

**CITY OF TUALATIN, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Fiscal Year Ended June 30, 2009

Prepared by the City of Tualatin - Department of Finance

Don Hudson, Finance Director

**CITY OF TUALATIN, OREGON**

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*For the Year Ended June 30, 2009*

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*INTRODUCTORY SECTION*

**CITY OF TUALATIN, OREGON**  
**CITY COUNCIL**

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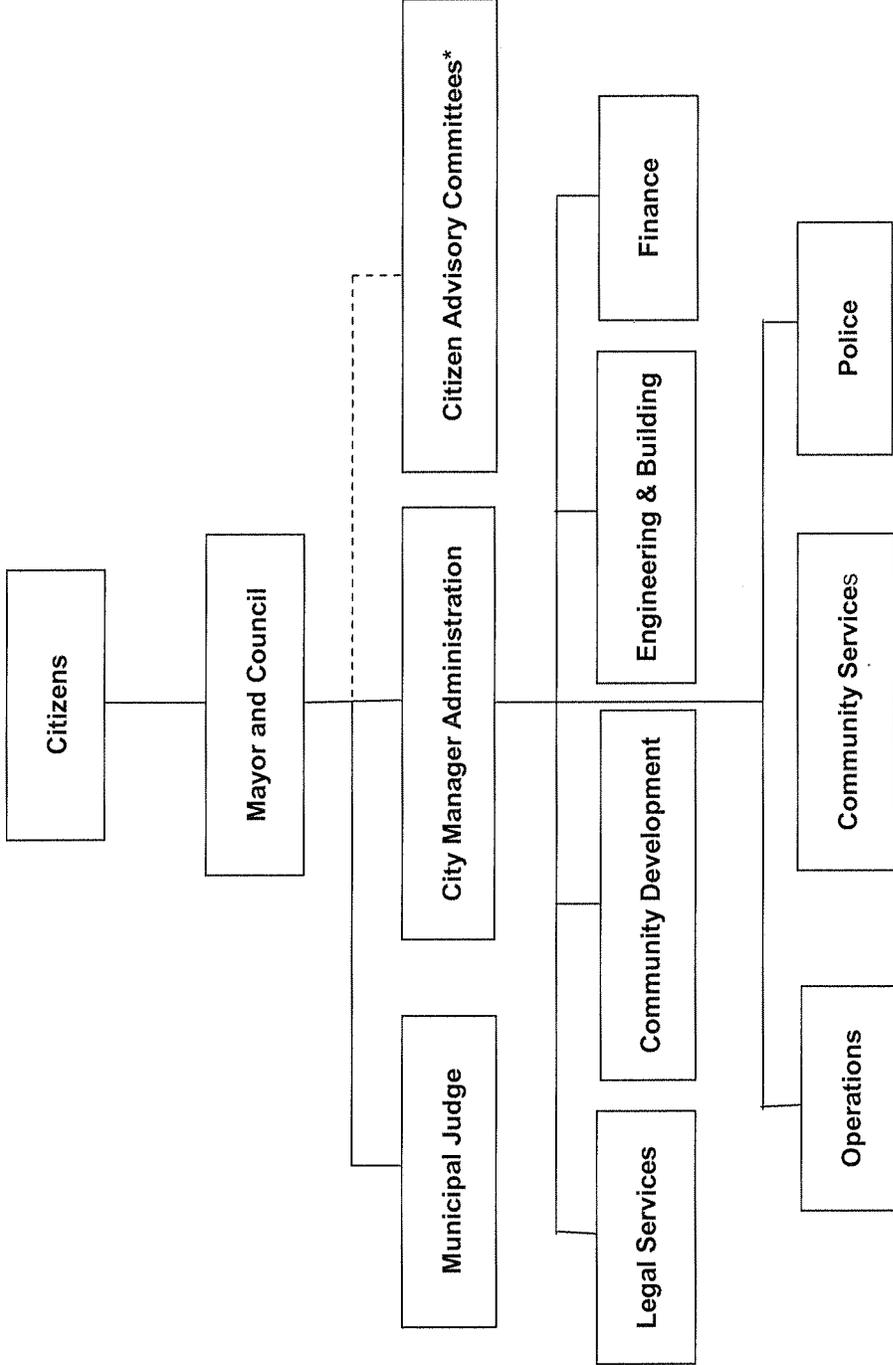
<u>City Council</u>	<u>Term Expires</u>
Lou Ogden, Mayor	December 31, 2010
Jay Harris, Position No. 1	December 31, 2010
Monique Beikman, Position No. 2	December 31, 2012
Donna Maddux, Position No. 3	December 31, 2010
Ed Truax, Position No. 4	December 31, 2012
Chris Barhyte, Council President, Position No. 5	December 31, 2010
Joelle Davis, Position No. 6	December 31, 2012

Administrative

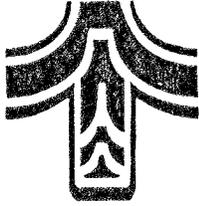
Sherilyn Lombos, City Manager  
Brenda Braden, City Attorney  
Don Hudson, Finance Director

City Hall  
18880 S. W. Martinazzi Avenue  
Tualatin, Oregon 97062

City Council members may be contacted at the above City Hall address.



\*The Citizen Advisory Committees include the Library Advisory Committee, the Tualatin Park Advisory Committee, the Urban Renewal Advisory Committee, the Tualatin Arts Advisory Committee, the Tualatin Planning Advisory Committee, the Core Area Parking District Board, the Architectural Review Board and the Budget Committee.



# City of Tualatin

[www.ci.tualatin.or.us](http://www.ci.tualatin.or.us)

December 31, 2009

Honorable Mayor, Members of the Council, and Citizens of the City of Tualatin:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements, presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Tualatin for the fiscal year ended June 30, 2009.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Tualatin has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Tualatin's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Tualatin's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Grove, Mueller, & Swank, P.C., a firm of licensed certified public accounts, has audited the City of Tualatin's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Tualatin for the year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Tualatin's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Profile of the City of Tualatin**

The City of Tualatin, incorporated in 1913, is located in Northwestern Oregon in the Portland metropolitan area, in the counties of Washington and Clackamas, just twelve minutes south of Portland's city center. The City of Tualatin currently occupies a land area of 7.9 square miles and serves a population of 26,040. The City of Tualatin is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City's population is estimated at 26,040 for 2008-09 and is expected to increase to 26,130 as of July 1, 2009. The population's median age is younger than the Oregon median age (31.9 years compared to 36.3 years) and includes many young families with children. The median household income in Tualatin (\$55,762) is higher than that of Washington County (\$52,122) or of the State of Oregon (\$40,916) in the 2000 Census. Tualatin has a lower percentage of families living below the poverty level than does either Washington County or the State of Oregon at 4.6%.

The City operates under the council-manager form of government. Policy-making and legislative authority are vested in a City Council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's manager. The City's manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three Council members elected every two years. The Mayor is elected to serve a four-year term.

The City provides a full range of services including: police protection, community planning and building inspection, engineering and economic development, the construction and maintenance of highways, streets and other infrastructure, community library services, recreational activities and cultural events.

The annual budget serves as the foundation for the City's financial planning and control. All department heads of the City are required to submit requests for appropriation to the City Manager (who acts as the City Budget Officer). These requests are the starting point for developing a proposed budget. After the Budget Officer prepares the proposed budget, notice of the first budget committee meeting is published. The budget committee (consisting of the City Council and an equal number of appointed members) reviews and approves the budget after which notice of the public hearing for the City Council to adopt the budget is published. The budget must be adopted making appropriations for the ensuing fiscal year (July 1 to June 30) by June 30th (of the previous year). Transfer of appropriations between departments requires the special approval of the City Council.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General fund and Engineering fund this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds with appropriated annual budgets (other than the General fund and Engineering fund), this comparison is presented as other supplementary information.

## **Factors Affecting Financial Condition**

Factors which may be important in affecting financial conditions in the future for the City include:

The City had vigorous high quality development for several years, which raised assessed value and provided a growing tax base for general operations. With the economic slowdown, this trend has slowed considerably. Due to the City's low permanent tax rate for operations, it may become necessary to find new revenue sources to maintain and increase services. This is particularly important, given the state's limitation on annual increases in assessed value to 3%, unless the property is substantially improved, rezoned, subdivided, or annexed.

The economy is one of the principal factors affecting fiscal condition. The extended economic slowdown has had an impact on the City's revenue sources, with many of them remaining flat or decreasing. The City was accustomed to a high rate of private development. With the slowdown in private development, fees for construction have declined drastically. Capital projects related to development have been put on hold and their need will be monitored as development, and the subsequent related revenues, change.

The City continues to plan for the future through a variety of long-term planning studies and processes to help provide economic stability. Regionally, the City has been participating in the Urban/Rural Reserves discussions and planning to help identify future growth potential, as well as being an active partner in the Regional Transportation Plan process. Locally, the City Council and city staff have been working on the Town Center Plan, Southwest Concept Plan and South Tualatin Concept Plan, to help guide the right mix of development in the downtown core and the mostly undeveloped industrial area in the southwest part of our urban planning area boundary and the undeveloped residential area south of Tualatin.

Urban renewal projects continue in the two current urban renewal districts. The Leveton Tax Increment District is slated to reach its maximum indebtedness during the 09/10 fiscal year and is slated to stop collecting tax increment during the following fiscal year. The Central Urban Renewal District is also reaching its maximum indebtedness, though the Tualatin Development Commission has been working on a plan to increase the maximum indebtedness and continue the District to continue the vision in the central downtown core.

## **Long-term financial planning**

As noted above, the City has begun to address growth related factors which are anticipated to affect the City in the future. Additionally, the City is embarking on a fiscal health analysis to include incorporating long-term financial planning into the annual budget process. This includes the identification and matching of one-time versus on-going revenues and expenditures, as well as incorporating multi-year planning and its capital improvement program into the mix. The City intends to update its current capital improvement program, and to continue its analysis of the alternatives available to finance those projects.

## **Current year financial policies**

No new long-term debt was incurred in the current year, and the City continues its policy of setting aside prudent reserves and contingencies to provide quality services to its residents.

## Major initiatives

The capital improvement program will be implemented on a pay-as-you-go basis to the extent possible. For those projects requiring external financing, the Council carefully evaluates the City's debt repayment capacity before incurring additional long-term debt.

As mentioned above, the City has started a number of processes to plan for the future of Tualatin, ones which will impact the growth and financial position of the City.

## Awards and Acknowledgements

The Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tualatin for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the 18th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both the GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

We would like to express our appreciation to members of other departments who assisted with contributions of information to be included in this report. Credit must also be given to the City Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in management of the City of Tualatin's and the Tualatin Development Commission's finances.

The preparation of this report would not have been possible without the dedicated hard work of the Finance Department Staff.

Respectfully submitted,



Sherilyn Lombos  
City Manager



Don Hudson  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tualatin  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

*FINANCIAL SECTION*



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### *INDEPENDENT AUDITOR'S REPORT*

Honorable Mayor and Council Members  
City of Tualatin  
18880 SW Martinazzi Avenue  
Tualatin, Oregon 97062-0369

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Tualatin, Oregon as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Tualatin, Oregon as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and major special revenue fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplemental information, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on

our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By: 

Charles A. Swank, A Shareholder  
December 30, 2009

## Management's Discussion and Analysis

As management of the City of Tualatin and the Tualatin Development Commission, we include this narrative presenting an overview and analysis of the financial activities of the City of Tualatin and Tualatin Development Commission for the fiscal year ended June 30, 2009.

We request readers to consider this information with the letter of transmittal in the Introductory Section following the Table of Contents.

### Financial Highlights

- The assets of the City of Tualatin exceeded its liabilities at the close of the most recent fiscal year by \$182,336,088. Of this amount \$16,354,218 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased \$2,493,059. This increase represents the sum of an increase in governmental activities of \$1,440,612 and business-type activities of \$1,052,447.
- As of the close of the most recent fiscal year, the City of Tualatin's governmental funds reported combined ending fund balances of \$31,353,248, of which \$31,280,874 is available for spending on the government's programs (unreserved fund balance).
- At the end of the 2009 fiscal year, unreserved fund balance for the General Fund was \$4,647,513 or 35% of the total General Fund expenditures.
- The City of Tualatin's total debt, including bonds, leases, loans, and compensated absences decreased \$1,484,508 during the year.

### Overview of Financial Statements

These financial statements comprise three components: 1) fund financial statements, 2) government-wide financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Each of these components serves an important purpose in providing information about the financial position and financial activities of the City of Tualatin and Tualatin Development Commission.

### Government-wide Financial Statements

The *government-wide financial statements* provide a broad overview of the City's finances, operations and general health as a whole. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

Fund financial statements report short-term accountability focusing on the use of spendable resources and the balances of spendable resources at year-end. These statements cannot be used as a barometer to measure the performance of the government as a whole. The government-wide financial statements were designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The first of these government-wide statements is the Statement of Net Assets. This statement presents information on all of the City of Tualatin's assets and liabilities, with the difference between the two reported as *net assets*. In

other words, this statement compares what the government *owns* to what it *owes* and, although there are differences and qualifiers, it is a loose parallel to what average citizens understand as “owners equity” or “net worth”.

Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other factors being equal, the extent by which assets exceed liabilities is a cushion to be called upon during stressful economic times.

Net assets is comparable to owner’s equity in for-profit businesses and this measure was developed to fill the void which existed before new accounting standards to measure the long-term viability of governmental units. Evaluation of the overall health of the City would extend to other non-financial factors such as the conditions of City infrastructure, in addition to the other financial information provided in this report.

The second government-wide statement is the Statement of Activities, which presents information showing how the City’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some times that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, vacation leave).

The obvious advantage to such an approach is to nurture a long-term prospective by emphasizing the effects of yearly budget decisions on long-term goals. Such a perspective enforces the need to use sound financial policies such as maintaining adequate reserves and paying current costs from current revenues.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

Governmental activities at the City include general government, public safety, highways and streets, and culture and recreation.

The business-type activities include maintenance of water and sewer systems including pipes and lift stations. Water is purchased from the City of Portland. Clean Water Services and the City of Lake Oswego provide sewer treatment services; therefore, the City does not maintain treatment plants.

The government-wide financial statements include not only the City of Tualatin itself (*the primary government*), but also the Urban Renewal Agency of the City, the Tualatin Development Commission. The Agency is a blended component unit and, in substance is part of the City’s operations, although it is a legally separate entity. Separate financial statements of the Agency can be obtained from the Finance Department of the City at 18880 S.W. Martinazzi Avenue, Tualatin, Oregon, 97062-7092.

## **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. Fund financial statements focus on the most significant funds rather than the City as a whole. The use of fund financial statements is directly related to the budgeting process because some revenues are legally earmarked for certain kinds of expenditures. Fund financial statements ensure and demonstrate compliance with governmental finance-related laws and regulations.

In addition, the total amount of the budgeted appropriations for expenditures is considered in terms of the revenue available to fund the expenditures and the type of expenditures competing for the same dollars. The City of Tualatin’s funds can be divided into two primary categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term *inflows* and *outflows*. Such information may be useful in evaluating a government's near-term financial requirements (current liabilities).

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for those considered to be major funds. Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the forms of *combining statements* elsewhere in the report.

Proprietary funds. The City maintains six proprietary funds. These funds are enterprise funds used to report the same functions presented in business type activities in the government-wide financial statements. Proprietary funds have been reported with accounting procedures similar to for-profit companies in the past, even before new accounting standards were adopted. Whereas, infrastructure accounting is relatively new for governmental funds, Tualatin, like other cities, always maintained detailed record of the sewer and water systems, including the computation of related depreciation for the systems.

These proprietary funds include Water Fund, Water SDC Fund, Water Bond Fund, Water Reservoir Project Fund, Sewer Fund and Sewer SDC Fund.

### **Notes to the Financial Statements**

The Notes to the Financial Statements are an integral part of the financial statements. These notes not only provide additional detail, but also are required to fully understand the financial data as presented, as well as the financial condition of the City as a whole. The notes offer information not only to lay readers and citizens, but also those interested in a detailed study of the City's financial operations.

### **Government-wide Financial Analysis**

In 2008-09 the City of Tualatin's assets exceeded its liabilities by \$182,336,088. Of this amount, 77 percent of the City's net assets (\$140,269,469) were invested in capital assets, land, buildings, machinery and equipment, less the outstanding related debt used to acquire these assets. These assets are not a source for repaying liabilities now, or in the future, since such assets represent the "business of the City". Other resources must be used to pay for outstanding liabilities, some of which are restricted to only certain uses. This requires the City to not only acquire those capital assets necessary to provide for City services, but to retain the ability to finance these acquisitions and provide maintenance for these assets.

An additional portion of net assets (\$25,712,401) are restricted as to how they may be used by budgetary, legal and external factors. The unrestricted amount of \$16,354,218 (9% of net assets) can be used to meet on-going obligations. Of the total \$22,556,369 of liabilities at year-end for governmental and business-type activities, \$17,109,683 are due in more than one year. For the government as a whole, and for the separate governmental and business-type activities, all three categories showed a positive net asset balance for fiscal year 2008-09, as they did for 2007-08.

The government-wide financial statements highlight some of the most important factors about the governmental funds, particularly the General Fund. The primary revenues for governmental funds are taxes, fees and licenses, and intergovernmental revenues. The two largest sources of revenues for the City of Tualatin's General Fund are property taxes and franchise fees. The City's financial position was bettered by \$2,493,059 in the current year.

**CITY OF TUALATIN'S NET ASSETS**  
**June 30, 2009 and 2008**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 34,691,905	\$ 41,295,582	\$ 11,811,012	\$ 12,438,812	\$ 46,502,917	\$ 53,734,394
Capital assets	107,973,695	103,598,562	50,415,845	47,304,850	158,389,540	150,903,412
Total assets	142,665,600	144,894,144	62,226,857	59,743,662	204,892,457	204,637,806
Long-term liabilities	12,360,035	13,406,490	6,540,000	6,805,000	18,900,035	20,211,490
Other liabilities	2,534,352	3,983,864	1,121,982	599,425	3,656,334	4,583,289
Total liabilities	14,894,387	17,390,354	7,661,982	7,404,425	22,556,369	24,794,779
Net assets:						
Invested in capital assets, net of related debt	96,393,624	90,759,532	43,875,845	40,499,850	140,269,469	131,259,382
Restricted	21,641,579	32,543,974	4,070,822	7,386,077	25,712,401	39,930,051
Unrestricted	9,736,010	3,027,095	6,618,208	5,626,501	16,354,218	8,653,596
Total net assets	\$ 127,771,213	\$ 126,330,601	\$ 54,564,875	\$ 53,512,428	\$ 182,336,088	\$ 179,843,029

The State of Oregon does not have a sales tax and there has been a long history of its citizens opposing one. This puts great stress on property taxes, franchise fees, and other revenue in the governmental sector. Property taxes are limited several ways by State law.

- Local governments' total share of property taxes cannot exceed \$10 per thousand of taxable assessed value; for school districts, the limit is \$5 per thousand.
- In 1999, taxpayers voted for a measure which limited assessed value increases from one year to the next to the lower of a 3% increase or the market value unless additional improvements or modifications have been made to a property.
- At the time of property tax reform, each local government was assigned a permanent tax rate. The City's rate is \$2.265 per \$1,000 assessed value. This rate cannot be changed without a vote passed by a "double majority" (more than half of the registered voters vote and more than half of the voters approve the measure).

The City's permanent tax rate is relatively low in contrast to comparable cities in the State. The City has been able to maintain services by budgeting conservatively and by attracting development to raise assessed value. The

charts showing governmental expenses versus governmental activities demonstrate the funding challenges that Tualatin and other cities face.

Some of the important factors, which make allocation of resources difficult include:

- Governmental resources are restricted in many ways: budgeting, legal and by public opinion.
- Programs funded by general resources typically result in hard choices, such as more police or a better library. Those services which are seen as most important and necessary are almost always least able or likely to assess charges for cost recovery even for direct services.
- Public support and opinion is important to serving citizens. Yet, it is very difficult for average citizens to understand the impact or even the cost of their decision. The true cost of certain services is hard to measure and the relative cost between two services is harder still. Public safety is usually a high propriety for citizens. One policeman's salary for a year may not seem to be much. However, each sworn officer requires extensive, on-going mandatory training, uniforms and expensive safety equipment in addition to support staff, insurance and high fringe benefits. It is very difficult to weigh such costs against other competing costs such as building a skate park or providing after school programs that might keep teenagers occupied and out of trouble after school.

The City of Tualatin is hindered and helped by being a relatively affluent suburb of a large metropolitan area. The City has been successful in attracting high-end development with a balance of residential, retail and light manufacturing. This balanced growth has partially served as a buffer to the low tax rate. Tualatin's construction of a 100,000 square feet high-end retail space (Bridgeport Village, adjacent to I-5, the State's primary north-south freeway) with shops and restaurants has attracted other retail development. Construction on these retail centers, the Point at Bridgeport and Bridgeport Commons continues.

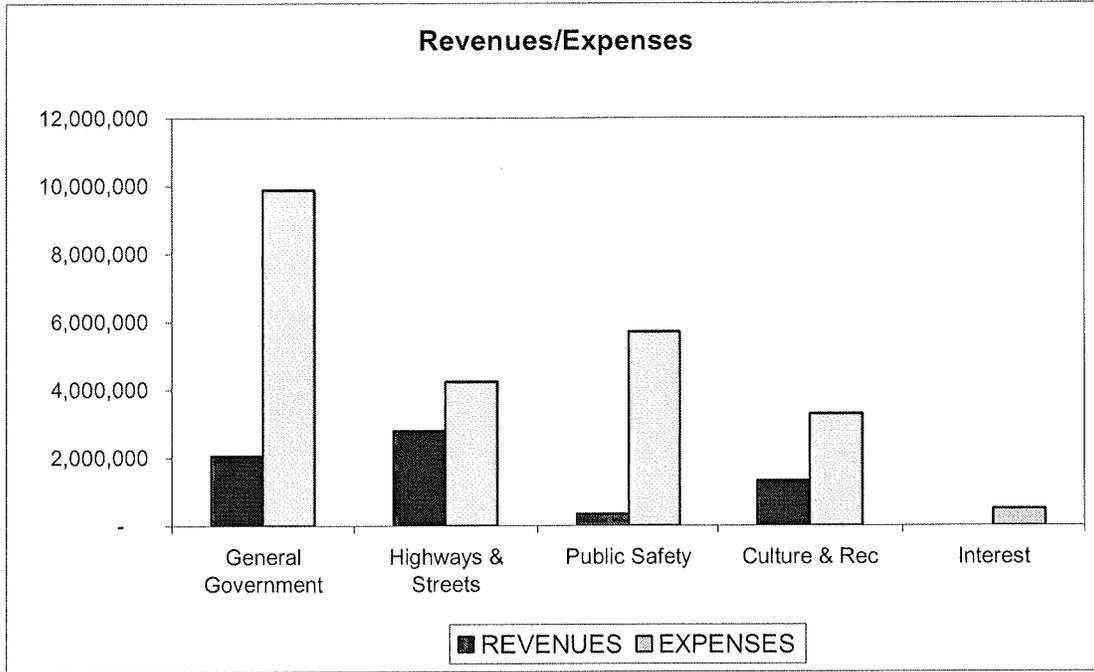
However, as build-out of the City occurs, it is likely to become more difficult to handle the inevitable rise in the cost of services. Regional transportation issues and the high development in the southwestern part of Washington County will continue to present challenges to the high quality of life that the citizens of Tualatin have experienced in the past.

**CITY OF TUALATIN'S CHANGES IN NET ASSETS**  
**Years Ended June 30, 2009 and 2008**

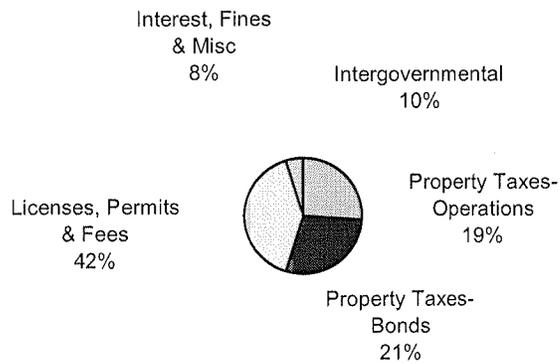
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 2,537,150	\$ 4,174,753	\$ 12,259,303	\$ 10,989,206	\$ 14,796,453	\$ 15,163,959
Operating grants and contributions	3,252,434	3,103,806	-	-	3,252,434	3,103,806
Capital grants and contributions	719,868	1,249,916	396,168	782,470	1,116,036	2,032,386
General revenues:						
Property taxes	12,009,941	12,071,782	-	-	12,009,941	12,071,782
Franchise fees	2,404,323	2,242,346	-	-	2,404,323	2,242,346
Grants and contributions not restricted to specific programs	1,029,369	-	277,102	-	1,306,471	-
Investment earnings	-	2,160,780	-	504,936	-	2,665,716
Total revenues	<u>21,953,085</u>	<u>25,003,383</u>	<u>12,932,573</u>	<u>12,276,612</u>	<u>34,885,658</u>	<u>37,279,995</u>
Expenses:						
General government	9,887,477	9,076,098	-	-	9,887,477	9,076,098
Public safety	5,702,703	5,164,134	-	-	5,702,703	5,164,134
Highways & streets	4,242,622	3,671,693	-	-	4,242,622	3,671,693
Culture & recreation	3,289,432	3,521,904	-	-	3,289,432	3,521,904
Interest on long-term debt	489,308	658,450	-	-	489,308	658,450
Water	-	-	3,099,432	2,916,971	3,099,432	2,916,971
Sewer	-	-	5,028,317	4,774,164	5,028,317	4,774,164
Storm drain	-	-	653,308	-	653,308	-
Total expenses	<u>23,611,542</u>	<u>22,092,279</u>	<u>8,781,057</u>	<u>7,691,135</u>	<u>31,739,291</u>	<u>29,783,414</u>
Increase in net assets before transfers	(1,658,457)	2,911,104	4,151,516	4,585,477	2,493,059	7,496,581
Transfers	<u>3,099,069</u>	<u>2,573,058</u>	<u>(3,099,069)</u>	<u>(2,573,058)</u>	<u>-</u>	<u>-</u>
Increase in net assets	1,440,612	5,484,162	1,052,447	2,012,419	2,493,059	7,496,581
Beginning net assets, as restated	<u>126,330,601</u>	<u>120,846,439</u>	<u>53,512,428</u>	<u>51,500,009</u>	<u>179,843,029</u>	<u>172,346,448</u>
Ending net assets	<u>\$ 127,771,213</u>	<u>\$ 126,330,601</u>	<u>\$ 54,564,875</u>	<u>\$ 53,512,428</u>	<u>\$ 182,336,088</u>	<u>\$ 179,843,029</u>

Total governmental activities revenues increased slightly during the current year. Property tax increases of approximately \$100,000 were offset to some extent by decreases in SDC fees. Operating grants also showed a slight increase. Increases in governmental expenses are due primarily to personnel costs. The total business-type activities revenue decrease is primarily due to decreases in SDC fees.

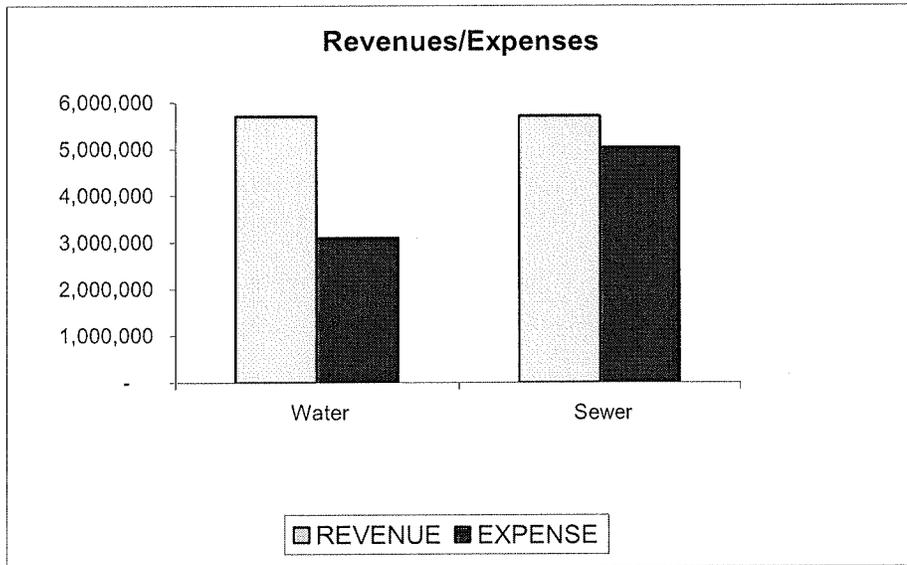
**Expenses and Program Revenues - Governmental Activities**



**Revenues by Source - Governmental Activities**

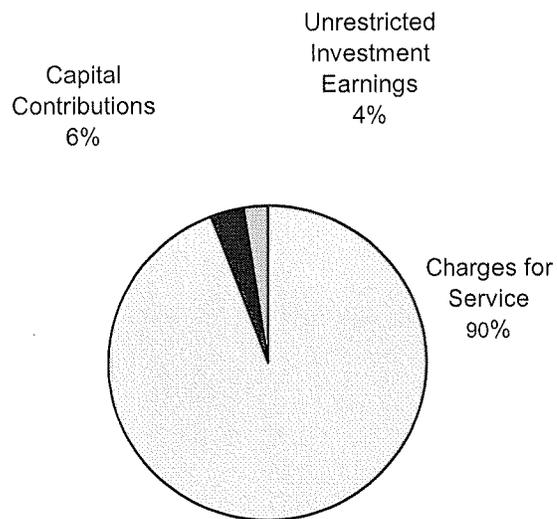


### Expenses and Program Revenues - Business-type Activities



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### Revenues by Source - Business-type Activities



Business activities in 2008-2009 increased net assets by \$1,052,447. This is primarily due to the increased charges and reduced expenses in the Sewer Fund.

A plant maintained by Clean Water Services, a special district, serves the majority of sewer customers in the City of Tualatin. The remaining sewer customers are serviced by the City of Lake Oswego's plant. Tualatin maintains pipes and lift stations within the City. Whereas Clean Water Services is instrumental in the rate setting for sewer services and the City of Tualatin has relatively young infrastructure this allows for some building of reserves. These reserves will be badly needed as the City's system ages.

### **Capital Assets Reporting and Activity During the Year**

Capital improvements for the City of Tualatin increased by \$7,486,128 in fiscal year 2008-09. This investment in capital assets includes land, construction in progress, improvements, machinery and equipment and infrastructure. The governmental infrastructure category consists primarily of roads, signals and lighting. Capital assets in the business-type activities include water and sewer lines, lift stations and other portions of utility systems.

Major capital events during the current fiscal year included the following:

- City Center improvements were made, including the completion of the expanded Library and remodeled City Offices building
- A light rail commuter train station was constructed and includes a shelter, benches, bike facilities and public art. As part of the Washington County Commuter Rail Line, this line connects to the Tri-Met Max light rail into Portland, Oregon, and extends south to the City of Wilsonville.
- Work continued on the widening of Herman Road, including a new parking lot at the City's Operations Center. The work is scheduled to be completed in the Winter of 2009.

**City of Tualatin's Net Capital Assets**  
**June 30, 2009 and 2008**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 12,052,700	\$ 11,672,552	\$ 868,631	\$ 868,631	\$ 12,921,331	\$ 12,541,183
Construction in Progress	10,863,228	16,304,881	4,491,202	1,123,698	15,354,430	17,428,579
Buildings	17,182,280	7,460,290	367,755	367,755	17,550,035	7,828,045
Other Improvements	25,269,138	22,406,992	-	-	25,269,138	22,406,992
Machinery and Equipment	2,894,941	2,705,056	893,543	903,141	3,788,484	3,608,197
Utility System	-	-	63,043,813	61,975,092	63,043,813	61,975,092
Infrastructure	89,147,394	88,473,379	-	-	89,147,394	88,473,379
Accumulated Depreciation	<u>(49,435,986)</u>	<u>(45,424,588)</u>	<u>(19,249,099)</u>	<u>(17,933,467)</u>	<u>(68,685,085)</u>	<u>(63,358,055)</u>
Total	<u>\$ 107,973,695</u>	<u>\$ 103,598,562</u>	<u>\$ 50,415,845</u>	<u>\$ 47,304,850</u>	<u>\$ 158,389,540</u>	<u>\$ 150,903,412</u>

Additional information concerning capital assets is available in the Notes to the Financial Statements. Note A provides a discussion of City policies regarding capital assets and Note F shows a schedule of the year's activity for governmental funds and business-type funds.

**Financial Analysis of Governmental Funds**

The City of Tualatin uses fund accounting to ensure and demonstrate compliance with legal requirements.

Governmental funds provide information about near-term inflows, outflows and balances of spendable resources, which are consistent with the way the City budgets the individual funds. Such information is a useful measure of a government's net resources available for spending at the end of the fiscal year. Net assets for the City's governmental funds increased from \$127,503,790 in 2008 to \$127,771,213 in 2009.

Total revenues decreased from \$21,953,085 to \$27,097,558 before transfers. Expenses increased from \$22,092,279 to \$23,611,542, a modest increase considering inflation and changes in programs. The decrease in revenues was due to decreases in capital grants and contributions, interest earnings and SDC fees, primarily all related to the economy. There was also a re-class of transfers from charges for services to transfers.

Expenditures for general government and reserve funds are less than budgeted. In the General Fund, it is the policy of the City to budget at least 15% of the total budget for personnel services, materials and services and capital in contingency. Transfers from contingency rarely exhaust this sum and with additional amounts put in reserves it is expected that the fully budgeted amounts will not be expended. Other governmental funds routinely budget reserves, which are not expected to be expended. For instance, the Building Division of the Engineering Fund has in reserves six months of operational costs to carry the fund for short-term downturns in revenues, because of cyclical expenditures.

Oregon cities continue to be confronted with legal actions to amend laws requiring payment of franchise fees by utilities to the cities where they do business. This is particularly true for telephone companies who argue that wireless phones have reduced their revenue and that the use of right-of-ways is no longer a factor as it is with traditional phones. This is particularly difficult for the General Fund because franchise fees are the second highest percentage of revenue to that fund.

**Debt Administration**

**City of Tualatin's Debt Service  
Year Ended June 30, 2009**

	Beginning	Additions	Principal Paid	Ending
General Obligation Bonds	\$ 10,220,000	\$ -	\$ (270,000)	\$ 9,950,000
Urban Renewal Bonds	1,970,000	-	(970,000)	1,000,000
Water Revenue Bonds	6,805,000	-	(265,000)	6,540,000
Limited Tax Bonds	620,000	-	-	620,000
<b>Total Bonds Payable</b>	<b>\$ 19,615,000</b>	<b>\$ -</b>	<b>\$ (1,505,000)</b>	<b>\$ 18,110,000</b>

The limited tax bond does not require a payment on principal until the final year of the bond; however, the City has been paying principal most years.

Additional information concerning long-term debt is available in the Notes to the Financial Statements, Note A and Note J.

**General Fund Budgetary Highlights**

The General Fund is the chief operating fund of the City of Tualatin. At the end of the current year, unreserved fund balance was \$4,647,513. All of these funds were available for short-term expenditures. As a matter of course, the City strives to have enough reserves at the end of the fiscal year to provide cash for the first five months of operations at which time the first installment of property taxes are received. The fund balance increased from an unreserved beginning fund balance of \$4,565,418. The increase of the fund balance is not material.

**Significant Transactions During the Year**

The City expanded its Municipal Court to include non-criminal traffic violations in January 2009. Cases are now heard in Tualatin, instead of through Washington or Clackamas County and the revenues are now retained by the City, instead of being shared with the counties.

The grand opening of the newly expanded Library was held in August 2008. The building comprises 22,500 square feet that allows for an expanded collection, social areas, programs and services.

The Operations Center east parking lot project was substantially completed and the I-5/Nyberg Landscape project was started.

Significant capital projects completed in 08/09 in the Utility Funds were the Killarney Lane Project which replaced the AC water line and converted the neighborhood from septic systems to the public sewer system, completion of the Seneca Street Sewer Project, and constructed temporary repairs for a slide along Hedges Creek, stemming from the winter storm in December 2008.

## **Discussion of Significant Changes in Individual Fund Balances**

The Central Urban Renewal District Projects Fund balance increased from \$3,232,308 to \$4,431,873 during the year. This is the result of major capital projects progressing at a slower pace than expected resulting in substantially reduced expenditures.

The Leveton Tax District Project Fund decreased in 2009 to \$10,432,970 from \$12,744,241 in 2008. This decrease occurred because the project associated with extending 124<sup>th</sup> Avenue from Myslony Street to Tualatin-Sherwood Road was completed and the Herman Road project constructed was started.

## **Economic Factors and Next Year's Budget**

Factors affecting financial conditions in the future include:

- Future projections indicate the City will most likely not duplicate the growth levels of recent years. With the City's low permanent tax rate of \$2.265 per thousand assessed value, this is likely to require adjustments in the future to maintain the same levels of services, particularly for General Fund. These sources might include on the revenue side: increases in fees for services, operating levies and increases in franchise fees.
- The City continues to plan for the future through a variety of long-term planning studies and processes to help provide economic stability. Regionally, the City has been participating in the Urban/Rural Reserves discussion and planning to help identify future growth potential, as well as being an active partner in the Regional Transportation Plan process. Locally, the City Council and city staff have been working on the Town Center Plan, Southwest Concept Plan and South Tualatin Concept Plan, to help guide the right mix of development in the downtown core and the mostly undeveloped industrial area in the southwest part of our urban planning area boundary and the undeveloped residential area south of Tualatin.
- The Leveton Tax Increment District is slated to reach its maximum indebtedness during the 09-10 fiscal year and is slated to stop collecting tax increment during the following fiscal year. The Central Urban Renewal District is also reaching its maximum indebtedness, though the Tualatin Development Commission has been working on a plan to increase the maximum indebtedness and continue the District to continue the vision in the central downtown core.
- Tualatin's location in the Portland metropolitan area is very much affected by the transportation issues associated with urban areas. The update of the Regional Transportation Plan will have a large impact on Tualatin and the City Council and city staff will be active in the process to identify these impacts and its effect on the City of Tualatin.

This financial report is designed to provide a general overview of the City of Tualatin's financial activities and position.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Tualatin, 18880 S.W. Martinazzi Avenue, Tualatin, Oregon, 97062-7092.

***BASIC FINANCIAL STATEMENTS***

**CITY OF TUALATIN**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
<b>ASSETS</b>			
Cash and investments	\$ 33,487,328	\$ 10,593,381	\$ 44,080,709
Accounts receivable	572,266	1,170,745	1,743,011
Property taxes receivable	559,937	-	559,937
Inventories	72,374	46,886	119,260
Nondepreciable capital assets	22,915,928	2,717,336	25,633,264
Capital assets, net of depreciation	85,057,767	47,698,509	132,756,276
<i>Total Assets</i>	142,665,600	62,226,857	204,892,457
<b>LIABILITIES</b>			
Accounts payable	1,123,440	1,059,203	2,182,643
Payroll liabilities	447,807	-	447,807
Retainage payable	82,375	12,515	94,890
Deposits payable	847,669	2,350	850,019
Unearned revenue	-	25,325	25,325
Interest payable	33,061	22,589	55,650
Noncurrent liabilities:			
Due within one year:			
Capital lease payable	10,071	-	10,071
Bonds payable	1,305,000	275,000	1,580,000
Accrued compensated absences	200,281	-	200,281
Due in more than one year:			
Bonds payable	10,265,000	6,265,000	16,530,000
Accrued compensated absences	406,630	-	406,630
Other postemployment benefits	173,053	-	173,053
<i>Total Liabilities</i>	14,894,387	7,661,982	22,556,369
<b>NET ASSETS</b>			
Investment in capital assets (net of related debt)	96,393,624	43,875,845	140,269,469
Fund net assets			
Restricted for:			
Debt service	2,523,004	-	2,523,004
Construction	18,093,125	4,070,822	22,163,947
Streets	1,025,450	-	1,025,450
Unrestricted	9,736,010	6,618,208	16,354,218
<i>Total Net Assets</i>	\$ 127,771,213	\$ 54,564,875	\$ 182,336,088

See notes to financial statements.

**CITY OF TUALATIN**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2009**

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>FUNCTIONS/PROGRAMS</b>			
<b>Governmental Activities:</b>			
General government	\$ 9,887,477	\$ 1,318,629	\$ 732,532
Highways and streets	4,242,622	971,088	1,104,068
Public safety	5,702,703	95,828	249,088
Culture and recreation	3,289,432	151,605	1,166,746
Interest on long-term debt	489,308	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Governmental Activities</i>	23,611,542	2,537,150	3,252,434
<b>Business-type Activities:</b>			
Water	3,099,432	5,708,067	-
Sewer	5,028,317	5,317,122	-
Storm drain	653,308	1,234,114	-
	<hr/>	<hr/>	<hr/>
<i>Total Business-type Activities</i>	8,781,057	12,259,303	-
	<hr/>	<hr/>	<hr/>
<i>Total Activities</i>	<u>\$ 32,392,599</u>	<u>\$ 14,796,453</u>	<u>\$ 3,252,434</u>
<b>General Revenues:</b>			
Property taxes			
Franchise fees			
Miscellaneous			
<i>Total General Revenues</i>			
<b>Transfers</b>			
<b>Change in Net Assets</b>			
<i>Net Assets, July 1, 2008</i>			
<i>Net Assets, June 30, 2009</i>			

*Net (Expenses) Revenues and  
Changes in Net Assets*

<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ -	\$ (7,836,316)	\$ -	\$ (7,836,316)
715,409	(1,452,057)	-	(1,452,057)
-	(5,357,787)	-	(5,357,787)
4,459	(1,966,622)	-	(1,966,622)
-	(489,308)	-	(489,308)
719,868	(17,102,090)	-	(17,102,090)
-	-	2,608,635	2,608,635
395,708	-	684,513	684,513
460	-	581,266	581,266
396,168	-	3,874,414	3,874,414
<u>\$ 1,116,036</u>	(17,102,090)	3,874,414	(13,227,676)
	12,009,941	-	12,009,941
	2,404,323	-	2,404,323
	1,029,369	277,102	1,306,471
	15,443,633	277,102	15,720,735
	3,099,069	(3,099,069)	-
	1,440,612	1,052,447	2,493,059
	126,330,601	53,512,428	179,843,029
	<u>\$ 127,771,213</u>	<u>\$ 54,564,875</u>	<u>\$ 182,336,088</u>

*See notes to financial statements.*

**FUND FINANCIAL STATEMENTS**  
**MAJOR GOVERNMENTAL FUNDS**

*General Fund* - accounts for the financial operations of the City that are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, and state and county shared revenue. Primary expenditures are for culture and recreation, general government and public safety.

*Engineering & Building Fund* - accounts for revenues from various fees collected from building for construction of buildings and expended for services rendered primarily in the City's building and engineering department.

*Leveton Tax Increment District Bond Fund* - accounts for property taxes received within the Leveton Urban Renewal District, which are to be used for the payment of principal and interest on the Agency's tax increment debt.

*Central Urban Renewal District Project Fund* - accounts for resources provided from the sale of tax increment bonds and interest earnings used for construction within the Urban Renewal Agency's boundary.

*Leveton Tax Increment District Project Fund* - accounts for the proceeds of tax or construction increment bonds which are used for the acquisition and construction of capital assets within the urban renewal district.

**CITY OF TUALATIN**  
**GOVERNMENTAL FUNDS – BALANCE SHEET**  
**JUNE 30, 2009**

	<u>General</u>	<u>Engineering &amp; Building</u>	<u>Leveton Bond</u>
<b>ASSETS</b>			
Cash and investments	\$ 5,164,220	\$ 2,913,800	\$ 1,009,793
Accounts receivable	132,122	406	-
Property taxes receivable	279,663	-	153,112
Assessment liens receivable	-	-	-
Inventory	38,287	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 5,614,292</u>	<u>\$ 2,914,206</u>	<u>\$ 1,162,905</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 220,436	\$ 26,090	\$ 1,236
Accrued payroll and payroll liabilities	338,228	58,559	-
Deposits	125,073	662,596	-
Retainage payable	-	-	-
Deferred revenue	244,755	-	133,502
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	928,492	747,245	134,738
<b>Fund Balances</b>			
Reserved for inventory	38,287	-	-
Unreserved, reported in:			
General fund	4,647,513	-	-
Special revenue funds	-	2,166,961	-
Capital projects funds	-	-	-
Debt services fund	-	-	1,028,167
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u>4,685,800</u>	<u>2,166,961</u>	<u>1,028,167</u>
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 5,614,292</u>	<u>\$ 2,914,206</u>	<u>\$ 1,162,905</u>

<u>Central Urban Renewal Project</u>	<u>Leveton Project</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
\$ 4,450,553	\$ 10,787,643	\$ 9,161,320	\$ 33,487,329
-	-	91,595	224,123
-	-	127,162	559,937
-	-	348,144	348,144
-	-	34,087	72,374
<u>\$ 4,450,553</u>	<u>\$ 10,787,643</u>	<u>\$ 9,762,308</u>	<u>\$ 34,691,907</u>
\$ 18,680	\$ 336,254	\$ 520,746	\$ 1,123,442
-	-	51,020	447,807
-	-	60,000	847,669
-	18,419	63,956	82,375
-	-	459,109	837,366
<u>18,680</u>	<u>354,673</u>	<u>1,154,831</u>	<u>3,338,659</u>
-	-	34,087	72,374
-	-	-	4,647,513
-	-	4,409,821	6,576,782
4,431,873	10,432,970	3,228,282	18,093,125
-	-	935,287	1,963,454
<u>4,431,873</u>	<u>10,432,970</u>	<u>8,607,477</u>	<u>31,353,248</u>
<u>\$ 4,450,553</u>	<u>\$ 10,787,643</u>	<u>\$ 9,762,308</u>	<u>\$ 34,691,907</u>

See notes to financial statements.

**CITY OF TUALATIN**  
**RECONCILIATION TO THE STATEMENT OF NET ASEETS**  
**JUNE 30, 2009**

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<i>Fund Balances</i>	\$ 31,353,248
<p>The Statement of Net Assets reports receivables at their net realizable value.          However, receivables not available to pay for current period expenditures are deferred in governmental funds.</p>	
	837,366
<p>Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value.</p>	
Cost	157,409,681
Accumulated depreciation	(49,435,986)
<p>All liabilities are reported in the Statement of Net Assets. However, if they are not due and payable in the current period, they are not recorded in governmental funds.</p>	
Compensated absences payable	(606,911)
Accrued interest payable	(33,061)
Bonds and loans payable	(11,580,071)
Other postemployment benefits	(173,053)
	<hr/>
<i>Net Assets of Governmental Activities</i>	<u><u>\$ 127,771,213</u></u>

*See notes to financial statements.*

**CITY OF TUALATIN****GOVERNMENTAL FUNDS – STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Engineering &amp; Building</u>	<u>Leveton Bond</u>
<b>REVENUES</b>			
Taxes and assessments	\$ 5,927,724	\$ -	\$ 3,296,864
Licenses and permits	2,740,524	746,673	-
Charges for services	48,472	-	-
Intergovernmental	2,168,211	-	-
Fines and forfeitures	237,831	-	-
Miscellaneous	267,469	52,841	71,903
<i>Total Revenues</i>	11,390,231	799,514	3,368,767
<b>EXPENDITURES</b>			
Current operating:			
General government	4,726,019	1,328,653	5,832
Public works	-	-	-
Public safety	5,342,795	-	-
Culture and recreation	3,222,362	-	-
Capital outlay	53,184	648,563	-
Debt service			
Principal	-	-	2,960,000
Interest	-	-	41,963
<i>Total Expenditures</i>	13,344,360	1,977,216	3,007,795
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(1,954,129)	(1,177,702)	360,972
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	-	-
Transfers in	2,074,511	1,448,322	-
Transfers out	-	(395,425)	-
<i>Total Other Financing Sources (Uses)</i>	2,074,511	1,052,897	-
<b>NET CHANGE IN FUND BALANCES</b>	120,382	(124,805)	360,972
<b>FUND BALANCES, Beginning of year</b>	4,565,418	2,291,766	667,195
<b>FUND BALANCES, End of year</b>	\$ 4,685,800	\$ 2,166,961	\$ 1,028,167

<i>Central Urban Renewal Project</i>	<i>Leveton Project</i>	<i>Nonmajor Governmental Funds</i>	<i>Totals</i>
\$ -	\$ -	\$ 2,953,598	\$ 12,178,186
-	-	1,212,407	4,699,604
-	-	-	48,472
-	-	1,104,068	3,272,279
-	-	-	237,831
68,878	224,761	382,913	1,068,765
68,878	224,761	5,652,986	21,505,137
24,136	-	2,263,321	8,347,961
-	-	2,303,118	2,303,118
-	-	-	5,342,795
-	-	36,549	3,258,911
582,880	4,302,802	2,434,937	8,022,366
-	-	2,533,703	5,493,703
-	-	539,661	581,624
607,016	4,302,802	10,111,289	33,350,478
(538,138)	(4,078,041)	(4,458,303)	(11,845,341)
2,003,703	2,250,000	-	4,253,703
-	-	2,605,145	6,127,978
(266,000)	(483,230)	(1,308,999)	(2,453,654)
1,737,703	1,766,770	1,296,146	7,928,027
1,199,565	(2,311,271)	(3,162,157)	(3,917,314)
3,232,308	12,744,241	11,769,634	35,270,562
\$ 4,431,873	\$ 10,432,970	\$ 8,607,477	\$ 31,353,248

See notes to financial statements.

**CITY OF TUALATIN**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009**

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

*Net Change in Fund Balances - Total Governmental Funds* \$ (3,917,314)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds defer revenues that do not provide current financial resources.

However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received. (30,599)

Governmental funds do not report expenditures for unpaid compensated absences, interest expense or arbitrage since they do not require the use of current financial resources.

However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.

Accrued compensated absences (39,453)

Accrued interest payable (33,061)

Other postemployment benefits (173,053)

Capital outlays are reported as expenditures in governmental funds. However, the

Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.

Capital outlay 8,022,366

Depreciation expense (4,125,782)

Value of donated assets 478,549

Proceeds from the issuance of long-term debt provide current financial resources to

governmental funds and are reported as revenues. In the same way, repayments of

long-term debt use current financial resources and are reported as expenditures in

governmental funds. However, neither the receipt of debt proceeds nor the payment of

debt principal affect the Statement of Activities, but are reported as increases and

decreases in noncurrent liabilities in the Statement of Net Assets.

Proceeds from the issuance of debt (4,253,703)

Debt principal repaid 5,512,662

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*Change in Net Assets of Governmental Activities* \$ 1,440,612

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*See notes to financial statements.*

**CITY OF TUALATIN****STATEMENT OF REVENUES AND EXPENDITURES - ACTUAL AND BUDGET (BUDGETARY BASIS) -****GENERAL FUND**

YEAR ENDED JUNE 30, 2009

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 5,866,267	\$ 5,866,267	\$ 5,927,724	\$ 61,457
Licenses and permits	2,779,401	2,779,401	2,740,524	(38,877)
Charges for services	45,011	45,011	48,472	3,461
Intergovernmental	2,055,118	2,119,280	2,168,211	48,931
Fines and forfeitures	204,000	294,000	237,831	(56,169)
Miscellaneous	260,075	260,075	267,469	7,394
<i>Total Revenues</i>	11,209,872	11,364,034	11,390,231	26,197
<b>EXPENDITURES</b>				
City council	91,168	96,768	99,561	(2,793)
Administration	961,633	962,933	943,442	19,491
Finance	854,334	854,334	819,019	35,315
Legal services	185,234	189,534	191,175	(1,641)
Municipal court	9,726	99,726	89,274	10,452
Community development planning	770,451	778,311	481,604	296,707
Police administration	405,192	405,192	403,614	1,578
Police patrol	3,246,780	3,246,780	3,311,441	(64,661)
Police support	2,023,925	2,023,925	1,636,954	386,971
Fleet	526,257	526,257	426,871	99,386
Building maintenance	679,121	679,121	673,348	5,773
Parks maintenance	1,110,892	1,110,892	1,079,105	31,787
Community services - Admin	418,358	418,358	419,822	(1,464)
Community services - Library	1,575,106	1,591,886	1,587,200	4,686
Community services - Recreation	229,623	229,623	197,664	31,959
Nondepartmental	859,606	1,137,216	984,266	152,950
Contingency	417,222	372,422	-	372,422
<i>Total Expenditures</i>	14,364,628	14,723,278	13,344,360	1,378,918
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(3,154,756)	(3,359,244)	(1,954,129)	1,405,115
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,870,023	2,074,511	2,074,511	-
<b>NET CHANGE IN FUND BALANCE</b>	(1,284,733)	(1,284,733)	120,382	1,405,115
<b>FUND BALANCE, Beginning of year</b>	4,275,275	4,275,275	4,565,418	290,143
<b>FUND BALANCE, End of year</b>	\$ 2,990,542	\$ 2,990,542	\$ 4,685,800	\$ 1,695,258

See notes to financial statements.

**CITY OF TUALATIN**  
**STATEMENT OF REVENUES AND EXPENDITURES - ACTUAL AND BUDGET (BUDGETARY BASIS) -**  
**ENGINEERING & BUILDING FUND**  
**YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 921,120	\$ 921,120	\$ 746,673	\$ (174,447)
Miscellaneous	66,408	66,408	52,841	(13,567)
<i>Total Revenues</i>	987,528	987,528	799,514	(188,014)
<b>EXPENDITURES</b>				
Administration	530,423	530,423	504,594	25,829
Engineering	571,176	571,176	507,550	63,626
Engineering Building	1,036,573	1,036,573	906,513	130,060
Nondepartmental	125,300	125,300	58,559	66,741
Contingency	808,882	808,882	-	808,882
<i>Total Expenditures</i>	3,072,354	3,072,354	1,977,216	1,095,138
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(2,084,826)	(2,084,826)	(1,177,702)	907,124
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,448,322	1,448,322	1,448,322	-
Transfers out	(395,425)	(395,425)	(395,425)	-
<i>Total Other Financing Sources (Uses)</i>	1,052,897	1,052,897	1,052,897	-
<b>NET CHANGE IN FUND BALANCE</b>	(1,031,929)	(1,031,929)	(124,805)	907,124
<b>FUND BALANCE, Beginning of year</b>	1,897,370	1,897,370	2,291,766	394,396
<b>FUND BALANCE, End of year</b>	\$ 865,441	\$ 865,441	\$ 2,166,961	\$ 1,301,520

See notes to financial statements.

**CITY OF TUALATIN**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2009**

	<u>Water</u>	<u>Sewer</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and investments	\$ 3,227,838	\$ 1,194,670	\$ 6,170,873	\$ 10,593,381
Accounts receivable	589,204	468,620	112,921	1,170,745
Inventories	46,076	810	-	46,886
<i>Total Current Assets</i>	3,863,118	1,664,100	6,283,794	11,811,012
<b>Noncurrent Assets</b>				
Nondepreciable capital assets	1,738,112	979,224	-	2,717,336
Capital assets, net of depreciation	29,520,760	18,177,749	-	47,698,509
<i>Total Noncurrent Assets</i>	31,258,872	19,156,973	-	50,415,845
<i>Total Assets</i>	35,121,990	20,821,073	6,283,794	62,226,857
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	261,180	406,183	391,840	1,059,203
Deposits	2,350	-	-	2,350
Retainage payable	1,962	-	10,553	12,515
Deferred revenue	25,325	-	-	25,325
Current portion of bonds payable	275,000	-	-	275,000
Interest payable	-	-	22,589	22,589
<i>Total Current Liabilities</i>	565,817	406,183	424,982	1,396,982
<b>Noncurrent liabilities</b>				
Bonds payable	6,265,000	-	-	6,265,000
<i>Total Liabilities</i>	6,830,817	406,183	424,982	7,661,982
<b>NET ASSETS</b>				
Investment in capital assets (net of related debt)	24,718,872	19,156,973	-	43,875,845
Restricted for special purposes	-	-	4,481,657	4,481,657
Unrestricted	3,572,301	1,257,917	1,377,155	6,207,373
<i>Total Net Assets</i>	\$ 28,291,173	\$ 20,414,890	\$ 5,858,812	\$ 54,564,875

See notes to financial statements.

**CITY OF TUALATIN**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2009**

	<u>Water</u>	<u>Sewer</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Licenses and permits	\$ 255,701	\$ 1,105	\$ 320,975	\$ 577,781
Charges for services	5,273,746	5,168,716	1,234,114	11,676,576
Intergovernmental	-	-	1,690	1,690
Miscellaneous	17,891	7,402	22,495	47,788
<i>Total Operating Revenues</i>	<u>5,547,338</u>	<u>5,177,223</u>	<u>1,579,274</u>	<u>12,303,835</u>
<b>OPERATING EXPENSES</b>				
Materials and services	3,623,928	5,106,975	816,194	9,547,097
Depreciation	803,407	521,823	-	1,325,230
<i>Total Operating Expenses</i>	<u>4,427,335</u>	<u>5,628,798</u>	<u>816,194</u>	<u>10,872,327</u>
<b>OPERATING INCOME (LOSS)</b>	1,120,003	(451,575)	763,080	1,431,508
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment revenue	66,846	27,671	138,514	233,031
Interest expense	-	-	(299,283)	(299,283)
Transfers in	2,900,169	335,775	941,694	4,177,638
Transfers out	(641,694)	-	(4,244,461)	(4,886,155)
<i>Total Nonoperating Revenue (Expenses)</i>	<u>2,325,321</u>	<u>363,446</u>	<u>(3,463,536)</u>	<u>(774,769)</u>
<b>NET INCOME BEFORE CONTRIBUTIONS</b>	3,445,324	(88,129)	(2,700,456)	656,739
<b>CAPITAL CONTRIBUTIONS</b>	-	395,708	-	395,708
<b>CHANGE IN NET ASSETS</b>	3,445,324	307,579	(2,700,456)	1,052,447
<b>NET ASSETS, Beginning of year</b>	<u>24,845,849</u>	<u>20,107,311</u>	<u>8,559,268</u>	<u>53,512,428</u>
<b>NET ASSETS, End of year</b>	<u>\$ 28,291,173</u>	<u>\$ 20,414,890</u>	<u>\$ 5,858,812</u>	<u>\$ 54,564,875</u>

See notes to financial statements.

**CITY OF TUALATIN**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2009**

	<u>Water</u>	<u>Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 5,473,863	\$ 5,164,778
Cash paid to suppliers for goods and services	(3,524,915)	(5,037,308)
	<hr/>	<hr/>
<i>Net cash provided by (used for) operating activities</i>	1,948,948	127,470
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	2,900,169	335,775
Transfers out	(641,694)	-
	<hr/>	<hr/>
<i>Net cash used for noncapital financing activities</i>	2,258,475	335,775
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal payments on notes, bonds, and certificates	(265,000)	-
Interest payments on notes, bonds, and certificates	-	-
Acquisition and construction of capital assets	(3,122,338)	(918,177)
	<hr/>	<hr/>
<i>Net cash used for capital and related financing activities</i>	(3,387,338)	(918,177)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest revenue	66,846	27,671
	<hr/>	<hr/>
<b>NET INCREASE (DECREASE) IN CASH</b>	886,931	(427,261)
<b>CASH, beginning of year</b>	2,340,907	1,621,931
	<hr/>	<hr/>
<b>CASH, end of year</b>	\$ 3,227,838	\$ 1,194,670
	<hr/> <hr/>	<hr/> <hr/>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 1,120,003	\$ (451,575)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	803,407	521,823
(Increase) Decrease in accounts receivable	(76,953)	(12,445)
(Increase) Decrease in inventories	(15,300)	225
Increase (Decrease) in accounts payable	112,351	69,442
Increase (Decrease) in retainage payable	1,962	-
Increase (Decrease) in deposits	950	-
Increase (Decrease) in deferred revenue	2,528	-
	<hr/>	<hr/>
<i>Net cash provided by (used for) operating activities</i>	\$ 1,948,948	\$ 127,470
	<hr/> <hr/>	<hr/> <hr/>
Noncash contribution of capital assets	\$ -	\$ 395,708
	<hr/> <hr/>	<hr/> <hr/>

<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ 1,575,362 (866,170)	\$ 12,214,003 (9,428,393)
709,192	2,785,610
941,694 (3,919,201)	4,177,638 (4,560,895)
(2,977,507)	(383,257)
- (276,694) -	(265,000) (276,694) (4,040,515)
(276,694)	(4,582,209)
138,514	233,031
(2,406,495)	(1,946,825)
8,577,368	12,540,206
\$ 6,170,873	\$ 10,593,381
\$ 763,080	\$ 1,431,508
- (3,912) - (52,879) 2,903 - -	1,325,230 (93,310) (15,075) 128,914 4,865 950 2,528
\$ 709,192	\$ 2,785,610
\$ -	\$ 395,708

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Financial Report Entity

The City of Tualatin is a municipal corporation governed by an elected seven-member council.

These financial statements present the City of Tualatin (the City) and its component unit, the City of Tualatin Development Commission - The Urban Renewal Agency of the City (the Agency) for which the City is financially accountable. The Agency is reported as a blended component unit and, in substance, is part of the City's operations, although it is a legally separate entity. Separate financial statements of the Agency can be obtained from the Finance Department of the City, 18880 S.W. Martinazzi Avenue, Tualatin, Oregon 97062.

The Agency is governed by the same governing body as the City of Tualatin. The Agency is reported in a special revenue fund, capital projects funds and debt service funds.

2. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the financial statements.

3. Measurement focus, basis of accounting and financial statement presentations.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement focus, basis of accounting and financial statement presentations. (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for by another fund.

The Engineering & Building Fund accounts for charges for engineering services and related costs.

The Leveton Tax Increment District Bond Fund accounts for property taxes received within the Leveton Urban Renewal area to be used for the payment of principal and interest on the Urban Renewal Agency's tax increment debt.

The Central Urban Renewal District Project Fund accounts for resources provided from the sale of tax increment bonds and interest earnings used for the acquisition and construction of capital assets within the Urban Renewal Agency's boundary.

The Leveton Tax Increment District Project Fund accounts for the proceeds of tax or construction increment bonds which are used for the acquisition and construction of capital assets within the Urban Renewal District.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of water facilities and services. The primary revenue source is customer services fees.

The Sewer Fund accounts for the operation and maintenance of sewer facilities and services. The primary revenue source is customer services fees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement focus, basis of accounting and financial statement presentations. (Continued)

assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water enterprise fund, sewer enterprise fund, and storm drain enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

4. Cash and Investments

The City maintains a cash investment pool that is available for use by all funds. Interest earned on pooled investments is allocated to funds based on the pro-rata amount each fund has in the pool. Each fund's portion of this pool is displayed on the government wide Statement of Net Assets as Cash and Investments.

Cash includes amounts in demand deposits, cash on hand, cash with fiscal agent and amounts in investment pools that have the general characteristics of demand deposit accounts, such as the State of Oregon Treasurer's Local Government Investment Pool.

State statutes authorize the City to invest in general obligations of the United States and its agencies, certain debt of Oregon municipalities, time deposits, savings accounts, certificates of deposit, bankers' acceptances, the Oregon State Treasurer's Investment Pool and certain highly rated commercial paper. Investments are stated at fair value.

For statement of cash flow purposes, cash in the City-wide cash and investment pool is considered to be cash, as all amounts are available for withdrawal at any time without prior notice or penalty by the proprietary funds.

5. Property Taxes Receivable

Property taxes receivable, which have been collected within sixty days subsequent to year-end, are considered measurable and available and are recognized as revenues in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance. All other property taxes receivable are offset by deferred property tax revenue and, accordingly, have not been recorded as revenue. The property tax calendar is as follows:

Lien	July 1
Levy	July 1
First Installment	November 15
Second Installment	February 15
Third Installment	May 15

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Assessment and Liens Receivable

Assessment are amounts billed to property owners and receivables are recorded upon project completion. Revenues are recognized upon project completion in government wide financial statements, and when cash is collected in the fund financial statements.

7. Receivables and Payables

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

8. Inventories

Inventories of supplies for governmental fund types are stated at cost (first-in, first-out basis) and are charged to expenditures as they are used. Inventories in the enterprise funds are stated at the lower of cost (first-in, first-out basis) or market value and are charged to expenses as they are used, consistent with the consumption method.

9. Prepaid Items

Payments made to vendors that will benefit periods beyond June 30, 2009, are recorded as pre-paid items.

10. Restricted Assets

Certain assets are classified on the Statement of Net Assets as restricted assets because their use is limited by applicable legal provisions. Restricted assets arise primarily from the water and sewer system development charges and are restricted for renewal and replacement of the utility systems. In addition, governmental funds have funds restricted for scholarships.

11. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (i.e., roads, pathways, street lights) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased, and are capitalized in the proprietary fund statements. Capital assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation. The City does not capitalize collections of works of art or historical treasures held for public exhibition, education, or research in furtherance of public service rather than capital gain, unless they were capitalized as of June 30, 1999. Proceeds from the sale, exchange, or other disposal of any item belonging to a collection or works of art of historical treasures must be applied to the acquisition of additional items for the same collection.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extended the useful life of an asset, or that significantly increase the capacity of an asset, are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current fiscal year.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is calculated on the straight-line basis over the following estimated useful lives:

Asset	Years
Buildings and improvements	25 - 40
Improvements other than buildings	10 - 30
Machinery and equipment	5 - 10
Vehicles	5 - 10
Utility systems	25 - 40
Infrastructure	20 - 40

12. Long-Term Obligations

In the government wide financial statements, and proprietary fund types in the financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuance are reported as debt service expenditures.

The repayment of General Obligation, Urban Renewal and Redevelopment, Bancroft Improvement, and Limited Tax Improvement Bonds will be made from the Debt Service Funds. All debt service payments are budgeted in the debt service category.

13. Compensated Absences

Accumulated vested vacation pay is accrued as it is earned. Compensated absences are reported in governmental funds only if they have matured. Compensated absences are liquidated from the funds in which payroll is paid, which is primarily the General, Engineering & Building, Operations and Urban Redevelopment Administration funds.

Sick pay, which does not vest, is recognized in all funds when leave is taken.

14. Fund Equity

Fund Balance - In the fund financial statement, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**CITY OF TUALATIN**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2009*

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NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fund Equity (continued)

Restricted Net Assets - Certain enterprise fund net assets are restricted by outside parties for construction and are included as restricted net assets. The Tualatin Science and Technology Scholarship Fund also restricts assets for scholarships.

15. Use of Estimates

In preparing the City's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

16. Use of Restricted Assets

When expenditures are paid for purposes in which both restricted and unrestricted net assets are available, the City deems restricted assets to be spent first.

NOTE B - BUDGETARY COMPLIANCE AND ACCOUNTING

1. Budgetary Information

A budget is prepared for each governmental and proprietary fund in accordance with the legal requirements as set forth in the Oregon Local Budget Law.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control is established by the Division in the City's operating funds (General, Engineering & Building, and Operations) and by budget category (Personal Services, Material and Services, Capital Outlay, Debt Service, Contingency, and Transfers Out) in all remaining funds. The legal level of control is as shown on the budget to actual schedules. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires a hearing before the public, publication in newspapers and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control as approved by the City Council. City management is authorized to make changes to the budget within each organizational unit. Oregon state law requires disclosure of fund expenditures in excess of budgeted appropriations. Appropriations lapse as of year-end.

2. Basis of Accounting

The budgets for the governmental fund types are prepared in accordance with the modified accrual basis of account excluding capitalized lease proceeds and related capital outlays. Budgets for proprietary funds are prepared in accordance with the modified accrual basis of accounting.

**CITY OF TUALATIN**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
 YEAR ENDED JUNE 30, 2009

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NOTE C - CASH AND INVESTMENTS

Cash and Investments consisted of the following:

Petty Cash	\$	1,910
Cash with fiscal agent		58,123
Cash on deposit with various banks		(356,109)
State of Oregon Treasurer's Local Governmental Investment Pool 100% Maturity one day		44,376,785
		<hr/>
Total	\$	<u>44,080,709</u>

Deposits

At year end, the book balance of the City's checking accounts was \$(356,109) and the bank balance was \$371,954. The difference is due to transactions in process. Deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Investments

At year-end, all of the City's investments were in the Local Government Investment Pool, an external investment pool. The City does make investments outside the pool at times. A written policy is in place that specifies the following goals and procedures: preservation of capital and protection of principal; conformance with federal, state and legal requirements; maintenance of sufficient liquidity to meet operating requirements; avoidance of imprudent credit, market and speculative risk, and attainment of a market rate of return. This policy has not been adopted as yet by the City Council

Credit Risk

State statutes authorize the City to invest primarily in general obligations of the U. S. Government and its agencies, bankers' acceptances, certain higher grade commercial papers, certain bonded obligations of Oregon municipalities, bank repurchase agreements, and the State Treasurer's investment pool, among others.

The State of Oregon Local Government Investment Pool (LGIP) is not registered with the U. S. Securities and Exchange Commission as an investment company. Oregon Revised Statutes and the Oregon Investment council govern the Pool's investment policies.

The State Treasurer is the investment officer for the pool and is responsible for its funds. These funds must be invested and the investment managed as a prudent investor would, exercising reasonable care, skill and caution.

Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-term funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool on a yearly basis and for the year ended June 30, 2009, was unqualified. The LGIP is not subject to credit rating.

**CITY OF TUALATIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

NOTE C - CASH AND INVESTMENTS (Continued)

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates. Investments in the LGIP are available upon demand (one day).

NOTE D - RECEIVABLES

Receivables at June 30, 2009, consist of the following:

	Accounts Receivable	Taxes Receivable	Assessments Receivable	Total
General	\$ 132,122	\$ 279,663	\$ -	\$ 411,785
Engineering & Building	406	-	-	406
Leveton Tax Increment Bond Sinking	-	153,112	-	153,112
Non-major governmental funds	(256,549)	127,162	348,144	218,757
Water	589,204	-	-	589,204
Sewer	468,620	-	-	468,620
Non-major enterprise funds	112,921	-	-	112,921
	<u>\$ 1,046,724</u>	<u>\$ 559,937</u>	<u>\$ 348,144</u>	<u>\$ 1,954,805</u>

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, there was no unearned revenue, and the various components of deferred revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable - General Fund	\$ 244,755	\$ -
Property taxes receivable - General Obligation Bond Fund	23,904	-
Property taxes receivable - Central Urban Renewal District Bond Fund	87,061	-
Property taxes receivable - Leveton Tax Increment District Bond Fund	133,502	-
Special assessments not yet due - Bancroft Bond Fund	348,144	-
Utility service fee deposits - Water Fund	-	25,325
	<u>\$ 837,366</u>	<u>\$ 25,325</u>

Assessment liens receivable represent the uncollected amounts levied against benefited property for the cost of local improvements. Because the assessments are liens against the benefited property, an allowance for uncollectible amounts is not deemed necessary. Substantially all assessments are payable over a period of fifteen years and bear interest at 5.7% to 10.1%.

**CITY OF TUALATIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

**NOTE E - INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS**

Amounts for interfund balances were for the purpose of short-term internal financing and will be repaid in the subsequent year.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Library Improvement Fund	\$ 1,389,994	\$ -
Central Urban Renewal District Project Fund	-	1,389,994
	<u>\$ 1,389,994</u>	<u>\$ 1,389,994</u>

**NOTE F- CAPITAL ASSETS**

Capital asset activity for governmental activities for the fiscal year ended June 30, 2009, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,672,552	\$ 380,148	\$ -	\$ 12,052,700
Construction in progress	16,304,881	7,297,557	(12,739,210)	10,863,228
Total capital assets not being depreciated	<u>27,977,433</u>	<u>7,677,705</u>	<u>(12,739,210)</u>	<u>22,915,928</u>
Capital assets being depreciated:				
Buildings	7,460,290	9,721,990	-	17,182,280
Improvements other than buildings	22,406,992	2,862,146	-	25,269,138
Machinery and equipment	2,705,056	304,269	(114,384)	2,894,941
Infrastructure	88,473,379	674,015	-	89,147,394
Total capital assets being depreciated	<u>121,045,717</u>	<u>13,562,420</u>	<u>(114,384)</u>	<u>134,493,753</u>
Less accumulated depreciation for:				
Buildings	(2,742,558)	(597,125)	-	(3,339,683)
Improvements other than buildings	(6,799,689)	(773,270)	-	(7,572,959)
Machinery and equipment	(2,278,782)	(181,331)	114,384	(2,345,729)
Infrastructure	(33,603,559)	(2,574,056)	-	(36,177,615)
Total accumulated depreciation	<u>(45,424,588)</u>	<u>(4,125,782)</u>	<u>114,384</u>	<u>(49,435,986)</u>
Total capital assets being depreciated, net	<u>75,621,129</u>	<u>9,436,638</u>	<u>-</u>	<u>85,057,767</u>
Governmental activities capital assets, net	<u>\$ 103,598,562</u>	<u>\$ 17,114,343</u>	<u>\$ (12,739,210)</u>	<u>\$ 107,973,695</u>

**CITY OF TUALATIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

NOTE F - CAPITAL ASSETS (Continued)

Depreciation charged to functions/programs of the City are as follows:

Governmental activities:	
General government	\$ 577,609
Public safety	123,773
Highway and streets, including depreciation of infrastructure assets	2,970,563
Culture and recreation	453,837
	<u>4,125,782</u>
	<u>\$ 4,125,782</u>

Capital asset activity for business-type activities for the fiscal year ended June 30, 2009, is as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 868,631	\$ -	\$ -	\$ 868,631
Construction in progress	1,123,698	3,866,677	(499,173)	4,491,202
Total capital assets not being depreciated	<u>1,992,329</u>	<u>3,866,677</u>	<u>(499,173)</u>	<u>5,359,833</u>
Capital assets being depreciated:				
Buildings	367,755	-	-	367,755
Improvements other than buildings	61,975,092	1,068,721	-	63,043,813
Machinery and equipment	903,141	-	(9,598)	893,543
Total capital assets being depreciated	<u>63,245,988</u>	<u>1,068,721</u>	<u>(9,598)</u>	<u>64,305,111</u>
Less accumulated depreciation for:				
Buildings	(323,874)	(4,376)	-	(328,250)
Improvements other than buildings	(17,193,696)	(1,249,129)	-	(18,442,825)
Machinery and equipment	(415,897)	(71,725)	9,598	(478,024)
Total accumulated depreciation	<u>(17,933,467)</u>	<u>(1,325,230)</u>	<u>9,598</u>	<u>(19,249,099)</u>
Total capital assets being depreciated, net	<u>45,312,521</u>	<u>(256,509)</u>	<u>-</u>	<u>45,056,012</u>
Business-type activities capital assets, net	<u>\$ 47,304,850</u>	<u>\$ 3,610,168</u>	<u>\$ (499,173)</u>	<u>\$ 50,415,845</u>

**CITY OF TUALATIN**  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2009

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NOTE F - CAPITAL ASSETS (Continued)

Depreciation charged to functions/programs of the City are as follows:

*Business-type activities:*

Water	\$ 803,407
Sewer	521,823
	<hr/>
	\$ 1,325,230
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NOTE G - PENSION PLANS

Plan Description and Provisions:

Prior to June 30, 2000, members of the City's OPEU Bargaining Unit were eligible to participate in the contributory defined contributions pension plan. As of June 30, 2000, OPEU (now TEA) employees had the option to move their retirement funds into the OPERS defined benefit retirement plan. TEA employees remaining in the defined contribution plan will have their retirement plan contributions continued under the plan until their retirement or termination of City employment. New TEA employees hired after June 30, 2000, will participate in OPERS. The payroll for the six employees covered by the contributory defined contribution retirement plan for the year ended June 30, 2009, was \$320,154. The City's total payroll was \$8,972,360.

The City has elected to participate in a pool with the State of Oregon and other Oregon local governments and community college public employers for its PERS pension program (the "State and Local Government Rate Pool" or "SLGRP"). Current City employer rates for the period beginning July 1, 2007, is based on the December 31, 2005, actuarial valuation and is 15.42% for PERS employees, 15.36% for OPSRP general service employees and 18.63% for OPSRP police employees.

These rates do not include the 6% employee contribution rate, which the City has elected to make on behalf of the members of the Tualatin Police Association. Other employees pay the 6% employee contribution themselves. In addition, the City pays a rate of 3.24% for all employees to pay toward its accrued actuarial deficit. Pension expense recorded by the City under the plan was \$1,502,342 for the year ended June 30, 2009. The 2004 Interim Valuation indicates that the City has an accrued actuarial deficit of \$3.79 million.

With the exception of the six employees in the IMCA Plan, the City's regular employees hired prior to August 29, 2003, are participants in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit public employee retirement system that acts as a common investment and administrative agent for government units in the State of Oregon. Benefits generally vest after five years of continuous service. Retirement is allowed at age 58 with unreduced benefits, but retirement is generally available at age 55 with reduced benefits. Retirement benefits are payable in a lump sum or a monthly amount using several payment options. OPERS also provides death and disability benefits.

Public employees hired after August 29, 2003, become members of the Oregon Public Service retirement Plan (OPSPR). Employer contributions are required by state statute and are made at actuarially determined rates. These benefit provisions and other requirements are established by state statutes, chapter 238, Oregon Revised Statutes. OPERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplemental information. The stand-alone report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

**CITY OF TUALATIN**  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2009

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NOTE G - PENSION PLAN (Continued)

Funding Policy:

Substantially all regular full-time City employees are participants under plans available through Oregon Public Employees Employment System (PERS), an agent multiple-employer public employee retirement system under authority of ORS 238.600. There are two programs determined by the date of employment. Those employed prior to August 29, 2003, are PERS Program members. Those employed on or after August 29, 2003, are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefited; established and maintained as a tax-qualified government defined benefit plan) and 2) the Individual Account Program (IAP) (defined contribution, established and maintained as a tax qualified governmental defined contribution plan.)

Beginning January 1, 2004, active members of PERS became members of OPSRP IAP. PERS plan member contributions (six percent employee contribution whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. PERS plan members retain their existing PERS accounts, but future member contributions will be deposited in the members ASP, not into the member's PERS account.

Annual Pension Cost:

	Fiscal Year Ending		
	2009	2008	2007
City Contribution rate	11.88%	11.88%	11.88%
Employee contribution paid by City	6.00%	6.00%	6.00%
City total payroll	\$ 8,972,360	\$ 8,340,026	\$ 8,124,419
Payroll earned by OPERS participants	11,184,999	9,712,347	9,521,487
Annual pension cost	1,502,342	1,304,539	1,271,590
Net pension obligation	-	-	-

NOTE H - OTHER POST EMPLOYMENT BENEFITS

The City implemented GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension* prospectively beginning in fiscal year June 30, 2009. GASB 45 is applicable to the City due only to the implicit rate subsidy.

Funding Policy

The City funds the plan only to the extent of current year insurance premium requirement on a pay-as-you-go basis. At June 30, 2009, the City had 93 active employees and only one retiree was participating in the program with all insurance premium costs paid in full by the individual. The City has not established an irrevocable trust to accumulated assets to fund the cost of the OPEB obligation that arises from the implicit subsidy.

**CITY OF TUALATIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

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NOTE H - OTHER POST EMPLOYMENT BENEFITS (Continued)

*Annual OPEB Cost and Net OPEB Obligation*

The City's annual other post employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2009, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Normal cost at year end	\$ 115,268
Amortization of UAAL	<u>111,542</u>
Annual required contribution	226,810
Implicit benefit payments	( 53,757)
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u>\$ 173,053</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2009 was as follows:

<u>Fiscal</u> <u>Year End</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contribution</u>	<u>Net OPEB</u> <u>Obligation</u>
06/30/09	\$ 173,053	0%	\$ 173,053

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5.5% investment rate of return (net of administrative expenses) and an annual healthcare cost rate of between 5.6% and 7%. The UAAL is being amortized over an initial period of 30 years.

**CITY OF TUALATIN**  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2009

NOTE H - OTHER POST EMPLOYMENT BENEFITS (Continued)

*Actuarial Methods and Assumptions (Continued)*

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
08/01/2008	\$ -	\$ 1,489,299	\$ 1,489,299	0%	\$ 8,345,510	17.8%

NOTE I - LEASES

Operating Leases

The City has entered into various non-cancelable, operating leases with a term of more than one year for office equipment. The future minimum lease payments for these leases are not material.

Capital Leases

The City has entered into a lease agreement as a lessee to finance the acquisition of computer equipment and a network server. The lease is secured by equipment. The lease agreement qualifies as a capital lease for accounting purposes, and has been recorded at the present value of its future minimum lease payments as of the inception. The amount of equipment capitalized under this lease was \$90,000.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, are as follows:

<u>YEAR ENDED JUNE 30</u>	<u>Amount</u>
2010	\$ 10,310
Less amount representing interest	(239)
Present value of minimum lease payments	<u>\$ 10,071</u>

NOTE J - LONG-TERM DEBT

General Obligation Bonds

The City issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities only. General obligation bonds were issued in February 1999 in the amount of \$3,970,000 for the construction of a police facility; interest rates were from 3.50 to 4.65% with final maturity in 2019. These bonds were refunded in April 2008 by the issuance of \$2,575,000 of new bonds bearing interest at rates from 4.0% to 5.0%. The proceeds of the new debt plus an additional \$574,623 contributed by the City were placed in an escrow account. The old bonds were called and retired in full in February 2009.

**CITY OF TUALATIN**  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2009

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NOTE J - LONG-TERM DEBT (Continued)

General Obligation Bonds (continued)

In 2005, the City of Tualatin issued bonds for parks improvements in the amount of \$3,785,000; outstanding at June 30, 2009, was \$3,270,000. In 2006, the City issued \$4,225,000 of bonds for library construction and \$4,105,000 of these bonds were outstanding at June 30, 2009.

Annual debt service requirements to maturity for general obligation bonds are as follows:

YEAR ENDED JUNE 30,	Governmental Activities	
	Principal	Interest
2010	\$ 305,000	\$ 395,870
2011	410,000	382,313
2012	605,000	362,588
2013	625,000	338,281
2014	650,000	312,863
2015-2019	3,675,000	1,138,719
2020-2024	2,490,000	496,427
2025-2027	1,190,000	61,769
Total	\$ 9,950,000	\$ 3,488,830

Urban Renewal and Redevelopment Bonds

There are two urban renewal districts within the City of Tualatin - the Central Urban Renewal District (CURD) and the Leveton Tax Increment District. The CURD has used debt to revitalize and redevelop the downtown area of the City of Tualatin. The Leveton District continued to redevelop street and infrastructure including water and sewer improvement in the industrial area.

Central Urban Renewal Bonds which are still outstanding include the 2004 Bond part B which was the source of new funds to finance Boones Ferry Road Phase 1, utility underground, transportation, and streetscape improvements and had a balance of \$270,000 as of June 30, 2009, and an interest rate of 3.05%. The 2004 Series is not secured by a reserve and, although special levy could be imposed if needed to pay for the debt, all tax increment projections indicate it will not be necessary.

Remaining debt for the Leveton Tax Increment District includes the Intermediate Financing (original amount of \$4,085,000 with an outstanding balance of \$730,000 at June 30, 2009, and interest rate of 2.9%). The proceeds from this financing were used for improvements of infrastructure at 124th Avenue from SW Leveton Drive to SW Myslony Street.

The Urban Renewal Districts also had short-term borrowings in the amount of \$4,253,703 which were repaid prior to year end.

**CITY OF TUALATIN**

NOTES TO FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2009

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NOTE J - LONG-TERM DEBT (Continued)

Urban Renewal and Redevelopment Bonds (continued)

Urban Renewal and Redevelopment Bond debt service requirements to maturity are as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,000,000	\$ 29,405

Limited Tax Improvement Bonds

In 1998, the City issued Limited Tax Improvement Bonds for a street improvement project in the amount of \$2,460,000 with an interest rate of 4.70%. The City has pledged all assessments levied within a Local Improvement District to pay the debt service on the bonds. Principal on the debt is not due until 2013, however, the debt was structured to allow payment of principal as assessment payments and pre-payments are received. In most years principal has been called in round lots and to date, \$1,840,000 of the principal has been paid.

<u>YEAR ENDED JUNE 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ -	\$ 29,140
2011	-	29,140
2012	-	29,140
2013	620,000	14,570
Total	\$ 620,000	\$ 101,990

Water Revenue Bonds

In November 2005, the City sold revenue bonds in the amount of \$7,305,000 to be payable solely from net revenue of the City's water system. The proceeds were used primarily for construction of a five million gallon water reservoir and the retrofitting of four existing water reservoirs and three water pump stations to meet current seismic loading standards. The City covenants for the owners of all Series 2005 bonds to establish and maintain rates and charges in connection with the operation of the system which, when combined with other gross revenues, are adequate to generate net revenues for each year at least equal to 1.25 times annual bond debt service due in that fiscal year and net operating revenue after the deduction of system development charges equal to 1.15 times annual debt service due in the fiscal year. Interest rates for this bond range from 4.25 % to 4.5%.

**CITY OF TUALATIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

NOTE J - LONG-TERM DEBT (Continued)

Water Revenue Bonds (Continued)

YEAR ENDED JUNE 30,	Business-type Activities	
	Principal	Interest
2010	\$ 275,000	\$ 265,906
2011	285,000	255,406
2012	295,000	244,531
2013	305,000	233,281
2014	315,000	221,263
2015-2019	1,800,000	900,571
2020-2024	2,225,000	481,994
2025-2027	1,040,000	46,995
Total	\$ 6,540,000	\$ 2,649,947

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
General Obligation Bonds, Series 2005	\$ 3,420,000	\$ -	\$ (150,000)	\$ 3,270,000	\$ 150,000
General Obligation Bonds, Series 2006	4,225,000	-	(120,000)	4,105,000	155,000
Central Urban Renewal Series B 2004	530,000	-	(260,000)	270,000	270,000
Leveton Tax Increment District Intermediate Financing, Series 2003	1,440,000	-	(710,000)	730,000	730,000
Limited Tax Improvement, Series 1998	620,000	-	-	620,000	-
General Obligation Refunding, Series 2008	2,575,000	-	-	2,575,000	-
Total bonds payable	12,810,000	-	(1,240,000)	11,570,000	1,305,000
Capital leases	29,030	-	(18,959)	10,071	10,071
Compensated absences	567,460	226,713	(187,262)	606,911	200,281
Governmental activity long-term liabilities	\$ 13,406,490	\$ 226,713	\$ (1,446,221)	\$ 12,186,982	\$ 1,515,352
Business-type activities:					
Bonds Payable:					
Water Revenue Bonds, Series 2005	\$ 6,805,000	\$ -	\$ (265,000)	\$ 6,540,000	\$ 275,000

**CITY OF TUALATIN**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2009*

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NOTE J - LONG-TERM DEBT (Continued)

Water Revenue Bonds (Continued)

Compensated absences are reported only if they are subject to payment at the time of voluntary or involuntary termination. The amount of vacation accrued is subject to limitation for almost every employee. The set amount cannot be exceeded. Current year liability for vacation cannot be greater than the accrued ceiling set for each employee and when reached is used or lost.

NOTE K - COMMITMENTS AND CONTINGENCIES

The City is subject to the ordinary risks of loss to which similar entities are exposed. These risks are handled through the purchase of commercial insurance and participation in a worker's compensation self-insurance pool and a property/liability self-insurance pool. These pools are administered by the City/County Insurance Service Trust (CCIS). The City has no significant claims against it that are in excess of its coverage. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. The City pays an annual premium to CCIS for its insurance coverage. Based on the experience of the City and pool, the City may be liable for an additional premium of up to approximately 20% of its initial premium or the City may receive a refund. The City has never had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy.

The City had approximately \$5,347,800 of commitments with respect to unfinished capital projects at June 30, 2009.

Federal and state grants are subject to audit by the grantor agencies and any adjustments may become a liability of the appropriate fund. Management believes that adjustments, if any, will not materially affect the City's financial position.

The City is a defendant in various pending legal proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

NOTE L - CONSTITUTIONAL PROPERTY TAX LIMITATION

The State of Oregon has a constitutional limit on property taxes for governmental operations. Under the limit, tax revenues are separated into those for public schools and those for other local governments. The limitation specifies a maximum rate for local government operations of \$10.00 per \$1,000 of real market value. Local government taxes in the City currently do not exceed the \$10.00 rate limit, however this limitation may effect the availability of future tax revenues for the City.

In May of 1977, the voters approved Measure 50 which rolled back assessed values to 90 percent of the 1995-96 levels and limits future increases to 3 percent, except for major improvements. Tax rates are now fixed and not subject to change. Oregon Ballot Measure 56 repealed the double majority requirement passed by voters in the 1990's which required, for non-general elections, that all bond measures could pass only when a majority of those registered voted. Voters may approve local initiatives above the fixed rate and they shall be decided by a majority of voters who are voting in the relevant election.

**CITY OF TUALATIN**  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2009

**NOTE M - OVEREXPENDITURE OF APPROPRIATIONS**

Oregon law prohibits disbursements of a fund in excess of Council approved appropriations.

During the current year, the City had the following overexpenditures of appropriations:

Park Development Fund	Materials and services	\$	3,606
Sewer	Materials and services		115,650
General Fund	City council		2,793
	Legal services		1,641
	Police patrol		64,661
	Community services-admin		1,464

**NOTE N - TRANSFERS**

<i>Transfers In:</i>	<i>Transfers Out:</i>						
	<i>Engineering and Building</i>	<i>Central Urban Renewal District Project</i>	<i>Leveton Tax Increment District Project</i>	<i>Water</i>	<i>Sewer</i>	<i>All Others</i>	<i>Total</i>
General	\$ 395,425	\$ -	\$ -	\$ 355,208	\$ 220,538	\$ 1,103,340	\$ 2,074,511
Engineering and building	-	11,000	238,230	276,272	291,182	631,638	1,448,322
Operations	-	-	-	995,931	251,421	657,176	1,904,528
Road Gas Tax	-	-	-	-	-	90,957	90,957
Road Development	-	-	-	-	-	100,000	100,000
Storm Drain Development	-	-	-	-	-	300,000	300,000
Urban Redevelopment	-	255,000	245,000	-	-	-	500,000
Infrastructure Reserve	-	-	-	-	-	9,660	9,660
Sewer	-	-	-	-	-	330,000	330,000
Water Development	-	-	-	100,000	-	-	100,000
Enterprise Bond	-	-	-	541,694	-	-	541,694
	<u>\$ 395,425</u>	<u>\$ 266,000</u>	<u>\$ 483,230</u>	<u>\$ 2,269,105</u>	<u>\$ 763,141</u>	<u>\$ 3,222,771</u>	<u>\$ 7,399,672</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## **COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

These funds account for revenues, primarily from charges for services and licenses and permits which are used for specific purposes. Funds included in the Special Revenue category are:

*Operations Fund* - accounts for resources used to provide certain City administrative and maintenance functions for water, sewer and street funds.

*Road Utility Fee Fund* - accounts for road utility fees from the property located within the City and business owners to maintain pavement maintenance and street lighting.

*Road Gas Tax Fund* - accounts for gas taxes received from the State of Oregon and Washington County for the operation and maintenance of the street system, traffic signals, bike paths and landscaping of roadside areas.

*Core Area Parking District Fund* - accounts for parking fees from the property located within the City and business owners to develop additional downtown parking areas and maintain existing parking areas.

*Tualatin Science and Technology Scholarship Fund* - accounts for scholarship awards.

*Road Development Fund* - accounts for funds received from systems development charges and used for system improvements.

*Urban Redevelopment Administration Fund* - accounts for the general operations of the City's Urban Renewal Agency.

*911 Emergency Communication Fund* - accounts for operations of 911 system.

### **Debt Service Funds**

The Debt Service Funds account for the payment of principal and interest on General Obligation Improvement Bonds, Bancroft Improvement Bonds and Tax Increment Bonds. Funds included in this category are:

*General Obligation Bond Fund* - accounts for the payment of principal and interest on general obligation bonds. Resources are provided by property taxes.

*Bancroft Bonded Debt Fund* - accounts for the collection of special assessments and the payment of debt principal and interest on special assessment bonded debt.

*Central Urban Renewal District Bond Fund* - accounts for property taxes collected by the Central Urban Renewal District for payment of bond principal and interest.

### **Capital Projects Funds**

These funds account for the construction and acquisition of capital assets financed by bond sales and interest earnings. Funds included within this category are:

*City Center Remodel Fund* - accounts for improvements to city-owned properties. Resources are provided by transfers in from other funds.

*Local Improvement District Fund* - accounts for improvements made to properties that will be assessed to property owners. Primary revenue sources are transfers from other funds.

*Park Development Fund* - accounts for capital improvements to parks funded by system development charges.

*Park Improvements Fund* - accounts for improvements to City parks not funded by SDC's.

*Infrastructure Reserve Fund* - accounts for accumulation of funds to construct future capital projects. Resources are provided by other city funds.

*Library Improvement Fund* - accounts for expansion of the City's library. The primary source of funds for the capital improvements is from the sale of bonds in the amount of \$4,225,000 during 2006.

**CITY OF TUALATIN**  
**COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**

	<i>Special Revenue</i>		
	<i>Operations</i>	<i>Road Utility Fee</i>	<i>Road Gas Tax</i>
<b>ASSETS</b>			
Cash and investments	\$ 1,346,889	\$ 1,746,495	\$ 129,715
Accounts receivable	93	81,203	9,137
Property taxes receivable	-	-	-
Inventory	-	-	34,087
Other receivables	-	-	-
<i>Total Assets</i>	<u>\$ 1,346,982</u>	<u>\$ 1,827,698</u>	<u>\$ 172,939</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 92,358	\$ 130,506	\$ 36,112
Accrued expenses payable	43,494	-	-
Deposits	-	-	-
Retainage payable	19,110	30,588	-
Deferred revenue	-	-	-
<i>Total Liabilities</i>	154,962	161,094	36,112
<b>Fund Balances</b>			
Reserved for inventory	-	-	34,087
Unreserved, reported in:			
Special revenue funds	1,192,020	1,666,604	102,740
Capital projects funds	-	-	-
Debt services fund	-	-	-
<i>Total Fund Balances</i>	<u>1,192,020</u>	<u>1,666,604</u>	<u>136,827</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,346,982</u>	<u>\$ 1,827,698</u>	<u>\$ 172,939</u>

*Special Revenue*

<i>Core Area Parking District</i>	<i>Science and Technology Scholarship</i>	<i>Road Development</i>	<i>Urban Redevelopment Administration</i>
\$ 211,598	\$ 53,678	\$ 1,148,547	\$ 307,816
-	-	-	10
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 211,598</u>	<u>\$ 53,678</u>	<u>\$ 1,148,547</u>	<u>\$ 307,826</u>
\$ 1,173	\$ -	\$ 245,666	\$ 4,569
-	-	-	7,526
-	-	-	-
-	-	14,258	-
-	-	-	-
1,173	-	259,924	12,095
-	-	-	-
210,425	53,678	888,623	295,731
-	-	-	-
-	-	-	-
<u>210,425</u>	<u>53,678</u>	<u>888,623</u>	<u>295,731</u>
<u>\$ 211,598</u>	<u>\$ 53,678</u>	<u>\$ 1,148,547</u>	<u>\$ 307,826</u>

**CITY OF TUALATIN****COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS (Continued)**

JUNE 30, 2009

	<i>Debt Service</i>			
	<i>General Obligation Bond</i>	<i>Bancroft Bonded Debt</i>	<i>Central Urban Renewal District Bond</i>	<i>Local Improvement District</i>
<b>ASSETS</b>				
Cash and investments	\$ 46,046	\$ 491,190	\$ 443,089	\$ 468,522
Accounts receivable	-	-	-	-
Property taxes receivable	27,314	-	99,848	-
Inventory	-	-	-	-
Other receivables	-	348,144	-	-
<i>Total Assets</i>	<u>\$ 73,360</u>	<u>\$ 839,334</u>	<u>\$ 542,937</u>	<u>\$ 468,522</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 1,235	\$ -
Accrued expenses payable	-	-	-	-
Deposits	-	-	60,000	-
Retainage payable	-	-	-	-
Deferred revenue	23,904	348,144	87,061	-
<i>Total Liabilities</i>	23,904	348,144	148,296	-
<i>Fund Balances</i>				
Reserved for inventory	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	468,522
Debt services fund	49,456	491,190	394,641	-
<i>Total Fund Balances</i>	<u>49,456</u>	<u>491,190</u>	<u>394,641</u>	<u>468,522</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 73,360</u>	<u>\$ 839,334</u>	<u>\$ 542,937</u>	<u>\$ 468,522</u>

*Capital Projects*

<i>Park Development</i>	<i>Park Improvements</i>	<i>Infrastructure Reserve</i>	<i>Library Improvement</i>	<i>Total</i>
\$ 331,398	\$ 19,605	\$ 2,399,434	\$ 17,298	\$ 9,161,320
-	-	-	1,152	91,595
-	-	-	-	127,162
-	-	-	-	34,087
-	-	-	-	348,144
<u>\$ 331,398</u>	<u>\$ 19,605</u>	<u>\$ 2,399,434</u>	<u>\$ 18,450</u>	<u>\$ 9,762,308</u>
\$ 5,974	\$ -	\$ -	\$ 3,153	\$ 520,746
-	-	-	-	51,020
-	-	-	-	60,000
-	-	-	-	63,956
-	-	-	-	459,109
<u>5,974</u>	<u>-</u>	<u>-</u>	<u>3,153</u>	<u>1,154,831</u>
-	-	-	-	34,087
-	-	-	-	4,409,821
325,424	19,605	2,399,434	15,297	3,228,282
-	-	-	-	935,287
<u>325,424</u>	<u>19,605</u>	<u>2,399,434</u>	<u>15,297</u>	<u>8,573,390</u>
<u>\$ 331,398</u>	<u>\$ 19,605</u>	<u>\$ 2,399,434</u>	<u>\$ 18,450</u>	<u>\$ 9,728,221</u>

**CITY OF TUALATIN****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	<i>Special Revenue</i>			<i>Core Area Parking District</i>
	<i>Operations</i>	<i>Road Utility Fee</i>	<i>Road Gas Tax</i>	
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	904,754	-	66,334
Intergovernmental	-	-	1,104,068	-
Miscellaneous	75,603	38,472	6,973	4,522
<i>Total Revenues</i>	75,603	943,226	1,111,041	70,856
<b>EXPENDITURES</b>				
Current operating:				
General government	1,828,214	-	-	-
Highways and streets	-	797,830	1,393,687	55,068
Culture and recreation	-	-	-	-
Capital outlay	529,449	112,103	16,278	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total Expenditures</i>	2,357,663	909,933	1,409,965	55,068
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,282,060)	33,293	(298,924)	15,788
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,904,528	-	90,957	-
Transfers out	-	(129,357)	(109,660)	-
<i>Total Other Financing Sources (Uses)</i>	1,904,528	(129,357)	(18,703)	-
<b>NET CHANGE IN FUND BALANCES</b>	(377,532)	(96,064)	(317,627)	15,788
<b>FUND BALANCES, Beginning of year</b>	1,569,552	1,762,668	454,454	194,637
<b>FUND BALANCES, End of year</b>	\$ 1,192,020	\$ 1,666,604	\$ 136,827	\$ 210,425

<i>Special Revenue</i>			
<i>Science and Technology Scholarship</i>	<i>Road Development</i>	<i>Urban Redevelopment Administration</i>	<i>911 Emergency Communication</i>
\$ -	\$ -	\$ -	\$ 137,646
-	236,860	-	-
-	-	-	-
1,090	31,926	6,581	-
1,090	268,786	6,581	137,646
-	-	274,467	137,646
-	56,533	-	-
5,000	-	-	-
-	1,294,563	-	-
-	-	-	-
-	-	-	-
5,000	1,351,096	274,467	137,646
(3,910)	(1,082,310)	(267,886)	-
-	100,000	500,000	-
-	-	(195,494)	-
-	100,000	304,506	-
(3,910)	(982,310)	36,620	-
57,588	1,870,933	259,111	-
\$ 53,678	\$ 888,623	\$ 295,731	\$ -

**CITY OF TUALATIN****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
NON-MAJOR GOVERNMENTAL FUNDS (Continued)  
YEAR ENDED JUNE 30, 2009**

	<i>Debt Service</i>			
	<i>General Obligation Bond</i>	<i>Bancroft Bonded Debt</i>	<i>Central Urban Renewal District Bond</i>	<i>City Center Remodel</i>
<b>REVENUES</b>				
Taxes and assessments	\$ 578,942	\$ 87,036	\$ 2,149,974	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous	8,800	32,905	49,372	-
<i>Total Revenues</i>	587,742	119,941	2,199,346	-
<b>EXPENDITURES</b>				
Current operating:				
General government	850	10,039	5,339	-
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	270,000	-	2,263,703	-
Interest	494,175	29,140	16,346	-
<i>Total Expenditures</i>	765,025	39,179	2,285,388	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(177,283)	80,762	(86,042)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(40,000)	-	-	(124,488)
<i>Total Other Financing Sources (Uses)</i>	(40,000)	-	-	(124,488)
<b>NET CHANGE IN FUND BALANCES</b>	(217,283)	80,762	(86,042)	(124,488)
<b>FUND BALANCES, beginning of year</b>	266,739	410,428	480,683	124,488
<b>FUND BALANCES, End of year</b>	\$ 49,456	\$ 491,190	\$ 394,641	\$ -

*Capital Projects*

<i>Local Improvement District</i>	<i>Park Development</i>	<i>Park Improvements</i>	<i>Infrastructure Reserve</i>	<i>Library Improvement</i>	<i>Totals</i>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,953,598
-	4,459	-	-	-	1,212,407
-	-	-	-	-	1,104,068
9,594	22,718	399	60,019	33,939	382,913
9,594	27,177	399	60,019	33,939	5,652,986
6,766	-	-	-	-	2,263,321
-	-	-	-	-	2,303,118
-	31,549	-	-	-	36,549
-	9,528	-	-	473,016	2,434,937
-	-	-	-	-	2,533,703
-	-	-	-	-	539,661
6,766	41,077	-	-	473,016	10,111,289
2,828	(13,900)	399	60,019	(439,077)	(4,458,303)
-	-	-	9,660	-	2,605,145
-	-	-	(710,000)	-	(1,308,999)
-	-	-	(700,340)	-	1,296,146
2,828	(13,900)	399	(640,321)	(439,077)	(3,162,157)
465,694	339,324	19,206	3,039,755	454,374	11,769,634
\$ 468,522	\$ 325,424	\$ 19,605	\$ 2,399,434	\$ 15,297	\$ 8,607,477

## **BUDGETARY COMPARISON SCHEDULES**

Pursuant to the provision of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires a schedule of revenues, expenditures/expenses, and changes in fund balances/net assets, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with generally accepted accounting principles, the City's General Fund and all major special revenue funds are presented as basic financial statements. All other fund budgetary comparisons are displayed in the following pages as supplemental information.

**SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
BUDGETARY COMPARISON SCHEDULES**

**Special Revenue Funds**

- Operations
- Road Utility Fee
- Road Gas Tax
- Core Area Parking District
- Tualatin Science and Technology Scholarship
- Road Development
- Urban Redevelopment Administration
- 911 Emergency Communication

**Debt Service Funds**

- General Obligation Bond
- Bancroft Bonded Debt
- Central Urban Renewal District Bond
- Leveton Tax Increment District Bond

**Capital Projects Funds**

- Local Improvement District
- Park Development
- Park Improvements
- Infrastructure Reserve
- Central Urban Renewal District Project
- Leveton Tax Increment District Project
- Library Improvements
- City Center Remodel

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
OPERATIONS FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 62,813	\$ 62,813	\$ 75,603	\$ 12,790
<b>EXPENDITURES</b>				
Administration	446,529	446,529	442,635	3,894
Water division	625,637	625,637	605,797	19,840
Sewer division	314,169	314,169	291,590	22,579
Street division	500,462	500,462	473,316	27,146
Nondepartmental	807,450	807,450	544,325	263,125
Contingency	50,000	50,000	-	50,000
<i>Total Expenditures</i>	<u>2,744,247</u>	<u>2,744,247</u>	<u>2,357,663</u>	<u>386,584</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,681,434)	(2,681,434)	(2,282,060)	399,374
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,904,528</u>	<u>1,904,528</u>	<u>1,904,528</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(776,906)	(776,906)	(377,532)	399,374
<b>FUND BALANCE, Beginning of year</b>	<u>1,428,271</u>	<u>1,428,271</u>	<u>1,569,552</u>	<u>141,281</u>
<b>FUND BALANCE, End of year</b>	<u><u>\$ 651,365</u></u>	<u><u>\$ 651,365</u></u>	<u><u>\$ 1,192,020</u></u>	<u><u>\$ 540,655</u></u>

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**ROAD UTILITY FEE FUND**  
**YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 897,306	\$ 897,306	\$ 904,754	\$ 7,448
Miscellaneous	75,000	75,000	38,472	(36,528)
<i>Total Revenues</i>	972,306	972,306	943,226	(29,080)
<b>EXPENDITURES</b>				
Materials and services	1,273,620	1,273,620	797,830	475,790
Capital outlay	600,000	600,000	112,103	487,897
<i>Total Expenditures</i>	1,873,620	1,873,620	909,933	963,687
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(901,314)	(901,314)	33,293	934,607
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(129,357)	(129,357)	(129,357)	-
<b>NET CHANGE IN FUND BALANCE</b>	(1,030,671)	(1,030,671)	(96,064)	934,607
<b>FUND BALANCE, Beginning of year</b>	1,732,916	1,732,916	1,762,668	29,752
<b>FUND BALANCE, End of year</b>	\$ 702,245	\$ 702,245	\$ 1,666,604	\$ 964,359

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**ROAD GAS TAX FUND**  
**YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 1,233,690	\$ 1,233,690	\$ 1,104,068	\$ (129,622)
Miscellaneous	15,039	15,039	6,973	(8,066)
<i>Total Revenues</i>	1,248,729	1,248,729	1,111,041	(137,688)
<b>EXPENDITURES</b>				
Materials and services	483,600	483,600	443,705	39,895
Capital outlay	63,000	63,000	16,278	46,722
Contingency	120,266	120,266	-	120,266
<i>Total Expenditures</i>	666,866	666,866	459,983	206,883
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	581,863	581,863	651,058	69,195
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	90,957	90,957	90,957	-
Transfers out	(1,059,642)	(1,059,642)	(1,059,642)	-
<i>Total Other Financing Sources (Uses)</i>	(968,685)	(968,685)	(968,685)	-
<b>NET CHANGE IN FUND BALANCE</b>	(386,822)	(386,822)	(317,627)	69,195
<b>FUND BALANCE, Beginning of year</b>	386,822	386,822	454,454	67,632
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 136,827	\$ 136,827

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****CORE AREA PARKING DISTRICT FUND****YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Licenses and permits	\$ 100,100	\$ 100,100	\$ 66,334	\$ (33,766)
Miscellaneous	6,270	6,270	4,522	(1,748)
<i>Total Revenues</i>	106,370	106,370	70,856	(35,514)
<b>EXPENDITURES</b>				
Materials and services	21,620	21,620	15,283	6,337
Contingency	4,912	4,912	-	4,912
<i>Total Expenditures</i>	26,532	26,532	15,283	11,249
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	79,838	79,838	55,573	(24,265)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(39,785)	(39,785)	(39,785)	-
<b>NET CHANGE IN FUND BALANCE</b>	40,053	40,053	15,788	(24,265)
<b>FUND BALANCE, Beginning of year</b>	189,652	189,652	194,637	4,985
<b>FUND BALANCE, End of year</b>	<u>\$ 229,705</u>	<u>\$ 229,705</u>	<u>\$ 210,425</u>	<u>\$ (19,280)</u>

**CITY OF TUALATIN**

**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
TUALATIN SCIENCE & TECHNOLOGY SCHOLARSHIP FUND  
YEAR ENDED JUNE 30, 2009**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 1,400	\$ 1,400	\$ 1,090	\$ (310)
<b>EXPENDITURES</b>				
Materials and services	3,000	5,000	5,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(1,600)	(3,600)	(3,910)	(310)
<b>FUND BALANCE, Beginning of year</b>	58,080	58,080	57,588	(492)
<b>FUND BALANCE, End of year</b>	<u>\$ 56,480</u>	<u>\$ 54,480</u>	<u>\$ 53,678</u>	<u>\$ (802)</u>

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****ROAD DEVELOPMENT FUND****YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 1,104,000	\$ 1,104,000	\$ 236,860	\$ (867,140)
Miscellaneous	90,200	90,200	31,926	(58,274)
<i>Total Revenues</i>	1,194,200	1,194,200	268,786	(925,414)
<b>EXPENDITURES</b>				
Capital outlay	1,650,000	2,000,000	1,294,563	705,437
Contingency	2,164,819	1,814,819	-	1,814,819
<i>Total Expenditures</i>	3,814,819	3,814,819	1,294,563	2,520,256
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,620,619)	(2,620,619)	(1,025,777)	1,594,842
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	100,000	-
Transfers out	(56,533)	(56,533)	(56,533)	-
<i>Total Other Financing Sources (Uses)</i>	43,467	43,467	43,467	-
<b>NET CHANGE IN FUND BALANCE</b>	(2,577,152)	(2,577,152)	(982,310)	1,594,842
<b>FUND BALANCE, Beginning of year</b>	2,577,152	2,577,152	1,870,933	(706,219)
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 888,623	\$ 888,623

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
URBAN REDEVELOPMENT ADMINISTRATION FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 8,764	\$ 8,764	\$ 6,581	\$ (2,183)
<b>EXPENDITURES</b>				
Personal services	245,346	245,346	233,826	11,520
Materials and services	58,584	58,584	40,641	17,943
Contingency	259,736	259,736	-	259,736
<i>Total Expenditures</i>	<u>563,666</u>	<u>563,666</u>	<u>274,467</u>	<u>289,199</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(554,902)	(554,902)	(267,886)	287,016
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	500,000	500,000	500,000	-
Transfers out	(195,494)	(195,494)	(195,494)	-
<i>Total Other Financing Sources (Uses)</i>	<u>304,506</u>	<u>304,506</u>	<u>304,506</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(250,396)	(250,396)	36,620	287,016
<b>FUND BALANCE, Beginning of year</b>	<u>250,396</u>	<u>250,396</u>	<u>259,111</u>	<u>8,715</u>
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295,731</u>	<u>\$ 295,731</u>

**CITY OF TUALATIN**

**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
911 EMERGENCY COMMUNICATION FUND  
YEAR ENDED JUNE 30, 2009**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes and assessments	\$ 150,000	\$ 150,000	\$ 137,646	\$ (12,354)
<b>EXPENDITURES</b>				
Materials and services	150,000	150,000	137,646	12,354
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE, Beginning of year</b>	-	-	-	-
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ -	\$ -

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**GENERAL OBLIGATION BOND FUND**  
**YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 687,180	\$ 687,180	\$ 578,942	\$ (108,238)
Miscellaneous	2,000	2,000	8,800	6,800
<i>Total Revenues</i>	689,180	689,180	587,742	(101,438)
<b>EXPENDITURES</b>				
Materials and services	2,000	2,000	850	1,150
Debt service				
Principal	270,000	270,000	270,000	-
Interest	494,180	494,180	494,175	5
<i>Total Expenditures</i>	766,180	766,180	765,025	1,155
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(77,000)	(77,000)	(177,283)	(100,283)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(40,000)	(40,000)	(40,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	(117,000)	(117,000)	(217,283)	(100,283)
<b>FUND BALANCE, Beginning of year</b>	217,897	217,897	266,739	48,842
<b>FUND BALANCE, End of year</b>	\$ 100,897	\$ 100,897	\$ 49,456	\$ (51,441)

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
BANCROFT BONDED DEBT FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 87,036	\$ 87,036	\$ 87,036	\$ -
Miscellaneous	28,280	28,280	32,905	4,625
<i>Total Revenues</i>	115,316	115,316	119,941	4,625
<b>EXPENDITURES</b>				
Materials and services	300	300	300	-
Debt service				
Principal	80,000	80,000	-	80,000
Interest	29,140	29,140	29,140	-
<i>Total Expenditures</i>	109,440	109,440	29,440	80,000
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	5,876	5,876	90,501	84,625
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(9,739)	(9,739)	(9,739)	-
<b>NET CHANGE IN FUND BALANCE</b>	(3,863)	(3,863)	80,762	84,625
<b>FUND BALANCE, Beginning of year</b>	325,000	325,000	410,428	85,428
<b>FUND BALANCE, End of year</b>	\$ 321,137	\$ 321,137	\$ 491,190	\$ 170,053

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
CENTRAL URBAN RENEWAL DISTRICT BOND FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes and assessments	\$ 2,231,402	\$ 2,231,402	\$ 2,149,974	\$ (81,428)
Miscellaneous	13,905	13,905	49,372	35,467
<i>Total Revenues</i>	2,245,307	2,245,307	2,199,346	(45,961)
<b>EXPENDITURES</b>				
Materials and services	7,200	7,200	5,339	1,861
Debt service				
Principal	2,263,703	2,263,703	2,263,703	-
Interest	18,665	18,665	16,346	2,319
<i>Total Expenditures</i>	2,289,568	2,289,568	2,285,388	4,180
<b>NET CHANGE IN FUND BALANCE</b>	(44,261)	(44,261)	(86,042)	(41,781)
<b>FUND BALANCE, Beginning of year</b>	317,293	317,293	480,683	163,390
<b>FUND BALANCE, End of year</b>	\$ 273,032	\$ 273,032	\$ 394,641	\$ 121,609

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****LEVETON TAX INCREMENT DISTRICT BOND FUND**

YEAR ENDED JUNE 30, 2009

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 3,509,670	\$ 3,509,670	\$ 3,296,864	\$ (212,806)
Miscellaneous	40,188	40,188	71,903	31,715
<i>Total Revenues</i>	3,549,858	3,549,858	3,368,767	(181,091)
<b>EXPENDITURES</b>				
Materials and services	9,000	9,000	5,832	3,168
Debt service				
Principal	3,510,000	3,510,000	2,960,000	550,000
Interest	43,760	43,760	41,963	1,797
<i>Total Expenditures</i>	3,562,760	3,562,760	3,007,795	554,965
<b>NET CHANGE IN FUND BALANCE</b>	(12,902)	(12,902)	360,972	373,874
<b>FUND BALANCE, Beginning of year</b>	1,031,097	1,031,097	667,195	(363,902)
<b>FUND BALANCE, End of year</b>	\$ 1,018,195	\$ 1,018,195	\$ 1,028,167	\$ 9,972

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****LOCAL IMPROVEMENT DISTRICT FUND**

YEAR ENDED JUNE 30, 2009

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 11,310	\$ 11,310	\$ 9,594	\$ (1,716)
<b>EXPENDITURES</b>				
Materials and services	52,500	52,500	-	52,500
Capital outlay	100,000	100,000	-	100,000
Contingency	175,185	175,185	-	175,185
<i>Total Expenditures</i>	<u>327,685</u>	<u>327,685</u>	<u>-</u>	<u>327,685</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(316,375)	(316,375)	9,594	325,969
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(6,766)	(6,766)	(6,766)	-
<b>NET CHANGE IN FUND BALANCE</b>	(323,141)	(323,141)	2,828	325,969
<b>FUND BALANCE, Beginning of year</b>	<u>323,141</u>	<u>323,141</u>	<u>465,694</u>	<u>142,553</u>
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 468,522</u>	<u>\$ 468,522</u>

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****PARK DEVELOPMENT FUND****YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 490,490	\$ 490,490	\$ 4,459	\$ (486,031)
Intergovernmental	786,500	786,500	-	(786,500)
Miscellaneous	19,000	19,000	22,718	3,718
<i>Total Revenues</i>	<u>1,295,990</u>	<u>1,295,990</u>	<u>27,177</u>	<u>(1,268,813)</u>
<b>EXPENDITURES</b>				
Materials and services	11,300	11,300	14,906	(3,606)
Capital outlay	1,893,000	1,893,000	9,528	1,883,472
Contingency	18,088	18,088	-	18,088
<i>Total Expenditures</i>	<u>1,922,388</u>	<u>1,922,388</u>	<u>24,434</u>	<u>1,897,954</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(626,398)	(626,398)	2,743	629,141
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(16,643)	(16,643)	(16,643)	-
Land sale proceeds	360,000	360,000	-	(360,000)
<i>Total Other Financing Sources (Uses)</i>	<u>343,357</u>	<u>343,357</u>	<u>(16,643)</u>	<u>(360,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(283,041)	(283,041)	(13,900)	269,141
<b>FUND BALANCE, Beginning of year</b>	<u>283,041</u>	<u>283,041</u>	<u>339,324</u>	<u>56,283</u>
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,424</u>	<u>\$ 325,424</u>

**CITY OF TUALATIN**

*SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –*

*PARK IMPROVEMENTS FUND*

*YEAR ENDED JUNE 30, 2009*

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	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 100	\$ 100	\$ 399	\$ 299
<b>EXPENDITURES</b>				
Capital outlay	13,578	13,578	-	13,578
<b>NET CHANGE IN FUND BALANCE</b>	(13,478)	(13,478)	399	13,877
<b>FUND BALANCE, Beginning of year</b>	13,478	13,478	19,206	5,728
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,605</u>	<u>\$ 19,605</u>

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****INFRASTRUCTURE RESERVE FUND**

YEAR ENDED JUNE 30, 2009

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 106,840	\$ 106,840	\$ 60,019	\$ (46,821)
<b>EXPENDITURES</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	106,840	106,840	60,019	(46,821)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,660	9,660	9,660	-
Transfers out	(300,000)	(710,000)	(710,000)	-
<i>Total Other Financing Sources (Uses)</i>	(290,340)	(700,340)	(700,340)	-
<b>NET CHANGE IN FUND BALANCE</b>	(183,500)	(593,500)	(640,321)	(46,821)
<b>FUND BALANCE, Beginning of year</b>	3,052,586	3,052,586	3,039,755	(12,831)
<b>FUND BALANCE, End of year</b>	\$ 2,869,086	\$ 2,459,086	\$ 2,399,434	\$ (59,652)

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
CENTRAL URBAN RENEWAL DISTRICT PROJECT FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 94,737	\$ 94,737	\$ 68,878	\$ (25,859)
<b>EXPENDITURES</b>				
Materials and services	170,562	170,562	24,136	146,426
Capital outlay	4,141,670	4,141,670	582,880	3,558,790
Contingency	300,000	300,000	-	300,000
<i>Total Expenditures</i>	<u>4,612,232</u>	<u>4,612,232</u>	<u>607,016</u>	<u>4,005,216</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(4,517,495)	(4,517,495)	(538,138)	3,979,357
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(266,000)	(266,000)	(266,000)	-
Issuance of debt	2,003,703	2,003,703	2,003,703	-
<i>Total Other Financing Sources (Uses)</i>	<u>1,737,703</u>	<u>1,737,703</u>	<u>1,737,703</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,779,792)	(2,779,792)	1,199,565	3,979,357
<b>FUND BALANCE, Beginning of year</b>	<u>3,026,775</u>	<u>3,026,775</u>	<u>3,232,308</u>	<u>205,533</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 246,983</u>	<u>\$ 246,983</u>	<u>\$ 4,431,873</u>	<u>\$ 4,184,890</u>

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
LEVETON TAX INCREMENT DISTRICT PROJECT FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 374,952	\$ 374,952	\$ 224,761	\$ (150,191)
<b>EXPENDITURES</b>				
Materials and services	10,000	10,000	-	10,000
Capital outlay	13,810,000	13,810,000	4,302,802	9,507,198
Contingency	300,000	300,000	-	300,000
<i>Total Expenditures</i>	14,120,000	14,120,000	4,302,802	9,817,198
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	(13,745,048)	(13,745,048)	(4,078,041)	9,667,007
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(483,230)	(483,230)	(483,230)	-
Issuance of debt	2,800,000	2,800,000	2,250,000	(550,000)
<i>Total Other Financing Sources (Uses)</i>	2,316,770	2,316,770	1,766,770	(550,000)
<b>NET CHANGE IN FUND BALANCE</b>				
	(11,428,278)	(11,428,278)	(2,311,271)	9,117,007
<b>FUND BALANCE, Beginning of year</b>				
	11,722,908	11,722,908	12,744,241	1,021,333
<b>FUND BALANCE, End of year</b>				
	\$ 294,630	\$ 294,630	\$ 10,432,970	\$ 10,138,340

**CITY OF TUALATIN**

**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**

**LIBRARY IMPROVEMENTS FUND**

**YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 22,500	\$ 33,943	\$ 33,939	\$ (4)
<b>EXPENDITURES</b>				
Capital outlay	440,000	488,313	473,016	15,297
<b>NET CHANGE IN FUND BALANCE</b>	(417,500)	(454,370)	(439,077)	15,293
<b>FUND BALANCE, Beginning of year</b>	417,500	454,370	454,374	4
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 15,297	\$ 15,297

**CITY OF TUALATIN**

**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**

**CITY CENTER REMODEL FUND**

**YEAR ENDED JUNE 30, 2009**

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	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(124,488)	(124,488)	-
<b>NET CHANGE IN FUND BALANCE</b>	-	(124,488)	(124,488)	-
<b>FUND BALANCE, Beginning of year</b>	-	124,488	124,488	-
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ -	\$ -

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**SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
PROPRIETARY FUNDS**

- Water
- Sewer
- Water Development
- Sewer Development
- Water Reservoir
- Enterprise Bond
- Storm Drain
- Storm Drain Development

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
WATER FUND**

YEAR ENDED JUNE 30, 2009

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 258,776	\$ 258,776	\$ 255,701	\$ (3,075)
Charges for services	5,648,506	5,648,506	5,273,746	(374,760)
Miscellaneous	128,493	128,493	84,737	(43,756)
<i>Total Revenues</i>	<u>6,035,775</u>	<u>6,035,775</u>	<u>5,614,184</u>	<u>(421,591)</u>
<b>EXPENDITURES</b>				
Materials and services	2,350,689	2,350,689	2,086,427	264,262
Capital outlay	1,700,000	1,700,000	397,260	1,302,740
Contingency	1,155,000	1,155,000	-	1,155,000
<i>Total Expenditures</i>	<u>5,205,689</u>	<u>5,205,689</u>	<u>2,483,687</u>	<u>2,722,002</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	830,086	830,086	3,130,497	2,300,411
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(2,269,105)	(2,269,105)	(2,269,105)	-
<b>NET CHANGE IN NET ASSETS</b>	(1,439,019)	(1,439,019)	861,392	2,300,411
<b>NET ASSETS, Beginning of year</b>	<u>2,280,668</u>	<u>2,280,668</u>	<u>2,710,909</u>	<u>430,241</u>
<b>NET ASSETS, End of year</b>	<u>\$ 841,649</u>	<u>\$ 841,649</u>	<u>\$ 3,572,301</u>	<u>\$ 2,730,652</u>

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**SEWER FUND**  
**YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ 1,105	\$ 1,105
Charges for services	4,966,206	4,966,206	5,168,716	202,510
Miscellaneous	39,659	39,659	35,073	(4,586)
<i>Total Revenues</i>	<u>5,005,865</u>	<u>5,005,865</u>	<u>5,204,894</u>	<u>199,029</u>
<b>EXPENDITURES</b>				
Materials and services	4,228,184	4,228,184	4,343,834	(115,650)
Capital outlay	800,000	1,130,000	912,403	217,597
Contingency	343,375	343,375	-	343,375
<i>Total Expenses</i>	<u>5,371,559</u>	<u>5,701,559</u>	<u>5,256,237</u>	<u>445,322</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(365,694)	(695,694)	(51,343)	644,351
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	330,000	330,000	-
Transfers out	(763,141)	(763,141)	(763,141)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(763,141)</u>	<u>(433,141)</u>	<u>(433,141)</u>	<u>-</u>
<b>NET CHANGE IN NET ASSETS</b>	(1,128,835)	(1,128,835)	(484,484)	644,351
<b>NET ASSETS, Beginning of year</b>	<u>1,128,835</u>	<u>1,128,835</u>	<u>1,742,401</u>	<u>613,566</u>
<b>NET ASSETS, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,257,917</u>	<u>\$ 1,257,917</u>

**CITY OF TUALATIN****COMBINING STATEMENT OF NET ASSETS – NONMAJOR PROPRIETARY FUNDS**JUNE 30, 2009

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	<u>Water Development</u>	<u>Sewer Development</u>	<u>Water Reservoir</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 330,650	\$ 3,564,693	\$ 1,052,800
Accounts receivable	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Current Assets</i>	330,650	3,564,693	1,052,800
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	187,860	6,696	62,356
Retainage payable	-	-	2,903
Interest payable	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Current Liabilities</i>	187,860	6,696	65,259
<b>NET ASSETS</b>			
Restricted for special purposes	142,790	3,557,997	-
Unrestricted	-	-	987,541
	<hr/>	<hr/>	<hr/>
<i>Total Net Assets</i>	<u>\$ 142,790</u>	<u>\$ 3,557,997</u>	<u>\$ 987,541</u>

<u>Enterprise Bond</u>	<u>Storm Drain</u>	<u>Storm Drain Development</u>	<u>Totals</u>
\$ 433,424	\$ 310,971	\$ 478,335	\$ 6,170,873
-	112,921	-	112,921
433,424	423,892	478,335	6,283,794
-	34,278	100,650	391,840
-	-	7,650	10,553
22,589	-	-	22,589
22,589	34,278	108,300	424,982
410,835	-	370,035	4,481,657
-	389,614	-	1,377,155
\$ 410,835	\$ 389,614	\$ 370,035	\$ 5,858,812

**CITY OF TUALATIN****COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2009**

	<u>Water Development</u>	<u>Sewer Development</u>	<u>Water Reservoir</u>
<b>OPERATING REVENUES</b>			
Licenses and permits	\$ 173,674	\$ 147,301	\$ -
Charges for services	-	-	-
Intergovernmental	-	-	1,230
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Operating Revenues</i>	173,674	147,301	1,230
<b>OPERATING EXPENSES</b>			
Materials and services	-	162,661	-
	<hr/>	<hr/>	<hr/>
<b>OPERATING INCOME (LOSS)</b>	173,674	(15,360)	1,230
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment revenue	28,870	72,705	27,839
Interest expense	-	-	-
Transfers in	100,000	-	-
Transfers out	(2,258,155)	(14,617)	(389,386)
	<hr/>	<hr/>	<hr/>
<i>Total Nonoperating Revenue (Expenses)</i>	(2,129,285)	58,088	(361,547)
	<hr/>	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	(1,955,611)	42,728	(360,317)
<b>NET ASSETS, Beginning of year</b>	2,098,401	3,515,269	1,347,858
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS, End of year</b>	\$ 142,790	\$ 3,557,997	\$ 987,541
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Enterprise Bond</i>	<i>Storm Drain</i>	<i>Storm Drain Development</i>	<i>Totals</i>
\$ -	\$ -	-	\$ 320,975
-	1,234,114	-	1,234,114
-	-	460	1,690
-	8,161	14,334	22,495
-	1,242,275	14,794	1,579,274
225	507,704	145,604	816,194
(225)	734,571	(130,810)	763,080
9,100	-	-	138,514
(299,283)	-	-	(299,283)
541,694	-	300,000	941,694
(265,000)	(821,066)	(496,237)	(4,244,461)
(13,489)	(821,066)	(196,237)	(3,463,536)
(13,714)	(86,495)	(327,047)	(2,700,456)
424,549	476,109	697,082	8,559,268
\$ 410,835	\$ 389,614	\$ 370,035	\$ 5,858,812

**CITY OF TUALATIN****COMBINING STATEMENT OF CASH FLOWS – NONMAJOR PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2009

	<i>Water Development</i>	<i>Sewer Development</i>	<i>Water Reservoir</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 173,674	\$ 147,301	\$ 1,230
Cash paid to suppliers for goods and services	-	(212,637)	-
<i>Net cash provided by (used for) operating activities</i>	173,674	(65,336)	1,230
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	100,000	-	-
Transfers out	(2,103,281)	(14,617)	(324,127)
<i>Net cash used for noncapital financing activities</i>	(2,003,281)	(14,617)	(324,127)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest payments on notes, bonds, and certificates	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest revenue	28,870	72,705	27,839
<b>NET INCREASE (DECREASE) IN CASH</b>	(1,800,737)	(7,248)	(295,058)
<b>CASH, beginning of year</b>	2,131,387	3,571,941	1,347,858
<b>CASH, end of year</b>	\$ 330,650	\$ 3,564,693	\$ 1,052,800
	<i>Water Development</i>	<i>Sewer Development</i>	<i>Water Reservoir</i>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 173,674	\$ (15,360)	\$ 1,230
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
(Increase) Decrease in accounts receivable	-	-	-
Increase (Decrease) in accounts payable	-	(49,976)	(2,903)
Increase (Decrease) in retainage payable	-	-	2,903
<i>Net cash provided by (used for) operating activities</i>	\$ 173,674	\$ (65,336)	\$ 1,230

<i>Enterprise Bond</i>	<i>Storm Drain</i>	<i>Storm Drain Development</i>	<i>Totals</i>
\$ - (225)	\$ 1,238,363 (507,704)	\$ 14,794 (145,604)	\$ 1,575,362 (866,170)
(225)	730,659	(130,810)	709,192
541,694 (265,000)	- (824,239)	300,000 (387,937)	941,694 (3,919,201)
276,694	(824,239)	(87,937)	(2,977,507)
(276,694)	-	-	(276,694)
9,100	-	-	138,514
8,875	(93,580)	(218,747)	(2,406,495)
424,549	404,551	697,082	8,577,368
\$ 433,424	\$ 310,971	\$ 478,335	\$ 6,170,873

<i>Enterprise Bond</i>	<i>Storm Drain</i>	<i>Storm Drain Development</i>	<i>Totals</i>
\$ (225)	\$ 734,571	\$ (130,810)	\$ 763,080
-	(3,912)	-	(3,912)
-	-	-	(52,879)
-	-	-	2,903
\$ (225)	\$ 730,659	\$ (130,810)	\$ 709,192

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
WATER DEVELOPMENT FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 1,200,000	\$ 1,200,000	\$ 173,674	\$ (1,026,326)
Miscellaneous	64,996	64,996	28,870	(36,126)
<i>Total Revenues</i>	1,264,996	1,264,996	202,544	(1,062,452)
<b>EXPENDITURES</b>				
Capital outlay	2,622,200	3,122,200	2,245,783	876,417
Contingency	909,653	409,653	-	409,653
<i>Total Expenses</i>	3,531,853	3,531,853	2,245,783	1,286,070
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,266,857)	(2,266,857)	(2,043,239)	223,618
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	100,000	-
Transfers out	(12,372)	(12,372)	(12,372)	-
<i>Total Other Financing Sources (Uses)</i>	87,628	87,628	87,628	-
<b>NET CHANGE IN NET ASSETS</b>	(2,179,229)	(2,179,229)	(1,955,611)	223,618
<b>NET ASSETS, Beginning of year</b>	2,179,229	2,179,229	2,098,401	(80,828)
<b>NET ASSETS, End of year</b>	\$ -	\$ -	\$ 142,790	\$ 142,790

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
SEWER DEVELOPMENT FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 1,129,000	\$ 1,129,000	\$ 147,301	\$ (981,699)
Miscellaneous	122,498	122,498	72,705	(49,793)
<i>Total Revenues</i>	1,251,498	1,251,498	220,006	(1,031,492)
<b>EXPENDITURES</b>				
Materials and services	903,200	903,200	162,661	740,539
Capital outlay	415,000	415,000	5,775	409,225
Contingency	3,424,393	3,424,393	-	3,424,393
<i>Total Expenditures</i>	4,742,593	4,742,593	168,436	4,574,157
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	(3,491,095)	(3,491,095)	51,570	(3,542,665)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(8,842)	(8,842)	(8,842)	-
<b>NET CHANGE IN NET ASSETS</b>				
	(3,499,937)	(3,499,937)	42,728	3,542,665
<b>NET ASSETS, Beginning of year</b>				
	3,499,937	3,499,937	3,515,269	15,332
<b>NET ASSETS, End of year</b>				
	\$ -	\$ -	\$ 3,557,997	\$ 3,557,997

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
WATER RESERVOIR PROJECT FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 1,230	\$ 1,230
Miscellaneous	-	-	27,839	27,839
<i>Total Revenues</i>	-	-	29,069	29,069
<b>EXPENDITURES</b>				
Capital outlay	730,447	730,447	389,386	341,061
Contingency	530,529	530,529	-	530,529
<i>Total Expenses</i>	1,260,976	1,260,976	389,386	871,590
<b>NET CHANGE IN NET ASSETS</b>	(1,260,976)	(1,260,976)	(360,317)	900,659
<b>NET ASSETS, Beginning of year</b>	1,260,976	1,260,976	1,347,858	86,882
<b>NET ASSETS, End of year</b>	\$ -	\$ -	\$ 987,541	\$ 987,541

**CITY OF TUALATIN**

**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**

**ENTERPRISE BOND FUND**

**YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 9,000	\$ 9,000	\$ 9,100	\$ 100
<b>EXPENDITURES</b>				
Materials and services	300	300	225	75
Debt service				
Principal	265,000	265,000	265,000	-
Interest	276,695	276,695	276,694	1
<i>Total Expenditures</i>	<u>541,995</u>	<u>541,995</u>	<u>541,919</u>	<u>76</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(532,995)	(532,995)	(532,819)	176
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>541,694</u>	<u>541,694</u>	<u>541,694</u>	<u>-</u>
<b>NET CHANGE IN NET ASSETS</b>	8,699	8,699	8,875	176
<b>NET ASSETS, Beginning of year</b>	<u>420,200</u>	<u>420,200</u>	<u>424,549</u>	<u>4,349</u>
<b>NET ASSETS, End of year</b>	<u>\$ 428,899</u>	<u>\$ 428,899</u>	<u>\$ 433,424</u>	<u>\$ 4,525</u>

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****STORM DRAIN FUND****YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 1,235,417	\$ 1,235,417	\$ 1,234,114	\$ (1,303)
Miscellaneous	13,155	13,155	8,161	(4,994)
<i>Total Revenues</i>	1,248,572	1,248,572	1,242,275	(6,297)
<b>EXPENDITURES</b>				
Materials and services	531,670	511,670	507,704	3,966
Capital outlay	10,000	80,000	20,891	59,109
Contingency	282,595	232,595	-	232,595
<i>Total Expenditures</i>	824,265	824,265	528,595	295,670
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	424,307	424,307	713,680	289,373
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(800,175)	(800,175)	(800,175)	-
<b>NET CHANGE IN NET ASSETS</b>	(375,868)	(375,868)	(86,495)	289,373
<b>NET ASSETS, Beginning of year</b>	375,868	375,868	476,109	100,241
<b>NET ASSETS, End of year</b>	\$ -	\$ -	\$ 389,614	\$ 389,614

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****STORM DRAIN DEVELOPMENT FUND****YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Intergovernmental	-	-	460	460
Miscellaneous	23,455	23,455	14,334	(9,121)
<i>Total Revenues</i>	123,455	123,455	14,794	(108,661)
<b>EXPENDITURES</b>				
Capital outlay	950,000	950,000	628,906	321,094
Contingency	130,654	130,654	-	130,654
<i>Total Expenditures</i>	1,080,654	1,080,654	628,906	451,748
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(957,199)	(957,199)	(614,112)	343,087
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	300,000	300,000	300,000	-
Transfers out	(12,935)	(12,935)	(12,935)	-
<i>Total Other Financing Sources (Uses)</i>	287,065	287,065	287,065	-
<b>NET CHANGE IN NET ASSETS</b>	(670,134)	(670,134)	(327,047)	343,087
<b>NET ASSETS, Beginning of year</b>	670,134	670,134	697,082	26,948
<b>NET ASSETS, End of year</b>	\$ -	\$ -	\$ 370,035	\$ 370,035

***OTHER FINANCIAL SCHEDULES***

**CITY OF TUALATIN****SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED –****CITY OF TUALATIN****YEAR ENDED JUNE 30, 2009**

<u>Tax Year</u>	<u>Uncollected July 1, 2008</u>	<u>Levy as Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Interest</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Uncollected June 30, 2009</u>
Current:							
2008-09	\$ -	\$ 6,770,120	\$(168,090)	\$ 2,338	\$ (13,271)	\$(6,374,204)	\$ 216,893
Prior years:							
2007-08	171,616	-	233	6,469	(10,771)	(108,454)	59,093
2006-07	39,251	-	50	2,918	(2,124)	(20,252)	19,843
2005-06	14,349	-	34	2,192	(1,216)	(9,914)	5,445
2004-05	5,229	-	7	955	(350)	(3,798)	2,043
Prior	5,001	-	2	371	(576)	(1,137)	3,661
	<u>235,446</u>	<u>-</u>	<u>326</u>	<u>12,905</u>	<u>(15,037)</u>	<u>(143,555)</u>	<u>90,085</u>
	<u>\$ 235,446</u>	<u>\$ 6,770,120</u>	<u>\$(167,764)</u>	<u>\$ 15,243</u>	<u>\$ (28,308)</u>	<u>\$(6,517,759)</u>	<u>\$ 306,978</u>

**CITY OF TUALATIN****SCHEDULE OF PROPERTY TAX TRANSACTION OF TAXES UNCOLLECTED – THE URBAN RENEWAL  
AGENCY OF THE CITY OF TUALATIN  
YEAR ENDED JUNE 30, 2009**

<u>Tax Year</u>	<u>Uncollected July 1, 2008</u>	<u>Levy as Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Interest</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Uncollected June 30, 2009</u>
Current:							
2008-09	\$ -	\$ 5,664,741	\$(141,037)	\$ 1,949	\$ (10,959)	\$ (5,337,006)	\$ 177,688
Prior years:							
2007-08	137,910	-	196	5,293	(9,051)	(87,223)	47,125
2006-07	34,760	-	47	2,645	(1,983)	(17,992)	17,477
2005-06	13,911	-	35	2,179	(1,241)	(9,648)	5,236
2004-05	6,099	-	8	1,135	(424)	(4,433)	2,385
Prior	4,322	-	3	408	(575)	(1,109)	3,049
	<u>197,002</u>	<u>-</u>	<u>289</u>	<u>11,660</u>	<u>(13,274)</u>	<u>(120,405)</u>	<u>75,272</u>
	<u>\$ 197,002</u>	<u>\$ 5,664,741</u>	<u>\$(140,748)</u>	<u>\$ 13,609</u>	<u>\$ (24,233)</u>	<u>\$ (5,457,411)</u>	<u>\$ 252,960</u>

**CITY OF TUALATIN**  
**SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE**  
**JUNE 30, 2009**

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>Limited Tax Improvement Bonds, Series 1998</i>			<i>Leveton Intermediate Financing, Series 2003</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2010	\$ -	\$ 29,140	\$ 29,140	\$ 730,000	\$ 21,170	\$ 751,170
2011	-	29,140	29,140	-	-	-
2012	-	29,140	29,140	-	-	-
2013	620,000	14,570	634,570	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
	<u>\$ 620,000</u>	<u>\$ 101,990</u>	<u>\$ 721,990</u>	<u>\$ 730,000</u>	<u>\$ 21,170</u>	<u>\$ 751,170</u>

<i>Central Urban Renewal, Series B 2004</i>			<i>G.O. Bonds, Series 2005</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 270,000	\$ 8,235	\$ 278,235	\$ 150,000	\$ 124,388	\$ 274,388
-	-	-	155,000	119,431	274,431
-	-	-	165,000	114,025	279,025
-	-	-	170,000	108,056	278,056
-	-	-	175,000	101,694	276,694
-	-	-	180,000	95,037	275,037
-	-	-	190,000	87,863	277,863
-	-	-	195,000	80,162	275,162
-	-	-	205,000	72,163	277,163
-	-	-	215,000	63,762	278,762
-	-	-	220,000	55,063	275,063
-	-	-	230,000	46,062	276,062
-	-	-	240,000	36,663	276,663
-	-	-	250,000	26,862	276,862
-	-	-	260,000	16,500	276,500
-	-	-	270,000	5,569	275,569
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 270,000</u>	<u>\$ 8,235</u>	<u>\$ 278,235</u>	<u>\$ 3,270,000</u>	<u>\$ 1,153,300</u>	<u>\$ 4,423,300</u>

**CITY OF TUALATIN****SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE (Continued)**

JUNE 30, 2009

<i>Fiscal Year Ending June 30,</i>	<i>G.O. Bonds, Series 2006</i>			<i>G.O. Refunding Bonds, Series 2008</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2010	\$ 155,000	\$ 162,194	\$ 317,194	\$ -	\$ 109,288	\$ 109,288
2011	165,000	155,394	320,394	90,000	107,488	197,488
2012	170,000	148,275	318,275	270,000	100,288	370,288
2013	180,000	140,837	320,837	275,000	89,388	364,388
2014	185,000	133,081	318,081	290,000	78,088	368,088
2015	190,000	125,113	315,113	305,000	66,569	371,569
2016	200,000	116,825	316,825	310,000	54,650	364,650
2017	210,000	108,112	318,112	330,000	41,850	371,850
2018	215,000	99,619	314,619	345,000	26,625	371,625
2019	225,000	91,369	316,369	360,000	9,000	369,000
2020	235,000	82,626	317,626	-	-	-
2021	245,000	73,386	318,386	-	-	-
2022	260,000	63,600	323,600	-	-	-
2023	270,000	53,265	323,265	-	-	-
2024	280,000	42,400	322,400	-	-	-
2025	295,000	30,900	325,900	-	-	-
2026	305,000	18,900	323,900	-	-	-
2027	320,000	6,400	326,400	-	-	-
	<u>\$ 4,105,000</u>	<u>\$ 1,652,296</u>	<u>\$ 5,757,296</u>	<u>\$ 2,575,000</u>	<u>\$ 683,234</u>	<u>\$ 3,258,234</u>

<i>Total Governmental Notes</i>			<i>Water Revenue Bonds, Series 2005</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 1,305,000	\$ 454,415	\$ 1,759,415	\$ 275,000	\$ 265,906	\$ 540,906
410,000	411,453	821,453	285,000	255,406	540,406
605,000	391,728	996,728	295,000	244,531	539,531
1,245,000	352,851	1,597,851	305,000	233,281	538,281
650,000	312,863	962,863	315,000	221,263	536,263
675,000	286,719	961,719	330,000	208,363	538,363
700,000	259,338	959,338	345,000	194,863	539,863
735,000	230,124	965,124	360,000	180,763	540,763
765,000	198,407	963,407	375,000	166,063	541,063
800,000	164,131	964,131	390,000	150,519	540,519
455,000	137,689	592,689	405,000	133,869	538,869
475,000	119,448	594,448	425,000	116,125	541,125
500,000	100,263	600,263	445,000	97,420	542,420
520,000	80,127	600,127	465,000	77,681	542,681
540,000	58,900	598,900	485,000	56,899	541,899
565,000	36,469	601,469	510,000	35,070	545,070
305,000	18,900	323,900	530,000	11,925	541,925
320,000	6,400	326,400	-	-	-
<u>\$ 11,570,000</u>	<u>\$ 3,620,225</u>	<u>\$ 15,190,225</u>	<u>\$ 6,540,000</u>	<u>\$ 2,649,947</u>	<u>\$ 9,189,947</u>

## STATISTICAL SECTION

*The Statistical Section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the overall financial health of the City of Tualatin.*

### **FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have 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 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 comprehensive annual financial reports for the relevant year.

City of Tualatin implemented GASB #34 in 2004, therefore certain ten year schedules are limited.

## STATISTICAL SECTION

- Net Assets by Components
- Changes in Net Assets
- Fund Balances, Governmental Funds
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- Tax Revenue by Source, Governmental Funds
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**CITY OF TUALATIN**  
**NET ASSETS BY COMPONENT**  
**LAST SIX FISCAL YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><i>Governmental activities</i></b>			
Invested in capital assets (net of related debt)	\$ 70,232,775	\$ 71,044,473	\$ 83,109,505
Restricted for special purposes	25,302,554	31,784,105	27,135,766
Unrestricted	7,553,836	7,504,552	8,324,105
<i>Total governmental activities net assets</i>	<u>\$ 103,089,165</u>	<u>\$ 110,333,130</u>	<u>\$ 118,569,376</u>
<b><i>Business-type activities</i></b>			
Invested in capital assets (net of related debt)	\$ 35,943,859	\$ 37,851,884	\$ 35,942,810
Restricted for special purposes	-	4,385,063	4,661,750
Unrestricted	7,821,936	2,890,010	6,248,995
<i>Total business-type activities net assets</i>	<u>\$ 43,765,795</u>	<u>\$ 45,126,957</u>	<u>\$ 46,853,555</u>
<b><i>Primary government</i></b>			
Invested in capital assets (net of related debt)	\$ 106,176,634	\$ 108,896,357	\$ 121,771,920
Restricted for special purposes	25,302,554	36,169,168	31,797,516
Unrestricted	15,375,772	10,394,562	11,853,495
<i>Total primary government net assets</i>	<u>\$ 146,854,960</u>	<u>\$ 155,460,087</u>	<u>\$ 165,422,931</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 85,434,995	\$ 90,759,532	\$ 96,393,624
31,870,363	32,543,974	21,641,579
7,944,380	3,027,095	9,736,010
<u>\$ 125,249,738</u>	<u>\$ 126,330,601</u>	<u>\$ 127,771,213</u>
\$ 40,095,770	\$ 40,499,850	\$ 43,875,845
6,142,789	7,386,077	4,070,822
4,088,260	5,626,501	6,618,208
<u>\$ 50,326,819</u>	<u>\$ 53,512,428</u>	<u>\$ 54,564,875</u>
\$ 125,530,765	\$ 131,259,382	\$ 140,269,469
38,013,152	39,930,051	25,712,401
12,032,640	8,653,596	16,354,218
<u>\$ 175,576,557</u>	<u>\$ 179,843,029</u>	<u>\$ 182,336,088</u>

**CITY OF TUALATIN**  
**CHANGES IN NET ASSETS**  
**LAST SIX FISCAL YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Expenses</b>			
<i>Governmental activities:</i>			
General government	\$ 5,231,830	\$ 6,633,054	\$ 7,372,433
Public safety	3,938,333	4,255,099	4,614,719
Highways and streets	2,154,320	1,979,000	1,622,815
Culture and recreation	2,427,929	1,322,674	1,502,076
Interest on long-term debt	506,419	422,180	2,382,698
Unallocated depreciation	129,475	126,432	123,973
<i>Total governmental activities expenses</i>	<u>14,388,306</u>	<u>14,738,439</u>	<u>17,618,714</u>
<i>Business-type activities:</i>			
Water	2,572,652	4,233,678	4,386,891
Sewer	4,036,193	5,493,671	5,360,593
Storm drain	-	-	-
<i>Total business-type activities expenses</i>	<u>6,608,845</u>	<u>9,727,349</u>	<u>9,747,484</u>
<i>Total expenses</i>	<u>\$ 20,997,151</u>	<u>\$ 24,465,788</u>	<u>\$ 27,366,198</u>
<b>Program revenues</b>			
<i>Governmental activities:</i>			
Charges for services			
General government	\$ 2,104,395	\$ 1,883,453	\$ 1,662,757
Highways and streets	3,740,444	3,347,731	2,955,457
Public safety	85,568	76,584	67,610
Culture and recreation	751,588	672,678	593,856
Operating grants and contributions	34,957	67,857	2,277,204
Capital grants and contributions	1,662,029	1,948,857	3,295,733
<i>Total governmental activities program revenues</i>	<u>8,378,981</u>	<u>7,997,160</u>	<u>10,852,617</u>
<i>Business-type activities:</i>			
Charges for services			
Water	4,826,342	4,208,795	4,547,080
Sewer	4,772,391	4,161,748	4,496,251
Storm drain	-	-	-
Capital grants and contributions	905,636	3,758,798	1,844,442
<i>Total business-type activities program revenues</i>	<u>10,504,369</u>	<u>12,129,341</u>	<u>10,887,773</u>
<i>Total program revenues</i>	<u>\$ 18,883,350</u>	<u>\$ 20,126,501</u>	<u>\$ 21,740,390</u>
<b>Net (expense)/revenue</b>			
<i>Governmental activities</i>	\$ (6,009,325)	\$ (6,741,279)	\$ (6,766,097)
<i>Business-type activities</i>	<u>3,895,524</u>	<u>2,401,992</u>	<u>1,140,289</u>
<i>Total net expenses</i>	<u>\$ (2,113,801)</u>	<u>\$ (4,339,287)</u>	<u>\$ (5,625,808)</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 8,928,490	\$ 9,076,098	\$ 9,887,477
5,160,680	5,164,134	5,702,703
3,331,787	3,671,693	4,242,622
1,960,442	3,521,904	3,289,432
453,084	658,450	489,308
-	-	-
19,834,483	22,092,279	23,611,542
2,992,876	2,916,971	3,099,432
5,046,003	4,774,164	5,028,317
-	-	653,308
8,038,879	7,691,135	8,781,057
<u>\$ 27,873,362</u>	<u>\$ 29,783,414</u>	<u>\$ 32,392,599</u>
\$ 1,934,054	\$ 1,691,801	\$ 1,318,629
2,223,073	958,867	971,088
232,124	105,751	95,828
482,031	201,591	151,605
1,298,980	3,103,806	3,252,434
1,772,517	2,466,659	719,868
7,942,779	8,528,475	6,509,452
5,134,440	5,575,361	5,708,067
4,690,369	5,413,845	5,317,122
-	-	1,234,114
3,156,077	782,470	396,168
12,980,886	11,771,676	12,655,471
<u>\$ 20,923,665</u>	<u>\$ 20,300,151</u>	<u>\$ 19,164,923</u>
\$ (11,891,704)	\$ (13,563,804)	\$ (17,102,090)
4,942,007	4,080,541	3,874,414
<u>\$ (6,949,697)</u>	<u>\$ (9,483,263)</u>	<u>\$ (13,227,676)</u>

**CITY OF TUALATIN**  
**CHANGES IN NET ASSETS (Continued)**  
**LAST SIX FISCAL YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General revenues and other changes in net assets</b>			
Governmental activities:			
Taxes and assessments	\$ 9,598,691	\$ 10,078,180	\$ 10,888,251
Licenses and permits	1,714,231	1,828,503	2,014,126
Miscellaneous	454,292	878,561	1,999,966
Transfers	2,165,130	1,200,000	100,000
Total governmental activities	13,932,344	13,985,244	15,002,343
Business-type activities:			
Miscellaneous	109,979	159,170	361,929
Transfers	(2,165,130)	(1,200,000)	(100,000)
Total business-type activities	(2,055,151)	(1,040,830)	261,929
Total	<u>\$ 11,877,193</u>	<u>\$ 12,944,414</u>	<u>\$ 15,264,272</u>
<b>Change in net assets</b>			
Governmental activities	\$ 7,923,019	\$ 7,243,965	\$ 8,236,246
Business-type activities	1,840,373	1,361,162	1,402,218
Total	<u>\$ 9,763,392</u>	<u>\$ 8,605,127</u>	<u>\$ 9,638,464</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	10,925,950	\$ 12,071,782	\$ 12,009,941
	2,126,101	2,242,346	2,404,323
	3,528,863	2,160,780	1,029,369
	1,991,150	2,573,058	3,099,069
	<u>18,572,064</u>	<u>19,047,966</u>	<u>18,542,702</u>
	522,407	504,936	277,102
	(1,991,150)	(2,573,058)	(3,099,069)
	<u>(1,468,743)</u>	<u>(2,068,122)</u>	<u>(2,821,967)</u>
\$	<u>17,103,321</u>	<u>16,979,844</u>	<u>15,720,735</u>
\$	6,680,360	\$ 5,484,162	\$ 1,440,612
	3,473,264	2,012,419	1,052,447
\$	<u>10,153,624</u>	<u>7,496,581</u>	<u>2,493,059</u>

**CITY OF TUALATIN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
General fund						
Reserved	\$ 84,585	\$ 79,810	\$ 54,357	\$ -	\$ -	\$ -
Unreserved	3,170,942	3,694,217	4,015,194	4,235,407	4,495,830	4,409,043
<b>Total general fund</b>	<b>\$ 3,255,527</b>	<b>\$ 3,774,027</b>	<b>\$ 4,069,551</b>	<b>\$ 4,235,407</b>	<b>\$ 4,495,830</b>	<b>\$ 4,409,043</b>
All other governmental funds						
Reserved	\$ 187,382	\$ 203,817	\$ 139,889	\$ 97,419	\$ 107,080	\$ 103,515
Unreserved, reported in:						
Special revenue funds	6,644,759	6,943,249	8,061,376	8,749,450	7,770,121	7,282,602
Capital projects funds	9,761,166	5,997,111	7,569,258	8,635,817	14,361,838	15,035,687
Debt service funds	7,055,030	4,453,393	3,562,681	3,793,857	6,007,795	5,041,998
<b>Total all other governmental funds</b>	<b>\$ 23,648,337</b>	<b>\$ 17,597,570</b>	<b>\$ 19,333,204</b>	<b>\$ 21,276,543</b>	<b>\$ 28,246,834</b>	<b>\$ 27,463,802</b>

2005	2006	2007	2008	2009
\$ -	\$ 65,617	\$ -	\$ -	\$ 38,287
4,497,524	5,125,815	4,520,546	4,565,418	4,647,513
<u>\$ 4,497,524</u>	<u>\$ 5,191,432</u>	<u>\$ 4,520,546</u>	<u>\$ 4,565,418</u>	<u>\$ 4,685,800</u>
\$ 97,844	\$ 92,898	\$ 92,680	\$ -	\$ -
7,413,565	7,644,037	8,514,792	9,633,900	6,576,782
22,942,560	19,239,160	23,319,543	20,419,390	18,093,125
3,910,171	3,292,344	3,066,830	1,825,045	1,963,454
<u>\$ 34,364,140</u>	<u>\$ 30,268,439</u>	<u>\$ 34,993,845</u>	<u>\$ 31,878,335</u>	<u>\$ 26,633,361</u>

**CITY OF TUALATIN**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**LAST SIX FISCAL YEARS**

	2004	2005	2006
<b>REVENUES</b>			
Property taxes	\$ 10,138,379	\$ 10,567,468	\$ 10,885,890
Licenses and permits	1,696,974	1,827,209	2,466,535
Intergovernmental	3,714,543	2,786,052	3,253,950
Franchise tax	2,353,626	-	-
Charges for services	1,498,171	4,333,178	4,809,174
Fines and forfeitures	436,835	169,465	170,315
Miscellaneous	429,355	1,213,920	2,854,334
Total revenues	20,267,883	20,897,292	24,440,198
<b>EXPENDITURES</b>			
Current operating:			
General government	7,248,525	6,523,259	7,213,176
Public safety	3,728,033	4,044,373	4,427,287
Public Works	350,724	249,943	277,299
Culture and recreation	2,124,059	1,039,039	1,220,536
Capital outlay	9,188,096	5,436,529	12,672,121
Debt service			
Interest	506,419	422,180	2,382,696
Principal	5,973,640	6,937,435	4,558,359
Reserves	548,961	-	-
Total expenditures	29,668,457	24,652,758	32,751,474
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	(9,400,574)	(3,755,466)	(8,311,276)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,185,064	4,409,247	3,920,381
Transfers out	(3,019,934)	(3,209,247)	(3,820,381)
Bond Refunding	-	-	-
Issuance of debt	6,365,625	9,544,291	4,809,483
Total other financing sources (uses)	8,530,755	10,744,291	4,909,483
<b>NET CHANGE IN FUND BALANCES</b>	\$ (869,819)	\$ 6,988,825	\$ (3,401,793)
Debt service as a percentage of noncapital expenditures	48.17%	62.07%	52.83%

	2007	2008	2009
\$	11,100,992	\$ 12,073,721	\$ 12,178,186
	1,955,143	3,926,256	2,295,281
	2,777,905	3,101,583	3,272,279
	2,126,101	2,242,346	2,404,323
	4,125,236	5,949,678	48,472
	234,169	229,180	237,831
	2,263,577	2,176,803	1,068,765
	<u>24,583,123</u>	<u>29,699,567</u>	<u>21,505,137</u>
	8,942,056	8,734,604	8,347,961
	4,871,925	5,193,903	5,342,795
	1,167,548	954,187	2,303,118
	1,300,643	3,037,178	3,258,911
	8,333,879	10,115,467	8,022,366
	457,575	1,346,829	581,624
	5,949,323	1,430,000	5,493,703
	<u>31,022,949</u>	<u>30,812,168</u>	<u>33,350,478</u>
	(6,439,826)	(1,112,601)	(11,845,341)
	7,293,764	11,854,026	6,127,978
	(5,302,614)	(13,975,213)	(2,453,654)
	-	(2,575,000)	-
	8,503,194	2,738,150	4,253,703
	<u>10,494,344</u>	<u>(1,958,037)</u>	<u>7,928,027</u>
\$	<u>4,054,518</u>	<u>\$ (3,070,638)</u>	<u>\$ (3,917,314)</u>
	<u>39.35%</u>	<u>15.50%</u>	<u>31.56%</u>

**CITY OF TUALATIN**  
**TAX REVENUE BY SOURCE – GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

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<b>Fiscal Year</b>	<b>Property</b> <sup>1</sup>	<b>Special Assessments</b> <sup>2</sup>	<b>Total</b>
2000	\$ 7,759,369	\$ 99,797	\$ 7,859,166
2001	7,964,095	91,664	8,055,759
2002	8,249,015	97,384	8,346,399
2003	8,047,150	45,857	8,093,007
2004	9,989,298	90,033	10,079,331
2005	10,421,824	131,047	10,552,871
2006	11,214,234	123,731	11,337,964
2007	11,012,986	88,006	11,100,992
2008	11,802,861	87,036	11,889,897
2009	12,009,941	87,036	12,096,977
Change 2000-2009	54.8%	-12.8%	53.9%

<sup>1</sup> Includes current and prior property tax revenue and interest earned; deducts write offs for general property taxes and tax increment revenues.

<sup>2</sup> Special assessment billings are for local improvement district assessments which are paid to the City by the benefited property owners over a ten to fifteen year period.

Source: Washington and Clackamas Counties

**CITY OF TUALATIN**  
**ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Real Property		Personal Property*		Public Utility Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2000	\$ 1,552,662,162	\$ 2,024,876,429	\$ 126,113,436	\$ 130,973,385	\$ 47,298,549	\$ 51,448,405	\$ 1,726,074,147	\$ 2,207,298,219	78%
2001	1,654,698,415	2,185,266,947	144,561,051	148,625,782	55,348,650	68,415,740	1,854,608,116	2,402,308,469	77%
2002	1,766,058,040	2,352,560,606	136,668,191	138,878,692	59,749,964	61,179,114	1,962,476,195	2,552,618,412	77%
2003	1,873,463,727	2,486,698,778	149,199,919	149,480,208	56,019,551	56,073,626	2,078,683,197	2,692,252,612	77%
2004	2,102,847,063	2,743,758,308	149,097,494	151,377,151	58,094,721	59,323,563	2,310,039,278	2,954,459,022	78%
2005	2,224,264,234	2,920,393,731	150,690,649	153,578,741	58,423,990	60,223,328	2,433,378,873	3,134,195,800	78%
2006	2,389,116,066	3,282,945,576	152,327,937	155,450,518	60,322,100	62,292,124	2,601,766,103	3,500,688,218	74%
2007	2,544,355,372	3,934,269,023	165,481,887	165,715,577	58,823,500	59,078,972	2,768,660,759	4,159,063,572	67%
2008	2,707,538,796	4,402,217,809	181,669,845	181,960,795	59,886,520	60,707,570	2,949,095,161	4,644,886,174	63%
2009	2,865,581,818	4,688,302,195	198,044,531	198,400,161	55,855,290	56,100,151	3,119,481,639	4,942,802,507	63%

\* Tax limitation Measure 50 results in a larger difference between market assessed value than were reportable in previous years.

\*\* Assessed value includes assessed value in the Urban Renewal Area.

Source: Washington County and Clackamas County Assessors

**CITY OF TUALATIN**  
**PROPERTY TAX RATES – ALL DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>City of Tualatin:</b>										
General Government	\$ 2.27	\$ 2.27	\$ 2.27	\$ 1.99	\$ 1.90	\$ 1.91	\$ 1.92	\$ 1.94	\$ 1.95	\$ 1.96
G.O. Bond	0.89	0.63	0.48	0.11	0.10	0.09	0.21	0.19	0.31	0.19
<b>Total City</b>	<b>3.16</b>	<b>2.90</b>	<b>2.75</b>	<b>2.10</b>	<b>2.00</b>	<b>2.00</b>	<b>2.13</b>	<b>2.13</b>	<b>2.26</b>	<b>2.15</b>
<b>OVERLAPPING RATES:</b>										
<b>Washington County</b>										
Washington County	2.54	2.53	2.96	2.51	2.37	2.36	2.35	2.05	2.65	2.62
	2.54	2.53	2.96	2.51	2.37	2.36	2.35	2.05	2.65	2.62
<b>School District</b>										
NW Regional ESD*	0.14	0.12	0.12	0.12	0.12	0.13	0.11	0.13	0.13	0.13
Portland Community College	0.34	0.31	0.49	0.40	0.40	0.40	0.38	0.41	0.43	0.43
Tigard-Tualatin School District #23J	5.91	5.91	5.71	6.47	6.39	6.31	6.39	6.90	6.86	7.02
	6.39	6.34	6.32	6.99	6.91	6.84	6.88	7.44	7.42	7.58
<b>Special District</b>										
Clean Water Services	-	-	-	-	-	-	-	-	-	-
Tualatin Valley Fire & Rescue	1.56	1.59	1.83	1.60	1.54	1.54	1.58	1.60	1.65	1.63
Port of Portland	0.08	0.07	0.07	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Metro Service District	0.33	0.34	0.32	0.25	0.24	0.24	0.24	0.24	0.39	0.36
Tri-Met Transport District	0.14	0.13	0.14	0.10	0.09	0.09	0.10	0.08	0.07	0.07
Urban Renewal - Tualatin	0.04	-	-	1.79	2.48	2.40	2.13	1.89	1.81	1.73
	2.15	2.13	2.36	3.80	4.41	4.33	4.11	3.87	3.99	3.85
<b>Total Overlapping</b>	<b>11.08</b>	<b>11.00</b>	<b>11.64</b>	<b>13.30</b>	<b>13.69</b>	<b>13.53</b>	<b>13.34</b>	<b>13.37</b>	<b>14.06</b>	<b>14.04</b>
<b>TOTAL</b>	<b>\$ 14.24</b>	<b>\$ 13.90</b>	<b>\$ 14.39</b>	<b>\$ 15.40</b>	<b>\$ 15.69</b>	<b>\$ 15.53</b>	<b>\$ 15.47</b>	<b>\$ 15.50</b>	<b>\$ 16.32</b>	<b>\$ 16.19</b>

These rates are based on the tax code area of Tualatin which has the highest percentage of the City's Assessed Value (Tax Code 023.76). Rates within the City differ somewhat according to the other tax code categories which apply.

Source: Washington and Clackamas Counties

**CITY OF TUALATIN**  
**PRINCIPAL TAXPAYERS FOR WASHINGTON COUNTY & CLACKAMAS COUNTY**  
**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2009			1999		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
BV Centercal LLC	\$ 93,161,546	1	2.99%	-	-	-
Novellus Systems, Inc	89,846,090	2	2.88%	-	-	-
Tuala Northeast LLC	37,028,110	3	1.19%	-	-	-
JAE Oregon, Inc	26,728,170	4	0.86%	-	-	-
Lumber Products	25,981,085	5	0.83%	-	-	-
Riverquest Acquisition LLC	23,952,370	6	0.77%	13,288,920	8	0.60%
SVF Hedges Creek Tualatin LLC	23,926,890	7	0.77%	17,822,890	2	0.81%
Zian Limited Partnership	23,708,330	8	0.76%	-	-	-
Fujimi Corporation	23,792,620	9	0.76%	17,696,240	3	0.80%
Forest Rim VAF LLC	20,055,980	10	0.64%	28,948,548	1	1.31%
Legacy Health Systems	-	-	-	14,529,960	7	0.66%
OKI America, Inc.	-	-	-	12,871,520	9	0.58%
Simpson Financing LTD Partnership-Hazelbrook	-	-	-	14,923,570	6	0.68%
Puget Plastics Corporation	-	-	-	15,920,740	4	0.72%
Security Capitol Pacific Trust	-	-	-	14,938,230	5	0.68%
South Center III & IV Investors LLC	-	-	-	12,558,260	10	0.57%
	<u>\$ 388,181,191</u>		<u>12.44%</u>	<u>\$ 163,498,878</u>		<u>7.41%</u>

<sup>1</sup> Source: Washington and Clackamas County Assessor's records

<sup>2</sup> Measure 50 rolled back the assessed value of each unit of property for the tax year 1977-98 to its 1995-96 "real market value", less 10%. Measure 50 limits any increase in assessed value, excluding major improvements, to 3% per year for the tax years after 1997-98.

**CITY OF TUALATIN**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Collected in year of Levy</b>		<b>Collected in subsequent years</b>	<b>Total collections to date</b>	
		<b>Amount</b>	<b>Percent of Levy</b>		<b>Amount</b>	<b>Percent of Levy</b>
2000	\$ 8,073,949	\$ 7,534,500	93.32%	\$ 538,778	\$ 8,073,278	99.99%
2001	8,183,626	7,728,299	94.44%	454,656	8,182,955	99.99%
2002	8,485,459	8,017,740	94.49%	466,377	8,484,117	99.98%
2003	8,258,906	7,798,636	94.43%	458,256	8,256,892	99.98%
2004	10,344,696	9,773,994	94.48%	568,688	10,342,682	99.98%
2005	10,684,835	10,138,855	94.89%	541,552	10,680,407	99.96%
2006	11,121,440	10,575,968	95.10%	534,791	11,110,759	99.90%
2007	11,343,364	11,101,678	97.87%	204,367	11,306,045	99.67%
2008	12,263,107	11,632,607	94.86%	524,283	12,156,890	99.13%
2009	12,434,861	12,040,279	96.83%	-	12,040,279	96.83%

Source: Washington County and Clackamas County Assessors

**CITY OF TUALATIN**  
**DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Business-type Activities	Total	Population	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Limited Tax Bonds	Urban Renewal Agency Bonds	Water Revenue Bonds			
2000	\$ 6,655,000	\$ 125,000	\$ -	\$ 1,100,000	\$ 3,955,000	\$ -	\$ 11,835,000	23,065	\$ 513.12
2001	5,555,000	100,000	-	1,020,000	3,165,000	-	9,840,000	23,270	422.86
2002	4,455,000	75,000	-	940,000	2,355,000	-	7,825,000	24,100	324.69
2003	4,270,000	50,000	-	940,000	6,675,000	-	11,935,000	24,790	481.44
2004	4,080,000	25,000	90,000	860,000	6,600,000	-	11,655,000	24,940	467.32
2005	7,665,000	-	77,237	780,000	5,440,000	-	13,962,237	25,464	548.31
2006	7,380,000	-	62,646	700,000	4,250,000	7,305,000	19,697,646	25,594	769.62
2007	7,025,000	-	46,517	620,000	3,030,000	7,060,000	17,781,517	25,650	693.24
2008	10,220,000	-	29,030	620,000	1,970,000	6,805,000	19,644,030	25,650	765.85
2009	9,950,000	-	10,071	620,000	1,000,000	6,540,000	18,120,071	26,040	695.86

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

Personal income data and unemployment rate data for the City is not available

Fiscal Year	General Obligation Bonds	Estimated Actual Value of Property	General Obligation Debt as a Percentage of Estimated Actual Value
2000	\$ 6,655,000	\$ 2,207,298,219	0.30%
2001	5,555,000	2,402,308,469	0.23%
2002	4,455,000	2,552,618,412	0.17%
2003	4,270,000	2,692,252,612	0.16%
2004	4,080,000	2,954,459,022	0.14%
2005	7,665,000	3,134,195,800	0.24%
2006	7,380,000	3,500,688,218	0.21%
2007	7,025,000	4,159,063,572	0.17%
2008	10,220,000	4,644,886,174	0.22%
2009	9,950,000	4,942,802,507	0.20%

**CITY OF TUALATIN**  
**COMPUTATION OF OVERLAPPING GENERAL OBLIGATION DEBT**  
**JUNE 30, 2009**

<b>Jurisdiction</b>	<b>General Obligation Debt Outstanding</b>	<b>Percent Applicable Inside City of Tualatin</b>	<b>Amount Applicable Inside City of Tualatin</b>
City of Tualatin	\$ 9,950,000	100.0000%	\$ 9,950,000
Clackamas County	-	0.9698% *	-
Clackamas County District 3J (West Linn/Wilsonville)	199,432,238	1.2366%	2,466,179
Clackamas County School District 7J (Lake Oswego)	75,000,000	1.4656%	1,099,200
Clackamas Community College	37,350,000	1.1251%	420,225
Metro	195,268,356	2.2571%	4,407,402
Tri-Met	27,960,000	2.2721%	635,279
Portland Community College	311,495,000	2.5833%	8,046,850
Washington County	-	5.9285%	-
Tualatin Valley Fire and Rescue District	33,000,000	7.4762%	2,467,146
Washington County School District 23J (Tigard-Tualatin)	91,735,000	30.7205%	28,181,451
Washington County School District 88J (Sherwood)	126,034,664	11.0672%	13,948,508
			<u>\$ 71,622,240</u>

Overlapping debt percentage is determined by the percentage of assessed value of the overlapping district that is within the City limits of Tualatin applied.

**CITY OF TUALATIN**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2009**

ORS 287.004 provides a debt limit of 3% of true cash value of all taxable property within the City boundaries:

True Cash Value		\$ 3,119,481,639
Rate		x 3%
Debt limit		93,584,449
Debt applicable to limit		9,900,544
		\$ 83,683,905

Legal debt margin

Fiscal year ended June 30,	Debt Margin as a Percentage of Debt Limit	Debt limit	Debt applicable to limit	Legal debt margin
2000	90.71%	\$ 66,218,947	\$ 6,150,512	\$ 60,068,435
2001	92.35%	66,560,442	5,090,648	61,469,794
2002	94.40%	76,578,553	4,290,108	72,288,445
2003	94.96%	62,360,496	3,146,054	59,214,442
2004	95.74%	69,301,178	2,950,913	66,350,265
2005	90.86%	73,001,366	6,671,100	66,330,266
2006	92.03%	81,279,915	6,479,517	74,800,398
2007	87.41%	83,059,823	10,458,584	72,601,239
2008	88.75%	88,472,855	9,955,038	78,517,817
2009	89.42%	93,584,449	9,900,544	83,683,905

Cash value stated above is equal to that value which is "taxable assessed value" as defined by Oregon law. This value is not the same value as market value, but is the value used for levy purposes.

Total Bonded Debt		\$ 11,570,000		
Less:				
Limited Tax Improvement Bonds		(620,000)		
Special Assessment Bonds		-		
Urban Renewal Bonds		(1,000,000)		
Amount Available for Payment of GO Bonds (ending fund balance)		(49,456)		
Total Debt Applicable to Limitation		\$ 9,900,544		

Source: Current and previous CAFR's

**CITY OF TUALATIN**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Legacy Meridian Park Hospital	823	1	3.91%	600	1	n/a
United Parcel Service	512	2	2.43%	547	2	n/a
GE Security	500	3	2.37%	-	-	-
Tigard-Tualatin School District	421	4	2.00%	366	4	n/a
Novellus Systems, Inc.	400	5	1.90%	-	-	-
Portland General Electric	314	6	1.49%	-	-	-
DPI Northwest	300	7	1.42%	-	-	-
Milgard Windows	275	8	1.31%	-	-	-
Fred Meyer	273	9	1.30%	300	6	n/a
Cyberrep of Oregon, Inc.	250	10	1.19%	-	-	-
Sentrol	-	-	-	375	3	n/a
Puget Plastics	-	-	-	350	5	n/a
Delta Engineering & Manufacturing Company	-	-	-	220	7	n/a
Simple Design Manufacturing	-	-	-	220	7	n/a
Coca-Cola Bottling of Oregon	-	-	-	218	8	n/a
Colonial Pacific Leasing Corporation	-	-	-	205	9	n/a
	<u>4,068</u>			<u>3,101</u>		
Total City employment			<u>21,066</u>			

Information derived from 2009 Business License data provided to the City of Tualatin.

**CITY OF TUALATIN**  
**SCHEDULE OF PLEDGED REVENUE BOND COVERAGE**  
**LAST TEN FISCAL YEARS**

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**SPECIAL ASSESSMENT BONDS**

<b>Fiscal Year Ended June 30,</b>	<b>Assessment Principal Collections</b>	<b>Debt Service Requirements</b>			<b>Percent Coverage</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2000	\$ 114,802	\$ 1,385,000	\$ 124,558	\$ 1,509,558	7.60%
2001	151,250	105,000	59,013	164,013	92.22%
2002	156,683	105,000	53,628	158,628	98.77%
2003	143,202	25,000	48,243	73,243	195.52%
2004	139,327	105,000	46,618	151,618	91.89%
2005	133,594	105,000	41,233	146,233	91.36%
2006	123,731	80,000	36,660	116,660	106.06%
2007	121,086	80,000	32,900	112,900	107.25%
2008	115,254	-	29,140	29,140	395.52%
2009	119,941	-	29,140	29,140	411.60%

As of June 30, 2006, only two parcels had assessments. In 1997 the only outstanding assessment had been previously paid. In 1999 of the four land parcels outstanding, two were redeemed in full.

**CITY OF TUALATIN**  
**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

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<b>Function</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
General government	32.50	33.50	33.50	34.25	33.75	31.75	31.88	33.38	33.88	34.63
Public safety	33.50	34.50	35.00	35.75	36.75	38.75	40.63	43.63	44.63	45.63
Highways and streets	18.50	18.50	18.50	18.50	19.00	19.75	19.75	20.50	21.50	21.50
Culture and recreation	21.00	21.50	22.75	23.25	24.25	24.00	24.00	26.00	29.75	30.13
Sewer	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Water	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00
<b>Total</b>	<b>114.00</b>	<b>116.50</b>	<b>118.25</b>	<b>120.25</b>	<b>122.25</b>	<b>121.75</b>	<b>123.75</b>	<b>131.00</b>	<b>137.25</b>	<b>139.38</b>

Data from current and previous budgets

**CITY OF TUALATIN**  
**OPERATING INDICATORS**  
**LAST TEN FISCAL YEARS**

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Arrests	805	854	934	1,048	1,184	1,038	1,039	1,200	896	944
Traffic violations	2,160	2,249	2,724	3,057	2,765	2,316	2,810	3,813	3,736	3,636
*Municipal Court cases	n/a	1,105								
Building activity										
Permits issued	675	449	216	164	503	673	1,691	1,706	1,428	1,260
Estimated value (000's)	\$ 61,775	\$ 86,227	\$ 84,434	\$ 54,571	\$ 95,351	\$117,949	\$ 80,107	\$ 94,643	\$ 84,407	\$ 35,918
Planning applications	233	216	239	217	178	314	128	300	206	219
Library circulation	183,204	251,851	317,273	359,773	367,701	394,995	427,222	416,179	443,963	606,734
Miles of streets maintained	60	63	65	65	67	76	76	76	76	76
Water connections	5,361	5,564	5,725	6,032	6,200	6,408	6,500	6,628	6,686	6,658
Sewer connections	4,974	5,263	5,480	5,738	5,900	6,408	6,192	6,346	6,301	6,380

n/a = information not available

\*Several years ago the City of Tualatin decided to disband its Municipal Court. Felonies are tried by the county in which the alleged crime occurs. Non-criminal traffic violations are now heard in Tualatin Municipal Court, beginning in January 2009.

Data acquired from various City of Tualatin departments.

**CITY OF TUALATIN**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Public safety										
Patrol units	14	15	16	16	18	18	18	15	22	22
Officers	29	29	30	30	32	32	35	36	35	36
Highways and streets										
	60	63	65	65	67	76	76	76	76	76
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Acreage	262	270	272	276	289	289	284	310	310	310
*Sewage disposal										
Max daily capacity	n/a									
Water										
Max daily capacity	11	11	11	11	11	11	11	13	13	13
Fire hydrants	865	865	865	865	876	903	931	953	960	960

\*Sewage treatment for The City of Tualatin is provided by Clean Water Services (CWS) of Washington County.  
 For a small portion of the City (east of I-5 and north of the Tualatin River) the service is provided by City of Lake Oswego.

**CITY OF TUALATIN, OREGON**  
**AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS**  
**YEAR ENDED JUNE 30, 2009**

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**STATE OF OREGON COMPLIANCE SECTION**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules follow.

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 Tualatin (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

*Significant Accounting Policies*

The significant accounting policies followed in preparing the City's financial statements are summarized in the notes to the financial statements.

*Organization and Fund Structure*

The organization and fund structure of the City is documented in the notes to the financial statements.

*Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**CITY OF TUALATIN, OREGON**

*AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)*  
*YEAR ENDED JUNE 30, 2009*

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**STATE OF OREGON COMPLIANCE SECTION (Continued)**

*Adequacy of Accounting Records*

The City's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements.

*Adequacy of Collateral Securing Depository Balances*

The City has complied with Oregon Revised Statutes Chapter 295 in relation to deposit accounts.

*Indebtedness*

The general obligation bonded debt of the City is in compliance with the limitation imposed by law. We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the City's liabilities, and no breach of the bond agreements, at June 30, 2009.

*Budget Compliance*

The City has complied with Local Budget Law (ORS 294) in the preparation and adoption of its budget and tax levy for fiscal years ending June 30, 2009 and 2010, except as noted in the notes to the financial statements.

*Insurance and Fidelity Bonds*

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2009. We ascertained that such policies appeared to be in force and in compliance with legal requirements.

*Highway Funds*

The City complied with the legal requirements, Article IX, Section 3a of the Oregon Constitution pertaining to the use of revenue from taxes on motor vehicle fuel.

*Programs Funded from Outside Sources*

We have reviewed the City's compliance with appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies. The City is in compliance with the guidelines in all material respects.

*Investments*

Our review of deposit and investment balances indicated that the City was in compliance with ORS 294, as it pertains to investment of public funds, during the year ended June 30, 2009.

*Public Contracting and Purchasing*

Our review of the City's public contracting, purchasing procedures and construction of public improvement requirements (ORS 279) indicated that the City was in compliance.

**CITY OF TUALATIN, OREGON**

*AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)*  
*YEAR ENDED JUNE 30, 2009*

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*Financial Reporting Requirements*

We have reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

This report is intended for the information and use of the City Council and management of the City of Tualatin and is not intended and should not be used by other than those specified parties.

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
\_\_\_\_\_  
Charles A. Swank, A Shareholder

December 30, 2009