

Annual Comprehensive Financial Report

City of Hillsboro, Oregon



For the Year Ended June 30, 2021

Hidden Creek Community Center

CITY OF HILLSBORO, OREGON

Annual Comprehensive Financial Report

Year Ended June 30, 2021

Prepared by:
City Finance Department

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CITY OF HILLSBORO, OREGON

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INTRODUCTORY SECTION

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December 8, 2021

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, 2021, is hereby submitted.

The report presents the financial position of the City as of, and for the year ended June 30, 2021. 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 on Audit Requirements for Federal Awards under Uniform Guidance and related reports and schedules.

Honorable Mayor Steve Callaway,
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December 8, 2021

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, 2021, is 104,670.

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 expenditures, 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

2021 remained a challenging year as the coronavirus pandemic persisted. 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 2021 was among the lowest in the region. Recognizing the many levels of restrictions on business as ordered by the State of Oregon, some of our businesses were affected more than others.

Hillsboro's industrial sector continued to grow in 2021 with approximately \$300 million in new investment and nearly 500 new and retained jobs. Companies such as KoMiCo, Rinchem, and Rogers Instrument either opened new facilities or expanded their facilities in our North Hillsboro Industrial District. In the Hillsboro Technology Park, several projects are under construction representing new investment or facility expansions such as Amazon, JSR Micro, QTS, Genentech, Stack Infrastructure, T5 Data Centers, Flexential, Hitachi High Technology, and GXO, to name a few. In addition, recently completed new roads and utilities in the Tech Park has prompted development to continue. The City anticipates that 2022 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, Carbon Black, and Salesforce.com.

The City's Downtown area is seeing incremental new growth and sustained small business growth as well as revitalization projects such as the 10th Avenue Visioning and the Oak/Baseline/10th Avenue Corridor Study. Both projects are now underway with the goal of enhancing the area and creating a unified vision and strategy with an emphasis on residential and business participation.

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.

Honorable Mayor Steve Callaway,
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 December 8, 2021

Ten Largest Employers

<u>Employer</u>	<u>Product or service</u>	<u>Estimated Employment</u>
Intel Corporation	Designs & manufactures semiconductor integrated circuits	21,394
Kaiser Permanente	Hospitals	2,405
Nike Inc	Administrative offices	1,850
Wells Fargo Bank	Customer service center	1,800
OHSU/Tuality Health Care	Hospital	1,200
Qorvo	Modules and components for the communications industry	1,085
First Tech Credit Union	Banking	744
Radisys Corporation	Computer Manufacturing	710
Genetech	Biotechnology	606
Tokyo Electron America	Electronics and semiconductor company	600
		32,394

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 and May 2017. The City will look to renew the LOT in 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 fifteen years to those of Washington County as a whole. For fiscal year 2020-21, the City’s assessed value was 38% of market value while the County’s as a whole was 51%. 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.

The City’s assessed value increased 4.57% (or 3.97% when excluding urban renewals areas) from fiscal year 2019-20, 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.

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 December 8, 2021

The City is more reliant than neighboring jurisdictions on the industrial sector. While approximately 20% of the assessed value in Washington County is in the City, the City has approximately 57% 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 close to 27% 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
2007	\$ 13,796,232,055		\$ 69,903,003,208	
2008	14,769,396,719	7.05%	76,919,204,726	10.04%
2009	15,334,815,742	3.83%	79,498,936,760	3.35%
2010	15,303,010,515	-0.21%	75,512,292,273	-5.01%
2011	15,624,272,823	2.10%	71,983,750,402	-4.67%
2012	15,074,297,234	-3.52%	69,045,256,354	-4.08%
2013	14,973,738,130	-0.67%	67,614,912,187	-2.07%
2014	20,421,889,924	36.38%	75,758,248,474	12.04%
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%
Total Value Growth		170.25%		99.86%

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, 2021, was 22.8% of expenditures which is a decrease of 2.1% from last year's 24.9%. The higher fund balance serves not only to compensate for a large reliance on the industrial sector, but also for things like a global pandemic which was not necessarily something the City was planning for but having larger reserve balances has allowed the City to weather decreases in revenues longer than other agencies could.

Honorable Mayor Steve Callaway,
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December 8, 2021

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 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 2017, voters approved the renewal of the \$1.72 LOT for another five years. This levy will go through FY 2022-23.

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 16 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 Strategic Plan also contains eight goals for Hillsboro City Government:

- Foster an effective workforce that reflects Hillsboro's diverse community
- Anticipate and prepare for change, its potential opportunities and challenges
- Maximize operational efficiency and effectiveness across all departments
- Nurture a culture of trust and engagement with all Hillsboro residents and community partners
- Ensure that City services are responsive, equitable and accessible
- Sustain the City's financial health and stability
- Demonstrate collaborative leadership
- Promote environmentally sustainable practices

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December 8, 2021

Franchise Fees/Right of Way

The City of Hillsboro receives approximately \$17.6 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 \$530,000 in FY 2020-21 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 10.8%. All tax collections are done by the County and remitted to the City monthly. The local tax must be primarily used for tourism purposes as outlined by state law. The tax generated approximately \$923,000 in FY 2020-21 which is a decrease of about \$1,451,000 from FY 2019-20. The decrease is due to on-going effects of the COVID-19 pandemic which has negatively impacted travel and tourism in the region. Since the end of the fiscal year, 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 \$762,000 in FY 2020-21.

Honorable Mayor Steve Callaway,
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December 8, 2021

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 90,000 and an estimated 27,000 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 \$95M. 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 also 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 \$1,628,000 in tax increment in FY 2020-21. The URA had no debt outstanding as of June 30, 2021.

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 41st Ave to NW Sewell Road. The approximate 1,100 acres is zoned for industrial development. NoHi URA has a maximum indebtedness of \$172.2M. Fiscal year 2020-21 was the fifth year that tax increment was collected under the URA and about \$3,914,000 was received. The URA had \$45.8 million in outstanding debt as of June 30, 2021. Proceeds will be used for land held for sale purchases.

Honorable Mayor Steve Callaway,
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December 8, 2021

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 similar to 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 2020-21. 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, 2021, the City has received approximately \$135.1 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. Gain Share 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 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, 2021, the City had received nine payments under the program totaling approximately \$57.36 million.

In July 2015, State legislation enacted a new law effecting the Gain Share program. The new law extended the sunset of the program to 2024; however, it caps the revenues coming into Washington County 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

Honorable Mayor Steve Callaway,
Members of the City Council, and Citizens of the
City of Hillsboro, Oregon
December 8, 2021

money out of the State's budget. The City receives approximately 38% of the total program in Washington County, which equates to about \$6.2 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 37 active projects and a projected investment total of \$3.6 billion. These companies currently employ approximately 3,400 individuals paying an average compensation of \$99,500 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 competitiveness needed to continue to attract high tech companies.

FINANCIAL POLICIES

The City Council adopted certain financial policies on September 18, 2012. The City has historically had targets for ending fund balance, but now there are formal policies related to budget, accounting, debt, revenues, reserves and grants as well as previously adopted policies governing investments and procurement.

Honorable Mayor Steve Callaway,
Members of the City Council, and Citizens of the
City of Hillsboro, Oregon
December 8, 2021

DEBT SERVICE

FY 2020-21 included two instances of proceeds from new debt. In April 2021, the City did its first \$10 million draw against the \$250.5 million Water Infrastructure Finance and Innovation Act (WIFIA) loan with the United States Environmental Protection Agency (EPA). 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.

In June 2021, the Hillsboro Economic Development Council (HEDC), the City's urban renewal agency, entered into a loan agreement for approximately \$25.3 million. The loan is used for land acquisition, transportation, utility, trail, storm water wetland management, and other improvements as described in Section III (8) of the North Hillsboro Urban Renewal Area Plan.

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, 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.

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, 2020. 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.

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.

Honorable Mayor Steve Callaway,
Members of the City Council, and Citizens of the
City of Hillsboro, Oregon
December 8, 2021

INDEPENDENT AUDIT

State Statutes require an annual audit by independent certified public accountants. The City selected the firm of Talbot, Korvola, & Warwick, 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,

A handwritten signature in cursive script that reads "Suzanne Linneen".

Suzanne Linneen
Finance Director

CITY OF HILLSBORO, OREGON

OFFICIALS OF THE CITY

JUNE 30, 2021

BOARD OF COUNCILORS

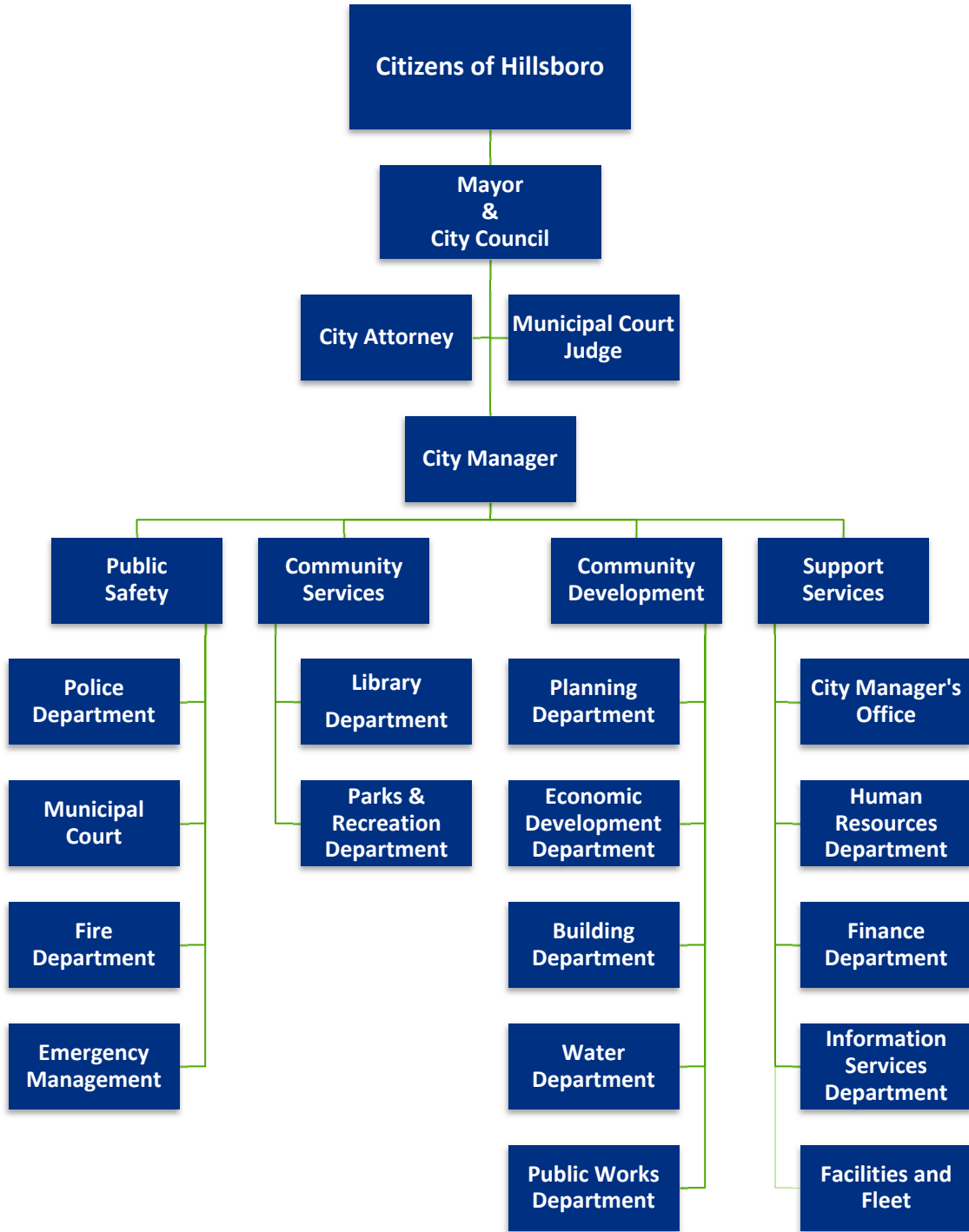
		<u>Term Expires</u>
Steve Callaway, Mayor		January 2024
Councilors:		
Kyle Allen, Council President	Ward 2, Position A	January 2023
Beach Pace	Ward 1, Position A	January 2023
Rick Van Beveren	Ward 1, Position B	January 2024
Gina Roletto	Ward 3, Position B	January 2025
Anthony Martin	Ward 2, Position B	January 2024
Olivia Alcaire	Ward 3, Position A	January 2023

PRINCIPAL OFFICIALS

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

CITY ADDRESS

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





Government Finance Officers Association

Certificate of
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Reporting

Presented to

**City of Hillsboro
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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P 503.274.2849 F 503.274.2853 www.tkw.com

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hillsboro, Oregon (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Willamette Intake Facility Commission and Willamette Water Supply Commission, joint ventures of the City, which collectively represent 25 percent, 32 percent, and 1 percent, respectively, of the assets, net position, and revenues of the Utilities Commission Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in investment in joint venture and equity in net loss of joint ventures, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



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INDEPENDENT AUDITOR'S REPORT (Continued)

Honorable Mayor and Board of Councilors
City of Hillsboro
Page 2

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, 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.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the schedules of pension and other post-employment benefits, and the Notes to Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. As listed in the Table of Contents, the combining and individual fund statements, schedules and other financial schedules, collectively presented as Other Supplementary Information, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

Honorable Mayor and Board of Councilors
City of Hillsboro
Page 3

OTHER MATTERS (Continued)

Other Information (Continued)

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

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

REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021 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 Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 8, 2021 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

By 
Timothy R. Gillette, Partner

Portland, Oregon
December 8, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HILLSBORO, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

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, 2021. 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 \$1.675 billion at June 30, 2021, and consisted of approximately \$411.7 million in cash and investments; approximately \$48.8 million in accounts, interest, lease receivable, and other assets; approximately \$181.3 million in investments in joint ventures and approximately \$1.033 billion in capital assets.
- Deferred outflows of resources totaled approximately \$53 million at June 30, 2021, and consisted of approximately \$50.6 million related to pensions, \$1.2 million for deferred charges on refunding and \$1.2 million related to other post-employment benefits.
- Net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) was approximately \$1.33 billion at June 30, 2021.
- As of June 30, 2021, the City had approximately \$192.5 million in gross outstanding bonds and notes payable. The City has no general obligation bonds as of June 30, 2021.
- The City's total net position increased by approximately \$125.2 million from the June 30, 2020, net position. Governmental Activities net position increased by approximately \$77.2 million from 2020 due to many factors including capital contributions of approximately \$51.8 million. Property taxes increased by approximately \$4 million due to assessed value increasing 4.57%. Net transfers of approximately \$5.6 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, coronavirus pandemic response, and 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 \$48.1 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, 2021

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, the Hillsboro Economic Development Commission North Hillsboro Industrial Fund, and Building Fund as Required 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, Hillsboro Economic Development Commission North Hillsboro Industrial Fund, 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 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, 2021

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, 2021 and 2020 Statements of Net Position (all amounts are in thousands):

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
ASSETS:				
Current and other assets	\$ 298,158	\$ 241,716	\$ 343,695	\$ 311,208
Capital assets, net	732,447	666,179	300,578	276,512
TOTAL ASSETS	<u>1,030,605</u>	<u>907,895</u>	<u>644,273</u>	<u>587,720</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES:	<u>46,163</u>	<u>42,490</u>	<u>6,837</u>	<u>5,930</u>
LIABILITIES:				
Long-term liabilities outstanding	251,268	212,527	84,861	74,634
Other liabilities	26,303	14,539	24,026	24,724
TOTAL LIABILITIES	<u>277,571</u>	<u>227,066</u>	<u>108,887</u>	<u>99,358</u>
TOTAL DEFERRED INFLOWS OF RESOURCES:	<u>8,859</u>	<u>10,133</u>	<u>1,083</u>	<u>1,226</u>
Net investment in capital assets	651,179	584,718	234,651	249,188
Restricted	121,261	125,048	17,562	9,414
Unrestricted	17,898	3,420	288,927	234,464
TOTAL NET POSITION	<u>\$ 790,338</u>	<u>\$ 713,186</u>	<u>\$ 541,140</u>	<u>\$ 493,066</u>

CITY OF HILLSBORO, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2021

Statement of Net Position (Continued)

The following explains the significant fluctuations in the Statement of Net Position from fiscal year 2020.

The increase in Governmental Activities assets is primarily due to increases in cash and investments, and net increases in capital assets. The approximate \$60.9 million increase in cash and investments is primarily due to unspent debt proceeds, and 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. Capital assets increased approximately \$66.3 million as a result of additions of approximately \$79.1 million outpacing depreciation expense of approximately \$12.6 million, and disposed assets of approximately \$240,000. Land held for resale decreased by \$6 million as part of selling assets in the North Hillsboro Industrial Urban Renewal area to a large lot industrial company.

Governmental Activities deferred outflows of resources increased approximately \$3.7 million primarily due to changes in pension differences recognized through actuarial studies of the pension system.

Governmental Activities liabilities increased by approximately \$50.5 million primarily due to changes in the net pension liability and increases in bonds and notes payable, and the receipt of American Rescue Plan Act money that was not recognized as revenue as of June 30, 2021. Primarily, poor investment earnings in the State of Oregon pension system, resulted in an increase of \$18.9 million to the net pension liability. Bonds and notes payable increased by \$18.9 million due to issuance of new debt for property acquisition in the North Hillsboro Industrial Urban Renewal area (approximately \$25.3 million) offset by approximately \$6.4 million due to principal payments made and amortized premiums.

Governmental Activities deferred inflows of resources decreased by approximately \$1.3 million. The deferred pension differences increased approximately \$3.4 million and OPEB differences increased by approximately \$406,000, both of which are due to differences recognized through actuarial studies.

The increase in Business-Type Activities assets of approximately \$56.6 million is primarily due to an increase in investments in joint ventures of approximately \$34.2 million due to the City's investment in the Willamette Water Supply System joint venture. Capital assets also increased approximately \$24.1 million due to additions of approximately \$31.8 million outpacing depreciation expense of approximately \$7.4 million, and net disposals of approximately \$368,000.

Liabilities increased by approximately \$9.5 million due to increases in net pension liability and debt. Net pension liability increased by approximately \$3.6 million due primarily to poor investment earnings in the State of Oregon pension system. Notes and bonds payable increased by approximately \$6.3 million due to the issuance of new debt for the construction/investment in the Willamette Water Supply System (approximately \$10 million in issued WIFIA bonds) offset by repayment of notes and bonds payable of approximately \$3.7 million due to the repayment of principal according to maturity schedules.

CITY OF HILLSBORO, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2021

Statement of Activities

The following is a comparison between the June 30, 2021 and 2020 Statement of Activities (all amounts are in thousands):

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
REVENUES:				
Program revenues:				
Fees, fines and charges for services	\$ 41,374	\$ 42,503	\$ 69,682	\$ 61,530
Operating grants and contributions	11,273	13,599	354	-
Capital grants and contributions	51,766	21,605	19,819	7,781
General revenues:				
Interest earnings	633	5,467	(671)	4,274
Property taxes	84,084	80,092	-	-
Franchise fees	18,120	16,529	-	-
Other	34,749	29,604	-	-
TOTAL REVENUES	241,999	209,399	89,184	73,585
EXPENSES:				
General government	24,942	22,962	-	-
Public safety and judicial	74,376	71,267	-	-
Community service	12,693	12,720	-	-
Culture and recreation	27,927	26,695	-	-
Roads and bridges	16,377	16,323	-	-
Interest on long term debt	2,976	1,877	-	-
Business-type activities	-	-	46,666	44,315
TOTAL EXPENSES	159,291	151,844	46,666	44,315
EXCESS OF REVENUE OVER				
OVER EXPENSES BEFORE TRANSFERS	82,708	57,555	42,518	29,270
Transfers in (out)	(5,556)	(7,757)	5,556	7,757
CHANGE IN NET POSITION	77,152	49,798	48,074	37,027
NET POSITION - beginning	713,186	663,388	493,066	456,039
NET POSITION - ending	\$ 790,338	\$ 713,186	\$ 541,140	\$ 493,066

Governmental activities overall total revenues increased from 2020 by approximately \$32.6 million primarily due to increases of approximately \$30.2 million which featured significant amounts of dedicated infrastructure related to City growth in South Hillsboro. Property tax revenues increased approximately \$4 million due to assessed value increasing 4.57% and growth within the urban renewal areas. Interest earnings decreased approximately \$4.8 million primarily due to the market's response to the coronavirus pandemic.

CITY OF HILLSBORO, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2021

Statement of Activities, (Continued)

Governmental Activities' expenses increased by approximately \$7.4 million from fiscal year 2020. Key factors to increase include increases to salary and benefits of approximately \$2.8 million due to cost of living adjustments, added personnel and overtime related to responding the coronavirus pandemic, increases in differences recognized through actuarial studies of the pension system of approximately \$2.2 million, increases in coronavirus community response expenses of approximately \$1.7 million to help stabilize the small business community, increases in materials and services of approximately \$1.2 million for the slow return of certain programs that were suspended during the early part of the coronavirus pandemic, and increases in interest on long term debt of approximately \$1.1 million due to the addition of new debt for the Hidden Creek Community Center.

Overall Business-Type activity revenues increased from fiscal year 2020 by approximately \$15.6 million. Capital contributions increased by approximately \$12.0 million for developer dedicated infrastructure in South Hillsboro whereas contributions in the prior year were not as significant. Fees, fines and charges for services of saw an increase of approximately \$8.2 million primarily due to increased service rates and system growth, and interest earnings decreased approximately \$4.9 million due to decreased cash on hand from unspent bond proceeds and lower rates of return.

Business-Type activity expenses increased by approximately \$2.4 million due to an increase in depreciation and amortization expense of approximately \$464,000 due to newly added infrastructure. Other operating expenses, such as personnel, increased in general due to cost of services increasing from the previous year.

Changes in Fund Balance

Governmental funds' fund balance increased by approximately \$39 million from 2020. With respect to revenues, the property and other taxes including the Urban Renewal Council, increased by approximately \$3.3 million primarily due to the increase in the City's assessed value of 4.57% and growth within the urban renewal areas. Intergovernmental revenues decreased approximately \$2 million primarily due to a one-time payment from the Oregon Department of Transportation of \$3 million received in the prior year related to transportation projects. Franchise fees increased approximately \$1.6 million due to increased activity of utility and other services within the city limits. Licenses and permits decreased by approximately \$3.8 million due to a slight decrease in construction activity for ongoing significant industrial projects. Interest revenues decreased by approximately \$3.4 million due to degraded investment yields, and a change in interest rate on an interfund loan. Miscellaneous revenues decreased by approximately \$4 million primarily due to a \$3.4 million one-time construction reimbursement from Washington County towards the Jackson School Road widening project that was received in the prior year. Grants, donations and other revenues increased by approximately \$1.7 million due to the timing of earning Federal and State grants received by the City. Charges for services decreased approximately \$2.4 million due to parks and recreation revenues being limited as a result of the coronavirus pandemic, and a one-time fee in lieu payment from internal service funds of \$1.4 million for the Hidden Creek Community Center construction. Development fees of \$3.4 million were received for improvements on land held for resale in the North Hillsboro Urban Renewal Area. Expenditures across the Governmental Funds increased by approximately \$8.5 million primarily due to an increase in capital outlay of approximately \$3.6 million of which included new capital infrastructure expansion in North Hillsboro. Personnel services costs increased approximately \$2.3 million due to cost of living adjustments, new positions, filling of vacant positions and increases in overtime costs as a result of the coronavirus pandemic. Support services charged to governmental activities increased by approximately \$1.3 million primarily due to similar personnel service cost increase reasons. Materials and services increased approximately \$867,000 as certain activities resumed that were first suspended during the early parts of the coronavirus pandemic. Notes payable of approximately \$25.3 million were issued in 2021 for the acquisition of property and infrastructure in the North Hillsboro Industrial Urban Renewal area, but were not yet spent by the end of the fiscal year.

CITY OF HILLSBORO, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2021

Changes in Fund Balance (Continued)

General Fund total revenues increased compared to the prior year by approximately \$1.6 million due to a variety of factors. Property taxes increased approximately \$3 million due to a 4.57% increase in assessed value. Franchise fees increased by approximately \$1.6 million due to increases in rate and volume of utilities consumed in the City. Offsetting the revenue increases previously listed were decreases in charges for services in Parks and Recreation activities (by \$1.7 million) and hotel/motel tax (by \$972,000) due to limitations on activities imposed by the State of Oregon in response to the coronavirus pandemic. Investment income decreased approximately \$1.2 million due to poor rates of return as impacted by the coronavirus pandemic.

General Fund expenditures have increased compared to the prior year by approximately \$2.1 million. Personnel services increased approximately \$1.8 million resulting from increased cost of living adjustments, filling of vacant positions, addition of new positions and increases in overtime due to the response to the coronavirus pandemic. Materials and services increased approximately \$534,000 due to resuming some public interacting services stopped due to the coronavirus pandemic. Support services charged to the General Fund increased by approximately \$538,000 primarily due to increased personnel services and materials and services costs. Capital outlay decreased approximately \$765,000 due to timing of one-time capital investments. Net transfers out increased approximately \$3.3 million due to significant transfers for vehicle replacements of \$1.25 million and acquisition of land from non-major funds for affordable housing of \$1.7 million. Overall, the General Fund's fund balance increased by approximately \$247,000 related to the aforementioned changes.

The Transportation Fund's fund balance decreased by approximately \$2.4 million primarily due to planned infrastructure construction and improvements outpacing current revenues. Operating revenues decreased from the previous year due to interest income decreasing by approximately \$1.6 million because of declining investment rates of return, and due to significant one-time revenues received in the prior year including a \$3.4 million construction reimbursement from Washington County towards the Jackson School Road widening project, and a \$1.4 million fee in lieu paid by internal service funds for the Hidden Creek Community Center. Fund balance would have decreased by more, but net transfers in increased by approximately \$1.7 million, primarily due to a one-time \$2.5 million transfer from internal service funds for the Jackson School Road widening project.

The Hillsboro Economic Development Council (HEDC) North Hillsboro Industrial Fund's fund balance increased by approximately \$26.1 million due to the issuance of notes payable of approximately \$25.3 million for the future acquisition of land held for resale. While the issuance of notes payable makes up the significant change, the fund had other notable activity in the current year compared to the prior year including development charges collected for approximately \$3.3 million reimbursing infrastructure costs of land held for resale during the year. Additionally, new capital outlay of approximately \$4 million was recognized in the current year for new infrastructure in the North Hillsboro Industrial Urban Renewal Area.

Building Fund's fund balance increased by approximately \$4.3 million. While revenues decreased from the previous year by approximately \$3.8 million, the construction industry remains very active with approximately \$11.2 million in current year permits and fees. These revenues outpaced the approximate \$6.7 million in operating expenditures.

CITY OF HILLSBORO, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2021

Changes in Business-type Net Position

Enterprise funds' net position increased in total by approximately \$48.1 million from 2020. The Utilities Commission Fund's net position increased by approximately \$24.8 million from 2020. Primary factors for the increase include installation and connection fees received of approximately \$11.8 million due to a large, one-time system development charges earned in the current year and capital contributions of approximately \$3.8 million, both of which do not require current year cash outflow. Other changes include an approximate \$3.9 million decrease in investment income from lower cash balances due to spending down bond proceeds and earning lower rates of returns on investments, and an approximate \$5.1 million increase in charges for services. Charges for services increased from water rates rising by a weighted average of 10.5% which translated to approximately \$3.4 million in growth over the previous year. Additionally, consumption increased 3.5% or an increase in approximately \$1.1 million in revenues. Consumption was higher due to warmer weather and growth in the City's system. Net increases in revenues are to be used to fund capital development and current operating expenses which increased by approximately \$1.8 million from the prior fiscal year primarily due to an approximate \$1.3 million increase in personnel costs which continue to rise due to cost of living expenses, escalating medical and retirement costs, and added positions.

The Sewer Fund's net position increased by approximately \$9.9 million from 2020. Primary factors to this increase include contributed capital of approximately \$6.6 million for developer dedicated infrastructure which does not require current cash outflow. Operating expenses increased by approximately \$609,000 primarily due to an increase in personnel costs due to rise in cost of living expense, escalating medical and retirement cost, and added positions. Additionally, depreciation and amortization expense increased approximately \$107,000 due to the addition of newly acquired assets placed into service. As a result of items noted above, approximately \$3.5 million in operating revenues were received in excess of operating expenditures.

The Surface Water Management Fund's net position increased by approximately \$9.8 million from 2020. Primary factors to this increase include contributed capital of approximately \$9.3 million for developer dedicated infrastructure (including in South Hillsboro) which does not require current cash outflow, mid-year local service fee rate increases of 50% (or approximately \$496,000), and growth in the customer base of 2.4% (or approximately \$190,000). Operating expenses increased approximately \$568,000 due to increases in personnel costs due to rise in cost of living expense, escalating medical and retirement costs and added positions, and an increase of depreciation and amortization as newly added assets are being depreciated. Growth in operating revenues still outpaced growth in operating expenses by approximately \$1 million.

Budgetary Highlights

The General Fund budgeted resources exceeded actual resources by approximately \$30.1 million. Four categories primarily created this difference. Intergovernmental revenue was budgeted to include \$18 million for affordable housing proceeds from a bond issued by Metro, a regional government agency. Work related to these bonds did not happen during the year, and amounts have been rebudgeted for the following fiscal year. Grants and donations had a revised budget to include approximately \$9 million in American Rescue Plan Act (ARPA) grant revenues. While funds were received during the year, they were not attributed to specific expenditures so remained as unearned revenue as of year end. Charges for services were budgeted at approximately \$6.7 million. Due to the ongoing coronavirus pandemic, parks and recreation revenues were significantly impacted, coming in at \$5.3 million less than budgeted. On the positive side, franchise fees exceeded budgeted by approximately \$3.2 million due to conservative budgeting and larger than expected broadband franchise fee collection.

CITY OF HILLSBORO, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2021

Budgetary Highlights (Continued)

General Fund actual expenditures were approximately \$53.8 million under appropriated levels. Similar to the revenues under budget for the \$18 million affordable housing activity and approximate \$9 million ARPA activity, these expenditures were not made in these amounts. Approximately \$6.7 million in budgeted personnel services went unspent due to a hiring "chill" from the coronavirus pandemic, vacancies and under filled positions. Similarly due to restricted spending in response to the coronavirus pandemic lower than budgeted materials and services expenditures of approximately \$2.6 million, and lower than budgeted support service allocations of approximately \$7.4 million for similar reasons as the other expenditure categories. Budgeted contingency of approximately \$3.7 million was not utilized. Capital reserves of approximately \$5.5 million were budgeted and remained unused and reserved for future years.

Capital Assets

At June 30, 2021, the City had approximately \$1.033 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, 2021 and 2020 (all amounts are in thousands):

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Water and pumping station rights	\$ -	\$ -	\$ 1,207	\$ 1,207	\$ 1,207
Land and easements	389,453	355,323	31,286	25,733	420,739
Water rights	-	-	22,454	22,454	22,454
Buildings and structures	213,494	210,457	19,148	19,114	232,642
Temporary easements	4,231	4,077	-	-	4,231
Machinery, equipment, and transmission	33,136	30,451	131,498	126,835	164,634
Dams, reservoirs, treatment facilities	-	-	40,104	40,104	40,104
Infrastructure	523,669	493,266	159,538	141,449	683,207
Construction in progress	92,501	84,565	18,892	15,810	111,393
Accumulated depreciation	(524,037)	(511,960)	(123,549)	(116,194)	(647,586)
	<u>\$ 732,447</u>	<u>\$ 666,179</u>	<u>\$ 300,578</u>	<u>\$ 276,512</u>	<u>\$ 1,033,025</u>

The Governmental Activities capital assets increased by approximately \$66.3 million due to capital asset additions of approximately \$79.1 million mostly in the form of capital contributions, outpacing approximately \$12.6 million in depreciation, and disposals of approximately \$240,000. Business-Type Activities capital assets increased approximately \$24.1 million due to capital asset additions of approximately \$31.8 million mostly in the form of capital contributions, outpacing depreciation expense of approximately \$7.4 million and disposals of approximately \$368,000.

Further information may be found in Note 8 of the Notes to Basic Financial Statements.

Debt

As of year-end, the City had approximately \$192.5 million in bonds and notes payable compared to \$167.3 million in fiscal year 2020. Approximately \$9.2 million of the debt at June 30, 2021, is due within one year. As of June 30, 2021, the City has no general obligation debt outstanding. Debt was incurred for the following (all amounts are in thousands):

CITY OF HILLSBORO, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2021

Debt (Continued)

	<u>Totals</u>	
	<u>2021</u>	<u>2020</u>
Governmental:		
Construction and land acquisition	\$ 126,413	\$ 107,485
Business-Type:		
Water	<u>66,081</u>	<u>59,795</u>
Total	<u>\$ 192,494</u>	<u>\$ 167,280</u>

Debt issuances are summarized as follows:

- In fiscal year 2021, the City made its first draw of \$10 million against its loan agreement with the United States Environmental Protection Agency through the Water Infrastructure Finance and Innovation Act (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). At report issuance, the City has drawn an additional \$10 million against this agreement, bringing the total payable to \$20 million as of report issuance. 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 \$25.3 million.
- 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. Additionally, 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. Notes payable were issued in fiscal year 2017 to acquire water rights for the Willamette Water Supply.
- 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.
- In fiscal year 2011, the City issued Full Faith and Credit obligations (Series 2010B). The 2011 bonds issued were used to fund the construction of two new fire stations, Cherry Lane and Jones Farm. Also, proceeds were used to replace the artificial turf and scoreboards at the Gordon Faber Recreation Complex.

The obligations are backed by the full faith and credit of the City. 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 \$1.12 billion at June 30, 2021. The City did not have any net debt subject to this limit as of June 30, 2021; therefore \$1.12 billion million is available for future indebtedness.

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

CITY OF HILLSBORO, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2021

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 2021, the City's assessed value increased 4.57%, above the 3% allowed under Oregon statute, as a result of continued City growth.

In all funds, personnel costs continue to rise due to cost of living expenses and retirement costs. During 2021, the preferred provider organization health insurance plan increased by approximately 4.6% and the health maintenance organization plan increased approximately 7.8%. In 2021, non-union, Police Union and Fire Union employees contributed \$125 per month to their medical premiums. Non-represented employees received a cost of living adjustment (COLA) of 2.5%, Police Union employees received a COLA of 2.75%, Fire Union rank and file employees received a COLA of 2.0% (with certain positions receiving wage adjustments), and Fire Union battalion chiefs received a COLA of 2.5% and a wage adjustment of 2.0%.

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 2020-21 was the second year of the current biennium rates. The rates for the current biennium are as follows: Tier I/II employee at 22.95%, Oregon Public Service Retirement Plan (OPSRP) general employees at 14.99% and OPSRP Police/Fire employees at 19.62%. PERS rates for the next biennium, beginning July 1, 2021, will increase to the following rates, respectively: 23.46%, 17.45%, and 21.81%. 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 \$6.2 million through the State's Gain Share program. The current legislation sunsets in 2024. 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. Sewer and surface water management 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 that, if needed, can be adjusted.

Through the coronavirus pandemic, the City has been in a good financial position to respond to changes in the economy, while investing in its community. 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 General Fund Operations ended 2021 with more than the targeted amount at 22.8%. Management recognizes the need to react responsibly to changes in economic factors and has appropriately budgeted for the following fiscal year.

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.

BASIC FINANCIAL STATEMENTS

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CITY OF HILLSBORO, OREGON

STATEMENT OF NET POSITION

JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 65,197,069	\$ 13,329,042	\$ 78,526,111
Collections held by county treasurer	212,189	-	212,189
Investments	199,175,779	133,773,721	332,949,500
Receivables, net	10,072,499	14,709,436	24,781,935
Land held for resale	17,097,448	-	17,097,448
Lease receivable	4,360,823	342,624	4,703,447
Note receivable	719,596	-	719,596
Investment in joint ventures	-	181,348,099	181,348,099
Capital assets not being depreciated	481,953,900	72,631,727	554,585,627
Capital assets, net	250,492,858	227,946,554	478,439,412
Lease assets, net	377,004	-	377,004
Net other post employment benefits (OPEB) asset	946,277	192,071	1,138,348
TOTAL ASSETS	<u>1,030,605,442</u>	<u>644,273,274</u>	<u>1,674,878,716</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension differences	44,118,304	6,481,416	50,599,720
Deferred other post employment benefits	992,129	201,381	1,193,510
Deferred charges on refunding	1,052,256	154,004	1,206,260
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>46,162,689</u>	<u>6,836,801</u>	<u>52,999,490</u>

See notes to basic financial statements.

CITY OF HILLSBORO, OREGON

STATEMENT OF NET POSITION - Continued

JUNE 30, 2021

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
LIABILITIES:			
Accounts and claims payable	\$ 11,617,725	\$ 23,502,816	\$ 35,120,541
Accrued payroll payable	2,122,000	353,000	2,475,000
Deposits payable	1,837,606	14,121	1,851,727
Unearned revenue	9,414,533	-	9,414,533
Accrued interest payable	234,060	156,335	390,395
Worker's compensation claims payable	1,077,000	-	1,077,000
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	3,558,139	544,082	4,102,221
Bonds payable, net	3,841,872	1,062,795	4,904,667
Notes payable	1,575,000	2,686,200	4,261,200
Lease payable	221,511	-	221,511
Portion due or payable after one year:			
Net pension liability	109,546,804	16,093,511	125,640,315
Compensated absences	3,871,000	625,000	4,496,000
Other post employment benefit payable	7,474,195	1,517,082	8,991,277
Bonds payable, net	76,755,349	62,332,280	139,087,629
Notes payable	44,241,000	-	44,241,000
Lease payable	183,153	-	183,153
TOTAL LIABILITIES	<u>277,570,947</u>	<u>108,887,222</u>	<u>386,458,169</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred pension differences	3,087,076	453,521	3,540,597
Deferred OPEB differences (net)	1,411,609	286,525	1,698,134
Deferred lease resources	4,360,823	342,624	4,703,447
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>8,859,508</u>	<u>1,082,670</u>	<u>9,942,178</u>
NET POSITION:			
Net investment in capital assets	651,179,360	234,651,010	885,830,370
Restricted for:			
Law enforcement programs	1,183,570	-	1,183,570
Roads and paths maintenance	44,516,469	-	44,516,469
Building inspection	45,896,976	-	45,896,976
System development	15,033,082	17,370,165	32,403,247
Urban renewal	13,299,635	-	13,299,635
Parks mitigation	185,727	-	185,727
Parks and recreation services	198,860	-	198,860
OPEB Asset	946,277	192,071	1,138,348
Unrestricted	17,897,720	288,926,937	306,824,657
TOTAL NET POSITION	<u>\$ 790,337,676</u>	<u>\$ 541,140,183</u>	<u>\$ 1,331,477,859</u>

See notes to basic financial statements.

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CITY OF HILLSBORO, OREGON

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

<u>FUNCTION / PROGRAM</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES:				
General government	\$ 24,941,727	\$ 19,564,511	\$ 85,371	\$ 4,447,801
Public safety and judicial	74,375,649	1,504,791	399,857	-
Community service	12,693,360	97,363	886,701	171,188
Culture and recreation	27,926,620	9,102,412	17,233	5,588,339
Roads and bridges	16,377,526	11,104,460	9,883,422	41,558,887
Interest on long-term debt and fiscal charges	2,976,010	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	159,290,892	41,373,537	11,272,584	51,766,215
BUSINESS-TYPE ACTIVITIES:				
Water	28,196,604	49,310,057	353,500	3,842,111
Sewer	6,799,239	10,319,867	-	6,598,371
Surface water management	8,687,095	9,747,180	-	9,256,947
Transit facility management	782,098	252,321	-	-
Broadband	2,174,704	38,127	-	121,887
Property management	26,238	14,850	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	46,665,978	69,682,402	353,500	19,819,316
TOTAL	\$ 205,956,870	\$ 111,055,939	\$ 11,626,084	\$ 71,585,531

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 on investments

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION - beginning

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>
\$ (844,044)	\$ -	\$ (844,044)
(72,471,001)	-	(72,471,001)
(11,538,108)	-	(11,538,108)
(13,218,636)	-	(13,218,636)
46,169,243	-	46,169,243
(2,976,010)	-	(2,976,010)
<u>(54,878,556)</u>	<u>-</u>	<u>(54,878,556)</u>
-	25,309,064	25,309,064
-	10,118,999	10,118,999
-	10,317,032	10,317,032
-	(529,777)	(529,777)
-	(2,014,690)	(2,014,690)
-	(11,388)	(11,388)
<u>-</u>	<u>43,189,240</u>	<u>43,189,240</u>
<u>(54,878,556)</u>	<u>43,189,240</u>	<u>(11,689,316)</u>
55,161,229	-	55,161,229
23,290,969	-	23,290,969
5,632,298	-	5,632,298
18,120,483	-	18,120,483
34,748,551	-	34,748,551
632,539	(671,011)	(38,472)
(5,555,673)	5,555,673	-
<u>132,030,396</u>	<u>4,884,662</u>	<u>136,915,058</u>
<u>77,151,840</u>	<u>48,073,902</u>	<u>125,225,742</u>
<u>713,185,836</u>	<u>493,066,281</u>	<u>1,206,252,117</u>
<u>\$ 790,337,676</u>	<u>\$ 541,140,183</u>	<u>\$ 1,331,477,859</u>

CITY OF HILLSBORO, OREGON

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2021

	General Fund	Transportation Fund	HEDC * North Hillsboro Industrial Fund	Building Fund
ASSETS:				
Cash and cash equivalents	\$ 3,939,594	\$ 4,776,053	\$ 41,599,642	\$ 3,778,233
Collections held by county treasurer	198,600	-	-	-
Investments	39,403,647	47,937,298	-	37,922,170
Receivables, net	5,979,507	2,159,873	661,511	121,397
Lease receivable	153,120	-	-	-
Interfund receivable	-	-	-	6,384,383
Land held for resale	-	-	12,024,910	-
TOTAL ASSETS	\$ 49,674,468	\$ 54,873,224	\$ 54,286,063	\$ 48,206,183
LIABILITIES:				
Accounts payable	\$ 1,321,081	\$ 4,822,368	\$ 1,322,813	\$ 2,208,207
Accrued payroll payable	1,538,000	90,000	-	101,000
Deposits payable	-	1,829,119	-	-
Interfund payable	-	-	-	-
Unearned revenue	9,414,533	-	-	-
TOTAL LIABILITIES	12,273,614	6,741,487	1,322,813	2,309,207
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue, SDCs	-	521,867	-	-
Unavailable revenue, property taxes	914,712	-	-	-
Unavailable revenue, municipal court fines and fees	893,500	-	-	-
Unavailable revenue, leases	153,120	-	-	-
Unavailable revenue, other	143,181	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,104,513	521,867	-	-
FUND BALANCES:				
Restricted	193,559	39,878,957	52,963,250	45,896,976
Committed	-	8,728,696	-	-
Assigned	9,743,402	-	-	-
Unassigned	25,359,380	(997,783)	-	-
TOTAL FUND BALANCES	35,296,341	47,609,870	52,963,250	45,896,976
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 49,674,468	\$ 54,873,224	\$ 54,286,063	\$ 48,206,183

* HEDC - Hillsboro Economic Development Council

See notes to basic financial statements.

Non-Major Funds	Total
\$ 7,151,287	\$ 61,244,809
13,589	212,189
34,243,786	159,506,901
533,882	9,456,170
-	153,120
-	6,384,383
-	12,024,910
<u>\$ 41,942,544</u>	<u>\$ 248,982,482</u>
\$ 378,407	\$ 10,052,876
3,000	1,732,000
8,487	1,837,606
6,384,383	6,384,383
-	9,414,533
<u>6,774,277</u>	<u>29,421,398</u>
103,643	625,510
59,706	974,418
-	893,500
-	153,120
-	143,181
<u>163,349</u>	<u>2,789,729</u>
24,361,454	163,294,196
-	8,728,696
10,643,464	20,386,866
-	24,361,597
<u>35,004,918</u>	<u>216,771,355</u>
<u>\$ 41,942,544</u>	<u>\$ 248,982,482</u>

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CITY OF HILLSBORO, OREGON

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

JUNE 30, 2021

TOTAL FUND BALANCE	\$ 216,771,355
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.	579,404,599
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.	974,418
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.	1,662,191
Long-term assets, including notes receivable, are not due and receivable in the current period and, therefore, are not reported in the funds.	719,596
Lease assets are not financial resources and therefore are not reported in the governmental funds.	168,755
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.	(6,109,109)
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	758,491
Net OPEB liability	(5,990,970)
Deferred outflows - OPEB related	795,243
Deferred inflows - OPEB related	(1,131,481)
Long-term debt is not recorded in the governmental funds, but rather is recognized as a liability in the Statement of Net Position.	(45,816,000)
Lease financings are not recorded in the governmental funds, but rather are recognized as a liability in the Statement of Net Position.	(176,098)
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	(69,903)
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	(92,911,197)
Deferred outflows - pension related	37,418,564
Deferred inflows - pension related	(2,618,276)
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>106,487,498</u>
TOTAL NET POSITION	<u>\$ 790,337,676</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, 2021

	General Fund	Transportation Fund	HEDC * North Hillsboro Industrial Fund	Building Fund
REVENUES:				
Property and other taxes	\$ 83,152,883	\$ -	\$ -	\$ -
Intergovernmental	1,714,554	9,875,475	-	-
Franchise fees	18,120,483	-	-	-
Licenses and permits	1,054,683	242,949	-	11,249,009
Fines, forfeitures, and penalties	561,450	-	-	-
Charges for services	1,426,498	7,907,049	-	-
Gain share contributions	-	-	-	-
Development charges	-	-	3,351,065	-
Interest and investments	156,245	(174,880)	316,280	132,850
Miscellaneous	2,806,109	200,228	-	-
Grants, donations and other	584,352	7,947	186,000	-
TOTAL REVENUES	109,577,257	18,058,768	3,853,345	11,381,859
EXPENDITURES:				
Current:				
General government	11,484,404	-	401,603	6,582,921
Public safety and judicial	64,775,008	-	-	-
Community service	10,105,849	-	-	-
Culture and recreation	22,152,119	-	-	-
Roads and bridges	305,588	12,237,497	-	-
Debt service	30,000	-	-	-
Capital outlay:				
General government	1,063,399	-	4,039,054	84,356
Roads and bridges	-	11,866,644	-	-
TOTAL EXPENDITURES	109,916,367	24,104,141	4,440,657	6,667,277
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(339,110)	(6,045,373)	(587,312)	4,714,582
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	6,115	29,006	-	23,275
Transfers in	3,695,000	5,799,383	2,000,000	-
Transfers out	(3,115,176)	(2,162,573)	(641,207)	(396,750)
Notes payable issued	-	-	25,286,000	-
TOTAL OTHER FINANCING SOURCES (USES)	585,939	3,665,816	26,644,793	(373,475)
NET CHANGE IN FUND BALANCES	246,829	(2,379,557)	26,057,481	4,341,107
FUND BALANCE - beginning	35,049,512	49,989,427	26,905,769	41,555,869
FUND BALANCE - ending	\$ 35,296,341	\$ 47,609,870	\$ 52,963,250	\$ 45,896,976

* HEDC - Hillsboro Economic Development Council

See notes to basic financial statements.

Non-Major Funds	Total
\$ 5,541,462	\$ 88,694,345
-	11,590,029
-	18,120,483
-	12,546,641
-	561,450
8,156,863	17,490,410
6,195,836	6,195,836
-	3,351,065
183,330	613,825
7,586	3,013,923
3,810,958	4,589,257
<u>23,896,035</u>	<u>166,767,264</u>
1,857,057	20,325,985
55,835	64,830,843
869,606	10,975,455
-	22,152,119
-	12,543,085
3,466,955	3,496,955
768,068	5,954,877
-	11,866,644
<u>7,017,521</u>	<u>152,145,963</u>
<u>16,878,514</u>	<u>14,621,301</u>
-	58,396
5,500,000	16,994,383
(11,600,000)	(17,915,706)
-	25,286,000
<u>(6,100,000)</u>	<u>24,423,073</u>
10,778,514	39,044,374
<u>24,226,404</u>	<u>177,726,981</u>
<u>\$ 35,004,918</u>	<u>\$ 216,771,355</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, 2021

NET CHANGE IN FUND BALANCES \$ 39,044,374

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	\$ 17,492,016	
Capital asset additions - contributed/dedicated	51,595,027	
Capital asset disposition	(2,208)	
Depreciation	<u>(5,671,094)</u>	63,413,741

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	<u>(26,652)</u>	(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.

(38,518)

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.

235,925

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.

(7,586)

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.

(558,104)

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.

7,139

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.

(13,959)

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, 2021

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	\$ 2,631,295	
Interfund notes payable principal repayment		
Issuance of note payable	(25,286,000)	
Lease financing principal repayment	<u>25,442</u>	(22,629,263)

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.

9,485,699

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.

(11,760,956)

CHANGE IN NET POSITION \$ 77,151,840

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CITY OF HILLSBORO, OREGON

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			
	Utilities Commission Fund	Sewer Fund	Surface Water Management Fund	Non-major Funds
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 9,214,575	\$ 2,969,155	\$ 935,767	\$ 209,545
Investments	92,482,781	29,797,430	9,390,299	2,103,211
Accounts receivable	8,656,450	4,663,587	1,281,451	107,948
Lease receivable, current portion	-	-	-	141,634
Land held for resale	-	-	-	-
TOTAL CURRENT ASSETS	110,353,806	37,430,172	11,607,517	2,562,338
Noncurrent assets:				
Net OPEB asset	115,396	28,416	39,743	8,516
Investment in joint ventures	181,348,099	-	-	-
Lease receivable	-	-	-	200,990
Lease assets, net	-	-	-	-
Capital assets not being depreciated	34,276,083	9,734,501	17,997,594	10,623,549
Capital assets, net	107,175,769	55,039,285	50,871,640	14,859,860
TOTAL NONCURRENT ASSETS	322,915,347	64,802,202	68,908,977	25,692,915
TOTAL ASSETS	433,269,153	102,232,374	80,516,494	28,255,253
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred pension differences, net	4,143,344	877,867	1,287,904	172,301
Deferred OPEB difference, net	120,988	29,793	41,670	8,930
Deferred charges on refunding	154,004	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,418,336	907,660	1,329,574	181,231

See notes to basic financial statements.

Total	Governmental Type Activity Internal Service Funds
\$ 13,329,042	\$ 3,952,260
133,773,721	39,668,878
14,709,436	616,329
141,634	113,829
-	5,072,538
161,953,833	49,423,834
192,071	187,786
181,348,099	-
200,990	4,093,874
-	208,249
72,631,727	58,263,843
227,946,554	94,778,316
482,319,441	157,532,068
644,273,274	206,955,902
6,481,416	6,699,740
201,381	196,886
154,004	1,052,256
6,836,801	7,948,882

CITY OF HILLSBORO, OREGON

PROPRIETARY FUNDS

STATEMENT OF NET POSITION - Continued

JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			
	Utilities Commission Fund	Sewer Fund	Surface Water Management Fund	Non-major Funds
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 16,524,670	\$ 5,592,511	\$ 745,362	\$ 640,273
Due to other funds	-	-	-	-
Accrued payroll payable	214,000	50,000	73,000	16,000
Compensated absences payable	360,354	74,740	88,759	20,229
Worker's compensation claims payable	-	-	-	-
Interest payable	156,335	-	-	-
Deposits payable	4,950	2,667	6,504	-
Bonds payable, current portion, net	1,062,795	-	-	-
Notes payable, current portion	2,686,200	-	-	-
Lease payable, current portion	-	-	-	-
TOTAL CURRENT LIABILITIES	21,009,304	5,719,918	913,625	676,502
Long-term liabilities:				
Net pension liability	10,288,022	2,179,767	3,197,896	427,826
Compensated absences payable	398,000	90,000	104,000	33,000
Other post employment benefits payable	911,460	224,446	313,910	67,266
Bonds payable, net	62,332,280	-	-	-
Lease payable	-	-	-	-
TOTAL LONG-TERM LIABILITIES	73,929,762	2,494,213	3,615,806	528,092
TOTAL LIABILITIES	94,939,066	8,214,131	4,529,431	1,204,594
DEFERRED INFLOWS OF RESOURCES:				
Deferred pension differences, net	289,920	61,427	90,118	12,056
Deferred OPEB differences (net)	172,143	42,390	59,287	12,705
Deferred lease resources	-	-	-	342,624
TOTAL DEFERRED INFLOWS OF RESOURCES	462,063	103,817	149,405	367,385
NET POSITION:				
Net investment in capital assets	75,524,581	64,773,786	68,869,234	25,483,409
Restricted for systems development	15,273,186	1,608,813	488,166	-
Restricted for OPEB Asset	115,396	28,416	39,743	8,516
Unrestricted	251,373,197	28,411,071	7,770,089	1,372,580
TOTAL NET POSITION	\$ 342,286,360	\$ 94,822,086	\$ 77,167,232	\$ 26,864,505

See notes to basic financial statements.

Total	Governmental Type Activity Internal Service Funds
\$ 23,502,816	\$ 1,564,849
-	-
353,000	390,000
544,082	604,030
-	1,077,000
156,335	164,157
14,121	-
1,062,795	3,841,872
2,686,200	-
-	195,452
28,319,349	7,837,360
16,093,511	16,635,607
625,000	716,000
1,517,082	1,483,225
62,332,280	76,755,349
-	33,114
80,567,873	95,623,295
108,887,222	103,460,655
453,521	468,800
286,525	280,128
342,624	4,207,703
1,082,670	4,956,631
234,651,010	73,476,877
17,370,165	-
192,071	187,786
288,926,937	32,822,835
\$ 541,140,183	\$ 106,487,498

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CITY OF HILLSBORO, OREGON

PROPRIETARY FUNDS

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

YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds					Governmental
	Utilities		Surface Water			Type
	Commission	Sewer	Management	Non-major	Total	Activity
Fund	Fund	Fund	Funds			Internal
						Service
						Funds
OPERATING REVENUES:						
Charges for services, net of allowance for doubtful accounts	\$ 37,101,561	\$ 9,469,379	\$ 8,682,497	\$ 38,035	\$ 55,291,472	\$ 32,926,461
Installation and connection fees	11,778,734	384,825	1,025,777	-	13,189,336	-
Leasehold revenues	-	-	-	162,394	162,394	-
Other	429,762	454,500	10,406	104,869	999,537	7,547,227
TOTAL OPERATING REVENUES	49,310,057	10,308,704	9,718,680	305,298	69,642,739	40,473,688
OPERATING EXPENSES:						
Salaries and fringe benefits	8,762,092	2,396,732	3,913,813	1,021,901	16,094,538	20,638,694
Operating supplies	1,312,377	37,872	111,886	65,375	1,527,510	1,892,028
Repairs and maintenance	152,643	261,225	947,829	327,180	1,688,877	4,869,187
Rental expense	-	-	-	-	-	38,703
Water purchases	4,287,244	-	-	-	4,287,244	-
Utilities	179,213	17,842	34,528	83,038	314,621	2,048,216
Insurance	248,423	71,917	74,308	-	394,648	1,583,183
Claims expense	-	-	-	-	-	960,117
Franchise fees	1,239,875	1,079,587	370,495	-	2,689,957	-
Fees and assessments	188,560	8,231	9,838	4,803	211,432	293,539
Contractual services	1,187,436	53,907	162,033	692,685	2,096,061	2,691,603
Depreciation and amortization	3,865,434	1,263,315	1,489,684	769,299	7,387,732	7,065,056
Support services	2,728,733	1,606,535	1,561,477	8,932	5,905,677	-
Other	51,682	2,076	11,204	9,827	74,789	4,025,283
TOTAL OPERATING EXPENSES	24,203,712	6,799,239	8,687,095	2,983,040	42,673,086	46,105,609
OPERATING INCOME (LOSS)	25,106,345	3,509,465	1,031,585	(2,677,742)	26,969,653	(5,631,921)
NONOPERATING INCOME (EXPENSE):						
Interest and investments income	(424,013)	(152,911)	(89,490)	(4,597)	(671,011)	164,495
Gain (loss) on disposal of capital assets	(350,104)	11,163	28,500	-	(310,441)	(80,959)
Grants and donations	353,500	-	-	-	353,500	-
Equity in net loss of joint ventures	(1,849,615)	-	-	-	(1,849,615)	-
Interest expense	(1,793,173)	-	-	-	(1,793,173)	(2,267,614)
Strategic investment program	-	-	-	-	-	21,936,048
TOTAL NONOPERATING INCOME (EXPENSE)	(4,063,405)	(141,748)	(60,990)	(4,597)	(4,270,740)	19,751,970
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	21,042,940	3,367,717	970,595	(2,682,339)	22,698,913	14,120,049
TRANSFERS IN	-	-	-	6,050,000	6,050,000	3,865,650
TRANSFERS OUT	(50,000)	(60,000)	(384,327)	-	(494,327)	(8,500,000)
TRANSFERS, NET	(50,000)	(60,000)	(384,327)	6,050,000	5,555,673	(4,634,350)
CONTRIBUTION OF CAPITAL ASSETS	3,842,111	6,598,371	9,256,947	121,887	19,819,316	-
CHANGE IN NET POSITION	24,835,051	9,906,088	9,843,215	3,489,548	48,073,902	9,485,699
NET POSITION - beginning	317,451,309	84,915,998	67,324,017	23,374,957	493,066,281	97,001,799
NET POSITION - ending	\$ 342,286,360	\$ 94,822,086	\$ 77,167,232	\$ 26,864,505	\$ 541,140,183	\$ 106,487,498

See notes to basic financial statements.

CITY OF HILLSBORO, OREGON

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds					Governmental
	Utilities	Sewer	Surface Water	Non-major	Total	Type
	Commission Fund	Fund	Management Fund	Funds		Activity
						Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received for services	\$ 45,326,275	\$ 10,482,852	\$ 9,566,882	\$ 295,214	\$ 65,671,223	\$ 40,094,208
Cash paid to suppliers for goods and services	(10,149,634)	(1,290,774)	(2,744,055)	(1,025,523)	(15,209,986)	(18,968,392)
Cash paid to employees for services	(6,933,184)	(2,158,483)	(3,384,325)	(731,435)	(13,207,427)	(17,826,310)
Franchise fees	(1,239,875)	(1,079,587)	(370,495)	-	(2,689,957)	-
Collections on behalf of Clean Water Services	-	29,922,793	2,249,634	-	32,172,427	-
Payments to Clean Water Services	-	(29,922,793)	(2,249,634)	-	(32,172,427)	-
NET CASH FROM OPERATING ACTIVITIES	27,003,582	5,954,008	3,068,007	(1,461,744)	34,563,853	3,299,506
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Grants and donations	353,500	-	-	-	353,500	-
Transfers from other funds	-	-	-	6,050,000	6,050,000	3,865,650
Transfers to other funds	(50,000)	(60,000)	(384,327)	-	(494,327)	(8,500,000)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	303,500	(60,000)	(384,327)	6,050,000	5,909,173	(4,634,350)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets, net of related accounts payable	(3,954,170)	(2,044,214)	(716,895)	(4,593,892)	(11,309,171)	(12,709,388)
Deposits payable	3,953	(1,931)	(1,709)	-	313	-
Proceeds from sale of capital assets	17,575	-	28,500	-	46,075	156,724
Proceeds from issuance of bonds	10,000,000	-	-	-	10,000,000	-
Principal payments on bonds	(895,000)	-	-	-	(895,000)	(3,410,000)
Principal payments on notes	(2,686,200)	-	-	-	(2,686,200)	-
Principal payment on leases	-	-	-	-	-	(185,879)
Interest expense	(1,844,665)	-	-	-	(1,844,665)	(2,496,475)
Strategic investment program	-	-	-	-	-	21,936,048
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	641,493	(2,046,145)	(690,104)	(4,593,892)	(6,688,648)	3,291,030
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest and investment earnings	(424,013)	(152,911)	(89,490)	(922)	(667,336)	203,927
Contributions to joint ventures	(38,784,254)	-	-	-	(38,784,254)	-
NET CASH FROM INVESTING ACTIVITIES	(39,208,267)	(152,911)	(89,490)	(922)	(39,451,590)	203,927
NET CHANGE IN CASH, CASH EQUIVALENTS AND INVESTMENTS	(11,259,692)	3,694,952	1,904,086	(6,558)	(5,667,212)	2,160,113
CASH, CASH EQUIVALENTS AND INVESTMENTS - beginning	112,957,048	29,071,633	8,421,980	2,319,314	152,769,975	41,461,025
CASH, CASH EQUIVALENTS AND INVESTMENTS - ending	\$ 101,697,356	\$ 32,766,585	\$ 10,326,066	\$ 2,312,756	\$ 147,102,763	\$ 43,621,138

See notes to basic financial statements.

CITY OF HILLSBORO, OREGON

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (Continued)

YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds					Governmental
	Utilities Commission Fund	Sewer Fund	Surface Water Management Fund	Non-major Funds	Total	Type Activity Internal Service Funds
RECONCILIATION TO STATEMENT OF NET POSITION						
Cash and cash equivalents	\$ 9,214,575	\$ 2,969,155	\$ 935,767	\$ 209,545	\$ 13,329,042	\$ 3,952,260
Investments	92,482,781	29,797,430	9,390,299	2,103,211	133,773,721	39,668,878
	<u>\$ 101,697,356</u>	<u>\$ 32,766,585</u>	<u>\$ 10,326,066</u>	<u>\$ 2,312,756</u>	<u>\$ 147,102,763</u>	<u>\$ 43,621,138</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ 25,106,345	\$ 3,509,465	\$ 1,031,585	\$ (2,677,742)	\$ 26,969,653	\$ (5,631,921)
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	3,865,434	1,263,315	1,489,684	769,299	7,387,732	7,065,056
Amortization of deferred lease resources	-	-	-	(13,619)	(13,619)	-
Collections received for Clean Water Services	-	29,922,793	2,249,634	-	32,172,427	-
Remittances of collections to Clean Water Services	-	(29,922,793)	(2,249,634)	-	(32,172,427)	-
Change in assets and liabilities:						
Receivables	(3,983,782)	174,148	(151,798)	3,535	(3,957,897)	(379,480)
Due to other funds	-	-	-	(36,098)	(36,098)	-
Accounts payable, net of capital and investing related accounts payable	186,677	768,831	169,048	202,415	1,326,971	(654,533)
Accrued payroll payable	12,000	9,000	9,000	2,000	32,000	48,000
Pension system	1,679,002	216,930	460,148	245,573	2,601,653	2,416,782
Worker's compensation claims payable	-	-	-	-	-	88,000
Compensated absences payable	92,717	33,584	33,998	21,828	182,127	243,271
Other post employment benefits system	45,189	(21,265)	26,342	21,065	71,331	104,331
Total adjustments	<u>1,897,237</u>	<u>2,444,543</u>	<u>2,036,422</u>	<u>1,215,998</u>	<u>7,594,200</u>	<u>8,931,427</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 27,003,582</u>	<u>\$ 5,954,008</u>	<u>\$ 3,068,007</u>	<u>\$ (1,461,744)</u>	<u>\$ 34,563,853</u>	<u>\$ 3,299,506</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Contribution of capital assets	\$ 3,842,111	\$ 6,598,371	\$ 9,256,947	\$ 121,887	\$ 19,819,316	\$ -
Gain (loss) on disposal of capital assets	(350,104)	11,163	28,500	-	(310,441)	(80,959)
Equity in net loss of joint ventures	(1,849,615)	-	-	-	(1,849,615)	-

See notes to basic financial statements.

CITY OF HILLSBORO, OREGON

FIDUCIARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2021

	<u>Private Purpose Trust Fund</u>	<u>Custodial Fund</u>
ASSETS		
Cash and cash equivalents	\$ 9,701	\$ 830,610
Due from joint venturers	-	1,719,072
Interest receivable	29	2,390
	<u>9,730</u>	<u>2,552,072</u>
TOTAL ASSETS		
	<u>9,730</u>	<u>2,552,072</u>
LIABILITIES		
Accounts payable	-	1,268,588
Due to City of Hillsboro	-	424,647
	<u>-</u>	<u>1,693,235</u>
TOTAL LIABILITIES		
	<u>-</u>	<u>1,693,235</u>
NET POSITION		
Restricted for:		
Organizations	9,730	629,979
Other governments	-	228,858
	<u>-</u>	<u>228,858</u>
	<u>\$ 9,730</u>	<u>\$ 858,837</u>

See notes to basic financial statements.

CITY OF HILLSBORO, OREGON

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2021

	<u>Private Purpose Trust Fund</u>	<u>Custodial Fund</u>
ADDITIONS:		
Contributions:		
Joint venturers	\$ -	\$ 8,599,028
Other governments and organizations	-	908,371
Total contributions	-	9,507,399
Investment earnings:		
Interest	127	25,340
Total additions	127	9,532,739
DEDUCTIONS:		
Recipient payments	-	9,668,222
Total deductions	-	9,668,222
Net increase (decrease) in fiduciary net position	127	(135,483)
NET POSITION - beginning	9,603	-
EFFECT OF CHANGE FROM IMPLEMENTATION OF GASB 84 (See Note 1)	-	994,320
NET POSITION - beginning, restated	9,603	994,320
NET POSITION - ending	<u>\$ 9,730</u>	<u>\$ 858,837</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, 2021

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, 2021

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 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.

Hillsboro Economic Development Council North Hillsboro Industrial Fund - This 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 development fees, intergovernmental and interest earnings.

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

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 City's 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, 2021

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, and revenues collected and the contractual requirements of the South Hillsboro local improvement district.

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, the Portland Users Group, the Barney Reservoir Joint Ownership Commission, and the Hillsboro-Forest Grove-Beaverton-Tualatin Valley Water District Joint Water Commission.

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, 2021

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, 2021

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, 2021

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

Lease assets are assets which the City leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the City's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

Net Other Post Employment Benefits

Net other post employment benefits are calculated as a long-term asset 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*, represents a consumption of net position that applies to a future period(s) 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*, represents an acquisition of net position that applies to a future period(s) 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, 2021

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.

Other Postemployment Benefits Obligations

The City's net OPEB obligation is recognized as a long-term liability in the government-wide financial statements and in the proprietary fund statements, the amount of which is actuarially determined.

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.

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases Payable

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

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

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements and Accounting Standards

During the fiscal year ended June 30, 2021, the City implemented the following GASB pronouncements:

GASB Statement No. 84, Fiduciary Activities

This statement was issued to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. Presentation of fiduciary activities has been reflected in accordance with this statement.

GASB Statement No. 90, Majority Equity Interests

This statement was issued to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. There is no effect on the City's financial statements as a result of this statement.

GASB Statement No. 93, Replacement of Interbank Offered Rates

This statement was issued to address accounting and financial reporting implications of the global reference rate reform, replacing the interbank offered rate in certain variable payment arrangements. There is no effect on the City's financial statements as a result of this statement.

GASB Statement No. 98, The Annual Comprehensive Financial Report

This statement was issued in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. The City has renamed the report and all references to it and its acronym from the Comprehensive Annual Financial Report to the Annual Comprehensive Financial Report or ACFR.

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, 2021

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

At June 30, 2021, the City's cash, cash equivalents and investments were comprised of the following including the maturity by investment type:

	Fair Value Measurement			Total	Weighted Average Maturity (Years)
	N/A	Level 1	Level 2		
Cash on hand	\$ 14,779	\$ -	\$ -	\$ 14,779	-
Deposits with financial institutions	3,340,025	-	-	3,340,025	-
Investments:					
Oregon State Treasurer's Local Government Investment Pool	76,011,617	-	-	76,011,617	-
U.S. and U.S. agency obligations	-	86,170,465	203,023,654	289,194,119	1.31
Municipal Issues	-	-	1,753,270	1,753,270	1.57
Corporate Bonds	-	-	16,443,812	16,443,812	2.05
Foreign Issues	-	-	25,558,300	25,558,300	2.05
 Total pooled cash and investments	 \$ 79,366,421	 \$ 86,170,465	 \$ 246,779,036	 \$ 412,315,922	 1.12

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

	Governmental Activities	Business-Type Activities	Fiduciary Activities	Total
Cash and cash equivalents	\$ 65,197,069	\$ 13,329,042	\$ 840,311	\$ 79,366,422
Investments	199,175,779	133,773,721	-	332,949,500
Totals	\$ 264,372,848	\$ 147,102,763	\$ 840,311	\$ 412,315,922

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, 2021, bank balances of \$6,757,381 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, 2021

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, 2021</u>
Less than 30 days	10 %	22 %
Less than 1 year	25	52
Less than 5 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, 2021, are categorized as follows:

<u>Rating by Standard & 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	\$ -	\$ 750,270	\$ 5,059,050	\$ 10,571,800	\$ 16,381,120
AA+	203,023,654	1,003,000	2,483,830	4,984,950	211,495,434
AA-	-	-	8,900,932	-	8,900,932
A	-	-	-	10,001,550	10,001,550
Unrated (Moody's Aaa Rating)	86,170,465	-	-	-	86,170,465
Total	<u>\$ 289,194,119</u>	<u>\$ 1,753,270</u>	<u>\$ 16,443,812</u>	<u>\$ 25,558,300</u>	<u>\$ 332,949,501</u>

Custodial Credit Risk

At June 30, 2021, the City had no investments exposed to custodial credit risk.

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

3. ACCOUNTS RECEIVABLE

As of June 30, 2021, accounts receivable consisted of, and are reflected in the basic financial statements as follows:

Property and other taxes	\$ 1,964,207		
Accounts, contracts and grants	25,892,463		
Assessments	970,795		
Interest	<u>1,199,890</u>	Accounts receivable - governmental activities	\$ 10,072,499
Total	30,027,355	Accounts receivable - business-type activities	14,709,436
Allowance for uncollectible accounts	<u>(3,523,929)</u>	Statement of Fiduciary Net Position	<u>1,721,491</u>
Net Accounts Receivable	<u>\$ 26,503,426</u>		<u>\$ 26,503,426</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 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. NOTE 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. The outstanding principal balance of the note at June 30, 2021, was \$719,596, with a current portion due of \$20,991. Options of forgivable interest are included in the note based on certain conditions. During the fiscal year, the City agreed to defer nine months of payment and interest accrual during the COVID-19 Pandemic from November 2020 through July 2021, resulting in an updated maturity schedule as follows:

Fiscal Year	Principal	Interest
2022	\$ 20,991	\$ 6,509
2023	23,620	6,880
2024	29,385	6,615
2025	29,680	6,320
2026	29,978	6,022
2027-31	173,248	25,252
2032-36	280,569	14,615
2037-38	<u>132,125</u>	<u>1,325</u>
	<u>\$ 719,596</u>	<u>\$ 73,538</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

5. LEASE RECEIVABLES

	<u>Original Amount</u>	<u>Outstanding June 30, 2020</u>	<u>Additions</u>	<u>Decrease</u>	<u>Outstanding June 30, 2021</u>
Governmental Activities:					
Art Building Sublease; interest at 7.0%, principal and interest of \$2,500 monthly, due 2028	\$ 215,316	\$ 176,134	\$ -	\$ 23,014	\$ 153,120
Baseball Stadium Lease; interest at 5.0%, total annual principal and interest ranges from \$150,000 to \$409,784, due 2047	3,633,799	3,818,382	2,564	-	3,820,946
Naming Rights Lease, interest at 4.5%, principal and interest of \$12,500 monthly, due 2024	842,713	376,108	-	89,598	286,510
Facility Lease, interest at 4.0%, monthly payments of principal and interest range from \$3,934 to \$5,602, due 2036	758,893	3,412	-	3,412	-
Facility Lease, interest at 2.6%, monthly payments of principal and interest range from \$1,755 to \$1,790, due 2026	<u>100,247</u>	<u>-</u>	<u>100,247</u>	<u>-</u>	<u>100,247</u>
	<u>\$ 5,550,968</u>	<u>\$ 4,374,036</u>	<u>\$ 102,811</u>	<u>\$ 116,024</u>	<u>\$ 4,360,823</u>
Business-type Activities:					
Facility Lease, interest at 4.12%, annual payments of principal and interest variable, due 2042	\$ 465,742	\$ 255,904	\$ 377,064	\$ 382,576	\$ 250,392
Facility Lease, interest at 4.77%, monthly payments of principal and interest of \$1,531 due 2027	<u>177,730</u>	<u>105,851</u>	<u>-</u>	<u>13,619</u>	<u>92,232</u>
	<u>\$ 643,472</u>	<u>\$ 361,755</u>	<u>\$ 377,064</u>	<u>\$ 396,195</u>	<u>\$ 342,624</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

5. LEASE RECEIVABLES (Continued)

Future maturities are as follows:

Fiscal Year	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 123,614	\$ 218,310	\$ 121,790	\$ 11,942
2023	135,044	212,457	137,368	7,676
2024	138,737	205,757	36,207	3,277
2025	53,057	201,523	16,473	1,899
2026	61,921	198,752	17,278	1,094
2027-31	228,892	955,056	13,508	271
2032-36	451,246	874,902	-	-
2037-41	819,507	717,865	-	-
2042-46	1,331,888	450,344	-	-
2047-49	1,016,917	80,417	-	-
	<u>\$ 4,360,823</u>	<u>\$ 4,115,383</u>	<u>\$ 342,624</u>	<u>\$ 26,159</u>

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

6. 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.

7. 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 \$66,751,280.

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 \$6,648,142.

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

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

7. JOINT VENTURES (Continued)

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 \$4,309,780. Complete financial statements for the WIF Commission may be obtained at Tualatin Valley Water District's administrative offices, 1850 SW 170th Ave, Beaverton, OR 97003.

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 \$103,638,897. Complete financial statements for the WWSS Commission 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, 2020</u>	<u>Operating Loss Before Contributions</u>	<u>City Contribution</u>	<u>Balance, June 30, 2021</u>
JWC	\$ 67,457,823	\$ (1,256,084)	\$ 549,541	\$ 66,751,280
Barney	6,887,281	(243,574)	4,435	6,648,142
WIF	2,550,759	(43,659)	1,802,680	4,309,780
WWSS	<u>70,274,686</u>	<u>(306,298)</u>	<u>33,670,509</u>	<u>103,638,897</u>
Total	<u>\$ 147,170,549</u>	<u>\$ (1,849,615)</u>	<u>\$ 36,027,165</u>	<u>\$ 181,348,099</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

8. CAPITAL ASSETS

Capital asset activity for year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Increases	Decreases	Transfers	Balance June 30, 2021
Governmental activities:					
Capital assets not being depreciated:					
Land and easements	\$ 355,322,666	\$ 33,722,409	\$ -	\$ 408,230	\$ 389,453,305
Construction in progress	84,565,307	23,937,113	(190,747)	(15,811,078)	92,500,595
Total capital assets not being depreciated	<u>439,887,973</u>	<u>57,659,522</u>	<u>(190,747)</u>	<u>(15,402,848)</u>	<u>481,953,900</u>
Capital assets being depreciated:					
Buildings and structures	210,457,388	2,161,394	-	874,783	213,493,565
Temporary easements	4,076,570	172,524	(17,658)	-	4,231,436
Machinery and equipment	30,451,305	2,403,501	(512,946)	793,991	33,135,851
Infrastructure	493,266,344	16,668,588	-	13,734,074	523,669,006
Total capital assets being depreciated	<u>738,251,607</u>	<u>21,406,007</u>	<u>(530,604)</u>	<u>15,402,848</u>	<u>774,529,858</u>
Less accumulated depreciation for:					
Buildings and structures	(81,968,108)	(6,945,056)	-	-	(88,913,164)
Temporary easements	(3,121,342)	(563,549)	-	-	(3,684,891)
Machinery and equipment	(21,865,265)	(2,697,133)	466,010	-	(24,096,388)
Infrastructure	(405,006,095)	(2,351,912)	15,450	-	(407,342,557)
Total accumulated depreciation	<u>(511,960,810)</u>	<u>(12,557,650)</u>	<u>481,460</u>	<u>-</u>	<u>(524,037,000)</u>
Total capital assets being depreciated, net	<u>226,290,797</u>	<u>8,848,357</u>	<u>(49,144)</u>	<u>15,402,848</u>	<u>250,492,858</u>
Total capital assets, net	<u>\$ 666,178,770</u>	<u>\$ 66,507,879</u>	<u>\$ (239,891)</u>	<u>\$ -</u>	<u>\$ 732,446,758</u>

Governmental activities depreciation expense was charged to programs as follows:

General government	\$ 2,834,333
Public safety and judicial	2,051,119
Community Service	790,063
Culture and recreation	3,917,377
Roads and bridges	<u>2,964,758</u>
Total	<u>\$ 12,557,650</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

8. CAPITAL ASSETS (Continued)

	Balance June 30, 2020	Increases	Decreases	Transfers	Balance June 30, 2021
Business-type activities:					
Capital assets not being depreciated:					
Land and easements	\$ 25,733,277	\$ 5,552,799	\$ -	\$ -	\$ 31,286,076
Water rights	22,453,672	-	-	-	22,453,672
Construction in progress	<u>15,810,374</u>	<u>9,735,827</u>	<u>(367,679)</u>	<u>(6,286,543)</u>	<u>18,891,979</u>
Total capital assets not being depreciated	<u>63,997,323</u>	<u>15,288,626</u>	<u>(367,679)</u>	<u>(6,286,543)</u>	<u>72,631,727</u>
Capital assets being depreciated:					
Water and pumping station rights	1,207,153	-	-	-	1,207,153
Buildings and structures	19,113,836	34,154	-	-	19,147,990
Machinery, equipment, and transmission	126,387,161	3,544,267	(33,140)	1,152,432	131,050,720
Treatment facilities	447,301	-	-	-	447,301
Dams and reservoirs	40,103,634	-	-	-	40,103,634
Infrastructure	<u>141,449,270</u>	<u>12,955,080</u>	<u>-</u>	<u>5,134,111</u>	<u>159,538,461</u>
Total capital assets being depreciated	<u>328,708,355</u>	<u>16,533,501</u>	<u>(33,140)</u>	<u>6,286,543</u>	<u>351,495,259</u>
Less accumulated depreciation for:					
Water and pumping station rights	(1,122,254)	(7,075)	-	-	(1,129,329)
Buildings and structures	(6,626,694)	(628,539)	-	-	(7,255,233)
Machinery, equipment, and transmission	(51,256,602)	(2,844,468)	33,140	-	(54,067,930)
Treatment facilities	(355,160)	(2,987)	-	-	(358,147)
Dams and reservoirs	(6,764,124)	(801,833)	-	-	(7,565,957)
Infrastructure	<u>(50,069,279)</u>	<u>(3,102,830)</u>	<u>-</u>	<u>-</u>	<u>(53,172,109)</u>
Total accumulated depreciation	<u>(116,194,113)</u>	<u>(7,387,732)</u>	<u>33,140</u>	<u>-</u>	<u>(123,548,705)</u>
Total capital assets being depreciated, net	<u>212,514,242</u>	<u>9,145,769</u>	<u>-</u>	<u>6,286,543</u>	<u>227,946,554</u>
Total capital assets, net	<u>\$ 276,511,565</u>	<u>\$ 24,434,395</u>	<u>\$ (367,679)</u>	<u>\$ -</u>	<u>\$ 300,578,281</u>

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

Water	\$ 3,865,434
Sewer	1,263,315
Surface water management	1,489,684
Non-major funds	<u>769,299</u>
Total	<u>\$ 7,387,732</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

9. LEASE ASSETS

Lease activity for the year ended June 30, 2021, was as follows:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Balance June 30, 2021</u>
Governmental activities:			
Leased assets: Buildings	\$ 1,158,978	\$ -	\$ 1,158,978
Less accumulated amortization for: Buildings	<u>(576,822)</u>	<u>(205,152)</u>	<u>(781,974)</u>
Total leased assets being amortized, net	<u>\$ 582,156</u>	<u>\$ (205,152)</u>	<u>\$ 377,004</u>

Amortization expense in governmental activities is recognized in the general government function.

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, 2020</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2021</u>
Governmental activities:				
Full Faith and Credit Obligations;				
Series 2010B Cherry Lane Fire Station, interest 2.0% - 3.5%, due 2022	\$ 3,650,000	\$ 925,000	\$ 455,000	\$ 470,000
Series 2012A Civic Center Refunding and and Libraries Remodel, interest 3.0% - 5.0%, due 2032	28,715,000	19,130,000	1,635,000	17,495,000
Series 2012B, Taxable, Ballpark Facility, interest 2.0% - 3.125%, due 2026	11,895,000	7,675,000	555,000	7,120,000
Series 2016, Public Works Facility, interest 2.0% - 3.5%, due 2036	9,655,000	8,295,000	420,000	7,875,000
Series 2017, Jones Farm Fire Station Refunding and Public Safety Training Facility, interest 3.0% - 3.2%, due 2037	9,460,000	8,490,000	345,000	8,145,000
Series 2019, Hidden Creek Community Center interest 2.0% - 5.0%, due 2039	<u>35,235,000</u>	<u>35,235,000</u>	<u>-</u>	<u>35,235,000</u>
Total Governmental activities	<u>\$ 98,610,000</u>	<u>\$ 79,750,000</u>	<u>\$ 3,410,000</u>	76,340,000
			Unamortized bond premiums	<u>4,257,221</u>
				<u>\$ 80,597,221</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

10. LONG-TERM DEBT (Continued)

Bonds Payable (Continued)

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

	<u>Outstanding June 30, 2021</u>	<u>Due in one year</u>	<u>Long-term portion</u>
Principal	\$ 76,340,000	\$ 3,525,000	\$ 72,815,000
Unamortized bond premiums	<u>4,257,221</u>	<u>316,872</u>	<u>3,940,349</u>
Total	<u>\$ 80,597,221</u>	<u>\$ 3,841,872</u>	<u>\$ 76,755,349</u>

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

	<u>Original Amount</u>	<u>Outstanding June 30, 2020</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2021</u>
Business-type activities:					
2012 Water Refunding Revenue Bond, interest 0.25% - 3.0%, due 2024	\$ 13,945,000	\$ 3,775,000	\$ -	\$ 895,000	\$ 2,880,000
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>-</u>	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>
Total Business-type activities	<u>\$ 312,673,385</u>	<u>\$ 51,980,000</u>	<u>\$ 10,000,000</u>	<u>\$ 895,000</u>	61,085,000
			Unamortized bond premiums		<u>2,310,075</u>
					<u>\$ 63,395,075</u>

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

	<u>Outstanding June 30, 2021</u>	<u>Due in one year</u>	<u>Long-term portion</u>
Principal	\$ 61,085,000	\$ 930,000	\$ 60,155,000
Unamortized bond premiums	<u>2,310,075</u>	<u>132,795</u>	<u>2,177,280</u>
Total	<u>\$ 63,395,075</u>	<u>\$ 1,062,795</u>	<u>\$ 62,332,280</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, 2021.

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

10. LONG-TERM DEBT (Continued)

Bonds Payable (Continued)

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, 2021, the City has drawn \$10 million of this loan. As of report issuance, the City has requested an additional \$10 million for an outstanding total of \$20 million.

Future maturities of bond principal and interest at June 30, 2021, are as follows:

Governmental Activities			Business-Type Activities		
Full Faith and Credit Obligations			Water Revenue Bonds		
Fiscal Year	Principal	Interest	Fiscal Year	Principal	Interest
2022	\$ 3,525,000	\$ 2,361,238	2022	\$ 930,000	\$ 1,700,900
2023	4,425,000	2,236,388	2023	955,000	1,672,625
2024	4,590,000	2,069,723	2024	995,000	1,643,375
2025	4,760,000	1,899,949	2025	-	1,628,450
2026	4,940,000	1,722,836	2026	-	1,628,450
2027-2031	23,045,000	6,046,143	2027-2031	7,405,000	8,182,330
2032-2036	19,935,000	2,826,626	2032-2036	9,744,337	7,343,046
2037-2039	11,120,000	548,156	2037-2041	12,378,208	4,706,526
	-	-	2042-2046	14,208,779	2,881,405
	-	-	2047-2051	10,287,452	864,732
	-	-	2052-2056	2,019,798	223,286
	-	-	2057-2061	2,161,426	81,659
	<u>\$ 76,340,000</u>	<u>\$ 19,711,058</u>		<u>\$ 61,085,000</u>	<u>\$ 32,556,784</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

10. LONG-TERM DEBT (Continued)

Notes Payable

	<u>Original Amount</u>	<u>Outstanding June 30, 2020</u>	<u>Issued</u>	<u>Decrease</u>	<u>Outstanding June 30, 2021</u>
Governmental Activities:					
South Hillsboro park land, interest at 2.00% semi-annual payments of principal and interest on December 19 & June 19 of \$670,515, due 2021	\$ 4,359,587	\$ 660,590	\$ -	\$ 660,590	\$ -
Witch Hazel park land, interest at 4.00%, semi-annual payments of principal and interest on December 1 and June 1 of \$360,898, due 2021	2,643,750	700,705	-	700,705	-
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	21,800,000	-	1,270,000	20,530,000
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	-	25,286,000	-	25,286,000
	<u>\$55,289,337</u>	<u>\$23,161,295</u>	<u>\$25,286,000</u>	<u>\$ 2,631,295</u>	45,816,000
Current portion					<u>(1,575,000)</u>
Long-term portion					<u>\$44,241,000</u>
	<u>Original Amount</u>	<u>Outstanding June 30, 2020</u>	<u>Decrease</u>	<u>Outstanding June 30, 2021</u>	
Business-type Activities:					
City of Salem Water Rights note; interest at 2.0%, annual principal payments in the amount of \$2,686,200 plus interest due on June 1 of each year, due 2022	<u>\$16,117,200</u>	<u>\$ 5,372,400</u>	<u>\$ 2,686,200</u>	\$ 2,686,200	
Current portion					<u>(2,686,200)</u>
Long-term portion					<u>\$ -</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

10. LONG-TERM DEBT (Continued)

Future maturities are as follows:

Governmental Activities			Business-Type Activities		
Fiscal Year	Note Payable		Fiscal Year	Notes Payable	
	Principal	Interest		Principal	Interest
2022	\$ 1,575,000	\$ 1,387,460	2022	\$ 2,686,200	\$ 53,724
2023	2,040,000	1,385,721		-	-
2024	2,508,000	1,322,332		-	-
2025	2,689,000	1,244,109		-	-
2026	2,870,000	1,160,174		-	-
2027-2031	15,756,000	4,398,703		-	-
2032-2036	18,378,000	1,777,057		-	-
	<u>\$ 45,816,000</u>	<u>\$ 12,675,556</u>		<u>\$ 2,686,200</u>	<u>\$ 53,724</u>

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 reflects the City's average interest earnings in the Local Government Investment Pool. 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.

	<u>Original Amount</u>	<u>Outstanding June 30, 2020</u>	<u>Decrease</u>	<u>Outstanding June 30, 2021</u>
Parks/Building Note; Interest at 2.0%, principal and interest due semi-annually on February 1 and August 1, due 2026	<u>\$ 10,000,000</u>	<u>\$ 7,588,602</u>	<u>\$ 1,204,219</u>	\$ 6,384,383
Current portion				<u>(1,228,424)</u>
Long-term portion				<u>\$ 5,155,959</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

10. LONG-TERM DEBT (Continued)

Future maturities are as follows:

Fiscal Year	Governmental Activities	
	Note Payable	
	Principal	Interest
2022	\$ 1,228,424	\$ 121,576
2023	1,253,115	96,885
2024	1,278,303	71,697
2025	1,303,997	46,003
2026	1,320,544	19,793
	<u>\$ 6,384,383</u>	<u>\$ 355,954</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. The following represents the City's liability for compensated absences at June 30, 2021:

	Governmental Activities	Business-Type Activities
Balance, June 30, 2020	\$ 6,627,762	\$ 986,955
Earned	7,635,746	1,201,594
Usage	(6,834,370)	(1,019,467)
Balance, June 30, 2021	<u>7,429,138</u>	<u>1,169,082</u>
Noncurrent portion	<u>3,871,000</u>	<u>625,000</u>
Current portion	<u>\$ 3,558,138</u>	<u>\$ 544,082</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

11. LEASES PAYABLE

	<u>Original Amount</u>	<u>Outstanding June 30, 2020</u>	<u>Decrease</u>	<u>Outstanding June 30, 2021</u>
Governmental Activities:				
Art Building Lease; interest at 2.40%, monthly payments of principal and interest of \$2,500, due 2028	\$ 266,479	\$ 201,540	\$ 25,442	\$ 176,098
Police Station Lease, interest at 2.0%, monthly payments of principal and interest range from \$14,750 to \$16,601, due 2023	<u>892,499</u>	<u>414,445</u>	<u>185,879</u>	<u>228,566</u>
	<u>\$ 1,158,978</u>	<u>\$ 615,985</u>	<u>\$ 211,321</u>	404,664
Current portion				<u>(221,511)</u>
Long-term portion				<u>\$ 183,153</u>

Future maturities are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	221,511	6,735
2023	59,805	3,397
2024	27,338	2,662
2025	28,002	1,998
2026	28,682	1,318
2027-28	<u>39,326</u>	<u>674</u>
	<u>\$ 404,664</u>	<u>\$ 16,784</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

12. TRANSFERS TO/FROM OTHER FUNDS

Transfers to/from other funds consisted of the following:

Amount	Description
\$ 1,257,000	General Fund to Internal Services Funds for facilities and fleet management, and sustainability programs
158,176	General Fund to Transportation Fund for Land Purchase
1,700,000	General Fund to Nonmajor fund for land acquisition
735,000	Transportation Fund to General Fund for street lighting, economic development and planning operations
427,573	Transportation Fund to Internal Services Funds for a portion of the public works facility
1,000,000	Transportation Fund to Non-Major Governmental Funds for Street Light Purchase repayment
396,750	Building Fund to Internal Services Funds for software acquisition and implementation projects
641,207	Hillsboro Economic Development Council North Hillsboro Industrial Fund to Transportation Fund for infrastructure development
50,000	Water Fund to the General Fund for planning operations
60,000	Sewer Fund to General Fund for planning operations
150,000	Surface Water Management Fund to General Fund for planning operations and Jackson Bottom operations
234,327	Surface Water Management Fund to Internal Services Funds for a portion of the public works facility
2,000,000	Non-Major Governmental Funds to Hillsboro Economic Development Council North Hillsboro Industrial Fund for urban renewal projects
1,500,000	Non-major Governmental Funds to Non-major Governmental Funds for land acquisition
500,000	Non-major Governmental Funds to Transportation Fund for Safe routes to school
1,300,000	Non-major Governmental Funds to Non-major Governmental Funds for urban renewal projects
6,000,000	Non-major Governmental Funds to Non-major Business-Type Funds for Fiber to the Home
300,000	Non-major Governmental Funds to Internal Services Funds for urban renewal projects
2,700,000	Internal Services Funds to General Fund for PERS stabilization and affordable housing
4,500,000	Internal Services Funds to Transportation Fund for Overlay Program and other highway projects
50,000	Internal Services Funds to Non-major Business-Type Funds for funding operations of facilities
<u>1,250,000</u>	Internal Services Funds to Internal Services Funds for funding vehicle replacement
<u>\$ 26,910,033</u>	

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Transfers in	\$ 20,860,033	\$ 6,050,000	\$ 26,910,033
Transfers out	(26,415,706)	(494,327)	(26,910,033)
Totals	<u>\$ (5,555,673)</u>	<u>\$ 5,555,673</u>	<u>\$ -</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

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, 2021

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, 2021

13. PENSION PLAN (Continued)

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	December 31, 2018, rolled forward to June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50%
Investment Rate of Return	7.20%
Projected Salary Increases	3.50% 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 2018 experience study which reviewed experience for the four-year period published July 24, 2019.

Discount Rate

The discount rate used to measure the total pension liability was 7.20% 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 May 2019 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, 2021

13. PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	9.60 %	4.07 %
Short-Term Bonds	9.60	3.68
Bank/Leveraged Loans	3.60	5.19
High Yield Bonds	1.20	5.74
Large/Mid Cap US Equities	16.17	6.30
Small Cap US Equities	1.35	6.68
Micro Cap US Equities	1.35	6.79
Developed Foreign Equities	13.48	6.91
Emerging Foreign Equities	4.24	7.69
Non-US Small Cap Equities	1.93	7.25
Private Equity	17.50	8.33
Real Estate (Property)	10.00	5.55
Real Estate (REITS)	2.50	6.69
Hedge Fund Funds - Diversified	1.50	4.06
Hedge Fund - Event-driven	0.38	5.59
Timber	1.13	5.61
Farmland	1.13	6.12
Infrastructure	2.25	6.67
Commodities	1.09	3.79
	<u>100.00 %</u>	
Assumed Inflation - Mean		2.50 %

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, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. 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 22.95% for Tier One/Tier Two members, 14.99% for OPSRP General Service members, and 19.62% for OPSRP Police and Fire members. The City's total contributions, including RHIA was approximately \$14,116,000. Respective rates for those respective plans increased effective July 1, 2021 as follows: 23.64%, 17.45%, and 21.81%.

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

At June 30, 2021, the City reported a liability of \$125,640,315 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2020, rolled forward from actuarial valuation as of December 31, 2018. 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, 2020, the City's proportion was approximately 0.5757%, which was a decrease from its proportion of approximately 0.5957%, measured as of June 30, 2019.

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

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, 2021, the City recognized pension expense of \$30,498,491 for the defined benefit portion of the pension plan. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflow/(Inflows of Resources)</u>
Differences between expected and actual experience	\$ 5,529,694	\$ -	\$ 5,529,694
Change of assumptions	6,742,719	236,251	6,506,468
Net difference between projected and actual earnings on investments	14,773,669	-	14,773,669
Changes in proportionate share	3,794,133	3,304,346	489,787
Differences between employer contributions and proportionate share of contributions	<u>5,657,992</u>	<u>-</u>	<u>5,657,992</u>
Total (prior to post-measurement date contributions)	36,498,207	3,540,597	32,957,610
City contributions subsequent to the measurement date	<u>14,101,513</u>	<u>-</u>	<u>14,101,513</u>
Total	<u>\$ 50,599,720</u>	<u>\$ 3,540,597</u>	<u>\$ 47,059,123</u>

Deferred outflows of resources related to pensions of \$14,101,513 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, 2022. Other amounts reported as deferred outflows of resources and inflows of resources related to pensions will be recognized in pension 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>
2022	\$ 9,481,238	\$ (1,319,728)	\$ 8,161,510
2023	10,990,288	(819,662)	10,170,626
2024	9,959,975	(617,966)	9,342,009
2025	5,881,283	(602,492)	5,278,791
2026	<u>185,423</u>	<u>(180,749)</u>	<u>4,674</u>
Total	<u>\$ 36,498,207</u>	<u>\$ (3,540,597)</u>	<u>\$ 32,957,610</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

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 7.20%, 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 (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	<u>\$ 186,565,492</u>	<u>\$ 125,640,315</u>	<u>\$ 74,551,731</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>

Changes in Assumptions Subsequent to Measurement Date

On October 1, 2021, the PERS Board voted to adopt an assumed rate of return of 6.90%, down from the assumed rate of return of 7.20% used as of the Measurement Date. This assumed rate will be effective beginning January 1, 2022. While the decrease is not as high as a full 1% decrease as reflected in the sensitivity table above, the impact of a lower assumption rate will likely increase the pension liability significantly.

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, 2021

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 and fire union employees. For fiscal year June 30, 2021, the City contributed approximately \$747,000 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	\$ -	\$ 1,138,348	\$ 1,138,348
Deferred Outflows of Resources			
Contributions After the Measurement Date	\$ 357,105	\$ 14,262	\$ 371,367
Changes of Assumptions	224,764	-	224,764
Net difference between projected and actual earnings			
on investments	-	126,593	126,593
Change in proportionate share	-	78,961	78,961
Difference in Experience	391,825	-	391,825
Total Deferred Outflows of Resources	<u>\$ 973,694</u>	<u>\$ 219,816</u>	<u>\$ 1,193,510</u>
Total OPEB Liability	<u>\$ (8,991,277)</u>	<u>\$ -</u>	<u>\$ (8,991,277)</u>
Deferred Inflows of Resources			
Difference in Experience	\$ -	\$ (116,372)	\$ (116,372)
Change in Proportionate Share	-	(6,605)	(6,605)
Change in Assumptions	<u>(1,514,648)</u>	<u>(60,509)</u>	<u>(1,575,157)</u>
Total Deferred Inflows of Resources	<u>\$ (1,514,648)</u>	<u>\$ (183,486)</u>	<u>\$ (1,698,134)</u>
OPEB Expense (Income)	<u>\$ 684,439</u>	<u>\$ (148,916)</u>	<u>\$ 535,523</u>
(Included in program expense on Statement of Activities)			

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	38
Active employees	<u>795</u>
	<u>833</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 \$8,991,277 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2021, the City recognized OPEB expense from this plan of \$684,439. At June 30, 2021, 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	\$ 357,105	\$ -	\$ 357,105
Difference in Experience	391,825	-	391,825
Change in Assumptions	<u>224,764</u>	<u>1,514,648</u>	<u>(1,289,884)</u>
	<u>\$ 973,694</u>	<u>\$ 1,514,648</u>	<u>\$ (540,954)</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

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 \$357,105 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, 2022. 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>
2022	74,359	216,145	(141,786)
2023	74,359	216,145	(141,786)
2024	74,359	216,145	(141,786)
2025	74,359	216,145	(141,786)
2026	74,359	216,145	(141,786)
Thereafter	244,794	433,923	(189,129)
	<u>\$ 616,589</u>	<u>\$ 1,514,648</u>	<u>\$ (898,059)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 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	2.50%
Salary increases	3.50%
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	2.21%
Healthcare cost trend rate	Medical and vision costs increasing variably between 5.50% and 3%, settling to a rate of 4%. Dental costs increasing 1.50% for 2020, 4.00% in all future years.

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, 2021

14. OTHER POST EMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2020	\$ 8,600,597
Changes for the year:	
Service cost	513,430
Interest on Total OPEB Liability	312,795
Effect of economic/demographic gains/losses	387,137
Effect of assumptions changes or inputs	(465,576)
Benefit payments	(357,106)
Balance as of June 30, 2021	<u>\$ 8,991,277</u>

Changes in assumptions is the result of the change in discount rate from 3.50% to 2.21%.

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 (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	<u>\$ 9,793,614</u>	<u>\$ 8,991,277</u>	<u>\$ 8,244,342</u>

	1% Decrease (4.5% to 2.0%)	Current Healthcare Trend Rate (5.5% to 3.0%)	1% Increase (6.5% to 4.0%)
Total OPEB Liability	<u>\$ 7,888,797</u>	<u>\$ 8,991,277</u>	<u>\$ 10,309,173</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, 2021

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, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The City's contribution rates for the period were 0.06% for Tier One/Tier Two members, and 0.0% for OPSRP members. The City's total for the year ended June 30, 2021 contributions was \$14,262.

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

At June 30, 2021, the City reported an asset of \$1,138,348 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2020, determined by an actuarial valuation as of December 31, 2018, rolled forward to June 30, 2020. 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, 2020, the City's proportionate share was 0.5587% which is an decrease from its proportion of 0.6361% as of June 30, 2019.

For the year ended June 30, 2021, the City recognized OPEB income from this plan of \$148,916. At June 30, 2021, the City reported the following deferred items 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	\$ 14,262	\$ -	\$ 14,262
Differences in Experience	-	116,372	(116,372)
Change in Proportionate Share	78,961	6,605	72,356
Changes in Assumptions	-	60,509	(60,509)
Net Investment Differences	126,593	-	126,593
	<u>\$ 219,816</u>	<u>\$ 183,486</u>	<u>\$ 36,330</u>

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

14. OTHER POST EMPLOYMENT BENEFITS (Continued)

Deferred outflows of resources related to OPEB of \$14,262 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ended June 30	Deferred Outflows of Resources		Deferred Inflows of Resources			
	Change in Proportionate Share	Net Investment Differences	Difference in Experience	Change in Proportionate Share	Change in Assumptions	Net
2022	\$ 41,558	\$ 6,434	\$ 87,970	\$ 6,036	\$ 31,969	\$ (77,983)
2023	37,402	33,430	28,402	569	28,540	13,321
2024	-	46,796	-	-	-	46,796
2025	-	39,934	-	-	-	39,934
	<u>\$ 78,960</u>	<u>\$ 126,594</u>	<u>\$ 116,372</u>	<u>\$ 6,605</u>	<u>\$ 60,509</u>	<u>\$ 22,068</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.

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Total OPEB Asset (Liability)	<u>\$ 919,025</u>	<u>\$ 1,138,348</u>	<u>\$ 1,325,879</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, 2021

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 \$500,000 per claim. 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>
2020-21	\$ 989,000	\$ 680,098	\$ (592,098)	\$ 1,077,000
2019-20	858,000	664,841	(533,841)	989,000
2018-19	857,000	465,566	(464,566)	858,000

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, 2021

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, 2021. 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, 2021

16. TAX ABATEMENTS (Continued)

The following table presents the estimated amount of property taxes abated during the fiscal year ended June 30, 2021:

<u>Tax Abatement Program</u>	<u>Amount of Property Taxes Abated</u>
Strategic Investment Program	\$ 68,058,000
Enterprise Zone	3,526,000
Vertical Housing	405,000
Low Income Housing	145,000

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, 2021, the principal outstanding on these bonds totaled \$11,815,000.

Under an agreement with Clean Water Services, the City is required to collect and remit 83.60% of sewer service fees, 24.97% of surface water management fees, and 96.017% of sanitary sewer system development charges

For the year ended June 30, 2021, the City remitted \$32,172,427 to Clean Water Services.

As of June 30, 2021, the City had outstanding construction and services commitments of approximately \$28.5 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 \$827,706, the City contributed \$1,875,242 to pay for the operations of the organization for the year ended June 30, 2021.

CITY OF HILLSBORO, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

19. FUND BALANCE CLASSIFICATION

Below is a schedule of ending fund balances as of June 30, 2021:

	<u>General Fund</u>	<u>Transportation Fund</u>	<u>NoHi Industrial Capital Fund</u>	<u>Building Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Fund balances:						
Restricted:						
Cadet program	\$ -	\$ -	\$ -	\$ -	\$ 1,044,412	\$ 1,044,412
Law enforcement	-	-	-	-	139,158	139,158
Roads and paths maintenance	-	39,878,957	-	-	-	39,878,957
Affordable housing	193,559	-	-	-	-	193,559
Building inspection	-	-	-	45,896,976	-	45,896,976
Parks mitigation	-	-	-	-	185,727	185,727
Local improvement district	-	-	-	-	4,637,512	4,637,512
Urban renewal	-	-	52,963,250	-	3,748,213	56,711,463
Capital Projects	-	-	-	-	14,606,432	14,606,432
Total Restricted	193,559	39,878,957	52,963,250	45,896,976	24,361,454	163,294,196
Committed:						
Roads maintenance	-	8,728,696	-	-	-	8,728,696
Total Committed	-	8,728,696	-	-	-	8,728,696
Assigned:						
Economic development	2,515,100	-	-	-	-	2,515,100
Public arts	518,704	-	-	-	-	518,704
Pension plan funding	3,069,630	-	-	-	-	3,069,630
Affordable housing	803,547	-	-	-	-	803,547
Capital Projects	2,836,421	-	-	-	10,643,464	13,479,885
Total Assigned	9,743,402	-	-	-	10,643,464	20,386,866
Unassigned	25,359,380	(997,783)	-	-	-	24,361,597
Total fund balances	\$ 35,296,341	\$ 47,609,870	\$ 52,963,250	\$ 45,896,976	\$ 35,004,918	\$ 216,771,355

20. SUBSEQUENT EVENTS

On October 21, 2021, the City closed on the purchase of Land Held for Resale for approximately \$23.3 million, utilizing unspent note payable proceeds as of June 30, 2021 in the Hillsboro Economic Development Council North Hillsboro Industrial Fund.

On November 9, 2021, the City requested \$10 million from the WIFIA Revenue Bond, bringing the total outstanding balance to \$20 million.

On December 7, 2021, the City Council authorized an interfund loan from the Building Fund to the Strategic Investment Program Fund (sub-fund of the Facilities Management Fund) for \$19.1 million for the acquisition of land held for resale in North Hillsboro. The loan has an initial draw of \$12.81 million, with repayment beginning in FY 2024-25 over ten years if property has not been sold before then. A supplemental budget was also authorized to accommodate this interfund loan and increased authority for property acquisition across funds by approximately \$46.1 million. Related to these activities, the City has signed three purchase and sale agreements for land to be held for resale, and has paid earnest money towards the properties. Due diligence and closing dates are pending, so further facts are unavailable for disclosure.

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, 2021

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Property - current	\$ 71,800,000	\$ 71,800,000	\$ 72,111,099	\$ 311,099
- prior years	1,000,000	1,000,000	838,155	(161,845)
Library serial levy	5,632,300	5,632,300	5,632,298	(2)
Liquor, cigarette, marijuana	2,655,000	2,655,000	2,882,018	227,018
Hotel/motel	3,500,000	3,500,000	1,689,313	(1,810,687)
Intergovernmental	19,547,188	19,547,188	1,714,554	(17,832,634)
Franchise fees	14,950,000	14,950,000	18,120,483	3,170,483
Licenses and permits	804,000	804,000	1,054,683	250,683
Fines, forfeitures and penalties	607,500	607,500	561,450	(46,050)
Charges for services	6,365,850	6,749,850	1,426,498	(5,323,352)
Interest and investments	658,180	658,180	521,078	(137,102)
Grants and donations	541,250	9,573,650	584,352	(8,989,298)
Other	2,605,750	2,605,750	2,806,109	200,359
TOTAL REVENUES	130,667,018	140,083,418	109,942,090	(30,141,328)
EXPENDITURES:				
General government:				
Planning:				
Personnel services	2,950,875	2,950,875	2,423,465	527,410
Materials and services	340,500	340,500	255,505	84,995
Special expenditures	1,585,522	1,585,522	1,482,304	103,218
	<u>4,876,897</u>	<u>4,876,897</u>	<u>4,161,274</u>	<u>715,623</u>
Transportation Planning:				
Personnel services	705,615	705,615	647,495	58,120
Materials and services	445,530	1,045,530	901,957	143,573
	<u>1,151,145</u>	<u>1,751,145</u>	<u>1,549,452</u>	<u>201,693</u>
Special expenditures:				
Materials and services	138,000	138,000	77,836	60,164
Capital outlay	5,202,000	5,202,000	1,059,770	4,142,230
Special expenditures	3,861,848	3,861,848	3,507,492	354,356
	<u>9,201,848</u>	<u>9,201,848</u>	<u>4,645,098</u>	<u>4,556,750</u>
Economic development:				
Personnel services	1,213,150	1,213,150	956,777	256,373
Materials and services	1,212,275	1,212,275	729,578	482,697
Capital outlay	1,366,329	1,366,329	-	1,366,329
Debt service	30,000	30,000	30,000	-
Special expenditures	409,697	409,697	370,830	38,867
	<u>4,231,451</u>	<u>4,231,451</u>	<u>2,087,185</u>	<u>2,144,266</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, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued):				
General government (Continued):				
PERS stabilization:				
Personnel services	\$ 100,000	\$ 100,000	\$ 18,054	\$ 81,946
Special expenditures	2,921,000	2,921,000	-	2,921,000
	<u>3,021,000</u>	<u>3,021,000</u>	<u>18,054</u>	<u>3,002,946</u>
Total general government	<u>22,482,341</u>	<u>23,082,341</u>	<u>12,461,063</u>	<u>10,621,278</u>
Public safety and judicial:				
Municipal court:				
Personnel services	336,280	336,280	306,204	30,076
Materials and services	38,650	38,650	20,947	17,703
Special expenditures	141,680	141,680	130,256	11,424
	<u>516,610</u>	<u>516,610</u>	<u>457,407</u>	<u>59,203</u>
Police:				
Personnel services	29,748,620	29,748,620	28,539,780	1,208,840
Materials and services	2,989,191	2,989,191	2,968,289	20,902
Special expenditures	6,491,974	6,491,974	5,645,876	846,098
	<u>39,229,785</u>	<u>39,229,785</u>	<u>37,153,945</u>	<u>2,075,840</u>
Fire:				
Personnel services	20,531,375	21,490,375	21,549,580	(59,205)
Materials and services	1,829,132	1,954,132	1,925,273	28,859
Special expenditures	4,367,171	4,367,171	3,688,803	678,368
	<u>26,727,678</u>	<u>27,811,678</u>	<u>27,163,656</u>	<u>648,022</u>
Total public safety and judicial	<u>66,474,073</u>	<u>67,558,073</u>	<u>64,775,008</u>	<u>2,783,065</u>
Community service:				
Library:				
Personnel services	7,048,435	7,048,435	5,889,857	1,158,578
Materials and services	1,418,195	1,418,195	1,178,751	239,444
Special expenditures	3,638,028	3,638,028	3,017,686	620,342
	<u>12,104,658</u>	<u>12,104,658</u>	<u>10,086,294</u>	<u>2,018,364</u>
Culture and recreation:				
Parks and recreation:				
Personnel services	16,714,990	16,714,990	13,315,577	3,399,413
Materials and services	4,284,250	4,284,250	2,972,794	1,311,456
Capital outlay	188,500	188,500	3,629	184,871
Special expenditures	7,513,887	7,513,887	5,805,467	1,708,420
	<u>28,701,627</u>	<u>28,701,627</u>	<u>22,097,467</u>	<u>6,604,160</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, 2021

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued):				
Roads and bridges:				
Street lights:				
Materials and services	\$ 450,000	\$ 450,000	\$ 305,588	\$ 144,412
Capital outlay	10,000	10,000	-	10,000
Total roads and bridges	<u>460,000</u>	<u>460,000</u>	<u>305,588</u>	<u>154,412</u>
Affordable housing:				
Materials and services	150,000	150,000	75,712	74,288
Capital outlay	18,739,188	18,739,188	-	18,739,188
Special expenditures	185,000	185,000	81,000	104,000
Total affordable housing	<u>19,074,188</u>	<u>19,074,188</u>	<u>156,712</u>	<u>18,917,476</u>
COVID-19 response:				
Materials and services	-	1,007,400	28,785	978,615
Capital outlay	-	8,000,000	5,450	7,994,550
Total COVID-19 response	<u>-</u>	<u>9,007,400</u>	<u>34,235</u>	<u>8,973,165</u>
Contingency	<u>4,990,000</u>	<u>3,715,000</u>	<u>-</u>	<u>3,715,000</u>
TOTAL EXPENDITURES	<u>154,286,887</u>	<u>163,703,287</u>	<u>109,916,367</u>	<u>53,786,920</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(23,619,869)</u>	<u>(23,619,869)</u>	<u>25,723</u>	<u>23,645,592</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	9,000	9,000	6,115	(2,885)
Transfers in	5,700,000	5,700,000	3,695,000	(2,005,000)
Transfers out	(5,187,000)	(5,187,000)	(3,115,176)	2,071,824
TOTAL OTHER FINANCING SOURCES (USES)	<u>522,000</u>	<u>522,000</u>	<u>585,939</u>	<u>63,939</u>
NET CHANGE IN FUND BALANCE	<u>(23,097,869)</u>	<u>(23,097,869)</u>	<u>611,662</u>	<u>23,709,531</u>
FUND BALANCE - beginning	<u>26,035,771</u>	<u>26,035,771</u>	<u>34,299,231</u>	<u>8,263,460</u>
FUND BALANCE - ending	<u>\$ 2,937,902</u>	<u>\$ 2,937,902</u>	<u>\$ 34,910,893</u>	<u>\$ 31,972,991</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 611,662	
Unrealized gain (loss) on investments			<u>(364,833)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 246,829</u>	

CITY OF HILLSBORO, OREGON

TRANSPORTATION FUND

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

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 9,822,538	\$ 9,822,538	\$ 9,875,475	\$ 52,937
Licenses and permits	200,000	200,000	242,949	42,949
Charges for services	11,500,000	11,500,000	7,907,049	(3,592,951)
Interest and investments	575,400	575,400	447,214	(128,186)
Grants and donations	-	-	7,947	7,947
Construction reimbursement	-	-	14,927	14,927
Other	250	250	185,301	185,051
TOTAL REVENUES	22,098,188	22,098,188	18,680,862	(3,417,326)
EXPENDITURES:				
Personnel services	4,848,280	4,848,280	4,791,262	57,018
Materials and services	6,791,450	6,791,450	5,742,499	1,048,951
Capital outlay	61,684,350	61,684,350	11,866,644	49,817,706
Special expenditures	2,014,387	2,014,387	1,703,736	310,651
TOTAL EXPENDITURES	75,338,467	75,338,467	24,104,141	51,234,326
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(53,240,279)	(53,240,279)	(5,423,279)	47,817,000
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	29,006	29,006
Transfers in	11,161,771	11,161,771	5,799,383	(5,362,388)
Transfers out	(2,899,344)	(2,899,344)	(2,162,573)	736,771
TOTAL OTHER FINANCING SOURCES (USES)	8,262,427	8,262,427	3,665,816	(4,596,611)
NET CHANGE IN FUND BALANCE	(44,977,852)	(44,977,852)	(1,757,463)	43,220,389
FUND BALANCE - beginning	44,977,852	44,977,852	49,139,842	4,161,990
FUND BALANCE - ending	\$ -	\$ -	\$ 47,382,379	\$ 47,382,379
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (1,757,463)	
Unrealized gain (loss) on investments			(622,094)	
CHANGE IN FUND BALANCE - GAAP BASIS			\$ (2,379,557)	

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Development charges	\$ -	\$ -	\$ 3,351,065	\$ 3,351,065
Interest and investments	100,000	100,000	316,280	216,280
Other	-	-	186,000	186,000
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	100,000	100,000	3,853,345	3,753,345
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Personnel services	75,760	145,760	138,924	6,836
Materials and services	1,593,672	1,593,672	205,693	1,387,979
Capital outlay	770,568	25,357,568	4,258,856	21,098,712
Special expenditures	-	505,000	56,986	448,014
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	2,440,000	27,602,000	4,660,459	22,941,541
	<hr/>	<hr/>	<hr/>	<hr/>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,340,000)	(27,502,000)	(807,114)	26,694,886
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCE:				
Transfers in	2,000,000	2,000,000	2,000,000	-
Transfers out	(5,200,000)	(5,200,000)	(641,207)	4,558,793
Proceeds of sale of capital asset	-	-	6,375,935	6,375,935
Notes payable proceeds	-	25,162,000	25,286,000	124,000
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES	(3,200,000)	21,962,000	33,020,728	11,058,728
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(5,540,000)	(5,540,000)	32,213,614	37,753,614
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE - beginning	5,540,000	5,540,000	8,724,726	3,184,726
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE - ending	\$ -	\$ -	\$ 40,938,340	\$ 40,938,340
	<hr/>	<hr/>	<hr/>	<hr/>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 32,213,614	
Land held for resale - acquired			228,555	
Land held for resale - sold			(6,384,688)	
			<hr/>	
CHANGE IN FUND BALANCE - GAAP BASIS			\$ 26,057,481	
			<hr/>	

CITY OF HILLSBORO, OREGON

BUILDING FUND

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

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 5,327,300	\$ 5,327,300	\$ 11,249,009	\$ 5,921,709
Interest	470,781	470,781	502,424	31,643
Notes receivable principal collected on interfund loan	1,350,000	1,350,000	1,204,219	(145,781)
TOTAL REVENUES	7,148,081	7,148,081	12,955,652	5,807,571
EXPENDITURES:				
Personnel services	6,567,325	6,567,325	4,668,031	1,899,294
Materials and services	917,450	917,450	345,958	571,492
Capital outlay	469,000	469,000	84,356	384,644
Special expenditures	1,817,844	1,817,844	1,568,932	248,912
Contingency	2,853,250	2,853,250	-	2,853,250
TOTAL EXPENDITURES	12,624,869	12,624,869	6,667,277	5,957,592
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,476,788)	(5,476,788)	6,288,375	11,765,163
OTHER FINANCING USES:				
Proceeds from sale of capital assets	-	-	23,275	23,275
Transfers out	(396,750)	(396,750)	(396,750)	-
NET CHANGE IN FUND BALANCE	(5,873,538)	(5,873,538)	5,914,900	11,788,438
FUND BALANCE - beginning	24,108,000	24,108,000	33,417,729	9,309,729
FUND BALANCE - ending	\$ 18,234,462	\$ 18,234,462	\$ 39,332,629	\$ 21,098,167

CITY OF HILLSBORO, OREGON

NET CHANGE IN FUND BALANCE - BUDGETARY BASIS	\$ 5,914,900
Unrealized gain (loss) on investments	(369,574)
Change in interfund loan within governmental funds - Parks SDC Fund	(1,204,219)
NET CHANGE IN FUND BALANCE - GAAP BASIS	\$ 4,341,107

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CITY OF HILLSBORO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2021

**Schedule of Proportionate Share of the Net Other Postemployment Benefit (OPEB) Liability (Asset)
OPERS Retirement Health Insurance Account (RHIA)
Last Five Fiscal Years¹**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the OPEB liability (asset)	0.5586%	0.6361%	0.6143%
City's proportionate share of the net OPEB liability (asset)	\$ (1,138,348)	\$ (1,229,197)	\$ (685,773)
City's covered payroll ²	\$ 73,000,000	\$ 69,400,000	\$ 64,600,000
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-1.6%	-1.8%	-1.1%
Plan net position as a percentage of the total net OPEB liability	150.1%	144.4%	124.0%

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

² Measurement Date is One Year in Arrears

<u>2018</u>	<u>2017</u>
0.5968%	0.6069%
\$ (249,088)	\$ 164,802
\$ 61,500,000	\$ 58,100,000
-0.4%	0.3%
108.9%	94.2%

CITY OF HILLSBORO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2021

Schedule of the City's Contributions
OPERS RHIA
Last Five Fiscal Years³

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

³ 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, 2017 July 2019 - June 2021
Actuarial cost method:	Entry Age Normal
Actuarial valuation method:	Fair Value
Actuarial assumptions:	
Inflation rate	2.50 percent
Projected salary increases	3.50 percent
Investment rate of return	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

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CITY OF HILLSBORO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2021

**Schedule of Total OPEB Liability
Implicit rate subsidy plan - single-employer plan
Four Fiscal Years¹**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service costs	\$ 513,430	\$ 463,131	\$ 497,378	\$ 536,666
Interest	312,795	316,750	313,853	255,395
Changes of assumptions	387,137	281,666	(1,066,384)	(597,028)
Economic/demographic gains or losses	(465,576)	-	63,406	-
Benefit payments	<u>(357,106)</u>	<u>(361,711)</u>	<u>(350,832)</u>	<u>(350,019)</u>
Net change in total OPEB liability	390,680	699,836	(542,579)	(154,986)
Total OPEB liability - beginning	<u>8,600,597</u>	<u>7,900,761</u>	<u>8,443,340</u>	<u>8,598,326</u>
Total OPEB liability - ending	<u>\$ 8,991,277</u>	<u>\$ 8,600,597</u>	<u>\$ 7,900,761</u>	<u>\$ 8,443,340</u>
Covered-employee payroll	\$ 73,000,000	\$ 69,400,000	\$ 64,600,000	\$ 61,500,000
Total OPEB liability as a percentage of covered-employee payroll	12.3%	12.4%	12.2%	13.7%

¹ 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018²</u>
Discount Rate Used	2.21%	3.50%	3.87%	3.58%

² Discount rate in 2018 was changed from the previous rate of 2.85%

CITY OF HILLSBORO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2021

**Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
Oregon Public Employees Retirement System
Last Eight Fiscal Years ¹**

	Measurement Date is One Year in Arrears			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability (asset)	0.5757%	0.5957%	0.5434%	0.5474%
City's proportionate share of the net pension liability (asset)	\$ 125,640,315	\$ 103,049,441	\$ 82,321,486	\$ 73,783,664
City's covered payroll	\$ 73,000,000	\$ 69,400,000	\$ 64,600,000	\$ 61,500,000
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	172.1%	148.5%	127.4%	120.0%
Plan fiduciary net position as a percentage of the total pension liability	75.8%	80.2%	82.1%	83.1%

¹ 10-year trend information required by GASB Statement 68 will be presented prospectively

Changes in Assumptions Subsequent to Measurement Date:

On October 1, 2021, the PERS Board voted to adopt an assumed rate of return of 6.90%, down from the assumed rate of return of 7.20% used as of the Measurement Date. This assumed rate will be effective beginning January 1, 2022. While the decrease is not as high as a full 1% decrease as reflected in the sensitivity table above, the impact of a lower assumption rate will likely increase the pension liability significantly.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.5769%	0.6232%	0.6365%	0.6365%
\$ 86,612,324	\$ 35,782,477	\$ (14,427,254)	\$ 32,480,660
\$ 58,100,000	\$ 55,589,000	\$ 53,659,000	\$ 50,960,000
149.1%	64.4%	-26.9%	63.7%
80.5%	91.9%	103.6%	92.0%

CITY OF HILLSBORO, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2021

**Schedule of the City's Contributions
Oregon Public Employees Retirement System
Last Eight Fiscal Years ¹**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 14,102,000	\$ 13,303,000	\$ 10,412,000	\$ 9,715,000
Contributions in relation to the contractually required contribution	<u>(14,102,000)</u>	<u>(13,303,000)</u>	<u>(10,412,000)</u>	<u>(9,715,000)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 76,900,000	\$ 73,000,000	\$ 69,400,000	\$ 64,600,000
Contributions as a percentage of covered payroll	18.34%	18.22%	15.00%	15.04%

¹ 10-year trend information required by GASB Statement 68 will be presented prospectively

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 7,946,000	\$ 7,410,000	\$ 5,678,000	\$ 5,501,000
<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>
\$ 61,500,000	\$ 58,100,000	\$ 55,589,000	\$ 53,659,000
12.92%	12.75%	10.21%	10.25%

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF HILLSBORO, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2021

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 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 expenditures, 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, 2021.

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

<u>Fund</u>	<u>Category</u>	<u>Overexpended</u>
Community Development Block Grant Fund	Materials and services	\$ 37,805

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>

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OTHER SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

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CITY OF HILLSBORO, OREGON

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2021

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
ASSETS:				
Cash and cash equivalents	\$ 1,988,158	\$ 3,745,791	\$ 1,417,338	\$ 7,151,287
Collections held by county treasurer	-	13,589	-	13,589
Investments	19,954,954	4,205,098	10,083,734	34,243,786
Accounts receivable	310,930	77,642	24,818	413,390
Interest receivable	63,845	23,177	33,470	120,492
Land held for resale	-	-	-	-
TOTAL ASSETS	\$ 22,317,887	\$ 8,065,297	\$ 11,559,360	\$ 41,942,544
LIABILITIES:				
Accounts payable	\$ 215,536	\$ -	\$ 162,871	\$ 378,407
Interfund payable	6,384,383	-	-	6,384,383
Accrued payroll payable	-	-	3,000	3,000
Deposits payable	8,487	-	-	8,487
TOTAL LIABILITIES	6,608,406	-	165,871	6,774,277
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue, SDCs	103,643	-	-	103,643
Unavailable revenue, property taxes	-	59,706	-	59,706
TOTAL DEFERRED INFLOWS OF RESOURCES	103,643	59,706	-	163,349
FUND BALANCES:				
Restricted	15,605,838	8,005,591	750,025	24,361,454
Assigned	-	-	10,643,464	10,643,464
TOTAL FUND BALANCES	15,605,838	8,005,591	11,393,489	35,004,918
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 22,317,887	\$ 8,065,297	\$ 11,559,360	\$ 41,942,544

CITY OF HILLSBORO, OREGON

NON-MAJOR GOVERNMENTAL FUNDS

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

YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total
REVENUES:				
Charges for services	\$ 8,027,826	\$ -	\$ 129,037	\$ 8,156,863
Gain share contributions	-	-	6,195,836	6,195,836
Taxes	-	5,541,462	-	5,541,462
Construction reimbursement	-	-	-	-
Interest and investments	(6,411)	102,475	87,266	183,330
Note receivable principal collected	-	-	7,586	7,586
Grants and other	874,535	2,771,967	164,456	3,810,958
	<u>8,895,950</u>	<u>8,415,904</u>	<u>6,584,181</u>	<u>23,896,035</u>
TOTAL REVENUES				
EXPENDITURES:				
General government	-	2,445	694,612	697,057
Public safety and judicial	55,835	-	-	55,835
Community service	869,606	-	-	869,606
Capital outlay	-	-	768,068	768,068
Special expenditures	-	-	1,160,000	1,160,000
Debt service	860,500	1,939,260	667,195	3,466,955
	<u>1,785,941</u>	<u>1,941,705</u>	<u>3,289,875</u>	<u>7,017,521</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER EXPENDITURES	<u>7,110,009</u>	<u>6,474,199</u>	<u>3,294,306</u>	<u>16,878,514</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,700,000	-	3,800,000	5,500,000
Transfers out	(1,500,000)	(2,800,000)	(7,300,000)	(11,600,000)
Notes payable proceeds	-	-	-	-
	<u>200,000</u>	<u>(2,800,000)</u>	<u>(3,500,000)</u>	<u>(6,100,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	7,310,009	3,674,199	(205,694)	10,778,514
FUND BALANCES - beginning	<u>8,295,829</u>	<u>4,331,392</u>	<u>11,599,183</u>	<u>24,226,404</u>
FUND BALANCES - ending	<u>\$ 15,605,838</u>	<u>\$ 8,005,591</u>	<u>\$ 11,393,489</u>	<u>\$ 35,004,918</u>

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, 2021

	<u>Police Forfeiture Fund</u>	<u>Cadet Fund</u>	<u>Parks Mitigation Fund</u>	<u>Parks System Development Charges</u>
ASSETS:				
Cash and cash equivalents	\$ 13,357	\$ 94,376	\$ 16,779	\$ 1,144,931
Investments	133,859	947,254	168,409	11,491,686
Interest receivable	429	3,031	539	36,770
Accounts receivable	-	-	-	103,643
TOTAL ASSETS	<u>\$ 147,645</u>	<u>\$ 1,044,661</u>	<u>\$ 185,727</u>	<u>\$ 12,777,030</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 249	\$ -	\$ -
Interfund payable	-	-	-	6,384,383
Deposits Payable	8,487	-	-	-
TOTAL LIABILITIES	<u>8,487</u>	<u>249</u>	<u>-</u>	<u>6,384,383</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue, SDCs	-	-	-	103,643
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,643</u>
FUND BALANCES:				
Restricted	<u>139,158</u>	<u>1,044,412</u>	<u>185,727</u>	<u>6,289,004</u>
TOTAL FUND BALANCES	<u>139,158</u>	<u>1,044,412</u>	<u>185,727</u>	<u>6,289,004</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 147,645</u>	<u>\$ 1,044,661</u>	<u>\$ 185,727</u>	<u>\$ 12,777,030</u>

Parks Supplemental SDC Fund	Community Development Block Grant Fund	Total
\$ 717,990	\$ 725	\$ 1,988,158
7,206,471	7,275	19,954,954
23,076	-	63,845
-	207,287	310,930
<u>\$ 7,947,537</u>	<u>\$ 215,287</u>	<u>\$ 22,317,887</u>
\$ -	\$ 215,287	\$ 215,536
-	-	6,384,383
-	-	8,487
-	215,287	6,608,406
-	-	103,643
-	-	103,643
7,947,537	-	15,605,838
7,947,537	-	15,605,838
<u>\$ 7,947,537</u>	<u>\$ 215,287</u>	<u>\$ 22,317,887</u>

CITY OF HILLSBORO, OREGON

NON-MAJOR SPECIAL REVENUE FUNDS

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

YEAR ENDED JUNE 30, 2021

	Police Forfeiture Fund	Cadet Fund	Parks Mitigation Fund	Parks System Development Charges
REVENUES:				
Charges for services	\$ -	\$ -	\$ -	\$ 4,408,920
Interest and investments	286	838	269	2,256
Grants and donations	-	-	-	-
Other	4,929	-	-	-
	<u>5,215</u>	<u>838</u>	<u>269</u>	<u>4,411,176</u>
TOTAL REVENUES				
	<u>5,215</u>	<u>838</u>	<u>269</u>	<u>4,411,176</u>
EXPENDITURES:				
Public safety and judicial	-	55,835	-	-
Community service	-	-	-	-
Debt service	-	-	-	860,500
	<u>-</u>	<u>55,835</u>	<u>-</u>	<u>860,500</u>
TOTAL EXPENDITURES				
	<u>-</u>	<u>55,835</u>	<u>-</u>	<u>860,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)	<u>5,215</u>	<u>(54,997)</u>	<u>269</u>	<u>3,550,676</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	1,700,000
Transfers out	-	-	-	(1,500,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
TOTAL OTHER FINANCING SOURCES (USES):				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
NET CHANGE IN FUND BALANCES	5,215	(54,997)	269	3,750,676
FUND BALANCES - beginning	<u>133,943</u>	<u>1,099,409</u>	<u>185,458</u>	<u>2,538,328</u>
FUND BALANCES - ending	<u>\$ 139,158</u>	<u>\$ 1,044,412</u>	<u>\$ 185,727</u>	<u>\$ 6,289,004</u>

Parks Supplemental SDC Fund	Community Development Block Grant Fund	Total
\$ 3,618,906	\$ -	\$ 8,027,826
(10,060)	-	(6,411)
-	869,606	869,606
-	-	4,929
<u>3,608,846</u>	<u>869,606</u>	<u>8,895,950</u>
-	-	55,835
-	869,606	869,606
-	-	860,500
<u>-</u>	<u>869,606</u>	<u>1,785,941</u>
<u>3,608,846</u>	<u>-</u>	<u>7,110,009</u>
-	-	1,700,000
-	-	(1,500,000)
<u>-</u>	<u>-</u>	<u>200,000</u>
3,608,846		7,310,009
<u>4,338,691</u>	<u>-</u>	<u>8,295,829</u>
<u>\$ 7,947,537</u>	<u>\$ -</u>	<u>\$ 15,605,838</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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and investments	\$ 1,750	\$ 1,750	\$ 1,908	\$ 158
Other	1,500	1,500	4,929	3,429
TOTAL REVENUES	3,250	3,250	6,837	3,587
EXPENDITURES:				
Materials and services	135,240	135,240	-	135,240
TOTAL EXPENDITURES	135,240	135,240	-	135,240
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE	(131,990)	(131,990)	6,837	138,827
FUND BALANCE - beginning	131,990	131,990	131,686	(304)
FUND BALANCE - ending	\$ -	\$ -	\$ 138,523	\$ 138,523
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 6,837	
Unrealized gain (loss) on investments			(1,622)	
CHANGE IN FUND BALANCE - GAAP BASIS			\$ 5,215	

CITY OF HILLSBORO, OREGON

CADET FUND

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

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and investments	\$ 15,000	\$ 15,000	\$ 13,766	\$ (1,234)
Grants and donations	-	-	-	-
TOTAL REVENUES	<u>15,000</u>	<u>15,000</u>	<u>13,766</u>	<u>(1,234)</u>
EXPENDITURES:				
Personnel services	43,365	43,365	40,581	2,784
Materials and services	35,500	35,500	15,254	20,246
Contingency	100,000	100,000	-	100,000
TOTAL EXPENDITURES	<u>178,865</u>	<u>178,865</u>	<u>55,835</u>	<u>123,030</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>(163,865)</u>	<u>(163,865)</u>	<u>(42,069)</u>	<u>121,796</u>
FUND BALANCE - beginning	<u>1,055,857</u>	<u>1,055,857</u>	<u>1,081,986</u>	<u>26,129</u>
FUND BALANCE - ending	<u>\$ 891,992</u>	<u>\$ 891,992</u>	<u>\$ 1,039,917</u>	<u>\$ 147,925</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (42,069)	
Unrealized gain (loss) on investments			<u>(12,928)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ (54,997)</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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and investments	\$ 3,000	\$ 3,000	\$ 2,409	\$ (591)
TOTAL REVENUES	<u>3,000</u>	<u>3,000</u>	<u>2,409</u>	<u>(591)</u>
EXPENDITURES:				
Materials and services	50,000	50,000	-	50,000
Capital outlay	135,000	135,000	-	135,000
TOTAL EXPENDITURES	<u>185,000</u>	<u>185,000</u>	<u>-</u>	<u>185,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>(182,000)</u>	<u>(182,000)</u>	<u>2,409</u>	<u>184,409</u>
FUND BALANCE - beginning	<u>182,000</u>	<u>182,000</u>	<u>182,519</u>	<u>519</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,928</u>	<u>\$ 184,928</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 2,409	
Unrealized gain (loss) on investments			<u>(2,140)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 269</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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 3,000,000	\$ 3,000,000	\$ 4,408,920	\$ 1,408,920
Interest and investments	150,500	150,500	108,206	(42,294)
TOTAL REVENUES	3,150,500	3,150,500	4,517,126	1,366,626
EXPENDITURES:				
Capital outlay	9,482,038	9,482,038	-	9,482,038
Debt service	721,797	2,071,797	2,064,719	7,078
TOTAL EXPENDITURES	10,203,835	11,553,835	2,064,719	9,489,116
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,053,335)	(8,403,335)	2,452,407	10,855,742
OTHER FINANCING USES:				
Transfers In	1,700,000	1,700,000	1,700,000	-
Transfers out	(4,505,665)	(3,155,665)	(1,500,000)	1,655,665
NET CHANGE IN FUND BALANCE	(9,859,000)	(9,859,000)	2,652,407	12,511,407
FUND BALANCE - beginning	9,859,000	9,859,000	9,966,445	107,445
FUND BALANCE - ending	\$ -	\$ -	\$ 12,618,852	\$ 12,618,852

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

NET CHANGE IN FUND BALANCE - BUDGETARY BASIS	\$ 2,652,407
Unrealized gain (loss) on investments	(105,950)
Change in interfund loan within governmental funds - Building Fund	1,204,219
NET CHANGE IN FUND BALANCE - GAAP BASIS	\$ 3,750,676

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 2,500,000	\$ 2,500,000	\$ 3,618,906	\$ 1,118,906
Interest and investments	15,000	15,000	24,498	9,498
TOTAL REVENUES	<u>2,515,000</u>	<u>2,515,000</u>	<u>3,643,404</u>	<u>1,128,404</u>
EXPENDITURES:				
Capital outlay	<u>6,802,000</u>	<u>6,802,000</u>	<u>-</u>	<u>6,802,000</u>
TOTAL EXPENDITURES	<u>6,802,000</u>	<u>6,802,000</u>	<u>-</u>	<u>6,802,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,287,000)</u>	<u>(4,287,000)</u>	<u>3,643,404</u>	<u>7,930,404</u>
FUND BALANCE - beginning	<u>4,287,000</u>	<u>4,287,000</u>	<u>4,269,934</u>	<u>(17,066)</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,913,338</u>	<u>\$ 7,913,338</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 3,643,404	
Unrealized gain (loss) on investments			<u>(34,558)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 3,608,846</u>	

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Grants and donations	\$ 831,801	\$ 831,801	\$ 869,606	\$ 37,805
TOTAL REVENUES	<u>831,801</u>	<u>831,801</u>	<u>869,606</u>	<u>37,805</u>
EXPENDITURES:				
Materials and services	<u>831,801</u>	<u>831,801</u>	<u>869,606</u>	<u>(37,805)</u>
TOTAL EXPENDITURES	<u>831,801</u>	<u>831,801</u>	<u>869,606</u>	<u>(37,805)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ending	<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.

South Hillsboro Local Improvement District Fund: This fund accounts for the revenues collected and the contractual requirements of the South Hillsboro Local Improvement District. Local Improvement District bonds will be issued in this fund.

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CITY OF HILLSBORO, OREGON

NON-MAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2021

	<u>Hillsboro Economic Development Council</u>		<u>South Hillsboro Local Improvement District Fund</u>	<u>Total</u>
	<u>Downtown Hillsboro Tax Increment Fund</u>	<u>North Hillsboro Industrial Tax Increment Fund</u>		
ASSETS				
Cash and cash equivalents	\$ 1,897,739	\$ 1,429,093	\$ 418,959	\$ 3,745,791
Collections held by county treasurer	4,233	9,356	-	13,589
Investments	-	-	4,205,098	4,205,098
Accounts receivable	24,174	53,468	-	77,642
Interest receivable	5,546	4,176	13,455	23,177
TOTAL ASSETS	\$ 1,931,692	\$ 1,496,093	\$ 4,637,512	\$ 8,065,297
DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue, property taxes	\$ 18,731	\$ 40,975	\$ -	\$ 59,706
FUND BALANCES:				
Restricted	1,912,961	1,455,118	4,637,512	8,005,591
TOTAL FUND BALANCES	1,912,961	1,455,118	4,637,512	8,005,591
TOTAL DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,931,692	\$ 1,496,093	\$ 4,637,512	\$ 8,065,297

CITY OF HILLSBORO, OREGON

NON-MAJOR DEBT SERVICE FUNDS

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

YEAR ENDED JUNE 30, 2021

	Hillsboro Economic Development Council		South Hillsboro Local Improvement District Fund	Total
	Downtown Hillsboro Tax Increment Fund	North Hillsboro Industrial Tax Increment Fund		
REVENUES:				
Taxes	\$ 1,627,804	\$ 3,913,658	\$ -	\$ 5,541,462
Interest and investments	22,181	42,458	37,836	102,475
Other	433	433	2,771,101	2,771,967
TOTAL REVENUES	1,650,418	3,956,549	2,808,937	8,415,904
EXPENDITURES:				
General government	-	-	2,445	2,445
Debt service	-	1,939,260	-	1,939,260
TOTAL EXPENDITURES	-	1,939,260	2,445	1,941,705
EXCESS OF REVENUES OVER EXPENDITURES	1,650,418	2,017,289	2,806,492	6,474,199
OTHER FINANCING SOURCES (USES):				
Transfers out	(800,000)	(2,000,000)	-	(2,800,000)
NET CHANGE IN FUND BALANCES	850,418	17,289	2,806,492	3,674,199
FUND BALANCES - beginning	1,062,543	1,437,829	1,831,020	4,331,392
FUND BALANCES - ending	\$ 1,912,961	\$ 1,455,118	\$ 4,637,512	\$ 8,005,591

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes - current	\$ 1,361,000	\$ 1,361,000	\$ 1,611,495	\$ 250,495
Property taxes - prior year	30,000	30,000	16,309	(13,691)
Interest and investments	20,000	20,000	22,181	2,181
Other	-	-	433	433
TOTAL REVENUES	1,411,000	1,411,000	1,650,418	239,418
EXPENDITURES:				
Debt service	600,000	600,000	-	600,000
Contingency	149,000	149,000	-	149,000
TOTAL EXPENDITURES	749,000	749,000	-	749,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	662,000	662,000	1,650,418	988,418
OTHER FINANCING USES:				
Transfers out	(800,000)	(800,000)	(800,000)	-
TOTAL OTHER FINANCING USES	(800,000)	(800,000)	(800,000)	-
NET CHANGE IN FUND BALANCE	(138,000)	(138,000)	850,418	988,418
FUND BALANCE - beginning	138,000	138,000	1,062,543	924,543
FUND BALANCE - ending	\$ -	\$ -	\$ 1,912,961	\$ 1,912,961

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes - current	\$ 3,170,000	\$ 3,170,000	\$ 3,881,003	\$ 711,003
Property taxes - prior year	11,000	11,000	32,655	21,655
Interest and investments	75,000	75,000	42,458	(32,542)
Other	-	-	433	433
TOTAL REVENUES	<u>3,256,000</u>	<u>3,256,000</u>	<u>3,956,549</u>	<u>700,549</u>
EXPENDITURES:				
Capital outlay	771,740	771,740	-	771,740
Debt service	1,939,260	1,939,260	1,939,260	-
TOTAL EXPENDITURES	<u>2,711,000</u>	<u>2,711,000</u>	<u>1,939,260</u>	<u>771,740</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>545,000</u>	<u>545,000</u>	<u>2,017,289</u>	<u>1,472,289</u>
OTHER FINANCING USES:				
Transfers out	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(1,455,000)</u>	<u>(1,455,000)</u>	<u>17,289</u>	<u>1,472,289</u>
FUND BALANCE - beginning	<u>1,455,000</u>	<u>1,455,000</u>	<u>1,437,829</u>	<u>(17,171)</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,455,118</u>	<u>\$ 1,455,118</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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and investments	\$ 15,000	\$ 15,000	\$ 46,897	\$ 31,897
Pre-assessment revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,771,101</u>	<u>1,771,101</u>
TOTAL REVENUES	<u>1,015,000</u>	<u>1,015,000</u>	<u>2,817,998</u>	<u>1,802,998</u>
EXPENDITURES:				
Materials and services	<u>20,000</u>	<u>20,000</u>	<u>2,445</u>	<u>17,555</u>
TOTAL EXPENDITURES	<u>20,000</u>	<u>20,000</u>	<u>2,445</u>	<u>17,555</u>
EXCESS OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>995,000</u>	<u>995,000</u>	<u>2,815,553</u>	<u>1,820,553</u>
FUND BALANCE - beginning	<u>1,371,591</u>	<u>1,371,591</u>	<u>1,802,003</u>	<u>430,412</u>
FUND BALANCE - ending	<u>\$ 2,366,591</u>	<u>\$ 2,366,591</u>	<u>\$ 4,617,556</u>	<u>\$ 2,250,965</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 2,815,553	
Unrealized gain (loss) on investments			<u>(9,061)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 2,806,492</u>	

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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, 2021

	Hillsboro Economic Development Council Downtown Hillsboro	Parks Capital	South Hillsboro Community Service Capital
ASSETS			
Cash and cash equivalents	\$ 412,683	\$ 26,903	\$ 16,207
Investments	-	270,023	162,672
Accounts receivable	-	5,358	19,460
Interest receivable	1,206	863	521
TOTAL ASSETS	\$ 413,889	\$ 303,147	\$ 198,860
LIABILITIES:			
Accounts payable	\$ 33,755	\$ 129,116	\$ -
Accrued payroll payable	-	3,000	-
TOTAL LIABILITIES	33,755	132,116	-
FUND BALANCES:			
Restricted	380,134	171,031	198,860
Assigned	-	-	-
TOTAL FUND BALANCES	380,134	171,031	198,860
TOTAL LIABILITIES, AND FUND BALANCES	\$ 413,889	\$ 303,147	\$ 198,860

Gain Share Capital	Total
\$ 961,545	\$ 1,417,338
9,651,039	10,083,734
-	24,818
30,880	33,470
<u>\$ 10,643,464</u>	<u>\$ 11,559,360</u>
\$ -	\$ 162,871
-	3,000
<u>-</u>	<u>165,871</u>
-	750,025
10,643,464	10,643,464
<u>10,643,464</u>	<u>11,393,489</u>
<u>\$ 10,643,464</u>	<u>\$ 11,559,360</u>

CITY OF HILLSBORO, OREGON

NON-MAJOR CAPITAL PROJECTS FUNDS

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

YEAR ENDED JUNE 30, 2021

	Hillsboro Economic Development Council Downtown Hillsboro	Parks Capital	South Hillsboro Community Service Capital
REVENUES:			
Gain share contributions	\$ -	\$ -	\$ -
Charges for services	-	-	129,037
Interest and investments	9,054	-	1,737
Note receivable principal collected	7,586	-	-
Grants and other	-	164,456	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	16,640	164,456	130,774
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
General government	269,101	425,511	-
Capital outlay	-	768,068	-
Special expenditures	-	-	-
Debt service	-	667,195	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	269,101	1,860,774	-
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(252,461)	(1,696,318)	130,774
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):			
Transfers in	800,000	1,500,000	-
Transfers out	(800,000)	-	-
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	-	1,500,000	-
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	(252,461)	(196,318)	130,774
	<hr/>	<hr/>	<hr/>
FUND BALANCES - beginning	632,595	367,349	68,086
	<hr/>	<hr/>	<hr/>
FUND BALANCES - ending	\$ 380,134	\$ 171,031	\$ 198,860
	<hr/>	<hr/>	<hr/>

Gain Share Capital	Total
\$ 6,195,836	\$ 6,195,836
-	129,037
76,475	87,266
-	7,586
-	164,456
6,272,311	6,584,181
-	694,612
-	768,068
1,160,000	1,160,000
-	667,195
1,160,000	3,289,875
5,112,311	3,294,306
1,500,000	3,800,000
(6,500,000)	(7,300,000)
(5,000,000)	(3,500,000)
112,311	(205,694)
10,531,153	11,599,183
\$ 10,643,464	\$ 11,393,489

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and investments	\$ 27,167	\$ 27,167	\$ 9,054	\$ (18,113)
Notes receivable principal collected	22,833	22,833	7,586	(15,247)
TOTAL REVENUES	<u>50,000</u>	<u>50,000</u>	<u>16,640</u>	<u>(33,360)</u>
EXPENDITURES:				
Personnel services	49,830	49,830	-	49,830
Materials and services	777,000	777,000	269,101	507,899
Capital outlay	12,193,170	12,193,170	-	12,193,170
TOTAL EXPENDITURES	<u>13,020,000</u>	<u>13,020,000</u>	<u>269,101</u>	<u>12,750,899</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(12,970,000)</u>	<u>(12,970,000)</u>	<u>(252,461)</u>	<u>12,717,539</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	800,000	800,000	800,000	-
Transfers out	(800,000)	(800,000)	(800,000)	-
Note payable issued	11,500,000	11,500,000	-	(11,500,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>11,500,000</u>	<u>11,500,000</u>	<u>-</u>	<u>(11,500,000)</u>
NET CHANGE IN FUND BALANCE	<u>(1,470,000)</u>	<u>(1,470,000)</u>	<u>(252,461)</u>	<u>1,217,539</u>
FUND BALANCE - beginning	<u>1,470,000</u>	<u>1,470,000</u>	<u>632,595</u>	<u>(837,405)</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,134</u>	<u>\$ 380,134</u>

CITY OF HILLSBORO, OREGON

PARKS CAPITAL FUND

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

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Grants and other	\$ -	\$ -	\$ 164,456	\$ 164,456
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>164,456</u>	<u>164,456</u>
EXPENDITURES:				
Personnel services	132,225	152,225	145,491	6,734
Materials and services	542,925	542,925	274,563	268,362
Capital outlay	5,310,000	5,290,000	768,068	4,521,932
Debt service	<u>2,020,515</u>	<u>2,020,515</u>	<u>667,195</u>	<u>1,353,320</u>
TOTAL EXPENDITURES	<u>8,005,665</u>	<u>8,005,665</u>	<u>1,855,317</u>	<u>6,150,348</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(8,005,665)</u>	<u>(8,005,665)</u>	<u>(1,690,861)</u>	<u>6,314,804</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>8,005,665</u>	<u>8,005,665</u>	<u>1,500,000</u>	<u>(6,505,665)</u>
TOTAL OTHER FINANCING SOURCES	<u>8,005,665</u>	<u>8,005,665</u>	<u>1,500,000</u>	<u>(6,505,665)</u>
NET CHANGE IN FUND BALANCE	-	-	(190,861)	(190,861)
FUND BALANCE - beginning	<u>-</u>	<u>-</u>	<u>360,611</u>	<u>360,611</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,750</u>	<u>\$ 169,750</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (190,861)	
Unrealized gain (loss) on investments			<u>(5,457)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ (196,318)</u>	

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for Service	\$ 65,000	\$ 65,000	\$ 129,037	\$ 64,037
Interest	500	500	1,883	1,383
TOTAL REVENUES AND NET CHANGE IN FUND BALANCE	<u>65,500</u>	<u>65,500</u>	<u>130,920</u>	<u>65,420</u>
EXPENDITURES:				
Capital outlay	<u>123,900</u>	<u>123,900</u>	<u>-</u>	<u>123,900</u>
TOTAL EXPENDITURES	<u>123,900</u>	<u>123,900</u>	<u>-</u>	<u>123,900</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>(58,400)</u>	<u>(58,400)</u>	<u>130,920</u>	<u>189,320</u>
FUND BALANCE - beginning	<u>58,400</u>	<u>58,400</u>	<u>67,168</u>	<u>8,768</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,088</u>	<u>\$ 198,088</u>
 RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 130,920	
Unrealized gain (loss) on investments			<u>(146)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 130,774</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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Gain share contributions	\$ 6,190,000	\$ 6,190,000	\$ 6,195,836	\$ 5,836
Interest and investments	150,000	150,000	189,642	39,642
TOTAL REVENUES	6,340,000	6,340,000	6,385,478	45,478
EXPENDITURES:				
Materials and services	3,000,000	3,000,000	-	3,000,000
Special expenditures	1,167,000	1,167,000	1,160,000	7,000
Contingency	6,522,000	6,522,000	-	6,522,000
TOTAL EXPENDITURES	10,689,000	10,689,000	1,160,000	9,529,000
EXCESS OF REVENUES OVER EXPENDITURES	(4,349,000)	(4,349,000)	5,225,478	9,574,478
OTHER FINANCING SOURCES (USES):				
Transfers in	1,500,000	1,500,000	1,500,000	-
Transfers out	(10,000,000)	(10,000,000)	(6,500,000)	3,500,000
TOTAL OTHER FINANCING SOURCES (USES)	(8,500,000)	(8,500,000)	(5,000,000)	3,500,000
NET CHANGE IN FUND BALANCE	(12,849,000)	(12,849,000)	225,478	13,074,478
FUND BALANCE - beginning	12,849,000	12,849,000	10,372,186	(2,476,814)
FUND BALANCE - ending	\$ -	\$ -	\$ 10,597,664	\$ 10,597,664

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

NET CHANGE IN FUND BALANCE	\$ 225,478
Unrealized gain (loss) on investments	(113,167)
CHANGE IN FUND BALANCE - GAAP BASIS	\$ 112,311

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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.

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, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$ 34,257,600	\$ 34,257,600	\$ 37,101,561	\$ 2,843,961
Installation and connection fees	155,000	155,000	366,276	211,276
Licenses and permits	15,000	15,000	64,930	49,930
System development fees	2,800,000	2,800,000	11,412,458	8,612,458
Grants and donations	-	-	353,500	353,500
Interest and investments	1,195,000	1,195,000	1,010,029	(184,971)
Miscellaneous	136,500	136,500	364,832	228,332
TOTAL REVENUES	38,559,100	38,559,100	50,673,586	12,114,486
EXPENDITURES:				
Personnel services	7,651,835	7,651,835	7,310,518	341,317
Materials and services	4,110,550	4,110,550	2,889,448	1,221,102
Capital outlay	121,817,960	121,817,960	40,661,085	81,156,875
Special expenditures	10,819,203	10,819,203	8,665,170	2,154,033
Debt service	5,416,923	5,416,923	5,416,923	-
Contingency	195,000	195,000	-	195,000
TOTAL EXPENDITURES	150,011,471	150,011,471	64,943,144	85,068,327
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(111,452,371)	(111,452,371)	(14,269,558)	97,182,813
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	17,575	17,575
Bond proceeds	20,515,000	20,515,000	10,000,000	(10,515,000)
Transfers in	9,624,950	9,624,950	-	(9,624,950)
Transfers out	(9,674,950)	(9,674,950)	(50,000)	9,624,950
TOTAL OTHER FINANCING SOURCES (USES)	20,465,000	20,465,000	9,967,575	(10,497,425)
NET CHANGE IN FUND BALANCE	(90,987,371)	(90,987,371)	(4,301,983)	86,685,388
FUND BALANCE - beginning	105,051,720	105,051,720	96,577,700	(8,474,020)
FUND BALANCE - ending	\$ 14,064,349	\$ 14,064,349	\$ 92,275,717	\$ 78,211,368

CITY OF HILLSBORO, OREGON

UTILITIES COMMISSION FUND

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

YEAR ENDED JUNE 30, 2021

NET CHANGE IN FUND BALANCE	\$ (4,301,983)
Unrealized gain (loss) on investments	(1,434,042)
Amortization	(7,075)
Depreciation	(3,858,359)
Net amortization bond premiums and deferred refunding	69,051
Capital asset additions	4,944,305
Loss on disposal of capital assets	(367,679)
Contributions of capital assets	3,842,111
City's share of net loss of joint ventures	(1,849,615)
Contributions to joint ventures	36,027,165
Accrued compensated absences - City	(68,278)
Other post employment benefits	(45,189)
Issuance of long term debt	(10,000,000)
Pension expense	(1,679,002)
Accrued interest on bonds and notes	(17,559)
Principal payment on bonds and notes	<u>3,581,200</u>
CHANGE IN NET POSITION	<u>\$ 24,835,051</u>

CITY OF HILLSBORO, OREGON

SEWER FUND

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

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 34,612,000	\$ 35,112,000	\$ 33,318,956	\$ (1,793,044)
Licenses and Permits	250,000	250,000	131,059	(118,941)
System development charges	6,000,000	7,000,000	6,326,982	(673,018)
Interest and investments	230,300	230,300	168,132	(62,168)
Miscellaneous	850,500	850,500	454,500	(396,000)
TOTAL REVENUES	41,942,800	43,442,800	40,399,629	(3,043,171)
EXPENDITURES:				
Personnel services	3,081,280	3,081,280	2,201,512	879,768
Materials and services	346,600	346,600	220,598	126,002
Capital outlay	31,624,093	31,624,093	2,334,794	29,289,299
Special expenditures	33,745,827	35,245,827	32,680,832	2,564,995
TOTAL EXPENDITURES	68,797,800	70,297,800	37,437,736	32,860,064
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(26,855,000)	(26,855,000)	2,961,893	29,816,893
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	11,163	11,163
Transfers out	(60,000)	(60,000)	(60,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(60,000)	(60,000)	(48,837)	11,163
NET CHANGE IN FUND BALANCE	(26,915,000)	(26,915,000)	2,913,056	29,828,056
FUND BALANCE - beginning	26,915,000	26,915,000	28,763,799	1,848,799
FUND BALANCE - ending	\$ -	\$ -	\$ 31,676,855	\$ 31,676,855

CITY OF HILLSBORO, OREGON

SEWER FUND

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

YEAR ENDED JUNE 30, 2021

NET CHANGE IN FUND BALANCE	\$	2,913,056
Unrealized gain (loss) on investments		(321,043)
Depreciation		(1,263,315)
Capital asset additions		2,208,268
Contributions of capital assets		6,598,371
Accrued compensated absences		(33,584)
Other post employment benefit		21,265
Pension expense		(216,930)
Charges for services and system development fees collected for Clean Water Services		(29,922,793)
Charges for services and system development fees owed to Clean Water Services		<u>29,922,793</u>
CHANGE IN NET POSITION	\$	<u><u>9,906,088</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, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 10,891,000	\$ 10,891,000	\$ 10,932,131	\$ 41,131
System development fees	275,000	275,000	254,925	(20,075)
Licenses and permits	750,000	750,000	770,852	20,852
Interest and investments	(5,000)	(5,000)	-	5,000
Miscellaneous	1,000	1,000	10,406	9,406
TOTAL REVENUES	11,912,000	11,912,000	11,968,314	56,314
EXPENDITURES:				
Personnel services	3,799,235	3,799,235	3,413,216	386,019
Materials and services	1,166,200	1,166,200	645,732	520,468
Capital outlay	9,629,624	9,629,624	1,389,924	8,239,700
Special expenditures	4,705,014	4,705,014	4,255,914	449,100
TOTAL EXPENDITURES	19,300,073	19,300,073	9,704,786	9,595,287
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,388,073)	(7,388,073)	2,263,528	9,651,601
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	28,500	28,500
Transfers in	2,568,286	2,568,286	-	(2,568,286)
Transfers out	(2,952,613)	(2,952,613)	(384,327)	2,568,286
TOTAL OTHER FINANCING SOURCES (USES)	(384,327)	(384,327)	(355,827)	28,500
NET CHANGE IN FUND BALANCE	(7,772,400)	(7,772,400)	1,907,701	9,680,101
FUND BALANCE - beginning	7,772,400	7,772,400	8,848,429	1,076,029
FUND BALANCE - ending	\$ -	\$ -	\$ 10,756,130	\$ 10,756,130

CITY OF HILLSBORO, OREGON

SURFACE WATER MANAGEMENT FUND

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

YEAR ENDED JUNE 30, 2021

NET CHANGE IN FUND BALANCE	\$ 1,907,701
Unrealized gain (loss) on investments	(89,490)
Depreciation	(1,489,684)
Capital asset additions	778,229
Contributions of capital assets	9,256,947
Accrued compensated absences	(33,998)
Other post employment benefit	(26,342)
Pension expense	(460,148)
Charges for services and system development fees collected for Clean Water Services	(2,249,634)
Charges for services and system development fees owed to Clean Water Services	<u>2,249,634</u>
CHANGE IN NET POSITION	<u>\$ 9,843,215</u>

CITY OF HILLSBORO, OREGON

NON-MAJOR PROPRIETARY FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2021

	<u>Property Management Fund</u>	<u>Intermodal Transit Facility Fund</u>	<u>Broadband Fund</u>	<u>Total</u>
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 4,090	\$ 3,559	\$ 201,896	\$ 209,545
Investments	41,051	35,726	2,026,434	2,103,211
Accounts receivable	4,210	46,457	57,281	107,948
Lease receivable, current	-	141,634	-	141,634
TOTAL CURRENT ASSETS	<u>49,351</u>	<u>227,376</u>	<u>2,285,611</u>	<u>2,562,338</u>
Noncurrent assets:				
Net OPEB asset	-	-	8,516	8,516
Lease receivable	-	200,990	-	200,990
Capital assets not being depreciated	1,183,988	1,600,000	7,839,561	10,623,549
Capital assets, net	-	10,356,262	4,503,598	14,859,860
TOTAL NONCURRENT ASSETS	<u>1,183,988</u>	<u>12,157,252</u>	<u>12,351,675</u>	<u>25,692,915</u>
TOTAL ASSETS	<u>1,233,339</u>	<u>12,384,628</u>	<u>14,637,286</u>	<u>28,255,253</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred pension differences, net	-	-	172,301	172,301
Deferred OPEB difference, net	-	-	8,930	8,930
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>181,231</u>	<u>181,231</u>

CITY OF HILLSBORO, OREGON

NON-MAJOR PROPRIETARY FUNDS

COMBINING STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2021

	Property Management Fund	Intermodal Transit Facility Fund	Broadband Fund	Total
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 155	\$ 7,221	\$ 632,897	\$ 640,273
Accrued payroll payable	-	-	16,000	16,000
Compensated absences payable	-	-	20,229	20,229
TOTAL CURRENT LIABILITIES	155	7,221	669,126	676,502
Long-term liabilities:				
Net pension liability	-	-	427,826	427,826
Compensated absences payable	-	-	33,000	33,000
Other post employment benefits payable	-	-	67,266	67,266
TOTAL LONG-TERM LIABILITIES	-	-	528,092	528,092
TOTAL LIABILITIES	155	7,221	1,197,218	1,204,594
DEFERRED INFLOWS OF RESOURCES:				
Deferred pension differences, net	-	-	12,056	12,056
Deferred OPEB differences (net)	-	-	12,705	12,705
Deferred lease resources	-	342,624	-	342,624
TOTAL DEFERRED INFLOWS OF RESOURCES	-	342,624	24,761	367,385
NET POSITION:				
Net investment in capital assets	1,183,988	11,956,262	12,343,159	25,483,409
Restricted for OPEB Asset	-	-	8,516	8,516
Unrestricted	49,196	78,521	1,244,863	1,372,580
TOTAL NET POSITION	\$ 1,233,184	\$ 12,034,783	\$ 13,596,538	\$ 26,864,505

CITY OF HILLSBORO, OREGON

NON-MAJOR PROPRIETARY FUNDS

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

YEAR ENDED JUNE 30, 2021

	Property Management Fund	Intermodal Transit Facility Fund	Broadband Fund	Total
OPERATING REVENUES:				
Charges for services, net of allowance for doubtful accounts	\$ -	\$ -	\$ 38,035	\$ 38,035
Licenses and permits			92	92
Leasehold revenues	-	162,394	-	162,394
Other	14,850	89,927	-	104,777
TOTAL OPERATING REVENUES	14,850	252,321	38,127	305,298
OPERATING EXPENSES:				
Salaries and fringe benefits	-	-	1,021,901	1,021,901
Operating supplies	-	1,076	64,299	65,375
Repairs and maintenance	-	23,236	303,944	327,180
Utilities	26,238	55,457	1,343	83,038
Payment in lieu of property taxes	-	-	2,669	2,669
Fees and assessments	-	-	4,803	4,803
Contractual services	-	172,952	519,733	692,685
Depreciation and amortization	-	529,377	239,922	769,299
Support services	-	-	8,932	8,932
Other	-	-	7,158	7,158
TOTAL OPERATING EXPENSES	26,238	782,098	2,174,704	2,983,040
OPERATING LOSS	(11,388)	(529,777)	(2,136,577)	(2,677,742)
NONOPERATING INCOME (LOSS):				
Interest and investments income	(106)	17,178	(21,669)	(4,597)
TOTAL NONOPERATING INCOME (LOSS)	(106)	17,178	(21,669)	(4,597)
NET LOSS	(11,494)	(512,599)	(2,158,246)	(2,682,339)
TRANSFERS IN	-	50,000	6,000,000	6,050,000
CONTRIBUTION OF CAPITAL ASSETS	-	-	121,887	121,887
CHANGE IN NET POSITION	(11,494)	(462,599)	3,963,641	3,489,548
NET POSITION - beginning	1,244,678	12,497,382	9,632,897	23,374,957
NET POSITION - ending	\$ 1,233,184	\$ 12,034,783	\$ 13,596,538	\$ 26,864,505

CITY OF HILLSBORO, OREGON

NON-MAJOR PROPRIETARY FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

	Property Management Fund	Intermodal Transit Facility Fund	Broadband Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received for services	\$ 13,595	\$ 294,289	\$ (12,670)	\$ 295,214
Cash paid to suppliers for goods and services	(26,229)	(287,914)	(711,380)	(1,025,523)
Cash paid to employees for services	-	-	(731,435)	(731,435)
NET CASH FROM OPERATING ACTIVITIES	<u>(12,634)</u>	<u>6,375</u>	<u>(1,455,485)</u>	<u>(1,461,744)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	-	50,000	6,000,000	6,050,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets, net of related accounts payable	-	(34,154)	(4,559,738)	(4,593,892)
FINANCING ACTIVITIES	<u>-</u>	<u>(34,154)</u>	<u>(4,559,738)</u>	<u>(4,593,892)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	18	17,064	(18,004)	(922)
NET CHANGE IN CASH, CASH EQUIVALENTS AND INVESTMENTS	(12,616)	39,285	(33,227)	(6,558)
CASH, CASH EQUIVALENTS AND INVESTMENTS - beginning	<u>57,757</u>	<u>-</u>	<u>2,261,557</u>	<u>2,319,314</u>
CASH, CASH EQUIVALENTS AND INVESTMENTS - ending	<u>\$ 45,141</u>	<u>\$ 39,285</u>	<u>\$ 2,228,330</u>	<u>\$ 2,312,756</u>

CITY OF HILLSBORO, OREGON

NON-MAJOR PROPRIETARY FUNDS

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED JUNE 30, 2021

	<u>Property Management Fund</u>	<u>Intermodal Transit Facility Fund</u>	<u>Broadband Fund</u>	<u>Total</u>
RECONCILIATION TO STATEMENT OF NET POSITION				
Cash and cash equivalents	\$ 4,090	\$ 3,559	\$ 201,896	\$ 209,545
Investments	41,051	35,726	2,026,434	2,103,211
	<u>\$ 45,141</u>	<u>\$ 39,285</u>	<u>\$ 2,228,330</u>	<u>\$ 2,312,756</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED FROM OPERATING ACTIVITIES				
Operating loss	<u>\$ (11,388)</u>	<u>\$ (529,777)</u>	<u>\$ (2,136,577)</u>	<u>\$ (2,677,742)</u>
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation and amortization	-	529,377	239,922	769,299
Amortization of deferred lease resources	-	(13,619)	-	(13,619)
Change in assets and liabilities:				
Receivables	(1,255)	55,587	(50,797)	3,535
Due to other funds	-	(36,098)	-	(36,098)
Accounts payable, net of capital related accounts payable	9	905	201,501	202,415
Accrued payroll payable	-	-	2,000	2,000
Pension system	-	-	245,573	245,573
Compensated absences payable	-	-	21,828	21,828
Other post employment benefits system	-	-	21,065	21,065
Total adjustments	<u>(1,246)</u>	<u>536,152</u>	<u>681,092</u>	<u>1,215,998</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (12,634)</u>	<u>\$ 6,375</u>	<u>\$ (1,455,485)</u>	<u>\$ (1,461,744)</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES: FROM OPERATING ACTIVITIES				
Contribution of capital assets	\$ -	\$ -	\$ 121,887	\$ 121,887

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and investments	\$ 1,000	\$ 1,000	\$ 618	\$ (382)
Other	22,500	22,500	14,850	(7,650)
TOTAL REVENUES	23,500	23,500	15,468	(8,032)
EXPENDITURES:				
Materials and services	84,000	84,000	26,238	57,762
TOTAL EXPENDITURES	84,000	84,000	26,238	57,762
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(60,500)	(60,500)	(10,770)	49,730
FUND BALANCE - beginning	60,500	60,500	59,773	(727)
FUND BALANCE - ending	\$ -	\$ -	\$ 49,003	\$ 49,003
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (10,770)	
Unrealized gain (loss) on investments			(724)	
CHANGE IN NET POSITION			\$ (11,494)	

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Miscellaneous income	\$ 361,600	\$ 361,600	\$ 89,927	\$ (271,673)
Leasehold revenues	62,570	62,570	162,394	99,824
Interest and investments	12,530	12,530	17,008	4,478
TOTAL REVENUES	<u>436,700</u>	<u>436,700</u>	<u>269,329</u>	<u>(167,371)</u>
EXPENDITURES:				
Materials and services	327,200	327,200	251,573	75,627
Capital outlay	217,150	217,150	35,302	181,848
TOTAL EXPENDITURES	<u>544,350</u>	<u>544,350</u>	<u>286,875</u>	<u>257,475</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(107,650)</u>	<u>(107,650)</u>	<u>(17,546)</u>	<u>90,104</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	50,000	50,000	50,000	-
NET CHANGE IN FUND BALANCE	<u>(57,650)</u>	<u>(57,650)</u>	<u>32,454</u>	<u>90,104</u>
FUND BALANCE - beginning	<u>57,650</u>	<u>57,650</u>	<u>45,897</u>	<u>(11,753)</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,351</u>	<u>\$ 78,351</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 32,454	
Unrealized gain (loss) on investments			170	
Depreciation			(529,377)	
Capital asset additions			34,154	
CHANGE IN NET POSITION			<u>\$ (462,599)</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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 219,120	\$ 219,120	\$ 38,035	\$ (181,085)
Licenses and permits	3,480	3,480	92	(3,388)
Interest and investments	1,000	1,000	4,711	3,711
TOTAL REVENUES	<u>223,600</u>	<u>223,600</u>	<u>42,838</u>	<u>(180,762)</u>
EXPENDITURES:				
Personnel services	1,354,270	839,270	733,435	105,835
Materials and services	731,010	731,010	615,281	115,729
Capital outlay	4,138,320	4,638,320	4,323,221	315,099
Special expenditures	-	15,000	12,234	2,766
TOTAL EXPENDITURES	<u>6,223,600</u>	<u>6,223,600</u>	<u>5,684,171</u>	<u>539,429</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(6,000,000)</u>	<u>(6,000,000)</u>	<u>(5,641,333)</u>	<u>358,667</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>358,667</u>	<u>358,667</u>
FUND BALANCE - beginning	<u>-</u>	<u>-</u>	<u>1,268,430</u>	<u>1,268,430</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,627,097</u>	<u>\$ 1,627,097</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 358,667	
Unrealized gain (loss) on investments			(26,380)	
Depreciation			(239,922)	
Capital asset additions			4,037,855	
Contributions of capital assets			121,887	
Accrued compensated absences			(21,828)	
Other post employment benefits			(21,065)	
Pension expense			(245,573)	
CHANGE IN NET POSITION			<u>\$ 3,963,641</u>	

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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, 2021

	<u>Fleet Management</u>	<u>Copier Program</u>	<u>Risk Management</u>	<u>Loss Reserve</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS:</u>				
Cash and cash equivalents	\$ 641,856	\$ 49,880	\$ 96,019	\$ 83,356
Investments	6,442,318	500,648	963,741	836,644
Accounts receivable	416	-	-	-
Interest receivable	20,613	1,601	5,761	-
Lease receivable, current portion	-	-	-	-
Land held for resale	-	-	-	-
TOTAL CURRENT ASSETS	<u>7,105,203</u>	<u>552,129</u>	<u>1,065,521</u>	<u>920,000</u>
<u>NONCURRENT ASSETS:</u>				
Net OPEB asset	7,913	-	5,678	-
Lease receivable	-	-	-	-
Lease assets, net	-	-	-	-
Capital assets not being depreciated	34,020	-	-	-
Other capital assets, net	6,091,224	228,825	-	-
TOTAL NONCURRENT ASSETS	<u>6,133,157</u>	<u>228,825</u>	<u>5,678</u>	<u>-</u>
TOTAL ASSETS	<u>13,238,360</u>	<u>780,954</u>	<u>1,071,199</u>	<u>920,000</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>				
Deferred pension differences (net)	280,792	-	288,992	-
Deferred OPEB differences (net)	8,296	-	5,952	-
Deferred charges on refunding	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>289,088</u>	<u>-</u>	<u>294,944</u>	<u>-</u>

<u>Support Services</u>	<u>Sustainability Revolving</u>	<u>Facilities Management</u>	<u>Total</u>
\$ 233,050	\$ 16,824	\$ 2,831,275	\$ 3,952,260
2,339,123	168,863	28,417,541	39,668,878
30,379	-	458,600	489,395
7,484	541	90,934	126,934
-	-	113,829	113,829
-	-	5,072,538	5,072,538
<u>2,610,036</u>	<u>186,228</u>	<u>36,984,717</u>	<u>49,423,834</u>
174,195	-	-	187,786
-	-	4,093,874	4,093,874
-	-	208,249	208,249
466,647	-	57,763,176	58,263,843
630,070	-	87,828,197	94,778,316
<u>1,270,912</u>	<u>-</u>	<u>149,893,496</u>	<u>157,532,068</u>
<u>3,880,948</u>	<u>186,228</u>	<u>186,878,213</u>	<u>206,955,902</u>
6,129,956	-	-	6,699,740
182,638	-	-	196,886
-	-	1,052,256	1,052,256
<u>6,312,594</u>	<u>-</u>	<u>1,052,256</u>	<u>7,948,882</u>

CITY OF HILLSBORO, OREGON

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION (Continued)

JUNE 30, 2021

	<u>Fleet Management</u>	<u>Copier Program</u>	<u>Risk Management</u>	<u>Loss Reserve</u>
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES:</u>				
Accounts payable	\$ 159,916	\$ 6,619	\$ 79,164	\$ -
Accrued payroll payable	18,000	-	13,000	-
Compensated absences payable	28,199	-	26,428	-
Worker's compensation claims payable	-	-	1,077,000	-
Interest payable	-	-	-	-
Bonds payable, current portion, net	-	-	-	-
Lease payable, current portion	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>206,115</u>	<u>6,619</u>	<u>1,195,592</u>	<u>-</u>
<u>LONG-TERM LIABILITIES:</u>				
Net pension liability	697,208	-	717,572	-
Compensated absences payable	27,000	-	33,000	-
Other post employment benefits payable	62,502	-	44,844	-
Bonds payable, net	-	-	-	-
Lease payable	-	-	-	-
TOTAL LONG-TERM LIABILITIES	<u>786,710</u>	<u>-</u>	<u>795,416</u>	<u>-</u>
TOTAL LIABILITIES	<u>992,825</u>	<u>6,619</u>	<u>1,991,008</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Deferred pension differences (net)	19,648	-	20,221	-
Deferred OPEB differences (net)	11,805	-	8,469	-
Deferred lease resources	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>31,453</u>	<u>-</u>	<u>28,690</u>	<u>-</u>
<u>NET POSITION:</u>				
Net investment in capital assets	6,125,244	228,825	-	-
Restricted for OPEB Asset	7,913	-	5,678	-
Unrestricted (Deficit)	6,370,013	545,510	(659,233)	920,000
TOTAL NET POSITION	<u>\$ 12,503,170</u>	<u>\$ 774,335</u>	<u>\$ (653,555)</u>	<u>\$ 920,000</u>

Support Services	Sustainability Revolving	Facilities Management	Total
\$ 521,166	\$ -	\$ 797,984	\$ 1,564,849
359,000	-	-	390,000
549,403	-	-	604,030
-	-	-	1,077,000
-	-	164,157	164,157
-	-	3,841,872	3,841,872
-	-	195,452	195,452
<u>1,429,569</u>	<u>-</u>	<u>4,999,465</u>	<u>7,837,360</u>
15,220,827	-	-	16,635,607
656,000	-	-	716,000
1,375,879	-	-	1,483,225
-	-	76,755,349	76,755,349
-	-	33,114	33,114
<u>17,252,706</u>	<u>-</u>	<u>76,788,463</u>	<u>95,623,295</u>
<u>18,682,275</u>	<u>-</u>	<u>81,787,928</u>	<u>103,460,655</u>
428,931	-	-	468,800
259,854	-	-	280,128
-	-	4,207,703	4,207,703
<u>688,785</u>	<u>-</u>	<u>4,207,703</u>	<u>4,956,631</u>
1,096,717	-	66,026,091	73,476,877
174,195	-	-	187,786
(10,448,430)	186,228	35,908,747	32,822,835
<u>\$ (9,177,518)</u>	<u>\$ 186,228</u>	<u>\$ 101,934,838</u>	<u>\$ 106,487,498</u>

CITY OF HILLSBORO, OREGON

INTERNAL SERVICE FUNDS

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

YEAR ENDED JUNE 30, 2021

	<u>Fleet Management</u>	<u>Copier Program</u>	<u>Risk Management</u>	<u>Loss Reserve</u>
OPERATING REVENUES:				
Charges for services	\$ 2,041,405	\$ 158,677	\$ 3,065,322	\$ -
Other	570	22,557	-	-
TOTAL OPERATING REVENUES	<u>2,041,975</u>	<u>181,234</u>	<u>3,065,322</u>	<u>-</u>
OPERATING EXPENSES:				
Salaries and fringe benefits	906,483	-	738,255	-
Operating supplies, office expenses	23,718	8,914	17,201	-
Repairs and maintenance	1,027,275	63,478	-	-
Rental expense	-	-	-	-
Utilities	2,144	-	480	-
Dues, fees, training and assessments	1,372	-	3,785	-
Claims expense	-	-	759,362	-
Insurance premiums	-	-	1,583,183	-
Contractual services	383	-	77,762	-
Depreciation	1,668,142	34,918	-	-
Amortization	-	-	-	-
Other	-	-	-	-
TOTAL OPERATING EXPENSES	<u>3,629,517</u>	<u>107,310</u>	<u>3,180,028</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>(1,587,542)</u>	<u>73,924</u>	<u>(114,706)</u>	<u>-</u>
NONOPERATING INCOME (EXPENSE):				
Interest and investments income	(3,644)	411	3,155	-
Gain (loss) on disposal of capital assets	142,839	(33,051)	-	-
Interest expense	-	-	-	-
Strategic investment program	-	-	-	-
TOTAL NONOPERATING INCOME (EXPENSE)	<u>139,195</u>	<u>(32,640)</u>	<u>3,155</u>	<u>-</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(1,448,347)</u>	<u>41,284</u>	<u>(111,551)</u>	<u>-</u>
Transfers in	2,500,000	-	-	-
Transfers out	-	-	-	-
TRANSFERS, NET	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>1,051,653</u>	<u>41,284</u>	<u>(111,551)</u>	<u>-</u>
NET POSITION (DEFICIT) - beginning	<u>11,451,517</u>	<u>733,051</u>	<u>(542,004)</u>	<u>920,000</u>
NET POSITION (DEFICIT) - ending	<u>\$ 12,503,170</u>	<u>\$ 774,335</u>	<u>\$ (653,555)</u>	<u>\$ 920,000</u>

Support Services	Sustainability Revolving	Facilities Management	Total
\$ 22,344,323	\$ -	\$ 5,316,734	\$ 32,926,461
212,170	3,000	7,308,930	7,547,227
<u>22,556,493</u>	<u>3,000</u>	<u>12,625,664</u>	<u>40,473,688</u>
18,945,680	-	48,276	20,638,694
599,488	-	1,242,707	1,892,028
2,441,988	-	1,336,446	4,869,187
-	-	38,703	38,703
189,755	-	1,855,837	2,048,216
288,382	-	-	293,539
200,755	-	-	960,117
-	-	-	1,583,183
2,051,060	-	562,398	2,691,603
373,675	-	4,809,821	6,886,556
-	-	178,500	178,500
332,623	-	3,692,660	4,025,283
<u>25,423,406</u>	<u>-</u>	<u>13,765,348</u>	<u>46,105,609</u>
<u>(2,866,913)</u>	<u>3,000</u>	<u>(1,139,684)</u>	<u>(5,631,921)</u>
(3,047)	180	167,440	164,495
(190,747)	-	-	(80,959)
-	-	(2,267,614)	(2,267,614)
-	-	21,936,048	21,936,048
<u>(193,794)</u>	<u>180</u>	<u>19,835,874</u>	<u>19,751,970</u>
<u>(3,060,707)</u>	<u>3,180</u>	<u>18,696,190</u>	<u>14,120,049</u>
396,750	7,000	961,900	3,865,650
-	-	(8,500,000)	(8,500,000)
<u>396,750</u>	<u>7,000</u>	<u>(7,538,100)</u>	<u>(4,634,350)</u>
(2,663,957)	10,180	11,158,090	9,485,699
<u>(6,513,561)</u>	<u>176,048</u>	<u>90,776,748</u>	<u>97,001,799</u>
<u>\$ (9,177,518)</u>	<u>\$ 186,228</u>	<u>\$ 101,934,838</u>	<u>\$ 106,487,498</u>

CITY OF HILLSBORO, OREGON

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

	Fleet Management	Copier Program	Risk Management	Loss Reserve
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received for services	\$ 2,041,976	\$ 181,234	\$ 3,065,322	\$ -
Cash paid to suppliers for goods and services	(1,076,327)	(70,093)	(2,335,384)	-
Cash paid to employees for services	(771,940)	-	(561,549)	-
NET CASH FROM OPERATING ACTIVITIES	193,709	111,141	168,389	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	2,500,000	-	-	-
Transfers to other funds	-	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	2,500,000	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets, net of related accounts payable	(2,413,608)	(155,810)	-	-
Proceeds from sale of capital assets	142,839	13,885	-	-
Payments on bonds	-	-	-	-
Payments on leases	-	-	-	-
Interest paid	-	-	-	-
Strategic investment program proceeds	-	-	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(2,270,769)	(141,925)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and investments	5,005	1,359	5,334	-
NET CASH FROM INVESTING ACTIVITIES	5,005	1,359	5,334	-
NET CHANGE IN CASH, CASH EQUIVALENTS AND INVESTMENTS	427,945	(29,425)	173,723	-
CASH, CASH EQUIVALENTS AND INVESTMENTS - beginning	6,656,229	579,953	886,037	920,000
CASH, CASH EQUIVALENTS AND INVESTMENTS - ending	\$ 7,084,174	\$ 550,528	\$ 1,059,760	\$ 920,000

Support Services	Sustainability Revolving	Facilities Management	Total
\$ 22,557,612	\$ 3,000	\$ 12,245,064	\$ 40,094,208
(5,993,716)	(8,093)	(9,484,779)	(18,968,392)
(16,444,545)	-	(48,276)	(17,826,310)
<u>119,351</u>	<u>(5,093)</u>	<u>2,712,009</u>	<u>3,299,506</u>
396,750	7,000	961,900	3,865,650
-	-	(8,500,000)	(8,500,000)
<u>396,750</u>	<u>7,000</u>	<u>(7,538,100)</u>	<u>(4,634,350)</u>
(151,336)	-	(9,988,634)	(12,709,388)
-	-	-	156,724
-	-	(3,410,000)	(3,410,000)
-	-	(185,879)	(185,879)
-	-	(2,496,475)	(2,496,475)
-	-	21,936,048	21,936,048
<u>(151,336)</u>	<u>-</u>	<u>5,855,060</u>	<u>3,291,030</u>
<u>(864)</u>	<u>445</u>	<u>192,648</u>	<u>203,927</u>
<u>(864)</u>	<u>445</u>	<u>192,648</u>	<u>203,927</u>
363,901	2,352	1,221,617	2,160,113
<u>2,208,272</u>	<u>183,335</u>	<u>30,027,199</u>	<u>41,461,025</u>
<u>\$ 2,572,173</u>	<u>\$ 185,687</u>	<u>\$ 31,248,816</u>	<u>\$ 43,621,138</u>

CITY OF HILLSBORO, OREGON

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS (Continued)

YEAR ENDED JUNE 30, 2021

	<u>Fleet Management</u>	<u>Copier Program</u>	<u>Risk Management</u>	<u>Loss Reserve</u>
RECONCILIATION TO STATEMENT OF NET POSITION				
Cash and cash equivalents	\$ 641,856	\$ 49,880	\$ 96,019	\$ 83,356
Investments	<u>6,442,318</u>	<u>500,648</u>	<u>963,741</u>	<u>836,644</u>
	<u>\$ 7,084,174</u>	<u>\$ 550,528</u>	<u>\$ 1,059,760</u>	<u>\$ 920,000</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Operating income (loss)	<u>\$ (1,587,542)</u>	<u>\$ 73,924</u>	<u>\$ (114,706)</u>	<u>\$ -</u>
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	1,668,142	34,918	-	-
Changes in assets and liabilities:				
Accounts receivable	1	-	-	-
Accounts payable, net of related capital activities	(21,435)	2,299	18,389	-
Accrued payroll payable	3,000	-	2,000	-
Pension system changes	118,657	-	156,838	-
Worker's compensation claims payable	-	-	88,000	-
Compensated absences payable	911	-	12,462	-
Other post employment benefits system changes	<u>11,975</u>	<u>-</u>	<u>5,406</u>	<u>-</u>
Total adjustments	<u>1,781,251</u>	<u>37,217</u>	<u>283,095</u>	<u>-</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 193,709</u>	<u>\$ 111,141</u>	<u>\$ 168,389</u>	<u>\$ -</u>
NON-CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Gain (loss) on disposal of capital assets	\$ 142,839	\$ (33,051)	\$ -	\$ -

<u>Support Services</u>	<u>Sustainability Revolving</u>	<u>Facilities Management</u>	<u>Total</u>
\$ 233,050	\$ 16,824	\$ 2,831,275	\$ 3,952,260
<u>2,339,123</u>	<u>168,863</u>	<u>28,417,541</u>	<u>39,668,878</u>
<u>\$ 2,572,173</u>	<u>\$ 185,687</u>	<u>\$ 31,248,816</u>	<u>\$ 43,621,138</u>

<u>\$ (2,866,913)</u>	<u>\$ 3,000</u>	<u>\$ (1,139,684)</u>	<u>\$ (5,631,921)</u>
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373,675	-	4,988,321	7,065,056
1,119	-	(380,600)	(379,480)
110,335	(8,093)	(756,028)	(654,533)
43,000	-	-	48,000
2,141,287	-	-	2,416,782
-	-	-	88,000
229,898	-	-	243,271
86,950	-	-	104,331
<u>2,986,264</u>	<u>(8,093)</u>	<u>3,851,693</u>	<u>8,931,427</u>
<u>\$ 119,351</u>	<u>\$ (5,093)</u>	<u>\$ 2,712,009</u>	<u>\$ 3,299,506</u>

\$ (190,747)	\$ -	\$ -	\$ (80,959)
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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, 2021

	<u>Fleet Management</u>	<u>Copier Program</u>	<u>Risk Management</u>	<u>Loss Reserve</u>
NET CHANGES IN FUND BALANCE - GAAP BASIS	\$ 458,931	\$ 12,907	\$ 72,574	\$ -
Adjustments:				
Principal payments on bonds and notes	-	-	-	-
Principal payments on long term leases	-	-	-	-
Accrued interest on bonds and notes	-	-	-	-
Incurred but not reported insurance claims	-	-	(9,419)	-
Loss on disposal of capital assets	-	(46,936)	-	-
Depreciation	(1,668,142)	(34,918)	-	-
Amortization	-	-	-	-
Interest	-	-	-	-
Accrued compensated absences	(911)	-	(12,462)	-
Pension expense	(118,657)	-	(156,838)	-
Other post employment benefits	(11,975)	-	(5,406)	-
Capital asset additions	<u>2,392,407</u>	<u>110,231</u>	<u>-</u>	<u>-</u>
CHANGES IN NET POSITION	<u>\$ 1,051,653</u>	<u>\$ 41,284</u>	<u>\$ (111,551)</u>	<u>\$ -</u>

<u>Support Services</u>	<u>Sustainability Revolving</u>	<u>Facilities Management</u>	<u>Total</u>
\$ 180,099	\$ 10,180	\$ 5,024,326	\$ 5,759,017
-	-	3,410,000	3,410,000
-	-	185,879	185,879
-	-	8,589	8,589
-	-	-	(9,419)
(190,747)	-	-	(237,683)
(373,675)	-	(4,809,821)	(6,886,556)
-	-	(178,500)	(178,500)
-	-	220,272	220,272
(229,898)	-	-	(243,271)
(2,141,287)	-	-	(2,416,782)
(86,950)	-	-	(104,331)
178,501	-	7,297,345	9,978,484
<u>\$ (2,663,957)</u>	<u>\$ 10,180</u>	<u>\$ 11,158,090</u>	<u>\$ 9,485,699</u>

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 2,657,755	\$ 2,657,755	\$ 2,041,405	\$ (616,350)
Interest and investments	100,000	100,000	71,730	(28,270)
Miscellaneous	-	-	570	570
TOTAL REVENUES	2,757,755	2,757,755	2,113,705	(644,050)
EXPENDITURES:				
Personnel services	982,515	982,515	774,940	207,575
Materials and services	1,415,240	1,415,240	948,252	466,988
Capital outlay	9,269,682	9,269,682	2,499,047	6,770,635
TOTAL EXPENDITURES	11,667,437	11,667,437	4,222,239	7,445,198
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(8,909,682)	(8,909,682)	(2,108,534)	6,801,148
OTHER FINANCING SOURCES:				
Proceeds from sale of capital assets	-	-	142,839	142,839
Transfers from other funds	2,500,000	2,500,000	2,500,000	-
TOTAL OTHER FINANCING SOURCES	2,500,000	2,500,000	2,642,839	142,839
NET CHANGE IN FUND BALANCE	(6,409,682)	(6,409,682)	534,305	6,943,987
FUND BALANCE - beginning	6,409,682	6,409,682	6,366,896	(42,786)
FUND BALANCE - ending	\$ -	\$ -	\$ 6,901,201	\$ 6,901,201

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

NET CHANGE IN FUND BALANCE	\$ 534,305
Unrealized gain (loss) on investments	(75,374)
CHANGE IN FUND BALANCE - GAAP BASIS	\$ 458,931

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 235,000	\$ 235,000	\$ 158,677	\$ (76,323)
Interest and investments	7,500	7,500	7,266	(234)
Other	-	-	22,557	22,557
TOTAL REVENUES	242,500	242,500	188,500	(54,000)
EXPENDITURES:				
Materials and services	100,000	100,000	39,844	60,156
Capital outlay	151,000	151,000	142,779	8,221
TOTAL EXPENDITURES	251,000	251,000	182,623	68,377
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE	(8,500)	(8,500)	5,877	14,377
OTHER FINANCING SOURCE:				
Proceeds from sale of capital assets	-	-	13,885	13,885
NET CHANGE IN FUND BALANCE	(8,500)	(8,500)	19,762	28,262
FUND BALANCE - beginning	539,900	539,900	523,374	(16,526)
FUND BALANCE - ending	\$ 531,400	\$ 531,400	\$ 543,136	\$ 11,736
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 19,762	
Unrealized gain (loss) on investments			(6,855)	
CHANGE IN FUND BALANCE - GAAP BASIS			\$ 12,907	

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 2,966,670	\$ 2,966,670	\$ 3,065,322	\$ 98,652
Interest and investments	3,000	3,000	23,357	20,357
TOTAL REVENUES	2,969,670	2,969,670	3,088,679	119,009
EXPENDITURES:				
Personnel services	514,220	569,220	563,549	5,671
Materials and services	170,900	170,900	99,228	71,672
Special expenditures	2,492,500	2,492,500	2,333,126	159,374
Contingency	233,750	178,750	-	178,750
TOTAL EXPENDITURES	3,411,370	3,411,370	2,995,903	415,467
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE	(441,700)	(441,700)	92,776	534,476
FUND BALANCE - beginning	441,700	441,700	279,739	(161,961)
FUND BALANCE - ending	\$ -	\$ -	\$ 372,515	\$ 372,515

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

NET CHANGE IN FUND BALANCE	\$ 92,776
Unrealized gain (loss) on investments	(20,202)
CHANGE IN FUND BALANCE - GAAP BASIS	\$ 72,574

CITY OF HILLSBORO, OREGON

LOSS RESERVE FUND

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

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - beginning	\$ 920,000	\$ 920,000	\$ 920,000	\$ -
FUND BALANCE - ending	<u>\$ 920,000</u>	<u>\$ 920,000</u>	<u>\$ 920,000</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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 25,836,656	\$ 25,836,656	\$ 22,344,323	\$ (3,492,333)
Interest and investments	10,000	10,000	21,001	11,001
Grants and donations	-	-	35,000	35,000
Miscellaneous	198,000	198,000	177,170	(20,830)
TOTAL REVENUES	26,044,656	26,044,656	22,577,494	(3,467,162)
EXPENDITURES:				
City Manager's Office:				
Personnel services	4,020,270	4,020,270	3,560,216	460,054
Materials and services	1,792,210	1,792,210	1,560,250	231,960
	5,812,480	5,812,480	5,120,466	692,014
Human Resources:				
Personnel services	2,226,545	2,226,545	1,848,023	378,522
Materials and services	778,680	778,680	641,807	136,873
	3,005,225	3,005,225	2,489,830	515,395
Information Services:				
Personnel services	4,432,055	4,432,055	4,113,684	318,371
Materials and services	3,091,625	3,091,625	2,322,123	769,502
Capital outlay	1,863,622	1,863,622	895,737	967,885
	9,387,302	9,387,302	7,331,544	2,055,758
Finance:				
Personnel services	3,474,335	3,474,335	3,106,146	368,189
Materials and services	845,050	845,050	473,505	371,545
Capital outlay	10,000	10,000	816	9,184
	4,329,385	4,329,385	3,580,467	748,918
Emergency Operation Services:				
Personnel services	314,705	314,705	288,560	26,145
Materials and services	59,136	59,136	55,827	3,309
	373,841	373,841	344,387	29,454
Facilities Management:				
Personnel services	3,154,960	3,154,960	2,905,977	248,983
Materials and services	205,925	205,925	194,664	11,261
	3,360,885	3,360,885	3,100,641	260,244

(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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued):				
Community Development Administration:				
Personnel services	\$ 657,305	\$ 662,305	\$ 664,939	\$ (2,634)
Materials and services	270,200	270,200	137,823	132,377
	<u>927,505</u>	<u>932,505</u>	<u>802,762</u>	<u>129,743</u>
Contingency	<u>1,555,650</u>	<u>1,550,650</u>	<u>-</u>	<u>1,550,650</u>
TOTAL EXPENDITURES	<u>28,752,273</u>	<u>28,752,273</u>	<u>22,770,097</u>	<u>5,982,176</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(2,707,617)</u>	<u>(2,707,617)</u>	<u>(192,603)</u>	<u>2,515,014</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	<u>396,750</u>	<u>396,750</u>	<u>396,750</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>396,750</u>	<u>396,750</u>	<u>396,750</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(2,310,867)</u>	<u>(2,310,867)</u>	<u>204,147</u>	<u>2,515,014</u>
FUND BALANCE - beginning	<u>2,310,867</u>	<u>2,310,867</u>	<u>1,514,621</u>	<u>(796,246)</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,718,768</u>	<u>\$ 1,718,768</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 204,147	
Unrealized gain (loss) on investments			<u>(24,048)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 180,099</u>	

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Miscellaneous income	\$ -	\$ -	\$ 3,000	\$ 3,000
Interest and investments	1,500	1,500	2,297	797
TOTAL REVENUES	<u>1,500</u>	<u>1,500</u>	<u>5,297</u>	<u>3,797</u>
EXPENDITURES:				
Materials and services	<u>178,659</u>	<u>178,659</u>	-	178,659
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(177,159)</u>	<u>(177,159)</u>	<u>5,297</u>	<u>182,456</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	-
TOTAL OTHER FINANCING SOURCES	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	-
NET CHANGE IN FUND BALANCE	<u>(170,159)</u>	<u>(170,159)</u>	<u>12,297</u>	<u>182,456</u>
FUND BALANCE - beginning	<u>170,159</u>	<u>170,159</u>	<u>173,130</u>	<u>2,971</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,427</u>	<u>\$ 185,427</u>

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

NET CHANGE IN FUND BALANCE	\$ 12,297
Unrealized gain (loss) on investments	<u>(2,117)</u>
CHANGE IN FUND BALANCE - GAAP BASIS	<u>\$ 10,180</u>

CITY OF HILLSBORO, OREGON

FACILITY MANAGEMENT

COMBINING BALANCE SHEET

JUNE 30, 2021

	Facilities Management Operating Fund	Facilities Management Strategic Investment Program Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,577,359	\$ 1,253,916	\$ 2,831,275
Investments	15,831,974	12,585,567	28,417,541
Receivables, net	159,300	4,597,937	4,757,237
TOTAL ASSETS	<u>\$ 17,568,633</u>	<u>\$ 18,437,420</u>	<u>\$ 36,006,053</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 793,233	\$ 4,751	\$ 797,984
TOTAL LIABILITIES	<u>793,233</u>	<u>4,751</u>	<u>797,984</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue, lease revenue	100,247	4,107,456	4,207,703
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>100,247</u>	<u>4,107,456</u>	<u>4,207,703</u>
FUND BALANCES:			
Unassigned	16,675,153	14,325,213	31,000,366
TOTAL FUND BALANCES	<u>16,675,153</u>	<u>14,325,213</u>	<u>31,000,366</u>
TOTAL LIABILITIES , DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 17,568,633</u>	<u>\$ 18,437,420</u>	<u>\$ 36,006,053</u>

CITY OF HILLSBORO, OREGON

FACILITIES MANAGEMENT FUND

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

YEAR ENDED JUNE 30, 2021

	Facilities Management Operating Fund	Facilities Management Strategic Investment Program Fund	Eliminating Adjustments	Total
REVENUES:				
Charges for services	\$ 5,316,734	\$ -	\$ -	\$ 5,316,734
Strategic investment program revenues	-	21,936,048	-	21,936,048
Grants and donations	-	7,057,630	-	7,057,630
Leasehold revenues	39,166	44,114	-	83,280
Miscellaneous income	168,020	-	-	168,020
Interest and investments	(118,311)	285,751	-	167,440
TOTAL REVENUES	5,405,609	29,323,543	-	34,729,152
EXPENDITURES:				
Personnel services	48,276	-	-	48,276
Materials and services	4,208,231	3,818,212	-	8,026,443
Capital outlay	7,720,078	274,775	-	7,994,853
Debt service	854,376	5,237,978	-	6,092,354
Special expenditures	600	4,200	-	4,800
TOTAL EXPENDITURES	12,831,561	9,335,165	-	22,166,726
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,425,952)	19,988,378	-	12,562,426
OTHER FINANCING SOURCES (USES):				
Transfers in	4,161,900	300,000	(3,500,000)	961,900
Transfers out	(50,000)	(11,950,000)	3,500,000	(8,500,000)
TOTAL OTHER FINANCING SOURCES (USES):	4,111,900	(11,650,000)	-	(7,538,100)
NET CHANGE IN FUND BALANCES	(3,314,052)	8,338,378	-	5,024,326
FUND BALANCES - beginning	19,989,205	5,986,835	-	25,976,040
FUND BALANCES - ending	\$ 16,675,153	\$ 14,325,213	\$ -	\$ 31,000,366

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 7,022,845	\$ 7,022,845	\$ 5,316,734	\$ (1,706,111)
Miscellaneous income	122,200	122,200	168,020	45,820
Leasehold revenues	101,392	101,392	39,166	(62,226)
Interest and investments	276,315	276,315	202,159	(74,156)
TOTAL REVENUES	7,522,752	7,522,752	5,726,079	(1,796,673)
EXPENDITURES:				
Personnel services	88,535	88,535	48,276	40,259
Materials and services	6,072,015	6,072,015	4,208,231	1,863,784
Capital outlay	24,096,211	24,096,211	7,720,078	16,376,133
Debt service	854,376	854,376	854,376	-
Special expenditures	800	800	600	200
TOTAL EXPENDITURES	31,111,937	31,111,937	12,831,561	18,280,376
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(23,589,185)	(23,589,185)	(7,105,482)	16,483,703
OTHER FINANCING SOURCES:				
Transfers from other funds	4,161,900	4,161,900	4,161,900	-
Transfer to other funds	(50,000)	(50,000)	(50,000)	-
TOTAL OTHER FINANCING SOURCES	4,111,900	4,111,900	4,111,900	-
NET CHANGE IN FUND BALANCE	(19,477,285)	(19,477,285)	(2,993,582)	16,483,703
FUND BALANCE - beginning	19,477,285	19,477,285	19,593,603	116,318
FUND BALANCE - ending	\$ -	\$ -	\$ 16,600,021	\$ 16,600,021
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (2,993,582)	
Unrealized gain (loss) on investments			(320,470)	
CHANGE IN FUND BALANCE - GAAP BASIS			\$ (3,314,052)	

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Strategic investment program revenues	\$ 16,290,000	\$ 16,290,000	\$ 21,936,048	\$ 5,646,048
Grants and donations	-	6,550,000	7,057,630	507,630
Leasehold revenues	89,780	89,780	44,114	(45,666)
Interest	351,085	351,085	314,910	(36,175)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	16,730,865	23,280,865	29,352,702	6,071,837
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Materials and services	365,000	6,565,000	3,818,212	2,746,788
Capital outlay	-	350,000	274,775	75,225
Debt service	5,237,978	5,237,978	5,237,978	-
Special expenditures	5,000	5,000	4,200	800
Contingency	3,552,887	3,552,887	-	3,552,887
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	9,160,865	15,710,865	9,335,165	6,375,700
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	7,570,000	7,570,000	20,017,537	12,447,537
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	300,000	300,000	300,000	-
Transfer to other funds	(11,950,000)	(11,950,000)	(11,950,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(11,650,000)	(11,650,000)	(11,650,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(4,080,000)	(4,080,000)	8,367,537	12,447,537
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE - beginning	4,080,000	4,080,000	5,897,950	1,817,950
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE - ending	\$ -	\$ -	\$ 14,265,487	\$ 14,265,487
	<hr/>	<hr/>	<hr/>	<hr/>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 8,367,537	
Unrealized gain (loss) on investments			(29,159)	
			<hr/>	
CHANGE IN FUND BALANCE - GAAP BASIS			\$ 8,338,378	
			<hr/>	

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.

Barney Reservoir Joint Ownership Commission: This fund accounts for the collection of joint venture payments for the operations and expansions for the J.W. Barney Reservoir.

Hillsboro-Forest Grove-Beaverton-Tualatin Valley Water District Joint Water Commission: This fund accounts for the collection of joint venture payments for the operations and expansions of a joint water utility serving area residents.

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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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and investments	\$ 100	\$ 100	\$ 127	\$ 27
TOTAL REVENUES AND CHANGE IN FUND BALANCE	100	100	127	27
FUND BALANCE - beginning	9,560	9,560	9,603	43
FUND BALANCE - ending	\$ 9,660	\$ 9,660	\$ 9,730	\$ 70

CITY OF HILLSBORO, OREGON

CUSTODIAL FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2021

	Broadband Users Group Fund	Portland Users Group Fund	Barney Reservoir Joint Ownership Commission	Hillsboro- Forest Grove- Beaverton- Tualatin Valley Water District Joint Water Commission	Total
ASSETS					
Cash and cash equivalents	\$ 563,937	\$ 64,206	\$ 202,467	\$ -	\$ 830,610
Due from joint venturers	-	-	63,721	1,655,351	1,719,072
Interest receivable	1,648	188	554	-	2,390
TOTAL ASSETS	\$ 565,585	\$ 64,394	\$ 266,742	\$ 1,655,351	\$ 2,552,072
LIABILITIES					
Accounts payable	-	-	6,544	1,262,044	1,268,588
Due to City of Hillsboro	-	-	31,340	393,307	424,647
TOTAL LIABILITIES	-	-	37,884	1,655,351	1,693,235
NET POSITION					
Restricted for:					
Organizations	\$ 565,585	\$ 64,394	\$ -	\$ -	\$ 629,979
Other governments	-	-	228,858	-	228,858
	\$ 565,585	\$ 64,394	\$ 228,858	\$ -	\$ 858,837

CITY OF HILLSBORO, OREGON

CUSTODIAL FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2021

	<u>Broadband Users Group Fund</u>	<u>Portland Users Group Fund</u>	<u>Barney Reservoir Joint Ownership Commission</u>	<u>Hillsboro- Forest Grove- Beaverton- Tualatin Valley Water District Joint Water Commission</u>	<u>Total</u>
ADDITIONS:					
Contributions:					
Joint venturers	\$ -	\$ -	\$ 471,417	\$ 8,127,611	\$ 8,599,028
Other governments and organizations	<u>438,362</u>	<u>19,000</u>	<u>14,725</u>	<u>436,284</u>	<u>908,371</u>
Total contributions	<u>438,362</u>	<u>19,000</u>	<u>486,142</u>	<u>8,563,895</u>	<u>9,507,399</u>
Investment earnings:					
Interest	<u>6,159</u>	<u>746</u>	<u>1,830</u>	<u>16,605</u>	<u>25,340</u>
Total additions	<u>444,521</u>	<u>19,746</u>	<u>487,972</u>	<u>8,580,500</u>	<u>9,532,739</u>
DEDUCTIONS:					
Recipient payments	<u>589,207</u>	<u>12,418</u>	<u>486,097</u>	<u>8,580,500</u>	<u>9,668,222</u>
Total deductions	<u>589,207</u>	<u>12,418</u>	<u>486,097</u>	<u>8,580,500</u>	<u>9,668,222</u>
Net increase (decrease) in fiduciary net position	(144,686)	7,328	1,875	-	(135,483)
NET POSITION - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EFFECT OF CHANGE FROM IMPLEMENTATION OF GASB 84 (See Note 1)	<u>710,271</u>	<u>57,066</u>	<u>226,983</u>	<u>-</u>	<u>994,320</u>
NET POSITION - beginning, restated	<u>710,271</u>	<u>57,066</u>	<u>226,983</u>	<u>-</u>	<u>994,320</u>
NET POSITION - ending	<u>\$ 565,585</u>	<u>\$ 64,394</u>	<u>\$ 228,858</u>	<u>\$ -</u>	<u>\$ 858,837</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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Partner payments	\$ 424,870	\$ 424,870	\$ 425,305	\$ 435
Grants and donations	-	-	13,057	13,057
Interest and investments	12,000	12,000	6,159	(5,841)
TOTAL REVENUES	436,870	436,870	444,521	7,651
EXPENDITURES:				
Materials and services	425,970	645,970	583,276	62,694
Capital outlay	10,000	10,000	5,931	4,069
TOTAL EXPENDITURES	435,970	655,970	589,207	66,763
EXCESS OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	900	(219,100)	(144,686)	74,414
FUND BALANCE - beginning	489,300	709,300	710,271	971
FUND BALANCE - ending	\$ 490,200	\$ 490,200	\$ 565,585	\$ 75,385

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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Partner payments	\$ 19,000	\$ 19,000	\$ 19,000	\$ -
Interest and investments	700	700	746	46
TOTAL REVENUES	<u>19,700</u>	<u>19,700</u>	<u>19,746</u>	<u>46</u>
EXPENDITURES:				
Materials and services	<u>19,000</u>	<u>19,000</u>	<u>12,418</u>	<u>6,582</u>
EXCESS OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	700	700	7,328	6,628
FUND BALANCE - beginning	<u>47,000</u>	<u>47,000</u>	<u>57,066</u>	<u>10,066</u>
FUND BALANCE - ending	<u>\$ 47,700</u>	<u>\$ 47,700</u>	<u>\$ 64,394</u>	<u>\$ 16,694</u>

CITY OF HILLSBORO, OREGON

BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION

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

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Operating revenues	\$ 665,816	\$ 665,816	\$ 457,109	\$ (208,707)
Contributions in aid of construction	287,000	287,000	14,308	(272,692)
Interest and investments	1,500	1,500	1,830	330
Other income	-	-	14,725	14,725
TOTAL REVENUES	<u>954,316</u>	<u>954,316</u>	<u>487,972</u>	<u>(466,344)</u>
EXPENDITURES:				
Personnel services	302,660	302,660	287,163	15,497
Materials and services	247,000	247,000	81,367	165,633
Capital outlay	287,000	287,000	15,165	271,835
Special expenditures	117,656	117,656	96,044	21,612
Contingency	255,196	255,196	-	255,196
TOTAL EXPENDITURES	<u>1,209,512</u>	<u>1,209,512</u>	<u>479,739</u>	<u>729,773</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE	(255,196)	(255,196)	8,233	263,429
FUND BALANCE - beginning	<u>255,196</u>	<u>255,196</u>	<u>245,965</u>	<u>(9,231)</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,198</u>	<u>\$ 254,198</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 8,233	
Change in certain accrued contractual salary and fringe benefits			<u>(6,358)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 1,875</u>	

CITY OF HILLSBORO, OREGON

HILLSBORO-FOREST GROVE-BEAVERTON-TUALATIN VALLEY WATER DISTRICT JOINT WATER COMMISSION

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

YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Sale of water	\$ 10,086,946	\$ 10,086,946	\$ 7,272,108	\$ (2,814,838)
Contributions in aid of construction	4,230,464	4,230,464	1,099,726	(3,130,738)
System development charges	150,000	150,000	156,900	6,900
Donations and grants	-	-	15,000	15,000
Interest and investments	15,000	15,000	16,605	1,605
Other income	500,000	500,000	20,161	(479,839)
TOTAL REVENUES	14,982,410	14,982,410	8,580,500	(6,401,910)
EXPENDITURES:				
Personnel services	3,151,660	3,151,660	3,021,324	130,336
Materials and services	5,355,210	5,355,210	3,713,483	1,641,727
Capital outlay	4,930,463	4,930,463	1,080,949	3,849,514
Special expenditures	1,045,077	1,045,077	764,744	280,333
Contingency	500,000	500,000	-	500,000
TOTAL EXPENDITURES	14,982,410	14,982,410	8,580,500	6,401,910
EXCESS OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - beginning	-	-	-	-
FUND BALANCE - ending	\$ -	\$ -	\$ -	\$ -

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OTHER SCHEDULES

CITY OF HILLSBORO, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS

YEAR ENDED JUNE 30, 2021

	<u>Tax Year</u>	<u>Uncollected June 30, 2020</u>	<u>County Adjustment</u>	<u>Adjusted Uncollected June 30, 2020</u>	<u>Levy as Extended by Assessor</u>
<u>CITY OF HILLSBORO:</u>					
Current year	2020-2021	\$ -	\$ -	\$ -	\$ 75,059,031
Prior years	2019-2020	751,387	-	751,387	-
	2018-2019	256,102	-	256,102	-
	2017-2018	107,174	-	107,174	-
	2016-2017	34,542	-	34,542	-
	2015-2016	9,666	-	9,666	-
	2014-2015 and prior	29,951	(4,979)	24,972	-
Total prior years		1,188,822	(4,979)	1,183,843	-
Total City of Hillsboro		1,188,822	(4,979)	1,183,843	75,059,031
<u>HILLSBORO ECONOMIC DEVELOPMENT COUNCIL (HEDC)</u>					
Current year	2020-2021	-	-	-	5,717,034
Prior years	2019-2020	47,423	-	47,423	-
	2018-2019	11,048	-	11,048	-
	2017-2018	3,236	-	3,236	-
	2016-2017	841	-	841	-
	2015-2016	148	-	148	-
	2014-2015 and prior	159	7	166	-
Total prior years		62,855	7	62,862	-
Total Hillsboro Economic Development Council		62,855	7	62,862	5,717,034
TOTAL ALL FUNDS		\$ 1,251,677	\$ (4,972)	\$ 1,246,705	\$ 80,776,065

RECONCILIATION OF TAX COLLECTIONS TO TAX REVENUES:	<u>Tax Collections Above</u>	<u>Change in Taxes Subject to Accrual</u>	<u>Property Tax Revenues</u>
General Fund	\$ 72,924,182	\$ 25,072	\$ 72,949,254
Debt Service Fund:			
HEDC - Downtown	1,626,595	1,209	1,627,804
HEDC - North Hillsboro	3,909,748	3,910	3,913,658
	\$ 78,460,525	\$ 30,191	\$ 78,490,716

<u>Discounts Allowed</u>	<u>Interest</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Uncollected June 30, 2021</u>
<u>\$ (2,038,132)</u>	<u>\$ 17,020</u>	<u>\$ (192,691)</u>	<u>\$ (72,111,099)</u>	<u>\$ 734,129</u>
97	23,392	(3,423)	(529,912)	241,541
20	18,006	3,729	(168,446)	109,411
8	13,262	(778)	(79,669)	39,997
1	5,066	(1,331)	(25,600)	12,678
-	780	(510)	(3,216)	6,720
10	2,102	388	(6,240)	21,232
<u>136</u>	<u>62,608</u>	<u>(1,925)</u>	<u>(813,083)</u>	<u>431,579</u>
<u>(2,037,996)</u>	<u>79,628</u>	<u>(194,616)</u>	<u>(72,924,182)</u>	<u>1,165,708</u>
<u>(155,239)</u>	<u>1,296</u>	<u>(14,677)</u>	<u>(5,492,498)</u>	<u>55,916</u>
6	1,477	(216)	(33,445)	15,245
1	777	161	(7,266)	4,721
-	401	(24)	(2,406)	1,207
-	123	(32)	(623)	309
-	12	(8)	(49)	103
-	14	17	(56)	141
<u>7</u>	<u>2,804</u>	<u>(102)</u>	<u>(43,845)</u>	<u>21,726</u>
<u>(155,232)</u>	<u>4,100</u>	<u>(14,779)</u>	<u>(5,536,343)</u>	<u>77,642</u>
<u>\$ (2,193,228)</u>	<u>\$ 83,728</u>	<u>\$ (209,395)</u>	<u>\$ (78,460,525)</u>	<u>\$ 1,243,350</u>

CITY OF HILLSBORO, OREGON

GENERAL FUND

COMBINING BALANCE SHEET

JUNE 30, 2021

	Fund 100 General Operations	Fund 101 Capital Replacement	Fund 102 Public Arts
ASSETS			
Cash and cash equivalents	\$ 2,208,064	\$ 279,503	\$ 47,077
Collections held by county treasurer	198,600	-	-
Investments	22,024,261	2,805,375	472,509
Receivables, net	5,740,938	12,097	1,518
Lease receivable	-	-	-
TOTAL ASSETS	\$ 30,171,863	\$ 3,096,975	\$ 521,104
LIABILITIES:			
Accounts payable	\$ 953,732	\$ 260,554	\$ 2,400
Accrued payroll payable	1,515,000	-	-
Unearned revenue	372,356	-	-
TOTAL LIABILITIES	2,841,088	260,554	2,400
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue, property taxes	914,712	-	-
Unavailable revenue, municipal court fines and fees	893,500	-	-
Unavailable revenue, leases	-	-	-
Unavailable revenue, other	143,181	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,951,393	-	-
FUND BALANCES:			
Restricted	-	-	-
Assigned	-	2,836,421	518,704
Unassigned	25,379,382	-	-
TOTAL FUND BALANCES	25,379,382	2,836,421	518,704
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 30,171,863	\$ 3,096,975	\$ 521,104

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
\$ 75,436	\$ 236,077	\$ 277,311	\$ 816,126	\$ 3,939,594
-	-	-	-	198,600
757,157	2,369,507	2,783,375	8,191,463	39,403,647
173,621	42,377	8,944	12	5,979,507
-	153,120	-	-	153,120
<u>\$ 1,006,214</u>	<u>\$ 2,801,081</u>	<u>\$ 3,069,630</u>	<u>\$ 9,007,601</u>	<u>\$ 49,674,468</u>
\$ 9,108	\$ 75,099	\$ -	\$ 20,188	\$ 1,321,081
-	23,000	-	-	1,538,000
-	34,762	-	9,007,415	9,414,533
<u>9,108</u>	<u>132,861</u>	<u>-</u>	<u>9,027,603</u>	<u>12,273,614</u>
-	-	-	-	914,712
-	-	-	-	893,500
-	153,120	-	-	153,120
-	-	-	-	143,181
<u>-</u>	<u>153,120</u>	<u>-</u>	<u>-</u>	<u>2,104,513</u>
193,559	-	-	-	193,559
803,547	2,515,100	3,069,630	-	9,743,402
-	-	-	(20,002)	25,359,380
<u>997,106</u>	<u>2,515,100</u>	<u>3,069,630</u>	<u>(20,002)</u>	<u>35,296,341</u>
<u>\$ 1,006,214</u>	<u>\$ 2,801,081</u>	<u>\$ 3,069,630</u>	<u>\$ 9,007,601</u>	<u>\$ 49,674,468</u>

CITY OF HILLSBORO, OREGON

GENERAL FUND

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

YEAR ENDED JUNE 30, 2021

	Fund 100 General Operations	Fund 101 Capital Replacement	Fund 102 Public Arts
REVENUES:			
Property and other taxes	\$ 83,152,883	\$ -	\$ -
Intergovernmental	1,543,366	-	-
Franchise fees	18,120,483	-	-
Licenses and permits	813,349	241,334	-
Fines, forfeitures, and penalties	561,450	-	-
Charges for services	1,426,498	-	-
Interest and investments	382,370	36,676	5,628
Miscellaneous	920,718	-	-
Grants, donations and other	555,368	-	-
TOTAL REVENUES	<u>107,476,485</u>	<u>278,010</u>	<u>5,628</u>
EXPENDITURES:			
Current:			
General government	9,218,218	-	-
Public safety and judicial	64,775,008	-	-
Community service	10,086,294	19,555	-
Culture and recreation	22,090,422	58,281	3,416
Capital outlay	3,629	1,059,770	-
Roads and bridges	305,588	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	<u>106,479,159</u>	<u>1,137,606</u>	<u>3,416</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>997,326</u>	<u>(859,596)</u>	<u>2,212</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of capital assets	6,115	-	-
Transfers in	975,000	944,694	125,000
Transfers out	(3,206,694)	-	-
TOTAL OTHER FINANCING SOURCES (USES):	<u>(2,225,579)</u>	<u>944,694</u>	<u>125,000</u>
NET CHANGE IN FUND BALANCES	<u>(1,228,253)</u>	<u>85,098</u>	<u>127,212</u>
FUND BALANCES - BUDGETARY BASIS - beginning	<u>26,222,187</u>	<u>2,751,323</u>	<u>391,492</u>
FUND BALANCES - BUDGETARY BASIS - ending	<u>\$ 24,993,934</u>	<u>\$ 2,836,421</u>	<u>\$ 518,704</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS - MODIFIED ACCRUAL			
NET CHANGE IN FUND BALANCE	\$ (1,228,253)	\$ 85,098	\$ 127,212
Unrealized gain (loss) on investments	(364,833)	-	-
CHANGE IN FUND BALANCE - GAAP BASIS	<u>(1,593,086)</u>	<u>85,098</u>	<u>127,212</u>
FUND BALANCES - GAAP BASIS - beginning	<u>26,972,468</u>	<u>2,751,323</u>	<u>391,492</u>
FUND BALANCES - GAAP BASIS - ending	<u>\$ 25,379,382</u>	<u>\$ 2,836,421</u>	<u>\$ 518,704</u>

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 Stabilitation	Fund 242 COVID-19 Response	Eliminating Adjustments	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,152,883
171,188	-	-	-	-	1,714,554
-	-	-	-	-	18,120,483
-	-	-	-	-	1,054,683
-	-	-	-	-	561,450
-	-	-	-	-	1,426,498
14,383	39,243	28,545	14,233	-	521,078
-	1,885,391	-	-	-	2,806,109
-	28,984	-	-	-	584,352
<u>185,571</u>	<u>1,953,618</u>	<u>28,545</u>	<u>14,233</u>	<u>-</u>	<u>109,942,090</u>
156,712	2,057,185	18,054	34,235	-	11,484,404
-	-	-	-	-	64,775,008
-	-	-	-	-	10,105,849
-	-	-	-	-	22,152,119
-	-	-	-	-	1,063,399
-	-	-	-	-	305,588
-	30,000	-	-	-	30,000
<u>156,712</u>	<u>2,087,185</u>	<u>18,054</u>	<u>34,235</u>	<u>-</u>	<u>109,916,367</u>
<u>28,859</u>	<u>(133,567)</u>	<u>10,491</u>	<u>(20,002)</u>	<u>-</u>	<u>25,723</u>
-	-	-	-	-	6,115
1,530,000	820,000	1,250,000	-	(1,949,694)	3,695,000
(1,858,176)	-	-	-	1,949,694	(3,115,176)
<u>(328,176)</u>	<u>820,000</u>	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>585,939</u>
<u>(299,317)</u>	<u>686,433</u>	<u>1,260,491</u>	<u>(20,002)</u>	<u>-</u>	<u>611,662</u>
<u>1,296,423</u>	<u>1,828,667</u>	<u>1,809,139</u>	<u>-</u>	<u>-</u>	<u>34,299,231</u>
<u>\$ 997,106</u>	<u>\$ 2,515,100</u>	<u>\$ 3,069,630</u>	<u>\$ (20,002)</u>	<u>\$ -</u>	<u>\$ 34,910,893</u>
\$ (299,317)	\$ 686,433	\$ 1,260,491	\$ (20,002)	\$ -	\$ 611,662
-	-	-	-	-	(364,833)
<u>(299,317)</u>	<u>686,433</u>	<u>1,260,491</u>	<u>(20,002)</u>	<u>-</u>	<u>246,829</u>
<u>1,296,423</u>	<u>1,828,667</u>	<u>1,809,139</u>	<u>-</u>	<u>-</u>	<u>35,049,512</u>
<u>\$ 997,106</u>	<u>\$ 2,515,100</u>	<u>\$ 3,069,630</u>	<u>\$ (20,002)</u>	<u>\$ -</u>	<u>\$ 35,296,341</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental activities:				
Net investment in capital assets	\$ 651,179,360	\$ 584,718,098	\$ 559,162,786	\$ 472,716,772
Restricted	121,260,596	125,047,960	77,519,931	71,499,463
Unrestricted	17,897,720	3,419,778	26,705,769	26,973,825
Total governmental activities net position	<u>790,337,676</u>	<u>713,185,836</u>	<u>663,388,486</u>	<u>571,190,060</u>
Business-type activities:				
Net investment in capital assets	234,651,010	249,188,321	295,604,523	248,642,875
Restricted	17,562,236	9,413,576	2,961,981	3,058,467
Unrestricted	288,926,937	234,464,384	157,472,875	149,802,060
Total business-type activities net position	<u>541,140,183</u>	<u>493,066,281</u>	<u>456,039,379</u>	<u>401,503,402</u>
Primary government				
Net investment in capital assets	885,830,370	833,906,419	854,767,309	721,359,647
Restricted	138,822,832	134,461,536	80,481,912	74,557,930
Unrestricted	306,824,657	237,884,162	184,178,644	176,775,885
Total primary government net position	<u>\$ 1,331,477,859</u>	<u>\$ 1,206,252,117</u>	<u>\$ 1,119,427,865</u>	<u>\$ 972,693,462</u>

	2017	2016	2015	2014	2013	2012
\$	441,045,646	\$ 442,083,874	\$ 417,874,805	\$ 424,632,901	\$ 420,898,638	\$ 428,636,231
	69,572,858	64,521,927	63,776,845	60,849,582	54,791,729	47,993,336
	30,061,176	10,187,504	32,825,953	4,629,517	25,433,379	19,373,058
	<u>540,679,680</u>	<u>516,793,305</u>	<u>514,477,603</u>	<u>490,112,000</u>	<u>501,123,746</u>	<u>496,002,625</u>
	231,571,176	217,566,006	208,752,300	204,764,984	197,345,303	177,990,648
	22,522,895	42,962,898	47,921,204	49,406,809	42,535,501	35,753,058
	131,537,105	109,850,363	103,133,450	93,281,145	95,360,056	97,741,066
	<u>385,631,176</u>	<u>370,379,267</u>	<u>359,806,954</u>	<u>347,452,938</u>	<u>335,240,860</u>	<u>311,484,772</u>
	672,616,822	659,649,880	626,627,105	629,397,885	618,243,941	606,626,879
	92,095,753	107,484,825	111,698,049	110,256,391	97,327,230	83,746,394
	161,598,281	120,037,867	135,959,403	97,910,662	120,793,435	117,114,124
\$	<u>926,310,856</u>	<u>887,172,572</u>	<u>874,284,557</u>	<u>837,564,938</u>	<u>836,364,606</u>	<u>807,487,397</u>

CITY OF HILLSBORO, OREGON

CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
NET REVENUE (EXPENSE):				
GOVERNMENTAL ACTIVITIES:				
General government	\$ (844,044)	\$ (5,935,930)	\$ (12,662,019)	\$ (6,726,399)
Public safety and judicial	(72,471,001)	(69,235,096)	(58,857,756)	(57,479,132)
Community service	(11,538,108)	(11,538,616)	(10,474,993)	(10,397,442)
Culture and recreation	(13,218,636)	(14,929,606)	(3,579,157)	(15,627,039)
Roads and bridges	46,169,243	29,378,672	60,092,426	8,809,658
Interest on long-term debt and fiscal charges	<u>(2,976,010)</u>	<u>(1,877,038)</u>	<u>(1,666,499)</u>	<u>(1,808,329)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>(54,878,556)</u>	<u>(74,137,614)</u>	<u>(27,147,998)</u>	<u>(83,228,683)</u>
GENERAL REVENUES:				
Property taxes levied for:				
General purposes	55,161,229	52,171,054	48,199,682	45,579,790
Public safety	23,290,969	22,367,917	21,706,023	20,834,273
Library	5,632,298	5,553,058	5,347,839	5,226,205
Franchise fees	18,120,483	16,528,708	14,352,010	13,035,524
Other taxes	34,748,551	29,604,271	28,828,283	27,741,901
Earnings on investments	632,539	5,467,015	5,145,919	803,451
Transfers	<u>(5,555,673)</u>	<u>(7,757,059)</u>	<u>(4,233,332)</u>	<u>619,575</u>
TOTAL GENERAL REVENUES	<u>132,030,396</u>	<u>123,934,964</u>	<u>119,346,424</u>	<u>113,840,719</u>
CHANGE IN NET POSITION	<u>77,151,840</u>	<u>49,797,350</u>	<u>92,198,426</u>	<u>30,612,036</u>
NET POSITION - beginning	713,185,836	663,388,486	571,190,060	540,679,680
RESTATEMENTS	-	-	-	(101,656)
NET POSITION - beginning as restated	<u>713,185,836</u>	<u>663,388,486</u>	<u>571,190,060</u>	<u>540,578,024</u>
NET POSITION - ending	<u>\$ 790,337,676</u>	<u>\$ 713,185,836</u>	<u>663,388,486</u>	<u>\$ 571,190,060</u>

2017	2016	2015	2014	2013	2013
\$ (7,530,382)	\$ (10,888,914)	\$ (254,706)	\$ (338,441)	\$ 3,507,691	\$ (3,358,105)
(55,791,202)	(64,682,036)	(36,992,934)	(45,539,207)	(43,802,227)	(42,213,388)
(9,859,926)	(10,492,646)	(6,804,860)	(8,042,800)	(7,632,626)	(7,595,107)
(10,410,709)	(14,561,828)	(12,131,753)	(10,348,324)	(10,188,246)	(9,781,168)
3,961,566	958,947	(8,470,257)	(3,660,862)	(10,318,240)	(6,096,978)
<u>(1,769,352)</u>	<u>(1,743,778)</u>	<u>(1,975,611)</u>	<u>(1,978,300)</u>	<u>(1,667,874)</u>	<u>(1,659,217)</u>
<u>(81,400,005)</u>	<u>(101,410,255)</u>	<u>(66,630,121)</u>	<u>(69,907,934)</u>	<u>(70,101,522)</u>	<u>(70,703,963)</u>
44,073,489	41,798,002	36,939,211	34,591,151	32,488,394	32,909,525
19,841,645	19,026,880	17,019,681	15,995,576	15,228,783	15,119,034
5,049,781	4,680,212	4,470,851	4,361,806	4,255,421	4,159,747
11,953,802	11,060,815	10,430,596	9,711,734	9,549,020	9,120,161
21,438,614	18,058,388	21,109,953	16,885,555	12,899,519	6,715,208
1,184,427	812,627	655,432	488,818	496,506	611,999
1,744,622	8,289,033	370,000	689,690	305,000	3,071,928
<u>105,286,380</u>	<u>103,725,957</u>	<u>90,995,724</u>	<u>82,724,330</u>	<u>75,222,643</u>	<u>71,707,602</u>
<u>23,886,375</u>	<u>2,315,702</u>	<u>24,365,603</u>	<u>12,816,396</u>	<u>5,121,121</u>	<u>1,003,639</u>
516,793,305	514,477,603	490,112,000	501,123,746	496,002,625	494,998,986
-	-	-	(23,828,142)	-	-
<u>516,793,305</u>	<u>514,477,603</u>	<u>490,112,000</u>	<u>477,295,604</u>	<u>496,002,625</u>	<u>494,998,986</u>
<u>\$ 540,679,680</u>	<u>\$ 516,793,305</u>	<u>\$ 514,477,603</u>	<u>\$ 490,112,000</u>	<u>\$ 501,123,746</u>	<u>\$ 496,002,625</u>

CITY OF HILLSBORO, OREGON

CHANGES IN NET POSITION

BUSINESS TYPE - ACTIVITIES

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
NET REVENUE (EXPENSE):				
BUSINESS-TYPE ACTIVITIES:				
Water	\$ 25,309,064	\$ 15,406,035	\$ 20,349,937	\$ 11,255,935
Sewer and surface water management	20,436,031	11,958,937	28,139,730	6,729,195
Transit facility management	(529,777)	(1,109,023)	(511,614)	(563,208)
Broadband	(2,014,690)	(1,257,374)	(461,792)	-
Property management	(11,388)	(3,175)	(2,302)	(11,588)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>43,189,240</u>	<u>24,995,400</u>	<u>47,513,959</u>	<u>17,410,334</u>
Earnings on investments	(671,011)	4,274,443	2,788,686	455,200
Miscellaneous	-	-	-	-
Transfers	5,555,673	7,757,059	4,233,332	(619,575)
TOTAL GENERAL REVENUES	<u>4,884,662</u>	<u>12,031,502</u>	<u>7,022,018</u>	<u>(164,375)</u>
CHANGE IN NET POSITION	<u>48,073,902</u>	<u>37,026,902</u>	<u>54,535,977</u>	<u>17,245,959</u>
NET POSITION - beginning	493,066,281	456,039,379	401,503,402	385,631,176
RESTATEMENTS	-	-	-	(1,373,733)
NET POSITION - beginning as restated	<u>493,066,281</u>	<u>456,039,379</u>	<u>401,503,402</u>	<u>384,257,443</u>
NET POSITION - ending	<u>\$ 541,140,183</u>	<u>\$ 493,066,281</u>	<u>\$ 456,039,379</u>	<u>\$ 401,503,402</u>

CHANGES IN NET POSITION

GOVERNMENT-WIDE SUMMARY

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
SUMMARY				
Net Revenues/(Expense)				
Governmental activities	\$ 77,151,840	\$ 49,797,350	\$ 92,198,426	\$ 30,612,036
Business-type activities	48,073,902	37,026,902	54,535,977	17,245,959
Total change in net position	<u>\$ 125,225,742</u>	<u>\$ 86,824,252</u>	<u>\$ 146,734,403</u>	<u>\$ 47,857,995</u>

	2017	2016	2015	2014	2013	2012
\$	10,760,086	\$ 13,323,353	\$ 8,717,216	\$ 15,108,225	\$ 21,244,731	\$ 8,467,427
	5,782,899	5,333,196	3,937,547	1,579,972	2,954,122	6,738,829
	(555,358)	(504,790)	(555,348)	(415,456)	(510,841)	(608,753)
	-	-	-	-	-	-
	(2,645)	(923)	(4,862)	(2,876)	17,506	44,061
	<u>15,984,982</u>	<u>18,150,836</u>	<u>12,094,553</u>	<u>16,269,865</u>	<u>23,705,518</u>	<u>14,641,564</u>
	1,011,549	710,510	629,463	402,824	355,570	649,334
	-	-	-	-	-	-
	(1,744,622)	(8,289,033)	(370,000)	(689,690)	(305,000)	(3,071,928)
	<u>(733,073)</u>	<u>(7,578,523)</u>	<u>259,463</u>	<u>(286,866)</u>	<u>50,570</u>	<u>(2,422,594)</u>
	<u>15,251,909</u>	<u>10,572,313</u>	<u>12,354,016</u>	<u>15,982,999</u>	<u>23,756,088</u>	<u>12,218,970</u>
	370,379,267	359,806,954	347,452,938	335,240,860	311,484,772	299,265,802
	-	-	-	(3,770,921)	-	-
	<u>370,379,267</u>	<u>359,806,954</u>	<u>347,452,938</u>	<u>331,469,939</u>	<u>311,484,772</u>	<u>299,265,802</u>
\$	<u>385,631,176</u>	<u>\$ 370,379,267</u>	<u>\$ 359,806,954</u>	<u>\$ 347,452,938</u>	<u>\$ 335,240,860</u>	<u>\$ 311,484,772</u>

	2017	2016	2015	2014	2013	2012
\$	23,886,375	\$ 2,315,702	\$ 24,365,603	\$ 12,816,396	\$ 5,121,121	\$ 1,003,639
	15,251,909	10,572,313	12,354,016	15,982,999	23,756,088	12,218,970
\$	<u>39,138,284</u>	<u>\$ 12,888,015</u>	<u>\$ 36,719,619</u>	<u>\$ 28,799,395</u>	<u>\$ 28,877,209</u>	<u>\$ 13,222,609</u>

CITY OF HILLSBORO, OREGON

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund				
Restricted	\$ 193,559	\$ 111,709	\$ -	\$ -
Assigned	9,743,402	7,965,335	5,777,125	6,543,635
Unassigned	<u>25,359,380</u>	<u>26,972,468</u>	<u>25,248,112</u>	<u>22,457,492</u>
Total General Fund	<u>35,296,341</u>	<u>35,049,512</u>	<u>31,025,237</u>	<u>29,001,127</u>
All Other Governmental Funds				
Restricted	163,100,637	124,019,724	76,942,887	71,507,193
Committed	8,728,696	8,905,859	8,994,662	8,025,209
Assigned	10,643,464	10,556,642	9,096,250	4,033,249
Unassigned	<u>(997,783)</u>	<u>(804,756)</u>	<u>(1,178,495)</u>	<u>(3,639,723)</u>
Total all Other Governmental Funds	<u>181,475,014</u>	<u>142,677,469</u>	<u>93,855,304</u>	<u>79,925,928</u>
Total Fund Balance Governmental Funds	<u>\$ 216,771,355</u>	<u>\$ 177,726,981</u>	<u>\$ 124,880,541</u>	<u>\$ 108,927,055</u>

2017	2016	2015	2014	2013	2012
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,029,427
5,604,319	5,310,586	5,167,459	1,252,781	520,663	179,751
<u>19,583,078</u>	<u>18,000,150</u>	<u>14,727,245</u>	<u>11,952,842</u>	<u>12,174,811</u>	<u>13,340,530</u>
<u>25,187,397</u>	<u>23,310,736</u>	<u>19,894,704</u>	<u>13,205,623</u>	<u>12,695,474</u>	<u>19,549,708</u>
69,572,858	64,521,927	63,776,845	60,849,582	54,791,729	41,963,909
7,132,334	4,659,844	3,448,170	3,022,734	3,600,712	2,916,171
6,852,185	11,527,781	16,205,585	664,154	569,084	386,405
<u>(3,736,207)</u>	<u>(5,214,448)</u>	-	-	-	-
<u>79,821,170</u>	<u>75,495,104</u>	<u>83,430,600</u>	<u>64,536,470</u>	<u>58,961,525</u>	<u>45,266,485</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>\$ 64,816,193</u>

CITY OF HILLSBORO, OREGON

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES:				
Property and other taxes	\$ 88,694,345	\$ 85,349,910	\$ 82,166,065	\$ 77,756,265
Intergovernmental	11,590,029	13,608,349	10,657,759	8,101,267
Franchise fees	18,120,483	16,528,708	14,352,010	13,035,524
Licenses and permits	12,546,641	16,372,548	10,632,090	8,960,019
Fines, forfeitures, and penalties	561,450	607,211	670,572	647,886
Charges for services	17,490,410	19,934,492	20,804,583	13,737,952
Gain share contributions	6,195,836	6,192,047	5,871,198	5,832,891
Construction Reimbursement	3,351,065	-	-	-
Interest	613,825	3,990,864	5,320,839	616,366
Miscellaneous	3,013,923	7,071,730	3,379,382	4,504,855
Grants, donations and other	4,589,257	2,843,466	1,332,408	1,940,925
TOTAL REVENUES	166,767,264	172,499,325	155,186,906	135,133,950
EXPENDITURES:				
Current:				
General government	20,325,985	18,976,291	23,225,114	14,495,988
Public safety and judicial	64,830,843	62,141,655	59,638,666	55,622,045
Community service	10,975,455	11,379,932	10,259,052	9,521,571
Culture and recreation	22,152,119	21,882,853	20,975,384	20,319,720
Roads and bridges	12,543,085	12,281,640	11,998,061	12,253,337
Capital outlay:				
General government	5,954,877	2,209,710	2,603,918	5,997,357
Roads and bridges	11,866,644	11,994,252	16,009,343	13,617,051
Debt service:				
Principal payments	2,656,737	2,828,721	1,387,637	1,380,463
Interest and fiscal charges	840,218	(25,815)	1,703,611	175,917
Other Payments	-	-	-	-
TOTAL EXPENDITURES	152,145,963	143,669,239	147,800,786	133,383,449
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,621,301	28,830,086	7,386,120	1,750,501
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	58,396	22,014	238,313	12,628
Lease financing	-	-	-	266,479
Transfers in	16,994,383	13,856,112	28,295,000	15,418,118
Transfers out	(17,915,706)	(12,861,772)	(19,965,947)	(16,172,988)
Notes payable proceeds	25,286,000	23,000,000	-	2,643,750
TOTAL OTHER FINANCING SOURCES (USES)	24,423,073	24,016,354	8,567,366	2,167,987
NET CHANGE IN FUND BALANCES	39,044,374	52,846,440	15,953,486	3,918,488
FUND BALANCE - beginning	177,726,981	124,880,541	108,927,055	105,008,567
FUND BALANCE - ending	\$ 216,771,355	\$ 177,726,981	\$ 124,880,541	\$ 108,927,055
Debt service as a percentage of noncapital expenditures	2.60%	2.16%	2.43%	1.50%

	2017	2016	2015	2014	2013	2012
\$	72,126,358	\$ 67,811,631	\$ 60,785,352	\$ 56,936,251	\$ 54,203,447	\$ 54,664,656
	7,733,733	7,116,219	6,824,574	6,627,108	6,335,976	6,334,326
	11,953,802	11,060,815	10,430,596	9,711,734	9,549,020	9,120,161
	8,887,511	5,992,365	7,230,459	10,530,733	17,704,027	7,057,547
	390,155	1,210,131	800,930	756,938	748,453	949,227
	19,391,650	17,069,688	13,323,969	12,165,171	11,673,422	11,394,197
	5,831,296	5,748,252	10,413,549	-	-	-
	-	-	-	-	-	-
	993,680	729,244	596,384	395,775	373,063	549,213
	4,224,354	9,787,893	3,098,223	3,161,516	2,401,090	1,930,102
	1,917,531	2,285,255	882,295	708,653	1,084,823	1,303,575
	<u>133,450,070</u>	<u>128,811,493</u>	<u>114,386,331</u>	<u>100,993,879</u>	<u>104,073,321</u>	<u>93,303,004</u>
	14,871,733	13,158,586	12,654,938	13,156,276	12,762,424	12,560,129
	51,759,871	49,572,967	46,043,876	44,709,841	42,658,170	41,762,859
	9,003,873	8,525,456	8,029,855	7,726,267	7,331,885	7,313,460
	19,684,652	18,530,214	17,146,215	16,108,950	15,515,994	14,506,117
	10,923,850	9,617,449	10,237,148	9,853,235	8,750,514	6,815,512
	2,800,847	14,756,030	7,944,537	1,596,009	5,828,890	2,567,776
	5,212,911	11,089,862	3,268,427	4,474,956	4,246,246	3,266,761
	725,964	709,942	108,040	108,124	36,445	-
	88,619	104,642	36,029	35,944	16,089	-
	-	-	-	-	-	-
	<u>115,072,320</u>	<u>126,065,148</u>	<u>105,469,065</u>	<u>97,769,602</u>	<u>97,146,657</u>	<u>88,792,614</u>
	18,377,750	2,746,345	8,917,266	3,224,277	6,926,664	4,510,390
	46,181	14,693	4,866	1,879,255	64,159	25,214
	-	-	-	-	-	-
	8,931,000	12,863,500	24,892,382	4,048,206	7,391,000	4,720,300
	(21,152,204)	(20,144,002)	(12,590,890)	(3,071,841)	(7,835,820)	(3,720,900)
	-	-	4,359,587	5,197	294,803	-
	<u>(12,175,023)</u>	<u>(7,265,809)</u>	<u>16,665,945</u>	<u>2,860,817</u>	<u>(85,858)</u>	<u>1,024,614</u>
	6,202,727	(4,519,464)	25,583,211	6,085,094	6,840,806	5,535,004
	98,805,840	103,325,304	77,742,093	71,656,999	64,816,193	59,281,189
\$	<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>64,816,193</u>
	0.83%	0.87%	0.16%	0.18%	0.06%	0.00%

CITY OF HILLSBORO, OREGON

GOVERNMENT- WIDE EXPENSES BY FUNCTION

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental activities:				
General government	\$ 24,941,727	\$ 22,962,500	\$ 25,570,431	\$ 17,461,652
Public safety and judicial	74,375,649	71,266,785	61,632,617	59,773,099
Community service	12,693,360	12,719,759	11,051,615	10,588,672
Culture and recreation	27,926,620	26,695,001	24,510,019	24,711,372
Roads and bridges	16,377,526	16,322,613	15,095,302	12,683,176
Interest on long-term debt	2,976,010	1,877,038	1,666,499	1,808,329
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities	159,290,892	151,843,696	139,526,483	127,026,300
	<hr/>	<hr/>	<hr/>	<hr/>
Business-type activities:				
Water	28,196,604	27,393,882	22,128,918	21,239,423
Sewer and surface water				
management	15,486,334	14,308,668	12,577,272	11,907,817
Transit facility management	782,098	1,333,523	823,395	805,222
Broadband	2,174,704	1,257,374	461,792	-
Property management	26,238	22,062	24,884	42,023
	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type	46,665,978	44,315,509	36,016,261	33,994,485
activities	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 205,956,870</u>	<u>\$ 196,159,205</u>	<u>\$ 175,542,744</u>	<u>\$ 161,020,785</u>

	2017	2016	2015	2014	2013	2012
\$	17,814,468	\$ 17,428,620	\$ 12,985,819	\$ 15,087,469	\$ 16,211,435	\$ 16,150,177
	56,874,957	65,959,570	37,905,155	46,540,081	44,499,496	43,203,694
	10,066,795	10,736,174	7,056,398	8,297,467	7,841,434	7,808,841
	23,192,981	24,358,045	18,329,064	18,513,272	18,057,789	17,236,723
	19,442,933	28,371,221	25,933,137	26,508,005	25,215,401	22,364,301
	1,769,352	1,743,778	1,975,611	1,978,300	1,667,874	1,659,217
	<u>129,161,486</u>	<u>148,597,408</u>	<u>104,185,184</u>	<u>116,924,594</u>	<u>113,493,429</u>	<u>108,422,953</u>
	22,091,668	19,661,214	15,836,727	16,314,234	15,978,300	15,155,454
	11,979,162	11,526,615	8,613,399	9,046,110	8,856,110	8,301,276
	767,083	726,959	736,283	735,016	717,018	709,095
	-	-	-	-	-	-
	<u>30,529</u>	<u>27,384</u>	<u>22,808</u>	<u>19,364</u>	<u>15,876</u>	<u>9,946</u>
	<u>34,868,442</u>	<u>31,942,172</u>	<u>25,209,217</u>	<u>26,114,724</u>	<u>25,567,304</u>	<u>24,175,771</u>
\$	<u>164,029,928</u>	<u>\$ 180,539,580</u>	<u>\$ 129,394,401</u>	<u>\$ 143,039,318</u>	<u>\$ 139,060,733</u>	<u>\$ 132,598,724</u>

CITY OF HILLSBORO, OREGON

GOVERNMENT-WIDE REVENUE BY PROGRAM

LAST TEN FISCAL YEARS

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Program revenues:						
Fees, fines and charges for services						
General Government	\$ 19,564,511	\$ -	\$ 19,564,511	\$ 13,969,303	\$ -	\$ 13,969,303
Culture and Recreation	9,102,412	-	9,102,412	9,611,519	-	9,611,519
Roads and Bridges	11,104,460	-	11,104,460	16,988,242	-	16,988,242
Water	-	49,310,057	49,310,057	-	41,291,424	41,291,424
Sewer and SWM	-	20,067,047	20,067,047	-	19,994,794	19,994,794
Other	1,602,154	305,298	1,907,452	1,933,477	243,387	2,176,864
Operating grants and contributions						
Roads and Bridges	9,883,422	-	9,883,422	12,073,151	-	12,073,151
Other	1,389,162	353,500	1,742,662	1,525,766	-	1,525,766
Capital grants and contributions						
Roads and Bridges	41,558,887	-	41,558,887	16,639,892	-	16,639,892
Water	-	3,842,111	3,842,111	-	1,508,493	1,508,493
Sewer and SWM	-	15,855,318	15,855,318	-	6,272,811	6,272,811
Other	10,207,328	121,887	10,329,215	4,964,732	-	4,964,732
General revenues:						
Taxes	84,084,496	-	84,084,496	80,092,029	-	80,092,029
Franchise fees	18,120,483	-	18,120,483	16,528,708	-	16,528,708
Earnings on investments	632,539	(671,011)	(38,472)	5,467,015	4,274,443	9,741,458
Miscellaneous	34,748,551	-	34,748,551	29,604,271	-	29,604,271
Transfers	(5,555,673)	5,555,673	-	(7,757,059)	7,757,059	-
Total	\$ 236,442,732	\$ 94,739,880	\$ 331,182,612	\$ 201,641,046	\$ 81,342,411	\$ 282,983,457

	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Program revenues:						
Fees, fines and charges for services						
General Government	\$ 6,104,028	\$ -	\$ 6,104,028	\$ 12,547,780	\$ -	\$ 12,547,780
Culture and Recreation	7,973,700	-	7,973,700	5,876,366	-	5,876,366
Roads and Bridges	16,282,499	-	16,282,499	7,067,104	-	7,067,104
Water	-	31,928,457	31,928,457	-	24,033,303	24,033,303
Sewer and SWM	-	14,347,881	14,347,881	-	11,598,160	11,598,160
Other	1,415,630	248,630	1,664,260	1,057,493	198,881	1,256,374
Operating grants and contributions						
Roads and Bridges	6,363,740	-	6,363,740	6,147,833	-	6,147,833
Other	648,556	-	648,556	315,732	-	315,732
Capital grants and contributions						
Roads and Bridges	6,683,929	-	6,683,929	4,247,943	-	4,247,943
Water	-	1,056,110	1,056,110	-	520,640	520,640
Sewer and SWM	-	2,511,930	2,511,930	-	952,786	952,786
Other	1,715,071	-	1,715,071	294,812	-	294,812
General revenues:						
Taxes	65,505,094	-	65,505,094	58,429,743	-	58,429,743
Franchise fees	11,060,815	-	11,060,815	10,430,596	-	10,430,596
Earnings on investments	812,627	710,510	1,523,137	655,432	629,463	1,284,895
Miscellaneous	18,058,388	-	18,058,388	21,109,953	-	21,109,953
Transfers	8,289,033	(8,289,033)	-	370,000	(370,000)	-
Total	\$ 150,913,110	\$ 42,514,485	\$ 193,427,595	\$ 128,550,787	\$ 37,563,233	\$ 166,114,020

2019			2018			2017		
Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
\$ 10,414,185	\$ -	\$ 10,414,185	\$ 9,572,818	\$ -	\$ 9,572,818	\$ 9,521,103	\$ -	\$ 9,521,103
11,989,443	-	11,989,443	6,720,122	-	6,720,122	8,702,862	-	8,702,862
9,648,157	-	9,648,157	8,776,242	-	8,776,242	13,002,085	-	13,002,085
-	36,875,551	36,875,551	-	31,887,786	31,887,786	-	32,034,488	32,034,488
-	18,998,545	18,998,545	-	17,035,601	17,035,601	-	14,848,596	14,848,596
2,774,592	334,363	3,108,955	2,118,588	272,449	2,391,037	1,148,488	239,609	1,388,097
9,379,286	-	9,379,286	6,930,882	-	6,930,882	7,115,513	-	7,115,513
776,326	-	776,326	525,213	-	525,213	956,293	-	956,293
56,160,285	-	56,160,285	5,785,710	-	5,785,710	3,286,901	-	3,286,901
-	5,603,304	5,603,304	-	607,572	607,572	-	817,266	817,266
-	21,718,457	21,718,457	-	1,601,411	1,601,411	-	1,191,845	1,191,845
11,236,211	-	11,236,211	3,368,042	-	3,368,042	4,028,236	1,721,620	5,749,856
75,253,544	-	75,253,544	71,640,268	-	71,640,268	68,964,915	-	68,964,915
14,352,010	-	14,352,010	13,035,524	-	13,035,524	11,953,802	-	11,953,802
5,145,919	2,788,686	7,934,605	803,451	455,200	1,258,651	1,184,427	1,011,549	2,195,976
28,828,283	-	28,828,283	27,741,901	-	27,741,901	21,438,614	-	21,438,614
(4,233,332)	4,233,332	-	619,575	(619,575)	-	1,744,622	(1,744,622)	-
<u>\$ 231,724,909</u>	<u>\$ 90,552,238</u>	<u>\$ 322,277,147</u>	<u>\$ 157,638,336</u>	<u>\$ 51,240,444</u>	<u>\$ 208,878,780</u>	<u>\$ 153,047,861</u>	<u>\$ 50,120,351</u>	<u>\$ 203,168,212</u>

2014			2013			2012		
Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
\$ 14,486,261	\$ -	\$ 14,486,261	\$ 19,275,415	\$ -	\$ 19,275,415	\$ 12,412,761	\$ -	\$ 12,412,761
6,923,857	-	6,923,857	7,224,497	-	7,224,497	7,333,719	-	7,333,719
5,827,916	-	5,827,916	4,783,229	-	4,783,229	4,365,550	-	4,365,550
-	31,160,160	31,160,160	-	35,677,009	35,677,009	-	23,140,187	23,140,187
-	9,683,155	9,683,155	-	10,171,352	10,171,352	-	7,761,178	7,761,178
1,149,318	336,048	1,485,366	776,040	239,559	1,015,599	1,005,830	154,349	1,160,179
5,822,628	-	5,822,628	5,534,555	-	5,534,555	6,039,129	-	6,039,129
431,520	-	431,520	669,660	15,300	684,960	699,357	457,783	1,157,140
11,196,599	-	11,196,599	4,579,377	-	4,579,377	5,862,644	-	5,862,644
-	262,299	262,299	-	1,563,693	1,563,693	-	38,497	38,497
-	942,927	942,927	-	1,623,580	1,623,580	-	7,265,341	7,265,341
1,178,561	-	1,178,561	549,134	-	549,134	-	-	-
54,948,533	-	54,948,533	51,972,598	-	51,972,598	52,188,306	-	52,188,306
9,711,734	-	9,711,734	9,549,020	-	9,549,020	9,120,161	-	9,120,161
488,818	402,824	891,642	496,506	355,570	852,076	611,999	649,334	1,261,333
16,885,555	-	16,885,555	12,899,519	-	12,899,519	6,715,208	-	6,715,208
689,690	(689,690)	-	305,000	(305,000)	-	3,071,928	(3,071,928)	-
<u>\$ 129,740,990</u>	<u>\$ 42,097,723</u>	<u>\$ 171,838,713</u>	<u>\$ 118,614,550</u>	<u>\$ 49,341,063</u>	<u>\$ 167,955,613</u>	<u>\$ 109,426,592</u>	<u>\$ 36,394,741</u>	<u>\$ 145,821,333</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
2012	\$ 12,560,129	\$ 41,762,859	\$ 7,313,460	\$ 14,506,117	\$ 6,815,512	\$ 5,834,537
2013	12,762,424	42,658,170	7,331,885	15,515,994	8,750,514	10,075,136
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

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
2012	\$ 50,504,909	\$ 4,159,747	\$ 6,334,326	\$ 9,120,161	\$ 7,057,547	\$ 949,227
2013	49,948,026	4,255,421	6,335,976	9,549,020	17,704,027	748,453
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

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	Other	Total
\$ -	\$ -	\$ -	\$ 88,792,614
36,446	16,088	-	97,146,657
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

Charges for Services	Gain Share Contributions	Development Interest	Other	Total
\$ 11,394,197	\$ -	\$ 549,213	\$ 3,233,677	\$ 93,303,004
11,673,422	-	373,063	3,485,913	104,073,321
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

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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
2012	\$ 14,013,656,860	\$ 8,094,602,930	\$ 691,601,171	\$ 629,567,411	\$ 369,039,203	\$ 361,536,543
2013	13,888,884,880	8,119,984,610	716,586,854	650,545,774	368,266,396	347,769,800
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

Source: Washington County Department of Assessment and Taxation.

Notes:

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

Total		Ratio of Total Assessed to Total Market Value	Hillsboro Economic Development Council	Net Value Used to Calculate Property Tax Rates	Total Direct Tax Rate	
Market Value	Assessed Value					
\$	15,074,297,234	\$ 9,085,706,884	60.27	\$ 9,531,373	\$ 9,076,175,511	\$ 5.39
	14,973,738,130	9,118,300,184	60.90	12,530,111	9,105,770,073	5.39
	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

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*
2012	\$ 3.67	\$ 1.72	\$ -	\$ 5.39	\$ 3.66	\$ 1.72	\$ 0.01
2013	3.67	1.72	-	5.39	3.66	1.72	0.02
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

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

Washington County	Schools	Port of Portland	Metro Service District	Tri-Met Service District	Tualatin Soil & Water District	Total
\$ 2.97	\$ 8.21	\$ 0.07	\$ 0.32	\$ 0.06	\$ -	\$ 17.02
2.97	8.31	0.07	0.40	-	-	17.15
2.96	8.27	0.07	0.47	-	-	17.18
2.83	8.25	0.07	0.46	-	-	17.05
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	16.81
2.91	7.86	0.07	0.47	-	0.07	16.94
2.89	7.84	0.07	0.66	-	0.08	17.18
2.88	7.87	0.07	0.59	-	0.08	17.17

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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>
2012	\$ 5.39	\$ 3.67	\$ 1.72
2013	5.39	3.67	1.72
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

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, 2021

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Rank</u>	<u>2021</u>	
			<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Intel Corporation	Computer Industry	1	\$ 1,764,074,258	12.44 %
Genentech Inc	Biotechnology Industry	2	273,303,730	1.93
Verizon Northwest	Utilities	3	231,150,000	1.63
Portland General Electric	Utilities	4	229,062,920	1.62
Pacific Realty Associates	Real Estate	5	117,618,010	0.83
Workday Inc	Technology	6	108,798,068	0.77
Triquint Semiconductor Inc	Technology	7	87,827,380	0.62
ABP Owner LLC - Amberglen	Real Estate	8	72,561,240	0.51
NTT Global Data Centers HI LLC	Technology	9	67,273,190	0.47
Streets of Tanasbourne	Real Estate	10	63,571,099	0.45
Frontier Communications	Telecommunications			
Fred Meyer	Shopping			
			<u>3,015,239,895</u>	<u>21.27</u>
All other taxpayers			<u>11,162,349,471</u>	<u>78.73</u>
TOTAL			<u>\$ 14,177,589,366</u>	<u>100.00 %</u>

Source: Washington County Assessor

2012

Rank	Assessed Valuation	Percentage of Total Assessed Valuation
1	\$ 1,183,665,966	13.03 %
2	239,232,340	2.63
4	82,006,900	0.90
5	80,736,402	0.89
3	86,763,950	0.95
		0.00
8	61,225,820	0.67
7	64,087,090	0.71
		0.00
9	52,002,963	0.57
6	65,302,100	0.72
10	48,562,295	0.53
	<u>1,963,585,826</u>	<u>21.61</u>
	<u>7,122,121,058</u>	<u>78.39</u>
	<u>\$ 9,085,706,884</u>	<u>100.00 %</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 within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collections	% of Current levy		Amount Collected	% of Levy
2012	\$ 49,119,779	\$ 46,730,623	95.14 %	\$ 2,389,156	\$ 49,119,779	100.00 %
2013	49,340,767	47,111,729	95.48	2,229,038	49,340,767	100.00
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	2,425,766	55,479,547	99.96
2016	62,469,650	59,699,693	95.57	2,763,134	62,462,827	99.99
2017	65,831,347	62,844,836	95.46	2,973,524	65,818,360	99.98
2018	69,620,710	66,474,396	95.48	3,105,110	69,579,506	99.94
2019	71,650,532	68,779,290	95.99	2,757,110	71,536,400	99.84
2020	76,819,690	73,699,858	95.94	2,863,046	76,562,904	99.67
2021	80,776,065	77,603,597	96.07	-	77,603,597	96.07

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>
2012	\$ 49,119,779	\$ 48,806,599	\$ 121,099	\$ 192,081
2013	49,340,767	48,992,588	160,876	187,303
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

Source: Washington County Department of Assessment and Taxation.

Note: The Adjustments and Miscellaneous Offsets column is the result of taxes related to forest and farm land 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	Water Revenue Bonds	Notes Payable	Leases
2012	\$ 30,870,000	\$ 3,355,000	\$ -	\$ 13,655,000	\$ -	\$ -
2013	49,549,188	3,484,803	-	11,829,433	-	-
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	-

(1) Represents bonds payable for the Civic Center and Public Safety Training facilities, two fire stations, new stadium turf, Library remodels, Ballpark Facility, and Public Works Facility 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.

(3) Due to the coronavirus pandemic, the normal table that would have been used for personal income and and households is not available. The 2019 table was used for both 2020 and 2021 reflected above.

	Total	Percentage of Personal Income (2)		Per Capita
\$	47,880,000	2.10 %	\$	518
	64,863,424	3.20		701
	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	5.89 (3)		1,843 (3)

CITY OF HILLSBORO, OREGON

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

JUNE 30, 2021

<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	\$ 920,585,000	6.0000 %	\$ 55,235,100
Portland Community College	545,535,000	7.6400	41,664,690
Tualatin Hills Parks and Recreation District	61,463,970	0.0500	32,146
Tualatin Valley Fire & Rescue	17,325,000	0.0200	3,656
Washington County	196,818,344	18.8900	37,177,411
Washington County School District 1J (Hillsboro 7Bd)	263,751	71.4300	188,393
Washington County School District 1J (Hillsboro)	556,907,167	71.3500	397,368,300
Washington County School District 48J (Beaverton)	<u>957,104,907</u>	4.7200	<u>45,192,579</u>
Total Overlapping Debt	3,256,003,139		576,862,275
City of Hillsboro	<u>126,817,885</u>	100.0000	<u>126,817,885</u>
Total Direct and Overlapping Debt	<u>\$ 3,382,821,024</u>		<u>\$ 703,680,160</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)	\$ 37,284,762,786
General obligation debt limit (2)	<u>x 3%</u>
	1,118,542,884
Gross bonded debt subject to limitation	<u>-</u>
Legal debt margin available for future indebtedness	<u>\$ 1,118,542,884</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>
2012	\$ 452,228,917	\$ -	\$ 452,228,917	0.00 %
2013	449,212,144	-	449,212,144	0.00
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

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>
2012	\$ 22,908,284	\$ 10,085,789	\$ 12,822,495	\$ 7,759,893	\$ 2,339,895	5.48	2.16
2013	35,383,428	10,562,732	24,820,696	17,643,213	2,281,123	10.88	3.15
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

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 (1, 4)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (Portland) Metropolitan Area (3)</u>	<u>Washington County per Capita Income (4)</u>
2012	92,350	32.0	19,297	8.1 %	32,474
2013	92,550	32.0	19,809	7.3	31,964
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	34.4 (5)	19,114	4.9	41,814 (5)

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
- (5) US Census data not yet available for reporting due to impacts of the coronavirus pandemic. Numbers used here are repeated from the year before.

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	
2012	25	\$ 171,653,383	660	\$ 93,446,749	\$ 15,074,297,234
2013	22	149,900,914	940	121,944,977	14,973,738,130
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

Sources:

(1) City Building Department

(2) Washington County Department of Assessment and Taxation

CITY OF HILLSBORO, OREGON

TEN LARGEST EMPLOYERS

CURRENT AND NINE YEARS AGO

<u>Employer</u>	<u>Product or services</u>	<u>2021 Employment</u>	<u>Percentage of Total City Employment</u>	<u>2012 Employment</u>	<u>Percentage of Total City Employment</u>
Intel Corporation	Computer Electronics and Related Devices	21,394 *	31.49 %	7,206	15.33 %
Kaiser Permanente	Hospitals	2,405	3.54		
Hillsboro School District	Education	2,594	3.82		
Washington County	County Government	2,230	3.28		
Nike	Administrative Offices	1,850	2.72		
Well Fargo Bank	Bank	1,800	2.65	1,275	2.71
OHSU Hillsboro Center	Hospitals	1,200	1.77	756	1.61
Qorvo	Semiconductors and Related Devices	1,085	1.60		
City of Hillsboro	Local Government	808	1.19		
Radisys Corporation	Computer Manufacturing	710	1.04	500	1.06
Epson	Computer Peripheral Equipment			1,000	2.13
SolarWorld	Solar ingot, wafers, cells, and modules			529	1.13
Yahoo Inc	Web-based Search Engine Provider			500	1.06
FEI	Laboratory Analytical Instruments			440	0.94
Triquint Semiconductor	Semiconductors and Related Devices			414	0.88
Wyndhaven LP	Property Management			396	0.84
		<u>36,076</u>	<u>53.10 %</u>	<u>13,016</u>	<u>27.69 %</u>
Total Employment Within the City Boundaries		<u>67,946</u>		<u>47,000</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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government							
City Manager's Office	16	16	15	15	15.5	19.5	21.5
Community Development	-	-	-	-	-	-	-
Municipal Court	3	3	3	3	3	3	3
Finance	22	22	22	22	22	23	26.5
Human Resources	7.5	7.5	9.5	9.5	9.5	8.5	13.5
Information Services	30	30	30	30	31	32	31
Facilities/Fleet Management	18	18	19	20	21	21	22
Risk Management	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Police	179	179	179	179	183	185	190
Fire & Rescue	105	105	105	105	108	111	118
Parks & Recreation	77.8	83.6	87.6	87.4	92.75	93.75	95.75
Library	52	52	52	52	52	52	76.9
Water	63	63	63	66	72	75	78
Public Works	67	67	68	69	73	78	87
Broadband	-	-	-	-	-	-	-
Building	30	34	42	42	43	43	43
Planning	21	21	23	23	25	25	25
Economic Development	6	6	6	6	6	7	7
Total	<u>700.80</u>	<u>710.55</u>	<u>727.60</u>	<u>732.40</u>	<u>760.25</u>	<u>780.25</u>	<u>841.65</u>

* 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>2019</u>	<u>2020</u>	<u>2021</u>
30.5	31.5	27.5
-	-	8 *
3	3	3
27	28	28
14.5	14.5	15.5
31	31	31
25	29	31
3.5	3.5	3.5
192	194	198
121	123	123
93.75	96.75	104.75
75.9	76.9	76.9 **
77	82	84
85	91	92
5	12	12
43	44	44
25	26	22
7	8	8
<u>859.15</u>	<u>894.15</u>	<u>912.15</u>

CITY OF HILLSBORO, OREGON

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function /Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police					
Total Arrests	4,109	3,874	3,050	4,053	4,003
Parking Citations	4,936	3,936	4,084	4,810	7,288
Traffic Citations	6,124	5,285	5,959	6,168	5,255
Ordinance Citations	174	92	115	155	140
Fire and Rescue					
Fire Responses	240	271	262	393	382
EMS Responses	4,710	4,393	5,212	6,265	7,802
Inspections	902	1,490	1,145	1,528	2,012
Parks and Recreation					
Adults Served	3,910	4,457	4,582	4,863	5,191
Youths Served	7,950	7,923	7,646	7,647	7,241
Library					
Volumes in Collection	335,326	307,933	332,535	305,058	314,922
Total Circulation	2,829,680	2,817,795	2,808,444	2,819,986	2,752,213
Library Cardholders	64,126	63,023	63,182	59,405	62,973
Water					
Number of Consumers - Residential **	22,220	22,405	22,540	22,674	22,873
Number of Consumers - Commercial **	905	907	917	920	927
Average Daily Consumption - Residential	5,223,233	5,472,891	5,184,685	5,486,867	5,612,416
Average Daily Consumption - Commercial	6,805,308	7,589,425	7,924,525	8,901,225	9,126,373
Building					
Permits Issued	1,428	1,512	1,547	1,313	1,494

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.

2017	2018	2019	2020	2021
3,846	3,748	3,669	3,350	2,674
7,368	8,122	5,574	4,197	2,764
3,684	3,209	4,429	4,240	2,560
96	569	61	81	38
304	318	380	358	393
6,418	6,618	6,586	6,888	6,864
1,574	1,851	981	1,650	1,557
7,921	8,353	8,352	14,872	25,301 *
7,069	7,226	9,463	8,191	2,421
311,265	316,204	321,554	318,255	324,520
2,485,264	2,514,469	2,497,991	1,902,228	1,063,547
63,472	62,959	54,050	76,147	92,349
23,168	23,317	23,690	24,112	24,732
935	942	947	955	960
5,317,194	5,644,347	5,715,816	5,282,842	5,853,982
9,138,808	9,647,518	10,314,658	9,572,340	9,629,542
1,291	1,379	1,309	1,424	1,744

CITY OF HILLSBORO, OREGON

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police					
Stations	2	2	2	2	2
Community Relations Office	2	2	2	2	2
Fire and Rescue					
Stations	5	5	5	5	5
Parks & Recreation					
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
Administrative Office & Maintenance Facilities	2	2	2	2	2
Sports Facilities	1	2	2	2	2
Historical Homes	1	2	2	2	2
Number of Developed Parks	28	27	27	27	27
Number of Undeveloped Parks	8	9	8	10	9
Total Developed Park Acreage	384.71	389.40	542.23	548.56	552.75
Total Undeveloped Park Acreage	144.72	149.50	147.87	168.60	205.93
Open Space Acreage	324.20	310.55	309.02	305.39	305.39
Total Greenways and Trails	101.08	101.08	100.11	101.11	101.11
Library					
Libraries	2	2	2	2	2
Transportation					
Miles of Streets	222.5	223.4	224.8	224.8	225.0
Number of Street Lights	6,770	6,942	7,014	7,081	7,214
Area in Sq. Miles	23.90	23.91	23.91	23.91	24.70
Water					
Miles of Water Mains	299.20	300.92	302.00	303.20	305.34
Sewers					
Miles of Sanitary Sewers	261.63	258.69	256.82	259.42	259.42
Miles of Storm Sewers	252.06	258.28	258.28	263.35	267.60

Source: City Departments

2017	2018	2019	2020	2021
2	2	2	2	2
2	2	2	2	2
5	5	5	5	5
4	4	4	4	5
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
2	2	2	2	2
2	2	2	2	2
27	28	29	29	28
9	9	9	9	9
600.99	619.67	611.98	611.98	613.50
161.61	170.93	170.93	170.93	148.11
323.40	324.25	325.80	325.60	325.60
102.15	102.15	102.15	104.62	110.05
2	2	2	2	2
229.6	230.8	240.5	242.0	246.4
7,283	7,283	7,398	7,707	8,014
25.34	25.60	25.62	25.68	25.79
306.08	306.85	316.74	321.70	325.00
257.72	257.20	273.10	275.20	279.90
273.68	259.09	282.00	288.80	296.00

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COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH 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, 2021, 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 8, 2021.

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 may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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

Honorable Mayor and Board of Councilors
City of Hillsboro
Page 2

PURPOSE OF THIS REPORT

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

A handwritten signature in blue ink that reads "Talbot, Kowala & Warwick LLP". The signature is written in a cursive, flowing style.

Portland, Oregon
December 8, 2021



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INDEPENDENT AUDITOR'S REPORT 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

We have audited the City of Hillsboro, Oregon (the City)'s compliance with the types of compliance requirements described 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, 2021. 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.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Award* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the City complied, in all material respects, with the types of 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, 2021.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (Continued)**

Honorable Mayor and Board of Councilors
City of Hillsboro
Page 2

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Talbot, Kowala & Warwick LLP

Portland, Oregon
December 8, 2021

CITY OF HILLSBORO, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASSTHROUGH NUMBER	EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218		\$ 550,153
Community Development Block Grants/Entitlement Grants	14.218		6,586
Community Development Block Grants/Entitlement Grants - COVID-19	14.218		<u>312,867</u>
Total CDBG - Entitlement Grants Cluster:			<u>869,606</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>869,606</u>
U.S. DEPARTMENT OF INTERIOR			
PASSED THROUGH OREGON PARKS AND RECREATION DEPARTMENT:			
Historic Preservation Fund Grants-In-Aid	15.904	P18AS00073	<u>4,273</u>
TOTAL U.S. DEPARTMENT OF INTERIOR			<u>4,273</u>
U.S. DEPARTMENT OF JUSTICE:			
PASSED THROUGH THE OREGON DEPARTMENT OF JUSTICE:			
Coronavirus Emergency Supplemental Funding Program - COVID-19	16.034	2020-VD-BX-0460	88,085
	16.034	CESF-20-20	<u>214,000</u>
			302,085
Violence Against Women Formula Grants	16.588	3178	7,992
	16.588	VAWA-C-2020-00024	<u>88,300</u>
Total Violence Against Women Formula Grants:			<u>96,292</u>
DIRECT:			
Edward Byrnes Memorial Justice Assistance Grant Program	16.738		<u>12,453</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>410,830</u>

CITY OF HILLSBORO, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASSTHROUGH NUMBER	EXPENDITURES
U.S. DEPARTMENT OF TRANSPORTATION:			
PASSED THROUGH METRO:			
Federal Transit Cluster			
Federal Transit Formula Grants	20.507	936219	\$ 12,628
Federal Transit Formula Grants	20.507	936219	369
Total Federal Transit Formula Cluster:			<u>12,997</u>
PASSED THROUGH STATE OF OREGON DEPARTMENT OF TRANSPORTATION:			
Highway Safety Cluster			
State and Community Highway Safety	20.600	SE-20-35-05 BBA	6,699
State and Community Highway Safety	20.600	69A375130000405eORC	10,809
Total Highway Safety Cluster:			<u>17,508</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>30,505</u>
U.S. DEPARTMENT OF THE TREASURY:			
PASSED THROUGH WASHINGTON COUNTY:			
Coronavirus Relief Fund - COVID-19	21.019	20-1232	1,035,484
Coronavirus Relief Fund - COVID-19	21.019	20-1335	2,143,705
Coronavirus Relief Fund - COVID-19	21.019	20-1359	2,074,000
Coronavirus Relief Fund - COVID-19	21.019	20-2014	1,088,000
PASSED THROUGH STATE OF OREGON:			
OREGON BUSINESS DEVELOPMENT DEPARTMENT			
Coronavirus Relief Fund - COVID-19	21.019	179-15-01	238,000
			<u>6,579,189</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>6,579,189</u>
ENVIRONMENTAL PROTECTION AGENCY			
Water Infrastructure Finance and Innovation (WIFIA)	66.958		10,000,000
			<u>10,000,000</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>10,000,000</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY:			
PASSED THROUGH STATE OF OREGON, OFFICE OF EMERGENCY MANAGEMENT:			
Disaster Grants - Public Assistance			
(Presidentially Declared Disasters) - COVID-19 2021	97.036	DR-4499-OR	270,756
(Presidentially Declared Disasters) - COVID-19 2020	97.036	DR-4499-OR	178,757
			<u>449,513</u>
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>449,513</u>
TOTAL FEDERAL AWARDS			<u>\$ 18,343,916</u>

CITY OF HILLSBORO, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

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, CFDA 14.218 in the amount of \$865,856.

For the WIFIA Loan Program, the following table reflects its activity during the fiscal year:

Beginning balance as of July 1, 2020	\$	-
Draws received during the year		10,000,000
Total amount subject to reporting on the Schedule of Expenditures of Federal Awards		<u>10,000,000</u>
Repayments made during the year		-
Balance as of June 30, 2021	\$	<u><u>10,000,000</u></u>

Fiscal year 2020 Expenditures for Grants Awarded in fiscal year 2021

Certain grants were awarded in fiscal year 2021 that reimbursed expenditures from fiscal year 2020. The following 2020 expenditures are included in the preceding Schedule of Expenditures of Federal Awards:

Coronavirus Relief Fund - COVID-19	21.019	20-1232	\$	1,035,484
Coronavirus Relief Fund - COVID-19	21.019	20-1335		1,332,438
(Presidentially Declared Disasters) - COVID-19 2020	97.036	DR-4499-OR		178,757
Coronavirus Emergency Supplemental Funding Program - COVID-19	16.034	CESF-20-20		135,000
			\$	<u><u>2,681,680</u></u>

CITY OF HILLSBORO, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

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 X

• Significant deficiency(ies) identified? Yes _____ No X

Noncompliance material to financial statements noted? Yes _____ No X

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified? Yes _____ No X

• Significant deficiency(ies) identified? Yes _____ No X

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes _____ No X

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.019	Water Infrastructure Finance and Innovation (WIFIA)
66.958	Coronavirus Relief Fund (CRF)
97.036	FEMA – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes _____ No X

CITY OF HILLSBORO, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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



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

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

We have audited 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, 2021, 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 8, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

COMPLIANCE

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

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

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

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

- Expenditures of \$37,808 in excess of appropriations for Materials and Services in the Community Block Grant Fund.
- Noticed for State Revenue Sharing Possible Use Hearing on May 12, 2021 was not published as required by ORS 221.770.

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

Honorable Mayor and Board of Councilors
City of Hillsboro
Page 2

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

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

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

PURPOSE OF THIS REPORT

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



Portland, Oregon
December 8, 2021

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