

Comprehensive Annual Financial Report



For Fiscal Year Ended June 30, 2018
City of Beaverton, Oregon



CITY OF BEAVERTON, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the fiscal year ended June 30, 2018

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

CITY OF BEAVERTON, OREGON

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INTRODUCTORY SECTION



Denny Doyle, Mayor

Ms. Lacey Beaty, Council President
Ms. Cate Arnold, Councilor
Ms. Betty Bode, Councilor
Mr. Mark Fagin, Councilor
Mr. Marc San Soucie, Councilor

December 13, 2018

City of Beaverton
PO Box 4755
Beaverton, Oregon 97076

Dear Beaverton City Councilors:

In accordance with state statutes and local charter provisions, I hereby transmit the Comprehensive Annual Financial Report (CAFR) of the City of Beaverton, as of and for the year ended June 30, 2018. Management is responsible for the information and representations contained in this report, and I believe the information presented is accurate in all material aspects and fairly sets forth the financial position and results of operations of the City.

This report has been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America appropriate under the circumstances and reflects, in all material respects, the substance of events and transactions that should be included. It has also been prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada. In accordance with these guidelines, the accompanying report consists of the following:

- Introductory section, including the Finance Director's letter of transmittal.
- Financial section, including Management's Discussion and Analysis, Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary and Supplementary Information accompanied by our Independent Auditor's Report.
- Statistical section, including a number of tables of unaudited data depicting the financial history and financial trends of the City, information on overlapping governments, demographic and economic information, and other miscellaneous information.
- Annual disclosure information in conformance with SEC Rule 15c2-12 for the City's outstanding bonds.
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

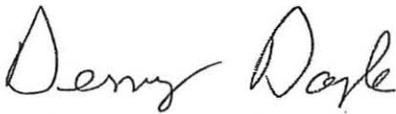
- Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on Audit of Financial Statements Performed in Accordance with Oregon State Regulations.

The Government Finance Officers Association awards Certificates of Achievement for Excellence in Financial Reporting to those governments whose annual financial reports are judged to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR. Our City has been continuously awarded Certificates of Achievement for Excellence since 1979. It is my belief that the accompanying Comprehensive Annual Financial Report continues to meet these high standards, and it will be submitted to the Government Finance Officers Association for review.

State law requires that the City's financial statements be audited by an independent certified public accountant selected by the City Council. This requirement has been complied with, and our independent auditor's report is included in the financial section of this report.

Collectively, the City Council, the Budget Committee, the administration, and I have maintained the City's strong financial stability. We have limited and controlled expenditures to hold the City's tax levy below its authorized permanent rate.

Respectfully submitted,

A handwritten signature in cursive script that reads "Denny Doyle".

Denny Doyle
Mayor



December 13, 2018

Honorable Mayor, Members of the City Council, and Citizens of Beaverton,

The City's Finance Department is pleased to submit the Comprehensive Annual Financial Report of the City of Beaverton (City) for the fiscal year ended June 30, 2018.

Oregon Revised Statutes (ORS) 297.425 requires that every municipal corporation publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City. Consequently, responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures rests with management. To provide a reasonable basis for making these representations, management has established an internal control structure designed to safeguard City assets against loss, theft or misappropriation, and to ensure the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls is designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, along with disclosures necessary to provide the reader with a reasonable understanding of the City's financial affairs.

Talbot, Korvola and Warwick, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Beaverton's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

GAAP requires that Management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal complements the MD&A and should be read in conjunction with it. The MD&A immediately follows the independent auditor's report on the basic financial statements.

In addition, the City of Beaverton is required to have an audit of expenditures of Federal awards performed in accordance with the United States Office of Management and Budget (OMB) Uniform Grant Guidance and the provisions of *Government Auditing Standards*. Reports on the City's compliance with applicable Federal laws and regulations for the year ended June 30, 2018 is issued separately. The report is available on the City's website, www.BeavertonOregon.gov/finance.

PROFILE OF THE CITY

The City was incorporated in 1893 and operates under the provisions of its own home-rule charter and applicable State law, with a Mayor-Council form of government. Voters approved the Beaverton Charter of 1981 in November of 1980. The Charter provides for five councilors elected at large to serve a four-year term. The Mayor is the Chief Executive of the City and chairs City Council meetings. The Mayor is elected at the regular general election in November every four years.

The City provides a full range of services. These services include City Administration, Neighborhood Programs, Economic Development, Emergency Management, Community Visioning, Police Services, Library Services, Municipal Court, Community Planning, Development and Building Inspection, Debt Service, Public Works consisting of Engineering, Construction, Maintenance and Operations of the water, wastewater, stormwater, street, and traffic signal systems; as well as internal services for Fleet Maintenance, Information Systems, and Reproduction Services.

For financial reporting purposes, this report includes all funds of the City that are subject to appropriation by the City Council. For financial planning and control, the City prepares and adopts an annual budget in accordance with Oregon Revised Statutes Chapters 294.305 through 294.565. Budget-to-actual comparisons are provided in the report for each individual fund for which an appropriated annual budget has been adopted. The comparisons are presented as required or other supplementary information as appropriate to demonstrate compliance with the adopted budget.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the City Council. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds, and Internal Service Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by object and activity within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances represent commitments related to unperformed contracts for goods or services. The unspent balances of encumbrances at year-end lapse and then may be encumbered against the subsequent year's budget. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

LOCAL ECONOMY AND OUTLOOK

The City of Beaverton is Oregon's sixth largest city and the second largest in Washington County with an estimated population of 97,000 at July 1, 2018. The City is located in the eastern portion of the County in northwest Oregon, approximately nine miles west of downtown Portland. Both Beaverton and Washington County have experienced rapid growth over the past two decades through high technology, retail trade and distribution economic bases. Between 2010 and 2017 Beaverton grew by 7% and the Washington County population grew by 13%. In-migration will be the driving factor behind a continued trend of population growth.

The City's mission is to "Preserve and enhance Beaverton as a responsive, dynamic, attractive and safe community". It is the City's policy to represent the interests of the citizens of Beaverton with all of the other governmental agencies and to work with them to improve the quality of life in Beaverton. The City is committed to maintaining a strong economy, one that fosters business prosperity and enables the quality services and programs of a first class city at a reasonable cost. Beaverton is also a family friendly city well known for its many attractive and well-planned neighborhoods. Beaverton is truly "The Best of Oregon."

The Beaverton economy today offers:

- a hospitable, prosperous environment for business development and expansion,
- a diverse manufacturing base with major employers in high-tech, sports equipment and clothing, food processing, and wood products,
- an array of small, innovative high technology companies,
- many small businesses providing goods and services on a retail basis,
- a mature network of manufacturing suppliers, and
- desirable warehouse and distribution facilities.

Manufacturing diversity is the hallmark of a prosperous economy. Beaverton shares the diverse manufacturing base for which the region is noted. Lumber and wood products, packaging, paper products, fabricated metal products, machinery, computers, electrical equipment, instruments, food products and apparel are among the products manufactured in our City. Transportation has always been important to the Beaverton economy. Two major freeways, U.S. 26 (the Sunset Highway) and State Highway 217 connect the City to Interstate 5 (north-south) and to Interstate 84 (east-west). The Portland and Western Railroad serves the City for freight. Westside light rail line connects downtown Portland with Beaverton via MAX and continues west connecting to the City of Hillsboro. The Westside Express Service (WES) serves a Beaverton to Wilsonville route with peak hour commuting alternatives. Air transportation is available at Hillsboro Airport (the State's busiest general aviation airport), about 15 minutes west of the City and commercial carrier service is available at Portland International Airport (PDX), about 30 minutes northeast of Beaverton.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

Bond Ratings: The city's Water Revenue and General Obligation bonds ratings remain strong with an underlying rating of AA+ by Standard and Poor's. Moody's Investor Services has assigned underlying ratings of Aa1 for the city's General Obligation bonds and Aa2 for the Water Revenue Bonds. The ratings recognize the city's financial stability; improved debt services coverage ratios, continued strong cash reserves and Beaverton's high quality service area.

The city has been unusually active in the bond market to raise capital and that will continue in the next year also. The Mayor and City Council, and the Board of the Beaverton Urban Redevelopment Agency (BURA), recently issued these bonds:

- Water Revenue Bond, Series 2018 - \$18 million (investors paid a \$3 million premium)
- Public Safety Center General Obligation Bond, Series 2017 - \$35 million
- Special Revenue Bond – Urban Renewal Line of Credit, Series 2017 - \$19 million

On the horizon is a Special Revenue Bond for the Patricia Reser Center for the Arts backed by revenues generated by the lodging tax. The City will also likely issue an additional Special Revenue Bond worth approximately \$6-10 million to supplement funding for the Public Safety Center. This would be backed by non-property tax revenues of the General Fund.

Recent Awards: Beaverton is a welcoming and responsible city that enjoys one of the most diverse populations in Oregon. In 2017, Money magazine named Beaverton as the 10th best place to live in America among communities with populations from 50,000 to 300,000. In particular, the award recognizes the increasing diversity of the community, the job market and housing affordability. In 2018, Beaverton was named an All American City Finalist by the National Civic League, the only city in Oregon to receive this honor.

Beaverton Community Vision Program: Beaverton is in its second round of implementing a Community Vision. Begun in 2009 and renewed in 2016, citizen volunteers and City staff have connected with almost 6,000 community members, at meetings and events, to develop a roadmap of community priorities and aspirations. Thousands of ideas have been refined into a prioritized plan of action.

The Beaverton Community Vision project tagline is **Connect • Imagine • Transform**. Through the program, the City has connected with the community, asked them to imagine their goals for Beaverton, and is now focused on the implementation phase. The community's vision for Beaverton is focused on five core goals: (1) Build the Community, (2) Create a Vibrant Downtown, (3) Improve Mobility, (4) Provide High Quality Public Services, and (5) Enhance Livability.

During this past fiscal year, staff worked with the visioning volunteers, Mayor, City Council, and the community at-large to advance the ideas that our citizens have embraced and prioritized. Among other things, the Beaverton Community Vision calls for investments in transportation, infrastructure and sustainable development. Many of the programs described in the adopted budget specifically identify how that program supports the vision. Achieving the Community Vision also involves more than 60 community organizations and groups.

Development Plans: Many of the ideas generated from the Beaverton Community Vision were put into action through the Beaverton Civic Plan, Central Beaverton Urban Renewal Plan, Creekside District Redevelopment Plan and South Cooper Mountain Community Plan.

The Creekside area is a focus of considerable development activity moving toward reality. A two-building, mixed-use apartment complex with approximately 230 units will open in early 2019. Plans for the 550-seat Beaverton Center for Arts are near completion. Buoyed by Transient Lodging Tax and a substantial gift from a lead donor, fund raising for the balance is underway. An adjacent parking garage is also in the design phase to serve the Center for the Arts, nearby condos and a hotel that is in negotiations. A new Hyatt House hotel is expected to begin construction in the same area in early 2019.

At Cooper Mountain, Beaverton's sixth high school (Mountain View) opened in fall 2017 and home construction and grading is underway for the early phases of subdivisions that should yield about 3,430 dwelling units at full buildout. An adjacent 1200-acre area may soon be approved for inclusion in the region's Urban Growth Boundary.

Development Trends: The trend for growth is seen in the steady increase in new home permits issued in the past few fiscal years:

- 19 new single family homes and 350 multi-family units in FY 2016-17
- 64 new single family homes and 230 multi-family units in FY 2017 -18
- 150 new single family homes, 540 multi-family units and 15 new commercial buildings projected in FY 2018-19
- New construction, expansions and remodeling of commercial and industrial properties continues also. The Beaverton School District is investing heavily in both new facilities and renovations of existing buildings.

Urban Renewal: In November 2011, voters approved a new Central Beaverton Urban Renewal Plan encompassing approximately 997 acres in the core of Beaverton. The plan envisions a project mix of loans/grants for economic development, public infrastructure construction and community identity upgrades (signage, streetscape improvements and creek enhancement) to aid residential, commercial and industrial development. The urban renewal district will operate for as long as a 30-year period. The Beaverton Urban Redevelopment Authority (BURA) directs implementation of the plan.

The financial performance of the agency is represented as a blended component of the City of Beaverton. The District continues to gain financial resources and will produce more than \$3.6 million in tax increment in FY 2018-19. The district has utilized the mechanism of a "daylight" loan from the City's General Fund for activities such as property acquisition and secured a Letter of Credit for projects for the coming five years. There was an initial draw against the \$19 million Letter of Credit for \$1.8 million in FY 2016-17. Assessed Valuation growth projections for the district are extremely positive.

Aquifer Storage and Recovery Program: The City's drinking water program continues to work to reduce the amount of peak-season surface water supply so as not to exceed the City-owned capacity of 18.75 million gallons per day (mgd) in the Joint Water Commission water treatment plant and 14

mgd in the Joint Water Commission (JWC) transmission pipelines. The City is achieving this by using technology that provides drinking water during times of high use through a natural underground storage system: Aquifer Storage and Recovery (ASR). ASR involves pumping drinking water during the winter months from the water treatment plant (the same water our customers drink every day) into deep natural underground basalt formations, or aquifers, where it is stored for later use with minimal refreshing to standards. The City uses ASR as an alternative way to increase summer water supply by up to 6 mgd during each summer. In FY 2015-16, the City arranged a low cost loan from the Oregon Infrastructure Financing Authority for continued preliminary planning for a future ASR Well No. 5 to replace ASR Well No. 1 and began work on ASR Well No. 6.

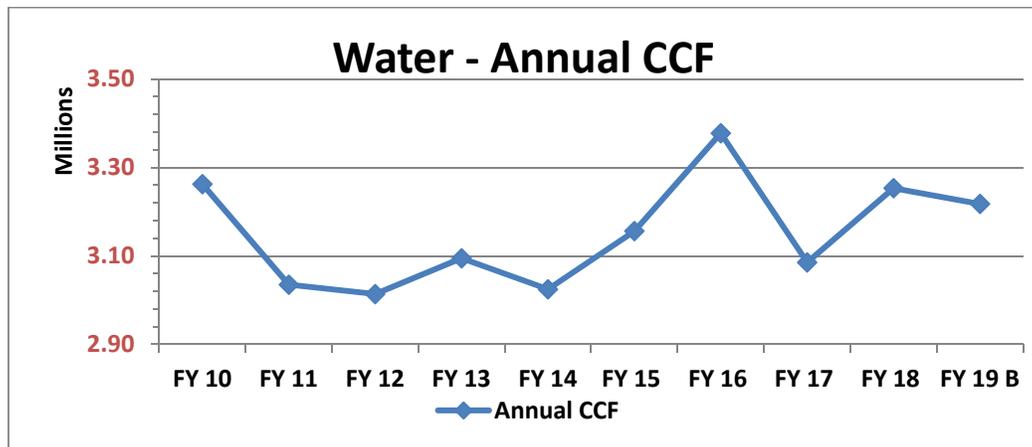
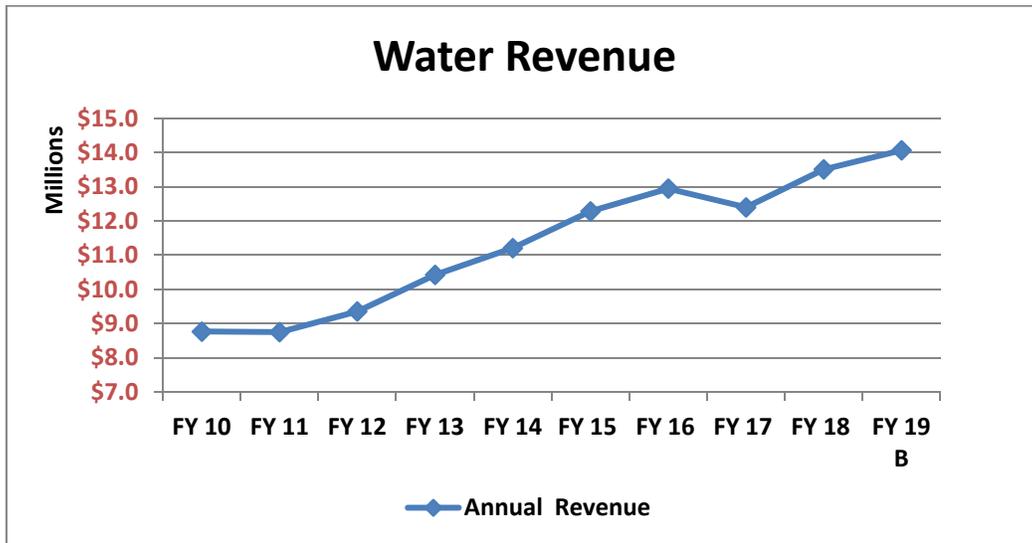
ASR technology continues to enable the City to meet short-term water demand during the summer. Use of ASR also helps to delay the need to purchase new source water, expand water treatment, and build expensive above-ground storage reservoirs and new conveyance facilities. These factors represent large cost savings to the City in the long term and provide a more sustainable use of water supply. While postponing the purchase of costly supply capacity, the City is participating in a new regional water supply plan, utilizing the Willamette River for 2026 and beyond.

Enterprise Funds: The City's financial reporting distinguishes between governmental and business-type activities. Enterprise Funds are classified as Business-type Activities funded by user fees, charges for services, and other restricted revenues. We continue to carefully review the Enterprise Funds (water, sewer, and storm drain) relating to their overhead costs, fees and rates, and the need to restructure rates if needed.

The City Council adopted a water rate increase effective July 1, 2018. This caused a \$1.00 increase to the \$14.00 per monthly water base charge for the typical residential 3/4 inch water meter with a similar percentage increase across all meter sizes. In addition, the budget also included a 3.4% increase in the water consumption rate. The consumption rate increase was equivalent to 10-cents from \$3.07 per 100 cubic feet of water to the rate of \$3.17. The monthly cost increase to the average residence that consumes eight units of water per month would be \$1.00 for the base charge and \$.80 for the consumption charge for a combined \$1.80 per month or about \$21.60 per year. For comparison, 100 cubic feet of water is equal to one CCF and one CCF is equivalent to 748 gallons. The rate increases confirm the City's ability to meet or exceed the requirement for debt service reserves from the 2018 Water Revenue bond issue.

These increases were necessary due to several factors that work at cross-purposes: more revenue to meet increased operating costs related to water production/distribution and investments in upgrading piping, treatment and storage facilities while consumption has just now returned to pre-recession levels. These two graphs illustrate the trends. The note of "FY 19B" indicates a value used in the FY 2018-19 budget and is likely a conservative estimate.

The data below does not yet reflect the revenue and expenditure changes due to the City's takeover of approximately 4100 customer accounts of Beaverton residents and businesses heretofore served by the Tualatin Valley Water District. In the short term, the district continues to provide water to these customers under a "wheeled-water" arrangement as part of an intergovernmental agreement.

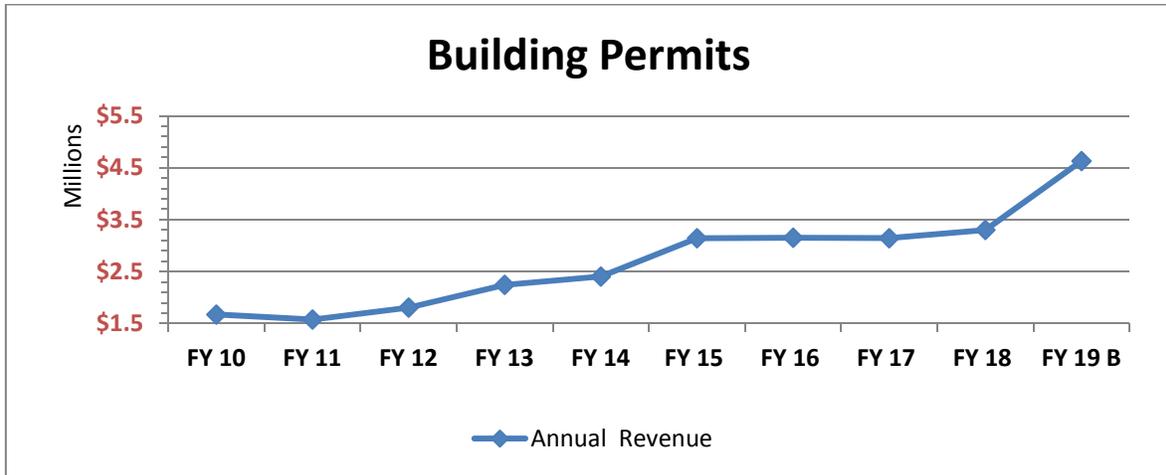


Library Services: The Beaverton City Library is the busiest library in the Washington County Cooperative Library System (WCCLS) system, circulating 2,633,052 items in calendar year 2017. Beaverton circulates 25% of WCCLS total circulation of 10.4 million items (not including e-content). Beaverton is #2 in total circulation and #2 in total children’s circulation among all libraries in the State of Oregon, only behind Multnomah County Library which has 19 locations.

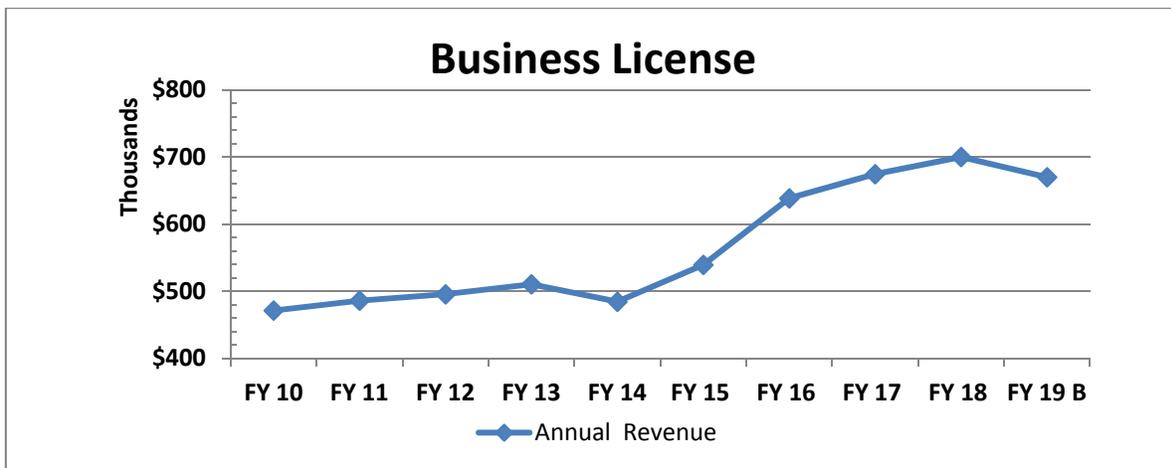
FACTORS AFFECTING FINANCIAL CONDITION

State and Local Area Economy: The updated forecasts for the State of Oregon and Washington County project continued rapid growth. Oregon’s economy is outpacing the nation. There is significant industrial and residential development activity led by an expansion by Intel, Nike and numerous other businesses. A modest level of retail and office-flex space development or redevelopment is occurring. Beaverton’s unemployment rate is 3.2%.

Beaverton is approximately 97% built out (declining available land inventories for development) which reduces the number of permits issued and the revenues generated since the peak experienced in FY 2005-06. The following is an illustration of the Building Fund’s permit revenues over past fiscal years along with conservative FY 2018-19 budgeted amounts. Several subdivisions, redevelopment of Old Town lots and commercial construction are pushing the revenue trend in a positive direction.



The decline in buildable land reverses in the coming years with an expansion of the urban growth boundary and the annexation of more than 540 acres. South Cooper Mountain’s proposed community plan is for mostly residential development and includes the site of Beaverton’s first new high school in several years. Development scenarios call for approximately 3,430 new housing units and construction is underway



The amount of revenues generated from the City’s business license fee is an indicator of economic well-being. The license fee is based upon a fixed base amount (\$75) plus \$8.50 per full time equivalent employee in excess of the first four employees. For FY 2017-18, the City Business License revenue was approximately \$700,073. Above is a graph of the business license fees from past fiscal years. A refund of over-payments reduced the amount of revenue in FY 2013-14.

Public Employees Retirement System: The City, together with most public employers in Oregon, participates in the Public Employees Retirement System (PERS). Beginning in FY 2004-05, the City initiated the practice of internally charging additional amounts over the required contribution rates. These funds are placed in a PERS reserve account, within the respective fund balances, which currently has a balance of \$3.2 million. With the significant swings in the City’s actuarial accrued liability, the City’s PERS reserve account serves as a resource to pay down future deficits or can be re-allocated back to the operating funds that made the original contributions. The practice of contributing to a rate-stabilization method provides a “shock-absorber” for future changes. A recent Oregon Supreme Court

decision will cause employers to make larger contributions to PERS in the coming years. This could increase the City's PERS contribution by as much as \$1.0 million annually in FY 2018-19.

LONG-TERM FINANCIAL PLANNING

Property taxes are assessed using a levy rate on each \$1,000 of taxable assessed valuation. The City levies two types of property taxes, one for general governmental operations and the second for voter-approved general obligation debt repayment. Beaverton has a very reliable tax revenue source.

The City's permanent tax rate is \$4.62 per \$1,000 of assessed valuation (the permanent rate does not include taxes for payment of general obligation debt). Beaverton is one of very few taxing jurisdictions in Oregon that does not levy its full permanent rate. In FY 2017-18, the City levied \$4.17 per thousand. When the increment of \$0.45 between the permanent rate and the current levy rate is applied to the City's taxable assessed valuation, an additional \$4.3 million in annual property tax revenues is available to meet the City's projected operating expenses for the next several years.

The City has a five year Capital Improvement Program (CIP) that identifies the infrastructure needs and funding sources of civic, street, water, sewer and storm drain projects for the current and future years. The CIP is updated annually by City staff and is made available for review and comment to neighborhood associations and the community in general. The City Council establishes principles used in selecting projects and priorities in future years of the CIP.

RELEVANT FINANCIAL POLICIES

Revenue policy – The City maintains a diversified and stable revenue system to shelter it from short-run fluctuations in any one revenue source. The City's general guideline is to use non-recurring revenues for non-recurring expenditures.

Revenue sources for volatile funds (General, Library, Building, Street Lighting and Street) are tracked closely. Revenue that is used to support current or future debt service (lodging taxes, water revenue and General Fund non-property tax sources – ROW /franchise fees, state shared revenue, fines and state-shared revenue) are projected out 5-20 years. This monitoring allows the City to gauge the affordability of planned capital investments as well as obligations for any debt service covenants.

Fund reserves – For the key operating funds (General Fund, Library Fund and Street Fund), the City's guideline is to keep approximately 16% of each fund's annual expenditure level in contingency accounts. Other funds have contingency levels appropriate for their level of service. A particular fund's combined reserve and contingency may fall short of or exceed its level due to other considerations such as bond covenants, required state statutes, investment opportunities and prudent management practices. Consistent with GASB 54, portions of the reserves are committed, restricted, or assigned.

Risk Management - Risk management is vital to controlling property, casualty, and workers' compensation losses through the coordination of safety, loss prevention, and insurance and claims administration. The City employs a full time Risk and Safety Officer to oversee all operations of risk management. The City is fully self-insured for workers' compensation, unemployment, and dental claims. Other risks are pooled and insured through City County Insurance Services or other specialty policies.

Investment – With the guidance of an independent, non-discretionary investment advisor, the Finance Director manages a portfolio of approximately \$80 million. City Council approved investment policies to establish maturity parameters and limitations for prudent investment of surplus funds for the purposes of liquidity and earnings. In October 2014, the City Council approved a new investment

policy consistent with model policies of the Oregon Short Term Fund Board. The policy is reviewed annually.

OTHER INFORMATION

Independent Audit: Oregon State Law requires every municipal corporation to submit an annual financial report to the Secretary of State and to have its financial statements examined by an independent certified public accountant. The audit is performed in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* and Minimum Standards for Audits of Oregon Municipal Corporations as prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy. State Law also requires an independent auditor express opinions on the financial position and results of operations as reported by the municipal corporation for the period under audit. The City is in full compliance with the aforementioned requirement, and the independent auditor's report is included in this report.

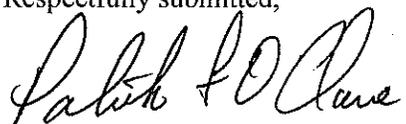
Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beaverton for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. Beaverton has received the Certificate of Achievement every year since 1979. In order to be awarded a Certificate of Achievement for Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to program standards. Such a report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe the current report continues to conform to the Certificate of Achievement for Excellence Program requirements, and we are again submitting it to GFOA to determine its eligibility for another certificate.

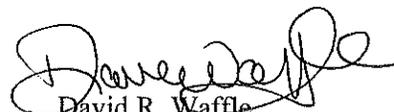
The GFOA presented the Award for Distinguished Budget Presentation for the City's Program Budget Document for the fiscal year 2017-18. The City has received this recognition annually since 1988. In order to qualify for the Distinguished Budget Presentation Award, the budget document must be proficient in several categories including policy documentation, financial planning and organization. The City's budget document continues to meet these criteria.

Acknowledgments: Finally, we would like to express our sincere gratitude to the personnel in the Finance Department who contributed in the preparation of this report, specifically, J. J. Schulz, Amber Hubbard, Pete Rhodes, Sue Ann Koniak, Tyler Spath and Sue Smith. Without the efficient and dedicated services of the entire finance staff, preparation of this report, on a timely basis, could not have been accomplished.

The dedication, commitment and professional contribution to the financial stability of the City made by the Mayor, City Council, Budget Committee, Audit Committee and department managers cannot be overemphasized. Their dedication and commitment are of invaluable assistance in the management of the financial and community affairs of the City.

Respectfully submitted,


Patrick F. O'Claire
Finance Director


David R. Waffle
Assistant Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Beaverton
Oregon**

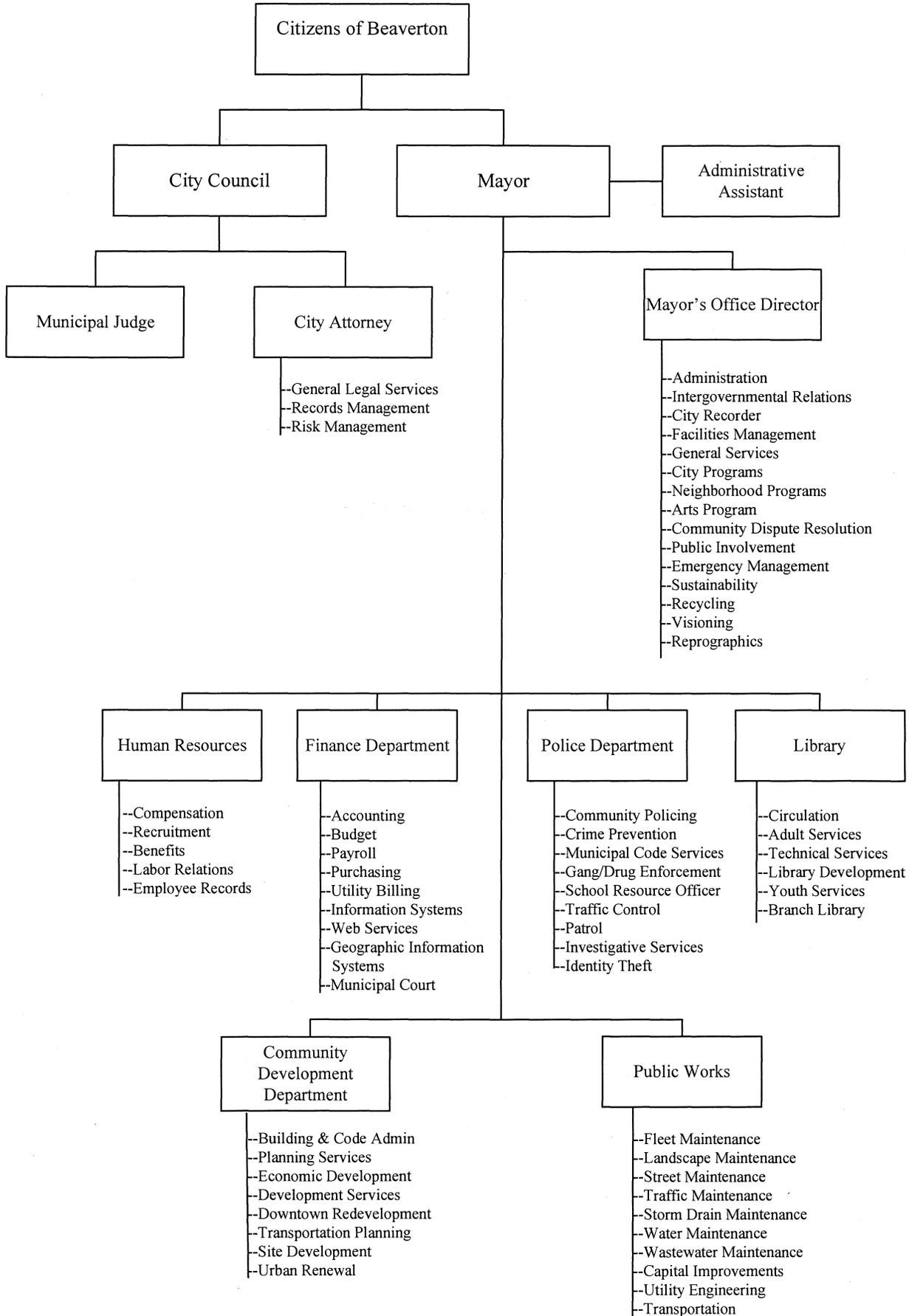
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

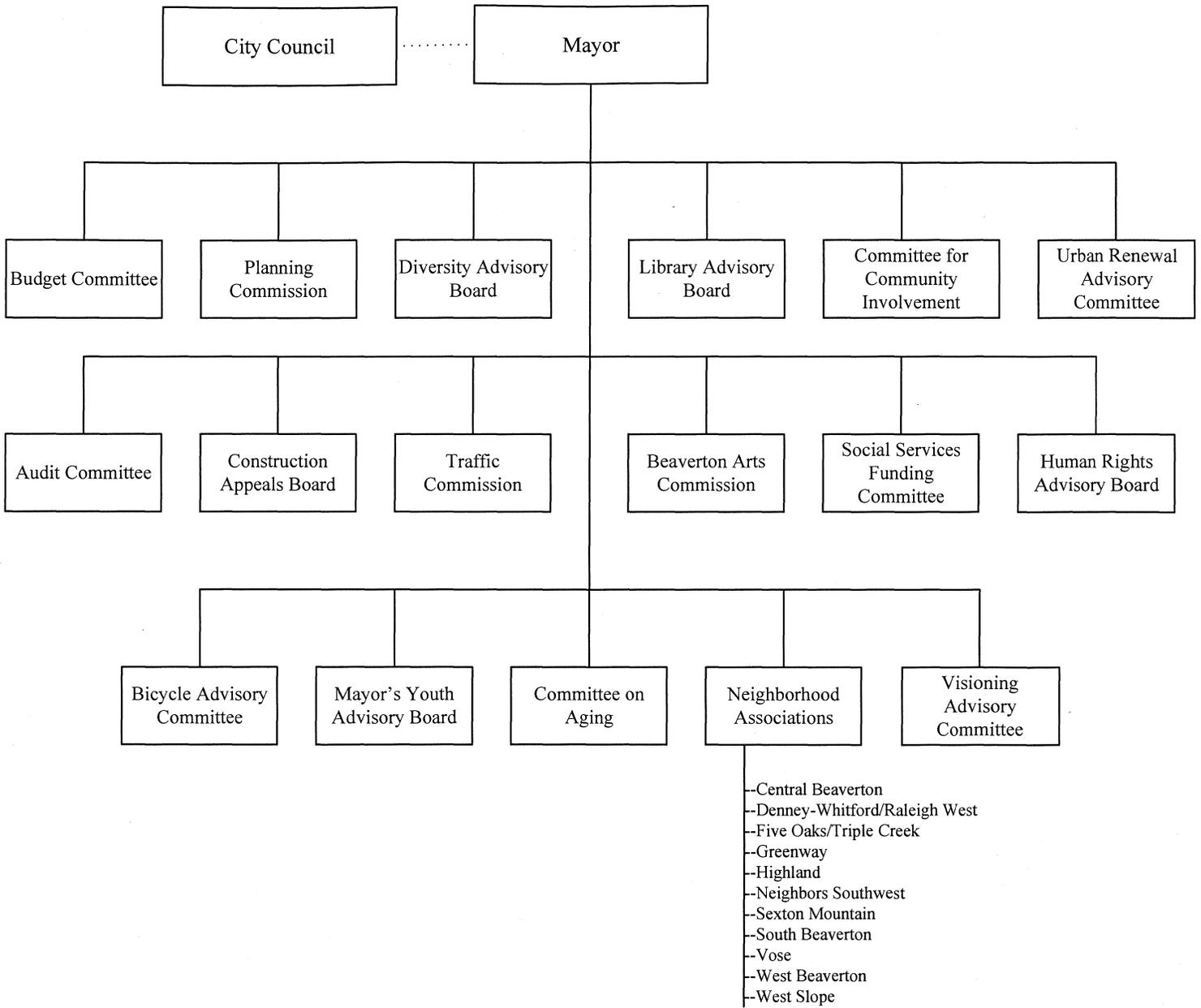
Executive Director/CEO

Organization of the City of Beaverton



City of Beaverton

Boards, Commissions & Committees



CITY OF BEAVERTON, OREGON
COUNCIL MEMBERS AS OF JUNE 30, 2018

<u>Name</u>	<u>Term Expires</u>
Denny Doyle, Mayor	December 31, 2020
Lacey Beaty, Council President	December 31, 2018
Cate Arnold, Member	December 31, 2020
Betty Bode, Member	December 31, 2018
Mark Fagin, Member	December 31, 2020
Marc San Soucie, Member	December 31, 2018

CITY OF BEAVERTON, OREGON
AUDIT COMMITTEE AS OF JUNE 30, 2018

<u>Name</u>	<u>Term Expires</u>
Keith Parker, CPA, Chairman Assistant General Counsel Nike, Inc.	December 31, 2018
Allen Dawson Warehouse Supervisor Georgia-Pacific	December 31, 2018
Betty Bode Council Member	December 31, 2018

CITY OF BEAVERTON, OREGON
BUDGET COMMITTEE AS OF JUNE 30, 2018

<u>Name</u>	<u>Term Expires</u>
Laura Mitchell Chair	December 31, 2018
Allen Dawson Member	December 31, 2018
Jose Galindez Member	December 31, 2020
Bill Kanable Member	December 31, 2019
Clay Moorhead Member	December 31, 2018
Mark Fagin Council Member	December 31, 2020
Cate Arnold Council Member	December 31, 2020
Lacey Beaty Council President	December 31, 2018
Betty Bode Council Member	December 31, 2018
Marc San Soucie Council Member	December 31, 2018

CITY OF BEAVERTON, OREGON
DEPARTMENT HEADS AS OF JUNE 30, 2018

Mayor's Office Director	Abigail Elder
Public Works Director	David Donaldson
Library Director	Victoria Campbell-Interim Director
City Attorney	William Kirby
Police Chief	Jim Monger
Human Resources Director	Jenny Marston-Interim Director
Finance Director	Patrick O'Claire
Community Development Director	Cheryl Twete

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



Talbot, Korvola
& Warwick, LLP

4800 Meadows Road, Suite 200
Lake Oswego, OR 97035

P 503.274.2849
F 503.274.2853

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Beaverton
Beaverton, Oregon

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beaverton, Oregon (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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RSM US Alliance



1

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INDEPENDENT AUDITOR'S REPORT (Continued)

Mayor and City Council
City of Beaverton

EMPHASIS OF MATTER

As discussed in Note III G. to the financial statements, as of and for the year ended June 30, 2018, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in the restatement of previously reported amounts for the year ended June 30, 2017. Our opinions are not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Schedule of City's Proportionate Share of Net Pension Liability (Asset), the Schedule of City Contributions to Pension Plan, the Schedule of Changes in the City's Total OPEB Liability and Related Ratios – Implicit Rate Subsidy Plan, Schedule of City Proportionate Share of the Net OPEB Liability (Asset) PERS Retirement Health Insurance Account (RHIA) Plan, Schedule of the City's Contributions PERS System RHIA Plan, and the Notes to Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General, Street, and Library Funds listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements, schedules and other financial schedules, collectively presented as Other Supplementary Information in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

Mayor and City Council
City of Beaverton

OTHER MATTERS (Continued)

Other Information (Continued)

The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 12, 2018 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

By 
Timothy R. Gillette, Partner

Lake Oswego, Oregon
December 12, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

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, 2018 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 14.

FINANCIAL HIGHLIGHTS

Following are the financial highlights of the City for the fiscal year ended June 30, 2018.

- 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 \$417.9 million (net position) which reflects an increase of \$23.3 million from previous year, net of restatement, and most of the increase is the result of contributions from other governments and private developers. \$37.3 million of the net position is restricted for construction, street maintenance, education, and other purposes; \$6.5 million is unrestricted and may be used to meet the City's ongoing obligations and day to day operations. The negative balance of \$21.7 million unrestricted net position in the governmental activities is primarily due to accrual of the City's unfunded pension obligations. The business type activities report \$28.1 million unrestricted net position that can be used for current needs without any restriction.
- The unrestricted net position for the City decreased \$10.3 million over the last fiscal year, and the decrease is primarily due to the recording of net pension expense of \$12.6 million. Further discussion about pension expense can be found beginning on page 48.
- Governmental funds reported combined ending fund balances at year-end of \$80.2 million, a decrease of \$1.8 million from the previously reported ending balance of last year, net of restatement. The main source of this decrease was a \$3.4 million capital expenditure in the Capital Development Fund for a new Public Safety Center that was in the design phase.
- The General Fund reported total fund balances of \$19.2 million (committed, assigned, unassigned), and \$10.1 million assigned fund balance includes \$6.2 million of appropriated fund balance and \$2.9 million for compensated absences. \$8.3 million unassigned fund balance represents approximately 10.5% of the General Fund's budgeted expenditures of the next fiscal year.
- The business-type activities' total outstanding bonded debt increased by \$20.6 million due to the issuance of \$21.2 million water revenue bond to finance the costs associated with City's water system infrastructure.

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.

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2018

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.

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 and other postemployment benefits other than pensions.

Both of the government-wide financial statements distinguish 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 16 - 19 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 2018, the City reports four major governmental funds: General Fund, Street Fund, Library Fund and Capital Development 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

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2018

of combining statements on pages 68 - 75 of this report. Individual fund data for each of these non-major governmental funds is provided as Other Supplementary Information.

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 59 – 61. Additional schedules that demonstrate the budgetary compliance for the General Fund and all other governmental funds are on pages 76 – 92.

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 20 – 23).

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 20 – 23. 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 93 - 107.

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 24 – 58).

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, and certain schedules relating to the City's pension liability (asset) and other post-employment benefits (OPEB) (pages 59 – 66). 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 OPEB (page 67).

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Cash and Investments	\$87,051,278	\$88,835,533	\$57,372,663	\$35,769,655	\$144,423,941	\$124,605,188
Other Assets	9,532,098	10,440,347	25,466,636	24,402,799	34,998,734	34,843,146
Capital Assets	180,701,201	160,603,989	203,783,670	190,904,947	384,484,871	351,508,936
Total Assets	<u>277,284,577</u>	<u>259,879,869</u>	<u>286,622,969</u>	<u>251,077,401</u>	<u>563,907,546</u>	<u>510,957,270</u>
Total deferred outflows of resources	<u>20,327,988</u>	<u>34,349,061</u>	<u>1,887,890</u>	<u>3,010,255</u>	<u>22,215,878</u>	<u>37,359,316</u>
Other Liabilities	8,667,195	9,024,971	10,049,494	7,072,382	18,716,689	16,097,353
Long-Term Liabilities	110,969,235	119,254,331	34,240,743	13,967,842	145,209,978	133,222,173
Total Liabilities	<u>119,636,430</u>	<u>128,279,302</u>	<u>44,290,237</u>	<u>21,040,224</u>	<u>163,926,667</u>	<u>149,319,526</u>
Total deferred inflows of resources	<u>3,926,012</u>	<u>4,001,136</u>	<u>368,778</u>	<u>350,648</u>	<u>4,294,790</u>	<u>4,351,784</u>
Net Position						
Invested in Capital Assets	173,734,741	153,754,955	200,424,568	187,319,801	374,159,309	341,074,756
Restricted	21,966,556	23,020,939	15,287,255	13,771,916	37,253,811	36,792,855
Unrestricted	(21,651,174)	(14,827,402)	28,140,021	31,605,067	6,488,847	16,777,665
Total Net Position	<u>\$174,050,123</u>	<u>\$161,948,492</u>	<u>\$243,851,844</u>	<u>\$232,696,784</u>	<u>\$417,901,967</u>	<u>\$394,645,276</u>

The \$21.6 million increase in cash and investments in business activities is a result of the \$21.1 million bond sale proceeds issued for construction of the expansions or improvements to the City's water system infrastructure that has not been spent yet. The increase of \$33.0 million in capital assets includes \$13.4 million contribution in road improvement project from Washington County in the governmental activity and \$6.4 million business-type infrastructure contributions made by private developers and other governments.

The \$15.1 million decrease in deferred outflows of resources is a result of the accrual of pension and other postemployment benefits (OPEB) related amounts. More information on pension and OPEB accounting can be found in the Notes pages 44 – 56.

The total long-term liabilities for the City increased by \$12 million for the fiscal year primarily due to the issuance of the water revenue bond.

The largest portion of the City's net position reflects its net investment of \$374.2 million or about 89.5% 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.

\$37.3 million of the City's net position represents resources that are subject to external restrictions on how they may be used. \$15.2 million of the restricted net position is dedicated for construction of business type improvements that will provide water, sanitary sewer, and surface water management infrastructures. In the governmental activities, \$14.7 million is restricted for highways and streets maintenance and improvements, and \$3.1 million is restricted for urban area economic development purposes.

The deficit in the unrestricted net position increased by \$6.8 million from the last fiscal year, and it is mostly a result of the of \$12.6 million pension expense as prescribed by the Governmental Accounting Standards Board (GASB). This

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2018

accrual of pension expense will not immediately have an effect on the City's operations, however, the City's required pension contribution rate is expected to increase further for the next biennium periods.

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 12,985,216	\$ 15,741,579	\$ 24,068,211	\$ 23,041,872	\$ 37,053,427	\$ 38,783,451
Operating grants and contributions	14,277,489	13,980,156			14,277,489	13,980,156
Capital grants and contributions	18,421,857	3,614,147	8,297,873	2,118,928	26,719,730	5,733,075
<i>General revenues:</i>						
Taxes	45,563,230	42,419,805			45,563,230	42,419,805
Intergovernmental revenues	3,915,418	3,327,083			3,915,418	3,327,083
Right of way fee revenues	10,148,845	9,610,676			10,148,845	9,610,676
Interest	694,127	600,708	184,512	334,342	878,639	935,050
Other	827,079	1,562,736	134,511	153,959	961,590	1,716,695
Total revenues	<u>106,833,261</u>	<u>90,856,890</u>	<u>32,685,107</u>	<u>25,649,101</u>	<u>139,518,368</u>	<u>116,505,991</u>
Expenses						
General government	37,419,997	38,232,521			37,419,997	38,232,521
Public safety	32,616,115	32,564,955			32,616,115	32,564,955
Highways and streets	11,211,835	10,836,814			11,211,835	10,836,814
Education	10,164,411	9,893,084			10,164,411	9,893,084
Cultural and recreation	1,478,383	1,025,135			1,478,383	1,025,135
Interest on long-term debt	1,470,893	745,611			1,470,893	745,611
Water utility			10,670,276	9,899,339	10,670,276	9,899,339
Sewer utility			4,802,523	5,339,405	4,802,523	5,339,405
Storm drain utility			6,018,388	5,706,747	6,018,388	5,706,747
Total expenses	<u>94,361,634</u>	<u>93,298,120</u>	<u>21,491,187</u>	<u>20,945,491</u>	<u>115,852,821</u>	<u>114,243,611</u>
Increase (decrease) in net position	<u>12,471,627</u>	<u>(2,441,230)</u>	<u>11,193,920</u>	<u>4,703,610</u>	<u>23,665,547</u>	<u>2,262,380</u>
Net position-as previously reported	161,948,492	164,389,722	232,696,784	227,993,174	394,645,276	392,382,896
Adjustment for OPEB	(369,996)		(38,860)		(408,856)	
Net position - as restated	<u>161,578,496</u>	<u>164,389,722</u>	<u>232,657,924</u>	<u>227,993,174</u>	<u>394,236,420</u>	<u>392,382,896</u>
Net position-ending	<u>\$174,050,123</u>	<u>\$161,948,492</u>	<u>\$243,851,844</u>	<u>\$232,696,784</u>	<u>\$417,901,967</u>	<u>\$394,645,276</u>

Governmental activities – Governmental activities increased the City's net position by \$12.5 million for the fiscal year, and the key elements of the net position changes are as follows:

- The City received \$13.4 million in capital assets contribution from Washington County when a major arterial road improvement project at Farmington Road was completed. The project widened 4,200 feet of road with bike lanes and sidewalks, and also included intersection improvements such as turn lanes and signalization, as well as additional 59 street lights.
- Tax revenues increased by \$3.1 million reflecting the increase in the assessed property value in the City, and the full year's collection of the new lodging tax at 4% of the transient rooms (effective in October 2016).

Business-type activities - Business-type activities increased the City's net position by \$11.2 million which indicates these activities generated sufficient revenues to cover the cost of operations and debt service requirements.

- Water, Sewer, and Storm Drain activities received \$6.4 million in contributions from private developers and other governments. \$1.9 million systems development charge (SDC) revenues collection for the year was \$1.3 million

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2018

more than previous year, indicating the growth and expansion of the economy and building activities. The SDC revenues are set aside for future utility infrastructure improvement projects.

- The operating revenues and operating expenses for the business type activities stayed stable from last fiscal year to this year and resulted in the operating income of \$3.7 million which is a slight increase (\$355,000) from last year.

ANALYSIS OF SIGNIFICANT BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Governmental Funds:

The General Fund is the main operating fund of the City and the total fund balance decreased by \$545,000 net of restatement during the fiscal year primarily due to a reduction of \$1.2 million in site development fees due to several large projects not moving forward as expected and \$1.8 million decrease for sale of city property over last fiscal year. These decreases were mostly offset by an increase of \$538,000 in newly imposed right-of-way fees and \$674,000 in intergovernmental revenue.

The Street Fund's ending fund balance for this year decreased about \$175,000 from last year. All of \$3.9 million fund balance is restricted for the maintenance of highways and streets infrastructure. The main source of revenues are gas tax distribution from the Oregon State and Washington County. Both revenues and expenditures in the Street Fund stayed at a similar level as the last fiscal year, and this fund spent \$1.8 million for street overlay projects and \$346,000 for capital improvement projects.

The Library Fund's fund balance had a minor decrease during the year, and all of the Library Fund's fund balance of \$1.8 million is restricted for the operations of the Beaverton's main library and branch library. The revenue distribution from the Washington County Consolidated Library Services (WCCLS) provides 63% of the current operating revenues for the City's library.

The Capital Development Fund had a decrease of \$1.2 million and ending fund balance of \$35 million, of which \$33.3 million is restricted for the construction of the new Public Safety Center. The \$1.2 million decrease was mostly due to design and construction costs of the new Public Safety Center.

Business Type Funds:

The Water Fund's net position increased by \$8.2 million; Sewer Fund's net position decreased by \$63,000; and Storm Drain Fund's net position increased \$3 million. In total, business type funds received \$6.4 million infrastructure contributions from private developers and other governmental agencies. This is a \$4.8 million increase over last fiscal year and reflects the large magnitude of development activity occurring in the City.

The increase in the Water Fund's net position includes a \$1.3 million increase in charges for services reflecting a consumption rate increase of 10 cents per 100 cubic feet of water and base rate increase of \$1.00 and a \$4.2 million increase in system development charges and capital contributions. During the fiscal year, the City issued \$18.1 million Water Revenue Bonds, Series 2018 and further disclosures can be found on page 40.

The increase in net position for the Storm Drain Fund is due to \$1.9 million increase in system development charges and capital contributions from private developers and other governmental agencies.

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's final adopted budget was \$2.7 million (4%) more than the original budget amount, excluding the contingency (see pages 76 and 77 for more detailed information) and is comprised of:

- \$347,000 in personnel services reflects \$210,000 for two new positions in Site Development (Senior Engineer and Permit Technician) due to the City's increase in development activity, \$71,000 for additional temporary help in various programs and \$30,000 for a new DUII Court Assistant position to assist with the program enrollment growth.
- \$1.7 million in materials and services expenditures which includes \$566,000 for carrying forward encumbrances from last fiscal year and re-appropriating them in FY 2017-18, \$284,000 for materials and expenditures funded by various grants, \$181,000 for additional expenses associated with the hiring of two new Site Development positions, \$119,000 for economic development activity, \$96,100 for building maintenance projects and \$471,000 for other material and services expenditures enacted in the two supplemental budgets adopted during the year.
- \$474,000 in capital outlay expenditures of which \$270,000 is for carrying forward encumbrances from last fiscal year and re-appropriating them in FY 2017-18, \$121,000 for police replacement vehicles and \$83,000 for building maintenance projects.
- \$171,000 increase in Transfers to Other Funds is for carrying forward encumbrances from last fiscal year and re-appropriating them in FY 2017-18 in the Capital Development Fund.

General Fund expenditures came in at \$6.8 million (9.56%) less than the final budget (excluding contingency), and significant differences between final adopted budget and actual expenditures include the following:

- The total personnel services expenditures came in at \$2.8 million less than budget due to various position vacancies during the fiscal year and actual fringe benefit costs \$1.4 million less than what was budgeted. The variance in fringe benefit costs is mainly due to position vacancies and the difference between budgeted rates such as medical and dental insurance premiums and actual rates in the retirement benefits contribution.
- Material and services was \$2.7 million less than budgeted which reflects \$1 million underspending in the Community Development Department for various programs including the planning and development divisions, economic development program and transportation planning; \$283,000 less for building projects, \$400,000 unexpended in professional services, \$109,000 less in utilities and \$566,000 less in various departments and programs that was unexpended and carried forward to FY 18-19.
- Transfers to Other Funds came in \$800,000 less than budgeted including \$254,000 transfer to Capital Projects Fund and \$279,000 to Capital Development Fund for various projects and \$225,000 less to Internal Service Funds for internally supported activities and services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At June 30, 2018, the City had approximately \$384.5 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 capital assets for the current fiscal year was \$33 million entity wide, and \$23 million of the increase was attributable to the contributions from other government and private entities in land and infrastructure. During the year, the City made a \$2.4 million purchase of 1.43 acres of land and buildings near City Hall for future redevelopment

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2018

purposes. The construction in progress in the governmental activities includes \$1.9 million of capitalized costs for the new Public Safety Center that is expected to be completed in 2020. The increase in the business type activities reflects the expansion and growth in the City's utility customer base due to annexation and water district changes.

Summary of Capital Assets
June 30

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land, intangible assets	\$23,379,037	\$17,835,865	\$10,369,421	\$9,981,317	\$33,748,458	\$27,817,182
Construction in progress	7,665,288	3,074,335	10,327,759	8,960,928	17,993,047	12,035,263
Intangible assets being amortized	1,373,977	1,170,772	71,718	93,058	1,445,695	1,263,830
Buildings and improvements (net of depreciation)	34,520,479	34,089,825	69,440	73,028	34,589,919	34,162,853
Machinery and equipment (net of depreciation)	6,160,629	5,813,586	3,527,415	2,611,709	9,688,044	8,425,295
Infrastructure (net of depreciation)	107,601,791	98,619,606	179,417,917	169,184,907	287,019,708	267,804,513
Totals	\$180,701,201	\$160,603,989	\$203,783,670	\$190,904,947	\$384,484,871	\$351,508,936

More detailed information on the City's capital assets is presented in Note II.C on pages 34 and 35 of this report.

Debt - At year end, the City had \$71.3 million in total long-term debt compared to \$51.7 million last year, an increase of \$19.7 million. New debt resulted mainly from issuing \$21.1 million revenue bonds for new water infrastructure projects.

Outstanding Debt at Year-End
June 30

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds (backed by the City)	\$35,915,301	\$37,450,322			\$35,915,301	\$37,450,322
Special revenue bonds (backed by right of way fee rev.)	2,460,203	3,474,691			2,460,203	3,474,691
Non-revolving line of credit	2,921,900	2,921,900			2,921,900	2,921,900
Loans and contracts payable	2,250,033	591,319	\$1,596,851	\$1,619,895	3,846,884	2,211,214
Revenue bonds (backed by water revenues)			26,187,912	5,615,000	26,187,912	5,615,000
Totals	\$43,547,437	\$44,438,232	\$27,784,763	\$7,234,895	\$71,332,200	\$51,673,127

The governmental activities outstanding debt reflects \$35,000,000 of general obligation (GO) bonds issued in 2017 to fund a new public safety center, and \$1 million remaining GO bonds was issued in 1999 to construct a new library facility. Both GO bonds are voter approved and paid by ad-valorem tax on all taxable property in the City. The special revenue bond was issued to fund tenant improvements at The Beaverton Building (City Hall), and the debt service payments for the special revenue bond will be made solely from right of way fees.

In addition, the City's component unit, the Beaverton Urban Redevelopment Agency (BURA) issued the Letter of Credit in the form of an Urban Renewal Note Series 2017 and a City of Beaverton Revenue Bond Series 2017, commonly referred to as the Non-Revolving Multi-Draw Line of Credit for urban renewal projects. The Borrower is listed as the Beaverton Urban Redevelopment Agency. The intent is to pay the interest due from BURA property tax increment. The

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2018

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. No additional draw was made during the fiscal year.

The 2018 revenue bonds received AA+ by Standard and Poor's, the second highest rating possible, and all City's debt for business-type activities are paid from net revenues of the water system. The City covenants in the Master Water Bond Ordinance to charge rates and fees to generate adequate net revenues to meet the required level for debt service expenses, and the City continues to be in compliance with the requirement.

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+, the second highest rating possible in 2008. Also in May 2010, Moody's upgraded the ratings of GO refunding bonds from Aa2 to Aa1, the second highest rating possible. The rating agencies recently confirmed these ratings.

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 \$472.6 million, and the City's outstanding GO debt is \$34.8 million which is significantly below the debt limit.

Additional information on the City's debt is in the notes to the basic financial statements on pages 37 to 42 (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 generally up over past years reflecting economic growth. The assessed valuation is rising and the major sources of current revenue are the property taxes. Beaverton has a diverse revenue basis, and revenue increases should come from fees related to new construction activities, lodging taxes, right-of-way fees, water revenue, planning fees and other sources.

The City's adopted budget for FY 2018-19 reflects total estimated resources of \$287 million which includes \$121.4 million of beginning balances, and the projected ending fund balances at the end of FY 2018-19 operation is \$81.6 million. The decrease between the beginning and ending fund balances is mainly due to spending on construction of the Public Safety Center and also spending on final design phases and initial construction phases of several capital improvements in the water system. The operating expenditures for the next fiscal year are steady, and the total employee count increased by 12.73 FTE (full time equivalent). The following are the major assumptions factors used in developing the FY 2018-19 budget:

- The City's permanent property tax levy rate for operating purposes is \$4.62 per \$1,000 assessed value, and \$4.22 is the levied tax rate in the FY 2018-19 budget which is \$0.05 decrease from FY 2017-18. The total property tax revenues for operations is estimated at \$39.9 million, and the increment between the current tax rate and the City's permanent rate would generate an additional \$4 million when applied to the assessed valuation of \$9.9 billion. This additional unused tax authority provides the City with sufficient resources to meet our future resource needs.
- With the increase in private investment in both housing and commercial construction in the area, the City expects continued growth in local economy and FY 2018-19 budgeted includes \$10.2 million in permits and fees revenue category.
- During FY 2017-18, the list of water infrastructure projects grew substantially with the increasing development opportunities in the Cooper Mountain area, and the city began a schedule of taking over water service responsibilities from Tualatin Valley Water District (TVWD) for customers already within the city limits.

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2018

- The Beaverton Urban Redevelopment Agency (BURA), a component unit of the City of Beaverton, should receive approximately \$3.6 million from the incremental growth of assessed valuation within the urban renewal district. Established in November 2011, the amount of tax increment is sufficient to provide the basis for a line-of-credit borrowing to finance property acquisition, public improvements and predevelopment assistance as necessary.

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.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BEAVERTON, OREGON
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$87,051,278	\$57,372,663	\$144,423,941
Property taxes receivable	1,453,079		1,453,079
Court fines receivable	1,988,418		1,988,418
Right of way fees, accounts and other receivables, net	2,119,504	5,390,450	7,509,954
Due from other governments	1,902,207		1,902,207
Grants receivable	453,181		453,181
Accrued interest receivable	354,254	136,343	490,597
Internal balances	949,322	(949,322)	
Inventory	109,892	204,664	314,556
Other assets	50,000		50,000
Investments in joint ventures		20,668,139	20,668,139
Net other postemployment benefits	152,241	16,362	168,603
Capital assets			
Land, intangible assets, construction in progress	31,044,325	20,697,180	51,741,505
Depreciable intangible assets (net of amortization)	1,373,977	71,718	1,445,695
Buildings and improvements (net of depreciation)	34,520,479	69,440	34,589,919
Machinery and equipment (net of depreciation)	6,160,629	3,527,415	9,688,044
Infrastructure (net of depreciation)	107,601,791	179,417,917	287,019,708
TOTAL ASSETS	277,284,577	286,622,969	563,907,546
Deferred Outflows of Resources:			
Deferred amount from other postemployment benefits obligation	381,836	41,039	422,875
Deferred amount from pension	19,946,152	1,846,851	21,793,003
TOTAL DEFERRED OUTFLOWS OF RESOURCES	20,327,988	1,887,890	22,215,878
Liabilities:			
Accounts payable	3,163,245	3,808,350	6,971,595
Accrued salaries and payroll taxes	2,780,689	301,429	3,082,118
Accrued interest payable	88,452	56,244	144,696
Other accrued liabilities	589,334	10,251	599,585
Due to other governments	845,251	5,858,197	6,703,448
Deposits and retainages payable	1,200,224	15,023	1,215,247
Long-term liabilities:			
Portion due within one year:			
Bonds, contracts, loan payable, net	2,652,309	1,515,663	4,167,972
Compensated absences	659,917	73,324	733,241
Portion due in more than one year:			
Bonds, contracts, loan payable, line of credit, net	40,895,129	26,269,097	67,164,226
Compensated absences	3,365,168	444,422	3,809,590
Net other postemployment benefits obligator	4,583,393	492,607	5,076,000
Net pension liability	58,813,319	5,445,630	64,258,949
TOTAL LIABILITIES	119,636,430	44,290,237	163,926,667
Deferred Inflows of Resources:			
Deferred amount from OPEB	353,560	37,998	391,558
Deferred amount from pension	3,572,452	330,780	3,903,232
TOTAL DEFERRED INFLOWS OF RESOURCES	3,926,012	368,778	4,294,790
Net Position:			
Net Investment in capital assets	173,734,741	200,424,568	374,159,309
Restricted for:			
Construction		15,217,956	15,217,956
Debt service	448,091	69,299	517,390
Highways and streets	14,769,768		14,769,768
Education	1,756,727		1,756,727
Other purposes	4,991,970		4,991,970
Unrestricted (deficit)	(21,651,174)	28,140,021	6,488,847
TOTAL NET POSITION	\$174,050,123	\$243,851,844	\$417,901,967

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

CITY OF BEAVERTON, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$37,419,997	\$7,698,687	\$1,359,813		(\$28,361,497)		(\$28,361,497)
Public safety	32,616,115	5,062,273	565,120		(26,988,722)		(26,988,722)
Highways and streets	11,211,835	88,563	6,514,919	\$18,421,857	13,813,504		13,813,504
Education	10,164,411	135,693	5,837,637		(4,191,081)		(4,191,081)
Cultural and recreation	1,478,383				(1,478,383)		(1,478,383)
Interest on long-term debt	1,470,893				(1,470,893)		(1,470,893)
Total governmental activities	94,361,634	12,985,216	14,277,489	18,421,857	(48,677,072)		(48,677,072)
Business-type activities:							
Water	10,670,276	13,970,755		4,878,602		\$8,179,081	8,179,081
Sewer	4,802,523	4,309,386		286,735		(206,402)	(206,402)
Storm drain	6,018,388	5,788,070		3,132,536		2,902,218	2,902,218
Total business-type activities	21,491,187	24,068,211		8,297,873		10,874,897	10,874,897
Total government	\$115,852,821	\$37,053,427	\$14,277,489	\$26,719,730	(48,677,072)	10,874,897	(37,802,175)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					41,327,491		41,327,491
Property taxes, levied for debt service					1,887,661		1,887,661
City tax levied for lodging, marijuana and business					2,348,078		2,348,078
Intergovernmental revenues, unrestricted					3,915,418		3,915,418
Right of way fee revenues					9,064,785		9,064,785
Right of way fee revenues, allocated for debt service					1,084,060		1,084,060
Unrestricted investment earnings					694,127	184,512	878,639
Other revenues					827,079	134,511	961,590
Total general revenues					61,148,699	319,023	61,467,722
Change in net position					12,471,627	11,193,920	23,665,547
Net position--Beginning, as previously reported							
					161,948,492	232,696,784	394,645,276
Adjustment for OPEB (See Note III-G)							
					(369,996)	(38,860)	(408,856)
Net position--Beginning, as restated							
					161,578,496	232,657,924	394,236,420
Net position--Ending							
					\$174,050,123	\$243,851,844	\$417,901,967

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

MAJOR FUNDS

General Fund

This fund accounts for the financial operations of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, licenses and permits, right of way fees, state shared revenues and charges for administrative services provided to other funds. Primary expenditures are for police protection, court, engineering and planning services, and general administration such as human resources, finance, city attorney and mayor's office.

Street Fund

Accounts for receipts of revenues from county gasoline tax and state gasoline taxes apportioned from the State of Oregon, and expenditures as specified under Article IX, Section 3 of the Constitution of the State of Oregon.

Library Fund

Accounts for receipts and expenditures of revenues from a county library special levy, property taxes levied, and donations and expenditures for operation of the City library.

Capital Development Fund

Accounts for the acquisition and construction of designated capital facilities. Major sources of revenue are bond sale proceeds and transfers from other funds.

OTHER GOVERNMENTAL FUNDS

Other Governmental Funds include Community Development Block Grant Fund, Building Fund, Transient Lodging Tax (TLT) Fund, Transportation Development Tax Fund, Transportation Systems Development Fund, Beaverton Center for the Arts Contribution Fund, General Obligation Debt Service Fund, Special Revenue Debt Service Fund, Capital Projects Fund, Assessment Debt Service Fund, Beaverton Urban Redevelopment Agency (BURA) General Fund, BURA Debt Service Fund and BURA Capital Projects Fund.

CITY OF BEAVERTON, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2018

	General Fund	Street Fund	Library Fund	Capital Development Fund	Other Governmental Funds	Total
Assets:						
Cash and investments	\$19,929,727	\$3,530,344	\$1,990,712	\$35,880,791	\$20,771,189	\$82,102,763
Property taxes receivable	1,193,774		101,882		157,423	1,453,079
Court fines receivable	1,988,418					1,988,418
Right of way/other receivables, net	1,349,083	3,120			499,373	1,851,576
Accrued interest receivable	111,251	15,548	10,999	80,431	82,237	300,466
Due from other funds	123,218					123,218
Due from other governments	597,929	620,672			683,606	1,902,207
Grants receivable	192,130				261,051	453,181
TOTAL ASSETS	\$25,485,530	\$4,169,684	\$2,103,593	\$35,961,222	\$22,454,879	\$90,174,908
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable	\$949,760	\$138,662	\$117,453	\$878,474	\$855,992	\$2,940,341
Accrued salaries and payroll taxes	1,023,829	44,404	128,949		80,086	1,277,268
Due to other funds					123,218	123,218
Due to other governments	450,723				394,528	845,251
Deposits and retainages payable	1,146,536	51,202			2,486	1,200,224
Total Liabilities	3,570,848	234,268	246,402	878,474	1,456,310	6,386,302
Deferred inflows of resources:						
Unavailable revenue - municipal court fines	1,538,456					1,538,456
Unavailable revenue - property taxes	1,055,202		89,465		134,073	1,278,740
Unavailable revenue - transportation development tax					471,359	471,359
Unavailable revenue - assessment liens, and interest	111,251	15,548	10,999	80,431	90,236	308,465
Total Deferred Inflows of Resources	2,704,909	15,548	100,464	80,431	695,668	3,597,020
Fund balances:						
Restricted		3,919,868	1,756,727	33,342,811	17,298,720	56,318,126
Committed	874,858			1,659,506	3,004,181	5,538,545
Assigned	10,081,867					10,081,867
Unassigned	8,253,048					8,253,048
Total Fund Balances	19,209,773	3,919,868	1,756,727	35,002,317	20,302,901	80,191,586
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$25,485,530	\$4,169,684	\$2,103,593	\$35,961,222	\$22,454,879	\$90,174,908

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

CITY OF BEAVERTON, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
June 30, 2018

Total fund balances - governmental funds		\$80,191,586
<p>Capital assets used in governmental activities are not financial resources, therefore, are not reported in the governmental funds' balance sheet:</p>		
Acquisition cost	\$241,409,317	
Accumulated depreciation	<u>(63,585,025)</u>	
		177,824,292
<p>Assets not available to pay for current-period expenditures and, therefore are not recognized in the governmental funds.</p>		
Contract and interest receivable from land sale		288,602
<p>Deferred revenues collected in subsequent years are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds' balance sheet:</p>		
Property tax revenue		1,278,740
Court fine revenue		1,538,456
<p>Deferred transportation development tax, assessment liens and investment income revenues that 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.</p>		
		779,824
<p>Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.</p>		
		3,790,801
<p>Long-term liabilities, including bonds/loan payable, accrued interest, payroll, pension and OPEB liabilities are not due in the current period and, therefore, are not reported in the funds' balance sheet.</p>		
Bonds, contracts, loans payable, net	(\$43,547,438)	
Accrued interest payable	(88,452)	
Accrued payroll liability, taxes and benefits liabilities	(4,948,752)	
Net pension activity:		
Net pension liability	(54,023,256)	
Deferred outflows	18,321,633	
Deferred inflows	(3,281,493)	
Net Other Postemployment Benefits Obligation (OPEB) activity:		
Net OPEB (RHIA) asset	140,883	
Net OPEB liability	(4,241,469)	
Deferred inflow	(327,185)	
Deferred outflows	353,351	
		<u>(91,642,178)</u>
Total net position - governmental activities		<u><u>\$174,050,123</u></u>

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

CITY OF BEAVERTON, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2018

	General Fund	Street Fund	Library Fund	Capital Development Fund	Other Governmental Funds	Total
Revenues:						
Property taxes	\$34,747,019		\$3,100,577		\$6,127,974	\$43,975,570
Local taxes	489,057				1,158,948	1,648,005
Intergovernmental	3,559,985	\$6,514,919	5,732,290		1,231,466	17,038,660
Federal grants	643,629				584,896	1,228,525
State and private grants	51,287		15,960			67,247
Fees, licenses, and permits	2,328,942				4,665,910	6,994,852
Right of way fees	8,464,784	600,000			1,084,060	10,148,844
Fines and forfeits	4,612,201		134,778			4,746,979
Interest on investments and assessments	110,738	26,315	16,367	\$234,751	159,104	547,275
Lease of City property					73,200	73,200
Charges for services	3,469,606	88,563				3,558,169
Miscellaneous and cash-in-lieu	495,934	28,406	143,561	24,168	249,164	941,233
TOTAL REVENUES	58,973,182	7,258,203	9,143,533	258,919	15,334,722	90,968,559
Expenditures:						
Current:						
General government	25,775,432				6,579,385	32,354,817
Public safety	30,224,956					30,224,956
Highways and streets		7,082,407			1,555,240	8,637,647
Education			9,146,862			9,146,862
Cultural	1,008,572					1,008,572
Debt service:						
Principal	78,336				2,494,488	2,572,824
Interest	28,356				1,825,948	1,854,304
Capital Outlay				3,430,610	5,282,533	8,713,143
TOTAL EXPENDITURES	57,115,652	7,082,407	9,146,862	3,430,610	17,737,594	94,513,125
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,857,530	175,796	(3,329)	(3,171,691)	(2,402,872)	(3,544,566)
Other financing sources (uses):						
Proceeds, note payable					1,835,000	1,835,000
Transfers in	83,899			2,066,662	4,838,962	6,989,523
Transfers out	(2,463,475)	(346,138)		(83,899)	(4,096,011)	(6,989,523)
TOTAL OTHER FINANCING SOURCES (USES)	(2,379,576)	(346,138)		1,982,763	2,577,951	1,835,000
NET CHANGE IN FUND BALANCES	(522,046)	(170,342)	(3,329)	(1,188,928)	175,079	(1,709,566)
FUND BALANCES - as previously reported	19,754,821	4,094,883	1,762,387	36,232,882	20,152,552	81,997,525
Adj. for inv. fair market value (Note III-G)	(23,002)	(4,673)	(2,331)	(41,637)	(24,730)	(96,373)
FUND BALANCES - as restated	19,731,819	4,090,210	1,760,056	36,191,245	20,127,822	81,901,152
FUND BALANCES - End of year	\$19,209,773	\$3,919,868	\$1,756,727	\$35,002,317	\$20,302,901	\$80,191,586

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

CITY OF BEAVERTON, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

Net change in fund balances - total governmental funds (\$1,709,566)

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. This is the amount by which depreciation exceeded capital outlay in the current period:

Expenditures for capital assets	\$9,900,669	
Less current year depreciation	<u>(4,539,488)</u>	
		5,361,181

The net effect of transactions involving capital assets, i.e., gain/loss on sales, donations and contributions from private developers and other governments. These transactions are not reported in the governmental funds. 14,134,911

Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received. (887,054)

Repayments and proceeds of long-term debt are reported as expenditures, revenues, and other financing source in governmental funds. However, it is reported as a decrease/increase in liabilities in the Statement of Net Assets. 835,773

Accrued interest expense on long-term debt, amortization of premiums/discounts, and accrued interest income on note receivables are reported in the Statement of Activities. However, they do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 390,519

Accrued payroll liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (266,733)

Other post employment benefit obligations do not require the use of current financial resources, and, therefore are not included in the governmental funds. (55,035)

Pension expense does not require the use of current financial resources, and, therefore, is not reported in governmental funds. (5,272,951)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet services, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (59,418)

Change in net position of governmental activities \$12,471,627

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

PROPRIETARY FUND FINANCIAL STATEMENTS

MAJOR BUSINESS-TYPE FUNDS

These funds are used to finance and account for the acquisition, operation and maintenance of water, sewer, and storm drain facilities which are supported by user charges.

Water Fund - accounts for the City's water utility operations, debt service and construction. This fund consists of three budgetary funds (Water Operating Fund, Water Debt Service Fund, and Water Construction Fund) that are combined as one enterprise fund in accordance with accounting principles generally accepted in the United States of America.

Sewer Fund - accounts for the City's sewer utility operations.

Storm Drain Fund - accounts for storm drainage connection fees and a user fee charged to property owners to finance maintenance of the City drainage system.

GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for services provided by the City of Beaverton for other departments within the City. Internal Service Funds include: Reprographics, Garage, Information Systems, Geographic Information Systems, Operations Administration, and Insurance.

**CITY OF BEAVERTON, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2018**

	Business -Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Fund	Sewer Fund	Storm Drain Fund	Totals	
Assets:					
Current assets:					
Cash and investments	\$32,889,327	\$12,852,632	\$11,630,704	\$57,372,663	\$4,948,515
Accounts receivable, net	2,204,038	2,431,798	659,419	5,295,255	15,173
Other receivables	95,195			95,195	
Accrued interest receivable	56,806	39,653	39,884	136,343	17,941
Inventory of materials and supplies	135,810	13,028	55,826	204,664	109,892
Total current assets	35,381,176	15,337,111	12,385,833	63,104,120	5,091,521
Noncurrent assets:					
Other assets					50,000
Investments in joint venture - JWC	15,375,914			15,375,914	
Investments in joint venture - Barney	5,043,074			5,043,074	
Investments in joint venture - WIF	249,151			249,151	
OPEB Asset (RHIA)	5,024	5,730	5,608	16,362	11,358
Capital assets, net	90,839,589	52,583,128	60,360,953	203,783,670	2,876,909
Total noncurrent assets	111,512,752	52,588,858	60,366,561	224,468,171	2,938,267
TOTAL ASSETS	146,893,928	67,925,969	72,752,394	287,572,291	8,029,788
Deferred outflows of resources:					
Deferred amount on pensions	656,003	469,080	721,768	1,846,851	1,624,519
Deferred amount on OPEB	12,600	14,373	14,066	41,039	28,485
	668,603	483,453	735,834	1,887,890	1,653,004
Liabilities:					
Current liabilities:					
Accounts payable	2,449,608	814,988	543,755	3,808,351	222,904
Accrued salaries and payroll taxes	112,169	68,305	120,954	301,428	226,294
Accrued interest payable	56,244			56,244	
Other accrued liabilities	10,251			10,251	589,334
Deposits and retainage payable	8,870	6,153		15,023	
Due to other governments		5,482,759	375,438	5,858,197	
Contract payable, net	24,267			24,267	
Bonds payable, net	1,491,396			1,491,396	
Total current liabilities	4,152,805	6,372,205	1,040,147	11,565,157	1,038,532
Long-term liabilities:					
Contract payable, net	474,936			474,936	
Bonds payable, net	24,696,516			24,696,516	
Loans Payable - IFA	1,097,645			1,097,645	
Compensated absences	192,443	110,026	215,277	517,746	353,461
Net pension liability	1,934,292	1,383,130	2,128,208	5,445,630	4,790,063
OPEB Liability (Single Employer)	151,240	172,520	168,847	492,607	341,923
Total long-term liabilities	28,547,072	1,665,676	2,512,332	32,725,080	5,485,447
TOTAL LIABILITIES	32,699,877	8,037,881	3,552,479	44,290,237	6,523,979
Deferred inflows of resources:					
Deferred amount on pensions	117,494	84,014	129,272	330,780	290,959
Deferred amount on OPEB	11,667	13,307	13,024	37,998	26,375
	129,161	97,321	142,296	368,778	317,334
Net Position:					
Net investment in capital assets	87,480,487	52,583,128	60,360,953	200,424,568	2,876,909
Restricted for construction	1,911,584	5,287,692	8,018,680	15,217,956	
Restricted for debt service	69,299			69,299	
Unrestricted	25,272,123	2,403,400	1,413,820	29,089,343	(35,430)
TOTAL NET POSITION	\$114,733,493	\$60,274,220	\$69,793,453	244,801,166	\$2,841,479
				(949,322)	
				\$243,851,844	

Adjustment to reflect the consolidation of internal service fund activities (949,322)

Net position of business-type activities

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

CITY OF BEAVERTON, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Fund	Sewer Fund	Storm Drain Fund	Totals	
Operating revenues:					
Charges for services	\$13,693,573	\$4,102,465	\$5,590,157	\$23,386,195	\$19,756,925
Installation fees	51,989			51,989	
Erosion control fees			89,700	89,700	
Lease income	101,872			101,872	
Miscellaneous revenues	148,979	261,416	52,399	462,794	532,238
TOTAL OPERATING REVENUES	13,996,413	4,363,881	5,732,256	24,092,550	20,289,163
Operating expenses:					
Personal services	2,267,336	1,778,263	2,598,900	6,644,499	4,893,008
Water purchases	1,383,335			1,383,335	
Administration charges from General Fund	493,587	336,502	424,580	1,254,669	
Right of way fee payment	641,861	194,006	265,495	1,101,362	
Insurance claims					10,419,822
Contract charges					747,417
Supplies, repairs, and services	2,733,661	1,168,952	1,427,042	5,329,655	3,804,344
Depreciation and amortization	1,974,187	1,355,907	1,330,477	4,660,571	417,047
TOTAL OPERATING EXPENSES	9,493,967	4,833,630	6,046,494	20,374,091	20,281,638
OPERATING INCOME (LOSS)	4,502,446	(469,749)	(314,238)	3,718,459	7,525
Nonoperating revenues (expenses):					
Interest on investments	(12,290)	106,443	90,359	184,512	26,673
Gain on sale of capital assets	12,825	21,708	75,639	110,172	
Debt Service fees	(145,215)			(145,215)	
Interest expense	(178,619)			(178,619)	
Net loss from joint ventures	(886,878)			(886,878)	
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,210,177)	128,151	165,998	(916,028)	26,673
INCOME BEFORE CONTRIBUTIONS	3,292,269	(341,598)	(148,240)	2,802,431	34,198
Capital contributions:					
Systems development charge revenue:	1,517,101	112,509	234,922	1,864,532	
Contributions, private developers and other gov:	3,361,501	174,226	2,897,614	6,433,341	
TOTAL CAPITAL CONTRIBUTIONS	4,878,602	286,735	3,132,536	8,297,873	
CHANGE IN NET POSITION	8,170,871	(54,863)	2,984,296	11,100,304	34,198
TOTAL NET POSITION - BEGINNING					
TOTAL NET POSITION - as previously reported	106,578,534	60,337,437	66,823,751	233,739,722	2,837,853
Adjustment for OPEB due to GASB 75 (Note III-G)	(15,912)	(8,354)	(14,594)	(38,860)	(30,572)
TOTAL NET POSITION - AS RESTATED	106,562,622	60,329,083	66,809,157	233,700,862	2,807,281
TOTAL NET POSITION - ENDING	\$114,733,493	\$60,274,220	\$69,793,453	\$244,801,166	\$2,841,479
Change in net position, above				\$11,100,304	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				93,616	
Change in net position of business-type activities				<u>\$11,193,920</u>	

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

**CITY OF BEAVERTON, OREGON
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2018**

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Storm Drain Fund	Totals	
Cash flows from operating activities:					
Cash receipts from customers and miscellaneous revenue	\$13,425,513	\$6,348,467	\$5,825,494	\$25,599,474	\$731,598
Cash receipts from interfund services provided to other funds	91,179	159,122	7,053	257,354	19,756,925
Cash payments to suppliers and for insurance claims	(2,929,714)	(251,918)	(189,180)	(3,370,812)	(14,393,257)
Cash payments to employees	(1,998,993)	(1,524,467)	(2,281,000)	(5,804,460)	(4,290,397)
Payments for overhead allocation and interfund services used	(2,129,797)	(1,314,310)	(1,492,448)	(4,936,555)	(574,818)
	6,458,188	3,416,894	1,869,919	11,745,001	1,230,051
NET CASH FROM OPERATING ACTIVITIES					
	6,458,188	3,416,894	1,869,919	11,745,001	1,230,051
Cash flows from capital and related financing activities:					
Interest expense	(129,900)			(129,900)	
Purchase of equity in joint venture	(1,216,373)			(1,216,373)	
Acquisition of capital assets	(8,921,155)	(1,227,342)	(1,145,464)	(11,293,961)	(1,018,166)
Debt Service Fees	(145,214)			(145,214)	
Principal paid on bonds and contracts	(618,526)			(618,526)	
Bond proceeds - 2018 bond issue	21,152,912			21,152,912	
Proceeds from disposition of capital assets	12,825	21,708	75,639	110,172	
Systems development charge revenues	1,517,101	112,509	234,923	1,864,533	
	11,651,670	(1,093,125)	(834,902)	9,723,643	(1,018,166)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
	11,651,670	(1,093,125)	(834,902)	9,723,643	(1,018,166)
Cash flows from investing activities:					
Interest received	(31,798)	90,858	75,305	134,365	20,600
	18,078,060	2,414,627	1,110,322	21,603,009	232,485
NET INCREASE IN CASH AND INVESTMENTS					
	18,078,060	2,414,627	1,110,322	21,603,009	232,485
CASH AND INVESTMENTS - Beginning of year	14,811,267	10,438,006	10,520,382	35,769,655	4,716,030
CASH AND INVESTMENTS - End of year	\$32,889,327	\$12,852,633	\$11,630,704	\$57,372,664	\$4,948,515

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

**CITY OF BEAVERTON, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS, Continued
For the Fiscal Year Ended June 30, 2018**

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Storm Drain Fund		
Reconciliation of operating income to net cash from operating activities:					
Operating income (loss)	\$4,502,446	(\$469,749)	(\$314,238)	\$3,718,459	\$7,525
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization	1,974,187	1,355,907	1,330,477	4,660,571	417,047
Pension expense	260,470	160,261	304,273	725,004	600,496
OPEB expense	(35,417)	55,742	(8,424)	11,901	(27,074)
Change in assets and liabilities:					
Accounts receivable	(407,995)	(117,892)	(36,669)	(562,556)	154,960
Due from other governments	65,627			65,627	
Other receivables and other assets	(69,571)			(69,571)	44,400
Inventory of materials and supplies	11,410	(2,106)	(39,999)	(30,695)	(7,456)
Accounts payable	131,150	136,039	478,863	746,052	(73,037)
Due to other governments	(15,254)	2,328,070	133,585	2,446,401	
Accrued salaries and payroll taxes	13,504	10,241	6,505	30,250	6,203
Other accrued liabilities	(675)	(67,171)		(67,846)	84,000
Compensated absences	28,306	27,552	15,546	71,404	22,987
TOTAL ADJUSTMENTS	1,955,742	3,886,643	2,184,157	8,026,542	1,222,526
NET CASH FROM OPERATING ACTIVITIES	\$6,458,188	\$3,416,894	\$1,869,919	\$11,745,001	\$1,230,051
Schedule of non-cash transactions:					
Reduction in investments in joint ventures due to net loss in joint venture operations	(\$886,878)			(\$886,878)	
Contributions, private developers and other govt.	\$3,128,933	\$150,912	\$2,765,391	\$6,045,236	
Easements and rights-of-way conveyed to the City	\$232,568	\$23,314	\$132,223	\$388,105	

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Beaverton (City), 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. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The accompanying financial statements present the City of Beaverton, Oregon (the primary government) and its component unit, the Beaverton Urban Redevelopment Agency (Agency). The component unit is blended and reported as if it is part of the City.

The City of Beaverton, Oregon, was incorporated in 1893 and operates under the provisions of its own charter and applicable State law, with a Mayor-Council form of government. The Mayor is the Chief Executive of the City and chairs City Council meetings. The Mayor does not vote, except in the event of a tie. The Mayor may veto an ordinance or other legislative enactment; the Council may override the veto by a four-fifths vote. The City Council (the "Council") is comprised of five members. The Mayor serves a four-year term. The five Council members are part-time elected officials who exercise the legislative powers of the City and determine matters of policy. The City Finance Director, other officers, and department directors are appointed by the Mayor.

The City of Beaverton provides a full range of municipal services to the community which includes police protection, traffic control and improvement, street maintenance and improvement, water, sewer and storm drain service, planning and zoning regulation, building inspection and regulation, library, municipal court and other services. Fire protection services are provided by Tualatin Valley Fire and Rescue and park services are provided by Tualatin Hills Park and Recreation District.

Blended Component Unit – The Beaverton Urban Redevelopment Agency is a legally separate public body created by ordinance of the City in March 2010 and approved by the voters in November 2011. The Agency's governing body is substantively the same governing body of the City as the governing board and consists of members of the City Council, Mayor and three citizens. Additionally, the City's management has operational responsibility for the Agency as it manages the activities of the Agency in essentially the same manner in which it manages the City's own operations.

The Agency receives funds through tax increment financing pursuant to Oregon Revised Statutes (ORS) 457.420 through 457.450. Separate financial statements for the Agency can be obtained from the finance department of the City of Beaverton, 12725 SW Millikan Way, Beaverton, Oregon 97005.

The accounts of the City and its component unit are organized on the basis of funds. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating government 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, fund balances (net position), revenues, expenditures (expenses) and deferred inflows/outflows of resources.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) fees, fines, and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise (business-type) funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the other supplemental information.

C. Measurement Focus and Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements and the proprietary funds financial statements are presented on the full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. These funds use 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, and court fines revenues are recognized when fines are assessed and become due. Grants and similar items are recognized as revenue as soon as all eligible and reimbursable expenditures are incurred.

Interfund activity consists of transfers, services provided and/or used, reimbursements, advances, and loans. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's ongoing operations. The operating revenues of the City's enterprise funds include but are not limited to, charges to customers for water, sewer and storm drain service. Significant operating expenses include personnel, materials and services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues, expenses and contributions.

The governmental fund financial statements are accounted for using a current financial resources measurement focus, whereby only current assets, liabilities and deferred inflows of resources generally are included in the Balance Sheet, and the Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases and decreases in those items. These funds 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

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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

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. Expenditures are recorded when a related fund liability is incurred, except for interfund transactions which are recorded on the accrual basis and interest on general long-term debt which is recorded as due. Significant governmental funds revenues which were subject to accrual at June 30, 2018 under the modified accrual basis of accounting were as follows: property taxes, municipal court fines, state, county, and local shared revenues which are collected within 60 days subsequent to year end.

In the government-wide financial statements, however, with a full accrual basis of accounting, all expenses affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long term portions of debt, compensated absences, pension and other post-employment benefits are included. Also in the government-wide financial statements, certain indirect costs have been included as part of the program expenses for the various functional activities.

Other receipts become measurable and available when cash is received and recognized as revenue at that time, except for revenues for grants and shared revenues which are recorded when the qualifying expenditures have been incurred and all other grant requirements have been met.

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 and municipal court fines not deemed available to finance operations of the current period. 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.

Deferred outflow of resources arises in the statement of activities when consumption of resources that results in either a net decrease in assets or a net increase in liabilities are related to a future period.

In the government-wide Statement of Net Position, deferred outflows of resources and deferred inflows of resources relating to pensions and OPEB payables are recognized.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

The City reports the following major governmental funds:

- **General Fund**
This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, state and county shared revenues and fines and forfeitures. Primary expenditures are for general government, planning and development, engineering services, and public safety.
- **Street Fund (Special Revenue Fund)**
Accounts for receipts and expenditures of revenues from county and state motor fuel taxes apportioned from the State of Oregon, and restricted for expenditures as specified under Article IX, Section 3 of the Constitution of the State of Oregon.

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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

- **Library Fund (Special Revenue Fund)**
Accounts for receipts and expenditures of revenues from a county library special levy, property taxes levied and donations received and restricted for operation of the City library.
- **Capital Development Fund (Capital Projects Fund)**
Accounts for the acquisition and construction of major capital facilities. Bond sale proceeds and transfers from other funds are major sources of funds.

The City reports the following major proprietary funds:

- **Water Fund (this fund consists of three budgetary funds, Water Operating Fund, Water Debt Service Fund, and Water Construction Fund)**
- **Sewer Fund**
- **Storm Drain Fund**

These funds account for the operations, maintenance, debt service and capital construction projects for water, sewer and stormwater which are funded mostly through monthly user fees, system development fees, other extra capacity revenues and bond sale proceeds.

Additionally, the City reports nonmajor funds within the governmental fund type as follows:

- **Special Revenue Funds** to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.
- **Debt Service Funds** to account for the accumulation of resources and payment of principal and interest on general obligation, special revenue debt service, local improvement districts, and other long-term debt of governmental funds.
- **Capital Projects Fund** to account for the construction of capital improvement projects.

Additionally, the City reports the following fund type:

- **Internal service funds** account for those activities and services furnished internally to other organizational units within the City on a cost reimbursement basis. Charges are made to the various departments to support these activities. The City's internal service funds include Reprographics, Garage, Information Systems, Geographic Information Systems, Public Works Administration, and Insurance. The aggregate of all internal service funds are reflected in the proprietary fund financial statements.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

1. Cash and Investments

The City reports cash and investments at fair value in a common pool. Interest earned on the pooled cash and investments is allocated monthly based on each fund's average cash balance as a proportion of the City's total pooled cash and investments.

2. Receivables

Property taxes receivable and court fines receivable of the governmental fund types, which have been collected within 60 days subsequent to year end, are considered measurable and available and therefore are recognized as revenues. The remaining balances of the receivable are offset by deferred inflow of

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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
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resources and, accordingly, have not been recorded as revenue in the fund financial statements. Court fines receivables are turned over to an external collection agency after approximately 180 days, and the receivable balance reflects historical collection rate. The court fines receivable is partially offset by the amount collected on behalf of the State of Oregon and Washington County that are shown as due to other governments in the liabilities section. 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.

Assessment liens receivable are recorded as other governmental fund receivables at the time property owners are assessed for property improvements. The receivable balances that have not been collected within 60 days subsequent to year end are offset by deferred inflow of resources and accordingly, have not been recorded as revenue in the fund financial statements. Assessment interest receivable is recorded as earned; the assessment interest revenue is recognized when it becomes measurable and available.

Receivables of the proprietary fund types are recorded as revenue when earned, including services earned but not billed. The enterprise fund receivables relate to billings for residential and commercial customers that utilize the City's water, sewer and storm drain services. Receivables in enterprise funds are stated net of an allowance for uncollectibles.

3. Inventory of Materials and Supplies

Inventory in the proprietary fund types, determined by physical count, are recorded at cost (first-in, first-out basis) and are charged to expense as used (consumption method).

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (e.g., streets and roads, bridges, sidewalks, water reservoirs, water, sewer and storm lines, and similar items), and intangible assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund statements. The City has elected to include its costs of rights of way acquired subsequent to July 1, 1980 as part of infrastructure. The City has also elected not to report infrastructure acquired prior to July 1, 1980. The threshold for capitalized equipment and improvements is \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. Estimated useful lives used in computing depreciation are:

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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
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Assets	Years
Equipment and Software	2-10
Heating and Cooling System	40
Buildings and improvements	50
Infrastructure, utilities	50-65
Infrastructure, street	40-75
Intangible Water Rights	40

5. Investments in Joint Ventures

Investments in joint ventures with other governmental units are reported at cost plus or minus the City's share of operating income or loss (Note II. E).

6. Intangible Assets

Intangible assets consist of water rights, easements, and internally developed software. Some water rights and all internally developed software are amortized on the straight-line method over the estimated useful lives.

7. Compensated Absences

Earned but unpaid compensatory time is recorded as an expense in the proprietary fund types and government-wide statements. In the Statement of Net Position, the current portion of the compensated absences balance is separately reported as amount due within one year in the long term liability section. There is no liability for unpaid accumulated sick leave since the City has a policy to not pay any amounts when employees retire or are terminated.

8. Long-Term Debt

In the government-wide financial statements and also in the proprietary fund type statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities. Bond premiums and discounts are amortized using the straight-line method, which approximates the effective interest method, over the related debt repayment period. Unamortized bond discount costs or premiums are offset against bonds payable. Bond issuance costs are expensed when incurred, in accordance with GASB 65. Additionally, any resulting difference from a current refunding or advance refunding is shown as a deferred outflow or inflow of resources and is recognized as a component of interest expense in a straight-line method over the remaining life of the old debt or new debt, whichever is shorter.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Pension Liability and Other Post Employment Benefits

In government-wide financial statements, pensions and other postemployment benefits (OPEB) are required to be recognized and disclosed using the accrual basis of accounting regardless of the amount recognized as pension and other postemployment expenses on the modified accrual basis of accounting.

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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS.

The OPEB liability for the City is comprised of two separate plans – an implicit rate subsidy for retiree health insurance premiums, and a contribution to the OPERS cost-sharing multiple-employer defined health insurance benefit plan. Both plans measure the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB expense on an accrual basis.

11. Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable fund balance is the portion of net resources that cannot be spent because they are either (a) in a nonspendable form or (b) legally or contractually required to be maintained intact. 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.

Fund balance is reported as committed when the City Council passes a resolution that places specific constraints on how the resources may be used. The Council action that imposed the limitation would need to occur no later than the close of the reporting period. The City Council can modify or rescind the legislative action at any time through passage of an additional resolution.

The net resources that are constrained by the City's intent to use them are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be set aside for specific purposes during the adoption of the annual budget. The City's Finance Director uses that information to determine whether those resources should be classified as assigned in the City's fund financial statements. The City's assigned fund balance category also reflects the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year's adopted budget, as well as the encumbered amounts that represents commitments of the City's resources. Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund.

The City does not have an established policy on the spending order of restricted or unrestricted fund balances. As a result, it is assumed that restricted resources are spent first when expenditures are incurred; when unrestricted resources are spent, the order of spending is committed, assigned, and unassigned fund balance when available.

12. 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 and the Proprietary Fund Statement of Net Position. When both restricted and unrestricted net positions are available, the City will apply restricted resources as appropriate, then unrestricted as necessary.

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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

13. Use of Estimates

The preparation of basic financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS

A. Pooled Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Governmental activities and business-type activities portions of this pool are displayed on the government-wide Statement of Net Position as “Cash and Investments”. Oregon Revised Statutes (ORS) authorize the City to invest in obligations of the U.S. Treasury, U.S. government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, repurchase agreements, State of Oregon Treasury Local Government Investment Pool, various interest bearing bonds of Oregon municipalities, certificates of deposit, and certain commercial paper among others. In addition, the City's investments are governed by a written investment policy, which is approved by the Oregon Short-Term Fund Board and adopted by the City Council. The policy specifies the City's investment objectives, required diversification, certain limitations, security safekeeping, and reporting requirements.

Cash and investments are comprised of the following at June 30, 2018:

Cash on hand	\$77,661
Cash with fiscal agent	120,800
Deposits with financial institutions	7,979,069
Investments	136,246,411
	\$144,423,941

The City participates in an external investment pool (State of Oregon Treasury Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the ORS and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establishes diversification percentages and specifies the types and maturities of investments. That portion of the external investment pool which belongs to local government participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report. A copy of the State's Comprehensive Annual Financial Report may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

The City's position in the Pool at June 30, 2018 is stated fair value.

Deposits with Financial Institutions

The City's deposits with financial institutions are insured up to levels defined by Federal laws, the Federal Depository Insurance Corporation (FDIC) and National Credit Union Administration (NCUA). Deposits with financial institutions are comprised of time deposits and bank demand deposits totaling \$9,278,931. Of

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June 30, 2018

these time deposits and bank demand deposits, \$744,082 was covered by FDIC insurance and \$496,127 was covered by NCUA insurance. For the \$8,038,721 deposits in excess of FDIC and NCUA insurance, the ORS requires that deposit accounts in excess of the deposit insurance limits are only maintained at financial institutions included on a list of qualified depositories as determined by the Office of the State Treasurer. The City was in compliance with the ORS requirement.

Interest Rate Risk

As a means of managing its exposure to fair value loss arising from increasing interest rates and to allow investment maturities to coincide with projected needs, the City's investment policy does not allow direct investment in securities maturing more than five years from the date of purchase. The only exception to the five year maturity maximum is reserve or program monies may be invested in securities exceeding five years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

The City's fair market value of investments as of June 30, 2018 are summarized below:

	<u>Fair Market Value</u>	<u>Less than 12 Months</u>	<u>12-18 Months</u>	<u>Greater than 18 Months</u>
US Treasury	\$44,168,016	\$14,922,431		\$29,245,585
Federal Agencies	50,280,642	13,901,817	\$9,834,445	26,544,380
Corporate Bonds	3,962,502	1,993,878	1,968,624	
State of Oregon Local Government Investment Pool	<u>37,835,251</u>	<u>37,835,251</u>		
Total Investments	<u>\$136,246,411</u>	<u>\$68,653,377</u>	<u>\$11,803,069</u>	<u>\$55,789,965</u>

Credit Risk

The City's investment policy limits the type of investments to no more than 10% in commercial paper, United States agency secondary securities and repurchase agreements; 20% in municipal obligations (Oregon, California, Idaho and Washington), bank time deposits/savings accounts, banker's acceptance and certificates of deposit; 25% in corporate bonds. There are no portfolio limits to United States treasury obligations and United States government agency securities. As of June 30, 2018, the Oregon Short-Term Fund (LGIP) is limited to \$48,333,000 per Oregon Revised Statute 294.810.

The minimum allowable credit rating criteria the City's investment policy authorizes for issuers of commercial paper is limited to those rated A1/P1 or better by Standard & Poor's (S&P) and Moody's Investors Service. Corporate indebtedness must have a minimum long term debt rating of AA- by S&P or a Aa3 rating by Moody's Investors Service. Municipal obligations must have a minimum long-term rating of AA- by S&P or Aa3 by Moodys. Institutions issuing a banker's acceptance agreement shall have a rating of at least AA- Underlying by S&P or Aa3 Underlying by Moody's Investors. The Oregon Short-Term Fund is not rated. As of June 30, 2018, the City's investments in United States treasury obligations, government agency securities and Apple, Inc. corporate bonds are rated AA+ by S&P. The City's investment in Microsoft Corporation corporate bonds is rated AAA by S&P. All investments are in compliance with the City's investment policy.

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

Concentration of Credit Risk

<u>Issuer</u>	<u>Fair Market Value</u>	<u>Percent of Holdings</u>	<u>Maximum Allowable % of Holdings</u>
FFCB	\$9,932,330	7.02%	100.00%
FHLB	11,854,500	8.41%	100.00%
FHLMC	18,737,938	13.29%	100.00%
FNMA	9,755,875	6.92%	100.00%
Corporate Bonds	3,962,502	2.81%	25.00%
US Treasury	44,168,015	31.32%	100.00%
Oregon Short-Term Fund (LGIP)	37,835,251	26.83%	**
Sub-total	136,246,411		
Certificates of Deposit	4,791,869	3.40%	20.00%
Total Investments	\$141,038,280	100.00%	

**Maximum allowed per ORS 294.810

Fair Value Measurement

The City categorizes its fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect observable inputs including, but not limited to, quoted prices for similar assets in markets that are active, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the assets (such as exchange rates, financing terms, interest rates, yield curves, volatilities, loss severities, credit risk and default rates) or other market-corroborated inputs; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The City reports investments at fair market value. U.S. agency obligations are Level 1 investments. The City's corporate bonds are Level 2 investments and are valued using the Market Approach. Investments in LGIP are not subject to level designation.

B. Receivables

Receivables as of year end for the City's individual major and nonmajor funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are presented on the face of the governmental and proprietary fund financial statements. The property tax receivables not expected to be collected within one year are \$893,774 in the General Fund, \$81,882 in the Library Fund, and \$122,423 in the nonmajor governmental funds. The court fine receivable not expected to be collected within one year is \$1,627,573. Of this amount \$1,322,892 is the City's revenue and \$304,682 is due to other governments. In the nonmajor governmental funds, \$407,878 of the transportation development tax receivable is not expected to be collected within one year.

Governmental funds report deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Due from other funds in the General Fund and due to other funds in the nonmajor governmental funds are made to cover for the negative cash balance in the Community Development Block Grant Fund that operates on a reimbursement basis.

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

C. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2018 was as follows:

Description	Beginning Balance 6/30/17	Increases	Decreases	Ending Balance 6/30/18
Non-depreciable Capital Assets				
Land	\$15,707,718	\$1,539,607	(\$2,468,125)	\$14,779,200
Intangible assets - easements, ROW	2,128,147	6,471,690		8,599,837
Incomplete internally developed sftwr	305,971	227,545	(150,546)	382,970
Construction in progress	2,768,364	5,547,146	(1,033,192)	7,282,318
Total capital assets not being depreciated	20,910,200	13,785,988	(3,651,863)	31,044,325
Depreciable Capital Assets:				
Intangible assets, internally dev sftwr	2,336,854	479,588	(36,409)	2,780,033
Buildings and improvements	50,076,790	1,538,698		51,615,488
Machinery and equipment	17,341,785	1,379,395	(788,615)	17,932,565
Infrastructure - street	132,181,938	11,527,697		143,709,635
Total depreciable capital assets	201,937,367	14,925,378	(825,024)	216,037,721
Less accumulated depreciation for:				
Intangible assets, internally dev sftwr	(1,166,082)	(276,383)	36,409	(1,406,056)
Buildings and improvements	(15,986,965)	(1,108,044)		(17,095,009)
Machinery and equipment	(11,528,199)	(1,026,598)	782,861	(11,771,936)
Infrastructure - street	(33,562,332)	(2,545,512)		(36,107,844)
Total accumulated depreciation	(62,243,578)	(4,956,537)	819,270	(66,380,845)
Total capital assets being depreciated, net	139,693,789	9,968,841	(5,754)	149,656,876
Governmental activities capital assets, net	\$160,603,989	\$23,754,829	(\$3,657,617)	\$180,701,201

Depreciation expense for governmental activities is charged to functions as follows:

General government	\$1,367,059
Public safety	324,007
Highways and streets	2,739,899
Education	441,956
Cultural and recreation	83,616
Total depreciation for governmental activities	<u>\$4,956,537</u>

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

Capital asset activity for business-type activities for the year ended June 30, 2018 was as follows:

Description	Beginning Balance 6/30/17	Increases	Decreases	Ending Balance 6/30/18
Non-depreciable Capital Assets:				
Land	\$2,678,202			\$2,678,202
Intangible assets	7,303,115	\$388,105		7,691,220
Construction - Work in Progress	8,960,928	2,566,708	(\$1,199,878)	10,327,758
Total capital assets not being depreciated	18,942,245	2,954,813	(1,199,878)	20,697,180
Depreciable Capital Assets:				
Buildings and improvements	538,221			538,221
Intangible Water Rights	838,941			838,941
Machinery and equipment	6,567,381	1,428,206	(609,935)	7,385,652
Infrastructure - utilities	230,100,813	14,395,510		244,496,323
Total depreciable capital assets	238,045,356	15,823,716	(609,935)	253,259,137
Less accumulated depreciation and amortization for:				
Buildings and improvements	(465,193)	(3,588)		(468,781)
Intangible Water Rights	(745,883)	(21,340)		(767,223)
Machinery and equipment	(3,955,672)	(473,142)	570,577	(3,858,237)
Infrastructure - utilities	(60,915,906)	(4,162,500)		(65,078,406)
Total accumulated depreciation	(66,082,654)	(4,660,570)	570,577	(70,172,647)
Total capital assets being depreciated, net	171,962,702	11,163,146	(39,358)	183,086,490
Business-type activities capital assets, net	\$190,904,947	\$14,117,959	(\$1,239,236)	\$203,783,670

Depreciation and amortization expense for business-type activities is charged to functions as follows:

Water	\$1,974,186
Sewer	1,355,907
Storm water	1,330,477
Total depreciation and amortization for business-type activities	<u>\$4,660,570</u>

D. Interfund Transfers and Loans

Transfers between funds provide support for various City programs in accordance with budgetary authorizations and resources for payment of debt services. General Fund transfers to the Capital Development fund includes Canyon Road improvements and bike network projects (\$233,464) and library fountain improvements (\$190,000). General Fund transfer to nonmajor governmental funds includes \$1,190,387 to the General Bonded Debt fund for interest on the 2017 General Obligation bonds; \$454,258 to the Lodging Tax fund for funding of the Beaverton Center for the Arts Program and \$395,366 to the Capital Project fund for sidewalk and pathway improvements. The \$83,899 transfer to the General Fund from the

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

Capital Development fund is for reimbursement of funds spent by the General Fund in prior years. Street Fund transfer to the Capital Development fund is for Canyon Road improvements and bike network projects (\$234,955); transfers to the nonmajor fund includes \$58,018 for sidewalk improvements and \$53,165 for miscellaneous projects. Transfer from the Lodging Tax fund to the Capital Development fund is for funding of the Beaverton Center for the Arts Program (\$1,408,243). The transfer between nonmajor governmental funds was to fund street extension projects (\$1,821,663) and funding from BURA General Fund to BURA Debt Service Fund for loan payments (\$866,105).

Interfund transfers for the fiscal year ended June 30, 2018, consisted of the following:

	Transfers In			Total
	General Fund	Capital Development Fund	Nonmajor Governmental Funds	
Transfers Out				
Governmental Funds:				
General Fund		\$423,464	\$2,040,011	\$2,463,475
Street Fund		234,955	111,183	346,138
Transportation Lodging Tax Fund		1,408,243		1,408,243
Capital Development Fund	\$83,899			83,899
Nonmajor Governmental Funds			2,687,768	2,687,768
Total Transfers in/out	\$83,899	\$2,066,662	\$4,838,962	\$6,989,523

E. Investments in Joint Ventures

	Joint Water Commission	Barney Reservoir	Willamette Intake Facilities	Total
Investment in joint ventures at June 30, 2017	\$15,019,277	\$5,198,205		\$20,217,482
Investment	1,075,211	12,244	\$250,080	1,337,535
Loss for the year	(718,574)	(167,375)	(929)	(886,878)
Investment in joint ventures at June 30, 2018	\$15,375,914	\$5,043,074	\$249,151	\$20,668,139

Joint Water Commission

In April 1979, the City purchased an interest in the Joint Water Commission (“JWC”) to provide joint operations for the supply, pumping, treatment, and transmission of potable water. This agreement was established between the City of Hillsboro, the City of Forest Grove, and the City of Beaverton. Effective July 1994, the JWC expanded its membership to include Tualatin Valley Water District (“TVWD”). The JWC is governed by three members from each entity. The City of Beaverton currently has a 25% ownership of JWC facilities.

Barney Reservoir Joint Ownership Commission

The Barney Reservoir Joint Ownership Commission (“BRJOC”) was formed to own, operate, and expand the J.W. Barney Reservoir (a dam on the Trask River in the coastal mountains). The BRJOC is governed by one member from each entity. The City of Beaverton currently has a 21.5% ownership (4,300 acre feet) of the Barney Reservoir.

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

Willamette Intake Facilities Commission

During fiscal year 2018, the City of Beaverton became a partner in the Willamette Intake Facilities (WIF). WIF was established as a component of the Willamette Water Supply Program (WWSP). The purpose of WIF is to draw water from the Willamette River to a location where the raw, untreated water can then be conveyed to water treatment plants. The City has a 3.3% ownership (estimated capacity of 5 MGD). The WWSP is preparing to upgrade and expand existing raw water intake facilities to a total capacity of 150 MGD.

The investments in the joint ventures were recorded at cost in the Water Fund, and the City's share of the annual net income or loss of the Joint Water, Barney Reservoir and Willamette Intake Joint Ventures is used to adjust the ending balance of the City's equity interest in the joint ventures. Financial statements for Joint Water Commission and Barney Reservoir Commission may be obtained from the City of Hillsboro, Finance Department at 150 East Main St., Fifth Floor, Hillsboro, Oregon 97123. Financial statements for Willamette Intake Facilities Commission may be obtained from Tualatin Valley Water District, Finance Department at 1850 SW 170th Avenue, Beaverton, Oregon 97003.

F. Lease Obligations

Governmental Activities Operating Lease

Since May of 2010, the City leased 7,032 square feet of office space in a commercial building in Murray Scholls Town Center for the branch library that opened in June 2010. Over time, community demand for library services at the branch library has exceeded expectations. During fiscal year 2015 the City negotiated a new lease to add square footage to a total of 10,418 square feet to the branch library operation to meet the increasing community need. The term of the new lease agreement is from May 1, 2015 to January 31, 2026 with an option to extend for two (2) additional periods of five (5) years each. The cost for the lease was \$175,460 for the year ended June 30, 2018, and the minimum lease payment for the future years are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$178,968
2020	182,544
2021	186,200
2022	189,924
2023	193,724
2024 - 2026	466,772
TOTAL	<u><u>\$1,398,132</u></u>

G. Long-term debt

Governmental Activities Long-term Loan Payable

In December of 2005, the City assumed a long-term loan payable of \$601,747 from the previous owner of the Beaverton Central Heating and Cooling Plant as a part of the agreement of the asset transfer that took place in FY 2004-05, and this loan was paid off during 2017. In June of 2007, the City borrowed an additional \$1,000,000 to finance the construction costs of the Plant expansion. The loan was issued from the State of Oregon Department of Energy through a Small Scale Energy Loan Program. The principal and interest payments of the remaining loan will be made with the revenues received from customers of the Plant. Future maturities are as follows:

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$83,854	\$22,835
2020	89,759	16,930
2021	96,080	10,608
2022	102,841	3,842
TOTALS	<u><u>\$372,534</u></u>	<u><u>\$54,215</u></u>

General Obligation Bonds

The City issues general obligation (GO) bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Principal and interest payments are paid solely from property tax revenues.

2005 GO Refunding Bonds

The original amount of GO bonds issued in 1999 for a new library facility was \$21,895,000, and on August 16, 2005, the City issued \$13,575,000 GO refunding bonds to advance refund the callable portion of the 1999 bonds. The following is the City's final debt service requirement for the 2005 refunding GO bonds and the stated interest rate.

<u>Year Ending June 30</u>	<u>Interest Rates</u>	<u>Governmental Activities</u>	
		<u>Principal</u>	<u>Interest</u>
2019	5.00%	\$1,000,000	\$50,000
Unamortized discount		(2,726)	
TOTALS		<u><u>\$997,274</u></u>	<u><u>\$50,000</u></u>

2017 GO Bonds

On February 8, 2017 the City issued \$33,845,000 in general obligation bonds to pay for the capital costs of constructing and equipping an earthquake-resistant public safety center on property already owned by the City. The following is the City's debt service requirements for the 2017 GO bonds and the stated interest rates for respective maturity years:

<u>Year Ending June 30</u>	<u>Interest Rates</u>	<u>Governmental Activities</u>	
		<u>Principal</u>	<u>Interest</u>
2019		-	\$1,130,621
2020	3.00%	\$815,000	1,130,621
2021	3.00%	900,000	1,106,171
2022	3.00%	995,000	1,079,171
2023	3.00%	1,090,000	1,049,321
2024-2028	3.00-5.00%	7,355,000	4,434,256
2029-2033	3.00%	10,915,000	2,890,706
2034-2037	3.125-3.20%	11,775,000	966,378
		33,845,000	
Unamortized Premium		1,073,027	
TOTALS		<u><u>\$34,918,027</u></u>	<u><u>\$13,787,246</u></u>

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

Special Revenue Bonds – Governmental

In October 2013, the City issued \$7,000,000 Special Revenue Bonds and placed \$5,700,000 in the Capital Development Fund to construct improvements to the Beaverton Building at The Round at Beaverton Central. The remaining \$1,300,000 was used as a reimbursement to the General Fund for a portion of the purchase of the building. The City purchased the Beaverton Building in April 2012 in the amount of \$8,841,109 (\$8,041,109 from the General Fund and \$800,000 from the Capital Development Fund), and it became the new City Hall in August 2014.

The Special Revenue Bonds will be payable solely from franchise fees, and the following is the City’s debt service requirements to maturity:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$1,038,173	\$45,885
2020	1,062,410	21,648
2021	359,620	1,732
TOTALS	<u>\$2,460,203</u>	<u>\$69,265</u>

Beaverton Urban Renewal Agency (BURA) Non-Revolving Multi-Draw Line of Credit

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 a City of Beaverton Revenue Bond Series 2017, as was sold in a negotiated sale to Key Government Finance, Incorporated. 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 new bonds will be backed by BURA tax increment payments and also by the City’s non-property tax revenue including franchise fees, fines, forfeitures or any other non-property tax revenues that the City pledges to payment of the special revenue bonds. 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, 2018, the LIBOR rate was 2.09213%. The interest rate for the unused portion of the line of credit is 25 basis points (.25%).

As of June 30, 2018, the line of credit activity is as follows:

<u>Maximum</u>			<u>Remaining</u>
<u>Draw</u>	<u>Draw Date</u>	<u>Principal Draw</u>	<u>Draw Available</u>
\$19,000,000	03/29/2017	(\$2,921,900)	\$16,078,100

Land purchase contract payable

In October, 2015 the City entered into a four year land purchase contract to purchase a piece of property (0.48 acres) located at the southwest corner of SW Millikan Way and SW Rose Biggi Avenue in the amount of \$385,000. The property is in close proximity to City Hall and has many potential short and long-term uses. Future maturity is as follows:

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$42,499	\$447

Land purchase note payable

In January 2018, Beaverton Urban Redevelopment Agency, City’s blended component unit, entered into a four year property purchase contract to acquire approximately 1.43 acres of land and three buildings near City Hall. The property is comprised of three adjacent properties on SW Canyon Road and SW Beaverdam Road. This property was purchased for land assembly and redevelopment purposes consistent with the Central Beaverton Urban Renewal Plan. After the initial \$500,000 payment at closing, \$1,835,000 note will be paid in four installment payments at the interest rate of 3.9% as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$432,768	\$71,565
2020	449,646	54,687
2021	467,081	37,252
2022	485,505	18,935
TOTALS	\$1,835,000	\$182,439

Revenue Bonds – Enterprise Funds

The City issues revenue bonds to finance major construction projects for business-type activities.

In 2018, The City issued \$18,125,000 Water Revenue Bonds, Series 2018 to finance all or a portion of the costs associated with additions, replacements, expansions or improvements to the City’s water system infrastructure and to pay costs of issuance on the 2018 Bonds. The bonds were issued at a premium of \$3,027,912 and net proceeds from the bond issue were \$21,152,912.

During fiscal year 2017, the City issued \$5,615,000 Water Revenue and Refunding Bonds, Series 2016 for the purpose of refunding in full the Water Revenue Bonds, Series 2006. The refunding was done to take advantage of the lower interest rate, but there was no economic gain or loss from the refunding. Over the life of the 2016 Bond refunding issue, the City will save \$675,977 in interest expense over the 2006 Bonds. Outstanding revenue bonds as of June 30, 2018 include the 2018 and 2016 water bonds.

The City covenants in the Master Water Bond Declaration to charge rates and fees in connection with the operation of the water system which, when combined with other gross revenues, are adequate to generate net revenues in each fiscal year at least equal to (a) 1.25 times the annual debt service due in that fiscal year for outstanding bonds, (b) 1.15 times the annual bond debt service in that fiscal year for outstanding bonds, excluding SDC improvement fees, (c) 1.00 times the annual bond debt service due in that fiscal year for any subordinate obligations (after subtracting the annual debt service from net revenues), and (d) any amounts owed by City to a Credit Provider for surety premium payments. If the net revenues fail to meet this level, the City is required within 270 days, to increase its rates and fees or reduce expenses to a level so that net revenues are projected to meet the required level.

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

As of June 30, 2018 the City was in compliance with these requirements. The following is the City's debt service requirements on the outstanding water revenue bonds:

Year Ending June 30	Series 2016		Series 2018		TOTAL	
	Principal	Interest (1.84%)	Principal	Interest (5.00%)	Principal	Interest
2019	\$590,000	\$92,644	\$750,000	\$687,240	\$1,340,000	\$779,884
2020	600,000	81,788	570,000	868,750	1,170,000	950,538
2021	610,000	70,748	600,000	840,250	1,210,000	910,998
2022	625,000	59,524	625,000	810,250	1,250,000	869,774
2023	635,000	48,024	660,000	779,000	1,295,000	827,024
2024-2028 (a)	1,975,000	73,140	3,815,000	3,367,250	5,790,000	3,440,390
2029-2033			4,880,000	2,312,000	4,880,000	2,312,000
2034-2038			6,225,000	964,250	6,225,000	964,250
	<u>5,035,000</u>	<u>425,868</u>	<u>18,125,000</u>	<u>10,628,990</u>	<u>23,160,000</u>	<u>11,054,858</u>
Unamortized Premium			3,027,912		3,027,912	
TOTALS	<u><u>\$5,035,000</u></u>	<u><u>\$425,868</u></u>	<u><u>\$21,152,912</u></u>	<u><u>\$10,628,990</u></u>	<u><u>\$26,187,912</u></u>	<u><u>\$11,054,858</u></u>

(a) Series 2016 Bonds mature in 2026.

Contracts Payable

The City has two contracts payable with the U.S. Department of the Interior, Bureau of Reclamation for water rights at Scoggins Dam. The first contract is for 2,500 acre feet of water rights and the second contract is for 1,500 acre feet of water rights. Both contracts are due and payable in annual installments and bear interest at 3.5%. Because the imputed interest rate of 11% is greater than the 3.5% stated interest rate, there is an unamortized discount amount being amortized against the annual interest expense. The ending balance of both contracts at June 30, 2018 totals \$499,206 (net of \$221,918 unamortized discount).

<u>Business-type Activities</u>	<u>Interest Rate</u>	<u>Balance</u>
U.S. Department of Interior, Bureau of Reclamation - contract payable Scoggins Dam	3.5%	\$721,124

Debt service requirements to maturity on contracts payable are as follows:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$39,870	\$25,239
2020	41,266	23,844
2021	42,710	22,400
2022	44,204	20,905
2023	45,752	19,358
2024-2028	229,270	71,618
2029-2033	164,726	37,525
2034-2036	113,326	8,024
	<u>721,124</u>	<u>228,913</u>
Unamortized discount	(221,918)	
TOTALS	<u><u>\$499,206</u></u>	<u><u>\$228,913</u></u>

CITY OF BEAVERTON, OREGON
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June 30, 2018

Safe Drinking Water Revolving Loan

The City was awarded a Safe Drinking Water Revolving Loan from the State of Oregon Infrastructure Finance Agency (IFA) for up to \$5,000,000 of which \$750,000 is forgivable 90 days after the project completion date. The loan interest rate is 2.96% and the funding source for the loan is a mixture of State and Federal funds. During FY 17-18, the City did not have any drawdown on the loan, and the outstanding principal amount at June 30, 2018 is \$1,097,645. The repayment commencement date of the loan is ninety (90) days after the project completion date. The maturity date of the loan will be nineteen (19) years after the repayment commencement date.

Changes in Long-term Liabilities and Compensated Absences

Long-term liability and compensated absences activity for the year ended June 30, 2018, was as follows:

Bonds and Obligations Payable and Compensated Absences	Beginning Balance 06/30/2017	Additions	Reductions	Ending Balance 06/30/2018	Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$37,450,322		(\$1,535,021)	\$35,915,301	\$1,055,015
Special revenue bonds	3,474,691		(1,014,488)	2,460,203	1,038,173
Line of credit (BURA)	2,921,900			2,921,900	N/A
Loan payable, State Energy	450,870		(78,336)	372,534	83,854
Loan payable, Ludeman's		\$1,835,000		1,835,000	432,768
Umrein land sale contract	140,449		(97,950)	42,499	42,499
Compensated absences	<u>3,897,083</u>	<u>4,268,044</u>	<u>(4,140,042)</u>	<u>4,025,085</u>	<u>659,917</u>
Governmental activities long term liabilities and compensated absences	<u>\$48,335,315</u>	<u>\$6,103,044</u>	<u>(\$6,865,837)</u>	<u>\$47,572,522</u>	<u>\$3,312,226</u>
<u>Business-Type Activities:</u>					
Revenue bonds	\$5,615,000	\$21,152,912	(\$580,000)	\$26,187,912	\$1,491,396
Loans payable - IFA	1,097,645			1,097,645	N/A
Contracts payable	522,250		(23,044)	499,206	24,267
Compensated absences	<u>446,342</u>	<u>488,828</u>	<u>(417,424)</u>	<u>517,746</u>	<u>73,324</u>
Business-type activities long term liabilities and compensated absences	<u>\$7,681,237</u>	<u>\$21,641,740</u>	<u>(\$1,020,468)</u>	<u>\$28,302,509</u>	<u>\$1,588,987</u>

Internal service funds predominantly serve the governmental funds. Accordingly, at year end, \$353,461 of internal service funds compensated absences is included in the governmental activities. The liability for compensated absences is liquidated within each individual budgetary fund. The pension and other postemployment liabilities for governmental activities are incurred and paid by each of the governmental

CITY OF BEAVERTON, OREGON
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June 30, 2018

type funds. Also, for the governmental activities, State Energy loan payables are liquidated by the General Fund; general obligation bonds and special revenue bonds are liquidated by debt service funds.

H. Fund Balance

The fund balance for governmental funds as of June 30, 2018 are as follows:

	<u>General Fund</u>	<u>Street Fund</u>	<u>Library Fund</u>	<u>Capital Development Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Nonspendable:</u>						
<u>Restricted:</u>						
Capital projects				\$33,342,811	\$10,369,572	\$43,712,383
Road maintenance		\$3,919,868				3,919,868
Education			\$1,756,727			1,756,727
Debt service					448,091	448,091
Urban area economic development					4,567,457	4,567,457
Building inspections						
Other purposes					1,913,600	1,913,600
		3,919,868	1,756,727	33,342,811	17,298,720	56,318,126
<u>Committed to:</u>						
Equipment replacement	\$874,858					874,858
Street lighting					369,194	369,194
Capital projects				1,659,506	2,634,987	4,294,493
	874,858	-	-	1,659,506	3,004,181	5,538,545
<u>Assigned to:</u>						
Multi-year projects	991,925					991,925
Compensated absences	2,877,056					2,877,056
Appropriated fund balance	6,212,886					6,212,886
	10,081,867					10,081,867
<u>Unassigned:</u>						
	8,253,048					8,253,048
Total Fund Balances	<u>\$19,209,773</u>	<u>\$3,919,868</u>	<u>\$1,756,727</u>	<u>\$35,002,317</u>	<u>\$20,302,901</u>	<u>\$80,191,586</u>

I. Tax Abatements

For the fiscal year ended June 30, 2018, the City provided tax abatements through four programs – City of Beaverton Annexation Rebate Program, Enterprise Zone (ORS 285C.175), Nonprofit Corporation Low Income Housing Program (ORS 307.541) and Vertical Housing Development Zone (ORS 307.864):

- The Annexation Rebate Program is administered through the City and provides a property tax abatement incentive for the annexation of property to the City of Beaverton for development. The rebate is part of an annexation agreement approved by the City Council and is available to significant future tax payers as an annexation incentive. The rebate is limited to the amount of city operating tax levy, not including debt service. The total amount of tax rebates for FY 17-18 was \$226,504.
- The Enterprise Zone (E-Z) Program, administered by the State of Oregon, serves as an economic development incentive for investment in buildings, machinery and equipment mostly for the industrial or

CITY OF BEAVERTON, OREGON
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June 30, 2018

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, the estimated tax abatement for the fiscal year was \$29,000 for the City and \$2,000 for BURA.

- 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, the estimated tax exemption for the fiscal year was \$63,000 for the City and \$5,000 for BURA.

- The Vertical Housing Development Zone (VHDZ) Tax Exemption Program is authorized by Oregon Statutes (ORS 307.864) and is designed to encourage multiple use commercial and residential development near transit services. The program was administered by the Oregon Department of Housing and Community Services and beginning in October 2017, administration was shifted to the City of Beaverton. The program does not specifically benefit low or moderate income residents and there is no income testing. The program is a partial exemption whereby the existing value of the land and building are frozen and the improvements are taxed up to 80% of their value for the first four floors of residential usage. Projects remain eligible as long as there is ground floor commercial uses and residential uses on the upper floors. Properties can become decertified by the Washington County Department of Assessment and Taxation and omitted taxes recovered. The amount of tax exemption applies to all taxing jurisdictions. Under this program the estimated tax exemption for the fiscal year was \$21,000 for the City and \$2,000 for BURA.

III. OTHER INFORMATION

A. Participation in Public Employees' Retirement System

1. Pension Plan

The City contributes to the Oregon Public Employees Retirement System (OPERS). OPERS is a cost-sharing multiple-employer defined benefit plan that provides statewide defined benefit and defined contribution retirement plans for units of state government, political subdivisions, community colleges and school districts. The system provides retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

2. Description of benefit terms:

Plan Benefits – Employees of the City are provided with pensions through OPERS. All benefits of OPERS are established by the legislature pursuant to ORS Chapters 238 and 238A. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. OPERS produces an independently audited CAFR that can be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

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Benefits provided under Chapter 238-Tier One/Tier Two - Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits – The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

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

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

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

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Senate Bill 861, signed into law in October 2013, limited the post-retirement COLA on benefits. The Oregon Supreme Court on April 30, 2015, overturned certain elements of the law as they were deemed unconstitutional (*Everice Moro et al v. State of Oregon et al*). As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

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June 30, 2018

Benefits provided under Chapter 238A – OPSRP. OPSRP pension program provides benefits to members hired on or after August 29, 2003. This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

General Service - 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits - Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

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

Benefit Changes After Retirement - Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. Actuarial Valuations

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2015 rolled forward to June 30, 2017.
Measurement Date	June 30, 2017
Experience Study Report	2014, published September 2015
Amortization Method	Amortized as a level percentage of payroll as layered

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

	amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected Salary Increases	3.50 percent overall payroll growth; salaries for individuals are assumed to grow at 3.50 percent plus assumed rates of merit/longevity increases based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex distinct, generational per Scale BB, disabled mortality table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

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

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

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00	3.61
Bank/Leveraged Loan	3.00	5.42
High Yield Bonds	1.00	6.20
Large/Mid Cap US Equities	15.75	6.70
Small Cap US Equities	1.31	6.99
Micro Cap US Equities	1.31	7.01
Developed Foreign Equities	13.13	6.73
Emerging Foreign Equities	4.12	7.25
Non-US Small Cap Equities	1.88	7.22
Private Equity	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds-Diversified	2.50	4.64
Hedge Fund – Event-driven	.63	6.72
Timber	1.88	5.85
Farmland	1.88	6.37
Infrastructure	3.75	7.13
Commodities	1.88	4.58
Assumed Inflation – Mean		2.50

4. Contributions

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

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017.

The City's contributions for the year ended June 30, 2018 were \$5,953,344. The rates in effect for the fiscal year ended June 30, 2017 were: (1) Tier1/Tier 2 – 17.89%, and (2) OPSRP general service – 9.29%, and (3) OPSRP Police – 14.06%. These contribution rates do not include the rates for Retirement Health Insurance Accounts or 6% employee contribution to individual Account Program (IAP).

5. Pension Assets/Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2018, the City reported a liability of \$64,258,949 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2017. The City's proportionate share was based on a projection of the City's long term share of contributions to the pension plan relative to the projected contributions of all participating members of the cost sharing pool, actuarially determined. At June 30, 2018 the City's proportion was 0.47669710 percent.

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

For the year ended June 30, 2018, the City recognized net pension expense of \$12,634,713 for the defined benefit portion of the pension plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$3,107,590	
Change of assumptions	11,713,260	
Net difference between projected and actual earnings on pension plan investments	662,018	
Changes in proportionate share	356,791	\$2,120,676
Differences between employer contributions and employer's proportionate share of system contributions		1,782,556
	15,839,659	3,903,232
Contributions subsequent to the measurement date	5,953,344	
	\$21,793,003	\$3,903,232

Deferred outflows of resources related to pensions of \$5,953,344 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflow (Inflow) of Resources (prior to post-measurement date contributions)
2019	\$1,832,387
2020	7,127,658
2021	4,774,400
2022	(1,840,925)
2023	42,907
	\$11,936,427

6. Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the pension liability calculated using the discount rate of 7.50 percent, as well as what the City's share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of net pension liability/(asset)	\$109,508,982	\$64,258,949	\$26,421,542

7. Changes in Plan Provisions Subsequent to Measurement Date

On July 28, 2017 meeting, the PERS Board lowered the assumed investment rate of return from 7.5% to 7.2% effective January 1, 2018. This rate will be used for the determination of contribution rates beginning July 1, 2019. The Board revises the assumed rate based on the long-term projection of investment returns that can be expected from the asset allocations of the Oregon Investment Council and related capital market expectations. An estimate of the resulting change is not readily available at this time.

8. Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

Contributions

The City has chosen to pay the employees contributions to the plan. Six percent of covered payroll is paid for general service and police employees. For FY 17-18 the City paid \$2,581,184.

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

B. Postemployment Benefits Other Than Pensions

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS Retirement Health Insurance Account cost-sharing multiple-employer defined health insurance benefit plan (RHIA).

The City's two OPEB plans are presented in the aggregate on the Statement of Net Position. Details of each plan is as follows:

	<u>Implicit Rate Subsidy Plan</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB on Financials</u>
Net OPEB Asset		\$168,603	\$168,603
Deferred Outflows of resources			
Contributions After the Measurement Date	\$221,803	199,595	421,398
Changes in Proportionate Share		1,478	1,478
Total Deferred outflows of resources	<u>221,803</u>	<u>201,073</u>	<u>422,876</u>
Total OPEB Liability	(5,076,000)		(5,076,000)
Deferred Inflows of Resources			
Change in Assumptions	(313,471)		(313,471)
Difference in Earnings		(78,087)	(78,087)
Total Deferred inflows of resources	<u>(313,471)</u>	<u>(78,087)</u>	<u>(391,558)</u>
OPEB Expense	459,807	1,452	461,259

Implicit Rate Subsidy

1. Plan Description

The City is required by Oregon Revised Statute 243.303 to provide retirees (if they elect) with group health and dental insurance coverage from the date of retirement age to age 65 at the same rates as provided to current City employees. The Government Accounting Standards Board Statement Number 75 is applicable to the City due to the resulting implicit rate subsidy. This single-employer "plan" is not a stand-alone plan and there are no separately issued financial statements. The City does not provide any explicit employee benefits.

2. Benefits Provided

The plan provides retirees and their dependents under age 65 the same health care coverage received prior to retirement. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for payment of the premiums.

The City collects insurance premiums from participating retirees each month. The premium payments are then deposited into the City's self-insurance fund. The City then includes the retirees' payments along with its payment of current employee premiums to the insurance carriers at the established amounts for each coverage type.

As of the valuation date of July 1, 2016, the following employees were covered by the benefit terms:

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

Inactive employees or beneficiaries receiving benefits	23
Active employees	535
	558
	558

3. Total OPEB Liability

The City's total OPEB liability of \$5,076,000 was determined by an actuarial valuation as of July 1, 2016, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date.

Measurement date	June 30, 2016
Inflation	2.50%
Salary increases	3.50%
Healthy Mortality	RP-2000 healthy while collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females.
Healthcare cost trend rate	Medical and vision: 7.5 percent per year, decreasing to 5.0 percent; Dental: 4.50 percent per year.
Discount rate	3.58%
Actuarial cost method	Entry Age Normal

The discount rate reflects a 20-year tax-exempt municipal bond yield or index rate.

4. Changes in the Total OPEB Liability

Balance as of June 30, 2017	\$5,171,200
Changes for the year:	
Service cost	343,815
Interest on total OPEB liability	153,760
Effect of assumptions changes or inputs	(351,239)
Benefit payments	(241,536)
Balance as of June 30, 2018	\$5,076,000

Changes of assumptions reflect a change in the discount rate of 2.85% in effect for the June 30, 2017 reporting date to 3.58% as of June 30, 2018.

5. Sensitivity of the Total OPEB Liability

The following presents the City's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current discount rate. A similar sensitivity analysis is then presented for

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

changes in the healthcare trend assumption, 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (7.5 percent).

Discount Rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$5,563,116	\$5,076,000	\$4,631,995

Healthcare Cost Trend:

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$4,472,022	\$5,076,000	\$5,798,614

6. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense from this plan of \$459,807. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or inputs		(\$313,471)
Contributions made subsequent to measurement date	\$221,803	
Total	\$221,803	(\$313,471)

Deferred outflows of resources related to OPEB of \$221,803 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2019	(\$37,768)
2020	(37,768)
2021	(37,768)
2022	(37,768)
2023	(37,768)
Thereafter	(124,631)
Total	(\$313,471)

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

PERS Retirement Health Insurance Account (RHIA)

1. Plan Description

As a member of Oregon Public Employees Retirement System (OPERS), the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing, multiple-employer, defined benefit, other post employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premium of eligible retirees. Oregon Revised Statutes (ORS) 238.420 establishes this trust fund. Authority to establish and amend the benefit provision of RHIA resides with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to OPERS, PO Box 23700, Tigard, Oregon, 97281-37400, or online at:

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

2. Benefits Provided

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

3. Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The City's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's total for the year ended June 30, 2018 contributions was \$201,130.

4. Total OPEB Liability (RHIA)

The City's Net OPEB asset of \$168,603 was determined by an actuarial valuation as of December 31, 2015. The methods and assumptions shown below are based on the 2014 Experience Study, which reviewed experience for the four-year period ended on December 31, 2014.

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

Valuation Date	December 31, 2015 rolled forward to June 30, 2017.
Measurement Date	June 30, 2017
Experience Study Report	2014, published September 2015
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Actuarial cost method	Entry Age Normal
Inflation Rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected Salary Increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex distinct, generational per Scale BB, disabled mortality table.</p>

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

5. Sensitivity of the Total OPEB Liability

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability (Asset)	\$23,503	(\$168,603)	(\$332,000)

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

6. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense from this plan of \$1,452. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments		(\$78,087)
Changes of assumptions or inputs	\$1,478	
Contributions made subsequent to measurement date	199,595	
Total	\$201,073	(\$78,087)

Deferred outflows of resources related to OPEB of \$199,595 resulting from the City's contributions subsequent to the measurement date will be recognized either as a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June	Amount
30	
2019	(\$18,975)
2020	(18,975)
2021	(19,138)
2022	(19,522)
Total	(\$76,610)

D. Risk Management

The City is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Significant real and personal property exposures are covered by insurance for loss from all perils, including earthquake and flood damage. General and automobile liability exposures are insured up to \$10,000,000 per occurrence, and are subject to a \$125,000 aggregate deductible. The City retains the first \$650,000 for police and other classifications per workers' compensation claim and transfers the excess exposure through commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

Liabilities include an amount for claims that have been incurred but not reported (IBNR) and case reserves. At June 30, 2018, \$144,334 and \$445,000 of those liabilities are outstanding in the General Liability Program and in the Workers' Compensation Program, respectively. Changes in the City's claims liability for the years ended June 30, 2017 and 2018 are as follows:

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

	<u>Balance</u> <u>July 1</u>	<u>Changes in</u> <u>Estimates</u>	<u>Claim</u> <u>Payments</u>	<u>Balance</u> <u>June 30</u>
2016-2017	\$505,334	\$659,022	(\$659,022)	\$505,334
2017-2018	505,334	683,575	(599,575)	589,334

E. Commitments and Contingencies

Workers' compensation, general liability, auto, unemployment and dental claims covered by the City's Insurance Fund (Internal Service Fund) are reviewed, and losses are accrued based on the judgment of City management. In the opinion of City management, the ultimate disposition of these claims will not have a material adverse effect on the financial position or results of operations of the Internal Service Funds.

The City is the defendant in several legal actions currently pending. Although their outcome cannot be determined, it is the opinion of management that settlement of these matters will not have a material effect on the financial position and results of operations of the City.

The City has active construction projects as of June 30, 2018 which represent multi-year contracts. As of June 30, 2018, the amount of uncompleted contracts for various projects totals \$4,857,907.

F. Transactions with Clean Water Services of Washington County

In April 1976, the City entered into a contract with the Clean Water Services (CWS) of Washington County whereby the City acts as a collection agent for CWS for sewer service charges and sewer connection charges inside the City's limits. The City, in 1990, also entered into a contract with CWS to collect storm drain charges. In accordance with the agreements, the City collects all charges on behalf of CWS and remits all applicable collections to CWS, except for 16.40% of sewer service charges, 3.983% of sewer connection charges collected, 75% of applicable surface water (storm drain) charges collected.

In June 2017, the City and CWS amended the IGA to acknowledge the City's authority to establish its own rates and Right of Way fee on sewer and storm drain service charges, and this change was effective as of September 2018. During fiscal year 2018, the City paid \$23,724,004 to CWS and retained \$8,395,295 as charges for services revenues and \$112,520 as sewer systems development charge revenue included in the Business-type activities. The City also retained a portion of CWS collections for Right of Way fees (5%) totaling \$1,054,952 which is included in the City's General Fund.

G. Restatement

For the year ended June 30, 2018, the City recorded two prior period adjustments to reflect the following changes:

- A prior period adjustment to the beginning fund balance in the governmental type funds in the amount of \$96,373 to adjust investments to fair value market. In the previous year, this amount was reported in the Statement of Net Position and the Statement of Activities, but not in the fund financials. Because the adjustment was made within the governmental activity and between full accrual basis and the modified accrual basis, there was no net effect to the net position at the government wide level.
- The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This resulted in prior period adjustments to the beginning net position in the Statement of Activities of \$369,996 in Governmental Activities and \$38,860 in

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2018

Business-Type activities as shown below. The adjustments were made to reflect the City's proportionate share of net liability related to other post employment benefits.

	Statement of Net Position		Effect of Change
	As Originally Reported	As Restated	
Governmental Activities:			
Deferred outflow of resources:			
Deferred amount from other post-employment benefits obligation, RHIA	\$ -	\$181,939	\$181,939
Deferred amount from other post-employment benefits obligation, Single Employer	-	218,490	218,490
Total deferred outflow of resources	<u>-</u>	<u>\$400,429</u>	
Noncurrent liabilities:			
Net other postemployment benefits, Single employer	(\$4,004,920)	(\$4,677,784)	(672,864)
Net other postemployment benefits, RHIA	-	(97,561)	(97,561)
Total OPEB liabilities	<u>(\$4,004,920)</u>	<u>(\$4,775,345)</u>	
Net position	<u>\$161,948,492</u>	<u>\$161,578,496</u>	<u>(\$369,996)</u>
Business Type Activities:			
Deferred outflow of resources:			
Deferred amount from other post-employment benefits obligation, RHIA	\$ -	\$19,191	\$19,191
Deferred amount from other post-employment benefits obligation, Single Employer	-	23,046	23,046
Total deferred outflow of resources	<u>-</u>	<u>\$42,237</u>	
Noncurrent liabilities:			
Net other postemployment benefits, Single employer	(\$422,443)	(\$493,418)	(70,975)
Net other postemployment benefits, RHIA	-	(10,122)	(10,122)
Total OPEB liabilities	<u>(\$422,443)</u>	<u>(\$503,540)</u>	
Net position	<u>\$232,696,784</u>	<u>\$232,657,924</u>	<u>(\$38,860)</u>

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual

General Fund

Major Special Revenue Funds

Street Fund

Library Fund

Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)

Schedule of the City's Contributions to Pension Plan

Schedule of the Changes in the City's Total OPEB Liability and Related Ratios

Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)

Schedule of the City's Contributions to Retirement Health Insurance Account

CITY OF BEAVERTON, OREGON
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, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$34,641,938	\$34,641,938	\$34,747,019	\$105,081
Local Taxes		351,000	489,057	138,057
Intergovernmental	2,731,966	3,333,841	3,578,095	244,254
Federal grants	609,546	821,031	643,629	(177,402)
Grants - state	130,000	160,420	33,177	(127,243)
Fees, licenses and permits	2,532,925	2,675,368	2,328,943	(346,425)
Right of way fees	7,952,795	7,952,795	8,464,784	511,989
Fines and forfeitures	4,841,000	4,841,000	4,630,756	(210,244)
Interest on investments	244,200	244,200	250,625	6,425
Charges for services	3,700,989	3,758,026	3,469,606	(288,420)
Sale of City property	5,000	5,000	103,568	98,568
Miscellaneous revenues	334,188	486,962	499,078	12,116
TOTAL REVENUES	<u>57,724,547</u>	<u>59,271,581</u>	<u>59,238,337</u>	<u>(33,244)</u>
Expenditures:				
Current:				
General government	29,521,963	31,315,087	27,145,202	4,169,885
Public safety	30,247,353	30,640,044	29,223,574	1,416,470
Debt service	106,692	106,692	106,692	
Capital Outlay	804,710	1,157,987	737,358	420,629
Contingency	5,775,540	7,453,520		7,453,520
TOTAL EXPENDITURES	<u>66,456,258</u>	<u>70,673,330</u>	<u>57,212,826</u>	<u>13,460,504</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(8,731,711)</u>	<u>(11,401,749)</u>	<u>2,025,511</u>	<u>13,427,260</u>
Other financing sources (uses):				
Transfers in	5,344,050	4,927,949	4,909,940	(18,009)
Transfers out	(7,895,850)	(8,066,600)	(7,258,298)	808,302
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,551,800)</u>	<u>(3,138,651)</u>	<u>(2,348,358)</u>	<u>790,293</u>
NET CHANGE IN FUND BALANCE	<u>(11,283,511)</u>	<u>(14,540,400)</u>	<u>(322,847)</u>	<u>14,217,553</u>
FUND BALANCES - budgetary basis, Beginning of year	<u>11,283,511</u>	<u>14,540,400</u>	<u>14,540,400</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$14,217,553</u>	<u>\$14,217,553</u>
Reconciliation of net change in fund balance - budgetary basis to GAAP basis				
Net change in fund balance - budgetary basis			(\$322,847)	
Investment adjustment to fair market value			(139,886)	
Funding of compensated absences			65,953	
Federal Forfeiture Sharing Funds			(106,711)	
Court fines 60 day accrual adjustment			(18,555)	
Net change in fund balance - GAAP basis			<u>(\$522,046)</u>	

CITY OF BEAVERTON, OREGON
STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State gas tax	\$5,770,000	\$6,414,700	\$6,163,141	(\$251,559)
County gas tax	356,000	356,000	351,778	(4,222)
Right of way fees	600,000	600,000	600,000	
Interest on investments	41,800	41,800	51,095	9,295
Miscellaneous revenues	69,926	69,926	116,968	47,042
TOTAL REVENUES	<u>6,837,726</u>	<u>7,482,426</u>	<u>7,282,982</u>	<u>(199,444)</u>
Expenditures:				
Personnel services	2,300,708	2,302,834	2,068,696	234,138
Materials and services	2,210,390	2,719,351	2,572,159	147,192
Capital outlay	469,000	539,000	212,263	326,737
Contingency	2,188,244	2,088,633		2,088,633
TOTAL EXPENDITURES	<u>7,168,342</u>	<u>7,649,818</u>	<u>4,853,118</u>	<u>2,796,700</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(330,616)</u>	<u>(167,392)</u>	<u>2,429,864</u>	<u>2,597,256</u>
Other financing uses:				
Transfers out	(3,406,003)	(3,613,337)	(2,548,798)	1,064,539
NET CHANGE IN FUND BALANCE	<u>(3,736,619)</u>	<u>(3,780,729)</u>	<u>(118,934)</u>	<u>3,661,795</u>
FUND BALANCES - budgetary basis, Beginning of year	<u>3,736,619</u>	<u>3,780,729</u>	<u>3,780,729</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$3,661,795</u>	<u>\$3,661,795</u>

**Reconciliation of net change in fund balance -
budgetary basis to GAAP basis**

Net change in fund balance - budgetary basis	(\$118,934)
Investment adjustment to fair market value	(24,780)
Funding of compensated absences	(26,628)
Net change in fund balance - GAAP basis	<u>(\$170,342)</u>

CITY OF BEAVERTON, OREGON
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Property taxes:				
Current year's levy	\$3,063,999	\$3,063,999	\$3,075,145	\$11,146
Prior years' levy	20,000	20,000	25,432	5,432
Intergovernmental	5,580,669	5,656,939	5,748,251	91,312
Fines and forfeitures	150,000	150,000	134,778	(15,222)
Interest on investments	17,600	17,600	30,340	12,740
Contributions, donations, and others	32,000	71,680	89,386	17,706
Miscellaneous revenues	31,500	31,500	54,174	22,674
TOTAL REVENUES	<u>8,895,768</u>	<u>9,011,718</u>	<u>9,157,506</u>	<u>145,788</u>
Expenditures:				
Personnel services	6,162,345	6,187,697	6,119,422	68,275
Materials and services	1,485,550	1,575,609	1,468,041	107,568
Contingency	723,017	781,970		781,970
TOTAL EXPENDITURES	<u>8,370,912</u>	<u>8,545,276</u>	<u>7,587,463</u>	<u>957,813</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>524,856</u>	<u>466,442</u>	<u>1,570,043</u>	<u>1,103,601</u>
Other financing sources (uses):				
Transfers out	(1,615,636)	(1,615,636)	(1,598,646)	16,990
NET CHANGE IN FUND BALANCE	<u>(1,090,780)</u>	<u>(1,149,194)</u>	<u>(28,603)</u>	<u>1,120,591</u>
FUND BALANCES - budgetary basis, Beginning of year	<u>1,090,780</u>	<u>1,149,194</u>	<u>1,149,194</u>	<u></u>
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$1,120,591</u>	<u>\$1,120,591</u>

**Reconciliation of net change in fund balance -
budgetary basis to GAAP basis**

Net change in fund balance - budgetary basis	(\$28,603)
Investment adjustment to fair market value	(13,973)
Funding of compensated absences	39,247
Net change in fund balance - GAAP basis	<u>(\$3,329)</u>

CITY OF BEAVERTON, OREGON
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY(ASSET)
Last Ten Fiscal Years (1)

	Fiscal Year				
	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.476697%	0.484790%	0.522853%	0.484754%	0.484754%
City's proportionate share of the net pension liability (asset)	\$64,258,949	\$72,778,259	\$30,019,375	(\$10,987,994)	\$24,737,716
City's covered payroll (2)	\$41,067,132	\$39,204,820	\$37,445,550	\$36,324,931	\$35,091,335
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	156.47%	185.64%	80.17%	-30.25%	70.50%
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.12%	80.53%	91.88%	103.59%	91.97%

(1) Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only the years for which information is available is presented.

(2) Note: Measurement date is one year in arrears.

CITY OF BEAVERTON, OREGON
SCHEDULE OF THE CITY'S CONTRIBUTIONS TO PENSION PLAN
Last Ten Fiscal Years (1)

	Fiscal Year				
	2018	2017	2016	2015	2014
Contractually required contribution	\$5,953,344	\$4,546,255	\$4,513,756	\$3,224,015	\$3,316,396
Contributions in relation to the contractually required contribution	(5,953,344)	(4,546,255)	(4,513,756)	(3,224,015)	(3,316,396)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
City's covered payroll	\$42,532,239	\$41,067,132	\$39,204,820	\$37,445,550	\$36,324,931
Contributions as a percentage of covered payroll	14.00%	11.07%	11.51%	8.61%	9.13%

(1) Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only the years for which information is available is presented.

City of Beaverton, Oregon
Schedule of the Changes in the City's Total OPEB Liability and Related Ratios
Implicit Rate Subsidy Plan
Last One Fiscal Year ^{1, 2}

	2018
Total OPEB Liability	
Service cost	\$343,815
Interest	153,760
Changes of assumptions or other inputs	(351,239)
Benefit payments	(241,536)
Net change in OPEB liability	(95,200)
Total OPEB Liability - beginning	5,171,200
Total OPEB Liability - ending	\$5,076,000
 City's Covered Payroll	\$41,067,132
 Total OPEB Liability as a percentage of its covered payroll	12.4%

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively

² Amounts presented are for the measurement period reported during the fiscal year, which for FY 2018 is July 1, 2016 - June 30, 2017

NOTES TO SCHEDULE

Changes in Assumptions

The change in assumptions is the result of the change in the discount rate from 2.85% to 3.58%.

City of Beaverton, Oregon
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)
Oregon Public Employees Retirement System, Retirement Health Insurance Account
Last Two Fiscal Years ^{1, 2}

	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability (asset)	0.4039%	0.3965%
City's proportionate share of the net OPEB liability (asset)	(\$168,603)	\$107,684
City's covered payroll	\$41,067,132	\$39,204,820
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-0.4%	0.3%
Plan fiduciary net position as a percentage of the total OPEB liability	108.9%	94.1%

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively

² Amounts presented are for the measurement period reported during the fiscal year, which for FY 2018 is July 1, 2016 - June 30, 2017

City of Beaverton, Oregon
Schedule of the City's Contributions
Oregon Public Employees Retirement System, Retirement Health Insurance Account
Last Five Fiscal Years ¹

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$199,595	\$201,130	\$194,434	\$191,324	\$175,000
Contributions in relation to the contractually required contribution	<u>(199,595)</u>	<u>(201,130)</u>	<u>(194,434)</u>	<u>(191,324)</u>	<u>(175,000)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
City's covered payroll	\$42,532,239	\$41,067,132	\$39,204,820	\$37,445,550	\$36,324,931
Contributions as a percentage of covered payroll	0.47%	0.49%	0.50%	0.51%	0.48%

⌘ ¹ 10-year trend information required by GASB Statement 75 will be presented prospectively

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Actuarially Determine Contributions:

Actuarial Valuation	December 31, 2015	December 31, 2013	December 31, 2011
Effective	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Actuarial valuation method:	Market Value	Market Value	Market Value
Actuarial assumption:			
Inflation rate	2.50 percent	2.75 percent	2.75 percent
Projected salary increases n	3.50 percent	3.75 percent	3.75 percent
Investment rate of return	7.50 percent	7.75 percent	8.00 percent
Healthcare cost inflation	Ranging from 6.3% in 2016 to 4.4% in 2094	Ranging from 6.1% in 2014 to 4.7% in 2083	Ranging from 6.9% in 2012 to 4.5% in 2029

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BEAVERTON, OREGON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

Budgetary Information

The City and the component unit budget all funds which are subject to budget requirements of state law. The City Council and the Agency board legally adopt 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 (total personnel services, materials and services, capital outlay, and other expenditures) is established by resolution for all funds. The General Fund's level of control is slightly different, in that, the total personnel services, materials and services, capital outlay and other expenditures are by department.

The detail budget document, however, is required to contain more specific information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. A supplemental budget that differs by 10 percent or more of any one of the individual funds contained in the original budget for that fiscal year requires hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. The City adopted two supplemental budgets and twenty-one transfer resolutions during the year ended June 30, 2018. Encumbrances that have not been expended at year-end lapse and subsequent actual expenditures are then charged against ensuing year's appropriations. The total encumbrance commitments that lapsed at June 30, 2018 were \$6,382,401.

Pension Liability (Asset) and Other Postemployment Benefits (OPEB)

This information is intended to help users assess the City's retirement pension plan (OPERS) and OPEB plans' status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due. OPERS publishes independently audited CAFR that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Additional details and a comprehensive list of changes for OPERS in methods and assumptions can be found in the 2014 Experience Study for OPERS which was published September 23, 2015 and can be found at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Presentations-and-Reports.aspx>.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Building Fund - accounts for revenues generated by the Building Division. Revenues are restricted for expenditures related to plan review and inspection.

Community Development Block Grant Fund - accounts for entitlement grant funds from the U.S. Department of Housing and Urban Development (HUD).

Lodging Tax (TLT) Fund – accounts for the revenues and expenditures from County and City lodging taxes.

Street Lighting Fund - accounts for revenues from property taxes committed for street lighting expenditures.

Transportation Systems Development Fund – accounts for surcharge transportation system fees in the South Cooper Mountain area within the City. The revenues are restricted for expenditures on extra capacity transit projects within the South Cooper Mountain area.

Traffic Impact Fee Fund - accounts for traffic impact fees imposed on development based on the number of trips generated by the development. Revenues are restricted for expenditures on construction and improvements of arterial and collector projects and extra capacity transit projects.

Beaverton Urban Redevelopment Agency (BURA) General Fund - accounts for the operation and general service activities of BURA.

Beaverton Center for the Arts Gift and Contribution Fund - accounts for the gifts and contributions for the Beaverton Center for the Arts program.

DEBT SERVICE FUNDS

General Obligation Debt Service Fund - accounts for payment of general obligation bond principal and interest. The principal source of revenue is property taxes.

Special Revenue Debt Service Fund - accounts for payment of special revenue bond principal and interest. The principal source of revenue is right of way fees.

Assessment Debt Service Fund - accounts for the financing and collection of assessments from the benefited property owners and the payment of principal and interest on improvement bonds. The primary sources of funds are collections and interest earnings.

BURA Debt Service Fund – accounts for the payment of loans, line of credit principal and interest from the division of tax increment receipts.

CAPITAL PROJECTS FUNDS

Capital Projects Fund - accounts for the acquisition and construction of infrastructure capital projects.

BURA Capital Projects Fund - accounts for the property acquisition and construction of infrastructure capital projects within Beaverton Urban Redevelopment area.

CITY OF BEAVERTON, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Assets:				
Cash and investments	\$19,211,308	\$440,528	\$1,119,353	\$20,771,189
Property taxes receivable	88,319	69,104		157,423
Accounts and other receivables	491,374	7,999		499,373
Accrued interest receivable	71,782	7,417	3,038	82,237
Due from other governments	197,013		486,593	683,606
Grants receivable	261,051			261,051
TOTAL ASSETS	\$20,320,847	\$525,048	\$1,608,984	\$22,454,879
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$580,342		\$275,650	\$855,992
Accrued salaries and payroll taxes	80,086			80,086
Deposits and retainages payable	2,486			2,486
Due to other governments	394,528			394,528
Due to other funds	123,218			123,218
Total Liabilities	1,180,660		275,650	1,456,310
Deferred inflows of resources:				
Unavailable revenue - property taxes	72,532	\$61,541		134,073
Unavailable revenue - transportation development tax	471,359			471,359
Unavailable revenue - assessment liens and interest	71,782	14,292	3,038	89,112
Total Deferred Inflows of Resources	615,673	75,833	3,038	694,544
Fund balances:				
Restricted for:				
Capital projects	10,177,521		192,051	10,369,572
Debt service		448,091		448,091
Grants, building activities, urban area economic development and other purposes	6,481,057			6,481,057
Committed for:				
Capital projects	591,428			591,428
Street lights and other purposes	1,274,508		1,138,245	2,412,753
Total Fund Balances	18,524,514	448,091	1,330,296	20,302,901
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$20,320,847	\$523,924	\$1,608,984	\$22,453,755

CITY OF BEAVERTON, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	<u>Building Fund</u>	<u>Community Block Grant Fund</u>	<u>Lodging Tax (TLT) Fund</u>
Assets:			
Cash and investments	\$2,140,120		\$854,743
Property taxes receivable			
Accounts and other receivables, net		\$20,015	
Accrued interest receivable	8,874	1,043	2,858
Due from other governments			197,013
Grants receivable		261,051	
TOTAL ASSETS	<u><u>\$2,148,994</u></u>	<u><u>\$282,109</u></u>	<u><u>\$1,054,614</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$7,424	\$118,859	\$133,933
Accrued salaries and payroll taxes	58,508	2,563	12,509
Deposits and retainages payable	2,486		
Due to other governments	194,528		
Due to other funds		123,218	
TOTAL LIABILITIES	<u><u>262,946</u></u>	<u><u>244,640</u></u>	<u><u>146,442</u></u>
Deferred inflow of resources:			
Assessment liens, interest and misc.	8,874	1,043	2,858
Unavailable revenue - property taxes			
Unavailable revenue - transportation development tax			
Total Deferred Inflow of Resources	<u><u>8,874</u></u>	<u><u>1,043</u></u>	<u><u>2,858</u></u>
Fund balances:			
Restricted for:			
Capital projects			
Grants, building activities, urban area economic development and other purposes	1,877,174	36,426	
Committed for:			
Capital projects.			
Street lights and other purposes			905,314
Total Fund Balances	<u><u>1,877,174</u></u>	<u><u>36,426</u></u>	<u><u>905,314</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$2,148,994</u></u>	<u><u>\$282,109</u></u>	<u><u>\$1,054,614</u></u>

Street Lighting Fund	Transportation Systems Development Fund	Traffic Impact Impact Fee Fund	BURA General Fund	Total
\$549,467	\$591,428	\$10,380,785	\$4,694,765	\$19,211,308
44,817			43,502	88,319
		471,359		491,374
3,203	428	38,530	16,846	71,782
				197,013
				261,051
<u>\$597,487</u>	<u>\$591,856</u>	<u>\$10,890,674</u>	<u>\$4,755,113</u>	<u>\$20,320,847</u>
\$181,690			\$138,436	\$580,342
3,242		\$3,264		80,086
		200,000		2,486
				394,528
				123,218
<u>184,932</u>		<u>203,264</u>	<u>138,436</u>	<u>1,180,660</u>
3,203	\$428	38,530	16,846	71,782
40,158			32,374	72,532
		471,359		471,359
<u>43,361</u>	<u>428</u>	<u>509,889</u>	<u>49,220</u>	<u>615,673</u>
		10,177,521		10,177,521
			4,567,457	6,481,057
	591,428			591,428
<u>369,194</u>				<u>1,274,508</u>
<u>369,194</u>	<u>591,428</u>	<u>10,177,521</u>	<u>4,567,457</u>	<u>18,524,514</u>
<u>\$597,487</u>	<u>\$591,856</u>	<u>\$10,890,674</u>	<u>\$4,755,113</u>	<u>\$20,320,847</u>

CITY OF BEAVERTON, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	General Obligation Debt Service Fund	Special Revenue Debt Service Fund	Assessment Debt Service Fund	Total
Assets:				
Cash and investments	\$168,334	\$272,194		\$440,528
Property taxes receivable	69,104			69,104
Assessment liens receivable			\$7,999	7,999
Accrued interest receivable	5,565	728	1,124	7,417
TOTAL ASSETS	<u>\$243,003</u>	<u>\$272,922</u>	<u>\$9,123</u>	<u>\$525,048</u>
Deferred Inflows of				
Resources and Fund Balances:				
Deferred inflows of resources:				
Unavailable revenue - property taxes	\$61,541			\$61,541
Unavailable revenue - interest	5,565	\$728	\$7,999	14,292
Unavailable revenue - assessment liens			1,124	1,124
Total Deferred Inflow of Resources	<u>67,106</u>	<u>728</u>	<u>9,123</u>	<u>76,957</u>
Fund balances:				
Restricted for debt service	<u>175,897</u>	<u>272,194</u>		<u>448,091</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$243,003</u>	<u>\$272,922</u>	<u>\$9,123</u>	<u>\$525,048</u>

**CITY OF BEAVERTON, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2018**

	Capital Projects Fund	BURA Capital Projects	Total
Assets:			
Cash and investments	\$1,069,020	\$50,333	\$1,119,353
Accrued interest receivable	3,038		3,038
Due from other governments	486,593		486,593
TOTAL ASSETS	\$1,558,651	\$50,333	\$1,608,984
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$225,317	\$50,333	\$275,650
Deferred inflow of resources:			
Investment interest	3,038		3,038
Fund balances:			
Restricted	192,051		192,051
Committed	1,138,245		1,138,245
Total Fund Balances	1,330,296		1,330,296
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$1,558,651	\$50,333	\$1,608,984

CITY OF BEAVERTON, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues:				
Property taxes	\$4,217,303	\$1,910,671		\$6,127,974
Local taxes	1,158,948			1,158,948
Intergovernmental	717,212		\$514,254	1,231,466
Federal grants	584,896			584,896
Fees, licenses, and permits	4,665,910			4,665,910
Right of way fees		1,084,060		1,084,060
Interest on investments and assessments	142,148	14,800	2,156	159,104
Lease of City property	73,200			73,200
Miscellaneous revenues and cash-in-lieu	241,292	7,872		249,164
TOTAL REVENUES	11,800,909	3,017,403	516,410	15,334,722
Expenditures:				
Current:				
General government	6,579,385			6,579,385
Highways and streets	1,555,240			1,555,240
Debt service:				
Principal		2,494,488		2,494,488
Interest		1,825,948		1,825,948
Capital Outlay:			5,282,533	5,282,533
TOTAL EXPENDITURES	8,134,625	4,320,436	5,282,533	17,737,594
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,666,284	(1,303,033)	(4,766,123)	(2,402,872)
Other financing sources (uses):				
Proceeds, note payable			1,835,000	1,835,000
Repayment of loan, General Fund		(726,290)		(726,290)
Loan from General Fund			726,290	726,290
Transfers in	454,258	2,056,492	2,328,212	4,838,962
Transfers out	(4,096,011)			(4,096,011)
TOTAL OTHER FINANCING SOURCES (USES)	(3,641,753)	1,330,202	4,889,502	2,577,951
NET CHANGE IN FUND BALANCES	24,531	27,169	123,379	175,079
FUND BALANCES - as previously reported	18,522,922	421,397	1,208,233	20,152,552
Investment adjustment to fair market value	(22,939)	(475)	(1,316)	(24,730)
FUND BALANCES - AS RESTATED	18,499,983	420,922	1,206,917	20,127,822
FUND BALANCES - ENDING	\$18,524,514	\$448,091	\$1,330,296	\$20,302,901

CITY OF BEAVERTON, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2018

	<u>Building Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Lodging Tax (TLT) Fund</u>
Revenues:			
Property taxes			
Local taxes			\$1,158,948
Intergovernmental			717,212
Federal grants		\$584,896	
Fees, licenses, and permits	\$3,299,994		
Interest on investments and assessments	19,329	751	12,727
Lease of City property		73,200	
Miscellaneous revenues and cash-in-lieu	101,326	74,713	587
TOTAL REVENUES	<u>3,420,649</u>	<u>733,560</u>	<u>1,889,474</u>
Expenditures:			
Current:			
General government	3,743,630	736,228	1,273,876
Highways and streets			
TOTAL EXPENDITURES	<u>3,743,630</u>	<u>736,228</u>	<u>1,273,876</u>
EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	<u>(322,981)</u>	<u>(2,668)</u>	<u>615,598</u>
Other financing sources (uses):			
Transfers in			454,258
Transfers out			(1,408,243)
TOTAL OTHER FINANCING SOURCES (USES)			<u>(953,985)</u>
NET CHANGE IN FUND BALANCES	<u>(322,981)</u>	<u>(2,668)</u>	<u>(338,387)</u>
FUND BALANCES - as previously reported	2,202,835	39,094	1,244,928
Investment adjustment to fair market value	(2,680)		(1,227)
FUND BALANCES - AS RESTATED	<u>2,200,155</u>	<u>39,094</u>	<u>1,243,701</u>
FUND BALANCES - ENDING	<u>\$1,877,174</u>	<u>\$36,426</u>	<u>\$905,314</u>

Street Lighting Fund	Transportation Systems Development Fund	Traffic Impact Fee Fund	BURA General Fund	Total
\$1,166,754			\$3,050,549	\$4,217,303
				1,158,948
				717,212
				584,896
	\$594,071	\$771,845		4,665,910
3,728	(2,643)	78,856	29,400	142,148
				73,200
15,939		119	48,608	241,292
<u>1,186,421</u>	<u>591,428</u>	<u>850,820</u>	<u>3,128,557</u>	<u>11,800,909</u>
			825,651	6,579,385
1,137,893		417,347		1,555,240
<u>1,137,893</u>		<u>417,347</u>	<u>825,651</u>	<u>8,134,625</u>
48,528	591,428	433,473	2,302,906	3,666,284
		(1,821,663)	(866,105)	454,258
		(1,821,663)	(866,105)	(4,096,011)
		(1,821,663)	(866,105)	(3,641,753)
48,528	591,428	(1,388,190)	1,436,801	24,531
321,179		11,578,966	3,135,920	18,522,922
(513)		(13,255)	(5,264)	(22,939)
320,666		11,565,711	3,130,656	18,499,983
<u>\$369,194</u>	<u>\$591,428</u>	<u>\$10,177,521</u>	<u>\$4,567,457</u>	<u>\$18,524,514</u>

CITY OF BEAVERTON, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2018

	General Obligation Debt Service Fund	Special Revenue Debt Service Fund	Assessment Debt Service Fund	BURA Debt Service	Total
Revenues:					
Property taxes	\$1,910,671				\$1,910,671
Right of way fees		\$1,084,060			1,084,060
Interest on investments and assessments	13,462	694	\$644		14,800
Miscellaneous revenues	1,463		6,409		7,872
TOTAL REVENUES	<u>1,925,596</u>	<u>1,084,754</u>	<u>7,053</u>		<u>3,017,403</u>
Expenditures:					
Debt service:					
Principal	1,480,000	1,014,488			2,494,488
Interest	1,609,511	69,569	7,053	\$139,815	1,825,948
TOTAL EXPENDITURES	<u>3,089,511</u>	<u>1,084,057</u>	<u>7,053</u>	<u>139,815</u>	<u>4,320,436</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(1,163,915)</u>	 <u>697</u>	 <u> </u>	 <u>(139,815)</u>	 <u>(1,303,033)</u>
Other financing sources (uses):					
Repayment of short term loan from General Fund				(726,290)	(726,290)
Transfers in	1,190,387			866,105	2,056,492
TOTAL OTHER FINANCING SOURCES (USES)	<u> </u>	<u> </u>	<u> </u>	<u>139,815</u>	<u>1,330,202</u>
 NET CHANGE IN FUND BALANCES	 26,472	 697			 27,169
 FUND BALANCES - as previously reported	 149,589	 271,808			 421,397
Investment adjustment to fair market value	(164)	(311)			(475)
FUND BALANCES - AS RESTATED	<u>149,425</u>	<u>271,497</u>			<u>420,922</u>
 FUND BALANCES - ENDING	 <u>\$175,897</u>	 <u>\$272,194</u>	 <u>\$ ----</u>	 <u>\$ ----</u>	 <u>\$448,091</u>

CITY OF BEAVERTON, OREGON
NONMAJOR CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2018

	<u>Capital Projects Fund</u>	<u>BURA Capital Project Fund</u>	<u>Total</u>
Revenues:			
Intergovernmental	\$514,254		\$514,254
Interest on investments and assessments	<u>2,156</u>		<u>2,156</u>
TOTAL REVENUES	<u>516,410</u>		<u>516,410</u>
Expenditures:			
Capital Outlay	<u>2,721,243</u>	\$ 2,561,290	<u>5,282,533</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,204,833)</u>	<u>(2,561,290)</u>	<u>(4,766,123)</u>
Other financing sources:			
Proceeds, note payable		1,835,000	1,835,000
Loan from General Fund		726,290	726,290
Operating transfers in	<u>2,328,212</u>		<u>2,328,212</u>
TOTAL OTHER FINANCING SOURCES	<u>2,328,212</u>	<u>2,561,290</u>	<u>4,889,502</u>
NET CHANGE IN FUND BALANCES	123,379		123,379
FUND BALANCES - Beginning of year	1,208,233		1,208,233
Investment adjustment to fair market value	<u>(1,316)</u>		<u>(1,316)</u>
FUND BALANCES - AS RESTATED	<u>1,206,917</u>		<u>1,206,917</u>
FUND BALANCES - ENDING	<u><u>\$1,330,296</u></u>	<u><u>\$ ----</u></u>	<u><u>\$1,330,296</u></u>

CITY OF BEAVERTON, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
Expenditures and Transfers:				
City Council:				
Personnel services	\$107,400	\$107,400	\$104,646	\$2,754
Materials and services	39,720	39,720	28,382	11,338
Transfers	24,219	24,219	17,809	6,410
	<u>171,339</u>	<u>171,339</u>	<u>150,837</u>	<u>20,502</u>
Mayor's Office:				
Personnel services	5,158,042	5,037,163	4,620,081	417,082
Materials and services	2,097,378	2,395,829	1,954,829	441,000
Transfers	684,581	684,581	663,141	21,440
Contingency	40,930	40,930		40,930
	<u>7,980,931</u>	<u>8,158,503</u>	<u>7,238,051</u>	<u>920,452</u>
Non-Departmental:				
Materials and services	3,353,706	3,547,724	3,070,373	477,351
Capital outlay	477,500	678,387	595,866	82,521
Debt service	106,692	106,692	106,692	
Transfers	5,330,628	5,501,378	4,829,352	672,026
Contingency	4,793,970	6,529,741		6,529,741
	<u>14,062,496</u>	<u>16,363,922</u>	<u>8,602,283</u>	<u>7,761,639</u>
Department of Human Resources:				
Personnel services	920,940	920,940	802,556	118,384
Materials and services	337,418	337,418	283,266	54,152
Transfers	15,413	15,413	11,544	3,869
	<u>1,273,771</u>	<u>1,273,771</u>	<u>1,097,366</u>	<u>176,405</u>
Finance Department:				
Personnel services	1,889,700	1,889,700	1,845,895	43,805
Materials and services	143,908	147,908	139,760	8,148
Transfers	75,410	75,410	75,410	
	<u>2,109,018</u>	<u>2,113,018</u>	<u>2,061,065</u>	<u>51,953</u>
Municipal Court Department:				
Personnel services	1,897,361	1,927,781	1,827,448	100,333
Materials and services	910,669	1,020,669	749,213	271,456
Capital outlay		113,335		113,335
Transfers	112,269	112,269	108,726	3,543
Capital outlay				
	<u>2,920,299</u>	<u>3,174,054</u>	<u>2,685,387</u>	<u>488,667</u>
City Attorney:				
Personnel services	1,974,043	2,024,577	1,890,688	133,889
Materials and services	113,248	116,748	87,826	28,922
Transfers	11,559	11,559	11,379	180
	<u>2,098,850</u>	<u>2,152,884</u>	<u>1,989,893</u>	<u>162,991</u>

Continued

**CITY OF BEAVERTON, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL, Continued
For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures and Transfers :				
Police Department:				
Personnel services	\$26,713,073	\$26,804,789	\$25,669,433	\$1,135,356
Materials and services	3,259,280	3,439,147	3,193,564	245,583
Capital outlay	275,000	396,108	360,577	35,531
Transfers	1,216,714	1,216,714	1,124,937	91,777
Contingency	535,702	469,966		469,966
	<u>31,999,769</u>	<u>32,326,724</u>	<u>30,348,511</u>	<u>1,978,213</u>
Community & Economic Development				
Personnel services	4,370,957	4,393,749	4,245,576	148,173
Materials and services	1,928,854	2,657,853	1,654,789	1,003,064
Capital outlay	217,500	217,500		217,500
Transfers	74,309	74,309	74,309	
	<u>6,591,620</u>	<u>7,343,411</u>	<u>5,974,674</u>	<u>1,368,737</u>
Capital Development				
Personnel services	1,068,729	1,068,729	897,526	171,203
Materials and services	45,220	56,770	32,019	24,751
Capital outlay	27,000	27,000	24,230	2,770
Transfers	25,624	25,624	25,459	165
Contingency	32,184	32,184		32,184
	<u>1,198,757</u>	<u>1,210,307</u>	<u>979,234</u>	<u>231,073</u>
Public Works - Operations Department:				
Personnel services	2,685,075	2,957,539	2,382,939	574,600
Materials and services	479,595	666,870	527,390	139,480
Capital outlay	82,710	121,765	117,262	4,503
Transfers	325,124	325,124	316,232	8,892
Contingency	372,754	380,699		380,699
	<u>3,945,258</u>	<u>4,451,997</u>	<u>3,343,823</u>	<u>1,108,174</u>
TOTAL EXPENDITURES AND TRANSFERS				
	<u><u>\$74,352,108</u></u>	<u><u>\$78,739,930</u></u>	<u><u>\$64,471,124</u></u>	<u><u>\$14,268,806</u></u>

The summary of appropriated General Fund expenditures and transfers by category is as follows:

Personnel Services	\$46,785,320	\$47,132,367	\$44,286,788	\$2,845,579
Materials and services	12,708,996	14,426,656	11,721,411	2,705,245
Capital outlay	1,079,710	1,554,095	1,097,935	456,160
Debt service	106,692	106,692	106,692	
Transfers	7,895,850	8,066,600	7,258,298	808,302
Contingency	5,775,540	7,453,520	-	7,453,520
	<u><u>\$74,352,108</u></u>	<u><u>\$78,739,930</u></u>	<u><u>\$64,471,124</u></u>	<u><u>\$14,268,806</u></u>

CITY OF BEAVERTON, OREGON
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Building fees and permits	\$1,760,000	\$1,760,000	\$1,477,981	(\$282,019)
Plan checks:				
Commercial	640,000	640,000	667,228	27,228
Residential	133,000	133,000	152,159	19,159
Safety plan checks - fire	420,000	420,000	336,866	(83,134)
Electrical inspection fees	450,000	450,000	407,302	(42,698)
Plumbing inspection fees	420,000	420,000	255,633	(164,367)
Sewer inspection fees	6,375	6,375	2,825	(3,550)
Interest on investments	28,700	28,700	34,351	5,651
Miscellaneous revenues	80,000	80,000	101,326	21,326
TOTAL REVENUES	<u>3,938,075</u>	<u>3,938,075</u>	<u>3,435,671</u>	<u>(502,404)</u>
Expenditures:				
Personnel services	2,983,626	3,028,654	2,779,053	249,601
Materials and services	123,761	135,151	94,210	40,941
Capital Outlay	87,500	87,500	47,437	40,063
Contingency	1,984,647	1,681,327		1,681,327
TOTAL EXPENDITURES	<u>5,179,534</u>	<u>4,932,632</u>	<u>2,920,700</u>	<u>2,011,932</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,241,459)	(994,557)	514,971	1,509,528
Other financing sources (uses):				
Transfers out	(859,263)	(859,263)	(838,553)	20,710
NET CHANGE IN FUND BALANCE	<u>(2,100,722)</u>	<u>(1,853,820)</u>	<u>(323,582)</u>	<u>1,530,238</u>
FUND BALANCES - budgetary basis, Beginning of year	<u>2,100,722</u>	<u>1,853,820</u>	<u>1,853,820</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$1,530,238</u>	<u>\$1,530,238</u>

**Reconciliation of net change in fund balance -
budgetary basis to GAAP basis**

Net change in fund balance - budgetary basis	(\$323,582)
Investment adjustment to fair market value	(15,022)
Funding of compensated absences, not GAAP expense	15,623
Net change in fund balance - GAAP basis	<u><u>(\$322,981)</u></u>

CITY OF BEAVERTON, OREGON
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Federal grants	\$767,331	\$809,663	\$584,896	(\$224,767)
Lease of City property	73,200	73,200	73,200	
Interest on investments	800	800	751	(49)
Miscellaneous revenues	14,639	14,639	74,713	60,074
TOTAL REVENUES	<u>855,970</u>	<u>898,302</u>	<u>733,560</u>	<u>(164,742)</u>
Expenditures:				
Personnel services	97,902	98,631	98,631	
Materials and services	725,046	837,939	636,847	201,092
Debt service				
Contingency	32,196			
TOTAL EXPENDITURES	<u>855,144</u>	<u>936,570</u>	<u>735,478</u>	<u>201,092</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	826	(38,268)	(1,918)	36,350
Other financing uses:				
Transfers out	(826)	(826)	(750)	76
NET CHANGE IN FUND BALANCE		(39,094)	(2,668)	36,426
FUND BALANCES - budgetary basis, Beginning of year		39,094	39,094	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$36,426</u>	<u>\$36,426</u>

Note: There is no difference between budgetary and GAAP net change in fund balance.

CITY OF BEAVERTON, OREGON
LODGING TAX (TLT) FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Local tax	\$1,232,251	\$1,232,251	\$1,158,948	(\$73,303)
County 2.5% lodging tax	782,075	782,075	717,212	(64,863)
Contributions and donations			500	500
Investment interest earnings	13,200	13,200	18,727	5,527
Miscellaneous revenues			87	87
TOTAL REVENUES	<u>2,027,526</u>	<u>2,027,526</u>	<u>1,895,474</u>	<u>(132,052)</u>
Expenditures:				
Personnel services	602,614	626,030	529,527	96,503
Materials and services	765,168	835,773	740,200	95,573
Contingency	2,290,790	874,703		874,703
TOTAL EXPENDITURES	<u>3,658,572</u>	<u>2,336,506</u>	<u>1,269,727</u>	<u>1,066,779</u>
EXCESS OF REVENUES OVER EXPENDITURES	(1,631,046)	(308,980)	625,747	934,727
Other financing uses:				
Transfers in	\$503,821	503,821	454,258	(49,563)
Transfers out	(19,657)	(1,427,900)	(1,426,860)	1,040
	<u>484,164</u>	<u>(924,079)</u>	<u>(972,602)</u>	<u>(48,523)</u>
TOTAL OTHER FINANCING USES USES	<u>484,164</u>	<u>(924,079)</u>	<u>(972,602)</u>	<u>(48,523)</u>
NET CHANGE IN FUND BALANCE	(1,146,882)	(1,233,059)	(346,855)	886,204
FUND BALANCES - budgetary basis, Beginning of year	<u>1,146,882</u>	<u>1,233,059</u>	<u>1,233,059</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$886,204</u>	<u>\$886,204</u>

**Reconciliation of net change in fund balance -
budgetary basis to GAAP basis**

Net change in fund balance - budgetary basis	(\$346,855)
Investment adjustment to fair market value	(6,000)
Funding of compensated absences, not GAAP expense	14,468
Net change in fund balance - GAAP basis	<u>(\$338,387)</u>

CITY OF BEAVERTON, OREGON
BEAVERTON CENTER FOR THE ARTS GIFT AND CONTRIBUTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Contributions	\$1,000,000	\$1,000,000	_____	(\$1,000,000)
TOTAL REVENUES	<u>1,000,000</u>	<u>1,000,000</u>	_____	<u>(1,000,000)</u>
Expenditures:				
Contingency	1,000,000	1,000,000	_____	1,000,000
TOTAL EXPENDITURES	<u>1,000,000</u>	<u>1,000,000</u>	_____	<u>1,000,000</u>
NET CHANGE IN FUND BALANCE				
FUND BALANCES - budgetary				
basis, Beginning of year	_____	_____	_____	_____
FUND BALANCES - budgetary				
basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>

CITY OF BEAVERTON, OREGON
STREET LIGHTING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes:				
Current year's levy	\$1,152,929	\$1,152,929	\$1,157,122	\$4,193
Prior years' levy	10,000	10,000	9,632	(368)
Interest on investments	5,100	5,100	7,585	2,485
Miscellaneous revenues	9,000	9,000	15,939	6,939
TOTAL REVENUES	<u>1,177,029</u>	<u>1,177,029</u>	<u>1,190,278</u>	<u>13,249</u>
Expenditures:				
Personnel services	292,180	292,180	219,103	73,077
Materials and services	851,300	862,560	808,600	53,960
Capital outlay	90,000	90,000		90,000
Contingency	74,392	103,421		103,421
TOTAL EXPENDITURES	<u>1,307,872</u>	<u>1,348,161</u>	<u>1,027,703</u>	<u>320,458</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(130,843)	(171,132)	162,575	333,707
Other financing uses:				
Transfers out	(112,884)	(113,466)	(105,239)	8,227
NET CHANGE IN FUND BALANCE	(243,727)	(284,598)	57,336	341,934
FUND BALANCES - budgetary basis, Beginning of year	<u>243,727</u>	<u>284,598</u>	<u>284,598</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$341,934</u>	<u>\$341,934</u>

**Reconciliation of net change in fund balance -
budgetary basis to GAAP basis**

Net change in fund balance - budgetary basis	\$57,336
Funding of compensated absences, not GAAP expense	(4,951)
Investment adjustment to fair market value	(3,857)
Net change in fund balance - GAAP basis	<u>\$48,528</u>

CITY OF BEAVERTON, OREGON
TRANSPORTATION SYSTEMS DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Transportation SDC - South Cooper Mountain	\$300,000	\$300,000	\$594,071	\$294,071
Investment interest earnings			1,508	1,508
TOTAL REVENUES	<u>300,000</u>	<u>300,000</u>	<u>595,579</u>	<u>295,579</u>
Expenditures:				
Materials and services				
Contingency	400,000	300,000		300,000
TOTAL EXPENDITURES	<u>400,000</u>	<u>300,000</u>		<u>300,000</u>
 NET CHANGE IN FUND BALANCE	 (100,000)		 595,579	 595,579
 FUND BALANCES - budgetary basis, Beginning of year	 <u>100,000</u>			
 FUND BALANCES - budgetary basis, End of year	 <u>\$ ----</u>	 <u>\$ ----</u>	 <u>\$595,579</u>	 <u>\$595,579</u>

**Reconciliation of net change in fund balance -
budgetary basis to GAAP basis**

Net change in fund balance - budgetary basis	\$595,579
Investment adjustment to fair market value	<u>(4,151)</u>
Net change in fund balance - GAAP basis	<u>\$591,428</u>

CITY OF BEAVERTON, OREGON
TRAFFIC IMPACT FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fees, licenses, and permits	\$1,500,000	\$1,500,000	\$771,845	(\$728,155)
Interest on investments	90,800	90,800	151,720	60,920
Reimbursements - other			119	119
TOTAL REVENUES	<u>1,590,800</u>	<u>1,590,800</u>	<u>923,684</u>	<u>(667,116)</u>
Expenditures:				
Personnel services	166,775	167,775	166,317	1,458
Materials and services	200,000	200,000	200,000	
Contingency	10,582,064	10,609,851		10,609,851
TOTAL EXPENDITURES	<u>10,948,839</u>	<u>10,977,626</u>	<u>366,317</u>	<u>10,611,309</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,358,039)	(9,386,826)	557,367	9,944,193
Other financing sources (uses):				
Transfers out	(621,334)	(2,172,366)	(1,873,996)	298,370
NET CHANGE IN FUND BALANCE	(9,979,373)	(11,559,192)	(1,316,629)	10,242,563
FUND BALANCES - budgetary basis, Beginning of year	<u>9,979,373</u>	<u>11,559,192</u>	<u>11,559,192</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$10,242,563</u>	<u>\$10,242,563</u>

**Reconciliation of net change in fund balance -
budgetary basis to GAAP basis**

Net change in fund balance - budgetary basis	(\$1,316,629)
Investment adjustment to fair market value	(72,864)
Funding of compensated absences, not GAAP expense	1,303
Net change in fund balance - GAAP basis	<u>(\$1,388,190)</u>

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, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes:				
Current year's levy	\$2,514,732	\$3,012,401	\$3,037,745	\$25,344
Prior year's levy	8,000	8,000	12,804	4,804
Interest on investments	29,500	29,500	62,707	33,207
Miscellaneous revenues	1,200	1,200	48,608	47,408
TOTAL REVENUES	<u>2,553,432</u>	<u>3,051,101</u>	<u>3,161,864</u>	<u>110,763</u>
Expenditures:				
Materials and services	1,107,250	1,913,644	701,320	1,212,324
Contingency	2,170,315	2,826,263	-	2,826,263
TOTAL EXPENDITURES	<u>3,277,565</u>	<u>4,739,907</u>	<u>701,320</u>	<u>4,038,587</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(724,133)	(1,688,806)	2,460,544	4,149,350
Other financing (uses):				
Transfers out	(453,187)	(1,447,114)	(990,436)	456,678
TOTAL OTHER FINANCING SOURCES (USES)	<u>(453,187)</u>	<u>(1,447,114)</u>	<u>(990,436)</u>	<u>456,678</u>
NET CHANGE IN FUND BALANCE	(1,177,320)	(3,135,920)	1,470,108	4,606,028
FUND BALANCES - budgetary basis, Beginning of year	<u>1,177,320</u>	<u>3,135,920</u>	<u>3,135,920</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$4,606,028</u>	<u>\$4,606,028</u>
Reconciliation of net change in fund balance - budgetary basis to GAAP basis				
Net change in fund balance - budgetary basis			\$1,470,108	
Investment adjustment ro fair market value			(33,307)	
Net change in fund balance - GAAP basis			<u>\$1,436,801</u>	

CITY OF BEAVERTON, OREGON
GENERAL OBLIGATION 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, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes:				
Current year's levy	\$1,888,999	\$1,888,999	\$1,895,870	\$6,871
Prior years' levy	15,000	15,000	14,801	(199)
Interest on investments	9,800	9,800	14,644	4,844
Miscellaneous revenues	800	800	1,463	663
TOTAL REVENUES	<u>1,914,599</u>	<u>1,914,599</u>	<u>1,926,778</u>	<u>12,179</u>
Expenditures:				
Debt service:				
Principal	1,480,000	1,480,000	1,480,000	
Interest	1,609,511	1,609,511	1,609,511	
Contingency	145,026	165,064		165,064
TOTAL EXPENDITURES	<u>3,234,537</u>	<u>3,254,575</u>	<u>3,089,511</u>	<u>165,064</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,319,938)	(1,339,976)	(1,162,733)	177,243
Other financing sources:				
Transfers in	1,190,387	1,190,387	1,190,387	
NET CHANGE IN FUND BALANCE	(129,551)	(149,589)	27,654	177,243
FUND BALANCES - budgetary basis, Beginning of year	<u>129,551</u>	<u>149,589</u>	<u>149,589</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$177,243</u>	<u>\$177,243</u>

Reconciliation of net change in fund balance -
budgetary basis to GAAP basis
Net change in fund balance - budgetary basis
Investment adjustment to fair market value
Net change in fund balance - GAAP basis

\$27,654
(1,182)
\$26,472

CITY OF BEAVERTON, OREGON
SPECIAL REVENUE DEBT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Right of way fees	\$1,084,060	\$1,084,060	\$1,084,060	
Interest on investments	2,400	2,400	2,605	\$205
TOTAL REVENUES	1,086,460	1,086,460	1,086,665	205
Expenditures:				
Debt service:				
Principal	1,014,488	1,014,488	1,014,488	
Interest	69,569	69,569	69,569	
Contingency	273,456	274,211		274,211
TOTAL EXPENDITURES	1,357,513	1,358,268	1,084,057	274,211
EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES	(271,053)	(271,808)	2,608	274,416
FUND BALANCES - budgetary basis, Beginning of year	271,053	271,808	271,808	
FUND BALANCES - budgetary basis, End of year	\$ ----	\$ ----	\$274,416	\$274,416
Reconciliation of net change in fund balance - budgetary basis to GAAP basis				
Net change in fund balance - budgetary basis			\$2,608	
Investment adjustment to fair market value			(1,911)	
Net change in fund balance - GAAP basis			\$697	

CITY OF BEAVERTON, OREGON
ASSESSMENT 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, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Bonded assessments	\$14,800	\$14,800	\$6,409	(\$8,391)
Interest collected on assessments	3,500	3,900	576	(3,324)
Interest on investments	19	19	68	49
TOTAL REVENUES	18,319	18,719	7,053	(11,666)
Other financing uses:				
Transfers out	(18,319)	(18,719)	(7,053)	11,666
NET CHANGE IN FUND BALANCE	---	---	---	---
FUND BALANCES - budgetary basis, Beginning of year	---	---	---	---
FUND BALANCES - budgetary basis, End of year	\$ ----	\$ ----	\$ ----	\$ ----

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, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Debt Service	\$311,000	\$1,304,927	\$866,105	\$438,822
Other financing sources:				
Transfers in	311,000	1,304,927	866,105	(438,822)
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 \$866,105 debt service expenditures, \$139,815 was for interest expense and \$726,290 was a repayment of loan from the City of Beaverton.

**CITY OF BEAVERTON, OREGON
CAPITAL DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest on investments	\$360,900	\$360,900	\$486,602	\$125,702
Miscellaneous			10,504	10,504
Lease of City property	13,664	13,664	13,664	0
TOTAL REVENUES	<u>374,564</u>	<u>374,564</u>	<u>510,770</u>	<u>136,206</u>
Expenditures:				
Capital outlay	41,703,000	36,113,069	3,430,610	32,682,459
Contingency	8,690,071	3,034,221		3,034,221
TOTAL EXPENDITURES	<u>50,393,071</u>	<u>39,147,290</u>	<u>3,430,610</u>	<u>35,716,680</u>
 (DEFICIENCY) OF REVENUES UNDER EXPENDITURES	 (50,018,507)	 (38,772,726)	 (2,919,840)	 35,852,886
Other financing				
Transfers out	(500,000)	(83,899)	(83,899)	
Transfers in	874,000	2,623,743	2,066,662	(557,081)
Proceeds, bond sale	15,000,000			
TOTAL OTHER FINANCING SOURCES	<u>15,374,000</u>	<u>2,539,844</u>	<u>1,982,763</u>	<u>(557,081)</u>
 NET CHANGE IN FUND BALANCE	 (34,644,507)	 (36,232,882)	 (937,077)	 35,295,805
 FUND BALANCES - budgetary basis, Beginning of year	 <u>34,644,507</u>	 <u>36,232,882</u>	 <u>36,232,882</u>	
 FUND BALANCES - budgetary basis, End of year	 <u>\$ ----</u>	 <u>\$ ----</u>	 <u>\$35,295,805</u>	 <u>\$35,295,805</u>
Reconciliation of net change in fund balance - budgetary basis to GAAP basis				
Net change in fund balance - budgetary basis			(\$937,077)	
Investment adjustment to fair market value			<u>(251,851)</u>	
Net change in fund balance - GAAP basis			<u>(\$1,188,928)</u>	

**CITY OF BEAVERTON, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$225,000	\$711,463	\$514,255	(\$197,208)
Interest on investments	2,230	2,230	9,659	7,429
TOTAL REVENUES	<u>227,230</u>	<u>713,693</u>	<u>523,914</u>	<u>(189,779)</u>
Expenditures:				
Capital outlay	2,827,585	5,126,833	2,721,243	2,405,590
Contingency	71,075	459,483		459,483
TOTAL EXPENDITURES	<u>2,898,660</u>	<u>5,586,316</u>	<u>2,721,243</u>	<u>2,865,073</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,671,430)	(4,872,623)	(2,197,329)	2,675,294
Other financing sources:				
Transfers in	2,076,774	3,664,390	2,328,212	(1,336,178)
NET CHANGE IN FUND BALANCE	(594,656)	(1,208,233)	130,883	1,339,116
FUND BALANCES - budgetary basis, Beginning of year	<u>594,656</u>	<u>1,208,233</u>	<u>1,208,233</u>	<u></u>
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$1,339,116</u>	<u>\$1,339,116</u>
Reconciliation of net change in fund balance - budgetary basis to GAAP basis				
Net change in fund balance - budgetary basis			\$130,883	
Investment adjustment to fair market value			(7,504)	
Net change in fund balance - GAAP basis			<u>\$123,379</u>	

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, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Capital outlay	\$6,255,000	\$1,164,427	\$726,290	\$438,137
Other financing sources:				
Loan from City of Beaverton		1,164,427	726,290	(438,137)
Proceeds, line of credit	6,255,000			
TOTAL OTHER FINANCING SOURCES	6,255,000	1,164,427	726,290	(438,137)
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..

COMBINING STATEMENTS INTERNAL SERVICE FUNDS

These funds are used to account for services provided by the City of Beaverton for other units within the City. Included are:

Reprographics Fund - accounts for the reprographics services.

Garage Fund - accounts for the vehicle and equipment repair services.

Information Systems Fund - accounts for the data processing services.

Geographic Information Systems Fund - accounts for the mapping and technical services.

Public Works Administration Fund - accounts for the activities of the Public Works Department.

Insurance Fund - accounts for the insurance activities.

CITY OF BEAVERTON, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2018

	<u>Reprographics Fund</u>	<u>Garage Fund</u>	<u>Information Systems Fund</u>
Assets:			
Current assets:			
Cash and investments	\$200,726	\$290,395	\$737,575
Accounts receivable, net			
Accrued interest receivable	597	590	3,012
Inventory of materials and supplies	<u>13,457</u>	<u>96,435</u>	
Total current assets	214,780	387,420	740,587
Other assets			
Net OPEB Asset (RHIA)	792	2,600	4,133
Capital assets, net	<u>7,495</u>		<u>2,245,701</u>
TOTAL ASSETS	<u>223,067</u>	<u>390,020</u>	<u>2,990,421</u>
Deferred outflows of resources:			
Deferred amount on pensions	99,738	192,326	768,254
Deferred amount on OPEB	1,987	6,521	10,364
Liabilities:			
Current liabilities:			
Accounts payable	60,248	59,488	18,495
Accrued salaries and payroll taxes	11,092	20,158	108,763
Other accrued liabilities			
Long-term liabilities:			
Compensated absences	12,158	23,439	171,179
Net OPEB	23,849	78,268	124,415
Net pension liability	<u>294,089</u>	<u>567,096</u>	<u>2,265,274</u>
TOTAL LIABILITIES	<u>401,436</u>	<u>748,449</u>	<u>2,688,126</u>
Deferred inflows of resources:			
Deferred amount on pensions	17,864	34,446	137,598
Deferred amount on OPEB	1,841	6,037	9,598
Net Position:			
Invested in capital assets	7,495		2,245,701
Unrestricted	<u>(103,844)</u>	<u>(200,065)</u>	<u>(1,311,984)</u>
TOTAL NET POSITION	<u><u>(\$96,349)</u></u>	<u><u>(\$200,065)</u></u>	<u><u>\$933,717</u></u>

Geographic Information Systems Fund	Public Works Administration Fund	Insurance Fund	Total
\$148,441	\$221,771	\$3,349,607	\$4,948,515
		15,173	15,173
588	708	12,446	17,941
			109,892
149,029	222,479	3,377,226	5,091,521
		50,000	50,000
1,416	1,562	855	11,358
-	623,713		2,876,909
150,445	847,754	3,428,081	8,029,788
207,353	235,522	121,326	1,624,519
3,550	3,920	2,143	28,485
36	17,315	67,322	222,904
29,129	36,876	20,276	226,294
		589,334	589,334
46,985	62,048	37,652	353,461
42,623	47,042	25,726	341,923
611,400	694,462	357,742	4,790,063
730,173	857,743	1,098,052	6,523,979
37,137	42,184	21,730	290,959
3,287	3,628	1,984	26,375
-	623,713		2,876,909
(409,249)	(440,072)	2,429,784	(35,430)
(\$409,249)	\$183,641	\$2,429,784	\$2,841,479

**CITY OF BEAVERTON, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
For the Fiscal Year Ended June 30, 2018**

	Reprographics Fund	Garage Fund	Information Systems Fund
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Charges for services:			
Internal charges	\$1,059,151	\$1,568,065	\$3,434,143
Miscellaneous revenues	1,577	42,585	270,751
TOTAL OPERATING REVENUES	<u>1,060,728</u>	<u>1,610,650</u>	<u>3,704,894</u>
Operating expenses:			
Personnel services	339,102	668,990	2,022,885
Supplies, repairs, and services	750,161	942,397	1,298,106
Insurance claims and premiums			
Contract charges			
Depreciation	2,508		397,290
TOTAL OPERATING EXPENSES	<u>1,091,771</u>	<u>1,611,387</u>	<u>3,718,281</u>
OPERATING INCOME(LOSS)	<u>(31,043)</u>	<u>(737)</u>	<u>(13,387)</u>
Nonoperating revenues:			
Interest on investments	483	47	4,094
TOTAL NONOPERATING REVENUES	<u>483</u>	<u>47</u>	<u>4,094</u>
CHANGE IN NET POSITION	<u>(30,560)</u>	<u>(690)</u>	<u>(9,293)</u>
NET POSITION - as previously reported	(63,156)	(195,394)	956,533
Adjustment for OPEB due to GASB 75	(2,633)	(3,981)	(13,523)
NET POSITION - AS RESTATED	<u>(65,789)</u>	<u>(199,375)</u>	<u>943,010</u>
NET POSITION - ENDING	<u><u>(\$96,349)</u></u>	<u><u>(\$200,065)</u></u>	<u><u>\$933,717</u></u>

Geographic Information Systems Fund	Public Works Administration Fund	Insurance Fund	Total
\$709,779	\$1,211,444	\$11,774,343	\$19,756,925
845	173,718	42,762	532,238
<u>710,624</u>	<u>1,385,162</u>	<u>11,817,105</u>	<u>20,289,163</u>
675,862	786,773	399,396	4,893,008
108,016	436,187	269,477	3,804,344
		10,419,822	10,419,822
		747,417	747,417
<u>6,617</u>	<u>10,632</u>		<u>417,047</u>
<u>790,495</u>	<u>1,233,592</u>	<u>11,836,112</u>	<u>20,281,638</u>
<u>(79,871)</u>	<u>151,570</u>	<u>(19,007)</u>	<u>7,525</u>
878	580	20,591	26,673
<u>878</u>	<u>580</u>	<u>20,591</u>	<u>26,673</u>
(78,993)	152,150	1,584	34,198
(326,523)	36,047	2,430,346	2,837,853
<u>(3,733)</u>	<u>(4,556)</u>	<u>(2,146)</u>	<u>(30,572)</u>
<u>(330,256)</u>	<u>31,491</u>	<u>2,428,200</u>	<u>2,807,281</u>
<u>(\$409,249)</u>	<u>\$183,641</u>	<u>\$2,429,784</u>	<u>\$2,841,479</u>

CITY OF BEAVERTON, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

	Reprographics Fund	Garage Fund	Information Systems Fund
	<u> </u>	<u> </u>	<u> </u>
Cash flows from operating activities:			
Cash receipts from customers and miscellaneous revenues	\$1,577	\$42,585	\$270,751
Cash receipts from interfund services provided to other funds	1,059,151	1,568,065	3,434,143
Cash payments to suppliers	(698,307)	(729,409)	(1,359,800)
Cash payments to employees	(308,610)	(624,489)	(1,672,217)
Cash payments for interfund services used	<u>(37,244)</u>	<u>(183,223)</u>	<u>(8,112)</u>
 NET CASH FROM OPERATING ACTIVITIES	 <u>16,567</u>	 <u>73,529</u>	 <u>664,765</u>
 Cash flows from capital and related financing activities:			
Acquisition of capital assets			(742,202)
 NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES			 <u>(742,202)</u>
 Cash flows from investing activities:			
Interest received	<u>325</u>	<u>(127)</u>	<u>3,093</u>
 NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	 16,892	 73,402	 (74,344)
CASH AND INVESTMENTS - Beginning of year	<u>183,834</u>	<u>216,993</u>	<u>811,919</u>
CASH AND INVESTMENTS - End of year	<u><u>\$200,726</u></u>	<u><u>\$290,395</u></u>	<u><u>\$737,575</u></u>
 Reconciliation of operating loss to net cash from operating activities:			
Operating income (loss)	<u>(\$31,043)</u>	<u>(\$737)</u>	<u>(\$13,387)</u>
 Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation expense	2,508		397,290
Pension expense	37,092	47,556	352,709
OPEB expense	(6,802)	23,415	(33,387)
Change in assets and liabilities:			
Accounts receivable			
Other Asset			
Inventory of materials and supplies	(1,735)	(5,721)	
Accounts payable	16,344	35,486	(69,806)
Accrued salaries and payroll taxes	(461)	(8,385)	9,481
Compensated absences	664	(18,085)	21,865
Other accrued liabilities			
 TOTAL ADJUSTMENTS	 <u>47,610</u>	 <u>74,266</u>	 <u>678,152</u>
 NET CASH FROM OPERATING ACTIVITIES	 <u><u>\$16,567</u></u>	 <u><u>\$73,529</u></u>	 <u><u>\$664,765</u></u>

<u>Geographic Information Systems Fund</u>	<u>Public Works Administration Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
\$845	\$173,718	\$242,122	\$731,598
709,779	1,211,444	11,774,343	19,756,925
(18,668)	(279,785)	(11,307,288)	(14,393,257)
(613,455)	(703,046)	(368,580)	(4,290,397)
<u>(89,388)</u>	<u>(158,543)</u>	<u>(98,308)</u>	<u>(574,818)</u>
<u>(10,887)</u>	<u>243,788</u>	<u>242,289</u>	<u>1,230,051</u>
	<u>(275,964)</u>		<u>(1,018,166)</u>
	<u>(275,964)</u>		<u>(1,018,166)</u>
<u>707</u>	<u>376</u>	<u>16,226</u>	<u>20,600</u>
(10,180)	(31,800)	258,515	232,485
<u>158,621</u>	<u>253,571</u>	<u>3,091,092</u>	<u>4,716,030</u>
<u>\$148,441</u>	<u>\$221,771</u>	<u>\$3,349,607</u>	<u>\$4,948,515</u>
<u>(\$79,871)</u>	<u>\$151,570</u>	<u>(\$19,007)</u>	<u>\$7,525</u>
6,617	10,632		417,047
57,719	72,240	33,180	600,496
(2,613)	(7,156)	(531)	(27,074)
		154,960	154,960
		44,400	44,400
			(7,456)
(40)	(2,141)	(52,880)	(73,037)
1,182	4,741	(355)	6,203
6,119	13,902	(1,478)	22,987
		84,000	84,000
<u>68,984</u>	<u>92,218</u>	<u>261,296</u>	<u>1,222,526</u>
<u>(\$10,887)</u>	<u>\$243,788</u>	<u>\$242,289</u>	<u>\$1,230,051</u>

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PROPRIETARY FUNDS**

ENTERPRISE FUNDS

These funds are used to finance and account for the acquisition, operation and maintenance of water, sewer and storm drain facilities which are supported by user charges.

- *Water Operating Fund*
- *Water Debt Service Fund*
- *Water Construction Fund*
- *Sewer Fund*
- *Storm Drain Fund*

INTERNAL SERVICE FUNDS

These funds are used to account for services provided by the City of Beaverton to various departments within the city.

- *Reprographics Fund*
- *Garage Fund*
- *Information Systems Fund*
- *Geographic Information Systems Fund*
- *Public Works Administration Fund*
- *Insurance Fund*

CITY OF BEAVERTON, OREGON
WATER OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Service charges and other fees:				
Water sales	\$9,616,200	\$9,616,200	\$10,127,493	\$511,293
Demand charges	3,500,250	3,500,250	3,579,324	79,074
Customer service fees	32,000	32,000	27,385	(4,615)
Unmetered water sales	14,000	14,000	29,914	15,914
New meter installation	16,120	16,120	51,989	35,869
Sales discounts and allowances	(78,750)	(78,750)	(71,077)	7,673
Lease income			101,872	101,872
Interest on investments	143,200	143,200	206,543	63,343
Sale of City Property			12,825	12,825
Miscellaneous revenues	83,680	83,680	148,979	65,299
TOTAL REVENUES	<u>13,326,700</u>	<u>13,326,700</u>	<u>14,215,247</u>	<u>888,547</u>
Expenditures:				
Personnel services	2,378,311	2,491,185	2,026,676	464,509
Materials and services	4,303,493	4,351,978	3,937,402	414,576
Capital outlay	4,411,750	5,302,954	3,874,357	1,428,597
Contingency	10,051,634	9,905,385		9,905,385
TOTAL EXPENDITURES	<u>21,145,188</u>	<u>22,051,502</u>	<u>9,838,435</u>	<u>12,213,067</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,818,488)	(8,724,802)	4,376,812	13,101,614
Other financing uses:				
Transfers out	(3,471,911)	(3,512,025)	(3,466,362)	45,663
NET CHANGE IN FUND BALANCE	<u>(11,290,399)</u>	<u>(12,236,827)</u>	<u>910,450</u>	<u>13,147,277</u>
FUND BALANCES - budgetary basis, Beginning of year	<u>11,290,399</u>	<u>12,236,827</u>	<u>12,236,827</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$13,147,277</u>	<u>\$13,147,277</u>

**Reconciliation of net change in fund balance - budgetary basis
to net change in net position - GAAP basis**

Net change in fund balance - budgetary basis	\$910,450
Capital asset additions	2,825,993
Investment in Joint Venture	1,047,618
Investment adjustment to fair market value	(88,267)
Depreciation, GAAP expense	(803,342)
Easements and Rights of Way conveyed to City	232,568
Loss on equity in joint ventures	(273,058)
Inventory adjustment	(11,411)
Allowance for doubtful accounts	534
Payroll taxes accrual on compensated absences, GAAP expense	(15,607)
Pension expense, GAAP expense	(260,470)
OPEB expense, GAAP expense	35,417
Adjustment to Investment in Joint Venture	39,836
Net change in net position - GAAP basis	<u>\$3,640,261</u>

CITY OF BEAVERTON, OREGON
WATER 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, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest on investments	\$600	\$600	\$978	\$378
Expenditures:				
Debt service:				
Bonds payable principal	580,000	580,000	580,000	
Bonds payable interest	103,316	103,316	103,316	
Debt service fees				
Contractual debt payment	65,110	65,110	65,110	
Contingency	138,000	71,954		71,954
TOTAL EXPENDITURES	<u>886,426</u>	<u>820,380</u>	<u>748,426</u>	<u>71,954</u>
 DEFICIENCY OF REVENUES UNDER EXPENDITURES	 (885,826)	 (819,780)	 (747,448)	 72,332
Other financing sources:				
Transfers in	751,459	751,459	748,426	(3,033)
NET CHANGE IN FUND BALANCE	<u>(134,367)</u>	<u>(68,321)</u>	<u>978</u>	<u>69,299</u>
 FUND BALANCES - budgetary basis, Beginning of year	 <u>134,367</u>	 <u>68,321</u>	 <u>68,321</u>	
 FUND BALANCES - budgetary basis, End of year	 <u><u>\$ ----</u></u>	 <u><u>\$ ----</u></u>	 <u><u>\$69,299</u></u>	 <u><u>\$69,299</u></u>

**Reconciliation of net change in fund balance - budgetary basis
to net change in net position - GAAP basis**

Net change in fund balance - budgetary basis	\$978
Principal payments - bonds and contracts, not GAAP expense	618,526
Amortization of water rights, GAAP expense	(21,341)
Interest expense accrual, GAAP expense	(15,417)
Investment adjustment to fair market value	(21)
Net change in net position - GAAP basis	<u><u>\$582,725</u></u>

CITY OF BEAVERTON, OREGON
WATER CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
System development charges	\$1,010,000	\$1,010,000	\$1,517,101	\$507,101
Interest on investments	13,900	13,900	11,043	(2,857)
Proceeds - Loans	1,600,000	1,600,000		(1,600,000)
TOTAL REVENUES	<u>2,623,900</u>	<u>2,623,900</u>	<u>1,528,144</u>	<u>(1,095,756)</u>
Expenditures:				
Capital outlay	11,119,500	12,868,125	5,966,154	6,901,971
Contingency	7,944,173	6,978,496		6,978,496
TOTAL EXPENDITURES	<u>19,063,673</u>	<u>19,846,621</u>	<u>5,966,154</u>	<u>13,880,467</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(16,439,773)	(17,222,721)	(4,438,010)	12,784,711
Other financing sources:				
Transfers in	1,230,000	1,230,000	1,230,000	
Bond sale proceeds	15,000,000	15,000,000	21,152,911	6,152,911
NET CHANGE IN FUND BALANCE	<u>(209,773)</u>	<u>(992,721)</u>	<u>17,944,901</u>	<u>18,937,622</u>
FUND BALANCES - budgetary basis, Beginning of year	<u>209,773</u>	<u>992,721</u>	<u>992,721</u>	<u></u>
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$18,937,622</u>	<u>\$18,937,622</u>

**Reconciliation of net change in fund balance - budgetary basis
to net change in net position - GAAP basis**

Net change in fund balance - budgetary basis	\$17,944,901
Investment adjustment to fair market value	(142,566)
Bond sale proceeds	(21,152,911)
Capital asset additions	5,716,074
Investment in Joint Venture	250,080
Depreciation, GAAP expense	(1,149,504)
Infrastructure contributed by developers	3,128,933
Loss on equity in Joint Ventures	(613,820)
Accrued interest - IFA loan	(33,303)
Net change in net position - GAAP basis	<u>\$3,947,884</u>

CITY OF BEAVERTON, OREGON
RECONCILIATION OF WATER FUNDS
NET CHANGE IN FUND BALANCE - BUDGETARY BASIS TO
CHANGE IN NET POSITION - GAAP BASIS
For the Fiscal Year Ended June 30, 2018

	Water Operating Fund	Water Debt Service Fund	Water Construction Fund	Total
Net change in fund balance - budgetary basis	\$910,450	\$978	\$17,944,901	\$18,856,329
Capital asset additions	2,825,993		5,716,074	8,542,067
Investment in Joint Venture additions	1,047,618		250,080	1,297,698
Bond Sale Proceeds			(21,152,911)	(21,152,911)
Infrastructure contributed by developers			3,128,933	3,128,933
Investment adjustment to fair market value	(88,267)	(21)	(142,566)	(230,854)
Depreciation, GAAP expense	(803,342)		(1,149,504)	(1,952,846)
Easements and Rights of Way conveyed to City	232,568			232,568
Loss on equity in joint ventures	(273,058)		(613,820)	(886,878)
Amortization expense, intangible asset, GAAP expense		(21,341)		(21,341)
Principal payments, not GAAP expense		618,526		618,526
Interest expense accrual, GAAP expense		(15,417)	(33,303)	(48,720)
Inventory adjustment	(11,411)			(11,411)
Allowance for doubtful accounts,	534			534
Payroll taxes accrual on compensated absences, GAAP expense	(15,607)			(15,607)
Postemployment Benefits Other than Pensions, RHIA	5,904			5,904
Postemployment Benefits Other than Pensions, Single Employer	29,513			29,513
Pension Expense, GAAP expense	(260,470)			(260,470)
Adjustment to Investment Joint Venture, other than loss on equity	39,836			39,836
Change in net position - GAAP basis	<u>\$3,640,261</u>	<u>\$582,725</u>	<u>\$3,947,884</u>	<u>\$8,170,870</u>

CITY OF BEAVERTON, OREGON
SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Service charges and fees:				
Sewer service	\$4,100,000	\$3,112,095	\$2,861,258	(\$250,837)
Connection fees	125,000	125,000	112,509	(12,491)
Utility surcharge	1,245,000	1,245,000	1,266,017	21,017
Sales discounts and allowances	(50,000)	(50,000)	(29,036)	20,964
Interest on investments	106,100	106,100	196,658	90,558
Intergovernmental	739,000	739,000		(739,000)
Sale of City Property			29,743	29,743
Miscellaneous revenues	77,300	77,300	257,324	180,024
TOTAL REVENUES	6,342,400	5,354,495	4,694,473	(660,022)
Expenditures:				
Personnel services	1,662,939	1,666,159	1,549,782	116,377
Materials and services	1,742,652	765,257	581,262	183,995
Capital outlay	2,792,685	3,065,992	1,422,364	1,643,628
Contingency	7,784,351	7,674,784		7,674,784
TOTAL EXPENDITURES	13,982,627	13,172,192	3,553,408	9,618,784
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,640,227)	(7,817,697)	1,141,065	8,958,762
Other financing uses:				
Transfers out	(1,062,039)	(1,177,512)	(1,120,304)	57,208
NET CHANGE IN FUND BALANCE	(8,702,266)	(8,995,209)	20,761	9,015,970
FUND BALANCES - budgetary basis, Beginning of year	8,702,266	8,995,209	8,995,209	
FUND BALANCES - budgetary basis, End of year	\$ ----	\$ ----	\$9,015,970	\$9,015,970
Reconciliation of net change in fund balance - budgetary basis to net change in net position - GAAP basis				
Net change in fund balance - budgetary basis			\$20,761	
Capital asset additions			1,422,364	
Depreciation, GAAP expense			(1,355,907)	
Investment adjustment to fair market value			(90,214)	
Allowance for doubtful accounts			4,225	
Inventory adjustment			2,106	
Gain on Sale of Assets, GAAP revenue			(3,942)	
Easements and Rights of Way conveyed to City			23,314	
Infrastructure contributed by developers			150,912	
Payroll taxes accrual on compensated absences, GAAP expense			(12,479)	
Pension expense, GAAP expense			(160,261)	
OPEB expense, GAAP expense			(55,742)	
Net change in net position - GAAP basis			<u>(\$54,863)</u>	

CITY OF BEAVERTON, OREGON
STORM DRAIN FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Service charges and fees:				
Customer service charges	\$3,900,000	\$3,826,338	\$4,197,933	\$371,595
Utility surcharge	1,380,000	1,380,000	1,415,613	35,613
Erosion control fees	50,000	50,000	89,700	39,700
Storm water detention quantity	10,000	10,000	18,991	8,991
Storm water detention quality	5,000	5,000	43,943	38,943
Storm water conveyance fees	435,000	435,000	171,989	(263,011)
Sales discounts and allowances	(7,000)	(7,000)	(18,195)	(11,195)
Interest on investments	106,100	106,100	171,996	65,896
Sale of City Property			112,505	112,505
Miscellaneous revenues	57,350	57,350	43,896	(13,454)
TOTAL REVENUES	<u>5,936,450</u>	<u>5,862,788</u>	<u>6,248,371</u>	<u>385,583</u>
Expenditures:				
Personnel services	2,294,484	2,317,704	2,290,633	27,071
Materials and services	1,097,768	1,089,055	930,163	158,892
Capital outlay	3,676,685	3,676,685	1,180,880	2,495,805
Contingency	7,605,457	8,129,638		8,129,638
TOTAL EXPENDITURES	<u>14,674,394</u>	<u>15,213,082</u>	<u>4,401,676</u>	<u>10,811,406</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,737,944)</u>	<u>(9,350,294)</u>	<u>1,846,695</u>	<u>11,196,989</u>
Other financing sources (uses):				
Transfers in	17,019	17,419	7,053	(10,366)
Transfers out	(1,185,605)	(1,237,967)	(1,226,953)	11,014
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,168,586)</u>	<u>(1,220,548)</u>	<u>(1,219,900)</u>	<u>648</u>
NET CHANGE IN FUND BALANCE	<u>(9,906,530)</u>	<u>(10,570,842)</u>	<u>626,795</u>	<u>11,197,637</u>
FUND BALANCES - budgetary basis, Beginning of year	<u>9,906,530</u>	<u>10,570,843</u>	<u>10,570,843</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$11,197,638</u>	<u>\$11,197,637</u>
Reconciliation of net change in fund balance - budgetary basis to net change in net position - GAAP basis				
Net change in fund balance - budgetary basis			\$626,795	
Capital asset additions, capital outlay			1,180,880	
Depreciation, GAAP expense			(1,330,477)	
Investment adjustment to fair market value			(81,637)	
Allowance for doubtful accounts			(5,195)	
Inventory adjustment			39,999	
Gain on Sale of Assets, GAAP revenue			(35,416)	
Easements and Rights of Way conveyed to City			132,223	
Land and infrastructure contributed by developers			2,765,391	
Payroll taxes accrual on compensated absences, GAAP expense			(12,418)	
Pension expense, GAAP expense			(304,273)	
OPEB expense, GAAP expense			8,424	
Net change in net position - GAAP basis			<u>\$2,984,296</u>	

CITY OF BEAVERTON, OREGON
REPROGRAPHICS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest on investments	\$1,900	\$1,900	\$1,891	(\$9)
Miscellaneous			1,577	1,577
TOTAL REVENUES	<u>1,900</u>	<u>1,900</u>	<u>3,468</u>	<u>1,568</u>
Expenditures:				
Personnel services	305,229	315,699	308,177	7,522
Materials and services	778,142	778,142	714,652	63,490
Contingency	95,254	73,438		73,438
TOTAL EXPENDITURES	<u>1,178,625</u>	<u>1,167,279</u>	<u>1,022,829</u>	<u>144,450</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,176,725)</u>	<u>(1,165,379)</u>	<u>(1,019,361)</u>	<u>146,018</u>
Other financing sources (uses):				
Transfers in	1,101,875	1,101,875	1,059,151	(42,724)
Transfers out	(39,057)	(39,057)	(37,244)	1,813
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,062,818</u>	<u>1,062,818</u>	<u>1,021,907</u>	<u>(40,911)</u>
NET CHANGE IN FUND BALANCE	<u>(113,907)</u>	<u>(102,561)</u>	<u>2,546</u>	<u>105,107</u>
FUND BALANCES - budgetary basis, Beginning of year	<u>113,907</u>	<u>102,561</u>	<u>102,561</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$105,107</u>	<u>\$105,107</u>

**Reconciliation of net change in fund balance - budgetary basis
to net change in net position - GAAP basis**

Net change in fund balance - budgetary basis	\$2,546
Depreciation expense	(2,508)
Pension expense	(37,092)
OPEB expense	6,802
Payroll tax on compensated absences	(634)
Inventory adjustment	1,735
Investment adjustment to fair market value	(1,409)
Net change in net position - GAAP basis	<u><u>(\$30,560)</u></u>

CITY OF BEAVERTON, OREGON
GARAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest on investments	\$1,400	\$1,400	\$2,085	\$685
Sale of City Property			37,778	37,778
Miscellaneous			4,808	4,808
TOTAL REVENUES	<u>1,400</u>	<u>1,400</u>	<u>44,671</u>	<u>43,271</u>
Expenditures:				
Personnel services	670,658	660,658	602,853	57,805
Materials and services	815,975	855,975	764,896	91,079
Contingency	60,687	52,653		52,653
TOTAL EXPENDITURES	<u>1,547,320</u>	<u>1,569,286</u>	<u>1,367,749</u>	<u>201,537</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,545,920)</u>	<u>(1,567,886)</u>	<u>(1,323,078)</u>	<u>244,808</u>
Other financing sources (uses):				
Transfers in	1,651,974	1,651,974	1,568,065	(83,909)
Transfers out	(185,884)	(187,403)	(183,223)	4,180
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,466,090</u>	<u>1,464,571</u>	<u>1,384,842</u>	<u>(79,729)</u>
NET CHANGE IN FUND BALANCE	(79,830)	(103,315)	61,764	165,079
FUND BALANCES - budgetary basis, Beginning of year	<u>79,830</u>	<u>103,315</u>	<u>103,315</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$165,079</u>	<u>\$165,079</u>

**Reconciliation of net change in fund balance - budgetary basis
to net change in net position - GAAP basis**

Net change in fund balance - budgetary basis	\$61,764
Pension expense	(47,556)
OPEB expense	(23,415)
Payroll tax on compensated absences	4,834
Inventory adjustment	5,721
Investment adjustment to fair market value	(2,038)
Net change in net position - GAAP basis	<u>(\$690)</u>

CITY OF BEAVERTON, OREGON
INFORMATION SYSTEMS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest on investments	\$9,000	\$9,000	\$9,271	\$271
Intergovernmental revenue		265,320	261,249	(4,071)
Miscellaneous			9,503	9,503
TOTAL REVENUES	<u>9,000</u>	<u>274,320</u>	<u>280,023</u>	<u>5,703</u>
Expenditures:				
Personnel services	2,247,646	2,272,646	2,247,303	25,343
Materials and services	1,514,871	1,514,871	1,277,534	237,337
Capital outlay	50,000	245,243	198,075	47,168
Contingency	197,568	298,574		298,574
TOTAL EXPENDITURES	<u>4,010,085</u>	<u>4,331,334</u>	<u>3,722,912</u>	<u>608,422</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(4,001,085)</u>	<u>(4,057,014)</u>	<u>(3,442,889)</u>	<u>614,125</u>
Other financing sources (uses):				
Transfers in	3,634,143	3,634,143	3,434,143	(200,000)
Transfers out	(8,276)	(8,276)	(8,112)	164
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,625,867</u>	<u>3,625,867</u>	<u>3,426,031</u>	<u>(199,836)</u>
NET CHANGE IN FUND BALANCE	(375,218)	(431,147)	(16,858)	414,289
FUND BALANCES - budgetary basis, Beginning of year	<u>375,218</u>	<u>431,147</u>	<u>431,147</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$414,289</u>	<u>\$414,289</u>

**Reconciliation of net change in fund balance - budgetary basis
to net change in net position - GAAP basis**

Net change in fund balance - budgetary basis	(\$16,858)
Depreciation expense	(397,290)
Pension expense	(352,709)
OPEB expense	33,387
Payroll tax on compensated absences	(12,847)
Capital asset additions	198,075
Capitalization of internally developed software	556,587
Reclass non capitalized software to M&S	(12,461)
Investment adjustment to fair market value	(5,177)
Net change in net position - GAAP basis	<u><u>(\$9,293)</u></u>

CITY OF BEAVERTON, OREGON
GEOGRAPHIC INFORMATION SYSTEMS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest on investments	\$1,400	\$1,400	\$1,920	\$520
Miscellaneous revenue			845	845
TOTAL REVENUE	<u>1,400</u>	<u>1,400</u>	<u>2,765</u>	<u>1,365</u>
Expenditures:				
Personnel services	620,182	625,182	617,192	7,990
Materials and services	27,610	27,610	18,629	8,981
Contingency	44,231	40,570		40,570
TOTAL EXPENDITURES	<u>692,023</u>	<u>693,362</u>	<u>635,821</u>	<u>57,541</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(690,623)</u>	<u>(691,962)</u>	<u>(633,056)</u>	<u>58,906</u>
Other financing sources (uses):				
Transfers in	709,779	709,779	709,779	
Transfers out	(94,498)	(94,498)	(89,388)	5,110
TOTAL OTHER FINANCING SOURCES (USES)	<u>615,281</u>	<u>615,281</u>	<u>620,391</u>	<u>5,110</u>
NET CHANGE IN FUND BALANCE	(75,342)	(76,681)	(12,665)	64,016
FUND BALANCES - budgetary basis, Beginning of year	<u>75,342</u>	<u>76,681</u>	<u>76,681</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$64,016</u>	<u>\$64,016</u>
Reconciliation of net change in fund balance - budgetary basis to net change in net position - GAAP basis				
Net change in fund balance - budgetary basis			(\$12,665)	
Depreciation expense			(6,617)	
Pension expense			(57,719)	
OPEB expense			2,613	
Payroll tax on compensated absences			(3,563)	
Investment adjustment to fair market value			(1,042)	
Net change in net position - GAAP basis			<u>(\$78,993)</u>	

CITY OF BEAVERTON, OREGON
PUBLIC WORKS ADMINISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest on investments	\$1,800	\$1,800	\$2,137	\$337
Miscellaneous revenue			2,847	2,847
Reimbursements - other		102,583	170,872	68,289
TOTAL REVENUES	<u>1,800</u>	<u>104,383</u>	<u>175,856</u>	<u>71,473</u>
Expenditures:				
Personnel services	709,431	724,431	715,163	9,268
Materials and services	278,992	294,077	277,644	16,433
Capital outlay		295,595	275,964	19,631
Contingency	42,843	53,377		53,377
TOTAL EXPENDITURES	<u>1,031,266</u>	<u>1,367,480</u>	<u>1,268,771</u>	<u>98,709</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,029,466)</u>	<u>(1,263,097)</u>	<u>(1,092,915)</u>	<u>170,182</u>
Other financing sources (uses):				
Transfers in	1,156,156	1,288,806	1,211,443	(77,363)
Transfers out	(161,695)	(161,695)	(158,544)	3,151
TOTAL OTHER FINANCING SOURCES (USES)	<u>994,461</u>	<u>1,127,111</u>	<u>1,052,899</u>	<u>(74,212)</u>
NET CHANGE IN FUND BALANCE	(35,005)	(135,986)	(40,016)	95,970
FUND BALANCES - budgetary basis, Beginning of year	<u>35,005</u>	<u>135,986</u>	<u>135,986</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$95,970</u>	<u>\$95,970</u>

**Reconciliation of net change in fund balance - budgetary basis
to net change in net position - GAAP basis**

Net change in fund balance - budgetary basis	(\$40,016)
Depreciation expense	(10,632)
Pension expense	(72,240)
OPEB expense	7,156
Payroll tax on compensated absences	(6,525)
Investment adjustment to fair market value	(1,557)
Capital Asset Additions	<u>275,964</u>
Net change in net position - GAAP basis	<u>\$152,150</u>

CITY OF BEAVERTON, OREGON
INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest on investments	\$24,200	\$24,200	\$44,101	\$19,901
Miscellaneous revenues	35,000	35,000	17,732	(17,268)
Reimbursements - other	259,955	259,955	25,030	(234,925)
City insurance charges:				
Medical	8,587,092	8,587,092	9,007,163	420,071
Dental	955,572	955,572	956,248	676
Workers' compensation	490,000	490,000	473,592	(16,408)
TOTAL REVENUES	<u>10,351,819</u>	<u>10,351,819</u>	<u>10,523,866</u>	<u>172,047</u>
Expenditures:				
Personnel services	395,126	395,126	365,888	29,238
Materials and services	11,193,156	11,407,405	11,254,407	152,998
Contingency	2,991,188	2,970,556		2,970,556
TOTAL EXPENDITURES	<u>14,579,470</u>	<u>14,773,087</u>	<u>11,620,295</u>	<u>3,152,792</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(4,227,651)</u>	<u>(4,421,268)</u>	<u>(1,096,429)</u>	<u>3,324,839</u>
Other financing sources (uses):				
Transfers in	1,259,941	1,337,341	1,337,341	
Transfers out	(100,454)	(100,454)	(98,308)	2,146
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,159,487</u>	<u>1,236,887</u>	<u>1,239,033</u>	<u>2,146</u>
NET CHANGE IN FUND BALANCE	(3,068,164)	(3,184,381)	142,604	3,326,985
FUND BALANCES - budgetary basis, Beginning of year	<u>3,068,164</u>	<u>3,184,381</u>	<u>3,184,381</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$3,326,985</u>	<u>\$3,326,985</u>

**Reconciliation of net change in fund balance - budgetary basis
to net change in net position - GAAP basis**

Net change in fund balance - budgetary basis	\$142,604
Pension expense	(33,180)
OPEB expense	531
Payroll tax on compensated absences	(860)
Investment adjustment to fair market value	(23,511)
Workers Compensation	(84,000)
Net change in net position - GAAP basis	<u>\$1,584</u>

OTHER FINANCIAL SCHEDULES

CITY OF BEAVERTON, OREGON
SCHEDULE OF BONDS PAYABLE
For the Fiscal Year Ended June 30, 2018

	<u>Interest Rate</u>	<u>Initial Call Date</u>	<u>Year of Maturity</u>	<u>Interest Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2017</u>	<u>Bonds Issued During Year</u>	<u>Bonds Matured/Refunded During Year</u>	<u>Outstanding June 30, 2018</u>
General Obligation Bonds:									
General Obligation Bonds:									
02/08/2017	3.00 to 5.00%	N/A	2037	J-D	\$33,845,000	\$33,845,000			\$33,845,000
						1,130,769			1,073,027
					Unamortized premium				
					Total 2017 GO Bonds	<u>33,845,000</u>	<u>-</u>	<u>-</u>	<u>34,918,027</u>
08/16/2005	5.00%	N/A	2019	J-D	13,575,000	2,480,000		1,480,000	1,000,000
						(5,447)			(2,726)
					Unamortized discount				
					Total 2005 GO Bonds	<u>13,575,000</u>	<u>-</u>	<u>1,480,000</u>	<u>997,274</u>
Special Revenue Bonds									
10/08/2013	2.31%	N/A	2021	Monthly	7,000,000	3,474,691		1,014,488	2,460,203
					Total Bonds, Governmental Activity	<u>\$54,420,000</u>	<u>-</u>	<u>\$2,494,488</u>	<u>38,375,504</u>
Water Revenue Bonds issued (1):									
11/08/2016 (2016)	1.84%	N/A	2026	J-D	\$5,615,000	\$5,615,000		\$580,000	5,035,000
06/28/2018 (2018)	5.00%	04/01/29	2038	J-D			\$18,125,000		18,125,000
									3,027,912
					Unamortized premium				
					Total Water Revenue Bonds, Series 2018	<u>-</u>	<u>18,125,000</u>	<u>-</u>	<u>21,152,912</u>
					Total Water Revenue Bonds	<u>\$5,615,000</u>	<u>\$18,125,000</u>	<u>\$580,000</u>	<u>\$26,187,912</u>
TOTAL BONDS PAYABLE									<u>\$64,563,416</u>

(1) Principal and interest on all water revenue bonds are payable from net water revenues and amounts in the Water Debt Service Fund.

CITY OF BEAVERTON, OREGON
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
For the Fiscal Year Ended June 30, 2018

Governmental Activities

Year Ending June 30	General Obligation 2005		Special Revenue 2013		General Obligation 2017		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2019	\$1,000,000	\$50,000	\$1,038,173	\$45,885		\$1,130,621	\$2,038,173
2020			1,062,410	21,648	\$815,000	1,130,621	1,877,410	1,152,269
2021			359,620	1,732	900,000	1,106,171	1,259,620	1,107,903
2022					995,000	1,079,171	995,000	1,079,171
2023					1,090,000	1,049,321	1,090,000	1,049,321
2024-2037					30,045,000	7,053,190	30,045,000	7,053,190
	1,000,000	50,000	2,460,203	69,265	33,845,000	12,549,095	37,305,203	12,668,360
Unamortized discount/premium	(2,726)				1,073,027		1,070,301	
TOTALS	\$997,274	\$50,000	\$2,460,203	\$69,265	\$34,918,027	\$12,549,095	\$38,375,504	\$12,668,360

Business Type Activities - Water Revenue Bonds

Year Ending June 30	Series 2016		Series 2018		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$590,000	\$92,644	\$750,000	\$687,240	\$1,340,000	\$779,884
2020	600,000	81,788	570,000	868,750	1,170,000	950,538
2021	610,000	70,748	600,000	840,250	1,210,000	910,998
2022	625,000	59,524	625,000	810,250	1,250,000	869,774
2023	635,000	48,024	660,000	779,000	1,295,000	827,024
2024-2026	1,975,000	73,140	14,920,000	6,643,500	16,895,000	6,716,640
Unamortized premium			3,027,912		3,027,912	
TOTALS	\$5,035,000	\$425,868	\$21,152,912	\$10,628,990	\$26,187,912	\$11,054,858

**CITY OF BEAVERTON, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
AND OUTSTANDING BALANCES
For the Fiscal Year Ended June 30, 2018**

	Taxes Uncollected June 30, 2017	Add Levy Extended by Assessor	Add/(Deduct) Discounts Allowed	Add Interest Received	Add (Deduct) Cancellations and Adjustments	Deduct Comcast Settlement	Deduct Interest and Tax Collections	Taxes Uncollected June 30, 2018
2017-18		\$45,546,473	(\$1,244,654)	\$9,463	(\$346,750)	(\$165,526)	(\$43,488,129)	\$310,877 (a)
2016-17	\$700,282		(21)	17,082	(34,569)	(172,077)	(271,212)	239,485
2015-16	325,286		41	11,819	(2,900)	(126,733)	(74,362)	133,151
2014-15	274,155		8	17,506	(2,494)	(40,297)	(78,442)	170,436
2013-14	189,695		5	8,998	(378)	(18,590)	(34,763)	144,967
2012-13	138,971		1	879	(271)	(8,135)	(2,622)	128,823
Prior years	337,835			2,521	(1,203)	(8,540)	(5,273)	325,340
	<u>\$1,966,224</u>	<u>\$45,546,473</u>	<u>(\$1,244,620)</u>	<u>\$68,268</u>	<u>(\$388,565)</u>	<u>(\$539,898)</u>	<u>(\$43,954,803)</u>	<u>\$1,453,079</u>

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	Property Taxes Revenue		Collections from July 1, 2017 to	Collections from July 1, 2018 to	Collections from	Taxes Uncollected
	Current Levy	Prior Years	August 31, 2017	August 31, 2018	7/01/2017 to 6/30/2018	June 30, 2018
Distributed as follows:						
General Fund	\$34,466,860	\$280,159	\$124,974	(\$138,572)	(\$34,733,421)	\$1,193,774
	1,157,122	9,632	4,371	(4,659)	(1,166,466)	44,816
Street Lighting Fund	3,075,145	25,432	11,345	(12,417)	(3,099,505)	101,882
Library Fund	1,895,870	14,801	6,600	(7,562)	(1,909,709)	69,105
Debt Service Fund	3,037,745	12,804	6,281	(11,128)	(3,045,702)	43,502
Beaverton Urban Renewal	<u>\$43,632,742</u>	<u>\$342,828</u>	<u>\$153,571</u>	<u>(\$174,338)</u>	<u>(\$43,954,803)</u>	<u>\$1,453,079</u>

(a) Includes the Beaverton Urban Redevelopment Agency which is a blended component unit of the City.

CITY OF BEAVERTON, OREGON
SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS
For the Fiscal Year Ended June 30, 2018

Oregon Revised Statutes (ORS) section 297 requires a statement of accountability for each independently elected official collecting or receiving money in the municipal corporation. In compliance with ORS 297 there are no independently elected officials that collect or receive money on behalf of the City of Beaverton.

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Beaverton's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	112-116
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	117-120
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	121-124
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	125-126
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	127-130
Annual Disclosure Information in Conformance with SEC Rule 15c2-12 Information is provided for the outstanding water revenue bonds and the general obligation bond.	131-142

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

CITY OF BEAVERTON, OREGON
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual basis of accounting - Unaudited)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital	\$134,523,236	\$134,857,096	\$136,267,213	\$146,704,075	\$148,759,412	\$148,753,781	\$151,320,563	\$153,207,336	\$153,754,955	\$173,734,741
Restricted	11,662,440	12,066,764	13,408,149	14,175,203	13,608,028	13,776,624	18,559,711	19,746,565	23,020,939	21,966,556
Unrestricted (deficit)	26,834,551	27,141,272	25,006,592	17,801,995	16,727,628	1,535,142	11,909,862	(8,564,179)	(14,827,402)	(21,651,174)
Total governmental activities net position - as previously stated	173,020,227	174,065,132	174,681,954	178,681,273	179,095,068	164,065,547	181,790,136	164,389,722	161,948,492	174,050,123
Adjustment fo OPEB cost	-	-	-	-	-	-	-	-	(369,996)	-
Total governmental activities net position - as restated	173,020,227	174,065,132	174,681,954	178,681,273	179,095,068	164,065,547	181,790,136	164,389,722	161,578,496	174,050,123
Business-type activities:										
Net investment in capital	144,853,657	155,365,259	158,855,642	165,055,888	170,324,759	176,557,320	181,136,827	184,260,608	187,319,801	200,424,568
Restricted	17,267,310	15,333,713	14,014,816	13,780,084	14,082,455	13,464,448	13,298,547	13,204,323	13,771,916	15,287,255
Unrestricted	24,572,052	24,966,033	25,881,274	26,475,242	28,064,965	28,957,709	29,422,864	30,528,243	31,605,067	28,140,021
Total business-type activities net position as previously stated	186,693,019	195,665,005	198,751,732	205,311,214	212,472,179	218,979,477	223,858,238	227,993,174	232,696,784	243,851,844
Adjustment fo OPEB cost	-	-	-	-	-	-	-	-	(38,860)	-
Total business-type activities net position - as restated	186,693,019	195,665,005	198,751,732	205,311,214	212,472,179	218,979,477	223,858,238	227,993,174	232,657,924	243,851,844
Total government:										
Net investment in capital assets	279,376,893	290,222,355	295,122,855	311,759,963	319,084,171	325,311,101	332,457,390	337,467,944	341,074,756	374,159,309
Restricted	28,929,750	27,400,477	27,422,965	27,955,287	27,690,483	27,241,072	31,858,258	32,950,888	36,792,855	37,253,811
Unrestricted	51,406,603	52,107,305	50,887,866	44,277,237	44,792,593	30,492,851	41,332,726	21,964,064	16,777,665	6,488,847
Total government net position as previously stated	359,713,246	369,730,137	373,433,686	383,992,487	391,567,247	383,045,024	405,648,374	392,382,896	394,645,276	417,901,967
Adjustment fo OPEB cost	-	-	-	-	-	-	-	-	(408,856)	-
Total government net position - as restated	\$359,713,246	\$369,730,137	\$373,433,686	\$383,992,487	\$391,567,247	\$383,045,024	\$405,648,374	\$392,382,896	\$394,236,420	\$417,901,967

CITY OF BEAVERTON, OREGON
CHANGES IN NET POSITION
Last Ten Fiscal Years
Accrual Basis of accounting - Unaudited

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	\$21,507,864	\$21,251,523	\$22,553,802	\$24,212,769
Public safety	21,949,125	22,433,544	23,804,541	25,926,583
Highways and streets	8,396,409	8,650,239	9,433,083	9,136,898
Education	6,764,157	7,636,938	7,914,551	7,955,154
Cultural and recreation	291,468	310,433	336,355	453,006
Interest on long-term debt	905,386	837,070	777,443	677,890
Total governmental activities expenses	<u>59,814,409</u>	<u>61,119,747</u>	<u>64,819,775</u>	<u>68,362,300</u>
Business-type activities:				
Water	8,549,039	8,356,717	8,446,021	8,165,013
Sewer	3,828,142	4,132,423	4,427,381	4,935,165
Storm drain	3,460,401	3,655,894	3,868,724	4,126,448
Total business-type activities expenses	<u>15,837,582</u>	<u>16,145,034</u>	<u>16,742,126</u>	<u>17,226,626</u>
Total government expenses	<u>\$75,651,991</u>	<u>\$77,264,781</u>	<u>\$81,561,901</u>	<u>\$85,588,926</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$5,247,861	\$4,812,731	\$5,112,173	\$5,486,224
Public Safety	4,466,317	5,056,579	5,518,625	7,086,611
Highways and streets	749,253	389,265	182,451	115,176
Education	168,999	192,316	224,936	243,992
Cultural and recreation	3,705	1,630		
Operating grants and contributions	8,968,075	9,534,163	10,624,074	12,318,128
Capital grants and contributions	7,107,177	1,836,694	2,589,245	2,389,455
Total governmental activities program revenues	<u>26,711,387</u>	<u>21,823,378</u>	<u>24,251,504</u>	<u>27,639,586</u>
Business-type activities:				
Charges for services:				
Water	8,849,949	8,873,463	8,802,978	9,411,686
Sewer	4,247,315	5,719,479	5,242,351	4,496,736
Storm drain	3,545,536	4,064,474	4,251,124	4,252,778
Operating grants and contributions		20,703		
Capital grants and contributions	5,757,891	6,140,084	1,342,013	5,430,509
Total business-type activities program revenues	<u>22,400,691</u>	<u>24,818,203</u>	<u>19,638,466</u>	<u>23,591,709</u>
Total government program revenues	<u>\$49,112,078</u>	<u>\$46,641,581</u>	<u>\$43,889,970</u>	<u>\$51,231,295</u>

Fiscal Year

2013	2014	2015	2016	2017	2018
\$25,391,011	\$25,845,977	\$23,321,906	\$37,849,035	\$38,232,521	\$37,419,997
26,321,288	27,095,682	21,696,217	38,856,196	32,564,955	32,616,115
10,322,769	10,694,879	9,600,481	10,926,614	10,836,814	11,211,835
8,701,752	8,255,966	7,545,611	11,269,286	9,893,084	10,164,411
893,450	955,163	1,012,543	1,133,869	1,025,135	1,478,383
532,991	580,122	539,119	462,607	745,611	1,470,893
<u>72,163,261</u>	<u>73,427,789</u>	<u>63,715,877</u>	<u>100,497,607</u>	<u>93,298,120</u>	<u>94,361,634</u>
8,275,704	8,301,276	7,954,487	9,554,092	9,899,339	10,670,276
4,919,026	5,013,451	4,830,867	6,280,766	5,339,405	4,802,523
4,468,360	4,522,905	4,554,114	6,037,493	5,706,747	6,018,388
<u>17,663,090</u>	<u>17,837,632</u>	<u>17,339,468</u>	<u>21,872,351</u>	<u>20,945,491</u>	<u>21,491,187</u>
<u>\$89,826,351</u>	<u>\$91,265,421</u>	<u>\$81,055,345</u>	<u>\$122,369,958</u>	<u>\$114,243,611</u>	<u>\$115,852,821</u>
\$5,692,239	\$6,669,326	\$8,564,497	\$8,909,143	\$9,433,303	\$7,698,687
7,325,992	7,698,211	5,656,249	5,815,882	6,009,000	5,062,273
120,496	110,341	395,360	184,635	93,709	88,563
269,815	280,239	258,821	273,580	204,667	135,693
12,346,198	12,969,238	13,551,886	12,632,038	13,980,156	14,277,489
3,136,219	3,523,905	3,979,950	3,287,461	3,614,147	18,421,857
<u>28,890,959</u>	<u>31,251,260</u>	<u>32,406,763</u>	<u>31,102,739</u>	<u>33,334,982</u>	<u>45,684,562</u>
10,497,612	11,415,336	12,357,790	13,242,782	12,581,709	13,970,755
4,607,951	4,670,567	4,835,631	4,866,611	5,072,218	4,309,386
4,546,853	4,780,391	5,070,967	5,216,225	5,387,945	5,788,070
4,992,156	5,325,459	3,534,438	2,330,232	2,118,928	8,297,873
<u>24,644,572</u>	<u>26,191,753</u>	<u>25,798,826</u>	<u>25,655,850</u>	<u>25,160,800</u>	<u>32,366,084</u>
<u>\$53,535,531</u>	<u>\$57,443,013</u>	<u>\$58,205,589</u>	<u>\$56,758,589</u>	<u>\$58,495,782</u>	<u>\$78,050,646</u>

CITY OF BEAVERTON, OREGON
CHANGES IN NET POSITION (continued)
Last Ten Fiscal Years
(Accrual basis of accounting - Unaudited)

Net (Expense)/Revenue	Fiscal Year			
	2009	2010	2011	2012
Governmental activities	(\$33,103,022)	(\$39,296,369)	(\$40,568,271)	(\$40,722,714)
Business-type activities	6,563,109	8,673,169	2,896,340	6,365,083
Total government net expense	<u>(\$26,539,913)</u>	<u>(\$30,623,200)</u>	<u>(\$37,671,931)</u>	<u>(\$34,357,631)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$29,257,802	\$30,183,685	\$31,235,420	\$32,216,248
Right of way and public service taxes	6,643,075	7,273,291	6,786,984	7,182,278
Intergovernmental revenue	2,327,570	2,186,895	2,314,008	2,597,065
Interest and investment earnings	920,975	416,737	180,725	289,823
Loss on sale of land				
Other revenues	700,980	280,666	667,956	2,436,619
Total governmental activities	<u>39,850,402</u>	<u>40,341,274</u>	<u>41,185,093</u>	<u>44,722,033</u>
Business-type activities:				
Interest and investment earnings	731,084	290,763	143,005	121,134
Other revenues	69,695	8,054	47,382	73,265
Total business-type activities	<u>800,779</u>	<u>298,817</u>	<u>190,387</u>	<u>194,399</u>
Total government	<u>\$40,651,181</u>	<u>\$40,640,091</u>	<u>\$41,375,480</u>	<u>\$44,916,432</u>
Change in Net Position				
Governmental activities	\$6,747,380	\$1,044,905	\$616,822	\$3,999,319
Business-type activities	7,363,888	8,971,986	3,086,727	6,559,482
Total government	<u>\$14,111,268</u>	<u>\$10,016,891</u>	<u>\$3,703,549</u>	<u>\$10,558,801</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
(\$43,272,302)	(\$42,176,529)	(\$31,309,114)	(\$69,394,868)	(\$59,962,238)	(\$48,677,072)
6,981,482	8,354,121	8,459,358	3,783,499	4,215,309	10,874,897
(\$36,290,820)	(\$33,822,408)	(\$22,849,756)	(\$65,611,369)	(\$55,746,929)	(\$37,802,175)
\$33,206,150	\$35,615,835	\$37,530,000	\$39,419,464	\$41,546,799	\$43,215,152
7,237,621	7,197,808	7,518,849	9,264,424	10,483,682	12,496,923
2,749,021	2,906,357	3,059,657	3,217,592	3,327,083	3,915,418
121,775	136,541	238,966	247,303	600,708	694,127
371,530	956,148	716,641	(835,430)	1,562,736	827,079
43,686,097	46,812,689	49,064,113	741,055	57,521,008	61,148,699
126,731	133,139	148,321	214,003	334,342	184,512
52,752	117,214	201,397	77,480	153,959	134,511
179,483	250,353	349,718	291,483	488,301	319,023
\$43,865,580	\$47,063,042	\$49,413,831	\$52,345,891	\$58,009,309	\$61,467,722
\$413,795	\$4,636,160	\$17,754,999	(\$17,340,460)	(\$2,441,230)	\$12,471,627
7,160,965	8,604,474	8,809,076	4,074,982	4,703,610	11,193,920
\$7,574,760	\$13,240,634	\$26,564,075	(\$13,265,478)	\$2,262,380	\$23,665,547

CITY OF BEAVERTON, OREGON
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified accrual basis of accounting - Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$4,674	\$1,616								
Unreserved, designated	1,790,100	2,114,850								
Unreserved, undesignated	19,578,387	20,801,503								
Committed			\$672,766	\$916,703	\$835,424	\$921,349	\$1,008,480	\$932,017	\$933,063	\$874,858
Assigned			9,493,453	6,289,261	5,130,777	7,195,141	5,302,317	9,123,665	8,893,805	10,081,867
Unassigned			12,637,134	8,462,297	9,432,538	8,402,778	11,295,926	9,294,655	9,927,953	8,253,048
Total General Fund	<u>\$21,373,161</u>	<u>\$22,917,969</u>	<u>\$22,803,353</u>	<u>\$15,668,261</u>	<u>\$15,398,739</u>	<u>\$16,519,268</u>	<u>\$17,606,723</u>	<u>\$19,350,337</u>	<u>\$19,754,821</u>	<u>\$19,209,773</u>
All Other Governmental Funds										
Reserved		\$253,658								
Unreserved, designated, reported in:										
Special revenue funds	\$637,050	709,550								
Unreserved, reported in:										
Special revenue funds	12,772,874	12,489,581								
Debt Service Funds	252,936	269,178								
Capital projects funds	434,915	403,880								
Restricted			\$13,296,672	\$14,733,478	\$14,106,016	\$13,776,624	\$17,989,961	\$19,136,176	\$58,963,722	\$56,318,126
Committed			1,132,461	481,967	417,144	2,998,531	1,306,424	1,163,341	3,278,982	4,663,687
Total all other governmental funds	<u>\$14,097,775</u>	<u>\$14,125,847</u>	<u>\$14,429,133</u>	<u>\$15,215,445</u>	<u>\$14,523,160</u>	<u>\$16,775,155</u>	<u>\$19,296,385</u>	<u>\$20,299,517</u>	<u>\$62,242,704</u>	<u>\$60,981,813</u>

Note: Fiscal year 2011 was the first year GASB Statement 54 (the New Fund Balance Statement) was implemented.

CITY OF BEAVERTON, OREGON
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified accrual basis of accounting - Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
Revenues				
Taxes	\$28,964,408	\$30,144,364	\$31,289,794	\$31,847,527
Special assessments	220,250	171,912	74,892	12,067
Intergovernmental	10,358,703	11,186,687	11,865,443	13,192,538
Federal grants	928,549	1,083,853	1,345,852	1,809,749
Fees, licenses, and permits	3,761,624	2,877,273	3,486,876	4,470,563
Right of way fees	6,643,075	7,273,291	6,786,985	7,182,278
Fines and forfeits	4,013,306	4,578,069	4,946,295	6,333,518
Interest on investments and assessments	787,257	473,382	185,669	292,232
Charges for services	2,064,720	2,637,766	2,637,368	2,851,311
Contributions and donations	35,400	35,117	20,557	74,891
Miscellaneous revenues and cash-in-lieu	1,325,051	624,566	569,687	653,331
Total revenues	59,102,343	61,086,280	63,209,418	68,720,005
Expenditures				
General government	19,705,181	20,310,976	21,285,231	23,081,046
Public safety	21,263,102	21,786,238	23,190,893	25,460,789
Highways and streets	6,050,663	6,200,833	7,014,460	6,647,662
Education	6,194,548	7,098,049	7,232,850	7,538,892
Cultural	228,234	248,216	269,630	398,557
Capital outlay	881,205	1,536,968	1,628,264	9,673,620
Debt service:				
Principal	1,569,503	1,647,713	1,770,821	1,681,671
Interest	742,696	685,436	636,884	586,548
Total expenditures	56,635,132	59,514,429	63,029,033	75,068,785
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,467,211	1,571,851	180,385	(6,348,780)
Other Financing Sources (Uses)				
Proceeds, note payable				
Proceeds, bond sale				
Premium, bond sale				
Proceeds, line of credit				
Transfers in	1,051,185	1,894,022	1,516,245	1,867,566
Transfers out	(1,051,185)	(1,894,022)	(1,516,245)	(1,867,566)
Sale of capital assets	6,150	1,029	8,285	
TOTAL OTHER FINANCING SOURCES (USES)	6,150	1,029	8,285	
NET CHANGE IN FUND BALANCES	\$2,473,361	\$1,572,880	\$188,670	(\$6,348,780)
Debt service as a percentage of noncapital expenditures	4.15%	4.02%	3.92%	3.47%

Fiscal Year

2013	2014	2015	2016	2017	2018
\$33,288,614	\$35,499,072	\$37,586,412	\$39,429,761	\$42,396,548	\$45,623,575
6,924	9,591	4,022	9,754		
13,371,159	13,611,569	14,372,533	14,924,353	15,602,217	17,105,907
2,619,578	1,949,615	1,982,759	923,190	2,147,212	1,228,525
4,217,793	5,548,144	8,854,055	7,415,379	8,885,896	6,994,852
7,237,621	7,197,809	7,518,849	9,264,424	9,610,676	10,148,844
6,031,755	5,523,256	5,165,314	5,127,401	5,018,598	4,746,979
122,970	138,542	240,183	248,494	544,332	547,275
3,184,546	3,383,266	4,190,395	4,445,945	3,955,813	3,631,369
112,280	55,359	124,203	62,069	2,813	10,962
<u>614,756</u>	<u>1,656,859</u>	<u>1,064,792</u>	<u>807,986</u>	<u>3,485,806</u>	<u>930,271</u>
<u>70,807,996</u>	<u>74,573,082</u>	<u>81,103,517</u>	<u>82,658,756</u>	<u>91,649,911</u>	<u>90,968,559</u>
23,506,917	24,223,200	26,306,096	28,326,440	34,773,686	31,167,291
26,018,091	26,822,980	27,025,999	28,521,938	29,210,066	30,224,956
7,823,854	8,056,141	7,490,203	7,053,922	7,792,435	8,637,647
8,611,019	7,677,252	8,366,582	8,536,870	8,621,976	9,146,862
832,974	886,497	996,966	1,021,690	921,368	1,008,572
2,978,601	7,832,687	4,247,256	3,819,898	2,458,461	9,900,669
1,444,082	2,130,902	2,517,476	2,605,712	3,064,460	2,572,824
554,262	570,902	544,254	455,745	381,516	1,854,304
<u>71,769,800</u>	<u>78,200,561</u>	<u>77,494,832</u>	<u>80,342,215</u>	<u>87,223,968</u>	<u>94,513,125</u>
<u>(961,804)</u>	<u>(3,627,479)</u>	<u>3,608,685</u>	<u>2,316,541</u>	<u>4,425,943</u>	<u>(3,544,566)</u>
	7,000,000			33,845,000	1,835,000
				1,154,828	
				2,921,900	
2,086,045	3,708,888	2,523,303	3,749,458	3,320,286	6,989,523
(2,086,045)	(3,708,888)	(2,523,303)	(3,749,458)	(3,320,286)	(6,989,523)
			430,205		
	<u>7,000,000</u>		<u>430,205</u>	<u>37,921,728</u>	<u>1,835,000</u>
<u>(\$961,804)</u>	<u>\$3,372,521</u>	<u>\$3,608,685</u>	<u>\$2,746,746</u>	<u>\$42,347,671</u>	<u>(\$1,709,566)</u>
2.90%	3.84%	4.18%	4.00%	4.07%	5.23%

CITY OF BEAVERTON, OREGON
MARKET AND ASSESSED VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Real Property		Personal Property		Public Utilities		Total		Total Assessed to Total Market Value	Total Direct Tax Rate
	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value		
2009	\$11,501,421,900	\$6,623,520,580	\$365,779,797	\$365,711,497	\$299,914,666	\$299,199,560	\$12,167,116,363	\$7,288,431,637	59.9 %	\$4.12
2010	10,811,105,190	6,790,282,430	313,701,559	313,620,659	288,752,592	288,720,680	11,413,559,341	7,392,623,769	64.8	4.20
2011	10,233,357,680	7,023,474,360	314,320,654	313,045,244	302,920,652	302,172,400	10,850,598,986	7,638,692,004	70.4	4.20
2012	9,743,437,720	7,250,032,210	332,691,083	331,181,923	299,612,594	290,942,140	10,375,741,397	7,872,156,273	75.9	4.15
2013	9,551,341,040	7,469,917,480	347,676,248	346,183,108	288,627,249	264,560,700	10,187,644,537	8,080,661,288	79.3	4.18
2014	10,057,285,180	7,716,459,770	334,573,464	333,084,654	289,621,139	263,270,040	10,681,479,783	8,312,814,464	77.8	4.24
2015	11,151,606,480	8,072,477,610	335,017,225	333,346,645	297,490,607	277,110,900	11,784,114,312	8,682,935,155	73.7	4.38
2016	11,920,010,770	8,426,894,940	358,010,578	355,607,508	295,095,259	257,449,100	12,573,116,607	9,039,951,548	71.9	4.38
2017	13,351,953,160	8,738,563,430	378,843,978	376,277,858	378,989,987	368,362,500	14,109,787,125	9,483,203,788	67.2	4.38
2018	14,950,729,020	9,074,648,210	399,710,908	396,214,638	403,775,728	387,902,923	15,754,215,656	9,858,765,771	62.6	4.37

Information from the Washington County, Assessment and Taxation Department.

CITY OF BEAVERTON, OREGON
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	City of Beaverton Direct Rates					Overlapping Rates					
	General Fund	Special Revenue Funds	Total Within Permanent Tax Rate	Debt Service Fund	Total Direct Levy	Washington County	Schools	Port of Portland	Metro	Other	Total
2009	\$3.45	\$0.42	\$3.87	\$0.25	\$4.12	\$2.98	\$7.23	\$0.07	\$0.40	\$3.34	\$18.14
2010	3.54	0.42	3.96	0.24	4.20	2.98	7.66	0.07	0.44	3.72	19.07
2011	3.58	0.39	3.97	0.23	4.20	2.98	7.57	0.07	0.41	3.72	18.95
2012	3.54	0.40	3.94	0.21	4.15	2.97	7.62	0.07	0.32	3.73	18.86
2013	3.56	0.40	3.96	0.22	4.18	2.97	7.59	0.07	0.40	3.64	18.86
2014	3.51	0.51	4.02	0.22	4.24	2.96	8.93	0.07	0.47	3.63	20.30
2015	3.70	0.48	4.18	0.20	4.38	2.83	8.88	0.07	0.46	3.59	20.20
2016	3.73	0.45	4.18	0.19	4.38	2.81	8.63	0.07	0.39	3.70	19.98
2017	3.73	0.45	4.18	0.19	4.38	2.93	8.67	0.07	0.40	3.67	20.12
2018	3.71	0.46	4.17	0.20	4.37	2.91	8.69	0.07	0.41	4.03	20.48

Information from the Washington County Assessment and Taxation Department.

Note: To raise additional tax authority above the permanent rate, it must be approved by a simple majority of the voters in a May or November election.

**CITY OF BEAVERTON, OREGON
PRINCIPAL TAXPAYERS
Current Year and Nine Years Ago
(Unaudited)**

Taxpayer	Type of Business	Rank	2018		Rank	2009	
			Taxable Assessed Valuation	% of City Taxable Assessed Valuation (a)		Taxable Assessed Valuation	% of City Taxable Assessed Valuation (b)
<u>Non-Utility</u>							
Nike Inc	Footwear & apparel manufacturer	1	\$134,021,455	1.36 %			
LaSalle Owner LLC	Commercial Property	2	60,337,580	0.61			
Nimbus Center	Commercial Property	3	59,602,611	0.60	4	\$52,362,820	0.72 %
Mall 1 LLC	Commercial Property	4	50,174,020	0.51			
PD Office Owner 3 LP	Commercial Property	5	49,989,880	0.51			
Peterkort Residential LLC	Apartments	6	45,724,280	0.46	10	20,146,410	0.28
Harsch Investment Properties LLC	Commercial Property	7	45,345,493	0.46			
Sterling Pointe Holding LLC	Apartments	8	44,892,700	0.46			
DS Progress Ridge	Commercial Property	9	43,314,070	0.44			
Harsch Investment Corp.	Commercial Property	10	32,374,760	0.33			
PS Business Parks LP	Commercial Property				1	102,805,926	1.41
ERP Operating LTD Partnership	Commercial Property				2	61,575,420	0.84
Bernard Properties Partnership	Cedat Hills Crossing				3	56,247,700	0.77
Leupold and Stevens Inc	Manufacturer				5	44,923,210	0.62
Templeton Vista Associates	Property Financial Services				6	34,406,680	0.47
NNN Woodside Corporate Park	Commercial Property				7	32,362,590	0.44
Gateway Columbia Properties Inc	Commercial Property				8	30,126,114	0.41
Murray Scholls LLC	Apartments				9	25,557,480	0.35
TOTAL			\$565,776,849	5.74 %		\$460,514,350	6.32 %
<u>Utilities</u>							
Comcast Corporation	Broadband/Telecommunications		\$176,899,600	1.79 %		\$27,134,683	0.37 %
Portland General Electric	Electricity		80,467,371	0.82		64,781,540	0.89
Frontier Communications	Broadband/Telecommunications		43,294,000	0.44			
Northwest Natural Gas	Natural Gas		37,937,000	0.38		40,034,400	0.55
TOTAL			\$338,597,971	3.43 %		\$131,950,623	1.81 %

(a) City of Beaverton's 2017-18 assessed valuation was \$9,858,765,771 and market valuation was \$15,754,215,656
(b) City of Beaverton's 2008-09 assessed valuation was \$7,288,431,637 and market valuation was \$12,167,116,363,

Information from the Washington County Department of Assessment and Taxation.

**CITY OF BEAVERTON, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2009	\$30,066,294	\$29,147,443	96.9 %	\$910,465	\$30,057,908	99.97 %
2010	31,061,418	30,195,513	97.2	759,936	30,955,449	99.66
2011	32,132,198	31,372,709	97.6	653,750	32,026,459	99.67
2012	32,944,787	32,125,628	97.5	720,711	32,846,339	99.70
2013	34,324,063	33,606,781	97.9	588,459	34,195,240	99.62
2014	36,604,071	35,878,068	98.0	581,037	36,459,105	99.60
2015	38,601,651	36,901,519	95.6	480,470	37,381,989	96.84
2016	40,696,333	38,892,848	95.6	547,657	39,440,505	96.91
2017	43,013,961	41,062,586	95.5	460,797	41,523,383	96.53
2018	45,546,473	45,235,596	99.3		45,235,596	99.32

CITY OF BEAVERTON, OREGON
RATIO OF NET GENERAL BONDED DEBT TO MARKET VALUE
AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Population (1)	Market Value	General Bonded Debt (2)	Less General Obligation Debt Service Fund	Net Bonded Debt	Percent of Net Bonded Debt to Market Value	Net Bonded Debt Per Capita
2009	86,205	\$12,167,116,363	\$13,082,785	\$176,883	\$12,905,902	0.106	\$149.71
2010	86,860	11,413,559,341	11,920,506	208,620	11,711,886	0.103	134.84
2011	90,267	10,850,598,986	10,718,227	241,797	10,476,430	0.097	116.06
2012	90,835	10,375,741,397	9,475,948	125,317	9,350,631	0.090	102.94
2013	91,205	10,187,644,537	8,188,669	151,641	8,037,028	0.079	88.12
2014	91,350	10,681,479,783	6,846,390	191,622	6,654,768	0.062	72.85
2015	93,395	11,784,114,312	5,449,111	116,686	5,332,425	0.045	57.10
2016	94,215	12,573,116,607	4,001,832	136,691	3,865,141	0.031	41.02
2017	95,385	14,109,787,125	37,450,322	149,589	37,300,733	0.264	391.05
2018	95,685	15,754,215,656	35,915,301	175,897	35,739,404	0.227	373.51

(1) Population numbers shown are estimates made as of July 1 of the fiscal year indicated.

(2) Excludes Water Bonds.

All population statistics are provided by the Portland State University Population Research Center. Market values obtained from the Washington County Assessment and Taxation Department. All other information obtained from current and prior years' financial statements.

CITY OF BEAVERTON, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2018
(Unaudited)

<u>Taxing Jurisdiction</u>	<u>Total Net Property-tax Backed Debt</u>	<u>Percent Real Market Value of the City</u>	<u>City's Pro-Rata Share</u>
Tualatin Hills Park and Recreation District	\$77,707,133	40.07 %	\$31,137,248
Beaverton School District No. 48J	1,035,618,531	33.86	350,660,435
Tualatin Valley Fire and Rescue District	30,635,000	18.55	5,682,793
Washington County	219,115,761	16.25	35,606,311
Portland Community College	461,071,466	6.50	29,969,645
Metro	205,735,000	5.19	10,677,647
Multnomah County School District 1J	982,119,880	12.95	127,184,524
Total overlapping debt	<u>3,012,002,771</u>		<u>590,918,603</u>
City of Beaverton, net direct debt	<u>43,371,540</u> (1)		<u>43,371,540</u>
Total direct and overlapping debt	<u><u>\$3,055,374,311</u></u>		<u><u>\$634,290,143</u></u>

(1) Total general obligation bonds backed by property tax, special revenue bonded debt, and loans payable.

Note: Overlapping taxing jurisdictions are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Beaverton.

Information from the Oregon Municipal Debt Advisory Commission.

CITY OF BEAVERTON, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years
(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2018

True cash value	\$15,754,215,656
Debt limit (3% of real market value)	472,626,470
Debt applicable to limit:	
Gross bonded debt	\$63,493,115
Less legal deductions:	
Special revenue bonds	(2,460,203)
Water bonds	(26,187,912)
Total net debt applicable to limit	34,845,000
Legal debt margin	\$437,781,470
Legal debt margin as a percentage of debt limit	7.37%

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$365,013,491	\$342,406,780	\$325,517,970	\$311,272,242	\$305,629,336	\$320,444,393	\$353,523,429	\$377,193,498	\$423,293,614	\$472,626,470
Total net debt applicable to limit	13,110,000	11,945,000	10,740,000	9,495,000	8,205,000	6,860,000	5,460,000	4,010,000	36,325,000	34,845,000
Legal debt margin	\$351,903,491	\$330,461,780	\$314,777,970	\$301,777,242	\$297,424,336	\$313,584,393	\$348,063,429	\$373,183,498	\$386,968,614	\$437,781,470
Total net debt applicable to the limit as a percentage of debt limit	3.59%	3.49%	3.30%	3.05%	2.68%	2.14%	1.54%	1.06%	8.58%	7.37%

ORS 287A-050 provides a debt limit of 3% of the true cash value (market) of all taxable property within the City boundaries.
The true cash value information obtained from Washington County Assessment and Taxation Department. All other information obtained from the financial statements.

CITY OF BEAVERTON, OREGON
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Governmental Activities				Business-type Activities		Total Government	Percentage of Personal Income (4)	Per Capita (4)
	General Obligation Bonded, Net (1)	Line of Credit, Special Revenue Bonded, Net (2)	Loans/Contract Payable	Capital Leases (3)	Revenue Bonds Net	Loans/Contract Payable			
2009	\$12,905,902		\$2,026,083	\$5,762,079	\$21,249,298	\$671,037	\$42,614,399	1.25%	\$494
2010	11,711,886		1,903,406	5,550,446	19,387,552	655,348	39,208,638	1.11%	451
2011	10,476,430		1,773,616	5,322,561	17,374,858	638,926	35,586,391	0.92%	394
2012	9,350,631		1,635,306		15,287,163	621,727	26,894,827	0.67%	296
2013	8,037,028		1,488,046		13,129,469	603,704	23,258,247	0.57%	255
2014	6,654,768	\$6,381,391	1,332,374		10,965,938	584,818	25,919,289	0.61%	284
2015	5,332,425	5,434,763	1,166,799		8,543,419	564,983	21,042,389	0.43%	225
2016	3,865,141	4,466,035	1,222,733		6,785,018	544,151	16,883,078	0.33%	179
2017	37,300,733	6,396,591	591,319		5,615,000	1,619,895	51,523,538	N/A	540
2018	35,739,404	5,382,103	2,250,033		26,187,912	1,596,851	71,156,303	N/A	744

- (1) Net of unamortized discounts and Debt Service Fund's ending fund balance.
- (2) Includes 2013 Special Revenue Bonds that is payable solely from franchise fees and BURA line of credit.
- (3) In FY 2012, Capital Lease for government activities has been terminated.
- (4) See page 125 for personal income and population data.

N/A = Not available

CITY OF BEAVERTON, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	(1) Population	(2) Per Capita Income (WA County)	Total Personal Income (thousands of dollars)	(3) School Enrollment	(4) Unemployment Rate Percentage (Portland Metro Area)
2009	86,205	\$39,465	\$3,402,080	37,552	11.8
2010	86,860	40,606	3,527,037	37,706	10.9
2011	90,267	42,777	3,861,351	38,571	9.7
2012	90,835	44,396	4,032,711	39,054	8.1
2013	91,205	44,757	4,082,062	39,427	7.6
2014	91,350	46,713	4,267,233	39,509	6.1
2015	93,395	51,909	4,848,041	39,910	5.5
2016	94,215	54,203	5,106,736	40,725	5.2
2017	95,385	N/A	N/A	40,806	3.9
2018	95,685	N/A	N/A	40,868	4.1

Sources of information:

(1) Portland State University, Population Research & Census Center.

(2) U.S. Department of Commerce, Bureau of Economic Analysis (BEA).

(3) Beaverton School District No. 48J.

(4) Bureau of Labor Statistics.

N/A = Not Available

CITY OF BEAVERTON, OREGON
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
(Unaudited)

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (1)
Beaverton School District	4,704	1	10.13 %	4,267	1	9.10 %
Nike	3,103	2	6.68			
Providence Health Systems	1,201	3	2.59			
Comcast Cable	1,039	4	2.24			
Seterus Inc	807	5	1.74			
City of Beaverton (2)	646	6	1.39	563	5	1.20
IBM Corporation	630	7	1.36			
Fred Meyer	478	8	1.03	422	9	0.90
First Technology Federal Credit Union	401	9	0.86			
New Seasons Market	365	10	0.79			
Bernard- Cedar Hills Crossing				1,081	2	2.31
Cascade Plaza				653	3	1.39
Stream International				600	4	1.28
Beaverton Town Square				507	6	1.08
Reser's Fine Foods				450	7	0.96
Welch Allyn				448	8	0.96
Canyon Square				345	10	0.74
Total	13,374		28.80 %	9,336		19.92 %

Sources: Oregon Employment Department and City of Beaverton business licenses.

(1) Total City employment is estimated based on information provided from Oregon Employment Department.

This figure is estimated to be 46,428 in 2018 and 46,871 in 2009.

(2) Includes permanent and temporary employees

CITY OF BEAVERTON, OREGON
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

	Full Time Equivalent Employees as of June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Function/Program</u>										
General government	170.55	174.37	164.95	169.33	175.75	179.36	193.84	202.17	206.21	212.40
Public safety	179.72	182.15	186.59	188.98	188.94	188.76	190.18	188.86	190.37	194.09
Highways and streets	26.23	25.16	23.96	26.23	27.01	26.99	27.03	27.08	25.80	24.56
Education	58.22	65.31	67.17	68.30	68.29	70.97	71.10	72.94	73.76	74.00
Cultural and recreation	1.08	1.08	1.61	1.35	1.35	1.35	1.35	1.08	2.50	3.00
Water	18.29	17.65	16.38	16.45	16.39	16.69	15.32	15.37	22.33	23.41
Sewer	15.37	15.69	14.54	15.69	15.98	15.96	15.72	15.77	13.77	14.40
Storm drain	19.19	17.36	17.27	18.43	19.25	19.23	20.07	21.21	21.14	21.77
Total	<u>488.65</u>	<u>498.77</u>	<u>492.47</u>	<u>504.76</u>	<u>512.96</u>	<u>519.31</u>	<u>534.61</u>	<u>544.48</u>	<u>555.88</u>	<u>567.63</u>

Source: City of Beaverton Finance Department.

CITY OF BEAVERTON, OREGON
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
General government										
Number of cases filed in Municipal Court	35,270	29,462	29,571	37,226	41,074	33,948	28,438	31,206	30,820	26,981
Number of land use applications processed	650	600	450	550	600	550	500	525	552	775
Number of building inspections (99% completed within 24 hours of request)	21,000	21,086	18,000	20,050	21,600	24,900	27,536	27,450	25,700	24,300
Public Safety										
Number of arrests by patrol officers	4,744	4,219	3,729	3,700	3,659	3,589	3,351	3,755	3,229	3,700
Number of traffic citations issued	16,668	16,292	16,097	22,823	20,214	14,997	12,825	11,204	10,188	11,309
Calls for service response time (minutes)	5.40	5.60	5.70	5.60	5.66	5.67	6.17	6.57	6.45	6.87
Highways and streets										
Overall Average Pavement Condition Index 70-100=good	81	83	83	84	84	84	83	76	76	76
Education										
Main Library - number of items in collection	327,432	363,961	380,868	373,686	380,809	381,909	345,909	331,344	301,103	298,225
Branch Library - number of items in collection	N/A	20,000	33,094	40,149	54,494	57,294	61,994	61,373	64,715	67,700
Number of direct customer transactions	2,363,420	2,742,571	3,469,635	3,645,453	3,801,825	3,800,000	3,800,000	3,700,000	3,200,000	2,824,604
Number of annual circulation	2,252,684	2,600,000	2,760,000	2,863,900	2,835,775	2,824,432	2,658,662	2,479,858	2,400,000	2,625,000
Cultural and recreation										
Number of arts & cultural events presented	35	66	65	67	67	69	69	60	42	20
Number of participating artists and performers	450	415	460	300	300	475	450	400	600	407
Business-type activities:										
Water										
Number of City accounts	17,224	17,291	17,550	17,641	17,772	17,868	18,068	18,134	18,153	18,295
Average daily consumption (in millions of gallons)	7.51	7.12	6.84	6.69	7.09	6.77	6.73	7.45	6.89	7.15
Sanitary Sewer and Storm:										
Number of accounts	21,640	21,732	22,105	22,131	22,353	22,647	22,819	22,895	22,960	23,054

Sources: Various City of Beaverton departments.

CITY OF BEAVERTON, OREGON
COMMERCIAL AND RESIDENTIAL CONSTRUCTION
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Commercial Construction		Residential Construction	
	Number of Units	Value	Number of Units	(1) Value
2009	9	\$13,566,130	324	\$39,122,896
2010	7	22,305,771	245	32,845,979
2011	19	25,922,570	152	23,216,710
2012	6	11,100,343	117	21,179,771
2013	10	6,352,266	114	71,152,359
2014	18	43,801,440	307	67,240,745
2015	14	72,532,239	590	80,596,830
2016	14	122,602,320	133	21,460,708
2017	12	92,141,171	369	51,617,513
2018	12	36,969,220	294	57,107,061

(1) Includes single family dwellings, duplexes and apartments.

Information on commercial and residential construction obtained from the City's Building Division.

CITY OF BEAVERTON, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
General government										
Number of City owned building facilities	5	5	5	6	6	6	7	7	7	10
Number of user groups - Beaverton Comm. Ctr.	177	228	235	237	210	199	148	242	283	267
Public Safety										
Number of Neighborhood Resource Centers	5	3	3	3	3	3	3	3	3	3
Number of jail facilities (holding cells)	4	4	4	4	4	4	4	4	4	4
Number of vehicular patrol units	40	42	43	44	45	48	49	50	50	47
Highways and streets										
Miles of streets	211	220	222	220	220	220	221	223	222	222
Number of traffic signals	120	122	123	123	123	124	124	124	125	127
Numbers of street lighting fixtures	6,845	6,952	6,990	6,991	7,046	7,117	7,200	7,237	7,178	7,190
Education										
Library building	1	1	1	1	1	1	1	1	1	1
Library bookstore	1	1	1	1	1	1	1	1	1	1
Branch Library		1	1	1	1	1	1	1	1	1
Business-type activities:										
Water										
Total City ONLY above-ground water reservoir capacity (in millions of gallons)	28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.5
Total city-owned capacity of multi-jurisdictional storage reservoir (in millions of gallons)	10	10	10	10	10	10	10	10	10	10
Annual Ground Water Storage (Treated Surface Water ASR) and Native Ground Water (in million gallons)	1,200	1,200	1,160	1,160	1,160	1,160	1,160	1,511	1,350	1,657
Sanitary Sewer and Storm:										
Miles of sanitary sewer lines	269	271	274	275	274	279	284	290	275	277

Sources: Various City of Beaverton departments.

ANNUAL DISCLOSURE INFORMATION

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In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"), the City will provide annually the information presented in this section to all NRMSIRs and SIDs, if any.

BASIS OF ACCOUNTING

The City's governmental funds are maintained on the modified accrual basis of accounting. The proprietary funds are accounted for using the accrual basis of accounting. The City's accounting practices conform to accounting principles generally accepted in the United States of America.

Fiscal Year: July 1 to June 30

AUDITS

The Oregon Municipal Audit Law (ORS 297.405 - 297.555) requires an audit and examination to be made of the accounts and financial affairs of every municipal corporation at least once a year. Unless the municipality elects to have the audit performed by the State Division of Audits, the audit shall be made by accountants whose names are included on the roster prepared by the State Board of Accountancy.

The City audits for fiscal years 2001-2018 were performed by Talbot, Korvola & Warwick LLP. The auditors did not review the statistical tables and offer no opinion regarding the statistical tables.

BUDGETING PROCESS

The City prepares an annual budget in accordance with provisions of the Oregon Local Budget Law (ORS 294), which provides standard procedures for the preparation, presentation, administration and appraisal of budgets. The law mandates public involvement in budget preparation and public exposure of its proposed programs. The law also requires that the budget be balanced.

BONDS

The City issues revenue bonds to finance major construction projects for business-type activities. On June 28, 2018 the City issued \$18,125,000 Water Revenue Bonds, Series 2018 to finance all or a portion of the costs associated with additions, replacements, expansions or improvements to the City's water system infrastructure. The City issued Water Revenue and Refunding Bonds, Series 2016 in the amount of \$5,615,000, on November 8, 2016. The bonds were issued for the purpose of fully refunding the remaining Water Revenue Bonds, Series 2006. The 2006 Water Revenue Bonds were issued to finance the costs of improvements to the City's Water System, as well as, cost of issuance, insurance and surety bond. As of June 30, 2018 the outstanding bonds consist of the Water Revenue Bonds, Series 2018 and the Water Revenue and Refunding Bonds, Series 2016. The Water Revenue Bonds, Series 2018 are rated AA+ by Standard & Poors. The Water Revenue and Refunding Bonds, Series 2016 are not assigned a rating by any rating agency. The 2016 are not registered under Securities Act of 1933. Purchaser is making a loan by purchasing the 2016 Bonds, and is holding bonds as one single debt instrument.

The General Obligation Refunding Bonds, Series 2005, were issued on August 16, 2005 in the amount of \$13,575,000. The proceeds were used to advance refund the callable portion of the City's outstanding General Obligation Bonds, Series 1999. On February 8, 2017 the City issued \$33,845,000 in general obligation bonds to pay for the capital costs of constructing and equipping an earthquake-resistant public safety center on property already owned by the City. The Bonds were rated Aaa and AAA by Moody's and S&P, respectively .

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(Unaudited)

TABLE 1 - Water Revenue Bonds - Four-Year Water System Consumption (hundred cubic feet by customer class)

Customer Class	2013-14	2014-15	2015-16	2016-17	2017-18
Single Family	1,244,402	1,308,167	1,407,169	1,282,899	1,342,868
Multi-residential / Apartments	896,880	884,146	907,147	877,491	869,274
Commercial	627,700	665,372	699,362	641,019	686,609
Public Facilities	34,170	29,678	31,005	27,727	43,908
Irrigation / Fire	219,962	268,760	332,451	256,311	310,630
Total consumption	<u>3,023,114</u>	<u>3,156,123</u>	<u>3,377,134</u>	<u>3,085,447</u>	<u>3,253,289</u>

TABLE 2 - Water Revenue Bonds - Ten Largest System Customers - Fiscal Year 2017-18

Customer	Consumption in CCF ¹	Percent of District Total
Sterling Park Apartments I, II, III	51,193	1.57 %
Beaverton School District	48,353	1.49
City of Beaverton	37,611	1.16
La Salle Apartments	35,466	1.09
Seven West at the Trails I, II	32,606	1.00
Tualatin Hills Park & Rec	30,554	0.94
Commons @ Redwood Creek	25,164	0.77
Sofi @ Murrayhill	24,093	0.74
Harsch Investment Properties	23,553	0.72
Center Development	22,988	0.71
Subtotal	<u>331,581</u>	<u>10.19 %</u>
All Other Customers	<u>2,921,708</u>	<u>89.81</u>
Total	<u>3,253,289</u>	<u>100.00 %</u>

1. 1 CCF = 100 cubic feet = 748 gallons

WATER RATES AND CHARGES

The City reviews its water rates on a regular basis. Effective July 1, 2017, the usage (consumption) charge was increased 3.4% and the monthly base charge was increased 7.7%.

TABLE 3 - Water Revenue Bonds - System Rates and Charges

	2014	2015	2016	2017	2018
Consumption charge per ccf	\$2.77	\$2.87	\$2.94	\$2.97	\$3.07
Consumption rate increase	3.8%	3.6%	3.5%	3.5%	3.4%
Monthly base charge rate increase by meter size	10.0%	9.10%	8.30%	8.30%	7.70%
5/8 inch	\$11.00	\$12.00	\$13.00	\$13.00	\$14.00
1 inch	17.33	18.91	20.48	20.48	22.06
1 1/2 inch	27.86	30.40	32.92	32.92	35.45
2 inch	40.56	44.25	47.92	47.92	51.61
3 inch	70.09	76.47	82.82	82.82	89.20
4 inch	112.33	122.55	132.72	132.72	142.94
6 inch	217.90	237.73	257.46	257.46	277.28
8 inch	267.20	291.52	315.72	315.72	340.03

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TABLE 4 - Water Revenue Bonds - Water Fund Balance Sheets - As of June 30

	2014 Restated	2015	2016	2017 Restated (1)	2018
Assets					
Current assets:					
Cash and investments	\$9,349,445	\$10,787,766	\$14,310,966	\$14,811,267	\$32,889,327
Accounts receivable, net	1,536,868	1,909,924	1,935,719	1,796,043	2,204,038
Other receivables	19,511	4,466	5,559	25,624	95,195
Accrued interest receivable	10,254	10,206	19,322	37,298	56,806
Due from other governments	53,750	53,750	53,750	65,627	
Inventory of materials and supplies	168,476	202,454	140,351	147,220	135,810
Total current assets	11,138,304	12,968,566	16,465,667	16,883,079	35,381,176
Investment in joint ventures	24,313,859	20,680,133	20,136,516	20,217,482	20,668,139
OPEB Asset (RHIA)					5,024
Net pension asset		305,108			
Capital assets, net	73,503,985	74,587,924	76,644,494	80,910,208	90,839,589
TOTAL ASSETS	108,956,148	108,541,731	113,246,677	118,010,769	146,893,928
Deferred Outflows of Resources					
Deferred amount on bond refunding	61,788	41,192	20,596		
Deferred amount on pensions	84,208	82,829	154,865	1,066,476	656,003
Deferred amount on OPEB				16,476	12,600
TOTAL DEFERRED OUTFLOWS	145,996	124,021	175,461	1,082,952	668,603
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$109,102,144	\$108,665,752	\$113,422,138	\$119,093,721	\$147,562,531
Liabilities, deferred inflows and fund equity/net assets					
Current liabilities:					
Accounts payable	\$42,998	\$740,912	\$1,821,964	\$2,533,337	\$2,449,608
Accrued salaries and payroll taxes	94,131	99,903	125,204	98,665	112,169
Accrued interest payable	38,727	39,139	35,349	23,004	56,244
Other accrued liabilities	8,197	11,522	25,016	10,926	10,251
Due to other governments	217,381	28,340			
Contract retainage payable	180,676	17,895	20,119	67,170	8,870
Deferred Revenues		80,650			
Contract payable, net	19,834	20,833	21,901	23,043	24,267
Bonds payable, net	2,425,852	1,758,401	1,237,602	580,000	1,491,396
Total current liabilities	3,027,796	2,797,595	3,287,155	3,336,145	4,152,805
Long-term liabilities:					
Contract payable, net	564,984	544,151	522,250	499,207	474,936
Bonds payable, net	8,540,086	6,785,018	5,547,416	5,035,000	24,696,516
Loans Payable - IFA				1,097,645	1,097,645
Compensated absences	128,929	130,634	148,007	164,137	192,443
Net OPEB Liability	120,664	105,899	111,254	197,176	151,240
Net pension liability	635,542		685,011	2,077,561	1,934,292
Total long-term liabilities	9,990,205	7,565,702	7,013,938	9,070,726	28,547,072
TOTAL LIABILITIES	13,018,001	10,363,297	10,301,093	12,406,871	32,699,877
Deferred Inflows of Resources					
Deferred amount on OPEB					11,667
Deferred amount on pensions		569,172	208,802	124,228	117,494
TOTAL DEFERRED INFLOWS		569,172	208,802	124,228	129,161
Net Position					
Net investment in capital assets	69,081,089	71,032,744	73,725,587	77,325,063	87,480,487
Reserved for construction	1,539,184	1,860,962	1,879,643	992,721	1,911,584
Reserved for debt service	123,286	69,556	70,879	68,321	69,299
Unrestricted	25,340,584	24,770,021	27,236,134	28,176,517	25,272,123
TOTAL NET POSITION	96,084,143	97,733,283	102,912,243	106,562,622	114,733,493
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$109,102,144	\$108,665,752	\$113,422,138	\$119,093,721	\$147,562,531

(1) Restatement includes adjustments made for OPEB related amounts.

ANNUAL DISCLOSURE INFORMATION, Continued
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TABLE 5 - Water Revenue Bonds - Water Fund Statement of Revenues, Expenditures and Changes in Net Position for the fiscal years ended June 30

	2014	2015	2016	2017	2018
Operating revenues (1):					
Charges for services	\$11,212,207	\$12,278,622	\$12,942,019	\$12,397,824	\$13,693,573
Installation fees	33,692	29,893	23,299	10,134	51,989
Lease income	107,012		204,228		101,872
Miscellaneous revenues	132,207	98,045	104,450	232,190	148,979
TOTAL OPERATING REVENUES	11,485,118	12,406,560	13,273,996	12,640,148	13,996,413
Operating expenses:					
Personal services	1,952,489	971,210	1,981,957	2,283,431	2,267,336
Water purchases	1,124,882	1,218,188	1,197,987	1,288,362	1,383,335
Administration charges from General Fund	349,736	347,395	360,406	356,391	493,587
Right of Way fee payment	547,533	598,586	659,843	619,246	641,861
Supplies, repairs, and services	1,803,815	1,831,293	2,086,890	2,444,532	2,733,661
Depreciation and amortization	1,717,734	1,782,169	1,818,665	1,926,307	1,974,187
TOTAL OPERATING EXPENSES	7,496,189	6,748,841	8,105,748	8,918,269	9,493,967
OPERATING INCOME	3,988,929	5,657,719	5,168,248	3,721,879	4,502,446
Nonoperating revenues (expenses):					
Gain on sale of property	3,087	4,640	5,917	29,206	12,825
Interest earnings	46,518	61,475	94,109	144,322	(12,290)
Interest expense	(542,444)	(384,430)	(355,620)	(216,481)	(178,619)
Debt Service fees					(145,215)
Share of private grant received by joint venture			109,597		
Net loss from joint ventures, previous years		(3,960,725)			
Net loss from joint ventures	(756,697)	(732,271)	(888,539)	(722,716)	(886,878)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,249,536)	(5,011,311)	(1,034,536)	(765,669)	(1,210,177)
NET INCOME BEFORE CONTRIBUTIONS	2,739,393	646,408	4,133,712	2,956,210	3,292,269
Capital Contributions					
State Grants	27,302				
Intergovernmental revenue			54,750		
Systems development charges revenue	991,903	828,294	983,855	176,990	1,517,101
Capital Contributions from private developers	619,885	174,438	6,643	517,179	3,361,501
TOTAL CAPITAL CONTRIBUTIONS	1,639,090	1,002,732	1,045,248	694,169	4,878,602
CHANGE IN NET POSITION	4,378,483	1,649,140	5,178,960	3,650,379	8,170,871
NET POSITION-AS RESTATED (2), (3)	91,705,660	96,084,143	97,733,283	102,912,243	106,562,622
NET POSITION - End of year	\$96,084,143	\$97,733,283	\$102,912,243	\$106,562,622	\$114,733,493

(1) This statement was prepared on the GAAP basis which does not allow inclusion of system development charges as operating revenues

(2) Restatement includes adjustments for:

Adjustment for bond issuance cost	(239,901)			
Adjustment for pension		(551,333)	22,813	
Adjustment for OPEB			26,907	
Adjustment for investment in joint venture			(3,960,725)	

(3) Restatement includes adjustment for:

Adjustment for OPEB due to GASB 75	(15,912)
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ANNUAL DISCLOSURE INFORMATION, Continued
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(Unaudited)

TABLE 6 - Water Revenue Bonds - Historical Operating Results and Debt Service Coverage

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues:					
Charges for services	\$11,207,045	\$12,280,273	\$12,943,100	\$12,397,485	\$13,693,039
Installation fees	33,692	29,893	23,298	10,134	51,989
Interest on investments	37,867	53,210	82,032	149,734	207,521
Intergovernmental lease revenue	107,012		204,228		101,872
Miscellaneous	151,044	102,685	141,919	225,735	161,804
TOTAL REVENUES	11,536,660	12,466,061	13,394,577	12,783,088	14,216,225
Operating and maintenance expenses:					
Personal services	1,382,045	1,355,607	1,390,646	1,830,319	2,026,676
Water purchases	1,124,882	1,218,188	1,107,968	1,288,362	1,383,335
Materials and services	1,713,481	1,870,645	2,019,371	2,225,898	2,554,067
Operating transfers out	922,396	940,607	1,003,204	1,151,282	1,487,936
TOTAL OPERATING AND MAINTENANCE EXPENSES	5,142,804	5,385,047	5,521,189	6,495,861	7,452,014
NET REVENUES	6,393,856	7,081,014	7,873,388	6,287,227	6,764,211
Debt service:					
2004 Revenue bonds	1,287,443				
2004 (B) Revenue bonds	788,313				
2006 Revenue bonds	734,935	732,535	734,535	552,096	
2014 Revenue & Refunding bonds		2,034,307	1,322,264	762,343	
2016 Revenue bonds				58,259	683,316
2018 Revenue bonds					
TOTAL DEBT SERVICE	2,810,691	2,766,842	2,056,799	1,372,698	683,316
DEBT SERVICE COVERAGE (1)	2.27	2.56	3.83	4.58	9.90
REMAINING NET REVENUES	3,583,165	4,314,172	5,816,589	4,914,529	6,080,895
OTHER NON-OPERATING REVENUE	27,302	62,000	109,597		
Capital outlay and other expenses:					
Capital outlay	112,831	34,627	687,413	173,926	141,424
Joint Water Commission Projects	398,368	1,054,479	790,986	805,574	1,047,618
Maintenance and replacement	724,816	1,452,875	1,281,731	1,425,067	2,685,315
Transfer to Water Construction Fund	730,000	730,000	530,000	1,776,000	1,230,000
Bureau of Reclamation debt	65,110	65,110	65,110	65,110	65,110
Other expenditures	1,550			61,400	
TOTAL CAPITAL OUTLAY AND OTHER EXPENSES	2,032,675	3,337,091	3,355,240	4,307,077	5,169,467
NET REVENUES AFTER CAPITAL OUTLAY AND OTHER EXPENSES	1,577,792	1,039,081	2,570,946	607,452	911,428
Beginning balance	6,509,877	8,087,669	9,126,750	11,697,696	12,305,148
ENDING BALANCE - BUDGETARY BASIS	\$8,087,669	\$9,126,750	\$11,697,696	\$12,305,148	\$13,216,576
Contingency and reserve:					
Operating contingency	\$6,474,325	\$7,512,928	\$10,075,013	\$10,787,463	\$12,047,278
Contingency - rate stabilization	600,000	600,000	600,000	600,000	600,000
Operating reserve - Joint Water Commission	500,000	500,000	500,000	500,000	500,000
Operating reserve - equipment replacement	390,058	444,266	451,804	349,364	
Debt service contingency	123,286	69,556	70,879	68,321	69,298
TOTAL CONTINGENCY AND RESERVE	\$8,087,669	\$9,126,750	\$11,697,696	\$12,305,148	\$13,216,576

Note: Information obtained from Water Operating and Water Debt Service budgetary schedules.

(1) City is in compliance with other debt service requirements per the Master Water Bond Declaration.

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(Unaudited)

TABLE 7 - Water Revenue Bonds - Projected Operating Results

	FY 2019	FY 2020	FY 2021	FY 2022
Revenues:				
Charges for services	\$14,064,000	\$14,917,200	\$15,941,800	\$16,599,700
Installation fees	45,000	48,000	72,000	16,000
Interest on investments	236,300	206,949	216,587	220,997
Intergovernmental lease revenue				
Miscellaneous	130,000	75,000	75,000	75,000
TOTAL REVENUES	14,475,300	15,247,149	16,305,387	16,911,697
Operating and maintenance expenses:				
Personal services	3,077,351	3,199,672	3,325,662	3,455,432
Water purchases	1,627,525	1,757,727	1,898,345	2,050,213
Materials and services	2,688,949	2,823,396	2,964,566	3,112,795
Operating transfers out	1,659,313	1,742,279	1,829,393	1,920,862
Total Operating and Maintenance Expenses	9,053,138	9,523,074	10,017,966	10,539,301
NET REVENUES	5,422,162	5,724,075	6,287,421	6,372,396
Debt service:				
2006 Revenue bonds				
2014 Revenue & Refunding bonds				
2015 ASR #5 Fed/State Loan		335,000	335,000	335,000
2016 Revenue & Refunding bonds	682,644	681,788	680,748	684,524
2018 Revenue bonds	1,437,240	1,438,750	1,440,250	1,435,250
TOTAL DEBT SERVICE	2,119,884	2,455,538	2,455,998	2,454,774
DEBT SERVICE COVERAGE (1)	2.56	2.33	2.56	2.60
REMAINING NET REVENUES	3,302,278	3,268,537	3,831,423	3,917,622
Capital outlay and other expenses:				
Capital outlay	265,450	100,000	100,000	100,000
Joint Water Commission Projects	1,882,250	864,113	400,000	400,000
Maintenance and replacement	2,414,000	1,300,000	2,570,000	960,000
Transfer to Water Construction Fund	1,000,000	1,000,000	1,000,000	1,000,000
Bureau of Reclamation debt	65,110	65,110	65,110	65,110
Other expenditures		2,000	2,000	2,000
TOTAL CAPITAL OUTLAY AND OTHER EXPENSES	5,626,810	3,331,223	4,137,110	2,527,110
NET REVENUES AFTER CAPITAL OUTLAY AND OTHER EXPENSES	(2,324,532)	(62,686)	(305,687)	1,390,512
Beginning balance	13,216,576	10,892,044	10,829,358	10,523,672
ENDING BALANCE - BUDGETARY BASIS	\$10,892,044	\$10,829,358	\$10,523,672	\$11,914,184
Contingency and reserve:				
Operating contingency	\$9,389,876	\$9,217,190	\$8,801,504	\$10,082,016
Contingency - rate stabilization	600,000	600,000	600,000	600,000
Operating reserve - Joint Water Commission	500,000	500,000	500,000	500,000
Operating reserve - equip replacement	342,168	452,168	562,168	672,168
Debt service contingency	60,000	60,000	60,000	60,000
TOTAL CONTINGENCY AND RESERVE	\$10,892,044	\$10,829,358	\$10,523,672	\$11,914,184

Note: FY 2019 - FY 2021 includes a proposed 10 cent consumption rate increase and a \$1 water base increase on 5/8" meter size, effective July 1 of each year. All other meter sizes will go up by the same % increase.

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(Unaudited)

TABLE 8 - Water Revenue Bonds

	Issue Date	Maturity Date	Amount Issued
Revenue Bonds:			
2018 Water Revenue Bonds	06/28/18	04/01/38	\$18,125,000
2016 Water Revenue & Refunding Bonds	11/08/16	06/01/26	5,615,000
Total System Obligations			<u><u>\$23,740,000</u></u>

TABLE 9 - Water Capital Improvement Plan (CIP)

Project Name and Number	Adopted FY 2019	Projected FY 2020
Operating Fund Improvements:		
JWC Maintenance & Replacement Projects		
-Project 3611	\$1,882,250	\$864,113
Annual Water Line Maintenance & Replacement Program - Project 3700	100,000	150,000
Water System Improvements - Project 3701	2,314,000	1,150,000
Fire Hydrant Replacement Program - Project 3705	-	-
	<u>4,296,250</u>	<u>2,164,113</u>
Construction Capacity Improvements:		
Water Extra-Capacity - Project 3620	1,655,000	1,430,000
ASR # 5 - Project 3621	1,100,000	2,000,000
Cooper Mountain Reservoir # 2 - Project 3622	1,937,000	1,300,000
Non-Potable Purple Pipe Projects - Project 3623	600,000	500,000
South Cooper Mountain - Water Capacity - Project 3625	100,000	1,600,000
Water Withdrawal Areas - Project 3627	3,278,000	9,805,000
Meridian Pump Station Replacement - Project 3631	2,950,000	100,000
JWC Capacity Projects - Project 3635	200,000	200,000
JWC Capacity Projects - Project 3636 (Scoggins Dam Raise)	4,000	3,000
Willamette Water Supply System - Project 3643	2,000,000	6,000,000
South Cooper Mountain - Extra Capacity-Bond Project 3644	850,000	10,000
	<u>14,674,000</u>	<u>22,948,000</u>
Total	<u><u>\$18,970,250</u></u>	<u><u>\$25,112,113</u></u>

ANNUAL DISCLOSURE INFORMATION, Continued
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(Unaudited)

**TABLE 10 - General Obligation Bonds - Summary of 2017-18 and 2018-19 Adopted Budgets - All
Funds and Fund Types**

	FY 2017-18 Adopted	FY 2018-19 Adopted
Revenues:		
Property taxes	\$44,547,848	\$47,210,051
Intergovernmental	17,769,371	21,240,080
Business licenses & permits	732,925	758,025
Building permits & fees	5,679,375	6,529,555
Zoning & annexation fees	250,000	380,000
System development charges	3,010,000	3,006,000
Right of way fees	9,636,855	10,290,935
Fines & forfeitures	5,026,216	4,994,116
Interest on investments	1,255,849	2,361,300
Special assessments	14,800	10,800
Charges for services	24,917,555	24,972,290
Self-insurance charges	10,032,664	11,508,748
Bond /financing proceeds	37,855,000	2,114,334
Project engineering charges	630,000	730,000
Miscellaneous	4,015,956	4,617,364
Total Revenues	165,374,414	140,723,598
Expenditures:		
Personal services	70,675,476	76,133,955
Materials & services	41,930,120	46,200,379
Capital outlay	74,562,415	51,433,076
Total Expenditures	187,168,011	173,767,410
Other financing sources (uses):		
Transfers in	21,812,378	24,842,137
Transfers out	(21,812,378)	(24,842,137)
Debt Service	(5,339,686)	(6,835,210)
Total other financing sources (uses)	(5,339,686)	(6,835,210)
Net change in fund balance	(27,133,283)	(39,879,022)
Fund balance/working capital beginning of year	100,489,502	121,438,751
Fund balance (contingency)/working capital end of year	<u>\$73,356,219</u>	<u>\$81,559,729</u>

Note: Information was derived from the City's adopted budget. See Summary of Revenues and Expenditures and Other Financing Sources and Uses All Funds and Fund Types - Annual Budget Document.

ANNUAL DISCLOSURE INFORMATION, Continued
June 30, 2018
(Unaudited)

TABLE 11 - General Obligation Bonds - Consecutive Balance Sheets - General Fund as of June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assets and other debits:					
Cash and investments	\$18,136,430	\$19,803,832	\$20,726,759	\$20,101,142	\$19,929,727
Property taxes receivable	1,372,221	1,332,626	1,484,935	1,620,539	1,193,774
Court fines receivable	2,275,335	2,220,623	2,384,070	2,532,861	1,988,418
Accounts and other receivables, net	867,354	938,868	1,428,702	1,542,132	1,460,334
Due from other funds				119,956	123,218
Due from other governments	495,562	531,402	810,428	404,661	597,929
Grants receivable	429,215	220,014	275,470	408,935	192,130
TOTAL ASSETS AND OTHER DEBITS	<u><u>\$23,576,117</u></u>	<u><u>\$25,047,365</u></u>	<u><u>\$27,110,364</u></u>	<u><u>\$26,730,226</u></u>	<u><u>\$25,485,530</u></u>
Liabilities, deferred inflow of resources and fund balances:					
Liabilities:					
Accounts payable	\$1,037,960	\$793,900	\$729,403	\$596,694	\$949,760
Accrued salaries and payroll taxes	1,549,529	1,844,605	2,029,809	1,091,703	1,023,829
Other accrued liabilities and deposits	917,121	1,364,468	549,959	1,183,783	1,146,536
Due to other governments	515,960	518,092	1,204,214	570,879	450,723
TOTAL LIABILITIES	<u>4,020,570</u>	<u>4,521,065</u>	<u>4,513,385</u>	<u>3,443,059</u>	<u>3,570,848</u>
Deferred inflows of resources:					
Property taxes	1,261,190	1,208,711	1,365,189	1,495,566	1,055,202
Municipal court fines	1,735,163	1,691,428	1,844,207	1,965,716	1,538,456
Interest	39,926	19,438	37,246	71,064	111,251
Grants					
TOTAL DEFERRED INFLOWS	<u>3,036,279</u>	<u>2,919,577</u>	<u>3,246,642</u>	<u>3,532,346</u>	<u>2,704,909</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>7,056,849</u>	<u>7,440,642</u>	<u>7,760,027</u>	<u>6,975,405</u>	<u>6,275,757</u>
Fund Balances:					
Committed	921,349	1,008,480	932,017	933,063	874,858
Assigned	7,195,141	5,302,317	9,123,665	8,893,805	10,081,867
Unassigned	8,402,778	11,295,926	9,294,655	9,927,953	8,253,048
TOTAL FUND BALANCES	<u>16,519,268</u>	<u>17,606,723</u>	<u>19,350,337</u>	<u>19,754,821</u>	<u>19,209,773</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u><u>\$23,576,117</u></u>	<u><u>\$25,047,365</u></u>	<u><u>\$27,110,364</u></u>	<u><u>\$26,730,226</u></u>	<u><u>\$25,485,530</u></u>

ANNUAL DISCLOSURE INFORMATION, Continued
June 30, 2018
(Unaudited)

**TABLE 12 - General Obligation Bonds- Statement of Revenues, Expenditures and Changes in Fund Balance -
General Fund as of June 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues:					
Taxes	\$29,231,334	\$31,116,067	\$32,229,119	\$33,710,763	\$35,236,076
Intergovernmental	3,324,631	3,651,917	3,501,840	2,885,971	3,559,985
Federal grants	1,392,162	1,170,787	623,502	858,903	643,629
State and private grants				251,063	51,287
Fees, licenses and permits	1,472,427	2,203,055	2,373,583	3,314,282	2,328,942
Right of way fees	5,611,592	5,834,789	7,580,364	7,926,616	8,464,784
Fines and forfeits	5,248,243	4,909,016	4,881,579	4,814,484	4,612,201
Interest on investments and assessments	67,183	119,250	120,105	189,954	110,738
Charges for services	3,969,779	3,807,963	4,183,498	3,862,104	3,469,606
Miscellaneous and cash-in-lieu	89,226	503,151	527,432	2,190,184	495,934
TOTAL REVENUES	<u>50,406,577</u>	<u>53,315,995</u>	<u>56,021,022</u>	<u>60,004,324</u>	<u>58,973,182</u>
Expenditures:					
General government	21,660,798	22,999,395	23,824,889	26,760,488	25,775,432
Cultural	886,497	996,966	1,021,690	921,368	1,008,572
Public safety	26,822,980	27,025,999	28,521,938	29,210,066	30,224,956
Debt service	180,252	180,252	180,252	170,331	106,692
TOTAL EXPENDITURES	<u>49,550,527</u>	<u>51,202,612</u>	<u>53,548,769</u>	<u>57,062,253</u>	<u>57,115,652</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>856,050</u>	<u>2,113,383</u>	<u>2,472,253</u>	<u>2,942,071</u>	<u>1,857,530</u>
Other financing sources (uses):					
Operating transfers in		217,767	94,154		83,899
Operating transfers out	(1,010,521)	(1,243,695)	(822,793)	(2,537,587)	(2,463,475)
Bond proceeds	1,275,000				
TOTAL OTHER FINANCING SOURCES (USES)	<u>264,479</u>	<u>(1,025,928)</u>	<u>(728,639)</u>	<u>(2,537,587)</u>	<u>(2,379,576)</u>
NET CHANGE IN FUND BALANCES	<u>1,120,529</u>	<u>1,087,455</u>	<u>1,743,614</u>	<u>404,484</u>	<u>(522,046)</u>
FUND BALANCES-as previously reported	15,398,739	16,519,268	17,606,723	19,350,337	19,754,821
Adj. for fair market value					(23,002)
FUND BALANCES - as restated	<u>16,519,268</u>	<u>17,606,723</u>	<u>19,350,337</u>	<u>19,754,821</u>	<u>19,731,819</u>
FUND BALANCES, End of year	<u>\$16,519,268</u>	<u>\$17,606,723</u>	<u>\$19,350,337</u>	<u>\$19,754,821</u>	<u>\$19,209,773</u>

ANNUAL DISCLOSURE INFORMATION, Continued
June 30, 2018
(Unaudited)

TABLE 13 - General Obligation Bonds- Consecutive Balance Sheets - General Obligation Debt Service Fund
as of June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assets:					
Cash and investments	\$184,891	\$109,916	\$130,134	\$142,989	\$168,334
Property taxes receivable	85,231	78,398	85,743	91,151	69,104
Accrued interest receivable	2,102	1,074	1,687	3,645	5,565
TOTAL ASSETS	<u><u>\$272,224</u></u>	<u><u>\$189,388</u></u>	<u><u>\$217,564</u></u>	<u><u>\$237,785</u></u>	<u><u>\$243,003</u></u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable					
Unavailable revenues, property taxes	\$78,500	\$71,628	\$79,186	\$84,551	\$61,541
Unavailable revenue, interest	2,102	1,074	1,687	3,645	5,565
Total liabilities	<u>80,602</u>	<u>72,702</u>	<u>80,873</u>	<u>88,196</u>	<u>67,106</u>
Fund balances:					
Restricted	<u>191,622</u>	<u>116,686</u>	<u>136,691</u>	<u>149,589</u>	<u>175,897</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$272,224</u></u>	<u><u>\$189,388</u></u>	<u><u>\$217,564</u></u>	<u><u>\$237,785</u></u>	<u><u>\$243,003</u></u>

ANNUAL DISCLOSURE INFORMATION, Continued
June 30, 2018
(Unaudited)

TABLE 14 - General Obligation Bonds - Statement of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund as of June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues:					
Taxes	\$1,763,491	\$1,647,422	\$1,736,191	\$1,733,859	\$1,910,671
Interest on investments and assessments	3,526	5,927	5,864	8,651	13,462
Miscellaneous	764	685	950	888	1,463
TOTAL REVENUES	<u>1,767,781</u>	<u>1,654,034</u>	<u>1,743,005</u>	<u>1,743,398</u>	<u>1,925,596</u>
Expenditures:					
Debt service:					
Bond principal retirement	1,345,000	1,400,000	1,450,000	1,530,000	1,480,000
Interest and fees	382,800	329,000	273,000	200,500	1,609,511
TOTAL EXPENDITURES	<u>1,727,800</u>	<u>1,729,000</u>	<u>1,723,000</u>	<u>1,730,500</u>	<u>3,089,511</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>39,981</u>	<u>(74,936)</u>	<u>20,005</u>	<u>12,898</u>	<u>(1,163,915)</u>
Other financing sources (uses):					
Transfers in					1,190,387
NET CHANGE IN FUND BALANCES	<u>39,981</u>	<u>(74,936)</u>	<u>20,005</u>	<u>12,898</u>	<u>26,472</u>
FUND BALANCES- as previously reported	151,641	191,622	116,686	136,691	149,589
Investment adjustment to fair market value					(164)
FUND BALANCES- AS RESTATED	<u>151,641</u>	<u>191,622</u>	<u>116,686</u>	<u>136,691</u>	<u>149,425</u>
FUND BALANCES, June 30	<u>\$191,622</u>	<u>\$116,686</u>	<u>\$136,691</u>	<u>\$149,589</u>	<u>\$175,897</u>

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**



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**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Beaverton
Beaverton, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beaverton, Oregon (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 12, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)**

INDEPENDENT AUDITOR'S REPORT (Continued)

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Talbot, Kowala & Warwick LLP

Lake Oswego, Oregon
December 12, 2018



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS**

Mayor and City Council
City of Beaverton
Beaverton, Oregon

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Beaverton, Oregon (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 12, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.



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**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE AND INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATIONS (Continued)**

Page 2

OAR 162-10-0230 INTERNAL CONTROL

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did identify any deficiencies in internal control that we consider to be material weaknesses.

PURPOSE OF THIS REPORT

This report is intended solely for the information and use of the City Council, Audit Committee, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

Talbot, Kowola & Warwick LLP

Lake Oswego, Oregon
December 12, 2018