

Fund Statements

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# 42<sup>nd</sup> Avenue NPI URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** The 42<sup>nd</sup> Avenue Neighborhood Prosperity Initiative Urban Renewal Area is one of six urban renewal areas under the City's Neighborhood Prosperity Initiative (the "NPI"). This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in this urban renewal area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements done in accordance with the urban renewal plan.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** Per ORS 457.450, any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# 82<sup>nd</sup> Ave/Division NPI URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** The 82<sup>nd</sup> Ave/Division Neighborhood Prosperity Initiative Urban Renewal Area is one of six urban renewal areas under the City's Neighborhood Prosperity Initiative (the "NPI"). This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in this urban renewal area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements done in accordance with the urban renewal plan.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Airport Way URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in the Airport Way Urban Renewal Area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements in the urban renewal area.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The size of debt service reserve requirements varies by individual bond covenant. Reserves may be funded with bond proceeds, other eligible resources, or with the purchase of a reserve surety policy. The reserve may be drawn upon when there are insufficient resources to pay debt service, but must be replenished in accordance with bonds covenants or surety policy.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Arts Education & Access Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** The purpose of the fund is to receive gross revenues from the Arts Education and Access Income Tax and provide the net revenues to the school districts and to the Regional Arts and Culture Council solely for the purposes established in Chapter 5.73 of City Code. Net revenues are distributed from this fund to the six school districts located in the city (Portland Public, David Douglas, Centennial, Parkrose, Reynolds and Riverdale) and the Regional Arts and Culture Council, in accordance with their respective intergovernmental agreement or contract.

Funds distributed to the school districts are to be used to hire certified arts or music education teachers for kindergarten through 5th grade (K-5). Distribution is based on a ratio of one teacher for every 500 K-5 students or a pro rata basis for less than 500 students attending a school. Any funds remaining after distribution to the School Districts is distributed to the Regional Arts and Culture Council (RACC). Up to 95% of the funds distributed to RACC are for grants to support non-profit Portland arts organizations. A minimum of 5% of the funds distributed to RACC are for grants to schools and nonprofit organizations that give access to high-quality arts experiences to K-12th grade students with particular emphasis on programs directed to underserved communities.

**Sources of Revenue:** The Arts Education & Access Fund receives revenues from a tax of \$35 imposed on each income-earning resident of the City of Portland who is at least 18 years old, has a \$1,000 or more of annual income, and is in a household above the federal poverty level.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** If the tax is sunset at a future date, all funds will be disbursed to the school districts, Regional Arts and Culture Council, and the Office of Management and Finance Revenue Bureau (for administrative expenses) as allowed under intergovernmental agreements and the expense cap approved by voters (Ordinance 185761).

# Assessment Collection Fund

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**Managing Bureau:** Office of the City Auditor

**Statement of Purpose:** The purpose of the Assessment Collection Fund (ACF) is twofold: (1) to account for all activities related to the issuance of Assessment Collection Bonds used to finance delinquent special assessments of local improvements, (2) to account for the collection of related assessments or proceeds from the sale of property. The City Charter allows for replenishment of this fund by selling up to \$1.5 million in bonds. Collection activity on the delinquent liens, up to and including foreclosure, would be used to repay outstanding bonds.

**Sources of Revenue:** Bond proceeds committed to purchase delinquent assessments and related property costs with revenues committed for the repayment of bonds.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, and no outstanding liens or Assessment Collections Bonds exist, all remaining resources shall revert to the General Fund.

# Bancroft Bond Interest and Sinking Fund

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**Managing Bureau:** Office of the City Auditor

**Statement of Purpose:** The Bancroft Bond Interest and Sinking Fund is used to achieve a proper matching of revenues and expenditures related to financing public infrastructure improvements requested by property owners. Improvements may include LID streets, sewers, sidewalk repairs, and SDC charges. Specifically, this fund accounts for resources, and the allocation thereof, to pay principal and interest on outstanding debt from financing these improvements.

**Sources of Revenue:** Assessment principal and interest revenues collect in this fund are restricted (per ORS 223.285) to the payment of special assessment bonds (Limited Tax Improvement Bonds).

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The size of debt service reserve requirements varies by individual bond covenant. Reserves may be funded with bond proceeds, other eligible resources, or with the purchase of a reserve surety policy. The reserve may be drawn upon when there are insufficient resources to pay debt service, but must be replenished in accordance with bonds covenants or surety policy.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.



# BFRES Facilities GO Bond Construction Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Internal Business Services

**Statement of Purpose:** The purpose of the Bureau of Fire, Rescue, and Emergency Services (BFES) General Obligation (GO) fund is to account for revenues and expenses associated with this General Obligation Emergency Facilities bond program. On November 3, 1998, the citizens of Portland authorized the sale of \$53.8 million in general obligation bonds to finance improvements to the City's emergency facilities, including: Seismic upgrades to allow firefighters to effectively respond to an earthquake in the metropolitan area; Relocation and construction of new facilities to meet the goal of a four-minute response time to emergency calls; Renovation of facilities to be consistent with the evolving mission of Portland Fire & Rescue; Response to Americans with Disabilities Act accessibility requirements; Changes to fire stations for female firefighter accommodations; Response to some emergency facilities approaching the end of their useful lives.

**Sources of Revenue:** The fund's primary source of revenues are the proceeds from the sale of General Obligation Emergency Facilities bonds approved by the voters on November 3, 1998. The fund has also received proceeds from the sale of land and buildings replaced by new stations or not needed.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources will be transferred to the Bonded Debt Interest and Sinking Fund to pay debt service on the bonds sold for the program.

# Bonded Debt Interest and Sinking Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** This fund is used to achieve a proper matching of revenues and expenditures related to the financing and refinancing of general obligation bonds authorized by voters for the renovation of the City's park system, Portland fire station infrastructure, and public safety improvements. Principal and interest on these bonds are paid from property taxes. The City is obligated to levy an annual ad valorem tax, without limitation to rate or amount, upon all property within the city sufficient to service the debt.

**Sources of Revenue:** The source of revenue for this fund is an ad valorem property tax levy to pay general obligation bonds. The funds are restricted by ORS 287A.140.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Central Eastside URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in the Central Eastside Urban Renewal Area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements in the urban renewal area.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The size of debt service reserve requirements varies by individual bond covenant. Reserves may be funded with bond proceeds, other eligible resources, or with the purchase of a reserve surety policy. The reserve may be drawn upon when there are insufficient resources to pay debt service, but must be replenished in accordance with bonds covenants or surety policy.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Children's Investment Fund

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**Managing Bureau:** Commissioner of Public Affairs

**Statement of Purpose:** The purpose of the Portland Children's Levy is to prevent childhood hunger, to help children arrive at school ready to learn, to provide safe and constructive after-school alternatives for students, to prevent child abuse and neglect, and to help children in foster care succeed.

**Sources of Revenue:** The funding comes from the proceeds of a five-year property tax levy most recently approved by voters in 2013. The funding categories, as provided in the ballot measure language, are: early childhood, child abuse prevention and intervention, after school, mentoring, foster care, and hunger relief.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Children's Investment Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# CityFleet Operating Fund

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**Managing Bureau:** Office of Management and Finance, Bureau of Internal Business Services

**Statement of Purpose:** The CityFleet Operating Fund accounts for the revenues and expenditures associated with CityFleet's operations. CityFleet's programs include Vehicle & Equipment Acquisitions, Maintenance Operations, Fueling Stations, Parts Management, Automotive Body Repairs, Motor Pool, Rental Programs, Sustainability Program and Metal Fabrication. CityFleet also provides fleet policies and procedures related to fleet operations, and has established Intergovernmental Agreements to provide a regional approach for professional fleet services and sustainability goals.

**Sources of Revenue:** The fund's primary revenues are interagency revenue from City bureaus for services provided. The fund also receives revenues for outside agencies and other organizations for services provided. The fund earns interest income on its fund balance and receives revenue from the sale of vehicles and equipment sold at auction. Occasionally the fund has debt sales and receives the proceeds from these sales.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** The operating reserve requirement is 5% to 10% of the fund's fixed cost annual operating budget. The Operating Reserve has two purposes, to fund one-time, emergency, or unanticipated expenditure requirements, and to maintain current service levels in the event of unanticipated revenue reductions within a fiscal year. Authorized uses include, funding one-time, emergency, or unanticipated expenditure requirements, and maintaining current service levels in the event of unanticipated revenue reductions within a fiscal year. The reserve can be used only after it is determined that the operating budget cannot fund the expenditure, or cannot be updated for a revenue reduction, and the bureau director and Chief Administrative Officer have approved the use.

The capital reserve backstops the fund's major maintenance accounts and are used for the following purposes, to fund one-time, emergency, or unanticipated expenditure requirements that cannot be covered by the major maintenance budget, to maintain major maintenance project funding levels in the event of unanticipated revenue reductions within a fiscal year that cannot be covered by the major maintenance budget, to fund investment opportunities that will allow the City to take advantage of emerging technologies or other business opportunities that will increase service levels and/or reduce costs. Authorized uses include, funding one-time, emergency, or unanticipated expenditure requirements that cannot be covered by the major maintenance budget, maintaining major maintenance project funding levels in the event of unanticipated revenue reductions within a fiscal year that cannot be covered by the major maintenance account, funding investment opportunities that will allow the City to take advantage of emerging technologies or other business opportunities that will increase service levels and/or reduce costs. There is no size requirement. The reserve can only be used after it is determined that a building's major maintenance account cannot

# CityFleet Operating Fund

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fund the expenditure, or cannot be updated for a revenue reduction, and the bureau director and Chief Administrative Officer have approved the use.

The equipment replacement reserve level is based on actual collections from equipment replacement rates less actual expenses for purchases. The reserve funds the replacement of equipment the fund owns and assigns to bureaus. There is no required reserve level. Equipment to replace are identified by CityFleet. The appropriation for these replacements is approved by the Council as part of the budget process. Each year the reserve receives money from equipment replacement rate revenues.

If a fund's reserves are lower than the target levels, the fund will use income from higher-than budgeted collections or lower-than-budgeted expenditures to come up to the required reserve. Rates can be set at levels higher than actual costs in order to replenish reserves, as long as overall costs to customers stay within the level of inflation and rates remain competitive with outside vendors. Additionally a fund's manager has the option of going to Council and – through a decision package - requesting a rate increase over the level of targeted inflation to replenish reserves.

**Disposition of Funds:** In the event the fund is closed, all remaining resources would be returned to City bureau customers based on prior year levels of services received. Any residual amounts posted to the fund after closure would revert to the General Fund.

**Method for periodically testing the cost-effectiveness of pre-funding capital replacement versus leasing or lease purchasing for capital goods:** When the need to acquire a capital good arises several factors contribute to the financing mechanism used for acquiring the goods. These include, the fund has replacement programs for capital equipment so the fund has cash available for the replacement purchase when the equipment is at the end of its useful, the fund has cash reserves that can be used to cash finance purchases, the City's cost of borrowing is lower than the private sector, the relative size and term of the need compared to the capital outlay required. For example, the fund leases specialty vehicles and equipment when the need is for a short period of time.

**Equipment replacement policies:** Policies are documented in Chapter 4.05 and 4.09 of the Office of Management & Finance's policies and procedures.

**Method of accounting for equipment reserves and purchases for each bureau:** The fund maintains subsidiary ledgers to account for each bureaus equipment replacement account. These are updated annually as part of the fund's year end fund balance analysis. Purchases are tracked in the City's financial system.

**Policy and procedure for protecting capital reserves from being used for operating purposes:** Policies are documented in Chapter 4 of the Office of Management & Finance's policies and procedures.

# CityFleet Operating Fund

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**Method for testing the cost-effectiveness of providing services internally:** When the need for a service is identified, the manager decides on directing City staff to perform the services or contracting out the work depending on a number of factors including:

- Union agreements
- Costs/value
- When the work needs to be done
- Time required to deliver the service
- Capacity of staff
- Expertise of staff
- Availability of equipment required to provide service
- Any extreme risk associated with the work
- The existence of warranties
- Any requirements from the funding source

# Community Development Block Grant Fund

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**Managing Bureau:** Portland Housing Bureau

**Statement of Purpose:** The Community Development Block Grant (CDBG) Fund accounts for all activities funded by the City's CDBG entitlement grant from the United States Department of Housing and Urban Development (HUD), as well as financing under the Federal Section 108 Loan Guarantee program, income generated by CDBG-funded activities and carryover funds from prior years.

**Sources of Revenue:** Revenues include the CDBG entitlement grant received from HUD, financing under the Federal Section 108 Loan Guarantee program, income generated by CDBG-funded activities and carryover funds from prior years. All revenues in this fund are restricted per GASB 54 definitions as they are subject to the restrictions under the Code of Federal Regulations, Title 24: Housing and Urban Development.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Community Development Block Grant Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.



# Community Solar Special Revenue Fund

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**Managing Bureau:** Bureau of Planning & Sustainability

**Statement of Purpose:** The Community Solar Fund accounts for expenses and revenues associated with the installation of solar electric systems on community buildings, including City-owned facilities as well as other private and public structures. The fund receives revenue from two sources: the electric utility companies, in the form of a fifteen-year stream of incentive payments based on the energy produced from each solar energy system Community (crowd-funded) donations and the accrued revenue is used to install new, small-scale solar electric systems on community buildings.

**Sources of Revenue:** The fund receives revenue from two sources: the electric utility companies, in the form of a fifteen-year stream of incentive payments based on the energy produced from each solar energy system and community (crowd-funded) donations. Donations have been received from both individuals and corporations. From FY15-16 onward, the community contributions will cease and only the utility revenue will continue to accrue.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Community Solar Special Revenue Fund.

**Reserve Requirements:** There are no reserve requirements for this fund

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Convention and Tourism Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** Expenditures from this fund are authorized for the promotion and procurement of convention business and tourism as established by City Charter. The City currently contracts with Travel Portland for the promotional service. In 2012, Council created a Portland Tourism Improvement District. The Tourism Improvement District (TID) was established to enhance the promotion of Portland as a preferred destination for meetings, conventions and leisure travel. The 2% district assessment keeps Portland's lodging industry competitive with other cities.

**Sources of Revenue:** Revenues are received from a 1% transient lodging tax assessed on guests at hotels and motels within the City. The Tourism Improvement District receives revenues from a 2% assessment on adjusted gross rent charged by hotels within the City.

**Contingency Requirement:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Convention and Tourism Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Convention Center URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in the Convention Center Urban Renewal Area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements in the urban renewal area.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The size of debt service reserve requirements varies by individual bond covenant. Reserves may be funded with bond proceeds, other eligible resources, or with the purchase of a reserve surety policy. The reserve may be drawn upon when there are insufficient resources to pay debt service, but must be replenished in accordance with bonds covenants or surety policy.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Cully Boulevard NPI URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** The Cully Boulevard Neighborhood Prosperity Initiative Urban Renewal Area is one of six urban renewal areas under the City's Neighborhood Prosperity Initiative (the "NPI"). This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in this urban renewal area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements done in accordance with the urban renewal plan.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Development Services Fund

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**Managing Bureau:** Bureau of Development Services

**Statement of Purpose:** The Development Services Fund accounts for all revenues and expenditures related to activities and services provided by the Bureau of Development Services (BDS).

**Sources of Revenue:** The fund has received restricted resources from electrical, building, mechanical, and plumbing permits, plan reviews and all associated fees and charges. The fund also received committed resources from land use, site development, environmental soils, signs, zoning enforcement, and neighborhood inspections programs permit, review, enforcement fees and penalties, and all associated fees and charges.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Development Services Fund.

**Reserve Requirements:** Reserve goals are based upon a percentage of each individual program's annual operating budget. The purpose of the reserve is to allow BDS time to recognize and respond to unanticipated declines in revenues and to maintain the staffing needed to carry out its obligation to provide services on permits for which BDS has already been paid. The size of the reserve determines how much time BDS will have to adjust to change and still provide necessary services. Fee increases are recommended when workload remains high, costs increase, and the reserve is projected to dip below recommended levels.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Division-Midway NPI URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** The Division-Midway Neighborhood Prosperity Initiative Urban Renewal Area is one of six urban renewal areas under the City's Neighborhood Prosperity Initiative (the "NPI"). This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in this urban renewal area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements done in accordance with the urban renewal plan.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# EBS Services Fund

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**Managing Bureau:** Office of Management and Finance, Citywide Projects

**Statement of Purpose:** The Enterprise Business Solution (EBS) Services Fund supports the implementation, maintenance, and continuous improvement of the City's SAP integrated resource planning system. The fund currently supports financial system users and human resources and payroll users in business groups across the City.

**Sources of Revenue:** The fund's primary sources of revenue are service reimbursements from City bureaus, interest earnings, and cash transfers.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** The operating reserve size requirement is 5%-10% of the fund's fixed cost annual operating budget. The Operating Reserve has two purposes, to fund one-time, emergency, or unanticipated expenditure requirements, and to maintain current service levels in the event of unanticipated revenue reductions within a fiscal year. Authorized uses include, funding one-time, emergency, or unanticipated expenditure requirements, and maintaining current service levels in the event of unanticipated revenue reductions within a fiscal year. The reserve can only be used after it is determined that the operating budget cannot fund the expenditure, or cannot be updated for a revenue reduction, and the fund manager and Chief Administrative Officer have approved the use. If a fund's reserves are lower than the target levels, the fund will use income from higher-than-budgeted collections or lower-than-budgeted expenditures to come up to the required reserve. Rates can be set at levels higher than actual costs in order to replenish reserves, as long as overall costs to customers stay within the level of inflation and rates remain competitive with outside vendors. Additionally, the fund manager has the option of going to Council, and, through a decision package, requesting a rate increase over the level of targeted inflation to replenish reserves.

No size requirements exist for the technology reserve, but the preferred level should be sufficient to fund capital and operating projects in the five-year plan. The technology reserve is used for the following purposes, to fund one-time, emergency, or unanticipated capital and operating project expenditure requirements, and to fund investment opportunities that will allow the City to take advantage of emerging technologies or other business opportunities that will increase service levels and/or reduce costs. Authorized uses include, funding one-time, emergency, or unanticipated capital and operating project expenditure requirements, and funding investment opportunities that will allow the City to take advantage of emerging technologies or other business opportunities that will increase service levels and/or reduce costs. The reserve can be used after a need has been determined and the fund manager and Chief Administrative Officer have approved the use. The fund will use income from higher-than-budgeted collections or lower-than-budgeted expenditures to replenish reserves. Rates can be set at levels higher than actual costs in order to replenish reserves as long as overall costs to customers stay within the level of inflation and rates remain competitive with

# EBS Services Fund

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outside vendors. Additionally, the fund manager has the option of going to Council, and, through a decision package, requesting a rate increase over the level of targeted inflation to replenish reserves.

**Disposition of Funds:** In the event the fund is closed, all remaining resources would be returned to City bureau customers based on prior year levels of services received. Any residual amounts posted to the fund after closure would revert to the General Fund.

**Method for periodically testing the cost-effectiveness of pre-funding capital replacement versus leasing or lease purchasing for capital goods:** When the need to acquire a capital good arises several factors contribute to the financing mechanism used for acquiring the goods. These include, the fund has in place replacement programs for capital equipment so the fund has cash available for the replacement purchase when the equipment is at the end of its useful life, the fund has cash reserves that can be used to cash finance purchases, the City's cost of borrowing is lower than the private sector, and customer need and resource capacity.

**Equipment Replacement policies:** Policies are documented in Chapter 4.05 and 4.09 of the Office of Management & Finance's policies and procedures.

**Method of accounting for equipment reserves and purchases for each bureau:** Not applicable.

**Policy and procedure for protecting capital reserves from being used for operating purposes:** OMF financial policies and procedures and City financial policies and procedures.

**Method for testing the cost-effectiveness of providing services internally:** When the need for a service is identified, the manager decides on directing City staff to perform the services or contracting out the work depending on a number of factors including:

- Union agreements
- Costs/value
- When the work needs to be done
- Time required to deliver the service
- Capacity of staff
- Expertise of staff
- Availability of equipment required to provide service
- Any extreme risk associated with the work
- The existence of warranties
- Any requirements from the funding source



# Education URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in the Education Urban Renewal Area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements in the urban renewal area.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The size of debt service reserve requirements varies by individual bond covenant. Reserves may be funded with bond proceeds, other eligible resources, or with the purchase of a reserve surety policy. The reserve may be drawn upon when there are insufficient resources to pay debt service, but must be replenished in accordance with bonds covenants or surety policy.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Emergency Communication Fund

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**Managing Bureau:** Bureau of Emergency Communications

**Statement of Purpose:** The Emergency Communication Fund is the operating fund for the Bureau of Emergency Communications (BOEC). Expenditures are related to emergency 9-1-1 call-taking and dispatch as well as to administrative support for these activities. Fund expenses include all Emergency Communications operating expenses.

**Sources of Revenue:** The largest amount of fund revenues include a transfer (monthly) from the General Fund, State 9-1-1 phone tax funds (quarterly from the State), and payments from other regional jurisdictions served by Emergency Communications (monthly). User jurisdictions, in addition to Portland, include Multnomah County and the Cities of Gresham, Troutdale, Fairview, Maywood Park, and Wood Village.

In addition, miscellaneous revenue is received primarily from the Port of Portland for CAD (Computer Assisted Dispatch) system use at the PDX airport; payment from public and private attorneys, media companies and individuals for requests for 9-11 call recordings and other call information; and State of Oregon reimbursement for GIS (Geographic Information System) updates to the master street address guide and geographic special data to support 9-1-1 operations. Periodically grant funds are received, usually from Federal sources such as the Homeland Security UASI (Urban Area Security Initiative), for specific BOEC 9-1-1 projects.

BOEC funds and resulting fund balance sourced from the general fund are committed to use by BOEC for the 9-1-1 operations program or any other projects approved by Council. Fund balance, if sourced from grant funds, is restricted to the approved grant project.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Emergency Communications Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall be reviewed to determine source and appropriate disposition. The primary source of the fund balance is resources from the General Fund. However, at the end of the fiscal year and prior to the year-end financial review and partner refund process, there would likely be monies within the fund balance that must be refunded to the partner agencies. These resources are typically refunded in January or February after the CAFR is available. If the fund were closed and this refund process had not yet occurred, then a review and refund of the partner share component would need to occur. After that action, all remaining resources shall revert to the General Fund.

# Environmental Remediation Fund

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**Managing Bureau:** Bureau of Environmental Services

**Statement of Purpose:** The Environmental Remediation Fund (ERF) was established by City Council in FY 1993-94 to provide funding to remediate former solid waste disposal sites for which the City is liable.

Beginning in FY 2005-06, funding for the Portland Harbor Superfund program moved to the Environmental Remediation Fund with resources provided by cash transfers from the Sewer System Operating Fund supplemented by interest earnings from the ERF. The cash transfers have since been substituted by depositing the dedicated Portland Harbor Superfund charge directly into the ERF. Including the Portland Harbor Superfund program within the ERF is consistent with the purposes of the ERF and distinguishes the program from the routine sewer system operations that are budgeted for, and funded within, the Sewer System Operating Fund.

The Guilds Lake property is a former landfill operated by the City from 1910 through the late 1940s. The acquisition and remediation of this site was financed by the Environmental Remediation 1993 Series A Revenue Bonds issued in November 1993. The Guilds Lake remediation was completed in FY 1994-95. Property maintenance and management and environmental monitoring of the site are funded as required by the Department of Environmental Quality.

Lease income from current tenants on the City-owned Guilds Lake site supports the ERF's operating and capital expenditures. This revenue source, along with the fund's interest earnings and cash transfers, are used for remediation projects.

**Sources of Revenue:** Revenues earned in the fund include but are not limited to revenues from a dedicated Portland Harbor Superfund charge on retail sewer and stormwater bills, rental income from lessees at the Guilds Lake site, and cost-sharing arrangements with DEQ and other City bureaus. Interest on investments. Currently, a subfund contains ODOT monies for joint Portland Harbor restoration projects, with the use of those funds controlled via a 2011 intergovernmental agreement.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Environmental Remediation Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the Solid Waste Management Fund. This is based on the language "Should this Fund become unnecessary any monies remaining in this Fund shall be paid to the Refuse Disposal Fund." (Ordinance 167121, Passed on November 17, 1993). Note, the Refuse Disposal Fund was renamed the Solid Waste Management Fund with Ordinance 175089, on November 15, 2000.

# Facilities Services Operating Fund

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**Managing Bureau:** Office of Management and Finance, Bureau of Internal Business Services

**Statement of Purpose:** The Facilities Services Operating Fund accounts for all of the facilities-related programs and capital projects managed by the Office of Management and Finance. Services include building operations and maintenance, interior space remodels and reconfigurations, janitorial services, and property and capital project management. Debt issuance is also a resource for capital projects, with the resulting principal and interest obligations generally being incorporated into the rental rates.

**Sources of Revenue:** The fund's primary sources of revenue are service reimbursements from City bureaus for space rental and other services, cash transfers for costs related to City Hall, and revenues from tenants occupying City-owned space. The fund also receives revenues for outside agencies and other organizations for services provided, interest income on its fund balance, and proceeds from debt sales.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** The operating reserve size requirement is 5% to 10% of the fund's fixed cost annual operating budget. The Operating Reserve has two purposes, to fund one-time, emergency, or unanticipated expenditure requirements, and to maintain current service levels in the event of unanticipated revenue reductions within a fiscal year. There is no applicable alternative mean of meeting required reserves. Authorized uses include funding one-time, emergency, or unanticipated expenditure requirements and maintaining current service levels in the event of unanticipated revenue reductions within a fiscal year. The reserve can only be used after it is determined that the operating budget cannot fund the expenditure, or cannot be updated for a revenue reduction, and the bureau director and Chief Administrative Officer have approved the use.

The capital reserve size requirement is 0.5% to 1% of the replacement values of the facilities the fund owns. The Capital Reserve backstops the fund's major maintenance accounts and are used for the following purposes: To fund one-time, emergency, or unanticipated expenditure requirements that cannot be covered by the major maintenance budget, to maintain major maintenance project funding levels in the event of unanticipated revenue reductions within a fiscal year that cannot be covered by the major maintenance budget to fund investment opportunities that will allow the City to take advantage of emerging technologies or other business opportunities that will increase service levels and/or reduce costs. There is no applicable alternative mean of meeting required reserves. Authorized uses include funding one-time, emergency, or unanticipated expenditure requirements that cannot be covered by the major maintenance budget, maintaining major maintenance project funding levels in the event of unanticipated revenue reductions within a fiscal year that cannot be covered by the major maintenance account, funding investment opportunities that will allow the City to take advantage of emerging technologies or other business opportunities that will increase service levels and/or reduce costs. The reserve can only be used after it is determined that a

# Facilities Services Operating Fund

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building's major maintenance account cannot fund the expenditure, or cannot be updated for a revenue reduction, and the bureau director and Chief Administrative Officer have approved the use.

Major maintenance reserves are based on actual collections from major maintenance rates less actual expenses for projects. The reserve funds major maintenance projects for facilities the fund owns. There is no required reserve level. Major maintenance projects are identified by Facilities Services. The appropriation for these projects is approved by the Council as part of the budget process. Each year the reserve receives money from major maintenance rate revenues.

If a fund's reserves are lower than the target levels, the fund will use income from higher-than budgeted collections or lower-than-budgeted expenditures to come up to the required reserve. Rates can be set at levels higher than actual costs in order to replenish reserves, as long as overall costs to customers stay within the level of inflation and rates remain competitive with outside vendors. Additionally, a fund's manager has the option of going to Council and, through a decision package, requesting a rate increase over the level of targeted inflation to replenish reserves.

**Disposition of Funds:** In the event the fund is closed, all remaining resources would be returned to City bureau customers based on prior year levels of services received. Any residual amounts posted to the fund after closure would revert to the General Fund.

**Method for periodically testing the cost-effectiveness of pre-funding capital replacement versus leasing or lease purchasing for capital goods:** When the need to acquire a capital good arises several factors contribute to the financing mechanism used for acquiring the goods. These include the fund has in place replacement programs for capital equipment so the fund has cash available for the replacement purchase when the equipment is at the end of its useful, the fund has cash reserves that can be used to cash finance purchases, the City's cost of borrowing is lower than the private sector, the relative size and term of the need compared to the capital outlay required. For example, the fund leases small amounts of office space because to purchase/construct a building would not be cost effective, the existence of opportunities to leverage resources by partnering with other organizations.

**Equipment replacement policies:** Policies are documented in Chapter 4.05 and 4.09 of the Office of Management & Finance's policies and procedures.

**Method of accounting for equipment reserves and purchases for each bureau:** The fund maintains subsidiary ledgers to account for each building's (or in the case of Police facilities, groups of buildings) major maintenance account. These are updated annually as part of the fund's year end fund balance analysis. Purchases are tracked in the City's financial system.

**Policy and procedure for protecting capital reserves from being used for operating purposes:** Policies are documented in Chapter 4 of the Office of Management & Finance's policies and procedures.

# Facilities Services Operating Fund

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**Method for testing the cost-effectiveness of providing services internally:** When the need for a service is identified, the manager decides on directing City staff to perform the services or contracting out the work depending on a number of factors including:

- Union agreements
- Costs/value
- When the work needs to be done
- Time required to deliver the service
- Capacity of staff
- Expertise of staff
- Availability of equipment required to provide service
- Any extreme risk associated with the work
- The existence of warranties
- Any requirements from the funding source

# Fire & Police Disability & Retirement Fund

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**Managing Bureau:** Bureau of Fire & Police Disability & Retirement

**Statement of Purpose:** Chapter 5 of the Portland City Charter establishes the Fire & Police Disability & Retirement (FPDR) Fund for the sworn employees of Portland Fire & Rescue and the Portland Police Bureau, their surviving spouses, and their dependent minor children. The fund is supported primarily through a separate property tax levy originally authorized by the voters in 1948. The levy is a rate-based levy, providing a maximum rate of \$2.80 per \$1,000 of real market value.

**Sources of Revenue:** All revenues to the FPDR Fund are restricted by City Charter to the fulfillment of FPDR obligations. Over 99% of the fund's revenues are property taxes received from the dedicated FPDR tax levy authorized in Chapter 5 of the Portland City Charter, Section 5-103.

The fund's only other significant revenue source is interagency revenue from the Police and Fire Bureaus, which pass on pension and disability overhead charges they receive from third parties who contract with the City for police and fire services. The FPDR Fund also receives interest income on fund balance, subrogation revenue related to disability claims, and advances and loans that must be repaid within the same fiscal year, such as tax anticipation note proceeds and advances from the FPDR Reserve Fund.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** There are no reserve requirements within this fund, however, City Charter requires a \$750,000 FPDR reserve be held separately in the FPDR Reserve Fund.

**Disposition of Funds:** Since this fund is established and its disposition restricted by City Charter, the voters of the City of Portland would need to amend the charter to close the fund and dispose of any remaining fund balance.

# Fire & Police Disability & Retirement Reserve Fund

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**Managing Bureau:** Bureau of Fire & Police Disability & Retirement

**Statement of Purpose:** The Fire & Police Disability & Retirement (FPDR) Reserve Fund was established by City Charter and is to be maintained in the amount of \$750,000. It is for use only in the event the FPDR Fund becomes depleted to the extent that current obligations cannot be met. Interest income on the \$750,000 is booked directly to the FPDR Fund.

**Sources of Revenue:** City Charter requires that the FPDR Reserve Fund be maintained in the amount of \$750,000. The Board of Trustees and City Council may authorize some or all of the \$750,000 to be advanced to the FPDR Fund during the fiscal year, but since the charter requires all advances received by the FPDR Fund to be repaid, the transferred amount must be returned to the FPDR Reserve Fund. The ultimate source of the FPDR Reserve Fund balance is the dedicated FPDR tax levy, whose proceeds are restricted in City Charter to the fulfillment of FPDR obligations.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Fire & Police Disability & Retirement Reserve Fund.

**Reserve Requirements:** The amount of \$750,000 must remain in this reserve fund.

**Disposition of Funds:** Since this fund is established and its disposition restricted by City Charter, the voters of the City of Portland would need to amend the charter to close the fund and dispose of any remaining fund balance.



# Fire & Police Supplemental Retirement Reserve Fund

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**Managing Bureau:** City Budget Office

**Statement of Purpose:** The Fire & Police Supplemental Retirement Reserve Fund was established by City Ordinance #138016 for the purpose of providing certain disability, service retirement, and death benefits for Bruce Baker, a former Chief of Police for the City of Portland. This supplemental trust was established in accordance with ORS 236.620 because Mr. Baker was not eligible for membership in, or benefits from, either the Fire and Police Disability and Retirement System or the Public Employees Retirement System.

**Sources of Revenue:** Contributions to Fund 802 consisted of a combination of contributions from Mr. Baker and the City of Portland for death and retirement benefits to be paid upon his separation of service from the City of Portland. Funds shall only be expensed in accordance with Ordinance #138016. The General Fund is the funding source should additional payments be required if the fund balance is depleted.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Fire & Police Supplemental Retirement Reserve Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** There is no approved authorizing language and the event the fund is closed, all remaining resources shall revert to the General Fund.

# Gas Tax Bond Redemption Fund

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**Managing Bureau:** Portland Bureau of Transportation

**Statement of Purpose:** This fund is used to achieve a proper matching of revenues and expenditures related to the debt financing of Portland Bureau of Transportation projects.

**Sources of Revenue:** Resources primarily consist of gas tax revenues from the City's share of the state and county collections.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The size of debt service reserve requirements varies by individual bond covenant. Reserves may be funded with bond proceeds, other eligible resources, or with the purchase of a reserve surety policy. The reserve may be drawn upon when there are insufficient resources to pay debt service, but must be replenished in accordance with bonds covenants or surety policy.

**Disposition of Funds:** In the event the fund is closed, all excess revenues would be transferred to the General Fund. Restrictions on the debt service reserve would still apply.

# Gateway URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in the Gateway Urban Renewal Area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements in the urban renewal area.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The size of debt service reserve requirements varies by individual bond covenant. Reserves may be funded with bond proceeds, other eligible resources, or with the purchase of a reserve surety policy. The reserve may be drawn upon when there are insufficient resources to pay debt service, but must be replenished in accordance with bonds covenants or surety policy.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# General Fund

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**Managing Bureau:** City Budget Office

**Statement of Purpose:** The General Fund is the primary operating fund for the City of Portland. The core services of the City such as police, fire, parks, and community development are budgeted within this fund.

**Sources of Revenue:** The fund has received resources from all major revenue types, the largest of which are taxes, licenses & permits, and intra-City revenues. The majority of resources are discretionary in nature, meaning that they are not dedicated to any specific use. The remaining funds are dedicated to a bureau or program and can include fees, fines, intergovernmental, and interagency revenues.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** The reserves for this fund are held in the General Reserve Fund.

**Disposition of Funds:** City Charter section 7-107 states that when the necessity for maintaining any fund of the City has ceased to exist and a balance remains in such fund, the balance will be transferred to the General Fund unless other provisions have been made. To comply with City Charter, the General Fund would only be closed in the event the City ceased to exist as a government entity.

# General Reserve Fund

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**Managing Bureau:** City Budget Office

**Statement of Purpose:** The General Reserve Fund was created in FY 1987-88 for the purpose of building a reserve for the General Fund. It is Council-adopted policy to maintain a reserve level equal to at least 10% of General Fund discretionary and overhead resources less beginning fund balance.

**Sources of Revenue:** Resources contributed to the fund are often transfers from the General Fund and are restricted by various resolutions, policies, and budget decisions passed by Council.

**Contingency Requirements:** The primary purpose of the fund is to serve as the reserve for the General Fund. All funds budgeted for this purpose are budgeted in contingency. The size and allowable uses of contingency are discussed in the reserve requirements below.

**Reserve Requirements:** Comprehensive Financial Management Policy 2.07 defines the first half of reserves as an emergency reserve available to fund major one-time, unanticipated expenditures or to offset unanticipated revenue fluctuations that occur within a fiscal year. The Council may withdraw funds from the emergency reserve when the Council has declared an emergency by ordinance and after the General Fund's budgeted contingency is exhausted. The emergency reserve shall be accessed only when emergency expenditures or an unexpected revenue reduction would result in a negative General Fund ending fund balance. The Council shall begin to restore emergency reserves used under this policy within 24 months after their first use and shall include a timeline for full reimbursement in the ordinance declaring the emergency.

The second half of the required General Reserve Fund is designated as a countercyclical reserve. The Council may use this to transition expenditure growth to match slower revenue growth during an economic recession. The countercyclical reserve is designated for use as "bridge funding" necessary to offset slower revenue growth during a recession. For purposes of the policy, slower revenue growth triggers the Council's assessment of use of this reserve when year-over-year basic revenue growth falls to below three percent for two consecutive quarters or the financial forecast estimates that basic revenue growth shall be below three percent for the next fiscal year. Basic revenue is defined as the sum of General Fund property tax, business license tax, utility license/franchise fees, cigarette and liquor taxes, transient lodging taxes and interest income. In addition, one or more of the following conditions must occur in conjunction with slower basic revenue growth:

1. Local housing prices have fallen by more than 10% at any time in the prior 24 months.
2. The year-over-year change in the unemployment rate for the City of Portland has risen by more than two percentage points at any time in the prior 12 months.
3. Year-over-year metro area employment has fallen by at least 2% at any time in the last 12 months.

The Council shall begin to restore countercyclical reserves used under this policy within 24 months after their first use, and shall include a timeline for full reimbursement via ordinance.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Golf Fund

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**Managing Bureau:** Portland Parks & Recreation

**Statement of Purpose:** The Golf Fund is an enterprise fund and accounts for all resources and requirements of the Portland Parks & Recreation Golf program.

**Sources of Revenue:** All revenues derived from the operation of the municipal golf links shall be credited to the Golf Fund. The primary sources of revenue to the Golf Fund are: (1) revenues from contracts with concessionaires located at each of the City's golf courses. This includes revenues derived from food and beverage services, clothing and equipment sales, golf lessons, cart rental, driving range activities where available, and collection of greens fees; (2) greens fees are paid by golfers for each round of golf played whether, nine holes or 18 holes.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund. Historically contingency size has been recommended to remain around one million dollars, but can fluctuate based on debt requirements.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Golf Revenue Bond Redemption Fund

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**Managing Bureau:** Portland Parks & Recreation

**Statement of Purpose:** The Golf Revenue Bond Redemption Fund receives cash transfers from the Golf Fund and pays principal and interest on all debt associated with the Golf program. Debt service is payable from and secured by net revenues from the Golf program. This fund also holds debt service reserves as required by the covenants of individual debt issues.

**Sources of Revenue:** Primary source of revenues for the fund are cash transfers in from the Golf Fund to pay principal and interest on all debt associated with the Golf program.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the Golf Fund.

# Governmental Bond Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** The Government Bond Redemption Fund is used to achieve a proper matching of revenues and expenditures for financing the acquisition of equipment and facilities for essential City services. Specifically, this fund accounts for resources and the allocation thereof to pay principal and interest on outstanding governmental indebtedness. Debt repaid through this fund includes bonds issued to finance projects including the Clark Center, East Permanent Housing Facility, and the Housing Opportunity Bond program.

**Sources of Revenue:** Revenue in the fund is received via a cash transfer from the General Fund and is committed to the repayment governmental debt.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.



# Grants Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** The Grants Fund serves as the central fund for all federal, state, and private financial assistance received by the City, including grants, contracts, and cooperative agreements. The City also receives funds from two federal entitlement programs, HOME and the Community Development Block Grant, which are budgeted in separate funds. All other grant revenues and expenses are tracked in the Grants Fund.

**Sources of Revenue:** The fund serves as the central fund for all federal, state, and private financial assistance received by the City, including grants, contracts, and cooperative agreements

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Headwaters Apartment Complex Fund

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**Managing Bureau:** Portland Housing Bureau.

**Statement of Purpose:** The Headwaters Apartment Complex Fund accounts for the expenses and revenues of the City-owned Headwaters Apartment complex.

**Sources of Revenue:** Ongoing revenue is generated from tenant revenue (e.g. rent payments and fees). Per bond covenants, revenues is collected by the Portland Development Commission (PDC). After netting out property management and insurance costs, PDC sends operating income to the Portland Housing Bureau. Revenues in this fund are restricted per GASB 54 definitions as they are subject to bond repayment requirements repayment.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** This fund carries a minimum reserve of \$250,000 as described in the Master Bond Declaration for Limited Tax Housing Bonds 2005 Series A&B.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the Housing Investment Fund.

# Health Insurance Operating Fund

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**Managing Bureau:** Office of Management and Finance, Bureau of Human Resources

**Statement of Purpose:** The Health Insurance Operating Fund accounts for funding and costs associated with City's self-insured medical and dental plans for all employees, dependents and retirees with the exception of Portland Police Association (PPA) members.

**Sources of Revenue:** Revenue sources for the fund include premiums collected from bureaus for their employees and premiums collected from retirees. Other sources include premiums collected from employees, administrative and other fees, and interest income.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** The fund maintains two reserve components. The first component to the reserve is a restricted reserve covering the Incurred But Not Paid (IBNP) requirements. This component of the reserve is in accordance with standard industry practice and guidelines, and includes all liability components incurred but not yet paid. The recommended IBNP reserve is actuarially determined by the City's Health Fund Consultant. In addition to the IBNP reserve, an additional reserve (Risky Based Capital) has been set aside pursuant to National Association of Insurance Commissioners (NAIC) requirements. The four major components of RBC are: underwriting risk (insufficient premiums relative to expense), asset risk (default, reinsurance failure), credit risk (stop loss recoveries, fully insured medical, dental and vision premiums, ASO fees and prescription rebates), and business risk (expense overruns). The RBC reserve replaces previous reserve components (e.g. large claim and contingency). Furthermore, a new policy has been introduced to calculate when it is appropriate to use excess reserves to moderate future rate increases. The new policy recommends targeting any reserve surplus above 125% of RBC for use as a subsidy (buy-down) on future rate increases. Conversely, the policy also recommends targeting any reserve deficit below 75% of the RBC as the threshold by which the plan actuary would calculate a surcharge into future rate increases building up the RBC reserve to a fully funded level. Large claims above \$350,000 continue to be covered by stop loss insurance and the City pays premium to its third party administrator for the coverage.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

**Method for periodically testing the cost-effectiveness of pre-funding capital replacement versus leasing or lease purchasing for capital goods:** Not applicable.

**Equipment Replacement policies:** Not applicable.

**Method of accounting for equipment reserves and purchases for each bureau:** Not applicable.

# Health Insurance Operating Fund

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**Policy and procedure for protecting capital reserves from being used for operating purposes:**  
Not applicable.

**Method for testing the cost-effectiveness of providing services internally:** When the need for a service is identified, the manager decides on directing City staff to perform the services or contracting out the work depending on a number of factors including:

- Union agreements
- Costs/value
- When the work needs to be done
- Time required to deliver the service
- Capacity of staff
- Expertise of staff
- Availability of equipment required to provide service
- Any extreme risk associated with the work
- The existence of warranties
- Any requirements from the funding source

# HOME Grant Fund

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**Managing Bureau:** Portland Housing Bureau

**Statement of Purpose:** The HOME Grant Fund program accounts for all activities funded by the City's HOME entitlement grant from the United States Department of Housing and Urban Development (HUD). The purpose of the grant is to assist local governments with the development of affordable housing.

**Sources of Revenue:** Revenues include the HOME entitlement grant received from HUD and income generated by HOME-funded activities. All revenues in this fund are restricted per GASB 54 definitions as they are subject to the restrictions under the Code of Federal Regulations, Title 24: Housing and Urban Development.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Housing Investment Fund

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**Managing Bureau:** Portland Housing Bureau

**Statement of Purpose:** The Housing Investment Fund (HIF) supports the City's housing initiatives, all of which serve to develop or preserve affordable housing in Portland or help low- and moderate-income individuals to access affordable housing. These programs include affordable housing services and financial assistance, the Risk Mitigation Pool and fee-supported activities (e.g., administration of City limited tax abatements and system development charge waivers)

**Sources of Revenue:** Revenues include loan interest income, fee payments, cash transfers, and local shared revenues.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Housing Investment Fund.

**Reserve Requirements:** There are no reserve requirements in this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Hydroelectric Power Bond Redemption Fund

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**Managing Bureau:** Portland Water Bureau

**Statement of Purpose:** The Hydroelectric Power Bond Redemption Fund pays the debt service due on revenue bonds that were issued to finance the construction of the Portland Hydroelectric Project (PHP) or that were subsequently issued to refund the original bonds. This fund is required by the PHP Power Sales Agreement (PSA) between the City of Portland and Portland General Electric (PGE). It is funded by the sale of power generated at the PHP. The Trustee for the City's Hydroelectric Power Revenue Refunding Bonds, Series 2006 holds this fund's assets in trust accounts as directed by the Trust Indenture for those bonds and also serves as paying agent for those bonds.

**Sources of Revenue:** The assets in this fund are restricted to paying debt service on the outstanding Hydroelectric Power Revenue Refunding Bonds.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** For the Hydropower Debt Service Reserve Account, on every October 2nd, the Trustee for the Hydroelectric Power Revenue Refunding Bonds, Series 2006 is required to determine what the "Series 2006 Reserve Requirement" is in dollars. That "Requirement" is defined as the maximum annual debt service on the Series 2006 Hydropower Revenue Refunding Bonds during any single future calendar year in which any of the Series 2006 Bonds are outstanding. Once they have made that determination, if there is more money than the "Requirement" in the DSR Account, the Trustee transfers the excess to the Series 2006 Debt Service Account to reduce the debt service payments being made to the City by PGE. If the amount in the DSR Account is less than the "Requirement" amount, then PGE is required to make additional payments to the City via the Bond Trustee to bring it up to the prescribed amount.

**Disposition of Funds:** After the final debt service payment on the last outstanding bonds is made on October 1, 2016, all remaining resources shall revert to the Hydroelectric Power Operating Fund.

# Hydroelectric Power Operating Fund

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**Managing Bureau:** Portland Water Bureau

**Statement of Purpose:** The Hydroelectric Power Operating Fund is the City of Portland financial fund through which the business activity for the City's Portland Hydroelectric Project (PHP) is conducted. The operating budget portion of this fund which supports the administration and monitoring of the PHP was previously budgeted as the Bureau of Hydroelectric Power. The resources that support this fund come primarily from the sales of power generated at the PHP. The assets for this fund are held by the City of Portland's Treasury Department and are invested with their overall City of Portland Investment Portfolio.

**Sources of Revenue:** This fund's resources are assigned to meet the City of Portland's responsibilities associated with its PHP. The primary source of revenue for the Hydroelectric Power Operating Fund is from PHP power sales.

The current PSA for the PHP defines how power sales payments will be made from PGE to the Hydroelectric Power Operating Fund as follows: (1) A payment for the City's administration of the PHP's business and monitoring activities which is based on a lump-sum amount that is inflated along with the Bureau of Labor's Consumer Price Index for All Urban Consumers; (2) a profit payment for the generation of power at the PHP that is tied to the actual amount of power produced at the PHP during any given Contract Year which is in turn dependent on the amount and distribution of precipitation falling in the Bull Run Watershed and the availability of the PHP powerhouses to operate when needed, (3) another profit payment based on the difference between the unit cost paid by PGE for power received from the PHP and power generated at one of their own thermal power generation plants. This payment, which is termed the "Share The Savings Element", does not generate revenue for the City at this time.

This fund also receives cash transfers from the Hydroelectric Power R&R Fund as needed to reimburse PGE for their performance of repairs or replacements of the facilities at the PHP.

Another source of revenue for this fund is from an Interagency Agreement with the Portland Water Bureau's Water Division for work that Hydropower Division staff performs on Water Division owned facilities.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Hydroelectric Power Operating Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.



# Hydroelectric Power Renewal Replacement Fund

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**Managing Bureau:** Portland Water Bureau

**Statement of Purpose:** The Hydroelectric Power Renewal and Replacement (R&R) Fund is a sinking fund for the City of Portland's Portland Hydroelectric Project (PHP). It provides resources to fund the repair, renewal and/or replacement of equipment and facilities at the PHP that become damaged or worn out and that are not considered to be of routine maintenance in nature. The existence of this fund is required by the PHP Power Sales Agreement (PSA) between the City of Portland and Portland General Electric (PGE). It is primarily funded by the sale of power generated at the PHP. Its assets are held in trust accounts by the Trustee for the City's Hydroelectric Power Revenue Refunding Bonds, Series 2006.

**Sources of Revenue:** This fund was initially funded out of the bond proceeds from the 1979 Portland Hydroelectric Power Revenue Bonds sale. It was then further funded by means of annual power sales revenue from PGE. In 2006, as a part of the Series 2006 Hydroelectric Power Revenue Refunding Bond issue finances, all previous R&R Fund resources above a balance of \$8,000,000 were transferred out of the fund and were split evenly between the City of Portland and PGE. From 2006 to the present day, PGE makes monthly power sales payments to this fund based on the requirements contained in the PHP Power Sales Agreement with the City of Portland and the Trust Indenture for the Series 2006, Hydroelectric Power Revenue Refunding Bonds.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Hydroelectric Power Renewal Replacement Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** At the conclusion of the current PHP PSA with PGE (08/31/2017), the value of the assets in the Hydroelectric Power R&R Fund will be used to offset any existing negative "Share the Savings" balance associated with the PHP PSA finances. As much of the R&R Fund balance as is needed to satisfy that negative amount would be transferred directly to PGE. Any amounts left in the R&R Fund after that reconciliation would then be split evenly between PGE and the City. The amount going to the City could either be used to set up a new R&R Fund for the PHP's future repairs or transferred to the General Fund.

# Insurance and Claims Operating Fund

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**Managing Bureau:** Office of Management and Finance, Bureau of Internal Business Services

**Statement of Purpose:** The Insurance and Claims Operating Fund provides for tort, general liability, and fleet liability claims administration; management of the liability self-insurance program; management of the City's commercial insurance portfolio; and Citywide leadership in loss prevention. Fund expenditures are primarily for claims-related payments. Projected claims are based on an independent actuarial study, which includes a projection for the current fiscal year and for the next five years. The actuarial reserve requirement for the fund is based on the actuarial study, which recommends a range for the reserve levels needed to cover outstanding incurred liabilities. The range is produced by calculating reserves at various confidence levels (i.e. the probability that actual losses will not exceed the reserve level). Reserves are stated at a discounted level, which takes into account the interest the fund earns on the fund balance. The Insurance and Claims Operating Fund's reserves are forecasted at a discounted confidence level of 80%. Interagency revenues are projected on a five-year basis so that, by year five, the fund will achieve the required claims reserve amount forecast by the actuarial consultant for year five. This five-year smoothing of interagency rates is designed to mitigate large fluctuations in rates from year to year. The City is authorized by the State of Oregon per ORS 806.130 to have a self-insurance program for auto liability.

**Sources of Revenue:** The fund's primary source of revenue is service reimbursements from City bureaus.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** The operating reserve size requirement is 5% to 10% of the fund's fixed cost annual administration operating budget. The operating reserves purpose is to fund one-time, emergency, or unanticipated administrative expenditure requirements. Authorized uses include funding one-time, emergency, or unanticipated administrative expenditure requirements. The reserve can only be used after it is determined that the operating budget cannot fund the expenditure and the bureau director and Chief Administrative Officer have approved the use. If a fund's reserves are lower than the target levels, the fund will use income from higher-than budgeted collections or lower-than-budgeted expenditures to come up to the required reserve.

The actuarial reserve size requirement is the amount specified by the fund's annual actuarial study at the 80% confidence level. The actuarial reserve exists so that the City's self-insurance program for liability is actuarially sound. Authorized uses include, claims payments and claims defense. The reserve is used when claims payments or claims defense costs are incurred and the fund has no other resources available. If a fund's reserves are lower than the levels specified by the annual actuarial study at the 80% confidence level, the fund will increase rates so that at the end of the five year forecast period the Actuarial Reserve will be replenished.

There is no policy amount for the rate stabilization reserve. The rate stabilization reserve is the amount of money in the fund in excess of the actuarial reserve requirement. The drawdown of this

# Insurance and Claims Operating Fund

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rate stabilization reserve over five years is a part of the fund's rate setting process. This five-year smoothing of interagency rates is designed to mitigate large fluctuations in rates from year to year. Authorized uses include gradually offsetting rates over a five year period as the reserve is drawn down to zero. There is no trigger for use. The rate stabilization reserve is factored into each year's update to the fund's five year plan for rates. The reserve does not have to be replenished.

**Disposition of Funds:** In the event the fund is closed, all remaining resources would be returned to City bureau customers based on prior year levels of services received. Any residual amounts posted to the fund after closure would revert to the General Fund.

**Method for periodically testing the cost-effectiveness of pre-funding capital replacement versus leasing or lease purchasing for capital goods:** Not applicable.

**Equipment Replacement policies:** Policies are documented in Chapter 4.05 and 4.09 of the Office of Management & Finance's policies and procedures.

**Method of accounting for equipment reserves and purchases for each bureau:** Not applicable.

**Policy and procedure for protecting capital reserves from being used for operating purposes:** Policies are documented in Chapter 4 of the Office of Management & Finance's policies and procedures.

**Method for testing the cost-effectiveness of providing services internally:** When the need for a service is identified, the manager decides on directing City staff to perform the services or contracting out the work depending on a number of factors including:

- Union agreements
- Costs
- When the work needs to be done
- Time required to deliver the service
- Capacity of staff
- Expertise of staff
- Availability of equipment required to provide service

# Interstate Corridor URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in the Interstate Corridor Urban Renewal Area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements in the urban renewal area.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The size of debt service reserve requirements varies by individual bond covenant. Reserves may be funded with bond proceeds, other eligible resources, or with the purchase of a reserve surety policy. The reserve may be drawn upon when there are insufficient resources to pay debt service, but must be replenished in accordance with bonds covenants or surety policy.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Lents Town Center URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in the Lents Town Center Urban Renewal Area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements in the urban renewal area.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The size of debt service reserve requirements varies by individual bond covenant. Reserves may be funded with bond proceeds, other eligible resources, or with the purchase of a reserve surety policy. The reserve may be drawn upon when there are insufficient resources to pay debt service, but must be replenished in accordance with bonds covenants or surety policy.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Local Improvement District Fund

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**Managing Bureau:** Office of the City Auditor

**Statement of Purpose:** The purpose of the Local Improvement District (LID) Fund is twofold: (1) to account for all revenue, expenditure and debt activities of council approved local improvement district projects, (2) to account for all operational and funding activities of the Assessments, Finance and Foreclosure division of the Auditor's Office, which is responsible for maintaining the official City Lien Docket and administering the city's assessment program for the benefit of various city bureaus.

**Sources of Revenue:** The restricted fund balance is made up of assessment lien principal and interest revenues collected on outstanding LID liens. Revenues restricted to repay outstanding debt that financed LID project. The unassigned fund balance includes assessment fees, billing costs, collection charges, and billing penalty revenues collected from property owners in the administration of the City's assessment program.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the LID Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# North Macadam URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in the North Macadam Urban Renewal Area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements in the urban renewal area.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The size of debt service reserve requirements varies by individual bond covenant. Reserves may be funded with bond proceeds, other eligible resources, or with the purchase of a reserve surety policy. The reserve may be drawn upon when there are insufficient resources to pay debt service, but must be replenished in accordance with bonds covenants or surety policy.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Parking Facilities Fund

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**Managing Bureau:** Portland Bureau of Transportation

**Statement of Purpose:** The Parking Facilities Fund supports the operations and maintenance of the City-owned parking garages in the SmartPark garage system. Downtown garage facilities house 3,765 parking spaces and 71,685 square feet of commercial space. The facilities include the Third & Alder garage; Fourth & Yamhill garage; Naito & Davis garage; Tenth and Yamhill garage; O'Bryant Square garage; and SW First & Jefferson garage. The Parking Facilities Fund also makes an annual transfer to the Transportation Operating Fund for operating support.

**Sources of Revenue:** The fund receives revenues from service charges and fees from customers using the garages, and interest income.

**Contingency Requirements:** A contingency of 10% of appropriation is authorized to be used for parking garage expenditures.

**Reserve Requirements:** A Major Maintenance Reserve exists to fund the major maintenance needs of the garages. The trigger for using this reserve is the identification of major maintenance needs by OMF-Facilities. The policy for replenishment is that this reserve should be replenished every year. Other reserves are for potential future economic development opportunities at the 10<sup>th</sup> & Yamhill garage. The trigger for using this reserve is the adoption of an economic development plan approved by Council. There are no replenishment requirements for this reserve.

**Disposition of Funds:** In the event the fund is closed, all excess funds will be distributed to the Transportation Operating Fund.



# Parkrose NPI URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** The Parkrose Neighborhood Prosperity Initiative Urban Renewal Area is one of six urban renewal areas under the City’s Neighborhood Prosperity Initiative (the “NPI”). This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in this urban renewal area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements done in accordance with the urban renewal plan.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Parks Capital Improvement Program Fund

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**Managing Bureau:** Portland Parks & Recreation

**Statement of Purpose:** The Parks Capital Improvement Program Fund accounts for all capital resources and requirements for Portland Parks & Recreation with the exception of capital activity relating to two enterprise funds, the Golf Fund and the Portland International Raceway Fund. Capital projects are first prioritized within the bureau's five-year Capital Improvement Plan (CIP). Projects prioritized in the first year of the CIP are considered in the annual budget process for ranking by the bureau's CIP committee with regard to scope, priority, funding, safety, code compliance, and community importance. Three primary objectives guide project selection and prioritization: (1) acquire land, including natural areas, and construct facilities in park deficient areas; (2) address capital repairs and replacement to preserve existing infrastructure; and (3) address capital repairs and replacement to comply with safety, health, and code requirements.

**Sources of Revenue:** The primary sources of revenue to the Parks Capital Improvement Program Fund include service charges and fees from the System Development Charges (SDCs) program; Metro Bond local match; General Fund discretionary; local, state and federal grants; and Portland Development Commission funding, and transfers-in from the Local Option Levy fund (fund 215).

**Contingency Requirements:** Subject to applicable legal requirements or City policies, the contingency for this fund will be the amount of resources that are projected to be available but not expected to be spent within the fiscal year (Ordinance 168675). Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Parks Capital Improvement Program Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Parks Endowment Fund

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**Managing Bureau:** Portland Parks & Recreation

**Statement of Purpose:** The Parks Endowment Fund accounts for gifts, donations, and endowments of a permanent nature, whereby the donation principal is invested and interest earnings are available to support programs and services as directed by the funding donor. There are currently four endowments within the fund.

*F.L. Beach Curbside Rose Award Trust:* This endowment was established in 1975. Its purpose is to encourage planting and maintaining roses that will be visible to the public. An incentive system was established through awards and annual competitions, which are funded from the trust. Funds not used in a given year are reinvested to increase fund balances.

*Parks Maintenance Endowment:* This endowment was established in FY 2002-03. Earnings are reinvested to increase the size of the endowment with the intent of eventually generating sufficient interest income to help maintain the parks system.

*Washington Park Children's Playground Endowment:* This endowment was established by a \$75,000 donation from the Portland Rotary Club with the goal of maintaining the playground in Washington Park.

*The Dietz Fountain at Wallace Park Endowment:* This endowment was established in FY 2003-04 with an original gift of \$4,500. Income from this endowment contributes toward maintenance of the Dietz Fountain.

**Sources of Revenue:** Resources for the fund include gifts, donations, and endowments of a permanent nature, whereby the donation principal is invested and interest earnings. Original endowments are non-spendable in nature, while all other earnings above endowment amount are restricted in nature.

**Contingency Requirements:** There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Parks Local Option Levy Fund

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**Managing Bureau:** Portland Parks & Recreation

**Statement of Purpose:** The Parks Local Option Levy Fund was established following voter approval of the Parks Local Option Levy in November 2002. The purpose of the levy was to restore \$2.2 million in funding reductions made in FY 2002-03; provide access to recreational programs for children, families, and seniors; provide safe places to play; and restore, renovate, and continue to maintain the park system. Levy funds support the operations and maintenance of levy-funded capital improvements for five years from the date the assets are placed into service.

**Sources of Revenue:** Primary revenues for the fund are generated by five year local option ad valorem property tax levy within the City of Portland at a rate of \$0.39 per \$1,000 of Measure 50 assessed value, outside certain constitutional limitations, commencing in fiscal year 2003-04, for parks and recreation purposes. The fund also receives interest earnings on the balance.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Pension Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** The Pension Debt Redemption Fund is used to achieve proper matching of revenues and expenditures related to bonds that were issued in November 1999 to finance the City's unfunded actuarial accrued pension liability as of December 31, 1997. This fund accounts for the allocation of resources to pay approximately 20% of the principal and interest due on the Limited Tax Pension Obligation Revenue Bonds, 1999 Series C, D, and E as well as all fees associated with carrying the bonds. Excluding the Portland Development Commission, of which 100% of their share is paid from this fund, the remaining approximately 80% of the pension bond liability has been allocated and is being paid directly by the funds that benefited from the issuance of the bonds.

**Sources of Revenue:** The balances in this fund are committed to the payment of debt service and related costs of the Pension Obligation Revenue Bonds, 1999 Series C, D, & E. For GAAP reporting purposes, balances are considered unrestricted as they reflect transfers from City bureaus and PDC.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** This fund contains an interest rate risk reserve, for the variable portion of the pension debt, in the minimum amount of \$750,000. The reserve may be drawn upon to pay debt service, but the minimum amount should be replenished by an increase of bureau contributions to the fund in an amount sufficient to restore the reserve.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Police Special Revenue Fund

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**Managing Bureau:** Portland Police Bureau

**Statement of Purpose:** The Police Special Revenue Fund was established by City Council in May 2009. The purpose of the fund is to account for restricted or committed law enforcement revenues and program-specific donation revenues.

**Sources of Revenue:** Revenues are received from other governments, donations, and interest on investments. Intergovernmental revenues are part of a local revenue sharing agreement between the City of Portland and the partnering agencies. Resources received from the Federal government are part of a cost-sharing formula governed by the US Department of Justice. These revenues have strict spending guidelines and will be subject to federal audit standards. State and local revenue cost sharing agreements have similar reporting and spending requirements. Donations to the Portland Police Bureau are booked as revenues in the Police Special Revenue fund. Funds go towards the intended donors identified expense. If the donation does not have a specific program or project identified, then the donation is put to general law enforcement expenditures.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Police Special Revenue Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** Federal or state forfeiture proceeds are subject to requirements of the entity that provides those resources. The guidelines of the respective agency would prevail in determining the disposition of the funds in the event that the Police Special Revenue Fund or any sub-fund is closed. In the event the fund is closed, all resources remaining from donations shall revert to the General Fund.

# Portland International Raceway Fund

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**Managing Bureau:** Portland Parks & Recreation

**Statement of Purpose:** The Portland International Raceway Fund is an enterprise fund and accounts for all resources and requirements associated with management and operation of the Portland International Raceway (PIR).

**Sources of Revenue:** The primary sources of ongoing revenues to the Portland International Raceway Fund are concession revenues from food and beverage services, product and souvenir sales during various events, and PIR facilities rental revenues.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Portland International Raceway Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Portland Parks Memorial Fund

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**Managing Bureau:** Portland Parks & Recreation

**Statement of Purpose:** The Portland Parks Memorial Fund was established to receive proceeds from grants as well as donations from foundations, friends' organizations, neighborhood associations, and other entities. These funds often have restrictions related to purpose and the time to use such funds.

The Portland Parks Memorial Fund was renamed in 2012 (Ord. No 185445), having been named the Parks Memorial Trust Fund. The Parks Trust Fund was created in 1990 when the following City trust funds were grouped and reported together in the annual budget documents and Comprehensive Annual Financial Report: the Portland Parks Trust Funds: F.L. Beach Rose Trust, Portland Parks Trust, Willamette Park Trust, Delta Park Trust, Columbia South Shore Trust, Forest Park Trust, Oaks Pioneer Park Trust, Rose Test Garden Trust, and S.P. 4449-Freedom Train Trust.

Resources within this fund are typically used for one-time expenditures for specific improvements or services. Individual grants or donations are managed in a separate accounts within the fund, according to the provisions of the contract, grant, or donor agreement.

**Sources of Revenue:** Sources include proceeds primarily from numerous donations over time that are restricted for use. Other restricted sources include funds to meet legal requirements and funds willed to the bureau from estates. The fund also has numerous committed and assigned sub-funds from a variety of sources, including parking revenues, turf replacement funds, and many other resources that are committed or assigned for a specific program use.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.



# Printing & Distribution Services Operating Fund

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**Managing Bureau:** Office of Management and Finance, Bureau of Internal Business Services

**Statement of Purpose:** The Printing & Distribution Services Operating Fund was established to account for Printing & Distribution Division revenues and expenditures. The division provides support services to all City bureaus, Multnomah County, Portland-area State of Oregon departments, and other local governmental agencies. Services include: traditional printing and binding, digital printing and pre-press services, variable data printing, microfilming, reprographics and blueprints, the purchase and maintenance of copy machines, Citywide paper procurement and management, United States Postal Service mail processing, inserting, addressing, and delivering mail and supplies. The main source of revenue is reimbursement from other City bureaus and outside agencies for services provided.

**Sources of Revenue:** The fund's primary revenues are interagency revenue from City bureaus for services provided. The fund also receives revenues for outside agencies and other organizations for services provided. The fund earns interest income on its fund balance.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** The operating reserve size requirement is 5% to 10% of the fund's fixed cost annual operating budget. The Operating Reserve has two purposes, to fund one-time, emergency, or unanticipated expenditure requirements, and to maintain current service levels in the event of unanticipated revenue reductions within a fiscal year. Authorized uses include, Funding one-time, emergency, or unanticipated expenditure requirements, and maintaining current service levels in the event of unanticipated revenue reductions within a fiscal year. The reserve can only be used after it is determined that the operating budget cannot fund the expenditure, or cannot be updated for a revenue reduction, and the bureau director and Chief Administrative Officer have approved the use. If a fund's reserves are lower than the target levels, the fund will use income from higher-than budgeted collections or lower-than-budgeted expenditures to come up to the required reserve. Rates can be set at levels higher than actual costs in order to replenish reserves, as long as overall costs to customers stay within the level of inflation and rates remain competitive with outside vendors. Additionally a fund's manager has the option of going to Council and – through a decision package - requesting a rate increase over the level of targeted inflation to replenish reserves.

The capital reserve size requirement level is 10% of the replacement values of the production equipment the fund owns. The capital reserve is to replace production equipment that has become obsolete, or has high maintenance costs before it has achieved its useful life. The authorized use of the fund is for funding the replacement of equipment that has become obsolete, or has high maintenance costs before it has achieved its useful life. The identification of production equipment to be replace triggers use of this fund. The appropriation for these replacements is approved by the Council as part of the budget process. The replenishment policy of this reserve is that each time a piece of production equipment is used in providing a service to a customer the charge to the

# Printing & Distribution Services Operating Fund

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customer includes a cost component for the replacement of the equipment used in providing the service.

The equipment replacement reserve is based on actual collections from copier replacement rates less actual expenses for purchases. The purpose of the equipment replacement reserve is to fund the replacement of copiers the fund owns and assigns to bureaus. There is no required reserve level. The trigger for using the equipment replacement reserve is that copiers to be replaced are identified by Printing & Distribution. The appropriation for these replacements is approved by the Council as part of the budget process. The equipment replacement reserve requirement is that each year the reserve receives money from copier replacement rate revenues.

**Disposition of Funds:** In the event the fund is closed, all remaining resources would be returned to City bureau customers based on prior year levels of services received. Any residual amounts posted to the fund after closure would revert to the General Fund.

**Method for periodically testing the cost-effectiveness of pre-funding capital replacement versus leasing or lease purchasing for capital goods:** When the need to acquire a capital good arises several factors contribute to the financing mechanism used for acquiring the goods. These include, the fund has in place replacement programs for capital equipment so the fund has cash available for the replacement purchase when the equipment is at the end of its useful, the fund has cash reserves that can be used to cash finance purchases, the City's cost of borrowing is lower than the private sector, the relative size and term of the need compared to the capital outlay required. For example, the fund leases specialty vehicles and equipment when the need is for a short period of time.

**Equipment replacement policies:** Policies are documented in Chapter 4.05 and 4.09 of the Office of Management & Finance's policies and procedures.

**Method of accounting for equipment reserves and purchases for each bureau:** The fund maintains reserves for all equipment by device for all bureaus. These are updated annually as part of the fund's year end fund balance analysis. Purchases are tracked in the City's financial system.

**Policy and procedure for protecting capital reserves from being used for operating purposes:** Policies are documented in Chapter 4 of the Office of Management & Finance's policies and procedures.

**Method for testing the cost-effectiveness of providing services internally:** When the need for a service is identified, the manager decides on directing City staff to perform the services or contracting out the work depending on a number of factors including:

- Union agreements
- Costs/value
- When the work needs to be done

# Printing & Distribution Services Operating Fund

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- Time required to deliver the service
- Capacity of staff
- Expertise of staff
- Availability of equipment required to provide service
- Any extreme risk associated with the work
- The existence of warranties
- Any requirements from the funding source

# Property Management License Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** The Property Management License Fund receives revenue from the business property management license fee payable by property managers of properties within the two Enhanced Services Districts (Clean & Safe and Lloyd districts). This fee supports enhanced services within the two districts, primarily cleaning and security, to keep the areas vital and attractive to businesses, shoppers, visitors, and residents.

**Sources of Revenue:** The business property management license fees are based on one or more factors that measure the potential needs created by the property including value of improvements, sum of square feet of the improvements and land, elevator capacity, inflation factors, and holiday lighting charge for business properties.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Property Management License Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event of early termination, those funds remaining from assessments for the district, following payment of all obligations and costs of administration incurred on behalf of the district, shall be returned to the owners of subject properties in amounts proportionate to the amounts of the assessments they paid for the district. In the event of early termination of only a part of the activities of an Economic Improvement District, the City Council, in the termination ordinance, may elect to apply remaining funds on a similarly proportionate basis as a credit against future district assessments against subject properties, with any funds remaining being returned to the owners as otherwise provided herein (Ordinance 160561).

# Public Safety GO Bond Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Internal Business Services

**Statement of Purpose:** On November 2, 2010, the citizens of Portland authorized the sale of \$72.4 million in general obligation bonds to finance a program to improve the City's public safety infrastructure, including: replacement of fire apparatus; construction of a fire station; construction of an emergency coordination center; and replacement of the City's 800 MHz radio system. The Public Safety General Obligation (GO) Bond Fund was approved by Council in December 2010 to account for this program.

**Sources of Revenue:** The fund's primary source of revenue are proceeds from the sale of General Obligation Public Safety bonds approved by the voters on November 2, 2010. Additionally, the fund received cash from the Technology Services Fund to pay for costs of the 800 MHz radio system replacement project that are not permitted to be funded with tax-exempt general obligation bonds.

**Contingency:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Public Safety GO Bond Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** Any bond proceeds left in this fund after completion of the General Obligation Public Safety bond program will be transferred to the Bonded Debt Interest and Sinking Fund to pay debt service on the bonds sold for the program. Any cash, other than bond proceeds, left in this fund after completion of the General Obligation Public Safety bond program will be transferred to Technology Services Fund.

# River District URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in the River District Urban Renewal Area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements in the urban renewal area.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The size of debt service reserve requirements varies by individual bond covenant. Reserves may be funded with bond proceeds, other eligible resources, or with the purchase of a reserve surety policy. The reserve may be drawn upon when there are insufficient resources to pay debt service, but must be replenished in accordance with bonds covenants or surety policy.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Rosewood NPI URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** The Rosewood Neighborhood Prosperity Initiative Urban Renewal Area is one of six urban renewal areas under the City's Neighborhood Prosperity Initiative (the "NPI"). This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in this urban renewal area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements done in accordance with the urban renewal plan.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Sewer System Construction Fund

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**Managing Bureau:** Bureau of Environmental Services

**Statement of Purpose:** The Sewer System Construction Fund receives revenues to fund sewer system capital projects. Direct expenditures for capital projects are budgeted within the Sewer System Operating Fund and reimbursed by the Sewer System Construction Fund. The primary resources for the capital program are proceeds from the sale of sewer system revenue bonds, transfers from the Sewer System Operating Fund for cash financing of capital improvements, and line and branch charges from new sewer connections.

**Sources of Revenue:** Revenues earned in the fund include but are not limited to sewer revenue and limited tax improvement special assessment bond proceeds as well as cash transfers from the Sewer System Operating Fund, Line and Branch “in-lieu-of-assessment” charges, and interest earnings.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Sewer System Construction Fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** City Code Chapter 5.04.460 states that if any of the funds associated with the Sewer System are dissolved and discontinued, then any remaining balances in that fund shall be transferred to the Sewer System Operating Fund.



# Sewer System Debt Redemption Fund

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**Managing Bureau:** Bureau of Environmental Services

**Statement of Purpose:** The Sewer System Debt Redemption Fund pays the principal and interest on revenue bonds, notes, and state loans issued to finance sewer system improvements.

**Sources of Revenue:** Revenues earned in the fund include but are not limited to sewer revenue bond proceeds and cash transfers from the SDC subfund of the Sewer System Operating Fund, and interest earnings.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The fund contains loan reserves required by the bond covenants of outstanding debt. Typically, the loan agreements require that if reserve falls below the loan reserve requirement, the bureau shall promptly deposit from the first Net Operating Revenues available after the loan payments are due; this would be a cash transfer from the Sewer System Operating Fund.

**Disposition of Funds:** City Code Chapter 5.04.460 states that if any of the funds associated with the Sewer System are dissolved and discontinued, then any remaining balances in that fund shall be transferred to the Sewer System Operating Fund.

# Sewer System Operating Fund

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**Managing Bureau:** Bureau of Environmental Services

**Statement of Purpose:** The purpose of the Sewer System Operating Fund is to account for revenues and expenses associated with the development, maintenance, and operation of the City's sanitary sewer and storm drainage system. Fund resources include sewer and drainage charges, wholesale contract revenues from other governmental jurisdictions, reimbursements for services provided to other bureaus, and reimbursements from the Sewer System Construction Fund for capital improvement expenses.

**Sources of Revenue:** Sanitary sewer and stormwater charges and fees, wholesale contract sewer charges, permits, rental income, inspection fees, fines, offsite stormwater management fees, interest earnings, refunds and other miscellaneous revenues. Sewer revenue and special assessment bond proceeds, developer-contributed public works permit trustee fees, sewer system development charges, and various local and state cost-sharing revenues.

**Contingency Requirements:** There are no specific contingency requirements for this fund. However, BES policy is to have a combined ending fund balance (net of receivables and other non-cash fund balances) within the Operating Fund and the Rate Stabilization Fund equal to or greater than ten percent of each year's operating expenses, as operating expenses are defined by sewer revenue bond covenants. The combined ten percent is consistent with industry standards, is a reasonable amount for cash flow requirements and funding of minor budget adjustments, and reflects the City's commitment to strong fiscal management of its sewer utility. If necessary, the Bureau may increase the combined ending fund balance requirement to provide a temporary reserve against any risks that may arise. In practice, BES has allocated the ten percent at two percent within the Operating Fund and eight percent within the Rate Stabilization Fund. Use of the contingency/ending fund balance is for any and all expenditures authorized for the fund within City Charter and annual budget.

**Reserve Requirements:** Reserves are held sufficient to satisfy the requirements of existing loan agreements. State Revolving Fund Debt Service Reserve maintains the debt service reserve required by the City's loan agreements with the State of Oregon Clean Water State Revolving Fund. The agreement requires the City to create a segregated Loan Reserve Account to maintain a loan reserve requirement equals 25% of one-half the annual debt service of accumulated loans, and shall use the funds in the Loan Reserve Account solely to pay amounts due until loans have been fully paid. No formal triggers are identified for utilizing this reserve, but it would be used if other funds are not available to pay debt service on loans. The loan agreements require that if reserve falls below the loan reserve requirement, the Bureau shall promptly deposit from the first Net Operating Revenues available after loan payments due; this would be a cash transfer from the parent fund.

**Disposition of Funds:** City Code Chapter 5.04.460 states that if the Sewer System Operating Fund is dissolved and discontinued, then any remaining balances in that fund shall be transferred to the City's General Fund. However, in no case shall any funds be transferred to the City's General Fund until all outstanding debt of the sewer system is repaid according to terms and conditions of related bond and note ordinances.

# Sewer System Rate Stabilization Fund

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**Managing Bureau:** Bureau of Environmental Services

**Statement of Purpose:** The Sewer System Rate Stabilization Fund was created in 1987 to enable the Bureau of Environmental Services to smooth the forecasted rate increases by managing fluctuations in sewer system revenues over several years. To calculate debt service coverage ratios, the bureau's master bond ordinance requires Sewer System Operating Fund transfers to this fund to be treated as operating expenditures; similarly, transfers to the Operating Fund from this fund are treated as operating revenues.

**Sources of Revenue:** The fund receives cash transfers from the Sewer System Operating Fund, and interest earnings.

**Contingency Requirements:** There are no specific contingency requirements for this fund. However, BES policy is to have a combined ending fund balance (net of receivables and other non-cash fund balances) within the Operating Fund and the Rate Stabilization Fund equal to or greater than ten percent of each year's operating expenses, as operating expenses are defined by sewer revenue bond covenants. The combined ten percent is consistent with industry standards, is a reasonable amount for cash flow requirements and funding of minor budget adjustments, and reflects the City's commitment to strong fiscal management of its sewer utility. If necessary, the Bureau may increase the combined ending fund balance requirement to provide a temporary reserve against any risks that may arise. In practice, BES has allocated the ten percent at two percent within the Operating Fund and eight percent within the Rate Stabilization Fund. Use of the contingency/ending fund balance is for transfers to the Sewer System Operating Fund up to the annual budget appropriation.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** City Code Chapter 5.04.460 states that if any of the funds associated with the Sewer System are dissolved and discontinued, then any remaining balances in that fund shall be transferred to the Sewer System Operating Fund.

# Solid Waste Management Fund

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**Managing Bureau:** Bureau of Planning & Sustainability

**Statement of Purpose:** The Solid Waste Management Fund accounts for expenses and revenues associated with the City's oversight of solid waste collection activities in Portland and the City's efforts to reduce the amount of solid waste through recycling and waste reduction. The fund supports the Bureau of Planning and Sustainability's Solid Waste and Recycling, Green Building and Sustainable Education and Assistance programs.

**Sources of Revenue:** Revenue sources for the Solid Waste Management Fund include residential franchise, commercial tonnage, and permit fees.

**Contingency Requirements:** The fund established a minimum fund balance level of \$500,000 in coordination with the Portland Utility Review Board. This level of funding provides an operating reserve and contingency in the case of an emergency such as a natural disaster requiring immediate clean-up of debris.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# South Park Blocks URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in the South Park Blocks Urban Renewal Area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements in the urban renewal area.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The size of debt service reserve requirements varies by individual bond covenant. Reserves may be funded with bond proceeds, other eligible resources, or with the purchase of a reserve surety policy. The reserve may be drawn upon when there are insufficient resources to pay debt service, but must be replenished in accordance with bonds covenants or surety policy.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Special Finance and Resource Fund

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**Managing Bureau:** Office of Management and Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** The Special Finance and Resource Fund primarily serves as a pass-through fund for urban renewal bond proceeds, where both the liability and revenue are recorded with the City and a transfer is made to the Portland Development Commission (PDC). PDC is responsible for managing and expending the proceeds. In accordance with Oregon Revised Statutes, a debt service fund has been set up for each of the City's urban renewal areas. The servicing of the urban renewal debt which flows through this fund occurs in the various tax increment debt service funds. In addition to urban renewal bonds, this fund also serves as the staging area for other City-issued debt when necessary.

**Sources of Revenue:** Debt proceeds in this fund are restricted by bond documents and debt or urban renewal statutes.

**Contingency Requirements:** The fund operates as a pass-through fund, therefore there is no contingency requirement.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** Any residual balances in this fund will either be released to PDC, the urban renewal debt service fund paying the debt service on the bonds from which it was derived, or released to the general fund. The disposition of balances will be consistent with the allowable uses of the source of funds.

# Special Projects Debt Service Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** The Special Projects Debt Service Fund is used to achieve a proper matching of revenues and expenditures related to financing special projects. Specifically, this fund accounts for the allocation of resources to pay principal and interest on bonded indebtedness related to financing of the Convention Center expansion project, improvements to the Portland Center for Performing Arts (PCPA), and an assessment financing for infrastructure improvements in south waterfront. The resources to pay the debt service on the Convention Center expansion and PCPA improvements are received from Multnomah County via the amended Visitor Facilities Intergovernmental Agreement. Property assessment payments are used to repay the financing for the south waterfront improvements.

**Sources of Revenue:** The revenues for the payment of debt service are derived from two sources. First, for debt service on bonds issued for the Convention Center Expansion and Portland Center for Performing Arts, revenue is received under the amended and restated Visitor Facilities Intergovernmental Agreement approved by Council via Ordinance #186263 in September 2013. Second, for debt service on the south waterfront improvements, revenues are received from assessment contract payments from assessed property. Both sources of revenue are restricted by agreements with third parties.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Spectator Venues & Visitor Activities Fund

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**Managing Bureau:** Office of Management & Finance, Office of the Chief Administrative Officer.

**Statement of Purpose:** The Spectator Venues & Visitor Activities Fund is a self-sustaining enterprise fund established to provide oversight of City-owned spectator and performing arts facilities and to support City travel, tourism and visitor development efforts. The fund accounts for resources and requirements for program activities and administration. In addition, the fund is responsible for City obligated direct expenses at the City-owned Rose Quarter facilities, including but not limited to Veterans Memorial Coliseum, Plaza and Public Parking Facilities, and the Stadium, which is known as Providence Park, as well as debt service payments on certain obligations. Major program activities include: facility operations, maintenance, repair and capital improvements; financial planning and contract administration; special projects; and liaison activities among City bureaus, other governmental agencies, and private parties, including a broad range of organizations engaged in travel, tourism and visitor development activities. Revenues are assigned to 1) make debt service payments, 2) pay City obligated expenses for operations, maintenance, repair and capital improvements at specified facilities, and 3) the cost of program activities and administration including a) financial planning, contract administration and oversight at City owned spectator and performing arts facilities, b) liaison activities with a broad range of organizations engaged in spectator venue operations and travel, tourism and visitor development activities, and c) special projects related to City owned spectator and performing arts venues and travel, tourism and visitor development activities.

**Sources of Revenue:** Revenues are collected from four primary sources: 1) user fees (aka ticket tax) applied to tickets for events held at the Veterans Memorial Coliseum, Moda Center, and Providence Park, 2) parking fees at the City-owned Rose Quarter parking facilities, 3) an annual allocation from the Multnomah County Visitor Facilities Trust Account, which is funded by a 2.5% Transient Lodging Tax Surcharge, for reimbursement of a portion of the Stadium Bonds, and 4) an annual allocation from the Multnomah County Visitor Facilities Trust Account for Rose Quarter Facilities and City Tourism Support. Minor revenues come from rents and reimbursements for specified Rose Quarter properties and interest earned on the fund balance.

**Contingency Requirements:** There are no minimum or maximum contingency requirements for the fund. However, financial management practices have established a Minimum Operating Reserve equal to one year of estimated annual NBA revenues (User Fee & Parking) plus debt service on Stadium bonds for one year. This level of contingency provides protection for the General Fund if unexpected events, such as an NBA strike or other significant reduction in events at the Rose Quarter venues, were to occur.

**Reserve Requirements:** There are no reserve requirements for this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.



# Tax Increment Financing Reimbursement Fund

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**Managing Bureau:** Portland Housing Bureau

**Statement of Purpose:** The Tax Increment Financing (TIF) Reimbursement Fund accounts for the reimbursement of housing-related costs that are funded from tax increment proceeds in the various City of Portland urban renewal areas. Eligible costs are incurred by the Portland Housing Bureau (PHB) for each individual urban renewal area and then reimbursed by PDC.

**Sources of Revenue:** Revenues in this fund include TIF as well as program income from TIF-funded activities (e.g. loan repayment income). Program income is netted against expenditures prior to billing PDC for TIF reimbursement. All revenues in this fund are restricted per GASB 54 definitions as they are subject to the restrictions under Oregon Revised Statute 457.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the TIF Reimbursement Fund.

**Reserve Requirements:** There are no reserve requirements in this fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Technology Services Fund

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**Managing Bureau:** Office of Management and Finance, Bureau of Technology Services

**Statement of Purpose:** The purpose of this fund is to receive and record expenditures related to the management, operation and delivery of a variety of technology services to City bureaus, offices and other governmental agencies. The fund also supports facilitation of multi-year funding of major technology initiatives.

**Sources of Revenue:** The fund's revenues are interagency revenue from City bureaus for services provided as well as cash transfers for projects benefiting bureau customers. The fund also receives revenues from outside agencies and other organizations for services provided and sales of equipment, interest earnings, and other miscellaneous income.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** The operating reserve size requirement is 5%-10% of the fund's fixed cost annual operating budget. The Operating Reserve has two purposes, to fund one-time, emergency, or unanticipated expenditure requirements, and to maintain current service levels in the event of unanticipated revenue reductions within a fiscal year. Authorized uses include funding one-time, emergency, or unanticipated expenditure requirements, and maintaining current service levels in the event of unanticipated revenue reductions within a fiscal year. The reserve can only be used after it is determined that the operating budget cannot fund the expenditure, or cannot be updated for a revenue increase, and the Chief Technology Officer (CTO) and Chief Administrative Officer have approved the use. If a fund's reserves are lower than the target levels, the fund will use income from higher-than-budgeted collections or lower-than-budgeted expenditures to come up to the required reserve. Rates can be set at levels higher than actual costs in order to replenish reserves, as long as overall costs to customers stay within the level of inflation and rates remain competitive with outside vendors. Additionally, the CTO has the option of going to Council, and, through a decision package, requesting a rate increase over the level of targeted inflation to replenish reserves.

No size policy requirements exist for the technology reserve, but the preferred level should be sufficient to fund capital and operating projects in the five-year plan net of major maintenance collections. The Technology Reserve backstops the fund's major maintenance accounts and is used for the following purposes, to fund one-time, emergency, or unanticipated capital and operating project expenditure requirements that cannot be covered by the major maintenance budget or for which major maintenance funds are not collected, to maintain major maintenance project funding levels in the event of unanticipated revenue reductions within a fiscal year that cannot be covered by the major maintenance budget and to hold major maintenance funds for projects planned in out-years, to fund investment opportunities that will allow the City to take advantage of emerging technologies or other business opportunities that will increase service levels and/or reduce costs. Authorized uses include, funding one-time, emergency, or unanticipated capital and operating

# Technology Services Fund

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project expenditure requirements that cannot be covered by the major maintenance budget, maintaining major maintenance project funding levels in the event of unanticipated revenue reductions within a fiscal year that cannot be covered by the major maintenance account, and funding investment opportunities that will allow the City to take advantage of emerging technologies or other business opportunities that will increase service levels and/or reduce costs. The reserve can only be used after it is determined that major maintenance collections are insufficient to fund the expenditure, and the CTO and Chief Administrative Officer have approved the use. The fund will use income from higher-than-budgeted collections or lower-than-budgeted expenditures to replenish reserves. Rates can be set at levels higher than actual costs in order to replenish reserves as long as overall costs to customers stay within the level of inflation and rates remain competitive with outside vendors. Additionally, the CTO has the option of going to Council, and, through a decision package, requesting a rate increase over the level of targeted inflation to replenish reserves.

The major maintenance reserve size is based on actual collections from major maintenance rates less actual expenses for projects. The reserve funds major maintenance projects for Geographic Information Systems, Telecommunications, Production Services, and Radio System projects. There is no required reserve level. Major maintenance projects to do are identified by BTS and approved by the CTO. The appropriation for these projects is approved by the Council as part of the budget process. Each year the reserve receives money from major maintenance rate revenues.

The equipment replacement reserve size is based on actual collections from equipment replacement rates less actual expenses for purchases. The reserve funds the replacement of equipment the fund owns, maintains and assigns to bureaus. Equipment to replace is identified and the purchase and expenditure of replacement equipment is approved by bureau and Business Operations personnel. Each year the reserve receives money from equipment replacement rate revenues.

**Disposition of Funds:** In the event the fund is closed, all remaining resources would be returned to City bureau customers based on prior year levels of services received. Any residual amounts posted to the fund after closure would revert to the General Fund.

**Method for periodically testing the cost-effectiveness of pre-funding capital replacement versus leasing or lease purchasing for capital goods:** When the need to acquire a capital good arises several factors contribute to the financing mechanism used for acquiring the goods. These include, the fund has in place replacement programs for capital equipment so the fund has cash available for the replacement purchase when the equipment is at the end of its useful life, the fund has cash reserves that can be used to cash finance purchases, the City's cost of borrowing is lower than the private sector, the relative size and term of the need compared to the capital outlay required. For example, the fund leases space on radio towers when its need is small and to construct a tower would be very expensive, and the existence of opportunities to leverage resources by partnering with other organizations.

**Equipment Replacement policies:** Policies are documented in Chapter 4.05 and 4.09 of the Office of Management & Finance's policies and procedures.

# Technology Services Fund

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**Method of accounting for equipment reserves and purchases for each bureau:** The fund maintains subsidiary ledgers to account for its reserves and purchases. For equipment reserves, these ledgers are updated annually as part of the fund's year-end fund balance analysis. Purchases are tracked in the City's financial system. Records are maintained to account for each bureau's replacement account. Similarly with major maintenance, ledgers are updated annually as part of the year-end analysis and purchases are tracked in the City's financial system.

**Policy and procedure for protecting capital reserves from being used for operating purposes:** Policies are documented in Chapter 4 of the Office of Management & Finance's policies and procedures.

**Method for testing the cost-effectiveness of providing services internally:** When the need for a service is identified, the manager decides on directing City staff to perform the services or contracting out the work depending on a number of factors including:

- Union agreements
- Costs/value
- When the work needs to be done
- Time required to deliver the service
- Capacity of staff
- Expertise of staff
- Availability of equipment required to provide service
- Any extreme risk associated with the work
- The existence of warranties
- Any requirements from the funding source

# Transportation Operating Fund

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**Managing Bureau:** Portland Bureau of Transportation

**Statement of Purpose:** The Transportation Operating Fund accounts for all revenues and expenditures related to transportation operations, maintenance, and capital improvements for the Portland Bureau of Transportation.

**Sources of Revenue:** External revenues include gas taxes; parking fees and fines; intergovernmental revenues from federal, state, and local sources; and cost recovery revenues (service charges, licenses, and permits). Internal revenues include reimbursement for services from other City funds and operations. The largest of these are from the Bureau of Environmental Services for maintenance of the sewer system, the General Fund for streetlights and the bureau's share of utility license fees; and from the Local Improvement District Fund for work associated with local improvement districts.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund. Authorized uses of contingency include cost of living salary adjustments not budgeted, weather related events such as snow and ice or landslides, and Council approved uses for unbudgeted expenditures.

**Reserve Requirements:** Reserves for the Transportation Operating Fund are held in a separate fund, the Transportation Reserve Fund.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund. There are considerations to be taken for the classification of the assigned portion of the ending fund balance. Since gas tax revenues have a restricted use per the Oregon Constitution, what was “assigned” ending fund balance in the Transportation Operating Fund would need to be classified as “restricted” in the General Fund. An analysis of fiscal year’s revenue stream from gas tax, parking, permit and service charges revenues should provide guidance for the percentage share of gas tax revenues and the “restricted” amounts.

# Transportation Reserve Fund

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**Managing Bureau:** Portland Bureau of Transportation

**Statement of Purpose:** The Transportation Reserve Fund was created in FY 1992-93 in accordance with the transportation reserve policy. The policy designates two types of reserves: 1) Countercyclical reserves to maintain current service level programs or buffer the impact of major revenue interruptions, such as those caused by an economic recession. The policy sets this reserve amount at 5% of the Portland Bureau of Transportation's (PBOT's) gas tax and on-street parking revenues in the Adopted Budget. 2) Emergency reserves to fund major one-time unexpected requirements, such as those related to a structural failure or road emergency associated with a natural disaster or event. The policy sets this reserve amount at 5% of PBOT's gas tax and on-street parking revenues in the Adopted Budget.

**Sources of Revenue:** Sources of revenue include interest earnings on the cash balance and from cash transfers from the Transportation Operating Fund.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Transportation Reserve Fund.

**Reserve Requirements:** Per policy, the reserve should be 10% of gas tax and parking revenue received by the Transportation Operating. There are two purposes for this fund: 1) To fund major one-time, unexpected requirements related to a structural failure or road emergency associated with a natural disaster or event. 2) To maintain current service level programs or to buffer the impact of a major revenue interruptions, such as those caused by an economic recession. PBOT will follow the General Fund's use of its reserves or Council approval. Draws should be restored within three fiscal years.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the Transportation Operating Fund.

# Water Bond Sinking Fund

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**Managing Bureau:** Portland Water Bureau

**Statement of Purpose:** The Water Bond Sinking Fund manages the principal and interest payments on Water revenue bonds issued to finance water system improvements. The bond reserve accounts are maintained in the Water Bond Sinking Fund.

**Sources of Revenue:** The source of revenue for this fund is water sales revenue and interest earnings. The bond reserve accounts are maintained in the Water Bond Sinking Fund.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** There is a cash reserve for each bond sale starting with the 2008A bond issuance that is required per the bond covenants. The reserves vary in size and are specific to the size of each bond issuance. Surety bonds can be an alternative to meeting the bond reserves requirement.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the Water Fund.

# Water Construction Fund

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**Managing Bureau:** Portland Water Bureau

**Statement of Purpose:** The Water Construction Fund manages the capital revenues and expenditures related to the water system. By City Charter stipulation, this fund is the recipient of proceeds from bond sales and system development charges. Water sales revenues are transferred to this fund to finance a portion of capital expenditures for routine system repairs and replacements. Other sources of revenue include capital revenues for main extensions and service installations as well as sale of assets. The Water Construction Fund reimburses the Water Operating Fund for capital expenditures including direct capital costs, capitalized overhead, capitalized interest, and the cost of issuing bonds.

**Sources of Revenue:** Water Bonds sale proceeds are the primary source of revenue for the fund. Other revenue sources include: system development charges, water sales revenue for routine system repairs and replacements, capital revenues that are transferred from the Water Operating Fund, and interest revenue.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Water Construction Fund.

**Reserve Requirements:** There are no reserve requirements for this fund, however, the bureau targets a construction cash reserve of \$5.0 million or one-half of annual debt-financed capital expenditures, whichever is less.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the Water Fund.



# Water Fund

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**Managing Bureau:** Portland Water Bureau

**Statement of Purpose:** The Water Fund is the operating fund of the Portland Water Bureau. All expenditures are made from this fund for operation, maintenance, and capital assets except for debt service payments. The primary revenue source for the Water Fund is water sales.

**Sources of Revenue:** Water sales are the primary source of revenue for the fund. Other revenue sources include: other water-related fees and charges as defined in the annual water rate ordinance, rents, miscellaneous revenues including interest, interagency revenues, capital revenues that are transferred to the Water Construction Fund, and reimbursement for capital expenditures from the Water Construction Fund.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Water Fund.

**Reserve Requirements:** There are no reserve requirements for this fund, however, the bureau targets a minimum fiscal year-end operating cash reserve of \$15.0 million in addition to a rate stabilization reserve of \$2.0 million.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the General Fund.

# Waterfront Renewal Bond Sinking Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in the Downtown Waterfront Urban Renewal Area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements in the urban renewal area.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The size of debt service reserve requirements varies by individual bond covenant. Reserves may be funded with bond proceeds, other eligible resources, or with the purchase of a reserve surety policy. The reserve may be drawn upon when there are insufficient resources to pay debt service, but must be replenished in accordance with bonds covenants or surety policy.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Willamette Industrial URA Debt Redemption Fund

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**Managing Bureau:** Office of Management & Finance, Bureau of Revenue & Financial Services

**Statement of Purpose:** This fund is used to achieve a proper matching of revenues and expenditures related to financing public improvements in the Willamette Industrial Urban Renewal Area. Specifically, this fund accounts for the allocation of tax increment revenues to pay principal and interest on bonded indebtedness issued to finance improvements in the urban renewal area.

**Sources of Revenue:** Tax increment revenues collected in this fund are restricted (via ORS 457) to the repayment of urban renewal indebtedness.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The size of debt service reserve requirements varies by individual bond covenant. Reserves may be funded with bond proceeds, other eligible resources, or with the purchase of a reserve surety policy. The reserve may be drawn upon when there are insufficient resources to pay debt service, but must be replenished in accordance with bonds covenants or surety policy.

**Disposition of Funds:** Per ORS 457.450 any residual balance remaining after payment of the outstanding debt is to be returned to the taxing districts from which it was collected.

# Workers' Compensation Self Insurance Operating Fund

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**Managing Bureau:** Office of Management and Finance, Bureau of Internal Business Services

**Statement of Purpose:** The Workers' Compensation Self Insurance Operating Fund supports the City's self-insured workers' compensation program, including claims administration, Citywide loss prevention and employee safety services required by Oregon OSHA for self-insured entities, and occupational health activities aimed at minimizing occupational injury and illness from work-related infectious diseases. Fund expenditures are primarily for claims-related payments. Projected claims are based on an independent actuarial study, which includes a projection for the current fiscal year and for the next five years. The reserve requirement is also derived from the actuarial study, which recommends a range of reserve levels needed to cover outstanding incurred liabilities. The range of estimates is produced by calculating reserves at various confidence levels (i.e., the probability that actual losses will not exceed the reserve level). Reserves are stated at a discounted level which takes into account the interest the fund earns on the fund balance. The fund's reserves are currently forecasted at a discounted confidence level of 75%. Interagency revenues are projected on a five-year basis so that, by year five, the fund will arrive at the required claims reserve forecasted for the fifth year by the actuary. This five-year smoothing of interagency rates is designed to mitigate large fluctuations in rates from year to year. The City is authorized by the State of Oregon ORS 656.407 and OAR 436-050-0185 to have a self-insurance program for workers compensation. The State of Oregon requires the City's Workers' Compensation program be in a separate fund. There are numerous State of Oregon statutes that the fund operates under.

**Sources of Revenue:** The fund's primary source of revenue is service reimbursements from City bureaus.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund.

**Reserve Requirements:** The operating reserve size requirement is 5% to 10% of the fund's fixed cost annual administration operating budget. The Operating Reserves purpose is to fund one-time, emergency, or unanticipated administrative expenditure requirements. Authorized uses include funding one-time, emergency, or unanticipated administrative expenditure requirements. The reserve can only be used after it is determined that the operating budget cannot fund the expenditure and the bureau director and Chief Administrative Officer have approved the use. If a fund's reserves are lower than the target levels, the fund will use income from higher-than budgeted collections or lower-than-budgeted expenditures to come up to the required reserve.

The actuarial reserve size requirement is the amount specified by the fund's annual actuarial study at the 75% confidence level. The Actuarial Reserve exists so that the City's self-insurance program for workers' compensation is actuarially sound. Authorized uses include, claims payments and claims defense. The reserve is used what claims payments or claims defense costs are incurred and the fund has no other resources available. If a fund's reserves are lower than the levels specified by the annual actuarial study at the 75% confidence level, the fund will increase rates so that at the end of the five year forecast period the Actuarial Reserve will be replenished.

# Workers' Compensation Self Insurance Operating Fund

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There is no policy amount for the rate stabilization reserve. The Rate Stabilization Reserve is the amount of money in the fund in excess of the actuarial reserve requirement. The drawdown of this Rate Stabilization Reserve over five years is a part of the fund's rate setting process. This five-year smoothing of interagency rates is designed to mitigate large fluctuations in rates from year to year. Authorized uses include gradually offsetting rates over a five year period as the reserve is drawn down to zero. There is no trigger for use. The Rate Stabilization Reserve is factored into each year's update to the fund's five year plan for rates. The reserve does not have to be replenished.

**Disposition of Funds:** In the event the fund is closed, all remaining resources would be returned to City bureau customers based on prior year levels of services received. Any residual amounts posted to the fund after closure would revert to the General Fund.

**Method for periodically testing the cost-effectiveness of pre-funding capital replacement versus leasing or lease purchasing for capital goods:** Not applicable.

**Equipment Replacement policies:** Policies are documented in Chapter 4.05 and 4.09 of the Office of Management & Finance's policies and procedures.

**Method of accounting for equipment reserves and purchases for each bureau:** Not applicable.

**Policy and procedure for protecting capital reserves from being used for operating purposes:** Policies are documented in Chapter 4 of the Office of Management & Finance's policies and procedures.

**Method for testing the cost-effectiveness of providing services internally:** When the need for a service is identified, the manager decides on directing City staff to perform the services or contracting out the work depending on a number of factors including:

- Union agreements
- Costs
- When the work needs to be done
- Time required to deliver the service
- Capacity of staff
- Expertise of staff
- Availability of equipment required to provide service