u>	<u>126,901,075</u>	<u>24,081,353</u>
Total expenditures				
	<u>151,732,428</u>	<u>150,982,428</u>	<u>126,901,075</u>	<u>24,081,353</u>
Revenues over (under) expenditures	<u>(44,551,926)</u>	<u>(43,801,926)</u>	<u>(20,705,889)</u>	<u>23,096,037</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Printing and Distribution Services Operating	3,595	3,595	3,595	-
Insurance and Claims Operating	76	76	76	-
Workers' Compensation Self Insurance Operating	131	131	131	-
Technology Services	168	168	168	-
Fire and Police Disability and Retirement Reserve	750,000	750,000	750,000	-
	<u>753,970</u>	<u>753,970</u>	<u>753,970</u>	<u>-</u>
Total transfers from other funds				
	<u>753,970</u>	<u>753,970</u>	<u>753,970</u>	<u>-</u>
Transfers to other funds:				
Pension Debt Redemption	(6,472)	(6,472)	(6,472)	-
Fire and Police Disability and Retirement Reserve	-	(750,000)	(750,000)	-
	<u>(6,472)</u>	<u>(756,472)</u>	<u>(756,472)</u>	<u>-</u>
Total transfers to other funds				
	<u>(6,472)</u>	<u>(756,472)</u>	<u>(756,472)</u>	<u>-</u>

Continued next page

City of Portland, Oregon
Fire and Police Disability and Retirement Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES), Continued:				
Bonds and notes issued	26,799,000	26,799,000	16,720,000	(10,079,000)
Bonds and notes premium	-	-	202,981	202,981
	<u>27,546,498</u>	<u>26,796,498</u>	<u>16,920,479</u>	<u>(9,876,019)</u>
Net change in fund balance	(17,005,428)	(17,005,428)	(3,785,410)	13,220,018
Fund balance - beginning	<u>17,005,428</u>	<u>17,005,428</u>	<u>18,179,294</u>	<u>1,173,866</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	14,393,884	<u>\$ 14,393,884</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			71,391	
Deferred revenue			7,542,830	
Capital assets net of accumulated depreciation and amortization			154,299	
Prepaid expenses			305,378	
Compensated absences			(643,822)	
Bonds payable			(456,512)	
Accrued interest payable			(115,933)	
Contingent pension liability			(1,526,453)	
Other postemployment benefits			(32,960)	
			<u>19,692,102</u>	
Fund balance - GAAP basis			<u>\$ 19,692,102</u>	

City of Portland, Oregon
Fire and Police Disability and Retirement Reserve Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current:				
General operating contingencies	\$ -	\$ 750,000	\$ -	\$ 750,000
Total expenditures	-	750,000	-	750,000
Revenues over (under) expenditures	-	(750,000)	-	750,000
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
Fire and Police Disability and Retirement	-	750,000	750,000	-
Transfer to other fund:				
Fire and Police Disability and Retirement	(750,000)	(750,000)	(750,000)	-
Total other financing sources (uses)	(750,000)	-	-	-
Net change in fund balance	(750,000)	(750,000)	-	750,000
Fund balance - beginning	750,000	750,000	750,000	-
Fund balance - ending	\$ -	\$ -	750,000	\$ 750,000
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			-	
Fund balance - GAAP basis			\$ 750,000	

City of Portland, Oregon
Fire and Police Supplemental Retirement Reserve Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ <u>300</u>	\$ <u>300</u>	\$ <u>254</u>	\$ <u>(46)</u>
EXPENDITURES				
Current:				
Materials and services	<u>8,200</u>	<u>8,200</u>	<u>8,109</u>	<u>91</u>
Net change in fund balance	<u>(7,900)</u>	<u>(7,900)</u>	<u>(7,855)</u>	<u>45</u>
Fund balance - beginning	<u>43,414</u>	<u>43,414</u>	<u>44,126</u>	<u>712</u>
Fund balance - ending	\$ <u><u>35,514</u></u>	\$ <u><u>35,514</u></u>	<u>36,271</u>	\$ <u><u>757</u></u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			<u>-</u>	
Fund balance - GAAP basis			\$ <u><u>36,271</u></u>	

City of Portland, Oregon
Cable Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Licenses and permits:				
Public utility licenses	\$ 1,486,815	\$ 1,486,815	\$ 1,605,304	\$ 118,489
Billings to other funds for services	356,571	356,571	307,821	(48,750)
Other:				
Investment earnings	58,000	58,000	34,324	(23,676)
Other service charges	3,857,170	3,857,170	3,938,232	81,062
Total revenues	<u>5,758,556</u>	<u>5,758,556</u>	<u>5,885,681</u>	<u>127,125</u>
EXPENDITURES				
Current:				
Personal services	436,703	448,703	451,281	(2,578)
Materials and services	6,918,106	7,176,264	4,522,114	2,654,150
General operating contingencies	1,015,158	745,000	-	745,000
Overhead charges - General Fund	28,549	28,549	28,549	-
Total expenditures	<u>8,398,516</u>	<u>8,398,516</u>	<u>5,001,944</u>	<u>3,396,572</u>
Revenues over (under) expenditures	<u>(2,639,960)</u>	<u>(2,639,960)</u>	<u>883,737</u>	<u>3,523,697</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
CityFleet Operating	1	1	1	-
Printing and Distribution Services Operating	543	543	543	-
Insurance and Claims Operating	25	25	25	-
Workers' Compensation Self Insurance Operating	36	36	36	-
Technology Services	31	31	31	-
Total other financing sources (uses)	<u>636</u>	<u>636</u>	<u>636</u>	<u>-</u>
Net change in fund balance	(2,639,324)	(2,639,324)	884,373	3,523,697
Fund balance - beginning	<u>4,811,493</u>	<u>4,811,493</u>	<u>6,555,453</u>	<u>1,743,960</u>
Fund balance - ending	<u>\$ 2,172,169</u>	<u>\$ 2,172,169</u>	<u>7,439,826</u>	<u>\$ 5,267,657</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			17,793	
Compensated absences			(67,382)	
Other postemployment benefits			(3,724)	
Agency relationship budgeted separately			(7,386,513)	
Fund balance - GAAP basis			<u>\$ -</u>	



Feathered Water Customer

Other Financial Schedules

Schedule of Bond Principal Transactions
Schedule of Bond Interest Transactions
Schedule of Future Bond Principal Requirements
Schedule of Future Bond Interest Requirements
Schedule of Property Tax Transactions and Outstanding Balances
Schedule of Property Taxes Receivable by Levy Year by Fund
Schedule of Property Taxes Collections by Levy Year by Fund

OTHER FINANCIAL
SCHEDULES

City of Portland, Oregon
Schedule of Bond Principal Transactions
For the Year Ended June 30, 2012

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2011	Bonds Issued/ Reclassified During Year	Called, Reclassified and Matured During Year	Outstanding June 30, 2012
GENERAL OBLIGATION BONDS:									
Governmental Activities									
General Obligation Parks Refunding Bonds	2010A 23-36	4.00	04/16/2010	2010-2015	\$ 19,960,000	\$ 16,275,000	\$ -	\$ 3,835,000	\$ 12,440,000
General Obligation Emergency Facilities Bonds	2004A 23-34	3.25-4.25	01/28/2004	2004-2024	13,965,000	10,200,000	-	625,000	9,575,000
General Obligation Emergency Facilities Bonds	2008A 23-35	3.00-4.75	11/18/2008	2009-2028	15,360,000	14,475,000	-	620,000	13,855,000
General Obligation Emergency Facilities Refunding Bonds	2009A 23-36	1.75-4.00	07/10/2009	2010-2019	14,560,000	11,745,000	-	1,340,000	10,405,000
General Obligation Public Safety Bonds	2011A 23-37	2.000-4.125	05/13/2011	2011-2026	25,835,000	25,835,000	-	1,370,000	24,465,000
TOTAL GENERAL OBLIGATION BONDS					89,680,000	78,530,000	-	7,790,000	70,740,000
LIMITED TAX IMPROVEMENT BONDS:									
Governmental Activities									
Limited Tax Improvement Bonds	2003A 23-48	4.35	05/22/2003	2003-2023	21,430,000	7,170,000	-	835,000	6,335,000
Limited Tax Improvement Bonds	2007A 23-48	5.00	06/28/2007	2007-2027	41,745,000	30,455,000	-	2,210,000	28,245,000
Limited Tax Improvement Bonds	2010A 23-48	2.000-4.125	04/29/2010	2010-2030	22,305,000	19,800,000	-	1,585,000	18,215,000
Limited Tax Improvement Bonds	2011A 23-49	2.00-4.00	12/13/2011	2012-2032	3,400,000	-	3,400,000	255,000	3,145,000
TOTAL LIMITED TAX IMPROVEMENT BONDS: Governmental Activities					88,880,000	57,425,000	3,400,000	4,885,000	55,940,000
URBAN RENEWAL & REDEVELOPMENT BONDS:									
Governmental Activities									
South Park Blocks Urban Renewal and Redevelopment Bonds	2008A 23-25	5.272-6.081	07/01/2008	2009-2019	34,580,000	30,785,000	-	1,315,000	29,470,000
South Park Blocks Urban Renewal and Redevelopment Bonds	2008B 23-25	5.00	07/01/2008	2009-2024	32,020,000	32,020,000	-	-	32,020,000
South Park Blocks Urban Renewal and Redevelopment Bonds	2011A	2.20	05/19/2011	2011-2013	2,585,000	2,585,000	-	2,375,000	210,000
Downtown Waterfront Urban Renewal and Redevelopment Bonds	2000A	**	10/31/2000	2001-2020	33,060,000	33,060,000	-	33,060,000	-
Downtown Waterfront Urban Renewal and Redevelopment Bonds	2000B 23-15	7.26	10/31/2000	2001-2013	24,970,000	6,970,000	-	3,445,000	3,525,000
Downtown Waterfront Urban Renewal and Redevelopment Bonds	2008A 23-15	4.67-6.30	04/23/2008	2008-2024	50,165,000	43,990,000	-	1,790,000	42,200,000
Downtown Waterfront Second Lien Urban Renewal and Redevelopment Bonds	2011A 23-16	2.00-5.00	07/09/2011	2012-2020	30,370,000	-	30,370,000	80,000	30,290,000
Central Eastside Urban Renewal and Redevelopment Bonds	2011A 23-9	3.058-6.246	03/31/2011	2011-2021	10,205,000	10,205,000	-	670,000	9,535,000
Central Eastside Urban Renewal and Redevelopment Bonds	2011B 23-9	4.000-5.375	03/31/2011	2011-2031	19,485,000	19,485,000	-	-	19,485,000
Airport Way Urban Renewal and Redevelopment Refunding Bonds	2005A 23-27	4.00-5.00	09/29/2005	2006-2020	45,370,000	40,140,000	-	3,675,000	36,465,000
Oregon Convention Center Urban Renewal and Redevelopment Bonds	2000A	**	08/01/2000	2001-2020	32,900,000	32,900,000	-	32,900,000	-
Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds	2011A	2.30	05/19/2011	2011-2013	7,540,000	7,540,000	-	3,835,000	3,705,000
Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds	2012A 19-j2	3.623-4.323	05/17/2012	2012-2025	69,760,000	-	69,760,000	-	69,760,000
Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Refunding Bonds	2011B 23-13	3.00-5.00	07/09/2011	2012-2020	29,685,000	-	29,685,000	490,000	29,195,000
River District Urban Renewal and Redevelopment Bonds	2003A 23-52	3.25-5.00	06/17/2003	2004-2023	33,180,000	33,180,000	-	-	33,180,000
River District Urban Renewal and Redevelopment Bonds	2003B 23-52	3.92-4.10	06/17/2003	2004-2015	28,760,000	9,230,000	-	2,750,000	6,480,000
Lents Town Center Urban Renewal and Redevelopment Bonds	2010A 23-11	3.776-6.284	06/18/2010	2010-2024	21,240,000	20,065,000	-	1,155,000	18,910,000
Lents Town Center Urban Renewal and Redevelopment Bonds	2010B 23-11	4.25-5.00	06/18/2010	2010-2030	15,650,000	15,650,000	-	-	15,650,000
North Macadam Urban Renewal and Redevelopment Bonds	2010A 23-2	3.200-5.574	09/23/2010	2011-2022	29,645,000	26,780,000	-	2,155,000	24,625,000
North Macadam Urban Renewal and Redevelopment Bonds	2010B 23-2	3.75-5.00	09/23/2010	2011-2030	35,280,000	35,280,000	-	-	35,280,000
Interstate Corridor Urban Renewal and Redevelopment Bonds	2004A 23-6	4.00-5.25	12/09/2004	2005-2025	32,310,000	25,185,000	-	1,325,000	23,860,000
Interstate Corridor Urban Renewal and Redevelopment Bonds	2011A 23.7	2.528-6.294	08/11/2011	2012-2021	28,890,000	-	28,890,000	1,850,000	27,040,000
Interstate Corridor Urban Renewal and Redevelopment Bonds	2011B 23.7	4.50-5.00	08/11/2011	2012-2031	17,245,000	-	17,245,000	-	17,245,000
TOTAL URBAN RENEWAL & REDEVELOPMENT BONDS: Governmental Activities					664,895,000	425,050,000	175,950,000	92,870,000	508,130,000

* variable rate, see Note III.H. Long-term debt

** debt was paid off in fiscal year 2011

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City of Portland, Oregon
Schedule of Bond Principal Transactions, Continued
For the Year Ended June 30, 2012

	Bond Series	Interest Rate(s)	Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2011	Bonds Issued/ Reclassified During Year	Bonds Called, Reclassified and Matured During Year	Outstanding June 30, 2012
LIMITED TAX AND LIMITED TAX REVENUE BONDS:										
Governmental Activities										
Limited Tax Pension Obligation Revenue Bonds	1999C 23-50	7.701		11/01/1999	2000-2022	\$ 84,292,006	\$ 71,898,226	\$ -	\$ -	\$ 71,898,226
Limited Tax Pension Obligation Revenue Bonds	1999C 23-50	7.93		11/01/1999	2000-2029	30,090,299	30,090,310	-	-	30,090,310
Limited Tax Pension Obligation Revenue Bonds	1999D 23-50	*		11/01/1999	2000-2019	56,869,511	51,902,906	-	3,905,040	47,997,866
Limited Tax Pension Obligation Revenue Bonds	1999E 23-50	*		11/01/1999	2000-2019	56,869,511	51,902,906	-	3,905,040	47,997,866
Limited Tax Revenue Refunding Bonds-Development Services Building	2008A 23-41	3.75-5.00		06/24/2008	2008-2018	17,725,000	13,000,000	-	1,650,000	11,350,000
Limited Tax Revenue Refunding Bonds-Oregon Convention Center Completion Project	2011A 23-43	4.00-5.00		10/06/2011	2012-2030	67,015,000	-	67,015,000	1,085,000	65,930,000
Limited Tax Revenue Bonds-Oregon Convention Center Completion Project	2001A	**		02/13/2001	2001-2030	81,940,000	74,640,000	-	74,640,000	-
Limited Tax Revenue Bonds-Oregon Convention Center Completion Project-Deferred Interest	2001B 23-38	4.84-5.36		02/13/2001	2001-2022	18,058,888	15,489,668	-	1,295,734	14,193,934
Limited Tax Revenue Refunding Bonds-Integrated Regional Network Enterprise (IRNE)	2010A 23-42	3.00		04/22/2010	2010-2013	2,565,000	1,545,000	-	1,065,000	480,000
Limited Tax Revenue Refunding Bonds-Emergency Operations Center Expansion (EOC)	2010A	**		04/22/2010	2010-2012	50,000	25,000	-	25,000	-
Limited Tax Revenue Bonds-Enterprise Business Solutions Project	2007A 23-39	4.25		04/24/2007	2007-2016	22,480,000	12,885,000	-	2,850,000	10,035,000
Limited Tax Revenue Bonds-Enterprise Business Solutions Project	2009B 23-42	3.00-4.00		12/17/2009	2010-2017	9,400,000	9,035,000	-	655,000	8,380,000
Limited Tax Revenue Bonds-Emergency Coordination Center Project	2011B 23-44	2.00-3.00		12/15/2011	2012-2026	5,445,000	-	5,445,000	-	5,445,000
Limited Tax Revenue and Refunding Bonds-Police Training Facility	2012B 19k2	3.00-4.00		05/24/2012	2012-2022	13,305,000	-	13,305,000	-	13,305,000
Limited Tax Housing Revenue Bonds-Housing Opportunity Program	2005C 23-46	4.35-4.45		06/21/2005	2005-2014	3,170,000	915,000	-	295,000	620,000
Limited Tax Housing Revenue Bonds-Housing Opportunity Program	2005D 23-47	3.50-5.00		06/21/2005	2005-2025	6,975,000	6,975,000	-	130,000	6,845,000
Limited Tax Revenue Refunding Bonds-Capital Improvement & Renovation	2010A 23-42	3.000-3.125		04/22/2010	2010-2020	4,840,000	4,840,000	-	380,000	4,460,000
Limited Tax Revenue Bonds-Portland Center for Performing Arts	2001C	**		05/01/2001	2001-2021	2,100,000	1,290,000	-	1,290,000	-
Portland Center for Performing Arts Bonds	2011A 19L	2.36		12/15/2011	2012-2021	1,315,000	-	1,315,000	115,000	1,200,000
Limited Tax Revenue Refunding Bonds-Radio Shop	2003A 23.39	4.00		01/15/2003	2003-2013	930,000	215,000	-	105,000	110,000
Limited Tax Revenue Refunding Bonds-Emergency Operations Center Expansion (EOC)	2003A 23.39	4.00		01/15/2003	2003-2013	160,000	40,000	-	20,000	20,000
Limited Tax Revenue Refunding Bonds-800 MHZ	2003A 23.39	4.00		01/15/2003	2003-2013	2,635,000	600,000	-	295,000	305,000
Limited Tax Revenue Refunding Bonds-800 MHZ	2004A	**		03/25/2004	2004-2016	21,096,000	10,948,000	-	10,948,000	-
Limited Tax Revenue Refunding Bonds-800 MHZ	2004A	**		03/25/2004	2004-2013	624,000	172,000	-	172,000	-
Limited Tax Revenue and Refunding Bonds-800 MHZ	2012B 19k2	3.00-4.00		05/24/2012	2012-2013	86,350	-	86,350	-	86,350
Limited Tax Revenue and Refunding Bonds-800 MHZ	2012B 19k2	3.00-4.00		05/24/2012	2012-2016	8,473,650	-	8,473,650	-	8,473,650
Limited Tax Revenue Bonds-Portland Mall Revitalization Project	2007B 23-40	4.00-4.50		08/02/2007	2008-2017	16,860,000	10,870,000	-	1,620,000	9,250,000
Non-Revolving Credit Facility-NMI Funding Obligation	LOC	5.75		11/20/2006	2007-2016	2,500,000	2,158,974	-	89,446	2,069,528
Limited Tax Revenue Bonds-CAD Project	2009B 23-42	3.00-4.00		12/17/2009	2010-2017	8,210,000	6,230,000	-	960,000	5,270,000
Limited Tax Revenue Bonds-Archives Space Acquisition Project	2007C 23-40	4.00-4.50		10/11/2007	2008-2028	11,925,000	10,680,000	-	450,000	10,230,000
Total Limited Tax and Limited Tax Revenue Bonds: Governmental Activities						558,005,215	388,347,990	95,640,000	107,945,260	376,042,730
Business-type Activities										
Limited Tax Pension Obligation Revenue Bonds	1999C 23-50	7.701		11/01/1999	2000-2022	26,678,633	22,755,991	-	-	22,755,991
Limited Tax Pension Obligation Revenue Bonds	1999C 23-50	7.93		11/01/1999	2000-2029	9,523,664	9,523,655	-	-	9,523,655
Limited Tax Pension Obligation Revenue Bonds	1999D 23-50	*		11/01/1999	2000-2019	17,999,360	16,427,416	-	1,235,956	15,191,460
Limited Tax Pension Obligation Revenue Bonds	1999E 23-50	*		11/01/1999	2000-2019	17,999,360	16,427,416	-	1,235,956	15,191,460
Limited Tax Revenue Bonds-Central City Streetcar	2009A 23-41	2.50-4.00		05/21/2009	2009-2024	21,450,000	19,025,000	-	1,210,000	17,815,000
Taxable Non-Revolving Line of Credit-Portland International Raceway Project	LOC	6.14		10/25/2007	2008-2017	2,010,000	1,350,000	-	190,000	1,160,000
Limited Tax Housing Revenue Bonds-Headwaters Apartments	2005A 23-46	3.83-4.71		04/18/2005	2005-2035	10,480,000	9,755,000	-	230,000	9,525,000
Limited Tax Housing Revenue Bonds-Headwaters Apartments	2005B 23-46	4.70		04/18/2005	2005-2035	1,260,000	1,175,000	-	25,000	1,150,000
Arena Limited Tax Revenue Refunding Bonds	2005B 23-45	5.00		03/03/2005	2005-2017	17,810,000	17,045,000	-	2,555,000	14,490,000
Limited Tax Revenue Bonds-JELD-WEN Field Project	2012A 19e2	3.25-3.50		4/24/2012	2012-2027	12,000,000	-	12,000,000	-	12,000,000
Limited Tax Revenue Bonds-Civic Stadium Project	2001D 23-38	6.50-7.00		05/15/2001	2001-2023	35,000,000	24,695,000	-	1,445,000	23,250,000
Total Limited Tax and Limited Tax Revenue Bonds: Business-type Activities						172,211,017	138,179,478	12,000,000	8,126,912	142,052,566
TOTAL LIMITED TAX AND LIMITED TAX REVENUE BONDS						730,216,232	526,527,468	107,640,000	116,072,172	518,095,296

* variable rate, see Note III.H. Long-term debt

** debt was paid off in fiscal year 2011

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City of Portland, Oregon
Schedule of Bond Principal Transactions, Continued
For the Year Ended June 30, 2012

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2011	Bonds Issued/ Reclassified During Year	Bonds Called, Reclassified and Matured During Year	Outstanding June 30, 2012
REVENUE BONDS:									
Governmental Activities									
Gas Tax Revenue Bonds	1998A 23-4	4.80-5.00	06/01/1998	1999-2018	\$ 3,070,000	\$ 1,400,000	\$ -	\$ 170,000	\$ 1,230,000
Gas Tax Revenue Bonds	2011A 23-4	2.50-5.00	01/00/1900	2012-2023	15,400,000	-	15,400,000	-	15,400,000
Gas Tax Revenue Refunding Bonds	2005A 23-4	3.25-3.75	03/17/2005	2005-2016	4,400,000	2,315,000	-	430,000	1,885,000
Total Revenue Bonds: Governmental Activities					<u>22,870,000</u>	<u>3,715,000</u>	<u>15,400,000</u>	<u>600,000</u>	<u>18,515,000</u>
Business-type Activities									
Water System Revenue Refunding Bonds	2004A 23-29	4.50	05/06/2004	2004-2015	29,900,000	14,840,000	-	2,705,000	12,135,000
Water System Revenue Bonds	2004B 23-29	4.00-5.00	05/06/2004	2004-2023	61,900,000	45,990,000	-	2,630,000	43,360,000
Second Lien Water System Revenue Bonds	2006A 23-32	4.00-5.00	09/21/2006	2007-2031	68,970,000	62,420,000	-	1,835,000	60,585,000
First Lien Water System Revenue Bonds	2006B 23-30	4.00-5.00	09/21/2006	2007-2020	44,000,000	40,195,000	-	1,340,000	38,855,000
First Lien Water System Revenue Bonds	2008A 23-30	4.00-5.00	08/07/2008	2009-2033	79,680,000	76,145,000	-	1,905,000	74,240,000
First Lien Water System Revenue and Refunding Bonds	2010A 23-30	4.00-5.00	02/11/2010	2010-2035	73,440,000	72,355,000	-	1,795,000	70,560,000
First Lien Water System Revenue Bonds	2011A 23-31	3.00-5.00	03/22/2011	2011-2036	82,835,000	82,835,000	-	1,510,000	81,325,000
Golf Revenue Bonds	LOC	**	01/10/2003	2003-2013	6,333,333	1,496,000	-	1,496,000	-
Second Lien Sewer System Revenue and Refunding Bonds	2003A 23-21	5.00-5.25	04/03/2003	2004-2023	88,370,000	35,380,000	-	2,225,000	33,155,000
First Lien Sewer System Revenue Bonds	2004A 23-18	4.00-5.00	11/30/2004	2005-2024	163,500,000	129,900,000	-	6,630,000	123,270,000
First Lien Sewer System Revenue Bonds	2004B 23-18	5.00	11/30/2004	2005-2017	93,080,000	84,965,000	-	1,835,000	83,130,000
First Lien Sewer System Revenue Refunding Bonds	2005A 23-19	5.00	06/16/2005	2005-2020	144,850,000	144,850,000	-	-	144,850,000
First Lien Sewer System Revenue Refunding Bonds	2006A 23-19	4.50-5.00	05/25/2006	2006-2031	177,845,000	157,315,000	-	4,845,000	152,470,000
Second Lien Sewer System Revenue Refunding Bonds	2006B 23-21	4.50-5.00	05/25/2006	2006-2031	87,135,000	77,240,000	-	2,340,000	74,900,000
First Lien Sewer System Revenue Refunding Bonds	2007A 23-19	5.00	03/08/2007	2007-2015	193,510,000	117,370,000	-	27,230,000	90,140,000
First Lien Sewer System Revenue and Refunding Bonds	2008A 23-20	4.25-5.00	04/17/2008	2008-2033	333,015,000	303,435,000	-	11,760,000	291,675,000
Second Lien Sewer System Revenue and Refunding Bonds	2008B 23-22	5.00	04/17/2008	2008-2033	195,700,000	192,150,000	-	1,475,000	190,675,000
Second Lien Sewer System Revenue Bonds	2010A 23-22	4.00-5.00	08/19/2010	2010-2035	407,850,000	390,720,000	-	9,200,000	381,520,000
Hydroelectric Power Revenue Refunding Bonds	2006 23-54	5.523	04/05/2006	2006-2016	21,370,000	13,095,000	-	2,045,000	11,050,000
Total Revenue Bonds: Business-type Activities					<u>2,353,283,333</u>	<u>2,042,696,000</u>	<u>-</u>	<u>84,801,000</u>	<u>1,957,895,000</u>
TOTAL REVENUE BONDS					<u>2,376,153,333</u>	<u>2,046,411,000</u>	<u>15,400,000</u>	<u>85,401,000</u>	<u>1,976,410,000</u>
TOTAL BONDED DEBT PRINCIPAL PRIMARY GOVERNMENT					<u>3,949,824,565</u>	<u>3,133,943,468</u>	<u>302,390,000</u>	<u>307,018,172</u>	<u>3,129,315,296</u>
Fiduciary Funds									
Limited Tax Pension Obligation Revenue Bonds	1999C 23-50	7.701	11/01/1999	2000-2022	194,360	165,783	-	-	165,783
Limited Tax Pension Obligation Revenue Bonds	1999C 23-50	7.93	11/01/1999	2000-2029	69,382	69,381	-	-	69,381
Limited Tax Pension Obligation Revenue Bonds	1999D 23-50	*	11/01/1999	2000-2019	131,130	119,678	-	9,004	110,674
Limited Tax Pension Obligation Revenue Bonds	1999E 23-50	*	11/01/1999	2000-2019	131,130	119,678	-	9,004	110,674
Total Fiduciary Funds					<u>526,002</u>	<u>474,520</u>	<u>-</u>	<u>18,008</u>	<u>456,512</u>
TOTAL BONDED DEBT PRINCIPAL					<u>\$3,950,350,567</u>	<u>\$3,134,417,988</u>	<u>\$ 302,390,000</u>	<u>\$ 307,036,180</u>	<u>\$ 3,129,771,808</u>
SUMMARY							Governmental Activities	Business-type Activities	Total
Bonded Debt: Primary Government							\$ 1,029,367,730	\$ 2,099,947,566	\$ 3,129,315,296
Plus unamortized premiums							28,979,114	89,586,932	118,566,045
Less unamortized discounts							(422,144)	(1,157,861)	(1,580,005)
Less deferred loss on refunding							-	(785,280)	(785,280)
NET BONDED DEBT							<u>1,057,924,700</u>	<u>\$2,187,591,357</u>	<u>\$ 3,245,516,057</u>

* variable rate, see Note III.H. Long-term debt

** debt was paid off in fiscal year 2011

City of Portland, Oregon
Schedule of Bond Interest Transactions
For the Year Ended June 30, 2012

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Unmatured Interest Outstanding June 30, 2011	Unmatured and Accretion Interest on Bonds Issued/Called or Reclassified During Year	Interest Matured During Year	Unmatured Interest Outstanding June 30, 2012
GENERAL OBLIGATION BONDS:							
Governmental Activities							
General Obligation Parks Refunding Bonds	2010A 23-36	4.00	04/06/2010	\$ 1,659,200	\$ -	\$ 651,000	\$ 1,008,200
General Obligation Emergency Facilities Bonds	2004A 23-34	3.25-4.25	01/28/2004	3,117,691	-	399,049	2,718,642
General Obligation Emergency Facilities Bonds	2008A 23-35	3.00-4.75	11/18/2008	6,445,530	-	608,335	5,837,195
General Obligation Emergency Facilities Refunding Bonds	2009A 23-36	1.75-4.00	07/10/2009	1,978,950	-	386,125	1,592,825
General Obligation Public Safety Bonds	2011A 23-37	2.000-4.125	05/13/2011	7,395,368	-	843,381	6,551,987
TOTAL GENERAL OBLIGATION BONDS				20,596,739	-	2,887,890	17,708,849
LIMITED TAX IMPROVEMENT BONDS:							
Governmental Activities							
Limited Tax Improvement Bonds	2003A 23-48	4.35	05/22/2003	3,742,740	(409,661)	301,781	3,031,298
Limited Tax Improvement Bonds	2007A 23-48	5.00	06/28/2007	18,420,300	(12,500)	1,506,550	16,901,250
Limited Tax Improvement Bonds	2010A 23-48	2.000-4.125	04/29/2010	9,403,513	(64,800)	671,788	8,666,925
Limited Tax Improvement Bonds	2011A 23-49	2.00-4.00	12/13/2011	-	1,482,333	57,633	1,424,700
TOTAL LIMITED TAX IMPROVEMENT BONDS: Governmental Activities				31,566,553	995,372	2,537,752	30,024,173
URBAN RENEWAL & REDEVELOPMENT BONDS:							
Governmental Activities							
South Park Blocks Urban Renewal and Redevelopment Bonds	2008A 23-25	5.272-6.081	07/01/2008	9,051,173	-	1,819,919	7,231,254
South Park Blocks Urban Renewal and Redevelopment Bonds	2008B 23-25	5.00	07/01/2008	17,052,000	-	1,601,000	15,451,000
South Park Blocks Urban Renewal and Redevelopment Bonds	2011A py	2.20	05/19/2011	65,597	-	60,977	4,620
Downtown Waterfront Urban Renewal and Redevelopment Bonds	2000A	**	10/31/2000	11,574,169	(11,314,964)	259,205	-
Downtown Waterfront Urban Renewal and Redevelopment Bonds	2000B 23-15	7.26	10/31/2000	761,937	-	506,022	255,915
Downtown Waterfront Urban Renewal and Redevelopment Bonds	2008A 23-15	4.67-6.30	04/23/2008	23,702,052	-	2,588,941	21,113,111
Downtown Waterfront Second Lien Urban Renewal and Redevelopment Bonds	2011A 23-16	2.00-5.00	07/09/2011	-	8,097,020	1,185,370	6,911,650
Central Eastside Urban Renewal and Redevelopment Bonds	2011A 23-9	3.058-6.246	03/31/2011	3,112,257	-	584,626	2,527,631
Central Eastside Urban Renewal and Redevelopment Bonds	2011B 23-9	4.000-5.375	03/31/2011	15,273,128	-	1,150,484	14,122,644
Airport Way Urban Renewal and Redevelopment Refunding Bonds	2005A 23-27	4.00-5.00	09/25/2005	10,158,250	-	1,916,500	8,241,750
Oregon Convention Center Urban Renewal and Redevelopment Bonds	2000A	**	08/01/2000	11,540,832	(11,283,598)	257,234	-
Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds	2011A py	2.30	05/19/2011	271,160	-	185,945	85,215
Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds	2012A 19-j2	3.623-4.323	05/17/2012	-	30,763,687	-	30,763,687
Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Refunding Bonds	2011B 23-13	3.00-5.00	07/09/2011	-	8,661,676	1,309,576	7,352,100
River District Urban Renewal and Redevelopment Bonds	2003A 23-52	3.25-5.00	06/17/2003	13,589,903	-	1,617,405	11,972,498
River District Urban Renewal and Redevelopment Bonds	2003B 23-52	3.92-4.10	06/17/2003	793,934	-	362,665	431,269
Lents Town Center Urban Renewal and Redevelopment Bonds	2010A 23-11	3.776-6.284	06/16/2010	9,159,819	-	1,109,440	8,050,379
Lents Town Center Urban Renewal and Redevelopment Bonds	2010B 23-11	4.25-5.00	06/16/2010	12,701,151	-	765,584	11,935,567
North Macadam Urban Renewal and Redevelopment Bonds	2010A 23-2	3.200-5.574	09/23/2010	8,351,466	-	1,270,000	7,081,466
North Macadam Urban Renewal and Redevelopment Bonds	2010B 23-2	3.75-5.00	09/23/2010	23,885,475	-	1,535,563	22,349,912
Interstate Corridor Urban Renewal and Redevelopment Bonds	2011A 23.7	2.528-6.294	08/11/2011	-	13,536,256	1,170,017	12,366,239
Interstate Corridor Urban Renewal and Redevelopment Bonds	2011B 23.7	4.50-5.00	08/11/2011	-	15,100,518	717,218	14,383,300
Interstate Corridor Urban Renewal and Redevelopment Bonds	2004A 23-6	4.00-5.25	12/09/2004	10,272,169	-	1,208,331	9,063,838
TOTAL URBAN RENEWAL & REDEVELOPMENT BONDS: Governmental Activities				181,316,472	53,560,595	23,182,022	211,695,045

* variable rate, see Note III.H. Long-term debt

** debt was paid off in fiscal year 2011

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City of Portland, Oregon
Schedule of Bond Interest Transactions, Continued
For the Year Ended June 30, 2012

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Unmatured Interest Outstanding June 30, 2011	Unmatured and Accretion Interest on Bonds Issued/Called or Reclassified During Year	Interest Matured During Year	Unmatured Interest Outstanding June 30, 2012
LIMITED TAX AND LIMITED TAX REVENUE BONDS:							
Governmental Activities							
Limited Tax Pension Obligation Revenue Bonds	1999C 23-50	7.701	11/01/1999	\$ 55,804,149	\$ -	\$ 5,536,882	\$ 50,267,267
Limited Tax Pension Obligation Revenue Bonds	1999C 23-50	7.93	11/01/1999	207,309,574	(11)	-	207,309,563
Limited Tax Pension Obligation Revenue Bonds	1999D 23-50	*	11/01/1999	12,021,077	(3,793,947)	524,676	7,702,454
Limited Tax Pension Obligation Revenue Bonds	1999E 23-50	*	11/01/1999	12,016,812	(3,789,682)	524,676	7,702,454
Limited Tax Revenue Refunding Bonds-Development Services Building	2008A 23-41	3.75-5.00	06/24/2008	2,409,400	-	556,275	1,853,125
Limited Tax Revenue Refunding Bonds-Oregon Convention Center Completion Project	2011A 23-43	4.00-5.00	10/06/2011	-	48,765,673	2,169,523	46,596,150
Limited Tax Revenue Bonds-Oregon Convention Center Completion Project	2001A	**	02/13/2001	56,096,375	(53,631,814)	2,464,561	-
Lirr Deferred Interest	2001B 23-38	4.84-5.36	02/13/2001	19,985,332	-	904,266	19,081,066
Limited Tax Revenue Refunding Bonds-Integrated Regional Network Enterprise (IRNE)	2010A 23-42	3.00	04/22/2010	60,750	-	46,350	14,400
Limited Tax Revenue Refunding Bonds-Emergency Operations Center Expansion (EOC)	2010A	**	04/22/2010	750	-	750	-
Limited Tax Revenue Bonds-Enterprise Business Solutions Project	2007A 23-39	4.25	04/24/2007	1,474,537	-	547,612	926,925
Limited Tax Revenue Bonds-Enterprise Business Solutions Project	2009B 23-42	3.00-4.00	12/17/2009	1,612,900	-	341,150	1,271,750
Limited Tax Revenue Bonds-Emergency Coordination Center Project	2011B 23-44	2.00-3.00	12/15/2011	-	1,275,791	67,578	1,208,213
Limited Tax Revenue and Refunding Bonds-Police Training Facility	2012B 19k2	3.00-4.00	05/24/2012	-	2,811,999	-	2,811,999
Limited Tax Housing Revenue Bonds-Housing Opportunity Program	2005C 23-46	4.35-4.45	06/21/2005	80,575	-	39,955	40,620
Limited Tax Housing Revenue Bonds-Housing Opportunity Program	2005D 23-47	3.50-5.00	06/21/2005	2,524,888	-	282,425	2,242,463
Limited Tax Revenue Refunding Bonds-Capital Improvement & Renovation	2010A 23-42	3.000-3.125	04/22/2010	735,769	-	145,769	590,000
Limited Tax Revenue Bonds-Portland Center for Performing Arts	2001C	**	05/01/2001	392,280	(350,980)	41,300	-
Portland Center for Performing Arts Bonds	2011A 19L	2.36	12/15/2011	-	163,226	14,310	148,916
Limited Tax Revenue Refunding Bonds-Radio Shop	2003A 23-39	4.00	01/15/2003	13,000	-	8,600	4,400
Limited Tax Revenue Refunding Bonds-Emergency Operations Center Expansion (EOC)	2003A 23-39	4.00	01/15/2003	2,400	-	1,600	800
Limited Tax Revenue Refunding Bonds-800 MHZ	2003A 23-39	4.00	01/15/2003	36,200	-	24,000	12,200
Limited Tax Revenue Refunding Bonds-800 MHZ	2004A	**	03/25/2004	1,151,800	(739,877)	411,923	-
Limited Tax Revenue Refunding Bonds-800 MHZ	2004A	**	03/25/2004	9,480	(2,640)	6,840	-
Limited Tax Revenue and Refunding Bonds-800 MHZ	2012B 19k2	3.00-4.00	05/24/2012	-	2,641	-	2,641
Limited Tax Revenue and Refunding Bonds-800 MHZ	2012B 19k2	3.00-4.00	05/24/2012	-	649,752	-	649,752
Limited Tax Revenue Bonds-Portland Mall Revitalization Project	2007B 23-40	4.00-4.50	08/02/2007	1,650,475	-	468,900	1,181,575
Non-Revolving Credit Facility-NMI Funding Obligation	LOC py	5.75	11/20/2006	606,686	-	122,873	483,813
Limited Tax Revenue Bonds-CAD Project	2009B 23-42	3.00-4.00	12/17/2009	836,850	-	219,600	617,250
Limited Tax Revenue Bonds-Archives Space Acquisition Project	2007C 23-40	4.00-4.50	10/11/2007	4,520,873	-	445,247	4,075,626
Total Limited Tax and Limited Tax Revenue Bonds: Governmental Activities				381,352,932	(8,639,869)	15,917,641	356,795,422
Business-type Activities							
Limited Tax Pension Obligation Revenue Bonds	1999C 23-50	7.701	11/01/1999	17,662,171	-	1,752,439	15,909,732
Limited Tax Pension Obligation Revenue Bonds	1999C 23-50	7.93	11/01/1999	65,614,064	10	-	65,614,074
Limited Tax Pension Obligation Revenue Bonds	1999D 23-50	*	11/01/1999	3,804,705	(1,200,796)	166,061	2,437,848
Limited Tax Pension Obligation Revenue Bonds	1999E 23-50	*	11/01/1999	3,803,355	(1,199,446)	166,061	2,437,848
Limited Tax Revenue Bonds-Central City Streetcar	2009A 23-41	2.50-4.00	05/21/2009	5,398,175	-	665,375	4,732,800
Taxable Non-Revolving Line of Credit-Portland International Raceway Project	LOC py	6.14	10/25/2007	305,772	-	82,890	222,882
Limited Tax Housing Revenue Bonds-Headwaters Apartments	2005A 23-46	3.83-4.71	04/18/2005	7,070,343	-	476,523	6,593,820
Limited Tax Housing Revenue Bonds-Headwaters Apartments	2005B 23-46	4.70	04/18/2005	809,575	-	55,225	754,350
Arena Limited Tax Revenue Refunding Bonds	2005B 23-45	5.00	03/03/2005	2,924,925	-	813,925	2,111,000
Limited Tax Revenue Bonds-JELD-WEN Field Project	2012A 19e2	3.25-3.50	-	-	5,547,300	-	5,547,300
Limited Tax Revenue Bonds-Civic Stadium Project	2001D 23-38	6.50-7.00	05/15/2001	12,204,135	-	1,693,105	10,511,030
Total Limited Tax and Limited Tax Revenue Bonds: Business-type Activities				119,597,220	3,147,068	5,871,604	116,872,684
TOTAL LIMITED TAX AND LIMITED TAX REVENUE BONDS				500,950,152	(5,492,801)	21,789,245	473,668,106

* variable rate, see Note III.H. Long-term debt

** debt was paid off in fiscal year 2011

Continued next page

City of Portland, Oregon
Schedule of Bond Interest Transactions, Continued
For the Year Ended June 30, 2012

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Unmatured Interest Outstanding June 30, 2011	Unmatured and Accretion Interest on Bonds Issued/Called or Reclassified During Year	Interest Matured During Year	Unmatured Interest Outstanding June 30, 2012
REVENUE BONDS:							
Governmental Activities							
Gas Tax Revenue Bonds	1998A 23-4	4.80-5.00	06/01/1998	\$ 291,915	\$ -	\$ 68,635	\$ 223,280
Gas Tax Revenue Bonds	2011A 23-4	2.50-5.00		-	3,756,073	-	3,756,073
Gas Tax Revenue Refunding Bonds	2005A 23-4	3.25-3.75	03/17/2005	254,358	-	80,993	173,365
Total Revenue Bonds: Governmental Activities				<u>546,273</u>	<u>3,756,073</u>	<u>149,628</u>	<u>4,152,718</u>
Business-type Activities							
Water System Revenue Refunding Bonds	2004A 23-29	4.50	05/06/2004	1,736,562	-	613,700	1,122,862
Water System Revenue Bonds	2004B 23-29	4.00-5.00	05/06/2004	15,635,375	-	2,112,050	13,523,325
Second Lien Water System Revenue Bonds	2006A 23-32	4.00-5.00	09/21/2006	33,091,387	-	2,715,006	30,376,381
First Lien Water System Revenue Bonds	2006B 23-30	4.00-5.00	09/21/2006	11,932,028	-	1,749,806	10,182,222
First Lien Water System Revenue Bonds	2008A 23-30	4.00-5.00	08/07/2008	47,968,934	-	3,491,068	44,477,866
First Lien Water System Revenue and Refunding Bonds	2010A 23-30	4.00-5.00	02/11/2010	43,431,563	-	3,030,275	40,401,288
First Lien Water System Revenue Bonds	2011A 23-31	3.00-5.00	03/22/2011	58,584,075	-	4,144,488	54,439,587
Golf Revenue Bonds	LOC py	**	01/10/2003	118,013	(56,309)	61,704	-
Second Lien Sewer System Revenue and Refunding Bonds	2003A 23-21	5.00-5.25	04/03/2003	12,844,425	-	1,795,612	11,048,813
First Lien Sewer System Revenue Bonds	2004A 23-18	4.00-5.00	11/30/2004	49,092,863	-	6,159,475	42,933,388
First Lien Sewer System Revenue Bonds	2004B 23-18	5.00	11/30/2004	22,250,500	-	4,248,250	18,002,250
First Lien Sewer System Revenue Refunding Bonds	2005A 23-19	5.00	06/16/2005	61,802,250	-	7,242,500	54,559,750
First Lien Sewer System Revenue Refunding Bonds	2006A 23-19	4.50-5.00	05/25/2006	87,256,637	-	7,382,993	79,873,644
Second Lien Sewer System Revenue Refunding Bonds	2006B 23-21	4.50-5.00	05/25/2006	45,087,850	-	3,777,925	41,309,925
First Lien Sewer System Revenue Refunding Bonds	2007A 23-19	5.00	03/08/2007	15,029,500	-	5,868,500	9,161,000
First Lien Sewer System Revenue and Refunding Bonds	2008A 23-20	4.25-5.00	04/17/2008	157,667,300	-	14,588,175	143,079,125
Second Lien Sewer System Revenue and Refunding Bonds	2008B 23-22	5.00	04/17/2008	114,093,000	-	9,607,500	104,485,500
Second Lien Sewer System Revenue Bonds	2010A 23-22	4.00-5.00	08/19/2010	278,031,800	-	18,670,475	259,361,325
Hydroelectric Power Revenue Refunding Bonds	2006 23-54	5.523	04/05/2006	2,160,736	-	666,764	1,493,972
Total Revenue Bonds: Business-type Activities				<u>1,057,814,798</u>	<u>(56,309)</u>	<u>97,926,266</u>	<u>959,832,223</u>
TOTAL REVENUE BONDS				<u>1,058,361,071</u>	<u>3,699,764</u>	<u>98,075,894</u>	<u>963,984,941</u>
TOTAL BONDED DEBT INTEREST PRIMARY GOVERNMENT				<u>1,792,790,987</u>	<u>52,762,930</u>	<u>148,472,803</u>	<u>1,697,081,114</u>
Fiduciary Funds							
Limited Tax Pension Obligation Revenue Bonds	1999C 23-50	7.701	11/01/1999	128,674	-	12,767	115,907
Limited Tax Pension Obligation Revenue Bonds	1999C 23-50	7.93	11/01/1999	478,016	1	-	478,017
Limited Tax Pension Obligation Revenue Bonds	1999D 23-50	*	11/01/1999	27,718	(8,748)	1,210	17,760
Limited Tax Pension Obligation Revenue Bonds	1999E 23-50	*	11/01/1999	27,708	(8,738)	1,210	17,760
Total Fiduciary Funds				<u>662,116</u>	<u>(17,485)</u>	<u>15,187</u>	<u>629,444</u>
TOTAL BONDED DEBT INTEREST				<u>\$1,793,453,103</u>	<u>\$ 52,745,445</u>	<u>\$ 148,487,990</u>	<u>\$ 1,697,710,558</u>

* variable rate, see Note III.H. Long-term debt

** debt was paid off in fiscal year 2011

Fiscal Year Ending	General Obligation Bonds			Limited Tax Improvement	Urban Renewal and Redevelopment	Limited Tax and Limited Tax Revenue			Revenue Bonds			Subtotal Bonded Debt	Fiduciary Fund	Total Bonded Debt
	Parks	Emergency Facilities	Total			Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total			
2013	3,985,000	4,080,000	8,065,000	1,560,000	27,350,000	24,699,122	8,887,898	33,587,020	1,695,000	87,665,000	89,360,000	159,922,020	20,894	159,942,914
2014	4,145,000	4,210,000	8,355,000	1,525,000	27,590,000	25,590,417	9,723,884	35,314,301	1,850,000	91,875,000	93,725,000	166,509,301	23,997	166,533,298
2015	4,310,000	4,340,000	8,650,000	1,365,000	29,155,000	27,568,330	10,630,866	38,199,196	1,915,000	96,470,000	98,385,000	175,754,196	27,362	175,781,558
2016	-	4,455,000	4,455,000	215,000	30,455,000	29,913,271	11,604,848	41,518,119	1,980,000	103,480,000	105,460,000	182,103,119	31,034	182,134,153
2017	-	4,590,000	4,590,000	8,565,000	31,975,000	30,220,640	10,614,830	40,835,470	1,555,000	108,055,000	109,610,000	195,575,470	34,968	195,610,438
2018	-	4,750,000	4,750,000	-	33,605,000	24,533,660	9,282,808	33,816,468	1,630,000	112,460,000	114,090,000	186,261,468	39,252	186,300,720
2019	-	4,950,000	4,950,000	-	38,675,000	24,567,852	10,137,786	34,705,638	1,445,000	117,395,000	118,840,000	197,170,638	43,841	197,214,479
2020	-	3,415,000	3,415,000	4,460,000	37,905,000	27,139,477	11,064,162	38,203,639	1,520,000	122,280,000	123,800,000	207,783,639	48,842	207,832,481
2021	-	3,535,000	3,535,000	-	38,130,000	30,477,653	12,153,531	42,631,184	1,595,000	128,570,000	130,165,000	214,461,184	55,066	214,516,250
2022	-	3,660,000	3,660,000	1,165,000	39,980,000	33,911,998	13,368,298	47,280,296	1,640,000	126,250,000	127,890,000	219,975,296	61,875	220,037,171
2023	-	3,790,000	3,790,000	6,335,000	41,885,000	12,731,295	5,907,788	18,639,083	1,690,000	132,255,000	133,945,000	204,594,083	11,094	204,605,177
2024	-	3,960,000	3,960,000	-	42,995,000	12,924,498	6,570,249	19,494,747	-	70,025,000	70,025,000	136,474,747	10,675	136,485,422
2025	-	3,070,000	3,070,000	-	22,485,000	13,149,575	4,824,886	17,974,461	-	68,445,000	68,445,000	111,974,461	10,271	111,984,732
2026	-	3,200,000	3,200,000	-	10,945,000	12,645,859	4,881,487	17,527,346	-	58,520,000	58,520,000	90,192,346	9,882	90,202,228
2027	-	1,120,000	1,120,000	19,680,000	11,460,000	12,408,626	4,960,139	17,368,765	-	61,285,000	61,285,000	110,913,765	9,508	110,923,273
2028	-	1,175,000	1,175,000	-	11,990,000	12,662,941	1,785,865	14,448,806	-	64,185,000	64,185,000	91,798,806	9,149	91,807,955
2029	-	-	-	-	12,545,000	12,147,516	1,763,241	13,910,757	-	67,210,000	67,210,000	93,665,757	8,802	93,674,559
2030	-	-	-	9,950,000	13,165,000	8,750,000	585,000	9,335,000	-	70,375,000	70,375,000	102,825,000	-	102,825,000
2031	-	-	-	-	5,840,000	-	610,000	610,000	-	73,685,000	73,685,000	80,135,000	-	80,135,000
2032	-	-	-	1,120,000	-	-	640,000	640,000	-	58,835,000	58,835,000	60,595,000	-	60,595,000
2033	-	-												

City of Portland, Oregon
Schedule of Future Bond Interest Requirements
June 30, 2012

Fiscal Year Ending				Limited Tax Improvement	Urban Renewal and Redevelopment	Limited Tax and Limited Tax Revenue			Governmental Activities	Business-type Activities	Total	Revenue Bonds			Subtotal Bonded Debt	Fiduciary Fund	Total Bonded Debt
	Parks	Emergency Facilities	Total			Governmental Activities	Business-type Activities	Total				Governmental Activities	Business-type Activities	Total			
2013	497,600	2,103,952	2,601,552	2,447,811	24,882,911	14,652,156	6,058,851	20,711,007	804,950	93,491,970	94,296,920	144,940,201	15,005	144,955,206			
2014	338,200	1,982,815	2,321,015	2,416,611	23,490,513	16,013,917	6,250,453	22,264,370	645,663	89,258,833	89,904,496	140,397,005	18,847	140,415,852			
2015	172,400	1,847,071	2,019,471	2,370,861	22,310,102	16,541,572	6,201,198	22,742,770	584,443	84,677,670	85,262,113	134,705,317	20,797	134,726,114			
2016	-	1,722,047	1,722,047	2,329,911	21,023,374	15,819,155	5,689,602	21,508,757	507,962	79,871,282	80,379,244	126,963,333	19,553	126,982,886			
2017	-	1,578,871	1,578,871	2,323,461	19,497,610	15,241,461	5,207,547	20,449,008	428,000	74,703,830	75,131,830	118,980,780	18,737	118,999,517			
2018	-	1,429,196	1,429,196	1,895,211	17,874,799	14,068,518	4,648,968	18,717,486	363,600	69,362,707	69,726,307	109,642,999	16,969	109,659,968			
2019	-	1,239,196	1,239,196	1,895,210	16,110,703	13,072,889	4,157,800	17,230,689	296,000	62,630,619	62,926,619	99,402,417	14,981	99,417,398			
2020	-	1,057,061	1,057,061	1,895,210	14,071,087	12,049,207	3,616,981	15,666,188	223,750	56,863,453	57,087,203	89,776,749	12,767	89,789,516			
2021	-	935,950	935,950	1,761,410	12,166,301	9,666,035	2,849,614	12,515,649	147,750	50,901,812	51,049,562	78,428,872	9,006	78,437,878			
2022	-	808,299	808,299	1,761,409	10,320,867	7,295,064	2,001,801	9,296,865	99,900	46,348,245	46,448,145	68,635,585	4,765	68,640,350			
2023	-	674,893	674,893	1,714,809	8,419,883	28,526,167	9,055,542	37,581,709	50,700	40,387,600	40,438,300	88,829,594	58,213	88,887,807			
2024	-	531,099	531,099	1,439,237	6,406,087	29,535,721	9,247,351	38,783,072	-	34,065,045	34,065,045	81,224,540	61,403	81,285,943			
2025	-	377,675	377,675	1,439,237	4,246,992	30,568,259	9,511,614	40,079,873	-	30,913,055	30,913,055	77,056,832	64,691	77,121,523			
2026	-	247,699	247,699	1,439,237	3,196,848	31,622,660	9,857,623	41,480,283	-	28,059,884	28,059,884	74,423,951	68,079	74,492,030			
2027	-	109,013	109,013	1,439,237	2,676,990	32,730,701	10,205,730	42,936,431	-	25,276,305	25,276,305	72,437,976	71,565	72,509,541			
2028	-	55,812	55,812	455,237	2,145,491	33,887,420	10,566,054	44,453,474	-	22,382,620	22,382,620	69,492,634	75,176	69,567,810			
2029	-	-	-	455,237	1,589,725	35,067,020	11,049,325	46,116,345	-	19,346,755	19,346,755	67,508,062	78,890	67,586,952			
2030	-	-	-	455,237	964,212	437,500	193,225	630,725	-	16,189,251	16,189,251	18,239,425	-	18,239,425			
2031	-	-	-	44,800	300,550	-	164,170	164,170	-	12,872,287	12,872,287	13,381,807	-	13,381,807			
2032	-	-	-	44,800	-	-	133,865	133,865	-	9,393,069	9,393,069	9,571,734	-	9,571,734			
2033	-	-	-	-	-	-	102,075	102,075	-	6,646,443	6,646,443	6,748,518	-	6,748,518			
2034	-	-	-	-	-	-	69,035	69,035	-	3,870,925	3,870,925	3,939,960	-	3,939,960			
2035	-	-	-	-	-	-	34,260	34,260	-	2,049,313	2,049,313	2,083,573	-	2,083,573			
2036	-	-	-	-	-	-	-	-	-	269,250	269,250	269,250	-	269,250			
Total Interest	\$ 1,008,200	\$ 16,700,649	\$ 17,708,849	\$ 30,024,173	\$ 211,695,045	\$ 356,795,422	\$ 116,872,684	\$ 473,668,106	\$ 4,152,718	\$ 959,832,223	\$ 963,984,941	\$ 1,697,081,114	\$ 629,444	\$ 1,697,710,558			
Fiscal Year Ending	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2032	2033-2037	2038-2042							
	497,600	338,200	172,400	-	-	-	-	-	-	-							
	2,103,952	1,982,815	1,847,071	1,722,047	1,578,871	5,469,702	1,940,379	55,812	-	-							
	2,601,552	2,321,015	2,019,471	1,722,047	1,578,871	5,469,702	1,940,379	55,812	-	-							
	2,447,811	2,416,611	2,370,861	2,329,911	2,323,461	9,208,450	7,471,757	1,455,311	-	-							
	24,882,911	23,490,513	22,310,102	21,023,374	19,497,610	70,543,757	24,946,800	4,999,978	-	-							
	14,652,156	16,013,917	16,541,572	15,819,155	15,241,461	56,151,713	152,983,508	69,391,940	-	-							
	6,058,851	6,250,453	6,201,198	5,689,602	5,207,547	17,275,164	47,877,860	22,106,639	205,370	-							
	20,711,007	22,264,370	22,742,770	21,508,757	20,449,008	73,426,877	200,861,368	91,498,579	205,370	-							
	804,950	645,663	584,443	507,962	428,000	1,131,000	50,700	-	-	-							
	93,491,970	89,258,833	84,677,670	79,871,282	74,703,830	286,106,836	158,701,889	80,183,982	12,835,931	-							
	94,296,920	89,904,496	85,262,113	80,379,244	75,131,830	287,237,836	158,752,589	80,183,982	12,835,931	-							
	144,940,201	140,397,005	134,705,317	126,963,333	118,980,780	445,886,622	393,972,893	178,193,662	13,041,301	-							
	15,005	18,847	20,797	19,553	18,737	58,488	323,951	154,066	-	-							
	144,955,206	140,415,852	134,726,114	126,982,886	118,999,517	445,945,110	394,296,844	178,347,728	13,041,301	-							
	\$ 1,008,200	\$ 16,700,649	\$ 17,708,849	\$ 30,024,173	\$ 211,695,045	\$ 356,795,422	\$ 116,872,684	\$ 473,668,106	\$ 4,152,718	\$ 959,832,223	\$ 963,984,941	\$ 1,697,081,114	\$ 629,444	\$ 1,697,710,558			

City of Portland, Oregon
Schedule of Property Tax Transactions and Outstanding Balances
For the Year Ended June 30, 2012

Tax Year	Balance Receivable, July 1, 2011	Add Levy as Extended by Assessor	(Deduct) Discounts	Add Interest	(Deduct) Collections	Add (Deduct) Corrections and Adjustments	Balance Receivable, June 30, 2012
2011-12		\$ 445,043,642	\$ (11,094,130)	\$ 115,949	\$ (412,972,199)	\$ (5,189,630)	\$ 15,903,632
2010-11	\$ 14,436,945	-	-	299,093	(7,975,220)	680,544	7,441,362
2009-10	6,088,176	-	-	313,873	(2,556,524)	1,140,701	4,986,226
2008-09	3,182,436	-	-	389,306	(2,028,292)	(34,926)	1,508,524
2007-08	1,278,527	-	-	215,245	(1,233,205)	(30,622)	229,945
2006-07	168,268	-	-	30,800	(104,018)	(5,683)	89,367
2005-06	67,839	-	-	9,473	(29,226)	(3,677)	44,409
2004-05	73,358	-	-	2,720	(8,731)	1,084	68,431
2003-04	70,055	-	-	4,140	(10,203)	4	63,996
2002-03 & Prior	245,668	-	-	10,714	(18,005)	40	238,417
	<u>\$ 25,611,272</u>	<u>\$ 445,043,642</u>	<u>\$ (11,094,130)</u>	<u>\$ 1,391,313</u>	<u>\$ (426,935,623)</u>	<u>\$ (3,442,165)</u>	<u>\$ 30,574,309</u>

Summary by Fund and Fund Type:

General Fund		\$ 298,713,478		\$ 21,482,361	
Special Revenue Funds:					
Parks Local Option Levy		46,591		21,983	
Children's Investment		10,775,798		810,963	
	Subtotal	10,822,389		832,946	
Debt Service Funds:					
River District URA* Debt Redemption		30,308,687		2,019,718	
Bonded Debt Interest and Sinking		10,691,516		724,560	
Waterfront Renewal Bond Sinking		9,949,512		784,228	
Interstate Corridor Debt Service		13,936,092		909,417	
South Park Block Redemption		6,949,773		528,036	
Airport Way Debt Service		5,466,081		428,322	
Lents Town Center URA* Debt Redemption		9,705,680		643,902	
Central Eastside Industrial District Debt Service		5,272,451		367,696	
Convention Center Area Debt Service		10,076,774		807,015	
North Macadam URA Debt Redemption		11,269,639		789,647	
Gateway URA Debt Redemption		3,033,515		198,848	
Willamette Industrial URA* Debt Service		740,036		57,613	
	Subtotal	117,399,756		8,259,002	
	Total	\$426,935,623		\$30,574,309	
			Changes in Property Taxes Subject to Accrual at June 30	Lodging Tax and Other	GAAP Basis Financial Statements
Reconciliation to tax revenues per GAAP basis financial statements:					
General Fund	\$ 298,713,478	\$ 31,718	\$ 19,495,901	\$ 318,241,097	
Special Revenue Funds:					
Parks Local Option Levy	46,591	(34,802)	-	11,789	
Children's Investment	10,775,798	(31,237)	41,352	10,785,913	
Convention and Tourism	-	-	3,522,932	3,522,932	
	Subtotal	10,822,389	(66,039)	3,564,284	14,320,634
Debt Service Funds:					
River District URA* Debt Redemption	30,308,687	33,695	-	30,342,382	
Bonded Debt Interest and Sinking	10,691,516	18,124	-	10,709,640	
Waterfront Renewal Bond Sinking	9,949,512	(15,757)	-	9,933,755	
Interstate Corridor Debt Service	13,936,092	19,354	-	13,955,446	
South Park Block Redemption	6,949,773	(3,221)	-	6,946,552	
Airport Way Debt Service	5,466,081	(728)	-	5,465,353	
Lents Town Center URA* Debt Redemption	9,705,680	7,702	-	9,713,382	
Central Eastside Industrial District Debt Service	5,272,451	730	-	5,273,181	
Convention Center Area Debt Service	10,076,774	5,036	-	10,081,810	
North Macadam URA Debt Redemption	11,269,639	(1,438)	-	11,268,201	
Gateway URA Debt Redemption	3,033,515	1,271	-	3,034,786	
Willamette Industrial URA* Debt Service	740,036	(2,139)	-	737,897	
	Subtotal	117,399,756	62,629	-	117,462,385
Total	\$ 426,935,623	\$ 28,308	\$ 23,060,185	\$ 450,024,116	

City of Portland, Oregon
Schedule of Property Taxes Receivable by Levy Year by Fund
For the Year Ended June 30, 2012

Special Revenue Funds					Debt Service Funds											
					River District Urban Renewal	Bonded Debt Interest & Sinking	Waterfront Renewal Bond Sinking	Interstate Corridor Urban Renewal	South Park Block Redemption		Lents Town Center Urban Renewal	Central Eastside Industrial District	Convention Center Area Debt	North Macadam Urban Renewal	Gateway Urban Renewal	Willamette Industrial Urban Renewal
Tax Year	Total	General	Parks Local Option Levy	Children's Investment						Airport Way						
2011-12	\$ 15,903,632	\$ 11,112,405	\$ -	\$ 400,216	\$ 1,114,880	\$ 411,231	\$ 380,202	\$ 513,116	\$ 264,648	\$ 215,739	\$ 354,092	\$ 193,139	\$ 395,265	\$ 413,079	\$ 108,807	\$ 26,813
2010-11	7,441,362	5,225,296	-	223,770	482,026	143,903	188,106	215,910	130,990	107,654	153,755	88,125	201,259	211,928	49,576	19,064
2009-10	4,986,227	3,492,467	-	164,196	309,757	110,137	132,586	132,458	91,654	75,839	98,299	63,056	148,530	128,485	29,974	8,789
2008-09	1,508,524	1,115,550	-	8,699	86,514	30,978	43,198	38,134	32,060	18,477	27,455	18,969	47,838	30,477	7,479	2,696
2007-08	229,945	161,445	7,831	5,534	11,954	4,522	8,730	5,383	4,390	3,234	4,352	2,700	4,313	4,048	1,284	225
2006-07	89,367	64,346	3,088	1,234	5,583	2,004	2,454	2,159	1,706	744	1,905	1,348	1,710	510	550	26
2005-06	44,408	31,042	3,648	(185)	2,829	709	846	1,022	936	193	1,064	780	968	305	251	-
2004-05	68,432	48,180	3,531	3,535	2,284	345	2,972	884	1,426	1,348	1,023	849	1,396	389	270	-
2003-04	63,997	29,992	3,886	3,963	1,887	14,823	2,776	569	1,326	1,335	835	787	1,329	275	214	-
2002-03 & Prior	238,415	201,638	(1)	1	2,004	5,908	22,358	(218)	(1,100)	3,759	1,122	(2,057)	4,407	151	443	-
Total	\$ 30,574,309	\$ 21,482,361	\$ 21,983	\$ 810,963	\$ 2,019,718	\$ 724,560	\$ 784,228	\$ 909,417	\$ 528,036	\$ 428,322	\$ 643,902	\$ 367,696	\$ 807,015	\$ 789,647	\$ 198,848	\$ 57,613

City of Portland, Oregon
Schedule of Property Taxes Collected by Levy Year by Fund
For the Year Ended June 30, 2012

Special Revenue Funds					Debt Service Funds											
Tax Year	Total	General	Parks Local Option Levy	Children's Investment	River District Urban	Bonded Debt Interest & Sinking	Downtown Waterfront Renewal Bond Sinking	Interstate Corridor Debt Service	South Park Block Redemption	Airport Way Debt Service	Lents Town Center Urban Renewal Area Debt Redemption	Central Eastside Industrial District Debt Service	Convention Center Area Debt Service	North Macadam Urban Renewal Area Debt Redemption	Gateway Urban Renewal Area Debt Redemption	Willamette Industrial Urban Renewal Area Debt Service
					Redemption	Sinking	Sinking	Service	Redemption	Debt Service	Redemption	Service	Debt Service	Redemption	Redemption	Service
2011-12	\$ 412,972,199	\$ 288,835,828	\$ -	\$ 10,405,227	\$ 29,413,991	\$ 10,409,964	\$ 9,588,185	\$ 13,539,614	\$ 6,704,718	\$ 5,286,103	\$ 9,410,416	\$ 5,098,315	\$ 9,733,806	\$ 10,899,771	\$ 2,937,083	\$ 709,178
2010-11	7,975,220	5,599,279	-	238,716	535,583	156,314	189,940	240,074	133,450	102,479	173,633	97,856	193,303	235,494	57,908	21,191
2009-10	2,556,524	1,789,583	-	83,768	168,698	56,065	62,695	72,193	43,926	33,045	54,828	34,274	65,057	69,990	17,617	4,785
2008-09	2,028,292	1,509,116	-	-	119,831	41,413	55,182	52,982	40,889	24,527	41,121	25,671	58,294	42,200	13,401	3,665
2007-08	1,233,205	856,243	41,573	42,906	63,424	23,899	46,349	28,556	23,299	17,167	23,090	14,327	22,887	21,478	6,813	1,194
2006-07	104,018	73,303	3,517	3,631	5,104	2,275	4,454	1,973	2,158	1,518	1,741	1,231	2,121	466	502	24
2005-06	29,226	21,024	956	987	1,165	690	1,233	431	611	514	444	336	601	119	115	-
2004-05	8,731	6,362	263	272	286	204	374	112	183	170	129	109	180	52	36	(1)
2003-04	10,203	7,611	282	291	295	211	443	92	216	212	133	128	211	45	33	-
2002-03 & Prior	18,005	15,129	-	-	310	481	657	65	323	346	145	204	314	24	7	-
Total	\$ 426,935,623	\$ 298,713,478	\$ 46,591	\$ 10,775,798	\$ 30,308,687	\$ 10,691,516	\$ 9,949,512	\$ 13,936,092	\$ 6,949,773	\$ 5,466,081	\$ 9,705,680	\$ 5,272,451	\$ 10,076,774	\$ 11,269,639	\$ 3,033,515	\$ 740,036



View of Portland and Mt. Hood

STATISTICAL SECTION



First Congregational Church, 1890

STATISTICAL SECTION

This part of the City of Portland's comprehensive financial annual report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. This section contains the following tables and information:

Contents	Page
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Financial Trends	298
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	303
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These schedules contain information to help the reader assess the City's most significant local revenue sources: personal income tax, property tax, and business income tax.

Debt Capacity	309
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	318
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These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	320
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These schedules contain service and infrastructure data to help the reader understand how information in the City's financial report relates to services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

City of Portland, Oregon
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009 ¹	2008	2007	2006	2005	2004	2003
Governmental activities:										
Invested in capital assets, net of related debt	\$ 2,170,541,622	\$ 2,219,412,554	\$ 2,123,435,196	\$ 2,175,464,133	\$ 2,253,119,111	\$ 2,309,556,618	\$ 2,358,468,902	\$ 2,224,370,896	\$ 2,276,806,195	\$ 2,309,821,737
Restricted	195,095,029	197,584,177	183,204,776	159,973,612	177,255,997	162,581,357	92,280,515	49,610,773	49,785,785	45,915,790
Unrestricted	(1,845,697,966)	(1,748,535,567)	(1,686,820,664)	(1,551,207,748)	(1,401,339,786)	(1,286,157,817)	(1,151,782,192)	(849,583,790)	(788,474,651)	(752,063,038)
Total governmental activities net assets	<u>\$ 519,938,685</u>	<u>\$ 668,461,164</u>	<u>\$ 619,819,308</u>	<u>\$ 784,229,997</u>	<u>\$ 1,029,035,322</u>	<u>\$ 1,185,980,158</u>	<u>\$ 1,298,967,225</u>	<u>\$ 1,424,397,879</u>	<u>\$ 1,538,117,329</u>	<u>\$ 1,603,674,489</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 1,792,291,343	\$ 1,682,414,671	\$ 1,563,020,091	\$ 1,456,673,267	\$ 1,456,877,706	\$ 1,338,436,369	\$ 1,289,618,615	\$ 1,159,942,274	\$ 1,129,632,905	\$ 1,051,237,590
Restricted	14,848,536	14,716,777	110,697,822	19,033,446	18,819,068	11,087,158	10,407,271	11,482,805	11,108,557	10,516,820
Unrestricted	103,946,351	127,233,261	30,210,742	161,146,338	97,018,347	148,627,828	100,607,343	111,605,718	96,351,491	102,496,586
Total business-type activities net assets	<u>\$ 1,911,086,230</u>	<u>\$ 1,824,364,709</u>	<u>\$ 1,703,928,655</u>	<u>\$ 1,636,853,051</u>	<u>\$ 1,572,715,121</u>	<u>\$ 1,498,151,355</u>	<u>\$ 1,400,633,229</u>	<u>\$ 1,283,030,797</u>	<u>\$ 1,237,092,953</u>	<u>\$ 1,164,250,996</u>
Primary government:										
Invested in capital assets, net of related debt	\$ 3,962,832,965	\$ 3,901,827,225	\$ 3,686,455,287	\$ 3,632,137,400	\$ 3,709,996,817	\$ 3,647,992,987	\$ 3,648,087,517	\$ 3,384,313,170	\$ 3,406,439,100	\$ 3,361,059,327
Restricted	209,607,986	212,300,954	293,902,598	179,007,058	196,075,065	173,668,515	102,687,786	61,093,578	60,894,342	56,432,610
Unrestricted	(1,741,416,036)	(1,621,302,306)	(1,656,609,922)	(1,390,061,410)	(1,304,321,439)	(1,137,529,989)	(1,051,174,849)	(737,978,072)	(692,123,160)	(649,566,452)
Total primary government net assets	<u>\$ 2,431,024,915</u>	<u>\$ 2,492,825,873</u>	<u>\$ 2,323,747,963</u>	<u>\$ 2,421,083,048</u>	<u>\$ 2,601,750,443</u>	<u>\$ 2,684,131,513</u>	<u>\$ 2,699,600,454</u>	<u>\$ 2,707,428,676</u>	<u>\$ 2,775,210,282</u>	<u>\$ 2,767,925,485</u>

¹ Data as restated

City of Portland, Oregon
Changes in Net Assets, Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009 ¹	2008	2007	2006	2005	2004	2003
Expenses										
Governmental activities:										
Public safety	\$ 486,886,299	\$ 460,750,759	\$ 444,705,167	\$ 452,067,911	\$ 398,379,565	\$ 424,132,995	\$ 402,791,253	\$ 367,555,695	\$ 323,540,069	\$ 314,634,618
Parks, recreation and culture	77,703,274	71,215,918	70,745,599	79,614,221	72,274,388	64,904,551	56,277,014	53,128,816	52,785,697	49,043,321
Community development	294,320,842	235,115,877	204,410,103	131,261,667	130,997,139	127,758,450	117,247,997	114,225,541	82,717,602	95,315,852
Transportation and metered parking	247,019,675	264,399,020	276,185,628	248,914,860	241,780,135	242,619,027	232,391,159	220,406,789	215,372,390	223,259,730
Legislative / admin / support services	92,989,301	85,191,243	92,190,425	178,268,571	174,636,727	160,332,687	174,658,640	122,993,533	103,897,971	140,187,742
Environmental services	503,400	187,805	326,089	-	-	-	-	-	-	-
Water	409,074	89,336	157,563	-	-	-	-	-	-	-
Interest on long-term debt	48,030,292	46,341,420	44,629,763	50,010,337	52,748,138	48,494,915	46,733,850	39,790,431	46,218,942	42,280,402
Total governmental activities expenses	1,247,862,157	1,163,291,378	1,133,350,337	1,140,137,567	1,070,816,092	1,068,242,625	1,030,099,913	918,100,805	824,532,671	864,721,665
Business-type activities:										
Environmental services	194,880,070	189,838,169	184,036,412	188,969,781	185,767,974	188,465,656	141,320,525	161,920,527	131,818,242	135,883,241
Water	108,344,964	103,260,628	101,965,612	98,707,471	94,367,153	86,345,164	78,612,800	78,010,156	77,212,445	67,074,325
Hydroelectric power	1,895,974	2,049,214	2,112,254	2,458,249	2,343,333	2,366,679	4,309,732	2,845,958	3,088,163	3,365,244
Parking facilities	6,858,239	6,419,814	9,372,080	9,764,605	7,923,477	7,317,105	7,343,850	7,780,324	7,029,560	8,834,101
Golf	7,704,762	7,803,648	8,023,884	8,603,692	7,358,537	5,842,717	6,024,174	5,746,381	5,876,808	6,176,184
Motor sports	1,702,924	1,730,151	1,830,052	1,811,021	1,941,127	1,837,708	1,382,360	1,450,819	1,440,085	1,214,176
Spectator facilities	8,098,517	9,412,865	8,175,758	8,698,111	8,004,713	7,079,419	6,955,608	9,391,042	7,461,866	7,765,174
Housing	967,848	1,750,675	-	-	-	-	-	-	-	-
Total business-type activities expenses	330,453,298	322,265,164	315,516,052	319,012,930	307,706,314	299,254,448	245,949,049	267,145,207	233,927,169	230,312,445
Total primary government expenses	\$ 1,578,315,455	\$ 1,485,556,542	\$ 1,448,866,389	\$ 1,459,150,497	\$ 1,378,522,406	\$ 1,367,497,073	\$ 1,276,048,962	\$ 1,185,246,012	\$ 1,058,459,840	\$ 1,095,034,110
Program Revenues										
Governmental activities:										
Fees, fines and charges for services:										
Public safety	\$ 12,351,514	\$ 10,589,711	\$ 11,350,111	\$ 29,183,131	\$ 25,855,028	\$ 28,840,004	\$ 21,428,149	\$ 20,791,106	\$ 19,125,680	\$ 16,333,077
Parks, recreation and culture	19,377,137	17,956,318	18,109,058	28,955,330	24,041,781	21,743,457	19,681,284	21,391,325	18,322,726	16,777,565
Community development	43,503,027	29,178,351	46,285,869	45,989,635	59,843,519	85,597,802	78,013,694	51,192,021	46,409,485	63,829,252
Transportation and metered parking	77,531,542	61,912,494	60,397,143	71,206,830	68,101,536	149,780,434	131,036,479	124,134,875	101,969,665	108,277,452
Legislative / admin / support services	183,276,317	181,437,591	168,785,605	194,127,883	183,505,065	208,408,276	188,468,633	172,150,325	164,797,915	135,462,360
Environmental services	-	30,888	-	-	-	-	-	-	-	-
Operating grants and contributions	196,150,183	179,417,682	136,693,542	30,899,130	95,594,872	32,974,212	52,126,898	52,304,455	36,436,606	24,024,541
Capital grants and contributions	94,247,887	190,020,546	77,921,901	61,307,882	24,337,254	27,953,173	43,561,907	3,337,595	4,671,989	22,012,781
Total governmental activities program revenues	626,437,607	670,543,581	519,543,229	461,669,821	481,279,055	555,297,358	534,317,044	445,301,702	391,734,066	386,717,028

City of Portland, Oregon
Changes in Net Assets, Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009 ¹	2008	2007	2006	2005	2004	2003
Business-type activities:										
Charges for services:										
Environmental services	268,824,936	256,570,147	239,960,866	237,136,104	228,089,453	245,630,949	210,973,349	196,236,601	181,436,335	168,624,493
Water	130,911,138	118,000,643	112,702,102	101,728,593	96,645,344	93,988,988	90,506,041	81,868,923	92,113,473	86,695,443
Hydroelectric power	4,082,287	3,650,986	3,617,879	3,363,647	3,525,956	3,677,559	4,312,950	4,642,528	4,553,359	4,541,628
Parking facilities	12,092,247	11,901,704	11,316,355	10,708,326	12,033,569	11,792,583	11,174,857	9,819,459	9,275,009	9,615,447
Golf	7,732,554	7,434,680	7,754,612	8,388,970	7,157,913	6,654,847	6,152,162	5,793,855	6,035,269	5,960,115
Motor sports	1,752,621	1,748,086	1,875,497	1,922,096	1,650,541	2,140,723	1,778,963	1,637,836	1,464,644	1,391,478
Spectator facilities	8,601,320	8,870,310	8,846,051	9,000,391	8,401,058	7,002,481	6,846,642	6,977,926	6,585,475	7,441,080
Housing	1,015,467	1,060,568	-	-	-	-	-	-	-	-
Operating grants	-	-	-	-	801,397	3,306,831	-	3,431,790	4,316,805	1,579,598
Capital grants and contributions	3,964,882	44,450,756	954,259	1,998,768	12,385,699	5,423,653	6,188,992	1,240,018	2,859,149	12,449,239
Total business-type activities program revenues	438,977,452	453,687,880	387,027,621	374,246,895	370,690,930	379,618,614	337,933,956	311,648,936	308,639,518	298,298,521
Total primary government program revenues	\$ 1,065,415,059	\$ 1,124,231,461	\$ 906,570,850	\$ 835,916,716	\$ 851,969,985	\$ 934,915,972	\$ 872,251,000	\$ 756,950,638	\$ 700,373,584	\$ 685,015,549
Net Expense / (Revenue)										
Governmental activities	\$ (621,424,550)	\$ (492,747,797)	\$ (613,807,108)	\$ (678,467,746)	\$ (589,537,037)	\$ (512,945,267)	\$ (495,782,869)	\$ (472,799,103)	\$ (432,798,605)	\$ (478,004,637)
Business-type activities	108,524,154	131,422,716	71,511,569	55,233,965	62,984,616	80,364,166	91,984,907	44,503,729	74,712,349	67,986,076
Total primary government net expense	\$ (512,900,396)	\$ (361,325,081)	\$ (542,295,539)	\$ (623,233,781)	\$ (526,552,421)	\$ (432,581,101)	\$ (403,797,962)	\$ (428,295,374)	\$ (358,086,256)	\$ (410,018,561)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes	\$ 432,481,353	\$ 431,933,936	\$ 421,211,270	\$ 388,147,722	\$ 384,423,685	\$ 354,572,143	\$ 334,965,727	\$ 320,933,919	\$ 314,666,579	\$ 274,757,776
Lodging taxes	21,359,108	19,142,687	16,511,907	23,571,670	19,647,497	17,526,682	15,963,890	14,170,141	13,324,822	12,828,007
Investment earnings	8,967,966	10,565,464	6,104,945	18,518,024	25,699,774	23,795,988	16,484,142	9,105,038	3,905,760	8,778,862
Gain (loss) on sale of capital assets	-	-	-	-	-	1,060,179	-	-	(5,220,885)	416,949
Gain (loss) on sale of property held for resale	-	-	-	-	-	-	-	-	2,404,881	(701,748)
Transfers	6,398,095	15,500,817	5,568,297	3,425,005	2,821,245	2,972,910	2,938,456	3,930,251	3,379,035	3,827,236
Transfers of capital assets	-	-	-	-	-	-	-	(1,238,946)	-	-
Special item:										
Contribution from PDC	3,695,549	64,246,749	-	-	-	-	-	-	-	-
Total governmental activities	472,902,071	541,389,653	449,396,419	433,662,421	432,592,201	399,927,902	370,352,215	346,900,403	332,460,192	299,907,082
Business-type activities:										
Investment earnings	1,450,984	4,514,155	1,132,332	12,328,970	14,400,395	20,126,870	9,004,698	5,364,366	1,508,643	3,475,088
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	44,761
Transfers	(6,398,095)	(15,500,817)	(5,568,297)	(3,425,005)	(2,821,245)	(2,972,910)	(2,938,456)	(3,930,251)	(3,379,035)	(3,827,236)
Special item:										
Capital asset write-off	(16,855,522)	-	-	-	-	-	-	-	-	-
Total business-type activities	(21,802,633)	(10,986,662)	(4,435,965)	8,903,965	11,579,150	17,153,960	6,066,242	1,434,115	(1,870,392)	(307,387)
Total primary government	\$ 451,099,438	\$ 530,402,991	\$ 444,960,454	\$ 442,566,386	\$ 444,171,351	\$ 417,081,862	\$ 376,418,457	\$ 348,334,518	\$ 330,589,800	\$ 299,599,695
Change in Net Assets										
Governmental activities	(148,522,479)	48,641,856	(164,410,689)	(244,805,325)	(156,944,836)	(113,017,365)	(125,430,654)	(125,898,700)	(100,338,413)	(178,097,555)
Business-type activities	86,721,521	120,436,054	67,075,604	64,137,930	74,563,766	97,518,126	98,051,149	45,937,844	72,841,957	67,678,689
Total primary government change in net assets	\$ (61,800,958)	\$ 169,077,910	\$ (97,335,085)	\$ (180,667,395)	\$ (82,381,070)	\$ (15,499,239)	\$ (27,379,505)	\$ (79,960,856)	\$ (27,496,456)	\$ (110,418,866)

¹ Data as restated

City of Portland, Oregon
Fund Balances, Governmental Funds ²
(modified accrual basis of accounting)

	Fiscal Year									
	2012	2011 ²	2010	2009 ¹	2008	2007	2006	2005	2004	2003
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 446,016	\$ 415,012	\$ 363,791
Unreserved	-	-	91,872,408	133,755,426	130,939,791	131,326,813	119,280,600	93,496,556	67,621,138	57,280,147
Nonspendable	555,088	234,968	-	-	-	-	-	-	-	-
Committed	48,984,519	46,294,375	-	-	-	-	-	-	-	-
Assigned	5,415,881	23,588,446	-	-	-	-	-	-	-	-
Unassigned	22,296,208	23,962,998	-	-	-	-	-	-	-	-
Total general fund	77,251,696	94,080,787	91,872,408	133,755,426	130,939,791	131,326,813	119,280,600	93,942,572	68,036,150	57,643,938
All other governmental funds										
Reserved	-	-	15,819,740	24,940,060	98,997,913	83,975,043	92,280,515	33,281,111	32,712,627	46,505,523
Unreserved, reported in:										
Major fund:										
Transportation Operating	-	-	10,449,909	10,596,286	21,065,188	22,568,566	16,773,455	15,433,232	21,364,777	19,291,967
Nonmajor funds:										
Special revenue funds	-	-	(12,163,792)	8,976,573	30,633,551	31,967,456	28,858,030	55,217,802	27,429,976	15,733,772
Debt service funds	-	-	62,208,494	43,489,029	77,416	73,427	64,986	-	-	-
Capital projects funds	-	-	5,295,880	6,407,173	5,596,855	5,566,240	4,272,949	20,552,392	20,031,625	9,161,335
Major funds:										
Transportation Operating:										
Nonspendable	5,467,464	2,824,446								
Restricted	18,803,168	20,774,274								
Assigned	14,211,840	-								
Unassigned	-	(14,039,988)								
Special Finance and Resource:										
Restricted	130,344	-								
Grants:										
Nonspendable	-	30,900								
Restricted	-	41,949,427								
Unassigned	(7,306,604)	(63,883,869)								
Nonmajor funds:										
Special revenue funds:										
Restricted	60,900,181	71,044,360								
Committed	13,240,400	946,953								
Assigned	8,419,112	12,665,927								
Debt service funds:										
Restricted	53,907,324	50,464,778								
Assigned	14,644,795	13,497,508								
Capital projects funds:										
Nonspendable	-	4,100								
Restricted	38,035,419	32,900,374								
Committed	9,480,674	694,200								
Assigned	8,308,021	6,235,808								
Permanent fund:										
Nonspendable	163,142	162,740								
Restricted	19,811	19,671								
Total all other governmental funds	238,425,091	176,291,609	81,610,231	94,409,121	156,370,923	144,150,732	142,249,935	124,484,537	101,539,005	90,692,597
Total governmental funds	\$ 315,676,787	\$ 270,372,396	\$ 173,482,640	\$ 228,164,547	\$ 287,310,714	\$ 275,477,545	\$ 261,530,535	\$ 218,427,109	\$ 169,575,155	\$ 148,336,535

¹ Data as restated in prior years

² This schedule was modified with the implementation of GASB 54, effective fiscal year 2011, which affected the categories used to report fund balances.

City of Portland, Oregon
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Taxes	\$ 448,364,391	\$ 450,618,907	\$ 439,807,189	\$ 404,648,934	\$ 400,907,347	\$ 371,089,320	\$ 350,920,250	\$ 335,755,929	\$ 327,756,515	\$ 288,081,693
Licenses and permits	185,187,374	164,940,343	163,524,368	172,412,165	185,733,671	177,594,267	163,336,697	150,908,460	148,667,397	123,526,404
Intergovernmental	262,848,347	306,470,348	179,137,795	112,420,936	130,480,681	165,818,945	163,146,678	143,173,781	124,107,397	95,712,179
Charges for services	134,729,794	118,372,143	118,727,478	127,059,236	158,624,745	163,790,312	136,456,915	115,929,942	109,038,347	114,479,729
Loan collections	825	472	5,504,941	8,042,680	6,616,117	1,962,568	2,717,027	2,672,429	3,238,821	6,478,903
Assessments	8,965,051	9,628,143	17,859,689	10,494,525	11,486,471	8,815,857	9,999,245	8,355,490	10,014,016	12,776,748
Investment earnings	7,997,693	8,656,961	5,940,419	14,150,878	19,196,940	18,038,418	12,612,043	7,079,381	3,841,779	6,666,051
Miscellaneous	23,024,707	18,273,086	17,599,825	18,691,693	23,933,782	16,182,024	16,872,660	22,270,616	14,524,582	12,556,519
Total revenues	1,071,118,182	1,076,960,402	948,101,704	867,921,047	936,979,754	923,291,711	856,061,515	786,146,028	741,188,854	660,278,226
Expenditures										
Current:										
Public safety	402,526,990	382,040,051	381,431,467	365,837,451	344,018,244	326,329,377	312,268,173	296,457,985	286,455,438	262,993,986
Parks, recreation and culture	70,095,137	65,553,655	65,421,722	66,513,218	69,553,194	70,774,053	59,611,313	57,749,953	55,784,784	46,699,998
Community development	299,816,445	233,452,342	216,256,817	130,498,875	135,558,800	129,505,227	115,384,409	111,498,804	97,229,024	105,187,740
Transportation and metered parking	102,732,375	119,743,004	133,225,382	106,859,618	104,537,362	99,925,003	92,553,766	83,957,866	80,890,199	89,673,943
Legislative / admin / support services	73,694,282	70,316,678	71,214,023	183,391,043	182,562,975	170,658,268	167,238,732	109,982,848	93,920,882	131,298,588
Environmental services	503,400	187,805	326,089	-	-	-	-	-	-	-
Water	409,074	89,336	157,563	-	-	-	-	-	-	-
Debt service and related costs:										
Principal	271,515,940	277,450,351	71,726,634	102,210,897	109,078,563	132,458,884	61,837,018	91,863,588	92,283,953	77,882,862
Interest	41,996,682	38,899,209	37,280,438	41,451,139	44,139,283	44,837,099	37,815,058	35,207,044	36,437,263	38,412,139
Debt issuance costs	2,113,436	1,528,816	1,355,153	1,063,423	909,132	714,354	1,275,799	1,693,682	-	-
Capital outlay	109,842,632	140,101,129	102,014,291	60,394,581	79,737,850	101,688,256	85,419,896	68,216,783	46,874,625	41,656,553
Total expenditures	1,375,246,393	1,329,362,376	1,080,409,579	1,058,220,245	1,070,095,403	1,076,890,521	933,404,164	856,628,553	789,876,168	793,805,809
Revenues over (under) expenditures	(304,128,211)	(252,401,974)	(132,307,875)	(190,299,198)	(133,115,649)	(153,598,810)	(77,342,649)	(70,482,525)	(48,687,314)	(133,527,583)
Other Financing Sources (Uses)										
Transfers in	110,772,511	104,599,012	119,996,827	64,381,992	84,829,128	116,693,537	88,865,311	50,639,434	70,920,342	55,584,851
Transfers out	(96,610,031)	(106,727,613)	(142,667,821)	(73,645,578)	(93,054,958)	(119,714,976)	(90,802,370)	(59,221,158)	(75,479,205)	(56,037,768)
Proceeds from sale of capital assets	74,438	313,703	32,993	1,409,800	175,000	-	80,851	17,865	-	216,573
Proceeds from sale of property held for resale	-	-	-	-	-	-	-	-	1,785,731	6,408,252
Bonds and notes issued	311,873,457	287,505,419	157,041,092	160,941,346	151,109,500	168,558,626	165,062,633	112,904,951	69,919,066	198,421,014
Bonds and note premium	18,809,163	1,203,343	3,118,769	1,390,471	198,553	1,519,900	2,974,854	1,521,458	1,002,630	4,639,809
Bonds and note discounts	(82,485)	(266,645)	(73,870)	-	-	-	-	-	-	-
Loan proceeds	900,000	4,704,000	3,421,000	1,540,000	1,600,000	376,192	1,824,000	5,565,000	3,067,000	-
Payments to refunded bond escrow agent	-	-	(63,243,022)	(24,865,000)	-	-	(47,568,215)	(4,293,832)	-	(62,134,933)
Change in inventory held for resale	-	-	-	-	-	-	-	-	(1,510,000)	-
Total other financing sources (uses)	345,737,053	291,331,219	77,625,968	131,153,031	144,857,223	167,433,279	120,437,064	107,133,718	69,705,564	147,097,798
Special Item										
Contribution from PDC	3,695,549	64,246,749	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 45,304,391	\$ 103,175,994	\$ (54,681,907)	\$ (59,146,167)	\$ 11,741,574	\$ 13,834,469	\$ 43,094,415	\$ 36,651,193	\$ 21,018,250	\$ 13,570,215
Debt service as a percentage of noncapital expenditures	24.8%	26.6%	11.1%	14.4%	15.5%	18.2%	11.8%	16.1%	17.3%	15.5%

City of Portland, Oregon
Program Revenues by Function
Last Ten Fiscal Years
(accrual basis of accounting)

Function	Fiscal Year Ending June 30									
	2012	2011	2010	2009 ¹	2008	2007	2006	2005	2004	2003
Governmental activities:										
Public safety	\$ 39,996,014	\$ 36,112,027	\$ 36,579,628	\$ 37,618,789	\$ 36,040,408	\$ 40,094,279	\$ 35,679,723	\$ 33,043,577	\$ 25,125,871	\$ 21,225,170
Parks, recreation and culture	47,995,617	43,739,584	30,052,917	33,900,730	28,139,754	33,303,087	20,097,069	21,721,963	22,091,777	20,592,780
Community development	117,419,849	96,334,022	77,715,883	65,551,272	82,395,639	107,075,872	103,148,200	77,761,925	58,307,773	79,910,037
Transportation and metered parking	207,660,033	284,663,629	181,040,220	128,348,190	135,732,608	166,338,862	152,929,983	136,063,241	121,266,594	129,331,544
Legislative / admin / support services	210,433,303	207,800,528	192,800,377	196,250,840	198,970,646	208,485,258	222,462,069	176,710,996	164,942,051	135,657,497
Environmental services	1,602,219	1,136,538	1,239,419	-	-	-	-	-	-	-
Water	1,330,572	757,253	114,785	-	-	-	-	-	-	-
Subtotal governmental activities	<u>626,437,607</u>	<u>670,543,581</u>	<u>519,543,229</u>	<u>461,669,821</u>	<u>481,279,055</u>	<u>555,297,358</u>	<u>534,317,044</u>	<u>445,301,702</u>	<u>391,734,066</u>	<u>386,717,028</u>
Business-type activities:										
Environmental services	270,144,257	258,701,515	240,915,125	239,134,872	233,741,504	250,011,948	216,030,473	200,557,147	186,427,924	172,181,539
Water	131,695,155	120,880,132	112,702,102	101,728,593	104,180,389	98,335,604	91,635,821	82,220,185	94,297,838	97,167,234
Hydroelectric power	4,082,287	3,650,986	3,617,879	3,363,647	3,525,956	3,677,559	4,312,950	4,642,528	4,553,359	4,541,628
Parking facilities	12,092,247	11,901,704	11,316,355	10,708,326	12,033,569	11,795,452	11,174,857	9,819,459	9,275,009	9,615,447
Golf	7,734,929	7,434,680	7,754,612	8,388,970	7,157,913	6,654,847	6,154,250	5,793,855	6,035,269	5,960,115
Motor sports	1,752,621	29,123,925	1,875,497	1,922,096	1,650,541	2,140,723	1,778,963	1,637,836	1,464,644	1,391,478
Spectator facilities	10,460,489	8,870,310	8,846,051	9,000,391	8,401,058	7,002,481	6,846,642	6,977,926	6,585,475	7,441,080
Housing	1,015,467	13,124,628	-	-	-	-	-	-	-	-
Subtotal business-type activities	<u>438,977,452</u>	<u>453,687,880</u>	<u>387,027,621</u>	<u>374,246,895</u>	<u>370,690,930</u>	<u>379,618,614</u>	<u>337,933,956</u>	<u>311,648,936</u>	<u>308,639,518</u>	<u>298,298,521</u>
Total primary government	<u>\$ 1,065,415,059</u>	<u>\$ 1,124,231,461</u>	<u>\$ 906,570,850</u>	<u>\$ 835,916,716</u>	<u>\$ 851,969,985</u>	<u>\$ 934,915,972</u>	<u>\$ 872,251,000</u>	<u>\$ 756,950,638</u>	<u>\$ 700,373,584</u>	<u>\$ 685,015,549</u>

¹ Data as restated

City of Portland, Oregon
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Year</u>	<u>Property Taxes</u>	<u>Lodging Taxes</u>	<u>Other Taxes</u>	<u>Total Taxes</u>
2012	\$ 426,963,931	\$ 21,359,108	\$ 1,701,077	\$ 450,024,116
2011	431,476,219	19,142,687	408,159	451,027,065
2010	423,295,282	16,511,907	700,819	440,508,008
2009	381,077,264	23,571,670	758,737	405,407,671
2008	381,259,850	19,647,497	1,434,002	402,341,349
2007	353,562,638	17,526,682	1,259,198	372,348,518
2006	334,956,360	15,963,890	1,533,219	352,453,469
2005	321,585,788	14,170,141	821,501	336,577,430
2004	313,770,748	13,324,822	660,945	327,756,515
2003	274,419,237	12,828,007	834,449	288,081,693

Source: Division of Assessment and Taxation for Multnomah, Clackamas and Washington Counties

City of Portland, Oregon
Assessed Valuation and Actual Values of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Public Utility Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Real Market Value	Taxable Assessed Value as a Percentage of Real Market Value
2012	\$ 42,300,972,173	\$ 1,870,775,539	\$ 2,121,534,522	\$ 46,293,282,234	7.69	\$ 81,163,435,001	57.04 %
2011	40,974,245,223	1,948,909,831	2,061,177,281	44,984,332,334	7.69	86,374,680,444	52.08
2010 *	39,707,015,212	2,039,362,255	2,040,333,669	43,786,711,136	7.81	89,022,110,363	49.19
2009 *	38,366,558,470	2,078,744,985	1,912,975,520	42,358,278,975	7.82	90,358,444,241	46.88
2008	36,475,200,791	2,105,142,882	2,081,423,119	40,661,766,792	7.90	84,290,979,378	48.24
2007	34,531,977,558	2,019,176,636	2,123,147,916	38,674,302,110	7.82	72,903,687,505	53.05
2006	33,300,593,343	1,889,115,863	1,987,779,685	37,177,488,891	7.92	65,309,180,486	56.93
2005	31,994,461,788	1,919,543,665	2,212,150,087	36,126,155,540	7.98	58,806,347,394	61.43
2004	30,826,976,948	2,054,301,986	2,121,291,127	35,002,570,061	8.19	55,492,382,935	63.08
2003	29,482,653,044	2,267,808,782	2,387,871,826	34,138,333,652	6.97	52,662,700,989	64.82

Sources: Tax Supervising and Conservation Commission and Divisions of Assessment and Taxation for Multnomah, Clackamas and Washington Counties.

Note: Tax rolls are prepared and taxes are collected by Multnomah, Clackamas and Washington Counties for all units of local government within their boundaries. Taxes collected by the counties are remitted to taxing districts proportionately according to the ratio of each district levy to the total of all levies in the County. Amounts established through tax increment financing have been proportionately allocated by property type.

* Data was revised in FY11

City of Portland, Oregon
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(per \$1,000 of assessed valuation)
(unaudited)

Fiscal Year Ending June 30	City of Portland				Overlapping Rates						
	General	Special Revenue	Debt Service	Total	Multnomah County	Education Districts	Urban Renewal PDC ¹	Port of Portland	Metropolitan Service Districts	TriMet	Total
2012	\$ 7.05	\$ 0.40	\$ 0.24	\$ 7.69	\$ 5.44	\$ 8.32	\$ 0.29	\$ 0.07	\$ 0.32	\$ 0.06	\$ 22.19
2011	7.05	0.40	0.24	7.69	5.44	8.32	0.29	0.07	0.32	0.06	22.19
2010	7.21	0.40	0.19	7.81	5.38	7.62	0.30	0.07	0.41	0.09	21.68
2009	7.20	0.40	0.22	7.82	5.40	7.62	0.31	0.07	0.44	0.09	21.75
2008	6.92	0.79	0.19	7.90	5.42	7.49	0.34	0.07	0.43	0.09	21.74
2007	6.81	0.80	0.21	7.82	5.30	6.23	0.36	0.07	0.28	0.10	20.16
2006	6.90	0.80	0.22	7.92	5.31	5.72	0.38	0.07	0.28	0.12	19.80
2005	6.96	0.80	0.22	7.98	5.28	8.15	0.39	0.07	0.28	0.11	22.26
2004	7.20	0.80	0.19	8.19	5.27	8.09	0.40	0.07	0.29	0.11	22.42
2003	6.77	N/A	0.20	6.97	5.17	8.17	0.42	0.07	0.28	0.12	21.20

Source: Multnomah County Division of Assessment and Taxation

N/A: Data not available.

¹Portland Development Commission: Includes taxes collected on the urban renewal special levy imposed city-wide.

**City of Portland, Oregon
Principal Property Taxpayers
Current Year and Nine Years Ago
(unaudited)**

Taxpayer	June 30, 2012			June 30, 2003		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Port of Portland	\$ 615,232,000	1	1.33 %	\$ -	-	- %
Portland General Electric Co	406,993,000	2	0.88	214,747,470	3	0.63
Comcast Corporation	351,392,000	3	0.76	-	-	-
PacifiCorp (PP&L)	319,636,000	4	0.69	246,299,400	2	0.72
Weston Investment Co LLC	248,199,000	5	0.54	-	-	-
Qwest Corporation	220,328,000	6	0.48	465,527,745	1	1.36
LC Portland LLC	173,396,000	7	0.37	-	-	-
Evraz Inc NA	166,299,000	8	0.36	-	-	-
Fred Meyer Stores	163,369,000	9	0.35	118,753,640	8	0.35
Boeing Co	163,001,000	10	0.35	-	-	-
Wacker Siltronic Corporation	-	-	-	204,815,810	4	0.60
Alaska Airlines	-	-	-	164,000,000	5	0.48
Oregon Steel Mills, Inc.	-	-	-	149,337,260	6	0.44
Glimcher Lloyd Venture LLC	-	-	-	127,669,890	7	0.37
NW Natural Gas	-	-	-	114,976,630	9	0.34
United Airlines, Inc	-	-	-	114,520,000	10	0.34
Total	<u>\$ 2,827,845,000</u>		<u>6.11 %</u>	<u>\$ 1,920,647,845</u>		<u>5.63 %</u>
Total assessed valuation	<u>\$ 46,293,282,234</u>			<u>\$ 34,138,333,652</u>		

Source: Multnomah County Division of Assessment and Taxation and the City of Portland 2003 CAFR

City of Portland, Oregon
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended June 30	Tax Levy for the Fiscal Year ¹	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$445,043,642	\$412,972,199	92.79 %	\$ -	\$ 412,972,199	92.79 %
2011	445,238,206	416,836,027 ²	93.62 ²	7,975,220	424,811,247	95.41
2010	436,246,475	407,939,510	93.51	11,809,544	419,749,054	96.22
2009	397,821,681	368,922,355	92.74	15,103,593	384,025,948	96.53
2008	394,491,508	369,478,250	93.66	13,528,722	383,006,972	97.09
2007	363,073,424	341,570,207	94.08	11,850,532	353,420,739	97.34
2006	346,053,142	324,530,783	93.78	11,321,780	335,852,563	97.05
2005	333,043,855	310,716,109	93.30	11,042,827	321,758,936	96.61
2004	324,373,722	303,118,079	93.45	10,506,888	313,624,967	96.69
2003	283,977,674	264,478,216	93.13	10,473,854	274,952,070	96.82

Sources: Divisions of Assessment and Taxation for Multnomah, Clackamas and Washington Counties

Notes: Taxes are levied as of July 1 each year and are payable in three installments without interest on November 15, February 15 and May 15. Interest is charged at the rate of 1% per month on delinquent taxes. Tax liens are foreclosed by the various counties after three years' delinquencies. Taxpayers receive a discount of 3% for full payment by November 15 and 2% for payment of 2/3 of the total taxes due.

¹Total tax levy includes special levies for urban renewal projects.

²Restated amount collected within the fiscal year of levy and recalculated percentage of levy.

City of Portland, Oregon
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:										
Capitalized lease obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 472,083	\$ 808,220	\$ 1,111,355	\$ 1,482,970
General obligation bonds	70,740,000	78,530,000	58,890,000	66,820,000	56,770,000	61,770,000	66,580,000	71,220,000	75,460,000	65,290,000
Limited tax improvement bonds	55,940,000	57,425,000	63,105,000	44,260,000	49,460,000	55,250,000	15,795,000	19,355,000	23,770,000	29,650,000
Urban renewal and redevelopment bonds	508,130,000	425,050,000	353,405,000	334,445,000	308,330,000	271,730,000	284,595,000	295,645,000	273,075,000	285,060,000
Limited tax and limited tax revenue bonds	376,042,730	388,347,991	420,165,722	422,137,316	439,919,759	426,681,483	416,340,215	425,870,215	448,630,215	476,586,230
Revenue bonds	18,515,000	3,715,000	4,295,000	4,865,000	5,415,000	5,940,000	6,450,000	6,935,000	7,120,000	12,060,512
Notes, loan and line of credit payable	97,914,167	124,454,570	183,116,127	194,129,708	169,416,794	155,161,651	141,934,922	57,138,759	34,113,729	20,465,090
Total governmental activities	<u>1,127,281,897</u>	<u>1,077,522,561</u>	<u>1,082,976,849</u>	<u>1,066,657,024</u>	<u>1,029,311,553</u>	<u>976,533,134</u>	<u>932,167,220</u>	<u>876,972,194</u>	<u>863,280,299</u>	<u>890,594,802</u>
Business-type activities:										
Capitalized lease obligations	-	-	-	84,772	139,129	562,456	1,167,271	1,776,810	2,517,418	3,398,507
General obligation bonds	-	-	1,590,000	3,135,000	4,630,000	6,080,000	7,485,000	7,542,155	9,624,399	11,416,606
Limited tax and limited tax revenue bonds	142,052,566	138,179,477	134,415,413	140,815,546	146,888,088	149,854,242	153,801,017	156,891,017	147,831,017	150,411,017
Revenue bonds	1,957,895,000	2,042,696,000	1,640,956,000	1,640,114,000	1,618,758,000	1,410,071,000	1,404,041,000	1,182,447,000	1,073,105,102	1,046,001,435
Notes and loans payable	20,815,849	32,472,241	182,355,327	20,034,963	21,145,029	21,355,431	13,060,750	2,415,499	554,504	25,579,204
Total business-type activities	<u>2,120,763,415</u>	<u>2,213,347,718</u>	<u>1,959,316,740</u>	<u>1,804,184,281</u>	<u>1,791,560,246</u>	<u>1,587,923,129</u>	<u>1,579,555,038</u>	<u>1,351,072,481</u>	<u>1,233,632,440</u>	<u>1,236,806,769</u>
Total primary government	<u>\$ 3,248,045,312</u>	<u>\$ 3,290,870,279</u>	<u>\$ 3,042,293,589</u>	<u>\$ 2,870,841,305</u>	<u>\$ 2,820,871,799</u>	<u>\$ 2,564,456,263</u>	<u>\$ 2,511,722,258</u>	<u>\$ 2,228,044,675</u>	<u>\$ 2,096,912,739</u>	<u>\$ 2,127,401,571</u>
Percentage of personal income	N/A	3.70%	3.36%	3.31%	3.24%	3.26%	3.44%	3.21%	3.15%	3.28%
Per capita	\$ 5,544	\$ 5,637	\$ 5,226	\$ 4,985	\$ 4,963	\$ 4,557	\$ 4,514	\$ 4,047	\$ 3,847	\$ 3,953

Source: Bureau of Financial Services

N/A: Data not available for this fiscal year.

City of Portland, Oregon
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ending June 30	General Obligation Bonds	Total Taxable Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Per Capita	Population
2012	\$ 70,740,000	\$ 46,293,282,234	0.15 %	\$ 121	585,845
2011	78,530,000	44,984,332,334	0.17	135	583,775
2010	58,890,000	43,786,711,136	0.13	101	582,130
2009	66,820,000	42,358,278,975	0.16	116	575,930
2008	56,770,000	40,661,766,792	0.14	100	568,380
2007	61,770,000	38,674,302,110	0.16	110	562,690
2006	66,580,000	37,177,488,891	0.18	120	556,370
2005	71,220,000	36,126,155,540	0.20	129	550,560
2004	75,460,000	35,002,570,061	0.22	138	545,140
2003	65,290,000	34,138,333,652	0.19	121	538,180

Note: Represents general obligation bonded debt issued for funding parks and emergency facilities projects

Business-type Activities					
2012	\$ -	\$ 46,293,282,234	- %	\$ -	585,845
2011	-	44,984,332,334	-	-	583,775
2010	1,590,000	43,786,711,136	-	3	582,130
2009	3,135,000	42,358,278,975	0.01	5	575,930
2008	4,630,000	40,661,766,792	0.01	8	568,380
2007	6,080,000	38,674,302,110	0.02	11	562,690
2006	7,485,000	37,177,488,891	0.02	13	556,370
2005	7,540,000	36,126,155,540	0.02	14	550,560
2004*	7,640,000	35,002,570,061	0.02	14	545,140
2003	-	34,138,333,652	-	-	538,180

Note: Represents general obligation bonded debt issued for Water infrastructure

* One Bond series 2004C issued 6/9/2004, original issue \$7,640,000 matures 2004-2010

City of Portland, Oregon
Direct and Overlapping Governmental Activities Debt
June 30, 2012
(unaudited)

Jurisdiction	Net Property Tax Backed Debt	Percentage within City of Portland	Amount Applicable to City of Portland
Clackamas Community College	\$ 29,468,000	0.20 %	\$ 58,936
Clackamas County	74,125,000	0.24	177,900
Clackamas County SD* 7J (Lake Oswego)	135,610,000	0.02	27,122
Clackamas County SD 12 (North Clackamas)	351,277,170	0.53	1,861,769
Columbia County SD 1J (Scappoose)	32,219,561	13.89	4,475,297
Metro	273,485,000	43.52	119,020,672
Mt Hood Community College	22,331,525	40.99	9,153,692
Multnomah County	88,999,162	84.92	75,578,088
Multnomah County SD 1J (Portland)	460,445,219	97.60	449,394,534
Multnomah County SD 3 (Parkrose)	62,477,221	98.46	61,515,072
Multnomah County SD 7 (Reynolds)	142,360,377	22.56	32,116,501
Multnomah County SD 28J (Centennial)	32,935,861	53.93	17,762,310
Multnomah County SD 40 (David Douglas)	60,360,000	100.00	60,360,000
Multnomah County SD 51J (Riverdale)	27,728,800	5.25	1,455,762
Multnomah County Drainage District 1	125,000	100.00	125,000
Portland Community College	188,154,066	46.46	87,416,379
TriMet	224,585	46.65	104,769
Tualatin Hills Park & Recreation District	107,375,000	0.02	21,475
Washington County	14,030,000	0.28	39,284
Washington County SD 23J (Tigard-Tualatin)	137,460,000	0.09	123,714
Washington County SD 48J (Beaverton)	507,007,000	0.30	1,521,021
Subtotal overlapping debt	<u>\$ 2,748,198,547</u>		922,309,297
City direct debt			<u>1,127,281,897</u>
Total direct and overlapping debt			<u>\$ 2,049,591,194</u>

Source: Municipal Bond Division of the Treasury Department, State of Oregon

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. The State of Oregon provides overlapping debt data based on real market valuation of properties for each jurisdiction.

*SD - School District

City of Portland, Oregon
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

	Fiscal Year Ending June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt limit	\$ 2,434,903,050	\$ 2,591,240,413	\$ 2,670,663,311	\$ 2,710,753,327	\$ 2,528,729,381	\$ 2,187,110,625	\$ 1,959,275,415	\$ 1,764,190,422	\$ 1,664,771,788	\$ 1,579,881,030
Total net debt applicable to limit	<u>69,938,604</u>	<u>77,789,280</u>	<u>58,206,868</u>	<u>66,332,480</u>	<u>56,270,499</u>	<u>61,050,970</u>	<u>66,007,710</u>	<u>70,890,199</u>	<u>74,903,069</u>	<u>64,397,433</u>
Legal debt margin	<u>\$ 2,364,964,446</u>	<u>\$ 2,513,451,133</u>	<u>\$ 2,612,456,443</u>	<u>\$ 2,644,420,847</u>	<u>\$ 2,472,458,882</u>	<u>\$ 2,126,059,655</u>	<u>\$ 1,893,267,705</u>	<u>\$ 1,693,300,223</u>	<u>\$ 1,589,868,719</u>	<u>\$ 1,515,483,597</u>
Total net debt applicable to limit as a percentage of legal debt margin	2.96%	3.09%	2.23%	2.51%	2.28%	2.87%	3.49%	4.19%	4.71%	4.25%

Legal Debt Margin Calculation for Fiscal Year 2012

Real market value	\$ 81,163,435,001
Debt limit (3% of real market value)	<u>2,434,903,050</u>
Debt applicable to limit:	
General obligation bonds	70,740,000
Less: Amount set aside for repayment of general obligation debt	<u>(801,396)</u>
Total net debt applicable to limit	<u>69,938,604</u>
Legal debt margin	<u>\$ 2,364,964,446</u>

Note: Oregon Revised Statutes Section 287.004 provides a debt limit of 3% of real market value of all taxable property within City boundaries for general obligation debt.

City of Portland, Oregon
Pledged-Revenue Coverage
Last Ten Fiscal Years

First Lien Sewer System Revenue Bonds ⁽¹⁾										
Fiscal Year Ending June 30	Gross Revenues ⁽²⁾	Less: Operating Expenses ⁽²⁾	Non-Stabilized Net Revenues Available for Debt Service	Net Transfers From (to) Rate Stabilization Fund	Stabilized Net Revenue Available for Debt Service	First Lien Bond Debt Service Requirements		Total	Non-Stabilized Coverage	Stabilized Coverage
						Principal	Interest			
2012	\$ 264,178,982	\$ 93,966,499	\$ 170,212,483	\$ 18,531,000	\$ 188,743,483	\$ 52,300,000	\$ 45,489,894	\$ 97,789,894	1.74	1.93
2011	250,891,268	89,421,417	161,469,851	29,500,000	190,969,851	49,815,000	47,988,894	97,803,894	1.65	1.95
2010	231,689,729	87,213,116	144,476,612	9,750,000	154,226,612	40,050,000	49,982,294	90,032,294	1.60	1.71
2009	231,577,544	84,871,252	146,706,291	10,000,000	156,706,291	35,680,000	54,345,994	90,025,994	1.63	1.74
2008	225,984,310	81,477,760	144,506,550	(16,882,000)	127,624,550	32,300,000	40,042,644	72,342,644	2.00	1.76
2007	247,913,130	79,468,846	168,444,284	(7,000,000)	161,444,284	31,770,000	42,619,653	74,389,653	2.26	2.17
2006	208,771,380	72,220,503	136,550,877	(23,000,000)	113,550,877	26,585,000	35,346,556	61,931,556	2.20	1.83
2005	191,771,991	72,071,539	119,700,452	(6,100,000)	113,600,452	20,605,000	32,841,698	53,446,698	2.24	2.13
2004	180,266,170	69,747,474	110,518,696	(8,825,000)	101,693,696	22,375,000	34,200,633	56,575,633	1.95	1.80
2003	168,857,709	67,339,793	101,517,916	(5,175,000)	96,342,916	23,805,000	37,580,434	61,385,434	1.65	1.57
								Required	1.00	1.20
								Bureau Goal	1.00	1.50

Source: Bureau of Environmental Services

Notes:

1. Historical amounts may differ slightly from what has been published in previous Comprehensive Annual Financial Reports as a result of corrections to previous calculations. None of the corrections had a significant impact on final debt service coverages.
2. Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

City of Portland, Oregon
Pledged-Revenue Coverage
Last Ten Fiscal Years

Second Lien Sewer System Revenue Bonds ⁽¹⁾										
Fiscal Year	Gross Revenues ⁽²⁾	Less: Operating Expenses ⁽²⁾	Non-Stabilized Net Revenues Available for Debt Service	Net Transfers From (to) Rate Stabilization Fund	Stabilized Net Revenue Available for Debt Service	Combined First and Second Lien Bond Debt Service Requirements ⁽³⁾		Total	Non-Stabilized Coverage	Stabilized Coverage
						Principal	Interest ⁽⁴⁾			
2012	\$ 264,178,982	\$ 93,966,499	\$ 170,212,483	\$ 18,531,000	\$ 188,743,483	\$ 67,540,000	\$ 79,341,406	\$ 146,881,406	1.16	1.29
2011	250,891,268	89,421,417	161,469,851	29,500,000	190,969,851	72,685,000	73,602,513	146,287,513	1.10	1.31
2010	231,689,729	87,213,116	144,476,612	9,750,000	154,226,612	52,460,000	66,076,106	118,536,106	1.22	1.30
2009	231,577,544	84,871,252	146,706,291	10,000,000	156,706,291	47,040,000	72,584,279	119,624,279	1.23	1.31
2008	225,984,310	81,477,760	144,506,550	(16,882,000)	127,624,550	42,425,000	52,222,706	94,647,706	1.53	1.35
2007	247,913,130	79,468,846	168,444,284	(7,000,000)	161,444,284	41,190,000	55,523,990	96,713,990	1.74	1.67
2006	208,771,380	72,220,503	136,550,877	(23,000,000)	113,550,877	34,020,000	42,169,809	76,189,809	1.79	1.49
2005	191,771,991	72,071,539	119,700,452	(6,100,000)	113,600,452	27,195,000	39,219,147	66,414,147	1.80	1.71
2004	180,266,170	69,747,474	110,518,696	(8,825,000)	101,693,696	25,730,000	41,846,868	67,576,868	1.64	1.50
Required									1.00	1.10
Bureau Goal									1.00	1.30

Subordinate Lien Sewer System State Revolving Fund Loans ⁽¹⁾														
Fiscal Year	Gross Revenues ⁽²⁾	Less: Operating Expenses ⁽²⁾	Non-Stabilized Net Revenues Available for Debt Service	Net Transfers From (to) Rate Stabilization Fund	Stabilized Net Revenue Available for Debt Service	First and Second Lien Bond Debt Service Requirements			Subordinate Lien SRF Loan Debt Service Requirements			135% of Subord. Lien Debt Service	Non-Stabilized Coverage	Stabilized Coverage
						Principal	Interest ⁽⁵⁾	Total	Principal	Interest	Total			
2012	\$ 264,178,982	\$ 93,966,499	\$ 170,212,483	\$ 18,531,000	\$ 188,743,483	\$ 67,540,000	\$ 79,341,406	\$ 146,881,406	\$ 1,264,705	\$ 204,835	\$ 1,469,540	\$ 1,983,879	1.14	1.27
2011	250,891,268	89,421,417	161,469,851	29,500,000	190,969,851	72,685,000	73,602,513	146,287,513	1,153,142	535,805	1,688,947	2,280,079	1.09	1.29
2010	231,689,729	87,213,116	144,476,612	9,750,000	154,226,612	52,460,000	66,076,106	118,536,106	1,135,181	196,530	1,331,711	1,797,810	1.20	1.28
2009	231,577,544	84,871,252	146,706,291	10,000,000	156,706,291	47,040,000	72,584,279	119,624,279	1,107,505	206,085	1,313,590	1,773,347	1.21	1.29
2008	225,984,310	81,477,760	144,506,550	(16,882,000)	127,624,550	42,425,000	52,148,041	94,573,041	1,074,387	200,533	1,274,920	1,721,142	1.50	1.33
2007	247,913,130	77,550,504	170,362,626	(7,000,000)	163,362,626	41,190,000	55,914,051	97,104,051	89,582	117,702	207,284	279,833	1.75	1.68
2006	208,771,380	72,220,503	136,550,877	(23,000,000)	113,550,877	34,020,000	43,336,274	77,356,274	37,421	4,012	41,433	55,935	1.76	1.47
												Required	None	1.00

Source: Bureau of Environmental Services

Notes:

1. Historical amounts may differ slightly from what has been published in previous Comprehensive Annual Financial Reports as a result of corrections to previous calculations. None of the corrections had a significant impact on final debt service coverages.
2. Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.
3. Debt service coverage requirement on second lien revenue bonds is based upon combined debt service of first and second lien bonds.
4. In computing debt service coverage for the Second Lien Sewer System Revenue Bonds, the interest on second lien variable rate bonds is calculated using the Estimated Average Interest Rate as defined in the Master Second Lien Sewer System Revenue Bond Declaration.
5. In computing debt service coverage for the Subordinate Lien Sewer System State Revolving Fund Loans, the interest on second lien variable rate bonds is the actual interest payments.

City of Portland, Oregon
Pledged-Revenue Coverage
First Lien Water System Revenue Bonds
Last Ten Fiscal Years
(unaudited)
(amounts expressed in thousands)

Fiscal Year Ending June 30th	Gross Revenues ¹	Direct Operating Expense ¹	Net Revenues Available for Debt Service	First Lien Bond Debt Service Requirements			Debt Service Coverage (x)
				Principal	Interest	Total	
2012	\$ 132,356	\$ 67,670	\$ 64,686	\$ 11,885	\$ 15,141	\$ 27,026	2.39
2011	118,700	64,373	54,327	10,015	12,128	22,143	2.45
2010	113,688	66,159	47,529	9,157	8,510	17,667	2.69
2009	105,433	64,275	41,158	6,465	8,528	14,993	2.75
2008	103,261	64,430	38,830	6,155	6,112	12,267	3.17
2007	103,268	55,640	47,628	5,760	6,643	12,403	3.84
2006	93,600	50,055	43,545	5,505	7,029	12,534	3.47
2005	85,161	46,180	38,981	6,200	6,857	13,057	2.99
2004	93,815	51,245	42,570	3,275	4,781	8,056	5.28
2003	89,542	44,986	44,556	3,130	4,932	8,062	5.53

Source: Portland Water Bureau

¹ Amounts in schedule are calculated in accordance with applicable bond ordinances.

Note: Other Post-Employment Retirement Benefits (OPEB) cost is included as operating expense.
There was no OPEB expense prior to FY 2007-2008.

City of Portland, Oregon
Schedule of Revenue Bond Coverage
Second Lien Water System Revenue Bonds
(unaudited)
(amounts expressed in thousands)

Fiscal Year Ending June 30	Gross Revenues ²	Direct Operating Expenses ²	Net Revenues Available for Debt Service	Transfers From (To) Rate Stabilization Account	Stabilized Net Revenue Available for Debt Service	Combined First and Second Lien Bond Debt Service Requirements ¹			Non-Stabilized Coverage (x)	Stabilized Coverage (x) ³
						Principal	Interest	Total		
2012	\$ 132,356	\$ 67,670	\$ 64,686	\$ (1,560)	\$ 63,126	\$ 13,720	\$ 17,856	\$ 31,576	2.05	2.00
2011	118,700	64,373	54,327	(3,290)	51,037	11,770	14,919	26,689	2.04	1.91
2010	113,688	66,159	47,529	(7,400)	40,129	10,190	12,027	22,217	2.14	1.81
2009	105,433	64,275	41,158	(2,250)	38,908	8,060	11,480	19,540	2.11	1.99
2008	103,261	64,430	38,830	(3,500)	35,330	7,675	9,143	16,818	2.31	2.10
2007	103,268	55,640	47,628	(2,000)	45,628	5,760	8,262	14,022	3.40	3.25

Source: Portland Water Bureau

¹ Debt service coverage requirement on Second Lien Water Revenue Bonds is based upon combined debt service of First and Second Lien Bonds.

² Amounts in schedule are calculated in accordance with applicable bond ordinances.

³ The Second Lien Rate Stabilization Account was created with the issuance of the 2006 Series A Bonds. There were no Second Lien Bonds prior to FY 2006-07

Note: Other Post-Employment Retirement Benefits (OPEB) cost is included as operating expense. There was no OPEB expense prior to FY 2007-2008.

City of Portland, Oregon
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ending June 30	Golf Revenue Bonds					
	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	N/A	N/A	N/A	N/A	N/A	N/A **
2011	\$ 7,516,343	\$ 6,514,535	\$ 1,001,808	\$ 695,000	\$ 112,280	1.24
2010	7,792,290	6,757,331	1,034,959	663,000	144,369	1.28
2009	8,420,806	6,954,779	1,466,027	634,000	173,343	1.82
2008	7,278,376	6,263,683	1,014,693	608,000	199,487	1.26 *
2007	6,743,677	4,783,605	1,960,072	585,000	221,893	2.43
2006	6,063,779	4,852,225	1,211,554	566,000	240,910	1.50
2005	5,818,218	4,530,425	1,287,793	550,000	256,805	1.60
2004	6,129,052	5,080,627	1,048,425	536,333	270,160	1.30
2003	6,059,802	5,258,173	801,629	-	71,295	11.24

Source: Portland Parks and Recreation

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

* Note: FY 2008 operating expenses were \$270k higher than normal due to asset buyout and mid-year contract change at Heron Lakes Golf Club; coverage would have been 1.63

** Note: On November 17, 2011, the City exercised its option to call the outstanding balance of the Golf System Taxable Credit Facility Revenue Bond Series 2000A. The City paid \$1,496,000 plus accrued interest of \$22,869.21 to redeem the bond. As a result of this early redemption, no Golf revenue bonds remain outstanding and the City will no longer provide a coverage calculation.

**City of Portland, Oregon
Demographic Statistics
Last Ten Fiscal Years
(unaudited)**

Fiscal Year Ending June 30	City of Portland Population ¹	Metropolitan Statistical Area Population ²	Personal Income (expressed in thousands) ²	Per Capita Personal Income ²	Portland Public Schools Enrollment ³	Unemployment Rate ⁴
2012	585,845	NA	NA	NA	47,508	8.5 %
2011	583,775	2,232,896	\$ 88,964,975	\$ 39,843	47,288	9.4
2010	582,130	2,233,417	90,653,694	40,590	46,803	10.2
2009	575,930	2,241,841	86,822,197	38,728	46,046	11.5
2008	568,380	2,207,462	87,052,644	39,436	46,088	4.9
2007	562,690	2,133,775	78,618,336	36,845	46,348	5.1
2006	556,370	2,092,906	73,086,912	34,921	47,008	5.8
2005	550,560	2,059,861	69,328,033	33,657	47,656	8.3
2004	545,140	2,039,111	66,576,262	32,650	48,883	7.8
2003	538,180	2,014,037	64,908,688	32,228	52,969	6.1

NA: Data not available for this fiscal year

¹ Portland State University Research Center, Department of Commerce, Bureau of Economic Analysis (PSURC) updated March 2012 new estimates for 2010; revised estimates for 2000-2009).

² Bureau of Economic Analysis CA1-3 Personal income summary; Portland-Vancouver-Hillsboro OR-WA Metropolitan Statistical Area (MSA) includes Clackamas, Columbia, Multnomah, Washington and Yamhill Counties in Oregon, as well as Clark and Skamania Counties in Washington (Calendar year-end figure used for following June 30 fiscal year end).

³ Portland Public Schools, Data and Policy Analysis Fall Membership 2012

⁴ U.S. Department of Labor, Bureau of Labor Statistics

**City of Portland, Oregon
Principal Employers
Current Year and Nine Years Ago
(unaudited)**

Employer	2012			2003		
	Employees ¹	Rank	Percentage of Total Metropolitan Statistical Area Employment ²	Employees ³	Rank	Percentage of Total Metropolitan Statistical Area Employment ²
State of Oregon	18,400	1	1.67 %	6,883	9	0.69 %
Intel Corporation	15,636	2	1.42	14,890	2	1.50
Providence Health System	14,089	3	1.28	13,496	3	1.36
U.S. Government	13,900	4	1.26	18,700	1	1.88
Oregon Health and Science University	12,000	5	1.09	11,400	4	1.15
Fred Meyer Stores	9,858	6	0.89	10,500	5	1.06
Legacy Health System	9,732	7	0.88	7,972	8	0.80
Kaiser Foundation Health Plan of the NW	9,039	8	0.82	8,000	7	0.81
City of Portland	8,876	9	0.80	8,485	6	0.86
NIKE, Inc.	7,000	10	0.63	5,742	11	0.58
Total	<u>118,530</u>		<u>10.74 %</u>	<u>106,068</u>		<u>10.69 %</u>
Total MSA ² employment	1,104,285			992,151		

Sources:

¹ Portland Business Journal; December 23, 2011

² U.S. Department of Labor, Bureau of Labor Statistics and Oregon Employment Department, calendar year end figure used for following June 30 fiscal year end. Portland-Vancouver-Beaverton, Oregon-Washington Metropolitan Survey Area or MSA is defined as Multnomah, Washington, Clackamas, Columbia and Yamhill Counties of Oregon, and Clark and Skamania Counties of Washington State. Prior year figures revised by source as MSA previously reported as Primary Metropolitan Statistical Area.

³ Oregon Employment Department, Portland Chamber of Commerce, the Business Journal and Regional Financial Advisors, Inc

City of Portland, Oregon
Full-Time Equivalent Employees by Function/Program
Last Ten Fiscal Years
(unaudited)

Function/Program	Full-time Equivalent Employees as of June 30 ¹									
	2012 ³	2011 ²	2010	2009	2008	2007	2006	2005	2004	2003
Public safety	2,159	2,163	2,178	2,212	2,216	2,190	2,112	2,147	2,101	2,127
Parks, recreation and culture	441	445	447	434	413	408	414	425	423	367
Community development	393	390	505	562	546	503	474	464	455	462
Transportation and metered parking	761	751	743	802	788	768	757	770	708	702
Legislative / admin / support services	865	858	852	832	821	834	931	916	740	704
Environmental services	539	548	541	524	504	484	479	486	474	456
Water	626	638	627	666	664	658	487	434	557	540
Hydroelectric power ⁴	2	3	3	3	3	3	3	3	3	3
Total employees	<u>5,786</u>	<u>5,796</u>	<u>5,896</u>	<u>6,035</u>	<u>5,955</u>	<u>5,848</u>	<u>5,657</u>	<u>5,645</u>	<u>5,461</u>	<u>5,361</u>

Sources: Adopted Budget City of Portland, Oregon, Fiscal Year 2011-2012, Volume 1

¹ A full-time employee is scheduled to work 2,088 hours per year (including vacation and sick leave).
Full-time equivalent employment is calculated by dividing total labor hours by 2088.

² Amount represents revised FY10-11 amount as published in the Adopted Budget FY 2011-12.

³ Amount represents year-end estimate as published in the Adopted Budget FY 2011-12.

⁴ Hydroelectric power employees are part of the Water Bureau.

City of Portland, Oregon
Operating Indicators by Function/Program
Last Ten Fiscal Years
(unaudited)

Function/Program	Fiscal Year Ending June 30									
	2012 ¹	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public safety:										
Number of crimes (parts 1 and 2)	64,000	66,878	64,919	70,715	76,377	80,771	87,219	90,285	87,668	84,160
Number of police incidents (dispatched / reported / initiated)	504,509	489,983	473,789	424,817	444,349	450,729	464,415	458,416	484,964	473,099
Number of fire, medical and other incidents	68,979	67,212	65,912	67,238	65,721	65,304	61,466	59,696	60,672	58,939
Fire loss per capita, adjusted	\$ 33	\$ 24	\$ 52	\$ 53	\$ 33	\$ 41	\$ 47	\$ 51	\$ 66	\$ 38
Number of calls on emergency 9-1-1 lines	374,053	363,440	355,963	464,084	486,759	503,842	495,800	549,691	615,966	587,135
Calls per capita, emergency and non-emergency	1.006	0.975	1	1.0	1.0	1.1	1.1	1.3	1.4	1.4
Disaster exercises conducted	4	4	4	4	5	5	5	5	5	NA
Parks, recreation and culture:										
Estimated attendance counts (millions)	4	4	6	5	6	6	6	6	6	4
Number of acres maintained (including golf courses and PIR)	11,415	11,209	10,940	10,795	10,763	10,685	10,613	10,481	10,511	10,425
Number of hours volunteered	474,709	453,941	460,746	465,353	462,877	461,274	457,307	454,777	440,526	425,623
Community development:										
Construction inspections	109,495	124,094	131,011	176,626	209,916	217,138	191,347	161,274	173,963	177,276
Building permits	8,017	7,490	7,410	8,843	10,621	11,437	11,031	10,238	9,590	9,746
Tons of recycling collected (thousands)	N/A	NA	600	720	680	645	553	572	570	571
One night shelter count of homeless	3,112	2,727	4,448	4,187	3,529	3,018	2,840	2,752	2,660	2,526
Adults served in homeless programs	7,559	9,288	14,524	12,196	10,446	10,622	10,091	10,016	9,783	9,146
Transportation and parking:										
Unimproved streets (centerline miles) ²	60	NA	61	NA	NA	NA	627	597	586	585
Miles resurfaced/sealed/rehabilitated (lane miles) ³	35	42	43	38	NA	120	59	79	51	45
Streets swept (curb miles)	38,773	40,005	40,290	35,386	44,941	45,525	49,482	51,616	50,007	57,861
Legislative / admin / support services:										
Litigation cases	2,100	2,000	2,110	1,975	2,100	2,103	2,074	1,789	1,525	1,350
Number of audit services reports issued	12	12	12	12	12	12	14	4	7	9
Number of active grants - All types	475	475	475	328	281	231	264	250	231	186
Percentage availability of all vehicles	90%	90%	90%	90%	90%	90%	85%	95%	94%	95%
Number of duplicating work orders completed	20,000	22,000	22,000	33,000	30,000	37,834	26,845	25,353	29,000	27,719

City of Portland, Oregon
Operating Indicators by Function/Program
Last Ten Fiscal Years
(unaudited)

Function/Program	Fiscal Year Ending June 30									
	2012 ¹	2011	2010	2009	2008	2007	2006	2005	2004	2003
Environmental services:										
Wastewater treated (billions of gallons)	28	30	28	25	29	30	29	27	27	27
Feet of pipe repaired ⁴	N/A	NA	NA	41,273	46,243	66,071	38,065	37,662	52,255	29,813
Miles of pipe cleaned	256	257	220	216	213	190	263	228	266	212
Water:										
Population served with water	934,800	932,400	915,800	884,300	879,900	860,000	801,900	770,241	782,284	786,683
Annual per capita water usage (gallons)	34,700	35,300	37,600	39,800	40,500	42,000	42,300	40,754	43,607	43,228
Water delivered (billions of gallons)	33	33	34	35	35	36	34	33	37	36
Hydroelectric power:										
Power sold to PGE (mwh)	85,200	85,000	77,570	85,825	103,548	79,412	83,969	65,612	79,488	72,510

NA: Data not available for this fiscal year

Sources: Adopted Budget City of Portland, Oregon, Fiscal Year 2010-11, Volume 1 City of Portland, Bureau of Transportation, Assest Status and Condition Report

¹ Amount represents year-end estimates as published in the most recent Adopted Budget.

² Centerline miles are the actual length of a roadway in one direction of travel.

³ Lane miles are computed by multiplying street length by number of lanes in the street. (One mile of 4-lane streets = 4 lane miles).

⁴ Feet of pipe repaired is no longer tracked.

City of Portland, Oregon
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(unaudited)

Function/Program	Fiscal Year Ending June 30									
	2012 ¹	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public safety:										
Number of front-line emergency vehicles	81	80	73	80	68	68	65	63	63	63
Fire stations	30	30	30	30	30	30	30	29	29	29
Police precincts	3	3	3	3	5	5	5	5	5	5
Police vehicles	688	673	653	659	644	645	652	600	641	645
Parks, recreation and culture:										
Developed parks	203	196	187	186	187	181	180	178	171	168
Sports fields ²	225	225	351	351	326	326	333	365	365	365
Arts and community centers	18	18	18	18	18	18	18	18	19	19
Pools	13	13	13	13	13	13	13	13	14	14
Golf courses	5	5	5	5	5	5	5	5	5	5
Transportation:										
Lane miles of streets	4,907	4,931	4,776	4,804	3,949	3,949	3,941	3,949	3,943	3,951
Miles of bikeways	328	328	324	277	272	266	262	260	254	252
Number of street lights	55,055	54,911	54,755	54,963	54,588	55,977	54,011	53,614	53,139	54,732
Environmental services:										
Sanitary, storm and combined pipeline (miles)	2,336	2,330	2,330	2,333	2,324	2,308	2,287	2,284	2,341	2,330
Water:										
Miles of water mains	2,200	2,100	2,100	2,090	2,089	2,088	2,083	1,963	1,957	1,943
Fire hydrants	14,200	14,000	14,000	14,228	14,263	14,197	14,045	13,336	13,213	13,113
Local water storage (millions of gallons)	301	220	220	295	298	298	298	300	298	298
Hydroelectric power:										
Utility plants	2	2	2	2	2	2	2	2	2	2

Sources: Adopted Budget City of Portland, Oregon, Fiscal Year 2011-2012, Volume 1
Previous Years of the City of Portland, Oregon Comprehensive Annual Financial Reports
2010 City-wide Assets Report, Portland Bureau of Planning and Sustainability
Portland Police Bureau
Portland Parks & Recreation Bureau
Portland Bureau of Transportation

¹ Amount represents year-end estimate as published in the most recent Adopted Budget.

² From 2011 and on, the amounts represents sports fields owned by the City of Portland. Amounts prior to 2011 include fields that the City of Portland permits.



Rose and Portland Rain

Audit Comments and Disclosures



Skidmore Fountain, 1888

**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**

City Council
City of Portland, Oregon

We have audited the basic financial statements of the City of Portland, Oregon (City) as of and for the year ended June 30, 2012 and have issued our report thereon dated December 21, 2012. 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 Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-0000 to 162-010-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- 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 2012 and 2013.
- 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 requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- 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.



Expenditures in Excess of Appropriations

The results of our tests disclosed two instances of noncompliance relating to over-expenditures of budgeted appropriations that is described in Note II.C. of the City's financial statements.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. Findings identified as numbers 2012-06 and 2012-07 are related to the City's financial statements. 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.

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

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

For Moss Adams LLP
Eugene, Oregon
December 21, 2012

Federal Grant Programs



Downtown Building

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 City Council
City of Portland, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Portland, Oregon (the City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. Findings identified as numbers 2012-01, 2012-02, 2012-03, 2012-04, and 2012-05, are related to the financial statements of the City's discretely presented component unit, the Portland Development Commission. Findings 2012-06 and 2012-07 are related to the City's financial statements. 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.



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* (continued)

COMPLIANCE AND OTHER MATTERS

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

The City responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's discretely presented component unit, Portland Development Commission's, responses to the findings identified in our audit are described in a separate letter. We did not audit the City's or the City's discretely presented component unit, the Portland Development Commission's, responses and, accordingly, we express no opinion on it.

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

Moss Adams, LLP

Eugene, Oregon
December 21, 2012

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The City Council
City of Portland, Oregon

COMPLIANCE

We have audited the City of Portland's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-08 and 2012-09.

INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.



REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (continued)

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-08 and 2012-09. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's response to the findings identified in our audit is provided in separate documents following the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on the response.

The purpose of this report is solely to 1) describe the scope of our testing of internal control over compliance and the results that testing; and 2) express an opinion on compliance based on our audit. This report is an integral part of an audit performed in accordance with OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
December 21, 2012

CITY OF PORTLAND, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

Federal Grantor	Federal CFDA Number/Program Title/ Pass Through Agency/Identifying Name	Identifying Number	Federal Expenditures Year Ended 6/30/2012
US Department of Agriculture			
	10.558 Child and Adult Care Food Program		
	Passed Through Oregon Department of Education		
	Afterschool Meal Program	26 16026	\$ 19,200
	Afterschool Child Wellness Practices	26 16026	1,703
	Total 10.558 Child and Adult Care Food Program		20,903
Total US Department of Agriculture			20,903
Department of Commerce			
	11.307 Economic Adjustment Assistance		
	Direct Programs:		
	Portland Regional Clean Tech Advance Project-EDA Jobs & Innovation Accelerator	07-79-06728	17,148
	Total 11.307 Economic Adjustment Assistance		17,148
	11.555 Public Safety Interoperable Communications Grant Program		
	Passed Through Oregon Office of Emergency Management		
	S00002 - PSSRP 700/800 MHz Radio Replacement	07-417	96,346
	Total 11.555 Public Safety Interoperable Communications Grant Program		96,346
Total Department of Commerce			113,494
Department of Housing and Urban Development			
	Community Development Block Grants/Entitlement Grants cluster		
	14.218 Community Development Block Grants/Entitlement Grants		
	Direct Programs:		
	CDBG		8,906,805
	Passed Through City of Gresham		
	Gresham CDBG 2011-12	N/A	10,000
	Passed Through Multnomah County		
	Multnomah County CDBG 2011-12	N/A	3,374
	Passed Through Oregon Housing and Community Svcs		
	Neighborhood Stabilization Program 08/09	01092-NSP	132,049
	Subtotal 14.218 Community Development Block Grants/Entitlement Grants		9,052,228
	ARRA 14.253 Community Development Block Grant ARRA Entitlement Grants		
	Direct Programs:		
	CDBG-R ARRA	B-09-MY-41-0003	393,726
	Subtotal ARRA 14.253 Community Development Block Grant ARRA Entitlement Grants		393,726
	Total Community Development Block Grants/Entitlement Grants cluster		9,445,954
	14.231 Emergency Solutions Grant Program		
	Direct Programs:		
	Emergency Shelter FY 2009/2010		5,258
	ESG 2011		443,778
	Total 14.231 Emergency Solutions Grant Program		449,036
	14.235 Supportive Housing Program		
	Direct Programs:		
	Homeless Mgmt Info System 10-11	OR0025B0E010802	(229)
	CLOSED-McKinney OTIS 10-11	OR0031B0E010802	(877)
	HMIS 2011-12	OR0025B0E011003	204,594
	HMIS 2012-13	OR-0025-B0-E0-11104	43,914
	McKinney OTIS 2011-12--grant closed in FY2012-13	OR0031B0E011003	263,705
	Total 14.235 Supportive Housing Program		511,107
	14.239 Home Investment Partnerships Program		
	Direct Programs:		
	HOME		3,945,472
	Total 14.239 Home Investment Partnerships Program		3,945,472

See accompanying notes

CITY OF PORTLAND, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

Federal Grantor	Federal CFDA Number/Program Title/ Pass Through Agency/Identifying Name	Identifying Number	Federal Expenditures Year Ended 6/30/2012
	14.241 Housing Opportunities for Persons with AIDS		
	Direct Programs:		
	HOPWA "Springboard to Stability, Self-Sufficiency and Health"		113,677
	HOPWA 08		682
	HOPWA 2011		1,192,547
	HOPWA FY 2009/2010		155,854
	Total 14.241 Housing Opportunities for Persons with AIDS		1,462,760
	14.248 Community Development Block Grants_Section 108 Loan Guarantees		
	Direct Programs:		
	Section 108		131,494
	Total 14.248 Community Development Block Grants_Section 108 Loan Guarantees		131,494
	14.251 Economic Development Initiative-Special Projects, Neighborhood initiatives		
	Direct Programs:		
	HUD-EDI-Bridges to Housing	B-08-SP-OR-0555	2,124
	Washington Monroe EDI Special Project Grant	B-08-SP-OR-0554	187,015
	Total 14.251 Economic Development Initiative-Special Projects, Neighborhood initiatives		189,139
	ARRA 14.257 Homelessness Prevention and Rapid Re-Housing Program		
	Direct Programs:		
	ARRA - Homelessness Prevention and Rapid Re-housing Program ARRA	S09-MY-41-0001	82,148
	Total ARRA 14.257 Homelessness Prevention and Rapid Re-Housing Program		82,148
	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing		
	Direct Programs:		
	Lead Based Paint Abatement 2009	ORLHD0208-09	1,020,317
	Total 14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing		1,020,317
	14.913 Healthy Homes Production Grant Program		
	Direct Programs:		
	Healthy Homes Production HUD Grant	ORLHH0216-10	146,343
	Total 14.913 Healthy Homes Production Grant Program		146,343
	Total Department of Housing and Urban Development		17,383,770
	Department of the Interior		
	15.655 Migratory Bird Monitoring, Assessment and Conservation		
	Direct Programs:		
	Bird-Safe Portland	F11AC00125	5,750
	Total 15.655 Migratory Bird Monitoring, Assessment and Conservation		5,750
	15.904 Historic Preservation Fund Grants-In-Aid		
	Passed Through SHPO State Historic Preservation		
	State Historic Preservation Grant 2010	OR-10-15	1,294
	Total 15.904 Historic Preservation Fund Grants-In-Aid		1,294
	Total Department of the Interior		7,044
	Department of Justice		
	16.000 Asset Forfeiture		
	Direct Programs:		
	Asset Forfeiture		396,442
	Total 16.000 Asset Forfeiture		396,442
	16.560 National Institute of Justice Research, Evaluation, and Development Project Grants		
	Direct Programs:		
	Cold Case DNA	2008-DN-BX-K414	(1,364)
	FY 2010 Solving Cold Cases with DNA	2010-DN-BX-K040	191,803
	Total 16.560 National Institute of Justice Research, Evaluation, and Development Project Grants		190,439

See accompanying notes

CITY OF PORTLAND, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

Federal Grantor	Federal CFDA Number/Program Title/ Pass Through Agency/Identifying Name	Identifying Number	Federal Expenditures Year Ended 6/30/2012
	16.575 Crime Victim Assistance		
	Passed Through Oregon Department of Justice		
	VOCA 2010 non-competitive--Crisis Response Team	VOCA-NC-2010-00004	31,307
	Total 16.575 Crime Victim Assistance		<u>31,307</u>
	16.580 Edward Byrne Memorial State & Local Law Enforcement Assistance Discretionary Grant		
	Passed Through Oregon Department of Justice		
	2011 Domestic Cannabis ERadication/Suppression Program	LOA 2011-110	20,535
	Total 16.580 Edward Byrne Memorial State & Local Law Enforcement Assistance Discretionary Grant		<u>20,535</u>
	16.590 Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program		
	Passed Through Multnomah County		
	OVW FY10 Community Defined Solutions to VAW Program	IGA#4600008566	53,801
	Total 16.590 Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program		<u>53,801</u>
	16.595 Community Capacity Development Office		
	Passed Through ONDCP		
	HIDTA 09 Interdiction/DVD	N/A	(375)
	HIDTA 2010 Metro Gang Task Force (56K) & DVD Portland Interdiction Team (130K)	N/A	(236)
	Total 16.595 Community Capacity Development Office		<u>(611)</u>
	16.607 Bulletproof Vest Partnership Program		
	Direct Programs:		
	Bullet Proof Vest Replacement 2010		109
	Bulletproof Vest Replacement 2011		4,415
	Total 16.607 Bulletproof Vest Partnership Program		<u>4,524</u>
	16.609 Project Safe Neighborhoods		
	Passed Through Multnomah County		
	Project Safe Neighborhood Youth Violence Prevention 2009	2009-GP-BX-0043	4,945
	Total 16.609 Project Safe Neighborhoods		<u>4,945</u>
	16.710 Public Safety Partnership and Community Policing Grants		
	Direct Programs:		
	FY2010 COPS Child Sexual Predator Program-SORD	2010-CS-WX-00004	308,980
	Total 16.710 Public Safety Partnership and Community Policing Grants		<u>308,980</u>
	16.712 Police Corps		
	Direct Programs:		
	E-Citation Project/formerly Police Corps Officer Reimbursement		32,966
	Total 16.712 Police Corps		<u>32,966</u>
	16.737 Gang Resistance Education and Training (GREAT)		
	Direct Programs:		
	2010 Gang Resistance Education & Training Region Training Center	2010-JV-FX-K003	139,554
	GREAT Local 2009	2009-JV-FX-0004	(1)
	GREAT Local 2010 Evaluation Site	2010-JV-FX-0010	13,343
	GREAT Regional 2009	2010-JV-FX-0010	(5,098)
	GREAT Local Evaluation Grant - FY11 Solicited	2010-JV-FX-0010	27,248
	Total 16.737 Gang Resistance Education and Training		<u>175,046</u>

See accompanying notes

CITY OF PORTLAND, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

Federal Grantor	Federal CFDA Number/Program Title/ Pass Through Agency/Identifying Name	Identifying Number	Federal Expenditures Year Ended 6/30/2012
Justice Assistance Grant Program cluster			
	16.738 Edward Byrne Memorial Justice Assistance Grant (JAG) Program		
	Direct Programs:		
	JAG 2008	2010-JV-FX-K003	26,724
	JAG 2009	2009-DJ-BX-0552	137,893
	JAG 2010	2010-DJ-BX-0042	249,195
	Justice Assistance Grant FY11 Multnomah County & City of Gresham	2011-DJ-BX-2656	391,171
	Subtotal 16.738 Edward Byrne Memorial Justice Assistance Grant Program		804,983
ARRA 16.804 Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To Units Of Local Government			
	Direct Programs:		
	ARRA JAG Formula/Portland, Mult. Co., Gresham, Fairview & Troutdale ARRA- Formula	2009-SB-B9-0977	880,936
	Subtotal ARRA 16.804 Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program		880,936
	Total Justice Assistance Grant Program cluster		1,685,919
16.742 Paul Coverdell Forensic Sciences Improvement Grant Program			
	Direct Programs:		
	FY10 Coverdell Forensic Science Improvement Grant	2010-CD-BX-0083	155,445
	FY11 Coverdell Forensic Science Improvement Grant	2011-CD-BX-0066	172,924
	Total 16.742 Paul Coverdell Forensic Sciences Improvement Grant Program		328,369
16.752 Economic High-Tech and Cyber Crime Prevention			
	Direct Programs:		
	2011 Intellectual Property Crime Enforcement Program	2011-BE-BX-0003	102,608
	Total 16.752 Economic High-Tech and Cyber Crime Prevention		102,608
16.753 Congressionally Recommended Awards			
	Direct Programs:		
	One Stop Center for Domestic Violence Services	2009-D1-BX-0216	74,000
	Total 16.753 Congressionally Recommended Awards		74,000
Department of Justice			3,409,270
Department of Transportation			
	Highway Planning and Construction cluster		
	20.205 Highway Planning and Construction		
	Passed Through Metro		
	ARRA 82nd Ave and Columbia PE	25344	79
	ARRA Bicycle Blvd	25510	(261)
	GIBBS ST PED BRIDGE T00009	25658	104,460
	ARRA SE Madison Grand to 12, SE 39th and SE Hawthorne	25,508	1,577
	ARRA Sidewalk Infill In East and SW Portland	25852	(11,594)
	ARRA SO Auditorium Lighting Phase 1	25510	3,155,443
	Passed Through Oregon Department of Transportation		
	50'S BIKEWAY/THOMPSON-WDSTK, NE/SE	26187	183,423
	82ND AVE COL INTERSECTION	25344	310,625
	ARRA - Union Station Phase II	24432	(23,558)
	Columbia Slough Trail	24517	943
	GATEWAY:102ND AVE	20975	25,741
	Going to the River	27435	220,545
	Lombard: Col SI O-XING	24450	342,579
	MCLOUGHLIN BLVD BRIDGE STAIRCASE	26846	6,420
	MLK VIADUCT	52107	6,942
	N Going St Bridget Rehab-OTIA	23352	(231)
	N IVANHOE N RICHMOND (ST JOHNS)	24786	555,337
	N Leadbetter Extension Overcrossing	23368	131,933
	NE 102nd Avenue: NE Glisan to SE Washington Phase II	27026	85,566
	NE Columbia Boulevard at OR 99E (MLK Jr. Boulevard)	27883	44,814
	NE Cully Blvd: NE Prescott to NE Killingsworth Key	24786	(168,575)
	ODOT KILLINGSWORTH: COMMERCIAL	26133	169,333
	OUTER POWELL TGM	26716	(2,650)

See accompanying notes

CITY OF PORTLAND, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

Federal Grantor	Federal CFDA Number/Program Title/ Pass Through Agency/Identifying Name	Identifying Number	Federal Expenditures Year Ended 6/30/2012
	PORTLAND RD/COLUMBIA BLVD FED	26962	86,232
	Red Electric Trail: SW 30th Avenue to SW Vermont Street	28038	1,445
	Safer Routes to Schools Citywide Ped Safety Enhancements	26726	97,502
	SPRINGWATER GAPS FED	25048	3,641
	ARRA - SPRINGWATER TRAIL REPAVING UPRR BRIDGE TO E CITY BORDER	25509	9,337
	SULLIVANS GULCH TRAIL CONCEPT PLAN	27222	83,061
	SW 122nd Avenue Complete & Green	27938	24
	TGM Main St	27327	66,872
	TRAFFIC SIGNALS-GREEN CLEAR-OUT FOR RAIL	23917	908
	TTG- PROJ 37588 BURNSIDE: BURNSIDE BR - 14TH	24898	105,957
	Union Station Restoration Phase 2	24432	849,984
	US 26 ADAPTIVE SIGNAL SYSTEM PRJ	25404	222,830
	WAUD Bluff Trail	14273	792,065
	WILLAMETTE GREENWAY TRAIL: NORTH COLUMBIA BLVD- STEEL BRIDGE	27276	22,820
	SAFE ROUTES TO SCHOOL	23935	3,778
	SAFE ROUTES TO SCHOOL TRANS OPTIONS 2009/11 EDUCATION & ENCOURAGEMENT PRJ	HU-10-10-10	12,826
	Capital Highway: Mult Taylor Ferry	25311	(20,634)
	Passed Through ODOT Traffic Safety Division		
	ODOT/Transportation Safety Div Work Zone 2009-2011	0911WKZN-421 EEE	9,194
	ODOT/Transportation Safety Div Work Zone 2011-2013	1113WKZN-421 GGG	87,311
	Photo Radar in Workzone 2009-2011	0911WKZN-421 QQQ	(259)
	Passed Through Washington State Department of Transportation Columbia River Crossing	30001914	112,928
	Passed Through TRIMET SW Moody Trimet STP	GH11021912	1,812,351
	Total Highway Planning and Construction cluster		9,499,064
	20.215 Highway Training and Education		
	Passed Through Oregon Department of Transportation I-5/I-405 TOWING PERFORMANCE PILOT PROGRAM	25413	119
	Total 20.215 Highway Training and Education		119
	ARRA 20.321 RAILROAD SAFETY TECHNOLOGY GRANTS		
	Passed Through Oregon Department of Transportation ARRA: Union Station Facility Improvements Phase II B; High Speed Rail	26760	2,787,482
	Total ARRA 20.321 RAILROAD SAFETY TECHNOLOGY GRANTS		2,787,482
	Federal Transit cluster		
	20.500 Federal Transit_Capital Investment Grants		
	Passed Through TRIMET		
	Downtown Mall LRT	GH070428TL	(629)
	I-205 Light Rail	GH050284TL	4,169
	STREETCAR LOOP - CONSTRUCTION - TRIMET	GH 080176TL	13,605,588
	Trimet PMLR Scope Transfer	GH120253LE	567,563
	Subtotal 20.500 Federal Transit_Capital Investment Grants		14,176,691
	20.507 Federal Transit_Formula Grants		
	Passed Through Metro		
	Regional Travel Options	928129	(134)
	SmartTrips North and Northeast	930179	(54,090)
	Sunday Parkways May-Sept 2011	930640	20,000
	Passed Through TRIMET		
	MILWAUKIE TO PORTLAND LRT	GH110190TL	3,131,364
	Subtotal 20.507 Federal Transit_Formula Grants		3,097,140
	Total Federal Transit cluster		17,273,831
	20.514 Public Transportation Research		
	Passed Through TRIMET		
	SW Moody Trimet TCSP	GH11021912	254,402
	Total 20.514 Public Transportation Research		254,402

See accompanying notes

CITY OF PORTLAND, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

Federal Grantor	Federal CFDA Number/Program Title/ Pass Through Agency/Identifying Name	Identifying Number	Federal Expenditures Year Ended 6/30/2012
Highway Safety cluster			
	20.600 State and Community Highway Safety		
	Passed Through OACP		
	Oregon Assoc. Chiefs of Police Safety Belt 2010-11	OP-11-45-08	13,895
	Passed Through Oregon Department of Transportation		
	Portland Safe Community 11/12	SA-12-25-05	69,332
	Portland Safe Community 2010/2011	K4SA-11-25-05	12,973
	Passed Through ODOT Traffic Safety Division		
	ODOT Multi-agency Traffic Team 2010	SC-10-35-05 PPB	2
	Subtotal 20.600 State and Community Highway Safety		96,202
	20.601 Alcohol Impaired Driving Countermeasures Incentive Grants I		
	Passed Through OACP		
	OACP DUII 2009-2010	K8-10-12-38	(2,819)
	OACP DUII 2011 & High Visibility Enforcement Program	K8-11-12-38	26,240
	OACP DUII 2012	K2-12-12-38	34,259
	Subtotal 20.601 Alcohol Impaired Driving Countermeasures Incentive Grants I		57,680
	20.602 Occupant Protection Incentive Grants		
	Passed Through OACP		
	OACP Safety Belt 2012	K2-12-46-08	33,403
	Subtotal 20.602 Occupant Protection Incentive Grants		33,403
	Total Highway Safety cluster		187,285
	20.608 Minimum Penalties for Repeat Offenders for Driving While Intoxicated		
	Passed Through ODOT Traffic Safety Division		
	ODOT DUII Intensive Supervision Program 2010-11	164AL-11-14-17	21,744
	ODOT DUII Intensive Supervision Program 2012	164AL-12-14-17	38,266
	Total 20.608 Minimum Penalties for Repeat Offenders for Driving While Intoxicated		60,010
	ARRA 20.932 Surface Transportation Discretionary Grants for Capital Investment		
	Passed Through TRIMET		
	ARRA Transportation Investment Generating Economic Recovery (TIGER) Grants	GH11021912	12,577,410
	Total ARRA 20.932 Surface Transportation Discretionary Grants for Capital Investment		12,577,410
Total Department of Transportation			42,639,603
National Science Foundation			
	47.076 Education and Human Resources		
	Passed Through OMSI		
	OMSI Sustainability	N/A	15,085
	Total 47.076 Education and Human Resources		15,085
Total National Science Foundation			15,085
Environmental Protection Agency			
	66.039 National Clean Diesel Emissions Reduction Program		
	Direct Programs:		
	EPA - West Coast Collaborative Diesel Emissions Reduction Program	DE-96084801-0	224
	Total 66.039 National Clean Diesel Emissions Reduction Program		224
	66.040 State Clean Diesel Grant Program		
	Passed Through Department of Environmental Quality		
	State - DEQ Clean Diesel	DEQ # 067-10	37,277
	Total 66.040 State Clean Diesel Grant Program		37,277
	66.202 Congressionally Mandated Projects		
	Direct Programs:		
	EPA Innovative Wet Weather Program	XP97045801-0	410,921
	Total 66.202 Congressionally Mandated Projects		410,921

See accompanying notes

CITY OF PORTLAND, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

Federal Grantor	Federal CFDA Number/Program Title/ Pass Through Agency/Identifying Name	Identifying Number	Federal Expenditures Year Ended 6/30/2012
	66.818 Brownfields Assessment and Cleanup Cooperative Agreements		
	Direct Programs:		
	BROWNFIELD HAZARDOUS MATERIALS	BF 96024102-0	7,089
	BROWNFIELD PETROLEUM	BF 96024002-0	49,477
	closed-BF/EPA/Rollin Tire	BF-96074501	69,885
	Total 66.818 Brownfields Assessment and Cleanup Cooperative Agreements		126,451
Total Environmental Protection Agency			574,873
Department of Energy			
	81.041 State Energy Program		
	Passed Through Oregon Department of Energy		
	SEP FOR VERNON HYDRO ELECTRIC PROJECT	SEP 10-10555	(30,000)
	ARRA: ST JOHNS LIGHTING UPGRADE	DOE#SEP 10-1058	57,341
	ARRA: ODOE Clean Energy Works Oregon	SEP 10-1245	2,840,800
	ARRA: ODOE State Energy Program Traffic & Ped Signal	SEP-10-1212	(4,770)
	Total 81.041 State Energy Program		2,863,371
	ARRA 81.128 Energy Efficiency and Conservation Block Grant Program (EECBG)		
	Direct Programs:		
	ARRA - EECBG (competitive) - CLEAN ENERGY WORKS OREGON (CEWO)	DEQ # 067-10	9,675,898
	ARRA- Energy Efficiency and Conservation Block Grants -FORMULA	DE-EE0000923	852,632
	Total ARRA 81.128 Energy Efficiency and Conservation Block Grant Program		10,528,530
Total Department of Energy			13,391,901
Department of Health and Human Services			
	93.262 Occupational Safety and Health Program		
	Passed Through Oregon Health & Science University		
	Revenue Contract	9000970-002	10,809
	Total 93.262 Occupational Safety and Health Program		10,809
	ARRA 93.724 Prevention and Wellness Communities Putting Prevention to Work		
	Passed Through Multnomah County		
	ARRA Healthy People Healthy Places	CPPW10-001	35,000
	ARRA Mult Co Communities Putting Prevention to Work	4600008357	77,317
	ARRA - CDC Communities to Work	4600008374	91,696
	Total ARRA 93.724 Prevention and Wellness Communities Putting Prevention to Work		204,013
	93.778 Medical Assistance Program		
	Passed Through Multnomah County		
	MULTNOMAH CO DD EMPLOYMENT ALTERNATIVES FOR FY 09/10	4710000304	8,847
	Total 93.778 Medical Assistance Program		8,847
Total Department of Health and Human Services			223,669
Executive Office of the President			
	95.001 High Intensity Drug Trafficking Areas (HIDTA) Program		
	Passed Through Office of National Drug Control Policy		
	HIDTA 2011	GR11OR0002A	178,575
	HIDTA 2012	GR12OR0002A	48,255
	Total 95.001 High Intensity Drug Trafficking Areas Program		226,830
Executive Office of the President			226,830

See accompanying notes

CITY OF PORTLAND, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

Federal Grantor	Federal CFDA Number/Program Title/ Pass Through Agency/Identifying Name	Identifying Number	Federal Expenditures Year Ended 6/30/2012
<u>Department of Homeland Security</u>			
	Homeland Security cluster		
	97.008 Non-Profit Security Program		
	Passed Through Oregon Office of Emer Management		
	Urban Area Security Initiative - UASI 2007	DE-OE0000318	1,566
	Urban Area Security Initiative - UASI 2008	08-170	2,832,643
	Urban Areas Security Initiative - UASI 2009	09-170	5,417,706
	Urban Areas Security Initiative- UASI 2010	10-170	412,015
	Subtotal 97.008 Non-Profit Security Program		8,663,930
	97.053 Citizens-Community Resilience Innovation Challenge		
	Passed Through Oregon Office of Emer Management		
	Citizen Corps Program 2009: Multnomah County Project # 4	09-120	9,560
	Subtotal 97.053 Citizens-Community Resilience Innovation Challenge		9,560
	97.071 Metropolitan Medical Response System		
	Passed Through Oregon Office of Emer Management		
	Metropolitan Medical Response System 2009-includes capital expense	09-181	90,957
	Subtotal 97.071 Metropolitan Medical Response System		90,957
	97.073 State Homeland Security Program (SHSP)		
	Passed Through Oregon Office of Emer Management		
	2010-SHSP/Mult.Co.-PreparednessPlanning-Records Digitization	10-357	58,065
	State Homeland Security Program 2010	10-311	35,000
	SHSP 2010 Holomatro Tools	10-313	32,000
	State Homeland Security Grant Program-2009-Lane Cnty Project #5-joint		
	bomb teams	09-273	6,448
	State Homeland Security Program 2010	10-314	22,808
	State Homeland Security Program 2010 XTS5000 VHF Radios	10-312	36,278
	SHSP MULTNOMAH COUNTY PROJECT #1 09-272	09-272	125,000
	Subtotal 97.073 State Homeland Security Program (SHSP)		315,599
	Total Homeland Security cluster		9,080,046
	97.039 Hazard Mitigation Grant		
	Passed Through Oregon Office of Emer Management		
	HAZARD MITIGATION PLANNING GRANT FEMA	FEMA DR-1733-OR	15,872
	Total 97.039 Hazard Mitigation Grant		15,872
	97.042 Emergency Management Performance Grants		
	Passed Through Oregon Office of Emer Management		
	Emergency Management Performance Grant 2009/2010		40,152
	Emergency Management Performance Grant 2010/2011	11-527	155,258
	Total 97.042 Emergency Management Performance Grants		195,410
	97.047 Pre-Disaster Mitigation		
	Passed Through Oregon Office of Emer Management		
	FEMA Lents Floodplain	PDM EMS-2005 PC-004	932,824
	Total 97.047 Pre-Disaster Mitigation		932,824
	97.056 Port Security Grant Program		
	Passed Through Merchants Exchange of Portland		
	Port Security Grant Program FY 10	2010-PU-TO-K052-PFB-2	172,278
	97.056 Port Security Grant Program		172,278
	97.078 Buffer Zone Protection Program (BZPP)		
	Passed Through Oregon Office of Emer Management		
	Buffer Zone Plan Multnomah County Drainage District	09-092	198,127
	Buffer Zone Protection 2009 - Water Bureau	09-091	196,849
	Total 97.078 Buffer Zone Protection Program (BZPP)		394,976
Total Department of Homeland Security			10,791,406

See accompanying notes

CITY OF PORTLAND, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

Federal Grantor	Federal CFDA Number/Program Title/ Pass Through Agency/Identifying Name	Identifying Number	Federal Expenditures Year Ended 6/30/2012
<u>Research and Development cluster</u>			
	20.514 Public Transportation Research		
	Passed Through TRIMET		
	Trimet Prototype Streetcar	GH060317-TL	1,703,425
	Total 20.514 Public Transportation Research		<u>1,703,425</u>
	ARRA 81.087 Renewable Energy Research and Development		
	Direct Programs:		
	ARRA - Solar Market Transformation: Solar America Cities Special Projects	DE-EE0002069	243,337
	Total ARRA 81.087 Renewable Energy Research and Development		<u>243,337</u>
	ARRA 81.122 Electricity Delivery and Energy Reliability, Research, Development and Analysis		
	Direct Programs:		
	ARRA - Local Energy Assurance Planning (LEAP) Initiative	DE-OE0000318	142,461
	Total ARRA 81.122 Electricity Delivery and Energy Reliability, Research, Development and Analysis		<u>142,461</u>
Total Research and Development cluster			<u>2,089,223</u>
 Total Federal Expenditures			<u>\$ 90,887,071</u>

See accompanying notes

CITY OF PORTLAND, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the City of Portland, Oregon under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flow of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule or Notes to the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

CITY OF PORTLAND, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

NOTE 3 – SUB-RECIPIENTS

During the fiscal year ended June 30, 2012, the City disbursed federal funding to various program recipients from the following federal programs:

CFDA Number	Federal Program Name	Expenditures
14.218	Community Development Block Grants/Entitlement Grants	\$ 4,962,543
14.231	Emergency Shelter Grants Program	418,251
14.235	Supportive Housing Program	258,856
14.239	HOME Investment Partnerships Program	976,827
14.241	Housing Opportunities for Persons with AIDS	1,416,307
14.251	Economic Development Initiative-Special Projects, Neighborhood initiatives	5,002
14.253	ARRA - Community Development Block Grant ARRA Entitlement Grants	47,520
14.257	ARRA - Homelessness Prevention and Rapid Re-Housing Program	78,837
14.913	Healthy Homes Production Grant Program	78,679
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	6,018
66.202	Congressionally Mandated Projects	133,604
97.008	Urban Areas Security Initiative	5,135,090
16.738	Edward Byrne Memorial Justice Assistance Grant Program	493,264
16.752	Economic High-Tech and Cyber Crime Prevention	41,155
16.804	ARRA - Recovery Act-Justice Assistance Grants-Localities	600,615
16.753	Congressionally Recommended Awards	54,000
81.087	ARRA - Renewable Energy Research and Development	152,861
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	9,126,892
81.041	ARRA - State Energy Program Recovery	2,840,800
Total federal funds passed through to sub-recipients		<u>\$ 26,827,121</u>

NOTE 4 – FEDERAL LOAN PROGRAMS

The federal loans under the federal program listed subsequently are administered directly by the City and balances and transactions relating to this program are included in the City's basic financial statements. Loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2012 consists of:

CFDA Number	Federal Agency and Program Name	Outstanding Balance at June 30, 2012
14.239	U.S. Department of Housing and Urban Development HOME Investment Partnerships Program	\$ 49,109,580

CITY OF PORTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

 X yes no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

U.S. Department of Justice

JAG Program cluster:

16.738

Edward Byrne Memorial Justice Assistance Grant (JAG) Program

ARRA – 16.804

Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government

U.S. Department of Transportation

Highway Planning and Construction cluster:

ARRA – 20.205
20.205

ARRA – Highway Planning and Construction grant
Highway Planning and Construction grant

ARRA – 20.932

ARRA – Transportation Investment Generating Economic Recovery

CITY OF PORTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditor's Results (continued)

Identification of major programs (continued):

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
U.S. Department of Energy ARRA – 81.041	ARRA – State Energy Program
ARRA – 81.128	ARRA – Energy Efficiency & Conservation Block Grant

Dollar threshold used to distinguish
between type A and type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee? X yes no

Section II - Financial Statement Findings

PORTLAND DEVELOPMENT COMMISSION (PDC) - discretely presented component unit

FINDING 2012-01 – Revenue/Expense Recognition – Governmental Funds – Significant Deficiency in Controls

Criteria: Per Governmental Accounting Standards Board (GASB) 33, nonexchange transaction revenues should be recognized in the period when use of the resources is required or first permitted, and the resources have been received. Expenditures should be recorded when goods and services have been received and a related liability incurred.

Condition: During our revenue confirmation testing procedures, PDC management found that it had not recorded revenues for Tax Increment Financing (TIF) proceeds and related expenditures totaling \$13.5 million.

Context: PDC received TIF revenue totaling \$134 million during the fiscal year ended June 30, 2012 recorded within its various urban renewal district funds.

Cause: In December 2011, PDC requested, and the City processed, TIF proceeds from a line of credit draw in the amount of \$13.5 million for a project. The draw was for approved invoices and was used to discharge a 2009 bond obligation for the project. The City deposited the proceeds into a City holding account that it also used to pay the approved invoices.

CITY OF PORTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

The cash transaction normally prompts the recording of the transactions in PDC's financial system. The timing of the transaction caused the cash to sit in a holding account over the New Year's weekend. By recording the receipt and disbursement through the City's holding account, the City's financial system netted the cash entries, resulting in no transactions hitting PDC's cash account. Since the cash transactions would ordinarily have triggered PDC to record the transactions, no transactions were recorded.

In prior years, PDC had a control in place to reconcile TIF revenues against tax increment debt issuances recorded by the City, State limits for each urban renewal district, TIF proceeds transferred to PDC, and against TIF revenues recorded in PDC's general ledger. This control has not been followed by PDC staff for some time, and therefore did not catch the under-reported TIF revenues and related expenditures in the transaction noted above.

Effect: An adjustment was made to record the transaction before the financial statements were completed. Although the net effect of the adjustment to fund balance and net assets was \$0, prior to the adjustment, revenues and expenditures were understated by \$13.5 million.

Recommendation: We suggest that management work with the City of Portland to record two separate entries, one to record the draw receipt into PDC's cash account and a second one to record disbursements. Further, we recommend that PDC re-institute the procedure to review TIF revenues against TIF debt issuances by the City, TIF proceeds transferred to PDC, State debt limits for each urban renewal district, and TIF revenues recorded in PDC's general ledger.

Management Response (unaudited): Management of the Portland Development Commission prepared their response in a separately issued document.

FINDING 2012-02 – Write-down of Property Held For Sale – Governmental Funds – Significant Deficiency in Controls

Criteria: Accounting principles applicable to property held for resale require recording the property at the lower of original cost or fair value.

Condition: During our testing procedures on property held for resale, we identified two properties whose fair values had dropped below historical cost as evidenced by real estate appraisals PDC had obtained during the year. However, PDC did not reduce the recorded values pursuant to their policies and applicable accounting standards. The first property's value declined by \$2.6 million, and the second property's value declined by \$.4 million.

Context: The Commission has a portfolio of properties held for resale with recorded costs or values totaling approximately \$95.5 million.

Cause: Management has controls and procedures in place to evaluate properties whose values have potentially declined below historical or recorded costs at various times during the year, and at year-end. Such procedures include a review against assessed values according to County Assessor records, obtaining periodic real estate appraisals, and a review of possible changes in intended future use or zoning. The two properties noted above had recent appraisals that PDC had received

CITY OF PORTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

that indicated a decline in value as noted above. However, our inquiries revealed that a decision was made not to adjust to the lower appraised value because the properties involved were in the process of being advertised for sale and development. The decision not to adjust was inconsistent with PDC's policies and generally accepted accounting principles (GAAP).

Effect: Management did make the adjustment before completing the financial statements. However, prior to posting that adjustment, property held for sale was overstated by a total of \$3 million.

Recommendation: PDC should consider providing training to staff involved in the accounting for property held for resale to ensure they are fully aware of policies and procedures. In addition, the review and oversight control should be reviewed to ensure the review and approval for final values is conducted by appropriate finance management staff sufficient to identify if a property is not properly valued.

Management Response (unaudited): Management of the Portland Development Commission prepared their response in a separately issued document.

FINDING 2012-03 – Liability Recognition – Governmental Funds – Significant Deficiency in Controls

Criteria: Generally accepted accounting principles (GAAP) require that the values of property held for resale be reduced, a liability recognized, or both, by the discounted value of estimated future outflows of resources deemed necessary to meet obligations included in property purchase contracts or other related agreements.

Condition: During the financial close and reporting process, management identified that it was subject to, and making monthly payments for, a contractual provision in a property purchase and related agreements. The agreements had provisions requiring PDC to cover the cost of a fixed number of parking spaces, should PDC demolish or otherwise remove parking spaces from a specific property PDC owns. The agreement has a 99-year term, with two 99-year renewal options. PDC demolished the parking structure on the subject property, thereby triggering a requirement to make the monthly payments to reimburse a third party for the cost of replacing the parking spaces. Management had not reduced the recorded value of the subject property, nor had they recognized a liability, for the estimated present value of providing reimbursements for the cost of the parking spaces.

Context: The current value of providing the parking spaces is approximately \$5,000 per month. The estimated cost of constructing a parking structure on the subject property is estimated by PDC to approximate \$2.8 million. The present value of the first 99-year term of the obligation to cover the cost of the parking spaces is \$9.4 million. Management recorded an audit adjustment to recognize a liability in the amount of approximately \$3.2 million. The adjustment covers management's estimate of the cost of building a replacement parking structure plus the cost of providing the monthly reimbursements until the structure could be built.

CITY OF PORTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Cause: There is an apparent lack of communication of contractual obligations associated with property purchase and or related agreements between staff responsible for development projects and finance. As a result, finance staff were unaware an obligation with accounting and reporting significance existed.

Effect: A liability with an estimated present value of \$3.2 million was not recognized in the financial statements.

Recommendation: Management should provide training to staff responsible for development projects on the need to share agreement provisions with potential accounting and reporting implications. In addition, controls should be reviewed and revised as appropriate to ensure finance staff become aware of contractual provisions with reporting significance.

Management Response (unaudited): Management of the Portland Development Commission prepared their response in a separately issued document.

FINDING 2012-04 – Accounts Payable Cut-off – Governmental Funds – Significant Deficiency in Controls

Criteria: Generally accepted accounting principles (GAAP) require expenses to be recognized in the same period when goods and/or services are received.

Condition: During our search for unrecorded liabilities, we identified four transactions recorded in fiscal year 2013 that should have been recorded in fiscal year 2012 totaling \$.9 million.

Context: Total recorded current liabilities at year end in the governmental funds totaled \$5.8 million.

Cause: As a result of automated system changes, the invoices were entered into the accounting records later than in previous years. In addition, although PDC staff are aware of GAAP, they failed to recognize that these invoices required recording as of year-end.

Effect: Expenses and accounts payable were understated by \$.9 million.

Recommendation: We suggest that management continue to emphasize the need by PDC staff to scrutinize invoices as necessary to make a correct determination on the period the expense and related liability were incurred. If there are software changes or other disruptions to the normal procedures around year end, or in addition to routine procedures, an additional review procedure could be considered of checks issued subsequent to year end looking for possible unrecorded liabilities.

Management Response (unaudited): Management of the Portland Development Commission prepared their response in a separately issued document.

CITY OF PORTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

FINDING 2012-05 – Net Asset Classification – Government Wide Financial Statements – Significant Deficiency in Controls

Criteria: GASB 34 requires reporting net assets by level of constraint. Restricted net assets are defined as unspent resources containing restrictions from third parties like grantor agencies or due to provisions of enabling legislation. Unassigned net assets are defined as spendable resources that do not carry any associated constraints.

Condition: During our testing of net asset classifications, we identified two items that were classified incorrectly. At the fund level, certain resources were reported as assigned to use for ensuing year's expenditures. In addition, there were certain liabilities that were not includable in the fund statements but recognized only at the government wide statement level that will be payable from restricted resources if and when paid that were incorrectly offset against unrestricted net assets.

Context: Total net assets as reported are comprised of \$8.9 million of invested in capital assets, \$279.6 million of restricted, and \$.9 million unrestricted.

Cause: There was an apparent misunderstanding of where the items noted above would be reported in the government wide statements to meet requirements of the applicable accounting standards.

Effect: The impact of the two issues is an overstatement of restricted net assets and an understatement of unrestricted net assets by \$5.6 million.

Recommendation: Finance staff responsible for the drafting of the government wide financial statements should consider a thorough review of GASB 34 requirements. Alternatively, or in addition, PDC could consider appropriate continuing education courses that would facilitate a better understanding of the net asset classification definitions.

Management Response (unaudited): Management of the Portland Development Commission prepared their response in a separately issued document.

CITY OF PORTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

CITY OF PORTLAND (COP) – primary government

FINDING 2012-06 – Grants Revenue and Grants Receivable Cut-off – Grants fund – Significant Deficiency in Controls

Criteria: Generally accepted accounting principles (GAAP) require revenues to be recognized in the same period when goods and/or services are obligated and the eligibility for those funds has been met. Additionally, per GASB 33, on the modified accrual basis, revenues should be recognized when all applicable eligibility requirements are met and the resources are available.

Condition: During substantive testing of grants revenues/receivables, it was discovered that a significant amount of grant receivable were not properly accrued as of year-end.

Context: Investigation revealed that due to a deficiency in the accrual process, all billings received after year-end, yet related to the period under audit, that were paid prior to August 15, 2012 were not accrued into the Grants Receivable or Revenues balance. The error occurred due to the City running an open invoice listing as of August 15, 2012 for accrual purposes, which only details 2012 billings still open to be paid as of that date.

Cause: Management has controls and procedures in place to evaluate the year-end accrual entries. However, there was an apparent misunderstanding of how the accrual information was being reported from the accounting system.

Effect: The deficiency resulted in an understatement of grant revenues of approximately \$2.9 million, understatement of deferred revenue of \$1.2 million and an understatement of grants receivables of \$4.1 million.

Recommendation: The entries above have been recorded in the grants fund for fiscal year 2012. It is our recommendation that the City develop a process that includes a comprehensive review procedure, to ensure proper cut-off of grants revenue and receivables at year-end.

Management Response (unaudited): Management of the City prepared their response in a separately issued document.

FINDING 2012-07 – Portland Bureau of Transportation, Street Car Parts Inventory – Significant Deficiency in Controls

Criteria: Generally accepted accounting principles (GAAP) require costs associated with supplies inventory to be recognized as an asset in both the governmental funds balance sheet, as well as in the government-wide statement of net assets to the extent it has not yet been consumed or used in operations.

Condition: During the current year audit fieldwork, it was discovered that approximately \$2.8 million in cost of parts inventory purchased and on hand in support of the City's streetcar, was still on hand as of the beginning of the year, but expensed in prior years in error.

CITY OF PORTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Context: The City has invested approximately \$124 million in the acquisition of several street cars and construction of the related infrastructure. In addition, the City purchased approximately \$4.4 million of parts inventory to have on hand and ready for use when needed when the street car began operations several years ago. Furthermore, the City purchases parts and supplies annually as needed to maintain the cars and related infrastructure. Approximately \$2.8 million was the cost associated with parts that were still on hand and not yet consumed or used in operations as of June 30, 2011.

Cause: Portland Bureau of Transportation staff involved in the street car operations were not aware of the accounting principles for parts and supplies inventory. As a result, internal controls were not developed and placed in service sufficient to provide the necessary information to Office of Management and Finance staff to properly report the inventory in the City's financial statements.

Effect: The deficiency resulted in an understatement of parts inventory in the Transportation Fund balance sheet and Government-wide Statement of Net Assets in the amount of \$2.8 million. The error also resulted in an overstatement of expenditures reported in the Transportation Fund Statement of Revenues and Expenditures, and an overstatement of the expenses reported in the Government-wide Statement of Activities over several prior years in the amount of \$2.8 million. Management made an entry to correct the error in the current year.

Recommendation: The City should consider providing education to staff involved in its street car operations on the proper accounting for parts inventory. In addition, controls should be developed for the reporting of parts from the point of purchase to the eventual consumption or use in operations. The City has existing inventory software that it could use that integrates with the general ledger, or could purchase or develop other software that could be used to assist with the accounting of the cost of parts inventory.

Management Response (unaudited): Management of the City prepared their response in a separately issued document.

Section III - Federal Award Findings and Questioned Costs

FINDING 2012-08 – Procurement, Suspension and Debarment: Lack of Federal Language in the Contract – Significant Deficiency in Control and Instance of Noncompliance

Federal Program: JAG Program cluster:

1. Edward Byrne Memorial Justice Assistance Grant (JAG) Program – CFDA #16.738
2. Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government – CFDA ARRA #16.804

Federal Agency: U.S. Department of Justice

Award Year: 2011-2012

CITY OF PORTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Criteria: Per Title 2 CFR, Part 215.48 (e) All contracts, including small purchases, awarded by recipients and their contractors shall contain the procurement provisions of appendix A to this part, as applicable. This section covers compliance of laws and regulations when obtaining a good or services from a vendor, supplier, or provider. The procurement requirement is established to ensure that such goods and services are obtained in an effective manner and in compliance laws and regulations, including the prohibition of conflicts of interest, the fair selection of vendors, provide open and free competition among vendors, etc. The suspension and debarment requirement establishes that certain non-Federal entities have been prohibited from participating in or receiving Federal assistance for various reasons, including prior mismanagement of funds or previous non-compliance of laws and regulations. This prohibition may be temporary (suspension) or indefinite (debarment; until specifically allowed by the government). When performing this purchase, the recipient must verify that the vendor, supplier, provider or their respective principals (e.g., owners, top management, etc.) are not suspended, debarred or otherwise excluded by the Federal government.

Condition: During our testing of procurement, we noted one instance in seven contracts tested where there was no documentation that was retained to substantiate that the required procurement procedures noted in the Criteria discussed above had occurred.

Questioned Costs: None

Context: The lack of federal language in the contract is due to the City utilizing an open purchase order for specific program purchases from a qualified vendor. This purchase order was initially procured when no federal funding was being used.

Cause: The Police bureau did not notify the Purchasing bureau that the open purchase order was going to be utilized towards purchases that were federally funded.

Effect: That federal funds are being expended under procurement contracts that are missing required certifications and evidence of the City following required procurement procedures. Without these certifications – a contractor may be in direct violation of a federal compliance requirement and ineligible for contracting under federal laws.

Recommendation: We recommend that the City review the federal procurement standards and establish a communication process to help ensure federal language is included in contracts containing federal funding, as applicable.

Management Response (unaudited): Management of the City prepared their response in a separately issued document.

FINDING 2012-09 – Sub-recipient Monitoring – Significant Deficiency in Control and Instance of Noncompliance

Federal Program: JAG Program cluster:

CITY OF PORTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

1. Edward Byrne Memorial Justice Assistance Grant (JAG) Program – CFDA #16.738
2. Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government – CFDA ARRA #16.804

Federal Agency: U.S. Department of Justice

Award Year: 2011-2012

Criteria: Per OMB Circular A-133, Section 400(d) outlines the responsibilities of recipients of Federal awards regarding funds passed-through to other organizations. Specifically, the pass-through entity is to: (1) monitor the activities of sub-recipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contract or grant agreements and that performance goals are achieved; and (2) ensure that sub-recipients, as qualified, meet the audit requirements of Circular A-133, and to review sub-recipient audit findings and corrective action.

Condition: The process to ensure that a responsible person is reviewing the results of A-133 audit reports from sub-recipient entities that are required to have them is not occurring for this program at an appropriate level (Portland Police Bureau). As such, the City is not aware of sub-recipient audit findings and any required corrective action(s) for the most recent audits of their sub-recipients. However, based on our audit procedures and a sample of sub-recipients tested, we noted that the City's sub-recipients for this program did not have audit findings in their most recent A-133 audits.

Questioned Costs: None

Context: The grants department provides tools and resources to the bureaus to help monitor sub-recipient's A-133 audit compliance. During our testing of sub-recipient monitoring, we tested 2 of the 4 sub-recipients for this program and noted that the Portland Police Bureau (PPB) was not monitoring their sub-recipients related to this program.

Cause: The absence of a thorough and complete process for monitoring sub-recipients appears to be due to personnel changes in key positions.

Effect: The OMB Circular A-133 requirement for sufficient sub-recipient monitoring is not being met. Without sufficient monitoring, funds passed through to the sub-recipients may not have been used in compliance with program provisions or could be inappropriate for the services performed.

Recommendation: We recommend that PPB review their current policies to ensure appropriate monitoring activities are outlined in the policy, such as requesting and reviewing sub-recipient audit reports timely. Additionally, we recommend that the City enforce compliance with these policies and procedures and ensure that all sub-recipients are adequately monitored.

Management Response (unaudited): Management of the City prepared their response in a separately issued document.

J. Scott Andrews
Commission Chair

Aneshka Dickson
Commissioner

John C. Mohlis
Commissioner

Steven Straus
Commissioner

Charles A. Wilhoite
Commissioner

Sam Adams
Mayor

Patrick Quinton
Executive Director

December 17, 2012

Ms. LaVonne Griffin-Valade
Office of City Auditor, Audit Services Division
1221 S.W. 4th Avenue, Room 310
Portland, OR 97204

Mr. James Lanzarotta
Moss Adams, LLC
805 SW Broadway, Suite 1200
Portland, OR 97205

Dear Ms. Griffin-Valade and Mr. Lanzarotta:

This letter details management's responses to the significant deficiency in internal control over financial reporting identified in the Moss Adams Schedule of Findings and Responses included in the Comprehensive Annual Financial Report (CAFR) for the Portland Development Commission's ("PDC") Fiscal Year 2011-12. A resolution to accept and approve the Fiscal Year 2011-12 Comprehensive Annual Financial Report and the response noted below will be presented at the January 9, 2013 Board meeting.

The Moss Adams comments recapped below are included on pages 135-139 of our CAFR as Schedule of Findings and Responses.

Significant Deficiency in Controls

A significant deficiency is a deficiency or a combination of deficiencies in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The deficiencies described in the Schedule of Findings and Responses are considered to be significant deficiencies.

FINDING 2012-01 – Revenue/Expense Recognition – Governmental Funds – Significant Deficiency in Controls

Criteria: Per GASB 33, nonexchange transaction revenues should be recognized in the period when use of the resources is required or first permitted, and the resources have been received. Expenditures should be recorded when goods and services have been received and a related liability incurred.

222 NW Fifth Avenue
Portland, OR
97209-3859

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

Condition: During our revenue confirmation testing procedures, PDC management found that it had not recorded revenues for Tax Increment Financing (TIF) proceeds and related expenditures totaling \$13.5 million.

Context: PDC received TIF revenue totaling \$134 million during the fiscal year ended June 30, 2012 recorded within its various urban renewal district funds.

Cause: In December 2011, PDC requested, and the City processed, TIF proceeds from a line of credit draw in the amount of \$13.5 million for a project. The draw was for approved invoices and was used to discharge a 2009 bond obligation for the project. The City deposited the proceeds into a City holding account that it also used to pay the approved invoices.

The cash transaction normally prompts the recording of the transactions in PDC's financial system. The timing of the transaction caused the cash to sit in a holding account over the New Year's weekend. By recording the receipt and disbursement through the City's holding account, the City's financial system netted the cash entries, resulting in no transactions hitting PDC's cash account. Since the cash transactions would ordinarily have triggered PDC to record the transactions, no transactions were recorded.

In prior years, PDC had a control in place to reconcile TIF revenues against tax increment debt issuances recorded by the City, State limits for each urban renewal district, TIF proceeds transferred to PDC, and against TIF revenues recorded in PDC's general ledger. This control has not been followed by PDC staff for some time, and therefore did not catch the under-reported TIF revenues and related expenditures in the transaction noted above.

Effect: An adjustment was made to record the transaction before the financial statements were completed. Although the net effect of the adjustment to fund balance and net assets was \$0, prior to the adjustment, revenues and expenditures were understated by \$13.5 million.

Recommendation: We suggest that management work with the City of Portland to record two separate entries, one to record the draw receipt into PDC's cash account and a second one to record disbursements. Further, we recommend that PDC re-institute the procedure to review TIF revenues against TIF debt issuances by the City, TIF proceeds transferred to PDC, State debt limits for each urban renewal district, and TIF revenues recorded in PDC's general ledger.

Management Response: Management agrees that an error occurred in the recording of the RAC LOC draw and expenditure. This was caused by an extraordinary sequence of events. Procedures with the City of Portland to record transactions such as these have been updated to record the receipt and expenditures

in separate journal entries to ensure that the system does not net them together should this occur in the future. In addition, PDC processes to verify TIF Revenues have been updated to include the reconciliation of TIF with the City and the reconciliation with General Ledger recorded transactions.

FINDING 2012-02 – Write-down of Property Held For Sale – Governmental Funds – Significant Deficiency in Controls

Criteria: Accounting principles applicable to property held for resale require recording the property at the lower of original cost or fair value.

Condition: During our testing procedures on property held for resale, we identified two properties whose fair values had dropped below historical cost as evidenced by real estate appraisals PDC had obtained during the year. However, PDC did not reduce the recorded values pursuant to their policies and applicable accounting standards. The first property's value declined by \$2.6 million and the second property's value declined by \$4 million.

Context: The Commission has a portfolio of properties held for resale with recorded costs or values totaling approximately \$95.5 million.

Cause: Management has controls and procedures in place to evaluate properties whose values have potentially declined below historical or recorded costs at various times during the year, and at year-end. Such procedures include a review against assessed values according to County Assessor records, obtaining periodic real estate appraisals, and a review of possible changes in intended future use or zoning. The two properties noted above had recent appraisals that PDC had received that indicated a decline in value as noted above. However, our inquiries revealed that a decision was made not to adjust to the lower appraised value because the properties involved were in the process of being advertised for sale and development. The decision not to adjust was inconsistent with PDC's policies and generally accepted accounting principles (GAAP).

Effect: Management did make the adjustment before completing the financial statements. However, prior to posting that adjustment, property held for sale was overstated by a total of \$3 million.

Recommendation: PDC should consider providing training to staff involved in the accounting for property held for resale to ensure they are fully aware of policies and procedures. In addition, the review and oversight control should be reviewed to ensure the review and approval for final values is conducted by appropriate finance management staff sufficient to identify if a property is not properly valued.

Management Response: Management agrees that the properties should have been written down to their appraised value regardless of pending disposition and have provided training to staff and strengthened our Year-End Property Evaluation procedures to include recording a write down of the value of a property as applicable whenever a current appraisal is available.

FINDING 2012-03 – Liability Recognition – Governmental Funds – Significant Deficiency in Controls

Criteria: GAAP require that the values of property held for resale be reduced, a liability recognized, or both, by the discounted value of estimated future outflows of resources deemed necessary to meet obligations included in property purchase contracts or other related agreements.

Condition: During the financial close and reporting process, management identified that it was subject to, and making monthly payments for, a contractual provision in a property purchase and related agreements. The agreements had provisions requiring PDC to cover the cost of a fixed number of parking spaces, should PDC demolish or otherwise remove parking spaces from a specific property PDC owns. The agreement has a 99-year term, with two 99-year renewal options. PDC demolished the parking structure on the subject property, thereby triggering a requirement to make the monthly payments to reimburse a third party for the cost of replacing the parking spaces. Management had not reduced the recorded value of the subject property, nor had they recognized a liability, for the estimated present value of providing reimbursements for the cost of the parking spaces.

Context: The current value of providing the parking spaces is approximately \$5,000 per month. The estimated cost of constructing a parking structure on the subject property is estimated by PDC to approximate \$2.8 million. The present value of the first 99-year term of the obligation to cover the cost of the parking spaces is \$9.4 million. Management recorded an audit adjustment to recognize a liability in the amount of approximately \$3.2 million. The adjustment covers management's estimate of the cost of building a replacement parking structure plus the cost of providing the monthly reimbursements until the structure could be built.

Cause: There is an apparent lack of communication of contractual obligations associated with property purchase and or related agreements between staff responsible for development projects and finance. As a result, finance staff were unaware an obligation with accounting and reporting significance existed.

Effect: A liability with an estimated present value of \$3.2 million was not recognized in the financial statements.

Recommendation: Management should provide training to staff responsible for development projects on the need to share agreement provisions with potential accounting and reporting implications. In addition, controls should be reviewed and revised as appropriate to ensure finance staff become aware of contractual provisions with reporting significance.

Management Response: Management agrees that such contractual obligations need to be recognized as soon as triggering events occur and have recorded both the expense and liability in the current year as opposed to posting a prior period adjustment. Procedures for the review of contracts and agreements with contingent financial implications have been strengthened and the staff responsible for the negotiation of such contingent liabilities will be trained on when to include the finance staff on future transactions.

FINDING 2012-04 – Accounts Payable Cut-off – Governmental Funds – Significant Deficiency in Controls

Criteria: Generally accepted accounting principles (GAAP) require expenses to be recognized in the same period when goods and/or services are received.

Condition: During our search for unrecorded liabilities, we identified four transactions recorded in fiscal year 2013 that should have been recorded in fiscal year 2012 totaling \$.9 million.

Context: Total recorded current liabilities at year end in the governmental funds totaled \$5.8 million.

Cause: As a result of automated system changes, the invoices were entered into the accounting records later than in previous years. In addition, although PDC staff are aware of GAAP, they failed to recognize that these invoices required recording as of year-end.

Effect: Expenses and accounts payable were understated by \$.9 million.

Recommendation: We suggest that management continue to emphasize the need by PDC staff to scrutinize invoices as necessary to make a correct determination on the period the expense and related liability were incurred. If there are software changes or other disruptions to the normal procedures around year end, or in addition to routine procedures, an additional review procedure could be considered of checks issued subsequent to year end looking for possible unrecorded liabilities.

Management Response: Management recognizes the importance of scrutinizing subsequent transactions for reporting in the proper accounting period and has

strengthened procedures and review of expenditures occurring around the fiscal year end to ensure all unrecorded liabilities have been accounted for.

FINDING 2012-05 – Net Asset Classification – Government Wide Financial Statements – Significant Deficiency in Controls

Criteria: GASB 34 requires reporting net assets by level of constraint. Restricted net assets are defined as unspent resources containing restrictions from third parties like grantor agencies or due to provisions of enabling legislation. Unassigned net assets are defined as spendable resources that do not carry any associated constraints.

Condition: During our testing of net asset classifications, we identified two items that were classified incorrectly. At the fund level, certain resources were reported as Assigned to use for ensuing year's expenditures. In addition, there were certain liabilities that were not includable in the fund statements but recognized only at the government wide statement level that will be payable from restricted resources if and when paid that were incorrectly offset against unrestricted net assets.

Context: Total net assets as reported are comprised of \$8.9 million of invested in capital assets, \$279.6 million of restricted, and \$.9 million unrestricted.

Cause: There was an apparent misunderstanding of where the items noted above would be reported in the government wide statements to meet requirements of the applicable accounting standards.

Effect: The impact of the two issues is an overstatement of restricted net assets and an understatement of unrestricted net assets by \$5.6 million.


Recommendation: Finance staff responsible for the drafting of the government wide financial statements should consider a thorough review of GASB 34 requirements. Alternatively, or in addition, PDC could consider appropriate continuing education courses that would facilitate a better understanding of the net asset classification definitions.

Management Response: Management agrees with the incorrect classifications and recognize the importance of reviewing the source available for the satisfaction of subsequent liabilities in order to properly classify their inclusion in the Government Wide Financial Statements. Finance staff will review the requirements of GASB34 and update procedures as needed to ensure the appropriate classification of net assets.

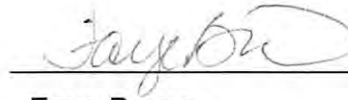
Conclusion

In closing, the comments and suggestions provided by the external auditor each year are highly appreciated by management. We continue to find value in this feedback and will endeavor to implement appropriate policies and procedures in response. Finally, we welcome additional feedback and guidance from the PDC Audit Committee on these and other issues.

Respectfully submitted,



Patrick Quinton
Executive Director



Faye Brown
Chief Financial Officer

C:
Phillip Hopkins, Secretary of State, Oregon Audits Division
Drummond Kahn, Director Audit Services Division, City of Portland
Catherine Kaminski, Accounting Manager, PDC

crk



CITY OF PORTLAND

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December 20, 2012

To: James Lanzarotta, Moss Adams LLP
LaVonne Griffin-Valade, City Auditor

From: Jack D. Graham, ^{idg} Chief Administrative Officer

As part of the City's FY2011-12 audit and required Auditor Communications performed and reported by Moss Adams, LLP, I am responding to your Schedule of Findings and Questioned Costs (SFQC) for three findings related to OMF, as follows:

FINDING 2012-06 – Grants Revenue and Grants Receivable Cut-off – Grants fund – Significant Deficiency in Controls

Recommendation: The entries above have been recorded in the grants fund for fiscal year 2012. It is our recommendation that the City develop a process that includes a comprehensive review procedure to ensure proper cut-off of grants revenue and receivables at year-end.

Management Response: *The City's Grants Management Office (Grants Office) Analyst will run two SAP reports, the GM Unbilled Grants Report and the GL Account Line Item Display Report for all grant billings completed for the period between 7/1 and 8/15, annually. The combination of data from both reports will accurately reflect the revenue that should be recognized for the audit period through June 30. The Analyst will prepare a journal entry to record the accrued revenue in the financial system. The journal entry, along with supporting documentation, will be submitted to the Grants Lead for review. The Grants Lead will complete a review of the data by running a Budget vs. Actual report and a Classic Trial Balance report to assure that all expenditures for the reporting period are accurately accounted for.*

FINDING 2012-08 – Procurement, Suspension and Debarment: Lack of Federal Language in the Contract – Significant Deficiency in Control and Instance of Noncompliance

Recommendation: We recommend that the City review the federal procurement standards and establish a communication process to help ensure federal language is included in contracts containing federal funding, as applicable.

Management Response (unaudited): *The Grants Office and Procurement Services will provide focused training for the Portland Police Bureau and Portland Fire and Rescue as these two organizations seem to have the majority of grants related to goods and services purchases. The training will relate to informing Procurement Services of purchases to be funded by grants and pertinent specific information related to that grant. Procurement Services will also work with the City Attorney's office to create and maintain a Federal Grant specific appendix that will include references to the appropriate federal provisions/citations that will be included with any purchase order or contract.*

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To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.

FINDING 2012-9 – Sub-recipient Monitoring – Significant Deficiency in Control and Instance of Noncompliance

Recommendation: The PPB should be reviewing sub-recipient audit reports and requesting them timely. We recommend that PPB review their current policies to ensure appropriate monitoring activities are outlined in the policy. Additionally, we recommend that the City enforce compliance with these policies and procedures and ensure that all sub-recipients are adequately monitored.

Management Response (unaudited): *The Grants Office is working with all city bureaus to adopt an improved standard operating procedure for grant sub-recipient monitoring. The objectives are to increase City-wide consistency of sub-recipient review and to improve the City's awareness of the results of such reviews and any corrective actions taken by sub-recipients. Bureaus will be required to submit a sub-recipient monitoring report to the Grants Office on a quarterly basis. The report will include a list of all sub-recipients, their monitoring schedule, and a tracking worksheet for audit collection and management responses for any audit issues. The quarterly reporting will give the Grants Office an opportunity to review and address monitoring issues as they arise.*

The City appreciates the comments and recommendations of our independent financial auditor, and will use this information to improve processes going forward. If you have any questions, comments, or concerns about these responses, please do not hesitate to let me know.



Sam
Adams
Mayor

Tom
Miller
Director

December 18, 2012

To: James Lanzarotta, Moss-Adams LLP
LaVonne Griffin-Valade, City Auditor

From: Tom Miller, Director of the Portland Bureau of Transportation (PBOT)

As part of the City's FY 2011-12 audit and required Auditor Communications performed and reported by Moss-Adams, I am responding to your Schedule of Findings and Questioned Costs (SFQC) relating to PBOT Street Car Parts Inventory and your recommendation.

The City should consider providing education to staff involved in its street car operations on the proper accounting for parts inventory. In addition, controls should be developed for reporting of parts from the point of purchase to the eventual consumption or use in operations. The City has existing inventory software that it could use that integrates with the general ledger, or could purchase or develop other software that could be used to assist with the accounting of the cost of parts inventory.

Management Response: PBOT will provide education to Streetcar Operations staff on the proper accounting for parts inventory. Controls will be developed for parts reporting from the point of purchase to their eventual consumption or use in operations. PBOT Finance staff will provide education, oversee inventory purchases, parts usage, and create monthly journal entries to record the necessary transactions in SAP. PBOT Finance will work with the City's Accounting Division staff to ensure that PBOT's oversight and procedures are appropriate and adequate. PBOT will research current best practices in governmental inventory controls on a continuing basis going forward.

CityFleet is using Fleet Focus software to track its inventory. PBOT has purchased a related product, Rail Focus, from the same company. Rail Focus has features tailored for rail operations and inventory. PBOT Finance will be involved with the implementation of this software and its use in accounting for acquisition, usage, and disposition costs of the Streetcar parts inventory.

I believe this response addresses your recommendation.

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To ensure equal access, the Portland Bureau of Transportation will make accommodations in full compliance with Title VI of the Civil Rights Act of 1964, the ADA Title II, and related statutes and regulations in all programs and activities. For accommodations and additional information, and complaints, contact the Title II and Title VI Coordinator at Room 1204, 1120 SW 5th Ave, Portland, OR 97204, or by telephone 503-823-5185, City TTY 503-823-6868, or use Oregon Relay Service: 711.

- C. Rich Goward, Jr, Chief Financial Officer
Jane Kingston, Controller
Alissa Mahar, PBOT Finance and Business Operations Manager
Fiona Earle, Principal Management Auditor, Audit Services
Ken Kinoshita, Principal Financial Analyst