



**BEAVERTON URBAN REDEVELOPMENT
AGENCY**

(A Component Unit of the City Of Beaverton, Oregon)

ANNUAL FINANCIAL REPORT

for the fiscal year ended June 30, 2017

**Prepared by the City of Beaverton
Department of Finance**

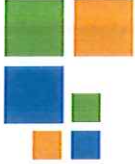
BEAVERTON URBAN DEVELOPMENT AGENCY
(A component unit of the City of Beaverton, Oregon)
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INTRODUCTORY SECTION



Beaverton Urban Redevelopment Agency



December 15, 2017

The Honorable Chair and Members of the Board of Directors
Cheryl Twete, Executive Director
Beaverton Urban Redevelopment Agency
PO BOX 4755
Beaverton, OR 97076-4755

This is the Annual Financial Report of the Beaverton Urban Redevelopment Agency (BURA) for the year ended June 30, 2017. Accompanying this report is the opinion thereon of our independent certified public accountants. The City of Beaverton Finance Department prepared this report and the responsibility for all information representations contained in the report rests with BURA.

The BURA Board sets the policy for the urban redevelopment agency. By an informal agreement with the City of Beaverton, the City provides all staff support for carrying out the Beaverton Central Urban Renewal Plan under the direction of the BURA Board.

The accounting records are maintained on the modified accrual basis of accounting. The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

On March 1, 2010, the Beaverton City Council activated BURA through Ordinance 4530, and subsequently approved Ordinance 4566 adopting the Central Beaverton Urban Renewal Plan on July 12, 2011. The Plan was then referred to and approved by the voters at the November 8, 2011 General Election. FY 2012-13 was the first year that tax increment revenues accrued to the BURA. As of June 30, 2017, the Urban Redevelopment Agency had a financial position consistent with a start-up urban renewal agency with a net position of \$964,907 of which 100% is restricted for the City's Beaverton Central urban renewal project.

Respectfully submitted,

A handwritten signature in blue ink that reads "Patrick O'Claire".

Patrick O'Claire, Treasurer



BEAVERTON URBAN REDEVELOPMENT AGENCY

Fiscal Year 2016-17

Beaverton Urban Redevelopment Agency Budget Committee

Denny Doyle
Mark Fagin
Cate Arnold
Jim McCreight
Michael Jude Hughes
Inessa Vitko
Domonic Biggi
Ann Snyder

Marc San Soucie
Betty Bode
Lacey Beaty
Doug Menke
Scott Winter
Jennifer Nye
Alejandra Dominguez
Paul Cohen

Beaverton Urban Redevelopment Agency Board

Jim McCreight, Chair

Denny Doyle
Mark Fagin
Cate Arnold
Doug Menke

Marc San Soucie
Betty Bode
Lacey Beaty

BURA Executive Director and Community Development Director

Cheryl Twete

Development Division Manager

Cadence Moylan

Senior Project Development Manager

Tyler Ryerson

Treasurer

Patrick O'Claire



Beaverton Urban Redevelopment Agency

City of Beaverton

PO Box 4755 12725 SW Millikan Way

Beaverton Oregon 97076-4755

www.BeavertonOregon.gov/BURA

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

BEAVERTON URBAN REDEVELOPMENT AGENCY
(A component unit of the City of Beaverton, Oregon)
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2017

This discussion and analysis presents the highlights of financial activities and financial position for the Beaverton Urban Redevelopment Agency of the City of Beaverton (BURA). The analysis focuses on the financial activities of BURA for the fiscal year ended June 30, 2017 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 and the financial statements.

FINANCIAL HIGHLIGHTS

Following are the financial highlights of BURA for the fiscal year ended June 30, 2017:

			Division of Tax Increment	
	District AV	Increase in Assessed Valuation	Budgeted	Increment Received
Frozen Base AV	\$782,804,336			
2012-13	\$788,610,799	\$5,806,463	\$270,000	\$86,881
2013-14	\$800,929,828	\$12,319,029	\$100,000	\$284,424
2014-15	\$833,269,953	\$32,340,125	\$291,540	\$768,164
2015-16	\$884,701,194	\$51,431,241	\$1,476,792	\$1,489,797
2016-17	\$921,495,446	\$36,794,252	\$1,998,890	\$2,013,969

- The assessed valuation of the District increased by more than \$36 million from 2015-16, and the AV increase from the base year of 2011-12 is more than \$138 million.
- With the increased division of tax increment receipt, the Agency spent \$1,376,757 in FY 2016-17 on development feasibility assistance, primarily for the replenishment of various system development charges as an incentive for the development of a mixed use project on the former Westgate Theatre site featuring 230 apartments. A portion of the incentive is aimed at the requirement for 15 affordable units at “The Rise – Beaverton Central.”
- BURA also reimbursed the City of Beaverton \$1.8 million for the purchase of the portion of the Westgate site formerly owned by Metro in order to facilitate the transfer of the majority of the site for the mixed use development that is now under construction.
- The Agency’s Debt Service Fund was used to provide interest payments on a Letter of Credit in the amount of \$31,824. The Letter of Credit is in the form of an Urban Renewal Note Series 2017 and a City of Beaverton Revenue Bond Series 2017, and was sold in a negotiated sale to Key Government Finance, Inc. This debt is also commonly referred to as the Non-Revolving Multi-Draw Line of Credit, and the Borrower is listed as the Beaverton Urban Redevelopment Agency. The intent is to pay the interest due from BURA property tax increment. The Revenue Bond was issued on a parity basis with the 2013 Special Revenue Bond of the City (South Office Building Project). That bond and this Letter of Credit are backed by non-property tax General Fund revenue of the City such as franchise fees, fines and forfeitures and state shared revenues. The Letter of Credit matures in 2022 and is likely to be paid from a BURA Special Revenue Bond solely based on future tax increment before maturity.

BEAVERTON URBAN REDEVELOPMENT AGENCY
(A component unit of the City of Beaverton, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2017

- The net position of BURA at June 30, 2017 \$964,907 and all of it is restricted for urban economic development.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Agency-wide financial statements - The agency-wide financial statements provide readers with a broad overview of BURA's finances, in a manner similar to a private-sector business. These statements include all assets of BURA as well as all liabilities (including long-term debt).

The Statement of Net Position presents information on all of BURA's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of BURA is improving or deteriorating. The Statement of Activities presents information showing how BURA'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).

All the activities of BURA are governmental activities and there are no functions, services or assets considered as business-type activities. The governmental activities of BURA are all related to economic development and general administration.

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. BURA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of BURA are governmental funds. There are no 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. These reconciliations are in the basic financial statements.

BEAVERTON URBAN REDEVELOPMENT AGENCY
(A component unit of the City of Beaverton, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2017

BURA maintains three individual governmental funds: General Fund, Capital Project Fund and Debt Service Fund.

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.

BURA adopts an annual appropriated budget for all governmental funds on a modified accrual basis. To demonstrate compliance with the budget, a budgetary comparison statement for the General Fund is presented as Required Supplementary Information.

Other Supplementary Information – budgetary comparison statements for the Debt Service Fund, Capital Project Fund and a schedule of property tax transactions are included.

AGENCY-WIDE FINANCIAL ANALYSIS

Net position serves over time as a useful indicator of the agency's financial position. The BURA's assets exceeded liabilities by \$964,907 at the close of FY 2016-17. The \$2,921,900 long-term liability is for the Letter of Credit (or Urban Renewal Note) drawn during the year that financed the property purchase and the redevelopment expense for the Westgate site mixed use development.

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 BURA. A conservative approach for increment growth was applied and we saw the actual increase to be more than budgeted when the assessed value was certified by the Washington County that resulted in an additional \$497,669 in tax increment revenue. BURA's budget for FY 2017-18 reflects beginning working capital of \$3.1 million and \$3.0 million in incremental property tax revenues. Total resources exceed total appropriated expenditures by \$3.8 million across all three BURA funds.

The following are the major assumptions used in developing the FY 2017-18 budget:

- The amount of tax increment is sufficient to provide the basis for a program of letter-of-credit borrowing to finance property acquisition, public improvements and predevelopment assistance as necessary to implement the Five-Year BURA Action Plan.
- BURA's Letter of Credit will provide the primary source of funding for the Beaverton Central parking garage. However a decision on actual construction is delayed until 2019.
- The success of the Tenant Improvement and Storefront Improvement programs are a proven method of incentivizing private redevelopment, particularly in the Old Town area.
- BURA is working with a preferred development team to complete the Beaverton Central Hotel Disposition and Development agreement.

REQUESTS FOR INFORMATION

This financial report provides a general overview of BURA's finances for those with an interest in the agency's finances. Questions concerning any of the information provided in this report should be addressed to the Treasurer at 12725 SW Millikan Way, Beaverton, OR 97005.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BEAVERTON URBAN RENEWAL DEVELOPMENT AGENCY
(A component unit of the City of Beaverton, Oregon)
STATEMENT OF NET POSITION
June 30, 2017

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$4,600,498
Property taxes receivable	54,281
Accrued interest receivable	9,801
Land and construction in progress	<u>693,086</u>
TOTAL ASSETS	<u>5,357,666</u>
Liabilities:	
Accounts payable:	1,460,810
Interest payable:	10,049
Long-term liabilities, LOC	<u>2,921,900</u>
Total liabilities	<u>4,392,759</u>
Net Position:	
Restricted for urban area economic development	<u>964,907</u>
TOTAL NET POSITION	<u><u>\$964,907</u></u>

The notes to the basic financial statements are an integral part of this statement.

BEAVERTON URBAN RENEWAL DEVELOPMENT AGENCY
(A component unit of the City of Beaverton, Oregon)
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Net (Expense) Revenue and Change in Net Position
		Governmental Activities
Governmental activities:		
Economic development and general administration	\$3,509,026	(\$3,509,026)
Interest on long-term debt	\$31,824	(\$31,824)
Total governmental activities	\$3,540,850	(3,540,850)
General revenues:		
Property taxes		2,041,944
Unrestricted investment earnings		38,351
Miscellaneous revenue		928
Total general revenues		2,081,223
Change in net position		(1,459,627)
Net position--beginning		2,424,534
Net position--ending		\$964,907

The notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

BEAVERTON URBAN RENEWAL DEVELOPMENT AGENCY
(A component unit of the City of Beaverton, Oregon)
BALANCE SHEET
June 30, 2017

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Assets:				
Cash and investments	\$4,514,447	\$10,049	\$76,002	\$4,600,498
Property taxes receivable	54,281			54,281
Accrued interest receivable	9,801			9,801
TOTAL ASSETS	<u><u>\$4,578,529</u></u>	<u><u>\$10,049</u></u>	<u><u>\$76,002</u></u>	<u><u>\$4,664,580</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$1,384,808		\$76,002	\$1,460,810
Interest payable		\$10,049		10,049
Total Liabilities	<u>1,384,808</u>	<u>10,049</u>	<u>76,002</u>	<u>1,470,859</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	48,000			48,000
Unavailable revenue - interest	9,801			9,801
Total Deferred Inflows of Resources	<u>57,801</u>			<u>57,801</u>
Fund Balances:				
Restricted for:				
Urban area economic development	<u>3,135,920</u>			<u>3,135,920</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$4,578,529</u></u>	<u><u>\$10,049</u></u>	<u><u>\$76,002</u></u>	<u><u>\$4,664,580</u></u>

The notes to the basic financial statements are an integral part of this statement.

BEAVERTON URBAN RENEWAL DEVELOPMENT AGENCY
(A component unit of the City of Beaverton, Oregon)
RECONCILIATION OF THE BURA FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
June 30, 2017

Total fund balances, BURA governmental funds	\$3,135,920
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Capital assets used in governmental activities are not financial resources, therefore, are not reported in the governmental funds' balance sheet:

Land acquisition cost	510,000
Construction in progress	183,086

Long-term liabilities, including bonds/loan payable and accrued interest are not due in the current period and, therefore, are not reported in the funds' balance sheet.

Line of credit payable	(2,921,900)
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Deferred property tax and investment income revenues are collected in subsequent periods and are not available for current year's operation. However, on a full accrual basis of accounting, they are reported as revenues

	<u>57,801</u>
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Total net assets, BURA governmental funds	<u><u>\$964,907</u></u>
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The notes to the basic financial statements are an integral part of this statement.

BEAVERTON URBAN RENEWAL DEVELOPMENT AGENCY
(A component unit of the City of Beaverton, Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the fiscal year ended June 30, 2017

	General Fund	Debt Service Fund	Capital Project Fund	Total
Revenues:				
Taxes	\$2,025,053			\$2,025,053
Interest on investments	31,012			31,012
Miscellaneous revenues	928			928
TOTAL REVENUES	2,056,993			2,056,993
Expenditures:				
Materials and services	\$1,709,026			\$1,709,026
Debt services		\$31,824		31,824
Capital outlay			\$1,983,086	1,983,086
TOTAL EXPENDITURES	1,709,026	31,824	1,983,086	3,723,936
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	347,967	(31,824)	(1,983,086)	(1,666,943)
Other financing sources(uses):				
Loan from City of Beaverton			183,086	183,086
Repayment of Loan from City of Beaverton		(183,086)		(183,086)
Proceeds, line of credit	1,121,900		1,800,000	2,921,900
Transfer in		214,910		214,910
Transfer out	(214,910)			(214,910)
TOTAL OTHER FINANCING SOURCES (USES)	906,990	31,824	1,983,086	2,921,900
EXCESS OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	1,254,957			1,254,957
FUND BALANCE - Beginning	1,880,963			1,880,963
FUND BALANCE - End of year	\$3,135,920	\$ ---	\$ ---	\$3,135,920

The notes to the basic financial statements are an integral part of this statement.

BEAVERTON URBAN RENEWAL DEVELOPMENT AGENCY
(A component unit of the City of Beaverton, Oregon)
RECONCILIATION OF THE BURA FUNDS BALANCE SHEET TO THE
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2017

Net change in fund balances - total governmental funds \$1,254,957

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

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. 183,086

Proceeds from the line of credit are reported as revenues in
governmental funds. However, it is reported as a liability in the
Statement of Net Assets

Line of credit payable (2,921,900)

Deferred property tax and investment income
revenues are collected in subsequent periods
and are not available for current year's operation
However, on a full accrual basis of accounting,
they are reported as revenues 24,230

Change in net position of governmental activities (\$1,459,627)

The notes to the basic financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

BEAVERTON URBAN REDEVELOPMENT AGENCY
(A component unit of the City of Beaverton, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Beaverton Urban Redevelopment Agency (BURA), Oregon have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

The Beaverton Urban Redevelopment Agency is a legally separate public body created by ordinance of the City of Beaverton in March 2010. Voters approved the Central Beaverton Urban Renewal Plan in November 2011. BURA was created to combat blighted conditions, reverse a trend of declining property values and to revitalize the district. BURA receives funds through tax increment financing pursuant to Oregon Revised Statutes (ORS) 457.420 through 457.450.

BURA's governing body is substantively the same governing body of the City of Beaverton (City), as the governing board consists of members of the City Council, Mayor and three citizens. Additionally, the City's management has operational responsibility for BURA as it manages the activities of BURA in essentially the same manner in which it manages the City's own operations. BURA's financial activities are reported as a blended component unit in the City's Comprehensive Annual Financial Report as if it is part of the City.

Basic Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all activities of BURA.

Fund financial statements are provided for the individual funds. The accounts of BURA are organized on the basis of funds. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating BURA's functions and activities. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures.

Measurement Focus and Basis of Accounting, and Financial Statement Presentation

The agency-wide financial statements are presented on the full accrual basis of accounting with an economic resource measurement focus. All transactions and events that affect the total economic resources (net position) during the period are reported based on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The governmental fund financial statements use the modified accrual basis of accounting whereby revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Deferred inflow of resources arises in the governmental funds' balance sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes.

BEAVERTON URBAN REDEVELOPMENT AGENCY
(A component unit of the City of Beaverton, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

Cash and Investments

BURA maintains cash and investments in a common pool of the City. Investments with a remaining maturity of more than one year are reported in accordance with GASB Statement No. 31 and 72. Interest earned on the pooled cash and investments is allocated monthly based on the average cash balance as a proportion of the City's total pooled cash and investments. Additional disclosure on the cash and investments can be found in the Comprehensive Annual Financial Report of the City.

Receivables

In the fund financial statements, property taxes receivable which have been collected within 60 days subsequent to year-end, are measurable and available, and recognized as revenues. All other property taxes receivable are offset by deferred inflows of resources and, accordingly, have not been recorded as revenue in the fund financial statements. Property taxes become a lien against the property as of July 1 each year, and are payable in three installments on November 15, February 15, and May 15. Property taxes are levied on November 15. Taxes unpaid and outstanding as of May 16 are considered delinquent.

Deferred Inflow of resources

Deferred inflow of resources arises in the governmental funds' balance sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This deferred inflow of resources consists primarily of uncollected property taxes. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue is recognized as soon as it is earned regardless of its availability.

Fund Balance

In the fund financial statements, the fund balance for the governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported as restricted when the constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Net Position

Net position whose use is restricted for construction, debt service or by other agreement is segregated on the government-wide Statement of Net Position. When both restricted and unrestricted net positions are available, the Agency will apply restricted resources as appropriate, then unrestricted as necessary.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget

The BURA budget is prepared in accordance with Oregon Local Budget Law. The BURA board legally adopts the budget, prepared on a modified accrual basis, by resolution before July 1. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of control by category (total personnel services, materials and services, capital outlay, and other expenditures) is established by resolution.

BEAVERTON URBAN REDEVELOPMENT AGENCY
(A component unit of the City of Beaverton, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

III. DETAILED NOTES ON ALL FUNDS

Pooled Deposits and Investments

BURA reported \$4,600,498 as cash and investments on the Statement of Net Position. Additional disclosure relating to cash and investments can be found in the City's Comprehensive Annual Financial Report.

Receivables

Receivable for BURA (\$54,281) represents the property tax receivables that were levied but not collected at the end of the fiscal year.

Capital assets

Capital assets for BURA (\$693,086) is for the future parking garage (\$510,000 land and \$183,086 construction in progress).

Deferred Inflow of Resources

As of June 30, 2017, BURA reported \$48,000 unavailable revenue related to property tax revenues and \$9,801 investment interest revenues as deferred inflows of resources.

Long-term debt

In 2017 the City Council and BURA Board authorized a special revenue non-revolving line of credit not to exceed \$19 million to provide financing for projects within the central Beaverton Urban Renewal Redevelopment District. The Letter of Credit is in the form of an Urban Renewal Note Series 2017, and sold in a negotiated sale to Key Bank. This debt is also commonly referred to as the Non-Revolving Multi-Draw Line of Credit, and the intent is to pay the interest due from BURA property tax increment. The Letter of Credit matures in 2022 and is likely to be paid from a BURA Special Revenue Bond solely based on future tax increment. Interest rate on the outstanding line of credit balance is a variable rate tied to the London Interbank Offered Rate (LIBOR) plus 1.90%. As of June 30, 2017, the LIBOR rate was 1.24214%. The interest rate for the unused portion of the line of credit is 25 basis points (.25%). During the fiscal year, BURA borrowed \$2,921,900 line of credit, and the interest expense was \$31,824.

Fund Balance and Net Position

As of June 30, 2017, BURA's General Fund reported \$3,135,920 restricted fund balance or \$964,907 restricted net position. The difference between the fund balance and net position is primarily due to the recognition of the line of credit proceeds that are reported as long-term liabilities in the Statement of Net Assets (\$2,921,900); capitalization of budgetary capital expenditures (\$693,086); full accrual recognition of the deferred inflow of resources (\$57,801).

Tax Abatements

For the fiscal year ended June 30, 2017, BURA was subject to two tax abatement programs administered by the State of Oregon:

BEAVERTON URBAN REDEVELOPMENT AGENCY
(A component unit of the City of Beaverton, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

The Enterprise Zone (E-Z) Program serves as an economic development incentive for investment in buildings, machinery and equipment mostly for the industrial or warehousing sectors. A minimal amount of job creation is also required. Depending on the wages and benefits offered, the tax exemption can extend past the normal period of three years and run as long as five years. The amount of exemption is limited to the value of the new property improvements for equipment or machinery. The amount of tax exemptions extends to all taxing jurisdictions including the City of Beaverton and the Beaverton Urban Redevelopment Agency (BURA). See ORS 285C.050 to 285C.2580 for eligibility information. Under this program, BURA's estimated tax abatement amount was \$2,000 for the fiscal year.

The Low Income Property Tax Exemption program is authorized by Oregon Statute (ORS 307.4580 to 307.548) and City Ordinance (Beaverton Code 3.20) and is designed to make rental housing units affordable for income-restricted tenants. The City's Community Development Department recommends applications for the tax exemption to the Oregon Department of Housing and Community Services. When approved the Washington County Department of Assessment and Taxation creates a record of the exemption for each eligible property. The exemption lasts as long as the property complies with the City's ordinance and statutes. The amount of tax exemptions extends to all taxing jurisdictions including the City of Beaverton and the Beaverton Urban Redevelopment Agency (BURA). Under this program, BURA's estimated tax abatement amount was \$3,000 for the fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BEAVERTON, OREGON
BURA GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes:				
Current year's levy	\$1,890,000	\$1,998,890	\$2,013,969	\$15,079
Prior year's levy	3,000	3,000	11,084	8,084
Interest on investments	12,000	12,000	31,012	19,012
Miscellaneous revenues	700	700	928	228
TOTAL REVENUES	<u>1,905,700</u>	<u>2,014,590</u>	<u>2,056,993</u>	<u>42,403</u>
Expenditures:				
Materials and services	2,711,200	3,241,873	1,678,915	1,562,958
Contingency	1,242,237	1,216,917	-	1,216,917
TOTAL EXPENDITURES	<u>3,953,437</u>	<u>4,458,790</u>	<u>1,678,915</u>	<u>2,779,875</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,047,737)	(2,444,200)	378,078	2,822,278
Other financing sources (uses):				
Proceeds, line of credit	1,050,000	1,121,900	1,121,900	
Transfers out	(558,663)	(558,663)	(245,021)	313,642
TOTAL OTHER FINANCING SOURCES (USES)	<u>491,337</u>	<u>563,237</u>	<u>876,879</u>	<u>313,642</u>
NET CHANGE IN FUND BALANCE	(1,556,400)	(1,880,963)	1,254,957	3,135,920
FUND BALANCES - budgetary basis, Beginning of year	<u>1,556,400</u>	<u>1,880,963</u>	<u>1,880,963</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$3,135,920</u>	<u>\$3,135,920</u>

Note: There is no difference between budgetary revenues and expenditures and GAAP revenues and expenditures.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BEAVERTON, OREGON
BURA DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Debt Service	\$417,500	\$417,500	\$214,910	\$202,590
Other financing sources:				
Transfers in	417,500	417,500	214,910	(202,590)
NET CHANGE IN FUND BALANCE	---	---	---	---
FUND BALANCES - budgetary basis, Beginning of year	_____	_____	_____	_____
FUND BALANCES - budgetary basis, End of year	\$ ----	\$ ----	\$ ----	\$ ----

Note: There is no difference between budgetary revenues and expenditures and GAAP revenues and expenditures..

Of the \$214,910 debt service expenditures, \$31,824 was for interest expense and \$183,086 was a repayment of loan from the City of Beaverton.

CITY OF BEAVERTON, OREGON
BURA CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Capital outlay	\$1,550,000	\$4,050,000	\$1,983,086	\$2,066,914
Other financing sources:				
Loan from City of Beaverton	350,000	350,000	183,086	(166,914)
Proceeds, line of credit	1,200,000	3,700,000	1,800,000	(1,900,000)
TOTAL OTHER FINANCING SOURCES	<u>1,550,000</u>	<u>4,050,000</u>	<u>1,983,086</u>	<u>(2,066,914)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCES - budgetary basis, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - budgetary basis, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: There is no difference between budgetary revenues and expenditures and GAAP revenues and expenditures..

BEAVERTON URBAN RENEWAL AGENCY
(A component unit of the City of Beaverton, Oregon)
SCHEDULE OF PROPERTY TAX TRANSACTIONS
AND OUTSTANDING BALANCE
for the fiscal year ended June 30, 2017

	Taxes Uncollected June 30, 2016	Add Levy Extended by Assessor	Add/(Deduct) Discounts Allowed	Add Interest Received	Deduct Cancellations and Adjustments	Deduct Collections	Taxes Uncollected June 30, 2017
2016-17		\$2,104,091	(\$56,556)	\$478	(\$5,121)	(\$2,008,637)	\$34,255
2015-16	\$26,005		(34)	683	(1,965)	(12,264)	12,425
2014-15	7,214			271	(52)	(1,744)	5,689
2013-14	2,065			154	(20)	(655)	1,544
2012-13	432			21	(6)	(79)	368
	<u>\$35,716</u>	<u>\$2,104,091</u>	<u>(\$56,590)</u>	<u>\$1,607</u>	<u>(\$7,164)</u>	<u>(\$2,023,379)</u>	<u>\$54,281</u>