

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, franchise 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. This fund consists of two budgetary funds (Library Fund and Library Donation Fund).

Capital Projects Fund

Accounts for the construction of streets and traffic enhancement projects. Grants and transfers from other funds and other governmental agencies comprise its major sources of funds.

OTHER GOVERNMENTAL FUNDS

Other Governmental Funds include Building Operating Fund, Community Development Block Grant Fund, Street Lighting Fund, Traffic Impact Fee Fund, General Obligation Debt Service Fund, Capital Development Fund, Assessment Debt Service Fund and Assessment Projects Fund.

CITY OF BEAVERTON, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2011

	General Fund	Street Fund	Library Fund	Capital Projects Fund	Other Governmental Funds	Total
Assets:						
Cash and investments	\$24,154,351	\$3,875,960	\$2,362,131	\$651,397	\$8,449,349	\$39,493,188
Property taxes receivable	1,102,374		77,704		121,711	1,301,789
Assessment liens receivable					62,885	62,885
Accounts and other receivables, net	958,791	7,661				966,452
Accrued interest receivable	57,620	11,072	7,401	2,105	34,698	112,896
Due from other governments	394,664	456,972	681	18,605		870,922
Grants receivable	138,640				82,446	221,086
TOTAL ASSETS	\$26,806,440	\$4,351,665	\$2,447,917	\$672,107	\$8,751,089	\$43,029,218
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$679,244	\$441,791	\$103,617	\$29,312	\$212,060	\$1,466,024
Accrued salaries and payroll taxes	1,152,842	57,369	137,595		63,234	1,411,040
Other accrued liabilities	57,444					57,444
Due to other governments					74,753	74,753
Deferred revenues:						
Property taxes	932,079		65,717		103,259	1,101,055
Assessment liens, interest, and miscellaneous	84,461	11,072	7,401	2,105	97,583	202,622
Grants	9,066					9,066
Deposits and retainages payable	1,087,951	11,254	7,950	317,872	49,701	1,474,728
TOTAL LIABILITIES	4,003,087	521,486	322,280	349,289	600,590	5,796,732
Fund balances:						
Restricted for:						
Capital projects				255,766	5,746,728	6,002,494
Road maintenance		3,830,179				3,830,179
Education			2,125,637			2,125,637
Debt services					317,378	317,378
Grants and other purposes					1,020,984	1,020,984
Committed for:						
Street lights					511,225	511,225
Capital projects and purchases	618,100			67,052	554,184	1,239,336
Arts and culture	54,666					54,666
Assigned to:						
Multi-year projects	323,846					323,846
Retirement benefits	3,156,810					3,156,810
Compensated absences	1,838,517					1,838,517
Appropriated fund balance	4,174,280					4,174,280
Unassigned	12,637,134					12,637,134
TOTAL FUND BALANCES	22,803,353	3,830,179	2,125,637	322,818	8,150,499	37,232,486
TOTAL LIABILITIES AND FUND BALANCES	\$26,806,440	\$4,351,665	\$2,447,917	\$672,107	\$8,751,089	\$43,029,218

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 ASSETS
June 30, 2011

Total fund balances - governmental funds \$37,232,486

Capital assets used in governmental activities are not financial resources, therefore, are not reported in the governmental funds' balance sheet:

Acquisition cost	189,027,644	
Accumulated depreciation	<u>(36,303,920)</u>	
		152,723,724

Deferred property tax revenues are collected in subsequent years and are not available to pay for current-period expenditures and, therefore, are reported as deferred revenue in the governmental funds' balance sheet. 1,101,055

Deferred assessment liens and investment income revenues are collected in subsequent periods and are not available for current year's operation. However, on a full accrual basis of accounting, they are reported as revenues. 202,622

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. 6,085,472

Some deferred charges are amortized over the life of the related accounts on a full accrual basis of accounting, and are not reported in the fund's balance sheet. 83,939

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

Bonds, contracts, loans payable, net	(17,814,404)	
Accrued interest payable	(61,637)	
Accrued payroll liability	(2,911,062)	
Other postemployment benefits obligation	(1,960,241)	
		<u>(22,747,344)</u>

Total net assets - governmental activities \$174,681,954

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, 2011

	General Fund	Street Fund	Library Fund	Capital Projects Fund	Other Governmental Funds	Total
Revenues:						
Taxes	\$26,640,503		\$1,872,639		\$2,776,652	\$31,289,794
Special assessments					74,892	74,892
Intergovernmental	2,548,926	\$4,636,522	4,380,741	\$299,254		11,865,443
Federal grants	718,193				627,659	1,345,852
Fees, licenses, and permits	1,295,670				2,191,206	3,486,876
Franchise fees	5,805,134	981,851				6,786,985
Fines and forfeits	4,724,199		222,096			4,946,295
Interest on investments and assessments	111,699	14,115	10,560	2,844	46,451	185,669
Charges for services	2,566,102	71,266				2,637,368
Contributions, donations, and other	2,850		17,707			20,557
Miscellaneous revenues and cash-in-lieu	231,344	85,832	38,621		213,890	569,687
TOTAL REVENUES	44,644,620	5,789,586	6,542,364	302,098	5,930,750	63,209,418
Expenditures:						
Current:						
General government	19,722,598				2,644,198	22,366,796
Public safety	23,518,168					23,518,168
Highways and streets		5,250,440		567,946	1,288,248	7,106,634
Education			7,360,100			7,360,100
Cultural	269,630					269,630
Debt service:						
Principal	469,627				1,301,194	1,770,821
Interest	81,462				555,422	636,884
TOTAL EXPENDITURES	44,061,485	5,250,440	7,360,100	567,946	5,789,062	63,029,033
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	583,135	539,146	(817,736)	(265,848)	141,688	180,385
Other financing sources (uses):						
Transfers in			870,219	184,786	461,240	1,516,245
Transfers out	(1,331,459)	(129,757)			(55,029)	(1,516,245)
Sale of capital assets	8,285					8,285
TOTAL OTHER FINANCING SOURCES (USES)	(1,323,174)	(129,757)	870,219	184,786	406,211	8,285
NET CHANGE IN FUND BALANCES	(740,039)	409,389	52,483	(81,062)	547,899	188,670
FUND BALANCES, Beginning of year	22,917,969	3,420,790	2,073,154	403,880	8,228,023	37,043,816
Restatement to reflect the implementation of GASB 54 (Note IV.G)	625,423				(625,423)	
FUND BALANCES - End of year	\$22,803,353	\$3,830,179	\$2,125,637	\$322,818	\$8,150,499	\$37,232,486

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, 2011

Net change in fund balances - total governmental funds \$188,670

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 capital outlay exceeded depreciation in the current period:

Expenditures for capital assets	\$1,628,264	
Less current year depreciation	<u>(4,000,450)</u>	
		(2,372,186)

The net effect of transactions involving capital assets, i.e., gain/loss on sales, donations. These transactions are not reported in the governmental funds. 1,933,427

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. (108,910)

Repayments of long-term debt and long-term loan proceeds are reported as expenditures and revenues in governmental funds. However, it is reported as a decrease/increase in liabilities in the Statement of Net Assets. 1,705,627

Some expenses, such as accrued interest expense on long-term debt, accrued payroll liabilities or other postemployment benefits obligation 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. (737,342)

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. 7,536

Change in net assets of governmental activities \$616,822

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 ASSETS
June 30, 2011**

Business -Type Activities - Enterprise Funds

	Water Fund	Sewer Fund	Storm Drain Fund	Totals	Governmental Activities- Internal Service Funds
Assets:					
Current assets:					
Cash and investments	\$7,944,671	\$8,744,769	\$8,644,746	\$25,334,186	\$5,574,588
Accounts receivable, net	1,100,533	1,646,820	334,002	3,081,355	7,808
Other receivables	372			372	
Accrued interest receivable	31,494	32,365	31,861	95,720	17,990
Due from other governments	59,302	1,489,202	192,853	1,741,357	
Inventory of materials and supplies	171,179	7,429	15,169	193,777	75,725
Total current assets	9,307,551	11,920,585	9,218,631	30,446,767	5,676,111
Noncurrent assets:					
Other assets					79,400
Deferred charge - bond issuance	319,763			319,763	
Investments in joint ventures	25,353,536			25,353,536	
Capital assets, net	69,823,263	46,465,538	49,405,484	165,694,285	1,357,893
Total noncurrent assets	95,496,562	46,465,538	49,405,484	191,367,584	1,437,293
TOTAL ASSETS	104,804,113	58,386,123	58,624,115	221,814,351	7,113,404
Liabilities:					
Current liabilities:					
Accounts payable	76,049	44,549	49,023	169,621	306,448
Accrued salaries and payroll taxes	201,613	134,869	210,634	547,116	325,653
Accrued interest payable	104,143			104,143	
Other accrued liabilities	15,702			15,702	505,334
Due to other governments	279,154	2,750,602	175,512	3,205,268	
Deposits and retainage payable	91,717	213,857	364,235	669,809	
Contract payable, net	17,195			17,195	
Bonds payable, net	2,087,695			2,087,695	
Total current liabilities	2,873,268	3,143,877	799,404	6,816,549	1,137,435
Long-term liabilities:					
Contract payable, net	621,731			621,731	
Bonds payable, net	15,287,163			15,287,163	
Net other postemployment benefits	78,570	67,821	81,282	227,673	
Total long-term liabilities	15,987,464	67,821	81,282	16,136,567	
TOTAL LIABILITIES	18,860,732	3,211,698	880,686	22,953,116	1,137,435
Net Assets:					
Invested in capital assets (net of debt)	62,984,620	46,465,538	49,405,484	158,855,642	1,357,893
Restricted for construction	2,862,225	4,039,692	6,989,281	13,891,198	
Restricted for debt service	123,618			123,618	
Unrestricted	19,972,918	4,669,195	1,348,664	25,990,777	4,618,076
TOTAL NET ASSETS	\$85,943,381	\$55,174,425	\$57,743,429	198,861,235	\$5,975,969

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

(109,503)

Net assets of business-type activities

\$198,751,732

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 FUND NET ASSETS
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Fund	Sewer Fund	Storm Drain Fund	Totals	
Operating revenues:					
Charges for services	\$8,746,850	\$4,055,398	\$3,666,510	\$16,468,758	\$15,577,894
Installation fees	6,404			6,404	
Erosion control fees			53,384	53,384	
Miscellaneous revenues	55,444	96,096	347,811	499,351	409,017
TOTAL OPERATING REVENUES	8,808,698	4,151,494	4,067,705	17,027,897	15,986,911
Operating expenses:					
Personal services	1,484,867	1,333,639	1,566,756	4,385,262	3,098,950
Water purchases	1,310,513			1,310,513	
Administration charges from General Fund	336,349	262,739	298,327	897,415	
Franchise fee payment	440,534	941,553	222,047	1,604,134	
Insurance claims					9,029,229
Contract charges					487,082
Supplies, repairs, and services	1,699,687	792,480	753,111	3,245,278	3,165,260
Depreciation and amortization	1,648,477	1,106,218	1,019,506	3,774,201	210,267
TOTAL OPERATING EXPENSES	6,920,427	4,436,629	3,859,747	15,216,803	15,990,788
OPERATING INCOME (LOSS)	1,888,271	(285,135)	207,958	1,811,094	(3,877)
Nonoperating revenues (expenses):					
Intergovernmental revenue	23,031	1,100,054	192,853	1,315,938	
Systems development charge revenues	321,906	48,044	346,706	716,656	
Interest on investments	47,043	48,357	47,605	143,005	26,879
Gain (Loss) on sale of capital assets					4,548
Interest expense	(810,313)			(810,313)	
Net loss from joint ventures	(735,024)			(735,024)	
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,153,357)	1,196,455	587,164	630,262	31,427
INCOME BEFORE CONTRIBUTIONS	734,914	911,320	795,122	2,441,356	27,550
Capital contributions	118,791	205,015	301,551	625,357	
CHANGE IN NET ASSETS	853,705	1,116,335	1,096,673	3,066,713	27,550
TOTAL NET ASSETS - BEGINNING	85,089,676	54,058,090	56,646,756	195,794,522	5,948,419
TOTAL NET ASSETS - ENDING	\$85,943,381	\$55,174,425	\$57,743,429	\$198,861,235	\$5,975,969
Change in net assets, above				\$3,066,713	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				20,014	
Change in net assets of business-type activities				\$3,086,727	

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, 2011**

	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	\$8,826,946	\$4,192,138	\$3,737,929	\$16,757,013	\$413,451
Cash receipts from interfund services provided to other funds	8,506	58,832	245,062	312,400	15,577,894
Cash payments to suppliers	(2,496,066)	(356,273)	(213,146)	(3,065,485)	(12,355,249)
Cash payments to employees	(1,451,766)	(1,307,392)	(1,531,743)	(4,290,901)	(3,093,697)
Cash payments for interfund services used	<u>(1,352,413)</u>	<u>(1,732,476)</u>	<u>(995,202)</u>	<u>(4,080,091)</u>	<u>(484,509)</u>
 NET CASH FROM OPERATING ACTIVITIES	 <u>3,535,207</u>	 <u>854,829</u>	 <u>1,242,900</u>	 <u>5,632,936</u>	 <u>57,890</u>
 Cash flows from capital and related financing activities:					
Interest expense	(780,647)			(780,647)	
Purchase of equity in joint venture	(137,217)			(137,217)	
Acquisition of capital assets	(1,455,848)	(2,890,298)	(1,655,591)	(6,001,737)	(499,187)
Proceeds from sale of capital assets					4,548
Principal paid on bonds and contracts	(2,070,281)			(2,070,281)	
Systems development charge revenues	<u>321,906</u>	<u>48,044</u>	<u>346,706</u>	<u>716,656</u>	
 NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(4,122,087)</u>	 <u>(2,842,254)</u>	 <u>(1,308,885)</u>	 <u>(8,273,226)</u>	 <u>(494,639)</u>
 Cash flows from investing activities:					
Interest received	<u>50,295</u>	<u>45,895</u>	<u>41,039</u>	<u>137,229</u>	<u>24,404</u>
 NET (DECREASE) IN CASH AND INVESTMENTS	 <u>(536,585)</u>	 <u>(1,941,530)</u>	 <u>(24,946)</u>	 <u>(2,503,061)</u>	 <u>(412,345)</u>
 CASH AND INVESTMENTS - Beginning of year	 <u>8,481,256</u>	 <u>10,686,299</u>	 <u>8,669,692</u>	 <u>27,837,247</u>	 <u>5,986,933</u>
 CASH AND INVESTMENTS - End of year	 <u><u>\$7,944,671</u></u>	 <u><u>\$8,744,769</u></u>	 <u><u>\$8,644,746</u></u>	 <u><u>\$25,334,186</u></u>	 <u><u>\$5,574,588</u></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, Continued
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Storm Drain Fund		
Reconciliation of operating income (loss) to net cash from operating activities:					
Operating income (loss)	\$1,888,271	(\$285,135)	\$207,958	\$1,811,094	(\$3,877)
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization	1,648,477	1,106,218	1,019,506	3,774,201	210,267
Intergovernmental Revenue	9,969			9,969	
Change in assets and liabilities:					
Accounts receivable	(14,027)	(56,364)	(29,674)	(100,065)	4,434
Other receivables and other assets	967			967	
Inventory of materials and supplies	2,824	1,153	(1,045)	2,932	5,363
Accounts payable	(2,617)	(71,684)	2,864	(71,437)	(163,551)
Accrued salaries and payroll taxes	14,595	9,816	15,499	39,910	5,254
Other accrued liabilities	6,815			6,815	
Due from other governments	23,031			23,031	
Due to other governments	(61,604)	134,394	8,278	81,068	
Other postemployment benefits obligation	18,506	16,431	19,514	54,451	
TOTAL ADJUSTMENTS	1,646,936	1,139,964	1,034,942	3,821,842	61,767
NET CASH FROM OPERATING ACTIVITIES	\$3,535,207	\$854,829	\$1,242,900	\$5,632,936	\$57,890
Schedule of non-cash transactions:					
Reduction in investments in joint ventures due to net loss in joint venture operations	\$735,024			\$735,024	
Contributions of infrastructure by developers	\$99,549	\$127,604	\$198,180	\$425,333	
Easements and rights-of-way conveyed to the City	\$19,242	\$77,411	\$103,371	\$200,024	

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