

CITY OF TUALATIN, OREGON

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016



**AMERICA'S
BEST COMMUNITY**
TUALATIN, OREGON

CITY OF TUALATIN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016

Prepared by the City of Tualatin – Department of Finance

Don Hudson, Finance Director

CITY OF TUALATIN, OREGON
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INTRODUCTORY SECTION

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

City Council

Term Expires

Lou Ogden, Mayor	December 31, 2018
Wade Brooksby, Position No. 1	December 31, 2018
Monique Beikman, Council President, Position No. 2	December 31, 2016
Frank Bubenik, Position No. 3	December 31, 2018
Ed Truax, Position No. 4	December 31, 2016
Nancy Grimes, Position No. 5	December 31, 2018
Joelle Davis, Position No. 6	December 31, 2016

Administrative

Sherilyn Lombos, City Manager
Sean T. Brady, City Attorney
Don Hudson, Finance Director

City Offices
18880 SW Martinazzi Avenue
Tualatin, Oregon 97062

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

City of Tualatin Organization



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



City of Tualatin

www.ci.tualatin.or.us

December 20, 2016

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

State law requires that all general-purpose local governments publish a complete set of financial statements within six months of the close of each fiscal year. These statements are 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, 2016.

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.

Merina & Company, LLP, a firm of licensed certified public accountants, 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, 2016, 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 unmodified opinion that the City of Tualatin's financial statements for the fiscal year ended June 30, 2016, 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 celebrated its centennial birthday in 2013 and is located in Northwestern Oregon in the Portland metropolitan area, in the counties of Washington and Clackamas, just twelve miles 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 26,840. The City of Tualatin is empowered to levy a property tax on both real and personal properties located within its boundaries.

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). 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 citizen 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 by June 30th of the previous year. Changes to the adopted budget are governed by Local Budget Law in state statute and require City Council approval.

Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the General Fund, Building Fund and Transportation Development Tax Fund this comparison is presented as required supplementary information, following the notes to the basic financial statements. For non-major governmental funds and for major funds that are not the general fund or special revenue funds, this comparison is presented as other supplementary information. Enterprise fund budgetary comparison schedules are included in the other supplementary information section of this report.

Local economy

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

The City's economy is linked with that of the entire Portland Metropolitan area, but is more insulated from economic downturns because of the high education and skill level of its population. Median household incomes within the City of Tualatin are significantly higher than for the state as a whole. Based on the 2011-2015 American Community Survey 5-Year Estimates from the U.S. Census Bureau, the City's median family income was \$66,384, the county's was \$66,754, while the state's was \$51,243.

Given the State of Oregon's property tax limitations and the City's low permanent tax rate for operations, smart, balanced growth is important to the economic health of the community. Because of its location in the region, Tualatin continues to be an attractive location for development as new businesses continue to come to town, and a number of existing businesses have either begun, or are planning expansion of their

existing locations. These developments have a positive effect on the community and help increase the assessed property values. Not only does this account for additional property tax revenue, but it also adds jobs to the community. According to statistics from the State of Oregon Employment Department, Tualatin has had the strongest job growth in the Portland Metropolitan Region over the time period 2010 to 2014 at 19% job growth, with almost 4,000 jobs added in Tualatin. That number is expected to continue to increase with developments that opened in 2015 and continue into 2016.

As the economy has recovered from the economic recession of 2008-2009, development activity also recovered, bringing assessed value growth back up over 5% for tax years 2014-15, 2015-16 and just over 4% for tax year 2016-17. It is anticipated that assessed value growth will be between 4% and 5% next year.

The City of Tualatin continues to be an active partner with numerous regional planning efforts that will have a future impact on Tualatin and our economic growth. While the potential costs and benefits of these plans are still unknown, future projects will be modeled for their financial impacts once the planning efforts near completion.

One of the significant regional and local efforts is to improve transit service in Tualatin. Specifically, there are three interrelated planning efforts aimed at increasing transit service in Tualatin. First, the SW Corridor Plan will identify a potential future high capacity transit (i.e. light rail or bus rapid transit) alignment between Portland, Tigard, and Tualatin. Second, while many eyes focus on high capacity transit in the long-term future, TriMet conducted a SW Service Enhancement Plan to outline near-term local bus improvements in this part of the region. This resulted in a new bus line, Line 97, opening in Tualatin in 2016, serving our industrial area along Tualatin-Sherwood Road. Finally, in conjunction with these projects, the City of Tualatin's Linking Tualatin Plan is an ongoing effort to identify and direct these regional planning efforts in a manner consistent with local priorities for future growth that will stem from increased transit service.

Another major regional planning effort is the Basalt Creek Concept Plan which outlines a vision for future growth in the area between the Cities of Tualatin and Wilsonville. In addition to the future land uses, the Basalt Creek Concept Plan evaluates the provision of urban services (i.e. transportation, water, sewer, storm, etc.) and delineates future city limit lines between Tualatin and Wilsonville.

Besides development, the other item that has a significant impact on the financial position of the City of Tualatin is the reforms to the Public Employees Retirement System (PERS) made by the Oregon Legislature during the 2013 legislative session, as well as the special session held in late September 2013. SB 822, passed during regular session, lowered the City's contribution rate (as a percentage of payroll) by 4.4%, a savings of approximately \$440,000 in fiscal year 2013-14. The overall unfunded actuarial liability of the Oregon PERS system was reduced by measures passed in both sessions, lowering anticipated future contribution rate increases. In April 2015, the Oregon Supreme Court rejected a large portion of the reforms. Since PERS rates are set on a biennial basis, the impact of the Supreme Court decision will not be realized until FY 2017-18, when rates are set to increase from 3-5% of covered payroll.

City's Credit Rating

On November 19, 2015, Moody's Investors Service raised its long-term rating to Aa1 from Aa2 on the City's general obligation bonds outstanding and to Aa2 from Aa3 on the City's full faith and credit obligations outstanding based on the City's sizeable, affluent tax base which has exhibited robust growth over the past three years as a result of new development and economic recovery. The rating agency cited the City's above

average wealth levels, strong financial operations with healthy reserves, and a low debt burden and above average pension burden mitigated by a low fixed cost burden.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) 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, 2015. This was the 24th 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.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the year beginning July 1, 2015. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communication device.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. 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 Mayor and the entire 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.

Respectfully submitted,



Sherilyn Lombos
City Manager



Don Hudson
Finance Director



Matt Warner
Assistant Finance Director



Government Finance Officers Association

**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, 2015

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Tualatin, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tualatin, Oregon (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis, schedule of the proportionate share of the net pension liability, and schedule of city pension plan contributions, as listed in the table of contents under the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this

information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 20, 2016, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Merina & Company, LLP
West Linn, Oregon
December 20, 2016

**CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

As management of the City of Tualatin (the City), we include this narrative presenting an overview and analysis of the financial activities of the City of Tualatin for the fiscal year ended June 30, 2016. The analysis focuses on significant financial issues, major financial activities, and resulting changes in financial position, budget variances and specific issues related to funds and the economic factors affecting the City.

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

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources totaled approximately \$201.0 million at June 30, 2016, and consisted of approximately \$43.0 million in cash and cash equivalents, \$152.5 million in capital assets and approximately \$5.5 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources decreased by \$0.5 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$29.2 million at June 30, 2016, consisting of \$22.5 million in long-term obligations, \$4.7 million in accounts payable and other liabilities, and \$2.0 million in deferred inflows related to pensions.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$171.8 million at the close of fiscal year 2016. Unrestricted net position totaled \$9.6 million, with the remainder of the City's net position invested in capital assets net of related debt (\$141.2 million) and restricted for building and engineering, street and roadside maintenance, debt service, capital projects, transportation, urban renewal, and capital improvements (\$21.0 million).
- For its governmental activities, the City generated \$6.0 million in charges for services and received \$0.6 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$32.6 million for the year, resulting in a net expense of \$26.0 million. \$18.0 million of general revenues received and \$2.6 million of transfers in resulted in a decrease in net position of \$5.4 million.
- For its business-type activities, the City generated \$18.6 million in charges for services and in capital grants and contributions to fund direct expenses of \$14.6 million.
- Fund balance in the City's governmental funds was \$24.5 million at June 30, 2016, up by \$0.6 million from June 30, 2015.

OVERVIEW OF FINANCIAL STATEMENTS

In addition to this discussion and analysis, the financial section of this annual report includes the *basic financial statements, required supplementary information, and other supplementary information*, including the *combining statements and schedules* of the nonmajor funds.

The basic financial statements also include *notes* that explain the information in the financial statements and provide additional details.

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

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

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.

The first of these government-wide statements is the Statement of Net Position. This statement presents information on all of the City of Tualatin's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. 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 "owner's equity" or "net worth".

Over time, increases and decreases in net position 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 position 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 position changed during the most recent fiscal year. All changes in net position 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 perspective 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 Commission). The Commission 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 Commission can be obtained from the City of Tualatin Finance Department at 18880 S.W. Martinazzi Avenue, Tualatin, Oregon, 97062-7092.

**CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

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 nineteen 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 form of *combining statements* elsewhere in the report.

Proprietary funds. The City maintains eight 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, the City of Tualatin, like other cities, always maintained detailed records of the sewer and water systems, including the computation of related depreciation for the systems.

These proprietary funds include Water Fund, Water Development Fund, Enterprise Bond Fund, Water Reservoir Fund, Sewer Fund and Sewer Development Fund, Storm Drain Fund and Storm Drain Development Fund.

The City's Internal Service Fund accounts for administrative and maintenance functions for the water, sewer, storm and street systems on a cost reimbursement basis.

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.

**CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following is a comparison between the June 30, 2016 and 2015 Statements of Net Position:

Table 1 - Net Position as of June 30th

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 29,095,918	\$ 31,109,294	\$ 17,209,054	\$ 15,705,750	\$ 46,304,972	\$ 46,815,044
Capital assets	99,606,988	99,732,467	52,888,880	53,276,638	152,495,868	153,009,105
Total assets	128,702,906	130,841,761	70,097,934	68,982,388	198,800,840	199,824,149
Deferred outflows of resources	1,896,706	1,340,056	281,693	355,635	2,178,399	1,695,691
Long-term liabilities	17,530,893	8,269,787	4,942,216	4,777,803	22,473,109	13,047,590
Other liabilities	2,984,420	3,700,108	1,697,111	1,921,752	4,681,531	5,621,860
Total liabilities	20,515,313	11,969,895	6,639,327	6,699,555	27,154,640	18,669,450
Deferred inflows of resources	1,977,346	6,333,070	62,972	518,722	2,040,318	6,851,792
Net Position:						
Net investment in capital assets	92,714,377	92,025,421	48,485,673	48,216,410	141,200,050	140,241,831
Restricted	15,691,594	16,106,005	5,309,622	5,042,785	21,001,216	21,148,790
Unrestricted	(299,018)	5,747,426	9,882,033	8,860,551	9,583,015	14,607,977
Total net position	\$ 108,106,953	\$ 113,878,852	\$ 63,677,328	\$ 62,119,746	\$ 171,784,281	\$ 175,998,598

The City of Tualatin's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$171.8 million as of June 30, 2016. Of this amount, \$141.2 million, (82.2%) was invested in capital assets, (i.e. 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 position (\$21.0 million) is restricted as to how it may be used by budgetary, legal and external factors. The unrestricted amount of \$9.6 million (5.6% of net position) can be used to meet on-going obligations. Of the \$29.2 million of liabilities and deferred inflows of resources at year-end for governmental and business-type activities, \$22.5 million 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 position balance for fiscal year 2015-16, as they did for 2014-15. For its governmental activities, the City has a negative balance in the unrestricted category of net position.

Total net position decreased by \$4.2 million during the fiscal year, primarily as a result of the change from a Pension Asset at June 30, 2015 of \$3.6 million to a Pension Liability of \$8.9 million at June 30, 2016. The effect of this can be seen in the significant increase in the June 30, 2016 noncurrent liabilities. This resulted from the implementation of GASB 68 in FY 2015 that requires pension related items to be recorded on the government-wide statements.

The impact of pension related items noted above was mitigated by the degree to which ongoing revenues have exceeded ongoing expenses.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Statement of Activities

The following is a comparison between the June 30, 2016 and 2015 Statement of Activities:

Table 2 - Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 6,007,707	\$ 6,974,383	\$ 17,958,997	\$ 16,207,830	\$ 23,966,704	\$ 23,182,213
Operating grants and contributions	146,802	482,911	-	-	146,802	482,911
Capital grants and contributions	455,604	-	648,420	827,464	1,104,024	827,464
General revenues:						
Property taxes	9,572,804	9,156,220	-	-	9,572,804	9,156,220
Franchise fees	2,197,426	2,213,242	-	-	2,197,426	2,213,242
Public service taxes and revenue sharing	5,825,139	5,141,871	-	-	5,825,139	5,141,871
Interest and miscellaneous	404,888	929,624	145,997	89,399	550,885	1,019,023
Total revenues	24,610,370	24,898,251	18,753,414	17,124,693	43,363,784	42,022,944
Expenses:						
General government	9,588,149	6,057,498	-	-	9,588,149	6,057,498
Public safety	11,314,546	5,942,679	-	-	11,314,546	5,942,679
Highways and streets	5,336,161	4,586,849	-	-	5,336,161	4,586,849
Culture and recreation	5,989,878	3,769,534	-	-	5,989,878	3,769,534
Interest on long-term debt	353,882	317,574	-	-	353,882	317,574
Water Operations	-	-	4,666,131	4,973,697	4,666,131	4,973,697
Sewer Operations	-	-	8,406,184	7,392,084	8,406,184	7,392,084
Storm Drain Operations	-	-	1,536,685	1,449,680	1,536,685	1,449,680
Total expenses	32,582,616	20,674,134	14,609,000	13,815,461	47,191,616	34,489,595
Change in net position before transfers	(7,972,246)	4,224,117	4,144,414	3,309,232	(3,827,832)	7,533,349
Transfers	2,586,832	2,316,940	(2,586,832)	(2,316,940)	-	-
Change in net position	(5,385,414)	6,541,057	1,557,582	992,292	(3,827,832)	7,533,349
Net position - beginning	113,878,852	114,796,422	62,119,746	61,738,357	175,998,598	176,534,779
Restatement	(386,485)	(7,458,627)	-	(610,903)	(386,485)	(8,069,530)
Net position - beginning (restated)	113,492,367	107,337,795	62,119,746	61,127,454	175,612,113	168,465,249
Net position - ending	\$ 108,106,953	\$ 113,878,852	\$ 63,677,328	\$ 62,119,746	\$ 171,784,281	\$ 175,998,598

Governmental activities decreased the City's net position by \$5.4 million in fiscal year 2015-16, as compared to a \$6.5 million increase in the prior fiscal year. Revenue, excluding transfers, decreased by \$0.3 million and expenses, excluding transfers, increased \$11.9 million. Key elements of this change, as illustrated in Table 2 above, are primarily the result of the change in the net pension liability to do the implementation of GASB Statement 68.

Business-Type activities total revenues, excluding transfers, increased approximately \$1.6 million from FY 2015, due mainly to increases in revenue earned from charges for services.

Business-Type activities expenses, excluding transfers, increased approximately \$0.8 million, due primarily to increases in user charges and system development charges passed through to Clean Water Services for sewer treatment.

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,

**CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

and intergovernmental revenues. The two largest sources of revenues for the City of Tualatin's General Fund are property taxes and franchise fees.

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 1998, 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.
- As a result of the same property tax reform measure, each local government was assigned a permanent tax rate. The City's rate is \$2.2665 per \$1,000 assessed value.

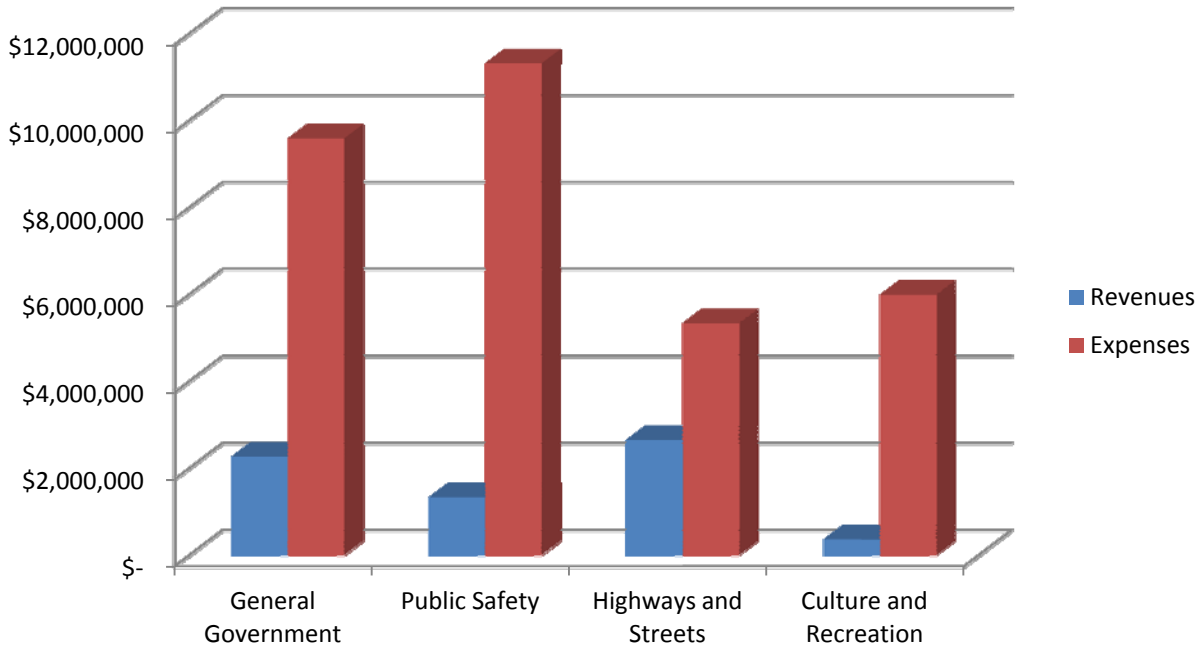
The City's permanent tax rate is relatively low in contrast to comparable cities in the State. The City has been able to maintain services by budgeting conservatively and providing quality services with lean budgets. The charts showing governmental expenses versus governmental activities demonstrate the funding challenges that Tualatin and other cities face.

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

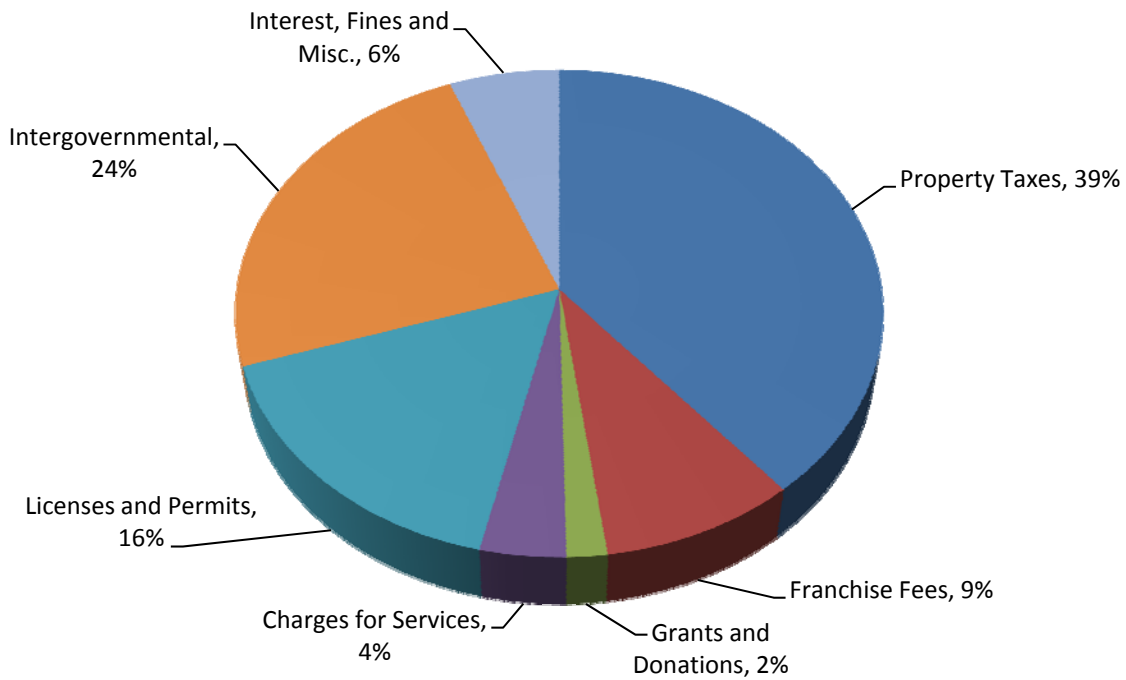
- Governmental resources are restricted in many ways: budgeting, legal and by public opinion.
- Programs funded by general resources typically result in hard choices, such as more police or a better library. Those services which are seen as most important and necessary are almost always least able or likely to assess charges for cost recovery even for direct services.

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. Concept plans that the City is currently working on for the area between the Cities of Tualatin and Wilsonville will be vital to the City's long-term fiscal health.

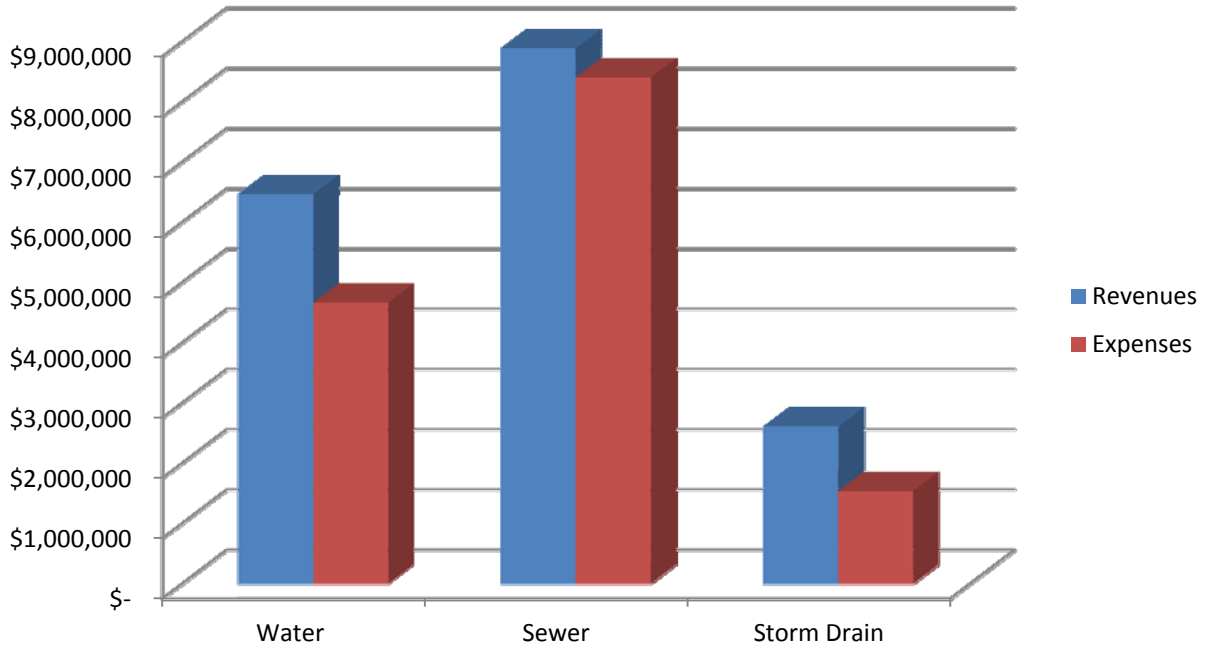
Expenses and Program Revenues - Governmental Activities



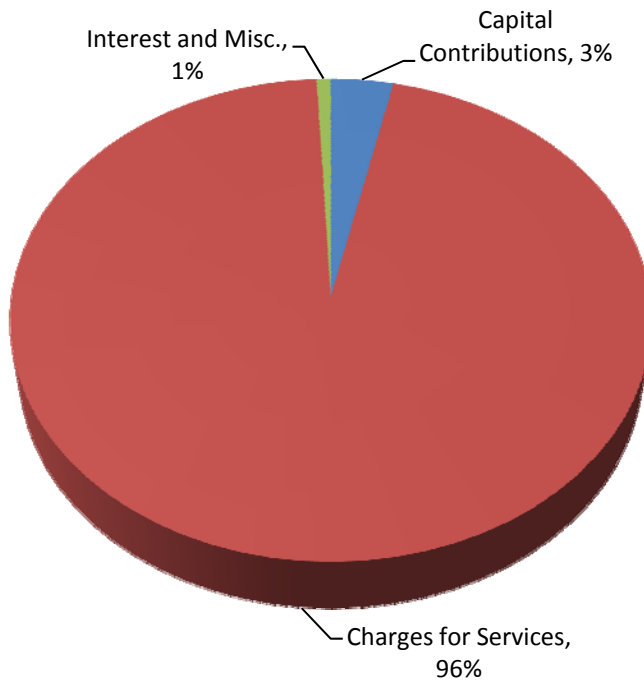
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



**CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2016, the City's governmental funds reported a combined ending fund balance of \$24.5 million, an increase of \$0.6 million when compared to the prior year. Unassigned fund balance combined with committed fund balance as of June 30, 2016, was \$8.6 million and is available for spending at the City's discretion.

General Fund

The general fund is the chief operating fund of the City. At June 30, 2016, the total fund balance was \$8.5 million, of which \$8.3 million is considered unassigned, reflecting an increase of \$0.9 million from the prior year. 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 increase was primarily due to transfers in of fund balances of funds that were deemed unnecessary and closed during the year, as well as increases in property tax revenue received during the fiscal year. Expenditures in the general fund increased by \$0.4 million in the current year, increasing from \$18.4 million to \$18.8 million.

Building Fund

This special revenue fund accounts for activities of the Building Division, which is responsible for reviewing building plans and issuing building permits for all structural, mechanical and plumbing applications within the City. At June 30, 2016, total fund balance increased by approximately \$0.1 million. The City's building fund continues to be funded by licenses and permits.

Transportation Development Tax Fund

This special revenue fund accounts for the collection and use of the transportation development tax. At June 30, 2016, total fund balance was approximately \$5.9 million, reflecting an increase of approximately \$1.6 million from the prior year. The increase is attributable to additional new development in the City.

Park Development Fund

This capital projects funds accounts for activities for capital improvements to the City's parks and is funded by system development charges and other contributions. At June 30, 2016, the total fund balance decreased approximately \$1.6 million, primarily as a result of capital expenditures related to the completion of the Tualatin River Greenway project.

General Fund Budgetary Highlights

The original appropriated budget for the general fund for fiscal year 2016 amounted to \$22.5 million, including \$2.9 million for contingencies. There were amendments to the adopted budget during the year to appropriate donations and program revenue of \$55,090 and materials and services of \$17,190 and capital outlay of \$37,900.

The General Fund resources lagged budgeted levels by approximately \$112,000. General Fund expenditures were \$3.8 million under appropriated levels. The primary reasons for this difference is due to contingency of \$2.9 million not being allocated for expenditures and budgeted expenditures for consultants within the Planning Division not being expended.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016, the City had invested \$152.5 million in capital assets, net of depreciation, in a range of asset types, including land, buildings, improvements and infrastructure, and machinery and equipment.

The following is a comparison of capital assets as of June 30, 2016 and 2015:

CITY OF TUALATIN'S NET CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 13,821,291	\$ 13,821,291	\$ 880,144	\$ 880,144	\$ 14,701,435	\$ 14,701,435
Construction in Progress	516,233	2,409,147	1,854,781	1,416,662	2,371,014	3,825,809
Buildings	20,161,514	20,137,903	367,755	367,755	20,529,269	20,505,658
Machinery and Equipment	4,575,633	3,781,771	1,156,229	1,082,799	5,731,862	4,864,570
Utility System	-	-	79,988,855	79,202,842	79,988,855	79,202,842
Improvements & Infrastructure	140,622,767	134,793,548	-	-	140,622,767	134,793,548
Accumulated Depreciation	<u>(80,090,450)</u>	<u>(75,211,193)</u>	<u>(31,358,884)</u>	<u>(29,673,564)</u>	<u>(111,449,334)</u>	<u>(104,884,757)</u>
Total net assets	<u>\$ 99,606,988</u>	<u>\$ 99,732,467</u>	<u>\$ 52,888,880</u>	<u>\$ 53,276,638</u>	<u>\$ 152,495,868</u>	<u>\$ 153,009,105</u>

Net capital assets decreased by \$0.5 million due to the increased accumulated depreciation on the City's assets. 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.

Additional information about the City's capital assets is presented in Note 4 of the Notes to the Financial Statements.

Debt Outstanding

As of the end of the fiscal year, the City had \$11.2 million in long-term bonded debt obligations outstanding, a decrease of approximately 9% from the prior year. Approximately \$1.2 million of the debt at June 30, 2016, is due within one year.

CITY OF TUALATIN'S DEBT SERVICE

Year Ended June 30, 2016

	Beginning	Additions	Principal Paid	Ending
Governmental:				
General Obligation Bonds	\$ 6,680,000	\$ -	\$ (700,000)	\$ 5,980,000
Full faith and credit obligations	1,011,988	-	(99,377)	912,611
Total Governmental	<u>\$ 7,691,988</u>	<u>\$ -</u>	<u>\$ (799,377)</u>	<u>\$ 6,892,611</u>
Business-type:				
Water Revenue Bonds	\$ 345,000	\$ -	\$ (345,000)	\$ -
Full Faith & Credit	\$ 4,260,000	\$ -	\$ -	\$ 4,260,000
Total Bonds Payable	<u>\$ 12,296,988</u>	<u>\$ -</u>	<u>\$ (1,144,377)</u>	<u>\$ 11,152,611</u>

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

The State of Oregon mandates a general obligation debt limit of 3 percent of true market value of taxable property within City boundaries. The City's general obligation debt outstanding at June 30, 2016 was \$6.0 million, which is well below the \$117 million maximum limitation.

Additional information about the City's outstanding debt is presented in Note 6 of the Notes to the Financial Statements.

Economic Factors and Next Year's Budget

Factors affecting financial conditions in the future include:

- The City continues to experience increased development activity, approaching the growth levels experienced prior to the economic downturn. The increased development described in the Letter of Transmittal accompanying this report will help drive increases in assessed value and property tax revenue in future years. With the City's low permanent tax rate of \$2.2665 per thousand of assessed value, though, future adjustments to maintain service levels of city services to our residents may be necessary.
- The City continues to plan for the future through a variety of long-term planning studies and processes to help provide economic stability. The City Council adopted the Southwest Concept Plan and city staff has been working on concept plans for the undeveloped area located between the cities of Tualatin and Wilsonville. More information about these plans and new development activity are included in the Letter of Transmittal located earlier in this report.
- Tualatin's location in the Portland metropolitan area is very much affected by the transportation issues associated with urban areas. The City, along with TriMet, continues to look at increased transit options and we are involved with other regional partners in looking at transportation issues in and around Tualatin.
- The factors mentioned above have had a positive impact on the City's fiscal health. These impacts continue to be modeled in the City's Fiscal Health model to determine the impact on the City's General Fund on-going alignment. Council and staff will continue to use this tool to make strategic decisions about the City's future financial picture.

Requests for Information

The City's financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability of the resources it receives and expends. If you have questions about this report, or need additional information, contact the Finance Department at City of Tualatin, 18880 SW Martinazzi Avenue, Tualatin, OR 97062-7092.

BASIC FINANCIAL STATEMENTS

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BASIC FINANCIAL STATEMENTS

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
 - Governmental Funds
 - Proprietary Funds

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF TUALATIN, OREGON
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 27,723,564	\$ 15,245,123	\$ 42,968,687
Due from other governments	316,332	-	316,332
Accounts receivable	406,929	1,924,497	2,331,426
Property taxes receivable	455,867	-	455,867
Inventories	140,259	39,434	179,693
Restricted cash and cash equivalents	52,967	-	52,967
Capital assets not being depreciated:			
Land	13,821,291	880,144	14,701,435
Construction in progress	516,233	1,854,781	2,371,014
Capital assets, net of accumulated depreciation:			
Buildings	12,678,786	22,287	12,701,073
Machinery, equipment, and vehicles	1,453,970	298,868	1,752,838
Infrastructure	71,136,708	49,832,800	120,969,508
TOTAL ASSETS	128,702,906	70,097,934	198,800,840
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	221,288	221,288
Deferred outflows of resources - pension	1,896,706	60,405	1,957,111
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,896,706	281,693	2,178,399
LIABILITIES			
Accounts payable and other current liabilities	2,119,318	1,553,146	3,672,464
Deposits	607,346	6,918	614,264
Retainage payable	-	27,676	27,676
Unearned revenue	227,000	96,816	323,816
Interest Payable	30,756	12,555	43,311
Noncurrent liabilities:			
Due within one year	1,552,400	361,689	1,914,089
Due in more than one year	15,978,493	4,580,527	20,559,020
TOTAL LIABILITIES	20,515,313	6,639,327	27,154,640
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	1,977,346	62,972	2,040,318
TOTAL DEFERRED INFLOWS OF RESOURCES	1,977,346	62,972	2,040,318
NET POSITION			
Net investment in capital assets	92,714,377	48,485,673	141,200,050
Restricted for:			
Building and engineering	1,857,722	-	1,857,722
Street and roadside maintenance	2,545,434	-	2,545,434
Debt service payments	93,706	-	93,706
Capital projects	1,093,230	-	1,093,230
Transportation	5,936,282	-	5,936,282
Urban renewal projects	4,165,220	-	4,165,220
Capital improvements	-	5,309,622	5,309,622
Unrestricted	(299,018)	9,882,033	9,583,015
TOTAL NET POSITION	\$ 108,106,953	\$ 63,677,328	\$ 171,784,281

The accompanying notes are an integral part of the basic financial statements.

CITY OF TUALATIN, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net Expense Revenue and Change in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government	\$ 9,588,149	\$ 1,811,857	\$ -	\$ 455,604	\$ (7,320,688)	\$ -	\$ (7,320,688)
Public safety	11,314,546	1,255,128	75,870	-	(9,983,548)	-	(9,983,548)
Highways and streets	5,336,161	2,650,628	-	-	(2,685,533)	-	(2,685,533)
Culture and recreation	5,989,878	290,094	70,932	-	(5,628,852)	-	(5,628,852)
Interest on long-term debt	353,882	-	-	-	(353,882)	-	(353,882)
TOTAL GOVERNMENTAL ACTIVITIES	32,582,616	6,007,707	146,802	455,604	(25,972,503)	-	(25,972,503)
BUSINESS-TYPE ACTIVITIES							
Water Operations	4,666,131	6,463,535	-	322,236	-	2,119,640	2,119,640
Sewer Operations	8,406,184	8,886,824	-	114,535	-	595,175	595,175
Storm Drain Operations	1,536,685	2,608,638	-	211,649	-	1,283,602	1,283,602
TOTAL BUSINESS-TYPE ACTIVITIES	14,609,000	17,958,997	-	648,420	-	3,998,417	3,998,417
TOTAL GOVERNMENT	\$ 47,191,616	\$ 23,966,704	\$ 146,802	\$ 1,104,024	(25,972,503)	3,998,417	(21,974,086)
GENERAL REVENUES:							
Property taxes					9,572,804	-	9,572,804
Franchise taxes					2,197,426	-	2,197,426
Public service taxes and revenue sharing					5,825,139	-	5,825,139
Interest and investment earnings					197,094	92,867	289,961
Miscellaneous revenues					207,794	53,130	260,924
TRANSFERS					2,586,832	(2,586,832)	-
TOTAL GENERAL REVENUES AND TRANSFERS					20,587,089	(2,440,835)	18,146,254
CHANGE IN NET POSITION					(5,385,414)	1,557,582	(3,827,832)
NET POSITION - beginning					113,878,852	62,119,746	175,998,598
RESTATEMENT (see note)					(386,485)	-	(386,485)
NET POSITION - beginning, restated					113,492,367	62,119,746	175,612,113
NET POSITION - ending					\$ 108,106,953	\$63,677,328	\$ 171,784,281

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

The 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.

Building Fund

The 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 division.

Transportation Development Tax Fund

The Transportation Development Tax Fund accounts for the collection and use of the transportation development tax.

Park Development Fund

The Park Development Fund accounts for capital improvements to parks funded by system development charges and other contributions.

CITY OF TUALATIN, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Building Fund	Transportation Development Tax Fund	Park Development Fund	Other Governmental	Total Governmental
ASSETS						
Cash and cash equivalents	\$ 9,848,740	\$ 2,173,935	\$ 5,936,282	\$ 1,071,248	\$ 7,440,310	\$ 26,470,515
Due from other governments	316,332	-	-	-	-	316,332
Accounts receivable	25,911	-	214,373	37,000	122,571	399,855
Property taxes receivable	410,628	-	-	-	45,239	455,867
Inventories	116,121	-	-	-	24,138	140,259
Restricted cash and cash equivalents	52,967	-	-	-	-	52,967
TOTAL ASSETS	\$ 10,770,699	\$ 2,173,935	\$ 6,150,655	1,108,248	\$ 7,632,258	\$ 27,835,795
LIABILITIES						
Accounts payable and other current liabilities	\$ 1,527,550	\$ 138,332	\$ -	\$ 15,018	\$ 167,804	\$ 1,848,704
Deposits	392,602	177,881	-	-	36,863	607,346
Unearned revenue	7,000	-	-	-	220,000	227,000
TOTAL LIABILITIES	1,927,152	316,213	-	15,018	424,667	2,683,050
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property tax revenue	380,131	-	-	-	41,879	422,010
Unavailable revenue - assessments	-	-	214,373	-	-	214,373
TOTAL DEFERRED INFLOWS OF RESOURCES	380,131	-	214,373	-	41,879	636,383
FUND BALANCES						
Nonspendable:						
Inventory	116,121	-	-	-	24,138	140,259
Restricted for:						
Building and engineering	-	1,857,722	-	-	-	1,857,722
Street and roadside maintenance	-	-	-	-	2,545,434	2,545,434
Debt service payments	-	-	-	-	93,706	93,706
Capital projects	-	-	-	1,093,230	-	1,093,230
Transportation	-	-	5,936,282	-	-	5,936,282
Urban renewal projects	-	-	-	-	4,165,220	4,165,220
Committed to:						
Pavement maintenance and street lighting	-	-	-	-	137,129	137,129
Parking maintenance	-	-	-	-	149,356	149,356
Assigned to:						
Scholarships	-	-	-	-	50,729	50,729
Unassigned:	8,347,295	-	-	-	-	8,347,295
TOTAL FUND BALANCES	8,463,416	1,857,722	5,936,282	1,093,230	7,165,712	24,516,362
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 10,770,699	\$ 2,173,935	\$ 6,150,655	\$ 1,108,248	\$ 7,632,258	

Amounts reported in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	96,414,044
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	636,383
Internal service funds are used by management to charge the costs of the operations department to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the	3,212,154
The following items related to the net position activity do not provide (use) current financial resources and, therefore, are not reported in the funds.	
Net pension liability	(8,593,335)
Deferred outflows after measurement date	1,896,706
Deferred inflows of assumed and actual investment earnings and City's proportionate share	(1,977,346)
Pension transition liability	(1,383,164)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	(6,584,095)
Interest payable	(30,756)
Net position of governmental activities	<u>\$ 108,106,953</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF TUALATIN, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	General Fund	Building Fund	Transportation Development Tax Fund	Park Development Fund	Other Governmental	Total Governmental
REVENUES						
Property taxes	\$ 8,582,569	\$ -	\$ -	\$ -	\$ 945,541	\$ 9,528,110
Franchise fees	2,197,426	-	-	-	-	2,197,426
Charges for service	605,884	-	-	-	388,815	994,699
Licenses and permits	312,428	1,206,736	1,620,381	193,842	701,042	4,034,429
Intergovernmental	2,655,146	-	-	1,569,942	1,675,921	5,901,009
Fines and forfeitures	1,008,765	-	-	-	-	1,008,765
Interest	63,725	15,579	51,313	8,593	49,834	189,044
Miscellaneous	127,247	36	1,649	96,166	23,144	248,242
TOTAL REVENUES	15,553,190	1,222,351	1,673,343	1,868,543	3,784,297	24,101,724
EXPENDITURES						
Current:						
General government	5,881,858	-	-	-	64,304	5,946,162
Public safety	7,254,706	798,342	-	-	-	8,053,048
Highways and streets	1,039,675	-	-	-	991,929	2,031,604
Culture and recreation	4,207,790	-	-	-	-	4,207,790
Capital outlay	390,775	-	-	3,389,355	334,302	4,114,432
Debt service:						
Principal	-	-	-	-	700,000	700,000
Interest	-	-	-	-	259,338	259,338
TOTAL EXPENDITURES	18,774,804	798,342	-	3,389,355	2,349,873	25,312,374
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,221,614)	424,009	1,673,343	(1,520,812)	1,434,424	(1,210,650)
OTHER FINANCING SOURCES (USES)						
Transfers in	4,496,307	21,110	-	1,446	1,296,400	5,815,263
Transfers out	-	(312,840)	(90,000)	(31,040)	(3,172,181)	(3,606,061)
TOTAL OTHER FINANCING SOURCES (USES)	4,496,307	(291,730)	(90,000)	(29,594)	(1,875,781)	2,209,202
NET CHANGE IN FUND BALANCE	1,274,693	132,279	1,583,343	(1,550,406)	(441,357)	998,552
FUND BALANCE - beginning	7,556,522	1,744,129	4,352,939	2,643,636	7,607,069	23,904,295
RESTATEMENT (see note)	(367,799)	(18,686)	-	-	-	(386,485)
FUND BALANCE - beginning, restated	7,188,723	1,725,443	4,352,939	2,643,636	7,607,069	23,517,810
FUND BALANCE - ending	\$ 8,463,416	\$ 1,857,722	\$ 5,936,282	\$ 1,093,230	\$ 7,165,712	\$ 24,516,362

The accompanying notes are an integral part of the basic financial statements.

**CITY OF TUALATIN, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016**

Amounts reported in the statement of activities are different because:

Net change in fund balances \$ 998,552

The statement of revenues, expenditures, and changes in fund balances report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Depreciation	(4,784,899)	
Capital asset additions	3,895,527	(889,372)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds. 467,317

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

Accrued interest expense	\$ (11,776)	
Amortization of transitional pension liability	(5,768)	
Pension expense	(6,963,034)	
		(6,980,578)

Internal service funds are used by management to charge the costs of the administrative services department to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (852,062)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which proceeds exceeded repayments. 1,870,729

Change in net position of governmental activities \$ (5,385,414)

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS
Proprietary Funds

Enterprise Funds

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent three segments of operations – Water, Sewer, and Storm Drain. Included in these segments are:

Water Operations

Water Fund

The Water Fund accounts for the operation and maintenance of water facilities and services. The primary source of revenues consists of water sales and related charges.

Water Development Fund

The Water Development Fund accounts for system development fees charged on new construction. The proceeds are used to finance major expansions of the water system.

Water Reservoir Fund

The Water Reservoir Fund accounts for the construction of a 5-million gallon A-2 Reservoir and to upgrade existing facilities.

Enterprise Bond Fund

The Enterprise Bond Fund accounts for debt service financing for the water reservoir construction and other improvement to the water system.

Sewer Operations

Sewer Fund

The Sewer Fund accounts for the operation of the City's sewer system. The primary source of revenue consists of charges for sewer services.

Sewer Development Fund

The Sewer Development Fund accounts for the system development fees on new construction. The proceeds are used to finance major expansion of the sewer system.

Storm Drain Operations

Storm Drain Fund

The Storm Drain Fund accounts for storm drain services for residents of the City. The principal revenue source is from user fees.

Storm Drain Development Fund

The Storm Drain Development Funds accounts for system development charges assessed to finance expansion of the storm water system

For Generally Accepted Accounting Principles purposes, these aforementioned funds are consolidated and included as three separate Enterprises funds.

Internal Service Funds

These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost

Operations Fund

This Operations Fund accounts for the administrative and maintenance functions for the water, sewer, storm, and street systems on a cost reimbursement basis.

CITY OF TUALATIN, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2016

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 5,976,986	\$ 7,084,727	\$ 2,183,410	\$ 15,245,123	\$ 1,253,049
Accounts receivables, net	638,842	1,071,786	213,869	1,924,497	7,074
Inventories	39,234	200	-	39,434	-
Total current assets	<u>6,655,062</u>	<u>8,156,713</u>	<u>2,397,279</u>	<u>17,209,054</u>	<u>1,260,123</u>
Noncurrent Assets:					
Capital assets not being depreciated:					
Land	773,389	97,922	8,833	880,144	-
Construction in progress	1,829,081	-	25,700	1,854,781	297,120
Capital assets, net of accumulated depreciation					
Buildings	22,287	-	-	22,287	1,958,072
Machinery, equipment, and vehicles	24,880	105,681	168,307	298,868	337,532
Infrastructure	29,552,709	16,340,955	3,939,136	49,832,800	600,220
Total noncurrent assets	<u>32,202,346</u>	<u>16,544,558</u>	<u>4,141,976</u>	<u>52,888,880</u>	<u>3,192,944</u>
TOTAL ASSETS	<u>38,857,408</u>	<u>24,701,271</u>	<u>6,539,255</u>	<u>70,097,934</u>	<u>4,453,067</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	221,288	-	-	221,288	-
Deferred outflows of resources - pension	53,738	6,667	-	60,405	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>275,026</u>	<u>6,667</u>	<u>-</u>	<u>281,693</u>	<u>-</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	372,238	1,115,164	65,744	1,553,146	227,281
Accrued liabilities	-	-	-	-	43,333
Compensated absences	-	-	-	-	57,688
Retainage payable	27,676	-	-	27,676	-
Deposits payable	6,918	-	-	6,918	-
Accrued interest payable	12,555	-	-	12,555	-
Bonds payable - due within one year	360,000	-	-	360,000	102,572
Pension transition liability - due within one year	1,503	186	-	1,689	-
Unearned revenue	47,458	-	49,358	96,816	-
Total current liabilities	<u>828,348</u>	<u>1,115,350</u>	<u>115,102</u>	<u>2,058,800</u>	<u>430,874</u>
Noncurrent Liabilities:					
Bonds payable	4,264,495	-	-	4,264,495	810,039
Net pension liability	243,467	30,204	-	273,671	-
Pension transition liability	37,685	4,676	-	42,361	-
Total noncurrent liabilities	<u>4,545,647</u>	<u>34,880</u>	<u>-</u>	<u>4,580,527</u>	<u>810,039</u>
TOTAL LIABILITIES	<u>5,373,995</u>	<u>1,150,230</u>	<u>115,102</u>	<u>6,639,327</u>	<u>1,240,913</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - pension	56,022	6,950	-	62,972	-
NET POSITION					
Net investment in capital assets	27,799,139	16,544,558	4,141,976	48,485,673	2,280,333
Restricted for capital improvements	683,059	4,028,284	598,279	5,309,622	-
Unrestricted	5,220,219	2,977,916	1,683,898	9,882,033	931,821
TOTAL NET POSITION	<u>33,702,417</u>	<u>23,550,758</u>	<u>6,424,153</u>	<u>63,677,328</u>	<u>3,212,154</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF TUALATIN, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
OPERATING REVENUES					
Charges for service	\$ 6,463,535	\$ 8,886,824	\$ 2,608,638	\$ 17,958,997	\$ 2,448,530
Fines and forfeitures	-	-	-	-	2,795
Miscellaneous	23,124	8,853	21,153	53,130	30,484
TOTAL OPERATING REVENUES	6,486,659	8,895,677	2,629,791	18,012,127	2,481,809
OPERATING EXPENSES					
Personal services	-	-	-	-	1,603,658
Materials and services	3,576,483	7,839,709	1,353,711	12,769,903	830,159
Depreciation	945,665	566,184	182,974	1,694,823	144,164
TOTAL OPERATING EXPENSES	4,522,148	8,405,893	1,536,685	14,464,726	2,577,981
OPERATING INCOME (LOSS)	1,964,511	489,784	1,093,106	3,547,401	(96,172)
NON-OPERATING REVENUES (EXPENSES)					
Interest income	36,628	44,311	11,928	92,867	8,050
Interest expense	(143,983)	(291)	-	(144,274)	-
TOTAL NON-OPERATING REVENUES (EXPENSE)	(107,355)	44,020	11,928	(51,407)	8,050
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,857,156	533,804	1,105,034	3,495,994	(88,122)
CAPITAL CONTRIBUTIONS	322,236	114,535	211,649	648,420	-
TRANSFERS	(1,162,072)	(893,410)	(531,350)	(2,586,832)	1,316,351
CHANGE IN NET POSITION	1,017,320	(245,071)	785,333	1,557,582	1,228,229
NET POSITION - beginning	32,685,097	23,795,829	5,638,820	62,119,746	2,025,494
RESTATEMENT see note	-	-	-	-	(41,569)
NET POSITION - beginning, restated	32,685,097	23,795,829	5,638,820	62,119,746	1,983,925
NET POSITION - ending	\$ 33,702,417	\$ 23,550,758	\$ 6,424,153	\$ 63,677,328	\$ 3,212,154

The accompanying notes are an integral part of the basic financial statements.

CITY OF TUALATIN, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 6,445,038	\$ 8,513,390	\$ 2,598,092	\$ 17,556,520	\$ 2,547,789
Cash paid to employees and others for salaries/benefits	-	-	-	-	(1,599,589)
Cash paid to suppliers and others	(3,890,703)	(7,290,436)	(1,386,572)	(12,567,711)	(876,509)
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,554,335	1,222,954	1,211,520	4,988,809	71,691
CASH FLOWS FROM (USED FOR) NON-CAPITAL FINANCING ACTIVITIES					
Transfers in (out)	(1,162,072)	(893,410)	(531,350)	(2,586,832)	447,299
Net cash provided (used) by non-capital financing activities	(1,162,072)	(893,410)	(531,350)	(2,586,832)	447,299
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(630,321)	(27,645)	(679)	(658,645)	(452,453)
Debt principal payments	(345,000)	-	-	(345,000)	(99,377)
Interest paid	(143,983)	(291)	-	(144,274)	-
NET CASH FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(1,119,304)	(27,936)	(679)	(1,147,919)	(551,830)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	36,628	44,311	11,928	92,867	8,050
Net cash provided (used) by investing activities	36,628	44,311	11,928	92,867	8,050
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	309,587	345,919	691,419	1,346,925	(24,790)
CASH AND CASH EQUIVALENTS - beginning	5,667,399	6,738,808	1,491,991	13,898,198	1,277,839
CASH AND CASH EQUIVALENTS - ending	\$ 5,976,986	\$ 7,084,727	\$ 2,183,410	\$ 15,245,123	\$ 1,253,049
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income	\$ 1,964,511	\$ 489,784	\$ 1,093,106	\$ 3,547,401	\$ (96,172)
Adjustments					
Depreciation	945,665	566,184	182,974	1,694,823	74,495
Pension expense (income)	134,273	(30,682)	(36,251)	67,340	-
Amortization of bond premium and deferred charge on refunding	(15,911)	-	-	(15,911)	-
Decrease (increase) in:					
Accounts receivable	(30,750)	(382,287)	(10,545)	(423,582)	1,286
Prepaid expenses	-	-	-	-	64,694
Inventories	(2,027)	406	-	(1,621)	-
Increase (decrease) in:					
Accounts payable and accrued expenses	(443,144)	589,518	3,390	149,764	23,319
Deposits	1,718	(9,969)	-	(8,251)	-
Deferred revenue	-	-	(21,154)	(21,154)	-
Accrued compensated absences	-	-	-	-	4,069
Net cash provided (used) by operating activities	\$ 2,554,335	\$ 1,222,954	\$ 1,211,520	\$ 4,988,809	\$ 71,691
NON-CASH CAPITAL FINANCING ACTIVITIES					
Transfers in/(out)	\$ -	\$ -	\$ -	\$ -	\$ 869,052
Contributions of capital assets	322,236	114,535	211,649	648,420	-
Total non-cash capital financing activities	\$ 322,236	\$ 114,535	\$ 211,649	\$ 648,420	\$ 869,052

The accompanying notes are an integral part of the basic financial statements.

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

1. Summary of Significant Accounting Policies

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Description of Reporting Entity

The City is a municipal corporation governed by an elected seven-member council. As required by GAAP, these financial statements present the government and its component unit (Tualatin Development Commission).

Tualatin Development Commission – The Commission was formed to plan, direct, and manage certain projects within Tualatin. Pursuant to ORS 457.055, the City Council has been appointed governing body of the Commission. The Commission’s funds are reported as governmental fund types.

Blended component units, although legally separate entities are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. The Tualatin Development Commission has a June 30 year-end. The Tualatin Development Commission is governed by the City Council of the City of Tualatin. Complete financial statements for Tualatin Development Commission can be obtained from the Finance Department of the City, 18880 S.W. Martinazzi Avenue, Tualatin, Oregon 97062.

B. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally 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.

Government-wide statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include all the financial activities of the City, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. *Program revenues* include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Fund financial statements

These statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, and fiduciary, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements and are detailed in the supplemental information.

C. Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts. The various funds are reported by generic classification within the financial statements.

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. Non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds for 2016:

- *General Fund*
- *Building Fund*
- *Park Development Fund*
- *Transportation Development Fund*

The City reports each of its three proprietary funds as major funds. These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent three segments of operations – Water, Wastewater, and Storm Drain. The City reports the following proprietary funds:

- *Water Operations*
- *Sewer Operations*
- *Storm Drain Operations*

The City's Internal Service Fund accounts for administrative and maintenance functions for the water, sewer, storm, and street systems on a cost reimbursement basis.

D. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded with the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

The government-wide financial statements and the proprietary funds financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred,

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term compensated absences are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Unavailable revenue arises in the Governmental Funds Balance Sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes and assessments not deemed available to financial operation of the current period. In the government-wide Statement of Net Position, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the Governmental Fund Balance Sheet for unavailable revenue is eliminated. Note that unavailable revenues also arise outside the scope of measurement focus and bases of accounting, such as when the City receives resources before it has a legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Vested compensated absences are recorded as expenditures only to the extent that they are expended to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized, thus, the expense and related accrued liability for long term portions of debt and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements. 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 assessments. Internally dedicated resources are

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the City's Water, Wastewater, and Storm Drain Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The proprietary financial statements have incorporated all applicable GASB pronouncements.

E. Cash and Investments

For the purposes of the statement of cash flows the City considers all highly liquid investments with an original maturity of three months or less when purchased, to be cash equivalents.

Investments included in cash and cash equivalents are reported at fair value. The City invests in the State of Oregon Local Government Investment Pool, which is authorized by Oregon Revised Statutes. Interest earned from pooled investments is allocated based on a fund's portion of the total investment balance. The City maintains depository insurance under Federal depository insurance funds and state and financial institution collateral pools for its cash deposits and investments, except the Local Government Investment Pool, which is exempt from statutes requiring such insurance.

F. Receivables

Uncollected property taxes receivable collected within sixty days following year end are considered measurable and available and are recognized as revenues. All other uncollected property taxes receivable are offset by deferred revenue and, accordingly, have not been recorded as revenue. Property taxes are assessed and become a lien against the property as of July 1 each year and are payable in three installments on November 15, February 15, and May 15 following the lien date. Taxes unpaid and outstanding on May 16 are considered delinquent.

Assessments receivable are recognized at the time property owners are assessed for property improvements. Assessments receivable expected to be collected within sixty days following year end and are considered measurable and available and are recognized as revenue. All other assessments receivable are offset by unavailable revenue and, accordingly, have not been recorded as revenue.

Receivables for grants and state shared revenues, included in accounts receivable are recorded as revenues in governmental fund types as earned. Receivables of the proprietary fund types are recorded as revenues as earned, including services earned but not billed.

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G. Inventories

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

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, street lights, etc.) are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Donated capital assets are recorded at their estimated fair market value at the time received.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend 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.

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 costs were capitalized during the year ended June 30, 2016.

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

<u>Asset</u>	<u>Years</u>
Buildings and improvements	25-40
Improvements	10-50
Infrastructure	20-50
Vehicles	5-10
Machinery and equipment	5-10
Utility Systems	25-50

Monthly depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

I. Deferred Outflows/Inflows of Resource

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of

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resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Compensated Absences

Accumulated vested vacation pay is accrued as it is earned. For governmental funds, accumulated vested vacation pay is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

Funds used to liquidate accrued compensated absences included the general fund, building fund, and the operations fund.

L. Net Position

In the government-wide financial statements and proprietary funds financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal of related debt. Net investment in capital assets does not include the unspent proceeds of capital debt. Restricted net position represent net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments) and includes unspent proceeds of bonds issued to acquire or construct capital assets. The nonexpendable portion of permanent funds is reported as a component of restricted net position. The City's other restricted net position is temporarily restricted (ultimately expendable) assets. All other net position is considered unrestricted.

M. Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.

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Non-Spendable – Includes amounts not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes amounts that are restricted by external creditors, grantors or contributors, or restricted by enabling legislation.

Committed – Includes amounts that have been committed by resolution by the City Council which is the City’s “highest level of decision-making authority.” Committed amounts may not be used for any other purpose unless the City Council removes the constraint by similar council action. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned – Includes amounts assigned for specific purposes by council action who authorizes, by resolution, the City Manager or Finance Director to assign fund balance. Assigned fund balance is also established by the Council through adoption or amendment of the budget as intended for specific purpose.

Unassigned – This is the residual classification used for those balances not assigned to another category.

Use of restricted resources, 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. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

N. Accounting Estimates

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

2. Cash and Cash Equivalents

At June 30, 2016 investments included in cash and cash equivalents consist of the following:

	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Investments in the State Treasurer’s Local Government Investment Pool	0.00	\$ 42,205,776

A. Interest rate risk

The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Currently, the City maintains excess cash in the Local Government Investment Pool.

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B. Credit risk

State statutes authorize the City of Tualatin to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State Treasurer's Oregon Local Government Investment Pool, among others. The City has no investment policy that would further limit its investment choices. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the Pool is the same as the fair value of Pool shares. Investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The State Treasurer's Oregon Local Government Investment Pool is not registered with the SEC as an investment company and is unrated.

The City's investment in the Local Government Investment Pool is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

C. Concentration of credit risk

All investments of the City shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus finds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.135 (Investment maturity dates), ORS 294.145 (Prohibited conduct for custodial officer), ORS 294.805 to 294.895 (Local Government Investment Pool). Any revisions or extensions of these sections of the ORS shall be assumed to be part of this investment policy immediately upon being enacted.

D. Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2016, none of the City's bank balances were exposed to custodial credit risk.

3. Property Taxes and Assessments Receivable

Property taxes receivable, which have been collected within sixty days subsequent to year end, are considered measurable and available and are therefore recognized as revenue.

All other property taxes receivable are offset by deferred inflows and, accordingly, have not been recorded as revenue. Real and personal property taxes are levied as of July 1 of each fiscal year on values assessed as of that date. Property taxes attach as an enforceable lien on both real and personal property as of July 1 and are due and payable in three installments on November 15, February 15, and May 15. All property taxes are billed and collected by Clackamas and Washington Counties and remitted to the City.

Assessments receivable are amounts billed to property owners upon completion of the benefiting project.

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Uncollected taxes and assessments are deemed to be substantially collectible or recoverable through liens. Therefore, no allowance for uncollectible accounts has been established.

4. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

Primary Government	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, non-depreciable:				
Land	\$ 13,821,291	\$ -	\$ -	\$ 13,821,291
Construction in Progress	2,409,147	3,934,693	(5,827,607)	516,233
Total capital assets, non-depreciable	16,230,438	3,934,693	(5,827,607)	14,337,524
Capital assets, depreciable:				
Improvements & Infrastructure	134,793,548	5,829,219	-	140,622,767
Buildings	20,137,903	23,611	-	20,161,514
Machinery & Equipment	3,781,771	843,666	(49,804)	4,575,633
Total capital assets, depreciable	158,713,222	6,696,496	(49,804)	165,359,914
Total	174,943,660	10,631,189	(5,877,411)	179,697,438
Less accumulated depreciation for:				
Improvements & Infrastructure	(65,434,872)	(4,051,187)	-	(69,486,059)
Buildings	(6,937,804)	(544,924)	-	(7,482,728)
Machinery & Equipment	(2,838,517)	(332,950)	49,804	(3,121,663)
Total accumulated depreciation	(75,211,193)	(4,929,061)	49,804	(80,090,450)
Net depreciable capital assets	83,502,029	1,767,435	-	85,269,464
Net capital assets	\$ 99,732,467	\$ 5,702,128	\$ (5,827,607)	\$ 99,606,988
Governmental activities:				
General government		1,091,455		
Public safety		256,898		
Highways and streets		2,784,507		
Culture and recreation		796,201		
Total depreciation expense - governmental activities		4,929,061		

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Business-type activities totals	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, non-depreciable:				
Land	\$ 880,144	\$ -	\$ -	\$ 880,144
Construction in Progress	\$ 1,416,662	\$ 521,124	\$ (83,005)	\$ 1,854,781
Total capital assets, non-depreciable	\$ 2,296,806	\$ 521,124	\$ (83,005)	\$ 2,734,925
Capital assets, depreciable:				
Improvements & Infrastructure	\$ 79,202,842	\$ 786,013	\$ -	\$ 79,988,855
Buildings	\$ 367,755	\$ -	\$ -	\$ 367,755
Machinery & Equipment	\$ 1,082,799	\$ 82,932	\$ (9,502)	\$ 1,156,229
Total capital assets, depreciable	\$ 80,653,396	\$ 868,945	\$ (9,502)	\$ 81,512,839
Total	\$ 82,950,202	\$ 1,390,069	\$ (92,507)	\$ 84,247,764
Less accumulated depreciation for:				
Improvements & Infrastructure	\$ (28,506,665)	\$ (1,649,389)	\$ -	\$ (30,156,054)
Buildings	\$ (343,775)	\$ (1,693)	\$ -	\$ (345,468)
Machinery & Equipment	\$ (823,123)	\$ (43,741)	\$ 9,502	\$ (857,362)
Total accumulated depreciation	\$ (29,673,563)	\$ (1,694,823)	\$ 9,502	\$ (31,358,884)
Net depreciable capital assets	\$ 50,979,833	\$ (825,878)	\$ -	\$ 50,153,955
Net capital assets	\$ 53,276,638	\$ (304,754)	\$ (83,005)	\$ 52,888,880
Business-type activities:			Depreciation	
Water			945,665	
Sewer			566,184	
Stormwater			182,974	
Total depreciation expense - business-type activities			1,694,823	

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5. Interfund Receivables, Payables, and Transfers

A. Interfund Transfers

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 4,496,307	\$ -
Building Fund	21,110	312,840
Transportation Development Tax Fund	-	90,000
Park Development Fund	1,446	31,040
Total Major Governmental Funds	<u>4,518,863</u>	<u>433,880</u>
Non-major Governmental Funds		
Operations Fund	2,826,160	-
Road Utility Fee Fund	-	328,185
Road Gas Tax Fund	1,296,400	833,206
Core Area Parking District Fund	-	26,950
Road Development Fund	-	1,109,645
Bancroft Bond Fund	-	181,745
Local Improvement District Fund	-	479,042
Operations Warehouse Project Fund	-	125,593
Park Improvement Fund	-	745
Leveton Project Fund	-	87,070
Total Non-major Governmental Funds	<u>4,122,560</u>	<u>3,172,181</u>
Proprietary Funds		
Water Fund	320,000	2,944,790
Water Development Fund	-	320,000
Enterprise Bond Fund	502,550	-
Water Reservoir Fund	-	162
Sewer Fund	-	1,417,400
Sewer Development Fund	-	5,030
Storm Drain Fund	-	1,170,530
Total Proprietary Funds	<u>822,550</u>	<u>5,857,912</u>
Total Government Wide	<u><u>\$ 9,463,973</u></u>	<u><u>\$ 9,463,973</u></u>

Interfund transfers are used to provide funds for debt service, contribute to the cost of capital projects and provide operational resources.

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6. Long Term Debt Obligations

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The following table presents current year changes in those obligations and the current portions due for each issue. For the governmental activities, claims and judgments, and compensated absences are generally liquidated by the general fund. As compensated absences are due and payable on demand, they are considered due within one year.

	Beginning balance as of July 1, 2015	Additions	Reductions	Ending balance as of June 30, 2016	Due within one year
Governmental activities:					
General Obligation bonds					
Series 2008, Police Refunding, interest at 3.75-5.0%, original issue of \$2,575,000, due 2018	\$ 1,345,000	\$ -	\$ (310,000)	\$ 1,035,000	\$ 330,000
Series 2005, Parks Improvement, interest at 2.5- 4.125%, original issue of \$3,785,000, due 2025	2,275,000	-	(190,000)	2,085,000	195,000
Series 2006, Library Improvement, interest at 3.75- 4.25%, original issue of \$4,225,000, due 2027	3,060,000	-	(200,000)	2,860,000	210,000
Full Faith and Credit obligations					
Series 2013, Operations Warehouse, interest at 3.0%, original issue of \$1,100,000, due 2024	1,011,988	-	(99,377)	912,611	102,572
Long-term bonded debt obligations	7,691,988	-	(799,377)	6,892,611	837,572
Compensated absences	728,442	640,654	(707,314)	661,782	661,782
Pension transition liability	1,377,396	5,768	-	1,383,164	53,045
Net pension liability	-	8,593,336	-	8,593,336	-
Total governmental activities	<u>\$ 9,797,826</u>	<u>\$ 9,239,758</u>	<u>\$ (1,506,691)</u>	<u>\$ 17,530,893</u>	<u>\$ 1,552,399</u>
Business-type activities:					
Revenue Bonds					
Series 2005 Water Revenue, interest at 3.75-4.5% original issue of \$7,305,000, due 2025	\$ 345,000	\$ -	\$ (345,000)	\$ -	\$ -
Full Faith and Credit Obligations					
Series 2014, Full Faith and Credit Refunding, interest at 2.0-4.0%, original issue of \$4,300,000, due 2025	4,260,000	-	-	4,260,000	360,000
Plus: Bond issuance premium	404,995	-	(40,500)	364,495	-
Long-term bonded debt obligations	5,009,995	-	(385,500)	4,624,495	360,000
Pension transition liability	112,809	-	(68,759)	44,050	1,689
Net pension liability	-	273,671	-	273,671	-
Total business-type activities	<u>\$ 5,122,804</u>	<u>\$ 273,671</u>	<u>\$ (454,259)</u>	<u>\$ 4,942,216</u>	<u>\$ 361,689</u>
Total long-term debt obligations					
General Obligation bonds	\$ 6,680,000	\$ -	\$ (700,000)	\$ 5,980,000	\$ 735,000
Full Faith and Credit obligations	5,271,988	-	(99,377)	5,172,611	462,572
Revenue bonds	345,000	-	(345,000)	-	-
Plus: Bond issuance premium	404,995	-	(40,500)	364,495	-
Long-term bonded debt obligations	12,701,983	-	(1,184,877)	11,517,106	1,197,572
Compensated absences	728,442	640,654	(707,314)	661,782	661,782
Pension transition liability	1,377,396	5,768	(68,759)	1,427,214	54,734
Net pension liability	-	8,867,007	-	8,867,007	-
Total long-term debt obligations	<u>\$ 14,807,821</u>	<u>\$ 9,513,429</u>	<u>\$ (1,960,950)</u>	<u>\$ 22,473,109</u>	<u>\$ 1,914,088</u>

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Future Principal and Interest. Future maturities of bond principal and interest at June 30, 2016 are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 837,572	\$ 257,165	\$ 360,000	\$ 147,050	\$ 1,197,572	\$ 404,215
2018	870,793	222,225	370,000	137,900	1,240,793	360,125
2019	909,035	184,708	380,000	126,650	1,289,035	311,358
2020	567,377	154,923	395,000	113,050	962,377	267,973
2021	590,780	133,280	415,000	96,850	1,005,780	230,130
2022-2026	2,797,053	314,300	2,340,000	218,875	5,137,053	533,175
2027	320,000	6,400	-	-	320,000	6,400
	<u>\$ 6,892,611</u>	<u>\$ 1,273,000</u>	<u>\$ 4,260,000</u>	<u>\$ 840,375</u>	<u>\$ 11,152,611</u>	<u>\$ 2,113,375</u>

7. Pension Plan

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter

238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police members) when determining the monthly benefit.

Benefit Changes

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

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

Police: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police member, the individual must have been employed continuously as a police member for at least five years

immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

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Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were \$1,471,213, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 18.78 percent for Tier One/Tier Two General Service Member, 18.78 percent for Tier One/Tier Two Police, 12.05 percent for OPSRP Pension Program General Service Members, 16.16 percent for OPSRP Pension Program Police Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2016, the City reported a liability of \$8,867,007 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportion was 0.15443816 and 0.15665389 percent, as of June 30, 2016 and 2015, respectively.

For the year ended June 30, 2016, the City's recognized pension expense of \$7,099,137. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 478,155	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	1,858,725
Changes in proportion	-	38,043
Differences between employer contributions and proportionate share of contributions	7,743	143,550
Total (prior to post-MD contributions)	485,898	2,040,318
Contributions subsequent to the MD	1,471,213	-
Total	\$ 1,957,111	\$ 2,040,318

Deferred outflows of resources related to pensions of \$1,471,213 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows		Deferred Inflows	
Amortization Period		Amortization Period	
FY2017	\$ 1,582,035	FY2017	\$ 928,132
FY2018	110,822	FY2018	928,132
FY2019	110,822	FY2019	928,132
FY2020	109,961	FY2020	(760,586)
FY2021	43,471	FY2021	16,508
Total	<u>\$ 1,957,111</u>	Total	<u>\$ 2,040,318</u>

Actuarial assumptions

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2013 actuarial valuation was determined using the

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Long-Term Expected Rate of Return	7.75 percent
Discount Rate	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA
Mortality	Health retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 statistic combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate -Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equities	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
	<u>100.00%</u>	
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.75%

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability (asset)	\$ 21,400,192	\$ 8,867,006	\$ (1,695,175)

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Pension plan fiduciary net position

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

8. Retirement Health Insurance Account

Plan Description. As a member of Oregon Public Employees Retirement System (OPERS), the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

Funding Policy. Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a OPERS-sponsored health plan. An eligible surviving spouse or dependent of a deceased OPERS retiree may receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991. Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.53 percent of annual covered payroll for Tier 1/Tier 2, and 0.45 percent for OPSRP. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, 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) of the plan over a period not to exceed thirty years.

9. Prior Period Restatement

Subsequent to the year ended June 30, 2015, the City made an adjustment related to its accounting for accrued personal services expenditures. The adjustment resulted in a restatement to beginning fund balances and the beginning net position for governmental activities of \$386,485.

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

10. Risk Management

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.

11. Contingencies and Commitments

Management of the City believes that total amount of liability, if any, which may arise from claims and lawsuits pending against the City beyond that, which is covered by insurance, would not have a material effect on the City's financial condition.

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.

REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

- Budgetary Comparison Schedules
 - General Fund
 - Building Fund
 - Transportation Development Tax Fund
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of City Pension Plan Contributions

CITY OF TUALATIN, OREGON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 8,420,880	\$ 8,420,880	\$ 8,582,569	\$ 161,689
Franchise fees	2,159,000	2,159,000	2,197,426	38,426
Charges for service	552,500	581,890	605,884	23,994
Licenses and permits	266,800	266,800	312,428	45,628
Intergovernmental	2,686,280	2,686,280	2,655,146	(31,134)
Fines and forfeitures	1,372,500	1,372,500	1,008,765	(363,735)
Interest	40,000	40,000	63,725	23,725
Miscellaneous	112,210	137,910	127,247	(10,663)
TOTAL REVENUES	15,610,170	15,665,260	15,553,190	(112,070)
EXPENDITURES				
City Council	171,660	171,660	158,609	13,051
Administration	967,390	967,390	935,739	31,651
Finance	941,485	941,485	940,104	1,381
Municipal Court	362,710	362,710	350,131	12,579
Legal	295,165	295,165	270,703	24,462
Information Services	1,085,625	1,085,625	966,070	119,555
Planning	840,825	840,825	675,481	165,344
Engineering	1,218,135	1,218,135	1,063,475	154,660
Police	7,231,980	7,231,980	7,034,354	197,626
Community Services - Admin	1,079,560	1,134,650	1,129,896	4,754
Community Services - Library	1,916,380	1,916,380	1,888,987	27,393
Fleet Maintenance	475,100	475,100	405,065	70,035
Building Maintenance	910,095	910,095	845,740	64,355
Parks Maintenance	1,351,265	1,351,265	1,319,279	31,986
Nondepartmental				
General Services	741,645	741,645	791,171	(49,526)
Contingency	2,936,550	2,936,550	-	2,936,550
TOTAL EXPENDITURES	22,525,570	22,580,660	18,774,804	3,805,856
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,915,400)	(6,915,400)	(3,221,614)	3,693,786
OTHER FINANCING SOURCES				
Transfers in	3,709,020	4,495,563	4,496,307	744
NET CHANGE IN FUND BALANCE	(3,206,380)	(2,419,837)	1,274,693	3,694,530
FUND BALANCE - beginning	7,104,000	7,104,000	7,556,522	452,522
RESTATEMENT (see note)	-	-	(367,799)	(367,799)
FUND BALANCE - beginning, restated	7,104,000	7,104,000	7,188,723	84,723
FUND BALANCE - ending	\$ 3,897,620	\$ 4,684,163	\$ 8,463,416	\$ 3,779,253

CITY OF TUALATIN, OREGON
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for service	\$ 100	\$ 100	\$ -	\$ (100)
Licenses and permits	928,600	941,350	1,206,736	265,386
Interest	10,000	10,000	15,579	5,579
Miscellaneous	200	200	36	(164)
TOTAL REVENUES	938,900	951,650	1,222,351	270,701
EXPENDITURES				
Personal Services	749,065	624,065	568,286	55,779
Materials and service	69,560	207,310	230,056	(22,746)
Contingency	1,572,805	1,572,805	-	1,572,805
TOTAL EXPENDITURES	2,391,430	2,404,180	798,342	1,605,838
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,452,530)	(1,452,530)	424,009	1,876,539
OTHER FINANCING SOURCES (USES)				
Transfers in	21,110	21,110	21,110	-
Transfers out	(312,840)	(312,840)	(312,840)	-
TOTAL OTHER FINANCING SOURCES (USES)	(291,730)	(291,730)	(291,730)	-
NET CHANGE IN FUND BALANCE	(1,744,260)	(1,744,260)	132,279	1,876,539
FUND BALANCE - beginning	1,744,260	1,744,260	1,744,129	(131)
RESTATEMENT (see note)	-	-	(18,686)	(18,686)
FUND BALANCE - beginning, restated	1,744,260	1,744,260	1,725,443	(18,817)
FUND BALANCE - ending	\$ -	\$ -	\$ 1,857,722	\$ 1,857,722

CITY OF TUALATIN, OREGON
TRANSPORTATION DEVELOPMENT TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 200,000	\$ 200,000	\$ 1,620,381	\$ 1,420,381
Interest	25,020	25,020	51,313	26,293
Miscellaneous	-	-	1,649	1,649
TOTAL REVENUES	225,020	225,020	1,673,343	1,448,323
EXPENDITURES				
Contingency	1,642,960	1,642,960	-	1,642,960
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,417,940)	(1,417,940)	1,673,343	3,091,283
OTHER FINANCING USES				
Transfers out	(250,000)	(250,000)	(90,000)	160,000
TOTAL OTHER FINANCING USES	(250,000)	(250,000)	(90,000)	160,000
NET CHANGE IN FUND BALANCE	(1,667,940)	(1,667,940)	1,583,343	3,251,283
FUND BALANCE - beginning	1,667,940	1,667,940	4,352,939	2,684,999
FUND BALANCE - ending	\$ -	\$ -	\$ 5,936,282	\$ 5,936,282

CITY OF TUALATIN, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Last Three Fiscal Years

Year Ended June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.15443816%	\$ 8,867,007	\$ 10,203,939	86.90%	91.90%
2015	0.15665389%	(3,550,897)	9,786,025	-36.29%	103.60%
2014	0.15665389%	7,994,278	9,628,201	83.03%	91.97%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF TUALATIN, OREGON
SCHEDULE OF CITY PENSION PLAN CONTRIBUTIONS
For the Last Three Fiscal Years

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2016	\$ 1,471,213	\$ 1,471,213	\$ -	\$ 9,876,439	14.90%
2015	1,439,922	1,439,922	-	10,203,939	14.11%
2014	1,458,300	1,458,300	-	9,786,025	14.90%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF TUALATIN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

Stewardship, Compliance, and Accountability

On or before June 30 of each year, the City enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. The City’s budget is presented on the modified accrual basis of accounting which is the same basis as GAAP.

Prior to enacting this resolution, the proposed budget is presented to a budget committee. The budget committee presents the budget to the City Council for budget hearings prior to enactment of the resolution. The City budgets all funds as required by Oregon Local Budget Law.

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Total expenditures by department as established by the resolution are the legal level of control for the General Fund. Expenditure categories of personal services, materials and services, capital outlay, debt service transfers, and contingency are the legal level of control for all other funds. The detail budget document, however, is required to contain more specific information for the above mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the City Council. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the City Council. Management may not amend the budget without seeking the approval of the Council. The City had appropriation transfers during the year-ended June 30, 2016. The city had a supplemental budget during the year-ended June 30, 2016. Appropriations lapse as of year-end.

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2016:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
General fund	Nondepartmental	\$49,526
Building fund	Materials & services	\$22,746
Core Area Parking fund	Capital outlay	\$4,837
Sewer development fund	Materials & services	\$39,896
Operations	Street division	\$16,716

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System’s GASB 68 Disclosure Information which can be found at: http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

CITY OF TUALATIN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

Changes of assumptions

A summary of key changes implemented since the December 31, 2011 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

OTHER SUPPLEMENTARY INFORMATION

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OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedule - Major Governmental Fund
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Enterprise Funds
- Budgetary Comparison Schedules - Internal Service Fund
- Other Financial Schedules

MAJOR GOVERNMENTAL FUNDS

Capital Projects Fund

Park Development Fund

The Park Development Fund accounts for capital improvements to parks funded by system development charges and other contributions.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

These funds account for revenue derived from specific taxes or other earmarked revenue sources, which are legally restricted to expenditures for specified purposes. Funds included in this category are:

Road Utility Fee Fund

The 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

The 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

The 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 Scholarship Fund

The Tualatin Science and Technology Scholarship Fund accounts for scholarship awards.

Road Development Fund

The Road Development Fund accounts for funds received from system development charges and restricted for system improvements.

Economic Development Administration Fund

The Urban Redevelopment Administration Fund accounts for the general operations of the City's Urban Renewal Agency, a component unit of the City of Tualatin.

Debt Service Funds

These funds are used to account for revenues and expenditures related to the servicing of general long-term debt:

General Obligation Bond Fund

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

Bancroft Bond Fund

The 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

The 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 are used to account for financial resources to be used for the acquisition or construction of major capital items and facilities. Funds included in this category are:

Local Improvement District Fund

The Local Improvement District Fund accounts for improvements made to properties that will be assessed to property owners.

Parks Improvement Fund

The Parks Improvement Fund accounts for improvements to City parks not funded by system development charges.

Central Urban Renewal District Project Fund

The 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

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

Operations Warehouse Project Fund

The Operations Warehouse Project Fund accounts for the resources provided and used for the operations warehouse building. Resources are provided by other City Funds.

CITY OF TUALATIN, OREGON
PARK DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 473,200	\$ 473,200	\$ 193,842	\$ (279,358)
Intergovernmental	1,585,800	1,585,800	1,569,942	(15,858)
Interest	3,000	3,000	8,593	5,593
Miscellaneous	20,000	20,000	96,166	76,166
TOTAL REVENUES	2,082,000	2,082,000	1,868,543	(213,457)
EXPENDITURES				
Materials and service	16,000	16,000	-	16,000
Capital outlay	4,767,480	4,767,480	3,389,355	1,378,125
TOTAL EXPENDITURES	4,783,480	4,783,480	3,389,355	1,394,125
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,701,480)	(2,701,480)	(1,520,812)	1,180,668
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	1,446	(8,554)
Transfers out	(31,040)	(31,040)	(31,040)	-
TOTAL OTHER FINANCING SOURCES (USES)	(21,040)	(21,040)	(29,594)	(8,554)
NET CHANGE IN FUND BALANCE	(2,722,520)	(2,722,520)	(1,550,406)	1,172,114
FUND BALANCE - beginning	2,722,520	2,722,520	2,643,636	(78,884)
FUND BALANCE - ending	\$ -	\$ -	\$ 1,093,230	\$ 1,093,230

CITY OF TUALATIN, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2016

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
ASSETS				
Cash and cash equivalents	\$ 3,317,076	\$ 142,543	\$ 3,980,691	\$ 7,440,310
Due from other governments	-	-	-	-
Accounts receivable	119,768	2,803	-	122,571
Property taxes receivable	-	45,239	-	45,239
Inventories	24,138	-	-	24,138
TOTAL ASSETS	<u>\$ 3,460,982</u>	<u>\$ 190,585</u>	<u>\$ 3,980,691</u>	<u>\$ 7,632,258</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 104,149	\$ 55,000	\$ 8,655	\$ 167,804
Deposits	36,863	-	-	36,863
Unearned revenue	220,000	-	-	220,000
TOTAL LIABILITIES	<u>361,012</u>	<u>55,000</u>	<u>8,655</u>	<u>424,667</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property tax revenue	-	41,879	-	41,879
FUND BALANCES				
Nonspendable:				
Inventory	24,138	-	-	24,138
Restricted for:				
Street and roadside maintenance	2,545,434	-	-	2,545,434
Debt service payments	-	93,706	-	93,706
Urban renewal projects	193,184	-	3,972,036	4,165,220
Committed to:				
Pavement maintenance and street lighting	137,129	-	-	137,129
Parking maintenance	149,356	-	-	149,356
Assigned to:				
Scholarships	50,729	-	-	50,729
TOTAL FUND BALANCES	<u>3,099,970</u>	<u>93,706</u>	<u>3,972,036</u>	<u>7,165,712</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,460,982</u>	<u>\$ 190,585</u>	<u>\$ 3,980,691</u>	<u>\$ 7,632,258</u>

CITY OF TUALATIN, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2016

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
REVENUES				
Property taxes	\$ -	\$ 945,541	\$ -	\$ 945,541
Charges for service	388,815	-	-	388,815
Licenses and permits	701,042	-	-	701,042
Intergovernmental	1,675,730	191	-	1,675,921
Interest	19,264	1,781	28,789	49,834
Miscellaneous	9,088	1,331	12,725	23,144
TOTAL REVENUES	<u>2,793,939</u>	<u>948,844</u>	<u>41,514</u>	<u>3,784,297</u>
EXPENDITURES				
General government	64,304	-	-	64,304
Highways and streets	991,929	-	-	991,929
Capital outlay	280,343	-	53,959	334,302
Debt service:				
Principal	-	700,000	-	700,000
Interest	-	259,338	-	259,338
TOTAL EXPENDITURES	<u>1,336,576</u>	<u>959,338</u>	<u>53,959</u>	<u>2,349,873</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,457,363</u>	<u>(10,494)</u>	<u>(12,445)</u>	<u>1,434,424</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,296,400	-	-	1,296,400
Transfers out	(2,297,986)	(181,745)	(692,450)	(3,172,181)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,001,586)</u>	<u>(181,745)</u>	<u>(692,450)</u>	<u>(1,875,781)</u>
NET CHANGE IN FUND BALANCES	455,777	(192,239)	(704,895)	(441,357)
FUND BALANCES - beginning	<u>2,644,193</u>	<u>285,945</u>	<u>4,676,931</u>	<u>7,607,069</u>
FUND BALANCES - ending	<u>\$ 3,099,970</u>	<u>\$ 93,706</u>	<u>\$ 3,972,036</u>	<u>\$ 7,165,712</u>

**CITY OF TUALATIN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2016**

	Road Utility Fee Fund	Road Gas Tax Fund	Core Area Parking District Fund	Tualatin Scholarship Fund	Road Development Fund	Economic Development Administration Fund	Total
ASSETS							
Cash and cash equivalents	\$ 54,200	\$ 2,877,113	\$ 141,500	\$ 50,729	\$ -	\$ 193,534	\$ 3,317,076
Accounts receivable	94,589	8,224	16,955	-	-	-	119,768
Inventories	-	24,138	-	-	-	-	24,138
TOTAL ASSETS	\$ 148,789	\$ 2,909,475	\$ 158,455	\$ 50,729	\$ -	\$ 193,534	\$ 3,460,982
LIABILITIES							
Accounts payable and other current liabilities	\$ 11,660	\$ 83,040	\$ 9,099	\$ -	\$ -	\$ 350	\$ 104,149
Deposits	-	36,863	-	-	-	-	36,863
Unearned revenue	-	220,000	-	-	-	-	220,000
TOTAL LIABILITIES	11,660	339,903	9,099	-	-	350	361,012
FUND BALANCES							
Nonspendable:							
Inventory	-	24,138	-	-	-	-	24,138
Restricted for:							
Street and roadside maintenance	-	2,545,434	-	-	-	-	2,545,434
Urban renewal projects	-	-	-	-	-	193,184	193,184
Committed to:							
Pavement maintenance and street lighting	137,129	-	-	-	-	-	137,129
Parking maintenance	-	-	149,356	-	-	-	149,356
Assigned to:							
Scholarships	-	-	-	50,729	-	-	50,729
TOTAL FUND BALANCES	137,129	2,569,572	149,356	50,729	-	193,184	3,099,970
TOTAL LIABILITIES AND FUND BALANCES	\$ 148,789	\$ 2,909,475	\$ 158,455	\$ 50,729	\$ -	\$ 193,534	\$ 3,460,982

CITY OF TUALATIN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2016

	Road Utility Fee Fund	Road Gas Tax Fund	Core Area Parking District Fund	Tualatin Scholarship Fund	Road Development Fund	Economic Development Administration Fund	Total
REVENUES							
Charges for service	\$ 329,206	\$ -	\$ 59,609	\$ -	\$ -	\$ -	\$ 388,815
Licenses and permits	682,581	-	-	-	18,461	-	701,042
Intergovernmental	-	1,675,730	-	-	-	-	1,675,730
Interest	88	12,933	954	325	3,581	1,383	19,264
Miscellaneous	-	-	7,850	-	1,236	2	9,088
TOTAL REVENUES	1,011,875	1,688,663	68,413	325	23,278	1,385	2,793,939
EXPENDITURES							
General government	-	-	25,458	400	-	38,446	64,304
Highways and streets	600,840	391,089	-	-	-	-	991,929
Capital outlay	-	267,506	12,837	-	-	-	280,343
TOTAL EXPENDITURES	600,840	658,595	38,295	400	-	38,446	1,336,576
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	411,035	1,030,068	30,118	(75)	23,278	(37,061)	1,457,363
OTHER FINANCING SOURCES (USES)							
Transfers in	-	1,296,400	-	-	-	-	1,296,400
Transfers out	(328,185)	(833,206)	(26,950)	-	(1,109,645)	-	(2,297,986)
TOTAL OTHER FINANCING SOURCES (USES)	(328,185)	463,194	(26,950)	-	(1,109,645)	-	(1,001,586)
NET CHANGE IN FUND BALANCES	82,850	1,493,262	3,168	(75)	(1,086,367)	(37,061)	455,777
FUND BALANCES - beginning	54,279	1,076,310	146,188	50,804	1,086,367	230,245	2,644,193
FUND BALANCES - ending	\$ 137,129	\$ 2,569,572	\$ 149,356	\$ 50,729	\$ -	\$ 193,184	\$ 3,099,970

CITY OF TUALATIN, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2016

	General Obligation Bond Fund	Bancroft Bond Fund	Central Urban Renewal District Bond Fund	Total
ASSETS				
Cash and cash equivalents	\$ 87,543	\$ -	\$ 55,000	\$ 142,543
Accounts receivable	2,803	-	-	2,803
Property taxes receivable	45,239	-	-	45,239
TOTAL ASSETS	<u>\$ 135,585</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 190,585</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ -	\$ -	\$ 55,000	\$ 55,000
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property tax revenue	41,879	-	-	41,879
FUND BALANCES				
Restricted for:				
Debt service payments	93,706	-	-	93,706
TOTAL FUND BALANCES	<u>93,706</u>	<u>-</u>	<u>-</u>	<u>93,706</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 135,585</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 190,585</u>

CITY OF TUALATIN, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2016

	General Obligation Bond Fund	Bancroft Bond Fund	Central Urban Renewal District Bond Fund	Total
REVENUES				
Property taxes	\$ 945,541	\$ -	\$ -	\$ 945,541
Intergovernmental	191	-	-	191
Interest	985	796	-	1,781
Miscellaneous	1,331	-	-	1,331
TOTAL REVENUES	948,048	796	-	948,844
EXPENDITURES				
Debt service:				
Principal	700,000	-	-	700,000
Interest	259,338	-	-	259,338
TOTAL EXPENDITURES	959,338	-	-	959,338
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,290)	796	-	(10,494)
OTHER FINANCING SOURCES USES				
Transfers out	-	(181,745)	-	(181,745)
NET CHANGE IN FUND BALANCES	(11,290)	(180,949)	-	(192,239)
FUND BALANCES - beginning	104,996	180,949	-	285,945
FUND BALANCES - ending	\$ 93,706	\$ -	\$ -	\$ 93,706

CITY OF TUALATIN, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2016

	Local Improvement District Fund	Parks Improvement Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Operations Warehouse Project Fund	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 124,258	\$ 3,856,433	\$ -	\$ 3,980,691
LIABILITIES						
Accounts payable and other current liabilities	\$ -	\$ -	\$ -	\$ 8,655	\$ -	\$ 8,655
FUND BALANCES						
Restricted for:						
Urban renewal projects	-	-	124,258	3,847,778	-	3,972,036
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>124,258</u>	<u>3,847,778</u>	<u>-</u>	<u>3,972,036</u>
TOTAL LIABILITIES AND FUND BALANCE:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,258</u>	<u>\$ 3,856,433</u>	<u>\$ -</u>	<u>\$ 3,980,691</u>

CITY OF TUALATIN, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2016

	Local Improvement District Fund	Parks Improvement Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Operations Warehouse Project Fund	Total
REVENUES						
Interest	\$ 2,099	\$ -	\$ 1,090	\$ 25,050	\$ 550	\$ 28,789
Miscellaneous	-	-	12,725	-	-	12,725
TOTAL REVENUES	<u>2,099</u>	<u>-</u>	<u>13,815</u>	<u>25,050</u>	<u>550</u>	<u>41,514</u>
EXPENDITURES						
Capital outlay	-	-	9,439	44,520	-	53,959
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,099</u>	<u>-</u>	<u>4,376</u>	<u>(19,470)</u>	<u>550</u>	<u>(12,445)</u>
OTHER FINANCING USES						
Transfers out	(479,042)	(745)	-	(87,070)	(125,593)	(692,450)
NET CHANGE IN FUND BALANCE	<u>(476,943)</u>	<u>(745)</u>	<u>4,376</u>	<u>(106,540)</u>	<u>(125,043)</u>	<u>(704,895)</u>
FUND BALANCE - beginning	<u>476,943</u>	<u>745</u>	<u>119,882</u>	<u>3,954,318</u>	<u>125,043</u>	<u>4,676,931</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,258</u>	<u>\$ 3,847,778</u>	<u>\$ -</u>	<u>\$ 3,972,036</u>

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

Governmental Budgetary Comparison Schedules included the following:

- Nonmajor Special Revenue Funds
 - Road Utility Fee Fund
 - Road Gas Tax Fund
 - Core Area Parking District Fund
 - Tualatin Scholarship Fund
 - Road Development Fund
 - Economic Development Administration Fund

- Nonmajor Debt Service Funds
 - General Obligation Bond Fund
 - Bancroft Bond Fund

- Nonmajor Capital Project Funds
 - Local Improvement District Fund
 - Parks Improvement Fund
 - Central Urban Renewal District Project Fund
 - Leveton Tax Increment District Project Fund
 - Operations Warehouse Project Fund

CITY OF TUALATIN, OREGON
ROAD UTILITY FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for service	\$ 327,000	\$ 327,000	\$ 329,206	\$ 2,206
Licenses and permits	683,280	683,280	682,581	(699)
Interest	1,000	1,000	88	(912)
TOTAL REVENUES	1,011,280	1,011,280	1,011,875	595
EXPENDITURES				
Materials and service	649,380	649,380	600,840	48,540
Contingency	63,715	63,715	-	63,715
TOTAL EXPENDITURES	713,095	713,095	600,840	112,255
EXCESS OF REVENUES OVER EXPENDITURES	298,185	298,185	411,035	112,850
OTHER FINANCING USES				
Transfers out	(328,185)	(328,185)	(328,185)	-
NET CHANGE IN FUND BALANCE	(30,000)	(30,000)	82,850	112,850
FUND BALANCE - beginning	30,000	30,000	54,279	24,279
FUND BALANCE - ending	\$ -	\$ -	\$ 137,129	\$ 137,129

CITY OF TUALATIN, OREGON
ROAD GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,642,500	\$ 1,642,500	\$ 1,675,730	\$ 33,230
Interest	3,950	3,950	12,933	8,983
TOTAL REVENUES	<u>1,646,450</u>	<u>1,646,450</u>	<u>1,688,663</u>	<u>42,213</u>
EXPENDITURES				
Materials and service	564,220	564,220	391,089	173,131
Capital outlay	1,512,980	1,512,980	267,506	1,245,474
Contingency	430,340	430,340	-	430,340
TOTAL EXPENDITURES	<u>2,507,540</u>	<u>2,507,540</u>	<u>658,595</u>	<u>1,848,945</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(861,090)</u>	<u>(861,090)</u>	<u>1,030,068</u>	<u>1,891,158</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,429,735	1,429,735	1,296,400	(133,335)
Transfers out	(841,760)	(841,760)	(833,206)	8,554
TOTAL OTHER FINANCING SOURCES (USES)	<u>587,975</u>	<u>587,975</u>	<u>463,194</u>	<u>(124,781)</u>
NET CHANGE IN FUND BALANCE	<u>(273,115)</u>	<u>(273,115)</u>	<u>1,493,262</u>	<u>1,766,377</u>
FUND BALANCE - beginning	<u>917,105</u>	<u>917,105</u>	<u>1,076,310</u>	<u>159,205</u>
FUND BALANCE - ending	<u>\$ 643,990</u>	<u>\$ 643,990</u>	<u>\$ 2,569,572</u>	<u>\$ 1,925,582</u>

CITY OF TUALATIN, OREGON
CORE AREA PARKING DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for service	\$ 55,000	\$ 55,000	\$ 59,609	\$ 4,609
Interest	600	600	954	354
Miscellaneous	-	-	7,850	7,850
TOTAL REVENUES	55,600	55,600	68,413	12,813
EXPENDITURES				
Materials and service	23,320	32,360	25,458	6,902
Capital outlay	-	8,000	12,837	(4,837)
Contingency	140,010	122,970	-	122,970
TOTAL EXPENDITURES	163,330	163,330	38,295	125,035
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(107,730)	(107,730)	30,118	137,848
OTHER FINANCING USES				
Transfers out	(26,950)	(26,950)	(26,950)	-
NET CHANGE IN FUND BALANCE	(134,680)	(134,680)	3,168	137,848
FUND BALANCE - beginning	134,680	134,680	146,188	11,508
FUND BALANCE - ending	\$ -	\$ -	\$ 149,356	\$ 149,356

**CITY OF TUALATIN, OREGON
TUALATIN SCHOLARSHIP FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ 250	\$ 250	\$ 325	\$ 75
EXPENDITURES				
Materials and service	400	400	400	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(150)	(150)	(75)	75
FUND BALANCE - beginning	50,500	50,500	50,804	304
FUND BALANCE - ending	<u>\$ 50,350</u>	<u>\$ 50,350</u>	<u>\$ 50,729</u>	<u>\$ 379</u>

CITY OF TUALATIN, OREGON
ROAD DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 18,461	\$ 18,461
Interest	-	-	3,581	3,581
Miscellaneous	-	-	1,236	1,236
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>23,278</u>	<u>23,278</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>23,278</u>	<u>23,278</u>
OTHER FINANCING USES				
Transfers out	<u>(1,082,980)</u>	<u>(1,082,980)</u>	<u>(1,109,645)</u>	<u>(26,665)</u>
NET CHANGE IN FUND BALANCE	<u>(1,082,980)</u>	<u>(1,082,980)</u>	<u>(1,086,367)</u>	<u>(3,387)</u>
FUND BALANCE - beginning	<u>1,082,980</u>	<u>1,082,980</u>	<u>1,086,367</u>	<u>3,387</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF TUALATIN, OREGON
ECONOMIC DEVELOPMENT ADMINISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ 815	\$ 815	\$ 1,383	\$ 568
Miscellaneous	-	-	2	2
TOTAL REVENUES	815	815	1,385	570
EXPENDITURES				
Materials and service	61,725	61,725	38,446	23,279
Capital outlay	7,000	7,000	-	7,000
Contingency	94,810	94,810	-	94,810
TOTAL EXPENDITURES	163,535	163,535	38,446	125,089
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(162,720)	(162,720)	(37,061)	125,659
FUND BALANCE - beginning	162,720	162,720	230,245	67,525
FUND BALANCE - ending	\$ -	\$ -	\$ 193,184	\$ 193,184

**CITY OF TUALATIN, OREGON
GENERAL OBLIGATION BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 935,000	\$ 935,000	\$ 945,541	\$ 10,541
Intergovernmental	-	-	191	191
Interest	3,000	3,000	985	(2,015)
Miscellaneous	-	-	1,331	1,331
TOTAL REVENUES	<u>938,000</u>	<u>938,000</u>	<u>948,048</u>	<u>10,048</u>
EXPENDITURES				
Debt service:				
Principal	700,000	700,000	700,000	-
Interest	259,340	259,340	259,338	2
Contingency	76,160	76,160	-	76,160
TOTAL EXPENDITURES	<u>1,035,500</u>	<u>1,035,500</u>	<u>959,338</u>	<u>76,162</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>(97,500)</u>	<u>(97,500)</u>	<u>(11,290)</u>	<u>86,210</u>
FUND BALANCE - beginning	<u>97,500</u>	<u>97,500</u>	<u>104,996</u>	<u>7,496</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,706</u>	<u>\$ 93,706</u>

CITY OF TUALATIN, OREGON
BANCROFT BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ 1,000	\$ 1,000	\$ 796	\$ (204)
EXPENDITURES				
Contingency	182,000	182,000	-	182,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(181,000)	(181,000)	796	181,796
OTHER FINANCING USES				
Transfers out	-	-	(181,745)	(181,745)
NET CHANGE IN FUND BALANCE	(181,000)	(181,000)	(180,949)	51
FUND BALANCE - beginning	181,000	181,000	180,949	(51)
FUND BALANCE - ending	\$ -	\$ -	\$ -	\$ -

CITY OF TUALATIN, OREGON
LOCAL IMPROVEMENT DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ 2,400	\$ 2,400	\$ 2,099	\$ (301)
EXPENDITURES				
Contingency	479,400	479,400	-	479,400
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(477,000)	(477,000)	2,099	479,099
OTHER FINANCING USES				
Transfers out	-	-	(479,042)	(479,042)
NET CHANGE IN FUND BALANCE	(477,000)	(477,000)	(476,943)	57
FUND BALANCE - beginning	477,000	477,000	476,943	(57)
FUND BALANCE - ending	\$ -	\$ -	\$ -	\$ -

**CITY OF TUALATIN, OREGON
PARKS IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		
OTHER FINANCING USES				
Transfers out	\$ -	\$ -	\$ (745)	\$ (745)
NET CHANGE IN FUND BALANCE	-	-	(745)	(745)
FUND BALANCE - beginning	-	-	745	745
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TUALATIN, OREGON
CENTRAL URBAN RENEWAL DISTRICT PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ 60	\$ 60	\$ 1,090	\$ 1,030
Miscellaneous	-	-	12,725	12,725
TOTAL REVENUES	<u>60</u>	<u>60</u>	<u>13,815</u>	<u>13,755</u>
EXPENDITURES				
Capital outlay	<u>120,565</u>	<u>120,565</u>	<u>9,439</u>	<u>111,126</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE	(120,505)	(120,505)	4,376	124,881
FUND BALANCE - beginning	<u>120,505</u>	<u>120,505</u>	<u>119,882</u>	<u>(623)</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,258</u>	<u>\$ 124,258</u>

CITY OF TUALATIN, OREGON
LEVETON TAX INCREMENT DISTRICT PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ 19,170	\$ 19,170	\$ 25,050	\$ 5,880
EXPENDITURES				
Capital outlay	50,000	50,000	44,520	5,480
Contingency	15,925	15,925	-	15,925
TOTAL EXPENDITURES	65,925	65,925	44,520	21,405
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(46,755)	(46,755)	(19,470)	27,285
OTHER FINANCING USES				
Transfers out	(87,070)	(87,070)	(87,070)	-
NET CHANGE IN FUND BALANCE	(133,825)	(133,825)	(106,540)	27,285
FUND BALANCE - beginning	3,833,450	3,833,450	3,954,318	120,868
FUND BALANCE - ending	<u>\$ 3,699,625</u>	<u>\$ 3,699,625</u>	<u>\$ 3,847,778</u>	<u>\$ 148,153</u>

**CITY OF TUALATIN, OREGON
OPERATIONS WAREHOUSE PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 550	\$ 550
OTHER FINANCING USES				
Transfers out	-	-	(125,593)	(125,593)
NET CHANGE IN FUND BALANCE	-	-	(125,043)	(125,043)
FUND BALANCE - beginning	-	-	125,043	125,043
FUND BALANCE - ending	\$ -	\$ -	\$ -	\$ -

BUDGETARY COMPARISON SCHEDULES

Enterprise Funds

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

Enterprise Budgetary Comparison schedules include the following:

- Water Operations
 - Water Fund
 - Water Development Fund
 - Water Reservoir Fund
 - Enterprise Bond Fund

- Sewer Operations
 - Sewer Fund
 - Sewer Development Fund

- Storm Drain Operations
 - Storm Drain Fund
 - Storm Drain Development Fund

CITY OF TUALATIN, OREGON
WATER OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2016

	Water Fund	Water Development Fund	Water Reservoir Fund	Enterprise Bond Fund	Total Water Operations
REVENUES					
Charges for service	\$ 6,167,347	\$ 296,188	\$ -	\$ -	\$ 6,463,535
Interest	31,110	4,062	-	1,456	36,628
Miscellaneous	23,124	-	-	-	23,124
TOTAL REVENUES	6,221,581	300,250	-	1,456	6,523,287
EXPENDITURES					
Materials and service	2,123,206	-	-	450	2,123,656
Capital outlay	670,889	-	-	-	670,889
Debt service:					
Principal	-	-	-	345,000	345,000
Interest	-	-	-	157,550	157,550
TOTAL EXPENDITURES	2,794,095	-	-	503,000	3,297,095
EXCESS (DEFICIENCY) OF REVENUES	3,427,486	300,250	-	(501,544)	3,226,192
OTHER FINANCING SOURCES (USES)					
Transfers in	320,000	-	-	502,550	822,550
Transfers out	(2,944,790)	(320,000)	(162)	-	(3,264,952)
TOTAL OTHER FINANCING SOURCES (USES)	(2,624,790)	(320,000)	(162)	502,550	(2,442,402)
NET CHANGE IN FUND BALANCES	802,696	(19,750)	(162)	1,006	783,790
FUND BALANCES - beginning	4,227,301	702,809	162	486,710	5,416,982
FUND BALANCES - ending	<u>\$ 5,029,997</u>	<u>\$ 683,059</u>	<u>\$ -</u>	<u>\$ 487,716</u>	<u>\$ 6,200,772</u>
RECONCILIATION TO NET POSITION - GAAP BASIS					
Adjustment for net pension liability being accrued					(243,467)
Adjustment for pension related deferred outflows of resources being accrued					53,738
Adjustment for pension related deferred inflows of resources being accrued					(56,022)
Adjustment for pension transition liability					(39,188)
Adjustment for interest payable being accrued					(12,554)
Adjustment for capital assets not being depreciated					2,602,470
Adjustment for capital assets, net of accumulated depreciation					29,599,875
Adjustment for bonds payable, due within one year					(360,000)
Adjustment for long term bonds payable					(3,900,000)
Adjustment for bond premium					(364,495)
Adjustment for deferred charge on refunding					221,288
NET POSITION - GAAP BASIS					<u><u>\$ 33,702,417</u></u>

CITY OF TUALATIN, OREGON
WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for service	\$ 5,340,200	\$ 5,870,200	\$ 6,167,347	\$ 297,147
Interest	18,000	18,000	31,110	13,110
Miscellaneous	20,100	20,100	23,124	3,024
TOTAL REVENUES	5,378,300	5,908,300	6,221,581	313,281
EXPENDITURES				
Materials and service	1,974,800	2,504,800	2,123,206	381,594
Capital outlay	2,440,000	2,440,000	670,889	1,769,111
Contingency	737,940	737,940	-	737,940
TOTAL EXPENDITURES	5,152,740	5,682,740	2,794,095	2,888,645
EXCESS OF REVENUES OVER EXPENDITURES	225,560	225,560	3,427,486	3,201,926
OTHER FINANCING SOURCES (USES)				
Transfers in	610,000	610,000	320,000	(290,000)
Transfers out	(2,944,790)	(2,944,790)	(2,944,790)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,334,790)	(2,334,790)	(2,624,790)	(290,000)
NET CHANGE IN FUND BALANCE	(2,109,230)	(2,109,230)	802,696	2,911,926
FUND BALANCE - beginning	4,517,405	4,517,405	4,227,301	(290,104)
FUND BALANCE - ending	\$ 2,408,175	\$ 2,408,175	\$ 5,029,997	\$ 2,621,822

**CITY OF TUALATIN, OREGON
WATER DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for service	\$ 200,000	\$ 200,000	\$ 296,188	\$ 96,188
Interest	2,725	2,725	4,062	1,337
TOTAL REVENUES	<u>202,725</u>	<u>202,725</u>	<u>300,250</u>	<u>97,525</u>
EXPENDITURES				
Contingency	<u>137,525</u>	<u>137,525</u>	<u>-</u>	<u>137,525</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>65,200</u>	<u>65,200</u>	<u>300,250</u>	<u>235,050</u>
OTHER FINANCING USES				
Transfers out	<u>(610,000)</u>	<u>(610,000)</u>	<u>(320,000)</u>	<u>290,000</u>
NET CHANGE IN FUND BALANCE	<u>(544,800)</u>	<u>(544,800)</u>	<u>(19,750)</u>	<u>525,050</u>
FUND BALANCE - beginning	<u>544,800</u>	<u>544,800</u>	<u>702,809</u>	<u>158,009</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 683,059</u>	<u>\$ 683,059</u>

**CITY OF TUALATIN, OREGON
WATER RESERVOIR FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		
OTHER FINANCING USES				
Transfers out	\$ -	\$ -	\$ (162)	\$ (162)
NET CHANGE IN FUND BALANCE	-	-	(162)	(162)
FUND BALANCE - beginning			162	162
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF TUALATIN, OREGON
ENTERPRISE BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ 2,000	\$ 2,000	\$ 1,456	\$ (544)
EXPENDITURES				
Materials and service	750	750	450	300
Debt service:				
Principal	345,000	345,000	345,000	-
Interest	157,550	157,550	157,550	-
TOTAL EXPENDITURES	503,300	503,300	503,000	300
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(501,300)	(501,300)	(501,544)	(244)
OTHER FINANCING SOURCES				
Transfers in	502,550	502,550	502,550	-
NET CHANGE IN FUND BALANCE	1,250	1,250	1,006	(244)
FUND BALANCE - beginning	445,920	445,920	486,710	40,790
FUND BALANCE - ending	<u>\$ 447,170</u>	<u>\$ 447,170</u>	<u>\$ 487,716</u>	<u>\$ 40,546</u>

CITY OF TUALATIN, OREGON
SEWER OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2016

	Sewer Fund	Sewer Development Fund	Total Sewer Operations
REVENUES			
Charges for service	\$ 7,377,683	\$ 1,509,141	\$ 8,886,824
Interest	18,299	26,012	44,311
Miscellaneous	8,853	-	8,853
	<u>7,404,835</u>	<u>1,535,153</u>	<u>8,939,988</u>
EXPENDITURES			
Materials and service	5,965,038	1,388,896	7,353,934
Capital outlay	15,373	-	15,373
	<u>5,980,411</u>	<u>1,388,896</u>	<u>7,369,307</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,424,424</u>	<u>146,257</u>	<u>1,570,681</u>
OTHER FINANCING USES			
Transfers out	<u>(1,417,400)</u>	<u>(5,030)</u>	<u>(1,422,430)</u>
NET CHANGE IN FUND BALANCES	7,024	141,227	148,251
FUND BALANCES - beginning	<u>3,006,241</u>	<u>3,887,057</u>	<u>6,893,298</u>
FUND BALANCES - ending	<u>\$ 3,013,265</u>	<u>\$ 4,028,284</u>	<u>\$ 7,041,549</u>
RECONCILIATION TO NET POSITION - GAAP BASIS			
Adjustment for net pension liability being accrued			(30,204)
Adjustment for pension related deferred outflows of resources being accrued			6,667
Adjustment for pension related deferred inflows of resources being accrued			(6,950)
Adjustment for pension transition liability			(4,862)
Adjustment for capital assets not being depreciated			97,922
Adjustment for capital assets, net of accumulated depreciation			<u>16,446,636</u>
NET POSITION - GAAP BASIS			<u>\$ 23,550,758</u>

CITY OF TUALATIN, OREGON
SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for service	\$ 7,255,335	\$ 7,650,335	\$ 7,377,683	\$ (272,652)
Interest	11,545	11,545	18,299	6,754
Miscellaneous	500	500	8,853	8,353
TOTAL REVENUES	<u>7,267,380</u>	<u>7,662,380</u>	<u>7,404,835</u>	<u>(257,545)</u>
EXPENDITURES				
Materials and service	6,107,470	6,502,470	5,965,038	537,432
Capital outlay	50,000	50,000	15,373	34,627
Contingency	1,136,230	1,136,230	-	1,136,230
TOTAL EXPENDITURES	<u>7,293,700</u>	<u>7,688,700</u>	<u>5,980,411</u>	<u>1,708,289</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(26,320)</u>	<u>(26,320)</u>	<u>1,424,424</u>	<u>1,450,744</u>
OTHER FINANCING USES				
Transfers out	(1,417,400)	(1,417,400)	(1,417,400)	-
NET CHANGE IN FUND BALANCE	<u>(1,443,720)</u>	<u>(1,443,720)</u>	<u>7,024</u>	<u>1,450,744</u>
FUND BALANCE - beginning	<u>2,845,765</u>	<u>2,845,765</u>	<u>3,006,241</u>	<u>160,476</u>
FUND BALANCE - ending	<u>\$ 1,402,045</u>	<u>\$ 1,402,045</u>	<u>\$ 3,013,265</u>	<u>\$ 1,611,220</u>

CITY OF TUALATIN, OREGON
SEWER DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for service	\$ 400,000	\$ 1,365,000	\$ 1,509,141	\$ 144,141
Interest	23,400	23,400	26,012	2,612
TOTAL REVENUES	423,400	1,388,400	1,535,153	146,753
EXPENDITURES				
Materials and service	384,000	1,349,000	1,388,896	(39,896)
Contingency	4,369,525	4,369,525	-	4,369,525
TOTAL EXPENDITURES	4,753,525	5,718,525	1,388,896	4,329,629
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,330,125)	(4,330,125)	146,257	(4,182,876)
OTHER FINANCING USES				
Transfers out	(5,030)	(5,030)	(5,030)	-
NET CHANGE IN FUND BALANCE	(4,335,155)	(4,335,155)	141,227	(4,182,876)
FUND BALANCE - beginning	4,335,155	4,335,155	3,887,057	(448,098)
FUND BALANCE - ending	\$ -	\$ -	\$ 4,028,284	\$ (4,630,974)

CITY OF TUALATIN, OREGON
STORM DRAIN OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2016

	Storm Drain Fund	Storm Drain Development Fund	Total Storm Drain Operations
REVENUES			
Charges for service	\$ 2,466,755	\$ 141,883	\$ 2,608,638
Interest	8,451	3,477	11,928
Miscellaneous	21,153	-	21,153
TOTAL REVENUES	2,496,359	145,360	2,641,719
EXPENDITURES			
Materials and service	685,639	-	685,639
Capital outlay	65,822	-	65,822
TOTAL EXPENDITURES	751,461	-	751,461
EXCESS OF REVENUES OVER EXPENDITURES	1,744,898	145,360	1,890,258
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,170,530)	-	(1,170,530)
NET CHANGE IN FUND BALANCES	574,368	145,360	719,728
FUND BALANCES - beginning	1,109,530	452,919	1,562,449
FUND BALANCES - ending	<u>\$ 1,683,898</u>	<u>\$ 598,279</u>	\$ 2,282,177
RECONCILIATION TO NET POSITION - GAAP BASIS			
Adjustment for capital assets not being depreciated			34,533
Adjustment for capital assets, net of accumulated depreciation			<u>4,107,443</u>
NET POSITION - GAAP BASIS			<u>\$ 6,424,153</u>

CITY OF TUALATIN, OREGON
STORM DRAIN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for service	\$ 2,442,715	\$ 2,442,715	\$ 2,466,755	\$ 24,040
Interest	2,840	2,840	8,451	5,611
Miscellaneous	-	-	21,153	21,153
TOTAL REVENUES	2,445,555	2,445,555	2,496,359	50,804
EXPENDITURES				
Materials and service	869,860	869,860	685,639	184,221
Capital outlay	863,500	863,500	65,822	797,678
Contingency	422,460	422,460	-	422,460
TOTAL EXPENDITURES	2,155,820	2,155,820	751,461	1,404,359
EXCESS OF REVENUES OVER EXPENDITURES	289,735	289,735	1,744,898	1,455,163
OTHER FINANCING SOURCES (USES)				
Transfers in	363,000	363,000	-	(363,000)
Transfers out	(1,170,530)	(1,170,530)	(1,170,530)	-
TOTAL OTHER FINANCING SOURCES (USES)	(807,530)	(807,530)	(1,170,530)	(363,000)
NET CHANGE IN FUND BALANCE	(517,795)	(517,795)	574,368	1,092,163
FUND BALANCE - beginning	655,980	655,980	1,109,530	453,550
FUND BALANCE - ending	\$ 138,185	\$ 138,185	\$ 1,683,898	\$ 1,545,713

CITY OF TUALATIN, OREGON
STORM DRAIN DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for service	\$ 35,000	\$ 35,000	\$ 141,883	\$ 106,883
Interest	3,030	3,030	3,477	447
TOTAL REVENUES	<u>38,030</u>	<u>38,030</u>	<u>145,360</u>	<u>107,330</u>
EXPENDITURES				
Contingency	<u>259,530</u>	<u>259,530</u>	<u>-</u>	<u>259,530</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(221,500)</u>	<u>(221,500)</u>	<u>145,360</u>	<u>366,860</u>
OTHER FINANCING USES				
Transfers out	<u>(363,000)</u>	<u>(363,000)</u>	<u>-</u>	<u>363,000</u>
NET CHANGE IN FUND BALANCE	<u>(584,500)</u>	<u>(584,500)</u>	<u>145,360</u>	<u>729,860</u>
FUND BALANCE - beginning	<u>584,500</u>	<u>584,500</u>	<u>452,919</u>	<u>(131,581)</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 598,279</u>	<u>\$ 598,279</u>

BUDGETARY COMPARISON SCHEDULES
Internal Service Funds

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

Internal Service Budgetary Comparison schedules include the following:

- Operations Fund

CITY OF TUALATIN, OREGON
OPERATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 2,795	2,795
Interest	8,000	8,000	8,050	50
Miscellaneous	16,610	16,610	30,484	13,874
TOTAL REVENUES	24,610	24,610	41,329	16,719
EXPENDITURES				
Administration	600,020	600,020	581,909	18,111
Water Division	922,555	922,555	777,494	145,061
Sewer Division	556,755	556,755	497,994	58,761
Street Division	585,210	621,710	638,426	(16,716)
Nondepartmental				
General Services	393,485	493,485	485,756	7,729
Contingency	456,900	320,400	-	320,400
TOTAL EXPENDITURES	3,514,925	3,514,925	2,981,579	533,346
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,490,315)	(3,490,315)	(2,940,250)	550,065
OTHER FINANCING SOURCES				
Transfers in	2,826,160	2,826,160	2,826,160	-
NET CHANGE IN FUND BALANCE	(664,155)	(664,155)	(114,090)	550,065
FUND BALANCE - beginning	1,060,515	1,060,515	1,145,167	84,652
RESTATEMENT (see note)	-	-	(41,569)	(41,569)
FUND BALANCE - beginning, restated	1,060,515	1,060,515	1,103,598	43,083
FUND BALANCE - ending	<u>\$ 396,360</u>	<u>\$ 396,360</u>	<u>\$ 989,508</u>	<u>\$ 593,148</u>
RECONCILIATION TO NET POSITION - GAAP BASIS				
Adjustment for compensated absences being accrued			(57,688)	
Adjustment for capital assets not being depreciated			297,120	
Adjustment for capital assets, net of accumulated depreciation			2,895,825	
Adjustment for bonds payable, due within one year			(102,572)	
Adjustment for long term bonds payable			(810,039)	
NET POSITION - GAAP BASIS			<u>\$ 3,212,154</u>	

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OTHER FINANCIAL SCHEDULES

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CITY OF TUALATIN, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For the Fiscal Year Ended June 30, 2016

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2015</u>	<u>Levy as Extended By Assessor</u>	<u>Discount</u>	<u>Interest</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Uncollected Balance June 30, 2016</u>
2015-2016	\$ -	\$ 9,828,855	\$ (262,593)	\$ 2,399	\$ (10,078)	\$ (9,388,370)	\$ 170,213
2014-2015	165,789	-	20	4,990	(2,970)	(79,359)	88,470
2013-2014	85,809	-	3	3,856	(655)	(24,631)	64,382
2012-2013	61,642	-	2	5,561	(533)	(24,137)	42,535
2011-2012	37,831	-	1	2,491	(130)	(9,430)	30,763
2010-2011	30,568	-	1	719	(46)	(2,100)	29,142
Prior years	<u>31,716</u>	<u>-</u>	<u>-</u>	<u>1,014</u>	<u>(35)</u>	<u>(2,333)</u>	<u>30,362</u>
Totals	<u>\$ 413,355</u>	<u>\$ 9,828,855</u>	<u>\$ (262,566)</u>	<u>\$ 21,030</u>	<u>\$ (14,447)</u>	<u>\$ (9,530,360)</u>	<u>\$ 455,867</u>

Taxes receivable classified by fund:

General Fund	\$ 410,628
General Obligation Bond Fund	<u>45,239</u>
	<u>\$ 455,867</u>

CITY OF TUALATIN, OREGON
WATER FUND 5 YEAR HISTORICAL RESULTS
For the Fiscal Year Ended June 30, 2016

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
REVENUES:					
Charges for service	\$ 5,309,078	\$ 5,237,638	\$ 5,227,628	\$ 5,759,077	\$ 6,167,347
Interest	31,556	34,700	36,959	27,552	31,110
Miscellaneous	<u>12,720</u>	<u>17,899</u>	<u>15,804</u>	<u>15,580</u>	<u>23,124</u>
Total revenues	<u>5,353,354</u>	<u>5,290,237</u>	<u>5,280,391</u>	<u>5,802,209</u>	<u>6,221,581</u>
EXPENDITURES:					
Materials and service	2,096,342	2,006,693	1,892,131	2,062,306	2,123,206
Capital outlay	<u>197,415</u>	<u>248,006</u>	<u>870,468</u>	<u>2,174,856</u>	<u>670,889</u>
Total expenditures	<u>2,293,757</u>	<u>2,254,699</u>	<u>2,762,599</u>	<u>4,237,162</u>	<u>2,794,095</u>
Excess (deficiency) of revenues over expenditures	<u>3,059,597</u>	<u>3,035,538</u>	<u>2,517,792</u>	<u>1,565,047</u>	<u>3,427,486</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	450,000	320,000
Transfers out	<u>(2,416,663)</u>	<u>(2,386,995)</u>	<u>(2,861,555)</u>	<u>(2,846,350)</u>	<u>(2,944,790)</u>
Total other financing sources (uses)	<u>(2,416,663)</u>	<u>(2,386,995)</u>	<u>(2,861,555)</u>	<u>(2,396,350)</u>	<u>(2,624,790)</u>
Net change in fund balances	642,934	648,543	(343,763)	(831,303)	802,696
FUND BALANCES, BEGINNING BUDGETARY BASIS					
	<u>4,110,890</u>	<u>4,753,824</u>	<u>5,402,367</u>	<u>5,058,604</u>	<u>4,227,301</u>
FUND BALANCES, ENDING BUDGETARY BASIS					
	<u>\$ 4,753,824</u>	<u>\$ 5,402,367</u>	<u>\$ 5,058,604</u>	<u>\$ 4,227,301</u>	<u>\$ 5,029,997</u>

STATISTICAL SECTION

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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
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 85,434,995	\$ 90,759,532	\$ 96,393,624	\$ 97,164,924
Restricted for special purposes	31,870,363	32,543,974	21,641,579	20,700,327
Unrestricted	7,944,380	4,200,284	9,736,010	8,359,281
<i>Total governmental activities</i>	<u>\$ 125,249,738</u>	<u>\$ 127,503,790</u>	<u>\$ 127,771,213</u>	<u>\$ 126,224,532</u>
Business-type activities				
Net investment in capital assets	\$ 40,095,770	\$ 40,499,850	\$ 43,875,845	\$ 47,581,590
Restricted for special purposes	6,142,789	7,386,077	4,070,822	4,172,155
Unrestricted	4,088,260	4,453,310	6,618,208	5,574,907
<i>Total business-type activities net position</i>	<u>\$ 50,326,819</u>	<u>\$ 52,339,237</u>	<u>\$ 54,564,875</u>	<u>\$ 57,328,652</u>
Primary government				
Net investment in capital assets	\$ 125,530,765	\$ 131,259,382	\$ 140,269,469	\$ 144,746,514
Restricted for special purposes	38,013,152	39,930,051	25,712,401	24,872,482
Unrestricted	12,032,640	8,653,594	16,354,218	13,934,188
<i>Total primary government net position</i>	<u>\$ 175,576,557</u>	<u>\$ 179,843,027</u>	<u>\$ 182,336,088</u>	<u>\$ 183,553,184</u>

2011	2012	2013	2014 (restated)	2015 (restated)	2016
\$ 95,531,501	\$ 96,704,593	\$ 95,303,048	\$ 93,651,852	\$ 92,025,421	\$ 92,714,377
15,947,020	13,101,042	12,773,161	12,939,222	16,106,005	15,691,594
10,794,402	11,416,369	11,017,677	8,205,348	5,747,426	(299,018)
<u>\$ 122,272,923</u>	<u>\$ 121,222,004</u>	<u>\$ 119,093,886</u>	<u>\$ 114,796,422</u>	<u>\$ 113,878,852</u>	<u>\$ 108,106,953</u>
\$ 47,186,247	\$ 47,026,375	\$ 46,626,072	\$ 47,293,914	\$ 48,216,410	\$ 48,485,673
4,373,171	4,679,232	5,057,107	5,148,228	5,042,785	5,309,622
6,047,100	6,802,003	7,626,649	9,296,215	8,860,551	9,882,033
<u>\$ 57,606,518</u>	<u>\$ 58,507,610</u>	<u>\$ 59,309,828</u>	<u>\$ 61,738,357</u>	<u>\$ 62,119,746</u>	<u>\$ 63,677,328</u>
\$ 142,717,748	\$ 143,730,968	\$ 141,929,120	\$ 140,945,766	\$ 140,241,831	\$ 141,200,050
20,320,191	17,780,274	17,830,268	18,087,450	21,148,790	21,001,216
16,841,502	18,218,372	18,644,326	17,501,563	14,607,977	9,583,015
<u>\$ 179,879,441</u>	<u>\$ 179,729,614</u>	<u>\$ 178,403,714</u>	<u>\$ 176,534,779</u>	<u>\$ 175,998,598</u>	<u>\$ 171,784,281</u>

CITY OF TUALATIN
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2007	2008	2009	2010
Expenses				
<i>Governmental activities:</i>				
General government	\$ 8,928,490	\$ 9,076,098	\$ 9,887,477	\$ 9,651,970
Public Safety	5,160,680	5,164,134	5,702,703	6,127,811
Highways and streets	3,331,787	3,671,693	4,242,622	4,667,832
Culture and recreation	1,960,442	3,521,904	3,289,432	3,280,537
Interest on long-term debt	453,084	658,450	489,308	341,346
<i>Total governmental activities expenses</i>	<u>19,834,483</u>	<u>22,092,279</u>	<u>23,611,542</u>	<u>24,069,496</u>
<i>Business-type activities</i>				
Charges for services				
Water	2,992,876	2,916,971	3,099,432	3,396,759
Sewer	5,046,003	4,774,164	5,028,317	5,878,803
Storm drain	-	-	653,308	514,149
<i>Total business-type activities expenses</i>	<u>8,038,879</u>	<u>7,691,135</u>	<u>8,781,057</u>	<u>9,789,711</u>
<i>Total Expenses</i>	<u>\$ 27,873,362</u>	<u>\$ 29,783,414</u>	<u>\$ 32,392,599</u>	<u>\$ 33,859,207</u>
Program revenues				
<i>Governmental activities</i>				
Charges for services				
General government	\$ 1,934,054	\$ 1,691,801	\$ 1,318,629	\$ 1,047,095
Public Safety	232,124	105,751	95,828	141,268
Highways and streets	2,223,073	2,175,610	971,088	1,628,577
Culture and recreation	482,031	201,591	151,605	161,797
Operating grants and contributions	1,298,980	3,103,806	3,252,434	3,676,768
Capital grants and contributions	1,772,517	1,249,916	719,868	278,919
<i>Total governmental activities program revenues</i>	<u>7,942,779</u>	<u>8,528,475</u>	<u>6,509,452</u>	<u>6,934,424</u>
<i>Business-type activities</i>				
Charges for services				
Water	5,134,440	5,575,361	5,708,067	5,654,088
Sewer	4,690,369	5,413,845	5,317,122	5,457,101
Storm drain	-	-	1,234,114	1,326,802
Capital grants and contributions	3,156,077	782,470	396,168	338,803
<i>Total business-type activities program revenues</i>	<u>12,980,886</u>	<u>11,771,676</u>	<u>12,655,471</u>	<u>12,776,794</u>
<i>Total program revenues</i>	<u>\$ 20,923,665</u>	<u>\$ 20,300,151</u>	<u>\$ 19,164,923</u>	<u>\$ 19,711,218</u>
Net (expense)/revenues				
<i>Governmental activities</i>	<u>\$ (11,891,704)</u>	<u>\$ (13,563,804)</u>	<u>\$ (17,102,090)</u>	<u>\$ (17,135,072)</u>
<i>Business-type activities</i>	<u>4,942,007</u>	<u>4,080,541</u>	<u>3,874,414</u>	<u>2,987,083</u>
<i>Total net expenses</i>	<u>\$ (6,949,697)</u>	<u>\$ (9,483,263)</u>	<u>\$ (13,227,676)</u>	<u>\$ (14,147,989)</u>

	2011	2012	2013	2014	2015	2016
\$	6,837,983	\$ 7,400,702	\$ 8,325,468	\$ 8,405,978	\$ 6,057,498	\$ 9,588,149
	5,986,000	6,561,167	6,904,444	7,027,399	5,942,679	11,314,546
	3,722,074	3,746,471	3,843,497	3,853,744	4,586,849	5,336,161
	4,647,624	4,973,304	5,080,438	5,200,979	3,769,534	5,989,878
	419,382	380,608	376,864	332,382	317,574	353,882
	<u>21,613,063</u>	<u>23,062,252</u>	<u>24,530,711</u>	<u>24,820,482</u>	<u>20,674,134</u>	<u>32,582,616</u>
	4,089,731	4,353,652	4,252,446	4,354,918	4,973,697	4,666,131
	6,086,241	6,276,559	7,703,971	6,704,634	7,392,084	8,406,184
	1,124,748	1,215,940	1,243,066	1,298,184	1,449,680	1,536,685
	<u>11,300,720</u>	<u>11,846,151</u>	<u>13,199,483</u>	<u>12,357,736</u>	<u>13,815,461</u>	<u>14,609,000</u>
\$	<u>32,913,783</u>	<u>\$ 34,908,403</u>	<u>\$ 37,730,194</u>	<u>\$ 37,178,218</u>	<u>\$ 34,489,595</u>	<u>\$ 47,191,616</u>
\$	1,142,028	\$ 1,304,925	\$ 2,407,130	\$ 1,540,697	\$ 2,497,798	\$ 1,811,857
	888,469	1,666,113	1,496,395	1,496,395	1,583,770	1,255,128
	1,720,495	1,736,117	1,326,187	1,326,187	2,613,764	2,650,628
	254,597	179,021	227,660	227,660	279,051	290,094
	712,304	476,439	427,283	629,043	482,911	146,802
	-	-	-	-	-	455,604
	<u>4,717,893</u>	<u>5,362,615</u>	<u>5,884,655</u>	<u>5,219,982</u>	<u>7,457,294</u>	<u>6,610,113</u>
	5,242,442	5,523,032	5,512,366	5,321,434	6,116,285	6,463,535
	6,276,381	6,539,373	8,036,187	7,083,579	7,771,356	8,886,824
	1,612,020	1,775,519	1,887,080	1,941,824	2,320,189	2,608,638
	348,695	348,375	124,076	491,274	827,464	648,420
	<u>13,479,538</u>	<u>14,186,299</u>	<u>15,559,709</u>	<u>14,838,111</u>	<u>17,035,294</u>	<u>18,607,417</u>
\$	<u>18,197,431</u>	<u>\$ 19,548,914</u>	<u>\$ 21,444,364</u>	<u>\$ 20,058,093</u>	<u>\$ 24,492,588</u>	<u>\$ 25,217,530</u>
\$	(16,895,170)	\$ (17,699,637)	\$ (18,646,056)	\$ (19,600,500)	\$ (13,216,840)	\$ (25,972,503)
	2,178,818	2,340,148	2,360,226	2,480,375	3,219,833	3,998,417
\$	<u>(14,716,352)</u>	<u>\$ (15,359,489)</u>	<u>\$ (16,285,830)</u>	<u>\$ (17,120,125)</u>	<u>\$ (9,997,007)</u>	<u>\$ (21,974,086)</u>

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CITY OF TUALATIN
CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS

	2007	2008	2009	2010
General revenues and other changes in net position				
Governmental activities				
Taxes and assessments	\$ 10,925,950	\$ 12,071,782	\$ 12,009,941	\$ 12,464,195
Licenses and permits	2,126,101	2,242,346	2,404,323	2,428,585
Miscellaneous	3,528,863	2,160,780	1,029,369	382,515
Transfers	1,991,150	2,573,058	3,099,069	313,096
	<u>18,572,064</u>	<u>19,047,966</u>	<u>18,542,702</u>	<u>15,588,391</u>
Total governmental activities	18,572,064	19,047,966	18,542,702	15,588,391
Business-type activities				
Miscellaneous	522,407	504,936	277,102	89,790
Transfers	(1,991,150)	(2,573,058)	(3,099,069)	(313,096)
	<u>(1,468,743)</u>	<u>(2,068,122)</u>	<u>(2,821,967)</u>	<u>(223,306)</u>
Total business-type activities	(1,468,743)	(2,068,122)	(2,821,967)	(223,306)
Total	<u>\$ 17,103,321</u>	<u>\$ 16,979,844</u>	<u>\$ 15,720,735</u>	<u>\$ 15,365,085</u>
Change in net position				
Governmental activities	\$ 6,680,360	\$ 5,484,162	\$ 1,440,612	\$ (1,546,681)
Business-type activities	<u>3,473,264</u>	<u>2,012,419</u>	<u>1,052,447</u>	<u>2,763,777</u>
Total	<u>\$ 10,153,624</u>	<u>\$ 7,496,581</u>	<u>\$ 2,493,059</u>	<u>\$ 1,217,096</u>

	2011	2012	2013	2014	2015	2016
\$	11,760,533	\$ 12,547,363	\$ 12,462,040	\$ 12,725,359	\$ 14,298,091	\$ 15,397,943
	2,091,937	2,205,176	2,071,040	2,135,959	2,213,242	2,197,426
	574,472	379,396	331,603	287,931	929,624	404,888
	(1,392,357)	1,516,783	1,653,255	153,787	2,316,940	2,586,832
	13,034,585	16,648,718	16,517,938	15,303,036	19,757,897	20,587,089
	74,773	77,727	95,247	101,941	89,399	145,997
	(1,775,215)	(1,516,783)	(1,653,255)	(153,787)	(2,316,940)	(2,586,832)
	(1,700,442)	(1,439,056)	(1,558,008)	(51,846)	(2,227,541)	(2,440,835)
\$	11,334,143	\$ 15,209,662	\$ 14,959,930	\$ 15,251,190	\$ 17,530,356	\$ 18,146,254
\$	(3,860,585)	\$ (1,050,919)	\$ (2,128,118)	\$ (4,297,464)	\$ 6,541,057	\$ (5,385,414)
	478,376	901,092	802,218	2,428,529	992,292	1,557,582
\$	(3,382,209)	\$ (149,827)	\$ (1,325,900)	\$ (1,868,935)	\$ 7,533,349	\$ (3,827,832)

CITY OF TUALATIN
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Reserved / Nonspendable	\$ -	\$ -	\$ 38,287	\$ 29,333
Unreserved / Unassigned	4,520,546	4,565,418	4,647,513	4,514,767
Total general fund	<u>\$ 4,520,546</u>	<u>\$ 4,565,418</u>	<u>\$ 4,685,800</u>	<u>\$ 4,544,100</u>
All other governmental funds				
Reserved	\$ 92,680	\$ -	\$ -	\$ 35,980
Unreserved, reported in:				
Special revenue funds	8,514,792	9,633,900	6,576,782	5,750,061
Capital projects funds	23,319,543	20,419,390	18,093,125	15,533,420
Debt service funds	3,066,830	1,825,045	1,963,454	3,398,353
Nonspendable				
Inventory	-	-	-	-
Restricted for:				
Building and engineering	-	-	-	-
Street and roadside maintenance	-	-	-	-
Debt service payments	-	-	-	-
Capital projects	-	-	-	-
Transportation	-	-	-	-
Urban renewal projects	-	-	-	-
Committed to:				
Pavement maintenace and street lighting	-	-	-	-
Parking maintenance	-	-	-	-
Assigned to:				
Scholarships	-	-	-	-
Capital projects	-	-	-	-
Total all other governmental funds	<u>\$ 34,993,845</u>	<u>\$ 31,878,335</u>	<u>\$ 26,633,361</u>	<u>\$ 24,717,814</u>

Note: FY2010/11 GASB 54 change in Fund Balance Reporting and Governmental Type Definitions.

2011	2012	2013	2014	2015	2016
\$ 63,306	\$ 70,154	\$ 78,833	\$ 97,206	\$ 81,795	\$ 116,121
5,523,545	6,421,650	6,625,950	6,971,206	7,474,727	8,347,295
<u>\$ 5,586,851</u>	<u>\$ 6,491,804</u>	<u>\$ 6,704,783</u>	<u>\$ 7,068,412</u>	<u>\$ 7,556,522</u>	<u>\$ 8,463,416</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
35,639	34,920	37,235	39,484	36,164	24,138
1,458,274	1,526,018	1,830,952	1,797,858	1,744,129	1,857,722
428,600	605,858	834,061	536,670	1,040,146	2,545,434
485,846	398,174	267,171	275,241	285,945	93,706
612,569	623,276	1,232,131	1,361,175	3,246,367	1,093,230
1,850,125	2,701,857	3,080,265	3,768,251	5,439,306	5,936,282
10,960,389	7,094,642	5,482,914	5,154,360	4,304,445	4,165,220
1,290,242	1,097,706	574,753	161,357	54,279	137,129
223,508	187,915	127,049	134,680	146,188	149,356
51,485	50,745	50,579	50,547	50,804	50,729
2,506,069	2,310,656	2,028,522	-	-	-
<u>\$ 19,902,746</u>	<u>\$ 16,631,767</u>	<u>\$ 15,545,632</u>	<u>\$ 13,279,623</u>	<u>\$ 16,347,773</u>	<u>\$ 16,052,946</u>

CITY OF TUALATIN
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2007	2008	2009	2010
REVENUES				
Property taxes	\$ 11,100,992	\$ 12,073,721	\$ 12,178,186	\$ 13,248,979
Licenses and permits	1,955,143	3,926,256	2,295,281	1,978,115
Intergovernmental	2,777,905	3,101,583	3,272,279	3,657,138
Franchise tax	2,126,101	2,242,346	2,404,323	2,428,585
Charges for services	4,125,236	5,949,678	48,472	116,237
Fines and forfeitures	234,169	229,180	237,831	277,535
Miscellaneous	2,263,577	2,176,803	1,068,765	401,179
Total Revenue	<u>24,583,123</u>	<u>29,699,567</u>	<u>21,505,137</u>	<u>22,107,768</u>
EXPENDITURES				
Current operating:				
General government	8,942,086	8,734,604	8,347,961	8,708,125
Public safety	4,871,925	5,193,903	5,342,795	5,724,373
Public works	1,167,548	954,187	2,303,118	1,451,564
Culture and recreation	1,300,643	3,037,178	3,258,911	3,198,392
Capital outlay	8,333,879	10,115,467	8,022,366	6,597,787
Debt service				
Interest	457,575	1,346,829	581,624	454,696
Principal	5,949,323	1,430,000	5,493,703	1,396,915
Total expenditures	<u>31,022,979</u>	<u>30,812,168</u>	<u>33,350,478</u>	<u>27,531,852</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(6,439,856)	(1,112,601)	(11,845,341)	(5,424,084)
OTHER FINANCING SOURCES (USES)				
Transfers in	7,293,764	11,854,026	6,127,978	8,828,428
Transfers out	(5,302,614)	(13,975,213)	(2,453,654)	(5,517,435)
Bond Refunding	-	(2,575,000)	-	-
Issuance of debt	8,503,194	2,738,150	4,253,703	21,757
Total other financing sources (uses)	<u>10,494,344</u>	<u>(1,958,037)</u>	<u>7,928,027</u>	<u>3,332,750</u>
NET CHANGE IN FUND BALANCES	<u>\$ 4,054,488</u>	<u>\$ (3,070,638)</u>	<u>\$ (3,917,314)</u>	<u>\$ (2,091,334)</u>
Debt service as a percentage of noncapital expenditures	<u>28.89%</u>	<u>13.42%</u>	<u>23.99%</u>	<u>8.84%</u>

	2011	2012	2013	2014	2015	2016
\$	8,345,567	\$ 8,259,442	\$ 8,438,011	\$ 8,738,296	\$ 9,171,688	\$ 9,528,110
	1,916,087	2,620,698	2,926,323	2,096,220	4,854,016	4,034,429
	3,396,857	4,190,756	4,043,726	3,968,177	5,141,871	5,901,009
	2,091,937	2,205,176	2,071,040	2,135,959	2,213,242	2,197,426
	1,306,725	754,994	960,510	1,267,023	790,191	994,699
	639,098	1,371,896	1,224,329	1,256,196	1,359,978	1,008,765
	1,116,761	751,752	698,074	512,718	897,349	437,286
	<u>18,813,032</u>	<u>20,154,714</u>	<u>20,362,013</u>	<u>19,974,589</u>	<u>24,428,335</u>	<u>24,101,724</u>
	6,003,505	6,609,300	7,073,285	7,071,708	6,089,223	5,946,162
	5,959,615	6,345,089	6,689,136	6,798,353	7,651,922	8,053,048
	1,116,838	1,103,448	1,054,388	1,056,047	2,249,123	2,031,604
	3,901,649	4,201,940	4,304,274	4,429,718	3,936,035	4,207,790
	2,106,987	4,295,957	2,224,530	3,507,138	1,915,307	4,114,432
	407,692	380,448	348,621	312,863	286,719	259,338
	570,000	765,000	845,000	650,000	675,000	700,000
	<u>20,066,286</u>	<u>23,701,182</u>	<u>22,539,234</u>	<u>23,825,827</u>	<u>22,803,329</u>	<u>25,312,374</u>
	(1,253,254)	(3,546,468)	(2,177,221)	(3,851,238)	1,625,006	(1,210,650)
	3,569,611	3,404,503	3,187,850	4,382,439	3,521,120	5,815,263
	(5,062,121)	(2,224,061)	(1,883,785)	(3,533,527)	(1,589,920)	(3,606,061)
	-	-	-	-	-	-
	-	-	-	1,100,000	-	-
	<u>(1,492,510)</u>	<u>1,180,442</u>	<u>1,304,065</u>	<u>1,948,912</u>	<u>1,931,200</u>	<u>2,209,202</u>
\$	<u>(2,745,764)</u>	<u>(2,366,026)</u>	<u>(873,156)</u>	<u>(1,902,326)</u>	<u>3,556,206</u>	<u>998,552</u>
	<u>5.37%</u>	<u>5.87%</u>	<u>5.82%</u>	<u>4.71%</u>	<u>4.59%</u>	<u>4.48%</u>

CITY OF TUALATIN
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
June 30, 2016

Fiscal Year	Property ¹	Special Assessments ²	Total
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
2010	12,464,195	87,036	12,551,231
2011	8,363,676	87,036	8,450,712
2012	8,356,607	87,036	8,443,643
2013	8,418,314	87,036	8,505,350
2014	8,757,182	-	8,757,182
2015	9,156,220	-	9,156,220
2016	9,572,804	-	9,572,804
Change 2007-2016	-13.1%	-100.0%	-13.8%

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

² 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
June 30, 2016

Fiscal Year Ended June 30,	Real Property		Personal Property*		Public Utility Property		Total			Total Direct Tax Rate	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			
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	2.4737	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	2.5954	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	2.4578	63%	
2010	2,950,206,208	4,456,903,432	201,428,582	201,824,139	76,063,750	76,257,231	3,227,698,540	4,734,984,802	2.4888	68%	
2011	3,026,333,673	4,132,089,955	195,430,864	195,870,560	78,161,000	78,508,787	3,299,925,537	4,406,469,302	2.5317	75%	
2012	3,068,906,152	3,893,021,654	190,156,648	190,515,810	77,667,490	80,231,026	3,336,730,290	4,163,768,490	2.5639	80%	
2013	3,138,684,805	3,808,264,330	191,518,337	191,822,756	71,574,586	78,819,910	3,401,777,728	4,078,906,996	2.5589	83%	
2014	3,257,830,943	4,002,490,680	198,872,324	199,275,785	75,207,720	83,074,370	3,531,910,987	4,284,840,835	2.5482	82%	
2015	3,403,125,302	4,405,515,513	213,357,477	213,747,197	95,219,900	101,133,802	3,711,702,679	4,720,396,512	2.5345	79%	
2016	3,577,897,121	4,723,504,068	237,766,065	238,156,855	88,163,700	99,093,453	3,903,826,886	5,060,754,376	2.5162	77%	

* 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
June 30, 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City of Tualatin:										
General Government	\$ 1.94	\$ 1.95	\$ 1.96	\$ 1.96	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27
G.O. Bond	0.19	0.31	0.19	0.22	0.27	0.30	0.29	0.28	0.27	0.25
Total City	2.13	2.26	2.15	2.18	2.53	2.56	2.56	2.55	2.54	2.52
OVERLAPPING RATES:										
Washington County										
Washington County	2.05	2.65	2.62	2.62	2.98	2.97	2.97	2.97	2.84	2.84
School District										
NW Regional ESD*	0.13	0.13	0.13	0.13	0.15	0.15	0.15	0.15	0.15	0.15
Portland Community College	0.41	0.43	0.43	0.56	0.64	0.60	0.67	0.73	0.72	0.59
Tigard-Tualatin School District #23J	6.90	6.86	7.02	7.00	7.37	7.44	7.41	7.41	7.46	7.46
	7.44	7.42	7.58	7.70	8.16	8.19	8.23	8.29	8.33	8.20
Special District										
Clean Water Services	-	-	-	-	-	-	-	-	-	-
Tualatin Valley Fire & Rescue	1.60	1.65	1.63	1.69	1.88	1.93	1.91	1.91	1.89	2.11
Port of Portland	0.06	0.06	0.06	0.06	0.07	0.07	0.07	0.07	0.07	0.07
Metro Service District	0.24	0.39	0.36	0.40	0.41	0.32	0.40	0.47	0.46	0.38
Tri-Met Transport District	0.08	0.07	0.07	0.07	0.09	0.06	-	-	-	-
Tigard Tualatin Aquatic	-	-	-	-	0.09	0.09	0.09	0.09	0.09	0.09
Urban Renewal - Tualatin	1.89	1.81	1.73	1.70	-	-	-	-	-	-
	3.87	3.99	3.85	3.93	2.54	2.46	2.48	2.53	2.51	2.65
Total Overlapping	13.37	14.07	14.04	14.24	13.68	13.63	13.68	13.79	13.68	13.69
TOTAL	\$ 15.50	\$ 16.33	\$ 16.19	\$ 16.42	\$ 16.21	\$ 16.19	\$ 16.24	\$ 16.34	\$ 16.22	\$ 16.21

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 PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
June 30, 2016

Taxpayer	2016			2007		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
BV Centercal LLC	\$ 111,708,748	1	2.86%	83,146,636	2	3.00%
Lam Research Corporation ²	102,444,330	2	2.62%	105,428,370	1	3.81%
Tuala Northeast LLC	71,169,240	3	1.82%	-	-	0.00%
Pacific Foods of Oregon Inc.	49,882,390	4	1.28%	-	-	0.00%
South Center Investors LLC	35,558,620	5	0.91%	-	-	0.00%
Portland General Electric	35,315,521	6	0.90%	-	-	0.00%
JAE Oregon, Inc	28,897,880	7	0.74%	27,492,020	3	0.99%
CR Rivercrest Meadows Communities LLC	28,600,320	8	0.73%	-	-	0.00%
SVF Hedges Creek Tualatin LLC	28,569,890	9	0.73%	-	-	0.00%
Zian Limited Partnership	28,308,910	10	0.73%	22,041,550	5	0.80%
Riggs Bank NA	-	-	-	22,104,920	4	0.80%
Simpson Finance LP	-	-	-	21,919,850	6	0.79%
Monadnock Property Trust LLC	-	-	-	21,896,530	7	0.79%
Fujimi Corporation	-	-	-	21,065,380	8	0.76%
I & G Tualatin, LLC	-	-	-	18,354,070	9	0.66%
Verizon Northwest Inc.	-	-	-	18,313,190	10	0.66%
	<u>\$ 520,455,849</u>		<u>13.33%</u>	<u>\$ 361,762,516</u>		<u>13.07%</u>

¹ Source: Washington and Clackamas County Assessor's records

² Lam Research Corporation previously operated as Novellus Systems Inc.

CITY OF TUALATIN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
June 30, 2016

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collections	Delinquent Tax Collections	Total Tax Collections	Percent Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Percent Delinquent Taxes To Tax Levy
2007	11,343,364	11,101,678	97.87%	158,390	11,260,068	99.27%	386,341	3.41%
2008	12,263,107	11,632,607	94.86%	226,738	11,859,345	96.71%	483,528	3.94%
2009	12,434,861	12,040,279	96.83%	263,960	12,304,239	98.95%	559,937	4.50%
2010	12,860,698	12,134,294	94.35%	334,105	12,468,399	96.95%	592,842	4.61%
2011	8,380,679	7,923,989	94.55%	223,708	8,147,697	97.22%	346,617	4.14%
2012	8,576,510	8,148,078	95.00%	151,847	8,299,925	96.78%	432,429	5.04%
2013	8,725,937	8,319,844	95.35%	144,560	8,464,404	97.00%	413,077	4.73%
2014	9,024,595	8,581,851	95.09%	184,734	8,766,585	97.14%	426,995	4.73%
2015	9,414,934	8,993,693	95.53%	176,099	9,169,792	97.40%	413,423	4.39%
2016	9,828,855	9,388,370	95.52%	141,990	9,530,360	96.96%	455,867	4.64%

Source: Washington County and Clackamas County Assessors

CITY OF TUALATIN
BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
June 30, 2016

Fiscal Year	Governmental Activities					Business-type Activities		Total	Population	Per Capita
	General Obligation Bonds	Full Faith and Credit Obligations	Capital Leases	Limited Tax Bonds	Urban Renewal Agency Bonds	Full Faith and Credit Obligations	Water Revenue Bonds			
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
2010	9,645,000	-	19,913	540,000	-	-	6,265,000	16,469,913	26,130	630.31
2011	9,235,000	-	7,490	380,000	-	-	5,980,000	15,602,490	26,160	596.43
2012	8,630,000	-	-	220,000	-	-	5,685,000	14,535,000	26,170	555.41
2013	8,005,000	-	-	-	-	-	5,380,000	13,385,000	26,510	504.90
2014	7,355,000	1,100,000	-	-	-	-	5,065,000	13,520,000	26,925	502.14
2015	6,680,000	1,011,988	-	-	-	4,664,994	345,000	12,701,982	26,590	477.70
2016	5,980,000	912,611	-	-	-	4,624,496	-	11,517,107	26,840	429.10

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	Per Capita
2007	7,025,000	4,159,063,572	0.17%	273.88
2008	10,220,000	4,644,886,174	0.22%	398.44
2009	9,950,000	4,942,802,507	0.20%	382.10
2010	9,645,000	4,734,984,802	0.20%	369.12
2011	9,235,000	4,406,469,302	0.21%	353.02
2012	8,630,000	4,163,768,490	0.21%	329.77
2013	8,005,000	4,078,906,996	0.20%	301.96
2014	7,355,000	4,284,840,835	0.17%	273.17
2015	6,680,000	4,720,396,512	0.14%	251.22
2016	5,980,000	5,060,754,376	0.12%	222.80

Source: Current and previous CAFR's

CITY OF TUALATIN
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2016

Jurisdiction	General Obligation Debt Outstanding	Percent Applicable Inside City of Tualatin	Amount Applicable Inside City of Tualatin
City of Tualatin	\$ 6,892,611	100.0000%	\$ 6,892,611
Clackamas County	101,775,136	1.5147% *	1,541,588
Clackamas County District 3J (West Linn/Wilsonville)	241,545,453	1.2048%	2,910,140
Clackamas County School District 7J (Lake Oswego)	96,022,877	1.5909%	1,527,628
Clackamas County ESD	22,960,637	0.4858%	111,543
Clackamas Community College	62,061,012	1.8511%	1,148,811
Metro	199,855,000	2.5352%	5,066,724
Portland Community College	335,095,000	2.7613%	9,252,978
Washington County	53,679,570	6.5982%	3,541,885
Rivergrove Water District 14J	627,528	0.0978%	614
Tualatin Valley Fire and Rescue District	52,000,000	8.8320%	4,592,640
Washington County School District 23J (Tigard-Tualatin)	86,394,152	35.4871%	30,658,779
Washington County School District 88J (Sherwood)	99,865,170	14.6378%	14,618,064
Subtotal overlapping debt			74,971,394
Direct and overlapping debt			<u>\$ 81,864,005</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.

Source: Municipal Debt Management, State of Oregon

*The percentage of the City of Tualatin in Clackamas County is very small, as is the property-tax backed debt, and produces an immaterial amount.

CITY OF TUALATIN
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2016

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

True Cash Value	\$	3,903,826,886
Rate		x 3%
Debt limit		117,114,807
Debt applicable to limit		5,886,294
	\$	111,228,513

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
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
2010	90.45%	95,030,956	9,075,365	85,955,591
2011	90.76%	98,997,766	9,146,899	89,850,867
2012	91.46%	100,101,909	8,549,103	91,552,806
2013	92.24%	102,053,332	7,916,907	94,136,425
2014	93.15%	105,957,330	7,259,791	98,697,539
2015	94.10%	111,351,080	6,575,004	104,776,076
2016	94.97%	117,114,807	5,886,294	111,228,513

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.

**CITY OF TUALATIN
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 June 30, 2016**

Fiscal Year	Population	Taxable Personal Income	Per Capita Personal Income
2007	25,650	761,596	29,692
2008	25,650	685,340	26,719
2009	26,040	629,753	24,184
2010	26,130	677,618	25,933
2011	26,160	681,114	26,036
2012	26,170	750,529	28,679
2013	26,510	785,646	29,636
2014	26,925	848,143	31,500
2015	26,590	*	*
2016	26,840	*	*

(in thousands)

* Information unavailable at this time.

Source: State of Oregon
 Department of Revenue Research and Statistical Reports

CITY OF TUALATIN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
June 30, 2016

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lam Research Corporation	1,357	1	5.13%	400	5	1.77%
Legacy Meridian Park Hospital	905	2	3.42%	823	1	3.64%
Nortek Air Solutions (formerly CES Group LLC)	540	3	2.04%	-	-	-
Portland General Electric	478	4	1.81%	335	6	1.48%
United Parcel Service	405	5	1.53%	512	2	2.26%
Creganna Medical (formerly Precision Wire)	386	6	1.46%	290	9	1.28%
Pacific Furniture Industries	350	7	1.32%	-	-	-
DPI Specialty Foods Northwest	300	8	1.13%	300	7	1.33%
Cabela's	290	9	1.10%	-	-	-
Columbia Corrugated	280	10	1.06%	-	-	-
Pacific Foods of Oregon, Inc	280	10	1.06%	-	-	-
GE Security	-	-	-	500	3	2.21%
Tigard-Tualatin School District	-	-	-	438	4	1.94%
Empire Pacific Windows Corporation	-	-	-	300	8	1.33%
Milgard Windows	-	-	-	275	10	1.22%
	<u>5,571</u>			<u>4,173</u>		
Total City employment			<u>26,448</u>			

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

CITY OF TUALATIN

SCHEDULE OF PLEDGED REVENUE BOND COVERAGE

LAST TEN FISCAL YEARS

June 30, 2016

SPECIAL ASSESSMENT BONDS

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
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%
2010	108,773	80,000	29,140	109,140	99.66%
2011	102,982	160,000	25,380	185,380	55.55%
2012	97,691	160,000	17,860	177,860	54.93%
2013	92,441	220,000	10,340	230,340	40.13%
2014	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2016	-	-	-	-	0.00%

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
June 30, 2016

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	33.38	33.88	34.63	35.50	35.13	33.38	36.25	36.85	39.60	40.85
Public safety	43.63	44.63	45.63	46.50	47.63	48.63	50.50	50.50	50.00	51.00
Highways and streets	20.50	21.50	21.50	21.50	18.50	18.50	18.50	18.50	18.50	18.50
Culture and recreation	26.00	29.75	30.13	30.13	30.13	30.13	31.13	32.38	33.50	33.50
Sewer	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	3.50
Water	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00
Total	131.00	137.25	139.38	141.13	138.88	138.13	143.88	145.73	149.10	153.35

Data from current and previous budgets

**CITY OF TUALATIN
 OPERATING INDICATORS
 LAST TEN FISCAL YEARS
 June 30, 2016**

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Arrests	1,200	896	944	909	824	772	964	1,259	951	871
Traffic violations	3,813	3,736	3,636	2,509	3,015	4,847	4,305	3,971	3,794	2,880
*Municipal Court cases	n/a	n/a	1,105	2,058	5,443	11,430	10,895	9,000	9,724	6,219
Building activity										
Permits issued	1,706	1,428	1,260	1,046	1,023	1,124	1,114	1,053	1,354	1,663
Estimated value (000's)	\$ 94,643	\$ 84,407	\$ 35,918	\$ 26,550	\$ 31,000	\$ 49,925	\$ 86,594	\$ 63,672	\$ 86,340	\$ 90,451
Planning applications	300	206	219	203	203	178	149	218	249	261
Library circulation	416,179	443,963	606,734	696,733	751,126	766,848	790,066	705,222	677,279	637,116
Miles of streets maintained	76	76	76	77	77	77	77	78	78	79
Water connections	6,628	6,686	6,658	6,740	6,784	6,779	6,753	6,689	6,823	6,873
Sewer connections	6,346	6,301	6,380	6,471	6,488	6,435	6,632	6,568	6,702	6,582

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
June 30, 2016

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Patrol units	15	22	22	18	18	18	18	18	18	18
Highways and streets										
	76	76	76	76	77	77	77	78	78	79
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Acreage	310	310	310	286	285	285	289	289	289	295
*Sewage disposal										
Max daily capacity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Water										
Max daily capacity	13	13	13	13	13	13	13	13	13	14
Fire hydrants	953	960	960	982	982	1,001	1,005	1,005	1,005	1,017

*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.

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

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

We have audited the basic financial statements of the City of Tualatin, Oregon (City), as of and for the year ended June 30, 2016 and have issued our report thereon dated December 20, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon

Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

1. Expenditures in the following funds exceeded appropriations for the year ended June 30, 2016:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
General fund	Nondepartmental	\$49,526
Building fund	Materials & services	\$22,746
Core Area Parking fund	Capital outlay	\$4,837
Sewer development fund	Materials & services	\$39,896
Operations	Street division	\$16,716

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

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



Merina & Company, LLP
West Linn, Oregon
December 20, 2016