

CITY OF TUALATIN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

CITY OF TUALATIN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

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
Frank Bubenik, Position No. 1	December 31, 2018
Paul Morrison, Position No. 2	December 31, 2020
Jeff DeHaan, Position No. 3	December 31, 2018
Robert Kellogg, Position No. 4	December 31, 2020
Nancy Grimes, Position No. 5	December 31, 2018
Joelle Davis, Council President, Position No. 6	December 31, 2020

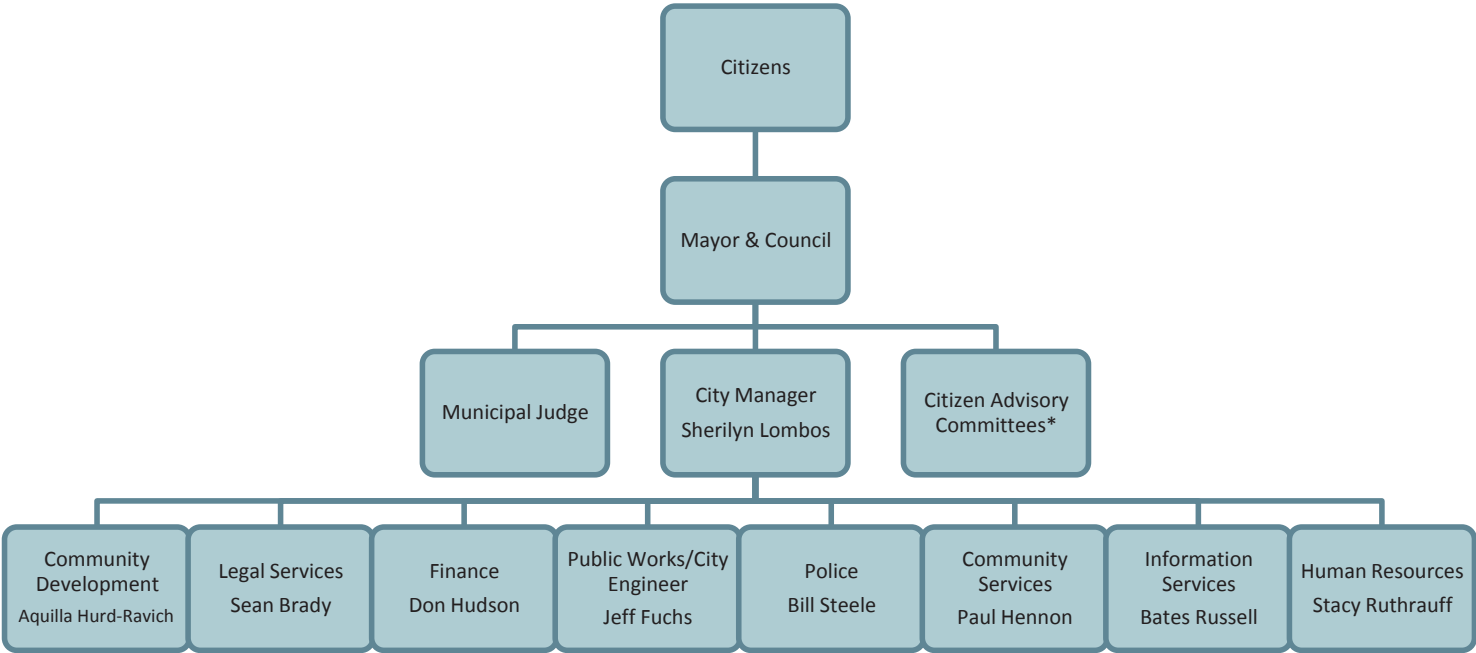
Administrative

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 Parks 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, and the Tualatin Tomorrow Advisory Committee.



City of Tualatin

www.tualatinoregon.gov

December 28, 2018

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, 2018.

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, 2018, 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, 2018, 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 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, incorporated in 1913, currently occupies a land area of 7.9 square miles and serves a population of 26,935. 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.

Tualatin Valley Fire and Rescue District provides fire and emergency services to the community. The City is also part of Metro, the tri-county urban services district based in Portland, Oregon.

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, Road Operating 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 2013-2017 American Community Survey 5-Year Estimates from the U.S. Census Bureau, the City's median family income was \$72,580, the county's was \$74,033, while the state's was \$56,119.

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 third strongest job growth in the Portland Metropolitan Region over the time period 2015 to 2017 at 6.7% job growth, with almost 2,000 jobs added in Tualatin. That number is expected to continue to increase with developments that opened through 2018.

Development activity has continued within the City, bringing assessed value growth over 4% for tax year 2017-18 and over 6% for tax year 2018-19. 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.

In May 2018, Tualatin voters approved a \$20 million General Obligation bond measure to support high priority transportation projects, distributed citywide. The priority projects – totalling more than 35 – will all be completed in the next 3 to 5 years. These were chosen from more than 100 projects identified by local neighborhood residents, businesses and community groups. The newly funded projects will help provide congestion relief, neighborhood safety and safe access to schools. The bonds were sold in August 2018, at a premium, and the City has begun work on a number of identified fast track projects during the first half of fiscal year 2018-2019.

Another major regional planning effort is the Basalt Creek Concept Plan, adopted August 2018, 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.

The City's pension system, PERS, continues to experience an increase in funding requirements that creates a growing financial obligation for the City. Although the current financial position of the City is strong, the impact of these cost trends will need to be monitored and managed. The City's contribution rates increased by 4-5% of covered payroll for the biennium beginning July 1, 2019. It is anticipated that this trend will continue with contribution rates likely increasing another 5% of covered payroll beginning in FY21-22.

City's Credit Rating

On July 27, 2018, Moody's Investor Services confirmed its long-term rating of Aa1 on the City's general obligation bonds outstanding based on the City's sizeable, affluent tax base which has experienced strong growth as a result of new development and property value appreciation. Resident wealth and incomes are strong and improving, due to the strong regional growth and the desirable location with easy access to Portland, Beaverton and other major employment centers. Healthy reserves, driven by a steady history of small annual surpluses, buttress the city's financial flexibility.

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, 2017. This was the 26th 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, 2017. 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, 2017

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members
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 City of Tualatin, Oregon, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise City of Tualatin, Oregon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

City of Tualatin, Oregon's 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 City of Tualatin, Oregon, as of June 30, 2018, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the City of Tualatin adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, the schedule of proportionate share of the net OPEB liability - OPERS, RHA, schedule of OPEB contributions - OPERS, RHA, schedule of changes in the City's total OPEB liability and related ratios - implicit rate subsidy plan, schedule of City OPEB contributions - implicit rate subsidy plan, schedule of the proportionate share of the City's net pension liability, and schedule of City's pension plan contributions, as listed in the table of contents under 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Tualatin, Oregon'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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 28, 2018, on our consideration of City of Tualatin, Oregon'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.



For Merina & Company, LLP
West Linn, Oregon
December 28, 2018

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

As management of the City of Tualatin (the City), we offer readers of the City's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. 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 \$204.6 million at June 30, 2018, and consisted of approximately \$50.0 million in cash and cash equivalents, \$144.9 million in capital assets and approximately \$9.6 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources decreased by \$2.1 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$34.8 million at June 30, 2018, consisting of approximately \$28.8 million in long-term obligations, \$4.3 million in accounts payable and other liabilities, and \$1.8 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 \$169.8 million at the close of fiscal year 2018. Unrestricted net position totaled \$10.3 million, with the remainder of the City's net position reported as net investment in capital assets (\$136.1 million) and restricted for building and engineering, street and roadside maintenance, debt service, capital projects, transportation, urban renewal, and capital improvements (\$23.3 million).
- For its governmental activities, the City generated \$7.3 million in charges for services and received \$0.1 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$30.8 million for the year, resulting in a net expense of \$22.8 million. \$18.5 million of general revenues received and \$3.5 million of transfers in resulted in a decrease in net position of \$0.9 million.
- For its business-type activities, the City generated \$20.3 million in charges for services and capital grants and contributions to fund direct expenses of \$14.1 million.
- Fund balance in the City's governmental funds was \$28.8 million at June 30, 2018, up by \$2.1 million from June 30, 2017.

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, 2018

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 items 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, 2018

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 thirteen 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 seven 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, Sewer Fund and Sewer Development Fund, Storm Drain Fund and Storm Drain Development Fund.

Notes to the Financial Statements

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

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following is a comparison between the June 30, 2018 and 2017 Statements of Net Position:

Table 1 - Net Position as of June 30th

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 32,493,962	\$ 30,010,896	\$ 20,523,954	\$ 18,280,633	\$ 53,017,916	\$ 48,291,529
Capital assets	92,873,562	95,461,302	52,042,811	51,847,452	144,916,373	147,308,754
Total assets	125,367,524	125,472,198	72,566,765	70,128,085	197,934,289	195,600,283
Deferred outflows of resources	6,302,446	10,518,234	349,351	615,316	6,651,797	11,133,550
Long-term liabilities	24,429,630	28,242,172	4,335,763	5,080,015	28,765,393	33,322,187
Other liabilities	3,030,924	2,676,772	1,275,650	1,321,792	4,306,574	3,998,564
Total liabilities	27,460,554	30,918,944	5,611,413	6,401,807	33,071,967	37,320,751
Deferred inflows of resources	1,709,892	890,082	48,084	35,424	1,757,976	925,506
Net Position:						
Net investment in capital assets	87,689,070	89,406,263	48,401,428	47,820,158	136,090,498	137,226,421
Restricted	17,684,108	15,999,817	5,665,182	5,326,945	23,349,290	21,326,762
Unrestricted	(2,873,654)	(1,224,674)	13,190,009	11,159,067	10,316,355	9,934,393
Total net position	\$ 102,499,524	\$ 104,181,406	\$ 67,256,619	\$ 64,306,170	\$ 169,756,143	\$ 168,487,576

The City of Tualatin's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$169.8 million as of June 30, 2018. Of this amount, \$136.1 million, (80.2%) is the City's net investment in capital 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 (\$23.3 million) is restricted as to how it may be used by budgetary, legal and external factors. The unrestricted amount of \$10.3 million (6.1% of net position) can be used to meet on-going obligations. Of the \$34.8 million of liabilities and deferred inflows of resources at year-end for governmental and business-type activities, \$28.8 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 2017-18, as they did for 2016-17. For its governmental activities, the City has a negative balance in the unrestricted category of net position.

Total net position increased by \$1.3 million during the fiscal year, primarily attributable to increased revenue from charges for services during the current year.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Statement of Activities

The following is a comparison between the June 30, 2018 and 2017 Statement of Activities:

Table 2 - Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 7,306,756	\$ 4,997,026	\$ 18,495,352	\$ 17,269,785	\$ 25,802,108	\$ 22,266,811
Operating grants and contributions	147,249	209,704	-	-	147,249	209,704
Capital grants and contributions	552,878	30,210	1,778,004	45,280	2,330,882	75,490
General revenues:						
Property taxes	10,295,223	9,925,613	-	-	10,295,223	9,925,613
Franchise fees	2,366,393	2,192,857	-	-	2,366,393	2,192,857
Public service taxes and revenue sharing	5,068,143	4,755,364	-	-	5,068,143	4,755,364
Interest and miscellaneous	725,044	524,761	311,671	234,688	1,036,715	759,449
Total revenues	26,461,686	22,635,535	20,585,027	17,549,753	47,046,713	40,185,288
Expenses:						
General government	8,820,817	8,601,383	-	-	8,820,817	8,601,383
Public safety	9,395,927	9,376,700	-	-	9,395,927	9,376,700
Highways and streets	6,512,541	5,766,575	-	-	6,512,541	5,766,575
Culture and recreation	5,807,210	5,610,846	-	-	5,807,210	5,610,846
Interest on long-term debt	278,911	306,991	-	-	278,911	306,991
Water Operations	-	-	4,588,472	4,536,689	4,588,472	4,536,689
Sewer Operations	-	-	7,988,987	7,974,785	7,988,987	7,974,785
Storm Drain Operations	-	-	1,537,004	1,308,024	1,537,004	1,308,024
Total expenses	30,815,406	29,662,495	14,114,463	13,819,498	44,929,869	43,481,993
Change in net position before transfers	(4,353,720)	(7,026,960)	6,470,564	3,730,255	2,116,844	(3,296,705)
Transfers	3,496,958	3,101,413	(3,496,958)	(3,101,413)	-	-
Change in net position	(856,762)	(3,925,547)	2,973,606	628,842	2,116,844	(3,296,705)
Net position - beginning	104,181,406	108,106,953	64,306,170	63,677,328	168,487,576	171,784,281
Restatement	(825,120)	-	(23,157)	-	(848,277)	-
Net position - beginning (restated)	103,356,286	108,106,953	64,283,013	63,677,328	167,639,299	171,784,281
Net position - ending	\$ 102,499,524	\$ 104,181,406	\$ 67,256,619	\$ 64,306,170	\$ 169,756,143	\$ 168,487,576

Governmental activities decreased the City's net position by \$0.9 million in fiscal year 2017-18, as compared to a \$3.9 million decrease in the prior fiscal year. Revenue, excluding transfers, increased by \$3.8 million and expenses, excluding transfers, increased \$1.2 million. Key elements of this change, as illustrated in Table 2 above, is primarily the result of increased revenue in charges for services from an uptick in development within the City during the year, as well as contributed capital.

Business-Type activities total revenues, excluding transfers, increased approximately \$3.0 million from fiscal year 2016-17, due mainly to increases in contributed capital during the current year.

Business-Type activities expenses, excluding transfers, increased approximately \$0.3 million, which is primarily attributable to increases in costs to maintain the utility systems in the current year ,

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, 2018

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.

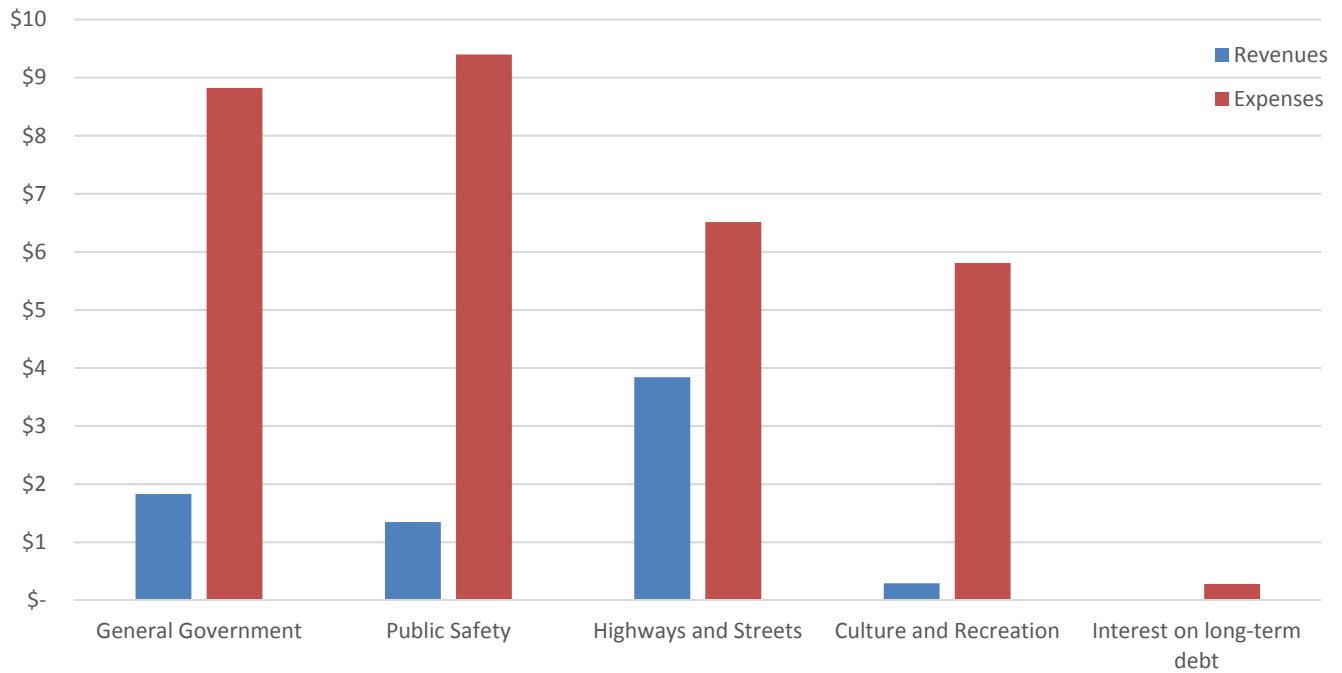
The City's permanent tax rate is relatively low in contrast to comparable cities in the State. The City has been able to maintain services by budgeting conservatively and providing quality services with lean budgets. The charts showing governmental expenses versus governmental activities demonstrate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

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

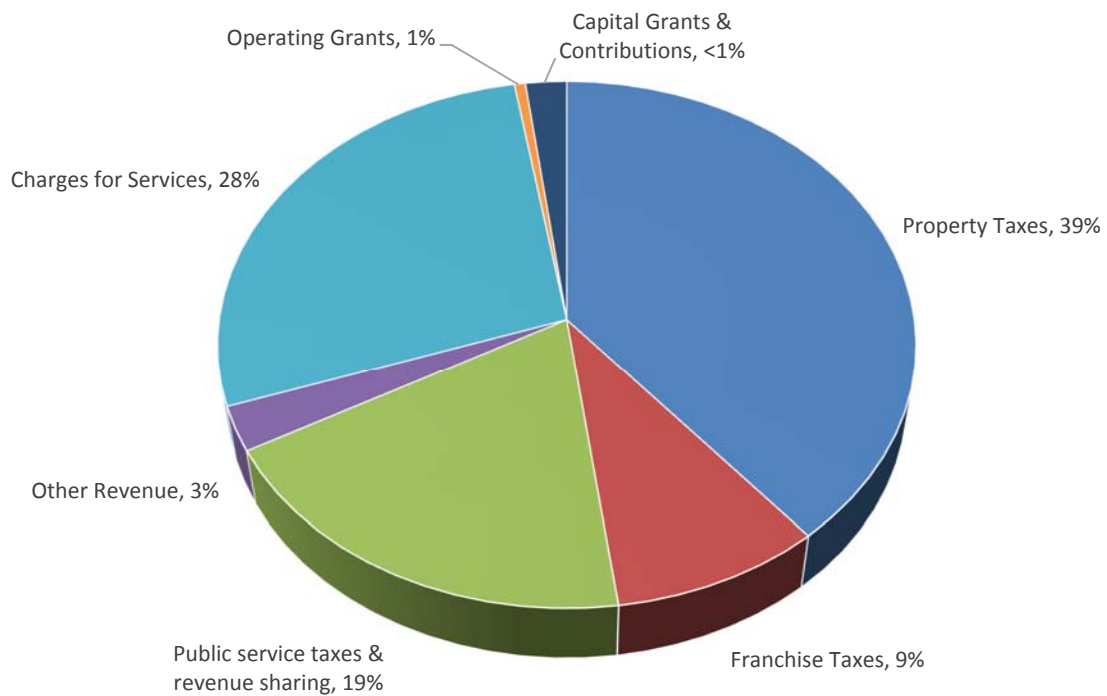
- Governmental resources are restricted in many ways: budgeting, legal and by public opinion.
- Programs funded by general resources typically result in hard choices, such as more police or a better library. Those services which are seen as most important and necessary are almost always least able or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

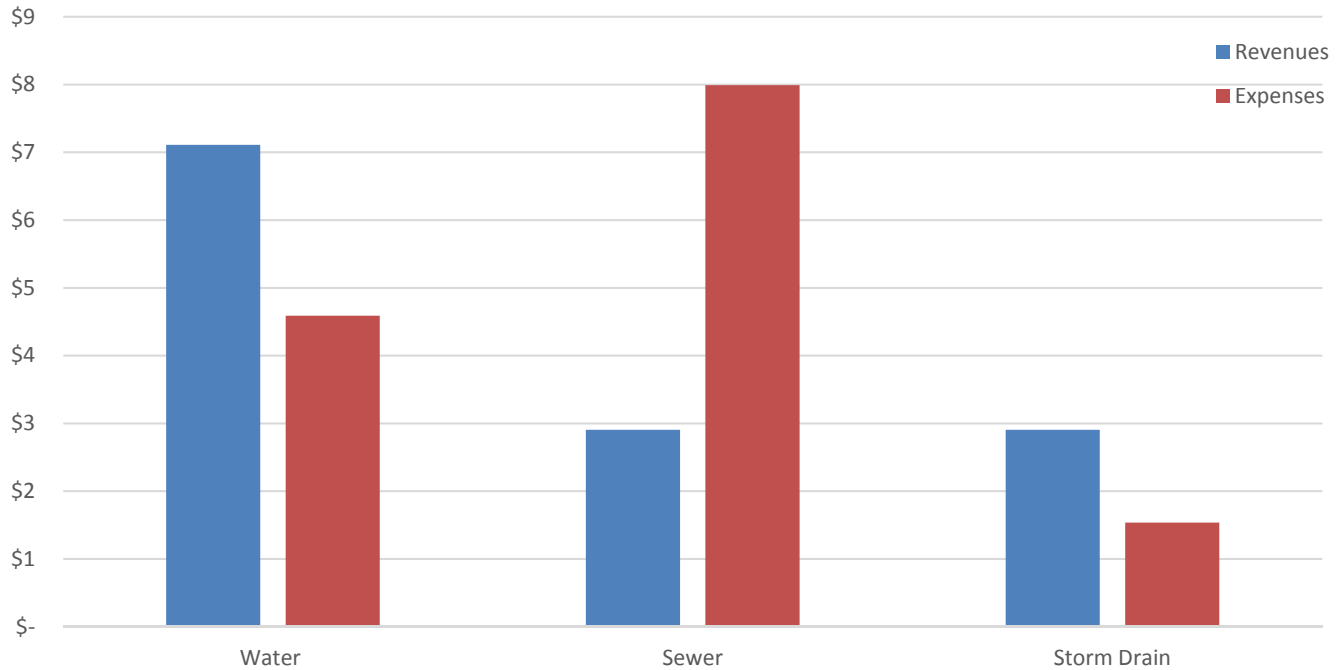
Expenses and Program Revenues - Governmental Activities (in millions)



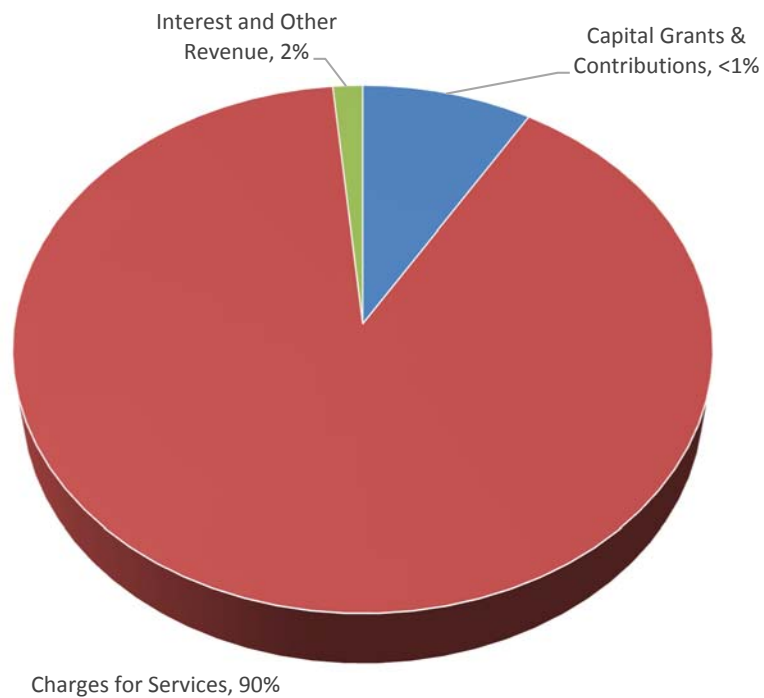
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-type Activities
(in millions)



Revenues by Source - Business-type Activities



CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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, 2018, the City's governmental funds reported a combined ending fund balance of \$28.8 million, an increase of \$2.1 million when compared to the prior year. Unassigned fund balance combined with committed fund balance as of June 30, 2018, was \$10.9 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, 2018, the total fund balance was \$10.6 million, of which \$10.5 million is considered unassigned, reflecting an increase of \$0.6 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 increases in property tax revenue attributable to increases in assessed value. Expenditures in the general fund increased by \$1.4 million in the current year, increasing from \$20.0 million to \$21.4 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, 2018, total fund balance increased by approximately \$0.2 million. The City's building fund continues to be funded by charges for services and licenses and permits.

Road Operating Fund

This special revenue fund accounts for the collection and use of gasoline taxes and vehicle registration fees. At June 30, 2018, total fund balance was approximately \$1.7 million, reflecting a decrease of approximately \$0.5 million from the prior year. The decrease is attributable to increased expenditures in the current year on capital projects, primarily the Myslony Bridge project.

Transportation Development Tax Fund

This special revenue fund accounts for the collection and use of the transportation development tax. At June 30, 2018, total fund balance was approximately \$8.8 million, reflecting an increase of approximately \$2.1 million from the prior year. The increase is attributable to additional development in the City.

General Fund Budgetary Highlights

The original appropriated budget for the general fund for fiscal year 2018 amounted to \$25.7 million, including \$3.4 million for contingencies. There were amendments to the adopted budget during the year to appropriate donations and program revenue of \$34,805 to capital outlay within the Library and Community Services for furniture replacement and remodeling the kitchen at the Juanita Pohl Center.

The General Fund resources exceeded budgeted levels by approximately \$44,000. General Fund expenditures were \$4.3 million under appropriated levels. The primary reasons for this difference is due to the contingency of \$3.4 million not being allocated for expenditures. Additional factors include savings in personal services expenditures in

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

the Engineering Division due to staffing vacancies, budgeted expenditures for consultants within the Planning Division not being expended, and other budgetary savings across the general fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the City had invested \$144.9 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, 2018 and 2017:

CITY OF TUALATIN'S NET CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 13,821,291	\$ 13,821,291	\$ 880,144	\$ 880,144	\$ 14,701,435	\$ 14,701,435
Construction in Progress	1,854,483	1,060,290	47,067	159,406	1,901,550	1,219,696
Buildings	20,161,515	20,161,515	367,755	367,754	20,529,270	20,529,269
Machinery and Equipment	5,297,367	4,515,976	1,457,492	1,400,350	6,754,859	5,916,326
Utility System	-	-	84,300,516	82,235,335	84,300,516	82,235,335
Improvements & Infrastructure	141,354,058	140,685,120	-	-	141,354,058	140,685,120
Accumulated Depreciation	(89,615,152)	(84,782,890)	(35,010,163)	(33,195,537)	(124,625,315)	(117,978,427)
Total net assets	\$ 92,873,562	\$ 95,461,302	\$ 52,042,811	\$ 51,847,452	\$ 144,916,373	\$ 147,308,754

Net capital assets decreased by \$2.4 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 \$8.7 million in long-term bonded debt obligations outstanding, a decrease of approximately 12% from the prior year. Approximately \$1.2 million of the debt at June 30, 2018, is due within one year.

CITY OF TUALATIN'S DEBT SERVICE
Year Ended June 30, 2018

	Beginning	Additions	Principal Paid	Ending
Governmental:				
General Obligation Bonds	\$ 5,245,000	\$ -	\$ (765,000)	\$ 4,480,000
Full faith and credit obligations	810,039	-	(105,547)	704,492
Total Governmental	\$ 6,055,039	\$ -	\$ (870,547)	\$ 5,184,492
Business-type:				
Full Faith & Credit	\$ 3,900,000	\$ -	\$ (370,000)	\$ 3,530,000
Total Bonds Payable	\$ 9,955,039	\$ -	\$ (1,240,547)	\$ 8,714,492

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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, 2018 was \$4.5 million, which is well below the \$128 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 strong development activity, which 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.
- 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.
- Uncertainties about future economic changes and financial impacts are common in all cities. To deal with the swings in the economy and to plan for future capital expansion, the City routinely sets aside portions of its fund balances for contingencies and emergency situations.

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, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 31,167,199	\$ 18,824,589	\$ 49,991,788
Restricted cash and cash equivalents	30,000	-	30,000
Due from other governments	276,238	19,354	295,592
Accounts receivable	351,934	1,607,427	1,959,361
Property taxes receivable	503,436	-	503,436
Inventories	124,597	71,446	196,043
OPEB asset	40,558	1,138	41,696
Capital assets not being depreciated:			
Land	13,821,291	880,144	14,701,435
Construction in progress	1,854,483	47,067	1,901,550
Capital assets, net of accumulated depreciation:			
Buildings	11,448,557	18,900	11,467,457
Machinery, equipment, and vehicles	1,792,464	382,179	2,174,643
Infrastructure	63,956,767	50,714,521	114,671,288
TOTAL ASSETS	125,367,524	72,566,765	197,934,289
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	172,113	172,113
Deferred outflows of resources - OPEB	125,232	3,515	128,747
Deferred outflows of resources - pension	6,177,214	173,723	6,350,937
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,302,446	349,351	6,651,797
LIABILITIES			
Accounts payable and other current liabilities	2,186,538	1,186,073	3,372,611
Deposits	542,492	10,484	552,976
Retainage payable	50,088	1,974	52,062
Unearned revenue	228,888	35,256	264,144
Interest Payable	22,918	11,029	33,947
Noncurrent liabilities:			
Due within one year	1,658,516	412,987	2,071,503
Due in more than one year	22,771,114	3,953,610	26,724,724
TOTAL LIABILITIES	27,460,554	5,611,413	33,071,967
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	1,642,980	46,206	1,689,186
Deferred inflows of resources - OPEB	66,912	1,878	68,790
TOTAL DEFERRED INFLOWS OF RESOURCES	1,709,892	48,084	1,757,976
NET POSITION			
Net investment in capital assets	87,689,070	48,401,428	136,090,498
Restricted for:			
Building and engineering	2,013,372	-	2,013,372
Street and roadside maintenance	1,617,439	-	1,617,439
Debt service payments	63,195	-	63,195
Capital projects	1,284,846	-	1,284,846
Transportation	8,753,112	-	8,753,112
Urban renewal projects	3,952,144	-	3,952,144
Capital improvements	-	5,665,182	5,665,182
Unrestricted	(2,873,654)	13,190,009	10,316,355
TOTAL NET POSITION	\$ 102,499,524	\$ 67,256,619	\$ 169,756,143

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, 2018

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	\$ 8,820,817	\$ 1,828,717	\$ -	\$ 552,878	\$ (6,439,222)	\$ -	\$ (6,439,222)
Public safety	9,395,927	1,347,548	88,572	-	(7,959,807)	-	(7,959,807)
Highways and streets	6,512,541	3,838,628	-	-	(2,673,913)	-	(2,673,913)
Culture and recreation	5,807,210	291,863	58,677	-	(5,456,670)	-	(5,456,670)
Interest on long-term debt	278,911	-	-	-	(278,911)	-	(278,911)
 TOTAL GOVERNMENTAL ACTIVITIES	 30,815,406	 7,306,756	 147,249	 552,878	 (22,808,523)	 -	 (22,808,523)
BUSINESS-TYPE ACTIVITIES							
Water Operations	4,588,472	7,109,610	-	590,403	-	3,111,541	3,111,541
Sewer Operations	7,988,987	8,480,478	-	804,052	-	1,295,543	1,295,543
Storm Drain Operations	1,537,004	2,905,264	-	383,549	-	1,751,809	1,751,809
 TOTAL BUSINESS-TYPE ACTIVITIES	 14,114,463	 18,495,352	 -	 1,778,004	 -	 6,158,893	 6,158,893
 TOTAL GOVERNMENT	 \$ 44,929,869	 \$ 25,802,108	 \$ 147,249	 \$ 2,330,882	 (22,808,523)	 6,158,893	 (16,649,630)
GENERAL REVENUES:							
Property taxes					10,295,223	-	10,295,223
Franchise taxes					2,366,393	-	2,366,393
Public service taxes and revenue sharing					5,068,143	-	5,068,143
Interest and investment earnings					523,883	301,763	825,646
Miscellaneous revenues					201,161	9,908	211,069
TRANSFERS					3,496,958	(3,496,958)	-
TOTAL GENERAL REVENUES AND TRANSFERS					21,951,761	(3,185,287)	18,766,474
 CHANGE IN NET POSITION					(856,762)	2,973,606	2,116,844
 NET POSITION - beginning					104,181,406	64,306,170	168,487,576
RESTATEMENT (see note)					(825,120)	(23,157)	(848,277)
NET POSITION - beginning, restated					103,356,286	64,283,013	167,639,299
 NET POSITION - ending					\$ 102,499,524	\$67,256,619	\$ 169,756,143

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.

Road Operating Fund

The Road Operating 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.

Transportation Development Tax Fund

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

CITY OF TUALATIN, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Building Fund	Road Operating Fund	Transportation Development Tax Fund	Other Governmental	Total Governmental
ASSETS						
Cash and investments	\$ 12,077,596	\$ 2,315,083	\$ 2,255,181	\$ 8,753,112	\$ 5,766,227	\$ 31,167,199
Due from other governments	267,821	675	7,742	-	-	276,238
Accounts receivable	65,783	-	979	148,412	136,760	351,934
Property taxes receivable	457,110	-	-	-	46,326	503,436
Inventories	79,900	-	44,697	-	-	124,597
Restricted cash and cash equivalents	30,000	-	-	-	-	30,000
TOTAL ASSETS	\$ 12,978,210	\$ 2,315,758	\$ 2,308,599	\$ 8,901,524	\$ 5,949,313	\$ 32,453,404
LIABILITIES						
Accounts payable and other current liabilities	\$ 1,409,588	\$ 291,413	\$ 375,188	\$ -	\$ 110,349	\$ 2,186,538
Deposits	530,332	10,973	1,187	-	-	542,492
Retainage payable	-	-	50,088	-	-	50,088
Unearned revenue	8,888	-	220,000	-	-	228,888
TOTAL LIABILITIES	1,948,808	302,386	646,463	-	110,349	3,008,006
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property tax revenue	421,121	-	-	-	42,679	463,800
Unavailable revenue - assessments	-	-	-	148,412	-	148,412
TOTAL DEFERRED INFLOWS OF RESOURCES	421,121	-	-	148,412	42,679	612,212
FUND BALANCES						
Nonspendable:						
Inventory	79,900	-	44,697	-	-	124,597
Restricted for:						
Building and engineering	-	2,013,372	-	-	-	2,013,372
Street and roadside maintenance	-	-	1,617,439	-	-	1,617,439
Debt service payments	-	-	-	-	63,195	63,195
Capital projects	-	-	-	-	1,284,846	1,284,846
Transportation	-	-	-	8,753,112	-	8,753,112
Urban renewal projects	-	-	-	-	3,952,144	3,952,144
Committed to:						
Pavement maintenance and street lighting	-	-	-	-	310,272	310,272
Parking maintenance	-	-	-	-	134,595	134,595
Assigned to:						
Scholarships	-	-	-	-	51,233	51,233
Capital projects	-	-	-	-	-	-
Other	-	-	-	-	-	-
Unassigned:	10,528,381	-	-	-	-	10,528,381
TOTAL FUND BALANCES	10,608,281	2,013,372	1,662,136	8,753,112	5,796,285	28,833,186
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 12,978,210	\$ 2,315,758	\$ 2,308,599	\$ 8,901,524	\$ 5,949,313	

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.		92,873,562
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		-
Deferred outflows of resources - pension	\$ 6,177,214	
Deferred outflows of resources - other postemployment benefit obligations	125,232	6,302,446

Liabilities and deferred inflows of resources, including accrued liabilities and bonds payable are not due and payable in the current period and, therefore, are not reported in the funds:

Unavailable revenue - property taxes	463,800	
Unavailable revenue - assessments	148,412	
Accrued compensated absences	(672,705)	
Accrued interest	(22,918)	
Net pension liability	(16,424,818)	
Pension transition liability	(1,255,455)	
Net other postemployment obligation	(851,603)	
Long-term bonded debt obligations	(5,184,491)	
Deferred inflows of resources - pension	(1,642,980)	
Deferred inflows of resources - other post employment obligation	(66,912)	(25,509,670)
Net position of governmental activities		<u>\$ 102,499,524</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, 2018

	General Fund	Building Fund	Road Operating Fund	Transportation Development Tax Fund	Other Governmental	Total Governmental
REVENUES						
Property taxes	\$ 9,343,224	\$ -	\$ -	\$ -	\$ 946,896	\$ 10,290,120
Franchise fees	2,366,393	-	-	-	-	2,366,393
Charges for service	291,600	687,623	-	-	-	979,223
Licenses and permits	319,458	626,894	-	-	-	946,352
Intergovernmental	3,360,758	-	1,795,815	-	142	5,156,715
Fines and forfeitures	1,085,542	-	-	-	-	1,085,542
Fees and charges	126,259	15,846	-	2,450,248	1,736,266	4,328,619
Interest	209,084	33,200	40,203	147,044	94,352	523,883
Miscellaneous	183,291	1,968	67,464	1,649	1,214	255,586
TOTAL REVENUES	17,285,609	1,365,531	1,903,482	2,598,941	2,778,870	25,932,433
EXPENDITURES						
Current:						
General government	7,013,755	-	-	-	60,754	7,074,509
Public safety	7,844,520	785,893	-	-	-	8,630,413
Highways and streets	1,053,032	-	1,143,807	-	1,218,921	3,415,760
Culture and recreation	4,704,858	-	-	-	9,906	4,714,764
Capital outlay	834,307	29,955	1,335,315	-	217,479	2,417,056
Debt service:						
Principal	-	-	-	-	765,000	765,000
Interest	-	-	-	-	198,406	198,406
TOTAL EXPENDITURES	21,450,472	815,848	2,479,122	-	2,470,466	27,215,908
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,164,863)	549,683	(575,640)	2,598,941	308,404	(1,283,475)
OTHER FINANCING SOURCES (USES)						
Transfers in	4,713,550	23,250	718,797	-	-	5,455,597
Transfers out	-	(373,740)	(684,450)	(544,557)	(461,440)	(2,064,187)
Sale of general capital assets	4,252	-	-	-	-	4,252
TOTAL OTHER FINANCING SOURCES (USES)	4,717,802	(350,490)	34,347	(544,557)	(461,440)	3,395,662
NET CHANGE IN FUND BALANCES	552,939	199,193	(541,293)	2,054,384	(153,036)	2,112,187
FUND BALANCES - beginning	10,055,342	1,814,179	2,203,429	6,698,728	5,949,321	26,720,999
FUND BALANCES - ending	\$ 10,608,281	\$ 2,013,372	\$ 1,662,136	\$ 8,753,112	\$ 5,796,285	\$ 28,833,186

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, 2018

Amounts reported in the statement of activities are different because:

Net change in fund balances	\$ 2,112,187
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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	(4,875,624)	
Capital asset additions	1,735,006	(3,140,618)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.	525,001
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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	4,046	
Amortization of transitional pension liability	61,574	
Pension expense	(1,327,162)	
Net other postemployment benefit obligations	<u>31,837</u>	(1,229,705)

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.

<u>876,373</u>

Change in net position of governmental activities	<u><u>\$ (856,762)</u></u>
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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

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.

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.

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

CITY OF TUALATIN, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
ASSETS				
Current Assets:				
Cash and investments	\$ 7,767,474	\$ 7,327,199	\$ 3,729,916	\$ 18,824,589
Accounts receivables, net	671,587	683,538	252,302	1,607,427
Intergovernmental receivable	-	19,354	-	19,354
Inventories	69,916	1,411	119	71,446
Total current assets	8,508,977	8,031,502	3,982,337	20,522,816
Noncurrent Assets:				
Net other post employment benefit asset	847	291	-	1,138
Capital assets not being depreciated:				
Land	773,389	97,922	8,833	880,144
Construction in progress	21,367	-	25,700	47,067
Capital assets, net of accumulated depreciation				
Buildings	18,900	-	-	18,900
Machinery, equipment, and vehicles	150,931	103,251	127,997	382,179
Infrastructure	30,649,330	16,034,178	4,031,013	50,714,521
Total noncurrent assets	31,614,764	16,235,642	4,193,543	52,043,949
TOTAL ASSETS	40,123,741	24,267,144	8,175,880	72,566,765
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	172,113	-	-	172,113
Deferred outflows of resources - OPEB	2,614	901	-	3,515
Deferred outflows of resources - pension	129,034	44,689	-	173,723
TOTAL DEFERRED OUTFLOWS OF RESOURCES	303,761	45,590	-	349,351
LIABILITIES				
Current Liabilities:				
Accounts payable	371,288	630,348	115,671	1,117,307
Accrued liabilities	45,646	23,120	-	68,766
Compensated absences	22,326	8,508	-	30,834
Retainage payable	1,974	-	-	1,974
Deposits payable	10,484	-	-	10,484
Accrued interest payable	11,029	-	-	11,029
Bonds payable - due within one year	380,000	-	-	380,000
Pension transition liability - due within one year	1,599	554	-	2,153
Unearned revenue	-	-	35,256	35,256
Total current liabilities	844,346	662,530	150,927	1,657,803
Noncurrent Liabilities:				
Bonds payable	3,433,496	-	-	3,433,496
Net OPEB liability	18,619	6,421	-	25,040
Net pension liability	343,094	118,825	-	461,919
Pension transition liability	24,626	8,529	-	33,155
Total noncurrent liabilities	3,819,835	133,775	-	3,953,610
TOTAL LIABILITIES	4,664,181	796,305	150,927	5,611,413
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	34,320	11,886	-	46,206
Deferred inflows of resources - OPEB	1,396	482	-	1,878
TOTAL DEFERRED INFLOWS OF RESOURCES	35,716	12,368	-	48,084
NET POSITION				
Net investment in capital assets	27,972,534	16,235,351	4,193,543	48,401,428
Restricted for:				
Restricted for capital improvements	1,200,625	3,975,518	489,039	5,665,182
Unrestricted	6,554,446	3,293,192	3,342,371	13,190,009
TOTAL NET POSITION	\$ 35,727,605	\$ 23,504,061	\$ 8,024,953	\$ 67,256,619

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, 2018

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
OPERATING REVENUES				
Charges for service	6,604,701	7,815,177	2,832,364	17,252,242
Fines and forfeitures	-	-	448	448
Fees and charges	504,909	665,301	72,452	1,242,662
Miscellaneous	601	-	9,307	9,908
TOTAL OPERATING REVENUES	7,110,211	8,480,478	2,914,571	18,505,260
OPERATING EXPENSES				
Personal services	397,771	322,654	-	720,425
Materials and services	3,011,083	7,076,722	1,344,326	11,432,131
Depreciation	1,032,948	588,999	192,678	1,814,625
TOTAL OPERATING EXPENSES	4,441,802	7,988,375	1,537,004	13,967,181
OPERATING INCOME	2,668,409	492,103	1,377,567	4,538,079
NON-OPERATING REVENUES (EXPENSES)				
Interest income	124,989	120,714	56,060	301,763
Interest expense	(146,670)	(612)	-	(147,282)
TOTAL NON-OPERATING REVENUES (EXPENSE)	(21,681)	120,102	56,060	154,481
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,646,728	612,205	1,433,627	4,692,560
CAPITAL CONTRIBUTIONS TRANSFERS	590,403 (1,665,203)	804,052 (966,515)	383,549 (865,240)	1,778,004 (3,496,958)
CHANGE IN NET POSITION	1,571,928	449,742	951,936	2,973,606
NET POSITION - beginning	34,172,896	23,060,257	7,073,017	64,306,170
RESTATEMENT see note	(17,219)	(5,938)	-	(23,157)
NET POSITION - beginning, restated	34,155,677	23,054,319	7,073,017	64,283,013
NET POSITION - ending	\$ 35,727,605	\$ 23,504,061	\$ 8,024,953	\$ 67,256,619

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, 2018

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 7,113,608	\$ 8,373,108	\$ 2,884,042	\$ 18,370,758
Cash paid to employees and others for salaries/benefits	(520,960)	(293,359)	-	(814,319)
Cash paid to suppliers and others	(3,035,312)	(7,099,893)	(1,338,400)	(11,473,605)
NET CASH FLOWS FROM OPERATING ACTIVITIES	3,557,336	979,856	1,545,642	6,082,834
CASH FLOWS USED FOR NON-CAPITAL FINANCING ACTIVITIES				
Transfers in (out)	(1,665,203)	(966,515)	(865,240)	(3,496,958)
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(262,054)	-	30,074	(231,980)
Debt principal payments	(370,000)	-	-	(370,000)
Interest paid	(188,094)	(612)	-	(188,706)
NET CASH FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(795,560)	(612)	30,074	(766,098)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	124,989	120,714	56,060	301,763
NET INCREASE IN CASH AND INVESTMENTS	1,221,562	133,443	766,536	2,121,541
CASH AND INVESTMENTS - beginning	6,545,912	7,193,756	2,963,380	16,703,048
CASH AND INVESTMENTS - ending	\$ 7,767,474	\$ 7,327,199	\$ 3,729,916	\$ 18,824,589
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ 2,668,409	\$ 492,103	\$ 1,377,567	\$ 4,538,079
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation of capital assets	1,032,948	588,999	192,678	1,814,625
Change in assets and liabilities:				
Accounts receivable	46,204	(107,370)	(23,478)	(84,644)
Inventories	(34,685)	(1,194)	(119)	(35,998)
Accounts payable and accrued expenses	10,456	(21,977)	6,045	(5,476)
Deposits	4,650	-	-	4,650
Unearned revenue	(47,457)	-	(7,051)	(54,508)
Pension System	(132,551)	29,432	-	(103,119)
Accrued compensated absences	10,027	90	-	10,117
Other post employment benefits payable	(665)	(227)	-	(892)
Net cash provided (used) by operating activities	\$ 3,557,336	\$ 979,856	\$ 1,545,642	\$ 6,082,834
NON-CASH CAPITAL FINANCING ACTIVITIES				
Contributions of capital assets	\$ 590,403	\$ 804,052	\$ 383,549	\$ 1,778,004
Total non-cash capital financing activities	\$ 590,403	\$ 804,052	\$ 383,549	\$ 1,778,004

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

1. Summary of Significant Accounting Policies

The financial statements of the City of Tualatin, Oregon (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and six-member governing council. The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended Component Unit. The Tualatin Development Commission (Commission) was formed to plan, direct, and manage the redevelopment of targeted areas of the City through tax increment financing. 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.

Separately issued financial statements are available for the Commission. These reports may be obtained from the Finance Department of the City, 18880 S.W. Martinazzi Avenue, Tualatin, Oregon 97062.

B. Basis of Presentation

Government-wide statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities, including its blended component unit. 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 attributable to a specific program are reported as general revenues.

Fund financial statements

The fund financial statements provide information about the City's funds, including its blended component unit. Separate statements for each fund category – governmental, proprietary or fiduciary

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

are presented. Currently, the City has only governmental and proprietary type funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- *General Fund*
This is the City's primary operating fund. It accounts for all revenues and expenditures of the City, except those accounted for in another fund.
- *Building Fund*
This fund accounts for the City's building plan review, permitting, and inspection activities. The primary revenue source is charges for services and permit fees.
- *Road Operating Fund*
This fund accounts for the expenditures of gasoline taxes and vehicle registration fees received from the State of Oregon and Washington County. These resources are restricted for use in the construction and maintenance of the City's streets, roads and related infrastructure.
- *Transportation Development Tax Fund*
This fund accounts for the expenditures of transportation capital improvements designed to accommodate growth. The primary source of revenue is from one-time charges on development within Washington and Clackamas counties.

The City reports each of its three proprietary funds as major funds:

- *Water Operations*
This fund accounts for the operation and maintenance of water service and distribution facilities.
- *Sewer Operations*
This fund accounts for the operation and maintenance of the City's sewer service and collection system.
- *Storm Drain Operations*
This fund accounts for the operation and maintenance of the City's surface water system.

The City also reports the following nonmajor fund types:

- *Special Revenue Funds*
These funds account for revenues and expenditures related to those required to be accounted for in another fund.
- *Debt Service Funds*
These funds account for the accumulation of resources for the payment of tax increment bond principal and interest.
- *Capital Projects Funds*
These funds account for the acquisition and construction of capital facilities other than those financed by Proprietary Funds

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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 deferred inflow 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.

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

contributions, including special assessments. Internally dedicated resources are 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.

D. Cash and Investments

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

Investments consist of funds held in the Oregon State Treasurer's Local Government Investment Pool (LGIP). Investments in the LGIP are stated at cost, which approximates fair value. The individual funds' and blended component unit's portion of the pool's fair value are presented as "Cash and Investments" in the basic financial statements.

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

E. 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.

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

F. 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.

G. 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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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, 2017.

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.

H. 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(s) 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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

I. 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.

J. Other post-employment benefits (OPEB)

OPERS - Retirement Health Insurance Account. For purposes of measuring the net OPEB liability/asset, deferred outflows of resources and deferred inflows of resources to OPEB, and OPEB expense, information about the fiduciary net position of the 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, OPERS recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

City of Tualatin – Implicit Subsidy Plan. For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources to OPEB, and OPEB expense, the City has relied on actuarial reports. The City allows retired employees to purchase health insurance at the same rates as active employees. The related expense is recognized as the City pays premiums or when claims are paid to health providers.

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

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less outstanding principal of related debt. Net investment in capital assets does not include the unspent proceeds of capital debt. Restricted net position represents 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.

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 purposed 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.

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O. Adoption of new GASB pronouncements

During the fiscal year ended June 30, 2018, the City implemented the following GASB Pronouncements:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Issued June 2015, this statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 75 establishes new accounting and financial reporting requirements for OPEB plans. This statement provides guidance for accounting for net OPEB liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources.

Change in Accounting Principle

In implementing GASB Statement No. 75, the City has restated beginning net position in order to recognize the correct Total OPEB Liability for the City's Implicit Rate Subsidy plan and to recognize the City's proportionate share of the Net OPEB Asset of the Oregon Public Employees Retirement Systems (OPERS). The restatement also recognizes a deferred outflow of resources related to OPEB for contributions from each plan made after the June 30, 2017 measurement date.

	Governmental Activities	Business-Type Activities	Total
Net position - beginning (as reported)	\$ 104,181,406	\$ 64,306,170	\$ 168,487,576
Cumulative effect of change in accounting principle	(825,120)	(23,157)	(848,277)
Net position - beginning (as restated)	<u>\$ 103,356,286</u>	<u>\$ 64,283,013</u>	<u>\$ 167,639,299</u>

GASB Statement No. 81, Irrevocable Split-Interest Agreements. Issued March 2016, this statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This had no impact on the City, as there are no irrevocable split-interest agreements on record.

GASB Statement No. 83, Certain Asset Retirement Obligations. Issued November 2016, this statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). GASB 83 will be effective for the City, fiscal year ending June 30, 2019, however the City has opted for early implementation in the fiscal year ended June 30, 2018. The City has no plans to retire tangible capital assets that fall under the framework of this statement, and therefore is not subject to the reporting requirements of GASB Statement No. 83.

GASB Statement No. 85, Omnibus 2017. This Statement was issued March 2017 to address various accounting matters that have been identified during implementation and application of certain GASB Statements. The Statement addresses a variety of topics including issues related to blending component units, goodwill fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, the Statement addresses the following topics:

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- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation. There was no impact on the City as the primary government is not a business-type activity, and therefore is not subject to this reporting requirement.
- Reporting amounts previously reported as goodwill and "negative" goodwill. The City does not report goodwill and therefore is not subject to this reporting requirement.
- Classifying real estate held by insurance entities. The City does not have real estate held by insurance entities and therefore is not subject to this reporting requirement.
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost. This clarification guidance has no significant impact on the City or current accounting practices.
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus. This paragraph clarifies that all expenditures for defined benefit pensions or defined benefit OPEB should be measured for the reporting period (including amounts for payables to a pension or OPEB plan). This standard is applicable to the City, but did not have a significant impact or change current City accounting practices.
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements. This paragraph clarifies that an employer should recognize expenditures for on-behalf payments for pensions or OPEB equal and include amounts for payables to a pension or OPEB plan. This standard will be applicable to the City, but has no significant impact or change current City accounting practices.
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB. This paragraph provides clarification on the presentation of covered payroll in the required supplementary information. This standard is applicable to the City, but has no significant impact or change current City accounting practices.
- Simplifying certain aspects of the alternative measurement method for OPEB. This portion of the standard has no impact on the City.
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans. This portion of the requirement has no impact on the City.

GASB Statement No. 85 was implemented by the City for the fiscal year-ended June 30, 2018.

GASB Statement No. 86, Certain Debt Extinguishment Issues. This Statement was issued May 2017 to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB Statement No. 86 was implemented by the City, for the fiscal year ended June 30, 2018.

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2. Cash and Investments

The City maintains a common cash and investment pool for all City funds. The types of investments in which the City may invest are restricted by State of Oregon statutes.

At June 30, 2018, the City's cash and investments consist of the following:

Cash on hand	\$ 1,800
Deposits with financial institutions	1,821,256
Oregon State Treasurer's Local Government Investment Pool	48,198,732
Total cash and investments	<u>\$ 50,021,788</u>

	Governmental Activities	Business-type Activities	Total
Cash and investments	31,167,199	18,824,589	\$ 49,991,788
Restricted cash and investments	30,000	-	30,000
	<u>\$ 31,197,199</u>	<u>\$ 18,824,589</u>	<u>\$ 50,021,788</u>

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.

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 funds 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

Custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its deposits that are in the possession of an outside party. At June 30, 2018 the City has \$250,000 in deposits not exposed to custodial credit risk, as they are covered by FDIC insurance and the balance is covered by the Public Funds Collateralization Program (ORS 295.015) administered by the Oregon State Treasury.

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.

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

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4. Capital Assets

Capital asset activity for the year ended June 30, 2018 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	1,060,290	1,428,669	(634,476)	1,854,483
Total capital assets, non-depreciable	14,881,581	1,428,669	(634,476)	15,675,774
Capital assets, depreciable:				
Improvements & Infrastructure	140,685,120	668,938	-	141,354,058
Buildings	20,161,515	-	-	20,161,515
Machinery & Equipment	4,515,977	824,752	(43,362)	5,297,367
Total capital assets, depreciable	165,362,611	1,493,691	(43,362)	166,812,940
Total	180,244,192	2,922,360	(677,838)	182,488,714
Less accumulated depreciation for:				
Improvements & Infrastructure	(73,473,709)	(3,923,582)	-	(77,397,291)
Buildings	(8,097,843)	(615,115)	-	(8,712,958)
Machinery & Equipment	(3,211,337)	(336,927)	43,362	(3,504,903)
Total accumulated depreciation	(84,782,890)	(4,875,624)	43,362	(89,615,152)
Net depreciable capital assets	80,579,722	(3,381,933)	-	77,197,788
Net capital assets	\$ 95,461,303	\$ (1,953,264)	\$ (634,476)	\$ 92,873,562
Governmental activities:				
		Depreciation		
General government		751,932		
Public safety		252,032		
Highways and streets		3,011,885		
Culture and recreation		859,775		
Total depreciation expense - governmental activities		4,875,624		

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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	159,406	232,573	(344,912)	47,067
Total capital assets, non-depreciable	1,039,550	232,573	(344,912)	927,211
Capital assets, depreciable:				
Improvements & Infrastructure	82,235,336	2,065,180	-	84,300,516
Buildings	367,755	-	-	367,755
Machinery & Equipment	1,400,349	57,143	-	1,457,492
Total capital assets, depreciable	84,003,440	2,122,323	-	86,125,763
Total	85,042,990	2,354,896	(344,912)	87,052,974
Less accumulated depreciation for:				
Improvements & Infrastructure	(31,850,373)	(1,735,622)	-	(33,585,995)
Buildings	(347,162)	(1,693)	-	(348,855)
Machinery & Equipment	(998,003)	(77,310)	-	(1,075,313)
Total accumulated depreciation	(33,195,538)	(1,814,625)	-	(35,010,163)
Net depreciable capital assets	50,807,902	307,698	-	51,115,600
Net capital assets	51,847,452	540,271	(344,912)	52,042,811
Business-type activities:			Depreciation	
Water			(1,032,948)	
Sewer			(588,999)	
Stormwater			(192,678)	
Total depreciation expense - business-type activities			(1,814,625)	

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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	\$ 4,713,550	\$ -
Building Fund	23,250	373,740
Road Operating Fund	718,797	684,450
Transportation Development Tax Fund	-	544,557
Total Major Governmental Funds	<u>5,455,597</u>	<u>1,602,747</u>
Non-major Governmental Funds		
Road Utility Fee Fund	-	298,060
Core Area Parking District Fund	-	29,330
Park Development Fund	-	42,200
Leveton Project Fund	-	91,850
Total Non-major Governmental Funds	<u>-</u>	<u>461,440</u>
Proprietary Funds		
Water Fund	141,677	2,183,730
Water Development Fund	-	155,117
Enterprise Bond Fund	637,515	-
Sewer Fund	113,310	1,066,655
Sewer Development Fund	-	13,170
Storm Drain Fund	-	856,690
Storm Drain Development Fund	-	8,550
Total Proprietary Funds	<u>892,502</u>	<u>4,283,912</u>
Total Government Wide	<u><u>\$ 6,348,099</u></u>	<u><u>\$ 6,348,099</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, judgments, compensated absences and net pension obligations 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, 2017	Additions	Reductions	Ending balance as of June 30, 2018	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	\$ 705,000	\$ -	\$ (345,000)	\$ 360,000	\$ 360,000
Series 2005, Parks Improvement, interest at 2.5- 4.125%, original issue of \$3,785,000, due 2025	1,890,000	-	(205,000)	1,685,000	215,000
Series 2006, Library Improvement, interest at 3.75- 4.25%, original issue of \$4,225,000, due 2027	2,650,000	-	(215,000)	2,435,000	225,000
Full Faith and Credit obligations					
Series 2013, Operations Warehouse, interest at 3.0%, original issue of \$1,100,000, due 2024	810,039	-	(105,547)	704,492	109,281
Long-term bonded debt obligations	6,055,039	-	(870,547)	5,184,492	909,281
Compensated absences	678,530	762,508	(768,334)	672,704	672,705
Other postemployment benefits	-	892,161	-	892,161	-
Pension transition liability	1,317,029	-	(61,574)	1,255,455	76,530
Net pension liability	20,191,574	-	(3,766,756)	16,424,818	-
Total governmental activities	<u>\$ 28,242,172</u>	<u>\$ 1,654,669</u>	<u>\$ (5,467,211)</u>	<u>\$ 24,429,630</u>	<u>\$ 1,658,516</u>
Business-type activities:					
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	\$ 3,900,000	\$ -	\$ (370,000)	\$ 3,530,000	\$ 380,000
Plus: Bond issuance premium	323,995	-	(40,499)	283,496	-
Long-term bonded debt obligations	4,223,995	-	(410,499)	3,813,496	380,000
Compensated absences	20,717	36,527	(26,410)	30,834	30,834
Other postemployment benefits	-	25,040	-	25,040	-
Pension transition liability	52,416	-	(17,108)	35,308	2,153
Net pension liability	803,604	-	(341,685)	461,919	-
Total business-type activities	<u>\$ 5,100,732</u>	<u>\$ 61,567</u>	<u>\$ (795,702)</u>	<u>\$ 4,366,596</u>	<u>\$ 412,987</u>
Total long-term debt obligations					
General Obligation bonds	\$ 5,245,000	\$ -	\$ (765,000)	\$ 4,480,000	\$ 800,000
Full Faith and Credit obligations	4,710,039	-	(475,547)	4,234,492	489,281
Plus: Bond issuance premium	323,995	-	(40,499)	283,496	-
Long-term bonded debt obligations	10,279,034	-	(1,281,046)	8,997,988	1,289,281
Compensated absences	699,247	799,035	(794,744)	703,538	703,539
Other postemployment benefits	-	917,201	-	917,201	-
Pension transition liability	1,369,445	-	(78,682)	1,290,763	78,683
Net pension liability	20,995,178	-	(4,108,441)	16,886,737	-
Total long-term debt obligations	<u>\$ 33,342,904</u>	<u>\$ 1,716,236</u>	<u>\$ (6,262,913)</u>	<u>\$ 28,796,226</u>	<u>\$ 2,071,503</u>

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Future Principal and Interest. Future maturities of bond principal and interest at June 30, 2018 are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 909,281	\$ 184,708	\$ 380,000	\$ 126,650	\$ 1,289,281	\$ 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	619,370	110,505	430,000	79,950	1,049,370	190,455
2023	643,028	86,711	450,000	62,350	1,093,028	149,061
2024-2027	1,854,655	123,484	1,460,000	76,575	3,314,655	200,059
	<u>\$ 5,184,492</u>	<u>\$ 793,611</u>	<u>\$ 3,530,000</u>	<u>\$ 555,425</u>	<u>\$ 8,714,492</u>	<u>\$ 1,349,036</u>

7. Post Employment Benefits Other than Pensions

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan.

Financial Statement Presentation

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

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 41,696	\$ 41,696
Deferred Outflows of Resources			
Contributions After the Measurement Date	78,520	50,227	128,747
Total OPEB Liability	917,201	-	917,201
Deferred Inflows of Resources			
Change in Proportionate Share	-	(242)	(242)
Change in Assumptions	(49,237)	-	(49,237)
Difference in Earnings	-	(19,311)	(19,311)
OPEB Expense	95,883	134	96,017
(Included in program expenses on Statement of Activities)			

Implicit Rate Subsidy

Plan Description

The City's single-employer defined benefit postemployment healthcare plan is administered by City County Insurance Services (CIS). Benefit provisions are established through negotiations between the City and representatives of collective bargaining units or through resolutions passed by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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The City's postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained by writing to CIS, 1212 Court Street NE, Salem, OR 97301, or by accessing the CIS website at www.cisoregon.org.

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	14
Active employees	149
	<u>163</u>

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

The City's total OPEB liability of \$917,201 was measured as of June 30, 2017, and was determined by an actuarial valuation as of July 1, 2016.

For the fiscal year ended June 30, 2018, the City recognized OPEB expense from this plan of \$95,883. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 49,237
Contributions made subsequent to measurement date	78,520	-
Total	<u>\$ 78,520</u>	<u>\$ 49,237</u>

Deferred outflows of resources related to OPEB of \$78,520 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Annual Recognition
2019	\$ (6,839)
2020	(6,839)
2021	(6,839)
2022	(6,839)
2023	(6,839)
Thereafter	<u>(15,042)</u>
Total	<u>(49,237)</u>

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Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2016 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Inflation	2.5 percent
Salary increases	3.5 percent
Healthy mortality	RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females.
Discount rate	3.58 percent (change from 2.85 percent in previous measurement period)
Healthcare cost trend rate	Medical and vision: 7.5 percent per year, decreasing to 5.0 percent. Dental: 4.5 percent per year.

The discount rates are based on a 20-Year general obligation bond yield index published by The Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2017	\$ 960,086
Changes for the year:	
Service cost	74,503
Interest on total OPEB liability	28,219
Effect of assumptions changes or inputs	(56,076)
Benefit payments	(89,531)
	<hr/>
Balance as of June 30, 2018	<u><u>\$ 917,201</u></u>

Changes in assumptions is the result of the change in the discount rate from 2.85 to 3.58.

Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

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Discount Rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 991,134	\$ 917,201	\$ 849,573

Healthcare Cost Trend:

	1% Decrease (6.5% decreasing to 4.0%)	Current Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB Liability	\$ 827,084	\$ 917,201	\$ 1,023,926

PERS Retirement Health Insurance Account

Plan Description

The City contributes to the PERS 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 PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. 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 hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided

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 PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

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Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The City's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's total for the year ended June 30, 2018 contributions was \$50,227.

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

At June 30, 2018, the City reported an asset of \$41,560 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2017, the City's proportionate share was 0.0999%, which is a decrease from its proportion of 0.1011% as of June 30, 2016.

For the year ended June 30, 2018, the City recognized OPEB expense from this plan of \$134. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 19,311
Changes in proportionate share	-	242
Contributions made subsequent to measurement date	50,227	-
Total	\$ 50,227	\$ 19,553

Deferred outflows of resources related to OPEB of \$50,227 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Annual Recognition
2019	\$ (4,918)
2020	(4,918)
2021	(4,890)
2022	(4,828)
Total	\$ (19,553)

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Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2015 actuarial valuation was determined using the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal
Amortization method	Amortized as a level percentage of payroll as layered bases over a closed 10 year period
Asset valuation method	Market value of assets
Inflation	2.5 percent
Investment rate of return	7.5 percent
Salary increases	3.5 percent
Mortality	<p><i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation</p> <p><i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation</p> <p><i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table</p>
Healthcare cost trend rate	Ranging from 6.3% in 2016 to 4.4% in 2094

The total OPEB liability in the December 31, 2015 actuarial valuation was determined using the following actuarial methods and assumptions:

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 2015 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

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that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00	3.61
Bank/Leveraged Loans	3.00	5.42
High Yield Bonds	1.00	6.20
Large/Mid Cap US Equities	15.75	6.70
Small Cap US Equities	1.31	6.99
Micro Cap US Equities	1.31	7.01
Developed Foreign Equities	13.13	6.73
Emerging Market Equities	4.12	7.25
Non-US Small Cap Equities	1.88	7.22
Private Equity	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds – Diversified	2.50	4.64
Hedge Fund – Event-driven	0.63	6.72
Timber	1.88	5.85
Farmland	1.88	6.37
Infrastructure	3.75	7.13
Commodities	1.88	4.58
Assumed Inflation – Mean		2.50

Discount Rate

The discount rate used to measure the total OPEB liability was 7.50% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 RHIA Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the City's proportionate share of the net OPEB liability (asset) to changes in the discount rate

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net OPEB liability (asset) would

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be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Discount Rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB Liability (Asset)	\$ 5,812	\$ (41,696)	\$ (82,104)

OPEB Plan Fiduciary Net Position

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

Changes in Plan Provisions Subsequent to Measurement Date

The PERS Board lowered the Assumed Rate of Return from 7.50% to 7.20% on July 28, 2017. This change is effective January 1, 2018, and will decrease the net OPEB asset or increase the net OPEB liability in future periods.

8. 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/Financials/Actuarial-Financial-Information.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

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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 (COLA) changes. The COLA is capped at 2.0 percent.

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

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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

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.

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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, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2018 were \$1,992,599, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2018 were 24.29 percent for Tier One/Tier Two General Service Member, 24.29 percent for Tier One/Tier Two Police, 15.52 percent for OPSRP Pension Program General Service Members, 20.29 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, 2018, the City reported a liability of \$16,886,737 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. 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. At June 30, 2017, the City's proportion was 0.12527218 percent, which decreased from its proportion of 0.13985297 percent measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$1,241,151. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 816,650	\$ -
Changes of assumptions	3,078,151	-
Net difference between projected and actual earnings on pension plan investments	173,973	-
Changes in proportion	-	1,610,886
Differences between employer contributions and proportionate share of contributions	289,564	78,300
Total (prior to post-MD contributions)	4,358,338	1,689,186
Contributions subsequent to the MD	1,992,599	-
Total	<u>\$ 6,350,937</u>	<u>\$ 1,689,186</u>

Deferred outflows of resources related to pensions of \$1,992,599 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 367,043
2019	1,735,984
2020	1,109,030
2021	(541,923)
2022	(981)
Total	<u>\$ 2,669,153</u>

Actuarial assumptions

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal method.

For the ORS 238 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), and (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.

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For the ORS 238A OPSRP Pension Program 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 actuarially determined amount for funding a disability benefit component, and (3) 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.50 percent
Discount Rate	7.50 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p>Health retirees and beneficiaries: RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table.</p>

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.

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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 2015 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.

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	14.0%	21.0%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.30%	6.99%
Micro Cap US Equities	1.30%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equities	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-Driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.50%

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount rate

The discount rate used to measure the total pension liability was 7.50 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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset)	\$ 28,778,084	\$ 16,886,737	\$ 6,943,370

Pension plan fiduciary net position

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

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Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2017 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

On July 28, 2017, subsequent to the June 30, 2017 measurement date, the OSPERS Board lowered the assumed rate to 7.2 percent. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016. The new rate will take effect January 1, 2018. The effect on the City has not been determined.

9. 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.

10. 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.

11. Subsequent Events

On August 28, 2018, the City issued General Obligation and Refunding bonds, Series 2018 in accordance with the voter approved ballot measure 34-282 from the May 2018 election. The ballot measure approved the sale of bonds not to exceed \$20,000,000. The General Obligation Transportation Project portion of the bond sale resulted in a par amount of \$20,000,000 and a premium of \$2,954,232 and will be used for pedestrian safety and transportation projects throughout the City. The refunding portion is a current refunding of the 2005 Series Park Improvement Bonds and the 2006 Series, Library bonds with a par amount of \$1,550,000 and \$2,200,000, respectively. The refundings were undertaken to reduce total future debt service payments. The reacquisition prices exceeded the net carrying amount of the old debt by \$43,480. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The transaction also resulted in an economic gain of \$251,539 and a reduction of \$228,555 in future debt service payments.

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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
 - Road Operating Fund
 - Transportation Development Tax Fund
- Schedule of the City's Proportionate Share of the Net OPEB Liability
Oregon Public Employees Retirement System, Retirement Health Insurance Account
- Schedule of City OPEB Contributions
Oregon Public Employees Retirement System, Retirement Health Insurance Account
- Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Implicit Rate Subsidy Plan
- Schedule of City OPEB Contributions
Implicit Rate Subsidy Plan
- Schedule of the City's Proportionate Share of the Net Pension (Asset)/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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 9,267,130	\$ 9,267,130	\$ 9,343,224	\$ 76,094
Franchise fees	2,245,000	2,245,000	2,366,393	121,393
Charges for service	265,000	265,000	291,600	26,600
Licenses and permits	280,000	280,000	319,458	39,458
Intergovernmental	3,525,900	3,553,105	3,360,758	(192,347)
Fines and forfeitures	1,204,500	1,204,500	1,085,542	(118,958)
Fees and charges	104,700	104,700	126,259	21,559
Interest	170,000	170,000	209,084	39,084
Miscellaneous	144,170	151,770	183,291	31,521
TOTAL REVENUES	17,206,400	17,241,205	17,285,609	44,404
EXPENDITURES				
City Council	138,435	138,435	113,223	25,212
Administration	1,133,410	1,133,410	1,123,880	9,530
Finance	1,070,735	1,070,735	1,061,640	9,095
Municipal Court	410,855	410,855	321,383	89,472
Legal	332,810	332,810	332,051	759
Information Services	1,536,290	1,536,290	1,435,768	100,522
Planning	811,795	811,795	643,213	168,582
Engineering	1,270,465	1,270,465	1,053,032	217,433
Police	7,739,710	7,739,710	7,689,756	49,954
Community Services - Admin	1,202,760	1,210,360	1,177,848	32,512
Community Services - Library	2,241,875	2,269,080	2,244,554	24,526
Public Works Administration	517,995	517,995	483,381	34,614
Fleet Maintenance	476,680	476,680	442,650	34,030
Building Maintenance	979,735	979,735	953,202	26,533
Parks Maintenance	1,492,920	1,492,920	1,477,023	15,897
Nondepartmental				
General Services	1,022,555	1,022,555	897,868	124,687
Contingency	3,356,850	3,356,850	-	3,356,850
TOTAL EXPENDITURES	25,735,875	25,770,680	21,450,472	4,320,208
DEFICIENCY OF REVENUES				
 UNDER EXPENDITURES	(8,529,475)	(8,529,475)	(4,164,863)	4,364,612
OTHER FINANCING SOURCES				
Transfers in	4,713,550	4,713,550	4,713,550	-
Sales of general capital assets	-	-	4,252	4,252
TOTAL OTHER FINANCING SOURCES	4,713,550	4,713,550	4,717,802	4,252
NET CHANGE IN FUND BALANCE	(3,815,925)	(3,815,925)	552,939	4,368,864
FUND BALANCES - beginning	10,067,050	10,067,050	10,055,342	(11,708)
FUND BALANCE - ending	\$ 6,251,125	\$ 6,251,125	\$ 10,608,281	\$ 4,357,156

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for service	\$ 437,500	\$ 437,500	\$ 687,623	\$ 250,123
Licenses and permits	597,180	597,180	626,894	29,714
Fees and charges	5,100	5,100	15,846	10,746
Interest	20,000	20,000	33,200	13,200
Miscellaneous	200	200	1,968	1,768
TOTAL REVENUES	1,059,980	1,059,980	1,365,531	305,551
EXPENDITURES				
Current:				
Personal Services	769,970	769,970	704,947	65,023
Materials and service	119,500	119,500	80,946	38,554
Capital outlay	33,000	33,000	29,955	3,045
Contingency	194,430	194,430	-	194,430
TOTAL EXPENDITURES	1,116,900	1,116,900	815,848	301,052
EXCESS (DEFICIENCY) OF REVENUES	(56,920)	(56,920)	549,683	606,603
OTHER FINANCING SOURCES (USES)				
Transfers in	23,250	23,250	23,250	-
Transfers out	(373,740)	(373,740)	(373,740)	-
TOTAL OTHER FINANCING SOURCES (USES)	(350,490)	(350,490)	(350,490)	-
NET CHANGE IN FUND BALANCE	(407,410)	(407,410)	199,193	606,603
FUND BALANCE - beginning	1,961,120	1,961,120	1,814,179	(146,941)
FUND BALANCE - ending	\$ 1,553,710	\$ 1,553,710	\$ 2,013,372	\$ 459,662

CITY OF TUALATIN, OREGON
ROAD OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ 1,637,150	\$ 1,637,150	\$ 1,795,815	\$ 158,665
Interest	25,750	25,750	40,203	14,453
Miscellaneous	200,000	200,000	67,464	(132,536)
TOTAL REVENUES	1,862,900	1,862,900	1,903,482	40,582
EXPENDITURES				
Current:				
Personal Services	288,380	298,380	279,592	18,788
Materials and service	879,870	879,870	864,215	15,655
Capital outlay	2,148,000	2,148,000	1,335,315	812,685
Contingency	600,110	590,110	-	590,110
TOTAL EXPENDITURES	3,916,360	3,916,360	2,479,122	1,437,238
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	(2,053,460)	(2,053,460)	(575,640)	1,477,820
OTHER FINANCING SOURCES (USES)				
Transfers in	1,064,240	1,064,240	718,797	(345,443)
Transfers out	(684,450)	(684,450)	(684,450)	-
TOTAL OTHER FINANCING				
SOURCES (USES)	379,790	379,790	34,347	(345,443)
NET CHANGE IN FUND BALANCE	(1,673,670)	(1,673,670)	(541,293)	1,132,377
FUND BALANCE - beginning	2,099,610	2,099,610	2,203,429	103,819
FUND BALANCE - ending	\$ 425,940	\$ 425,940	\$ 1,662,136	\$ 1,236,196

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees and charges	\$ 900,000	\$ 900,000	\$ 2,450,248	\$ 1,550,248
Interest	87,000	87,000	147,044	60,044
Miscellaneous	-	-	1,649	1,649
TOTAL REVENUES	987,000	987,000	2,598,941	1,611,941
EXPENDITURES				
Contingency	7,076,500	7,076,500	-	7,076,500
EXCESS (DEFICIENCY) OF REVENUES	(6,089,500)	(6,089,500)	2,598,941	8,688,441
OTHER FINANCING USES				
Transfers out	(890,000)	(890,000)	(544,557)	345,443
NET CHANGE IN FUND BALANCE	(6,979,500)	(6,979,500)	2,054,384	9,033,884
FUND BALANCE - beginning	6,979,500	6,979,500	6,698,728	(280,772)
FUND BALANCE - ending	\$ -	\$ -	\$ 8,753,112	\$ 8,753,112

CITY OF TUALATIN, OREGON
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Oregon Public Employees Retirement System, Retirement Health Insurance Account
For the Last Fiscal Year¹

Measurement Date June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2017	0.09990764%	\$ (41,696)	\$ 10,461,419	-0.40%	108.90%

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

¹This 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.

NOTES TO SCHEDULE

Changes of Assumptions:

The Board reviews the discount rate in odd-numbered years as part of the Board's adoption of actuarial methods and assumptions. That rate is then adopted in an administrative rule at the time the Board sets the new rate. On July 28, 2017, the PERS Board adopted a 7.2% assumed rate.

The rule specifies that the adopted assumed rate will be effective for PERS transactions with an effective date of January 1, 2018, consistent with this Board's policy decision from 2013 that the assumed rate will be effective January 1 following the Board's adoption of the rate.

CITY OF TUALATIN, OREGON
SCHEDULE OF CITY OPEB CONTRIBUTIONS
Oregon Public Employees Retirement System, Retirement Health Insurance Account
For the Last Two Fiscal Years¹

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2018	\$ 50,227	\$ 50,227	\$ -	\$ 11,063,578	0.45%
2017	49,604	49,604	-	10,461,419	0.47%

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

¹This 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.

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	December 31, 2013	December 31, 2011
Effective:	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period:	10 years	10 years
Asset valuation method:	Market value	Market value
Remaining amortization periods:	20 years	N/A
Actuarial assumptions		
Inflation rate	2.75 percent	2.75 percent
Projected salary increases	3.75 percent	3.75 percent
Investment rate of return	7.75 percent	8.00 percent
Healthcare cost trend rates	None. Statute stipulates \$60 monthly payment for healthcare insurance	None. Statute stipulates \$60 monthly payment for healthcare insurance

CITY OF TUALATIN, OREGON**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS****Implicit Rate Subsidy Plan****For the Last Fiscal Year^{1 2}**

	2018
Total OPEB Liability	
Service Interest	\$ 74,503
Interest	28,219
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(56,076)
Benefit payment	(89,531)
Net change in total OPEB liability	(42,885)
Total OPEB liability - beginning	960,086
Total OPEB liability - ending	<u>\$ 917,201</u>
Covered-employee payroll	\$ 11,063,578
Total OPEB liability as a percentage of covered-employee payroll	8.29%

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

² Amounts presented are for the measurement period reported during the fiscal year, which for FY 2018 is July 1, 2016 - June 30, 2017.

CITY OF TUALATIN, OREGON
SCHEDULE OF CITY OPEB CONTRIBUTIONS
Implicit Rate Subsidy Plan
For the Last Two Fiscal Years¹

Year Ended June 30,	(a) Actuarially determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2018	\$ 78,520	\$ 78,520	\$ -	\$ 11,063,578	0.71%
2017	89,531	89,531	-	10,461,419	0.86%

¹This 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.

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	July 1, 2016
Effective:	July 2016 - June 2018
Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of payroll, closed
Amortization period:	8.2 years
Asset valuation method:	Market value
Remaining amortization periods:	20 years
Actuarial assumptions	
Inflation rate	2.50 percent
Projected salary increases	3.50 percent
Investment rate of return	7.85 percent

CITY OF TUALATIN, OREGON**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY****For the Last Five Fiscal Years¹**

Measurement Date 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
2017	0.12527218%	\$ 16,886,737	\$ 10,461,419	161.42%	83.10%
2016	0.13985297%	20,995,178	9,876,439	212.58%	80.53%
2015	0.15443816%	8,867,007	10,203,939	86.90%	91.90%
2014	0.15665389%	(3,550,897)	9,786,025	-36.29%	103.60%
2013	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.

¹This 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 Five Fiscal Years¹**

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
2018	\$ 1,992,599	\$ 1,992,599	\$ -	\$ 11,063,578	18.01%
2017	1,510,197	1,510,197	-	10,461,419	14.44%
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.

¹This 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, 2018

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, 2018. The city had a supplemental budget during the year-ended June 30, 2018. Appropriations lapse as of year-end.

Changes in Benefit Terms - Pension

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

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:

- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Fund
- Budgetary Comparison Schedules - Enterprise Funds
- Other Financial Schedules

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.

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.

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.

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:

Park Development Fund

The Park Development Fund accounts for capital improvements to parks 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 with 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 with the urban renewal district.

CITY OF TUALATIN, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
ASSETS				
Cash and investments	\$ 518,062	\$ 111,783	\$ 5,136,382	\$ 5,766,227
Accounts receivable	133,995	2,765	-	136,760
Property taxes receivable	-	46,326	-	46,326
TOTAL ASSETS	<u>\$ 652,057</u>	<u>\$ 160,874</u>	<u>\$ 5,136,382</u>	<u>\$ 5,949,313</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 24,805	\$ 55,000	\$ 30,544	\$ 110,349
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property tax revenue	-	42,679	-	42,679
FUND BALANCES				
Restricted for:				
Debt service payments	-	63,195	-	63,195
Capital projects	-	-	1,284,846	1,284,846
Urban renewal projects	131,152	-	3,820,992	3,952,144
Committed to:				
Pavement maintenance and street lighting	310,272	-	-	310,272
Parking maintenance	134,595	-	-	134,595
Assigned to:				
Scholarships	51,233	-	-	51,233
TOTAL FUND BALANCES	<u>627,252</u>	<u>63,195</u>	<u>5,105,838</u>	<u>5,796,285</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 652,057</u>	<u>\$ 160,874</u>	<u>\$ 5,136,382</u>	<u>\$ 5,949,313</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, 2018

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
REVENUES				
Property taxes	\$ -	\$ 946,896	\$ -	\$ 946,896
Intergovernmental	-	142	-	142
Fees and charges	1,441,681	-	294,585	1,736,266
Interest	8,069	1,751	84,532	94,352
Miscellaneous	-	1,214	-	1,214
TOTAL REVENUES	1,449,750	950,003	379,117	2,778,870
EXPENDITURES				
Current:				
General government	60,754	-	-	60,754
Highways and streets	1,218,921	-	-	1,218,921
Culture and recreation	500	-	9,406	9,906
Capital outlay	29,960	-	187,519	217,479
Debt service:				
Principal	-	765,000	-	765,000
Interest	-	198,406	-	198,406
TOTAL EXPENDITURES	1,310,135	963,406	196,925	2,470,466
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	139,615	(13,403)	182,192	308,404
OTHER FINANCING USES				
Transfers out	(327,390)	-	(134,050)	(461,440)
NET CHANGE IN FUND BALANCES	(187,775)	(13,403)	48,142	(153,036)
FUND BALANCES - beginning	815,027	76,598	5,057,696	5,949,321
FUND BALANCES - ending	\$ 627,252	\$ 63,195	\$ 5,105,838	\$ 5,796,285

CITY OF TUALATIN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	Road Utility Fee Fund	Core Area Parking District Fund	Tualatin Scholarship Fund	Economic Development Administration Fund	Total
ASSETS					
Cash and investments	\$ 195,513	\$ 136,119	\$ 51,233	\$ 135,197	\$ 518,062
Accounts receivable	133,995	-	-	-	133,995
TOTAL ASSETS	<u>\$ 329,508</u>	<u>\$ 136,119</u>	<u>\$ 51,233</u>	<u>\$ 135,197</u>	<u>\$ 652,057</u>
LIABILITIES					
Accounts payable and other current liabilities	\$ 19,236	\$ 1,524	\$ -	\$ 4,045	\$ 24,805
FUND BALANCES					
Restricted for:					
Urban renewal projects	-	-	-	131,152	131,152
Committed to:					
Pavement maintenance and street lighting	310,272	-	-	-	310,272
Parking maintenance	-	134,595	-	-	134,595
Assigned to:					
Scholarships	-	-	51,233	-	51,233
TOTAL FUND BALANCES	<u>310,272</u>	<u>134,595</u>	<u>51,233</u>	<u>131,152</u>	<u>627,252</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 329,508</u>	<u>\$ 136,119</u>	<u>\$ 51,233</u>	<u>\$ 135,197</u>	<u>\$ 652,057</u>

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, 2018

	Road Utility Fee Fund	Core Area Parking District Fund	Tualatin Scholarship Fund	Economic Development Administration Fund	Total
REVENUES					
Fees and charges	\$ 1,388,381	\$ 53,300	\$ -	\$ -	\$ 1,441,681
Interest	1,078	2,737	855	3,399	8,069
TOTAL REVENUES	1,389,459	56,037	855	3,399	1,449,750
EXPENDITURES					
Current:					
General government	-	21,513	-	39,241	60,754
Highways and streets	1,218,921	-	-	-	1,218,921
Culture and recreation	-	-	500	-	500
Capital outlay	-	29,960	-	-	29,960
TOTAL EXPENDITURES	1,218,921	51,473	500	39,241	1,310,135
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	170,538	4,564	355	(35,842)	139,615
OTHER FINANCING USES					
Transfers out	(298,060)	(29,330)	-	-	(327,390)
NET CHANGE IN FUND BALANCES	(127,522)	(24,766)	355	(35,842)	(187,775)
FUND BALANCES - beginning	437,794	159,361	50,878	166,994	815,027
FUND BALANCES - ending	\$ 310,272	\$ 134,595	\$ 51,233	\$ 131,152	\$ 627,252

CITY OF TUALATIN, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	General Obligation Bond Fund	Central Urban Renewal District Bond Fund	Total
ASSETS			
Cash and investments	\$ 56,783	\$ 55,000	\$ 111,783
Accounts receivable	2,765	-	2,765
Property taxes receivable	46,326	-	46,326
TOTAL ASSETS	<u>\$ 105,874</u>	<u>\$ 55,000</u>	<u>\$ 160,874</u>
LIABILITIES			
Accounts payable and other current liabilities	\$ -	\$ 55,000	\$ 55,000
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property tax revenue	42,679	-	42,679
FUND BALANCES			
Restricted for:			
Debt service payments	63,195	-	63,195
TOTAL FUND BALANCES	<u>63,195</u>	<u>-</u>	<u>63,195</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 105,874</u>	<u>\$ 55,000</u>	<u>\$ 160,874</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, 2018

	General Obligation Bond Fund	Central Urban Renewal District Bond Fund	Total
REVENUES			
Property taxes	\$ 946,896	\$ -	\$ 946,896
Intergovernmental	142	-	142
Interest	1,751	-	1,751
Miscellaneous	1,214	-	1,214
TOTAL REVENUES	950,003	-	950,003
EXPENDITURES			
Debt service:			
Principal	765,000	-	765,000
Interest	198,406	-	198,406
TOTAL EXPENDITURES	963,406	-	963,406
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCES	(13,403)	-	(13,403)
FUND BALANCES - beginning	76,598	-	76,598
FUND BALANCES - ending	\$ 63,195	\$ -	\$ 63,195

CITY OF TUALATIN, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	Park Development Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Total
ASSETS				
Cash and investments	\$ 1,315,390	\$ 121,429	\$ 3,699,563	\$ 5,136,382
LIABILITIES				
Accounts payable and other current liabilities	\$ 30,544	\$ -	\$ -	\$ 30,544
FUND BALANCES				
Restricted for:				
Capital projects	1,284,846	-	-	1,284,846
Urban renewal projects	-	121,429	3,699,563	3,820,992
TOTAL FUND BALANCES	1,284,846	121,429	3,699,563	5,105,838
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,315,390	\$ 121,429	\$ 3,699,563	\$ 5,136,382

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, 2018

	Park Development Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Total
REVENUES				
Fees and charges	\$ 294,585	\$ -	\$ -	\$ 294,585
Interest	20,198	2,023	62,311	84,532
TOTAL REVENUES	314,783	2,023	62,311	379,117
EXPENDITURES				
Current:				
Culture and recreation	9,406	-	-	9,406
Capital outlay	186,479	-	1,040	187,519
TOTAL EXPENDITURES	195,885	-	1,040	196,925
EXCESS OF REVENUES OVER EXPENDITURES	118,898	2,023	61,271	182,192
OTHER FINANCING USES				
Transfers out	(42,200)	-	(91,850)	(134,050)
NET CHANGE IN FUND BALANCES	76,698	2,023	(30,579)	48,142
FUND BALANCES - beginning	1,208,148	119,406	3,730,142	5,057,696
FUND BALANCES - ending	<u>\$ 1,284,846</u>	<u>\$ 121,429</u>	<u>\$ 3,699,563</u>	<u>\$ 5,105,838</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
 - Core Area Parking District Fund
 - Tualatin Scholarship Fund
 - Economic Development Administration Fund
- Nonmajor Debt Service Funds
 - General Obligation Bond Fund
- Nonmajor Capital Project Funds
 - Park Development Fund
 - Central Urban Renewal District Project Fund
 - Leveton Tax Increment District 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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees and charges	\$ 1,055,300	\$ 1,077,800	\$ 1,388,381	\$ 310,581
Interest	5,790	5,790	1,078	(4,712)
TOTAL REVENUES	<u>1,061,090</u>	<u>1,083,590</u>	<u>1,389,459</u>	<u>305,869</u>
EXPENDITURES				
Current:				
Materials and service	<u>1,220,330</u>	<u>1,242,830</u>	<u>1,218,921</u>	<u>23,909</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	<u>(159,240)</u>	<u>(159,240)</u>	<u>170,538</u>	<u>329,778</u>
OTHER FINANCING USES				
Transfers out	<u>(298,060)</u>	<u>(298,060)</u>	<u>(298,060)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(457,300)</u>	<u>(457,300)</u>	<u>(127,522)</u>	<u>329,778</u>
FUND BALANCE - beginning	<u>463,080</u>	<u>463,080</u>	<u>437,794</u>	<u>(25,286)</u>
FUND BALANCE - ending	<u><u>\$ 5,780</u></u>	<u><u>\$ 5,780</u></u>	<u><u>\$ 310,272</u></u>	<u><u>\$ 304,492</u></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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees and charges	\$ 52,000	\$ 52,000	\$ 53,300	\$ 1,300
Interest	1,000	1,000	2,737	1,737
TOTAL REVENUES	53,000	53,000	56,037	3,037
EXPENDITURES				
Current:				
Materials and service	25,700	25,700	21,513	4,187
Capital outlay	37,000	37,000	29,960	7,040
Contingency	13,800	13,800	-	13,800
TOTAL EXPENDITURES	76,500	76,500	51,473	25,027
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(23,500)	(23,500)	4,564	28,064
OTHER FINANCING USES				
Transfers out	(29,330)	(29,330)	(29,330)	-
NET CHANGE IN FUND BALANCE	(52,830)	(52,830)	(24,766)	28,064
FUND BALANCE - beginning	162,355	162,355	159,361	(2,994)
FUND BALANCE - ending	\$ 109,525	\$ 109,525	\$ 134,595	\$ 25,070

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	\$ 500	\$ 500	\$ 855	\$ 355
EXPENDITURES				
Current:				
Materials and service	500	500	500	-
EXCESS OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	355	355
FUND BALANCE - beginning	50,825	50,825	50,878	53
FUND BALANCE - ending	<u>\$ 50,825</u>	<u>\$ 50,825</u>	<u>\$ 51,233</u>	<u>\$ 408</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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	\$ 1,895	\$ 1,895	\$ 3,399	\$ 1,504
EXPENDITURES				
Current:				
Materials and service	63,300	63,300	39,241	24,059
Contingency	90,235	90,235	-	90,235
TOTAL EXPENDITURES	153,535	153,535	39,241	114,294
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES AND				
NET CHANGE IN FUND BALANCE	(151,640)	(151,640)	(35,842)	115,798
FUND BALANCE - beginning	151,640	151,640	166,994	15,354
FUND BALANCE - ending	\$ -	\$ -	\$ 131,152	\$ 131,152

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 940,000	\$ 940,000	\$ 946,896	\$ 6,896
Intergovernmental	-	-	142	142
Interest	1,500	1,500	1,751	251
Miscellaneous	-	-	1,214	1,214
TOTAL REVENUES	941,500	941,500	950,003	8,503
EXPENDITURES				
Debt service:				
Principal	765,000	765,000	765,000	-
Interest	198,410	198,410	198,406	4
TOTAL EXPENDITURES	963,410	963,410	963,406	4
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES AND				
NET CHANGE IN FUND BALANCE	(21,910)	(21,910)	(13,403)	8,507
FUND BALANCE - beginning	75,000	75,000	76,598	1,598
FUND BALANCE - ending	\$ 53,090	\$ 53,090	\$ 63,195	\$ 10,105

CITY OF TUALATIN, OREGON
PARK DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees and charges	\$ 2,057,660	\$ 2,057,660	\$ 294,585	\$ (1,763,075)
Interest	7,000	7,000	20,198	13,198
TOTAL REVENUES	2,064,660	2,064,660	314,783	(1,749,877)
EXPENDITURES				
Current:				
Materials and service	32,000	32,000	9,406	22,594
Capital outlay	3,136,300	3,136,300	186,479	2,949,821
TOTAL EXPENDITURES	3,168,300	3,168,300	195,885	2,972,415
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,103,640)	(1,103,640)	118,898	1,222,538
OTHER FINANCING USES				
Transfers out	(42,200)	(42,200)	(42,200)	-
NET CHANGE IN FUND BALANCE	(1,145,840)	(1,145,840)	76,698	1,222,538
FUND BALANCE - beginning	1,145,840	1,145,840	1,208,148	62,308
FUND BALANCE - ending	\$ -	\$ -	\$ 1,284,846	\$ 1,284,846

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	\$ 2,310	\$ 2,310	\$ 2,023	\$ (287)
EXPENDITURES				
Capital outlay	187,020	187,020	-	187,020
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE	(184,710)	(184,710)	2,023	186,733
FUND BALANCE - beginning	184,710	184,710	119,406	(65,304)
FUND BALANCE - ending	\$ -	\$ -	\$ 121,429	\$ 121,429

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	\$ 46,020	\$ 46,020	\$ 62,311	\$ 16,291
EXPENDITURES				
Capital outlay	25,000	25,000	1,040	23,960
Contingency	17,530	17,530	-	17,530
TOTAL EXPENDITURES	42,530	42,530	1,040	41,490
EXCESS OF REVENUES OVER EXPENDITURES	3,490	3,490	61,271	57,781
OTHER FINANCING USES				
Transfers out	(91,850)	(91,850)	(91,850)	-
NET CHANGE IN FUND BALANCE	(88,360)	(88,360)	(30,579)	57,781
FUND BALANCE - beginning	3,681,430	3,681,430	3,730,142	48,712
FUND BALANCE - ending	\$ 3,593,070	\$ 3,593,070	\$ 3,699,563	\$ 106,493

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
 - 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, 2018

	Water Fund	Water Development Fund	Enterprise Bond Fund	Total Water Operations
REVENUES				
Charges for service	\$ 6,604,701	\$ -	\$ -	\$ 6,604,701
Fees and charges	25,444	479,465	-	504,909
Interest	99,486	16,867	8,636	124,989
Miscellaneous	601	-	-	601
TOTAL REVENUES	6,730,232	496,332	8,636	7,235,200
EXPENDITURES				
Current:				
Personal Services	522,726	-	-	522,726
Materials and service	2,737,432	-	450	2,737,882
Capital outlay	535,255	-	-	535,255
Debt service:				
Principal	-	-	475,547	475,547
Interest	-	-	161,741	161,741
TOTAL EXPENDITURES	3,795,413	-	637,738	4,433,151
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,934,819	496,332	(629,102)	2,802,049
OTHER FINANCING SOURCES (USES)				
Transfers in	141,677	-	637,515	779,192
Transfers out	(2,183,730)	(155,117)	-	(2,338,847)
TOTAL OTHER FINANCING SOURCES (USES)	(2,042,053)	(155,117)	637,515	(1,559,655)
NET CHANGE IN FUND BALANCES	892,766	341,215	8,413	1,242,394
FUND BALANCES - beginning	5,486,718	859,410	491,063	6,837,191
FUND BALANCES - ending	\$ 6,379,484	\$ 1,200,625	\$ 499,476	\$ 8,079,585
RECONCILIATION TO NET POSITION - GAAP BASIS				
Adjustment for compensated absences being accrued				(22,326)
Adjustment for other post employment benefit related deferred outflows of resources being accrued				2,614
Adjustment for other post employment benefit related deferred inflows of resources being accrued				(1,396)
Adjustment for net other post employment benefit liability being accrued				(17,772)
Adjustment for net pension liability being accrued				(343,094)
Adjustment for pension related deferred outflows of resources being accrued				129,034
Adjustment for pension related deferred inflows of resources being accrued				(34,320)
Adjustment for pension transition liability				(26,225)
Adjustment for interest payable being accrued				(11,029)
Adjustment for capital assets not being depreciated				794,756
Adjustment for capital assets, net of accumulated depreciation				30,819,161
Adjustment for bonds payable, due within one year				(380,000)
Adjustment for long term bonds payable				(3,150,000)
Adjustment for bond premium				(283,496)
Adjustment for deferred charge on refunding				172,113
NET POSITION - GAAP BASIS				\$ 35,727,605

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for service	\$ 6,592,200	\$ 6,592,200	\$ 6,604,701	\$ 12,501
Fees and charges	17,500	17,500	25,444	7,944
Interest	84,380	84,380	99,486	15,106
Miscellaneous	37,640	37,640	601	(37,039)
TOTAL REVENUES	6,731,720	6,731,720	6,730,232	(1,488)
EXPENDITURES				
Current:				
Personal Services	636,675	636,675	522,726	113,949
Materials and service	3,208,735	3,208,735	2,737,432	471,303
Capital outlay	2,506,250	2,506,250	535,255	1,970,995
Contingency	1,280,310	1,280,310	-	1,280,310
TOTAL EXPENDITURES	7,631,970	7,631,970	3,795,413	3,836,557
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(900,250)	(900,250)	2,934,819	3,835,069
OTHER FINANCING SOURCES (USES)				
Transfers in	466,600	466,600	141,677	(324,923)
Transfers out	(2,183,730)	(2,183,730)	(2,183,730)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,717,130)	(1,717,130)	(2,042,053)	(324,923)
NET CHANGE IN FUND BALANCE	(2,617,380)	(2,617,380)	892,766	3,510,146
FUND BALANCE - beginning	6,784,445	6,784,445	5,486,718	(1,297,727)
FUND BALANCE - ending	\$ 4,167,065	\$ 4,167,065	\$ 6,379,484	\$ 2,212,419

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees and charges	\$ 300,000	\$ 300,000	\$ 479,465	\$ 179,465
Interest	11,140	11,140	16,867	5,727
TOTAL REVENUES	311,140	311,140	496,332	185,192
EXPENDITURES				
Contingency	722,560	722,560	-	722,560
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(411,420)	(411,420)	496,332	907,752
OTHER FINANCING USES				
Transfers out	(480,040)	(480,040)	(155,117)	324,923
NET CHANGE IN FUND BALANCE	(891,460)	(891,460)	341,215	1,232,675
FUND BALANCE - beginning	891,460	891,460	859,410	(32,050)
FUND BALANCE - ending	\$ -	\$ -	\$ 1,200,625	\$ 1,200,625

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	\$ 2,000	\$ 2,000	\$ 8,636	\$ 6,636
EXPENDITURES				
Current:				
Materials and service	750	750	450	300
Debt service:				
Principal	475,795	475,795	475,547	248
Interest	161,720	161,720	161,741	(21)
TOTAL EXPENDITURES	638,265	638,265	637,738	527
 DEFICIENCY OF REVENUES UNDER EXPENDITURES	 (636,265)	 (636,265)	 (629,102)	 7,163
OTHER FINANCING SOURCES				
Transfers in	637,515	637,515	637,515	-
NET CHANGE IN FUND BALANCE	1,250	1,250	8,413	7,163
FUND BALANCE - beginning	489,000	489,000	491,063	2,063
FUND BALANCE - ending	\$ 490,250	\$ 490,250	\$ 499,476	\$ 9,226

CITY OF TUALATIN, OREGON
SEWER OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2018

	Sewer Fund	Sewer Development Fund	Total Sewer Operations
REVENUES			
Charges for service	\$ 7,815,177	\$ -	\$ 7,815,177
Fees and charges	-	665,301	665,301
Interest	53,543	67,171	120,714
	<u>7,868,720</u>	<u>732,472</u>	<u>8,601,192</u>
TOTAL REVENUES			
	<u>7,868,720</u>	<u>732,472</u>	<u>8,601,192</u>
EXPENDITURES			
Current:			
Personal Services	293,971	-	293,971
Materials and service	6,378,186	639,070	7,017,256
Capital outlay	46,153	13,314	59,467
	<u>6,718,310</u>	<u>652,384</u>	<u>7,370,694</u>
TOTAL EXPENDITURES			
	<u>6,718,310</u>	<u>652,384</u>	<u>7,370,694</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	<u>1,150,410</u>	<u>80,088</u>	<u>1,230,498</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	113,310	-	113,310
Transfers out	(1,066,655)	(13,170)	(1,079,825)
	<u>(953,345)</u>	<u>(13,170)</u>	<u>(966,515)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
	<u>(953,345)</u>	<u>(13,170)</u>	<u>(966,515)</u>
NET CHANGE IN FUND BALANCES	197,065	66,918	263,983
FUND BALANCES - beginning	<u>3,205,451</u>	<u>3,908,600</u>	<u>7,114,051</u>
FUND BALANCES - ending	<u>\$ 3,402,516</u>	<u>\$ 3,975,518</u>	<u>\$ 7,378,034</u>
RECONCILIATION TO NET POSITION - GAAP BASIS			
Adjustment for compensated absences being accrued			(8,508)
Adjustment for other post employment benefit related deferred outflows of resources being accrued			901
Adjustment for other post employment benefit related deferred inflows of resources being accrued			(482)
Adjustment for net other post employment benefit liability being accrued			(6,130)
Adjustment for net pension liability being accrued			(118,825)
Adjustment for pension related deferred outflows of resources being accrued			44,689
Adjustment for pension related deferred inflows of resources being accrued			(11,886)
Adjustment for pension transition liability			(9,083)
Adjustment for capital assets not being depreciated			97,922
Adjustment for capital assets, net of accumulated depreciation			16,137,429
NET POSITION - GAAP BASIS			<u>\$ 23,504,061</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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for service	\$ 7,697,260	\$ 7,697,260	\$ 7,815,177	\$ 117,917
Interest	40,790	40,790	53,543	12,753
Miscellaneous	500	500	-	(500)
TOTAL REVENUES	7,738,550	7,738,550	7,868,720	130,170
EXPENDITURES				
Current:				
Personal Services	343,365	343,365	293,971	49,394
Materials and service	6,468,770	6,468,770	6,378,186	90,584
Capital outlay	200,000	200,000	46,153	153,847
Contingency	1,211,820	1,211,820	-	1,211,820
TOTAL EXPENDITURES	8,223,955	8,223,955	6,718,310	1,505,645
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(485,405)	(485,405)	1,150,410	1,635,815
OTHER FINANCING SOURCES (USES)				
Transfers in	113,310	113,310	113,310	-
Transfers out	(1,066,655)	(1,066,655)	(1,066,655)	-
TOTAL OTHER FINANCING SOURCES (USES)	(953,345)	(953,345)	(953,345)	-
NET CHANGE IN FUND BALANCE	(1,438,750)	(1,438,750)	197,065	1,635,815
FUND BALANCE - beginning	3,263,100	3,263,100	3,205,451	(57,649)
FUND BALANCE - ending	\$ 1,824,350	\$ 1,824,350	\$ 3,402,516	\$ 1,578,166

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees and charges	\$ 600,000	\$ 618,100	\$ 665,301	\$ 47,201
Interest	48,280	48,280	67,171	18,891
TOTAL REVENUES	648,280	666,380	732,472	66,092
EXPENDITURES				
Current:				
Materials and service	576,000	640,000	639,070	930
Capital outlay	50,000	50,000	13,314	36,686
Contingency	3,871,810	3,871,810	-	3,871,810
TOTAL EXPENDITURES	4,497,810	4,561,810	652,384	3,909,426
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,849,530)	(3,895,430)	80,088	3,975,518
OTHER FINANCING USES				
Transfers out	(13,170)	(13,170)	(13,170)	-
NET CHANGE IN FUND BALANCE	(3,862,700)	(3,908,600)	66,918	3,975,518
FUND BALANCE - beginning	3,862,700	3,908,600	3,908,600	-
FUND BALANCE - ending	\$ -	\$ -	\$ 3,975,518	\$ 3,975,518

CITY OF TUALATIN, OREGON
STORM DRAIN OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2018

	Storm Drain Fund	Storm Drain Development Fund	Total Storm Drain Operations
REVENUES			
Charges for service	\$ 2,832,364	\$ -	\$ 2,832,364
Fines and forfeitures	448	-	448
Fees and charges	-	72,452	72,452
Interest	47,376	8,684	56,060
Miscellaneous	9,307	-	9,307
TOTAL REVENUES	2,889,495	81,136	2,970,631
EXPENDITURES			
Current:			
Materials and service	1,122,895	-	1,122,895
Capital outlay	48,876	142,482	191,358
TOTAL EXPENDITURES	1,171,771	142,482	1,314,253
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,717,724	(61,346)	1,656,378
OTHER FINANCING SOURCES USES			
Transfers out	(856,690)	(8,550)	(865,240)
NET CHANGE IN FUND BALANCES	861,034	(69,896)	791,138
FUND BALANCES - beginning	2,481,337	558,935	3,040,272
FUND BALANCES - ending	\$ 3,342,371	\$ 489,039	\$ 3,831,410
RECONCILIATION TO NET POSITION - GAAP BASIS			
Adjustment for capital assets not being depreciated			34,533
Adjustment for capital assets, net of accumulated depreciation			4,159,010
NET POSITION - GAAP BASIS			\$ 8,024,953

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for service	\$ 2,984,740	\$ 2,984,740	\$ 2,832,364	\$ (152,376)
Fines and forfeitures	-	-	448	448
Interest	30,610	30,610	47,376	16,766
Miscellaneous	-	-	9,307	9,307
TOTAL REVENUES	3,015,350	3,015,350	2,889,495	(125,855)
EXPENDITURES				
Current:				
Materials and service	1,317,590	1,317,590	1,122,895	194,695
Capital outlay	240,000	240,000	48,876	191,124
Contingency	362,140	362,140	-	362,140
TOTAL EXPENDITURES	1,919,730	1,919,730	1,171,771	747,959
EXCESS OF REVENUES OVER EXPENDITURES	1,095,620	1,095,620	1,717,724	622,104
OTHER FINANCING USES				
Transfers out	(856,690)	(856,690)	(856,690)	-
NET CHANGE IN FUND BALANCE	238,930	238,930	861,034	622,104
FUND BALANCE - beginning	2,494,200	2,494,200	2,481,337	(12,863)
FUND BALANCE - ending	\$ 2,733,130	\$ 2,733,130	\$ 3,342,371	\$ 609,241

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees and charges	\$ 55,000	\$ 55,000	\$ 72,452	\$ 17,452
Interest	7,160	7,160	8,684	1,524
TOTAL REVENUES	62,160	62,160	81,136	18,976
EXPENDITURES				
Current:				
Capital outlay	275,000	275,000	142,482	132,518
Contingency	351,370	351,370	-	351,370
TOTAL EXPENDITURES	626,370	626,370	142,482	483,888
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	(564,210)	(564,210)	(61,346)	502,864
OTHER FINANCING USES				
Transfers out	(8,550)	(8,550)	(8,550)	-
NET CHANGE IN FUND BALANCE	(572,760)	(572,760)	(69,896)	502,864
FUND BALANCE - beginning	572,760	572,760	558,935	(13,825)
FUND BALANCE - ending	\$ -	\$ -	\$ 489,039	\$ 489,039

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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, 2018

Fiscal Year	Uncollected Balance June 30, 2017	Levy as Extended By Assessor	Discount	Interest	Adjustments	Collections	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 10,653,398	\$ (289,622)	\$ 2,215	\$ (74,269)	\$(10,169,033)	\$ 122,689
2016-2017	169,680	-	10	4,096	(8,319)	(66,448)	99,019
2015-2016	82,652	-	11	2,989	(1,006)	(19,567)	65,079
2014-2015	68,544	-	2	4,306	(770)	(19,790)	52,292
2013-2014	47,555	-	1	2,238	(132)	(8,954)	40,708
2012-2013	35,903	-	-	238	(104)	(736)	35,301
Prior years	89,701	-	(1)	453	(461)	(1,344)	88,348
Totals	<u>\$ 494,035</u>	<u>\$ 10,653,398</u>	<u>\$ (289,599)</u>	<u>\$ 16,535</u>	<u>\$ (85,061)</u>	<u>\$(10,285,872)</u>	<u>\$ 503,436</u>

Taxes receivable classified by fund:

General Fund	\$ 457,110
General Obligation Bond Fund	<u>46,326</u>
	<u>\$ 503,436</u>

CITY OF TUALATIN, OREGON
WATER FUND 5 YEAR HISTORICAL RESULTS
For the Last Five Fiscal Years

	2014	2015	2016	2017	2018
REVENUES:					
Charges for service	\$ 5,227,628	\$ 5,759,077	\$ 6,167,347	\$ 6,047,122	\$ 6,604,701
Fees and charges	-	-	-	43,685	25,444
Interest	36,959	27,552	31,110	57,830	99,486
Miscellaneous	15,804	15,580	23,124	17,049	601
Total revenues	5,280,391	5,802,209	6,221,581	6,165,686	6,730,232
EXPENDITURES:					
Current:					
Personal Services	-	-	-	551,385	522,726
Materials and service	1,892,131	2,062,306	2,123,206	2,669,474	2,737,432
Capital outlay	870,468	2,174,856	670,889	489,867	535,255
Total expenditures	2,762,599	4,237,162	2,794,095	3,710,726	3,795,413
Excess (deficiency) of revenues over expenditures	2,517,792	1,565,047	3,427,486	2,454,960	2,934,819
OTHER FINANCING USES					
Transfers in	-	450,000	320,000	8,466	141,677
Transfers out	(2,861,555)	(2,846,350)	(2,944,790)	(2,006,705)	(2,183,730)
Total other financing sources (uses)	(2,861,555)	(2,396,350)	(2,624,790)	(1,998,239)	(2,042,053)
Net change in fund balances	(343,763)	(831,303)	802,696	456,721	892,766
FUND BALANCES, BEGINNING BUDGETARY BASIS	5,402,367	5,058,604	4,227,301	5,029,997	5,486,718
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ 5,058,604</u>	<u>\$ 4,227,301</u>	<u>\$ 5,029,997</u>	<u>\$ 5,486,718</u>	<u>\$ 6,379,484</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

	2018	2017 (restated)	2016	2015 (restated)
<i>Governmental activities</i>				
Net investment in capital assets	\$ 87,689,070	\$ 89,406,263	\$ 92,714,377	\$ 92,025,421
Restricted for special purposes	17,684,108	15,999,817	15,691,594	16,106,005
Unrestricted	(2,873,654)	(1,224,674)	(299,018)	5,747,426
<i>Total governmental activities</i>	<u>\$ 102,499,524</u>	<u>\$ 104,181,406</u>	<u>\$ 108,106,953</u>	<u>\$ 113,878,852</u>
<i>Business-type activities</i>				
Net investment in capital assets	\$ 48,401,428	\$ 47,820,158	\$ 48,485,673	\$ 48,216,410
Restricted for special purposes	5,665,182	5,326,945	5,309,622	5,042,785
Unrestricted	13,190,009	11,159,067	9,882,033	8,860,551
<i>Total business-type activities net position</i>	<u>\$ 67,256,619</u>	<u>\$ 64,306,170</u>	<u>\$ 63,677,328</u>	<u>\$ 62,119,746</u>
<i>Primary government</i>				
Net investment in capital assets	\$ 136,090,498	\$ 137,226,421	\$ 141,200,050	\$ 140,241,831
Restricted for special purposes	23,349,290	21,326,762	21,001,216	21,148,790
Unrestricted	10,316,355	9,934,393	9,583,015	14,607,977
<i>Total primary government net position</i>	<u>\$ 169,756,143</u>	<u>\$ 168,487,576</u>	<u>\$ 171,784,281</u>	<u>\$ 175,998,598</u>

2014 (restated)	2013	2012	2011	2010	2009
\$ 93,651,852	\$ 95,303,048	\$ 96,704,593	\$ 95,531,501	\$ 97,164,924	\$ 96,393,624
12,939,222	12,773,161	13,101,042	15,947,020	20,700,327	21,641,579
8,205,348	11,017,677	11,416,369	10,794,402	8,359,281	9,736,010
<u>\$ 114,796,422</u>	<u>\$ 119,093,886</u>	<u>\$ 121,222,004</u>	<u>\$ 122,272,923</u>	<u>\$ 126,224,532</u>	<u>\$ 127,771,213</u>
\$ 47,293,914	\$ 46,626,072	\$ 47,026,375	\$ 47,186,247	\$ 47,581,590	\$ 43,875,845
5,148,228	5,057,107	4,679,232	4,373,171	4,172,155	4,070,822
9,296,215	7,626,649	6,802,003	6,047,100	5,574,907	6,618,208
<u>\$ 61,738,357</u>	<u>\$ 59,309,828</u>	<u>\$ 58,507,610</u>	<u>\$ 57,606,518</u>	<u>\$ 57,328,652</u>	<u>\$ 54,564,875</u>
\$ 140,945,766	\$ 141,929,120	\$ 143,730,968	\$ 142,717,748	\$ 144,746,514	\$ 140,269,469
18,087,450	17,830,268	17,780,274	20,320,191	24,872,482	25,712,401
17,501,563	18,644,326	18,218,372	16,841,502	13,934,188	16,354,218
<u>\$ 176,534,779</u>	<u>\$ 178,403,714</u>	<u>\$ 179,729,614</u>	<u>\$ 179,879,441</u>	<u>\$ 183,553,184</u>	<u>\$ 182,336,088</u>

CITY OF TUALATIN
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Expenses				
<i>Governmental activities:</i>				
General government	\$ 8,820,817	\$ 8,601,383	\$ 9,588,149	\$ 6,057,498
Public Safety	9,395,927	9,376,700	11,314,546	5,942,679
Highways and streets	6,512,541	5,766,575	5,336,161	4,586,849
Culture and recreation	5,807,210	5,610,846	5,989,878	3,769,534
Interest on long-term debt	278,911	306,991	353,882	317,574
<i>Total governmental activities expenses</i>	<u>30,815,406</u>	<u>29,662,495</u>	<u>32,582,616</u>	<u>20,674,134</u>
<i>Business-type activities</i>				
Charges for services				
Water	4,588,472	4,536,689	4,666,131	4,973,697
Sewer	7,988,987	7,974,785	8,406,184	7,392,084
Storm drain	1,537,004	1,308,024	1,536,685	1,449,680
<i>Total business-type activities expenses</i>	<u>14,114,463</u>	<u>13,819,498</u>	<u>14,609,000</u>	<u>13,815,461</u>
<i>Total Expenses</i>	<u>\$ 44,929,869</u>	<u>\$ 43,481,993</u>	<u>\$ 47,191,616</u>	<u>\$ 34,489,595</u>
Program revenues				
<i>Governmental activities</i>				
Charges for services				
General government	\$ 1,828,717	\$ 1,552,827	\$ 1,811,857	\$ 2,497,798
Public Safety	1,347,548	1,400,454	1,255,128	1,583,770
Highways and streets	3,838,628	1,841,947	2,650,628	2,613,764
Culture and recreation	291,863	201,798	290,094	279,051
Operating grants and contributions	147,249	209,704	146,802	482,911
Capital grants and contributions	552,878	30,210	455,604	-
<i>Total governmental activities program revenues</i>	<u>8,006,883</u>	<u>5,236,940</u>	<u>6,610,113</u>	<u>7,457,294</u>
<i>Business-type activities</i>				
Charges for services				
Water	7,109,610	6,270,314	6,463,535	6,116,285
Sewer	8,480,478	8,273,184	8,886,824	7,771,356
Storm drain	2,905,264	2,726,287	2,608,638	2,320,189
Capital grants and contributions	1,778,004	45,280	648,420	827,464
<i>Total business-type activities program revenues</i>	<u>20,273,356</u>	<u>17,315,065</u>	<u>18,607,417</u>	<u>17,035,294</u>
<i>Total program revenues</i>	<u>\$ 28,280,239</u>	<u>\$ 22,552,005</u>	<u>\$ 25,217,530</u>	<u>\$ 24,492,588</u>
Net (expense)/revenues				
<i>Governmental activities</i>	\$ (22,808,523)	\$ (24,425,555)	\$ (25,972,503)	\$ (13,216,840)
<i>Business-type activities</i>	<u>6,158,893</u>	<u>3,495,567</u>	<u>3,998,417</u>	<u>3,219,833</u>
<i>Total net expenses</i>	<u>\$ (16,649,630)</u>	<u>\$ (20,929,988)</u>	<u>\$ (21,974,086)</u>	<u>\$ (9,997,007)</u>

	2014	2013	2012	2011	2010	2009
\$	8,405,978	\$ 8,325,468	\$ 7,400,702	\$ 6,837,983	\$ 9,651,970	\$ 9,887,477
	7,027,399	6,904,444	6,561,167	5,986,000	6,127,811	5,702,703
	3,853,744	3,843,497	3,746,471	3,722,074	4,667,832	4,242,622
	5,200,979	5,080,438	4,973,304	4,647,624	3,280,537	3,289,432
	332,382	376,864	380,608	419,382	341,346	489,308
	24,820,482	24,530,711	23,062,252	21,613,063	24,069,496	23,611,542
	4,354,918	4,252,446	4,353,652	4,089,731	3,396,759	3,099,432
	6,704,634	7,703,971	6,276,559	6,086,241	5,878,803	5,028,317
	1,298,184	1,243,066	1,215,940	1,124,748	514,149	653,308
	12,357,736	13,199,483	11,846,151	11,300,720	9,789,711	8,781,057
\$	37,178,218	\$ 37,730,194	\$ 34,908,403	\$ 32,913,783	\$ 33,859,207	\$ 32,392,599
\$	1,540,697	\$ 2,407,130	\$ 1,304,925	\$ 1,142,028	\$ 1,047,095	\$ 1,318,629
	1,496,395	1,496,395	1,666,113	888,469	141,268	95,828
	1,326,187	1,326,187	1,736,117	1,720,495	1,628,577	971,088
	227,660	227,660	179,021	254,597	161,797	151,605
	629,043	427,283	476,439	712,304	3,676,768	3,252,434
	-	-	-	-	278,919	719,868
	5,219,982	5,884,655	5,362,615	4,717,893	6,934,424	6,509,452
	5,321,434	5,512,366	5,523,032	5,242,442	5,654,088	5,708,067
	7,083,579	8,036,187	6,539,373	6,276,381	5,457,101	5,317,122
	1,941,824	1,887,080	1,775,519	1,612,020	1,326,802	1,234,114
	491,274	124,076	348,375	348,695	338,803	396,168
	14,838,111	15,559,709	14,186,299	13,479,538	12,776,794	12,655,471
\$	20,058,093	\$ 21,444,364	\$ 19,548,914	\$ 18,197,431	\$ 19,711,218	\$ 19,164,923
\$	(19,600,500)	\$ (18,646,056)	\$ (17,699,637)	\$ (16,895,170)	\$ (17,135,072)	\$ (17,102,090)
	2,480,375	2,360,226	2,340,148	2,178,818	2,987,083	3,874,414
\$	(17,120,125)	\$ (16,285,830)	\$ (15,359,489)	\$ (14,716,352)	\$ (14,147,989)	\$ (13,227,676)

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

	2018	2017	2016	2015
General revenues and other changes in net position				
Governmental activities				
Taxes and assessments	\$ 15,363,366	\$ 14,680,977	\$ 15,397,943	\$ 14,298,091
Licenses and permits	2,366,393	2,192,857	2,197,426	2,213,242
Miscellaneous	725,044	524,761	404,888	929,624
Transfers	3,496,958	3,101,413	2,586,832	2,316,940
Total governmental activities	21,951,761	20,500,008	20,587,089	19,757,897
Business-type activities				
Miscellaneous	311,671	234,688	145,997	89,399
Transfers	(3,496,958)	(3,101,413)	(2,586,832)	(2,316,940)
Total business-type activities	(3,185,287)	(2,866,725)	(2,440,835)	(2,227,541)
Total	\$ 18,766,474	\$ 17,633,283	\$ 18,146,254	\$ 17,530,356
Change in net position				
Governmental activities	\$ (856,762)	\$ (3,925,547)	\$ (5,385,414)	\$ 6,541,057
Business-type activities	2,973,606	628,842	1,557,582	992,292
Total	\$ 2,116,844	\$ (3,296,705)	\$ (3,827,832)	\$ 7,533,349

Continued from previous page

	2014	2013	2012	2011	2010	2009
\$	12,725,359	\$ 12,462,040	\$ 12,547,363	\$ 11,760,533	\$ 12,464,195	\$ 12,009,941
	2,135,959	2,071,040	2,205,176	2,091,937	2,428,585	2,404,323
	287,931	331,603	379,396	574,472	382,515	1,029,369
	153,787	1,653,255	1,516,783	(1,392,357)	313,096	3,099,069
	15,303,036	16,517,938	16,648,718	13,034,585	15,588,391	18,542,702
	101,941	95,247	77,727	74,773	89,790	277,102
	(153,787)	(1,653,255)	(1,516,783)	(1,775,215)	(313,096)	(3,099,069)
	(51,846)	(1,558,008)	(1,439,056)	(1,700,442)	(223,306)	(2,821,967)
\$	15,251,190	\$ 14,959,930	\$ 15,209,662	\$ 11,334,143	\$ 15,365,085	\$ 15,720,735
\$	(4,297,464)	\$ (2,128,118)	\$ (1,050,919)	\$ (3,860,585)	\$ (1,546,681)	\$ 1,440,612
	2,428,529	802,218	901,092	478,376	2,763,777	1,052,447
\$	(1,868,935)	\$ (1,325,900)	\$ (149,827)	\$ (3,382,209)	\$ 1,217,096	\$ 2,493,059

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

	2018	2017	2016	2015
General Fund				
Reserved / Nonspendable	\$ 79,900	\$ 137,060	\$ 116,121	\$ 81,795
Unreserved / Unassigned	10,528,381	9,918,282	8,347,295	7,474,727
Total general fund	<u>\$ 10,608,281</u>	<u>\$ 10,055,342</u>	<u>\$ 8,463,416</u>	<u>\$ 7,556,522</u>
 All other governmental funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Nonspendable				
Inventory	44,697	17,807	24,138	36,164
Restricted for:				
Building and engineering	2,013,372	1,814,179	1,857,722	1,744,129
Street and roadside maintenance	1,617,439	2,185,622	2,545,434	1,040,146
Debt service payments	63,195	76,598	93,706	285,945
Capital projects	1,284,846	1,208,148	1,093,230	3,246,367
Transportation	8,753,112	6,698,728	5,936,282	5,439,306
Urban renewal projects	3,952,144	4,016,542	4,165,220	4,304,445
Committed to:				
Pavement maintenance and street lighting	310,272	437,794	137,129	54,279
Parking maintenance	134,595	159,361	149,356	146,188
Assigned to:				
Scholarships	51,233	50,878	50,729	50,804
Capital projects	-	-	-	-
Total all other governmental funds	<u>\$ 18,224,905</u>	<u>\$ 16,665,657</u>	<u>\$ 16,052,946</u>	<u>\$ 16,347,773</u>

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

2014	2013	2012	2011	2010	2009
\$ 97,206 6,971,206	\$ 78,833 6,625,950	\$ 70,154 6,421,650	\$ 63,306 5,523,545	\$ 29,333 4,514,767	\$ 38,287 4,647,513
<u>\$ 7,068,412</u>	<u>\$ 6,704,783</u>	<u>\$ 6,491,804</u>	<u>\$ 5,586,851</u>	<u>\$ 4,544,100</u>	<u>\$ 4,685,800</u>
\$ -	\$ -	\$ -	\$ -	\$ 35,980	\$ -
-	-	-	-	5,750,061	6,576,782
-	-	-	-	15,533,420	18,093,125
-	-	-	-	3,398,353	1,963,454
39,484	37,235	34,920	35,639	-	-
1,797,858	1,830,952	1,526,018	1,458,274	-	-
536,670	834,061	605,858	428,600	-	-
275,241	267,171	398,174	485,846	-	-
1,361,175	1,232,131	623,276	612,569	-	-
3,768,251	3,080,265	2,701,857	1,850,125	-	-
5,154,360	5,482,914	7,094,642	10,960,389	-	-
161,357	574,753	1,097,706	1,290,242	-	-
134,680	127,049	187,915	223,508	-	-
50,547	50,579	50,745	51,485	-	-
-	2,028,522	2,310,656	2,506,069	-	-
<u>\$ 13,279,623</u>	<u>\$ 15,545,632</u>	<u>\$ 16,631,767</u>	<u>\$ 19,902,746</u>	<u>\$ 24,717,814</u>	<u>\$ 26,633,361</u>

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

	2018	2017	2016	2015
REVENUES				
Property taxes	\$ 10,290,120	\$ 9,888,927	\$ 9,528,110	\$ 9,171,688
Licenses and permits	946,352	854,097	4,034,429	4,854,016
Fees and charges	4,328,619	2,181,130	-	-
Intergovernmental	5,156,715	4,896,115	5,901,009	5,141,871
Franchise tax	2,366,393	2,192,857	2,197,426	2,213,242
Charges for services	979,223	846,896	994,699	790,191
Fines and forfeitures	1,085,542	1,147,883	1,008,765	1,359,978
Miscellaneous	779,469	574,006	437,286	897,349
Total Revenue	25,932,433	22,581,911	24,101,724	24,428,335
EXPENDITURES				
Current operating:				
General government	7,074,509	6,602,167	5,946,162	6,089,223
Public safety	8,630,413	8,296,042	8,053,048	7,651,922
Public works	3,415,760	2,558,647	2,031,604	2,249,123
Culture and recreation	4,714,764	4,470,485	4,207,790	3,936,035
Capital outlay	2,417,056	1,630,065	4,114,432	1,915,307
Debt service				
Interest	198,406	230,125	259,338	286,719
Principal	765,000	735,000	700,000	675,000
Total expenditures	27,215,908	24,522,531	25,312,374	22,803,329
REVENUES OVER (UNDER)				
EXPENDITURES	(1,283,475)	(1,940,620)	(1,210,650)	1,625,006
OTHER FINANCING SOURCES (USES)				
Transfers in	5,455,597	6,205,313	5,815,263	3,521,120
Transfers out	(2,064,187)	(2,083,479)	(3,606,061)	(1,589,920)
Sale of general capital assets	4,252	23,423	-	-
Bond Refunding	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	3,395,662	4,145,257	2,209,202	1,931,200
NET CHANGE IN FUND BALANCES	\$ 2,112,187	\$ 2,204,637	\$ 998,552	\$ 3,556,206
Debt service as a percentage of noncapital expenditures	3.78%	4.08%	4.48%	4.59%

2014	2013	2012	2011	2010	2009
\$ 8,738,296	\$ 8,438,011	\$ 8,259,442	\$ 8,345,567	\$ 13,248,979	\$ 12,178,186
2,096,220	2,926,323	2,620,698	1,916,087	1,978,115	2,295,281
-	-	-	-	-	-
3,968,177	4,043,726	4,190,756	3,396,857	3,657,138	3,272,279
2,135,959	2,071,040	2,205,176	2,091,937	2,428,585	2,404,323
1,267,023	960,510	754,994	1,306,725	116,237	48,472
1,256,196	1,224,329	1,371,896	639,098	277,535	237,831
512,718	698,074	751,752	1,116,761	401,179	1,068,765
19,974,589	20,362,013	20,154,714	18,813,032	22,107,768	21,505,137
7,071,708	7,073,285	6,609,300	6,003,505	8,708,125	8,347,961
6,798,353	6,689,136	6,345,089	5,959,615	5,724,373	5,342,795
1,056,047	1,054,388	1,103,448	1,116,838	1,451,564	2,303,118
4,429,718	4,304,274	4,201,940	3,901,649	3,198,392	3,258,911
3,507,138	2,224,530	4,295,957	2,106,987	6,597,787	8,022,366
312,863	348,621	380,448	407,692	454,696	581,624
650,000	845,000	765,000	570,000	1,396,915	5,493,703
23,825,827	22,539,234	23,701,182	20,066,286	27,531,852	33,350,478
(3,851,238)	(2,177,221)	(3,546,468)	(1,253,254)	(5,424,084)	(11,845,341)
4,382,439	3,187,850	3,404,503	3,569,611	8,828,428	6,127,978
(3,533,527)	(1,883,785)	(2,224,061)	(5,062,121)	(5,517,435)	(2,453,654)
-	-	-	-	-	-
-	-	-	-	-	-
1,100,000	-	-	-	21,757	4,253,703
1,948,912	1,304,065	1,180,442	(1,492,510)	3,332,750	7,928,027
\$ (1,902,326)	\$ (873,156)	\$ (2,366,026)	\$ (2,745,764)	\$ (2,091,334)	\$ (3,917,314)
4.71%	5.82%	5.87%	5.37%	8.84%	23.99%

CITY OF TUALATIN
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
June 30, 2018

Fiscal Year	Property ¹	Special Assessments ²	Total
2018	10,290,120	-	10,290,120
2017	9,888,927	-	9,888,927
2016	9,528,110	-	9,528,110
2015	9,171,688	-	9,171,688
2014	8,738,296	-	8,738,296
2013	8,438,011	87,036	8,525,047
2012	8,259,442	87,036	8,346,478
2011	8,345,567	87,036	8,432,603
2010	12,451,156	87,036	12,538,192
2009	11,982,355	87,036	12,069,391

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, 2018

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		
2018	3,905,253,670	5,776,077,086	256,221,457	258,768,137	98,743,157	100,330,069	4,260,218,284	6,135,175,292	2.4962	69%
2017	3,727,438,870	5,200,586,098	243,045,300	244,279,660	99,593,076	100,673,639	4,070,077,246	5,545,539,397	2.5060	73%
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%
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%
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%
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%
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%
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%
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%
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%

* 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, 2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City of Tualatin:										
General Government	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 1.96	\$ 1.96
G.O. Bond	0.23	0.24	0.25	0.27	0.28	0.29	0.30	0.27	0.22	0.19
Total City	2.50	2.51	2.52	2.54	2.55	2.56	2.56	2.53	2.18	2.15
OVERLAPPING RATES:										
Washington County										
Washington County	2.96	2.96	2.84	2.84	2.97	2.97	2.97	2.98	2.62	2.62
School District										
NW Regional ESD*	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.13	0.13
Portland Community College	0.61	0.68	0.59	0.72	0.73	0.67	0.60	0.64	0.56	0.43
Tigard-Tualatin School District #23J	7.77	7.45	7.46	7.46	7.41	7.41	7.44	7.37	7.00	7.02
	8.52	8.28	8.20	8.33	8.29	8.23	8.19	8.16	7.70	7.58
Special District										
Tualatin Soil & Water District	0.08	-	-	-	-	-	-	-	-	-
Tualatin Valley Fire & Rescue	2.08	2.10	2.11	1.89	1.91	1.91	1.93	1.88	1.69	1.63
Port of Portland	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.06	0.06
Metro Service District	0.41	0.40	0.38	0.46	0.47	0.40	0.32	0.41	0.40	0.36
Tri-Met Transport District	-	-	-	-	-	-	0.06	0.09	0.07	0.07
Tigard Tualatin Aquatic	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	-	-
Urban Renewal - Tualatin	-	-	-	-	-	-	-	-	1.70	1.73
	2.72	2.65	2.65	2.51	2.53	2.48	2.46	2.54	3.93	3.85
Total Overlapping	14.21	13.90	13.69	13.68	13.79	13.68	13.63	13.68	14.24	14.04
TOTAL	\$ 16.70	\$ 16.40	\$ 16.21	\$ 16.22	\$ 16.34	\$ 16.24	\$ 16.19	\$ 16.21	\$ 16.42	\$ 16.19

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, 2018

Taxpayer	2018			2009		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
BV Centercal LLC	\$ 118,376,146	1	2.78%	93,161,546	1	2.99%
Lam Research Corporation ²	114,997,270	2	2.70%	89,846,090	2	2.88%
Tuala Northeast LLC	75,947,430	3	1.78%	37,028,110	3	1.19%
Pacific Foods of Oregon Inc.	60,249,090	4	1.41%	-	-	0.00%
Pacific Realty Associates	42,474,150	5	1.00%	-	-	0.00%
JAE Oregon, Inc	35,309,910	6	0.83%	26,728,170	4	0.86%
Portland General Electric	40,116,537	7	0.94%	-	-	0.00%
Mohawk St Property LLC	38,310,640	8	0.90%	-	-	0.00%
CR Rivercrest Meadows Communities LLC	30,342,060	9	0.71%	-	-	0.00%
KW Hedges Creek LLC	30,309,780	10	0.71%	-	-	0.00%
Lumber Products	-	-	-	25,981,085	5	0.83%
Rivercrest Acquisition LLC	-	-	-	23,952,370	6	0.77%
SVF Hedges Creek Tualatin LLC	-	-	-	23,926,890	7	0.77%
Zian Limited Partnership	-	-	-	23,708,330	8	0.76%
Fujimi Corporation	-	-	-	23,792,620	9	0.76%
Forest Rim VAF LLC	-	-	-	20,055,980	10	0.64%
	<u>\$ 586,433,013</u>		<u>13.77%</u>	<u>\$ 388,181,191</u>		<u>12.45%</u>

¹ Source: Washington and Clackamas County Assessor's records

² Lam Research Corporation previously operated as Novellus Systems Inc.

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

CITY OF TUALATIN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
June 30, 2018

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
2018	10,653,398	10,169,033	95.45%	116,839	10,285,872	96.55%	503,436	4.73%
2017	10,220,443	9,755,289	95.45%	132,106	9,887,395	96.74%	494,085	4.83%
2016	9,828,855	9,388,370	95.52%	141,990	9,530,360	96.96%	455,867	4.64%
2015	9,414,934	8,993,693	95.53%	176,099	9,169,792	97.40%	413,423	4.39%
2014	9,024,595	8,581,851	95.09%	184,734	8,766,585	97.14%	426,995	4.73%
2013	8,725,937	8,319,844	95.35%	144,560	8,464,404	97.00%	413,077	4.73%
2012	8,576,510	8,148,078	95.00%	151,847	8,299,925	96.78%	432,429	5.04%
2011	8,380,679	7,923,989	94.55%	223,708	8,147,697	97.22%	346,617	4.14%
2010	12,860,698	12,134,294	94.35%	334,105	12,468,399	96.95%	592,842	4.61%
2009	12,434,861	12,040,279	96.83%	263,960	12,304,239	98.95%	559,937	4.50%

Source: Washington County and Clackamas County Assessors

CITY OF TUALATIN
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
June 30, 2018

Fiscal Year	Governmental Activities				Percentage of Estimated Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total			
2018	\$ 4,480,000	\$ (63,195)	\$ 4,416,805	0.07%	\$ 164	
2017	5,245,000	(76,598)	5,168,402	0.09%	192	
2016	5,980,000	(93,706)	5,886,294	0.12%	219	
2015	6,680,000	(104,996)	6,575,004	0.14%	247	
2014	7,355,000	(95,209)	7,259,791	0.17%	270	
2013	8,005,000	(88,093)	7,916,907	0.19%	299	
2012	8,630,000	(80,897)	8,549,103	0.21%	327	
2011	9,235,000	(88,101)	9,146,899	0.21%	350	
2010	9,645,000	(29,635)	9,615,365	0.20%	368	
2009	9,950,000	(49,456)	9,900,544	0.20%	380	

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

CITY OF TUALATIN**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT****June 30, 2018**

Jurisdiction	General Obligation Debt Outstanding	Percent Applicable Inside City of Tualatin	Amount Applicable Inside City of Tualatin
City of Tualatin	\$ 4,416,805	100.0000%	\$ 4,416,805
Clackamas County	138,185,000	1.3306% *	1,838,690
Clackamas County District 3J (West Linn/Wilsonville)	220,711,862	1.0609%	2,341,532
Clackamas County School District 7J (Lake Oswego)	242,549,604	1.6415%	3,981,452
Clackamas County ESD	22,100,000	0.4645%	102,654
Clackamas Community College	98,403,913	1.5884%	1,563,048
Metro	205,735,000	2.3343%	4,802,472
Northwest Regional ESD	35,000	5.7114%	1,999
Portland Community College	461,071,466	2.5756%	11,875,357
Washington County	219,115,761	6.3874%	13,995,800
Rivergrove Water District 14J	568,018	0.0931%	529
Tualatin Valley Fire and Rescue District	30,635,000	8.1742%	2,504,166
Washington County School District 23J (Tigard-Tualatin)	262,838,126	34.3772%	90,356,388
Washington County School District 88J (Sherwood)	334,320,749	14.6874%	49,103,026
Subtotal overlapping debt			182,467,113
Direct and overlapping debt			<u><u>\$ 186,883,918</u></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, 2018

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

True Cash Value	\$ 4,260,218,284
Rate	<u>x 3%</u>
Debt limit	127,806,549
Debt applicable to limit	<u>4,416,805</u>
	<u><u>\$ 123,389,744</u></u>

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
2018	96.54%	127,806,549	4,416,805	123,389,744
2017	95.77%	122,102,317	5,168,402	116,933,915
2016	94.97%	117,114,807	5,886,294	111,228,513
2015	94.10%	111,351,080	6,575,004	104,776,076
2014	93.15%	105,957,330	7,259,791	98,697,539
2013	92.24%	102,053,332	7,916,907	94,136,425
2012	91.46%	100,101,909	8,549,103	91,552,806
2011	90.76%	98,997,766	9,146,899	89,850,867
2010	90.45%	95,030,956	9,075,365	85,955,591
2009	89.42%	93,584,449	9,900,544	83,683,905

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

CITY OF TUALATIN
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
June 30, 2018

Fiscal Year	Population	Taxable Personal Income	Per Capita Personal Income
2018	26,935	*	*
2017	26,960	*	*
2016	26,840	942,049	35,099
2015	26,590	910,673	34,249
2014	26,925	848,143	31,500
2013	26,510	785,646	29,636
2012	26,170	750,529	28,679
2011	26,160	681,114	26,036
2010	26,130	677,618	25,933
2009	26,040	629,753	24,184

(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, 2018

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lam Research Corporation	1,491	1	5.20%	400	5	1.90%
Legacy Meridian Park Hospital	900	2	3.14%	823	1	3.91%
Nortek Air Solutions (formerly CES Group LLC)	650	3	2.27%	-	-	-
Pacific Foods of Oregon, Inc	603	4	2.10%	-	-	-
Portland General Electric	478	5	1.67%	314	6	1.49%
United Parcel Service	478	6	1.67%	512	2	2.43%
Clubsport Oregon	400	7	1.40%	-	-	-
Metro West Ambulance	367	8	1.28%	-	-	-
Pacific Furniture Industries	350	9	1.22%	-	-	-
Creganna Medical (formerly Precision Wire)	349	10	1.22%	-	-	-
GE Security	-	-	-	500	3	2.37%
Tigard-Tualatin School District	-	-	-	421	4	2.00%
DPI Specialty Foods Northwest	-	-	-	300	7	1.42%
Milgard Windows	-	-	-	275	8	1.31%
Fred Meyer	-	-	-	273	9	1.30%
Cyberrep of Oregon, Inc.	-	-	-	250	10	1.19%
	<u>6,066</u>			<u>4,068</u>		
Total City employment			<u>28,664</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, 2018**

SPECIAL ASSESSMENT BONDS

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
2018	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2014	-	-	-	-	0.00%
2013	92,441	220,000	10,340	230,340	40.13%
2012	97,691	160,000	17,860	177,860	54.93%
2011	102,982	160,000	25,380	185,380	55.55%
2010	108,773	80,000	29,140	109,140	99.66%
2009	119,941	-	29,140	29,140	411.60%

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

CITY OF TUALATIN**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION****LAST TEN FISCAL YEARS****June 30, 2018**

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government	41.75	40.10	40.85	39.60	36.85	36.25	33.38	35.13	35.50	34.63
Public safety	51.00	51.00	51.00	50.00	50.50	50.50	48.63	47.63	46.50	45.63
Highways and streets	18.75	18.75	18.50	18.50	18.50	18.50	18.50	18.50	21.50	21.50
Culture and recreation	35.28	34.65	33.50	33.50	32.38	31.13	30.13	30.13	30.13	30.13
Sewer	3.75	3.75	3.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Water	6.50	6.50	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	<u>157.03</u>	<u>154.75</u>	<u>153.35</u>	<u>149.10</u>	<u>145.73</u>	<u>143.88</u>	<u>138.14</u>	<u>138.89</u>	<u>141.13</u>	<u>139.39</u>

Data from current and previous budgets

CITY OF TUALATIN
OPERATING INDICATORS
LAST TEN FISCAL YEARS
June 30, 2018

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Arrests	996	1,042	871	951	1,259	964	772	824	909	944
Traffic violations	3,393	2,958	2,880	3,794	3,971	4,305	4,847	3,015	2,509	3,636
*Municipal Court cases	8,139	8,070	6,219	9,724	9,000	10,895	11,430	5,443	2,058	1,105
Building activity										
Permits issued	1,396	1,512	1,663	1,354	1,053	1,114	1,124	1,023	1,046	1,260
Estimated value (000's)	\$ 78,507	\$ 87,937	\$ 90,451	\$ 86,340	\$ 63,672	\$ 86,594	\$ 49,925	\$ 31,000	\$ 26,550	\$ 35,918
Planning applications	210	270	261	249	218	149	178	203	203	219
Library circulation	627,402	640,474	637,116	677,279	705,222	790,066	766,848	751,126	696,733	606,734
Water connections	6,770	6,762	6,873	6,823	6,689	6,753	6,779	6,784	6,740	6,658
Sewer connections	6,622	6,615	6,582	6,702	6,568	6,632	6,435	6,488	6,471	6,380

n/a = information not available

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

Data acquired from various City of Tualatin departments.

CITY OF TUALATIN**CAPITAL ASSET STATISTICS BY FUNCTION****LAST TEN FISCAL YEARS****June 30, 2018**

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public safety										
Patrol units	18	18	18	18	18	18	18	18	18	22
Highways and streets										
Miles of streets	79	79	79	78	78	77	77	77	76	76
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Acreage	322	315	295	289	289	289	285	285	286	310
*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	14	13	13	13	13	13	13	13	13	13
Fire hydrants	1,030	1,024	1,017	1,005	1,005	1,005	1,001	982	982	960

*Sewage treatment for The City of Tualatin is provided by Clean Water Services (CWS) of Washington County.

For a small portion of the City (east of I-5 and north of the Tualatin River) the service is provided by City of Lake Oswego.

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

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

Honorable Mayor and City Council
City of Tualatin, Oregon

We have audited the basic financial statements of City of Tualatin, Oregon, as of and for the year ended June 30, 2018 and have issued our report thereon dated December 28, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

Compliance

As part of obtaining reasonable assurance about whether City of Tualatin, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162 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:

- 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.

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. In connection with our testing, nothing came to our attention that caused us to believe City of Tualatin, Oregon 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*.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered City of Tualatin, Oregon'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 City of Tualatin, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Tualatin, Oregon'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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina & Company, LLP
West Linn, Oregon
December 28, 2018

