

# **CITY OF TUALATIN, OREGON**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**For the Fiscal Year Ended June 30, 2011**



**CITY OF TUALATIN, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended June 30, 2011**

Prepared by the City of Tualatin – Department of Finance

Don Hudson, Finance Director

**CITY OF TUALATIN, OREGON**  
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## **INTRODUCTORY SECTION**

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

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<u><i>City Council</i></u>	<u><i>Term Expires</i></u>
Lou Ogden, Mayor	December 31, 2014
Wade Brooksby, Position No. 1	December 31, 2014
Monique Belkman, Council President, Position No. 2	December 31, 2012
Frank Bubenik, Position No. 3	December 31, 2014
Ed Truax, Position No. 4	December 31, 2012
Nancy Grimes, Position No. 5	December 31, 2012
Joelle Davis, Position No. 6	December 31, 2012

***Administrative***

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

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

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



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



# City of Tualatin

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

December 16, 2011

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements, presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Tualatin for the fiscal year ended June 30, 2011.

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 accounts, has audited the City of Tualatin's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Tualatin for the year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Tualatin's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

The City of Tualatin, incorporated in 1913, is located in Northwestern Oregon in the Portland metropolitan area, in the counties of Washington and Clackamas, just twelve miles south of Portland's city center. The City of Tualatin currently occupies a land area of 7.9 square miles and serves a population of 26,130. 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 Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three Council members elected every two years. The Mayor is elected to serve a four-year term.

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

The annual budget serves as the foundation for the City's financial planning and control. All department heads of the City are required to submit requests for appropriation to the City Manager, who acts as the City Budget Officer. After the Budget Officer prepares the proposed budget, notice of the first budget committee meeting is published. The budget committee, consisting of the City Council and an equal number of appointed citizen members, reviews and approves the budget after which notice of the public hearing for the City Council to adopt the budget is published. The budget must be adopted making appropriations for the ensuing fiscal year by June 30th of the previous fiscal 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 and the Building Fund this comparison is presented as required supplementary information, following the notes to the basic financial statements. For non-major governmental funds, this comparison is presented as other supplementary information. Enterprise fund budgetary comparison schedules are included following the other supplementary information section of this report.

## **Factors Affecting Financial Condition**

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

The City had vigorous high quality development for several years, which raised assessed value and provided a growing tax base for general operations. This was particularly important, given the State of Oregon's property tax limitations and the City's low permanent tax rate for operations. The economic slowdown has slowed development considerably and the City is experiencing less than 3% overall growth in assessed value. The City benefited in fiscal year 10/11 with the addition of the incremental assessed value from the two urban renewal districts reaching their maximum indebtedness in 09/10 and being returned to the City's tax rolls. This allowed the City to maintain current service levels in the short-term and look for long-term solutions to future potential budget gaps between on-going revenues and on-going expenditures. The one-time increase in property tax revenue for the City provides the City Council and City staff time to make conscious decisions about the future levels of services provided.

The economy is one of the principal factors affecting fiscal condition. The extended economic slowdown has had an impact on the City's revenue sources, with many of them continuing to remain flat or decreasing. In previous years, the City was accustomed to a high rate of private development. With the slowdown in private development, fees for construction have declined

drastically. Capital projects related to development have been put on hold and their needs continue to be monitored as development, and the subsequent related revenues, change. During fiscal year 10/11, the City started to see a slight increase in development, though at a significantly slower rate than in previous years. It is hopeful that this increased trend will continue and developments that were previously put on hold due to economic conditions will be restarted.

The City continues to plan for future development and actively participates in a number of regional and local projects that will impact the future economic and social make-up of the community. During fiscal year 10/11, the City Council adopted the Southwest Concept Plan to guide the industrial development of a 614-acre area located outside the city, south of Tualatin-Sherwood Road and generally between 115<sup>th</sup> and 124<sup>th</sup> Avenues. The area extends south to Tonquin Road and is located in the vicinity of the Tigard Sand and Gravel quarry. The original planning area was 431-acres and was expanded to include land south of Tonquin Road and west of the railroad tracks in November 2009.

A joint planning project between the Cities of Tualatin and Wilsonville began during fiscal year 10/11 to develop a concept plan for future development of the Basalt Creek and West Railroad Planning Areas. This area was included by Metro in the Urban Growth Boundary to help meet the industrial and residential land demand in the region for the next 20 years. The area lies in the land between the two cities, in unincorporated Washington County, and proper conceptual planning is instrumental to both entities and the region as a whole. The concept plan will address a variety of factors including the future city limit lines between Tualatin and Wilsonville, proper land uses, and infrastructure requirements for the future of this area.

Transportation related projects, both in Tualatin and regionally, began to take shape at the end of fiscal year 10/11. The City's Transportation System Plan update kicked off with the formation of a Transportation Task Force, with the completion of the update scheduled to occur by the end of calendar year 2012. Linking Tualatin is a project designed to better link Tualatin employers and commuters via future transit along U.S. 99W (SW Pacific Highway) to the City's western industrial area, the Tualatin Town Center and Bridgeport Village shopping center. Linking Tualatin is related to the regional Metro Southwest Corridor Plan for the 99W corridor that integrates multiple efforts: local land use plans to identify actions and investments that support livable communities; a corridor refinement plan to examine the function, mode and general location of transportation improvements; and the transit alternatives analysis to define the best mode and alignment of high capacity transit to serve the corridor. The plan is a partnership among Metro, Multnomah & Washington Counties, the Oregon Department of Transportation, TriMet and the neighboring Cities of Beaverton, Durham, King City, Lake Oswego, Portland, Sherwood, Tigard and Tualatin.

These projects and planning efforts will help guide future development and have a significant impact on the City's future financial position, which will be financially modeled, as impacts become known.

### **Awards and Acknowledgements**

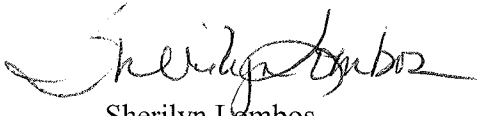
The Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tualatin for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the 20th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both the GAAP and applicable legal requirements.

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

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

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

Respectfully submitted,



Sherilyn Lombos  
City Manager



Don Hudson  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tualatin  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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



*Linda C. Sanison*

President

*Jeffrey R. Enen*

Executive Director

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## **FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Council Members  
City of Tualatin, Oregon  
Tualatin, Oregon

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 (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis 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 required supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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.



Merina & Company, LLP  
West Linn, Oregon  
December 12, 2011

## Management's Discussion and Analysis

As management of the City of Tualatin and the Tualatin Development Commission, we include this narrative presenting an overview and analysis of the financial activities of the City of Tualatin and Tualatin Development Commission for the fiscal year ended June 30, 2011.

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

### Financial Highlights

	June 30,		
	2011	2010	Change
Net assets	\$ 179,879,441	\$ 183,261,650	\$ (3,382,209)
Change in net assets	(3,382,209)	1,217,095	\$ (4,599,304)
Governmental net assets	122,272,923	126,133,508	\$ (3,860,585)
Change in governmental net assets	(3,860,585)	(1,546,682)	\$ (2,313,903)
Proprietary net assets	57,606,518	57,128,142	\$ 478,376
Change in proprietary net assets	478,376	2,763,777	\$ (2,285,401)

The changes in net assets are primarily due to the Tualatin Development Commission's two project areas reaching their maximum indebtedness in fiscal year 2009-10, meaning that property tax increment collections ended during that year. Excess increment collected during 2009-10 was returned to the overlapping taxing districts during fiscal year 2010-11. Additionally, monies available in the project funds were used for approved projects, reducing net assets even further.

### Overview of Financial Statements

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

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

Additionally, the City implemented Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. More information regarding GASB 54 can be found in Note 1 M. (Fund Equity) of the Notes to the Basic Financial Statements.

### Government-wide Financial Statements

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

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

The first of these government-wide statements is the Statement of Net Assets. This statement presents information on all of the City of Tualatin's assets and liabilities, with the difference between the two reported as *net assets*. In other words, this statement compares what the government *owns* to what it *owes* and, although there are differences and qualifiers, it is a loose parallel to what average citizens understand as "owner's equity" or "net worth".

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

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

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

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

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

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

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

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

## **Fund Financial Statements**

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

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

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

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

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

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

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

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

## **Notes to the Financial Statements**

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

## **Government-wide Financial Analysis**

The City of Tualatin's assets exceeded its liabilities by \$179,879,441. Of this amount, 79 percent of the City's net assets (\$142,717,748) were invested in capital assets, land, buildings, machinery and equipment, less the outstanding related debt used to acquire these assets. These assets are not a source for repaying liabilities now, or in the future, since such assets represent the "business of the City". Other resources must be used to pay for outstanding liabilities, some of which are restricted to only certain uses. This requires the City to not only acquire those capital assets necessary to provide for City services, but to retain the ability to finance these acquisitions and provide maintenance for these assets.

An additional portion of net assets (\$20,320,191) are restricted as to how they may be used by budgetary, legal and external factors. The unrestricted amount of \$16,841,502 (9% of net assets) can be used to meet on-going

obligations. Of the total \$19,206,128 of liabilities at year-end for governmental and business-type activities, \$14,695,000 are due in more than one year. For the government as a whole, and for the separate governmental and business-type activities, all three categories showed a positive net asset balance for fiscal year 2010-11, as they did for 2009-10.

The government-wide financial statements highlight some of the most important factors about the governmental funds, particularly the General Fund. The primary revenues for governmental funds are taxes, fees and licenses, and intergovernmental revenues. The two largest sources of revenues for the City of Tualatin's General Fund are property taxes and franchise fees.

#### CITY OF TUALATIN'S NET ASSETS

June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 29,320,585	\$ 32,154,378	\$ 11,131,290	\$ 10,670,975	\$ 40,451,875	\$ 42,825,353
Capital assets	105,389,326	107,369,837	53,244,368	53,846,590	158,633,694	161,216,427
Total assets	134,709,911	139,524,215	64,375,658	64,517,565	199,085,569	204,041,780
Long-term liabilities	9,010,000	10,126,359	5,685,000	5,980,000	14,695,000	16,106,359
Other liabilities	3,426,988	3,173,324	1,084,140	1,208,913	4,511,128	4,382,237
Total liabilities	12,436,988	13,299,683	6,769,140	7,188,913	19,206,128	20,488,596
Net assets:						
Invested in capital assets, net of related debt	95,531,501	97,164,924	47,186,247	47,581,590	142,717,748	144,746,514
Restricted	15,947,020	20,700,327	4,373,171	4,172,155	20,320,191	24,872,482
Unrestricted	10,794,402	8,359,281	6,047,100	5,574,907	16,841,502	13,934,188
Total net assets	<u>\$ 122,272,923</u>	<u>\$ 126,224,532</u>	<u>\$ 57,606,518</u>	<u>\$ 57,328,652</u>	<u>\$ 179,879,441</u>	<u>\$ 183,553,184</u>

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

- Local governments' total share of property taxes cannot exceed \$10 per thousand of taxable assessed value; for school districts, the limit is \$5 per thousand.
- In 1999, taxpayers voted for a measure which limited assessed value increases from one year to the next to the lower of a 3% increase or the market value unless additional improvements or modifications have been made to a property.
- At the time of property tax reform, each local government was assigned a permanent tax rate. The City's rate is \$2.265 per \$1,000 assessed value.

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.

#### CITY OF TUALATIN'S STATEMENT OF ACTIVITIES

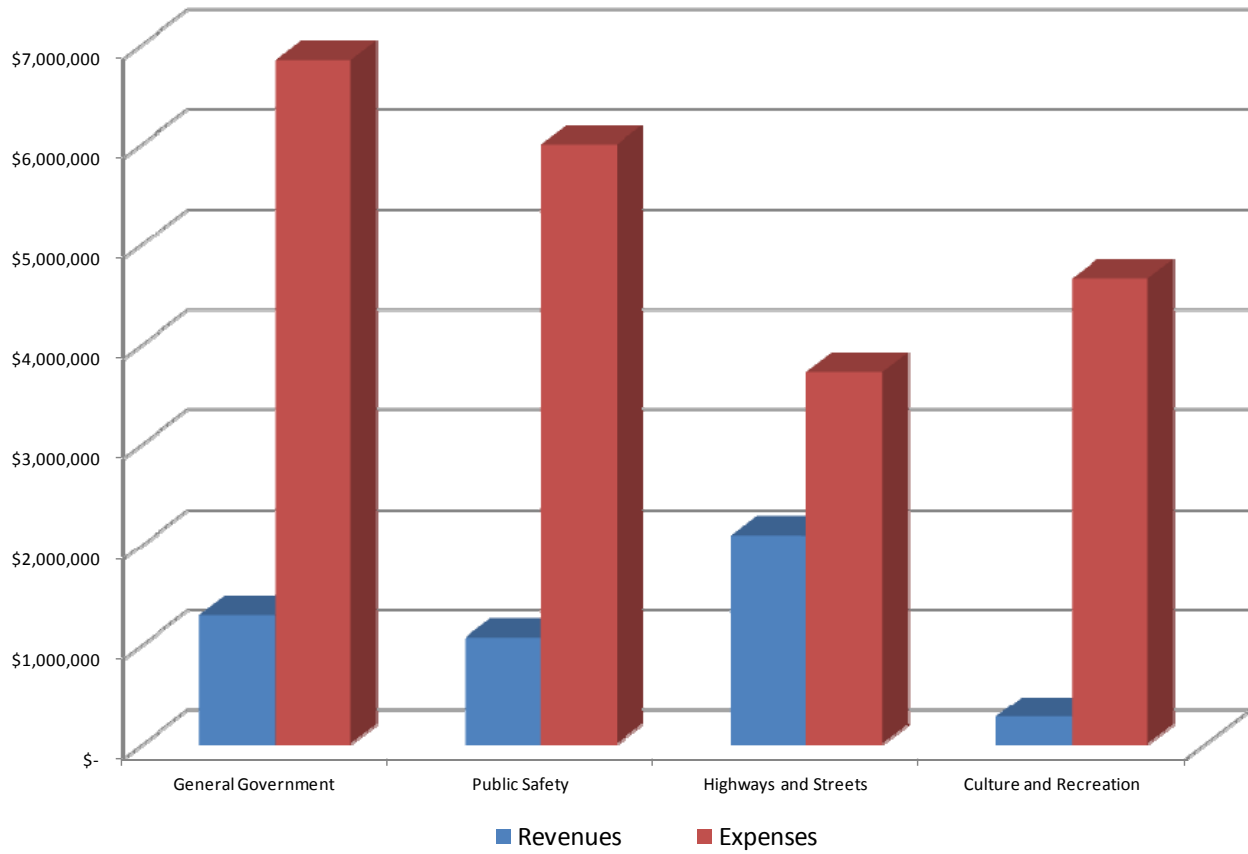
Years Ended June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 4,005,589	\$ 3,100,006	\$ 13,130,843	\$ 12,437,991	\$ 17,136,432	\$ 15,537,997
Operating grants and contributions	712,304	489,044	-	-	712,304	489,044
Capital grants and contributions	-	-	348,695	338,803	348,695	338,803
General revenues:						
Property taxes	8,363,676	12,464,195	-	-	8,363,676	12,464,195
Franchise fees	2,091,937	2,308,575	-	-	2,091,937	2,308,575
Public service taxes and revenue sharing	3,396,857	3,465,384	-	-	3,396,857	3,465,384
Interest and miscellaneous	574,472	383,153	74,773	89,790	649,245	472,943
Total revenues	19,144,835	22,210,357	13,554,311	12,866,584	32,699,146	35,076,941
Expenses:						
General government	6,837,983	9,651,970	-	-	6,837,983	9,651,970
Public safety	5,986,000	6,127,811	-	-	5,986,000	6,127,811
Highways and streets	3,722,074	4,667,832	-	-	3,722,074	4,667,832
Culture and recreation	4,647,624	3,281,176	-	-	4,647,624	3,281,176
Interest on long-term debt	419,382	341,346	-	-	419,382	341,346
Water Operations	-	-	4,089,731	3,396,759	4,089,731	3,396,759
Sewer Operations	-	-	6,086,241	5,878,803	6,086,241	5,878,803
Storm Drain Operations	-	-	1,124,748	514,149	1,124,748	514,149
Total expenses	21,613,063	24,070,135	11,300,720	9,789,711	32,913,783	33,859,846
Change in net assets before transfers	(2,468,228)	(1,859,778)	2,253,591	3,076,873	(214,637)	1,217,095
Transfers	(1,392,357)	313,096	(1,775,215)	(313,096)	(3,167,572)	-
Change in net assets	(3,860,585)	(1,546,682)	478,376	2,763,777	(3,382,209)	1,217,095
Beginning net assets, as restated	126,133,508	127,771,214	57,128,142	54,564,875	183,261,650	182,336,089
Ending net assets	\$ 122,272,923	\$ 126,224,532	\$ 57,606,518	\$ 57,328,652	\$ 179,879,441	\$ 183,553,184

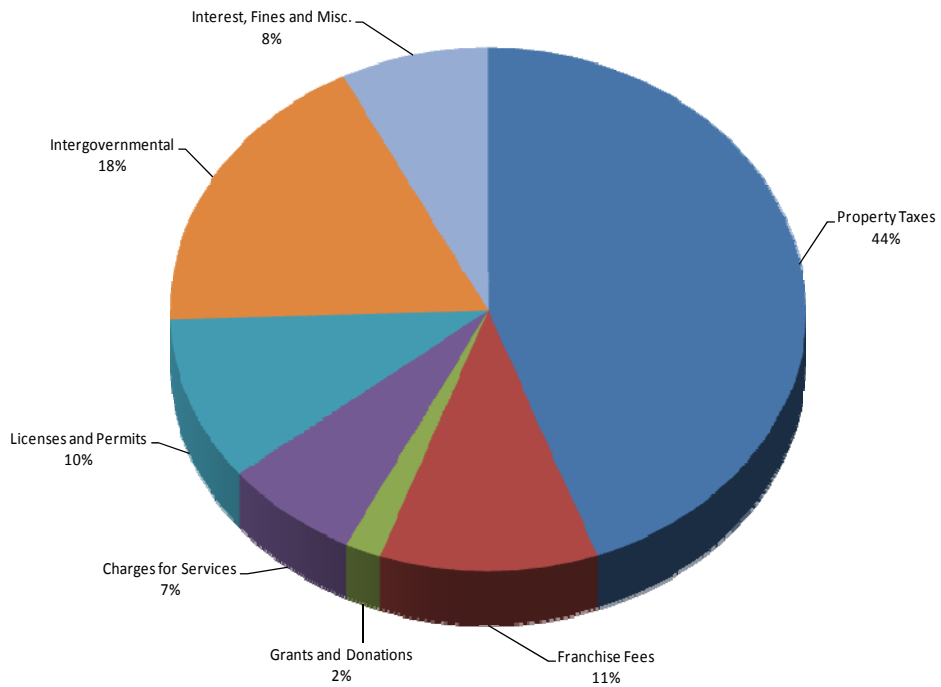
Fiscal year 2009-10 was the last year of property tax collections for both project areas in the Tualatin Development Commission, accounting for the largest reduction in governmental activities revenues in the table above. Expenses related to the Tualatin Development Commission also decreased as the Commission did not have debt service related to the property tax collections any longer. Additionally, the Development Commission returned property taxes collected by Washington County that exceeded the district's maximum indebtedness in 2009-10 back to the County during fiscal year 2010-11. This transfer to the County was reallocated by the Assessor's Office and the apportioned amounts were returned to all the overlapping taxing districts prior to June 30, 2011.

The Operations Fund was reclassified from a Special Revenue Fund to an Internal Service Fund and the expenses for the fund are now being allocated to the Water, Sewer and Storm Drain Operations balances in business-type activities for fiscal year 2010-11 reporting purposes.

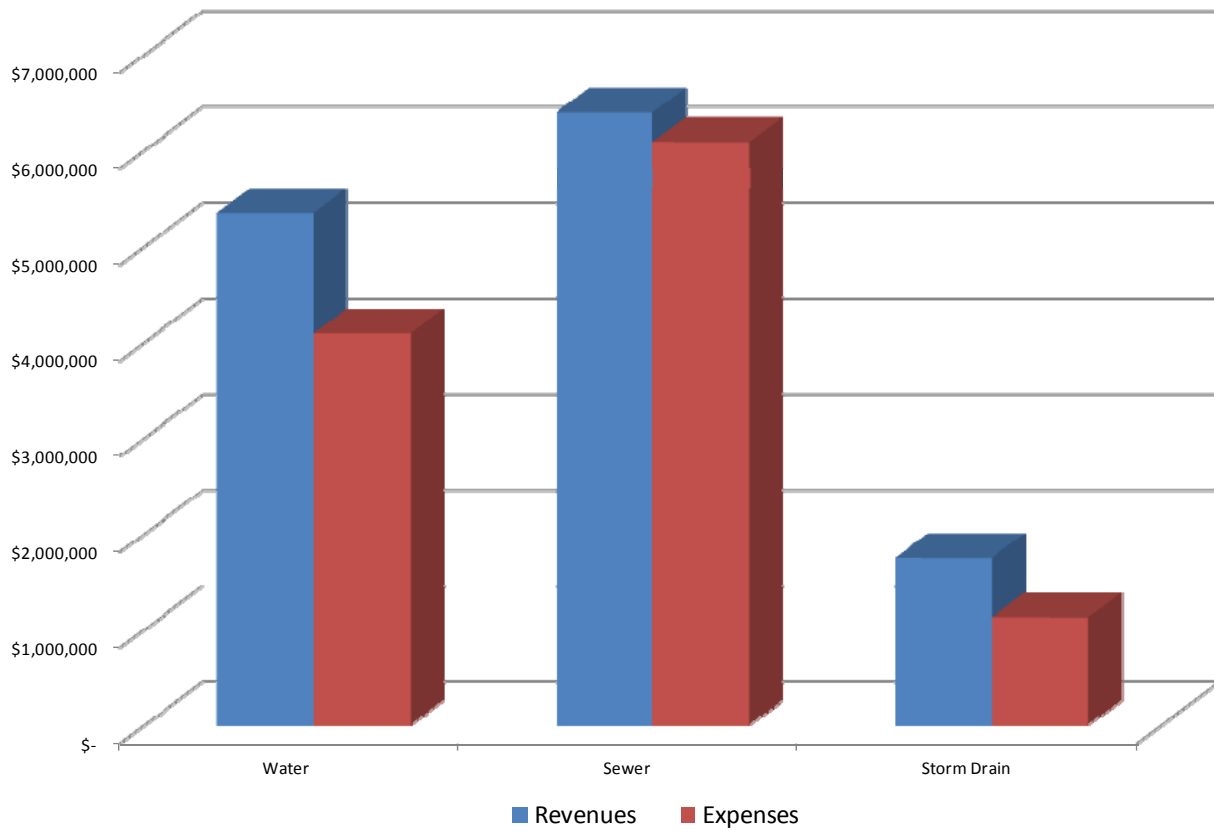
## Expenses and Program Revenues - Governmental Activities



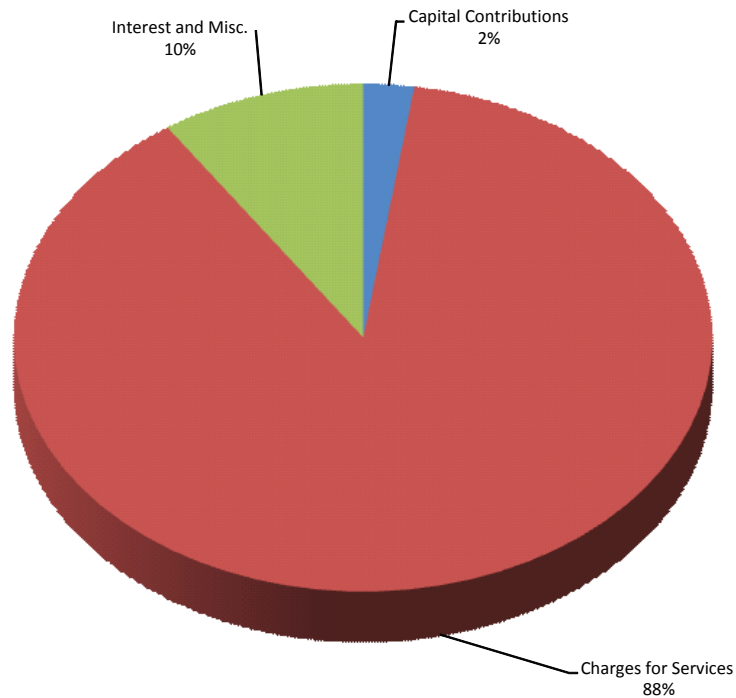
## Revenues by Source - Governmental Activities



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



### Revenues by Source - Business -type Activities



## Capital Assets Reporting and Activity During the Year

Capital improvements for the City of Tualatin increased by \$3,552,582 in fiscal year 2010-11. Net capital assets decreased by \$2,582,733 due to the increased accumulated depreciation on the City's assets, including an increase of approximately \$643,000 in accumulated depreciation due to a prior period adjustment. 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.

The number of projects started and completed, compared to previous years, is significantly reduced, though a few large projects are included in the capital asset changes. Even though the urban renewal funds are no longer receiving tax increment, there are project funds available. In the Central Urban Renewal District (CURD), train horn noise was mitigated through the development of quiet zones and improvements to railway crossings within the district boundaries. Also in CURD, the Tualatin-Sherwood Road Improvement project was started. The utility systems had a few minor projects going during fiscal year 2010-11, with the Aquifer Storage and Recovery project accounting for the largest portion of the increased business-type activities balance.

### CITY OF TUALATIN'S NET CAPITAL ASSETS

June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 13,541,624	\$ 13,528,104	\$ 877,464	\$ 877,464	\$ 14,419,088	\$ 14,405,568
Construction in Progress	13,933,686	14,504,525	4,538,764	5,361,582	18,472,450	19,866,107
Buildings	17,285,105	17,188,815	367,755	367,755	17,652,860	17,556,570
Other Improvements	23,864,765	22,113,369	-	-	23,864,765	22,113,369
Machinery and Equipment	3,558,667	3,265,206	863,750	863,750	4,422,417	4,128,956
Utility System	-	-	69,776,326	67,837,148	69,776,326	67,837,148
Infrastructure	90,581,728	89,729,334	-	-	90,581,728	89,729,334
Accumulated Depreciation	(57,376,249)	(52,959,516)	(23,179,691)	(21,461,109)	(80,555,940)	(74,420,625)
Total net assets	<u>\$ 105,389,326</u>	<u>\$ 107,369,837</u>	<u>\$ 53,244,368</u>	<u>\$ 53,846,590</u>	<u>\$ 158,633,694</u>	<u>\$ 161,216,427</u>

Additional information concerning capital assets is available in the Notes to the Financial Statements.

## Financial Analysis of Governmental Funds

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

Governmental funds provide information about near-term inflows, outflows and balances of spendable resources, which are consistent with the way the City budgets the individual funds. Such information is a useful measure of a government's net resources available for spending at the end of the fiscal year. Net assets for the City's governmental funds decreased from approximately \$126.2 million in 2010 to just under \$122.3 million in 2011, primarily due to the use of available monies, and no current revenues, to fund urban renewal activities and projects.

Total revenues decreased from \$22,210,357 to \$19,144,835, before transfers, primarily due to the decrease in incremental property tax revenues in urban renewal. The majority of the remaining revenues remained relatively flat from the previous year. Expenses decreased from \$24,070,135 to \$21,613,063, primarily due to a sharp reduction in capital projects and the shift of the Operations Fund from governmental activities to business-type activities.

Expenditures for general government and reserve funds are less than budgeted. In the General Fund, it is the policy of the City to budget at least 15% of the total budget for personnel services, materials and services and capital in contingency. Transfers from contingency rarely exhaust this sum and with additional amounts put in reserves it is expected that the fully budgeted amounts will not be expended. Other governmental funds routinely budget reserves, which are not expected to be expended.

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

## Debt Administration

### CITY OF TUALATIN'S DEBT SERVICE

Year Ended June 30, 2011

	Beginning	Additions	Principal Paid	Ending
General Obligation Bonds	\$ 9,645,000	\$ -	\$ (410,000)	\$ 9,235,000
Water Revenue Bonds	6,265,000	-	(285,000)	5,980,000
Limited Tax Bonds	540,000	-	(160,000)	380,000
Total Bonds Payable	<u>\$ 16,450,000</u>	<u>\$ -</u>	<u>\$ (855,000)</u>	<u>\$ 15,595,000</u>

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

Additional information concerning long-term debt is available in the Notes to the Financial Statements.

## General Fund Budgetary Highlights

The General Fund is the chief operating fund of the City of Tualatin. At the end of the current year, unassigned fund balance was \$5,523,545. All of these funds were available for short-term expenditures. As a matter of course, the City strives to have enough reserves at the end of the fiscal year to provide cash for the first five months of operations at which time the first installment of property taxes are received. The fund balance increase was primarily due to increases in grants received and an increase in fines and forfeitures related to implementation of intersection safety cameras at two separate intersections in the city. Once again, departments controlled spending to realize additional savings within their individual budgets.

## Significant Transactions During the Year

Using federal stimulus and earmarked funds paid to TriMet, as well as funding from the Central Urban Renewal District, the City of Tualatin was able to create a whistle-free/quiet zone for the commuter rail crossings within the City.

Another safety related project completed by the City was the installation of intersection safety cameras (red light photo) at two separate intersections within the City. The identified intersections had the highest volume of red light crashes during a previous survey. The cameras were installed to make the intersections safer to travel through for motorists.

With transportation being a significant issue throughout the City, the Transportation System Plan (TSP) is being updated. The project kicked off during fiscal year 2010-11 and will continue during the upcoming fiscal year. The

City has embarked on a citizen engagement process for the plan update to reach out to all facets of the community and get as much information as possible to incorporate into the updated TSP. This process will have an effect on many facets of the City's master plans and future vibrancy of the Tualatin business environment.

Capital projects either begun or completed during this fiscal year include a remodel of the Juanita Pohl Center, an Aquifer Storage and Recovery well, design work for the Tualatin-Sherwood Road Improvement Project and some minor water and sewer system projects. Overall, capital outlay costs were down this fiscal year, as the economy has slowed down the revenue streams planned to complete some growth related projects around the City.

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

During 2010-11, the Transportation Development Tax (TDT) Fund was increased by \$797,989, due to the tax being collected on new development, and no fund expenses during the year. The TDT was passed by Washington County voters and took effect in 2009. With the building slowdown, there has not been enough activity in the fund to complete any growth related transportation projects with the funds collected.

The Road Gas Tax Fund increased from \$176,186 to \$464,239 during fiscal year 2010-11, due to the Transportation System Plan update being started later than originally planned and little expense for this project occurring before June 30, 2011.

The Water Development Fund increased from \$327,561 to \$533,832 in 2011. This change was due to collection of water system development charges and capital projects being completed at a much slower than anticipated pace.

The Central Urban Renewal District Projects Fund balance decreased by \$1,555,524 during the year due to projects being completed using existing fund balances, as there is no longer any tax increment coming in for this project area.

The Bond Funds in both the Central Urban Renewal District and the Leveton Tax Increment District were reduced to zero, as property tax collections from the previous year that exceeded the maximum indebtedness was returned to Washington County during fiscal year 2010-11 and reallocated to all the overlapping taxing districts.

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

Factors affecting financial conditions in the future include:

- The City projects to continue the current level of growth until the economy improves, but will likely not return to growth levels experienced prior to the economic downturn. With the City's low permanent tax rate of \$2.2665 per thousand of assessed value, this is likely to require future adjustments to maintain service levels of city services to our residents. This could include reductions in service levels and/or increases in revenues, such as fees and charges increases, operating levies or increases in franchise fees.
- The City continues to plan for the future through a variety of long-term planning studies and processes to help provide economic stability. 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 is included in the Letter of Transmittal located earlier in this report.
- Tualatin's location in the Portland metropolitan area is very much affected by the transportation issues associated with urban areas. The update of the City's Transportation Plan will have a large impact on Tualatin.
- As future projects are identified, their impacts will be modeled and put into the City's Fiscal Health model to determine the impact on the City's General Fund on-going alignment. Council and staff will use this tool to make strategic decisions about the City's future financial picture.

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

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

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## **BASIC FINANCIAL STATEMENTS**

## **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.

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**CITY OF TUALATIN, OREGON**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 28,385,462	\$ 9,901,870	\$ 38,287,332
Due from other governments	199,923	-	199,923
Accounts receivable	115,566	1,195,545	1,311,111
Property taxes receivable	346,617	-	346,617
Assessments receivable	174,072	-	174,072
Inventories	98,945	33,875	132,820
Total current assets	29,320,585	11,131,290	40,451,875
Noncurrent assets:			
Capital assets:			
Nondepreciable	27,475,310	5,416,228	32,891,538
Depreciable, net	77,914,016	47,828,140	125,742,156
Total noncurrent assets	105,389,326	53,244,368	158,633,694
Total assets	\$ 134,709,911	\$ 64,375,658	\$ 199,085,569
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other current liabilities	\$ 1,455,479	\$ 648,391	\$ 2,103,870
Deposits	422,898	1,400	424,298
Retainage payable	235,335	78,121	313,456
Deferred revenue	-	40,850	40,850
Interest Payable	40,688	20,378	61,066
Current portion of long-term debt	1,272,588	295,000	1,567,588
Total current liabilities	3,426,988	1,084,140	4,511,128
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	9,010,000	5,685,000	14,695,000
Total noncurrent liabilities	9,010,000	5,685,000	14,695,000
Total liabilities	12,436,988	6,769,140	19,206,128
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	95,531,501	47,186,247	142,717,748
Restricted for:			
Building and engineering	1,458,274	-	1,458,274
Street and roadside maintenance	428,600	-	428,600
Debt service payments	485,846	-	485,846
Capital projects	612,569	-	612,569
Transportation	1,850,125	-	1,850,125
Urban renewal projects	11,111,606	-	11,111,606
Capital improvements	-	4,373,171	4,373,171
Unrestricted	10,794,402	6,047,100	16,841,502
Total net assets	122,272,923	57,606,518	179,879,441
Total liabilities and net assets	\$ 134,709,911	\$ 64,375,658	\$ 199,085,569

*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, 2011**

Functions/Programs	Expenses	Program Revenues			Net Expense Revenue and Change in Net Asset		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:							
General government	\$ 6,837,983	\$ 1,142,028	\$ 147,618	\$ -	\$ (5,548,337)	\$ -	\$ (5,548,337)
Public safety	5,986,000	888,469	175,956	-	(4,921,575)	-	(4,921,575)
Highways and streets	3,722,074	1,720,495	367,716	-	(1,633,863)	-	(1,633,863)
Culture and recreation	4,647,624	254,597	21,014	-	(4,372,013)	-	(4,372,013)
Interest on long-term debt	419,382	-	-	-	(419,382)	-	(419,382)
Total governmental activities	21,613,063	4,005,589	712,304	-	(16,895,170)	-	(16,895,170)
Business type activities:							
Water Operations	4,089,731	5,242,442	-	104,800	-	1,257,511	1,257,511
Sewer Operations	6,086,241	6,276,381	-	113,360	-	303,500	303,500
Storm Drain Operations	1,124,748	1,612,020	-	130,535	-	617,807	617,807
Total business type activities	11,300,720	13,130,843	-	348,695	-	2,178,818	2,178,818
Total government	<u>\$ 32,913,783</u>	<u>\$ 17,136,432</u>	<u>\$ 712,304</u>	<u>\$ 348,695</u>	<u>(16,895,170)</u>	<u>2,178,818</u>	<u>(14,716,352)</u>
General revenues:							
Taxes:							
Property taxes					8,363,676	-	8,363,676
Franchise taxes					2,091,937	-	2,091,937
Public service taxes and revenue sharing					3,396,857	-	3,396,857
Interest and investment earning					291,932	58,661	350,593
Miscellaneous revenues					282,540	16,112	298,652
Transfer to Washington County					(3,167,572)	-	(3,167,572)
Transfers in (out)					1,775,215	(1,775,215)	-
Total general revenues and transfers					13,034,585	(1,700,442)	11,334,143
Change in net assets					(3,860,585)	478,376	(3,382,209)
Net assets - beginning					126,224,532	57,328,652	183,553,184
Prior period adjustment					(91,024)	(200,510)	(291,534)
Net assets - ending					<u>\$122,272,923</u>	<u>\$57,606,518</u>	<u>\$ 179,879,441</u>

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

#### **Central Urban Renewal District Project Fund**

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

#### **Leveton Tax Increment District Project Fund**

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

**CITY OF TUALATIN, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2011**

	General Fund	Building Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Other Governmental	Total Governmental
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,568,578	\$ 1,651,251	\$ 2,723,549	\$ 8,142,145	\$ 7,942,692	\$ 27,028,215
Due from other governments	188,782	-	-	-	11,141	199,923
Accounts receivable	21,825	-	-	-	84,385	106,210
Property taxes receivable	310,308	-	-	-	36,309	346,617
Assessments receivable	-	-	-	-	174,072	174,072
Due from other funds	8,427	1	-	-	-	8,428
Inventories	63,306	-	-	-	35,639	98,945
Total assets	<u>\$ 7,161,226</u>	<u>\$ 1,651,252</u>	<u>\$ 2,723,549</u>	<u>\$ 8,142,145</u>	<u>\$ 8,284,238</u>	<u>\$ 27,962,410</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable and other current liabilities	\$ 1,055,178	\$ 79,221	\$ 42,132	\$ 21,008	\$ 149,937	\$ 1,347,476
Deposits	253,818	113,757	-	-	55,323	422,898
Due to other funds	-	-	-	-	8,428	8,428
Retainage payable	-	-	3,757	147,460	72,291	223,508
Deferred revenue	265,379	-	-	-	205,124	470,503
Total liabilities	<u>1,574,375</u>	<u>192,978</u>	<u>45,889</u>	<u>168,468</u>	<u>491,103</u>	<u>2,472,813</u>
<b>FUND BALANCES:</b>						
Nonspendable:						
Inventory	63,306	-	-	-	35,639	98,945
Restricted for:						
Building and engineering	-	1,458,274	-	-	-	1,458,274
Street and roadside maintenance	-	-	-	-	428,600	428,600
Debt service payments	-	-	-	-	485,846	485,846
Capital projects	-	-	-	-	612,569	612,569
Transportation	-	-	-	-	1,850,125	1,850,125
Urban renewal projects	-	-	2,677,660	7,973,677	309,052	10,960,389
Committed to:						
Pavement maintenance and street lighting	-	-	-	-	1,290,242	1,290,242
Parking maintenance	-	-	-	-	223,508	223,508
Assigned to:						
Scholarships	-	-	-	-	51,485	51,485
Capital projects	-	-	-	-	2,506,069	2,506,069
Unassigned:	5,523,545	-	-	-	-	5,523,545
Total fund balance	<u>5,586,851</u>	<u>1,458,274</u>	<u>2,677,660</u>	<u>7,973,677</u>	<u>7,793,135</u>	<u>25,489,597</u>
Total liabilities and fund balance	<u>\$ 7,161,226</u>	<u>\$ 1,651,252</u>	<u>\$ 2,723,549</u>	<u>\$ 8,142,145</u>	<u>\$ 8,284,238</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 104,527,263

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 470,503

Internal service funds are used by management to charge the costs of the operations department to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 2,038,549

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Long-term debt (10,212,301)  
Interest payable (40,688)

Net Assets \$ 122,272,923

*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, 2011**

	General Fund	Building Fund	Central Urban Renewal District Project	Leveton Tax Increment District Project	Other Governmental	Total Governmental
<b>REVENUES:</b>						
Property taxes	\$ 7,498,043	\$ -	\$ -	\$ -	\$ 847,524	\$ 8,345,567
Franchise fees	2,091,937	-	-	-	-	2,091,937
Grants	323,574	-	-	-	-	323,574
Charges for service	206,529	-	-	-	1,100,196	1,306,725
Licenses and permits	515,035	651,268	-	-	749,784	1,916,087
Intergovernmental	2,024,175	-	-	-	1,372,682	3,396,857
Fines and forfeitures	638,238	-	-	-	860	639,098
Special assessments	-	-	-	-	218,351	218,351
Contributions and donations	21,014	-	-	-	-	21,014
Interest	148,779	8,588	18,408	43,237	66,524	285,536
Miscellaneous	130,679	2,158	-	-	135,449	268,286
Total revenues	13,598,003	662,014	18,408	43,237	4,491,370	18,813,032
<b>EXPENDITURES:</b>						
Current:						
General government	3,915,585	497,521	18,444	-	1,571,955	6,003,505
Public safety	5,959,615	-	-	-	-	5,959,615
Highways and streets	1,116,838	-	-	-	-	1,116,838
Culture and recreation	3,901,649	-	-	-	-	3,901,649
Capital outlay	422,410	-	1,319,488	164,159	200,930	2,106,987
Debt service:						
Principal	-	-	-	-	570,000	570,000
Interest	-	-	-	-	407,692	407,692
Total expenditures	15,316,097	497,521	1,337,932	164,159	2,750,577	20,066,286
Revenues over (under) expenditures	(1,718,094)	164,493	(1,319,524)	(120,922)	1,740,793	(1,253,254)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfer to Washington County	-	-	-	-	(2,901,229)	(2,901,229)
Transfers in	2,803,115	15,000	-	134,169	617,327	3,569,611
Transfers out	(42,270)	(177,800)	(236,000)	(256,000)	(1,448,822)	(2,160,892)
Total other financing sources (uses)	2,760,845	(162,800)	(236,000)	(121,831)	(3,732,724)	(1,492,510)
Net changes in fund balances	1,042,751	1,693	(1,555,524)	(242,753)	(1,991,931)	(2,745,764)
<b>FUND BALANCES, BEGINNING</b>	<u>4,544,100</u>	<u>1,456,581</u>	<u>4,233,184</u>	<u>8,216,430</u>	<u>9,785,066</u>	<u>28,235,361</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 5,586,851</u>	<u>\$ 1,458,274</u>	<u>\$ 2,677,660</u>	<u>\$ 7,973,677</u>	<u>\$ 7,793,135</u>	<u>\$ 25,489,597</u>

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

**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, 2011**

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Amounts reported in the statement of activities are different because:

Net change in fund balances	\$ (2,745,764)
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The statement of revenues, expenditures, and changes if 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	(3,968,536)	
Capital asset additions	<u>1,862,504</u>	(2,106,032)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.	298,789
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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.	(278,033)
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Internal service funds are used by management to charge the costs of the administrative services department to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	350,121
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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 assets. This is the amount by which proceeds exceed ed repayments.	<u>620,334</u>
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Change in net assets of governmental activities	<u><u>\$ (3,860,585)</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 are:

#### **Water Operations**

##### **Water Fund**

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

##### **Water Development Fund**

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

##### **Water Reservoir Fund**

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

##### **Enterprise Bond Fund**

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

#### **Sewer Operations**

##### **Sewer Fund**

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

##### **Sewer Development Fund**

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

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 four separate Enterprises funds.

#### **Internal Service Funds**

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

##### **Operations Fund**

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

**CITY OF TUALATIN, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,839,592	\$ 4,551,306	\$ 510,972	\$ 9,901,870	\$ 1,357,247
Accounts receivables, net	510,066	538,723	146,756	1,195,545	9,356
Inventories	33,434	441	-	33,875	-
Total current assets	5,383,092	5,090,470	657,728	11,131,290	1,366,603
Capital assets, net	32,020,088	18,048,458	3,175,822	53,244,368	862,063
Total assets	<u>\$ 37,403,180</u>	<u>\$ 23,138,928</u>	<u>\$ 3,833,550</u>	<u>\$ 64,375,658</u>	<u>\$ 2,228,666</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable and accrued expenses	\$ 192,725	\$ 413,573	\$ 42,093	\$ 648,391	\$ 108,003
Deposits	1,400	-	-	1,400	-
Deferred revenue	40,850	-	-	40,850	-
Retainage payable	64,618	5,853	7,650	78,121	11,827
Interest payable	20,378	-	-	20,378	-
Current portion of long-term debt	295,000	-	-	295,000	70,287
Total current liabilities	614,971	419,426	49,743	1,084,140	190,117
<b>NONCURRENT LIABILITIES:</b>					
Noncurrent portion of long-term debt	5,685,000	-	-	5,685,000	-
Total noncurrent liabilities	5,685,000	-	-	5,685,000	-
Total liabilities	6,299,971	419,426	49,743	6,769,140	7,238,309
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	25,975,470	18,042,605	3,168,172	47,186,247	862,063
Restricted for:					
Capital improvements	533,832	3,636,891	202,448	4,373,171	-
Unrestricted	4,593,907	1,040,006	413,187	6,047,100	1,176,486
Total net assets	31,103,209	22,719,502	3,783,807	57,606,518	2,038,549
Total liabilities and net assets	<u>\$ 37,403,180</u>	<u>\$ 23,138,928</u>	<u>\$ 3,833,550</u>	<u>\$ 64,375,658</u>	<u>\$ 2,228,666</u>

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

**CITY OF TUALATIN, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**For the Fiscal Year Ended June 30, 2011**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 5,242,442	\$ 6,276,381	\$ 1,612,020	\$ 13,130,843	\$ 1,905,399
Fines and forfeitures	-	-	-	-	12,364
Miscellaneous	14,532	1,580	-	16,112	14,254
Total operating revenues	5,256,974	6,277,961	1,612,020	13,146,955	1,932,017
<b>OPERATING EXPENSES:</b>					
Personal services	-	-	-	-	1,596,493
Materials and services	2,979,292	5,545,751	1,003,104	9,528,147	352,481
Depreciation	855,939	540,490	121,644	1,518,073	5,814
Total operating expenses	3,835,231	6,086,241	1,124,748	11,046,220	1,954,788
Operating income (loss)	1,421,743	191,720	487,272	2,100,735	(22,771)
<b>NON-OPERATING INCOME (EXPENSE):</b>					
Interest income	32,802	23,354	2,505	58,661	6,396
Interest expense	(254,500)	-	-	(254,500)	-
Total non-operating income (expenses)	(221,698)	23,354	2,505	(195,839)	6,396
Net income (loss) before operating transfers	1,200,045	215,074	489,777	1,904,896	(16,375)
<b>OPERATING TRANSFERS:</b>					
Transfers in (out)	(738,982)	(623,066)	(413,167)	(1,775,215)	366,496
Net income (loss) before contributions	461,063	(407,992)	76,610	129,681	350,121
<b>CAPITAL CONTRIBUTIONS:</b>					
Capital contributions	104,800	113,360	130,535	348,695	661,875
Change in net assets	565,863	(294,632)	207,145	478,376	1,011,996
<b>NET ASSETS, BEGINNING</b>	30,737,856	23,014,134	3,576,662	57,328,652	1,026,553
Prior period adjustment	(200,510)	-	-	(200,510)	-
<b>NET ASSETS, ENDING</b>	<u>\$ 31,103,209</u>	<u>\$ 22,719,502</u>	<u>\$ 3,783,807</u>	<u>\$ 57,606,518</u>	<u>\$ 2,038,549</u>

*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, 2011**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 5,260,747	\$ 6,246,500	\$ 1,584,369	\$ 13,091,616	\$ 1,922,803
Cash paid to employees and others for salaries/benefits	-	-	-	-	(1,526,206)
Cash paid to suppliers and others	(3,135,949)	(5,543,719)	(992,893)	(9,672,561)	(335,100)
Net cash provided (used) by operating activities	2,124,798	702,781	591,476	3,419,055	61,497
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers in (out)	(738,982)	(623,066)	(413,167)	(1,775,215)	366,496
Net cash provided (used) by non-capital financing activities	(738,982)	(623,066)	(413,167)	(1,775,215)	366,496
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(430,040)	(206,049)	(131,577)	(767,666)	(206,002)
Debt principal payments	(285,000)	-	-	(285,000)	-
Interest paid	(255,406)	-	-	(255,406)	-
Net cash provided (used) by capital and related financing activities	(970,446)	(206,049)	(131,577)	(1,308,072)	(206,002)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	32,802	23,354	2,505	58,661	6,396
Net cash provided (used) by investing activities	32,802	23,354	2,505	58,661	6,396
Net increase (decrease) in cash and cash equivalents	448,172	(102,980)	49,237	394,429	228,387
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	4,391,420	4,654,286	461,735	9,507,441	1,128,860
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 4,839,592</u>	<u>\$ 4,551,306</u>	<u>\$ 510,972</u>	<u>\$ 9,901,870</u>	<u>\$ 1,357,247</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating Income	\$ 1,421,743	\$ 191,720	\$ 487,272	\$ 2,100,735	\$ (22,771)
Adjustments					
Depreciation	855,939	540,490	121,644	1,518,073	5,814
Decrease (increase) in:					
Accounts receivable	(13,798)	(31,461)	(27,651)	(72,910)	(9,214)
Inventories	6,943	81	-	7,024	-
Increase (decrease) in:					
Accounts payable and accrued expenses	(163,600)	1,951	10,211	(151,438)	17,381
Deposits	628	-	-	628	-
Deferred revenue	16,943	-	-	16,943	-
Accrued compensated absences	-	-	-	-	70,287
Net cash provided (used) by operating activities	<u>\$ 2,124,798</u>	<u>\$ 702,781</u>	<u>\$ 591,476</u>	<u>\$ 3,419,055</u>	<u>\$ 61,497</u>
<b>NON-CASH CAPITAL FINANCING ACTIVITIES</b>					
Contributions of capital assets	\$ 104,800	\$ 113,360	\$ 130,535	\$ 348,695	\$ 661,875
Total non-cash capital financing activities	<u>\$ 104,800</u>	<u>\$ 113,360</u>	<u>\$ 130,535</u>	<u>\$ 348,695</u>	<u>\$ 661,875</u>

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

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

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**1. Summary of Significant Accounting Policies**

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

**A. Description of Reporting Entity**

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

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

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

**B. Basic Financial Statements**

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide statements

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

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

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

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Fund financial statements

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

**C. Basis of Presentation**

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

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

The City reports the following major governmental funds for 2011:

- *General Fund*
- *Building Fund*
- *Central Urban Renewal District Project Fund*
- *The Leveton Tax Increment District Project Fund*

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

- *Water Operations*
- *Wastewater Operations*
- *Storm Drain Operations*

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

**D. Measurement Focus and Basis of Accounting**

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

The government-wide financial statements and the Proprietary Funds Financial Statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

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recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

A deferred revenue liability 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 deferred 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 Assets, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the Governmental Fund Balance Sheet for unavailable deferred revenue is eliminated. Note that deferred revenues also arise outside the scope of measurement focus and bases of accounting, such as when the City receives resources before it has a legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

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

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

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

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

The proprietary financial statements have incorporated all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. No FASB Statements and Interpretations issued after November 30, 1989, have been applied.

**E. Cash and Investments**

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

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

**F. Receivables**

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

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

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

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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.

**G. Interfund Loans Receivables/Payables**

Short-term interfund loans are classified as “Due to and due from other funds”. Long-term interfund loans are classified as “interfund loan receivable” and “interfund loan payable”.

**H. Inventories**

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

**I. Capital Assets**

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

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the year ended June 30, 2011.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets 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

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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.

**J. Deferred Revenues**

Deferred revenues represent uncollected property taxes and other revenues not deemed available to finance operations of the current period.

**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, engineering and building fund, and the operations and urban redevelopment administration funds.

**L. Net Assets**

In the government-wide financial statements and proprietary funds financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal of related debt. Net assets invested in capital assets, net of related debt does not include the unspent proceeds of capital debt. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments) and include 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 assets. The City's other restricted net assets are temporarily restricted (ultimately expendable) assets. All other net assets are considered unrestricted.

**M. Fund Equity**

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. It establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The City implemented GASB 54 in the year ending June 30, 2011.

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

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

**Restricted** – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

**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.

**Committed** – Includes items committed by the City, by formal council action. Commitments of fund balance must be made prior to the end of the fiscal year.

**Assigned** – Includes items assigned for specific uses, authorized by the City. Assignments of fund balance can be done at any time, including after the fiscal year end date.

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

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

## **N. Accounting Estimates**

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

## **2. Cash and Cash Equivalents**

At June 30, 2011 investments included in cash and cash equivalents consist of the following:

	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Investments in the State Treasurer's Local Government Investment Pool	0.00	\$ 37,483,647

## **A. Interest rate risk**

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

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**B. Credit risk**

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

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

**C. Concentration of credit risk**

All investments of the City shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus 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**

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 for the combined total of all savings deposits and unlimited coverage for non-interest bearing transaction accounts. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2011, none of the City's bank balances were exposed to credit risk.

**3. Property Taxes and Assessments Receivable**

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

All other property taxes receivable are offset by deferred revenue 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 Lane County and remitted to the City.

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

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

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

<b>Primary Government</b>	<b>June 30, 2010 Balance</b>	<b>Prior Period Adjustment</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Capital Assets, non-depreciable:</b>						
Land	\$ 13,528,104	\$ -	\$ 13,528,104	\$ 13,520	\$ -	\$ 13,541,624
Construction in Progress	14,504,525	-	14,504,525	1,775,565	(2,346,404)	13,933,686
Total capital assets, non-depreciable	28,032,629	-	28,032,629	1,789,085	(2,346,404)	27,475,310
<b>Capital assets, depreciable:</b>						
Improvements	22,113,369	-	22,113,369	1,751,396	-	23,864,765
Infrastructure	89,729,334	-	89,729,334	852,394	-	90,581,728
Buildings	17,188,815	-	17,188,815	96,290	-	17,285,105
Machinery & Equipment	3,265,206	-	3,265,206	450,065	(156,604)	3,558,667
Total capital assets, depreciable	132,296,724	-	132,296,724	3,150,145	(156,604)	135,290,265
Total	160,329,353		160,329,353	4,939,229	(2,503,008)	162,765,575
<b>Less accumulated depreciation for:</b>						
Improvements	(7,784,856)	(397,518)	(8,182,374)	(721,217)	-	(8,903,591)
Infrastructure	(38,740,481)	(44,865)	(38,785,346)	(2,608,445)	-	(41,393,791)
Buildings	(3,930,393)	-	(3,930,396)	(567,110)	-	(4,497,506)
Machinery & Equipment	(2,503,783)	-	(2,503,783)	(234,182)	156,604	(2,581,361)
Total accumulated depreciation	(52,959,513)	(442,383)	(53,401,899)	(4,130,954)	156,604	(57,376,249)
Net depreciable capital assets	79,337,211	(442,383)	78,894,825	(980,809)	-	77,914,016
<b>Net capital assets</b>	<b>\$ 107,369,840</b>	<b>\$ (442,383)</b>	<b>\$106,927,454</b>	<b>\$ 808,275</b>	<b>\$(2,346,404)</b>	<b>\$105,389,326</b>
<b>Governmental activities:</b>						
General government		564,215				
Public safety		200,653				
Highways and streets		2,608,546				
Culture and recreation		757,540				
Total depreciation expense - governmental activities		4,130,954				

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	<u>June 30, 2010</u> <u>Balance</u>	<u>Prior Period</u> <u>Adjustment</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
<b>Business-type activities totals</b>						
<b>Capital Assets, non-depreciable:</b>						
Land	\$ 877,464	\$ -	\$ 877,464	\$ -	\$ -	\$ 877,464
Construction in Progress	5,361,583	-	5,361,583	767,665	(1,590,484)	4,538,764
Total capital assets, non-depreciable	6,239,047	-	6,239,047	767,665	(1,590,484)	5,416,228
<b>Capital assets, depreciable:</b>						
Improvements & Infrastructure	67,837,147	-	67,837,147	1,939,179	-	69,776,326
Buildings	367,755	-	367,755	-	-	367,755
Machinery & Equipment	863,750	-	863,750	-	-	863,750
Total capital assets, depreciable	69,068,652	-	69,068,652	1,939,179	-	71,007,831
Total	75,307,699	-	75,307,699	2,706,844	(1,590,484)	76,424,059
<b>Less accumulated depreciation for:</b>						
Improvements & Infrastructure	(20,609,165)	(200,509)	(20,809,674)	(1,443,142)	-	(22,252,816)
Buildings	(332,626)	-	(332,626)	(4,376)	-	(337,002)
Machinery & Equipment	(519,318)	-	(519,318)	(70,555)	-	(589,873)
Total accumulated depreciation	(21,461,109)	(200,509)	(21,661,618)	(1,518,073)	-	(23,179,691)
Net depreciable capital assets	47,607,543	(200,509)	47,407,034	421,106	-	47,828,140
<b>Net capital assets</b>	<b>\$ 53,846,590</b>	<b>\$ (200,509)</b>	<b>\$53,646,081</b>	<b>\$1,188,771</b>	<b>\$(1,590,484)</b>	<b>\$ 53,244,368</b>
<b>Business-type activities:</b>						
Water		(855,939)				
Sewer		(540,490)				
Stormwater		(121,644)				
Total depreciation expense - business-type activities		(1,518,073)				

**5. Interfund Receivables, Payables, and Transfers**

**A. Interfund Receivables and Payables**

Interfund balances which represent short-term internal financing and will be repaid in the subsequent year are as follows:

	<u>Due from Other</u> <u>Funds</u>	<u>Due to</u> <u>Other Funds</u>
General Fund	\$ 8,427	\$ -
Building Fund	1	
Economic Development Adm. Fund	-	8,428
	<u>\$ 8,428</u>	<u>\$ 8,428</u>

**CITY OF TUALATIN, OREGON**  
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**B. Interfund Transfers**

	Transfer In	Transfer Out
Major Governmental Funds:		
General Fund	\$ 2,803,115	\$ 42,270
Building Fund	15,000	177,800
Leveton Project Fund	134,169	256,000
Total Major Governmental Funds	2,952,284	476,070
Non-major Governmental Funds:		
Operations Fund	2,271,895	-
Road Utility Fee	-	334,191
Road Op/Gas Tax Fund	92,057	803,650
Core Area Parking District Fund	-	59,471
Library Improvement Fund	-	15,346
Road Development Fund	-	1,462
Park Development Fund	15,000	19,024
Economic Development Adm. Fund	470,000	215,678
Infrastructure Reserve Fund	40,270	
Central Urban Renewal District Project Fund	-	236,000
Total Non-major Governmental Funds	2,889,222	1,684,822
Proprietary Funds:		
Water Fund	-	2,684,889
Water Development Fund	400,000	18,499
Enterprise Bond Fund	540,906	-
Sewer Fund	-	961,955
Sewer Development Fund	-	3,370
Storm Drain Fund	-	951,637
Storm Drain Development Fund	-	1,170
Total Proprietary Funds	940,906	4,621,520
Total All Funds	\$ 6,782,412	\$ 6,782,412

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**

During the year ended June 30, 2011, long-term liability activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Bonds payable:					
GO Bond Refunding 4/2008	\$ 2,575,000	\$ -	\$ (90,000)	\$ 2,485,000	\$ 270,000
GO Bond Park Improvement 1/2005	3,120,000	-	(155,000)	2,965,000	165,000
Limited tax improvement bonds	540,000	-	(160,000)	380,000	-
GO Bond Library Improvement 11/2006	3,950,000	-	(165,000)	3,785,000	170,000
Total bonds payable	10,185,000	-	(570,000)	9,615,000	605,000
Capital leases	19,913	-	(12,423)	7,490	7,490
Compensated absences	627,722	32,376	-	660,098	660,098
Total Governmental activities	<u>\$ 10,832,635</u>	<u>\$ 32,376</u>	<u>\$ (582,423)</u>	<u>\$ 10,282,588</u>	<u>\$ 1,272,588</u>
Business-type activities:					
Bonds payable:					
Water revenue bonds 11/05	\$ 6,265,000	\$ -	\$ (285,000)	\$ 5,980,000	\$ 295,000
Total Business-type activities	<u>\$ 6,265,000</u>	<u>\$ -</u>	<u>\$ (285,000)</u>	<u>\$ 5,980,000</u>	<u>\$ 295,000</u>

**A. Bonds Payable**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as twenty-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding at June 30, 2011 are as follows:

Governmental Activities	
During 2005, the City issued \$3,785,000 of general obligation bonds for parks improvements. The bonds carry interest rates varying from 2.5% to 4.125%. Interest is payable semiannually on December 15 and June 15 of each year.	\$ 2,965,000
During 2006, the City issued \$4,225,000 of general obligation bonds for the library construction. The bonds carry an interest rate of 4%. Interest is payable semiannually on December 1 and June 1 of each year.	3,785,000
During 2008, the City issued \$2,575,000 of general obligation bonds at rates varying from 3.75% to 5.0% on its 1999 general obligation debt for the construction of the police facility. Interest is payable semiannually on December 1 and June 1 of each year.	2,485,000
Total general obligation bonds payable	<u>\$ 9,235,000</u>

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

Year Ending June 30,	GO Bonds, Series 2005 Park Improvements		GO Bonds, Series 2006 Library Improvements		GO Bonds, Series 2008 Police Facility		Total Principal	Total Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2012	\$ 165,000	\$ 114,025	\$ 170,000	\$ 148,275	\$ 270,000	\$ 100,288	\$ 605,000	\$ 362,588
2013	170,000	108,056	180,000	140,838	275,000	89,388	625,000	338,281
2014	175,000	101,694	185,000	133,081	290,000	78,088	650,000	312,863
2015	180,000	95,038	190,000	125,113	305,000	66,569	675,000	286,719
2016	190,000	87,863	200,000	116,825	310,000	54,650	700,000	259,338
2017-2021	1,065,000	317,213	1,130,000	455,113	1,035,000	77,475	3,230,000	849,800
2022-2026	1,020,000	85,594	1,410,000	209,065	-	-	2,430,000	294,659
2027-2031	-	-	320,000	6,400	-	-	320,000	6,400
	<u>\$ 2,965,000</u>	<u>\$ 909,481</u>	<u>\$ 3,785,000</u>	<u>\$ 1,334,709</u>	<u>\$ 2,485,000</u>	<u>\$ 466,456</u>	<u>\$ 9,235,000</u>	<u>\$ 2,710,646</u>

The City also issues bonds where assessments levied within a Local Improvement District have been pledged to pay the debt service on the bonds. Limited Tax Improvement bonds outstanding are as follows as of June 30, 2011:

**Governmental Activities**

During 1998, the City issued bonds in the amount of \$2,460,000 for a street improvement project. The bonds carry an interest rate of 4.70%. Interest is payable semiannually on December 1 and June 1 of each year. Principal on the debt is not due until 2013, however, the debt was structured to allow payment of principal as assessment payments and pre-payments are received.

\$ 380,000

Total tax improvement bonds payable

\$ 380,000

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

Year Ending June 30,	Limited Tax Improvement Bonds Street Improvements	
	Principal	Interest
2012	\$ -	\$ 25,380
2013	380,000	25,380
	<u>\$ 380,000</u>	<u>\$ 50,760</u>

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The city also issued bonds where income derived from net revenue of the City's water system is pledged to pay debt service. Revenue bonds outstanding are as follows as of June 30, 2011:

Business Type Activities

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During 2005, the City sold revenue bonds in the amount of \$7,305,000 for construction of a five million gallon water reservoir and the retrofitting of four existing water reservoirs and three water pump stations to meet current seismic loading standards. The City covenants for the owners of all Series 2005 bonds to establish and maintain rates and charges in connection with the operation of the system which, when combined with other gross revenues, are adequate to generate net revenues for each year at least equal to 1.25 times annual bond debt service due in that fiscal year and net operating revenue after the deduction of system development charges equal to 1.15 times annual debt service due in the fiscal year. Interest rates for this bond range from 4.25% to 4.5%. Interest is payable semiannually on December 1 and June 1 of each year.

\$ 5,980,000

Total bonds payable

\$ 5,980,000

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

Year Ending June 30,	Water Revenue Bond, Series 2005	
	Water Reservoir	
2012	295,000	244,531
2013	305,000	233,281
2014	315,000	221,263
2015	330,000	208,363
2016	345,000	194,863
2017-2021	1,955,000	747,339
2022-2026	2,435,000	278,995
	<u>\$ 5,980,000</u>	<u>\$ 2,128,635</u>

**B. Capital Leases**

The City has entered into a lease agreement for financing the acquisition of computer equipment and a network server. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The amount of equipment capitalized under this lease was \$90,000.

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The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2011.

<u>Years ending</u> <u>June 30,</u> 2012	<u>Amount</u>
	\$ 7,595
Less amount representing interest	<u>(105)</u>
Present value of future minimum lease payments	<u>\$ 7,490</u>

**7. Pension Plan**

**A. Plan Description**

Prior to June 30, 2000, members of the City's OPEU Bargaining Unit were eligible to participate in the contributory defined contributions pension plan. As of June 30, 2000, OPEU (now TEA) employees had the option to move their retirement funds into the OPERS defined benefit retirement plan. TEA employees remaining in the defined contribution plan will have their retirement plan contributions continued under the plan until their retirement or termination of City employment. New TEA employees hired after June 30, 2000, will participate in OPERS. The payroll for the five employees covered by the contributory defined contribution retirement plan for the year ended June 30, 2011, was \$255,854. The City's total payroll was \$9,296,720.

The City has elected to participate in a pool with the State of Oregon and other Oregon local governments and community college public employers for its PERS pension program (the "state and Local Government Rate Pool" or "SLGRP"), a cost-sharing multi-employer defined benefit plan. Current City employer rates for the period beginning July 1, 2009, is based on the December 31, 2007, actuarial valuation and is 9.72% for PERS general service employees, 17.61% for PERS police employees, 10.37% for OPSRP general service employees and 13.08% for OPSRP police employees.

These rates do not include the 6% employee contribution rate, which the City has elected to make on behalf of the members of the Tualatin Police Association. Other employees pay the 6% employee contribution themselves. In addition, the City pays a rate of 3.24% for all employees to pay toward its accrued actuarial deficit. Pension expense recorded by the City under the plan was \$1,276,380 for the year ended June 30, 2011.

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

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

**B. Funding Policy**

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

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

**C. Annual Pension Cost**

Contribution information for the years ended June 30, 2011 is as follows:

Year Ended	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
6/30/2011	\$ 1,276,380	100%	\$ -
6/30/2010	1,250,813	100%	-
6/30/2009	1,502,342	100%	

**8. 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

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**June 30, 2011**

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refund. The City has never had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy.

**9. 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.

**10. Prior Period Adjustments**

During the year ended June 30, 2010 the City recorded an Other Post Employment Benefit (OPEB) liability while implementing GASB 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. During the year ended June 30, 2011 the independent actuarial firm determined that the City did not have a liability under GASB 45. A prior period adjustment of \$351,359 to remove the OPEB liability was made on the government-wide financial statements.

During the year ended June 30, 2011 management discovered assets that were included in construction in process that had been completed in prior years. A prior period adjustment for \$442,383 to increase accumulated depreciation for governmental capital assets was made on the government-wide financial statements.

During the year ended June 30, 2011 management discovered assets that were not recording depreciation. A prior period adjustment for \$200,510 to increase accumulated depreciation was made on the proprietary fund financial statements.

The total effect of the prior period adjustment to fund balance at June 30, 2011 is \$291,534.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

## **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

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**CITY OF TUALATIN, OREGON**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Property taxes	\$ 7,257,900	\$ 7,257,900	\$ 7,498,043	\$ 240,143
Franchise fees	2,350,000	2,350,000	2,091,937	(258,063)
Grants	630,960	684,810	323,574	(361,236)
Licenses and permits	519,810	519,810	515,035	(4,775)
Charges for services	206,163	206,163	206,529	366
Intergovernmental	2,066,572	2,066,572	2,024,175	(42,397)
Fines and forfeitures	409,000	409,000	638,238	229,238
Contributions and donations	40,720	40,720	21,014	(19,706)
Interest	134,000	134,000	148,779	14,779
Miscellaneous	69,465	79,465	130,679	51,214
Total revenues	13,684,590	13,748,440	13,598,003	(150,437)
<b>EXPENDITURES:</b>				
General government	3,955,312	3,994,272	3,915,585	78,687
Public safety	5,924,190	5,970,190	5,959,615	10,575
Highways and streets	1,129,625	1,169,625	1,116,838	52,787
Culture and recreation	4,469,514	4,471,064	3,901,649	569,415
Capital outlay	489,410	499,410	422,410	77,000
Contingency	4,938,913	4,866,253	-	4,866,253
Total expenditures	20,906,964	20,970,814	15,316,097	5,654,717
Revenues over (under) expenditures	(7,222,374)	(7,222,374)	(1,718,094)	5,504,280
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,787,769	2,787,769	2,803,115	15,346
Transfers out	(42,270)	(42,270)	(42,270)	-
Total other financing sources (uses)	2,745,499	2,745,499	2,760,845	15,346
Net changes in fund balances	(4,476,875)	(4,476,875)	1,042,751	5,519,626
<b>FUND BALANCE, BEGINNING</b>	4,476,875	4,476,875	4,544,100	67,225
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 5,586,851	\$ 5,586,851

**CITY OF TUALATIN, OREGON**  
**BUILDING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Licenses and permits	\$ 460,700	\$ 460,700	\$ 651,268	\$ 190,568
Interest	4,090	4,090	8,588	4,498
Miscellaneous	100	100	2,158	2,058
Total revenues	464,890	464,890	662,014	197,124
<b>EXPENDITURES:</b>				
Personal service	414,889	414,889	447,402	(32,513)
Materials and service	84,665	84,665	50,119	34,546
Contingency	86,420	86,420	-	86,420
Total expenditures	585,974	585,974	497,521	88,453
Revenues over (under) expenditures	(121,084)	(121,084)	164,493	285,577
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	15,000	15,000	15,000	-
Transfers out	(177,800)	(177,800)	(177,800)	-
Total other financing sources (uses)	(162,800)	(162,800)	(162,800)	-
Net changes in fund balances	(283,884)	(283,884)	1,693	285,577
<b>FUND BALANCES, BEGINNING</b>	907,049	907,049	1,456,581	549,532
<b>FUND BALANCES, ENDING</b>	<u>\$ 623,165</u>	<u>\$ 623,165</u>	<u>\$ 1,458,274</u>	<u>\$ 835,109</u>

**CITY OF TUALATIN**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2010**

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**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, 2011. The city had a supplemental budget during the year-ended June 30, 2011. Appropriations lapse as of year-end.

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## **OTHER SUPPLEMENTARY INFORMATION**

## **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
- Budgetary Comparison Schedules - Internal Service Fund
- Other Financial Schedules

## **COMBINING STATEMENTS**

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:

#### **Operations Fund**

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

#### **Road Gas Tax Fund**

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

#### **Core Area Parking District Fund**

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

#### **Tualatin Scholarship Fund**

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

#### **Road Development Fund**

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

#### **Economic Development Administration Fund**

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

**Transportation Development Tax Fund**

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

**911 Emergency Communication Fund**

The 911 Emergency Communication Funds accounts for the operation of the 911 system.

**SR Nonmajor Fund J**

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

**General Obligation Bond Fund**

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

**Bancroft Bond Fund**

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

**Central Urban Renewal District Bond Fund**

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

**Leveton Tax Increment District Bond Fund**

The Leveton Bond Fund accounts for property taxes collected by the Leveton Urban Renewal District for payment of bond principal and interest.

**Capital Projects Funds**

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

**Local Improvement District Fund**

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

**Park Development Fund**

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

**Parks Improvement Fund**

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

**Infrastructure Reserve Fund**

The Infrastructure Reserve Fund accounts for the accumulation of funds to construct future capital projects. Resources are provided by other City funds.

**Library Improvement Fund**

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

**CITY OF TUALATIN, OREGON**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2011**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,257,286	\$ 537,136	\$ 3,148,270	\$ 7,942,692
Due from other governments	7,688	3,453	-	11,141
Accounts receivable	84,385	-	-	84,385
Property taxes receivable	-	36,309	-	36,309
Assessments receivable	-	174,072	-	174,072
Inventories	35,639	-	-	35,639
Total assets	<u>\$ 4,384,998</u>	<u>\$ 750,970</u>	<u>\$ 3,148,270</u>	<u>\$ 8,284,238</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable and other current liabilities	\$ 60,305	\$ 60,000	\$ 29,632	\$ 149,937
Deposits	55,323	-	-	55,323
Due to other funds	8,428	-	-	8,428
Retainage payable	72,291	-	-	72,291
Deferred revenue	-	205,124	-	205,124
Total liabilities	<u>196,347</u>	<u>265,124</u>	<u>29,632</u>	<u>491,103</u>
<b>FUND BALANCES:</b>				
Nonspendable:				
Inventory	35,639	-	-	35,639
Restricted for:				
Street and roadside maintenance	428,600	-	-	428,600
Debt service payments	-	485,846	-	485,846
Capital projects	-	-	612,569	612,569
Transportation	1,850,125	-	-	1,850,125
Urban renewal projects	309,052	-	-	309,052
Committed to:				
Pavement maintenance and street lighting	1,290,242	-	-	1,290,242
Parking maintenance	223,508	-	-	223,508
Assigned to:				
Scholarships	51,485	-	-	51,485
Capital projects	-	-	2,506,069	2,506,069
Total fund equity	<u>4,188,651</u>	<u>485,846</u>	<u>3,118,638</u>	<u>7,793,135</u>
Total liabilities and fund equity	<u>\$ 4,384,998</u>	<u>\$ 750,970</u>	<u>\$ 3,148,270</u>	<u>\$ 8,284,238</u>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2011**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Fund	Total
<b>REVENUES:</b>				
Property taxes	\$ -	\$ 847,524	\$ -	\$ 847,524
Charges for service	1,100,196	-	-	1,100,196
Licenses and permits	667,336	-	82,448	749,784
Intergovernmental	1,334,159	-	38,523	1,372,682
Fines and forfeitures	860	-	-	860
Special assessments	131,265	87,086	-	218,351
Interest	18,692	32,104	15,728	66,524
Miscellaneous	134,810	-	639	135,449
Total revenues	3,387,318	966,714	137,338	4,491,370
<b>EXPENDITURES:</b>				
General government	1,553,086	300	18,569	1,571,955
Capital outlay	96,093	-	104,837	200,930
Debt service:				
Principal	-	570,000	-	570,000
Interest	-	407,692	-	407,692
Total expenditures	1,649,179	977,992	123,406	2,750,577
Revenues over (under) expenditures	1,738,139	(11,278)	13,932	1,740,793
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer to Washington County	-	(2,901,229)	-	(2,901,229)
Transfers in	562,057	-	55,270	617,327
Transfers out	(1,414,452)	-	(34,370)	(1,448,822)
Total other financing sources (uses)	(852,395)	(2,901,229)	20,900	(3,732,724)
Net changes in fund balances	885,744	(2,912,507)	34,832	(1,991,931)
<b>FUND BALANCES, BEGINNING</b>	3,302,907	3,398,353	3,083,806	9,785,066
<b>FUND BALANCES, ENDING</b>	\$ 4,188,651	\$ 485,846	\$ 3,118,638	\$ 7,793,135

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**CITY OF TUALATIN, OREGON**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2011**

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	Road Utility Fee Fund	Road Gas Tax Fund	Core Area Parking District Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,267,074	\$ 501,634	\$ 223,828
Due from other governments	-	7,688	-
Accounts receivable	83,406	979	-
Inventories	-	35,639	-
Total assets	<u>\$ 1,350,480</u>	<u>\$ 545,940</u>	<u>\$ 223,828</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES:</b>			
Accounts payable and other current liabilities	\$ 8,916	\$ 44,838	\$ 320
Deposits	-	36,863	-
Due to other funds	-	-	-
Retainage payable	51,322	-	-
Total liabilities	<u>60,238</u>	<u>81,701</u>	<u>320</u>
<b>FUND BALANCES:</b>			
Nonspendable:			
Inventory	-	35,639	-
Restricted for:			
Street and roadside maintenance	-	428,600	-
Transportation	-	-	-
Urban renewal projects	-	-	-
Committed to:			
Pavement maintenance and street lighting	1,290,242	-	-
Parking maintenance	-	-	223,508
Assigned to:			
Scholarships	-	-	-
Total fund equity	<u>1,290,242</u>	<u>464,239</u>	<u>223,508</u>
Total liabilities and fund equity	<u>\$ 1,350,480</u>	<u>\$ 545,940</u>	<u>\$ 223,828</u>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2011**

<u>Tualatin Scholarship Fund</u>	<u>Road Development Fund</u>	<u>Economic Development Administration Fund</u>	<u>Transportation Development Tax Fund</u>	<u>911 Emergency Communication Fund</u>	<u>Total</u>
\$ 51,485	\$ 469,655	\$ 323,711	\$ 1,419,899	\$ -	\$ 4,257,286
-	-	-	-	-	7,688
-	-	-	-	-	84,385
-	-	-	-	-	35,639
<u>\$ 51,485</u>	<u>\$ 469,655</u>	<u>\$ 323,711</u>	<u>\$ 1,419,899</u>	<u>\$ -</u>	<u>\$ 4,384,998</u>
\$ -	\$ -	\$ 6,231	\$ -	\$ -	\$ 60,305
-	18,460	-	-	-	55,323
-	-	8,428	-	-	8,428
-	20,969	-	-	-	72,291
-	39,429	14,659	-	-	196,347
-	-	-	-	-	35,639
-	-	-	-	-	428,600
-	430,226	-	1,419,899	-	1,850,125
-	-	309,052	-	-	309,052
-	-	-	-	-	1,290,242
-	-	-	-	-	223,508
<u>51,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,485</u>
<u>51,485</u>	<u>430,226</u>	<u>309,052</u>	<u>1,419,899</u>	<u>-</u>	<u>4,188,651</u>
<u>\$ 51,485</u>	<u>\$ 469,655</u>	<u>\$ 323,711</u>	<u>\$ 1,419,899</u>	<u>\$ -</u>	<u>\$ 4,384,998</u>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2011**

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	Road Utility Fee Fund	Road Gas Tax Fund	Core Area Parking District Fund
<b>REVENUES:</b>			
Charges for service	\$ 259,062	\$ -	\$ 47,037
Licenses and permits	660,800	80	-
Intergovernmental	-	1,334,159	-
Fines and forfeitures	-	-	860
Special assessments	-	-	-
Interest	6,338	1,949	1,199
Miscellaneous	180	134,169	-
	<hr/>	<hr/>	<hr/>
Total revenues	926,380	1,470,357	49,096
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
General government	679,760	445,001	14,808
Capital outlay	47,579	25,710	-
	<hr/>	<hr/>	<hr/>
Total expenditures	727,339	470,711	14,808
	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	199,041	999,646	34,288
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	92,057	-
Transfers out	(334,191)	(803,650)	(59,471)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(334,191)	(711,593)	(59,471)
	<hr/>	<hr/>	<hr/>
Net changes in fund balances	(135,150)	288,053	(25,183)
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES, BEGINNING</b>	1,425,392	176,186	248,691
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,290,242</u>	<u>\$ 464,239</u>	<u>\$ 223,508</u>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2011**

<u>Tualatin Scholarship Fund</u>	<u>Road Development Fund</u>	<u>Economic Development Administration</u>	<u>Transportation Development Tax Fund</u>	<u>911 Emergency Communication Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 794,097	\$ -	\$ 1,100,196
-	6,456	-	-	-	667,336
-	-	-	-	-	1,334,159
-	-	-	-	-	860
-	-	-	-	131,265	131,265
258	3,328	1,728	3,892	-	18,692
-	461	-	-	-	134,810
<u>258</u>	<u>10,245</u>	<u>1,728</u>	<u>797,989</u>	<u>131,265</u>	<u>3,387,318</u>
1,000	-	281,252	-	131,265	1,553,086
-	22,804	-	-	-	96,093
<u>1,000</u>	<u>22,804</u>	<u>281,252</u>	<u>-</u>	<u>131,265</u>	<u>1,649,179</u>
(742)	(12,559)	(279,524)	797,989	-	1,738,139
-	-	470,000	-	-	562,057
-	(1,462)	(215,678)	-	-	(1,414,452)
-	(1,462)	254,322	-	-	(852,395)
(742)	(14,021)	(25,202)	797,989	-	885,744
<u>52,227</u>	<u>444,247</u>	<u>334,254</u>	<u>621,910</u>	<u>-</u>	<u>3,302,907</u>
<u>\$ 51,485</u>	<u>\$ 430,226</u>	<u>\$ 309,052</u>	<u>\$ 1,419,899</u>	<u>\$ -</u>	<u>\$ 4,188,651</u>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2011**

	General Obligation Bond Fund	Bancroft Bond Fund	Central Urban Renewal District Bond Fund	Leveton Tax Increment District Bond Fund	Total
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 79,391	\$ 397,745	\$ 60,000	\$ -	\$ 537,136
Due from other governments	3,453	-	-	-	3,453
Property taxes receivable	36,309	-	-	-	36,309
Assessments receivable	-	174,072	-	-	174,072
	<u>-</u>	<u>174,072</u>	<u>-</u>	<u>-</u>	<u>174,072</u>
Total assets	<u>\$ 119,153</u>	<u>\$ 571,817</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 750,970</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
<b><u>LIABILITIES:</u></b>					
Accounts payable and other current liabilities	\$ -	\$ -	\$ 60,000	\$ -	\$ 60,000
Deferred revenue	31,052	174,072	-	-	205,124
	<u>31,052</u>	<u>174,072</u>	<u>-</u>	<u>-</u>	<u>205,124</u>
Total liabilities	<u>31,052</u>	<u>174,072</u>	<u>60,000</u>	<u>-</u>	<u>265,124</u>
<b><u>FUND BALANCES:</u></b>					
Restricted for:					
Debt service payments	88,101	397,745	-	-	485,846
	<u>88,101</u>	<u>397,745</u>	<u>-</u>	<u>-</u>	<u>485,846</u>
Total fund equity	<u>88,101</u>	<u>397,745</u>	<u>-</u>	<u>-</u>	<u>485,846</u>
Total liabilities and fund equity	<u>\$ 119,153</u>	<u>\$ 571,817</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 750,970</u>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2011**

	General Obligation Bond Fund	Bancroft Bond Fund	Central Urban Renewal District Bond Fund	Leveton Tax Increment District Bond Fund	Total
<b>REVENUES:</b>					
Property taxes	\$ 847,524	\$ -	\$ -	\$ -	\$ 847,524
Special assessments	-	87,086	-	-	87,086
Interest	3,254	15,896	7,855	5,099	32,104
Total revenues	850,778	102,982	7,855	5,099	966,714
<b>EXPENDITURES:</b>					
General government	-	300	-	-	300
Debt service:					
Principal	410,000	160,000	-	-	570,000
Interest	382,312	25,380	-	-	407,692
Total expenditures	792,312	185,680	-	-	977,992
Revenues over (under) expendi	58,466	(82,698)	7,855	5,099	(11,278)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfer to Washington County	-	-	(1,736,773)	(1,164,456)	(2,901,229)
Total other financing sources (u	-	-	(1,736,773)	(1,164,456)	(2,901,229)
Net changes in fund balances	58,466	(82,698)	(1,728,918)	(1,159,357)	(2,912,507)
<b>FUND BALANCES, BEGINNING</b>	29,635	480,443	1,728,918	1,159,357	3,398,353
<b>FUND BALANCES, ENDING</b>	\$ 88,101	\$ 397,745	\$ -	\$ -	\$ 485,846

**CITY OF TUALATIN, OREGON**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2011**

	Local Improvement District Fund	Park Development Fund	Parks Improvement Fund	Infrastructure Reserve Fund	Library Improvement Fund	Total
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 466,961	\$ 174,499	\$ 741	\$ 2,506,069	\$ -	\$ 3,148,270
Total assets	<u>\$ 466,961</u>	<u>\$ 174,499</u>	<u>\$ 741</u>	<u>\$ 2,506,069</u>	<u>\$ -</u>	<u>\$ 3,148,270</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>						
<b><u>LIABILITIES:</u></b>						
Accounts payable and other current liabilities	\$ -	\$ 29,632	\$ -	\$ -	\$ -	\$ 29,632
Total liabilities	<u>-</u>	<u>29,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,632</u>
<b><u>FUND BALANCES:</u></b>						
Restricted for:						
Capital projects	466,961	144,867	741	-	-	612,569
<b>Assigned to:</b>						
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,506,069</u>	<u>-</u>	<u>2,506,069</u>
Total fund equity	<u>466,961</u>	<u>144,867</u>	<u>741</u>	<u>2,506,069</u>	<u>-</u>	<u>3,118,638</u>
Total liabilities and fund equity	<u>\$ 466,961</u>	<u>\$ 174,499</u>	<u>\$ 741</u>	<u>\$ 2,506,069</u>	<u>\$ -</u>	<u>\$ 3,148,270</u>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2011**

	Local Improvement District Fund	Park Development Fund	Parks Improvement Fund	Infrastructure Reserve Fund	Library Improvement Fund	Total
<b>REVENUES:</b>						
Licenses and permits	\$ -	\$ 82,448	\$ -	\$ -	\$ -	\$ 82,448
Intergovernmental	-	38,523	-	-	-	38,523
Interest	2,337	890	4	12,448	49	15,728
Miscellaneous	-	-	-	-	639	639
Total revenues	2,337	121,861	4	12,448	688	137,338
<b>EXPENDITURES:</b>						
General government	2	18,567	-	-	-	18,569
Capital outlay	-	104,837	-	-	-	104,837
Total expenditures	2	123,404	-	-	-	123,406
Revenues over (under) expenditures	2,335	(1,543)	4	12,448	688	13,932
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	15,000	-	40,270	-	55,270
Transfers out	-	(19,024)	-	-	(15,346)	(34,370)
Total other financing sources (uses)	-	(4,024)	-	40,270	(15,346)	20,900
Net changes in fund balances	2,335	(5,567)	4	52,718	(14,658)	34,832
<b>FUND BALANCES, BEGINNING</b>	464,626	150,434	737	2,453,351	14,658	3,083,806
<b>FUND BALANCES, ENDING</b>	<u>\$ 466,961</u>	<u>\$ 144,867</u>	<u>\$ 741</u>	<u>\$ 2,506,069</u>	<u>\$ -</u>	<u>\$ 3,118,638</u>

## **BUDGETARY COMPARISON SCHEDULES**

### **Nonmajor Governmental 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.

Nonmajor Governmental Budgetary Comparison Schedules included the following:

- General Fund Schedule of Expenditures
- Special Revenue Funds
  - Road Utility Fee Fund
  - Road Gas Tax Fund
  - Core Area Parking District Fund
  - Tualatin Scholarship Fund
  - Road Development Fund
  - Economic Development Administration Fund
  - Transportation Development Tax Fund
  - 911 Emergency Communication Fund
- Debt Service Funds
  - General Obligation Bond Fund
  - Bancroft Bond Fund
  - Central Urban Renewal District Bond Fund
  - Leveton Tax Increment District Bond Fund
- Capital Project Funds
  - Local Improvement District Fund
  - Park Development Fund
  - Parks Improvement Fund
  - Infrastructure Reserve Fund
  - Library Improvement Fund
  - Central Urban Renewal District Project Fund
  - Leveton Tax Increment District Project Fund

**CITY OF TUALATIN, OREGON**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
City council:				
Personal services	\$ 43,598	\$ 43,598	\$ 44,737	\$ (1,139)
Materials and services	49,940	67,600	64,826	2,774
Subtotal	93,538	111,198	109,563	1,635
Administrative:				
Personal services	723,505	723,505	708,582	14,923
Materials and services	48,458	54,758	66,278	(11,520)
Subtotal	771,963	778,263	774,860	3,403
Finance:				
Personal services	757,886	757,886	730,679	27,207
Materials and services	87,770	87,770	75,063	12,707
Subtotal	845,656	845,656	805,742	39,914
Legal services:				
Personal services	176,482	176,482	180,256	(3,774)
Materials and services	11,600	11,600	11,331	269
Subtotal	188,082	188,082	191,587	(3,505)
Municipal court:				
Personal services	96,028	96,028	100,624	(4,596)
Materials and services	9,835	9,835	8,444	1,391
Subtotal	105,863	105,863	109,068	(3,205)
Community development planning:				
Personal services	434,080	434,080	450,407	(16,327)
Materials and services	585,106	585,106	94,976	490,130
Subtotal	1,019,186	1,019,186	545,383	473,803
Engineering & building:				
Personal services	1,039,305	1,039,305	1,043,244	(3,939)
Materials and services	90,320	130,320	73,594	56,726
Subtotal	1,129,625	1,169,625	1,116,838	52,787
Police patrol:				
Personal services	5,215,022	5,215,022	5,220,769	(5,747)
Materials and services	603,305	649,305	629,778	19,527
Capital outlay	153,400	163,400	148,902	14,498
Subtotal	5,971,727	6,027,727	5,999,449	28,278
Information services:				
Personal services	226,281	226,281	211,626	14,655
Materials and services	182,730	197,730	194,780	2,950
Capital outlay	154,090	154,090	141,684	12,406

**CITY OF TUALATIN, OREGON**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
Subtotal	563,101	578,101	548,090	30,011
Fleet:				
Personal services	170,091	170,091	172,847	(2,756)
Materials and services	243,101	243,101	221,198	21,903
Capital outlay	5,600	5,600	5,595	5
Subtotal	418,792	418,792	399,640	19,152
Building maintenance:				
Personal services	182,009	182,009	182,823	(814)
Materials and services	520,294	520,294	488,877	31,417
Capital outlay	32,520	32,520	16,797	15,723
Subtotal	734,823	734,823	688,497	46,326
Parks maintenance:				
Personal services	757,025	757,025	782,547	(25,522)
Materials and services	368,480	368,480	299,261	69,219
Capital outlay	111,300	111,300	64,306	46,994
Subtotal	1,236,805	1,236,805	1,146,114	90,691
Community services - admin:				
Personal services	385,961	385,961	396,124	(10,163)
Materials and services	24,140	24,140	23,535	605
Subtotal	410,101	410,101	419,659	(9,558)
Community services - library:				
Personal services	1,292,824	1,292,824	1,258,633	34,191
Materials and services	363,195	364,745	364,101	644
Capital outlay	-	-	15,677	(15,677)
Subtotal	1,656,019	1,657,569	1,638,411	19,158
Community services -recreation:				
Personal services	121,148	121,148	113,674	7,474
Materials and services	137,555	137,555	118,391	19,164
Capital outlay	32,500	32,500	29,449	3,051
Subtotal	291,203	291,203	261,514	29,689
Non-departmental:				
Personal services	21,944	21,944	40,817	(18,873)
Materials and services	509,623	509,623	520,865	(11,242)
Subtotal	531,567	531,567	561,682	(30,115)
Total expenditures	\$ 15,968,051	\$ 16,104,561	\$ 15,316,097	\$ 788,464

**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, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for service	\$ 256,000	\$ 256,000	\$ 259,062	\$ 3,062
Licenses and permits	649,006	649,006	660,800	11,794
Interest	10,000	10,000	6,338	(3,662)
Miscellaneous	-	-	180	180
Total revenues	915,006	915,006	926,380	11,374
<b>EXPENDITURES:</b>				
Materials and service	928,776	928,776	679,760	249,016
Capital outlay	85,000	85,000	47,579	37,421
Contingency	189,445	189,445	-	189,445
Total expenditures	1,203,221	1,203,221	727,339	475,882
Revenues over (under) expenditures	(288,215)	(288,215)	199,041	487,256
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(334,191)	(334,191)	(334,191)	-
Total other financing sources (uses)	(334,191)	(334,191)	(334,191)	-
Net changes in fund balances	(622,406)	(622,406)	(135,150)	487,256
<b>FUND BALANCES, BEGINNING</b>	1,146,152	1,146,152	1,425,392	279,240
<b>FUND BALANCES, ENDING</b>	<u>\$ 523,746</u>	<u>\$ 523,746</u>	<u>\$ 1,290,242</u>	<u>\$ 766,496</u>

**CITY OF TUALATIN, OREGON**  
**ROAD GAS TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES:</b>				
Licenses and permits	\$ 500	\$ 500	\$ 80	\$ (420)
Intergovernmental	1,390,000	1,390,000	1,334,159	(55,841)
Interest	792	792	1,949	1,157
Miscellaneous	386,428	386,428	134,169	(252,259)
Total revenues	1,777,720	1,777,720	1,470,357	(307,363)
<b>EXPENDITURES:</b>				
Materials and service	733,480	733,480	445,001	288,479
Capital outlay	50,000	50,000	25,710	24,290
Contingency	188,718	188,718	-	188,718
Total expenditures	972,198	972,198	470,711	501,487
Revenues over (under) expenditures	805,522	805,522	999,646	194,124
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	92,057	92,057	92,057	-
Transfers out	(1,055,909)	(1,055,909)	(803,650)	252,259
Total other financing sources (uses)	(963,852)	(963,852)	(711,593)	252,259
Net changes in fund balances	(158,330)	(158,330)	288,053	446,383
<b>FUND BALANCES, BEGINNING</b>	158,330	158,330	176,186	17,856
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 464,239	\$ 464,239

**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, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Charges for service	\$ 62,510	\$ 62,510	\$ 47,037	\$ (15,473)
Licenses and permits	10,000	10,000	-	(10,000)
Fines and forfeitures	-	-	860	860
Interest	1,923	1,923	1,199	(724)
Total revenues	74,433	74,433	49,096	(25,337)
<b>EXPENDITURES:</b>				
Materials and service	24,676	24,676	14,808	9,868
Contingency	6,732	6,732	-	6,732
Total expenditures	31,408	31,408	14,808	16,600
Revenues over (under) expenditures	43,025	43,025	34,288	(8,737)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(59,471)	(59,471)	(59,471)	-
Total other financing sources (uses)	(59,471)	(59,471)	(59,471)	-
Net changes in fund balances	(16,446)	(16,446)	(25,183)	(8,737)
<b>FUND BALANCES, BEGINNING</b>	237,841	237,841	248,691	10,850
<b>FUND BALANCES, ENDING</b>	<u>\$ 221,395</u>	<u>\$ 221,395</u>	<u>\$ 223,508</u>	<u>\$ 2,113</u>

**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, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 500	\$ 500	\$ 258	\$ (242)
Total revenues	500	500	258	(242)
<b>EXPENDITURES:</b>				
Materials and service	1,000	1,000	1,000	-
Contingency	-	-	-	-
Total expenditures	1,000	1,000	1,000	-
Net changes in fund balances	(500)	(500)	(742)	(242)
<b>FUND BALANCES, BEGINNING</b>	52,098	52,098	52,227	129
<b>FUND BALANCES, ENDING</b>	<u>\$ 51,598</u>	<u>\$ 51,598</u>	<u>\$ 51,485</u>	<u>\$ (113)</u>

**CITY OF TUALATIN, OREGON**  
**ROAD DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 100,000	\$ 100,000	\$ 6,456	\$ (93,544)
Interest	2,571	2,571	3,328	757
Miscellaneous	-	-	461	461
Total revenues	102,571	102,571	10,245	(92,326)
<b>EXPENDITURES:</b>				
Capital outlay	61,500	61,500	22,804	38,696
Contingency	615,338	615,338	-	615,338
Total expenditures	676,838	676,838	22,804	654,034
Revenues over (under) expenditures	(574,267)	(574,267)	(12,559)	561,708
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,462)	(1,462)	(1,462)	-
Total other financing sources (uses)	(1,462)	(1,462)	(1,462)	-
Net changes in fund balances	(575,729)	(575,729)	(14,021)	561,708
<b>FUND BALANCES, BEGINNING</b>	575,729	575,729	444,247	(131,482)
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 430,226	\$ 430,226

**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, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Interest	\$ 3,209	\$ 3,209	\$ 1,728	\$ (1,481)
Total revenues	3,209	3,209	1,728	(1,481)
<b>EXPENDITURES:</b>				
Personal service	244,190	244,190	238,870	5,320
Materials and service	49,044	49,044	42,382	6,662
Contingency	285,172	285,172	-	285,172
Total expenditures	578,406	578,406	281,252	297,154
Revenues over (under) expenditures	(575,197)	(575,197)	(279,524)	295,673
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	470,000	470,000	470,000	-
Transfers out	(215,678)	(215,678)	(215,678)	-
Total other financing sources (uses)	254,322	254,322	254,322	-
Net changes in fund balances	(320,875)	(320,875)	(25,202)	295,673
<b>FUND BALANCES, BEGINNING</b>	320,875	320,875	334,254	13,379
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,052</u>	<u>\$ 309,052</u>

**CITY OF TUALATIN, OREGON**  
**TRANSPORTATION DEVELOPMENT TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Charges for service	\$ 441,500	\$ 441,500	\$ 794,097	\$ 352,597
Interest	500	500	3,892	3,392
Total revenues	442,000	442,000	797,989	355,989
<b>EXPENDITURES:</b>				
Contingency	542,000	542,000	-	542,000
Total expenditures	542,000	542,000	-	542,000
Net changes in fund balances	(100,000)	(100,000)	797,989	897,989
<b>FUND BALANCES, BEGINNING</b>	100,000	100,000	621,910	521,910
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 1,419,899	\$ 1,419,899

**CITY OF TUALATIN, OREGON**  
**911 EMERGENCY COMMUNICATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

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	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Special assessments	\$ 140,000	\$ 140,000	\$ 131,265	\$ (8,735)
Total revenues	140,000	140,000	131,265	(8,735)
<b>EXPENDITURES:</b>				
Materials and service	140,000	140,000	131,265	8,735
Total expenditures	140,000	140,000	131,265	8,735
Net changes in fund balances	-	-	-	-
<b>FUND BALANCES, BEGINNING</b>	-	-	-	-
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Property taxes	\$ 831,400	\$ 831,400	\$ 847,524	\$ 16,124
Interest	1,000	1,000	3,254	2,254
Total revenues	832,400	832,400	850,778	18,378
<b>EXPENDITURES:</b>				
Debt service:				
Principal	410,000	410,000	410,000	-
Interest	382,400	382,400	382,312	88
Contingency	-	-	-	-
Total expenditures	792,400	792,400	792,312	88
Net changes in fund balances	40,000	40,000	58,466	18,466
<b>FUND BALANCES, BEGINNING</b>	10,000	10,000	29,635	19,635
<b>FUND BALANCES, ENDING</b>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 88,101</u>	<u>\$ 38,101</u>

**CITY OF TUALATIN, OREGON**  
**BANCROFT BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Special assessments	\$ 87,040	\$ 87,040	\$ 87,086	\$ 46
Interest	22,500	22,500	15,896	(6,604)
Total revenues	109,540	109,540	102,982	(6,558)
<b>EXPENDITURES:</b>				
Materials and service	300	300	300	-
Debt service:				
Principal	160,000	160,000	160,000	-
Interest	29,140	29,140	25,380	3,760
Contingency	-	-	-	-
Total expenditures	189,440	189,440	185,680	3,760
Net changes in fund balances	(79,900)	(79,900)	(82,698)	(2,798)
<b>FUND BALANCES, BEGINNING</b>	480,806	480,806	480,443	(363)
<b>FUND BALANCES, ENDING</b>	<u>\$ 400,906</u>	<u>\$ 400,906</u>	<u>\$ 397,745</u>	<u>\$ (3,161)</u>

**CITY OF TUALATIN, OREGON**  
**CENTRAL URBAN RENEWAL DISTRICT BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Interest	\$ 16,713	\$ 16,713	\$ 7,855	\$ (8,858)
Total revenues	16,713	16,713	7,855	(8,858)
<b>EXPENDITURES:</b>				
Contingency	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditu	16,713	16,713	7,855	(8,858)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer to Washington County	-	-	(1,736,773) *	(1,736,773)
Total other financing sources (uses)	-	-	(1,736,773)	(1,736,773)
Net changes in fund balances	16,713	16,713	(1,728,918)	(1,745,631)
<b>FUND BALANCES, BEGINNING</b>	1,671,311	1,671,311	1,728,918	57,607
<b>FUND BALANCES, ENDING</b>	\$ 1,688,024	\$ 1,688,024	\$ -	\$ (1,688,024)

**CITY OF TUALATIN, OREGON**  
**LEVETON TAX INCREMENT DISTRICT BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Interest	\$ 10,298	\$ 10,298	\$ 5,099	\$ (5,199)
Total revenues	10,298	10,298	5,099	(5,199)
<b>EXPENDITURES:</b>				
Contingency	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	10,298	10,298	5,099	(5,199)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer to Washington County	-	-	(1,164,456) *	(1,164,456)
Total other financing sources (uses)	-	-	(1,164,456)	(1,164,456)
Net changes in fund balances	10,298	10,298	(1,159,357)	(1,169,655)
<b>FUND BALANCES, BEGINNING</b>	1,029,800	1,029,800	1,159,357	129,557
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,040,098</u>	<u>\$ 1,040,098</u>	<u>\$ -</u>	<u>\$ (1,040,098)</u>

**CITY OF TUALATIN, OREGON**  
**LOCAL IMPROVEMENT DISTRICT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Interest	\$ 2,326	\$ 2,326	\$ 2,337	\$ 11
Total revenues	2,326	2,326	2,337	11
<b>EXPENDITURES:</b>				
Materials and service	52,500	52,500	2	52,498
Capital outlay	100,000	100,000	-	100,000
Contingency	315,006	315,006	-	315,006
Total expenditures	467,506	467,506	2	467,504
Net changes in fund balances	(465,180)	(465,180)	2,335	467,515
<b>FUND BALANCE, BEGINNING</b>	465,180	465,180	464,626	(554)
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 466,961	\$ 466,961

**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, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Licenses and permits	\$ 25,098	\$ 25,098	\$ 82,448	\$ 57,350
Intergovernmental	709,547	709,547	38,523	(671,024)
Interest	1,000	1,000	890	(110)
Total revenues	735,645	735,645	121,861	(613,784)
<b>EXPENDITURES:</b>				
Materials and service	17,300	17,300	18,567	(1,267)
Capital outlay	1,048,266	1,048,266	104,837	943,429
Total expenditures	1,065,566	1,065,566	123,404	942,162
Revenues over (under) expenditures	(329,921)	(329,921)	(1,543)	328,378
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	235,000	235,000	15,000	(220,000)
Transfers out	(19,024)	(19,024)	(19,024)	-
Total other financing sources (uses)	215,976	215,976	(4,024)	(220,000)
Net changes in fund balances	(113,945)	(113,945)	(5,567)	108,378
<b>FUND BALANCE, BEGINNING</b>	113,945	113,945	150,434	36,489
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 144,867	\$ 144,867

**CITY OF TUALATIN, OREGON**  
**PARKS IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

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	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ -	\$ -	\$ 4	\$ 4
Total revenues	-	-	4	4
Net changes in fund balances	-	-	4	4
<b>FUND BALANCE, BEGINNING</b>	-	-	737	737
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 741</u>	<u>\$ 741</u>

**CITY OF TUALATIN, OREGON**  
**INFRASTRUCTURE RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Interest	\$ 12,141	\$ 12,141	\$ 12,448	\$ 307
Total revenues	12,141	12,141	12,448	307
<b>EXPENDITURES:</b>				
Contingency	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	12,141	12,141	12,448	307
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	40,270	40,270	40,270	-
Total other financing sources (uses)	40,270	40,270	40,270	-
Net changes in fund balances	52,411	52,411	52,718	307
<b>FUND BALANCE, BEGINNING</b>	2,428,180	2,428,180	2,453,351	25,171
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,480,591</u>	<u>\$ 2,480,591</u>	<u>\$ 2,506,069</u>	<u>\$ 25,478</u>

**CITY OF TUALATIN, OREGON**  
**LIBRARY IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ -	\$ -	\$ 49	\$ 49
Miscellaneous	-	-	639	639
Total revenues	-	-	688	688
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(15,346)	(15,346)	(15,346)	-
Total other financing sources (uses)	(15,346)	(15,346)	(15,346)	-
Net changes in fund balances	(15,346)	(15,346)	(14,658)	688
<b>FUND BALANCE, BEGINNING</b>	15,346	15,346	14,658	(688)
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ -	\$ -

**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, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 33,895	\$ 33,895	\$ 18,408	\$ (15,487)
Total revenues	33,895	33,895	18,408	(15,487)
<b>EXPENDITURES:</b>				
Materials and service	176,000	176,000	18,444	157,556
Capital outlay	3,117,135	3,117,135	1,319,488	1,797,647
Contingency	236,000	236,000	-	236,000
Total expenditures	3,529,135	3,529,135	1,337,932	2,191,203
Revenues over (under) expenditures	(3,495,240)	(3,495,240)	(1,319,524)	2,175,716
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(236,000)	(236,000)	(236,000)	-
Total other financing sources (uses)	(236,000)	(236,000)	(236,000)	-
Net changes in fund balances	(3,731,240)	(3,731,240)	(1,555,524)	2,175,716
<b>FUND BALANCES, BEGINNING</b>	3,731,794	3,731,794	4,233,184	501,390
<b>FUND BALANCES, ENDING</b>	<u>\$ 554</u>	<u>\$ 554</u>	<u>\$ 2,677,660</u>	<u>\$ 2,677,106</u>

**CITY OF TUALATIN, OREGON**  
**LEVETON TAX INCREMENT DISTRICT PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 74,969	\$ 74,969	\$ 43,237	\$ (31,732)
Total revenues	74,969	74,969	43,237	(31,732)
<b>EXPENDITURES:</b>				
Materials and service	20,000	20,000	-	20,000
Capital outlay	5,124,310	5,124,310	164,159	4,960,151
Contingency	500,000	500,000	-	500,000
Total expenditures	5,644,310	5,644,310	164,159	5,480,151
Revenues over (under) expenditures	(5,569,341)	(5,569,341)	(120,922)	5,448,419
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	386,428	386,428	134,169	(252,259)
Transfers out	(256,000)	(256,000)	(256,000)	-
Total other financing sources (uses)	130,428	130,428	(121,831)	(252,259)
Net changes in fund balances	(5,438,913)	(5,438,913)	(242,753)	5,196,160
<b>FUND BALANCES, BEGINNING</b>	7,799,863	7,799,863	8,216,430	416,567
<b>FUND BALANCES, ENDING</b>	<u>\$ 2,360,950</u>	<u>\$ 2,360,950</u>	<u>\$ 7,973,677</u>	<u>\$ 5,612,727</u>

## **BUDGETARY COMPARISON SCHEDULES**

### **Enterprise Funds**

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

Enterprise Budgetary Comparison schedules include the following:

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

**CITY OF TUALATIN, OREGON**  
**WATER OPERATIONS COMBINED**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Water Fund</u>	<u>Water Development Fund</u>	<u>Water Reservoir Fund</u>	<u>Enterprise Bond Fund</u>	<u>Total Water Operations</u>
<b>REVENUES:</b>					
Charges for services	\$ 5,122,223	\$ 120,219	\$ -	\$ -	\$ 5,242,442
Interest	28,879	1,723	2	2,198	32,802
Miscellaneous	14,532	-	-	-	14,532
Total revenues	<u>5,165,634</u>	<u>121,942</u>	<u>2</u>	<u>2,198</u>	<u>5,289,776</u>
<b>EXPENDITURES:</b>					
Materials and service	1,901,777	-	-	225	1,902,002
Capital outlay	186,658	297,172	-	-	483,830
Debt service:					
Principal	-	-	-	285,000	285,000
Interest	-	-	-	255,406	255,406
Total expenditures	<u>2,088,435</u>	<u>297,172</u>	<u>-</u>	<u>540,631</u>	<u>2,926,238</u>
Revenues over (under) expenditures	3,077,199	(175,230)	2	(538,433)	2,363,538
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	400,000	-	540,906	940,906
Transfers out	(2,684,889)	(18,499)	-	-	(2,703,388)
Total other financing sources (uses)	<u>(2,684,889)</u>	<u>381,501</u>	<u>-</u>	<u>540,906</u>	<u>(1,762,482)</u>
Net changes in fund balances	392,310	206,271	2	2,473	601,056
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>3,718,580</u>	<u>327,561</u>	<u>159</u>	<u>436,143</u>	<u>4,482,443</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 4,110,890</u>	<u>\$ 533,832</u>	<u>\$ 161</u>	<u>\$ 438,616</u>	<u>\$ 5,083,499</u>

	<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above	\$ 5,289,776	\$ 2,926,238
Transfers in/out	-	738,982
Charges for service internal service fund	-	1,023,500
Expenditures capitalized	-	(430,040)
Debt service principal payments	-	(285,000)
Depreciation and amortization expense	-	855,939
Interest revenue/expense	-	(906)
Contributed capital	104,800	-
Total revenues and expenses - generally accepted accounting principles	<u>\$ 5,394,576</u>	<u>4,828,713</u>
Change in net assets		<u>\$ 565,863</u>

**CITY OF TUALATIN, OREGON**  
**WATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 6,396,396	\$ 6,396,396	\$ 5,122,223	\$ (1,274,173)
Interest	8,683	8,683	28,879	20,196
Miscellaneous	14,000	14,000	14,532	532
Total revenues	6,419,079	6,419,079	5,165,634	(1,253,445)
<b>EXPENDITURES:</b>				
Materials and service	2,524,132	2,524,132	1,901,777	622,355
Capital outlay	880,000	880,000	186,658	693,342
Contingency	1,250,096	1,050,096	-	1,050,096
Total expenditures	4,654,228	4,454,228	2,088,435	2,365,793
Revenues over (under) expenditures	1,764,851	1,964,851	3,077,199	1,112,348
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(2,484,889)	(2,684,889)	(2,684,889)	-
Total other financing sources (uses)	(2,484,889)	(2,684,889)	(2,684,889)	-
Net changes in fund balances	(720,038)	(720,038)	392,310	1,112,348
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	3,916,351	3,916,351	3,718,580	(197,771)
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 3,196,313</u>	<u>\$ 3,196,313</u>	<u>\$ 4,110,890</u>	<u>\$ 914,577</u>

**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, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Charges for services	\$ 48,800	\$ 48,800	\$ 120,219	\$ 71,419
Interest	223	223	1,723	1,500
Total revenues	49,023	49,023	121,942	72,919
<b>EXPENDITURES:</b>				
Capital outlay	100,000	300,000	297,172	2,828
Contingency	174,670	174,670	-	174,670
Total expenditures	274,670	474,670	297,172	177,498
Revenues over (under) expenditures	(225,647)	(425,647)	(175,230)	250,417
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	200,000	400,000	400,000	-
Transfers out	(18,499)	(18,499)	(18,499)	-
Total other financing sources (uses)	181,501	381,501	381,501	-
Net changes in fund balances	(44,146)	(44,146)	206,271	250,417
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	44,146	44,146	327,561	283,415
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 533,832</u>	<u>\$ 533,832</u>

**CITY OF TUALATIN, OREGON**  
**WATER RESERVOIR FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

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	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ -	\$ -	\$ 2	\$ 2
Total revenues	-	-	2	2
Net changes in fund balances	-	-	2	2
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	-	-	159	159
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161</u>	<u>\$ 161</u>

**CITY OF TUALATIN, OREGON**  
**ENTERPRISE BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Interest	\$ 3,000	\$ 3,000	\$ 2,198	\$ (802)
Total revenues	3,000	3,000	2,198	(802)
<b>EXPENDITURES:</b>				
Materials and service	300	300	225	75
Debt service:				
Principal	285,000	285,000	285,000	-
Interest	255,406	255,406	255,406	-
Total expenditures	540,706	540,706	540,631	75
Revenues over (under) expenditures	(537,706)	(537,706)	(538,433)	(727)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	540,906	540,906	540,906	-
Total other financing sources (uses)	540,906	540,906	540,906	-
Net changes in fund balances	3,200	3,200	2,473	(727)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	436,100	436,100	436,143	43
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 439,300</u>	<u>\$ 439,300</u>	<u>\$ 438,616</u>	<u>\$ (684)</u>

**CITY OF TUALATIN, OREGON**  
**SEWER OPERATIONS COMBINED**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Sewer Fund</u>	<u>Sewer Development Fund</u>	<u>Total Sewer Operations</u>
<b>REVENUES:</b>			
Charges for service	\$ 5,913,812	\$ 362,569	\$ 6,276,381
Interest	4,519	18,835	23,354
Miscellaneous	1,580	-	1,580
	<u>5,919,911</u>	<u>381,404</u>	<u>6,301,315</u>
Total revenues			
<b>EXPENDITURES:</b>			
Materials and service	4,814,930	388,562	5,203,492
Capital outlay	206,049	-	206,049
	<u>5,020,979</u>	<u>388,562</u>	<u>5,409,541</u>
Total expenditures			
Revenues over (under) expenditures	898,932	(7,158)	891,774
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	<u>(961,955)</u>	<u>(3,370)</u>	<u>(965,325)</u>
Total other financing sources (uses)	<u>(961,955)</u>	<u>(3,370)</u>	<u>(965,325)</u>
Net changes in fund balances	(63,023)	(10,528)	(73,551)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>1,097,176</u>	<u>3,647,419</u>	<u>4,744,595</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u><u>\$ 1,034,153</u></u>	<u><u>\$ 3,636,891</u></u>	<u><u>\$ 4,671,044</u></u>

	<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above	\$ 6,301,315	\$ 5,409,541
Transfers in/out	-	623,066
Charges for service internal service fund	-	342,259
Expenditures capitalized	-	(206,049)
Depreciation and amortization expense	-	540,490
Contributed capital	113,360	-
	<u>113,360</u>	<u>-</u>
Total revenues and expenses - generally accepted accounting principles	<u>\$ 6,414,675</u>	<u>6,709,307</u>
Change in net assets		<u><u>\$ (294,632)</u></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, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for service	\$ 6,044,431	\$ 6,044,431	\$ 5,913,812	\$ (130,619)
Interest	4,101	4,101	4,519	418
Miscellaneous	500	500	1,580	1,080
Total revenues	6,049,032	6,049,032	5,919,911	(129,121)
<b>EXPENDITURES:</b>				
Materials and service	5,136,900	5,136,900	4,814,930	321,970
Capital outlay	400,000	400,000	206,049	193,951
Contingency	450,452	450,452	-	450,452
Total expenditures	5,987,352	5,987,352	5,020,979	966,373
Revenues over (under) expenditures	61,680	61,680	898,932	837,252
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(961,955)	(961,955)	(961,955)	-
Total other financing sources (uses)	(961,955)	(961,955)	(961,955)	-
Net changes in fund balances	(900,275)	(900,275)	(63,023)	837,252
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	900,275	900,275	1,097,176	196,901
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -	\$ 1,034,153	\$ 1,034,153

**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, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for service	\$ 105,875	\$ 105,875	\$ 362,569	\$ 256,694
Interest	17,862	17,862	18,835	973
Total revenues	123,737	123,737	381,404	257,667
<b>EXPENDITURES:</b>				
Materials and service	101,640	101,640	388,562	(286,922)
Contingency	3,591,184	3,591,184	-	3,591,184
Total expenditures	3,692,824	3,692,824	388,562	3,304,262
Revenues over (under) expenditures	(3,569,087)	(3,569,087)	(7,158)	3,561,929
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(3,370)	(3,370)	(3,370)	-
Total other financing sources (uses)	(3,370)	(3,370)	(3,370)	-
Net changes in fund balances	(3,572,457)	(3,572,457)	(10,528)	3,561,929
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	3,572,457	3,572,457	3,647,419	74,962
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -	\$ 3,636,891	\$ 3,636,891

**CITY OF TUALATIN, OREGON**  
**STORM DRAIN OPERATIONS COMBINED**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2011**

	Storm Drain Fund	Storm Drain Development	Total Storm Drain Operations
<b>REVENUES:</b>			
Charges for service	\$ 1,606,620	\$ 5,400	\$ 1,612,020
Interest	1,462	1,043	2,505
Total revenues	1,608,082	6,443	1,614,525
<b>EXPENDITURES:</b>			
Materials and service	454,269	-	454,269
Capital outlay	140,772	-	140,772
Total expenditures	595,041	-	595,041
Revenues over (under) expenditures	1,013,041	6,443	1,019,484
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(951,637)	(1,170)	(952,807)
Total other financing sources (uses)	(951,637)	(1,170)	(952,807)
Net changes in fund balances	61,404	5,273	66,677
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	344,133	197,175	541,308
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 405,537</u>	<u>\$ 202,448</u>	<u>\$ 607,985</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 1,614,525	\$ 595,041
Transfers in/out	-	413,167
Charges for service internal service fund	-	539,640
Expenditures capitalized	-	(131,577)
Depreciation and amortization expense	-	121,644
Contributed capital	130,535	-
Total revenues and expenses - generally accepted accounting principles	<u>\$ 1,745,060</u>	<u>1,537,915</u>
Change in net assets		<u>\$ 207,145</u>

**CITY OF TUALATIN, OREGON**  
**STORM DRAIN FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Charges for service	\$ 1,661,434	\$ 1,661,434	\$ 1,606,620	\$ (54,814)
Interest	1,449	1,449	1,462	13
Total revenues	1,662,883	1,662,883	1,608,082	(54,801)
<b>EXPENDITURES:</b>				
Materials and service	725,276	725,276	454,269	271,007
Capital outlay	54,000	104,000	140,772	(36,772)
Contingency	221,750	171,750	-	171,750
Total expenditures	1,001,026	1,001,026	595,041	405,985
Revenues over (under) expenditures	661,857	661,857	1,013,041	351,184
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(951,637)	(951,637)	(951,637)	-
Total other financing sources (uses)	(951,637)	(951,637)	(951,637)	-
Net changes in fund balances	(289,780)	(289,780)	61,404	351,184
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	289,780	289,780	344,133	54,353
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -	\$ 405,537	\$ 405,537

**CITY OF TUALATIN, OREGON**  
**STORM DRAIN DEVELOPMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for service	\$ 63,000	\$ 63,000	\$ 5,400	\$ (57,600)
Interest	1,069	1,069	1,043	(26)
Total revenues	64,069	64,069	6,443	(57,626)
<b>EXPENDITURES:</b>				
Contingency	276,652	276,652	-	276,652
Total expenditures	276,652	276,652	-	276,652
Revenues over (under) expenditures	(212,583)	(212,583)	6,443	219,026
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,170)	(1,170)	(1,170)	-
Total other financing sources (uses)	(1,170)	(1,170)	(1,170)	-
Net changes in fund balances	(213,753)	(213,753)	5,273	219,026
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	213,753	213,753	197,175	(16,578)
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -	\$ 202,448	\$ 202,448

## **BUDGETARY COMPARISON SCHEDULES**

### **Internal Service Funds**

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

Internal Service Budgetary Comparison schedules include the following:

- Operations Fund

**CITY OF TUALATIN, OREGON**  
**OPERATIONS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES:</b>				
Fines and forfeitures	\$ -	\$ -	\$ 12,364	\$ 12,364
Interest	10,000	10,000	6,396	\$ (3,604)
Miscellaneous	18,562	18,562	14,254	(4,308)
Total revenues	28,562	28,562	33,014	4,452
<b>EXPENDITURES:</b>				
Personal service	1,351,763	1,351,763	1,282,961	68,802
Materials and service	653,665	653,665	558,483	95,182
Capital outlay	210,035	270,035	243,245	26,790
Contingency	326,415	266,415	-	266,415
Total expenditures	2,541,878	2,541,878	2,084,689	457,189
Revenues over (under) expenditures	(2,513,316)	(2,513,316)	(2,051,675)	461,641
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,271,895	2,271,895	2,271,895	-
Total other financing sources (uses)	2,271,895	2,271,895	2,271,895	-
Net changes in fund balances	(241,421)	(241,421)	220,220	461,641
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	735,283	735,283	1,026,553	291,270
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 493,862</u>	<u>\$ 493,862</u>	<u>\$ 1,246,773</u>	<u>\$ 752,911</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 33,014	\$ 2,084,689
Transfers in/out	366,496	-
Charges for service internal service fund	1,905,399	
Expenditures capitalized	-	(206,002)
Depreciation and amortization expense	-	5,814
Contributed capital	661,875	-
Compensated absences	-	70,287
Total revenues and expenses - generally accepted accounting principles	<u>\$ 2,966,784</u>	<u>1,954,788</u>
Change in net assets		<u>\$ 1,011,996</u>

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## **OTHER FINANCIAL SCHEDULES**

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**CITY OF TUALATIN, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES**  
**For the Fiscal Year Ended June 30, 2011**

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Fiscal Year	Uncollected Balance June 30, 2010	Levy as Extended By Assessor	Discount	Interest	Adjustments	Collections	Uncollected Balance June 30, 2011
2010-2011	\$ -	\$ 8,380,679	\$ (212,325)	\$ 2,921	\$ (41,183)	\$ (7,923,989)	\$ 206,103
2009-2010	215,648	-	82	9,003	(1,565)	(142,351)	80,817
2008-2009	83,846	-	52	7,548	(2,021)	(48,701)	40,724
2007-2008	31,825	-	7	5,795	(593)	(25,816)	11,218
2006-2007	7,951	-	2	1,729	(135)	(6,661)	2,886
2005-2006	1,768	-	-	227	(589)	(130)	1,276
Prior years	4,643	-	-	(48)	(954)	(48)	3,593
Totals	<u>\$ 345,681</u>	<u>\$ 8,380,679</u>	<u>\$ (212,182)</u>	<u>\$ 27,175</u>	<u>\$ (47,040)</u>	<u>\$ (8,147,696)</u>	<u>\$ 346,617</u>

Taxes receivable classified by fund:

General Fund

\$ 32,866

General Obligation Bond Fund

313,751

\$ 346,617

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## **STATISTICAL SECTION**

# STATISTICAL SECTION

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

## **FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

## **REVENUE CAPACITY**

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

## **DEBT CAPACITY**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

## **OPERATING INFORMATION**

These schedules contain service and infrastructure data to help the reader understand how the information in the financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

**CITY OF TUALATIN**  
**NET ASSETS BY COMPONENT**  
**LAST EIGHT FISCAL YEARS**

	2004	2005	2006
<b><i>Governmental activities</i></b>			
Invested in capital assets (net of related debt)	\$ 70,232,775	\$ 71,044,473	\$ 83,109,505
Restricted for special purposes	25,302,554	31,784,106	27,135,766
Unrestricted	7,553,836	7,504,552	8,324,105
<i>Total governmental activities</i>	<u>\$ 103,089,165</u>	<u>\$ 110,333,131</u>	<u>\$ 118,569,376</u>
<b><i>Business-type activities</i></b>			
Invested in capital assets (net of related debt)	\$ 35,943,859	\$ 37,851,884	\$ 35,942,810
Restricted for special purposes	-	4,385,063	4,661,750
Unrestricted	7,821,936	2,890,010	6,248,995
<i>Total business-type activities net assets</i>	<u>\$ 43,765,795</u>	<u>\$ 45,126,957</u>	<u>\$ 46,853,555</u>
<b><i>Primary government</i></b>			
Invested in capital assets (net of related debt)	\$ 106,176,634	\$ 108,896,357	\$ 121,771,920
Restricted for special purposes	25,302,554	36,169,168	31,797,516
Unrestricted	15,375,772	10,394,562	11,853,495
<i>Total primary government net assets</i>	<u>\$ 146,854,960</u>	<u>\$ 155,460,087</u>	<u>\$ 165,422,931</u>

2007		2008		2009		2010		2011	
\$	85,434,995	\$	90,759,532	\$	96,393,624	\$	97,164,924	\$	95,531,501
	31,870,363		32,543,974		21,641,579		20,700,327		15,947,020
	7,944,380		3,027,095		9,736,010		8,359,281		10,794,402
<hr/>									
\$	125,249,738	\$	126,330,601	\$	127,771,213	\$	126,224,532	\$	122,272,923
<hr/>									
\$	40,095,770	\$	40,499,850	\$	43,875,845	\$	47,581,590	\$	47,186,247
	6,142,789		7,386,077		4,070,822		4,172,155		4,373,171
	4,088,260		5,626,501		6,618,208		5,574,907		6,047,100
<hr/>									
\$	50,326,819	\$	53,512,428	\$	54,564,875	\$	57,328,652	\$	57,606,518
<hr/>									
\$	125,530,765	\$	131,259,382	\$	140,269,469	\$	144,746,514	\$	142,717,748
	38,013,152		39,930,051		25,712,401		24,872,482		20,320,191
	12,032,640		8,653,596		16,354,218		13,934,188		16,841,502
<hr/>									
\$	175,576,557	\$	179,843,029	\$	182,336,088	\$	183,553,184	\$	179,879,441
<hr/>									

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

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

	2007	2008	2009	2010	2011
\$	8,928,490	\$ 9,076,098	\$ 9,887,477	\$ 9,651,970	\$ 6,837,983
	5,160,680	5,164,134	5,702,703	6,127,811	5,986,000
	3,331,787	3,671,693	4,242,622	4,667,832	3,722,074
	1,960,442	3,521,904	3,289,432	3,280,537	4,647,624
	453,084	658,450	489,308	341,346	419,382
	-	-	-	-	-
	19,834,483	22,092,279	23,611,542	24,069,496	21,613,063
	2,992,876	2,916,971	3,099,432	3,396,759	4,089,731
	5,046,003	4,774,164	5,028,317	5,878,803	6,086,241
	-	-	653,308	514,149	1,124,748
	8,038,879	7,691,135	8,781,057	9,789,711	11,300,720
\$	27,873,362	\$ 29,783,414	\$ 32,392,599	\$ 33,859,207	\$ 32,913,783
\$	1,934,054	\$ 1,691,801	\$ 1,318,629	\$ 1,047,095	\$ 1,142,028
	2,223,073	958,867	971,088	1,628,577	888,469
	232,124	105,751	95,828	141,268	1,720,495
	482,031	201,591	151,605	161,797	254,597
	1,298,980	3,103,806	3,252,434	3,676,768	-
	1,772,517	2,466,659	719,868	278,919	712,304
	7,942,779	8,528,475	6,509,452	6,934,424	4,717,893
	5,134,440	5,575,361	5,708,067	5,654,088	5,242,442
	4,690,369	5,413,845	5,317,122	5,457,101	6,276,381
	-	-	1,234,114	1,326,802	1,612,020
	3,156,077	782,470	396,168	338,803	348,695
	12,980,886	11,771,676	12,655,471	12,776,794	13,479,538
\$	20,923,665	\$ 20,300,151	\$ 19,164,923	\$ 19,711,218	\$ 18,197,431
\$	(11,891,704)	\$ (13,563,804)	\$ (17,102,090)	\$ (17,135,072)	\$ (16,895,170)
	4,942,007	4,080,541	3,874,414	2,987,083	2,178,818
\$	(6,949,697)	\$ (9,483,263)	\$ (13,227,676)	\$ (14,147,989)	\$ (14,716,352)

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

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

	2007	2008	2009	2010	2011
\$	10,925,950	\$ 12,071,782	\$ 12,009,941	\$ 12,464,195	\$ 11,760,533
	2,126,101	2,242,346	2,404,323	2,428,585	2,091,937
	3,528,863	2,160,780	1,029,369	382,515	574,472
	1,911,150	2,573,058	3,099,069	313,096	(1,392,357)
	18,492,064	19,047,966	18,542,702	15,588,391	13,034,585
	522,407	504,936	277,102	89,790	74,773
	(1,991,150)	(2,573,058)	(3,099,069)	(313,096)	(1,775,215)
	(1,468,743)	(2,068,122)	(2,821,967)	(223,306)	(1,700,442)
\$	17,023,321	\$ 16,979,844	\$ 15,720,735	\$ 15,365,085	\$ 11,334,143
\$	6,680,360	\$ 5,484,162	\$ 1,440,612	\$ (1,546,681)	\$ (3,951,609)
	3,473,264	2,012,419	1,052,477	2,763,777	277,866
\$	10,153,624	\$ 7,496,581	\$ 2,493,089	\$ 1,217,096	\$ (3,673,743)

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

	2002	2003	2004	2005
General Fund				
Reserved / Nonspendable	\$ -	\$ -	\$ -	\$ -
Unreserved / Unassigned	4,235,407	4,495,830	4,409,043	4,497,524
Total general fund	<u>\$ 4,235,407</u>	<u>\$ 4,495,830</u>	<u>\$ 4,409,043</u>	<u>\$ 4,497,524</u>
 All other governmental funds				
Reserved	\$ 97,419	\$ 107,080	\$ 103,515	\$ 97,844
Unreserved, reported in:				
Special revenue funds	8,749,450	7,770,121	7,282,602	7,413,565
Capital projects funds	8,635,817	14,361,838	15,035,687	22,942,560
Debt service funds	3,793,857	6,007,795	5,041,998	3,910,171
Nonspendable				
Inventory				
Restricted for:				
Building and engineering				
Street and roadside maintenance				
Debt service payments				
Capital projects				
Transportation				
Urban renewal projects				
Committed to:				
Pavement maintenance and street lighting				
Parking maintenance				
Assigned to:				
Scholarships				
Capital projects				
Total all other governmental funds	<u>\$ 21,276,543</u>	<u>\$ 28,246,834</u>	<u>\$ 27,463,802</u>	<u>\$ 34,364,140</u>

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

2006	2007	2008	2009	2010	2011
\$ 65,617	\$ -	\$ -	\$ 38,287	\$ 29,333	\$ 63,306
5,125,815	4,520,546	4,565,418	4,647,513	4,514,767	5,523,545
<u>\$ 5,191,432</u>	<u>\$ 4,520,546</u>	<u>\$ 4,565,418</u>	<u>\$ 4,685,800</u>	<u>\$ 4,544,100</u>	<u>\$ 5,586,851</u>
\$ 92,898	\$ 92,680	\$ -	\$ -	\$ 35,980	\$ -
7,644,037	8,514,792	9,633,900	6,576,782	5,750,061	-
19,239,160	23,319,543	20,419,390	18,093,125	15,533,420	-
3,292,344	3,066,830	1,825,045	1,963,454	3,398,353	-
					35,639
					1,458,274
					428,600
					485,846
					612,569
					1,850,125
					10,960,389
					1,290,242
					223,508
					51,485
					<u>2,506,069</u>
<u>\$ 30,268,439</u>	<u>\$ 34,993,845</u>	<u>\$ 31,878,335</u>	<u>\$ 26,633,361</u>	<u>\$ 24,717,814</u>	<u>\$ 19,902,746</u>

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

	2004	2005	2006
<b>REVENUES</b>			
Property taxes	\$ 10,138,379	\$ 10,567,468	\$ 10,885,890
Licenses and permits	1,696,974	1,827,209	2,466,535
Intergovernmental	3,714,543	2,786,052	3,253,950
Franchise tax	2,353,626	-	-
Charges for services	1,498,171	4,333,178	4,809,174
Fines and forfeitures	436,835	169,465	170,315
Miscellaneous	429,355	1,213,920	2,854,334
Total Revenue	20,267,883	20,897,292	24,440,198
<b>EXPENDITURES</b>			
Current operating:			
General government	7,248,525	6,523,259	7,213,176
Public safety	3,728,033	4,044,373	4,427,287
Public works	350,724	249,943	277,299
Culture and recreation	2,124,059	1,039,039	1,220,536
Capital outlay	9,188,096	5,436,529	12,672,121
Debt service			
Interest	506,419	422,180	2,382,696
Principal	5,973,640	6,937,435	4,558,359
Total expenditures	29,119,496	24,652,758	32,751,474
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	(8,851,613)	(3,755,466)	(8,311,276)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,185,064	4,409,247	3,920,381
Transfers out	(3,019,934)	(3,209,247)	(3,820,381)
Bond Refunding	-	-	-
Issuance of debt	6,365,625	9,544,291	4,809,483
Total other financing sources (uses)	8,530,755	10,744,291	4,909,483
<b>NET CHANGE IN FUND BALANCES</b>	\$ (320,858)	\$ 6,988,825	\$ (3,401,793)
Debt service as a percentage of noncapital expenditures	48.17%	62.07%	52.83%

	2007	2008	2009	2010	2011
\$	11,100,992	\$ 12,073,721	\$ 12,178,186	\$ 13,248,979	\$ 8,345,567
	1,955,143	3,926,256	2,295,281	1,978,115	1,916,087
	2,777,905	3,101,583	3,272,279	3,657,138	3,396,857
	2,126,101	2,242,346	2,404,323	2,428,585	2,091,937
	4,125,236	5,949,678	48,472	116,237	1,306,725
	234,169	229,180	237,831	277,535	639,098
	2,263,577	2,176,803	1,068,765	401,179	1,116,761
	<u>24,583,123</u>	<u>29,699,567</u>	<u>21,505,137</u>	<u>22,107,768</u>	<u>18,813,032</u>
	8,942,086	8,734,604	8,347,961	8,708,125	6,003,505
	4,871,925	5,193,903	5,342,795	5,724,373	5,959,615
	1,167,548	954,187	2,303,118	1,451,564	1,116,838
	1,300,643	3,037,178	3,258,911	3,198,392	3,901,649
	8,333,879	10,115,467	8,022,366	6,597,787	2,106,987
	457,575	1,346,829	581,624	454,696	407,692
	5,949,323	1,430,000	5,493,703	1,396,915	570,000
	<u>31,022,979</u>	<u>30,812,168</u>	<u>33,350,478</u>	<u>27,531,852</u>	<u>20,066,286</u>
	(6,439,856)	(1,112,601)	(11,845,341)	(5,424,084)	(1,253,254)
	7,293,764	11,854,026	6,127,978	8,828,428	3,569,611
	(5,302,614)	(13,975,213)	(2,453,654)	(5,517,435)	(5,062,121)
	-	(2,575,000)	-	-	-
	8,503,194	2,738,150	4,253,703	21,757	-
	<u>10,494,344</u>	<u>(1,958,037)</u>	<u>7,928,027</u>	<u>3,332,750</u>	<u>(1,492,510)</u>
\$	<u>4,054,488</u>	<u>\$ (3,070,638)</u>	<u>\$ (3,917,314)</u>	<u>\$ (2,091,334)</u>	<u>\$ (2,745,764)</u>
	<u>39.35%</u>	<u>15.50%</u>	<u>31.56%</u>	<u>9.70%</u>	<u>5.76%</u>

**CITY OF TUALATIN**  
**TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
June 30, 2011

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<b>Fiscal Year</b>	<b>Property</b> <sup>1</sup>	<b>Special Assessments</b> <sup>2</sup>	<b>Total</b>
2002	\$ 8,249,015	\$ 97,384	\$ 8,346,399
2003	8,047,150	45,857	8,093,007
2004	9,989,298	90,033	10,079,331
2005	10,421,824	131,047	10,552,871
2006	11,214,234	123,731	11,337,964
2007	11,012,986	88,006	11,100,992
2008	11,802,861	87,036	11,889,897
2009	12,009,941	87,036	12,096,977
2010	12,464,195	87,036	12,551,231
2011	8,363,676	-	8,363,676
Change 2002-2011	1.4%	-100.0%	0.2%

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

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

Source: Washington and Clackamas Counties

**CITY OF TUALATIN**  
**ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
June 30, 2011

Fiscal Year Ended June 30,	Real Property		Personal Property*		Public Utility Property		Total			Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Direct Tax Rate per thousand	Estimated Actual Value	
2002	\$ 1,766,058,040	\$ 2,352,560,606	\$ 136,668,191	\$ 138,878,692	\$ 59,749,964	\$ 61,179,114	\$ 1,962,476,195	2.75%	\$ 2,552,618,412	77%
2003	1,873,463,727	2,486,698,778	149,199,919	149,480,208	56,019,551	56,073,626	2,078,683,197	2.10%	2,692,252,612	77%
2004	2,102,847,063	2,743,758,308	149,097,494	151,377,151	58,094,721	59,323,563	2,310,039,278	2.00%	2,954,459,022	78%
2005	2,224,264,234	2,920,393,731	150,690,649	153,578,741	58,423,990	60,223,328	2,433,378,873	2.00%	3,134,195,800	78%
2006	2,389,116,066	3,282,945,576	152,327,937	155,450,518	60,322,100	62,292,124	2,601,766,103	2.13%	3,500,688,218	74%
2007	2,544,355,372	3,934,269,023	165,481,887	165,715,577	58,823,500	59,078,972	2,768,660,759	2.13%	4,159,063,572	67%
2008	2,707,538,796	4,402,217,809	181,669,845	181,960,795	59,886,520	60,707,570	2,949,095,161	2.26%	4,644,886,174	63%
2009	2,865,581,818	4,688,302,195	198,044,531	198,400,161	55,855,290	56,100,151	3,119,481,639	2.15%	4,942,802,507	63%
2010	2,950,206,208	4,456,903,432	201,428,582	201,824,139	76,063,750	76,257,231	3,227,698,540	2.18%	4,734,984,802	68%
2011	3,026,333,673	4,132,089,955	195,430,864	195,870,560	78,161,000	78,508,787	3,299,925,537	2.53%	4,406,469,302	75%

\* 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, 2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>City of Tualatin:</b>										
General Government	\$ 2.27	\$ 1.99	\$ 1.90	\$ 1.91	\$ 1.92	\$ 1.94	\$ 1.95	\$ 1.96	\$ 1.96	\$ 2.27
G.O. Bond	0.48	0.11	0.10	0.09	0.21	0.19	0.31	0.19	0.22	0.27
<b>Total City</b>	<b>2.75</b>	<b>2.10</b>	<b>2.00</b>	<b>2.00</b>	<b>2.13</b>	<b>2.13</b>	<b>2.26</b>	<b>2.15</b>	<b>2.18</b>	<b>2.53</b>
<b>OVERLAPPING RATES:</b>										
<b>Washington County</b>										
Washington County	2.96	2.51	2.37	2.36	2.35	2.05	2.65	2.62	2.62	2.98
	2.96	2.51	2.37	2.36	2.35	2.05	2.65	2.62	2.62	2.98
<b>School District</b>										
NW Regional ESD*	0.12	0.12	0.12	0.13	0.11	0.13	0.13	0.13	0.13	0.15
Portland Community College	0.49	0.40	0.40	0.40	0.38	0.41	0.43	0.43	0.56	0.64
Tigard-Tualatin School District #23J	5.71	6.47	6.39	6.31	6.39	6.90	6.86	7.02	7.00	7.37
	6.32	6.99	6.91	6.84	6.88	7.44	7.42	7.58	7.70	8.16
<b>Special District</b>										
Clean Water Services	-	-	-	-	-	-	-	-	-	-
Tualatin Valley Fire & Rescue	1.83	1.60	1.54	1.54	1.58	1.60	1.65	1.63	1.69	1.88
Port of Portland	0.07	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.07
Metro Service District	0.32	0.25	0.24	0.24	0.24	0.24	0.39	0.36	0.40	0.41
Tri-Met Transport District	0.14	0.10	0.09	0.09	0.10	0.08	0.07	0.07	0.07	0.09
Tigard Tualatin Aquatic	-	-	-	-	-	-	-	-	-	0.09
Urban Renewal - Tualatin	-	1.79	2.48	2.40	2.13	1.89	1.81	1.73	1.70	-
	2.36	3.80	4.41	4.33	4.11	3.87	3.99	3.85	3.93	2.54
<b>Total Overlapping</b>	<b>11.64</b>	<b>13.30</b>	<b>13.69</b>	<b>13.53</b>	<b>13.34</b>	<b>13.37</b>	<b>14.06</b>	<b>14.04</b>	<b>14.25</b>	<b>13.68</b>
<b>TOTAL</b>	<b>\$ 14.39</b>	<b>\$ 15.40</b>	<b>\$ 15.69</b>	<b>\$ 15.53</b>	<b>\$ 15.47</b>	<b>\$ 15.50</b>	<b>\$ 16.32</b>	<b>\$ 16.19</b>	<b>\$ 16.43</b>	<b>\$ 16.21</b>

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

Source: Washington and Clackamas Counties

**CITY OF TUALATIN**  
**PRINCIPAL TAXPAYERS FOR WASHINGTON COUNTY & CLACKAMAS COUNTY**  
**CURRENT YEAR AND TEN YEARS AGO**  
**June 30, 2011**

Taxpayer	2011			2002		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
BV Centercal LLC	\$ 96,519,514	1	2.99%	-	-	-
Novellus Systems, Inc	86,924,360	2	2.69%	-	-	-
Tuala Northeast LLC	38,481,817	3	1.19%	-	-	-
Pacific Foods Properties LLC	34,776,630	4	1.08%	-	-	-
JAE Oregon, Inc	26,128,580	5	0.81%	22,397,640	1	0.51%
Rivercrest Acquisition LLC	24,670,930	6	0.76%	-	-	-
SVF Hedges Creek Tualatin LLC	24,644,680	7	0.76%	-	-	-
Zian Limited Partnership	24,419,570	8	0.76%	17,539,320	5	0.40%
Legacy Health Systems	23,700,313	9	0.73%	15,852,689	6	-
Fujimi Corporation	23,282,220	10	0.72%	21,228,610	2	-
Simpson Finance LP	-	-	-	18,908,290	3	0.43%
Monadnock Property Trust LLC	-	-	-	18,888,240	4	0.43%
I & G Tualatin LLC	-	-	-	15,832,400	7	0.36%
South Center III & IV Investors LLC	-	-	-	13,323,040	8	0.30%
South Center I & II	-	-	-	13,200,220	9	0.30%
Mittleman Properties	-	-	-	13,086,500	10	0.30%
	-	-	-	-	-	-
	<u>\$ 403,548,614</u>		<u>12.50%</u>	<u>\$ 170,256,949</u>		<u>3.02%</u>

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

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

**CITY OF TUALATIN**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
June 30, 2011

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<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Collected in year of Levy</b>		<b>Collected in subsequent years</b>	<b>Total collections to date</b>	
		<b>Amount</b>	<b>Percent of Levy</b>		<b>Amount</b>	<b>Percent of Levy</b>
2002	\$ 8,485,459	\$ 8,017,740	94.49%	\$ 467,048	\$ 8,484,788	99.99%
2003	8,258,906	7,798,636	94.43%	458,928	8,257,564	99.98%
2004	10,344,696	9,773,994	94.48%	568,688	10,342,682	99.98%
2005	10,684,835	10,138,855	94.89%	543,966	10,682,821	99.98%
2006	11,121,440	10,575,968	95.10%	541,044	11,117,012	99.96%
2007	11,343,364	11,101,678	97.87%	231,005	11,332,683	99.91%
2008	12,263,107	11,632,607	94.86%	593,181	12,225,788	99.70%
2009	12,434,861	12,040,279	96.83%	334,105	12,374,384	99.51%
2010	12,860,698	12,134,294	94.35%	223,708	12,358,002	96.09%
2011	8,380,679	7,923,989	94.55%	-	8,147,969	97.22%

Source: Washington County and Clackamas County Assessors

**CITY OF TUALATIN**  
**BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**  
June 30, 2011

<b>Fiscal Year</b>	<b>Governmental Activities</b>					<b>Business-type Activities</b>	<b>Total</b>	<b>Population</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Special Assessment Bonds</b>	<b>Capital Leases</b>	<b>Limited Tax Bonds</b>	<b>Urban Renewal Agency Bonds</b>	<b>Water Revenue Bonds</b>			
2002	\$ 4,455,000	\$ 75,000	\$ -	\$ 940,000	\$ 2,355,000	\$ -	\$ 7,825,000	24,100	324.69
2003	4,270,000	50,000	-	940,000	6,675,000	-	11,935,000	24,790	481.44
2004	4,080,000	25,000	90,000	860,000	6,600,000	-	11,655,000	24,940	467.32
2005	7,665,000	-	77,237	780,000	5,440,000	-	13,962,237	25,464	548.31
2006	7,380,000	-	62,646	700,000	4,250,000	7,305,000	19,697,646	25,594	769.62
2007	7,025,000	-	46,517	620,000	3,030,000	7,060,000	17,781,517	25,650	693.24
2008	10,220,000	-	29,030	620,000	1,970,000	6,805,000	19,644,030	25,650	765.85
2009	9,950,000	-	10,071	620,000	1,000,000	6,540,000	18,120,071	26,040	695.86
2010	9,645,000	-	19,913	540,000	0	6,265,000	16,469,913	26,130	630.31
2011	9,235,000	-	7,490	380,000	0	5,980,000	15,602,490	26,160	596.43

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

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Estimated Actual Value of Property</b>	<b>General Obligation Debt as a Percentage of Estimated Actual Value</b>
2002	4,455,000	\$ 2,552,618,412	0.17%
2003	4,270,000	2,692,252,612	0.16%
2004	4,080,000	2,954,459,022	0.14%
2005	7,665,000	3,134,195,800	0.24%
2006	7,380,000	3,500,688,218	0.21%
2007	7,025,000	4,159,063,572	0.17%
2008	10,220,000	4,644,886,174	0.22%
2009	9,950,000	4,942,802,507	0.20%
2010	9,645,000	4,734,984,802	0.20%
2011	9,235,000	4,406,469,302	0.21%

Source: Current and previous CAFR's

**CITY OF TUALATIN**  
**COMPUTATION OF OVERLAPPING GENERAL OBLIGATION DEBT**  
June 30, 2011

<b>Jurisdiction</b>	<b>General Obligation Debt Outstanding</b>	<b>Percent Applicable Inside City of Tualatin</b>	<b>Amount Applicable Inside City of Tualatin</b>
City of Tualatin	\$ 9,235,000	100.0000%	\$ 9,235,000
Clackamas County	76,195,000	1.6017% *	1,220,415
Clackamas County District 3J (West Linn/Wilsonville)	223,127,238	1.2539%	2,797,792
Clackamas County School District 7J (Lake Oswego)	114,094,222	1.4728%	1,680,380
Clackamas Community College	32,605,000	2.0094%	655,165
Metro	158,020,000	2.4379%	3,852,370
Tri-Met	9,800,000	2.4482%	239,924
Portland Community College	199,390,000	2.5956%	5,175,367
Washington County	20,030,000	6.0765%	1,217,123
Tualatin Valley Fire and Rescue District	49,865,000	8.2226%	4,100,199
Washington County School District 23J (Tigard-Tualatin)	123,491,239	32.6571%	40,328,657
Washington County School District 88J (Sherwood)	127,748,533	12.1685%	15,545,080
subtotal overlapping debt			76,812,472
Direct and overlapping debt			<u><u>\$ 86,047,472</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, 2010**

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

True Cash Value	\$ 3,299,925,537
Rate	<u>x 3%</u>
Debt limit	98,997,766
Debt applicable to limit	<u>9,146,899</u>
	<u><u>\$ 89,850,867</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
2002	94.40%	\$ 76,578,553	4,290,108	\$ 72,288,445
2003	94.96%	62,360,496	3,146,054	59,214,442
2004	95.74%	69,301,178	2,950,913	66,350,265
2005	90.86%	73,001,366	6,671,100	66,330,266
2006	92.03%	81,279,915	6,479,517	74,800,398
2007	87.41%	83,059,823	10,458,584	72,601,239
2008	88.75%	88,472,855	9,955,038	78,517,817
2009	89.42%	93,584,449	9,900,544	83,683,905
2010	90.45%	95,030,956	9,075,365	85,955,591
2011	90.76%	98,997,766	9,146,899	89,850,867

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

Total Bonded Debt	\$ 9,615,000
Less:	
Limited Tax Improvement Bonds	(380,000)
Special Assessment Bonds	-
Urban Renewal Bonds	-
Amount Available for Payment of GO Bonds (ending fund balance)	(88,101)
Total Debt Applicable to Limitation	<u><u>\$ 9,146,899</u></u>

Source: Current and previous CAFR's

**CITY OF TUALATIN**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2011**

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<b>Fiscal Year</b>	<b>Population</b>	<b>Taxable Personal Income</b>	<b>Per Capita Personal Income</b>
2002	24,100	504,433	20,931
2003	24,790	519,321	20,949
2004	24,940	564,762	22,645
2005	25,464	616,236	24,200
2006	25,594	672,377	26,271
2007	25,650	761,596	29,692
2008	25,650	685,340	26,719
2009	26,040	629,753	24,184
2010	26,130	*	*
2011	26,160	*	*

(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 TEN YEARS AGO**  
June 30, 2011

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Legacy Meridian Park Hospital	823	1	3.89%	823	1	n/a
Novellus Systems, Inc.	650	2	3.08%	400	4	n/a
United Parcel Service	512	3	2.42%	547	3	n/a
UTC Fire & Security Americas	500	4	2.37%			n/a
Precision Wire	457	5	2.16%			n/a
Tigard-Tualatin School District	408	6	1.93%			n/a
Huntair	360	7	1.70%			n/a
Portland General Electric	314	8	1.49%			n/a
DPI Northwest	300	9	1.42%			n/a
Pacific Foods of Oregon, Inc	280	10	1.32%			n/a
Interlogix Security	-	-	-	550	2	n/a
Fred Meyer	-	-	-	300	5	n/a
Simple Design Manufacturing	-	-	-	220	6	n/a
Coca-Cola Bottling of Oregon	-	-	-	207	7	n/a
Columbia Corrugated	-	-	-	200	8	n/a
Haggen Food	-	-	-	170	9	n/a
Acosta Sales & Marketing	-	-	-	138	10	n/a
	<u>4,604</u>			<u>3,555</u>		
Total City employment			<u>21,135</u>			

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

**CITY OF TUALATIN**  
**SCHEDULE OF PLEDGED REVENUE BOND COVERAGE**  
**LAST TEN FISCAL YEARS**  
June 30, 2011

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**SPECIAL ASSESSMENT BONDS**

<b>Fiscal Year Ended June 30,</b>	<b>Assessment Principal Collections</b>	<b>Debt Service Requirements</b>			<b>Percent Coverage</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2002	\$ 156,683	\$ 105,000	\$ 53,628	\$ 158,628	98.77%
2003	143,202	25,000	48,243	73,243	195.52%
2004	139,327	105,000	46,618	151,618	91.89%
2005	133,594	105,000	41,233	146,233	91.36%
2006	123,731	80,000	36,660	116,660	106.06%
2007	121,086	80,000	32,900	112,900	107.25%
2008	115,254	-	29,140	29,140	395.52%
2009	119,941	-	29,140	29,140	411.60%
2010	108,773	80,000	29,140	109,140	373.28%
2011	102,982	160,000	25,380	185,380	405.76%

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, 2011

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<b>Function</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
General government	-	34.25	33.75	31.75	31.88	33.38	33.88	34.63	35.50	35.13
Public safety	35.00	35.75	36.75	38.75	40.63	43.63	44.63	45.63	46.50	47.63
Highways and streets	18.50	18.50	19.00	19.75	19.75	20.50	21.50	21.50	21.50	18.50
Culture and recreation	22.75	23.25	24.25	24.00	24.00	26.00	29.75	30.13	30.13	30.13
Sewer	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Water	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	<u>84.75</u>	<u>120.25</u>	<u>122.25</u>	<u>121.75</u>	<u>123.76</u>	<u>131.00</u>	<u>137.25</u>	<u>139.38</u>	<u>141.13</u>	<u>138.88</u>

Data from current and previous budgets

**CITY OF TUALATIN**  
**OPERATING INDICATORS**  
**LAST TEN FISCAL YEARS**  
June 30, 2011

<b>Function</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Police										
Arrests	934	1,048	1,184	1,038	1,039	1,200	896	944	909	824
Traffic violations	2,724	3,057	2,765	2,316	2,810	3,813	3,736	3,636	2,509	3015
*Municipal Court cases	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,105	2,058	5443
Building activity										
Permits issued	216	164	503	673	1,691	1,706	1,428	1,260	1,046	1023
Estimated value (000's)	\$ 84,434	\$ 54,571	\$ 95,351	\$117,949	\$ 80,107	\$ 94,643	\$ 84,407	\$ 35,918	\$ 26,550	\$ 31,000
Planning applications	239	217	178	314	128	300	206	219	203	203
Library circulation	317,273	359,773	367,701	394,995	427,222	416,179	443,963	606,734	696,733	751,126
Miles of streets maintained	65	65	67	76	76	76	76	76	77	77
Water connections	5,725	6,032	6,200	6,408	6,500	6,628	6,686	6,658	6,740	6,784
Sewer connections	5,480	5,738	5,900	6,408	6,192	6,346	6,301	6,380	6,471	6,488

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, 2011

<b>Function</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Public safety										
Patrol units	16	16	18	18	18	15	22	22	18	18
Officers	30	30	32	32	35	36	35	36	37	40
Highways and streets										
	65	65	67	76	76	76	76	76	76	77
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Acreage	272	276	289	289	284	310	310	310	286	285
*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	11	11	11	11	11	13	13	13	13	13
Fire hydrants	865	865	876	903	931	953	960	960	982	982

\*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**

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

We have audited the basic financial statements of City of Tualatin (the City), as of and for the year ended June 30, 2011 and have issued our report thereon dated December 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, included the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-010-000 through 162-010-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

1. Expenditures exceeded appropriations in the following funds.

a. General fund	Legal Services	\$3,505
b. General fund	Municipal Court	\$3,205
c. General fund	Comm. Service-Admin	\$9,558
d. General fund	Non-Departmental	\$30,115
e. Building fund	Personal Service	\$32,513
f. Parks Development	Materials & Services	\$1,267
g. Sewer Development	Materials & Services	\$286,922
h. Storm Drain fund	Capital Outlay	\$36,772

OAR 162-10-0230 Internal Control

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

A 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 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. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We identified certain deficiencies in internal control that we consider to be significant deficiencies and have communicated them in a separately issued letter dated December 12, 2011.

Our consideration of internal control over financial reporting 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified.

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

A handwritten signature in cursive script that reads "Merina & Company".

Merina & Company, LLP  
West Linn, Oregon  
December 12, 2011

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