

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF BEAVERTON, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2016**

This discussion and analysis presents the highlights of financial activities and financial position for the City of Beaverton (City). The analysis focuses on the financial activities of the City for the fiscal year ended June 30, 2016 based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, starting on page iii of this report, and the City's financial statements beginning on page 13.

**FINANCIAL HIGHLIGHTS**

Following are the financial highlights of the City for the fiscal year ended June 30, 2016.

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$392.4 million (net position). Of this amount, \$22 million is unrestricted and may be used to meet the City's ongoing obligations and day to day operations. The unrestricted net deficit of \$8.6 million in the governmental activities is primarily the result of the City's unfunded pension and other postemployment benefits (OPEB) obligations, and this does not affect the City's ability to meet its current operational needs. The business type activities report \$30.5 million unrestricted net position that can be used for current needs without restriction.
- The total net position decreased \$17.2 million over the balance as reported at June 30, 2015. The decrease reflects the net pension expense of \$20.8 million in the governmental activities and \$1.9 million in the business activities. The decrease also includes a \$4 million beginning balance adjustment in the business activities that was made to reduce the City's equity in the joint venture. The equity variance was created primarily due to the difference in estimated useful life assigned to the venture assets between the City and the joint venture. The \$1.1 million increase in restricted net position represents the change in resources that are subject to external restrictions on their use.
- Governmental funds reported combined ending fund balances at year-end of \$39.6 million, an increase of \$2.7 million compared to last year. The primary source of this increase was a \$1.7 million increase in right-of-way fees due to the imposition of the privilege tax on electricity and natural gas as allowed by State statutes, and \$1.1 million increase in property taxes as a result of improving economy and increased property values.
- The General Fund's unassigned fund balance of \$9.3 million reflects \$2 million decrease from the last fiscal year. The unassigned fund balance is approximately 14% of total General Fund expenditures of the next fiscal year and can be used to meet on-going needs of the General Fund operations.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following discussion and analysis serves as an introduction to the City's basic financial statements, required and other supplementary information. The City's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

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

The Statement of Net Position presents information on all of the City's (a) assets and deferred outflows and (b) liabilities and deferred inflows of resources. Net position is the difference between (a) and (b). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

**CITY OF BEAVERTON, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2016**

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows or outflows in a future fiscal period. Examples of such items include earned but uncollected property taxes (future inflow), and earned but unused compensated absences (future outflow), and the amounts related to pension.

Both of the government-wide financial statements distinguishes the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include the following:

- General administration (City Council, Mayor's Office, Records Management, Human Resources, Finance, City Attorney, Support Services)
- Police protection, municipal court operations and emergency management services
- Library services
- Planning, zoning and subdivision control regulations
- Building inspections and regulations and engineering services
- Traffic control and improvements
- Street construction and street maintenance

The business-type activities include water, sewer and storm drain utilities.

**Fund financial statements** - A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City appear in two categories: governmental funds and proprietary funds.

**Governmental funds** - Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net position determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations are on pages 15 - 18 in the basic financial statements.

The City maintains 18 individual governmental funds. Information for the funds considered significant (major) appears separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. In Fiscal Year 2016, the City reports four major governmental funds: General Fund, Street Fund, Library Fund and Building Fund. Data from the remaining governmental funds appear in a single, aggregated presentation. Summary fund data by fund-type for these non-major governmental funds is in the form of combining statements on pages 61 and 65 of this report. Individual fund data for each of these non-major governmental funds is provided as Other Supplementary Information.

**CITY OF BEAVERTON, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2016**

The City adopts an annual appropriated budget for all of its operating funds. To demonstrate compliance with the budget, budgetary comparison statements for the General Fund and the major special revenue funds are presented as Required Supplementary Information on pages 53 – 56. Additional schedules that demonstrate the budgetary compliance for the General Fund and all other governmental funds are on pages 71 – 86.

***Proprietary funds*** - Proprietary funds are used to account for activities where the emphasis is placed on net position determination. The City maintains two different types of proprietary funds - enterprise funds and internal service funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements.

Enterprise funds account for the City's water utility, sewer utility and storm drain utility. All of the City's enterprise funds are major funds of the City, and they are reported separately in the proprietary fund financial statements in the basic financial statements (pages 19 – 22).

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for reprographics services, fleet services, information system services, geographic information systems services, public works administration services, and insurance, risk and benefits services. All internal service funds appear in a single, aggregated presentation in the proprietary fund financial statements on pages 19 – 22. Because internal service funds predominantly benefit governmental rather than business-type functions, their assets and liabilities have been included with governmental activities in the government-wide financial statements, except for the internal balances resulted from the profit and/or loss elimination entries.

Individual fund data for the internal service funds and budgetary comparison statements for all proprietary funds appear as Other Supplementary Information on pages 87 - 101.

**Notes to the basic financial statements** - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the basic financial statements and should be read in conjunction with them (pages 23 – 52).

**Required Supplementary Information (RSI) and Notes to RSI** - In addition to the basic financial statements and accompanying notes, the RSI schedules include budgetary comparisons for the General Fund and major special revenue funds, schedule of the City's proportionate share of the net pension liability (asset), and schedule of the City pension contributions. Notes to RSI provide the City's budgetary information and information about known factors that significantly affect trends in the amounts reported in the schedules relating to pensions and Other Post-Employment Benefits (OPEB) (pages 53 – 59).

**CITY OF BEAVERTON, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2016**  
**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Summary of Net Position

	Governmental Activities		Business Type Activities		Total	
	2015		2015		2015	
	2016	As restated	2016	As restated	2016	As restated
Cash and Investments	\$46,762,851	\$46,934,414	\$34,619,877	\$29,225,840	\$81,382,728	\$76,160,254
Other Assets	9,540,365	16,813,516	24,453,761	28,410,373	33,994,126	45,223,889
Capital Assets	162,897,936	163,877,161	187,179,515	184,692,007	350,077,451	348,569,168
Total Assets	219,201,152	227,625,091	246,253,153	242,328,220	465,454,305	469,953,311
Total deferred outflows of resources	6,250,543	2,944,989	556,723	320,218	6,807,266	3,265,207
Other Liabilities	8,112,378	9,747,752	7,592,040	7,024,999	15,704,418	16,772,751
Long-Term Liabilities	44,522,056	18,855,155	10,501,808	9,787,878	55,023,864	28,643,033
Total Liabilities	52,634,434	28,602,907	18,093,848	16,812,877	70,728,282	45,415,784
Total deferred inflows of resources	8,427,539	20,236,991	722,854	1,917,369	9,150,393	22,154,360
Net Position						
Invested in Capital Assets	153,207,336	151,320,563	184,260,608	181,136,827	337,467,944	332,457,390
Restricted	19,746,565	18,559,711	13,204,323	13,298,547	32,950,888	31,858,258
Unrestricted	(8,564,179)	11,849,908	30,528,243	29,482,818	21,964,064	41,332,726
Total Net Position	164,389,722	\$181,730,182	\$227,993,174	\$223,918,192	\$392,382,896	405,648,374

The largest portion of the City's net position reflects its investment of \$337.4 million or about 86% in capital assets (e.g., land, intangible assets, buildings, improvements, equipment, and infrastructure, net of accumulated depreciation and related debt). The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City reports its investment in capital assets net of related debt, the resources needed to repay this debt are from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

\$33 million of the City's net position represents resources that are subject to external restrictions on how they may be used. \$13.1 million (39.7%) of the restricted net position is dedicated for construction of business type infrastructure improvements, and \$13.5 million (40.9%) is restricted for the infrastructure improvement projects for governmental activities.

The deficit of \$8.6 million in the governmental activities unrestricted net position is a result of the accrual of pension expense as prescribed in the Governmental Accounting Standards Board (GASB) Statement No. 68. During the fiscal year, the City's portion of the net pension liability increased by \$41 million, from a net pension asset of \$11 million reported last year to a net pension liability of \$30 million. This accrual will not immediately have an effect on the City's operations. However, the City does expect its annual pension cost to increase by 2.5% of payroll for the next four biennium periods.

**CITY OF BEAVERTON, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2016**

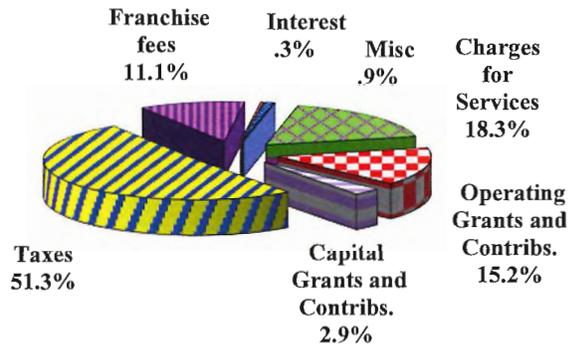
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
<i>Program revenues:</i>						
Charges for services	\$15,183,240	\$14,874,927	\$23,325,618	\$22,264,388	\$38,508,858	\$37,139,315
Operating grants and contributions	12,632,038	13,551,886			12,632,038	13,551,886
Capital grants and contributions	3,287,461	3,979,950	2,330,232	3,534,438	5,617,693	7,514,388
<i>General revenues:</i>						
Taxes	39,419,464	37,530,000			39,419,464	37,530,000
Intergovernmental revenues	3,217,592	3,059,657			3,217,592	3,059,657
Franchise revenues	9,264,424	7,518,849			9,264,424	7,518,849
Interest	247,303	238,966	214,003	148,321	461,306	387,287
Loss on sale of assets	(835,430)				(835,430)	
Other	741,055	716,641	77,480	201,397	818,535	918,038
Total revenues	83,157,147	81,470,876	25,947,333	26,148,544	109,104,480	107,619,420
Expenses						
General government	37,849,035	23,321,906			37,849,035	23,321,906
Public safety	38,856,196	21,696,217			38,856,196	21,696,217
Highways and streets	10,926,614	9,600,481			10,926,614	9,600,481
Education	11,269,286	7,545,611			11,269,286	7,545,611
Cultural and recreation	1,133,869	1,012,543			1,133,869	1,012,543
Interest on long-term debt	462,607	539,119			462,607	539,119
Water utility			9,554,092	7,954,487	9,554,092	7,954,487
Sewer utility			6,280,766	4,830,867	6,280,766	4,830,867
Storm drain utility			6,037,493	4,554,114	6,037,493	4,554,114
Total expenses	100,497,607	63,715,877	21,872,351	17,339,468	122,369,958	81,055,345
Increase in net position	(17,340,460)	17,754,999	4,074,982	8,809,076	(13,265,478)	26,564,075
Net position-as previously reported	181,820,546	164,065,547	227,788,553	218,979,477	409,609,099	383,045,024
Adjustment for pension and OPEB	(90,364)		90,364			
Adjustment for Investment in						
Joint Venture			(3,960,725)		(3,960,725)	-
Net position - as restated	181,730,182	164,065,547	223,918,192	218,979,477	405,648,374	383,045,024
Net position-ending	\$164,389,722	181,820,546	\$227,993,174	\$227,788,553	\$392,382,896	\$409,609,099

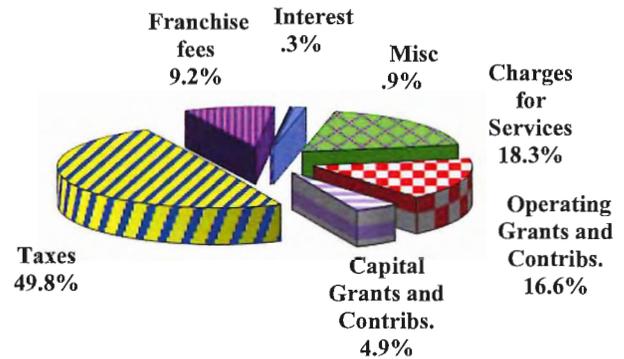
**Governmental activities** – Governmental activities decreased the City’s net position by \$17.3 million, and it is mostly due to the pension expense of \$20.8 million related to the recording of unfunded pension obligations. The total revenues in governmental activities experienced \$1.7 million (2.1%) increase. During the fiscal year, the City collected \$1.7 million more in right of way fees and \$1.9 million more in taxes, however, the revenue increases were partially offset by loss in sale of city’s assets (\$835,000) from a land sale and decrease in grant revenues (\$1.6 million). The following pie charts provide a graphical presentation of the various revenues for governmental activities:

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**For the Fiscal Year Ended June 30, 2016**

**FY 2015-16**



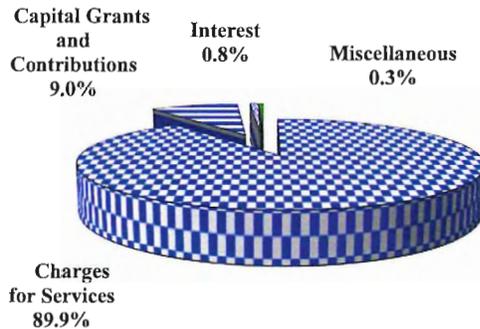
**FY 2014-15**



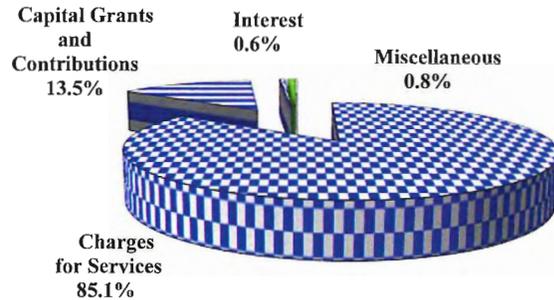
**Business-type activities** - Business-type activities increased the City's net position by \$4.1 million which indicates these activities generated sufficient revenues to cover the cost of operations and debt service requirements. In total, business type activities received \$2.3 million in capital contributions and systems development charge revenues that are set aside for future utility infrastructure improvement projects. In the program expenses, there was an increase of \$1.9 million in personal services category primarily due to the recognition of the pension expense and deferral of pension contribution for the fiscal year. The following pie charts provide a graphical presentation of the various revenues for the business type activities:

**Revenue by Source – Business Type Activities**

**2015-16**



**2014-15**



**ANALYSIS OF SIGNIFICANT BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS**

The General Fund is the main operating fund of the City and the total fund balance increased by \$1.7 million (9.9 % of the beginning balance) to a total of \$19.4 million. The General Fund's unassigned fund balance decreased from \$11.3 million to \$9.3 million as a result of \$3.5 million increase in assigned fund balance that reflect the appropriation of a portion of fund balance to eliminate a projected deficit in the subsequent year's budget. This is a reflection of the management decision to continue to invest in the redevelopment program in the Creekside District to encourage private sector development in order to increase the future revenue basis in return.

The Street Fund's ending fund balance of \$4.0 million, all of which is restricted for the maintenance of highways and streets infrastructure, reflects an \$841,000 increase. The increase in fund balance was due to \$200,000 additional

**CITY OF BEAVERTON, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2016**

revenue in the gas tax distribution from the State of Oregon and \$552,000 decreased spending on the street overlay and maintenance projects. More overlay and maintenance projects are to be completed in the next fiscal year as part of a multi-year street restoration plan.

The Library Fund experienced increased personnel expense to meet the increasing community needs for the library operation, and as a result, its fund balance decreased by \$272,000. The revenue distribution from the Washington County Consolidated Library Services (WCCLS) is expected to increase by about \$433,000 in the next year due to a voter-approved levy increase, and this additional resource will help maintain a healthy fund balance in the Library Fund in the future.

The Building Operating Fund reported \$3.2 million in various building fees and permits revenues, and the actual revenue receipts exceeded the budgeted amounts by \$542,000. For the fiscal year, the Building Operating Fund's fund balance increased \$48,000 to \$2.4 million ending fund balance. With the improving building activities in the City, the Building Operating Fund's fund balance is expected to stay on a stable level.

In the business-type activities, the Water Fund's net position increased by \$5.2 million; Sewer Fund's net position decreased by \$951,000; and Storm Drain Fund's net position increased by \$459,000.

The \$5.2 million increase in the Water Fund's net position is consistent from previous year (\$5.6 million increase) and it is due to charges for services that generated \$4.1 million in operating income over expenses and \$984,000 in system development charge revenues. The difference in the net position increase between the years is a result of pension expense accrual of \$558,000.

The decrease in net position of \$951,000 in the Sewer Fund is primarily attributable to \$617,000 pension expense accrual. The Storm Drain Fund's increase in net position of \$459,000 is due to \$264,000 increase in system development charges and \$242,000 increase in charges for services revenues due to 7.4% rate increase.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund's final adopted budget was \$3.4 million (5.8%) more than the original budget amount, excluding the contingency (see pages 71 and 72 for more detailed information) and is comprised of:

- \$575,000 in personnel services reflects \$340,000 for four new positions including a new Public Information Coordinator in the Mayor's Department, a Support Specialist to support the Neighborhood Program in the Mayor's Department, one Support Specialist in the City Attorney's office and one Associate Planner in the transportation division of the Community Development Department; \$230,000 in various other personnel services expenditures enacted in the two supplemental budgets adopted during the year.
- \$2 million in materials and services expenditures mainly due to carrying forward \$445,000 in material and services encumbrances from last fiscal year and re-appropriating them in FY 15-16, \$540,000 for materials and expenditures funded by various grants, \$227,000 for tenant improvements at the old City Hall (Griffith Drive Building), \$385,000 for professional services and \$375,000 for other material and services expenditures enacted in the two supplemental budgets adopted during the year.
- \$525,000 in Transfers to Other Funds of which \$144,000 is a carryforward from last fiscal year and re-appropriated in FY 2015-16 and \$316,000 transfer to the Capital Development Fund to purchase two lots on SW 1<sup>st</sup> Street and SW Main Ave from the Community Development Block Grant Fund.

General Fund expenditures came in at \$5 million (8.0%) less than the final budget (excluding contingency), and significant differences between final adopted budget and actual expenditures include the following:

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Fiscal Year Ended June 30, 2016**

- The total personnel services expenditures came in at \$1.6 million less than budget due to various position vacancies during the fiscal year and actual fringe benefit costs \$800,000 less than what was budgeted. The variance in fringe benefit costs is mainly due to position vacancies and the difference between budgeted and actual rates in the retirement benefits contribution.
- Material and services reflects \$2.2 million less than budgeted which reflects underspending in various grant expenditures, professional service expenditures in the economic development program, planning and development division, transportation planning, and mayor's administration.
- Transfers to Other Funds came in \$679,000 less than budgeted for various capital projects and \$184,000 less in the police department for fuel and maintenance.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** - At June 30, 2016, the City had approximately \$350.1 million invested in a broad range of capital assets, including land and easements, water rights, buildings and improvements, equipment, roads, street lighting system, traffic light system, bridges, water, sewer and storm drain infrastructure.

The total increase in investment in capital assets for the current fiscal year was \$1.5 million entity wide. This increase is netted with a \$980,000 decrease in the governmental type capital assets which was due mostly to the offset of depreciation expense of \$4.7 million. The business-type activities had a \$2.5 million increase and was largely attributed to a \$1.8 million increase in construction-in-progress for various projects and \$700,000 for the purchase of a vactor truck and two replacement vehicles.

Summary of Capital Assets  
June 30

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land, intangible assets	\$19,273,109	\$18,511,148	\$9,269,455	\$9,235,069	\$28,542,564	\$27,746,217
Construction in progress	1,366,797	5,057,753	4,448,356	2,614,682	5,815,153	7,672,435
Intangible assets being amortized		925,457	114,399	135,740	114,399	1,061,197
Buildings and improvements (net of depreciation)	35,197,869	36,793,641	79,926	86,742	35,277,795	36,880,383
Machinery and equipment (net of depreciation)	6,114,044	6,330,212	2,674,503	2,307,852	8,788,547	8,638,064
Infrastructure (net of depreciation)	100,946,117	96,258,950	170,592,876	170,311,922	271,538,993	266,570,872
<b>Totals</b>	<b>\$162,897,936</b>	<b>\$163,877,161</b>	<b>\$187,179,515</b>	<b>\$184,692,007</b>	<b>\$350,077,451</b>	<b>\$348,569,168</b>

Additional information on the City's capital assets appears in note II.C on pages 33 and 34 of this report.

**Bonded Debt** - At the end of the current fiscal year, the City had total bonded debt outstanding of \$15.3 million (net of discount of \$14,375). The governmental activities debt includes \$4.5 million in the special revenue bond that was issued to fund tenant improvements at The Beaverton Building (City Hall). The debt service payments for the special revenue bond will be made solely from right of way fees. Another \$4 million represents general obligation bonds that are voter approved and paid by ad-valorem tax on all taxable property in the City. The remaining City's bonded debt is for business-type activities and includes two outstanding water revenue bond issues, Series 2006 (\$6 million) and 2014 (\$750,000), and they are paid from net revenues of the water system.

Moody's Investors Service, Inc. upgraded the water revenue bond rating from A1 to Aa2 in 2010. This corresponds to the rating upgrade from Standard and Poor's from AA to AA+ in 2008. Also in May 2010, Moody's upgraded the ratings of GO refunding bonds from Aa2 to Aa1. The rating agencies recently confirmed these ratings.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2016**

State statutes limit the amount of general obligation debt a city may issue to three (3) percent of its total real market value of all taxable property within the City boundaries. The current debt limitation for the City is \$377.2 million which is significantly (\$373 million) more than the City's outstanding general obligation debt of \$4 million.

Outstanding Bonded Debt at Year-End  
June 30

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds, net of \$8,168 discount (backed by the City)	\$4,001,832	\$5,449,111			\$4,001,832	\$5,449,111
Special revenue bonds, backed by right of way fee revenue	4,466,035	5,434,763			4,466,035	5,434,763
Revenue bonds, net of \$6,207 discount (backed by fee revenues)			\$6,785,018	\$8,543,419	6,785,018	8,543,419
<b>Totals</b>	<b>\$8,467,867</b>	<b>\$10,883,874</b>	<b>\$6,785,018</b>	<b>\$8,543,419</b>	<b>\$15,252,885</b>	<b>\$19,427,293</b>

Additional information on the City's debt is in the notes to the basic financial statements on pages 36 to 40 (II.G).

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. Beaverton's revenue trends are up over the past year. New construction and related fees are increasing and property value appreciation from this enhanced level of activity is beginning to produce sufficient income to match the demand for services. Beaverton has a diverse revenue basis to provide quality services to its citizens, businesses and visitors.

The City's adopted budget for FY 2016-17 reflects total estimated resources of \$211.1 million which includes \$63.3 of beginning fund balances, and the projected ending fund balances at the end of FY 2016-17 operation is \$54.5 million. The expenditures for the next fiscal year are steady, and the total employee count increased by 7.9 FTE (full time equivalent). The following are the major assumptions used in developing the FY 2016-17 budget:

- The City's permanent property tax levy rate is \$4.62 per \$1,000 assessed value, and \$4.18 is the levied tax rate for operations in the FY 2016-17 budget which is no increase over FY2015-16. The increment between the current tax rate and the City's permanent rate would generate an additional \$4 million in property tax revenues when applied to the assessed valuation of \$9.2 billion. This additional unused tax authority provides the City with sufficient resources to meet our future resource needs.
- The City is recovering from the nationwide decline in residential new construction from 2007 to 2012. There is a continuing increase in private investment in the City with new development applications submitted and approved by the Planning Commission. Building permit revenue exceeded \$4.5 million in FY 2015-16, and FY 2016-17 budgeted includes \$4.8 million in permits and fees revenue category.
- The Beaverton Urban Redevelopment Agency (BURA), a component unit of the City of Beaverton, should receive approximately \$2 million from the incremental growth of assessed valuation within the urban renewal district. Established in November 2011, the 2016-17 fiscal year will be a milestone year for BURA with a total budget of \$6.5 million in a number of catalytic projects in downtown Beaverton.

**REQUESTS FOR INFORMATION**

This financial report provides a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report should be addressed to the Finance Director at 12725 S.W. Millikan Way, Beaverton, OR 97005.