

CITY OF BEAVERTON, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the fiscal year ended June 30, 2019

**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
Mr. Mark Fagin, Councilor
Ms. Laura Mitchell, Councilor
Mr. Marc San Soucie, Councilor

December 13, 2019

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, 2019. 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,



Denny Doyle
Mayor



December 13, 2019

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

The City of Beaverton'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, 2019.

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, 2019. 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, 2019 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, storm water, street, and traffic signal systems; as well as internal services for Fleet Maintenance, Facilities Management, 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 program within each fund, and monitored at the object and activity level. 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 98,255 at July 1, 2019. The City is located in the eastern portion of the County in northwest Oregon, approximately eight 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. Since the 2010 census, Beaverton grew by approximately 7.8% and the Washington County population grew by about 14%. 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.

Diversity of employers and types of businesses is the hallmark of a prosperous economy. Beaverton's largest employers are made up of the local school district, Nike, Providence Health Systems, Comcast Cable and Fred Meyer. 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. TriMet offers a busy transit center in central Beaverton, served by numerous bus lines, a light rail service - MAX, and the heavy rail service of WES. MAX connects Beaverton to downtown Portland, the Portland Airport, and Hillsboro. TriMet's heavy rail service, the Westside Express Service (WES), connects Beaverton to Wilsonville during commuter hours. 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 active in the bond market to raise capital and additional bond issuances will continue in the next year. The Mayor and City Council, and the Board of the Beaverton Urban Redevelopment Agency (BURA), recently issued these bonds:

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

For FY 2019-20 the City and BURA are planning the following issuances:

- \$21 million Special Revenue Bond for the Patricia Reser Center for the Arts backed by revenues generated by the lodging tax
- \$30 million Water Revenue Bond for water system improvements including the City's share of the Willamette Water Supply Project's construction costs
- \$30 to \$40 million BURA Tax Increment Financing Bonds for the \$28 million Parking Garage and for additional land property acquisitions

In addition, the City might also issue a short term borrowing instrument up to \$6 million to supplement funding for the Public Safety Center. The City would prefer to provide most of this supplemental funding from its General Fund Contingency Reserves and the remainder funded by the short term instrument which 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, the Mayor, the 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 opened in early 2019. The Patricia Reser Center for the Arts (PRCA) will hold 550 seats and is scheduled to begin construction in early 2020, funded by generous donors, led by a \$13 million donation from Patricia Reser, a \$21 million Special Revenue Bond Issued pledged from Transient Lodging Tax revenues, and \$11 million in other private donations. In addition, a co-located parking garage, funded by the Beaverton Urban Renewal Agency (BURA), will be constructed at the same time and will serve the PRCA, nearby condos, and the new Hyatt House Hotel currently under construction.

At Cooper Mountain, Beaverton's sixth high school (Mountain View) opened in fall 2017 and construction and grading is underway for subdivisions that should yield about 3,430 dwelling units at full buildout. An adjacent 1,200-acre area has been approved for inclusion in the region's Urban Growth Boundary.

Development Trends: Fiscal Year 2018-19 saw a 10% growth in building permits issued, to a total of 1,177, from 1,069 issued in FY 2017-18. Similarly, the Real Market Value (RMV) within Beaverton grew at 9.8% in FY 2018-19 and 3.0% in FY 2019-20, as reported by the Washington County Assessor. Growth is expected to continue in future years as the South Cooper Mountain area adds homes, and the downtown core of Beaverton continues to redevelop.

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 is anticipated to operate for 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 success of the District can be measured in its taxable assessed valuation, which increased by 21.7% in FY 2018-19 and 15.4% in FY 2019-20, with tax collections increasing 19.8% from \$3.037 million in FY 2017-18 to \$3.635 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. This Letter of Credit is anticipated to be replaced in FY 2019-20 with a \$30 to \$40 million bond issue to fund the construction of a parking garage to be utilized by the PRCA, land acquisitions and other neighboring developments.

Aquifer Storage and Recovery Program: The City's drinking water program continues to work to reduce the amount of peak-season surface water supply to not 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 construction of 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. Through FY 2018-19 the City has stored in excess of 1 billion gallons of water in the aquifer.

The City is planning to utilize ASR wells in the Cooper Mountain area to capture storm water run-off for irrigation. Known as the “purple pipe” system, seasonal irrigation water for schools, parks, rights of way, and housing will be supplied through a system of ASR wells, pipes, and pumps that will be supplied from natural storm water (rain) along with ground water. This system will not need to use water from the JWC for irrigation.

To plan for the future growth of the City and ensure adequate water supplies, the City worked with its partners of the City of Hillsboro and Tualatin Valley Water District (TVWD) during FY 2018-19 to become a party to the Willamette Water Supply System, which takes effect in FY 2019-20. The City’s investment will bring 5 million gallons a day from the Willamette River once all of the infrastructure is place, anticipated to be in the year 2026.

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. The City continues to carefully review the Enterprise Funds (water, sewer, and storm water) relating to their overhead costs, fees and rates, and the need to restructure rates if needed.

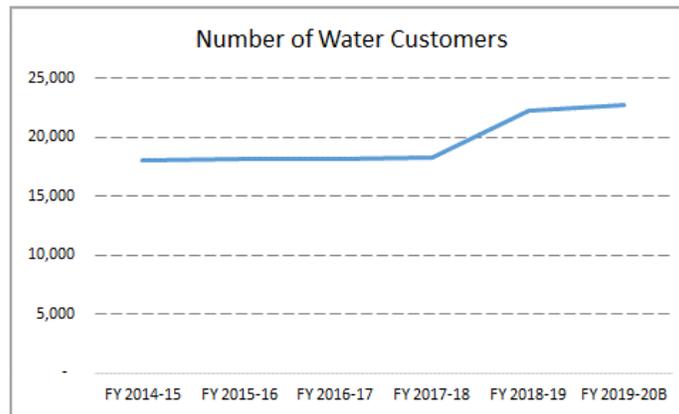
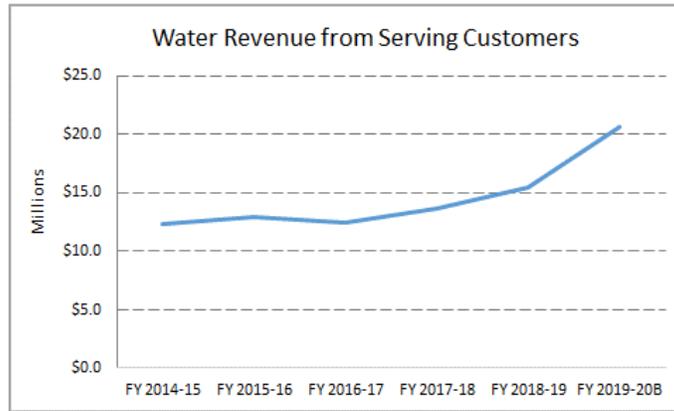
The City’s water revenue from serving customers increased approximately 13% between FY 2017-18 and FY 2018-19, from \$13.7 million to \$15.5 million, mainly due to rate increases and adding customers from TVWD.

The City Council adopted a water rate increase effective July 1, 2018. This increase was two-fold: increasing the monthly meter charge and increasing the consumption charge. The monthly meter charge for the typical residential 3/4 inch water meter increased by \$1.00 from \$14.00 to \$15.00 per month, with a similar 7.1% increase across all meter sizes. The consumption rate increased 10-cents from \$3.07 per 100 cubic feet (CCF) of water to \$3.17 per CCF. The impact to the average residence who consumes eight units of water per month would be \$1.80 per month; \$1.00 more for the meter charge and \$.80 more for the consumption, totaling an increase of \$21.60 per year. 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.

Additionally in FY 2018-19, the City took over approximately 4100 customer accounts of Beaverton residents and businesses heretofore served by the TVWD. The City accomplished this take over in phases, beginning in December of 2018 and completed in May of 2019.

Looking ahead to FY 2019-20, the City is budgeting approximately \$20.7 million in revenue from serving customers. This increase reflects a full year of providing water to the former customers of TVWD, as well as a rate increase. The City Council adopted an increase to the water rates to meet increased operating costs as well as to meet anticipated increases in debt service necessary to finance the City’s buy-in to the Willamette Water Supply System and investments in capital improvements. The increase raised the monthly meter charge by \$1.00, from \$15.00 to \$16.00, for the typical residential 3/4 inch water meter, and proportionally across all meter sizes. The consumption rate increased from \$3.17 per CCF to \$3.57 per CCF. The impact to the average residence who consumes eight units of water per month would be \$4.20 per month; \$1.00 more for the meter charge and \$3.20 more for the consumption, totaling an increase of \$50.40 per year.

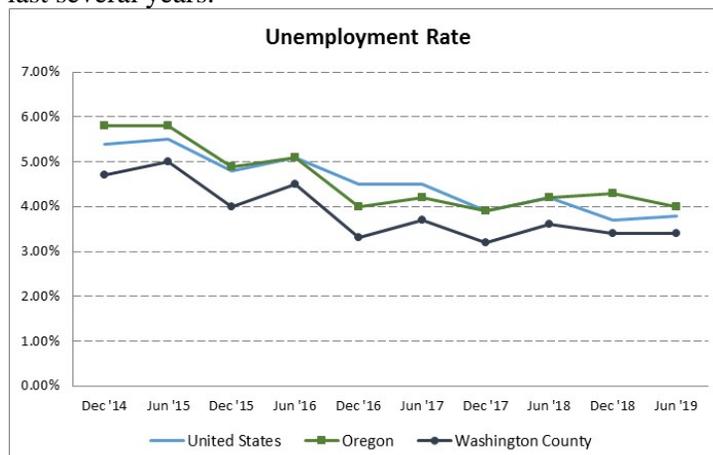
The two graphs below illustrate the trends. The note of “FY 2019-20B” indicates a value used in the FY 2019-20 budget and is likely a conservative estimate.



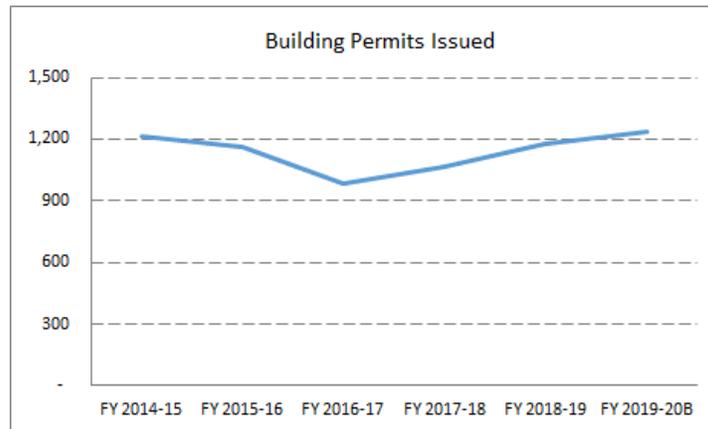
Library Services: The Beaverton City Library is the busiest library in the Washington County Cooperative Library System (WCCLS) system, circulating 2,635,000 items in FY 2018-19. Beaverton circulates 25% of WCCLS total circulation of 10.4 million items (not including e-content). Beaverton is #2 in total 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

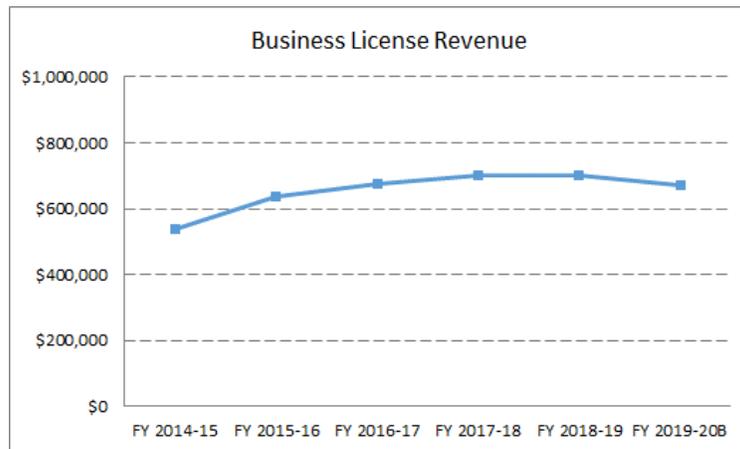
State and Local Area Economy: The updated forecasts for the State of Oregon and Washington County project continued rapid growth. Oregon’s economy is on pace with the rest of the nation. In Washington County, there is significant industrial and residential development activity led by an expansion by Intel, Nike and numerous other businesses. A modest level of retail and office-flex space development or redevelopment is occurring. Washington County’s unemployment rate as of June, 2019 was 3.4%, lower than both the nation and Oregon, at 3.8% and 4% respectively. The below chart shows how Washington County’s unemployment rate has been lower than the nation and Oregon overall for the last several years.



Beaverton is anticipated to experience two types of development in the coming years – infill in the downtown core due to the formation of the Beaverton Urban Renewal Agency (BURA), which is aggressively pursuing economic development tactics such as aggregating parcels, and the green field housing developments in the South Cooper Mountain area, which is anticipated to add approximately 3,430 housing units at full build out. The following chart illustrates the number of building permits issued, where the note of “FY 2019-20B” indicates a value used in the FY 2019-20 budget.



The amount of revenues generated from the City’s business license fee is an indicator of economic well-being. In the last five years, the revenue from business licenses has grown approximately 30%, from \$539,374 in FY 2014-15 to \$699,095 in FY 2018-19. 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 2019-20, the City Business License revenue is budgeted at \$670,000, but the trend shows this will most likely be exceeded. The graph below shows the revenue from business license fees from FY 2014-15 to the FY 2019-20 budget.



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 \$4.17 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.

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 2018-19, the City levied \$4.22 of the allowed \$4.62 per thousand of assessed value for general government, and \$0.21 per thousand of assessed value for general obligation debt for a total levy of \$4.43. When the increment of \$0.40 between the permanent rate and the current levy rate is applied to the City's taxable assessed valuation, an additional \$4 million in annual property tax revenues is available to meet the City's projected operating expenses for the next several years. For FY 2019-20, the City's levied \$4.23 for operations and \$0.19 for debt for a total levy rate of \$4.42.

The City has a ten year Capital Improvement Program (CIP) that identifies the infrastructure needs and funding sources of civic, street, water, sewer and storm water 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 – 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 –The City has adopted a formal Fund Balance and Contingency Reserves policy for all the City's operating funds. For the key governmental funds (General Fund, Library Fund and Street Fund), the City's guideline is to keep approximately 16% (two out of twelve months) 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 that was valued at approximately \$128.8 million as of June 30, 2019, including all investments and cash equivalents. The 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.

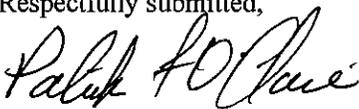
Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beaverton for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. Beaverton has received 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 2018-19. 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



Susan Cole
Assistant Finance Director



Government Finance Officers Association

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

Presented to

**City of Beaverton
Oregon**

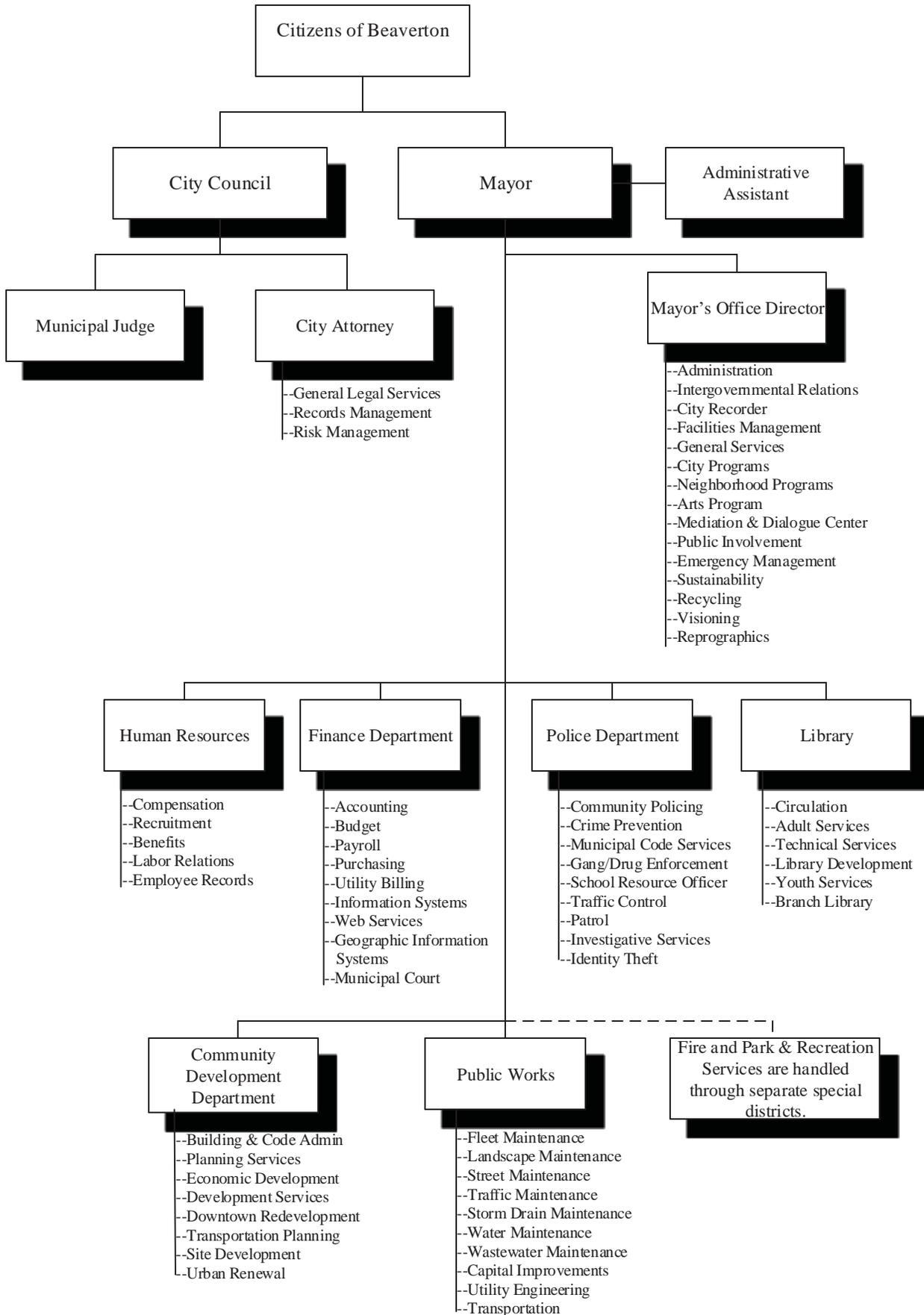
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

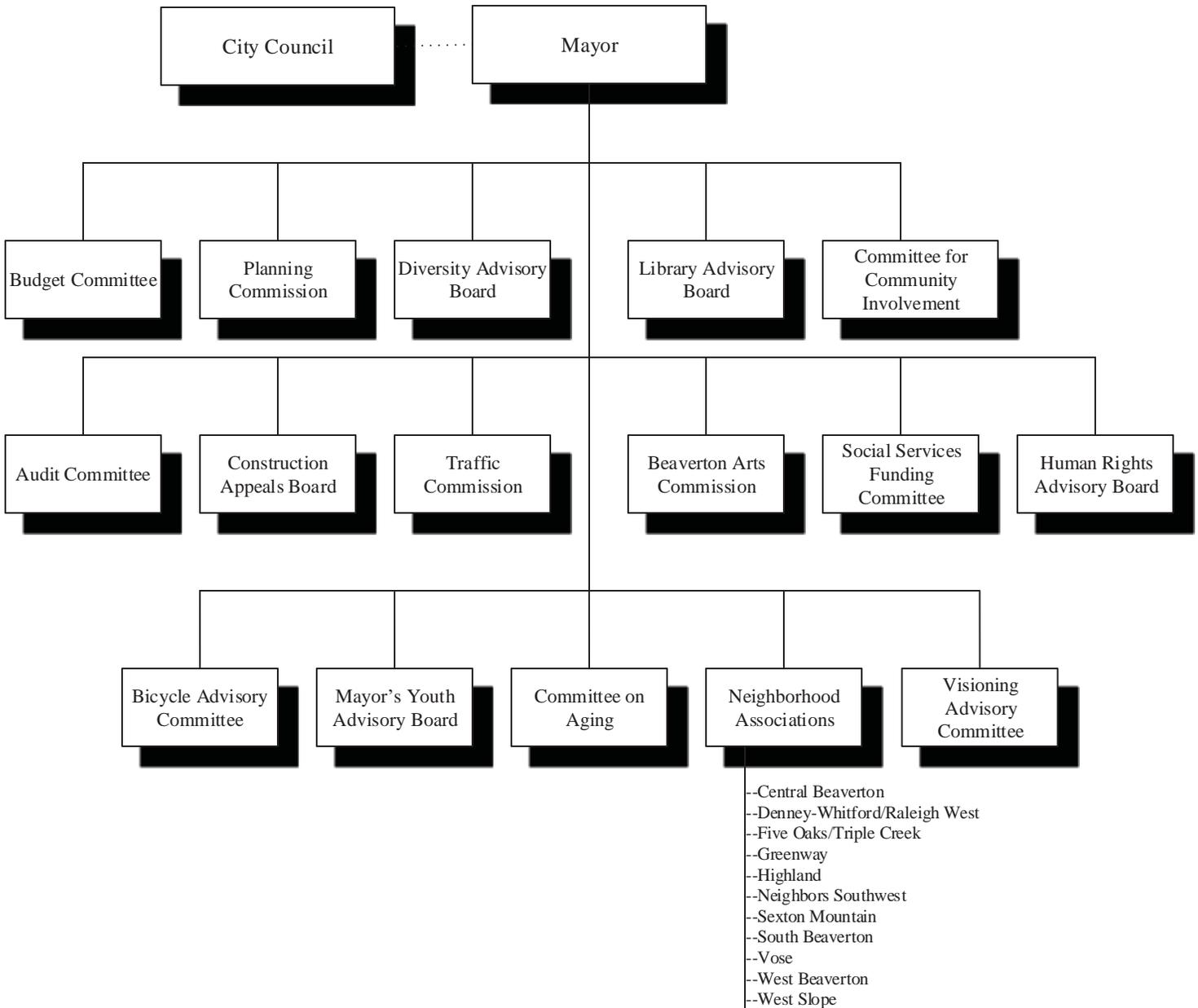
Christopher P. Morrill

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, 2019

<u>Name</u>	<u>Term Expires</u>
Denny Doyle, Mayor	December 31, 2020
Lacey Beaty, Council President	December 31, 2022
Cate Arnold, Member	December 31, 2020
Laura Mitchell, Member	December 31, 2022
Mark Fagin, Member	December 31, 2020
Marc San Soucie, Member	December 31, 2022

CITY OF BEAVERTON, OREGON
AUDIT COMMITTEE AS OF JUNE 30, 2019

<u>Name</u>	<u>Term Expires</u>
Keith Parker, CPA, Chairman Assistant General Counsel Nike, Inc.	December 31, 2020
Allen Dawson Warehouse Supervisor Georgia-Pacific	December 31, 2020
Mark Fagin Council Member	December 31, 2020

CITY OF BEAVERTON, OREGON
BUDGET COMMITTEE AS OF JUNE 30, 2019

<u>Name</u>	<u>Term Expires</u>
Jose Galindez Chair	December 31, 2020
Tiffany Burton Member	December 31, 2021
John Dugger Member	December 31, 2021
Bill Kanable Member	December 31, 2019
Clay Moorhead Member	December 31, 2021
Mark Fagin Council Member	December 31, 2020
Cate Arnold Council Member	December 31, 2020
Lacey Beaty Council President	December 31, 2022
Laura Mitchell Council Member	December 31, 2022
Marc San Soucie Council Member	December 31, 2022

CITY OF BEAVERTON, OREGON
DEPARTMENT HEADS AS OF JUNE 30, 2019

Mayor's Office Director	Abigail Elder
Public Works Director	David Donaldson
Library Director	Glenn Ferdman
City Attorney	William Kirby
Police Chief	Ronda Groshong-Interim chief
Human Resources Director	Patricia Anderson Wieck
Finance Director	Patrick O'Claire
Community Development Director	Cheryl Twete