

**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 State Revenue Sharing Fund, Building Operating Fund, Community Development Block Grant Fund, Street Lighting Fund, Traffic Impact Fee Fund, Beaverton Arts Commission 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, 2010**

	General Fund	Street Fund	Library Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>Assets:</b>						
Cash and investments	\$23,955,229	\$3,460,457	\$2,621,328	\$657,521	\$8,431,156	\$39,125,691
Property taxes receivable	1,151,545		81,418		136,803	1,369,766
Assessment liens receivable					137,777	137,777
Accounts and other receivables, net	897,677	19,155				916,832
Accrued interest receivable	68,421	8,644	6,903	1,804	33,609	119,381
Interfund loan receivable	1,616					1,616
Due from other governments	313,449	399,386		18,605	157,569	889,009
Grants receivable	361,728				64,017	425,745
<b>TOTAL ASSETS</b>	<b>\$26,749,665</b>	<b>\$3,887,642</b>	<b>\$2,709,649</b>	<b>\$677,930</b>	<b>\$8,960,931</b>	<b>\$42,985,817</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable	\$629,800	\$389,622	\$415,677	\$27,403	\$253,168	\$1,715,670
Accrued salaries and payroll taxes	1,145,435	58,386	139,135		68,588	1,411,544
Other accrued liabilities	51,708					51,708
Interfund loan payable					1,616	1,616
Due to other governments					72,915	72,915
<b>Deferred revenues:</b>						
Property taxes	971,197		68,680		115,552	1,155,429
Assessment liens, interest, and miscellaneous	68,421	8,644	6,903	1,804	171,386	257,158
Grants	3,820					3,820
Deposits and retainages payable	961,315	10,200	6,100	244,843	49,683	1,272,141
<b>TOTAL LIABILITIES</b>	<b>3,831,696</b>	<b>466,852</b>	<b>636,495</b>	<b>274,050</b>	<b>732,908</b>	<b>5,942,001</b>
<b>Fund balances:</b>						
<b>Reserved for:</b>						
Interfund loan receivable	1,616					1,616
Construction					253,658	253,658
<b>Unreserved, designated for, reported in:</b>						
Equip. replacement, reengineering	2,114,850					2,114,850
Special Revenue Funds, equipment replacement		521,100	18,000		170,450	709,550
<b>Unreserved, undesignated reported in:</b>						
General Fund	20,801,503					20,801,503
Special Revenue Funds		2,899,690	2,055,154		7,534,737	12,489,581
Debt Service Funds					269,178	269,178
Capital Projects Funds				403,880		403,880
<b>TOTAL FUND BALANCES</b>	<b>22,917,969</b>	<b>3,420,790</b>	<b>2,073,154</b>	<b>403,880</b>	<b>8,228,023</b>	<b>37,043,816</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$26,749,665</b>	<b>\$3,887,642</b>	<b>\$2,709,649</b>	<b>\$677,930</b>	<b>\$8,960,931</b>	<b>\$42,985,817</b>

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, 2010

**Total fund balances - governmental funds** \$37,043,816

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

Acquisition cost	\$185,581,839	
Accumulated depreciation	<u>(32,419,357)</u>	153,162,482

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. 1,155,429

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. 257,158

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. 6,077,936

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. 94,431

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	(19,374,358)	
Accrued interest payable	(66,751)	
Accrued payroll liability	(2,824,342)	
Other postemployment benefits obligation	(1,460,669)	
		<u>(23,726,120)</u>

**Total net assets - governmental activities** \$174,065,132

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, 2010**

	General Fund	Street Fund	Library Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>Revenues:</b>						
Taxes	\$25,394,631		\$1,793,636		\$2,956,097	\$30,144,364
Special assessments					171,912	171,912
Intergovernmental	1,670,059	\$4,026,817	4,299,405	\$500,000	690,406	11,186,687
Federal grants	611,550				472,303	1,083,853
Fees, licenses, and permits	941,531				1,935,742	2,877,273
Franchise fees	6,308,591	964,700				7,273,291
Fines and forfeits	4,389,343		188,726			4,578,069
Interest on investments and assessments	276,440	34,134	26,972	7,979	127,857	473,382
Charges for services	2,396,471	241,295				2,637,766
Contributions, donations, and other			13,706		21,411	35,117
Miscellaneous revenues and cash-in-lieu	183,212	52,549	20,658	40,000	328,147	624,566
<b>TOTAL REVENUES</b>	<b>42,171,828</b>	<b>5,319,495</b>	<b>6,343,103</b>	<b>547,979</b>	<b>6,703,875</b>	<b>61,086,280</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	16,964,150				3,538,424	20,502,574
Public safety	22,086,518					22,086,518
Highways and streets		4,865,674		895,943	1,266,522	7,028,139
Education			7,315,833			7,315,833
Cultural					248,216	248,216
<b>Debt service:</b>						
Principal	452,713				1,195,000	1,647,713
Interest	87,572				597,864	685,436
<b>TOTAL EXPENDITURES</b>	<b>39,590,953</b>	<b>4,865,674</b>	<b>7,315,833</b>	<b>895,943</b>	<b>6,846,026</b>	<b>59,514,429</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,580,875</b>	<b>453,821</b>	<b>(972,730)</b>	<b>(347,964)</b>	<b>(142,151)</b>	<b>1,571,851</b>
<b>Other financing sources (uses):</b>						
Transfers in	148,525		804,201	350,158	591,138	1,894,022
Transfers out	(1,185,621)	(139,898)			(568,503)	(1,894,022)
Sale of capital assets	1,029					1,029
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,036,067)</b>	<b>(139,898)</b>	<b>804,201</b>	<b>350,158</b>	<b>22,635</b>	<b>1,029</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,544,808</b>	<b>313,923</b>	<b>(168,529)</b>	<b>2,194</b>	<b>(119,516)</b>	<b>1,572,880</b>
<b>FUND BALANCES, Beginning of year</b>	<b>21,373,161</b>	<b>3,106,867</b>	<b>2,241,683</b>	<b>401,686</b>	<b>8,347,539</b>	<b>35,470,936</b>
<b>FUND BALANCES - End of year</b>	<b>\$22,917,969</b>	<b>\$3,420,790</b>	<b>\$2,073,154</b>	<b>\$403,880</b>	<b>\$8,228,023</b>	<b>\$37,043,816</b>

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, 2010**

Net change in fund balances - total governmental funds \$1,572,880

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	\$1,536,968	
Less current year depreciation	<u>(3,941,991)</u>	
		(2,405,023)

The net effect of transactions involving capital assets, i.e., gain/loss on sales, donations. These transactions are not reported in the governmental funds. 923,763

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. (130,149)

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. 1,647,713

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. (1,115,000)

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. 550,721

Change in net assets of governmental activities \$1,044,905

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, 2010**

	<u>Business -Type Activities - Enterprise Funds</u>				Governmental Activities- Internal Service Funds
	Water Fund	Sewer Fund	Storm Drain Fund	Totals	
<b>Assets:</b>					
Current assets:					
Cash and investments	\$8,481,256	\$10,686,299	\$8,669,692	\$27,837,247	\$5,986,933
Accounts receivable, net	1,086,506	1,590,456	304,328	2,981,290	12,242
Other receivables	1,339			1,339	
Accrued interest receivable	34,746	29,903	25,296	89,945	15,516
Due from other governments	69,271	389,148		458,419	
Inventory of materials and supplies	174,003	8,582	14,123	196,708	81,087
<b>Total current assets</b>	<u>9,847,121</u>	<u>12,704,388</u>	<u>9,013,439</u>	<u>31,564,948</u>	<u>6,095,778</u>
Noncurrent assets:					
Other assets					79,400
Deferred charge - bond issuance	359,694			359,694	
Investments in joint ventures	26,014,678			26,014,678	
Capital assets, net	70,119,476	44,735,996	48,110,354	162,965,826	1,068,972
<b>Total noncurrent assets</b>	<u>96,493,848</u>	<u>44,735,996</u>	<u>48,110,354</u>	<u>189,340,198</u>	<u>1,148,372</u>
<b>TOTAL ASSETS</b>	<u>106,340,969</u>	<u>57,440,384</u>	<u>57,123,793</u>	<u>220,905,146</u>	<u>7,244,150</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	78,666	116,233	46,159	241,058	469,999
Accrued salaries and payroll taxes	187,018	125,053	195,135	507,206	320,398
Accrued interest payable	115,642			115,642	
Other accrued liabilities	8,887			8,887	505,334
Due to other governments	404,093	2,616,208	129,864	3,150,165	
Deposits and retainage payable	354,023	473,410	44,111	871,544	
Contract payable, net	16,419			16,419	
Bonds payable, net	2,012,694			2,012,694	
<b>Total current liabilities</b>	<u>3,177,442</u>	<u>3,330,904</u>	<u>415,269</u>	<u>6,923,615</u>	<u>1,295,731</u>
Long-term liabilities:					
Contract payable, net	638,929			638,929	
Bonds payable, net	17,374,858			17,374,858	
Net other postemployment benefits	60,064	51,390	61,768	173,222	
<b>Total long-term liabilities</b>	<u>18,073,851</u>	<u>51,390</u>	<u>61,768</u>	<u>18,187,009</u>	
<b>TOTAL LIABILITIES</b>	<u>21,251,293</u>	<u>3,382,294</u>	<u>477,037</u>	<u>25,110,624</u>	<u>1,295,731</u>
<b>Net Assets:</b>					
Invested in capital assets (net of debt)	62,518,909	44,735,996	48,110,354	155,365,259	1,068,972
Restricted for construction	2,997,082	4,968,393	7,243,906	15,209,381	
Restricted for debt service	124,332			124,332	
Unrestricted	19,449,353	4,353,701	1,292,496	25,095,550	4,879,447
<b>TOTAL NET ASSETS</b>	<u>\$85,089,676</u>	<u>\$54,058,090</u>	<u>\$56,646,756</u>	<u>195,794,522</u>	<u>\$5,948,419</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(129,517)	
Net assets of business-type activities				<u>\$195,665,005</u>	

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, 2010**

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Fund	Sewer Fund	Storm Drain Fund	Totals	
<b>Operating revenues:</b>					
Charges for services	\$8,766,706	\$3,960,615	\$3,401,528	\$16,128,849	\$14,988,321
Installation fees	5,822			5,822	
Erosion control fees			57,546	57,546	
Miscellaneous revenues	112,803	212,918	262,322	588,043	371,174
<b>TOTAL OPERATING REVENUES</b>	<b>8,885,331</b>	<b>4,173,533</b>	<b>3,721,396</b>	<b>16,780,260</b>	<b>15,359,495</b>
<b>Operating expenses:</b>					
Personal services	1,390,879	1,246,319	1,454,613	4,091,811	2,986,824
Water purchases	1,323,064			1,323,064	
Administration charges from General Fund	340,839	268,542	293,871	903,252	
Franchise fee payment	441,212	897,588	204,189	1,542,989	
Insurance claims					8,010,952
Contract charges					530,923
Supplies, repairs, and services	1,681,503	692,848	726,145	3,100,496	3,097,726
Depreciation and amortization	1,584,511	1,059,111	993,666	3,637,288	136,848
<b>TOTAL OPERATING EXPENSES</b>	<b>6,762,008</b>	<b>4,164,408</b>	<b>3,672,484</b>	<b>14,598,900</b>	<b>14,763,273</b>
<b>OPERATING INCOME</b>	<b>2,123,323</b>	<b>9,125</b>	<b>48,912</b>	<b>2,181,360</b>	<b>596,222</b>
<b>Nonoperating revenues (expenses):</b>					
Intergovernmental revenue	15,521	1,545,946	343,505	1,904,972	
Systems development charge revenues	168,489	45,831	382,648	596,968	
Interest on investments	112,307	96,675	81,781	290,763	49,802
Gain (Loss) on sale of capital assets	941		(12,578)	(11,637)	5,762
Interest expense	(913,588)			(913,588)	
Net loss from joint ventures	(721,032)			(721,032)	
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(1,337,362)</b>	<b>1,688,452</b>	<b>795,356</b>	<b>1,146,446</b>	<b>55,564</b>
<b>INCOME BEFORE CONTRIBUTIONS</b>	<b>785,961</b>	<b>1,697,577</b>	<b>844,268</b>	<b>3,327,806</b>	<b>651,786</b>
Capital contributions	4,221,734	178,322	1,143,060	5,543,116	
<b>CHANGE IN NET ASSETS</b>	<b>5,007,695</b>	<b>1,875,899</b>	<b>1,987,328</b>	<b>8,870,922</b>	<b>651,786</b>
<b>TOTAL NET ASSETS - BEGINNING</b>	<b>80,081,981</b>	<b>52,182,191</b>	<b>54,659,428</b>	<b>186,923,600</b>	<b>5,296,633</b>
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$85,089,676</b>	<b>\$54,058,090</b>	<b>\$56,646,756</b>	<b>\$195,794,522</b>	<b>\$5,948,419</b>
Change in net assets, above				\$8,870,922	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				101,064	
Change in net assets of business-type activities				<u>\$8,971,986</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, 2010**

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Storm Drain Fund	Totals	
<b>Cash flows from operating activities:</b>					
Cash receipts from customers and miscellaneous revenue	\$9,100,299	\$4,015,739	\$3,493,789	\$16,609,827	\$365,962
Cash receipts from interfund services provided to other funds	42,115	184,273	225,635	452,023	14,988,321
Cash payments to suppliers	(2,614,760)	(127,675)	(247,933)	(2,990,368)	(10,944,882)
Cash payments to employees	(1,342,126)	(1,217,326)	(1,410,933)	(3,970,385)	(2,939,063)
Cash payments for interfund services used	(1,365,150)	(1,645,050)	(949,472)	(3,959,672)	(444,447)
NET CASH FROM OPERATING ACTIVITIES	3,820,378	1,209,961	1,111,086	6,141,425	1,025,891
<b>Cash flows from capital and related financing activities:</b>					
Interest expense	(865,746)			(865,746)	
Purchase of equity in joint venture	(335,780)			(335,780)	
Acquisition of capital assets	(3,767,812)	(2,554,435)	(1,466,203)	(7,788,450)	(560,302)
Capital contributions		1,962,125	343,505	2,305,630	
Proceeds from sale of capital assets	941		24,500	25,441	5,762
Principal paid on bonds and contracts	(1,934,257)			(1,934,257)	
Systems development charge revenues	168,489	45,831	382,648	596,968	
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(6,734,165)	(546,479)	(715,550)	(7,996,194)	(554,540)
<b>Cash flows from investing activities:</b>					
Interest received	159,448	127,111	100,698	387,257	61,519
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(2,754,339)	790,593	496,234	(1,467,512)	532,870
CASH AND INVESTMENTS - Beginning of year	11,235,595	9,895,706	8,173,458	29,304,759	5,454,063
CASH AND INVESTMENTS - End of year	\$8,481,256	\$10,686,299	\$8,669,692	\$27,837,247	\$5,986,933

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, 2010**

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Storm Drain Fund		
<b>Reconciliation of operating income to net cash from operating activities:</b>					
Operating income	\$2,123,323	\$9,125	\$48,912	\$2,181,360	\$596,222
<b>Adjustments to reconcile operating income to net cash from operating activities:</b>					
Depreciation and amortization	1,584,511	1,059,111	993,666	3,637,288	136,848
Change in assets and liabilities:					
Accounts receivable	170,469	(62,200)	(9,742)	98,527	(5,212)
Other receivables and other assets	(843)			(843)	
Inventory of materials and supplies	27,814	(4,062)	16,300	40,052	(11,088)
Accounts payable	(233,020)	68,459	5,043	(159,518)	261,360
Accrued salaries and payroll taxes	29,863	12,194	25,102	67,159	47,761
Other accrued liabilities	(1,180)			(1,180)	
Due from other governments	94,324			94,324	
Due to other governments	6,227	110,535	13,227	129,989	
Other postemployment benefits obligation	18,890	16,799	18,578	54,267	
<b>TOTAL ADJUSTMENTS</b>	<u>1,697,055</u>	<u>1,200,836</u>	<u>1,062,174</u>	<u>3,960,065</u>	<u>429,669</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$3,820,378</u>	<u>\$1,209,961</u>	<u>\$1,111,086</u>	<u>\$6,141,425</u>	<u>\$ 1,025,891</u>
<b>Schedule of non-cash transactions:</b>					
Reduction in investments in joint ventures due to net loss in joint venture operations	\$721,032			\$721,032	
Water right acquired through certification	\$3,590,000				
Contributions of infrastructure by developers	\$135,544	\$22,123	\$84,238	\$241,905	
Contributions of infrastructure by other government agencies			\$903,867	\$903,867	
Easements and rights-of-way conveyed to the City	\$200,112	\$156,199	\$154,955	\$511,266	
Contribution of water distribution system through West Slope Water District withdrawal	\$296,078				

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