



# Annual Comprehensive Financial Report

## City of Hillsboro, Oregon



For the Year Ended June 30, 2023



**CITY OF HILLSBORO, OREGON**

Annual Comprehensive Financial Report

Year Ended June 30, 2023

Prepared by:  
City Finance Department

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**INTRODUCTORY SECTION**

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December 1, 2023

Honorable Mayor Steve Callaway,  
Members of the City Council, and Citizens of the  
City of Hillsboro, Oregon

The Annual Comprehensive Financial Report of the City of Hillsboro, Oregon, (the City) for the fiscal year ended June 30, 2023, is hereby submitted.

The report presents the financial position of the City as of, and for the year ended June 30, 2023. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position, results of operations and cash flows of the various funds and component unit of the City. All disclosures necessary to enable the reader to gain an understanding of the City's activities have been included.

For financial reporting purposes the City is the primary government. Its governing Council is elected by the citizens in a general election. The City operates under the council-manager form of government. Policy making and legislative authority are vested in the governing Council, which consists of a mayor and six-member Council. This report includes all organizations and activities for which the elected officials exercise financial control. The financial statements of the City's one component unit, the Hillsboro Economic Development Council Urban Renewal Agency, are included in this report. The City may interact or contract with various other governmental entities but is not financially accountable for those entities and therefore such entities' financial statements are not included in this report.

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the City Council. Activities of all funds are included in the annual adopted budget.

This Annual Comprehensive Financial Report is presented in four sections: Introductory, Financial, Statistical, and Compliance. The Introductory section, which is unaudited, includes this letter of transmittal, an organizational chart, GFOA Certificate of Achievement for Excellence in Financial Reporting and a list of the City's principal elected officials. The letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found in the Financial Section along with independent auditor's opinion, basic financial statements, including entity-wide, fund financial statements, notes to the basic financial statements, required supplemental information, and supplemental combining and individual statements and schedules for the City's funds. The Statistical Section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis. The Compliance Section contains financially related comments and disclosures required by the *Minimum Standards for Audits of Oregon Municipal Corporations* and 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*, and the Report of Independent Auditors on Compliance for each Major Federal Program and Report on Internal Controls Over Compliance Required by the Uniform Guidance and related reports and schedules.

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## **PROFILE OF THE CITY**

The City is located approximately 18 miles west of Portland, Oregon, in western Washington County. The City, incorporated in 1876, has grown rapidly in recent decades as the center of the high-tech industry. Hillsboro is the fifth largest city in the State of Oregon. The certified population by the Population Research Center at Portland State University for the City as of June 30, 2023, is 109,532.

The City is required by state law to budget substantially all funds, utilizing approval by a budget committee made up by the mayor, six City Councilors and seven citizen volunteers, and adoption by City Council. City Council adopts an ordinance authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The ordinance establishes the level of budgetary control at the department level for the General Fund and Support Services Fund. All remaining funds of the City establish the levels of budgetary control at the category level (personnel services, materials and services, capital outlay, special payments, operating contingencies, debt service, and all other requirements levels).

Hillsboro is a full-service city providing police, fire and rescue, parks and recreation, library, community planning and development, building inspection, water, sanitary sewer, surface water management, and transportation services. The City is actively engaged in the development of South Hillsboro, 1,400 plus acres of developable land that is adding 8,000 new, diverse housing units; two mixed-use town and village centers; 286 acres of new parks and open spaces; and nearly 20,000 new community members to City when built out. The City is also working on the development of the North Hillsboro Industrial Renewal Area which consists of approximately 1,100 acres of future industrial land that will attract high tech, clean tech, and advanced manufacturing companies continuing Hillsboro's reputation as home of the "Silicon Forest" of Oregon.

## **ECONOMIC OUTLOOK**

2023 saw Hillsboro recovering from the coronavirus pandemic and a return to regular business operations. Revenues continued to rebound with some reaching pre-pandemic levels. Although the loss in revenues during the pandemic, especially in the General Fund, continue to impact fund balance levels and ability to grow operations. Overall, Hillsboro's economy has shown tremendous resiliency through it all. As a major employment center in the Portland metropolitan area, Hillsboro's unemployment rate through 2023 was among the lowest in the region.

Hillsboro's industrial sector continued to grow in 2023 with nearly \$1.3 billion in new investment and over 4,000 new and retained jobs. New and expanded facilities for companies such as KoMiCo, QTS Data Centers, Linde, Digital Realty Trust, GXO, and Hillsboro Aviation accounted for the increase in new investment in our North Hillsboro Industrial District. In the Hillsboro Technology Park, facilities recently operational include Amazon, Stack Infrastructure, and T5 Data Centers. The recently completed new roads and utilities in the Tech Park has prompted development interest to continue in the immediate area. The City anticipates that 2024 will bring continued investment to the community in key industry areas which will complement existing companies such as Intel, Qorvo, Jireh Semiconductor, Thermo Fischer Scientific, and TOK America.

The City's downtown area is seeing sustained small business growth and revitalization projects. For example, the Main Street Commons project was recently completed. This project converted an old US Bank building into two new restaurants, with two more on the way, and incorporated public art on the exterior of the building! The work in the Calle Diez (10th Avenue) neighborhood continues. Short term projects include replanting of empty tree wells, roofline lighting, new garbage cans, cleaning and painting of bus shelters, a safety lighting study, and much more. To support equitable development in the long term, City and consultant staff will soon be engaging with the community on the creation of a Community Advisory Council and an Equitable Development Strategy, which will both inform and guide future investments

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in Calle Diez. The Oak/Baseline/10th Avenue Corridor Study is nearing completion with the goal of enhancing the area and creating a unified vision and strategy with an emphasis on residential and business participation. Collaboration with our development partners continues regarding Block 67 as details of the concept design and costs progressively shape the development agreement.

Diversity of employers and types of business is the hallmark of a prosperous economy and community. The table below represents the top ten employers in the City. The chart includes government tax exempt agencies.

**Ten Largest Employers**

<b><u>Employer</u></b>	<b><u>Product or service</u></b>	<b><u>Estimated Employment</u></b>
Intel Corporation	Designs & manufactures semiconductor integrated circuits	22,000
Hillsboro School District	Education	2,693
Washington County	Government	2,394
Wells Fargo Bank	Banking services	1,325
OHSU/Tuality Health Care	Hospitals	1,273
City of Hillsboro	Government	1,241
Tokyo Electron America	Electronics and semiconductor company	1,200
Qorvo	Modules and components for the communications industry	1,085
Kaiser Permanente	Hospitals	1,064
Amazon	Retail Delivery	1,046
		35,321

*Source: City of Hillsboro, Business Licenses, Chamber of Commerce and Business Community*

Employment figures may include employees across multiple campuses in and outside of Hillsboro and may not include seasonal or temporary employees.

Companies continue to invest in new and/or expanded locations in Hillsboro, and the City continues to be an economic leader in the State of Oregon.

While each year varies slightly, the City’s General Fund operating budget tends to rely on property taxes for approximately 70% of its total operating budget. The State’s property tax system is a rate-based tax system. The City currently has a permanent tax rate of \$3.6665 per \$1,000 of assessed value. Additionally, the City has a local option tax of \$1.72 per \$1,000 specifically for Police, Fire & Rescue, and Parks & Recreation maintenance services. Local option tax (LOT) operating levies are five-year levies. A \$1.10 five-year levy was first approved in 1998, renewed in 2002, and in November 2006 voters elected to increase the amount to \$1.72. The \$1.72 LOT was renewed in May 2012, May 2017, and May 2022.

The City has consistently outpaced Washington County’s overall growth rate. The chart on the following page compares the growth in real market values for the last ten years to those of Washington County as a whole. For fiscal year 2022-23, the City’s assessed value was 33% of market value while the County’s was 44%. Both Washington County’s and the City of Hillsboro’s real market values saw dramatic increases since 2014 as markets continue to come back from the great recession. However, the City did see a decrease in RMV from FY 2017-18 resulting from reductions in real and personnel property due to depreciated and/or vacated machinery and equipment. These reductions were also part of the County’s RMV, but there were enough offsetting increases in RMV to sustain a positive year over year growth. This is shown in the table on the following page. Assessed values compared to market values can vary significantly among governmental agencies depending on the makeup of each agency’s assessed value between residential, commercial, and industrial as well as the state of each agency’s local economy.

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The City’s assessed value increased 8.66% (or 5.89% when excluding urban renewals areas) from fiscal year 2021-22, which is above the 3% appreciation rate on existing properties allowed under Oregon law. The increase was slightly higher than projected as a direct result of the statutory increase allowed of 3% plus all new construction. By law, a home can increase in assessed value annually by 3% per year unless the real market value moves below the assessed value. If that occurs, taxes are assessed on the lower of the two values.

The City is more reliant than neighboring jurisdictions on the industrial sector. While approximately 21% of the assessed value in Washington County is in the City, the City has approximately 58% of the total industrial value in the County including machinery and equipment. Of the City’s assessed value approximately 19% is industrial including machinery and equipment.

A similar relationship exists when comparing real market values between the City and the County. However, real market values in the City represent 28% of Washington County’s Real Market values. The following table compares real market value growth of the City as well as Washington County. A side-by-side comparison of assessed values would be similar in terms of growth.

**Property Values - Real Market**

Year	City of Hillsboro		Washington County	
	Real Market Value	% Change	Real Market Value	% Change
2014	20,421,889,924		75,758,248,474	
2015	23,528,571,882	15.21%	84,758,606,553	11.88%
2016	25,550,249,374	8.59%	90,947,468,656	7.30%
2017	28,947,809,509	13.30%	101,500,233,033	11.60%
2018	32,028,080,563	10.64%	112,236,653,907	10.58%
2019	28,965,891,718	-9.56%	116,500,832,935	3.80%
2020	30,330,612,779	4.71%	121,502,775,736	4.29%
2021	37,284,762,786	22.93%	139,705,066,088	14.98%
2022	41,067,779,992	10.15%	150,660,153,461	7.84%
2023	49,270,739,190	19.97%	177,722,241,738	17.96%
<b>Total Value Growth</b>		<b>141.26%</b>		<b>134.59%</b>

Source: Washington County Summary of Assessment and Tax Roll

Historically, the City’s General Fund (Fund 100 proper, as a sub fund of the reported General Fund) has been very healthy as a result of a strong fiscal management which includes adopted policies to maintain a target fund balance of 15%. This policy was adopted by City Council in September 2012. In addition to the targeted fund balance of 15%, the City has a goal of a 20% fund balance, calculated by dividing the ending budgetary fund balance by the total expenditures including transfers to other funds. The ending fund balance at June 30, 2023, was 17.2% of expenditures which is a decrease of 3% from last year’s 20.2%. The City entered the coronavirus pandemic with the largest fund balance its General Fund has ever had which allowed the City to weather the decreases in revenues longer than other agencies. However, the City is now seeing the impacts of those revenue losses on the General Fund balance. Over the next several years, the City will be exploring different options to, at minimum, maintain the fund balance at 15% and with a desire to grow it back to 20%.



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Local Option Tax Levies

In November 2006, voters approved two local option levies having a significant impact on the City of Hillsboro: a \$1.72 local option tax (LOT) levy to support enhanced police, fire and rescue, and parks maintenance services and a \$0.17 county-wide levy to maintain library services provided by Washington County Consolidated Library Services (WCCLS). The \$1.72 levy, approved in November 2006, replaced the last year of the prior levy. In May 2022, voters approved the renewal of the \$1.72 LOT for another five years. This levy will go through FY 2027-28.

Voters passed the WCCLS levy in November 2006. The \$0.17 per \$1,000 of assessed value five-year levy supports WCCLS member libraries, including Hillsboro, and central services that link the 12 libraries together. The levy was renewed in the November 2010 election at the same rate. On November 3, 2015, the WCCLS local option tax levy was passed by voters and the levy increased the rate from 17 cents to 22 cents per \$1,000 of assessed value. The levy of 22 cents was renewed by voters in May 2020 and will go through FY 2025-26.

Hillsboro 2020/2035 Vision and City of Hillsboro Strategic Plan

For over 18 years, the City of Hillsboro has been a proud partner supporting the Hillsboro 2020 Vision and Action Plan, our community’s original 20-year vision created by people that live, work, play and learn in Hillsboro. The City implemented numerous projects in the plan and provided support to the citizen-led Vision Implementation Committee (VIC).

Hillsboro 2020 served as a catalyst for many remarkable projects including the Hondo Dog Park, the Civic Center and Tom Hughes Plaza, community gardens, enhanced after school programs, the Walter’s Cultural Arts Center and many more. With the Hillsboro 2020 Plan almost complete, the VIC and City Council called for a renewed plan to extend to 2035.

After a three-year public engagement process with total participation from more than 5,000 community members, the Hillsboro 2035 Community plan was adopted in August 2015. Like Hillsboro 2020, the 2035 Plan is being implemented by over 20 local partner organizations and will help shape the future of Hillsboro for years to come.

The first organization-wide City of Hillsboro Strategic Plan was adopted by City Council in January 2010. The strategic plan established an organizational mission and set of core values for Hillsboro City Government and continues to help guide overall City operations. The Strategic Plan includes the Mission and Core Values for the City of Hillsboro as shown to in the graphic to the right.



The City is in the process of developing a new Strategic Plan as it looks to continue to execute a strong vision for the future.

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### Franchise Fees/Right of Way

The City of Hillsboro receives approximately \$19.5 million in telecommunications, cable, utilities, and solid waste franchise fees annually, which represents a significant portion of the City's General Fund revenues. The City is proactive in ensuring collection of this revenue stream. In the past, the City has partnered with other Oregon municipalities to audit telecommunications franchise fees to ensure proper payment and the accuracy of data used by the utilities in calculating franchise fees owed.

In October 2016, a new right of way ordinance went into effect establishing rules regarding the use of rights of way. Additionally a resolution was established setting fees for the use of the rights of way. Utilities under existing franchise agreements will continue to operate under those agreements until the agreement expiration date. At that time, utilities operating in the right of way will be subject to the new ordinance. These changes allow the City to manage the rights of way consistently from one utility to another.

The City continually monitors Federal and state legislation which may impact the future of franchise fees and the City's ability to manage its rights-of-way. Over the years, unsuccessful legislation has been proposed at the state level to limit cities' franchise authority. Such efforts could have a negative effect upon City franchise revenues as well as rights-of-way authority.

### Public Utilities Tax

In January of 2012, the City passed an ordinance amending a public utilities tax which applies to companies providing utility services without a franchise agreement. The amendment to the public utilities tax changed the rate of the tax to be equal with the current franchise fee rate and clarified the definition of a utility. The public utility tax adds stability to the City's budget by ensuring revenues are received from utility services provided in the City regardless of whether the service provider is a franchised utility or a wholesale provider. The City received approximately \$1.9 million in FY 2022-23 in public utility tax.

### Transient Lodging Tax

In July 2017, the City passed an ordinance creating a local transient lodging tax of 3%, which is in addition to the County and State's transient lodging tax of 10.5%. All tax collections are done by the County and remitted to the City monthly. 20% of the local tax must be primarily used for tourism purposes as outlined by state law. The tax generated approximately \$2.07 million in FY 2022-23 which is an increase of about \$427,000 from FY 2021-22. The increase is due to the continued economic recovery from COVID-19 pandemic, which negatively impacted travel and tourism in the region. This revenue stream has improved year over year and is an indicator of economic rebound.

### Marijuana Tax

In November 2016, City of Hillsboro voters passed Measure 34-252 creating a local sales tax of 3% on recreational sales of marijuana. Measure 91 passed by Oregon voters in 2014 legalized the recreational use of marijuana including in-state manufacturing, processing, sale, licensing, regulation, and taxation by the state. Local taxes are collected by the State on behalf of the City. The City also receives a share of the state-wide taxes, as long as the City has not passed laws restricting the sale of marijuana within the city limits. The State and local tax generated approximately \$500,000 in FY 2022-23.

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### Joint Ventures

The City of Hillsboro is a partner in four joint ventures:

- The Joint Water Commission (JWC) is managed by the City, and is made up of the cities of Hillsboro, Forest Grove, Beaverton, and the Tualatin Valley Water District. JWC provides for the joint ownership of the water system and operates the intake, treatment, storage, and transmission facilities. The treatment plant capacity is 85 million gallons per day.
- The Barney Reservoir Joint Ownership Commission (BRJOC) is managed by the City and includes the cities of Hillsboro, Forest Grove and Beaverton, and the Tualatin Valley Water District and Clean Water Services. The BRJOC provides for the ownership and operation of the Barney reservoir, which has the capacity to impound over 6.5 billion gallons of raw water.
- The Willamette Intake Facilities Commission (WIF) includes Tualatin Valley Water District (managing partner), and the cities of Hillsboro, Wilsonville, Tigard, Sherwood, and Beaverton. The WIF provides for the ownership and operation of the Willamette intake facilities which will be used, once construction is completed, to withdraw and transmit water to the Commission members.
- The Willamette Water Supply System Commission (WWSS) includes Tualatin Valley Water District (managing partner), and the cities of Hillsboro and Beaverton. The WWSS provides for the ownership and operation of the Willamette Water Supply System which includes a water treatment plant, raw and finished water pipelines, and reservoirs which are used to withdraw, treat, and transmit water to the Commission members.

### Utilities Commission

The City owns and operates a municipal water system that provides retail water service to a population of approximately 93,000 and over 27,500 connections. The City's retail service territory includes two areas - one serving the majority of the City's own municipal territory, and another serving more than 600 direct service connections south of Forest Grove in rural Washington County. The City also provides wholesale water service to the cities of Gaston and Cornelius, and to the L.A. Water Cooperative. Customers in certain areas of Hillsboro are served by the Tualatin Valley Water District.

### Hillsboro Economic Development Council (HEDC)

In May 2010, the City created the Downtown Hillsboro Urban Renewal Area (URA), encompassing the downtown commercial district as well as some of the surrounding neighborhoods. The URA has a maximum indebtedness of \$95 million. The City began to collect tax increment from the URA in FY 2011-12. The adopted Urban Renewal Plan sets forth goals and objectives, and identifies eligible expenditures, including streets, parks, land acquisition, housing assistance, small business assistance, and public-private partnerships. There is no termination date for the URA. The Downtown URA received about \$2,107,000 in tax increment in FY 2022-23. The URA had no debt outstanding as of June 30, 2023.

In December 2015, the City Council created a second urban renewal area known as the North Hillsboro Industrial Urban Renewal Area (NoHi URA). NoHi URA encompasses most of the area north of NW Evergreen Parkway to US Hwy 26, west of NE 41<sup>st</sup> Ave to NW Sewell Road. The approximate 1,100 acres is zoned for industrial development. NoHi URA has a maximum indebtedness of \$172.2 million. Fiscal year 2022-23 was the seventh year that tax increment was collected under the URA and about \$9,957,000 was received. The URA had \$42.2 million in outstanding debt as of June 30, 2023.

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### Strategic Investment Program

The Strategic Investment Program was authorized by the 1993 Legislature to increase Oregon's ability to attract capital-intensive industry, particularly high-technology firms. Projects approved for the SIP must pay full property tax on the first \$100 million of their investment in addition to an annual Community Service Fee equal to 25% of the abated taxes, up to \$2 million and any other negotiated fees. The City has three active SIP agreements. Two outstanding agreements with Intel and one with Genentech. The first SIP agreement for \$12.5 billion in investment in Washington County facilities was closed out in FY 2014-15 with the residual value returning to the tax rolls.

The City, and Washington County negotiated another Strategic Investment Program agreement in the summer of 2005. This SIP was initiated in tax year 2010. The 2005 SIP is estimated to collect close to \$57 million through 2024-25. The City receives 38% of these fees.

Washington County, Intel Corporation and the City entered into the City's fourth Strategic Investment Program agreement in the summer of 2014. The agreement entitles Intel to spend \$100 billion over a thirty-year period, requiring taxes on the first \$100 million for each "investment" and other fees as defined under the agreement. The structure of the agreement is like the 2005 agreement. This is the largest SIP agreement in the State's history. The agreement does not require Intel to continue to invest in Hillsboro; however, it puts in place a mutually beneficial agreement for all parties if investments are made. The 2014 SIP kicked off in FY 2016-17 and the first year of tax distribution was in FY 2017-18.

Intel was operating under the 2005 SIP and 2014 SIP in FY 2022-23. The 1999 SIP agreement ended in FY 2014-15. The City's assessed value increased significantly in FY 2015-16 due to the abated property tax values for the 1999 Intel SIP coming back on to the tax rolls. As of June 30, 2023, the City has received approximately \$183.6 million in fees associated with the 1999, 2005 and 2014 SIP agreements. The City has used the SIP revenues to secure debt to pay for various facilities needs as well as participate in various capital projects.

In the summer of 2006, the City and Washington County negotiated a Strategic Investment Program (SIP) agreement with Genentech, one of the world's leading companies in bio-pharmaceuticals. This agreement was negotiated under the rules of the "rural" SIP. The rules are modified from the original program to make full property tax payable on the first \$25 million of investment, with a commensurate minimum community service fee. Due to the successes of the City's business partnerships, this SIP agreement was initiated and began producing revenue for the City in tax year 2010.

### Gain Share

In 2007, the Oregon legislature enacted into law a revenue sharing program that is known as Gain Share which works in conjunction with an active SIP agreement. SIP agreements abate property tax on large investments that would otherwise be paying an extraordinary amount of property taxes on the equipment inside their manufacturing facilities. Without the large-scale tax incentive programs, Oregon would not be able to attract these large industrial type investments therefore losing jobs to other more competitive states. However, property tax, which is largely the revenue source that funds local governmental services, is abated while increased personal income tax, that funds the State's budget, is generated due to the increase in jobs at higher wages created by the new investment. Gain Share was created to make it a win for the local government and the State. As local governments bring in large investments under SIP agreements, Gain Share allows local jurisdictions to share in the income tax generated from new and retained jobs at a rate of 50/50. As of June 30, 2023, the City had received eleven payments under the program totaling approximately \$70 million.

In July 2015, State legislation enacted a new law effecting the Gain Share program. With these changes, revenues coming into Washington County are capped at \$16 million per fiscal year. The cap was implemented out of concern Gain Share numbers would grow to larger amounts than originally anticipated taking money out of the State's budget. In June 2023,

Honorable Mayor Steve Callaway,  
Members of the City Council, and Citizens of the  
City of Hillsboro, Oregon  
December 1, 2023

the State Legislature passed House Bill (HB) 2009, which extends the sunset of the program to FY 2031. The City receives approximately 38% of the total program in Washington County, which equates to about \$6.4 million per year. The City has programed the funds towards mostly one-time capital projects as they are limited in duration.

### Enterprise Zones

Supporting business growth and development are top priorities for the City of Hillsboro. Having the tools to support that growth is a critical part of the City's economic development activities. One tool that has proven to be valuable for business and workforce development is the Hillsboro Enterprise Zone program, which includes the North Industrial Area, the South Industrial Area and the Central Business District. Established by the State in the 1980s, adopted by the City of Hillsboro in 2006, and reauthorized by the State in 2017, the E-Zone allows eligible businesses to receive 100 percent property tax abatement on new capital improvements for up to five years. State and local program requirements must be met in order to receive the exemption.

Hillsboro's Enterprise Zone program continues to produce impressive results, with 42 active projects and a projected investment total of \$6 billion. These companies currently employ over 4,200 individuals paying an average compensation of \$123,000 per job, well above the State and Washington County average wage. At the conclusion of the three to five-year tax abatement, the current value of the exempt property is added to the tax roll.

### Tax Abatements

The City has included the required information in the notes to the financial statements, but the note disclosure is limited on the ability to present the benefits of the program. The Strategic Investment Program and the Enterprise Zone Program discussed above and in the note section have allowed large companies such as Intel to invest in Hillsboro, Washington County and the State of Oregon and provide high paying jobs in the region. Washington County and the City of Hillsboro have chosen to forgo potential property taxes to bring continued economic development and employment to the region and the State. These companies have stated that without the tax abatement programs, they would not continue to invest, expand or locate in the region. Thus, the "abated" taxes are only "real" if the companies would have invested at the same level without the tax abatement programs.

Arguments can be made on both sides of this issue especially with smaller investment; however, a company the size of Intel is shopping worldwide for expansion opportunities. Offering certain incentives are a part of attracting opportunities in a highly competitive global market. The City recognizes the impact tax abatement programs can have on the City and other taxing jurisdictions, and that the value that comes over time from abatement programs should exceed the estimated amount of the abated taxes. Though difficult to measure, the success of these programs is reflected in the low unemployment rate in Washington County, State of Oregon and nationally. Washington County and Hillsboro are considered the economic engine of the State of Oregon and it is mainly due to the industrial companies that have made this region their home. The ability to be competitive globally depends on many factors. Attractive incentive programs are a large part of the market competition needed to continue to attract high tech companies.

### **FINANCIAL POLICIES**

The City Council adopted certain financial policies on September 18, 2012. The City has formal policies related to budget, accounting, debt, revenues, reserves, and grants as well as adopted policies governing investments and procurement.

Honorable Mayor Steve Callaway,  
Members of the City Council, and Citizens of the  
City of Hillsboro, Oregon  
December 1, 2023

### **DEBT SERVICE**

FY 2022-23 included proceeds from new debt. The City performed four draws against the \$250.5 million Water Infrastructure Finance and Innovation Act (WIFIA) loan with the United States Environmental Protection Agency (EPA). \$60 million in December 2022, \$15 million in January 2023, \$15 million in April 2023, and \$20 million in June 2023, for a total of \$110 million, bringing the total outstanding WIFIA loan to \$155 million. Ongoing draws on this issuance will be used to fund the City's participation in the construction of the Willamette Water Supply System which will include a new water treatment plant, raw water pipelines, 30 miles of finished water pipelines and new reservoirs. This \$1.4 billion project is a partnership between Tualatin Valley Water District and the cities of Hillsboro and Beaverton with the City's share of the total project being \$459 million.

The City also issued \$12.5 million in Full Faith and Credit bonds for reimbursement of transportation construction costs in the South Hillsboro Local Improvement District (LID). In February 2023, City Council approved Resolution No. 2798 which declared substantial completion of the benefitted projects in the LID and levied the final assessments on the properties in the LID. Property owners had 30 days to pay the assessments in full or sign financing contracts. Payments from the property owners with financing contracts will be used to pay the debt service on this bond.

### **INTERFUND LOANS**

On November 17, 2015, the City Council approved a resolution that took effect on December 31, 2015, to loan \$9 million from the Building Fund to the Parks SDC Fund to acquire land in the South Hillsboro unincorporated area for a large community park and for other facilities. The South Hillsboro area will be annexed into the City and when fully developed will add 20,000 or more residents to Hillsboro. In anticipation of this development, the City has been purchasing necessary land to serve the future area. On July 19, 2016, the City Council approved a second resolution to loan an additional \$1 million to the Parks SDC Fund from the Building Fund and revised the repayment schedule to better align with anticipated parks system development revenues to be received from the South Hillsboro development area.

On May 2, 2017, the City Council approved a resolution that took effect immediately to loan \$2 million from the Transportation Development Tax Fund to the Transportation System Development Charge (TSDC) Fund for current infrastructure development and local improvement district expenses related to South Hillsboro. This interfund loan is not reflected in the financial statements as the Transportation Funds are shown in the aggregate and are governmental funds.

The City Council approved a resolution effective December 7, 2021, to loan up to \$19.1 million from the Building Fund to the Strategic Investment Fund for the purchases and cost of land acquisition in North Hillsboro, initiating a first draw of \$12.81 million. This will allow the for the City to acquire and develop land in the North Hillsboro Industrial Urban Renewal Area to attract large lot industrial companies to the area.

### **CERTIFICATE OF ACHIEVEMENT**

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 Hillsboro for its annual comprehensive financial report for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Honorable Mayor Steve Callaway,  
Members of the City Council, and Citizens of the  
City of Hillsboro, Oregon  
December 1, 2023

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **INDEPENDENT AUDIT**

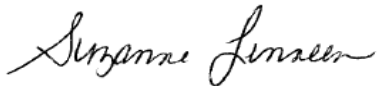
State Statutes require an annual audit by independent certified public accountants. The City selected the firm of Moss Adams, LLP, Certified Public Accountants to perform its annual audit. The auditors conducted the engagement using auditing standards generally accepted in the United States of America and *Government Auditing Standards*. Their audit opinions are located in the Financial Section of this report.

### **ACKNOWLEDGEMENTS**

The preparation of this report could not have been accomplished without the effective and dedicated services of the Finance Department and other City staff. We express our appreciation to all members of the City staff who assisted and contributed to the preparation of this report.

We express our gratitude to the Mayor and City Council who have led this City with careful planning, attentiveness to the community, and responsible, progressive management of this local government.

Respectfully submitted,



Suzanne Linneen  
Finance Director

**CITY OF HILLSBORO, OREGON**

**OFFICIALS OF THE CITY**

**JUNE 30, 2023**

**BOARD OF COUNCILORS**

		<u>Term Expires</u>
Steve Callaway, Mayor		January 2025
<b>Councilors:</b>		
Anthony Martin, Council President	Ward 2, Position B	January 2025
Beach Pace	Ward 1, Position A	January 2027
Rick Van Beveren	Ward 1, Position B	January 2025
Kipperlyn Sinclair	Ward 2, Position B	January 2027
Olivia Alcaire	Ward 3, Position A	January 2027
Gina Roletto	Ward 3, Position B	January 2025

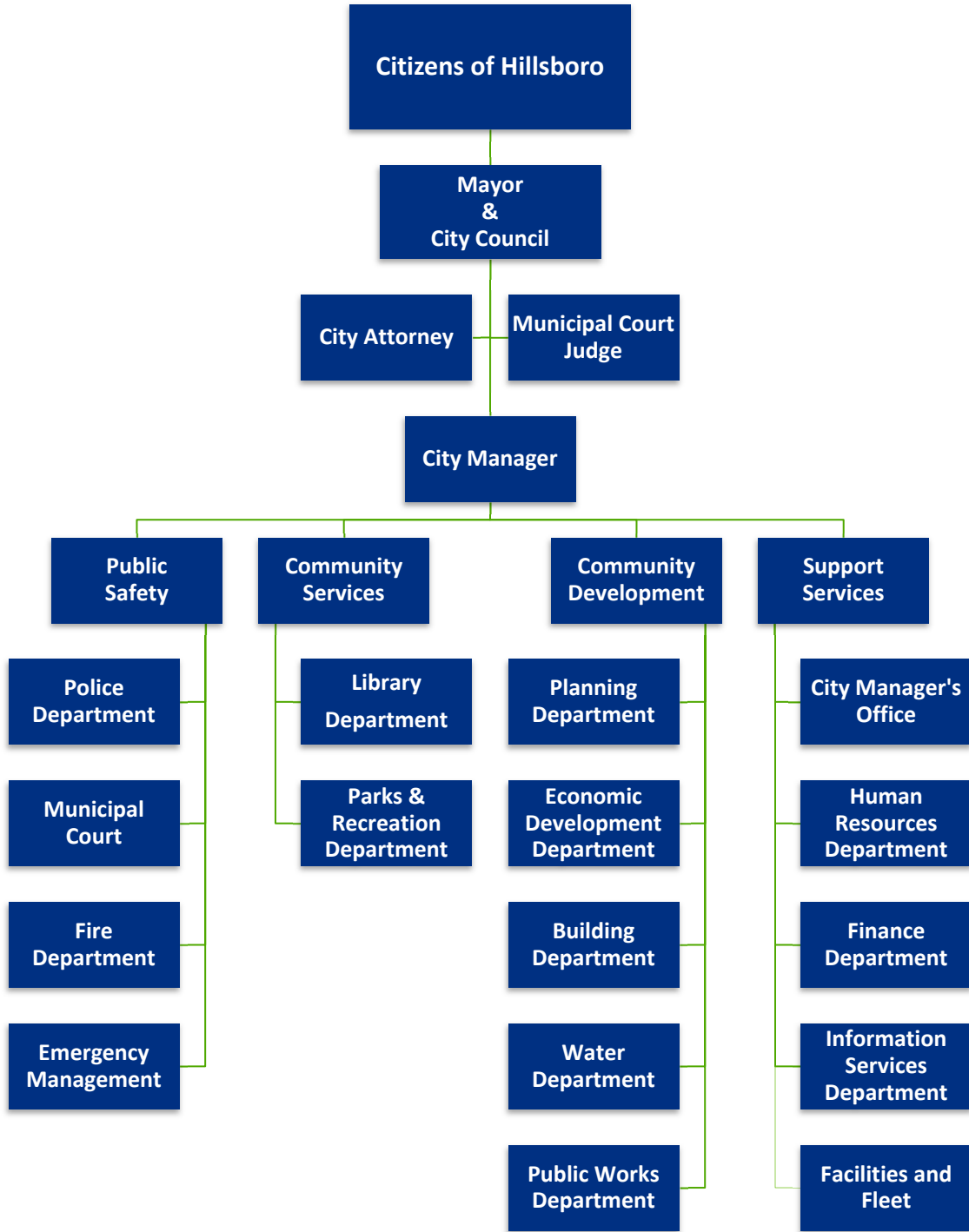
**PRINCIPAL OFFICIALS**

Robert Hammond, City Manager  
Rahim Harji, Deputy City Manager  
Simone Brooks, Assistant City Manager

**CITY ADDRESS**

City of Hillsboro  
City Hall  
150 East Main Street  
Hillsboro, Oregon 97123







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Hillsboro  
Oregon**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

**FINANCIAL SECTION**

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**REPORT OF INDEPENDENT AUDITORS**

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## Report of Independent Auditors

Honorable Mayor and Board of Councilors  
City of Hillsboro  
Hillsboro, Oregon

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hillsboro, Oregon (the “City”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other postemployment benefits information, and employee retirement pension benefits information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 fund, Transportation Fund and Building Fund as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 required 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 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 required budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as whole.

### ***Supplementary 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 Schedule of Expenditures of Federal Awards and related notes as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the combining and individual nonmajor fund financial statements, budgetary schedules, and other financial schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 supplementary data is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023 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 solely 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 the effectiveness of the City's 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 Minimum Standards for Audits of Oregon Municipal Corporations***

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 1, 2023, on our consideration of the City's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations. 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.



Keith Simovic, Partner  
For Moss Adams LLP  
Portland, Oregon  
December 1, 2023

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## CITY OF HILLSBORO, OREGON

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Management of the City of Hillsboro, Oregon, (the City) offers readers of the Annual Comprehensive Financial Report, this narrative overview and analysis of the financial activities of the City of Hillsboro for the fiscal year ended June 30, 2023. The analysis focuses on significant financial issues, major financial activities, and resulting changes in financial position, budget variances and specific issues related to funds and the economic factors affecting the City. Readers are encouraged to consider the information presented here in conjunction with additional information provided in the transmittal letter.

#### Financial Highlights

- Assets totaled approximately \$2.070 billion at June 30, 2023, and consisted of approximately \$495.8 million in cash and investments; approximately \$130.9 million in accounts, interest, lease receivable, and other assets; approximately \$312.2 million in investments in joint ventures and approximately \$1.131 billion in capital assets.
- Deferred outflows of resources totaled approximately \$55.9 million at June 30, 2023, and consisted of approximately \$52.1 million related to pensions, \$2.9 million related to other post-employment benefits, and \$886,000 for deferred charges on refunding.
- Net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) was approximately \$1.584 billion at June 30, 2023.
- As of June 30, 2023, the City had approximately \$333 million in gross outstanding bonds and notes payable. The City has no general obligation bonds as of June 30, 2023.
- The City's total net position increased by approximately \$131.8 million from the June 30, 2022, net position. Governmental Activities net position increased by approximately \$80.8 million from 2022 due to many factors including capital contributions of approximately \$33.6 million. Property taxes increased by approximately \$11 million due to assessed value increasing 8.66%. Net transfers of approximately \$10.3 million from Governmental Activities to Business-Type Activities are primarily for the funding of the construction of infrastructure for a broadband fiber utility. Expenses increased from the previous year primarily due to increases in personnel services, materials and services and negative changes in pension differences recognized through actuarial studies of the pension system which are described further in this report. Business-Type Activities net position increased by approximately \$51 million primarily due to charges for services, system development charges, and capital contributions outpacing current year operating expenses. These revenues will be spent in future years for system expansion. Further analysis is shared in the sections below.

#### Report Format

This Management's Discussion and Analysis (MD&A) section provides users of the basic financial statements with a narrative introduction, overview, and analysis of the statements. The report also includes the government-wide financial statements, fund financial statements, notes to the financial statements, required supplementary information, other supplementary information including combining schedules of non-major funds, and the statistical section.

The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities.

CITY OF HILLSBORO, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2023

Report Format (Continued)

Governmental activities include basic services such as public safety, transportation, culture and recreation, community development and general government administration. The City's component unit, the Hillsboro Economic Development Council, an urban renewal agency, is included within the governmental activities. Business-type activities are water, sewer, surface water management, broadband, property management, and intermodal transit facility operations.

Taken together the sections provide a comprehensive financial look at the City. The individual components of the report include the following:

- **Management's Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors affecting the City.
- **Basic Financial Statements.** Includes the Statement of Net Position, Statement of Activities, fund financial statements and the notes to the basic financial statements. Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate like in that all activities are consolidated into a total for the City.
  - The Statement of Net Position focuses on resources available for future operations. This statement presents a snap-shot view of the assets the City owns, the liabilities it owes and its equity. The equity is further separated into amounts invested in capital assets, restricted for specific purposes, and unrestricted amounts.
  - The Statement of Activities focuses on gross and net expenses of City programs and the extent to which such programs rely upon general tax and other revenues.
  - Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of governmental financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Non-major Funds." Budgetary comparison schedules are presented for the General Fund, the Transportation Fund, and Building Fund as Required Supplementary Information, and the Hillsboro Economic Development Commission North Hillsboro Industrial Fund and the South Hillsboro Local Improvement District Fund as Supplementary Information. Statements for the City's proprietary funds follow the governmental funds and include net position, revenues, expenses and change in net position, and cash flows.
  - The notes to the basic financial statements provide additional disclosures to assist the reader in understanding the City's financial condition.
- **Required Supplementary Information.** Includes the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General, Transportation, and Building Fund. This section also presents schedules of funding progress for the City's pension and other post-employment benefits plans, as well as other pension information.
- **Other Supplementary Information.** Readers desiring additional information on major funds not identified as Special Revenue Funds, non-major funds can find it in the combining statements of non-major funds and the budgetary comparison sections of this report. Components within this section include:

CITY OF HILLSBORO, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2023

Report Format, (Continued)

- *Combining Statements.* Major funds are included within the basic financial statements, whereas non-major funds are presented here. These statements include balance sheets and statements of revenues, expenditures, and changes in fund balances.
  - *Budgetary Comparisons.* Includes budgetary information for all non-major funds and business type activities.
  - *Other Schedules.* Includes Property Tax Transactions, General Fund Combining Balance Sheet, and General Fund Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances completes the Financial Section of the report.
- **Statistical Section.** Trend information and demographics.
- **Compliance Section.** Reports and schedules required by *Government Auditing Standards* and the Uniform Guidance for the City's federal financial assistance programs. Financially related comments and disclosures required by Oregon Revised Statutes are included in this section.

Statement of Net Position

The following compares the June 30, 2023 and 2022 Statements of Net Position (all amounts are in thousands):

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>ASSETS:</b>				
Current and other assets	\$ 386,432	\$ 346,035	\$ 552,492	\$ 407,901
Capital assets, net	806,873	757,004	324,073	307,007
<b>TOTAL ASSETS</b>	<u>1,193,305</u>	<u>1,103,039</u>	<u>876,565</u>	<u>714,908</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES:</b>	<u>48,492</u>	<u>48,526</u>	<u>7,411</u>	<u>7,331</u>
<b>LIABILITIES:</b>				
Long-term liabilities outstanding	232,154	198,963	222,774	109,512
Other liabilities	19,689	19,547	32,487	31,130
<b>TOTAL LIABILITIES</b>	<u>251,843</u>	<u>218,510</u>	<u>255,261</u>	<u>140,642</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES:</b>	<u>42,946</u>	<u>54,624</u>	<u>4,343</u>	<u>8,238</u>
Net investment in capital assets	733,917	679,488	272,855	254,765
Restricted	177,608	155,641	21,981	18,237
Unrestricted	48,197	43,302	329,536	300,357
<b>TOTAL NET POSITION</b>	<u>\$ 959,722</u>	<u>\$ 878,431</u>	<u>\$ 624,372</u>	<u>\$ 573,359</u>

**CITY OF HILLSBORO, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**JUNE 30, 2023**

**Statement of Net Position (Continued)**

The following explains the significant fluctuations in the Statement of Net Position from fiscal year 2022.

The increase in Governmental Activities assets of approximately \$90.3 million is primarily due to increases in land held for resale, acquisitions of capital assets outpacing depreciation and disposals, and contracts receivable related to the South Hillsboro Local Improvement District (SoHi LID). Land held for resale increased by \$1.1 million as part of acquiring assets in the Downtown Urban Renewal area to incentivize revitalization efforts. Capital assets increased approximately \$49.9 million as a result of additions of approximately \$66.9 million outpacing depreciation expense of approximately \$17.4 million, and disposed assets of approximately \$726,000. The City issued SoHi LID debt in the amount of \$12.5 million, which is offset by contracts receivable from property owners benefiting from this LID. Finally, the approximate \$25 million increase in cash and investments is primarily due to the net effect of the net increases in revenues described below, which significantly outpace expenses and are cash-related in nature. Much of these revenues were restricted to be spent in future years.

Governmental Activities deferred outflows of resources decreased approximately \$34,000 due to minor changes in pension differences recognized through actuarial studies of the pension system.

Governmental Activities liabilities increased by approximately \$33.3 million primarily due to negative changes in the net pension liability due to poor investment returns realized (\$23.2 million increase), increases in bonds, notes and leases payable primarily due to newly issued local improvement district debt outpacing principal repayment (\$6 million net increase), the implementation of GASB 96 Subscription-Based Information Technology Arrangements (SBITA) standard (\$959,000), and increases to the OPEB liability due to changes recognized through actuarial valuation (\$2.1 million).

Governmental Activities deferred inflows of resources decreased by approximately \$24.4 million, which is due to differences recognized through actuarial studies of the pension system.

The increase in Business-Type Activities assets of approximately \$161.7 million is primarily due to an increase in investments in joint ventures of approximately \$88.9 million due to the City's investment in the Willamette Water Supply System joint venture. Cash and investments also increased by \$54.8 million primarily due to the net effect of the net increases in revenues described below, which significantly outpace expenses and are cash-related in nature. Much of these revenues were restricted to be spent in future years. Finally, capital assets increased approximately \$17 million due to additions of approximately \$26 million outpacing depreciation expense of approximately \$8.8 million, and net disposals of approximately \$71,000.

Liabilities increased by approximately \$114.6 million due primarily to increases in net pension liability and debt. Net pension liability increased by approximately \$3.6 million due to poor investment earnings in the State of Oregon pension system. Notes and bonds payable increased by approximately \$109 million due to the issuance of new debt for the construction/investment in the Willamette Water Supply System (\$110 million in issued Water Infrastructure Finance and Innovation Act bonds) offset by repayment of notes and bonds payable of approximately \$1 million due to the repayment of principal according to maturity schedules.



**CITY OF HILLSBORO, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**JUNE 30, 2023**

**Statement of Activities**

The following is a comparison between the June 30, 2023 and 2022 Statement of Activities (all amounts are in thousands):

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>REVENUES:</b>				
Program revenues:				
Fees, fines and charges for services	\$ 84,680	\$ 64,049	\$ 77,493	\$ 74,352
Operating grants and contributions	12,159	47,448	-	-
Capital grants and contributions	38,407	17,102	12,941	4,887
General revenues:				
Earnings (losses) on investments	5,638	(7,088)	2,679	(5,086)
Property taxes	100,782	89,807	-	-
Franchise fees	21,454	19,557	-	-
Other	34,761	36,467	-	-
<b>TOTAL REVENUES</b>	<b>297,881</b>	<b>267,342</b>	<b>93,113</b>	<b>74,153</b>
<b>EXPENSES:</b>				
General government	27,300	41,191	-	-
Public safety and judicial	78,756	69,407	-	-
Community service	13,497	12,170	-	-
Culture and recreation	37,591	31,358	-	-
Roads and bridges	46,077	16,978	-	-
Interest on long term debt	3,547	3,566	-	-
Business-type activities	-	-	52,416	46,513
<b>TOTAL EXPENSES</b>	<b>206,768</b>	<b>174,670</b>	<b>52,416</b>	<b>46,513</b>
<b>EXCESS OF REVENUE OVER</b>				
<b>OVER EXPENSES BEFORE TRANSFERS</b>	<b>91,113</b>	<b>92,672</b>	<b>40,697</b>	<b>27,640</b>
Transfers in (out)	(10,316)	(4,579)	10,316	4,579
<b>CHANGE IN NET POSITION</b>	<b>80,797</b>	<b>88,093</b>	<b>51,013</b>	<b>32,219</b>
<b>NET POSITION - beginning</b>	<b>878,431</b>	<b>790,338</b>	<b>573,359</b>	<b>541,140</b>
Effect of change for implementation of GASB Statement No.96	494	-	-	-
<b>NET POSITION - beginning, as restated</b>	<b>878,925</b>	<b>790,338</b>	<b>573,359</b>	<b>541,140</b>
<b>NET POSITION - ending</b>	<b>\$ 959,722</b>	<b>\$ 878,431</b>	<b>\$ 624,372</b>	<b>\$ 573,359</b>

Governmental activities overall total revenues increased from 2022 by approximately \$30.5 million due to the net effect of several items. Increases of approximately \$21.3 million were in capital grants and contributions due to significant dedications of street infrastructure in growth areas of the City and other granted easements. Interest earnings increased approximately \$12.7 million primarily due to the interest rates in the market. After 2022's interest rate environment

**CITY OF HILLSBORO, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**JUNE 30, 2023**

**Statement of Activities (Continued)**

discounted the market value of investments held by the City, these investments continued to mature, and fair value saw a return to positive income in 2023. Assessments of approximately \$12.7 million were placed on properties in South Hillsboro for the local improvement district road infrastructure. Property tax revenues increased approximately \$11 million due to assessed value increasing 8.66% and growth within the urban renewal areas. Charges for services increased approximately \$7.9 million in charges for services due to an increase in construction activity for ongoing significant industrial activities. This increase is offset by a decrease in operating grants and contributions from one-time significant amounts from the American Rescue Plan Act grant revenues of \$18 million and \$17.1 million in Metro Affordable Housing bond projects in the City in the prior year.

Governmental Activities' expenses increased by approximately \$32.1 million from fiscal year 2022. Key factors to increase include a one-time approximate \$25 million payment for transportation infrastructure in South Hillsboro, increases to salary and benefits of approximately \$10.6 million due to cost of living adjustments, added personnel and overtime related to staffing shortages and medical premiums and employer contributions to PERS, increases in differences recognized through actuarial studies of the pension system of approximately \$3.9 million, and increases in materials and services of approximately \$3.9 million due to inflationary costs of these items. These increases are offset by a decrease of approximately \$16.9 million in the prior year's spending of Metro Affordable Housing funds on projects in the City.

Overall Business-Type activity revenues increased from fiscal year 2022 by approximately \$19 million. Capital contributions increased by approximately \$8.1 million from the prior year for developer dedicated infrastructure in South Hillsboro whereas previous year contributions were not as significant. Fees, fines and charges for services saw an increase of approximately \$3.1 million primarily due to increased service rates and system growth, and interest earnings increased approximately \$7.8 million after rising interest rates discounted the market value of investments held by the City in the previous year. As these investments matured, we saw improved fair value and positive income this year.

Business-Type activity expenses increased by approximately \$5.9 million due to increases in expenses such as personnel (filling vacancies, rising costs of employer contributions to PERS and medical rates) and materials and services due to inflationary cost of services increasing from the previous year.

**Changes in Fund Balance**

Governmental funds' fund balance increased by approximately \$18.1 million from 2022. With respect to revenues, the property and other taxes including the Urban Renewal Council, increased by approximately \$10.7 million primarily due to the increase in the City's assessed value of 8.66% and growth within the urban renewal areas. Intergovernmental revenues decreased approximately \$16.8 million primarily due to one-time Metro Affordable Housing funds of \$17.1 million on projects within the City received in FY 22. Grants, donations and other revenues decreased by approximately \$14.6 million primarily due to the receipt of approximately \$18 million in American Rescue Plan Act (ARPA) funds for COVID-19 pandemic response in FY 22. Franchise fees increased approximately \$1.9 million due to increased activity of utility and other services within the city limits. Licenses and permits decreased by approximately \$1.6 million due to a small decrease in construction activity for ongoing significant industrial projects compared with the previous year. Charges for services decreased approximately \$2.2 million due to significant receipts of transportation development taxes (TDT) of \$13.9 million in the previous year, offset by the continued recovery of parks and recreation revenues after the effects of the COVID-19 pandemic. Interest revenues increased by approximately \$10.2 million due to the interest rates in the market. After 2022's interest rate environment discounted the market value of investments held by the City, these investments continued to mature, and fair value saw a return to positive income in 2023.

**CITY OF HILLSBORO, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**JUNE 30, 2023**

**Changes in Fund Balance (Continued)**

Expenditures across the Governmental Funds increased by approximately \$32.1 million. While the use of the Metro Affordable Housing funds of \$17.1 million on projects within the City was a one-time expenditure in the previous year, certain other expenditures increased in the current year. Primarily, this was led by the one-time approximate \$25 million payment of pre-assessment and assessment bond revenues to fund South Hillsboro transportation infrastructure, partially funded by \$12.5 million notes payable issued. Personnel services costs increased approximately \$8.4 million due to cost of living adjustments, new positions, increase in PERS contribution rates, filling of vacant positions and increases in overtime costs for staffing shortages. Internal services charged to governmental activities increased by approximately \$5.3 million primarily due to increased personnel services and materials and services costs. Materials and services increased approximately \$3 million due to resuming some public interacting services stopped due to the coronavirus pandemic and rapid inflation.

General Fund total revenues decreased compared to the prior year by approximately \$18.8 million primarily due to receipt of two sources of one-time revenues in the previous fiscal year. The City received \$17.1 million from the Metro Affordable Housing bond money for projects within the City. Additionally, the City recognized approximately \$18.0 million in ARPA funds. Beyond these, certain recurring revenues changed over the previous year. Property taxes increased approximately \$5.7 million due to a 5.64% increase in assessed value. Franchise fees increased by approximately \$1.9 million due to increases in rate and volume of utilities consumed in the City. The City also experienced increases in certain revenues that were previously depressed by the impacts of the COVID-19 pandemic including an increase in Parks and Recreation activities and hotel/motel tax (total increase of \$2.1 million). Investment income increased approximately \$2.9 million due to rising interest rates in the market. After 2022's interest rate environment discounted the market value of investments held by the City, these investments continued to mature, and fair value saw a return to positive income in 2023.

General Fund expenditures have decreased compared to the prior year by approximately \$4.8 million. The largest factor was the use of the Metro Affordable Housing funds of \$17.1 million on projects within the City in the prior year that did not occur in the current year. This decrease was substantially offset by increases in other expenditures. Personnel services increased approximately \$7.1 million resulting from increased cost of living adjustments, filling of vacant positions, increase in PERS costs, addition of new positions and increases in overtime due to underfilled positions. Internal services charged to the General Fund increased by approximately \$4.6 million primarily due to increased personnel services and materials and services costs. Overall, the General Fund's fund balance increased by approximately \$1 million related to the aforementioned changes.

The Transportation Fund's fund balance increased by approximately \$7.9 million primarily due to current revenue outpacing planned infrastructure construction and improvements. Operating revenues decreased from the previous year due to significant receipts of transportation development taxes (TDT) of \$13.9 million in the prior year, with less significant amounts received in the current year.

The (HEDC) North Hillsboro Industrial Fund's fund balance increased by approximately \$3.9 million primarily due to current year transfers in of approximately \$3 million from other funds related to the reimbursement district and the investment in the capital development of this area.

Building Fund's fund balance increased by approximately \$6.2 million. Revenues increased from the previous year by approximately \$400,000 due to a moderately active construction industry and interest earned through an interfund loan and improved fair market value of investments. These revenues continue to outpace current operating expenditures.

**CITY OF HILLSBORO, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**JUNE 30, 2023**

**Changes in Fund Balance (Continued)**

The South Hillsboro Local Improvement District Fund's balance decreased by approximately \$6.4 million. The beginning fund balance was essentially revenues collected in previous years for pre-assessment payments for the LID which was assessed during the current fiscal year. These pre-assessments, along with current year pre-assessments and the issuance of the LID bonds were used to pay for the road infrastructure supported by the LID.

**Changes in Business-type Net Position**

Enterprise funds' net position increased in total by approximately \$51 million from 2022. The Utilities Commission Fund's net position increased by approximately \$26.9 million from 2022. The primary factors for the increase include one-time system development charges earned in the current year for approximately \$5.2 million and capital contributions of approximately \$2.4 million which do not require current year cash outflow. Other changes include an approximate \$5.5 million increase in investment income due to recovery of interest rates in the market. Charges for services increased by approximately \$7.4 million due to rate increases in January 2023 which averaged 10.5% and a 5% increase in consumption. Net increases in revenues are to be used to fund capital development and current operating expenses which increased by approximately \$1.7 million from the prior fiscal year primarily due to an approximate \$931,000 increase in personnel costs related to inflationary costs and added positions and increases to water purchases and franchise fees of approximately \$530,000 tied directly to increases in consumption and revenue.

The Sewer Fund's net position increased by approximately \$6 million from 2022. Primary factors to this increase include contributed capital of approximately \$2.2 million for developer dedicated infrastructure which does not require current cash outflow. Other changes include an approximate \$1.7 million in investment income after rising interest rates discounted the market value of investments held by the City in the previous year. Operating expenses increased by approximately \$565,000 primarily due to inflationary increases in personnel services and support services. As a result of items noted above, approximately \$3.2 million in operating revenues were received in excess of operating expenditures.

The Surface Water Management Fund's net position increased by approximately \$10.3 million from 2022. Primary factors to this increase include contributed capital of approximately \$8.3 million for developer dedicated infrastructure (including in South Hillsboro) which does not require current cash outflow and a 4% increase in the Clean Water Services rate (or approximately \$306,000), a mid-year local service fee rate increases of \$0.50 per ESU (or approximately \$262,000), and growth in the customer base of 2.3% (or approximately \$220,000). Operating expenses remained consistently under operating revenues. Growth in operating revenues still outpaced growth in operating expenses by approximately \$2.1 million.

**Budgetary Highlights**

The General Fund actual resources lagged behind budgeted resources by approximately \$3.1 million. Intergovernmental revenue primarily created this difference. Funds were budgeted to be received from the Metro-funded bonds for approximately \$13 million in case a project was identified to be spent against during the fiscal year. This did not happen, thus resulting in this difference. Offsetting expenditures were not incurred either. This decrease was partially offset by assessed value generating property taxes in the General Fund producing growth of 5.64% compared to a budgeted 4% which produced approximately \$1.9 million more than budget. Franchise fees and hotel/motel tax revenues outperformed their budgets by approximately \$2.3 million due to conservative budgeting, and steady recovery post COVID-19 pandemic. Other revenues actuals exceeded budget by approximately \$4.3 million due to the collection of the Enterprise Zone Community Services Fees at approximately \$4.3 million compared to the budget of \$700,000. At the time of budget development, the current year activity was not anticipated.

**CITY OF HILLSBORO, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**JUNE 30, 2023**

**Budgetary Highlights (Continued)**

General Fund actual expenditures were approximately \$46.6 million under appropriated levels. Much of the COVID-19 response activity was budgeted in full for flexibility, but will be spent over several years, reflecting approximately \$8.4 million under budget. Approximately \$2.8 million in budgeted personnel services went unspent due to vacancies and under filled positions, which have been slowly refilling during the pandemic recovery. It was unknown if spending on an affordable housing project with Metro-funded bonds would be done in the fiscal year, so approximately \$13 million was budgeted, but went unspent. There was also a placeholder budget in the PERS stabilization activities for flexibility to fund \$5 million in a side account, but this option was not done. Similarly due to restricted spending in response to the coronavirus pandemic lower than budgeted materials and services expenditures of approximately \$1.8 million, and lower than budgeted support service allocations of approximately \$3.5 million for similar reasons as the other expenditure categories. Budgeted contingency of approximately \$5.1 million was not utilized. Capital reserves of approximately \$6.2 million were budgeted and remained unused and reserved for future years.

**Capital Assets**

At June 30, 2023, the City had approximately \$1.131 billion invested in a broad range of capital assets, including land, buildings and improvements, equipment, roads, bridges, and water, sewer and storm water lines. The following is a comparison of capital assets as of June 30, 2023 and 2022 (all amounts are in thousands):

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Water and pumping station rights	\$ -	\$ -	\$ 1,207	\$ 1,207	\$ 1,207
Land and easements	430,531	405,461	37,758	33,045	468,289
Water rights	-	-	22,454	22,454	22,454
Buildings and structures	260,214	259,451	21,473	21,473	281,687
Temporary easements	4,231	4,231	-	-	4,231
Machinery, equipment, and transmission	40,221	37,134	148,081	137,789	188,302
Dams, reservoirs, treatment facilities	-	-	40,551	40,551	40,551
Infrastructure	589,930	572,624	185,607	167,042	775,537
SBITA	2,012	1,260	-	-	2,012
Construction in progress	33,308	15,767	6,974	14,659	40,282
Accumulated depreciation	(553,574)	(537,873)	(140,032)	(131,213)	(693,606)
	<u>\$ 806,873</u>	<u>\$ 758,055</u>	<u>\$ 324,073</u>	<u>\$ 307,007</u>	<u>\$ 1,130,946</u>

The Governmental Activities capital assets increased by approximately \$49.9 million due to capital asset additions of approximately \$66.9 million (of which approximately \$33.6 million was from capital contributions), outpacing approximately \$17.4 million in depreciation, and disposals of approximately \$726 thousand. Business-Type Activities capital assets increased approximately \$17.1 million due to capital asset additions of approximately \$26 million (of which approximately \$12.9 million was from capital contributions), outpacing depreciation expense of approximately \$8.8 million and disposals of approximately \$71,000.

Further information may be found in Note 9 of the Notes to Basic Financial Statements.

**CITY OF HILLSBORO, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**JUNE 30, 2023**

**Debt**

As of year-end, the City had approximately \$333 million in bonds and notes payable compared to \$218.3 million in fiscal year 2022. Approximately \$8.5 million of the debt at June 30, 2023, is due within one year. As of June 30, 2023, the City has no general obligation debt outstanding. Debt was incurred for the following (all amounts are in thousands):

	<u>Totals</u>	
	<u>2023</u>	<u>2022</u>
<b>Governmental:</b>		
Construction and land acquisition	\$ 126,714	\$ 120,996
<b>Business-Type:</b>		
Water	206,245	97,332
<b>Total</b>	<u>\$ 332,959</u>	<u>\$ 218,328</u>

Debt issuances are summarized as follows:

- In fiscal year 2023, the City issued \$12.5 million in Full Faith and Credit bonds for reimbursement of transportation construction costs in the South Hillsboro Local Improvement District (LID). Also, the City performed four draws against the \$250.5 million Water Infrastructure Finance and Innovation Act (WIFIA) loan with the United States Environmental Protection Agency (EPA) totaling \$110 million, bringing the total outstanding balance \$155 million as of June 30, 2023. At report issuance, the City has drawn/requested an additional \$45 million against this agreement, bringing the total payable to \$200 million as of report issuance.
- In fiscal year 2022, the City incurred an inter-fund note between the Facilities Management Fund (Strategic Investment Program sub fund, specifically) and the Building Fund for approximately \$12.8 million to acquire land held for resale in the North Hillsboro Industrial Urban Renewal Area.
- In fiscal year 2021, the City incurred a note payable for the acquisition of land and infrastructure for large lot preparation for industrial companies in the North Hillsboro Industrial Urban Renewal area for approximately \$25.3 million. Also, the City made its first draw of \$10 million against its loan agreement with the United States Environmental Protection Agency through the WIFIA. The City first closed on the WIFIA loan in fiscal year 2020, and can draw up to approximately \$250.5 million (excluding capitalized interest). Additional draws have been made since, bringing the balance to \$155 million as of June 30, 2023.
- In fiscal year 2020, the City issued Full Faith and Credit obligation (Series 2019) to fund the construction of a community center for approximately \$35.2 million. Also, the City issued water revenue bonds for approximately \$48.2 million to partially fund the construction and investment in the Willamette Water Supply System. The City also incurred a note payable for the acquisition of land and infrastructure for large lot preparation for industrial companies in the North Hillsboro Industrial Urban Renewal area for approximately \$23 million.
- In fiscal year 2017, the City issued Full Faith and Credit obligation (Series 2016 and Series 2017). Series 2016 bonds were issued to partially fund the construction of a public works facility. Series 2017 bonds were issued for the purchase of a public safety training facility and refunding of the Series 2010 bonds and a 2005 note.
- In fiscal year 2016, the City issued an inter-fund note between the Parks System Development Charges Fund and the Building Fund for \$9 million to acquire property in the South Hillsboro region of the City. In fiscal year 2017, the City issued an additional \$1 million inter-fund note between these two funds, bringing the total to \$10 million.
- In fiscal year 2013, the City issued Full Faith and Credit obligations (Series 2012A and 2012B) and notes. The 2013 bonds issued were used for the refunding of a 2004 Series Civic Center, remodel projects for both libraries and construction of a new ball park. The City issued water refunding bonds in fiscal year 2013.

**CITY OF HILLSBORO, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**JUNE 30, 2023**

**Debt (Continued)**

The obligations are backed by the full faith and credit of the City and water revenues, as applicable. The City primarily uses Strategic Investment Program revenues to meet the debt obligations for governmental activities debt.

The State of Oregon (the State) mandates a general obligation debt limit of 3 percent of true market value of taxable property within the City boundaries. The limit totaled \$1.48 billion at June 30, 2023. The City did not have any net debt subject to this limit as of June 30, 2023; therefore \$1.48 billion is available for future indebtedness.

Further information may be found in Note 10 of the Notes to Basic Financial Statements.

**Economic Factors**

The governmental funds' largest revenue sources are property taxes, franchise fees, fees for charges and services, and state shared revenues. The State does not have a sales tax, resulting in local government's heavy reliance on property taxes and other self-generated revenues including franchise fees, business licenses, etc. The State of Oregon moved from a tax base system to a tax rate system in the mid 1990's. In 2023, the City's assessed value increased 8.66%, above the 3% allowed under Oregon statute, because of continued City growth.

In all funds, personnel costs continue to rise due to cost of living expenses and retirement costs. During 2023, the preferred provider organization health insurance plan increased by approximately 19.1% and the health maintenance organization plan increased approximately 1.7%. In 2023, non-union, Police Union, Fire Union and Library Union employees contributed \$135 per month to their medical premiums. Non-represented employees received a cost of living adjustment (COLA) of 4.0% in July 2022, and another 2% in September 2022. Police Union employees received a COLA of 6.00%, Fire Union employees received a COLA of 3.5%, and Library Union employees received a COLA of 4%.

The City, along with local governments across the State, continues to pay larger sums of employee retirement costs of the State-run pension fund. The Public Employee Retirement System (PERS) sets the contribution rates biannually. Fiscal year 2022-23 was the second year of the current biennium rates. The rates for the current biennium are as follows: Tier I/II employee at 23.46%, Oregon Public Service Retirement Plan (OPSRP) general employees at 17.45% and OPSRP Police/Fire employees at 21.81%. PERS rates for the next biennium, beginning July 1, 2023, will increase to the following rates, respectively: 24.68%, 18.60%, and 23.39%. These increases have been factored into forecasts by the City. Additionally, the City funded a PERS Side Account for \$5 million on August 30, 2018. Funding a side account will likely reduce and help to stabilize the impact of future increases to the City's pension contribution rates.

The City continues to receive approximately \$6.4 million through the State's Gain Share program. The current legislation sunsets in 2030. The City has chosen to use Gain Share funds for one-time projects or seeding reserve funds, and is not dependent on the revenue stream for meeting operational needs.

Business-Type Activities are funded through water, sewer, and surface water management rates and system development charges. The City has the ability to increase rates to keep pace with growing costs as well as increasing demands on the systems. The City generally increases water rates annually. On January 1, 2023 typical residential rates increased 8.8%, and on January 1, 2024 those rates will increase 8.9%. Sewer and surface water management (SWM) rates are set by Clean Water Services and are generally increased annually in July. The City also collects a local service fee for sewer and surface water management, with local service fee for SWM approved for \$0.50 fee increases each January 1 through 2025.

**CITY OF HILLSBORO, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**JUNE 30, 2023**

**Economic Factors (Continued)**

The City's adopted policy is to maintain a fund balance of 15% of expenditures in the General Fund Operations (sub fund of the General Fund, known as Fund 100) with a goal of 20%. The ending fund balance at June 30, 2023, was 17.2% of expenditures which is a decrease of 3% from last year's 20.2%. This decrease is multifaceted with challenges from compounding issues including recovery from the coronavirus pandemic and current market inflation. Over the next several years, the City will be exploring different options to, at minimum, maintain the fund balance at 15% and with a desire to grow it back to 20%.

**Financial Contact**

The City's financial statements are designed to present users, including taxpayers, citizens, customers, investors and creditors with a general overview of the City's finances and overall accountability. If you have questions about the contents of this report or need additional financial information, please contact the City's Finance Director at 150 East Main St., Hillsboro, OR 97123, or navigate to our website at [www.hillsboro-oregon.gov/finance](http://www.hillsboro-oregon.gov/finance).



**BASIC FINANCIAL STATEMENTS**

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**CITY OF HILLSBORO, OREGON**

**STATEMENT OF NET POSITION**

**JUNE 30, 2023**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 40,217,504	\$ 23,787,516	\$ 64,005,020
Collections held by county treasurer	219,012	-	219,012
Investments	230,051,918	201,498,154	431,550,072
Receivables, net	25,141,497	14,433,770	39,575,267
Internal balances	128,817	(128,817)	-
Lease receivable	4,677,069	391,847	5,068,916
Note receivable	638,183	-	638,183
Land held for resale	83,919,228	-	83,919,228
Investment in joint ventures	-	312,213,796	312,213,796
Capital assets not being depreciated	463,839,251	67,185,490	531,024,741
Capital assets, net	343,033,885	256,887,872	599,921,757
Net other post employment benefits (OPEB) asset	1,438,478	295,271	1,733,749
	<u>1,193,304,842</u>	<u>876,564,899</u>	<u>2,069,869,741</u>
<b>TOTAL ASSETS</b>			
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred pension differences	45,220,688	6,889,519	52,110,207
Deferred OPEB differences	2,412,343	495,171	2,907,514
Deferred charges on refunding	859,056	26,516	885,572
	<u>48,492,087</u>	<u>7,411,206</u>	<u>55,903,293</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>			

See notes to basic financial statements.

**CITY OF HILLSBORO, OREGON**

**STATEMENT OF NET POSITION - Continued**

**JUNE 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES:</b>			
Accounts and claims payable	\$ 9,883,080	\$ 30,952,067	\$ 40,835,147
Accrued payroll payable	1,936,000	297,000	2,233,000
Deposits payable	13,444	99,362	112,806
Unearned revenue	6,115,262	-	6,115,262
Accrued interest payable	393,027	1,138,021	1,531,048
Worker's compensation claims payable	1,348,000	-	1,348,000
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	3,329,048	555,113	3,884,161
Bonds payable, net	4,906,872	1,095,700	6,002,572
Notes payable	2,508,000	-	2,508,000
Lease and SBITA payable	751,350	-	751,350
Portion due or payable after one year:			
Net pension liability	86,632,002	13,198,669	99,830,671
Compensated absences	3,704,000	729,000	4,433,000
Total OPEB Liability	9,973,219	2,047,162	12,020,381
Bonds payable, net	79,606,605	205,148,785	284,755,390
Notes payable	39,693,000	-	39,693,000
Lease and SBITA payable	1,050,238	-	1,050,238
<b>TOTAL LIABILITIES</b>	<b>251,843,147</b>	<b>255,260,879</b>	<b>507,104,026</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred pension differences	24,459,704	3,726,517	28,186,221
Deferred OPEB differences	1,094,655	224,696	1,319,351
Deferred lease resources	4,677,069	391,847	5,068,916
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>30,231,428</b>	<b>4,343,060</b>	<b>34,574,488</b>
<b>NET POSITION:</b>			
Net investment in capital assets	733,917,127	272,855,393	1,006,772,520
Restricted for:			
Law enforcement programs	1,113,450	-	1,113,450
Roads and paths maintenance	59,466,860	-	59,466,860
Building inspection	60,169,883	-	60,169,883
System development	21,909,295	21,685,257	43,594,552
Urban renewal	32,605,431	-	32,605,431
Parks mitigation	177,214	-	177,214
Parks and recreation services	727,309	-	727,309
OPEB Asset	1,438,478	295,271	1,733,749
Unrestricted	48,197,307	329,536,245	377,733,552
<b>TOTAL NET POSITION</b>	<b>\$ 959,722,354</b>	<b>\$ 624,372,166</b>	<b>\$ 1,584,094,520</b>

See notes to basic financial statements.

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**CITY OF HILLSBORO, OREGON**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2023**

<b><u>FUNCTION / PROGRAM</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>		
		<b><u>Fees, Fines, and Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Capital Grants and Contributions</u></b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
General government	\$ 27,299,450	\$ 24,618,752	\$ 721,767	\$ 11,001,655
Public safety and judicial	78,756,137	2,294,206	354,100	-
Community service	13,497,101	7,603,587	283,013	-
Culture and recreation	37,591,306	15,538,806	83,447	3,601,156
Roads and bridges	46,076,572	34,624,579	10,717,213	23,803,796
Interest on long-term debt and fiscal charges	3,546,815	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>206,767,381</b>	<b>84,679,930</b>	<b>12,159,540</b>	<b>38,406,607</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Water	29,684,594	52,887,454	-	2,366,623
Sewer	7,960,028	11,224,042	-	2,234,153
Surface water management	10,150,185	12,322,382	-	8,339,824
Transit facility management	873,316	303,998	-	-
Broadband	3,748,093	728,057	-	-
Property management	-	26,790	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>52,416,216</b>	<b>77,492,723</b>	<b>-</b>	<b>12,940,600</b>
<b>TOTAL</b>	<b>\$ 259,183,597</b>	<b>\$ 162,172,653</b>	<b>\$ 12,159,540</b>	<b>\$ 51,347,207</b>

**GENERAL REVENUES:**

Property taxes levied for:  
 General purposes  
 Public safety  
 Library (levied by County)  
 Franchise fees  
 Other taxes/payments in lieu of property taxes  
 Earnings (losses) on investments

**TRANSFERS**

**TOTAL GENERAL REVENUES AND TRANSFERS**

**CHANGE IN NET POSITION**

**NET POSITION - beginning as previously reported**

**EFFECT OF CHANGE FOR GASB 96 IMPLEMENTATION**

**NET POSITION - beginning, as restated**

**NET POSITION - ending**

See notes to basic financial statements.

Net Revenue (Expense) and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 9,042,724	\$ -	\$ 9,042,724
(76,107,831)	-	(76,107,831)
(5,610,501)	-	(5,610,501)
(18,367,897)	-	(18,367,897)
23,069,016	-	23,069,016
(3,546,815)	-	(3,546,815)
<u>(71,521,304)</u>	<u>-</u>	<u>(71,521,304)</u>
-	25,569,483	25,569,483
-	5,498,167	5,498,167
-	10,512,021	10,512,021
-	(569,318)	(569,318)
-	(3,020,036)	(3,020,036)
-	26,790	26,790
<u>-</u>	<u>38,017,107</u>	<u>38,017,107</u>
<u>(71,521,304)</u>	<u>38,017,107</u>	<u>(33,504,197)</u>
67,194,878	-	67,194,878
27,612,374	-	27,612,374
5,975,305	-	5,975,305
21,453,975	-	21,453,975
34,760,657	-	34,760,657
5,637,584	2,679,363	8,316,947
(10,316,392)	10,316,392	-
<u>152,318,381</u>	<u>12,995,755</u>	<u>165,314,136</u>
<u>80,797,077</u>	<u>51,012,862</u>	<u>131,809,939</u>
878,430,907	573,359,304	1,451,790,211
<u>494,370</u>	<u>-</u>	<u>494,370</u>
<u>878,925,277</u>	<u>573,359,304</u>	<u>1,452,284,581</u>
<u>\$ 959,722,354</u>	<u>\$ 624,372,166</u>	<u>\$ 1,584,094,520</u>

**CITY OF HILLSBORO, OREGON**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

**JUNE 30, 2023**

	Special Revenue Funds			Capital Projects Fund
	General Fund	Transportation Fund	Building Fund	HEDC * North Hillsboro Industrial Fund
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 5,025,557	\$ 7,292,575	\$ 4,719,010	\$ 6,150,561
Collections held by county treasurer	193,236	-	-	-
Investments	42,454,546	61,751,037	39,975,414	-
Receivables, net	7,495,555	3,585,058	108,633	14,427
Lease receivable	228,247	-	-	-
Interfund receivable	148,817	-	16,712,844	-
Land held for resale	-	-	-	58,791,730
<b>TOTAL ASSETS</b>	<b>\$ 55,545,958</b>	<b>\$ 72,628,670</b>	<b>\$ 61,515,901</b>	<b>\$ 64,956,718</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,570,649	\$ 2,639,773	\$ 1,265,018	\$ 17,056
Accrued payroll payable	1,376,000	83,000	81,000	-
Deposits payable	-	4,957	-	-
Interfund payable	-	-	-	-
Unearned revenue	1,034,757	5,080,505	-	-
<b>TOTAL LIABILITIES</b>	<b>3,981,406</b>	<b>7,808,235</b>	<b>1,346,018</b>	<b>17,056</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue, SDCs	-	602,154	-	-
Unavailable revenue, property taxes	1,008,933	-	-	-
Unavailable revenue, municipal court fines and fees	973,000	-	-	-
Unavailable revenue, leases	228,247	-	-	-
Unavailable revenue, assessments	-	-	-	-
Unavailable revenue, other	248,210	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,458,390</b>	<b>602,154</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>				
Restricted	255,994	58,201,738	60,169,883	64,939,662
Committed	-	7,265,425	-	-
Assigned	19,045,338	-	-	-
Unassigned	29,804,830	(1,248,882)	-	-
<b>TOTAL FUND BALANCES</b>	<b>49,106,162</b>	<b>64,218,281</b>	<b>60,169,883</b>	<b>64,939,662</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 55,545,958</b>	<b>\$ 72,628,670</b>	<b>\$ 61,515,901</b>	<b>\$ 64,956,718</b>

\* HEDC - Hillsboro Economic Development Council

\*\* LID - Local Improvement District

See notes to basic financial statements.



Debt Service Fund <u>South Hillsboro LID Fund **</u>	Non-Major Funds	Total
\$ 110,635	\$ 10,880,616	\$ 34,178,954
-	25,776	219,012
937,204	33,780,282	178,898,483
12,717,283	914,577	24,835,533
-	-	228,247
-	-	16,861,661
-	1,105,911	59,897,641
<u>\$ 13,765,122</u>	<u>\$ 46,707,162</u>	<u>\$ 315,119,531</u>
\$ -	\$ 1,722,013	\$ 7,214,509
-	5,000	1,545,000
-	8,487	13,444
-	3,922,844	3,922,844
-	-	6,115,262
-	5,658,344	18,811,059
-	80,464	682,618
-	119,875	1,128,808
-	-	973,000
-	-	228,247
12,714,737	-	12,714,737
-	-	248,210
<u>12,714,737</u>	<u>200,339</u>	<u>15,975,620</u>
1,050,385	31,639,243	216,256,905
-	-	7,265,425
-	9,209,236	28,254,574
-	-	28,555,948
<u>1,050,385</u>	<u>40,848,479</u>	<u>280,332,852</u>
<u>\$ 13,765,122</u>	<u>\$ 46,707,162</u>	<u>\$ 315,119,531</u>

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CITY OF HILLSBORO, OREGON

**RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION**

JUNE 30, 2023

<b>TOTAL FUND BALANCE</b>	\$ 280,332,852
Total net position in the Statement of Net Position is different because:	
Capital assets are not financial resources and therefore are not reported in the governmental funds.	644,860,812
A portion of the City's property taxes are collected after year-end, but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.	1,128,808
A portion of the City's system development charges and other charges are collected after year-end, but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.	1,903,828
Unavailable assessment revenue are not available for the current year's operations, and therefore are not reported as revenues in the governmental funds.	12,714,737
Long-term assets, including notes receivable, are not due and receivable in the current period and, therefore, are not reported in the funds.	638,183
Lease assets are not financial resources and therefore are not reported in the governmental funds.	115,451
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.	(5,626,069)
The following items related to the other post employment benefit (OPEB) activity do not provide (use) current resources and, therefore, are not reported in the funds.	
Net OPEB asset	1,122,758
Net OPEB liability	(7,784,268)
Deferred outflows - OPEB related	1,882,874
Deferred inflows - OPEB related	(854,396)
Long-term debt is not recorded in the governmental funds, but rather is recognized as a liability in the Statement of Net Position.	(54,701,000)
Lease financings are not recorded in the governmental funds, but rather are recognized as a liability in the Statement of Net Position.	(123,348)
Accrued interest payable as of the end of the fiscal year is not payable in the current period, and therefore, are not reported in the funds	(229,312)
The following items related to the net pension activity do not provide (use) current resources and, therefore, are not reported in the funds.	
Net pension liability	(72,428,553)
Deferred outflows - pension related	37,806,688
Deferred inflows - pension related	(20,449,497)
Internal service funds are used by management to charge the costs of insurance, risk management, facilities management, dispatch and other services to individual funds. Their assets, liabilities and net position are included in the Statement of Net Position.	<u>139,411,806</u>
<b>TOTAL NET POSITION</b>	<u>\$ 959,722,354</u>

See notes to basic financial statements.

**CITY OF HILLSBORO, OREGON**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2023**

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>
	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Building Fund</u>	<u>HEDC * North Hillsboro Industrial Fund</u>
<b>REVENUES:</b>				
Property and other taxes	\$ 95,144,209	\$ -	\$ -	\$ -
Intergovernmental	1,865,196	10,717,213	-	-
Franchise fees	21,453,975	-	-	-
Licenses and permits	1,301,471	710,476	15,611,254	-
Fines, forfeitures, and penalties	524,894	-	-	-
Charges for services	4,939,502	13,701,736	-	-
Gain share contributions	-	-	-	-
Development charges	-	-	-	1,640,257
Interest and investments	1,091,712	1,292,439	766,031	59,434
Miscellaneous	6,652,085	1,521,685	-	-
Grants, donations and other	1,167,857	674,926	-	-
<b>TOTAL REVENUES</b>	<u>134,140,901</u>	<u>28,618,475</u>	<u>16,377,285</u>	<u>1,699,691</u>
<b>EXPENDITURES:</b>				
Current:				
General government	12,504,557	-	8,286,496	335,478
Public safety and judicial	76,609,998	-	-	-
Community service	11,843,209	-	-	-
Culture and recreation	31,067,170	-	-	-
Roads and bridges	303,013	14,920,954	-	-
Debt service	30,000	-	-	-
Capital outlay:				
General government	526,139	-	-	421,860
Roads and bridges	-	7,012,894	-	-
<b>TOTAL EXPENDITURES</b>	<u>132,884,086</u>	<u>21,933,848</u>	<u>8,286,496</u>	<u>757,338</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,256,815</u>	<u>6,684,627</u>	<u>8,090,789</u>	<u>942,353</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	17,324	86,310	-	-
Transfers in	2,595,000	2,800,000	-	3,000,000
Transfers out	(2,858,391)	(1,711,211)	(1,930,000)	-
Bond proceeds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(246,067)</u>	<u>1,175,099</u>	<u>(1,930,000)</u>	<u>3,000,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,010,748	7,859,726	6,160,789	3,942,353
<b>FUND BALANCE - beginning</b>	<u>48,095,414</u>	<u>56,358,555</u>	<u>54,009,094</u>	<u>60,997,309</u>
<b>FUND BALANCE - ending</b>	<u>\$ 49,106,162</u>	<u>\$ 64,218,281</u>	<u>\$ 60,169,883</u>	<u>\$ 64,939,662</u>

\* HEDC - Hillsboro Economic Development Council

\*\* LID - Local Improvement District

See notes to basic financial statements.

Debt Service Fund		
South Hillsboro LID Fund **	Non-Major Funds	Total
\$ -	\$ 12,064,257	\$ 107,208,466
-	-	12,582,409
-	-	21,453,975
-	-	17,623,201
-	-	524,894
-	11,293,800	29,935,038
-	6,373,594	6,373,594
	-	1,640,257
308,624	1,084,358	4,602,598
5,841,618	23,650	14,039,038
-	4,084,555	5,927,338
<u>6,150,242</u>	<u>34,924,214</u>	<u>221,910,808</u>
8,544	1,778,866	22,913,941
-	29,753	76,639,751
-	884,734	12,727,943
-	-	31,067,170
24,991,848	-	40,215,815
-	3,521,930	3,551,930
	12,466,223	13,414,222
-	-	7,012,894
<u>25,000,392</u>	<u>18,681,506</u>	<u>207,543,666</u>
<u>(18,850,150)</u>	<u>16,242,708</u>	<u>14,367,142</u>
-	-	103,634
-	20,126,000	28,521,000
-	(30,902,015)	(37,401,617)
<u>12,500,000</u>	<u>-</u>	<u>12,500,000</u>
<u>12,500,000</u>	<u>(10,776,015)</u>	<u>3,723,017</u>
(6,350,150)	5,466,693	18,090,159
<u>7,400,535</u>	<u>35,381,786</u>	<u>262,242,693</u>
<u>\$ 1,050,385</u>	<u>\$ 40,848,479</u>	<u>\$ 280,332,852</u>

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CITY OF HILLSBORO, OREGON

**RECONCILIATION OF STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL  
FUNDS TO STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2023

**NET CHANGE IN FUND BALANCES** \$ 18,090,159

Governmental funds report capital outlay 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.

Capital asset additions - purchased	\$ 18,939,555	
Capital asset additions - contributed/dedicated	33,579,026	
Capital asset disposition	(711,149)	
Depreciation	<u>(7,296,213)</u>	44,511,219

Governmental funds report lease financing as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as amortization expense. This is the amount by which amortization exceeded lease financing.

Amortization		(26,652)
--------------	--	----------

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.

153,501

South Hillsboro Local Improvement District assessments that do not meet the measurable and available criteria are not recognized as revenues in the governmental funds, but in the Statement of Activities, they are recognized upon being assessed.

12,714,737

System development charges and other amounts that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities these are recognized as revenue when assessed.

327,269

Principal payments on long-term receivables that are received in the governmental funds are recognized as revenue when received. In the Statement of Activities, principal payments do not have any effect on net position.

(23,650)

Certain conditions of the long-term note receivable were met that caused the forgiveness of outstanding principal. This is the amount of the current year forgiven interest.

(36,772)

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expense when earned.

(339,584)

Other post employment benefits are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities other post employment benefits are recognized as an expense when earned.

(32,871)

Interest on long term debt is recognized as expense when paid in the current financial resources of governmental funds, but in the economic resources measurement focus, expenses are recorded at the time liabilities are incurred.

(119,214)

See notes to basic financial statements.

CITY OF HILLSBORO, OREGON

**RECONCILIATION OF STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL  
FUNDS TO STATEMENT OF ACTIVITIES - Continued**

**YEAR ENDED JUNE 30, 2023**

The issuance of long-term debt (e.g. notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Notes payable principal repayment	\$ 2,040,000	
Issuance of bond payable	(12,500,000)	
Lease financing principal repayment	<u>26,691</u>	(10,433,309)

Internal service funds are used by management to charge the costs of insurance, risk management, facilities management, dispatch and other services to individual funds. The change in net position of internal service funds is reported as a governmental activity.

15,683,306

Some expenses related to pension expense reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

328,938

**CHANGE IN NET POSITION**

\$ 80,797,077



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**CITY OF HILLSBORO, OREGON**

**PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION**

**JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds			
	Utilities Commission Fund	Sewer Fund	Surface Water Management Fund	Non-major Funds
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 17,318,838	\$ 4,494,543	\$ 1,590,765	\$ 383,370
Investments	146,706,979	38,070,533	13,473,907	3,246,735
Accounts receivable	7,863,987	4,800,138	1,484,190	285,455
Lease receivable, current portion	-	-	-	47,285
Land held for resale	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>171,889,804</b>	<b>47,365,214</b>	<b>16,548,862</b>	<b>3,962,845</b>
Noncurrent assets:				
Net OPEB asset	177,640	43,909	58,794	14,928
Investment in joint ventures	312,213,796	-	-	-
Lease receivable	-	-	-	344,562
Capital assets not being depreciated	32,415,953	6,764,430	21,518,863	6,486,244
Capital assets, net	108,956,311	60,911,561	57,044,150	29,975,850
<b>TOTAL NONCURRENT ASSETS</b>	<b>453,763,700</b>	<b>67,719,900</b>	<b>78,621,807</b>	<b>36,821,584</b>
<b>TOTAL ASSETS</b>	<b>625,653,504</b>	<b>115,085,114</b>	<b>95,170,669</b>	<b>40,784,429</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred pension differences	4,215,255	953,583	1,373,209	347,472
Deferred OPEB difference	297,904	73,636	98,597	25,034
Deferred charges on refunding	26,516	-	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>4,539,675</b>	<b>1,027,219</b>	<b>1,471,806</b>	<b>372,506</b>

See notes to basic financial statements.

Total	Governmental Type Activity Internal Service Funds
\$ 23,787,516	\$ 6,038,550
201,498,154	51,153,435
14,433,770	305,964
47,285	152,435
-	24,021,587
239,766,725	81,671,971
295,271	315,720
312,213,796	-
344,562	4,296,387
67,185,490	32,075,748
256,887,872	129,821,125
636,926,991	166,508,980
876,693,716	248,180,951
6,889,519	7,414,000
495,171	529,469
26,516	859,056
7,411,206	8,802,525

**CITY OF HILLSBORO, OREGON**

**PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION - Continued**

**JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds			
	Utilities Commission Fund	Sewer Fund	Surface Water Management Fund	Non-major Funds
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	\$ 19,668,713	\$ 8,098,439	\$ 793,084	\$ 2,391,831
Due to other funds	-	-	-	128,817
Accrued payroll payable	180,000	40,000	60,000	17,000
Compensated absences payable	361,926	77,664	90,783	24,740
Worker's compensation claims payable	-	-	-	-
Interest payable	1,138,021	-	-	-
Deposits payable	42,554	2,059	54,749	-
Bonds payable, current portion, net	1,095,700	-	-	-
Lease and SBITA payable, current portion	-	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>22,486,914</b>	<b>8,218,162</b>	<b>998,616</b>	<b>2,562,388</b>
Long-term liabilities:				
Net pension liability	8,075,419	1,826,837	2,630,739	665,674
Compensated absences payable	465,000	98,000	124,000	42,000
Other post employment benefits payable	1,231,609	304,428	407,628	103,497
Interfund payable	-	-	-	-
Bonds payable, net	205,148,785	-	-	-
Lease and SBITA payable	-	-	-	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>214,920,813</b>	<b>2,229,265</b>	<b>3,162,367</b>	<b>811,171</b>
<b>TOTAL LIABILITIES</b>	<b>237,407,727</b>	<b>10,447,427</b>	<b>4,160,983</b>	<b>3,373,559</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred pension differences, net	2,280,016	515,790	742,764	187,947
Deferred OPEB differences	135,180	33,415	44,741	11,360
Deferred lease resources	-	-	-	391,847
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,415,196</b>	<b>549,205</b>	<b>787,505</b>	<b>591,154</b>
<b>NET POSITION:</b>				
Net investment in capital assets	90,154,295	67,675,991	78,563,013	36,462,094
Restricted for systems development	18,568,934	2,288,817	827,506	-
Restricted for OPEB Asset	177,640	43,909	58,794	14,928
Unrestricted	281,469,387	35,106,984	12,244,674	715,200
<b>TOTAL NET POSITION</b>	<b>\$ 390,370,256</b>	<b>\$ 105,115,701</b>	<b>\$ 91,693,987</b>	<b>\$ 37,192,222</b>

See notes to basic financial statements.

Total	Governmental Type Activity Internal Service Funds
\$ 30,952,067	\$ 2,668,571
128,817	-
297,000	391,000
555,113	631,979
-	1,348,000
1,138,021	163,715
99,362	-
1,095,700	4,906,872
-	724,012
34,266,080	10,834,149
13,198,669	14,203,449
729,000	775,000
2,047,162	2,188,951
-	12,810,000
205,148,785	67,106,605
-	954,228
221,123,616	98,038,233
255,389,696	108,872,382
3,726,517	4,010,207
224,696	240,259
391,847	4,448,822
4,343,060	8,699,288
272,855,393	89,064,212
21,685,257	-
295,271	315,720
329,536,245	50,031,874
\$ 624,372,166	\$ 139,411,806

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**CITY OF HILLSBORO, OREGON**

**PROPRIETARY FUNDS**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION**

**YEAR ENDED JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds					Governmental
	Utilities	Sewer	Surface Water	Non-major	Total	Type
	Commission		Management			Funds
	Fund	Fund	Fund			Internal
						Service
						Funds
<b>OPERATING REVENUES:</b>						
Charges for services, net of allowance for doubtful accounts	\$ 47,146,245	\$ 10,099,527	\$ 11,225,495	\$ 724,081	\$ 69,195,348	\$ 44,745,082
Installation and connection fees	5,390,853	505,983	976,240	-	6,873,076	-
Leasehold revenues	-	-	-	205,545	205,545	-
Other	350,356	598,486	472	129,219	1,078,533	1,880,732
<b>TOTAL OPERATING REVENUES</b>	<b>52,887,454</b>	<b>11,203,996</b>	<b>12,202,207</b>	<b>1,058,845</b>	<b>77,352,502</b>	<b>46,625,814</b>
<b>OPERATING EXPENSES:</b>						
Salaries and fringe benefits	7,841,546	2,756,559	4,054,532	1,251,824	15,904,461	24,552,253
Operating supplies	1,125,796	64,384	79,984	117,323	1,387,487	3,163,660
Repairs and maintenance	164,040	151,072	947,317	680,875	1,943,304	6,011,684
Rental expense	-	-	-	-	-	48,245
Water purchases	5,303,263	-	-	-	5,303,263	-
Utilities	210,109	19,007	28,040	74,870	332,026	2,561,795
Insurance	307,185	90,483	92,257	20,530	510,455	2,393,175
Claims expense	-	-	-	-	-	1,120,190
Franchise fees	1,568,770	1,178,584	477,204	-	3,224,558	-
Fees and assessments	312,029	35,908	35,026	9,759	392,722	533,440
Contractual services	1,132,455	72,805	563,996	655,582	2,424,838	3,644,905
Depreciation and amortization	4,075,491	1,516,489	1,858,200	1,369,087	8,819,267	10,054,082
Support services	3,154,268	2,074,680	2,004,218	349,139	7,582,305	-
Other	56,223	57	9,411	49,168	114,859	721,417
<b>TOTAL OPERATING EXPENSES</b>	<b>25,251,175</b>	<b>7,960,028</b>	<b>10,150,185</b>	<b>4,578,157</b>	<b>47,939,545</b>	<b>54,804,846</b>
<b>OPERATING INCOME (LOSS)</b>	<b>27,636,279</b>	<b>3,243,968</b>	<b>2,052,022</b>	<b>(3,519,312)</b>	<b>29,412,957</b>	<b>(8,179,032)</b>
<b>NONOPERATING INCOME (EXPENSE):</b>						
Interest and investments income (expense)	1,880,953	601,727	218,876	(22,193)	2,679,363	1,135,784
Gain (loss) on disposal of capital assets	(4,035)	20,046	120,175	(43,252)	92,934	232,423
Equity in net loss of joint ventures	(2,092,561)	-	-	-	(2,092,561)	-
Interest expense	(2,336,823)	-	-	-	(2,336,823)	(2,039,247)
Strategic investment program	-	-	-	-	-	25,969,153
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<b>(2,552,466)</b>	<b>621,773</b>	<b>339,051</b>	<b>(65,445)</b>	<b>(1,657,087)</b>	<b>25,298,113</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>25,083,813</b>	<b>3,865,741</b>	<b>2,391,073</b>	<b>(3,584,757)</b>	<b>27,755,870</b>	<b>17,119,081</b>
<b>TRANSFERS IN</b>	-	-	-	11,366,181	11,366,181	6,421,575
<b>TRANSFERS OUT</b>	(506,000)	(109,200)	(434,589)	-	(1,049,789)	(7,857,350)
<b>TRANSFERS, NET</b>	<b>(506,000)</b>	<b>(109,200)</b>	<b>(434,589)</b>	<b>11,366,181</b>	<b>10,316,392</b>	<b>(1,435,775)</b>
<b>CONTRIBUTION OF CAPITAL ASSETS</b>	<b>2,366,623</b>	<b>2,234,153</b>	<b>8,339,824</b>	<b>-</b>	<b>12,940,600</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>26,944,436</b>	<b>5,990,694</b>	<b>10,296,308</b>	<b>7,781,424</b>	<b>51,012,862</b>	<b>15,683,306</b>
<b>NET POSITION - beginning</b>	<b>363,425,820</b>	<b>99,125,007</b>	<b>81,397,679</b>	<b>29,410,798</b>	<b>573,359,304</b>	<b>123,234,130</b>
<b>EFFECT OF CHANGE FROM IMPLEMENTATION OF GASB 96</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>494,370</b>
<b>NET POSITION - beginning</b>	<b>363,425,820</b>	<b>99,125,007</b>	<b>81,397,679</b>	<b>29,410,798</b>	<b>573,359,304</b>	<b>123,728,500</b>
<b>NET POSITION - ending</b>	<b>\$ 390,370,256</b>	<b>\$ 105,115,701</b>	<b>\$ 91,693,987</b>	<b>\$ 37,192,222</b>	<b>\$ 624,372,166</b>	<b>\$ 139,411,806</b>

See notes to basic financial statements.

**CITY OF HILLSBORO, OREGON**

**PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds					Governmental
						Type
	Utilities Commission Fund	Sewer Fund	Surface Water Management Fund	Non-major Funds	Total	Activity
						Internal Service Funds
<b>CASH FLOWS FROM OPERATING</b>						
<b>ACTIVITIES:</b>						
Cash received for services	\$ 51,435,532	\$ 11,481,818	\$ 12,088,008	\$ 892,354	\$ 75,897,712	\$ 47,040,822
Cash paid to suppliers for goods and services	(11,720,865)	(2,685,477)	(3,485,240)	(1,663,770)	(19,555,352)	(19,598,772)
Cash paid to employees for services	(7,832,553)	(2,639,587)	(3,908,350)	(1,097,270)	(15,477,760)	(23,553,254)
Franchise fees	(1,568,770)	(1,178,584)	(477,204)	-	(3,224,558)	-
Collections on behalf of Clean Water Services	-	37,039,853	2,637,706	-	39,677,559	-
Payments to Clean Water Services	-	(33,429,654)	(2,616,543)	-	(36,046,197)	-
<b>NET CASH FROM OPERATING</b>						
<b>ACTIVITIES</b>	<b>30,313,344</b>	<b>8,588,369</b>	<b>4,238,377</b>	<b>(1,868,686)</b>	<b>41,271,404</b>	<b>3,888,796</b>
<b>CASH FLOWS FROM NONCAPITAL</b>						
<b>FINANCING ACTIVITIES:</b>						
Transfers from other funds	-	-	-	11,366,181	11,366,181	6,421,575
Transfers to other funds	(506,000)	(109,200)	(434,589)	-	(1,049,789)	(7,857,350)
<b>NET CASH FROM NONCAPITAL</b>						
<b>FINANCING ACTIVITIES</b>	<b>(506,000)</b>	<b>(109,200)</b>	<b>(434,589)</b>	<b>11,366,181</b>	<b>10,316,392</b>	<b>(1,435,775)</b>
<b>CASH FLOWS FROM CAPITAL AND</b>						
<b>RELATED FINANCING ACTIVITIES:</b>						
Acquisition of capital assets, net of related accounts payable	(2,483,142)	(1,002,749)	(1,264,239)	(7,709,908)	(12,460,038)	(12,189,777)
Proceeds from sale of capital assets	18,082	25,650	120,175	-	163,907	247,293
Proceeds from issuance of bonds	110,000,000	-	-	-	110,000,000	-
Principal payments on bonds	(955,000)	-	-	-	(955,000)	(4,425,000)
Principal payment on leases and SBITA	-	-	-	-	-	(319,922)
Interest payments on bonds and leases and SBITA	(1,683,118)	-	-	-	(1,683,118)	(2,254,435)
Strategic investment program receipts	-	-	-	-	-	25,969,153
<b>NET CASH FROM CAPITAL AND</b>						
<b>RELATED FINANCING</b>	<b>104,896,822</b>	<b>(977,099)</b>	<b>(1,144,064)</b>	<b>(7,709,908)</b>	<b>95,065,751</b>	<b>7,027,312</b>
<b>ACTIVITIES</b>						
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Acquisition of land held for resale	-	-	-	-	-	7,024
Interest and investment earnings	1,880,953	601,727	218,876	(27,563)	2,673,993	1,097,133
Contributions to joint ventures, net of related accounts payable	(94,526,034)	-	-	-	(94,526,034)	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(92,645,081)</b>	<b>601,727</b>	<b>218,876</b>	<b>(27,563)</b>	<b>(91,852,041)</b>	<b>1,104,157</b>
<b>NET CHANGE IN CASH, CASH</b>						
<b>EQUIVALENTS AND</b>						
<b>INVESTMENTS</b>	<b>42,059,085</b>	<b>8,103,797</b>	<b>2,878,600</b>	<b>1,760,024</b>	<b>54,801,506</b>	<b>10,584,490</b>
<b>CASH, CASH EQUIVALENTS</b>						
<b>AND INVESTMENTS - beginning</b>	<b>121,966,732</b>	<b>34,461,279</b>	<b>12,186,072</b>	<b>1,870,081</b>	<b>170,484,164</b>	<b>46,607,495</b>
<b>CASH, CASH EQUIVALENTS</b>						
<b>AND INVESTMENTS - ending</b>	<b>\$ 164,025,817</b>	<b>\$ 42,565,076</b>	<b>\$ 15,064,672</b>	<b>\$ 3,630,105</b>	<b>\$ 225,285,670</b>	<b>\$ 57,191,985</b>

See notes to basic financial statements.



**CITY OF HILLSBORO, OREGON**

**PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS (Continued)**

**YEAR ENDED JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds					Governmental
	Utilities Commission Fund	Sewer Fund	Surface Water Management Fund	Non-major Funds	Total	Type Activity Internal Service Funds
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>						
Cash and cash equivalents	\$ 17,318,838	\$ 4,494,543	\$ 1,590,765	\$ 383,370	\$ 23,787,516	\$ 6,038,550
Investments	146,706,979	38,070,533	13,473,907	3,246,735	201,498,154	51,153,435
	<u>\$ 164,025,817</u>	<u>\$ 42,565,076</u>	<u>\$ 15,064,672</u>	<u>\$ 3,630,105</u>	<u>\$ 225,285,670</u>	<u>\$ 57,191,985</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 27,636,279	\$ 3,243,968	\$ 2,052,022	\$ (3,519,312)	\$ 29,412,957	\$ (8,179,032)
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	4,075,491	1,516,489	1,858,200	1,369,087	8,819,267	10,054,082
Collections received for Clean Water Services	-	37,039,853	2,637,706	-	39,677,559	-
Remittances of collections to Clean Water Services	-	(33,429,654)	(2,616,543)	-	(36,046,197)	-
Change in assets and liabilities:						
Receivables	(1,335,169)	308,071	24,886	(166,491)	(1,168,703)	421,040
Due to other funds	-	-	-	121,326	121,326	-
Accounts payable, net of capital and investing related accounts payable	44,503	(177,081)	275,009	172,150	314,581	350,739
Unearned revenue	-	-	-	-	-	(6,032)
Deposits payable	(116,753)	(30,249)	(139,085)	-	(286,087)	-
Accrued payroll payable	(28,000)	(7,000)	(7,000)	-	(42,000)	(5,000)
Pension system	(197,721)	92,799	99,145	115,379	109,602	612,095
Worker's compensation claims payable	-	-	-	-	-	249,000
Compensated absences payable	167,187	31,816	52,502	26,605	278,110	231,475
Other post employment benefits system	67,527	(643)	1,535	12,570	80,989	160,429
Total adjustments	<u>2,677,065</u>	<u>5,344,401</u>	<u>2,186,355</u>	<u>1,650,626</u>	<u>11,858,447</u>	<u>12,067,828</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 30,313,344</u>	<u>\$ 8,588,369</u>	<u>\$ 4,238,377</u>	<u>\$ (1,868,686)</u>	<u>\$ 41,271,404</u>	<u>\$ 3,888,796</u>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Contribution of capital assets	\$ 2,366,623	\$ 2,234,153	\$ 8,339,824	\$ -	\$ 12,940,600	\$ -
Gain (loss) on disposal of capital assets	(4,035)	20,046	120,175	(43,252)	92,934	232,423
Equity in net loss of joint ventures	(2,092,561)	-	-	-	(2,092,561)	-
Acquisition of lease asset	-	-	-	-	-	1,411,824
Acquisition of lease financing	-	-	-	-	-	(1,411,824)

See notes to basic financial statements.

CITY OF HILLSBORO, OREGON

FIDUCIARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>Private Purpose Trust Fund</u>	<u>Custodial Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,958	\$ 986,216
Accounts receivable	-	110,766
Interest receivable	24	2,329
	<u>9,982</u>	<u>1,099,311</u>
<b>TOTAL ASSETS</b>		
	<u>9,982</u>	<u>1,099,311</u>
<b>NET POSITION</b>		
Restricted for:		
Organizations	<u>9,982</u>	<u>1,099,311</u>
	<u>\$ 9,982</u>	<u>\$ 1,099,311</u>

See notes to basic financial statements.

CITY OF HILLSBORO, OREGON

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	<u>Private Purpose Trust Fund</u>	<u>Custodial Funds</u>
<b>ADDITIONS:</b>		
Contributions:		
Other governments and organizations	\$ -	\$ 696,006
Total contributions	-	696,006
<b>Investment earnings:</b>		
Interest	170	13,852
Total additions	170	709,858
<b>DEDUCTIONS:</b>		
Recipient payments	-	338,564
Total deductions	-	338,564
<b>Net increase (decrease) in fiduciary net position</b>	170	371,294
<b>NET POSITION - beginning</b>	9,812	728,017
<b>NET POSITION - ending</b>	<u>\$ 9,982</u>	<u>\$ 1,099,311</u>

See notes to basic financial statements.

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**NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The City of Hillsboro, Oregon (the City) operates under an amended charter adopted by the voters in 1976. The Board of Councilors, composed of the Mayor and six council members, comprises the legislative branch of the government. Individual departments are under the direction of the City Manager who is appointed by the Councilors.

The City provides a full range of municipal services to the community, which include police and fire protection, traffic control and improvement, street maintenance and improvement, water, sewer and surface water management services, broadband internet and commercial phone services, planning and zoning regulation, building inspection and regulation, parks and recreation services, and community library services.

As required by accounting principles generally accepted in the United States of America (GAAP), these basic financial statements present the City and Hillsboro Economic Development Council (HEDC), a blended component unit, an entity for which the City is considered to be financially accountable.

HEDC was organized to assist in the redevelopment of targeted areas of the City through tax increment financing. The Board of Councilors is the Board of Directors of HEDC. HEDC's Chair is elected by its Board. Complete financial statements for HEDC may be obtained at the City's administrative offices, City Hall, 150 East Main Street, Hillsboro, Oregon 97123.

**Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the City and its blended component unit. These statements include the financial activities of the overall City, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities; however, in the government-wide Statement of Activities, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities are financed through charges for services, property taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each activity of its governmental and business programs, including its blended component unit. Direct expenses are those that are specifically associated with an activity and, therefore, are clearly identifiable to that activity. Indirect expense allocations are included as part of program expenses in the Statement of Activities. Program revenues include fees, fines, and charges paid by the recipients of goods or services and grants and contributions that are restricted to meeting operational or capital requirements. Revenues that are not classified as program revenues, including property taxes and interest earnings, are presented as general revenues. Generally, the effect of interfund activity such as transfers is eliminated. Net position is reported as restricted when constraints placed on its use are either externally restricted, imposed by creditors, grantors, contributors or laws, or through constitutional provisions or enabling resolutions.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

**Fund Financial Statements**

The fund financial statements provide information about the City's funds. Separate statements for each fund category - governmental and proprietary are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The City reports the following major funds:

**Governmental**

General Fund - This is the City's primary operating fund. It accounts for all revenues and expenditures, except those required to be accounted for in another fund.

Transportation Fund - This special revenue fund accounts for the expenditures of gasoline tax revenue received under the provisions of Article IX, Section 3 of the Constitution of the State of Oregon, transportation development tax, vehicle registration fees, and system development charges. These resources are restricted for use in the construction and maintenance of the City's streets, roads and related infrastructure.

Building Fund - This special revenue fund accounts for revenues and expenditures related to providing building permit and inspection services.

Hillsboro Economic Development Council North Hillsboro Industrial Fund - This capital projects fund accounts for the purchase and sale of land, and the construction of infrastructure and other assets in the north industrial area of the City. The major financing sources are transfers from the Tax Increment Fund, development fees, intergovernmental and interest earnings.

South Hillsboro Local Improvement District Fund - This debt service fund accounts for the revenues collected, including Local Improvement District bonds issued, and the contractual requirements of the South Hillsboro Local Improvement District.

**Proprietary (Enterprise)**

Utilities Commission Fund - This fund accounts for the operation and maintenance of water service and distribution facilities.

Sewer Fund - This fund accounts for the operation and maintenance of the sewer service and collection system.

Surface Water Management Fund - This fund accounts for the operation and maintenance of the surface water system.

**Nonmajor**

The City also reports the following nonmajor fund types:

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

**Fund Financial Statements (Continued)**

Special Revenue Funds - These funds account for revenues and expenditures related to those required to be accounted for in another fund including police forfeiture funds, cadet funds, parks mitigation funds, parks SDC fund, parks supplemental SDC fund and Community Development Block Grant fund.

Debt Service Funds - These funds account for the accumulation of resources for the payment of tax increment bond principal and interest.

Capital Projects Funds – These funds account for the acquisition and construction of capital facilities other than those financed by Proprietary Funds.

Enterprise Funds – These funds account for revenues and operating costs for off-street parking facilities and other properties, for revenues and expenses related to the maintenance of the intermodal transit facility, and for revenues and expenses related to the maintenance and operation of the City’s broadband internet and commercial phone services.

Internal Service Funds – These funds account for fleet maintenance and motor vehicle use of the City, workers' compensation, maintenance and improvement of City facilities, and certain administrative services provided to various City departments.

Fiduciary Funds – One fund is a private purpose trust fund and is used to account for endowments and related interest income. The income of the trust is used to maintain the Pioneer Cemetery. The other funds are custodial funds, used to account for assets held by the City as an agent for the following: the Broadband User Group and the Portland Users Group.

**Measurement Focus and Basis of Accounting**

Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City receives value without giving equal value in exchange, include property taxes, grants, entitlements and contributions. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under terms of grant agreements, the City funds certain programs with a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City’s policy to first apply cost-reimbursement grant resources to such programs and then general revenues.



**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, long-term leases and claims and judgments, which are recognized as expenditures to the extent they have matured, compensated absences and other postemployment benefits. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general-long term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary fund types 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 the funds' ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the costs of sales and services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds use the accrual accounting method and the economic resource measurement focus for the Private Purpose Trust fund and custodial funds.

**Use of Estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

**Cash, Cash Equivalents, and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments consist of the Oregon State Treasurer's Local Government Investment Pool (LGIP), U.S. Government obligations and corporate bonds. Investments in the LGIP are stated at cost, which approximates fair value and its share value. All other investments are stated at fair value. The individual funds' and blended component unit's portion of the pool's fair value are presented as "Cash and Cash Equivalents" in the basic financial statements.

The LGIP is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board which is not registered with the U.S. Securities and Exchange Commission as an investment company. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash, Cash Equivalents, and Investments (Continued)**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model derived valuations in which all significant inputs are observable. Level 3 inputs are significant unobservable inputs.

**Receivables**

Real and personal property taxes are levied and assessed and become a lien against the property as of July 1 each year. Property taxes are payable in three installments, following the lien date, on November 15, February 15 and May 15. Discounts are allowed if the amount is paid by November 15 or February 15. Taxes unpaid and outstanding on May 15 are considered delinquent.

All accounts, property taxes, assessments, grants and contracts receivable are shown net of an allowance for uncollectible accounts.

**Lease Receivables**

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the City, reduced by principal payments received.

**Investments in Joint Ventures**

Investments in joint ventures with other governments are reported at cost plus or minus the City's share of operating income or loss (equity method).

**Land Held for Resale**

Land is acquired by the City for subsequent resale for redevelopment purposes. Land held for resale is reported as an asset at the lower of cost or estimated realizable value.

**Capital Assets**

Purchased or constructed capital assets are recorded at actual or estimated historical cost with subsequent additions at cost. Contributed capital assets are recorded at their estimated acquisition value at the time of contribution. Infrastructure (bridges, roads, and drainage systems) acquired during the year have been recorded at cost or estimated acquisition value if contributed by developers. The City defines capital assets as assets with an initial cost of more than \$15,000 and an estimated life of more than one year. Land, rights of way, and easements with an initial cost of less than \$15,000 are also included as capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets (Continued)**

Easements are recorded as capital assets at either the purchase price of the easement or by multiplying a set value by the area of the easement (square footage), if the easement was donated. Water rights are recorded at estimated market value determined by a third-party consultant upon acquisition. Water rights were converted from a cubic feet per second to acre feet per day and then multiplied by a per acre foot value. The consultants did an analysis of market values for water rights in northwest Oregon.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and structures	10 to 33
Machinery, equipment, and transmission	4 to 33
Treatment facilities	75
Dams and reservoirs	50
Infrastructure	20 to 50
Temporary easements	15

Lease assets and Subscription-based Information Technology Arrangements (SBITA) are assets and right-to-use intangibles which the City leases for a term of more than one year, and with a net present value of at least \$100,000 at the beginning of the agreement term. The value of these agreements is determined by the net present value at the City's incremental borrowing rate at the time of the agreement, amortized using the straight-line method over the term of the agreement.

**Net Other Post Employment Benefits and Obligations**

Net other post employment benefits and obligations are calculated as a long-term asset or long-term liability in the government-wide financial statements and in the proprietary fund statements, the amount of which is actuarially determined.

**Deferred Outflows/Inflows of Resources**

The Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Included in this category, the City has the deferred charge on refunding of debt reported in the government-wide Statement of Net Position and deferred outflows related to pensions and other post employment benefits (further discussion follows). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represent an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. Included in this category, the City has deferred pension and OPEB differences, and deferred lease resources.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows/Inflows of Resources (Continued)**

For the purpose 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's fiduciary net position have been determined on the same basis as they are reported by OPERS.

**Pension Plan**

Substantially all of the City's employees are participants in the OPERS, a statewide cost-sharing multi-employer defined benefit pension plan. Contributions to OPERS are made on a current basis as required by the plan.

The City reports its proportionate share of the Net Pension Liability of the Oregon Public Employees Retirement System (OPERS). For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense, information about the fiduciary net position of OPERS and the additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. Investments are reported at fair value by OPERS.

**Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The City has estimated a long term portion of this liability based on the current year's usage. There is no liability reported for unpaid accumulated sick leave since the City by policy does not pay out sick leave banks when employees separate from service with the City. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Long-term Debt**

In the government-wide financial statements, long-term debt is reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. In the governmental fund financial statements bond premiums and discounts are recognized when incurred and not deferred. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether netted against proceeds or paid directly, are recorded as debt service expenditures.

**Leases and SBITA Payable**

In the government-wide financial statements, leases and SBITA payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease and SBITA payments are reported as other financing sources.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Equity**

Fund balance is presented in five categories. The fund balance categories are:

- Non-spendable – Includes items not in spendable form, such as prepaid items and inventory, and items legally or contractually required to be maintained intact, such as endowments.
- Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- Committed – Includes items committed by the Council’s Board of Councilors by formal resolution, which is the highest level of action taken by Council.
- Assigned – Includes items assigned by specific uses. The Council, by formal resolution, has authorized the City of Hillsboro’s City Manager and/or Finance Director to make assignments at their discretion.
- Unassigned – This is the residual classification within the General Fund used for those balances not assigned to another category. Deficit balances in other governmental funds are also reported as unassigned.

The City itself can establish limitations requiring the use of resources for specific purposes. The City can establish limitations on the use of resources through either a commitment or an assignment. Council, which is the highest level of decision-making authority, approved action to authorize, modify or rescind commitments of fund balance through formal resolution. Council has authorized the City of Hillsboro City Manager and/or Finance Director to make assignments of ending fund balance (which can be made at any time, including after the fiscal year end date).

The order of spending fund balance has been approved by Council for use in the following order:

1. Restricted Fund Balance
2. Committed Fund Balance
3. Assigned Fund Balance
4. Unassigned Fund Balance

**New Accounting Pronouncements and Accounting Standards**

During the fiscal year ended June 30, 2023, the City implemented the following new GASB pronouncements:

**GASB Statement No. 91, Conduit Debt Obligations**

This statement provides a single method of reporting conduit debt obligations by issues and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The impact of the statement does not have an impact on the presentation of the current obligations of the City.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Accounting Pronouncements and Accounting Standards (Continued)**

**GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements**

This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs.). The impact of adopting this statement does not change the presentation of any of the City's existing arrangements.

**GASB Statement No. 96, Subscription-Based Information Technology Arrangements**

This statement provides guidance on the accounting and financial reporting for SBITAs with definition, financial reporting and disclosure requirements. The impact of adopting this statement is described in the Restatement section immediately following this section, with ongoing accounting and financial reporting of these arrangements.

**GASB Statement No. 99, Omnibus 2022**

This statement improves the consistency of authoritative literature by addressing practice issues of certain GASB Statements and accounting and financial reporting for financial guarantees. Changes, as necessary, have been made.

**Restatement**

In implementing GASB Statement No. 96, the City has restated beginning net position in order to recognize the cumulative effect of this Statement. Net position is restated as follows:

	Governmental Activities
Net position - beginning (as previously reported)	\$ 878,430,907
Cumulative effect of applying GASB 96	<u>494,370</u>
Net position - beginning (as restated)	<u>\$ 878,925,277</u>

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The City maintains a common cash and investment pool for all city funds. The types of investments in which the City may invest are restricted by State of Oregon statutes and a Council adopted investment policy. Authorized investments include U.S. Treasury obligations including treasury notes, bonds and strips; Federal instrumentality securities from specific Federal Agencies; commercial paper rated at least A-1 or an equivalent rating; domestic and foreign corporate bonds rated at least Aa or an equivalent rating; bankers acceptances rated at least Aa or an equivalent rating; the Oregon State Treasurer's Local Government Investment Pool (an unrated pool) limited by state statute; certificates of deposits; repurchase agreements and obligations of the states of Oregon, California, Idaho and Washington rated AA or better.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

At June 30, 2023, the City's cash, cash equivalents and investments were comprised of the following including the maturity by investment type:

	Fair Value Measurement				Weighted Average Maturity (Years)
	N/A	Level 1	Level 2	Total	
Cash on hand	\$ 17,993	\$ -	\$ -	\$ 17,993	-
Deposits with financial institutions	4,581,025	-	-	4,581,025	-
Investments:					
Oregon State Treasurer's Local Government Investment Pool	40,484,583	-	-	40,484,576	-
Short term U.S. and U.S. agency bonds	-	19,917,600		19,917,600	-
U.S. and U.S. agency obligations	-	147,538,501	206,363,747	353,902,255	1.41
Municipal Issues	-	-	736,155	736,155	0.38
Corporate Bonds	-	-	38,453,950	38,453,950	2.43
Foreign Issues	-	-	38,457,712	38,457,712	2.43
<b>Total pooled cash and investments</b>	<b>\$ 45,083,601</b>	<b>\$ 167,456,101</b>	<b>\$ 284,011,564</b>	<b>\$ 496,551,266</b>	<b>1.43</b>

Cash, cash equivalents and investments are reflected on the basic financial statements as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Fiduciary Activities</b>	<b>Total</b>
Cash and cash equivalents	\$ 40,217,504	\$ 23,787,516	\$ 996,174	\$ 65,001,194
Investments	230,051,918	201,498,154	-	431,550,072
<b>Totals</b>	<b>\$ 270,269,422</b>	<b>\$ 225,285,670</b>	<b>\$ 996,174</b>	<b>\$ 496,551,266</b>

**Deposits with financial Institutions**

The City's deposits with financial institutions are insured up to levels defined by Federal laws by the Federal Depository Insurance Corporation (FDIC). To provide additional security required and authorized by Oregon Revised Statutes (ORS), Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon. As of June 30, 2023, bank balances of \$8,756,727 were fully covered by the FDIC or the State of Oregon collateral pool.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Interest Rate Risk**

As a means to limit exposure to fair value loss arising from changes in interest rates and to allow investment maturities to coincide with projected cash needs, the City's investment policy does not allow investment maturities greater than five years. Investment maturity guidelines and actual maturities for the City's investments are as follows:

<u>Maturity</u>	<u>Maturity Guidelines</u>	<u>Actual at June 30, 2023</u>
Less than 30 days	10 %	18 %
Less than 1 year	25	54
Less than 5.25 years	100	100

Fifty percent of the Oregon Local Government Investment Pool (LGIP) must mature within 93 days. Up to twenty-five percent of the LGIP portfolio may mature in over one year and no investment may mature in over three years.

**Credit Risk**

The City's investment policy limits ownership in commercial paper and corporate indebtedness to 20% of the portfolio at any one time. The City's policy allows 100% US Treasury or Agency securities. The policy limits ownership in commercial paper and corporate indebtedness to those rated at AA- or higher by Standards & Poor's.

The Oregon State Treasurer's Local Government Investment Pool, and Short Term U.S. and U.S. Agency Bonds are unrated. Other investments held at June 30, 2023, are categorized as follows:

<u>Rating by Standard &amp; Poor's</u>	<u>U.S. and U.S. Agency Obligations</u>	<u>Municipal Issues</u>	<u>Corporate Bonds</u>	<u>Foreign Issues</u>	<u>Total</u>
AAA	\$ -	\$ 736,155	\$ -	\$ 9,812,275	\$ 10,548,430
AA+	138,555,950	-	9,426,100	4,824,200	152,806,250
AA-	-	-	9,929,500	-	9,929,500
A	-	-	-	23,821,237	23,821,237
A-	-	-	19,098,350	-	19,098,350
Unrated (Moody's Aaa Rating)	138,546,301	-	-	-	138,546,301
Unrated	76,799,997	-	-	-	76,799,997
<b>Total</b>	<b>\$ 353,902,248</b>	<b>\$ 736,155</b>	<b>\$ 38,453,950</b>	<b>\$ 38,457,712</b>	<b>\$ 431,550,065</b>

**Custodial Credit Risk**

At June 30, 2023, the City had no investments exposed to custodial credit risk.



**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**3. ACCOUNTS RECEIVABLE**

As of June 30, 2023, accounts receivable consisted of, and are reflected in the basic financial statements as follows:

Property and other taxes	\$ 2,175,806		
Accounts, contracts and grants	25,615,794		
Assessments	13,636,644		
Interest	<u>1,206,948</u>	Accounts receivable - governmental activities	\$ 25,141,497
Total	42,635,192	Accounts receivable - business-type activities	14,433,770
Allowance for uncollectible accounts	<u>(2,946,806)</u>	Statement of Fiduciary Net Position	<u>113,119</u>
Net Accounts Receivable	<u><u>\$ 39,688,386</u></u>		<u><u>\$ 39,688,386</u></u>

Contracts receivable include financed system development charges (SDCs) due over a period of up to ten years bearing interest at the 10-year Treasury bond rate plus 2% at the time of issuance.

The allowance for uncollectible accounts pertains to municipal court and transportation fee collections, which impacts the governmental activities, and utility billing collections, which impacts the business-type activities.

Assessments receivable represent uncollected amounts levied against benefited properties for the cost of local improvements and are considered to be a lien on the property until paid. Substantially all assessments are collectible over a period of ten to twenty years and bear interest from 3.67% to 10.00%.

**4. NOTES RECEIVABLE**

On July 9, 2015, the City issued a \$775,000 loan to a local business for the establishment of a professional theatre in the Downtown Urban Renewal District. The note bears an annual interest rate of 1% commenced September 15, 2015, compounded monthly. The interest increases to 7% in the event of default. Principal and interest payment commenced September 15, 2017, monthly for a period of 20 years. Options of forgivable principal are included in the note for timely payment, using amounts attributed towards interest. \$36,772 in outstanding principal was forgiven during the year for meeting the conditions of this incentive. The outstanding principal balance of the note at June 30, 2023, was \$638,183, with a current portion due of \$29,754. Options of forgivable interest are included in the note based on certain conditions. The maturity schedule is below:

Fiscal Year	Principal	Interest
2024	\$ 29,754	\$ 6,246
2025	30,053	5,947
2026	30,355	5,645
2027	30,660	5,340
2028	31,468	5,032
2029-33	192,648	19,654
2034-38	<u>293,245</u>	<u>6,480</u>
	<u><u>\$ 638,183</u></u>	<u><u>\$ 54,344</u></u>

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**4. NOTES RECEIVABLE (Continued)**

On March 3, 2022, the City issued a loan agreement with an affordable housing company using Metro Affordable Housing Funds under Ballot Measure 26-199. The loan is for \$16,940,731, converting from a construction loan to a permanent loan, payments beginning May 1, 2025, interest accruing at 0.80%. This is a cash flow share loan, in which the borrower will begin making repayment at one-half the excess cash flow until the loan is paid in full, or until maturity on May 1, 2077. At the City's discretion, these payments can be redirected to a reserve account for the project. Further, it is more likely than not that this loan will be restructured with a forgiveness provision or rolled into another 60-year loan. In evaluating this agreement, the City does not believe substantial repayment is likely. This note is recorded with an equally offsetting allowance. Any repayment of funds would be required to be used on further affordable housing projects or returned to Metro.

**5. LEASE RECEIVABLES**

	<u>Original Amount</u>	<u>Outstanding June 30, 2022</u>	<u>Additions</u>	<u>Decrease</u>	<u>Outstanding June 30, 2023</u>
<b>Governmental Activities:</b>					
Art Building Sublease; interest at 7.0%, principal and interest of \$2,500 monthly, due 2028	\$ 215,316	\$ 133,207	\$ -	\$ 21,353	\$ 111,854
Baseball Stadium Lease; interest at 5.0%, total annual principal and interest ranges from \$150,000 to \$409,784, due 2049	3,633,799	3,830,151	3,999	-	3,834,150
Naming Rights Lease; interest at 4.5%, principal and interest of \$12,500 monthly, due 2024	842,713	192,594	-	98,268	94,326
Facility Lease, interest at 2.6%, monthly payments of principal and interest range from \$1,755 to \$1,790, due 2026	100,247	81,257	-	19,422	61,835
Cell Tower Lease; interest at 2.8%, principal and interest from \$3,551 to \$3,881 monthly, due 2026	155,520	-	155,520	39,127	116,393
Facility Lease; interest at 5.5%, principal and interest \$5,067 monthly, due 2033	467,351	-	467,351	8,840	458,511
	<u>\$ 5,414,946</u>	<u>\$ 4,237,209</u>	<u>\$ 626,870</u>	<u>\$ 187,010</u>	<u>\$ 4,677,069</u>
<b>Business-type Activities:</b>					
Facility Lease, interest at 3%, annual payments of principal and interest variable, due 2024	\$ 465,742	\$ 142,883	\$ -	\$ 122,386	\$ 20,497
Facility Lease, interest at 4.77%, monthly payments of principal and interest of \$1,531 due 2027	177,730	77,951	-	14,982	62,969
Facility Lease, interest at 4.12%, monthly payments of principal and interest of \$1,965 due 2042	327,547	319,015	-	10,634	308,381
	<u>\$ 971,019</u>	<u>\$ 539,849</u>	<u>\$ -</u>	<u>\$ 148,002</u>	<u>\$ 391,847</u>

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**5. LEASE RECEIVABLES (Continued)**

Future maturities are as follows:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 216,898	\$ 232,740	\$ 47,285	\$ 15,775
2025	135,814	225,242	28,018	13,930
2026	133,459	219,070	29,306	12,642
2027	92,857	213,419	26,401	11,308
2028	84,612	208,128	13,507	10,494
2029-33	537,780	964,673	77,349	43,436
2034-38	583,795	823,115	96,959	25,561
2039-43	1,004,786	626,212	73,022	5,001
2044-48	1,587,414	303,362	-	-
2049	299,654	7,684	-	-
	<u>\$ 4,677,069</u>	<u>\$ 3,823,645</u>	<u>\$ 391,847</u>	<u>\$ 138,147</u>

Deferred inflow of resources mirror the principal payment maturities described above.

**6. LAND HELD FOR RESALE**

A primary objective for the North Hillsboro Urban Renewal District is acquiring smaller parcels in this area to create large lot parcels for sale to attract industrial development in this area. Acquisitions in the Downtown Urban Renewal District have been made to secure space for revitalization activities. Land held for resale has also been acquired in the internal service funds for both the North Hillsboro and Downtown Urban Renewal Areas for similar purposes. The following table reflects the current year activities of the parcels of land held for resale within Governmental Activities:

Asset Number	Balance	Increases	Decreases	Balance
	June 30, 2022			June 30, 2023
11136	\$ 5,072,538	\$ -	\$ -	\$ 5,072,538
11749	3,880,322	-	-	3,880,322
11750	1,696,119	-	-	1,696,119
12000	23,870,204	25,898	-	23,896,102
12008	18,956,073	-	7,024	18,949,049
12014	19,443,372	-	5,454	19,437,918
12015	9,882,429	-	1,160	9,881,269
12275	-	1,105,911	-	1,105,911
	<u>\$ 82,801,057</u>	<u>\$ 1,131,809</u>	<u>\$ 13,638</u>	<u>\$ 83,919,228</u>

**7. PUMPING STATION RIGHTS**

The City has an agreement with the U.S. Department of Interior, Bureau of Reclamation, for pumping rights at Scoggins Dam. These rights are included within capital assets and amortized over 40 years.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**8. JOINT VENTURES**

The Hillsboro-Forest Grove-Beaverton-Tualatin Valley Water District Joint Water Commission (JWC) operates a joint water utility serving area residents. Revenues earned by the Commission are expended for the continued operation and maintenance of the facilities. The joint venture is comprised of the cities of Hillsboro (49.12%), Forest Grove (11.76%), Beaverton (22.06%), and the Tualatin Valley Water District (17.06%). The Commission is governed by three members from each venturer. The City's year-end equity investment in the Commission was \$65,471,359.

The Barney Reservoir Joint Ownership Commission (Barney) was formed to own, operate, and expand the J.W. Barney Reservoir. Ownership of the joint venture is comprised of the cities of Hillsboro (31%), Forest Grove (2.5%), and Beaverton (21.5%), Tualatin Valley Water District (35%), and Clean Water Services (10%). The Commission is governed by one member from each venturer. The City's year-end equity investment in the Commission was \$6,168,403.

Complete financial statements for the JWC and Barney Commissions may be obtained at the City's administrative offices, City Hall, 150 East Main Street, Hillsboro, Oregon, 97123.

The Willamette Intake Facilities Commission (WIF) was formed to own, manage, and operate the Willamette intake facilities which are used to withdraw and transmit water to the Commission members. The joint venture is comprised of the Tualatin Valley Water District (39.4%), cities of Hillsboro (24.1%), Wilsonville (16.7%), Tigard (10.0%), Sherwood (6.5%), and Beaverton (3.3%). The Commission is governed by one member of each venture. The City's year-end equity investment in the Commission was \$5,375,901.

The Willamette Water Supply System Commission (WWSS) was formed to own, manage, and operate the Willamette Water Supply System which includes a water treatment plant, raw and finished water pipelines, and reservoirs which are used to withdraw, treat, and transmit water to the Commission members. The joint venture is comprised of the Tualatin Valley Water District (58.92%), cities of Hillsboro (36.09%) and Beaverton (4.99%). The Commission is governed by one member of each venture. The City's year-end equity investment in the Commission was \$235,198,133.

Complete financial statements for the WIF and WWSS Commissions may be obtained at the Tualatin Valley Water District's administrative offices, 1850 SW 170th Ave, Beaverton, OR 97003.

<u>Joint Venture</u>	<u>Balance, June 30, 2022</u>	<u>Operating Loss Before Contributions</u>	<u>City Contribution</u>	<u>Balance, June 30, 2023</u>
JWC	\$ 66,227,001	\$ (1,480,030)	\$ 724,388	\$ 65,471,359
Barney	6,402,570	(248,763)	14,596	6,168,403
WIF	5,374,489	(139,367)	140,779	5,375,901
WWSS	<u>145,316,051</u>	<u>(224,401)</u>	<u>90,106,483</u>	<u>235,198,133</u>
Total	<u>\$ 223,320,111</u>	<u>\$ (2,092,561)</u>	<u>\$ 90,986,246</u>	<u>\$ 312,213,796</u>

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**9. CAPITAL ASSETS**

Capital asset activity, including tangible (owned and leased) and right-to-use intangible assets (SBITAs) for year ended June 30, 2023, was as follows (note beginning amounts include balances from GASB. No 96 implementation):

	Balance June 30, 2022	Increases	Decreases	Transfers	Balance June 30, 2023
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land and easements	\$ 405,460,622	\$ 24,784,803	\$ (680,784)	\$ 966,138	\$ 430,530,779
Construction in progress	15,767,246	24,925,780	(30,365)	(7,354,189)	33,308,472
Total capital assets not being depreciated	<u>421,227,868</u>	<u>49,710,583</u>	<u>(711,149)</u>	<u>(6,388,051)</u>	<u>463,839,251</u>
Capital assets being depreciated:					
Buildings and structures	259,450,540	1,571,177	(892,499)	84,384	260,213,602
Temporary easements	4,231,436	-	-	-	4,231,436
Machinery and equipment	37,134,390	3,522,613	(797,983)	361,656	40,220,676
Infrastructure	572,624,221	11,363,917	-	5,942,011	589,930,149
SBITA	1,259,750	752,655	-	-	2,012,405
Total capital assets being depreciated	<u>874,700,337</u>	<u>17,210,362</u>	<u>(1,690,482)</u>	<u>6,388,051</u>	<u>896,608,268</u>
Less accumulated depreciation for:					
Buildings and structures	(97,024,480)	(9,649,296)	892,499	-	(105,781,277)
Temporary easements	(4,032,935)	-	-	(198,501)	(4,231,436)
Machinery and equipment	(26,585,812)	(3,003,986)	783,113	-	(28,806,685)
Infrastructure	(410,021,502)	(4,092,392)	-	198,501	(413,915,393)
SBITA	(208,319)	(631,273)	-	-	(839,592)
Total accumulated depreciation	<u>(537,873,048)</u>	<u>(17,376,947)</u>	<u>1,675,612</u>	<u>-</u>	<u>(553,574,383)</u>
Total capital assets being depreciated, net	<u>336,827,289</u>	<u>(166,585)</u>	<u>(14,870)</u>	<u>6,388,051</u>	<u>343,033,885</u>
Total capital assets, net	<u>\$ 758,055,157</u>	<u>\$ 49,543,998</u>	<u>\$ (726,019)</u>	<u>\$ -</u>	<u>\$ 806,873,136</u>

Governmental activities depreciation expense was charged to programs as follows:

General government	\$ 4,078,604
Public safety and judicial	2,497,389
Community Service	781,244
Culture and recreation	5,848,400
Roads and bridges	<u>4,171,310</u>
Total	<u>\$ 17,376,947</u>

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**9. CAPITAL ASSETS (Continued)**

	Balance June 30, 2022	Increases	Decreases	Transfers	Balance June 30, 2023
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Land and easements	\$ 33,045,660	\$ 4,709,576	\$ -	\$ 2,510	\$ 37,757,746
Water rights	22,453,672	-	-	-	22,453,672
Construction in progress	<u>14,658,615</u>	<u>10,823,294</u>	<u>(70,973)</u>	<u>(18,436,864)</u>	<u>6,974,072</u>
Total capital assets not being depreciated	<u>70,157,947</u>	<u>15,532,870</u>	<u>(70,973)</u>	<u>(18,434,354)</u>	<u>67,185,490</u>
Capital assets being depreciated:					
Water and pumping station rights	1,207,153	-	-	-	1,207,153
Buildings and structures	21,473,012	-	-	-	21,473,012
Machinery, equipment, and transmission	137,788,342	1,803,036	-	8,489,702	148,081,080
Treatment facilities	447,301	-	-	-	447,301
Dams and reservoirs	40,103,634	-	-	-	40,103,634
Infrastructure	<u>167,042,149</u>	<u>8,620,691</u>	<u>-</u>	<u>9,944,652</u>	<u>185,607,492</u>
Total capital assets being depreciated	<u>368,061,591</u>	<u>10,423,727</u>	<u>-</u>	<u>18,434,354</u>	<u>396,919,672</u>
Less accumulated depreciation for:					
Water and pumping station rights	(1,136,404)	(7,075)	-	-	(1,143,479)
Buildings and structures	(7,925,085)	(707,749)	-	-	(8,632,834)
Machinery, equipment, and transmission	(56,877,867)	(3,444,741)	-	-	(60,322,608)
Treatment facilities	(361,134)	(2,987)	-	-	(364,121)
Dams and reservoirs	(8,367,343)	(800,941)	-	-	(9,168,284)
Infrastructure	<u>(56,544,700)</u>	<u>(3,855,774)</u>	<u>-</u>	<u>-</u>	<u>(60,400,474)</u>
Total accumulated depreciation	<u>(131,212,533)</u>	<u>(8,819,267)</u>	<u>-</u>	<u>-</u>	<u>(140,031,800)</u>
Total capital assets being depreciated, net	<u>236,849,058</u>	<u>1,604,460</u>	<u>-</u>	<u>18,434,354</u>	<u>256,887,872</u>
Total capital assets, net	<u>\$ 307,007,005</u>	<u>\$ 17,137,330</u>	<u>\$ (70,973)</u>	<u>\$ -</u>	<u>\$ 324,073,362</u>

Business-type activities depreciation expense was charged to the water, sewer, surface water management, broadband and intermodal transit facility functions as follows:

Water	\$ 4,075,491
Sewer	1,516,489
Surface water management	1,858,200
Non-major funds	<u>1,369,087</u>
Total	<u>\$ 8,819,267</u>

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**10. LONG-TERM DEBT**

**Bonds Payable**

Governmental activities bonds payable transactions (which are all in internal service funds) for the year are as follows:

	<u>Original Amount</u>	<u>Outstanding June 30, 2022</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2023</u>
<b>Governmental activities:</b>					
Full Faith and Credit Obligations; Series 2012A Civic Center Refunding and Libraries Remodel, interest 3.0% - 5.0%, due 2032	\$ 28,715,000	\$ 15,790,000	\$ -	\$ 1,785,000	\$ 14,005,000
Series 2012B, Taxable, Ballpark Facility, interest 2.0% - 3.125%, due 2026	11,895,000	6,555,000	-	580,000	5,975,000
Series 2016, Public Works Facility, interest 2.0% - 3.5%, due 2036	9,655,000	7,445,000	-	440,000	7,005,000
Series 2017, Jones Farm Fire Station Refunding and Public Safety Training Facility, interest 3.0% - 3.2% due 2037	9,460,000	7,790,000	-	840,000	6,950,000
Series 2019, Hidden Creek Community Center interest 2.0% - 5.0%, due 2039	35,235,000	35,235,000	-	780,000	34,455,000
Series 2023, South Hillsboro Local Improvement District, interest 5.074%, due 2038	<u>12,500,000</u>	<u>-</u>	<u>12,500,000</u>	<u>-</u>	<u>12,500,000</u>
Total Governmental activities	<u>\$ 107,460,000</u>	<u>\$ 72,815,000</u>	<u>\$ 12,500,000</u>	<u>\$ 4,425,000</u>	80,890,000
			Unamortized bond premiums		<u>3,623,477</u>
					<u>\$ 84,513,477</u>

Current and long-term portions of Governmental activities bonds are as follows:

	<u>Outstanding June 30, 2023</u>	<u>Due in one year</u>	<u>Long-term portion</u>
Principal	\$ 80,890,000	\$ 4,590,000	\$ 76,300,000
Unamortized bond premiums	<u>3,623,477</u>	<u>316,872</u>	<u>3,306,605</u>
Total	<u>\$ 84,513,477</u>	<u>\$ 4,906,872</u>	<u>\$ 79,606,605</u>

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**10. LONG-TERM DEBT (Continued)**

**Bonds Payable (Continued)**

Business-type activities bonds payable transactions for the year are as follows:

	<u>Original Amount</u>	<u>Outstanding June 30, 2022</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2023</u>
<b>Business-type activities:</b>					
2012 Water Refunding Revenue Bond, interest 0.25% - 3.0%, due 2024	\$ 13,945,000	\$ 1,950,000	\$ -	\$ 955,000	\$ 995,000
2019 Water Revenue Bond, interest 3.0% - 5.0%, due 2049	48,205,000	48,205,000	-	-	48,205,000
2019 WIFIA Revenue Bond, direct placement interest 1.36%, due 2061	<u>250,523,385</u>	<u>45,000,000</u>	<u>110,000,000</u>	-	<u>155,000,000</u>
Total Business-type activities	<u>\$ 312,673,385</u>	<u>\$ 95,155,000</u>	<u>\$ 110,000,000</u>	<u>\$ 955,000</u>	204,200,000
			Unamortized bond premiums		<u>2,044,485</u>
					<u>\$ 206,244,485</u>

Current and long-term portions of Business-type activities bonds are as follows:

	<u>Outstanding June 30, 2023</u>	<u>Due in one year</u>	<u>Long-term portion</u>
Principal	\$ 204,200,000	\$ 995,000	\$ 203,205,000
Unamortized bond premiums	<u>2,044,485</u>	<u>100,700</u>	<u>1,943,785</u>
Total	<u>\$ 206,244,485</u>	<u>\$ 1,095,700</u>	<u>\$ 205,148,785</u>

As part of the Water bonds covenants the City is required to maintain net revenue equal to 1.25 times the annual debt service of the bonds and net revenues less system development charges equal to 1.15 times the annual debt services of the bonds. The City was in compliance with these covenants for the year ended June 30, 2023.

Water refunding revenue bonds were issued in 2012 to refund previously issued water revenue bonds. Water revenue bonds were issued in 2019 to fund the construction of the Willamette Water Supply System. The full faith and credit obligations are payable from the general revenues of the City and the water revenue bonds from water revenues.

The 2019 WIFIA Revenue Bond was a direct placement entered into 2019. The interest rate is at 1.36%. The loan agreement allows the City to issue up to \$250,523,385 (excluding capitalized interest). As of June 30, 2023, the City has drawn \$155 million of this loan. Of the accrued interest payable on the Statement of Net Position, \$1,022,895 is related to this bond. As of report issuance, the City has drawn/requested an additional \$45 million for an outstanding total of \$200 million.



**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**10. LONG-TERM DEBT (Continued)**

**Bonds Payable (Continued)**

Future maturities of bond principal and interest at June 30, 2023, are as follows:

<b>Governmental Activities</b>			<b>Business-Type Activities</b>		
<b>Full Faith and Credit Obligations</b>			<b>Water Revenue Bonds</b>		
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 4,590,000	\$ 2,776,207	2024	\$ 995,000	\$ 1,643,375
2025	4,760,000	2,534,199	2025	-	1,628,450
2026	4,940,000	2,357,086	2026	-	1,628,450
2027	5,105,000	2,192,549	2027	1,340,000	1,628,450
2028	5,275,000	2,020,599	2028	1,405,000	1,561,450
2029-2033	20,350,000	7,691,043	2029-2033	12,779,942	13,850,287
2034-2038	32,075,000	5,032,857	2034-2038	26,016,037	15,341,314
2039	3,795,000	94,875	2039-2043	37,112,157	12,137,284
	-	-	2044-2048	40,725,768	8,572,673
	-	-	2049-2053	32,340,847	4,870,944
	-	-	2054-2058	31,521,261	2,548,430
	-	-	2059-2062	19,963,988	477,826
	<u>\$ 80,890,000</u>	<u>\$ 24,699,415</u>		<u>\$ 204,200,000</u>	<u>\$ 65,888,933</u>

**Notes Payable**

	<b>Original Amount</b>	<b>Outstanding June 30, 2022</b>	<b>Decrease</b>	<b>Outstanding June 30, 2023</b>
<b>Governmental Activities:</b>				
North Hillsboro Industrial Urban Renewal, interest at 3.07%, semi-annual payments of principal and interest on December 1 and June 1 , due 2034	\$23,000,000	\$19,221,000	\$ 1,349,000	\$17,872,000
North Hillsboro Industrial Urban Renewal, interest at 3.07%, semi-annual payments of principal and interest on December 1 and June 1 , due 2036	25,286,000	25,020,000	691,000	24,329,000
	<u>\$48,286,000</u>	<u>\$44,241,000</u>	<u>\$ 2,040,000</u>	42,201,000
Current portion				(2,508,000)
Long-term portion				<u>\$39,693,000</u>

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**10. LONG-TERM DEBT (Continued)**

**Notes Payable**

Future maturities are as follows:

Fiscal Year	Governmental Activities	
	Note Payable	
	Principal	Interest
2024	\$ 2,508,000	\$ 1,322,332
2025	2,689,000	1,244,109
2026	2,870,000	1,160,174
2027	2,960,000	1,070,534
2028	3,053,000	978,080
2029-2033	16,757,000	3,399,023
2034-2036	11,364,000	728,123
	\$ 42,201,000	\$ 9,902,375

**Interfund Notes**

In 2016, the City issued an interfund note payable between the Building Fund and the Parks SDC Fund for \$9,000,000 for the financing of capital land purchase for future parks development. As both of these funds are classified as governmental funds, this interfund note does not show on the Statement of Net Position. The term of the note is 10 years, at a rate of 4.2%, maturing February 2026, semi-annual principal and interest payments due on February 1 and August 1. On July 19, 2016, the City issued an additional \$1,000,000 in interfund notes and revised the repayment terms. Repayment began August 2018, and will be paid over 8 years.

In February 2020, City Council approved a resolution to reduce the interest rate from 4.2% to 2%. The adjustment to the interest rate was driven by inquiries by City Council to review the interest rate in relation to the City's overall investment earnings. The revised interest rate more accurately reflected the City's average interest earnings in the Local Government Investment Pool at that time. The change in the interest rate was made retroactive to the beginning of the loan adjusting the outstanding principal down as the prior higher interest rate payments were allocated to past principal payments.

On December 13, 2021, the City issued an interfund note payable between the Building Fund and the Facilities Management Fund (Sub fund Strategic Investment Program Fund) for \$12,810,000 for the purchase of land in North Hillsboro. As both of these funds are classified as governmental funds, this interfund note does not show on the Statement of Net Position. The original term of the note is 10 years, at a rate of 3.5%, maturing July 2032. Interest began accruing immediately, with semiannual repayment beginning July 2024, due on January 1 and July 1 for a term of eight years.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**10. LONG-TERM DEBT (Continued)**

**Interfund Notes (Continued)**

	<u>Original Amount</u>	<u>Outstanding June 30, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Outstanding June 30, 2023</u>
Parks/Building Note; Interest at 2.0%, principal and interest due semi-annually on February 1 and August 1, due 2026	\$ 10,000,000	\$ 5,155,959	\$ -	\$ 1,253,115	\$ 3,902,844
Facilities Management/Building Note; interest at 3.5%, principal and interest due semi-annually on January 1 and July 1, due 2032	<u>12,810,000</u>	<u>13,034,175</u>	<u>460,188</u>	<u>-</u>	<u>13,494,363</u>
	<u>22,810,000</u>	<u>18,190,134</u>	<u>460,188</u>	<u>1,253,115</u>	<u>17,397,207</u>
Current portion					<u>(1,278,303)</u>
Long-term portion					<u>\$ 16,118,904</u>

On the governmental funds balance sheet, the amount reflected in the Building Fund of \$16,712,844 as interfund receivable excludes the amount of accrued interest on the Facilities Management loan of \$684,363.

Future maturities are as follows:

Fiscal Year	<u>Governmental Activities</u>	
	<u>Interfund Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,278,303	\$ 71,697
2025	2,583,096	273,144
2026	2,889,292	433,720
2027	1,624,134	358,540
2028	1,681,477	301,198
2029-2032	<u>7,340,905</u>	<u>589,793</u>
	<u>\$ 17,397,207</u>	<u>\$ 2,028,092</u>

**Compensated Absences**

On an entity-wide basis for Governmental Activities, the City accrues the outstanding vacation and compensatory time earned but not paid to employees. The General and Transportation Funds are primarily responsible for payment of this liability for the Governmental Activities. All accruals related to compensated absences in the Business-Type Activities are recorded in the respective funds.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**10. LONG-TERM DEBT (Continued)**

**Compensated Absences (Continued)**

The following represents the City's liability for compensated absences at June 30, 2023:

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>
Balance, June 30, 2022	\$ 6,461,989	\$ 1,006,003
Earned	6,898,588	1,259,562
Usage	<u>(6,327,529)</u>	<u>(981,452)</u>
Balance, June 30, 2023	<u>7,033,048</u>	<u>1,284,113</u>
Noncurrent portion	<u>3,704,000</u>	<u>729,000</u>
Current portion	<u>\$ 3,329,048</u>	<u>\$ 555,113</u>

**11. LEASES AND SBITA PAYABLE**

The following table reflects the balance of Leases and SBITA Payable. Beginning amounts include balances from GASB. No 97 implementation:

	<b><u>Original Amount</u></b>	<b><u>Outstanding June 30, 2022</u></b>	<b><u>Additions</u></b>	<b><u>Decrease</u></b>	<b><u>Outstanding June 30, 2023</u></b>
<b>Governmental Activities:</b>					
Art Building Lease; interest at 2.40%, monthly payments of principal and interest of \$2,500, due 2028	\$ 266,479	\$ 150,039	\$ -	\$ 26,691	\$ 123,348
Police Station Lease, interest at 2.0%, monthly payments of principal and interest range from \$14,750 to \$16,601, due 2023	892,499	33,114	-	33,114	-
Police Station Lease, interest at 2.0%, monthly payments from \$18,492 to \$20,207, due 2027	890,833	-	890,833	171,353	719,480
Subscription-based information technology arrangements, six total, varying payments, of principal and interest, and due dates through 2025	<u>1,115,593</u>	<u>553,224</u>	<u>520,991</u>	<u>115,455</u>	<u>958,760</u>
	<u>\$ 3,165,404</u>	<u>\$ 736,377</u>	<u>\$ 1,411,824</u>	<u>\$ 346,613</u>	1,801,588
Current portion					<u>(751,350)</u>
Long-term portion					<u>\$ 1,050,238</u>

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**11. LEASES AND SBITA PAYABLE (Continued)**

Future maturities are as follows:

Fiscal Year	Governmental Activities	
	Principal	Interest
2024	751,350	28,858
2025	704,010	11,308
2026	266,585	4,721
2027	69,694	720
2028	9,949	51
	<u>\$ 1,801,588</u>	<u>\$ 45,658</u>

**12. TRANSFERS TO/FROM OTHER FUNDS**

Transfers to/from other funds consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Transfers in	\$ 34,942,575	\$ 11,366,181	\$ 46,308,756
Transfers out	<u>(45,258,967)</u>	<u>(1,049,789)</u>	<u>(46,308,756)</u>
Totals	<u>\$ (10,316,392)</u>	<u>\$ 10,316,392</u>	<u>\$ -</u>

The schedule on the following page reflects the purpose of these transfers.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**12. TRANSFERS TO/FROM OTHER FUNDS (Continued)**

<u>Amount</u>	<u>Description</u>
\$ 9,625	General Fund to Internal Services Funds for facilities and fleet management, and sustainability programs
2,848,766	General Fund to Non-major Business-Type Funds for Fiber to the Home
235,000	Transportation Fund to General Fund for street lighting and economic development operations
476,211	Transportation Fund to Internal Services Funds for a portion of the public works facility and fleet shop expansion
1,000,000	Transportation Fund to Non-Major Governmental Funds for street light purchase repayment
1,930,000	Building Fund to Internal Services Funds for software projects and 4th floor remodel
3,000,000	Hillsboro Economic Development Council North Hillsboro Industrial Fund to Non-Major Governmental Funds for urban renewal projects
50,000	Water Fund to the General Fund for planning operations
456,000	Water Fund to Internal Services Funds for fleet show expansion and other projects
60,000	Sewer Fund to General Fund for planning operations
49,200	Sewer Fund to Internal Services Funds for boot washing station
150,000	Surface Water Management Fund to General Fund for planning operations and Jackson Bottom operations
284,589	Surface Water Management Fund to Internal Services Funds for a portion of the public works facility and the fleet shop expansion
9,500,000	Non-major Governmental Funds to Non-major Governmental Funds for development of parks
4,650,000	Non-major Governmental Funds to Non-major Governmental Funds for land acquisition
300,000	Non-major Governmental Funds to Transportation Fund for Bridge of Land and Sky
3,601,000	Non-major Governmental Funds to Non-major Governmental Funds for urban renewal projects
500,000	Non-major Governmental Funds to Non-major Governmental Funds for urban renewal projects
33,600	Non-major Governmental Funds to Internal Service Funds for capital projects
350,000	Non-major Governmental Funds to Internal Service Funds for urban renewal projects
500,000	Non-major Governmental Funds to Transportation Fund for Safe routes to school
8,467,415	Non-major Governmental Funds to Non-major Business-Type Funds for Fiber to the Home
1,600,000	Internal Services Funds to General Fund for PERS stabilization and affordable housing
2,000,000	Internal Services Funds to Transportation Fund for Overlay Program and other highway projects
500,000	Internal Services Funds to the General Fund for funding vehicle replacement
50,000	Internal Services Funds to Non-major Business-Type Funds for Intermodal Transit Facility operations
2,500,000	Internal Services Funds to Internal Services Funds for funding vehicle replacement
875,000	Internal Services Funds to Internal Services Funds for the repayment of County Event center
332,350	Internal Services Funds to Internal Services Funds for IT Projects
<u>\$ 46,308,756</u>	

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**13. PENSION PLAN**

The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer 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 City has joined this pool. The system provides retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

**Plan Description**

Substantially all City employees are members in the Oregon Public Employees Retirement System (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 ACFR that can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**Description of Benefit Terms**

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

*Pension Benefits.* The PERS 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% for police and fire employees, 1.67% 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 a minimum retirement age for a service retirement allowance if he or she has had 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 PERS employer at the time of death,
- Member died within 120 days after termination of PERS-covered employment,
- Member died as a result of injury sustained while employed in a PERS-covered job, or
- Member was on an official leave of absence from a PERS-covered job at the time of death.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**13. PENSION PLAN (Continued)**

**Description of Benefit Terms (Continued)**

*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 for disability benefit regardless of the length of PERS-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 fair value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

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

*Pension Benefits.* For general service members, 1.5% 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. For police and fire members, 1.8% 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.

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.



**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**13. PENSION PLAN (Continued)**

**Actuarial Methods and Assumptions**

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	December 31, 2020, rolled forward to June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40%
Investment Rate of Return	6.90%
Projected Salary Increases	3.40% overall payroll growth
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

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 2020 experience study which reviewed experience for the four-year period ended on December 31, 2020.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90% 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 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 June 2021 the PERS Board revised 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 was 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 HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**13. PENSION PLAN (Continued)**

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Global Equity	30.62 %	5.85 %
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limited Partnerships	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
Hedge Fund of Funds - Multistrategy	1.25	5.11
Hedge Fund Equity - Hedge	0.63	5.31
Hedge Fund - Macro	5.62	5.06
US Cash	(2.50)	1.76
	<u>100.00 %</u>	
Assumed Inflation - Mean		2.40 %

**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, and are paid from the fund in which the related personnel expense was occurred. This funding policy applies to the OPERS Defined Benefit Plan and Other Postemployment Benefit Plans.

Employer contribution rates for the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021 and were effective through June 30, 2023. The City's contribution rates, which include a small percentage of retirement health insurance account (RHIA) expense as disclosed in the note on other post employment benefits, for the period were 23.46% for Tier One/Tier Two members, 17.45% for OPSRP General Service members, and 21.81% for OPSRP Police and Fire members. The City's total contributions, including RHIA was approximately \$18,252,000. Respective rates for these respective plans increased effective July 1, 2023 to the following: 24.68%, 18.60%, 23.39%.

**Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the City reported a liability of \$99,830,671 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2022, rolled forward from actuarial valuation as of December 31, 2020. The City's proportion of the net pension liability 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 employers, actuarially determined. At June 30, 2022, the City's proportion was approximately 0.6520%, which was an increase from its proportion of approximately 0.6100%, measured as of June 30, 2021.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**13. PENSION PLAN (Continued)**

**Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2023, the City recognized pension expense of \$17,983,380 for the defined benefit portion of the pension plan. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>	<b><u>Net Deferred Outflow/(Inflows of Resources)</u></b>
Differences between expected and actual experience	\$ 4,845,973	\$ 622,563	\$ 4,223,410
Change of assumptions	15,663,972	143,106	15,520,866
Net difference between projected and actual earnings on investments	-	17,847,793	(17,847,793)
Changes in proportionate share	10,877,491	1,274,840	9,602,651
Differences between employer contributions and employer's proportionate share of contributions	<u>2,481,967</u>	<u>8,297,919</u>	<u>(5,815,952)</u>
Total (prior to post-measurement date contributions)	33,869,403	28,186,221	5,683,182
City contributions subsequent to the measurement date	<u>18,240,804</u>	-	<u>18,240,804</u>
Total	<u>\$ 52,110,207</u>	<u>\$ 28,186,221</u>	<u>\$ 23,923,986</u>

Deferred outflows of resources related to pensions of \$18,240,804 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year ended June 30</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>	<b><u>Net Deferred Outflows/ (Inflows) of Resources</u></b>
2024	\$ 12,130,577	\$ (8,213,371)	\$ 3,917,206
2025	8,892,159	(9,333,217)	(441,058)
2026	7,774,399	(14,164,029)	(6,389,630)
2027	4,143,314	4,515,562	8,658,876
2028	<u>928,954</u>	<u>(991,166)</u>	<u>(62,212)</u>
Total	<u>\$ 33,869,403</u>	<u>\$ (28,186,221)</u>	<u>\$ 5,683,182</u>

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**13. PENSION PLAN (Continued)**

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate**

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the City's proportionate 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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	<u>\$ 177,041,059</u>	<u>\$ 99,830,671</u>	<u>\$ 35,209,141</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report on their website: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**OPSRP Individual Account Program (OPSRP IAP) Plan Description**

*Pension Benefits.* Participants in OPERS defined benefit pension plans also participated in their defined contribution plan. An 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 completes 600 hours of service in each of the 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.

*Benefits Provided.* 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 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.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**13. PENSION PLAN (Continued)**

**OPSRP Individual Account Program (OPSRP IAP) Plan Description (Continued)**

*Contributions.* Covered employees are required to contribute 6% of their salary to the plan. The City has chosen to pay the employees contributions to the plan for police union employees. For fiscal year June 30, 2023, the City contributed approximately \$816,000 for these employees.

**14. OTHER POST EMPLOYMENT BENEFITS**

The other post employment benefits (OPEB) for the City includes 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 cost-sharing multiple-employer defined health insurance benefit plan.

**Financial Statement Presentation**

The City's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on this financial statement relate to the plans as follows:

	<u>Implicit Rate Subsidy Plan</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB</u>
Net OPEB Asset	\$ -	\$ 1,733,749	\$ 1,733,749
Deferred Outflows of Resources			
Contributions After the Measurement Date	\$ 508,329	\$ 11,265	\$ 519,594
Changes of Assumptions	1,530,672	13,575	1,544,247
Change in proportionate share	-	81,652	81,652
Difference in Experience	762,021	-	762,021
Total Deferred Outflows of Resources	<u>\$ 2,801,022</u>	<u>\$ 106,492</u>	<u>\$ 2,907,514</u>
Total OPEB Liability	<u>\$ (12,020,381)</u>	<u>\$ -</u>	<u>\$ (12,020,381)</u>
Deferred Inflows of Resources			
Difference in Experience	\$ -	\$ (46,983)	\$ (46,983)
Change in Proportionate Share	-	-	-
Change in Assumptions	(1,082,358)	(57,790)	(1,140,148)
Net difference between projected and actual earnings on investments	-	(132,220)	(132,220)
Total Deferred Inflows of Resources	<u>\$ (1,082,358)</u>	<u>\$ (236,993)</u>	<u>\$ (1,319,351)</u>
OPEB Expense (Income) (Included in program expense on Statement of Activities)	<u>\$ 915,438</u>	<u>\$ (158,441)</u>	<u>\$ 756,997</u>

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**14. OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Implicit Rate Subsidy**

***Plan Description***

The City is required by ORS 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. The City's single-employer defined benefit postemployment healthcare plan is administered by Citycounty Insurance (CIS). Benefit provisions are established through negotiations between the City and representatives of collective bargaining units or through resolutions passed by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. This is not a stand-alone plan and there are no separately issued financial statements.

***Benefits Provided***

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	42
Active employees	<u>929</u>
	<u><u>971</u></u>

***Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The City's total OPEB liability of \$12,020,381 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended June 30, 2023, the City recognized OPEB expense from this plan of \$915,438. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows/(Inflows) of Resources</u>
Contributions After the Measurement Date	\$ 508,329	\$ -	\$ 508,329
Difference in Experience	762,021	-	762,021
Change in Assumptions	<u>1,530,672</u>	<u>1,082,358</u>	<u>448,314</u>
	<u><u>\$ 2,801,022</u></u>	<u><u>\$ 1,082,358</u></u>	<u><u>\$ 1,718,664</u></u>

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**14. OTHER POST EMPLOYMENT BENEFITS (Continued)**

***Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)***

Deferred outflows of resources related to OPEB of \$508,329 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 ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2024	282,195	216,145	66,050
2025	282,195	216,145	66,050
2026	282,195	216,145	66,050
2027	282,195	203,960	78,235
2028	281,554	144,452	137,102
Thereafter	882,359	85,511	796,848
	<u>\$ 2,292,693</u>	<u>\$ 1,082,358</u>	<u>\$ 1,210,335</u>

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the July 1, 2022 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40%
Salary increases	3.40%
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.
Discount rate	3.54%
Healthcare cost trend rate	Medical and vision costs increasing variably between 11% and 4%, settling to a rate of 3.75% in 2072 and thereafter. Dental costs increasing 2% for 2022, 4.00% per year until 2072 and 3.75% thereafter.

The discount rate was based on the Bond Buyer 20-Year General Obligation Bond Index.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**14. OTHER POST EMPLOYMENT BENEFITS (Continued)**

***Changes in the Total OPEB Liability***

	<b>Total OPEB Liability</b>
Balance as of June 30, 2022	\$ 9,496,567
Changes for the year:	
Service cost	634,025
Interest on Total OPEB Liability	215,363
Effect of economic/demographic gains/losses	514,514
Effect of assumptions changes or inputs	1,481,807
Benefit payments	<u>(321,895)</u>
Balance as of June 30, 2023	<u>\$ 12,020,381</u>

Changes in assumptions is the result of the change in discount rate from 2.16% to 3.54%.

***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 or 1-percentage-point higher than the current discount rate. A similar sensitivity analysis is then presented for the changes in the healthcare trend assumption as follows:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	<u>\$ 13,103,798</u>	<u>\$ 12,020,381</u>	<u>\$ 11,023,716</u>
	1% Decrease (10% to 2.75%)	Current Healthcare Trend Rate (11% to 3.75%)	1% Increase (12% to 4.75%)
Total OPEB Liability	<u>\$ 10,650,107</u>	<u>\$ 12,020,381</u>	<u>\$ 13,651,826</u>

**PERS Retirement Health Insurance Account (RHIA)**

***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 other postemployment defined benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside 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 supplementary information. The report may be obtained online at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>



**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**14. OTHER POST EMPLOYMENT BENEFITS (Continued)**

***Benefits Provided***

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 costs of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account 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 the 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 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.

***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, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The City's contribution rates for the period were 0.05% for Tier One/Tier Two members, and 0.0% for OPSRP members. The City's total for the year ended June 30, 2023 contributions was \$11,265.

***OPEB Assets, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2023, the City reported an asset of \$1,733,749 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2021, determined by an actuarial valuation as of December 31, 2019, rolled forward to June 30, 2022. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2022, the City's proportionate share was 0.4879% which is a decrease from its proportion of 0.5330% as of June 30, 2021.

For the year ended June 30, 2023, the City recognized OPEB income from this plan of \$158,443. At June 30, 2023, the City reported the following deferred items related to this OPEB plan from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>	<b><u>Net Deferred Outflows (Inflows) of Resources</u></b>
Contributions After the Measurement Date	\$ 11,265	\$ -	\$ 11,265
Differences in Experience	-	46,983	(46,983)
Change in Proportionate Share	81,652	-	81,652
Changes in Assumptions	13,575	57,790	(44,215)
Net Investment Differences	-	132,220	(132,220)
	<b><u>\$ 106,492</u></b>	<b><u>\$ 236,993</u></b>	<b><u>\$ (130,501)</u></b>

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**14. OTHER POST EMPLOYMENT BENEFITS (Continued)**

Deferred outflows of resources related to OPEB of \$11,265 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Fiscal Year</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
2024	\$ 72,328	\$ 115,410	\$ (43,082)
2025	22,899	80,493	(57,594)
2026	-	83,437	(83,437)
2027	-	(42,347)	42,347
	<u>\$ 95,227</u>	<u>\$ 236,993</u>	<u>\$ (141,766)</u>

***Actuarial Assumptions and Other Inputs***

Actuarial methods and assumptions are consistent with those disclosed in the OPERS Pension Plan. See Note 13 for additional information on Assumptions and Methods, the Long-Term Expected Rate of Return, and the Discount Rate.

***Sensitivity of the Total OPEB Asset (liability) to changes in the discount rate***

The following presents the City's total OPEB asset, as well as what the asset (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 discount rate.

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Total OPEB Asset (Liability)	<u>\$ 1,562,598</u>	<u>\$ 1,733,749</u>	<u>\$ 1,880,468</u>

***OPEB Plan Fiduciary Net Position***

Detailed information about the plan's fiduciary net position is available in a separately issued OPERS financial report.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**15. OTHER INFORMATION**

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which it carries commercial insurance. The City has established a self-insured program for workers' compensation. The City also purchases excess insurance to cover worker comp claims that incur costs in excess of \$600,000 per claim for regular employees and \$750,000 per claim for Police/Firefighters. Settlements have not exceeded commercial insurance coverage, or self-insured workers compensation limits for the past three years.

Liabilities for the City are recorded when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated, based on historical trend analyses of similar injuries and claims and include an amount of claims that have been incurred but not reported and are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. The City classifies this liability as current as claim payments could be paid in full during the succeeding fiscal year. The following shows a historical comparison of the change in total liability:

<u>Fiscal Year</u>	<u>Beginning of fiscal year liability</u>	<u>Current year claims, adjustments and changes in estimates</u>	<u>Claims Payments</u>	<u>Balance at fiscal year-end</u>
2022-23	\$ 1,099,000	\$ 905,663	\$ (656,663)	\$ 1,348,000
2021-22	1,077,000	763,374	(741,374)	1,099,000
2020-21	989,000	680,098	(592,098)	1,077,000

**Deferred Compensation Plan**

The City has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457(g). The Plan is administered by independent plan administrators through administrative service agreements. The Plan is available to all employees of the City.

Employees may defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The Plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries, and are not subject to the claims of the City's creditors, nor can they be used by the City for any purpose other than the payment of benefits to the Plan participants. Accordingly, these Plan assets and related liability are not recorded in the City's basic financial statements.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**16. TAX ABATEMENTS**

The City enters into property tax abatement agreements with local businesses under three programs:

- Strategic Investment Program (SIP) – this program was authorized by the Oregon Legislature in 1993 under ORS 285C.600 to increase Oregon’s ability to attract capital-intensive industry. Projects approved for an urban SIP must pay full property taxes on the first \$100 million invested, in addition to an annual community service fee up to \$2 million and other negotiated fees. Rural SIP agreements require full property taxes on the first \$25 million. An SIP agreement is between Washington County, the City of Hillsboro and the company. The City has 3 active SIP agreements with two companies as of June 30, 2023. The program provides property tax incentives to encourage businesses to make large capital investments. Abatements are obtained through agreements between the government and the business in which at least \$100 million is expected to be invested into the urban site. Under an SIP, businesses are not required to invest under the agreement, but without the additional investment, there is no abatement. The amount of the abatement reduces assessed value for property tax calculations to the City and other overlapping taxing jurisdictions.
- Enterprise Zone Program – this program provides property tax abatements on new investments for a specified amount of time to encourage certain businesses to make investments into a specified zone and create new jobs under ORS 285C.175. Abatements are obtained through an application process and the business agrees to increase and maintain employment in the specified zone at a minimum of at least 110% of the average level from the time of the agreement. Should the business fail to meet requirements of the program, the abatement would be precluded and the full assessed value would go back on the tax rolls to be assessed. The amount of the abatement reduces assessed value for property tax calculation to the City and other overlapping taxing jurisdictions.
- Vertical Housing Program – this program provides property tax abatements on investment in and rehabilitation of properties in targeted areas to revitalize communities under ORS 307.864. Property tax abatements of up to 80% over a 10 year period are obtained through application of a developer to construct new mixed-use developments which contain both non-residential and residential uses in zones designated by local jurisdictions. The property must be used for the intended purpose during the duration of the abatement. If a portion of the property changes to an uncertified use, the abatement of property tax would be disqualified from the proportion of the property which was decertified. The amount of the abatement reduces assessed value for property tax calculation to the City and other overlapping taxing jurisdictions.
- Nonprofit Low-Income Rental Housing Program – this program provides property tax exemptions on certain property owned or being purchased by a nonprofit corporation, if the property is intended for the purpose of low-income housing under ORS 307.541. Exemptions are obtained annually through an application process by a qualifying nonprofit corporation that is exempt from federal income tax [Section 501(c)(3) or (4) of the Internal Revenue Code] and the nonprofit corporation must certify that the income level of each renter is at or below 60 percent of area median income. Qualified property is exempt only from city or county taxes, whichever granted the exemption. To exempt the property from all property taxes, districts levying 51 percent or more of the taxes on the property must pass resolutions to approve the exemption.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**16. TAX ABATEMENTS (Continued)**

The following table presents the estimated amount of property taxes abated during the fiscal year ended June 30, 2023:

<u>Tax Abatement Program</u>	<u>Amount of Property Taxes Abated</u>
Strategic Investment Program	\$ 97,287,000
Enterprise Zone	8,690,000
Vertical Housing	454,000
Low Income Housing	173,000

**17. COMMITMENTS AND CONTINGENCIES**

The City has used its bonding authority to issue \$16,125,000 in refunding bonds on behalf of The Hospital Facilities Authority of Hillsboro (HFAH). The bonds are to be paid solely from the revenues and assets of HFAH, and are not an obligation of the City. As of June 30, 2023, the principal outstanding on these bonds totaled \$9,935,000.

Under an agreement with Clean Water Services, the City is required to collect and remit 83.62% of sewer service fees, 24.95% of surface water management fees, and 96.017% of sanitary sewer system development charges.

For the year ended June 30, 2023, the City remitted \$39,677,559 to Clean Water Services.

As of June 30, 2023, the City had outstanding construction and services commitments of approximately \$55.5 million.

The City is a defendant in certain ongoing legal actions. Although the outcome cannot be determined, the City believes that settlement of these matters will not have a material effect on the City's financial position and results of operations.

**18. RELATED PARTY TRANSACTIONS**

The City is a member of a jointly governed municipal organization, Washington County Consolidated Communications Agency (WCCCA), which provides regional 9-1-1 emergency telephone dispatch. While the City does not have an ownership or financial interest or responsibility in WCCCA, the City appoints a representative that is a voting member on WCCCA's Board of Commissioners. In addition to designating the City's portion of the State 9-1-1 Excise Tax revenues received directly by WCCCA from the State of \$1,032,166, the City contributed \$2,024,611 to pay for the operations of the organization for the year ended June 30, 2023.

**CITY OF HILLSBORO, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**19. FUND BALANCE CLASSIFICATION**

Below is a schedule of ending fund balances as of June 30, 2023:

	<b>General Fund</b>	<b>Transportation Fund</b>	<b>NoHi Industrial Capital Fund</b>	<b>Building Fund</b>	<b>SoHi LID Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>
<b>Fund balances:</b>							
<b>Restricted:</b>							
Cadet program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 973,935	\$ 973,935
Law enforcement	-	-	-	-	-	139,515	139,515
Roads and paths maintenance	-	58,201,738	-	-	-	-	58,201,738
Affordable housing	255,994	-	-	-	-	-	255,994
Building inspection	-	-	-	60,169,883	-	-	60,169,883
Parks mitigation	-	-	-	-	-	185,790	185,790
Local improvement district	-	-	-	-	1,050,385	-	1,050,385
Urban renewal	-	-	64,939,662	-	-	8,039,244	72,978,906
Capital Projects	-	-	-	-	-	22,300,759	22,300,759
<b>Total Restricted</b>	<b>255,994</b>	<b>58,201,738</b>	<b>64,939,662</b>	<b>60,169,883</b>	<b>1,050,385</b>	<b>31,639,243</b>	<b>216,256,905</b>
<b>Committed:</b>							
Roads maintenance	-	7,265,425	-	-	-	-	7,265,425
<b>Total Committed</b>	<b>-</b>	<b>7,265,425</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,265,425</b>
<b>Assigned:</b>							
Economic development	7,736,120	-	-	-	-	-	7,736,120
Public arts	701,669	-	-	-	-	-	701,669
Pension plan funding	5,709,140	-	-	-	-	-	5,709,140
Affordable housing	1,233,823	-	-	-	-	-	1,233,823
Capital Projects	3,664,586	-	-	-	-	9,209,236	12,873,822
<b>Total Assigned</b>	<b>19,045,338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,209,236</b>	<b>28,254,574</b>
<b>Unassigned</b>	<b>29,804,830</b>	<b>(1,248,882)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,555,948</b>
<b>Total fund balances</b>	<b>\$ 49,106,162</b>	<b>\$ 64,218,281</b>	<b>\$ 64,939,662</b>	<b>\$ 60,169,883</b>	<b>\$ 1,050,385</b>	<b>\$ 40,848,479</b>	<b>\$ 280,332,852</b>

**20. SUBSEQUENT EVENTS**

The City of Hillsboro and Washington County approved a plan amendment to the North Hillsboro Industrial Renewal Area, which went into effect November 16, 2023. It increased its size from 1,090 to 1,281 acres and the maximum indebtedness for the plan area increased from \$172.2 million to \$268.6 million. The boundary expansion is intended to address industrial site readiness, with the City's ability to aggregate large parcels of land. While no debt has been issued subsequent to the fiscal year end, confidential contingent land purchase agreements are in place, should the City secure additional financing.

Since fiscal year end, multiple draws/requests totaling \$45 million in WIFIA funds have been made, bringing the total outstanding WIFIA balance to \$200 million as of report issuance.

**REQUIRED SUPPLEMENTARY INFORMATION**

Generally Accepted Accounting Principles

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CITY OF HILLSBORO, OREGON

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes:				
Property - current	\$ 79,882,500	\$ 79,882,500	\$ 81,806,912	\$ 1,924,412
prior years	900,000	900,000	782,582	(117,418)
Library serial levy	5,975,305	5,975,305	5,975,305	-
Liquor, cigarette, marijuana	2,750,740	2,750,740	2,778,158	27,418
Hotel/motel	3,000,000	3,000,000	3,801,252	801,252
Intergovernmental	14,950,688	14,950,688	1,865,196	(13,085,492)
Franchise fees	19,950,000	19,950,000	21,453,975	1,503,975
Licenses and permits	1,045,400	1,045,400	1,301,471	256,071
Fines, forfeitures and penalties	605,000	605,000	524,894	(80,106)
Charges for services	4,230,850	4,737,273	4,939,502	202,229
Interest and investments	518,647	518,647	1,069,044	550,397
Grants and donations	519,032	563,032	1,167,857	604,825
Other	2,361,728	2,361,728	6,652,085	4,290,357
<b>TOTAL REVENUES</b>	<u>136,689,890</u>	<u>137,240,313</u>	<u>134,118,233</u>	<u>(3,122,080)</u>
<b>EXPENDITURES:</b>				
General government:				
Planning:				
Personnel services	2,884,155	2,884,155	2,535,100	349,055
Materials and services	591,850	591,850	390,860	200,990
Special payments	1,964,964	1,964,964	1,917,722	47,242
	<u>5,440,969</u>	<u>5,440,969</u>	<u>4,843,682</u>	<u>597,287</u>
Transportation Systems:				
Personnel services	865,810	795,810	741,011	54,799
Materials and services	745,385	815,385	732,595	82,790
	<u>1,611,195</u>	<u>1,611,195</u>	<u>1,473,606</u>	<u>137,589</u>
Special Expenditures:				
Materials and services	215,000	215,000	99,897	115,103
Capital outlay	3,560,000	3,560,000	516,511	3,043,489
Special payments	3,118,998	3,118,998	2,481,122	637,876
	<u>6,893,998</u>	<u>6,893,998</u>	<u>3,097,530</u>	<u>3,796,468</u>
Economic development:				
Personnel services	953,895	953,895	683,122	270,773
Materials and services	1,520,470	1,520,470	961,786	558,684
Capital outlay	2,528,495	2,528,495	-	2,528,495
Debt service	30,000	30,000	30,000	-
Special payments	620,390	620,390	657,402	(37,012)
	<u>5,653,250</u>	<u>5,653,250</u>	<u>2,332,310</u>	<u>3,320,940</u>

(Continued)

**CITY OF HILLSBORO, OREGON**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (Continued)**

**YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued):</b>				
General government (Continued):				
PERS stabilization:				
Personnel services	\$ 100,000	\$ 100,000	\$ (9,216)	\$ 109,216
Special payments	5,000,000	5,000,000	-	5,000,000
	<u>5,100,000</u>	<u>5,100,000</u>	<u>(9,216)</u>	<u>5,109,216</u>
Total general government	<u>24,699,412</u>	<u>24,699,412</u>	<u>11,737,912</u>	<u>12,961,500</u>
Public safety and judicial:				
Municipal court:				
Personnel services	372,360	372,360	306,135	66,225
Materials and services	43,650	43,650	24,625	19,025
Special payments	178,994	178,994	153,724	25,270
	<u>595,004</u>	<u>595,004</u>	<u>484,484</u>	<u>110,520</u>
Police:				
Personnel services	33,071,840	33,071,840	32,813,887	257,953
Materials and services	3,269,832	3,269,832	3,279,456	(9,624)
Special payments	8,374,081	8,374,081	7,608,476	765,605
	<u>44,715,753</u>	<u>44,715,753</u>	<u>43,701,819</u>	<u>1,013,934</u>
Fire:				
Personnel services	24,536,505	25,469,002	25,572,345	(103,343)
Materials and services	2,323,608	2,366,534	2,241,923	124,611
Special payments	5,131,932	5,131,932	4,609,427	522,505
	<u>31,992,045</u>	<u>32,967,468</u>	<u>32,423,695</u>	<u>543,773</u>
Total public safety and judicial	<u>77,302,802</u>	<u>78,278,225</u>	<u>76,609,998</u>	<u>1,668,227</u>
Community service:				
Library:				
Personnel services	7,909,800	7,909,800	6,472,392	1,437,408
Materials and services	1,625,600	1,625,600	1,389,667	235,933
Special payments	4,563,277	4,563,277	3,981,150	582,127
	<u>14,098,677</u>	<u>14,098,677</u>	<u>11,843,209</u>	<u>2,255,468</u>

(Continued)

CITY OF HILLSBORO, OREGON

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (Continued)**

YEAR ENDED JUNE 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued):</b>				
Culture and recreation:				
Parks and recreation:				
Personnel services	18,128,450	18,128,450	17,805,704	322,746
Materials and services	4,667,250	4,667,250	4,412,104	255,146
Capital outlay	420,000	420,000	9,628	410,372
Special payments	9,688,880	9,688,880	8,749,465	939,415
Total culture and recreation	<u>32,904,580</u>	<u>32,904,580</u>	<u>30,976,901</u>	<u>1,927,679</u>
Roads and bridges:				
Street lights:				
Materials and services	\$ 325,000	\$ 325,000	\$ 303,013	\$ 21,987
Capital outlay	10,000	10,000	-	10,000
Total roads and bridges	<u>335,000</u>	<u>335,000</u>	<u>303,013</u>	<u>31,987</u>
Affordable housing:				
Personnel services	63,700	83,700	82,003	1,697
Materials and services	245,000	245,000	40,054	204,946
Capital outlay	1,063,244	1,043,244	-	1,043,244
Special payments	13,180,000	13,180,000	141,414	13,038,586
Total affordable housing	<u>14,551,944</u>	<u>14,551,944</u>	<u>263,471</u>	<u>14,288,473</u>
COVID-19 response:				
Personnel services	176,950	176,950	168,090	8,860
Materials and services	8,661,250	8,661,250	781,492	7,879,758
Capital outlay	500,000	500,000	-	500,000
Special payments	200,000	200,000	200,000	-
Total COVID-19 response	<u>9,538,200</u>	<u>9,538,200</u>	<u>1,149,582</u>	<u>8,388,618</u>
Contingency	<u>5,482,000</u>	<u>5,057,000</u>	<u>-</u>	<u>5,057,000</u>
<b>TOTAL EXPENDITURES</b>	<u>178,912,615</u>	<u>179,463,038</u>	<u>132,884,086</u>	<u>46,578,952</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(42,222,725)</u>	<u>(42,222,725)</u>	<u>1,234,147</u>	<u>43,456,872</u>

(Continued)

CITY OF HILLSBORO, OREGON

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (Continued)**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	10,000	10,000	17,324	7,324
Transfers in	3,520,000	3,520,000	2,595,000	(925,000)
Transfers out	<u>(4,092,425)</u>	<u>(4,092,425)</u>	<u>(2,858,391)</u>	<u>1,234,034</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(562,425)</u>	<u>(562,425)</u>	<u>(246,067)</u>	<u>316,358</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(42,785,150)</u>	<u>(42,785,150)</u>	<u>988,080</u>	<u>43,773,230</u>
<b>FUND BALANCE - beginning</b>	<u>49,803,106</u>	<u>49,803,106</u>	<u>49,892,182</u>	<u>89,076</u>
<b>FUND BALANCE - ending</b>	<u>\$ 7,017,956</u>	<u>\$ 7,017,956</u>	<u>\$ 50,880,262</u>	<u>\$ 43,862,306</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ 988,080	
Unrealized gain (loss) on investments			<u>22,668</u>	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<u>\$ 1,010,748</u>	

CITY OF HILLSBORO, OREGON

TRANSPORTATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 10,624,700	\$ 10,624,700	\$ 10,717,213	\$ 92,513
Licenses and permits	600,000	600,000	710,476	110,476
Charges for services	10,500,000	10,500,000	13,701,736	3,201,736
Interest and investments	1,043,677	1,043,677	1,174,935	131,258
Grants and donations	189,400	189,400	674,926	485,526
Construction reimbursement	2,158,500	2,158,500	1,456,641	(701,859)
Other	300	300	65,044	64,744
<b>TOTAL REVENUES</b>	<u>25,116,577</u>	<u>25,116,577</u>	<u>28,500,971</u>	<u>3,384,394</u>
<b>EXPENDITURES:</b>				
Personnel services	5,990,775	5,990,775	5,148,750	842,025
Materials and services	7,511,525	7,511,525	7,548,653	(37,128)
Capital outlay	60,434,240	60,392,540	7,012,894	53,379,646
Debt service	556,027	556,027	-	556,027
Special payments	2,627,499	2,627,499	2,223,551	403,948
<b>TOTAL EXPENDITURES</b>	<u>77,120,066</u>	<u>77,078,366</u>	<u>21,933,848</u>	<u>55,144,518</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(52,003,489)</u>	<u>(51,961,789)</u>	<u>6,567,123</u>	<u>58,528,912</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	-	86,310	86,310
Transfers in	6,026,795	12,189,595	2,800,000	(9,389,595)
Transfers out	(3,831,306)	(10,035,806)	(1,711,211)	8,324,595
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,195,489</u>	<u>2,153,789</u>	<u>1,175,099</u>	<u>(978,690)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(49,808,000)</u>	<u>(49,808,000)</u>	<u>7,742,222</u>	<u>57,550,222</u>
<b>FUND BALANCE - beginning</b>	<u>49,808,000</u>	<u>49,808,000</u>	<u>58,467,271</u>	<u>8,659,271</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,209,493</u>	<u>\$ 66,209,493</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ 7,742,222	
Unrealized gain (loss) on investments			117,504	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<u>\$ 7,859,726</u>	

CITY OF HILLSBORO, OREGON

BUILDING FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 5,347,500	\$ 5,347,500	\$ 15,611,254	\$ 10,263,754
Interest	296,885	296,885	842,637	545,752
Notes receivable principal collected on interfund loan	1,253,115	1,253,115	1,253,115	-
<b>TOTAL REVENUES</b>	<b>6,897,500</b>	<b>6,897,500</b>	<b>17,707,006</b>	<b>10,809,506</b>
<b>EXPENDITURES:</b>				
Personnel services	6,342,845	6,342,845	5,519,118	823,727
Materials and services	878,850	878,850	357,173	521,677
Capital outlay	23,017,844	23,017,844	-	23,017,844
Special payments	3,444,763	3,444,763	2,410,205	1,034,558
<b>TOTAL EXPENDITURES</b>	<b>33,684,302</b>	<b>33,684,302</b>	<b>8,286,496</b>	<b>25,397,806</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(26,786,802)</b>	<b>(26,786,802)</b>	<b>9,420,510</b>	<b>36,207,312</b>
<b>OTHER FINANCING USES:</b>				
Transfers In	80,000	80,000	-	(80,000)
Transfers out	(5,460,000)	(5,460,000)	(1,930,000)	3,530,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,380,000)</b>	<b>(5,380,000)</b>	<b>(1,930,000)</b>	<b>3,450,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(32,166,802)</b>	<b>(32,166,802)</b>	<b>7,490,510</b>	<b>39,657,312</b>
<b>FUND BALANCE - beginning</b>	<b>32,166,802</b>	<b>32,166,802</b>	<b>37,255,567</b>	<b>5,088,765</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,746,077</b>	<b>\$ 44,746,077</b>
<b>NET CHANGE IN FUND BALANCE - BUDGETARY BASIS</b>			<b>\$ 7,490,510</b>	
Unrealized gain (loss) on investments			(76,606)	
Change in interfund loan within governmental funds - Parks SDC Fund			(1,253,115)	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			<b>\$ 6,160,789</b>	

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**CITY OF HILLSBORO, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2023**

**Schedule of Proportionate Share of the Net Other Postemployment Benefit (OPEB) Liability (Asset)  
OPERS Retirement Health Insurance Account (RHIA)  
Last Seven Fiscal Years <sup>1</sup>**

	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
City's proportion of the OPEB liability (asset)	0.4879%	0.5330%	0.5586%	0.6361%
City's proportionate share of the net OPEB liability (asset)	\$ (1,733,749)	\$ (1,830,392)	\$ (1,138,348)	\$ (1,229,197)
City's covered payroll <sup>2</sup>	\$ 81,400,000	\$ 76,900,000	\$ 73,000,000	\$ 69,400,000
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-2.1%	-2.4%	-1.6%	-1.8%
Plan net position as a percentage of the total net OPEB liability	194.6%	183.9%	150.1%	144.4%

<sup>1</sup> 10-year trend information required by GASB Statement 75 will be presented prospectively

<sup>2</sup> Measurement Date is One Year in Arrears



<b>2019</b>	<b>2018</b>	<b>2017</b>
0.6143%	0.5968%	0.6069%
\$ (685,773)	\$ (249,088)	\$ 164,802
\$ 64,600,000	\$ 61,500,000	\$ 58,100,000
-1.1%	-0.4%	0.3%
124.0%	108.9%	94.2%

**CITY OF HILLSBORO, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2023**

**Schedule of the City's Contributions  
OPERS RHIA  
Last Seven Fiscal Years <sup>3</sup>**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 11,000	\$ 12,000	\$ 14,000	\$ 40,000
Contributions in relation to the contractually required contribution	<u>(11,000)</u>	<u>(12,000)</u>	<u>(14,000)</u>	<u>(40,000)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 88,700,000	\$ 81,400,000	\$ 76,900,000	\$ 73,000,000
Contributions as a percentage of covered payroll	0.01%	0.01%	0.02%	0.05%

<sup>3</sup> 10-year trend information required by GASB Statement 75 will be presented prospectively

**Notes to schedule**

*Actuarial Assumptions and Methods Used to Actuarially Determined Contributions:*

Actuarial Valuation Effective	December 31, 2019 July 2021 - June 2023	December 31, 2017 July 2019 - June 2021
Actuarial cost method:	Entry Age Normal	Entry Age Normal
Actuarial valuation method:	Fair Value	Fair Value
Actuarial assumptions:		
Inflation rate	2.40 percent	2.50 percent
Projected salary increases	3.40 percent	3.50 percent
Investment rate of return	6.90 percent	7.20 percent

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 315,000	\$ 297,000	\$ 299,000
<u>(315,000)</u>	<u>(297,000)</u>	<u>(299,000)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 69,400,000	\$ 64,600,000	\$ 61,500,000
0.45%	0.46%	0.49%

December 31, 2015  
July 2017 - June 2019

Entry Age Normal

Fair Value

2.50 percent  
3.50 percent  
7.20 percent

December 31, 2013  
July 2016 - June 2017

Entry Age Normal

Fair Value

2.75 percent  
3.75 percent  
7.75 percent

**CITY OF HILLSBORO, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2023**

**Schedule of Total OPEB Liability  
Implicit rate subsidy plan - single-employer plan  
Six Fiscal Years<sup>1</sup>**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Service costs	\$ 634,025	\$ 613,568	\$ 513,430	\$ 463,131
Interest	215,363	208,361	312,795	316,750
Changes of assumptions	1,481,807	-	387,137	281,666
Economic/demographic gains or losses	514,514	40,466	(465,576)	-
Benefit payments	<u>(321,895)</u>	<u>(357,105)</u>	<u>(357,106)</u>	<u>(361,711)</u>
Net change in total OPEB liability	2,523,814	505,290	390,680	699,836
Total OPEB liability - beginning	<u>9,496,567</u>	<u>8,991,277</u>	<u>8,600,597</u>	<u>7,900,761</u>
Total OPEB liability - ending	<u>\$ 12,020,381</u>	<u>\$ 9,496,567</u>	<u>\$ 8,991,277</u>	<u>\$ 8,600,597</u>
Covered-employee payroll	\$ 81,400,000	\$ 76,900,000	\$ 73,000,000	\$ 69,400,000
Total OPEB liability as a percentage of covered-employee payroll	14.8%	12.3%	12.3%	12.4%

<sup>1</sup> 10-year trend information required by GASB Statement 75 will be presented prospectively

**Notes to schedule**

Implicit rate subsidy

Contributions are not based on a measure of pay, therefore the covered-employee payroll is used in the percentages above.

Changes in Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Discount Rate Used	3.54%	2.16%	2.21%	3.50%

Assets of the plan

There are no assets accumulated in a trust to pay related benefits for the OPEB plan.

<u>2019</u>	<u>2018</u>
\$ 497,378	\$ 536,666
313,853	255,395
(1,066,384)	(597,028)
63,406	-
<u>(350,832)</u>	<u>(350,019)</u>
(542,579)	(154,986)
<u>8,443,340</u>	<u>8,598,326</u>
<u>\$ 7,900,761</u>	<u>\$ 8,443,340</u>
\$ 64,600,000	\$ 61,500,000
12.2%	13.7%

<u>2019</u>	<u>2018</u>
3.87%	3.58%

**CITY OF HILLSBORO, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2023**

**Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)  
Oregon Public Employees Retirement System  
Last Ten Fiscal Years**

	Measurement Date is One Year in Arrears			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net pension liability (asset)	0.6520%	0.6100%	0.5757%	0.5957%
City's proportionate share of the net pension liability (asset)	\$ 99,830,671	\$ 72,999,105	\$ 125,640,315	\$ 103,049,441
City's covered payroll	\$ 81,400,000	\$ 76,900,000	\$ 73,000,000	\$ 69,400,000
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	122.6%	94.9%	172.1%	148.5%
Plan fiduciary net position as a percentage of the total pension liability	84.5%	87.6%	75.8%	80.2%

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.5434%	0.5474%	0.5769%	0.6232%	0.6365%	0.6365%
\$ 82,321,486	\$ 73,783,664	\$ 86,612,324	\$ 35,782,477	\$ (14,427,254)	\$ 32,480,660
\$ 64,600,000	\$ 61,500,000	\$ 58,100,000	\$ 55,589,000	\$ 53,659,000	\$ 50,960,000
127.4%	120.0%	149.1%	64.4%	-26.9%	63.7%
82.1%	83.1%	80.5%	91.9%	103.6%	92.0%

**CITY OF HILLSBORO, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2023**

**Schedule of the City's Contributions  
Oregon Public Employees Retirement System  
Last Ten Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 18,240,804	\$ 16,784,000	\$ 14,102,000	\$ 13,303,000
Contributions in relation to the contractually required contribution	<u>(18,240,804)</u>	<u>(16,784,000)</u>	<u>(14,102,000)</u>	<u>(13,303,000)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 88,700,000	\$ 81,400,000	\$ 76,900,000	\$ 73,000,000
Contributions as a percentage of covered payroll	20.56%	20.62%	18.34%	18.22%



<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 10,412,000	\$ 9,715,000	\$ 7,946,000	\$ 7,410,000	\$ 5,678,000	\$ 5,501,000
<u>(10,412,000)</u>	<u>(9,715,000)</u>	<u>(7,946,000)</u>	<u>(7,410,000)</u>	<u>(5,678,000)</u>	<u>(5,501,000)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 69,400,000	\$ 64,600,000	\$ 61,500,000	\$ 58,100,000	\$ 55,589,000	\$ 53,659,000
15.00%	15.04%	12.92%	12.75%	10.21%	10.25%

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HILLSBORO, OREGON**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**

**Budget**

Required Supplementary Information includes budgetary comparisons for the General, Transportation, Hillsboro Economic Development Council North Hillsboro Industrial, and Building Funds. The budgetary comparison information for all other funds can be found in Other Supplementary Information which follows this section.

The City is required by state law to budget substantially all funds. With the exception of adjusting investments to fair value, budgets for all funds are prepared on the modified accrual basis of accounting. The ordinance authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The ordinance established the level of budgetary control at the department for the General Fund (proper, Fund 100 only) and Support Services Fund. All remaining funds of the City establish the levels of budgetary control at the category level (personnel services, materials and services, capital outlay, special payments, operating contingencies, debt service, and all other requirements levels). All annual appropriations lapse at fiscal year end.

The detail budget document, however, is required to contain more specific, detailed 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. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Councilors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board of Councilors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board of Councilors for the City and Board of Directors for HEDC, respectively. The City adopted one supplemental budgets and made several appropriation transfers during the year ended June 30, 2023.

The City overexpended its appropriations in the following Fund and category:

<u>Fund</u>	<u>Category</u>	<u>Overexpended</u>
General Fund - Economic Development	Special payments	\$ 37,012
Transportation Fund	Materials and services	37,128
Sewer Fund	Special payments	263,049

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

The information is intended to help users assess the City's retirement pension plan (OPERS) and OPEB plans' status on a going-concern basis, and assess progress made in accumulating assets to pay benefits when due. OPERS publishes an independently audited ACFR that can be obtained at:

<https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Additional details and a comprehensive list of changes for OPERS methods and assumptions can be found in the 2018 Experience Study for OPERS which was published in July 2020 and can be found at:

<https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**OTHER SUPPLEMENTARY INFORMATION**

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CITY OF HILLSBORO, OREGON

HILLSBORO ECONOMIC DEVELOPMENT COUNCIL NORTH HILLSBORO INDUSTRIAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Development charges	\$ -	\$ -	\$ 1,640,257	\$ 1,640,257
Interest and investments	25,000	25,000	59,434	34,434
Other	2,113,257	2,113,257	-	(2,113,257)
<b>TOTAL REVENUES</b>	<u>2,138,257</u>	<u>2,138,257</u>	<u>1,699,691</u>	<u>(438,566)</u>
<b>EXPENDITURES:</b>				
Personnel services	295,950	295,950	231,774	64,176
Materials and services	1,525,000	1,525,000	103,704	1,421,296
Capital outlay	4,123,307	4,123,307	441,144	3,682,163
<b>TOTAL EXPENDITURES</b>	<u>5,944,257</u>	<u>5,944,257</u>	<u>776,622</u>	<u>5,167,635</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(3,806,000)</u>	<u>(3,806,000)</u>	<u>923,069</u>	<u>4,729,069</u>
<b>OTHER FINANCING SOURCE:</b>				
Transfers in	3,000,000	3,000,000	3,000,000	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(806,000)</u>	<u>(806,000)</u>	<u>3,923,069</u>	<u>4,729,069</u>
<b>FUND BALANCE - beginning</b>	<u>806,000</u>	<u>806,000</u>	<u>2,224,863</u>	<u>1,418,863</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,147,932</u>	<u>\$ 6,147,932</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ 3,923,069	
Land held for resale - acquired			25,898	
Land held for resale - sold			(6,614)	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<u>\$ 3,942,353</u>	

CITY OF HILLSBORO, OREGON

SOUTH HILLSBORO LOCAL IMPROVEMENT DISTRICT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and investments	\$ 25,000	\$ 25,000	\$ 94,965	\$ 69,965
Assessment and pre-assessment revenues	250,000	250,000	5,841,618	5,591,618
<b>TOTAL REVENUES</b>	<u>275,000</u>	<u>275,000</u>	<u>5,936,583</u>	<u>5,661,583</u>
<b>EXPENDITURES:</b>				
Materials and services	20,000	20,000	8,544	11,456
Capital outlay	2,772,556	2,772,556	-	2,772,556
Special payments	25,497,500	25,497,500	24,991,848	505,652
Debt service	385,000	385,000	-	385,000
<b>TOTAL EXPENDITURES</b>	<u>28,675,056</u>	<u>28,675,056</u>	<u>25,000,392</u>	<u>3,674,664</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	<u>(28,400,056)</u>	<u>(28,400,056)</u>	<u>(19,063,809)</u>	<u>9,336,247</u>
<b>OTHER FINANCING SOURCES:</b>				
Bond proceeds	<u>22,000,000</u>	<u>22,000,000</u>	<u>12,500,000</u>	<u>9,500,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(6,400,056)</u>	<u>(6,400,056)</u>	<u>(6,563,809)</u>	<u>(163,753)</u>
<b>FUND BALANCE - beginning</b>	<u>6,400,056</u>	<u>6,400,056</u>	<u>7,644,415</u>	<u>1,244,359</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,080,606</u>	<u>\$ 1,080,606</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ (6,563,809)	
Unrealized gain (loss) on investments			<u>213,659</u>	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<u>\$ (6,350,150)</u>	



**NON-MAJOR GOVERNMENTAL FUNDS**

CITY OF HILLSBORO, OREGON

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2023

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 2,801,450	\$ 5,114,357	\$ 2,964,809	\$ 10,880,616
Collections held by county treasurer	-	25,776	-	25,776
Investments	23,731,488	-	10,048,794	33,780,282
Accounts receivable	190,403	147,685	468,411	806,499
Interest receivable	66,917	12,082	29,079	108,078
Land held for resale	-	-	1,105,911	1,105,911
<b>TOTAL ASSETS</b>	<b>\$ 26,790,258</b>	<b>\$ 5,299,900</b>	<b>\$ 14,617,004</b>	<b>\$ 46,707,162</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 91,563	\$ -	\$ 1,630,450	\$ 1,722,013
Interfund payable	3,922,844	-	-	3,922,844
Accrued payroll payable	-	-	5,000	5,000
Deposits payable	8,487	-	-	8,487
<b>TOTAL LIABILITIES</b>	<b>4,022,894</b>	<b>-</b>	<b>1,635,450</b>	<b>5,658,344</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue, SDCs	80,464	-	-	80,464
Unavailable revenue, property taxes	-	119,875	-	119,875
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>80,464</b>	<b>119,875</b>	<b>-</b>	<b>200,339</b>
<b>FUND BALANCES:</b>				
Restricted	22,686,900	5,180,025	3,772,318	31,639,243
Assigned	-	-	9,209,236	9,209,236
<b>TOTAL FUND BALANCES</b>	<b>22,686,900</b>	<b>5,180,025</b>	<b>12,981,554</b>	<b>40,848,479</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 26,790,258</b>	<b>\$ 5,299,900</b>	<b>\$ 14,617,004</b>	<b>\$ 46,707,162</b>

CITY OF HILLSBORO, OREGON

NON-MAJOR GOVERNMENTAL FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES**

YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total
<b>REVENUES:</b>				
Charges for services	\$ 10,974,415	\$ -	\$ 319,385	\$ 11,293,800
Gain share contributions	-	-	6,373,594	6,373,594
Taxes	-	12,064,257	-	12,064,257
Interest and investments	585,322	184,565	314,471	1,084,358
Note receivable principal collected	-	-	23,650	23,650
Grants and other	898,685	2,222	3,183,648	4,084,555
<b>TOTAL REVENUES</b>	<u>12,458,422</u>	<u>12,251,044</u>	<u>10,214,748</u>	<u>34,924,214</u>
<b>EXPENDITURES:</b>				
General government	7,312	-	1,771,554	1,778,866
Public safety and judicial	29,753	-	-	29,753
Community service	884,734	-	-	884,734
Roads and bridges	-	-	-	-
Capital outlay	-	-	12,466,223	12,466,223
Debt service	96,885	3,425,045	-	3,521,930
<b>TOTAL EXPENDITURES</b>	<u>1,018,684</u>	<u>3,425,045</u>	<u>14,237,777</u>	<u>18,681,506</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>11,439,738</u>	<u>8,825,999</u>	<u>(4,023,029)</u>	<u>16,242,708</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	4,650,000	-	15,476,000	20,126,000
Transfers out	(14,450,000)	(6,601,000)	(9,851,015)	(30,902,015)
Bond proceeds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(9,800,000)</u>	<u>(6,601,000)</u>	<u>5,624,985</u>	<u>(10,776,015)</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,639,738	2,224,999	1,601,956	5,466,693
<b>FUND BALANCES - beginning</b>	<u>21,047,162</u>	<u>2,955,026</u>	<u>11,379,598</u>	<u>35,381,786</u>
<b>FUND BALANCES - ending</b>	<u>\$ 22,686,900</u>	<u>\$ 5,180,025</u>	<u>\$ 12,981,554</u>	<u>\$ 40,848,479</u>

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## **NON-MAJOR SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects

Police Forfeiture Fund: This fund accounts for the revenues received from state and Federal forfeitures and donations.

Cadet Fund: This fund accounts for the revenues and expenditures for the Police Cadet Program, to expand the existing cadet program and to create a scholarship program for cadets planning to study criminal justice.

Parks Mitigation Fund: This fund accounts for parks mitigation donations and grants given to the City for ongoing maintenance of completed wetland mitigation projects.

Parks SDC Fund: This fund accounts for parks system development charges (SDC). Parks SDCs are charged when a building permit is issued for any new construction, additions, alternations, or change in use. Fees collected are used to fund the acquisition and development of capacity-expanding parks and recreation land and facilities that accommodate the community's growth.

Parks Supplemental SDC Fund: This fund accounts for the system develop charges revenues received from new development in the South Hillsboro area of the City, and capital expenditures for Parks' system growth in that area.

Community Development Block Grant Fund: This fund accounts for revenues and expenditures related to the federally funded Community Development Block Grant.

CITY OF HILLSBORO, OREGON

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2023

	<u>Police Forfeiture Fund</u>	<u>Cadet Fund</u>	<u>Parks Mitigation Fund</u>	<u>Parks System Development Charges</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 15,589	\$ 102,595	\$ 18,824	\$ 2,364,954
Investments	132,054	869,099	159,461	20,033,870
Interest receivable	359	2,361	433	56,870
Accounts receivable	-	-	-	80,464
<b>TOTAL ASSETS</b>	<u>\$ 148,002</u>	<u>\$ 974,055</u>	<u>\$ 178,718</u>	<u>\$ 22,536,158</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ 120	\$ 1,504	\$ -
Interfund payable	-	-	-	3,902,844
Deposits Payable	8,487	-	-	-
<b>TOTAL LIABILITIES</b>	<u>8,487</u>	<u>120</u>	<u>1,504</u>	<u>3,902,844</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue, SDCs	-	-	-	80,464
<b>FUND BALANCES:</b>				
Restricted	<u>139,515</u>	<u>973,935</u>	<u>177,214</u>	<u>18,552,850</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 148,002</u>	<u>\$ 974,055</u>	<u>\$ 178,718</u>	<u>\$ 22,536,158</u>

Parks Supplemental SDC Fund	Community Development Block Grant Fund	Total
\$ 299,488	\$ -	\$ 2,801,450
2,537,004	-	23,731,488
6,894	-	66,917
-	109,939	190,403
\$ 2,843,386	\$ 109,939	\$ 26,790,258
\$ -	\$ 89,939	\$ 91,563
-	20,000	3,922,844
-	-	8,487
-	109,939	4,022,894
-	-	80,464
2,843,386	-	22,686,900
\$ 2,843,386	\$ 109,939	\$ 26,790,258

CITY OF HILLSBORO, OREGON

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2023

	<u>Police Forfeiture Fund</u>	<u>Cadet Fund</u>	<u>Parks Mitigation Fund</u>	<u>Parks System Development Charges</u>
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ -	\$ 8,740,929
Interest and investments	3,126	20,904	3,982	396,159
Grants and donations	-	13,951	-	-
<b>TOTAL REVENUES</b>	<u>3,126</u>	<u>34,855</u>	<u>3,982</u>	<u>9,137,088</u>
<b>EXPENDITURES:</b>				
General government	-	-	7,312	-
Public safety and judicial	484	29,269	-	-
Community service	-	-	-	-
Debt service	-	-	-	96,885
<b>TOTAL EXPENDITURES</b>	<u>484</u>	<u>29,269</u>	<u>7,312</u>	<u>96,885</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)</b>	<u>2,642</u>	<u>5,586</u>	<u>(3,330)</u>	<u>9,040,203</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	4,650,000
Transfers out	-	-	-	(9,800,000)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,150,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,642	5,586	(3,330)	3,890,203
<b>FUND BALANCES - beginning</b>	<u>136,873</u>	<u>968,349</u>	<u>180,544</u>	<u>14,662,647</u>
<b>FUND BALANCES - ending</b>	<u>\$ 139,515</u>	<u>\$ 973,935</u>	<u>\$ 177,214</u>	<u>\$ 18,552,850</u>



Parks Supplemental SDC Fund	Community Development Block Grant Fund	Total
\$ 2,233,486	\$ -	\$ 10,974,415
161,151	-	585,322
-	884,734	898,685
<u>2,394,637</u>	<u>884,734</u>	<u>12,458,422</u>
-	-	7,312
-	-	29,753
-	884,734	884,734
-	-	96,885
<u>-</u>	<u>884,734</u>	<u>1,018,684</u>
<u>2,394,637</u>	<u>-</u>	<u>11,439,738</u>
-	-	4,650,000
<u>(4,650,000)</u>	<u>-</u>	<u>(14,450,000)</u>
<u>(4,650,000)</u>	<u>-</u>	<u>(9,800,000)</u>
(2,255,363)	-	1,639,738
<u>5,098,749</u>	<u>-</u>	<u>21,047,162</u>
<u>\$ 2,843,386</u>	<u>\$ -</u>	<u>\$ 22,686,900</u>

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CITY OF HILLSBORO, OREGON

POLICE FORFEITURE FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and investments	\$ 1,500	\$ 1,500	\$ 2,594	\$ 1,094
Other	1,500	1,500	-	(1,500)
<b>TOTAL REVENUES</b>	<u>3,000</u>	<u>3,000</u>	<u>2,594</u>	<u>(406)</u>
<b>EXPENDITURES:</b>				
Materials and services	<u>144,270</u>	<u>144,270</u>	<u>484</u>	<u>143,786</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	<u>(141,270)</u>	<u>(141,270)</u>	<u>2,110</u>	<u>143,380</u>
<b>FUND BALANCE - beginning</b>	<u>141,270</u>	<u>141,270</u>	<u>141,663</u>	<u>393</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,773</u>	<u>\$ 143,773</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ 2,110	
Unrealized gain (loss) on investments			<u>532</u>	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<u>\$ 2,642</u>	

CITY OF HILLSBORO, OREGON

CADET FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and investments	\$ 8,500	\$ 8,500	\$ 17,018	\$ 8,518
Grants and donations	-	-	13,951	13,951
<b>TOTAL REVENUES</b>	<u>8,500</u>	<u>8,500</u>	<u>30,969</u>	<u>22,469</u>
<b>EXPENDITURES:</b>				
Personnel services	44,195	44,195	16,855	27,340
Materials and services	30,500	30,500	12,414	18,086
Contingency	100,000	100,000	-	100,000
<b>TOTAL EXPENDITURES</b>	<u>174,695</u>	<u>174,695</u>	<u>29,269</u>	<u>145,426</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	<u>(166,195)</u>	<u>(166,195)</u>	<u>1,700</u>	<u>167,895</u>
<b>FUND BALANCE - beginning</b>	<u>984,167</u>	<u>984,167</u>	<u>1,000,260</u>	<u>16,093</u>
<b>FUND BALANCE - ending</b>	<u>\$ 817,972</u>	<u>\$ 817,972</u>	<u>\$ 1,001,960</u>	<u>\$ 183,988</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ 1,700	
Unrealized gain (loss) on investments			<u>3,886</u>	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<u>\$ 5,586</u>	

**CITY OF HILLSBORO, OREGON**

**PARKS MITIGATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

**YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Interest and investments	\$ 1,000	\$ 1,000	\$ 3,174	\$ 2,174
<b>TOTAL REVENUES</b>	<u>1,000</u>	<u>1,000</u>	<u>3,174</u>	<u>2,174</u>
<b>EXPENDITURES:</b>				
Materials and services	50,000	50,000	7,312	42,688
Capital outlay	126,900	126,900	-	126,900
<b>TOTAL EXPENDITURES</b>	<u>176,900</u>	<u>176,900</u>	<u>7,312</u>	<u>169,588</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	<u>(175,900)</u>	<u>(175,900)</u>	<u>(4,138)</u>	<u>171,762</u>
<b>FUND BALANCE - beginning</b>	<u>175,900</u>	<u>175,900</u>	<u>186,494</u>	<u>10,594</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,356</u>	<u>\$ 182,356</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ (4,138)	
Unrealized gain (loss) on investments			<u>808</u>	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<u>\$ (3,330)</u>	

**CITY OF HILLSBORO, OREGON**

**PARKS SYSTEM DEVELOPMENT CHARGES**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

**YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 3,500,000	\$ 3,500,000	\$ 8,740,929	\$ 5,240,929
Interest and investments	124,000	124,000	417,899	293,899
<b>TOTAL REVENUES</b>	<b>3,624,000</b>	<b>3,624,000</b>	<b>9,158,828</b>	<b>5,534,828</b>
<b>EXPENDITURES:</b>				
Capital outlay	14,163,000	14,163,000	-	14,163,000
Debt service	-	1,350,000	1,350,000	-
<b>TOTAL EXPENDITURES</b>	<b>14,163,000</b>	<b>15,513,000</b>	<b>1,350,000</b>	<b>14,163,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(10,539,000)</b>	<b>(11,889,000)</b>	<b>7,808,828</b>	<b>19,697,828</b>
<b>OTHER FINANCING USES:</b>				
Transfers in	3,300,000	4,650,000	4,650,000	-
Transfers out	(11,100,000)	(11,100,000)	(9,800,000)	1,300,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>(18,339,000)</b>	<b>(18,339,000)</b>	<b>2,658,828</b>	<b>20,997,828</b>
<b>FUND BALANCE - beginning</b>	<b>18,339,000</b>	<b>18,339,000</b>	<b>20,471,715</b>	<b>2,132,715</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,130,543</b>	<b>\$ 23,130,543</b>

**RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS**

<b>NET CHANGE IN FUND BALANCE - BUDGETARY BASIS</b>	\$ 2,658,828
Unrealized gain (loss) on investments	(21,740)
Change in interfund loan within governmental funds - Building Fund	1,253,115
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>	<b>\$ 3,890,203</b>

**CITY OF HILLSBORO, OREGON**

**PARKS SUPPLEMENTAL SDC FUND**

**SCHEDULE OF REVENUES  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

**YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 2,000,000	\$ 2,000,000	\$ 2,233,486	\$ 233,486
Interest and investments	20,000	20,000	74,934	54,934
<b>TOTAL REVENUES</b>	<b>2,020,000</b>	<b>2,020,000</b>	<b>2,308,420</b>	<b>288,420</b>
<b>EXPENDITURES:</b>				
Capital outlay	2,147,000	2,147,000	-	2,147,000
Debt service	1,350,000	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,497,000</b>	<b>2,147,000</b>	<b>-</b>	<b>2,147,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,477,000)</b>	<b>(127,000)</b>	<b>2,308,420</b>	<b>2,435,420</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers out	(3,300,000)	(4,650,000)	(4,650,000)	-
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	<b>(4,777,000)</b>	<b>(4,777,000)</b>	<b>(2,341,580)</b>	<b>2,435,420</b>
<b>FUND BALANCE - beginning</b>	<b>4,777,000</b>	<b>4,777,000</b>	<b>5,266,774</b>	<b>489,774</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,925,194</b>	<b>\$ 2,925,194</b>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ (2,341,580)	
Unrealized gain (loss) on investments			86,217	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<b>\$ (2,255,363)</b>	

CITY OF HILLSBORO, OREGON

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Grants and donations	\$ 1,734,339	\$ 1,734,339	\$ 884,734	\$ (849,605)
<b>TOTAL REVENUES</b>	<u>1,734,339</u>	<u>1,734,339</u>	<u>884,734</u>	<u>(849,605)</u>
<b>EXPENDITURES:</b>				
Materials and services	<u>1,734,339</u>	<u>1,734,339</u>	<u>884,734</u>	<u>849,605</u>
<b>TOTAL EXPENDITURES</b>	<u>1,734,339</u>	<u>1,734,339</u>	<u>884,734</u>	<u>849,605</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



### **NON-MAJOR DEBT SERVICE FUNDS**

The Debt Service Funds are used to account for the accumulation of resources for the payment of tax increment bond principal and interest and other contractual debt.

Hillsboro Economic Development Council Downtown Hillsboro Tax Increment Fund: This fund accounts for the payment of principal and interest on tax increment bonds and other contractual obligations for the Downtown Hillsboro Urban Renewal Agency.

Hillsboro Economic Development Council North Hillsboro Industrial Tax Increment Fund: This fund accounts for the payment of principal and interest on tax increment bonds and other contractual obligations for the North Hillsboro Industrial Urban Renewal Agency.

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CITY OF HILLSBORO, OREGON

NON-MAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2023

	Hillsboro Economic Development Council		
	Downtown Hillsboro Tax Increment Fund	North Hillsboro Industrial Tax Increment Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 292,417	\$ 4,821,940	\$ 5,114,357
Collections held by county treasurer	4,807	20,969	25,776
Accounts receivable	29,528	118,157	147,685
Interest receivable	691	11,391	12,082
<b>TOTAL ASSETS</b>	<u>\$ 327,443</u>	<u>\$ 4,972,457</u>	<u>\$ 5,299,900</u>
<b>DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue, property taxes	\$ 24,363	\$ 95,512	\$ 119,875
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>24,363</u>	<u>95,512</u>	<u>119,875</u>
<b>FUND BALANCES:</b>			
Restricted	<u>303,080</u>	<u>4,876,945</u>	<u>5,180,025</u>
<b>TOTAL FUND BALANCES</b>	<u>303,080</u>	<u>4,876,945</u>	<u>5,180,025</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 327,443</u>	<u>\$ 4,972,457</u>	<u>\$ 5,299,900</u>

**CITY OF HILLSBORO, OREGON**

**NON-MAJOR DEBT SERVICE FUNDS**

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2023**

	Hillsboro Economic Development Council		Total
	Downtown Hillsboro Tax Increment Fund	North Hillsboro Industrial Tax Increment Fund	
<b>REVENUES:</b>			
Taxes	\$ 2,107,150	\$ 9,957,107	\$ 12,064,257
Interest and investments	47,945	136,620	184,565
Other	556	1,666	2,222
<b>TOTAL REVENUES</b>	<b>2,155,651</b>	<b>10,095,393</b>	<b>12,251,044</b>
<b>EXPENDITURES:</b>			
Debt service	-	3,425,045	3,425,045
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>3,425,045</b>	<b>3,425,045</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>2,155,651</b>	<b>6,670,348</b>	<b>8,825,999</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(3,601,000)	(3,000,000)	(6,601,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,601,000)</b>	<b>(3,000,000)</b>	<b>(6,601,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,445,349)</b>	<b>3,670,348</b>	<b>2,224,999</b>
<b>FUND BALANCES - beginning</b>	<b>1,748,429</b>	<b>1,206,597</b>	<b>2,955,026</b>
<b>FUND BALANCES - ending</b>	<b>\$ 303,080</b>	<b>\$ 4,876,945</b>	<b>\$ 5,180,025</b>

CITY OF HILLSBORO, OREGON

HILLSBORO ECONOMIC DEVELOPMENT COUNCIL DOWNTOWN HILLSBORO TAX INCREMENT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes - current	\$ 1,900,000	\$ 1,900,000	\$ 2,090,037	\$ 190,037
Property taxes - prior year	20,000	20,000	17,113	(2,887)
Interest and investments	20,000	20,000	47,945	27,945
Other	-	-	556	556
<b>TOTAL REVENUES</b>	<b>1,940,000</b>	<b>1,940,000</b>	<b>2,155,651</b>	<b>215,651</b>
<b>EXPENDITURES:</b>				
Debt service	600,000	600,000	-	600,000
<b>TOTAL EXPENDITURES</b>	<b>600,000</b>	<b>600,000</b>	<b>-</b>	<b>600,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,340,000</b>	<b>1,340,000</b>	<b>2,155,651</b>	<b>815,651</b>
<b>OTHER FINANCING USES:</b>				
Transfers out	(3,601,000)	(3,601,000)	(3,601,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,261,000)</b>	<b>(2,261,000)</b>	<b>(1,445,349)</b>	<b>815,651</b>
<b>FUND BALANCE - beginning</b>	<b>2,261,000</b>	<b>2,261,000</b>	<b>1,748,429</b>	<b>(512,571)</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 303,080</b>	<b>\$ 303,080</b>

CITY OF HILLSBORO, OREGON

HILLSBORO ECONOMIC DEVELOPMENT COUNCIL NORTH HILLSBORO INDUSTRIAL TAX INCREMENT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES:</b>				
Property taxes - current	\$ 5,339,250	\$ 5,339,250	\$ 9,901,400	\$ 4,562,150
Property taxes - prior year	43,260	43,260	55,707	12,447
Interest and investments	40,000	40,000	136,620	96,620
Other	-	-	1,666	1,666
<b>TOTAL REVENUES</b>	<b>5,422,510</b>	<b>5,422,510</b>	<b>10,095,393</b>	<b>4,672,883</b>
<b>EXPENDITURES:</b>				
Capital outlay	1,646,639	1,646,639	-	1,646,639
Debt service	3,425,721	3,425,721	3,425,045	676
<b>TOTAL EXPENDITURES</b>	<b>5,072,360</b>	<b>5,072,360</b>	<b>3,425,045</b>	<b>1,647,315</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>350,150</b>	<b>350,150</b>	<b>6,670,348</b>	<b>6,320,198</b>
<b>OTHER FINANCING USES:</b>				
Transfers out	(3,000,000)	(3,000,000)	(3,000,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,649,850)</b>	<b>(2,649,850)</b>	<b>3,670,348</b>	<b>6,320,198</b>
<b>FUND BALANCE - beginning</b>	<b>2,649,850</b>	<b>2,649,850</b>	<b>1,206,597</b>	<b>(1,443,253)</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,876,945</b>	<b>\$ 4,876,945</b>

### **NON-MAJOR CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Hillsboro Economic Development Council Downtown Hillsboro Fund: This fund accounts for the purchase and sale of land and the construction of infrastructure and other assets in the downtown area of the City. The major financing sources are intergovernmental and interest earnings.

Parks Capital Fund: This fund is used to account for park development. Resources are provided by federal and state grants and parks system development charges.

South Hillsboro Community Service Fee Capital Fund: This fund is used to account for park development in the South Hillsboro area of the City. Resources are provided by charges for services billed to residents of the area.

Gain Share Capital Fund: This fund is used to account for gain share revenues and is designated for certain City capital projects.

CITY OF HILLSBORO, OREGON

NON-MAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2023

	Hillsboro Economic Development Council Downtown Hillsboro	Parks Capital	South Hillsboro Community Service Capital
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,778,571	\$ 143,854	\$ 72,395
Investments	-	1,218,605	613,271
Accounts receivable	13,900	414,535	39,976
Interest receivable	4,202	881	1,667
Land held for resale	1,105,911	-	-
<b>TOTAL ASSETS</b>	<u>\$ 2,902,584</u>	<u>\$ 1,777,875</u>	<u>\$ 727,309</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 43,365	\$ 1,587,085	\$ -
Accrued payroll payable	-	5,000	-
<b>TOTAL LIABILITIES</b>	<u>43,365</u>	<u>1,592,085</u>	<u>-</u>
<b>FUND BALANCES:</b>			
Restricted	2,859,219	185,790	727,309
Assigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>2,859,219</u>	<u>185,790</u>	<u>727,309</u>
<b>TOTAL LIABILITIES, AND FUND BALANCES</b>	<u>\$ 2,902,584</u>	<u>\$ 1,777,875</u>	<u>\$ 727,309</u>



Gain Share Capital	Total
\$ 969,989	\$ 2,964,809
8,216,918	10,048,794
-	468,411
22,329	29,079
-	1,105,911
<u>\$ 9,209,236</u>	<u>\$ 14,617,004</u>
\$ -	\$ 1,630,450
-	5,000
<u>-</u>	<u>1,635,450</u>
-	3,772,318
<u>9,209,236</u>	<u>9,209,236</u>
<u>9,209,236</u>	<u>12,981,554</u>
<u>\$ 9,209,236</u>	<u>\$ 14,617,004</u>

CITY OF HILLSBORO, OREGON

NON-MAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2023

	Hillsboro Economic Development Council Downtown Hillsboro	Parks Capital	South Hillsboro Community Service Capital
<b>REVENUES:</b>			
Gain share contributions	\$ -	\$ -	\$ -
Charges for services	-	-	319,385
Interest and investments	20,566	33,863	3,212
Note receivable principal collected	23,650	-	-
Grants and other	30,993	3,152,655	-
<b>TOTAL REVENUES</b>	<b>75,209</b>	<b>3,186,518</b>	<b>322,597</b>
<b>EXPENDITURES:</b>			
General government	996,092	775,462	-
Capital outlay	-	12,466,223	-
<b>TOTAL EXPENDITURES</b>	<b>996,092</b>	<b>13,241,685</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(920,883)</b>	<b>(10,055,167)</b>	<b>322,597</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	3,601,000	9,500,000	-
Transfers out	(883,600)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,717,400</b>	<b>9,500,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,796,517</b>	<b>(555,167)</b>	<b>322,597</b>
<b>FUND BALANCES - beginning</b>	<b>1,062,702</b>	<b>740,957</b>	<b>404,712</b>
<b>FUND BALANCES - ending</b>	<b>\$ 2,859,219</b>	<b>\$ 185,790</b>	<b>\$ 727,309</b>

Gain Share Capital	Total
\$ 6,373,594	\$ 6,373,594
-	319,385
256,830	314,471
-	23,650
-	3,183,648
<u>6,630,424</u>	<u>10,214,748</u>
-	1,771,554
<u>-</u>	<u>12,466,223</u>
-	14,237,777
<u>6,630,424</u>	<u>(4,023,029)</u>
2,375,000	15,476,000
<u>(8,967,415)</u>	<u>(9,851,015)</u>
<u>(6,592,415)</u>	<u>5,624,985</u>
38,009	1,601,956
<u>9,171,227</u>	<u>11,379,598</u>
<u>\$ 9,209,236</u>	<u>\$ 12,981,554</u>

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CITY OF HILLSBORO, OREGON

HILLSBORO ECONOMIC DEVELOPMENT COUNCIL DOWNTOWN HILLSBORO FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and investments	\$ 11,860	\$ 11,860	\$ 20,566	\$ 8,706
Notes receivable principal collected	24,140	24,140	23,650	(490)
Grants and donations	-	-	30,993	30,993
<b>TOTAL REVENUES</b>	<b>36,000</b>	<b>36,000</b>	<b>75,209</b>	<b>39,209</b>
<b>EXPENDITURES:</b>				
Personnel services	261,975	261,975	194,233	67,742
Materials and services	2,030,000	2,030,000	801,859	1,228,141
Capital outlay	12,428,925	12,428,925	1,105,911	11,323,014
<b>TOTAL EXPENDITURES</b>	<b>14,720,900</b>	<b>14,720,900</b>	<b>2,102,003</b>	<b>12,618,897</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(14,684,900)</b>	<b>(14,684,900)</b>	<b>(2,026,794)</b>	<b>12,658,106</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,601,000	3,601,000	3,601,000	-
Transfers out	(883,600)	(883,600)	(883,600)	-
Note payable issued	11,500,000	11,500,000	-	(11,500,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>14,217,400</b>	<b>14,217,400</b>	<b>2,717,400</b>	<b>(11,500,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(467,500)</b>	<b>(467,500)</b>	<b>690,606</b>	<b>1,158,106</b>
<b>FUND BALANCE - beginning</b>	<b>467,500</b>	<b>467,500</b>	<b>1,062,702</b>	<b>595,202</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,753,308</b>	<b>\$ 1,753,308</b>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ 690,606	
Land held for resale - acquired			1,105,911	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<b>\$ 1,796,517</b>	

CITY OF HILLSBORO, OREGON

PARKS CAPITAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Grants and other	\$ 3,100,000	\$ 3,100,000	\$ 3,152,655	\$ 52,655
<b>EXPENDITURES:</b>				
Personnel services	325,490	325,490	275,810	49,680
Materials and services	882,000	882,000	499,652	382,348
Capital outlay	12,916,010	12,916,010	12,466,223	449,787
<b>TOTAL EXPENDITURES</b>	<b>14,123,500</b>	<b>14,123,500</b>	<b>13,241,685</b>	<b>881,815</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(11,023,500)</b>	<b>(11,023,500)</b>	<b>(10,089,030)</b>	<b>934,470</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	10,800,000	10,800,000	9,500,000	(1,300,000)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>10,800,000</b>	<b>10,800,000</b>	<b>9,500,000</b>	<b>(1,300,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(223,500)</b>	<b>(223,500)</b>	<b>(589,030)</b>	<b>(365,530)</b>
<b>FUND BALANCE - beginning</b>	<b>223,500</b>	<b>223,500</b>	<b>785,274</b>	<b>561,774</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 196,244</b>	<b>\$ 196,244</b>

**RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS**

<b>NET CHANGE IN FUND BALANCE</b>	\$ (589,030)
Unrealized gain (loss) on investments	33,863
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>	<b>\$ (555,167)</b>

CITY OF HILLSBORO, OREGON

SOUTH HILLSBORO COMMUNITY SERVICE FEE CAPITAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for Service	\$ 220,000	\$ 220,000	\$ 319,385	\$ 99,385
Interest	5,000	5,000	10,627	5,627
<b>TOTAL REVENUES</b>	<u>225,000</u>	<u>225,000</u>	<u>330,012</u>	<u>105,012</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>625,000</u>	<u>625,000</u>	<u>-</u>	<u>625,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	<u>(400,000)</u>	<u>(400,000)</u>	<u>330,012</u>	<u>730,012</u>
<b>FUND BALANCE - beginning</b>	<u>400,000</u>	<u>400,000</u>	<u>417,072</u>	<u>17,072</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 747,084</u>	<u>\$ 747,084</u>
 <b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ 330,012	
Unrealized gain (loss) on investments			<u>(7,415)</u>	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<u>\$ 322,597</u>	

CITY OF HILLSBORO, OREGON

GAIN SHARE CAPITAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Gain share contributions	\$ 6,281,200	\$ 6,281,200	\$ 6,373,594	\$ 92,394
Interest and investments	100,000	100,000	219,560	119,560
<b>TOTAL REVENUES</b>	<u>6,381,200</u>	<u>6,381,200</u>	<u>6,593,154</u>	<u>211,954</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>887,585</u>	<u>887,585</u>	<u>-</u>	<u>887,585</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>5,493,615</u>	<u>5,493,615</u>	<u>6,593,154</u>	<u>1,099,539</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,375,000	2,375,000	2,375,000	-
Transfers out	<u>(11,717,415)</u>	<u>(11,717,415)</u>	<u>(8,967,415)</u>	<u>2,750,000</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(9,342,415)</u>	<u>(9,342,415)</u>	<u>(6,592,415)</u>	<u>2,750,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(3,848,800)</u>	<u>(3,848,800)</u>	<u>739</u>	<u>3,849,539</u>
<b>FUND BALANCE - beginning</b>	<u>3,848,800</u>	<u>3,848,800</u>	<u>9,473,458</u>	<u>5,624,658</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,474,197</u>	<u>\$ 9,474,197</u>

**RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS**

<b>NET CHANGE IN FUND BALANCE</b>		\$ 739
Unrealized gain (loss) on investments		<u>37,270</u>
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>		<u>\$ 38,009</u>



## **ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Board of Councilors is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the Board of Councilors has decided that periodic determination of net income is appropriate for accountability purposes.

Utilities Commission Fund: This fund accounts for the operation and maintenance of water service and distribution facilities.

Sewer Fund: This fund accounts for the operation and maintenance of the sewer service and collection system.

Surface Water Management Fund: This fund accounts for the operation and maintenance of the City's surface water system.

Property Management Fund: This fund accounts for revenues and operating costs for off-street parking facilities and other properties.

Intermodal Transit Facility Fund: This fund accounts for expenses related to the Intermodal Transit Facility (ITF). The City partnered with Tuality Healthcare and Pacific University to build the ITF and the partners share in the cost of maintaining the facility.

Broadband Fund: This fund accounts for the operations and maintenance of the City's broadband internet and commercial phone service system.

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**CITY OF HILLSBORO, OREGON**

**UTILITIES COMMISSION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

**YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 46,870,000	\$ 46,870,000	\$ 47,146,245	\$ 276,245
Installation and connection fees	300,000	300,000	143,956	(156,044)
Licenses and permits	30,000	30,000	133,880	103,880
System development fees	3,200,000	3,200,000	5,246,897	2,046,897
Interest and investments	825,000	825,000	2,583,445	1,758,445
Miscellaneous	1,500	1,500	216,476	214,976
<b>TOTAL REVENUES</b>	<b>51,226,500</b>	<b>51,226,500</b>	<b>55,470,899</b>	<b>4,244,399</b>
<b>EXPENDITURES:</b>				
Personnel services	9,326,135	9,326,135	8,057,914	1,268,221
Materials and services	5,050,700	5,050,700	2,904,642	2,146,058
Capital outlay	270,613,092	270,613,092	93,030,163	177,582,929
Special payments	12,691,086	12,691,086	10,485,291	2,205,795
Debt service	2,627,625	2,627,625	2,627,625	-
Contingency	195,000	195,000	-	195,000
<b>TOTAL EXPENDITURES</b>	<b>300,503,638</b>	<b>300,503,638</b>	<b>117,105,635</b>	<b>183,398,003</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(249,277,138)</b>	<b>(249,277,138)</b>	<b>(61,634,736)</b>	<b>187,642,402</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	-	18,082	18,082
Bond proceeds	140,000,000	140,000,000	110,000,000	(30,000,000)
Transfers in	16,222,295	16,222,295	-	(16,222,295)
Transfers out	(17,490,795)	(17,490,795)	(506,000)	16,984,795
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>138,731,500</b>	<b>138,731,500</b>	<b>109,512,082</b>	<b>(29,219,418)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(110,545,638)</b>	<b>(110,545,638)</b>	<b>47,877,346</b>	<b>158,422,984</b>
<b>FUND BALANCE - beginning</b>	<b>113,461,938</b>	<b>113,461,938</b>	<b>107,926,504</b>	<b>(5,535,434)</b>
<b>FUND BALANCE - ending</b>	<b>\$ 2,916,300</b>	<b>\$ 2,916,300</b>	<b>\$ 155,803,850</b>	<b>\$ 152,887,550</b>

**CITY OF HILLSBORO, OREGON**

**UTILITIES COMMISSION FUND**

**RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS**

**YEAR ENDED JUNE 30, 2023**

<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 47,877,346</b>
Unrealized gain (loss) on investments	(702,492)
Amortization	(7,075)
Depreciation	(4,068,416)
Net amortization bond premiums and deferred refunding	69,051
Capital asset additions	2,282,363
Loss on disposal of capital assets	(22,117)
Contributions of capital assets	2,366,623
City's share of net loss of joint ventures	(2,092,561)
Contributions to joint ventures	90,986,246
Accrued compensated absences - City	(106,970)
Other post employment benefits	(67,527)
Issuance of long term debt	(110,000,000)
Pension expense	197,721
Accrued interest on bonds and notes	(722,756)
Principal payment on bonds and notes	<u>955,000</u>
<b>CHANGE IN NET POSITION</b>	<b><u>\$ 26,944,436</u></b>

CITY OF HILLSBORO, OREGON

SEWER FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 35,966,800	\$ 37,266,800	\$ 37,206,478	\$ (60,322)
Licenses and Permits	200,000	200,000	137,752	(62,248)
System development charges	6,200,000	9,200,000	10,301,133	1,101,133
Interest and investments	260,000	260,000	691,276	431,276
Miscellaneous	762,900	762,900	598,486	(164,414)
<b>TOTAL REVENUES</b>	<b>43,389,700</b>	<b>47,689,700</b>	<b>48,935,125</b>	<b>1,245,425</b>
<b>EXPENDITURES:</b>				
Personnel services	3,415,120	3,415,120	2,687,709	727,411
Materials and services	818,300	818,300	335,151	483,149
Capital outlay	36,974,729	36,933,029	912,069	36,020,960
Special payments	35,820,551	40,120,551	40,383,600	(263,049)
<b>TOTAL EXPENDITURES</b>	<b>77,028,700</b>	<b>81,287,000</b>	<b>44,318,529</b>	<b>36,968,471</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(33,639,000)</b>	<b>(33,597,300)</b>	<b>4,616,596</b>	<b>38,213,896</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	-	25,650	25,650
Transfers out	(67,500)	(109,200)	(109,200)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(67,500)</b>	<b>(109,200)</b>	<b>(83,550)</b>	<b>25,650</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(33,706,500)</b>	<b>(33,706,500)</b>	<b>4,533,046</b>	<b>38,239,546</b>
<b>FUND BALANCE - beginning</b>	<b>33,706,500</b>	<b>33,706,500</b>	<b>35,952,552</b>	<b>2,246,052</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,485,598</b>	<b>\$ 40,485,598</b>

CITY OF HILLSBORO, OREGON

SEWER FUND

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

YEAR ENDED JUNE 30, 2023

<b>NET CHANGE IN FUND BALANCE</b>	\$ 4,533,046
Unrealized gain (loss) on investments	(89,549)
Depreciation	(1,516,489)
Capital asset additions	959,109
Contributions of capital assets	2,234,153
Accrued compensated absences	(31,816)
Other post employment benefit	643
Pension expense	(92,799)
Charges for services and system development fees collected for Clean Water Services	(37,039,853)
Charges for services and system development fees owed to Clean Water Services	<u>37,039,853</u>
<b>CHANGE IN NET POSITION</b>	<u><u>\$ 5,990,694</u></u>

CITY OF HILLSBORO, OREGON

SURFACE WATER MANAGEMENT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 13,459,000	\$ 13,459,000	\$ 13,863,201	\$ 404,201
System development fees	500,000	500,000	185,644	(314,356)
Licenses and permits	900,000	900,000	790,596	(109,404)
Interest and investments	47,000	47,000	250,916	203,916
Miscellaneous	-	-	472	472
<b>TOTAL REVENUES</b>	<u>14,906,000</u>	<u>14,906,000</u>	<u>15,090,829</u>	<u>184,829</u>
<b>EXPENDITURES:</b>				
Personnel services	4,207,980	4,166,280	3,928,618	237,662
Materials and services	1,148,500	1,148,500	1,003,952	144,548
Capital outlay	14,734,691	14,734,691	1,650,576	13,084,115
Special payments	5,536,440	5,536,440	5,211,385	325,055
<b>TOTAL EXPENDITURES</b>	<u>25,627,611</u>	<u>25,585,911</u>	<u>11,794,531</u>	<u>13,791,380</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(10,721,611)</u>	<u>(10,679,911)</u>	<u>3,296,298</u>	<u>13,976,209</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	-	120,175	120,175
Transfers in	1,678,000	1,678,000	-	(1,678,000)
Transfers out	(2,070,889)	(2,112,589)	(434,589)	1,678,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(392,889)</u>	<u>(434,589)</u>	<u>(314,414)</u>	<u>120,175</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(11,114,500)</u>	<u>(11,114,500)</u>	<u>2,981,884</u>	<u>14,096,384</u>
<b>FUND BALANCE - beginning</b>	<u>11,114,500</u>	<u>11,114,500</u>	<u>13,111,662</u>	<u>1,997,162</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,093,546</u>	<u>\$ 16,093,546</u>

CITY OF HILLSBORO, OREGON

SURFACE WATER MANAGEMENT FUND

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

YEAR ENDED JUNE 30, 2023

<b>NET CHANGE IN FUND BALANCE</b>	\$ 2,981,884
Unrealized gain (loss) on investments	(32,040)
Depreciation	(1,858,200)
Capital asset additions	1,018,022
Contributions of capital assets	8,339,824
Accrued compensated absences	(52,502)
Other post employment benefit	(1,535)
Pension expense	(99,145)
Charges for services and system development fees collected for Clean Water Services	(2,637,706)
Charges for services and system development fees owed to Clean Water Services	<u>2,637,706</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 10,296,308</u>



CITY OF HILLSBORO, OREGON

NON-MAJOR PROPRIETARY FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>Property Management Fund</u>	<u>Intermodal Transit Facility Fund</u>	<u>Broadband Fund</u>	<u>Total</u>
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 5,961	\$ -	\$ 377,409	\$ 383,370
Investments	50,497	-	3,196,238	3,246,735
Accounts receivable	6,195	221,556	57,704	285,455
Lease receivable, current	-	47,285	-	47,285
<b>TOTAL CURRENT ASSETS</b>	<u>62,653</u>	<u>268,841</u>	<u>3,631,351</u>	<u>3,962,845</u>
Noncurrent assets:				
Net OPEB asset	-	-	14,928	14,928
Lease receivable	-	344,562	-	344,562
Capital assets not being depreciated	1,183,988	1,600,000	3,702,256	6,486,244
Capital assets, net	-	9,295,800	20,680,050	29,975,850
<b>TOTAL NONCURRENT ASSETS</b>	<u>1,183,988</u>	<u>11,240,362</u>	<u>24,397,234</u>	<u>36,821,584</u>
<b>TOTAL ASSETS</b>	<u>1,246,641</u>	<u>11,509,203</u>	<u>28,028,585</u>	<u>40,784,429</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred pension differences, net	-	-	347,472	347,472
Deferred OPEB difference	-	-	25,034	25,034
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>372,506</u>	<u>372,506</u>

**CITY OF HILLSBORO, OREGON**

**NON-MAJOR PROPRIETARY FUNDS**

**COMBINING STATEMENT OF NET POSITION (CONTINUED)**

**JUNE 30, 2023**

	Property Management Fund	Intermodal Transit Facility Fund	Broadband Fund	Total
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	\$ -	\$ 12,599	\$ 2,379,232	\$ 2,391,831
Due to other funds	-	128,817	-	128,817
Accrued payroll payable	-	-	17,000	17,000
Compensated absences payable	-	-	24,740	24,740
<b>TOTAL CURRENT LIABILITIES</b>	<b>-</b>	<b>141,416</b>	<b>2,420,972</b>	<b>2,562,388</b>
Long-term liabilities:				
Net pension liability	-	-	665,674	665,674
Compensated absences payable	-	-	42,000	42,000
Other post employment benefits payable	-	-	103,497	103,497
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>811,171</b>	<b>811,171</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>141,416</b>	<b>3,232,143</b>	<b>3,373,559</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred pension differences, net	-	-	187,947	187,947
Deferred OPEB differences	-	-	11,360	11,360
Deferred lease resources	-	391,847	-	391,847
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>391,847</b>	<b>199,307</b>	<b>591,154</b>
<b>NET POSITION:</b>				
Net investment in capital assets	1,183,988	10,895,800	24,382,306	36,462,094
Restricted for OPEB Asset	-	-	14,928	14,928
Unrestricted	62,653	80,140	572,407	715,200
<b>TOTAL NET POSITION</b>	<b>\$ 1,246,641</b>	<b>\$ 10,975,940</b>	<b>\$ 24,969,641</b>	<b>\$ 37,192,222</b>

**CITY OF HILLSBORO, OREGON**

**NON-MAJOR PROPRIETARY FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION**

**YEAR ENDED JUNE 30, 2023**

	Property Management Fund	Intermodal Transit Facility Fund	Broadband Fund	Total
<b>OPERATING REVENUES:</b>				
Charges for services, net of allowance for doubtful accounts	\$ -	\$ -	\$ 724,081	\$ 724,081
Licenses and permits			3,976	3,976
Leasehold revenues	-	205,545	-	205,545
Other	26,790	98,453	-	125,243
<b>TOTAL OPERATING REVENUES</b>	<b>26,790</b>	<b>303,998</b>	<b>728,057</b>	<b>1,058,845</b>
<b>OPERATING EXPENSES:</b>				
Salaries and fringe benefits	-	-	1,251,824	1,251,824
Operating supplies	-	35,488	81,835	117,323
Repairs and maintenance	-	28,575	652,300	680,875
Utilities	-	73,780	1,090	74,870
Insurance	-	-	20,530	20,530
Payment in lieu of property taxes	-	-	31,817	31,817
Fees and assessments	-	-	9,759	9,759
Contractual services	-	205,242	450,340	655,582
Depreciation and amortization	-	530,231	838,856	1,369,087
Support services	-	-	349,139	349,139
Other	-	-	17,351	17,351
<b>TOTAL OPERATING EXPENSES</b>	<b>-</b>	<b>873,316</b>	<b>3,704,841</b>	<b>4,578,157</b>
<b>OPERATING LOSS</b>	<b>26,790</b>	<b>(569,318)</b>	<b>(2,976,784)</b>	<b>(3,519,312)</b>
<b>NONOPERATING INCOME (LOSS):</b>				
Interest and investments income	211	19,875	(42,279)	(22,193)
Loss on disposal of capital assets	-	-	(43,252)	(43,252)
<b>TOTAL NONOPERATING INCOME (LOSS)</b>	<b>211</b>	<b>19,875</b>	<b>(85,531)</b>	<b>(65,445)</b>
<b>NET INCOME (LOSS)</b>	<b>27,001</b>	<b>(549,443)</b>	<b>(3,062,315)</b>	<b>(3,584,757)</b>
<b>TRANSFERS IN</b>	<b>-</b>	<b>50,000</b>	<b>11,316,181</b>	<b>11,366,181</b>
<b>CHANGE IN NET POSITION</b>	<b>27,001</b>	<b>(499,443)</b>	<b>8,253,866</b>	<b>7,781,424</b>
<b>NET POSITION - beginning</b>	<b>1,219,640</b>	<b>11,475,383</b>	<b>16,715,775</b>	<b>29,410,798</b>
<b>NET POSITION - ending</b>	<b>\$ 1,246,641</b>	<b>\$ 10,975,940</b>	<b>\$ 24,969,641</b>	<b>\$ 37,192,222</b>

**CITY OF HILLSBORO, OREGON**

**NON-MAJOR PROPRIETARY FUNDS**

**COMBINING STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2023**

	<u>Property Management Fund</u>	<u>Intermodal Transit Facility Fund</u>	<u>Broadband Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received for services	\$ 26,038	\$ 143,006	\$ 723,310	\$ 892,354
Cash paid to suppliers for goods and services	(156)	(213,288)	(1,450,326)	(1,663,770)
Cash paid to employees for services	-	-	(1,097,270)	(1,097,270)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>25,882</u>	<u>(70,282)</u>	<u>(1,824,286)</u>	<u>(1,868,686)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from other funds	-	50,000	11,316,181	11,366,181
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets, net of related accounts payable	-	-	(7,709,908)	(7,709,908)
<b>FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>(7,709,908)</u>	<u>(7,709,908)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received on investments	73	20,282	(47,918)	(27,563)
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND INVESTMENTS</b>	25,955	-	1,734,069	1,760,024
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS - beginning</b>	<u>30,503</u>	<u>-</u>	<u>1,839,578</u>	<u>1,870,081</u>
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS - ending</b>	<u>\$ 56,458</u>	<u>\$ -</u>	<u>\$ 3,573,647</u>	<u>\$ 3,630,105</u>

**CITY OF HILLSBORO, OREGON**

**NON-MAJOR PROPRIETARY FUNDS**

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**

**YEAR ENDED JUNE 30, 2023**

	<u>Property Management Fund</u>	<u>Intermodal Transit Facility Fund</u>	<u>Broadband Fund</u>	<u>Total</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>				
Cash and cash equivalents	\$ 5,961	\$ -	\$ 377,409	\$ 383,370
Investments	50,497	-	3,196,238	3,246,735
	<u>\$ 56,458</u>	<u>\$ -</u>	<u>\$ 3,573,647</u>	<u>\$ 3,630,105</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>				
Operating loss	<u>\$ 26,790</u>	<u>\$ (569,318)</u>	<u>\$ (2,976,784)</u>	<u>\$ (3,519,312)</u>
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation and amortization	-	530,231	838,856	1,369,087
Change in assets and liabilities:				
Receivables	(752)	(160,992)	(4,747)	(166,491)
Due to other funds	-	121,326	-	121,326
Accounts payable, net of capital related accounts payable	(156)	8,471	163,835	172,150
Accrued payroll payable	-	-	-	-
Pension system	-	-	115,379	115,379
Compensated absences payable	-	-	26,605	26,605
Other post employment benefits system	-	-	12,570	12,570
Total adjustments	<u>(908)</u>	<u>499,036</u>	<u>1,152,498</u>	<u>1,650,626</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 25,882</u>	<u>\$ (70,282)</u>	<u>\$ (1,824,286)</u>	<u>\$ (1,868,686)</u>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES: FROM OPERATING ACTIVITIES</b>				
Loss on disposal of capital assets	\$ -	\$ -	\$ (43,252)	\$ (43,252)

CITY OF HILLSBORO, OREGON

PROPERTY MANAGEMENT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and investments	\$ 250	\$ 250	\$ 832	\$ 582
Other	22,500	22,500	26,790	4,290
<b>TOTAL REVENUES</b>	<u>22,750</u>	<u>22,750</u>	<u>27,622</u>	<u>4,872</u>
<b>EXPENDITURES:</b>				
Materials and services	53,550	53,550	-	53,550
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	(30,800)	(30,800)	27,622	58,422
<b>FUND BALANCE - beginning</b>	<u>30,800</u>	<u>30,800</u>	<u>36,661</u>	<u>5,861</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,283</u>	<u>\$ 64,283</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ 27,622	
Unrealized gain (loss) on investments			(621)	
<b>CHANGE IN NET POSITION</b>			<u>\$ 27,001</u>	

CITY OF HILLSBORO, OREGON

INTERMODAL TRANSIT FACILITY

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Miscellaneous income	\$ 486,100	\$ 486,100	\$ 98,453	\$ (387,647)
Leasehold revenues	186,167	186,167	205,545	19,378
Interest and investments	20,718	20,718	19,875	(843)
<b>TOTAL REVENUES</b>	<u>692,985</u>	<u>692,985</u>	<u>323,873</u>	<u>(369,112)</u>
<b>EXPENDITURES:</b>				
Materials and services	353,700	353,700	343,085	10,615
Capital outlay	418,885	468,885	-	468,885
<b>TOTAL EXPENDITURES</b>	<u>772,585</u>	<u>822,585</u>	<u>343,085</u>	<u>479,500</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(79,600)</u>	<u>(129,600)</u>	<u>(19,212)</u>	<u>110,388</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers from other funds	-	50,000	50,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>(79,600)</u>	<u>(79,600)</u>	<u>30,788</u>	<u>110,388</u>
<b>FUND BALANCE - beginning</b>	<u>79,600</u>	<u>79,600</u>	<u>49,352</u>	<u>(30,248)</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,140</u>	<u>\$ 80,140</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ 30,788	
Depreciation			<u>(530,231)</u>	
<b>CHANGE IN NET POSITION</b>			<u>\$ (499,443)</u>	

**CITY OF HILLSBORO, OREGON**

**BROADBAND FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

**YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 835,400	\$ 835,400	\$ 724,081	\$ (111,319)
Licenses and permits	8,500	8,500	3,976	(4,524)
Interest and investments	2,000	2,000	38	(1,962)
<b>TOTAL REVENUES</b>	<b>845,900</b>	<b>845,900</b>	<b>728,095</b>	<b>(117,805)</b>
<b>EXPENDITURES:</b>				
Personnel services	1,617,790	1,617,790	1,097,270	520,520
Materials and services	888,922	888,922	689,690	199,232
Capital outlay	15,120,551	16,370,551	9,272,520	7,098,031
Special payments	459,923	459,923	408,455	51,468
<b>TOTAL EXPENDITURES</b>	<b>18,087,186</b>	<b>19,337,186</b>	<b>11,467,935</b>	<b>7,869,251</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(17,241,286)</b>	<b>(18,491,286)</b>	<b>(10,739,840)</b>	<b>7,751,446</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers from other funds	10,130,215	11,380,215	11,316,181	(64,034)
Transfer to other funds	(21,000)	(21,000)	-	21,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>10,109,215</b>	<b>11,359,215</b>	<b>11,316,181</b>	<b>(43,034)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(7,132,071)</b>	<b>(7,132,071)</b>	<b>576,341</b>	<b>7,708,412</b>
<b>FUND BALANCE - beginning</b>	<b>7,132,071</b>	<b>7,132,071</b>	<b>761,844</b>	<b>(6,370,227)</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,338,185</b>	<b>\$ 1,338,185</b>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ 576,341	
Unrealized gain (loss) on investments			(42,317)	
Depreciation			(838,856)	
Capital asset additions			8,756,504	
Loss on disposal of capital assets			(43,252)	
Accrued compensated absences			(26,605)	
Other post employment benefits			(12,570)	
Pension expense			(115,379)	
<b>CHANGE IN NET POSITION</b>			<b>\$ 8,253,866</b>	



## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods or services provided by one department of the City to other departments or to other government units, generally on a cost reimbursement basis.

**Fleet Management Fund:** This fund accounts for expenses related to the fleet maintenance of the City's motor vehicle pool. Resources are provided through charges to other City departments, agencies or other users of the services. Transfers in are made for capital purchases of vehicles.

**Copier Program Fund:** This fund accounts for expenses related to copiers. Resources are provided through charges to other City departments, agencies or other users of the services.

**Risk Management Fund:** This fund accounts for the cost of workers' compensation, property and liability insurance. Funding is provided by charges to various City departments.

**Loss Reserve Fund:** This fund accounts for the reserve for potential workers compensation claims. The City is self-insured for workers compensation and the State of Oregon requires that the City maintain a reserve fund.

**Support Services Fund:** This fund accounts for administrative services provided to other City departments. Funding is provided by charges to various City departments. Transfers in are made for capital projects including software purchase and implementation, and computer network infrastructure.

**Sustainability Revolving Fund:** This fund accounts for avoided costs from sustainability projects and to utilize a portion of those savings for subsequent projects. Funding is provided by transfer from the General Fund.

**Facilities Management Fund:** This fund accounts for operating expenses related to the maintenance and improvement of City facilities. Funding is provided by charges to various City departments and donations. Transfer in and bond proceeds are made for capital projects including construction of City facilities.

**CITY OF HILLSBORO, OREGON**

**INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF NET POSITION**

**JUNE 30, 2023**

	<u>Fleet Management</u>	<u>Copier Program</u>	<u>Risk Management</u>	<u>Loss Reserve</u>
<b><u>ASSETS</u></b>				
<b><u>CURRENT ASSETS:</u></b>				
Cash and cash equivalents	\$ 857,641	\$ 73,515	\$ 91,397	\$ 102,416
Investments	7,265,203	622,759	774,233	867,584
Accounts receivable	15,579	-	-	-
Interest receivable	19,743	1,690	4,462	-
Lease receivable, current portion	-	-	-	-
Land held for resale	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>8,158,166</u>	<u>697,964</u>	<u>870,092</u>	<u>970,000</u>
<b><u>NONCURRENT ASSETS:</u></b>				
Net OPEB asset	14,288	-	8,530	-
Lease receivable	-	-	-	-
Capital assets not being depreciated	90,991	-	-	-
Other capital assets, net	7,204,148	183,035	-	-
<b>TOTAL NONCURRENT ASSETS</b>	<u>7,309,427</u>	<u>183,035</u>	<u>8,530</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>15,467,593</u>	<u>880,999</u>	<u>878,622</u>	<u>970,000</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>				
Deferred pension differences (net)	332,509	-	260,012	-
Deferred OPEB differences	23,961	-	14,305	-
Deferred charges on refunding	-	-	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>356,470</u>	<u>-</u>	<u>274,317</u>	<u>-</u>

<u>Support Services</u>	<u>Sustainability Revolving</u>	<u>Facilities Management</u>	<u>Total</u>
\$ 394,945	\$ 21,663	\$ 4,496,973	\$ 6,038,550
3,345,638	183,513	38,094,505	51,153,435
30,584	-	120,889	167,052
9,088	498	103,431	138,912
-	-	152,435	152,435
-	-	24,021,587	24,021,587
<u>3,780,255</u>	<u>205,674</u>	<u>66,989,820</u>	<u>81,671,971</u>
292,902	-	-	315,720
-	-	4,296,387	4,296,387
-	-	31,984,757	32,075,748
<u>2,496,836</u>	<u>-</u>	<u>119,937,106</u>	<u>129,821,125</u>
<u>2,789,738</u>	<u>-</u>	<u>156,218,250</u>	<u>166,508,980</u>
<u>6,569,993</u>	<u>205,674</u>	<u>223,208,070</u>	<u>248,180,951</u>
6,821,479	-	-	7,414,000
491,203	-	-	529,469
<u>-</u>	<u>-</u>	<u>859,056</u>	<u>859,056</u>
<u>7,312,682</u>	<u>-</u>	<u>859,056</u>	<u>8,802,525</u>

**CITY OF HILLSBORO, OREGON**

**INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF NET POSITION (Continued)**

**JUNE 30, 2023**

	<u>Fleet Management</u>	<u>Copier Program</u>	<u>Risk Management</u>	<u>Loss Reserve</u>
<b><u>LIABILITIES</u></b>				
<b><u>CURRENT LIABILITIES:</u></b>				
Accounts payable	\$ 446,539	\$ 6,042	\$ 89,211	\$ -
Accrued payroll payable	15,000	-	10,000	-
Compensated absences payable	31,422	-	18,156	-
Worker's compensation claims payable	-	-	1,348,000	-
Interest payable	-	-	-	-
Bonds payable, current portion, net	-	-	-	-
Lease and SBITA payable, current portion	-	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>492,961</u>	<u>6,042</u>	<u>1,465,367</u>	<u>-</u>
<b><u>LONG-TERM LIABILITIES:</u></b>				
Net pension liability	637,006	-	498,120	-
Compensated absences payable	45,000	-	16,000	-
Other post employment benefits payable	99,061	-	59,141	-
Interfund payable	-	-	-	-
Bonds payable, net	-	-	-	-
Lease and SBITA payable	-	-	-	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>781,067</u>	<u>-</u>	<u>573,261</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>1,274,028</u>	<u>6,042</u>	<u>2,038,628</u>	<u>-</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>				
Deferred pension differences (net)	179,852	-	140,639	-
Deferred OPEB differences	10,873	-	6,491	-
Deferred lease resources	-	-	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>190,725</u>	<u>-</u>	<u>147,130</u>	<u>-</u>
<b><u>NET POSITION:</u></b>				
Net investment in capital assets	7,295,139	183,035	-	-
Restricted for OPEB Asset	14,288	-	8,530	-
Unrestricted (Deficit)	7,049,883	691,922	(1,041,349)	970,000
<b>TOTAL NET POSITION</b>	<u>\$ 14,359,310</u>	<u>\$ 874,957</u>	<u>\$ (1,032,819)</u>	<u>\$ 970,000</u>

Support Services	Sustainability Revolving	Facilities Management	Total
\$ 700,184	\$ -	\$ 1,426,595	\$ 2,668,571
366,000	-	-	391,000
582,401	-	-	631,979
-	-	-	1,348,000
19,223	-	144,492	163,715
-	-	4,906,872	4,906,872
508,993	-	215,019	724,012
<u>2,176,801</u>	<u>-</u>	<u>6,692,978</u>	<u>10,834,149</u>
13,068,323	-	-	14,203,449
714,000	-	-	775,000
2,030,749	-	-	2,188,951
-	-	12,810,000	12,810,000
-	-	67,106,605	67,106,605
449,767	-	504,461	954,228
<u>16,262,839</u>	<u>-</u>	<u>80,421,066</u>	<u>98,038,233</u>
<u>18,439,640</u>	<u>-</u>	<u>87,114,044</u>	<u>108,872,382</u>
3,689,716	-	-	4,010,207
222,895	-	-	240,259
-	-	4,448,822	4,448,822
<u>3,912,611</u>	<u>-</u>	<u>4,448,822</u>	<u>8,699,288</u>
1,538,076	-	80,047,962	89,064,212
292,902	-	-	315,720
(10,300,554)	205,674	52,456,298	50,031,874
<u>\$ (8,469,576)</u>	<u>\$ 205,674</u>	<u>\$ 132,504,260</u>	<u>\$ 139,411,806</u>

**CITY OF HILLSBORO, OREGON**

**INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION**

**YEAR ENDED JUNE 30, 2023**

	<u>Fleet Management</u>	<u>Copier Program</u>	<u>Risk Management</u>	<u>Loss Reserve</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,356,305	\$ 223,916	\$ 3,980,756	\$ -
Other	979	5	1,000	-
<b>TOTAL OPERATING REVENUES</b>	<u>2,357,284</u>	<u>223,921</u>	<u>3,981,756</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>				
Salaries and fringe benefits	1,040,843	-	633,018	-
Operating supplies, office expenses	38,751	17,463	13,581	-
Repairs and maintenance	1,169,516	119,450	-	-
Rental expense	-	-	-	-
Utilities	578	-	748	-
Dues, fees, training and assessments	9,594	-	10,515	-
Claims expense	-	-	1,066,247	-
Insurance premiums	-	-	2,393,175	-
Contractual services	7,786	-	72,422	-
Depreciation	1,880,215	31,492	-	-
Amortization	-	-	-	-
Other	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<u>4,147,283</u>	<u>168,405</u>	<u>4,189,706</u>	<u>-</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,789,999)</u>	<u>55,516</u>	<u>(207,950)</u>	<u>-</u>
<b>NONOPERATING INCOME (EXPENSE):</b>				
Interest and investments income	106,308	11,649	37,168	-
Gain (loss) on disposal of capital assets	232,423	-	-	-
Interest expense	-	-	-	-
Strategic investment program	-	-	-	-
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<u>338,731</u>	<u>11,649</u>	<u>37,168</u>	<u>-</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(1,451,268)</u>	<u>67,165</u>	<u>(170,782)</u>	<u>-</u>
Transfers in	2,500,000	-	-	-
Transfers out	-	-	-	-
<b>TRANSFERS, NET</b>	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>1,048,732</u>	<u>67,165</u>	<u>(170,782)</u>	<u>-</u>
<b>NET POSITION (DEFICIT) - beginning</b>	<u>13,310,578</u>	<u>807,792</u>	<u>(862,037)</u>	<u>970,000</u>
<b>EFFECT OF CHANGE FOR GASB 96 IMPLEMENTATION</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION - beginning, as restated</b>	<u>13,310,578</u>	<u>807,792</u>	<u>(862,037)</u>	<u>970,000</u>
<b>NET POSITION (DEFICIT) - ending</b>	<u>\$ 14,359,310</u>	<u>\$ 874,957</u>	<u>\$ (1,032,819)</u>	<u>\$ 970,000</u>

Support Services	Sustainability Revolving	Facilities Management	Total
\$ 30,689,648	\$ -	\$ 7,494,457	\$ 44,745,082
378,013	-	1,500,735	1,880,732
<u>31,067,661</u>	<u>-</u>	<u>8,995,192</u>	<u>46,625,814</u>
22,837,408	-	40,984	24,552,253
1,014,776	-	2,079,089	3,163,660
2,991,960	-	1,730,758	6,011,684
-	-	48,245	48,245
216,814	-	2,343,655	2,561,795
513,331	-	-	533,440
53,943	-	-	1,120,190
-	-	-	2,393,175
2,879,949	-	684,748	3,644,905
427,855	-	6,867,908	9,207,470
631,273	-	215,339	846,612
714,567	-	6,850	721,417
<u>32,281,876</u>	<u>-</u>	<u>14,017,576</u>	<u>54,804,846</u>
<u>(1,214,215)</u>	<u>-</u>	<u>(5,022,384)</u>	<u>(8,179,032)</u>
(19,953)	3,895	996,717	1,135,784
-	-	-	232,423
(19,778)	-	(2,019,469)	(2,039,247)
-	-	25,969,153	25,969,153
<u>(39,731)</u>	<u>3,895</u>	<u>24,946,401</u>	<u>25,298,113</u>
<u>(1,253,946)</u>	<u>3,895</u>	<u>19,924,017</u>	<u>17,119,081</u>
1,512,350	9,625	2,399,600	6,421,575
-	-	(7,857,350)	(7,857,350)
<u>1,512,350</u>	<u>9,625</u>	<u>(5,457,750)</u>	<u>(1,435,775)</u>
258,404	13,520	14,466,267	15,683,306
(9,222,350)	192,154	118,037,993	123,234,130
494,370	-	-	494,370
<u>(8,727,980)</u>	<u>192,154</u>	<u>118,037,993</u>	<u>123,728,500</u>
<u>\$ (8,469,576)</u>	<u>\$ 205,674</u>	<u>\$ 132,504,260</u>	<u>\$ 139,411,806</u>

**CITY OF HILLSBORO, OREGON**

**INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2023**

	Fleet Management	Copier Program	Risk Management	Loss Reserve
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received for services	\$ 2,367,590	\$ 223,921	\$ 3,981,874	\$ -
Cash paid to suppliers for goods and services	(1,197,525)	(135,964)	(3,349,144)	-
Cash paid to employees for services	(990,361)	-	(626,127)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>179,704</b>	<b>87,957</b>	<b>6,603</b>	<b>-</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from other funds	2,500,000	-	-	-
Transfers to other funds	-	-	-	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>2,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets, net of related accounts payable	(1,785,315)	(18,297)	-	-
Proceeds from sale of capital assets	247,293	-	-	-
Payments on bonds	-	-	-	-
Payments on leases and SBITA	-	-	-	-
Interest paid	-	-	-	-
Strategic investment program proceeds	-	-	-	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,538,022)</b>	<b>(18,297)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Acquisition (disposal) of land held for resale	-	-	-	-
Interest and investments	101,306	11,278	36,543	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>101,306</b>	<b>11,278</b>	<b>36,543</b>	<b>-</b>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND INVESTMENTS</b>	<b>1,242,988</b>	<b>80,938</b>	<b>43,146</b>	<b>-</b>
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS - beginning</b>	<b>6,879,856</b>	<b>615,336</b>	<b>822,484</b>	<b>970,000</b>
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS - ending</b>	<b>\$ 8,122,844</b>	<b>\$ 696,274</b>	<b>\$ 865,630</b>	<b>\$ 970,000</b>



Support Services	Sustainability Revolving	Facilities Management	Total
\$ 31,072,372	\$ -	\$ 9,395,065	\$ 47,040,822
(8,188,679)	-	(6,727,460)	(19,598,772)
(21,895,782)	-	(40,984)	(23,553,254)
<u>987,911</u>	<u>-</u>	<u>2,626,621</u>	<u>3,888,796</u>
1,512,350	9,625	2,399,600	6,421,575
-	-	(7,857,350)	(7,857,350)
<u>1,512,350</u>	<u>9,625</u>	<u>(5,457,750)</u>	<u>(1,435,775)</u>
(527,999)	-	(9,858,166)	(12,189,777)
-	-	-	247,293
-	-	(4,425,000)	(4,425,000)
(115,455)	-	(204,467)	(319,922)
(4,392)	-	(2,250,043)	(2,254,435)
-	-	25,969,153	25,969,153
<u>(647,846)</u>	<u>-</u>	<u>9,231,477</u>	<u>7,027,312</u>
-	-	7,024	7,024
(24,946)	3,807	969,145	1,097,133
<u>(24,946)</u>	<u>3,807</u>	<u>976,169</u>	<u>1,104,157</u>
1,827,469	13,432	7,376,517	10,584,490
<u>1,913,114</u>	<u>191,744</u>	<u>35,214,961</u>	<u>46,607,495</u>
<u>\$ 3,740,583</u>	<u>\$ 205,176</u>	<u>\$ 42,591,478</u>	<u>\$ 57,191,985</u>

**CITY OF HILLSBORO, OREGON**

**INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF CASH FLOWS (Continued)**

**YEAR ENDED JUNE 30, 2023**

	<u>Fleet Management</u>	<u>Copier Program</u>	<u>Risk Management</u>	<u>Loss Reserve</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>				
Cash and cash equivalents	\$ 857,641	\$ 73,515	\$ 91,397	\$ 102,416
Investments	<u>7,265,203</u>	<u>622,759</u>	<u>774,233</u>	<u>867,584</u>
	<u>\$ 8,122,844</u>	<u>\$ 696,274</u>	<u>\$ 865,630</u>	<u>\$ 970,000</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>				
Operating income (loss)	<u>\$ (1,789,999)</u>	<u>\$ 55,516</u>	<u>\$ (207,950)</u>	<u>\$ -</u>
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	1,880,215	31,492	-	-
Changes in assets and liabilities:				
Accounts receivable	10,306	-	118	-
Accounts payable, net of related capital activities	28,700	949	(41,456)	-
Unearned revenue	-	-	-	-
Accrued payroll payable	(2,000)	-	(1,000)	-
Pension system changes	29,138	-	12,008	-
Worker's compensation claims payable	-	-	249,000	-
Compensated absences payable	21,254	-	(5,365)	-
Other post employment benefits system changes	2,090	-	1,248	-
Total adjustments	<u>1,969,703</u>	<u>32,441</u>	<u>214,553</u>	<u>-</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 179,704</u>	<u>\$ 87,957</u>	<u>\$ 6,603</u>	<u>\$ -</u>
<b>NON-CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Gain (loss) on disposal of capital assets	\$ 232,423	\$ -	\$ -	\$ -
Acquisition of lease and SBITA assets	-	-	-	-
Acquisition of lease and SBITA financing	-	-	-	-

<u>Support Services</u>	<u>Sustainability Revolving</u>	<u>Facilities Management</u>	<u>Total</u>
\$ 394,945	\$ 21,663	\$ 4,496,973	\$ 6,038,550
<u>3,345,638</u>	<u>183,513</u>	<u>38,094,505</u>	<u>51,153,435</u>
<u>\$ 3,740,583</u>	<u>\$ 205,176</u>	<u>\$ 42,591,478</u>	<u>\$ 57,191,985</u>

<u>\$ (1,214,215)</u>	<u>\$ -</u>	<u>\$ (5,022,384)</u>	<u>\$ (8,179,032)</u>
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1,059,128	-	7,083,247	10,054,082
10,743	-	399,873	421,040
196,661	-	165,885	350,739
(6,032)	-	-	(6,032)
(2,000)	-	-	(5,000)
570,949	-	-	612,095
-	-	-	249,000
215,586	-	-	231,475
<u>157,091</u>	<u>-</u>	<u>-</u>	<u>160,429</u>
<u>2,202,126</u>	<u>-</u>	<u>7,649,005</u>	<u>12,067,828</u>
<u>\$ 987,911</u>	<u>\$ -</u>	<u>\$ 2,626,621</u>	<u>\$ 3,888,796</u>

\$ -	\$ -	\$ -	\$ 232,423
520,991	-	890,833	\$ 1,411,824
(520,991)	-	(890,833)	(1,411,824)

CITY OF HILLSBORO, OREGON

INTERNAL SERVICE FUNDS

COMBINING SCHEDULE OF RECONCILIATION OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE TO CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2023

	<u>Fleet Management</u>	<u>Copier Program</u>	<u>Risk Management</u>	<u>Loss Reserve</u>
<b>NET CHANGES IN FUND BALANCE - GAAP BASIS</b>	\$ 934,811	\$ 80,360	\$ (242,753)	\$ -
Adjustments:				
Principal payments on bonds and notes	-	-	-	-
Principal payments on long term leases and SBITA	-	-	-	-
Accrued interest on bonds, notes and SBITA	-	-	-	-
Issuance of lease and SBITA financing	-	-	-	-
Incurred but not reported insurance claims	-	-	79,862	-
Loss on disposal of capital assets	(14,870)	-	-	-
Depreciation	(1,880,215)	(31,492)	-	-
Amortization	-	-	-	-
Interest	-	-	-	-
Accrued compensated absences	(21,254)	-	5,365	-
Pension expense	(29,138)	-	(12,008)	-
Other post employment benefits	(2,090)	-	(1,248)	-
Capital asset additions	<u>2,061,488</u>	<u>18,297</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN NET POSITION</b>	<u>\$ 1,048,732</u>	<u>\$ 67,165</u>	<u>\$ (170,782)</u>	<u>\$ -</u>

<u>Support Services</u>	<u>Sustainability Revolving</u>	<u>Facilities Management</u>	<u>Total</u>
\$ 1,472,611	\$ 13,520	\$ 6,467,196	\$ 8,725,745
-	-	4,425,000	4,425,000
115,455	-	204,467	319,922
(15,386)	-	10,302	(5,084)
231,664	-	-	231,664
-	-	-	79,862
-	-	-	(14,870)
(427,855)	-	(6,867,908)	(9,207,470)
(631,273)	-	(215,339)	(846,612)
-	-	220,272	220,272
(215,586)	-	-	(231,475)
(570,949)	-	-	(612,095)
(157,091)	-	-	(160,429)
456,814	-	10,222,277	12,758,876
<u>\$ 258,404</u>	<u>\$ 13,520</u>	<u>\$ 14,466,267</u>	<u>\$ 15,683,306</u>

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**CITY OF HILLSBORO, OREGON**

**FLEET MANAGEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

**YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 2,659,855	\$ 2,659,855	\$ 2,356,305	\$ (303,550)
Interest and investments	50,000	50,000	113,374	63,374
Miscellaneous	-	-	979	979
<b>TOTAL REVENUES</b>	<b>2,709,855</b>	<b>2,709,855</b>	<b>2,470,658</b>	<b>(239,197)</b>
<b>EXPENDITURES:</b>				
Personnel services	997,105	997,105	988,361	8,744
Materials and services	1,420,750	1,420,750	1,165,943	254,807
Capital outlay	9,669,800	9,669,800	2,121,770	7,548,030
<b>TOTAL EXPENDITURES</b>	<b>12,087,655</b>	<b>12,087,655</b>	<b>4,276,074</b>	<b>7,811,581</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(9,377,800)</b>	<b>(9,377,800)</b>	<b>(1,805,416)</b>	<b>7,572,384</b>
<b>OTHER FINANCING SOURCES:</b>				
Proceeds from sale of capital assets	75,000	75,000	247,293	172,293
Transfers from other funds	2,500,000	2,500,000	2,500,000	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>2,575,000</b>	<b>2,575,000</b>	<b>2,747,293</b>	<b>172,293</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(6,802,800)</b>	<b>(6,802,800)</b>	<b>941,877</b>	<b>7,744,677</b>
<b>FUND BALANCE - beginning</b>	<b>6,802,800</b>	<b>6,802,800</b>	<b>6,993,509</b>	<b>190,709</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,935,386</b>	<b>\$ 7,935,386</b>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ 941,877	
Unrealized gain (loss) on investments			(7,066)	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<b>\$ 934,811</b>	

**CITY OF HILLSBORO, OREGON**

**COPIER PROGRAM FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

**YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 200,000	\$ 200,000	\$ 223,916	\$ 23,916
Interest and investments	7,500	7,500	11,409	3,909
Other	-	-	5	5
<b>TOTAL REVENUES</b>	<b>207,500</b>	<b>207,500</b>	<b>235,330</b>	<b>27,830</b>
<b>EXPENDITURES:</b>				
Materials and services	100,000	100,000	72,698	27,302
Capital outlay	725,500	725,500	82,512	642,988
<b>TOTAL EXPENDITURES</b>	<b>825,500</b>	<b>825,500</b>	<b>155,210</b>	<b>670,290</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	<b>(618,000)</b>	<b>(618,000)</b>	<b>80,120</b>	<b>698,120</b>
<b>FUND BALANCE - beginning</b>	<b>618,000</b>	<b>618,000</b>	<b>631,885</b>	<b>13,885</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 712,005</b>	<b>\$ 712,005</b>

**RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS**

<b>NET CHANGE IN FUND BALANCE</b>	\$ 80,120
Unrealized gain (loss) on investments	240
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>	<b>\$ 80,360</b>



**CITY OF HILLSBORO, OREGON**

**RISK MANAGEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

**YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 4,340,325	\$ 4,340,325	\$ 3,980,756	\$ (359,569)
Interest and investments	5,000	5,000	30,914	25,914
Refunds and miscellaneous	-	-	1,000	1,000
<b>TOTAL REVENUES</b>	<b>4,345,325</b>	<b>4,345,325</b>	<b>4,012,670</b>	<b>(332,655)</b>
<b>EXPENDITURES:</b>				
Personnel services	668,285	668,285	625,127	43,158
Materials and services	174,340	174,340	97,266	77,074
Special payments	3,752,700	3,752,700	3,539,284	213,416
Contingency	100,000	100,000	-	100,000
<b>TOTAL EXPENDITURES</b>	<b>4,695,325</b>	<b>4,695,325</b>	<b>4,261,677</b>	<b>433,648</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	<b>(350,000)</b>	<b>(350,000)</b>	<b>(249,007)</b>	<b>100,993</b>
<b>FUND BALANCE - beginning</b>	<b>350,000</b>	<b>350,000</b>	<b>445,584</b>	<b>95,584</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 196,577</b>	<b>\$ 196,577</b>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ (249,007)	
Unrealized gain (loss) on investments			6,254	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<b>\$ (242,753)</b>	

CITY OF HILLSBORO, OREGON

LOSS RESERVE FUND

**SCHEDULE OF OTHER FINANCING SOURCE AND FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>FUND BALANCE - beginning</b>	<u>\$ 970,000</u>	<u>\$ 970,000</u>	<u>\$ 970,000</u>	<u>\$ -</u>
<b>FUND BALANCE - ending</b>	<u><u>\$ 970,000</u></u>	<u><u>\$ 970,000</u></u>	<u><u>\$ 970,000</u></u>	<u><u>\$ -</u></u>

**CITY OF HILLSBORO, OREGON**

**SUPPORT SERVICES FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

**YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 34,951,409	\$ 34,951,409	\$ 30,689,648	\$ (4,261,761)
Interest and investments	7,500	7,500	24,750	17,250
Grants and donations	-	-	66,329	66,329
Miscellaneous	178,000	178,000	311,684	133,684
<b>TOTAL REVENUES</b>	<b>35,136,909</b>	<b>35,136,909</b>	<b>31,092,411</b>	<b>(4,044,498)</b>
<b>EXPENDITURES:</b>				
City Manager's Office:				
Personnel services	5,070,350	5,070,350	4,733,790	336,560
Materials and services	2,311,020	2,311,020	2,258,507	52,513
	7,381,370	7,381,370	6,992,297	389,073
Human Resources:				
Personnel services	2,802,655	2,802,655	2,237,761	564,894
Materials and services	833,570	833,570	705,821	127,749
	3,636,225	3,636,225	2,943,582	692,643
Information Services:				
Personnel services	5,507,660	5,507,660	5,271,876	235,784
Materials and services	4,665,555	4,065,555	3,355,511	710,044
Capital outlay	3,592,800	3,592,800	2,167,666	1,425,134
Debt service	-	600,000	119,847	480,153
	13,766,015	13,766,015	10,914,900	2,851,115
Finance:				
Personnel services	4,161,335	4,161,335	3,999,299	162,036
Materials and services	894,900	894,900	789,511	105,389
	5,056,235	5,056,235	4,788,810	267,425
Emergency Operation Services:				
Personnel services	344,735	344,735	328,427	16,308
Materials and services	60,319	60,319	56,601	3,718
	405,054	405,054	385,028	20,026
Facilities Management:				
Personnel services	4,586,600	4,586,600	4,081,638	504,962
Materials and services	274,845	274,845	216,223	58,622
	4,861,445	4,861,445	4,297,861	563,584

(Continued)

**CITY OF HILLSBORO, OREGON**

**SUPPORT SERVICES FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS (Continued)**

**YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued):</b>				
Community Development Administration:				
Personnel services	\$ 2,150,015	\$ 2,150,015	\$ 1,240,991	\$ 909,024
Materials and services	337,400	337,400	44,969	292,431
	2,487,415	2,487,415	1,285,960	1,201,455
Contingency	891,900	891,900	-	891,900
<b>TOTAL EXPENDITURES</b>	38,485,659	38,485,659	31,608,438	6,877,221
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(3,348,750)	(3,348,750)	(516,027)	2,832,723
<b>OTHER FINANCING SOURCES:</b>				
SBITA financing issued	-	-	520,991	520,991
Transfers from other funds	1,512,350	1,512,350	1,512,350	-
<b>TOTAL OTHER FINANCING SOURCES</b>	1,512,350	1,512,350	2,033,341	520,991
<b>NET CHANGE IN FUND BALANCE</b>	(1,836,400)	(1,836,400)	1,517,314	3,353,714
<b>FUND BALANCE - beginning</b>	1,836,400	1,836,400	1,304,639	(531,761)
<b>FUND BALANCE - ending</b>	\$ -	\$ -	\$ 2,821,953	\$ 2,821,953

**RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS**

<b>NET CHANGE IN FUND BALANCE</b>	\$ 1,517,314
Unrealized gain (loss) on investments	(44,703)
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>	\$ 1,472,611

**CITY OF HILLSBORO, OREGON**

**SUSTAINABILITY REVOLVING FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

**YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Interest and investments	1,500	1,500	3,480	1,980
<b>TOTAL REVENUES</b>	<u>6,500</u>	<u>6,500</u>	<u>3,480</u>	<u>(3,020)</u>
<b>EXPENDITURES:</b>				
Materials and services	177,952	177,952	-	177,952
Special payments	10,000	10,000	-	10,000
<b>TOTAL EXPENDITURES</b>	<u>187,952</u>	<u>187,952</u>	<u>-</u>	<u>187,952</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(181,452)</u>	<u>(181,452)</u>	<u>3,480</u>	<u>184,932</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers from other funds	9,625	9,625	9,625	-
<b>NET CHANGE IN FUND BALANCE</b>	(171,827)	(171,827)	13,105	184,932
<b>FUND BALANCE - beginning</b>	<u>171,827</u>	<u>171,827</u>	<u>198,486</u>	<u>26,659</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,591</u>	<u>\$ 211,591</u>

**RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS**

<b>NET CHANGE IN FUND BALANCE</b>	\$ 13,105
Unrealized gain (loss) on investments	<u>415</u>
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>	<u>\$ 13,520</u>

**CITY OF HILLSBORO, OREGON**

**FACILITY MANAGEMENT**

**COMBINING BALANCE SHEET**

**JUNE 30, 2023**

	Facilities Management Operating Fund	Facilities Management Strategic Investment Program Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,098,659	\$ 2,398,314	\$ 4,496,973
Investments	17,778,044	20,316,461	38,094,505
Receivables, net	568,701	4,104,441	4,673,142
Land held for resale	-	18,949,049	18,949,049
<b>TOTAL ASSETS</b>	<b><u>\$ 20,445,404</u></b>	<b><u>\$ 45,768,265</u></b>	<b><u>\$ 66,213,669</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 1,426,595	\$ -	\$ 1,426,595
Interfund payable	-	12,810,000	12,810,000
<b>TOTAL LIABILITIES</b>	<b><u>1,426,595</u></b>	<b><u>12,810,000</u></b>	<b><u>14,236,595</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue, lease revenue	520,346	3,928,476	4,448,822
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>520,346</u></b>	<b><u>3,928,476</u></b>	<b><u>4,448,822</u></b>
<b>FUND BALANCES:</b>			
Unassigned	18,498,463	29,029,789	47,528,252
<b>TOTAL FUND BALANCES</b>	<b><u>18,498,463</u></b>	<b><u>29,029,789</u></b>	<b><u>47,528,252</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 20,445,404</u></b>	<b><u>\$ 45,768,265</u></b>	<b><u>\$ 66,213,669</u></b>

CITY OF HILLSBORO, OREGON

FACILITIES MANAGEMENT FUND

COMBINING SCHEDULE OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2023

	Facilities Management Operating Fund	Facilities Management Strategic Investment Program Fund	Eliminating Adjustments	Total
<b>REVENUES:</b>				
Charges for services	\$ 7,494,457	\$ -	\$ -	\$ 7,494,457
Strategic investment program revenues	-	25,969,153	-	25,969,153
Grants and donations	1,000,000	-	-	1,000,000
Leasehold revenues	57,592	98,268	-	155,860
Miscellaneous income	344,875	-	-	344,875
Interest and investments	539,761	456,956	-	996,717
<b>TOTAL REVENUES</b>	<b>9,436,685</b>	<b>26,524,377</b>	<b>-</b>	<b>35,961,062</b>
<b>EXPENDITURES:</b>				
Personnel services	40,984	-	-	40,984
Materials and services	5,996,273	-	-	5,996,273
Capital outlay	12,003,332	-	-	12,003,332
Debt service	883,022	5,996,488	-	6,879,510
Special payments	650	6,200	-	6,850
<b>TOTAL EXPENDITURES</b>	<b>18,924,261</b>	<b>6,002,688</b>	<b>-</b>	<b>24,926,949</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(9,487,576)</b>	<b>20,521,689</b>	<b>-</b>	<b>11,034,113</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Lease financing issued	890,833	-	-	890,833
Transfers in	4,549,600	350,000	(2,500,000)	2,399,600
Transfers out	(50,000)	(10,307,350)	2,500,000	(7,857,350)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>5,390,433</b>	<b>(9,957,350)</b>	<b>-</b>	<b>(4,566,917)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,097,143)</b>	<b>10,564,339</b>	<b>-</b>	<b>6,467,196</b>
<b>FUND BALANCES - beginning</b>	<b>22,595,606</b>	<b>18,465,450</b>	<b>-</b>	<b>41,061,056</b>
<b>FUND BALANCES - ending</b>	<b>\$ 18,498,463</b>	<b>\$ 29,029,789</b>	<b>\$ -</b>	<b>\$ 47,528,252</b>

CITY OF HILLSBORO, OREGON

FACILITIES MANAGEMENT OPERATING FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2023

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 8,587,118	\$ 8,587,118	\$ 7,494,457	\$ (1,092,661)
Grants and donations	2,500,000	2,500,000	1,000,000	(1,500,000)
Miscellaneous income	16,900	16,900	344,875	327,975
Leasehold revenues	91,060	91,060	57,592	(33,468)
Interest and investments	100,000	100,000	338,857	238,857
<b>TOTAL REVENUES</b>	<u>11,295,078</u>	<u>11,295,078</u>	<u>9,235,781</u>	<u>(2,059,297)</u>
<b>EXPENDITURES:</b>				
Personnel services	103,810	103,810	40,984	62,826
Materials and services	7,420,186	7,420,186	5,996,273	1,423,913
Capital outlay	76,778,173	76,853,273	12,003,332	64,849,941
Debt service	883,022	883,022	883,022	-
Special payments	800,800	800,800	650	800,150
<b>TOTAL EXPENDITURES</b>	<u>85,985,991</u>	<u>86,061,091</u>	<u>18,924,261</u>	<u>67,136,830</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(74,690,913)</u>	<u>(74,766,013)</u>	<u>(9,688,480)</u>	<u>65,077,533</u>
<b>OTHER FINANCING SOURCES:</b>				
Bond proceeds	40,800,000	40,800,000	-	(40,800,000)
Lease financing issued	890,833	890,833	890,833	-
Transfers from other funds	12,238,000	12,363,100	4,549,600	(7,813,500)
Transfer to other funds	-	(50,000)	(50,000)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>53,928,833</u>	<u>54,003,933</u>	<u>5,390,433</u>	<u>(48,613,500)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(20,762,080)	(20,762,080)	(4,298,047)	16,464,033
<b>FUND BALANCE - beginning</b>	<u>20,762,080</u>	<u>20,762,080</u>	<u>23,369,777</u>	<u>2,607,697</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,071,730</u>	<u>\$ 19,071,730</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			\$ (4,298,047)	
Unrealized gain (loss) on investments			<u>200,904</u>	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<u>\$ (4,097,143)</u>	



**CITY OF HILLSBORO, OREGON**

**FACILITIES MANAGEMENT STRATEGIC INVESTMENT PROGRAM FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

**YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Strategic investment program revenues	\$ 22,494,800	\$ 22,494,800	\$ 25,969,153	\$ 3,474,353
Charges for services	1,075,000	1,075,000	-	(1,075,000)
Leasehold revenues	98,270	98,270	98,268	(2)
Interest	378,170	378,170	723,077	344,907
<b>TOTAL REVENUES</b>	<b>24,046,240</b>	<b>24,046,240</b>	<b>26,790,498</b>	<b>2,744,258</b>
<b>EXPENDITURES:</b>				
Materials and services	1,902,033	1,900,533	-	1,900,533
Capital outlay	-	-	(7,024)	7,024
Debt service	7,446,488	7,446,488	5,996,488	1,450,000
Special payments	5,000	6,500	6,200	300
Contingency	10,725,369	10,725,369	-	10,725,369
<b>TOTAL EXPENDITURES</b>	<b>20,078,890</b>	<b>20,078,890</b>	<b>5,995,664</b>	<b>14,083,226</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>3,967,350</b>	<b>3,967,350</b>	<b>20,794,834</b>	<b>16,827,484</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	350,000	350,000	350,000	-
Transfer to other funds	(14,707,350)	(14,707,350)	(10,307,350)	4,400,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(14,357,350)</b>	<b>(14,357,350)</b>	<b>(9,957,350)</b>	<b>4,400,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(10,390,000)</b>	<b>(10,390,000)</b>	<b>10,837,484</b>	<b>21,227,484</b>
<b>FUND BALANCE - beginning</b>	<b>10,390,000</b>	<b>10,390,000</b>	<b>12,708,174</b>	<b>2,318,174</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,545,658</b>	<b>\$ 23,545,658</b>

**RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS**

<b>NET CHANGE IN FUND BALANCE</b>	\$ 10,837,484
Unrealized gain (loss) on investments	(266,121)
Land held for sale - disposed	(7,024)
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>	<b>\$ 10,564,339</b>

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## **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for assets held by the City in a trustee or custodial capacity for use by individuals, private organizations, and other governments. These funds are not included in the City's entity-wide financial statement, but because they are funds with an adopted budget in the City's budget, Oregon Revised Statutes require the presentation of the budget to actual schedules in the financial report.

### **Private Purpose Trust Fund:**

Cemetery Endowment Trust Fund: This fund is used to account for endowments and related interest income. The income of the trust is used to maintain the Pioneer Cemetery.

### **Custodial Funds:**

Broadband Users Group Fund: This fund accounts for the collection of partner payments from agencies within the Portland Metropolitan area who have combined resources used for network infrastructure and disbursement to vendors providing services to the Group.

Portland Users Group Fund: This fund accounts for the collection of partner payments from agencies within Portland who have combined resources used for network infrastructure and disbursements to vendors providing services to the Group.

CITY OF HILLSBORO, OREGON

CEMETERY ENDOWMENT TRUST - PRIVATE PURPOSE TRUST FUND

**SCHEDULE OF REVENUES  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and investments	\$ 50	\$ 50	\$ 170	\$ 120
<b>FUND BALANCE - beginning</b>	9,785	9,785	9,812	27
<b>FUND BALANCE - ending</b>	<u>\$ 9,835</u>	<u>\$ 9,835</u>	<u>\$ 9,982</u>	<u>\$ 147</u>

CITY OF HILLSBORO, OREGON

CUSTODIAL FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>Broadband Users Group Fund</u>	<u>Portland Users Group Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 907,212	\$ 79,004	\$ 986,216
Accounts receivable	109,362	1,404	110,766
Interest receivable	2,143	186	2,329
<b>TOTAL ASSETS</b>	<u>\$ 1,018,717</u>	<u>\$ 80,594</u>	<u>\$ 1,099,311</u>
<b>NET POSITION</b>			
Restricted for:			
Organizations	<u>\$ 1,018,717</u>	<u>\$ 80,594</u>	<u>\$ 1,099,311</u>

CITY OF HILLSBORO, OREGON

CUSTODIAL FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	<u>Broadband Users Group Fund</u>	<u>Portland Users Group Fund</u>	<u>Total</u>
<b>ADDITIONS:</b>			
Contributions:			
Other governments and organizations	\$ 678,691	\$ 17,315	\$ 696,006
Total contributions	<u>678,691</u>	<u>17,315</u>	<u>696,006</u>
<b>Investment earnings:</b>			
Interest	<u>12,599</u>	<u>1,253</u>	<u>13,852</u>
Total additions	<u>691,290</u>	<u>18,568</u>	<u>709,858</u>
<b>DEDUCTIONS:</b>			
Recipient payments	<u>331,915</u>	<u>6,649</u>	<u>338,564</u>
Total deductions	<u>331,915</u>	<u>6,649</u>	<u>338,564</u>
<b>Net increase (decrease) in fiduciary net position</b>	359,375	11,919	371,294
<b>NET POSITION - beginning</b>	<u>659,342</u>	<u>68,675</u>	<u>728,017</u>
<b>NET POSITION - ending</b>	<u>\$ 1,018,717</u>	<u>\$ 80,594</u>	<u>\$ 1,099,311</u>

**CITY OF HILLSBORO, OREGON**

**BROADBAND USERS GROUP FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS**

**YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Partner payments	\$ 439,029	\$ 439,029	\$ 440,057	\$ 1,028
Grants and donations	-	238,634	238,634	-
Interest and investments	7,500	7,500	12,599	5,099
<b>TOTAL REVENUES</b>	<b>446,529</b>	<b>685,163</b>	<b>691,290</b>	<b>6,127</b>
<b>EXPENDITURES:</b>				
Materials and services	429,029	429,029	331,915	97,114
Capital outlay	10,000	248,634	-	248,634
Contingency	677,671	677,671	-	677,671
<b>TOTAL EXPENDITURES</b>	<b>1,116,700</b>	<b>1,355,334</b>	<b>331,915</b>	<b>1,023,419</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	<b>(670,171)</b>	<b>(670,171)</b>	<b>359,375</b>	<b>1,029,546</b>
<b>FUND BALANCE - beginning</b>	<b>670,171</b>	<b>670,171</b>	<b>659,342</b>	<b>(10,829)</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,018,717</b>	<b>\$ 1,018,717</b>

CITY OF HILLSBORO, OREGON

PORTLAND USERS GROUP FUND

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Partner payments	\$ 19,000	\$ 19,000	\$ 17,315	\$ (1,685)
Interest and investments	-	-	1,253	1,253
<b>TOTAL REVENUES</b>	<u>19,000</u>	<u>19,000</u>	<u>18,568</u>	<u>(432)</u>
<b>EXPENDITURES:</b>				
Materials and services	19,000	19,000	6,649	12,351
Contingency	<u>69,325</u>	<u>69,325</u>	<u>-</u>	<u>69,325</u>
<b>TOTAL EXPENDITURES</b>	<u>88,325</u>	<u>88,325</u>	<u>6,649</u>	<u>81,676</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	(69,325)	(69,325)	11,919	81,244
<b>FUND BALANCE - beginning</b>	<u>69,325</u>	<u>69,325</u>	<u>68,675</u>	<u>(650)</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,594</u>	<u>\$ 80,594</u>



**OTHER SCHEDULES**

**CITY OF HILLSBORO, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS**

**YEAR ENDED JUNE 30, 2023**

	<u>Tax Year</u>	<u>Uncollected June 30, 2022</u>	<u>Levy as Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Interest</u>
<b><u>CITY OF HILLSBORO:</u></b>					
Current year	2022-2023	\$ -	\$ 85,348,520	\$ (2,330,205)	\$ 10,823
Prior years	2021-2022	695,839	-	1,007	21,512
	2020-2021	221,433	-	173	12,864
	2019-2020	112,259	-	86	12,376
	2018-2019	42,648	-	53	5,777
	2017-2018	12,604	-	-	1,037
	2016-2017 and prior	32,250	-	-	1,475
Total prior years		1,117,033	-	1,319	55,041
Total City of Hillsboro		1,117,033	85,348,520	(2,328,886)	65,864
<b><u>HILLSBORO ECONOMIC DEVELOPMENT COUNCIL (HEDC)</u></b>					
Current year	2022-2023	-	12,510,574	(341,567)	1,587
Prior years	2021-2022	63,879	-	92	1,976
	2020-2021	16,865	-	13	981
	2019-2020	7,085	-	5	781
	2018-2019	1,842	-	2	247
	2017-2018	379	-	-	33
	2016-2017 and prior	494	-	-	24
Total prior years		90,544	-	112	4,042
Total Hillsboro Economic Development Council		90,544	12,510,574	(341,455)	5,629
<b>TOTAL ALL FUNDS</b>		<b>\$ 1,207,577</b>	<b>\$ 97,859,094</b>	<b>\$ (2,670,341)</b>	<b>\$ 71,493</b>

<b>RECONCILIATION OF TAX COLLECTIONS TO TAX REVENUES:</b>	<u>Tax Collections Above</u>	<u>Change in Taxes Subject to Accrual</u>	<u>Property Tax Revenues</u>
General Fund	\$ 82,593,905	\$ (4,411)	\$ 82,589,494
Debt Service Fund:			
HEDC - Downtown	2,107,479	(329)	2,107,150
HEDC - North Hillsboro	9,947,384	9,723	9,957,107
	<b>\$ 94,648,768</b>	<b>\$ 4,983</b>	<b>\$ 94,653,751</b>

<u>Adjustments</u>	<u>Collections</u>	<u>Uncollected June 30, 2023</u>
\$ (446,971)	\$ (81,806,912)	\$ 775,255
(13,570)	(484,355)	220,433
11,399	(127,080)	118,789
21,115	(94,338)	51,498
41,965	(71,261)	19,182
(164)	(4,265)	9,212
(4,025)	(5,694)	24,006
<u>56,720</u>	<u>(786,993)</u>	<u>443,120</u>
<u>(390,251)</u>	<u>(82,593,905)</u>	<u>1,218,375</u>
<u>(65,518)</u>	<u>(11,991,437)</u>	<u>113,639</u>
(1,246)	(44,465)	20,236
868	(9,679)	9,048
1,333	(5,954)	3,250
1,810	(3,074)	827
(5)	(129)	278
14	(125)	407
<u>2,774</u>	<u>(63,426)</u>	<u>34,046</u>
<u>(62,744)</u>	<u>(12,054,863)</u>	<u>147,685</u>
<u>\$ (452,995)</u>	<u>\$ (94,648,768)</u>	<u>\$ 1,366,060</u>

**CITY OF HILLSBORO, OREGON**

**GENERAL FUND**

**COMBINING BALANCE SHEET**

**JUNE 30, 2023**

	Fund 100 General Operations	Fund 101 Capital Replacement	Fund 102 Public Arts
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,937,737	\$ 412,209	\$ 74,430
Collections held by county treasurer	193,236	-	-
Investments	16,297,161	3,491,885	630,512
Interfund receivable	148,817	-	-
Receivables, net	7,406,815	9,223	1,644
Lease receivable	116,393	-	-
<b>TOTAL ASSETS</b>	<b>\$ 26,100,159</b>	<b>\$ 3,913,317</b>	<b>\$ 706,586</b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 908,429	\$ 248,731	\$ 4,917
Accrued payroll payable	1,356,000	-	-
Unearned revenue	1,015,076	-	-
<b>TOTAL LIABILITIES</b>	<b>3,279,505</b>	<b>248,731</b>	<b>4,917</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue, property taxes	1,008,933	-	-
Unavailable revenue, municipal court fines and fees	973,000	-	-
Unavailable revenue, leases	116,393	-	-
Unavailable revenue, other	248,210	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,346,536</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>			
Restricted	-	-	-
Assigned	-	3,664,586	701,669
Unassigned	20,474,118	-	-
<b>TOTAL FUND BALANCES</b>	<b>20,474,118</b>	<b>3,664,586</b>	<b>701,669</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 26,100,159</b>	<b>\$ 3,913,317</b>	<b>\$ 706,586</b>

**Note:** This schedule is for informational purposes to provide the reader with a detailed breakdown of the General Fund.

Fund 104 Affordable Housing	Fund 120 Economic Development	Fund 125 PERS Stabilization	Fund 242 COVID-19 Response	Total
\$ 167,707	\$ 839,254	\$ 601,372	\$ 992,848	\$ 5,025,557
-	-	-	-	193,236
1,420,674	7,109,445	5,094,313	8,410,556	42,454,546
-	-	-	-	148,817
3,752	38,458	13,455	22,208	7,495,555
-	111,854	-	-	228,247
<u>\$ 1,592,133</u>	<u>\$ 8,099,011</u>	<u>\$ 5,709,140</u>	<u>\$ 9,425,612</u>	<u>\$ 55,545,958</u>
\$ 102,316	\$ 211,356	\$ -	\$ 94,900	\$ 1,570,649
-	20,000	-	-	1,376,000
-	19,681	-	-	1,034,757
<u>102,316</u>	<u>251,037</u>	<u>-</u>	<u>94,900</u>	<u>3,981,406</u>
-	-	-	-	1,008,933
-	-	-	-	973,000
-	111,854	-	-	228,247
-	-	-	-	248,210
<u>-</u>	<u>111,854</u>	<u>-</u>	<u>-</u>	<u>2,458,390</u>
255,994	-	-	-	255,994
1,233,823	7,736,120	5,709,140	-	19,045,338
-	-	-	9,330,712	29,804,830
<u>1,489,817</u>	<u>7,736,120</u>	<u>5,709,140</u>	<u>9,330,712</u>	<u>49,106,162</u>
<u>\$ 1,592,133</u>	<u>\$ 8,099,011</u>	<u>\$ 5,709,140</u>	<u>\$ 9,425,612</u>	<u>\$ 55,545,958</u>

CITY OF HILLSBORO, OREGON

GENERAL FUND

**COMBINING SCHEDULE OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS**

**YEAR ENDED JUNE 30, 2023**

	Fund 100 General Operations	Fund 101 Capital Replacement	Fund 102 Public Arts
<b>REVENUES:</b>			
Property and other taxes	\$ 95,144,209	\$ -	\$ -
Intergovernmental	1,669,008	-	-
Franchise fees	21,453,975	-	-
Licenses and permits	760,535	540,936	-
Fines, forfeitures, and penalties	524,894	-	-
Charges for services	4,939,502	-	-
Interest and investments	559,238	58,657	10,540
Miscellaneous	1,639,887	-	-
Grants, donations and other	599,857	-	-
<b>TOTAL REVENUES</b>	<b>127,291,105</b>	<b>599,593</b>	<b>10,540</b>
<b>EXPENDITURES:</b>			
Current:			
General government	8,798,410	-	-
Public safety and judicial	76,609,998	-	-
Community service	11,843,209	-	-
Culture and recreation	30,956,543	99,897	10,730
Capital outlay	-	516,511	9,628
Roads and bridges	303,013	-	-
Debt service	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>128,511,173</b>	<b>616,408</b>	<b>20,358</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,220,068)</b>	<b>(16,815)</b>	<b>(9,818)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of capital assets	17,324	-	-
Transfers in	475,000	500,000	125,000
Transfers out	(934,625)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>(442,301)</b>	<b>500,000</b>	<b>125,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,662,369)</b>	<b>483,185</b>	<b>115,182</b>
<b>FUND BALANCES - BUDGETARY BASIS - beginning</b>	<b>23,910,587</b>	<b>3,181,401</b>	<b>586,487</b>
<b>FUND BALANCES - BUDGETARY BASIS - ending</b>	<b>\$ 22,248,218</b>	<b>\$ 3,664,586</b>	<b>\$ 701,669</b>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS - MODIFIED ACCRUAL</b>			
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,662,369)</b>	<b>\$ 483,185</b>	<b>\$ 115,182</b>
Unrealized gain (loss) on investments	22,668	-	-
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>	<b>(1,639,701)</b>	<b>483,185</b>	<b>115,182</b>
<b>FUND BALANCES - GAAP BASIS - beginning</b>	<b>22,113,819</b>	<b>3,181,401</b>	<b>586,487</b>
<b>FUND BALANCES - GAAP BASIS - ending</b>	<b>\$ 20,474,118</b>	<b>\$ 3,664,586</b>	<b>\$ 701,669</b>

**Note:** This schedule is for informational purposes to provide the reader with a detailed breakdown of the General Fund.

Fund 104 Affordable Housing	Fund 120 Economic Development	Fund 125 PERS Stabilization	Fund 242 COVID-19 Response	Eliminating Adjustments	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,144,209
171,188	-	-	25,000	-	1,865,196
-	-	-	-	-	21,453,975
-	-	-	-	-	1,301,471
-	-	-	-	-	524,894
-	-	-	-	-	4,939,502
23,431	124,983	81,486	210,709	-	1,069,044
-	5,012,198	-	-	-	6,652,085
-	368,000	-	200,000	-	1,167,857
<u>194,619</u>	<u>5,505,181</u>	<u>81,486</u>	<u>435,709</u>	<u>-</u>	<u>134,118,233</u>
263,471	2,302,310	(9,216)	1,149,582	-	12,504,557
-	-	-	-	-	76,609,998
-	-	-	-	-	11,843,209
-	-	-	-	-	31,067,170
-	-	-	-	-	526,139
-	-	-	-	-	303,013
-	30,000	-	-	-	30,000
<u>263,471</u>	<u>2,332,310</u>	<u>(9,216)</u>	<u>1,149,582</u>	<u>-</u>	<u>132,884,086</u>
<u>(68,852)</u>	<u>3,172,871</u>	<u>90,702</u>	<u>(713,873)</u>	<u>-</u>	<u>1,234,147</u>
-	-	-	-	-	17,324
350,000	820,000	1,250,000	-	(925,000)	2,595,000
-	-	-	(2,848,766)	925,000	(2,858,391)
<u>350,000</u>	<u>820,000</u>	<u>1,250,000</u>	<u>(2,848,766)</u>	<u>-</u>	<u>(246,067)</u>
<u>281,148</u>	<u>3,992,871</u>	<u>1,340,702</u>	<u>(3,562,639)</u>	<u>-</u>	<u>988,080</u>
<u>1,208,669</u>	<u>3,743,249</u>	<u>4,368,438</u>	<u>12,893,351</u>	<u>-</u>	<u>49,892,182</u>
<u>\$ 1,489,817</u>	<u>\$ 7,736,120</u>	<u>\$ 5,709,140</u>	<u>\$ 9,330,712</u>	<u>\$ -</u>	<u>\$ 50,880,262</u>
\$ 281,148	\$ 3,992,871	\$ 1,340,702	\$ (3,562,639)	\$ -	\$ 988,080
-	-	-	-	-	22,668
<u>281,148</u>	<u>3,992,871</u>	<u>1,340,702</u>	<u>(3,562,639)</u>	<u>-</u>	<u>1,010,748</u>
<u>1,208,669</u>	<u>3,743,249</u>	<u>4,368,438</u>	<u>12,893,351</u>	<u>-</u>	<u>48,095,414</u>
<u>\$ 1,489,817</u>	<u>\$ 7,736,120</u>	<u>\$ 5,709,140</u>	<u>\$ 9,330,712</u>	<u>\$ -</u>	<u>\$ 49,106,162</u>

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**STATISTICAL SECTION**

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## **Statistical Section**

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

### **Contents**

#### ***Financial Trends***

These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.

#### ***Revenue Capacity***

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

#### ***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.

#### ***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.

#### ***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.

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

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## **FINANCIAL TRENDS**

**CITY OF HILLSBORO, OREGON**

**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 733,917,127	\$ 679,587,781	\$ 651,179,360	\$ 584,718,098
Restricted	177,607,920	155,540,839	121,260,596	125,047,960
Unrestricted	48,197,307	43,302,287	17,897,720	3,419,778
<b>Total governmental activities net position</b>	<u>959,722,354</u>	<u>878,430,907</u>	<u>790,337,676</u>	<u>713,185,836</u>
<b>Business-type activities:</b>				
Net investment in capital assets	272,855,393	254,764,985	234,651,010	249,188,321
Restricted	21,980,528	18,237,222	17,562,236	9,413,576
Unrestricted	329,536,245	300,357,097	288,926,937	234,464,384
<b>Total business-type activities net position</b>	<u>624,372,166</u>	<u>573,359,304</u>	<u>541,140,183</u>	<u>493,066,281</u>
<b>Primary government</b>				
Net investment in capital assets	1,006,772,520	934,352,766	885,830,370	833,906,419
Restricted	199,588,448	173,778,061	138,822,832	134,461,536
Unrestricted	377,733,552	343,659,384	306,824,657	237,884,162
<b>Total primary government net position</b>	<u>\$ 1,584,094,520</u>	<u>\$ 1,451,790,211</u>	<u>\$ 1,331,477,859</u>	<u>\$ 1,206,252,117</u>

	2019	2018	2017	2016	2015	2014
\$	559,162,786	\$ 472,716,772	\$ 441,045,646	\$ 442,083,874	\$ 417,874,805	\$ 424,632,901
	77,519,931	71,499,463	69,572,858	64,521,927	63,776,845	60,849,582
	26,705,769	26,973,825	30,061,176	10,187,504	32,825,953	4,629,517
	<u>663,388,486</u>	<u>571,190,060</u>	<u>540,679,680</u>	<u>516,793,305</u>	<u>514,477,603</u>	<u>490,112,000</u>
	295,604,523	248,642,875	231,571,176	217,566,006	208,752,300	204,764,984
	2,961,981	3,058,467	22,522,895	42,962,898	47,921,204	49,406,809
	157,472,875	149,802,060	131,537,105	109,850,363	103,133,450	93,281,145
	<u>456,039,379</u>	<u>401,503,402</u>	<u>385,631,176</u>	<u>370,379,267</u>	<u>359,806,954</u>	<u>347,452,938</u>
	854,767,309	721,359,647	672,616,822	659,649,880	626,627,105	629,397,885
	80,481,912	74,557,930	92,095,753	107,484,825	111,698,049	110,256,391
	<u>184,178,644</u>	<u>176,775,885</u>	<u>161,598,281</u>	<u>120,037,867</u>	<u>135,959,403</u>	<u>97,910,662</u>
\$	<u>1,119,427,865</u>	<u>972,693,462</u>	<u>926,310,856</u>	<u>887,172,572</u>	<u>874,284,557</u>	<u>837,564,938</u>

**CITY OF HILLSBORO, OREGON**

**CHANGES IN NET POSITION**

**GOVERNMENTAL ACTIVITIES**

**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>NET REVENUE (EXPENSE):</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
General government	\$ 9,042,724	\$ 8,724,833	\$ (844,044)	\$ (5,935,930)
Public safety and judicial	(76,107,831)	(66,822,257)	(72,471,001)	(69,235,096)
Community service	(5,610,501)	6,228,521	(11,538,108)	(11,538,616)
Culture and recreation	(18,367,897)	(13,343,702)	(13,218,636)	(14,929,606)
Roads and bridges	23,069,016	22,707,562	46,169,243	29,378,672
Interest on long-term debt and fiscal charges	<u>(3,546,815)</u>	<u>(3,565,995)</u>	<u>(2,976,010)</u>	<u>(1,877,038)</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>(71,521,304)</u>	<u>(46,071,038)</u>	<u>(54,878,556)</u>	<u>(74,137,614)</u>
<b>GENERAL REVENUES:</b>				
Property taxes levied for:				
General purposes	67,194,878	59,434,341	55,161,229	52,171,054
Public safety	27,612,374	24,571,867	23,290,969	22,367,917
Library	5,975,305	5,801,267	5,632,298	5,553,058
Franchise fees	21,453,975	19,557,380	18,120,483	16,528,708
Other taxes	34,760,657	36,466,580	34,748,551	29,604,271
Earnings on investments	5,637,584	(7,088,216)	632,539	5,467,015
Transfers	<u>(10,316,392)</u>	<u>(4,578,950)</u>	<u>(5,555,673)</u>	<u>(7,757,059)</u>
<b>TOTAL GENERAL REVENUES</b>	<u>152,318,381</u>	<u>134,164,269</u>	<u>132,030,396</u>	<u>123,934,964</u>
<b>CHANGE IN NET POSITION</b>	<u>80,797,077</u>	<u>88,093,231</u>	<u>77,151,840</u>	<u>49,797,350</u>
<b>NET POSITION - beginning</b>	878,430,907	790,337,676	713,185,836	663,388,486
<b>RESTATEMENTS</b>	<u>494,370</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION - beginning as restated</b>	<u>878,925,277</u>	<u>790,337,676</u>	<u>713,185,836</u>	<u>663,388,486</u>
<b>NET POSITION - ending</b>	<u>\$ 959,722,354</u>	<u>\$ 878,430,907</u>	<u>\$ 790,337,676</u>	<u>713,185,836</u>



	2019	2018	2017	2016	2015	2014
\$	(12,662,019)	\$ (6,726,399)	\$ (7,530,382)	\$ (10,888,914)	\$ (254,706)	\$ (338,441)
	(58,857,756)	(57,479,132)	(55,791,202)	(64,682,036)	(36,992,934)	(45,539,207)
	(10,474,993)	(10,397,442)	(9,859,926)	(10,492,646)	(6,804,860)	(8,042,800)
	(3,579,157)	(15,627,039)	(10,410,709)	(14,561,828)	(12,131,753)	(10,348,324)
	60,092,426	8,809,658	3,961,566	958,947	(8,470,257)	(3,660,862)
	<u>(1,666,499)</u>	<u>(1,808,329)</u>	<u>(1,769,352)</u>	<u>(1,743,778)</u>	<u>(1,975,611)</u>	<u>(1,978,300)</u>
	<u>(27,147,998)</u>	<u>(83,228,683)</u>	<u>(81,400,005)</u>	<u>(101,410,255)</u>	<u>(66,630,121)</u>	<u>(69,907,934)</u>
	48,199,682	45,579,790	44,073,489	41,798,002	36,939,211	34,591,151
	21,706,023	20,834,273	19,841,645	19,026,880	17,019,681	15,995,576
	5,347,839	5,226,205	5,049,781	4,680,212	4,470,851	4,361,806
	14,352,010	13,035,524	11,953,802	11,060,815	10,430,596	9,711,734
	28,828,283	27,741,901	21,438,614	18,058,388	21,109,953	16,885,555
	5,145,919	803,451	1,184,427	812,627	655,432	488,818
	<u>(4,233,332)</u>	<u>619,575</u>	<u>1,744,622</u>	<u>8,289,033</u>	<u>370,000</u>	<u>689,690</u>
	<u>119,346,424</u>	<u>113,840,719</u>	<u>105,286,380</u>	<u>103,725,957</u>	<u>90,995,724</u>	<u>82,724,330</u>
	<u>92,198,426</u>	<u>30,612,036</u>	<u>23,886,375</u>	<u>2,315,702</u>	<u>24,365,603</u>	<u>12,816,396</u>
	571,190,060	540,679,680	516,793,305	514,477,603	490,112,000	501,123,746
	-	(101,656)	-	-	-	(23,828,142)
	<u>571,190,060</u>	<u>540,578,024</u>	<u>516,793,305</u>	<u>514,477,603</u>	<u>490,112,000</u>	<u>477,295,604</u>
\$	<u>663,388,486</u>	<u>\$ 571,190,060</u>	<u>\$ 540,679,680</u>	<u>\$ 516,793,305</u>	<u>\$ 514,477,603</u>	<u>\$ 490,112,000</u>

**CITY OF HILLSBORO, OREGON**

**CHANGES IN NET POSITION**

**BUSINESS TYPE - ACTIVITIES**

**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>NET REVENUE (EXPENSE):</b>				
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Water	\$ 25,569,483	\$ 24,907,050	\$ 25,309,064	\$ 15,406,035
Sewer and surface water management	16,010,188	10,669,454	20,436,031	11,958,937
Transit facility management	(569,318)	(582,816)	(529,777)	(1,109,023)
Broadband	(3,020,036)	(2,255,145)	(2,014,690)	(1,257,374)
Property management	26,790	(12,598)	(11,388)	(3,175)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>38,017,107</u>	<u>32,725,945</u>	<u>43,189,240</u>	<u>24,995,400</u>
Earnings on investments	2,679,363	(5,085,774)	(671,011)	4,274,443
Transfers	10,316,392	4,578,950	5,555,673	7,757,059
<b>TOTAL GENERAL REVENUES</b>	<u>12,995,755</u>	<u>(506,824)</u>	<u>4,884,662</u>	<u>12,031,502</u>
<b>CHANGE IN NET POSITION</b>	<u>51,012,862</u>	<u>32,219,121</u>	<u>48,073,902</u>	<u>37,026,902</u>
<b>NET POSITION - beginning</b>	573,359,304	541,140,183	493,066,281	456,039,379
<b>RESTATEMENTS</b>	-	-	-	-
<b>NET POSITION - beginning as restated</b>	<u>573,359,304</u>	<u>541,140,183</u>	<u>493,066,281</u>	<u>456,039,379</u>
<b>NET POSITION - ending</b>	<u>\$ 624,372,166</u>	<u>\$ 573,359,304</u>	<u>\$ 541,140,183</u>	<u>\$ 493,066,281</u>

**CHANGES IN NET POSITION**

**GOVERNMENT-WIDE SUMMARY**

**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>SUMMARY</b>				
Net Revenues/(Expense):				
Governmental activities	\$ (71,521,304)	\$ (46,071,038)	\$ (54,878,556)	\$ (74,137,614)
Business-type activities	38,017,107	32,725,945	43,189,240	24,995,400
Total Net Revenues/(Expense)	<u>(33,504,197)</u>	<u>(13,345,093)</u>	<u>(11,689,316)</u>	<u>(49,142,214)</u>
General Revenues:				
Governmental activities	\$ 152,318,381	134,164,269	132,030,396	\$ 123,934,964
Business-type activities	12,995,755	(506,824)	4,884,662	12,031,502
Total General Revenues	<u>165,314,136</u>	<u>133,657,445</u>	<u>136,915,058</u>	<u>135,966,466</u>
Total change in net position	<u>\$ 131,809,939</u>	<u>\$ 120,312,352</u>	<u>\$ 125,225,742</u>	<u>\$ 86,824,252</u>

2019	2018	2017	2016	2015	2014
\$ 20,349,937	\$ 11,255,935	\$ 10,760,086	\$ 13,323,353	\$ 8,717,216	\$ 15,108,225
28,139,730	6,729,195	5,782,899	5,333,196	3,937,547	1,579,972
(511,614)	(563,208)	(555,358)	(504,790)	(555,348)	(415,456)
(461,792)	-	-	-	-	-
(2,302)	(11,588)	(2,645)	(923)	(4,862)	(2,876)
47,513,959	17,410,334	15,984,982	18,150,836	12,094,553	16,269,865
2,788,686	455,200	1,011,549	710,510	629,463	402,824
4,233,332	(619,575)	(1,744,622)	(8,289,033)	(370,000)	(689,690)
7,022,018	(164,375)	(733,073)	(7,578,523)	259,463	(286,866)
54,535,977	17,245,959	15,251,909	10,572,313	12,354,016	15,982,999
401,503,402	385,631,176	370,379,267	359,806,954	347,452,938	335,240,860
-	(1,373,733)	-	-	-	(3,770,921)
401,503,402	384,257,443	370,379,267	359,806,954	347,452,938	331,469,939
<u>\$ 456,039,379</u>	<u>\$ 401,503,402</u>	<u>\$ 385,631,176</u>	<u>\$ 370,379,267</u>	<u>\$ 359,806,954</u>	<u>\$ 347,452,938</u>

2019	2018	2017	2016	2015	2014
\$ (27,147,998)	\$ (83,228,683)	\$ (81,400,005)	\$ (101,410,255)	\$ (66,630,121)	\$ (69,907,934)
47,513,959	17,410,334	15,984,982	18,150,836	12,094,553	16,269,865
20,365,961	(65,818,349)	(65,415,023)	(83,259,419)	(54,535,568)	(53,638,069)
\$ 119,346,424	\$ 113,840,719	\$ 105,286,380	\$ 103,725,957	\$ 90,995,724	\$ 82,724,330
7,022,018	(164,375)	(733,073)	(7,578,523)	259,463	(286,866)
126,368,442	113,676,344	104,553,307	96,147,434	91,255,187	82,437,464
<u>\$ 146,734,403</u>	<u>\$ 47,857,995</u>	<u>\$ 39,138,284</u>	<u>\$ 12,888,015</u>	<u>\$ 36,719,619</u>	<u>\$ 28,799,395</u>

**CITY OF HILLSBORO, OREGON**

**FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>General Fund</b>				
Restricted	\$ 255,994	\$ 203,783	\$ 193,559	\$ 111,709
Assigned	19,045,338	12,884,461	9,743,402	7,965,335
Unassigned	<u>29,804,830</u>	<u>35,007,170</u>	<u>25,359,380</u>	<u>26,972,468</u>
Total General Fund	<u>49,106,162</u>	<u>48,095,414</u>	<u>35,296,341</u>	<u>35,049,512</u>
<b>All Other Governmental Funds</b>				
Restricted	216,000,911	195,604,245	163,100,637	124,019,724
Committed	7,265,425	10,270,679	8,728,696	8,905,859
Assigned	9,209,236	9,171,227	10,643,464	10,556,642
Unassigned	<u>(1,248,882)</u>	<u>(898,872)</u>	<u>(997,783)</u>	<u>(804,756)</u>
Total all Other Governmental Funds	<u>231,226,690</u>	<u>214,147,279</u>	<u>181,475,014</u>	<u>142,677,469</u>
Total Fund Balance Governmental Funds	<u>\$ 280,332,852</u>	<u>\$ 262,242,693</u>	<u>\$ 216,771,355</u>	<u>\$ 177,726,981</u>

2019	2018	2017	2016	2015	2014
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,777,125	6,543,635	5,604,319	5,310,586	5,167,459	1,252,781
25,248,112	22,457,492	19,583,078	18,000,150	14,727,245	11,952,842
31,025,237	29,001,127	25,187,397	23,310,736	19,894,704	13,205,623
76,942,887	71,507,193	69,572,858	64,521,927	63,776,845	60,849,582
8,994,662	8,025,209	7,132,334	4,659,844	3,448,170	3,022,734
9,096,250	4,033,249	6,852,185	11,527,781	16,205,585	664,154
(1,178,495)	(3,639,723)	(3,736,207)	(5,214,448)	-	-
93,855,304	79,925,928	79,821,170	75,495,104	83,430,600	64,536,470
\$ 124,880,541	\$ 108,927,055	\$ 105,008,567	\$ 98,805,840	\$ 103,325,304	\$ 77,742,093

**CITY OF HILLSBORO, OREGON**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>REVENUES:</b>				
Property and other taxes	\$ 107,208,466	\$ 95,421,274	\$ 88,694,345	\$ 85,349,910
Intergovernmental	12,582,409	29,353,350	11,590,029	13,608,349
Franchise fees	21,453,975	19,557,380	18,120,483	16,528,708
Licenses and permits	17,623,201	19,266,917	12,546,641	16,372,548
Fines, forfeitures, and penalties	524,894	524,162	561,450	607,211
Charges for services	29,935,038	32,093,396	17,490,410	19,934,492
Gain share contributions	6,373,594	6,281,203	6,195,836	6,192,047
Construction Reimbursement	1,640,257	2,465,134	3,351,065	-
Interest	4,602,598	(5,835,824)	613,825	3,990,864
Miscellaneous	14,039,038	5,276,488	3,013,923	7,071,730
Grants, donations and other	5,927,338	23,548,495	4,589,257	2,843,466
<b>TOTAL REVENUES</b>	<b>221,910,808</b>	<b>227,951,975</b>	<b>166,767,264</b>	<b>172,499,325</b>
<b>EXPENDITURES:</b>				
Current:				
General government	22,913,941	38,364,470	20,325,985	18,976,291
Public safety and judicial	76,639,751	69,063,336	64,830,843	62,141,655
Community service	12,727,943	11,946,011	10,975,455	11,379,932
Culture and recreation	31,067,170	26,952,774	22,152,119	21,882,853
Roads and bridges	40,215,815	12,763,174	12,543,085	12,281,640
Capital outlay:				
General government	13,414,222	5,509,275	5,954,877	2,209,710
Roads and bridges	7,012,894	7,769,255	11,866,644	11,994,252
Debt service:				
Principal payments	2,066,691	1,601,059	2,656,737	2,828,721
Interest and fiscal charges	1,485,239	1,512,977	840,218	(25,815)
<b>TOTAL EXPENDITURES</b>	<b>207,543,666</b>	<b>175,482,331</b>	<b>152,145,963</b>	<b>143,669,239</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>14,367,142</b>	<b>52,469,644</b>	<b>14,621,301</b>	<b>28,830,086</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of assets	103,634	44,868	58,396	22,014
Lease financing	-	-	-	-
Transfers in	28,521,000	23,290,976	16,994,383	13,856,112
Transfers out	(37,401,617)	(30,334,150)	(17,915,706)	(12,861,772)
Notes payable proceeds	-	-	25,286,000	23,000,000
Bond proceeds	12,500,000	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>3,723,017</b>	<b>(6,998,306)</b>	<b>24,423,073</b>	<b>24,016,354</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>18,090,159</b>	<b>45,471,338</b>	<b>39,044,374</b>	<b>52,846,440</b>
<b>FUND BALANCE - beginning</b>	<b>262,242,693</b>	<b>216,771,355</b>	<b>177,726,981</b>	<b>124,880,541</b>
<b>FUND BALANCE - ending</b>	<b>\$ 280,332,852</b>	<b>\$ 262,242,693</b>	<b>\$ 216,771,355</b>	<b>\$ 177,726,981</b>
Debt service as a percentage of noncapital expenditures	1.88%	1.90%	2.60%	2.16%

	2019	2018	2017	2016	2015	2014
\$	82,166,065	\$ 77,756,265	\$ 72,126,358	\$ 67,811,631	\$ 60,785,352	\$ 56,936,251
	10,657,759	8,101,267	7,733,733	7,116,219	6,824,574	6,627,108
	14,352,010	13,035,524	11,953,802	11,060,815	10,430,596	9,711,734
	10,632,090	8,960,019	8,887,511	5,992,365	7,230,459	10,530,733
	670,572	647,886	390,155	1,210,131	800,930	756,938
	20,804,583	13,737,952	19,391,650	17,069,688	13,323,969	12,165,171
	5,871,198	5,832,891	5,831,296	5,748,252	10,413,549	-
	-	-	-	-	-	-
	5,320,839	616,366	993,680	729,244	596,384	395,775
	3,379,382	4,504,855	4,224,354	9,787,893	3,098,223	3,161,516
	1,332,408	1,940,925	1,917,531	2,285,255	882,295	708,653
	<u>155,186,906</u>	<u>135,133,950</u>	<u>133,450,070</u>	<u>128,811,493</u>	<u>114,386,331</u>	<u>100,993,879</u>
	23,225,114	14,495,988	14,871,733	13,158,586	12,654,938	13,156,276
	59,638,666	55,622,045	51,759,871	49,572,967	46,043,876	44,709,841
	10,259,052	9,521,571	9,003,873	8,525,456	8,029,855	7,726,267
	20,975,384	20,319,720	19,684,652	18,530,214	17,146,215	16,108,950
	11,998,061	12,253,337	10,923,850	9,617,449	10,237,148	9,853,235
	2,603,918	5,997,357	2,800,847	14,756,030	7,944,537	1,596,009
	16,009,343	13,617,051	5,212,911	11,089,862	3,268,427	4,474,956
	1,387,637	1,380,463	725,964	709,942	108,040	108,124
	1,703,611	175,917	88,619	104,642	36,029	35,944
	<u>147,800,786</u>	<u>133,383,449</u>	<u>115,072,320</u>	<u>126,065,148</u>	<u>105,469,065</u>	<u>97,769,602</u>
	<u>7,386,120</u>	<u>1,750,501</u>	<u>18,377,750</u>	<u>2,746,345</u>	<u>8,917,266</u>	<u>3,224,277</u>
	238,313	12,628	46,181	14,693	4,866	1,879,255
	-	266,479	-	-	-	-
	28,295,000	15,418,118	8,931,000	12,863,500	24,892,382	4,048,206
	(19,965,947)	(16,172,988)	(21,152,204)	(20,144,002)	(12,590,890)	(3,071,841)
	-	2,643,750	-	-	4,359,587	5,197
	-	-	-	-	-	-
	<u>8,567,366</u>	<u>2,167,987</u>	<u>(12,175,023)</u>	<u>(7,265,809)</u>	<u>16,665,945</u>	<u>2,860,817</u>
	15,953,486	3,918,488	6,202,727	(4,519,464)	25,583,211	6,085,094
	<u>108,927,055</u>	<u>105,008,567</u>	<u>98,805,840</u>	<u>103,325,304</u>	<u>77,742,093</u>	<u>71,656,999</u>
\$	<u>124,880,541</u>	<u>\$ 108,927,055</u>	<u>\$ 105,008,567</u>	<u>\$ 98,805,840</u>	<u>\$ 103,325,304</u>	<u>\$ 77,742,093</u>
	2.43%	1.50%	0.83%	0.87%	0.16%	0.18%

**CITY OF HILLSBORO, OREGON**

**GOVERNMENT- WIDE EXPENSES BY FUNCTION**

**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Governmental activities:</b>				
General government	\$ 27,299,450	\$ 41,190,684	\$ 24,941,727	\$ 22,962,500
Public safety and judicial	78,756,137	69,407,628	74,375,649	71,266,785
Community service	13,497,101	12,169,666	12,693,360	12,719,759
Culture and recreation	37,591,306	31,358,480	27,926,620	26,695,001
Roads and bridges	46,076,572	16,977,619	16,377,526	16,322,613
Interest on long-term debt	3,546,815	3,565,995	2,976,010	1,877,038
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities activities	206,767,381	174,670,072	159,290,892	151,843,696
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Business-type activities:</b>				
Water	29,684,594	27,029,149	28,196,604	27,393,882
Sewer and surface water management	18,110,213	16,201,160	15,486,334	14,308,668
Transit facility management	873,316	833,086	782,098	1,333,523
Broadband	3,748,093	2,419,655	2,174,704	1,257,374
Property management	-	30,202	26,238	22,062
	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type activities	52,416,216	46,513,252	46,665,978	44,315,509
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<u>\$ 259,183,597</u>	<u>\$ 221,183,324</u>	<u>\$ 205,956,870</u>	<u>\$ 196,159,205</u>



	2019	2018	2017	2016	2015	2014
\$	25,570,431	\$ 17,461,652	\$ 17,814,468	\$ 17,428,620	\$ 12,985,819	\$ 15,087,469
	61,632,617	59,773,099	56,874,957	65,959,570	37,905,155	46,540,081
	11,051,615	10,588,672	10,066,795	10,736,174	7,056,398	8,297,467
	24,510,019	24,711,372	23,192,981	24,358,045	18,329,064	18,513,272
	15,095,302	12,683,176	19,442,933	28,371,221	25,933,137	26,508,005
	1,666,499	1,808,329	1,769,352	1,743,778	1,975,611	1,978,300
	<u>139,526,483</u>	<u>127,026,300</u>	<u>129,161,486</u>	<u>148,597,408</u>	<u>104,185,184</u>	<u>116,924,594</u>
	22,128,918	21,239,423	22,091,668	19,661,214	15,836,727	16,314,234
	12,577,272	11,907,817	11,979,162	11,526,615	8,613,399	9,046,110
	823,395	805,222	767,083	726,959	736,283	735,016
	461,792	-	-	-	-	-
	24,884	42,023	30,529	27,384	22,808	19,364
	<u>36,016,261</u>	<u>33,994,485</u>	<u>34,868,442</u>	<u>31,942,172</u>	<u>25,209,217</u>	<u>26,114,724</u>
\$	<u>175,542,744</u>	<u>\$ 161,020,785</u>	<u>\$ 164,029,928</u>	<u>\$ 180,539,580</u>	<u>\$ 129,394,401</u>	<u>\$ 143,039,318</u>

**CITY OF HILLSBORO, OREGON**

**GOVERNMENT-WIDE REVENUE BY PROGRAM**

**LAST TEN FISCAL YEARS**

	2023			2022		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
<b>Program revenues:</b>						
Fees, fines and charges for services						
General Government	\$ 24,618,752	\$ -	\$ 24,618,752	\$ 28,005,762	\$ -	\$ 28,005,762
Culture and Recreation	15,538,806	-	15,538,806	12,151,830	-	12,151,830
Roads and Bridges	34,624,579	-	34,624,579	21,474,883	-	21,474,883
Water	-	52,887,454	52,887,454	-	50,716,365	50,716,365
Sewer and SWM	-	23,546,424	23,546,424	-	23,203,771	23,203,771
Other	9,897,793	1,058,845	10,956,638	2,416,077	432,384	2,848,461
Operating grants and contributions						
Roads and Bridges	10,717,213	-	10,717,213	10,804,099	-	10,804,099
Other	1,442,327	-	1,442,327	36,644,024	-	36,644,024
Capital grants and contributions						
Roads and Bridges	23,803,796	-	23,803,796	7,406,199	-	7,406,199
Water	-	2,366,623	2,366,623	-	1,219,834	1,219,834
Sewer and SWM	-	10,573,977	10,573,977	-	3,666,843	3,666,843
Other	14,602,811	-	14,602,811	9,696,160	-	9,696,160
<b>General revenues:</b>						
Taxes	100,782,557	-	100,782,557	89,807,475	-	89,807,475
Franchise fees	21,453,975	-	21,453,975	19,557,380	-	19,557,380
Earnings on investments	5,637,584	2,679,363	8,316,947	(7,088,216)	(5,085,774)	(12,173,990)
Miscellaneous	34,760,657	-	34,760,657	36,466,580	-	36,466,580
Transfers	(10,316,392)	10,316,392	-	(4,578,950)	4,578,950	-
<b>Total</b>	<b>\$ 287,564,458</b>	<b>\$ 103,429,078</b>	<b>\$ 390,993,536</b>	<b>\$ 262,763,303</b>	<b>\$ 78,732,373</b>	<b>\$ 341,495,676</b>

	2018			2017		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
<b>Program revenues:</b>						
Fees, fines and charges for services						
General Government	\$ 9,572,818	\$ -	\$ 9,572,818	\$ 9,521,103	\$ -	\$ 9,521,103
Culture and Recreation	6,720,122	-	6,720,122	8,702,862	-	8,702,862
Roads and Bridges	8,776,242	-	8,776,242	13,002,085	-	13,002,085
Water	-	31,887,786	31,887,786	-	32,034,488	32,034,488
Sewer and SWM	-	17,035,601	17,035,601	-	14,848,596	14,848,596
Other	2,118,588	272,449	2,391,037	1,148,488	239,609	1,388,097
Operating grants and contributions						
Roads and Bridges	6,930,882	-	6,930,882	7,115,513	-	7,115,513
Other	525,213	-	525,213	956,293	-	956,293
Capital grants and contributions						
Roads and Bridges	5,785,710	-	5,785,710	3,286,901	-	3,286,901
Water	-	607,572	607,572	-	817,266	817,266
Sewer and SWM	-	1,601,411	1,601,411	-	1,191,845	1,191,845
Other	3,368,042	-	3,368,042	4,028,236	1,721,620	5,749,856
<b>General revenues:</b>						
Taxes	71,640,268	-	71,640,268	68,964,915	-	68,964,915
Franchise fees	13,035,524	-	13,035,524	11,953,802	-	11,953,802
Earnings on investments	803,451	455,200	1,258,651	1,184,427	1,011,549	2,195,976
Miscellaneous	27,741,901	-	27,741,901	21,438,614	-	21,438,614
Transfers	619,575	(619,575)	-	1,744,622	(1,744,622)	-
<b>Total</b>	<b>\$ 157,638,336</b>	<b>\$ 51,240,444</b>	<b>\$ 208,878,780</b>	<b>\$ 153,047,861</b>	<b>\$ 50,120,351</b>	<b>\$ 203,168,212</b>

2021			2020			2019		
Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
\$ 19,564,511	\$ -	\$ 19,564,511	\$ 13,969,303	\$ -	\$ 13,969,303	\$ 10,414,185	\$ -	\$ 10,414,185
9,102,412	-	9,102,412	9,611,519	-	9,611,519	11,989,443	-	11,989,443
11,104,460	-	11,104,460	16,988,242	-	16,988,242	9,648,157	-	9,648,157
-	49,310,057	49,310,057	-	41,291,424	41,291,424	-	36,875,551	36,875,551
-	20,067,047	20,067,047	-	19,994,794	19,994,794	-	18,998,545	18,998,545
1,602,154	305,298	1,907,452	1,933,477	243,387	2,176,864	2,774,592	334,363	3,108,955
9,883,422	-	9,883,422	12,073,151	-	12,073,151	9,379,286	-	9,379,286
1,389,162	353,500	1,742,662	1,525,766	-	1,525,766	776,326	-	776,326
41,558,887	-	41,558,887	16,639,892	-	16,639,892	56,160,285	-	56,160,285
-	3,842,111	3,842,111	-	1,508,493	1,508,493	-	5,603,304	5,603,304
-	15,855,318	15,855,318	-	6,272,811	6,272,811	-	21,718,457	21,718,457
10,207,328	121,887	10,329,215	4,964,732	-	4,964,732	11,236,211	-	11,236,211
84,084,496	-	84,084,496	80,092,029	-	80,092,029	75,253,544	-	75,253,544
18,120,483	-	18,120,483	16,528,708	-	16,528,708	14,352,010	-	14,352,010
632,539	(671,011)	(38,472)	5,467,015	4,274,443	9,741,458	5,145,919	2,788,686	7,934,605
34,748,551	-	34,748,551	29,604,271	-	29,604,271	28,828,283	-	28,828,283
(5,555,673)	5,555,673	-	(7,757,059)	7,757,059	-	(4,233,332)	4,233,332	-
<u>\$ 236,442,732</u>	<u>\$ 94,739,880</u>	<u>\$ 331,182,612</u>	<u>\$ 201,641,046</u>	<u>\$ 81,342,411</u>	<u>\$ 282,983,457</u>	<u>\$ 231,724,909</u>	<u>\$ 90,552,238</u>	<u>\$ 322,277,147</u>

2016			2015			2014		
Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
\$ 6,104,028	\$ -	\$ 6,104,028	\$ 12,547,780	\$ -	\$ 12,547,780	\$ 14,486,261	\$ -	\$ 14,486,261
7,973,700	-	7,973,700	5,876,366	-	5,876,366	6,923,857	-	6,923,857
16,282,499	-	16,282,499	7,067,104	-	7,067,104	5,827,916	-	5,827,916
-	31,928,457	31,928,457	-	24,033,303	24,033,303	-	31,160,160	31,160,160
-	14,347,881	14,347,881	-	11,598,160	11,598,160	-	9,683,155	9,683,155
1,415,630	248,630	1,664,260	1,057,493	198,881	1,256,374	1,149,318	336,048	1,485,366
6,363,740	-	6,363,740	6,147,833	-	6,147,833	5,822,628	-	5,822,628
648,556	-	648,556	315,732	-	315,732	431,520	-	431,520
6,683,929	-	6,683,929	4,247,943	-	4,247,943	11,196,599	-	11,196,599
-	1,056,110	1,056,110	-	520,640	520,640	-	262,299	262,299
-	2,511,930	2,511,930	-	952,786	952,786	-	942,927	942,927
1,715,071	-	1,715,071	294,812	-	294,812	1,178,561	-	1,178,561
65,505,094	-	65,505,094	58,429,743	-	58,429,743	54,948,533	-	54,948,533
11,060,815	-	11,060,815	10,430,596	-	10,430,596	9,711,734	-	9,711,734
812,627	710,510	1,523,137	655,432	629,463	1,284,895	488,818	402,824	891,642
18,058,388	-	18,058,388	21,109,953	-	21,109,953	16,885,555	-	16,885,555
8,289,033	(8,289,033)	-	370,000	(370,000)	-	689,690	(689,690)	-
<u>\$ 150,913,110</u>	<u>\$ 42,514,485</u>	<u>\$ 193,427,595</u>	<u>\$ 128,550,787</u>	<u>\$ 37,563,233</u>	<u>\$ 166,114,020</u>	<u>\$ 129,740,990</u>	<u>\$ 42,097,723</u>	<u>\$ 171,838,713</u>

**CITY OF HILLSBORO, OREGON**

**GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)**

**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	General Government	Public Safety and Judicial	Community Service	Culture and Recreation	Roads and Bridges	Capital Outlay
2014	\$ 13,156,276	\$ 44,709,841	\$ 7,726,267	\$ 16,108,950	\$ 9,853,235	\$ 6,070,965
2015	12,654,938	46,043,876	8,029,855	17,146,215	10,237,148	11,212,964
2016	13,158,586	49,572,967	8,525,456	18,530,214	9,617,449	25,845,892
2017	14,871,733	51,759,871	9,003,873	19,684,652	10,923,850	8,013,758
2018	14,495,988	55,622,045	9,521,571	20,319,720	12,253,337	19,614,408
2019	23,225,114	59,638,666	10,259,052	20,975,384	11,998,061	18,613,261
2020	18,976,291	62,141,655	11,379,932	21,882,853	12,281,640	14,203,962
2021	20,325,985	64,830,843	10,975,455	22,152,119	12,543,085	17,821,521
2022	38,364,470	69,063,336	11,946,011	26,952,774	12,763,174	13,278,530
2023	22,913,941	76,639,751	12,727,943	31,067,170	40,215,815	20,427,116

Note:

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

**GENERAL GOVERNMENT REVENUES BY SOURCE (2)**

**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Property, Liquor Cigarette & Other Taxes	Library Serial Levy	Inter-governmental	Franchise Fees	Licenses and Permits	Fines and Forfeitures
2014	\$ 52,574,445	\$ 4,361,806	\$ 6,627,108	\$ 9,711,734	\$ 10,530,733	\$ 756,938
2015	56,314,501	4,470,851	6,824,574	10,430,596	7,230,459	800,930
2016	63,131,419	4,680,212	7,116,219	11,060,815	5,992,365	1,210,131
2017	67,076,577	5,049,781	7,733,733	11,953,802	8,887,511	390,155
2018	72,530,060	5,226,205	8,101,267	13,035,524	8,960,019	647,886
2019	76,818,226	5,347,839	10,657,759	14,352,010	10,632,090	670,572
2020	79,796,852	5,553,058	13,608,349	16,528,708	16,372,548	607,211
2021	83,062,047	5,632,298	11,590,029	18,120,483	12,546,641	561,450
2022	89,620,007	5,801,267	29,353,350	19,557,380	19,266,917	524,162
2023	101,233,161	5,975,305	12,582,409	21,453,975	17,623,201	524,894

Note:

(2) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

Source: Current and prior City Annual Comprehensive Financial Reports.

Debt  
Service

Principal	Interest	Total
\$ 108,124	\$ 35,944	\$ 97,769,602
108,040	36,029	105,469,065
709,942	104,642	126,065,148
725,964	88,619	115,072,320
1,380,463	175,917	133,383,449
1,387,637	1,703,611	147,800,786
2,828,721	(25,815)	143,669,239
2,656,737	840,218	152,145,963
1,601,059	1,512,977	175,482,331
2,066,691	1,485,239	207,543,666

Charges for Services	Gain Share Contributions	Interest	Other	Total
\$ 12,165,171	\$ -	\$ 395,775	\$ 3,870,169	\$ 100,993,879
13,323,969	10,413,549	596,384	3,980,518	114,386,331
17,069,688	5,748,252	729,244	12,073,148	128,811,493
19,391,650	5,831,296	993,680	6,141,885	133,450,070
13,737,952	5,832,891	616,366	6,445,780	135,133,950
20,804,583	5,871,198	5,320,839	4,711,790	155,186,906
19,934,492	6,192,047	3,990,864	9,915,196	172,499,325
17,490,410	6,195,836	613,825	10,954,245	166,767,264
32,093,396	6,281,203	2,465,134	22,989,159	227,951,975
29,935,038	6,373,594	4,602,598	21,606,633	221,910,808

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## **REVENUE CAPACITY**

**CITY OF HILLSBORO, OREGON**

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (1)**

**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Real Property		Personal Property		Public Utilities	
	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value
2014	\$ 19,195,488,890	\$ 8,471,281,960	\$ 820,819,186	\$ 741,374,916	\$ 409,355,088	\$ 387,081,290
2015	22,160,589,870	8,919,070,490	930,455,704	821,448,114	437,526,308	420,062,484
2016	24,056,624,390	10,103,741,610	1,022,957,553	910,150,644	470,667,431	438,009,230
2017	27,268,069,630	10,494,431,530	1,182,423,349	986,308,025	497,316,530	494,219,888
2018	30,018,138,720	10,794,412,890	1,449,333,806	1,253,809,336	560,608,037	554,405,927
2019	27,285,855,650	11,460,246,770	1,151,034,185	894,216,047	529,001,883	528,710,500
2020	28,546,133,274	12,031,321,964	1,216,636,254	959,200,164	567,843,251	567,425,000
2021	35,023,725,280	12,461,109,040	1,604,486,553	1,064,772,926	656,550,953	651,707,400
2022	38,378,735,440	13,147,561,040	1,903,649,673	1,151,738,627	785,394,879	779,766,600
2023	46,308,183,630	14,327,701,440	2,091,665,808	1,187,438,431	870,889,752	869,494,200

Source: Washington County Department of Assessment and Taxation.

Notes:

(1) Total Assessed Value including Urban Renewal incremental assessed value.



<b>Total</b>		<b>Ratio of Total Assessed to Total Market Value</b>	<b>Hillsboro Economic Development Council</b>	<b>Net Value Used to Calculate Property Tax Rates</b>	<b>Total Direct Tax Rate</b>	
<b>Market Value</b>	<b>Assessed Value</b>					
\$	20,425,663,164	\$ 9,599,738,166	47.00 %	\$ 28,940,341	\$ 9,570,797,825	\$ 5.39
	23,528,571,882	10,160,581,088	43.18	59,130,182	10,101,450,906	5.39
	25,550,249,374	11,451,901,484	44.82	76,244,538	11,375,656,946	5.39
	28,947,809,509	11,974,959,443	41.37	124,527,560	11,850,431,883	5.39
	32,028,080,563	12,602,628,153	39.35	164,739,313	12,437,888,840	5.39
	28,965,891,718	12,883,173,317	44.48	252,437,087	12,630,736,230	5.39
	30,330,612,779	13,557,947,128	44.70	387,551,602	13,170,395,526	5.39
	37,284,762,786	14,177,589,366	38.03	483,939,000	13,693,650,366	5.39
	41,067,779,992	15,079,066,267	36.72	628,277,612	14,450,788,655	5.39
	49,270,739,190	16,384,634,071	33.25	1,083,337,464	15,301,296,607	5.39

**CITY OF HILLSBORO, OREGON**

**PROPERTY TAX RATES -  
DIRECT AND OVERLAPPING GOVERNMENTS PROPERTY TAX RATES**

**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	City of Hillsboro Direct Rates				City of Hillsboro Levied Rates		
	General Fund	Local Option Levy	Debt Service Fund	Total Direct Levy	General Fund	Local Option Levy	Urban Renewal Rate*
2014	\$ 3.67	\$ 1.72	\$ -	\$ 5.39	\$ 3.66	\$ 1.72	\$ 0.04
2015	3.67	1.72	-	5.39	3.65	1.72	0.08
2016	3.67	1.72	-	5.39	3.64	1.72	0.09
2017	3.67	1.72	-	5.39	3.63	1.72	0.14
2018	3.67	1.72	-	5.39	3.62	1.72	0.17
2019	3.67	1.72	-	5.39	3.59	1.72	0.24
2020	3.67	1.72	-	5.39	3.56	1.72	0.35
2021	3.67	1.72	-	5.39	3.54	1.72	0.42
2022	3.67	1.72	-	5.39	3.51	1.72	0.50
2023	3.67	1.72	-	5.39	3.42	1.72	0.80

The information provided above represents tax code 7.01 in the City.

The City is spread across 34 tax codes with various variations in tax authority.

The above is the best representation of what the average City taxpayer will pay in any given year.

\* The City levied rates vary slightly from the City direct rates due to the urban renewal rate. The urban renewal rate is derived from the City of Hillsboro and the overlapping districts' permanent rates. Prior year rates have been adjusted to reflect a consistent calculation.

Source: Washington County Department of Assessment and Taxation.

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

**Levied Overlapping Rates**

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<b>Washington County</b>	<b>Schools</b>	<b>Port of Portland</b>	<b>Metro Service District</b>	<b>Tualatin Soil &amp; Water District</b>	<b>Total</b>
\$ 2.96	\$ 8.27	\$ 0.07	\$ 0.47	\$ -	\$ 17.19
2.83	8.25	0.07	0.46	-	17.06
2.82	7.92	0.07	0.39	-	16.65
2.94	7.95	0.07	0.40	-	16.85
2.93	7.82	0.07	0.41	0.08	16.82
2.91	7.86	0.07	0.47	0.07	16.93
2.89	7.84	0.07	0.66	0.08	17.17
2.88	7.87	0.07	0.59	0.08	17.17
2.91	7.68	0.07	0.57	0.08	17.04
2.86	7.39	0.07	0.56	0.06	16.88

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**CITY OF HILLSBORO, OREGON**

**CONSOLIDATED TAX RATES**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30,</u>	<u>Total</u>	<u>General Fund</u>	<u>Local Option Levy</u>
2014	\$ 5.39	\$ 3.67	\$ 1.72
2015	5.39	3.67	1.72
2016	5.39	3.67	1.72
2017	5.39	3.67	1.72
2018	5.39	3.67	1.72
2019	5.39	3.67	1.72
2020	5.39	3.67	1.72
2021	5.39	3.67	1.72
2022	5.39	3.67	1.72
2023	5.39	3.67	1.72

These tax rates exclude Hillsboro Urban Renewal District because the rates vary by overlapping districts.

Sources: Washington County Department of Assessment and Taxation.

CITY OF HILLSBORO, OREGON

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

JUNE 30, 2023

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Rank</u>	<u>2023</u>		
			<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Levied Taxes</u>
Intel Corporation	Computer Industry	1	\$ 1,729,347,679	10.55 %	\$ 29,162,896
Portland General Electric	Utilities	2	353,718,290	2.16	6,207,137
Genentech Inc	Biotechnology Industry	3	328,238,530	2.00	5,573,004
Verizon Communications Inc	Utilities	4	282,853,000	1.73	4,769,336
NTT Global Data Centers HI LLC	Technology	5	154,782,002	0.94	2,610,027
Workday Inc	Technology	6	139,620,223	0.85	2,354,360
Pacific Realty Associates	Real Estate	7	124,298,500	0.76	2,098,427
GLC-South Hillsboro LLC	Real Estate Development	8	34,019,085	0.21	2,074,098
SI POR02 ABS LLC	Datawarehouse	9	103,388,193	0.63	1,743,394
Li Cortez LLC	Real Estate	10	94,817,820	0.58	1,720,163
ABP Owner LLC - Amberglen	Real Estate				
Triquint Semiconductor Inc	Technology				
Streets of Tanasbourne	Real Estate				
DDRA Tanasbourne Town Center LLC	Shopping				
Fred Meyer	Shopping				
			<u>3,345,083,322</u>	<u>20.42</u>	<u>58,312,842</u>
All other taxpayers			<u>13,039,550,749</u>	<u>79.58</u>	<u>39,546,252</u>
TOTAL			<u>\$ 16,384,634,071</u>	<u>100.00 %</u>	<u>\$ 97,859,094</u>

Source: Washington County Assessor, list sorted by Levied Taxes

**2014**

<b>Rank</b>	<b>Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>	<b>Levied Taxes</b>
1	\$ 1,163,468,078	12.12 %	\$ 19,531,053
4	92,498,060	0.96	1,556,749
2	134,614,460	1.40	2,259,801
3	105,897,800	1.10	1,777,361
5	90,090,409	0.94	1,538,323
6	62,922,110	0.66	1,159,129
7	59,966,280	0.62	1,041,037
8	55,260,647	0.58	1,009,646
9	50,196,090	0.52	985,247
10	48,599,679	0.51	890,884
	<u>1,863,513,613</u>	<u>19.41</u>	<u>31,749,230</u>
	<u>7,736,224,553</u>	<u>80.59</u>	<u>20,292,096</u>
	<u><u>\$ 9,599,738,166</u></u>	<u><u>100.00 %</u></u>	<u><u>\$ 52,041,326</u></u>

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**CITY OF HILLSBORO, OREGON**

**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Taxes Levied by Assessor	Collected and discounted within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collections	% of Current levy		Amount Collected	% of Levy
2014	\$ 52,041,326	\$ 49,455,352	95.03 %	\$ 2,585,974	\$ 52,041,326	100.00 %
2015	55,500,920	53,053,781	95.59	2,447,139	55,500,920	100.00
2016	62,469,650	59,699,693	95.57	2,769,957	62,469,650	100.00
2017	65,831,347	62,844,836	95.46	2,962,098	65,806,934	99.96
2018	69,620,710	66,474,396	95.48	3,136,824	69,611,220	99.99
2019	71,650,532	68,779,290	95.99	2,851,233	71,630,523	99.97
2020	76,819,690	73,699,858	95.94	3,065,084	76,764,942	99.93
2021	80,776,065	77,603,597	96.07	3,044,631	80,648,228	99.84
2022	86,358,698	85,598,980	99.12	519,049	86,118,029	99.72
2023	97,859,094	96,970,200	99.09	-	96,970,200	99.09

Source: Washington County Department of Assessment and Taxation.

**CITY OF HILLSBORO, OREGON**

**CONSOLIDATED TAX LEVIES**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30,</u>	<u>Total Taxes to be Received</u>	<u>General Fund</u>	<u>Hillsboro Economic Development Council</u>	<u>Adjustments and Miscellaneous Offsets</u>
2014	\$ 52,041,326	\$ 51,603,393	\$ 376,231	\$ 61,702
2015	55,500,920	54,483,960	744,184	272,776
2016	62,469,650	61,405,794	941,302	122,554
2017	65,831,347	64,047,829	1,564,692	218,826
2018	69,620,710	66,820,069	2,017,594	783,047
2019	71,650,532	68,470,139	2,962,960	217,433
2020	76,819,690	71,616,944	4,560,561	642,185
2021	80,776,065	74,593,625	5,717,034	465,406
2022	86,358,698	78,920,256	7,261,302	177,140
2023	97,859,094	84,283,005	12,510,574	1,065,515

Source: Washington County Department of Assessment and Taxation.

Note: The Adjustments and Miscellaneous Offsets column is the result of taxes related to forest and farmland and reduction of taxes due to property tax limitation, County offsets, truncation, and other miscellaneous adjustments.

## **DEBT CAPACITY**

**CITY OF HILLSBORO, OREGON**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		
	Full Faith & Credit (1)	Notes Payable	Leases and SBITAs	Water Revenue Bonds	Notes Payable	Leases and SBITAs
2014	\$ 48,943,130	\$ 3,286,797	\$ -	\$ 10,433,345	\$ -	\$ -
2015	46,595,630	6,849,816	-	8,333,301	-	-
2016	44,198,130	6,035,480	-	7,503,257	-	-
2017	57,144,809	2,738,124	-	6,648,213	13,431,000	-
2018	53,827,933	4,103,980	1,009,505	5,778,169	10,744,800	5,878,975
2019	50,416,057	2,787,358	817,476	4,883,125	8,058,600	5,901,456
2020	84,324,093	23,161,295	615,985	54,422,870	5,372,400	-
2021	80,597,221	45,816,000	404,664	63,395,075	2,686,200	-
2022	76,755,349	44,241,000	183,153	97,332,280	-	-
2023	84,513,477	42,201,000	1,801,588	206,244,485	-	-

(1) Represents bonds payable for the Civic Center and Public Safety Training facilities, two fire stations, new stadium turf, Library remodels, Ballpark Facility, Public Works Facility, and Local Improvement District and backed by the full faith and credit of the City.

(2) Personal income is derived from the total households in the City of Hillsboro multiplied by the median household income per the US Census Bureau. Income is reported as one year in arrears due to timing of available information.

	Total	Percentage of Personal Income (2)		Per Capita
\$	62,663,272	2.94 %	\$	671
	61,778,747	2.41		648
	57,736,867	2.13		592
	79,962,146	2.93		805
	81,343,362	2.50		801
	72,864,072	2.29		715
	167,896,643	5.12		1,625
	192,899,160	5.79		1,843
	218,511,782	5.48		2,020
	334,760,550	7.17		3,056

CITY OF HILLSBORO, OREGON

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

JUNE 30, 2023

<u>Jurisdiction</u>	<u>Net Direct Debt Outstanding</u>	<u>Percent Applicable to City of Hillsboro (1)</u>	<u>Amount Applicable to City of Hillsboro</u>
Metropolitan Service District	\$ 822,713,920	6.50 %	\$ 53,468,178
Northwest Regional ESD	13,670,000	15.28	2,089,063
Portland Community College	669,475,000	8.26	55,275,873
Tualatin Hills Parks and Recreation District	47,825,680	0.01	3,635
Tualatin Valley Fire & Rescue District	55,780,000	0.01	7,419
Washington County	164,628,758	19.21	31,623,703
Washington County School District 1J (Hillsboro)	497,841,362	71.40	355,467,694
Washington County School District 48J (Beaverton)	<u>1,155,458,918</u>	4.48	<u>51,747,228</u>
Total Overlapping Debt	3,427,393,638		549,682,793
City of Hillsboro	<u>128,516,065</u>	100.00	<u>128,516,065</u>
Total Direct and Overlapping Debt	<u>\$ 3,555,909,703</u>		<u>\$ 678,198,858</u>

Source: Oregon Municipal Debt Advisory Commission.

Note:

(1) The percentage applicable to the City is determined on the assessed value of the overlapping districts. The numerator is the City's assessed value and the denominator is the assessed value of the overlapping district.

**CITY OF HILLSBORO, OREGON**

**LEGAL DEBT MARGIN INFORMATION AND COMPUTATION**

**LAST TEN FISCAL YEARS**

True market value (1)	\$ 49,270,739,190
General obligation debt limit (2)	<u>x 3%</u>
	<u>1,478,122,176</u>
Gross bonded debt subject to limitation	<u>-</u>
Legal debt margin available for future indebtedness	<u>\$ 1,478,122,176</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>0%</u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total net debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Total net debt applicable to the limit as a percentage of debt limit</u>
2014	\$ 612,656,698	\$ -	\$ 612,656,698	0.00 %
2015	705,857,156	-	705,857,156	0.00
2016	766,507,481	-	766,507,481	0.00
2017	868,434,285	-	868,434,285	0.00
2018	960,842,417	-	960,842,417	0.00
2019	868,976,752	-	868,976,752	0.00
2020	909,918,383	-	909,918,383	0.00
2021	1,118,542,884	-	1,118,542,884	0.00
2022	1,232,033,400	-	1,232,033,400	0.00
2023	1,478,122,176	-	1,478,122,176	0.00

Notes:

(1) From Washington County Department of Assessment and Taxation.

(2) ORS 257.004 provides a debt limit of 3% of the true market value of all taxable property within the City boundaries.

**CITY OF HILLSBORO, OREGON**

**PLEDGED REVENUE COVERAGE**

**LAST TEN FISCAL YEARS**

Water Revenue Bonds

<u>Fiscal Year Ended June 30,</u>	<u>Gross Operating Revenue (2)</u>	<u>Less Operating Expenses (3)</u>	<u>Net Available Revenue</u>	<u>System Development Charges (SDCs)</u>	<u>Debt Service</u>	<u>Coverage including SDCs</u>	<u>Coverage without SDCs</u>
2014	\$ 30,908,350	\$ 11,522,918	\$ 19,385,432	\$ 11,790,298	\$ 2,277,742	8.51	3.33
2015	23,819,296	11,154,863	12,664,433	1,836,325	2,283,472	5.55	4.74
2016	31,475,034	15,495,888	15,979,146	8,049,701	977,782	16.34	8.11
2017	31,615,205	15,374,926	16,240,279	6,929,934	973,423	16.68	9.56
2018	31,002,171	15,699,857	15,302,314	2,579,850	987,550	15.50	12.88
2019	36,680,238	16,342,744	20,337,494	5,480,206	991,800	20.51	14.98
2020	40,369,001	18,638,469	21,730,532	8,056,630	2,438,736	8.91	5.61
2021	48,880,295	20,338,278	28,542,017	11,412,458	2,623,275	10.88	6.53
2022	49,569,056	19,574,171	29,994,885	9,485,214	2,630,900	11.40	7.80
2023	52,537,098	21,175,684	31,361,414	5,246,897	2,627,625	11.94	9.94

**Notes:**

(1) The City has water revenue bonds pledged with revenues generated within the Utilities Commission Fund of the City. Debt covenants require a ratio of 1.25 times the annual debt service when including system development charges as shown above and 1.15 times the annual debt service without system development revenues.

(2) Gross operating revenues are defined in the Master Declaration as operating revenues less other revenues.

(3) Gross operating expenses are defined in the Master Declaration as operating expenses less depreciation.



## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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**CITY OF HILLSBORO, OREGON**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30,</u>	<u>Population (1)</u>	<u>Median Age (4)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (Portland) Metropolitan Area (3)</u>	<u>Washington County per Capita Income (4)</u>
2014	93,340	32.0	19,833	6.2 %	\$ 30,914
2015	95,310	33.2	19,917	5.5	32,721
2016	97,480	34.6	20,206	5.0	34,691
2017	99,340	36.1	20,034	4.1	35,786
2018	101,540	34.0	20,204	3.8	37,361
2019	101,920	34.0	20,046	3.4	40,152
2020	103,350	34.4	20,010	9.9	41,814
2021	104,670	33.9	19,114	4.9	41,015
2022	108,154	34.8	18,961	2.9	46,580
2023	109,532	35.9	18,744	3.3	51,260

Sources:

- (1) Portland State University
- (2) Average daily membership for the Hillsboro School District
- (3) Beginning in 2021, information is from the State of Oregon Employment Department. Information for years before 2021 are from the Bureau of Labor Statistics.
- (4) US Census

**CITY OF HILLSBORO, OREGON**

**PROPERTY VALUE AND NEW CONSTRUCTION**

**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Commercial Construction (1)		Residential Construction (1)		Total Property Value (2)
	Number of New Permits	Value	Number of New Units	Value	
2014	33	\$ 353,739,280	730	\$ 110,885,818	\$ 20,425,663,164
2015	18	68,115,272	581	106,608,769	23,528,571,882
2016	9	25,500,175	624	110,306,394	25,550,249,374
2017	19	65,917,968	920	172,153,669	28,947,809,509
2018	14	89,665,808	208	50,132,549	32,028,080,563
2019	20	157,980,920	1,092	208,658,627	28,965,891,718
2020	39	216,034,159	776	180,187,708	30,330,612,779
2021	20	240,180,643	901	222,216,970	37,284,762,786
2022	19	742,045,463	977	213,197,331 *	41,067,779,992
2023	15	900,678,836	1,335	228,939,100	49,270,739,190

Sources:

(1) City Building Department

(2) Washington County Department of Assessment and Taxation

\* Amount has been restated, as it previously did not include multi-family residential valuation.

**CITY OF HILLSBORO, OREGON**

**TEN LARGEST EMPLOYERS**

**CURRENT AND NINE YEARS AGO**

<b><u>Employer</u></b>	<b><u>Product or services</u></b>	<b><u>2023</u></b>	<b><u>Percentage</u></b>	<b><u>2014</u></b>	<b><u>Percentage</u></b>
		<b><u>Employment</u></b>	<b><u>of Total City</u></b>	<b><u>Employment</u></b>	<b><u>of Total City</u></b>
			<b><u>Employment</u></b>		<b><u>Employment</u></b>
Intel Corporation	Computer Electronics and Related Devices	22,000 *	27.08 %	17,500	38.63 %
Hillsboro School District	Education	2,693	3.32	2,205	4.87
Washington County	County Government	2,394	2.95	1,715	3.79
Well Fargo Bank	Bank	1,325	1.63	1,275	2.81
OHSU Hillsboro Center	Hospitals	1,273	1.57	1,400	3.09
City of Hillsboro	Local Government	1,241	1.53	680	1.50
Tokyo Electron America	Semiconductors and Related Devices	1,200	1.48		
Qorvo	Semiconductors and Related Devices	1,085	1.34		
Kaiser Permanente	Hospitals	1,064	1.31		
Amazon	Retail Delivery	1,046	1.29		
Nike	Administrative Offices			1,000	2.21
Triquint Semiconductor	Semiconductors and Related Devices			877	1.94
SolarWorld	Solar Development			750	1.66
FEI	Laboratory Analytical Instruments			450	0.99
		<u>35,321</u>	<u>43.48 %</u>	<u>27,852</u>	<u>61.48 %</u>
Total Employment Within the City Boundaries		<u>81,229</u>		<u>45,300</u> **	

\* Employment includes all Oregon locations including unincorporated Washington County.

\*\* Municipal agency employment such as the City, County and School District were not included in the count as of nine years ago.

Sources: City of Hillsboro - Business Licenses

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## **OPERATING INFORMATION**

**CITY OF HILLSBORO, OREGON**

**FULL TIME EQUIVALENT GOVERNMENT BUDGETED EMPLOYEES BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

<b><u>Function/Program</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
General Government							
City Manager's Office	15	15	16	19.5	21.5	30.5	31.5
Community Development	-	-	-	-	-	-	-
Municipal Court	3	3	3	3	3	3	3
Finance	22	22	22	23	26.5	27	28
Human Resources	9.5	9.5	9.5	8.5	13.5	14.5	14.5
Information Services	30	30	31	32	31	31	31
Facilities/Fleet Management	19	20	21	21	22	25	29
Risk Management	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Police	179	179	183	185	190	192	194
Fire & Rescue	105	105	108	111	118	121	123
Parks & Recreation	87.6	87.4	92.75	93.75	95.75	93.75	96.75
Library	52	52	52	52	76.9	75.9	76.9
Water	63	66	72	75	78	77	82
Public Works	68	69	73	78	87	85	91
Broadband	-	-	-	-	-	5	12
Building	42	42	43	43	43	43	44
Planning	23	23	25	25	25	25	26
Economic Development	6	6	6	7	7	7	8
<b>Total</b>	<b><u>727.60</u></b>	<b><u>732.40</u></b>	<b><u>760.25</u></b>	<b><u>780.25</u></b>	<b><u>841.65</u></b>	<b><u>859.15</u></b>	<b><u>894.15</u></b>

\* This function was newly organized during FY 2021, and relocated several positions from the City Manager's Office, the Building program, and Planning program.

\*\* Beginning in FY 2018, a full-time equivalent calculation is included for part-time regular Library personnel.

Source: City of Hillsboro Annual Budget



<u>2021</u>	<u>2022</u>	<u>2023</u>
27.5	28.5	30.5
8	14	14 *
3	3	3
28	29	30
15.5	15.5	16.5
31	33	35
31	37	40
3.5	4.5	4.5
198	198	200
123	123	131
104.75	101.75	102.75
76.9	76	76.48 **
84	85	94
92	91	96
12	12	12
44	37	37
22	24	24
8	8	8
<u>912.15</u>	<u>920.25</u>	<u>954.73</u>

**CITY OF HILLSBORO, OREGON**

**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

<b><u>Function /Program</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
<b>Police</b>					
Total Arrests	3,050	4,053	4,003	3,846	3,748
Parking Citations	4,084	4,810	7,288	7,368	8,122
Traffic Citations	5,959	6,168	5,255	3,684	3,209
Ordinance Citations	115	155	140	96	569
<b>Fire and Rescue</b>					
Fire Responses	262	393	382	304	318
EMS Responses	5,212	6,265	7,802	6,418	6,618
Inspections	1,145	1,528	2,012	1,574	1,851
<b>Parks and Recreation</b>					
Adults Served	4,582	4,863	5,191	7,921	8,353
Youths Served	7,646	7,647	7,241	7,069	7,226
<b>Library</b>					
Volumes in Collection	332,535	305,058	314,922	311,265	316,204
Digital Materials	N/A	N/A	N/A	N/A	N/A
Library of Things Collection	N/A	N/A	N/A	N/A	N/A
Total Circulation ***	2,808,444	2,819,986	2,752,213	2,485,264	2,514,469
Library Cardholders	63,182	59,405	62,973	63,472	62,959
<b>Water, Sewer and Surface Water Management</b>					
Number of Consumers - Residential **	22,540	22,674	22,873	23,168	23,317
Number of Consumers - Commercial **	917	920	927	935	942
Average Daily Consumption - Residential	5,184,685	5,486,867	5,612,416	5,317,194	5,644,347
Average Daily Consumption - Commercial	7,924,525	8,901,225	9,126,373	9,138,808	9,647,518
<b>Building</b>					
Permits Issued	1,547	1,313	1,494	1,291	1,379
<b>Broadband</b>					
Residential Internet Subscribers	N/A	N/A	N/A	N/A	N/A
Residential Voice Subscribers	N/A	N/A	N/A	N/A	N/A
Business Internet Subscribers	N/A	N/A	N/A	N/A	N/A
Business Voice Subscribers	N/A	N/A	N/A	N/A	N/A

Source: City of Hillsboro Departments

\* Methodology changed in FY 2020 through utilizing a new membership and point of sale system. FY 2021 included many virtual programs and Lightopia that patrons participated in.

\*\* Methodology changed in FY 2021 to more accurately reflect customers the City provides water to, as opposed to customers who receive water from other service providers. Historical years have been updated for consistency.

\*\*\* Autorenewals began in August 2021 and that increased the circulation numbers thereafter

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
3,669	3,350	2,674	3,232	3,678
5,574	4,197	2,764	3,580	6,504
4,429	4,240	2,560	2,354	2,558
61	81	38	21	30
380	358	393	319	375
6,586	6,888	6,864	7,854	8,817
981	1,650	1,557	489	1,138
8,352	14,872	25,301	18,628	30,315
9,463	8,191	2,421	7,290	11,258
321,554	318,255	324,520	307,340	306,320
N/A	N/A	N/A	N/A	155,062
N/A	N/A	N/A	N/A	739
2,497,991	1,902,228	1,063,547	2,317,123	2,395,094
54,050	76,147	92,349	99,016	106,306
23,690	24,112	24,732	25,292	25,598
947	955	960	963	1,320
5,715,816	5,282,842	5,853,982	5,572,452	5,821,420
10,314,658	9,572,340	9,629,542	9,639,119	10,008,449
1,309	1,424	1,744	1,513	1,378
N/A	N/A	73	220	664
N/A	N/A	8	33	36
N/A	N/A	19	78	154
N/A	N/A	10	35	68

**CITY OF HILLSBORO, OREGON**

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

<b><u>Function</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
<b>Police</b>					
Stations	2	2	2	2	2
Community Relations Office	2	2	2	2	2
<b>Fire and Rescue</b>					
Stations	5	5	5	5	5
<b>Parks &amp; Recreation</b>					
Activity and Community Centers	4	4	4	4	4
Cultural and Arts Center	1	1	1	1	1
Aquatic Center	1	1	1	1	1
Sports Facilities	2	2	2	2	2
Historical Homes	2	2	2	2	2
Number of Developed Parks*	27	27	27	27	28
Number of Undeveloped Parks	8	10	9	9	9
Natural Preserve	-	-	-	-	-
Total Developed Park Acreage	542.23	548.56	552.75	600.99	619.67
Total Undeveloped Park Acreage	147.87	168.60	205.93	161.61	170.93
Open Space Acreage	309.02	305.39	305.39	323.4	324.25
Total Greenways and Trails	100.11	101.11	101.11	102.15	102.15
Specialty Area Acreage **	-	-	-	-	-
<b>Library</b>					
Libraries	2	2	2	2	2
<b>Transportation</b>					
Miles of Streets	224.8	224.8	225.0	229.6	230.8
Number of Street Lights	7,014	7,081	7,214	7,283	7,283
Area in Sq. Miles	23.91	23.91	24.70	25.34	25.60
<b>Water</b>					
Miles of Water Mains	302.00	303.20	305.34	306.08	306.85
<b>Sewers</b>					
Miles of Sanitary Sewers	256.82	259.42	259.42	257.72	257.20
Miles of Storm Sewers	258.28	263.35	267.60	273.68	259.09
<b>Broadband</b>					
Serviceable Residential Address Passings	N/A	N/A	N/A	N/A	N/A
Serviceable Commercial Address Passings	N/A	N/A	N/A	N/A	N/A

Source: City Departments

\* Some recategorization have occurred during the year and historically applied.

\*\* Previously not reported.

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
2	2	2	2	2
2	2	2	2	2
5	5	5	5	5
4	4	5	5	5
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
2	2	2	2	2
29	29	28	28	29
9	9	9	9	9
-	-	-	1	1
611.98	611.98	613.50	613.50	633.75
170.93	170.93	148.11	148.11	148.11
325.80	325.60	325.60	330.39	330.39
102.15	104.62	110.05	110.25	111.10
-	-	-	13.88	13.88
2	2	2	2	2
240.5	242.0	246.4	252.7	255.0
7,398	7,707	8,014	8,371	8,566
25.62	25.68	25.79	25.88	26.30
316.74	321.70	325.00	328.20	333.71
273.10	275.20	279.90	282.80	285.60
282.00	288.80	296.00	301.30	305.70
N/A	N/A	578	2,069	4,841
N/A	N/A	685	1,223	1,418

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**COMPLIANCE SECTION**

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## **Report of Independent Auditors 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***

Honorable Mayor and Board of Councilors  
City of Hillsboro  
Hillsboro, Oregon

We have audited, in accordance with the 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 Hillsboro, Oregon (the “City”) as of and for the year ended June 30, 2023, 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 1, 2023.

### **Report on 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) as a basis for designing 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. 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 or significant deficiencies may exist that were not identified.

### **Report on 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 financial statements. 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*.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon  
December 1, 2023

# **Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

Honorable Mayor and Board of Councilors  
City of Hillsboro  
Hillsboro, Oregon

## **Report on Compliance for Each Major Federal Program**

### ***Opinion on Each Major Federal Program***

We have audited the City of Hillsboro, Oregon's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon  
December 1, 2023

**CITY OF HILLSBORO, OREGON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2023**

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLE</b>	<b>FEDERAL ASSISTANCE LISTING NUMBER</b>	<b>PASSTHROUGH NUMBER</b>	<b>EXPENDITURES</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
DIRECT:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218		\$ 7,799
Community Development Block Grants/Entitlement Grants	14.218		385,343
COVID-19: Community Development Block Grants/ Entitlement Grants	14.218		491,592
Total CDBG - Entitlement Grants Cluster:			<u>884,734</u>
Economic Development Initiative, Community Project Funding and Miscellaneous Grants	14.251		<u>2,967,329</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>3,852,063</u>
<b>U.S. DEPARTMENT OF JUSTICE:</b>			
DIRECT:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		18,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738		3,721
			<u>21,721</u>
PASSED THROUGH THE OREGON DEPARTMENT OF JUSTICE:			
Violence Against Women Formula Grant	16.588	VAWA-C-2020-00024	90,753
Violence Against Women Formula Grant	16.588	VAWA-C-2023-00017	87,763
			<u>178,516</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<u>200,237</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>			
PASSED THROUGH METRO:			
Federal Transit Cluster			
Federal Transit Formula Grants	20.507	936219	58,129
Total Federal Transit Cluster:			<u>58,129</u>
PASSED THROUGH STATE OF OREGON DEPARTMENT OF TRANSPORTATION:			
Highway Safety Cluster			
State and Community Highway Safety	20.600	SE-20-35-05 BBA	5,251
State and Community Highway Safety	20.600	69A375130000405eORC	5,110
Total Highway Safety Cluster:			<u>10,361</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>68,490</u>

**CITY OF HILLSBORO, OREGON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2023**

<b><u>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLE</u></b>	<b><u>FEDERAL ASSISTANCE LISTING NUMBER</u></b>	<b><u>PASSTHROUGH NUMBER</u></b>	<b><u>EXPENDITURES</u></b>
<b>U.S. DEPARTMENT OF THE TREASURY:</b>			
PASSED THROUGH WASHINGTON COUNTY:			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	23-0417	<u>200,000</u>
<b>TOTAL U.S. DEPARTMENT OF THE TREASURY</b>			<u>200,000</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
DIRECT:			
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		30,993
Water Infrastructure Finance and Innovation (WIFIA)	66.958		<u>110,000,000</u>
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			<u>110,030,993</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>			
PASSED THROUGH WASHINGTON COUNTY MRC:			
Homeland Security Grant Program	97.067	16-170	<u>1,647</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>1,647</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 114,353,430</u>

**CITY OF HILLSBORO, OREGON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**Notes to Schedule of Expenditures of Federal Awards:**

The schedule above is prepared on the modified accrual basis of accounting. Grant revenues are recorded when the City has met the qualifications for the respective grants. Expenditures are recorded when the liability is incurred. The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

The City provided subrecipient awards through the Community Development Block Grants/Entitlement Grants, Federal Assistance Listing Number (ALN) 14.218 in the amount of \$884,484.

For the WIFIA Loan Program, Federal ALN 66.958, the following table reflects its activity during the fiscal year:

Beginning balance as of July 1, 2022	\$ 45,000,000
Draws received during the year	<u>110,000,000</u>
Total amount subject to reporting on the Schedule of Expenditures of Federal Awards	<u>155,000,000</u>
Repayments made during the year	-
Balance as of June 30, 2023	<u><u>\$ 155,000,000</u></u>



**City of Hillsboro**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major federal programs and type of auditor’s report issued on compliance for major federal programs:

<i>Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
14.218	Community Development Block Grants Cluster	<i>Unmodified</i>
14.251	Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	<i>Unmodified</i>
66.958	Water Infrastructure Finance and Innovation	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  Yes  No

**Section II – Financial Statement Findings**

None reported

**Section III – Federal Award Findings and Questioned Costs**

None reported

## **Report of Independent Auditors Required by Oregon State Regulations**

Honorable Mayor and Board of Councilors  
City of Hillsboro  
Hillsboro, 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 City of Hillsboro, Oregon (the "City") as of and for the year ended June 30, 2023, 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 1, 2023.

### **Compliance**

As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements: 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:

- Accounting records and internal control
- Public fund deposits
- Indebtedness
- Budget
- Insurance and fidelity bonds
- Programs funded from outside sources
- Highway funds
- Investments
- Public contracts and purchasing

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 grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations, except those noted below:

- The City had over-expenditures of \$37,012 in the General Fund – Economic Development for the year ended June 30, 2023.
- The City had over-expenditures of \$37,128 in the Transportation Fund for the year ended June 30, 2023.
- The City had over-expenditures of \$263,049 in the Sewer Fund for the year ended June 30, 2023.

### **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) as a basis for designing 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. 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 or significant deficiencies may exist that have not been identified.

### **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 entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Councilors, management of the City, and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Keith Simovic, Partner,  
for Moss Adams LLP  
Portland, Oregon  
December 1, 2023

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