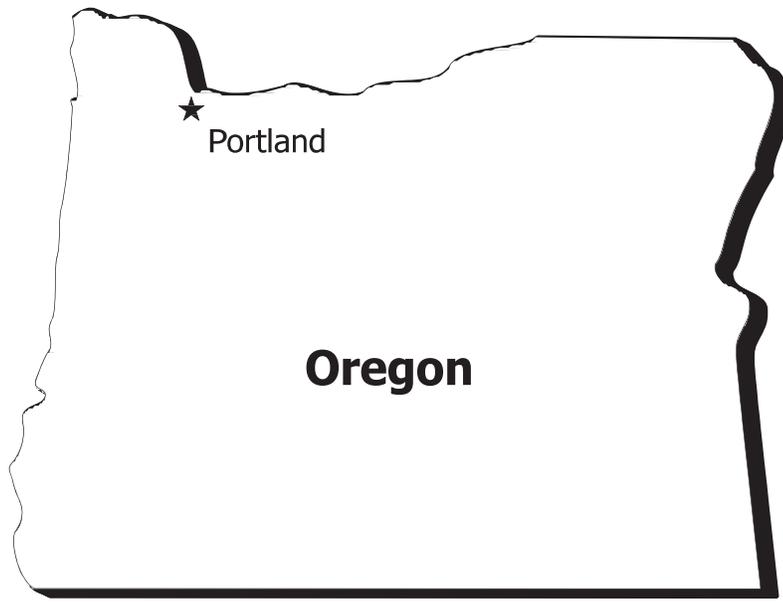


The City of Portland, Oregon



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2016



Portland is Growing!

There's no question that the City of Portland is growing rapidly. Census Bureau estimates released in May 2016 indicate that Portland's population increased by 1.9 percent over the prior year, enough to rise two positions in the national population estimate rankings. Portland is now the 26th largest city in the country. Although the fiscal year 2015-16 financial condition of the City remained strong, with this increase in population comes funding challenges. The City is making significant infrastructure investments, needed to both maintain existing facilities and provide capacity for future growth. Growth also brings challenging issues around housing and homelessness, which many cities are also facing. To address the growing crisis of housing affordability and homelessness, resources are being allocated to leverage federal funds to build more units of affordable housing, address home retention, and to provide rental assistance and shelters.

Cover photos

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

Top row, right: Rebuilding Together Portland, photo courtesy of the Portland Housing Bureau.

Middle row, left: Laying of outlet and inlet pipes for Kelly Butte Reservoir, photo courtesy of the Portland Water Bureau.

Middle row, right: Installation of an air valve on water Conduit 2, photo courtesy of Portland Water Bureau.

Bottom row, left: Portland Community Reinvestment Initiatives (PCRI) scattered sites affordable multi-family units in N/NE Portland, photo courtesy of Portland Housing Bureau.

Bottom row, middle: Construction contractor at work, photo courtesy of Procurement Services.

Bottom row, right: Vista De Rosas affordable housing units rehabilitation in the NE Cully Neighborhood, photo courtesy of Portland Housing Bureau.

CITY OF PORTLAND, OREGON

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2016



Office of Management and Finance
Fred Miller, Chief Administrative Officer



The Oregon Convention Center site, one of 100 new bike share stations.



Portland Mayor Charlie Hales grabs a bike on the first day Biketown was in service.

**City of Portland, Oregon
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For the Fiscal Year Ended June 30, 2016
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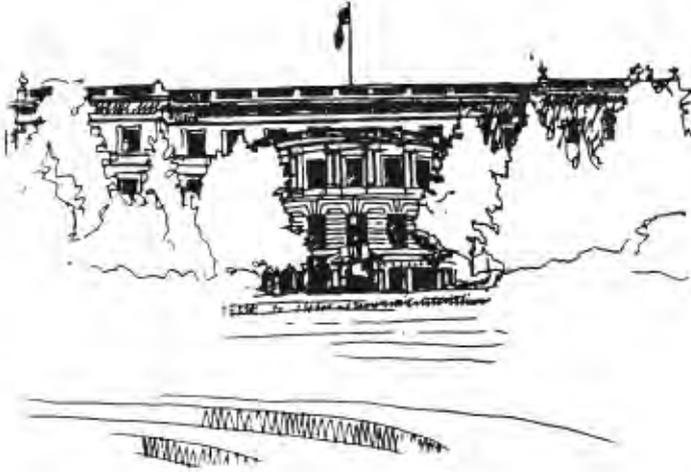
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Photo courtesy of Environmental Services

Mason Flats Wetland Enhancement Project

INTRODUCTORY SECTION



Portland City Hall, 1895

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CITY OF PORTLAND

OFFICE OF MANAGEMENT AND FINANCE

Charlie Hales, Mayor
Fred Miller, Chief Administrative Officer
1120 S.W. Fifth Avenue, Rm. 1250
Portland, Oregon 97204-1912
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November 15, 2016

Mayor Charlie Hales, 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, 2016.

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.

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.

www.portlandonline.com/omf/operations

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.

CITY PROFILE

The City comprises an area of approximately 145 square miles in northwestern Oregon, with a population estimate of 632,309 as of July 1, 2015, 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 the Portland Development Commission (PDC). Under the City Charter, the FPDR and PDC 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

Broadly speaking, the local economy has done comparatively well over the last couple of years. The number of jobs in Multnomah County has exceeded its pre-recession peak. Unemployment for City residents continued to decline, down to 4.6 percent in June 2016, its lowest level since records began in 1990. Meanwhile, the housing market continued to prosper, with prices rising by more than 10 percent over the prior year in the local area.

Based on data released July 15, 2016, inflation rose slightly at an annualized rate of 0.8 percent for the first six months of 2016. Lower energy and transportation costs helped to keep inflation low, while housing was the only category that saw a significant increase. The 2016 calendar year CPI W, which determines the cost of living increases for nearly all City employees, is expected to be low, somewhere in the one to two 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 11.6 percent to nearly \$109.2 million for FY2015-16. Meanwhile, for the third time in the last four years, General Fund transient lodging taxes grew by more than 20 percent to more than \$33 million. Over the last two years, property tax collections have grown by the fastest growth rates since property tax limitation measures were enacted in the late 1990s. Overall, General Fund revenue from external sources grew by 7.0 percent in FY2015-16 over FY2014-15 figures.

B. Outlook

The local economy is experiencing robust and sustained growth. The local unemployment rate has continued to fall and job growth has been tracking higher than the long-term average for the Portland metro-area. Year-over-year growth in the local lodging industry has pushed transient lodging taxes to record levels and spurred construction plans for several new hotels near downtown. Murmurs of a speculative bubble are getting louder, particularly as it relates to the local housing market. Institutional investors and wealthy migrants are crowding out first-time homebuyers and pushing rental rates higher. In order to support the rapidly growing prices in the housing market in the long term, the area will have to start to see more significant income gains.

Though slightly slower than in 2015, above average economic growth is expected for at least the next 12 to 18 months. Uncertainty beyond that builds as the length of this current expansion (already more than eight years) reaches historic length. The biggest risks are generally outside of the local economy. 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 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 2015-16, the City Council invested almost \$50 million of new one-time and ongoing resources on expanding 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 need to invest more resources in the development of affordable housing and other programs that address housing affordability and homelessness issues.

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 close of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared and presented by bureau and by fund.

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

B. Major initiatives and highlights

The FY 2015-16 financial situation for the City remained healthy as the local economy continued to expand. The City found itself with approximately \$13.1 million in surplus ongoing funds and \$35.9 million in one-time funds to allocate to new and existing programs. The increase in resources were focused on the following priorities:

- *Housing and Homelessness:* Council allocated \$2.5 million to the Housing Investment Fund to leverage federal funds to build more units of affordable housing, and \$3.5 million for programs to address home retention, rental assistance, shelters, and intensive street engagement.
- *Public Safety:* Council allocated \$1.2 million towards compliance with the Department of Justice agreement, \$1.4 million to maintain 13 fire positions on an ongoing basis, and \$1.0 million for CHIERS and Hooper Detox.
- *Youth Programs:* Council allocated \$2.0 million to expand Parks programs for youth, \$960,000 for youth bus passes, \$264,000 for scholarships and summer internships, \$300,000 for Safe Routes to School, and \$400,000 for the 3 to PhD program.
- *Infrastructure Maintenance and Replacement:* Council allocated \$18.7 million for street paving and other transportation needs, \$2.1 million for Park's projects, and \$1.4 million to replace the CAD server for 9-1-1 operations. In addition, Council set aside \$2.6 million of ongoing funding for reconstruction of the Portland Building.
- *Other Critical Needs:* Additional priorities of the Council included \$1.9 million to support the IAAF World Indoor Championships, \$900,000 to increase the minimum wage for City employees, \$1.4 million for economic development efforts, \$500,000 for an emergency psychiatric facility, and \$300,000 to continue implementation efforts of the East Portland Action Plan.

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 City's Single Audit for FY 2015-2016, pursuant to OMB Circular A-133. Due to the size and complexity of the City's financial systems, the report on the City's compliance with applicable Federal laws and regulations related to the Single Audit Act, OMB Circular A-133, is issued separately from this CAFR. Copies of the single audit report are available upon request from the Office of Management and Finance, or on the City's internet site: <https://www.portlandoregon.gov/bfrs/26053>.

B. Certificate of Achievement

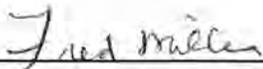
The GFOA has awarded the City with a Certificate of Achievement for Excellence in Financial Reporting for its CAFR consecutively for the last thirty-five fiscal years. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR with contents 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 the City personnel who contributed to this CAFR, especially personnel in the Accounting Division. Appreciation is also extended to the bureaus, City Council, City Auditor, and the many City managers whose leadership and commitment are vital to the health and vitality of the City of Portland.

Respectfully submitted,



Fred Miller
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



Charlie Hales
Mayor



Nick Fish
Commissioner of Public Works



Amanda Fritz
Commissioner of Public Utilities



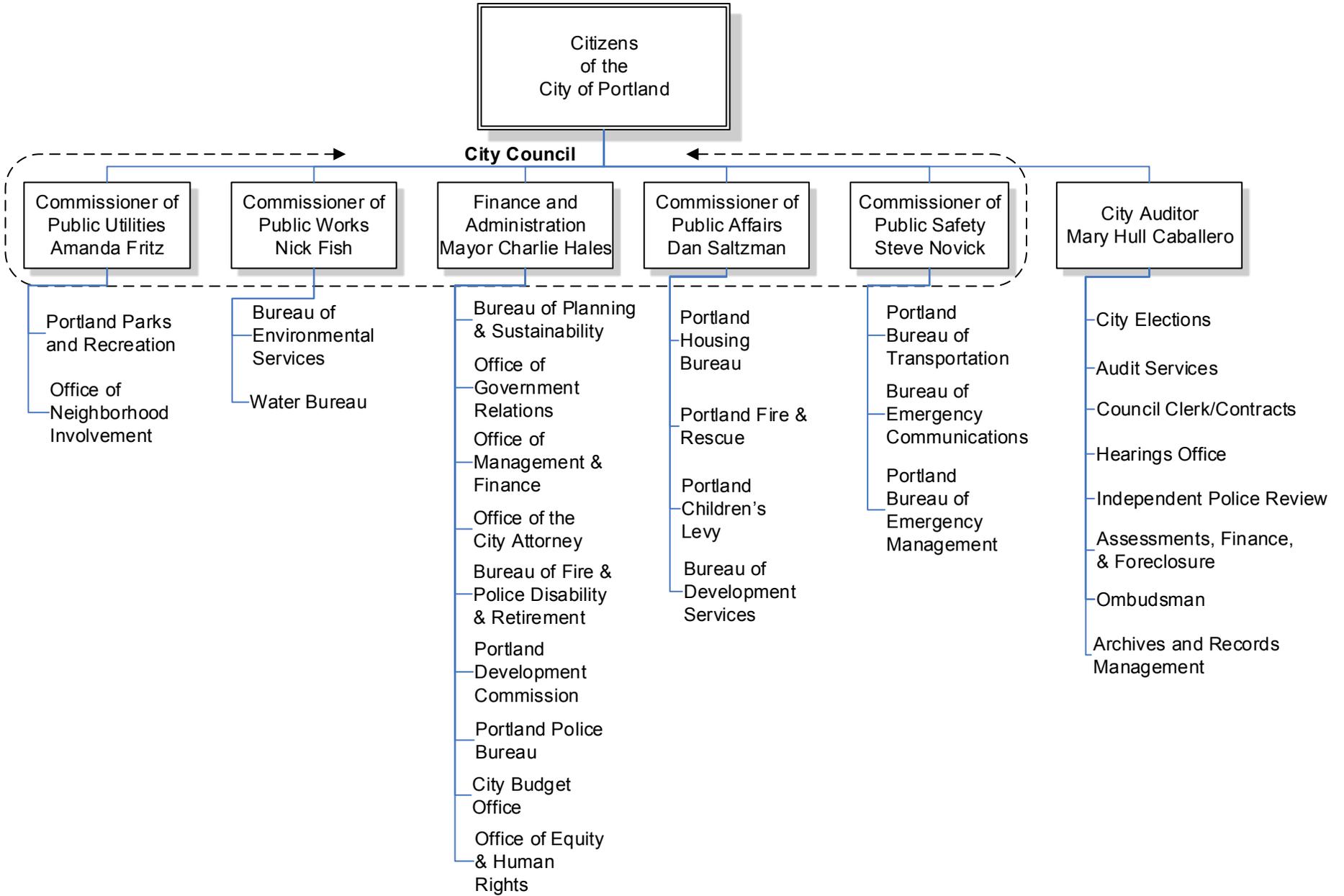
Steve Novick
Commissioner of Public Safety



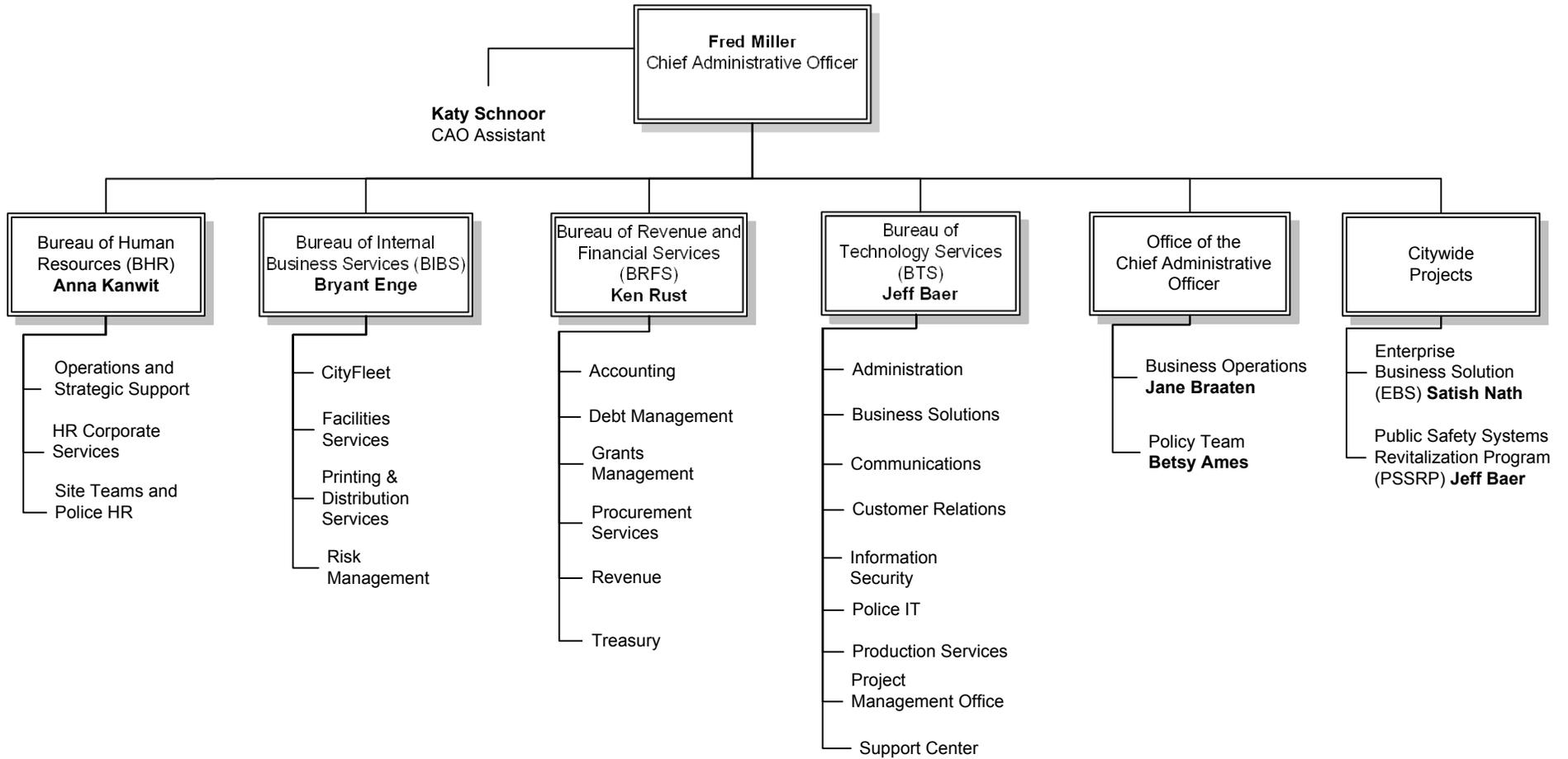
Dan Saltzman
Commissioner of Public Affairs



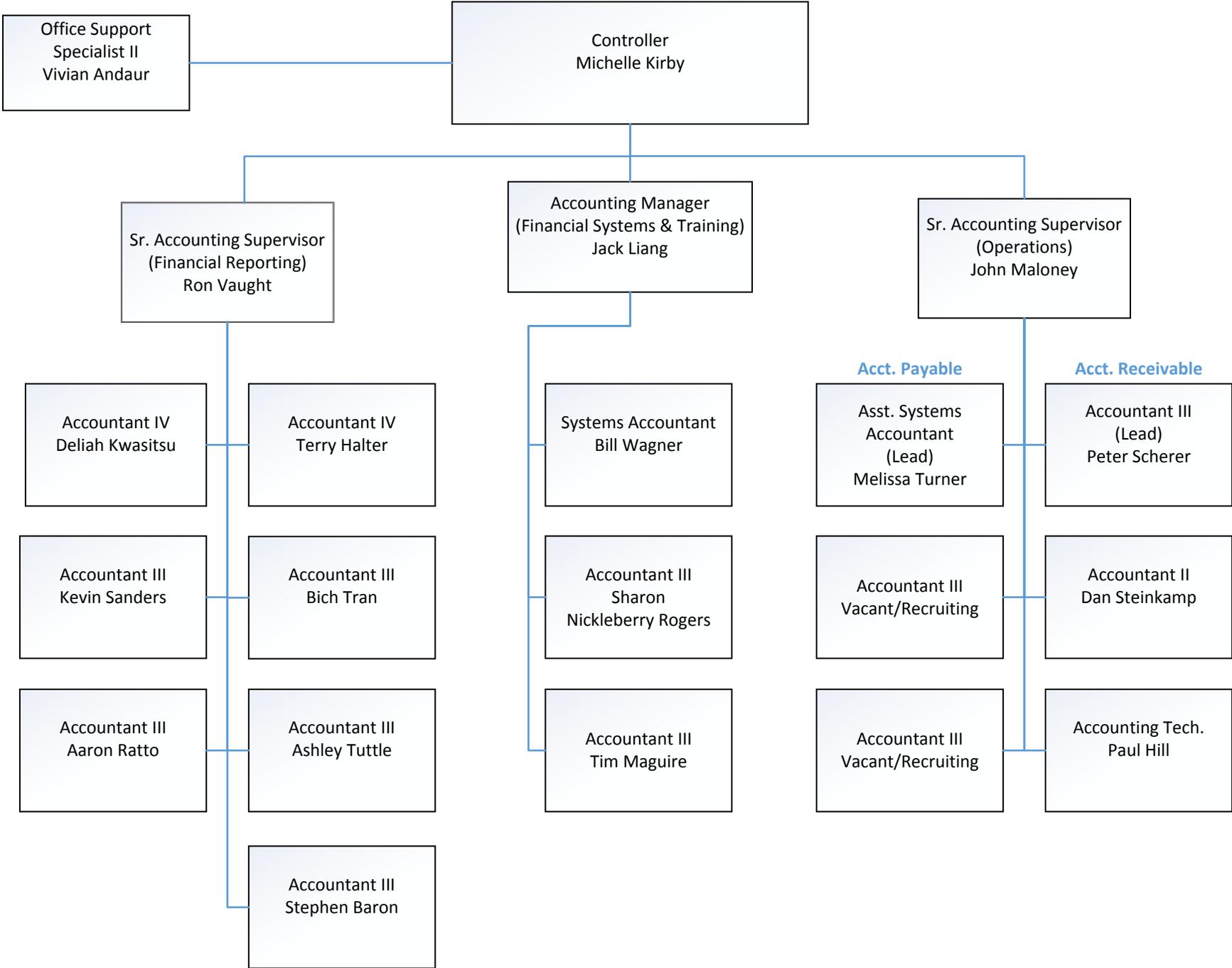
Mary Hull Caballero
City Auditor



Office of Management and Finance



Accounting Division





Government Finance Officers Association

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

Presented to

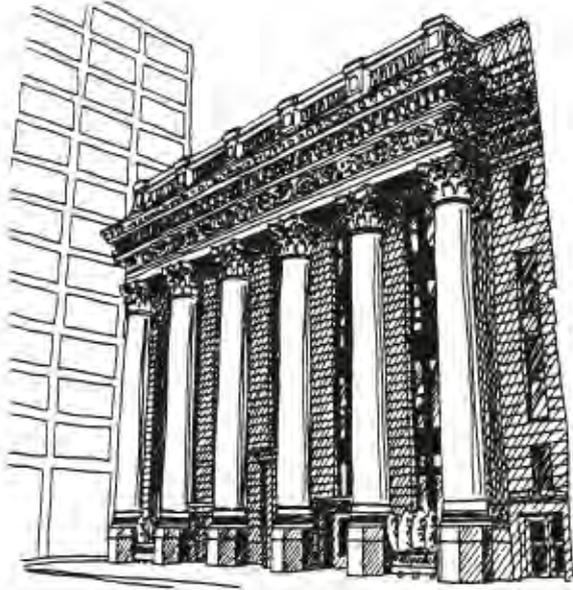
**City of Portland
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION



U.S. National Bank, c. 1917

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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, 2016, 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 of 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 City'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, 2016, 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.

MOSS ADAMS LLP

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 151 through 161, 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 157 through 161 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 151 through 155 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 163 to 304 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.

MOSS ADAMS LLP*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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 15, 2016 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 15, 2016



Photo courtesy of Water Bureau

Columbia South Shore Wellfield Groundwater Pump Station, with solar array

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, 2016. 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, 2016:

- Assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of FY 2015-16 by \$919,615,180 (*net position*). Included in this amount is an unrestricted *net position* deficit totaling \$3,598,934,140, 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* decreased by \$149,157,819 from FY 2014-15 as shown on Table 2-C on page 25, consisting of a decrease of \$273,449,447 in the net position of the governmental activities, partially offset by an increase in net position of the business-type activities of \$124,291,628. 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 \$614,338,138, an increase of \$91,184,709, in comparison to FY 2014-15, as shown in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds on page 47. Of the combined ending governmental fund balances, \$153,485,034 or 25.0 percent, is available for spending at the City's discretion subject to Council approved policies (*assigned and unassigned fund balances*).
- The unassigned fund balance for the General Fund was \$27,255,828 or 4.3 percent of total General Fund expenditures.
- The City's total outstanding bonded debt decreased by \$204,365,410 or 5.7 percent over FY 2014-15, 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 \$153,909,000. Additional reductions occurred in limited tax improvement bonds, urban renewal bonds, and limited tax revenue bonds in the amounts of \$6,510,000, \$31,693,600, and \$46,463,921, respectively. There were increases in both general obligation bonds in the amount of \$15,625,000 and unamortized premiums and discounts in the amount of \$18,586,111.

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 of the City's assets and liabilities, with the difference between the two 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 the Portland Development Commission (PDC), a legally separate entity for which the City is financially accountable. Financial information for PDC is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 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 46 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 46 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 45 - 48 of this report.

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

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

Internal service funds are used to accumulate and allocate costs internally among the City's various 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, eight are *internal service funds*.

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

The basic proprietary fund financial statements can be found on pages 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 - 150 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 151 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 163 - 213 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 \$919,615,180 at the close of FY 2015-16, which is presented in Table 1-C on page 22.

A. Analysis of net position

At the end of FY 2015-16, 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 \$4,059,404,851 or 441.4 percent 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 \$459,144,469 or approximately 49.9 percent 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 \$3,598,934,140. 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 \$1.23 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 in 2014 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 nearly 30 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 2015-16	FY 2014-15	Change
ASSETS			
Current and other assets	\$ 922,789,150	\$ 881,334,355	\$ 41,454,795
Capital assets	2,014,733,816	2,111,946,641	(97,212,825)
Total assets	<u>2,937,522,966</u>	<u>2,993,280,996</u>	<u>(55,758,030)</u>
Deferred outflows of resources	<u>527,237,974</u>	<u>192,589,148</u>	<u>334,648,826</u>
LIABILITIES			
Long-term liabilities outstanding	4,643,281,276	4,026,913,087	616,368,189
Other liabilities	209,268,233	189,947,826	19,320,407
Total liabilities	<u>4,852,549,509</u>	<u>4,216,860,913</u>	<u>635,688,596</u>
Deferred inflows of resources	<u>56,368,153</u>	<u>139,716,506</u>	<u>(83,348,353)</u>
NET POSITION			
Net investment in capital assets	1,896,441,844	1,982,917,732	(86,475,888)
Restricted	446,654,188	340,730,761	105,923,427
Unrestricted surplus (deficit)	<u>(3,787,252,754)</u>	<u>(3,494,355,768)</u>	<u>(292,896,986)</u>
Total net position	<u>\$ (1,444,156,722)</u>	<u>\$ (1,170,707,275)</u>	<u>\$ (273,449,447)</u>

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

Business-type Activities

	FY 2015-16	FY 2014-15	Change
ASSETS			
Current and other assets	\$ 550,145,940	\$ 618,272,270	\$ (68,126,330)
Capital assets	4,448,648,118	4,366,151,448	82,496,670
Total assets	<u>4,998,794,058</u>	<u>4,984,423,718</u>	<u>14,370,340</u>
Deferred outflows of resources	<u>12,862,052</u>	<u>7,206,355</u>	<u>20,068,407</u>
LIABILITIES			
Long-term liabilities outstanding	2,407,202,397	2,493,469,647	(86,267,250)
Other liabilities	213,921,513	209,611,304	4,310,209
Total liabilities	<u>2,621,123,910</u>	<u>2,703,080,951</u>	<u>(81,957,041)</u>
Deferred inflows of resources	<u>26,760,298</u>	<u>49,068,848</u>	<u>(22,308,550)</u>
NET POSITION			
Net investment in capital assets	2,162,963,007	2,069,303,473	93,659,534
Restricted	12,490,281	14,168,531	(1,678,250)
Unrestricted surplus (deficit)	<u>188,318,614</u>	<u>156,008,270</u>	<u>32,310,344</u>
Total net position	<u>\$ 2,363,771,902</u>	<u>\$ 2,239,480,274</u>	<u>\$ 124,291,628</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 2015-16	FY 2014-15	Change
ASSETS			
Current and other assets	\$ 1,472,935,090	\$ 1,499,606,625	\$ (26,671,535)
Capital assets	6,463,381,934	6,478,098,089	(14,716,155)
Total assets	<u>7,936,317,024</u>	<u>7,977,704,714</u>	<u>(41,387,690)</u>
Deferred outflow of resources	<u>540,100,026</u>	<u>199,795,503</u>	<u>540,100,026</u>
LIABILITIES			
Long-term liabilities outstanding	7,050,483,673	6,520,382,734	530,100,939
Other liabilities outstanding	423,189,746	399,559,130	23,630,616
Total liabilities	<u>7,473,673,419</u>	<u>6,919,941,864</u>	<u>553,731,555</u>
Deferred inflow of resources	<u>83,128,451</u>	<u>188,785,354</u>	<u>(105,656,903)</u>
NET POSITION			
Net investment in capital assets	4,059,404,851	4,052,221,205	7,183,646
Restricted	459,144,469	354,899,292	104,245,177
Unrestricted surplus (deficit)	<u>(3,598,934,140)</u>	<u>(3,338,347,498)</u>	<u>(260,586,642)</u>
Total net position	<u>\$ 919,615,180</u>	<u>\$ 1,068,772,999</u>	<u>\$ (149,157,819)</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 decrease by \$149,157,819 during FY 2015-16. This decrease 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 2015-16</u>	<u>FY 2014-15</u>	<u>Change</u>
Governmental Activities			
Revenues			
<i>Program revenues:</i>			
Charges for services	\$ 449,615,906	\$ 445,494,957	\$ 4,120,949
Operating grants and contributions	154,756,635	166,661,697	(11,905,062)
Capital grants and contributions	77,985,967	85,061,048	(7,075,081)
<i>General revenues:</i>			
Property taxes	500,071,854	481,282,272	18,789,582
Lodging taxes	50,543,129	41,803,744	8,739,385
Miscellaneous taxes	10,246,214	10,490,137	(243,923)
Investment earnings	19,481,035	8,760,007	10,721,028
Total revenues	<u>1,262,700,740</u>	<u>1,239,553,862</u>	<u>23,146,878</u>
Expenses			
Public safety	675,619,972	681,079,374	(5,459,402)
Parks, recreation and culture	109,511,440	72,416,721	37,094,719
Community development	258,643,920	162,430,670	96,213,250
Transportation	321,615,626	302,136,406	19,479,220
Legislative/ admin / support services	128,136,508	97,013,883	31,122,625
Environmental services	273,121	86,523	186,598
Water	298,514	175,972	122,542
Parking facilities	17,000	17,000	-
Interest on long-term debt	46,848,152	48,113,636	(1,265,484)
Total expenses	<u>1,540,964,253</u>	<u>1,363,470,185</u>	<u>177,494,068</u>
Revenues over (under) expenses	(278,263,513)	(123,916,323)	(154,347,190)
Transfers	4,814,066	4,819,555	(5,489)
Change in net position	(273,449,447)	(119,096,768)	(154,352,679)
Net position -- beginning, previously reported	(1,170,707,275)	212,430,704	(1,383,137,979)
Restatement per GASB 68 implementation	-	(1,264,041,211)	1,264,041,211
Net position -- beginning, restated	<u>(1,170,707,275)</u>	<u>(1,051,610,507)</u>	<u>(119,096,768)</u>
Net position -- ending	<u>\$ (1,444,156,722)</u>	<u>\$ (1,170,707,275)</u>	<u>\$ (273,449,447)</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			
	FY 2015-16	FY 2014-15	Change
Revenues			
<i>Program revenues:</i>			
Charges for services	\$ 574,004,137	\$ 542,464,326	\$ 31,539,811
Capital grants and contributions	2,455,268	4,022,620	(1,567,352)
<i>General revenues:</i>			
Investment earnings	5,571,466	3,248,776	2,322,690
Total revenues	582,030,871	549,735,722	32,295,149
Expenses			
Environmental services	271,877,219	220,160,935	51,716,284
Water	149,291,453	102,628,362	46,663,091
Hydroelectric power	1,685,144	1,289,400	395,744
Parking facilities	8,084,291	6,571,712	1,512,579
Golf	10,856,948	9,288,014	1,568,934
Motor sports	1,855,628	1,578,637	276,991
Spectator facilities	8,540,984	7,590,349	950,635
Housing	733,510	774,968	(41,458)
Total expenses	452,925,177	349,882,377	103,042,800
Revenues over (under) expenses	129,105,694	199,853,345	(70,747,651)
Transfers	(4,814,066)	(4,819,555)	5,489
Change in net position	124,291,628	195,033,790	(70,742,162)
Net position -- beginning, previously reported	2,239,480,274	2,123,514,403	115,965,871
Restatement per GASB 68 implementation	-	(79,067,919)	79,067,919
Net position -- beginning, restated	2,239,480,274	2,044,446,484	195,033,790
Net position -- ending	\$ 2,363,771,902	\$ 2,239,480,274	\$ 124,291,628

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

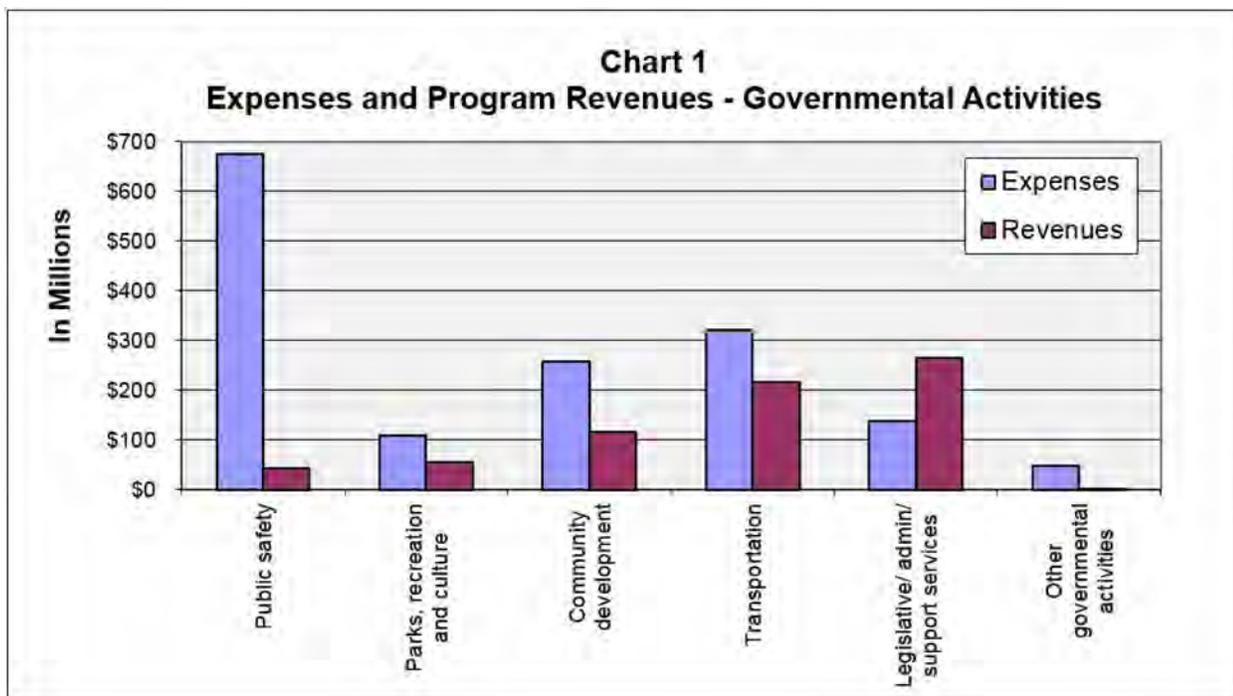
	FY 2015-16	FY 2014-15	Change
Revenues			
<i>Program revenues:</i>			
Charges for services	\$ 1,023,620,043	\$ 987,959,283	\$ 35,660,760
Operating grants and contributions	154,756,635	166,661,697	(11,905,062)
Capital grants and contributions	80,441,235	89,083,668	(8,642,433)
<i>General revenues:</i>			
Property taxes	500,071,854	481,282,272	18,789,582
Lodging taxes	50,543,129	41,803,744	8,739,385
Miscellaneous taxes	10,246,214	10,490,137	(243,923)
Investment earnings	25,052,501	12,008,783	13,043,718
Total revenues	1,844,731,611	1,789,289,584	55,442,027
Expenses			
Public safety	675,619,972	681,079,374	(5,459,402)
Parks, recreation and culture	109,511,440	72,416,721	37,094,719
Community development	258,643,920	162,430,670	96,213,250
Transportation	321,615,626	302,136,406	19,479,220
Legislative / admin / support services	128,136,508	97,013,883	31,122,625
Interest on long-term debt	46,848,152	48,113,636	(1,265,484)
Environmental services	272,150,340	220,247,458	51,902,882
Water	149,589,967	102,804,334	46,785,633
Hydroelectric power	1,685,144	1,289,400	395,744
Parking facilities	8,101,291	6,588,712	1,512,579
Golf	10,856,948	9,288,014	1,568,934
Motor sports	1,855,628	1,578,637	276,991
Spectator facilities	8,540,984	7,590,349	950,635
Housing	733,510	774,968	(41,458)
Total expenses	1,993,889,430	1,713,352,562	280,536,868
Change in net position	(149,157,819)	75,937,022	(225,094,841)
Net position -- beginning, previously reported	1,068,772,999	2,335,945,107	(1,267,172,108)
Restatement per GASB 68 implementation	-	(1,343,109,130)	1,343,109,130
Net position -- beginning, restated	1,068,772,999	992,835,977	75,937,022
Net position -- ending	\$ 919,615,180	\$ 1,068,772,999	\$ (149,157,819)

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

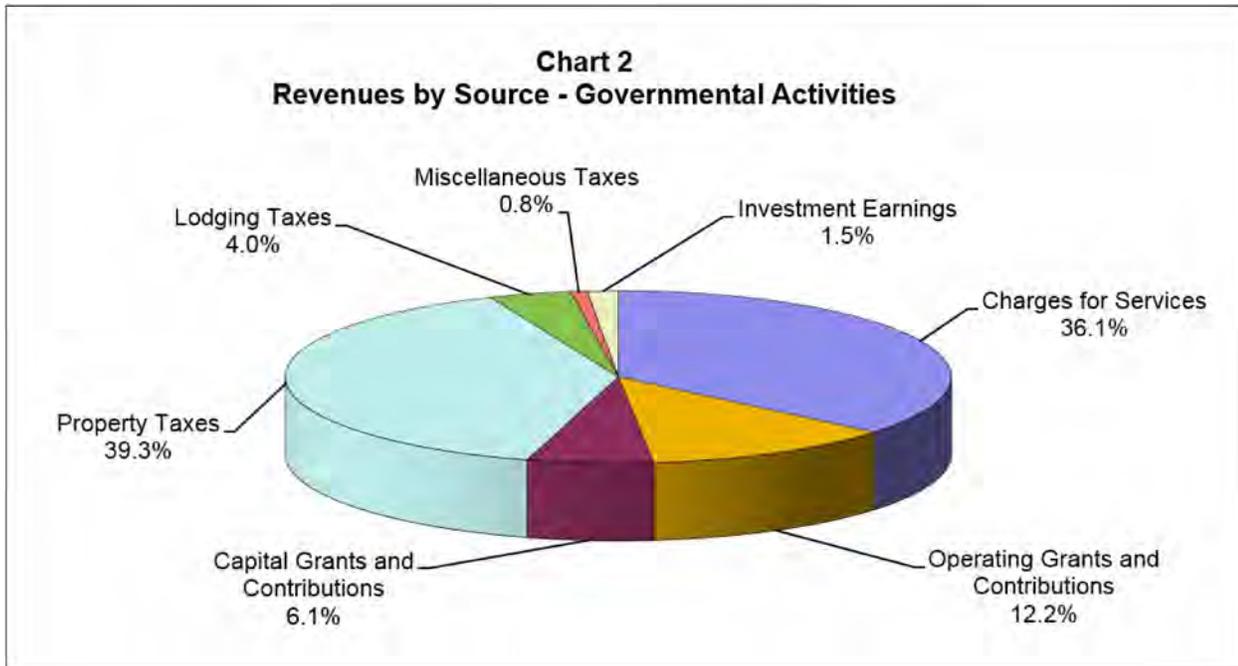
Governmental activities. Governmental activities decreased the City's *net position* by \$273,449,447, which is reflected in Table 2-A on page 23.

- 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, Property Taxes, and Investment Earnings line items increased over the prior year by \$4,120,949, \$18,789,582, and \$10,721,028 respectively. The charges for services and property tax increases reflect the economic recovery in the region. Strong growth in the construction industry resulted in increased permit fees and assessments, which are included in the charges for services line item. The investment earnings line item is comprised primarily of two components: interest earned on loans from the Portland Housing Bureau to qualified individuals for housing rehabilitation and restoration projects; and earnings from the Treasurer's Investment Pool. The increase in interest from the housing loans is due to increased compliance efforts. The Treasurer's Pool interest increase is due both higher average balances and increases in interest rates. Most notably, the Federal Reserve raised the federal funds target rate to 0.50% in December 2015, from 0.25%. This rate increase coincided with large capital inflows during the fall of 2015, which were invested in higher yielding securities. Credit spreads also widened during the fiscal year, and contributed to higher investment earnings on corporate bond purchases.
- Total expenses increased over the prior year by \$177,494,068, with the most significant increase attributable to community development programs. Specifically, expenses in this program saw an increase due to affordable housing initiatives and urban renewal projects. However, all of the governmental activities have increases in the full accrual expenses from the prior year due to the City's unfunded pension obligation with the state's Public Employees Retirement System (PERS). As of June 30, 2016, the PERS pension plan reported an unfunded position due to changes in the program, and less than planned investment earnings. This resulted in the City reporting the obligation on the Statement of Net Position, and reporting increased pension costs on the full accrual Statement of Changes in Governmental Activities. These expenses reflect the pension costs which are currently earned and will be paid in the future. The City is expecting and planning for increased rates for payments to PERS in the future as a result of this obligation.

The following charts provide a visual representation of the expenses and revenues for governmental activities for FY 2015-16. Chart 1 shows expenses and program revenues generated by each program activity while Chart 2 shows all governmental revenues.



MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

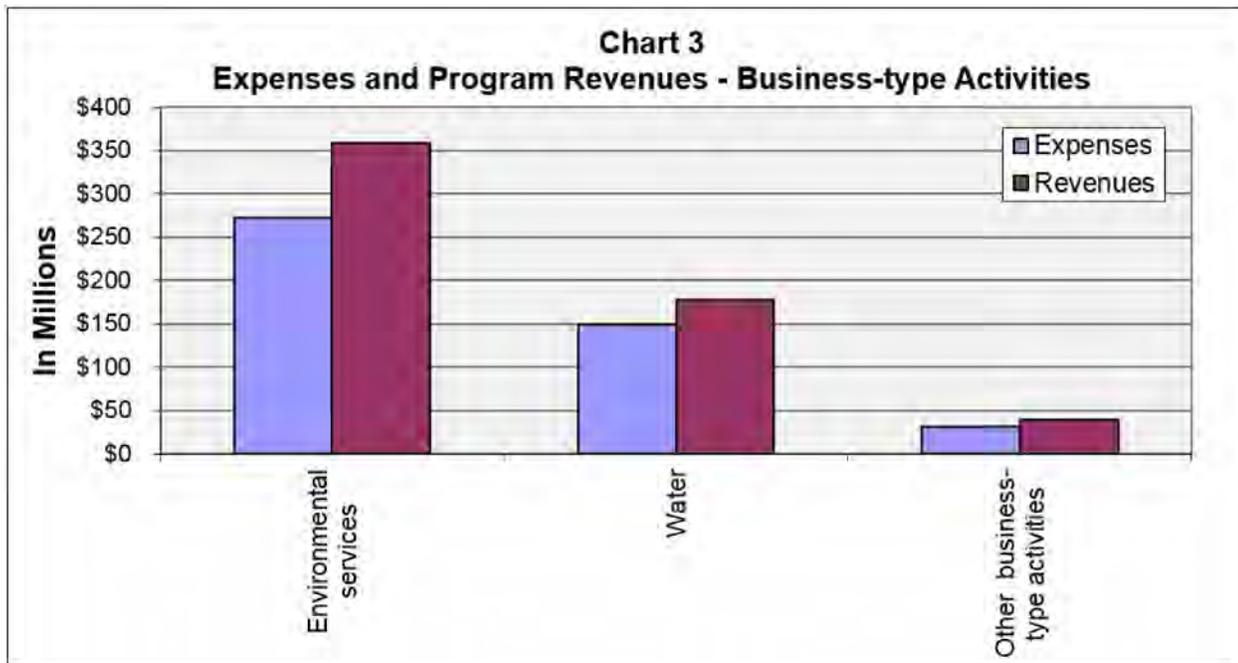


Business-type activities. Business-type activities increased the City's *net position* by \$124,291,628, as reflected in Table 2-B on page 24. Environmental services and water operations contributed \$88,501,385 and \$28,663,120, respectively. The remaining *net position* contributions came from other 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 \$31,539,811 more than last year. Service charges and fees from water and environmental services operations accounted for \$31,124,107, or 98.7% of the increase, resulting from approved rate increases of 7.0% and 3.6%, respectively. These 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.
- Expenses in business-type activities increased from the prior year by \$103,042,800, primarily resulting from increases in environmental and water services. Increased pension costs are a significant factor which has increased the salaries and wages expenses in both the environmental and water services operations. In the prior year, the PERS pension reported a net pension asset. However, as of June 30, 2016, the plan reported an unfunded position due to changes in the program, and less than planned investment earnings. This resulted in increased pension costs which have been earned but will be paid in the future. Other increased expenses in environmental services were necessary to maintain the asset base, which has grown considerably over the last several decades, with a focus on maintenance and reliability of the underground infrastructure as well as upgrades to process facilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

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



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

A. Governmental funds

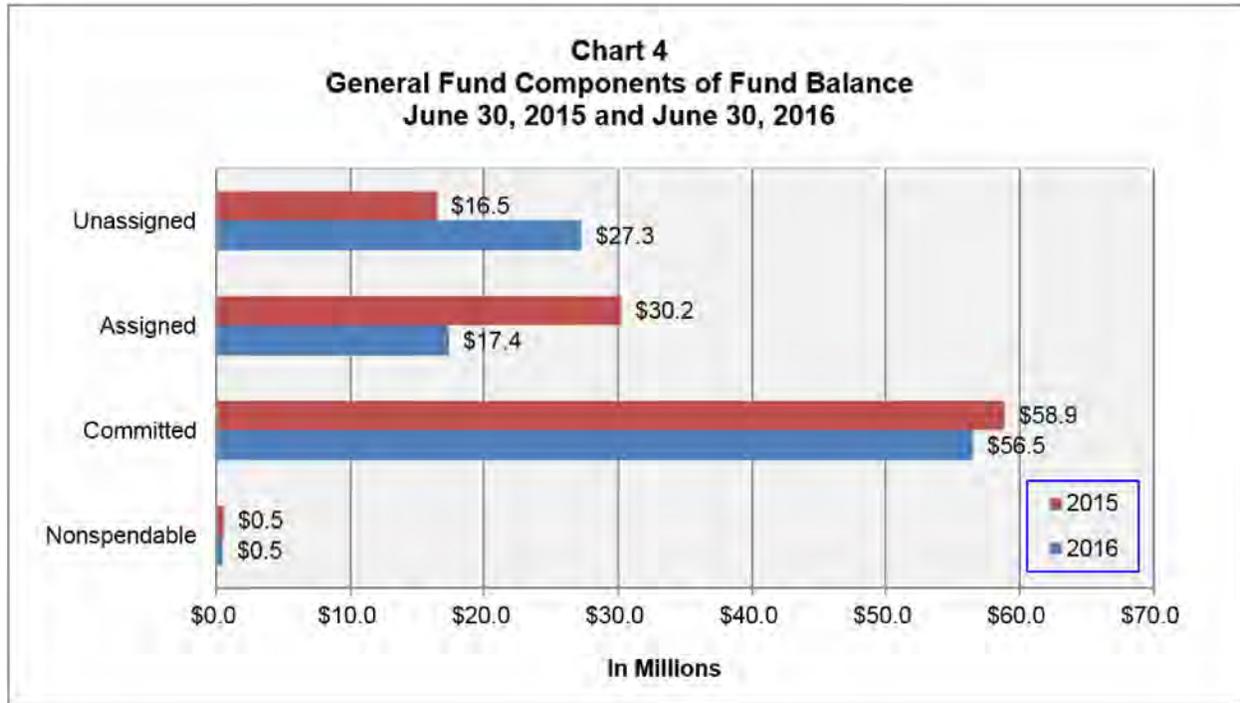
The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$614,338,138, an increase of \$91,184,709. Of the combined ending fund balances, \$23,712,772 or 3.9 percent constitutes the *unassigned fund balance*, and \$129,772,262 or 21.1 percent constitutes *assigned fund balance* in the appropriate fund types as shown in the Governmental Funds Balance Sheet on page 45. 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 2015-16, *total fund balance* was \$101,555,177, of which \$27,255,828 or 26.8 percent is unassigned, \$17,351,152 or 17.1 percent is assigned through the fiscal year budget, and \$56,495,175 or 55.6 percent is committed. The committed portion of General Fund balance represents the General Fund Reserve, which by policy cannot be spent except under the authority and action of the City Council. The final portion of General Fund balance, \$453,022 or 0.4 percent is nonspendable, as shown on page 45. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 16.2 percent of total General Fund expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Chart 4 illustrates changes the components of the General Fund balance from June 30, 2015, to June 30, 2016.

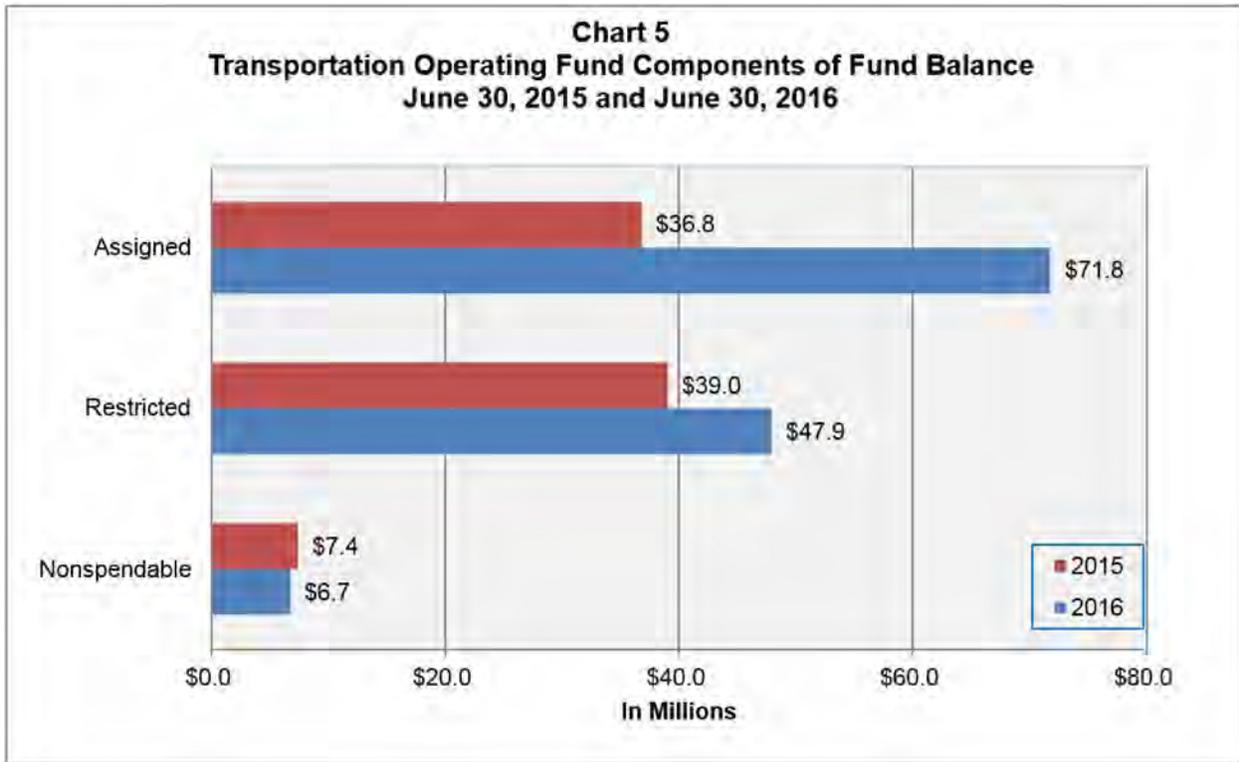


The total fund balance of the City's General Fund decreased by \$4,524,754 during FY 2015-16. Although revenues saw an increase of \$40,794,574, there were also increases in the expenditures of \$32,107,594 and transfers out in the amount of \$18,537,892. Significant revenue increases included property taxes, which increased \$13,724,287 or 4.1%, licenses and fees, which increased \$14,097,517 or 7.6%, and lodging taxes, which increased \$6,064,589 or 22.5%. 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 increase in Other Financing Sources and Uses, is primarily to the result of an increase in the amount which was transferred to the Transportation Operating Fund. During FY 2015-2016, the amount of this annual transfer increased by \$17,147,172, to be used for safety improvements and major maintenance projects. Transfers are discussed in more detail in the Notes to the Financial Statements III.G.

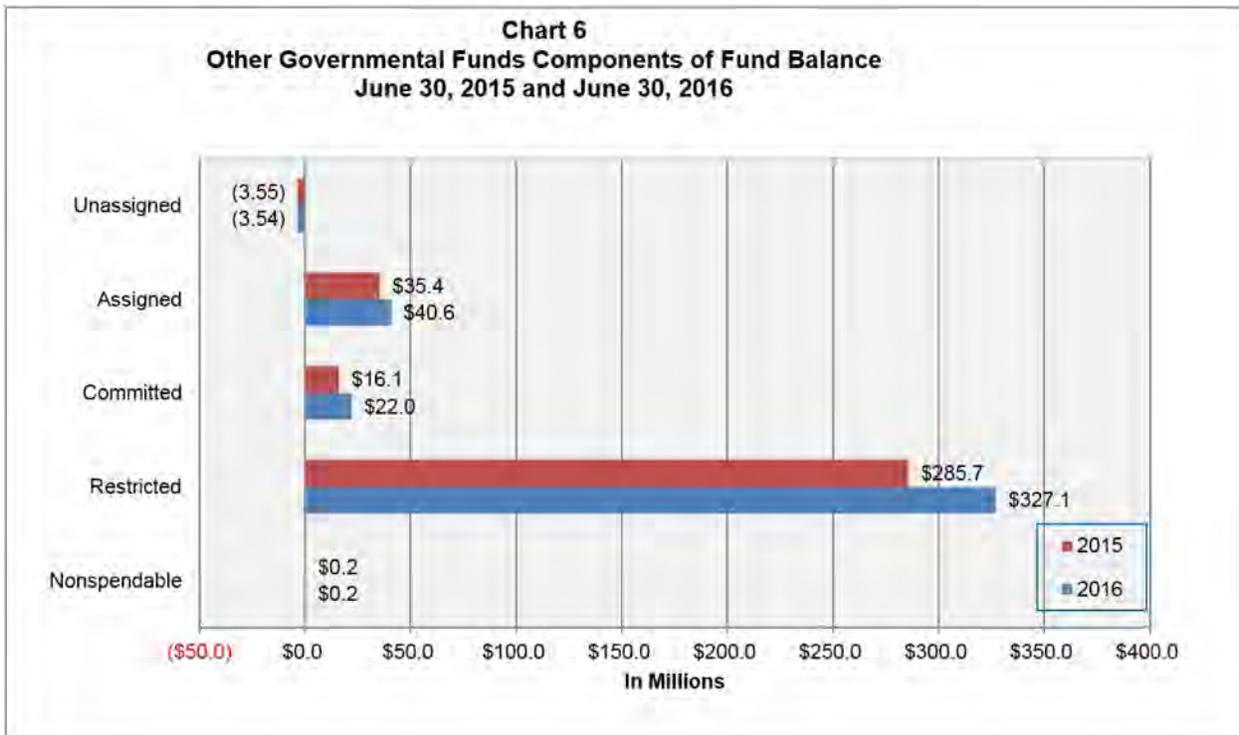
The Transportation Operating Fund had a total ending fund balance of \$126,396,596 for FY 2015-16, an increase of \$43,195,109; of which \$6,697,786 is nonspendable, \$47,917,229 is restricted, and \$71,781,581 is assigned, as shown on page 45. Overall revenue increases of \$17,963,532 or 11.1% in addition to a decrease in expenditures of \$10,098,360 or 5.4%, plus an increase in other financing sources accounted for this increase in ending fund balance. Revenue variances include increases in intergovernmental cost sharing and parking fees and fines. As discussed above in the General Fund section, the Transportation Operating Fund received an increased transfer from the General Fund, to be used for safety improvements and major maintenance projects. However, transportation expenditures overall are down as these projects have just begun.

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, 2015, to June 30, 2016.



Other Governmental Funds showed a significant increase in ending fund balance for FY 2015-16, \$52,514,354 or 15.7 percent, 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, 2015, to June 30, 2016.



See pages 163 - 186 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 2015-16, *unrestricted net position* of the Sewage Disposal Fund and the Water Fund amounted to \$102,716,915 and \$59,731,022, respectively. The total growth in *net position* for the Sewage Disposal Fund and the Water Fund was \$88,501,385 and \$28,663,120, respectively.

The *unrestricted net position* for other enterprise funds totaled \$18,025,640, while the change in *net position* for other enterprise funds equaled an increase of \$5,931,644. 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 \$12,215,990 and can be briefly summarized as follows:

- *\$10,621,714 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: \$3.0 million for the Portland Police Bureau, \$1.7 million for Portland Fire & Rescue, \$1.1 million for Portland Parks & Recreation, and \$.3 million for the Bureau of Emergency Communications. 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, Portland Fire and Rescue is appropriating new revenue and realigning funds internally to increase personnel services by \$2.2 million to cover costs associated with anticipated retirement payouts, increased pension costs, and other projected personnel expenses.
- *\$1,667,894 increase in materials and services.* This budgetary *increase* resulted primarily from the City's BMP, which included Fall BMP encumbrance carryovers totaling \$3.5 million. 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 of approximately \$2.0 million, as a result of the lower cost of fuel leading to decreases in fleet interagency agreements.
- *\$1,303,490 increase in capital outlay.* This budgetary *increase* resulted primarily from the City's BMP, which included capital project carryover funding to support the Regional Justice Information Network project.
- *\$1,377,108 decrease in general operating contingencies.* This overall budgetary *decrease* is primarily the net result of various draws on the compensation set-aside amount spread across multiple bureaus and including \$700,000 for the Bureau of Parks and Recreation labor arbitration settlement.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Actual revenues were \$17,832,219 above the final amended budget, primarily due to increased licenses and fees of \$9,421,072 and increased taxes of \$10,168,234, reflecting the better than expected state of the local economy. Actual expenditures were \$26,425,513 less than the final amended budget, primarily due to under expenditures for: personal services of \$6,569,111, materials and services of \$8,313,143, capital outlay of \$2,588,579, and general operating contingencies of \$8,589,732. These under expenditures were primarily due to:

- \$6,569,111 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, Office of Neighborhood Involvement, Office of the City Attorney, Office of the City Auditor, and Office of Management and Finance. The noted under spending primarily resulted from position vacancies throughout the fiscal year.
- \$8,313,143 in under expenditures in materials and services spreads across multiple bureaus.

The Office of Management and Finance underspent \$2,050,653 in materials and services. The primary driver of this variance was project delays in several projects. In addition, there were lower than anticipated contract costs for the Public Safety Technology Assessment contract.

The Portland Police Bureau experienced underspending in materials and services in the amount of \$3,352,081, due to projects and purchases initiated but not completed before the end of FY 2015-16. As requested by the bureau, the majority of these encumbrances were reappropriated in FY 2016-17 through the Fall BMP.

- \$2,588,579 in under expenditures in capital outlay, related primarily to Portland Fire and Rescue. The budget was for the purchase of two fire trucks, which were ordered but not received by June 30, 2016. The budget will be carried forward for the FY 2016-17 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 2015-16, 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, 2016, amounts to \$6,463,381,934 (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 decrease in the City's investment in capital assets for the current fiscal year was \$14,716,155 or 0.2 percent, a 4.6 percent decrease for governmental activities and a 1.9 percent increase for business-type activities.

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

Governmental activities - Governmental capital assets decreased by \$97,212,825 or 4.6 percent. Key factors in this change were decreases to infrastructure of \$131,817,297 or 10.8%, decreases to buildings of \$4,250,668 or 1.7 percent, decreases to improvements to land of \$43,551,618 or 28.8 percent, decreases to land use rights of \$2,927,136 or 6.5 percent, and decreases to software of \$5,287,291 or 24%. Decreases in these areas were partially offset by an increase to construction in progress of \$43,551,618 or 28.8%, an increase to land of \$190,644 or 0.1 percent, and an increase to equipment of \$6,374,240 or 5.7 percent.

- Infrastructure decreased \$131,817,297 or 10.8% 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 \$43,551,618 or 28.8% was primarily due to PBOT's investment in various street repair projects, the Bike Share program, replacing inefficient and outdated parking meters, and street light efficiency projects which have not yet been capitalized.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

- Software decreased \$5,287,291 or 24.0% due primarily to retiring an obsolete Computer Aided Dispatch (CAD) system used to process 9-1-1 calls by the Bureau of Emergency Communications.

Business-type activities - Business-type capital assets increased \$82,496,670 or 1.9%. This increase resulted from additional investments in capital assets of \$163,089,703 which were offset by depreciation of \$80,593,033.

- An increase in infrastructure of \$91,199,004 or 2.5% mainly due to the capitalization of Bureau of Environmental Services (BES) and Portland Water Bureau (PWB) projects. For BES, this includes the Columbia Slough Water Quality project, and several sewer upgrades. For PWB, water mains were the primary type of infrastructure assets placed into service during the year, as the focus of the water capital plan was on the distribution system.
- Buildings decreased \$2,689,266 or 1.3% due to depreciation in excess of the minor amount of building additions in FY2015-16.
- Land increased \$1,796,272 or 1.7% due to a number of new pieces of land capitalized by BES. Land use rights increased \$1,290,641 or 8.9 percent driven by various BES and PWB conservation and access easements.
- Improvements to land increased \$16,925,217 or 42.2%. This was driven by PWB's completion and capitalization of the water storage facility at Kelly Butte Reservoir and Interstate Facility Rehabilitation projects. The Kelly Butte Reservoir project was a multi-year project that replaced the 10 million gallon above ground steel tank atop Kelly Butte in SE Portland with a 25 million gallon underground reservoir. The new underground storage facility will lead to the discontinued usage of three open reservoirs, in compliance with federal regulations.
- Software decreased \$210,617 or 9.8% due to ordinary depreciation.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

The following table provides comparative information on the City's capital assets for FY 2015-16 and FY 2014-15:

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

Asset Category	FY 2015-2016	FY 2014-2015	Change
Governmental Activities			
Infrastructure	\$ 1,093,992,541	\$ 1,225,809,838	\$ (131,817,297)
Construction in progress	194,835,246	151,283,628	43,551,618
Buildings	248,741,970	252,992,638	(4,250,668)
Land	223,516,081	223,325,437	190,644
Improvements to land	76,715,780	79,762,715	(3,046,935)
Equipment	117,782,857	111,408,617	6,374,240
Intangible assets:			
Land use rights	42,409,036	45,336,172	(2,927,136)
Software	16,711,352	21,998,643	(5,287,291)
Owning rights	28,953	28,953	-
Total	\$ 2,014,733,816	\$ 2,111,946,641	\$ (97,212,825)
Business-type Activities			
Infrastructure	\$ 3,809,748,139	\$ 3,718,549,135	\$ 91,199,004
Construction in progress	223,127,055	249,691,397	(26,564,342)
Buildings	199,509,474	202,198,740	(2,689,266)
Land	108,742,424	106,946,152	1,796,272
Improvements to land	57,023,525	40,098,308	16,925,217
Equipment	32,767,369	32,016,838	750,531
Intangible assets:			
Land use rights	15,776,468	14,485,827	1,290,641
Software	1,946,737	2,157,354	(210,617)
Owning rights	6,927	7,697	(770)
Total	\$ 4,448,648,118	\$ 4,366,151,448	\$ 82,496,670
Total Net Capital Assets			
Infrastructure	\$ 4,903,740,680	\$ 4,944,358,973	\$ (40,618,293)
Construction in progress	417,962,301	400,975,025	16,987,276
Buildings	448,251,444	455,191,378	(6,939,934)
Land	332,258,505	330,271,589	1,986,916
Improvements to land	133,739,305	119,861,023	13,878,282
Equipment	150,550,226	143,425,455	7,124,771
Land use rights	58,185,504	59,821,999	(1,636,495)
Software	18,658,089	24,155,997	(5,497,908)
Owning rights	35,880	36,650	(770)
Total	\$ 6,463,381,934	\$ 6,478,098,089	\$ (14,716,155)

Information on the City's capital assets can be found in Note III.F. on pages 92 - 97 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

B. Debt administration

The City holds debt in the form of lines of credit, loans, notes, and bonds. The decreases of \$204,365,410 in bonds outstanding, which was partially offset by an increase of \$26,426,558 to the lines of credit outstanding, account for the largest components of the net decrease in debt outstanding of \$179,797,825.

The increases in the lines of credit was largely attributable to issuance of additional interim financing for urban renewal district projects, and also for various City backed transportation improvement 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 \$142,399,161 net decrease in business-type activity bonds, primarily sewer and water revenue bonds, and a \$61,966,249 net decrease in governmental bonds, primarily urban renewal and limited tax revenue 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 2015-16</u>	<u>FY 2014-15</u>	<u>Change</u>
Governmental Activities			
Bonds	\$ 944,275,204	\$ 1,006,241,453	\$ (61,966,249)
Lines of Credit	92,708,045	66,281,487	26,426,558
Loans	<u>10,212,690</u>	<u>10,719,210</u>	<u>(506,520)</u>
Total governmental activities	<u>1,047,195,939</u>	<u>1,083,242,150</u>	<u>(36,046,211)</u>
Business-type Activities			
Bonds	2,450,100,260	2,592,499,421	(142,399,161)
Loans	<u>14,920,587</u>	<u>16,273,040</u>	<u>(1,352,453)</u>
Total business-type activities	<u>2,465,020,847</u>	<u>2,608,772,461</u>	<u>(143,751,614)</u>
Total Outstanding Debt			
Bonds	3,394,375,464	3,598,740,874	(204,365,410)
Lines of Credit	92,708,045	66,281,487	26,426,558
Loans	<u>25,133,277</u>	<u>26,992,250</u>	<u>(1,858,973)</u>
Total outstanding debt	<u>\$ 3,512,216,786</u>	<u>\$ 3,692,014,611</u>	<u>\$ (179,797,825)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

As of June 30, 2016, the City had total bonded debt outstanding of \$3,394,375,464. Unamortized premiums and discounts for governmental activities net to \$30,992,215, while unamortized premiums and discounts for business-type activities net to \$158,794,291.

Of the total bonded debt outstanding, \$99,250,000 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 \$15,625,000 from FY 2014-15. This increase was due to the issuance of the General Obligation Bonds, 2015 Series C which had an original issue amount of \$23,850,000 and will be used to finance parks improvements that are eligible for federally tax-exempt financing, including improvements to playgrounds, pools, maintenance facilities, trails and bridges; and projects designed to improve accessibility.

The City has \$441,982,558 of limited tax revenue bonds outstanding, a decrease of \$46,463,921 from FY 2014-15. In the governmental activities, a reduction of \$34,678,272 was due to scheduled principal payments and the net effect of refunding \$5,430,000 of the 2005 arena bonds with \$5,469,700 of arena refunding bonds issued in FY 2014-15. In business-type activities, the decrease of \$11,785,649 was due to scheduled payments. 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.

An additional \$425,726,400 of the City's outstanding debt consists of urban renewal bonds that are issued to stimulate job creation and growth and are repaid from tax increment revenues generated from the City's various urban renewal areas. The decrease of \$31,693,600 was primarily due to scheduled debt service payments. In addition, the City issued \$24.9 million of 2015 Series A Airport Way Urban Renewal and Redevelopment Bonds, which were used to refund the 2005 Series A Airport Way Urban Renewal and Redevelopment Bonds.

As of June 30, 2016, the City had \$36,805,000 of outstanding limited tax improvement bonds in the governmental activities, a decrease of \$6,510,000 from FY 2014-15. The decrease was the net effect of scheduled principal payments of \$1,735,000 and early bond payments of \$4,775,000.

The remainder of the City's debt is comprised of revenue bonds, totaling approximately \$2,200,825,000, which is primarily recorded in business-type activities, a decrease of \$153,909,000 over FY 2014-15. 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. In August 2015, the City issued \$329.8 million of 2015 Series A First Lien Sewer Revenue Refunding Bonds, and \$63.3 million of 2015 Series B Second Lien Sewer Revenue Refunding Bonds. Proceeds from the Series A bonds were used to refund all outstanding maturities of the City's First Lien Sewer System Revenue Refund Bonds 2004 Series B, the First Lien Sewer System Revenue Refunding bonds, 2005 Series A, and the First Lien Sewer System Revenue Bonds, 2006 Series A; to pay the premium for a municipal bond debt service reserve insurance policy; and to pay the costs of issuance of the 2015 Series A Bonds. Proceeds from the 2015 Series B Bonds were used to refund all outstanding maturities of the City's Second Lien Sewer System Bonds, 2006 Series B; to pay the premium for a municipal bond debt service reserve insurance policy; and to pay issuance costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

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

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

	<u>FY 2015-16</u>	<u>FY 2014-15</u>	<u>Change</u>
Governmental Activities			
General Obligation Bonds	\$ 99,250,000	\$ 83,625,000	\$ 15,625,000
Limited Tax Improvement Bonds	36,805,000	43,315,000	(6,510,000)
Urban Renewal Bonds	425,726,400	457,420,000	(31,693,600)
Limited Tax Revenue Bonds	340,436,589	375,114,861	(34,678,272)
Revenue Bonds	11,065,000	13,049,000	(1,984,000)
Unamortized premiums & discounts	<u>30,992,215</u>	<u>33,717,592</u>	<u>(2,725,377)</u>
Total governmental activities	<u>944,275,204</u>	<u>1,006,241,453</u>	<u>(61,966,249)</u>
Business-type Activities			
Limited Tax Revenue Bonds	101,545,969	113,331,618	(11,785,649)
Revenue Bonds	2,189,760,000	2,341,685,000	(151,925,000)
Unamortized premiums & discounts	<u>158,794,291</u>	<u>137,482,803</u>	<u>21,311,488</u>
Total business-type activities	<u>2,450,100,260</u>	<u>2,592,499,421</u>	<u>(142,399,161)</u>
Total Outstanding Debt			
General Obligation Bonds	99,250,000	83,625,000	15,625,000
Limited Tax Improvements Bonds	36,805,000	43,315,000	(6,510,000)
Urban Renewal Bonds	425,726,400	457,420,000	(31,693,600)
Limited Tax Revenue Bonds	441,982,558	488,446,479	(46,463,921)
Revenue Bonds	2,200,825,000	2,354,734,000	(153,909,000)
Unamortized premiums & discounts	<u>189,786,506</u>	<u>171,200,395</u>	<u>18,586,111</u>
Total outstanding bonded debt	<u>\$ 3,394,375,464</u>	<u>\$ 3,598,740,874</u>	<u>\$ (204,365,410)</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 2015-16 real market value, this debt limitation is \$3,078,844,214. The amount of outstanding City debt subject to this limitation is \$99,250,000 with an additional \$42,150,000 authorized by voters for park improvements, but currently unissued.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

- **Debt ratings.** The City's unlimited tax general obligation debt remains rated "Aaa" by Moody's Investors Service and was confirmed in May 2015. 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
Second Lien Water Revenue Bonds	Aa1
Limited Tax Revenue Bonds	Aa1
Arena Limited Tax Revenue Bonds	Aa1
Limited Tax Improvement Bonds	Aa1
Limited Tax Pension Obligation Revenue Bonds	Aa1
Limited Tax Housing Revenue Bonds	Aa1
Gas Tax Revenue Bonds	Aa2
First Lien Sewer Revenue Bonds (1)	Aa2
Second Lien Sewer Revenue Bonds (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
Hydroelectric Revenue Bonds (PGE) (3)	A3

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.

(3) These bonds are additionally rated BBB by Standard and Poor's.

Ratings on these bonds reflect the rating of Portland General Electric (PGE), which is the sole obligor for the bonds.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

- **Debt ratios.** The City's debt ratios, as of June 30, 2016, are shown below:

	Amount	Per Capita	Percent of Real Market Valuation	Percent of Assessed Valuation
Population July 1, 2015 (1)	632,309	--	--	
2015-2016 Real Market Value	\$ 102,628,140,456	\$ 162,307	--	
2015-2016 Assessed Value (2)	\$ 59,352,691,160	\$ 93,867	57.83 %	
Gross Bonded Debt (3)	\$ 655,968,202	\$ 1,037	0.64 %	1.11 %
Net Direct Debt (4)	\$ 229,014,317	\$ 362	0.22 %	0.39 %
Net Overlapping Debt	\$ 1,308,463,265	\$ 2,069	1.27 %	2.20 %
Net Direct and Overlapping Debt	\$ 1,537,477,582	\$ 2,432	1.50 %	2.59 %

(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 2015-16, the Measure 5 Market Value represented about 82.9 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 102 - 118 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 2016-17.

- According to the U.S. Bureau of Labor Statistics, the unemployment rate for the City of Portland in June 2016 was 4.6 percent. This compares favorably with the State of Oregon rate of 5.3 percent and the national rate of 5.1 percent.
- Based on data released July 15, 2016, inflation rose at an annualized rate of 0.8 percent for the first six months of 2016. Lower energy and transportation costs helped to keep inflation low, while housing costs rose only. The 2016 calendar year CPI-W, which determines the cost of living increases for nearly all City employees, is expected to be low, somewhere in the one to two percent range.
- Water rates and sewer bills increased 7.0 percent and 3.25 percent, 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 activity remains the headline for the local economy at this time. Bolstered by historically low mortgage rates and increasing general confidence, 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 prices in August 2015 reached the peak level last seen in April 2007, and have risen another 10% since.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

- After peaking in the summer of 2015 year-over-year employment growth has slowed slightly in 2016 to about 2.5 percent. The highest growth was in the professional and business services, and construction sectors.
- Economic conditions have plateaued at levels commensurate with a typical economic recovery. Some sectors of the economy, particularly multifamily housing, are seeing historic growth. The last two fiscal years saw the fastest General Fund revenue growth since property tax limitations were fully implemented in FY 1998-99. While further growth is expected, 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



E.K. Haseltine Residence, 1880

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Government-wide Financial Statements



K.A.J. Mackenzie Residence, 1892

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Photos courtesy of Parks Bureau

During & After: Grant Pool 2016 Bond Project

City of Portland, Oregon
Statement of Net Position
June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Portland Development Commission
ASSETS				
Current assets (unrestricted):				
Cash and investments	\$ 358,088,292	\$ 280,216,459	\$ 638,304,751	\$ 277,419,041
Receivables:				
Taxes	14,276,702	-	14,276,702	-
Accounts, net	51,578,470	82,931,454	134,509,924	2,213,048
Assessments	2,538,954	2,685,381	5,224,335	-
Notes and loans, net	533,559	83,232	616,791	1,179,245
Advances	758,728	327,763	1,086,491	-
Accrued interest	3,162,871	1,491,768	4,654,639	770,640
Due from primary government	-	-	-	5,540,890
Due from component unit	108,920	237,041	345,961	-
Internal balances ¹	(3,345,038)	7,045,038	-	-
Inventories	8,274,135	3,877,506	12,151,641	-
Property held for sale	-	-	-	71,397,969
Prepaid expenses	1,400,131	-	1,400,131	20,726
Current assets (restricted):				
Cash and investments	72,975,719	13,642,025	86,617,744	-
Receivables:				
Taxes	16,316,521	-	16,316,521	-
Accounts, net	333,679	-	333,679	-
Assessments	26,414,886	-	26,414,886	-
Notes and loans, net	2,574,771	-	2,574,771	-
Advances	4,534,326	-	4,534,326	-
Grants	8,366,301	-	8,366,301	-
Accrued interest	5,327,888	-	5,327,888	-
Due from component unit	1,512,030	-	1,512,030	-
Internal balances ¹	(3,700,000)	-	-	-
Total current assets	572,031,845	392,537,667	964,569,512	358,541,559
Noncurrent assets (unrestricted):				
Capital assets, not being depreciated or amortized:				
Land	223,516,081	108,742,424	332,258,505	7,495,883
Construction in progress	194,835,246	223,127,055	417,962,301	-
Intangible assets				
Land use rights	42,409,036	15,298,746	57,707,782	-
Owning rights	28,953	-	28,953	-
Capital assets, net of accumulated depreciation:				
Infrastructure	1,093,992,541	3,809,748,139	4,903,740,680	-
Buildings	248,741,970	199,509,474	448,251,444	4,167,285
Improvements to land	76,715,780	57,023,525	133,739,305	-
Equipment	117,782,857	32,767,369	150,550,226	199,710
Intangible assets				
Land use rights	-	477,722	477,722	-
Owning rights	-	6,927	6,927	-
Software	16,711,352	1,946,737	18,658,089	1,508,425
Net capital assets	2,014,733,816	4,448,648,118	6,463,381,934	13,371,303
Receivables:				
Assessments	6,036,458	4,203,966	10,240,424	-
Notes and loans, net	5,981,181	624,556	6,605,737	46,838,903
Noncurrent assets (restricted):				
Cash and investments	243,970,587	152,779,751	396,750,338	-
Receivables:				
Assessments	36,766,588	-	36,766,588	-
Notes and loans, net	56,076,297	-	56,076,297	-
Grants	2,014,130	-	2,014,130	-
Total noncurrent assets	2,365,579,057	4,606,256,391	6,971,835,448	60,210,206
Total assets	2,937,610,902	4,998,794,058	7,936,404,960	418,751,765
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	527,233,485	12,748,363	539,981,848	1,030,372
Deferred charge for debt refunding	4,489	113,689	118,178	-
Total deferred outflows of resources	527,237,974	12,862,052	540,100,026	1,030,372

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

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City of Portland, Oregon
Statement of Net Position, Continued
June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Portland Development Commission
LIABILITIES				
Current liabilities (payable from unrestricted assets):				
Accounts payable	\$ 29,134,375	\$ 13,037,468	\$ 42,171,843	\$ 2,894,805
Self insurance claims	10,153,084	349,548	10,502,632	-
Compensated absences	41,630,574	8,583,899	50,214,473	188,639
Bonds payable	21,589,756	151,823,541	173,413,297	-
Notes and loans payable	1,384,765	1,366,091	2,750,856	-
Accrued interest payable	3,204,823	20,792,391	23,997,214	-
Unearned revenue	1,176,789	1,464,468	2,641,257	76,885
Due to primary government	-	-	-	1,857,991
Due to component unit	4,924,648	-	4,924,648	-
Landfill postclosure	32,866	53,700	86,566	-
Pollution remediation	-	2,632,500	2,632,500	142,884
Other liabilities	-	212,331	212,331	664,700
Current liabilities (payable from restricted assets):				
Accounts payable	8,484,714	11,841,550	20,326,264	-
Bonds payable	71,300,669	1,740,000	73,040,669	-
Due to component unit	616,242	-	616,242	-
Accrued interest payable	-	24,026	24,026	-
Unearned revenue	2,506,952	-	2,506,952	-
Other liabilities	13,215,912	-	13,215,912	-
Total current liabilities	209,356,169	213,921,513	423,277,682	5,825,904
Noncurrent liabilities:				
Self insurance claims	16,643,308	937,090	17,580,398	-
Compensated absences	12,251,442	304,796	12,556,238	381,726
Bonds payable	851,384,783	2,296,536,720	3,147,921,503	-
Notes and loans payable	101,535,970	13,554,496	115,090,466	-
Accrued interest payable	89,008,287	24,995,849	114,004,136	-
Net pension liability - FPDR	3,374,035,962	-	3,374,035,962	-
Net pension liability - PERS	157,287,919	54,819,287	212,107,206	4,139,065
Other postemployment benefits	39,525,479	3,537,659	43,063,138	775,614
Landfill postclosure	1,013,301	9,388,784	10,402,085	-
Pollution remediation	594,825	2,655,000	3,249,825	3,474,911
Other liabilities	-	472,716	472,716	3,503,198
Total noncurrent liabilities	4,643,281,276	2,407,202,397	7,050,483,673	12,274,514
Total liabilities	4,852,637,445	2,621,123,910	7,473,761,355	18,100,418
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	54,767,655	15,431,363	70,199,018	794,696
Deferred charge for debt refunding	1,600,498	11,328,935	12,929,433	-
Total deferred inflows of resources	56,368,153	26,760,298	83,128,451	794,696
NET POSITION				
Net investment in capital assets	1,896,441,844	2,162,963,007	4,059,404,851	13,371,303
Restricted for:				
Public safety	5,194,734	-	5,194,734	-
Parks, recreation and culture	1,848,144	-	1,848,144	-
Community development	172,889,333	-	172,889,333	378,814,692
Transportation	48,914,281	-	48,914,281	-
Legislative / admin / support services	13,683	-	13,683	-
Debt service	109,090,117	216,449	109,306,566	-
Capital projects	108,394,415	12,273,832	120,668,247	-
Parks endowment fund:				
Nonexpendable	183,676	-	183,676	-
Environmental services	97,472	-	97,472	-
Water	28,333	-	28,333	-
Unrestricted surplus (deficit)	(3,787,252,754)	188,318,614	(3,598,934,140)	8,701,028
Total net position	\$ (1,444,156,722)	\$ 2,363,771,902	\$ 919,615,180	\$ 400,887,023

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, 2016

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Portland Development Commission
	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	\$ 675,619,972	\$ 18,463,144	\$ 23,429,650	\$ 4,341	\$ (633,722,837)	\$ -	\$ (633,722,837)	\$ -
Parks, recreation and culture	109,511,440	26,812,317	2,879,926	25,817,036	(54,002,161)	-	(54,002,161)	-
Community development	258,643,920	76,481,523	31,627,122	7,114,289	(143,420,986)	-	(143,420,986)	-
Transportation	321,615,626	101,746,047	68,557,087	44,946,982	(106,365,510)	-	(106,365,510)	-
Legislative / admin / support services	128,136,508	226,112,875	27,922,844	-	125,899,211	-	125,899,211	-
Environmental services	273,121	-	240,164	103,319	70,362	-	70,362	-
Water	298,514	-	99,842	-	(198,672)	-	(198,672)	-
Parking facilities	17,000	-	-	-	(17,000)	-	(17,000)	-
Interest on long-term debt	46,848,152	-	-	-	(46,848,152)	-	(46,848,152)	-
Total governmental activities	<u>1,540,964,253</u>	<u>449,615,906</u>	<u>154,756,635</u>	<u>77,985,967</u>	<u>(858,605,745)</u>	<u>-</u>	<u>(858,605,745)</u>	<u>-</u>
Business-type activities:								
Environmental services	271,877,219	357,565,915	-	1,698,560	-	87,387,256	87,387,256	-
Water	149,291,453	177,094,690	-	222,518	-	28,025,755	28,025,755	-
Hydroelectric power	1,685,144	1,184,193	-	-	-	(500,951)	(500,951)	-
Parking facilities	8,084,291	15,147,309	-	-	-	7,063,018	7,063,018	-
Golf	10,856,948	8,607,405	-	-	-	(2,249,543)	(2,249,543)	-
Motor sports	1,855,628	1,979,719	-	-	-	124,091	124,091	-
Spectator facilities	8,540,984	11,328,164	-	534,190	-	3,321,370	3,321,370	-
Housing	733,510	1,096,742	-	-	-	363,232	363,232	-
Total business-type activities:	<u>452,925,177</u>	<u>574,004,137</u>	<u>-</u>	<u>2,455,268</u>	<u>-</u>	<u>123,534,228</u>	<u>123,534,228</u>	<u>-</u>
Total primary government	<u>\$ 1,993,889,430</u>	<u>\$ 1,023,620,043</u>	<u>\$ 154,756,635</u>	<u>\$ 80,441,235</u>	<u>(858,605,745)</u>	<u>123,534,228</u>	<u>(735,071,517)</u>	<u>-</u>
Component unit:								
Portland Development Commission	<u>\$ 69,342,433</u>	<u>\$ 28,140,104</u>	<u>\$ 17,437,699</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,764,630)</u>
General revenues:								
Taxes:								
Property					500,071,854	-	500,071,854	-
Lodging					50,543,129	-	50,543,129	-
Miscellaneous					10,246,214	-	10,246,214	-
Payments from the City					-	-	-	82,062,888
Investment earnings					19,481,035	5,571,466	25,052,501	1,814,883
Miscellaneous revenues					-	-	-	5,160,630
Transfers					<u>4,814,066</u>	<u>(4,814,066)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>585,156,298</u>	<u>757,400</u>	<u>585,913,698</u>	<u>89,038,401</u>
Change in net position					<u>(273,449,447)</u>	<u>124,291,628</u>	<u>(149,157,819)</u>	<u>65,273,771</u>
Net position - beginning					<u>(1,170,707,275)</u>	<u>2,239,480,274</u>	<u>1,068,772,999</u>	<u>335,613,252</u>
Net position -- ending					<u>\$ (1,444,156,722)</u>	<u>\$ 2,363,771,902</u>	<u>\$ 919,615,180</u>	<u>\$ 400,887,023</u>

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

Fund Financial Statements



Union Station, 1890

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**City of Portland, Oregon
Balance Sheet
Governmental Funds
June 30, 2016**

	General Fund	Transportation Operating	Other Funds	Total
ASSETS				
Unrestricted:				
Cash and investments	\$ 80,667,323	\$ 59,900,325	\$ 52,326,674	\$ 192,894,322
Receivables:				
Taxes	14,276,702	-	-	14,276,702
Accounts, net	32,298,959	14,694,535	3,323,242	50,316,736
Assessments	6,621	2,589,563	5,979,228	8,575,412
Notes and loans, net	224,724	125,000	5,896,516	6,246,240
Advances	543,728	215,000	-	758,728
Accrued interest	360,163	301,968	2,034,468	2,696,599
Due from component unit	86,433	200	-	86,633
Internal loans receivable	-	4,500,000	-	4,500,000
Inventories	270,633	6,413,703	-	6,684,336
Prepaid items	182,389	284,083	-	466,472
Restricted:				
Cash and investments	6,778,179	47,917,229	262,250,898	316,946,306
Receivables:				
Taxes	6,437,733	-	9,878,788	16,316,521
Accounts, net	-	-	333,679	333,679
Assessments	-	-	63,181,474	63,181,474
Notes and loans, net	-	-	58,651,068	58,651,068
Advances	-	-	4,534,326	4,534,326
Grants	-	-	10,380,431	10,380,431
Accrued interest	-	-	5,327,887	5,327,887
Due from component unit	-	-	1,512,030	1,512,030
Internal loans receivable	-	-	800,000	800,000
Total assets	<u>\$ 142,133,587</u>	<u>\$ 136,941,606</u>	<u>\$ 486,410,709</u>	<u>\$ 765,485,902</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities payable from unrestricted assets:				
Accounts payable	\$ 12,968,489	\$ 4,164,970	\$ 1,095,396	\$ 18,228,855
Due to component unit	1,483,531	1,456,461	-	2,939,992
Unearned revenue	166,276	930,769	1,296	1,098,341
Other accrued liabilities	32,866	-	-	32,866
Liabilities payable from restricted assets:				
Accounts payable	-	-	8,484,713	8,484,713
Due to component unit	-	-	616,242	616,242
Due to fiduciary fund	6,437,733	-	-	6,437,733
Internal loans payable	-	-	4,500,000	4,500,000
Unearned revenue	-	-	2,506,952	2,506,952
Other accrued liabilities	6,778,179	-	-	6,778,179
Total liabilities	<u>27,867,074</u>	<u>6,552,200</u>	<u>17,204,599</u>	<u>51,623,873</u>
Deferred inflows of resources:				
Unavailable revenue - unrestricted	12,711,336	3,992,810	5,841,146	22,545,292
Unavailable revenue - restricted	-	-	76,978,599	76,978,599
Total deferred inflows of resources	<u>12,711,336</u>	<u>3,992,810</u>	<u>82,819,745</u>	<u>99,523,891</u>
Fund balances:				
Nonspendable	453,022	6,697,786	162,832	7,313,640
Restricted	-	47,917,229	327,144,294	375,061,523
Committed	56,495,175	-	21,982,766	78,477,941
Assigned	17,351,152	71,781,581	40,639,529	129,772,262
Unassigned	27,255,828	-	(3,543,056)	23,712,772
Total fund balances	<u>101,555,177</u>	<u>126,396,596</u>	<u>386,386,365</u>	<u>614,338,138</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 142,133,587</u>	<u>\$ 136,941,606</u>	<u>\$ 486,410,709</u>	<u>\$ 765,485,902</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, 2016

Fund balances - total governmental funds	\$	614,338,138
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.		1,824,277,383
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		99,523,891
Deferred charge for bond refunding		(1,600,498)
Deferred outflows - pensions		522,681,263
Deferred inflows - pensions		(49,269,655)
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.		249,688,216
Noncurrent bonds payable are not due and payable in the current period and are not reported in the governmental funds.		(904,285,942)
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.)		(3,374,035,962)
Unfunded net pension liability for the City's PERS pension plan.		(137,682,266)
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		(50,760,789)
Notes and loans payable		(102,920,735)
Accrued interest		(86,257,679)
Other postemployment benefits		(38,398,924)
Landfill postclosure		(1,013,301)
Pollution remediation		(594,825)
Internal service fund look-back adjustment to business-type activities		<u>(7,845,037)</u>
Total net position of governmental activities	\$	<u>(1,444,156,722)</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, 2016

	General Fund	Transportation Operating	Other Funds	Total
REVENUES				
Taxes:				
Property	\$ 347,073,609	\$ -	\$ 153,768,375	\$ 500,841,984
Lodging	33,070,664	-	17,472,465	50,543,129
Miscellaneous	-	-	10,246,214	10,246,214
Licenses and fees	198,978,646	8,375,150	49,863,354	257,217,150
Intergovernmental	29,807,858	74,687,073	66,461,125	170,956,056
Charges for services	13,825,116	14,222,163	23,662,433	51,709,712
Interagency	49,045,819	27,670,348	1,100,767	77,816,934
Parking fees	391,294	36,973,104	2,693,788	40,058,186
Parking fines	-	7,957,472	235,716	8,193,188
Concessions	17,500	-	-	17,500
Rents and reimbursements	4,831,542	709,649	332,756	5,873,947
Miscellaneous service charges	4,473,354	2,601,277	17,410,020	24,484,651
Assessments	9,715	1,346,522	13,172,609	14,528,846
Investment earnings	1,996,603	1,222,075	14,575,531	17,794,209
Payments in lieu of taxes	698,417	-	-	698,417
Miscellaneous	2,702,215	4,068,125	2,353,810	9,124,150
	<u>686,922,352</u>	<u>179,832,958</u>	<u>373,348,963</u>	<u>1,240,104,273</u>
EXPENDITURES				
Current:				
Public safety	421,507,535	-	32,059,011	453,566,546
Parks, recreation and culture	77,497,187	-	8,742,764	86,239,951
Community development	51,901,948	-	194,530,834	246,432,782
Transportation	-	131,023,308	1,658,179	132,681,487
Legislative / admin / support services	68,033,585	-	32,686,518	100,720,103
Environmental services	-	-	227,554	227,554
Water	-	-	122,542	122,542
Debt service and related costs:				
Principal	5,726,763	14,111,065	87,728,408	107,566,236
Interest	2,464,025	4,631,778	36,366,898	43,462,701
Debt issuance costs	-	15,214	544,901	560,115
Capital outlay	1,544,189	26,136,988	37,450,668	65,131,845
	<u>628,675,232</u>	<u>175,918,353</u>	<u>432,118,277</u>	<u>1,236,711,862</u>
Excess (deficiency) of revenues over (under) expenditures	<u>58,247,120</u>	<u>3,914,605</u>	<u>(58,769,314)</u>	<u>3,392,411</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,064,081	33,721,655	100,598,002	135,383,738
Transfers out	(63,837,143)	(4,269,154)	(67,681,303)	(135,787,600)
Bonds and notes issued	-	3,539,894	50,611,792	54,151,686
Refunding bonds issued	-	6,284,509	24,897,200	31,181,709
Bonds and notes premium	-	-	2,573,207	2,573,207
Loans issued	-	-	284,770	284,770
Sale of capital asset	1,188	3,600	-	4,788
	<u>(62,771,874)</u>	<u>39,280,504</u>	<u>111,283,668</u>	<u>87,792,298</u>
Net change in fund balances	<u>(4,524,754)</u>	<u>43,195,109</u>	<u>52,514,354</u>	<u>91,184,709</u>
Fund balances - beginning	<u>106,079,931</u>	<u>83,201,487</u>	<u>333,872,011</u>	<u>523,153,429</u>
Fund balances - ending	<u>\$ 101,555,177</u>	<u>\$ 126,396,596</u>	<u>\$ 386,386,365</u>	<u>\$ 614,338,138</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, 2016

Net change in fund balances - total governmental funds	\$	91,184,709
Amounts reported for governmental activities in the statement of activities are different because:		
The effect of capital outlays made by the governmental funds		65,131,845
Disposals of capital assets and capital contributions		13,142,472
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.)		(180,299,775)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(7,105,247)
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.		13,140,807
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.		17,987,352
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		(1,394,080)
Accrual of net pension liability which is not reported as an expenditure in governmental funds:		
PERS		(106,144,028)
FPDR		(175,559,725)
Write-off of inactive projects		(1,116,924)
Internal service fund look-back adjustment to business-type activities		(1,195,479)
Accrual of landfill postclosure costs		(135,483)
Accrual of other postemployment benefits which are not reported as an expenditure in governmental funds		(1,085,891)
Change in net position - governmental activities	\$	<u>(273,449,447)</u>

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



Photo courtesy of Housing Bureau

The Bronaugh - preservation of existing affordable housing units, using CDBG grant funds

**City of Portland Oregon
Statement of Net Position
Proprietary Funds
June 30, 2016**

	<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	\$ 142,221,490	\$ 109,603,859	\$ 28,391,110	\$ 280,216,459	\$ 165,193,970
Receivables:					
Accounts, net	53,109,979	27,523,273	2,298,203	82,931,455	1,261,734
Assessments	2,378,736	306,645	-	2,685,381	-
Notes and loans, net	83,232	-	-	83,232	53,700
Advances	-	267,763	60,000	327,763	-
Accrued interest	860,668	495,988	135,113	1,491,769	466,272
Due from component unit	61,484	-	175,557	237,041	22,287
Inventories	1,757,819	2,119,687	-	3,877,506	1,589,799
Prepaid expenses	-	-	-	-	933,659
Total current assets (unrestricted)	<u>200,473,408</u>	<u>140,317,215</u>	<u>31,059,983</u>	<u>371,850,606</u>	<u>169,521,421</u>
Current assets (restricted):					
Cash and investments	9,215,896	2,625,654	1,800,475	13,642,025	-
Total current assets (restricted)	<u>9,215,896</u>	<u>2,625,654</u>	<u>1,800,475</u>	<u>13,642,025</u>	<u>-</u>
Total current assets	<u>209,689,304</u>	<u>142,942,869</u>	<u>32,860,458</u>	<u>385,492,631</u>	<u>169,521,421</u>
Noncurrent assets (unrestricted):					
Capital assets, not being depreciated or amortized:					
Land	75,118,666	15,252,949	18,370,809	108,742,424	12,766,577
Construction in progress	141,220,550	81,303,435	603,070	223,127,055	11,503,313
Land use rights	11,769,066	3,525,180	4,500	15,298,746	-
Capital assets, being depreciated or amortized:					
Infrastructure	3,420,719,069	1,213,069,235	44,128,641	4,677,916,945	11,963,370
Buildings	33,438,440	80,571,820	195,771,391	309,781,651	173,810,535
Improvements to land	2,249,269	50,806,413	23,808,611	76,864,293	831,331
Equipment	28,576,721	34,994,539	6,114,978	69,686,238	115,296,791
Land use rights	-	497,259	-	497,259	-
Owning rights	-	10,776	-	10,776	-
Software	8,571,730	3,114,196	182,383	11,868,309	46,022,560
Accumulated depreciation and amortization	<u>(514,586,210)</u>	<u>(405,940,881)</u>	<u>(124,618,487)</u>	<u>(1,045,145,578)</u>	<u>(181,738,044)</u>
Capital assets, net of accumulated depreciation and amortization	3,207,077,301	1,077,204,921	164,365,896	4,448,648,118	190,456,433
Receivables:					
Assessments	3,934,456	269,510	-	4,203,966	-
Notes and loans, net	-	-	624,556	624,556	214,800
Total noncurrent assets (unrestricted)	<u>3,211,011,757</u>	<u>1,077,474,431</u>	<u>164,990,452</u>	<u>4,453,476,640</u>	<u>190,671,233</u>
Noncurrent assets (restricted):					
Cash and investments	93,531,971	46,973,948	12,273,832	152,779,751	-
Total noncurrent assets	<u>3,304,543,728</u>	<u>1,124,448,379</u>	<u>177,264,284</u>	<u>4,606,256,391</u>	<u>190,671,233</u>
Total assets	<u>3,514,233,032</u>	<u>1,267,391,248</u>	<u>210,124,742</u>	<u>4,991,749,022</u>	<u>360,192,654</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pensions	6,105,726	5,906,769	735,868	12,748,363	4,552,222
Deferred charge for debt refundings	-	-	113,689	113,689	4,489
Total deferred outflows of resources	<u>6,105,726</u>	<u>5,906,769</u>	<u>849,557</u>	<u>12,862,052</u>	<u>4,556,711</u>

Continued next page

**City of Portland Oregon
Statement of Net Position
Proprietary Funds
June 30, 2016**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewage Disposal	Water	Other Funds	Total	
LIABILITIES					
Current liabilities (payable from unrestricted assets):					
Accounts payable	7,021,104	4,792,206	1,224,158	13,037,468	10,905,521
Self insurance claims	159,717	189,831	-	349,548	10,153,084
Compensated absences	3,957,778	4,163,216	462,905	8,583,899	3,095,271
Bonds payable	114,206,606	31,781,557	5,835,378	151,823,541	8,529,111
Notes and loans payable	1,366,091	-	-	1,366,091	-
Accrued interest payable	14,968,233	5,490,162	333,996	20,792,391	159,476
Unearned revenue	909,767	337,384	217,317	1,464,468	78,448
Due to component unit	-	-	-	-	1,984,656
Landfill postclosure	53,700	-	-	53,700	-
Pollution remediation	1,087,500	545,000	1,000,000	2,632,500	-
Other liabilities	68,693	134,138	9,500	212,331	-
Total current liabilities (unrestricted)	<u>143,799,189</u>	<u>47,433,494</u>	<u>9,083,254</u>	<u>200,315,937</u>	<u>34,905,567</u>
Current liabilities (payable from restricted assets):					
Accounts payable	9,215,896	2,625,654	-	11,841,550	-
Bonds payable	-	-	1,740,000	1,740,000	-
Accrued interest payable	-	-	24,026	24,026	-
Total current liabilities (restricted)	<u>9,215,896</u>	<u>2,625,654</u>	<u>1,764,026</u>	<u>13,605,576</u>	<u>-</u>
Total current liabilities	<u>153,015,085</u>	<u>50,059,148</u>	<u>10,847,280</u>	<u>213,921,513</u>	<u>34,905,567</u>
Noncurrent liabilities:					
Self insurance claims	-	937,090	-	937,090	16,643,308
Compensated absences	140,510	146,994	17,292	304,796	25,956
Bonds payable	1,612,290,669	634,197,583	50,048,468	2,296,536,720	31,460,155
Notes and loans payable	13,554,496	-	-	13,554,496	-
Internal loans payable	-	-	800,000	800,000	-
Accrued interest payable	11,675,666	12,126,443	1,193,740	24,995,849	5,795,955
Net pension liability - PERS	26,482,758	25,103,554	3,232,975	54,819,287	19,605,653
Other postemployment benefits	1,502,373	1,787,268	248,018	3,537,659	1,126,555
Landfill postclosure	9,388,784	-	-	9,388,784	-
Pollution remediation	370,000	175,000	2,110,000	2,655,000	-
Other liabilities	87,170	-	385,546	472,716	-
Total noncurrent liabilities	<u>1,675,492,426</u>	<u>674,473,932</u>	<u>58,036,039</u>	<u>2,408,002,397</u>	<u>74,657,582</u>
Total liabilities	<u>1,828,507,511</u>	<u>724,533,080</u>	<u>68,883,319</u>	<u>2,621,923,910</u>	<u>109,563,149</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pensions	7,275,341	7,312,227	843,795	15,431,363	5,498,000
Deferred charge for debt refunding	10,488,168	840,767	-	11,328,935	-
Total deferred inflows of resources	<u>17,763,509</u>	<u>8,152,994</u>	<u>843,795</u>	<u>26,760,298</u>	<u>5,498,000</u>
NET POSITION					
Net investment in capital assets	1,571,170,823	480,880,921	110,911,263	2,162,963,007	161,709,755
Restricted for:					
Debt service	180,000	-	36,449	216,449	-
Capital projects	-	-	12,273,832	12,273,832	-
Unrestricted	102,716,915	59,731,022	18,025,640	180,473,577	87,978,461
Total net position	<u>1,674,067,738</u>	<u>540,611,943</u>	<u>141,247,184</u>	<u>2,355,926,865</u>	<u>249,688,216</u>
Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds				<u>7,845,037</u>	
Net position of business-type activities				<u>\$ 2,363,771,902</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, 2016

	<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	\$ 342,572,796	\$ 173,487,191	\$ 15,397,376	\$ 531,457,363	\$ 14,868,689
Service charges and fees provided internally	1,119,694	3,179,359	1,385,325	5,684,378	186,917,583
Licenses and permits	1,908,089	-	2,857,780	4,765,869	-
Rents and reimbursements	453,334	-	10,882,187	11,335,521	2,088,166
Concessions	-	-	1,799,630	1,799,630	-
Parking fees	-	-	15,140,266	15,140,266	-
Power sales	-	-	1,131,215	1,131,215	-
Miscellaneous	1,285,699	428,140	976,056	2,689,895	4,073,952
Total operating revenues	347,339,612	177,094,690	49,569,835	574,004,137	207,948,390
Operating expenses:					
Salaries and wages	69,831,726	58,594,493	11,011,316	139,437,535	61,987,029
Operating supplies	4,563,403	3,820,480	875,956	9,259,839	11,007,837
Professional services	3,331,013	1,430,391	1,924,759	6,686,163	3,167,578
Materials and services provided internally	26,292,701	17,538,439	6,566,014	50,397,154	19,456,098
Utilities	5,703,550	3,155,593	662,876	9,522,019	3,425,383
Claims	159,717	-	-	159,717	54,752,785
Utility license fees	15,571,211	6,536,256	138,095	22,245,562	21,237
Miscellaneous	21,340,877	5,366,481	11,159,141	37,866,499	34,987,193
Depreciation and amortization	45,561,285	29,029,736	6,002,012	80,593,033	12,710,109
Total operating expenses	192,355,483	125,471,869	38,340,169	356,167,521	201,515,249
Operating income (loss)	154,984,129	51,622,821	11,229,666	217,836,616	6,433,141
Nonoperating revenues (expenses):					
Investment earnings (losses)	3,167,609	1,849,415	554,442	5,571,466	1,686,750
Interest expense	(68,503,667)	(22,321,528)	(2,359,509)	(93,184,704)	(1,997,939)
Debt issuance costs	(2,177,049)	-	-	(2,177,049)	-
Gains (losses) on sale of capital assets	(273,852)	(2,788,130)	(228,809)	(3,290,791)	(2,119,983)
Miscellaneous	(21,276)	699,409	-	678,133	-
Total nonoperating revenues (expenses)	(67,808,235)	(22,560,834)	(2,033,876)	(92,402,945)	(2,431,172)
Income before contributions and transfers	87,175,894	29,061,987	9,195,790	125,433,671	4,001,969
Transfers in	159,024	35,000	100,000	294,024	5,708,334
Transfers out	(532,093)	(656,657)	(3,898,336)	(5,087,086)	(511,410)
Capital contributions	1,698,560	222,790	534,190	2,455,540	3,941,914
Change in net position	88,501,385	28,663,120	5,931,644	123,096,149	13,140,807
Total net position - beginning	1,585,566,353	511,948,823	135,315,540		236,547,409
Total net position - ending	\$ 1,674,067,738	\$ 540,611,943	\$ 141,247,184		\$ 249,688,216
Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds				1,195,479	
Change in net position of business-type activities				\$ 124,291,628	

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

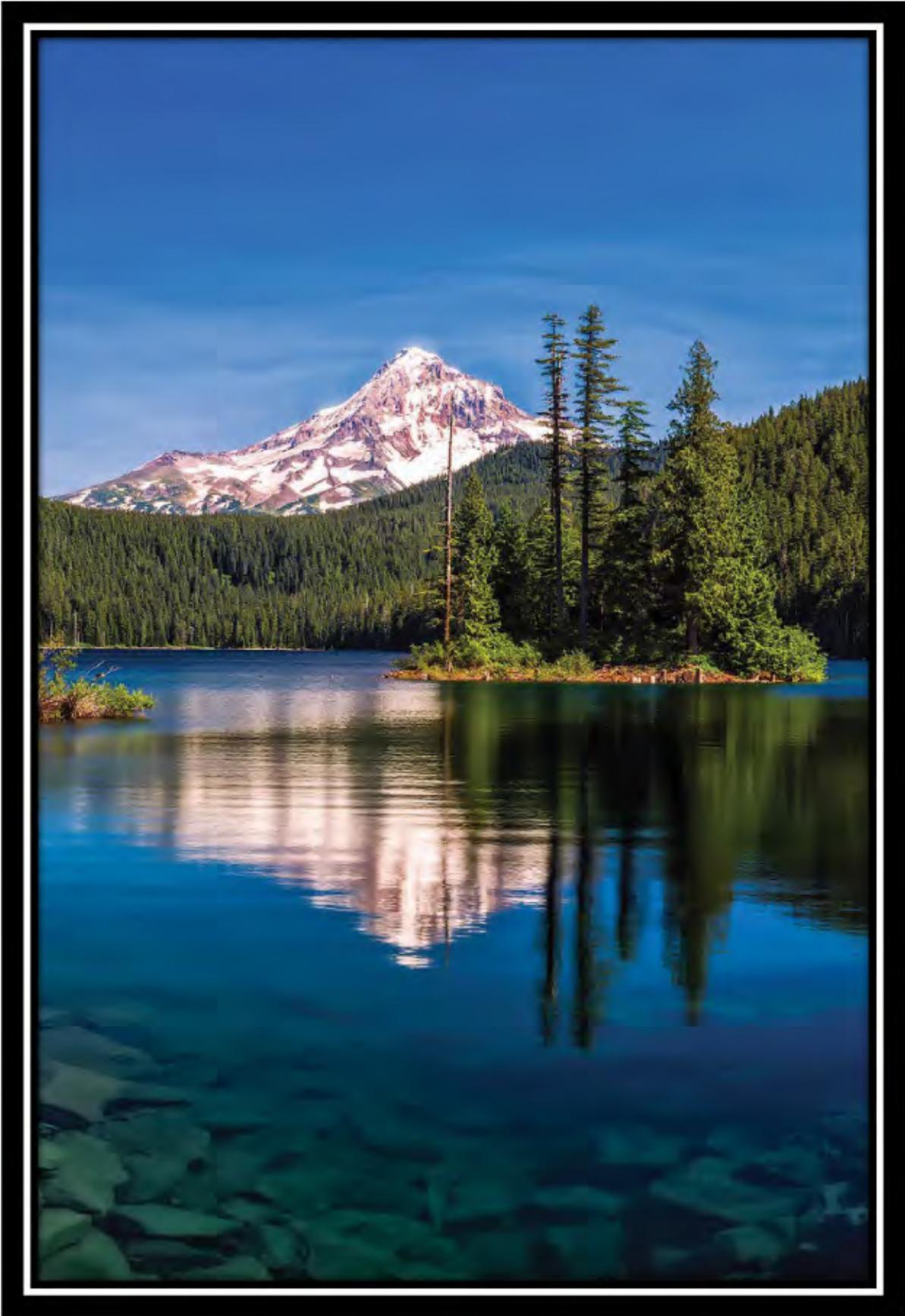


Photo courtesy of Water Bureau

Dodge Island in Bull Run Lake

City of Portland, Oregon
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds				Governmental
	Sewage Disposal	Water	Other Funds	Total	Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 346,278,369	\$ 170,670,640	\$ 47,085,218	\$ 564,034,227	\$ 20,974,707
Receipts for interfund services provided	1,119,693	3,179,359	1,385,325	5,684,377	186,917,585
Payments to suppliers	(39,714,229)	(22,560,139)	(16,359,537)	(78,633,905)	(104,347,010)
Payments to employees	(49,026,826)	(38,678,712)	(8,505,079)	(96,210,617)	(46,366,853)
Payments for interfund services used	(26,292,703)	(17,538,437)	(6,566,014)	(50,397,154)	(19,456,103)
Other receipts (payments)	-	701,060	-	701,060	(5,318)
Net cash provided by (used for) operating activities	<u>232,364,304</u>	<u>95,773,771</u>	<u>17,039,913</u>	<u>345,177,988</u>	<u>37,717,008</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	158,958	35,000	100,000	293,958	5,487,728
Transfers out	(532,092)	(656,592)	(3,898,336)	(5,087,020)	(290,803)
Net cash provided by (used for) noncapital financing activities	<u>(373,134)</u>	<u>(621,592)</u>	<u>(3,798,336)</u>	<u>(4,793,062)</u>	<u>5,196,925</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of bonds and notes	393,105,000	-	-	393,105,000	-
Premium on bonds and notes issued	48,885,563	-	-	48,885,563	-
Proceeds from sale of capital assets	1,138,238	168,633	450	1,307,321	535,206
Acquisition of capital assets	(96,472,573)	(68,379,995)	(400,977)	(165,253,545)	(17,352,868)
Principal paid on bonds and notes	(521,557,246)	(26,376,616)	(10,234,240)	(558,168,102)	(11,372,762)
Interest paid on bonds and notes	(88,044,074)	(25,292,067)	(2,413,210)	(115,749,351)	(1,900,297)
Payments for bond issuance costs	(2,177,049)	-	-	(2,177,049)	-
Net cash provided by (used for) capital related financing activities	<u>(265,122,141)</u>	<u>(119,880,045)</u>	<u>(13,047,977)</u>	<u>(398,050,163)</u>	<u>(30,090,721)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings (losses)	2,979,782	1,768,016	518,384	5,266,182	1,534,664
Net increase (decrease) in cash and cash equivalents	<u>(30,151,189)</u>	<u>(22,959,850)</u>	<u>711,984</u>	<u>(52,399,055)</u>	<u>14,357,876</u>
Cash and cash equivalents, July 1, 2015	<u>275,120,546</u>	<u>182,163,311</u>	<u>41,753,433</u>	<u>499,037,290</u>	<u>150,836,094</u>
Cash and cash equivalents, June 30, 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>
Reconciliation of cash and cash equivalents to the Statement of Net Position:					
Unrestricted cash and cash equivalents	\$ 142,221,490	\$ 109,603,859	\$ 28,391,110	\$ 280,216,459	\$ 165,193,970
Restricted cash and cash equivalents	<u>102,747,867</u>	<u>49,599,602</u>	<u>14,074,307</u>	<u>166,421,776</u>	<u>-</u>
Total cash and cash equivalents	<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>

Continued next page

City of Portland, Oregon
Statement of Cash Flows, Continued
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds				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	\$ 154,984,129	\$ 51,622,821	\$ 11,229,666	\$ 217,836,616	\$ 6,433,141
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation and amortization of capital assets	45,561,285	29,029,736	6,002,012	80,593,033	12,710,109
Provision for uncollectible accounts	1,212,258	624,974	-	1,837,232	-
Nonoperating revenue	-	699,409	(624,556)	74,853	-
Change in assets and liabilities:					
Accounts and advances receivable	9,026,146	6,099,471	1,140,865	16,266,482	7,661,289
Due from / to other funds	-	8,175	-	8,175	(1,206)
Due (from) / to component unit	(61,484)	-	(92,848)	(154,332)	(208,006)
Inventories	(134,266)	27,908	-	(106,358)	118,669
Accounts payable	1,287,971	(3,709,900)	(128,211)	(2,550,140)	3,679,767
Self insurance claims	159,717	1,126,921	-	1,286,638	(573,609)
Compensated absences	97,011	161,190	(6,390)	251,811	255,897
Unearned revenue	221,915	80,470	(290,280)	12,105	308
Net pension liability - PERS	26,482,758	25,103,554	3,232,975	54,819,287	19,605,653
Other postemployment benefits	(9,196)	(9,784)	(1,658)	(20,638)	(6,934)
Landfill postclosure	9,442,484	-	-	9,442,484	-
Pollution remediation	117,500	170,000	(1,480,000)	(1,192,500)	-
Other liabilities	82,133	134,138	9,500	225,771	-
Deferred outflows - pensions	(2,711,170)	(2,605,528)	(326,799)	(5,643,497)	(2,016,699)
Deferred inflows - pensions	(13,394,887)	(12,789,784)	(1,624,363)	(27,809,034)	(9,941,371)
Net cash provided by (used for) operating activities	<u>\$ 232,364,304</u>	<u>\$ 95,773,771</u>	<u>\$ 17,039,913</u>	<u>\$ 345,177,988</u>	<u>\$ 37,717,008</u>
Noncash information					
Capital contribution	\$ 1,698,560	\$ 222,790	\$ 534,190	\$ 2,455,540	\$ 3,941,914
Capital assets transferred to/from business-type activities	(21,276)	272	-	(21,004)	-
Increase (decrease) in fair value of investments (classified as cash equivalents)	743,852	478,555	160,317	1,382,724	519,964

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, 2016

	Pension Trust	Agency
ASSETS		
Current assets:		
Cash and investments ¹	\$ 22,657,549	\$ 58,215,556
Receivables:		
Accounts, net	43,082	2,349,084
Advances	-	1,213,122
Pension recovery	18,911	-
Accrued interest	181,867	44,295
Due from other funds	6,437,733	-
Prepaid expense	697	-
Total current assets	29,339,839	61,822,057
Noncurrent assets:		
Capital assets:		
Construction in progress	13,395	-
Intangible assets:		
Software	696,746	12,000
Accumulated depreciation and amortization	(213,289)	(2,400)
Net capital assets	496,852	9,600
Total noncurrent assets	496,852	9,600
Total assets	29,836,691	61,831,657
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pensions	173,025	-
LIABILITIES		
Accounts payable	9,882,351	5,542,057
Salaries and withholding taxes	-	27,061,624
Compensated absences	1,144,216	-
Due to other governments	-	14,361,305
Bonds payable	353,225	-
Accrued interest payable	183,160	-
Net pension liability - PERS	812,094	-
Other postemployment benefits	39,636	-
Other liabilities	-	14,866,671
Total liabilities	12,414,682	61,831,657
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions	166,575	-
NET POSITION		
Net position restricted for pensions	17,428,459	-
Total net position	\$ 17,428,459	\$ -

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, 2016

	Pension Trust
ADDITIONS	
Contributions:	
Employer	\$ 121,873,221
Other	1,139,449
Total contributions	123,012,670
Investment earnings	489,205
Total additions	123,501,875
DEDUCTIONS	
Benefits and refunds paid to plan members and beneficiaries	122,942,401
Administrative expenses	5,019,574
Total deductions	127,961,975
Change in net position	(4,460,100)
Net position - beginning	21,888,559
Net position - ending	\$ 17,428,459

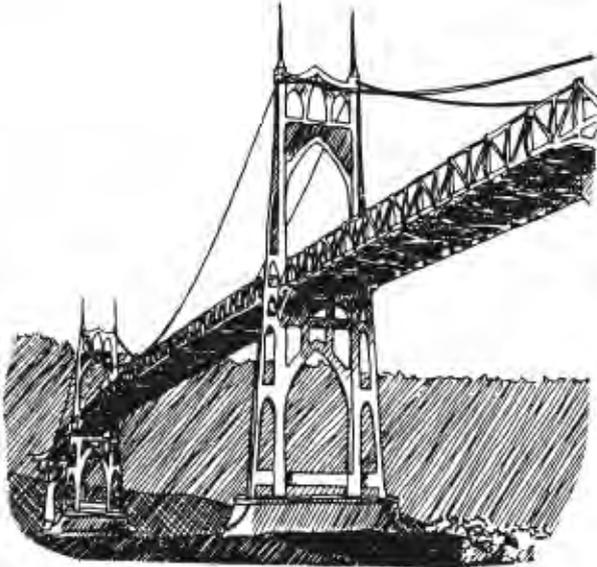
The accompanying notes are an integral part of the basic financial statements.



Photo courtesy of Parks Bureau

International Rose Test Garden

Notes to the Financial Statements



St. John's Bridge, 1931

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City of Portland, Oregon
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

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 are not limited to, the following:

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

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

Blended component unit - Fire and Police Disability and Retirement Fund

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

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

Complete financial statements may be obtained from the administrative office at: Fire and Police Disability and Retirement Fund Board, 1800 SW First Ave., Suite 450, Portland, Oregon 97201, e-mail: FPDR@PortlandOregon.gov, URL: <http://www.portlandoregon.gov/fpdr/62604> or by telephone: (503) 823-6823.

Discretely presented component unit - Portland Development Commission

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

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

I. Summary of significant accounting policies continued:

A. Reporting entity continued:

PDC 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. PDC's governing board is substantially different than the City's board of commissioners, which prevents the City from imposing its will on PDC. PDC 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, PDC is reported as a discretely presented component unit.

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

B. Government-wide and fund financial statements:

The government-wide financial statements, which include the statement of net 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.

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

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

I. Summary of significant accounting policies continued:

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

available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

Significant revenues, measurable and available for the fiscal year ended June 30, 2016, 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

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.

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 committed or 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.

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

I. Summary of significant accounting policies continued:

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

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 transfers in, proceeds from bonded debt, assessments, system development charges, local cost sharing, and other service charges.

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

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

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods or services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services such as water and sewer.

The principal operating revenues of the City's internal service funds are printing fees, telecommunication charges, vehicle use and maintenance fees, insurance fees, facility rents, and information system support charges primarily to other City funds.

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

I. Summary of significant accounting policies continued:

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

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 nonoperating 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, 2016, two debts service funds were closed. There were no new funds established.

Debt service funds:

Two debt service funds have been closed. The remaining cash in these funds have been returned to the counties and the monies have been redistributed among all the taxing jurisdictions. The funds are:

- Willamette Industrial Urban Renewal Area Debt Service
- Education Urban Renewal Area Debt Service

Enterprise fund:

The Golf program's outstanding revenue bond debt was paid in fiscal year ended June 20, 2012. This fund is temporarily inactive: 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, 2016.

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.

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

I. Summary of significant accounting policies continued:

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

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

2. Receivables

Uncollected property taxes in governmental funds are shown on the balance sheet as receivables. Property is valued annually, as of January 1. Taxes are assessed and become property liens on July 1, annually. Property tax statements are mailed no later than October 25, and taxes are due in three installments on November 15, February 15, and May 15. Discounts, less than or equal to 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.

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.

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

I. Summary of significant accounting policies continued:

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

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

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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.

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

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

I. Summary of significant accounting policies continued:

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

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.

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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

I. Summary of significant accounting policies continued:

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

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 are 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.

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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

I. Summary of significant accounting policies continued:

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

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.

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

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

I. Summary of significant accounting policies continued:

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

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 \$56 million as of June 30, 2016.

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 \$5.2 million as of June 30, 2016.

E. Adoption of new GASB pronouncements:

During the fiscal year ended June 30, 2016, the City implemented the following GASB Pronouncements:

GASB Statement No. 72, Fair Value Measurement and Application. Issued February 2015 this statement establishes accounting and financial reporting standards for fair value measurements, the level of fair value hierarchy, and valuation techniques. GASB Statement No. 72 was implemented for the City for fiscal year ending June 30, 2016. Since the City invests in short-term investments that are traded in active markets, implementation did not result in a change in valuation; but note III.A. Cash and Investments has been modified to provide the new disclosures required by this Statement.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Issued June 2015 this statement was issued to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. GASB Statement No. 73 has been implemented by the City for fiscal year ending June 30, 2016. The City does not participate in any pension plans that do not fall within the scope of GASB 68, and the changes to GASB 67 and 68 do not affect the City. Therefore, this Statement has no impact upon the City.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

I. Summary of significant accounting policies continued:

E. Adoption of new GASB pronouncements continued:

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. Issued June 2015, this statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. GASB Statement No. 76 was implemented by the City in fiscal year ending June 30, 2016.

GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. Issued in December 2015, the objective of this Statement is to address a practice issue regarding the scope and applicability of GASB Statement No. 68. The City does not participate in 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. 79, Certain External Investment Pools and Pool Participants. Issued December 2015, this statement addresses accounting and financial reporting for certain external investment pools and pool participants. GASB Statement No. 79 was implemented by the City in fiscal year ending June 30, 2016.

GASB Statement No. 82, Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73. Issued March 2016, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB 82 is not effective for the City until fiscal year ending June 30, 2017; but the City has chosen to implement it for the fiscal year ending June 30, 2016. The only effect on the City's financial statements is the presentation of payroll measures in required supplementary information.

F. Future adoption of GASB pronouncements:

The following GASB pronouncements have been issued, but are not effective as of June 30, 2016:

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. GASB Statement No. 74 will be effective for the City, fiscal year ending 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. 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 will be effective for the City, fiscal year ending 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 will be effective for the City, fiscal year ending June 30, 2017.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

I. Summary of significant accounting policies continued:

F. Future adoption of GASB pronouncements continued:

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.

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.

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, 2016.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

II. Stewardship, compliance, and accountability continued:

B. Expenditures in excess of appropriations continued:

Oregon state law requires disclosure of fund expenditures in excess of budgeted appropriations. However, local budget law exempts reporting of over appropriations for a variety of situations related to the issuance, repayment and refunding of bonds as defined in ORS 294.338(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, 2016, five 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):

- Airport Way Debt Service
- 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

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

- Sewer System Construction

Several funds (General Fund - Portland Fire and Rescue, Portland Parks and Recreation, City Budget Office, Special Appropriations, Community Development Block Grant, and Portland International Raceway) were within budget at the bureau program level, but exceeded budget at the major object category (see Note II.A. above).

There were no funds that exceeded budget at the legal level of appropriation other than those exempt as noted above.

C. Deficit fund equity:

Oregon state law requires fund disclosure of deficit fund balances/total net position. At June 30, 2016, one 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	\$ 3,543,056
<u>Internal Service Funds:</u>	
Printing and Distribution Services Operating	1,140,863

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

II. Stewardship, compliance, and accountability continued:

C. Deficit fund equity continued:

The Grants Fund, a special revenue fund, reported a deficit fund balance of \$3.5 million in the Grants columns of the Combining Balance Sheet - 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 Printing and Distribution Services Operating (P&D) Fund, an internal service fund, reported deficit net position of \$1.1 million 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, 2016 are:

	Primary Government	Fiduciary Activities	Total Government	Component Unit (PDC)	Total
Cash on hand	\$ 15,614	\$ -	\$ 15,614	\$ 600	\$ 16,214
Deposits with financial institutions	24,122,932	-	24,122,932	5,235	24,128,167
Less outstanding checks	-	-	-	(446,980)*	(446,980)
Investments	1,097,534,287	80,873,105	1,178,407,392	277,860,186	1,456,267,578
Total Cash and investments	<u>\$ 1,121,672,833</u>	<u>\$ 80,873,105</u>	<u>\$ 1,202,545,938</u>	<u>\$ 277,419,041</u>	<u>\$ 1,479,964,979</u>

*PDC cash and investments with the City include \$446,980 of outstanding payroll, payroll taxes, and cash in transit from the City.

Restricted cash and investments:

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Activities	Total Government	Component Unit (PDC)	Total
Unrestricted	\$ 358,088,292	\$ 280,216,459	\$ 638,304,751	\$ 58,215,556	\$ 696,520,307	\$ 277,419,041	\$ 973,939,348
Restricted	<u>316,946,306</u>	<u>166,421,776</u>	<u>483,368,082</u>	<u>22,657,549</u>	<u>506,025,631</u>	<u>-</u>	<u>506,025,631</u>
Total	<u>\$ 675,034,598</u>	<u>\$ 446,638,235</u>	<u>\$ 1,121,672,833</u>	<u>\$ 80,873,105</u>	<u>\$ 1,202,545,938</u>	<u>\$ 277,419,041</u>	<u>\$ 1,479,964,979</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

A. Cash and investments continued:

Restricted cash and investments: continued

Cash and investments at June 30, 2016, 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	\$ 6,778,179
Transportation fund:	
Capital projects	47,917,229
Nonmajor governmental funds:	
Debt service	63,712,474
Federal and state grants	1,650,991
Voter approved special levies	8,736,818
Capital projects	100,246,406
Public safety	3,876,019
Parks, recreation and culture	990,943
Community development	82,854,112
Permanent endowment	<u>183,135</u>
Total governmental activities	<u>316,946,306</u>
Business-type activities:	
Sewage Disposal fund:	
Debt service for capital projects related debt	102,747,867
Water fund:	
Debt service for capital projects related debt	49,599,602
Nonmajor enterprise funds:	
Debt service	1,800,475
Renewal and replacement	11,246,860
Environmental remediation	<u>1,026,972</u>
Total business-type activities	<u>166,421,776</u>
Total primary governmental restricted cash	<u>483,368,082</u>
Total fiduciary activities	<u>22,657,549</u>
Total restricted cash and investments	<u>\$ 506,025,631</u>

Component unit - Portland Development Commission

Total cash reported by PDC for fiscal year ending June 30, 2016 was \$277.4 million, none of which was restricted.

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

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

A. Cash and investments continued:

Deposits continued

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, 2016, the book value of all the City's deposits was \$24.1 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 - Portland Development Commission

Total deposits for PDC were \$5,235.

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 \$924,614 for fiscal year ended June 30, 2016.

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).

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

A. Cash and investments continued:

Investments continued

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 on a daily basis. 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.

The City has the following recurring fair value measurements as of June 30, 2016:

- Investments Measured at Fair Value.

	Totals as of 6/30/2016	Fair Value Measurements Using			Cost Measurement Using
		Quoted Prices in Active Markets for Identical Assets Level One	Significant Other Observable Inputs Level Two	Significant Unobservable Inputs Level Three	Not measured at Fair Value
Investments Measured at Fair Value:					
U.S. Treasury	\$ 155,756,150	\$ 155,756,150	\$ -	\$ -	\$ -
U.S. Agencies	737,451,125	737,451,125	-	-	-
Corporate bonds	361,554,662	-	361,554,662	-	-
Commercial paper	149,511,380	-	149,511,380	-	-
Time/Interest Bearing Deposits	5,143,346	-	-	-	5,143,346
Local Government Investment Pool	46,850,915	-	-	-	46,850,915
Total investments	\$ 1,456,267,578	\$ 893,207,275	\$ 511,066,042	\$ -	\$ 51,994,261

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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

A. Cash and investments continued:

Investments continued

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. 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.

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
- Commercial paper issued by U.S. corporations
- Interest-bearing deposits in State of Oregon financial institutions collateralized with securities as required by Oregon Revised Statute 295
- State of Oregon Local Government Investment Pool
- Repurchase agreements secured by United States Treasury 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

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 rather than the market price of shorter-term securities. Additionally, securities issued or guaranteed by the U.S. Government, its agencies, instrumentalities and sponsored enterprises have historically involved little risk of loss of principal if held to maturity. However, due to fluctuations in interest rates, the market value of such securities may vary prior to maturity.

As of June 30, 2016, the weighted-average maturity of the City's investment portfolio was 1.16 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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

A. Cash and investments continued:

Investments continued

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

As of June 30, 2016, the LGIP was not rated. The credit quality distribution for securities with credit exposure as a percentage of total investments as of June 30, 2016 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	13.43%
Federal Home Loan Mortgage Corporation	Aaa	AA+	AAA	11.75%
Federal National Mortgage Association	Aaa	AA+	AAA	13.46%
Federal Farm Credit Bank	Aaa	AA+	AAA	6.66%
Federal Agriculture Mortgages Corporation	N/R*	N/R*	N/R*	4.26%
United States Financing Corp (FICO)	Aaa	N/R*	N/R*	0.37%
Private Export Funding Corp (PEFCO)	Aaa	N/R*	AAA	0.71%
United States Treasury	Aaa	AA+	AAA	10.70%
Total U.S. Agency Debt Obligations				61.34%
Corporate bonds	Aa3	AA-	AA-	24.82%
Commercial paper	P -1	A -1	F1	10.27%
Time/Interest Bearing Deposits	N/R*	N/R*	N/R*	0.35%
Local Government Investment Pool	N/R*	N/R*	N/R*	3.22%
Total Investments				100.00%

N/R =Not Rated*

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

A. Cash and investments continued:

Investments continued

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, 2016, 61% were United States Treasury and Agency debt obligations or short-term investments (see table on the previous page for individual distributions). All other investments not explicitly guaranteed by the United States Government were limited to 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: <http://www.portlandonline.com/bfrs/article/510849>.

Custodial credit risk. For an investment, 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. The City's investment policy complies with ORS 294.035 and ORS 294.810 that list acceptable investments that are identified below. As of June 30, 2016, 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.

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.

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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

A. Cash and investments continued:

Investments continued

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.

As of June 30, 2016, 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	\$ 155,483,322	\$ 155,756,150	\$ 145,678,850	\$ 10,077,300	0.06
U.S. Agencies	734,172,494	737,451,125	336,523,606	400,927,519	0.71
Corporate bonds	359,942,630	361,554,662	116,922,804	244,631,858	0.35
Commercial paper	149,431,910	149,511,380	149,511,380	-	0.04
Time/Interest bearing deposits	5,143,346	5,143,346	1,002,875	4,140,471	-
Local Government Investment Pool	46,850,915	46,850,915	-	46,850,915	-
Total investments	\$ 1,451,024,617	\$ 1,456,267,578	\$ 749,639,515	\$ 706,628,063	1.16
Portfolio weighted average maturity		97.00 %			
Net portfolio yield		1.15 %			

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

B. Receivables:

Receivables as of June 30, 2016, are as follows:

	Governmental Activities				Total
	General	Transportation Operating	Other Funds	Internal Service	
Taxes	\$ 20,714,435	\$ -	\$ 9,878,788	\$ -	\$ 30,593,223
Accounts	32,571,579	14,740,314	3,657,144	1,263,894	52,232,931
Assessments	6,621	2,589,563	69,160,702	-	71,756,886
Notes and loans	249,693	125,000	385,042,600	268,500	385,685,793
Advances	543,728	215,000	4,534,326	-	5,293,054
Grants	-	-	10,380,431	-	10,380,431
Interest	360,163	301,968	7,362,355	466,272	8,490,758
Total receivables	54,446,219	17,971,845	490,016,346	1,998,666	564,433,076
Allowance for doubtful accounts	(297,589)	(45,779)	(320,495,238)	(2,160)	(320,840,766)
Receivables, net	<u>\$ 54,148,630</u>	<u>\$ 17,926,066</u>	<u>\$ 169,521,108</u>	<u>\$ 1,996,506</u>	<u>\$ 243,592,310</u>
Not scheduled for collection during the subsequent year	<u>\$ 224,723</u>	<u>\$ 1,005,490</u>	<u>\$ 105,644,441</u>	<u>\$ -</u>	<u>\$ 106,874,654</u>
Delinquent special assessments	<u>\$ 6,621</u>	<u>\$ 661,796</u>	<u>\$ 20,284,780</u>	<u>\$ -</u>	<u>\$ 20,953,197</u>

	Business-type Activities			Total
	Sewage Disposal	Water	Other Funds	
Accounts	\$ 58,321,657	\$ 30,759,360	\$ 2,308,203	\$ 91,389,220
Assessments	6,313,192	576,155	-	6,889,347
Notes and loans	83,232	-	624,556	707,788
Advances	-	267,763	60,000	327,763
Interest	860,668	495,988	135,113	1,491,769
Total receivables	65,578,749	32,099,266	3,127,872	100,805,887
Allowance for doubtful accounts	(5,211,678)	(3,236,087)	(10,000)	(8,457,765)
Receivables, net	<u>\$ 60,367,071</u>	<u>\$ 28,863,179</u>	<u>\$ 3,117,872</u>	<u>\$ 92,348,122</u>
Not scheduled for collection during the subsequent year	<u>\$ 3,934,456</u>	<u>\$ 269,510</u>	<u>\$ 624,556</u>	<u>\$ 4,828,522</u>
Delinquent special assessments	<u>\$ 982,909</u>	<u>\$ 42,715</u>	<u>\$ -</u>	<u>\$ 1,025,624</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 \$22 million.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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; and 3) Portland Bureau of Environmental Services loan.

Portland Housing Bureau Loans:

The Portland Housing Bureau (PHB) loans receivable balances as of June 30, 2016 are as follows:

<u>Fund and Program</u>	<u>Maximum Term</u>	<u>Interest Rate</u>	<u>Gross Loans Receivable</u>	<u>Allowance</u>
Major governmental fund:				
General Fund - N/NE Housing				
Single-family housing:				
Deferred payment loans	15 - 30 yrs	0%	\$ 249,693	\$ (24,969)
Total gross General Fund			\$ 249,693	\$ (24,969)
Total net General Fund				\$ 224,724
Nonmajor governmental funds:				
Grants Fund:				
Multi-family housing:				
Cash flow loans	30 yrs	0 - 3%	85,790	(81,500)
Equity gap loans	Indefinite	0	1,174,545	(1,174,545)
Amortized loans	30 yrs	0 - 3	9,447	(4,723)
Single-family housing:				
Deferred payment loans	30 yrs	0 - 3	313,434	(31,343)
Total gross Grants Fund			1,583,216	(1,292,111)
Total net Grants Fund (PHB portion of loan)				291,105
Community Development Block Grant (CDBG) Fund:				
Multi-family housing:				
Cash flow loans	30 yrs	0 - 3%	18,494,249	(17,569,537)
Equity gap loans	Indefinite	0	17,424,569	(17,424,569)
Amortized loans	30 yrs	0 - 3	11,506,260	(5,753,130)
Deferred payment loans	60 yrs	0 - 8	943,612	(471,806)
Conditional Grants		0	1,798,318	(1,798,318)
Single-family housing:				
Amortized loans	26 yrs	0 - 5	240,636	(12,032)
Deferred payment loans	Indefinite	0	4,330,051	(433,005)
Shared appreciation mortgage	Indefinite	0	329,480	(82,370)
Special assets	Indefinite	0	93,807	(93,807)
Other deferred payment loans			600,000	(300,000)
Total gross CDBG Fund			55,760,982	(43,938,574)
Total net CDBG Fund				11,822,408

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

B. Receivables continued:

<u>Fund and Program</u>	<u>Maximum Term</u>	<u>Interest Rate</u>	<u>Gross Loans Receivable</u>	<u>Allowance</u>
HOME Grant Fund:				
Multi-family housing:				
Cash flow loans	45 yrs	0 - 3%	27,251,085	(25,888,531)
Equity gap loans	Indefinite	0	23,117,648	(23,117,648)
Amortized loans	30 yrs	1 - 3	6,006,513	(3,003,256)
Deferred payment loans	20 yrs	0 - 3	1,181,333	(590,667)
Single-family housing:				
Deferred payment loans	Indefinite	0	2,700	(270)
Shared appreciation mortgage	Indefinite	0	428,097	(107,024)
Total gross HOME Grant Fund			<u>57,987,376</u>	<u>(52,707,396)</u>
Total net HOME Grant Fund				<u>5,279,980</u>
Housing Investment Fund (HIF):				
Multi-family housing:				
Cash flow loans	40 yrs	0 - 5%	4,891,753	(4,647,165)
Equity gap loans	Indefinite	0	14,104,294	(14,104,294)
Amortized loans	30 yrs	0 - 7	9,546,630	(4,773,315)
Deferred payment loans	20 yrs	0 - 3	1,614,635	(807,318)
Single-family housing:				
Amortized loans	20 yrs	0 - 3	5,514	(276)
Deferred payment loans	30 yrs	0 - 3	73,398	(7,340)
Special assets	Indefinite	0	5,445	(5,445)
Total gross HIF			<u>30,241,669</u>	<u>(24,345,153)</u>
Total net HIF				<u>5,896,516</u>
Tax Increment Financing Reimbursement Fund (TIF):				
Multi-family housing:				
Cash flow loans	30 - 60 yrs	1 - 9%	139,726,514	(132,740,187)
Equity gap loans	Indefinite	0	36,350,615	(36,350,615)
Amortized loans	30 yrs	0 - 7	44,059,694	(22,029,847)
Deferred payment loans	20 - 50 yrs	0 - 9	5,381,086	(2,690,543)
Conditional grants	Indefinite	0	3,142,568	(3,142,568)
Single-family housing:				
Amortized loans	20 - 30 yrs	1 - 5	365,941	(18,297)
Deferred payment loans	30 yrs	0 - 4	9,000,547	(900,037)
Shared appreciation mortgage	Indefinite	0	1,244,158	(311,040)
Special assets	Indefinite	0	24,056	(24,056)
Other deferred payment loans		0	9,180	(4,590)
Total gross TIF			<u>\$ 239,304,359</u>	<u>\$ (198,211,780)</u>
Total net TIF				<u>\$ 41,092,579</u>
Total gross all funds			<u>\$ 385,127,295</u>	<u>\$ (320,519,983)</u>
Total net all funds				<u>\$ 64,607,312</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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

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

Housing Preservation Loan Fund Project.

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

As of June 30, 2016, the City had eleven outstanding loans receivable under the HUD Section 108 Loan Guarantee program totaling \$10.3 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.

Borrower Name	Maximum Principal	Principal Disbursed as of 6/30/2016	Outstanding Balance as of 6/30/2016	Interest Rate	Maturity Date	Cash Flow Begin Date	Allowance	Loan Type
<u>Cash Flow (CF) Loans:</u>								
Roselyn Renewal, LLC	\$ 830,000	\$ 830,000	\$ 830,000	0.50%	June, 2059	4/1/2011	\$ (788,500)	Cash Flow
Reach Walnut Partners, LP	1,641,000	1,641,000	1,554,192	0.50%	May, 2071	4/1/2012	(1,476,482)	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	3,921,000	3,921,000	3,805,500				(3,336,290)	
<u>Multi-Family Housing Amortized (MFHA) Loans:</u>								
Halsey Center	650,000	650,000	507,542	3.00%	November, 2030	12/1/2010	(253,771)	MFHA
Upshur Renewal Housing, LP	415,000	415,000	348,101	5.00%	June, 2031	7/1/2011	(174,050)	MFHA
Villa De Suenos, LP Loan # 1	750,000	750,000	619,217	4.00%	June, 2031	7/1/2011	(309,608)	MFHA
Human Solutions Inc.	1,439,000	1,373,547	1,199,173	4.25%	October, 2031	10/1/2011	(599,586)	MFHA
Los Jardines, LP	400,000	396,019	344,626	2.72%	March, 2032	8/1/2012	(172,313)	MFHA
Vista De Rosas, LLC	1,115,000	1,115,000	1,102,949	5.00%	March, 2035	7/1/2015	(551,475)	MFHA
Hacienda CDC	2,400,000	2,400,000	2,385,025	5.00%	September, 2035	9/1/2016	(1,192,513)	MFHA
Total MFHA Loans	7,169,000	7,099,566	6,506,633				(3,253,316)	
Total	\$ 11,090,000	\$ 11,020,566	\$ 10,312,133				\$ (6,589,606)	

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

B. Receivables continued:

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, 2015, and accordingly 2016 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.

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 ten annual payments of \$53,700. Five of the ten payments have been received and the remaining five payments totaling \$268,500 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:

Year Ending June 30,	Payment Date	Payment
2017	12/31/2016	\$ 53,700
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>\$ 268,500</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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

B. Receivables continued:

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. 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. The project is estimated to be complete in 2017 and that the remaining loan balance will be dispersed. Per agreement, re-payment of the loan is not required until the project is complete.

Portland Bureau of Environmental Services Loan: SE Ankeny St.

On October 1, 2008 the City of Portland Bureau of Environmental Services entered into an agreement with Robert and Rose Schulz to conduct environmental remediation in order 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; 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, 2016, are as follows:

	Governmental Activities					Total
	General	Transportation Operating	Other Funds	Internal Service	Unallocated Governmental	
Accounts to vendors and contractors	\$ 19,746,668	\$ 4,164,970	\$ 9,580,109	\$ 10,905,521	\$ 6,437,733	\$ 50,835,001
Interest on bonds and notes	-	-	-	5,955,431	86,257,679	92,213,110
Total payables	\$ 19,746,668	\$ 4,164,970	\$ 9,580,109	\$ 16,860,952	\$ 92,695,412	\$ 143,048,111

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

C. Payables continued:

	Business-type Activities			
	Sewage Disposal	Water	Other Funds	Total
Accounts to vendors and contractors	\$ 16,392,863	\$ 7,551,998	\$ 1,619,204	\$ 25,564,065
Interest on bonds and notes	26,643,899	17,616,605	1,551,762	45,812,266
Total payables	\$ 43,036,762	\$ 25,168,603	\$ 3,170,966	\$ 71,376,331

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, 2016 are as follows:

	Governmental Activities				
	General	Transportation Operating	Other Funds	Internal Service	Total
Grants	\$ -	\$ -	\$ 2,506,952	\$ -	\$ 2,506,952
Misc. unearned	166,276	930,769	1,296	78,448	1,176,789
Total unearned revenue	\$ 166,276	\$ 930,769	\$ 2,508,248	\$ 78,448	\$ 3,683,741

	Business-type Activities			
	Sewage Disposal	Water	Other Funds	Total
Total misc. unearned revenue	\$ 909,767	\$ 337,384	\$ 217,317	\$ 1,464,468

Various components of deferred inflows reported in the governmental funds at June 30, 2016 are as follows:

	Governmental Funds			
	General	Transportation Operating	Other Funds	Total
Receivables				
Accounts	\$ 1,294,458	\$ 1,403,247	\$ 252,287	\$ 2,949,992
Liens	6,621	2,589,563	68,460,777	71,056,961
Taxes	11,410,257	-	14,106,681	25,516,938
Total unavailable revenue	\$ 12,711,336	\$ 3,992,810	\$ 82,819,745	\$ 99,523,891

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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, 2016 are as follows:

	Governmental Activities	Business- type Activities	Total Government	Fiduciary Activities	Component Unit (PDC)	Total
<u>Deferred Outflows of Resources:</u>						
Payments made to OPERS since measurement date	\$ 24,517,618	\$ 9,095,890	\$ 33,613,508	\$ 120,728	\$ 736,024	\$ 34,470,260
Share of OPERS difference between expected and actual earnings	8,431,713	2,989,451	11,421,164	42,804	240,917	11,704,885
Changes in employer Proportion of OPERS	1,870,040	663,022	2,533,062	9,493	53,431	2,595,986
FPDR's change in assumptions	491,349,174	-	491,349,174	-	-	491,349,174
FPDR's difference between projected and actual earnings	1,064,940	-	1,064,940	-	-	1,064,940
Deferred charge for the difference between carrying amount and the reacquisition price of bonds	4,489	113,689	118,178	-	-	118,178
Total deferred outflows of resources	<u>\$ 527,237,974</u>	<u>\$ 12,862,052</u>	<u>\$ 540,100,026</u>	<u>\$ 173,025</u>	<u>\$ 1,030,372</u>	<u>\$ 541,303,423</u>
<u>Deferred Inflows of Resources:</u>						
Share of OPERS difference between expected and actual earnings	\$ 30,985,651	\$ 12,817,596	\$ 43,803,247	\$ 131,035	\$ 595,202	\$ 44,529,484
Difference between contributions to OPERS and proportionate share of contributions	7,186,780	2,613,767	9,800,547	35,540	199,494	10,035,581
FPDR's difference between expected and actual experience	16,595,224	-	16,595,224	-	-	16,595,224
Difference between the carrying amount and the reacquisition price of refunded bonds	1,600,498	11,328,935	12,929,433	-	-	12,929,433
Total deferred inflows of resources	<u>\$ 56,368,153</u>	<u>\$ 26,760,298</u>	<u>\$ 83,128,451</u>	<u>\$ 166,575</u>	<u>\$ 794,696</u>	<u>\$ 84,089,722</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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, 2016 were as follows:

	General	Transportation Operating	Other Funds	Total
Nonspendable:				
Inventories	\$ 270,633	\$ 6,413,703	\$ -	\$ 6,684,336
Prepaid items	182,389	284,083	-	466,472
Permanent fund principal	-	-	162,832	162,832
Restricted:				
Public safety:				
Drug enforcement and education	-	-	3,868,651	3,868,651
Emergency facilities improvements	-	-	875,615	875,615
Emergency communications	-	-	19,290,228	19,290,228
Parks, recreation and culture:				
Capital improvement activities	-	-	83,477,709	83,477,709
Improvements or services	-	-	1,030,026	1,030,026
Operations, maintenance and capital programs	-	-	677,024	677,024
Promotion of program activities	-	-	20,844	20,844

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

E. Fund balances, governmental funds continued:

	General	Transportation Operating	Other Funds	Total
Community development:				
Affordable housing	-	-	67,742,390	67,742,390
Childhood programs	-	-	4,438,093	4,438,093
Construction activities	-	-	58,076,831	58,076,831
Debt service	-	-	116,732	116,732
Federal housing and other programs	-	-	12,783,210	12,783,210
Financing and construction improvements	-	-	370,544	370,544
Funding of installation of solar electric systems on publicly-owned facilities	-	-	26,360	26,360
Transportation:				
Operations, maintenance & capital improvement	-	47,917,229	-	47,917,229
Street improvements	-	-	1,676,017	1,676,017
Legislative / admin / support services	-	-	7,970,990	7,970,990
Debt service	-	-	64,703,031	64,703,031
Committed:				
Public safety:				
Emergency communications	-	-	1,974,840	1,974,840
Fire apparatus replacement	7,243,603	-	-	7,243,603
Parks, recreation and culture:				
Capital projects	-	-	1,910,862	1,910,862
Improvements and services	-	-	4,732,627	4,732,627
Community development:				
Affordable housing	-	-	13,212,765	13,212,765
Legislative / admin / support services:				
Activities of economic improvement districts	-	-	14,630	14,630
Promotion of convention business and tourism	-	-	137,041	137,041
Reserves for General Fund stabilization	49,251,572	-	-	49,251,572
Assigned:				
Public safety:				
Fire and police payroll	17,351,152	-	-	17,351,152
Parks, recreation and culture:				
Capital projects	-	-	1,362,520	1,362,520
Improvements and services	-	-	4,847,852	4,847,852
Community development:				
Affordable housing	-	-	2,469,726	2,469,726
Construction activities	-	-	13,419,530	13,419,530
Federal housing and other programs	-	-	20,713	20,713
Financing and construction of improvements	-	-	2,697,750	2,697,750
Housing projects	-	-	101,683	101,683
Funding of installation of solar electric systems on publicly-owned facilities	-	-	28	28
Transportation	-	71,781,581	-	71,781,581
Debt service	-	-	15,719,727	15,719,727
Unassigned	27,255,828	-	(3,543,056)	23,712,772
Total fund balances	\$ 101,555,177	\$ 126,396,596	\$ 386,386,365	\$ 614,338,138

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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 \$21,005 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, 2016, is as follows:

	Beginning Balance	Increases	Decreases	Reclassifications and Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 223,325,437	\$ 91,065	\$ (3,158)	\$ 102,737	\$ 223,516,081
Construction in progress	151,283,628	79,533,327	(1,116,850)	(34,864,859)	194,835,246
Intangible assets:					
Land use rights	45,336,172	5,170,172	(8,628,616)	531,308	42,409,036
Owning rights	28,953	-	-	-	28,953
Total capital assets, not being depreciated or amortized	419,974,190	84,794,564	(9,748,624)	(34,230,814)	460,789,316
Capital assets, being depreciated or amortized:					
Infrastructure	4,722,563,038	22,441,343	(23,634)	5,193,521	4,750,174,268
Buildings	397,259,978	2,239,283	(3,975,677)	4,554,584	400,078,168
Improvements to land	151,136,824	1,580,398	(41,830)	1,163,511	153,838,903
Equipment	202,292,975	2,271,960	(9,365,667)	20,088,735	215,288,003
Intangible assets:					
Software	77,174,551	246,526	(9,820,198)	3,241,493	70,842,372
Total capital assets being depreciated or amortized	5,550,427,366	28,779,510	(23,227,006)	34,241,844	5,590,221,714
Less accumulated depreciation or amortization for:					
Infrastructure	(3,496,753,200)	(161,893,304)	5,658	2,459,119	(3,656,181,727)
Buildings	(144,267,340)	(8,940,724)	2,204,792	(332,926)	(151,336,198)
Improvements to land	(71,374,109)	(5,782,193)	33,179	-	(77,123,123)
Equipment	(90,884,358)	(12,153,291)	7,648,721	(2,116,218)	(97,505,146)
Intangible assets:					
Software	(55,175,908)	(4,240,373)	5,285,261	-	(54,131,020)
Total accumulated depreciation or amortization	(3,858,454,915)	(193,009,885)	15,177,611	9,975	(4,036,277,214)
Total capital assets, being depreciated or amortized, net	1,691,972,451	(164,230,375)	(8,049,395)	34,251,819	1,553,944,500
Governmental activities capital assets, net	\$ 2,111,946,641	\$ (79,435,811)	\$ (17,798,019)	\$ 21,005	\$ 2,014,733,816

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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	\$ 106,946,152	\$ 742,108	\$ (1,288,426)	\$ 2,342,590	\$ 108,742,424
Construction in progress	249,691,397	164,311,020	-	(190,875,362)	223,127,055
Intangible assets:					
Land use rights	14,176,639	622,870	-	499,237	15,298,746
Total capital assets, not being depreciated or amortized	370,814,188	165,675,998	(1,288,426)	(188,033,535)	347,168,225
Capital assets, being depreciated or amortized:					
Infrastructure	4,525,275,863	554,714	(7,700,553)	159,786,923	4,677,916,947
Buildings	306,608,773	359,811	(894,935)	3,708,003	309,781,652
Improvements to land	57,698,404	456,957	-	18,708,933	76,864,294
Equipment	65,426,467	659,951	(1,817,909)	5,417,728	69,686,237
Intangible assets:					
Land use rights	322,212	1,388	-	173,660	497,260
Owning rights	10,776	-	-	-	10,776
Software	11,641,051	-	-	227,258	11,868,309
Total capital assets being depreciated or amortized	4,966,983,546	2,032,821	(10,413,397)	188,022,505	5,146,625,475
Less accumulated depreciation or amortization for:					
Infrastructure	(806,726,728)	(66,219,700)	4,777,628	(8)	(868,168,808)
Buildings	(104,410,033)	(6,688,131)	825,986	-	(110,272,178)
Improvements to land	(17,600,096)	(2,240,673)	-	-	(19,840,769)
Equipment	(33,409,629)	(4,999,370)	1,500,098	(9,967)	(36,918,868)
Intangible assets:					
Land use rights	(13,024)	(6,514)	-	-	(19,538)
Owning rights	(3,079)	(770)	-	-	(3,849)
Software	(9,483,697)	(437,875)	-	-	(9,921,572)
Total accumulated depreciation or amortization	(971,646,286)	(80,593,033)	7,103,712	(9,975)	(1,045,145,582)
Total capital assets, being depreciated or amortized, net	3,995,337,260	(78,560,212)	(3,309,685)	188,012,530	4,101,479,893
Business-type activities capital assets, net	\$ 4,366,151,448	\$ 87,115,786	\$ (4,598,111)	\$ (21,005)	\$ 4,448,648,118

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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	\$ 330,271,589	\$ 833,173	\$ (1,291,584)	\$ 2,445,327	\$ 332,258,505
Construction in progress	400,975,025	243,844,347	(1,116,850)	(225,740,221)	417,962,301
Intangible assets:					
Land use rights	59,512,811	5,793,042	(8,628,616)	1,030,545	57,707,782
Owning rights	28,953	-	-	-	28,953
Total capital assets, not being depreciated or amortized	790,788,378	250,470,562	(11,037,050)	(222,264,349)	807,957,541
Capital assets, being depreciated or amortized:					
Infrastructure	9,247,838,901	22,996,057	(7,724,187)	164,980,444	9,428,091,215
Buildings	703,868,751	2,599,094	(4,870,612)	8,262,587	709,859,820
Improvements to land	208,835,228	2,037,355	(41,830)	19,872,444	230,703,197
Equipment	267,719,442	2,931,911	(11,183,576)	25,506,463	284,974,240
Intangible assets:					
Land use rights	322,212	1,388	-	173,660	497,260
Owning rights	10,776	-	-	-	10,776
Software	88,815,602	246,526	(9,820,198)	3,468,751	82,710,681
Total capital assets being depreciated or amortized	10,517,410,912	30,812,331	(33,640,403)	222,264,349	10,736,847,189
Less accumulated depreciation or amortization for:					
Infrastructure	(4,303,479,928)	(228,113,004)	4,783,286	2,459,111	(4,524,350,535)
Buildings	(248,677,373)	(15,628,855)	3,030,778	(332,926)	(261,608,376)
Improvements to land	(88,974,205)	(8,022,866)	33,179	-	(96,963,892)
Equipment	(124,293,987)	(17,152,661)	9,148,819	(2,126,185)	(134,424,014)
Intangible assets:					
Land use rights	(13,024)	(6,514)	-	-	(19,538)
Owning rights	(3,079)	(770)	-	-	(3,849)
Software	(64,659,605)	(4,678,248)	5,285,261	-	(64,052,592)
Total accumulated depreciation or amortization	(4,830,101,201)	(273,602,918)	22,281,323	-	(5,081,422,796)
Total capital assets, being depreciated or amortized, net	5,687,309,711	(242,790,587)	(11,359,080)	222,264,349	5,655,424,393
Total capital assets, net	\$ 6,478,098,089	\$ 7,679,975	\$ (22,396,130)	\$ -	\$ 6,463,381,934

Capitalized interest

Total interest costs incurred in business-type activities in fiscal year ended June 30, 2016 was \$101.4 million of which \$8.2 million was capitalized for a net interest expense of \$93.2 million.

Depreciation and amortization

Fully depreciated capital assets at June 30, 2016 totaled \$256.1 million, of which \$146.2 million pertains to governmental activities and \$109.9 million to business-type activities. The total remaining salvage value is \$3.4 million, of which \$2.7 million pertains to governmental activities and \$700,000 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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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	\$ 6,763,196
Parks, recreation and culture	9,426,050
Community development	252,358
Transportation	163,350,110
Legislative/ admin/ support services	241,569
Environmental services	73,521
Water	175,971
Parking facilities	17,000
Total governmental funds	180,299,775
Internal service funds -	
Legislative/ admin/ support services	12,710,110
Total governmental activities	\$ 193,009,885
Business-type activities:	
Environmental services	\$ 45,716,849
Water	29,029,735
Hydroelectric power	607,392
Parking facilities	597,560
Golf	728,814
Motor sports	150,766
Spectator facilities	3,537,124
Housing	224,793
Total business-type activities	\$ 80,593,033

Construction and technology project commitments

The City has active construction and technology projects as of June 30, 2016. These include the Portland Building renovation, park improvements, public safety and police communication systems, sewer, transportation, and water infrastructure upgrades.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

F. Capital assets continued:

Construction and technology project commitments continued

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

<u>Projects</u>	<u>Spent to date</u>	<u>Remaining Commitments</u>	<u>Financing Source</u>
Governmental activities:			
General Fund: special projects	\$ 7,893,704	\$ 784,276	General obligation bonds / General Fund
Transportation	44,434,665	5,219,603	Intergovernmental cost sharing / Grants / System development charges / Local improvement districts / Transportation revenues
Development Services	5,415,015	1,471,307	Bureau operating funds (permit revenues)
Public Safety	26,986,534	4,038,668	General obligation bonds / Intergovernmental cost sharing
Parks, recreation and culture	13,479,509	6,768,351	Local option levy / Tax increment / Grants / General Fund discretionary
Facilities	396,944	5,650,722	Limited tax revenue bonds
Technology services	<u>965,932</u>	<u>325,017</u>	General Fund discretionary
Total governmental activities	<u>99,572,303</u>	<u>24,257,944</u>	
Business-type activities:			
Environmental services	96,552,468	90,993,100	Revenue bonds / Sewer rate revenues
Water	201,310,649	25,021,800	Revenue bonds / Water rate revenues / Project reimbursements
Total business-type activities	<u>297,863,117</u>	<u>116,014,900</u>	
Total project commitments	<u>\$ 397,435,420</u>	<u>\$ 140,272,844</u>	

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

F. Capital assets continued:

Component Unit - Portland Development Commission

Activity for the year ended June 30, 2016 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	\$ -	\$ -	\$ 7,495,883
Capital assets, being depreciated or amortized:				
Buildings and improvements	5,930,760	-	(123,319)	5,807,441
Leasehold improvements	3,849,501	-	-	3,849,501
Vehicles and equipment	970,662	108,678	-	1,079,340
Intangible assets:				
Software	<u>4,819,619</u>	<u>1,294,935</u>	<u>(4,349,413)</u>	<u>1,765,141</u>
Total capital assets, being depreciated or amortized	<u>15,570,542</u>	<u>1,403,613</u>	<u>(4,472,732)</u>	<u>12,501,423</u>
Less accumulated depreciation or amortization for:				
Buildings and improvements	(1,524,008)	(116,148)	-	(1,640,156)
Leasehold improvements	(3,849,501)	-	-	(3,849,501)
Vehicles and equipment	(822,076)	(57,554)	-	(879,630)
Intangible assets:				
Software	<u>(2,591,118)</u>	<u>(318,152)</u>	<u>2,652,554</u>	<u>(256,716)</u>
Total accumulated depreciation or amortization	<u>(8,786,703)</u>	<u>(491,854)</u>	<u>2,652,554</u>	<u>(6,626,003)</u>
Total capital assets, being depreciated or amortized, net	<u>6,783,839</u>	<u>911,759</u>	<u>(1,820,178)</u>	<u>5,875,420</u>
Total governmental activities capital assets, net	<u>\$ 14,279,722</u>	<u>\$ 911,759</u>	<u>\$ (1,820,178)</u>	<u>\$ 13,371,303</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 funds represents employer contributions to pay pension benefits. The Grants Fund due to other funds represent federal, state, and private grants receivable not yet transferred to benefiting City bureaus. These interfund balances are expected to be repaid within one year.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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, 2016 was:

	Governmental Activities		Business-type Activities	Fiduciary Activities	Total Due To Other Funds
	Transportation Operating	Other Funds	Water		
Governmental Activities:					
General	\$ -	\$ -	\$ -	\$ 6,437,733	\$ 6,437,733

Component Unit - Portland Development Commission (PDC)

The amount due from PDC to the City is \$1.9 million in accounts receivable. The amounts due from the City to PDC for various grant expenditures and other intergovernmental agreements total \$5.5 million.

	Governmental Activities			Business-type Activities		Portland Development Commission	Net Due (To) From Component Unit
	General	Transportation Operating	Other Funds	Internal Services	Sewage Disposal		
<u>Governmental Activities:</u>							
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,483,531)	\$ (1,483,531)
Transportation	-	-	-	-	-	(1,456,461)	(1,456,461)
Other funds	-	-	-	-	-	(616,242)	(616,242)
Internal service funds	-	-	-	-	-	(1,984,656)	(1,984,656)
Total due (to) from component unit	-	-	-	-	-	(5,540,890)	(5,540,890)
<u>Portland Development Commission:</u>							
PDC - All funds	86,433	200	1,512,030	22,287	61,484	175,557	-
Net due from (to) component unit	\$ 86,433	\$ 200	\$ 1,512,030	\$ 22,287	\$ 61,484	\$ 175,557	\$ (3,682,899)

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 for street lighting. 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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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, 2016 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	\$ -	\$ 29,210,111	\$ 29,104,304	\$ 5,487,728	\$ -	\$ 35,000	\$ -	\$ 63,837,143
Transportation	-	900,000	3,211,153	-	58,001	-	100,000	4,269,154
Other funds	331,264	473,758	66,876,281	-	-	-	-	67,681,303
Internal service	26,667	-	264,137	220,606	-	-	-	511,410
Business-type activities:								
Sewage disposal	-	-	532,092	-	-	-	-	532,092
Water	-	-	555,635	-	101,022	-	-	656,657
Other funds	706,150	3,137,786	54,400	-	-	-	-	3,898,336
Total transfers in	<u>\$ 1,064,081</u>	<u>\$ 33,721,655</u>	<u>\$ 100,598,002</u>	<u>\$ 5,708,334</u>	<u>\$ 159,023</u>	<u>\$ 35,000</u>	<u>\$ 100,000</u>	<u>141,386,095</u>
Reconciliation:								
Total internal service funds								(511,410)
Total governmental funds								(135,787,600)
Total business-type activities								(101,022)
Capital assets transferred from business-type activities								21,276
Capital assets transferred to governmental activities								(272)
Governmental activities transfers to business-type activities								(193,001)
Total transfers per Statement of Activities								<u>\$ 4,814,066</u>

Interfund loans

As of June 30, 2016, the Grants fund received temporary interest-free operating loans of \$4.5 million from the Transportation Operating Fund. These temporary operating loans were authorized by Resolution No. 37215 and are expected to be repaid during fiscal year 2016-17.

The Golf Fund received an \$0.8 million temporary loan from the Parks Capital Improvement Fund to provide for capital improvements to the Colwood Golf Course. This loan was authorized by Resolution No. 37081.

Interfund loan balances at June 30, 2016 were:

	Governmental Activities			Total Internal Loans Payable
	General	Transportation Operating	Other Fund	
Governmental activities:				
Other funds	\$ -	\$ 4,500,000	\$ -	\$ 4,500,000
Business-type activities:				
Other fund	-	-	800,000	800,000
Total Internal loans receivable	<u>\$ -</u>	<u>\$ 4,500,000</u>	<u>\$ 800,000</u>	<u>\$ 5,300,000</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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.

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 \$2.6 million in rental income in FY2016 and \$2.5 million in FY2015. Business-type activities generated \$2.6 million in FY2016 and \$2.3 million in FY2015. Contingent rent was insignificant in both FY2016 and FY2015.

As of June 30, 2016, the City's investment in operating leases is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land and improvements	\$ 11,798,781	\$ 1,354,330	\$ 10,444,451
Buildings	<u>24,473,076</u>	<u>10,647,750</u>	<u>13,825,326</u>
Net Investments	<u>\$ 36,271,857</u>	<u>\$ 12,002,080</u>	<u>\$ 24,269,777</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

H. Leases continued:

Operating leases continued

As of June 30, 2016, 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
2017	\$ 1,319,876	\$ 1,955,858	\$ 3,275,734
2018	1,257,082	1,448,160	2,705,242
2019	936,171	1,015,872	1,952,043
2020	748,571	886,345	1,634,916
2021	618,341	662,598	1,280,939
2022-2026	2,390,093	2,845,487	5,235,580
2027-2031	1,977,091	2,291,224	4,268,315
2032-2036	1,054,144	2,554,736	3,608,880
2037-2041	941,444	2,857,036	3,798,480
2042-2046	947,441	611,079	1,558,520
2047-2051	1,031,269	-	1,031,269
2052-2056	971,812	-	971,812
2057-2061	470,029	-	470,029
2062-2066	526,112	-	526,112
2067-2071	588,886	-	588,886
2072-2076	630,782	-	630,782
2077-2081	640,694	-	640,694
2082-2086	194,707	-	194,707
Total	<u>\$ 17,244,545</u>	<u>\$ 17,128,395</u>	<u>\$ 34,372,940</u>

Lessee operating leases

The City has various non-cancelable 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 agreements; 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 non-cancelable 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, 2016, operating expenses are summarized as follows:

	Fiscal Year Ending June 30,	
	2016	2015
Minimum rents	\$ 3,717,862	\$ 3,199,831
Contingent rents	5,956	222,188
Sublease rental income	<u>515,759</u>	<u>515,445</u>
Total rental expense	<u>\$ 4,239,577</u>	<u>\$ 3,937,464</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

H. Leases continued:

Operating leases continued

As of June 30, 2016, 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	
2017	\$ 2,248,009	\$ 5,895	\$ 1,206,085	\$ 191,623	\$ 3,645,717
2018	2,047,149	4,397	1,218,861	15,995	3,282,005
2019	1,068,518	-	583,607	-	1,652,125
2020	547,884	-	-	-	547,884
2021	106,902	-	-	-	106,902
2022-2026	381,508	-	-	-	381,508
2027-2031	416,000	-	-	-	416,000
2032-2036	465,637	-	-	-	465,637
2037-2041	521,196	-	-	-	521,196
2042-2046	583,384	-	-	-	583,384
2047-2051	652,992	-	-	-	652,992
2052-2056	730,906	-	-	-	730,906
2057-2061	818,116	-	-	-	818,116
2062-2066	915,733	-	-	-	915,733
2067-2071	1,024,996	-	-	-	1,024,996
2072-2076	1,147,297	-	-	-	1,147,297
2077-2081	1,284,191	-	-	-	1,284,191
2082-2086	1,437,418	-	-	-	1,437,418
2087-2091	1,608,928	-	-	-	1,608,928
2092-2096	1,800,903	-	-	-	1,800,903
2097-2101	1,250,798	-	-	-	1,250,798
	<u>\$ 21,058,465</u>	<u>\$ 10,292</u>	<u>\$ 3,008,553</u>	<u>\$ 207,618</u>	<u>\$ 24,274,636</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, 2016.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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 \$128.5 million. Currently \$99.3 million of these bonds are outstanding. The bonds were originally issued for emergency facilities, and public safety and parks improvements. The City is authorized to levy an unlimited ad valorem tax to pay for these bonds.

In July 2015 the City sold the \$2 million 2015 Series B General Obligation Bonds and the \$23.9 million 2015 Series C General Obligation Bonds. The taxable 2015 Series B General Obligation Bonds had a single maturity and were fully redeemed on June 15, 2016. The proceeds of the Series B bonds will be used to finance a portion of the Pioneer Courthouse Square improvements not eligible for tax-exempt financing. The proceeds of the Series C bonds will be used to finance parks improvements that are eligible for federally tax-exempt financing, including a portion of the rehabilitation of Pioneer Courthouse Square, improvements to playgrounds, pools, maintenance facilities, trails and bridges; and projects designed to improve accessibility. The Series C bonds will be paid off over 14 years with interest rates ranging from two to five percent.

Oregon state law limits general obligation debt to three percent of real market value. At June 30, 2016 the City's unused debt margin is \$3 billion.

General obligation bonds currently outstanding are as follows:

	Bond Series	Interest Rates(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2016
Governmental activities:						
Emergency Facilities	2008A	3.50-4.75%	11/18/2008	2008-2028	\$ 15,360,000	\$ 11,165,000
Emergency Facilities	2009A	4.00	07/10/2009	2010-2019	14,560,000	4,750,000
Emergency Facilities	2011A	2.00-4.125	05/13/2011	2011-2026	25,835,000	18,435,000
Emergency Facilities	2014A	2.50-5.00	03/27/2014	2015-2029	29,795,000	26,640,000
Emergency Facilities	2015A	2.00-5.00	06/02/2015	2016-2029	17,145,000	16,025,000
Parks Improvement	2015B	0.5	07/30/2015	2016	2,000,000	-
Parks Improvement	2015C	2.00-5.00	07/30/2015	2016-2029	23,850,000	22,235,000
Total governmental activities					<u>\$ 128,545,000</u>	<u>\$ 99,250,000</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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
2017	\$ 10,325,000	\$ 3,946,160
2018	8,230,000	3,548,785
2019	8,585,000	3,206,635
2020	7,235,000	2,834,700
2021	7,515,000	2,558,638
2022-2026	40,850,000	7,681,225
2027-2031	16,510,000	964,175
Total	\$ 99,250,000	\$ 24,740,318

Limited tax improvement bonds

The City has \$36.8 million of outstanding limited tax improvement bonds. These bonds were issued for the purpose of financing local improvement projects. These bonds are expected to be fully self-supporting from assessment payments received from property owners benefiting from the improvement projects. In addition, the City has pledged its full faith and credit to pay the bonds. Interest rates on the outstanding bonds range from three to five percent.

Limited tax improvement bonds currently outstanding are as follows:

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2016
Governmental activities:						
Limited Tax Improvement	2007A	5.00%	06/28/2007	2008-2027	\$ 41,745,000	\$ 19,600,000
Limited Tax Improvement	2010A	3.00-4.125	04/29/2010	2011-2030	22,305,000	11,015,000
Limited Tax Improvement	2011A	3.00-4.00	12/13/2011	2012-2032	3,400,000	1,620,000
Limited Tax Improvement	2014A	3.00-4.00	06/26/2014	2015-2034	7,385,000	4,570,000
Total governmental activities					<u>\$ 74,835,000</u>	<u>\$ 36,805,000</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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
2017	\$ 11,660,000	\$ 1,753,163
2018	445,000	1,179,163
2019	430,000	1,161,363
2020	5,885,000	1,144,163
2021	-	967,613
2022-2026	3,605,000	4,440,863
2027-2031	13,520,000	1,946,150
2032-2036	<u>1,260,000</u>	<u>178,800</u>
Total	<u>\$ 36,805,000</u>	<u>\$ 12,771,278</u>

Urban renewal and redevelopment bonds

The City issues urban renewal and redevelopment bonds to finance capital projects that stimulate job creation and growth in designated target areas. The City has urban renewal and redevelopment bonds outstanding that are secured solely by the tax increment revenues generated from the respective urban renewal areas. The City has 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. The \$425.7 million outstanding balances on these bonds are paid from tax increment revenues generated from the respective urban renewal areas. No additional City revenues are pledged to the repayment of these bonds. Interest rates on the outstanding bonds range from 1.38% to 6.29%.

In July 2015, the City sold \$24.9 million of 2015 Series A Airport Way Urban Renewal and Redevelopment Refunding Bonds which were used to refund the 2005 Series A Airport Way Urban Renewal and Redevelopment Bonds. The new bonds will be paid off over five years with an interest rate of 1.38%.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2016
Governmental activities:						
Airport Way	2015A	1.38%	07/09/2015	2016-2020	\$ 24,897,200	\$ 20,041,400
Central Eastside	2011A	4.60-6.246	03/31/2011	2011-2021	10,205,000	5,390,000
Central Eastside	2011B	4.00-5.375	03/31/2011	2021-2031	19,485,000	19,485,000
Downtown Waterfront	2008A	5.21-6.30	04/22/2008	2008-2024	50,165,000	34,160,000
Downtown Waterfront	2011A	4.00-5.00	07/06/2011	2012-2020	30,370,000	18,210,000
Interstate Corridor	2011A	3.783-6.294	08/11/2011	2012-2026	28,890,000	20,715,000
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	2015-2025	17,155,000	15,535,000
Lents District	2010A	5.784-6.284	06/24/2010	2010-2024	21,240,000	13,845,000
Lents District	2010B	4.250-5.00	06/24/2010	2024-2030	15,650,000	15,650,000
North Macadam	2010A	5.374-5.574	09/23/2010	2011-2022	29,645,000	15,280,000
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	2012-2020	29,685,000	17,795,000
River District	2012A	2.572-4.430	07/10/2012	2013-2026	24,250,000	18,020,000
River District	2012B	4.00-5.00	07/10/2012	2013-2032	34,140,000	28,810,000
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	2009-2019	34,580,000	13,210,000
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>\$ 425,726,400</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
2017	\$ 33,500,800	\$ 20,100,688
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
2022-2026	167,185,000	37,842,160
2027-2031	68,555,000	10,524,468
2032-2036	3,130,000	125,200
Total	<u>\$ 425,726,400</u>	<u>\$ 132,705,303</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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 obligations

Limited tax revenue bonds. As of June 30, 2016, the City had \$31.4 million of outstanding limited tax revenue bonds and \$15.1 million in limited tax housing revenue bonds outstanding, which are backed primarily from General Fund resources.

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

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2016
<u>Governmental activities:</u>						
Archives Space Project	2007C	4.00-4.50%	10/11/2007	2008-2028	\$ 11,925,000	\$ 8,250,000
Capital Financing - Facilities	2008A	4.00-5.00	06/24/2008	2008-2018	17,725,000	4,090,000
EBS Project	2009B	4.00	12/17/2009	2010-2017	9,400,000	2,920,000
CAD project	2009B	4.00	12/17/2009	2010-2017	8,210,000	1,135,000
Capital Improvement & Renovation	2010A	3.00-3.125	04/22/2010	2010-2020	4,840,000	2,155,000
Emergency Coordination Center	2011B	2.375-3.00	12/15/2011	2012-2026	5,445,000	4,090,000
Police Training Facility	2012B	3.00-4.00	05/24/2012	2012-2022	13,305,000	8,485,000
Total governmental activities					70,850,000	31,125,000
<u>Business-type activities:</u>						
Portland International Raceway	LOC	6.14%	10/25/2007	2008-2017	2,010,000	265,000
Total					\$ 72,860,000	\$ 31,390,000

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2016
<u>Governmental activities:</u>						
Housing Projects	2005D	4.00-4.25%	06/21/2005	2005-2025	\$ 6,975,000	\$ 5,565,000
Total governmental activities					<u>6,975,000</u>	<u>5,565,000</u>
<u>Business-type activities:</u>						
Headwaters Apartment Project	2005A	4.50-4.71%	04/18/2005	2005-2035	10,480,000	8,475,000
Headwaters Apartment Project	2005B	4.70	04/18/2005	2005-2035	1,260,000	1,025,000
Total business-type activities					<u>11,740,000</u>	<u>9,500,000</u>
Total					<u>\$ 18,715,000</u>	<u>\$ 15,065,000</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, 2016, interest rates of the outstanding bonds, \$33.8 million of 1999 Series D variable rate bonds and \$33.8 million of 1999 Series E variable rate bonds, were 0.59% and 0.63% respectively. Interest rates on the fixed rate \$134.5 million of 1999 Series C bonds ranges from 7.70 to 7.93%.

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

	Original Distribution	Liability June 30, 2016
<u>Governmental activities:</u>		
Governmental funds	\$ 211,379,554	\$ 141,947,466
Internal service funds	16,741,773	11,242,585
Total governmental activities	<u>228,121,327</u>	<u>153,190,051</u>
Business-type activities	72,201,017	48,485,069
Fiduciary activities	526,002	353,225
Total	<u>\$ 300,848,346</u>	<u>\$ 202,028,345</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

I. Long-term debt continued

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

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	June 30, 2016
<u>Governmental activities:</u>						
Allocation of Limited Tax Pension Obligation	1999C	7.701%	11/01/1999	2000-2022	\$ 84,292,006	\$ 71,898,227
Allocation of Limited Tax Pension Obligation	1999C	7.93	11/01/1999	2000-2029	30,090,299	30,090,310
Allocation of Limited Tax Pension Obligation	1999D	variable	11/01/1999	2000-2019	56,869,511	25,610,235
Allocation of Limited Tax Pension Obligation	1999E	variable	11/01/1999	2000-2019	56,869,511	25,591,279
Total Governmental activities					<u>228,121,327</u>	<u>153,190,051</u>
<u>Business-type activities:</u>						
Allocation of Limited Tax Pension Obligation	1999C	7.701	11/01/1999	2000-2022	26,678,633	22,755,991
Allocation of Limited Tax Pension Obligation	1999C	7.93	11/01/1999	2000-2029	9,523,664	9,523,654
Allocation of Limited Tax Pension Obligation	1999D	variable	11/01/1999	2000-2019	17,999,360	8,105,712
Allocation of Limited Tax Pension Obligation	1999E	variable	11/01/1999	2000-2019	17,999,360	8,099,712
Total Business-type activities					<u>72,201,017</u>	<u>48,485,069</u>
<u>Fiduciary activities:</u>						
Allocation of Limited Tax Pension Obligation	1999C	7.701	11/01/1999	2000-2022	194,360	165,783
Allocation of Limited Tax Pension Obligation	1999C	7.93	11/01/1999	2000-2029	69,382	69,381
Allocation of Limited Tax Pension Obligation	1999D	variable	11/01/1999	2000-2019	131,130	59,052
Allocation of Limited Tax Pension Obligation	1999E	variable	11/01/1999	2000-2019	131,130	59,009
Total Fiduciary activities					<u>526,002</u>	<u>353,225</u>
Total Limited Tax Pension Bonds					<u>\$ 300,848,346</u>	<u>\$ 202,028,345</u>

Approximately 37% of the debt service on these bonds is expected to be paid from General Fund resources. The remaining 63% is expected to be paid by non-General Fund bureaus of the City (see "Self-supporting General Fund obligations" below). As of June 30, 2016, \$75 million of outstanding principal remained on the portion of the bonds is projected to be repaid with General Fund resources.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

I. Long-term debt continued

Self-supporting obligations

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

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2016
<u>Governmental activities:</u>						
Oregon Convention Center	2011A	5.00%	10/06/2011	2012-2030	\$ 67,015,000	\$ 65,720,000
Deferred Interest	2001B	5.07-5.36	02/13/2001	2001-2022	18,058,888	8,235,102
Portland Center for Performing Arts	2011A	2.36	12/15/2011	2017-2021	1,315,000	775,000
North Macadam Investors, LLC	LOC	5.75	11/20/2006	2007-2016	2,500,000	1,656,438
Portland-Milwaukie Light Rail	2012C	3.00-5.00	09/20/2012	2013-2032	36,160,000	32,795,000
Sellwood Bridge	2014A	4.00-5.00	06/17/2014	2015-2034	44,215,000	41,375,000
Total Governmental activities					<u>169,263,888</u>	<u>150,556,540</u>
<u>Business-type activities:</u>						
Central City Streetcar	2009A	2.50-4.00%	05/21/2009	2009-2024	21,450,000	12,650,000
Civic Stadium	2013A	3.27	12/11/2013	2014-2023	21,915,000	16,978,000
Jeld-Wen Field	2012A	3.25-3.50	04/24/2012	2024-2027	12,000,000	12,000,000
Arena Refunding Bonds	2015A	0.81	05/28/2015	2016-2017	5,469,700	1,667,900
Total Business-type activities					<u>60,834,700</u>	<u>43,295,900</u>
Total					<u>\$ 230,098,588</u>	<u>\$ 193,852,440</u>

Annual debt service requirements to maturity for all of the above types of limited tax revenue bonds at June 30, 2016, are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities		Fiduciary Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 31,100,640	\$ 17,512,373	\$ 10,314,729	\$ 4,130,118	\$ 34,968	\$ 17,194
2018	27,548,660	16,666,645	9,095,809	4,165,999	39,252	16,298
2019	27,722,853	15,766,019	10,468,786	3,905,602	43,841	14,849
2020	30,439,477	14,656,758	11,321,162	3,544,213	48,842	12,767
2021	33,922,653	12,123,235	12,328,531	2,573,422	55,066	9,006
2022-2026	105,173,225	137,262,066	35,617,707	39,405,789	103,798	257,151
2027-2031	70,234,084	107,381,267	9,704,245	32,178,505	27,459	225,631
2032-2036	14,295,000	911,475	2,695,000	339,235	-	-
Total	<u>\$ 340,436,592</u>	<u>\$ 322,279,838</u>	<u>\$ 101,545,969</u>	<u>\$ 90,242,883</u>	<u>\$ 353,226</u>	<u>\$ 552,896</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

I. Long-term debt continued

Revenue bonds

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

In August 2015, the City issued \$329.8 million of 2015 Series A First Lien Sewer Revenue Refunding Bonds, secured by a first lien on net revenues on the sewer system receipts; and \$63.3 million of 2015 Series B Second Lien Sewer Revenue Refunding Bonds secured by a second lien on the net revenues of the sewer system. The Series A Bonds refunded all outstanding maturities of the City's First Lien Sewer System Revenue Refunding Bonds, 2004 Series B, the First Lien Sewer System Revenue Refunding Bonds, 2005 Series A, and the First Lien Sewer System Revenue Bonds, 2006 Series A; to pay the premium for a municipal bond debt service reserve insurance policy; and to pay the costs of issuance of the 2015 Series A Bonds. The 2015 Series B Bonds refunded all outstanding maturities of the City's Second Lien Sewer System Bonds, 2006 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 2015 Series A Bonds will occur in 2031 with an interest rate of ranging from three to five percent. The final maturity of the 2015 Series B Bonds will occur in 2031 with interest rates ranging from three to five percent.

Ordinances for revenue bonds generally require the City to maintain restricted reserve accounts to provide for the payment of debt service in the event that pledged revenues are not sufficient to pay debt service when due. The bond ordinances for particular enterprise funds also require setting rates such that net operating income provides specified levels of debt service coverage on outstanding bonds and to maintain adequate insurance on the facilities. Revenue bonds may be redeemed at dates earlier than the stated maturity, at call rates varying from 100 to 102% percent of face value dependent upon the call date. The City is in compliance with its bond covenants as of and for the fiscal year ended June 30, 2016.

Revenue bonds outstanding at June 30, 2016 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%	\$ 11,065,000
Sewage System Revenue Bonds:		
Sewer improvements and maintenance	3.00-5.00	1,585,705,000
Water System Revenue Bonds:		
Water lines improvement and maintenance	3.00-5.00	602,315,000
Hydroelectric Power Revenue Bonds:		
Electrical power generating plant	5.523	<u>1,740,000</u>
Total revenue bonds		<u><u>\$2,200,825,000</u></u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

I. Long-term debt continued

Revenue bonds currently outstanding are as follows:

	Bond Series	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2016
<u>Governmental activities</u>						
Gas Tax	2011A	3.00-5.00%	11/22/2011	2012-2023	\$ 15,400,000	\$ 10,615,000
Gas Tax	2013A	1.94	08/06/2013	2014-2018	1,073,000	450,000
Total Governmental activities					<u>16,473,000</u>	<u>11,065,000</u>
<u>Business-type activities:</u>						
Sewage Disposal	2008A	4.25-5.00%	04/17/2008	2008-2033	333,015,000	238,415,000
Sewage Disposal	2008B	5.00	04/17/2008	2008-2033	195,700,000	184,010,000
Sewage Disposal	2010A	4.00-5.00	08/19/2010	2010-2035	407,850,000	340,610,000
Sewage Disposal	2013A	4.00-5.00	09/17/2013	2014-2039	210,965,000	198,605,000
Sewage Disposal	2014A	5.00	08/14/2014	2016-2025	86,165,000	79,360,000
Sewage Disposal	2014B	3.00-5.00	08/14/2014	2016-2040	204,220,000	199,760,000
Sewage Disposal	2015A	3.00-5.00	08/27/2015	2016-2031	329,805,000	285,390,000
Sewage Disposal	2015B	3.00-5.00	08/27/2015	2016-2031	63,300,000	59,555,000
Water	2006B	4.00-5.00	09/21/2006	2007-2020	44,000,000	32,885,000
Water	2008A	4.00-5.00	08/07/2008	2008-2033	79,680,000	65,665,000
Water	2010A	4.00-5.00	02/11/2010	2010-2035	73,440,000	62,690,000
Water	2011A	4.00-5.00	03/22/2011	2011-2036	82,835,000	72,985,000
Water	2012A	3.00-5.00	08/02/2012	2013-2037	76,510,000	67,810,000
Water	2013A	3.00-5.00	05/02/2013	2014-2038	253,635,000	220,670,000
Water	2014A	3.00-5.00	12/16/2014	2015-2039	84,975,000	79,610,000
Hydroelectric Power	2006	5.523	04/05/2006	2006-2016	21,370,000	1,740,000
Total Business-type activities					<u>2,547,465,000</u>	<u>2,189,760,000</u>
Total Revenue Bonds					<u>\$ 2,563,938,000</u>	<u>\$ 2,200,825,000</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
2017	\$ 1,553,000	\$ 413,730	\$ 123,955,000	\$ 118,496,634
2018	1,622,000	356,101	129,200,000	94,301,475
2019	1,445,000	296,000	132,670,000	87,919,038
2020	1,520,000	223,750	138,270,000	81,435,034
2021	1,595,000	147,750	134,025,000	74,694,506
2022-2026	3,330,000	150,600	549,610,000	283,271,734
2027-2031	-	-	482,320,000	173,167,588
2032-2036	-	-	378,160,000	68,357,238
2037-2041	-	-	121,550,000	8,707,675
Total	<u>\$ 11,065,000</u>	<u>\$ 1,587,931</u>	<u>\$ 2,189,760,000</u>	<u>\$ 990,350,922</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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, 2016, 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, 2016	Debt Payments For the Year Ended June 30, 2016
Gas Tax Revenue Bonds:						
Public street improvements	State gas tax	2023	\$ 12,652,931	2.80%	\$ 62,629,764 *	\$ 2,471,650
Transportation Line of Credit:						
Public street improvements	State gas tax	2016	30,029,244	23.72	*	4,713,980
Transportation Loan:						
Public street improvements	State gas tax	2019	266,449	0.23	*	88,817
Urban Renewal & Redevelopment:						
Fund improvements in the urban renewal and redevelopment area	Tax increment property tax	2032	622,368,921	23.47	121,888,750	59,725,737
Sewer State Revolving Fund Loans:						
Financing energy, sewer system improvements	Sewer fees	2031	15,762,900	0.23	223,332,192 **	1,513,034
Sewage System Revenue Bonds:						
Sewer system capital improvements	Sewer fees	2040	2,281,619,775	18.21	**	232,170,570
Water System Revenue Bonds						
Water system capital improvements	Water fees	2038	878,681,363	14.36	85,685,904	50,854,300
Hydroelectric Power Revenue Bonds:						
Electrical power generating plant	Power sales	2017	48,050	1.53	(356,042)	2,670,276
Total future pledged revenue			<u>\$ 3,841,429,633</u>		<u>\$ 493,180,568</u>	<u>\$ 354,208,364</u>
Governmental activities			\$ 665,317,545		\$ 184,518,514	\$ 67,000,184
Business-type activities			3,176,112,088		308,662,054	287,208,180
Total		0	<u>\$ 3,841,429,633</u>		<u>\$ 493,180,568</u>	<u>\$ 354,208,364</u>

* same revenue source pledged for three purposes

** same revenue source pledged for three purposes

Refundings

On July 9, 2015, after a competitive bidding process, the City entered into an agreement with a bank to provide \$24.9 million to refund the outstanding balance of the Airport Way Urban Renewal and Redevelopment Bonds, 2005 Series A. Proceeds from the bank placement were used to pay the principal and interest on \$24.4 million of the refunded bonds. As a result, the refunded bonds have been fully redeemed in FY2015-16 and the liability has been removed from the business type activities column in the statement of net position. This refunding was undertaken to reduce total debt service payments by \$2 million over five years and resulted in an economic gain of \$2 million.

On August 27, 2015 the City issued the \$329.8 million First Lien Sewer System Revenue Refunding Bonds, 2015 Series A to refund all outstanding maturities of the City's First Lien Sewer System Revenue Refunding Bonds, 2004 Series B, the First Lien Sewer System Revenue Refunding Bonds, 2005 Series A, and the First Lien Sewer System Revenue Bonds, 2006 Series A (the "First Lien Refunded Bonds"). Proceeds and bond premium of approximately \$371.1 million were used to pay the principal and interest on \$358.3 million of the First Lien Refunded Bonds. As a result, the First Lien Refunded Bonds were fully redeemed in FY2015-16 and the liabilities have been removed from the business type activities column in the statement of net position. This refunding was undertaken to reduce total debt service payments by \$38.3 million over 16 years and resulted in an economic gain of \$35.5 million.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

I. Long-term debt continued

Also on August 27, 2015 the City issued the \$63.3 million Second Lien Sewer System Revenue Refunding Bonds, 2015 Series B to refund all outstanding maturities of the City's Second Lien Sewer System Revenue Bonds, 2006 Series B (the "Second Lien Refunded Bonds"). Proceeds and bond premium of approximately \$70.9 million were used to pay the principal and interest on \$67.2 million of the Second Lien Refunded Bonds. As a result, the Second Lien Refunded Bonds were fully redeemed in FY2015-16 and the liability has been removed from the business type activities column in the statement of net position. This refunding was undertaken to reduce total debt service payments by \$10.3 million over 16 years and resulted in an economic gain of \$8.7 million.

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 bond sales to finance capital expansion. The Economic Development Revenue Bonds have not been recognized as a liability of the City, because the bonds are secured solely by the specific project and the developers are obligated to make the payments. The bonds shall not be payable from a charge upon any of the City's resources or assets, nor shall the City be subject to any liability from these bonds. No holder or holders of these bonds shall ever have the right to compel an exercise of the taxing power of the City to pay the bonds or the interest thereon, nor to enforce payment against any property of the City. Upon completion of the project, the developer owns the assets constructed. Since the City does not own any of the assets constructed or assume any of the liabilities associated with repayment, 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, 2016 is \$24.8 million.

The City has made a limited, subject-to-appropriation, pledge of its General Fund to restore reserve fund balances on five Housing Authority of Portland revenue bond issues via contingent loan agreements. The original par amount of these issues is \$33 million, of which \$25.7 million remains outstanding.

Notes, lines of credit and loans payable

Notes payable. The City issues Notes to finance equipment acquisitions and improvements, improving streets and sidewalks, and to provide interim financing of urban renewal plans. There are no outstanding notes at June 30, 2016.

Lines of credit. As of June 30, 2016, the City has \$92.7 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	\$59.5
Finance various City backed projects, including:	
Various transportation improvements	29.8
Local improvement district projects	2.0
Environmental remediation	1.4

The City expects to retire \$872,000 of the lines of credit with working capital. The rest will be replaced with long-term bonds. Interest rates on the outstanding line of credit balances are variable rates tied to either prime or the London Interbank Offered Rate (LIBOR). As of June 30, 2016 those rates ranged from 0.66% to 1.50% percent.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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, levy improvement projects, and housing programs. The principal balance of these loans on June 30, 2016 is \$25.1 million. Interest rates vary from 1.00% to 4.41% with maturities to fiscal year 2032. During the current fiscal year, the City received an additional \$284,770 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
2017*	\$ 1,436,874	\$ 1,122,798	\$ 1,366,091	\$ 146,943
2018	92,420,587	1,040,006	1,379,871	133,163
2019	610,314	300,769	1,393,792	119,242
2020	544,373	285,472	1,407,852	105,182
2021	570,243	270,299	1,422,058	90,976
2022-2026	3,055,344	1,068,779	7,328,494	236,692
2027-2031	3,437,000	496,605	622,429	10,115
2032-2036	846,000	63,163	-	-
Total	<u>\$ 102,920,735</u>	<u>\$ 4,647,891</u>	<u>\$ 14,920,587</u>	<u>\$ 842,313</u>

*Most of the amounts being paid in 2017 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 and \$304,796 respectively at June 30, 2016. The total amount outstanding at June 30, 2016 was \$53.9 million for governmental activities and \$8.9 million for business-type activities.

Other postemployment benefits are described in Note IV.D. The total amount outstanding at June 30, 2016 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. \$1.5 million was outstanding at June 30, 2016 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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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, 2016, internal service funds had \$50 million of bonds outstanding. For fiscal year 2016, there were no governmental fund resources committed to liquidate other long-term liabilities. 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 debt. Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Reclassification / Restatements	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:						
Bonds payable:						
General obligation bonds	\$ 83,625,000	\$ -	\$ 25,850,000	\$ 10,225,000	\$ 99,250,000	\$ 10,325,000
Limited tax improvement bonds payable from assessment payments	43,315,000	-	-	6,510,000	36,805,000	11,660,000
Urban renewal and redevelopment bonds	457,420,000	-	24,897,200	56,590,800	425,726,400	33,500,800
Limited tax and limited tax revenue bonds	375,114,860	-	-	34,678,271	340,436,589	31,100,642
Revenue bonds	13,049,000	-	-	1,984,000	11,065,000	1,553,000
Unamortized premium and discounts	33,717,592	-	2,573,207	5,298,584	30,992,215	4,750,983
Total bonds payable	1,006,241,452	-	53,320,407	115,286,655	944,275,204	92,890,425
Notes, loans and line of credit payable	77,000,697	-	34,870,966	8,950,928	102,920,735	1,384,765
Self insurance claims	27,370,001	-	54,752,785	55,326,394	26,796,392	10,153,084
Net pension liability-FPDR	2,875,017,825	-	613,587,247	114,569,110	3,374,035,962	-
Net pension liability/(asset)-PERS	(58,333,463)	-	273,957,919	58,336,537	157,287,919	-
Other postemployment benefits	38,446,448	-	1,131,001	51,970	39,525,479	-
Compensated absences	52,232,040	-	43,280,547	41,630,571	53,882,016	41,630,574
Total other long-term liabilities	3,011,733,548	-	1,021,580,465	278,865,510	3,754,448,503	53,168,423
Governmental activities	\$ 4,017,975,000	\$ -	\$ 1,074,900,872	\$ 394,152,165	\$ 4,698,723,707	\$ 146,058,848
Business-type activities:						
Bonds payable:						
Limited tax and limited tax revenue bonds	\$ 113,331,617	\$ -	-	\$ 11,785,648	\$ 101,545,969	\$ 10,314,730
Revenue bonds	2,341,685,000	-	393,105,000	545,030,000	2,189,760,000	123,955,000
Unamortized premium and discounts	137,482,803	(8,648,252)	48,885,562	18,925,822	158,794,291	19,293,811
Total bonds payable	2,592,499,420	(8,648,252)	441,990,562	575,741,470	2,450,100,260	153,563,541
Notes, loans and line of credit payable	16,273,040	-	-	1,352,453	14,920,587	1,366,091
Self insurance claims	-	-	1,286,638	-	1,286,638	349,548
Compensated absences	8,636,884	-	8,835,710	8,583,899	8,888,695	8,583,899
Net pension liability/(asset)-PERS	(21,628,988)	-	98,077,263	21,628,988	54,819,287	-
Other postemployment benefits	3,558,297	-	-	20,638	3,537,659	-
Total other long-term liabilities	6,839,233	-	108,199,611	31,585,978	83,452,866	10,299,538
Business-type activities	\$ 2,599,338,653	\$ (8,648,252)	\$ 550,190,173	\$ 607,327,448	\$ 2,533,553,126	\$ 163,863,079

* Reclassed premiums and discounts on refunded bonds to deferred & implemented GASB 68.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

I. Long-term debt continued

Auction rate securities

As of June 30, 2016, the City had \$67.5 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 Aa1 by Moody's Investors Service, and are not backed by municipal bond insurance or other credit enhancement.

Beginning in February 2008, the City began to experience "failed" auctions due to the collapse of the auction rate market. Failed auctions occur when, on any given auction date, there are insufficient buyers to purchase all of the auction rate securities that have been offered for sale by investors. When an auction fails, the rate on the securities for the next interest rate period is determined by a mathematical formula that is defined in the legal provisions for the bonds. The legal provisions for the City's outstanding auction rate securities provide that in the event of a failed auction (and assuming the rating of the securities remains at Aa3 or higher), the interest rate for the next interest period is set at 150% of the most recent seven-day AA-rated financial commercial paper index. Since February 2008, all of the City's auctions have "failed" and the rate on these securities has been set by formula. The average interest rate since July 1, 2016 has been 0.110%, plus a 0.25% broker/dealer fee, for an average all-in cost of 0.360%. For the weeks of September 19, 2016 and September 26, 2016, the all in rate was 0.632% for Series D and 0.617% for Series E bonds. The City expects that it will continue to experience failed auctions for the foreseeable future. As such, the interest rates on the City's auction rates securities will likely continue to be tied directly to the seven-day, AA-rated financial commercial paper index. The City continues to evaluate options related to its pension auction rate securities, including the possibility of refunding the auction rate securities into fixed-rate debt if market conditions warrant prior to their final maturity in May 2019.

Bond insurer ratings

As of June 30, 2016, the City has approximately \$88.8 million face amount of debt service reserve fund surety policies ("credit facilities") relating to outstanding sewer, water, and gas tax revenue bonds. The City has historically purchased debt service reserve surety bonds from municipal bond insurance companies in lieu of cash funding debt service reserve requirements for certain revenue bonds and urban renewal bonds. The legal provisions for these revenue bonds and urban renewal bonds provide that the minimum credit rating of the credit facility provider must exceed specified rating levels. In most cases, the legal provisions state that the credit facility rating "test" is made only at the time of issuance of the bonds. However, in other documents it is unclear or ambiguous whether the test is made only at the time of issuance, or whether the rating test is ongoing. Where the rating test is unclear as to its timing (at time of issuance only vs. ongoing), the City has taken the position that if the rating of the credit facility provider falls below the minimum standard subsequent to the issuance of the bonds, the City is not required to replace the credit facility with an alternative credit facility or with cash, and may leave the existing credit facility in place. As of June 30, 2016, the City had the following face amount of debt service reserve (DSR) surety policies with the various bond insurers.

	Insurer Ratings (Moody's / S&P)	Face Amount of DSR Surety Bonds
Assured Guaranty Municipal Corporation (formerly FSA)	A2 / AA	\$ 84,443,559
National Public Finance Guarantee Corporation (formerly MBIA)	A3 / AA-	<u>4,400,000</u>
Total		<u>\$ 88,843,559</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

III. Detailed notes continued:

J. Short-term debt:

The City issues overnight bonds to permit the City's component unit, PDC, to access tax increment revenues deposited into debt service funds established for each urban renewal district. Under ORS 457.435 and 457.440, tax increment collections may only be spent to pay principal and interest on indebtedness. Tax increment collections are expected to be sufficient to meet debt service requirements for outstanding long-term debt. The City issues overnight debt to release excess collections to PDC for capital projects. The City issued \$66.4 million in overnight bonds in fiscal year 2016 and redeemed those bonds within five days. At June 30, 2016, there were no outstanding overnight bonds.

At the beginning of the fiscal year, the City issued \$24.4 million of tax anticipation notes in advance of property tax collections, depositing the proceeds in the Fire and Police Disability and Retirement (fiduciary) Fund. The notes were issued to meet current operating expenses of the Fire and Police Disability and Retirement Fund. The tax anticipation notes were paid prior to the end of the fiscal year. Short-term debt activity of the fiscal year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Overnight bonds	\$ -	\$66,445,000	\$66,445,000	\$ -
Tax anticipation notes	-	24,370,000	24,370,000	-
Totals	<u>\$ -</u>	<u>\$90,815,000</u>	<u>\$90,815,000</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 was one employee affected, and the net cost of these termination benefits for fiscal year ending June 30, 2016 was \$7,889.

The Voluntary Retirement Incentive Program was implemented in accordance with Ordinance No. 185968 and amended with Ordinance No. 187556 to provide an incentive for employees to voluntarily retire from the City during the period of April 1, 2016 through June 30, 2016. 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. Seventy-three participants were approved for the program, while there are currently seventy-one participants remaining in the program. BenefitHelp Solutions administers the HRA account, and bills the City as claims are made against the accounts. The expected cost to the City is \$1.1 million, while participants have used \$40,023 and there is a remaining potential liability of \$970,000.

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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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, 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, 2015 and before July 1, 2016 may not exceed \$682,800 for single claimant and \$1.36 million for multiple claimants. For causes of action arising on or after July 1, 2016 and before July 1, 2017, limitations increase to \$691,200 for single claimant and \$1.38 million for multiple claimants.

Per ORS 30.273 limitations on liability of public bodies for property damage arising on or after July 1, 2015 and before July 1, 2016 may not exceed \$112,000 for single claimant and \$560,000 for multiple claimants. For causes of action 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.

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, 2016, the expected rate of return used was 0.67%. For fiscal year ending June 30, 2017 and subsequent years, the expected rate of return used was 0.70% and one percent 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, 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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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:

	<u>Fiscal Year Ended June 30, 2016</u>	<u>Fiscal Year Ended June 30, 2015</u>
Balance, beginning of fiscal year	\$ 27,370,001	\$ 26,468,838
Incurred claims and adjustments	54,752,785	53,069,584
Claim cash payments	<u>(55,326,394)</u>	<u>(52,168,421)</u>
Unpaid claims, end of fiscal year	<u>\$ 26,796,392</u>	<u>\$ 27,370,001</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.

Due to the initial 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 continue through August 2020. BES's insurance broker Marsh (Marsh negotiates insuring agreements with carriers) has estimated a program insurance savings of approximately \$21 million or 1.8% savings of construction value, based on data through May 2015. Additionally, because of sound risk management and safety practices, BES has received \$2.2 million in dividends from the workers' compensation carrier SAIF Corporation.

As a result of BES owning the insurance, BES reduces project insurance costs by purchasing broader coverage, controls job site safety, while minimizing public and third party liability. The program also 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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

A. Risk management continued:

OCIP Phase IV. July 2011 through June 2016 which included BES's CIP Sewerage System Infrastructure Improvements and the Portland Water Bureau (PWB) Kelly Butte and Powell Butte Reservoir projects. As of June 30, 2016 the City's estimated liability for workers' compensation claims was \$1.14 million; and an estimated \$17,994 for general liability claims. The City's total liability for workers' compensation and general liability related to OCIP Phase IV is \$1.16 million.

	Fiscal Year ended June 30, 2016
<u>OCIP Phase IV</u>	
Balance, beginning of fiscal year	\$ -
Incurred claims and adjustments	2,535,975
Claims cash payments	<u>(1,537,051)</u>
Unpaid claims, end of fiscal year	998,924
Loss conversion factor (LCF)	<u>164,099</u>
Balance, end of fiscal year	<u>\$ 1,163,023</u>

OCIP Phase V. September 2016 through August 2020. This phase includes BES's CIP Sewerage System Infrastructure Improvements and PWB's Washington Park Reservoir projects. Two projects from phase IV have been rolled into Phase V and are expected to be complete by July 2016. Workers' compensation claims for Phase V are capped at \$250,000 per claim. As of June 30, 2016, the City's estimated liability related to OCIP Phase V is \$123,615. There were no outstanding general liability claims.

	Fiscal Year ended June 30, 2016
<u>OCIP Phase V (September 2015 - June 2016)</u>	
Balance, beginning of fiscal year	\$ -
Incurred claims and adjustments	52,553
Claims cash payments	<u>(17,184)</u>
Unpaid claims, end of fiscal year	35,369
LCF and Loss Development Factor (LDF)	<u>88,246</u>
Balance, end of fiscal year	<u>\$ 123,615</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 postclosure care. This post-closure care includes proper operation, maintenance, and monitoring of the post-closure equipment and systems.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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 (2016-2032) based on the average actual annual costs of the first 14 years of the City's operation, maintenance, and monitoring of the site closure systems (2002-2015). Based on these actual costs and projections, the 30 year post-closure care cost, as of June 30, 2016, is estimated to be \$1.57 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. The City has recorded a liability of \$1 million for its share of the remaining estimated liability.

For fiscal years 2002-2022, Metro has agreed to provide a total of \$242,424 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 \$61,200 annual contribution to the Parks Memorial Fund via the General Fund. Beginning fiscal year 2019, the annual General Fund contribution will drop to \$48,231 and transition to \$36,200 for fiscal years 2020-2032.

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.

Guilts Lake Former Municipal Incinerator / Landfill Remediation Project

The Guilts 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 indicate 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 removed and replaced. The cost to complete this is estimated at \$1,005,000. This project is budgeted in FY 2017 and this amount has been recorded under BES liability.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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. 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.

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 costs 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 1.38% based on the discount for the five year bond at week ending October 23, 2015. Based on estimated closure and post-closure costs over 170 years and the 1.38% inflation factor the estimated liability as of June 30, 2016 to the City through 2186 is \$9.4 million. This liability is recognized in FY 2017 expenditures post-closure costs at an amount of \$53,700, and future years long-term liability is \$9.38 million.

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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

C. Commitments and contingent liabilities continued:

Labor agreements

There are nine labor agreements between the City and its employees, two of which expired on June 30, 2016. Successor agreements for the Portland Fire Fighters' Association (PFFA) and the Bureau of Emergency Communications (BOEC) are being negotiated.

	<u>Effective Dates</u>
Seasonal Maintenance Workers - Laborers' Local 483	7/1/2014 - 6/30/2018
Portland Police Association (PPA)	7/1/2013 - 6/30/2017
The City of Portland Professional Employees Association (COPPEA)	7/1/2013 - 6/30/2017
The District Council of Trade Unions (DCTU)	7/1/2013 - 6/30/2017
Recreation Employees - Laborers' Local 483	7/1/2013 - 6/30/2017
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

Bonds

The City's general credit is obligated on limited tax improvement bonds totaling \$36.8 million at June 30, 2016, only to the extent that liens foreclosed against properties involved in the assessment districts and collections of related assessments and interest are insufficient to retire outstanding bonds and pay bond interest.

Contractual commitments

Non-construction contractual commitments at June 30, 2016 amounted to:

Governmental activities	\$43,223,450
Business-type activities	<u>6,601,323</u>
Total	<u>\$49,824,773</u>

Included in these amounts are uncompleted balances of professional service contracts, goods and services contracts, and intergovernmental agreements. Construction commitments of \$140.3 million are presented in Note III. F. Capital Assets, Construction and technology project commitments.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

C. Commitments and contingent liabilities continued:

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 \$1.5 million at June 30, 2016. The table below presents a list of borrowers and their respective loan principal balances:

<u>Borrower Name</u>	<u>Original Principal Amount</u>	<u>Principal Balance June 30,</u>	
		<u>2016</u>	<u>2015</u>
HUD Offering Rate Variance	\$ 31,000	\$ 11,000	\$ 16,000
MRK - Alberta Street Market	850,000	522,000	566,000
OUV2	800,000	555,000	584,000
PCRI / Alberta Simmons	375,000	150,000	175,000
PUB Group	875,000	290,000	350,000
Total	<u>\$ 2,931,000</u>	<u>\$ 1,528,000</u>	<u>\$ 1,691,000</u>

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 \$1.5 million. For further information on the HUD Section 108 Loan Guarantee Program, refer to the Loans Receivable section of Note III.B., Receivables.

Hydroelectric Power Fund

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

The agreement states that, upon expiration of the term of the agreement, if the accumulated cost of power generated at Hydro's plant exceeds that of the accumulated cost of a like amount of power generated by the utility, then the carrying value of the renewal and replacement assets shall be paid to the utility to offset up to 50 percent of the "excess cost" incurred by the utility to generate power at Hydro's plant. The balance of the assets, if any, shall be divided equally between Hydro and the utility. In the event the accumulated cost of power generated at Hydro's plant exceeds that of the accumulated cost of a like amount of power generated by the utility, and the carrying value of the renewal and replacement assets is less than 50 percent of the excess cost, no further amounts would be required to be paid to the utility. At August 31, 2016, the total accumulated excess cost was \$18.2 million, 50% of this total was \$9.1 million, and the carrying value of the renewal and replacement assets was \$10.97 million.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

C. Commitments and contingent liabilities continued:

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. The accrual is based on estimates subject to change resulting from changes in pricing and remediation approaches and are not offset by any estimated recoveries.

Portland Harbor Superfund Site

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

The signatories to the AOC have agreed upon a cost allocation plan to fund the Remedial Investigation/Feasibility Study (RI/FS). Under this arrangement, the City's share is 25%. The City's share of the RI/FS costs does not define the City's final liability for the assessment costs and bears no relationship to the City's potential liability for cleanup costs at the site. The City's costs for this phase of the work are being financed primarily from user fees generated by the City's sanitary sewer and stormwater utility, which is managed by the City's Bureau of Environmental Services (BES) and funds the City's Environmental Remediation Fund. The City's estimated costs associated with the RI/FS activities through 2017, is expected to range from \$1 million to \$1.3 million; which was accrued at fiscal year ended June 30, 2016 using the expected cash flow technique as required by GASB Statement No. 49. Since 2001, the City has contributed over \$26 million to the Lower Willamette Group for the RI/FS. The City believes that an estimate of maximum exposure of the Portland Harbor cleanup cannot be made but could be material to the period in which it is recorded.

Potential costs of cleaning up the entire site and restoration of natural resources will be estimated at the completion of the RI/FS but may not include estimates of cleanup of individual sub-areas and will not include 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, although EPA issued a conceptual proposed plan for public comment in June 2016, the Feasibility Study will not be finalized until the record of decision is issued. It is anticipated that allocation of liability for cleanup will be determined after a remedial action is selected. Under CERCLA, responsible parties that fail to enter into agreements to remediate and restore Superfund sites become subject to legal action by EPA to recover their full share of liability for cleanup and restoration activity, including imposition of fines and other financially punitive measures. EPA anticipates that it will issue a Record of Decision and select the remedial action that will present a conceptual plan for environmental cleanup required for the entire 11 miles of riverbed in 2017. The proposed course of action within individual sub-areas will be determined during remedial design for each sub-area. The City's ultimate liability is undeterminable at this time. However, it is expected to be a material amount.

The City will seek recovery of some or all of its RI/FS costs from other parties that have liability at the Superfund site. To date, EPA has notified more than 140 entities and property owners along the Willamette River, including the City, that they were potentially responsible for further investigation and cleanup of contaminated sediments in Portland Harbor. The City is participating in voluntary negotiations with approximately 95 other potentially responsible parties to develop a method of fairly allocating investigation and remedy costs among all responsible parties. Additional entities that contributed to the contamination may be discovered throughout the process. This non-judicial allocation process is expected to take several more years to complete. The administrative costs are shared among the participating parties. The City's share of administrative process cost for fiscal year ending June 30, 2016 have not been determined, but are expected to be approximately \$30,000 to \$60,000.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

C. Commitments and contingent liabilities continued:

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

The City may also have liabilities to Natural Resource Trustees of the Willamette River (including federal, state natural resource agencies and tribal governments) for damages to natural resources in Portland Harbor. The City is participating in negotiations with the natural resource trustees regarding these potential natural resource damages, and is voluntarily contributing in an interim allocation process that may lead to a settlement of Natural Resources Damage Assessment liabilities. A final resource damage assessment has not been issued by the trustees. The City's ultimate liability cannot be estimated at this time; however, it is expected to be a material amount in the period it is recorded.

Portland Housing Bureau Properties

Portland Development Commission (PDC) Housing Department merged with the City's Bureau of Housing and Community Development into a new bureau, the Portland Housing Bureau (PHB). The final transition took place on July 1, 2010. 17 properties were contributed by PDC to PHB, of which, four properties have potential environmental remediation issues.

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

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

For the properties that are part of Block U, there is contaminated soil removal to address. The Fairfield Hotel property has potential underground storage tank remediation, and it is anticipated that remediation (if required) would occur as part of the redevelopment of this property. The estimated liability for these properties is \$594,825.

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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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:

Block U property - eastern portion	\$ 464,708
SW Stark - Fairfield property	<u>130,117</u>

Total governmental activities \$ 594,825

Business-type activities:

Current liabilities:

Environmental services projects:

Portland Harbor Superfund RI/FS	\$ 1,000,000
Inspection, maintenance and monitoring:	
Closed municipal incinerator	1,005,000
Decommissioning of groundwater wells	7,500
Clarifier construction surface soils	25,000
DEQ UIC Closure reports	25,000
Oaks Bottom landfill	25,000

Water projects:

Washington Park	425,000
River Mile 11 East	<u>120,000</u>

Total current liabilities 2,632,500

Noncurrent liabilities:

Environmental services projects:

Portland Harbor Superfund RI/FS	2,110,000
Inspection, maintenance and monitoring:	
Closed municipal incinerator	100,000
Clarifier construction surface soils	10,000
DEQ UIC Closure reports	250,000
Oaks Bottom landfill	10,000

Water projects

Washington Park	<u>175,000</u>
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Total noncurrent liabilities 2,655,000

Total business-type activities \$ 5,287,500

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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 6/30/2015	Maximum Annual Liability
Lovejoy Station	174844	10/01/2000	07/01/2033	\$ 13,000,000	\$ 10,040,000	\$ 928,800
Pearl Court	180528	12/19/2006	01/01/2027	6,170,000	4,025,000	476,200
Yards at Union Station	180792	04/30/2007	05/01/2029	6,335,000	4,460,000	472,680
Hamilton West Apartments*	186515	05/01/2014	01/01/2034	3,470,000	3,340,000	204,800
Gretchen Kafoury Commons**	186514	05/01/2014	01/01/2034	4,030,000	3,880,000	237,465
Total Contingent Loan Agreements				<u>\$ 33,005,000</u>	<u>\$ 25,745,000</u>	<u>\$ 2,319,945</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 City has pledged parking meter revenues to guarantee payment of up to \$5 million in principal (plus accrued interest) on an ODOE loan with a total amount outstanding of \$8.2 million as of June 30, 2016. The ODOE loan is scheduled to mature on September 1, 2022. The City's maximum annually required payment would be \$1 million. ODOE has not requested City payment on the loan guarantee to date.

D. Other postemployment benefits:

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 OPERS cost-sharing multiple-employer defined benefit plan.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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 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 2016 employer's annual required contribution (ARC) to the plan.

The Health Insurance Continuation "blended" premium rates, according to the most recent actuarial valuation, dated June 3, 2016, 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

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

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

D. Other postemployment benefits continued:

The following table shows components of the City's annual OPEB cost for the fiscal 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)	\$ 6,787,515
Interest on net OPEB obligation	1,471,563
Adjustment to annual required contribution	(2,286,025)
Annual OPEB Cost	5,973,053
Less expected contribution	(4,914,945)
Increase in Net OPEB obligation	1,058,108
Net OPEB obligation - beginning of year	42,044,666
Net OPEB obligation - end of year	\$ 43,102,774
Governmental activities	\$ 39,525,479
Business-type activities	3,537,659
Fiduciary activities	39,636
Net OPEB obligation - end of year	\$ 43,102,774

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, 2016, were as follows:

Fiscal Year Ended	Health Insurance Continuations		Percent of Annual OPEB Cost Contributions	Net OPEB Obligation
	Annual OPEB Cost	Contributions		
6/30/2014*	\$ 8,421,398	\$ 5,735,764	68.11%	\$ 39,084,687
6/30/2015	8,542,920	5,582,943	65.35	42,044,666
6/30/2016	5,973,053	4,914,945	82.29	43,102,774

* OPEB cost includes prior year adjustment for HCR Excise Tax

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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)	\$ 79,200,156
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 79,200,156
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	0.52-2.71%
Healthcare cost trend rate	2.00-8.50%
Covered payroll (active plan members)	\$427,939,469
UAAL as a percentage of covered payroll	19%

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, present 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 2 to 8.5% for health insurance, a range of 4.2 to 4.5% for dental insurance and 3% for vision. The UAAL is amortized over an open period of 30 years using the level percentage of projected pay.

OPERS Retirement Health Insurance Account

Plan Description. The City contributes to the OPERS 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 OPERS. 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. OPERS issues a publicly available financial report that includes financial statements and required supplementary information.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

D. Other postemployment benefits continued:

The report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, telephone (503)598-7377, or by URL:

http://Oregon.gov/PERS/section/financial_reports/financials.shtml.

Funding Policy. Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS 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 OPERS 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 OPERS, currently 0.53 percent of annual covered payroll for Tier One and Two employees, and 0.45 percent 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
2014	\$ 1,651,401
2015	1,810,227
2016	1,651,293

E. Employee retirement systems and pension plans:

State of Oregon Public Employees Retirement System

Plan description. Civilian City employees and 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).

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 are recognized in the month they are earned, and withdrawals are recognized in the month they are due and payable. Investments are recognized at fair value, the amount at which financial instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sales. OPERS issues a publicly available financial report that can be obtained at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

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.

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:

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

- 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 with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

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

Under ORS 238.360, monthly benefits are adjusted annually through a cost-of-living adjustment (COLA). The COLA for fiscal year 2015 was capped at 1.5% for all benefit recipients. As a result of the Moro Decision (Everice Moro et al v. State of Oregon et al) the cap on the COLA was restored to two percent for fiscal year 2016.

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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

Benefit Changes after Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living adjustment (COLA). The cap on the COLA was restored to two percent for fiscal year 2016 as a result of the Moro Decision (Everice Moro et al v State of Oregon et al).

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, 2016 were \$33.7 million, excluding amounts to fund employer specific liabilities. The contribution rates in effect for the fiscal year ended June 30, 2016 for each pension program were: Tier1/Tier 2 - 13.34%, OPSRP general service - 7.53%, and OPSRP uniformed - 11.64%. Pension expense for the year was \$165.1 million.

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

At June 30, 2016, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 and rolled forward to June 30, 2015. 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, 2016, the City's proportion of OPERS net pension liability was 3.78054215%.

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	\$157,287,919	72.5 %
Business-type activities	54,819,287	25.2
Government-wide	212,107,206	97.7
Fiduciary activities: Fire and Police Disability and Retirement Fund	812,094	0.4
Discretely presented component unit: Portland Development Commission	4,139,065	1.9
Reporting entity total	<u>\$217,058,365</u>	<u>100.0 %</u>

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

For the year ended June 30, 2016, the Reporting entity recognized pension expense of \$165.1 million. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,704,886	\$ -
Net difference between projected and actual earnings on investments	-	45,500,354
Differences between City contributions and proportionate share of contributions	-	10,066,072
Changes in employer proportion	<u>2,595,987</u>	<u>-</u>
Total (prior to post-measurement date contributions)	14,300,873	55,566,426
City contributions made subsequent to measurement date	<u>34,470,260</u>	<u>-</u>
Net deferred outflows / (inflows) of resources	<u>\$ 48,771,133</u>	<u>\$ 55,566,426</u>

\$33.7 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, 2017. 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,	<u>Deferred Outflow of Resources</u>			<u>Deferred Inflow of Resources</u>		
	<u>Differences between Expected and Actual Experience</u>	<u>Changes in Employer Proportion</u>	<u>Total Deferred Outflow of Resources</u>	<u>Differences between Projected and Actual Investment Earnings</u>	<u>Differences between Employer Contributions and Proportionate Share of Contributions</u>	<u>Total Deferred Inflow of Resources</u>
2017	\$ 2,660,201	\$ 589,997	\$ 3,250,198	\$ 21,709,770	\$ 2,287,744	\$ 23,997,514
2018	2,660,201	589,997	3,250,198	21,709,770	2,287,744	23,997,514
2019	2,660,201	589,997	3,250,198	21,709,770	2,287,744	23,997,514
2020	2,660,201	589,997	3,250,198	(19,628,956)	2,287,744	(17,341,212)
2021	<u>1,064,082</u>	<u>235,999</u>	<u>1,300,081</u>	<u>-</u>	<u>915,096</u>	<u>915,096</u>
Total	<u>\$ 11,704,886</u>	<u>\$ 2,595,987</u>	<u>\$ 14,300,873</u>	<u>\$ 45,500,354</u>	<u>\$ 10,066,072</u>	<u>\$ 55,566,426</u>

Actuarial Methods and Assumptions:

Actuarial Valuations. The employer contribution rates effective July 1, 2014, through June 30, 2016, were set using the projected unit credit actuarial cost method.

For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2013
Measurement date	June 30, 2015
Experience study	2014, published September 2015
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Discount rate	7.75 percent
Projected salary increases	3.75 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decisions; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 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 7.75% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members, and those of the contributing employers, are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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	16.0	24.0	20.0
Real Estate	9.5	15.5	12.5
Alternative Equity	-	10.0	10.0
Opportunity Portfolio	-	3.0	-
Total			<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 2013 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	7.2%	4.5%
Short-Term Bonds	8.0	3.7
Intermediate-Term Bonds	3.0	4.1
High Yield Bonds	1.8	6.7
Large Cap US Equities	11.7	7.2
Mid Cap US Equities	3.9	7.3
Small Cap US Equities	2.3	7.5
Developed Foreign Equities	14.2	6.9
Emerging Foreign Equities	5.5	7.4
Private Equity	20.0	8.3
Opportunity Funds/Absolute Return	5.0	6.0
Real Estate (Property)	13.8	6.5
Real Estate (REITS)	2.5	6.8
Commodities	7.7	6.1
Assumed Inflation – Mean		2.8%

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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 as the Reporting entity's proportionate, share of the net pension liability calculated using the discount rate of 7.75%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability (asset)	\$ 523,862,165	\$ 217,058,365	\$ (41,495,231)

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 Plan Provisions Effecting the Roll Forward:

The Oregon Supreme Court decision in *Moro v. State of Oregon* (issued on April 30, 2015) occurred after the December 31, 2013 valuation date but affected the plan provisions reflected for financial reporting purposes. The *Moro* decision modified the COLA-related changes of Senate Bills 822 and 861, creating a blended COLA for members who earned service both before and after the effective dates of the legislation. Due to the timing of the Supreme Court decision, this means the COLA change due to *Moro* is reflected in the June 30, 2015 Total Pension Liability.

Changes in Plan Provisions Subsequent to Measurement Date:

At its July 31, 2015 meeting, the PERS Board lowered the "assumed rate" to 7.5% effective, January 1, 2016. Based on the sensitivity analysis provided by OPERS, this could increase net pension liability by an additional \$77 million.

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: https://www.oregon.gov/pers/docs/2014_experience_study_9-23-15.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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

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%.

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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

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 2016 the City paid \$21.5 million.

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, 2016, there were 500 members and beneficiaries subject to the Plan as constituted prior to July 1, 1990, now called FPDR One; 2,497 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, 2016, the number of FPDR Three members was 464.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

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.

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 0 to 4% 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, 2016, there are no unvested FPDR One or FPDR Two members.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

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.

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, 2016, 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 and long-term disability benefits	<u>500</u>	<u>1,354</u>	<u>-</u>	<u>1,854</u>
Vested benefits not yet in pay status				
Surviving spouses not yet eligible	-	3	-	3
Terminated employees	-	85	-	85
Total vested benefits not yet in pay status	<u>-</u>	<u>88</u>	<u>-</u>	<u>88</u>
Active members on short-term disability	<u>-</u>	<u>15</u>	<u>-</u>	<u>15</u>
Active members:				
Vested	-	1,055	-	1,055
Not in FPDR pension plan	-	-	464	464
Total active members	<u>-</u>	<u>1,055</u>	<u>464</u>	<u>1,519</u>

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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

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, 2016.

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, 2016 totaled \$114.1 million.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

Changes in net pension liability. The following table presents the changes in the net pension liability for the fiscal year ended June 30, 2016:

	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balances at 6/30/2015	\$ 2,896,894,767	\$ 21,876,942	\$ 2,875,017,825
Service cost	66,693,061	-	66,693,061
Interest on total liability	110,470,511	-	110,470,511
Benefit payments	(114,001,126)	(114,001,126)	-
Changes in assumptions	431,404,102	-	431,404,102
Employer contributions	-	114,079,956	(114,079,956)
Net investment income	-	489,154	(489,154)
Administrative expense	-	(5,019,573)	5,019,573
Net changes	<u>494,566,548</u>	<u>(4,451,589)</u>	<u>499,018,137</u>
Balances at 6/30/2016	<u>\$ 3,391,461,315</u>	<u>\$ 17,425,353</u>	<u>\$ 3,374,035,962</u>

The City's pension expense for the fiscal year ended June 30, 2016 was \$289,639,681.

The primary change in assumptions was a decline in the discount rate, the June 30 value of the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 3.80% on June 30, 2015 to 2.85% on June 30, 2016. The change in the discount rate increased the net pension liability by roughly \$431.4 million.

Sensitivity 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 7.75%, 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 (6.75%) or one percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease 1.85%</u>	<u>Discount rate 2.85%</u>	<u>1% Increase 3.85%</u>
Net pension liability	\$ 3,953,408,587	\$ 3,374,035,962	\$ 2,913,156,203

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

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, 2016:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual earnings on investments	\$ 1,064,940	\$ -
Changes in assumptions	491,349,174	-
Differences between expected and actual experience in the measurement of total pension liability	<u>-</u>	<u>(16,595,224)</u>
Total	<u>\$ 492,414,114</u>	<u>\$ (16,595,224)</u>

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

<u>Fiscal Years Ended June 30,</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2017	\$ 111,968,393	\$ 3,773,532
2018	111,968,393	3,773,532
2019	111,968,391	3,773,532
2020	101,681,711	3,426,854
2021	<u>54,827,226</u>	<u>1,847,774</u>
Total	<u>\$ 492,414,114</u>	<u>\$ 16,595,224</u>

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.

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City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

E. Employee retirement systems and pension plans continued:

Actuarial Valuation Assumptions:

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuation Assumptions

Valuation date	June 30, 2014
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, 2013
Mortality assumptions	Retirees and beneficiaries: RP-2000 sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the most recent valuations.

Actuarial assumptions:	Active members: Mortality rates are a percentage of healthy retiree rates, as described in the relevant valuations.
Discount rate	2.85%
Change in discount rate since last measurement date	(0.95%)
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 percent 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.

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

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, 2014. The analysis found that, under a wide range of simulated economic scenarios in the foreseeable future, the future FPDR Fund levy has an approximately four percent probability of reaching the maximum \$2.8 per \$1,000 of real market value in at least one year through 2034. After the Oregon Supreme Court's Moro decision and the FPDR Board's approval of an assumption that future FPDR Two pension adjustments will blend two percent for service prior to October 2013 and 1.25% for later service, the probability of exceeding the limit will likely increase with the 2016 levy adequacy analysis to something closer to the five to 10% probability of reaching the levy rate maximum shown in the 2012 analysis.

F. Subsequent events:

Changes in OPERS Pension Plan Provisions Subsequent to Measurement Date:

At its July 31, 2015 meeting, the PERS Board lowered the "assumed rate" to 7.5% effective, January 1, 2016. The assumed rate is the rate of investment return (including inflation) that PERS Fund's plans are 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." Based on the sensitivity analysis provided by OPERS, it is estimated that this could increase net pension liability by another \$77 million.

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

In October 2016, City Council amended Chapter 5 of the City Charter to comply with an arbitrator's order received in March. This amendment changed the definition of final pay used to calculate FPDR Two pension benefits for Portland Police Association (PPA) members only. In compliance with the arbitrator's order, Council amended the City Charter to define final pay for FPDR Two PPA members as the greater of either pay received during a 12-month period or pay received for 365-366 days. The change was retroactive to January 1, 2013. A similar arbitrator's order was received for Portland Fire Fighters Association and Portland Police Commanding Officers Association members later in October 2016, but Council has yet to amend the City Charter for those members. The cost of the change in final pay definition has been estimated at approximately \$40 million to \$59 million over the life of the plan, if applied to all FPDR members.

Debt activity

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

Debt Redeemed:	<u>Event Date</u>	<u>Principal</u>
First Lien Sewer System Revenue Bonds, 2008 Series A	9/7/2016	165,345,000
Second Lien Sewer System Revenue Bonds, 2008 Series B	9/7/2016	180,155,000

Continued next page

City of Portland, Oregon
Notes to the Financial Statements, Continued
For the Fiscal Year Ended June 30, 2016

IV. Other information continued:

F. Subsequent events continued:

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

Bonds and Terms:	<u>Origination Date</u>	<u>Principal</u>	<u>Length in Years</u>	<u>Interest Rates</u>
First Lien Sewer System Revenue Refunding Bonds 2016 Series A Interest payable semi-annually on December 15 and June 15 Refinance Sewer System Revenue Bonds	9/7/2016	\$ 156,650,000	17	2.5 - 5%
Second Lien Sewer System Revenue Refunding Bonds 2016 Series B Interest payable semi-annually on December 15 and June 15 Refinance Sewer System Revenue Bonds	9/7/2016	162,465,000	17	2 - 5

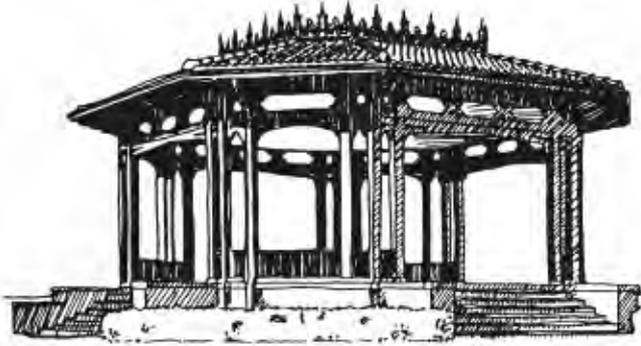
Subsequent to fiscal year-end, the City increased the following debt instrument:

Notes and Loans:	<u>Issue Date</u>	<u>Principal</u>	<u>Length in Years</u>	<u>Interest Rates</u>
Tax Anticipation Notes, Series 2015 FPDR	7/28/2016	\$ 28,770,000	0.92	2%
Levee Loan #7 Special Finance and Resource	7/15/2016	27,353	7 years commencing 12/1/2017	3.26
Levee Loan #8 Special Finance and Resource	8/4/2016	6,511	7 years commencing 12/1/2017	3.26
Levee Loan #9 Special Finance and Resource	9/12/2016	15,804	7 years commencing 12/1/2017	3.26

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

Line of Credit Activity	<u>Origination Date</u>	<u>Maximum Credit</u>	<u>Draw Date</u>	<u>Principal Draw</u>	<u>Length in Years</u>	<u>Interest Rate</u>
Line of Credit Draw	4/16/2016	\$ 60,000,000	9/8/2016	\$ 16,584,101	3	Variable
Line of Credit Draw	5/18/2016	36,000,000	9/8/2016	423,742	5	Variable
Line of Credit Draw	9/14/2015	18,500,000	9/26/2016	2,923,147	1	Variable
Line of Credit Draw	11/30/2015	\$ 10,000,000	10/17/2016	\$ 3,366,217	4	Variable

Required Supplementary Information



Peninsula Park Bandstand, 1913

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City of Portland, Oregon
General Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2016

	<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	\$ 214,989,975	\$ 215,017,975	\$ 220,681,661	\$ 5,663,686
Prior year property	4,530,062	4,530,062	4,097,194	(432,868)
Lodging	26,520,000	28,133,248	33,070,664	4,937,416
Total taxes	<u>246,040,037</u>	<u>247,681,285</u>	<u>257,849,519</u>	<u>10,168,234</u>
Licenses and permits:				
Business licenses, net	100,485,000	100,485,000	109,191,833	8,706,833
Public utility licenses	83,516,854	83,516,854	84,551,294	1,034,440
Construction permits	1,940,000	2,531,224	2,899,695	368,471
Other permits	2,934,496	3,024,496	2,335,824	(688,672)
Total licenses and permits	<u>188,876,350</u>	<u>189,557,574</u>	<u>198,978,646</u>	<u>9,421,072</u>
Intergovernmental:				
Federal cost sharing	225,000	225,000	176,437	(48,563)
State revenue sharing	16,115,255	16,115,255	16,115,956	701
State cost sharing	40,000	507,334	393,751	(113,583)
Multnomah County cost sharing	2,496,712	2,611,712	2,267,527	(344,185)
Local revenue sharing	2,901,228	3,701,228	3,250,155	(451,073)
Local cost sharing	7,678,720	7,751,471	7,376,850	(374,621)
Grant revenue	-	-	5,018	5,018
Overhead charges	222,164	222,164	222,164	-
Total intergovernmental	<u>29,679,079</u>	<u>31,134,164</u>	<u>29,807,858</u>	<u>(1,326,306)</u>
Service charges and fees:				
Public works and utility charges	-	4,300	4,300	-
Inspection fees	1,480,000	1,480,000	1,453,281	(26,719)
Rents and reimbursements	4,658,106	4,659,021	4,831,542	172,521
Parking fees	385,645	385,645	391,294	5,649
Concessions	30,441	30,441	17,500	(12,941)
Parks and recreation facilities fees	12,194,290	12,194,290	12,367,535	173,245
Other service charges	2,899,378	3,768,497	4,473,354	704,857
Total service charges and fees	<u>21,647,860</u>	<u>22,522,194</u>	<u>23,538,806</u>	<u>1,016,612</u>
Billings to other funds for services	<u>26,758,648</u>	<u>27,918,175</u>	<u>26,099,803</u>	<u>(1,818,372)</u>
Billings to other funds for overhead	<u>24,212,401</u>	<u>24,212,401</u>	<u>24,212,401</u>	<u>-</u>
Other:				
Assessments	6,000	13,240	9,715	(3,525)
Sales - other	778,918	819,131	816,083	(3,048)
Refunds	58,000	65,360	145,998	80,638
Donations	-	6,000	78,226	72,226
Investment earnings	1,047,588	1,047,588	1,256,220	208,632
Payment in lieu of taxes	1,106,120	1,106,120	698,417	(407,703)
Fines	207,150	207,150	391,515	184,365
Miscellaneous	806,808	1,030,999	1,270,393	239,394
Total other	<u>4,010,584</u>	<u>4,295,588</u>	<u>4,666,567</u>	<u>370,979</u>
Total revenues	<u>541,224,959</u>	<u>547,321,381</u>	<u>565,153,600</u>	<u>17,832,219</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, 2016

	<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	352,250,863	362,872,577	356,303,466	6,569,111
Materials and services	146,871,805	148,539,699	140,226,556	8,313,143
General operating contingencies	9,966,840	8,589,732	-	8,589,732
Debt service and related costs:				
Principal	5,726,763	5,726,763	5,726,763	-
Interest	2,828,973	2,828,973	2,464,025	364,948
Capital outlay	1,986,902	3,290,392	701,813	2,588,579
	<u>519,632,146</u>	<u>531,848,136</u>	<u>505,422,623</u>	<u>26,425,513</u>
Total expenditures				
Revenues over (under) expenditures	<u>21,592,813</u>	<u>15,473,245</u>	<u>59,730,977</u>	<u>44,257,732</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Emergency Communication	-	331,264	331,264	-
General Reserve	-	402,249	402,249	-
Hydroelectric Power Operating	400,000	400,000	400,000	-
Parking Facilities	286,103	286,103	286,103	-
Spectator Facilities Operating	20,047	20,047	20,047	-
Facilities Services Operating	-	26,667	26,667	-
Technology Services	284,060	-	-	-
	<u>990,210</u>	<u>1,466,330</u>	<u>1,466,330</u>	<u>-</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, 2016

	<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	(28,983,711)	(29,210,111)	(29,210,111)	-
Emergency Communication	(14,588,266)	(14,838,266)	(14,838,266)	-
Development Services	(2,177,273)	(2,231,521)	(2,206,621)	24,900
General Reserve	(300,000)	(300,000)	(300,000)	-
Housing Investment	(2,524,554)	(2,674,554)	(2,674,554)	-
Portland Parks Memorial	(62,820)	(351,180)	(286,180)	65,000
Police Special Revenue	(2,776)	(2,776)	(2,776)	-
Pension Debt Redemption	(1,531,397)	(1,531,397)	(1,531,397)	-
Governmental Bond Redemption	(2,438,332)	(2,438,332)	(2,438,331)	1
BFRES Facilities GO Bond Construction	(38,172)	(38,172)	(38,172)	-
Parks Capital Improvement Program	(3,909,007)	(3,909,007)	(3,909,007)	-
Sewer System Operating	(946,296)	(981,285)	(981,285)	-
Water	-	(35,000)	(35,000)	-
Facilities Services Operating	(4,748,963)	(4,226,524)	(4,226,524)	-
CityFleet Operating	(519,157)	-	-	-
Technology Services	-	(422,040)	(422,040)	-
	<u>(62,770,724)</u>	<u>(63,190,165)</u>	<u>(63,100,264)</u>	<u>89,901</u>
Total transfers to other funds				
Sale of capital asset	-	-	1,188	1,188
	<u>(61,780,514)</u>	<u>(61,723,835)</u>	<u>(61,632,746)</u>	<u>91,089</u>
Total other financing sources (uses)				
Net change in fund balance	(40,187,701)	(46,250,590)	(1,901,769)	44,348,821
Fund balance - beginning	40,187,701	46,250,590	46,057,741	(192,849)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	44,155,972	<u>\$ 44,155,972</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Reserve fund budgeted as separate fund			56,495,175	
Loans receivable, net			224,724	
Unrealized gain (loss) on investments			408,673	
Inventories			270,633	
Fund balance - GAAP basis			<u>\$ 101,555,177</u>	

City of Portland, Oregon
Transportation Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2016

	<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	\$ 1,791,700	\$ 1,791,700	\$ 5,159,329	\$ 3,367,629
Other permits	1,484,800	1,484,800	3,215,821	1,731,021
Total licenses and permits	<u>3,276,500</u>	<u>3,276,500</u>	<u>8,375,150</u>	<u>5,098,650</u>
Intergovernmental:				
State revenue sharing	35,246,971	35,022,971	35,991,335	968,364
State cost sharing	476,700	476,700	1,201,347	724,647
Multnomah County cost sharing	100,000	100,000	1,988,646	1,888,646
Local revenue sharing	35,160,258	35,160,258	27,366,525	(7,793,733)
Local cost sharing	1,626,002	1,626,002	8,139,220	6,513,218
Total intergovernmental	<u>72,609,931</u>	<u>72,385,931</u>	<u>74,687,073</u>	<u>2,301,142</u>
Service charges and fees:				
Public works and utility charges	9,761,221	8,896,321	13,403,838	4,507,517
Inspection fees	408,070	408,070	818,325	410,255
Rents and reimbursements	500,000	500,000	709,649	209,649
Parking fees	39,995,580	39,995,580	44,930,576	4,934,996
Other service charges	4,049,793	4,049,793	2,601,277	(1,448,516)
Total service charges and fees	<u>54,714,664</u>	<u>53,849,764</u>	<u>62,463,665</u>	<u>8,613,901</u>
Billings to other funds for services	<u>29,729,833</u>	<u>30,848,008</u>	<u>27,670,348</u>	<u>(3,177,660)</u>
Other:				
Assessments	700,000	700,000	1,346,522	646,522
Sales - other	346,430	346,430	333,056	(13,374)
Donations	554,000	2,554,000	1,314,680	(1,239,320)
Investment earnings	200,000	200,000	765,070	565,070
Miscellaneous	502,000	502,000	2,420,389	1,918,389
Total other	<u>2,302,430</u>	<u>4,302,430</u>	<u>6,179,717</u>	<u>1,877,287</u>
Total revenues	<u>162,633,358</u>	<u>164,662,633</u>	<u>179,375,953</u>	<u>14,713,320</u>
EXPENDITURES				
Current:				
Personal services	78,101,620	77,805,163	73,615,530	4,189,633
Materials and services	82,720,239	87,421,855	69,569,391	17,852,464
General operating contingencies	61,047,895	65,033,501	-	65,033,501
Overhead charges - General Fund	5,483,293	5,483,293	5,483,293	-
Debt service and related costs:				
Principal	7,489,821	9,494,821	9,575,663	(80,842)
Interest	5,709,936	5,709,936	4,631,778	1,078,158
Debt issuance costs	-	-	15,214	(15,214)
Capital outlay	26,983,092	14,373,397	7,788,382	6,585,015
Total expenditures	<u>267,535,896</u>	<u>265,321,966</u>	<u>170,679,251</u>	<u>94,642,715</u>
Revenues over (under) expenditures	<u>(104,902,538)</u>	<u>(100,659,333)</u>	<u>8,696,702</u>	<u>109,356,035</u>

Continued next page

City of Portland, Oregon
Transportation Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Year Ended June 30, 2016

	<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	28,983,711	29,210,111	29,210,111	-
Local Improvement District	2,903,465	2,903,465	473,758	(2,429,707)
Parking Facilities	3,547,786	3,047,786	3,047,786	-
Spectator Facilities Operating	90,000	90,000	90,000	-
Total transfers from other funds	<u>35,524,962</u>	<u>35,251,362</u>	<u>32,821,655</u>	<u>(2,429,707)</u>
Transfers to other funds:				
Transportation Reserve	-	-	(900,000)	(900,000)
Pension Debt Redemption	(748,702)	(748,702)	(748,702)	-
Gas Tax Bond Redemption	(2,471,651)	(2,471,651)	(2,462,451)	9,200
Sewer System Operating	(50,000)	(58,001)	(58,001)	-
Environmental Remediation	(100,000)	(100,000)	(100,000)	-
Total transfers to other funds	<u>(3,370,353)</u>	<u>(3,378,354)</u>	<u>(4,269,154)</u>	<u>(890,800)</u>
Bonds and notes issued	20,840,000	20,840,000	9,824,403	(11,015,597)
Internal loan proceeds	4,000,000	4,000,000	4,000,000	-
Sale of capital asset	-	-	3,600	3,600
Internal loan remittances	-	(9,500,000)	(4,500,000)	5,000,000
Payments to refunded loan and bond escrow agent	-	-	(4,535,402)	(4,535,402)
Total other financing sources (uses)	<u>56,994,609</u>	<u>47,213,008</u>	<u>33,345,102</u>	<u>(13,867,906)</u>
Net change in fund balance	(47,907,929)	(53,446,325)	42,041,804	95,488,129
Fund balance - beginning	49,157,329	54,346,325	67,731,639	13,385,314
Fund balance - ending	<u>\$ 1,249,400</u>	<u>\$ 900,000</u>	109,773,443	<u>\$ 108,873,443</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Reserve fund budgeted as separate fund			5,186,886	
Unrealized gain (loss) on investments			522,564	
Internal loans receivable			4,500,000	
Inventories			<u>6,413,703</u>	
Fund balance - GAAP basis			<u>\$ 126,396,596</u>	

City of Portland, Oregon
Required Supplementary Information Notes and Schedules
For the Fiscal Year Ended June 30, 2016

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 \$4.5 million to the Grants Fund. The internal loan of \$4.5 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, 2016.

Oregon state law requires disclosure of fund expenditures in excess of budget appropriations. Neither the General nor Transportation Operating Funds exceeded budget at the legal level of appropriation (See Note II.A.).

Continued next page

City of Portland, Oregon
Required Supplementary Information Notes and Schedules, Continued
For the Fiscal Year Ended June 30, 2016

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)
7/1/2013	\$ -	\$ 103,990,506	\$ 103,990,506	- %	343,450,043	30.28 %
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

N/A = not available

** restated to reflect impact of change in discount rate

Continued next page

City of Portland, Oregon
Required Supplementary Information Notes and Schedules, Continued
For the Fiscal Year Ended June 30, 2016

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

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

Continued next page

City of Portland, Oregon
Required Supplementary Information Notes and Schedules, Continued
For the Fiscal Year Ended June 30, 2016

D. Employee retirement pension benefits: continued

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Dollars in millions)

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

The net pension liability increased by \$499.0 million or 17.4 percent primarily as a result of plan changes and assumption changes. The \$431.4 million addition to liability due to assumption changes is primarily due to the decrease in the discount rate from 3.8 to 2.85%.

Oregon Public Employees Retirement System (OPERS):

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

	2016*	2015*	2014 and Prior
Proportion of the net pension liability (asset)	3.62934176%	3.62934176%	N/A
Proportionate share of the net pension liability (asset)	\$ (82.3)	\$ 185.2	N/A
Covered payroll	\$ 330.5	\$ 313.1	N/A
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	(24.90)%	59.15 %	N/A
Plan net position as a percentage of the total pension liability	103.59 %	92.00 %	N/A

*Schedule is based on measurement date data, which is derived from prior year information.

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

	2016	2015	2014	2013 and Prior
Contractually required contribution	\$ 33.7	\$ 26.3	\$ 25.0	N/A
Contributions in relation to the contractually required contribution	33.7	26.3	25.0	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	N/A
Covered employee payroll	\$ 343.6	\$ 330.5	\$ 313.1	N/A
Contributions as a percentage of covered employee payroll	9.81 %	7.96 %	7.99 %	N/A

Continued next page

City of Portland, Oregon
Required Supplementary Information Notes and Schedules, Continued
For the Fiscal Year Ended June 30, 2016

D. Employee retirement pension benefits: continued

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: https://www.oregon.gov/pers/docs/2014_experience_study_9-23-15.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 percent 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 percent 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 percent 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%.

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.

Continued next page

City of Portland, Oregon
Required Supplementary Information Notes and Schedules, Continued
For the Fiscal Year Ended June 30, 2016

D. Employee retirement pension benefits: continued

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 percent. The RHIPA participation rate was changed from a uniform rate of 13 percent to a service-based table of rates.



Photos by Lois Summers

Downtown Farmers' Market

Combining and Individual Fund Statements and Schedules



Fried/Durkheimer Residence, 1800-81

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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, 2016**

	<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	\$ 27,716,224	\$ 15,529,946	\$ 9,080,504	\$ -	\$ 52,326,674
Receivables:					
Accounts, net	2,961,388	-	361,854	-	3,323,242
Assessments	-	5,979,228	-	-	5,979,228
Notes and loans, net	5,896,516	-	-	-	5,896,516
Accrued interest	1,969,499	50,868	14,101	-	2,034,468
Restricted:					
Cash and investments	98,108,883	63,712,474	100,246,406	183,135	262,250,898
Receivables:					
Taxes	1,023,267	8,855,521	-	-	9,878,788
Accounts, net	300,050	-	33,629	-	333,679
Assessments	19,040,575	39,842,691	4,298,208	-	63,181,474
Notes and loans, net	58,651,068	-	-	-	58,651,068
Advances	34,326	-	4,500,000	-	4,534,326
Grants	10,380,431	-	-	-	10,380,431
Accrued interest	4,656,193	361,162	309,991	541	5,327,887
Due from component unit	1,312,030	-	200,000	-	1,512,030
Internal loans receivable	-	-	800,000	-	800,000
Total assets	\$ 232,050,450	\$ 134,331,890	\$ 119,844,693	\$ 183,676	\$ 486,410,709
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities payable from unrestricted assets:					
Accounts payable	\$ 1,095,396	\$ -	\$ -	\$ -	\$ 1,095,396
Unearned revenue	1,296	-	-	-	1,296
Liabilities payable from restricted assets:					
Accounts payable	6,472,930	-	2,011,783	-	8,484,713
Due to component unit	589,675	-	26,567	-	616,242
Internal loans payable	4,500,000	-	-	-	4,500,000
Unearned revenue	2,506,952	-	-	-	2,506,952
Total liabilities	15,166,249	-	2,038,350	-	17,204,599
Deferred inflows of resources:					
Unavailable revenue - unrestricted	831	5,840,315	-	-	5,841,146
Unavailable revenue - restricted	26,287,591	46,392,800	4,298,208	-	76,978,599
Total deferred inflows of resources	26,288,422	52,233,115	4,298,208	-	82,819,745
Fund balances:					
Nonspendable	-	-	-	162,832	162,832
Restricted	156,692,731	66,379,048	104,051,671	20,844	327,144,294
Committed	20,071,904	-	1,910,862	-	21,982,766
Assigned	17,374,200	15,719,727	7,545,602	-	40,639,529
Unassigned	(3,543,056)	-	-	-	(3,543,056)
Total fund balances	190,595,779	82,098,775	113,508,135	183,676	386,386,365
Total liabilities, deferred inflows of resources and fund balances	\$ 232,050,450	\$ 134,331,890	\$ 119,844,693	\$ 183,676	\$ 486,410,709

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>	<u>Permanent Fund</u>	<u>Total</u>
REVENUES					
Taxes:					
Property	\$ 15,276,468	\$ 138,491,907	\$ -	\$ -	\$ 153,768,375
Lodging	17,472,465	-	-	-	17,472,465
Miscellaneous	10,246,214	-	-	-	10,246,214
Licenses and fees	49,688,169	-	175,185	-	49,863,354
Intergovernmental	58,346,250	7,022,589	1,092,286	-	66,461,125
Charges for services	2,049,418	-	21,613,015	-	23,662,433
Interagency	1,013,547	-	87,220	-	1,100,767
Parking fees	2,658,041	-	35,747	-	2,693,788
Parking fines	235,716	-	-	-	235,716
Rents and reimbursements	332,756	-	-	-	332,756
Miscellaneous service charges	16,186,641	-	1,223,379	-	17,410,020
Assessments	3,576,285	7,094,171	2,502,153	-	13,172,609
Investment earnings	9,623,180	3,542,018	1,408,351	1,982	14,575,531
Miscellaneous	865,584	699,093	789,133	-	2,353,810
	<u>187,570,734</u>	<u>156,849,778</u>	<u>28,926,469</u>	<u>1,982</u>	<u>373,348,963</u>
Total revenues					
EXPENDITURES					
Current:					
Public safety	27,119,508	-	4,939,503	-	32,059,011
Parks, recreation and culture	3,852,505	-	4,890,159	100	8,742,764
Community development	103,571,023	153,900	90,805,911	-	194,530,834
Transportation	1,658,179	-	-	-	1,658,179
Legislative / admin / support services	32,686,518	-	-	-	32,686,518
Environmental services	227,554	-	-	-	227,554
Water	122,542	-	-	-	122,542
Debt service and related costs:					
Principal	2,369,794	82,289,156	3,069,458	-	87,728,408
Interest	732,900	35,548,375	85,623	-	36,366,898
Debt issuance costs	-	280,231	264,670	-	544,901
Capital outlay	21,552,728	-	15,897,940	-	37,450,668
	<u>193,893,251</u>	<u>118,271,662</u>	<u>119,953,264</u>	<u>100</u>	<u>432,118,277</u>
Total expenditures					
Revenues over (under) expenditures	<u>(6,322,517)</u>	<u>38,578,116</u>	<u>(91,026,795)</u>	<u>1,882</u>	<u>(58,769,314)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	21,227,897	8,849,906	70,520,199	-	100,598,002
Transfers out	(729,910)	(66,445,000)	(506,393)	-	(67,681,303)
Bonds and notes issued	-	-	50,611,792	-	50,611,792
Refunding bonds issued	-	24,897,200	-	-	24,897,200
Bonds and notes premium	-	-	2,573,207	-	2,573,207
Loans issued	-	-	284,770	-	284,770
	<u>20,497,987</u>	<u>(32,697,894)</u>	<u>123,483,575</u>	<u>-</u>	<u>111,283,668</u>
Total other financing sources (uses)					
Net change in fund balances	<u>14,175,470</u>	<u>5,880,222</u>	<u>32,456,780</u>	<u>1,882</u>	<u>52,514,354</u>
Fund balances - beginning	<u>176,420,309</u>	<u>76,218,553</u>	<u>81,051,355</u>	<u>181,794</u>	<u>333,872,011</u>
Fund balances - ending	<u>\$ 190,595,779</u>	<u>\$ 82,098,775</u>	<u>\$ 113,508,135</u>	<u>\$ 183,676</u>	<u>\$ 386,386,365</u>



Photo courtesy of Transportation Bureau

TRAM from South Waterfront to OHSU

**City of Portland, Oregon
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016**

	Assessment Collection	Emergency Communication	Development Services	Property Management License	Convention and Tourism
ASSETS					
Unrestricted:					
Cash and investments	\$ -	\$ 226,877	\$ 12,751,187	\$ 13,379	\$ 391,511
Receivables:					
Accounts, net	-	1,798,303	1,156,880	-	-
Notes and loans, net	-	-	-	-	-
Accrued interest	-	4,851	199,199	1,551	5,034
Restricted:					
Cash and investments	78,924	-	58,076,831	-	-
Receivables:					
Taxes	-	-	-	-	-
Accounts, net	-	-	-	-	-
Assessments	2,949	-	19,033,391	-	-
Notes and loans, net	-	-	-	-	-
Advances	-	-	-	-	-
Grants	-	-	-	-	-
Accrued interest	233	-	-	-	-
Due from component unit	-	-	-	-	-
Total assets	\$ 82,106	\$ 2,030,031	\$ 91,217,488	\$ 14,930	\$ 396,545
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities payable from unrestricted assets:					
Accounts payable	\$ -	\$ 55,191	\$ 685,609	\$ 300	\$ 259,504
Unearned revenue	-	-	1,296	-	-
Liabilities payable from restricted assets:					
Accounts payable	-	-	-	-	-
Due to component unit	-	-	-	-	-
Internal loans payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	55,191	686,905	300	259,504
Deferred inflows of resources:					
Unavailable revenue - unrestricted	-	-	831	-	-
Unavailable revenue - restricted	2,949	-	19,033,391	-	-
Total deferred inflows of resources	2,949	-	19,034,222	-	-
Fund balances:					
Restricted	79,157	-	58,076,831	-	-
Committed	-	1,974,840	-	14,630	137,041
Assigned	-	-	13,419,530	-	-
Unassigned	-	-	-	-	-
Total fund balances	79,157	1,974,840	71,496,361	14,630	137,041
Total liabilities, deferred inflows of resources and fund balances	\$ 82,106	\$ 2,030,031	\$ 91,217,488	\$ 14,930	\$ 396,545

<u>Housing Investment</u>	<u>Parks Local Option Levy</u>	<u>Children's Investment</u>	<u>Grants</u>	<u>Community Development Block Grant</u>	<u>HOME Grant</u>	<u>Portland Parks Memorial</u>
\$ 5,732,023	\$ -	\$ -	\$ -	20,713	\$ -	\$ 6,093,051
1,405	-	-	-	-	-	4,800
5,896,516	-	-	-	-	-	-
1,739,903	-	-	-	-	-	18,961
-	675,033	8,061,785	1,146,921	299,273	204,797	990,943
-	4,326	1,018,941	-	-	-	-
-	-	-	-	-	-	36,000
-	-	-	-	4,235	-	-
-	-	-	456,101	11,822,408	5,279,980	-
-	-	7,016	27,310	-	-	-
-	-	-	9,114,122	946,344	319,965	-
-	1,991	27,932	4,515	686,083	624,990	3,105
-	-	-	509,301	251,456	-	-
<u>\$ 13,369,847</u>	<u>\$ 681,350</u>	<u>\$ 9,115,674</u>	<u>\$ 11,258,270</u>	<u>\$ 14,030,512</u>	<u>\$ 6,429,732</u>	<u>\$ 7,146,860</u>
\$ 73,127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,665
-	-	-	-	-	-	-
-	-	3,844,824	1,703,910	374,973	305,990	23
-	-	-	-	583,938	-	-
-	-	-	4,500,000	-	-	-
-	-	-	2,506,952	-	-	-
<u>73,127</u>	<u>-</u>	<u>3,844,824</u>	<u>8,710,862</u>	<u>958,911</u>	<u>305,990</u>	<u>21,688</u>
-	-	-	-	-	-	-
-	4,326	832,757	6,090,464	267,678	56,026	-
-	4,326	832,757	6,090,464	267,678	56,026	-
-	677,024	4,438,093	-	12,783,210	6,067,716	1,030,025
13,195,037	-	-	-	-	-	4,732,627
101,683	-	-	-	20,713	-	1,362,520
-	-	-	(3,543,056)	-	-	-
<u>13,296,720</u>	<u>677,024</u>	<u>4,438,093</u>	<u>(3,543,056)</u>	<u>12,803,923</u>	<u>6,067,716</u>	<u>7,125,172</u>
<u>\$ 13,369,847</u>	<u>\$ 681,350</u>	<u>\$ 9,115,674</u>	<u>\$ 11,258,270</u>	<u>\$ 14,030,512</u>	<u>\$ 6,429,732</u>	<u>\$ 7,146,860</u>

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City of Portland, Oregon
Combining Balance Sheet, Continued
Nonmajor Special Revenue Funds
June 30, 2016

	Tax Increment Reimbursement	Police Special Revenue	Arts Education and Access	Community Solar	Total
ASSETS					
Unrestricted:					
Cash and investments	\$ 2,469,726	\$ -	\$ -	\$ 17,757	\$ 27,716,224
Receivables:					
Accounts, net	-	-	-	-	2,961,388
Notes and loans, net	-	-	-	-	5,896,516
Accrued interest	-	-	-	-	1,969,499
Restricted:					
Cash and investments	16,721,390	3,876,019	7,950,735	26,232	98,108,883
Receivables:					
Taxes	-	-	-	-	1,023,267
Accounts, net	264,050	-	-	-	300,050
Assessments	-	-	-	-	19,040,575
Notes and loans, net	41,092,579	-	-	-	58,651,068
Advances	-	-	-	-	34,326
Grants	-	-	-	-	10,380,431
Accrued interest	3,277,629	9,297	20,290	128	4,656,193
Due from component unit	551,273	-	-	-	1,312,030
Total assets	\$ 64,376,647	\$ 3,885,316	\$ 7,971,025	\$ 44,117	\$ 232,050,450
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities payable from unrestricted assets:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	1,095,396
Unearned revenue	-	-	-	-	1,296
Liabilities payable from restricted assets:					
Accounts payable	226,510	16,665	35	-	6,472,930
Due to component unit	5,737	-	-	-	589,675
Internal loans payable	-	-	-	-	4,500,000
Unearned revenue	-	-	-	-	2,506,952
Total liabilities	232,247	16,665	35	-	15,166,249
Deferred inflows of resources:					
Unavailable revenue - unrestricted	-	-	-	-	831
Unavailable revenue - restricted	-	-	-	-	26,287,591
Total deferred inflows of resources	-	-	-	-	26,288,422
Fund balances:					
Restricted	61,674,674	3,868,651	7,970,990	26,360	156,692,731
Committed	-	-	-	17,729	20,071,904
Assigned	2,469,726	-	-	28	17,374,200
Unassigned	-	-	-	-	(3,543,056)
Total fund balances	64,144,400	3,868,651	7,970,990	44,117	190,595,779
Total liabilities, deferred inflows of resources and fund balances	\$ 64,376,647	\$ 3,885,316	\$ 7,971,025	\$ 44,117	\$ 232,050,450



Photo courtesy of Lois Summers

Rose Festival Dragon Boats

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, 2016

	<u>Assessment Collection</u>	<u>Emergency Communication</u>	<u>Development Services</u>	<u>Property Management License</u>	<u>Convention and Tourism</u>
REVENUES					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Lodging	-	-	-	-	17,472,465
Miscellaneous	-	-	-	-	-
Licenses and fees	-	-	43,436,697	5,184,872	-
Intergovernmental	-	7,642,515	-	-	-
Charges for services	-	-	2,032,639	-	-
Interagency	-	-	1,013,547	-	-
Parking fees	-	-	-	-	-
Parking fines	-	-	-	-	-
Rents and reimbursements	-	-	-	-	-
Miscellaneous service charges	-	363,394	15,314,471	-	-
Assessments	-	-	3,574,731	-	-
Investment earnings	980	14,384	1,290,326	3,600	29,716
Miscellaneous	-	1,008	19,104	-	-
	<u>980</u>	<u>8,021,301</u>	<u>66,681,515</u>	<u>5,188,472</u>	<u>17,502,181</u>
Total revenues					
EXPENDITURES					
Current:					
Public safety	-	20,969,057	-	-	-
Parks, recreation and culture	-	-	-	-	-
Community development	10	-	45,596,570	-	-
Transportation	-	-	-	-	-
Legislative / admin / support services	-	-	-	5,187,885	17,491,813
Environmental services	-	-	-	-	-
Water	-	-	-	-	-
Debt service and related costs:					
Principal	-	1,234,847	726,947	-	-
Interest	-	151,022	311,269	-	-
Capital outlay	-	866,885	1,865,084	-	-
	<u>10</u>	<u>23,221,811</u>	<u>48,499,870</u>	<u>5,187,885</u>	<u>17,491,813</u>
Total expenditures					
Revenues over (under) expenditures	<u>970</u>	<u>(15,200,510)</u>	<u>18,181,645</u>	<u>587</u>	<u>10,368</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	16,017,266	2,206,621	-	-
Transfers out	-	(369,997)	(194,393)	-	-
	<u>-</u>	<u>15,647,269</u>	<u>2,012,228</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
Net change in fund balances	<u>970</u>	<u>446,759</u>	<u>20,193,873</u>	<u>587</u>	<u>10,368</u>
Fund balances - beginning	<u>78,187</u>	<u>1,528,081</u>	<u>51,302,488</u>	<u>14,043</u>	<u>126,673</u>
Fund balances - ending	<u>\$ 79,157</u>	<u>\$ 1,974,840</u>	<u>\$ 71,496,361</u>	<u>\$ 14,630</u>	<u>\$ 137,041</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>	<u>HOME Grant</u>	<u>Portland Parks Memorial</u>
\$ -	\$ 897	\$ 15,275,571	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,066,600
204,633	-	-	21,330,400	8,615,556	3,892,919	-
-	-	-	-	-	-	16,779
-	-	-	-	-	-	-
-	-	-	-	-	-	2,658,041
-	-	-	-	-	-	235,716
-	-	-	-	-	-	237,597
424,154	-	-	168	14,474	14,213	24,700
-	-	-	-	1,554	-	-
1,994,753	7,297	93,133	14,457	1,122,815	807,543	73,694
-	-	-	-	-	-	712,274
<u>2,623,540</u>	<u>8,194</u>	<u>15,368,704</u>	<u>21,345,025</u>	<u>9,754,399</u>	<u>4,714,675</u>	<u>5,025,401</u>
-	-	-	4,470,373	-	-	-
-	-	-	725,549	-	-	3,126,956
2,028,551	-	14,911,356	4,603,693	12,705,048	4,261,848	-
-	-	-	1,658,179	-	-	-
-	-	-	-	-	-	-
-	-	-	34,220	-	-	-
-	-	-	227,554	-	-	-
-	-	-	122,542	-	-	-
-	-	-	-	408,000	-	-
-	-	-	-	270,609	-	-
-	-	-	9,537,963	-	-	-
<u>2,028,551</u>	<u>-</u>	<u>14,911,356</u>	<u>21,380,073</u>	<u>13,383,657</u>	<u>4,261,848</u>	<u>3,126,956</u>
<u>594,989</u>	<u>8,194</u>	<u>457,348</u>	<u>(35,048)</u>	<u>(3,629,258)</u>	<u>452,827</u>	<u>1,898,445</u>
2,674,554	-	-	37,500	-	-	289,180
-	-	-	-	(37,500)	-	(128,020)
<u>2,674,554</u>	<u>-</u>	<u>-</u>	<u>37,500</u>	<u>(37,500)</u>	<u>-</u>	<u>161,160</u>
<u>3,269,543</u>	<u>8,194</u>	<u>457,348</u>	<u>2,452</u>	<u>(3,666,758)</u>	<u>452,827</u>	<u>2,059,605</u>
<u>10,027,177</u>	<u>668,830</u>	<u>3,980,745</u>	<u>(3,545,508)</u>	<u>16,470,681</u>	<u>5,614,889</u>	<u>5,065,567</u>
<u>\$ 13,296,720</u>	<u>\$ 677,024</u>	<u>\$ 4,438,093</u>	<u>\$ (3,543,056)</u>	<u>\$ 12,803,923</u>	<u>\$ 6,067,716</u>	<u>\$ 7,125,172</u>

Continued next page

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016

	Tax Increment Reimbursement	Police Special Revenue	Arts Education and Access	Community Solar	Total
REVENUES					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	15,276,468
Lodging	-	-	-	-	17,472,465
Miscellaneous	-	-	10,246,214	-	10,246,214
Licenses and fees	-	-	-	-	49,688,169
Intergovernmental	13,531,151	3,129,076	-	-	58,346,250
Charges for services	-	-	-	-	2,049,418
Interagency	-	-	-	-	1,013,547
Parking fees	-	-	-	-	2,658,041
Parking fines	-	-	-	-	235,716
Rents and reimbursements	95,159	-	-	-	332,756
Miscellaneous service charges	31,067	-	-	-	16,186,641
Assessments	-	-	-	-	3,576,285
Investment earnings	4,054,387	36,746	78,885	464	9,623,180
Miscellaneous	-	123,714	-	9,484	865,584
	<u>17,711,764</u>	<u>3,289,536</u>	<u>10,325,099</u>	<u>9,948</u>	<u>187,570,734</u>
Total revenues					
EXPENDITURES					
Current:					
Public safety	-	1,680,078	-	-	27,119,508
Parks, recreation and culture	-	-	-	-	3,852,505
Community development	19,463,919	-	-	28	103,571,023
Transportation	-	-	-	-	1,658,179
Legislative / admin / support services	-	-	9,972,600	-	32,686,518
Environmental services	-	-	-	-	227,554
Water	-	-	-	-	122,542
Debt service and related costs:					
Principal	-	-	-	-	2,369,794
Interest	-	-	-	-	732,900
Capital outlay	9,239,906	42,890	-	-	21,552,728
	<u>28,703,825</u>	<u>1,722,968</u>	<u>9,972,600</u>	<u>28</u>	<u>193,893,251</u>
Total expenditures					
Revenues over (under) expenditures	<u>(10,992,061)</u>	<u>1,566,568</u>	<u>352,499</u>	<u>9,920</u>	<u>(6,322,517)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	2,776	-	-	21,227,897
Transfers out	-	-	-	-	(729,910)
	<u>-</u>	<u>2,776</u>	<u>-</u>	<u>-</u>	<u>20,497,987</u>
Total other financing sources (uses)					
Net change in fund balances	<u>(10,992,061)</u>	<u>1,569,344</u>	<u>352,499</u>	<u>9,920</u>	<u>14,175,470</u>
Fund balances - beginning	<u>75,136,461</u>	<u>2,299,307</u>	<u>7,618,491</u>	<u>34,197</u>	<u>176,420,309</u>
Fund balances - ending	<u>\$ 64,144,400</u>	<u>\$ 3,868,651</u>	<u>\$ 7,970,990</u>	<u>\$ 44,117</u>	<u>\$ 190,595,779</u>

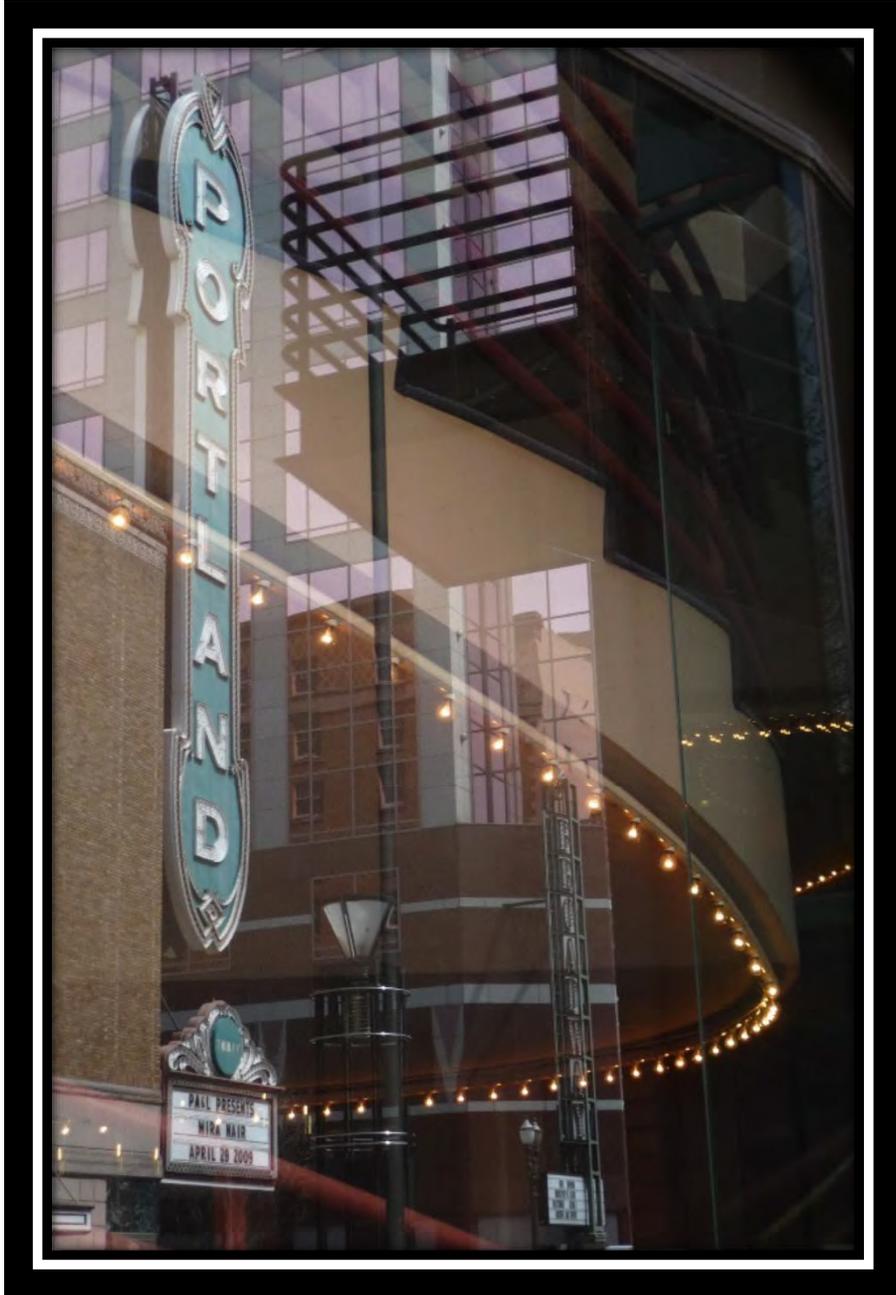


Photo courtesy of Lois Summers

**City of Portland, Oregon
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2016**

	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	\$ -	\$ -	\$ -	\$ -	1,984,612
Receivables:					
Assessments	-	-	-	-	-
Accrued interest	-	-	-	-	11,665
Restricted:					
Cash and investments	9,931,242	357,533	8,717,659	9,157,317	-
Receivables:					
Taxes	1,886,977	940,462	702,451	1,364,659	-
Assessments	-	-	-	-	-
Accrued interest	55,432	28,702	44,419	48,924	-
Total assets	\$ 11,873,651	\$ 1,326,697	\$ 9,464,529	\$ 10,570,900	\$ 1,996,277
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Deferred inflows of resources:					
Unavailable revenue - unrestricted	-	-	-	-	-
Unavailable revenue - restricted	1,504,533	759,702	572,569	1,082,869	-
Total deferred inflows of resources	1,504,533	759,702	572,569	1,082,869	-
Fund balances:					
Restricted	10,369,118	566,995	8,891,960	9,488,031	-
Assigned	-	-	-	-	1,996,277
Total fund balances	10,369,118	566,995	8,891,960	9,488,031	1,996,277
Total liabilities, deferred inflows of resources and fund balances	\$ 11,873,651	\$ 1,326,697	\$ 9,464,529	\$ 10,570,900	\$ 1,996,277

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
\$ -	\$ -	\$ -	\$ -	\$ -	13,514,691
-	-	-	-	-	5,979,228
-	-	-	-	-	39,100
9,765,116	2,515,791	1,671,241	4,150,888	2,688,692	598,372
528,562	398,815	-	816,059	425,127	-
-	-	-	-	-	38,175,566
<u>42,686</u>	<u>19,547</u>	<u>4,776</u>	<u>23,258</u>	<u>15,419</u>	<u>6,210</u>
<u>\$ 10,336,364</u>	<u>\$ 2,934,153</u>	<u>\$ 1,676,017</u>	<u>\$ 4,990,205</u>	<u>\$ 3,129,238</u>	<u>\$ 58,313,167</u>
-	-	-	-	-	5,840,315
<u>429,329</u>	<u>322,018</u>	<u>-</u>	<u>651,332</u>	<u>342,630</u>	<u>37,614,553</u>
<u>429,329</u>	<u>322,018</u>	<u>-</u>	<u>651,332</u>	<u>342,630</u>	<u>43,454,868</u>
9,907,035	2,612,135	1,676,017	4,338,873	2,786,608	1,165,595
-	-	-	-	-	13,692,704
<u>9,907,035</u>	<u>2,612,135</u>	<u>1,676,017</u>	<u>4,338,873</u>	<u>2,786,608</u>	<u>14,858,299</u>
<u>\$ 10,336,364</u>	<u>\$ 2,934,153</u>	<u>\$ 1,676,017</u>	<u>\$ 4,990,205</u>	<u>\$ 3,129,238</u>	<u>\$ 58,313,167</u>

Continued next page

City of Portland, Oregon
Combining Balance Sheet, Continued
Nonmajor Debt Service Funds
June 30, 2016

	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	8,164,839	5,589,918	61,885	327,216
Receivables:				
Taxes	693,637	796,893	-	282,941
Assessments	-	-	1,667,125	-
Accrued interest	37,852	29,434	181	4,049
Total assets	<u>\$ 8,896,328</u>	<u>\$ 6,416,245</u>	<u>\$ 1,729,191</u>	<u>\$ 614,206</u>

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

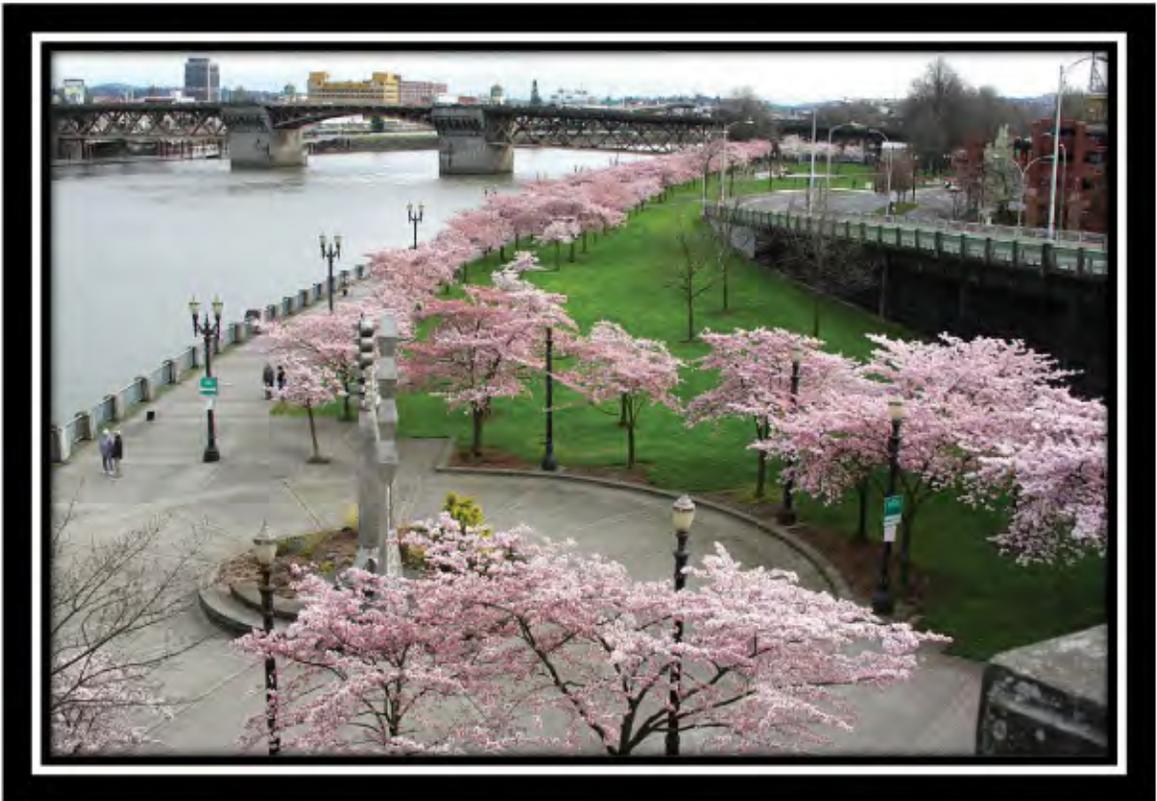
Deferred inflows of resources:				
Unavailable revenue - unrestricted	-	-	-	-
Unavailable revenue - restricted	567,625	634,294	1,667,125	227,961
Total deferred inflows of resources	<u>567,625</u>	<u>634,294</u>	<u>1,667,125</u>	<u>227,961</u>
Fund balances:				
Restricted	8,328,703	5,781,951	62,066	386,245
Assigned	-	-	-	-
Total fund balances	<u>8,328,703</u>	<u>5,781,951</u>	<u>62,066</u>	<u>386,245</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,896,328</u>	<u>\$ 6,416,245</u>	<u>\$ 1,729,191</u>	<u>\$ 614,206</u>

Governmental Bond Redemption	42nd Avenue Neighborhood Prosperity Initiative Debt Service	Cully Boulevard Neighborhood Prosperity Initiative Debt Service	Parkrose Neighborhood Prosperity Initiative Debt Service	Rosewood Neighborhood Prosperity Initiative Debt Service
\$ 30,643	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
103	-	-	-	-
-	1,492	2,916	6,488	1,680
-	11,128	1,026	2,509	1,200
-	-	-	-	-
-	34	60	69	37
<u>\$ 30,746</u>	<u>\$ 12,654</u>	<u>\$ 4,002</u>	<u>\$ 9,066</u>	<u>\$ 2,917</u>
-	-	-	-	-
-	10,116	412	2,199	786
-	10,116	412	2,199	786
-	2,538	3,590	6,867	2,131
30,746	-	-	-	-
<u>30,746</u>	<u>2,538</u>	<u>3,590</u>	<u>6,867</u>	<u>2,131</u>
<u>\$ 30,746</u>	<u>\$ 12,654</u>	<u>\$ 4,002</u>	<u>\$ 9,066</u>	<u>\$ 2,917</u>

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**City of Portland, Oregon
Combining Balance Sheet, Continued
Nonmajor Debt Service Funds
June 30, 2016**

	Division-Midway Neighborhood Prosperity Initiative Debt Service	82nd Avenue/Division Neighborhood Prosperity Initiative Debt Service	Total
ASSETS			
Unrestricted:			
Cash and investments	\$ -	\$ -	\$ 15,529,946
Receivables:			
Assessments	-	-	5,979,228
Accrued interest	-	-	50,868
Restricted:			
Cash and investments	382	1,807	63,712,474
Receivables:			
Taxes	316	2,759	8,855,521
Assessments	-	-	39,842,691
Accrued interest	10	63	361,162
Total assets	<u>\$ 708</u>	<u>\$ 4,629</u>	<u>\$ 134,331,890</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Deferred inflows of resources:			
Unavailable revenue - unrestricted	-	-	5,840,315
Unavailable revenue - restricted	307	2,440	46,392,800
Total deferred inflows of resources	<u>307</u>	<u>2,440</u>	<u>52,233,115</u>
Fund balances:			
Restricted	401	2,189	66,379,048
Assigned	-	-	15,719,727
Total fund balances	<u>401</u>	<u>2,189</u>	<u>82,098,775</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 708</u>	<u>\$ 4,629</u>	<u>\$ 134,331,890</u>



Photos courtesy of Parks Bureau

Waterfront Park

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, 2016

	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	\$ 29,732,592	\$ 14,852,167	\$ 9,976,236	\$ 23,363,289	\$ -
Intergovernmental	-	-	-	-	8,299
Assessments	-	-	-	-	-
Investment earnings	179,570	54,113	127,334	167,123	33,454
Miscellaneous	-	-	-	-	699,093
	<u>29,912,162</u>	<u>14,906,280</u>	<u>10,103,570</u>	<u>23,530,412</u>	<u>740,846</u>
Total revenues					
EXPENDITURES					
Current:					
Community development	-	-	-	-	-
Debt service and related costs:					
Principal	4,700,000	10,225,000	6,250,000	3,000,000	2,950,938
Interest	2,916,695	4,152,617	3,239,678	2,995,519	1,263,547
Debt issuance costs	-	-	-	-	235,638
	<u>7,616,695</u>	<u>14,377,617</u>	<u>9,489,678</u>	<u>5,995,519</u>	<u>4,450,123</u>
Total expenditures					
Revenues over (under) expenditures	<u>22,295,467</u>	<u>528,663</u>	<u>613,892</u>	<u>17,534,893</u>	<u>(3,709,277)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	3,949,124
Transfers out	(20,000,000)	-	-	(19,000,000)	-
Refunding bonds issued	-	-	-	-	-
	<u>2,295,467</u>	<u>528,663</u>	<u>613,892</u>	<u>(1,465,107)</u>	<u>239,847</u>
Net change in fund balances					
Fund balances - beginning	<u>8,073,651</u>	<u>38,332</u>	<u>8,278,068</u>	<u>10,953,138</u>	<u>1,756,430</u>
Fund balances - ending	<u>\$ 10,369,118</u>	<u>\$ 566,995</u>	<u>\$ 8,891,960</u>	<u>\$ 9,488,031</u>	<u>\$ 1,996,277</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
\$ 7,637,194	\$ 5,914,685	\$ -	\$ 13,284,761	\$ 6,542,929	\$ -
-	-	-	-	-	-
-	-	-	-	-	6,982,910
130,047	47,737	10,694	78,409	51,963	2,334,592
-	-	-	-	-	-
<u>7,767,241</u>	<u>5,962,422</u>	<u>10,694</u>	<u>13,363,170</u>	<u>6,594,892</u>	<u>9,317,502</u>
-	-	-	-	-	-
4,510,000	29,285,800	1,984,000	1,350,000	1,095,000	6,510,000
2,671,373	743,382	487,650	1,689,710	1,350,991	1,861,713
-	44,593	-	-	-	-
<u>7,181,373</u>	<u>30,073,775</u>	<u>2,471,650</u>	<u>3,039,710</u>	<u>2,445,991</u>	<u>8,371,713</u>
<u>585,868</u>	<u>(24,111,353)</u>	<u>(2,460,956)</u>	<u>10,323,460</u>	<u>4,148,901</u>	<u>945,789</u>
-	-	2,462,451	-	-	-
-	-	-	(10,000,000)	(5,445,000)	-
-	24,897,200	-	-	-	-
585,868	785,847	1,495	323,460	(1,296,099)	945,789
<u>9,321,167</u>	<u>1,826,288</u>	<u>1,674,522</u>	<u>4,015,413</u>	<u>4,082,707</u>	<u>13,912,510</u>
<u>\$ 9,907,035</u>	<u>\$ 2,612,135</u>	<u>\$ 1,676,017</u>	<u>\$ 4,338,873</u>	<u>\$ 2,786,608</u>	<u>\$ 14,858,299</u>

Continued next page

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2016

	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	\$ 9,886,831	\$ 12,540,015	\$ -	\$ 4,594,402
Intergovernmental	-	-	7,014,290	-
Assessments	-	-	111,261	-
Investment earnings	110,624	92,988	105,885	16,679
Miscellaneous	-	-	-	-
	<u>9,997,455</u>	<u>12,633,003</u>	<u>7,231,436</u>	<u>4,611,081</u>
EXPENDITURES				
Current:				
Community development	-	-	-	-
Debt service and related costs:				
Principal	3,935,000	2,465,000	1,939,153	-
Interest	3,879,417	2,568,277	5,287,457	91,283
Debt issuance costs	-	-	-	-
	<u>7,814,417</u>	<u>5,033,277</u>	<u>7,226,610</u>	<u>91,283</u>
Revenues over (under) expenditures	<u>2,183,038</u>	<u>7,599,726</u>	<u>4,826</u>	<u>4,519,798</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(7,000,000)	-	(5,000,000)
Refunding bonds issued	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,183,038	599,726	4,826	(480,202)
Fund balances - beginning	<u>6,145,665</u>	<u>5,182,225</u>	<u>57,240</u>	<u>866,447</u>
Fund balances - ending	<u>\$ 8,328,703</u>	<u>\$ 5,781,951</u>	<u>\$ 62,066</u>	<u>\$ 386,245</u>

Governmental Bond Redemption	42nd Avenue Neighborhood Prosperity Initiative Debt Service	Cully Boulevard Neighborhood Prosperity Initiative Debt Service	Parkrose Neighborhood Prosperity Initiative Debt Service	Rosewood Neighborhood Prosperity Initiative Debt Service
\$ -	\$ 21,699	\$ 37,233	\$ 39,621	\$ 22,204
-	-	-	-	-
-	-	-	-	-
145	84	147	171	87
-	-	-	-	-
<u>145</u>	<u>21,783</u>	<u>37,380</u>	<u>39,792</u>	<u>22,291</u>
-	20,000	35,000	33,000	21,000
2,089,265	-	-	-	-
349,066	-	-	-	-
-	-	-	-	-
<u>2,438,331</u>	<u>20,000</u>	<u>35,000</u>	<u>33,000</u>	<u>21,000</u>
<u>(2,438,186)</u>	<u>1,783</u>	<u>2,380</u>	<u>6,792</u>	<u>1,291</u>
2,438,331	-	-	-	-
-	-	-	-	-
-	-	-	-	-
145	1,783	2,380	6,792	1,291
<u>30,601</u>	<u>755</u>	<u>1,210</u>	<u>75</u>	<u>840</u>
<u>\$ 30,746</u>	<u>\$ 2,538</u>	<u>\$ 3,590</u>	<u>\$ 6,867</u>	<u>\$ 2,131</u>

Continued next page

City of Portland, Oregon
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2016

	Division-Midway Neighborhood Prosperity Initiative Debt Service	82nd Avenue/Division Neighborhood Prosperity Initiative Debt Service	Total
REVENUES			
Taxes:			
Property	\$ 5,154	\$ 40,895	\$ 138,491,907
Intergovernmental	-	-	7,022,589
Assessments	-	-	7,094,171
Investment earnings	24	148	3,542,018
Miscellaneous	-	-	699,093
	<u>5,178</u>	<u>41,043</u>	<u>156,849,778</u>
Total revenues			
	<u>5,178</u>	<u>41,043</u>	<u>156,849,778</u>
EXPENDITURES			
Current:			
Community development	5,900	39,000	153,900
Debt service and related costs:			
Principal	-	-	82,289,156
Interest	-	-	35,548,375
Debt issuance costs	-	-	280,231
	<u>5,900</u>	<u>39,000</u>	<u>118,271,662</u>
Total expenditures			
	<u>5,900</u>	<u>39,000</u>	<u>118,271,662</u>
Revenues over (under) expenditures	<u>(722)</u>	<u>2,043</u>	<u>38,578,116</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	8,849,906
Transfers out	-	-	(66,445,000)
Refunding bonds issued	-	-	24,897,200
	<u>-</u>	<u>-</u>	<u>24,897,200</u>
Net change in fund balances	(722)	2,043	5,880,222
Fund balances - beginning	<u>1,123</u>	<u>146</u>	<u>76,218,553</u>
Fund balances - ending	<u>\$ 401</u>	<u>\$ 2,189</u>	<u>\$ 82,098,775</u>

**City of Portland, Oregon
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2016**

	Special Finance and Resource	BFRES Facilities GO Bond Construction	Local Improvement District	Parks Capital Improvement Program	Public Safety GO Bond Construction	Total
ASSETS						
Unrestricted:						
Cash and investments	\$ -	\$ -	\$ 2,652,769	\$ 6,427,735	\$ -	\$ 9,080,504
Receivables:						
Accounts, net	-	-	30,880	330,974	-	361,854
Accrued interest	-	-	14,101	-	-	14,101
Restricted:						
Cash and investments	63,413	952,777	370,544	83,384,407	15,475,265	100,246,406
Receivables:						
Accounts, net	-	-	-	-	33,629	33,629
Assessments	-	-	1,639,426	2,658,782	-	4,298,208
Advances	-	-	-	-	4,500,000	4,500,000
Accrued interest	729	2,745	-	258,559	47,958	309,991
Due from component unit	-	-	-	200,000	-	200,000
Internal loans receivable	-	-	-	800,000	-	800,000
Total assets	\$ 64,142	\$ 955,522	\$ 4,707,720	\$ 94,060,457	\$ 20,056,852	\$ 119,844,693
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities payable from restricted assets:						
Accounts payable	-	79,907	-	1,165,252	766,624	2,011,783
Due to component unit	26,567	-	-	-	-	26,567
Total liabilities	26,567	79,907	-	1,165,252	766,624	2,038,350
Deferred inflows of resources:						
Unavailable revenue - restricted	-	-	1,639,426	2,658,782	-	4,298,208
Total deferred inflows of resources	-	-	1,639,426	2,658,782	-	4,298,208
Fund balances:						
Restricted	37,575	875,615	370,544	83,477,709	19,290,228	104,051,671
Committed	-	-	-	1,910,862	-	1,910,862
Assigned	-	-	2,697,750	4,847,852	-	7,545,602
Total fund balances	37,575	875,615	3,068,294	90,236,423	19,290,228	113,508,135
Total liabilities, deferred inflows of resources and fund balances	\$ 64,142	\$ 955,522	\$ 4,707,720	\$ 94,060,457	\$ 20,056,852	\$ 119,844,693

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, 2016

	Special Finance and Resource	BFRES Facilities GO Bond Construction	Local Improvement District	Parks Capital Improvement Program	Public Safety GO Bond Construction	Total
REVENUES						
Licenses and fees	\$ -	\$ -	\$ -	\$ 175,185	\$ -	\$ 175,185
Intergovernmental	100,000	-	-	958,657	33,629	1,092,286
Charges for services	-	-	-	21,613,015	-	21,613,015
Interagency	-	-	2,241	84,979	-	87,220
Parking fees	-	-	-	35,747	-	35,747
Miscellaneous service charges	-	-	1,220,779	2,600	-	1,223,379
Assessments	-	-	984,114	1,518,039	-	2,502,153
Investment earnings	2,088	7,014	192,108	1,029,276	177,865	1,408,351
Miscellaneous	-	-	(6,738)	778,666	17,205	789,133
Total revenues	102,088	7,014	2,392,504	26,196,164	228,699	28,926,469
EXPENDITURES						
Current:						
Public safety	-	2,938	-	-	4,936,565	4,939,503
Parks, recreation and culture	-	-	-	4,890,159	-	4,890,159
Community development	89,084,138	-	1,721,773	-	-	90,805,911
Debt service and related costs:						
Principal	302,448	-	2,696,822	70,188	-	3,069,458
Interest	-	-	55,569	30,054	-	85,623
Debt issuance costs	85,501	-	23,344	139,050	16,775	264,670
Capital outlay	-	79,807	-	9,985,222	5,832,911	15,897,940
Total expenditures	89,472,087	82,745	4,497,508	15,114,673	10,786,251	119,953,264
Revenues over (under) expenditures	(89,369,999)	(75,731)	(2,105,004)	11,081,491	(10,557,552)	(91,026,795)
OTHER FINANCING SOURCES (USES)						
Transfers in	66,445,000	38,172	-	4,037,027	-	70,520,199
Transfers out	-	-	(487,624)	(18,769)	-	(506,393)
Bonds and notes issued	22,431,821	-	2,329,971	25,850,000	-	50,611,792
Bonds and notes premium	-	-	-	2,573,207	-	2,573,207
Loans issued	284,770	-	-	-	-	284,770
Total other financing sources (uses)	89,161,591	38,172	1,842,347	32,441,465	-	123,483,575
Net change in fund balances	(208,408)	(37,559)	(262,657)	43,522,956	(10,557,552)	32,456,780
Fund balances - beginning	245,983	913,174	3,330,951	46,713,467	29,847,780	81,051,355
Fund balances - ending	<u>\$ 37,575</u>	<u>\$ 875,615</u>	<u>\$ 3,068,294</u>	<u>\$ 90,236,423</u>	<u>\$ 19,290,228</u>	<u>\$ 113,508,135</u>

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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Photos courtesy of Bureau Planning and Sustainability

2016 Portland Blues Festival

City of Portland, Oregon
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2016

	<u>Hydroelectric Power</u>	<u>Golf</u>	<u>Portland International Raceway</u>
ASSETS			
Current assets (unrestricted):			
Cash and investments	\$ 29,569	\$ 282,735	\$ 404,321
Receivables:			
Accounts, net	-	302,271	-
Advances	-	-	-
Accrued interest	40,953	-	1,194
Due from component unit	-	-	-
Total current assets (unrestricted)	<u>70,522</u>	<u>585,006</u>	<u>405,515</u>
Current assets (restricted):			
Cash and investments	<u>1,800,475</u>	<u>-</u>	<u>-</u>
Total current assets	<u>1,870,997</u>	<u>585,006</u>	<u>405,515</u>
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	44,123,225	-	-
Buildings	-	6,613,324	-
Improvements to land	-	15,859,562	5,007,161
Equipment	-	845,721	161,340
Software	-	-	-
Accumulated depreciation and amortization	<u>(22,639,894)</u>	<u>(14,138,269)</u>	<u>(3,267,134)</u>
Capital assets, net of accumulated depreciation and amortization	21,487,831	10,351,044	1,901,367
Notes and loans, net	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets (unrestricted)	21,487,831	10,351,044	1,901,367
Noncurrent assets (restricted):			
Cash and investments	<u>10,992,525</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>32,480,356</u>	<u>10,351,044</u>	<u>1,901,367</u>
Total assets	<u>34,351,353</u>	<u>10,936,050</u>	<u>2,306,882</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	31,812	325,561	69,665
Deferred charge for debt refundings	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>31,812</u>	<u>325,561</u>	<u>69,665</u>

Solid Waste Management	Parking Facilities	Spectator Facilities Operating	Environmental Remediation	Headwaters Apartment Complex	Total
\$ 2,216,596	\$ 13,084,338	\$ 7,680,663	\$ 3,816,827	\$ 876,061	\$ 28,391,110
1,373,667	-	611,079	11,186	-	2,298,203
-	-	60,000	-	-	60,000
6,679	40,055	30,437	12,474	3,321	135,113
-	-	-	-	175,557	175,557
3,596,942	13,124,393	8,382,179	3,840,487	1,054,939	31,059,983
-	-	-	-	-	1,800,475
3,596,942	13,124,393	8,382,179	3,840,487	1,054,939	32,860,458
-	10,578,071	4,432,758	1,563,333	1,209,961	18,370,809
-	19,050	-	-	-	603,070
-	-	-	-	-	4,500
-	-	-	5,416	-	44,128,641
-	39,872,916	136,277,336	1,768,170	11,239,645	195,771,391
-	301,900	1,119,187	1,520,801	-	23,808,611
416,625	1,707,150	2,984,142	-	-	6,114,978
48,320	98,580	35,483	-	-	182,383
(109,096)	(28,608,309)	(52,281,862)	(1,325,994)	(2,247,929)	(124,618,487)
355,849	23,969,358	92,567,044	3,531,726	10,201,677	164,365,896
-	-	-	624,556	-	624,556
355,849	23,969,358	92,567,044	4,156,282	10,201,677	164,990,452
-	-	-	1,026,972	254,335	12,273,832
355,849	23,969,358	92,567,044	5,183,254	10,456,012	177,264,284
3,952,791	37,093,751	100,949,223	9,023,741	11,510,951	210,124,742
217,608	21,656	24,000	45,566	-	735,868
-	88,134	25,555	-	-	113,689
217,608	109,790	49,555	45,566	-	849,557

Continued next page

City of Portland, Oregon
Combining Statement of Net Position, Continued
Nonmajor Enterprise Funds
June 30, 2016

	Hydroelectric Power	Golf	Portland International Raceway
LIABILITIES			
Current liabilities (payable from unrestricted assets):			
Accounts payable	\$ 13,242	\$ 297,659	\$ 47,365
Compensated absences	6,909	222,081	40,291
Bonds payable	17,184	140,407	292,029
Accrued interest payable	520	4,272	2,178
Unearned revenue	-	-	-
Pollution remediation	-	-	-
Other liabilities	-	-	-
	<u>37,855</u>	<u>664,419</u>	<u>381,863</u>
Total current liabilities (unrestricted)			
Current liabilities (payable from restricted assets):			
Bonds payable	1,740,000	-	-
Accrued interest payable	24,026	-	-
	<u>1,764,026</u>	<u>-</u>	<u>-</u>
Total current liabilities (restricted)			
Total current liabilities			
	<u>1,801,881</u>	<u>664,419</u>	<u>381,863</u>
Noncurrent liabilities:			
Compensated absences	264	8,284	1,505
Bonds payable	156,401	1,277,906	246,004
Internal loans payable	-	800,000	-
Accrued interest payable	89,494	731,193	140,763
Net pension liability - PERS	140,766	1,451,867	251,694
Other postemployment benefits	5,964	132,190	34,190
Pollution remediation	-	-	-
Other liabilities	-	-	-
	<u>392,889</u>	<u>4,401,440</u>	<u>674,156</u>
Total noncurrent liabilities			
Total liabilities			
	<u>2,194,770</u>	<u>5,065,859</u>	<u>1,056,019</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pensions	36,429	366,811	109,790
	<u>36,429</u>	<u>366,811</u>	<u>109,790</u>
Total deferred inflows of resources			
NET POSITION			
Net investment in capital assets	21,487,830	10,351,044	1,636,367
Restricted for:			
Debt service	36,449	-	-
Capital projects	10,992,525	-	-
Unrestricted	(364,838)	(4,522,104)	(425,629)
	<u>(364,838)</u>	<u>(4,522,104)</u>	<u>(425,629)</u>
Total net position			
	<u>\$ 32,151,966</u>	<u>\$ 5,828,940</u>	<u>\$ 1,210,738</u>

Solid Waste Management	Parking Facilities	Spectator Facilities Operating	Environmental Remediation	Headwaters Apartment Complex	Total
\$ 142,695	\$ 208,474	\$ 376,314	\$ 138,241	\$ 168	\$ 1,224,158
138,797	-	-	54,827	-	462,905
43,601	1,439,979	3,560,295	1,007	340,876	5,835,378
1,327	126,502	81,182	31	117,984	333,996
-	217,317	-	-	-	217,317
-	-	-	1,000,000	-	1,000,000
-	3,766	-	-	5,734	9,500
326,420	1,996,038	4,017,791	1,194,106	464,762	9,083,254
-	-	-	-	-	1,740,000
-	-	-	-	-	24,026
-	-	-	-	-	1,764,026
326,420	1,996,038	4,017,791	1,194,106	464,762	10,847,280
5,147	-	-	2,092	-	17,292
396,826	11,495,731	27,185,165	9,163	9,281,272	50,048,468
-	-	-	-	-	800,000
227,054	-	-	5,236	-	1,193,740
945,228	84,719	128,928	229,773	-	3,232,975
60,462	990	295	13,927	-	248,018
-	-	-	2,110,000	-	2,110,000
-	-	-	-	385,546	385,546
1,634,717	11,581,440	27,314,388	2,370,191	9,666,818	58,036,039
1,961,137	13,577,478	31,332,179	3,564,297	10,131,580	68,883,319
258,558	30,692	4,275	37,240	-	843,795
258,558	30,692	4,275	37,240	-	843,795
355,849	11,121,780	61,847,139	3,531,725	579,529	110,911,263
-	-	-	-	-	36,449
-	-	-	1,026,972	254,335	12,273,832
1,594,855	12,473,591	7,815,185	909,073	545,507	18,025,640
\$ 1,950,704	\$ 23,595,371	\$ 69,662,324	\$ 5,467,770	\$ 1,379,371	\$ 141,247,184

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, 2016

	Hydroelectric Power	Golf	Portland International Raceway
Operating revenues:			
Service charges and fees	\$ -	\$ 6,439,397	\$ 429,631
Service charges and fees provided internally	52,978	-	-
Licenses and permits	-	-	-
Rents and reimbursements	-	518,112	1,387,197
Concessions	-	1,642,928	156,702
Parking fees	-	-	-
Power sales	1,131,215	-	-
Miscellaneous	-	6,968	6,189
	<u>1,184,193</u>	<u>8,607,405</u>	<u>1,979,719</u>
Total operating revenues			
Operating expenses:			
Salaries and wages	498,330	5,012,812	1,007,229
Operating supplies	4,342	485,944	90,289
Professional services	58,877	692,456	44,867
Materials and services provided internally	147,515	782,162	191,349
Utilities	-	353,427	158,027
Utility license fees	-	-	-
Miscellaneous	223,780	2,702,644	164,995
Depreciation and amortization	607,392	728,812	150,766
	<u>1,540,236</u>	<u>10,758,257</u>	<u>1,807,522</u>
Total operating expenses			
Operating income	<u>(356,043)</u>	<u>(2,150,852)</u>	<u>172,197</u>
Nonoperating revenues (expenses):			
Investment earnings (losses)	168,856	2,774	4,936
Interest expense	(146,467)	(136,912)	(54,881)
Gains (losses) on sale of capital assets	-	450	-
	<u>22,389</u>	<u>(133,688)</u>	<u>(49,945)</u>
Total nonoperating revenues (expenses)			
Income before contributions and transfers	(333,654)	(2,284,540)	122,252
Transfers in	-	-	-
Transfers out	(404,078)	(33,322)	(6,414)
Capital contributions	-	-	-
	<u>(737,732)</u>	<u>(2,317,862)</u>	<u>115,838</u>
Change in net position			
Total net position - beginning	<u>32,889,698</u>	<u>8,146,802</u>	<u>1,094,900</u>
Total net position - ending	<u>\$ 32,151,966</u>	<u>\$ 5,828,940</u>	<u>\$ 1,210,738</u>

Solid Waste Management	Parking Facilities	Spectator Facilities Operating	Environmental Remediation	Headwaters Apartment Complex	Total
\$ 2,666,934	\$ -	\$ 1,993,777	\$ 2,770,895	\$ 1,096,742	\$ 15,397,376
7,000	898,995	-	426,352	-	1,385,325
2,857,780	-	-	-	-	2,857,780
-	938,798	7,502,387	535,693	-	10,882,187
-	-	-	-	-	1,799,630
-	13,308,266	1,832,000	-	-	15,140,266
-	-	-	-	-	1,131,215
36,967	1,250	-	924,682	-	976,056
<u>5,568,681</u>	<u>15,147,309</u>	<u>11,328,164</u>	<u>4,657,622</u>	<u>1,096,742</u>	<u>49,569,835</u>
3,033,933	322,902	448,825	682,353	4,932	11,011,316
264,604	27,567	911	2,299	-	875,956
253,106	-	188,981	686,304	168	1,924,759
1,750,502	2,092,346	596,789	1,005,351	-	6,566,014
149,954	-	-	1,468	-	662,876
-	-	-	138,095	-	138,095
552,562	4,632,899	2,776,497	105,414	350	11,159,141
86,546	597,561	3,537,124	69,018	224,793	6,002,012
<u>6,091,207</u>	<u>7,673,275</u>	<u>7,549,127</u>	<u>2,690,302</u>	<u>230,243</u>	<u>38,340,169</u>
<u>(522,526)</u>	<u>7,474,034</u>	<u>3,779,037</u>	<u>1,967,320</u>	<u>866,499</u>	<u>11,229,666</u>
23,050	147,747	95,649	99,057	12,373	554,442
(40,028)	(472,708)	(1,004,327)	(919)	(503,267)	(2,359,509)
(229,259)	-	-	-	-	(228,809)
<u>(246,237)</u>	<u>(324,961)</u>	<u>(908,678)</u>	<u>98,138</u>	<u>(490,894)</u>	<u>(2,033,876)</u>
(768,763)	7,149,073	2,870,359	2,065,458	375,605	9,195,790
-	-	-	100,000	-	100,000
(10,347)	(3,333,889)	(110,047)	(239)	-	(3,898,336)
-	-	534,190	-	-	534,190
<u>(779,110)</u>	<u>3,815,184</u>	<u>3,294,502</u>	<u>2,165,219</u>	<u>375,605</u>	<u>5,931,644</u>
<u>2,729,814</u>	<u>19,780,187</u>	<u>66,367,822</u>	<u>3,302,551</u>	<u>1,003,766</u>	<u>135,315,540</u>
<u>\$ 1,950,704</u>	<u>\$ 23,595,371</u>	<u>\$ 69,662,324</u>	<u>\$ 5,467,770</u>	<u>\$ 1,379,371</u>	<u>\$ 141,247,184</u>

**City of Portland, Oregon
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016**

	<u>Hydroelectric Power</u>	<u>Golf</u>	<u>Portland International Raceway</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,131,215	\$ 8,402,115	\$ 1,979,830
Receipts for interfund services provided	52,978	-	-
Payments to suppliers	(300,809)	(4,135,500)	(442,163)
Payments to employees	(419,045)	(3,859,324)	(805,734)
Payments for interfund services used	(147,514)	(782,163)	(191,350)
	<u>316,825</u>	<u>(374,872)</u>	<u>540,583</u>
Net cash provided by (used for) operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	-
Transfers out	(404,078)	(33,322)	(6,414)
	<u>(404,078)</u>	<u>(33,322)</u>	<u>(6,414)</u>
Net cash provided by (used for) noncapital financing activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	450	-
Acquisition of capital assets	-	(10,041)	-
Principal paid on bonds and notes	(2,520,251)	(124,612)	(268,988)
Interest paid on bonds, notes and capital leases	(171,806)	(59,965)	(41,586)
	<u>(2,692,057)</u>	<u>(194,168)</u>	<u>(310,574)</u>
Net cash provided by (used for) capital related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings (losses)	168,439	3,044	4,236
	<u>168,439</u>	<u>3,044</u>	<u>4,236</u>
Net cash provided by (used for) investing activities			
Net increase (decrease) in cash and cash equivalents	(2,610,871)	(599,318)	227,831
Cash and cash equivalents, July 1, 2015	15,433,440	882,053	176,490
Cash and cash equivalents, June 30, 2016	<u>\$ 12,822,569</u>	<u>\$ 282,735</u>	<u>\$ 404,321</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:			
Unrestricted cash and cash equivalents	\$ 29,569	\$ 282,735	\$ 404,321
Restricted cash and cash equivalents	12,793,000	-	-
Total cash and cash equivalents	<u>\$ 12,822,569</u>	<u>\$ 282,735</u>	<u>\$ 404,321</u>

Solid Waste Management	Parking Facilities	Spectator Facilities Operating	Environmental Remediation	Headwaters Apartment Complex	Total
\$ 5,454,794	\$ 13,960,626	\$ 11,450,663	\$ 3,595,525	\$ 1,110,450	\$ 47,085,218
7,000	898,995	-	426,352	-	1,385,325
(1,247,247)	(4,561,661)	(3,132,214)	(2,545,327)	5,384	(16,359,537)
(2,296,036)	(254,410)	(358,812)	(506,786)	(4,932)	(8,505,079)
(1,750,501)	(2,092,347)	(596,789)	(1,005,350)	-	(6,566,014)
<u>168,010</u>	<u>7,951,203</u>	<u>7,362,848</u>	<u>(35,586)</u>	<u>1,110,902</u>	<u>17,039,913</u>
-	-	-	100,000	-	100,000
(10,347)	(3,333,889)	(110,047)	(239)	-	(3,898,336)
<u>(10,347)</u>	<u>(3,333,889)</u>	<u>(110,047)</u>	<u>99,761</u>	<u>-</u>	<u>(3,798,336)</u>
-	-	-	-	-	450
-	(16,504)	(374,432)	-	-	(400,977)
(38,696)	(1,340,000)	(5,625,800)	(893)	(315,000)	(10,234,240)
(16,569)	(539,500)	(1,064,987)	(383)	(518,414)	(2,413,210)
<u>(55,265)</u>	<u>(1,896,004)</u>	<u>(7,065,219)</u>	<u>(1,276)</u>	<u>(833,414)</u>	<u>(13,047,977)</u>
<u>20,428</u>	<u>129,414</u>	<u>85,724</u>	<u>96,310</u>	<u>10,789</u>	<u>518,384</u>
<u>20,428</u>	<u>129,414</u>	<u>85,724</u>	<u>96,310</u>	<u>10,789</u>	<u>518,384</u>
122,826	2,850,724	273,306	159,209	288,277	711,984
<u>2,093,770</u>	<u>10,233,614</u>	<u>7,407,357</u>	<u>4,684,590</u>	<u>842,119</u>	<u>41,753,433</u>
<u>\$ 2,216,596</u>	<u>\$ 13,084,338</u>	<u>\$ 7,680,663</u>	<u>\$ 4,843,799</u>	<u>\$ 1,130,396</u>	<u>\$ 42,465,417</u>
\$ 2,216,596	\$ 13,084,338	\$ 7,680,663	\$ 3,816,827	\$ 876,061	\$ 28,391,110
-	-	-	1,026,972	254,335	14,074,307
<u>\$ 2,216,596</u>	<u>\$ 13,084,338</u>	<u>\$ 7,680,663</u>	<u>\$ 4,843,799</u>	<u>\$ 1,130,396</u>	<u>\$ 42,465,417</u>

Continued next page

City of Portland, Oregon
Nonmajor Enterprise Funds
Combining Statement of Cash Flows, Continued
For the Fiscal Year Ended June 30, 2016

	Hydroelectric Power	Golf	Portland International Raceway
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (356,043)	\$ (2,150,852)	\$ 172,197
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	607,392	728,812	150,766
Non operating revenue	-	-	-
Change in assets and liabilities:			
Accounts and advances receivable	53,591	342,004	123,243
Due from / to component unit	-	-	-
Accounts payable	(13,810)	98,969	16,015
Compensated absences	(30,117)	28,334	(7,545)
Unearned revenue	-	-	-
Net pension liability - PERS	140,766	1,451,867	251,694
Other postemployment benefits	(36)	(891)	(196)
Pollution remediation	-	-	-
Other liabilities	-	-	-
Deferred outflows - pensions	(14,219)	(145,894)	(29,243)
Deferred inflows - pensions	(70,699)	(727,221)	(136,348)
	\$ 316,825	\$ (374,872)	\$ 540,583
<u>Noncash information</u>			
Capital contributions	\$ -	\$ -	-
Increase (decrease) in fair value of investments (classified as cash equivalents)	60,219	42	1,630

Solid Waste Management	Parking Facilities	Spectator Facilities Operating	Environmental Remediation	Headwaters Apartment Complex	Total
\$ (522,526)	\$ 7,474,034	\$ 3,779,037	\$ 1,967,320	\$ 866,499	\$ 11,229,666
86,546	597,561	3,537,124	69,018	224,793	6,002,012
-	-	-	(624,556)	-	(624,556)
261,502	40,208	151,059	62,702	106,556	1,140,865
-	-	-	-	(92,848)	(92,848)
(27,021)	95,039	(165,823)	(131,748)	168	(128,211)
(791)	-	-	3,729	-	(6,390)
-	(290,280)	-	-	-	(290,280)
945,228	84,719	128,928	229,773	-	3,232,975
(410)	(36)	(36)	(53)	-	(1,658)
-	-	-	(1,480,000)	-	(1,480,000)
-	3,766	-	-	5,734	9,500
(96,673)	(9,307)	(10,153)	(21,310)	-	(326,799)
(477,845)	(44,501)	(57,288)	(110,461)	-	(1,624,363)
<u>\$ 168,010</u>	<u>\$ 7,951,203</u>	<u>\$ 7,362,848</u>	<u>\$ (35,586)</u>	<u>\$ 1,110,902</u>	<u>\$ 17,039,913</u>
\$ -	\$ -	\$ 534,190	\$ -	\$ -	\$ 534,190
7,304	46,186	25,085	15,801	4,050	160,317

City of Portland, Oregon
Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	<u>Health Insurance Operating</u>	<u>Facilities Services Operating</u>	<u>CityFleet Operating</u>
ASSETS			
Current assets (unrestricted):			
Cash and investments	\$ 27,527,469	\$ 41,972,125	\$ 22,090,737
Receivables:			
Accounts, net	58,013	284,131	643,541
Notes and loans, net	-	-	53,700
Accrued interest	62,104	128,536	62,771
Due from component unit	-	-	-
Inventories	-	-	1,193,790
Prepaid expenses	-	54,526	-
	<u>27,647,586</u>	<u>42,439,318</u>	<u>24,044,539</u>
Total current assets			
Noncurrent assets (unrestricted):			
Capital assets, not being depreciated or amortized:			
Land	-	12,330,648	87,000
Construction in progress	-	1,819,457	8,517,524
Capital assets, being depreciated or amortized:			
Infrastructure	-	-	-
Buildings	-	165,854,173	1,944,421
Improvements to land	-	831,331	-
Equipment	-	1,954,951	75,932,377
Software	-	772,701	158,600
Accumulated depreciation and amortization	-	(68,444,917)	(36,587,308)
	<u>-</u>	<u>115,118,344</u>	<u>50,052,614</u>
Capital assets net of accumulated depreciation and amortization			
Receivables:			
Notes and loans, net	-	-	214,800
	<u>-</u>	<u>115,118,344</u>	<u>50,267,414</u>
Total noncurrent assets			
Total assets	<u>27,647,586</u>	<u>157,557,662</u>	<u>74,311,953</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	145,152	355,211	730,541
Deferred charge for debt refundings	-	4,489	-
	<u>145,152</u>	<u>359,700</u>	<u>730,541</u>
Total deferred outflows of resources			

Printing and Distribution Services Operating	Insurance and Claims Operating	Workers' Compensation Self Insurance Operating	Technology Services	Enterprise Business Solutions Services	Total
\$ 1,129,569	\$ 28,463,594	\$ 14,487,991	\$ 25,533,462	\$ 3,989,023	\$ 165,193,970
151,686	124,363	-	-	-	1,261,734
-	-	-	-	-	53,700
1,957	81,225	42,778	69,678	17,223	466,272
11,195	-	-	11,092	-	22,287
-	-	-	396,009	-	1,589,799
-	17,625	17,625	843,883	-	933,659
<u>1,294,407</u>	<u>28,686,807</u>	<u>14,548,394</u>	<u>26,854,124</u>	<u>4,006,246</u>	<u>169,521,421</u>
-	-	-	348,929	-	12,766,577
-	-	-	521,362	644,970	11,503,313
-	-	-	11,963,370	-	11,963,370
-	-	-	6,011,941	-	173,810,535
-	-	-	-	-	831,331
1,931,823	-	-	35,477,640	-	115,296,791
315,337	362,576	260,093	6,331,035	37,822,218	46,022,560
<u>(1,777,220)</u>	<u>(72,515)</u>	<u>(52,019)</u>	<u>(37,723,500)</u>	<u>(37,080,565)</u>	<u>(181,738,044)</u>
469,940	290,061	208,074	22,930,777	1,386,623	190,456,433
-	-	-	-	-	214,800
<u>469,940</u>	<u>290,061</u>	<u>208,074</u>	<u>22,930,777</u>	<u>1,386,623</u>	<u>190,671,233</u>
<u>1,764,347</u>	<u>28,976,868</u>	<u>14,756,468</u>	<u>49,784,901</u>	<u>5,392,869</u>	<u>360,192,654</u>
184,130	117,417	109,589	2,646,570	263,612	4,552,222
-	-	-	-	-	4,489
<u>184,130</u>	<u>117,417</u>	<u>109,589</u>	<u>2,646,570</u>	<u>263,612</u>	<u>4,556,711</u>

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City of Portland, Oregon
Combining Statement of Net Position, Continued
Internal Service Funds
June 30, 2016

	<u>Health Insurance Operating</u>	<u>Facilities Services Operating</u>	<u>CityFleet Operating</u>
LIABILITIES			
Current liabilities (payable from unrestricted assets):			
Accounts payable	\$ 4,592,581	\$ 1,426,635	\$ 2,184,099
Self insurance claims	4,685,000	-	-
Compensated absences	128,917	152,257	511,110
Bonds payable	25,916	4,588,012	327,985
Accrued interest payable	789	120,127	9,979
Due to component unit	-	1,984,656	-
Unearned revenue	-	78,268	180
	<u>9,433,203</u>	<u>8,349,955</u>	<u>3,033,353</u>
Total current liabilities			
Noncurrent liabilities:			
Self insurance claims	-	-	-
Compensated absences	1,130	1,249	4,433
Bonds payable	235,874	22,600,849	2,985,127
Accrued interest payable	134,965	726,843	1,708,031
Net pension liability - PERS	616,674	1,391,453	3,141,881
Other postemployment benefits	26,261	98,622	222,842
	<u>1,014,904</u>	<u>24,819,016</u>	<u>8,062,314</u>
Total noncurrent liabilities			
	<u>10,448,107</u>	<u>33,168,971</u>	<u>11,095,667</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow - pensions	<u>179,803</u>	<u>502,447</u>	<u>884,671</u>
Total deferred inflow of resources			
	<u>179,803</u>	<u>502,447</u>	<u>884,671</u>
NET POSITION			
Net investment in capital assets	-	89,339,365	50,052,614
Unrestricted	<u>17,164,828</u>	<u>34,906,579</u>	<u>13,009,542</u>
Total net position			
	<u>\$ 17,164,828</u>	<u>\$ 124,245,944</u>	<u>\$ 63,062,156</u>

Printing and Distribution Services Operating	Insurance and Claims Operating	Workers' Compensation Self Insurance Operating	Technology Services	Enterprise Business Solutions Services	Total
\$ 224,954	\$ 12,382	\$ 9,439	\$ 1,886,965	\$ 568,466	\$ 10,905,521
-	4,223,453	1,244,631	-	-	10,153,084
97,621	129,225	46,181	1,836,140	193,820	3,095,271
111,147	61,246	57,288	389,817	2,967,700	8,529,111
3,382	1,863	1,743	11,860	9,733	159,476
-	-	-	-	-	1,984,656
-	-	-	-	-	78,448
<u>437,104</u>	<u>4,428,169</u>	<u>1,359,282</u>	<u>4,124,782</u>	<u>3,739,719</u>	<u>34,905,567</u>
-	9,148,931	7,494,377	-	-	16,643,308
855	1,133	405	15,143	1,608	25,956
1,011,599	557,421	521,400	3,547,885	-	31,460,155
578,819	318,941	298,332	2,030,024	-	5,795,955
736,385	499,155	472,244	11,690,915	1,056,946	19,605,653
72,140	34,799	25,965	613,791	32,135	1,126,555
<u>2,399,798</u>	<u>10,560,380</u>	<u>8,812,723</u>	<u>17,897,758</u>	<u>1,090,689</u>	<u>74,657,582</u>
<u>2,836,902</u>	<u>14,988,549</u>	<u>10,172,005</u>	<u>22,022,540</u>	<u>4,830,408</u>	<u>109,563,149</u>
<u>252,438</u>	<u>145,281</u>	<u>132,215</u>	<u>3,041,167</u>	<u>359,978</u>	<u>5,498,000</u>
<u>252,438</u>	<u>145,281</u>	<u>132,215</u>	<u>3,041,167</u>	<u>359,978</u>	<u>5,498,000</u>
469,940	290,061	208,074	22,930,778	(1,581,077)	161,709,755
(1,610,803)	13,670,394	4,353,763	4,436,986	2,047,172	87,978,461
<u>\$ (1,140,863)</u>	<u>\$ 13,960,455</u>	<u>\$ 4,561,837</u>	<u>\$ 27,367,764</u>	<u>\$ 466,095</u>	<u>\$ 249,688,216</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, 2016

	Health Insurance Operating	Facilities Services Operating	CityFleet Operating
Operating revenues:			
Service charges and fees	\$ 7,897,477	\$ 147,833	\$ 1,029,433
Service charges and fees provided internally	53,423,378	27,801,582	28,016,346
Rents and reimbursements	-	1,913,918	-
Miscellaneous	886,161	510,444	462,092
	<u>62,207,016</u>	<u>30,373,777</u>	<u>29,507,871</u>
Total operating revenues			
Operating expenses:			
Salaries and wages	1,999,309	4,968,468	10,499,929
Operating supplies	14,137	569,808	7,277,664
Professional services	1,165,459	814,231	29,740
Materials and services provided internally	533,145	3,759,011	1,130,551
Utilities	419	3,329,334	32,262
Claims	51,007,738	-	-
Utility license fees	-	-	-
Miscellaneous	3,749,630	10,202,128	3,400,975
Depreciation and amortization	-	3,436,939	6,053,472
	<u>58,469,837</u>	<u>27,079,919</u>	<u>28,424,593</u>
Total operating expenses			
Operating income (loss)	<u>3,737,179</u>	<u>3,293,858</u>	<u>1,083,278</u>
Nonoperating revenues (expenses):			
Investment earnings (losses)	219,796	456,871	231,419
Interest expense	(23,796)	(945,483)	(301,131)
Gains (losses) on sale of capital assets	-	(1,779,536)	(346,448)
	<u>196,000</u>	<u>(2,268,148)</u>	<u>(416,160)</u>
Total nonoperating revenues (expenses)			
Income before contributions and transfers	3,933,179	1,025,710	667,118
Transfers in	-	5,065,688	-
Transfers out	(6,149)	(280,396)	(77,840)
Capital contributions	-	3,849,992	8,188
	<u>3,927,030</u>	<u>9,660,994</u>	<u>597,466</u>
Change in net position			
Total net position - beginning	<u>13,237,798</u>	<u>114,584,950</u>	<u>62,464,690</u>
Total net position - ending	<u>\$ 17,164,828</u>	<u>\$ 124,245,944</u>	<u>\$ 63,062,156</u>

Printing and Distribution Services Operating	Insurance and Claims Operating	Workers' Compensation Self Insurance Operating	Technology Services	Enterprise Business Solutions Services	Total
\$ 977,974	\$ -	\$ -	\$ 4,815,972	\$ -	\$ 14,868,689
5,739,329	10,432,201	3,927,386	44,425,984	13,151,377	186,917,583
-	-	-	174,248	-	2,088,166
55,269	1,702,149	190,856	266,981	-	4,073,952
<u>6,772,572</u>	<u>12,134,350</u>	<u>4,118,242</u>	<u>49,683,185</u>	<u>13,151,377</u>	<u>207,948,390</u>
2,380,924	1,737,462	1,623,440	35,690,862	3,086,635	61,987,029
482,180	8,205	47,078	2,373,128	235,637	11,007,837
4,554	124,363	250,764	738,307	40,160	3,167,578
833,123	2,946,292	708,292	5,104,224	4,441,460	19,456,098
-	-	-	63,368	-	3,425,383
-	1,959,255	1,785,792	-	-	54,752,785
-	-	-	21,237	-	21,237
2,846,162	2,494,388	569,854	10,736,565	987,491	34,987,193
135,453	72,515	52,019	2,718,034	241,677	12,710,109
<u>6,682,396</u>	<u>9,342,480</u>	<u>5,037,239</u>	<u>57,445,725</u>	<u>9,033,060</u>	<u>201,515,249</u>
90,176	2,791,870	(918,997)	(7,762,540)	4,118,317	6,433,141
8,748	297,682	156,997	261,624	53,613	1,686,750
(102,050)	(56,226)	(52,595)	(357,895)	(158,763)	(1,997,939)
6,001	-	-	-	-	(2,119,983)
<u>(87,301)</u>	<u>241,456</u>	<u>104,402</u>	<u>(96,271)</u>	<u>(105,150)</u>	<u>(2,431,172)</u>
2,875	3,033,326	(814,595)	(7,858,811)	4,013,167	4,001,969
-	-	-	642,646	-	5,708,334
(26,378)	(14,536)	(13,596)	(92,515)	-	(511,410)
-	-	-	70,645	13,089	3,941,914
<u>(23,503)</u>	<u>3,018,790</u>	<u>(828,191)</u>	<u>(7,238,035)</u>	<u>4,026,256</u>	<u>13,140,807</u>
(1,117,360)	10,941,665	5,390,028	34,605,799	(3,560,161)	236,547,409
<u>\$ (1,140,863)</u>	<u>\$ 13,960,455</u>	<u>\$ 4,561,837</u>	<u>\$ 27,367,764</u>	<u>\$ 466,095</u>	<u>\$ 249,688,216</u>

City of Portland, Oregon
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	<u>Health Insurance Operating</u>	<u>Facilities Services Operating</u>	<u>CityFleet Operating</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 8,725,625	\$ 2,396,717	\$ 1,097,136
Receipts for interfund services provided	53,423,378	27,801,581	28,016,346
Payments to suppliers	(53,698,704)	(14,876,721)	(10,238,250)
Payments to employees	(1,503,126)	(3,887,003)	(7,973,080)
Payments for interfund services used	(533,144)	(3,759,013)	(1,130,554)
Other receipts (payments)	-	-	-
	<u>6,414,029</u>	<u>7,675,561</u>	<u>9,771,598</u>
Net cash provided by (used for) operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	5,065,688	-
Transfers out	(6,149)	(59,789)	(77,840)
	<u>(6,149)</u>	<u>5,005,899</u>	<u>(77,840)</u>
Net cash provided by (used for) noncapital financing activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	-	529,205
Acquisition of capital assets	-	(1,626,532)	(11,834,282)
Principal paid on bonds and notes	(23,001)	(6,393,871)	(291,087)
Interest paid on bonds and notes	(9,846)	(1,247,142)	(124,640)
	<u>(32,847)</u>	<u>(9,267,545)</u>	<u>(11,720,804)</u>
Net cash provided by (used for) capital related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings (losses)	<u>198,516</u>	<u>407,755</u>	<u>216,537</u>
Net cash provided by (used for) investing activities			
	<u>198,516</u>	<u>407,755</u>	<u>216,537</u>
Net increase (decrease) in cash and cash equivalent	6,573,549	3,821,670	(1,810,509)
Cash and cash equivalents, July 1, 2015	<u>20,953,920</u>	<u>38,150,455</u>	<u>23,901,246</u>
Cash and cash equivalents, June 30, 2016	<u>\$ 27,527,469</u>	<u>\$ 41,972,125</u>	<u>\$ 22,090,737</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:			
Unrestricted cash and cash equivalents	<u>\$ 27,527,469</u>	<u>\$ 41,972,125</u>	<u>\$ 22,090,737</u>

Printing and Distribution Services Operating	Insurance and Claims Operating	Workers' Compensation Self Insurance Operating	Technology Services	Enterprise Business Solutions Services	Total
\$ 1,013,564	\$ 1,728,336	\$ 173,231	\$ 5,840,098	\$ -	\$ 20,974,707
5,739,329	10,432,201	3,927,385	44,425,988	13,151,377	186,917,585
(3,295,294)	(4,752,049)	(3,081,500)	(13,653,213)	(751,279)	(104,347,010)
(1,785,931)	(1,336,337)	(1,248,172)	(26,428,650)	(2,204,554)	(46,366,853)
(833,121)	(2,946,292)	(708,291)	(5,104,227)	(4,441,461)	(19,456,103)
-	-	-	(5,318)	-	(5,318)
<u>838,547</u>	<u>3,125,859</u>	<u>(937,347)</u>	<u>5,074,678</u>	<u>5,754,083</u>	<u>37,717,008</u>
-	-	-	422,040	-	5,487,728
<u>(26,378)</u>	<u>(14,536)</u>	<u>(13,596)</u>	<u>(92,515)</u>	<u>-</u>	<u>(290,803)</u>
<u>(26,378)</u>	<u>(14,536)</u>	<u>(13,596)</u>	<u>329,525</u>	<u>-</u>	<u>5,196,925</u>
6,001	-	-	-	-	535,206
(132,293)	-	-	(2,781,394)	(978,367)	(17,352,868)
(98,643)	(54,355)	(50,843)	(345,962)	(4,115,000)	(11,372,762)
<u>(42,238)</u>	<u>(23,274)</u>	<u>(21,770)</u>	<u>(148,137)</u>	<u>(283,250)</u>	<u>(1,900,297)</u>
<u>(267,173)</u>	<u>(77,629)</u>	<u>(72,613)</u>	<u>(3,275,493)</u>	<u>(5,376,617)</u>	<u>(30,090,721)</u>
<u>7,387</u>	<u>268,174</u>	<u>147,086</u>	<u>241,315</u>	<u>47,894</u>	<u>1,534,664</u>
<u>7,387</u>	<u>268,174</u>	<u>147,086</u>	<u>241,315</u>	<u>47,894</u>	<u>1,534,664</u>
552,383	3,301,868	(876,470)	2,370,025	425,360	14,357,876
<u>577,186</u>	<u>25,161,726</u>	<u>15,364,461</u>	<u>23,163,437</u>	<u>3,563,663</u>	<u>150,836,094</u>
<u>\$ 1,129,569</u>	<u>\$ 28,463,594</u>	<u>\$ 14,487,991</u>	<u>\$ 25,533,462</u>	<u>\$ 3,989,023</u>	<u>\$ 165,193,970</u>
<u>\$ 1,129,569</u>	<u>\$ 28,463,594</u>	<u>\$ 14,487,991</u>	<u>\$ 25,533,462</u>	<u>\$ 3,989,023</u>	<u>\$ 165,193,970</u>

Continued next page

City of Portland, Oregon
Internal Service Funds
Combining Statement of Cash Flows, Continued
For the Fiscal Year Ended June 30, 2016

	<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)	\$ 3,737,179	\$ 3,293,858	\$ 1,083,278
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation and amortization of capital assets	-	3,436,939	6,053,472
Change in assets and liabilities:			
Accounts and advances receivable	189,125	441,014	845,550
Due (from) to other funds	-	-	-
Due (from) to component unit	-	(209,826)	-
Inventories	-	-	115,848
Accounts payable	2,224,680	248,605	386,544
Self insurance claims	14,000	-	-
Compensated absences	10,847	(42,948)	63,796
Unearned revenue	-	308	-
Net pension liability - PERS	616,674	1,391,453	3,141,881
Other postemployment benefits	(232)	(588)	(1,337)
Deferred outflows - pensions	(64,021)	(152,726)	(323,492)
Deferred inflows - pensions	(314,223)	(730,528)	(1,593,942)
	<u>\$ 6,414,029</u>	<u>\$ 7,675,561</u>	<u>\$ 9,771,598</u>
Net cash provided by (used for) operating activities			
	<u>\$ 6,414,029</u>	<u>\$ 7,675,561</u>	<u>\$ 9,771,598</u>
<u>Noncash information:</u>			
Capital contribution	-	3,849,992	8,188
Increase (decrease) in fair value of investments (classified as cash equivalents)	\$ 66,161	\$ 140,452	\$ 68,393

Printing and Distribution Services Operating	Insurance and Claims Operating	Workers' Compensation Self Insurance Operating	Technology Services	Enterprise Business Solutions Services	Total
\$ 90,176	\$ 2,791,870	\$ (918,997)	\$ (7,762,540)	\$ 4,118,317	\$ 6,433,141
135,453	72,515	52,019	2,718,034	241,677	12,710,109
296,696	226,066	168,284	5,039,291	455,263	7,661,289
-	-	-	(1,206)	-	(1,206)
1,820	-	-	-	-	(208,006)
-	-	-	2,821	-	118,669
37,599	(2,171)	(4,068)	276,570	512,008	3,679,767
-	(163,664)	(423,945)	-	-	(573,609)
4,064	8,403	5,211	172,089	34,435	255,897
-	-	-	-	-	308
736,385	499,155	472,244	11,690,915	1,056,946	19,605,653
(356)	(232)	(125)	(3,743)	(321)	(6,934)
(79,675)	(51,798)	(48,559)	(1,182,271)	(114,157)	(2,016,699)
<u>(383,615)</u>	<u>(254,285)</u>	<u>(239,411)</u>	<u>(5,875,282)</u>	<u>(550,085)</u>	<u>(9,941,371)</u>
<u>\$ 838,547</u>	<u>\$ 3,125,859</u>	<u>\$ (937,347)</u>	<u>\$ 5,074,678</u>	<u>\$ 5,754,083</u>	<u>\$ 37,717,008</u>
-	-	-	70,645	13,089	3,941,914
\$ 4,430	\$ 96,276	\$ 45,305	\$ 85,508	\$ 13,439	\$ 519,964

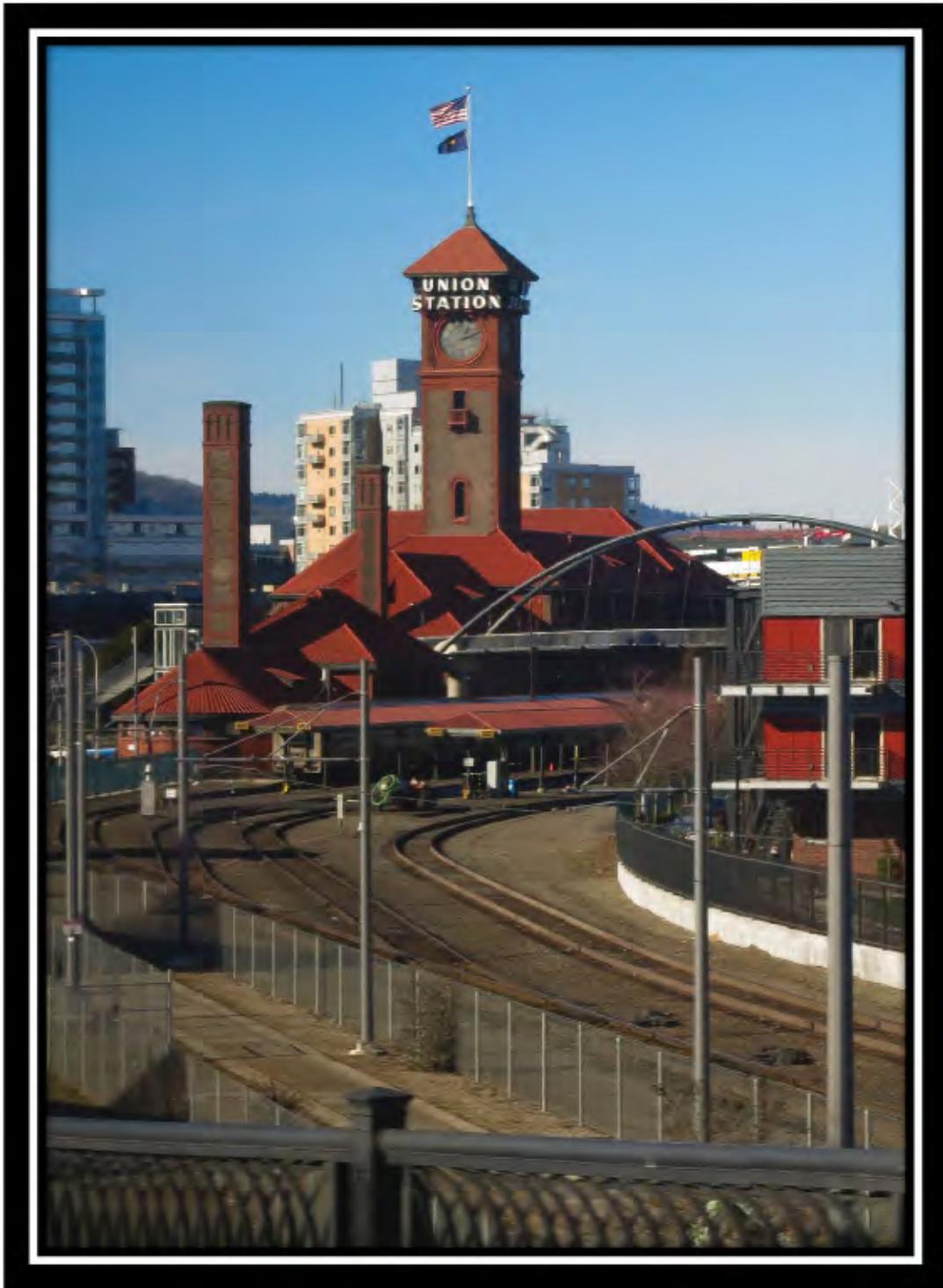


Photo courtesy of Transportation Bureau

Portland Union Station

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, 2016

	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	\$ 21,905,112	\$ 750,000	\$ 2,437	\$ 22,657,549
Receivables:				
Accounts, net	43,082	-	-	43,082
Pension recovery	18,911	-	-	18,911
Accrued interest	181,856	-	11	181,867
Due from other funds	6,437,733	-	-	6,437,733
Prepaid expense	-	-	697	697
	<u>28,586,694</u>	<u>750,000</u>	<u>3,145</u>	<u>29,339,839</u>
Capital assets:				
Construction in progress	13,395	-	-	13,395
Intangible assets:				
Software	696,746	-	-	696,746
Accumulated depreciation and amortization	(213,289)	-	-	(213,289)
	<u>496,852</u>	<u>-</u>	<u>-</u>	<u>496,852</u>
Net capital assets	<u>496,852</u>	<u>-</u>	<u>-</u>	<u>496,852</u>
Total noncurrent assets	<u>496,852</u>	<u>-</u>	<u>-</u>	<u>496,852</u>
Total assets	<u>29,083,546</u>	<u>750,000</u>	<u>3,145</u>	<u>29,836,691</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	<u>173,025</u>	<u>-</u>	<u>-</u>	<u>173,025</u>
LIABILITIES				
Accounts payable	9,882,312	-	39	9,882,351
Compensated absences	1,144,216	-	-	1,144,216
Bonds payable	353,225	-	-	353,225
Accrued interest payable	183,160	-	-	183,160
Net pension liability - PERS	812,094	-	-	812,094
Other postemployment benefits	39,636	-	-	39,636
	<u>12,414,643</u>	<u>-</u>	<u>39</u>	<u>12,414,682</u>
Total liabilities	<u>12,414,643</u>	<u>-</u>	<u>39</u>	<u>12,414,682</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	<u>166,575</u>	<u>-</u>	<u>-</u>	<u>166,575</u>
NET POSITION				
Net position restricted for pensions	<u>\$ 16,675,353</u>	<u>\$ 750,000</u>	<u>\$ 3,106</u>	<u>\$ 17,428,459</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, 2016

	Fire and Police Disability and Retirement	Fire and Police Disability and Retirement Reserve	Fire and Police Supplemental Retirement Reserve	Total
ADDITIONS				
Contributions:				
Employer	\$ 121,873,221	\$ -	\$ -	\$ 121,873,221
Other	1,139,449	-	-	1,139,449
Total contributions	123,012,670	-	-	123,012,670
Investment earnings	489,155	-	50	489,205
Total additions	123,501,825	-	50	123,501,875
DEDUCTIONS				
Benefits and refunds paid to plan members and beneficiaries	122,933,840	-	8,561	122,942,401
Administrative expenses	5,019,574	-	-	5,019,574
Total deductions	127,953,414	-	8,561	127,961,975
Change in net position	(4,451,589)	-	(8,511)	(4,460,100)
Net position - beginning	21,126,942	750,000	11,617	21,888,559
Net position - ending	<u>\$ 16,675,353</u>	<u>\$ 750,000</u>	<u>\$ 3,106</u>	<u>\$ 17,428,459</u>

City of Portland, Oregon
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2016

	Mt. Hood Cable Regulatory Commission	Trustee	Multnomah County Business Income Tax	Clearing Funds	Total
ASSETS					
Cash and investments	\$ 12,283,426	\$ 12,301,573	\$ 785,128	\$ 32,845,429	\$ 58,215,556
Receivables:					
Accounts, net	1,818,500	71,294	-	459,290	2,349,084
Advances	1,213,122	-	-	-	1,213,122
Accrued interest	36,504	1,412	6,304	75	44,295
Total current assets	<u>15,351,552</u>	<u>12,374,279</u>	<u>791,432</u>	<u>33,304,794</u>	<u>61,822,057</u>
Capital assets:					
Intangible assets:					
Software	12,000	-	-	-	12,000
Accumulated depreciation and amortization	<u>(2,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,400)</u>
Total assets	<u>15,361,152</u>	<u>12,374,279</u>	<u>791,432</u>	<u>33,304,794</u>	<u>61,831,657</u>
LIABILITIES					
Accounts payable	999,847	202,930	3,213	4,336,067	5,542,057
Salaries and withholding taxes	-	-	-	27,061,624	27,061,624
Due to other governments	14,361,305	-	-	-	14,361,305
Other liabilities	<u>-</u>	<u>12,171,349</u>	<u>788,219</u>	<u>1,907,103</u>	<u>14,866,671</u>
Total liabilities	<u>15,361,152</u>	<u>12,374,279</u>	<u>791,432</u>	<u>33,304,794</u>	<u>61,831,657</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, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Mt. Hood Cable Regulatory Commission				
Assets:				
Cash and investments	\$ 11,139,245	\$ 7,983,241	\$ 6,839,060	\$ 12,283,426
Receivables:				
Accounts, net	1,745,760	1,839,028	1,766,288	1,818,500
Advances	873,873	1,883,865	1,544,616	1,213,122
Accrued interest	23,146	91,938	78,580	36,504
Total current assets	<u>13,782,024</u>	<u>11,798,072</u>	<u>10,228,544</u>	<u>15,351,552</u>
Capital assets:				
Intangible assets:				
Software	12,000	-	-	12,000
Accumulated depreciation and amortization	-	-	2,400	(2,400)
Total assets	<u>\$ 13,794,024</u>	<u>\$ 11,798,072</u>	<u>\$ 10,230,944</u>	<u>\$ 15,361,152</u>
Liabilities:				
Accounts payable	\$ 832,578	\$ 18,216,931	\$ 18,049,662	\$ 999,847
Due to other government	12,961,446	39,255,559	37,855,700	14,361,305
Total liabilities	<u>\$ 13,794,024</u>	<u>\$ 57,472,490</u>	<u>\$ 55,905,362</u>	<u>\$ 15,361,152</u>
Trustee				
Assets:				
Cash and investments	\$ 10,321,029	\$ 66,397,720	\$ 64,417,176	\$ 12,301,573
Receivables:				
Accounts, net	75,105	1,534,646	1,538,457	71,294
Accrued interest	750	3,354	2,692	1,412
Total assets	<u>\$ 10,396,884</u>	<u>\$ 67,935,720</u>	<u>\$ 65,958,325</u>	<u>\$ 12,374,279</u>
Liabilities:				
Accounts payable	\$ 221,097	\$ 10,785,944	\$ 10,804,111	\$ 202,930
Other liabilities	10,175,787	68,208,819	66,213,257	12,171,349
Total liabilities	<u>\$ 10,396,884</u>	<u>\$ 78,994,763</u>	<u>\$ 77,017,368</u>	<u>\$ 12,374,279</u>
Multnomah Co. Business Income Tax				
Assets:				
Cash and investments	\$ 6,407,229	\$ 88,415,920	\$ 94,038,021	\$ 785,128
Receivables:				
Accrued interest	8,129	16,244	18,069	6,304
Total assets	<u>\$ 6,415,358</u>	<u>\$ 88,432,164</u>	<u>\$ 94,056,090</u>	<u>\$ 791,432</u>
Liabilities:				
Accounts payable	\$ 93,483	\$ 6,918,818	\$ 7,009,088	\$ 3,213
Other liabilities	6,321,875	89,363,019	94,896,675	788,219
Total liabilities	<u>\$ 6,415,358</u>	<u>\$ 96,281,837</u>	<u>\$ 101,905,763</u>	<u>\$ 791,432</u>

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City of Portland, Oregon
Combining Statement of Changes in Assets and Liabilities , Continued
Agency Funds
For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Clearing				
Assets:				
Cash and investments	\$ 26,022,061	\$ 1,416,878,598	\$ 1,410,055,230	\$ 32,845,429
Receivables:				
Accounts, net	436,247	2,278,380,532	2,278,357,489	459,290
Accrued interest	67	220	212	75
Total assets	\$ 26,458,375	\$ 3,695,259,350	\$ 3,688,412,931	\$ 33,304,794
Liabilities:				
Accounts payable	3,266,364	280,330,486	279,260,783	4,336,067
Salaries and withholding taxes	21,277,695	941,578,788	935,794,859	27,061,624
Other liabilities	1,914,316	487,776,918	487,784,131	1,907,103
Total liabilities	\$ 26,458,375	\$ 1,709,686,192	\$ 1,702,839,773	\$ 33,304,794
Total - All Agency Funds				
Assets:				
Cash and investments	\$ 53,889,564	\$ 1,579,675,479	\$ 1,575,349,487	\$ 58,215,556
Receivables:				
Accounts, net	2,257,112	2,281,754,206	2,281,662,234	2,349,084
Advances	873,873	1,883,865	1,544,616	1,213,122
Accrued interest	32,092	111,756	99,553	44,295
Total current assets	57,052,641	3,863,425,306	3,858,655,890	61,822,057
Capital assets:				
Intangible assets:				
Software	12,000	-	-	12,000
Accumulated depreciation and amortization	-	-	2,400	(2,400)
Net capital assets	12,000	-	2,400	9,600
Total assets	\$ 57,064,641	\$ 3,863,425,306	\$ 3,858,658,290	\$ 61,831,657
Liabilities:				
Accounts payable	\$ 4,413,522	\$ 316,252,179	\$ 315,123,644	\$ 5,542,057
Salaries and withholding taxes	21,277,695	941,578,788	935,794,859	27,061,624
Due to other government	12,961,446	39,255,559	37,855,700	14,361,305
Other liabilities	18,411,978	645,348,756	648,894,063	14,866,671
Total liabilities	\$ 57,064,641	\$ 1,942,435,282	\$ 1,937,668,266	\$ 61,831,657



Photo courtesy of Lois Summers

Pioneer Courthouse and Sign Showing Points of Interest Near and Far

Schedules of Revenues and Expenditures Governmental Funds - Budget and Actual



David P. Thompson Fountain, 1900

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, 2016

	<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	\$ 214,989,975	\$ 215,017,975	\$ 220,681,661	\$ 5,663,686
Prior year property	4,530,062	4,530,062	4,097,194	(432,868)
Lodging	26,520,000	28,133,248	33,070,664	4,937,416
Total taxes	246,040,037	247,681,285	257,849,519	10,168,234
Licenses and permits:				
Business licenses, net	100,485,000	100,485,000	109,191,833	8,706,833
Public utility licenses	83,516,854	83,516,854	84,551,294	1,034,440
Construction permits	1,940,000	2,531,224	2,899,695	368,471
Other permits	2,934,496	3,024,496	2,335,824	(688,672)
Total licenses and permits	188,876,350	189,557,574	198,978,646	9,421,072
Intergovernmental:				
Federal cost sharing	225,000	225,000	176,437	(48,563)
State revenue sharing	16,115,255	16,115,255	16,115,956	701
State cost sharing	40,000	507,334	393,751	(113,583)
Multnomah County cost sharing	2,496,712	2,611,712	2,267,527	(344,185)
Local revenue sharing	2,901,228	3,701,228	3,250,155	(451,073)
Local cost sharing	7,678,720	7,751,471	7,376,850	(374,621)
Grant revenue	-	-	5,018	5,018
Overhead charges	222,164	222,164	222,164	-
Total intergovernmental	29,679,079	31,134,164	29,807,858	(1,326,306)
Charges for services:				
Public works and utility charges	-	4,300	4,300	-
Inspection fees	1,480,000	1,480,000	1,453,281	(26,719)
Rents and reimbursements	4,658,106	4,659,021	4,831,542	172,521
Parking fees	385,645	385,645	391,294	5,649
Concessions	30,441	30,441	17,500	(12,941)
Parks and recreation facilities fees	12,194,290	12,194,290	12,367,535	173,245
Other service charges	2,899,378	3,768,497	4,473,354	704,857
Total service charges and fees	21,647,860	22,522,194	23,538,806	1,016,612
Billings to other funds for services	26,758,648	27,918,175	26,099,803	(1,818,372)
Billings to other funds for overhead	24,212,401	24,212,401	24,212,401	-
Other:				
Assessments	6,000	13,240	9,715	(3,525)
Sales - other	778,918	819,131	816,083	(3,048)
Refunds	58,000	65,360	145,998	80,638
Donations	-	6,000	78,226	72,226
Investment earnings	1,047,588	1,047,588	1,256,220	208,632
Payment in lieu of taxes	1,106,120	1,106,120	698,417	(407,703)
Fines	207,150	207,150	391,515	184,365
Miscellaneous	806,808	1,030,999	1,270,393	239,394
Total other	4,010,584	4,295,588	4,666,567	370,979
Total revenues	541,224,959	547,321,381	565,153,600	17,832,219

City of Portland, Oregon
General Fund by Function, Continued
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	137,963,917	142,935,781	140,210,419	2,725,362
Materials and services	48,354,295	45,412,977	42,060,896	3,352,081
Capital outlay	-	880,350	524,923	355,427
Total Portland Police Bureau	<u>186,318,212</u>	<u>189,229,108</u>	<u>182,796,238</u>	<u>6,432,870</u>
Portland Fire and Rescue				
Personal services	92,649,044	97,295,024	97,375,296	(80,272)
Materials and services	13,692,218	13,965,498	13,755,476	210,022
Capital outlay	1,986,902	2,410,042	91,528	2,318,514
Total Portland Fire and Rescue	<u>108,328,164</u>	<u>113,670,564</u>	<u>111,222,300</u>	<u>2,448,264</u>
Portland Bureau of Emergency Management				
Personal services	1,684,815	1,386,964	1,336,259	50,705
Materials and services	1,082,355	1,000,249	925,907	74,342
Total Portland Bureau of Emergency Management	<u>2,767,170</u>	<u>2,387,213</u>	<u>2,262,166</u>	<u>125,047</u>
Total Public Safety	<u>297,413,546</u>	<u>305,286,885</u>	<u>296,280,704</u>	<u>9,006,181</u>
Parks, Recreation and Culture				
Portland Parks and Recreation				
Personal services	51,107,287	53,126,612	51,434,715	1,691,897
Materials and services	24,216,920	24,272,414	25,900,257	(1,627,843)
Total Portland Parks and Recreation	<u>75,324,207</u>	<u>77,399,026</u>	<u>77,334,972</u>	<u>64,054</u>
Total Parks, Recreation and Culture	<u>75,324,207</u>	<u>77,399,026</u>	<u>77,334,972</u>	<u>64,054</u>
Community Development				
Portland Housing Bureau				
Personal services	807,926	732,368	707,909	24,459
Materials and services	15,080,222	18,366,962	17,446,004	920,958
Total Portland Housing Bureau	<u>15,888,148</u>	<u>19,099,330</u>	<u>18,153,913</u>	<u>945,417</u>
Bureau of Planning and Sustainability				
Personal services	8,028,196	7,986,334	7,931,034	55,300
Materials and services	1,905,434	1,838,174	1,503,750	334,424
Total Bureau of Planning and Sustainability	<u>9,933,630</u>	<u>9,824,508</u>	<u>9,434,784</u>	<u>389,724</u>
Office of Neighborhood Involvement				
Personal services	4,458,827	4,737,727	4,632,461	105,266
Materials and services	4,637,273	4,960,359	4,276,667	683,692
Total Office of Neighborhood Involvement	<u>9,096,100</u>	<u>9,698,086</u>	<u>8,909,128</u>	<u>788,958</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, 2016

	<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:				
Portland Development Commission				
Materials and services	6,997,110	7,055,850	6,975,474	80,376
Total Portland Development Commission	6,997,110	7,055,850	6,975,474	80,376
Office of Equity & Human Rights				
Personal services	1,481,884	1,544,524	1,530,004	14,520
Materials and services	336,192	321,531	304,041	17,490
Total Office of Equity & Human Rights	1,818,076	1,866,055	1,834,045	32,010
Total Community Development	43,733,064	47,543,829	45,307,344	2,236,485
Legislative/ Admin/ Support Services				
Office of the City Attorney				
Personal services	9,959,964	9,839,964	9,336,197	503,767
Materials and services	1,840,247	1,546,803	1,431,711	115,092
Total Office of the City Attorney	11,800,211	11,386,767	10,767,908	618,859
Office of the City Auditor				
Personal services	5,926,165	6,053,156	5,753,671	299,485
Materials and services	3,254,060	3,185,176	2,815,913	369,263
Total Office of the City Auditor	9,180,225	9,238,332	8,569,584	668,748
City Budget Office				
Personal services	1,963,089	1,788,681	1,756,442	32,239
Materials and services	364,889	406,499	411,424	(4,925)
Total City Budget Office	2,327,978	2,195,180	2,167,866	27,314
Office of Government Relations				
Personal services	1,017,738	1,057,738	1,033,816	23,922
Materials and services	550,133	510,912	474,620	36,292
Total Office of Government Relations	1,567,871	1,568,650	1,508,436	60,214
Office of Management and Finance				
Personal services	29,533,142	28,603,322	27,806,510	796,812
Materials and services	10,503,473	12,184,205	10,133,552	2,050,653
Subtotal Office of Management and Finance	40,036,615	40,787,527	37,940,062	2,847,465
Special Appropriations				
Personal services	226,412	276,412	260,171	16,241
Materials and services	11,446,182	10,379,272	9,394,054	985,218
Capital outlay	-	-	85,364	(85,364)
Total Special Appropriations	11,672,594	10,655,684	9,739,589	916,095
Total Office of Management and Finance	51,709,209	51,443,211	47,679,651	3,763,560

City of Portland, Oregon
General Fund by Function, Continued
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	1,764,695	1,828,488	1,735,938	92,550
Materials and services	1,429,886	1,792,646	1,350,010	442,636
Total Office of the Mayor	<u>3,194,581</u>	<u>3,621,134</u>	<u>3,085,948</u>	<u>535,186</u>
Commissioner of Public Affairs				
Personal services	1,164,033	1,195,595	1,162,113	33,482
Materials and services	642,274	731,786	541,812	189,974
Total Commissioner of Public Affairs	<u>1,806,307</u>	<u>1,927,381</u>	<u>1,703,925</u>	<u>223,456</u>
Commissioner of Public Safety				
Personal services	852,326	862,484	838,012	24,472
Materials and services	152,631	143,979	126,480	17,499
Total Commissioner of Public Safety	<u>1,004,957</u>	<u>1,006,463</u>	<u>964,492</u>	<u>41,971</u>
Commissioner of Public Utilities				
Personal services	817,342	817,342	686,327	131,015
Materials and services	225,115	258,621	225,906	32,715
Total Commissioner of Public Utilities	<u>1,042,457</u>	<u>1,075,963</u>	<u>912,233</u>	<u>163,730</u>
Commissioner of Public Works				
Personal services	844,061	804,061	776,170	27,891
Materials and services	160,896	205,786	172,602	33,184
Total Commissioner of Public Works	<u>1,004,957</u>	<u>1,009,847</u>	<u>948,772</u>	<u>61,075</u>
Total Legislative/ Admin/ Support Services	<u>84,638,753</u>	<u>84,472,928</u>	<u>78,308,815</u>	<u>6,164,113</u>
Nondepartmental				
General operating contingencies	9,966,840	8,589,732	-	8,589,732
Total Nondepartmental	<u>9,966,840</u>	<u>8,589,732</u>	<u>-</u>	<u>8,589,732</u>
Debt service and related costs:				
Principal	5,726,763	5,726,763	5,726,763	-
Interest	2,828,973	2,828,973	2,464,025	364,948
Total debt service and related costs	<u>8,555,736</u>	<u>8,555,736</u>	<u>8,190,788</u>	<u>364,948</u>
Total expenditures	<u>519,632,146</u>	<u>531,848,136</u>	<u>505,422,623</u>	<u>26,425,513</u>
Revenues over (under) expenditures	<u>21,592,813</u>	<u>15,473,245</u>	<u>59,730,977</u>	<u>44,257,732</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, 2016

	<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:				
Emergency Communication	-	331,264	331,264	-
General Reserve	-	402,249	402,249	-
Hydroelectric Power Operating	400,000	400,000	400,000	-
Parking Facilities	286,103	286,103	286,103	-
Spectator Facilities Operating	20,047	20,047	20,047	-
Facilities Services Operating	-	26,667	26,667	-
Technology Services	284,060	-	-	-
	<u>990,210</u>	<u>1,466,330</u>	<u>1,466,330</u>	<u>-</u>
Total transfers from other funds				
Transfers to other funds:				
Transportation Operating	(28,983,711)	(29,210,111)	(29,210,111)	-
Emergency Communication	(14,588,266)	(14,838,266)	(14,838,266)	-
Development Services	(2,177,273)	(2,231,521)	(2,206,621)	24,900
General Reserve	(300,000)	(300,000)	(300,000)	-
Housing Investment	(2,524,554)	(2,674,554)	(2,674,554)	-
Portland Parks Memorial	(62,820)	(351,180)	(286,180)	65,000
Police Special Revenue	(2,776)	(2,776)	(2,776)	-
Pension Debt Redemption	(1,531,397)	(1,531,397)	(1,531,397)	-
Governmental Bond Redemption	(2,438,332)	(2,438,332)	(2,438,331)	1
BFRES Facilities GO Bond Construction	(38,172)	(38,172)	(38,172)	-
Parks Capital Improvement Program	(3,909,007)	(3,909,007)	(3,909,007)	-
Sewer System Operating	(946,296)	(981,285)	(981,285)	-
Water	-	(35,000)	(35,000)	-
Facilities Services Operating	(4,748,963)	(4,226,524)	(4,226,524)	-
CityFleet Operating	(519,157)	-	-	-
Technology Services	-	(422,040)	(422,040)	-
	<u>(62,770,724)</u>	<u>(63,190,165)</u>	<u>(63,100,264)</u>	<u>89,901</u>
Total transfers to other funds				
Sale of capital asset	-	-	1,188	1,188
	<u>(61,780,514)</u>	<u>(61,723,835)</u>	<u>(61,632,746)</u>	<u>91,089</u>
Total other financing sources (uses)				
Net change in fund balance	(40,187,701)	(46,250,590)	(1,901,769)	44,348,821
Fund balance -- beginning	40,187,701	46,250,590	46,057,741	46,057,741
Fund balance -- ending	<u>\$ -</u>	<u>\$ -</u>	44,155,972	<u>\$ 90,406,562</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Reserve fund budgeted as separate fund			56,495,175	
Loans receivable, net			224,724	
Unrealized gain on investments			408,673	
Inventories			270,633	
Fund balance - GAAP basis			<u>\$ 101,555,177</u>	

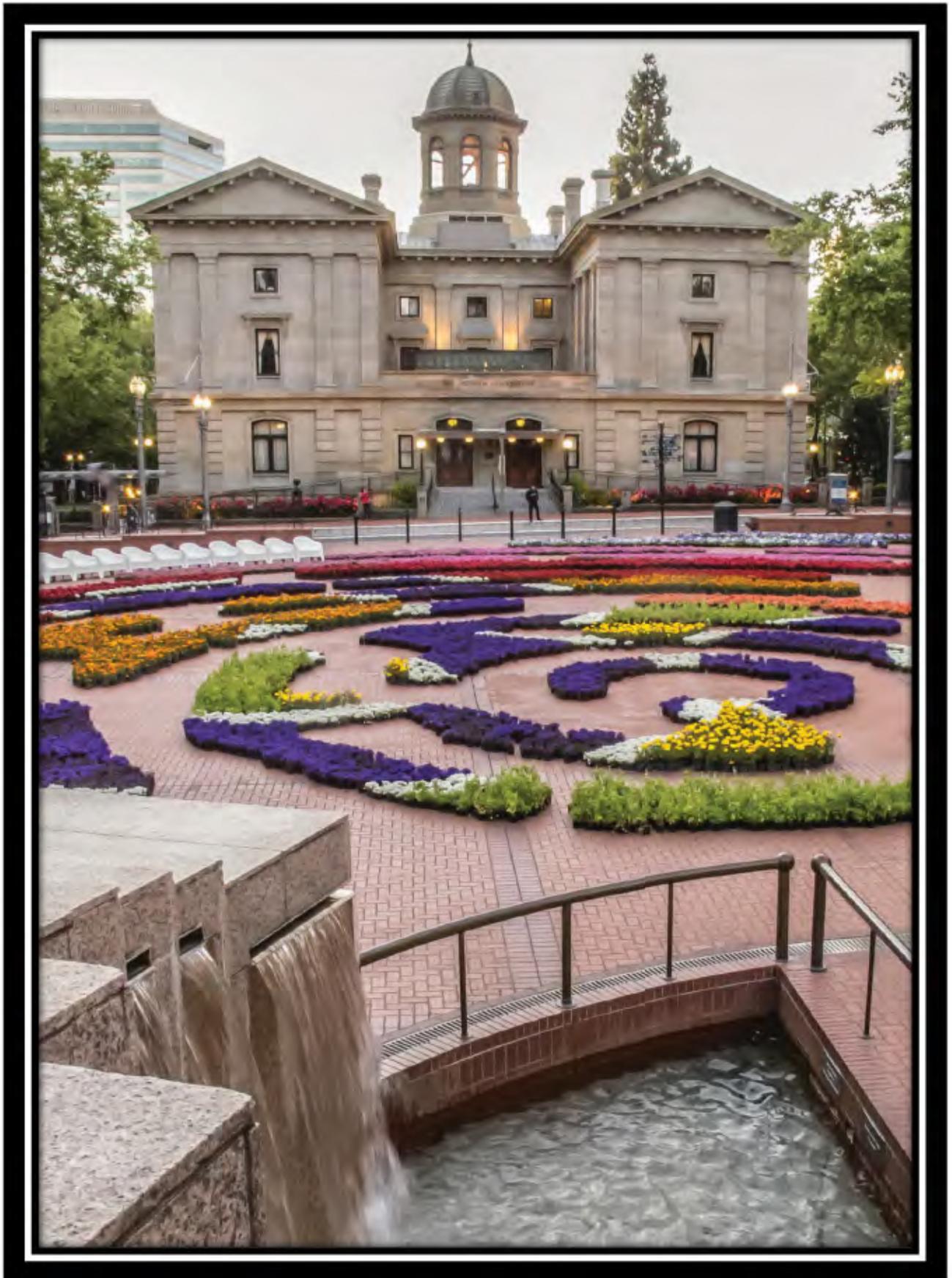


Photo courtesy of Lois Summers

Pioneer Place and Flower Display

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.

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City of Portland, Oregon
Assessment Collection Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Assessments	\$ 200	\$ 200	\$ -	\$ (200)
Investment earnings	650	650	725	75
	<u>850</u>	<u>850</u>	<u>725</u>	<u>(125)</u>
Total revenues				
EXPENDITURES				
Current:				
General operating contingencies	78,968	78,968	-	78,968
Overhead charges - General Fund	10	10	10	-
	<u>78,978</u>	<u>78,978</u>	<u>10</u>	<u>78,968</u>
Total expenditures				
Net change in fund balance	(78,128)	(78,128)	715	78,843
Fund balance - beginning	<u>78,128</u>	<u>78,128</u>	<u>78,074</u>	<u>(54)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	78,789	<u>\$ 78,789</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>368</u>	
Fund balance - GAAP basis			<u>\$ 79,157</u>	

City of Portland, Oregon
Emergency Communication Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
State revenue sharing	\$ 3,000,000	\$ 3,000,000	\$ 4,095,733	\$ 1,095,733
Local cost sharing	4,627,905	4,531,416	3,546,782	(984,634)
Charges for services:				
Other service charges	300,000	350,000	363,394	13,394
Other:				
Investment earnings	10,000	10,000	13,409	3,409
Miscellaneous	-	-	1,008	1,008
Total revenues	<u>7,937,905</u>	<u>7,891,416</u>	<u>8,020,326</u>	<u>128,910</u>
EXPENDITURES				
Current:				
Personal services	15,181,471	15,314,982	14,822,117	492,865
Materials and services	6,376,218	6,354,814	6,073,494	281,320
General operating contingencies	972,667	987,923	-	987,923
Overhead charges - General Fund	713,906	713,906	713,906	-
Debt service and related costs:				
Principal	1,234,847	1,234,847	1,234,847	-
Interest	160,294	160,294	151,022	9,272
Capital outlay	-	300,000	226,425	73,575
Total expenditures	<u>24,639,403</u>	<u>25,066,766</u>	<u>23,221,811</u>	<u>1,844,955</u>
Revenues over (under) expenditures	<u>(16,701,498)</u>	<u>(17,175,350)</u>	<u>(15,201,485)</u>	<u>1,973,865</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	14,588,266	14,838,266	14,838,266	-
General Reserve	1,179,000	1,179,000	1,179,000	-
Total transfers from other funds	<u>15,767,266</u>	<u>16,017,266</u>	<u>16,017,266</u>	<u>-</u>
Transfers to other funds:				
General	-	(331,264)	(331,264)	-
Pension Debt Redemption	(38,733)	(38,733)	(38,733)	-
Total transfers to other funds	<u>(38,733)</u>	<u>(369,997)</u>	<u>(369,997)</u>	<u>-</u>
Total other financing sources (uses)	<u>15,728,533</u>	<u>15,647,269</u>	<u>15,647,269</u>	<u>-</u>
Net change in fund balance	(972,965)	(1,528,081)	445,784	1,973,865
Fund balance - beginning	972,965	1,528,081	1,527,998	(83)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	1,973,782	<u>\$ 1,973,782</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			1,058	
Fund balance - GAAP basis			<u>\$ 1,974,840</u>	

City of Portland, Oregon
Development Services Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	\$ 32,215,535	\$ 34,234,359	\$ 42,654,915	\$ 8,420,556
Other permits	593,166	593,166	781,782	188,616
Service charges and fees:				
Inspection fees	2,061,278	2,061,278	2,032,639	(28,639)
Other service charges	11,572,208	11,572,208	15,314,471	3,742,263
Billings to other funds for services	1,076,213	1,102,676	1,013,547	(89,129)
Other:				
Assessments	2,442,221	2,442,221	3,574,731	1,132,510
Investment earnings	-	-	1,033,708	1,033,708
Miscellaneous	-	-	19,104	19,104
Total revenues	49,960,621	52,005,908	66,424,897	14,418,989
EXPENDITURES				
Current:				
Personal services	35,656,588	36,228,799	33,726,102	2,502,697
Materials and services	11,266,803	12,826,400	12,046,063	780,337
General operating contingencies	14,782,627	14,762,390	-	14,762,390
Overhead charges - General Fund	987,298	987,298	987,298	-
Debt service and related costs:				
Principal	726,947	726,947	726,947	-
Interest	357,803	357,803	311,269	46,534
Capital outlay	2,690,225	2,690,225	702,191	1,988,034
Total expenditures	66,468,291	68,579,862	48,499,870	20,079,992
Revenues over (under) expenditures	(16,507,670)	(16,573,954)	17,925,027	34,498,981
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	2,177,273	2,231,521	2,206,621	(24,900)
Transfer to other fund:				
Pension Debt Redemption	(194,393)	(194,393)	(194,393)	-
CityFleet Operating	(12,036)	-	-	-
Total other financing sources (uses)	1,970,844	2,037,128	2,012,228	(24,900)
Net change in fund balance	(14,536,826)	(14,536,826)	19,937,255	34,474,081
Fund balance - beginning	45,634,924	45,634,924	51,228,946	5,594,022
Fund balance - ending	<u>\$ 31,098,098</u>	<u>\$ 31,098,098</u>	71,166,201	<u>\$ 40,068,103</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			330,160	
Fund balance - GAAP basis			<u>\$ 71,496,361</u>	

City of Portland, Oregon
Property Management License Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	\$ 5,195,000	\$ 5,220,715	\$ 5,184,872	\$ (35,843)
Charges for services:				
Other:				
Investment earnings	2,200	3,150	3,560	410
Total revenues	<u>5,197,200</u>	<u>5,223,865</u>	<u>5,188,432</u>	<u>(35,433)</u>
EXPENDITURES				
Current:				
Materials and services	5,172,200	5,198,865	5,162,885	35,980
Overhead charges - General Fund	25,000	25,000	25,000	-
Total expenditures	<u>5,197,200</u>	<u>5,223,865</u>	<u>5,187,885</u>	<u>35,980</u>
Net change in fund balance	-	-	547	547
Fund balance - beginning	-	-	14,020	14,020
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	14,567	<u>\$ 14,567</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>63</u>	
Fund balance - GAAP basis			<u>\$ 14,630</u>	

City of Portland, Oregon
Convention and Tourism Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget -
			Amounts	Positive
				(Negative)
REVENUES				
Taxes:				
Lodging	\$ 15,335,650	\$ 18,123,500	\$ 17,472,465	\$ (651,035)
Other:				
Investment earnings	12,000	37,000	32,790	(4,210)
Total revenues	15,347,650	18,160,500	17,505,255	(655,245)
EXPENDITURES				
Current:				
Materials and services	15,395,868	18,252,424	17,466,813	785,611
General operating contingencies	16,782	-	-	-
Overhead charges - General Fund	25,000	25,000	25,000	-
Total expenditures	15,437,650	18,277,424	17,491,813	785,611
Net change in fund balance	(90,000)	(116,924)	13,442	130,366
Fund balance - beginning	90,000	116,924	121,774	4,850
Fund balance - ending	\$ -	\$ -	135,216	\$ 135,216
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			1,825	
Fund balance - GAAP basis			\$ 137,041	

City of Portland, Oregon
General Reserve Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 265,000	\$ 265,000	\$ 447,666	\$ 182,666
EXPENDITURES				
Current:				
General operating contingencies	56,636,701	56,009,452	-	56,009,452
Revenues over (under) expenditures	(56,371,701)	(55,744,452)	447,666	56,192,118
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
General	300,000	300,000	300,000	-
Transfers to other funds:				
General	-	(402,249)	(402,249)	-
Emergency Communication	(1,179,000)	(1,179,000)	(1,179,000)	-
Facilities Services Operating	(2,281,450)	(2,281,450)	(2,281,450)	-
Total transfers to other funds	(3,460,450)	(3,862,699)	(3,862,699)	-
Internal loan proceeds	750,000	750,000	725,000	(25,000)
Internal loan remittances	-	(225,000)	-	225,000
Total other financing sources (uses)	(2,410,450)	(3,037,699)	(2,837,699)	200,000
Net change in fund balance	(58,782,151)	(58,782,151)	(2,390,033)	56,392,118
Fund balance - beginning	58,782,151	58,782,151	58,885,208	103,057
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	56,495,175	<u>\$ 56,495,175</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
General Reserve Fund budgeted as separate fund - to General Fund			(56,495,175)	
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, 2016

	<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	\$ 20,000	\$ 38,426	\$ 18,426
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>38,426</u>	<u>18,426</u>
EXPENDITURES				
Current:				
General operating contingencies	<u>5,150,541</u>	<u>5,150,541</u>	<u>-</u>	<u>5,150,541</u>
Total expenditures	<u>5,150,541</u>	<u>5,150,541</u>	<u>-</u>	<u>5,150,541</u>
Revenues over (under) expenditures	<u>(5,130,541)</u>	<u>(5,130,541)</u>	<u>38,426</u>	<u>5,168,967</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
Transportation Operating	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>-</u>
Net change in fund balance	(4,230,541)	(4,230,541)	938,426	5,168,967
Fund balance - beginning	<u>4,230,541</u>	<u>4,230,541</u>	<u>4,248,460</u>	<u>17,919</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>5,186,886</u>	<u>\$ 5,186,886</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Transportation Reserve Fund budgeted as separate fund - to Transportation Operating Fund			<u>(5,186,886)</u>	
Fund balance - GAAP basis			<u>\$ -</u>	

City of Portland, Oregon
Housing Investment Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	\$ 179,300	\$ 199,300	\$ -	\$ (199,300)
Local revenue sharing	-	-	204,633	204,633
Charges for services:				
Other service charges	511,437	613,437	424,154	(189,283)
Other:				
Loan repayments	240,000	740,000	935,719	195,719
Investment earnings	204,170	339,170	313,165	(26,005)
Total revenues	<u>1,134,907</u>	<u>1,891,907</u>	<u>1,877,671</u>	<u>(14,236)</u>
EXPENDITURES				
Current:				
Personal services	948,026	936,526	911,317	25,209
Materials and services	3,928,237	1,651,513	1,352,413	299,100
General operating contingencies	91,500	2,719,000	-	2,719,000
Total expenditures	<u>4,967,763</u>	<u>5,307,039</u>	<u>2,263,730</u>	<u>3,043,309</u>
Revenues over (under) expenditures	<u>(3,832,856)</u>	<u>(3,415,132)</u>	<u>(386,059)</u>	<u>3,029,073</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
General	2,524,554	2,674,554	2,674,554	-
Total other financing sources (uses)	<u>2,524,554</u>	<u>2,674,554</u>	<u>2,674,554</u>	<u>-</u>
Net change in fund balance	(1,308,302)	(740,578)	2,288,495	3,029,073
Fund balance - beginning	<u>1,308,302</u>	<u>740,578</u>	<u>3,354,935</u>	<u>2,614,357</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	5,643,430	<u>\$ 5,643,430</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			26,719	
Notes and loans receivable, net			5,896,516	
Accrued interest receivable			<u>1,730,055</u>	
Fund balance - GAAP basis			<u>\$ 13,296,720</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, 2016**

	<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	\$ -	\$ -	\$ 897	\$ 897
Other:				
Investment earnings	4,000	4,000	5,115	1,115
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>6,012</u>	<u>2,012</u>
EXPENDITURES				
Current:				
General operating contingencies	647,210	647,210	-	647,210
Net change in fund balance	(643,210)	(643,210)	6,012	649,222
Fund balance - beginning	<u>643,210</u>	<u>643,210</u>	<u>667,865</u>	<u>24,655</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	673,877	<u>\$ 673,877</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>3,147</u>	
Fund balance - GAAP basis			<u>\$ 677,024</u>	

**City of Portland, Oregon
Children's Investment Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016**

	<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	\$ 13,749,267	\$ 13,749,267	\$ 15,058,783	\$ 1,309,516
Prior year property	248,700	248,700	216,788	(31,912)
Other:				
Investment earnings	-	-	65,345	65,345
Total revenues	<u>13,997,967</u>	<u>13,997,967</u>	<u>15,340,916</u>	<u>1,342,949</u>
EXPENDITURES				
Current:				
Personal services	543,468	560,062	552,176	7,886
Materials and services	16,087,137	16,070,543	14,334,180	1,736,363
General operating contingencies	499,730	499,730	-	499,730
Overhead charges - General Fund	25,000	25,000	25,000	-
Total expenditures	<u>17,155,335</u>	<u>17,155,335</u>	<u>14,911,356</u>	<u>2,243,979</u>
Net change in fund balance	(3,157,368)	(3,157,368)	429,560	3,586,928
Fund balance - beginning	<u>3,157,368</u>	<u>3,157,368</u>	<u>3,970,954</u>	<u>813,586</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	4,400,514	<u>\$ 4,400,514</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>37,579</u>	
Fund balance - GAAP basis			<u>\$ 4,438,093</u>	

City of Portland, Oregon
Grants Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amount</u>	
REVENUES				
Intergovernmental:				
Grant revenue	\$ 35,561,031	\$ 47,646,934	\$ 21,330,400	\$ (26,316,534)
Service charges and fees:				
Other service charges	-	-	168	168
Other:				
Loan repayments	-	37,500	40,806	3,306
Investment earnings	-	-	14,457	14,457
	<u>35,561,031</u>	<u>47,684,434</u>	<u>21,385,831</u>	<u>(26,298,603)</u>
Total revenues				
EXPENDITURES				
Current:				
Personal services	9,653,747	12,100,686	7,900,849	4,199,837
Materials and services	12,134,708	27,080,632	8,689,506	18,391,126
Capital outlay	13,857,611	8,588,151	4,677,906	3,910,245
	<u>35,646,066</u>	<u>47,769,469</u>	<u>21,268,261</u>	<u>26,501,208</u>
Total expenditures				
Revenues over (under) expenditures	<u>(85,035)</u>	<u>(85,035)</u>	<u>117,570</u>	<u>202,605</u>
OTHER FINANCING SOURCES (USES)				
Internal loan proceeds	-	-	4,500,000	4,500,000
Internal loan remittances	(4,750,000)	(4,750,000)	(4,600,000)	150,000
	<u>(4,750,000)</u>	<u>(4,750,000)</u>	<u>(100,000)</u>	<u>4,650,000</u>
Total other financing sources (uses)				
Net change in fund balance	(4,835,035)	(4,835,035)	17,570	4,852,605
Fund balance - beginning	4,835,035	4,835,035	483,273	(4,351,762)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	500,843	<u>\$ 500,843</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Notes and loans receivable, net			456,101	
Internal loans payable			(4,500,000)	
Fund balance (deficit) - GAAP basis			<u>\$ (3,543,056)</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
Grants	\$ 12,293,638	\$ 9,415,156	\$ 8,615,556	\$ (799,600)
Service charges and fees:				
Other service charges	-	15,000	14,474	(526)
Other:				
Assessments	-	-	1,554	1,554
Investment earnings	431,000	471,000	422,834	(48,166)
Loan repayments	550,000	1,125,000	971,575	(153,425)
Total revenues	<u>13,274,638</u>	<u>11,026,156</u>	<u>10,025,993</u>	<u>(1,000,163)</u>
EXPENDITURES				
Current:				
Personal services	1,240,218	1,280,218	1,280,219	(1)
Materials and services	11,494,420	9,065,938	7,771,419	1,294,519
Debt service and related costs:				
Principal	284,000	384,000	408,000	(24,000)
Interest	256,000	296,000	270,609	25,391
Total expenditures	<u>13,274,638</u>	<u>11,026,156</u>	<u>9,730,247</u>	<u>1,295,909</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>295,746</u>	<u>295,746</u>
OTHER FINANCING SOURCES (USES)				
Internal loan proceeds	-	150,000	-	(150,000)
Internal loan remittances	<u>-</u>	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>
Net change in fund balance	-	-	295,746	295,746
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>238</u>	<u>238</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>295,984</u>	<u>\$ 295,984</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Notes and loans receivable, net			11,822,408	
Accrued interest receivable			<u>685,531</u>	
Fund balance - GAAP basis			<u>\$ 12,803,923</u>	

City of Portland, Oregon
HOME Grant Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Grants	\$ 8,870,924	\$ 5,040,335	\$ 3,892,919	\$ (1,147,416)
Charges for services:				
Other service charges	-	20,000	14,213	(5,787)
Other:				
Loan repayments	200,000	1,250,000	1,146,252	(103,748)
Investment earnings	110,000	110,000	84,115	(25,885)
	<u>9,180,924</u>	<u>6,420,335</u>	<u>5,137,499</u>	<u>(1,282,836)</u>
EXPENDITURES				
Current:				
Personal services	346,875	346,875	314,848	32,027
Materials and services	8,834,049	6,073,460	4,773,596	1,299,864
	<u>9,180,924</u>	<u>6,420,335</u>	<u>5,088,444</u>	<u>1,331,891</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>49,055</u>	<u>49,055</u>
OTHER FINANCING SOURCES (USES)				
Internal loan proceeds	-	75,000	-	(75,000)
Internal loan remittances	-	(75,000)	-	75,000
	<u>-</u>	<u>-</u>	<u>49,055</u>	<u>49,055</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>49,055</u>	<u>49,055</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>114,169</u>	<u>114,169</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>163,224</u>	<u>\$ 163,224</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Notes and loans receivable, net			5,279,980	
Accrued interest receivable			624,512	
			<u>5,904,492</u>	
Fund balance - GAAP basis			<u>\$ 6,067,716</u>	

City of Portland, Oregon
Portland Parks Memorial Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	\$ -	\$ 500,000	\$ 1,066,600	\$ 566,600
Service charges and fees:				
Rents and reimbursements	34,000	34,000	237,597	203,597
Parking fees	2,470,238	2,470,238	2,893,757	423,519
Parks and recreation facilities fees	25,000	25,000	16,779	(8,221)
Other service charges	-	-	24,700	24,700
Other:				
Sales - other	60,000	60,000	-	(60,000)
Donations	707,257	707,566	703,786	(3,780)
Investment earnings	18,292	18,292	47,938	29,646
Miscellaneous	-	-	8,488	8,488
Total revenues	<u>3,314,787</u>	<u>3,815,096</u>	<u>4,999,645</u>	<u>1,184,549</u>
EXPENDITURES				
Current:				
Personal services	1,408,742	1,408,742	956,963	451,779
Materials and services	2,616,318	4,034,803	2,169,993	1,864,810
General operating contingencies	2,653,739	3,029,433	-	3,029,433
Total expenditures	<u>6,678,799</u>	<u>8,472,978</u>	<u>3,126,956</u>	<u>5,346,022</u>
Revenues over (under) expenditures	<u>(3,364,012)</u>	<u>(4,657,882)</u>	<u>1,872,689</u>	<u>6,530,571</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
General	62,820	351,180	286,180	(65,000)
Water	3,000	3,000	3,000	-
Total transfers from other funds	<u>65,820</u>	<u>354,180</u>	<u>289,180</u>	<u>(65,000)</u>
Transfer to other fund:				
Parks Capital Improvement Program	<u>(531,600)</u>	<u>(754,600)</u>	<u>(128,020)</u>	<u>626,580</u>
Total other financing sources (uses)	<u>(465,780)</u>	<u>(400,420)</u>	<u>161,160</u>	<u>561,580</u>
Net change in fund balance	(3,829,792)	(5,058,302)	2,033,849	7,092,151
Fund balance - beginning	<u>3,829,792</u>	<u>5,058,302</u>	<u>5,058,301</u>	<u>(1)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>7,092,150</u>	<u>\$ 7,092,150</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>33,022</u>	
Fund balance - GAAP basis			<u>\$ 7,125,172</u>	

City of Portland, Oregon
Tax Increment Reimbursement Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Local cost sharing	\$ 47,236,608	\$ 20,240,916	\$ 13,531,151	\$ (6,709,765)
Charges for services:				
Rents and reimbursements	-	-	95,159	95,159
Other service charges	-	9,150	31,067	21,917
Other:				
Loan repayments	862,200	1,280,062	3,131,944	1,851,882
Investment earnings	502,957	392,957	971,498	578,541
Total revenues	<u>48,601,765</u>	<u>21,923,085</u>	<u>17,760,819</u>	<u>(4,162,266)</u>
EXPENDITURES				
Current:				
Personal services	2,505,913	2,505,913	2,382,244	123,669
Materials and services	45,333,198	19,470,079	12,567,632	6,902,447
Overhead charges - General Fund	762,654	762,654	762,654	-
Total expenditures	<u>48,601,765</u>	<u>22,738,646</u>	<u>15,712,530</u>	<u>7,026,116</u>
Net change in fund balance	-	(815,561)	2,048,289	2,863,850
Fund balance - beginning	-	815,561	17,684,575	16,869,014
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	19,732,864	<u>\$ 19,732,864</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			89,458	
Accrued interest receivable			3,229,499	
Notes and loans receivable, net			41,092,579	
Fund balance - GAAP basis			<u>\$ 64,144,400</u>	

City of Portland, Oregon
Police Special Revenue Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	\$ 300,000	\$ 860,000	\$ 1,501,150	\$ 641,150
State revenue sharing	5,000	55,000	93,837	38,837
Multnomah County cost sharing	-	-	556,476	556,476
Local cost sharing	-	1,541,767	977,613	(564,154)
Other:				
Donations	22,250	22,250	123,714	101,464
Investment earnings	7,600	7,600	22,008	14,408
Total revenues	<u>334,850</u>	<u>2,486,617</u>	<u>3,274,798</u>	<u>788,181</u>
EXPENDITURES				
Current:				
Personal services	-	203,908	139,951	63,957
Materials and services	3,013,437	4,389,191	1,540,127	2,849,064
General operating contingencies	150,000	150,000	-	150,000
Capital outlay	-	42,900	42,890	10
Total expenditures	<u>3,163,437</u>	<u>4,785,999</u>	<u>1,722,968</u>	<u>3,063,031</u>
Revenues over (under) expenditures	<u>(2,828,587)</u>	<u>(2,299,382)</u>	<u>1,551,830</u>	<u>3,851,212</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
General	<u>2,776</u>	<u>2,776</u>	<u>2,776</u>	<u>-</u>
Net change in fund balance	(2,825,811)	(2,296,606)	1,554,606	3,851,212
Fund balance - beginning	<u>2,825,811</u>	<u>2,296,606</u>	<u>2,295,978</u>	<u>(628)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	3,850,584	<u>\$ 3,850,584</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>18,067</u>	
Fund balance - GAAP basis			<u>\$ 3,868,651</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes:				
Miscellaneous	\$ 10,764,000	\$ 10,949,000	\$ 10,246,214	\$ (702,786)
Other:				
Investment earnings	25,000	50,000	52,831	2,831
Total revenues	<u>10,789,000</u>	<u>10,999,000</u>	<u>10,299,045</u>	<u>(699,955)</u>
EXPENDITURES				
Current:				
Materials and services	17,486,305	10,774,260	9,947,600	826,660
General operating contingencies	-	7,818,231	-	7,818,231
Overhead charges - General Fund	25,000	25,000	25,000	-
Total expenditures	<u>17,511,305</u>	<u>18,617,491</u>	<u>9,972,600</u>	<u>8,644,891</u>
Net change in fund balance	(6,722,305)	(7,618,491)	326,445	7,944,936
Fund balance - beginning	<u>6,722,305</u>	<u>7,618,491</u>	<u>7,607,483</u>	<u>(11,008)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	7,933,928	<u>\$ 7,933,928</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>37,062</u>	
Fund balance - GAAP basis			<u>\$ 7,970,990</u>	

**City of Portland, Oregon
Community Solar Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
Other:				
Refunds	\$ -	\$ -	\$ 500	\$ 500
Investment earnings	-	-	308	308
Miscellaneous	12,040	12,040	8,984	(3,056)
Total revenues	<u>12,040</u>	<u>12,040</u>	<u>9,792</u>	<u>(2,248)</u>
EXPENDITURES				
Current:				
Materials and services	27,012	27,012	-	27,012
Overhead charges - General Fund	28	28	28	-
Total expenditures	<u>27,040</u>	<u>27,040</u>	<u>28</u>	<u>27,012</u>
Net change in fund balance	(15,000)	(15,000)	9,764	24,764
Fund balance - beginning	-	-	34,148	34,148
Fund balance - ending	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	43,912	<u>\$ 58,912</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>205</u>	
Fund balance - GAAP basis			<u>\$ 44,117</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, 2016

	<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	\$ 27,038,372	\$ 27,138,372	\$ 29,174,031	\$ 2,035,659
Prior year property	613,947	613,947	558,561	(55,386)
Other:				
Investment earnings	86,972	86,972	144,344	57,372
Total revenues	<u>27,739,291</u>	<u>27,839,291</u>	<u>29,876,936</u>	<u>2,037,645</u>
EXPENDITURES				
Debt service and related costs:				
Principal	24,665,512	24,740,512	24,700,000	40,512
Interest	3,073,779	3,098,779	2,916,695	182,084
Total expenditures	<u>27,739,291</u>	<u>27,839,291</u>	<u>27,616,695</u>	<u>222,596</u>
Net change in fund balance	-	-	2,260,241	2,260,241
Fund balance - beginning	<u>7,618,858</u>	<u>7,618,858</u>	<u>8,062,583</u>	<u>443,725</u>
Fund balance - ending	<u>\$ 7,618,858</u>	<u>\$ 7,618,858</u>	10,322,824	<u>\$ 2,703,966</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>46,294</u>	
Fund balance - GAAP basis			<u>\$ 10,369,118</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, 2016

	<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	\$ 14,564,970	\$ 14,564,970	\$ 14,629,906	\$ 64,936
Prior year property	100,000	100,000	222,261	122,261
Other:				
Investment earnings	20,000	20,000	52,268	32,268
Total revenues	<u>14,684,970</u>	<u>14,684,970</u>	<u>14,904,435</u>	<u>219,465</u>
EXPENDITURES				
Debt service and related costs:				
Principal	9,145,000	9,145,000	10,225,000	(1,080,000)
Interest	5,539,970	5,414,970	4,152,617	1,262,353
Total expenditures	<u>14,684,970</u>	<u>14,559,970</u>	<u>14,377,617</u>	<u>182,353</u>
Revenues over (under) expenditures	<u>-</u>	<u>125,000</u>	<u>526,818</u>	<u>401,818</u>
OTHER FINANCING SOURCES (USES)				
Internal loan remittances	<u>-</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
Net change in fund balance	-	-	401,818	401,818
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>163,510</u>	<u>163,510</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>565,328</u>	<u>\$ 565,328</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>1,667</u>	
Fund balance - GAAP basis			<u>\$ 566,995</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, 2016

	<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	\$ 9,090,020	\$ 9,090,020	\$ 9,791,035	\$ 701,015
Prior year property	200,000	200,000	185,201	(14,799)
Other:				
Investment earnings	60,782	60,782	98,440	37,658
Total revenues	<u>9,350,802</u>	<u>9,350,802</u>	<u>10,074,676</u>	<u>723,874</u>
EXPENDITURES				
Debt service and related costs:				
Principal	6,250,000	6,250,000	6,250,000	-
Interest	3,239,678	3,239,678	3,239,678	-
Total expenditures	<u>9,489,678</u>	<u>9,489,678</u>	<u>9,489,678</u>	<u>-</u>
Net change in fund balance	(138,876)	(138,876)	584,998	723,874
Fund balance - beginning	<u>6,492,928</u>	<u>6,492,928</u>	<u>8,266,325</u>	<u>1,773,397</u>
Fund balance - ending	<u>\$ 6,354,052</u>	<u>\$ 6,354,052</u>	8,851,323	<u>\$ 2,497,271</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>40,637</u>	
Fund balance - GAAP basis			<u>\$ 8,891,960</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, 2016

	<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	\$ 20,588,755	\$ 20,588,755	\$ 22,997,403	\$ 2,408,648
Prior year property	295,000	295,000	365,886	70,886
Other:				
Investment earnings	90,204	90,204	139,880	49,676
Total revenues	<u>20,973,959</u>	<u>20,973,959</u>	<u>23,503,169</u>	<u>2,529,210</u>
EXPENDITURES				
Debt service and related costs:				
Principal	23,136,220	23,136,220	22,000,000	1,136,220
Interest	3,059,782	3,059,782	2,995,519	64,263
Total expenditures	<u>26,196,002</u>	<u>26,196,002</u>	<u>24,995,519</u>	<u>1,200,483</u>
Net change in fund balance	(5,222,043)	(5,222,043)	(1,492,350)	3,729,693
Fund balance - beginning	<u>10,964,581</u>	<u>10,964,581</u>	<u>10,937,696</u>	<u>(26,885)</u>
Fund balance - ending	<u>\$ 5,742,538</u>	<u>\$ 5,742,538</u>	9,445,346	<u>\$ 3,702,808</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>42,685</u>	
Fund balance - GAAP basis			<u>\$ 9,488,031</u>	

City of Portland, Oregon
Pension Debt Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	\$ 26,734	\$ 16,734
Miscellaneous	735,570	735,570	699,093	(36,477)
Total revenues	<u>745,570</u>	<u>745,570</u>	<u>725,827</u>	<u>(19,743)</u>
EXPENDITURES				
Debt service and related costs:				
Principal	2,950,937	2,950,937	2,950,938	(1)
Interest	1,462,446	1,462,446	1,263,547	198,899
Debt issuance costs	289,610	289,610	235,638	53,972
Total expenditures	<u>4,702,993</u>	<u>4,702,993</u>	<u>4,450,123</u>	<u>252,870</u>
Revenues over (under) expenditures	<u>(3,957,423)</u>	<u>(3,957,423)</u>	<u>(3,724,296)</u>	<u>233,127</u>
OTHER FINANCING SOURCES				
Transfers from other funds:				
General	1,531,397	1,531,397	1,531,397	-
Transportation Operating	748,702	748,702	748,702	-
Emergency Communication	38,733	38,733	38,733	-
Development Services	194,393	194,393	194,393	-
Local Improvement District	13,866	13,866	13,866	-
Parks Capital Improvement Program	18,769	18,769	18,769	-
Sewer System Operating	532,092	532,092	532,092	-
Water	552,635	552,635	552,635	-
Hydroelectric Power Operating	4,078	4,078	4,078	-
Golf	33,322	33,322	33,322	-
Portland International Raceway	6,414	6,414	6,414	-
Solid Waste Management	10,347	10,347	10,347	-
Environmental Remediation	239	239	239	-
Health Insurance Operating	6,149	6,149	6,149	-
Facilities Services Operating	33,123	33,123	33,123	-
CityFleet Operating	77,840	77,840	77,840	-
Printing and Distribution Services Operating	26,378	26,378	26,378	-
Insurance and Claims Operating	14,536	14,536	14,536	-
Workers' Compensation Self Insurance Operating	13,596	13,596	13,596	-
Technology Services	92,515	92,515	92,515	-
Fire and Police Disability and Retirement	8,299	8,299	8,299	-
Total other financing sources	<u>3,957,423</u>	<u>3,957,423</u>	<u>3,957,423</u>	<u>-</u>
Net change in fund balance	-	-	233,127	233,127
Fund balance - beginning	<u>750,000</u>	<u>750,000</u>	<u>1,753,899</u>	<u>1,003,899</u>
Fund balance - ending	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>1,987,026</u>	<u>\$ 1,237,026</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>9,251</u>	
Fund balance - GAAP basis			<u>\$ 1,996,277</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, 2016

	<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	\$ 6,980,320	\$ 6,980,320	\$ 7,497,682	\$ 517,362
Prior year property	143,000	143,000	139,512	(3,488)
Other:				
Investment earnings	95,943	95,943	97,830	1,887
Total revenues	<u>7,219,263</u>	<u>7,219,263</u>	<u>7,735,024</u>	<u>515,761</u>
EXPENDITURES				
Debt service and related costs:				
Principal	4,510,000	4,510,000	4,510,000	-
Interest	2,671,374	2,671,374	2,671,373	1
Total expenditures	<u>7,181,374</u>	<u>7,181,374</u>	<u>7,181,373</u>	<u>1</u>
Net change in fund balance	37,889	37,889	553,651	515,762
Fund balance - beginning	<u>8,871,153</u>	<u>8,871,153</u>	<u>9,307,864</u>	<u>436,711</u>
Fund balance - ending	<u>\$ 8,909,042</u>	<u>\$ 8,909,042</u>	9,861,515	<u>\$ 952,473</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>45,520</u>	
Fund balance - GAAP basis			<u>\$ 9,907,035</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, 2016

	<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	\$ 5,494,040	\$ 5,494,040	\$ 5,806,480	\$ 312,440
Prior year property	114,000	114,000	108,205	(5,795)
Other:				
Investment earnings	19,822	19,822	38,525	18,703
Total revenues	<u>5,627,862</u>	<u>5,627,862</u>	<u>5,953,210</u>	<u>325,348</u>
EXPENDITURES				
Debt service and related costs:				
Principal	4,420,000	4,420,000	4,855,800	(435,800)
Interest	1,167,750	1,167,750	743,382	424,368
Debt issuance costs	-	-	44,593	(44,593)
Total expenditures	<u>5,587,750</u>	<u>5,587,750</u>	<u>5,643,775</u>	<u>(56,025)</u>
Revenues over (under) expenditures	<u>40,112</u>	<u>40,112</u>	<u>309,435</u>	<u>269,323</u>
OTHER FINANCING SOURCES (USES)				
Bonds and notes issued	-	-	24,897,200	24,897,200
Payments to refunded loan and bond escrow agent	-	-	(24,430,000)	(24,430,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>467,200</u>	<u>467,200</u>
Net change in fund balance	40,112	40,112	776,635	736,523
Fund balance - beginning	<u>1,496,913</u>	<u>1,496,913</u>	<u>1,823,772</u>	<u>326,859</u>
Fund balance - ending	<u>\$ 1,537,025</u>	<u>\$ 1,537,025</u>	2,600,407	<u>\$ 1,063,382</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>11,728</u>	
Fund balance - GAAP basis			<u>\$ 2,612,135</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, 2016

	<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	\$ 6,774	\$ 6,774	\$ 10,694	\$ 3,920
EXPENDITURES				
Debt service and related costs:				
Principal	1,984,000	1,984,000	1,984,000	-
Interest	487,651	487,651	487,650	1
Total expenditures	<u>2,471,651</u>	<u>2,471,651</u>	<u>2,471,650</u>	<u>1</u>
Revenues over (under) expenditures	<u>(2,464,877)</u>	<u>(2,464,877)</u>	<u>(2,460,956)</u>	<u>3,921</u>
OTHER FINANCING SOURCES				
Transfer from other fund:				
Transportation Operating	<u>2,471,651</u>	<u>2,471,651</u>	<u>2,462,451</u>	<u>(9,200)</u>
Net change in fund balance	6,774	6,774	1,495	(5,279)
Fund balance - beginning	<u>1,675,687</u>	<u>1,675,687</u>	<u>1,674,522</u>	<u>(1,165)</u>
Fund balance - ending	<u>\$ 1,682,461</u>	<u>\$ 1,682,461</u>	1,676,017	<u>\$ (6,444)</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			<u>-</u>	
Fund balance - GAAP basis			<u>\$ 1,676,017</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, 2016

	<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	\$ 12,784,145	\$ 12,784,145	\$ 13,062,134	\$ 277,989
Prior year property	200,000	200,000	222,627	22,627
Other:				
Investment earnings	40,448	40,448	64,624	24,176
Total revenues	<u>13,024,593</u>	<u>13,024,593</u>	<u>13,349,385</u>	<u>324,792</u>
EXPENDITURES				
Debt service and related costs:				
Principal	12,267,357	12,267,357	11,350,000	917,357
Interest	1,692,345	1,692,345	1,689,710	2,635
Total expenditures	<u>13,959,702</u>	<u>13,959,702</u>	<u>13,039,710</u>	<u>919,992</u>
Net change in fund balance	(935,109)	(935,109)	309,675	1,244,784
Fund balance - beginning	<u>3,967,701</u>	<u>3,967,701</u>	<u>4,009,848</u>	<u>42,147</u>
Fund balance - ending	<u>\$ 3,032,592</u>	<u>\$ 3,032,592</u>	4,319,523	<u>\$ 1,286,931</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>19,350</u>	
Fund balance - GAAP basis			<u>\$ 4,338,873</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, 2016

	<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	\$ 6,225,087	\$ 6,406,889	\$ 6,429,714	\$ 22,825
Prior year property	110,000	110,000	113,215	3,215
Other:				
Investment earnings	24,455	24,455	45,205	20,750
Total revenues	<u>6,359,542</u>	<u>6,541,344</u>	<u>6,588,134</u>	<u>46,790</u>
EXPENDITURES				
Debt service and related costs:				
Principal	6,642,626	6,903,659	6,540,000	363,659
Interest	1,308,754	1,308,754	1,350,991	(42,237)
Total expenditures	<u>7,951,380</u>	<u>8,212,413</u>	<u>7,890,991</u>	<u>321,422</u>
Net change in fund balance	(1,591,838)	(1,671,069)	(1,302,857)	368,212
Fund balance - beginning	<u>3,997,701</u>	<u>4,076,932</u>	<u>4,076,932</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,405,863</u>	<u>\$ 2,405,863</u>	2,774,075	<u>\$ 368,212</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>12,533</u>	
Fund balance - GAAP basis			<u>\$ 2,786,608</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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Other:				
Assessments	\$ 4,798,514	\$ 4,682,384	\$ 6,982,910	\$ 2,300,526
Investment earnings	2,437,656	2,191,349	2,287,846	96,497
Total revenues	7,236,170	6,873,733	9,270,756	2,397,023
EXPENDITURES				
Debt service and related costs:				
Principal	3,985,000	4,950,000	6,510,000	(1,560,000)
Interest	1,917,463	1,917,463	1,861,713	55,750
Total expenditures	5,902,463	6,867,463	8,371,713	(1,504,250)
Net change in fund balance	1,333,707	6,270	899,043	892,773
Fund balance - beginning	12,321,803	13,893,468	13,893,468	-
Fund balance - ending	\$ 13,655,510	\$ 13,899,738	14,792,511	\$ 892,773
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			65,788	
Fund balance - GAAP basis			\$ 14,858,299	

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, 2016

	<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	\$ 9,164,840	\$ 9,164,840	\$ 9,716,617	\$ 551,777
Prior year property	205,000	205,000	170,214	(34,786)
Other:				
Investment earnings	58,351	58,351	81,252	22,901
Total revenues	<u>9,428,191</u>	<u>9,428,191</u>	<u>9,968,083</u>	<u>539,892</u>
EXPENDITURES				
Debt service and related costs:				
Principal	3,935,000	3,935,000	3,935,000	-
Interest	3,879,418	3,879,418	3,879,417	1
Total expenditures	<u>7,814,418</u>	<u>7,814,418</u>	<u>7,814,417</u>	<u>1</u>
Net change in fund balance	1,613,773	1,613,773	2,153,666	539,893
Fund balance - beginning	<u>11,074,023</u>	<u>11,074,023</u>	<u>6,136,977</u>	<u>(4,937,046)</u>
Fund balance - ending	<u>\$ 12,687,796</u>	<u>\$ 12,687,796</u>	8,290,643	<u>\$ (4,397,153)</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>38,060</u>	
Fund balance - GAAP basis			<u>\$ 8,328,703</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, 2016

	<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	\$ 11,336,666	\$ 12,270,250	\$ 12,313,997	\$ 43,747
Prior year property	240,000	240,000	226,018	(13,982)
Other:				
Investment earnings	53,648	53,648	74,154	20,506
Total revenues	<u>11,630,314</u>	<u>12,563,898</u>	<u>12,614,169</u>	<u>50,271</u>
EXPENDITURES				
Debt service and related costs:				
Principal	9,013,854	10,156,790	9,465,000	691,790
Interest	2,616,460	2,616,460	2,568,277	48,183
Total expenditures	<u>11,630,314</u>	<u>12,773,250</u>	<u>12,033,277</u>	<u>739,973</u>
Net change in fund balance	-	(209,352)	580,892	790,244
Fund balance - beginning	<u>4,965,650</u>	<u>5,175,002</u>	<u>5,175,002</u>	-
Fund balance - ending	<u>\$ 4,965,650</u>	<u>\$ 4,965,650</u>	5,755,894	<u>\$ 790,244</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>26,057</u>	
Fund balance - GAAP basis			<u>\$ 5,781,951</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, 2016

	<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	\$ 7,014,290	\$ 7,014,290	\$ 7,014,290	\$ -
Other:				
Assessments	212,320	212,320	111,261	(101,059)
Investment earnings	-	-	105,679	105,679
Total revenues	<u>7,226,610</u>	<u>7,226,610</u>	<u>7,231,230</u>	<u>4,620</u>
EXPENDITURES				
Debt service and related costs:				
Principal	1,939,153	1,939,153	1,939,153	-
Interest	5,287,457	5,287,457	5,287,457	-
Total expenditures	<u>7,226,610</u>	<u>7,226,610</u>	<u>7,226,610</u>	<u>-</u>
Net change in fund balance	-	-	4,620	4,620
Fund balance - beginning	<u>4,000</u>	<u>4,000</u>	<u>57,158</u>	<u>53,158</u>
Fund balance - ending	<u>\$ 4,000</u>	<u>\$ 4,000</u>	61,778	<u>\$ 57,778</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>288</u>	
Fund balance - GAAP basis			<u>\$ 62,066</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, 2016

	<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	\$ 4,044,202	\$ 4,508,662	\$ 4,524,711	\$ 16,049
Prior year property	67,000	67,000	69,691	2,691
Other:				
Investment earnings	12,180	20,985	16,334	(4,651)
Total revenues	<u>4,123,382</u>	<u>4,596,647</u>	<u>4,610,736</u>	<u>14,089</u>
EXPENDITURES				
Debt service and related costs:				
Principal	4,756,493	5,273,754	5,000,000	273,754
Interest	188,160	188,160	91,283	96,877
Total expenditures	<u>4,944,653</u>	<u>5,461,914</u>	<u>5,091,283</u>	<u>370,631</u>
Net change in fund balance	(821,271)	(865,267)	(480,547)	384,720
Fund balance - beginning	<u>821,271</u>	<u>865,267</u>	<u>865,267</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	384,720	<u>\$ 384,720</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>1,525</u>	
Fund balance - GAAP basis			<u>\$ 386,245</u>	

City of Portland, Oregon
Governmental Bond Redemption Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ -	\$ -	\$ 145	\$ 145
EXPENDITURES				
Debt service and related costs:				
Principal	2,062,000	2,062,000	2,089,265	(27,265)
Interest	376,332	376,332	349,066	27,266
Total expenditures	<u>2,438,332</u>	<u>2,438,332</u>	<u>2,438,331</u>	<u>1</u>
Revenues over (under) expenditures	<u>(2,438,332)</u>	<u>(2,438,332)</u>	<u>(2,438,186)</u>	<u>146</u>
OTHER FINANCING SOURCES				
Transfer from other fund:				
General	<u>2,438,332</u>	<u>2,438,332</u>	<u>2,438,331</u>	<u>(1)</u>
Net change in fund balance	-	-	145	145
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>30,601</u>	<u>30,601</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>30,746</u>	<u>\$ 30,746</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			<u>-</u>	
Fund balance - GAAP basis			<u>\$ 30,746</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, 2016

	<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	\$ 22,332	\$ 22,332	\$ 19,646	\$ (2,686)
Prior year property	-	-	2,053	2,053
Other:				
Investment earnings	-	-	77	77
Total revenues	<u>22,332</u>	<u>22,332</u>	<u>21,776</u>	<u>(556)</u>
EXPENDITURES				
Current:				
Materials and services	<u>22,332</u>	<u>22,332</u>	<u>20,000</u>	<u>2,332</u>
Net change in fund balance	-	-	1,776	1,776
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>755</u>	<u>755</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>2,531</u>	<u>\$ 2,531</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>7</u>	
Fund balance - GAAP basis			<u>\$ 2,538</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, 2016

	<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	\$ 35,297	\$ 35,297	\$ 35,635	\$ 338
Prior year property	-	-	1,598	1,598
Other:				
Investment earnings	-	-	133	133
Total revenues	<u>35,297</u>	<u>35,297</u>	<u>37,366</u>	<u>2,069</u>
EXPENDITURES				
Current:				
Materials and services	<u>35,297</u>	<u>35,297</u>	<u>35,000</u>	<u>297</u>
Net change in fund balance	-	-	2,366	2,366
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>1,210</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>3,576</u>	<u>\$ 3,576</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>14</u>	
Fund balance - GAAP basis			<u>\$ 3,590</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, 2016

	<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	\$ 33,065	\$ 38,922	\$ 39,064	\$ 142
Prior year property	-	-	557	557
Other:				
Investment earnings	-	111	141	30
Total revenues	<u>33,065</u>	<u>39,033</u>	<u>39,762</u>	<u>729</u>
EXPENDITURES				
Current:				
Materials and services	<u>33,065</u>	<u>39,033</u>	<u>33,000</u>	<u>6,033</u>
Net change in fund balance	-	-	6,762	6,762
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>75</u>	<u>75</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	6,837	<u>\$ 6,837</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>30</u>	
Fund balance - GAAP basis			<u>\$ 6,867</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, 2016

	<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	\$ 24,584	\$ 24,584	\$ 21,136	\$ (3,448)
Prior year property	-	-	1,068	1,068
Other:				
Investment earnings	-	-	79	79
Total revenues	<u>24,584</u>	<u>24,584</u>	<u>22,283</u>	<u>(2,301)</u>
EXPENDITURES				
Current:				
Materials and services	<u>24,584</u>	<u>24,584</u>	<u>21,000</u>	<u>3,584</u>
Net change in fund balance	-	-	1,283	1,283
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>840</u>	<u>840</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>2,123</u>	<u>\$ 2,123</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>8</u>	
Fund balance - GAAP basis			<u>\$ 2,131</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, 2016

	<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	\$ 6,674	\$ 6,674	\$ 3,720	\$ (2,954)
Prior year property	-	-	1,434	1,434
Other:				
Investment earnings	-	-	22	22
Total revenues	<u>6,674</u>	<u>6,674</u>	<u>5,176</u>	<u>(1,498)</u>
EXPENDITURES				
Current:				
Materials and services	<u>6,674</u>	<u>6,674</u>	<u>5,900</u>	<u>774</u>
Net change in fund balance	-	-	(724)	(724)
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>1,123</u>	<u>1,123</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	399	<u>\$ 399</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>2</u>	
Fund balance - GAAP basis			<u>\$ 401</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, 2016

	<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	\$ 44,360	\$ 44,360	\$ 40,060	\$ (4,300)
Prior year property	-	-	835	835
Other:				
Investment earnings	-	-	140	140
Total revenues	<u>44,360</u>	<u>44,360</u>	<u>41,035</u>	<u>(3,325)</u>
EXPENDITURES				
Current:				
Materials and services	<u>44,360</u>	<u>44,360</u>	<u>39,000</u>	<u>5,360</u>
Net change in fund balance	-	-	2,035	2,035
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>146</u>	<u>146</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>2,181</u>	<u>\$ 2,181</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>8</u>	
Fund balance - GAAP basis			<u>\$ 2,189</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.

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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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Local revenue sharing	\$ -	\$ 100,000	\$ 100,000	\$ -
Other:				
Investment earnings	-	-	2,147	2,147
Total revenues	<u>-</u>	<u>100,000</u>	<u>102,147</u>	<u>2,147</u>
EXPENDITURES				
Current:				
Materials and services	86,457,901	105,684,526	89,084,138	16,600,388
Debt service and related costs:				
Principal	-	305,000	302,448	2,552
Debt issuance costs	167,134	247,658	85,501	162,157
Total expenditures	<u>86,625,035</u>	<u>106,237,184</u>	<u>89,472,087</u>	<u>16,765,097</u>
Revenues over (under) expenditures	<u>(86,625,035)</u>	<u>(106,137,184)</u>	<u>(89,369,940)</u>	<u>16,767,244</u>
OTHER FINANCING SOURCES				
Bonds and notes issued	86,625,035	105,932,184	88,876,821	(17,055,363)
Loans issued	-	-	284,770	284,770
Total other financing sources	<u>86,625,035</u>	<u>105,932,184</u>	<u>89,161,591</u>	<u>(16,770,593)</u>
Net change in fund balance	-	(205,000)	(208,349)	(3,349)
Fund balance - beginning	-	205,000	245,629	40,629
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	37,280	<u>\$ 37,280</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>295</u>	
Fund balance - GAAP basis			<u>\$ 37,575</u>	

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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ -	\$ -	\$ 7,014	\$ 7,014
Total revenues	<u>-</u>	<u>-</u>	<u>7,014</u>	<u>7,014</u>
EXPENDITURES				
Current:				
Materials and services	2,938	2,938	2,938	-
General operating contingencies	703,234	703,234	-	703,234
Capital outlay	250,000	250,000	79,807	170,193
Total expenditures	<u>956,172</u>	<u>956,172</u>	<u>82,745</u>	<u>873,427</u>
Revenues over (under) expenditures	<u>(956,172)</u>	<u>(956,172)</u>	<u>(75,731)</u>	<u>880,441</u>
OTHER FINANCING SOURCES				
Transfer from other fund:				
General	38,172	38,172	38,172	-
Net change in fund balance	(918,000)	(918,000)	(37,559)	880,441
Fund balance - beginning	918,000	918,000	913,174	(4,826)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	875,615	<u>\$ 875,615</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			<u>-</u>	
Fund balance - GAAP basis			<u>\$ 875,615</u>	

City of Portland, Oregon
Local Improvement District Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	\$ 813,500	\$ 1,053,500	\$ 1,220,779	\$ 167,279
Billings to other funds for services	-	2,245	2,241	(4)
Other:				
Assessments	250,000	665,800	984,114	318,314
Investment earnings	50,000	145,000	182,745	37,745
Miscellaneous	-	-	(6,738)	(6,738)
	<u>1,113,500</u>	<u>1,866,545</u>	<u>2,383,141</u>	<u>516,596</u>
EXPENDITURES				
Current:				
Materials and services	1,325,638	1,746,085	1,664,892	81,193
General operating contingencies	3,583,610	2,512,762	-	2,512,762
Overhead charges - General Fund	56,881	56,881	56,881	-
Debt service and related costs:				
Principal	301,851	323,851	51,851	272,000
Interest	107,121	65,563	55,569	9,994
Debt issuance costs	85,000	5,000	23,344	(18,344)
	<u>5,460,101</u>	<u>4,710,142</u>	<u>1,852,537</u>	<u>2,857,605</u>
Revenues over (under) expenditures	<u>(4,346,601)</u>	<u>(2,843,597)</u>	<u>530,604</u>	<u>3,374,201</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
Transportation Operating	(2,903,465)	(2,903,465)	(473,758)	2,429,707
Pension Debt Redemption	(13,866)	(13,866)	(13,866)	-
Sewer System Construction	(700,000)	-	-	-
	<u>(3,617,331)</u>	<u>(2,917,331)</u>	<u>(487,624)</u>	<u>2,429,707</u>
Bonds and notes issued	5,285,065	4,759,678	2,329,971	(2,429,707)
Bonds and notes premium	85,000	-	-	-
Payments to refunded loan and bond escrow agent	(1,605,191)	(2,324,971)	(2,644,971)	(320,000)
	<u>147,543</u>	<u>(482,624)</u>	<u>(802,624)</u>	<u>(320,000)</u>
Net change in fund balance	(4,199,058)	(3,326,221)	(272,020)	3,054,201
Fund balance - beginning	<u>4,199,058</u>	<u>3,326,221</u>	<u>3,326,221</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>3,054,201</u>	<u>\$ 3,054,201</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>14,093</u>	
Fund balance - GAAP basis			<u>\$ 3,068,294</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, 2016

	<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	\$ -	\$ -	\$ 175,185	\$ 175,185
Intergovernmental:				
Local revenue sharing	200,000	200,000	-	(200,000)
Local cost sharing	1,641,000	1,641,000	958,657	(682,343)
Grant revenue	-	23,559	-	(23,559)
Charges for services:				
Public works and utility charges	9,118,000	19,118,000	21,613,015	2,495,015
Parking fees	-	-	35,747	35,747
Other service charges	-	-	2,600	2,600
Billings to other funds for services	-	60,000	84,979	24,979
Other:				
Loan repayments	274,274	274,274	219,100	(55,174)
Assessments	255,495	255,495	1,518,039	1,262,544
Donations	-	481,600	738,288	256,688
Investment earnings	276,143	276,143	676,350	400,207
Miscellaneous	-	-	40,378	40,378
Total revenues	<u>11,764,912</u>	<u>22,330,071</u>	<u>26,062,338</u>	<u>3,732,267</u>
EXPENDITURES				
Current:				
Personal services	3,051,896	3,485,845	3,120,000	365,845
Materials and services	8,387,279	11,457,396	7,717,411	3,739,985
General operating contingencies	2,585,089	45,426,695	-	45,426,695
Overhead charges - General Fund	218,480	218,480	218,480	-
Debt service and related costs:				
Principal	70,189	70,189	70,188	1
Interest	34,547	34,547	30,054	4,493
Debt issuance costs	-	150,727	139,050	11,677
Capital outlay	<u>29,538,043</u>	<u>29,137,730</u>	<u>3,819,490</u>	<u>25,318,240</u>
Total expenditures	<u>43,885,523</u>	<u>89,981,609</u>	<u>15,114,673</u>	<u>74,866,936</u>
Revenues over (under) expenditures	<u>(32,120,611)</u>	<u>(67,651,538)</u>	<u>10,947,665</u>	<u>78,599,203</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, 2016

	<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	3,909,007	3,909,007	3,909,007	-
Portland Parks Memorial	531,600	754,600	128,020	(626,580)
Total transfers from other funds	<u>4,440,607</u>	<u>4,663,607</u>	<u>4,037,027</u>	<u>(626,580)</u>
Transfers to other funds:				
Pension Debt Redemption	(18,769)	(18,769)	(18,769)	-
CityFleet Operating	(86)	-	-	-
Total transfers to other funds	<u>(18,855)</u>	<u>(18,769)</u>	<u>(18,769)</u>	<u>-</u>
Bonds and notes issued	16,564,978	16,564,978	25,850,000	9,285,022
Bonds and notes premium	-	-	2,573,207	2,573,207
Internal loan proceeds	156,832	156,832	-	(156,832)
Internal loan remittances	(335,000)	-	-	-
Total other financing sources (uses)	<u>20,808,562</u>	<u>21,366,648</u>	<u>32,441,465</u>	<u>11,074,817</u>
Net change in fund balance	(11,312,049)	(46,284,890)	43,389,130	89,674,020
Fund balance - beginning	11,312,049	46,284,890	45,629,720	(655,170)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	89,018,850	<u>\$ 89,018,850</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			417,573	
Internal loans receivable			800,000	
Fund balance - GAAP basis			<u>\$ 90,236,423</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, 2016

	<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	\$ -	\$ 33,629	\$ 33,629	\$ -
Other:				
Investment earnings	46,044	70,079	136,085	66,006
Miscellaneous	-	15,000	17,205	2,205
	<u>46,044</u>	<u>118,708</u>	<u>186,919</u>	<u>68,211</u>
Total revenues				
	<u>46,044</u>	<u>118,708</u>	<u>186,919</u>	<u>68,211</u>
EXPENDITURES				
Current:				
Personal services	300,000	300,000	276,424	23,576
Materials and services	5,249,581	8,571,439	4,574,055	3,997,384
General operating contingencies	8,106,518	7,005,802	-	7,005,802
Overhead charges - General Fund	202,100	202,100	202,100	-
Debt service and related costs:				
Debt issuance costs	20,000	20,000	16,775	3,225
Capital outlay	8,384,405	13,836,392	5,716,897	8,119,495
	<u>22,262,604</u>	<u>29,935,733</u>	<u>10,786,251</u>	<u>19,149,482</u>
Total expenditures				
	<u>22,262,604</u>	<u>29,935,733</u>	<u>10,786,251</u>	<u>19,149,482</u>
Net change in fund balance	(22,216,560)	(29,817,025)	(10,599,332)	19,217,693
Fund balance - beginning	22,216,560	29,817,025	29,817,026	1
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	19,217,694	<u>\$ 19,217,694</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>72,534</u>	
Fund balance - GAAP basis			<u>\$ 19,290,228</u>	

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, 2016**

	<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	\$ 777	\$ 777	\$ 1,390	\$ 613
EXPENDITURES				
Current:				
Personal services	750	750	-	750
Materials and services	17,465	17,465	100	17,365
Total expenditures	<u>18,215</u>	<u>18,215</u>	<u>100</u>	<u>18,115</u>
Net change in fund balance	(17,438)	(17,438)	1,290	18,728
Fund balance - beginning	<u>180,228</u>	<u>180,228</u>	<u>181,532</u>	<u>1,304</u>
Fund balance - ending	<u>\$ 162,790</u>	<u>\$ 162,790</u>	182,822	<u>\$ 20,032</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>854</u>	
Fund balance - GAAP basis			<u>\$ 183,676</u>	



Photo courtesy of Lois Summers

Portland Sign in Old Town

Schedules of Revenues and Expenditures Proprietary Funds - Budget and Actual



Johnson Street Clock, 1880

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, 2016

	<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	\$ 585,000	\$ 585,000	\$ 613,926	\$ 28,926
Other permits	1,395,000	1,395,000	1,294,163	(100,837)
Intergovernmental:				
State revenue sharing	-	-	31,950	31,950
State cost sharing	100,000	100,000	47,700	(52,300)
Local cost sharing	28,000	128,000	87,359	(40,641)
Service charges and fees:				
Public works and utility charges	324,216,679	341,216,679	341,378,176	161,497
Inspection fees	250,000	250,000	294,228	44,228
Rents and reimbursements	389,500	530,700	453,334	(77,366)
Other service charges	372,048	372,048	551,335	179,287
Billings to other funds for services	1,356,526	1,430,391	1,119,694	(310,697)
Other:				
Sales - other	325,000	275,000	246,820	(28,180)
Investment earnings	355,000	355,000	727,936	372,936
Miscellaneous	50,000	50,000	57,594	7,594
Total revenues	329,422,753	346,687,818	346,904,215	216,397
EXPENDITURES				
Current:				
Personal services	63,708,188	64,756,970	62,611,468	2,145,502
Materials and services	96,942,611	105,248,628	95,573,094	9,675,534
General operating contingencies	62,757,597	54,088,394	-	54,088,394
Overhead charges - General Fund	5,873,720	5,873,720	5,873,720	-
Debt service and related costs:				
Principal	1,989,793	1,989,793	1,989,793	-
Interest	979,374	979,374	852,004	127,370
Debt issuance costs	80,000	80,000	79,415	585
Capital outlay	71,633,651	66,752,362	42,676,570	24,075,792
Total expenditures	303,964,934	299,769,241	209,656,064	90,113,177
Revenues over (under) expenditures	25,457,819	46,918,577	137,248,151	90,329,574

Continued next page

City of Portland, Oregon
Sewer System Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2016

	<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	946,296	981,285	981,285	-
Transportation Operating	50,000	58,001	58,001	-
Sewer System Construction	111,600,000	111,600,000	81,288,870	(30,311,130)
Sewer System Rate Stabilization	5,000,000	1,500,000	1,484,886	(15,114)
Water	150,000	100,957	100,957	-
Total transfers from other funds	<u>117,746,296</u>	<u>114,240,243</u>	<u>83,913,999</u>	<u>(30,326,244)</u>
Transfers to other funds:				
Pension Debt Redemption	(532,092)	(532,092)	(532,092)	-
Sewer System Debt Redemption	(173,626,728)	(175,626,728)	(172,556,297)	3,070,431
Sewer System Construction	(26,000,000)	(26,000,000)	(23,650,000)	2,350,000
Sewer System Rate Stabilization	(3,000,000)	(24,000,000)	(25,100,000)	(1,100,000)
CityFleet Operating	(45,295)	-	-	-
Total transfers to other funds	<u>(203,204,115)</u>	<u>(226,158,820)</u>	<u>(221,838,389)</u>	<u>4,320,431</u>
Sale of capital asset	-	-	1,138,238	1,138,238
Total other financing sources (uses)	<u>(85,457,819)</u>	<u>(111,918,577)</u>	<u>(136,786,152)</u>	<u>(24,867,575)</u>
Net change in fund balance	(60,000,000)	(65,000,000)	461,999	65,461,999
Fund balance - beginning	60,180,000	65,180,000	64,739,985	(440,015)
Fund balance - ending	<u>\$ 180,000</u>	<u>\$ 180,000</u>	65,201,984	<u>\$ 65,021,984</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Debt redemption fund budgeted as separate fund			61,874,477	
Construction fund budgeted as separate fund			88,334,508	
Rate stabilization fund budgeted as separate fund			75,666,584	
Unrealized gain (loss) in investments			1,141,907	
Allowance for uncollectible Inventories			(5,211,678)	
Capital assets, net of accumulated depreciation and amortization			3,207,077,301	
Self insurance claims			(159,717)	
Deferred outflows - pensions			6,105,726	
Compensated absences			(4,098,288)	
Bonds payable			(1,726,497,275)	
Notes and loans payable			(14,920,587)	
Accrued Interest payable			(26,643,899)	
Net pension liability - PERS			(26,482,758)	
Other postemployment benefits			(1,502,373)	
Landfill postclosure			(9,442,484)	
Pollution remediation			(370,000)	
Deferred inflows - pensions			(7,275,341)	
Deferred charge for debt refundings			(10,488,168)	
Net position - GAAP basis			<u>\$ 1,674,067,738</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 265,000	\$ 265,000	\$ 475,173	\$ 210,173
EXPENDITURES				
Debt service and related costs:				
Principal	92,217,453	92,217,453	94,072,453	(1,855,000)
Interest	81,674,275	81,674,275	93,306,150	(11,631,875)
Total expenditures	<u>173,891,728</u>	<u>173,891,728</u>	<u>187,378,603</u>	<u>(13,486,875)</u>
Revenues over (under) expenditures	<u>(173,626,728)</u>	<u>(173,626,728)</u>	<u>(186,903,430)</u>	<u>(13,276,702)</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
Sewer System Operating	173,626,728	175,626,728	172,556,297	(3,070,431)
Bonds and notes issued	-	-	391,009,922	391,009,922
Bonds and notes premium	-	-	48,885,563	48,885,563
Payments to refunded loan and bond escrow agent	-	-	(425,495,000)	(425,495,000)
Total other financing sources (uses)	<u>173,626,728</u>	<u>175,626,728</u>	<u>186,956,782</u>	<u>11,330,054</u>
Net change in fund balance	-	2,000,000	53,352	(1,946,648)
Fund balance - beginning	<u>61,775,000</u>	<u>61,775,000</u>	<u>61,821,125</u>	<u>46,125</u>
Fund balance - ending	<u>\$ 61,775,000</u>	<u>\$ 63,775,000</u>	61,874,477	<u>\$ (1,900,523)</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Sewer System Debt Redemption Fund budgeted as separate fund - to Sewer System Operating Fund			<u>(61,874,477)</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, 2016

	<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	\$ 750,000	\$ 750,000	\$ 585,278	\$ (164,722)
Other:				
Investment earnings	750,000	750,000	832,837	82,837
Refunds	-	950,000	-	(950,000)
	<u>1,500,000</u>	<u>2,450,000</u>	<u>1,418,115</u>	<u>(1,031,885)</u>
EXPENDITURES				
Current:				
General operating contingencies	56,600,000	56,850,000	-	56,850,000
Debt service and related costs:				
Debt issuance costs	-	-	2,097,634	(2,097,634)
	<u>56,600,000</u>	<u>56,850,000</u>	<u>2,097,634</u>	<u>54,752,366</u>
Revenues over (under) expenditures	<u>(55,100,000)</u>	<u>(54,400,000)</u>	<u>(679,519)</u>	<u>53,720,481</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Local Improvement District	700,000	-	-	-
Sewer System Operating	26,000,000	26,000,000	23,650,000	(2,350,000)
	<u>26,700,000</u>	<u>26,000,000</u>	<u>23,650,000</u>	<u>(2,350,000)</u>
Transfer to other fund:				
Sewer System Operating	(111,600,000)	(111,600,000)	(81,288,870)	30,311,130
Bonds and notes issued	-	-	2,095,078	2,095,078
	<u>(84,900,000)</u>	<u>(85,600,000)</u>	<u>(55,543,792)</u>	<u>30,056,208</u>
Net change in fund balance	(140,000,000)	(140,000,000)	(56,223,311)	83,776,689
Fund balance - beginning	140,000,000	140,000,000	144,557,819	4,557,819
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	88,334,508	<u>\$ 88,334,508</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Sewer System Construction Fund budgeted as separate fund to Sewer System Operating Fund			<u>(88,334,508)</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 175,000	\$ 175,000	\$ 387,813	\$ 212,813
EXPENDITURES				
Current:				
General operating contingencies	38,175,000	72,475,000	-	72,475,000
Revenues over (under) expenditures	(38,000,000)	(72,300,000)	387,813	72,687,813
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
Sewer System Operating	3,000,000	24,000,000	25,100,000	1,100,000
Transfer to other fund:				
Sewer System Operating	(5,000,000)	(1,500,000)	(1,484,886)	15,114
Total other financing sources (uses)	(2,000,000)	22,500,000	23,615,114	1,115,114
Net change in fund balance	(40,000,000)	(49,800,000)	24,002,927	73,802,927
Fund balance - beginning	40,000,000	49,800,000	51,663,657	1,863,657
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	75,666,584	<u>\$ 75,666,584</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Sewer System Rate Stabilization Fund budgeted as separate fund to Sewer System Operating Fund			<u>(75,666,584)</u>	
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, 2016

	<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	\$ 526,000	\$ 526,000	\$ 657,696	\$ 131,696
Service charges and fees:				
Public works and utility charges	151,947,680	156,415,183	164,948,257	8,533,074
Rents and reimbursements	651,600	651,600	699,409	47,809
Other service charges	2,750,000	2,750,000	3,304,127	554,127
Billings to other funds for services	3,035,620	3,044,820	3,179,359	134,539
Other:				
Sales - other	100,000	100,000	113,755	13,755
Refunds	75,000	75,000	1,651	(73,349)
Investment earnings	185,383	185,383	458,793	273,410
Miscellaneous	40,000	40,000	312,734	272,734
Total revenues	<u>159,311,283</u>	<u>163,787,986</u>	<u>173,675,781</u>	<u>9,887,795</u>
EXPENDITURES				
Current:				
Personal services	63,845,498	63,845,498	60,500,631	3,344,867
Materials and services	49,484,650	52,376,211	47,085,574	5,290,637
General operating contingencies	66,637,727	73,185,793	-	73,185,793
Overhead charges - General Fund	4,763,271	4,763,271	4,763,271	-
Debt service and related costs:				
Principal	2,066,616	2,066,616	2,066,616	-
Interest	1,017,186	1,017,186	884,899	132,287
Capital outlay	39,163,000	28,828,000	28,166,834	661,166
Total expenditures	<u>226,977,948</u>	<u>226,082,575</u>	<u>143,467,825</u>	<u>82,614,750</u>
Revenues over (under) expenditures	<u>(67,666,665)</u>	<u>(62,294,589)</u>	<u>30,207,956</u>	<u>92,502,545</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	-	35,000	35,000	-
Water Construction	81,123,641	81,123,641	69,678,794	(11,444,847)
Total transfers from other funds	<u>81,123,641</u>	<u>81,158,641</u>	<u>69,713,794</u>	<u>(11,444,847)</u>

City of Portland, Oregon
Water Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2016

	<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:				
Portland Parks Memorial	(3,000)	(3,000)	(3,000)	-
Pension Debt Redemption	(552,635)	(552,635)	(552,635)	-
Sewer System Operating	(150,000)	(100,957)	(100,957)	-
Water Bond Sinking	(50,692,942)	(50,692,942)	(50,582,777)	110,165
Water Construction	(36,434,682)	(42,321,080)	(41,492,317)	828,763
Environmental Remediation	(300,000)	(300,000)	(300,000)	-
CityFleet Operating	(152,760)	-	-	-
	<u>(88,286,019)</u>	<u>(93,970,614)</u>	<u>(93,031,686)</u>	<u>938,928</u>
Total transfers to other funds				
Sale of capital asset	209,000	209,000	168,633	(40,367)
	<u>(6,953,378)</u>	<u>(12,602,973)</u>	<u>(23,149,259)</u>	<u>(10,546,286)</u>
Total other financing sources (uses)				
Net change in fund balance	(74,620,043)	(74,897,562)	7,058,697	81,956,259
Fund balance - beginning	74,620,043	74,897,562	74,897,562	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	81,956,259	<u>\$ 81,956,259</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Water Bond Sinking Fund budgeted as separate fund			36,874,429	
Water Construction Fund budgeted as separate fund			65,349,065	
Unrealized gain (loss) on investments			742,116	
Allowance for uncollectible accounts			(3,236,087)	
Inventories			2,119,687	
Capital assets, net of accumulated depreciation and amortization			1,077,204,921	
Deferred outflows - pensions			5,906,769	
Self insurance claims			(1,126,921)	
Compensated absences			(4,310,210)	
Bonds payable			(665,979,140)	
Accrued interest payable			(17,616,605)	
Net pension liability - PERS			(25,103,554)	
Pollution Remediation			(720,000)	
Utility taxes payable			(1,508,524)	
Other postemployment benefits			(1,787,268)	
Deferred inflows - pensions			(7,312,227)	
Deferred charge for debt refunding			(840,767)	
Net position - GAAP basis			<u>\$ 540,611,943</u>	

**City of Portland, Oregon
Water Bond Sinking Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 161,359	\$ 161,359	\$ 282,863	\$ 121,504
EXPENDITURES				
Debt service and related costs:				
Principal	24,310,000	24,310,000	24,310,000	-
Interest	26,544,301	26,544,301	26,544,300	1
Total expenditures	<u>50,854,301</u>	<u>50,854,301</u>	<u>50,854,300</u>	<u>1</u>
Revenues over (under) expenditures	<u>(50,692,942)</u>	<u>(50,692,942)</u>	<u>(50,571,437)</u>	<u>121,505</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Water	50,692,942	50,692,942	50,582,777	(110,165)
Net change in fund balance	-	-	11,340	11,340
Fund balance - beginning	<u>36,802,725</u>	<u>36,863,089</u>	<u>36,863,089</u>	<u>-</u>
Fund balance - ending	<u>\$ 36,802,725</u>	<u>\$ 36,863,089</u>	36,874,429	<u>\$ 11,340</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Water Bond Sinking Fund budgeted as separate fund - to Water Fund			<u>(36,874,429)</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, 2016**

	<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	\$ 2,500,000	\$ 2,500,000	\$ 4,555,202	\$ 2,055,202
Other:				
Investment earnings	184,103	184,103	629,197	445,094
Total revenues	<u>2,684,103</u>	<u>2,684,103</u>	<u>5,184,399</u>	<u>2,500,296</u>
EXPENDITURES				
Current:				
General operating contingencies	12,168,547	31,131,222	-	31,131,222
Revenues over (under) expenditures	<u>(9,484,444)</u>	<u>(28,447,119)</u>	<u>5,184,399</u>	<u>33,631,518</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
Water	36,434,682	42,321,080	41,492,317	(828,763)
Transfers to other funds:				
Water	<u>(81,123,641)</u>	<u>(81,123,641)</u>	<u>(69,678,794)</u>	<u>11,444,847</u>
Total other financing sources (uses)	<u>(44,688,959)</u>	<u>(38,802,561)</u>	<u>(28,186,477)</u>	<u>10,616,084</u>
Net change in fund balance	(54,173,403)	(67,249,680)	(23,002,078)	44,247,602
Fund balance - beginning	<u>75,274,866</u>	<u>88,351,143</u>	<u>88,351,143</u>	<u>-</u>
Fund balance - ending	<u>\$ 21,101,463</u>	<u>\$ 21,101,463</u>	65,349,065	<u>\$ 44,247,602</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Water Construction Fund budgeted as separate fund - to Water Fund			<u>(65,349,065)</u>	
Net position - GAAP basis			<u>\$ -</u>	

City of Portland, Oregon
Hydroelectric Power Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Billings to other funds for services	\$ 62,000	\$ 62,000	\$ 52,978	\$ (9,022)
Other:				
Sales - other	895,200	895,200	829,211	(65,989)
Investment earnings	8,600	8,600	8,270	(330)
Total revenues	<u>965,800</u>	<u>965,800</u>	<u>890,459</u>	<u>(75,341)</u>
EXPENDITURES				
Current:				
Personal services	374,655	430,655	419,044	11,611
Materials and services	376,012	551,012	398,415	152,597
General operating contingencies	296,412	240,598	-	240,598
Overhead charges - General Fund	36,099	36,099	36,099	-
Debt service and related costs:				
Principal	15,251	15,251	15,251	-
Interest	7,507	7,507	6,530	977
Total expenditures	<u>1,105,936</u>	<u>1,281,122</u>	<u>875,339</u>	<u>405,783</u>
Revenues over (under) expenditures	<u>(140,136)</u>	<u>(315,322)</u>	<u>15,120</u>	<u>(330,442)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Hydroelectric Power Renewal and Replacement	125,000	300,000	218,529	(81,471)
Transfers to other funds:				
General	(400,000)	(400,000)	(400,000)	-
Pension Debt Redemption	(4,078)	(4,078)	(4,078)	-
CityFleet Operating	(186)	-	-	-
Total transfers to other funds	<u>(404,264)</u>	<u>(404,078)</u>	<u>(404,078)</u>	<u>-</u>
Total other financing sources (uses)	<u>(279,264)</u>	<u>(104,078)</u>	<u>(185,549)</u>	<u>(81,471)</u>
Net change in fund balance	(419,400)	(419,400)	(170,429)	248,971
Fund balance - beginning	419,400	419,400	462,859	43,459
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	292,430	<u>\$ 292,430</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Hydroelectric Power Bond Redemption Fund budgeted as separate fund			1,668,941	
Hydroelectric Renewal and Replacement Fund budgeted as separate fund			10,881,595	
Unrealized gain (loss) on investments			7,314	
Capital assets, net of accumulated depreciation and amortization			21,487,831	
Deferred outflows - pensions			31,812	
Compensated absences			(7,173)	
Bonds payable			(1,913,585)	
Accrued interest payable			(114,040)	
Net pension liability - PERS			(140,766)	
Other postemployment benefits			(5,964)	
Deferred inflows - pensions			<u>(36,429)</u>	
Net position - GAAP basis			<u>\$ 32,151,966</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 12,000	\$ 12,000	\$ 6,643	\$ (5,357)
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>6,643</u>	<u>(5,357)</u>
EXPENDITURES				
Debt service and related costs:				
Principal	2,505,000	2,505,000	2,505,000	-
Interest	<u>165,276</u>	<u>165,276</u>	<u>165,276</u>	<u>-</u>
Total expenditures	<u>2,670,276</u>	<u>2,670,276</u>	<u>2,670,276</u>	<u>-</u>
Net change in fund balance	(2,658,276)	(2,658,276)	(2,663,633)	(5,357)
Fund balance - beginning	<u>4,494,500</u>	<u>4,494,500</u>	<u>4,332,574</u>	<u>(161,926)</u>
Fund balance - ending	<u>\$ 1,836,224</u>	<u>\$ 1,836,224</u>	1,668,941	<u>\$ (167,283)</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Hydroelectric Power Bond Redemption Fund budgeted as separate fund - to Hydroelectric Power Operating Fund			<u>(1,668,941)</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Sales - other	\$ 423,900	\$ 423,900	\$ 302,004	\$ (121,896)
Investment earnings	52,400	52,400	93,721	41,321
Total revenues	<u>476,300</u>	<u>476,300</u>	<u>395,725</u>	<u>(80,575)</u>
EXPENDITURES				
Current:				
General operating contingencies	<u>10,806,200</u>	<u>10,631,200</u>	-	<u>10,631,200</u>
Revenues over (under) expenditures	<u>(10,329,900)</u>	<u>(10,154,900)</u>	<u>395,725</u>	<u>10,550,625</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other fund:				
Hydroelectric Power Operating	<u>(125,000)</u>	<u>(300,000)</u>	<u>(218,529)</u>	<u>81,471</u>
Net change in fund balance	(10,454,900)	(10,454,900)	177,196	10,632,096
Fund balance - beginning	<u>10,454,900</u>	<u>10,454,900</u>	<u>10,704,399</u>	<u>249,499</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>10,881,595</u>	<u>\$ 10,881,595</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>(10,881,595)</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service charges and fees:				
Rents and reimbursements	\$ 424,641	\$ 424,641	\$ 518,112	\$ 93,471
Concessions	1,750,276	1,750,276	1,642,928	(107,348)
Parks and recreation facilities fees	6,541,667	6,541,667	5,822,396	(719,271)
Other service charges	585,938	585,938	617,001	31,063
Other:				
Sales - other	1,648	1,648	5,475	3,827
Investment earnings	6,397	6,397	2,733	(3,664)
Miscellaneous	915	915	1,493	578
Total revenues	<u>9,311,482</u>	<u>9,311,482</u>	<u>8,610,138</u>	<u>(701,344)</u>
EXPENDITURES				
Current:				
Personal services	3,888,276	3,888,276	3,859,322	28,954
Materials and services	4,763,396	4,863,396	4,754,785	108,611
General operating contingencies	1,059,972	674,588	-	674,588
Overhead charges - General Fund	261,848	261,848	261,848	-
Debt service and related costs:				
Principal	124,612	124,612	124,612	-
Interest	69,334	69,334	61,357	7,977
Capital outlay	355,000	20,000	10,041	9,959
Total expenditures	<u>10,522,438</u>	<u>9,902,054</u>	<u>9,071,965</u>	<u>830,089</u>
Revenues over (under) expenditures	<u>(1,210,956)</u>	<u>(590,572)</u>	<u>(461,827)</u>	<u>128,745</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund:				
Transfer to other fund:				
Pension Debt Redemption	(33,322)	(33,322)	(33,322)	-
Internal loan proceeds	335,000	-	-	-
Sale of capital asset	-	-	450	450
Internal loan remittances	(156,832)	(156,832)	-	156,832
Total other financing sources (uses)	<u>144,846</u>	<u>(190,154)</u>	<u>(32,872)</u>	<u>157,282</u>
Net change in fund balance	(1,066,110)	(780,726)	(494,699)	286,027
Fund balance - beginning	1,066,110	780,726	780,727	1
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>286,028</u>	<u>\$ 286,028</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			1,318	
Capital assets, net of accumulated depreciation and amortization			10,351,044	
Deferred outflow - pensions			325,561	
Compensated absences			(230,365)	
Bonds payable			(1,418,313)	
Internal loan proceeds			(800,000)	
Accrued interest payable			(735,465)	
Net pension liability - PERS			(1,451,867)	
Other postemployment benefits			(132,190)	
Deferred inflows - pensions			(366,811)	
Net position - GAAP basis			<u>\$ 5,828,940</u>	

City of Portland, Oregon
Portland International Raceway Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Service charges and fees:				
Rents and reimbursements	\$ 1,075,036	\$ 1,282,248	\$ 1,387,197	\$ 104,949
Concessions	357,212	150,000	156,702	6,702
Parks and recreation facilities fees	350,632	350,632	423,280	72,648
Other service charges	5,997	5,997	6,351	354
Other:				
Investment earnings	1,336	1,336	3,307	1,971
Miscellaneous	5,047	5,047	6,189	1,142
Total revenues	<u>1,795,260</u>	<u>1,795,260</u>	<u>1,983,026</u>	<u>187,766</u>
EXPENDITURES				
Current:				
Personal services	773,775	798,775	805,735	(6,960)
Materials and services	641,384	648,794	588,159	60,635
General operating contingencies	162,426	113,279	-	113,279
Overhead charges - General Fund	61,368	61,368	61,368	-
Debt service and related costs:				
Principal	268,988	268,988	268,988	-
Interest	43,121	43,121	41,586	1,535
Total expenditures	<u>1,951,062</u>	<u>1,934,325</u>	<u>1,765,836</u>	<u>168,489</u>
Revenues over (under) expenditures	<u>(155,802)</u>	<u>(139,065)</u>	<u>217,190</u>	<u>356,255</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other fund:				
Pension Debt Redemption	(6,414)	(6,414)	(6,414)	-
Total other financing sources (uses)	<u>(6,414)</u>	<u>(6,414)</u>	<u>(6,414)</u>	<u>-</u>
Net change in fund balance	(162,216)	(145,479)	210,776	356,255
Fund balance - beginning	162,216	145,479	145,489	10
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>356,265</u>	<u>\$ 356,265</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			1,885	
Capital assets, net of accumulated depreciation and amortization			1,901,367	
Deferred outflow - pensions			69,665	
Compensated absences			(41,796)	
Bonds payable			(538,033)	
Accrued interest payable			(142,941)	
Net pension liability - PERS			(251,694)	
Other postemployment benefits			(34,190)	
Deferred inflows - pensions			<u>(109,790)</u>	
Net position - GAAP basis			<u>\$ 1,210,738</u>	

City of Portland, Oregon
Solid Waste Management Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Licenses and permits:				
Public utility licenses	\$ 2,889,566	\$ 2,889,566	\$ 2,844,830	\$ (44,736)
Other permits	14,350	14,350	12,950	(1,400)
Intergovernmental:				
Local revenue sharing	26,000	26,000	21,085	(4,915)
Service charges and fees:				
Public works and utility charges	2,252,975	2,252,975	2,635,349	382,374
Billings to other funds for services	5,000	7,000	7,000	-
Other:				
Donations	10,500	10,500	10,500	-
Investment earnings	11,449	11,449	15,749	4,300
Fines	2,500	2,500	26,000	23,500
Miscellaneous	24,500	24,500	10,967	(13,533)
Total revenues	5,236,840	5,238,840	5,584,430	345,590
EXPENDITURES				
Current:				
Personal services	2,490,281	2,494,359	2,296,035	198,324
Materials and services	2,779,064	2,991,685	2,803,460	188,225
General operating contingencies	2,395,825	2,427,825	-	2,427,825
Overhead charges - General Fund	167,268	167,268	167,268	-
Debt service and related costs:				
Principal	38,696	38,696	38,696	-
Interest	19,046	19,046	16,569	2,477
Total expenditures	7,890,180	8,138,879	5,322,028	2,816,851
Revenues over (under) expenditures	(2,653,340)	(2,900,039)	262,402	3,162,441
OTHER FINANCING SOURCES (USES)				
Transfer to other fund:				
Pension Debt Redemption	(10,347)	(10,347)	(10,347)	-
Net change in fund balance	(2,663,687)	(2,910,386)	252,055	3,162,441
Fund balance - beginning	2,663,687	2,910,386	3,191,859	281,473
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>3,443,914</u>	<u>\$ 3,443,914</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			10,333	
Capital assets net of accumulated depreciation and amortization			355,849	
Deferred outflows - pensions			217,608	
Compensated absences			(143,944)	
Bonds payable			(440,427)	
Accrued interest payable			(228,381)	
Net pension liability - PERS			(945,228)	
Other postemployment benefits			(60,462)	
Deferred inflows - pensions			(258,558)	
Net position - GAAP basis			<u>\$ 1,950,704</u>	

City of Portland, Oregon
Parking Facilities Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	\$ 783,115	\$ 783,115	\$ 938,798	\$ 155,683
Parking fees	12,025,000	12,725,000	13,308,266	583,266
Other service charges	1,000	1,000	-	(1,000)
Billings to other funds for services	903,145	903,145	898,995	(4,150)
Other:				
Investment earnings	30,000	91,308	101,558	10,250
Miscellaneous	-	-	1,250	1,250
Total revenues	<u>13,742,260</u>	<u>14,503,568</u>	<u>15,248,867</u>	<u>745,299</u>
EXPENDITURES				
Current:				
Personal services	235,150	285,150	254,411	30,739
Materials and services	9,029,547	7,825,912	6,578,222	1,247,690
General operating contingencies	4,765,480	10,619,115	-	10,619,115
Overhead charges - General Fund	191,094	191,094	191,094	-
Debt service and related costs:				
Principal	1,340,000	1,340,000	1,340,000	-
Interest	539,500	539,500	539,500	-
Total expenditures	<u>16,100,771</u>	<u>20,800,771</u>	<u>8,903,227</u>	<u>11,897,544</u>
Revenues over (under) expenditures	<u>(2,358,511)</u>	<u>(6,297,203)</u>	<u>6,345,640</u>	<u>12,642,843</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General	(286,103)	(286,103)	(286,103)	-
Transportation Operating	(3,547,786)	(3,047,786)	(3,047,786)	-
Total transfers to other funds	<u>(3,833,889)</u>	<u>(3,333,889)</u>	<u>(3,333,889)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,833,889)</u>	<u>(3,333,889)</u>	<u>(3,333,889)</u>	<u>-</u>
Net change in fund balance	(6,192,400)	(9,631,092)	3,011,751	12,642,843
Fund balance - beginning	6,192,400	9,631,092	9,632,093	1,001
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>12,643,844</u>	<u>\$ 12,643,844</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Allowance for uncollectible accounts			(10,000)	
Unrealized gain (loss) on investments			60,992	
Capital assets, net of accumulated depreciation and amortization			23,969,358	
Deferred outflows - pensions			21,656	
Deferred charge for bond refunding			88,134	
Bonds payable			(12,935,710)	
Accrued interest payable			(126,502)	
Net pension liability - PERS			(84,719)	
Other postemployment benefits			(990)	
Deferred inflows - pensions			(30,692)	
Net position - GAAP basis			<u>\$ 23,595,371</u>	

City of Portland, Oregon
Spectator Facilities Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	\$ 2,095,922	\$ 2,095,922	\$ 1,993,777	\$ (102,145)
Service charges and fees:				
Rents and reimbursements	6,001,477	6,001,477	7,502,387	1,500,910
Parking fees	1,550,000	1,550,000	1,832,000	282,000
Other:				
Investment earnings	35,000	35,000	70,563	35,563
Total revenues	<u>9,682,399</u>	<u>9,682,399</u>	<u>11,398,727</u>	<u>1,716,328</u>
EXPENDITURES				
Current:				
Personal services	327,856	387,856	358,814	29,042
Materials and services	4,339,664	4,547,483	3,468,757	1,078,726
General operating contingencies	2,319,597	4,420,371	-	4,420,371
Overhead charges - General Fund	94,421	94,421	94,421	-
Debt service and related costs:				
Principal	5,399,000	5,399,000	5,625,800	(226,800)
Interest	1,291,814	1,291,814	1,064,987	226,827
Capital outlay	1,000,000	1,100,000	374,433	725,567
Total expenditures	<u>14,772,352</u>	<u>17,240,945</u>	<u>10,987,212</u>	<u>6,253,733</u>
Revenues over (under) expenditures	<u>(5,089,953)</u>	<u>(7,558,546)</u>	<u>411,515</u>	<u>7,970,061</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
General	(20,047)	(20,047)	(20,047)	-
Transportation Operating	(90,000)	(90,000)	(90,000)	-
Total transfers to other funds	<u>(110,047)</u>	<u>(110,047)</u>	<u>(110,047)</u>	<u>-</u>
Total other financing sources (uses)	<u>(110,047)</u>	<u>(110,047)</u>	<u>(110,047)</u>	<u>-</u>
Net change in fund balance	(5,200,000)	(7,668,593)	301,468	7,970,061
Fund balance - beginning	5,200,000	7,668,593	7,668,594	1
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>7,970,062</u>	<u>\$ 7,970,062</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			35,803	
Capital assets, net of accumulated depreciation and amortization			92,567,044	
Deferred outflows - pensions			24,000	
Deferred charge for debt refundings			25,555	
Bonds payable			(30,745,460)	
Accrued interest payable			(81,182)	
Net pension liability - PERS			(128,928)	
Other postemployment benefits			(295)	
Deferred inflows - pensions			(4,275)	
Net position - GAAP basis			<u>\$ 69,662,324</u>	

City of Portland, Oregon
Environmental Remediation Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
State cost sharing	\$ -	\$ 100,000	\$ -	\$ (100,000)
Service charges and fees:				
Public works and utility charges	2,840,000	2,840,000	2,770,801	(69,199)
Rents and reimbursements	525,000	525,000	535,693	10,693
Other service charges	-	-	94	94
Billings to other funds for services	423,000	423,000	426,352	3,352
Other:				
Investment earnings	15,000	15,000	83,256	68,256
Miscellaneous	-	-	126	126
Total revenues	<u>3,803,000</u>	<u>3,903,000</u>	<u>3,816,322</u>	<u>(86,678)</u>
EXPENDITURES				
Current:				
Personal services	476,536	570,275	506,787	63,488
Materials and services	5,220,846	5,152,146	3,013,888	2,138,258
General operating contingencies	439,003	513,964	-	513,964
Overhead charges - General Fund	85,043	85,043	85,043	-
Debt service and related costs:				
Principal	893	893	893	-
Interest	440	440	383	57
Total expenditures	<u>6,222,761</u>	<u>6,322,761</u>	<u>3,606,994</u>	<u>2,715,767</u>
Revenues over (under) expenditures	<u>(2,419,761)</u>	<u>(2,419,761)</u>	<u>209,328</u>	<u>2,629,089</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Transportation Operating	100,000	100,000	100,000	-
Water	300,000	300,000	300,000	-
Total transfers from other funds	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Transfer to other fund:				
Pension Debt Redemption	(239)	(239)	(239)	-
Total other financing sources (uses)	<u>399,761</u>	<u>399,761</u>	<u>399,761</u>	<u>-</u>
Net change in fund balance	(2,020,000)	(2,020,000)	609,089	2,629,089
Fund balance - beginning	2,020,000	2,020,000	3,097,550	1,077,550
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>3,706,639</u>	<u>\$ 3,706,639</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			22,579	
Capital assets, net of accumulated depreciation and amortization			3,531,726	
Pension asset			624,556	
Deferred outflows - pensions			45,566	
Compensated absences			(56,919)	
Bonds payable			(10,170)	
Accrued interest payable			(5,267)	
Net pension liability - PERS			(229,773)	
Other postemployment benefits			(13,927)	
Pollution remediation long-term liability			(2,110,000)	
Deferred inflows - pensions			(37,240)	
Net position - GAAP basis			<u>\$ 5,467,770</u>	

City of Portland, Oregon
Headwaters Apartment Complex Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	\$ 833,400	\$ 1,048,400	\$ 1,096,742	\$ 48,342
Other:				
Investment earnings	5,014	7,514	8,323	809
Total revenues	<u>838,414</u>	<u>1,055,914</u>	<u>1,105,065</u>	<u>49,151</u>
EXPENDITURES				
Current:				
Personal services	-	10,000	4,932	5,068
Materials and services	5,000	40,000	518	39,482
General operating contingencies	-	172,500	-	172,500
Debt service and related costs:				
Principal	345,844	345,844	315,000	30,844
Interest	487,570	487,570	518,414	(30,844)
Total expenditures	<u>838,414</u>	<u>1,055,914</u>	<u>838,864</u>	<u>217,050</u>
Net change in fund balance	-	-	266,201	266,201
Fund balance - beginning	-	-	1,031,902	1,031,902
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	1,298,103	<u>\$ 1,298,103</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			5,269	
Capital assets, net of accumulated depreciation and amortization			10,201,677	
Bonds payable			(9,622,148)	
Accrued interest payable			(117,984)	
Other liabilities			(385,546)	
Net position - GAAP basis			<u>\$ 1,379,371</u>	



Photo courtesy of Lois Summers

Portlandia and Portland Building

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.

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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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Service charges and fees:				
Health care charges	\$ 59,273,336	\$ 59,273,336	\$ 60,079,723	\$ 806,387
Billings to other funds for services	-	-	1,241,132	1,241,132
Other:				
Investment earnings	96,900	96,900	153,635	56,735
Miscellaneous	956,671	956,671	886,161	(70,510)
Total revenues	<u>60,326,907</u>	<u>60,326,907</u>	<u>62,360,651</u>	<u>2,033,744</u>
EXPENDITURES				
Current:				
Personal services	1,487,367	1,564,678	1,503,125	61,553
Materials and services	57,064,838	58,545,387	56,320,922	2,224,465
General operating contingencies	18,331,089	18,637,457	-	18,637,457
Overhead charges - General Fund	135,606	135,606	135,606	-
Debt service and related costs:				
Principal	23,001	23,001	23,001	-
Interest	11,321	11,321	9,849	1,472
Total expenditures	<u>77,053,222</u>	<u>78,917,450</u>	<u>57,992,503</u>	<u>20,924,947</u>
Revenues over (under) expenditures	<u>(16,726,315)</u>	<u>(18,590,543)</u>	<u>4,368,148</u>	<u>22,958,691</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other fund:				
Pension Debt Redemption	(6,149)	(6,149)	(6,149)	-
Total other financing sources (uses)	<u>(6,149)</u>	<u>(6,149)</u>	<u>(6,149)</u>	<u>-</u>
Net change in fund balance	(16,732,464)	(18,596,692)	4,361,999	22,958,691
Fund balance - beginning	16,732,464	18,596,692	18,596,694	2
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>22,958,693</u>	<u>\$ 22,958,693</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			96,312	
Deferred outflows - pensions			145,152	
Self insurance claims			(4,685,000)	
Compensated absences			(130,047)	
Bonds payable			(261,790)	
Accrued interest payable			(135,754)	
Net pension liability - PERS			(616,674)	
Other postemployment benefits			(26,261)	
Deferred inflows - pensions			<u>(179,803)</u>	
Net position - GAAP basis			<u>\$ 17,164,828</u>	

City of Portland, Oregon
Facilities Services Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
State cost sharing	\$ -	\$ -	1,611	\$ 1,611
Multnomah County cost sharing	-	-	100,443	100,443
Local cost sharing	-	25,696	43,519	17,823
Service charges and fees:				
Rents and reimbursements	2,099,287	1,653,287	1,913,918	260,631
Other service charges	2,000	2,000	2,260	260
Billings to other funds for services	29,796,348	27,894,821	26,359,296	(1,535,525)
Other:				
Sales - other	493,000	493,000	456,397	(36,603)
Investment earnings	162,911	162,911	316,422	153,511
Miscellaneous	-	-	54,047	54,047
Total revenues	32,553,546	30,231,715	29,247,913	(983,802)
EXPENDITURES				
Current:				
Personal services	3,997,747	4,370,153	4,156,592	213,561
Materials and services	34,704,647	31,274,085	18,297,084	12,977,001
General operating contingencies	24,893,677	24,009,601	-	24,009,601
Overhead charges - General Fund	884,633	884,633	884,633	-
Debt service and related costs:				
Principal	6,393,871	6,393,871	6,393,871	-
Interest	1,255,072	1,255,072	1,247,142	7,930
Capital outlay	-	3,689,916	849,735	2,840,181
Total expenditures	72,129,647	71,877,331	31,829,057	40,048,274
Revenues over (under) expenditures	(39,576,101)	(41,645,616)	(2,581,144)	39,064,472
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	4,748,963	4,226,524	4,226,524	-
General Reserve	2,281,450	2,281,450	2,281,450	-
Total transfers from other funds	7,030,413	6,507,974	6,507,974	-

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City of Portland, Oregon
Facilities Services Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual Continued
For the Fiscal Year Ended June 30, 2016

	<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),				
CONTINUED				
Transfers to other funds:				
General	-	(26,667)	(26,667)	-
Pension Debt Redemption	(33,123)	(33,123)	(33,123)	-
CityFleet Operating	(3,325)	-	-	-
	<u>(36,448)</u>	<u>(59,790)</u>	<u>(59,790)</u>	<u>-</u>
Total transfers to other funds				
	<u>(36,448)</u>	<u>(59,790)</u>	<u>(59,790)</u>	<u>-</u>
Total other financing sources (uses)	<u>6,993,965</u>	<u>6,448,184</u>	<u>6,448,184</u>	<u>-</u>
Net change in fund balance	(32,582,136)	(35,197,432)	3,867,040	39,064,472
Fund balance - beginning	<u>32,582,136</u>	<u>35,197,432</u>	<u>34,887,069</u>	<u>(310,363)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>38,754,109</u>	<u>\$ 38,754,109</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			195,650	
Capital assets, net of accumulated depreciation and amortization			115,118,344	
Deferred outflows - pensions			355,211	
Deferred charge for debt refundings			4,489	
Compensated absences			(153,506)	
Bonds payable			(27,188,861)	
Accrued interest payable			(846,970)	
Net pension liability - PERS			(1,391,453)	
Other postemployment benefits			(98,622)	
Deferred inflows - pensions			<u>(502,447)</u>	
Net position - GAAP basis			<u>\$ 124,245,944</u>	

City of Portland, Oregon
CityFleet Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	\$ 135,914	\$ 135,914	\$ 50,991	\$ (84,923)
State cost sharing	41,864	41,864	17,460	(24,404)
Multnomah County cost sharing	375,842	375,842	484,678	108,836
Local cost sharing	574,142	574,142	476,304	(97,838)
Billings to other funds for services	32,533,681	30,654,724	28,016,346	(2,638,378)
Other:				
Sales - other	-	-	429,133	429,133
Loan repayments	53,700	53,700	53,700	-
Investment earnings	102,000	102,000	163,026	61,026
Miscellaneous	40,000	40,000	32,959	(7,041)
	<u>33,857,143</u>	<u>31,978,186</u>	<u>29,724,597</u>	<u>(2,253,589)</u>
EXPENDITURES				
Current:				
Personal services	7,900,318	8,532,999	7,973,084	559,915
Materials and services	16,186,347	14,998,822	12,643,481	2,355,341
General operating contingencies	30,711,241	26,448,373	-	26,448,373
Overhead charges - General Fund	745,212	745,212	745,212	-
Debt service and related costs:				
Principal	633,725	633,725	291,087	342,638
Interest	899,521	899,521	124,640	774,881
Capital outlay	11,708,323	15,158,092	10,200,933	4,957,159
	<u>68,784,687</u>	<u>67,416,744</u>	<u>31,978,437</u>	<u>35,438,307</u>
Revenues over (under) expenditures	<u>(34,927,544)</u>	<u>(35,438,558)</u>	<u>(2,253,840)</u>	<u>33,184,718</u>

Continued next page

City of Portland, Oregon
CityFleet Operating Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	519,157	-	-	-
Transportation Operating	349,400	-	-	-
Development Services	12,036	-	-	-
Parks Capital Improvement Program	86	-	-	-
Sewer System Operating	45,295	-	-	-
Water	152,760	-	-	-
Hydroelectric Power Operating	186	-	-	-
Facilities Services Operating	3,325	-	-	-
Printing and Distribution Services Operating	3,198	-	-	-
Technology Services	4,114	-	-	-
Total transfers from other funds	<u>1,089,557</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer to other fund:				
Pension Debt Redemption	(77,840)	(77,840)	(77,840)	-
Bonds and notes issued	12,604,127	12,604,127	-	(12,604,127)
Sale of capital asset	600,000	600,000	529,205	(70,795)
Total other financing sources (uses)	<u>14,215,844</u>	<u>13,126,287</u>	<u>451,365</u>	<u>(12,674,922)</u>
Net change in fund balance	(20,711,700)	(22,312,271)	(1,802,475)	20,509,796
Fund balance - beginning	20,711,700	22,312,271	22,312,271	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	20,509,796	<u>\$ 20,509,796</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			102,974	
Notes and loans receivable, net			268,500	
Inventories			1,193,790	
Capital assets, net of accumulated depreciation and amortization			50,052,614	
Deferred outflows - pensions			730,541	
Compensated absences			(515,543)	
Bonds payable			(3,313,112)	
Accrued interest payable			(1,718,010)	
Net pension liability - PERS			(3,141,881)	
Other postemployment benefits			(222,842)	
Deferred inflows - pensions			<u>(884,671)</u>	
Net position - GAAP basis			<u>\$ 63,062,156</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
State cost sharing	\$ 206,035	\$ 206,035	\$ 142,240	\$ (63,795)
Multnomah County cost sharing	460,819	460,819	377,718	(83,101)
Local cost sharing	261,250	261,250	235,825	(25,425)
Service charges and fees:				
Other service charges	177,417	177,417	222,191	44,774
Billings to other funds for services	5,715,475	5,974,786	5,739,329	(235,457)
Other:				
Sales - other	66,061	66,061	54,760	(11,301)
Investment earnings	-	-	4,317	4,317
Miscellaneous	-	-	509	509
	<u>6,887,057</u>	<u>7,146,368</u>	<u>6,776,889</u>	<u>(369,479)</u>
EXPENDITURES				
Current:				
Personal services	1,688,605	1,828,222	1,785,932	42,290
Materials and services	4,346,966	4,599,464	3,978,293	621,171
General operating contingencies	732,354	734,170	-	734,170
Overhead charges - General Fund	187,726	187,726	187,726	-
Debt service and related costs:				
Principal	98,643	98,643	98,643	-
Interest	48,552	48,552	42,238	6,314
Capital outlay	306,015	156,015	132,293	23,722
	<u>7,408,861</u>	<u>7,652,792</u>	<u>6,225,125</u>	<u>1,427,667</u>
Revenues over (under) expenditures	<u>(521,804)</u>	<u>(506,424)</u>	<u>551,764</u>	<u>1,058,188</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other fund:				
Pension Debt Redemption	(26,378)	(26,378)	(26,378)	-
CityFleet Operating	(3,198)	-	-	-
Total transfers to other funds	<u>(29,576)</u>	<u>(26,378)</u>	<u>(26,378)</u>	<u>-</u>
Sale of capital asset	-	-	6,001	6,001
	<u>(29,576)</u>	<u>(26,378)</u>	<u>(20,377)</u>	<u>6,001</u>
Net change in fund balance	(551,380)	(532,802)	531,387	1,064,189
Fund balance - beginning	551,380	532,802	532,801	(1)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>1,064,188</u>	<u>\$ 1,064,188</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			5,265	
Capital assets, net of accumulated depreciation and amortization			469,940	
Deferred outflows - pensions			184,130	
Compensated absences			(98,476)	
Bonds payable			(1,122,746)	
Accrued interest payable			(582,201)	
Net pension liability - PERS			(736,385)	
Other postemployment benefits			(72,140)	
Deferred inflows - pensions			(252,438)	
Net position - GAAP basis			<u>\$ (1,140,863)</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Billings to other funds for services	\$ 10,395,579	\$ 10,431,234	\$ 10,432,201	\$ 967
Other:				
Investment earnings	146,671	146,671	201,406	54,735
Miscellaneous	100,000	1,708,808	1,702,149	(6,659)
Total revenues	<u>10,642,250</u>	<u>12,286,713</u>	<u>12,335,756</u>	<u>49,043</u>
EXPENDITURES				
Current:				
Personal services	1,218,513	1,391,002	1,336,334	54,668
Materials and services	9,122,627	9,364,017	7,476,484	1,887,533
General operating contingencies	24,430,898	26,378,846	-	26,378,846
Overhead charges - General Fund	219,683	219,683	219,683	-
Debt service and related costs:				
Principal	54,355	54,355	54,355	-
Interest	26,754	26,754	23,274	3,480
Total expenditures	<u>35,072,830</u>	<u>37,434,657</u>	<u>9,110,130</u>	<u>28,324,527</u>
Revenues over (under) expenditures	<u>(24,430,580)</u>	<u>(25,147,944)</u>	<u>3,225,626</u>	<u>28,373,570</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other fund:				
Pension Debt Redemption	(14,536)	(14,536)	(14,536)	-
Total other financing sources (uses)	<u>(14,536)</u>	<u>(14,536)</u>	<u>(14,536)</u>	<u>-</u>
Net change in fund balance	(24,445,116)	(25,162,480)	3,211,090	28,373,570
Fund balance - beginning	24,445,116	25,162,480	25,330,654	168,174
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	28,541,744	<u>\$ 28,541,744</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			132,681	
Capital assets, net of accumulated depreciation and amortization			290,061	
Deferred outflows - pensions			117,417	
Self insurance claims			(13,372,384)	
Compensated absences			(130,358)	
Bonds payable			(618,667)	
Accrued interest payable			(320,804)	
Net pension liability - PERS			(499,155)	
Other postemployment benefits			(34,799)	
Deferred inflows - pensions			<u>(145,281)</u>	
Fund balance - GAAP basis			<u>\$ 13,960,455</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Billings to other funds for services	\$ 3,925,198	\$ 3,925,198	\$ 3,927,386	\$ 2,188
Other:				
Investment earnings	86,272	86,272	111,693	25,421
Miscellaneous	45,000	151,990	190,856	38,866
Total revenues	<u>4,056,470</u>	<u>4,163,460</u>	<u>4,229,935</u>	<u>66,475</u>
EXPENDITURES				
Current:				
Personal services	1,234,247	1,314,478	1,248,172	66,306
Materials and services	3,687,079	4,255,378	3,674,972	580,406
General operating contingencies	13,883,424	13,754,977	-	13,754,977
Overhead charges - General Fund	110,753	110,753	110,753	-
Debt service and related costs:				
Principal	50,843	50,843	50,843	-
Interest	25,025	25,025	21,770	3,255
Total expenditures	<u>18,991,371</u>	<u>19,511,454</u>	<u>5,106,510</u>	<u>14,404,944</u>
Revenues over (under) expenditures	<u>(14,934,901)</u>	<u>(15,347,994)</u>	<u>(876,575)</u>	<u>14,471,419</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other fund:				
Pension Debt Redemption	(13,596)	(13,596)	(13,596)	-
Total other financing sources (uses)	<u>(13,596)</u>	<u>(13,596)</u>	<u>(13,596)</u>	<u>-</u>
Net change in fund balance	(14,948,497)	(15,361,590)	(890,171)	14,471,419
Beginning fund balance	14,948,497	15,361,590	15,361,591	1
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	14,471,420	<u>\$ 14,471,420</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			67,535	
Capital assets, net of accumulated depreciation and amortization			208,074	
Deferred outflows - pensions			109,589	
Self insurance claims			(8,739,008)	
Compensated absences			(46,586)	
Bonds payable			(578,688)	
Accrued interest payable			(300,075)	
Net pension liability - PERS			(472,244)	
Other postemployment benefits			(25,965)	
Deferred inflows - pensions			<u>(132,215)</u>	
Net position - GAAP basis			<u>\$ 4,561,837</u>	

City of Portland, Oregon
Technology Services Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	\$ 75,447	\$ 75,447	\$ 68,718	\$ (6,729)
State cost sharing	273,016	273,016	269,512	(3,504)
Multnomah County cost sharing	1,674,855	1,674,855	1,850,665	175,810
Local cost sharing	2,048,765	2,048,765	2,592,177	543,412
Service charges and fees:				
Rents and reimbursements	209,578	209,578	174,248	(35,330)
Other service charges	36,034	36,034	34,900	(1,134)
Billings to other funds for services	44,526,122	45,065,604	44,425,984	(639,620)
Other:				
Sales - other	303,055	303,055	259,569	(43,486)
Refunds	-	-	5,318	5,318
Investment earnings	100,000	100,000	176,119	76,119
Miscellaneous	40,000	40,000	2,094	(37,906)
	<u>49,286,872</u>	<u>49,826,354</u>	<u>49,859,304</u>	<u>32,950</u>
Total revenues				
EXPENDITURES				
Current:				
Personal services	28,184,021	29,494,152	26,817,768	2,676,384
Materials and services	20,149,030	23,319,100	19,590,124	3,728,976
General operating contingencies	10,507,375	15,993,962	-	15,993,962
Overhead charges - General Fund	1,498,862	1,498,862	1,498,862	-
Debt service and related costs:				
Principal	345,962	345,962	345,962	-
Interest	170,282	170,282	148,137	22,145
Capital outlay	3,564,083	2,335,019	337,308	1,997,711
	<u>64,419,615</u>	<u>73,157,339</u>	<u>48,738,161</u>	<u>24,419,178</u>
Total expenditures				
Revenues over (under) expenditures	<u>(15,132,743)</u>	<u>(23,330,985)</u>	<u>1,121,143</u>	<u>24,452,128</u>

Continued next page

City of Portland, Oregon
Technology Services Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
General	-	422,040	422,040	-
Transfers to other funds:				
General	(284,060)	-	-	-
Pension Debt Redemption	(92,515)	(92,515)	(92,515)	-
CityFleet Operating	(4,114)	-	-	-
Total transfers to other funds	<u>(380,689)</u>	<u>(92,515)</u>	<u>(92,515)</u>	<u>-</u>
Total other financing sources (uses)	<u>(380,689)</u>	<u>329,525</u>	<u>329,525</u>	<u>-</u>
Net change in fund balance	(15,513,432)	(23,001,460)	1,450,668	24,452,128
Fund balance - beginning	<u>15,513,432</u>	<u>23,001,460</u>	<u>23,001,460</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	24,452,128	<u>\$ 24,452,128</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			119,022	
Inventories			396,009	
Capital assets, net of accumulated depreciation and amortization			22,930,777	
Deferred outflows - pensions			2,646,570	
Compensated absences			(1,851,283)	
Bonds payable			(3,937,702)	
Accrued interest payable			(2,041,884)	
Net pension liability - PERS			(11,690,915)	
Other postemployment benefits			(613,791)	
Deferred inflows - pensions			<u>(3,041,167)</u>	
Net position - GAAP basis			<u>\$ 27,367,764</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Billings to other funds for services	\$ 13,171,378	\$ 13,171,378	\$ 13,151,377	\$ (20,001)
Other:				
Investment earnings	20,000	34,000	40,173	6,173
Total revenues	<u>13,191,378</u>	<u>13,205,378</u>	<u>13,191,550</u>	<u>(13,828)</u>
EXPENDITURES				
Current:				
Personal services	2,425,083	2,536,182	2,406,176	130,006
Materials and services	6,138,176	6,458,680	6,214,475	244,205
General operating contingencies	2,052,515	3,058,803	-	3,058,803
Overhead charges - General Fund	267,017	267,017	267,017	-
Debt service and related costs:				
Principal	4,115,000	4,115,000	4,115,000	-
Interest	283,250	283,250	283,250	-
Total expenditures	<u>15,281,041</u>	<u>16,718,932</u>	<u>13,285,918</u>	<u>3,433,014</u>
Net change in fund balance	(2,089,663)	(3,513,554)	(94,368)	3,419,186
Fund balance - beginning	<u>2,089,663</u>	<u>3,513,554</u>	<u>3,513,553</u>	<u>(1)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	3,419,185	<u>\$ 3,419,185</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			18,595	
Capital assets, net of accumulated depreciation and amortization			1,386,623	
Deferred outflows - pensions			263,612	
Compensated absences			(195,428)	
Bonds payable			(2,967,700)	
Accrued interest payable			(9,733)	
Net pension liability - PERS			(1,056,946)	
Other postemployment benefits			(32,135)	
Deferred inflows - pensions			<u>(359,978)</u>	
Net position - GAAP basis			<u>\$ 466,095</u>	



Photo courtesy of Lois Summers

City Hall and Portland Building

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, 2016

	<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	\$ 118,759,002	\$ 119,658,820	\$ 120,505,934	\$ 847,114
Prior year property	2,400,000	2,400,000	2,258,779	(141,221)
Service charges and fees:				
Other service charges	-	-	44	44
Billings to other funds for services	952,200	1,037,200	1,076,739	39,539
Other:				
Investment earnings	234,000	234,000	421,463	187,463
Miscellaneous	62,200	62,200	74,222	12,022
Total revenues	122,407,402	123,392,220	124,337,181	944,961
EXPENDITURES				
Current:				
Personal services	1,953,000	2,003,000	1,948,783	54,217
Materials and services	125,581,306	129,195,242	126,181,537	3,013,705
General operating contingencies	12,761,000	10,081,882	-	10,081,882
Overhead charges - General Fund	104,127	104,127	104,127	-
Debt service and related costs:				
Principal	31,916,034	31,916,034	24,401,034	7,515,000
Interest	334,275	334,275	340,253	(5,978)
Debt issuance costs	27,000	27,000	20,714	6,286
Capital outlay	72,400	72,400	53,770	18,630
Total expenditures	172,749,142	173,733,960	153,050,218	20,683,742
Revenues over (under) expenditures	(50,341,740)	(50,341,740)	(28,713,037)	21,628,703

Continued next page

City of Portland, Oregon
Fire and Police Disability and Retirement Fund
Schedule of Revenues and Expenditures - Budget and Actual, Continued
For the Fiscal Year Ended June 30, 2016

	<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:				
Fire and Police Disability and Retirement Reserve	750,000	750,000	-	(750,000)
Transfers to other funds:				
Pension Debt Redemption	(8,299)	(8,299)	(8,299)	-
Fire and Police Disability and Retirement Reserve	(750,000)	(750,000)	-	750,000
Total transfers to other funds	<u>(758,299)</u>	<u>(758,299)</u>	<u>(8,299)</u>	<u>750,000</u>
Bonds and notes issued	31,885,000	31,885,000	24,370,000	(7,515,000)
Bonds and notes premium	-	-	267,339	267,339
Total other financing sources (uses)	<u>31,876,701</u>	<u>31,876,701</u>	<u>24,629,040</u>	<u>(7,247,661)</u>
Net change in fund balance	(18,465,039)	(18,465,039)	(4,083,997)	14,381,042
Fund balance - beginning	<u>18,465,039</u>	<u>18,465,039</u>	<u>17,717,432</u>	<u>(747,607)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	13,633,435	<u>\$ 13,633,435</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			105,616	
Unavailable revenue			4,965,331	
Capital assets, net of accumulated depreciation and amortization			496,852	
Deferred outflows - pensions			173,025	
Compensated absences			(1,144,216)	
Accrued interest payable			(353,225)	
Bonds payable			(183,160)	
Net pension liability - PERS			(812,094)	
Other postemployment benefits			(39,636)	
Deferred inflows - pensions			<u>(166,575)</u>	
Net position - GAAP basis			<u>\$ 16,675,353</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, 2016

	<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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Other:				
Investment earnings	\$ 50	\$ 50	\$ 50	\$ -
Total revenues	<u>50</u>	<u>50</u>	<u>50</u>	<u>-</u>
EXPENDITURES				
Current:				
Materials and services	9,000	9,000	8,561	439
General operating contingencies	<u>1,850</u>	<u>1,850</u>	<u>-</u>	<u>1,850</u>
Total expenditures	<u>10,850</u>	<u>10,850</u>	<u>8,561</u>	<u>2,289</u>
Net change in fund balance	(10,800)	(10,800)	(8,511)	2,289
Beginning fund balance	<u>10,800</u>	<u>10,800</u>	<u>11,617</u>	<u>817</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	3,106	<u>\$ 3,106</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
None			<u>-</u>	
Net position - GAAP basis			<u>\$ 3,106</u>	

STATISTICAL SECTION



First Congregational Church, 1890

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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	306
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	311
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	317
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	325
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	327
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.									
	2016	2015	2014 ^{1,2}	2013	2012 ¹	2011	2010	2009 ¹	2008	2007
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 2,309,556,618
Restricted	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	162,581,357
Unrestricted	<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>	<u>(1,286,157,817)</u>
Total governmental activities net position	<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>	<u>\$ 1,185,980,158</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 1,338,436,369
Restricted	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	11,087,158
Unrestricted	<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>	<u>148,627,828</u>
Total business-type activities net position	<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>	<u>\$ 1,498,151,355</u>
Primary government:										
Net investment in capital assets	\$ 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	\$ 3,647,992,987
Restricted	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	173,668,515
Unrestricted	<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>	<u>(1,137,529,989)</u>
Total primary government net position	<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>	<u>\$ 2,684,131,513</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.									
	2016	2015	2014	2013 ¹	2012	2011	2010 ¹	2009	2008	2007
Expenses										
Governmental activities:										
Public safety	\$ 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	\$ 424,132,995
Parks, recreation and culture	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	64,904,551
Community development	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	127,758,450
Transportation	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	242,619,027
Legislative / admin / support services	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	160,332,687
Environmental services	273,121	86,523	387,345	604,474	503,400	187,805	326,089	-	-	-
Water	298,514	175,972	185,404	221,364	409,074	89,336	157,563	-	-	-
Parking facilities	17,000	17,000	17,000	-	-	-	-	-	-	-
Interest on long-term debt	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	48,494,915
Total governmental activities expenses	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	1,068,242,625
Business-type activities:										
Environmental services	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	188,465,656
Water	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	86,345,164
Hydroelectric power	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	2,366,679
Parking facilities	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	7,317,105
Golf	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	5,842,717
Motor sports	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	1,837,708
Spectator facilities	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	7,079,419
Housing	733,510	774,968	721,620	763,346	967,848	1,750,675	-	-	-	-
Total business-type activities expenses	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	299,254,448
Total primary government expenses	\$ 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	\$ 1,367,497,073
Program Revenues										
Governmental activities:										
Fees, fines and charges for services:										
Public safety	\$ 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	\$ 28,840,004
Parks, recreation and culture	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	21,743,457
Community development	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	85,597,802
Transportation	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	149,780,434
Legislative / admin / support services	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	208,408,276
Environmental services	-	-	-	22,086	-	30,888	-	-	-	-
Operating grants and contributions	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	32,974,212
Capital grants and contributions	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	27,953,173
Total governmental activities program revenues	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	555,297,358

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City of Portland, Oregon
Changes in Net Position, Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30.									
	2016	2015	2014	2013 ¹	2012	2011	2010 ¹	2009	2008	2007
Business-type activities:										
Charges for services:										
Environmental services	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	245,630,949
Water	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	93,988,988
Hydroelectric power	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	3,677,559
Parking facilities	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	11,792,583
Golf	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	6,654,847
Motor sports	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	2,140,723
Spectator facilities	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	7,002,481
Housing	1,096,742	1,093,766	868,533	970,625	1,015,467	1,060,568	-	-	-	-
Operating grants	-	-	-	-	-	-	-	-	801,397	3,306,831
Capital grants and contributions	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	5,423,653
Total business-type activities program revenues	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	379,618,614
Total primary government program revenues	\$ 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	\$ 934,915,972
Net (Expense) / Revenue										
Governmental activities	\$ (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)	\$ (512,945,267)
Business-type activities	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	80,364,166
Total primary government net expense	\$ (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)	\$ (432,581,101)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property	\$ 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	\$ 354,572,143
Lodging	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	17,526,682
Miscellaneous	10,246,214	10,490,137	7,062,234	7,815,970	-	-	-	-	-	-
Investment earnings	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	23,795,988
Gains (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	1,060,179
Transfers	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	2,972,910
Special item:										
Contributions from PDC	-	-	-	-	3,695,549	64,246,749	-	-	-	-
Total governmental activities	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	399,927,902
Business-type activities:										
Investment earnings	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	20,126,870
Transfers	(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)	(2,972,910)
Special item:										
Capital asset write-off	-	-	-	(7,000,000)	(16,855,522)	-	-	-	-	-
Total business-type activities	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	17,153,960
Total primary government	\$ 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	\$ 417,081,862
Change in Net Position										
Governmental activities	(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)	(113,017,365)
Business-type activities	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	97,518,126
Total primary government change in net position	\$ (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)	\$ (15,499,239)

¹ Data as restated

City of Portland, Oregon
Fund Balances, Governmental Funds ²
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2016	2015	2014 ¹	2013 ²	2012	2011 ¹	2010	2009	2008	2007
General Fund										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,872,408	\$ 133,755,426	\$ 130,939,791	\$ 131,326,813
Nonspendable	453,022	513,774	545,293	531,247	555,088	234,968	-	-	-	-
Committed	56,495,175	58,885,208	60,077,408	49,930,120	48,984,519	46,294,375	-	-	-	-
Assigned	17,351,152	30,220,861	7,444,423	314,562	5,415,881	23,588,446	-	-	-	-
Unassigned	27,255,828	16,460,088	28,900,909	28,514,937	22,296,208	23,962,998	-	-	-	-
Total general fund	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	131,326,813
All other governmental funds										
Reserved	-	-	-	-	-	-	15,819,740	24,940,060	98,997,913	83,975,043
Unreserved, reported in:										
Major fund:										
Transportation Operating	-	-	-	-	-	-	10,449,909	10,596,286	21,065,188	22,568,566
Nonmajor funds:										
Special revenue funds	-	-	-	-	-	-	(12,163,792)	8,976,573	30,633,551	31,967,456
Debt service funds	-	-	-	-	-	-	62,208,494	43,489,029	77,416	73,427
Capital projects funds	-	-	-	-	-	-	5,295,880	6,407,173	5,596,855	5,566,240
Major fund:										
Transportation Operating:										
Nonspendable	6,697,786	7,408,416	5,725,138	5,211,250	5,467,464	2,824,446	-	-	-	-
Restricted	47,917,229	39,013,371	31,794,588	26,652,459	18,803,168	20,774,274	-	-	-	-
Assigned	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	156,692,731	150,476,673	102,777,084	92,318,341	77,321,176	71,044,360	-	-	-	-
Committed	20,071,904	14,843,739	12,806,577	12,654,543	14,645,781	946,953	-	-	-	-
Assigned	17,374,200	14,645,405	12,436,525	10,367,324	8,419,112	12,665,927	-	-	-	-
Unassigned	(3,543,056)	(3,545,508)	(632,801)	(7,280,204)	(7,064,264)	(21,934,442)	-	-	-	-
Debt service funds:										
Restricted	66,379,048	62,199,841	55,647,819	51,972,200	53,907,324	50,464,778	-	-	-	-
Assigned	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	104,051,671	73,034,959	62,177,707	38,494,304	38,035,418	32,900,374	-	-	-	-
Committed	1,910,862	1,282,338	665,072	9,778,398	9,480,674	694,200	-	-	-	-
Assigned	7,545,602	6,734,058	5,889,770	8,044,889	8,308,021	6,235,808	-	-	-	-
Permanent fund:										
Nonspendable	162,832	162,572	162,843	163,182	163,142	162,740	-	-	-	-
Restricted	20,844	19,222	18,457	18,805	19,811	19,671	-	-	-	-
Total all other governmental funds	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	144,150,732
Total governmental funds	\$ 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	\$ 275,477,545

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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes	\$ 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	\$ 371,089,320
Licenses and permits	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	177,594,267
Intergovernmental	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	165,818,945
Charges for services	183,669,467	170,618,722	166,089,974	152,490,691	134,729,794	118,372,143	118,727,478	127,059,236	158,624,745	163,790,312
Loan collections	-	1,252	-	5,822	825	472	5,504,941	8,042,680	6,616,117	1,962,568
Assessments	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	8,815,857
Investment earnings	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	18,038,418
Miscellaneous	34,307,218	41,291,899	29,365,376	24,861,439	23,024,707	18,273,085	17,599,825	18,691,693	23,933,782	16,182,024
Total revenues	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	923,291,711
Expenditures										
Current:										
Public safety	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	326,329,377
Parks, recreation and culture	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	70,774,053
Community development	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	129,505,227
Transportation	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	99,925,003
Legislative / admin / support services	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	170,658,268
Environmental services	227,554	221,231	350,203	604,474	503,400	187,805	326,089	-	-	-
Water	122,542	-	50,294	221,364	409,074	89,336	157,563	-	-	-
Debt service and related costs:										
Principal	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	132,458,884
Interest	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	44,837,099
Debt issuance costs	560,115	672,770	793,356	1,052,128	2,113,436	1,528,816	1,355,153	1,063,423	909,132	714,354
Capital outlay	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	101,688,256
Total expenditures	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	1,076,890,521
Revenues over (under) expenditures	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)	(153,598,810)
Other Financing Sources (Uses)										
Transfers in	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	116,693,537
Transfers out	(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)	(119,714,976)
Bonds and notes issued	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	168,558,626
Bonds and note premium	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	1,519,900
Bonds and note discounts	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	376,192
Payments to refunded bond escrow agent	-	-	-	-	-	-	(63,243,022)	(24,865,000)	-	-
Proceeds from sale of capital assets	4,788	300	701,755	94,107	74,438	313,703	32,993	1,409,800	175,000	-
Total other financing sources (uses)	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	167,433,279
Special Item										
Contribution from the PDC	-	-	-	-	3,695,549	64,246,749	-	-	-	-
Net change in fund balances	\$ 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	\$ 13,834,469
Debt service as a percentage of noncapital expenditures	12.9 %	13.3 %	16.2 %	16.3 %	24.8 %	26.6 %	11.1 %	14.4 %	15.5 %	18.2 %

City of Portland, Oregon
Program Revenues by Function
Last Ten Fiscal Years
(accrual basis of accounting)

Function	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011 ¹	2010	2009	2008	2007
Governmental activities:										
Public safety	\$ 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	\$ 40,094,279
Parks, recreation and culture	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	33,303,087
Community development	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	107,075,872
Transportation	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	166,338,862
Legislative / admin / support services	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	208,485,258
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>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>	<u>555,297,358</u>
Business-type activities:										
Environmental services	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	250,011,948
Water	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	98,335,604
Hydroelectric power	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	3,677,559
Parking facilities	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	11,795,452
Golf	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	6,654,847
Motor sports	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	2,140,723
Spectator facilities	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	7,002,481
Housing	1,096,742	1,093,766	868,533	970,625	1,015,467	13,124,628	-	-	-	-
Subtotal business-type activities	<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>	<u>379,618,614</u>
Total primary government	<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>	<u>\$ 934,915,972</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,	<u>Property Taxes</u>	<u>Lodging Taxes</u>	<u>Arts Taxes ¹</u>	<u>Other Taxes</u>	<u>Total Taxes</u>
2016	\$ 503,166,997	\$ 50,543,129	\$ 10,246,215	\$ 698,417	\$ 564,654,758
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	431,476,220	19,142,687	-	408,159	451,027,066
2010	423,295,282	16,511,907	-	700,819	440,508,008
2009	381,077,264	23,571,670	-	758,737	405,407,671
2008	381,259,850	19,647,497	-	1,434,002	402,341,349
2007	353,562,638	17,526,682	-	1,259,198	372,348,518

Source: Division of Assessment and Taxation for Multnomah, Clackamas and Washington Counties

¹ Data was added in FY2015

² Data was revised in FY2015

City of Portland, Oregon
Assessed Valuation and Actual Values of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	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
2016	\$ 49,073,545,940	\$ 2,099,065,042	\$ 2,610,181,282	\$ 53,782,792,264	7.76	\$ 102,628,140,456	52.41%
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	58.00
2013	43,406,553,685	1,877,327,577	2,094,956,450	47,378,837,712	7.83	79,896,235,855	59.00
2012	42,300,972,173	1,870,775,539	2,121,534,522	46,293,282,234	7.69	81,163,435,001	57.00
2011	40,974,245,223	1,948,909,831	2,061,177,281	44,984,332,335	7.69	86,374,680,444	52.00
2010	* 39,707,015,212	2,039,362,255	2,040,333,669	43,786,711,136	7.80	89,022,110,363	49.00
2009	* 38,366,558,470	2,078,744,985	1,912,975,520	42,358,278,975	7.82	90,358,444,241	46.00
2008	36,475,200,791	2,105,142,882	2,081,423,119	40,661,766,792	7.90	84,290,979,378	48.00
2007	34,531,977,558	2,019,176,636	2,123,147,916	38,674,302,110	7.82	72,903,687,505	53.00

Sources: Tax Supervising and Conservation Commission and Divisions of Assessment and Taxation for Multnomah, Clackamas and Washington Counties.

Note: Tax rolls are prepared and taxes are collected by Multnomah, Clackamas and Washington Counties for all units of local government within their boundaries. Taxes collected by the counties are remitted to taxing districts proportionately according to the ratio of each district levy to the total of all levies in the County. Amounts established through tax increment financing have been proportionately allocated by property type

* Data was revised in FY11

City of Portland, Oregon
Property Tax Rates - Direct and Overlapping Government
Last Ten Fiscal Years
(per \$1,000 of assessed valuation)
(unaudited)

Fiscal Year Ended June 30,	City of Portland				Overlapping Rates							Total
	General	Special Revenue	Debt Service	Total	Multnomah County	Education Districts	Urban Renewal PDC ¹	Port of Portland	Metropolitan Service Districts	TriMet		
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	
2007	6.81	0.80	0.21	7.82	5.30	6.23	0.36	0.07	0.28	0.10	20.16	

Source: Multnomah County Division of Assessment and Taxation

¹ Portland Development Commission: Includes taxes collected on the urban renewal special levy imposed city-wide.

**City of Portland, Oregon
Principal Property Taxpayers
Current Year and Nine Years Ago
(unaudited)**

Taxpayer	June 30, 2016			June 30, 2007		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Port of Portland	\$ 566,011,260	1	1.05 %	\$ 302,666,680	1	0.78 %
PacificCorp (PP&L)	329,165,000	2	0.61	235,810,000	4	0.61
Portland General Electric Co	293,872,550	3	0.55	246,469,230	3	0.64
Alaska Airlines	277,694,700	4	0.52	-	-	-
Comcast Corporation	260,447,400	5	0.48	-	-	-
Weston Investment Co LLC	251,746,610	6	0.47	-	-	-
Evrax Inc NA	218,464,720	7	0.41	-	-	-
CenturyLink	194,518,000	8	0.36	-	-	-
AT&T, Inc	185,100,800	9	0.34	-	-	-
CAPREF Lloyd Center LLC	173,304,140	10	0.32	-	-	-
Qwest Wireless	-	-	-	295,432,590	2	0.76
Oregon Steel Mills, Inc.	-	-	-	163,510,960	5	0.42
LC Portland LLC	-	-	-	143,836,450	6	0.37
United Air Lines, Inc.	-	-	-	132,002,500	7	0.34
Freightliner LLC (Daimler Chrysler)	-	-	-	128,000,780	8	0.33
NW Natural Gas	-	-	-	127,243,310	9	0.33
Cingular Wireless LLC	-	-	-	121,245,600	10	0.31
Total	\$ 2,750,325,180		5.11 %	\$ 1,896,218,100		4.89 %
Total assessed valuation	\$ 53,782,792,264			\$ 38,674,302,110		

Source: Multnomah County Division of Assessment and Taxation and the City of Portland 2006 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
2016	\$ 516,333,732	\$ 488,402,282	94.59 %	\$ -	\$ 488,402,282	94.59%
2015	494,785,514	467,210,020	94.43	8,607,286	475,817,306	96.17
2014	467,516,063	440,453,970	94.21	9,169,903	449,623,873	96.17
2013	452,452,709	425,290,736 ²	94.00	11,443,738	436,734,474	96.53
2012	445,043,642	412,972,199	92.79	13,564,383	426,536,582	95.84
2011	445,238,206	416,836,027	93.62	14,497,344	431,333,371	96.88
2010	436,246,475	407,939,510	93.51	15,939,438	423,878,948	97.17
2009	397,821,681	368,922,355	92.74	16,652,420	385,574,775	96.92
2008	394,491,508	369,478,250	93.66	13,540,858	383,019,108	97.09
2007	363,073,424	341,570,207	94.08	11,567,591	353,137,798	97.26

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.									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
General obligation bonds	\$ 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	\$ 61,770,000
Limited tax improvement bonds	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	55,250,000
Urban renewal and redevelopment bonds	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	271,730,000
Limited tax and limited tax revenues bonds	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	426,681,483
Revenue bonds	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	5,940,000
Notes, loans and lines of credit payable	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	155,161,651
Unamortized premiums and discounts	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	10,326,433
Total governmental activities	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	986,859,567
Business-type activities:										
Capitalized lease obligations	-	-	-	-	-	-	-	84,772	139,129	562,456
General obligation bonds	-	-	-	-	-	-	1,590,000	3,135,000	4,630,000	6,080,000
Limited tax and limited tax revenue bonds	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	149,854,242
Revenue bonds	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	1,410,071,000
Notes and loans payable	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	21,355,431
Unamortized premiums and discounts	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	52,389,763
Total business-type activities	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	1,640,312,892
Total primary government	\$ 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	\$ 2,627,172,459
Percentage of personal income ¹	N/A	3.43 %	3.50 %	3.56 %	3.56 %	3.83 %	3.59 %	3.28 %	3.39 %	3.24 %
Per capita ¹	\$ 5,555	\$ 5,951	\$ 5,845	\$ 5,933	\$ 5,663	\$ 5,806	\$ 5,387	\$ 5,196	\$ 5,224	\$ 4,823

Source: Bureau of Financial Services

N/A: Data not available for this fiscal year.

¹ Data was revised in FY15.

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*	Total Taxable Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Per Capita	Population
2016	\$ 99,250,000	\$ 53,782,792,264	0.18 %	\$ 157	632,309
2015	83,625,000	51,321,383,398	0.16	135	620,420
2014	75,511,168	49,018,957,378	0.15	124	610,055
2013	62,136,842	47,378,837,712	0.13	103	603,366
2012	69,938,604	46,293,282,234	0.15	118	594,115
2011	77,789,280	44,984,332,334	0.17	133	585,427
2010	58,206,868	43,786,711,136	0.13	101	578,104
2009	66,332,480	42,358,278,975	0.16	117	566,850
2008	56,270,499	40,661,766,792	0.14	101	555,306
2007	61,050,970	38,674,302,110	0.16	112	544,669

Note: Represents general obligation bonded debt issued for funding parks and emergency facilities projects

* Data was revised in 2016.

Business-type Activities					
Fiscal Year Ended June 30	General Obligation Bonds	Total Taxable Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Per Capita	Population
2016	\$ -	\$ 53,782,792,264	-	\$ -	632,309
2015	-	51,321,383,398	-	-	620,420
2014	-	49,018,957,378	-	-	610,055
2013	-	47,378,837,712	-	-	603,366
2012	-	46,293,282,234	-	-	594,115
2011	-	44,984,332,334	-	-	585,427
2010	1,590,000	43,786,711,136	-	3	578,104
2009	3,135,000	42,358,278,975	0.01	6	566,850
2008	4,630,000	40,661,766,792	0.02	8	555,306
2007	6,080,000	38,674,302,110	0.02	11	544,669

Note: Represents general obligation bonded debt issued for Water infrastructure

City of Portland, Oregon
Direct and Overlapping Governmental Activities Debt
June 30, 2016
(unaudited)

Jurisdiction	Net Property Tax Backed Debt	Percentage within City of Portland	Amount Applicable to City of Portland
Clackamas Community College	\$ 63,138,947	0.19 %	\$ 119,964
Clackamas County	100,884,583	0.24	242,123
Clackamas City ESD	23,435,333	0.15	35,153
Clackamas County SD* 7J (Lake Oswego)	111,865,000	0.02	22,373
Clackamas County SD 12 (North Clackamas)	306,826,939	0.49	1,503,452
Columbia County SD 1J (Scappoose)	29,113,029	5.81	1,691,467
Metro	199,872,186	44.19	88,323,519
Mt Hood Community College	23,733,546	40.81	9,685,660
Multnomah County	160,518,011	85.66	137,499,728
Multnomah County Drainage District 1	65,000	100.00	65,000
Multnomah County SD 1J (Portland)	710,095,616	97.69	693,692,407
Multnomah County SD 3 (Parkrose)	58,705,066	98.38	57,754,044
Multnomah County SD 7 (Reynolds)	217,874,195	22.72	49,501,017
Multnomah County SD 51J (Riverdale)	18,357,222	5.22	958,247
Multnomah County SD 28J (Centennial)	24,641,181	54.60	13,454,085
Multnomah County SD 40 (David Douglas)	90,976,663	100.00	90,976,663
Portland Community College	335,125,781	47.90	160,525,249
Tualatin Hills Park & Recreation District	100,335,000	0.02	20,067
Washington County	54,030,385	0.26	140,479
Washington County SD 23J (Tigard-Tualatin)	88,890,000	0.09	80,001
Washington County SD 48J (Beaverton)	817,432,593	0.27	2,207,068
Subtotal overlapping debt	<u>\$ 3,535,916,276</u>		1,308,497,766
City direct debt			<u>1,047,195,939</u>
Total direct and overlapping debt			<u>\$ 2,355,693,705</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.									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 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	\$ 2,187,110,625
Total net debt applicable to limit	98,683,005	83,586,668	75,511,168	62,136,842	69,938,604	77,789,280	58,206,868	66,332,480	56,270,499	61,050,970
Legal debt margin	<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>	<u>\$ 2,126,059,655</u>
Total net debt applicable to limit as a percentage of legal debt margin	3.31 %	3.10 %	3.09 %	2.66 %	2.96 %	3.09 %	2.23 %	2.51 %	2.28 %	2.87 %
Legal Debt Margin Calculation for Fiscal Year 2016										
Real market value	\$102,628,140,456									
Debt limit (3% of real market value)	<u>3,078,844,214</u>									
Debt applicable to limit:										
General obligation bonds	99,250,000									
Less: Amount set aside for repayment of general obligation debt	<u>(566,995)</u>									
Total net debt applicable to limit	<u>98,683,005</u>									
Legal debt margin	<u>\$ 2,980,161,209</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			Non- Stabilized Coverage	Stabilized Coverage
						Debt Service Requirements		Total		
						Principal	Interest			
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	332,183,868	95,223,004	236,960,864	(25,250,000)	211,710,864	60,585,000	35,039,760	95,624,760	2.47	2.20
2014	310,133,578	98,727,948	211,405,630	(21,375,000)	190,030,630	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
2007	247,913,130	79,468,846	168,444,284	(7,000,000)	161,444,284	31,770,000	42,619,653	74,389,653	2.26	2.17
								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		Total	Non-Stabilized Coverage	Stabilized Coverage	
						Service Requirements ³					
						Principal	Interest ⁴				
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	
2007	247,913,130	79,468,846	168,444,284	(7,000,000)	161,444,284	41,190,000	55,523,990	96,713,990	1.74	1.67	
								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			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			
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	332,183,868	95,223,004	236,960,864	(25,250,000)	211,710,864	81,555,000	80,684,059	162,239,059	1,338,950	174,084	1,513,034	2,042,596	1.44	1.29
2014	310,133,578	98,727,948	211,405,630	(21,375,000)	190,030,630	71,830,000	74,758,838	146,588,838	1,325,584	187,450	1,513,034	2,042,596	1.42	1.28
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	188,743,483	67,540,000	79,341,406	146,881,406	1,264,705	204,835	1,469,540	1,983,879	1.14	1.27
2011	250,891,268	89,421,417	161,469,851	29,500,000	190,969,851	72,685,000	73,602,513	146,287,513	1,153,142	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	1.33
2007*	247,913,130	79,468,846	168,444,284	(7,000,000)	161,444,284	41,190,000	55,914,051	97,104,051	89,582	117,702	207,284	279,833	1.73	1.66
												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 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.

* Data was revised in 2014.

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	
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
2007	103,268	55,640	47,628	5,760	6,643	12,403	3.84

Source: Portland Water Bureau

¹ 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 \$19.8 million for FY 2015-2016 is included in the coverage calculation.

Note: Other Post-Employment Retirement Benefits (OPEB) cost is included as operating expense. There was no OPEB expense prior to FY 2007-2008.

City of Portland, Oregon
Schedule of Revenue Bond Coverage
Second Lien Water System Revenue Bonds
(unaudited)
(amounts expressed in thousands)

Fiscal Year 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	<u>Combined First and Second Lien Bond Debt Service Requirements¹</u>			Non-Stabilized Coverage*	Stabilized Coverage* ³
						Principal	Interest	Total		
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
2007	103,268	55,640	47,628	(2,000)	45,628	5,760	8,262	14,022	3.40	3.25

Source: Portland Water Bureau

Note: Other Postemployment Retirement Benefits (OPEB) cost is included as operating expense. There was no OPEB expense prior to FY 2007-2008.

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 \$19.8 million for FY2015-16 is excluded from the coverage calculation.

³ The Second Lien Rate Stabilization Account was created with the issuance of the 2006 Series A Bonds. There were no Second Lien Bonds prior to FY 2006-07

**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>
2016	632,309	N/A	N/A	N/A	N/A	4.6%
2015	620,420	2,348,247	\$ 107,536,731	\$ 45,794	49,075	5.0
2014	610,055	2,314,747	101,893,020	44,019	48,459 *	5.8
2013	603,366	2,288,729	100,469,629	43,898	48,098	6.8
2012	594,115	2,260,178	94,577,916	41,845	47,508	7.5
2011	585,427	2,232,079	88,687,837	39,733	47,288	8.3
2010	578,104	2,206,737	86,819,125	39,343	46,803	9.5
2009	566,850	2,172,853	89,874,570	41,362	46,046	11.4
2008	555,306	2,137,828	85,542,797	40,014	46,088	5.5
2007	544,669	2,103,164	81,122,054	38,571	46,348	5.0

N/A: Data not available for this fiscal year

¹ United States Census Bureau Annual Estimates of the Resident Population 2007-2015, 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 19, 2015 - new estimates for 2014; revised estimates for 2007-2013.

³ Portland Public Schools, Data and Policy Analysis Fall Membership 2015

⁴ U.S. Department of Labor, Bureau of Labor Statistics, City of Portland Rate Only (Data subject to revision on April 15, 2016).

* Data was revised in FY16.

**City of Portland, Oregon
Principal Employers
Current Year and Nine Years Ago
(unaudited)**

Employer	2016			2007		
	Employees ¹	Rank	Percentage of Total Metropolitan Statistical Area Employment ²	Employees ³	Rank	Percentage of Total Metropolitan Statistical Area Employment ²
Intel Corporation	19,500	1	1.65%	16,500	3	1.54%
Providence Health and Services	17,378	2	1.47	13,496	4	1.26
Oregon Health & Science University	15,424	3	1.30	11,300	6	1.06
Fred Meyer	11,200	4	0.95	10,500	7	0.98
Kaiser Permanente NW	10,269	5	0.87	8,747	8	0.82
Legacy Health System	9,300	6	0.79	8,500	9	0.80
Nike, Inc.	8,500	7	0.72	5,500	10	0.51
Portland Public Schools	7,678	8	0.65	-	N/A	-
Multnomah County	6,189	9	0.52	-	N/A	-
City of Portland	5,667	10	0.48	-	N/A	-
State of Oregon	-	N/A	-	21,000	1	1.96
U.S. Federal Government	-	N/A	-	18,000	2	1.68
Safeway, Inc.	-	N/A	-	13,000	5	1.22
Total	111,105		9.40%	126,543		11.83%
Total MSA ² employment	1,184,612			1,068,987		

Sources:

¹ Portland Business Journal; Book of Lists 2016

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.									
	2016 ¹⁰	2015 ⁹	2014 ⁸	2013 ⁷	2012 ⁶	2011 ⁵	2010 ⁵	2009 ⁴	2008 ³	2007 ²
Public safety	2,116	2,079	2,059	2,118	2,159	2,164	2,180	2,220	2,216	2,190
Parks, recreation and culture	580	457	433	420	445	446	447	437	417	408
Community development	561	501	448	409	403	388	506	567	549	500
Transportation	794	760	734	745	762	764	743	798	793	768
Legislative / admin / support services	841	819	817	846	856	857	861	842	835	836
Environmental services	542	524	521	538	543	549	541	523	504	484
Water	570	567	579	619	631	638	639	670	654	649
Hydroelectric power ¹¹	2	2	2	1	-	3	3	3	3	3
Total employees	6,006	5,709	5,593	5,696	5,799	5,809	5,920	6,060	5,971	5,838

Sources: Adopted Budget City of Portland, Oregon, Fiscal Year 2016-2017, 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 2009-10

³ Amount represents actual total as published in the Adopted Budget FY 2010-11

⁴ Amount represents revised year-end estimate as published in the Adopted Budget FY 2009-10

⁵ Amount represents actual total as published in the Adopted Budget FY 2012-13

⁶ Amount represents actual total as published in the Adopted Budget FY 2013-14

⁷ Amount represents actual total as published in the Adopted Budget FY 2014-15

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 2016-17

¹¹ Hydroelectric power employees are part of the Water Bureau.

City of Portland, Oregon
 Operating Indicators by Function/Program
 Last Ten Fiscal Years
 (unaudited)

Function/Program	Fiscal Year Ended June 30,									
	2016 ¹	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public safety:										
Number of crimes (parts 1 and 2)	N/A	67,305	63,247	62,646	64,000	66,878	64,919	70,715	76,377	80,771
Number of police incidents (dispatched / reported / initiated)	506,730	500,759	491,272	507,203	504,509	489,983	473,789	424,817	444,349	450,729
Number of fire, medical and other incidents	81,038	106,461	72,020	65,912	68,979	67,212	65,912	67,238	65,721	65,304
Fire loss per capita, adjusted	\$ 89	\$ 25	\$ 43	\$ 49	\$ 33	\$ 24	\$ 52	\$ 53	\$ 33	\$ 41
Numbers of calls on emergency 9-1-1 lines	442,747	440,151	402,430	468,738	374,053	363,440	355,963	464,084	486,759	503,842
Calls per capita, emergency and non-emergency	1	1	1	1	1	1	1	1	1	1
Disaster exercises conducted	25	19	12	3	4	4	4	4	5	5
Parks, recreation and culture:										
Estimated attendance counts (millions)	5	5	5	5	4	4	6	5	6	6
Number of acres maintained (including golf courses and PIR)	11,712	11,697	11,656	11,546	11,415	11,209	10,940	10,795	10,763	10,685
Numbers of hours volunteered	471,638*	471,638	464,473	475,324	474,709	453,941	460,746	465,353	462,877	461,274
Community development:										
Construction inspections	176,939	152,426	141,847	134,391	109,495	124,094	131,011	176,626	209,916	217,138
Building permits	12,273	10,788	9,889	9,013	8,017	7,490	7,410	8,843	10,621	11,437
Tons of recycling collected	1,248	1,198	N/A	880	N/A	N/A	600	720	680	645
(thousands) One night shelter count of homeless Adults served in homeless programs	1,914	1,914	2,546	2,546	3,112	2,727	4,448	4,187	3,529	3,018
Transportation and parking:	12,941	11,919	12,048	8,716	7,559	9,288	14,524	12,196	10,446	10,622
Unimproved streets (centerline miles) ²	56	56.0	56	57	60	N/A	61	N/A	N/A	N/A
Miles resurfaced/sealed/rehabilitated (lane miles) ³	103	103.0	50	34	35	42	43	38	N/A	120
Streets swept (curb miles)	24,495	24,580	26,366	28,222	38,773	40,005	40,290	35,386	44,941	45,525
Legislative / admin / support services:										
Litigation cases	1,850	1,347	1,450	1,500	2,100	2,000	2,110	1,975	2,100	2,103
Number of audit services reports issued	12	12	12	12	12	12	12	12	12	12
Number of active grants - all types	352	550	475	475	475	475	475	328	281	231
Percentage of availability of all vehicles	95 %	95 %	90 %	90 %	90 %	90 %	90 %	90 %	90 %	90 %
Number of work orders completed	20,200	18,000	18,000	18,500	20,000	22,000	22,000	33,000	30,000	37,934

Continued next page

City of Portland, Oregon
Operating Indicators by Function/Program, continued
Last Ten Fiscal Years
(unaudited)

Function/Program	Fiscal Year Ended June 30,									
	2016 ¹	2015	2014	2013	2012	2011	2010	2009	2008	2007
Environmental services:										
Wastewater treated (billions of gallons)	33	28	28	29	28	30	28	25	29	30
Miles of pipe cleaned	374	350	312	361	256	257	220	216	213	190
Water:										
Population served with water	966,600	962,000	956,200	938,600	934,800	932,400	915,800	884,300	879,900	860,000
Annual per capita water usage (gallons)	34,700	34,900	33,500	35,200	34,700	35,300	37,600	39,800	40,500	42,000
Water delivered (billions of gallons)	34	34	32	33	33	33	34	35	35	36
Hydroelectric power:										
Power sold to PGE (mwh)	80,854	93,800	83,100	50,400	85,200	85,000	77,570	85,825	103,548	79,413

Sources: Adopted Budget City of Portland, Oregon, Fiscal Year 2015-16, Volume 1 City of Portland, Bureau of Transportation, Asset Status and Condition Report

NA: Data not available for this fiscal year

¹ Amount represents year-end estimates as published in the most recent Adopted Budget

² PPB no longer captures crime data using the UCR structure, which captures offenses. The new format, NIBRS, captures incidents, but is not compatible with translation to the UCR format. Part I, II; total offenses are therefore no longer included beginning FY15-16.

³ Centerline miles are the actual length of a roadway in one direction of travel.

⁴ Lane miles are computed by multiplying street length by number of lanes in the street. (One mile of 4-lane streets = 4 lane miles).

* Estimated for FY16

City of Portland, Oregon
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(unaudited)

Function/Program	Fiscal Year Ended June 30,									
	2016 ¹	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public safety:										
Number of front-line emergency vehicles	81	77	82	81	81	80	73	80	68	68
Fire stations	30	30	30	30	30	30	30	30	30	30
Police precincts	3	3	3	3	3	3	3	3	5	5
Police vehicles	700	641	644	627	688	673	653	659	644	645
Parks, recreation and culture:										
Developed parks	215	144	212	203	203	196	187	186	187	181
Sports fields ²	234	234	234	232	225	225	351	351	326	326
Arts and community centers	15	15	18	18	18	18	18	18	18	18
Pools	13	13	13	13	13	13	13	13	13	13
Golf courses	6	6	6	5	5	5	5	5	5	5
Transportation:										
Lane miles of streets ³	4,851	4,833	4,835	4,829	4,907	4,931	4,776	4,776	3,949	3,949
Miles of bikeways*	352	345	338	331	328	328	324	305	305	266
Number of street lights*	56,032	55,864	55,654	55,477	55,386	55,055	54,911	54,755	54,588	54,238
Unpaved streets (centerline miles) ⁴	56	56	56	57	60	31	61	-	-	-
Environmental services:										
Sanitary, storm and combined pipeline (miles)	3,027	3,015	3,006	2,300	2,336	2,330	2,330	2,333	2,324	2,308
Water:										
Miles of water mains	2,253	2,253	2,253	2,250	2,200	2,100	2,100	2,090	2,089	2,088
Fire hydrants	14,376	14,386	14,326	14,200	14,200	14,000	14,000	14,228	14,263	14,197
Local water storage (millions of gallons)	196	364	288	289	301	220	220	295	298	298
Hydroelectric power:										
Utility plants	3	3	3	2	2	2	2	2	2	2

Sources: Adopted Budget City of Portland, Oregon, Fiscal Year 2015-2016, 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 Amount represents year-end estimate as published in the most recent Adopted Budget.

² 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.

³ FY2007 and FY2008 represent 28-ft-wide equivalents. FY2009 forward represents 12 ft. lane miles.

⁴ Information not available for FY2011 and prior.

* Revised in FY16

Audit Comments and Disclosures



Skidmore Fountain, 1888

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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, 2016 and have issued our report thereon dated November 15, 2016. 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 basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-0000 to 162-010-0330, 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

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However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, except those noted below.

- The City has deficit fund balances in two 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We 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 City of Portland, Oregon's management, and State of Oregon and is not intended to be and should not be used by anyone other than those specified parties. 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 15, 2016