



Portland City Auditor

Audit Services Division

Auditor Mary Hull Caballero

Interim Director Kari Guy

DATE: December 1, 2017

TO: City Council

FROM: Mary Hull Caballero, City Auditor *MHC*

SUBJECT: Results of Financial Audit of the City Comprehensive Annual Financial Report for FY 2016-17 and related communications (Report)

I am pleased to submit the results of the annual audit of the City's financial statements for FY2016-17. Moss Adams, the CPA firm that conducted the audit, concluded the statements are an accurate reflection of the City's financial condition. The City and Prosper Portland also complied with the terms of federal awards.

Portland is required by state and federal law to have an annual audit of its financial statements. The federal Single Audit Act requires a review of compliance with the terms of the federal awards. Management prepares the financial statements and an outside CPA firm audits them. By Charter, the City Auditor oversees the selection of the outside accountants and manages the contract.

Moss Adams completed its financial audit of the City's FY2016-17 Comprehensive Annual Financial Report on November 1, 2017, two months ahead of the State's deadline. Credit for this accomplishment in part belongs to Chief Financial Officer Ken Rust, who set the goal for quicker completion of the financial statements, and the Accounting Division and accountants in City bureaus and component units who worked to meet it.

The FY 2016-17 audit found no material weaknesses or significant deficiencies in the internal controls over financial reporting or over major federal programs. The independent auditors noted no noncompliance with federal requirements that could have a direct and material effect on the major federal grant programs.

While the overall opinion is positive, a financial audit opinion does not speak to the wisdom of the City's past financial decisions. The Moss Adams' related communication calls to your attention that the cost of providing the City's general governmental services continues to exceed the revenues recognizable for financial reporting purposes. This excess of costs over revenues for the City's governmental activities is not a material weakness in financial reporting controls, but should continue to be monitored.



City of Portland

1221 SW 4th Avenue, Room 310 | Portland, OR 97204 | (503) 823-4005

www.portlandoregon.gov/auditservices

Moss Adams Partner James Lanzarotta will present the audit findings at your Dec. 13, 2017 Council meeting. The audited financial statements are attached as **Exhibit A**. Moss Adams' required communication with you is attached as **Exhibit B**.

MHC:KG:fche

EXHIBIT A

The City of Portland, Oregon Comprehensive Annual Financial Report (CAFR), Fiscal Year ended June 30, 2017

An electronic copy of the audited CAFR for FY 2016-17, is available online at:
<https://www.portlandoregon.gov/omf/article/661640>

Paper copies of the FY 2016-17 CAFR have already been provided to Council members by the Bureau of Revenue and Financial Services.

FY 2016-17

CAFR

Page numbers (on paper)

13-15	Auditor's opinion
353 – 354	Auditor's report on compliance and on internal control over financial reporting under the Oregon Minimum Audit Standards
355 – 356	Auditor's report on internal control over financial reporting and on compliance and other matters under Government Auditing Standards

An electronic copy of the federal compliance audit, also known as the Single Audit, for FY 2016-17, is available online at:
<https://www.portlandoregon.gov/omf/article/665063>

FY 2016-17

Single Audit

Page numbers

1 – 2	Auditor's report on internal control over financial reporting and on compliance and other matters under Government Auditing Standards
3 – 5	Auditor's report on compliance for each major federal program; report on internal control over compliance; and report on the Schedule of Expenditures of Federal Awards required by the Uniform Guidance

An aerial photograph of a modern urban development. On the left, a tall, multi-story building with a glass facade and balconies stands prominently. Below it, a lower building features a rooftop garden with various plants and a paved area. To the right, a large, open green space with a paved walkway and several trees is visible. In the foreground, a parking lot with several cars and a small structure with a canopy are seen. The entire scene is framed by a large, curved graphic element in shades of blue and green.

CITY OF
PORTLAND,
OREGON

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

FISCAL YEAR ENDED
JUNE 30, 2017



It's Easy Being Green in Portland!

As Portland continues to grow, so does the need for creative and practical solutions to enhance Portland's livability, preserve distinctive places and plan for a resilient future. Blazing the trail for sustainability back in 1971, Oregon was the first state to legislate refundable deposits on bottles and cans, launching a worldwide recycling revolution. Today, Portland has one of the highest recycle rates in the U.S. From compost bins at restaurants to recycling receptacles on street corners, the City, its businesses and its residents make it easy to be green.

Portland is also a bicycle friendly community, with more than 350 miles of lanes, paths and trails dedicated to pedal-powered transportation. In July 2016, BIKETOWN, a public bike rental program, was launched by the Portland Bureau of Transportation. Over the past year, 75,521 BIKETOWN riders have biked 602,266 miles. Bike racks are available on the City's public transportation, which covers Portland from the airport to the suburbs. These light rail, streetcar and bus services are an environmentally friendly and cost-effective way to get anywhere in town.

The City's parks cover 11,712 acres including developed parks and natural areas, and a dozen farmers' markets and 52 community gardens yield local ingredients while reducing dependencies on fuel-burning imports. What can't be grown within City limits comes from farmlands located just outside the metro area's Urban Growth Boundary.

Respect for the environment impacts the way we work, every day. It's easy being green in Portland!

Cover photo

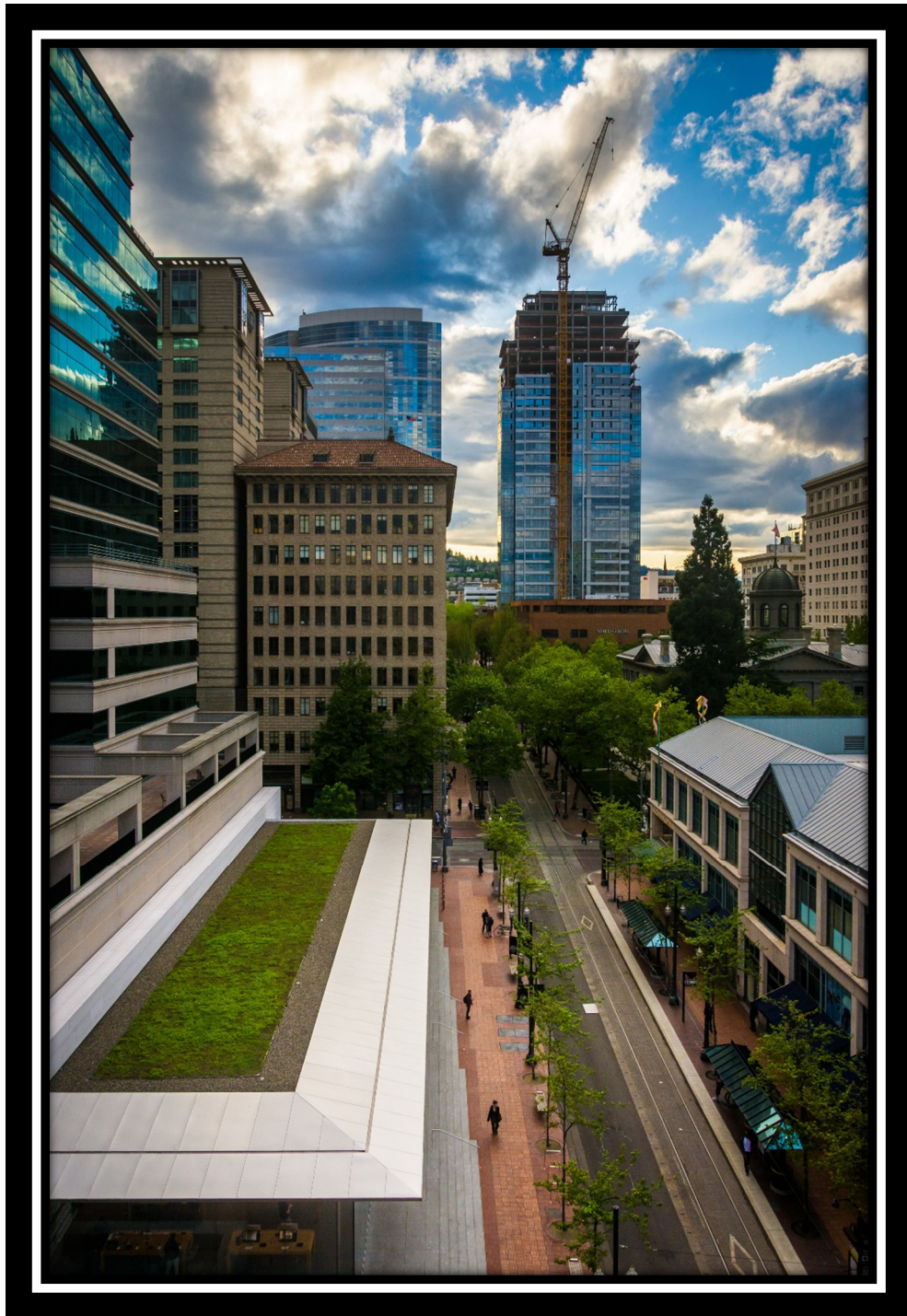
South waterfront ecoroofs and Elizabeth Caruthers Park, photo courtesy of the Bureau of Environmental Services.

CITY OF PORTLAND, OREGON

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2017



Office of Management and Finance
Tom Rinehart, Chief Administrative Officer



Eco roof and green streetscape in downtown Portland

**City of Portland, Oregon
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017
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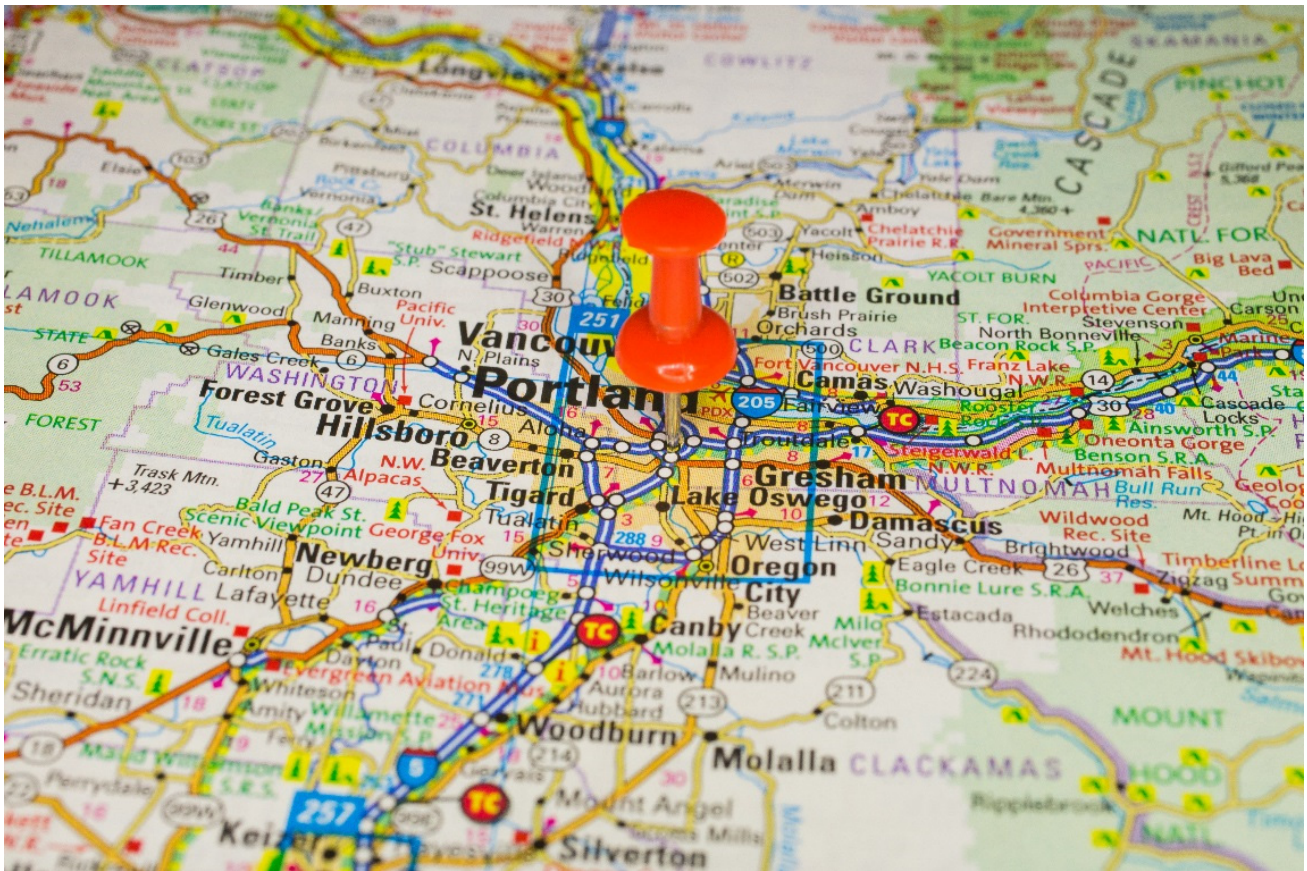
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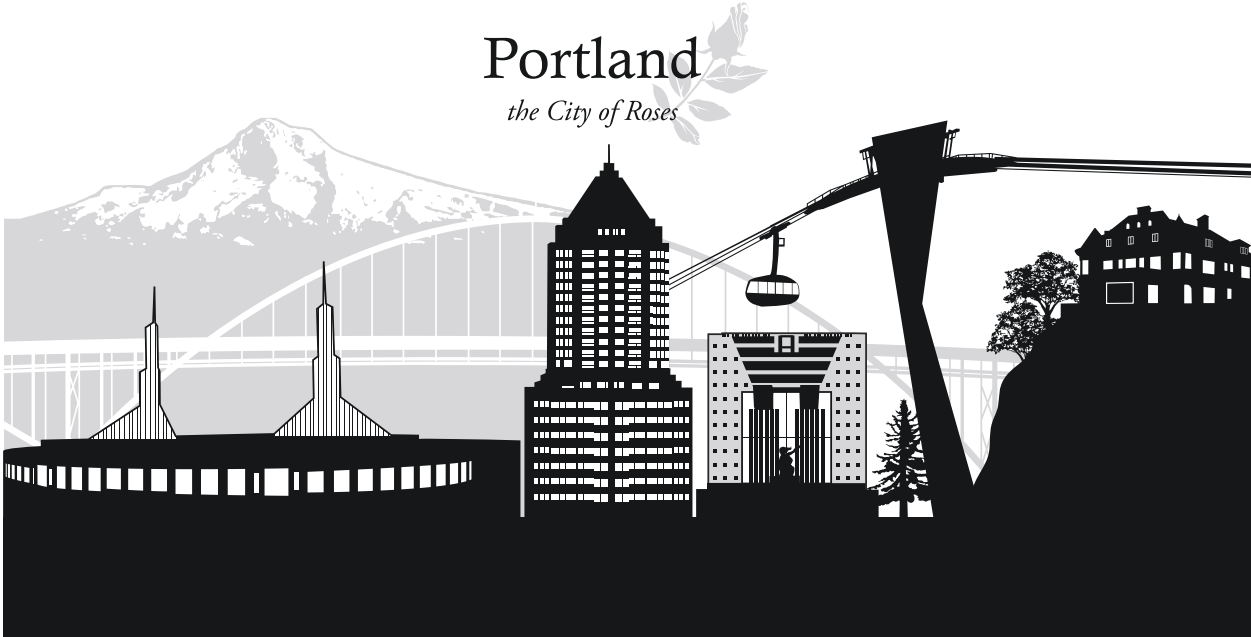
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INTRODUCTORY SECTION

Portland

the City of Roses



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CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE
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Tom Rinehart, Chief Administrative Officer

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November 1, 2017

Mayor Ted Wheeler, City Commissioners,
City Auditor, and Citizens of the
City of Portland, Oregon

The Bureau of Revenue and Financial Services is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Portland, Oregon (the City) for the fiscal year (FY) ended June 30, 2017.

This CAFR 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 (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. These are followed by the basic financial statements, required supplementary information, and combining and individual fund statements and schedules.

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.

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 comprises an area of approximately 145 square miles in northwestern Oregon, with a population estimate of 639,863 as of July 1, 2016, making Portland the 26th largest city in the United States. 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 metropolitan area of more than 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 climate of the area is marked by warm, dry summers and mild-to-chilly, rainy winters. This climate is ideal for growing roses and for more than a century, Portland has been known as the “City of Roses”.

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 form of government was created, which is rare for cities as large as Portland. The City 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 elected City Auditor is 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 Auditor is accountable directly to the voters of Portland and is responsible for the management of the annual financial audit of the City, as required by City Charter.

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. 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:**
Building reviews, 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, sewer, and stormwater
- **Other operations:**
Refuse disposal oversight and environmental remediation

Portland is notable for its land-use planning and investment in public transportation. The City is frequently recognized as one of the most environmentally conscious or “green” cities in the United States because of its high walkability, large community of bicyclists, expansive network of public transportation options, 11,000+ acres of public parks, and commitment to sustainability.

REPORTING ENTITY

This CAFR encompasses all City funds and the activity of entities which are required to be included because the City is financially accountable for them, including the Fire and Police Disability and Retirement (FPDR) Fund and Prosper Portland (formerly known as the Portland Development Commission). Under the City Charter, the FPDR and Prosper Portland are required to have separate financial audits conducted by external certified public accountants. Additional information is provided in the Notes to the Financial Statements, beginning on page 59 of this CAFR. The various funds of these entities are also included in this CAFR, 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

As we begin year nine of the current economic expansion, the local economy is reaching exceptional heights. Employment growth has slowed over the last year from over 3% to around 2% growth. This is typical at this point in the business cycle, as the tight labor market makes it difficult to find workers and higher wages begin to bring people back into the labor force. Meanwhile, the unemployment rate in Multnomah County has fallen to 3.2%, the lowest level on record. The housing market continued to prosper, with prices rising by more than 10 percent over the prior year in the local area for the third year in a row.

Based on data released July 15, 2017, Portland-area inflation rose at an annualized rate of 4.8 percent for the first six months of 2017, which was the fastest growth in 25 years. Higher housing, energy, and transportation costs helped to push inflation higher, while education and apparel costs fell slightly. The 2017 calendar year CPI-W, which determines the cost of living increases for nearly all City employees, is expected to be higher than in recent years, somewhere in the three to four percent range.

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 reached record levels by growing eight percent to nearly \$117 million for FY2016-17. Meanwhile, General Fund transient lodging taxes flattened out after several years of robust growth to just under \$33 million. Overall, General Fund revenue from external sources grew by 5.7 percent in FY2016-17 over FY2015-16 figures.

B. Outlook

The local economy is experiencing robust and sustained growth. The latest data show income gains are finally materializing, as the tight labor market and legislative increases in the minimum wage take effect. The local unemployment rate remains near record lows, while also below state and national figures. Several new hotels near downtown have opened in the past year, with more still under construction. Meanwhile passenger traffic through the Portland International Airport reached a record high in 2016, and have continued to grow thus far in 2017.

Though slightly slower than in recent years, above average local economic growth is expected for at least the next 12 to 18 months. The uncertainty surrounding a myriad of economic and social policies may already be impacting investment. National surveys of businesses and consumers show boosts in confidence, but that has not manifest itself in increased spending and investment. Budget cuts at the state level will also act as a drag on growth in the next several years. The biggest risks are generally outside of the local economy. Internal factors, such as increasing costs from new labor contracts, and external factors such as the performance of the global economy and overall geopolitical uncertainty could actively harm the general economic conditions that underlie the City's forecast assumptions.

FINANCIAL POLICIES AND PLANNING

A. Financial policies

The City has adopted and adheres to a set of Comprehensive Financial Management Policies. The City's goals and objectives provide the foundation for these financial management policies, which serve as the blueprint to achieve and maintain fiscal stability. These policies govern the allocation and management of resources and guide City Council and City management decisions that have significant fiscal impact. The policies also enable management to ensure that the City is financially able to meet its immediate and long-term service objectives. Topics covered in the City's financial policies include revenue, financial planning, financial reporting, City investment, and debt management, among others. The policies are periodically reviewed and amended to ensure they reflect best practices and comply with external requirements such as Generally Accepted Accounting Principles (GAAP) and Local Budget Law.

B. 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 General Fund revenues. City financial policies discourage the use of one-time revenue to fund ongoing obligations. The City continues to maintain General Fund reserves at least equal to 10 percent of General Fund discretionary and overhead revenues in order to guard against a significant economic downturn, disaster, or major unanticipated expense. In FY 2016-17, the City Council invested a total of \$518.7 million one-time and ongoing discretionary General Fund resources on bureau programs and maintaining existing infrastructure.

C. Financial management and oversight

As previously discussed, the City's financial policies provide a framework for developing stable and sustainable financial plans. These plans, which form the basis of budget requests and plans approved by the City Council, help to ensure consistent and predictable financial results over time. Bureau managers, under direction of the City Budget Office, produce budgets and financial plans that focus predominantly on short-range financial performance. The City Council in 2014 created a Chief Financial Officer (CFO) position with specific responsibility for measuring and monitoring the City's long-term fiscal health, and reporting on a regular basis to City Council on these matters. This combination of strong financial policies, disciplined short-term budget management, and long-term fiscal monitoring provide the necessary financial management and oversight that are key attributes of the City's strong credit ratings.

D. Future funding challenges

Although the current financial condition of the City is strong, there is a continuing set of near-term and longer-term financial obligations that will need to be monitored and managed. The City's two employee pension systems, FPDR and PERS, are experiencing increasing cost trends that create a growing financial obligation for the City. This is particularly true for the state PERS system, which has seen recent cost-saving legislative reforms overturned by the Oregon Supreme Court. Oregon PERS also requires consistent and high levels of investment returns in order to maintain a high funding status. Recent investment performance results and trends have been below levels necessary to maintain or improve the system's funding status, and serve to underscore this concern.

Increasing and sustaining the City's investment in infrastructure is also critical to addressing long-term indicators of fiscal health, where underinvestment in infrastructure, particularly in the transportation area, is a key contributor to declines in the City's net position. Recent voter approval of a local City of Portland gas tax will help this effort but is insufficient by itself to fully address City transportation funding needs. The City is facing significant infrastructure investments needed to

maintain both existing facilities and provide capacity for future growth. Added to this backdrop of “normal” infrastructure needs is the funding of the City’s share of certain “legacy” liabilities associated with the Portland Harbor and the Columbia River Levee system, along with a growing and continuing need to invest more resources in the development of affordable housing and other programs that address housing affordability and homelessness issues. Voter approval of a \$258 million general obligation affordable housing bond measure in November 2016 (the largest bond measure in the City’s history), along with City Council action to contribute transient lodging tax revenues collected from short-term rental activities (i.e., Airbnb, VRBO, etc.) to affordable housing underscore the City’s commitment to meaningfully address this issue.

This mix of pension funding requirements, normal and predictable infrastructure needs, legacy liabilities, and catch-up investments in areas that the City has under invested in the recent past (i.e., street maintenance and transportation, facilities and housing) represent the City’s core funding challenges at this time.

OTHER FINANCIAL INFORMATION

A. 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 end 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.

The City Council sets the level of appropriations under Oregon Budget Law at the fund, organizational unit (bureau), and major category of expenditure (i.e. bureau expenditure, debt, cash transfer, and contingency). Transfers between major object categories (i.e. personnel services, materials and services, capital, etc.) are allowed with approval of the Commissioner-in-Charge. The City Council conducts at least three budget monitoring and amendment actions during the fiscal year to address changing financial needs and conditions.

B. Major initiatives and highlights

The FY 2016-17 financial condition for the City remained healthy as the local economy continued to expand. The City found itself with approximately \$9 million in surplus ongoing, and \$16 million in one-time, General Fund resources to allocate to new and existing programs. The increase in resources, as well as reprioritized resources, were focused on the following priorities:

- *Housing and Homelessness*: Council allocated a total of \$7.7 million additional funding to support the Joint Office of Homeless Services, a coordinated effort housed at Multnomah County and jointly

funded by the County and the City. Of this amount, \$1.1 million is increased ongoing support; the remainder is one-time. This was partially funded through reallocations from the base budget.

- *Public Safety:* Council allocated more than \$8.7 million for public safety priorities including \$879,000 to address a staffing shortage in the Bureau of Emergency Communications, \$1.4 million to restore 13 ongoing firefighter positions reduced several years ago and backfilled with grants and other one-time resources, and \$6.4 million to fund increased recruitment staffing, a body camera program, and other initiatives in the Portland Police Bureau.
- *Recreation Arbitration:* \$4.4 million was added to the Portland Parks & Recreation budget to fund the arbitration settlement with recreation staff that addressed the status of part-time seasonal staff, moving many of them to regular, benefited positions.
- *Infrastructure Maintenance and Replacement:* As part of the capital set-aside allocation process, Council included \$750,000 for the Mount Tabor Reservoir Preservation project, \$2.6 million for Mount Scott Community Center roof repair, \$1 million for Washington Park re-piping, and \$3.3 million of paving preservation and other projects in the Portland Bureau of Transportation. In addition, Council added \$495,000 ongoing resources to the General Fund capital set aside, to begin in the 2017-18 fiscal year.

C. Tax abatement programs

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 77 “Tax Abatement Disclosures” this fiscal year. This new statement requires that governments like the City provide disclosure about tax abatement programs and the amount of foregone tax dollars as of the fiscal year end. See Note IV. F. “Tax Abatements” on page 154. The GASB requirement is intended to make the financial impact of these abatement agreements transparent to the reader of the financial statements. However, a discussion of the expected long-term benefits of these tax abatement programs is not allowed in the note disclosure. To help provide a more complete picture of these programs, the following provides a summary of the benefits derived from the City’s two abatement program types: Low Income Housing, and the Enterprise Zone (E-Zone).

Low Income Housing – The rising number of people who cannot find a safe, healthy, affordable place to live has become a critical issue for our community. The Low Income Housing limited tax abatement programs supports affordable housing and leverages private multi-family and single family housing development to advance the City’s housing and economic prosperity goals. Property tax abatements provide a financial incentive for the construction and/or provision of affordable housing units by reducing the property taxes owed. In FY 2015-2016, there were 13,896 housing units receiving property tax abatements under this program. More information regarding the Housing Bureau’s tax exemption programs can be found on their website: <http://www.portlandoregon.gov/phb/LTE>.

Enterprise Zone (E-Zone) – Since 1996, the City’s E-Zone programs have leveraged over \$1 billion in private investments and have created and retained over five thousand full-time, quality jobs. Companies have invested anywhere from \$500,000 to \$150 million in facilities, equipment, and machinery as part of their E-Zone qualified investments. In addition to the private investment and job creation requirements, the public benefits derived from the E-Zone program include: 1) increased business opportunities for companies within the E-Zone through the program’s local procurement requirement; 2) enhanced tax base in the E-Zone to the benefit of all taxing jurisdictions; and 3) payment of 15% of the value of the tax abatement into the Business Development and Workforce Training Fund to support local job training and financial assistance to small businesses in the area. The E-Zone program is administered by Prosper Portland (formerly known as the Portland Development Commission), a component unit of the City, and additional information can be found on their website: www.prosperportland.us.

OTHER INFORMATION

A. Independent audit

The City Charter requires the elected City Auditor to conduct financial audits of the City in accordance with generally accepted governmental auditing standards, and to appoint, coordinate and monitor the annual audit of the City's financial statements by an independent licensed public accountant. The City's financial records, as represented in the CAFR, have been audited by the independent Certified Public Accountants, Moss Adams LLP, who were competitively selected by the Office of the City Auditor to be the City's financial auditors. The Independent Auditor's Report on the City's financial statements is included in the financial section of this CAFR.

This contract for the annual financial audit included the compliance audit of the City's federal awards under Title 2 U. S. Code of Federal Regulations (CFR) Part 200. Due to the size and complexity of the City's financial systems, the Report of Independent Auditors and Schedule of Expenditures of Federal Awards, is issued separately from this CAFR. Copies of the report are available upon request from the Office of Management and Finance, or on the City's internet site: <https://www.portlandoregon.gov/brfs/26053>.

B. Certificate of Achievement

The Government Finance Officers Association (GFOA) has awarded the City with a Certificate of Achievement for Excellence in Financial Reporting for its CAFR consecutively for the last thirty-six 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.

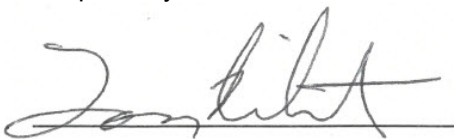
A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA for their consideration of another certificate award.

C. Acknowledgments

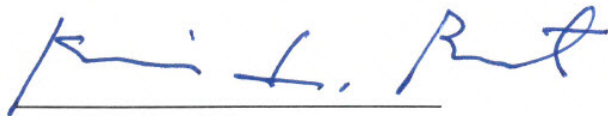
We would like to express our sincere gratitude to all City personnel who contributed to this CAFR, especially those in the Accounting Division. Three years ago, the City established a goal of publishing its CAFR within 120 days of fiscal year-end. This year's CAFR transmittal date of November 1 marks the earliest the City has produced this document, and establishes the City as a national leader in providing timely financial information to citizens and interested users of its CAFR. The Accounting Division is commended for diligently executing process improvements over the last three years to achieve this goal.

We would also like to extend our appreciation to the bureaus, City Council, City Auditor, and the many City managers whose leadership and commitment to financial excellence are vital to the health and vitality of the City of Portland.

Respectfully submitted,



Tom Rinehart
Chief Administrative Officer
Office of Management & Finance



Kenneth L. Rust
Chief Financial Officer
Bureau of Revenue & Financial Services

ELECTED OFFICIALS OF THE CITY OF PORTLAND



**Ted Wheeler
Mayor**



Commissioner Chloe Eudaly



Commissioner Nick Fish



Commissioner Amanda Fritz



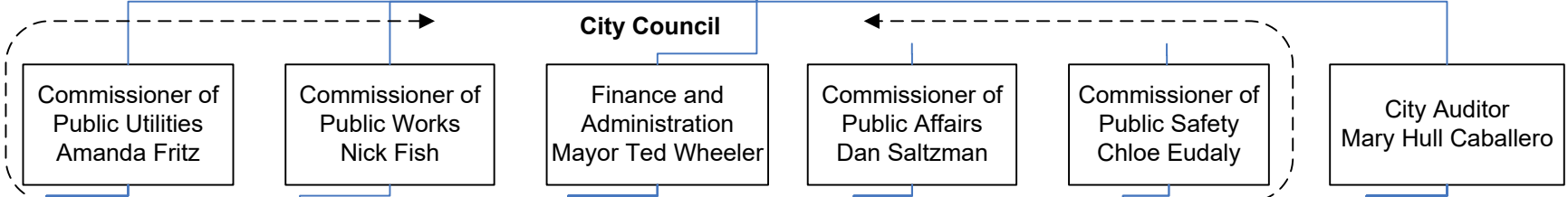
Commissioner Dan Saltzman



**Mary Hull Caballero
City Auditor**

Residents of the
City of Portland

City Council



Portland Parks
and Recreation

Bureau of
Environmental
Services

Water Bureau

Portland Police
Bureau

Portland
Housing
Bureau

Prosper Portland

Bureau of Planning
& Sustainability

Bureau of
Emergency
Management

Office of Equity
& Human
Rights

Office of
Management &
Finance

Office of
Government
Relations

City Attorney

City Budget
Office

Bureau of
Emergency
Communications

Bureau of
Transportation

Portland Fire &
Rescue

Fire & Police
Disability &
Retirement

Office of
Neighborhood
Involvement

Bureau of
Development
Services

City Elections

Audit Services

City Recorder

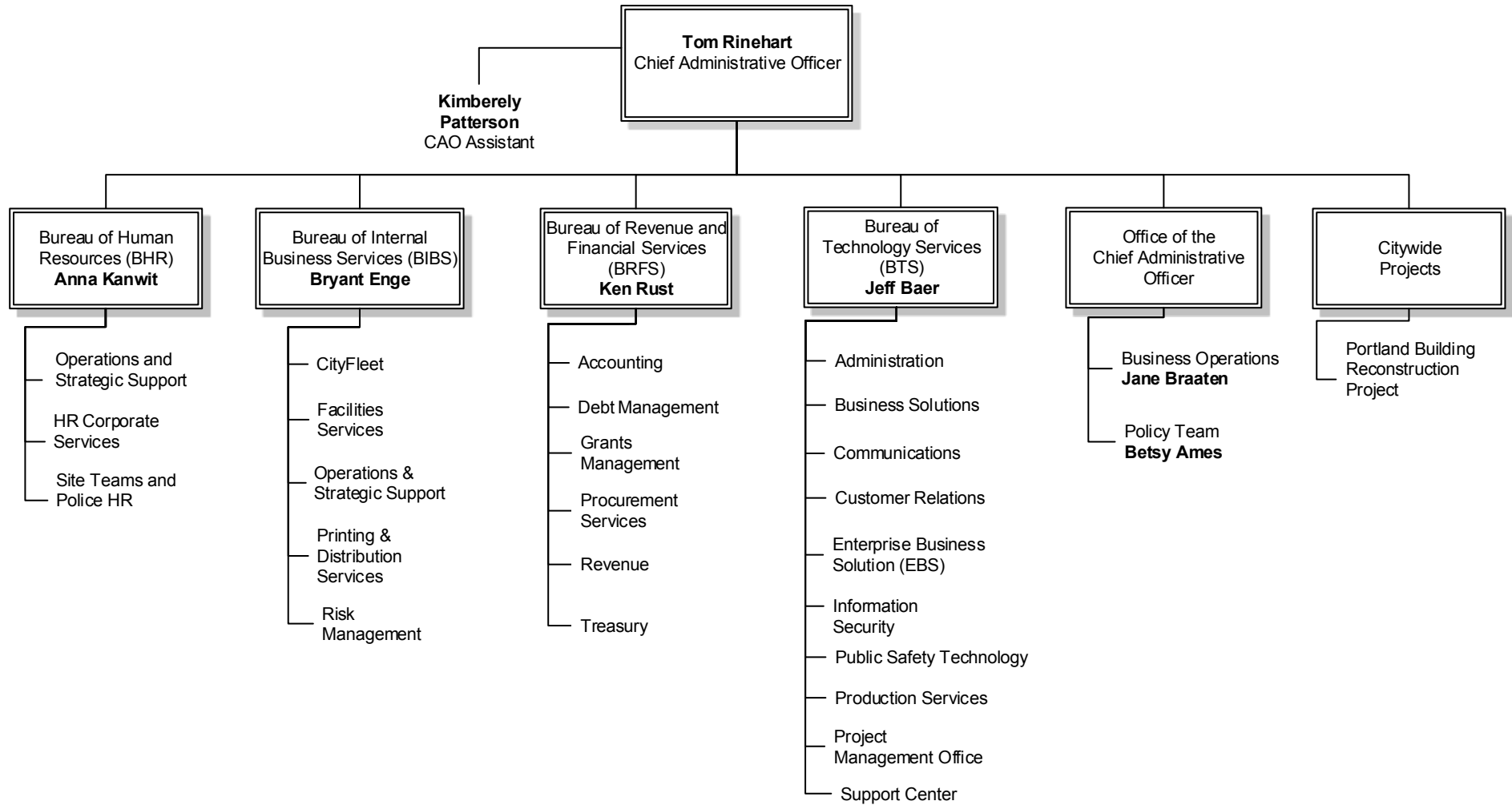
Hearings Office

Independent Police Review

Assessments, Finance,
& Foreclosure

Ombudsman

Office of Management and Finance



10

Names noted are OMF Leadership Team members.

Accounting Division

Controller
Michelle Kirby

Sr. Accounting Supervisor
(Financial Reporting)
Ron Vaught

Accounting Manager
(Financial Systems & Training)
Jack Liang

Sr. Accounting Supervisor
(Operations)
Sharon Nickleberry Rogers

Accountant IV
Deliah Kwasitsu

Accountant IV
Ashley Tuttle

Systems Accountant
Bill Wagner

Acct. Payable
Asst. Systems Accountant
(Lead)
Melissa Turner

Acct. Receivable
Accountant III
(Lead)
Dan Steinkamp

Accountant III
Kevin Sanders

Accountant III
Aaron Ratto

Accountant III
Chris Gustafson

Accountant III
Chris Cope

Accountant II
Vacant

Accountant III
Lisa Aaron

Accountant III
Stephen Baron

Accountant III
Cynthia Nagata

Accountant III
Dharma Dueck

Accounting Tech.
Paul Hill

Accountant III
Vacant



Government Finance Officers Association

**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

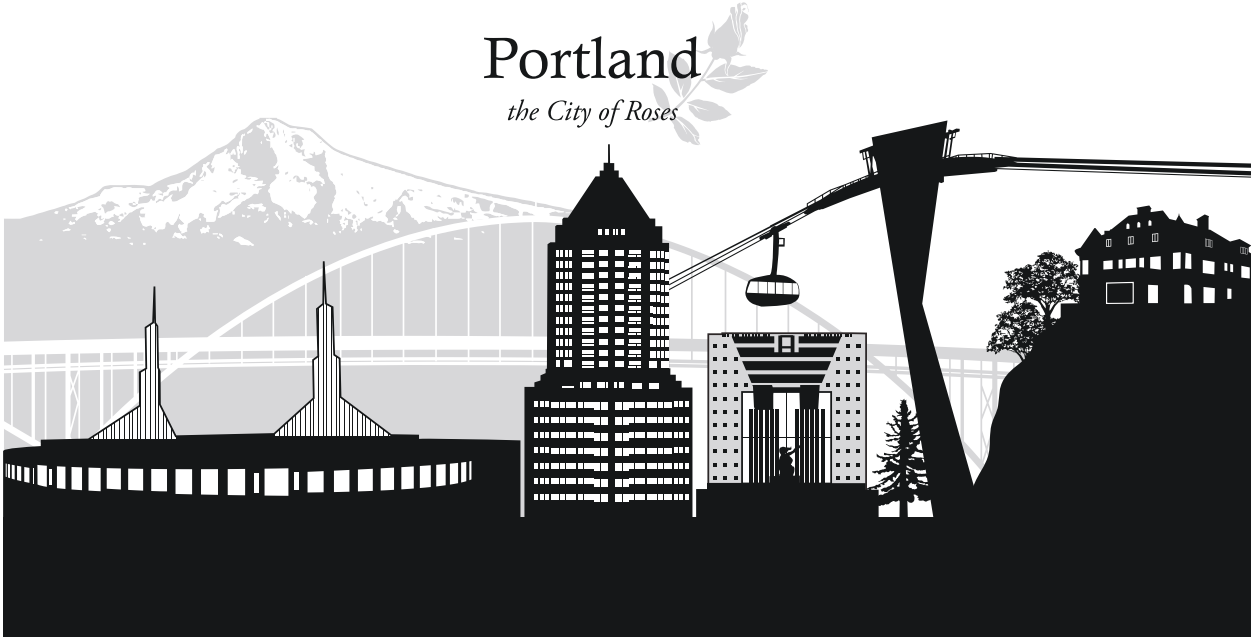
June 30, 2016

Executive Director/CEO

FINANCIAL SECTION

Portland

the City of Roses



FINANCIAL SECTION

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Report of Independent Auditors

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

Report on the Financial Statements

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Portland, Oregon, as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison schedules, other employee postemployment benefits information, and employee retirement pension benefits information (collectively, the required supplementary information) on pages 17 through 40 and 157 through 166, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis, employee postemployment benefits information, and employee retirement pension benefits information on pages 17 through 40, and pages 162 through 166 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 opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary schedules described above on pages 157 through 162 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, and other financial schedules on pages 167 to 326 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, and other financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated November 1, 2017 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



For Moss Adams LLP
Eugene, Oregon
November 1, 2017



Japanese Garden bridge

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, 2017. 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

Following are the City's financial highlights for fiscal year ending June 30, 2017:

- Assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of FY 2016-17 by \$945,176,975 (*net position*). Included in this amount is an unrestricted *net position* deficit totaling \$3,827,197,147, as shown on Table 1-C on page 22. This negative balance is attributable to 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 20.
- The City's total *net position* increased by \$25,561,795 from FY 2015-16 as shown on Table 2-C on page 25, consisting of a decrease of \$152,347,317 in the net position of the governmental activities, which is offset by an increase in net position of the business-type activities of \$177,909,112. The analysis of these changes in net position related to governmental activities and business-type activities is further discussed beginning on page 26 of this MD&A.
- The City's governmental funds reported combined ending fund balances of \$710,168,060, an increase of \$94,526,551, in comparison to FY 2015-16, as shown in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds on page 48. Of the combined ending governmental fund balances, \$128,665,944 or 18.1%, 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 \$39,584,406 or six percent of total General Fund expenditures.
- The City's total outstanding bonded debt decreased by \$40,743,642 or 1.2% over FY 2015-16, as shown on Table 5 on page 37. The primary reason for this decrease is due to the reduction of revenue bonds outstanding in the amount of \$78,313,000. Additional reductions occurred in limited tax improvement bonds, and urban renewal bonds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in *net position* are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported 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, legislative/administrative/support 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, and spectator facilities.

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

The government-wide financial statements can be found on pages 42 - 44 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 financial 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 50 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 and the Transportation Operating Fund which are considered to be *major funds*. Data from the other 48 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 and the Transportation Operating Fund are presented in their respective columns, and the remaining funds are combined into a column titled "Other 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

The basic governmental fund financial statements can be found on pages 46 - 49 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, nine are *enterprise funds*.

Internal service funds are used to accumulate and allocate costs internally among the City's various bureaus. The City uses internal service funds to account for health insurance, facilities, fleet, printing and distribution, self-insurance for general liability, worker's compensation, technology services, and enterprise business solutions. 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, nine 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 50 - 55 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 56 - 57 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 59 - 156 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 beginning on pages 157 of this report.

The combining statements referred to earlier in connection with *nonmajor* governmental funds and proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 167 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, *net position* may serve as a useful indicator of a government's financial position. The net position of the Governmental Activities is reflected in Table 1-A on page 21, and the net position of the Business-type Activities is reflected in Table 1-B which also can be found on page 21. For the City as a whole, assets exceeded liabilities by \$945,176,975 at the close of FY 2016-17, which is presented in Table 1-C on page 22.

A. Analysis of net position

At the end of FY 2016-17, the City is able to report positive balances in two categories of *net position* for the government as a whole: (1) net investment in capital assets, and (2) restricted *net position*. Unrestricted *net position*, the third category of *net position*, had a negative balance in governmental activities. Business-type activities have a positive balance for all three categories of *net position*.

The largest portion of the City's *net position* reflects an investment of \$4,210,180,736 or 445.4% in capital assets (e.g., land, buildings, equipment, and intangible assets), net of any related outstanding debt used to acquire those assets, as shown on Table 1-C on page 22. The high percentage of investment in capital assets, in relation to total *net position*, is largely a result of the offsetting deficit *unrestricted net position* (discussed in detail 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 32.

The second component of the City's *net position*, is restricted net position which totals \$562,193,386 or approximately 59.5% of total net position. This amount represents resources that are subject to external restrictions on how they may be used. By definition, the City cannot remove these restrictions as they are imposed by parties outside the City.

The remaining balance is an *unrestricted net position* deficit totaling \$3,827,197,147. This deficit is primarily due to the net pension obligation for the Fire and Police Disability, Retirement and Death Benefit (FPDR) Plan, which is recorded entirely in governmental activities. The FPDR Plan was established in 1942 to provide disability, retirement and death benefits for sworn members of the City's Police and fire bureaus, and their survivors. The FPDR Plan consists of three tiers, two of which are now closed to new employees following reforms approved by voters in 2006. Pursuant to the City Charter, pension benefits for tier one and tier two FPDR Plan members are funded on a pay-as-you-go basis. Pension benefits for third tier FPD&R Plan members are funded when earned. Disability and death benefits for all FPDR Plan members are funded on a pay-as-you-go-basis. The 2006 reforms were intended to slowly convert FPDR Plan tier one and tier two pension benefits from a pay-as-you-go model to a more traditional funded-when-earned model.

Annual FPDR Plan benefits and expenses are paid with revenues derived from a voter-approved and dedicated property tax levy, which can be levied each year up to an amount no greater than \$2.80 per \$1,000 of taxable real market value. The current levy is \$1.10 per \$1,000 of taxable real market value. This dedicated property tax levy has been sufficient in all years to meet required annual benefit payments, and its adequacy to make future payments is tested regularly. The most recent levy adequacy analysis, completed as of June 30, 2016 by the FPDR Plan's independent actuary, again confirmed the ability of the tax levy to fully cover future benefits and plan expenses when due under a wide range of most likely scenarios.

Because of the FPDR Plan's historic pay-as-you-go funding basis, the net pension obligation of \$3.4 billion does not reflect the value of future revenues from the dedicated property tax levy. Although this presentation conforms to generally accepted accounting principles, the FPDR Plan operates as if its liabilities were fully funded which is the practical financial result as long as the dedicated property tax levy is able to fully fund all benefits and expenses when due. The unique funding of the FPDR Plan is one that the City has shared with citizens, investors and external stakeholders for many years, including the credit rating agencies. The rating agencies regularly review the City's financial policies, practices and performance, including the manner in which the FPDR Plan is funded, and have assigned the City an Aaa rating for over 40 consecutive years.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

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

Governmental Activities

	FY 2016-17	FY 2015-16	Change
ASSETS			
Current and other assets	\$ 1,045,861,932	\$ 922,789,150	\$ 123,072,782
Capital assets	2,040,545,724	2,014,733,816	25,811,908
Total assets	<u>3,086,407,656</u>	<u>2,937,522,966</u>	<u>148,884,690</u>
Deferred outflows of resources	<u>668,106,857</u>	<u>527,237,974</u>	<u>140,868,883</u>
LIABILITIES			
Long-term liabilities outstanding	4,928,336,814	4,643,281,276	285,055,538
Other liabilities	223,683,959	209,268,233	14,415,726
Total liabilities	<u>5,152,020,773</u>	<u>4,852,549,509</u>	<u>299,471,264</u>
Deferred inflows of resources	<u>197,618,408</u>	<u>56,368,153</u>	<u>141,250,255</u>
NET POSITION			
Net investment in capital assets	1,881,668,361	1,896,441,844	(14,773,483)
Restricted	549,657,817	446,654,188	103,003,629
Unrestricted surplus (deficit)	<u>(4,026,450,846)</u>	<u>(3,787,252,754)</u>	<u>(239,198,092)</u>
Total net position	<u>\$ (1,595,124,668)</u>	<u>\$ (1,444,156,722)</u>	<u>\$ (150,967,946)</u>

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

Business-type Activities

	FY 2016-17	FY 2015-16	Change
ASSETS			
Current and other assets	\$ 603,187,713	\$ 550,145,940	\$ 53,041,773
Capital assets	4,534,944,184	4,448,648,118	86,296,066
Total assets	<u>5,138,131,897</u>	<u>4,998,794,058</u>	<u>139,337,839</u>
Deferred outflows of resources	<u>72,778,576</u>	<u>12,862,052</u>	<u>59,916,524</u>
LIABILITIES			
Long-term liabilities outstanding	2,426,922,183	2,407,202,397	19,719,786
Other liabilities	230,809,979	213,921,513	16,888,466
Total liabilities	<u>2,657,732,162</u>	<u>2,621,123,910</u>	<u>36,608,252</u>
Deferred inflows of resources	<u>12,876,668</u>	<u>26,760,298</u>	<u>(13,883,630)</u>
NET POSITION			
Net investment in capital assets	2,328,512,375	2,162,963,007	165,549,368
Restricted	12,535,569	12,490,281	45,288
Unrestricted surplus (deficit)	<u>199,253,699</u>	<u>188,318,614</u>	<u>10,935,085</u>
Total net position	<u>\$ 2,540,301,643</u>	<u>\$ 2,363,771,902</u>	<u>\$ 176,529,741</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

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

	Total Net Position		
	FY 2016-17	FY 2015-16	Change
ASSETS			
Current and other assets	\$ 1,649,049,645	\$ 1,472,935,090	\$ 176,114,555
Capital assets	6,575,489,908	6,463,381,934	112,107,974
Total assets	<u>8,224,539,553</u>	<u>7,936,317,024</u>	<u>288,222,529</u>
Deferred outflow of resources	<u>740,885,433</u>	<u>540,100,026</u>	<u>200,785,407</u>
LIABILITIES			
Long-term liabilities outstanding	7,355,258,997	7,050,483,673	304,775,324
Other liabilities outstanding	454,493,938	423,189,746	31,304,192
Total liabilities	<u>7,809,752,935</u>	<u>7,473,673,419</u>	<u>336,079,516</u>
Deferred inflow of resources	<u>210,495,076</u>	<u>83,128,451</u>	<u>127,366,625</u>
NET POSITION			
Net investment in capital assets	4,210,180,736	4,059,404,851	150,775,885
Restricted	562,193,386	459,144,469	103,048,917
Unrestricted surplus (deficit)	<u>(3,827,197,147)</u>	<u>(3,598,934,140)</u>	<u>(228,263,007)</u>
Total net position	<u>\$ 945,176,975</u>	<u>\$ 919,615,180</u>	<u>\$ 25,561,795</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

B. Analysis of changes in net position

As noted previously, the City's total change in *net position* resulting from operations increased by \$25,561,795 during FY 2016-17. This increase is explained in the governmental and business-type activities discussion beginning on page 26.

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

	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>Change</u>
Governmental Activities			
Revenues			
<i>Program revenues:</i>			
Charges for services	\$ 521,493,734	\$ 449,615,906	\$ 71,877,828
Operating grants and contributions	130,202,782	154,756,635	(24,553,853)
Capital grants and contributions	117,286,144	77,985,967	39,300,177
<i>General revenues:</i>			
Property taxes	537,142,744	500,071,854	37,070,890
Lodging taxes	50,782,865	50,543,129	239,736
Miscellaneous taxes	24,080,946	10,246,214	13,834,732
Investment earnings	21,443,369	19,481,035	1,962,334
Total revenues	<u>1,402,432,584</u>	<u>1,262,700,740</u>	<u>139,731,844</u>
Expenses			
Public safety	662,029,926	675,619,972	(13,590,046)
Parks, recreation and culture	107,882,771	109,511,440	(1,628,669)
Community development	290,457,585	258,643,920	31,813,665
Transportation	319,449,307	321,615,626	(2,166,319)
Legislative/ admin / support services	129,284,091	128,136,508	1,147,583
Environmental services	65,043	273,121	(208,078)
Water	208,375	298,514	(90,139)
Parking facilities	17,000	17,000	-
Interest on long-term debt	47,225,026	46,848,152	376,874
Total expenses	<u>1,556,619,124</u>	<u>1,540,964,253</u>	<u>15,654,871</u>
Revenues over (under) expenses	(154,186,540)	(278,263,513)	124,076,973
Transfers	1,839,223	4,814,066	(2,974,843)
Change in net position	(152,347,317)	(273,449,447)	121,102,130
Net position -- beginning, previously reported	(1,444,156,722)	(1,170,707,275)	(273,449,447)
Fund Type Reclassifications	1,379,371	-	1,379,371
Net position -- beginning, restated	<u>(1,442,777,351)</u>	<u>(1,170,707,275)</u>	<u>(272,070,076)</u>
Net position -- ending	<u><u>\$ (1,595,124,668)</u></u>	<u><u>\$ (1,444,156,722)</u></u>	<u><u>\$ (150,967,946)</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

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

Business-type Activities

	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>Change</u>
Revenues			
<i>Program revenues:</i>			
Charges for services	\$ 600,268,704	\$ 574,004,137	\$ 26,264,567
Capital grants and contributions	1,484,603	2,455,268	(970,665)
<i>General revenues:</i>			
Investment earnings	2,752,477	5,571,466	(2,818,989)
Total revenues	<u>604,505,784</u>	<u>582,030,871</u>	<u>22,474,913</u>
Expenses			
Environmental services	247,437,383	271,877,219	(24,439,836)
Water	145,140,721	149,291,453	(4,150,732)
Hydroelectric power	1,446,666	1,685,144	(238,478)
Parking facilities	8,332,521	8,084,291	248,230
Golf	9,485,970	10,856,948	(1,370,978)
Motor sports	1,556,365	1,855,628	(299,263)
Spectator facilities	11,357,823	8,540,984	2,816,839
Housing	-	733,510	(733,510)
Total expenses	<u>424,757,449</u>	<u>452,925,177</u>	<u>(28,167,728)</u>
Revenues over (under) expenses	179,748,335	129,105,694	50,642,641
Transfers	(1,839,223)	(4,814,066)	2,974,843
Change in net position	177,909,112	124,291,628	53,617,484
Net position -- beginning, previously reported	2,363,771,902	2,239,480,274	124,291,628
Fund type reclassifications	(1,379,371)	-	(1,379,371)
Net position -- beginning, restated	<u>2,362,392,531</u>	<u>2,239,480,274</u>	<u>122,912,257</u>
Net position -- ending	<u>\$ 2,540,301,643</u>	<u>\$ 2,363,771,902</u>	<u>\$ 176,529,741</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

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

Total Net Position

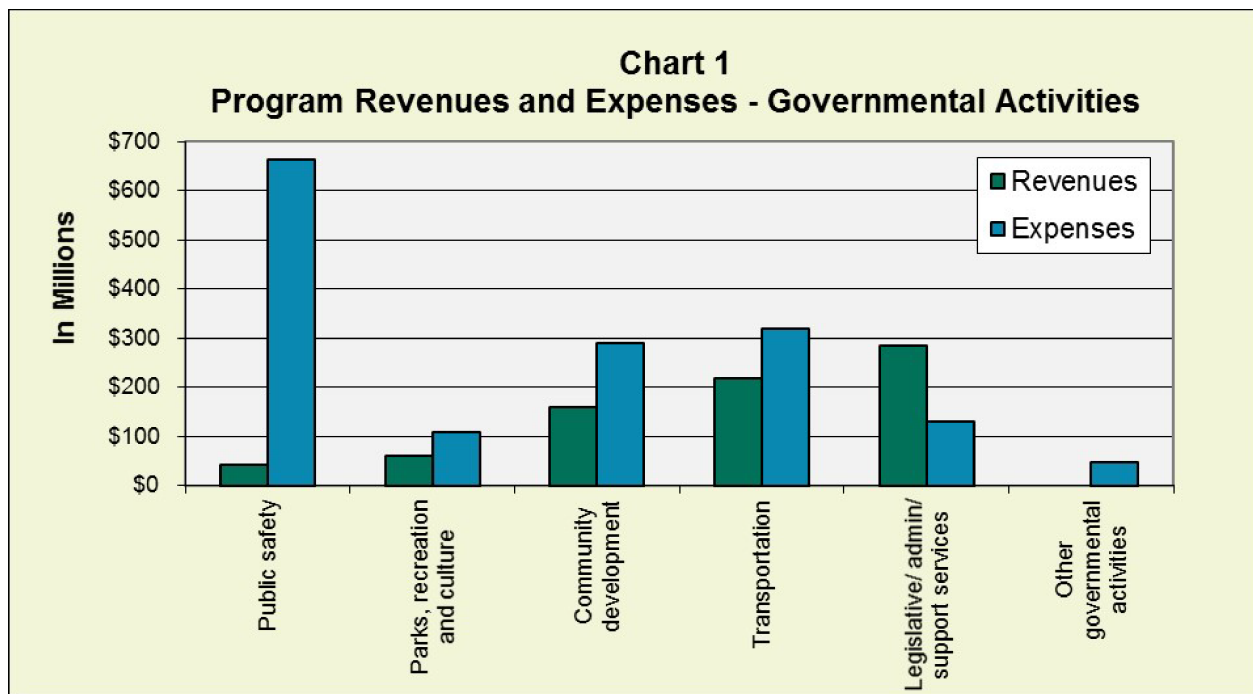
	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>Change</u>
Revenues			
<i>Program revenues:</i>			
Charges for services	\$ 1,121,762,438	\$ 1,023,620,043	\$ 98,142,395
Operating grants and contributions	130,202,782	154,756,635	(24,553,853)
Capital grants and contributions	118,770,747	80,441,235	38,329,512
<i>General revenues:</i>			
Property taxes	537,142,744	500,071,854	37,070,890
Lodging taxes	50,782,865	50,543,129	239,736
Miscellaneous taxes	24,080,946	10,246,214	13,834,732
Investment earnings	24,195,846	25,052,501	(856,655)
Total revenues	<u>2,006,938,368</u>	<u>1,844,731,611</u>	<u>162,206,757</u>
Expenses			
Public safety	662,029,926	675,619,972	(13,590,046)
Parks, recreation and culture	107,882,771	109,511,440	(1,628,669)
Community development	290,457,585	258,643,920	31,813,665
Transportation	319,449,307	321,615,626	(2,166,319)
Legislative / admin / support services	129,284,091	128,136,508	1,147,583
Interest on long-term debt	47,225,026	46,848,152	376,874
Environmental services	247,502,426	272,150,340	(24,647,914)
Water	145,349,096	149,589,967	(4,240,871)
Hydroelectric power	1,446,666	1,685,144	(238,478)
Parking facilities	8,349,521	8,101,291	248,230
Golf	9,485,970	10,856,948	(1,370,978)
Motor sports	1,556,365	1,855,628	(299,263)
Spectator facilities	11,357,823	8,540,984	2,816,839
Housing	-	733,510	(733,510)
Total expenses	<u>1,981,376,573</u>	<u>1,993,889,430</u>	<u>(12,512,857)</u>
Change in net position	<u>25,561,795</u>	<u>(149,157,819)</u>	<u>174,719,614</u>
Net position -- beginning	<u>919,615,180</u>	<u>1,068,772,999</u>	<u>(149,157,819)</u>
Net position -- ending	<u>\$ 945,176,975</u>	<u>\$ 919,615,180</u>	<u>\$ 25,561,795</u>

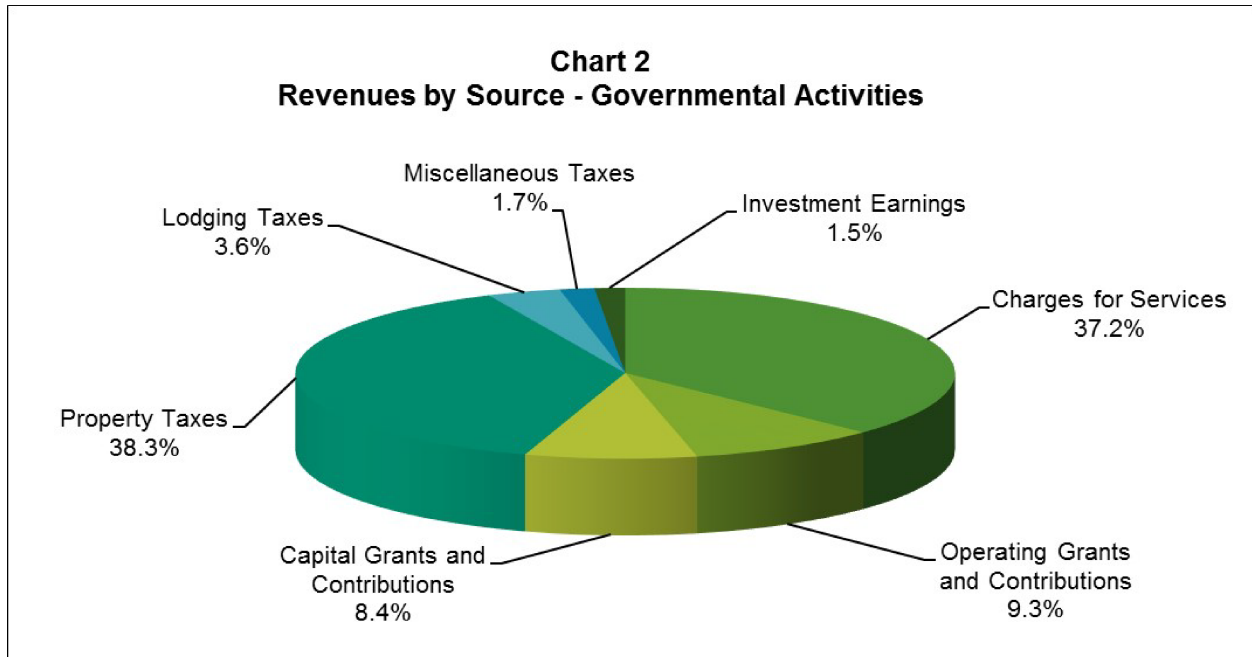
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Governmental activities. Governmental activities decreased the City's *net position* by \$152,347,317, which is reflected in Table 2-A on page 23.

- Total revenues increased over the prior year, although they were still less than the total expenses for the governmental activities. Specifically, the Charges for Services, and Property Taxes line items increased over the prior year by \$71,877,828 and \$37,070,890 respectively. These revenue increases reflect the economic expansion in the region that has followed the great recession of 2008. Housing prices in the Portland area have continued to be among the fastest growing in the country, which is reflected in the increase in property taxes. Strong growth in the construction industry resulted in increased permit fees and assessments, which are included in the charges for services line item.
- Total net expenses increased over the prior year by \$15,654,871, with the most significant increase attributable to community development programs, which is partially offset by decreases in several other programs. Specifically, expenses in this program saw an increase of \$31,813,665 due to affordable housing initiatives and urban renewal projects. The declaration of a city-wide housing emergency in 2015, which was extended to the fall of 2017, necessitated the creation of solutions to meet the growing need for affordable multifamily rental housing and to address the homeless crisis. The Portland Housing Bureau is expanding its role and services in response to the rapidly shifting housing landscape.

The following charts provide a visual representation of the expenses and revenues for governmental activities for FY 2016-17. Chart 1 shows expenses and program revenues generated by each program activity while Chart 2 shows all governmental revenues by source type.



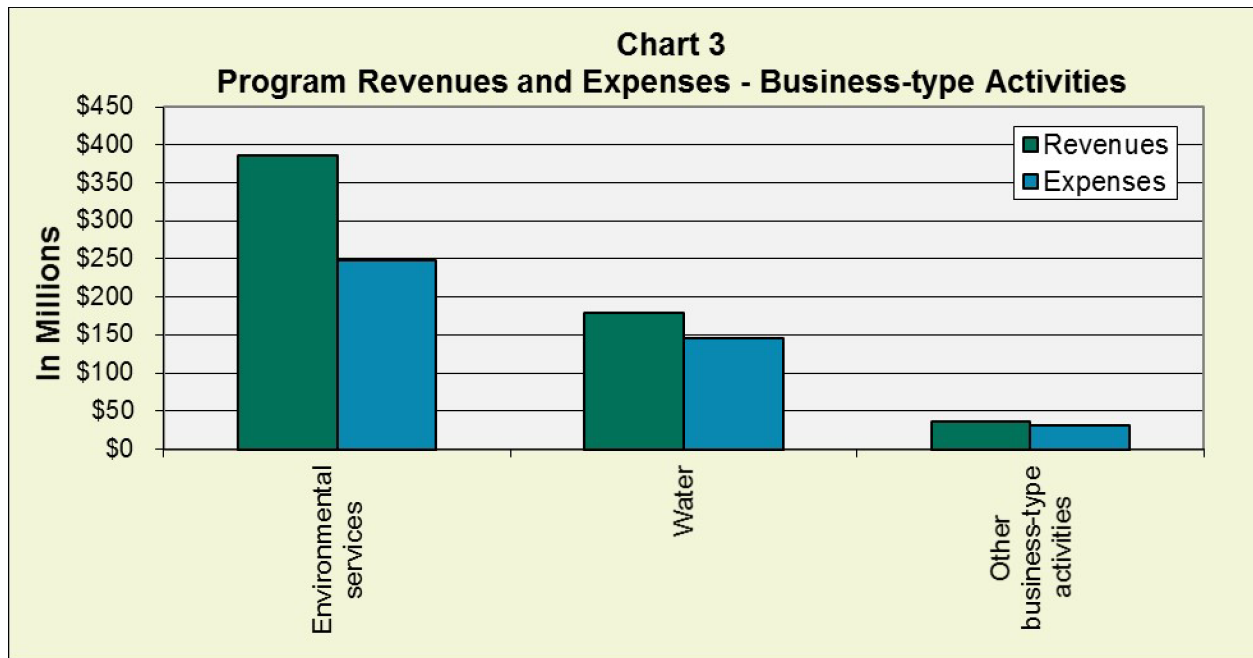


Business-type activities. Business-type activities increased the City's *net position* by \$177,909,112, as reflected in Table 2-B on page 24. Environmental services and water operations contributed \$133,624,988 and \$34,499,270, respectively. The remaining *net position* contributions came from other business-type activities as shown in Chart 3. Key elements of these *net position* increases are as follows:

- Charges for services are the primary revenue for business-type activities and were \$26,264,567 more than last year. Service charges and fees from water and environmental services operations accounted for \$25,692,934, or 97.8% of the increase, resulting from approved rate increases of 6.7% and 2.9%, respectively, along with increase in demand. The rate increases were necessary to fund the ongoing operations 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. There was also an increase in demand and system development charges due to growth.
- Expenses in business-type activities decreased from the prior year by \$28,167,728, primarily resulting from decreases in environmental and water services operating expenses. Salaries and wages comprise the majority of the decrease from the prior year, and reflects the volatility of pension costs. Specifically, pension expenses increased dramatically last year due to the Moro decision by the Oregon Supreme Court, which increased the pension liability. Although pension costs have increased and are expected to continue to increase, the apparent decrease from the prior year is a result of comparison to the prior year spike.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

The following graph provides 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

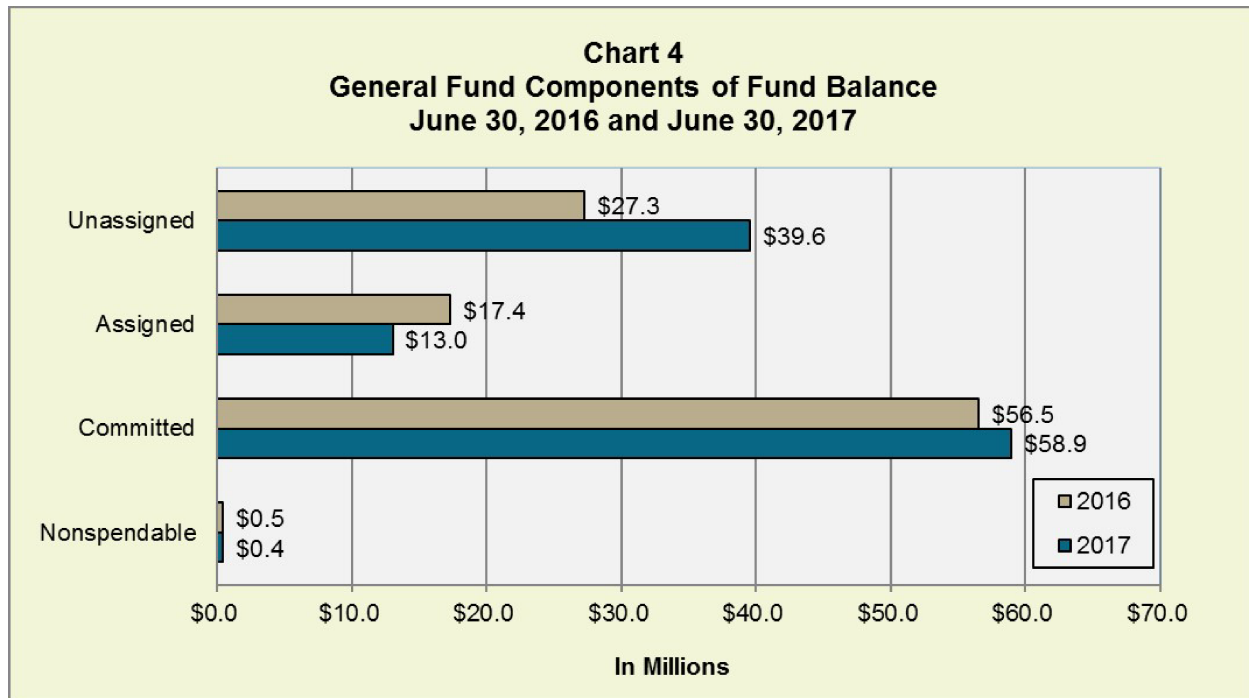
The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's cash flow and funding requirements. In particular, *unassigned fund balance* may serve as a useful measure of 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 \$710,168,060, an increase of \$94,526,551 from net activity, and \$1,303,371 from a reclassification adjustment. Of the combined ending fund balances, \$22,502,379 or 3.2% constitutes the *unassigned fund balance*, and \$106,163,565 or 14.9% constitutes *assigned fund balance* in the appropriate fund types as shown in the Governmental Funds Balance Sheet on page 46. The remainder of fund balance is classified as *nonspendable, restricted, or committed*. Amounts classified as *restricted* or *committed* are not available for new spending as they can only be used for their restricted or committed purpose.

The General Fund is the chief operating fund of the City. At the end of FY 2016-17, *total fund balance* was \$111,933,861, of which \$39,584,406 or 35.4% is unassigned, \$13,028,310 or 11.6% is assigned through the fiscal year budget, and \$58,916,535 or 52.6% 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, \$404,610 or 0.4% is nonspendable, as shown on page 46. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 17.0% of total General Fund expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Chart 4 illustrates the changes in the components of the General Fund balance from June 30, 2016, to June 30, 2017.

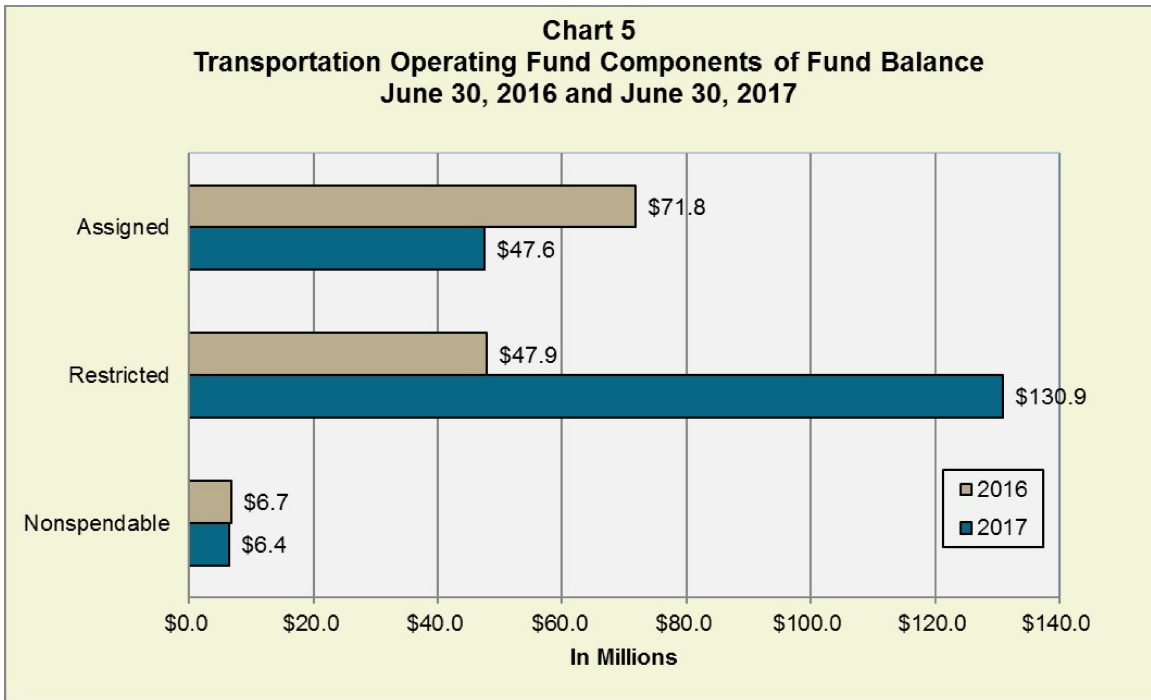


The total fund balance of the City's General Fund increased by \$10,378,684 during FY 2016-17. Both revenues and expenditures saw increases of \$38,328,109 and \$30,079,218, respectively. Significant revenue increases included property taxes and licenses and fees. These revenue increases reflect an improvement in the local economy which appears to have now fully recovered. Expenditure increases are seen in each of the General Fund functions (public safety, parks/recreation/culture, community development, and legislative/admin/support services), resulting from increases in personal services costs, primarily related to pensions.

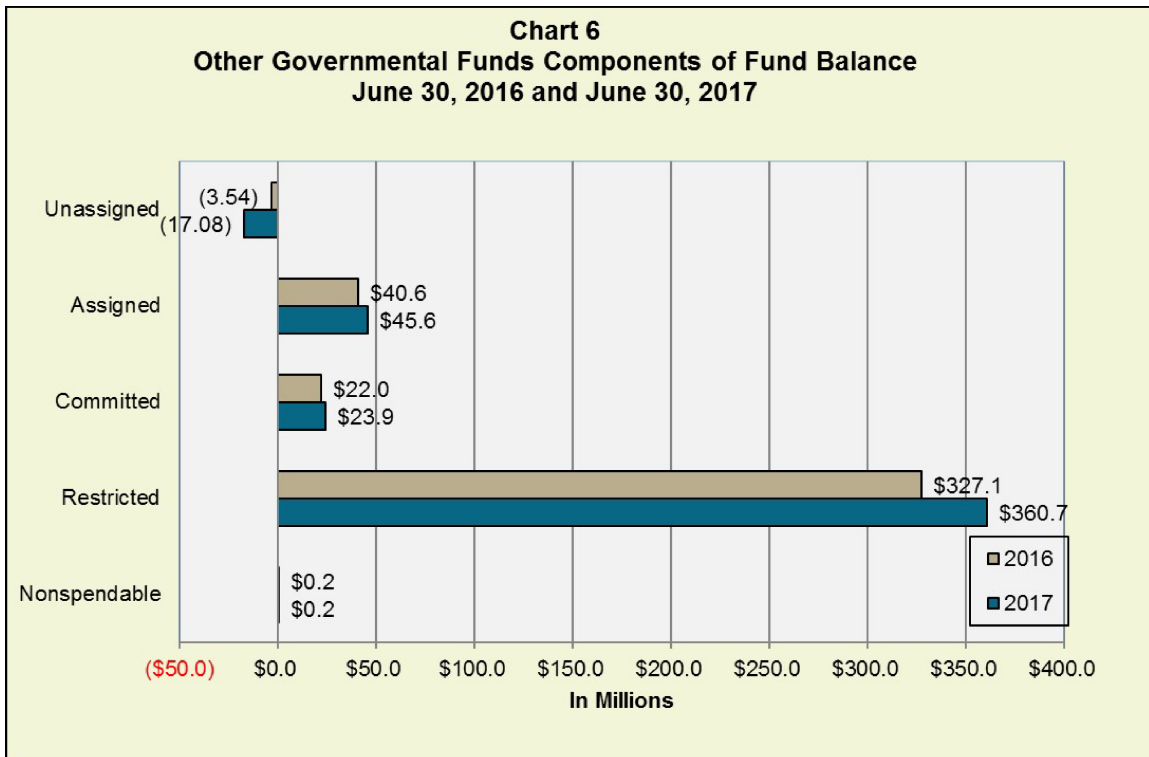
The Transportation Operating Fund had a total ending fund balance of \$184,908,874 for FY 2016-17, an increase of \$58,512,278; of which \$6,415,131 is nonspendable, \$130,924,561 is restricted, and \$47,569,182 is assigned, as shown on page 46. Revenues and expenditures both saw increases of \$30,597,602 and \$52,911,188 respectively. In addition, the fund saw increases in Other Financing Sources which pertain to the proceeds of bonds. Detailed information on debt activity can be found starting on page 36. Revenue increases are primarily due to a new voter approved Gas Tax which was effective in January 2017, and is restricted to road repairs and pedestrian and bicyclist improvements. In addition, Miscellaneous Service Charges increased due to the Bikeshare program's sponsorships and fees. The fund expenditures saw increases due to increased personal services cost primarily related to pensions, and due to the cost of running the programs and projects noted above.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Chart 5 illustrates the changes in the components of fund balance for the Transportation Operating Fund from June 30, 2016, to June 30, 2017.



Other Governmental Funds showed a significant increase in ending fund balance for FY 2016-17, \$25,635,589 or 6.6%, primarily due to increased revenues across most categories. Chart 6 illustrates the changes in the components of fund balance for Other Governmental Funds from June 30, 2016, to June 30, 2017.



See pages 167 - 192 for greater detail on Combining Statements for governmental funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

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 50 - 55.

At the end of FY 2016-17, *unrestricted net position* of the Sewage Disposal Fund and the Water Fund amounted to \$115,784,795 and \$50,414,025, respectively. The total growth in *net position* for the Sewage Disposal Fund and the Water Fund was \$133,624,988 and \$34,499,270, respectively.

The *unrestricted net position* for other enterprise funds totaled \$22,639,280, while the change in *net position* for other enterprise funds equaled an increase of \$7,214,292. Other factors concerning the finances of the proprietary 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 an increase of approximately \$14,024,607 and can be briefly summarized as follows:

- *\$2,751,075 increase in personal services.* This budgetary *increase* resulted primarily from the City's Budget Monitoring Process (BMP) including compensation set-aside adjustments. These adjustments included increases for the Portland Police Bureau, Portland Fire & Rescue, and Portland Parks & Recreation. General Fund bureaus set aside the portion of their personal services budget associated with cost of living adjustments and health care increases. In most years, these costs are expected to be absorbed through vacancies experienced in the regular course of business. In years where bureaus are fully staffed throughout the year, they can request compensation set-aside to avoid overspending their personal services budget. Compensation set-aside increases were partially offset by a number of small adjustments spread across multiple bureaus. In addition, the Portland Police Bureau requested an increase in the Spring BMP process due to reimbursable overtime expense.
- *\$2,926,258 net increase in external and internal materials and services.* This budgetary net *increase* resulted primarily from the City's BMP, which included Fall BMP encumbrance carryovers. Encumbrances reflect commitments of prior year resources. To the degree that spending did not occur in the previous year, the ending balance corresponding to the underspending is reallocated in the current year. Encumbrance carryovers include advances that have been made where the goods or services have not been delivered. This amount was offset by a decrease in internal materials and services of approximately \$1.7 million, primarily as a result of the lower cost of fuel leading to decreases in fleet interagency agreements.
- *\$3,145,929 increase in capital outlay.* This budgetary increase resulted primarily from the City's Capital Set-Aside policy, which requires 50% of excess beginning fund balance to be allocated to major maintenance and infrastructure costs. The projects funded by the capital set-aside include numerous Portland Bureau of Transportation (PBOT) major maintenance and infrastructure projects, and two Portland Parks and Recreation projects to replace a roof at the Southwest Community Center and three boilers in other community centers.
- *\$5,201,345 increase in general operating contingencies.* This overall budgetary *increase* is primarily the net result of various draws on the compensation set-aside amount spread across multiple bureaus, and program carryover requests for various projects that will not be encumbered or spent by the end of the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Actual revenues were \$22,256,890 above the final amended budget, primarily due to increased licenses and fees of \$16,606,596 and increased taxes of \$6,320,060, reflecting the better than expected state of the local economy. Actual expenditures were \$30,644,124 less than the final amended budget, primarily due to under expenditures for: personal services of \$7,783,967, materials and services of \$9,442,893, capital outlay of \$2,372,768, and general operating contingencies of \$10,848,331. These under expenditures were primarily due to:

- \$7,783,967 in under spending for personal services was spread across multiple bureaus, with the most significant under spending in the Portland Police Bureau, Bureau of Parks and Recreation, and Office of Management and Finance. The noted under spending primarily resulted from position vacancies throughout the fiscal year.
- \$9,442,893 in under expenditures in materials and services spreads across multiple bureaus.

The Office of Management and Finance underspent \$1,654,714 in external materials and services. The primary driver of this variance was due to underspending amongst the 30 different organizational and project/programmatic structures. Budgets are managed to avoid exceeding Council approved spending authority, and no single activity accounts for the majority of the unspent variance.

The Portland Police Bureau experienced underspending in materials and services in the amount of \$4,061,799, due to facility improvement projects and equipment purchases initiated but not completed before the end of the fiscal year. As requested by the bureau, the majority of these encumbrances were reappropriated in FY 2017-18 through the Fall BMP.

- \$2,132,338 in under expenditures in capital outlay, related primarily to Portland Fire and Rescue. The majority of the amount was for the purchase of two fire trucks, which were ordered but not received by June 30, 2017, which is not unusual due to the length of time needed for the construction of this type of emergency apparatus. The budget will be carried forward for the FY 2017-18 budget through the Fall BMP.

Local budget law (ORS 294.100 and 294.435(4)) requires local governments to stay within the appropriations set for the fiscal year. During FY 2016-17, 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, 2017, amounts to \$6,575,489,908 (net of accumulated depreciation, reclassifications and transfers). This investment in capital assets includes infrastructure, construction in progress, buildings, land, improvements to land, equipment, land use rights, software, and owning rights. As seen in Table 3, the total increase in the City's investment in capital assets for the current fiscal year was \$112,107,974 or 1.7%, resulting from increases in both governmental activities and business-type activities.

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

Governmental activities - Governmental capital assets increased by \$25,811,908 or 1.3%. Key factors in this change were decreases to infrastructure, improvements to land, and software. Decreases in these areas were offset by an increase to construction in progress, buildings, land, equipment, and land use rights. Specific changes by asset type were a result of the following activities and projects.

- Infrastructure decreased \$152,914,911 or 14.0% due to depreciation in excess of investments in capital by the Portland Bureau of Transportation (PBOT) during the fiscal year.
- The construction in progress increase of \$164,119,523 or 84.2% was primarily due to various Portland Housing Bureau (PHB), Portland Bureau of Transportation (PBOT), and Portland Parks and Recreation (PPR) projects that have not been capitalized yet. The PHB invested in several affordable housing development projects including the Ellington Apartments, the Joyce Hotel and the USPS property. PBOT

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

has several ongoing projects that support Citywide programs for pedestrian and bikeway networks, and citizen safety initiatives. Projects include a streetlight efficiency program and ornamental streetlight installation in various areas throughout the City. PPR projects include renovations to the Pioneer Courthouse Square in Downtown Portland, and the development of new parks including Thomas Cully Park in NE Portland, and Luuwit View Park (formerly Beech Park) which is also in NE Portland.

- Land increased by \$10,071,148 or 4.5% due primarily to a PHB reclassification of nine properties from Asset Held for Resale as they were no longer being actively marketed for sale. Land use rights increased \$6,501,595 or 15.3% due to various PBOT street dedications.
- Software decreased \$1,960,211 or 11.7% due primarily to retiring an obsolete software including an IBM operating system, a seagull license package, and various software that is no longer used.

Business-type activities - Business-type capital assets increased \$86,296,066 or 1.9%. This increase resulted from additional investments in capital assets of \$168,716,423 which were offset by depreciation of \$82,420,357. Specific changes by asset type were a result of the following activity and projects.

- An increase in infrastructure of \$55,424,590 or 1.5% mainly due to the capitalization of Bureau of Environmental Services (BES) and Portland Water Bureau (PWB) projects. For BES, this includes the Hollywood-Grant Park Sewer and Stormwater project. For PWB, the Hannah Mason Pump Station site was the primary infrastructure asset capitalized during the fiscal year.
- The construction in progress increase of \$41,498,605 or 18.6% was driven by BES main-line public sewer projects in the Southeast Woodstock, Hawthorne, Southeast Ladd, Southeast Powell, and Northeast/Southeast Burnside locations.
- Buildings decreased \$14,693,828 or 7.4% due to depreciation in excess of the minor amount of building additions, in addition to a reclassification of the Headwaters Apartments from Business-type to Governmental activities in FY 2016-17.
- Land increased \$3,215,217 or three percent due to a number of new pieces of land capitalized by BES. Land use rights increased \$789,928 or five percent driven by various BES and PWB conservation and access easements.
- Software decreased \$359,040 or 18.4% due to ordinary depreciation.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

The following table provides comparative information on the City's capital assets for FY 2016-17 and FY 2015-16:

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

Asset Category	FY 2016-2017	FY 2015-2016	Change
Governmental Activities			
Infrastructure	\$ 941,077,630	\$ 1,093,992,541	\$ (152,914,911)
Construction in progress	358,954,769	194,835,246	164,119,523
Buildings	251,009,381	248,741,970	2,267,411
Land	233,587,229	223,516,081	10,071,148
Improvements to land	70,875,889	76,715,780	(5,839,891)
Equipment	121,350,101	117,782,857	3,567,244
Intangible assets:			
Land use rights	48,910,631	42,409,036	6,501,595
Software	14,751,141	16,711,352	(1,960,211)
Owning rights	28,953	28,953	-
Total	\$ 2,040,545,724	\$ 2,014,733,816	\$ 25,811,908
Business-type Activities			
Infrastructure	\$ 3,865,172,729	\$ 3,809,748,139	\$ 55,424,590
Construction in progress	264,625,660	223,127,055	41,498,605
Buildings	184,815,646	199,509,474	(14,693,828)
Land	111,957,641	108,742,424	3,215,217
Improvements to land	57,077,783	57,023,525	54,258
Equipment	33,134,474	32,767,369	367,105
Intangible assets:			
Land use rights	16,566,396	15,776,468	789,928
Software	1,587,697	1,946,737	(359,040)
Owning rights	6,158	6,927	(769)
Total	\$ 4,534,944,184	\$ 4,448,648,118	\$ 86,296,066
Total Net Capital Assets			
Infrastructure	\$ 4,806,250,359	\$ 4,903,740,680	\$ (97,490,321)
Construction in progress	623,580,429	417,962,301	205,618,128
Buildings	435,825,027	448,251,444	(12,426,417)
Land	345,544,870	332,258,505	13,286,365
Improvements to land	127,953,672	133,739,305	(5,785,633)
Equipment	154,484,575	150,550,226	3,934,349
Land use rights	65,477,027	58,185,504	7,291,523
Software	16,338,838	18,658,089	(2,319,251)
Owning rights	35,111	35,880	(769)
Total	\$ 6,575,489,908	\$ 6,463,381,934	\$ 112,107,974

Information on the City's capital assets can be found in Note III.F. on pages 95 - 99 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

B. Debt administration

The City holds debt in the form of lines of credit, loans, and bonds. The decrease of \$40,743,642 in bonds outstanding, which was partially offset by an increase of \$15,605,590 to the lines of credit outstanding and \$2,894,796 to the loans outstanding, account for the net decrease in debt outstanding of \$22,243,256.

The increases in the lines of credit was largely attributable to issuance of additional interim financing for urban renewal district projects, the Portland Building remodel project, and for City-backed transportation and local improvement district projects. These lines of credit will ultimately be repaid with proceeds from long-term bonds or other City resources.

The decrease in bonds outstanding is a combination of a \$51,830,843 net decrease in business-type activity bonds, primarily sewer and water revenue bonds, and an \$11,087,201 net increase in governmental bonds. The detail of the City's bonded debt is presented in Table 5 on page 37.

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

	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>Change</u>
Governmental Activities			
Bonds	\$ 955,362,405	\$ 944,275,204	\$ 11,087,201
Lines of Credit	108,313,635	92,708,045	15,605,590
Loans	<u>14,473,577</u>	<u>10,212,690</u>	<u>4,260,887</u>
Total governmental activities	<u>1,078,149,617</u>	<u>1,047,195,939</u>	<u>30,953,678</u>
Business-type Activities			
Bonds	2,398,269,417	2,450,100,260	(51,830,843)
Loans	<u>13,554,496</u>	<u>14,920,587</u>	<u>(1,366,091)</u>
Total business-type activities	<u>2,411,823,913</u>	<u>2,465,020,847</u>	<u>(53,196,934)</u>
Total Outstanding Debt			
Bonds	3,353,631,822	3,394,375,464	(40,743,642)
Lines of Credit	108,313,635	92,708,045	15,605,590
Loans	<u>28,028,073</u>	<u>25,133,277</u>	<u>2,894,796</u>
Total outstanding debt	<u>\$ 3,489,973,530</u>	<u>\$ 3,512,216,786</u>	<u>\$ (22,243,256)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

As of June 30, 2017, the City had total bonded debt outstanding of \$3,353,631,822. Unamortized premiums and discounts for governmental activities net to \$36,618,857, while unamortized premiums and discounts for business-type activities net to \$203,208,177.

Of the total bonded debt outstanding, \$124,010,000 is general obligation bond debt for governmental activities, secured by the full faith and credit and unlimited taxing power of the City, an increase of \$24,760,000 from FY 2015-16. This increase was due to the issuance of the General Obligation Bonds, 2017 Series A which had an original issue amount of \$35,085,000, and were issued to provide financing for a portion of the cost of the Ellington Apartments project, which is owned by the City's Portland Housing Bureau.

The City has \$442,472,188 of limited tax revenue bonds outstanding, an increase of \$489,630 from FY 2015-16. Limited tax revenue 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. The City issued \$16,220,000 of 2016 Series A Limited Tax Revenue bonds for its Green Bonds - Lighting Efficiency Project. The City issued \$35,780,000 of 2017 Series A Limited Tax Revenue and Refunding Bonds. \$6,615,000 is non-self-supporting and the proceeds were used to refund the outstanding maturities of the City's Limited Tax Revenue Bonds, 2007 Series C Archives Space Acquisition Project. \$29,165,000 is self-supporting and the proceeds were used to pay the City's share of the costs of the Sellwood Bridge Project.

An additional \$392,225,600 of the City's outstanding debt consists of urban renewal bonds that are issued to fund urban renewal activities and are repaid from tax increment revenues generated from the City's various urban renewal areas. The decrease of \$33,500,800 was due to scheduled debt service payments.

As of June 30, 2017, the City's governmental activities had \$32,585,000 of outstanding limited tax improvement bonds, a decrease of \$4,220,000 from FY 2015-16. The decrease was due to scheduled and early redemption of outstanding principal.

The remainder of the City's debt is comprised of revenue bonds, totaling \$2,122,512,000, which is primarily recorded in business-type activities, a decrease of \$78,313,000 over FY 2015-16. In general, revenue bonds are secured solely by specified revenue sources such as water, sewer, or gas tax revenues. The decrease in revenue bonds from the prior fiscal year is due to a combination of scheduled payments and the issuance of refunding bonds. The City issued \$156,650,000 of 2016 Series A First Lien Sewer Revenue Refunding bonds, and the proceeds were used to advance refund certain maturities of the City's First Lien Sewer System Revenue and Refunding Bonds, 2008 Series A. The City also issued \$162,465,000 of 2016 Series B Second Lien Sewer System Revenue Refunding Bonds, the proceeds of which were used to advance refund certain maturities of the City's Second Lien Sewer System Revenue and Refunding Bonds, 2008 Series B, and to pay the premium for a municipal bond debt service reserve insurance policy. In addition, the City issued \$168,525,000 of 2016 Series A First Lien Water System Revenue and Refunding Bonds, and the proceeds were used to finance a portion of the costs of the Capital Improvement Plan for the Water System of the City, and to refund the City's outstanding First Lien Water System Revenue Refunding Bonds 2006 Series B and the First Lien Water System Revenue Bonds 2008 Series A.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

The following table provides comparative information on the City's outstanding bonded debt:

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

	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>Change</u>
Governmental Activities			
General Obligation Bonds	\$ 124,010,000	\$ 99,250,000	\$ 24,760,000
Limited Tax Improvement Bonds	32,585,000	36,805,000	(4,220,000)
Urban Renewal Bonds	392,225,600	425,726,400	(33,500,800)
Limited Tax Revenue Bonds	360,410,948	340,436,589	19,974,359
Revenue Bonds	9,512,000	11,065,000	(1,553,000)
Unamortized premiums & discounts	<u>36,618,857</u>	<u>30,992,215</u>	<u>5,626,642</u>
Total governmental activities	<u>955,362,405</u>	<u>944,275,204</u>	<u>11,087,201</u>
Business-type Activities			
Limited Tax Revenue Bonds	82,061,240	101,545,969	(19,484,729)
Revenue Bonds	2,113,000,000	2,189,760,000	(76,760,000)
Unamortized premiums & discounts	<u>203,208,177</u>	<u>158,794,291</u>	<u>44,413,886</u>
Total business-type activities	<u>2,398,269,417</u>	<u>2,450,100,260</u>	<u>(51,830,843)</u>
Total Outstanding Debt			
General Obligation Bonds	124,010,000	99,250,000	24,760,000
Limited Tax Improvements Bonds	32,585,000	36,805,000	(4,220,000)
Urban Renewal Bonds	392,225,600	425,726,400	(33,500,800)
Limited Tax Revenue Bonds	442,472,188	441,982,558	489,630
Revenue Bonds	2,122,512,000	2,200,825,000	(78,313,000)
Unamortized premiums & discounts	<u>239,827,034</u>	<u>189,786,506</u>	<u>50,040,528</u>
Total outstanding bonded debt	<u>\$ 3,353,631,822</u>	<u>\$ 3,394,375,464</u>	<u>\$ (40,743,642)</u>

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 FY 2016-17 real market value, this debt limitation is \$3,623,565,785. The amount of outstanding City debt subject to this limitation is \$124,010,000. In addition, voters have authorized an additional \$42,150,000 for parks improvement, and \$223,315,000 for affordable housing bonds. These bonds, when issued, will be subject to the three percent limitation.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

- **Debt ratings.** The City's unlimited tax general obligation debt remains rated "Aaa" by Moody's Investors Service ("Moody's") and was confirmed in May 2017. Current ratings for all of the City's various types of debt are shown below.

<u>Credit</u>	<u>Moody's Rating</u>
Unlimited Tax General Obligation Bonds	Aaa
First Lien Water Revenue Bonds	Aaa
Limited Tax Revenue Bonds	Aaa
Limited Tax Improvement Bonds	Aaa
Limited Tax Pension Obligation Revenue Bonds	Aaa
Second Lien Water Revenue Bonds	Aa1
Gas Tax Revenue Bonds	Aa2
First Lien Sewer Revenue Bonds (1)	Aa2
Second Lien Sewer Revenue Bonds (2)	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	A1
Interstate Corridor Urban Renewal Bonds	A1

Notes:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

- **Debt ratios.** The City's debt ratios, as of June 30, 2017, are shown below:

	Amount	Per Capita	Percent of Real Market Valuation	Percent of Assessed Valuation
Population July 1, 2016 (1)	639,863	--	--	
2016-2017 Real Market Value	\$ 120,785,526,154	\$ 188,768	--	
2016-2017 Assessed Value (2)	\$ 62,368,813,982	\$ 97,472	51.64 %	
Gross Bonded Debt (3)	\$ 675,715,006	\$ 1,056	0.56 %	1.08 %
Net Direct Debt (4)	\$ 274,020,385	\$ 428	0.23 %	0.44 %
Net Overlapping Debt	\$ 1,231,573,400	\$ 1,925	1.02 %	1.97 %
Net Direct and Overlapping Debt	\$ 1,505,593,785	\$ 2,353	1.25 %	2.41 %

(1) Population figures provided by US Census Bureau.

(2) 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 FY 2016-17, the Measure 5 Market Value represented about 82.7 percent of full real market value.

(3) 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.

(4) 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 *ad valorem* tax.

Additional information on the City's long-term debt can be found in Note III.I. on pages 104 - 120 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's budget for FY 2017-18.

- According to the U.S. Bureau of Labor Statistics, the unemployment rate for the City of Portland in June 2017 was 3.6%. This compares favorably with the State of Oregon rate of four percent and the national rate of 4.6%.
- Based on data released July 15, 2017, inflation rose at an annualized rate of 4.8% for the first six months of 2017, which was the fastest growth in 25 years. Higher housing, energy, and transportation costs helped to push inflation higher, while education and apparel costs fell slightly. The 2017 calendar year CPI-W, which determines the cost of living increases for nearly all City employees, is expected to be higher than in recent years, somewhere in the three to four percent range.
- Water rates and sewer bills increased 6.7% and 2.9%, respectively, for the FY 2016-17 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.
- Home sales and multi-family rental activity remains the headline for the local economy at this time. Bolstered by historically low mortgage rates and large rates of in-migration, demand from consumers is far outstripping supply. The result is rapidly rising prices, often exceeding asking prices. According to the S&P-Case Schiller index, Portland has seen either the fastest or second fastest growth in home prices nationwide for the last two years. Meanwhile, rents continue to rise although finally at slower rates than recent years - according to Colliers, rents increased by 4.1% over the last fiscal year, half the rate of the

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

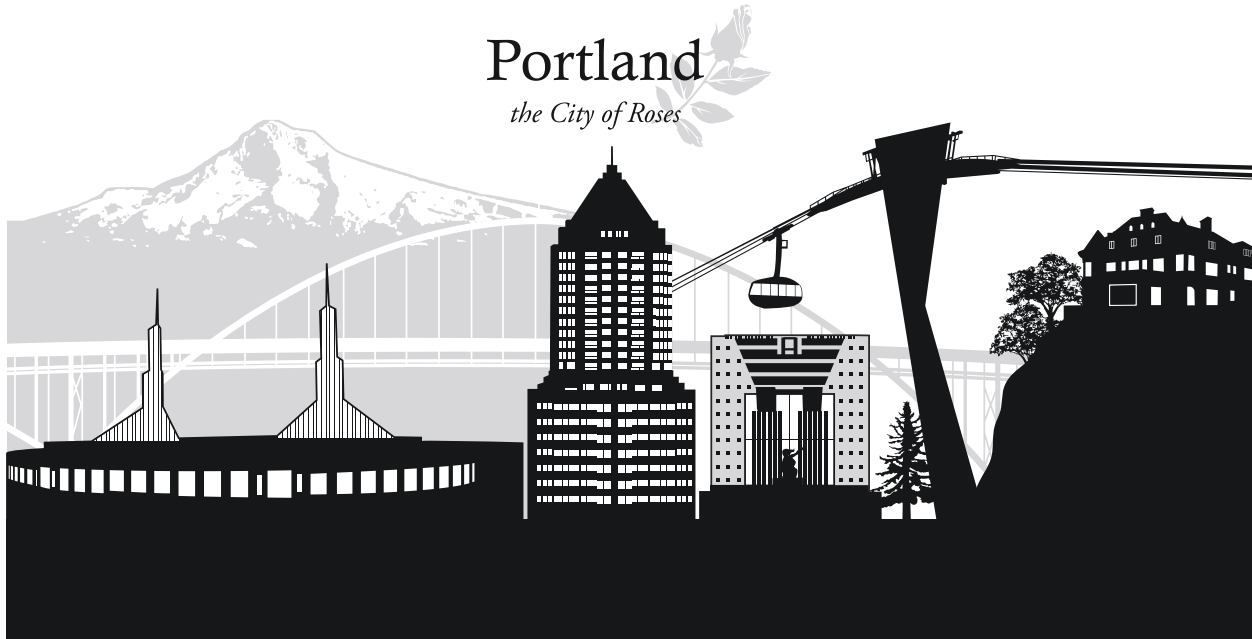
prior year.

- After peaking at about 3.5% growth rate in the summer of 2015, year-over-year employment growth has slowed slightly to about 2.5% for the last couple of years. The tight labor market has limited growth as finding workers has been difficult in some industries. The proliferation of building in the area has led to a greater than 10% growth in construction employment over the last year.
- The City has seen record revenue growth over the last three years, as local economic growth has exceeded both national and state averages. Nearly all broad economic measures remain in positive territory, although most indicators appear to be moderating. While further growth will likely characterize at least the next 12 to 18 months, it will likely be at more moderate levels.

REQUESTS FOR INFORMATION

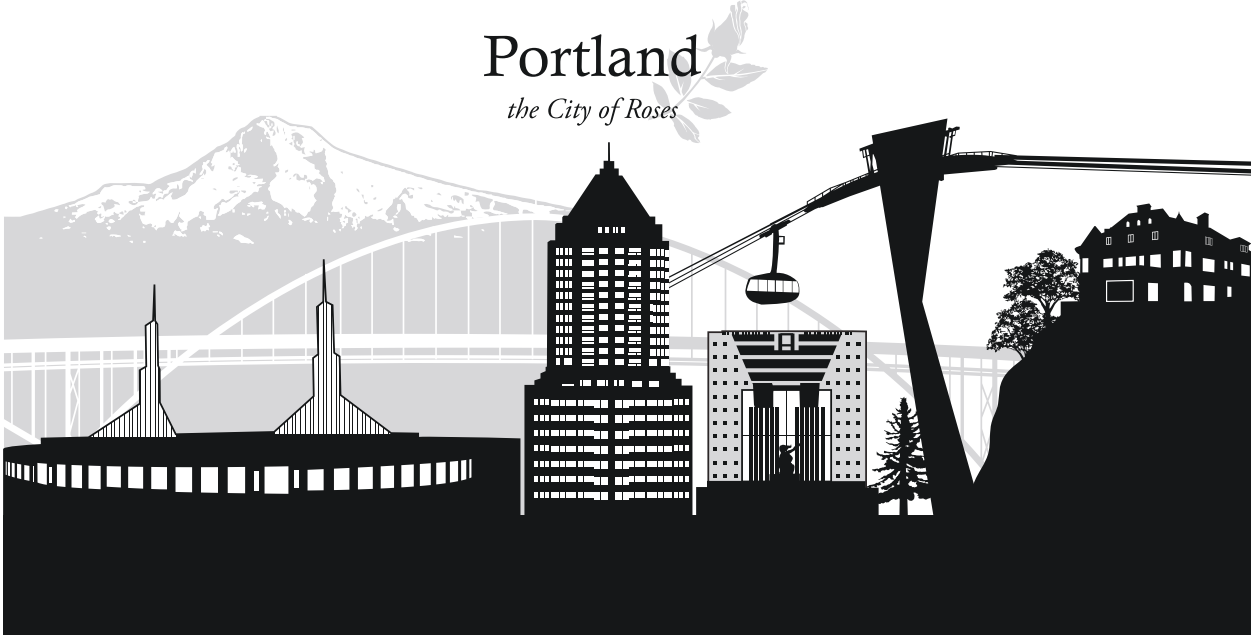
This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the City of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

Basic Financial Statements



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Government-wide Financial Statements



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Portland Rose Festival Dragon Boat Race

City of Portland, Oregon
Statement of Net Position
June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Prosper Portland
ASSETS				
Current assets (unrestricted):				
Cash and investments	\$ 364,331,938	\$ 310,449,096	\$ 674,781,034	\$ 230,289,432
Receivables:				
Taxes	16,046,561	-	16,046,561	-
Accounts, net	45,270,484	82,301,050	127,571,534	5,471,399
Assessments	2,870,531	3,099,242	5,969,773	-
Notes and loans, net	453,700	83,232	536,932	5,214,849
Advances	1,152,703	370,597	1,523,300	-
Accrued interest	1,644,445	1,719,223	3,363,668	722,003
Due from primary government	-	-	-	4,392,916
Due from component unit	141,884	-	141,884	-
Internal balances ¹	7,805,100	9,615,599	-	-
Inventories	8,116,048	4,128,143	12,244,191	-
Property held for sale	-	-	-	112,844,598
Prepaid expenses	1,071,088	-	1,071,088	-
Current assets (restricted):				
Cash and investments	3,229	3,975,719	3,978,948	-
Receivables:				
Taxes	18,843,233	-	18,843,233	-
Accounts, net	21,734,459	-	21,734,459	-
Assessments	25,317,274	-	25,317,274	-
Notes and loans, net	8,664,259	-	8,664,259	-
Advances	1,019,330	-	1,019,330	-
Grants	5,407,861	-	5,407,861	-
Accrued interest	931,440	-	931,440	-
Due from component unit	2,391,163	-	2,391,163	-
Internal balances ¹	(17,420,699)	-	-	-
Total current assets	515,796,031	415,741,901	931,537,932	358,935,197
Noncurrent assets (unrestricted):				
Capital assets, not being depreciated or amortized:				
Land	233,587,229	111,957,641	345,544,870	16,011,711
Construction in progress	358,954,769	264,625,660	623,580,429	6,617,523
Intangible assets				
Land use rights	48,910,631	15,791,922	64,702,553	-
Owning rights	28,953	-	28,953	-
Capital assets, net of accumulated depreciation:				
Infrastructure	941,077,630	3,865,172,729	4,806,250,359	-
Buildings	251,009,381	184,815,646	435,825,027	20,897,927
Improvements to land	70,875,889	57,077,783	127,953,672	-
Equipment	121,350,101	33,134,474	154,484,575	202,167
Intangible assets				
Land use rights	-	774,474	774,474	-
Owning rights	-	6,158	6,158	-
Software	14,751,141	1,587,697	16,338,838	1,387,071
Net capital assets	2,040,545,724	4,534,944,184	6,575,489,908	45,116,399
Receivables:				
Assessments	4,983,404	3,500,631	8,484,035	-
Notes and loans, net	6,288,205	624,556	6,912,761	46,250,844
Noncurrent assets (restricted):				
Cash and investments	421,034,316	183,320,625	604,354,941	-
Receivables:				
Assessments	35,633,078	-	35,633,078	-
Notes and loans, net	57,245,782	-	57,245,782	-
Grants	4,881,116	-	4,881,116	-
Total noncurrent assets	2,570,611,625	4,722,389,996	7,293,001,621	91,367,243
Total assets	3,086,407,656	5,138,131,897	8,224,539,553	450,302,440
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	668,106,857	72,673,050	740,779,907	5,691,201
Deferred charge for debt refunding	-	105,526	105,526	-
Total deferred outflows of resources	668,106,857	72,778,576	740,885,433	5,691,201

¹ Internal balances are designated as restricted and/or unrestricted. Total internal balances are zero.

City of Portland, Oregon
Comprehensive Annual Financial Report, Continued

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Prosper Portland
LIABILITIES				
Current liabilities (payable from unrestricted assets):				
Accounts payable	\$ 45,071,046	\$ 26,881,875	\$ 71,952,921	\$ 2,062,951
Self insurance claims	10,682,525	206,253	10,888,778	-
Compensated absences	42,502,182	8,529,683	51,031,865	117,407
Bonds payable	10,937,700	165,132,351	176,070,051	-
Notes and loans payable	2,384,135	1,379,871	3,764,006	-
Accrued interest payable	3,569,647	21,278,447	24,848,094	-
Unearned revenue	1,354,254	1,549,856	2,904,110	61,190
Due to primary government	-	-	-	2,533,047
Due to component unit	3,770,398	-	3,770,398	-
Landfill postclosure	36,089	54,702	90,791	-
Pollution remediation	-	1,722,500	1,722,500	1,265,610
Other liabilities	-	98,722	98,722	-
Current liabilities (payable from restricted assets):				
Accounts payable	15,934,818	3,975,719	19,910,537	-
Bonds payable	69,755,750	-	69,755,750	-
Due to component unit	622,518	-	622,518	-
Unearned revenue	2,528,200	-	2,528,200	-
Other liabilities	14,534,697	-	14,534,697	-
Total current liabilities	<u>223,683,959</u>	<u>230,809,979</u>	<u>454,493,938</u>	<u>6,040,205</u>
Noncurrent liabilities:				
Self insurance claims	17,386,293	869,871	18,256,164	-
Compensated absences	12,332,505	-	12,332,505	431,131
Bonds payable	874,668,955	2,233,137,066	3,107,806,021	-
Notes and loans payable	120,403,077	12,174,625	132,577,702	-
Accrued interest payable	96,539,812	27,787,603	124,327,415	-
Net pension liability - FPDR	3,352,955,642	-	3,352,955,642	-
Net pension liability - PERS	411,888,040	142,959,076	554,847,116	11,045,372
Other postemployment benefits	40,640,789	3,513,832	44,154,621	735,404
Landfill postclosure	992,991	6,017,740	7,010,731	-
Pollution remediation	143,164	375,000	518,164	41,168,675
Other liabilities	385,546	87,370	472,916	-
Total noncurrent liabilities	<u>4,928,336,814</u>	<u>2,426,922,183</u>	<u>7,355,258,997</u>	<u>53,380,582</u>
Total liabilities	<u>5,152,020,773</u>	<u>2,657,732,162</u>	<u>7,809,752,935</u>	<u>59,420,787</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	196,365,096	3,692,950	200,058,046	314,545
Deferred charge for debt refunding	1,253,312	9,183,718	10,437,030	-
Total deferred inflows of resources	<u>197,618,408</u>	<u>12,876,668</u>	<u>210,495,076</u>	<u>314,545</u>
NET POSITION				
Net investment in capital assets	1,881,668,361	2,328,512,375	4,210,180,736	45,116,399
Restricted for:				
Public safety	6,305,581	-	6,305,581	-
Parks, recreation and culture	2,373,324	-	2,373,324	-
Community development	203,780,274	-	203,780,274	350,670,021
Transportation	128,282,836	-	128,282,836	-
Debt service	113,366,961	180,000	113,546,961	-
Capital projects	95,017,165	12,355,569	107,372,734	-
Parks endowment fund:				
Nonexpendable	184,367	-	184,367	-
Environmental services	347,309	-	347,309	-
Unrestricted surplus (deficit)	<u>(4,026,450,846)</u>	<u>199,253,699</u>	<u>(3,827,197,147)</u>	<u>471,889</u>
Total net position	<u>\$ (1,595,124,668)</u>	<u>\$ 2,540,301,643</u>	<u>\$ 945,176,975</u>	<u>\$ 396,258,309</u>

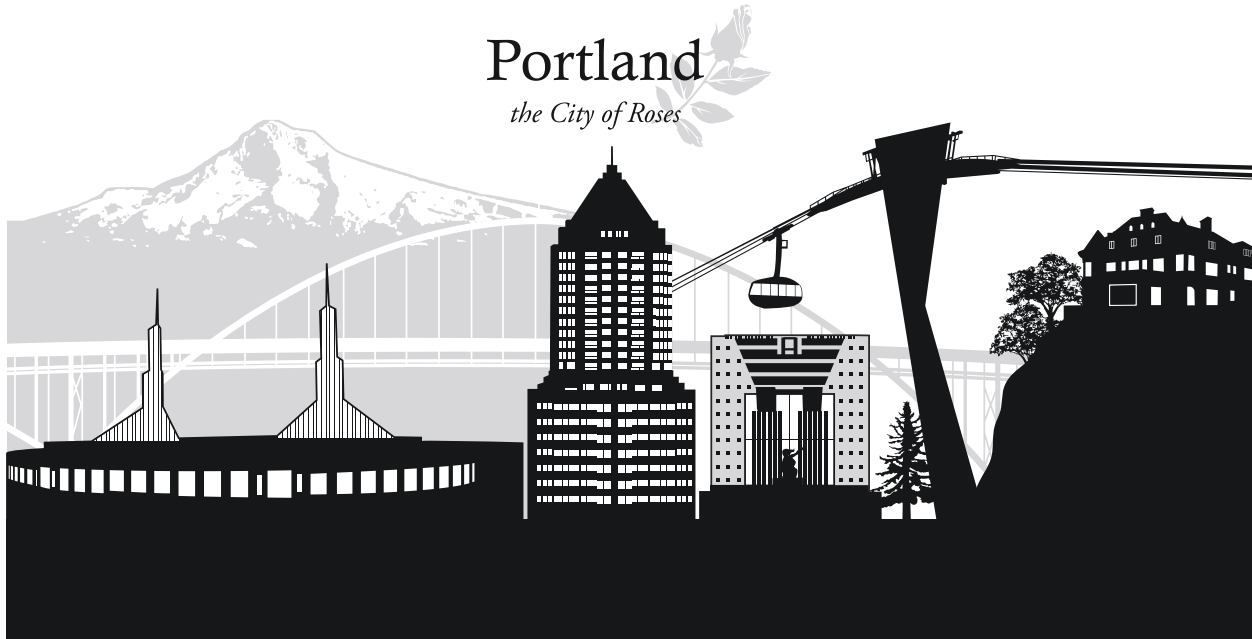
The accompanying notes are an integral part of the basic financial statements.

City of Portland, Oregon
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Prosper Portland
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Public safety	\$ 662,029,926	\$ 22,176,413	\$ 21,245,070	\$ 133,772	\$ (618,474,671)	\$ -	\$ (618,474,671)	\$ -
Parks, recreation and culture	107,882,771	29,387,579	1,993,858	29,948,517	(46,552,817)	-	(46,552,817)	-
Community development	290,457,585	84,020,829	75,816,309	-	(130,620,447)	-	(130,620,447)	-
Transportation	319,449,307	127,336,714	4,461,081	87,203,855	(100,447,657)	-	(100,447,657)	-
Legislative / admin / support services	129,284,091	258,572,199	26,686,464	-	155,974,572	-	155,974,572	-
Environmental services	65,043	-	-	-	(65,043)	-	(65,043)	-
Water	208,375	-	-	-	(208,375)	-	(208,375)	-
Parking facilities	17,000	-	-	-	(17,000)	-	(17,000)	-
Interest on long-term debt	47,225,026	-	-	-	(47,225,026)	-	(47,225,026)	-
Total governmental activities	<u>1,556,619,124</u>	<u>521,493,734</u>	<u>130,202,782</u>	<u>117,286,144</u>	<u>(787,636,464)</u>	<u>-</u>	<u>(787,636,464)</u>	<u>-</u>
Business-type activities:								
Environmental services	247,437,383	384,195,274	-	1,211,193	-	137,969,084	137,969,084	-
Water	145,140,721	179,476,928	-	184,444	-	34,520,651	34,520,651	-
Hydroelectric power	1,446,666	1,375,589	-	-	-	(71,077)	(71,077)	-
Parking facilities	8,332,521	14,379,691	-	-	-	6,047,170	6,047,170	-
Golf	9,485,970	7,704,827	-	-	-	(1,781,143)	(1,781,143)	-
Motor sports	1,556,365	1,813,785	-	-	-	257,420	257,420	-
Spectator facilities	11,357,823	11,322,610	-	88,966	-	53,753	53,753	-
Total business-type activities:	<u>424,757,449</u>	<u>600,268,704</u>	<u>-</u>	<u>1,484,603</u>	<u>-</u>	<u>176,995,858</u>	<u>176,995,858</u>	<u>-</u>
Total primary government	<u>\$ 1,981,376,573</u>	<u>\$ 1,121,762,438</u>	<u>\$ 130,202,782</u>	<u>\$ 118,770,747</u>	<u>(787,636,464)</u>	<u>176,995,858</u>	<u>(610,640,606)</u>	<u>-</u>
Component unit:								
Prosper Portland	<u>\$ 150,419,210</u>	<u>\$ 10,802,892</u>	<u>\$ 8,308,635</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(131,307,683)</u>
General revenues:								
Taxes:								
Property					537,142,744	-	537,142,744	-
Lodging					50,782,865	-	50,782,865	-
Miscellaneous					24,080,946	-	24,080,946	-
Payments from the City					-	-	-	108,766,490
Investment earnings					21,443,369	2,752,477	24,195,846	2,908,527
Miscellaneous revenues					-	-	-	15,003,952
Transfers					1,839,223	(1,839,223)	-	-
Total general revenues and transfers					<u>635,289,147</u>	<u>913,254</u>	<u>636,202,401</u>	<u>126,678,969</u>
Change in net position					<u>(152,347,317)</u>	<u>177,909,112</u>	<u>25,561,795</u>	<u>(4,628,714)</u>
Net position - beginning					<u>(1,444,156,722)</u>	<u>2,363,771,902</u>	<u>919,615,180</u>	<u>400,887,023</u>
Fund Type Reclassifications (See Note I. C.)					<u>1,379,371</u>	<u>(1,379,371)</u>		
Net position -- ending					<u>\$ (1,595,124,668)</u>	<u>\$ 2,540,301,643</u>	<u>\$ 945,176,975</u>	<u>\$ 396,258,309</u>

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

Fund Financial Statements



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Freeway lights, Moda Center, Convention Center

**City of Portland, Oregon
Balance Sheet
Governmental Funds
June 30, 2017**

	General Fund	Transportation Operating	Other Funds	Total
ASSETS				
Unrestricted:				
Cash and investments	\$ 93,431,942	\$ 49,773,572	\$ 51,143,904	\$ 194,349,418
Receivables:				
Taxes	16,046,561	-	-	16,046,561
Accounts, net	32,494,604	7,548,070	3,283,665	43,326,339
Assessments	2,178	2,895,156	4,956,601	7,853,935
Notes and loans, net	375,880	125,000	6,026,225	6,527,105
Advances	1,152,703	-	-	1,152,703
Accrued interest	398,886	496,784	275,652	1,171,322
Due from component unit	124,901	200	-	125,101
Internal loans receivable	-	8,000,000	10,220,699	18,220,699
Inventories	252,251	6,131,048	-	6,383,299
Prepaid items	152,359	284,083	-	436,442
Restricted:				
Cash and investments	7,204,523	117,836,110	295,993,683	421,034,316
Receivables:				
Taxes	7,330,174	-	11,513,059	18,843,233
Accounts, net	-	13,123,582	8,610,877	21,734,459
Assessments	-	-	60,950,352	60,950,352
Notes and loans, net	-	-	65,910,041	65,910,041
Advances	-	-	1,019,330	1,019,330
Grants	-	-	10,288,976	10,288,976
Accrued interest	-	-	931,440	931,440
Due from component unit	-	-	2,391,163	2,391,163
Internal loans receivable	-	-	800,000	800,000
Total assets	<u>\$ 158,966,962</u>	<u>\$ 206,213,605</u>	<u>\$ 534,315,667</u>	<u>\$ 899,496,234</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities payable from unrestricted assets:				
Accounts payable	\$ 15,716,359	\$ 16,034,211	\$ 1,620,058	\$ 33,370,628
Due to component unit	1,905,251	-	-	1,905,251
Unearned revenue	209,186	1,064,075	1,296	1,274,557
Liabilities payable from restricted assets:				
Accounts payable	-	35,131	15,899,687	15,934,818
Due to component unit	-	-	622,518	622,518
Due to fiduciary fund	7,330,174	-	-	7,330,174
Internal loans payable	-	-	18,220,699	18,220,699
Unearned revenue	-	-	2,528,200	2,528,200
Other accrued liabilities	7,204,523	-	-	7,204,523
Total liabilities	<u>32,365,493</u>	<u>17,133,417</u>	<u>38,892,458</u>	<u>88,391,368</u>
Deferred inflows of resources:				
Unavailable revenue - unrestricted	14,667,608	4,171,314	4,781,778	23,620,700
Unavailable revenue - restricted	-	-	77,316,106	77,316,106
Total deferred inflows of resources	<u>14,667,608</u>	<u>4,171,314</u>	<u>82,097,884</u>	<u>100,936,806</u>
Fund balances:				
Nonspendable	404,610	6,415,131	162,956	6,982,697
Restricted	-	130,924,561	360,740,782	491,665,343
Committed	58,916,535	-	23,937,541	82,854,076
Assigned	13,028,310	47,569,182	45,566,073	106,163,565
Unassigned	39,584,406	-	(17,082,027)	22,502,379
Total fund balances	<u>111,933,861</u>	<u>184,908,874</u>	<u>413,325,325</u>	<u>710,168,060</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 158,966,962</u>	<u>\$ 206,213,605</u>	<u>\$ 534,315,667</u>	<u>\$ 899,496,234</u>

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 Position
June 30, 2017

Fund balances - total governmental funds	\$	710,168,060
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are reported only in the government-wide statements.		1,828,162,496
Other long-term assets are prepaid or are not available to pay for current period expenditures and, therefore, are deferred in the fund statements:		
Deferred items eliminated for government-wide		
Unearned revenue in governmental fund statements		100,936,806
Deferred charge for bond refunding		(1,231,700)
Deferred outflows - pensions		641,539,307
Deferred inflows - pensions		(195,037,789)
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 position.		268,760,709
Noncurrent bonds payable are not due and payable in the current period and are not reported in the governmental funds.		(923,834,970)
Unfunded net pension liability 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.)		(3,352,955,642)
Unfunded net pension liability for the City's PERS pension plan.		(360,143,684)
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		(51,593,782)
Notes and loans payable		(114,875,660)
Accrued interest		(93,523,411)
Other postemployment benefits		(39,522,019)
Landfill postclosure		(1,029,080)
Pollution remediation		(143,164)
Other liabilities		(385,546)
Internal service fund look-back adjustment to business-type activities		<u>(10,415,599)</u>
Total net position of governmental activities	\$	<u>(1,595,124,668)</u>

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 Fiscal Year Ended June 30, 2017

	General Fund	Transportation Operating	Other Funds	Total
REVENUES				
Taxes:				
Property	\$ 363,993,827	\$ -	\$ 168,962,608	\$ 532,956,435
Lodging	32,849,121	-	17,933,744	50,782,865
Miscellaneous	-	9,787,463	14,293,483	24,080,946
Licenses and fees	213,377,412	11,491,538	52,321,074	277,190,024
Intergovernmental	28,923,286	72,509,930	95,717,952	197,151,168
Charges for services	13,159,071	22,088,953	33,093,145	68,341,169
Interagency	55,062,892	26,437,990	1,142,692	82,643,574
Parking fees	388,595	44,072,289	2,732,487	47,193,371
Parking fines	-	7,206,634	131,021	7,337,655
Rents and reimbursements	4,866,766	769,692	3,376,833	9,013,291
Miscellaneous service charges	7,215,001	10,534,725	18,407,631	36,157,357
Assessments	4,444	1,641,192	14,191,924	15,837,560
Investment earnings	1,533,230	739,838	18,618,590	20,891,658
Payments in lieu of taxes	925,534	-	-	925,534
Miscellaneous	2,951,282	3,150,316	2,519,291	8,620,889
	<u>725,250,461</u>	<u>210,430,560</u>	<u>443,442,475</u>	<u>1,379,123,496</u>
EXPENDITURES				
Current:				
Public safety	432,959,906	-	27,951,632	460,911,538
Parks, recreation and culture	86,828,104	-	6,374,657	93,202,761
Community development	55,334,799	-	232,548,916	287,883,715
Transportation	-	150,593,882	497,905	151,091,787
Legislative / admin / support services	71,197,778	-	34,573,724	105,771,502
Environmental services	-	-	55,877	55,877
Water	-	-	24,915	24,915
Debt service and related costs:				
Principal	6,458,094	40,987,044	99,370,098	146,815,236
Interest	2,533,823	4,788,008	35,854,717	43,176,548
Debt issuance costs	-	270,758	551,292	822,050
Capital outlay	3,441,946	32,189,849	123,934,776	159,566,571
	<u>658,754,450</u>	<u>228,829,541</u>	<u>561,738,509</u>	<u>1,449,322,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>66,496,011</u>	<u>(18,398,981)</u>	<u>(118,296,034)</u>	<u>(70,199,004)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,164,446	25,193,698	114,347,638	141,705,782
Transfers out	(58,287,236)	(3,497,605)	(83,562,125)	(145,346,966)
Bonds and notes issued	-	28,308,147	73,556,898	101,865,045
Refunding bonds issued	-	20,000,000	37,062,993	57,062,993
Bonds and notes premium	-	6,906,614	2,395,567	9,302,181
Loans issued	-	-	130,652	130,652
Sale of capital asset	5,463	405	-	5,868
	<u>(56,117,327)</u>	<u>76,911,259</u>	<u>143,931,623</u>	<u>164,725,555</u>
Net change in fund balances	<u>10,378,684</u>	<u>58,512,278</u>	<u>25,635,589</u>	<u>94,526,551</u>
Fund balances - beginning	<u>101,555,177</u>	<u>126,396,596</u>	<u>386,386,365</u>	<u>614,338,138</u>
Reclassified from Enterprise Funds (See Note I. C.)	<u>-</u>	<u>-</u>	<u>1,303,371</u>	<u>1,303,371</u>
Fund balances - ending	<u>\$ 111,933,861</u>	<u>\$ 184,908,874</u>	<u>\$ 413,325,325</u>	<u>\$ 710,168,060</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 Fiscal Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$	94,526,551
Amounts reported for governmental activities in the statement of activities are different because:		
The effect of capital outlays made by the governmental funds		159,566,571
Disposals of capital assets and capital contributions		14,236,631
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., Capital assets for a breakdown of depreciation expense by function.)		(180,134,305)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,412,915
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.		19,072,493
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 position. This is the amount by which bond proceeds exceeded principal retirement in the current period.		(23,660,760)
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		(832,990)
Accrual of net pension liability which is not reported as an expenditure in governmental funds:		
PERS		(44,408,684)
FPDR		(183,882,504)
Write-off of inactive projects		(4,985,459)
Internal service fund look-back adjustment to business-type activities		(2,570,562)
Accrual of environmental remediation costs		435,882
Accrual of other postemployment benefits which are not reported as an expenditure in governmental funds		(1,123,096)
Change in net position - governmental activities	\$	<u>(152,347,317)</u>

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

**City of Portland Oregon
Statement of Net Position
Proprietary Funds
June 30, 2017**

	<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>	
ASSETS					
Current assets (unrestricted):					
Cash and investments	\$ 171,056,466	\$ 107,120,401	\$ 32,272,229	\$ 310,449,096	\$ 169,982,520
Receivables:					
Accounts, net	53,996,977	26,173,534	2,130,539	82,301,050	1,944,145
Assessments	2,600,727	498,515	-	3,099,242	-
Notes and loans, net	83,232	-	-	83,232	53,700
Advances	54,000	256,597	60,000	370,597	-
Accrued interest	857,912	713,365	147,946	1,719,223	473,119
Due from component unit	-	-	-	-	16,783
Inventories	1,898,619	2,229,524	-	4,128,143	1,732,749
Prepaid expenses	-	-	-	-	634,646
Total current assets (unrestricted)	<u>230,547,933</u>	<u>136,991,936</u>	<u>34,610,714</u>	<u>402,150,583</u>	<u>174,837,662</u>
Current assets (restricted):					
Cash and investments	-	3,975,719	-	3,975,719	3,229
Total current assets	<u>230,547,933</u>	<u>140,967,655</u>	<u>34,610,714</u>	<u>406,126,302</u>	<u>174,840,891</u>
Noncurrent assets (unrestricted):					
Capital assets, not being depreciated or amortized:					
Land	80,239,715	14,557,078	17,160,848	111,957,641	13,249,938
Construction in progress	178,010,942	84,910,984	1,703,734	264,625,660	40,413,547
Land use rights	12,109,796	3,677,626	4,500	15,791,922	-
Capital assets, being depreciated or amortized:					
Infrastructure	3,485,117,325	1,262,956,716	44,018,995	4,792,093,036	10,345,178
Buildings	33,441,319	80,766,179	184,743,783	298,951,281	173,803,004
Improvements to land	2,249,269	53,519,156	23,146,380	78,914,805	831,331
Equipment	28,975,530	31,441,875	6,667,419	67,084,824	110,041,929
Land use rights	-	806,220	-	806,220	-
Owning rights	-	10,776	-	10,776	-
Software	8,489,429	8,569,751	182,383	17,241,563	44,884,624
Accumulated depreciation and amortization	(560,635,720)	(424,932,406)	(126,965,418)	(1,112,533,544)	(181,186,323)
Capital assets, net of accumulated depreciation and amortization	3,267,997,605	1,116,283,955	150,662,624	4,534,944,184	212,383,228
Receivables:					
Assessments	3,301,471	199,160	-	3,500,631	-
Notes and loans, net	-	-	624,556	624,556	161,100
Total noncurrent assets (unrestricted)	<u>3,271,299,076</u>	<u>1,116,483,115</u>	<u>151,287,180</u>	<u>4,539,069,371</u>	<u>212,544,328</u>
Noncurrent assets (restricted):					
Cash and investments	59,279,660	111,685,396	12,355,569	183,320,625	-
Total noncurrent assets	<u>3,330,578,736</u>	<u>1,228,168,511</u>	<u>163,642,749</u>	<u>4,722,389,996</u>	<u>212,544,328</u>
Total assets	<u>3,561,126,669</u>	<u>1,369,136,166</u>	<u>198,253,463</u>	<u>5,128,516,298</u>	<u>387,385,219</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pensions	35,003,532	33,173,997	4,495,521	72,673,050	26,567,550
Deferred charge for debt refundings	-	-	105,526	105,526	-
Total deferred outflows of resources	<u>35,003,532</u>	<u>33,173,997</u>	<u>4,601,047</u>	<u>72,778,576</u>	<u>26,567,550</u>

**City of Portland Oregon
Statement of Net Position
Proprietary Funds
June 30, 2017**

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Sewage Disposal</u>	<u>Water</u>	<u>Other Funds</u>	<u>Total</u>	
LIABILITIES					
Current liabilities (payable from unrestricted assets):					
Accounts payable	20,614,195	4,753,223	1,514,457	26,881,875	11,700,418
Self insurance claims	13,878	192,375	-	206,253	10,682,525
Compensated absences	4,077,025	3,972,760	479,898	8,529,683	3,057,589
Bonds payable	126,189,967	35,245,689	3,696,695	165,132,351	5,931,933
Notes and loans payable	1,379,871	-	-	1,379,871	-
Accrued interest payable	14,823,372	6,260,371	194,704	21,278,447	142,738
Unearned revenue	899,755	329,788	320,313	1,549,856	79,697
Due to component unit	-	-	-	-	1,865,147
Landfill postclosure	54,702	-	-	54,702	-
Pollution remediation	547,500	175,000	1,000,000	1,722,500	-
Other liabilities	79,160	6,414	13,148	98,722	-
Total current liabilities (unrestricted)	<u>168,679,425</u>	<u>50,935,620</u>	<u>7,219,215</u>	<u>226,834,260</u>	<u>33,460,047</u>
Current liabilities (payable from restricted assets):					
Accounts payable	-	3,975,719	-	3,975,719	-
Total current liabilities	<u>168,679,425</u>	<u>54,911,339</u>	<u>7,219,215</u>	<u>230,809,979</u>	<u>33,460,047</u>
Noncurrent liabilities:					
Self insurance claims	-	869,871	-	869,871	17,386,293
Compensated absences	-	-	-	-	183,316
Bonds payable	1,508,137,654	687,928,912	37,070,500	2,233,137,066	25,595,497
Notes and loans payable	12,174,625	-	-	12,174,625	7,911,552
Internal loans payable	-	-	800,000	800,000	-
Accrued interest payable	12,979,705	13,480,831	1,327,067	27,787,603	6,443,310
Net pension liability - PERS	68,928,094	65,240,068	8,790,914	142,959,076	51,744,356
Other postemployment benefits	1,491,795	1,775,909	246,128	3,513,832	1,118,770
Landfill postclosure	6,017,740	-	-	6,017,740	-
Pollution remediation	275,000	-	100,000	375,000	-
Other liabilities	87,370	-	-	87,370	-
Total noncurrent liabilities	<u>1,610,091,983</u>	<u>769,295,591</u>	<u>48,334,609</u>	<u>2,427,722,183</u>	<u>110,383,094</u>
Total liabilities	<u>1,778,771,408</u>	<u>824,206,930</u>	<u>55,553,824</u>	<u>2,658,532,162</u>	<u>143,843,141</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pensions	1,773,290	1,701,079	218,581	3,692,950	1,327,307
Deferred charge for debt refunding	7,892,777	1,290,941	-	9,183,718	21,612
Total deferred inflows of resources	<u>9,666,067</u>	<u>2,992,020</u>	<u>218,581</u>	<u>12,876,668</u>	<u>1,348,919</u>
NET POSITION					
Net investment in capital assets	1,691,727,931	524,697,188	112,087,256	2,328,512,375	183,077,089
Restricted for:					
Debt service	180,000	-	-	180,000	-
Capital projects	-	-	12,355,569	12,355,569	-
Unrestricted	115,784,795	50,414,025	22,639,280	188,838,100	85,683,620
Total net position	<u>1,807,692,726</u>	<u>575,111,213</u>	<u>147,082,105</u>	<u>2,529,886,044</u>	<u>268,760,709</u>
Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds				<u>10,415,599</u>	
Net position of business-type activities				<u>\$ 2,540,301,643</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 Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	<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>	
Operating revenues:					
Service charges and fees	\$ 366,138,808	\$ 175,614,113	\$ 14,553,401	\$ 556,306,322	\$ 14,926,817
Service charges and fees provided internally	1,388,251	2,934,952	1,457,712	5,780,915	193,839,466
Licenses and permits	2,248,626	-	2,883,600	5,132,226	-
Rents and reimbursements	405,794	-	10,631,667	11,037,461	1,738,160
Concessions	-	-	1,738,937	1,738,937	-
Parking fees	-	-	14,606,101	14,606,101	-
Power sales	-	-	1,302,662	1,302,662	-
Miscellaneous	1,385,314	927,863	2,050,903	4,364,080	9,700,867
Total operating revenues	371,566,793	179,476,928	49,224,983	600,268,704	220,205,310
Operating expenses:					
Salaries and wages	58,821,599	47,977,994	9,144,267	115,943,860	53,608,087
Operating supplies	4,515,510	4,038,727	710,255	9,264,492	11,468,641
Professional services	3,141,297	2,669,596	2,365,936	8,176,829	3,853,941
Materials and services provided internally	27,766,111	18,926,002	7,155,782	53,847,895	20,890,368
Utilities	6,278,847	2,500,733	932,916	9,712,496	3,370,856
Claims	-	-	-	-	60,331,926
Utility license fees	16,250,599	6,776,380	173,160	23,200,139	21,783
Miscellaneous	5,240,636	5,104,772	13,173,787	23,519,195	37,673,330
Depreciation and amortization	47,376,734	29,672,576	5,371,047	82,420,357	13,820,282
Total operating expenses	169,391,333	117,666,780	39,027,150	326,085,263	205,039,214
Operating income (loss)	202,175,460	61,810,148	10,197,833	274,183,441	15,166,096
Nonoperating revenues (expenses):					
Investment earnings (losses)	1,527,317	1,044,195	180,965	2,752,477	551,716
Interest expense	(69,588,885)	(26,411,666)	(1,660,069)	(97,660,620)	(1,933,354)
Debt issuance costs	(1,285,282)	(553,403)	-	(1,838,685)	(97,032)
Gains (losses) on sale of capital assets	38,331	(2,434,064)	(9,540)	(2,405,273)	(54,206)
Miscellaneous	-	661,830	-	661,830	(212,539)
Total nonoperating revenues (expenses)	(69,308,519)	(27,693,108)	(1,488,644)	(98,490,271)	(1,745,415)
Income before contributions and transfers	132,866,941	34,117,040	8,709,189	175,693,170	13,420,681
Transfers in	162,769	904,022	800,000	1,866,791	5,981,403
Transfers out	(559,574)	(706,236)	(2,602,396)	(3,868,206)	(338,804)
Capital contributions	1,154,852	184,444	307,499	1,646,795	9,213
Change in net position	133,624,988	34,499,270	7,214,292	175,338,550	19,072,493
Total net position - beginning	1,674,067,738	540,611,943	141,247,184		249,688,216
Reclassified to Special Revenue Funds (See Note I. C.)	-	-	(1,379,371)		-
Total net position - ending	\$ 1,807,692,726	\$ 575,111,213	\$ 147,082,105		\$ 268,760,709
Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds				2,570,562	
Change in net position of business-type activities				\$ 177,909,112	

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



Portland skyline at sunset from Fire Station 21

City of Portland, Oregon
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	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	\$ 369,539,539	\$ 177,770,606	\$ 48,027,417	\$ 595,337,562	\$ 25,954,964
Receipts for interfund services provided	1,388,251	2,934,952	1,457,712	5,780,915	193,839,466
Payments to suppliers	(35,171,776)	(20,626,358)	(19,054,299)	(74,852,433)	(114,827,678)
Payments to employees	(50,807,961)	(41,068,665)	(7,973,381)	(99,850,007)	(47,543,514)
Payments for interfund services used	(27,766,111)	(18,926,002)	(7,155,782)	(53,847,895)	(20,890,368)
Other receipts (payments)	1,544	664,987	-	666,531	-
Net cash provided by (used for) operating activities	<u>257,183,486</u>	<u>100,749,520</u>	<u>15,301,667</u>	<u>373,234,673</u>	<u>36,532,870</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	162,769	904,022	800,000	1,866,791	5,981,403
Transfers out	(559,574)	(706,236)	(2,602,396)	(3,868,206)	(338,804)
Net cash provided by (used for) noncapital financing activities	<u>(396,805)</u>	<u>197,786</u>	<u>(1,802,396)</u>	<u>(2,001,415)</u>	<u>5,642,599</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of bonds and notes	319,115,000	168,525,000	-	487,640,000	14,526,552
Premium on bonds and notes issued	56,113,433	14,864,824	-	70,978,257	1,180,812
Proceeds from sale of capital assets	322,953	199,625	-	522,578	814,245
Acquisition of capital assets	(107,426,808)	(71,200,855)	(1,571,498)	(180,199,161)	(36,819,128)
Principal paid on bonds and notes	(447,288,111)	(121,308,581)	(7,154,128)	(575,750,820)	(15,942,972)
Interest paid on bonds and notes	(92,501,164)	(28,722,676)	(1,644,289)	(122,868,129)	(1,591,313)
Payments for bond issuance costs	(1,285,282)	(553,403)	-	(1,838,685)	(97,032)
Net cash provided by (used for) capital related financing activities	<u>(272,949,979)</u>	<u>(38,196,066)</u>	<u>(10,369,915)</u>	<u>(321,515,960)</u>	<u>(37,928,836)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings (losses)	1,530,067	826,815	163,421	2,520,303	545,146
Net increase (decrease) in cash and cash equivalents	<u>(14,633,231)</u>	<u>63,578,055</u>	<u>3,292,777</u>	<u>52,237,601</u>	<u>4,791,779</u>
Reclassified to Special Revenue Funds	-	-	(1,130,396)	(1,130,396)	-
Cash and cash equivalents, July 1, 2016	<u>244,969,357</u>	<u>159,203,461</u>	<u>42,465,417</u>	<u>446,638,235</u>	<u>165,193,970</u>
Cash and cash equivalents, June 30, 2017	<u>\$ 230,336,126</u>	<u>\$ 222,781,516</u>	<u>\$ 44,627,798</u>	<u>\$ 497,745,440</u>	<u>\$ 169,985,749</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:					
Unrestricted cash and cash equivalents	\$ 171,056,466	\$ 107,120,401	\$ 32,272,229	\$ 310,449,096	\$ 169,982,520
Restricted cash and cash equivalents	<u>59,279,660</u>	<u>115,661,115</u>	<u>12,355,569</u>	<u>187,296,344</u>	<u>3,229</u>
Total cash and cash equivalents	<u>\$ 230,336,126</u>	<u>\$ 222,781,516</u>	<u>\$ 44,627,798</u>	<u>\$ 497,745,440</u>	<u>\$ 169,985,749</u>

City of Portland, Oregon
Statement of Cash Flows, Continued
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities- Internal Service Funds
	Sewage Disposal	Water	Other Funds	Total	
Reconciliation of operating income to net cash provided by (used for) operating activities:					
Operating income	\$ 202,175,460	\$ 61,810,148	\$ 10,197,833	\$ 274,183,441	\$ 15,166,096
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation and amortization of capital assets	47,376,734	29,672,576	5,371,048	82,420,358	13,820,282
Provision for uncollectible accounts	534,532	624,974	-	1,159,506	-
Nonoperating revenue	-	661,830	-	661,830	-
Change in assets and liabilities:					
Accounts and advances receivable	(1,064,533)	614,412	169,056	(281,065)	(417,634)
Due (from) / to component unit	61,484	-	-	61,484	(114,006)
Inventories	(140,799)	(109,837)	-	(250,636)	(142,951)
Accounts payable	4,377,197	1,311,084	290,468	5,978,749	882,833
Self insurance claims	(145,839)	(64,675)	-	(210,514)	1,272,426
Compensated absences	(21,263)	(337,450)	(299)	(359,012)	119,678
Unearned revenue	(10,013)	(7,597)	102,997	85,387	1,249
Net pension liability - PERS	42,445,336	40,136,514	5,557,939	88,139,789	32,138,703
Other postemployment benefits	(10,578)	(11,359)	(1,890)	(23,827)	(7,785)
Landfill postclosure	(3,370,042)	-	-	(3,370,042)	-
Pollution remediation	(635,000)	(545,000)	(2,010,000)	(3,190,000)	-
Other liabilities	10,667	(127,724)	9,382	(107,675)	-
Deferred outflows - pensions	(28,897,806)	(27,267,228)	(3,764,124)	(59,929,158)	(22,015,328)
Deferred inflows - pensions	(5,502,051)	(5,611,148)	(620,743)	(11,733,942)	(4,170,693)
Net cash provided by (used for) operating activities	<u>\$ 257,183,486</u>	<u>\$ 100,749,520</u>	<u>\$ 15,301,667</u>	<u>\$ 373,234,673</u>	<u>\$ 36,532,870</u>
Noncash information					
Capital contribution	\$ 1,154,852	\$ 184,444	\$ 307,499	\$ 1,646,795	\$ 9,213
Increase (decrease) in fair value of investments (classified as cash equivalents)	(1,638,417)	(1,217,444)	(202,039)	(3,057,900)	(1,074,978)

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

City of Portland, Oregon
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Pension Trust	Agency
ASSETS		
Current assets:		
Cash and investments ¹	\$ 9,666,229	\$ 65,572,146
Receivables:		
Accounts, net	2,815	2,459,478
Advances	-	1,004,481
Pension recovery	122,902	-
Accrued interest	176,066	49,425
Due from other funds	7,330,174	-
Prepaid expense	702	-
	<u>17,298,888</u>	<u>69,085,530</u>
Total current assets		
Noncurrent assets:		
Capital assets:		
Construction in progress	1,063	-
Intangible assets:		
Software	776,398	12,000
Accumulated depreciation and amortization	(303,101)	(4,800)
	<u>474,360</u>	<u>7,200</u>
Net capital assets		
	<u>474,360</u>	<u>7,200</u>
Total noncurrent assets	<u>474,360</u>	<u>7,200</u>
Total assets	<u>17,773,248</u>	<u>69,092,730</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pensions	<u>1,042,944</u>	<u>-</u>
LIABILITIES		
Accounts payable	801,099	5,785,880
Salaries and withholding taxes	-	30,593,098
Compensated absences	1,179,091	-
Due to other governments	-	14,274,909
Bonds payable	318,258	-
Accrued interest payable	203,503	-
Net pension liability - PERS	2,073,029	-
Other postemployment benefits	39,307	-
Other liabilities	-	18,438,843
	<u>4,614,287</u>	<u>69,092,730</u>
Total liabilities		
	<u>4,614,287</u>	<u>69,092,730</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions	<u>50,979</u>	<u>-</u>
NET POSITION		
Net position restricted for pensions	<u>14,150,926</u>	<u>-</u>
Total net position	<u>\$ 14,150,926</u>	<u>\$ -</u>

¹ The City's pension plan is unfunded and has only a portion of the City's internal investment pool.

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

City of Portland, Oregon
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Pension Trust
ADDITIONS	
Contributions:	
Employer	\$ 129,111,814
Other	1,411,040
Total contributions	130,522,854
Investment earnings	462,189
Total additions	130,985,043
DEDUCTIONS	
Benefits and refunds paid to plan members and beneficiaries	130,176,932
Administrative expenses	4,085,644
Total deductions	134,262,576
Change in net position	(3,277,533)
Net position - beginning	17,428,459
Net position - ending	\$ 14,150,926

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

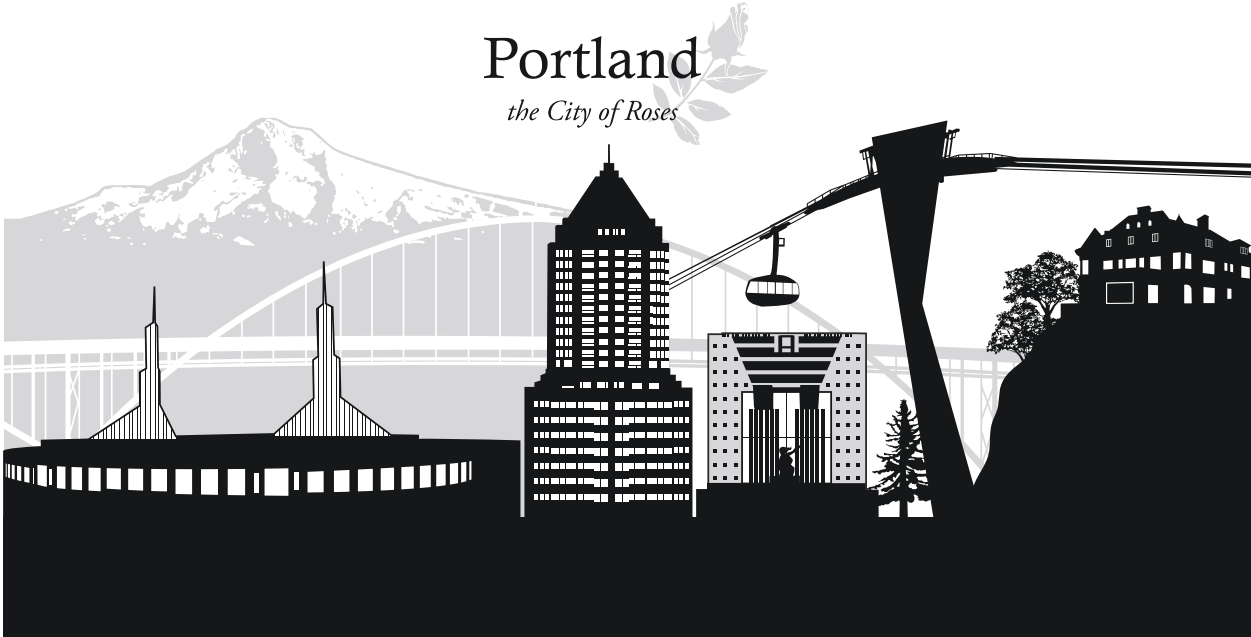


Pioneer Square holiday lights

Notes to the Financial Statements

Portland

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City of Portland, Oregon
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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 that indicates financial accountability includes, but is 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.portlandoregon.gov/fpdr/> or by telephone: (503) 823-6823.

Discretely presented component unit - Prosper Portland

On May 11, 2017, The Portland Development Commission (PDC) adopted a new name, and will be doing business as Prosper Portland. Prosper Portland is organized under Chapter 15 of the Charter for 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 Prosper Portland since May 16, 1958. Prosper Portland's principal activities are business retention, employment creation, real estate acquisition to remove or prevent blight, construction improvements, and rehabilitation/restoration lending.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

I. Summary of significant accounting policies continued:

A. Reporting entity continued:

Prosper Portland is governed by a five-member volunteer Commission, appointed by the City's Mayor and approved by the City Council to serve three year terms. Prosper Portland's governing board is substantially different than the City's board of commissioners, which prevents the City from imposing its will on Prosper Portland. Prosper Portland does not have a financial burden or benefit relationship with the City. Based upon criteria established by Governmental Accounting Standards Board (GASB) Statement No. 61, Prosper Portland is reported as a discretely presented component unit.

As a discretely presented component unit, the assets, liabilities, revenues and expenses related to Prosper Portland are included in the component unit column of the City's government-wide financial statements. Excerpts of Prosper Portland'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 Prosper Portland through budgetary authority and fiscal management. Prosper Portland 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://ProsperPortland.us/resource-library/> or by telephone: (503) 823-3200.

B. Government-wide and fund financial statements:

The government-wide financial statements, which include the statement of net position 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 its 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 Position Proprietary Funds. Segment information for nonmajor enterprise funds is provided in the Combining Statement of Net Position and the Combining Statement of Revenues, Expenses and Changes in Fund Net Position.

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.

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. Agency funds have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition. 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.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

I. Summary of significant accounting policies continued:

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

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 60 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, 2017, 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 60 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
- Postemployment benefits
- Pollution remediation
- Landfill closure costs

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 that are restricted for the purpose of transportation infrastructure and maintenance. A significant amount of the resources available to this fund are restricted.

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.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

I. Summary of significant accounting policies continued:

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

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.

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.

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.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

I. Summary of significant accounting policies continued:

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

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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Service charges and fees provided internally (revenues) and services and materials provided internally (expenses) by internal service funds have been segregated from the service charges and fees (revenues) and professional services (expenses) to more clearly illustrate internal versus external of proprietary funds.

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 interest 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.

Specific fund changes

During the fiscal year ended June 30, 2017, five new funds were established. The funds are:

Special Revenue Funds:

- Inclusionary housing
- Housing property
- Recreational marijuana tax

Capital Project Funds:

- Housing capital fund

Internal Service Funds:

- Portland Police Association Insured plan

Enterprise fund:

The Golf program's outstanding revenue bond debt was paid in fiscal year ended June 30, 2012. This fund is temporarily inactive; however, it is anticipated that the program will continue in the future. There were no payments made from the Golf Revenue Bond Redemption Fund in the fiscal year ended June 30, 2017.

One Enterprise fund has been closed. The July 1, 2016 balances were moved to the newly created Housing Property Special Revenue fund. The fund closing is:

- Headwaters Apartment Complex

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

I. Summary of significant accounting policies continued:

D. Assets, deferred outflows, liabilities, deferred inflows, and net position 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, and GASB Statement No. 72, Fair Value Measurement and Application.

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.

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 three 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 uncollectables.

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 collectability 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. Through fiscal year ended June 30, 2012, the City maintained a valuation allowance for loans receivable that was comprised of an allowance for risk and an allowance for present value discount. During the fiscal year ended June 30, 2013, the City implemented GASB Statement No. 62, to remove the effect of present value calculations on the loan portfolio.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

I. Summary of significant accounting policies continued:

D. Assets, deferred outflows, liabilities, deferred inflows, and net position or equity continued:

3. 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.

4. 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 consumption method. Payments which are classified as prepaid are primarily items that are being amortized such as prepaid insurance and rent.

Payments made to small non-profits and businesses which need payments in advance due to their lack of working capital are classified as advances.

5. 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.

Capital assets, including intangibles, are recorded at historical cost or estimated historical cost when actual cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Management evaluates capital assets for impairment and retirement biannually, or as circumstances warrant.

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.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

I. Summary of significant accounting policies continued:

D. Assets, deferred outflows, liabilities, deferred inflows, and net position or equity continued:

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.

6. Capitalized interest

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

7. 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.

8. 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.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

I. Summary of significant accounting policies continued:

D. Assets, deferred outflows, liabilities, deferred inflows, and net position or equity continued:

9. 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. Employees may not accumulate more than the vacation earned in a two-year period without the approval from the City Council. Compensated absences are reported in governmental funds only if they have matured. Collective bargaining agreements for Fire and Police Bureau employees require payment 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.

10. 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 position. 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.

11. Deferred outflows/inflows of resources

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

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

12. Pensions

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

Fire and Police Disability, Retirement and Death Benefit Plan (FPDR) - For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of FPDR and additions to/deductions from FPDR fiduciary net position have been determined on the same basis as they are reported by FPDR. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

I. Summary of significant accounting policies continued:

D. Assets, deferred outflows, liabilities, deferred inflows, and net position or equity continued:

13. Net position 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 Position for government-wide reporting and for the proprietary funds and on the fiduciary funds' Statement of Fiduciary Net Position, net position is segregated into three categories: net investment in capital assets; restricted net position; and unrestricted net position.

Net investment in capital assets represents total capital assets less accumulated depreciation and capital related debt and net of unspent bond proceeds. Deferred outflows of resources and deferred inflows of resources directly related debt should also be included in this section. Significant unspent deferred inflows of resources should not be included.

Restricted net position represents net position that is not subject solely to the government's own discretion. Restrictions may be placed on net position 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 position.

Unrestricted surplus (deficit) net position 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, endowment principal, 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 with constraints imposed by the highest level of decision-making authority. The City operates under a commission form of government. The Mayor supervises the general affairs of the City, and together with the four commissioners, comprises the City Council, the City's highest level of decision-making authority. The City Council meets weekly to conduct legislative business and enacts ordinances that may impose, modify, or rescind fund balance commitments. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

I. Summary of significant accounting policies continued:

D. Assets, deferred outflows, liabilities, deferred inflows, and net position or equity continued:

The City has established policies requiring that governmental funds be created by the City Council and that each fund in the City shall have a statement of purpose, adopted by ordinance of the City Council. With the exception of the General Fund, all governmental funds are considered **Assigned** unless further constrained as described above. The City Council, via ordinance, determines the government's intent to use the resources in the governmental funds for the specific purposes described in each fund's statement of purpose. 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. Through the adoption of the annual budget with resources in funds outside of the General Fund, the City Council is assigning those resources to the purpose of that fund. The City Council via adoption of the City's budget, determines the specific uses of the General Fund; the portion of ending fund balance that has been appropriated to eliminate a projected budgetary deficit in the next year's budget is reported as **Assigned** fund balance.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that is not otherwise reported as nonspendable, 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.

14. Leases

In accordance with GASB No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, 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.

15. 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.

16. Use of estimates

The preparation of financial statements requires 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.

17. 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.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

I. Summary of significant accounting policies continued:

D. Assets, deferred outflows, liabilities, deferred inflows, and net position or equity continued:

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. Each component 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, 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% for two consecutive quarters or the Financial Forecast estimates basic revenue growth will be below 5.5% for the next fiscal year, and one or more of the following conditions occur in conjunction with slower revenue growth:

- The Portland Metropolitan Area (PMA) unemployment rate is reported above 6.5% for two consecutive quarters, or the Financial Forecast estimates PMA unemployment will average in excess of 6.5% for the next fiscal year.
- The property tax delinquency rate exceeds eight percent.
- Business license year-to-year revenue growth falls below 5.5% for two consecutive quarters, or the Financial Forecast estimates business license revenue growth at less than 5.5% 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 \$58.92 million as of June 30, 2017.

The *Transportation Reserve Fund* was established on 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 five percent of the Portland Bureau of Transportation's (PBOT's) discretionary adopted budget revenues.

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 five percent of PBOT's discretionary adopted budget appropriations excluding contingency. Due to continued reductions in the Transportation Operating Fund, transfers to the reserves have not yet reached the level the policy requires. The fund balance of the Transportation Reserve Fund was \$5.95 million as of June 30, 2017.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

I. Summary of significant accounting policies continued:

E. Adoption of new GASB pronouncements:

During the fiscal year ended June 30, 2017, the City implemented the following GASB Pronouncements:

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Issued June 2015, this statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The City does not have any pension plans that fall within the scope of this Statement, therefore the provisions of this statement do not apply to the City.

GASB Statement No. 77, Tax Abatement Disclosures. Issued August 2015, this statement requires governments that enter into tax abatement agreements to disclose information about those agreements. GASB Statement No. 77 was implemented by the City for the fiscal year ended June 30, 2017.

GASB Statement No. 80, Blending Requirements for Certain Component Units. Issued January 2016, this statement improves financial reporting by clarifying the financial statement presentation requirements for certain component units. GASB 80 was implemented by the City for the fiscal year ended June 30, 2017.

F. Future adoption of GASB pronouncements:

The following GASB pronouncements have been issued, but are not effective as of June 30, 2017:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Issued June 2015, this statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. GASB Statement No. 75 will be effective for the City, fiscal year ending June 30, 2018.

GASB Statement No. 81, Irrevocable Split-Interest Agreements. Issued March 2016, this statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB 81 will be effective for the City, fiscal year ending June 30, 2018.

GASB Statement No. 83, Certain Asset Retirement Obligations. Issued November 2016, this statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). GASB 83 will be effective for the City, fiscal year ending June 30, 2019.

GASB Statement No. 84, Fiduciary Activities. Issued January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective for the City, fiscal year ending June 30, 2020.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

I. Summary of significant accounting policies continued:

F. Future adoption of GASB pronouncements continued:

GASB Statement No. 85, Omnibus 2017. Issued March 2017, this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, good will fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as good will and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contract at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

GASB Statement No. 85 will be effective for the City, fiscal year ending June 30, 2018.

GASB Statement No. 86, Certain Debt Extinguishment Issues. Issued May 2017, the purpose of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB Statement No. 86 will be effective for the City, fiscal year ending June 30, 2018.

GASB Statement No. 87, Leases. This Statement was Issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the City for fiscal year ending June 30, 2021.

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 impact to the City's financial statements.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

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 three 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.

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 during the fiscal year ended June 30, 2017.

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 294.338(3-5). This includes bonds issued under revenue bond authority as defined in ORS 287A.360 to 287A.380. Additionally, any outstanding obligation related to an approved bond redemption, in a prior adopted budget period as defined in ORS 294.338(3)(B)(iii) is also exempt.

For the fiscal year ended June 30, 2017, three funds had expenditures for other financing uses payments to refunded loan and bond escrow agent [exempt per ORS 294.338(4)(c)] or total debt service and related costs [exempt per ORS 294.338(3)(b)(iii)] over appropriations that were exempt from supplemental budgetary requirements per ORS 294.338.

Debt service funds, exempt per 294.338(4)(c):

- Bancroft Bond Interest and Sinking - a special type of Debt Service Fund established by ORS 223.205; 223.260.

Enterprise fund, exempt per ORS 294.338(4)(c):

- Sewer System Debt Redemption

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

II. Stewardship, compliance, and accountability continued:

B. Expenditures in excess of appropriations continued:

Enterprise funds, exempt per 294.338(3)(b)(iii):

- Sewer System Construction

There were two funds that exceeded budget at the legal level of appropriation other than those exempt as noted above.

The following funds had excess expenditures over appropriations for the fiscal year-end:

	Amount
Housing Capital Fund	
Debt Service and Related Costs	\$ 1,616
Housing Property Special Revenue Fund	
Debt Service and Related Costs	72,000

C. Deficit fund equity:

Oregon state law requires fund disclosure of deficit fund balances/total net position. At June 30, 2017, two fund reported a deficit fund balance and one fund had a deficit net position in the GAAP basis financial statements:

<u>Nonmajor Special Revenue Fund:</u>	
Grants	\$ 7,031,672
<u>Nonmajor Capital Project Fund:</u>	
Housing Capital	10,050,355
<u>Internal Service Funds:</u>	
Printing and Distribution Services Operating	885,658

The Grants Fund, a special revenue fund, reported a deficit fund balance of \$7.03 million in the Grants columns of the Combining Balance Sheet - Nonmajor Special Revenue Funds, and the Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds. The City's financial system tracks grant-related expenditures in a central grants fund and the activity for this fund is reported in governmental activities on the government-wide Statement of Activities. The deficit was the result of the timing of the grants reimbursements. Since almost all grants are reimbursable, there is a delay between incurring expenditures and the processing of the related billings and receiving payments.

The Housing Capital Fund, a capital project fund, reported a deficit fund balance of \$10.05 million in the columns of the Combining Balance Sheet - Nonmajor Capital Projects Funds, and the Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Capital Projects Funds. The fund borrowed \$47.22 million from the Nonmajor Special Revenue Fund - Bureau of Development Services, for the purchase of the Ellington Apartments. During the year, a General Obligation bond in the amount of \$35 million was issued and used to pay a portion of the internal loan from the Bureau of Development Services fund. There is a remaining \$10.22 million internal loan payable liability left at the end of FY17, which contributed to the negative fund balance. The remaining \$10.22 million internal loan liability is planned to be repaid via a Housing & Urban Development (HUD) backed loan, with an estimated 2nd quarter, calendar 2018 closing.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

II. Stewardship, compliance, and accountability continued:

C. Deficit fund equity continued:

The Printing and Distribution Services Operating (P&D) Fund, an internal service fund, reported deficit net position of \$885,660 in the Governmental Activities - Internal Service Funds columns of the Statement of Net Position - Proprietary Funds, and the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds. The activity for this fund is reported in governmental activities on the government-wide Statement of Activities. The deficit net position of the P&D Fund is a result of the decrease in the prepaid pension obligation and net capital assets, and an increase in the accrued interest payable liability. This is only partially offset by a decrease in the liabilities for Public Employees Retirement System (PERS) bonds payable and compensated absences. Without an increase in assets, the PERS liability will continue to cause a negative net position for the P&D Fund. The fund includes a component for debt service on the PERS bonds in the interagency agreements it charges City bureaus and outside agencies for services. These interagency costs are built into bureaus' base operating budgets which will provide the fund with an ongoing revenue source dedicated to paying off this debt. The debt will be paid off in FY 2028-29.

III. Detailed notes:

A. Cash and investments:

Cash and investments for the primary government are reported in governmental and business-type activities. The balances at June 30, 2017 are:

	Primary Government	Fiduciary Activities	Total Government	Component Unit (Prosper Portland)	Total
Cash on hand	\$ 13,812	\$ -	\$ 13,812	\$ 600	\$ 14,412
Deposits with financial institutions	21,699,664	-	21,699,664	10,287	21,709,951
Less outstanding checks	-	-	-	(10,973,885)	(10,973,885)
Investments	<u>1,261,401,447</u>	<u>75,238,375</u>	<u>1,336,639,822</u>	<u>241,252,430</u>	<u>1,577,892,252</u>
Total Cash and investments	<u>\$ 1,283,114,923</u>	<u>\$ 75,238,375</u>	<u>\$ 1,358,353,298</u>	<u>\$ 230,289,432</u>	<u>\$ 1,588,642,730</u>

*Prosper Portland cash and investments with the City include \$10,973,885 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 (Prosper Portland)	Total
Unrestricted	\$ 364,331,938	\$ 310,449,096	\$ 674,781,034	\$ 65,572,146	\$ 740,353,180	\$ 230,289,434	\$ 970,642,614
Restricted	<u>421,037,545</u>	<u>187,296,344</u>	<u>608,333,889</u>	<u>9,666,229</u>	<u>618,000,118</u>	-	<u>618,000,118</u>
Total	<u>\$ 785,369,483</u>	<u>\$ 497,745,440</u>	<u>\$ 1,283,114,923</u>	<u>\$ 75,238,375</u>	<u>\$ 1,358,353,298</u>	<u>\$ 230,289,434</u>	<u>\$ 1,588,642,732</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

A. Cash and investments continued:

Restricted cash and investments: continued

Cash and investments at June 30, 2017, restricted by legal or contractual requirements, are reported in governmental activities, business-type activities and fiduciary funds as follows:

<u>Cash and investments by funds</u>	
Governmental activities:	
General fund:	
Business license overpayments	\$ 7,204,523
Transportation fund:	
Capital projects	117,836,110
Nonmajor governmental funds:	
Debt service	72,699,050
Federal and state grants	2,913,348
Voter approved special levies	11,468,192
Capital projects	104,531,188
Public safety	4,862,520
Parks, recreation and culture	1,173,979
Community development	90,230,768
Permanent endowment	183,810
Housing	7,930,828
Internal services	<u>3,229</u>
Total governmental activities	<u>421,037,545</u>
Business-type activities:	
Sewage Disposal fund:	
Debt service for capital projects related debt	59,279,660
Water fund:	
Debt service for capital projects related debt	115,661,115
Nonmajor enterprise funds:	
Renewal and replacement	11,317,776
Environmental remediation	<u>1,037,793</u>
Total business-type activities	<u>187,296,344</u>
Total primary governmental restricted cash	<u>608,333,889</u>
Total fiduciary activities	<u>9,666,229</u>
Total restricted cash and investments	<u>\$ 618,000,118</u>

Component unit - Prosper Portland

Total cash reported by Prosper Portland for fiscal year ending June 30, 2017 was \$230 million, none of which was restricted.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

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, 2017, the book value of all the City's deposits was \$21.7 million.

The OST's custodian, Federal Home Loan Bank of Des Moines, 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.

Component unit - Prosper Portland

Total deposits for Prosper Portland were \$10,287 which is FDIC insured to \$250,000. The excess is collateralized with eligible securities

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.

Treasury assesses a management fee that is deducted from investment income before distributions are made to all City funds. This fee is based on Treasury's net operating expenses and totaled \$1,093,108 for fiscal year ended June 30, 2017.

Fair Value Inputs and Methodologies

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

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

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

A. Cash and investments continued:

Investments continued

Fair Value Hierarchy

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

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

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

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

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

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

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

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

A. Cash and investments continued:

Investments continued

The City has the following recurring fair value measurements as of June 30, 2017:

- Investments Measured at Fair Value (\$ in millions).

	Totals as of 6/30/2017	Fair Value Measurements Using			Amortized Cost Measurement Using
		Quoted Prices in Active Markets for Identical Assets Level One	Significant Other Observable Inputs Level Two	Significant Unobservable Inputs Level Three	
Investments Measured at Fair Value:					Not measured at Fair Value
U.S. Treasury	\$ 155,263,050	\$ 155,263,050	\$ -	\$ -	\$ -
U.S. Agencies	989,533,469	989,533,469	-	-	-
Corporate bonds	315,806,345	-	315,806,345	-	-
Commercial paper	44,923,150	-	44,923,150	-	-
Repurchase Agreements	30,000,000	-	30,000,000	-	-
Time/Interest Bearing Deposits	4,389,278	-	-	-	4,389,278
Local Government Investment Pool	37,976,960	-	-	-	37,976,960
Total investments	\$ 1,577,892,252	\$ 1,144,796,519	\$ 390,729,495	\$ -	\$ 42,366,238

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

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

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

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

A. Cash and investments continued:

Investments continued

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
- 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 and United States Agency debt obligations
- Corporate debt obligations issued by U.S. corporations
- Bankers acceptances
- Municipal debt obligations issued by Oregon state or local governments

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

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

As of June 30, 2017, the weighted-average maturity of the City's investment portfolio was 1.21 years. To minimize interest rate risk, the City's investment policy limits the portfolio to a maximum weighted-average maturity of 24 months. In addition, no more than 50% of the projected lowest cash balance may be invested in securities with a maturity range beyond two years. All other funds must be invested in less than two-year maturities.

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 limits on the level of investments with financial institutions, other municipalities, and issuers of commercial paper and corporate debt, and by monitoring credit quality on an ongoing basis. An investment policy stressing a relatively short maturity and highly rated investment-grade debt serves to minimize credit risk. Maximum combined corporate indebtedness (Commercial Paper and Corporate Bonds) is limited to 35% of the total portfolio and a five percent limit of the total portfolio per issuer.

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

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

A. Cash and investments continued:

Investments continued

As of June 30, 2017, the LGIP was not rated. The credit quality distribution for securities with credit exposure as a percentage of total investments as of June 30, 2017 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	15.47 %
Federal Home Loan Mortgage Corporation	Aaa	AA+	AAA	11.32 %
Federal National Mortgage Association	Aaa	AA+	AAA	18.62 %
Federal Farm Credit Bank	Aaa	AA+	AAA	10.81 %
Federal Agriculture Mortgages Corporation	N/R*	N/R*	N/R*	4.76 %
United States Financing Corp (FICO)	Aaa	N/R*	N/R*	1.03 %
Private Export Funding Corp (PEFCO)	Aaa	N/R*	AAA	0.71 %
United States Treasury	Aaa	AA+	AAA	9.84 %
Total U.S. Agency Debt Obligations				72.56 %
Corporate bonds	Aa3	AA-	AA-	20.01 %
Commercial paper	P -1	A -1	F1	2.85 %
Repurchase agreements	N/R*	N/R*	N/R*	1.90 %
Time/Interest Bearing Deposits	N/R*	N/R*	N/R*	0.27 %
Local Government Investment Pool	N/R*	N/R*	N/R*	2.41 %
Total Investments				100.00 %

N/R = Not Rated*

Concentration of credit risk. This is the risk that, when investments are concentrated in one issue, this concentration presents a heightened risk of potential loss. Of the City's total investments, as of June 30, 2017, 73% were United States Treasury and Agency debt obligations or short-term investments. All other investments not explicitly guaranteed by the United States Government were limited to five 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: <https://www.portlandoregon.gov/citycode/index.cfm?a=200869>

Custodial credit risk. This is the risk that, in the event of failure of a 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. As of June 30, 2017, the City had no investments that were held by either a counterparty or a counterparty's trust department agent. Therefore, the City has no outstanding investments that were exposed to custodial credit risk.

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

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

A. Cash and investments continued:

Investments continued

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

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

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

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

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

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

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

A. Cash and investments continued:

Investments continued

As of June 30, 2017, the City had the following investments and maturities (this table includes fiduciary activities)

<u>Investment Type</u>	<u>Book Value</u>	<u>Fair Market Value</u>	<u>Fair Value Investment Maturity (Years)</u>		<u>Weighted Average Maturity (Years)</u>
			<u>Less Than 1</u>	<u>1 - 5</u>	
U.S. Treasury Debt Obligations	\$ 155,513,275	\$ 155,263,050	\$ 155,263,050	\$ -	0.07
U.S. Agencies	991,699,032	989,533,469	471,184,538	518,348,931	0.93
Corporate bonds	316,121,982	315,806,345	171,386,591	144,419,754	0.21
Commercial paper	44,914,161	44,923,150	44,923,150	-	-
Repurchase agreements	30,000,000	30,000,000	30,000,000	-	-
Time/Interest bearing deposits	4,389,278	4,389,278	38,278	4,351,000	-
Local Government Investment Pool	37,976,960	37,976,960	-	37,976,960	-
Total investments	\$ 1,580,614,688	\$ 1,577,892,252	\$ 872,795,607	\$ 705,096,645	1.21
Portfolio weighted average maturity (years)		1.11			
Net portfolio yield		1.21 %			

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

B. Receivables:

Receivables as of June 30, 2017, are as follows:

	Governmental Activities				Total
	General	Transportation Operating	Other Funds	Internal Service	
Taxes	\$ 23,376,735	\$ -	\$ 11,513,059	\$ -	\$ 34,889,794
Accounts	32,784,330	20,714,309	11,894,763	1,946,095	67,339,497
Assessments	2,178	2,895,156	65,906,953	-	68,804,287
Notes and loans	375,880	125,000	419,258,797	214,800	419,974,477
Advances	1,152,703	-	1,019,330	-	2,172,033
Grants	-	-	10,288,976	-	10,288,976
Interest	398,886	496,784	1,207,092	473,119	2,575,881
Total receivables	58,090,712	24,231,249	521,088,970	2,634,014	606,044,945
Allowance for doubtful accounts	(289,726)	(42,657)	(347,322,752)	(1,950)	(347,657,085)
Receivables, net	<u>\$ 57,800,986</u>	<u>\$ 24,188,592</u>	<u>\$ 173,766,218</u>	<u>\$ 2,632,064</u>	<u>\$ 258,387,860</u>
Not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ 1,076,248</u>	<u>\$ 102,913,122</u>	<u>\$ 161,100</u>	<u>\$ 104,150,470</u>
Delinquent special assessments	<u>\$ 2,178</u>	<u>\$ 1,440,009</u>	<u>\$ 21,676,055</u>	<u>\$ -</u>	<u>\$ 23,118,242</u>

	Business-type Activities			Total
	Sewage Disposal	Water	Other Funds	
Accounts	\$ 58,857,207	\$ 29,282,122	\$ 2,141,297	\$ 90,280,626
Assessments	5,902,198	697,675	-	6,599,873
Notes and loans	83,232	-	624,556	707,788
Advances	54,000	256,597	60,000	370,597
Interest	857,912	713,365	147,946	1,719,223
Total receivables	65,754,549	30,949,759	2,973,799	99,678,107
Allowance for doubtful accounts	(4,860,230)	(3,108,587)	(10,758)	(7,979,575)
Receivables, net	<u>\$ 60,894,319</u>	<u>\$ 27,841,172</u>	<u>\$ 2,963,041</u>	<u>\$ 91,698,532</u>
Not scheduled for collection during the subsequent year	<u>\$ 2,735,881</u>	<u>\$ 199,160</u>	<u>\$ -</u>	<u>\$ 2,935,041</u>
Delinquent special assessments	<u>\$ 1,864,157</u>	<u>\$ 81,806</u>	<u>\$ -</u>	<u>\$ 1,945,963</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. 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 \$25 million.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

B. Receivables continued:

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; 2) Portland Bureau of Transportation loan; 3) Fleet; and 4) Portland Bureau of Environmental Services loan.

Portland Housing Bureau Loans:

The Portland Housing Bureau (PHB) loans receivable balances as of June 30, 2017 are as follows:

<u>Fund and Program</u>	<u>Maximum Term</u>	<u>Interest Rate</u>	<u>Gross Loans Receivable</u>	<u>Allowance</u>
Nonmajor governmental funds:				
Grants Fund:				
Multi-family housing:				
Cash flow loans	30 yrs	0 - 3%	\$ 85,790	\$ (81,500)
Equity gap loans	Indefinite	0	517,521	(517,521)
Amortized loans	30 yrs	0 - 3	9,004	(4,747)
Single-family housing:				
Deferred payment loans	30 yrs	0 - 3	<u>313,434</u>	<u>(31,097)</u>
Total gross Grants Fund			<u>925,749</u>	<u>(634,865)</u>
Total Net Grants Fund				<u>290,884</u>
Community Development Block Grant (CDBG) Fund:				
Multi-family housing:				
Cash flow loans	30 yrs	0 - 3%	18,686,987	(17,752,637)
Equity gap loans	Indefinite	0	17,335,830	(17,335,830)
Amortized loans	30 yrs	0 - 3	10,868,386	(5,434,193)
Deferred payment loans	60 yrs	0 - 8	2,261,641	(1,130,820)
Conditional Grants		0	1,798,318	(1,798,318)
Single-family housing:				
Amortized loans	26 yrs	0 - 5	181,359	(9,068)
Deferred payment loans	Indefinite	0	4,130,130	(413,012)
Shared appreciation mortgage	Indefinite	0	299,480	(74,870)
Special assets	Indefinite	0	82,407	(82,407)
Other deferred payment loans			600,000	(300,000)
Accrued interest on loans			<u>2,537,837</u>	<u>(1,632,724)</u>
Total gross CDBG Fund			<u>58,782,375</u>	<u>(45,963,879)</u>
Total net CDBG Fund				<u>12,818,496</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

B. Receivables continued:

Fund and Program	Maximum Term	Interest Rate	Gross Loans Receivable	Allowance
HOME Grant Fund:				
Multi-family housing:				
Cash flow loans	45 yrs	0 - 3%	29,474,306	(28,590,867)
Equity gap loans	Indefinite	0	23,024,641	(23,024,641)
Amortized loans	30 yrs	1 - 3	5,909,129	(2,928,484)
Deferred payment loans	20 yrs	0 - 3	1,181,333	(590,667)
Single-family housing:				
Deferred payment loans	Indefinite	0	2,000	(270)
Shared appreciation mortgage	Indefinite	0	405,297	(101,324)
Accrued interest on loans			<u>2,560,848</u>	<u>(2,140,316)</u>
Total gross HOME Grant Fund			<u>62,557,554</u>	<u>(57,376,569)</u>
Total net HOME Grant Fund				<u>5,180,985</u>
Housing Investment Fund (HIF):				
Multi-family housing:				
Cash flow loans	40 yrs	0 - 5%	5,752,237	(4,054,560)
Equity gap loans	Indefinite	0	13,228,261	(13,228,261)
Amortized loans	30 yrs	0 - 7	6,016,879	(4,788,863)
Deferred payment loans	20 yrs	0 - 3	2,352,362	(807,318)
Single-family housing:				
Amortized loans	20 yrs	0-3	2,627	(276)
Deferred payment loans	30 yrs	0-3	61,428	(7,340)
Special assets	Indefinite	0	8,156	(5,445)
Accrued interest on loans			<u>4,229,162</u>	<u>(2,364,085)</u>
Total gross HIF			<u>31,651,112</u>	<u>(25,256,148)</u>
Total net HIF				<u>6,394,964</u>
Tax Increment Financing Reimbursement Fund (TIF):				
Multi-family housing:				
Cash flow loans	30 - 60 yrs	1-9	153,387,924	(144,844,833)
Equity gap loans	Indefinite	0	36,330,226	(36,330,226)
Amortized loans	30 yrs	0-7	43,147,463	(24,888,543)
Deferred payment loans	20 - 50 yrs	0-9	7,647,579	(824,154)
Conditional grants	Indefinite	0	3,142,568	(3,142,568)
Single-family housing:				
Amortized loans	20 - 30 yrs	1-5	302,790	(15,140)
Deferred payment loans	30 yrs	0-4	10,469,755	(1,046,976)
Shared appreciation mortgage	Indefinite	0	1,108,163	(277,041)
Special assets	Indefinite	0	23,256	(23,256)
Other deferred payment loans			9,180	(4,590)
Accrued interest on loans			<u>9,568,574</u>	<u>(6,696,744)</u>
Total gross TIF			<u>265,137,478</u>	<u>(218,094,071)</u>
Total net TIF				<u>47,043,407</u>
General Fund - N/NE Housing				
Single-family housing:				
Deferred payment loans	15 - 30 yrs	0	<u>417,644</u>	<u>(41,764)</u>
Total gross General Fund			<u>417,644</u>	<u>(41,764)</u>
Total Net General Fund				<u>375,880</u>
Total gross all funds			<u>\$ 419,471,912</u>	<u>\$ (347,367,296)</u>
Total net all funds				<u>\$ 72,104,616</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

B. Receivables continued:

Portland Housing Bureau Loan Guarantees

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 contain 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.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

B. Receivables continued:

As of June 30, 2017, the City had eleven outstanding loans receivable under the HUD Section 108 Loan Guarantee program totaling \$10.1 million, for which the City is contingently liable. Each loan was executed with a promissory note signed by the borrower. Loan details are presented in the table below.

<u>Borrower Name</u>	<u>Maximum Principal</u>	<u>Principal Disbursed as of 6/30/2017</u>	<u>Outstanding Balance as of 6/30/2017</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Cash Flow Begin Date</u>	<u>Allowance</u>	<u>Loan Type</u>
<u>Cash Flow (CF) Loans:</u>								
Roselyn Renewal, LLC	\$ 830,000	\$ 830,000	\$ 830,000	0.50%	June, 2059	4/1/2011	\$ (788,500)	Cash Flow
Reach Walnut Partners, LP	1,641,000	1,641,000	1,565,346	0.50%	May, 2071	4/1/2012	(1,487,079)	Cash Flow
Villa De Suenos, LP Loan # 2	750,000	750,000	721,308	0.00%	June, 2041	5/1/2012	(721,308)	Cash Flow
Uptown Tower Apartments, LP	700,000	700,000	700,000	4.50%	December, 2035	1/1/2026	(350,000)	Cash Flow
Total CF Loans	<u>3,921,000</u>	<u>3,921,000</u>	<u>3,816,654</u>				<u>(3,346,887)</u>	
<u>Multi-Family Housing Amortized (MFHA) Loans:</u>								
Halsey Center	650,000	650,000	488,732	3.00%	November, 2030	12/1/2010	(244,366)	MFHA
Upshur Renewal Housing, LP	415,000	415,000	332,285	5.00%	June, 2031	7/1/2011	(166,143)	MFHA
Villa De Suenos, LP Loan # 1	750,000	750,000	588,895	4.00%	June, 2031	7/1/2011	(294,448)	MFHA
Human Solutions Inc.	1,439,000	1,373,547	1,142,890	4.25%	October, 2031	10/1/2011	(571,445)	MFHA
Los Jardines, LP	400,000	396,019	330,113	2.72%	March, 2032	8/1/2012	(165,057)	MFHA
Vista De Rosas, LLC	1,115,000	1,115,000	1,090,282	5.00%	March, 2035	7/1/2015	(545,141)	MFHA
Hacienda CDC	2,400,000	2,400,000	2,358,321	5.00%	September, 2035	9/1/2016	(1,179,161)	MFHA
Total MFHA Loans	<u>7,169,000</u>	<u>7,099,566</u>	<u>6,331,518</u>				<u>(3,165,761)</u>	
Total	<u>\$ 11,090,000</u>	<u>\$ 11,020,566</u>	<u>\$ 10,148,172</u>				<u>\$ (6,512,648)</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% 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, 2016, and accordingly 2017 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% 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, 2033, 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.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

B. Receivables continued:

CityFleet Loans:

Legacy Emanuel Hospital and Health Center

Ordinance No. 185705 authorized the Office of Management and Finance (OMF) to exchange Real Property with Legacy Emanuel Hospital and Health Center. In exchange for the property, OMF received proceeds including a one-time payment of \$1.1 million and 10 annual payments of \$53,700. Six of the 10 payments have been received and the remaining four payments totaling \$214,800 have been accrued as a loan receivable in the CityFleet Operating Fund under the Office of Management and Finance. This loan carries out governmental objectives and bears zero interest. The payment schedule is as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Payment</u> <u>Date</u>	<u>Payment</u>
2018	12/31/2017	\$ 53,700
2019	12/31/2018	53,700
2020	12/31/2019	53,700
2021	12/31/2020	<u>53,700</u>
	Total	<u>\$ 214,800</u>

Portland Bureau of Transportation Loan:

Under Ordinance No. 169688, the City loaned \$125,000 to the Belmont Limited partnership for the redevelopment of the Belmont Dairy property as a mixed use, Section 42 low-income and moderate income housing/commercial rehabilitation project. The loan term is 30 years and it accrues interest at one percent per annum. The principal and interest are due on January 1, 2026.

Portland Bureau of Environmental Services Loan:

Portland Bureau of Environmental Services Loan: 3300 North Williams Ave

On April 9, 2013, the City of Portland Bureau of Environmental Services entered into an agreement with the U.S. Environmental Protection Agency, which enabled the City to establish and manage the Portland Brownfield Revolving Loan Fund. Under the agreement the City offers low-cost, flexible loans to assist with the remediation of Brownfield properties. The first loan under this agreement was entered into with 3300 North Williams Ave. LLC (North Williams) on April 9, 2013. The initial loan was for \$135,000, which was later increased to \$165,000 under Amendment No. 1, on December 18, 2013. The loan agreement stipulates an interest rate of three percent per annum. The disbursements to North Williams were made in fiscal year 2014 in the amount of \$118,343, and \$28,234 in fiscal year 2015 and the remaining of \$18,423 thru fiscal year 2016 for the total of \$165,000. Amendment No. 2 granted additional \$75,000 loan in July 2016. During FY 2017 an additional \$42,534 of the loan funds were disbursed to North Williams. The property is undergoing a soil vapor extraction, under the supervision of the Oregon Department of Environmental Quality, to reduce soil pollution at the site to an acceptable level. The project is estimated to be complete in 2018 and that the remaining loan balance will be dispersed. Per agreement, re-payment of the loan is not required until the project is complete.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

B. Receivables continued:

Portland Bureau of Environmental Services Loan: SE Ankeny St.

On October 1, 2008, the City of Portland Bureau of Environmental Services entered an agreement with Robert and Rose Schulz to conduct environmental remediation to facilitate environmental protection and beneficial reuse of several adjacent lots on SE Ankeny St. in Portland. Under this agreement the original loan amount was \$485,520 and later increased to \$500,000. Per the terms of the agreement the proceeds of the loan were held by the lender the City of Portland and used to secure contracted services to complete environmental remediation at the Ankeny properties to a residential standard established and approved by the Oregon Department of Environmental Quality (DEQ). The loan was secured by a trust deed and the interest rate on the loan was three percent, due in nine years. After the initial remediation effort was completed it was found that the SE Ankeny property still had contamination levels that would not allow its use for redevelopment. On March 17, 2016, the SE Ankeny properties were sold to Group 701 and Wayne Rask and the city allowed the new owners to assume the initial loan. The balance due on the loan at the time sale was \$674,556. Group 701 LLC was required to make a \$50,000 payment to the City of Portland toward the interest of the loan as a condition of the property purchase reducing the outstanding loan balance to \$624,556. The interest rate per the amended agreement begins at one percent and escalates over the life of the loan with the loan due in nine years. Group 701 and Wayne Rask will continue to remediate the Ankeny Properties under the guidance of the DEQ, so the properties will meet contamination measurements that will allow the properties to be put to productive use. The loan agreement requires that the loan be paid in full when the property meets DEQ requirements and/or is sold.

C. Payables:

Payables and other accrued liabilities at June 30, 2017, are as follows:

	Governmental Activities					Total
	General	Transportation Operating	Other Funds	Internal Service	Unallocated Governmental	
Accounts to vendors and contractors	\$ 22,920,882	\$ 16,069,342	\$ 17,519,745	\$ 11,700,418	\$ 7,330,174	\$ 75,540,561
Interest on bonds and notes	-	-	-	6,586,048	93,523,411	100,109,459
Total payables	\$ 22,920,882	\$ 16,069,342	\$ 17,519,745	\$ 18,286,466	\$ 100,853,585	\$ 175,650,020

	Business-type Activities			
	Sewage Disposal	Water	Other Funds	Total
Accounts to vendors and contractors	\$ 20,780,725	\$ 8,735,356	\$ 1,527,605	\$ 31,043,686
Interest on bonds and notes	27,803,077	19,741,202	1,521,771	49,066,050
Total payables	\$ 48,583,802	\$ 28,476,558	\$ 3,049,376	\$ 80,109,736

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

D. Deferred outflows and inflows of resources 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". The City recognizes inflows of resources that relate to future periods as deferred inflows of resources. The various components of unearned revenue reported in the governmental funds at June 30, 2017 are as follows:

	Governmental Activities				Total
	General	Transportation Operating	Other Funds	Internal Service	
Grants	\$ -	\$ -	\$ 2,528,200	\$ -	\$ 2,528,200
Misc. unearned	209,186	1,064,075	1,296	79,697	1,354,254
Total unearned revenue	\$ 209,186	\$ 1,064,075	\$ 2,529,496	\$ 79,697	\$ 3,882,454

	Business-type Activities			Total
	Sewage Disposal	Water	Other Funds	
Total misc. unearned revenue	\$ 899,755	\$ 329,788	\$ 320,313	\$ 1,549,856

Various components of deferred inflows reported in the governmental funds at June 30, 2017 are as follows:

	Governmental Funds			
	General	Transportation Operating	Other Funds	Total
Receivables				
Accounts	\$ 1,525,844	\$ 1,276,158	\$ 259,797	\$ 3,061,799
Liens - LID	-	-	3,366,217	3,366,217
Liens	2,178	2,895,156	61,785,586	64,682,920
Taxes	13,139,586	-	16,686,284	29,825,870
Total unavailable revenue	\$ 14,667,608	\$ 4,171,314	\$ 82,097,884	\$ 100,936,806

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

D. Deferred outflows and inflows of resources and unearned revenue continued:

Various components of deferred outflows reported in the Government-wide statements at June 30, 2017 are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Government</u>	<u>Fiduciary Activities</u>	<u>Component Unit (Prosper Portland)</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>						
Payments made to OPERS since measurement date	\$ 26,766,962	\$ 8,741,758	\$ 35,508,720	\$ 128,293	\$ 673,628	\$ 36,310,641
Share of OPERS difference between expected and actual earnings	13,572,873	4,769,264	18,342,137	68,266	380,378	18,790,781
Change of assumption - OPERS	87,888,142	30,425,917	118,314,059	435,276	2,384,062	121,133,397
Changes in employer Proportion of OPERS	1,550,819	552,511	2,103,330	7,912	44,773	2,156,015
Actual vs Estimated Earnings - OPERS	81,410,997	28,183,600	109,594,597	403,197	2,208,362	112,206,156
FPDR's change in assumptions	379,007,486	-	379,007,486	-	-	379,007,486
FPDR's difference between projected and actual earnings	711,807	-	711,807	-	-	711,807
FPDR's difference between expected and actual earnings	77,197,771	-	77,197,771	-	-	77,197,771
Deferred charge for the difference between carrying amount and the reacquisition price of bonds	-	105,526	105,526	-	-	105,526
	<u>-</u>	<u>105,526</u>	<u>105,526</u>	<u>-</u>	<u>-</u>	<u>105,526</u>
Total deferred outflows of resources	<u>\$ 668,106,857</u>	<u>\$ 72,778,576</u>	<u>\$ 740,885,433</u>	<u>\$ 1,042,944</u>	<u>\$ 5,691,203</u>	<u>\$ 747,619,580</u>
<u>Deferred Inflows of Resources:</u>						
Difference between contributions to OPERS and proportionate share of contributions	\$ 10,304,098	\$ 3,692,950	\$ 13,997,048	\$ 50,979	\$ 314,546	\$ 14,362,573
FPDR's difference between expected and actual experience	12,110,028	-	12,110,028	-	-	12,110,028
Changes in assumptions - FPDR	173,950,970	-	173,950,970	-	-	173,950,970
Difference between the carrying amount and the reacquisition price of refunded bonds	1,253,312	9,183,718	10,437,030	-	-	10,437,030
	<u>1,253,312</u>	<u>9,183,718</u>	<u>10,437,030</u>	<u>-</u>	<u>-</u>	<u>10,437,030</u>
Total deferred inflows of resources	<u>\$ 197,618,408</u>	<u>\$ 12,876,668</u>	<u>\$ 210,495,076</u>	<u>\$ 50,979</u>	<u>\$ 314,546</u>	<u>\$ 210,860,601</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

E. Fund balances, governmental funds:

On the Balance Sheet - Governmental Funds, balances were 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 fiscal year-ended June 30, 2017 were as follows:

	General	Transportation Operating	Other Funds	Total
Nonspendable:				
Inventories	\$ 252,251	\$ 6,131,048	\$ -	\$ 6,383,299
Prepaid items	152,359	284,083	-	436,442
Permanent fund principal	-	-	162,956	162,956
Restricted:				
Public safety:				
Drug enforcement and education	-	-	4,857,807	4,857,807
Emergency facilities improvements	-	-	869,826	869,826
Emergency communications	-	-	4,928,051	4,928,051
Parks, recreation and culture:				
Capital improvement activities	-	-	88,736,281	88,736,281
Improvements or services	-	-	1,178,112	1,178,112
Operations, maintenance and capital programs	-	-	657,736	657,736
Promotion of program activities	-	-	21,411	21,411
Community development:				
Affordable housing	-	-	76,344,900	76,344,900
Childhood programs	-	-	7,001,762	7,001,762
Construction activities	-	-	71,360,408	71,360,408
Debt service	-	-	231,550	231,550
Federal housing and other programs	-	-	13,393,128	13,393,128
Financing and construction improvements	-	-	3,379,120	3,379,120
Funding of installation of solar electric systems on publicly-owned facilities	-	-	26,465	26,465
Inclusionary housing program	-	-	1,844,001	1,844,001
Multi-family housing property operations	-	-	1,959,400	1,959,400
Transportation:				
Operations, maintenance & capital improvement	-	130,924,561	-	130,924,561
Street improvements	-	-	1,676,062	1,676,062
Legislative / admin / support services	-	-	8,727,899	8,727,899
Debt service	-	-	73,546,863	73,546,863

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

E. Fund balances, governmental funds continued:

	<u>General</u>	<u>Transportation Operating</u>	<u>Other Funds</u>	<u>Total</u>
Committed:				
Public safety:				
Emergency communications	-	-	1,586,843	1,586,843
Fire apparatus replacement	7,320,384	-	-	7,320,384
Parks, recreation and culture:				
Capital projects	-	-	3,767,383	3,767,383
Improvements and services	-	-	4,967,001	4,967,001
Community development:				
Affordable housing	-	-	13,029,692	13,029,692
Solar power on publicly-owned facilities	-	-	26,627	26,627
Legislative / admin / support services:				
Activities of economic improvement districts	-	-	40,083	40,083
Promotion of convention business and tourism	-	-	117,391	117,391
Recreational marijuana activities	-	-	402,521	402,521
Reserves for General Fund stabilization	51,596,151	-	-	51,596,151
Assigned:				
Public safety:				
Fire and police payroll	13,028,310	-	-	13,028,310
Parks, recreation and culture:				
Capital projects	-	-	1,372,909	1,372,909
Improvements and services	-	-	8,882,083	8,882,083
Community development:				
Affordable housing	-	-	2,659,727	2,659,727
Construction activities	-	-	15,332,840	15,332,840
Federal housing and other programs	-	-	20,716	20,716
Financing and construction of improvements	-	-	394,157	394,157
Housing projects	-	-	1,311,055	1,311,055
Transportation	-	47,569,182	-	47,569,182
Debt service	-	-	15,592,586	15,592,586
Unassigned	<u>39,584,406</u>	<u>-</u>	<u>(17,082,027)</u>	<u>22,502,379</u>
Total fund balances	<u>\$ 111,933,861</u>	<u>\$ 184,908,874</u>	<u>\$ 413,325,325</u>	<u>\$ 710,168,060</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

F. Capital assets:

Primary Government

In the governmental activities column of the statement of activities, capital asset reclassification 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 \$10,039,884 in capital asset transfers between governmental activities and business-type activities.

Capital assets activity for the primary government, which excludes fiduciary activities, for the year ended June 30, 2017, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications and Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 223,516,081	\$ -	\$ -	\$ 10,071,148	\$ 233,587,229
Construction in progress	194,835,246	191,879,182	-	(27,759,659)	358,954,769
Intangible assets:					
Land use rights	42,409,036	6,489,465	-	12,130	48,910,631
Owning rights	28,953	-	-	-	28,953
	<u>460,789,316</u>	<u>198,368,647</u>	<u>-</u>	<u>(17,676,381)</u>	<u>641,481,582</u>
Total capital assets, not being depreciated or amortized					
Capital assets, being depreciated or amortized:					
Infrastructure	4,750,174,268	6,246,918	(1,669,793)	2,915,697	4,757,667,090
Buildings	400,078,168	1,758,438	(36,869)	12,226,079	414,025,816
Improvements to land	153,838,903	-	-	662,229	154,501,132
Equipment	215,288,003	4,273,469	(12,056,438)	12,893,819	220,398,853
Intangible assets:					
Software	70,842,372	16,610	(1,805,627)	1,920,218	70,973,573
	<u>5,590,221,714</u>	<u>12,295,435</u>	<u>(15,568,727)</u>	<u>30,618,042</u>	<u>5,617,566,464</u>
Total capital assets being depreciated or amortized					
Less accumulated depreciation or amortization for:					
Infrastructure	(3,656,181,727)	(162,038,131)	1,630,549	(151)	(3,816,589,460)
Buildings	(151,336,198)	(9,447,938)	7,098	(2,239,397)	(163,016,435)
Improvements to land	(77,123,123)	(5,839,891)	-	(662,229)	(83,625,243)
Equipment	(97,505,146)	(12,736,589)	11,192,983	-	(99,048,752)
Intangible assets:					
Software	(54,131,020)	(3,892,038)	1,800,626	-	(56,222,432)
	<u>(4,036,277,214)</u>	<u>(193,954,587)</u>	<u>14,631,256</u>	<u>(2,901,777)</u>	<u>(4,218,502,322)</u>
Total accumulated depreciation or amortization					
Total capital assets, being depreciated or amortized, net					
	<u>1,553,944,500</u>	<u>(181,659,152)</u>	<u>(937,471)</u>	<u>27,716,265</u>	<u>1,399,064,142</u>
Governmental activities capital assets, net					
	<u>\$ 2,014,733,816</u>	<u>\$ 16,709,495</u>	<u>\$ (937,471)</u>	<u>\$ 10,039,884</u>	<u>\$ 2,040,545,724</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

F. Capital assets continued:

	Beginning Balance	Increases	Decreases	Reclassifications and Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 108,742,424	\$ 8,810	\$ (704,682)	\$ 3,911,089	\$ 111,957,641
Construction in progress	223,127,055	179,235,694	-	(137,737,089)	264,625,660
Intangible assets:					
Land use rights	15,298,746	390,288	-	102,888	15,791,922
Total capital assets, not being depreciated or amortized	<u>347,168,225</u>	<u>179,634,792</u>	<u>(704,682)</u>	<u>(133,723,112)</u>	<u>392,375,223</u>
Capital assets, being depreciated or amortized:					
Infrastructure	4,677,916,947	940,198	(11,019,650)	124,255,542	4,792,093,037
Buildings	309,781,652	41,309	(325,439)	(10,546,243)	298,951,279
Improvements to land	76,864,294	-	(186,864)	2,237,375	78,914,805
Equipment	69,686,237	1,067,863	(2,724,503)	(944,774)	67,084,823
Intangible assets:					
Land use rights	497,260	-	-	308,961	806,221
Owning rights	10,776	-	-	-	10,776
Software	11,868,309	-	(97,336)	5,470,590	17,241,563
Total capital assets being depreciated or amortized	<u>5,146,625,475</u>	<u>2,049,370</u>	<u>(14,353,792)</u>	<u>120,781,451</u>	<u>5,255,102,504</u>
Less accumulated depreciation or amortization for:					
Infrastructure	(868,168,808)	(68,090,659)	9,339,008	151	(926,920,308)
Buildings	(110,272,178)	(6,422,189)	319,337	2,239,397	(114,135,633)
Improvements to land	(19,840,769)	(2,773,155)	114,673	662,229	(21,837,022)
Equipment	(36,918,868)	(4,686,795)	2,260,265	5,395,049	(33,950,349)
Intangible assets:					
Land use rights	(19,538)	(12,209)	-	-	(31,747)
Owning rights	(3,849)	(769)	-	-	(4,618)
Software	(9,921,572)	(434,581)	97,336	(5,395,049)	(15,653,866)
Total accumulated depreciation or amortization	<u>(1,045,145,582)</u>	<u>(82,420,357)</u>	<u>12,130,619</u>	<u>2,901,777</u>	<u>(1,112,533,543)</u>
Total capital assets, being depreciated or amortized, net	<u>4,101,479,893</u>	<u>(80,370,987)</u>	<u>(2,223,173)</u>	<u>123,683,228</u>	<u>4,142,568,961</u>
Business-type activities capital assets, net	<u>\$ 4,448,648,118</u>	<u>\$ 99,263,805</u>	<u>\$ (2,927,855)</u>	<u>\$ (10,039,884)</u>	<u>\$ 4,534,944,184</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

F. Capital assets continued:

	Beginning Balance	Increases	Decreases	Reclassifications and Transfers	Ending Balance
Total:					
Capital assets, not being depreciated or amortized:					
Land	\$ 332,258,505	\$ 8,810	\$ (704,682)	\$ 13,982,237	\$ 345,544,870
Construction in progress	417,962,301	371,114,876	-	(165,496,748)	623,580,429
Intangible assets:					
Land use rights	57,707,782	6,879,753	-	115,018	64,702,553
Owning rights	28,953	-	-	-	28,953
Total capital assets, not being depreciated or amortized	807,957,541	378,003,439	(704,682)	(151,399,493)	1,033,856,805
Capital assets, being depreciated or amortized:					
Infrastructure	9,428,091,215	7,187,116	(12,689,443)	127,171,239	9,549,760,127
Buildings	709,859,820	1,799,747	(362,308)	1,679,836	712,977,095
Improvements to land	230,703,197	-	(186,864)	2,899,604	233,415,937
Equipment	284,974,240	5,341,332	(14,780,941)	11,949,045	287,483,676
Intangible assets:					
Land use rights	497,260	-	-	308,961	806,221
Owning rights	10,776	-	-	-	10,776
Software	82,710,681	16,610	(1,902,963)	7,390,808	88,215,136
Total capital assets being depreciated or amortized	10,736,847,189	14,344,805	(29,922,519)	151,399,493	10,872,668,968
Less accumulated depreciation or amortization for:					
Infrastructure	(4,524,350,535)	(230,128,790)	10,969,557	-	(4,743,509,768)
Buildings	(261,608,376)	(15,870,127)	326,435	-	(277,152,068)
Improvements to land	(96,963,892)	(8,613,046)	114,673	-	(105,462,265)
Equipment	(134,424,014)	(17,423,384)	13,453,248	5,395,049	(132,999,101)
Intangible assets:					
Land use rights	(19,538)	(12,209)	-	-	(31,747)
Owning rights	(3,849)	(769)	-	-	(4,618)
Software	(64,052,592)	(4,326,619)	1,897,962	(5,395,049)	(71,876,298)
Total accumulated depreciation or amortization	(5,081,422,796)	(276,374,944)	26,761,875	-	(5,331,035,865)
Total capital assets, being depreciated or amortized, net	5,655,424,393	(262,030,139)	(3,160,644)	151,399,493	5,541,633,103
Total capital assets, net	\$ 6,463,381,934	\$ 115,973,300	\$ (3,865,326)	\$ -	\$ 6,575,489,908

Capitalized interest

Total interest costs incurred in business-type activities in fiscal year ended June 30, 2017 were \$106.2 million of which \$8.5 million was capitalized for a net interest expense of \$97.7 million.

Depreciation and amortization

Fully depreciated capital assets at June 30, 2017 totaled \$260,701,584, of which \$143,667,615 pertains to governmental activities and \$117,033,970 to business-type activities. The total remaining salvage value is \$3,349,827, of which \$2,637,294 pertains to governmental activities and \$712,533 to business-type activities. Capital assets held by the City of Portland's internal service funds are billed according to interagency agreements to the various functions based on their usage of the assets. Depreciation and amortization expenses are charged to the internal service fund that owns and bills for the use of the assets.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

F. Capital assets continued:

Depreciation and amortization continued

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

	<u>Amounts</u>
Governmental activities:	
Public safety	\$ 5,448,547
Parks, recreation and culture	9,629,041
Community development	498,080
Transportation	163,880,099
Legislative/ admin/ support services	402,481
Environmental services	75,597
Water	183,460
Parking facilities	17,000
Total governmental funds	180,134,305
Internal service funds -	
Legislative/ admin/ support services	13,820,282
Total governmental activities	\$ 193,954,587
Business-type activities:	
Environmental services	\$ 47,532,298
Water	29,672,576
Hydroelectric power	607,392
Parking facilities	597,561
Golf	717,027
Motor sports	147,457
Spectator facilities	3,146,046
Total business-type activities	\$ 82,420,357

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

F. Capital assets continued:

Component Unit - Prosper Portland

Activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,495,883	\$ 8,515,828	\$ -	\$ 16,011,711
Construction in progress	-	6,617,523	-	6,617,523
Total capital assets, not being depreciated	<u>7,495,883</u>	<u>15,133,351</u>	<u>-</u>	<u>22,629,234</u>
Capital assets, being depreciated or amortized:				
Buildings and improvements	5,807,441	17,275,959	-	23,083,400
Leasehold improvements	3,849,501	-	-	3,849,501
Vehicles and equipment	1,079,340	76,597	-	1,155,937
Intangible assets:				
Software	<u>1,765,141</u>	<u>56,486</u>	<u>(43,225)</u>	<u>1,778,402</u>
Total capital assets, being depreciated or amortized	<u>12,501,423</u>	<u>17,409,042</u>	<u>(43,225)</u>	<u>29,867,240</u>
Less accumulated depreciation or amortization for:				
Buildings and improvements	(1,640,156)	(545,317)	-	(2,185,473)
Leasehold improvements	(3,849,501)	-	-	(3,849,501)
Vehicles and equipment	(879,630)	(74,140)	-	(953,770)
Intangible assets:				
Software	<u>(256,716)</u>	<u>(177,840)</u>	<u>43,225</u>	<u>(391,331)</u>
Total accumulated depreciation or amortization	<u>(6,626,003)</u>	<u>(797,297)</u>	<u>43,225</u>	<u>(7,380,075)</u>
Total capital assets, being depreciated or amortized, net	<u>5,875,420</u>	<u>16,611,745</u>	<u>-</u>	<u>22,487,165</u>
Total governmental activities capital assets, net	<u>\$ 13,371,303</u>	<u>\$ 31,745,096</u>	<u>\$ -</u>	<u>\$ 45,116,399</u>

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 fund represents employer contributions to pay pension benefits. Interfund balances are expected to be repaid within one year.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

G. Interfund receivables, payables, and transfers continued:

The composition of due to and due from other funds as of June 30, 2017 was:

	Governmental Activities		Business-type Activities	Fiduciary Activities	Total Due To Other Funds
	Transportation Operating	Other Funds	Water		
Governmental Activities:					
General	\$ -	\$ -	\$ -	\$ 7,330,174	\$ 7,330,174

Component Unit - Prosper Portland

The amount due from Prosper Portland to the City is \$2.5 million in accounts receivable. The amounts due from the City to Prosper Portland for various grant expenditures and other intergovernmental agreements total \$4.4 million.

	Governmental Activities				Business-type Activities		Prosper Portland	Net Due (To) From Component Unit
	General	Transportation Operating	Other Funds	Internal Services	Sewage Disposal	Other Funds		
<u>Governmental Activities:</u>								
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,905,251)	\$ (1,905,251)
Other funds	-	-	-	-	-	-	(622,518)	(622,518)
Internal service funds	-	-	-	-	-	-	(1,865,147)	(1,865,147)
Total due (to) from component unit	-	-	-	-	-	-	(4,392,916)	(4,392,916)
<u>Prosper Portland:</u>								
Prosper Portland - All funds	124,901	200	2,391,163	16,783	-	-	-	2,533,047
Net due from (to) component unit	\$ 124,901	\$ 200	\$ 2,391,163	\$ 16,783	\$ -	\$ -	\$ (4,392,916)	\$ (1,859,869)

Interfund transfers

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

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

G. Interfund receivables, payables, and transfers continued:

Interfund transfers and the reconciliation to the statement of activities for the fiscal year ended June 30, 2017 consist of the following:

	Governmental Activities			Business-type Activities			Total Transfers Out	
	General	Transportation Operating	Other Funds	Internal Service	Sewage Disposal	Water		Other Funds
Governmental activities:								
General	\$ -	\$ 18,247,349	\$ 32,415,484	\$ 5,981,403	\$ -	\$ 843,000	\$ 800,000	\$ 58,287,236
Transportation	-	700,000	2,744,102	-	53,503	-	-	3,497,605
Other funds	1,837,221	4,015,596	77,709,308	-	-	-	-	83,562,125
Internal service	-	-	277,782	-	-	61,022	-	338,804
Business-type activities:								
Sewage disposal	-	-	559,574	-	-	-	-	559,574
Water	12,792	-	584,178	-	109,266	-	-	706,236
Other funds	314,433	2,230,753	57,210	-	-	-	-	2,602,396
Total transfers in	<u>\$ 2,164,446</u>	<u>\$ 25,193,698</u>	<u>\$ 114,347,638</u>	<u>\$ 5,981,403</u>	<u>\$ 162,769</u>	<u>\$ 904,022</u>	<u>\$ 800,000</u>	<u>149,553,976</u>
Reconciliation:								
Total internal service funds								(338,804)
Total governmental funds								(145,346,966)
Total business-type activities								(109,266)
Capital assets transferred to governmental activities								(162,192)
Governmental activities transfers to business-type activities								<u>(1,757,525)</u>
Total transfers per Statement of Activities								<u>\$ 1,839,223</u>

Interfund loans

As of June 30, 2017, the Grants fund received temporary interest-free operating loans of \$8 million from the Transportation Operating Fund. These operating loans were authorized by Resolution No. 37298 and are expected to be repaid during fiscal year 2017-18.

Portland Housing Bureau acquired Ellington Apartments for use as an affordable housing project. The acquisition was funded with a temporary loan of \$47.04 million from the Bureau of Developmental Services. The loan was authorized by Ordinance 188150 and is expected to be repaid with interest, by June 30, 2018. The outstanding amount is \$10.2 million.

The Golf Fund received an \$800,000 temporary loan from the Parks Capital Improvement Fund for capital improvements to the Colwood Golf Course. This loan was authorized by Resolution No. 37081.

Interfund loan balances at June 30, 2017 were:

	Governmental Activities			Total Internal Loans Payable
	General	Transportation Operating	Other Fund	
Governmental activities:				
Other funds	\$ -	\$ 8,000,000	\$ 10,220,699	\$ 18,220,699
Business-type activities:				
Other fund	-	-	800,000	800,000
Total Internal loans receivable	<u>\$ -</u>	<u>\$ 8,000,000</u>	<u>\$ 11,020,699</u>	<u>\$ 19,020,699</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

H. Leases:

Operating leases

Lessor operating leases

The City is involved in various cancelable and non-cancelable leasing arrangements under operating leases for land, buildings, equipment and land use rights which are leased mainly to commercial and retail customers. The City's leasing arrangements also include long-term contracts where the purpose is to support benevolent causes for citizens rather than to generate rental income. Thereby, the facilities are rented at reduced rates to nonprofit social services agencies. Initial lease term ranges from zero to 99 years and renewable options from zero to 75 years. The straight-line method of accounting is used to depreciate and amortize the leased properties over the term of the lease.

Through the services of various property management companies, the City has increased ownership and investment in rental properties, resulting in over \$50 million total increase during FY17 for net investments. The total cost and accumulated depreciation includes leased space which represents a percentage of the total square feet of each structure. Included among the leased properties are land use rights; these properties were donated to the City, but due to the passage of time their cost is nil. Governmental activities generated \$3.7 million in rental income in FY2017 and \$2.6 million in FY2016. Business-type activities generated \$2.7 million in FY2017 and \$2.6 million in FY2016. Contingent rent was insignificant in both FY2017 and FY2016.

As of June 30, 2017, the City's investment in operating leases is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land and improvements	\$ 7,868,656	\$ -	\$ 7,868,656
Buildings	<u>105,883,320</u>	<u>10,134,803</u>	<u>95,748,517</u>
Net Investments	<u>\$ 113,751,976</u>	<u>\$ 10,134,803</u>	<u>\$ 103,617,173</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

H. Leases continued:

Operating leases continued

As of June 30, 2017, future minimum rents to be received from non-cancelable operating leases are contractually due as follows:

Fiscal Year Ending June 30,	Governmental Activities	Business-type Activities	Total
2018	\$ 2,086,854	\$ 1,890,519	\$ 3,977,373
2019	960,148	1,419,715	2,379,863
2020	858,480	922,203	1,780,683
2021	698,678	702,151	1,400,829
2022	623,069	535,592	1,158,661
2023-2027	2,512,077	2,428,343	4,940,420
2028-2032	1,932,883	1,661,897	3,594,780
2033-2037	962,529	1,845,869	2,808,398
2038-2042	920,650	2,053,656	2,974,306
2043-2047	951,098	-	951,098
2048-2052	1,018,045	-	1,018,045
2053-2057	787,679	-	787,679
2058-2062	414,075	-	414,075
2063-2067	461,220	-	461,220
2068-2072	513,732	-	513,732
2073-2077	536,899	-	536,899
2078-2082	417,656	-	417,656
Total	<u>\$ 16,655,772</u>	<u>\$ 13,459,945</u>	<u>\$ 30,115,717</u>

Lessee operating leases

The City has various noncancelable operating lease commitments including land, buildings and equipment with lease terms varying from one to 99 years and renewal options from zero to 25 years. Provisions for future rent adjustments or rent free periods are specified in the lease agreement; usually, rental increases are predetermined, affixed to a range from three to five percent or contains an escalation clause linked to the consumer price index. The rental payments are recorded as expenditures or expenses of the related fund when incurred. The City also has noncancelable sublease agreements for certain communication towers, office and parking spaces.

Total operating lease expenditures includes contingent rent attributed to the consumer price index. For the year ended June 30, 2017, operating expenses are summarized as follows:

	Fiscal Year Ending June 30,	
	2017	2016
Minimum rents	\$ 3,756,025	\$ 3,717,862
Contingent rents	58,649	5,956
Sublease rental income	48,007	515,759
Total rental expense	<u>\$ 3,862,681</u>	<u>\$ 4,239,577</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

H. Leases continued:

Operating leases continued

As of June 30, 2017, future annual lease commitments under noncancelable operating leases are follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities	Fiduciary Activities	Lease Commitments
	Minimum Lease Commitments	Sublease Income *	Minimum Lease Commitments	Minimum Lease Commitments	
2018	\$ 2,655,259	\$ 27,914	\$ 903,765	\$ 187,664	\$ 3,746,688
2019	1,984,969	23,959	425,434	210,354	2,620,757
2020	1,306,686	13,314	17,707	216,665	1,541,058
2021	538,519	13,604	15,077	74,025	627,621
2022	462,690	-	-	-	462,690
2023-2027	713,628	-	-	-	713,628
2028-2032	606,634	-	-	-	606,634
2033-2037	658,179	-	-	-	658,179
2038-2042	715,211	-	-	-	715,211
2043-2047	778,346	-	-	-	778,346
2048-2052	675,343	-	-	-	675,343
2053-2057	713,712	-	-	-	713,712
2058-2062	794,974	-	-	-	794,974
2063-2067	885,487	-	-	-	885,487
2068-2072	986,306	-	-	-	986,306
2073-2077	1,098,604	-	-	-	1,098,604
2078-2082	1,223,688	-	-	-	1,223,688
2083-2087	1,363,013	-	-	-	1,363,013
2088-2092	1,518,202	-	-	-	1,518,202
2093-2097	1,691,060	-	-	-	1,691,060
2098-2102	791,918	-	-	-	791,918
	<u>\$ 22,162,428</u>	<u>\$ 78,791</u>	<u>\$ 1,361,983</u>	<u>\$ 688,708</u>	<u>\$ 24,213,119</u>

* Sublease income not included in total

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, 2017.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

I. Long-term debt continued

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 currently outstanding unlimited tax general obligation bonds for governmental activities were originally issued at \$161.6 million. Currently \$124 million of these bonds are outstanding. The bonds were originally issued for emergency facilities, public safety, parks improvements and affordable housing. The City is authorized to levy an unlimited ad valorem tax to pay for these bonds.

In May of 2017 the City sold \$35.1 million of 2017 Series A General Obligation Bonds. These bonds were issued to provide permanent financing for a portion of the cost of the Ellington Apartments project, which is owned by the Portland Housing Bureau of the City of Portland. Bond proceeds also were used to pay the costs of issuance. These bonds will be paid off over 20 years with interest rates ranging from 2.5 to 5.0%.

Oregon state law limits general obligation debt to three percent of real market value. At June 30, 2017 the City's unused debt margin is \$3.5 billion.

General obligation bonds currently outstanding are as follows:

	Bond Series	Interest Rates(s) Outstanding Debt	Date of Issue	Remaining Years of Maturity	Amount of Original Issue	Outstanding June 30, 2017
Governmental activities:						
Emergency Facilities	2008A	4.00-4.75%	11/18/2008	2018-2028	\$ 15,360,000	\$ 10,435,000
Emergency Facilities	2009A	4.00	07/10/2009	2018-2019	14,560,000	3,235,000
Emergency Facilities	2011A	3.00-4.125	05/13/2011	2018-2026	25,835,000	16,830,000
Emergency Facilities	2014A	2.50-5.00	03/27/2014	2018-2029	29,795,000	24,810,000
Emergency Facilities	2015A	2.00-5.00	06/02/2015	2018-2029	17,145,000	15,080,000
Parks Improvement	2015C	2.00-5.00	07/30/2015	2018-2029	23,850,000	18,535,000
Affordable Housing	2017A	2.50-5.00	05/18/2017	2018-2037	35,085,000	35,085,000
Total governmental activities					<u>\$ 161,630,000</u>	<u>\$ 124,010,000</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

I. Long-term debt continued

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

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2018	\$ 9,265,000	\$ 4,990,528
2019	9,770,000	4,496,041
2020	8,480,000	4,064,856
2021	8,820,000	3,726,544
2022	9,225,000	3,325,944
2023-2027	47,365,000	10,405,181
2028-2032	19,825,000	3,091,231
2033-2037	11,260,000	1,116,394
Total	<u>\$ 124,010,000</u>	<u>\$ 35,216,719</u>

Limited tax improvement bonds

The City has \$32.6 million of outstanding limited tax improvement bonds. These bonds were issued for the purpose of financing local improvement district 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 four to five percent.

Limited tax improvement bonds currently outstanding are as follows:

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Remaining Years of Maturity	Amount of Original Issue	Outstanding June 30, 2017
Governmental activities:						
Limited Tax Improvement	2007A	5.00%	06/28/2007	2027	\$ 41,745,000	\$ 17,640,000
Limited Tax Improvement	2010A	4.125	04/29/2010	2030	22,305,000	9,935,000
Limited Tax Improvement	2011A	4.00	12/13/2011	2022-2032	3,400,000	1,335,000
Limited Tax Improvement	2014A	4.00	06/26/2014	2018-2034	7,385,000	3,675,000
Total governmental activities					<u>\$ 74,835,000</u>	<u>\$ 32,585,000</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

I. Long-term debt continued

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

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2018	\$ 445,000	\$ 1,492,219
2019	430,000	1,474,419
2020	-	1,457,219
2021	-	1,457,219
2022	215,000	1,457,219
2023-2027	17,640,000	7,243,094
2028-2032	11,055,000	2,013,456
2033-2037	<u>2,800,000</u>	<u>224,000</u>
Total	<u>\$ 32,585,000</u>	<u>\$ 16,818,845</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's urban renewal and redevelopment bonds are secured solely by and paid from the tax increment revenues generated from the respective urban renewal areas. No additional City revenues are pledged to the repayment of these bonds. The City has \$392.2 million outstanding 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 Eastside, and River District. Interest rates on the outstanding bonds range from 1.38 to 6.30%.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

I. Long-term debt continued

Urban renewal bonds currently outstanding are as follows:

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Remaining Years of Maturity	Amount of Original Issue	Outstanding June 30, 2017
Governmental activities:						
Airport Way	2015A	1.38%	07/09/2015	2018-2020	\$ 24,897,200	\$ 15,140,600
Central Eastside	2011A	5.535-6.246	03/31/2011	2018-2021	10,205,000	4,245,000
Central Eastside	2011B	4.00-5.375	03/31/2011	2021-2031	19,485,000	19,485,000
Downtown Waterfront	2008A	5.36-6.30	04/22/2008	2018-2024	50,165,000	31,885,000
Downtown Waterfront	2011A	4.00-5.00	07/06/2011	2018-2020	30,370,000	13,955,000
Interstate Corridor	2011A	4.624-6.294	08/11/2011	2018-2021	28,890,000	19,000,000
Interstate Corridor	2011B	4.50-5.00	08/11/2011	2026-2031	17,245,000	17,245,000
Interstate Corridor	2015A	5.00	03/17/2015	2018-2025	17,155,000	14,125,000
Lents District	2010A	5.784-6.284	06/24/2010	2018-2024	21,240,000	12,420,000
Lents District	2010B	4.25-5.00	06/24/2010	2024-2030	15,650,000	15,650,000
North Macadam	2010A	5.374-5.574	09/23/2010	2018-2022	29,645,000	12,680,000
North Macadam	2010B	3.75-5.00	09/23/2010	2022-2030	35,280,000	35,280,000
Oregon Convention Center	2012A	3.623-4.323	05/17/2012	2020-2025	69,760,000	69,760,000
Oregon Convention Center	2011B	5.00	07/06/2011	2018-2020	29,685,000	13,665,000
River District	2012A	3.144-4.430	07/10/2012	2018-2026	24,250,000	16,315,000
River District	2012B	4.00-5.00	07/10/2012	2018-2032	34,140,000	25,650,000
River District	2012C	3.75-5.00	07/10/2012	2026-2031	15,275,000	15,275,000
South Park Blocks	2008A	6.031-6.081	07/16/2008	2018-2019	34,580,000	8,430,000
South Park Blocks	2008B	5.00	07/16/2008	2019-2024	32,020,000	32,020,000
Total governmental activities					<u>\$ 539,937,200</u>	<u>\$ 392,225,600</u>

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

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2018	\$ 34,994,400	\$ 18,616,984
2019	39,922,300	16,997,232
2020	38,963,900	15,146,304
2021	39,475,000	13,352,267
2022	41,335,000	11,507,119
2023-2027	139,775,000	29,800,732
2028-2032	57,760,000	7,039,728
Total	<u>\$ 392,225,600</u>	<u>\$ 112,460,366</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

I. Long-term debt continued

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-secured obligations

As of June 30, 2017, the City had \$35.6 million of outstanding limited tax revenue bonds and \$14.2 million of outstanding limited tax housing revenue bonds. These bonds are full faith and credit obligations of the City secured by all legally available funds. Because they largely are expected to be repaid from General Fund resources, these obligations are considered to be non-self-supporting.

In November 2016, the City issued \$16.2 million of 2016 Series A Limited Tax Revenue Bonds. The City has pledged its full faith and credit to pay the 2016 Series A Bonds. The 2016 Series A Bonds were issued to pay for a portion of the costs of and to repay the balance on a line of credit established for the Lighting Efficiency Project. The final maturity of the 2016 Series A Bonds will occur in 2026 with an interest rate of five percent.

In June of 2017, the City issued \$35.8 million of 2017 Series A Limited Tax Revenue and Refunding Bonds, of which \$6.6 million is non-self-supporting. The City has pledged its full faith and credit to pay the 2017 Series A Bonds. Proceeds of the non-self-supporting 2017 Series A Bonds were used to refund the outstanding maturities of the City's Limited Tax Revenue Bonds, 2007 Series A Archives Space Acquisition Project and to pay costs of issuance. Interest rates on the non-self-supporting 2017 Series A Bonds range from four to five percent. The final maturity non-self-supporting portion of the 2017 Series A Bonds will occur in 2028.

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

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Remaining Years of Maturity	Amount of Original Issue	Outstanding June 30, 2017
<u>Governmental activities:</u>						
Capital Financing - Facilities	2008A	5.00%	06/24/2008	2018-2018	\$ 17,725,000	\$ 2,090,000
Capital Improvement & Renovation	2010A	3.00-3.125	04/22/2010	2018-2020	4,840,000	1,535,000
Emergency Coordination Center	2011B	2.375-3.00	12/15/2011	2018-2026	5,445,000	3,730,000
Police Training Facility	2012B	3.00-4.00	05/24/2012	2018-2022	13,305,000	7,185,000
LED Green Bonds	2016A	5.00	11/29/2016	2018-2026	16,220,000	14,460,000
Archives Space Acquisition Project	2017A	4.00-5.00	06/15/2017	2018-2028	<u>6,615,000</u>	<u>6,615,000</u>
Total					<u>\$ 64,150,000</u>	<u>\$ 35,615,000</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

I. Long-term debt continued

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

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Remaining Years of Maturity	Amount of Original Issue	Outstanding June 30, 2017
<u>Governmental activities:</u>						
Housing Projects	2005D	4.00-4.125%	06/21/2005	2018-2025	\$ 6,975,000	\$ 5,040,000
Headwaters Apartment Project	2005A	4.50-5.00	04/18/2005	2018-2035	10,480,000	8,180,000
Headwaters Apartment Project	2005B	4.70	04/18/2005	2018-2035	<u>1,260,000</u>	<u>990,000</u>
Total					<u>\$ 18,715,000</u>	<u>\$ 14,210,000</u>

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 unfunded actuarial accrued pension liability with the State of Oregon Public Employees Retirement System (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, 2017, interest rates on the \$23.8 million of outstanding 1999 Series D variable rate bonds and \$23.8 million of outstanding 1999 Series E variable rate bonds, were 1.45% and 1.44% respectively. Interest rates on the outstanding fixed rate \$134.5 million of 1999 Series C bonds range from 7.70 to 7.93%.

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

	Original Distribution	Liability June 30, 2017
<u>Governmental activities:</u>		
Governmental funds	\$ 211,379,554	\$ 127,895,234
Internal service funds	<u>16,741,773</u>	<u>10,129,614</u>
Total governmental activities	<u>228,121,327</u>	<u>138,024,848</u>
Business-type activities	72,201,017	43,685,239
Fiduciary activities	<u>526,002</u>	<u>318,257</u>
Total	<u>\$ 300,848,346</u>	<u>\$ 182,028,344</u>

Limited tax pension obligation revenue bonds currently outstanding are as follows:

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

I. Long-term debt continued

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Remaining Years of Maturity	Amount of Original Issue	Outstanding June 30, 2017
<u>Governmental activities:</u>						
Allocation of Limited Tax Pension Obligation	1999C	7.701%	11/01/1999	2018-2022	\$ 84,292,006	\$ 71,898,226
Allocation of Limited Tax Pension Obligation	1999C	7.93	11/01/1999	2018-2029	30,090,299	30,090,310
Allocation of Limited Tax Pension Obligation	1999D	variable	11/01/1999	2018-2019	56,869,511	18,027,634
Allocation of Limited Tax Pension Obligation	1999E	variable	11/01/1999	2018-2019	56,869,511	18,008,678
Total Governmental activities					<u>228,121,327</u>	<u>138,024,848</u>
<u>Business-type activities:</u>						
Allocation of Limited Tax Pension Obligation	1999C	7.701	11/01/1999	2018-2022	26,678,633	22,755,991
Allocation of Limited Tax Pension Obligation	1999C	7.93	11/01/1999	2018-2029	9,523,664	9,523,654
Allocation of Limited Tax Pension Obligation	1999D	variable	11/01/1999	2018-2019	17,999,360	5,705,797
Allocation of Limited Tax Pension Obligation	1999E	variable	11/01/1999	2018-2019	17,999,360	5,699,797
Total Business-type activities					<u>72,201,017</u>	<u>43,685,239</u>
<u>Fiduciary activities:</u>						
Allocation of Limited Tax Pension Obligation	1999C	7.701	11/01/1999	2018-2022	194,360	165,783
Allocation of Limited Tax Pension Obligation	1999C	7.93	11/01/1999	2018-2029	69,382	69,381
Allocation of Limited Tax Pension Obligation	1999D	variable	11/01/1999	2018-2019	131,130	41,568
Allocation of Limited Tax Pension Obligation	1999E	variable	11/01/1999	2018-2019	131,130	41,525
Total Fiduciary activities					<u>526,002</u>	<u>318,257</u>
Total Limited Tax Pension Bonds					<u>\$ 300,848,346</u>	<u>\$ 182,028,344</u>

Approximately 37% of the debt service on these bonds is expected to be paid from resources of the General Fund. The remaining 63% is expected to be paid by non-General Fund resources of City bureaus. As of June 30, 2017, \$67 million of outstanding principal remaining on the portion of the bonds is projected to be repaid with General Fund resources.

Self-supporting General Fund-secured obligations

As of June 30, 2017, the City had \$210.9 million of outstanding self-supporting limited tax revenue bonds. These bonds are full faith and credit obligations of the City secured by all legally available funds. Because they are expected to be paid from non-General Fund resources, these obligations are considered to be self-supporting.

In June of 2017, the City issued \$35.7 million of 2017 Series A Limited Tax Revenue and Refunding Bonds, of which \$29.2 million is self-supporting. The City has pledged its full faith and credit to pay the 2017 Series A Bonds. Proceeds of the self-supporting 2017 Series A Bonds were used to repay the balance on a line of credit and to provide new money to directly pay the costs of the City's share of the Sellwood Bridge Project. Interest rates on the self-supporting 2017 Series A Bonds range from four to five percent and the final maturity will occur in 2037.

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

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

I. Long-term debt continued

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Remaining Years of Maturity	Amount of Original Issue	Outstanding June 30, 2017
<u>Governmental activities:</u>						
Oregon Convention Center	2011A	5.00%	10/06/2011	2018-2030	\$ 67,015,000	\$ 65,625,000
Deferred Interest	2001B	5.20-5.36	02/13/2001	2018-2022	18,058,888	6,486,102
Portland-Milwaukie Light Rail	2012C	3.00-5.00	09/20/2012	2018-2032	36,160,000	31,390,000
Sellwood Bridge	2014A	4.00-5.00	06/17/2014	2018-2034	44,215,000	39,895,000
Sellwood Bridge II	2017A	4.00-5.00	06/15/2017	2018-2037	29,165,000	29,165,000
Total Governmental activities					<u>194,613,888</u>	<u>172,561,102</u>
<u>Business-type activities:</u>						
Central City Streetcar	2009A	4.00	05/21/2009	2018-2024	21,450,000	11,280,000
Civic Stadium Project	2013A	3.27	12/11/2013	2018-2023	21,915,000	15,096,000
Jeld-Wen Field Project	2012A	3.25-3.50	04/24/2012	2024-2027	12,000,000	12,000,000
Total Business-type activities					<u>55,365,000</u>	<u>38,376,000</u>
Total					<u>\$ 249,978,888</u>	<u>\$ 210,937,102</u>

Annual debt service requirements to maturity for all of the above types of limited tax revenue bonds at June 30, 2017, are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities		Fiduciary Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 29,003,660	\$ 18,297,627	\$ 8,755,809	\$ 3,444,933	\$ 39,252	\$ 15,260
2019	29,197,853	18,139,731	10,108,786	3,283,119	43,841	14,959
2020	33,079,477	16,904,082	4,242,000	2,837,613	48,842	12,767
2021	36,682,653	14,244,338	11,084,162	2,171,297	55,066	9,006
2022	40,606,998	11,558,835	12,106,531	1,434,309	61,876	4,765
2023-2027	100,374,852	169,152,282	31,994,707	46,203,375	51,431	323,951
2028-2032	70,130,458	77,791,700	3,769,245	21,147,455	17,950	154,066
2033-2037	21,335,000	1,910,020	-	-	-	-
Total	<u>\$ 360,410,951</u>	<u>\$ 327,998,615</u>	<u>\$ 82,061,240</u>	<u>\$ 80,522,101</u>	<u>\$ 318,258</u>	<u>\$ 534,774</u>

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, and transportation system improvements. Fees and charges are collected for the individual services provided, generally on the basis of usage.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

I. Long-term debt continued

In September of 2016, the City issued \$156.6 million of 2016 Series A First Lien Sewer Revenue Refunding bonds, secured by a first lien on the net revenues of the sewer system; and \$162.4 million of 2016 Series B Second Lien Sewer System Revenue Refunding Bonds secured by a second lien on the sewer system net revenues. The Series A Bonds were used to advance refund certain maturities of the City's First Lien Sewer System Revenue and Refunding Bonds, 2008 Series A; and to pay the costs of issuance of the 2016 Series A Bonds. The final maturity of the 2016 Series A Bonds will occur in 2033 with interest rates ranging from 2.5% to 5%. The 2016 Series B Bonds were issued to advance refund certain maturities of the City's Second Lien Sewer System Revenue and Refunding Bonds, 2008 Series B; to pay the premium for a municipal bond debt service reserve insurance policy; and to pay issuance costs. The final maturity of the 2016 Series B Bonds will occur in 2033 with interest rates ranging from two to five percent.

In December of 2016, the City issued \$168.5 million of 2016 Series A First Lien Water System Revenue and Refunding Bonds, payable solely from the net revenues of the City's water system. The 2016 Series A Bonds were issued to finance a portion of the costs of the Capital Improvement plan for the Water System of the City; to refund the City's outstanding First Lien Water System Revenue Refunding Bonds, 2006 Series B and the First Lien Water System Revenue Bonds 2008 Series A; and to pay issuance costs. The final maturity of the 2016 Series A Bonds will occur in 2041 with interest rates ranging from two to five percent.

Bond declarations 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 declarations for particular enterprise debt 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 a call rate dependent upon the call date. Most City bonds may be redeemed at 100% of face value on the call date. The City is in compliance with its bond covenants as of and for the fiscal year ended June 30, 2017.

Revenue bonds outstanding at June 30, 2017 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Principal Outstanding</u>
Gas Tax Revenue Bonds:		
Public street improvements	1.94-5.00%	\$ 9,512,000
Sewer System Revenue Bonds:		
Sewer System Capital Improvements	2.00-5.00	1,461,140,000
Water System Revenue Bonds:		
Water System Capital Improvements	3.00-5.00	<u>651,860,000</u>
Total revenue bonds		<u>\$ 2,122,512,000</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

I. Long-term debt continued

Revenue bonds outstanding at June 30, 2017 are as follows:

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Remaining Years of Maturity	Amount of Original Issue	Outstanding June 30, 2017
<u>Governmental activities</u>						
	Gas Tax Revenue Bonds	2011A	3.00-5.00%	11/22/2011	2018-2023	\$ 15,400,000 \$ 9,280,000
	Gas Tax Revenue Bonds	2013A	1.94	08/06/2013	2018-2018	1,073,000 232,000
	Total Governmental activities				<u>16,473,000</u>	<u>9,512,000</u>
<u>Business-type activities:</u>						
	Sewer System Revenue Bonds	2008A	5.00	04/17/2008	2018	333,015,000 58,060,000
	Sewer System Revenue Bonds	2008B	5.00	04/17/2008	2018	195,700,000 1,975,000
	Sewer System Revenue Bonds	2010A	4.00-5.00	08/19/2010	2018-2035	407,850,000 329,100,000
	Sewer System Revenue Bonds	2013A	4.00-5.00	09/17/2013	2017-2039	210,965,000 192,175,000
	Sewer System Revenue Bonds	2014A	5.00	08/14/2014	2017-2025	86,165,000 72,200,000
	Sewer System Revenue Bonds	2014B	3.00-5.00	08/14/2014	2017-2040	204,220,000 195,070,000
	Sewer System Revenue Bonds	2015A	3.00-5.00	08/27/2015	2018-2031	329,805,000 238,920,000
	Sewer System Revenue Bonds	2015B	3.00-5.00	08/27/2015	2018-2031	63,300,000 56,295,000
	Sewer System Revenue Bonds	2016A	2.00-5.00	09/07/2016	2018-2033	156,650,000 155,795,000
	Sewer System Revenue Bonds	2016B	2.00-5.00	09/07/2016	2018-2033	162,465,000 161,550,000
	Water System Revenue Bonds	2010A	4.00-5.00	02/11/2010	2018-2035	73,440,000 60,485,000
	Water System Revenue Bonds	2011A	4.00-5.00	03/22/2011	2018-2036	82,835,000 70,645,000
	Water System Revenue Bonds	2012A	3.00-5.00	08/02/2012	2018-2037	76,510,000 65,625,000
	Water System Revenue Bonds	2013A	3.00-5.00	05/02/2013	2017-2038	253,635,000 211,405,000
	Water System Revenue Bonds	2014A	3.00-5.00	12/16/2014	2018-2039	84,975,000 77,550,000
	Water System Revenue Bonds	2016A	4.00-5.00	12/15/2016	2018-2041	168,525,000 166,150,000
	Total Business-type activities				<u>2,890,055,000</u>	<u>2,113,000,000</u>
	Total Revenue Bonds				<u>\$ 2,906,528,000</u>	<u>\$ 2,122,512,000</u>

Annual debt service requirements to maturity for all revenue bonds are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 1,622,000	\$ 356,101	\$ 130,360,000	\$ 102,500,781
2019	1,445,000	296,000	132,585,000	88,408,731
2020	1,520,000	223,750	138,310,000	81,803,356
2021	1,595,000	147,750	134,215,000	74,920,231
2022	1,640,000	99,900	135,305,000	68,365,631
2023-2027	1,690,000	50,700	508,910,000	255,661,506
2028-2032	-	-	489,030,000	152,610,819
2033-2037	-	-	343,225,000	57,408,013
2038-2042	-	-	101,060,000	6,324,650
Total	<u>\$ 9,512,000</u>	<u>\$ 1,174,201</u>	<u>\$ 2,113,000,000</u>	<u>\$ 888,003,718</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

I. Long-term debt continued

The City issues debt backed solely by future fees received for certain services. At June 30, 2017, future pledged revenues are as follows:

Purpose	Revenue Stream	For the Year 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, 2017	Debt Payments For the Year Ended June 30, 2017
Gas Tax Revenue Bonds: Eligible transportation improvements	State gas tax	2023	\$ 10,686,201	2.73%	\$ 64,184,318	\$ 1,966,730
Urban Renewal & Redevelopment: Urban renewal area capital improvements	Tax increment property tax	2032	601,408,679	27.05	136,725,589	91,362,154
Sewer State Revolving Fund Loans: Energy & sewer system improvements	Sewer fees	2031	14,249,866	0.22	239,562,705	1,513,034
Sewage System Revenue Bonds: Sewer system capital improvements	Sewer fees	2040	2,042,570,819	16.30	(included above)	529,482,533
Water System Revenue Bonds: Water system capital improvements	Water fees	2041	949,336,150	13.41	105,396	149,147,547
Total future pledged revenue			<u>\$ 3,618,251,715</u>		<u>\$ 440,578,008</u>	<u>\$ 773,471,998</u>
Governmental activities			\$ 612,094,880		\$ 200,909,907	\$ 93,328,884
Business-type activities			3,006,156,835		239,668,101	680,143,114
Total			<u>\$ 3,618,251,715</u>		<u>\$ 440,578,008</u>	<u>\$ 773,471,998</u>

Refundings

On September 7, 2016, the City issued \$156.6 million of 2016 Series A First Lien Sewer Revenue Refunding Bonds to refund certain maturities of the City's First Lien Sewer System Revenue and Refunding Bonds, 2008 Series A. Bond proceeds of approximately \$179 million were used to pay \$178.4 million of principal and interest on the refunded maturities of the 2008 Series A Bonds. This refunding was undertaken to reduce total debt service payments by \$35.6 million over 17 years in an economic gain of \$31.1 million.

On September 7, 2016, the City issued \$162.5 million of 2016 Series B Second Lien Sewer Revenue Refunding bonds to refund certain maturities of the City's Second Lien Sewer System Revenue and Refunding Bonds, 2008 Series B. Bond proceeds of approximately \$196.2 million were used to pay \$195.6 million of principal and interest on refunded maturities of the 2008 Series B Bonds. This refunding was undertaken to reduce total debt service payments by \$34.5 million over 17 years in an economic gain of \$30.1 million.

On December 15th, 2016, the City issued \$168.5 million of 2016 Series A First Lien Water Revenue and Refunding Bonds, in part, to refund all outstanding maturities of the City's First Lien Water System Revenue Refunding Bonds, 2006 Series B and the First Lien Water System Revenue Bonds, 2008 Series A. Proceeds of approximately \$90.4 million and \$5.4 million of cash transferred from the debt service reserve of the 2008 Series A Bonds were used to pay \$95.5 million of principal and interest on the refunded maturities of the 2006 Series B Bonds and the 2008 Series A Bonds. This refunding was undertaken to reduce total debt service payments by \$13.6 million over 18 years in an economic gain of \$11.7 million.

On June 15, 2017, the City issued \$35.8 million of 2017 Series A Limited Tax Revenue Refunding Bonds. Approximately \$7.5 million of this issue were used to refund all outstanding maturities of the City's Limited Tax Revenue Bond 2007 Series C. This refunding was undertaken to reduce total debt service payments by \$1.3 million over 11 years in an economic gain of \$1.1 million.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

I. Long-term debt continued

Conduit debt and Contingent Loan Agreements

The City has issued conduit Economic Development Revenue Bonds, which have not been recorded as a liability for GAAP presentation purposes. Private developers use the proceeds of these bonds 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 are obligated to make the payments. The bonds are not payable from a charge upon any of the City's resources or assets, and the City is not subject to any liability from these bonds. 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, these bond issues do 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, 2017 is \$24.4 million.

The City has made a limited, subject-to-appropriation, pledge of its General Fund to restore reserve fund balances on five Home Forward revenue bond issues via contingent loan agreements. The original par amount of these issues is \$33.0 million, of which \$24.7 million remains outstanding.

Notes, lines of credit and loans payable

Notes payable. There are no outstanding notes at June 30, 2017.

Lines of credit. As of June 30, 2017, the City has \$108.3 million outstanding on various lines of credit. The use of proceeds and remaining balances are as follows:

	Amount in Millions
Provide interim financing for urban renewal district projects	\$94.0
Finance various City backed projects, including:	
Local improvement district projects	6.0
Environmental remediation	0.4
Improvements to the Portland Building	7.9

The City expects to retire \$425,400 of the lines of credit with working capital. The remainder are expected to be repaid with the proceeds of long-term bonds. Interest rates on the outstanding line of credit balances are variable rates tied to the London Interbank Offered Rate (LIBOR). As of June 30, 2017 those rates ranged from 1.61 to 2.4%.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

I. Long-term debt continued

Loans payable. The City has entered into various loan arrangements for the purpose of financing sewer system improvements, transportation projects, levee improvement projects, and housing programs. The principal balance of these loans at June 30, 2017 was \$28 million. Interest rates vary from 1.0 to 4.41% with maturities to fiscal year 2032. During the current fiscal year the City received an additional \$130,652 in loans for improvements to levees. 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:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018*	\$ 2,413,919	\$ 366,899	\$ 1,379,871	\$ 133,163
2019	109,948,290	307,509	1,393,792	119,242
2020	1,994,824	291,505	1,407,852	105,182
2021	952,426	275,600	1,422,058	90,976
2022	620,113	257,715	1,436,405	76,629
2023-2027	3,246,640	972,359	6,273,334	164,734
2028-2032	3,040,000	380,067	241,184	5,444
2033-2037	571,000	29,675	-	-
Total	<u>\$ 122,787,212</u>	<u>\$ 2,881,329</u>	<u>\$ 13,554,496</u>	<u>\$ 695,370</u>

*Most of the amounts being paid in 2018 will be paid by selling bonds, so the amount being paid in 2017 doesn't tie to short term liabilities.

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.9. The long-term portion of compensated absences for governmental activities and business-type activities is \$12.3 million. The total amount outstanding at June 30, 2017 was \$54.8 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, 2017 was \$39.5 million for governmental activities and \$3.5 million for business-type activities.

The police and fire pension liability is described in Note IV.E. \$3.4 billion was outstanding at June 30, 2017 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 for 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 Operating Fund, Grants Fund, Emergency Communication Fund, Development Services Fund, Housing Investment Fund, Parks Local Option Levy Fund, Children's Investment Fund, Community Development Block Grant Fund, HOME Grant Fund, Portland Parks Memorial Fund, Tax Increment Reimbursement Fund, and Parks Capital Improvement Program Fund.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. 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, 2017, exclusive of discounts and premiums, internal service funds had \$30 million of bonds outstanding. For fiscal year 2017, 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, except for lines of credit paid off by selling long-term bonds. Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Reclassification / Restatements ¹	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>						
Bonds payable:						
General obligation bonds	\$ 99,250,000	\$ -	\$ 35,085,000	\$ 10,325,000	\$ 124,010,000	\$ 9,265,000
Limited tax improvement bonds						
payable from assessment payments	36,805,000	-	-	4,220,000	32,585,000	445,000
Urban renewal and redevelopment bonds	425,726,400	-	-	33,500,800	392,225,600	34,994,400
Limited tax and limited tax revenue bonds	340,436,589	9,500,000	52,000,000	41,525,641	360,410,948	29,003,660
Revenue bonds	11,065,000	-	-	1,553,000	9,512,000	1,622,000
Unamortized premium and discounts	30,992,215	98,612	10,482,994	4,954,964	36,618,857	5,363,390
Total bonds payable	<u>944,275,204</u>	<u>9,598,612</u>	<u>97,567,994</u>	<u>96,079,405</u>	<u>955,362,405</u>	<u>80,693,450</u>
Notes, loans and line of credit payable	102,920,735	-	91,500,242	71,633,765	122,787,212	2,384,135
Self insurance claims	26,796,392	-	60,331,926	59,059,500	28,068,818	10,682,525
Net pension liability-FPDR	3,374,035,952	-	315,449,909	336,530,219	3,352,955,642	-
Net pension liability-PERS	157,287,919	-	473,671,246	219,071,125	411,888,040	-
Other postemployment benefits	39,525,479	-	1,177,978	62,668	40,640,789	-
Compensated absences	53,882,016	-	50,792,259	49,839,588	54,834,687	42,502,182
Total other long-term liabilities	<u>3,754,448,493</u>	<u>-</u>	<u>992,923,560</u>	<u>736,196,865</u>	<u>4,011,175,188</u>	<u>55,568,842</u>
Governmental activities	<u>\$ 4,698,723,697</u>	<u>\$ 9,598,612</u>	<u>\$ 1,090,491,554</u>	<u>\$ 832,276,270</u>	<u>\$ 4,966,537,593</u>	<u>\$ 136,262,292</u>
<u>Business-type activities:</u>						
Bonds payable:						
Limited tax and limited tax revenue bonds	\$ 101,545,969	\$ (9,500,000)	\$ -	\$ 9,984,729	\$ 82,061,240	\$ 8,755,809
Revenue bonds	2,189,760,000	-	487,640,000	564,400,000	2,113,000,000	130,360,000
Unamortized premium and discounts	158,794,291	(698,673)	70,978,256	25,865,697	203,208,177	26,016,542
Total bonds payable	<u>2,450,100,260</u>	<u>(10,198,673)</u>	<u>558,618,256</u>	<u>600,250,426</u>	<u>2,398,269,417</u>	<u>165,132,351</u>
Notes and loans payable	14,920,587	-	-	1,366,091	13,554,496	1,379,871
Self insurance claims	1,286,638	-	1,076,124	1,286,638	1,076,124	206,253
Compensated absences	8,888,695	-	9,656,656	10,015,668	8,529,683	8,529,683
Net pension liability-PERS	54,819,287	-	164,402,937	76,263,148	142,959,076	-
Other postemployment benefits	3,537,659	-	-	23,827	3,513,832	-
Total other long-term liabilities	<u>83,452,866</u>	<u>-</u>	<u>175,135,717</u>	<u>88,955,372</u>	<u>169,633,211</u>	<u>10,115,807</u>
Business-type activities	<u>\$ 2,533,553,126</u>	<u>\$ (10,198,673)</u>	<u>\$ 733,753,973</u>	<u>\$ 689,205,798</u>	<u>\$ 2,567,902,628</u>	<u>\$ 175,248,158</u>

¹The Headwaters Apartment Complex enterprise fund balances were moved to the Housing Property special revenue fund.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

I. Long-term debt continued

Auction rate securities

As of June 30, 2017, the City had \$47.5 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 Aaa by Moody's Investors Service and are not backed by municipal bond insurance or other credit enhancement. The final maturity of these auction rate securities is June 1, 2019.

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 Aaa or higher), the interest rate for the next interest period is set at 125% 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 City expects that it will continue to experience failed auctions for the foreseeable future. As such, the interest rates on the City's auction rate securities will likely continue to be tied directly to the seven-day AA-rated financial commercial paper index. The average interest rate since July 1, 2016 has been 0.8519%, plus a 0.25% broker/dealer fee, for an average all-in cost of 1.0119%. For the weeks of September 18, 2017, the all-in rate was 1.720% for Series D and 1.701% for Series E bonds.

Bond insurer ratings - Debt Service Reserve Fund Surety Bonds

As of June 30, 2017, the City has debt service reserve fund surety bonds relating to outstanding sewer system revenue bonds in a face amount totaling approximately \$87.0 million. The legal provisions for treatment of surety bonds used to fund a sewer system revenue bond debt service reserve require the City to replenish a debt service reserve with cash if (1) all ratings of an insurer that provide the surety bond are either withdrawn or fall below investment grade, and (2) Net Revenues as a percent of annual first lien bond debt service in a fiscal year falls below 150% or Net Revenues as a percent of combined annual debt service for first and second lien bonds falls below 130%. In such a case, the City is permitted to replenish the reserve over a five-year period.

	Insurer Ratings (Moody's / S&P)	Face Amount of DSR Surety Bonds
Assured Guaranty Municipal Corporation (formerly FSA)	A2 / AA	\$ 87,003,509
Total		\$ 87,003,509

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

III. Detailed notes continued:

J. Short-term debt:

The City issues short-term subordinate bonds, typically with a one-day maturity, to permit the City's component unit, Prosper Portland, 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. Once tax increment collections are sufficient to meet debt service requirements for outstanding long-term debt and lines of credit, the City issues short-term subordinate debt to release excess collections to Prosper Portland for capital projects. The City issued \$72.9 million of short-term subordinate bonds in fiscal year 2017 and were redeemed the day following their issue. At June 30, 2017, there were no outstanding short-term subordinate bonds.

At the beginning of the fiscal year, the City issued \$28.8 million of tax anticipation notes in advance of property tax collections, depositing the proceeds in the Fire and Police Disability and Retirement Fund (fiduciary). 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, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Short-term subordinate	\$ -	\$ 72,900,000	\$ 72,900,000	\$ -
Tax anticipation notes	-	28,770,000	28,770,000	-
Totals	<u>\$ -</u>	<u>\$ 101,670,000</u>	<u>\$ 101,670,000</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. There were eight employees affected, and the net cost of these termination benefits for fiscal year ending June 30, 2017 was \$27,193.

The Voluntary Retirement Incentive Program was implemented in accordance with Ordinance No. 185968 and amended with Ordinance No. 188206 to provide an incentive for employees to voluntarily retire from the City on or before June 30, 2017. To qualify, bureaus needed to demonstrate savings to programs or positions to offset the cost of up to a \$15,000 contribution to a Health Reimbursement Account (HRA) account for the retiring participant. One-hundred twenty-five participants were approved for the program in FY17; BenefitHelp Solutions administers the HRA account, and bills the City as claims are made against the accounts. The expected cost to the City is \$1.88 million.

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.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information:

A. Risk management:

General Self Insurance

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, fleet and 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, 2016 and before July 1, 2017, limitations are \$691,200 for single claimant and \$1.38 million for multiple claimants. For causes of action arising on or after July 1, 2017 limits increased to \$706,000 for a single claimant and \$1.41 million for multiple claimants.

Per ORS 30.273 limitations on liability of public bodies for property damage arising on or after July 1, 2016 and before July 1, 2017, limitations increase to \$113,400 for single claimant and \$566,900 for multiple claimants. For causes of action arising on or after July 1, 2017, limits increased to \$115,800 for single claimants and \$579,000 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 position). 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 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, 2017, the expected rate of return used was one percent. For fiscal year ending June 30, 2018 and subsequent years, the expected rate of return used was one percent and 1.15% respectively. 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. The City does not have any claims reserved above the current SIR and Excess layer. In our last three excess renewals, there have been no material changes in our retention, coverage or conditions. Furthermore, current levels of accrued claims and case reserve estimates are viewed as reasonable provisions for expected future losses. An excess liability coverage insurance policy covers individual claims in excess of \$1 million to policy limits, police law enforcement claims in excess of \$2.5 million 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. Police Law Enforcement Liability retention increased to \$2.5 million for claims occurring after November 12, 2013.

Liabilities are reported in the applicable fund when it is probable that a loss has occurred and the amount of 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.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

A. Risk management continued:

The estimate of 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:

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>
Balance, beginning of fiscal year	\$ 26,796,392	\$ 27,370,001
Incurred claims and adjustments	60,331,926	54,752,785
Claim cash payments	<u>(59,059,500)</u>	<u>(55,326,394)</u>
Unpaid claims, end of fiscal year	<u>\$ 28,068,818</u>	<u>\$ 26,796,392</u>

Owner Controlled Insurance Program (OCIP)

Under ORS 336, an OCIP is an insurance technique for large construction and/or groups of construction projects that provides the majority of necessary insurance coverage for eligible contractors and subcontract tiers performing work on construction project sites. In 1996, the Bureau of Environmental Services (BES) through its' Insurance Broker opted to purchase a single insurance policy/program for the Capital Improvement Combine Sewer Overflow Program to cover job site risks, which became OCIP Phase I.

Because of the success of the OCIP, financial analysis and risk management/safety practices, BES continued OCIP through Phases II, III and IV. Currently, BES is in Phase V that began in September 2015 and will end in August 2020. BES' insurance broker Marsh (Marsh negotiates insuring agreements with insurance carriers) has estimated a program insurance savings of approximately \$21,000,000 or 1.8% savings of construction value based on data through fiscal year end 2017. Additionally, because of sound risk management and safety practices, BES has received \$2.493 million in dividends from the workers' compensation carrier SAIF.

As a result of BES owning the insurance, BES reduces project insurance costs by purchasing broader coverage, controls job site safety, minimizes public and 3rd party liability, improves and controls claim costs, enhances public relations, eliminates cross litigation and improves the bidding ability for M/W/ESB firms. The OCIP eliminates and replaces the City required insurance normally provided by the contractor. Contractors bidding on BES projects will deduct from their bids all costs for insurance that duplicate or provide similar insurance coverages. OCIP coverages include:

- Workers Compensation and Employers Liability, capped at \$250,000/per claim in phase V.
- Commercial General Liability: limit at \$2 million per occurrence and \$4 million annual aggregate;
- Builders Risk: limit at \$100 million per occurrence;
- Excess Liability with a combination of layers which equal \$50 million; and
- Specialty Coverages: Pollution Liability, Railroad Protective Liability and Marine Protection and Indemnity.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

A. Risk management continued:

OCIP Phase IV. July 2011 through June 2015 which included BES' CIP Sewerage System Infrastructure Improvements and the Portland Water Bureau (PWB) Kelly Butte and Powell Butte Reservoir Projects. As of June 30, 2017 the total claim outstanding reserve for workers' compensation incurred losses were \$913,617. This number is multiplied by a 1.165 Loss Conversion Factor (LCF) which brings the City's liability to \$1,064,364. Also, as of June 30, 2017, the total claim outstanding reserve for General Liability is \$ 0.

	Fiscal Year ended June 30, 2017
<u>OCIP Phase IV</u>	
Balance, beginning of fiscal year	\$ 1,163,023
Incurred claims and adjustments	1,429,657
Claims cash payments	<u>1,679,063</u>
Unpaid claims, end of fiscal year	913,617
Loss conversion factor (LCF)	<u>150,747</u>
Balance, end of fiscal year	<u>\$ 1,064,364</u>

OCIP Phase V. September 2015 through August 2020. This phase includes BES's CIP Sewerage System Infrastructure Improvements and PWB's Washington Park Reservoir Projects. The workers' compensation claim per this phase is capped at \$250K per claim. There are only eight workers' compensation claims reported with an incurred cost of \$ 26,291 and total claim outstanding of \$0. Also, as of June 30, 2017, the total outstanding claim reserves for General Liability is \$11,760. Based on the current known losses, the City's total liability for workers' compensation and general liability is \$11,760.

	Fiscal Year ended June 30, 2017
<u>OCIP Phase V (September 2015 - June 2016)</u>	
Balance, beginning of fiscal year	\$ 123,615
Incurred claims and adjustments	55,671
Claims cash payments	<u>168,786</u>
Unpaid claims, end of fiscal year	10,500
LCF and Loss Development Factor (LDF)	<u>1,260</u>
Balance, end of fiscal year	<u>\$ 11,760</u>

B. Landfill closure and postclosure care:

Killingsworth Fast Disposal (KFD) Landfill

The Killingsworth Fast Disposal (KFD) Landfill was a Municipal Solid Waste Landfill that primarily accepted construction and demolition waste. The landfill was permitted by the Oregon Department of Environmental Quality (DEQ) and franchised by the Metro Regional Government to Riedel Waste Systems, Inc. (RWS). The landfill was permanently closed in 1990. After closure, per DEQ requirements, RWS installed a geomembrane cap and a gas extraction system. Finding it financially unable to perform the DEQ required maintenance and monitoring, RWS abandoned the property in 1995. Consequently, the DEQ assumed the monitoring and maintenance activities and installed a new gas extraction system, repaired the geomembrane cap, made drainage system and various other improvements to mitigate threats to human health. On March 7, 2002, the DEQ issued a Solid Waste Disposal Site Closure Permit (No. 1204) to the City of Portland for post-closure care. This post-closure care includes proper operation, maintenance, and monitoring of the post-closure equipment and systems.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

B. Landfill closure and postclosure care continued:

Federal and State laws and regulations require the City, as the permittee, to perform post-closure for thirty years commencing on March 7, 2002. As such, the City is responsible for the following activities: operating, maintaining, and monitoring of the methane gas extraction and leachate collection systems, site membrane cap and final cover maintenance, site drainage systems maintenance, and maintenance of groundwater monitoring wells.

Prior to transferring the property to the City, the DEQ installed, monitored, operated, and maintained site closure systems. On February 25, 2002, the City and the DEQ entered into Intergovernmental Agreement (IGA) No. R001-02 wherein the City agreed to manage and pay for the maintenance and post-closure until 2032, as well as partially reimburse DEQ for the gas extraction/flare and leachate collection system costs. DEQ agreed, that upon satisfactory performance by the City of its obligations under the Agreement, the City would be released from a significant portion of the environmental liabilities at the site. The City has paid \$500,000 reimbursement cost to DEQ.

The City has established future annual post-closure care cost projections (2018-2032) based on the average actual annual costs of the first 15 years of the City's operation, maintenance, and monitoring of the site closure systems (2002-2016). Based on these actual costs and projections, the 30-year post-closure care cost, as of June 30, 2017, is estimated to be \$1.75 million under current federal and state laws and regulations. (Note: costs going forward have been inflated by 2.5% annually). Actual costs may be higher due to inflation, changes in technology and regulations, or the need for repair or replacement of site equipment.

As of June 30, 2017, the City of Portland and Metro (through IGA No. 51802) have paid a total of \$697,220 in post-closure care costs. Consequently, the City is responsible for \$992,991 of the remaining estimated liability of \$1,051,616.

For fiscal years 2002-2022, Metro has agreed to provide a total of \$232,722 in site maintenance and monitoring. Furthermore, the Parks Memorial Fund established a committed account to pay for future post-closure costs. Additional funding is provided by a \$65,990 annual contribution to the Parks Memorial Fund via the General Fund.

To meet the on-going costs of post-closure care, additional resources will be infused by the City as needed. The closure plan for the KFD Landfill is compliant, in all aspects, with the Oregon DEQ.

Guilds Lake Former Municipal Incinerator / Landfill Remediation Project

The Guilds Lake Former Incinerator Ash Landfill (GLFIAL) is located in an industrial section of northwest Portland. The site consists of 11 of 20 acres of the former landfill operated by the City of Portland during the early 1900s through 1948. The site consisted of a large municipal incinerator for the burning of trash. The incinerator was also reportedly used as a cremation oven in the 1800s. The site was issued a record of decision (ROD) from the Oregon Department of Environmental Quality (ODEQ) in 1991 (Consent order ECSR-NWR-91-09). The ROD lists the selected remedial action for the site. The remediation includes an Asphalt-Concrete-cap, passive vapor controls, gas monitoring, groundwater monitoring, and deed restrictions. The Asphalt-Concrete-cap was built and completed from 1991-1995. ROD requires a yearly inspection of the cap and Gabion Wall, and yearly reporting to ODEQ.

The City of Portland Bureau of Environmental Services is responsible for the various aspects (inspection, maintenance, monitoring and reporting) associated with the closure of the site and implementing the ROD. The annual review of the report is completed by ODEQ under an inter-governmental agreement between BES and ODEQ (City contract number 30001070 and DEQ number LQVC-NWR-09-08).

The annual reports of recent years indicates that the Asphalt-Concrete-cap has exceeded its life and is failing in several areas (cracks, fissures, and differential settlement). The current Asphalt-Concrete-cap will need to be repaired, sealed, removed and replaced in various locations. The cost to complete this is estimated at \$1 million. This project is budgeted in FY 2018 and this amount has been recorded under BES liability.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

B. Landfill closure and postclosure care continued:

Annual inspection, monitoring and report to ODEQ will continue to be required under the agreement. The City has established future annual post closure care cost projections based on historic annual costs. This is estimated to be \$100,000, or \$5,000 per year for the next 20 years.

Columbia Boulevard Wastewater Treatment Plant (CBWTP) Lagoon Monofill closure and post closure care

The City of Portland owns and operates a non-municipal solid waste landfill site at its Columbia Boulevard Wastewater Treatment Plant (CBWTP) Facilities, under DEQ Permit No. 1203. The landfill, also referred to as the "monofill", was created as part of the City's five lagoon reconstruction project phases to line the lagoons. The monofill is constructed with an 80-mil HDPE liner for long term storage of legacy solids from the lagoon that were not suitable for the City's biosolids recycling program. The capacity of the monofill is estimated at 52,300 dry tons, and 99,600 cubic yards. The monofill is currently partially filled with 30,342 dry tons of solids which were introduced in the monofill in the summer of 2014 as part of the second phase of the lagoon reconstruction projects. The next phase of construction will commence in 2016, fill the monofill to capacity, and permanently close it with a final cover. Additional solids have not added to the lagoon since the current phase of construction through FY 2017 because the contractor is waiting for the solids to dry to a state which would allow them to be placed in the Monofill. The final phase of the lagoon will proceed with final vegetative enhancements.

Per Oregon 40 CFR 258.74 the determination by Oregon DEQ that BES should provide a financial assurance plan by November 30, 2015 obligated the City of Portland to place a reference to the closure and post-closure costs assured through the financial tests into its next comprehensive annual financial report (CAFR). The City of Portland meets the financial test by having bonds rated above the minimum requirements of Baa for Moody's or BBB for Standard and Poor's and having post closure costs below the maximum 43% of annual revenue. The City of Portland produced an assurance plan for FY 2017 and it was reviewed by external auditors per requirements.

During the third and fourth (combined for construction) phase of construction the monofill will be permanently covered and a final bioswale revegetation will be installed. In addition, a leachate manhole and pump have been installed in the monofill to capture and pump potential leachate back to the treatment plant. A final permanent closure plan has been filed with the DEQ. This Post Closure Plan requires maintaining the integrity and effectiveness of the final cover, maintaining and operating the leachate collection system, monitoring the groundwater in the vicinity of the monofill, and maintaining and providing security for the landfill site. Annual inspections will note if any impacts such as vegetation damage is occurring and appropriate corrective measures will be taken if needed.

Post closure cost have been estimated in accordance with OAR 340-095-0090(4)(a). These estimates include frequency and costs of maintenance and inspection activities for various aspects of the monofill. The DEQ's discounting worksheet was used to estimate the post closure costs over 170 years starting in year 2016. The calculation yielded an inflation rate of 1.46% based on the discount for the five year bond at week ending March 13, 2017. Based on estimated closure and post-closure costs over 170 years and the 1.46% inflation factor, the estimated liability as of June 30, 2017 through 2187 to the City is \$6,072,442. This liability is recognized in FY 2018 expenditures post-closure costs at an amount of \$54,702 and future years long-term liability is \$6,017,740.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

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 and fiduciary 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.

Labor agreements

There are ten labor agreements between the City and its employees, two of which expired on June 30, 2016 and one of which expired on June 30, 2017. Successor agreements for the District Council of Trade Unions (DCTU), Portland Fire Fighters' Association (PFFA) - Local 43, and Bureau of Emergency Communications (BOEC) - AFSCME Local 189-2 are being negotiated.

	<u>Effective Dates</u>
Seasonal Maintenance Workers - Laborers' Local 483	7/1/2014 - 6/30/2018
Portland Police Association (PPA)	11/11/2016 - 6/30/2020
Professional and Technical Employees Local 17 (PTE-17), formerly The City of Portland Professional Employees Association (COPPEA)	7/1/2017 - 6/30/2021
The District Council of Trade Unions (DCTU)	7/1/2013 - 6/30/2017
Recreation Employees - Laborers' Local 483	7/1/2017 - 6/30/2021
The Portland Fire Fighters' Association (PFFA) - Local 43	7/1/2012 - 6/30/2016
Bureau of Emergency Communications (BOEC) - AFSCME Local 189-2	7/1/2013 - 6/30/2016
Portland Housing Bureau (PHB) - AFSCME Local 189-3	7/1/2015 - 6/30/2019
The Portland Police Commanding Officers Association (PPCOA)	7/1/2015 - 6/30/2018
Portland City Laborers' - Laborers' Local 483 (PCL-LL483)	7/1/2017 - 6/30/2021

Bonds

The City's general credit is obligated on limited tax improvement bonds totaling \$32.6 million at June 30, 2017, 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.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

C. Commitments and contingent liabilities continued:

Commitments and other commitments:

The City has several construction and non-construction contractual obligations arising from existing contracts, agreements, legislative enactments and regulations of which \$633,278,314 remains outstanding at June 30, 2017. These obligations are not expected to be fully paid from current financial resources and are not recognized as a liability until performance under the contract has occurred. Details are as follows:

Construction contracts specifically negotiated for the construction of building, remodeling, public safety police communication system, park improvements, sewer, transportation and water infrastructure upgrades totaled \$302,099,328 of which \$165,417,242 remains outstanding as itemized in the table below:

<u>Construction Projects</u>	<u>Spent to Date</u>	<u>Remaining Commitments</u>
Governmental activities:		
Public safety	\$ 210,250	\$ 161,133
Parks, recreation and culture	16,331,547	32,307,535
Community development	66,362	111,178
Transportation	18,270,712	23,055,779
Legislative / admin / support services	<u>15,389,934</u>	<u>13,017,899</u>
Total governmental activities	<u>50,268,805</u>	<u>68,653,524</u>
Business-type activities:		
Environmental services	77,609,776	89,682,737
Water	7,534,959	5,774,714
Parking facilities	<u>1,268,546</u>	<u>1,306,267</u>
Total business-type activities	<u>86,413,281</u>	<u>96,763,718</u>
Total Construction Projects	<u>\$ 136,682,086</u>	<u>\$ 165,417,242</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

C. Commitments and contingent liabilities continued:

The City contracts the services of professional, technical and/or experts (PTE) who are subject matter experts in their fields of special knowledge or training. PTEs are usually performed by certified or licensed professionals including planners, architects, engineers and lawyers. PTE consists of both construction and non-construction projects. The combined contractual amount is \$308,153,455 of which \$163,691,058 is unspent as itemized in the table below:

<u>Professional, Technical, or Expert Projects</u>	<u>Spent to Date</u>	<u>Remaining Commitments</u>
Governmental activities:		
Public safety	\$ 15,973,829	\$ 12,706,837
Parks, recreation and culture	9,117,900	14,832,297
Community development	4,379,858	4,038,388
Transportation	32,425,420	33,017,443
Legislative / admin / support services	<u>12,723,011</u>	<u>30,662,835</u>
 Total governmental activities	 <u>74,620,018</u>	 <u>95,257,800</u>
Business-type activities:		
Environmental services	46,002,317	45,665,621
Water	22,595,292	20,426,336
Hydroelectric power	555,512	461,066
Parking facilities	<u>689,258</u>	<u>1,880,235</u>
 Total business-type activities	 <u>69,842,379</u>	 <u>68,433,258</u>
 Total Professional, Technical or Expert Projects	 <u>\$ 144,462,397</u>	 <u>\$ 163,691,058</u>

The combined total for other non-construction projects amounted to \$586,576,937 of which \$304,170,012 remains unspent. Other non-construction projects consist of the following:

- Community partnership agreement (CPA) mainly represents a business property license fee within the Lloyd Business District to provide revenues to fund supplemental transportation management, district attorney prosecution, and economic development services within the district amounted to \$2,297,172 of which \$996,682 remains unspent.
- Grant agreements (GA) where the City is awarding funds as a means of assisting in various projects dealing with improving the quality of life, protecting and researching for the public good amounted to \$139,592,927 of which \$69,082,349 remains unspent.
- Price agreement (PA) are contracts with existing suppliers for goods or non-PTE services with established unit prices but with no quantities identified. If the City awards a price agreement or executes a requirements contract that will allow the City to purchase whatever quantity it needs from a contractor, then City Bureaus shall make their purchases from that contract unless the Chief Procurement Officer grants an exemption to that requirement. The combined total is \$444,686,838 of which \$234,090,981 remains unspent.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

C. Commitments and contingent liabilities continued:

The table below provides more detail:

Other Projects	Spent to Date			Remaining Commitments			Total Spent	Total
	CPA	GA	PA	CPA	GA	PA	to Date	Remaining
Governmental activities:								
Public safety	\$ 12,664	\$ 5,125,921	\$ 20,779,008	\$ 9,706	\$ 5,395,985	\$ 24,583,903	\$ 25,917,593	\$ 29,989,594
Parks, recreation and culture	-	-	15,283,973	-	-	14,233,701	15,283,973	14,233,701
Community development	-	53,705,856	3,309,742	-	50,382,071	3,722,080	57,015,598	54,104,151
Transportation	-	59,714	46,528,860	-	45,764	38,199,144	46,588,574	38,244,908
Legislative / admin / support services	1,287,826	11,224,395	52,946,611	986,976	8,977,288	43,507,569	65,458,832	53,471,833
Other	-	-	-	-	3,970,866	49,386,378	-	53,357,244
Total governmental activities	1,300,490	70,115,886	138,848,194	996,682	68,771,974	173,632,775	210,264,570	243,401,431
Business-type activities:								
Environmental services	-	126,692	55,145,886	-	104,982	46,265,147	55,272,578	46,370,129
Water	-	148,000	16,592,902	-	113,426	14,186,258	16,740,902	14,299,684
Golf	-	-	2,267	-	-	1,737	2,267	1,737
Parking facilities	-	120,000	6,608	-	91,967	5,064	126,608	97,031
Total business-type activities	-	394,692	71,747,663	-	310,375	60,458,206	72,142,355	60,768,581
Total Other Projects	\$1,300,490	\$ 70,510,578	\$ 210,595,857	\$ 996,682	\$ 69,082,349	\$ 234,090,981	\$ 282,406,925	\$ 304,170,012

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. This program is administered by the Portland Development Commission (PDC) on behalf of the Portland Housing Bureau. The HUD contract, signed in December 1999, was for \$8 million. There are eight outstanding loans totaling \$2.9 million in original principal, with remaining balances of \$905,000 at June 30, 2017. The table below presents a list of borrowers and their respective loan principal balances:

Borrower Name	Original Principal Amount	Principal Balance June 30,	
		2017	2016
HUD Offering Rate Variance	\$ 31,000	\$ 11,000	\$ 11,000
MRK - Alberta Street Market	850,000	-	522,000
OUV2	800,000	524,000	555,000
PCRI / Alberta Simmons	375,000	120,000	150,000
PUB Group	875,000	250,000	290,000
Total	\$ 2,931,000	\$ 905,000	\$ 1,528,000

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. Collective loan balances under this HUD contract, for which the City is contingently liable should the borrowers default, is \$905,000. For further information on the HUD Section 108 Loan Guarantee Program, refer to the Loans Receivable section of Note III.B., Receivables.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

C. Commitments and contingent liabilities continued:

Hydroelectric Power Fund

Hydroelectric Power Fund's (Hydro) agreement with a private utility (the utility) requires the annual cost to the utility for power generated by Hydro's Portland Hydroelectric Project (plant) be measured against the cost of a similar amount of power generated by the utility at one of its thermal generating plants. The agreement specifies that, to the extent the annual cost of power generated by Hydro's plant is less than the cost of a similar amount of power generated by the utility, 50% 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 over the life of the agreement.

The agreement states that, upon expiration of the term of the agreement (August 31, 2017), if the accumulated cost of power generated at the Hydro plant exceeds that of the accumulated cost of a like amount of power generated by the utility; the carrying value of the Renewal and Replacement (R&R) assets shall be paid to the utility up to 50% of the "excess cost" incurred by the utility to generate power at Hydro's plant. The remaining balance of the R&R assets, 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% of the excess cost, no further amounts would be required to be paid to the utility. The finalized cost for this agreement are expected in early 2018; however an estimate as of August 31, 2017, indicates the total accumulated excess costs at \$13.8 million, of which 50% (\$6.9 million) will be due to the utility. The carrying value of the Renewal and Replacement assets is \$11.38 million, which shall be divided equally between Hydro and the utility upon expiration of the contract.

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.

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 City is a signatory to the AOC and 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 storm water utility, which is managed by the City's Bureau of Environmental Services (BES) and funds the City's Environmental Remediation Fund. The City is also one of six parties that entered into an AOC in 2013 to conduct supplemental RI/FS activities at one sub-area. BES is contributing a portion of these costs. Since 2001, the City has contributed over \$26.7 million to the Lower Willamette Group for the RI/FS. The City's relative contribution to these costs bears no relationship to the City's potential liability for cleanup costs.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

C. Commitments and contingent liabilities continued:

In January 2017, EPA finalized the Feasibility Study and issued a final Record of Decision (ROD) for Portland Harbor. Potential remedy costs were included in the ROD for comparative purposes among the potential remedies. Those comparative estimates were based on site-wide cleanup actions and do not include estimates of cleanup of individual sub-areas nor any individual party's share of those costs. This large and complex Superfund Site is not progressing under conventional processes used for smaller sites. For example, the next step at Portland Harbor is to conduct a new baseline sampling before remedy implementation. (ROD Section 10.1.1.9). As of July 2017, EPA is negotiating a baseline sampling scope work with a group of potentially responsible parties. Once a scope of work and agreement on consent are reached, the sampling effort is expected to take approximately two additional years. It is anticipated that information from this baseline sampling will refine and may alter the scope of active remediation required. The proposed course of action within individual sub-areas will be determined during remedial design for each sub-area. It is anticipated that allocation of liability for cleanup will be determined sometime after the baseline sampling is conducted. The City may also have liabilities to natural resource trustees for areas in and near Portland Harbor. These liabilities are not anticipated to be incurred as part of a pollution remediation effort.

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 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.

The City will seek recovery of some or all of its response 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 City is also one of 10 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.

Portland Housing Bureau Properties

Portland Housing Bureau (PHB) has a property with a remediation issue. Through an intergovernmental agreement, PHB continues to rely upon the knowledge and expertise from Prosper Portland's consultants to continue estimating the remediation costs. The potential obligations are estimates by Prosper Portland 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 Prosper Portland properties, and therefore Prosper Portland has programs, rules, and regulations that routinely deal with remediation-related issues. Much of Prosper Portland's mission is to deal with blighted properties, which sometimes include pollution conditions. Prosper Portland has the knowledge and expertise to estimate the remediation but also employs consultants when expedient. The 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.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

C. Commitments and contingent liabilities continued:

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. As of June 30, 2017, the estimated pollution remediation liability is \$143,164.

Other Remediation Obligations

There are other sites where the City expects to conduct remediation activities in FY2016-17. These sites consist of City-owned contaminated properties where remediation activities are required by Oregon Department of Environmental Quality (DEQ) and City-acquired contaminated properties where remediation activities are being done voluntarily before constructing new facilities. The total estimated remediation liabilities at these sites are insignificant and have been accrued. These liabilities are estimated using the expected cash flow technique based on professional experience in estimating staff time, consultant costs, analytical costs, agency oversight, and equipment costs for similar work. Potential changes in estimates are expected to be low to moderate. Significant cost recovery is not expected at these sites and does not reduce estimated liability.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

C. Commitments and contingent liabilities continued:

Following are the estimated remediation liabilities that were accrued by project at fiscal year end:

Governmental activities:

Noncurrent liabilities:

Community development projects:

SW Stark - Fairfield property	<u>\$ 143,164</u>
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Total governmental activities	<u><u>\$ 143,164</u></u>
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Business-type activities:

Current liabilities:

Environmental services projects:

Portland Harbor Superfund RI/FS	\$ 100,000
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Inspection, maintenance and monitoring:

Closed municipal incinerator	900,000
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Decommissioning of groundwater wells	7,500
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Clarifier construction surface soils	25,000
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DEQ UIC Closure reports	25,000
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Oaks Bottom landfill	25,000
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Howard Property Underground storage	30,000
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Kalbrenner Soil Property	435,000
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Water projects:

Washington Park	<u>175,000</u>
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Total current liabilities	<u><u>1,722,500</u></u>
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Noncurrent liabilities:

Environmental services projects:

Inspection, maintenance and monitoring:

Closed municipal incinerator	100,000
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Clarifier construction surface soils	10,000
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DEQ UIC Closure reports	225,000
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Oaks Bottom landfill	10,000
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Howard Property Underground storage	<u>30,000</u>
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Total noncurrent liabilities	<u>375,000</u>
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Total business-type activities	<u><u>\$ 2,097,500</u></u>
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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

C. Commitments and contingent liabilities continued:

Nonexchange Financial Guarantees:

Home Forward Contingent Loan Agreements

The City is authorized by Oregon Revised Statutes and by City Ordinance to make limited, subject-to-appropriation, pledges of its General Fund to restore reserve fund balances on five Home Forward revenue bond issues (see table below). The reserve replenishment pledges remain in place until the underlying Home Forward revenue bonds are fully redeemed or defeased. To date, Home Forward has not requested payment by the City on outstanding bonds, and the City does not expect a request for payment to be forthcoming. Should funds be requested of the City, City Council must first authorize such disbursement and an accompanying repayment plan.

	Authorizing Ordinance No.	Date of Issue	Scheduled Final Maturity Date	Amount of Original Issue	Outstanding 6/30/2017	Maximum Annual Liability
Pearl Court	180528	12/19/2006	01/01/2027	\$ 6,170,000	\$ 3,735,000	\$ 476,200
Yards at Union Station	180792	04/30/2007	05/01/2029	6,335,000	4,205,000	472,680
Hamilton West Apartments*	186515	05/01/2014	01/01/2034	3,470,000	3,275,000	204,800
Gretchen Kafoury Commons**	186514	05/01/2014	01/01/2034	4,030,000	3,805,000	237,465
Lovejoy Station	174844	10/01/2000	07/15/2033	9,690,000	9,690,000	741,600
Total Contingent Loan Agreements				<u>\$ 29,695,000</u>	<u>\$ 24,710,000</u>	<u>\$ 2,132,745</u>

*Maximum annual liability does not reflect a \$1,840,800 payment due at maturity on January 1, 2034.

**Maximum annual liability does not reflect a \$2,142,400 payment due at maturity on January 1, 2034.

State of Oregon Department of Energy Loan Guarantee - SoloPower Systems

The City is authorized by Oregon Revised Statutes and by City Ordinance No. 184598 to pledge non-tax City revenues to guarantee payment of debt service on a loan offered by the State of Oregon Department of Energy (ODOE) to a private entity, SoloPower Systems. The loan guarantee covers \$5 million of a total \$10 million ODOE loan and is secured by a pledge of the City's parking meter revenues. In January 2017, the City received notice from the Oregon Department of Justice stating that SoloPower was in default on its ODOE obligations and demanding that the City begin making payments under the guarantee in the amount of \$119,000 per month beginning in April 2017. The City made three monthly payments totaling \$357,000 as of June 30, 2017, and is expected to continue making similar monthly payments to the State of Oregon through October 2020.

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.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

D. Other postemployment benefits continued:

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, 776 retirees and 277 spouses were participating in the plan.

The City has elected not to pre-fund the fiscal year 2017 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, 2015, are:

<u>All Employee Groups Except Portland Police Association (PPA)</u>			
<u>Health Plans</u>	<u>Medical Only</u>	<u>Dental</u>	<u>Vision</u>
City Health Care Plan			
Participants	\$ 627.49	\$ 56.83	\$ 5.10
Participants and Spouses	1,226.28	98.19	9.29
Kaiser			
Participants	\$ 572.42	\$ 66.61	\$ 5.40
Participants and Spouses	1,144.80	133.22	10.80
<u>Portland Police Association (PPA)</u>			
<u>Health Plans</u>	<u>Medical Only</u>	<u>Dental</u>	<u>Vision</u>
City Health Care Plan			
Participants	\$ 648.67	\$ 56.83	\$ 4.27
Participant and Spouses	1,308.55	98.19	7.77
Kaiser			
Participants	\$ 576.34	\$ 62.17	\$ 5.85
Participant and Spouses	1,152.67	124.34	11.70

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

D. Other postemployment benefits continued:

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.

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)	\$ 6,875,674
Interest on net OPEB obligation	1,508,595
Adjustment to annual required contribution	(2,343,555)
Annual OPEB Cost	6,040,714
Less expected contribution	(4,949,560)
Increase in Net OPEB obligation	1,091,154
Net OPEB obligation - beginning of year	43,102,774
Net OPEB obligation - end of year	\$ 44,193,928
Governmental activities	\$ 40,640,789
Business-type activities	3,513,832
Fiduciary activities	39,307
Net OPEB obligation - end of year	\$ 44,193,928

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, 2017, were as follows:

Fiscal Year Ended	Health Insurance Continuations			Net OPEB Obligation
	Annual OPEB Cost	Contributions	Percent of Annual OPEB Cost Contributions	
6/30/2015	\$ 8,542,920	\$ 5,582,943	65.35%	\$ 42,044,666
6/30/2016	5,973,051	4,914,945	82.29	43,102,774
6/30/2017	6,040,716	4,949,560	81.94	44,193,928

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

D. Other postemployment benefits continued:

Funded Status and Funding Progress. The funded status of the plan as of July 1, 2015 (the date of the most recent actuarial valuation):

	Health Insurance Continuation
Actuarial accrued liability (AAL)	\$ 79,452,502
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 79,452,502
Actuarial valuation method	Entry age normal
Amortization of unfunded AAL	30 years open
Funded ratio	0%
Investment return assumption	3.5%
Inflation rate assumption	2.2%
Merit increase	0.29-5.17%
Healthcare cost trend rate	5.00-8.00%
Covered payroll (active plan members)	\$432,312,186
UAAL as a percentage of covered payroll	18%

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, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.5% investment rate of return and an annual healthcare cost trend rate of five to eight percent for health insurance, a range of 4.2 to 4.5% for dental insurance and three percent for vision. The UAAL is amortized over an open period of 30 years using the level percentage of projected pay.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

D. Other postemployment benefits continued:

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

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 0.53% of annual covered payroll for Tier One and Two employees, and 0.45% for OPSRP employees. 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 June 30,	RHIA Contributions
2015	\$ 1,810,227
2016	1,651,293
2017	1,740,874

E. Employee retirement systems and pension plans:

State of Oregon Public Employees Retirement System

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

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

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

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

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

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

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 are now enrolled in OPERS instead of the City's Fire and Police Disability and Retirement (FPDR) fund for retirement purposes. They remain under the City's FPDR plan for disability payments.

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

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years, or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General Service employees may retire after reaching age 55, Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

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

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

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

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

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

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

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

Police and Fire: 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. Reduced retirement benefits are available at age 50 to fire and police OPSRP members.

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

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

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

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

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

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

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

The City elected to finance its December 31, 1997 unfunded actuarial accrued liability to receive a lower employer contribution rate of covered employee's salaries. Proceeds of the 1999 Series, C, D, & E Bonds were used to finance all of the estimated UAAL of the City with OPERS as of December 31, 1997. 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 obligate of the general government. These limited tax pension obligation revenue bonds are discussed further in Note III.I. Long-term debt.

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

The City's employer contributions for the year ended June 30, 2017 were \$35.6 million, excluding amounts to fund employer specific liabilities. The contribution rates in effect for the fiscal year ended June 30, 2017 for each pension program were: Tier1/Tier 2 - 12.85%, OPSRP general service - 7.00%, and OPSRP uniformed - 11.11%. Pension expense for the year was \$98 million.

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

At June 30, 2017, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 and rolled forward to June 30, 2016. The City's proportion of the set was based on the City's projected long-term contribution effort as compared to the total projected net pension a long-term contribution effort of all employers. References to the City of Portland, as the Reporting entity, include the City's fiduciary fund and component unit. At June 30, 2017, the City's proportion of OPERS net pension liability was 3.78332893%.

The City's net pension liability as the Reporting entity, was allocated based on contributions by activity:

<u>City of Portland:</u>	Net Pension Liability	Allocation
Governmental activities	\$ 411,888,040	72.5 %
Business-type activities	<u>142,959,076</u>	<u>25.2</u>
Government-wide	554,847,116	97.7
Fiduciary activities: Fire and Police Disability and Retirement Fund	2,073,029	0.4
Discretely presented component unit: Prosper Portland	<u>11,045,372</u>	<u>1.9</u>
Reporting entity total	<u>\$ 567,965,517</u>	<u>100.0 %</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

For the year ended June 30, 2017, the Reporting entity recognized pension expense of \$98 million. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,790,781	\$ -
Changes of assumptions	121,133,397	-
Net difference between projected and actual earnings on investments	112,206,156	-
Changes in proportionate share	2,156,015	-
Differences between City contributions and proportionate share of contributions	-	14,362,573
Total (prior to post-measurement date contributions)	254,286,349	14,362,573
City contributions made subsequent to measurement date	36,310,641	-
Net deferred outflows / (inflows) of resources	<u>\$ 290,596,990</u>	<u>\$ 14,362,573</u>

\$36.3 million reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Note III. D. provides a comprehensive summary of the City's deferred outflows and inflows of resources.

Other amounts reported by the City as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent years as follows:

Fiscal Year Ending June 30,	Deferred Outflow of Resources				Deferred Inflow of Resources		
	Differences between Expected and Actual Experience	Changes of Assumptions	Difference between Projected and Actual Earnings on Investments	Changes in Proportionate Share	Total Deferred Outflow of Resources	Differences between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflow of Resources
2018	\$ 4,927,145	\$ 28,170,557	\$ 12,277,796	\$ 501,399	\$ 45,876,897	\$ 3,340,133	\$ 3,340,133
2019	4,927,145	28,170,557	12,277,796	501,399	45,876,897	3,340,133	3,340,133
2020	4,927,145	28,170,557	53,646,995	501,399	87,246,096	3,340,133	3,340,133
2021	3,329,850	28,170,557	34,003,569	501,399	66,005,375	3,340,133	3,340,133
2022	679,496	8,451,169	-	150,419	9,281,084	1,002,041	1,002,041
Total	<u>\$ 18,790,781</u>	<u>\$ 121,133,397</u>	<u>\$ 112,206,156</u>	<u>\$ 2,156,015</u>	<u>\$ 254,286,349</u>	<u>\$ 14,362,573</u>	<u>\$ 14,362,573</u>

Actuarial Methods and Assumptions:

Actuarial Valuations. The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2014
Measurement date	June 30, 2016
Experience study	2014, published September 2015
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Investment rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP- 2000 Sex-distinct, generational per Scale BB, disabled mortality table.

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

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

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

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

Assumed Asset Allocation:

<u>Asset Class / Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	- %	3.0 %	- %
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	13.5	21.5	17.5
Real Estate	9.5	15.5	12.5
Alternative Equity	-	12.5	12.5
Opportunity Portfolio	-	3.0	-
Total			<u>100.0 %</u>

Long-Term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	8.0 %	4.0 %
Short-Term Bonds	8.0	3.6
Intermediate-Term Bonds	3.0	5.4
High Yield Bonds	1.0	6.2
Large/Mid Cap US Equities	15.8	6.7
Small Cap US Equities	1.3	7.0
Micro Cap US Equities	1.3	7.0
Developed Foreign Equities	13.1	6.7
Emerging Market Equities	4.1	7.3
Non-US Small Cap Equities	1.9	7.2
Private Equity	17.5	8.0
Real Estate (Property)	10.0	5.8
Real Estate (REITS)	2.5	6.7
Hedge Fund of Funds - Diversified	2.5	4.6
Hedge Fund - Event-driven	0.6	6.7
Timber	1.9	5.9
Farmland	1.9	6.4
Infrastructure	3.8	7.1
Commodities	1.9	4.6
Assumed Inflation – Mean		2.5

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate:

The following presents the Reporting entity's proportionate, share of the net pension liability calculated using the discount rate of (7.50%), as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	\$ 917,074,934	\$ 567,965,517	\$ 276,171,126

Pension plan fiduciary net position:

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

Changes in Assumptions:

A summary of key changes implemented since the December 31, 2013 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September 23, 2015, and can be found at: <http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

Allocation of Liability for Service Segments:

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

Changes in Economic Assumptions:

Inflation. The inflation rate was lowered to 2.5% based on a combination of historical and market data and expert forecasts.

Payroll growth. The payroll growth, which is the sum of inflation and real wage growth, was reduced from 3.75% to 3.5%.

Investment Return and Interest Crediting. The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.5%. Previously, the assumed investment return and interest crediting to both regular and variable account balances was 7.75%.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

Tier One/Tier Two Administrative Expenses. Recently implemented GASB statements No. 67 and 68 necessitated an explicit Tier 1/Tier 2 administrative expense assumption. The administrative expense for December 31, 2014 and December 31, 2015 is \$33 million per year.

Healthcare Cost Inflation. The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

Changes in Demographic Assumptions:

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

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

Disability, Retirement from Active Status, and Termination. Rates for disability, retirement from active status, and termination were adjusted.

Changes in Salary Increase Assumptions:

Merit Increases, Unused Sick Leave, and Vacation Pay. Unused sick leave and vacation pay rates were adjusted.

Retiree Healthcare Participation. The RHIA participation rate for healthy retirees was reduced from 45% to 38%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

Defined Contribution Plan - Individual Account Program (IAP):

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

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

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

Contributions. The City has chosen to pay the employees' contributions to the plan. Six percent of covered payroll is paid for general service employees and nine percent of covered payroll is paid for firefighters and police officers. For fiscal year 2017 the City paid \$23 million.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

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

Fire and Police Disability, Retirement and Death Benefit Plan (the Plan)

Fire and Police Disability and Retirement Fund (FPDR) accounts for the assets of the employee benefit plan held by the City of Portland in a trustee capacity. FPDR is the sole administrator for the plan. FPDR is a governmental single-employer plan maintained and operated solely by the City of Portland. The Plan's authority for vesting and benefit provisions is provided by Chapter 5 of the City Charter. Amendments require approval of the voters in the City of Portland. City Council may provide by ordinance any additional benefits that the City of Portland is required by law to extend to the members and may also change benefits by ordinance to maintain the Plan's tax-qualified status with the Internal Revenue Service. The plan is governed by the FPDR Board of Trustees.

Plan description. The Plan consists of three tiers, two of which are now closed to new employees. Fire and police personnel hired before January 1, 2013 generally became eligible for membership in the Plan immediately upon employment. Sworn personnel initially hired on or after January 1, 2013 are not eligible for membership until they have completed six months of service. See The Fire and Police Disability and Retirement Fund, (Note I.A.) for information on obtaining financial statements.

FPDR One, the original tier, and FPDR Two, the tier in which most active fire and police personnel hired before January 1, 2007 participate, are part of a single-employer defined-benefit plan administered by the FPDR Board of Trustees. FPDR One and FPDR Two are both closed to new entrants. As of June 30, 2017, there were 465 members and beneficiaries subject to the Plan as constituted prior to July 1, 1990, now called FPDR One; 2,490 members and beneficiaries were subject to the Plan as constituted 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 OPERS contributions for FPDR Three members. FPDR Three members are covered by the FPDR Plan for disability and pre-retirement death benefits. As of June 30, 2017, the number of FPDR Three members was 535.

The Plan provides for service-connected and occupational disability benefits for FPDR Two and Three members at 75% of the member's base pay, reduced by 50% 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% of the member's base pay, and then reduced by 25% of any wages earned in other employment. The minimum benefit is 25% 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.

FPDR One service-connected and occupational disability benefits are paid at 60% 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% of top step pay for a police officer or fire fighter.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

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 provisions, 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%). Therefore, FPDR One members receive post-retirement benefit increases equal to increases in current top-step police officer or firefighter pay. FPDR One retirement benefits are increased, as necessary, on July 1 of each year. If increases in police officer or firefighter pay occur after July 1 in any given year, FPDR One beneficiaries receive the corresponding increase to their benefit on the following July 1.

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% vested after five years of service. Benefits are paid to members at retirement using the following formula: 2.2% to 2.8% 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% is selected by the member at retirement; the rate determines the survivor benefit. The City Charter allows the FPDR Board to grant post-retirement benefit adjustments to FPDR Two members. The timing and amount of adjustments are at the Board's discretion, with the limitation that the percentage change in any one year may not exceed the percentage change granted to police and fire members of PERS for the same period. Historically the Board has granted a percentage increase each July 1 equal to the PERS percentage increase.

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 greater of 9.89% times the member's percentage of creditable service prior to October 1991 or zero to four percent based on the member's years of service. Members not subject to Oregon income tax are no longer eligible for the additional benefit.

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, 2017, there are 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 of FPDR One and Two members. The 2015 Oregon State Legislature amended the statutes so that an alternate payee, generally a former spouse, could be treated as the surviving spouse in a domestic relations order for preretirement death benefits.

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. Previously, members who returned to active service before retirement were not eligible for these postretirement medical benefits. Now, active members who retire on or after January 1, 2007 are eligible.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

On November 6, 2012 voters approved eleven plan amendments referred to them by the Portland City Council. These amendments made a number of changes to plan benefits provisions, the most significant of which was a revision that defined final pay (used to calculate FPDR Two pensions) as base pay received for a 365-day period, or 366 days in leap years.

As of June 30, 2017, membership data related to the Fire and Police Disability, Retirement and Death Benefit Plan (the Plan) was as follows:

	<u>FPDR One</u>	<u>FPDR Two</u>	<u>FPDR Three</u>	<u>Total</u>
Retirees, beneficiaries and participants with disabilities currently receiving pension or long-term disability benefits	465	1,417	-	1,882
Vested benefits not yet in pay status				
Surviving spouses not yet eligible	-	2	-	2
Terminated employees	-	82	-	82
Total vested benefits not yet in pay status	-	84	-	84
Active members on short-term disability	-	10	7	17
Active members:				
Vested	-	989	-	989
Not in FPDR pension plan	-	-	535	535
Total active members	-	989	535	1,524

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 made through a dedicated tax levy. Each year the levy is set in an amount that will be sufficient to pay the anticipated benefit payments and administrative costs of the Plan.

Cash and investments held by the City Treasurer in the City of Portland investment pool are stated at fair value. As the FPDR Plan is funded on a pay-as-you-go basis, the Pension Trust Fund has limited cash and investments assets. 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, 2017.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

A special property tax levy was approved by Portland voters as the resource for annual employer contributions. Under the Charter, employer contributions equal projected current year expenses. Therefore, the FPDR plan is not prefunded on an actuarial basis. The special property tax levy 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. 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, advances, or revenues from other sources (such as interagency revenue and interest), for the succeeding fiscal year and submits this estimate to the City Council. The Council is required by Charter annually to levy a tax sufficient to fund the estimated benefits for the upcoming year provided by the Board of Trustees. While the FPDR Fund has not experienced any funding shortfalls to date, future funding is dependent on the availability of property tax revenues and, in the absence of sufficient property tax revenues, City funds.

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, other City funds would be required to make up the difference; only if both the levy and the FPDR Reserve Fund were exhausted.

Employees do not contribute to the FPDR Plan. Prior to July 1, 1990, members were required to contribute seven percent of a member's base salary into the Plan. Effective July 1, 1990, members were no longer required to make contributions into the Plan, except those members opting to remain in FPDR One. All FPDR One members are now receiving retirement or long-term disability benefits and are no longer contributing.

Contributions. Total actual contributions to the Plan for the fiscal year ended June 30, 2017 totaled \$120.7 million.

Changes in net pension liability. The following table presents the changes in the net pension liability for the fiscal year ended June 30, 2017:

	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balances at 6/30/2016	\$ 3,391,461,315	\$ 17,425,353	\$ 3,374,035,962
Service cost	82,420,266	-	82,420,266
Interest on total liability	97,302,658	-	97,302,658
Effect of plan changes	36,063,138	-	36,063,138
Effect of economic demographic (gains) or losses	95,578,193	-	95,578,193
Changes in assumptions	(215,367,868)	-	(215,367,868)
Benefit payments	(120,351,973)	(120,351,973)	-
Administrative expense	-	(4,085,644)	4,085,644
Net investment income	-	462,193	(462,193)
Employer contributions	-	120,700,158	(120,700,158)
Net changes	<u>(24,355,586)</u>	<u>(3,275,266)</u>	<u>(21,080,320)</u>
Balances at 6/30/2017	<u>\$ 3,367,105,729</u>	<u>\$ 14,150,087</u>	<u>\$ 3,352,955,642</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

The City's pension expense for the fiscal year ended June 30, 2017 was \$304,582,662.

The change in assumptions corresponds with an increase to the discount rate - the June 30 value of the Bond Buyer General Obligation 20-Bond Municipal Bond Index - from 2.85% on June 30, 2016 to 3.58% on June 30, 2017.

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the sensitivity of the net pension liability calculation to a one percent increase or decrease in the discount rate used to measure the total pension liability:

	1% Decrease 2.58%	Discount rate 3.58%	1% Increase 4.58%
Net pension liability	\$ 3,915,163,607	\$ 3,352,955,642	\$ 2,905,850,515

Deferred Inflows and Outflows of Resources

The following table presents the components of deferred inflows and outflows of resources for the Plan for the fiscal years ended June 30, 2017. Note III. D. provides a comprehensive summary of the City's deferred outflows and inflows of resources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,197,771	\$ 12,110,028
Changes in assumptions or inputs	379,007,486	173,950,970
Net difference between projected and actual earnings	711,807	-
 Total	 \$ 456,917,064	 \$ 186,060,998

The following table presents the future amortization of deferred inflows and outflows of resources for the Plan:

Fiscal Years Ended June 30,	Deferred Outflows	Deferred Inflows
2018	\$ 143,650,587	\$ 58,495,892
2019	143,650,584	58,495,891
2020	126,882,428	51,667,739
2021	50,505,681	20,566,396
2022	(7,772,216)	(3,164,920)
Total	\$ 456,917,064	\$ 186,060,998

The information presented above is based on the most recent actuarial valuation, or a roll forward of the most recent actuarial valuation. Key assumptions used in the actuarial calculations are listed below.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

Actuarial Valuation Assumptions:

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuation Assumptions

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair market value basis
Dates of experience studies on which significant assumptions are based	June 30, 2014
Mortality assumptions	Retirees and beneficiaries: RP-2000 sex-distinct, generational, with projection scales, with collar adjustments, and set-backs as described in the relevant valuations.

Actuarial assumptions:	Active members: Mortality rates are a percentage of healthy retiree rates, as described in the relevant valuations.
Discount rate	3.58%
Change in discount rate since last measurement date	0.73%
Projected salary increases - Police	3.75%
Projected salary increases - Fire	3.75%
Includes inflation at cost of living adjustments	2.75%
Source of municipal bond rate used	Bond Buyer General Obligation 20-Bond Municipal Bond Index*
Post-retirement benefit increases:	
FPDR One	3.75%
FPDR Two	Blend 2.0% / 1.25%

* The Plan is not funded, so management chose to use this index to set the discount rate used by the actuary.

The projected salary increases above are for members with more than seven years of service. Those with less than seven years have projected salary increases ranging up to 20%, as detailed in the actuarial valuation report. It is projected that 25% of Fire members and 50% of Police members retire at age 50, and that all Police members retire by age 60 and all Fire members by age 65.

It should be noted that the net pension liability, plan net position as a percentage of total pension liability and the ratio of the net pension liability to covered payroll are measures typically used to gauge the financial health of prefunded plans. Since the FPDR plan is a pay-as-you-go plan funded with a dedicated property tax, the critical measure of the plan's financial health is whether this property tax will ever be insufficient to fully cover plan expenditures.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

The FPDR Board periodically assesses the future availability of property tax revenues by ordering projections and simulations in connection with the actuarial valuation of the funds. The most recent assessment was as of June 30, 2016. The analysis found that, under a wide range of simulated economic scenarios in the foreseeable future, the future FPDR Fund levy has an approximately 2.6% probability of reaching the maximum \$2.8 per \$1,000 of real market value in at least one year through 2036.

F. Tax Abatements

As of June 30, 2017, the City of Portland provides tax abatements through five programs: Non-Profit Low Income Rental Housing, Enterprise Zone, Homebuyer Opportunity Limited Tax Exemption, Multiple-Unit Housing in Core Areas, and Residential Rehab Property.

Non-Profit Low Income Rental Housing (ORS 307.540 to 307.548):

The largest abatement program for the City is the Non-Profit Low Income Rental Housing. In 1985, Oregon legislature authorized a property tax exemption for low-income housing held by charitable, nonprofit organizations. The tax exemption is intended to benefit low-income renters by alleviating the property tax burden on those agencies that provide this type of housing. The qualifying property must be located within the City of Portland.

Charitable, nonprofit organizations that provide housing to low-income persons are eligible, and must be certified by the Internal Revenue Service as 501(c)(3) or (4) organization. Organizations must own or have a leasehold interest in the property or participate in a partnership as long as the non-profit organization is responsible for the day-to-day management of the property. Applicants who are leaseholders must have a signed leasehold agreement by the application deadline. Vacant land intended to be developed as low-income housing is also eligible for the exemption.

The property tax exemption applies only to the tax levy of a governing body that adopts the provisions of ORS 307.540 to 307.548.

Enterprise Zone (ORS 285C.175):

The Oregon Enterprise Zone program is a State of Oregon economic development program, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor. Prosper Portland, formerly known as the Portland Development Commission, is the local sponsor for the Portland Enterprise Zone program.

The Enterprise Zone program provides qualified firms that will be making a substantial new capital investment within the defined enterprise zone, a waiver of 100% of the amount of real property taxes attributable to the new investment for a period of five years following completion of the new investment. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

F. Tax Abatements continued

Homebuyer Opportunity Limited Tax Exemption (ORS 307.651 to 307.687):

The Homebuyer Opportunity Limited Tax Exemption (HOLTE) program exempts the residential improvement value from real property taxation for a 10-year period, while the land remains taxable. At the end of the 10-year exemption period, the taxes due will reflect the full assessed value of the property. Homes approved for the HOLTE program must sell for less than the annually established price cap to homebuyers who will live in the homes and meet program income requirements. There is a 100-unit cap on the number of new applications approved each year, although the cap does not apply to applications for properties including long-term affordability covenants.

Multiple-Unit Housing in Core Areas (ORS 307.600 to 307.637):

This law addresses the public's interest in stimulating the construction of transit supportive multiple-unit housing in the core areas of Oregon's urban centers in order to improve the balance between the residential and commercial nature of those areas, and to ensure full-time use of the areas as places where citizens of the community have an opportunity to live as well as work.

In any city, or in any county with a population of over 300,000, the exemption shall apply only to multiple-unit housing preserved, established, constructed, added to or converted on land within an area designated under ORS 307.606. This program exempts property taxes for a period of 10 years, and does not include land values in the exemption.

Residential Rehab Property (ORS 308.450 to 308.481):

The Residential Rehab Property program was designed to rehab properties within distressed areas. The Legislative Assembly determined that it was in the public interest to encourage the rehabilitation of existing units in substandard condition and the conversion of transient accommodation to permanent residential units, and the conversion of nonresidential structures to permanent residential units, to make these units into sound additions to the housing stock of the state. The Legislative Assembly also found that cities and counties of the state should be enabled to establish and design programs to stimulate such rehabilitation and or conversion, based on the incentive of a local property tax exemption. The assessed value of rehabilitated residential property cannot be more than its assessed value as it appears in the last certified assessment roll next preceding the date on which the application for limited assessment is filed with the governing body as provided in ORS 308.462. This program has been repealed by City Code, and new applications are no longer accepted.

For the fiscal year ended June 30, 2017, the City of Portland abated property taxes totaling \$7,087,489 under these programs.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
Non-Profit Low Income Rental Housing	\$ 3,477,686
Enterprise Zone	2,277,600
Homebuyer Opportunity Limited Tax Exemption (HOLTE)	856,934
Multiple-Unit Housing in Core Areas	474,022
Residential Rehab Property	<u>1,247</u>
	<u>\$ 7,087,489</u>

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2017

IV. Other information continued:

G. Subsequent events:

Changes in OPERS Pension Plan Provisions Subsequent to Measurement Date:

At its July 28, 2017 meeting, the PERS Board lowered its effective "assumed rate" from 7.5% to 7.2% effective, January 1, 2018. The assumed rate is the rate of investment return (including inflation) that the PERS Fund's regular account is expected to earn over the long term. Oregon Administrative Rule 459-007-0001(2) states that the assumed rate "means the actuarial assumed rate of return on investments as adopted by the Board for the most recent actuarial valuation."

The lowered rate is expected to increase the PERS net pension liability by an estimated \$2.0 to \$2.4 billion. Of this increase, the City's portion is estimated at \$75.7 to \$90.8 million.

Debt activity

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

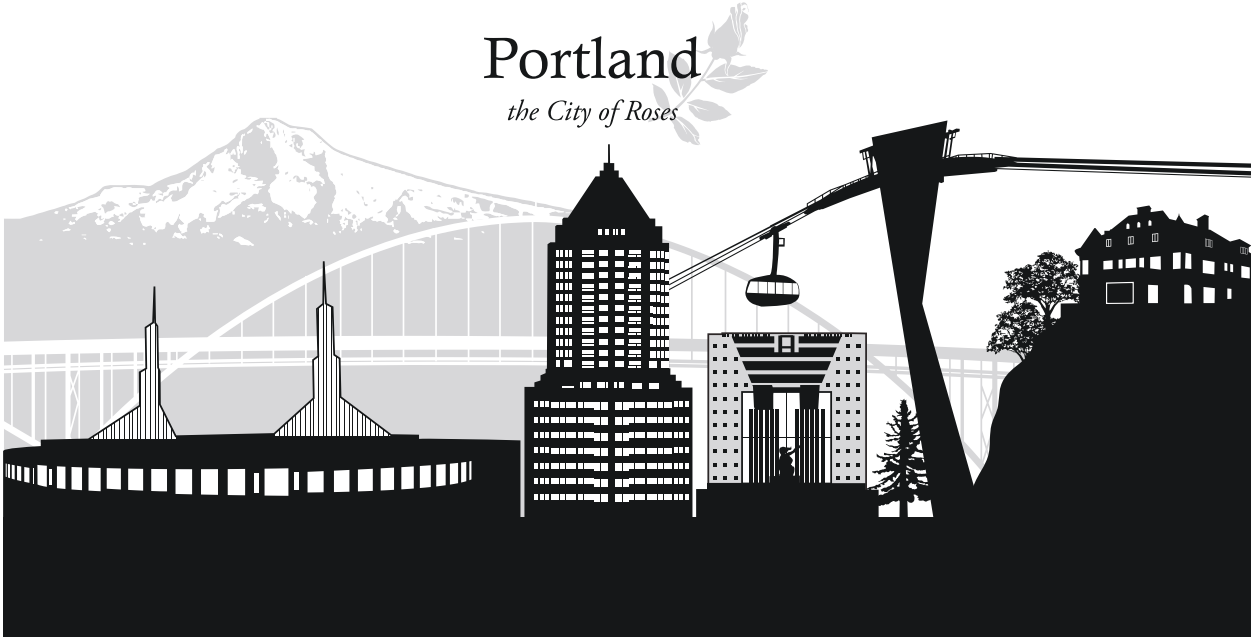
Notes and Loans:	Issue Date	Principal	Length in Years	Interest Rates
Tax Anticipation Notes, Series 2015 FPDR	7/20/2017	\$ 35,705,000	0.94	2.5%
Levee Loan #17 Special Finance and Resource	7/27/2017	6,414	7 Years Commencing 12/1/2018	3.26
Levee Loan #18 Special Finance and Resource	8/18/2017	14,910	7 Years Commencing 12/1/2018	3.26

Line of Credit Activity	Origination Date	Maximum Credit	Draw (Repayment) Date	Principal Draw (Repayment)	Length in Years	Interest Rate
Portland Building LOC Draw #5	4/4/2017	\$ 190,000,000	9/22/2017	\$ 4,218,499	5	Variable



Tram aerial view

Required Supplementary Information



REQUIRED SUPPLEMENTARY
INFORMATION

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City of Portland, Oregon
General Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2017

	<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	\$ 228,382,000	\$ 228,382,000	\$ 233,046,878	
Prior year property	3,948,000	3,948,000	2,866,527	
Lodging	30,600,000	30,600,000	32,849,121	
Payment in lieu of taxes	438,000	438,000	925,534	
	<u>263,368,000</u>	<u>263,368,000</u>	<u>269,688,060</u>	<u>\$ 6,320,060</u>
Licenses and permits:				
Business licenses, net	108,063,578	108,063,578	117,864,765	
Public utility licenses	83,536,795	83,536,795	89,935,334	
Construction permits	2,130,000	2,390,000	2,835,325	
Other permits	2,480,443	2,780,443	2,741,988	
	<u>196,210,816</u>	<u>196,770,816</u>	<u>213,377,412</u>	<u>16,606,596</u>
Charges for services				
Public works and utility charges	-	-	2,098	
Inspection fees	1,480,000	1,480,000	1,210,087	
Rents and reimbursements	4,640,763	4,640,763	4,866,766	
Parking fees	530,353	530,353	388,595	
Concessions	17,404	17,404	-	
Parks and recreation facilities fees	13,014,071	13,014,071	11,946,886	
Other service charges	4,323,106	5,459,652	7,215,001	
	<u>24,005,697</u>	<u>25,142,243</u>	<u>25,629,433</u>	<u>487,190</u>
Intergovernmental:				
Federal cost sharing	201,000	302,200	236,325	
State revenue sharing	16,008,397	16,008,397	17,283,760	
State cost sharing	35,000	75,000	97,178	
Multnomah County cost sharing	2,332,654	2,330,723	2,330,143	
Local revenue sharing	2,890,900	2,890,900	2,163,327	
Local cost sharing	6,300,913	6,722,729	6,360,660	
Overhead charges	257,529	257,529	232,529	
	<u>28,026,393</u>	<u>28,587,478</u>	<u>28,766,922</u>	<u>179,444</u>
Other:				
Assessments	4,035	4,035	4,444	
Sales - other	733,691	744,091	722,136	
Refunds	42,000	42,000	115,985	
Donations	-	-	35,430	
Investment earnings	1,321,329	1,321,329	1,559,717	
Fines	607,150	607,150	514,400	
Miscellaneous	845,343	1,010,428	1,563,331	
	<u>3,553,548</u>	<u>3,729,033</u>	<u>4,515,443</u>	<u>786,410</u>
Billings to other funds for services	<u>29,224,456</u>	<u>30,561,020</u>	<u>28,438,210</u>	<u>(2,122,810)</u>
Total revenues	<u>544,388,910</u>	<u>548,158,590</u>	<u>570,415,480</u>	<u>22,256,890</u>

Continued next page

City of Portland, Oregon
General Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current:				
Personal services	372,946,493	375,697,568	367,913,601	
External materials and services	98,129,136	102,769,587	93,092,928	
Internal materials and services	60,724,145	59,009,952	59,243,718	
Capital outlay	2,821,709	5,967,638	3,594,870	
	<u>534,621,483</u>	<u>543,444,745</u>	<u>523,845,117</u>	<u>19,599,628</u>
Total current expenditures				
General operating contingencies	5,646,986	10,848,331	-	10,848,331
	<u>5,646,986</u>	<u>10,848,331</u>	<u>-</u>	<u>10,848,331</u>
Debt service and related costs:				
Principal	6,452,691	6,452,691	6,458,094	
Interest	2,735,391	2,735,391	2,533,823	
	<u>9,188,082</u>	<u>9,188,082</u>	<u>8,991,917</u>	<u>196,165</u>
Total debt service and related costs				
Total expenditures	<u>549,456,551</u>	<u>563,481,158</u>	<u>532,837,034</u>	<u>30,644,124</u>
Revenues over (under) expenditures	<u>(5,067,641)</u>	<u>(15,322,568)</u>	<u>37,578,446</u>	<u>52,901,014</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General fund overhead	28,065,779	28,065,779	28,065,779	-
Emergency Communication	-	137,221	137,221	-
Bancroft Bond Interest and Sinking	1,700,000	1,700,000	1,700,000	-
Water	-	12,792	12,792	-
Hydroelectric Power Operating	200,000	-	-	-
Parking Facilities	292,970	292,970	292,970	-
Spectator Facilities Operating	21,463	21,463	21,463	-
Technology Services	291,746	291,746	-	(291,746)
Fire and Police Disability and Retirement	-	156,364	156,364	-
	<u>30,571,958</u>	<u>30,678,335</u>	<u>30,386,589</u>	<u>(291,746)</u>
Total transfers from other funds				

City of Portland, Oregon
General Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2017

	<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				
Transfers to other funds:				
Transportation Operating	(14,633,349)	(18,247,349)	(18,247,349)	-
Emergency Communication	(14,501,359)	(14,501,359)	(14,501,359)	-
Development Services	(2,117,744)	(2,117,744)	(2,117,744)	-
General Reserve	(3,000,000)	(3,000,000)	(3,000,000)	-
Housing Investment	(1,200,000)	(1,200,000)	(1,200,000)	-
Portland Parks Memorial	(64,318)	(64,318)	(64,318)	-
Pension Debt Redemption	(1,610,494)	(1,610,494)	(1,610,494)	-
Governmental Bond Redemption	(2,433,719)	(2,433,719)	(2,433,719)	-
Local Improvement District	(500,000)	(500,000)	(500,000)	-
Parks Capital Improvement Program	(5,707,450)	(8,807,450)	(8,807,450)	-
Sewer System Operating	(968,866)	(968,866)	(968,866)	-
Water	(843,000)	(843,000)	(843,000)	-
Golf	-	(800,000)	(800,000)	-
Facilities Services Operating	(4,963,812)	(4,417,059)	(4,417,059)	-
Fire and Police Supplemental Retirement Reserve	-	(6,344)	(6,344)	-
Total transfers to other funds	<u>(52,544,111)</u>	<u>(59,517,702)</u>	<u>(59,517,702)</u>	<u>-</u>
Sale of capital asset	-	-	5,463	5,463
Total other financing sources	<u>(21,972,153)</u>	<u>(28,839,367)</u>	<u>(29,125,650)</u>	<u>(286,283)</u>
Net change in fund balance	(27,039,794)	(44,161,935)	8,452,796	52,614,731
Fund balance - beginning	<u>27,039,794</u>	<u>44,161,935</u>	<u>44,155,972</u>	<u>(5,963)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	52,608,768	<u>\$ 52,608,768</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Reserve fund budgeted as separate fund			58,916,535	
Unrealized gain (loss) on investments			(219,573)	
Loans receivable, net			375,880	
Inventories			<u>252,251</u>	
Fund balance - GAAP basis			<u>\$ 111,933,861</u>	

City of Portland, Oregon
Transportation Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Miscellaneous	\$ 13,250,000	\$ 13,250,000	\$ 9,787,463	\$ (3,462,537)
Licenses and permits:				
Construction permits	5,284,000	5,284,000	4,895,292	
Other permits	2,547,200	2,547,200	6,596,246	
Total licenses and permits	7,831,200	7,831,200	11,491,538	3,660,338
Charges for services				
Public works and utility charges	14,819,785	13,336,785	20,792,526	
Inspection fees	552,700	552,700	1,296,427	
Rents and reimbursements	540,000	540,000	769,692	
Parking fees	45,871,000	45,871,000	51,278,923	
Other service charges	4,527,083	6,527,083	9,534,725	
Total charges for services	66,310,568	66,827,568	83,672,293	16,844,725
Intergovernmental:				
State revenue sharing	36,081,677	36,081,677	37,169,549	
State cost sharing	-	262,356	466,708	
Multnomah County cost sharing	100,000	100,000	41,545	
Local revenue sharing	35,618,160	35,618,160	27,568,276	
Local cost sharing	1,838,116	1,838,116	7,263,852	
Total intergovernmental	73,637,953	73,900,309	72,509,930	(1,390,379)
Billings to other funds for services	30,958,481	32,192,931	26,437,990	(5,754,941)
Other:				
Assessments	780,000	780,000	1,641,192	
Sales - other	391,430	391,430	588,693	
Refunds	-	-	3,132	
Donations	2,290,000	305,000	370,980	
Investment earnings	200,000	200,000	1,573,581	
Miscellaneous	387,000	387,000	3,187,511	
Total other	4,048,430	2,063,430	7,365,089	5,301,659
Total revenues	196,036,632	196,065,438	211,264,303	15,198,865
EXPENDITURES				
Current:				
Personal services	86,200,159	90,416,449	79,776,297	
External materials and services	65,904,741	71,363,855	58,468,467	
Internal materials and services	22,939,912	23,874,827	24,426,764	
Capital outlay	28,358,494	22,400,516	13,179,795	
Total current expenditures	203,403,306	208,055,647	175,851,323	32,204,324
General operating contingencies	86,054,145	84,612,015	-	84,612,015
Debt service and related costs:				
Principal	6,122,496	8,239,496	8,239,494	
Interest	4,908,549	5,291,549	4,788,008	
Debt issuance costs	-	-	270,758	
Total debt service and related costs	11,031,045	13,531,045	13,298,260	232,785
Total expenditures	300,488,496	306,198,707	189,149,583	117,049,124
Revenues over (under) expenditures	(104,451,864)	(110,133,269)	22,114,720	(132,247,989)

City of Portland, Oregon
Transportation Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2017

	<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	14,633,349	18,247,349	18,247,349	-
Local Improvement District	3,072,599	4,017,599	4,015,596	(2,003)
Parking Facilities	2,230,753	2,230,753	2,230,753	-
Total transfers from other funds	<u>19,936,701</u>	<u>24,495,701</u>	<u>24,493,698</u>	<u>(2,003)</u>
Transfers to other funds:				
General Fund Overhead	(6,649,753)	(6,649,753)	(6,649,753)	-
Transportation Reserve	(700,000)	(700,000)	(700,000)	-
Pension Debt Redemption	(787,372)	(787,372)	(787,372)	-
Gas Tax Bond Redemption	(1,966,730)	(1,966,730)	(1,956,730)	10,000
Sewer System Operating	(50,000)	(53,503)	(53,503)	-
Total transfers to other funds	<u>(10,153,855)</u>	<u>(10,157,358)</u>	<u>(10,147,358)</u>	<u>10,000</u>
Bonds and notes issued	21,500,000	21,500,000	48,308,147	26,808,147
Bonds and notes premium	-	-	6,906,614	6,906,614
Internal loan proceeds	9,500,000	9,500,000	4,500,000	(5,000,000)
Sale of capital asset	-	-	405	405
Internal loan remittances	-	(9,750,000)	(8,000,000)	1,750,000
Payments to refunded loan and bond escrow agent	-	-	(32,747,550)	(32,747,550)
Total other financing sources (uses)	<u>40,782,846</u>	<u>35,588,343</u>	<u>33,313,956</u>	<u>(2,274,387)</u>
Net change in fund balance	(63,669,018)	(74,544,926)	55,428,676	129,973,602
Fund balance - beginning	63,669,018	74,544,926	109,773,443	35,228,517
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	165,202,119	<u>\$ 165,202,119</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Reserve fund budgeted as separate fund			5,946,526	
Unrealized gain (loss) on investments			(370,819)	
Internal loans receivable			8,000,000	
Inventories			6,131,048	
Fund balance - GAAP basis			<u>\$ 184,908,874</u>	

**City of Portland, Oregon
Required Supplementary Information Notes and Schedules
For the Fiscal Year Ended June 30, 2017**

A. Adjustments from the budgetary basis of accounting to GAAP:

General and Transportation Operating Funds are the City's major governmental funds. Both General and Transportation Operating Funds 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 and Transportation Operating Funds, 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 and Transportation Operating Funds, are resources not available for spending in the subsequent year.

A separate budgetary report, General Fund by Function, is included as part of the Governmental Funds' Budget and Actual section of the CAFR.

Internal loans receivable:

The Transportation Operating Fund provided a temporary operating loan of \$8 million to the Grants Fund. The internal loan of \$8 million to the Grants Fund provides interim funding to cover lags in federal, State, and other grant reimbursements. This internal loan was authorized by Council Resolution #37215.

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, 2017.

Oregon state law requires disclosure of fund expenditures in excess of budget appropriations. Neither the General of Transportation Operating Funds exceeded budget at the legal level of appropriation (see Note II.A.).

C. Other postemployment benefits:

The City provides an implicit rate subsidy for retiree Health Insurance continuation premiums. Details regarding employer contributions are located in the Notes to the Financial Statements section, Note IV. D.

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)
7/1/2014	\$ -	\$ 105,266,428	\$ 105,266,428	- %	346,483,812	30.38 %
7/1/2015	-	79,200,156	79,200,156	-	427,939,469	18.51
7/1/2016	-	79,452,502	79,452,502	-	432,312,186	18.38

N/A = not available
** restated to reflect impact of change in discount rate

City of Portland, Oregon
Required Supplementary Information Notes and Schedules, Continued
For the Fiscal Year Ended June 30, 2017

D. Employee retirement pension benefits:

Employer contributions to the Fire and Police Disability and Retirement Benefits Plan (Plan) are recognized when due and the employer has made a formal commitment to provide the contributions. Complete financial statements for the Plan 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.portlandoregon.gov/fpdr/62529> or by telephone: (503) 823-6823.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(Dollars in millions)

Fire and Police Disability, Retirement, and Death Benefit Plan

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 and Prior</u>
<u>Total pension liability:</u>					
Service cost	\$ 82.4	\$ 66.7	\$ 58.9	\$ 63.7	N/A
Interest	97.3	110.5	106.3	117.0	N/A
Benefit payments	(120.4)	(114.0)	(110.9)	(108.0)	N/A
Effect of plan changes	36.1	-	185.3	(222.3)	N/A
Effect of changes in assumptions	(215.4)	431.4	208.9	106.5	N/A
Effect of economic/demographic (gains) or losses	95.6	-	(25.6)	-	N/A
Net change in total pension liability	(24.4)	494.6	422.9	(43.1)	N/A
Total pension liability, beginning	3,391.5	2,896.9	2,474.0	2,517.1	N/A
Total pension liability, ending	<u>\$ 3,367.1</u>	<u>\$ 3,391.5</u>	<u>\$ 2,896.9</u>	<u>\$ 2,474.0</u>	<u>N/A</u>
<u>Plan net position:</u>					
Employer contributions	\$ 120.7	\$ 114.1	\$ 115.9	\$ 114.7	N/A
Net investment income	0.5	0.5	(0.5)	0.3	N/A
Benefit payments	(120.4)	(114.0)	(110.9)	(108.0)	N/A
Administrative expense	(4.1)	(5.0)	(3.1)	(3.6)	N/A
Net change in plan net position	(3.3)	(4.4)	1.4	3.4	N/A
Plan net position, beginning	17.5	21.9	20.5	17.1	N/A
Plan net position, ending	<u>\$ 14.2</u>	<u>\$ 17.5</u>	<u>\$ 21.9</u>	<u>\$ 20.5</u>	<u>N/A</u>
Net pension liability	<u>\$ 3,352.9</u>	<u>\$ 3,374.0</u>	<u>\$ 2,875.0</u>	<u>\$ 2,453.5</u>	<u>N/A</u>
Plan net position as a percent of total pension liability	0.42 %	0.52 %	0.76 %	0.83 %	N/A
Covered employee payroll	\$ 137.6	\$ 139.1	\$ 139.3	\$ 135.7	N/A
Net pension liability as a percent of covered employee payroll	2,436.70 %	2,425.59 %	2,063.89 %	1,808.03 %	N/A

City of Portland, Oregon
Required Supplementary Information Notes and Schedules, Continued
For the Fiscal Year Ended June 30, 2017

D. Employee retirement pension benefits: continued

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Dollars in millions)

	2017	2016	2015	2014	2013 and Prior
Employer contributions	\$ 120.7	\$ 114.1	\$ 115.9	\$ 114.7	N/A
Contributions recognized by plan	120.7	114.1	115.9	114.7	N/A
Difference	\$ -	\$ -	\$ -	\$ -	N/A
Covered employee payroll	\$ 137.6	\$ 139.1	\$ 139.3	\$ 135.7	N/A
Contributions as a percent of covered employee payroll	87.72 %	82.03 %	83.20 %	84.52 %	N/A

The net pension liability decreased by \$21 million primarily because of plan and assumption changes. The \$215.4 million reduction to liability due to assumption changes is largely attributable to the increase in the discount rate from 2.85% to 3.85%.

Oregon Public Employees Retirement System (OPERS):

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oregon Public Employees Retirement System
(Dollars in millions)

	2017	2016	2015	2014	2013 and Prior
Proportion of the net pension liability (asset)	3.78332893%	3.78054215%	3.62934176%	3.62934176%	N/A
Proportionate share of the net pension liability (asset)	\$ 568.0	\$ 217.1	\$ (82.3)	\$ 185.2	N/A
Covered payroll	\$ 359.9	\$ 343.6	\$ 330.5	\$ 313.1	N/A
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	157.82 %	63.18 %	(24.90)%	59.15 %	N/A
Plan net position as a percentage of the total pension liability	80.53 %	91.88 %	103.59 %	92.00 %	N/A

City of Portland, Oregon
Required Supplementary Information Notes and Schedules, Continued
For the Fiscal Year Ended June 30, 2017

D. Employee retirement pension benefits: continued

SCHEDULE OF CONTRIBUTIONS
Oregon Public Employees Retirement System
(Dollars in millions)

	2017	2016	2015	2014	2013 and Prior
Contractually required contribution	\$ 35.6	\$ 33.7	\$ 26.3	\$ 25.0	N/A
Contributions in relation to the contractually required contribution	35.6	33.7	26.3	25.0	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	N/A
Covered employee payroll	\$ 360.0	\$ 343.6	\$ 330.5	\$ 313.1	N/A
Contributions as a percentage of covered employee payroll	9.89 %	9.81 %	7.96 %	7.98 %	N/A

Changes in Assumptions:

A summary of key changes implemented since the December 31, 2014 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the system, which was published on September 23, 2015, and can be found at: <http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

Changes in Actuarial Methods and Allocation Procedures:

Allocation of Liability for Service Segments - For purposes of allocating Tier 1/Tier 2 member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2012 and December 31, 2013 valuations, the Money Match was weighted 30% for General Service members and five percent for Police & Fire members. For the December 31, 2014 and December 31, 2015 valuations, this weighting has been adjusted to 25% for General Service members and zero percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions:

Inflation - The inflation rate was lowered to 2.5% based on a combination of historical and market data and expert forecasts.

Payroll Growth - The payroll growth, which is the sum of inflation and real wage growth, was reduced from 3.75% to 3.5%.

City of Portland, Oregon
Required Supplementary Information Notes and Schedules, Continued
For the Fiscal Year Ended June 30, 2017

D. Employee retirement pension benefits: continued

Investment Return and Interest Crediting.-The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.5%. Previously, the assumed investment return and interest crediting to both regular and variable account balances was 7.75%.

Tier 1/Tier 2 Administrative Expenses. - Recently implemented GASB statements No. 67 and 68 necessitated an explicit Tier 1/Tier 2 administrative expense assumption. The administrative expense for December 31, 2014 and December 31, 2015 is \$33 million per year.

Healthcare Cost Inflation - The healthcare cost inflation for the maximum Retiree Healthcare Insurance Premium Account (RHIPA) subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

Changes in Demographic Assumptions:

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

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

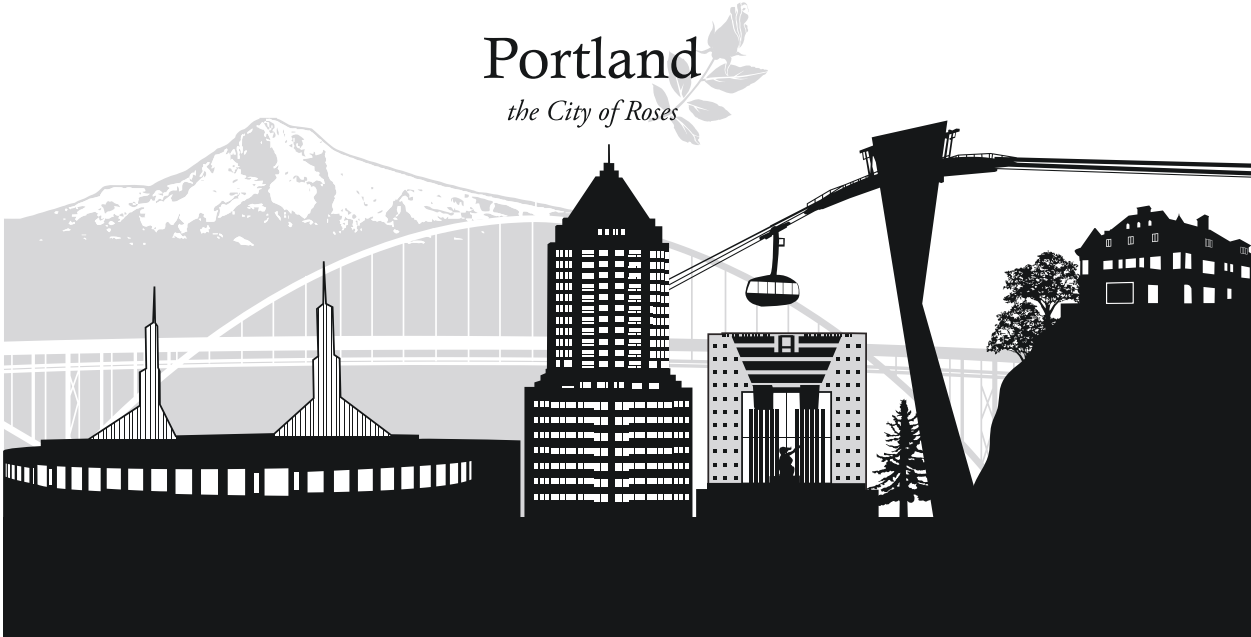
Disability, Retirement from Active Status, and Termination - Rates for disability, retirement from active status, and termination were adjusted.

Changes in Salary Increase Assumptions:

Merit Increases, Unused Sick Leave, and Vacation Pay - Unused sick leave and vacation pay rates were adjusted.

Retiree Healthcare Participation - The Retirement Health Insurance Account (RHIA) participation rate for healthy retirees was reduced from 45% to 38%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

Combining and Individual Fund Statements and Schedules



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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 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, that is, for the benefit of the City of Portland or its citizenry.

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**City of Portland, Oregon
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017**

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>	<u>Permanent Fund</u>	<u>Total</u>
ASSETS					
Unrestricted:					
Cash and investments	\$ 22,989,609	\$ 15,351,671	\$ 12,802,624	\$ -	\$ 51,143,904
Receivables:					
Accounts, net	3,058,337	-	225,328	-	3,283,665
Assessments	-	4,956,601	-	-	4,956,601
Notes and loans, net	6,026,225	-	-	-	6,026,225
Accrued interest	202,229	57,752	15,671	-	275,652
Internal loans receivable	10,220,699	-	-	-	10,220,699
Restricted:					
Cash and investments	118,579,635	72,699,050	104,531,188	183,810	295,993,683
Receivables:					
Taxes	1,262,742	10,250,317	-	-	11,513,059
Accounts, net	8,566,745	-	44,132	-	8,610,877
Assessments	20,149,119	33,729,431	7,071,802	-	60,950,352
Notes and loans, net	65,910,041	-	-	-	65,910,041
Advances	9,620	-	1,009,710	-	1,019,330
Grants	10,288,976	-	-	-	10,288,976
Accrued interest	140,789	383,243	406,851	557	931,440
Due from component unit	2,391,163	-	-	-	2,391,163
Internal loans receivable	-	-	800,000	-	800,000
Total assets	\$ 269,795,929	\$ 137,428,065	\$ 126,907,306	\$ 184,367	\$ 534,315,667
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities payable from unrestricted assets:					
Accounts payable	\$ 1,620,058	\$ -	\$ -	\$ -	\$ 1,620,058
Unearned revenue	1,296	-	-	-	1,296
Liabilities payable from restricted assets:					
Accounts payable	7,343,487	-	8,556,200	-	15,899,687
Due to component unit	622,518	-	-	-	622,518
Internal loans payable	8,000,000	-	10,220,699	-	18,220,699
Unearned revenue	2,528,200	-	-	-	2,528,200
Total liabilities	20,115,559	-	18,776,899	-	38,892,458
Deferred inflows of resources:					
Unavailable revenue - unrestricted	8,340	4,773,438	-	-	4,781,778
Unavailable revenue - restricted	28,405,186	41,839,118	7,071,802	-	77,316,106
Total deferred inflows of resources	28,413,526	46,612,556	7,071,802	-	82,097,884
Fund balances:					
Nonspendable	-	-	-	162,956	162,956
Restricted	187,431,111	75,222,923	98,065,337	21,411	360,740,782
Committed	20,170,158	-	3,767,383	-	23,937,541
Assigned	20,697,247	15,592,586	9,276,240	-	45,566,073
Unassigned	(7,031,672)	-	(10,050,355)	-	(17,082,027)
Total fund balances	221,266,844	90,815,509	101,058,605	184,367	413,325,325
Total liabilities, deferred inflows of resources and fund balances	\$ 269,795,929	\$ 137,428,065	\$ 126,907,306	\$ 184,367	\$ 534,315,667

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Permanent Fund	Total
REVENUES					
Taxes:					
Property	\$ 17,797,973	\$ 151,164,635	\$ -	\$ -	\$ 168,962,608
Lodging	17,933,744	-	-	-	17,933,744
Miscellaneous	14,293,483	-	-	-	14,293,483
Licenses and fees	52,321,074	-	-	-	52,321,074
Intergovernmental	87,437,089	8,181,622	99,241	-	95,717,952
Charges for services	2,681,626	-	30,411,519	-	33,093,145
Interagency	1,092,472	-	50,220	-	1,142,692
Parking fees	2,707,556	-	24,931	-	2,732,487
Parking fines	131,021	-	-	-	131,021
Rents and reimbursements	3,376,833	-	-	-	3,376,833
Miscellaneous service charges	17,131,552	-	1,276,079	-	18,407,631
Assessments	3,768,722	6,939,658	3,483,544	-	14,191,924
Investment earnings	14,887,745	2,964,590	765,564	691	18,618,590
Miscellaneous	970,288	926,955	622,048	-	2,519,291
	<u>236,531,178</u>	<u>170,177,460</u>	<u>36,733,146</u>	<u>691</u>	<u>443,442,475</u>
Total revenues					
	<u>236,531,178</u>	<u>170,177,460</u>	<u>36,733,146</u>	<u>691</u>	<u>443,442,475</u>
EXPENDITURES					
Current:					
Public safety	27,334,354	-	617,278	-	27,951,632
Parks, recreation and culture	3,416,147	-	2,958,510	-	6,374,657
Community development	122,304,854	1,573,900	108,670,162	-	232,548,916
Transportation	497,905	-	-	-	497,905
Legislative / admin / support services	34,573,724	-	-	-	34,573,724
Environmental services	55,877	-	-	-	55,877
Water	24,915	-	-	-	24,915
Debt service and related costs:					
Principal	2,877,303	96,360,688	132,107	-	99,370,098
Interest	1,230,146	34,318,379	306,192	-	35,854,717
Debt issuance costs	-	185,197	366,095	-	551,292
Capital outlay	30,592,073	-	93,342,703	-	123,934,776
	<u>222,907,298</u>	<u>132,438,164</u>	<u>206,393,047</u>	<u>-</u>	<u>561,738,509</u>
Total expenditures					
	<u>222,907,298</u>	<u>132,438,164</u>	<u>206,393,047</u>	<u>-</u>	<u>561,738,509</u>
Revenues over (under) expenditures	<u>13,623,880</u>	<u>37,739,296</u>	<u>(169,659,901)</u>	<u>691</u>	<u>(118,296,034)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	20,655,837	8,543,733	85,148,068	-	114,347,638
Transfers out	(4,912,023)	(74,600,000)	(4,050,102)	-	(83,562,125)
Bonds and notes issued	-	-	73,556,898	-	73,556,898
Refunding bonds issued	-	37,033,705	29,288	-	37,062,993
Bonds and notes premium	-	-	2,395,567	-	2,395,567
Loans issued	-	-	130,652	-	130,652
	<u>15,743,814</u>	<u>(29,022,562)</u>	<u>157,210,371</u>	<u>-</u>	<u>143,931,623</u>
Total other financing sources (uses)					
	<u>15,743,814</u>	<u>(29,022,562)</u>	<u>157,210,371</u>	<u>-</u>	<u>143,931,623</u>
Net change in fund balances	<u>29,367,694</u>	<u>8,716,734</u>	<u>(12,449,530)</u>	<u>691</u>	<u>25,635,589</u>
Fund balances - beginning	190,595,779	82,098,775	113,508,135	183,676	386,386,365
Reclassified from Enterprise Funds (See Note I. C.)	1,303,371	-	-	-	1,303,371
Fund balances - ending	<u>\$ 221,266,844</u>	<u>\$ 90,815,509</u>	<u>\$ 101,058,605</u>	<u>\$ 184,367</u>	<u>\$ 413,325,325</u>



Portland Biketown with MAX

City of Portland, Oregon
Combining Balance Sheet, Continued
Nonmajor Special Revenue Funds
June 30, 2017

	Assessment Collection	Emergency Communication	Development Services	Property Management License
ASSETS				
Unrestricted:				
Cash and investments	\$ -	\$ 93,424	\$ 4,825,330	\$ 39,213
Receivables:				
Accounts, net	-	1,650,966	1,281,951	-
Notes and loans, net	-	-	-	-
Accrued interest	-	7,083	153,037	870
Internal loans receivable	-	-	10,220,699	-
Restricted:				
Cash and investments	79,253	-	71,360,408	-
Receivables:				
Taxes	-	-	-	-
Accounts, net	-	-	-	-
Assessments	2,947	-	20,142,833	-
Notes and loans, net	-	-	-	-
Advances	-	-	-	-
Grants	-	-	-	-
Accrued interest	240	-	-	-
Due from component unit	-	-	-	-
Total assets	\$ 82,440	\$ 1,751,473	\$ 107,984,258	\$ 40,083
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities payable from unrestricted assets:				
Accounts payable	\$ -	\$ 164,174	\$ 1,138,997	\$ -
Unearned revenue	-	-	1,296	-
Liabilities payable from restricted assets:				
Accounts payable	-	-	-	-
Due to component unit	-	-	-	-
Internal loans payable	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	164,174	1,140,293	-
Deferred inflows of resources:				
Unavailable revenue - unrestricted	-	456	7,884	-
Unavailable revenue - restricted	2,949	-	20,142,833	-
Total deferred inflows of resources	2,949	456	20,150,717	-
Fund balances:				
Restricted	79,491	-	71,360,408	-
Committed	-	1,586,843	-	40,083
Assigned	-	-	15,332,840	-
Unassigned	-	-	-	-
Total fund balances	79,491	1,586,843	86,693,248	40,083
Total liabilities, deferred inflows of resources and fund balances	\$ 82,440	\$ 1,751,473	\$ 107,984,258	\$ 40,083

<u>Convention and Tourism</u>	<u>Housing Investment</u>	<u>Parks Local Option Levy</u>	<u>Children's Investment</u>	<u>Grants</u>	<u>Community Development Block Grant</u>
\$ 386,984	\$ 8,293,238	\$ -	\$ -	\$ -	\$ 20,716
-	31,818	-	-	-	-
-	6,026,225	-	-	-	-
3,972	15,177	-	-	-	-
-	-	-	-	-	-
-	4,279,791	655,738	10,812,454	2,427,733	333,538
-	-	3,933	1,258,809	-	-
-	-	-	-	-	-
-	-	-	-	-	3,339
-	368,739	-	-	498,414	12,818,496
-	-	-	9,620	-	-
-	-	-	-	8,707,767	979,077
-	-	1,999	35,561	4,629	519
-	-	-	-	1,320,298	-
<u>\$ 390,956</u>	<u>\$ 19,014,988</u>	<u>\$ 661,670</u>	<u>\$ 12,116,444</u>	<u>\$ 12,958,841</u>	<u>\$ 14,155,685</u>

\$ 273,565	\$ 25,711	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	4,069,185	2,255,679	115,984
-	-	-	-	-	622,518
-	-	-	-	8,000,000	-
-	-	-	-	2,528,200	-
<u>273,565</u>	<u>25,711</u>	<u>-</u>	<u>4,069,185</u>	<u>12,783,879</u>	<u>738,502</u>
-	-	-	-	-	-
-	-	3,934	1,045,497	7,206,634	3,339
-	-	3,934	1,045,497	7,206,634	3,339
-	4,648,530	657,736	7,001,762	-	13,393,128
117,391	13,029,692	-	-	-	-
-	1,311,055	-	-	-	20,716
-	-	-	-	(7,031,672)	-
<u>117,391</u>	<u>18,989,277</u>	<u>657,736</u>	<u>7,001,762</u>	<u>(7,031,672)</u>	<u>13,413,844</u>
<u>\$ 390,956</u>	<u>\$ 19,014,988</u>	<u>\$ 661,670</u>	<u>\$ 12,116,444</u>	<u>\$ 12,958,841</u>	<u>\$ 14,155,685</u>

City of Portland, Oregon
Combining Balance Sheet, Continued
Nonmajor Special Revenue Funds
June 30, 2017

	HOME Grant	Portland Parks Memorial	Tax Increment Reimbursement	Police Special Revenue
ASSETS				
Unrestricted:				
Cash and investments	\$ -	\$ 6,241,835	\$ 2,659,727	\$ -
Receivables:				
Accounts, net	-	93,602	-	-
Notes and loans, net	-	-	-	-
Accrued interest	-	22,084	-	-
Internal loans receivable	-	-	-	-
Restricted:				
Cash and investments	152,077	1,173,979	10,061,021	4,862,520
Receivables:				
Taxes	-	-	-	-
Accounts, net	-	-	8,395,843	-
Assessments	-	-	-	-
Notes and loans, net	5,180,985	-	47,043,407	-
Advances	-	-	-	-
Grants	602,132	-	-	-
Accrued interest	136	4,133	49,019	16,597
Due from component unit	-	-	1,070,865	-
	-	-	1,070,865	-
Total assets	\$ 5,935,330	\$ 7,535,633	\$ 69,279,882	\$ 4,879,117
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities payable from unrestricted assets:				
Accounts payable	\$ -	\$ 17,611	\$ -	\$ -
Unearned revenue	-	-	-	-
Liabilities payable from restricted assets:				
Accounts payable	626,483	-	232,630	21,310
Due to component unit	-	-	-	-
Internal loans payable	-	-	-	-
Unearned revenue	-	-	-	-
	-	-	-	-
Total liabilities	626,483	17,611	232,630	21,310
Deferred inflows of resources:				
Unavailable revenue - unrestricted	-	-	-	-
Unavailable revenue - restricted	-	-	-	-
	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted	5,308,847	1,178,112	66,387,525	4,857,807
Committed	-	4,967,001	-	-
Assigned	-	1,372,909	2,659,727	-
Unassigned	-	-	-	-
	-	-	-	-
Total fund balances	5,308,847	7,518,022	69,047,252	4,857,807
	-	-	-	-
Total liabilities, deferred inflows of resources and fund balances	\$ 5,935,330	\$ 7,535,633	\$ 69,279,882	\$ 4,879,117

Arts Education and Access	Community Solar	Inclusionary Housing	Housing Property	Recreational Marijuana Tax	Total
\$ -	\$ 26,627	\$ -	\$ -	\$ 402,515	\$ 22,989,609
-	-	-	-	-	3,058,337
-	-	-	-	-	6,026,225
-	-	-	-	6	202,229
-	-	-	-	-	10,220,699
8,703,778	26,308	1,862,539	1,788,498	-	118,579,635
-	-	-	-	-	1,262,742
-	-	-	170,902	-	8,566,745
-	-	-	-	-	20,149,119
-	-	-	-	-	65,910,041
-	-	-	-	-	9,620
-	-	-	-	-	10,288,976
24,121	157	3,678	-	-	140,789
-	-	-	-	-	2,391,163
<u>\$ 8,727,899</u>	<u>\$ 53,092</u>	<u>\$ 1,866,217</u>	<u>\$ 1,959,400</u>	<u>\$ 402,521</u>	<u>\$ 269,795,929</u>
\$ -	\$ -	\$ -	\$ -	\$ -	1,620,058
-	-	-	-	-	1,296
-	-	22,216	-	-	7,343,487
-	-	-	-	-	622,518
-	-	-	-	-	8,000,000
-	-	-	-	-	2,528,200
-	-	22,216	-	-	20,115,559
-	-	-	-	-	8,340
-	-	-	-	-	28,405,186
-	-	-	-	-	28,413,526
8,727,899	26,465	1,844,001	1,959,400	-	187,431,111
-	26,627	-	-	402,521	20,170,158
-	-	-	-	-	20,697,247
-	-	-	-	-	(7,031,672)
<u>8,727,899</u>	<u>53,092</u>	<u>1,844,001</u>	<u>1,959,400</u>	<u>402,521</u>	<u>221,266,844</u>
<u>\$ 8,727,899</u>	<u>\$ 53,092</u>	<u>\$ 1,866,217</u>	<u>\$ 1,959,400</u>	<u>\$ 402,521</u>	<u>\$ 269,795,929</u>

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2017

	Assessment Collection	Emergency Communication	Development Services	Property Management License
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Lodging	-	-	-	-
Miscellaneous	-	-	-	-
Licenses and fees	-	-	46,313,837	5,295,617
Intergovernmental	-	7,520,869	-	-
Charges for services	-	-	2,669,003	-
Interagency	-	-	1,092,472	-
Parking fees	-	-	266	-
Parking fines	-	-	-	-
Rents and reimbursements	-	-	-	-
Miscellaneous service charges	-	387,912	16,100,186	-
Assessments	-	-	3,767,908	-
Investment earnings (loss)	334	19,288	1,019,367	4,905
Miscellaneous	-	21,300	7,049	-
	<u>334</u>	<u>7,949,369</u>	<u>70,970,088</u>	<u>5,300,522</u>
Total revenues				
EXPENDITURES				
Current:				
Public safety	-	22,405,187	-	-
Parks, recreation and culture	-	-	-	-
Community development	-	-	56,271,122	-
Transportation	-	-	-	-
Legislative / admin / support services	-	-	-	5,275,069
Environmental services	-	-	-	-
Water	-	-	-	-
Debt service and related costs:				
Principal	-	1,298,208	819,095	-
Interest	-	109,485	321,624	-
Capital outlay	-	28,290	274,670	-
	<u>-</u>	<u>23,841,170</u>	<u>57,686,511</u>	<u>5,275,069</u>
Total expenditures				
Revenues over (under) expenditures	<u>334</u>	<u>(15,891,801)</u>	<u>13,283,577</u>	<u>25,453</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	15,681,759	2,117,744	-
Transfers out	-	(177,955)	(204,434)	-
	<u>-</u>	<u>15,503,804</u>	<u>1,913,310</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	<u>334</u>	<u>(387,997)</u>	<u>15,196,887</u>	<u>25,453</u>
Fund balances - beginning	79,157	1,974,840	71,496,361	14,630
Reclassified from Enterprise Funds (See Note I. C.)	-	-	-	-
Fund balances - ending	<u>\$ 79,491</u>	<u>\$ 1,586,843</u>	<u>\$ 86,693,248</u>	<u>\$ 40,083</u>

<u>Convention and Tourism</u>	<u>Housing Investment</u>	<u>Parks Local Option Levy</u>	<u>Children's Investment</u>	<u>Grants</u>	<u>Community Development Block Grant</u>
\$ 17,933,744	\$ -	\$ 768	\$ 17,797,205	\$ -	\$ -
-	-	-	-	-	-
-	5,365,588	-	-	14,600,973	7,006,629
-	-	-	-	-	-
-	-	-	-	-	-
-	5,168	-	-	-	-
-	563,022	-	-	2	8,370
-	-	-	-	-	814
13,550	2,072,097	2,480	51,584	26,946	2,094,548
-	-	-	-	-	-
<u>17,947,294</u>	<u>8,005,875</u>	<u>3,248</u>	<u>17,848,789</u>	<u>14,627,921</u>	<u>9,110,361</u>
-	-	-	-	3,266,682	-
-	-	22,536	-	278,899	-
-	1,618,863	-	15,285,120	4,586,726	7,774,172
-	-	-	-	497,905	-
17,966,944	-	-	-	-	-
-	-	-	-	55,877	-
-	-	-	-	24,915	-
-	-	-	-	-	430,000
-	-	-	-	-	296,268
-	487	-	-	9,405,509	-
<u>17,966,944</u>	<u>1,619,350</u>	<u>22,536</u>	<u>15,285,120</u>	<u>18,116,513</u>	<u>8,500,440</u>
<u>(19,650)</u>	<u>6,386,525</u>	<u>(19,288)</u>	<u>2,563,669</u>	<u>(3,488,592)</u>	<u>609,921</u>
-	1,200,024	-	-	-	-
-	(1,893,992)	-	-	(24)	-
-	(693,968)	-	-	(24)	-
<u>(19,650)</u>	<u>5,692,557</u>	<u>(19,288)</u>	<u>2,563,669</u>	<u>(3,488,616)</u>	<u>609,921</u>
137,041	13,296,720	677,024	4,438,093	(3,543,056)	12,803,923
-	-	-	-	-	-
<u>\$ 117,391</u>	<u>\$ 18,989,277</u>	<u>\$ 657,736</u>	<u>\$ 7,001,762</u>	<u>\$ (7,031,672)</u>	<u>\$ 13,413,844</u>

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2017

	HOME Grant	Portland Parks Memorial	Tax Increment Reimbursement	Police Special Revenue
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Lodging	-	-	-	-
Miscellaneous	-	-	-	-
Licenses and fees	-	711,620	-	-
Intergovernmental	3,917,464	-	46,115,841	2,604,334
Charges for services	-	12,623	-	-
Interagency	-	-	-	-
Parking fees	-	2,707,290	-	-
Parking fines	-	131,021	-	-
Rents and reimbursements	-	379,030	911,238	-
Miscellaneous service charges	1,098	57,650	13,312	-
Assessments	-	-	-	-
Investment earnings (loss)	2,134,194	35,206	7,383,953	24,526
Miscellaneous	-	789,704	-	110,981
	<u>6,052,756</u>	<u>4,824,144</u>	<u>54,424,344</u>	<u>2,739,841</u>
Total revenues				
EXPENDITURES				
Current:				
Public safety	-	-	-	1,662,485
Parks, recreation and culture	-	3,114,712	-	-
Community development	6,811,625	-	28,916,575	-
Transportation	-	-	-	-
Legislative / admin / support services	-	-	-	-
Environmental services	-	-	-	-
Water	-	-	-	-
Debt service and related costs:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	20,794,917	88,200
	<u>6,811,625</u>	<u>3,114,712</u>	<u>49,711,492</u>	<u>1,750,685</u>
Total expenditures				
Revenues over (under) expenditures	<u>(758,869)</u>	<u>1,709,432</u>	<u>4,712,852</u>	<u>989,156</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	67,318	190,000	-
Transfers out	-	(1,383,900)	-	-
	<u>-</u>	<u>(1,316,582)</u>	<u>190,000</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	<u>(758,869)</u>	<u>392,850</u>	<u>4,902,852</u>	<u>989,156</u>
Fund balances - beginning	6,067,716	7,125,172	64,144,400	3,868,651
Reclassified from Enterprise Funds (See Note I. C.)	-	-	-	-
Fund balances - ending	<u>\$ 5,308,847</u>	<u>\$ 7,518,022</u>	<u>\$ 69,047,252</u>	<u>\$ 4,857,807</u>

Arts Education and Access	Community Solar	Inclusionary Housing	Housing Property	Recreational Marijuana Tax	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,797,973
-	-	-	-	-	17,933,744
12,063,112	-	1,824,101	-	406,270	14,293,483
-	-	-	-	-	52,321,074
-	-	-	305,391	-	87,437,089
-	-	-	-	-	2,681,626
-	-	-	-	-	1,092,472
-	-	-	-	-	2,707,556
-	-	-	-	-	131,021
-	-	-	2,081,397	-	3,376,833
-	-	-	-	-	17,131,552
-	-	-	-	-	3,768,722
22,613	201	226	(17,419)	(854)	14,887,745
-	8,898	-	32,356	-	970,288
<u>12,085,725</u>	<u>9,099</u>	<u>1,824,327</u>	<u>2,401,725</u>	<u>405,416</u>	<u>236,531,178</u>
-	-	-	-	-	27,334,354
-	-	-	-	-	3,416,147
-	124	179,318	861,209	-	122,304,854
-	-	-	-	-	497,905
11,328,816	-	-	-	2,895	34,573,724
-	-	-	-	-	55,877
-	-	-	-	-	24,915
-	-	-	330,000	-	2,877,303
-	-	-	502,769	-	1,230,146
-	-	-	-	-	30,592,073
<u>11,328,816</u>	<u>124</u>	<u>179,318</u>	<u>1,693,978</u>	<u>2,895</u>	<u>222,907,298</u>
<u>756,909</u>	<u>8,975</u>	<u>1,645,009</u>	<u>707,747</u>	<u>402,521</u>	<u>13,623,880</u>
-	-	198,992	1,200,000	-	20,655,837
-	-	-	(1,251,718)	-	(4,912,023)
-	-	198,992	(51,718)	-	15,743,814
<u>756,909</u>	<u>8,975</u>	<u>1,844,001</u>	<u>656,029</u>	<u>402,521</u>	<u>29,367,694</u>
7,970,990	44,117	-	-	-	190,595,779
-	-	-	1,303,371	-	1,303,371
<u>\$ 8,727,899</u>	<u>\$ 53,092</u>	<u>\$ 1,844,001</u>	<u>\$ 1,959,400</u>	<u>\$ 402,521</u>	<u>\$ 221,266,844</u>

**City of Portland, Oregon
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2017**

	River District Urban Renewal Area Debt Redemption	Bonded Debt Interest and Sinking	Downtown Waterfront Renewal Bond Sinking	Interstate Corridor Debt Service	Pension Debt Redemption
ASSETS					
Unrestricted:					
Cash and investments	\$ -	\$ -	\$ -	\$ -	2,120,455
Receivables:					
Assessments	-	-	-	-	-
Accrued interest	-	-	-	-	12,929
Restricted:					
Cash and investments	11,298,052	595,550	8,042,752	10,339,110	-
Receivables:					
Taxes	2,380,689	1,010,655	678,692	1,645,056	-
Assessments	-	-	-	-	-
Accrued interest	58,554	30,681	45,177	48,462	-
Total assets	\$ 13,737,295	\$ 1,636,886	\$ 8,766,621	\$ 12,032,628	\$ 2,133,384
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Deferred inflows of resources:					
Unavailable revenue - unrestricted	\$ -	\$ -	\$ -	\$ -	-
Unavailable revenue - restricted	1,958,592	827,275	561,379	1,344,076	-
Total deferred inflows of resources	1,958,592	827,275	561,379	1,344,076	-
Fund balances:					
Restricted	11,778,703	809,611	8,205,242	10,688,552	-
Assigned	-	-	-	-	2,133,384
Total fund balances	11,778,703	809,611	8,205,242	10,688,552	2,133,384
Total liabilities, deferred inflows of resources and fund balances	\$ 13,737,295	\$ 1,636,886	\$ 8,766,621	\$ 12,032,628	\$ 2,133,384

South Park Block Redemption	Airport Way Debt Service	Gas Tax Bond Redemption	Lents Town Center Urban Renewal Area Debt Redemption	Central Eastside Industrial District Debt Service	Bancroft Bond Interest and Sinking
\$ -	\$ -	\$ -	\$ -	\$ -	13,200,227
-	-	-	-	-	4,956,601
-	-	-	-	-	44,665
8,350,844	1,605,459	1,675,806	5,441,263	2,717,805	810,298
511,650	332,997	-	938,344	502,807	-
-	-	-	-	-	33,729,431
<u>42,803</u>	<u>16,914</u>	<u>256</u>	<u>24,986</u>	<u>14,302</u>	<u>4,233</u>
<u>\$ 8,905,297</u>	<u>\$ 1,955,370</u>	<u>\$ 1,676,062</u>	<u>\$ 6,404,593</u>	<u>\$ 3,234,914</u>	<u>\$ 52,745,455</u>

\$ -	\$ -	\$ -	\$ -	\$ -	4,773,438
<u>421,504</u>	<u>271,559</u>	<u>-</u>	<u>768,667</u>	<u>414,796</u>	<u>33,408,898</u>
<u>421,504</u>	<u>271,559</u>	<u>-</u>	<u>768,667</u>	<u>414,796</u>	<u>38,182,336</u>
8,483,793	1,683,811	1,676,062	5,635,926	2,820,118	1,135,064
-	-	-	-	-	13,428,055
<u>8,483,793</u>	<u>1,683,811</u>	<u>1,676,062</u>	<u>5,635,926</u>	<u>2,820,118</u>	<u>14,563,119</u>
<u>\$ 8,905,297</u>	<u>\$ 1,955,370</u>	<u>\$ 1,676,062</u>	<u>\$ 6,404,593</u>	<u>\$ 3,234,914</u>	<u>\$ 52,745,455</u>

City of Portland, Oregon
Combining Balance Sheet, Continued
Nonmajor Debt Service Funds
June 30, 2017

	Convention Center Area Debt Service	North Macadam Urban Renewal Area Debt Redemption	Special Projects Debt Service	Gateway Urban Renewal Area Debt Redemption
ASSETS				
Unrestricted:				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Assessments	-	-	-	-
Accrued interest	-	-	-	-
Restricted:				
Cash and investments	14,423,254	7,091,997	75,286	204,204
Receivables:				
Taxes	972,878	908,674	-	326,614
Assessments	-	-	-	-
Accrued interest	58,774	33,328	828	2,225
Total assets	<u>\$ 15,454,906</u>	<u>\$ 8,033,999</u>	<u>\$ 76,114</u>	<u>\$ 533,043</u>

**LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND FUND BALANCES**

Deferred inflows of resources:				
Unavailable revenue - unrestricted	\$ -	\$ -	\$ -	\$ -
Unavailable revenue - restricted	812,034	746,352	-	268,220
Total deferred inflows of resources	<u>812,034</u>	<u>746,352</u>	<u>-</u>	<u>268,220</u>
Fund balances:				
Restricted	14,642,872	7,287,647	76,114	264,823
Assigned	-	-	-	-
Total fund balances	<u>14,642,872</u>	<u>7,287,647</u>	<u>76,114</u>	<u>264,823</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,454,906</u>	<u>\$ 8,033,999</u>	<u>\$ 76,114</u>	<u>\$ 533,043</u>

<u>Governmental Bond Redemption</u>	<u>42nd Avenue Neighborhood Prosperity Initiative Debt Service</u>	<u>Cully Boulevard Neighborhood Prosperity Initiative Debt Service</u>	<u>Parkrose Neighborhood Prosperity Initiative Debt Service</u>	<u>Rosewood Neighborhood Prosperity Initiative Debt Service</u>
\$ 30,989	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
158	-	-	-	-
-	2,523	2,578	7,989	3,524
-	14,450	3,806	5,533	6,980
-	-	-	-	-
-	264	270	274	377
<u>\$ 31,147</u>	<u>\$ 17,237</u>	<u>\$ 6,654</u>	<u>\$ 13,796</u>	<u>\$ 10,881</u>

\$ -	\$ -	\$ -	\$ -	\$ -
-	13,127	3,032	4,771	5,887
-	13,127	3,032	4,771	5,887
-	4,110	3,622	9,025	4,994
31,147	-	-	-	-
31,147	4,110	3,622	9,025	4,994
<u>\$ 31,147</u>	<u>\$ 17,237</u>	<u>\$ 6,654</u>	<u>\$ 13,796</u>	<u>\$ 10,881</u>

City of Portland, Oregon
Combining Balance Sheet, Continued
Nonmajor Debt Service Funds
June 30, 2017

	Division-Midway Neighborhood Prosperity Initiative Debt Service	82nd Avenue/Division Neighborhood Prosperity Initiative Debt Service	Total
ASSETS			
Unrestricted:			
Cash and investments	\$ -	\$ -	\$ 15,351,671
Receivables:			
Assessments	-	-	4,956,601
Accrued interest	-	-	57,752
Restricted:			
Cash and investments	5,030	5,726	72,699,050
Receivables:			
Taxes	4,923	5,569	10,250,317
Assessments	-	-	33,729,431
Accrued interest	283	252	383,243
	<u>10,236</u>	<u>11,547</u>	<u>137,428,065</u>
Total assets	<u>\$ 10,236</u>	<u>\$ 11,547</u>	<u>\$ 137,428,065</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Deferred inflows of resources:			
Unavailable revenue - unrestricted	\$ -	\$ -	\$ 4,773,438
Unavailable revenue - restricted	4,125	4,824	41,839,118
	<u>4,125</u>	<u>4,824</u>	<u>46,612,556</u>
Total deferred inflows of resources	<u>4,125</u>	<u>4,824</u>	<u>46,612,556</u>
Fund balances:			
Restricted	6,111	6,723	75,222,923
Assigned	-	-	15,592,586
	<u>6,111</u>	<u>6,723</u>	<u>90,815,509</u>
Total fund balances	<u>6,111</u>	<u>6,723</u>	<u>90,815,509</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,236</u>	<u>\$ 11,547</u>	<u>\$ 137,428,065</u>



St. John's bridge at sunset

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2017

	River District Urban Renewal Area Debt Redemption	Bonded Debt Interest and Sinking	Downtown Waterfront Renewal Bond Sinking	Interstate Corridor Debt Service	Pension Debt Redemption
REVENUES					
Taxes:					
Property	\$ 36,365,090	\$ 14,439,050	\$ 8,727,599	\$ 26,081,104	\$ -
Intergovernmental	-	-	-	-	8,727
Assessments	-	-	-	-	-
Investment earnings	185,765	74,726	79,225	139,804	27,273
Miscellaneous	-	-	-	-	763,786
	<u>36,550,855</u>	<u>14,513,776</u>	<u>8,806,824</u>	<u>26,220,908</u>	<u>799,786</u>
Total revenues					
	<u>36,550,855</u>	<u>14,513,776</u>	<u>8,806,824</u>	<u>26,220,908</u>	<u>799,786</u>
EXPENDITURES					
Current:					
Community development	-	-	-	-	-
Debt service and related costs:					
Principal	4,865,000	10,325,000	6,530,000	11,142,000	3,325,000
Interest	3,176,270	3,946,160	2,963,542	2,895,387	1,305,580
Debt issuance costs	-	-	-	-	185,197
	<u>8,041,270</u>	<u>14,271,160</u>	<u>9,493,542</u>	<u>14,037,387</u>	<u>4,815,777</u>
Total expenditures					
	<u>8,041,270</u>	<u>14,271,160</u>	<u>9,493,542</u>	<u>14,037,387</u>	<u>4,815,777</u>
Revenues over (under) expenditures	<u>28,509,585</u>	<u>242,616</u>	<u>(686,718)</u>	<u>12,183,521</u>	<u>(4,015,991)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	4,153,098
Transfers out	(27,100,000)	-	-	(19,000,000)	-
Refunding bonds issued	-	-	-	8,017,000	-
	<u>(27,100,000)</u>	<u>-</u>	<u>-</u>	<u>(10,983,000)</u>	<u>4,153,098</u>
Total other financing sources (uses)					
	<u>(27,100,000)</u>	<u>-</u>	<u>-</u>	<u>(10,983,000)</u>	<u>4,153,098</u>
Net change in fund balances	1,409,585	242,616	(686,718)	1,200,521	137,107
Fund balances - beginning	<u>10,369,118</u>	<u>566,995</u>	<u>8,891,960</u>	<u>9,488,031</u>	<u>1,996,277</u>
Fund balances - ending	<u>\$ 11,778,703</u>	<u>\$ 809,611</u>	<u>\$ 8,205,242</u>	<u>\$ 10,688,552</u>	<u>\$ 2,133,384</u>

South Park Block Redemption	Airport Way Debt Service	Gas Tax Bond Redemption	Lents Town Center Urban Renewal Area Debt Redemption	Central Eastside Industrial District Debt Service	Bancroft Bond Interest and Sinking
\$ 6,683,257	\$ 4,213,784	\$ -	\$ 14,258,746	\$ 7,365,739	\$ -
-	-	-	-	-	-
72,876	35,263	10,045	72,879	40,040	5,272,533
-	-	-	-	-	1,979,050
6,756,133	4,249,047	10,045	14,331,625	7,405,779	7,251,583
1,000,000	-	-	-	-	-
4,780,000	4,900,800	1,553,000	1,425,000	7,331,639	4,220,000
2,399,375	276,571	413,730	1,609,572	1,327,269	1,626,763
-	-	-	-	-	-
8,179,375	5,177,371	1,966,730	3,034,572	8,658,908	5,846,763
(1,423,242)	(928,324)	(1,956,685)	11,297,053	(1,253,129)	1,404,820
-	-	1,956,730	-	-	-
-	-	-	(10,000,000)	(4,900,000)	(1,700,000)
-	-	-	-	6,186,639	-
-	-	1,956,730	(10,000,000)	1,286,639	(1,700,000)
(1,423,242)	(928,324)	45	1,297,053	33,510	(295,180)
9,907,035	2,612,135	1,676,017	4,338,873	2,786,608	14,858,299
\$ 8,483,793	\$ 1,683,811	\$ 1,676,062	\$ 5,635,926	\$ 2,820,118	\$ 14,563,119

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2017

	Convention Center Area Debt Service	North Macadam Urban Renewal Area Debt Redemption	Special Projects Debt Service	Gateway Urban Renewal Area Debt Redemption
REVENUES				
Taxes:				
Property	\$ 14,032,037	\$ 13,508,802	\$ -	\$ 4,902,408
Intergovernmental	-	-	8,172,895	-
Assessments	-	-	1,667,125	-
Investment earnings	94,799	77,910	50,984	19,801
Miscellaneous	-	-	-	-
	<u>14,126,836</u>	<u>13,586,712</u>	<u>9,891,004</u>	<u>4,922,209</u>
EXPENDITURES				
Current:				
Community development	-	-	-	-
Debt service and related costs:				
Principal	4,130,000	12,877,680	4,275,438	12,552,386
Interest	3,682,667	2,481,016	5,601,518	143,631
Debt issuance costs	-	-	-	-
	<u>7,812,667</u>	<u>15,358,696</u>	<u>9,876,956</u>	<u>12,696,017</u>
Revenues over (under) expenditures	<u>6,314,169</u>	<u>(1,771,984)</u>	<u>14,048</u>	<u>(7,773,808)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(7,000,000)	-	(4,900,000)
Refunding bonds issued	-	10,277,680	-	12,552,386
	<u>-</u>	<u>3,277,680</u>	<u>-</u>	<u>7,652,386</u>
Total other financing sources (uses)	<u>-</u>	<u>3,277,680</u>	<u>-</u>	<u>7,652,386</u>
Net change in fund balances	6,314,169	1,505,696	14,048	(121,422)
Fund balances - beginning	<u>8,328,703</u>	<u>5,781,951</u>	<u>62,066</u>	<u>386,245</u>
Fund balances - ending	<u>\$ 14,642,872</u>	<u>\$ 7,287,647</u>	<u>\$ 76,114</u>	<u>\$ 264,823</u>

<u>Governmental Bond Redemption</u>	<u>42nd Avenue Neighborhood Prosperity Initiative Debt Service</u>	<u>Cully Boulevard Neighborhood Prosperity Initiative Debt Service</u>	<u>Parkrose Neighborhood Prosperity Initiative Debt Service</u>	<u>Rosewood Neighborhood Prosperity Initiative Debt Service</u>
\$ -	\$ 90,992	\$ 91,240	\$ 89,171	\$ 130,236
-	-	-	-	-
-	-	-	-	-
400	580	592	587	827
163,169	-	-	-	-
<u>163,569</u>	<u>91,572</u>	<u>91,832</u>	<u>89,758</u>	<u>131,063</u>
-	90,000	91,800	87,600	128,200
2,127,745	-	-	-	-
469,328	-	-	-	-
-	-	-	-	-
<u>2,597,073</u>	<u>90,000</u>	<u>91,800</u>	<u>87,600</u>	<u>128,200</u>
<u>(2,433,504)</u>	<u>1,572</u>	<u>32</u>	<u>2,158</u>	<u>2,863</u>
2,433,905	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>2,433,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
401	1,572	32	2,158	2,863
<u>30,746</u>	<u>2,538</u>	<u>3,590</u>	<u>6,867</u>	<u>2,131</u>
<u>\$ 31,147</u>	<u>\$ 4,110</u>	<u>\$ 3,622</u>	<u>\$ 9,025</u>	<u>\$ 4,994</u>

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2017

	Division-Midway Neighborhood Prosperity Initiative Debt Service	82nd Avenue/Division Neighborhood Prosperity Initiative Debt Service	Total
REVENUES			
Taxes:			
Property	\$ 98,994	\$ 86,386	\$ 151,164,635
Intergovernmental	-	-	8,181,622
Assessments	-	-	6,939,658
Investment earnings	616	548	2,964,590
Miscellaneous	-	-	926,955
	<u>99,610</u>	<u>86,934</u>	<u>170,177,460</u>
EXPENDITURES			
Current:			
Community development	93,900	82,400	1,573,900
Debt service and related costs:			
Principal	-	-	96,360,688
Interest	-	-	34,318,379
Debt issuance costs	-	-	185,197
	<u>93,900</u>	<u>82,400</u>	<u>132,438,164</u>
Revenues over (under) expenditures	<u>5,710</u>	<u>4,534</u>	<u>37,739,296</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	8,543,733
Transfers out	-	-	(74,600,000)
Refunding bonds issued	-	-	37,033,705
	<u>-</u>	<u>-</u>	<u>(29,022,562)</u>
Net change in fund balances	5,710	4,534	8,716,734
Fund balances - beginning	<u>401</u>	<u>2,189</u>	<u>82,098,775</u>
Fund balances - ending	<u>\$ 6,111</u>	<u>\$ 6,723</u>	<u>\$ 90,815,509</u>



Temple at Japanese Garden

**City of Portland, Oregon
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2017**

	Special Finance and Resource	BFRES Facilities GO Bond Construction	Local Improvement District
ASSETS			
Unrestricted:			
Cash and investments	\$ -	\$ -	\$ 320,186
Receivables:			
Accounts, net	-	-	58,300
Accrued interest	-	-	15,671
Restricted:			
Cash and investments	150,956	867,188	3,379,120
Receivables:			
Accounts, net	-	-	-
Assessments	-	-	5,363,284
Advances	-	-	-
Accrued interest	1,103	2,638	-
Internal loans receivable	-	-	-
Total assets	\$ 152,059	\$ 869,826	\$ 9,136,561
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities payable from restricted assets:			
Accounts payable	\$ -	\$ -	\$ -
Internal loans payable	-	-	-
Total liabilities	-	-	-
Deferred inflows of resources:			
Unavailable revenue - restricted	-	-	5,363,284
Total deferred inflows of resources	-	-	5,363,284
Fund balances:			
Restricted	152,059	869,826	3,379,120
Committed	-	-	-
Assigned	-	-	394,157
Unassigned	-	-	-
Total fund balances	152,059	869,826	3,773,277
Total liabilities, deferred inflows of resources and fund balances	\$ 152,059	\$ 869,826	\$ 9,136,561

Parks Capital Improvement Program	Public Safety GO Bond Construction	Housing Capital	Total
\$ 12,482,438	\$ -	\$ -	\$ 12,802,624
167,028	-	-	225,328
-	-	-	15,671
93,785,501	6,218,919	129,504	104,531,188
-	44,132	-	44,132
1,708,518	-	-	7,071,802
-	1,009,710	-	1,009,710
321,965	22,723	58,422	406,851
800,000	-	-	800,000
<u>\$ 109,265,450</u>	<u>\$ 7,295,484</u>	<u>\$ 187,926</u>	<u>\$ 126,907,306</u>

\$ 6,171,185	\$ 2,367,433	\$ 17,582	\$ 8,556,200
-	-	10,220,699	10,220,699
<u>6,171,185</u>	<u>2,367,433</u>	<u>10,238,281</u>	<u>18,776,899</u>
<u>1,708,518</u>	<u>-</u>	<u>-</u>	<u>7,071,802</u>
<u>1,708,518</u>	<u>-</u>	<u>-</u>	<u>7,071,802</u>
88,736,281	4,928,051	-	98,065,337
3,767,383	-	-	3,767,383
8,882,083	-	-	9,276,240
-	-	(10,050,355)	(10,050,355)
<u>101,385,747</u>	<u>4,928,051</u>	<u>(10,050,355)</u>	<u>101,058,605</u>
<u>\$ 109,265,450</u>	<u>\$ 7,295,484</u>	<u>\$ 187,926</u>	<u>\$ 126,907,306</u>

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, 2017

	Special Finance and Resource	BFRES Facilities GO Bond Construction	Local Improvement District
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	-	-
Interagency	-	-	4,313
Parking fees	-	-	-
Miscellaneous service charges	-	-	1,274,529
Assessments	-	-	293,303
Investment earnings	1,632	9,128	133,825
Miscellaneous	-	-	26,293
	<u>-</u>	<u>-</u>	<u>26,293</u>
 Total revenues	 <u>1,632</u>	 <u>9,128</u>	 <u>1,732,263</u>
EXPENDITURES			
Current:			
Public safety	-	14,917	-
Parks, recreation and culture	-	-	-
Community development	107,311,616	-	1,357,344
Debt service and related costs:			
Principal	-	-	58,424
Interest	-	-	96,848
Debt issuance costs	91,588	-	82
Capital outlay	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
 Total expenditures	 <u>107,403,204</u>	 <u>14,917</u>	 <u>1,512,698</u>
 Revenues over (under) expenditures	 <u>(107,401,572)</u>	 <u>(5,789)</u>	 <u>219,565</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	72,900,000	-	500,000
Transfers out	(186)	-	(4,030,178)
Bonds and notes issued	34,456,302	-	4,015,596
Refunding bonds issued	29,288	-	-
Bonds and notes premium	-	-	-
Loans issued	130,652	-	-
	<u>130,652</u>	<u>-</u>	<u>-</u>
 Total other financing sources (uses)	 <u>107,516,056</u>	 <u>-</u>	 <u>485,418</u>
 Net change in fund balances	 114,484	 (5,789)	 704,983
 Fund balances - beginning	 <u>37,575</u>	 <u>875,615</u>	 <u>3,068,294</u>
 Fund balances - ending	 <u>\$ 152,059</u>	 <u>\$ 869,826</u>	 <u>\$ 3,773,277</u>

Parks Capital Improvement Program	Public Safety GO Bond Construction	Housing Capital	Total
\$ 88,738	\$ 10,503	\$ -	\$ 99,241
30,411,519	-	-	30,411,519
45,907	-	-	50,220
24,931	-	-	24,931
1,550	-	-	1,276,079
3,190,241	-	-	3,483,544
537,492	25,434	58,053	765,564
595,755	-	-	622,048
<u>34,896,133</u>	<u>35,937</u>	<u>58,053</u>	<u>36,733,146</u>
-	602,361	-	617,278
2,958,510	-	-	2,958,510
-	-	1,202	108,670,162
73,683	-	-	132,107
31,053	-	178,291	306,192
-	-	274,425	366,095
<u>31,944,648</u>	<u>13,795,753</u>	<u>47,602,302</u>	<u>93,342,703</u>
<u>35,007,894</u>	<u>14,398,114</u>	<u>48,056,220</u>	<u>206,393,047</u>
<u>(111,761)</u>	<u>(14,362,177)</u>	<u>(47,998,167)</u>	<u>(169,659,901)</u>
11,280,823	-	467,245	85,148,068
(19,738)	-	-	(4,050,102)
-	-	35,085,000	73,556,898
-	-	-	29,288
-	-	2,395,567	2,395,567
-	-	-	130,652
<u>11,261,085</u>	<u>-</u>	<u>37,947,812</u>	<u>157,210,371</u>
11,149,324	(14,362,177)	(10,050,355)	(12,449,530)
<u>90,236,423</u>	<u>19,290,228</u>	<u>-</u>	<u>113,508,135</u>
<u>\$ 101,385,747</u>	<u>\$ 4,928,051</u>	<u>\$ (10,050,355)</u>	<u>\$ 101,058,605</u>



Mt Tabor Park reflections

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 to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.

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Portland Timbers game

City of Portland, Oregon
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2017

	Hydroelectric Power	Golf	Portland International Raceway
ASSETS			
Current assets (unrestricted):			
Cash and investments	\$ 392,368	\$ 314,868	\$ 552,452
Receivables:			
Accounts, net	30,000	350,658	-
Advances	-	-	-
Accrued interest	40,898	-	1,666
	463,266	665,526	554,118
Total current assets (unrestricted)			
Noncurrent assets (unrestricted):			
Capital assets, not being depreciated or amortized:			
Land	-	586,686	-
Construction in progress	-	584,020	-
Land use rights	4,500	-	-
Capital assets, being depreciated or amortized:			
Infrastructure	44,013,579	-	-
Buildings	-	6,613,324	-
Improvements to land	-	15,859,562	5,007,161
Equipment	-	839,231	161,340
Software	-	-	-
Accumulated depreciation and amortization	(23,137,641)	(14,848,808)	(3,414,590)
	20,880,438	9,634,015	1,753,911
Capital assets, net of accumulated depreciation and amortization			
Notes and loans, net	-	-	-
Total noncurrent assets (unrestricted)	20,880,438	9,634,015	1,753,911
Noncurrent assets (restricted):			
Cash and investments	11,317,776	-	-
Total noncurrent assets	32,198,214	9,634,015	1,753,911
Total assets	32,661,480	10,299,541	2,308,029
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	141,503	1,937,394	357,730
Deferred charge for debt refundings	-	-	-
Total deferred outflows of resources	141,503	1,937,394	357,730

Solid Waste Management	Parking Facilities	Spectator Facilities Operating	Environmental Remediation	Headwaters Apartment Complex	Total
\$ 2,909,843	\$ 14,494,797	\$ 7,692,074	\$ 5,915,827	\$ -	\$ 32,272,229
1,512,298	-	137,823	99,760	-	2,130,539
-	-	60,000	-	-	60,000
8,205	46,399	30,744	20,034	-	147,946
<u>4,430,346</u>	<u>14,541,196</u>	<u>7,920,641</u>	<u>6,035,621</u>	<u>-</u>	<u>34,610,714</u>
-	10,578,071	4,432,758	1,563,333	-	17,160,848
-	1,119,714	-	-	-	1,703,734
-	-	-	-	-	4,500
-	-	-	5,416	-	44,018,995
-	39,872,916	136,489,373	1,768,170	-	184,743,783
-	301,900	456,956	1,520,801	-	23,146,380
457,066	1,707,150	3,502,632	-	-	6,667,419
48,320	98,580	35,483	-	-	182,383
<u>(189,282)</u>	<u>(29,205,870)</u>	<u>(54,774,215)</u>	<u>(1,395,012)</u>	<u>-</u>	<u>(126,965,418)</u>
316,104	24,472,461	90,142,987	3,462,708	-	150,662,624
-	-	-	624,556	-	624,556
316,104	24,472,461	90,142,987	4,087,264	-	151,287,180
-	-	-	1,037,793	-	12,355,569
316,104	24,472,461	90,142,987	5,125,057	-	163,642,749
4,746,450	39,013,657	98,063,628	11,160,678	-	198,253,463
1,216,378	6,657	504,151	331,708	-	4,495,521
-	71,966	33,560	-	-	105,526
<u>1,216,378</u>	<u>78,623</u>	<u>537,711</u>	<u>331,708</u>	<u>-</u>	<u>4,601,047</u>

City of Portland, Oregon
Combining Statement of Net Position, Continued
Nonmajor Enterprise Funds
June 30, 2017

	Hydroelectric Power	Golf	Portland International Raceway
LIABILITIES			
Current liabilities (payable from unrestricted assets):			
Accounts payable	\$ 111,553	\$ 283,435	\$ 18,517
Compensated absences	4,434	249,040	44,138
Bonds payable	19,289	157,607	30,340
Accrued interest payable	523	4,272	822
Unearned revenue	-	-	-
Pollution remediation	-	-	-
Other liabilities	-	-	-
	<u>135,799</u>	<u>694,354</u>	<u>93,817</u>
Total current liabilities (unrestricted)			
Noncurrent liabilities:			
Bonds payable	137,112	1,120,299	215,664
Internal loans payable	-	800,000	-
Accrued interest payable	99,484	812,859	156,480
Net pension liability - PERS	318,462	3,816,783	691,263
Other postemployment benefits	5,902	131,142	33,964
Pollution remediation	-	-	-
	<u>560,960</u>	<u>6,681,083</u>	<u>1,097,371</u>
Total noncurrent liabilities			
	<u>696,759</u>	<u>7,375,437</u>	<u>1,191,188</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pensions	<u>8,724</u>	<u>96,036</u>	<u>19,383</u>
Total deferred inflows of resources	<u>8,724</u>	<u>96,036</u>	<u>19,383</u>
NET POSITION			
Net investment in capital assets	20,880,439	9,634,015	1,753,910
Restricted for:			
Debt service	-	-	-
Capital projects	11,317,776	-	-
Unrestricted	<u>(100,715)</u>	<u>(4,868,553)</u>	<u>(298,722)</u>
Total net position	<u>\$ 32,097,500</u>	<u>\$ 4,765,462</u>	<u>\$ 1,455,188</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>
\$ 228,284	\$ 132,588	\$ 624,759	\$ 115,321	\$ -	\$ 1,514,457
147,399	-	-	34,887	-	479,898
48,942	1,485,992	1,953,395	1,130	-	3,696,695
1,327	112,801	74,928	31	-	194,704
11,900	308,413	-	-	-	320,313
-	-	-	1,000,000	-	1,000,000
-	13,148	-	-	-	13,148
<u>437,852</u>	<u>2,052,942</u>	<u>2,653,082</u>	<u>1,151,369</u>	<u>-</u>	<u>7,219,215</u>
347,884	10,009,738	25,231,770	8,033	-	37,070,500
-	-	-	-	-	800,000
252,417	-	-	5,827	-	1,327,067
2,418,404	85,906	808,200	651,896	-	8,790,914
60,031	990	254	13,845	-	246,128
-	-	-	100,000	-	100,000
<u>3,078,736</u>	<u>10,096,634</u>	<u>26,040,224</u>	<u>779,601</u>	<u>-</u>	<u>48,334,609</u>
<u>3,516,588</u>	<u>12,149,576</u>	<u>28,693,306</u>	<u>1,930,970</u>	<u>-</u>	<u>55,553,824</u>
62,724	4,406	12,592	14,716	-	218,581
<u>62,724</u>	<u>4,406</u>	<u>12,592</u>	<u>14,716</u>	<u>-</u>	<u>218,581</u>
316,104	13,048,696	62,991,384	3,462,708	-	112,087,256
-	-	-	-	-	-
-	-	-	1,037,793	-	12,355,569
<u>2,067,412</u>	<u>13,889,602</u>	<u>6,904,057</u>	<u>5,046,199</u>	<u>-</u>	<u>22,639,280</u>
<u>\$ 2,383,516</u>	<u>\$ 26,938,298</u>	<u>\$ 69,895,441</u>	<u>\$ 9,546,700</u>	<u>\$ -</u>	<u>\$ 147,082,105</u>

City of Portland, Oregon
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2017

	Hydroelectric Power	Golf	Portland International Raceway
Operating revenues:			
Service charges and fees	\$ -	\$ 5,620,984	\$ 357,223
Service charges and fees provided internally	72,927	-	-
Licenses and permits	-	-	-
Rents and reimbursements	-	475,525	1,314,318
Concessions	-	1,602,993	135,944
Parking fees	-	-	-
Power sales	1,302,662	-	-
Miscellaneous	-	5,325	6,300
	<u>1,375,589</u>	<u>7,704,827</u>	<u>1,813,785</u>
Total operating revenues			
Operating expenses:			
Salaries and wages	385,039	4,047,923	820,371
Operating supplies	1,114	381,911	63,094
Professional services	159,115	704,744	271
Materials and services provided internally	131,246	732,967	218,356
Utilities	-	331,631	113,674
Utility license fees	-	-	-
Miscellaneous	124,493	2,467,684	161,254
Depreciation and amortization	607,392	717,027	147,457
	<u>1,408,399</u>	<u>9,383,887</u>	<u>1,524,477</u>
Total operating expenses			
Operating income	<u>(32,810)</u>	<u>(1,679,060)</u>	<u>289,308</u>
Nonoperating revenues (expenses):			
Investment earnings (losses)	23,396	(2,795)	3,132
Interest expense	(40,764)	(146,580)	(41,245)
Gains (losses) on sale of capital assets	-	-	-
	<u>(17,368)</u>	<u>(149,375)</u>	<u>(38,113)</u>
Total nonoperating revenues (expenses)			
Income before contributions and transfers	(50,178)	(1,828,435)	251,195
Transfers in	-	800,000	-
Transfers out	(4,288)	(35,043)	(6,745)
Capital contributions	-	-	-
	<u>(4,288)</u>	<u>(35,043)</u>	<u>(6,745)</u>
Change in net position	(54,466)	(1,063,478)	244,450
Total net position - beginning	<u>32,151,966</u>	<u>5,828,940</u>	<u>1,210,738</u>
Reclassified to Special Revenue Funds (See Note I. C.)	-	-	-
Total net position - ending	<u>\$ 32,097,500</u>	<u>\$ 4,765,462</u>	<u>\$ 1,455,188</u>

Solid Waste Management	Parking Facilities	Spectator Facilities Operating	Environmental Remediation	Headwaters Apartment Complex	Total
\$ 3,066,468	\$ -	\$ 1,933,539	\$ 3,575,187	\$ -	\$ 14,553,401
7,000	952,916	55	424,814	-	1,457,712
2,883,600	-	-	-	-	2,883,600
-	956,359	7,253,331	632,134	-	10,631,667
-	-	-	-	-	1,738,937
-	12,470,416	2,135,685	-	-	14,606,101
-	-	-	-	-	1,302,662
27,673	-	-	2,011,605	-	2,050,903
5,984,741	14,379,691	11,322,610	6,643,740	-	49,224,983
2,510,239	301,506	587,062	492,127	-	9,144,267
250,176	3,697	5,395	4,868	-	710,255
236,053	251,428	427,825	586,500	-	2,365,936
1,787,792	2,852,758	297,212	1,135,451	-	7,155,782
487,233	-	-	378	-	932,916
-	-	-	173,160	-	173,160
196,662	4,139,009	5,952,006	132,679	-	13,173,787
86,546	597,561	3,146,046	69,018	-	5,371,047
5,554,701	8,145,959	10,415,546	2,594,181	-	39,027,150
430,040	6,233,732	907,064	4,049,559	-	10,197,833
9,336	71,405	45,882	30,609	-	180,965
(42,483)	(438,487)	(949,524)	(986)	-	(1,660,069)
(9,540)	-	-	-	-	(9,540)
(42,687)	(367,082)	(903,642)	29,623	-	(1,488,644)
387,353	5,866,650	3,422	4,079,182	-	8,709,189
-	-	-	-	-	800,000
(10,882)	(2,523,723)	(21,463)	(252)	-	(2,602,396)
56,341	-	251,158	-	-	307,499
432,812	3,342,927	233,117	4,078,930	-	7,214,292
1,950,704	23,595,371	69,662,324	5,467,770	1,379,371	141,247,184
-	-	-	-	(1,379,371)	(1,379,371)
\$ 2,383,516	\$ 26,938,298	\$ 69,895,441	\$ 9,546,700	\$ -	\$ 147,082,105

**City of Portland, Oregon
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017**

	<u>Hydroelectric Power</u>	<u>Golf</u>	<u>Portland International Raceway</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,272,662	\$ 7,657,831	\$ 1,813,782
Receipts for interfund services provided	72,927	-	-
Payments to suppliers	(186,410)	(3,900,195)	(367,138)
Payments to employees	(347,541)	(3,547,987)	(757,158)
Payments for interfund services used	(131,246)	(732,967)	(218,356)
	<u>680,392</u>	<u>(523,318)</u>	<u>471,130</u>
Net cash provided by (used for) operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	800,000	-
Transfers out	(4,288)	(35,043)	(6,745)
	<u>(4,288)</u>	<u>764,957</u>	<u>(6,745)</u>
Net cash provided by (used for) noncapital financing activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	-	-
Principal paid on bonds and notes	(1,757,184)	(140,407)	(292,029)
Interest paid on bonds, notes and capital leases	(54,798)	(64,914)	(26,884)
	<u>(1,811,982)</u>	<u>(205,321)</u>	<u>(318,913)</u>
Net cash provided by (used for) capital related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings (losses)	<u>23,453</u>	<u>(4,185)</u>	<u>2,659</u>
Net cash provided by (used for) investing activities	<u>23,453</u>	<u>(4,185)</u>	<u>2,659</u>
Net increase (decrease) in cash and cash equivalents	(1,112,425)	32,133	148,131
Reclassified to Special Revenue Funds	-	-	-
Cash and cash equivalents, July 1, 2016	<u>12,822,569</u>	<u>282,735</u>	<u>404,321</u>
Cash and cash equivalents, June 30, 2017	<u>\$ 11,710,144</u>	<u>\$ 314,868</u>	<u>\$ 552,452</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:			
Unrestricted cash and cash equivalents	\$ 392,368	\$ 314,868	\$ 552,452
Restricted cash and cash equivalents	<u>11,317,776</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 11,710,144</u>	<u>\$ 314,868</u>	<u>\$ 552,452</u>

Solid Waste Management	Parking Facilities	Spectator Facilities Operating	Environmental Remediation	Headwaters Apartment Complex	Total
\$ 5,839,106	\$ 13,517,873	\$ 11,795,811	\$ 6,130,352	\$ -	\$ 48,027,417
7,000	952,916	55	424,814	-	1,457,712
(1,072,633)	(4,460,638)	(6,136,780)	(2,930,505)	-	(19,054,299)
(2,228,642)	(311,606)	(379,665)	(400,782)	-	(7,973,381)
(1,787,792)	(2,852,758)	(297,212)	(1,135,451)	-	(7,155,782)
<u>757,039</u>	<u>6,845,787</u>	<u>4,982,209</u>	<u>2,088,428</u>	<u>-</u>	<u>15,301,667</u>
-	-	-	-	-	800,000
(10,882)	(2,523,723)	(21,463)	(252)	-	(2,602,396)
<u>(10,882)</u>	<u>(2,523,723)</u>	<u>(21,463)</u>	<u>(252)</u>	<u>-</u>	<u>(1,802,396)</u>
-	(1,100,665)	(470,833)	-	-	(1,571,498)
(43,601)	(1,370,000)	(3,549,900)	(1,007)	-	(7,154,128)
(17,120)	(506,000)	(974,178)	(395)	-	(1,644,289)
<u>(60,721)</u>	<u>(2,976,665)</u>	<u>(4,994,911)</u>	<u>(1,402)</u>	<u>-</u>	<u>(10,369,915)</u>
<u>7,811</u>	<u>65,060</u>	<u>45,576</u>	<u>23,047</u>	<u>-</u>	<u>163,421</u>
<u>7,811</u>	<u>65,060</u>	<u>45,576</u>	<u>23,047</u>	<u>-</u>	<u>163,421</u>
693,247	1,410,459	11,411	2,109,821	-	3,292,777
-	-	-	-	(1,130,396)	(1,130,396)
2,216,596	13,084,338	7,680,663	4,843,799	1,130,396	42,465,417
<u>\$ 2,909,843</u>	<u>\$ 14,494,797</u>	<u>\$ 7,692,074</u>	<u>\$ 6,953,620</u>	<u>\$ -</u>	<u>\$ 44,627,798</u>
\$ 2,909,843	\$ 14,494,797	\$ 7,692,074	\$ 5,915,827	\$ -	\$ 32,272,229
-	-	-	1,037,793	-	12,355,569
<u>\$ 2,909,843</u>	<u>\$ 14,494,797</u>	<u>\$ 7,692,074</u>	<u>\$ 6,953,620</u>	<u>\$ -</u>	<u>\$ 44,627,798</u>

City of Portland, Oregon
Nonmajor Enterprise Funds
Combining Statement of Cash Flows, Continued
For the Fiscal Year Ended June 30, 2017

	Hydroelectric Power	Golf	Portland International Raceway
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (32,810)	\$ (1,679,060)	\$ 289,308
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	607,392	717,027	147,456
Change in assets and liabilities:			
Accounts and advances receivable	(30,000)	(46,995)	-
Accounts payable	98,311	(14,225)	(28,847)
Compensated absences	(2,739)	18,675	2,342
Unearned revenue	-	-	-
Net pension liability - PERS	177,696	2,364,916	439,569
Other postemployment benefits	(62)	(1,048)	(226)
Pollution remediation	-	-	-
Other liabilities	-	-	-
Deferred outflows - pensions	(109,691)	(1,611,833)	(288,065)
Deferred inflows - pensions	(27,705)	(270,775)	(90,407)
	\$ 680,392	\$ (523,318)	\$ 471,130
 Noncash information			
Capital contributions	\$ -	\$ -	-
Increase (decrease) in fair value of investments (classified as cash equivalents)	1,172	(1,615)	(3,059)

Solid Waste Management	Parking Facilities	Spectator Facilities Operating	Environmental Remediation	Headwaters Apartment Complex	Total
\$ 430,040	\$ 6,233,732	\$ 907,064	\$ 4,049,559	\$ -	\$ 10,197,833
86,546	597,562	3,146,046	69,019	-	5,371,048
(138,631)	-	473,256	(88,574)	-	169,056
85,588	(75,886)	248,446	(22,919)	-	290,468
3,455	-	-	(22,032)	-	(299)
11,900	91,097	-	-	-	102,997
1,473,176	1,187	679,272	422,123	-	5,557,939
(431)	-	(41)	(82)	-	(1,890)
-	-	-	(2,010,000)	-	(2,010,000)
-	9,382	-	-	-	9,382
(998,770)	14,999	(484,622)	(286,142)	-	(3,764,124)
(195,834)	(26,286)	12,788	(22,524)	-	(620,743)
<u>\$ 757,039</u>	<u>\$ 6,845,787</u>	<u>\$ 4,982,209</u>	<u>\$ 2,088,428</u>	<u>\$ -</u>	<u>\$ 15,301,667</u>
\$ 56,341	\$ -	\$ 251,158	\$ -	\$ -	\$ 307,499
(16,695)	(92,756)	(52,214)	(36,872)	-	(202,039)

City of Portland, Oregon
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

	<u>Health Insurance Operating</u>	<u>Facilities Services Operating</u>	<u>CityFleet Operating</u>
ASSETS			
Current assets (unrestricted):			
Cash and investments	\$ 28,330,850	\$ 43,103,120	\$ 18,711,084
Receivables:			
Accounts, net	-	309,484	104,965
Notes and loans, net	-	-	53,700
Accrued interest	57,123	138,849	56,821
Due from component unit	-	-	-
Inventories	-	-	1,238,264
Prepaid expenses	-	-	-
	<u>28,387,973</u>	<u>43,551,453</u>	<u>20,164,834</u>
Total current assets (unrestricted)			
	<u>28,387,973</u>	<u>43,551,453</u>	<u>20,164,834</u>
Current assets (restricted):			
Cash and investments	-	3,229	-
Total current assets	<u>28,387,973</u>	<u>43,554,682</u>	<u>20,164,834</u>
Noncurrent assets (unrestricted):			
Capital assets, not being depreciated or amortized:			
Land	-	12,814,009	87,000
Construction in progress	-	16,245,338	15,925,984
Capital assets, being depreciated or amortized:			
Infrastructure	-	-	-
Buildings	-	165,846,642	1,944,421
Improvements to land	-	831,331	-
Equipment	-	1,954,951	76,145,084
Software	-	772,701	158,600
Accumulated depreciation and amortization	-	(71,829,881)	(38,026,796)
	<u>-</u>	<u>126,635,091</u>	<u>56,234,293</u>
Capital assets net of accumulated depreciation and amortization			
	<u>-</u>	<u>126,635,091</u>	<u>56,234,293</u>
Receivables:			
Notes and loans, net	-	-	161,100
	<u>-</u>	<u>-</u>	<u>161,100</u>
Total noncurrent assets			
	<u>-</u>	<u>126,635,091</u>	<u>56,395,393</u>
Total assets			
	<u>28,387,973</u>	<u>170,189,773</u>	<u>76,560,227</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	961,277	1,989,802	4,330,657
	<u>961,277</u>	<u>1,989,802</u>	<u>4,330,657</u>
Total deferred outflows of resources			
	<u>961,277</u>	<u>1,989,802</u>	<u>4,330,657</u>

Printing and Distribution Services Operating	Insurance and Claims Operating	Workers' Compensation Self Insurance Operating	Technology Services	Portland Police Association Health Insurance	Enterprise Business Solutions Services	Total
\$ 1,390,481	\$ 30,330,128	\$ 13,882,393	\$ 23,097,317	\$ 7,177,051	\$ 3,960,096	\$ 169,982,520
175,603	210,848	-	1,143,245	-	-	1,944,145
-	-	-	-	-	-	53,700
3,280	89,796	42,104	68,662	-	16,484	473,119
970	-	-	15,813	-	-	16,783
-	-	-	494,485	-	-	1,732,749
-	-	-	634,646	-	-	634,646
<u>1,570,334</u>	<u>30,630,772</u>	<u>13,924,497</u>	<u>25,454,168</u>	<u>7,177,051</u>	<u>3,976,580</u>	<u>174,837,662</u>
-	-	-	-	-	-	3,229
<u>1,570,334</u>	<u>30,630,772</u>	<u>13,924,497</u>	<u>25,454,168</u>	<u>7,177,051</u>	<u>3,976,580</u>	<u>174,840,891</u>
-	-	-	348,929	-	-	13,249,938
-	-	-	8,236,635	-	5,590	40,413,547
-	-	-	10,345,178	-	-	10,345,178
-	-	-	6,011,941	-	-	173,803,004
-	-	-	-	-	-	831,331
1,891,784	-	-	30,050,110	-	-	110,041,929
315,337	362,576	260,093	4,526,410	-	38,488,907	44,884,624
(1,565,619)	(145,031)	(104,037)	(31,965,654)	-	(37,549,305)	(181,186,323)
641,502	217,545	156,056	27,553,549	-	945,192	212,383,228
-	-	-	-	-	-	161,100
<u>641,502</u>	<u>217,545</u>	<u>156,056</u>	<u>27,553,549</u>	<u>-</u>	<u>945,192</u>	<u>212,544,328</u>
<u>2,211,836</u>	<u>30,848,317</u>	<u>14,080,553</u>	<u>53,007,717</u>	<u>7,177,051</u>	<u>4,921,772</u>	<u>387,385,219</u>
<u>1,045,243</u>	<u>723,005</u>	<u>638,313</u>	<u>15,445,567</u>	<u>-</u>	<u>1,433,686</u>	<u>26,567,550</u>
<u>1,045,243</u>	<u>723,005</u>	<u>638,313</u>	<u>15,445,567</u>	<u>-</u>	<u>1,433,686</u>	<u>26,567,550</u>

City of Portland, Oregon
Combining Statement of Net Position, Continued
Internal Service Funds
June 30, 2017

	<u>Health Insurance Operating</u>	<u>Facilities Services Operating</u>	<u>CityFleet Operating</u>
LIABILITIES			
Current liabilities (payable from unrestricted assets):			
Accounts payable	\$ 3,742,755	\$ 3,732,234	\$ 1,895,658
Self insurance claims	5,284,000	-	-
Compensated absences	118,074	174,642	488,581
Bonds payable	29,091	4,839,294	368,163
Accrued interest payable	789	113,122	9,979
Due to component unit	-	1,865,147	-
Unearned revenue	-	79,517	180
	<u>9,174,709</u>	<u>10,803,956</u>	<u>2,762,561</u>
Total current liabilities			
Noncurrent liabilities:			
Self insurance claims	-	-	-
Compensated absences	7,420	10,420	30,160
Bonds payable	206,783	17,828,831	2,616,964
Notes and loans payable	-	7,911,552	-
Accrued interest payable	150,036	808,026	1,898,800
Net pension liability - PERS	1,784,741	3,759,413	8,422,909
Other postemployment benefits	26,015	97,903	221,281
	<u>2,174,995</u>	<u>30,416,145</u>	<u>13,190,114</u>
Total noncurrent liabilities			
	<u>11,349,704</u>	<u>41,220,101</u>	<u>15,952,675</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow - pensions	44,026	101,029	214,491
Deferred charge for debt refunding	-	21,612	-
	<u>44,026</u>	<u>122,641</u>	<u>214,491</u>
Total deferred inflow of resources			
NET POSITION			
Net investment in capital assets	-	97,328,953	56,234,293
Restricted for:			
Unrestricted	<u>17,955,520</u>	<u>33,507,880</u>	<u>8,489,425</u>
	<u>\$ 17,955,520</u>	<u>\$ 130,836,833</u>	<u>\$ 64,723,718</u>
Total net position			

Printing and Distribution Services Operating	Insurance and Claims Operating	Workers' Compensation Self Insurance Operating	Technology Services	Portland Police Association Health Insurance	Enterprise Business Solutions Services	Total
\$ 239,672	\$ 16,074	\$ 11,438	\$ 2,046,316	\$ -	\$ 16,271	\$ 11,700,418
-	4,247,986	1,150,539	-	-	-	10,682,525
104,632	101,989	45,122	1,829,165	-	195,384	3,057,589
124,763	68,748	64,305	437,569	-	-	5,931,933
3,382	1,863	1,743	11,860	-	-	142,738
-	-	-	-	-	-	1,865,147
-	-	-	-	-	-	79,697
<u>472,449</u>	<u>4,436,660</u>	<u>1,273,147</u>	<u>4,324,910</u>	<u>-</u>	<u>211,655</u>	<u>33,460,047</u>
-	10,067,400	7,318,893	-	-	-	17,386,293
6,538	6,337	2,835	107,761	-	11,845	183,316
886,837	488,673	457,094	3,110,315	-	-	25,595,497
-	-	-	-	-	-	7,911,552
643,464	354,568	331,654	2,256,762	-	-	6,443,310
2,008,689	1,377,227	1,244,969	30,348,889	-	2,797,519	51,744,356
71,750	34,511	25,821	609,703	-	31,786	1,118,770
<u>3,617,278</u>	<u>12,328,716</u>	<u>9,381,266</u>	<u>36,433,430</u>	<u>-</u>	<u>2,841,150</u>	<u>110,383,094</u>
<u>4,089,727</u>	<u>16,765,376</u>	<u>10,654,413</u>	<u>40,758,340</u>	<u>-</u>	<u>3,052,805</u>	<u>143,843,141</u>
53,010	34,797	31,942	773,094	-	74,918	1,327,307
-	-	-	-	-	-	21,612
<u>53,010</u>	<u>34,797</u>	<u>31,942</u>	<u>773,094</u>	<u>-</u>	<u>74,918</u>	<u>1,348,919</u>
641,502	217,545	156,056	27,553,548	-	945,192	183,077,089
<u>(1,527,160)</u>	<u>14,553,604</u>	<u>3,876,455</u>	<u>(631,698)</u>	<u>7,177,051</u>	<u>2,282,543</u>	<u>85,683,620</u>
<u>\$ (885,658)</u>	<u>\$ 14,771,149</u>	<u>\$ 4,032,511</u>	<u>\$ 26,921,850</u>	<u>\$ 7,177,051</u>	<u>\$ 3,227,735</u>	<u>\$ 268,760,709</u>

City of Portland, Oregon
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2017

	Health Insurance Operating	Facilities Services Operating	CityFleet Operating
Operating revenues:			
Service charges and fees	\$ 8,068,730	\$ 48,213	\$ 861,993
Service charges and fees provided internally	53,475,780	28,559,324	29,092,724
Rents and reimbursements	-	1,507,852	-
Miscellaneous	1,278,430	389,212	52,074
Total operating revenues	62,822,940	30,504,601	30,006,791
Operating expenses:			
Salaries and wages	1,773,948	4,411,265	8,924,587
Operating supplies	4,916	522,120	7,922,244
Professional services	1,471,700	1,164,040	22,820
Materials and services provided internally	707,751	3,856,161	992,690
Utilities	235	3,261,113	35,071
Claims	55,187,124	-	-
Utility license fees	-	-	-
Miscellaneous	2,917,899	12,180,175	3,818,277
Depreciation and amortization	-	3,392,964	6,298,844
Total operating expenses	62,063,573	28,787,838	28,014,533
Operating income (loss)	759,367	1,716,763	1,992,258
Nonoperating revenues (expenses):			
Investment earnings (losses)	63,040	162,733	65,940
Interest expense	(25,247)	(925,604)	(319,555)
Debt issuance costs	-	(97,032)	-
Gains (losses) on sale of capital assets	-	-	4,779
Miscellaneous	-	(212,539)	-
Total nonoperating revenues (expenses)	37,793	(1,072,442)	(248,836)
Income before contributions and transfers	797,160	644,321	1,743,422
Transfers in	-	5,981,403	-
Transfers out	(6,468)	(34,835)	(81,860)
Capital contributions	-	-	-
Change in net position	790,692	6,590,889	1,661,562
Total net position - beginning	17,164,828	124,245,944	63,062,156
Total net position - ending	\$ 17,955,520	\$ 130,836,833	\$ 64,723,718

Printing and Distribution Services Operating	Insurance and Claims Operating	Workers' Compensation Self Insurance Operating	Technology Services	Portland Police Association Health Insurance	Enterprise Business Solutions Services	Total
\$ 1,058,388	\$ -	\$ -	\$ 4,889,493	\$ -	\$ -	\$ 14,926,817
5,967,599	10,913,471	4,330,452	49,728,644	-	11,771,472	193,839,466
-	-	-	230,308	-	-	1,738,160
45,278	249,089	65,419	444,314	7,177,051	-	9,700,867
<u>7,071,265</u>	<u>11,162,560</u>	<u>4,395,871</u>	<u>55,292,759</u>	<u>7,177,051</u>	<u>11,771,472</u>	<u>220,205,310</u>
1,982,541	1,452,014	1,373,552	30,937,785	-	2,752,395	53,608,087
462,886	10,085	44,974	2,155,913	-	345,503	11,468,641
3,684	231,262	275,725	684,468	-	242	3,853,941
912,432	2,928,201	724,934	5,871,152	-	4,897,047	20,890,368
-	-	-	74,437	-	-	3,370,856
-	3,208,137	1,936,665	-	-	-	60,331,926
-	-	-	21,783	-	-	21,783
3,182,481	2,478,919	497,205	12,073,135	-	525,239	37,673,330
138,791	72,515	52,019	3,398,712	-	466,437	13,820,282
<u>6,682,815</u>	<u>10,381,133</u>	<u>4,905,074</u>	<u>55,217,385</u>	<u>-</u>	<u>8,986,863</u>	<u>205,039,214</u>
<u>388,450</u>	<u>781,427</u>	<u>(509,203)</u>	<u>75,374</u>	<u>7,177,051</u>	<u>2,784,609</u>	<u>15,166,096</u>
2,395	104,228	49,992	76,203	-	27,185	551,716
(108,288)	(59,675)	(55,816)	(379,802)	-	(59,367)	(1,933,354)
-	-	-	-	-	-	(97,032)
389	-	-	(59,374)	-	-	(54,206)
-	-	-	-	-	-	(212,539)
<u>(105,504)</u>	<u>44,553</u>	<u>(5,824)</u>	<u>(362,973)</u>	<u>-</u>	<u>(32,182)</u>	<u>(1,745,415)</u>
282,946	825,980	(515,027)	(287,599)	7,177,051	2,752,427	13,420,681
-	-	-	-	-	-	5,981,403
(27,741)	(15,286)	(14,299)	(158,315)	-	-	(338,804)
-	-	-	-	-	9,213	9,213
<u>255,205</u>	<u>810,694</u>	<u>(529,326)</u>	<u>(445,914)</u>	<u>7,177,051</u>	<u>2,761,640</u>	<u>19,072,493</u>
<u>(1,140,863)</u>	<u>13,960,455</u>	<u>4,561,837</u>	<u>27,367,764</u>	<u>-</u>	<u>466,095</u>	<u>249,688,216</u>
<u>\$ (885,658)</u>	<u>\$ 14,771,149</u>	<u>\$ 4,032,511</u>	<u>\$ 26,921,850</u>	<u>\$ 7,177,051</u>	<u>\$ 3,227,735</u>	<u>\$ 268,760,709</u>

**City of Portland, Oregon
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017**

	Health Insurance Operating	Facilities Services Operating	CityFleet Operating
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 9,405,172	\$ 1,975,699	\$ 1,506,346
Receipts for interfund services provided	53,475,780	28,559,324	29,092,724
Payments to suppliers	(59,832,698)	(14,941,363)	(12,131,326)
Payments to employees	(1,562,582)	(4,048,474)	(7,912,221)
Payments for interfund services used	(707,751)	(3,856,161)	(992,690)
	<u>777,921</u>	<u>7,689,025</u>	<u>9,562,833</u>
Net cash provided by (used for) operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	5,981,403	-
Transfers out	(6,468)	(34,835)	(81,860)
	<u>(6,468)</u>	<u>5,946,568</u>	<u>(81,860)</u>
Net cash provided by (used for) noncapital financing activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of bonds and notes	-	14,526,552	-
Premium on bonds and notes issued	-	1,180,812	-
Proceeds from sale of capital assets	-	-	813,245
Acquisition of capital assets	-	(15,122,251)	(13,289,266)
Principal paid on bonds and notes	(25,916)	(12,049,573)	(327,985)
Interest paid on bonds and notes	(10,178)	(1,092,300)	(128,786)
Payments for bond issuance costs	-	(97,032)	-
	<u>(36,094)</u>	<u>(12,653,792)</u>	<u>(12,932,792)</u>
Net cash provided by (used for) capital related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings (losses)	<u>68,022</u>	<u>152,423</u>	<u>72,166</u>
Net cash provided by (used for) investing activities	<u>68,022</u>	<u>152,423</u>	<u>72,166</u>
Net increase (decrease) in cash and cash equivalents	803,381	1,134,224	(3,379,653)
Cash and cash equivalents, July 1, 2016	<u>27,527,469</u>	<u>41,972,125</u>	<u>22,090,737</u>
Cash and cash equivalents, June 30, 2017	<u>\$ 28,330,850</u>	<u>\$ 43,106,349</u>	<u>\$ 18,711,084</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:			
Unrestricted cash and cash equivalents	\$ 28,330,850	\$ 43,103,120	\$ 18,711,084
Restricted cash and cash equivalents	-	3,229	-
Total cash and cash equivalents	<u>\$ 28,330,850</u>	<u>\$ 43,106,349</u>	<u>\$ 18,711,084</u>

Printing and Distribution Services Operating	Insurance and Claims Operating	Workers' Compensation Self Insurance Operating	Technology Services	Portland Police Association Health Insurance	Enterprise Business Solutions Services	Total
\$ 1,089,977	\$ 180,229	\$ 83,042	\$ 4,540,638	\$ 7,177,051	\$ (3,190)	\$ 25,954,964
5,967,599	10,913,471	4,330,452	49,728,644	-	11,771,472	193,839,466
(3,634,336)	(4,981,706)	(3,022,143)	(14,864,117)	-	(1,419,989)	(114,827,678)
(1,758,476)	(1,312,336)	(1,228,597)	(27,265,324)	-	(2,455,504)	(47,543,514)
(912,432)	(2,928,201)	(724,934)	(5,871,152)	-	(4,897,047)	(20,890,368)
<u>752,332</u>	<u>1,871,457</u>	<u>(562,180)</u>	<u>6,268,689</u>	<u>7,177,051</u>	<u>2,995,742</u>	<u>36,532,870</u>
-	-	-	-	-	-	5,981,403
(27,741)	(15,286)	(14,299)	(158,315)	-	-	(338,804)
<u>(27,741)</u>	<u>(15,286)</u>	<u>(14,299)</u>	<u>(158,315)</u>	<u>-</u>	<u>-</u>	<u>5,642,599</u>
-	-	-	-	-	-	14,526,552
-	-	-	-	-	-	1,180,812
1,000	-	-	-	-	-	814,245
(310,963)	-	-	(8,080,856)	-	(15,792)	(36,819,128)
(111,147)	(61,246)	(57,288)	(389,817)	-	(2,920,000)	(15,942,972)
(43,643)	(24,048)	(22,494)	(153,064)	-	(116,800)	(1,591,313)
-	-	-	-	-	-	(97,032)
<u>(464,753)</u>	<u>(85,294)</u>	<u>(79,782)</u>	<u>(8,623,737)</u>	<u>-</u>	<u>(3,052,592)</u>	<u>(37,928,836)</u>
<u>1,074</u>	<u>95,657</u>	<u>50,663</u>	<u>77,218</u>	<u>-</u>	<u>27,923</u>	<u>545,146</u>
<u>1,074</u>	<u>95,657</u>	<u>50,663</u>	<u>77,218</u>	<u>-</u>	<u>27,923</u>	<u>545,146</u>
260,912	1,866,534	(605,598)	(2,436,145)	7,177,051	(28,927)	4,791,779
<u>1,129,569</u>	<u>28,463,594</u>	<u>14,487,991</u>	<u>25,533,462</u>	<u>-</u>	<u>3,989,023</u>	<u>165,193,970</u>
<u>\$ 1,390,481</u>	<u>\$ 30,330,128</u>	<u>\$ 13,882,393</u>	<u>\$ 23,097,317</u>	<u>\$ 7,177,051</u>	<u>\$ 3,960,096</u>	<u>\$ 169,985,749</u>
\$ 1,390,481	\$ 30,330,128	\$ 13,882,393	\$ 23,097,317	\$ 7,177,051	\$ 3,960,096	\$ 169,982,520
-	-	-	-	-	-	3,229
<u>\$ 1,390,481</u>	<u>\$ 30,330,128</u>	<u>\$ 13,882,393</u>	<u>\$ 23,097,317</u>	<u>\$ 7,177,051</u>	<u>\$ 3,960,096</u>	<u>\$ 169,985,749</u>

City of Portland, Oregon
Internal Service Funds
Combining Statement of Cash Flows, Continued
For the Fiscal Year Ended June 30, 2017

	<u>Health Insurance Operating</u>	<u>Facilities Services Operating</u>	<u>CityFleet Operating</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 759,367	\$ 1,716,763	\$ 1,992,258
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation and amortization of capital assets	-	3,392,964	6,298,844
Change in assets and liabilities:			
Accounts and advances receivable	58,013	29,172	592,277
Due (from) to component unit	-	(119,509)	-
Inventories	-	-	(44,474)
Accounts payable	(849,825)	2,305,598	(288,441)
Self insurance claims	599,000	-	-
Compensated absences	(4,553)	31,556	3,198
Unearned revenue	-	1,249	-
Net pension liability - PERS	1,168,067	2,367,960	5,281,028
Other postemployment benefits	(246)	(719)	(1,561)
Deferred outflows - pensions	(816,125)	(1,634,591)	(3,600,116)
Deferred inflows - pensions	(135,777)	(401,418)	(670,180)
	<u>\$ 777,921</u>	<u>\$ 7,689,025</u>	<u>\$ 9,562,833</u>
Noncash information:			
Capital contribution	\$ -	\$ -	\$ -
Increase (decrease) in fair value of investments (classified as cash equivalents)	(148,011)	(285,645)	(143,078)

Printing and Distribution Services Operating	Insurance and Claims Operating	Workers' Compensation Self Insurance Operating	Technology Services	Portland Police Association Health Insurance	Enterprise Business Solutions Services	Total
\$ 388,450	\$ 781,427	\$ (509,203)	\$ 75,374	\$ 7,177,051	\$ 2,784,609	\$ 15,166,096
138,791	72,515	52,019	3,398,712	-	466,437	13,820,282
(23,917)	(68,860)	17,625	(1,018,754)	-	(3,190)	(417,634)
10,224	-	-	(4,721)	-	-	(114,006)
-	-	-	(98,477)	-	-	(142,951)
14,717	3,693	2,000	244,096	-	(549,005)	882,833
-	943,002	(269,576)	-	-	-	1,272,426
12,694	(22,032)	1,371	85,643	-	11,801	119,678
-	-	-	-	-	-	1,249
1,272,304	878,072	772,725	18,657,974	-	1,740,573	32,138,703
(390)	(288)	(144)	(4,088)	-	(349)	(7,785)
(861,113)	(605,588)	(528,724)	(12,798,997)	-	(1,170,074)	(22,015,328)
(199,428)	(110,484)	(100,273)	(2,268,073)	-	(285,060)	(4,170,693)
<u>\$ 752,332</u>	<u>\$ 1,871,457</u>	<u>\$ (562,180)</u>	<u>\$ 6,268,689</u>	<u>\$ 7,177,051</u>	<u>\$ 2,995,742</u>	<u>\$ 36,532,870</u>
\$ -	\$ -	\$ -	\$ 9,213	\$ -	\$ -	\$ 9,213
(8,308)	(197,758)	(97,187)	(167,892)	-	(27,099)	(1,074,978)



Winter in Portland

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:

Mt. Hood Cable Regulatory Commission 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, 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.

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City of Portland, Oregon
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2017

	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 ¹	\$ 8,916,076	\$ 750,000	\$ 153	\$ 9,666,229
Receivables:				
Accounts, net	2,815	-	-	2,815
Pension recovery	122,902	-	-	122,902
Accrued interest	176,066	-	-	176,066
Due from other funds	7,330,174	-	-	7,330,174
Prepaid expense	-	-	702	702
	<u>16,548,033</u>	<u>750,000</u>	<u>855</u>	<u>17,298,888</u>
Capital assets:				
Construction in progress	1,063	-	-	1,063
Intangible assets:				
Software	776,398	-	-	776,398
Accumulated depreciation and amortization	(303,101)	-	-	(303,101)
	<u>474,360</u>	<u>-</u>	<u>-</u>	<u>474,360</u>
Net capital assets	<u>474,360</u>	<u>-</u>	<u>-</u>	<u>474,360</u>
Total noncurrent assets	<u>474,360</u>	<u>-</u>	<u>-</u>	<u>474,360</u>
Total assets	<u>17,022,393</u>	<u>750,000</u>	<u>855</u>	<u>17,773,248</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	<u>1,042,944</u>	<u>-</u>	<u>-</u>	<u>1,042,944</u>
LIABILITIES				
Accounts payable	801,083	-	16	801,099
Compensated absences	1,179,091	-	-	1,179,091
Bonds payable	318,258	-	-	318,258
Accrued interest payable	203,503	-	-	203,503
Net pension liability - PERS	2,073,029	-	-	2,073,029
Other postemployment benefits	39,307	-	-	39,307
	<u>4,614,271</u>	<u>-</u>	<u>16</u>	<u>4,614,287</u>
Total liabilities	<u>4,614,271</u>	<u>-</u>	<u>16</u>	<u>4,614,287</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	<u>50,979</u>	<u>-</u>	<u>-</u>	<u>50,979</u>
NET POSITION				
Net position restricted for pensions	<u>\$ 13,400,087</u>	<u>\$ 750,000</u>	<u>\$ 839</u>	<u>\$ 14,150,926</u>

¹ The City's pension plan is unfunded and has only a portion of the City's internal investment pool.

City of Portland, Oregon
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2017

	Fire and Police Disability and Retirement	Fire and Police Disability and Retirement Reserve	Fire and Police Supplemental Retirement Reserve	Total
ADDITIONS				
Contributions:				
Employer	\$ 129,111,814	\$ -	\$ -	\$ 129,111,814
Other	1,398,352	-	12,688	1,411,040
Total contributions	130,510,166	-	12,688	130,522,854
Investment earnings	462,195	-	(6)	462,189
Total additions	130,972,361	-	12,682	130,985,043
DEDUCTIONS				
Benefits and refunds paid to plan members and beneficiaries	130,161,983	-	14,949	130,176,932
Administrative expenses	4,085,644	-	-	4,085,644
Total deductions	134,247,627	-	14,949	134,262,576
Change in net position	(3,275,266)	-	(2,267)	(3,277,533)
Net position - beginning	16,675,353	750,000	3,106	17,428,459
Net position - ending	\$ 13,400,087	\$ 750,000	\$ 839	\$ 14,150,926

City of Portland, Oregon
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2017

	Mt. Hood Cable Regulatory Commission	Trustee	Multnomah County Business Income Tax	Clearing Funds	Total
ASSETS					
Cash and investments	\$ 12,281,756	\$ 12,526,322	\$ 3,951,181	\$ 36,812,887	\$ 65,572,146
Receivables:					
Accounts, net	1,831,720	66,866	-	560,892	2,459,478
Advances	1,004,481	-	-	-	1,004,481
Accrued interest	39,418	1,043	8,917	47	49,425
Total current assets	<u>15,157,375</u>	<u>12,594,231</u>	<u>3,960,098</u>	<u>37,373,826</u>	<u>69,085,530</u>
Capital assets:					
Intangible assets:					
Software	12,000	-	-	-	12,000
Accumulated depreciation and amortization	<u>(4,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,800)</u>
Total assets	<u>15,164,575</u>	<u>12,594,231</u>	<u>3,960,098</u>	<u>37,373,826</u>	<u>69,092,730</u>
LIABILITIES					
Accounts payable	889,666	12,104	1,116	4,882,994	5,785,880
Salaries and withholding taxes	-	-	-	30,593,098	30,593,098
Due to other governments	14,274,909	-	-	-	14,274,909
Other liabilities	<u>-</u>	<u>12,582,127</u>	<u>3,958,982</u>	<u>1,897,734</u>	<u>18,438,843</u>
Total liabilities	<u>15,164,575</u>	<u>12,594,231</u>	<u>3,960,098</u>	<u>37,373,826</u>	<u>69,092,730</u>
NET POSITION					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Portland, Oregon
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Mt. Hood Cable Regulatory Commission				
Assets:				
Cash and investments	\$ 12,283,426	\$ 7,799,674	\$ 7,801,344	\$ 12,281,756
Receivables:				
Accounts, net	1,818,500	9,250,501	9,237,281	1,831,720
Advances	1,213,122	1,788,035	1,996,676	1,004,481
Accrued interest	36,504	136,433	133,519	39,418
Total current assets	<u>15,351,552</u>	<u>18,974,643</u>	<u>19,168,820</u>	<u>15,157,375</u>
Capital assets:				
Intangible assets:				
Software	12,000	-	-	12,000
Accumulated depreciation and amortization	(2,400)	-	2,400	(4,800)
Total assets	<u>\$ 15,361,152</u>	<u>\$ 18,974,643</u>	<u>\$ 19,171,220</u>	<u>\$ 15,164,575</u>
Liabilities:				
Accounts payable	\$ 999,847	\$ 24,540,773	\$ 24,650,954	\$ 889,666
Due to other government	14,361,305	43,625,596	43,711,992	14,274,909
Total liabilities	<u>\$ 15,361,152</u>	<u>\$ 68,166,369</u>	<u>\$ 68,362,946</u>	<u>\$ 15,164,575</u>
Trustee				
Assets:				
Cash and investments	\$ 12,301,573	\$ 72,444,380	\$ 72,219,631	\$ 12,526,322
Receivables:				
Accounts, net	71,294	1,191,197	1,195,625	66,866
Accrued interest	1,412	4,402	4,771	1,043
Total assets	<u>\$ 12,374,279</u>	<u>\$ 73,639,979</u>	<u>\$ 73,420,027</u>	<u>\$ 12,594,231</u>
Liabilities:				
Accounts payable	\$ 202,930	\$ 13,032,117	\$ 13,222,943	\$ 12,104
Other liabilities	12,171,349	74,626,123	74,215,345	12,582,127
Total liabilities	<u>\$ 12,374,279</u>	<u>\$ 87,658,240</u>	<u>\$ 87,438,288</u>	<u>\$ 12,594,231</u>
Multnomah Co. Business Income Tax				
Assets:				
Cash and investments	\$ 785,128	\$ 90,345,461	\$ 87,179,408	\$ 3,951,181
Receivables:				
Accrued interest	6,304	24,203	21,590	8,917
Total assets	<u>\$ 791,432</u>	<u>\$ 90,369,664</u>	<u>\$ 87,200,998</u>	<u>\$ 3,960,098</u>
Liabilities:				
Accounts payable	\$ 3,213	\$ 5,547,398	\$ 5,549,495	\$ 1,116
Other liabilities	788,219	90,965,304	87,794,541	3,958,982
Total liabilities	<u>\$ 791,432</u>	<u>\$ 96,512,702</u>	<u>\$ 93,344,036</u>	<u>\$ 3,960,098</u>

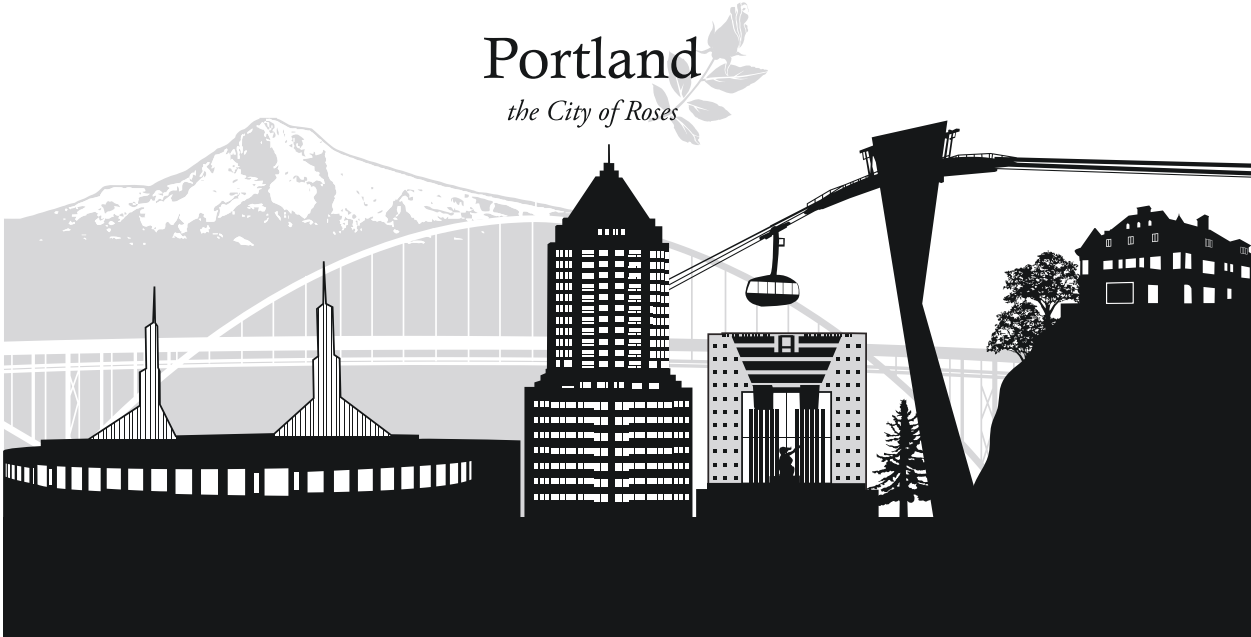
City of Portland, Oregon
Combining Statement of Changes in Assets and Liabilities, Continued
Agency Funds
For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Clearing				
Assets:				
Cash and investments	\$ 32,845,429	\$ 1,455,936,902	\$ 1,451,969,444	\$ 36,812,887
Receivables:				
Accounts, net	459,290	2,236,066,196	2,235,964,594	560,892
Accrued interest	75	188	216	47
Total assets	\$ 33,304,794	\$ 3,692,003,286	\$ 3,687,934,254	\$ 37,373,826
Liabilities:				
Accounts payable	4,336,067	298,762,257	298,215,330	4,882,994
Salaries and withholding taxes	27,061,624	958,320,933	954,789,459	30,593,098
Other liabilities	1,907,103	507,209,546	507,218,915	1,897,734
Total liabilities	\$ 33,304,794	\$ 1,764,292,736	\$ 1,760,223,704	\$ 37,373,826
Total - All Agency Funds				
Assets:				
Cash and investments	\$ 58,215,556	\$ 1,626,526,417	\$ 1,619,169,827	\$ 65,572,146
Receivables:				
Accounts, net	2,349,084	2,246,507,894	2,246,397,500	2,459,478
Advances	1,213,122	1,788,035	1,996,676	1,004,481
Accrued interest	44,295	165,226	160,096	49,425
Total current assets	61,822,057	3,874,987,572	3,867,724,099	69,085,530
Capital assets:				
Intangible assets:				
Software	12,000	-	-	12,000
Accumulated depreciation and amortization	(2,400)	-	2,400	(4,800)
Net capital assets	9,600	-	2,400	7,200
Total assets	\$ 61,831,657	\$ 3,874,987,572	\$ 3,867,726,499	\$ 69,092,730
Liabilities:				
Accounts payable	\$ 5,542,057	\$ 341,882,545	\$ 341,638,722	\$ 5,785,880
Salaries and withholding taxes	27,061,624	958,320,933	954,789,459	30,593,098
Due to other government	14,361,305	43,625,596	43,711,992	14,274,909
Other liabilities	14,866,671	672,800,973	669,228,801	18,438,843
Total liabilities	\$ 61,831,657	\$ 2,016,630,047	\$ 2,009,368,974	\$ 69,092,730



Portland Saturday Market

Schedules of Revenues and Expenditures Governmental Funds - Budget and Actual



SCHED OF REV & EXPEND
GOVERNMENTAL FUNDS
BUDGET & ACTUAL

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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.

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City of Portland, Oregon
General Fund by Function
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Current year property	\$ 228,382,000	\$ 228,382,000	\$ 233,046,878	
Prior year property	3,948,000	3,948,000	2,866,527	
Lodging	30,600,000	30,600,000	32,849,121	
Payment in lieu of taxes	438,000	438,000	925,534	
Total taxes	263,368,000	263,368,000	269,688,060	6,320,060
Licenses and permits:				
Business licenses, net	108,063,578	108,063,578	117,864,765	
Public utility licenses	83,536,795	83,536,795	89,935,334	
Construction permits	2,130,000	2,390,000	2,835,325	
Other permits	2,480,443	2,780,443	2,741,988	
Total licenses and permits	196,210,816	196,770,816	213,377,412	16,606,596
Charges for services				
Public works and utility charges	-	-	2,098	
Inspection fees	1,480,000	1,480,000	1,210,087	
Rents and reimbursements	4,640,763	4,640,763	4,866,766	
Parking fees	530,353	530,353	388,595	
Concessions	17,404	17,404	-	
Parks and recreation facilities fees	13,014,071	13,014,071	11,946,886	
Other service charges	4,323,106	5,459,652	7,215,001	
Total charges for services	24,005,697	25,142,243	25,629,433	487,190
Intergovernmental:				
Federal cost sharing	201,000	302,200	236,325	
State revenue sharing	16,008,397	16,008,397	17,283,760	
State cost sharing	35,000	75,000	97,178	
Multnomah County cost sharing	2,332,654	2,330,723	2,393,143	
Local revenue sharing	2,890,900	2,890,900	2,163,327	
Local cost sharing	6,300,913	6,722,729	6,360,660	
Overhead charges	257,529	257,529	232,529	
Total intergovernmental	28,026,393	28,587,478	28,766,922	179,444
Other:				
Assessments	4,035	4,035	4,444	
Sales - other	733,691	744,091	722,136	
Refunds	42,000	42,000	115,985	
Donations	-	-	35,430	
Investment earnings	1,321,329	1,321,329	1,559,717	
Fines	607,150	607,150	514,400	
Miscellaneous	845,343	1,010,428	1,563,331	
Total other	3,553,548	3,729,033	4,515,443	786,410
Billings to other funds for services	29,224,456	30,561,020	28,438,210	(2,122,810)
Total revenues	544,388,910	548,158,590	570,415,480	22,256,890

City of Portland, Oregon
General Fund by Function, Continued
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	145,825,982	147,589,520	145,373,672	
External materials and services	15,508,186	18,956,601	14,127,607	
Internal materials and services	33,269,023	30,945,033	31,712,228	
Capital outlay	362,000	672,714	441,123	
	<u>194,965,191</u>	<u>198,163,868</u>	<u>191,654,630</u>	<u>6,509,238</u>
Total Portland Police Bureau				
Portland Fire and Rescue				
Personal services	97,023,341	98,427,568	97,912,524	
External materials and services	7,307,569	7,213,225	6,154,459	
Internal materials and services	6,461,914	6,466,605	6,490,773	
Capital outlay	2,459,709	5,244,924	3,112,586	
	<u>113,252,533</u>	<u>117,352,322</u>	<u>113,670,342</u>	<u>3,681,980</u>
Total Portland Fire and Rescue				
Portland Bureau of Emergency Management				
Personal services	1,780,998	1,491,189	1,485,255	
External materials and services	450,852	468,978	421,568	
Internal materials and services	515,916	730,620	573,262	
	<u>2,747,766</u>	<u>2,690,787</u>	<u>2,480,085</u>	<u>210,702</u>
Total Portland Bureau of Emergency Management				
Total Public Safety				
	<u>310,965,490</u>	<u>318,206,977</u>	<u>307,805,057</u>	<u>10,401,920</u>
Parks, Recreation and Culture				
Portland Parks and Recreation				
Personal services	57,427,339	57,983,217	55,061,511	
External materials and services	17,334,906	17,455,468	18,418,036	
Internal materials and services	8,488,520	8,031,227	8,288,637	
Capital outlay	-	50,000	41,161	
	<u>83,250,765</u>	<u>83,519,912</u>	<u>81,809,345</u>	<u>1,710,567</u>
Total Portland Parks and Recreation				
Total Parks, Recreation and Culture				
	<u>83,250,765</u>	<u>83,519,912</u>	<u>81,809,345</u>	<u>1,710,567</u>
Community Development				
Portland Housing Bureau				
Personal services	552,335	544,923	514,426	
External materials and services	25,851,981	26,060,232	25,728,618	
Internal materials and services	42,191	51,191	3,616	
	<u>26,446,507</u>	<u>26,656,346</u>	<u>26,246,660</u>	<u>409,686</u>
Total Portland Housing Bureau				
Bureau of Planning and Sustainability				
Personal services	7,923,988	8,070,867	7,934,739	
External materials and services	906,869	1,060,193	778,420	
Internal materials and services	584,394	616,694	438,792	
	<u>9,415,251</u>	<u>9,747,754</u>	<u>9,151,951</u>	<u>595,803</u>
Total Bureau of Planning and Sustainability				
Office of Neighborhood Involvement				
Personal services	5,258,693	5,494,605	5,468,158	
External materials and services	4,217,341	4,253,446	3,751,596	
Internal materials and services	777,029	820,605	797,087	
	<u>10,253,063</u>	<u>10,568,656</u>	<u>10,016,841</u>	<u>551,815</u>
Total Office of Neighborhood Involvement				

City of Portland, Oregon
General Fund by Function, Continued
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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:				
Community Development, Continued:				
Prosper Portland				
External materials and services	5,818,465	5,772,465	5,730,106	42,359
Office of Equity & Human Rights				
Personal services	1,297,841	1,359,311	1,333,656	
External materials and services	185,320	130,320	79,529	
Internal materials and services	189,025	193,025	190,099	
Total Office of Equity & Human Rights	1,672,186	1,682,656	1,603,284	79,372
Total Community Development	53,605,472	54,427,877	52,748,842	1,679,035
Legislative/ Admin/ Support Services				
Office of the City Attorney				
Personal services	10,396,979	10,255,677	10,045,088	
External materials and services	848,205	741,756	665,995	
Internal materials and services	1,083,216	1,163,216	1,149,867	
Total Office of the City Attorney	12,328,400	12,160,649	11,860,950	299,699
Office of the City Auditor				
Personal services	6,239,753	6,264,753	6,046,533	
External materials and services	1,513,034	1,473,034	1,198,512	
Internal materials and services	2,055,083	1,967,083	1,992,963	
Total Office of the City Auditor	9,807,870	9,704,870	9,238,008	466,862
City Budget Office				
Personal services	2,099,333	1,957,833	1,927,281	
External materials and services	192,260	292,260	239,064	
Internal materials and services	202,112	216,112	212,091	
Total City Budget Office	2,493,705	2,466,205	2,378,436	87,769
Office of Government Relations				
Personal services	1,098,238	1,128,238	1,087,773	
External materials and services	325,267	293,267	255,493	
Internal materials and services	206,127	208,082	191,709	
Total Office of Government Relations	1,629,632	1,629,587	1,534,975	94,612
Office of Management and Finance				
Personal services	29,945,681	29,147,836	28,090,158	
External materials and services	4,397,635	5,753,443	4,098,729	
Internal materials and services	5,469,212	6,012,110	5,735,985	
Total Office of Management and Finance	39,812,528	40,913,389	37,924,872	2,988,517
Special Appropriations				
Personal services	464,349	534,638	460,658	
External materials and services	11,770,822	11,273,579	10,107,770	
Internal materials and services	166,805	252,906	216,992	
Total Special Appropriations	12,401,976	12,061,123	10,785,420	1,275,703
Total Office of Management and Finance	52,214,504	52,974,512	48,710,292	4,264,220

City of Portland, Oregon
General Fund by Function, Continued
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	1,865,190	1,738,440	1,679,564	
External materials and services	791,833	771,833	699,489	
Internal materials and services	479,664	529,529	501,914	
Total Office of the Mayor	<u>3,136,687</u>	<u>3,039,802</u>	<u>2,880,967</u>	<u>158,835</u>
Commissioner of Public Affairs				
Personal services	1,201,357	1,238,857	1,203,905	
External materials and services	552,833	623,755	572,908	
Internal materials and services	202,237	224,237	211,242	
Total Commissioner of Public Affairs	<u>1,956,427</u>	<u>2,086,849</u>	<u>1,988,055</u>	<u>98,794</u>
Commissioner of Public Safety				
Personal services	859,061	789,061	763,565	
External materials and services	41,380	61,380	45,792	
Internal materials and services	175,964	205,964	183,926	
Total Commissioner of Public Safety	<u>1,076,405</u>	<u>1,056,405</u>	<u>993,283</u>	<u>63,122</u>
Commissioner of Public Utilities				
Personal services	822,546	822,546	743,981	
External materials and services	79,598	79,572	12,530	
Internal materials and services	177,858	192,858	179,221	
Total Commissioner of Public Utilities	<u>1,080,002</u>	<u>1,094,976</u>	<u>935,732</u>	<u>159,244</u>
Commissioner of Public Works				
Personal services	863,489	858,489	781,154	
External materials and services	34,780	34,780	6,707	
Internal materials and services	177,855	182,855	173,314	
Total Commissioner of Public Works	<u>1,076,124</u>	<u>1,076,124</u>	<u>961,175</u>	<u>114,949</u>
Total Legislative/ Admin/ Support Services	<u>86,799,756</u>	<u>87,289,979</u>	<u>81,481,873</u>	<u>5,808,106</u>
Nondepartmental				
General operating contingencies	5,646,986	10,848,331	-	10,848,331
Debt service and related costs:				
Principal	6,452,691	6,452,691	6,458,094	
Interest	2,735,391	2,735,391	2,533,823	
Total debt service and related costs	<u>9,188,082</u>	<u>9,188,082</u>	<u>8,991,917</u>	<u>196,165</u>
Total expenditures	<u>549,456,551</u>	<u>563,481,158</u>	<u>532,837,034</u>	<u>30,644,124</u>
Revenues over (under) expenditures	<u>(5,067,641)</u>	<u>(15,322,568)</u>	<u>37,578,446</u>	<u>52,901,014</u>

City of Portland, Oregon
General Fund by Function, Continued
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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 fund overhead	28,065,779	28,065,779	28,065,779	-
Emergency Communication	-	137,221	137,221	-
Bancroft Bond Interest and Sinking Water	1,700,000	1,700,000	1,700,000	-
Hydroelectric Power Operating	-	12,792	12,792	-
Parking Facilities	200,000	-	-	-
Spectator Facilities Operating	292,970	292,970	292,970	-
Technology Services	21,463	21,463	21,463	-
Fire and Police Disability and Retirement	291,746	291,746	-	(291,746)
	-	156,364	156,364	-
Total transfers from other funds	<u>30,571,958</u>	<u>30,678,335</u>	<u>30,386,589</u>	<u>(291,746)</u>
Transfers to other funds:				
Transportation Operating	(14,633,349)	(18,247,349)	(18,247,349)	-
Emergency Communication	(14,501,359)	(14,501,359)	(14,501,359)	-
Development Services	(2,117,744)	(2,117,744)	(2,117,744)	-
General Reserve	(3,000,000)	(3,000,000)	(3,000,000)	-
Housing Investment	(1,200,000)	(1,200,000)	(1,200,000)	-
Portland Parks Memorial	(64,318)	(64,318)	(64,318)	-
Pension Debt Redemption	(1,610,494)	(1,610,494)	(1,610,494)	-
Governmental Bond Redemption	(2,433,719)	(2,433,719)	(2,433,719)	-
Local Improvement District	(500,000)	(500,000)	(500,000)	-
Parks Capital Improvement Program	(5,707,450)	(8,807,450)	(8,807,450)	-
Sewer System Operating	(968,866)	(968,866)	(968,866)	-
Water	(843,000)	(843,000)	(843,000)	-
Golf	-	(800,000)	(800,000)	-
Facilities Services Operating	(4,963,812)	(4,417,059)	(4,417,059)	-
Fire and Police Supplemental Retirement Reserve	-	(6,344)	(6,344)	-
Total transfers to other funds	<u>(52,544,111)</u>	<u>(59,517,702)</u>	<u>(59,517,702)</u>	<u>-</u>
Sale of capital asset	-	-	5,463	5,463
Total other financing sources (uses)	<u>(21,972,153)</u>	<u>(28,839,367)</u>	<u>(29,125,650)</u>	<u>(286,283)</u>
Net change in fund balance	(27,039,794)	(44,161,935)	8,452,796	52,614,731
Fund balance -- beginning	<u>27,039,794</u>	<u>44,161,935</u>	<u>44,155,972</u>	<u>(5,963)</u>
Fund balance -- ending	<u>\$ -</u>	<u>\$ -</u>	<u>52,608,768</u>	<u>\$ 52,608,768</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Reserve fund budgeted as separate fund			58,916,535	
Loans receivable, net			375,880	
Unrealized gain on investments			(219,573)	
Inventories			252,251	
Fund balance - GAAP basis			<u>\$ 111,933,861</u>	



Rose Garden fountain

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.

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 and renewed in 2013. 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.

Grants Fund

This fund accounts for the receipts and expenditures of federal as well as state, local, and private sources.

Community Development Block Grant 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 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.

Arts Education and Access Fund

The purpose of this fund is to collect and disburse revenues to school districts located in the City and the Regional Arts and Culture Council in accordance with their respective intergovernmental agreement or contract.

Community Solar Fund

This fund was created to support the Solar Forward Program in the Bureau of Planning and Sustainability. The purpose is to track and account for revenues and capital expenses for the installation of solar electric systems on publicly-owned facilities.

Continued on back

Special Revenue Funds Budget and Actual

Inclusionary Housing Fund

This fund tracks the receipts from the City's Construction Excise Tax that funds affordable housing initiatives as identified in City Code. The fund also tracks revenue and expenditures associated with the Inclusionary Housing Program.

Housing Property Fund

The purpose of this fund is to track the operating income and expenses associated with multi-family housing property operations.

Recreational Marijuana Tax Fund

The purpose of this fund is to receive the revenues from a three percent tax on recreational marijuana sales in the City of Portland, and to provide funding per City Code.

City of Portland, Oregon
Assessment Collection Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other:				
Assessments	\$ 200	\$ 200	\$ -	
Investment earnings	750	750	871	
Total other	<u>950</u>	<u>950</u>	<u>871</u>	<u>(79)</u>
Total revenues	<u>950</u>	<u>950</u>	<u>871</u>	<u>(79)</u>
EXPENDITURES				
General operating contingencies	<u>79,539</u>	<u>79,539</u>	<u>-</u>	<u>79,539</u>
Revenues over (under) expenditures	<u>(78,589)</u>	<u>(78,589)</u>	<u>871</u>	<u>(79,460)</u>
Net change in fund balance	<u>(78,589)</u>	<u>(78,589)</u>	<u>871</u>	<u>79,460</u>
Fund balance - beginning	<u>78,589</u>	<u>78,589</u>	<u>78,789</u>	<u>200</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>79,660</u>	<u>\$ 79,660</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(169)</u>	
Fund balance - GAAP basis			<u>\$ 79,491</u>	

City of Portland, Oregon
Emergency Communication Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Charges for services:				
Other service charges	\$ 349,000	\$ 349,000	\$ 387,912	\$ 38,912
Intergovernmental:				
State revenue sharing	3,000,000	3,000,000	3,758,354	
Local cost sharing	4,784,545	4,843,491	3,762,515	
Total intergovernmental	7,784,545	7,843,491	7,520,869	(322,622)
Other:				
Investment earnings	10,000	10,000	20,549	
Miscellaneous	-	-	21,300	
Total others	10,000	10,000	41,849	31,849
Total revenues	8,143,545	8,202,491	7,950,630	(251,861)
EXPENDITURES				
Current:				
Personal services	16,222,467	16,067,433	15,288,365	
External materials and services	819,511	1,565,511	1,231,260	
Internal materials and services	4,498,227	5,253,227	5,071,878	
Total current expenditures	21,540,205	22,886,171	21,591,503	1,294,668
General operating contingencies	1,075,736	540,449	-	540,449
Debt service and related costs:				
Principal	1,298,208	1,298,208	1,298,208	
Interest	114,333	114,333	109,485	
Total debt service and related costs	1,412,541	1,412,541	1,407,693	4,848
Total expenditures	24,028,482	24,839,161	22,999,196	1,839,965
Revenues over (under) expenditures	(15,884,937)	(16,636,670)	(15,048,566)	1,588,104
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	14,501,359	14,501,359	14,501,359	-
General Reserve	1,180,400	1,180,400	1,180,400	-
Total transfers from other funds	15,681,759	15,681,759	15,681,759	-
Transfers to other funds:				
General Fund Overhead	(841,974)	(841,974)	(841,974)	-
General	-	(137,221)	(137,221)	-
Pension Debt Redemption	(40,734)	(40,734)	(40,734)	-
Total transfers to other funds	(882,708)	(1,019,929)	(1,019,929)	-
Total other financing sources (uses)	14,799,051	14,661,830	14,661,830	-
Net change in fund balance	(1,085,886)	(1,974,840)	(386,736)	1,588,104
Fund balance - beginning	1,085,886	1,974,840	1,973,782	(1,058)
Fund balance - ending	\$ -	\$ -	1,587,046	\$ 1,587,046
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(203)	
Fund balance - GAAP basis			\$ 1,586,843	

City of Portland, Oregon
Development Services Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Licenses and permits:				
Construction permits	\$ 36,656,620	\$ 40,078,698	\$ 45,530,978	
Other permits	626,329	626,329	782,859	
Total licenses and permits	<u>37,282,949</u>	<u>40,705,027</u>	<u>46,313,837</u>	<u>5,608,810</u>
Charges for services				
Inspection fees	1,507,188	1,507,188	2,669,003	
Parking fees	-	-	266	
Other service charges	14,401,910	15,572,775	16,100,186	
Total charges for services	<u>15,909,098</u>	<u>17,079,963</u>	<u>18,769,455</u>	<u>1,689,492</u>
Billings to other funds for services	<u>1,116,021</u>	<u>1,143,386</u>	<u>1,092,472</u>	<u>(50,914)</u>
Other:				
Assessments	3,459,447	4,409,447	3,767,908	
Investment earnings	-	192,967	1,509,748	
Miscellaneous	-	-	7,049	
Total other	<u>3,459,447</u>	<u>4,602,414</u>	<u>5,284,705</u>	<u>682,291</u>
Total revenues	<u>57,767,515</u>	<u>63,530,790</u>	<u>71,460,469</u>	<u>7,929,679</u>
EXPENDITURES				
Current:				
Personal services	39,220,130	40,515,848	37,560,420	
External materials and services	2,887,657	5,587,657	5,513,316	
Internal materials and services	10,030,231	12,837,972	11,942,233	
Capital outlay	1,611,117	1,611,117	-	
Total current expenditures	<u>53,749,135</u>	<u>60,552,594</u>	<u>55,015,969</u>	<u>5,536,625</u>
General operating contingencies	<u>25,395,905</u>	<u>14,135,022</u>	<u>-</u>	<u>14,135,022</u>
Debt service and related costs:				
Principal	819,095	819,095	819,095	
Interest	345,957	345,957	321,624	
Total debt service and related costs	<u>1,165,052</u>	<u>1,165,052</u>	<u>1,140,719</u>	<u>24,333</u>
Total expenditures	<u>80,310,092</u>	<u>75,852,668</u>	<u>56,156,688</u>	<u>19,695,980</u>
Revenues over (under) expenditures	<u>(22,542,577)</u>	<u>(12,321,878)</u>	<u>15,303,781</u>	<u>27,625,659</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	2,117,744	2,117,744	2,117,744	-
Transfer to other fund:				
General Fund Overhead	(1,529,823)	(1,529,823)	(1,529,823)	-
Pension Debt Redemption	(204,434)	(204,434)	(204,434)	-
Total transfers to other funds	<u>(1,734,257)</u>	<u>(1,734,257)</u>	<u>(1,734,257)</u>	<u>-</u>
Internal loan proceeds	-	37,000,000	37,000,000	-
Internal loan remittances	-	(47,220,699)	(47,220,699)	-
Total other financing sources (uses)	<u>383,487</u>	<u>(9,837,212)</u>	<u>(9,837,212)</u>	<u>-</u>
Net change in fund balance	<u>(22,159,090)</u>	<u>(22,159,090)</u>	<u>5,466,569</u>	<u>27,625,659</u>
Fund balance - beginning	<u>62,159,090</u>	<u>62,159,090</u>	<u>71,166,201</u>	<u>9,007,111</u>
Fund balance - ending	<u>\$ 40,000,000</u>	<u>\$ 40,000,000</u>	<u>76,632,770</u>	<u>\$ 36,632,770</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Internal loans receivable			10,220,699	
Unrealized gain (loss) on investments			(160,221)	
Fund balance - GAAP basis			<u>\$ 86,693,248</u>	

City of Portland, Oregon
Property Management License Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 5,483,450	\$ 5,503,450	\$ 5,295,617	\$ (207,833)
Other:				
Investment earnings	2,275	4,950	5,051	101
Total revenues	<u>5,485,725</u>	<u>5,508,400</u>	<u>5,300,668</u>	<u>(207,732)</u>
EXPENDITURES				
Current:				
External materials and services	5,392,157	5,438,332	5,207,674	
Internal materials and services	68,568	45,068	42,395	
Total current expenditures	<u>5,460,725</u>	<u>5,483,400</u>	<u>5,250,069</u>	<u>233,331</u>
Total expenditures	<u>5,460,725</u>	<u>5,483,400</u>	<u>5,250,069</u>	<u>233,331</u>
Revenues over (under) expenditures	<u>25,000</u>	<u>25,000</u>	<u>50,599</u>	<u>25,599</u>
Transfers to other funds:				
General Fund Overhead	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balance	-	-	25,599	25,599
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>14,567</u>	<u>14,567</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>40,166</u>	<u>\$ 40,166</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(83)</u>	
Fund balance - GAAP basis			<u>\$ 40,083</u>	

City of Portland, Oregon
Convention and Tourism Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes:				
Lodging	\$ 19,269,000	\$ 19,272,000	\$ 17,933,744	\$ (1,338,256)
Other:				
Investment earnings	20,000	17,000	16,328	(672)
Total revenues	<u>19,289,000</u>	<u>19,289,000</u>	<u>17,950,072</u>	<u>(1,338,928)</u>
EXPENDITURES				
Current:				
External materials and services	19,002,940	19,046,112	17,601,273	
Internal materials and services	322,266	353,104	340,671	
Total current expenditures	<u>19,325,206</u>	<u>19,399,216</u>	<u>17,941,944</u>	<u>1,457,272</u>
Total expenditures	<u>19,325,206</u>	<u>19,399,216</u>	<u>17,941,944</u>	<u>1,457,272</u>
Revenues over (under) expenditures	<u>(36,206)</u>	<u>(110,216)</u>	<u>8,128</u>	<u>118,344</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General Fund Overhead	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balance	(61,206)	(135,216)	(16,872)	118,344
Fund balance - beginning	<u>61,206</u>	<u>135,216</u>	<u>135,216</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>118,344</u>	<u>\$ 118,344</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(953)</u>	
Fund balance - GAAP basis			<u>\$ 117,391</u>	

City of Portland, Oregon
General Reserve Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Other:				
Investment earnings	\$ 380,000	\$ 380,000	\$ 601,760	\$ 221,760
EXPENDITURES				
Current:				
General operating contingencies	58,582,589	58,582,589	-	58,582,589
Revenues over (under) expenditures	(58,202,589)	(58,202,589)	601,760	58,804,349
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
General	3,000,000	3,000,000	3,000,000	-
Transfers to other funds:				
Emergency Communication	(1,180,400)	(1,180,400)	(1,180,400)	-
Internal loan proceeds	225,000	225,000	-	(225,000)
Total other financing sources (uses)	2,044,600	2,044,600	1,819,600	(225,000)
Net change in fund balance	(56,157,989)	(56,157,989)	2,421,360	58,579,349
Fund balance - beginning	56,157,989	56,157,989	56,495,175	337,186
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	58,916,535	<u>\$ 58,916,535</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
General Reserve Fund budgeted as separate fund - to General Fund			<u>(58,916,535)</u>	
Fund balance - GAAP basis			<u>\$ -</u>	

City of Portland, Oregon
Transportation Reserve Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Other:				
Investment earnings	\$ 25,000	\$ 25,000	\$ 59,640	\$ 34,640
Total revenues	25,000	25,000	59,640	34,640
EXPENDITURES				
Current:				
General operating contingencies	5,873,460	5,873,460	-	5,873,460
Total expenditures	5,873,460	5,873,460	-	5,873,460
Revenues over (under) expenditures	(5,848,460)	(5,848,460)	59,640	5,908,100
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
Transportation Operating	700,000	700,000	700,000	-
Net change in fund balance	(5,148,460)	(5,148,460)	759,640	5,908,100
Fund balance - beginning	5,148,460	5,148,460	5,186,886	38,426
Fund balance - ending	\$ -	\$ -	5,946,526	\$ 5,946,526
Adjustment to generally accepted accounting principles (GAAP) basis:				
Transportation Reserve Fund budgeted as separate fund - to Transportation Operating Fund			(5,946,526)	
Fund balance - GAAP basis			\$ -	

City of Portland, Oregon
Housing Investment Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Charges for services:				
Rents and reimbursements	\$ -	\$ -	\$ 5,168	
Other service charges	541,800	618,351	563,022	
Total charges for services	<u>541,800</u>	<u>618,351</u>	<u>568,190</u>	\$ (50,161)
Intergovernmental:				
Multnomah County cost sharing	-	-	5,020,000	
Local cost sharing	-	2,600,000	-	
Local revenue sharing	217,500	217,500	345,588	
Total intergovernmental	<u>217,500</u>	<u>2,817,500</u>	<u>5,365,588</u>	<u>2,548,088</u>
Other:				
Loan repayments	400,000	2,910,000	4,842,000	
Investment earnings	241,594	213,594	279,025	
Total other	<u>641,594</u>	<u>3,123,594</u>	<u>5,121,025</u>	<u>1,997,431</u>
Total revenues	<u>1,400,894</u>	<u>6,559,445</u>	<u>11,054,803</u>	<u>4,495,358</u>
EXPENDITURES				
Current:				
Personal services	1,026,460	1,105,210	984,486	
External materials and services	17,201,717	3,058,672	2,315,456	
Internal materials and services	31,000	450	31,000	
Total current expenditures	<u>18,259,177</u>	<u>4,164,332</u>	<u>3,330,942</u>	<u>833,390</u>
General operating contingencies	<u>67,445</u>	<u>2,142,345</u>	<u>-</u>	<u>2,142,345</u>
Debt service and related costs:				
Principal	720,000	-	-	-
Interest	480,000	-	-	-
Total debt service and related costs	<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>19,526,622</u>	<u>6,306,677</u>	<u>3,330,942</u>	<u>2,975,735</u>
Revenues over (under) expenditures	<u>(18,125,728)</u>	<u>252,768</u>	<u>7,723,861</u>	<u>7,471,093</u>

City of Portland, Oregon
Housing Investment Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<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)				
Transfer from other fund:				
General	1,200,000	1,200,000	1,200,000	-
Transfers to other funds:				
General Fund Overhead	(52,361)	(52,361)	(52,361)	-
Tax Increment Reimbursement	-	(190,000)	(190,000)	-
Inclusionary Housing	-	(198,992)	(198,992)	-
Housing Property	-	(1,200,000)	(1,200,000)	-
Housing Capital	-	(305,000)	(305,000)	-
Total transfers to other funds	<u>(52,361)</u>	<u>(1,946,353)</u>	<u>(1,946,353)</u>	<u>-</u>
Loans issued	14,400,000	-	-	-
Total other financing sources (uses)	<u>15,547,639</u>	<u>(746,353)</u>	<u>(746,353)</u>	<u>-</u>
Net change in fund balance	(2,578,089)	(493,585)	6,977,508	7,471,093
Fund balance - beginning	2,578,089	493,585	5,643,430	5,149,845
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	12,620,938	<u>\$ 12,620,938</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(26,751)	
Notes and loans receivable, net			<u>6,395,090</u>	
Fund balance - GAAP basis			<u>\$ 18,989,277</u>	

**City of Portland, Oregon
Parks Local Option Levy Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017**

	<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	\$ 500	\$ 500	\$ 768	\$ 268
Other:				
Investment earnings	2,000	2,000	7,022	5,022
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>7,790</u>	<u>5,290</u>
EXPENDITURES				
Current:				
External materials and services	652,480	652,480	-	
Revenues over (under) expenditures	<u>(649,980)</u>	<u>(649,980)</u>	7,790	657,770
OTHER FINANCING SOURCES (USES)				
Transfer to other fund:				
General Fund Overhead	<u>(22,536)</u>	<u>(22,536)</u>	<u>(22,536)</u>	-
Net change in fund balance	(672,516)	(672,516)	(14,746)	657,770
Fund balance - beginning	<u>672,516</u>	<u>672,516</u>	<u>673,877</u>	<u>1,361</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	659,131	<u>\$ 659,131</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(1,395)</u>	
Fund balance - GAAP basis			<u>\$ 657,736</u>	

**City of Portland, Oregon
Children's Investment Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017**

	<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	\$ 16,961,705	\$ 16,961,705	\$ 17,620,714	
Prior year property	268,924	268,924	176,491	
Total taxes	<u>17,230,629</u>	<u>17,230,629</u>	<u>17,797,205</u>	<u>\$ 566,576</u>
Other:				
Investment earnings	-	-	112,168	112,168
Total revenues	<u>17,230,629</u>	<u>17,230,629</u>	<u>17,909,373</u>	<u>678,744</u>
EXPENDITURES				
Current:				
Personal services	580,562	580,562	554,579	
External materials and services	18,092,890	18,092,890	14,645,928	
Internal materials and services	49,474	49,474	59,613	
Total current expenditures	<u>18,722,926</u>	<u>18,722,926</u>	<u>15,260,120</u>	<u>3,462,806</u>
General operating contingencies	<u>2,332,703</u>	<u>2,332,703</u>	-	<u>2,332,703</u>
Total expenditures	<u>21,055,629</u>	<u>21,055,629</u>	<u>15,260,120</u>	<u>5,795,509</u>
Revenues over (under) expenditures	<u>(3,825,000)</u>	<u>(3,825,000)</u>	<u>2,649,253</u>	<u>6,474,253</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General Fund Overhead	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	-
Net change in fund balance	<u>(3,850,000)</u>	<u>(3,850,000)</u>	<u>2,624,253</u>	<u>6,474,253</u>
Fund balance - beginning	<u>3,850,000</u>	<u>3,850,000</u>	<u>4,400,514</u>	<u>550,514</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>7,024,767</u>	<u>\$ 7,024,767</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(23,005)</u>	
Fund balance - GAAP basis			<u>\$ 7,001,762</u>	

City of Portland, Oregon
Grants Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amount</u>	
REVENUES				
Intergovernmental:				
Grant revenue	\$ 41,442,637	\$ 39,086,761	\$ 14,600,973	\$ (24,485,788)
Service charges and fees:				
Other service charges	-	-	2	2
Other:				
Loan repayments	-	-	443	
Investment earnings	-	-	26,945	
Total other	-	-	27,388	27,388
Total revenues	<u>41,442,637</u>	<u>39,086,761</u>	<u>14,628,363</u>	<u>(24,458,398)</u>
EXPENDITURES				
Current:				
Personal services	8,274,913	9,992,236	4,512,005	
External materials and services	7,985,918	11,813,900	6,140,952	
Internal materials and services	5,184,522	4,924,126	2,434,415	
Capital outlay	<u>19,997,284</u>	<u>13,510,701</u>	<u>5,071,920</u>	
Total current expenditures	<u>41,442,637</u>	<u>40,240,963</u>	<u>18,159,292</u>	<u>22,081,671</u>
Revenues over (under) expenditures	<u>-</u>	<u>(1,154,202)</u>	<u>(3,530,929)</u>	<u>(2,376,727)</u>
OTHER FINANCING SOURCES (USES)				
Internal loan proceeds	-	-	8,000,000	8,000,000
Internal loan remittances	<u>(9,500,000)</u>	<u>(9,500,000)</u>	<u>(4,500,000)</u>	<u>5,000,000</u>
Total other financing sources (uses)	<u>(9,500,000)</u>	<u>(9,500,000)</u>	<u>3,500,000</u>	<u>13,000,000</u>
Net change in fund balance	(9,500,000)	(10,654,202)	(30,929)	10,623,273
Fund balance - beginning	<u>9,500,000</u>	<u>10,654,202</u>	<u>500,843</u>	<u>(10,153,359)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	469,914	<u>\$ 469,914</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Notes and loans receivable, net			498,414	
Internal loans payable			<u>(8,000,000)</u>	
Fund balance (deficit) - GAAP basis			<u>\$ (7,031,672)</u>	

City of Portland, Oregon
Community Development Block Grant Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Charges for services:				
Other service charges	\$ -	\$ -	\$ 8,370	\$ 8,370
Intergovernmental:				
Grants	10,340,779	12,182,161	7,006,629	(5,175,532)
Other:				
Assessments	-	-	814	
Investment earnings	390,000	390,000	514,004	
Loan repayments	760,000	760,000	1,468,059	
Total other	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,982,877</u>	<u>832,877</u>
Total revenues	<u>11,490,779</u>	<u>13,332,161</u>	<u>8,997,876</u>	<u>(4,334,285)</u>
EXPENDITURES				
Current:				
Personal services	1,406,567	1,411,271	1,342,040	
External materials and services	9,014,597	10,851,275	6,296,597	
Internal materials and services	342,615	342,615	333,607	
Total current expenditures	<u>10,763,779</u>	<u>12,605,161</u>	<u>7,972,244</u>	<u>4,632,917</u>
Debt service and related costs:				
Principal	567,000	567,000	430,000	
Interest	160,000	160,000	296,268	
Total debt service and related costs	<u>727,000</u>	<u>727,000</u>	<u>726,268</u>	<u>732</u>
Total expenditures	<u>11,490,779</u>	<u>13,332,161</u>	<u>8,698,512</u>	<u>4,633,649</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>299,364</u>	<u>299,364</u>
OTHER FINANCING SOURCES (USES)				
Internal loan remittances	(150,000)	(150,000)	-	150,000
Net change in fund balance	(150,000)	(150,000)	299,364	449,364
Fund balance - beginning	150,000	150,000	295,984	145,984
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	595,348	<u>\$ 595,348</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Notes and loans receivable, net			<u>12,818,496</u>	
Fund balance - GAAP basis			<u>\$ 13,413,844</u>	

City of Portland, Oregon
HOME Grant Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Charges for services:				
Other service charges	\$ -	\$ -	\$ 1,098	\$ 1,098
Intergovernmental:				
Grants	3,887,982	4,310,178	3,917,464	(392,714)
Other:				
Loan repayments	272,000	272,000	269,181	
Investment earnings	128,000	128,000	140,385	
Total other	400,000	400,000	409,566	9,566
Total revenues	4,287,982	4,710,178	4,328,128	(382,050)
EXPENDITURES				
Current:				
Personal services	359,021	359,021	313,260	
External materials and services	3,928,961	4,351,157	4,050,230	
Total current expenditures	4,287,982	4,710,178	4,363,490	346,688
Total expenditures	4,287,982	4,710,178	4,363,490	346,688
Revenues over (under) expenditures	-	-	(35,362)	(35,362)
OTHER FINANCING SOURCES (USES)				
Internal loan remittances	(75,000)	(75,000)	-	75,000
Net change in fund balance	(75,000)	(75,000)	(35,362)	39,638
Fund balance - beginning	75,000	75,000	163,224	88,224
Fund balance - ending	\$ -	\$ -	127,862	\$ 127,862
Adjustment to generally accepted accounting principles (GAAP) basis:				
Notes and loans receivable, net			5,180,985	
Fund balance - GAAP basis			\$ 5,308,847	

City of Portland, Oregon
Portland Parks Memorial Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ -	\$ -	\$ 711,620	\$ 711,620
Charges for services:				
Rents and reimbursements	-	-	379,030	
Parking fees	2,826,112	2,826,112	2,838,311	
Parks and recreation facilities fees	75,000	75,000	12,623	
Other service charges	-	-	57,650	
Total charges for services	<u>2,901,112</u>	<u>2,901,112</u>	<u>3,287,614</u>	<u>386,502</u>
Other:				
Donations	541,287	820,087	679,078	
Investment earnings	40,672	40,672	84,101	
Miscellaneous	-	200,000	110,626	
Total other	<u>581,959</u>	<u>1,060,759</u>	<u>873,805</u>	<u>(186,954)</u>
Total revenues	<u>3,483,071</u>	<u>3,961,871</u>	<u>4,873,039</u>	<u>911,168</u>
EXPENDITURES				
Current:				
Personal services	1,703,625	1,577,743	940,504	
External materials and services	5,341,417	4,678,759	158,663	
Internal materials and services	1,595,822	2,030,870	2,015,545	
Capital outlay	-	1,200,000	-	
Total current expenditures	<u>8,640,864</u>	<u>9,487,372</u>	<u>3,114,712</u>	<u>6,372,660</u>
General operating contingencies	<u>2,089,295</u>	<u>99,449</u>	<u>-</u>	<u>99,449</u>
Total expenditures	<u>10,730,159</u>	<u>9,586,821</u>	<u>3,114,712</u>	<u>6,472,109</u>
Revenues over (under) expenditures	<u>(7,247,088)</u>	<u>(5,624,950)</u>	<u>1,758,327</u>	<u>7,383,277</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
General	64,318	64,318	64,318	-
Water	-	3,000	3,000	-
Total transfers from other funds	<u>64,318</u>	<u>67,318</u>	<u>67,318</u>	<u>-</u>
Transfer to other fund:				
Parks Capital Improvement Program	<u>(331,600)</u>	<u>(1,533,900)</u>	<u>(1,383,900)</u>	<u>150,000</u>
Total other financing sources (uses)	<u>(267,282)</u>	<u>(1,466,582)</u>	<u>(1,316,582)</u>	<u>150,000</u>
Net change in fund balance	<u>(7,514,370)</u>	<u>(7,091,532)</u>	<u>441,745</u>	<u>7,533,277</u>
Fund balance - beginning	<u>7,514,370</u>	<u>7,091,532</u>	<u>7,092,150</u>	<u>618</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>7,533,895</u>	<u>\$ 7,533,895</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(15,873)</u>	
Fund balance - GAAP basis			<u>\$ 7,518,022</u>	

City of Portland, Oregon
Tax Increment Reimbursement Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
Local cost sharing	\$ 73,729,886	\$ 56,860,632	\$ 46,115,841	\$ (10,744,791)
Charges for services:				
Rents and reimbursements	-	779,856	911,238	
Other service charges	-	9,400	13,312	
Total charges for services	-	789,256	924,550	135,294
Other:				
Loan repayments	2,952,186	4,069,554	4,939,599	
Investment earnings	249,709	273,709	900,997	
Total others	3,201,895	4,343,263	5,840,596	1,497,333
Total revenues	76,931,781	61,993,151	52,880,987	(9,112,164)
EXPENDITURES				
Current:				
Personal services	2,918,224	3,050,701	2,695,129	
External materials and services	80,751,141	37,583,611	25,723,845	
Internal materials and services	1,086,705	1,101,705	1,145,306	
Capital outlay	-	20,928,156	20,745,411	
Total current	84,756,070	62,664,173	50,309,691	12,354,482
General operating contingencies	-	75,000	-	75,000
Total expenditures	84,756,070	62,739,173	50,309,691	12,429,482
Revenues over (under) expenditures	(7,824,289)	(746,022)	2,571,296	3,317,318
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Housing Investment	-	190,000	190,000	-
Transfers to other funds:				
General Fund Overhead	(463,251)	(463,251)	(463,251)	-
Total other financing sources (uses)	(463,251)	(273,251)	(273,251)	-
Net change in fund balance	(8,287,540)	(1,019,273)	2,298,045	3,317,318
Fund balance - beginning	8,287,540	1,019,273	19,732,864	18,713,591
Fund balance - ending	\$ -	\$ -	22,030,909	\$ 22,030,909
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(27,064)	
Notes and loans receivable, net			47,043,407	
Fund balance - GAAP basis			\$ 69,047,252	

City of Portland, Oregon
Police Special Revenue Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 250,000	\$ 750,000	\$ 874,178	
State revenue sharing	25,000	155,570	163,682	
Multnomah County cost sharing	604,930	604,930	541,791	
Local revenue sharing	1,909	16,909	94,113	
Local cost sharing	917,898	917,898	930,570	
	<u>1,799,737</u>	<u>2,445,307</u>	<u>2,604,334</u>	<u>159,027</u>
Other:				
Donations	24,500	24,500	110,981	
Investment earnings	5,900	5,900	54,244	
	<u>30,400</u>	<u>30,400</u>	<u>165,225</u>	<u>134,825</u>
	<u>1,830,137</u>	<u>2,475,707</u>	<u>2,769,559</u>	<u>293,852</u>
EXPENDITURES				
Current:				
Personal services	219,415	219,415	232,151	
External materials and services	4,016,052	5,533,895	987,600	
Internal materials and services	784,364	566,609	530,934	
	<u>5,019,831</u>	<u>6,319,919</u>	<u>1,750,685</u>	<u>4,569,234</u>
General operating contingencies	7,000	7,000	-	7,000
	<u>5,026,831</u>	<u>6,326,919</u>	<u>1,750,685</u>	<u>4,576,234</u>
Net change in fund balance	(3,196,694)	(3,851,212)	1,018,874	4,870,086
Fund balance - beginning	3,196,694	3,851,212	3,850,584	(628)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	4,869,458	<u>\$ 4,869,458</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(11,651)	
Fund balance - GAAP basis			<u>\$ 4,857,807</u>	

City of Portland, Oregon
Arts Education and Access Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes:				
Miscellaneous	\$ 10,494,000	\$ 12,490,000	\$ 12,063,112	\$ (426,888)
Other:				
Investment earnings	35,000	70,000	78,414	8,414
Total revenues	<u>10,529,000</u>	<u>12,560,000</u>	<u>12,141,526</u>	<u>(418,474)</u>
EXPENDITURES				
Current:				
External materials and services	10,100,000	10,724,938	10,296,293	
Internal materials and services	907,512	1,022,512	1,007,523	
Total current expenditures	<u>11,007,512</u>	<u>11,747,450</u>	<u>11,303,816</u>	<u>443,634</u>
General operating contingencies	6,060,478	8,711,478	-	8,711,478
Total expenditures	<u>17,067,990</u>	<u>20,458,928</u>	<u>11,303,816</u>	<u>9,155,112</u>
Revenues over (under) expenditures	<u>(6,538,990)</u>	<u>(7,898,928)</u>	<u>837,710</u>	<u>8,736,638</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General Fund Overhead	(25,000)	(25,000)	(25,000)	-
Net change in fund balance	(6,563,990)	(7,923,928)	812,710	8,736,638
Fund balance - beginning	6,563,990	7,933,928	7,933,928	-
Fund balance - ending	<u>\$ -</u>	<u>\$ 10,000</u>	8,746,638	<u>\$ 8,736,638</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(18,739)	
Fund balance - GAAP basis			<u>\$ 8,727,899</u>	

**City of Portland, Oregon
Community Solar Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ -	\$ -	\$ 519	
Miscellaneous	12,600	12,600	8,898	
Total other	<u>12,600</u>	<u>12,600</u>	<u>9,417</u>	<u>\$ (3,183)</u>
EXPENDITURES				
Current:				
External materials and services	12,484	12,484	8	12,476
Revenues over (under) expenditures	<u>116</u>	<u>116</u>	<u>9,409</u>	<u>9,293</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General Fund Overhead	(116)	(116)	(116)	-
Net change in fund balance	-	-	9,293	9,293
Fund balance - beginning	-	-	43,912	43,912
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	53,205	<u>\$ 53,205</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(113)</u>	
Fund balance - GAAP basis			<u>\$ 53,092</u>	

**City of Portland, Oregon
Inclusionary Housing Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Miscellaneous	\$ -	\$ 2,688,000	\$ 1,824,101	\$ (863,899)
Charges for services:				
Other service charges	-	401,008	-	(401,008)
Other:				
Investment earnings	-	-	4,201	4,201
Total revenues	<u>-</u>	<u>3,089,008</u>	<u>1,828,302</u>	<u>(1,260,706)</u>
EXPENDITURES				
Current:				
Personal services	-	166,026	150,818	
External materials and services	-	1,569,100	20,796	
Internal materials and services	-	9,466	7,704	
Total current	<u>-</u>	<u>1,744,592</u>	<u>179,318</u>	<u>1,565,274</u>
General operating contingencies	-	1,543,408	-	1,543,408
Total expenditures	<u>-</u>	<u>3,288,000</u>	<u>179,318</u>	<u>3,108,682</u>
Revenues over (under) expenditures	<u>-</u>	<u>(198,992)</u>	<u>1,648,984</u>	<u>1,847,976</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Housing Investment	-	198,992	198,992	-
Total other financing sources (uses)	<u>-</u>	<u>198,992</u>	<u>198,992</u>	<u>-</u>
Net change in fund balance	-	-	1,847,976	1,847,976
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>1,847,976</u>	<u>\$ 1,847,976</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(3,975)</u>	
Fund balance - GAAP basis			<u>\$ 1,844,001</u>	

City of Portland, Oregon
Housing Property Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Local cost sharing	\$ -	\$ -	\$ 305,391	\$ 305,391
Charges for services:				
Rents and reimbursements	-	3,101,995	2,081,397	(1,020,598)
Other:				
Investment earnings	-	-	(8,346)	
Miscellaneous	-	-	32,356	
Total other	-	-	24,010	24,010
Total revenues	-	3,101,995	2,410,798	(691,197)
EXPENDITURES				
Current:				
Personal services	-	31,292	7,310	
External materials and services	-	1,734,189	823,358	
Internal materials and services	-	30,550	30,541	
Capital outlay	-	110,527	-	
Total current	-	1,906,558	861,209	1,045,349
General operating contingencies	-	376,695	-	376,695
Debt service and related costs:				
Principal	-	760,769	330,000	
Interest	-	-	502,769	
Total debt service and related costs	-	760,769	832,769	(72,000)
Total expenditures	-	3,044,022	1,693,978	1,350,044
Revenues over (under) expenditures	-	57,973	716,820	658,847
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Housing Investment	-	1,200,000	1,200,000	-
Transfers to other funds:				
Parks Capital Improvement Program	-	(1,089,473)	(1,089,473)	-
Housing Capital	-	(168,500)	(162,245)	6,255
Total transfers to other funds	-	(1,257,973)	(1,251,718)	6,255
Total other financing sources (uses)	-	(57,973)	(51,718)	6,255
Net change in fund balance	-	-	665,102	665,102
Fund balance - beginning	-	-	1,298,103	1,298,103
Fund balance - ending	\$ -	\$ -	1,963,205	\$ 1,963,205
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized Gain (Loss) on investments			(3,805)	
Fund balance - GAAP basis			\$ 1,959,400	

**City of Portland, Oregon
Recreational Marijuana Tax Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Miscellaneous	\$ -	\$ 701,200	\$ 406,270	\$ (294,930)
Other:				
Investment earnings	-	2,000	2	(1,998)
Total revenues	<u>-</u>	<u>703,200</u>	<u>406,272</u>	<u>(296,928)</u>
EXPENDITURES				
Current:				
Internal materials and services	-	3,200	2,895	305
General operating contingencies	-	710,000	-	710,000
Total expenditures	<u>-</u>	<u>713,200</u>	<u>2,895</u>	<u>710,305</u>
Net change in fund balance	-	(10,000)	403,377	413,377
Fund balance - beginning	<u>1,175,000</u>	<u>1,395,759</u>	<u>-</u>	<u>(1,395,759)</u>
Fund balance - ending	<u>\$ 1,175,000</u>	<u>\$ 1,385,759</u>	403,377	<u>\$ (982,382)</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(856)</u>	
Fund balance - GAAP basis			<u>\$ 402,521</u>	

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 tax 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.

Governmental Bond Redemption Fund

This fund accounts for payment of principal and interest on capital lease bond and note obligations.

Continued on back

Debt Service Funds Budget and Actual

42nd Avenue Neighborhood Prosperity Initiative Debt Service Fund

This fund was established to account for the allocation of resources to pay indebtedness related to improvements in accordance with the urban renewal plan. Oregon Revised Statutes require that a separate fund be created for each urban renewal area.

Cully Boulevard Neighborhood Prosperity Initiative Debt Service Fund

This fund was established to account for the allocation of resources to pay indebtedness related to improvements in accordance with the urban renewal plan. Oregon Revised Statutes require that a separate fund be created for each urban renewal area.

Parkrose Neighborhood Prosperity Initiative Debt Service Fund

This fund was established to account for the allocation of resources to pay indebtedness related to improvements in accordance with the urban renewal plan. Oregon Revised Statutes require that a separate fund be created for each urban renewal area.

Rosewood Neighborhood Prosperity Initiative Debt Service Fund

This fund was established to account for the allocation of resources to pay indebtedness related to improvements in accordance with the urban renewal plan. Oregon Revised Statutes require that a separate fund be created for each urban renewal area.

Division-Midway Neighborhood Prosperity Initiative Debt Service Fund

This fund was established to account for the allocation of resources to pay indebtedness related to improvements in accordance with the urban renewal plan. Oregon Revised Statutes require that a separate fund be created for each urban renewal area.

82nd Avenue/Division Neighborhood Prosperity Initiative Debt Service Fund

This fund was established to account for the allocation of resources to pay indebtedness related to improvements in accordance with the urban renewal plan. Oregon Revised Statutes require that a separate fund be created for each urban renewal area.

City of Portland, Oregon
River District Urban Renewal Area Debt Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 32,383,992	\$ 32,383,992	\$ 35,961,120	
Prior year property	252,000	252,000	403,970	
Total taxes	<u>32,635,992</u>	<u>32,635,992</u>	<u>36,365,090</u>	<u>\$ 3,729,098</u>
Other:				
Investment earnings	115,975	115,975	256,096	140,121
Total revenues	<u>32,751,967</u>	<u>32,751,967</u>	<u>36,621,186</u>	<u>3,869,219</u>
EXPENDITURES				
Debt service and related costs:				
Principal	29,865,000	29,865,000	31,965,000	
Interest	5,049,523	5,637,227	3,176,270	
Total debt service and related costs	<u>34,914,523</u>	<u>35,502,227</u>	<u>35,141,270</u>	<u>360,957</u>
Net change in fund balance	(2,162,556)	(2,750,260)	1,479,916	4,230,176
Fund balance - beginning	<u>9,781,414</u>	<u>10,369,118</u>	<u>10,322,824</u>	<u>(46,294)</u>
Fund balance - ending	<u>\$ 7,618,858</u>	<u>\$ 7,618,858</u>	11,802,740	<u>\$ 4,183,882</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(24,037)</u>	
Fund balance - GAAP basis			<u>\$ 11,778,703</u>	

City of Portland, Oregon
Bonded Debt Interest and Sinking Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Current year property	\$ 14,161,160	\$ 14,161,160	\$ 14,262,240	
Prior year property	100,000	100,000	176,810	
Total taxes	<u>14,261,160</u>	<u>14,261,160</u>	<u>14,439,050</u>	<u>\$ 177,890</u>
Other:				
Investment earnings	<u>10,000</u>	<u>10,000</u>	<u>77,660</u>	<u>67,660</u>
Total revenues	<u>14,271,160</u>	<u>14,271,160</u>	<u>14,516,710</u>	<u>245,550</u>
EXPENDITURES				
Debt service and related costs:				
Principal	10,325,000	10,325,000	10,325,000	
Interest	<u>3,946,160</u>	<u>3,946,160</u>	<u>3,946,160</u>	
Total expenditures	<u>14,271,160</u>	<u>14,271,160</u>	<u>14,271,160</u>	<u>-</u>
Net change in fund balance	-	-	245,550	245,550
Fund balance - beginning	<u>200,000</u>	<u>200,000</u>	<u>565,328</u>	<u>365,328</u>
Fund balance - ending	<u>\$ 200,000</u>	<u>\$ 200,000</u>	810,878	<u>\$ 610,878</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(1,267)</u>	
Fund balance - GAAP basis			<u>\$ 809,611</u>	

City of Portland, Oregon
Downtown Waterfront Renewal Bond Sinking Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 8,374,535	\$ 8,374,535	\$ 8,592,526	
Prior year property	83,000	83,000	135,073	
Total taxes	<u>8,457,535</u>	<u>8,457,535</u>	<u>8,727,599</u>	<u>\$ 270,064</u>
Other:				
Investment earnings	<u>63,162</u>	<u>63,162</u>	<u>136,973</u>	<u>73,811</u>
Total revenues	<u>8,520,697</u>	<u>8,520,697</u>	<u>8,864,572</u>	<u>343,875</u>
EXPENDITURES				
Debt service and related costs:				
Principal	6,530,000	6,530,000	6,530,000	
Interest	<u>2,963,542</u>	<u>2,963,542</u>	<u>2,963,542</u>	
Total debt service and related costs	<u>9,493,542</u>	<u>9,493,542</u>	<u>9,493,542</u>	<u>-</u>
Net change in fund balance	(972,845)	(972,845)	(628,970)	343,875
Fund balance - beginning	<u>8,628,807</u>	<u>8,628,807</u>	<u>8,851,323</u>	<u>222,516</u>
Fund balance - ending	<u>\$ 7,655,962</u>	<u>\$ 7,655,962</u>	8,222,353	<u>\$ 566,391</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(17,111)</u>	
Fund balance - GAAP basis			<u>\$ 8,205,242</u>	

City of Portland, Oregon
Interstate Corridor Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 23,671,267	\$ 23,671,267	\$ 25,801,629	
Prior year property	167,000	167,000	279,475	
Total taxes	<u>23,838,267</u>	<u>23,838,267</u>	<u>26,081,104</u>	<u>\$ 2,242,837</u>
Other:				
Investment earnings	87,669	87,669	204,486	116,817
Total revenues	<u>23,925,936</u>	<u>23,925,936</u>	<u>26,285,590</u>	<u>2,359,654</u>
EXPENDITURES				
Debt service and related costs:				
Principal	24,184,848	24,614,511	22,125,000	
Interest	3,045,423	3,045,423	2,895,387	
Total expenditures	<u>27,230,271</u>	<u>27,659,934</u>	<u>25,020,387</u>	<u>2,639,547</u>
Revenues over (under) expenditures	<u>(3,304,335)</u>	<u>(3,733,998)</u>	<u>1,265,203</u>	<u>4,999,201</u>
OTHER FINANCING SOURCES (USES)				
Bonds and notes issued	-	-	8,017,000	8,017,000
Payments to refunded loan and bond escrow agent	-	-	(8,017,000)	(8,017,000)
Net change in fund balance	(3,304,335)	(3,733,998)	1,265,203	4,999,201
Fund balance - beginning	9,015,683	9,445,346	9,445,346	-
Fund balance - ending	<u>\$ 5,711,348</u>	<u>\$ 5,711,348</u>	10,710,549	<u>\$ 4,999,201</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(21,997)	
Fund balance - GAAP basis			<u>\$ 10,688,552</u>	

City of Portland, Oregon
Pension Debt Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 10,000	\$ 10,000	\$ 41,035	
Miscellaneous	787,521	787,521	763,786	
Total other	<u>797,521</u>	<u>797,521</u>	<u>804,821</u>	\$ 7,300
EXPENDITURES				
Debt service and related costs:				
Principal	3,325,002	3,325,002	3,325,000	
Interest	1,414,362	1,414,362	1,305,580	
Debt issuance costs	219,982	219,982	185,197	
Total debt service and related costs	<u>4,959,346</u>	<u>4,959,346</u>	<u>4,815,777</u>	143,569
Revenues over (under) expenditures	<u>(4,161,825)</u>	<u>(4,161,825)</u>	<u>(4,010,956)</u>	150,869
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	1,610,494	1,610,494	1,610,494	-
Transportation Operating	787,372	787,372	787,372	-
Emergency Communication	40,734	40,734	40,734	-
Development Services	204,434	204,434	204,434	-
Local Improvement District	14,582	14,582	14,582	-
Parks Capital Improvement Program	19,738	19,738	19,738	-
Sewer System Operating	559,574	559,574	559,574	-
Water	581,178	581,178	581,178	-
Hydroelectric Power Operating	4,288	4,288	4,288	-
Golf	35,043	35,043	35,043	-
Portland International Raceway	6,745	6,745	6,745	-
Solid Waste Management	10,882	10,882	10,882	-
Environmental Remediation	252	252	252	-
Health Insurance Operating	6,468	6,468	6,468	-
Facilities Services Operating	34,835	34,835	34,835	-
CityFleet Operating	81,860	81,860	81,860	-
Printing and Distribution Services Operating	27,741	27,741	27,741	-
Insurance and Claims Operating	15,286	15,286	15,286	-
Workers' Compensation Self Insurance Operating	14,299	14,299	14,299	-
Technology Services	97,293	97,293	97,293	-
Fire and Police Disability and Retirement	8,727	8,727	8,727	-
Total transfers from other funds	<u>4,161,825</u>	<u>4,161,825</u>	<u>4,161,825</u>	-
Total other financing sources (uses)	<u>4,161,825</u>	<u>4,161,825</u>	<u>4,161,825</u>	-
Net change in fund balance	-	-	150,869	150,869
Fund balance - beginning	750,000	750,000	1,987,026	1,237,026
Fund balance - ending	<u>\$ 750,000</u>	<u>\$ 750,000</u>	2,137,895	<u>\$ 1,387,895</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(4,511)	
Fund balance - GAAP basis			<u>\$ 2,133,384</u>	

City of Portland, Oregon
South Park Block Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 6,429,410	\$ 6,429,410	\$ 6,581,244	
Prior year property	62,000	62,000	102,013	
Total taxes	<u>6,491,410</u>	<u>6,491,410</u>	<u>6,683,257</u>	<u>\$ 191,847</u>
Other:				
Investment earnings	<u>98,726</u>	<u>98,726</u>	<u>136,163</u>	<u>37,437</u>
Total revenues	<u>6,590,136</u>	<u>6,590,136</u>	<u>6,819,420</u>	<u>229,284</u>
EXPENDITURES				
External materials and services	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Debt service and related costs:				
Principal	4,780,000	4,780,000	4,780,000	
Interest	<u>2,399,375</u>	<u>2,399,376</u>	<u>2,399,375</u>	
Total debt service and related costs	<u>7,179,375</u>	<u>7,179,376</u>	<u>7,179,375</u>	<u>1</u>
Total expenditures	<u>7,179,375</u>	<u>8,179,376</u>	<u>8,179,375</u>	<u>1</u>
Net change in fund balance	(589,239)	(1,589,240)	(1,359,955)	229,283
Fund balance - beginning	<u>9,674,835</u>	<u>9,674,835</u>	<u>9,861,515</u>	<u>186,680</u>
Fund balance - ending	<u>\$ 9,085,596</u>	<u>\$ 8,085,595</u>	8,501,560	<u>\$ 415,963</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(17,767)</u>	
Fund balance - GAAP basis			<u>\$ 8,483,793</u>	

City of Portland, Oregon
Airport Way Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 4,119,390	\$ 4,119,390	\$ 4,135,415	
Prior year property	48,000	48,000	78,369	
Total tax	<u>4,167,390</u>	<u>4,167,390</u>	<u>4,213,784</u>	<u>\$ 46,394</u>
Other:				
Investment earnings	<u>22,000</u>	<u>22,000</u>	<u>50,407</u>	<u>28,407</u>
Total revenues	<u>4,189,390</u>	<u>4,189,390</u>	<u>4,264,191</u>	<u>74,801</u>
EXPENDITURES				
Debt service and related costs:				
Principal	4,900,800	4,900,800	4,900,800	
Interest	<u>276,571</u>	<u>276,572</u>	<u>276,571</u>	
Total debt service and related costs	<u>5,177,371</u>	<u>5,177,372</u>	<u>5,177,371</u>	<u>1</u>
Net change in fund balance	(987,981)	(987,982)	(913,180)	74,800
Fund balance - beginning	<u>2,484,414</u>	<u>2,484,414</u>	<u>2,600,407</u>	<u>115,993</u>
Fund balance - ending	<u>\$ 1,496,433</u>	<u>\$ 1,496,432</u>	1,687,227	<u>\$ 190,793</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(3,416)</u>	
Fund balance - GAAP basis			<u>\$ 1,683,811</u>	

City of Portland, Oregon
Gas Tax Bond Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ -	\$ -	\$ 10,045	\$ 10,045
EXPENDITURES				
Debt service and related costs:				
Principal	1,553,000	1,553,000	1,553,000	
Interest	413,730	413,730	413,730	
Total debt service and related costs	<u>1,966,730</u>	<u>1,966,730</u>	<u>1,966,730</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,966,730)</u>	<u>(1,966,730)</u>	<u>(1,956,685)</u>	<u>10,045</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
Transportation Operating	<u>1,966,730</u>	<u>1,966,730</u>	<u>1,956,730</u>	<u>(10,000)</u>
Net change in fund balance	-	-	45	45
Fund balance - beginning	<u>1,673,047</u>	<u>1,673,047</u>	<u>1,676,017</u>	<u>2,970</u>
Fund balance - ending	<u>\$ 1,673,047</u>	<u>\$ 1,673,047</u>	1,676,062	<u>\$ 3,015</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			<u>-</u>	
Fund balance - GAAP basis			<u>\$ 1,676,062</u>	

City of Portland, Oregon
Lents Town Center Urban Renewal Area Debt Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 13,479,068	\$ 13,479,068	\$ 14,092,653	
Prior year property	100,000	100,000	166,093	
Total taxes	<u>13,579,068</u>	<u>13,579,068</u>	<u>14,258,746</u>	<u>\$ 679,678</u>
Other:				
Investment earnings	<u>44,774</u>	<u>44,774</u>	<u>103,805</u>	<u>59,031</u>
Total revenues	<u>13,623,842</u>	<u>13,623,842</u>	<u>14,362,551</u>	<u>738,709</u>
EXPENDITURES				
Debt service and related costs:				
Principal	13,027,763	13,255,670	11,425,000	
Interest	<u>1,655,104</u>	<u>1,655,104</u>	<u>1,609,572</u>	
Total debt service and related costs	<u>14,682,867</u>	<u>14,910,774</u>	<u>13,034,572</u>	<u>1,876,202</u>
Net change in fund balance	(1,059,025)	(1,286,932)	1,327,979	2,614,911
Fund balance - beginning	<u>4,091,617</u>	<u>4,319,524</u>	<u>4,319,523</u>	<u>(1)</u>
Fund balance - ending	<u>\$ 3,032,592</u>	<u>\$ 3,032,592</u>	5,647,502	<u>\$ 2,614,910</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(11,576)</u>	
Fund balance - GAAP basis			<u>\$ 5,635,926</u>	

City of Portland, Oregon
Central Eastside Industrial District Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 7,050,557	\$ 7,050,557	\$ 7,281,414	
Prior year property	50,000	50,000	84,325	
Total taxes	<u>7,100,557</u>	<u>7,100,557</u>	<u>7,365,739</u>	<u>\$ 265,182</u>
Other:				
Investment earnings	<u>19,794</u>	<u>19,794</u>	<u>58,356</u>	<u>38,562</u>
Total revenues	<u>7,120,351</u>	<u>7,120,351</u>	<u>7,424,095</u>	<u>303,744</u>
EXPENDITURES				
Debt service and related costs:				
Principal	5,684,341	6,044,698	6,045,000	
Interest	<u>1,443,865</u>	<u>1,443,865</u>	<u>1,327,269</u>	
Total debt service and related costs	<u>7,128,206</u>	<u>7,488,563</u>	<u>7,372,269</u>	<u>116,294</u>
Revenues over (under) expenditures	<u>(7,855)</u>	<u>(368,212)</u>	<u>51,826</u>	<u>420,038</u>
OTHER FINANCING SOURCES (USES)				
Bonds and notes issued	-	-	6,186,639	6,186,639
Payments to refunded loan and bond escrow agent	<u>-</u>	<u>-</u>	<u>(6,186,639)</u>	<u>(6,186,639)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(7,855)	(368,212)	51,826	420,038
Fund balance - beginning	<u>2,413,718</u>	<u>2,774,075</u>	<u>2,774,075</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,405,863</u>	<u>\$ 2,405,863</u>	2,825,901	<u>\$ 420,038</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(5,783)</u>	
Fund balance - GAAP basis			<u>\$ 2,820,118</u>	

City of Portland, Oregon
Bancroft Bond Interest and Sinking Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Assessments	\$ 4,537,978	\$ 4,282,231	\$ 5,272,533	
Investment earnings	2,254,690	2,025,503	2,074,646	
Total other	<u>6,792,668</u>	<u>6,307,734</u>	<u>7,347,179</u>	<u>\$ 1,039,445</u>
EXPENDITURES				
Debt service and related costs:				
Principal	3,725,000	3,925,000	4,220,000	
Interest	1,688,288	1,688,288	1,626,763	
Total debt service and related costs	<u>5,413,288</u>	<u>5,613,288</u>	<u>5,846,763</u>	<u>233,475</u>
Revenues over (under) expenditures	<u>1,379,380</u>	<u>694,446</u>	<u>1,500,416</u>	<u>1,272,920</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General	<u>(1,700,000)</u>	<u>(1,700,000)</u>	<u>(1,700,000)</u>	<u>-</u>
Net change in fund balance	(320,620)	(1,005,554)	(199,584)	1,272,920
Fund balance - beginning	<u>13,952,574</u>	<u>14,792,511</u>	<u>14,792,511</u>	<u>-</u>
Fund balance - ending	<u>\$ 13,631,954</u>	<u>\$ 13,786,957</u>	<u>14,592,927</u>	<u>\$ 1,272,920</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(29,808)</u>	
Fund balance - GAAP basis			<u>\$ 14,563,119</u>	

City of Portland, Oregon
Convention Center Area Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 13,599,440	\$ 13,599,440	\$ 13,900,770	
Prior year property	75,000	75,000	131,267	
Total taxes	<u>13,674,440</u>	<u>13,674,440</u>	<u>14,032,037</u>	<u>\$ 357,597</u>
Other:				
Investment earnings	<u>78,013</u>	<u>78,013</u>	<u>163,546</u>	<u>85,533</u>
Total revenues	<u>13,752,453</u>	<u>13,752,453</u>	<u>14,195,583</u>	<u>443,130</u>
EXPENDITURES				
Debt service and related costs:				
Principal	4,130,000	4,130,000	4,130,000	
Interest	<u>3,682,668</u>	<u>3,682,668</u>	<u>3,682,667</u>	
Total debt service and related costs	<u>7,812,668</u>	<u>7,812,668</u>	<u>7,812,667</u>	<u>1</u>
Net change in fund balance	5,939,785	5,939,785	6,382,916	443,129
Fund balance - beginning	<u>8,089,711</u>	<u>8,089,711</u>	<u>8,290,643</u>	<u>200,932</u>
Fund balance - ending	<u>\$ 14,029,496</u>	<u>\$ 14,029,496</u>	14,673,559	<u>\$ 644,061</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(30,687)</u>	
Fund balance - GAAP basis			<u>\$ 14,642,872</u>	

City of Portland, Oregon
North Macadam Urban Renewal Area Debt Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Current year property	\$ 12,764,986	\$ 12,764,986	\$ 13,347,740	
Prior year property	98,000	98,000	161,062	
Total taxes	<u>12,862,986</u>	<u>12,862,986</u>	<u>13,508,802</u>	<u>\$ 645,816</u>
Other:				
Investment earnings	<u>48,763</u>	<u>48,763</u>	<u>119,056</u>	<u>70,293</u>
Total revenues	<u>12,911,749</u>	<u>12,911,749</u>	<u>13,627,858</u>	<u>716,109</u>
EXPENDITURES				
Debt service and related costs:				
Principal	10,203,387	10,980,985	9,600,000	
Interest	<u>2,721,008</u>	<u>2,721,008</u>	<u>2,481,016</u>	
Total debt service and related costs	<u>12,924,395</u>	<u>13,701,993</u>	<u>12,081,016</u>	<u>1,620,977</u>
Revenues over (under) expenditures	<u>(12,646)</u>	<u>(790,244)</u>	<u>1,546,842</u>	<u>(904,868)</u>
OTHER FINANCING SOURCES (USES)				
Bonds and notes issued	-	-	10,277,680	10,277,680
Payments to refunded loan and bond escrow agent	<u>-</u>	<u>-</u>	<u>(10,277,680)</u>	<u>(10,277,680)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(12,646)	(790,244)	1,546,842	(904,868)
Fund balance - beginning	<u>4,978,296</u>	<u>5,755,894</u>	<u>5,755,894</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,965,650</u>	<u>\$ 4,965,650</u>	7,302,736	<u>\$ (904,868)</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(15,089)</u>	
Fund balance - GAAP basis			<u>\$ 7,287,647</u>	

City of Portland, Oregon
Special Projects Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 8,174,290	\$ 8,174,290	\$ 8,172,895	\$ (1,395)
Other:				
Assessments	1,704,061	1,704,061	1,667,125	
Investment earnings	-	-	51,432	
Total other	<u>1,704,061</u>	<u>1,704,061</u>	<u>1,718,557</u>	<u>14,496</u>
Total revenues	<u>9,878,351</u>	<u>9,878,351</u>	<u>9,891,452</u>	<u>13,101</u>
EXPENDITURES				
Debt service and related costs:				
Principal	4,275,438	4,275,438	4,275,438	
Interest	5,602,913	5,602,913	5,601,518	
Total debt service and related costs	<u>9,878,351</u>	<u>9,878,351</u>	<u>9,876,956</u>	<u>1,395</u>
Net change in fund balance	-	-	14,496	14,496
Fund balance - beginning	-	-	61,778	61,778
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	76,274	<u>\$ 76,274</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(160)	
Fund balance - GAAP basis			<u>\$ 76,114</u>	

City of Portland, Oregon
Gateway Urban Renewal Area Debt Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Current year property	\$ 4,723,887	\$ 4,723,887	\$ 4,846,324	
Prior year property	31,000	31,000	56,084	
Total taxes	<u>4,754,887</u>	<u>4,754,887</u>	<u>4,902,408</u>	<u>\$ 147,521</u>
Other:				
Investment earnings	<u>11,550</u>	<u>11,550</u>	<u>21,760</u>	<u>10,210</u>
Total revenues	<u>4,766,437</u>	<u>4,766,437</u>	<u>4,924,168</u>	<u>157,731</u>
EXPENDITURES				
Debt service and related costs:				
Principal	4,658,763	4,774,341	4,900,000	
Interest	376,816	376,816	143,631	
Total debt service and related costs	<u>5,035,579</u>	<u>5,151,157</u>	<u>5,043,631</u>	<u>107,526</u>
Revenues over (under) expenditures	<u>(269,142)</u>	<u>(384,720)</u>	<u>(119,463)</u>	<u>265,257</u>
OTHER FINANCING SOURCES (USES)				
Bonds and notes issued	-	-	12,552,386	12,552,386
Payments to refunded loan and bond escrow agent	-	-	(12,552,386)	(12,552,386)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(269,142)	(384,720)	(119,463)	265,257
Fund balance - beginning	<u>269,142</u>	<u>384,720</u>	<u>384,720</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>265,257</u>	<u>\$ 265,257</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(434)</u>	
Fund balance - GAAP basis			<u>\$ 264,823</u>	

City of Portland, Oregon
Governmental Bond Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ -	\$ -	\$ 400	
Miscellaneous	1,297,528	1,297,528	163,169	
Total other	<u>1,297,528</u>	<u>1,297,528</u>	<u>163,569</u>	<u>\$ (1,133,959)</u>
EXPENDITURES				
Debt service and related costs:				
Principal	2,017,000	2,017,250	2,127,745	
Interest	1,714,247	1,714,247	469,328	
Total debt service and related costs	<u>3,731,247</u>	<u>3,731,497</u>	<u>2,597,073</u>	<u>1,134,424</u>
Revenues over (under) expenditures	<u>(2,433,719)</u>	<u>(2,433,969)</u>	<u>(2,433,504)</u>	<u>465</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
General	2,433,719	2,433,719	2,433,719	-
Special Finance and Resource	-	250	186	(64)
Total transfers from other funds	<u>2,433,719</u>	<u>2,433,969</u>	<u>2,433,905</u>	<u>(64)</u>
Net change in fund balance	-	-	401	401
Fund balance - beginning	-	-	30,746	30,746
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>31,147</u>	<u>\$ 31,147</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			<u>-</u>	
Fund balance - GAAP basis			<u>\$ 31,147</u>	

City of Portland, Oregon
42nd Avenue Neighborhood Prosperity Initiative Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 92,552	\$ 92,552	\$ 90,638	
Prior year property	1,000	1,000	354	
Total taxes	<u>93,552</u>	<u>93,552</u>	<u>90,992</u>	\$ (2,560)
Other:				
Investment earnings	-	-	592	592
Total revenues	<u>93,552</u>	<u>93,552</u>	<u>91,584</u>	<u>(1,968)</u>
EXPENDITURES				
Current:				
External materials and services	94,552	96,090	90,000	
Internal materials and services	-	-	-	
Total current	<u>94,552</u>	<u>96,090</u>	<u>90,000</u>	<u>6,090</u>
Net change in fund balance	(1,000)	(2,538)	1,584	4,122
Fund balance - beginning	<u>1,000</u>	<u>2,538</u>	<u>2,531</u>	<u>(7)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	4,115	<u>\$ 4,115</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(5)</u>	
Fund balance - GAAP basis			<u>\$ 4,110</u>	

City of Portland, Oregon
Cully Boulevard Neighborhood Prosperity Initiative Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 92,832	\$ 92,832	\$ 90,666	
Prior year property	1,000	1,000	574	
Total taxes	<u>93,832</u>	<u>93,832</u>	<u>91,240</u>	\$ (2,592)
Other:				
Investment earnings	-	-	611	611
Total revenues	<u>93,832</u>	<u>93,832</u>	<u>91,851</u>	(1,981)
EXPENDITURES				
Current:				
External materials and services	94,832	97,408	91,800	5,608
Net change in fund balance	(1,000)	(3,576)	51	3,627
Fund balance - beginning	<u>35,297</u>	<u>35,297</u>	<u>3,576</u>	<u>(31,721)</u>
Fund balance - ending	<u>\$ 34,297</u>	<u>\$ 31,721</u>	3,627	<u>\$ (28,094)</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(5)</u>	
Fund balance - GAAP basis			<u>\$ 3,622</u>	

City of Portland, Oregon
Parkrose Neighborhood Prosperity Initiative Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 79,783	\$ 79,783	\$ 88,804	
Prior year property	1,000	1,000	367	
Total taxes	<u>80,783</u>	<u>80,783</u>	<u>89,171</u>	<u>\$ 8,388</u>
Other:				
Investment earnings	-	-	634	634
Total revenues	<u>80,783</u>	<u>80,783</u>	<u>89,805</u>	<u>9,022</u>
EXPENDITURES				
Current:				
External materials and services	<u>81,783</u>	<u>87,620</u>	<u>87,600</u>	<u>20</u>
Net change in fund balance	(1,000)	(6,837)	2,205	9,042
Fund balance - beginning	<u>1,000</u>	<u>6,837</u>	<u>6,837</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	9,042	<u>\$ 9,042</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(17)</u>	
Fund balance - GAAP basis			<u>\$ 9,025</u>	

City of Portland, Oregon
Rosewood Neighborhood Prosperity Initiative Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 127,067	\$ 127,067	\$ 129,882	
Prior year property	1,000	1,000	354	
Total taxes	<u>128,067</u>	<u>128,067</u>	<u>130,236</u>	\$ 2,169
Other:				
Investment earnings	-	-	842	842
Total revenues	<u>128,067</u>	<u>128,067</u>	<u>131,078</u>	<u>3,011</u>
EXPENDITURES				
Current:				
External materials and services	129,067	130,198	128,200	1,998
Net change in fund balance	(1,000)	(2,131)	2,878	5,009
Fund balance - beginning	1,000	2,131	2,123	(8)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	5,001	<u>\$ 5,001</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(7)</u>	
Fund balance - GAAP basis			<u>\$ 4,994</u>	

City of Portland, Oregon
Division-Midway Neighborhood Prosperity Initiative Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 91,985	\$ 91,985	\$ 98,734	
Prior year property	1,000	1,000	260	
Total taxes	<u>92,985</u>	<u>92,985</u>	<u>98,994</u>	<u>\$ 6,009</u>
Other:				
Investment earnings	-	-	629	629
Total revenues	<u>92,985</u>	<u>92,985</u>	<u>99,623</u>	<u>6,638</u>
EXPENDITURES				
Current:				
External materials and services	93,985	93,985	93,900	85
Net change in fund balance	(1,000)	(1,000)	5,723	6,723
Fund balance - beginning	1,000	1,000	399	(601)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	6,122	<u>\$ 6,122</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(11)</u>	
Fund balance - GAAP basis			<u>\$ 6,111</u>	

City of Portland, Oregon
82nd Avenue/Division Neighborhood Prosperity Initiative Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 79,247	\$ 79,247	\$ 85,939	
Prior year property	1,000	1,000	447	
Total taxes	<u>80,247</u>	<u>80,247</u>	<u>86,386</u>	<u>\$ 6,139</u>
Other:				
Investment earnings	-	-	568	568
Total revenues	<u>80,247</u>	<u>80,247</u>	<u>86,954</u>	<u>6,707</u>
EXPENDITURES				
Current:				
External materials and services	81,247	82,428	82,400	28
Net change in fund balance	(1,000)	(2,181)	4,554	6,735
Fund balance - beginning	1,000	2,181	2,181	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	6,735	<u>\$ 6,735</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(12)</u>	
Fund balance - GAAP basis			<u>\$ 6,723</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 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 Improvement Program 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.

Housing Capital Fund

This fund is for capital acquisition and/or construction funded by the Housing General Obligation Bond.

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City of Portland, Oregon
Special Finance and Resource Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
Other:				
Investment earnings	\$ -	\$ -	\$ 2,247	\$ 2,247
EXPENDITURES				
Current:				
External materials and services	146,855,097	151,155,097	107,311,616	43,843,481
Total current expenditures	146,855,097	151,155,097	107,311,616	43,843,481
Debt service and related costs:				
Debt issuance costs	145,955	145,955	91,588	54,367
Total debt service and related costs	145,955	145,955	91,588	54,367
Total expenditures	147,001,052	151,301,052	107,403,204	43,897,848
Revenues over (under) expenditures	(147,001,052)	(151,301,052)	(107,400,957)	(43,900,095)
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
Governmental Bond Redemption	-	(250)	(186)	64
Bonds and notes issued	147,001,052	151,301,052	107,385,590	(43,915,462)
Loans issued	-	-	130,652	130,652
Total other financing sources (uses)	147,001,052	151,300,802	107,516,056	(43,784,746)
Net change in fund balance	-	(250)	115,099	115,349
Fund balance - beginning	-	250	37,280	37,030
Fund balance - ending	\$ -	\$ -	152,379	\$ 152,379
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(320)	
Fund balance - GAAP basis			\$ 152,059	

City of Portland, Oregon
BFRES Facilities GO Bond Construction Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 2,475	\$ 2,475	\$ 9,128	\$ 6,653
EXPENDITURES				
Current:				
Internal materials and services	1,953	101,953	5,786	
Capital outlay	698,597	770,363	-	
Total current expenditures	700,550	872,316	5,786	866,530
General operating contingencies	198	198	-	198
Total expenditures	700,748	872,514	5,786	866,728
Revenues over (under) expenditures	(698,273)	(870,039)	3,342	(873,381)
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General Fund Overhead	(9,131)	(9,131)	(9,131)	-
Net change in fund balance	(707,404)	(879,170)	(5,789)	873,381
Fund balance - beginning	707,404	879,170	875,615	(3,555)
Fund balance - ending	\$ -	\$ -	869,826	\$ 869,826
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			-	
Fund balance - GAAP basis			\$ 869,826	

City of Portland, Oregon
Local Improvement District Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Charges for services:				
Other service charges	\$ 1,052,480	\$ 1,083,400	\$ 1,274,529	\$ 191,129
Billings to other funds for services	-	4,314	4,313	(1)
Other:				
Assessments	1,512,562	232,000	293,303	
Investment earnings	176,257	125,000	155,991	
Miscellaneous	-	-	26,293	
Total other	1,688,819	357,000	475,587	118,587
Total revenues	<u>2,741,299</u>	<u>1,444,714</u>	<u>1,754,429</u>	<u>309,715</u>
EXPENDITURES				
Current:				
External materials and services	9,998	9,998	4,275	
Internal materials and services	1,360,353	1,460,353	1,352,986	
Total current expenditures	<u>1,370,351</u>	<u>1,470,351</u>	<u>1,357,261</u>	<u>113,090</u>
General operating contingencies	2,807,143	2,854,999	-	2,854,999
Debt service and related costs:				
Principal	1,659,243	567,224	58,424	
Interest	87,676	91,676	96,848	
Debt issuance costs	85,000	-	82	
Total debt service and related costs	<u>1,831,919</u>	<u>658,900</u>	<u>155,354</u>	<u>503,546</u>
Total expenditures	<u>6,009,413</u>	<u>4,984,250</u>	<u>1,512,615</u>	<u>3,471,635</u>
Revenues over (under) expenditures	<u>(3,268,114)</u>	<u>(3,539,536)</u>	<u>241,814</u>	<u>3,781,350</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
General	500,000	500,000	500,000	-
Transfers to other funds:				
General Fund Overhead	(83)	(83)	(83)	-
Transportation Operating	(3,072,599)	(4,017,599)	(4,015,596)	(2,003)
Pension Debt Redemption	(14,582)	(14,582)	(14,582)	-
Sewer System Construction	(700,000)	-	-	-
Total transfers to other funds	<u>(3,787,264)</u>	<u>(4,032,264)</u>	<u>(4,030,261)</u>	<u>(2,003)</u>
Bonds and notes issued	9,027,599	4,017,599	4,015,596	(2,003)
Payments to refunded loan and bond escrow agent	(5,129,821)	-	-	-
Total other financing sources (uses)	<u>610,514</u>	<u>485,335</u>	<u>485,335</u>	<u>-</u>
Net change in fund balance	(2,657,600)	(3,054,201)	727,149	3,781,350
Fund balance - beginning	2,657,600	3,054,201	3,054,201	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	3,781,350	<u>\$ 3,781,350</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(8,073)	
Fund balance - GAAP basis			<u>\$ 3,773,277</u>	

City of Portland, Oregon
Parks Capital Improvement Program Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Charges for services:				
Public works and utility charges	\$ 10,566,819	\$ 22,566,819	\$ 30,411,519	
Parking fees	-	-	24,931	
Other service charges	-	-	1,550	
Total charges for services	<u>10,566,819</u>	<u>22,566,819</u>	<u>30,438,000</u>	<u>7,871,181</u>
Intergovernmental:				
Local cost sharing	32,614	109,149	88,738	(20,411)
Other:				
Assessments	200,000	2,200,000	3,190,241	
Loan repayments	219,100	219,100	-	
Sales - other	-	-	2,201	
Refunds	-	-	1,603	
Donations	73,712	73,712	588,551	
Investment earnings	224,556	224,556	1,180,203	
Miscellaneous	-	-	3,400	
Total other	<u>717,368</u>	<u>2,717,368</u>	<u>4,966,199</u>	<u>2,248,831</u>
Billings to other funds for services	42,579	42,579	45,907	3,328
Total revenues	<u>11,359,380</u>	<u>25,435,915</u>	<u>35,538,844</u>	<u>10,102,929</u>
EXPENDITURES				
Current:				
Personal services	3,027,711	3,227,711	3,224,992	
External materials and services	4,483,675	6,460,210	8,370,333	
Internal materials and services	1,833,719	1,833,662	629,224	
Capital outlay	35,960,678	63,069,613	22,323,192	
Total current expenditures	<u>45,305,783</u>	<u>74,591,196</u>	<u>34,547,741</u>	<u>40,043,455</u>
General operating contingencies	19,942,720	50,925,028	-	50,925,028
Debt service and related costs:				
Principal	70,189	70,189	73,683	
Interest	34,547	34,547	31,053	
Total debt service and related costs	<u>104,736</u>	<u>104,736</u>	<u>104,736</u>	<u>-</u>
Total expenditures	<u>65,353,239</u>	<u>125,620,960</u>	<u>34,652,477</u>	<u>90,968,483</u>
Revenues over (under) expenditures	<u>(53,993,859)</u>	<u>(100,185,045)</u>	<u>886,367</u>	<u>101,071,412</u>

City of Portland, Oregon
Parks Capital Improvement Program Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	5,707,450	8,807,450	8,807,450	-
Portland Parks Memorial	331,600	1,533,900	1,383,900	(150,000)
Housing Property	-	1,089,473	1,089,473	-
Total transfers from other funds	<u>6,039,050</u>	<u>11,430,823</u>	<u>11,280,823</u>	<u>(150,000)</u>
Transfers to other funds:				
General Fund Overhead	(355,417)	(355,417)	(355,417)	-
Pension Debt Redemption	(19,738)	(19,738)	(19,738)	-
Total transfers to other funds	<u>(375,155)</u>	<u>(375,155)</u>	<u>(375,155)</u>	<u>-</u>
Bonds and notes issued	12,692,695	-	-	-
Internal loan proceeds	224,073	-	-	-
Sale of capital asset	-	110,527	-	(110,527)
Total other financing sources (uses)	<u>18,580,663</u>	<u>11,166,195</u>	<u>10,905,668</u>	<u>(260,527)</u>
Net change in fund balance	(35,413,196)	(89,018,850)	11,792,035	100,810,885
Fund balance - beginning	<u>35,413,196</u>	<u>89,018,850</u>	<u>89,018,850</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	100,810,885	<u>\$ 100,810,885</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(225,138)	
Internal loans receivable			<u>800,000</u>	
Fund balance - GAAP basis			<u>\$ 101,385,747</u>	

City of Portland, Oregon
Public Safety GO Bond Construction Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
Local cost sharing	\$ -	\$ 10,504	\$ 10,503	\$ (1)
Other:				
Investment earnings	45,500	45,500	111,213	65,713
Total revenues	<u>45,500</u>	<u>56,004</u>	<u>121,716</u>	<u>65,712</u>
EXPENDITURES				
Current:				
Personal services	349,059	349,059	224,705	
External materials and services	2,043,673	8,975,418	8,392,257	
Internal materials and services	313,375	899,176	909,028	
Capital outlay	1,698,249	6,048,429	4,569,075	
Total current expenditures	<u>4,404,356</u>	<u>16,272,082</u>	<u>14,095,065</u>	<u>2,177,017</u>
General operating contingencies	4,923,285	2,498,648	-	2,498,648
Total expenditures	<u>9,327,641</u>	<u>18,770,730</u>	<u>14,095,065</u>	<u>4,675,665</u>
Revenues over (under) expenditures	<u>(9,282,141)</u>	<u>(18,714,726)</u>	<u>(13,973,349)</u>	<u>4,741,377</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other fund:				
General Fund Overhead	(303,049)	(303,049)	(303,049)	-
Net change in fund balance	(9,585,190)	(19,017,775)	(14,276,398)	4,741,377
Fund balance - beginning	9,585,190	19,017,775	19,217,694	199,919
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	4,941,296	<u>\$ 4,941,296</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(13,245)	
Fund balance - GAAP basis			<u>\$ 4,928,051</u>	

City of Portland, Oregon
Housing Capital Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other:				
Investment earnings	\$ -	\$ 12,500	\$ 58,424	\$ 45,924
EXPENDITURES				
Current:				
Personal services	-	49,800	50,075	
External materials and services	-	160,667	84,825	
Internal materials and services	-	30,000	54,310	
Capital outlay	-	47,414,295	47,414,294	
Total current	-	47,654,762	47,603,504	51,258
Debt service and related costs:				
Interest	-	193,000	178,291	
Debt issuance costs	-	258,100	274,425	
Total debt service and related costs	-	451,100	452,716	(1,616)
Total expenditures	-	48,105,862	48,056,220	49,642
Revenues over (under) expenditures	-	(48,093,362)	(47,997,796)	95,566
OTHER FINANCING SOURCES (USES)				
Transfers from other fund:				
Housing Investment	-	305,000	305,000	-
Housing Property	-	168,500	162,245	(6,255)
Total transfers from other funds	-	473,500	467,245	(6,255)
Bonds and notes issued	-	37,118,204	35,085,000	(2,033,204)
Bonds and notes premium	-	362,363	2,395,567	2,033,204
Internal loan proceeds	-	47,139,295	47,220,699	81,404
Internal loan remittances	-	(37,000,000)	(37,000,000)	-
Total other financing sources (uses)	-	48,093,362	48,168,511	75,149
Net change in fund balance	-	-	170,715	170,715
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	170,715	\$ 170,715
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(371)	
Loans payable			(10,220,699)	
Fund balance - GAAP basis			<u>\$ (10,050,355)</u>	



Portland waterfront kayak

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.

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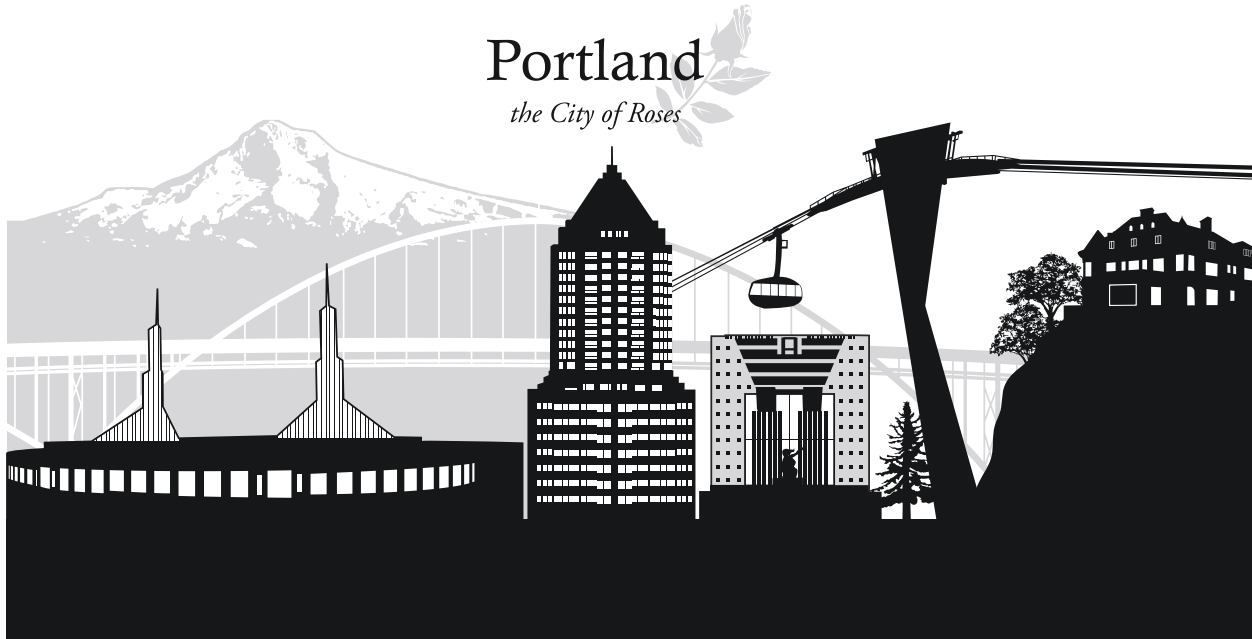
**City of Portland, Oregon
Parks Endowment Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017**

	<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	\$ 1,237	\$ 1,237	\$ 1,936	\$ 699
EXPENDITURES				
Current:				
Personal services	750	750	-	
External materials and services	17,877	17,877	-	
Internal materials and services	775	775	-	
Total current expenditures	<u>19,402</u>	<u>19,402</u>	<u>-</u>	<u>19,402</u>
Net change in fund balance	(18,165)	(18,165)	1,936	20,101
Fund balance - beginning	<u>181,465</u>	<u>181,465</u>	<u>182,822</u>	<u>1,357</u>
Fund balance - ending	<u>\$ 163,300</u>	<u>\$ 163,300</u>	184,758	<u>\$ 21,458</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>(391)</u>	
Fund balance - GAAP basis			<u>\$ 184,367</u>	



Union Station and MAX

Schedules of Revenues and Expenditures Proprietary Funds - Budget and Actual



SCHED OF REV & EXPEND
PROPRIETARY FUNDS
BUDGET & ACTUAL

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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 Venues & Visitor Activities 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

PORTLAND INTERNATIONAL RACEWAY FUND

SOLID WASTE MANAGEMENT FUND

PARKING FACILITIES FUND

SPECTATOR VENUES & VISITOR ACTIVITIES 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 Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Licenses and permits:				
Construction permits	\$ 880,000	\$ 880,000	\$ 590,738	
Other permits	1,415,000	1,415,000	1,657,888	
Total licenses and permits	<u>2,295,000</u>	<u>2,295,000</u>	<u>2,248,626</u>	\$ (46,374)
Charges for services:				
Public works and utility charges	343,775,000	370,875,000	363,447,141	
Inspection fees	315,000	315,000	549,314	
Rents and reimbursements	215,000	215,000	405,794	
Other service charges	430,000	430,000	700,658	
Total charges for services	<u>344,735,000</u>	<u>371,835,000</u>	<u>365,102,907</u>	(6,732,093)
Intergovernmental:				
State revenue sharing	125,000	125,000	135,189	
Local cost sharing	-	15,755	73,888	
Total intergovernmental	<u>125,000</u>	<u>140,755</u>	<u>209,077</u>	68,322
Billings to other funds for services	<u>1,762,621</u>	<u>2,047,621</u>	<u>1,388,251</u>	(659,370)
Other:				
Sale of capital asset	70,000	70,000	322,953	252,953
Sales - other	290,000	290,000	185,301	(104,699)
Refunds	-	-	1,544	1,544
Investment earnings	530,000	980,000	1,145,830	165,830
Miscellaneous	65,000	65,000	68,804	3,804
Total other	<u>955,000</u>	<u>1,405,000</u>	<u>1,724,432</u>	319,432
Total revenues	<u>349,872,621</u>	<u>377,723,376</u>	<u>370,673,293</u>	(7,050,083)
EXPENDITURES				
Current:				
Personal services	66,230,481	66,735,051	63,868,793	
External materials and services	57,009,404	58,012,845	54,970,231	
Internal materials and services	42,517,473	42,737,344	37,950,977	
Capital outlay	78,120,667	73,866,331	56,018,594	
Total current expenditures	<u>243,878,025</u>	<u>241,351,571</u>	<u>212,808,595</u>	28,542,976
General operating contingencies	<u>74,471,093</u>	<u>71,429,010</u>	<u>-</u>	71,429,010
Debt service and related costs:				
Principal	2,242,020	2,242,020	2,242,020	
Interest	946,951	946,951	880,346	
Debt issuance costs	73,000	73,000	72,634	
Total debt service and related costs	<u>3,261,971</u>	<u>3,261,971</u>	<u>3,195,000</u>	66,971
Total expenditures	<u>321,611,089</u>	<u>316,042,552</u>	<u>216,003,595</u>	100,038,957
Revenues over (under) expenditures	<u>28,261,532</u>	<u>61,680,824</u>	<u>154,669,698</u>	92,988,874

City of Portland, Oregon
Sewer System Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	968,866	968,866	968,866	-
Transportation Operating	50,000	53,503	53,503	-
Sewer System Construction	110,303,000	110,303,000	97,619,333	(12,683,667)
Sewer System Rate Stabilization	10,000,000	10,000,000	-	(10,000,000)
Water	150,000	109,266	109,266	-
Technology Services	-	1,873	1,873	-
Total transfers from other funds	<u>121,471,866</u>	<u>121,436,508</u>	<u>98,752,841</u>	<u>(22,683,667)</u>
Transfers to other funds:				
General Fund Overhead	(6,063,540)	(6,063,540)	(6,063,540)	-
Pension Debt Redemption	(559,574)	(559,574)	(559,574)	-
Sewer System Debt Redemption	(177,110,284)	(168,494,218)	(168,138,783)	355,435
Sewer System Construction	(25,000,000)	(44,300,000)	(45,809,583)	(1,509,583)
Sewer System Rate Stabilization	(10,000,000)	(32,700,000)	(31,500,000)	1,200,000
Total transfers to other funds	<u>(218,733,398)</u>	<u>(252,117,332)</u>	<u>(252,071,480)</u>	<u>45,852</u>
Total other financing sources (uses)	<u>(97,261,532)</u>	<u>(130,680,824)</u>	<u>(153,318,639)</u>	<u>(22,637,815)</u>
Net change in fund balance	(69,000,000)	(69,000,000)	1,351,059	70,351,059
Fund balance - beginning	69,180,000	69,180,000	65,201,984	(3,978,016)
Fund balance - ending	<u>\$ 180,000</u>	<u>\$ 180,000</u>	66,553,043	<u>\$ 66,373,043</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Debt redemption fund budgeted as separate fund			61,897,115	
Construction fund budgeted as separate fund			37,940,730	
Rate stabilization fund budgeted as separate fund			107,968,317	
Unrealized gain (loss) in investments			(496,510)	
Allowance for uncollectible			(4,860,230)	
Inventories			1,898,619	
Capital assets, net of accumulated depreciation and amortization			3,267,997,605	
Self insurance claims			(13,878)	
Deferred outflows - pensions			35,003,532	
Compensated absences			(4,077,025)	
Bonds payable			(1,634,327,621)	
Notes and loans payable			(13,554,496)	
Accrued Interest payable			(27,803,077)	
Net pension liability - PERS			(68,928,094)	
Other postemployment benefits			(1,491,795)	
Landfill postclosure			(6,072,442)	
Pollution remediation			(275,000)	
Deferred inflows - pensions			(1,773,290)	
Deferred charge for debt refundings			(7,892,777)	
Net position - GAAP basis			<u>\$ 1,807,692,726</u>	

City of Portland, Oregon
Sewer System Debt Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 650,000	\$ 650,000	\$ 687,997	\$ 37,997
EXPENDITURES				
Debt service and related costs:				
Principal	97,776,091	97,776,091	99,546,091	
Interest	79,984,193	71,184,193	97,769,204	
Total debt service and related costs	<u>177,760,284</u>	<u>168,960,284</u>	<u>197,315,295</u>	<u>(28,355,011)</u>
Total expenditures	<u>177,760,284</u>	<u>168,960,284</u>	<u>197,315,295</u>	<u>(28,355,011)</u>
Revenues over (under) expenditures	<u>(177,110,284)</u>	<u>(168,310,284)</u>	<u>(196,627,298)</u>	<u>(28,317,014)</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
Sewer System Operating	177,110,284	168,494,218	168,138,783	(355,435)
Bonds and notes issued	14,300,000	14,300,000	317,897,720	303,597,720
Bonds and notes premium	-	-	56,113,433	56,113,433
Payments to refunded loan and bond escrow agent	-	-	(345,500,000)	(345,500,000)
Total other financing sources (uses)	<u>191,410,284</u>	<u>182,794,218</u>	<u>196,649,936</u>	<u>13,855,718</u>
Net change in fund balance	14,300,000	14,483,934	22,638	(14,461,296)
Fund balance - beginning	<u>61,825,000</u>	<u>61,825,000</u>	<u>61,874,477</u>	<u>49,477</u>
Fund balance - ending	<u>\$ 76,125,000</u>	<u>\$ 76,308,934</u>	61,897,115	<u>\$ (14,411,819)</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Sewer System Debt Redemption Fund budgeted as separate fund - to Sewer System Operating Fund			<u>(61,897,115)</u>	
Net position - GAAP basis			<u>\$ -</u>	

City of Portland, Oregon
Sewer System Construction Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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:				
Public works and utility charges	\$ 650,000	\$ 650,000	\$ 881,169	\$ 231,169
Other:				
Investment earnings	1,000,000	1,000,000	530,171	(469,829)
Total revenues	<u>1,650,000</u>	<u>1,650,000</u>	<u>1,411,340</u>	<u>(238,660)</u>
EXPENDITURES				
General operating contingencies	159,047,000	20,647,000	-	20,647,000
Debt service and related costs:				
Debt issuance costs	-	-	1,212,648	(1,212,648)
Total expenditures	<u>159,047,000</u>	<u>20,647,000</u>	<u>1,212,648</u>	<u>19,434,352</u>
Revenues over (under) expenditures	<u>(157,397,000)</u>	<u>(18,997,000)</u>	<u>198,692</u>	<u>19,195,692</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Local Improvement District	700,000	-	-	-
Sewer System Operating	25,000,000	44,300,000	45,809,583	1,509,583
Total transfers from other funds	<u>25,700,000</u>	<u>44,300,000</u>	<u>45,809,583</u>	<u>1,509,583</u>
Transfer to other fund:				
Sewer System Operating	(110,303,000)	(110,303,000)	(97,619,333)	12,683,667
Bonds and notes issued	157,000,000	-	1,217,280	1,217,280
Total other financing sources (uses)	<u>72,397,000</u>	<u>(66,003,000)</u>	<u>(50,592,470)</u>	<u>15,410,530</u>
Net change in fund balance	(85,000,000)	(85,000,000)	(50,393,778)	34,606,222
Fund balance - beginning	85,000,000	85,000,000	88,334,508	3,334,508
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	37,940,730	<u>\$ 37,940,730</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Sewer System Construction Fund budgeted as separate fund to Sewer System Operating Fund			<u>(37,940,730)</u>	
Net position - GAAP basis			<u>\$ -</u>	

City of Portland, Oregon
Sewer System Rate Stabilization Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 625,000	\$ 625,000	\$ 801,733	\$ 176,733
EXPENDITURES				
General operating contingencies	74,125,000	96,825,000	-	96,825,000
Revenues over (under) expenditures	(73,500,000)	(96,200,000)	801,733	97,001,733
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
Sewer System Operating	10,000,000	32,700,000	31,500,000	(1,200,000)
Transfer to other fund:				
Sewer System Operating	(10,000,000)	(10,000,000)	-	10,000,000
Total other financing sources (uses)	-	22,700,000	31,500,000	8,800,000
Net change in fund balance	(73,500,000)	(73,500,000)	32,301,733	105,801,733
Fund balance - beginning	73,500,000	73,500,000	75,666,584	2,166,584
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	107,968,317	<u>\$ 107,968,317</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Sewer System Rate Stabilization Fund budgeted as separate fund to Sewer System Operating Fund			(107,968,317)	
Net position - GAAP basis			<u>\$ -</u>	

City of Portland, Oregon
Water Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Charges for services				
Public works and utility charges	\$ 159,915,337	\$ 163,575,337	\$ 166,459,723	
Rents and reimbursements	638,000	638,000	661,830	
Other service charges	2,750,000	2,750,000	2,934,198	
Total charges for services	<u>163,303,337</u>	<u>166,963,337</u>	<u>170,055,751</u>	<u>\$ 3,092,414</u>
Intergovernmental:				
Local cost sharing	555,000	555,000	551,743	(3,257)
Other:				
Sales - other	100,000	100,000	92,207	
Refunds	25,000	25,000	3,157	
Investment earnings	296,449	296,449	705,251	
Miscellaneous	40,000	40,000	832,499	
Sale of capital asset	225,000	225,000	199,625	
Total other	<u>686,449</u>	<u>686,449</u>	<u>1,832,739</u>	<u>1,146,290</u>
Billings to other funds for services	3,468,820	3,488,020	2,934,952	(553,068)
Total revenues	<u>168,013,606</u>	<u>171,692,806</u>	<u>175,375,185</u>	<u>3,682,379</u>
EXPENDITURES				
Current:				
Personal services	66,347,087	66,644,531	62,338,078	
External materials and services	29,956,764	32,845,972	29,166,218	
Internal materials and services	20,624,592	21,621,754	20,105,702	
Capital outlay	55,882,000	41,046,000	33,545,590	
Total current expenditures	<u>172,810,443</u>	<u>162,158,257</u>	<u>145,155,588</u>	<u>17,002,669</u>
General operating contingencies	77,027,641	93,620,352	-	93,620,352
Debt service and related costs:				
Principal	2,328,581	2,328,581	2,328,581	
Interest	983,511	983,511	914,335	
Debt issuance costs	601,250	552,750	553,403	
Total debt service and related costs	<u>3,913,342</u>	<u>3,864,842</u>	<u>3,796,319</u>	<u>68,523</u>
Total expenditures	<u>253,751,426</u>	<u>259,643,451</u>	<u>148,951,907</u>	<u>110,691,544</u>
Revenues over (under) expenditures	<u>(85,737,820)</u>	<u>(87,950,645)</u>	<u>26,423,278</u>	<u>(114,373,923)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	843,000	843,000	843,000	-
Water Construction	96,251,935	96,203,435	75,052,156	(21,151,279)
Technology Services	-	63,639	61,022	(2,617)
Total transfers from other funds	<u>97,094,935</u>	<u>97,110,074</u>	<u>75,956,178</u>	<u>(21,153,896)</u>

Continued next page

City of Portland, Oregon
Water Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
OTHER FINANCING SOURCES (USES), CONTINUED				
Transfers to other funds:				
General Fund Overhead	(5,477,821)	(5,477,821)	(5,477,821)	-
General	-	(12,792)	(12,792)	-
Portland Parks Memorial	-	(3,000)	(3,000)	-
Pension Debt Redemption	(581,178)	(581,178)	(581,178)	-
Sewer System Operating	(150,000)	(109,266)	(109,266)	-
Water Bond Sinking	(54,752,228)	(53,423,638)	(53,266,912)	156,726
Water Construction	(27,640,449)	(31,507,993)	(31,507,992)	1
Total transfers to other funds	<u>(88,601,676)</u>	<u>(91,115,688)</u>	<u>(90,958,961)</u>	<u>156,727</u>
Total other financing sources (uses)	<u>8,493,259</u>	<u>5,994,386</u>	<u>(15,002,783)</u>	<u>(20,997,169)</u>
Net change in fund balance	(77,244,561)	(81,956,259)	11,420,495	93,376,754
Fund balance - beginning	<u>77,244,561</u>	<u>81,956,259</u>	<u>81,956,259</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	93,376,754	<u>\$ 93,376,754</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Water Bond Sinking Fund budgeted as separate fund			31,468,626	
Water Construction Fund budgeted as separate fund			121,817,230	
Unrealized gain (loss) on investments			(475,328)	
Allowance for uncollectible accounts			(3,108,587)	
Inventories			2,229,524	
Capital assets, net of accumulated depreciation and amortization			1,116,283,955	
Deferred outflows - pensions			33,173,997	
Self insurance claims			(1,062,246)	
Compensated absences			(3,972,760)	
Bonds payable			(723,174,601)	
Accrued interest payable			(19,741,202)	
Net pension liability - PERS			(65,240,068)	
Pollution Remediation			(175,000)	
Utility taxes payable			(1,521,152)	
Other postemployment benefits			(1,775,909)	
Deferred inflows - pensions			(1,701,079)	
Deferred charge for debt refunding			<u>(1,290,941)</u>	
Net position - GAAP basis			<u>\$ 575,111,213</u>	

City of Portland, Oregon
Water Bond Sinking Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 220,499	\$ 220,499	\$ 369,966	\$ 149,467
EXPENDITURES				
Debt service and related costs:				
Principal	27,719,064	28,645,400	28,180,000	
Interest	27,253,664	29,702,148	30,167,547	
Total debt service and related costs	<u>54,972,728</u>	<u>58,347,548</u>	<u>58,347,547</u>	<u>1</u>
Revenues over (under) expenditures	<u>(54,752,229)</u>	<u>(58,127,049)</u>	<u>(57,977,581)</u>	<u>149,468</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Water	54,752,228	53,423,638	53,266,912	(156,726)
Bonds and notes issued	6,519,000	90,104,867	90,104,866	(1)
Payments to refunded loan and bond escrow agent	-	(90,800,000)	(90,800,000)	-
Net change in fund balance	6,518,999	(5,398,544)	(5,405,803)	(7,259)
Fund balance - beginning	<u>36,749,800</u>	<u>36,874,429</u>	<u>36,874,429</u>	<u>-</u>
Fund balance - ending	<u>\$ 43,268,799</u>	<u>\$ 31,475,885</u>	31,468,626	<u>\$ (7,259)</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Water Bond Sinking Fund budgeted as separate fund - to Water Fund			<u>(31,468,626)</u>	
Net position - GAAP basis			<u>\$ -</u>	

City of Portland, Oregon
Water Construction Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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:				
Public works and utility charges	\$ 3,000,000	\$ 3,000,000	\$ 5,540,949	\$ 2,540,949
Other:				
Investment earnings	547,422	547,422	1,186,422	639,000
Total revenues	<u>3,547,422</u>	<u>3,547,422</u>	<u>6,727,371</u>	<u>3,179,949</u>
EXPENDITURES				
General operating contingencies	14,437,791	18,162,853	-	18,162,853
Revenues over (under) expenditures	<u>(10,890,369)</u>	<u>(14,615,431)</u>	<u>6,727,371</u>	<u>21,342,802</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other fund:				
Water	27,640,449	31,507,993	31,507,992	(1)
Transfers to other fund:				
Water	(96,251,935)	(96,203,435)	(75,052,156)	21,151,279
Bonds and notes issued	85,356,000	93,284,959	78,420,134	(14,864,825)
Bonds and notes premium	-	-	14,864,824	14,864,824
Total other financing sources (uses)	<u>16,744,514</u>	<u>28,589,517</u>	<u>49,740,794</u>	<u>21,151,277</u>
Net change in fund balance	5,854,145	13,974,086	56,468,165	42,494,079
Fund balance - beginning	73,469,005	65,349,064	65,349,065	1
Fund balance - ending	<u>\$ 79,323,150</u>	<u>\$ 79,323,150</u>	121,817,230	<u>\$ 42,494,080</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Water Construction Fund budgeted as separate fund - to Water Fund			<u>(121,817,230)</u>	
Net position - GAAP basis			<u>\$ -</u>	

City of Portland, Oregon
Hydroelectric Power Operating Fund
Schedule of Revenue and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Sales - other	\$ 884,900	\$ 884,900	\$ 877,801	
Investment earnings	7,000	7,000	9,007	
Total other	<u>891,900</u>	<u>891,900</u>	<u>886,808</u>	<u>(5,092)</u>
Billings to other funds for services	65,500	65,500	72,927	7,427
Total revenues	<u>957,400</u>	<u>957,400</u>	<u>959,735</u>	<u>2,335</u>
EXPENDITURES				
Current:				
Personal services	357,148	357,148	347,540	
External materials and services	285,829	460,829	284,722	
Internal materials and services	154,753	154,548	110,027	
Total current expenditures	<u>797,730</u>	<u>972,525</u>	<u>742,289</u>	<u>230,236</u>
General operating contingencies	<u>257,421</u>	<u>527,356</u>	<u>-</u>	<u>527,356</u>
Debt service and related costs:				
Principal	17,184	17,184	17,184	-
Interest	7,258	7,258	6,747	511
Total debt service and related costs	<u>24,442</u>	<u>24,442</u>	<u>23,931</u>	<u>511</u>
Total expenditures	<u>1,079,593</u>	<u>1,524,323</u>	<u>766,220</u>	<u>758,103</u>
Revenues over (under) expenditures	<u>(122,193)</u>	<u>(566,923)</u>	<u>193,515</u>	<u>(760,438)</u>

City of Portland, Oregon
Hydroelectric Power Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<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 fund:				
Hydroelectric Power Renewal and Replacement	125,000	300,000	110,962	(189,038)
Transfers to other funds:				
General Fund Overhead	(21,219)	(21,219)	(21,219)	-
General	(200,000)	-	-	-
Pension Debt Redemption	(4,288)	(4,288)	(4,288)	-
Total transfers to other funds	(225,507)	(25,507)	(25,507)	-
Total other financing sources (uses)	(100,507)	274,493	85,455	(189,038)
Net change in fund balance	(222,700)	(292,430)	278,970	571,400
Fund balance - beginning, as previously reported	222,700	292,430	292,430	-
Prior year adjustment - restatement for budgetary fund balance	-	-	(275,440)	(275,440)
Fund balance - beginning, as restated	222,700	292,430	16,990	(275,440)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	295,960	<u>\$ 295,960</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Hydroelectric Power Bond Redemption Fund budgeted as separate fund			36,638	
Hydroelectric Renewal and Replacement Fund budgeted as separate fund			11,330,749	
Unrealized gain (loss) on investments			6,142	
Capital assets, net of accumulated depreciation and amortization			20,880,438	
Deferred outflows - pensions			141,503	
Compensated absences			(4,434)	
Bonds payable			(156,401)	
Accrued interest payable			(100,007)	
Net pension liability - PERS			(318,462)	
Other postemployment benefits			(5,902)	
Deferred inflows - pensions			(8,724)	
Net position - GAAP basis			<u>\$ 32,097,500</u>	

City of Portland, Oregon
Hydroelectric Power Bond Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 1,500	\$ 1,500	\$ 4,210	\$ 2,710
EXPENDITURES				
Debt service and related costs:				
Principal	1,740,000	1,740,000	1,740,000	
Interest	48,051	48,051	48,050	
Total debt service and related costs	<u>1,788,051</u>	<u>1,788,051</u>	<u>1,788,050</u>	<u>1</u>
Net change in fund balance	<u>(1,786,551)</u>	<u>(1,786,551)</u>	<u>(1,783,840)</u>	<u>2,711</u>
Fund balance - beginning, as previously reported	1,799,100	1,799,100	1,668,941	(130,159)
Prior year adjustment - restatement for budgetary fund balance	<u>-</u>	<u>-</u>	<u>151,537</u>	<u>151,537</u>
Fund balance - beginning, as restated	<u>1,799,100</u>	<u>1,799,100</u>	<u>1,820,478</u>	<u>21,378</u>
Fund balance - ending	<u>\$ 12,549</u>	<u>\$ 12,549</u>	36,638	<u>\$ 24,089</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Hydroelectric Power Bond Redemption Fund budgeted as separate fund - to Hydroelectric Power Operating Fund			<u>(36,638)</u>	
Net position - GAAP basis			<u>\$ -</u>	

City of Portland, Oregon
Hydroelectric Power Renewal and Replacement Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Sales - other	\$ 434,500	\$ 434,500	\$ 424,861	
Investment earnings	(6,500)	(6,500)	11,352	
Total other	<u>428,000</u>	<u>428,000</u>	<u>436,213</u>	\$ 8,213
EXPENDITURES				
General operating contingencies	<u>11,166,900</u>	<u>11,009,595</u>	-	<u>11,009,595</u>
Revenues over (under) expenditures	<u>(10,738,900)</u>	<u>(10,581,595)</u>	436,213	<u>11,017,808</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other fund:				
Hydroelectric Power Operating	<u>(125,000)</u>	<u>(300,000)</u>	<u>(110,962)</u>	<u>189,038</u>
Net change in fund balance	<u>(10,863,900)</u>	<u>(10,881,595)</u>	<u>325,251</u>	<u>11,206,846</u>
Fund balance - beginning, as previously reported	10,863,900	10,881,595	10,881,595	-
Prior year adjustment - restatement for budgetary fund balance	-	-	123,903	123,903
Fund balance - beginning, as restated	<u>10,863,900</u>	<u>10,881,595</u>	<u>11,005,498</u>	<u>123,903</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	11,330,749	<u>\$ 11,330,749</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Hydroelectric Power Renewal and Replacement Fund budgeted as separate fund - to Hydroelectric Power Operating Fund			<u>(11,330,749)</u>	
Net position - GAAP basis			<u>\$ -</u>	

City of Portland, Oregon
Golf Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Charges for services:				
Rents and reimbursements	\$ 547,535	\$ 547,535	\$ 475,525	
Concessions	1,906,130	1,832,130	1,602,993	
Parks and recreation facilities fees	6,569,181	5,609,061	5,072,614	
Other service charges	720,420	670,347	548,370	
	<u>9,743,266</u>	<u>8,659,073</u>	<u>7,699,502</u>	<u>\$ (959,571)</u>
Total charges for services				
Other:				
Sales - other	3,744	3,744	815	
Investment earnings	4,386	4,386	(1,178)	
Miscellaneous	11,697	11,697	4,510	
	<u>19,827</u>	<u>19,827</u>	<u>4,147</u>	<u>(15,680)</u>
Total other				
Total revenues	<u>9,763,093</u>	<u>8,678,900</u>	<u>7,703,649</u>	<u>(975,251)</u>
EXPENDITURES				
Current:				
Personal services	3,840,150	3,780,030	3,547,988	
External materials and services	4,332,236	4,332,236	3,885,970	
Internal materials and services	754,125	754,125	351,870	
Capital outlay	15,000	15,000	-	
	<u>8,941,511</u>	<u>8,881,391</u>	<u>7,785,828</u>	<u>1,095,563</u>
Total current expenditures				
General operating contingencies	395,365	268,831	-	268,831
Debt service and related costs:				
Principal	140,407	140,407	140,407	
Interest	69,085	69,085	64,914	
	<u>209,492</u>	<u>209,492</u>	<u>205,321</u>	<u>4,171</u>
Total debt service and related costs				
Total expenditures	<u>9,546,368</u>	<u>9,359,714</u>	<u>7,991,149</u>	<u>1,368,565</u>
Revenues over (under) expenditures	<u>216,725</u>	<u>(680,814)</u>	<u>(287,500)</u>	<u>393,314</u>

City of Portland, Oregon
Golf Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers from other fund:				
General	-	800,000	800,000	-
Transfers to other funds:				
General Fund Overhead	(381,097)	(381,097)	(381,097)	-
Pension Debt Redemption	(35,043)	(35,043)	(35,043)	-
Total transfers to other funds	(416,140)	(416,140)	(416,140)	-
Sale of capital asset	10,926	10,926	-	(10,926)
Internal loan remittances	(224,073)	-	-	-
Total other financing sources (uses)	(629,287)	394,786	383,860	(10,926)
Net change in fund balance	(412,562)	(286,028)	96,360	382,388
Fund balance - beginning	412,562	286,028	286,028	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	382,388	<u>\$ 382,388</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(297)	
Capital assets, net of accumulated depreciation and amortization			9,634,015	
Deferred outflow - pensions			1,937,394	
Compensated absences			(249,040)	
Bonds payable			(1,277,906)	
Internal loan proceeds			(800,000)	
Accrued interest payable			(817,131)	
Net pension liability - PERS			(3,816,783)	
Other postemployment benefits			(131,142)	
Deferred inflows - pensions			(96,036)	
Net position - GAAP basis			<u>\$ 4,765,462</u>	

City of Portland, Oregon
Portland International Raceway Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Charges for services				
Rents and reimbursements	\$ 1,343,140	\$ 1,343,140	\$ 1,314,318	
Concessions	158,890	158,890	135,944	
Parks and recreation facilities fees	419,515	419,515	349,902	
Other service charges	1,017	1,017	7,321	
Total charges for services	<u>1,922,562</u>	<u>1,922,562</u>	<u>1,807,485</u>	<u>\$ (115,077)</u>
Other:				
Investment earnings	2,305	2,305	6,190	
Miscellaneous	6,351	6,351	6,300	
Total other	<u>8,656</u>	<u>8,656</u>	<u>12,490</u>	<u>3,834</u>
Total revenues	<u>1,931,218</u>	<u>1,931,218</u>	<u>1,819,975</u>	<u>(111,243)</u>
EXPENDITURES				
Current:				
Personal services	819,413	819,413	757,158	
External materials and services	525,753	525,753	338,293	
Internal materials and services	132,374	132,374	121,640	
Total current expenditures	<u>1,477,540</u>	<u>1,477,540</u>	<u>1,217,091</u>	<u>260,449</u>
General operating contingencies	<u>292,707</u>	<u>386,754</u>	<u>-</u>	<u>386,754</u>
Debt service and related costs:				
Principal	292,029	292,029	292,029	
Interest	27,687	27,687	26,884	
Total debt services and related costs	<u>319,716</u>	<u>319,716</u>	<u>318,913</u>	<u>803</u>
Total expenditures	<u>2,089,963</u>	<u>2,184,010</u>	<u>1,536,004</u>	<u>648,006</u>
Revenues over (under) expenditures	<u>(158,745)</u>	<u>(252,792)</u>	<u>283,971</u>	<u>536,763</u>

City of Portland, Oregon
Portland International Raceway Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfer to other fund:				
General Fund Overhead	(96,716)	(96,716)	(96,716)	-
Pension Debt Redemption	(6,745)	(6,745)	(6,745)	-
	<u>(103,461)</u>	<u>(103,461)</u>	<u>(103,461)</u>	<u>-</u>
Net change in fund balance	(262,206)	(356,253)	180,510	536,763
Fund balance - beginning	262,206	356,253	356,265	12
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	536,775	<u>\$ 536,775</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(1,174)	
Capital assets, net of accumulated depreciation and amortization			1,753,911	
Deferred outflow - pensions			357,730	
Compensated absences			(44,138)	
Bonds payable			(246,004)	
Accrued interest payable			(157,302)	
Net pension liability - PERS			(691,263)	
Other postemployment benefits			(33,964)	
Deferred inflows - pensions			<u>(19,383)</u>	
Net position - GAAP basis			<u>\$ 1,455,188</u>	

City of Portland, Oregon
Solid Waste Management Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 2,944,779	\$ 2,944,779	\$ 2,870,650	
Other permits	12,950	12,950	12,950	
Total licenses and permits	<u>2,957,729</u>	<u>2,957,729</u>	<u>2,883,600</u>	\$ (74,129)
Intergovernmental:				
Local revenue sharing	26,000	26,000	-	(26,000)
Charges for services				
Public works and utility charges	2,806,284	2,806,284	3,055,968	249,684
Other:				
Assessments	-	-	50	
Donations	10,500	10,500	10,500	
Investment earnings	19,213	19,213	26,031	
Fines	12,650	12,650	12,150	
Miscellaneous	28,350	28,350	15,473	
Total other	<u>70,713</u>	<u>70,713</u>	<u>64,204</u>	(6,509)
Billings to other funds for services	5,000	7,000	7,000	-
Total revenues	<u>5,865,726</u>	<u>5,867,726</u>	<u>6,010,772</u>	143,046
EXPENDITURES				
Current:				
Personal services	2,476,660	2,489,895	2,228,643	
External materials and services	1,438,855	1,512,757	1,170,124	
Internal materials and services	1,679,705	1,669,970	1,606,091	
Total current expenditures	<u>5,595,220</u>	<u>5,672,622</u>	<u>5,004,858</u>	667,764
General operating contingencies	80,361	80,361	-	80,361
Debt service and related costs:				
Principal	43,601	43,601	43,601	
Interest	18,415	18,415	17,120	
Total debt service and related costs	<u>62,016</u>	<u>62,016</u>	<u>60,721</u>	1,295
Total expenditures	<u>5,737,597</u>	<u>5,814,999</u>	<u>5,065,579</u>	749,420
Revenues over (under) expenditures	<u>128,129</u>	<u>52,727</u>	<u>945,193</u>	892,466

City of Portland, Oregon
Solid Waste Management Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General Fund Overhead	(181,701)	(181,701)	(181,701)	-
Pension Debt Redemption	(10,882)	(10,882)	(10,882)	-
	<u>(192,583)</u>	<u>(192,583)</u>	<u>(192,583)</u>	<u>-</u>
Total transfers to other funds				
Net change in fund balance	(64,454)	(139,856)	752,610	892,466
Fund balance - beginning	2,773,911	2,849,313	3,443,914	594,601
Fund balance - ending	<u>\$ 2,709,457</u>	<u>\$ 2,709,457</u>	4,196,524	<u>\$ 1,487,067</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(6,362)	
Capital assets net of accumulated depreciation and amortization			316,104	
Deferred outflows - pensions			1,216,378	
Compensated absences			(147,399)	
Bonds payable			(396,826)	
Accrued interest payable			(253,744)	
Net pension liability - PERS			(2,418,404)	
Other postemployment benefits			(60,031)	
Deferred inflows - pensions			<u>(62,724)</u>	
Net position - GAAP basis			<u>\$ 2,383,516</u>	

City of Portland, Oregon
Parking Facilities Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 784,910	\$ 784,910	\$ 956,359	
Parking fees	13,500,000	13,500,000	12,470,416	
Other service charges	1,000	1,000	-	
Total service charges and fees	<u>14,285,910</u>	<u>14,285,910</u>	<u>13,426,775</u>	\$ (859,135)
Billings to other funds for services	974,535	974,535	952,916	(21,619)
Other:				
Investment earnings	100,000	100,000	164,162	64,162
Total revenues	<u>15,360,445</u>	<u>15,360,445</u>	<u>14,543,853</u>	<u>(816,592)</u>
EXPENDITURES				
Current:				
Personal services	545,410	545,410	380,071	
External materials and services	5,223,501	5,723,501	5,345,349	
Internal materials and services	6,448,855	6,448,855	2,782,502	
Capital outlay	2,996,131	246,131	-	
Total current expenditures	<u>15,213,897</u>	<u>12,963,897</u>	<u>8,507,922</u>	<u>4,455,975</u>
General operating contingencies	6,214,699	8,464,699	-	8,464,699
Debt service and related costs:				
Principal	1,370,000	1,370,000	1,370,000	
Interest	506,000	506,000	506,000	
Total debt services and related costs	<u>1,876,000</u>	<u>1,876,000</u>	<u>1,876,000</u>	<u>-</u>
Total expenditures	<u>23,304,596</u>	<u>23,304,596</u>	<u>10,383,922</u>	<u>12,920,674</u>
Revenues over (under) expenditures	<u>(7,944,151)</u>	<u>(7,944,151)</u>	<u>4,159,931</u>	<u>12,104,082</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General Fund Overhead	(151,241)	(151,241)	(151,241)	-
General	(292,970)	(292,970)	(292,970)	-
Transportation Operating	(2,230,753)	(2,230,753)	(2,230,753)	-
Total transfers to other funds	<u>(2,674,964)</u>	<u>(2,674,964)</u>	<u>(2,674,964)</u>	<u>-</u>
Net change in fund balance	(10,619,115)	(10,619,115)	1,484,967	12,104,082
Fund balance - beginning	10,619,115	10,619,115	12,643,844	2,024,729
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>14,128,811</u>	<u>\$ 14,128,811</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Allowance for uncollectible accounts			(10,000)	
Unrealized gain (loss) on investments			(31,764)	
Capital assets, net of accumulated depreciation and amortization			24,472,461	
Deferred outflows - pensions			6,657	
Deferred charge for bond refunding			71,966	
Bonds payable			(11,495,730)	
Accrued interest payable			(112,801)	
Net pension liability - PERS			(85,906)	
Other postemployment benefits			(990)	
Deferred inflows - pensions			(4,406)	
Net position - GAAP basis			<u>\$ 26,938,298</u>	

City of Portland, Oregon
Spectator Facilities Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Charges for services:				
Rents and reimbursements	\$ 6,612,128	\$ 6,612,128	\$ 7,253,331	
Parking fees	1,720,000	1,700,000	2,135,685	
Total charges for services	<u>8,332,128</u>	<u>8,312,128</u>	<u>9,389,016</u>	<u>\$ 1,076,888</u>
Intergovernmental:				
Local cost sharing	<u>2,044,994</u>	<u>2,044,994</u>	<u>1,933,539</u>	<u>(111,455)</u>
Billings to other funds for services	<u>-</u>	<u>-</u>	<u>55</u>	<u>55</u>
Other:				
Investment earnings	<u>35,000</u>	<u>35,000</u>	<u>98,098</u>	<u>63,098</u>
Total revenues	<u>10,412,122</u>	<u>10,392,122</u>	<u>11,420,708</u>	<u>1,028,586</u>
EXPENDITURES				
Current:				
Personal services	370,763	390,762	379,665	
External materials and services	4,176,385	7,185,758	5,052,945	
Internal materials and services	282,313	282,442	185,269	
Capital outlay	<u>3,500,000</u>	<u>3,500,000</u>	<u>1,803,114</u>	
Total current expenditures	<u>8,329,461</u>	<u>11,358,962</u>	<u>7,420,993</u>	<u>3,937,969</u>
General operating contingencies	<u>3,525,177</u>	<u>2,345,739</u>	<u>-</u>	<u>2,345,739</u>
Debt service and related costs:				
Principal	3,549,900	3,549,900	3,549,900	
Interest	<u>974,178</u>	<u>974,179</u>	<u>974,178</u>	
Total debt services and related costs	<u>4,524,078</u>	<u>4,524,079</u>	<u>4,524,078</u>	<u>1</u>
Total expenditures	<u>16,378,716</u>	<u>18,228,780</u>	<u>11,945,071</u>	<u>6,283,709</u>
Revenues over (under) expenditures	<u>(5,966,594)</u>	<u>(7,836,658)</u>	<u>(524,363)</u>	<u>7,312,295</u>

City of Portland, Oregon
Spectator Facilities Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<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 to other funds:				
General Fund Overhead	(111,943)	(111,943)	(111,943)	-
General	(21,463)	(21,463)	(21,463)	-
Total transfers to other funds	<u>(133,406)</u>	<u>(133,406)</u>	<u>(133,406)</u>	<u>-</u>
Total other financing sources (uses)	<u>(133,406)</u>	<u>(133,406)</u>	<u>(133,406)</u>	<u>-</u>
Net change in fund balance	(6,100,000)	(7,970,064)	(657,769)	7,312,295
Fund balance - beginning	<u>6,100,000</u>	<u>7,970,064</u>	<u>7,970,062</u>	<u>(2)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>7,312,293</u>	<u>\$ 7,312,293</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(16,411)	
Capital assets, net of accumulated depreciation and amortization			90,142,987	
Deferred outflows - pensions			504,151	
Deferred charge for debt refundings			33,560	
Bonds payable			(27,185,165)	
Accrued interest payable			(74,928)	
Net pension liability - PERS			(808,200)	
Other postemployment benefits			(254)	
Deferred inflows - pensions			<u>(12,592)</u>	
Net position - GAAP basis			<u>\$ 69,895,441</u>	

City of Portland, Oregon
Environmental Remediation Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Charges for services:				
Public works and utility charges	\$ 3,300,000	\$ 3,300,000	\$ 3,475,187	
Rents and reimbursements	560,000	560,000	632,134	
Total charges for services	3,860,000	3,860,000	4,107,321	\$ 247,321
Intergovernmental:				
State cost sharing	-	100,000	100,000	-
Other:				
Investment earnings	30,000	30,000	67,481	
Miscellaneous	-	-	1,605	
Total other	30,000	30,000	69,086	39,086
Billings to other funds for services	572,500	452,500	424,814	(27,686)
Total revenues	4,462,500	4,442,500	4,701,221	258,721
EXPENDITURES				
Current:				
Personal services	609,898	609,898	400,784	
External materials and services	2,639,346	2,639,346	897,585	
Internal materials and services	907,325	1,427,325	1,018,017	
Capital outlay	-	1,030,000	-	
Total current expenditures	4,156,569	5,706,569	2,316,386	3,390,183
General operating contingencies	1,986,813	1,866,813	-	1,866,813
Debt service and related costs:				
Principal	1,007	1,007	1,007	
Interest	425	425	395	
Total debt service and related costs	1,432	1,432	1,402	30
Total expenditures	6,144,814	7,574,814	2,317,788	(5,257,026)
Revenues over (under) expenditures	(1,682,314)	(3,132,314)	2,383,433	5,515,747

City of Portland, Oregon
Environmental Remediation Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<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)				
Transfer to other fund:				
General Fund Overhead	(117,434)	(117,434)	(117,434)	-
Pension Debt Redemption	(252)	(252)	(252)	-
Total transfers to other funds	<u>(117,686)</u>	<u>(117,686)</u>	<u>(117,686)</u>	<u>-</u>
Total other financing sources (uses)	<u>(117,686)</u>	<u>(117,686)</u>	<u>(117,686)</u>	<u>-</u>
Net change in fund balance	(1,800,000)	(3,250,000)	2,265,747	5,515,747
Fund balance - beginning	<u>1,800,000</u>	<u>3,250,000</u>	<u>3,706,639</u>	<u>456,639</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	5,972,386	<u>\$ 5,972,386</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(14,293)	
Capital assets, net of accumulated depreciation and amortization			3,462,708	
Pension asset			624,556	
Deferred outflows - pensions			331,708	
Compensated absences			(34,887)	
Bonds payable			(9,163)	
Accrued interest payable			(5,858)	
Net pension liability - PERS			(651,896)	
Other postemployment benefits			(13,845)	
Pollution remediation long-term liability			(100,000)	
Deferred inflows - pensions			<u>(14,716)</u>	
Net position - GAAP basis			<u>\$ 9,546,700</u>	

City of Portland, Oregon
Headwaters Apartment Complex Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
Local cost sharing	\$ 1,050,000	\$ -	\$ -	\$ -
Other:				
Investment earnings	3,500	-	-	-
Total revenues	<u>1,053,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
External materials and services	4,036	-	-	-
General operating contingencies	1,025,000	-	-	-
Debt service and related costs:				
Principal	360,769	-	-	
Interest	472,000	-	-	
Total debt service and related costs	<u>832,769</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,861,805</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(808,305)	-	-	-
Fund balance - beginning	808,305	-	1,298,103	1,298,103
Reclassified to Housing Property Fund	-	-	(1,298,103)	(1,298,103)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			-	
Net position - GAAP basis			<u>\$ -</u>	



Working draw bridge

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.

Portland Police Association (PPA) Health Insurance Fund

This fund is used for healthcare and benefits services for members of the PPA and eligible participants.

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City of Portland, Oregon
Health Insurance Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services:				
Health care charges	\$ 60,971,629	\$ 60,971,629	\$ 59,714,510	\$ (1,257,119)
Billings to other funds for services	-	-	1,830,000	1,830,000
Other:				
Investment earnings	96,900	96,900	211,051	
Miscellaneous	757,687	757,687	1,278,430	
Total other	854,587	854,587	1,489,481	634,894
Total revenues	61,826,216	61,826,216	63,033,991	1,207,775
EXPENDITURES				
Current:				
Personal services	1,682,686	1,682,686	1,562,582	
External materials and services	60,870,330	65,182,328	58,982,874	
Internal materials and services	392,317	442,317	427,083	
Total current expenditures	62,945,333	67,307,331	60,972,539	6,334,792
General operating contingencies	16,100,066	16,100,066	-	16,100,066
Debt service and related costs:				
Principal	25,916	25,916	25,916	
Interest	10,946	10,946	10,176	
Total debt service and related costs	36,862	36,862	36,092	770
Total expenditures	79,082,261	83,444,259	61,008,631	22,435,628
Revenues over (under) expenditures	(17,256,045)	(21,618,043)	2,025,360	23,643,403
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General Fund Overhead	(280,668)	(280,668)	(280,668)	-
Pension Debt Redemption	(6,468)	(6,468)	(6,468)	-
Total transfers to other funds	(287,136)	(287,136)	(287,136)	-
Total other financing sources (uses)	(287,136)	(287,136)	(287,136)	-
Net change in fund balance	(17,543,181)	(21,905,179)	1,738,224	23,643,403
Fund balance - beginning	17,543,181	21,905,179	22,958,693	1,053,514
Fund balance - ending	\$ -	\$ -	24,696,917	\$ 24,696,917
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(51,699)	
Deferred outflows - pensions			961,277	
Self insurance claims			(5,284,000)	
Compensated absences			(125,494)	
Bonds payable			(235,874)	
Accrued interest payable			(150,825)	
Net pension liability - PERS			(1,784,741)	
Other postemployment benefits			(26,015)	
Deferred inflows - pensions			(44,026)	
Net position - GAAP basis			\$ 17,955,520	

City of Portland, Oregon
Facilities Services Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Charges for services:				
Rents and reimbursements	\$ 1,064,115	\$ 1,184,943	\$ 1,507,852	
Other service charges	-	408,580	39,623	
Total charges for services	1,064,115	1,593,523	1,547,475	\$ (46,048)
Intergovernmental:				
State cost sharing	-	-	1,345	
Multnomah County cost sharing	-	-	(19,233)	
Local cost sharing	-	-	26,478	
Total intergovernmental	-	-	8,590	8,590
Billings to other funds for services	32,360,333	34,884,875	30,123,668	(4,761,207)
Other:				
Sales - other	-	-	353,236	
Investment earnings	180,820	400,410	448,378	
Miscellaneous	239,687	239,687	35,976	
Total other	420,507	640,097	837,590	197,493
Total revenues	33,844,955	37,118,495	32,517,323	(4,601,172)
EXPENDITURES				
Current:				
Personal services	4,454,353	5,049,538	4,682,173	
External materials and services	34,395,515	55,303,987	29,788,385	
Internal materials and services	2,935,783	3,526,995	3,243,619	
Capital outlay	6,845,859	9,271,432	1,547,216	
Total current expenditures	48,631,510	73,151,952	39,261,393	33,890,559
General operating contingencies	28,162,242	27,502,974	-	27,502,974
Debt service and related costs:				
Principal	4,344,573	4,344,573	4,344,573	
Interest	1,040,506	1,177,862	1,092,300	
Debt issuance costs	-	42,000	97,032	
Total debt service and related costs	5,385,079	5,564,435	5,533,905	30,530
Total expenditures	82,178,831	106,219,361	44,795,298	61,424,063
Revenues over (under) expenditures	(48,333,876)	(69,100,866)	(12,277,975)	56,822,891

City of Portland, Oregon
Facilities Services Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers from other fund:				
General	4,963,812	4,417,059	4,417,059	-
Total transfers from other funds	<u>4,963,812</u>	<u>4,417,059</u>	<u>4,417,059</u>	<u>-</u>
Transfers to other funds:				
General Fund Overhead	(892,943)	(892,943)	(892,943)	-
Pension Debt Redemption	(34,835)	(34,835)	(34,835)	-
Total transfers to other funds	<u>(927,778)</u>	<u>(927,778)</u>	<u>(927,778)</u>	<u>-</u>
Loans issued	8,970,687	24,829,045	-	(24,829,045)
Bonds and notes issued	-	-	14,526,552	14,526,552
Bonds and notes premium	-	-	1,180,812	1,180,812
Payments to refunded loan and bond escrow agent	-	-	(7,705,000)	(7,705,000)
Total other financing sources (uses)	<u>13,006,721</u>	<u>28,318,326</u>	<u>11,491,645</u>	<u>(16,826,681)</u>
Net change in fund balance	(35,327,155)	(40,782,540)	(786,330)	39,996,210
Fund balance - beginning	<u>35,327,155</u>	<u>40,782,540</u>	<u>38,754,109</u>	<u>(2,028,431)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>37,967,779</u>	<u>\$ 37,967,779</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(89,995)	
Capital assets, net of accumulated depreciation and amortization			126,635,091	
Deferred outflows - pensions			1,989,802	
Compensated absences			(185,062)	
Bonds payable			(22,668,125)	
Notes and loans payable			(7,911,552)	
Accrued interest payable			(921,148)	
Net pension liability - PERS			(3,759,413)	
Other postemployment benefits			(97,903)	
Deferred inflows - pensions			(101,029)	
Deferred charge for debt refunding			<u>(21,612)</u>	
Net position - GAAP basis			<u>\$ 130,836,833</u>	

City of Portland, Oregon
CityFleet Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 100,000	\$ 100,000	\$ 49,858	
State cost sharing	30,000	30,000	9,257	
Multnomah County cost sharing	434,913	434,913	448,119	
Local cost sharing	591,710	591,710	354,759	
	<u>1,156,623</u>	<u>1,156,623</u>	<u>861,993</u>	<u>\$ (294,630)</u>
Other:				
Sales - other	-	-	13,321	
Loan repayments	53,700	53,700	53,700	
Investment earnings	103,000	103,000	209,017	
Miscellaneous	40,000	40,000	39,030	
Sale of capital asset	600,000	600,000	813,245	
	<u>796,700</u>	<u>796,700</u>	<u>1,128,313</u>	<u>331,613</u>
Billings to other funds for services	<u>33,618,237</u>	<u>32,222,275</u>	<u>29,092,724</u>	<u>(3,129,551)</u>
Total revenues	<u>35,571,560</u>	<u>34,175,598</u>	<u>31,083,030</u>	<u>(3,092,568)</u>
EXPENDITURES				
Current:				
Personal services	8,033,063	8,316,859	7,912,218	
External materials and services	13,629,941	13,277,349	11,977,423	
Internal materials and services	2,405,978	2,412,192	2,028,526	
Capital outlay	12,631,722	17,546,490	11,066,252	
	<u>36,700,704</u>	<u>41,552,890</u>	<u>32,984,419</u>	<u>8,568,471</u>
General operating contingencies	<u>30,624,714</u>	<u>22,850,464</u>	<u>-</u>	<u>22,850,464</u>
Debt service and related costs:				
Principal	670,622	670,622	327,985	
Interest	894,777	894,777	128,786	
Debt issuance costs	186,268	186,268	-	
	<u>1,751,667</u>	<u>1,751,667</u>	<u>456,771</u>	<u>1,294,896</u>
Total debt service and related costs	<u>1,751,667</u>	<u>1,751,667</u>	<u>456,771</u>	<u>1,294,896</u>
Total expenditures	<u>69,077,085</u>	<u>66,155,021</u>	<u>33,441,190</u>	<u>32,713,831</u>
Revenues over (under) expenditures	<u>(33,505,525)</u>	<u>(31,979,423)</u>	<u>(2,358,160)</u>	<u>29,621,263</u>

City of Portland, Oregon
CityFleet Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General Fund Overhead	(1,052,640)	(1,052,640)	(1,052,640)	-
Pension Debt Redemption	(81,860)	(81,860)	(81,860)	-
Total transfers to other funds	<u>(1,134,500)</u>	<u>(1,134,500)</u>	<u>(1,134,500)</u>	<u>-</u>
Bonds and notes issued	<u>12,604,127</u>	<u>12,604,127</u>	<u>-</u>	<u>(12,604,127)</u>
Total other financing sources (uses)	<u>11,469,627</u>	<u>11,469,627</u>	<u>(1,134,500)</u>	<u>(12,604,127)</u>
Net change in fund balance	(22,035,898)	(20,509,796)	(3,492,660)	17,017,136
Fund balance - beginning	<u>22,035,898</u>	<u>20,509,796</u>	<u>20,509,796</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>17,017,136</u>	<u>\$ 17,017,136</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(40,104)	
Notes and loans receivable, net			214,800	
Inventories			1,238,264	
Capital assets, net of accumulated depreciation and amortization			56,234,293	
Deferred outflows - pensions			4,330,657	
Compensated absences			(518,741)	
Bonds payable			(2,985,127)	
Accrued interest payable			(1,908,779)	
Net pension liability - PERS			(8,422,909)	
Other postemployment benefits			(221,281)	
Deferred inflows - pensions			<u>(214,491)</u>	
Net position - GAAP basis			<u>\$ 64,723,718</u>	

City of Portland, Oregon
Printing and Distribution Services Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services:				
Other service charges	\$ 178,803	\$ 178,803	\$ 298,615	\$ 119,812
Intergovernmental:				
State cost sharing	146,025	146,025	133,172	
Multnomah County cost sharing	395,036	395,036	408,580	
Local cost sharing	338,374	338,374	218,021	
Total intergovernmental	879,435	879,435	759,773	(119,662)
Other:				
Sales - other	51,512	51,512	45,238	
Investment earnings	3,682	3,682	10,706	
Miscellaneous	-	-	40	
Sale of capital asset	-	-	1,000	
Total other	55,194	55,194	56,984	1,790
Billings to other funds for services	5,932,038	6,186,885	5,967,599	(219,286)
Total revenues	7,045,470	7,300,317	7,082,971	(217,346)
EXPENDITURES				
Current:				
Personal services	1,808,429	1,900,934	1,758,474	
External materials and services	3,775,064	4,034,161	3,649,051	
Internal materials and services	735,985	737,545	664,822	
Capital outlay	322,500	375,000	310,966	
Total current expenditures	6,641,978	7,047,640	6,383,313	664,327
General operating contingencies	481,981	883,423	-	883,423
Debt service and related costs:				
Principal	111,147	111,147	111,147	
Interest	46,945	46,945	43,643	
Total debt service and related costs	158,092	158,092	154,790	3,302
Total expenditures	7,282,051	8,089,155	6,538,103	1,551,052
Revenues over (under) expenditures	(236,581)	(788,838)	544,868	1,333,706

City of Portland, Oregon
Printing and Distribution Services Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<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 to other funds:				
General Fund Overhead	(247,610)	(247,610)	(247,610)	-
Pension Debt Redemption	(27,741)	(27,741)	(27,741)	-
Total transfers to other funds	<u>(275,351)</u>	<u>(275,351)</u>	<u>(275,351)</u>	<u>-</u>
Total other financing sources (uses)	<u>(275,351)</u>	<u>(275,351)</u>	<u>(275,351)</u>	<u>-</u>
Net change in fund balance	(511,932)	(1,064,189)	269,517	1,333,706
Fund balance - beginning	511,932	1,064,189	1,064,188	(1)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	1,333,705	<u>\$ 1,333,705</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(3,043)	
Capital assets, net of accumulated depreciation and amortization			641,502	
Deferred outflows - pensions			1,045,243	
Compensated absences			(111,170)	
Bonds payable			(1,011,600)	
Accrued interest payable			(646,846)	
Net pension liability - PERS			(2,008,689)	
Other postemployment benefits			(71,750)	
Deferred inflows - pensions			<u>(53,010)</u>	
Net position - GAAP basis			<u>\$ (885,658)</u>	

City of Portland, Oregon
Insurance and Claims Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 185,567	\$ 185,567	\$ 301,987	
Miscellaneous	117,940	117,940	249,089	
Total other	<u>303,507</u>	<u>303,507</u>	<u>551,076</u>	\$ 247,569
Billings to other funds for services	<u>10,931,236</u>	<u>10,931,236</u>	<u>10,913,471</u>	(17,765)
Total revenues	<u>11,234,743</u>	<u>11,234,743</u>	<u>11,464,547</u>	<u>229,804</u>
EXPENDITURES				
Current:				
Personal services	1,187,425	1,356,992	1,312,334	
External materials and services	6,584,469	6,729,969	4,985,401	
Internal materials and services	2,681,176	2,746,682	2,725,628	
Total current expenditures	<u>10,453,070</u>	<u>10,833,643</u>	<u>9,023,363</u>	1,810,280
General operating contingencies	<u>26,986,318</u>	<u>28,637,871</u>	-	28,637,871
Debt service and related costs:				
Principal	61,246	61,246	61,246	
Interest	25,868	25,868	24,048	
Total debt service and related costs	<u>87,114</u>	<u>87,114</u>	<u>85,294</u>	1,820
Total expenditures	<u>37,526,502</u>	<u>39,558,628</u>	<u>9,108,657</u>	<u>30,449,971</u>
Revenues over (under) expenditures	<u>(26,291,759)</u>	<u>(28,323,885)</u>	<u>2,355,890</u>	<u>30,679,775</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General Fund Overhead	(202,573)	(202,573)	(202,573)	-
Pension Debt Redemption	(15,286)	(15,286)	(15,286)	-
Total transfers to other funds	<u>(217,859)</u>	<u>(217,859)</u>	<u>(217,859)</u>	-
Net change in fund balance	(26,509,618)	(28,541,744)	2,138,031	30,679,775
Fund balance - beginning	<u>26,509,618</u>	<u>28,541,744</u>	<u>28,541,744</u>	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>30,679,775</u>	<u>\$ 30,679,775</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(65,077)	
Capital assets, net of accumulated depreciation and amortization			217,545	
Deferred outflows - pensions			723,005	
Self insurance claims			(14,315,386)	
Compensated absences			(108,326)	
Bonds payable			(557,421)	
Accrued interest payable			(356,431)	
Net pension liability - PERS			(1,377,227)	
Other postemployment benefits			(34,511)	
Deferred inflows - pensions			<u>(34,797)</u>	
Fund balance - GAAP basis			<u>\$ 14,771,149</u>	

City of Portland, Oregon
Workers' Compensation Self Insurance Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 93,828	\$ 93,828	\$ 147,177	
Miscellaneous	217,840	217,840	65,419	
Total other	<u>311,668</u>	<u>311,668</u>	<u>212,596</u>	\$ (99,072)
Billings to other funds for services	<u>4,313,045</u>	<u>4,313,045</u>	<u>4,330,452</u>	17,407
Total revenues	<u>4,624,713</u>	<u>4,624,713</u>	<u>4,543,048</u>	<u>(81,665)</u>
EXPENDITURES				
Current:				
Personal services	1,247,068	1,304,937	1,228,597	
External materials and services	3,543,161	4,111,161	3,024,145	
Internal materials and services	599,394	615,500	592,299	
Total current expenditures	<u>5,389,623</u>	<u>6,031,598</u>	<u>4,845,041</u>	1,186,557
General operating contingencies	<u>12,754,346</u>	<u>12,836,117</u>	-	12,836,117
Debt service and related costs:				
Principal	57,288	57,288	57,288	
Interest	24,196	24,196	22,494	
Total debt service and related costs	<u>81,484</u>	<u>81,484</u>	<u>79,782</u>	1,702
Total expenditures	<u>18,225,453</u>	<u>18,949,199</u>	<u>4,924,823</u>	<u>14,024,376</u>
Revenues over (under) expenditures	<u>(13,600,740)</u>	<u>(14,324,486)</u>	<u>(381,775)</u>	<u>13,942,711</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other fund:				
General Fund Overhead	(132,635)	(132,635)	(132,635)	-
Pension Debt Redemption	(14,299)	(14,299)	(14,299)	-
Total transfers to other funds	<u>(146,934)</u>	<u>(146,934)</u>	<u>(146,934)</u>	-
Net change in fund balance	<u>(13,747,674)</u>	<u>(14,471,420)</u>	<u>(528,709)</u>	13,942,711
Fund balance - beginning	<u>13,747,674</u>	<u>14,471,420</u>	<u>14,471,420</u>	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	13,942,711	<u>\$ 13,942,711</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(29,652)	
Capital assets, net of accumulated depreciation and amortization			156,056	
Deferred outflows - pensions			638,313	
Self insurance claims			(8,469,432)	
Compensated absences			(47,957)	
Bonds payable			(521,399)	
Accrued interest payable			(333,397)	
Net pension liability - PERS			(1,244,969)	
Other postemployment benefits			(25,821)	
Deferred inflows - pensions			<u>(31,942)</u>	
Net position - GAAP basis			<u>\$ 4,032,511</u>	

**City of Portland, Oregon
Technology Services Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Charges for services:				
Rents and reimbursements	\$ 234,866	\$ 234,866	\$ 230,308	
Other service charges	37,322	37,322	37,411	
Total charges for services	272,188	272,188	267,719	\$ (4,469)
Intergovernmental:				
Federal cost sharing	61,345	61,345	63,538	
State cost sharing	271,996	271,996	322,098	
Multnomah County cost sharing	1,746,941	1,746,941	1,960,278	
Local cost sharing	1,999,253	1,999,253	2,506,168	
Total intergovernmental	4,079,535	4,079,535	4,852,082	772,547
Other:				
Sales - other	283,477	283,477	286,323	
Investment earnings	100,000	100,000	244,093	
Miscellaneous	40,000	40,000	157,991	
Total other	423,477	423,477	688,407	264,930
Billings to other funds for services	46,984,886	49,667,044	49,728,644	61,600
Total revenues	51,760,086	54,442,244	55,536,852	1,094,608
EXPENDITURES				
Current:				
Personal services	28,367,739	29,414,384	27,808,356	
External materials and services	18,702,004	22,723,118	20,344,352	
Internal materials and services	3,743,232	4,108,782	3,912,952	
Capital outlay	3,808,393	3,184,972	2,254,769	
Total current expenditures	54,621,368	59,431,256	54,320,429	5,110,827
General operating contingencies	10,026,003	16,450,690	-	16,450,690
Debt service and related costs:				
Principal	389,985	389,985	389,817	
Interest	164,645	164,645	153,064	
Total debt service and related costs	554,630	554,630	542,881	11,749
Total expenditures	65,202,001	76,436,576	54,863,310	21,573,266
Revenues over (under) expenditures	(13,441,915)	(21,994,332)	673,542	22,667,874

City of Portland, Oregon
Technology Services Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General Fund Overhead	(2,003,245)	(2,003,245)	(2,003,245)	-
General	(291,746)	(291,746)	-	291,746
Pension Debt Redemption	(97,293)	(97,293)	(97,293)	-
Sewer System Operating	-	(1,873)	(1,873)	-
Water	-	(63,639)	(61,022)	2,617
	<u>(2,392,284)</u>	<u>(2,457,796)</u>	<u>(2,163,433)</u>	<u>294,363</u>
Total transfers to other funds				
	<u>(2,392,284)</u>	<u>(2,457,796)</u>	<u>(2,163,433)</u>	<u>294,363</u>
Total other financing sources (uses)				
	<u>(2,392,284)</u>	<u>(2,457,796)</u>	<u>(2,163,433)</u>	<u>294,363</u>
Net change in fund balance	(15,834,199)	(24,452,128)	(1,489,891)	22,962,237
Fund balance - beginning	15,834,199	24,452,128	24,452,128	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	22,962,237	<u>\$ 22,962,237</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(48,870)	
Inventories			494,485	
Capital assets, net of accumulated depreciation and amortization			27,553,549	
Deferred outflows - pensions			15,445,567	
Compensated absences			(1,936,926)	
Bonds payable			(3,547,884)	
Accrued interest payable			(2,268,622)	
Net pension liability - PERS			(30,348,889)	
Other postemployment benefits			(609,703)	
Deferred inflows - pensions			<u>(773,094)</u>	
Net position - GAAP basis			<u>\$ 26,921,850</u>	

City of Portland, Oregon
Portland Police Association Health Insurance Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Miscellaneous	\$ -	\$ -	\$ 7,177,051	\$ 7,177,051
Net change in fund balance	-	-	7,177,051	7,177,051
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	7,177,051	<u>\$ 7,177,051</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			<u>-</u>	
Fund balance - GAAP basis			<u>\$ 7,177,051</u>	

City of Portland, Oregon
Enterprise Business Solutions Services Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 20,000	\$ 43,775	\$ 54,283	\$ 10,508
Billings to other funds for services	11,771,472	11,771,472	11,771,472	-
Total revenues	<u>11,791,472</u>	<u>11,815,247</u>	<u>11,825,755</u>	<u>10,508</u>
EXPENDITURES				
Current:				
Personal services	2,421,575	2,561,575	2,465,706	
External materials and services	2,646,935	1,626,935	876,574	
Internal materials and services	4,774,054	4,799,054	4,718,725	
Total current expenditure	<u>9,842,564</u>	<u>8,987,564</u>	<u>8,061,005</u>	<u>926,559</u>
General operating contingencies	1,957,827	3,031,747	-	3,031,747
Debt service and related costs:				
Principal	2,920,000	2,920,000	2,920,000	
Interest	116,800	116,800	116,800	
Total debt service and related costs	<u>3,036,800</u>	<u>3,036,800</u>	<u>3,036,800</u>	<u>-</u>
Total expenditures	<u>14,837,191</u>	<u>15,056,111</u>	<u>11,097,805</u>	<u>3,958,306</u>
Revenues over (under) expenditures	<u>(3,045,719)</u>	<u>(3,240,864)</u>	<u>727,950</u>	<u>3,968,814</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other funds:				
General Fund Overhead	(178,322)	(178,322)	(178,322)	-
Total transfers to other funds	<u>(178,322)</u>	<u>(178,322)</u>	<u>(178,322)</u>	<u>-</u>
Net change in fund balance	(3,224,041)	(3,419,186)	549,628	3,968,814
Fund balance - beginning	3,224,041	3,419,186	3,419,185	(1)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	3,968,813	<u>\$ 3,968,813</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(8,504)	
Capital assets, net of accumulated depreciation and amortization			945,192	
Deferred outflows - pensions			1,433,686	
Compensated absences			(207,229)	
Net pension liability - PERS			(2,797,519)	
Other postemployment benefits			(31,786)	
Deferred inflows - pensions			<u>(74,918)</u>	
Net position - GAAP basis			<u>\$ 3,227,735</u>	



Foggy sunrise over Portland

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.

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City of Portland, Oregon
Fire and Police Disability and Retirement Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<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	\$ 125,621,818	\$ 125,621,818	\$ 126,592,496	
Prior year property	2,450,000	2,450,000	1,605,057	
Total taxes	<u>128,071,818</u>	<u>128,071,818</u>	<u>128,197,553</u>	<u>\$ 125,735</u>
Service charges and fees:				
Other service charges	-	-	44	44
Other:				
Investment earnings	379,000	379,000	593,830	
Miscellaneous	64,200	64,200	100,834	
Total other	<u>443,200</u>	<u>443,200</u>	<u>694,664</u>	<u>251,464</u>
Billings to other funds for services	<u>905,200</u>	<u>905,200</u>	<u>1,193,483</u>	<u>288,283</u>
Total revenues	<u>129,420,218</u>	<u>129,420,218</u>	<u>130,085,744</u>	<u>665,526</u>
EXPENDITURES				
Current:				
Personal services	2,086,912	2,086,912	1,973,764	
External materials and services	120,468,600	121,312,236	120,536,788	
Internal materials and services	11,161,988	11,461,988	10,812,495	
Capital outlay	46,000	76,000	54,760	
Total current	<u>133,763,500</u>	<u>134,937,136</u>	<u>133,377,807</u>	<u>1,559,329</u>
General operating contingencies	<u>7,668,111</u>	<u>6,338,111</u>	-	<u>6,338,111</u>
Debt service and related costs:				
Principal	34,510,968	34,510,968	28,804,968	
Interest	359,769	359,769	541,181	
Debt issuance costs	28,300	28,300	24,858	
Total debt service and related costs	<u>34,899,037</u>	<u>34,899,037</u>	<u>29,371,007</u>	<u>5,528,030</u>
Total expenditures	<u>176,330,648</u>	<u>176,174,284</u>	<u>162,748,814</u>	<u>13,425,470</u>
Revenues over (under) expenditures	<u>(46,910,430)</u>	<u>(46,754,066)</u>	<u>(32,663,070)</u>	<u>14,090,996</u>

City of Portland, Oregon
Fire and Police Disability and Retirement Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Fire and Police Disability and Retirement Reserve	750,000	750,000	-	(750,000)
Transfers to other funds:				
General Fund Overhead	(144,937)	(144,937)	(144,937)	-
General	-	(156,364)	(156,364)	-
Pension Debt Redemption	(8,727)	(8,727)	(8,727)	-
Fire and Police Disability and Retirement Reserve	(750,000)	(750,000)	-	750,000
Total transfers to other funds	(903,664)	(1,060,028)	(310,028)	750,000
Bonds and notes issued	34,476,000	34,476,000	28,770,000	(5,706,000)
Bonds and notes premium	-	-	359,050	359,050
Total other financing sources (uses)	34,322,336	34,165,972	28,819,022	(5,346,950)
Net change in fund balance	(12,588,094)	(12,588,094)	(3,844,048)	8,744,046
Fund balance - beginning	12,588,094	12,588,094	13,633,435	1,045,341
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	9,789,387	<u>\$ 9,789,387</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			(26,020)	
Unavailable revenue			5,983,583	
Capital assets, net of accumulated depreciation and amortization			474,360	
Deferred outflows - pensions			1,042,944	
Compensated absences			(1,179,091)	
Accrued interest payable			(318,258)	
Bonds payable			(203,503)	
Net pension liability - PERS			(2,073,029)	
Other postemployment benefits			(39,307)	
Deferred inflows - pensions			(50,979)	
Net position - GAAP basis			<u>\$ 13,400,087</u>	

City of Portland, Oregon
Fire and Police Disability and Retirement Reserve Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
Fire and Police Disability and Retirement	\$ 750,000	\$ 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)	-	-	-	-
Fund balance - beginning	750,000	750,000	750,000	-
Fund balance - ending	<u>\$ 750,000</u>	<u>\$ 750,000</u>	750,000	<u>\$ -</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Net position - GAAP basis			<u>\$ 750,000</u>	

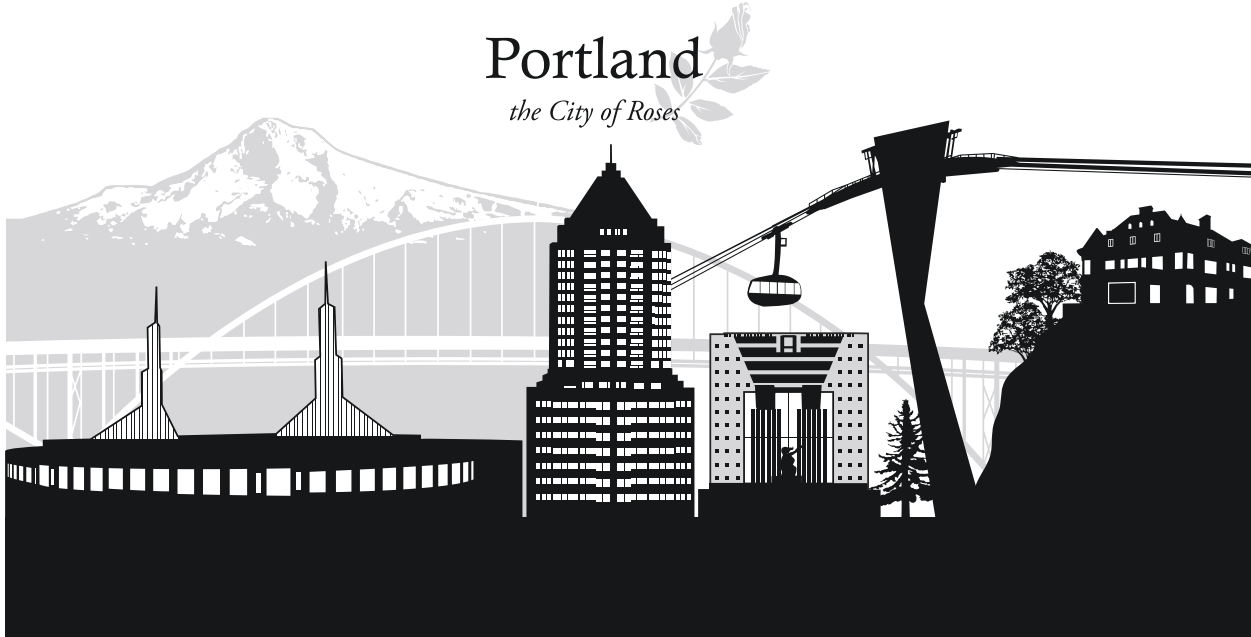
City of Portland, Oregon
Fire and Police Supplemental Retirement Reserve Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other:				
Investment earnings	\$ -	\$ 50	\$ -	\$ (50)
EXPENDITURES				
Current:				
External materials and services	-	9,500	8,611	889
Revenues over (under) expenditures	-	(9,450)	(8,611)	839
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	-	6,344	6,344	-
Net change in fund balance	-	(3,106)	(2,267)	839
Fund balance - beginning	-	3,106	3,106	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	839	<u>\$ 839</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			<u>-</u>	
Net position - GAAP basis			<u>\$ 839</u>	

STATISTICAL SECTION

Portland

the City of Roses



STATISTICAL SECTION

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Statistical Section

This part of the City of Portland's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. This section contains the following tables and information:

Contents	Page
Financial Trends	328
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	333
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	339
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	347
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	349
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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30.									
	2017	2016	2015	2014 ^{1, 2}	2013	2012 ¹	2011	2010	2009 ¹	2008
Governmental activities:										
Net investment in capital assets	\$ 1,881,668,361	\$ 1,896,441,844	\$ 1,982,917,732	\$ 2,045,982,585	\$ 2,125,382,711	\$ 2,170,541,622	\$ 2,219,412,554	\$ 2,123,435,196	\$ 2,175,464,133	\$ 2,253,119,111
Restricted	549,657,817	446,654,188	340,730,761	271,371,138	254,008,558	211,292,440	197,584,177	183,204,776	159,973,612	177,255,997
Unrestricted	<u>(4,026,450,846)</u>	<u>(3,787,252,754)</u>	<u>(3,494,355,768)</u>	<u>(3,368,964,230)</u>	<u>(2,024,224,393)</u>	<u>(1,843,957,006)</u>	<u>(1,748,535,567)</u>	<u>(1,686,820,664)</u>	<u>(1,551,207,748)</u>	<u>(1,401,339,786)</u>
Total governmental activities net position	<u>\$ (1,595,124,668)</u>	<u>\$ (1,444,156,722)</u>	<u>\$ (1,170,707,275)</u>	<u>\$ (1,051,610,507)</u>	<u>\$ 355,166,876</u>	<u>\$ 537,877,056</u>	<u>\$ 668,461,164</u>	<u>\$ 619,819,308</u>	<u>\$ 784,229,997</u>	<u>\$ 1,029,035,322</u>
Business-type activities:										
Net investment in capital assets	\$ 2,328,512,375	\$ 2,162,963,007	\$ 2,069,303,473	\$ 1,968,473,423	\$ 1,879,196,917	\$ 1,792,291,343	\$ 1,682,414,671	\$ 1,563,020,091	\$ 1,456,673,267	\$ 1,456,877,706
Restricted	12,535,569	12,490,281	14,168,531	14,138,244	13,855,864	14,848,536	14,716,777	110,697,822	19,033,446	18,819,068
Unrestricted	<u>199,253,699</u>	<u>188,318,614</u>	<u>156,008,270</u>	<u>61,834,817</u>	<u>105,676,056</u>	<u>103,946,351</u>	<u>127,233,261</u>	<u>30,210,742</u>	<u>161,146,338</u>	<u>97,018,347</u>
Total business-type activities net position	<u>\$ 2,540,301,643</u>	<u>\$ 2,363,771,902</u>	<u>\$ 2,239,480,274</u>	<u>\$ 2,044,446,484</u>	<u>\$ 1,998,728,837</u>	<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>
Primary government:										
Net investment in capital assets	\$ 4,210,180,736	\$ 4,059,404,851	\$ 4,052,221,205	\$ 4,014,456,008	\$ 4,004,579,628	\$ 3,962,832,965	\$ 3,901,827,225	\$ 3,686,455,287	\$ 3,632,137,400	\$ 3,709,996,817
Restricted	562,193,386	459,144,469	354,899,292	285,509,382	267,864,422	226,140,976	212,300,954	293,902,598	179,007,058	196,075,065
Unrestricted	<u>(3,827,197,147)</u>	<u>(3,598,934,140)</u>	<u>(3,338,347,498)</u>	<u>(3,307,129,413)</u>	<u>(1,918,548,337)</u>	<u>(1,740,010,655)</u>	<u>(1,621,302,306)</u>	<u>(1,656,609,922)</u>	<u>(1,390,061,410)</u>	<u>(1,304,321,439)</u>
Total primary government net position	<u>\$ 945,176,975</u>	<u>\$ 919,615,180</u>	<u>\$ 1,068,772,999</u>	<u>\$ 992,835,977</u>	<u>\$ 2,353,895,713</u>	<u>\$ 2,448,963,286</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>

¹ Data as restated

² The sharp decline in unrestricted net position in governmental activities in FY 2014 is primarily due to the recording of the net pension liability for the Fire and Police Disability, Retirement and Death Benefit (FPDR) Plan, in accordance with GASB 68. The FPDR is funded annually on a pay as you go basis with revenue received each year from a dedicated property tax levy. As required by GAAP, the net position liability cannot be offset to reflect the value of future revenues expected to be received from the annually dedicated property tax levy.

**City of Portland, Oregon
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year Ended June 30.									
	2017	2016	2015	2014	2013 ¹	2012	2011	2010 ¹	2009	2008
Expenses										
Governmental activities:										
Public safety	\$ 662,029,926	\$ 675,619,972	\$ 681,079,374	\$ 524,324,725	\$ 539,582,340	\$ 486,886,299	\$ 460,750,759	\$ 444,705,167	\$ 452,067,911	\$ 398,379,565
Parks, recreation and culture	107,882,771	109,511,440	72,416,721	85,522,569	77,384,671	77,703,274	71,215,918	70,745,599	79,614,221	72,274,388
Community development	290,457,585	258,643,920	162,430,670	166,124,118	206,451,529	276,382,471	235,115,877	204,410,103	131,261,667	130,997,139
Transportation	319,449,307	321,615,626	302,136,406	321,045,231	304,095,341	247,019,675	264,399,020	276,185,628	248,914,860	241,780,135
Legislative / admin / support services	129,284,091	128,136,508	97,013,883	100,869,933	106,340,680	92,989,301	85,191,243	92,190,425	178,268,571	174,636,727
Environmental services	65,043	273,121	86,523	387,345	604,474	503,400	187,805	326,089	-	-
Water	208,375	298,514	175,972	185,404	221,364	409,074	89,336	157,563	-	-
Parking facilities	17,000	17,000	17,000	17,000	-	-	-	-	-	-
Interest on long-term debt	47,225,026	46,848,152	48,113,636	47,846,811	50,436,861	48,030,292	46,341,420	44,629,763	50,010,337	52,748,138
Total governmental activities expenses	1,556,619,124	1,540,964,253	1,363,470,185	1,246,323,136	1,285,117,260	1,229,923,786	1,163,291,378	1,133,350,337	1,140,137,567	1,070,816,092
Business-type activities:										
Environmental services	247,437,383	271,877,219	220,160,935	234,976,444	229,742,394	194,880,070	189,838,169	184,036,412	188,969,781	185,767,974
Water	145,140,721	149,291,453	102,628,362	112,388,000	120,814,693	108,344,964	103,260,628	101,965,612	98,707,471	94,367,153
Hydroelectric power	1,446,666	1,685,144	1,289,400	1,661,975	1,786,015	1,895,974	2,049,214	2,112,254	2,458,249	2,343,333
Parking facilities	8,332,521	8,084,291	6,571,712	6,872,812	6,272,155	6,858,239	6,419,814	9,372,080	9,764,605	7,923,477
Golf	9,485,970	10,856,948	9,288,014	8,890,606	8,532,476	7,704,762	7,803,648	8,023,884	8,603,692	7,358,537
Motor sports	1,556,365	1,855,628	1,578,637	1,685,405	1,745,465	1,702,924	1,730,151	1,830,052	1,811,021	1,941,127
Spectator facilities	11,357,823	8,540,984	7,590,349	6,517,715	10,232,186	8,098,517	9,412,865	8,175,758	8,698,111	8,004,713
Housing	-	733,510	774,968	721,620	763,346	967,848	1,750,675	-	-	-
Total business-type activities expenses	424,757,449	452,925,177	349,882,377	373,714,577	379,888,730	330,453,298	322,265,164	315,516,052	319,012,930	307,706,314
Total primary government expenses	\$ 1,981,376,573	\$ 1,993,889,430	\$ 1,713,352,562	\$ 1,620,037,713	\$ 1,665,005,990	\$ 1,560,377,084	\$ 1,485,556,542	\$ 1,448,866,389	\$ 1,459,150,497	\$ 1,378,522,406
Program Revenues										
Governmental activities:										
Fees, fines and charges for services:										
Public safety	\$ 22,176,413	\$ 18,463,144	\$ 17,462,949	\$ 13,932,328	\$ 9,198,789	\$ 12,351,514	\$ 10,589,711	\$ 11,350,111	\$ 29,183,131	\$ 25,855,028
Parks, recreation and culture	29,387,579	26,812,317	26,502,334	21,579,257	21,659,255	19,377,137	17,956,318	18,109,058	28,955,330	24,041,781
Community development	84,020,829	76,481,523	68,509,492	61,010,720	46,267,824	43,503,027	29,178,351	46,285,869	45,989,635	59,843,519
Transportation	127,336,714	101,746,047	94,096,155	83,482,648	81,578,019	77,531,542	61,912,494	60,397,143	71,206,830	68,101,536
Legislative / admin / support services	258,572,199	226,112,875	238,924,027	206,200,217	198,673,424	183,276,317	181,437,591	168,785,605	194,127,883	183,505,065
Environmental services	-	-	-	-	22,086	-	30,888	-	-	-
Operating grants and contributions	130,202,782	154,756,635	166,661,697	147,816,324	187,508,857	196,150,183	179,417,682	136,693,542	30,899,130	95,594,872
Capital grants and contributions	117,286,144	77,985,967	85,061,048	56,392,854	65,753,370	94,247,887	190,020,546	77,921,901	61,307,882	24,337,254
Total governmental activities program revenues	768,982,660	682,358,508	697,217,702	590,414,348	610,661,624	626,437,607	670,543,581	519,543,229	461,669,821	481,279,055

Continued next page

**City of Portland, Oregon
Changes in Net Position, Continued
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year Ended June 30.									
	2017	2016	2015	2014	2013 ¹	2012	2011	2010 ¹	2009	2008
Business-type activities:										
Charges for services:										
Environmental services	384,195,274	357,565,915	341,993,745	316,057,459	292,754,016	268,824,936	256,570,147	239,960,866	237,136,104	228,089,453
Water	179,476,928	177,094,690	160,749,233	145,760,796	147,514,349	130,911,138	118,000,643	112,702,102	101,728,593	96,645,344
Hydroelectric power	1,375,589	1,184,193	3,769,590	4,054,750	4,060,110	4,082,287	3,650,986	3,617,879	3,363,647	3,525,956
Parking facilities	14,379,691	15,147,309	13,753,023	12,896,245	12,164,895	12,092,247	11,901,704	11,316,355	10,708,326	12,033,569
Golf	7,704,827	8,607,405	8,695,532	7,990,960	8,270,199	7,732,554	7,434,680	7,754,612	8,388,970	7,157,913
Motor sports	1,813,785	1,979,719	1,712,727	1,424,301	1,704,966	1,752,621	1,748,086	1,875,497	1,922,096	1,650,541
Spectator facilities	11,322,610	11,328,164	10,696,710	10,473,920	10,846,860	8,601,320	8,870,310	8,846,051	9,000,391	8,401,058
Housing	-	1,096,742	1,093,766	868,533	970,625	1,015,467	1,060,568	-	-	-
Operating grants	-	-	-	-	-	-	-	-	-	801,397
Capital grants and contributions	1,484,603	2,455,268	4,022,620	2,794,342	3,259,994	3,964,882	44,450,756	954,259	1,998,768	12,385,699
Total business-type activities program revenues	601,753,307	576,459,405	546,486,946	502,321,306	481,546,014	438,977,452	453,687,880	387,027,621	374,246,895	370,690,930
Total primary government program revenues	\$ 1,370,735,967	\$ 1,258,817,913	\$ 1,243,704,648	\$ 1,092,735,654	\$ 1,092,207,638	\$ 1,065,415,059	\$ 1,124,231,461	\$ 906,570,850	\$ 835,916,716	\$ 851,969,985
Net (Expense) / Revenue										
Governmental activities	\$ (787,636,464)	\$ (858,605,745)	\$ (666,252,483)	\$ (655,908,788)	\$ (674,455,636)	\$ (603,486,179)	\$ (492,747,797)	\$ (613,807,108)	\$ (678,467,746)	\$ (589,537,037)
Business-type activities	176,995,858	123,534,228	196,604,569	128,606,729	101,657,284	108,524,154	131,422,716	71,511,569	55,233,965	62,984,616
Total primary government net expense	\$ (610,640,606)	\$ (735,071,517)	\$ (469,647,914)	\$ (527,302,059)	\$ (572,798,352)	\$ (494,962,025)	\$ (361,325,081)	\$ (542,295,539)	\$ (623,233,781)	\$ (526,552,421)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property	\$ 537,142,744	\$ 500,071,854	\$ 481,282,272	\$ 455,381,655	\$ 441,030,147	\$ 432,481,353	\$ 431,933,936	\$ 421,211,270	\$ 388,147,722	\$ 384,423,685
Lodging	50,782,865	50,543,129	41,803,744	35,063,066	28,746,920	21,359,108	19,142,687	16,511,907	23,571,670	19,647,497
Miscellaneous	24,080,946	10,246,214	10,490,137	7,062,234	7,815,970	-	-	-	-	-
Investment earnings	21,443,369	19,481,035	8,760,007	8,950,181	6,496,779	8,967,966	10,565,464	6,104,945	18,518,024	25,699,774
Transfers	1,839,223	4,814,066	4,819,555	6,715,480	7,655,640	6,398,095	15,500,817	5,568,297	3,425,005	2,821,245
Special item:										
Contributions from Prosper Portland	-	-	-	-	-	3,695,549	64,246,749	-	-	-
Total governmental activities	635,289,147	585,156,298	547,155,715	513,172,616	491,745,456	472,902,071	541,389,653	449,396,419	433,662,421	432,592,201
Business-type activities:										
Investment earnings	2,752,477	5,571,466	3,248,776	2,894,317	640,963	1,450,984	4,514,155	1,132,332	12,328,970	14,400,395
Transfers	(1,839,223)	(4,814,066)	(4,819,555)	(6,715,480)	(7,655,640)	(6,398,095)	(15,500,817)	(5,568,297)	(3,425,005)	(2,821,245)
Special item:										
Capital asset write-off	-	-	-	-	(7,000,000)	(16,855,522)	-	-	-	-
Total business-type activities	913,254	757,400	(1,570,779)	(3,821,163)	(14,014,677)	(21,802,633)	(10,986,662)	(4,435,965)	8,903,965	11,579,150
Total primary government	\$ 636,202,401	\$ 585,913,698	\$ 545,584,936	\$ 509,351,453	\$ 477,730,779	\$ 451,099,438	\$ 530,402,991	\$ 444,960,454	\$ 442,566,386	\$ 444,171,351
Change in Net Position										
Governmental activities	(152,347,317)	(273,449,447)	(119,096,768)	(142,736,172)	(182,710,180)	(130,584,108)	48,641,856	(164,410,689)	(244,805,325)	(156,944,836)
Business-type activities	177,909,112	124,291,628	195,033,790	124,785,566	87,642,607	86,721,521	120,436,054	67,075,604	64,137,930	74,563,766
Total primary government change in net position	\$ 25,561,795	\$ (149,157,819)	\$ 75,937,022	\$ (17,950,606)	\$ (95,067,573)	\$ (43,862,587)	\$ 169,077,910	\$ (97,335,085)	\$ (180,667,395)	\$ (82,381,070)

¹ Data as restated

City of Portland, Oregon
Fund Balances, Governmental Funds ²
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014 ¹	2013 ²	2012	2011 ¹	2010	2009	2008
General Fund										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,872,408	\$ 133,755,426	\$ 130,939,791
Nonspendable	404,610	453,022	513,774	545,293	531,247	555,088	234,968	-	-	-
Committed	58,916,535	56,495,175	58,885,208	60,077,408	49,930,120	48,984,519	46,294,375	-	-	-
Assigned	13,028,310	17,351,152	30,220,861	7,444,423	314,562	5,415,881	23,588,446	-	-	-
Unassigned	39,584,406	27,255,828	16,460,088	28,900,909	28,514,937	22,296,208	23,962,998	-	-	-
Total general fund	111,933,861	101,555,177	106,079,931	96,968,033	79,290,866	77,251,696	94,080,787	91,872,408	133,755,426	130,939,791
All other governmental funds										
Reserved	-	-	-	-	-	-	-	15,819,740	24,940,060	98,997,913
Unreserved, reported in:										
Major fund:										
Transportation Operating	-	-	-	-	-	-	-	10,449,909	10,596,286	21,065,188
Nonmajor funds:										
Special revenue funds	-	-	-	-	-	-	-	(12,163,792)	8,976,573	30,633,551
Debt service funds	-	-	-	-	-	-	-	62,208,494	43,489,029	77,416
Capital projects funds	-	-	-	-	-	-	-	5,295,880	6,407,173	5,596,855
Major fund:										
Transportation Operating:										
Nonspendable	6,415,131	6,697,786	7,408,416	5,725,138	5,211,250	5,467,464	2,824,446	-	-	-
Restricted	130,924,561	47,917,229	39,013,371	31,794,588	26,652,459	18,803,168	20,774,274	-	-	-
Assigned	47,569,182	71,781,581	36,779,700	33,854,289	20,578,265	14,211,840	-	-	-	-
Unassigned	-	-	-	-	-	-	(14,039,988)	-	-	-
Nonmajor funds:										
Special revenue funds:										
Nonspendable	-	-	-	-	-	-	30,900	-	-	-
Restricted	187,431,111	156,692,731	150,476,673	102,777,084	92,318,341	77,321,176	71,044,360	-	-	-
Committed	20,170,158	20,071,904	14,843,739	12,806,577	12,654,543	14,645,781	946,953	-	-	-
Assigned	20,697,247	17,374,200	14,645,405	12,436,525	10,367,324	8,419,112	12,665,927	-	-	-
Unassigned	(7,031,672)	(3,543,056)	(3,545,508)	(632,801)	(7,280,204)	(7,064,264)	(21,934,442)	-	-	-
Debt service funds:										
Restricted	75,222,923	66,379,048	62,199,841	55,647,819	51,972,200	53,907,324	50,464,778	-	-	-
Assigned	15,592,586	15,719,727	14,018,712	12,166,789	15,444,913	14,644,795	13,497,508	-	-	-
Capital projects funds:										
Nonspendable	-	-	-	-	-	-	4,100	-	-	-
Restricted	98,065,337	104,051,671	73,034,959	62,177,707	38,494,304	38,035,418	32,900,374	-	-	-
Committed	3,767,383	1,910,862	1,282,338	665,072	9,778,398	9,480,674	694,200	-	-	-
Assigned	9,276,240	7,545,602	6,734,058	5,889,770	8,044,889	8,308,021	6,235,808	-	-	-
Unassigned	(10,050,355)	-	-	-	-	-	-	-	-	-
Permanent fund:										
Nonspendable	162,956	162,832	162,572	162,843	163,182	163,142	162,740	-	-	-
Restricted	21,411	20,844	19,222	18,457	18,805	19,811	19,671	-	-	-
Total all other governmental funds	598,234,199	512,782,961	417,073,498	335,489,857	284,418,669	256,363,462	176,291,609	81,610,231	94,409,121	156,370,923
Total governmental funds	\$ 710,168,060	\$ 614,338,138	\$ 523,153,429	\$ 432,457,890	\$ 363,709,535	\$ 333,615,158	\$ 270,372,396	\$ 173,482,639	\$ 228,164,547	\$ 287,310,714

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)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Taxes	\$ 607,820,246	\$ 561,631,327	\$ 531,301,330	\$ 495,153,590	\$ 476,378,425	\$ 448,364,391	\$ 450,618,907	\$ 439,807,189	\$ 404,648,934	\$ 400,907,347
Licenses and permits	277,190,024	257,217,150	233,646,104	208,235,312	196,568,153	185,187,374	164,940,343	163,524,368	172,412,165	185,733,671
Intergovernmental	197,151,168	170,956,056	168,242,063	165,057,000	206,179,343	262,848,347	306,470,348	179,137,795	112,420,936	130,480,681
Charges for services	250,686,417	208,154,118	191,393,937	182,994,037	169,369,076	145,895,524	128,092,621	128,460,491	135,712,881	180,575,425
Assessments	15,837,560	14,528,846	13,398,496	20,819,124	9,019,761	8,965,051	9,628,143	17,859,689	10,494,525	11,486,471
Investment earnings	20,891,658	17,794,209	8,008,872	7,810,694	6,394,758	7,997,693	8,656,961	5,940,419	14,150,878	19,196,940
Miscellaneous	9,546,423	9,822,567	20,517,936	12,461,313	7,988,876	11,859,802	8,553,079	13,371,753	18,080,728	8,599,219
Total revenues	1,379,123,496	1,240,104,273	1,166,508,738	1,092,531,070	1,071,898,392	1,071,118,182	1,076,960,402	948,101,704	867,921,047	936,979,754
Expenditures										
Current:										
Public safety	460,911,538	453,566,546	432,678,952	417,619,532	405,171,299	402,526,990	382,040,051	381,431,467	365,837,451	344,018,244
Parks, recreation and culture	93,202,761	86,239,951	73,897,333	68,264,016	69,159,278	70,095,137	65,553,655	65,421,722	66,513,218	69,553,194
Community development	287,883,715	246,432,782	173,735,075	170,553,693	211,030,610	299,816,445	233,452,342	216,256,817	130,498,875	135,558,800
Transportation	151,091,787	132,681,487	147,069,608	168,259,803	162,045,823	102,732,375	119,743,004	133,225,382	106,859,618	104,537,362
Legislative / admin / support services	105,771,502	100,720,103	94,739,754	89,223,214	82,597,301	73,694,282	70,316,678	71,214,023	183,391,043	182,562,975
Environmental services	55,877	227,554	221,231	350,203	604,474	503,400	187,805	326,089	-	-
Water	24,915	122,542	-	50,294	221,364	409,074	89,336	157,563	-	-
Debt service and related costs:										
Principal	146,815,236	107,566,236	97,537,730	133,585,244	136,765,972	271,515,940	277,450,351	71,726,634	102,210,897	109,078,563
Interest	43,176,548	43,462,701	44,404,911	43,523,677	45,186,688	41,996,682	38,899,209	37,280,438	41,451,139	44,139,283
Debt issuance costs	822,050	560,115	672,770	793,356	1,052,128	2,113,436	1,528,816	1,355,153	1,063,423	909,132
Capital outlay	159,566,571	65,131,845	78,300,490	83,233,658	69,410,696	109,842,632	140,101,129	102,014,291	60,394,581	79,737,850
Total expenditures	1,449,322,500	1,236,711,862	1,143,257,854	1,175,456,690	1,183,245,633	1,375,246,393	1,329,362,376	1,080,409,579	1,058,220,245	1,070,095,403
Revenues over (under) expenditures	(70,199,004)	3,392,411	23,250,884	(82,925,620)	(111,347,241)	(304,128,211)	(252,401,974)	(132,307,875)	(190,299,198)	(133,115,649)
Other Financing Sources (Uses)										
Transfers in	141,705,782	135,383,738	113,470,018	119,542,744	103,344,628	110,772,511	104,599,012	119,996,827	64,381,992	84,829,128
Transfers out	(145,346,966)	(135,787,600)	(115,209,916)	(106,382,665)	(99,832,685)	(96,610,030)	(106,727,613)	(142,667,821)	(73,645,578)	(93,054,958)
Bonds and notes issued	158,928,038	85,333,395	60,884,119	127,965,979	129,646,072	311,873,457	287,505,419	157,041,092	160,941,346	151,109,500
Bonds and note premium	9,302,181	2,573,207	4,365,018	9,846,162	8,189,496	18,809,162	1,203,343	3,118,769	1,390,471	198,553
Bonds and note discounts	130,652	284,770	3,935,116	-	-	(82,485)	(266,645)	(73,870)	-	-
Loan proceeds	-	-	-	-	-	900,000	4,704,000	3,421,000	1,540,000	1,600,000
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	(63,243,022)	(24,865,000)	-
Proceeds from sale of capital assets	5,868	4,788	300	701,755	94,107	74,438	313,703	32,993	1,409,800	175,000
Total other financing sources (uses)	164,725,555	87,792,298	67,444,655	151,673,975	141,441,618	345,737,053	291,331,219	77,625,968	131,153,031	144,857,223
Special Item										
Contribution from the Prosper Portland	-	-	-	-	-	3,695,549	64,246,749	-	-	-
Net change in fund balances	\$ 94,526,551	\$ 91,184,709	\$ 90,695,539	\$ 68,748,355	\$ 30,094,377	\$ 45,304,391	\$ 103,175,994	\$ (54,681,907)	\$ (59,146,167)	\$ 11,741,574
Debt service as a percentage of noncapital expenditures	14.7 %	12.9 %	13.3 %	16.2 %	16.3 %	24.8 %	26.6 %	11.1 %	14.4 %	15.5 %

City of Portland, Oregon
Program Revenues by Function
Last Ten Fiscal Years
(accrual basis of accounting)

Function	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012 ¹	2011	2010	2009	2008
Governmental activities:										
Public safety	\$ 43,555,255	\$ 41,897,135	\$ 39,676,455	\$ 36,944,769	\$ 34,994,419	\$ 39,996,014	\$ 36,112,027	\$ 36,579,628	\$ 37,618,789	\$ 36,040,408
Parks, recreation and culture	61,329,954	55,509,279	68,963,590	54,501,838	57,103,523	47,995,617	43,739,584	30,052,917	33,900,730	28,139,754
Community development	159,837,138	115,222,934	107,714,842	89,108,592	103,323,245	117,419,849	96,334,022	77,715,883	65,551,272	82,395,639
Transportation	219,001,650	215,250,116	207,284,169	176,603,991	181,963,408	207,660,033	284,663,629	181,040,220	128,348,190	135,732,608
Legislative / admin / support services	285,258,663	254,035,719	272,563,100	231,373,014	229,168,166	210,433,303	207,800,528	192,800,377	196,250,840	198,970,646
Environmental services	-	343,483	1,015,546	1,463,546	1,774,149	1,602,219	1,136,538	1,239,419	-	-
Water	-	99,842	-	418,598	2,334,714	1,330,572	757,253	114,785	-	-
Subtotal governmental activities	<u>768,982,660</u>	<u>682,358,508</u>	<u>697,217,702</u>	<u>590,414,348</u>	<u>610,661,624</u>	<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>
Business-type activities:										
Environmental services	385,406,467	359,264,475	345,411,024	318,323,909	295,468,918	270,144,257	258,701,515	240,915,125	239,134,872	233,741,504
Water	179,661,372	177,317,208	161,248,941	145,958,266	148,014,801	131,695,155	120,880,132	112,702,102	101,728,593	104,180,389
Hydroelectric power	1,375,589	1,184,193	3,769,590	4,054,750	4,060,110	4,082,287	3,650,986	3,617,879	3,363,647	3,525,956
Parking facilities	14,379,691	15,147,309	13,753,023	12,896,245	12,164,895	12,092,247	11,901,704	11,316,355	10,708,326	12,033,569
Golf	7,704,827	8,607,405	8,695,532	7,990,960	8,270,199	7,734,929	7,434,680	7,754,612	8,388,970	7,157,913
Motor sports	1,813,785	1,979,719	1,712,727	1,424,301	1,704,966	1,752,621	29,123,925	1,875,497	1,922,096	1,650,541
Spectator facilities	11,411,576	11,862,354	10,802,343	10,804,342	10,891,500	10,460,489	8,870,310	8,846,051	9,000,391	8,401,058
Housing	-	1,096,742	1,093,766	868,533	970,625	1,015,467	13,124,628	-	-	-
Subtotal business-type activities	<u>601,753,307</u>	<u>576,459,405</u>	<u>546,486,946</u>	<u>502,321,306</u>	<u>481,546,014</u>	<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>
Total primary government	<u>\$ 1,370,735,967</u>	<u>\$ 1,258,817,913</u>	<u>\$ 1,243,704,648</u>	<u>\$ 1,092,735,654</u>	<u>\$ 1,092,207,638</u>	<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>

¹ Data as restated

City of Portland, Oregon
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Property Taxes	Lodging Taxes	Arts Taxes ¹	Recreational Marijuana Tax ³	Gas Tax	Construction Excise Tax	Other Taxes	Total Taxes
2017	\$ 532,956,435	\$ 50,782,864	\$ 12,063,111	\$ 406,270	\$ 9,787,463	\$ 1,824,103	\$ 925,534	\$ 608,745,780
2016	500,841,984	50,543,129	10,246,215	-	-	-	698,417	562,329,745
2015	479,007,449	41,803,744	10,490,137	-	-	-	586,440	531,887,770
2014	453,028,290	35,063,066	7,062,234	-	-	-	924,647	496,078,237
2013	439,815,535	28,746,920	7,815,970	-	-	-	1,177,430	477,555,855
2012	426,963,931	21,359,108	-	-	-	-	1,701,077	450,024,116
2011 ²	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

Source: Division of Assessment and Taxation for Multnomah, Clackamas and Washington Counties

¹ Data was added in FY2015

² Data was revised in FY2015

³ Implemented FY2017

City of Portland, Oregon
Assessed Valuation and Actual Values of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30, Note	Real Property	Personal Property	Public Utility Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Real Market Value	Total Taxable Assessed Value as a Percentage of Real Market Value
2017	\$ 50,782,907,083	\$ 2,189,521,212	\$ 2,901,126,077	\$ 55,873,554,372	7.72	\$ 120,785,526,154	46.26%
2016 **	48,849,632,397	2,089,483,130	2,598,251,460	53,537,366,987	7.76	102,628,140,456	52.17
2015	48,870,874,358	1,086,490,310	1,364,018,730	51,321,383,398	7.89	92,618,335,901	55.41
2014	44,803,583,386	1,957,482,679	2,257,891,313	49,018,957,378	7.81	84,044,895,532	58.32
2013	43,406,553,685	1,877,327,577	2,094,956,450	47,378,837,712	7.83	79,896,235,855	59.30
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	44,984,332,335	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	7.80	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

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

** Data was revised in FY17

City of Portland, Oregon
Property Tax Rates - Direct and Overlapping Government
Last Ten Fiscal Years
(per \$1,000 of assessed valuation)
(unaudited)

Fiscal Year Ended June 30,	City of Portland				Overlapping Rates						
	General	Special Revenue	Debt Service	Total	Multnomah County	Education Districts	Urban Renewal Prosper Portland ¹	Port of Portland	Metropolitan Service Districts	TriMet	Total
2017	\$ 7.06	\$ 0.40	\$ 0.26	\$ 7.72	\$ 4.39	\$ 9.47	\$ 0.24	\$ 0.07	\$ 0.40	\$ -	\$ 22.29
2016	7.08	0.40	0.28	7.76	4.49	9.41	0.25	0.07	0.39	-	22.37
2015	7.25	0.40	0.24	7.89	4.49	9.54	0.26	0.07	0.46	-	22.71
2014	7.19	0.40	0.22	7.81	4.54	7.76	0.28	0.07	0.47	-	20.93
2013	7.19	0.40	0.24	7.83	5.42	6.40	0.29	0.07	0.40	-	20.41
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	7.80	5.38	7.62	0.30	0.07	0.41	0.09	21.67
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

Source: Multnomah County Division of Assessment and Taxation

¹ Prosper Portland: 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, 2017			June 30, 2008		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Port of Portland	\$ 576,501,520	1	1.03 %	\$ 349,273,980	1	0.86 %
Alaska Airlines	368,405,400	2	0.66	-	-	-
PacifiCorp (PP&L)	341,666,000	3	0.61	214,929,000	4	0.53
Portland General Electric Co	297,219,450	4	0.53	246,548,330	3	0.61
Weston Investment Co LLC	256,754,720	5	0.46	205,381,030	5	0.50
AT&T, Inc	240,387,000	6	0.43	-	-	-
Comcast Corporation	226,037,100	7	0.40	-	-	-
CenturyLink	212,141,800	8	0.38	-	-	-
Southwest Airlines Co	199,287,200	9	0.36	-	-	-
Evrax Inc NA	197,772,190	10	0.35	-	-	-
Qwest Wireless	-	-	-	291,822,920	2	0.72
Oregon Steel Mills, Inc.	-	-	-	170,274,330	6	0.42
LC Portland LLC	-	-	-	148,570,890	7	0.37
Verizon Wireless VAW LLC	-	-	-	120,541,700	10	0.30
Freightliner LLC (Daimler Chrysler)	-	-	-	131,388,390	9	0.32
NW Natural Gas	-	-	-	135,621,850	8	0.33
Total	<u>\$ 2,916,172,380</u>		<u>5.21 %</u>	<u>\$ 2,014,352,420</u>		<u>4.96 %</u>
Total assessed valuation	<u>\$ 55,873,554,372</u>			<u>\$ 40,661,766,792</u>		

Source: Multnomah County Division of Assessment and Taxation and the City of Portland 2008 CAFR

City of Portland, Oregon
Property Taxes 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
2017	\$ 551,135,421	\$ 522,198,704	94.75 %	\$ -	\$ 522,198,704	94.75 %
2016	516,333,732	488,402,282	94.59	5,158,167	493,560,449	95.59
2015	494,785,514	467,210,020	94.43	10,035,993	477,246,013	96.46
2014	467,516,063	440,453,970	94.21	10,353,175	450,807,145	96.43
2013	452,452,709	425,290,736	94.00	12,345,205	437,635,941	96.73
2012	445,043,642	412,972,199 ²	92.79 ²	13,864,569	426,836,768	95.91
2011	445,238,206	416,836,027	93.62	14,796,649	431,632,676	96.94
2010	436,246,475	407,939,510	93.51	15,960,967	423,900,477	97.17
2009	397,821,681	368,922,355	92.74	16,671,616	385,593,971	96.93
2008	394,491,508	369,478,250	93.66	13,583,291	383,061,541	97.10

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.

¹ Total tax levy includes special levies for urban renewal projects.

² Restated 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 Ended June 30.									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
General obligation bonds	\$ 124,010,000	\$ 99,250,000	\$ 83,625,000	\$ 75,850,000	\$ 62,675,000	\$ 70,740,000	\$ 78,530,000	\$ 58,890,000	\$ 66,820,000	\$ 56,770,000
Limited tax improvement bonds	32,585,000	36,805,000	43,315,000	48,625,000	50,700,000	55,940,000	57,425,000	63,105,000	44,260,000	49,460,000
Urban renewal and redevelopment bonds	392,225,600	425,726,400	457,420,000	490,735,000	519,785,000	508,130,000	425,050,000	353,405,000	334,445,000	308,330,000
Limited tax and limited tax revenues bonds	360,410,948	340,436,589	375,114,861	405,413,191	387,503,608	376,042,730	388,347,991	420,165,722	422,137,316	439,919,759
Revenue bonds	9,512,000	11,065,000	13,049,000	14,974,000	16,820,000	18,515,000	3,715,000	4,295,000	4,865,000	5,415,000
Notes, loans and lines of credit payable	122,787,212	102,920,735	77,000,697	57,526,763	71,688,388	97,914,167	124,454,570	183,116,127	194,129,708	169,416,794
Unamortized premiums and discounts	36,618,857	30,992,215	33,717,592	36,904,989	31,860,103	28,556,970	11,106,340	12,543,878	10,117,000	10,110,051
Total governmental activities	1,078,149,617	1,047,195,939	1,083,242,150	1,130,028,943	1,141,032,099	1,155,838,867	1,088,628,901	1,095,520,727	1,076,774,024	1,039,421,604
Business-type activities:										
Capitalized lease obligations	-	-	-	-	-	-	-	-	84,772	139,129
General obligation bonds	-	-	-	-	-	-	-	1,590,000	3,135,000	4,630,000
Limited tax and limited tax revenue bonds	82,061,240	101,545,969	113,331,618	123,936,784	133,164,668	142,052,566	138,179,477	134,415,413	140,815,546	146,888,088
Revenue bonds	2,113,000,000	2,189,760,000	2,341,685,000	2,176,310,002	2,091,980,000	1,957,895,000	2,042,696,000	1,640,956,000	1,640,114,000	1,618,758,000
Notes and loans payable	13,554,496	14,920,587	16,273,040	17,810,751	97,796,100	20,815,849	32,472,241	182,355,327	20,034,963	21,145,029
Unamortized premiums and discounts	203,208,177	158,794,291	137,482,803	117,958,078	115,881,875	87,643,791	96,956,081	59,228,268	64,242,224	69,738,415
Total business-type activities	2,411,823,913	2,465,020,847	2,608,772,461	2,436,015,615	2,438,822,643	2,208,407,206	2,310,303,799	2,018,545,008	1,868,426,505	1,861,298,661
Total primary government	\$ 3,489,973,530	\$ 3,512,216,786	\$ 3,692,014,611	\$ 3,566,044,558	\$ 3,579,854,742	\$ 3,364,246,073	\$ 3,398,932,700	\$ 3,114,065,735	\$ 2,945,200,529	\$ 2,900,720,265
Percentage of personal income ¹	N/A	3.04 %	3.39 %	3.51 %	3.57 %	3.58 %	3.86 %	3.59 %	3.24 %	3.37 %
Per capita ¹	\$ 5,454	\$ 5,569	\$ 5,961	\$ 5,854	\$ 5,936	\$ 5,663	\$ 5,805	\$ 5,387	\$ 5,196	\$ 5,224

Source: Bureau of Revenue and Financial Services

N/A: Data not available for this fiscal year.

¹ Data was revised in FY17.

City of Portland, Oregon
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

Governmental Activities							
Fiscal Year Ended June 30	General Obligation Bonds ¹	General Obligation Bonds Unamortized Premium and Discounts ¹	Total General Obligation Bonds Outstanding ¹	Total Taxable Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Per Capita	Population ¹
2017	\$ 124,010,000	\$ 8,015,286	\$ 132,025,286	\$ 55,873,554,372	0.24 %	\$ 194	639,863
2016	99,250,000	6,702,974	105,952,974	53,537,366,987	0.20	157	630,621
2015	83,625,000	5,309,310	91,507,517	51,321,383,398	0.18	135	619,334
2014	75,850,000	4,307,953	80,157,953	49,018,957,378	0.16	125	609,132
2013	62,675,000	1,268,841	63,943,841	47,378,837,712	0.13	104	603,124
2012	70,740,000	1,756,548	72,496,548	46,293,282,234	0.16	119	594,081
2011	78,730,000	2,366,859	81,096,859	44,984,332,334	0.18	134	585,478
2010	58,890,000	2,152,621	61,042,621	43,786,711,136	0.14	102	578,104
2009	66,820,000	120,651	69,178,255	42,358,278,975	0.16	118	566,850
2008	56,770,000	155,542	56,925,542	40,661,766,792	0.14	102	555,306

Note: Represents general obligation bonded debt issued for funding parks, housing and emergency facilities projects

¹ Data was revised in 2017.

Business-type Activities							
Fiscal Year Ended June 30	General Obligation Bonds ¹	General Obligation Bonds Unamortized Premium and Discounts ¹	Total General Obligation Bonds Outstanding ¹	Total Taxable Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Per Capita	Population ¹
2017	\$ -	\$ -	\$ -	\$ 55,873,554,372	-	\$ -	639,863
2016	-	-	-	53,537,366,987	-	-	630,621
2015	-	-	-	51,321,383,398	-	-	619,334
2014	-	-	-	49,018,957,378	-	-	609,132
2013	-	-	-	47,378,837,712	-	-	603,124
2012	-	-	-	46,293,282,234	-	-	594,081
2011	-	-	-	44,984,332,334	-	-	585,478
2010	1,590,000	1,454	1,591,454	43,786,711,136	-	3	578,104
2009	3,135,000	5,690	3,140,690	42,358,278,975	0.01	6	566,850
2008	4,630,000	12,462	4,642,462	40,661,766,792	0.02	8	555,306

Note: Represents general obligation bonded debt issued for Water infrastructure

¹ Data was revised in 2017.

City of Portland, Oregon
Direct and Overlapping Governmental Activities Debt
June 30, 2017
(unaudited)

Jurisdiction	Net Property Tax Backed Debt	Percentage within City of Portland	Amount Applicable to City of Portland
Clackamas Community College	\$ 102,608,913	0.19 %	\$ 194,957
Clackamas County	155,330,136	0.24	372,792
Clackamas City ESD	22,820,637	0.15	34,231
Clackamas County SD 12 (North Clackamas)	609,115,622	0.48	2,923,755
Clackamas County SD* 7J (Lake Oswego)	90,618,476	0.02	18,124
Columbia County SD 1J (Scappoose)	27,780,000	8.50	2,361,300
Metro	183,510,000	45.41	83,331,891
Mt Hood Community College	23,235,000	42.06	9,772,641
Multnomah County	143,743,241	86.49	124,323,529
Multnomah County Drainage District 1	50,000	100.00	50,000
Multnomah County SD 1J (Portland)	665,077,068	97.90	651,110,450
Multnomah County SD 28J (Centennial)	22,251,858	53.86	11,984,851
Multnomah County SD 3 (Parkrose)	56,902,143	98.41	55,997,399
Multnomah County SD 40 (David Douglas)	85,332,481	100.00	85,332,481
Multnomah County SD 51J (Riverdale)	18,249,889	5.38	981,844
Multnomah County SD 7 (Reynolds)	211,095,539	23.73	50,092,971
Portland Community College	302,090,000	49.28	148,869,952
Tualatin Hills Park & Recreation District	82,524,818	0.02	16,505
Washington County	232,130,277	0.26	603,539
Washington County SD 23J (Tigard-Tualatin)	269,654,318	0.10	269,654
Washington County SD 48J (Beaverton)	<u>1,065,719,613</u>	0.28	<u>2,984,015</u>
Subtotal overlapping debt	<u>\$ 4,369,840,029</u>		1,231,626,881
City direct debt			<u>1,078,149,617</u>
Total direct and overlapping debt			<u>\$ 2,309,776,498</u>

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 Ended June 30.									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 3,623,565,785	\$ 3,078,844,214	\$ 2,778,550,077	\$ 2,521,346,866	\$ 2,396,887,076	\$ 2,434,903,050	\$ 2,591,240,413	\$ 2,670,663,311	\$ 2,710,753,327	\$ 2,528,729,381
Total net debt applicable to limit	<u>123,200,389</u>	<u>98,683,005</u>	<u>83,586,668</u>	<u>75,511,168</u>	<u>62,136,842</u>	<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>
Legal debt margin	<u>\$ 3,500,365,396</u>	<u>\$ 2,980,161,209</u>	<u>\$ 2,694,963,409</u>	<u>\$ 2,445,835,698</u>	<u>\$ 2,334,750,234</u>	<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>
Total net debt applicable to limit as a percentage of legal debt margin	3.52 %	3.31 %	3.10 %	3.09 %	2.66 %	2.96 %	3.09 %	2.23 %	2.51 %	2.28 %
Legal Debt Margin Calculation for Fiscal Year 2017										
Real market value	\$120,785,526,154									
Debt limit (3% of real market value)	<u>3,623,565,785</u>									
Debt applicable to limit:										
General obligation bonds	124,010,000									
Less: Amount set aside for repayment of general obligation debt	<u>(809,611)</u>									
Total net debt applicable to limit	<u>123,200,389</u>									
Legal debt margin	<u>\$ 3,500,365,396</u>									

Note: Oregon Revised Statutes Section 287A.050 provides a debt limit of 3% of real market value of all taxable property within City boundaries as provided in ORS 308.207 for general obligation debt.

**City of Portland, Oregon
Pledged-Revenue Coverage
Sewer System
Last Ten Fiscal Years**

First Lien Sewer System Revenue Bonds¹

Fiscal Year Ended 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			
2017	\$ 373,524,446	\$ 102,461,741	\$ 271,062,705	\$ (31,500,000)	\$ 239,562,705	\$ 69,495,000	\$ 25,905,970	\$ 95,400,970	2.84	2.51
2016	347,887,350	100,940,043	246,947,307	(23,615,114)	223,332,193	65,525,000	31,974,926	97,499,926	2.53	2.29
2015	331,225,477	95,223,004	236,002,473	(25,250,000)	210,752,473	60,585,000	35,039,760	95,624,760	2.47	2.20
2014	309,233,026	98,727,948	210,505,078	(21,375,000)	189,130,078	57,675,000	40,110,644	97,785,644	2.15	1.93
2013	284,975,424	102,302,929	182,672,495	7,550,000	190,222,495	54,940,000	42,866,394	97,806,394	1.87	1.94
2012	264,178,982	93,966,499	170,212,483	18,585,000	188,797,483	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	144,476,613	9,750,000	154,226,613	40,050,000	49,982,294	90,032,294	1.60	1.71
2009	231,577,544	84,871,252	146,706,292	10,000,000	156,706,292	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
								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.

Continued next page

City of Portland, Oregon
Pledged-Revenue Coverage, Continued
Sewer System
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Second Lien Sewer System Revenue Bonds ¹										
	Gross Revenues ²	Less: Operating Expenses ²	Non-Stabilized Net Revenues Available for Debt Services	Net Transfers From (to) Rate Stabilization Fund	Stabilized Net Revenue Available for Debt Services	Combined First and Second Lien Bond Debt Service Requirements ³			Total	Non-Stabilized Coverage	Stabilized Coverage
						Principal	Interest ⁴	Total			
2017	\$ 373,524,446	\$ 102,461,741	\$ 271,062,705	\$ (31,500,000)	\$ 239,562,705	\$ 98,180,000	\$ 69,111,108	\$ 167,291,108		1.62	1.43
2016	347,887,350	100,940,043	246,947,307	(23,615,114)	223,332,193	92,720,000	78,745,085	171,465,085		1.44	1.30
2015	331,225,477	95,223,004	236,002,473	(25,250,000)	210,752,473	81,555,000	80,684,059	162,239,059		1.45	1.30
2014	309,233,026	98,727,948	210,505,078	(21,375,000)	189,130,078	71,830,000	74,758,838	146,588,838		1.44	1.29
2013	284,975,424	102,302,929	182,672,495	7,550,000	190,222,495	70,805,000	76,076,831	146,881,831		1.24	1.30
2012	264,178,982	93,966,499	170,212,483	18,585,000	188,797,483	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	144,476,613	9,750,000	154,226,613	52,460,000	66,076,106	118,536,106		1.22	1.30
2009	231,577,544	84,871,252	146,706,292	10,000,000	156,706,292	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
									Required	1.00	1.10
									Bureau Goal	1.00	1.30

Fiscal Year Ended June 30,	Subordinate Lien Sewer System State Revolving Fund Loans ¹														
	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 ³			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				
2017	\$ 373,524,446	\$ 102,461,741	\$ 271,062,705	\$ (31,500,000)	\$ 239,562,705	\$ 98,180,000	\$ 69,111,108	\$ 167,291,108	\$ 1,366,091	\$ 146,943	\$ 1,513,034	\$ 2,042,596	1.60	1.41	
2016	347,887,350	100,940,043	246,947,307	(23,615,114)	223,332,193	92,720,000	78,745,085	171,465,085	1,352,453	160,581	1,513,034	2,042,596	1.42	1.29	
2015	331,225,477	95,223,004	236,002,473	(25,250,000)	210,752,473	81,555,000	80,684,059	162,239,059	1,338,950	174,084	1,513,034	2,042,596	1.44	1.28	
2014	309,233,026	98,727,948	210,505,078	(21,375,000)	189,130,078	71,830,000	74,758,838	146,588,838	1,325,584	187,450	1,513,034	2,042,596	1.42	1.27	
2013	284,975,424	102,302,929	182,672,495	7,550,000	190,222,495	70,805,000	76,076,831	146,881,831	1,312,759	200,275	1,513,034	2,042,596	1.23	1.28	
2012	264,178,982	93,966,499	170,212,483	18,585,000	188,797,483	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	192,363	1,345,505	1,816,432	1.09	1.29	
2010	231,689,729	87,213,116	144,476,613	9,750,000	154,226,613	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	146,706,292	10,000,000	156,706,292	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	1.32	
													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, interest on second lien variable rate bonds is the actual interest payments.

City of Portland, Oregon
Pledged-Revenue Bond Coverage
First Lien Water System Revenue Bonds
Last Ten Fiscal Years
(unaudited)
(amounts expressed in thousands)

Fiscal Year Ended June 30,	Gross Revenues ¹	Direct Operating Expense ¹	Net Revenues Available for Debt Service	First Lien Bond Debt Service Requirements			Debt Service Coverage
				Principal	Interest	Total	
2017	\$ 183,304	\$ 77,909	\$ 105,395	\$ 18,915	\$ 15,957	\$ 34,872	3.02
2016	179,200	93,514	85,686	12,270	16,534	28,804	2.97
2015	162,528	67,951	94,577	13,230	14,921	28,151	3.36
2014	147,497	65,035	82,462	12,290	14,125	26,415	3.12
2013	148,656	66,199	82,457	15,520	15,991	31,511	2.62
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	38,831	6,155	6,112	12,267	3.17

Source: Portland Water Bureau

¹ Amounts in schedule are calculated in accordance with applicable bond ordinances. For purposes of CAFR disclosure and per guidance from debt management the GASB 68 expense of \$19.8m for FY 2015-2016 is included in the coverage calculation. FY 2016-17 excludes the GASB 68 expense of \$7.3m, in accordance with the Master First Lien Water Revenue Bond Declaration.

City of Portland, Oregon
Schedule of Revenue Bond Coverage
Second Lien Water System Revenue Bonds
(unaudited)
(amounts expressed in thousands)

Fiscal Year Ended 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	Stabilized Coverage
						Principal	Interest	Total		
2017	\$ 183,304	\$ 77,909	\$ 105,395	\$ (3,000)	\$ 102,395	\$ 28,180	\$ 25,464	\$ 53,644	1.96	1.91
2016	179,200	73,750	105,450	(3,000)	102,450	24,310	26,544	50,854	2.07	2.01
2015	162,528	67,951	94,577	(2,500)	92,077	24,760	25,446	50,206	1.88	1.83
2014	147,497	65,035	82,462	428	82,890	21,685	24,043	45,728	1.80	1.81
2013	148,656	66,199	82,457	(12,600)	69,857	17,435	18,626	36,061	2.29	1.94
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	38,831	(3,500)	35,331	7,675	9,143	16,818	2.31	2.10

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. However, for purposes of CAFR disclosure and per guidance from debt management the GASB 68 expense of \$19.8m for FY 2015-16 is excluded from the coverage calculation. FY 2016-17 excludes the GASB 68 expense of \$7.3m, in accordance with the Master Second Lien Water Revenue Bond Declaration.

**City of Portland, Oregon
Demographic Statistics
Last Ten Fiscal Years
(unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>City of Portland Population¹</u>	<u>Metropolitan Statistical Area Population²</u>	<u>Personal Income (expressed in thousands)²</u>	<u>Per Capita Personal Income²</u>	<u>Portland Public Schools Enrollment³</u>	<u>Unemployment Rate⁴</u>
2017	639,863	N/A	N/A	N/A	N/A	3.6 %
2016	630,621	2,389,228	115,690,881	48,422	49,189	4.6
2015	619,334	2,348,607	108,801,434	46,326	49,075	5.0
2014	609,132	2,314,482	101,689,188	43,936	48,459 *	5.9
2013	603,124	2,288,850	100,257,000	43,802	48,098	6.8
2012	594,081	2,260,445	93,931,598	41,554	47,508	7.5
2011	585,478	2,232,447	88,150,843	39,486	47,288	8.3
2010	578,104	2,206,737	86,727,054	39,301	46,803	9.5
2009	566,850	2,172,853	91,015,463	41,888	46,046	11.4 %
2008	555,306	2,137,828	86,184,373	40,314	46,088	5.5

N/A: Data not available for this fiscal year

¹ United States Census Bureau Annual Estimates of the Resident Population 2010-2016, Estimates are as of July 1 of the prior calendar year.

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.) Last updated: November 17, 2016 - new estimates for 2015; revised estimates for 1998-2014.

³ Portland Public Schools, Data and Policy Analysis Fall Membership 2016

⁴ U.S. Department of Labor, Bureau of Labor Statistics, City of Portland Rate Only

* Data was revised in FY15.

**City of Portland, Oregon
Principal Employers
Current Year and Nine Years Ago
(unaudited)**

Employer	2017			2008		
	Employees ¹	Rank	Percentage of Total Metropolitan Statistical Area Employment ²	Employees ³	Rank	Percentage of Total Metropolitan Statistical Area Employment ²
Intel Corporation	19,300	1	1.57%	15,500	3	1.45%
Providence Health and Services	17,543	2	1.42	12,000	6	1.12
Oregon Health & Science University	16,200	3	1.32	12,600	5	1.18
Legacy Health System	12,955	4	1.05	8,251	8	0.77
Nike, Inc.	12,000	5	0.97	7,000	9	0.65
Fred Meyer	10,637	6	0.86	14,684	4	1.37
City of Portland	7,043	7	0.57	-	N/A	-
Portland Public Schools	6,780	8	0.55	-	N/A	-
Multnomah County	6,266	9	0.51	-	N/A	-
Beaverton School District	5,207	10	0.42	-	N/A	-
State of Oregon	-	N/A	-	21,000	1	1.96
U.S. Government	-	N/A	-	18,000	2	1.68
Kaiser Permanente NW	-	N/A	-	9,000	7	0.84
Wells Fargo	-	N/A	-	5,969	10	0.56
Total	113,931		9.24%	124,004		11.58%
Total MSA ² employment	1,231,411			1,070,482		

Sources:

¹ Portland Business Journal; Book of Lists 2017

² U.S. Department of Labor, Bureau of Labor Statistics, calendar year end figure used for following June 30 fiscal year end. Portland-Vancouver-Beaverton, Oregon-Washington Survey Area or MSA is defined as Multnomah, Washington, Clackamas, Columbia and Yamhill Counties of Oregon, and Clark and Skamania Counties of Washington State.

³ Portland Business Alliance and State of Oregon Employment Division.

City of Portland, Oregon
Full-Time Equivalent ¹ Employees by Function/Program
Last Ten Fiscal Years
(unaudited)

Function/Program	Full-time Equivalent Employees as of June 30.									
	2017 ¹¹	2016 ¹⁰	2015 ⁹	2014 ⁸	2013 ⁷	2012 ⁶	2011 ⁵	2010 ⁴	2009 ³	2008 ²
Public safety	2,161	2,116	2,079	2,059	2,119	2,159	2,164	2,181	2,220	2,215
Parks, recreation and culture	666	580	457	433	420	445	446	447	437	417
Community development	610	561	501	448	409	403	388	506	567	549
Transportation	866	794	760	734	745	762	764	743	798	793
Legislative / admin / support services	849	841	819	817	846	856	857	861	842	835
Environmental services	561	542	524	521	538	543	549	541	523	504
Water	590	572	569	581	620	631	641	642	673	657
Total employees:	6,303	6,006	5,709	5,593	5,697	5,799	5,809	5,921	6,060	5,970

Sources: Adopted Budget City of Portland, Oregon, Fiscal Year 2017-2018, 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 2,088.

² Amount represents actual total as published in the Adopted Budget FY 2010-11

³ Amount represents actual total as published in the Adopted Budget FY 2010-11

⁴ Amount represents actual total as published in the Adopted Budget FY 2012-13

⁵ Amount represents actual total as published in the Adopted Budget FY 2013-14

⁶ Amount represents actual total as published in the Adopted Budget FY 2014-15

⁷ Amount represents actual total as published in the Adopted Budget FY 2015-16

⁸ Amount represents actual total as published in the Adopted Budget FY 2015-16

⁹ Amount represents actual total as published in the Adopted Budget FY 2016-17

¹⁰ Amount represents revised year-end estimate as published in the Adopted Budget FY 2017-18

¹¹ Amount represents revised year-end estimate as published in the Adopted Budget FY 2017-18

City of Portland, Oregon
Operating Indicators by Function/Program
Last Ten Fiscal Years
(unaudited)

Function/Program ¹	Fiscal Year Ended June 30,									
	2017 ²	2016	2015	2014	2013	2012	2011	2010	2009	2008 ³
Public safety:										
Number of Crime Against Persons offenses per 1,000 residents	13	13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Crime Against Property offenses per 1,000 residents	79	74	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percentage of police "emergency priority" calls dispatched within 120 seconds	67 %	70 %	70 %	73 %	70 %	74 %	86 %	89 %	90 %	N/A
Number of fire, medical and other incidents	85,695	81,038	77,581	72,023	70,386	69,016	67,212	65,912	67,238	65,721
Maximum response time to 90 percent of high priority calls (in minutes)	7.39	7.19	7.12	7.12	7.02	7.15	N/A	N/A	N/A	N/A
Total number of emergency telephone line calls	523,442	530,343	526,243	486,353	468,738	456,619	446,638	444,581	464,084	N/A
Percentage of neighborhoods with active NET teams	71 %	59 %	47 %	37 %	N/A	N/A	N/A	N/A	N/A	N/A
Parks, recreation and culture:										
Number of park acres per 1,000 residents	19	19	19	20	20	20	19	19	19	N/A
Percentage of residents living within three miles of a full-service community center	70 %	70 %	69 %	69 %	70 %	69 %	69 %	69 %	69 %	N/A
Percentage of residents living within 1/2 miles of a developed park or natural area	80 %	81 %	80 %	80 %	80 %	79 %	79 %	77 %	76 %	N/A
Community development:										
Total number of commercial and residential building permits	13,013	12,273	10,788	9,889	9,013	8,017	7,490	7,410	8,843	N/A
Total number of commercial and residential inspections	177,705	176,939	152,426	141,847	134,391	109,495	124,094	131,011	176,626	N/A
Percentage of waste recycled or composted	63 %	64 %	69 %	70 %	70 %	66 %	71 %	N/A	N/A	N/A
Number of certified green buildings in Portland	2,766	2,573	2,362	2,123	2,051	2,378	1,700	1,595	1,379	N/A
Percentage reduction in per person carbon emissions from 1990 levels	41 %	41 %	41 %	31 %	30 %	28 %	26 %	20 %	18 %	N/A
Housing units opened that are newly affordable	650	362	182	279	131	92	344	N/A	N/A	N/A
Number of individuals prevented from becoming homeless	6,576	3,922	3,522	4,023	N/A	N/A	N/A	N/A	N/A	N/A
Transportation and parking:										
Annual streetcar ridership	4,720,474	4,313,571	4,623,520	4,400,000	N/A	N/A	N/A	N/A	N/A	N/A
On-street parking expenses as a percentage of revenues	23 %	26 %	31 %	31 %	30 %	N/A	N/A	N/A	N/A	N/A
Percentage of "busy" (collector/arterial) streets in fair or better condition	50 %	53 %	55 %	51 %	N/A	N/A	N/A	N/A	N/A	N/A
Percentage of local streets in fair or better condition	36 %	40 %	43 %	44 %	N/A	N/A	N/A	N/A	N/A	N/A

Continued next page

City of Portland, Oregon
Operating Indicators by Function/Program, continued
Last Ten Fiscal Years
(unaudited)

Function/Program ¹	Fiscal Year Ended June 30,									
	2017 ²	2016	2015	2014	2013	2012	2011	2010	2009	2008 ³
Legislative / admin / support services:										
Number of litigation cases	1,733	1,624	1,259	1,167	1,402	1,433	2,121	2,072	1,932	N/A
Percentage of cases favorably resolved	90 %	95 %	89 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of active grants - all types	351	352	550	475	475	475	475	475	328	281
Percentage of OMF owned City facilities (excluding spectator venues) maintained in good or better condition	61 %	61 %	61 %	61 %	61 %	94 %	95 %	95 %	90 %	N/A
Percentage of sedans that are electric or plug-in hybrid	39 %	36 %	11 %	8 %	N/A	N/A	N/A	N/A	N/A	N/A
Percentage of all subcontract dollars awarded to Minority, Women, and Emerging Small Businesses subs for construction and professional services contracts	43 %	19 %	30 %	35 %	22 %	26 %	35 %	25 %	N/A	N/A
Environmental services:										
Amount of wastewater processed annually (in million gallons)	36,242	32,973	27,597	28,433	28,569	30,911	30,449	27,566	24,927	N/A
Number of sanitary sewer overflows	180	134	161	226	130	110	N/A	N/A	N/A	N/A
Number of combined sewer overflows	7	5	4	4	2	4	48	62	44	N/A
Water:										
Average minutes that customers are on hold before speaking to a customer service representative	2.26	8.38	1.50	1.52	1.50	2.03	1.39	N/A	N/A	N/A
Number of violations of state and federal drinking water quality regulations	0	0	0	1	1	0	0	1	0	N/A
Number of violations of state and federal environmental regulations	0	0	0	2	0	0	0	0	0	N/A

Sources: City of Portland Dashboards of bureau key performance measures, Fiscal Year 2017

NA: Data not available for this fiscal year

¹ City of Portland key performance measure representation was revised FY2017.

² Amount represents year-end estimates as published in the most recent performance dashboard.

³ 2008 data is not available for the FY2017 revised key performance measures.

City of Portland, Oregon
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(unaudited)

Function/Program	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public safety:										
Number of front-line emergency vehicles	74	81	77	82	81	81	80	73	80	68
Fire stations	30	30	30	30	30	30	30	30	30	30
Police precincts	3	3	3	3	3	3	3	3	3	5
Police vehicles	692	700	641	644	627	688	673	653	659	644
Parks, recreation and culture:										
Developed parks	215	215	214	212	203	203	196	187	186	187
Sports fields ¹	235	234	234	234	232	225	225	351	351	326
Arts and community centers	15	15	15	18	18	18	18	18	18	18
Pools	13	13	13	13	13	13	13	13	13	13
Golf courses	6	6	6	6	5	5	5	5	5	5
Transportation:										
Lane miles of streets ²	4,850	4,851	4,833	4,835	4,829	4,907	4,931	4,776	4,776 *	3,949
Miles of bikeways*	352	352	345	338	331	328	328	324	305 *	305
Number of street lights*	56,032	56,032	55,864	55,654	55,477	55,389 *	55,055 *	54,911 *	54,755 *	54,588
Unpaved streets (centerline miles) ³	56	56	56	56	57	60	-	-	-	-
Environmental services:										
Sanitary, storm and combined pipeline (miles)	3,027	3,027	3,015	3,006	2,300	2,336	2,330	2,330	2,333	2,324
Water:										
Miles of water mains	2,253	2,253	2,253	2,253	2,250	2,200	2,100	2,100	2,090	2,089
Fire hydrants	14,457	14,376	14,386	14,326	14,200	14,200	14,000	14,000	14,228	14,263
Local water storage (millions of gallons)	194	196	364	288	289	301	220	220	295	298

Sources: Adopted Budget City of Portland, Oregon, Fiscal Year 2017-2018, Volume 1
 Previous years of the City of Portland, Oregon Comprehensive Annual Financial Reports
 Portland Police Bureau
 Portland Parks & Recreation Bureau
 Portland Bureau of Transportation
 Portland Bureau of Environmental Services
 Portland Water Bureau

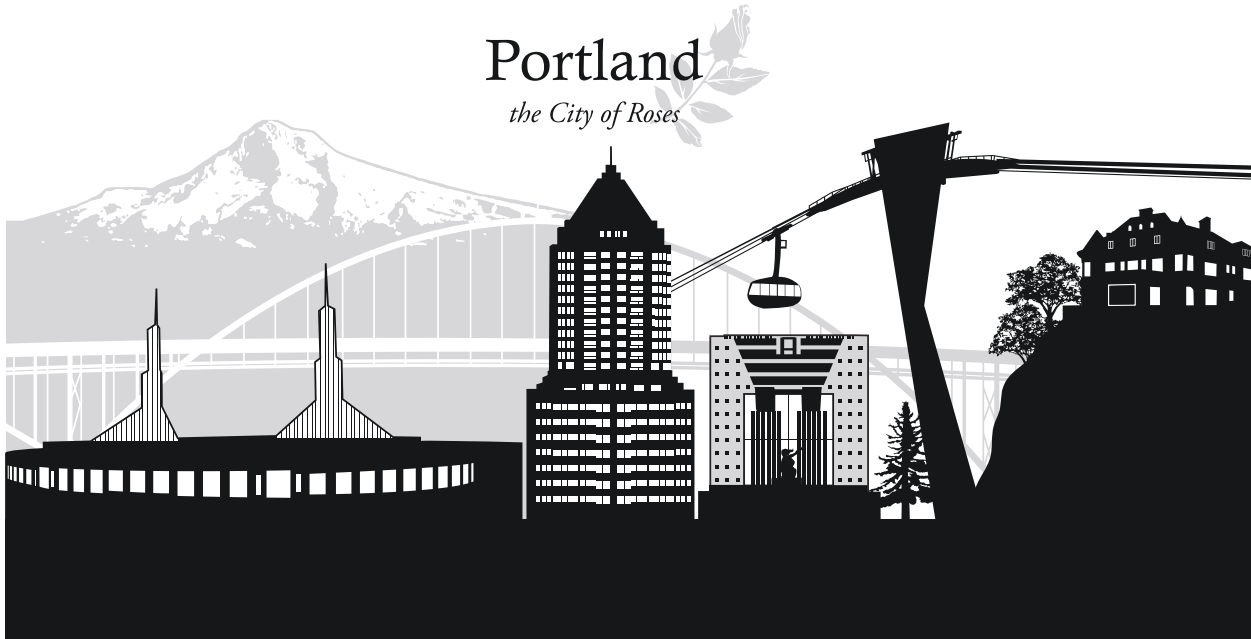
¹ From 2012 and on, the amounts represent sports fields owned by the City of Portland. Amounts prior to 2012 include fields that the City of Portland permits.

² FY2007 and FY2008 represent 28-ft-wide equivalents. FY2009 forward represents 12 ft. lane miles.

³ Information not available for FY2011 and prior.

* Revised in FY16

Audit Comments and Disclosures



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

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, 2017 and have issued our report thereon dated November 1, 2017. 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 from material misstatement.

Compliance

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, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules (OAR) 162-010-000 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:

OAR	Section	Instances of Non-Compliance Identified?
162-010-0000	Preface	None Noted
162-010-0010	Definitions	None Noted
162-010-0020	General Requirements	None Noted
162-010-0030	Contracts	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Information (RSI)	None Noted
162-010-0120	Other Supplementary Information	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances, / Net Assets, Budget and Actual (Each Fund)	None Noted
162-010-0150	Schedule of Property Tax Transactions or Acreage Assessments	None Noted
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Independent Auditor's Review of Fiscal Affairs	None Noted
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Required Disclosures and Independent Auditors Comments	None Noted
162-010-0230	Accounting Records and Internal Control	None Noted
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	None Noted
162-010-0260	Budget	None Noted
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	None Noted
162-010-0295	Highway Funds	None Noted
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	None Noted
162-010-0320	Other Comments and Disclosures	None Noted

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 Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, except those noted below.

- The City has deficit fund balances in three funds, which are described in Note II.C. of the City's financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

We noted certain additional matters that we reported to the City in a separately issued letter to management.

Purpose of this Report

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



For Moss Adams LLP
Eugene, Oregon
November 1, 2017

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Portland, Oregon (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 1, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

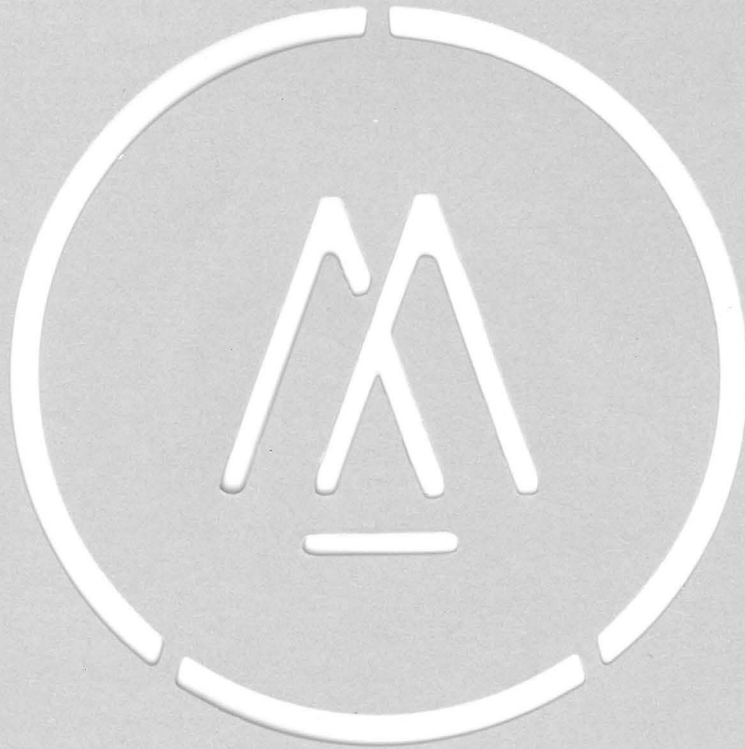
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

Moss Adams, LLP

Eugene, Oregon
November 1, 2017



COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

FOR

CITY OF PORTLAND

June 30, 2017



Communication to Those Charged with Governance

To the City Council Members, and
Mary Hull Caballero, City Auditor
City of Portland, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Portland, Oregon (the City) as of and for the year ended June 30, 2017, and have issued our report thereon dated November 1, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted In The United States Of America, Government Audit Standards, Issued By The Comptroller General Of The United States; And The Provisions Of The OMB Uniform Guidance

As stated in the City of Portland Agreement for Professional, Technical, or Expert Services Contract Number 30005847 dated May 16, 2017 (the Contract), our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with generally accepted auditing standards and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the City's 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. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order 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 uniform guidance.



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 grants, 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. Also, in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), we examined, on a test basis, evidence about the Authority's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information In Documents Containing Audited Financial Statements

Our responsibility for other information in the financial statements does not extend beyond the financial information identified in our report. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. However, we have read the information, including the introductory and statistical sections and nothing came to our attention that caused us to believe that such information or its manner of presentation is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope previously communicated to you in the Contract dated May 16, 2017.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note I to the financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. These policies have been consistently followed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.



Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are:

- The depreciable lives and the net book value of the City's capital assets.
- The provision for discounts and allowances on the City's accounts and loans receivable.
- The accrued liabilities for the City's claims and judgments and risk financing activities.
- The accruals for City employee pension, post-employment healthcare and retirement benefits.
- The fair value determination of the City's investment balances.

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear and understandable. Certain financial statement disclosures are especially sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note I addressing the reporting entity and component units included in the City's financial statements, along with the other significant accounting policies of the City.
- Note III.A disclosing the City's cash and investments including interest rate, credit, and custodial credit risks inherent in the City's investment portfolio.
- Note III.B disclosing the amount of discounts, allowances, and provision for uncollectible accounts including the various loan receivable programs of the City at June 30, 2017.
- Note III.I disclosing changes to the City's long-term debt balances along with details of each debt outstanding and future repayment terms.
- Note IV. A through C disclosing details and accruals for the City's risk financing activities, claims, judgments, commitments, and contingent liabilities.
- Note IV. D and E disclosing on the details of employee post-employment health and retirement benefit programs.

Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.



Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements as a whole.

The following summarizes the impact of uncorrected misstatements in the fiscal year 2017 financial statements that were identified during the current year audit:

- The reversing impact of prior year passed entries - PERS deferred inflows of resources and related pension expense are understated by \$6.6 million.

Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We agree with this assessment.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We requested and received certain representations from management that are included in the management representation letters dated November 1, 2017.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER MATTERS

Update on the Governmental Activities Net Position Trends. As we have reported to you in the past few years' audit communications, the total cost of providing the City's general governmental services, as measured on a full accrual basis under generally accepted accounting principles, has exceeded the revenues recognizable for financial reporting purposes for many years now. The cost of providing services in the current fiscal year again exceeded recorded revenues by \$152.3 million.



The primary contributor to the current year excess costs over revenues is the expense recorded for employee pension benefits provided through both Oregon PERS as well as the City's Fire and Police Disability and Retirement Fund.

Auditor Independence

Auditor independence, in fact and appearance, is essential so that the public may justifiably perceive the audit process as an unbiased review of management's presentation of financial information.

At least annually, we will disclose to the City Council the nature of all relationships between Moss Adams and the City of Portland, Oregon, that, in our professional judgment, may reasonably be thought to bear on our independence.

We are not aware of any relationships between our Firm and the City of Portland, Oregon, for the year ended June 30, 2017, and through the date of this letter, that may reasonably be thought to impact our independence. Accordingly, relating to our audit of the financial statements of the City of Portland, Oregon, as of and for the year ended June 30, 2017, we confirm we are independent with respect to the City within the meaning of Rule 101 of the American Institute of Certified Public Accountants' Code of Professional Conduct, its interpretations and rulings.

This information is intended solely for the information and use of the City Council, City Auditor, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
November 1, 2017

Agenda No.
REPORT
Title

Results of Financial Audit of the City Comprehensive Annual Financial Report for FY 2016-17 and related communications (Report)

<p align="center">INTRODUCED BY Auditor: Mary Hull Caballero <i>Mary Hull Caballero</i></p> <p align="center">COMMISSIONER APPROVAL</p> <p>Mayor—Finance & Administration - Wheeler</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Eudaly</p> <p align="center">BUREAU APPROVAL</p> <p>Bureau: Office of the City Auditor Bureau Head: Mary Hull Caballero</p> <p>Prepared by: Fiona Howell Earle Date Prepared: December 1, 2017</p> <p>Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p>City Auditor Office Approval: required for Code Ordinances</p> <p>City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan</p> <p>Council Meeting Date 12/13/2017</p>	<p>CLERK USE: DATE FILED <u>DEC 05 2017</u></p> <p align="center">Mary Hull Caballero Auditor of the City of Portland</p> <p>By: <u><i>Fritz</i></u> Deputy</p> <p>ACTION TAKEN:</p> <p align="center">DEC 13 2017 ACCEPTED</p>
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AGENDA

TIME CERTAIN
Start time: 2:00pm (BRFS's 30mins go first)

Total amount of time needed: 45mins
 (for presentation, testimony and discussion)

CONSENT

REGULAR
Total amount of time needed: _____
 (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	_____	_____
4. Eudaly	4. Eudaly	✓	
Wheeler	Wheeler	✓	