

City of Tualatin, Oregon

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013



"Centualatin" by Luigi Bogni for the Tualatin Visual Chronicle using chromokinetics

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CITY OF TUALATIN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2013

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

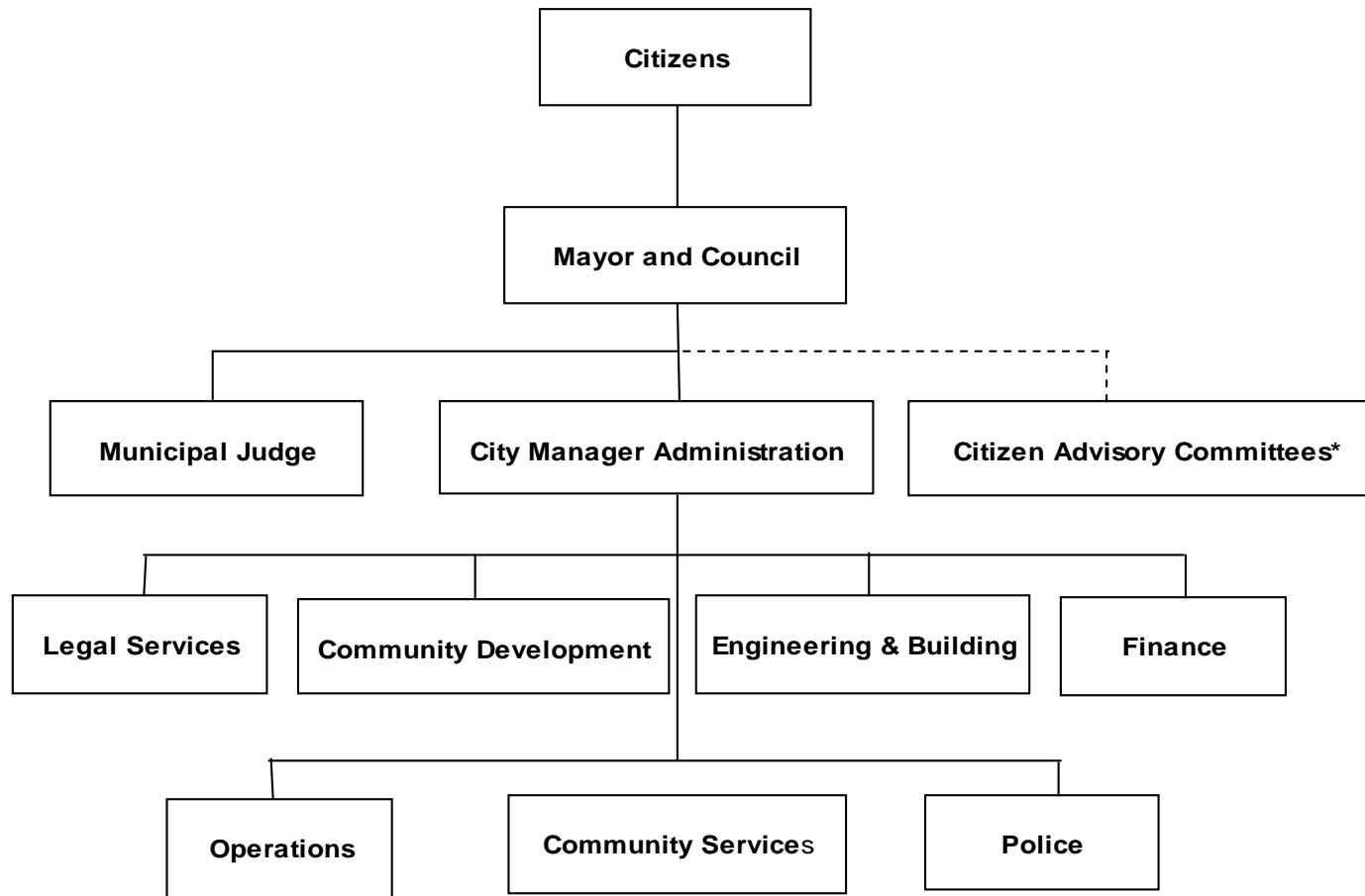
<u><i>City Council</i></u>	<u><i>Term Expires</i></u>
Lou Ogden, Mayor	December 31, 2014
Wade Brooksby, Position No. 1	December 31, 2014
Monique Belkman, Council President, Position No. 2	December 31, 2016
Frank Bubenik, Position No. 3	December 31, 2014
Ed Truax, Position No. 4	December 31, 2016
Nancy Grimes, Position No. 5	December 31, 2014
Joelle Davis, Position No. 6	December 31, 2016

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

December 31, 2013

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

State law requires that all general-purpose local governments publish a complete set of financial statements within six months of the close of each fiscal year. These statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Tualatin for the fiscal year ended June 30, 2013.

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

Merina & Company, LLP, a firm of licensed certified public accountants, has audited the City of Tualatin's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Tualatin for the year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Tualatin's financial statements for the fiscal year ended June 30, 2013, 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, celebrating its centennial birthday in 2013, 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 26,510. The City of Tualatin is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All department heads of the City are required to submit requests for appropriation to the City Manager (who acts as the City Budget Officer). After the Budget Officer prepares the proposed budget, notice of the first budget committee meeting is published. The budget committee (consisting of the City Council and an equal number of appointed citizen members) reviews and approves the budget after which notice of the public hearing for the City Council to adopt the budget is published. The budget must be adopted making appropriations for the ensuing fiscal year by June 30th of the previous year. Changes to the adopted budget are governed by Local Budget Law in state statute and require City Council approval.

Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the General Fund, Building Fund and Transportation Development Tax Fund this comparison is presented as required supplementary information, following the notes to the basic financial statements. For non-major governmental funds, this comparison is presented as other supplementary information. Enterprise fund budgetary comparison schedules are included in 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:

Given the State of Oregon's property tax limitations and the City's low permanent tax rate for operations, smart, balanced growth is important to the economic health of the community. Since the economic slowdown began a few years ago, development slowed down considerably, causing assessed value growth to fall to a low of approximately 1% in tax year 2011-12. As the economy continues to show signs of rebound, development activity also rebounded, bringing assessed value growth back up to 2% city-wide for tax year 2012-13, and development completed during 2012-13 brought increases to assessed value for tax year 2013-14 over 3%.

During fiscal year 2012-13, large development projects that had been put on hold, due to the economy, began construction. The Bridgeport Apartments, a mixed-use redevelopment, began construction on approximately 8.96 acres located in the cities of Durham and Tualatin. The portion of the project within the City of Tualatin will include over 22,000 sq. ft. of commercial space and a residential apartment building containing 154 dwelling units. In addition, the Tualatin Marquis Assisted Living Center also began construction. This project is a redevelopment of the former Tualatin Elementary School site into an 80-unit assisted living/54-bed skilled nursing senior care facility with supported living, dining, health and community facilities for residents. The site will also contain a shared community building and 60+ independent senior living “cottages”. Other development projects approved will add over 225,000 sq. ft. of new buildings, as well as a major remodel of the Fred Meyer store located just off I-5 at Nyberg Lane.

Also at the intersection of I-5 and Nyberg Lane, the old K-Mart shopping center site is being redeveloped by CenterCal Properties. This new project, Nyberg Rivers, is projected to bring a total of over 245,000 sq. ft. of new leasable commercial space to the existing, underutilized shopping center site, turning it into a vibrant economic asset for the City. The project calls for construction of seven buildings, access and public facilities improvements, as well as parking, pedestrian and landscaping improvements. The City Council approved the project’s Master Plan and Conditional Use Permit; the developer’s goal is to open late Fall 2014.

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

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

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

Besides development, the other item that has a significant impact on the financial position of the City of Tualatin is the recent reforms to the Public Employees Retirement System (PERS) made by the Oregon Legislature during the 2013 legislative session, as well as the special session held in late September 2013. SB 822, passed during regular session, lowered the City’s contribution rate (as a percentage of payroll) by 4.4%, a savings of approximately \$440,000 in the fiscal year 2013-14 budget. The overall unfunded actuarial liability of the Oregon PERS system was reduced by measures passed in both sessions, lowering anticipated future contribution rate increases. PERS rates are set on a biennial basis, so actual rates beginning in fiscal year 2015-16 won’t be released until fall of 2014, but our future modeling has been reduced in anticipation of lower increases.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tualatin for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the 22nd 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 entire City Council for their unfailing support for maintaining the highest standards of professionalism in management of the City of Tualatin's and the Tualatin Development Commission's finances.

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



Matt Warner
Accounting Supervisor



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Tualatin
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is written in a cursive, flowing style.

Executive Director/CEO

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
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 the City of Tualatin, Oregon (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tualatin, Oregon, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, the City adopted the new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Oregon Revised Statutes

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 27, 2013, on our consideration of the City's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. 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.



Merina & Company, LLP
West Linn, Oregon
December 27, 2013

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

As management of the City of Tualatin (the City), we include this narrative presenting an overview and analysis of the financial activities of the City of Tualatin for the fiscal year ended June 30, 2013. The analysis focuses on significant financial issues, major financial activities, and resulting changes in financial position, budget variances and specific issues related to funds and the economic factors affecting the City.

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

FINANCIAL HIGHLIGHTS

- Assets totaled approximately \$195.4 million at June 30, 2013, and consisted of approximately \$37.4 million in cash and cash equivalents and approximately \$155.4 million in capital assets.
- As of June 30, 2013, the City had approximately \$13.4 million in outstanding bonds.
- The assets of the City exceeded its liabilities by \$178.4 million at the close of fiscal year 2013. Unrestricted net position totaled \$18.7 million, with the remainder of the City's net position invested in capital assets net of related debt (\$141.9 million) and restricted for building and engineering, street and roadside maintenance, debt service, capital projects, transportation, urban renewal, and capital improvements (\$17.8 million).
- For its governmental activities, the City generated \$5.5 million in charges for services and received \$0.4 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$24.5 million for the year, resulting in a net expense of \$18.6 million. \$14.9 million of general revenues received and \$1.7 million of transfers in resulted in a decrease in net position of \$2.1 million.
- For its business-type activities, the City generated \$15.6 million in charges for services and in capital grants and contributions to fund direct expenses of \$13.2 million.
- Fund balance in the City's governmental funds was \$22.3 million at June 30, 2013, down by \$0.9 million from June 30, 2012.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

Government-wide Financial Statements

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

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

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

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

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

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

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

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

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

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

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

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 form of *combining statements* elsewhere in the report.

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

These proprietary funds include Water Fund, Water 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

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

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

Statement of Net Position

The following is a comparison between the June 30, 2013 and 2012 Statements of Net Position:

CITY OF TUALATIN'S NET POSITION						
June 30, 2013 and 2012						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 26,525,283	\$ 27,311,469	\$ 13,446,822	\$ 12,298,306	\$ 39,972,105	\$ 39,609,775
Capital assets	103,370,157	105,745,076	52,029,502	52,733,744	155,399,659	158,478,820
Total assets	129,895,440	133,056,545	65,476,324	65,032,050	195,371,764	198,088,595
Long-term liabilities	7,355,000	8,005,000	5,065,000	5,380,000	12,420,000	13,385,000
Other liabilities	3,446,554	3,829,541	1,101,496	1,144,440	4,548,050	4,973,981
Total liabilities	10,801,554	11,834,541	6,166,496	6,524,440	16,968,050	18,358,981
Net position:						
Net investment in capital assets	95,303,048	96,704,593	46,626,072	47,026,375	141,929,120	143,730,968
Restricted	12,773,161	13,101,042	5,057,107	4,679,232	17,830,268	17,780,274
Unrestricted	11,017,677	11,416,369	7,626,649	6,802,003	18,644,326	18,218,372
Total net position	\$ 119,093,886	\$ 121,222,004	\$ 59,309,828	\$ 58,507,610	\$ 178,403,714	\$ 179,729,614

The City of Tualatin's assets exceeded its liabilities by \$178.4 million as of June 30, 2013. Of this amount, \$141.9 million, (80%) was invested in capital assets, (i.e. land, buildings, machinery and equipment), less the outstanding related debt used to acquire these assets. These assets are not a source for repaying liabilities now, or in the future, since such assets represent the "business of the City". Other resources must be used to pay for outstanding liabilities, some of which are restricted to only certain uses. This requires the City to not only acquire those capital assets necessary to provide for City services, but to retain the ability to finance these acquisitions and provide maintenance for these assets.

An additional portion of net position (\$17.8 million) is restricted as to how it may be used by budgetary, legal and external factors. The unrestricted amount of \$18.7 million (10% of net position) can be used to meet on-going obligations. Of the \$17.0 million of liabilities at year-end for governmental and business-type activities, \$12.4 million are due in more than one year. For the government as a whole, and for the separate governmental and business-type activities, all three categories showed a positive net position balance for fiscal year 2012-13, as they did for 2011-12.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

Statement of Activities

The following is a comparison between the June 30, 2013 and 2012 Statement of Activities:

CITY OF TUALATIN'S STATEMENT OF ACTIVITIES
Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 5,457,372	\$ 4,886,176	\$ 15,435,633	\$ 13,837,924	\$ 20,893,005	\$ 18,724,100
Operating grants and contributions	427,283	476,439	-	-	427,283	476,439
Capital grants and contributions	-	-	124,076	348,375	124,076	348,375
General revenues:						
Property taxes	8,418,314	8,356,607	-	-	8,418,314	8,356,607
Franchise fees	2,071,040	2,205,176	-	-	2,071,040	2,205,176
Public service taxes and revenue sharing	4,043,726	4,190,756	-	-	4,043,726	4,190,756
Interest and miscellaneous	331,603	379,396	95,247	77,727	426,850	457,123
Total revenues	20,749,338	20,494,550	15,654,956	14,264,026	36,404,294	34,758,576
Expenses:						
General government	8,325,468	7,400,702	-	-	8,325,468	7,400,702
Public safety	6,904,444	6,561,167	-	-	6,904,444	6,561,167
Highways and streets	3,843,497	3,746,471	-	-	3,843,497	3,746,471
Culture and recreation	5,080,438	4,973,304	-	-	5,080,438	4,973,304
Interest on long-term debt	376,864	380,608	-	-	376,864	380,608
Water Operations	-	-	4,252,446	4,353,652	4,252,446	4,353,652
Sewer Operations	-	-	7,703,971	6,276,559	7,703,971	6,276,559
Storm Drain Operations	-	-	1,243,066	1,215,940	1,243,066	1,215,940
Total expenses	24,530,711	23,062,252	13,199,483	11,846,151	37,730,194	34,908,403
Change in net position before transfers	(3,781,373)	(2,567,702)	2,455,473	2,417,875	(1,325,900)	(149,827)
Transfers	1,653,255	1,516,783	(1,653,255)	(1,516,783)	-	-
Change in net position	(2,128,118)	(1,050,919)	802,218	901,092	(1,325,900)	(149,827)
Beginning net position	121,222,004	122,272,923	58,507,610	57,606,518	179,729,614	179,879,441
Ending net position	\$ 119,093,886	\$ 121,222,004	\$ 59,309,828	\$ 58,507,610	\$ 178,403,714	\$ 179,729,614

Governmental activities total revenues remained consistent with the levels experienced in 2012, increasing by approximately \$0.3 million. The increase is primarily attributable to increases in charges for services. During fiscal year 2013, building and planning fees and permits increased by \$0.3 million.

Governmental Activities' expenses increased approximately \$1.5 million from fiscal year 2012. This is primarily due to increases in general government of approximately \$0.9 million and public safety of \$0.3 million. The increase in general government expense is the result of additional depreciation expense of \$0.3 million incurred in fiscal year 2013 as well as an increase in personal services expenses due to a minor reorganization moving two employees out of Highways and Streets and into General Government. The increase in public safety can be attributed to the reduction of vacant positions within the public safety work force.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

Business-Type activities total revenues increased approximately \$1.4 million from 2012, due mainly to increases in revenue earned from charges for services.

Business-Type activities expenses increased approximately \$1.4 million, due to increases in the purchase of water and user charges passed through to Clean Water Services for sewer treatment.

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

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

- Local governments' total share of property taxes cannot exceed \$10 per thousand of taxable assessed value; for school districts, the limit is \$5 per thousand.
- In 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.

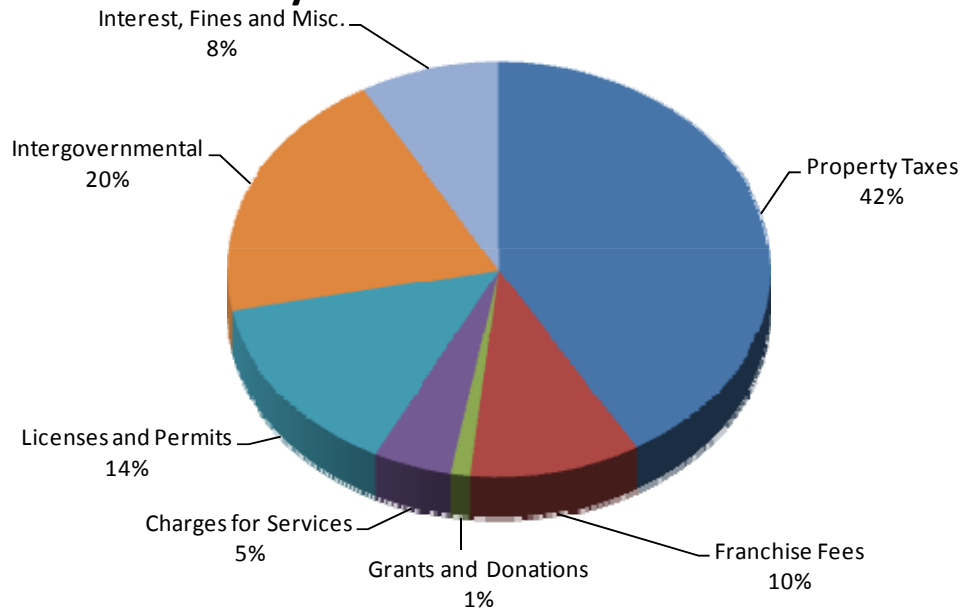
The City's permanent tax rate is relatively low in contrast to comparable cities in the State. The City has been able to maintain services by budgeting conservatively and providing quality services with lean budgets. The charts showing governmental expenses versus governmental activities demonstrate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

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

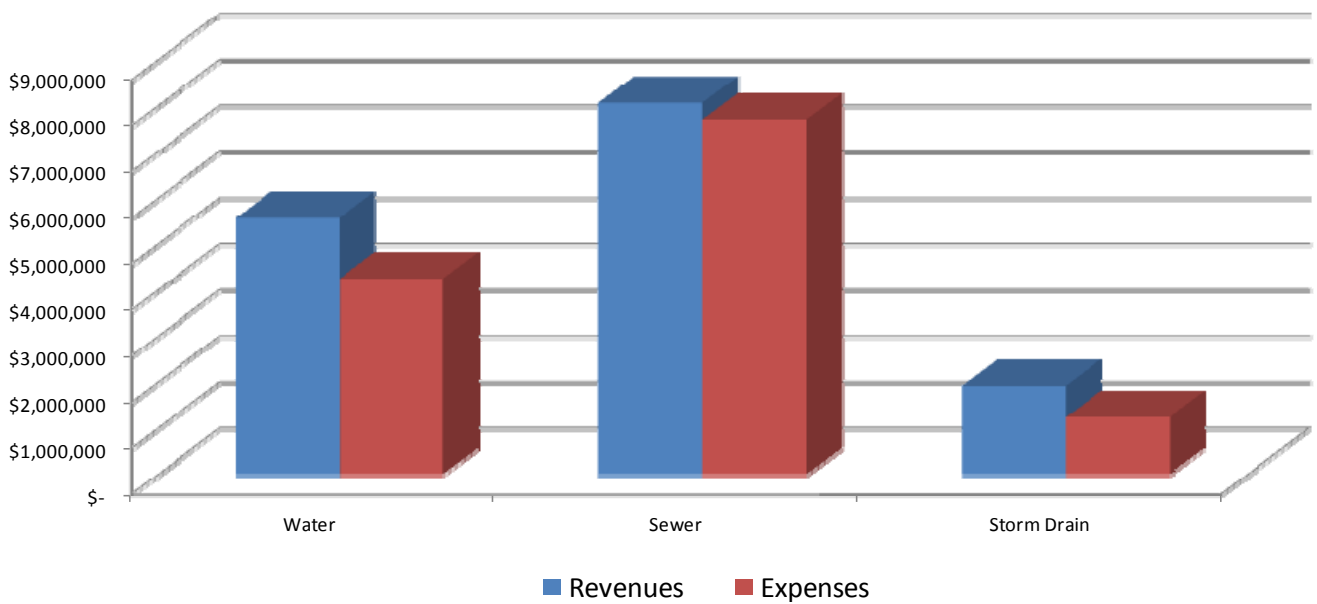
- Governmental resources are restricted in many ways: budgeting, legal and by public opinion.
- Programs funded by general resources typically result in hard choices, such as more police or a better library. Those services which are seen as most important and necessary are almost always least able or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

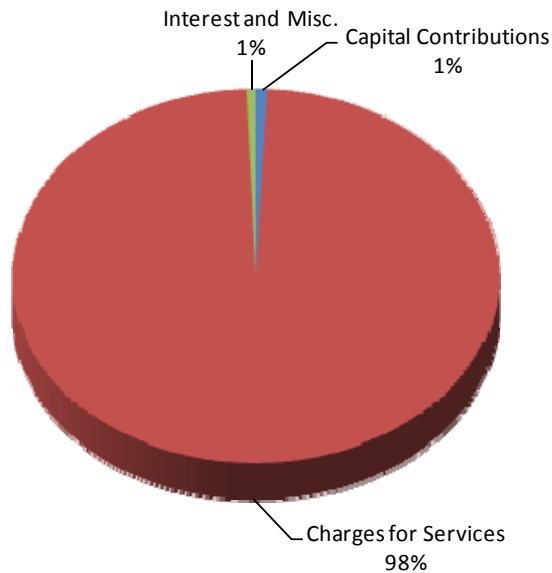
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Expenses and Program Revenues - Business-type Activities



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2013, the City's governmental funds reported a combined ending fund balance of \$22.3 million, a decrease of \$0.9 million when compared to the prior year. Unassigned fund balance combined with committed fund balance as of June 30, 2013, was \$7.3 million and is available for spending at the City's discretion.

General Fund

The general fund is the chief operating fund of the City. At June 30, 2013, the total fund balance was \$6.7 million, of which \$6.6 million is considered unassigned, reflecting an increase of \$200,000 from the prior year. As a matter of course, the City strives to have enough reserves at the end of the fiscal year to provide cash for the first five months of operations, at which time the first installment of property taxes are received. The fund balance increase was primarily due to increases in property tax revenue received during the fiscal year. Expenditures in the general fund increased by \$900,000 in the current year, increasing from \$16.1 million to \$17.0 million.

Building Fund

This special revenue fund accounts for activities of the Building Division, which is responsible for reviewing building plans and issuing building permits for all structural, mechanical and plumbing applications within the City. At June 30, 2013, total fund balance was approximately \$1.8 million, reflecting an increase of approximately \$300,000 from the prior year. The City's building fund continues to be funded by licenses and permits.

Transportation Development Tax Fund

This special revenue fund accounts for the collection and use of the transportation development tax. At June 30, 2013, total fund balance was approximately \$2.0 million, reflecting an increase of approximately \$400,000 from the prior year.

General Fund Budgetary Highlights

The original appropriated budget for the general fund for fiscal year 2013 amounted to \$20.1 million, including \$2.6 million for contingencies. There were amendments to the adopted budget during the year to appropriate additional grant revenue of \$52,553 and capital outlay of \$52,553. Additionally, there were transfers of appropriations of \$60,100 from contingency to personal services and \$40,000 from contingency to materials and services.

The General Fund resources lagged budgeted levels by approximately \$127,000. General Fund expenditures were \$3.1 million under appropriated levels. The primary reasons for this difference is due to contingency of \$2.5 million not being allocated for expenditures and budgeted expenditures for consultants within the Planning Division not being expended.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, the City had invested \$155.4 million in capital assets, net of depreciation, in a range of asset types, including land, buildings, improvements and infrastructure, and machinery and equipment.

The following is a comparison of capital assets as of June 30, 2013 and 2012:

CITY OF TUALATIN'S NET CAPITAL ASSETS
June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 13,840,829	\$ 13,548,864	\$ 877,464	\$ 877,464	\$ 14,718,293	\$ 14,426,328
Construction in Progress	3,554,075	14,441,733	834,258	3,581,594	4,388,333	18,023,327
Buildings	17,846,079	17,285,105	367,755	367,755	18,213,834	17,652,860
Other Improvements	35,104,378	26,149,506	-	-	35,104,378	26,149,506
Machinery and Equipment	3,581,930	3,406,917	1,082,800	852,732	4,664,730	4,259,649
Utility System	-	-	75,226,576	71,778,312	75,226,576	71,778,312
Infrastructure	95,272,135	92,098,448	-	-	95,272,135	92,098,448
Accumulated Depreciation	(65,829,269)	(61,185,497)	(26,359,351)	(24,724,113)	(92,188,620)	(85,909,610)
Total net assets	<u>\$ 103,370,157</u>	<u>\$ 105,745,076</u>	<u>\$ 52,029,502</u>	<u>\$ 52,733,744</u>	<u>\$ 155,399,659</u>	<u>\$ 158,478,820</u>

Capital improvements for the City of Tualatin increased by \$3,199,849 in fiscal year 2012-13. Net capital assets decreased by \$3,079,161 due to the increased accumulated depreciation on the City's assets. This investment in capital assets includes land, construction in progress, improvements, machinery and equipment and infrastructure. The governmental infrastructure category consists primarily of roads, signals and lighting. Capital assets in the business-type activities include water and sewer lines, lift stations and other portions of utility systems.

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

Debt Outstanding

As of the end of the fiscal year, the City had \$13.4 million in long-term bonded debt obligations outstanding, a decrease of approximately 8% from the prior year. Approximately \$1.0 million of the debt at June 30, 2013, is due within one year.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

CITY OF TUALATIN'S DEBT SERVICE

Year Ended June 30, 2013

	<u>Beginning</u>	<u>Additions</u>	<u>Principal Paid</u>	<u>Ending</u>
Governmental:				
General Obligation Bonds	\$ 8,630,000	\$ -	\$ (625,000)	\$ 8,005,000
Limited Tax Bonds	220,000	-	(220,000)	-
Sub-total	<u>8,850,000</u>	<u>-</u>	<u>(845,000)</u>	<u>8,005,000</u>
Business-type:				
Water Revenue Bonds	<u>5,685,000</u>	<u>-</u>	<u>(305,000)</u>	<u>5,380,000</u>
Total Bonds Payable	<u>\$ 14,535,000</u>	<u>\$ -</u>	<u>\$ (1,150,000)</u>	<u>\$ 13,385,000</u>

The State of Oregon mandates a general obligation debt limit of 3 percent of true market value of taxable property within City boundaries. The City's general obligation debt outstanding at June 30, 2013 was \$8.0 million, which is well below the \$102 million maximum limitation.

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

Economic Factors and Next Year's Budget

Factors affecting financial conditions in the future include:

- The City is experiencing an increase in development activity, though it is not expected to return to the growth levels experienced prior to the economic downturn. The increased development described in the Letter of Transmittal accompanying this report will help drive increases in assessed value and property tax revenue in future years. With the City's low permanent tax rate of \$2.2665 per thousand of assessed value, though, future adjustments to maintain service levels of city services to our residents may be necessary. 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 and new development activity are included in the Letter of Transmittal located earlier in this report.
- Tualatin's location in the Portland metropolitan area is very much affected by the transportation issues associated with urban areas. The update of the City's Transportation Plan will have a large impact on Tualatin.
- The factors mentioned above, as well as the Oregon Legislature's Public Employee Retirement System reforms, will have a positive impact on the City's fiscal health. These 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.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

Requests for Information

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

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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.

CITY OF TUALATIN, OREGON
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 25,293,299	\$ 12,065,552	\$ 37,358,851
Due from other governments	214,408	-	214,408
Accounts receivable	137,147	1,344,611	1,481,758
Property taxes receivable	413,077	-	413,077
Assessments receivable	351,284	-	351,284
Inventories	116,068	36,659	152,727
Total current assets	26,525,283	13,446,822	39,972,105
Noncurrent assets:			
Capital assets:			
Nondepreciable	17,394,904	1,711,722	19,106,626
Depreciable, net	85,975,253	50,317,780	136,293,033
Total noncurrent assets	103,370,157	52,029,502	155,399,659
Total assets	\$ 129,895,440	\$ 65,476,324	\$ 195,371,764
LIABILITIES:			
Current liabilities:			
Accounts payable and other current liabilities	\$ 1,418,216	\$ 705,210	\$ 2,123,426
Deposits	558,108	1,410	559,518
Retainage payable	62,109	23,430	85,539
Unearned revenue	-	37,482	37,482
Interest Payable	69,091	18,964	88,055
Current portion of long-term debt	1,339,030	315,000	1,654,030
Total current liabilities	3,446,554	1,101,496	4,548,050
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	7,355,000	5,065,000	12,420,000
Total noncurrent liabilities	7,355,000	5,065,000	12,420,000
Total liabilities	10,801,554	6,166,496	16,968,050
NET POSITION:			
Net investment in capital assets	95,303,048	46,626,072	141,929,120
Restricted for:			
Building and engineering	1,830,952	-	1,830,952
Street and roadside maintenance	834,061	-	834,061
Debt service payments	267,171	-	267,171
Capital projects	1,232,131	-	1,232,131
Transportation	3,080,265	-	3,080,265
Urban renewal projects	5,528,581	-	5,528,581
Capital improvements	-	5,057,107	5,057,107
Unrestricted	11,017,677	7,626,649	18,644,326
Total net position	119,093,886	59,309,828	178,403,714
Total liabilities and net position	\$ 129,895,440	\$ 65,476,324	\$ 195,371,764

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, 2013

Functions/Programs	Expenses	Program Revenues			Net Expense Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:							
General government	\$ 8,325,468	\$ 2,407,130	\$ 344,102	\$ -	\$ (5,574,236)	\$ -	\$ (5,574,236)
Public safety	6,904,444	1,496,395	38,498	-	(5,369,551)	-	(5,369,551)
Highways and streets	3,843,497	1,326,187	-	-	(2,517,310)	-	(2,517,310)
Culture and recreation	5,080,438	227,660	44,683	-	(4,808,095)	-	(4,808,095)
Interest on long-term debt	376,864	-	-	-	(376,864)	-	(376,864)
Total governmental activities	24,530,711	5,457,372	427,283	-	(18,646,056)	-	(18,646,056)
Business type activities:							
Water Operations	4,252,446	5,512,366	-	56,406	-	1,316,326	1,316,326
Sewer Operations	7,703,971	8,036,187	-	32,590	-	364,806	364,806
Storm Drain Operations	1,243,066	1,887,080	-	35,080	-	679,094	679,094
Total business type activities	13,199,483	15,435,633	-	124,076	-	2,360,226	2,360,226
Total government	\$ 37,730,194	\$20,893,005	\$ 427,283	\$ 124,076	(18,646,056)	2,360,226	(16,285,830)
General revenues:							
Taxes:							
Property taxes					8,418,314	-	8,418,314
Franchise taxes					2,071,040	-	2,071,040
Public service taxes and revenue sharing					4,043,726	-	4,043,726
Interest and investment earnings					188,479	77,324	265,803
Miscellaneous revenues					143,124	17,923	161,047
Transfers in (out)					1,653,255	(1,653,255)	-
Total general revenues and transfers					16,517,938	(1,558,008)	14,959,930
Change in net position					(2,128,118)	802,218	(1,325,900)
Net position - beginning					121,222,004	58,507,610	179,729,614
Net position - ending					\$ 119,093,886	\$59,309,828	\$178,403,714

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.

Transportation Development Tax Fund

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

CITY OF TUALATIN, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Building Fund	Transportation Development Tax Fund	Other Governmental	Total Governmental
ASSETS:					
Cash and cash equivalents	\$ 7,479,217	\$ 2,059,100	\$ 2,012,737	\$ 12,033,043	\$ 23,584,097
Due from other governments	210,349	-	-	4,059	214,408
Accounts receivable	38,146	-	-	94,136	132,282
Property taxes receivable	365,876	-	-	47,201	413,077
Assessments receivable	-	-	313,314	37,970	351,284
Due from other funds	162	-	-	-	162
Inventories	78,833	-	-	37,235	116,068
Total assets	<u>\$ 8,172,583</u>	<u>\$ 2,059,100</u>	<u>\$ 2,326,051</u>	<u>\$ 12,253,644</u>	<u>\$ 24,811,378</u>
LIABILITIES:					
Accounts payable and other current liabilities	\$ 811,649	\$ 50,341		\$ 403,209	\$ 1,265,199
Deposits	324,977	177,807	-	55,324	558,108
Due to other funds	-	-	-	162	162
Retainage payable	-	-	-	50,282	50,282
Total liabilities	<u>1,136,626</u>	<u>228,148</u>	<u>-</u>	<u>508,977</u>	<u>1,873,751</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property tax revenue	331,174	-	-	42,724	373,898
Unavailable revenue - assessments	-	-	313,314	-	313,314
Total deferred inflows of resources	<u>331,174</u>	<u>-</u>	<u>313,314</u>	<u>42,724</u>	<u>687,212</u>
FUND BALANCES:					
Nonspendable:					
Inventory	78,833	-	-	37,235	116,068
Restricted for:					
Building and engineering	-	1,830,952	-	-	1,830,952
Street and roadside maintenance	-	-	-	834,061	834,061
Debt service payments	-	-	-	267,171	267,171
Capital projects	-	-	-	1,232,131	1,232,131
Transportation	-	-	2,012,737	1,067,528	3,080,265
Urban renewal projects	-	-	-	5,482,914	5,482,914
Committed to:					
Pavement maintenance and street lighting	-	-	-	574,753	574,753
Parking maintenance	-	-	-	127,049	127,049
Assigned to:					
Scholarships	-	-	-	50,579	50,579
Capital projects	-	-	-	2,028,522	2,028,522
Unassigned:	<u>6,625,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,625,950</u>
Total fund balances	<u>6,704,783</u>	<u>1,830,952</u>	<u>2,012,737</u>	<u>11,701,943</u>	<u>22,250,415</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,172,583</u>	<u>\$ 2,059,100</u>	<u>\$ 2,326,051</u>	<u>\$ 12,253,644</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 102,279,847

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 687,212

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 position. 2,570,860

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 (8,625,357)
Interest payable (69,091)

Net position of governmental activities \$ 119,093,886

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, 2013

	<u>General Fund</u>	<u>Building Fund</u>	<u>Transportation Development Tax Fund</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
REVENUES:					
Property taxes	\$ 7,473,816	\$ -	\$ -	\$ 964,195	\$ 8,438,011
Franchise fees	2,071,040	-	-	-	2,071,040
Grants	233,779	-	-	-	233,779
Charges for service	225,411	-	344,243	390,856	960,510
Licenses and permits	588,848	1,037,287	-	1,300,188	2,926,323
Intergovernmental	2,261,079	-	-	1,782,647	4,043,726
Fines and forfeitures	1,223,241	-	-	1,088	1,224,329
Special assessments	-	-	-	118,703	118,703
Contributions and donations	44,683	-	-	-	44,683
Interest	68,152	11,139	22,179	77,576	179,046
Miscellaneous	67,728	388	825	52,922	121,863
	<u>14,257,777</u>	<u>1,048,814</u>	<u>367,247</u>	<u>4,688,175</u>	<u>20,362,013</u>
EXPENDITURES:					
Current:					
General government	4,612,382	554,295	-	1,906,608	7,073,285
Public safety	6,689,136	-	-	-	6,689,136
Highways and streets	1,054,388	-	-	-	1,054,388
Culture and recreation	4,304,274	-	-	-	4,304,274
Capital outlay	334,553	-	-	1,889,977	2,224,530
Debt service:					
Principal	-	-	-	845,000	845,000
Interest	-	-	-	348,621	348,621
	<u>16,994,733</u>	<u>554,295</u>	<u>-</u>	<u>4,990,206</u>	<u>22,539,234</u>
Revenues over (under) expenditures	<u>(2,736,956)</u>	<u>494,519</u>	<u>367,247</u>	<u>(302,031)</u>	<u>(2,177,221)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	2,949,935	15,460	-	222,455	3,187,850
Transfers out	-	(205,045)	-	(1,678,740)	(1,883,785)
	<u>2,949,935</u>	<u>(189,585)</u>	<u>-</u>	<u>(1,456,285)</u>	<u>1,304,065</u>
Net change in fund balances	212,979	304,934	367,247	(1,758,316)	(873,156)
FUND BALANCES, BEGINNING	<u>6,491,804</u>	<u>1,526,018</u>	<u>1,645,490</u>	<u>13,460,259</u>	<u>23,123,571</u>
FUND BALANCES, ENDING	<u>\$ 6,704,783</u>	<u>\$ 1,830,952</u>	<u>\$ 2,012,737</u>	<u>\$ 11,701,943</u>	<u>\$ 22,250,415</u>

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

CITY OF TUALATIN, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

Amounts reported in the statement of activities are different because:

Net Change in Fund Balances	\$ (873,156)
-----------------------------	--------------

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

Depreciation	(4,685,673)	
Capital asset additions	<u>2,047,562</u>	(2,638,111)

Some revenue reported in the statement of activities does not provide current financial resources in the governmental funds.	355,401
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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.	(28,243)
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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.	205,352
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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 position. This is the amount by which proceeds exceeded repayments.	<u>850,639</u>
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Change in net position of governmental activities	<u><u>\$ (2,128,118)</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 of the sewer system.

Storm Drain Operations

Storm Drain Fund

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

Storm Drain Development

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

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

Internal Service Funds

These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost 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 POSITION
June 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
ASSETS:					
Cash and cash equivalents	\$ 6,415,490	\$ 4,896,600	\$ 753,462	\$ 12,065,552	\$ 1,709,202
Accounts receivables, net	567,745	606,947	169,919	1,344,611	4,865
Inventories	35,951	708	-	36,659	-
Total current assets	7,019,186	5,504,255	923,381	13,446,822	1,714,067
Capital assets, net	30,984,269	17,597,791	3,447,442	52,029,502	1,090,310
Total assets	<u>\$ 38,003,455</u>	<u>\$ 23,102,046</u>	<u>\$ 4,370,823</u>	<u>\$ 65,476,324</u>	<u>\$ 2,804,377</u>
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	\$ 151,275	\$ 498,005	\$ 55,930	\$ 705,210	\$ 153,017
Deposits	1,410	-	-	1,410	-
Unearned revenue	37,482	-	-	37,482	-
Retainage payable		17,977	5,453	23,430	11,827
Interest payable	18,964	-	-	18,964	-
Current portion of long-term debt	315,000	-	-	315,000	68,673
Total current liabilities	524,131	515,982	61,383	1,101,496	233,517
NONCURRENT LIABILITIES:					
Noncurrent portion of long-term debt	5,065,000	-	-	5,065,000	-
Total noncurrent liabilities	5,065,000	-	-	5,065,000	-
Total liabilities	5,589,131	515,982	61,383	6,166,496	233,517
NET POSITION:					
Net investment in capital assets	25,604,269	17,579,814	3,441,989	46,626,072	1,090,310
Restricted for:					
Capital improvements	983,648	3,785,928	287,531	5,057,107	-
Unrestricted	5,826,407	1,220,322	579,920	7,626,649	1,480,550
Total net position	32,414,324	22,586,064	4,309,440	59,309,828	2,570,860
Total liabilities and net position	<u>\$ 38,003,455</u>	<u>\$ 23,102,046</u>	<u>\$ 4,370,823</u>	<u>\$ 65,476,324</u>	<u>\$ 2,804,377</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 POSITION
For the Fiscal Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
OPERATING REVENUES:					
Charges for services	\$ 5,512,366	\$ 8,036,187	\$ 1,887,080	\$ 15,435,633	\$ 1,863,865
Fines and forfeitures	-	-	-	-	1,230
Miscellaneous	17,899	-	24	17,923	21,261
Total operating revenues	<u>5,530,265</u>	<u>8,036,187</u>	<u>1,887,104</u>	<u>15,453,556</u>	<u>1,886,356</u>
OPERATING EXPENSES:					
Personal services	-	-	-	-	1,519,675
Materials and services	3,068,278	7,158,993	1,096,128	11,323,399	470,527
Depreciation	952,301	544,978	146,938	1,644,217	49,425
Total operating expenses	<u>4,020,579</u>	<u>7,703,971</u>	<u>1,243,066</u>	<u>12,967,616</u>	<u>2,039,627</u>
Operating income (loss)	<u>1,509,686</u>	<u>332,216</u>	<u>644,038</u>	<u>2,485,940</u>	<u>(153,271)</u>
NON-OPERATING REVENUES (EXPENSES):					
Interest income	42,503	31,051	3,770	77,324	9,433
Interest expense	(231,867)	-	-	(231,867)	-
Total non-operating revenues (expenses)	<u>(189,364)</u>	<u>31,051</u>	<u>3,770</u>	<u>(154,543)</u>	<u>9,433</u>
Net income (loss) before operating transfers	<u>1,320,322</u>	<u>363,267</u>	<u>647,808</u>	<u>2,331,397</u>	<u>(143,838)</u>
OPERATING TRANSFERS:					
Transfers in (out)	<u>(736,575)</u>	<u>(493,455)</u>	<u>(423,225)</u>	<u>(1,653,255)</u>	<u>349,190</u>
Net income (loss) before contributions	<u>583,747</u>	<u>(130,188)</u>	<u>224,583</u>	<u>678,142</u>	<u>205,352</u>
CAPITAL CONTRIBUTIONS:					
Capital contributions	<u>56,406</u>	<u>32,590</u>	<u>35,080</u>	<u>124,076</u>	<u>-</u>
Change in net position	<u>640,153</u>	<u>(97,598)</u>	<u>259,663</u>	<u>802,218</u>	<u>205,352</u>
NET POSITION, BEGINNING	<u>31,774,171</u>	<u>22,683,662</u>	<u>4,049,777</u>	<u>58,507,610</u>	<u>2,365,508</u>
NET POSITION, ENDING	<u>\$ 32,414,324</u>	<u>\$ 22,586,064</u>	<u>\$ 4,309,440</u>	<u>\$ 59,309,828</u>	<u>\$ 2,570,860</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, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 5,428,503	\$ 7,985,565	\$ 1,877,196	\$ 15,291,264	\$ 1,882,646
Cash paid to employees and others for salaries/benefits	-	-	-	-	(1,512,657)
Cash paid to suppliers and others	(3,089,756)	(7,185,798)	(1,082,315)	(11,357,869)	(509,378)
Net cash provided (used) by operating activities	2,338,747	799,767	794,881	3,933,395	(139,389)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Transfers in (out)	(736,575)	(493,455)	(423,225)	(1,653,255)	349,190
Net cash provided (used) by non-capital financing activities	(736,575)	(493,455)	(423,225)	(1,653,255)	349,190
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	(318,999)	(253,585)	(243,315)	(815,899)	(163,796)
Debt principal payments	(305,000)	-	-	(305,000)	-
Interest paid	(233,281)	-	-	(233,281)	-
Net cash provided (used) by capital and related financing activities	(857,280)	(253,585)	(243,315)	(1,354,180)	(163,796)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	42,503	31,051	3,770	77,324	9,433
Net cash provided (used) by investing activities	42,503	31,051	3,770	77,324	9,433
Net increase (decrease) in cash and cash equivalents	787,395	83,778	132,111	1,003,284	55,438
CASH AND CASH EQUIVALENTS, BEGINNING	5,628,095	4,812,822	621,351	11,062,268	1,653,764
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 6,415,490</u>	<u>\$ 4,896,600</u>	<u>\$ 753,462</u>	<u>\$ 12,065,552</u>	<u>\$ 1,709,202</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income	\$ 1,509,686	\$ 332,216	\$ 644,038	\$ 2,485,940	\$ (153,271)
Adjustments					
Depreciation	952,301	544,978	146,938	1,644,217	49,425
Decrease (increase) in:					
Accounts receivable	(85,423)	(50,622)	(9,908)	(145,953)	(3,710)
Inventories	899	(178)	-	721	-
Increase (decrease) in:					
Accounts payable and accrued expenses	(22,377)	(26,627)	13,813	(35,191)	(38,851)
Deposits	(190)	-	-	(190)	-
Deferred revenue	(16,149)	-	-	(16,149)	-
Accrued compensated absences	-	-	-	-	7,018
Net cash provided (used) by operating activities	<u>\$ 2,338,747</u>	<u>\$ 799,767</u>	<u>\$ 794,881</u>	<u>\$ 3,933,395</u>	<u>\$ (139,389)</u>
NON-CASH CAPITAL FINANCING ACTIVITIES					
Contributions of capital assets	\$ 104,800	\$ 113,360	\$ 130,535	\$ 348,695	\$ -
Total non-cash capital financing activities	<u>\$ 104,800</u>	<u>\$ 113,360</u>	<u>\$ 130,535</u>	<u>\$ 348,695</u>	<u>\$ -</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, 2013

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

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Fund financial statements

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

C. Basis of Presentation

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

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

The City reports the following major governmental funds for 2013:

- *General Fund*
- *Building Fund*
- *Transportation Development Tax 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*. Revenues are recorded when earned and expenses are 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.

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

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

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

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

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

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

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

The proprietary financial statements have incorporated all applicable GASB pronouncements.

E. Cash and Investments

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

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

F. Receivables

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

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

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

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

(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, 2013.

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

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

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

J. Deferred Outflows/Inflows of Resource

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

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

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 Position

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

M. Fund Balance

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

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

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

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

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

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

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

N. Accounting Estimates

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

2. Cash and Cash Equivalents

At June 30, 2013 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	\$ 37,225,948

A. Interest rate risk

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

B. Credit risk

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

294.895). The State Treasurer's Oregon Local Government Investment Pool is not registered with the SEC as an investment company and is unrated.

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

C. Concentration of credit risk

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

D. Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2013, none of the City's bank balances were exposed to custodial credit risk.

3. Property Taxes and Assessments Receivable

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

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

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

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

4. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, non-depreciable:				
Land	\$ 13,548,864	\$ 291,965	\$ -	\$ 13,840,829
Construction in Progress	14,441,733	1,653,054	(12,540,712)	3,554,075
Total capital assets, non-depreciable	27,990,597	1,945,019	(12,540,712)	17,394,904
Capital assets, depreciable:				
Improvements & Infrastructure	118,247,954	12,128,559	-	130,376,513
Buildings	17,285,105	560,974	-	17,846,079
Machinery & Equipment	3,406,917	266,339	(91,327)	3,581,930
Total capital assets, depreciable	138,939,976	12,955,872	(91,327)	151,804,522
Total	166,930,573	14,900,891	(12,632,039)	169,199,426
Less accumulated depreciation for:				
Improvements & Infrastructure	(53,734,709)	(3,881,285)	-	(57,615,994)
Buildings	(5,064,614)	(586,766)	-	(5,651,380)
Machinery & Equipment	(2,386,174)	(267,048)	91,327	(2,561,895)
Total accumulated depreciation	(61,185,497)	(4,735,099)	91,327	(65,829,269)
Net depreciable capital assets	77,754,479	8,220,773	-	85,975,253
Net capital assets	\$ 105,745,076	\$ 10,165,792	\$ (12,540,712)	\$ 103,370,157
Governmental activities:		Depreciation		
General government		\$ 950,965		
Public safety		217,281		
Highways and streets		2,789,420		
Culture and recreation		777,433		
Total depreciation expense - governmental activities		\$ 4,735,099		

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Business-type activities totals	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, non-depreciable:				
Land	\$ 877,464	\$ -	\$ -	\$ 877,464
Construction in Progress	3,581,594	576,852	(3,324,188)	834,258
Total capital assets, non-depreciable	<u>4,459,058</u>	<u>576,852</u>	<u>(3,324,188)</u>	<u>1,711,722</u>
Capital assets, depreciable:				
Improvements & Infrastructure	71,778,312	3,448,264	-	75,226,576
Buildings	367,755	-	-	367,755
Machinery & Equipment	852,732	239,047	(8,979)	1,082,800
Total capital assets, depreciable	<u>72,998,799</u>	<u>3,687,310</u>	<u>(8,979)</u>	<u>76,677,131</u>
Total	77,457,857	4,264,163	(3,333,167)	78,388,853
Less accumulated depreciation for:				
Improvements & Infrastructure	(23,736,006)	(1,549,449)	-	(25,285,455)
Buildings	(338,696)	(1,693)	-	(340,389)
Machinery & Equipment	(649,411)	(93,075)	8,979	(733,507)
Total accumulated depreciation	<u>(24,724,113)</u>	<u>(1,644,217)</u>	<u>8,979</u>	<u>(26,359,351)</u>
Net depreciable capital assets	<u>48,274,686</u>	<u>2,043,093</u>	<u>-</u>	<u>50,317,780</u>
Net capital assets	<u>\$ 52,733,744</u>	<u>\$ 2,619,946</u>	<u>\$ (3,324,188)</u>	<u>\$ 52,029,502</u>

Business-type activities:	Depreciation
Water	\$ 952,301
Sewer	544,978
Stormwater	146,938
Total depreciation expense - business-type activities	<u>\$ 1,644,217</u>

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

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:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 162	\$ -
Economic Development Adm. Fund	-	162
	<u>\$ 162</u>	<u>\$ 162</u>

B. Interfund Transfers

	Transfer In	Transfer Out
Major Governmental Funds:		
General Fund	\$ 2,949,935	\$ -
Building Fund	15,460	205,045
Total Major Governmental Funds	2,965,395	205,045
Non-major Governmental Funds:		
Operations Fund	2,213,055	-
Road Utility Fee	-	328,010
Road Op/Gas Tax Fund	162,570	777,750
Core Area Parking District Fund	-	68,345
Park Development Fund	-	13,690
Infrastructure Reserve Fund	10,995	302,500
Central Urban Renewal District Project Fund	-	32,035
Leveton Project Fund	48,890	156,410
Total Non-major Governmental Funds	2,435,510	1,678,740
Proprietary Funds:		
Water Fund	-	2,386,995
Water Development Fund	100,000	5,295
Enterprise Bond Fund	538,285	-
Sewer Fund	232,500	1,039,630
Sewer Development Fund	-	4,570
Storm Drain Fund	-	951,415
Total Proprietary Funds	870,785	4,387,905
Total All Funds	<u>\$ 6,271,690</u>	<u>\$ 6,271,690</u>

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

6. Long Term Debt

During the year ended June 30, 2013, 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	\$ 2,215,000	\$ -	\$ (275,000)	\$ 1,940,000	\$ 290,000
GO Bond Park Improvement 1/2005	2,800,000	-	(170,000)	2,630,000	175,000
Limited tax improvement bonds	220,000	-	(220,000)	-	-
GO Bond Library Improvement 11/2006	3,615,000	-	(180,000)	3,435,000	185,000
Total bonds payable	8,850,000	-	(845,000)	8,005,000	650,000
Compensated absences	625,996	620,357	(625,996)	620,357	620,357
Governmental activities	9,475,996	620,357	(1,470,996)	8,625,357	1,270,357
Internal Service activities	61,655	68,673	(61,655)	68,673	68,673
Total Governmental activities	<u>\$ 9,537,651</u>	<u>\$ 689,030</u>	<u>\$ (1,532,651)</u>	<u>\$ 8,694,030</u>	<u>\$ 1,339,030</u>
Business-type activities:					
Bonds payable:					
Water revenue bonds 11/05	\$ 5,685,000	\$ -	\$ (305,000)	\$ 5,380,000	\$ 315,000
Total Business-type activities	<u>\$ 5,685,000</u>	<u>\$ -</u>	<u>\$ (305,000)</u>	<u>\$ 5,380,000</u>	<u>\$ 315,000</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, 2013 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.	\$ 2,630,000
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.	3,435,000
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.	1,940,000
Total general obligation bonds payable	<u>\$ 8,005,000</u>

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

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

Year Ending	GO Bonds, Series 2005 Park Improvements		GO Bonds, Series 2006 Library Improvements		GO Bonds, Series 2008 Police Facility	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 175,000	\$ 101,694	\$ 185,000	\$ 133,081	\$ 290,000	\$ 78,088
2015	180,000	95,038	190,000	125,113	305,000	66,569
2016	190,000	87,863	200,000	116,825	310,000	54,650
2017	195,000	80,163	210,000	108,113	330,000	41,850
2018	205,000	72,163	215,000	99,619	345,000	26,625
2019-2023	1,155,000	228,413	1,235,000	364,246	360,000	9,000
2024-2028	530,000	22,069	1,200,000	98,600	-	-
	<u>\$ 2,630,000</u>	<u>\$ 687,400</u>	<u>\$ 3,435,000</u>	<u>\$ 1,045,596</u>	<u>\$ 1,940,000</u>	<u>\$ 276,781</u>

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, 2013:

Business Type Activities

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.

\$ 5,380,000

Total bonds payable

\$ 5,380,000

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

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

Year Ending June	Water Revenue Bond, Series 2005 Water Reservoir	
	Principal	Interest
2014	\$ 315,000	\$ 221,263
2015	330,000	208,363
2016	345,000	194,863
2017	360,000	180,763
2018	375,000	166,063
2019-2023	2,130,000	575,614
2024-2028	1,525,000	103,894
	<u>\$ 5,380,000</u>	<u>\$ 1,650,823</u>

B. Compensated Absences

As compensated absences are due and payable on demand, the City classifies all compensated absences to be due within one year.

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 four employees covered by the contributory defined contribution retirement plan for the year ended June 30, 2013, was \$255,864. The City's total payroll was \$10,121,988.

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, 2011, is based on the December 31, 2009, actuarial valuation and is 13.62% for PERS general service employees, 21.37% for PERS police employees, 12.09% for OPSRP general service employees and 14.80% 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 \$1,656,903 for the year ended June 30, 2013.

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

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

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

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, 2013 is as follows:

Year Ended	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
6/30/2013	\$ 1,656,903	100%	\$ -
6/30/2012	1,586,444	100%	-
6/30/2011	1,276,380	100%	-

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

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 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. Subsequent Event

On September 30, 2013 the government entered into a note agreement for \$1,100,000 to fund the construction of the operations warehouse. The interest rate on the notes is 3.0 percent and the maturity date is September 30, 2023. The estimated total project cost is approximately \$2 million.

11. New Accounting Pronouncements – GASB Statement No. 63 and 65

The Governmental Accounting Standards Board (GASB) has issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and Statement No. 65, Items Previously Reported as Assets and Liabilities. The City implemented GASB Statement No. 63 and 65 in the year ending June 30, 2013.

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REQUIRED SUPPLEMENTAL 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
 - Transportation Development Tax Fund

CITY OF TUALATIN, OREGON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 7,328,220	\$ 7,328,220	\$ 7,473,816	\$ 145,596
Franchise fees	2,175,000	2,175,000	2,071,040	(103,960)
Grants	376,940	429,493	233,779	(195,714)
Licenses and permits	557,800	557,800	588,848	31,048
Charges for services	260,800	260,800	225,411	(35,389)
Intergovernmental	2,139,820	2,139,820	2,261,079	121,259
Fines and forfeitures	1,301,000	1,301,000	1,223,241	(77,759)
Contributions and donations	50,000	50,000	44,683	(5,317)
Interest	47,000	47,000	68,152	21,152
Miscellaneous	95,845	95,845	67,728	(28,117)
Total revenues	14,332,425	14,384,978	14,257,777	(127,201)
EXPENDITURES:				
General government	4,644,785	4,755,385	4,612,382	143,003
Public safety	6,505,130	6,505,130	6,689,136	(184,006)
Highways and streets	1,062,800	1,062,800	1,054,388	8,412
Culture and recreation	4,792,745	4,782,245	4,304,274	477,971
Capital outlay	448,140	500,693	334,553	166,140
Contingency	2,615,040	2,514,940	-	2,514,940
Total expenditures	20,068,640	20,121,193	16,994,733	3,126,460
Revenues over (under) expenditures	(5,736,215)	(5,736,215)	(2,736,956)	2,999,259
OTHER FINANCING SOURCES (USES):				
Transfers in	2,949,935	2,949,935	2,949,935	-
Total other financing sources (uses)	2,949,935	2,949,935	2,949,935	-
Net changes in fund balance	(2,786,280)	(2,786,280)	212,979	2,999,259
FUND BALANCE, BEGINNING	5,337,590	5,337,590	6,491,804	1,154,214
FUND BALANCE, ENDING	\$ 2,551,310	\$ 2,551,310	\$ 6,704,783	\$ 4,153,473

CITY OF TUALATIN, OREGON
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 711,550	\$ 711,550	\$ 1,037,287	\$ 325,737
Interest	3,945	3,945	11,139	7,194
Miscellaneous	100	100	388	288
Total revenues	715,595	715,595	1,048,814	333,219
EXPENDITURES:				
Personal service	508,425	508,425	510,547	(2,122)
Materials and service	81,600	81,600	43,748	37,852
Contingency	113,260	113,260	-	113,260
Total expenditures	703,285	703,285	554,295	148,990
Revenues over (under) expenditures	12,310	12,310	494,519	482,209
OTHER FINANCING SOURCES (USES):				
Transfers in	15,460	15,460	15,460	-
Transfers out	(205,045)	(205,045)	(205,045)	-
Total other financing sources (uses)	(189,585)	(189,585)	(189,585)	-
Net changes in fund balance	(177,275)	(177,275)	304,934	482,209
FUND BALANCE, BEGINNING	1,033,585	1,033,585	1,526,018	492,433
FUND BALANCE, ENDING	<u>\$ 856,310</u>	<u>\$ 856,310</u>	<u>\$ 1,830,952</u>	<u>\$ 974,642</u>

CITY OF TUALATIN, OREGON
TRANSPORTATION DEVELOPMENT TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for service	\$ 175,000	\$ 175,000	\$ 344,243	\$ 169,243
Interest	5,750	5,750	22,179	16,429
Miscellaneous	-	-	825	825
Total revenues	180,750	180,750	367,247	186,497
EXPENDITURES:				
Contingency	1,330,455	1,330,455	-	1,330,455
Total expenditures	1,330,455	1,330,455	-	1,330,455
Net changes in fund balance	(1,149,705)	(1,149,705)	367,247	1,516,952
FUND BALANCE, BEGINNING	1,149,705	1,149,705	1,645,490	495,785
FUND BALANCE, ENDING	\$ -	\$ -	\$ 2,012,737	\$ 2,012,737

CITY OF TUALATIN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

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, 2013. The city had a supplemental budget during the year-ended June 30, 2013. Appropriations lapse as of year-end.

Expenditures in the following fund exceed appropriations for the year ended June 30, 2013:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
General fund	Administrative	\$11,928
General fund	Police patrol	\$193,650
General fund	Information services	\$14,125
General fund	Non-departmental	\$933
Building fund	Personal service	\$2,122
Sewer development fund	Materials & services	\$10,417

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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:

Road Utility Fee Fund

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

Road Gas Tax Fund

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

Core Area Parking District Fund

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

Tualatin Scholarship Fund

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

Road Development Fund

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

Economic Development Administration Fund

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

911 Emergency Communication Fund

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

Debt Service Funds

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

General Obligation Bond Fund

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

Bancroft Bond Fund

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

Central Urban Renewal District Bond Fund

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

Capital Projects Funds

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

Local Improvement District Fund

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

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.

Central Urban Renewal District Project Fund

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

Leveton Tax Increment District Project Fund

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

CITY OF TUALATIN, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2013

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
ASSETS:				
Cash and cash equivalents	\$ 3,047,433	\$ 280,665	\$ 8,704,945	\$ 12,033,043
Due from other governments	-	4,059	-	4,059
Accounts receivable	94,136	-	-	94,136
Property taxes receivable	-	47,201	-	47,201
Assessments receivable	-	37,970	-	37,970
Inventories	37,235	-	-	37,235
Total assets	<u>\$ 3,178,804</u>	<u>\$ 369,895</u>	<u>\$ 8,704,945</u>	<u>\$ 12,253,644</u>
LIABILITIES:				
Accounts payable and other current liabilities	\$ 140,261	\$ 60,000	\$ 202,948	\$ 403,209
Deposits	55,324	-	-	55,324
Due to other funds	162	-	-	162
Retainage payable	4,615	-	45,667	50,282
Total liabilities	<u>200,362</u>	<u>60,000</u>	<u>248,615</u>	<u>508,977</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property tax revenue	-	42,724	-	42,724
Total deferred inflows of resources	<u>-</u>	<u>42,724</u>	<u>-</u>	<u>42,724</u>
FUND BALANCES:				
Nonspendable:				
Inventory	37,235	-	-	37,235
Restricted for:				
Street and roadside maintenance	834,061	-	-	834,061
Debt service payments	-	267,171	-	267,171
Capital projects	-	-	1,232,131	1,232,131
Transportation	1,067,528	-	-	1,067,528
Urban renewal projects	287,237	-	5,195,677	5,482,914
Committed to:				
Pavement maintenance and street lighting	574,753	-	-	574,753
Parking maintenance	127,049	-	-	127,049
Assigned to:				
Scholarships	50,579	-	-	50,579
Capital projects	-	-	2,028,522	2,028,522
Total fund balances	<u>2,978,442</u>	<u>267,171</u>	<u>8,456,330</u>	<u>11,701,943</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,178,804</u>	<u>\$ 369,895</u>	<u>\$ 8,704,945</u>	<u>\$ 12,253,644</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, 2013

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
REVENUES:				
Property taxes	\$ -	\$ 964,195	\$ -	\$ 964,195
Charges for service	390,856	-	-	390,856
Licenses and permits	656,096	-	644,092	1,300,188
Intergovernmental	1,517,704	-	264,943	1,782,647
Fines and forfeitures	1,088	-	-	1,088
Special assessments	31,667	87,036	-	118,703
Interest	16,914	9,397	51,265	77,576
Miscellaneous	50,632	2,290	-	52,922
Total revenues	2,664,957	1,062,918	960,300	4,688,175
EXPENDITURES:				
General government	1,905,855	300	453	1,906,608
Capital outlay	120,964	-	1,769,013	1,889,977
Debt service:				
Principal	-	845,000	-	845,000
Interest	-	348,621	-	348,621
Total expenditures	2,026,819	1,193,921	1,769,466	4,990,206
Revenues over (under) expenditures	638,138	(131,003)	(809,166)	(302,031)
OTHER FINANCING SOURCES (USES):				
Transfers in	162,570	-	59,885	222,455
Transfers out	(1,174,105)	-	(504,635)	(1,678,740)
Total other financing sources (uses)	(1,011,535)	-	(444,750)	(1,456,285)
Net change in fund balances	(373,397)	(131,003)	(1,253,916)	(1,758,316)
FUND BALANCES, BEGINNING	3,351,839	398,174	9,710,246	13,460,259
FUND BALANCES, ENDING	\$ 2,978,442	\$ 267,171	\$ 8,456,330	\$ 11,701,943

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CITY OF TUALATIN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2013

	Road Utility Fee Fund	Road Gas Tax Fund	Core Area Parking District Fund
ASSETS			
Cash and cash equivalents	\$ 570,229	\$ 924,672	\$ 127,329
Accounts receivable	85,785	8,351	-
Inventories	-	37,235	-
Total assets	<u>\$ 656,014</u>	<u>\$ 970,258</u>	<u>\$ 127,329</u>
LIABILITIES:			
Accounts payable and other current liabilities	\$ 79,266	\$ 60,715	\$ 280
Deposits	-	36,863	-
Due to other funds	-	-	-
Retainage payable	1,995	1,384	-
Total liabilities	<u>81,261</u>	<u>98,962</u>	<u>280</u>
FUND BALANCES:			
Nonspendable:			
Inventory	-	37,235	-
Restricted for:			
Street and roadside maintenance	-	834,061	-
Transportation	-	-	-
Urban renewal projects	-	-	-
Committed to:			
Pavement maintenance and street lighting	574,753	-	-
Parking maintenance	-	-	127,049
Assigned to:			
Scholarships	-	-	-
Total fund balances	<u>574,753</u>	<u>871,296</u>	<u>127,049</u>
Total liabilities and fund balances	<u>\$ 656,014</u>	<u>\$ 970,258</u>	<u>\$ 127,329</u>

CITY OF TUALATIN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2013

Tualatin Scholarship Fund	Road Development Fund	Economic Development Administration Fund	911 Emergency Communication Fund	Total
\$ 50,579	\$ 1,087,225	\$ 287,399	\$ -	\$ 3,047,433
-	-	-	-	94,136
-	-	-	-	37,235
<u>\$ 50,579</u>	<u>\$ 1,087,225</u>	<u>\$ 287,399</u>	<u>\$ -</u>	<u>\$ 3,178,804</u>
\$ -	\$ -	\$ -	\$ -	\$ 140,261
-	18,461	-	-	55,324
-	-	162	-	162
-	1,236	-	-	4,615
-	19,697	162	-	200,362
-	-	-	-	37,235
-	-	-	-	834,061
-	1,067,528	-	-	1,067,528
-	-	287,237	-	287,237
-	-	-	-	574,753
-	-	-	-	127,049
<u>50,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,579</u>
<u>50,579</u>	<u>1,067,528</u>	<u>287,237</u>	<u>-</u>	<u>2,978,442</u>
<u>\$ 50,579</u>	<u>\$ 1,087,225</u>	<u>\$ 287,399</u>	<u>\$ -</u>	<u>\$ 3,178,804</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, 2013

	Road Utility Fee Fund	Road Gas Tax Fund	Core Area Parking District Fund
REVENUES:			
Charges for service	\$ 325,848	\$ -	\$ 65,008
Licenses and permits	652,870	-	-
Intergovernmental	-	1,517,704	-
Fines and forfeitures	-	-	1,088
Special assessments	-	-	-
Interest	2,995	4,703	786
Miscellaneous	216	48,890	-
	<hr/>	<hr/>	<hr/>
Total revenues	981,929	1,571,297	66,882
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
General government	1,176,872	647,352	16,686
Capital outlay	-	78,247	42,717
	<hr/>	<hr/>	<hr/>
Total expenditures	1,176,872	725,599	59,403
	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	(194,943)	845,698	7,479
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	162,570	-
Transfers out	(328,010)	(777,750)	(68,345)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(328,010)	(615,180)	(68,345)
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(522,953)	230,518	(60,866)
	<hr/>	<hr/>	<hr/>
FUND BALANCES, BEGINNING	1,097,706	640,778	187,915
	<hr/>	<hr/>	<hr/>
FUND BALANCES, ENDING	<u>\$ 574,753</u>	<u>\$ 871,296</u>	<u>\$ 127,049</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, 2013

<u>Tualatin Scholarship Fund</u>	<u>Road Development Fund</u>	<u>Economic Development Administration Fund</u>	<u>911 Emergency Communication Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 390,856
-	3,226	-	-	656,096
-	-	-	-	1,517,704
-	-	-	-	1,088
-	-	-	31,667	31,667
284	6,438	1,708	-	16,914
-	1,497	29	-	50,632
<u>284</u>	<u>11,161</u>	<u>1,737</u>	<u>31,667</u>	<u>2,664,957</u>
450	-	32,828	31,667	1,905,855
-	-	-	-	120,964
<u>450</u>	<u>-</u>	<u>32,828</u>	<u>31,667</u>	<u>2,026,819</u>
(166)	11,161	(31,091)	-	638,138
-	-	-	-	162,570
-	-	-	-	(1,174,105)
-	-	-	-	(1,011,535)
(166)	11,161	(31,091)	-	(373,397)
<u>50,745</u>	<u>1,056,367</u>	<u>318,328</u>	<u>-</u>	<u>3,351,839</u>
<u>\$ 50,579</u>	<u>\$ 1,067,528</u>	<u>\$ 287,237</u>	<u>\$ -</u>	<u>\$ 2,978,442</u>

CITY OF TUALATIN, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2013

	General Obligation Bond Fund	Bancroft Bond Fund	Central Urban Renewal District Bond Fund	Total
ASSETS:				
Cash and cash equivalents	\$ 79,557	\$ 141,108	\$ 60,000	\$ 280,665
Due from other governments	4,059	-	-	4,059
Property taxes receivable	47,201	-	-	47,201
Assessments receivable	-	37,970	-	37,970
Total assets	<u>\$ 130,817</u>	<u>\$ 179,078</u>	<u>\$ 60,000</u>	<u>\$ 369,895</u>
LIABILITIES:				
Accounts payable and other current liabilities	\$ -	\$ -	\$ 60,000	\$ 60,000
Total liabilities	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Unavailable revenue - property tax revenue	<u>42,724</u>	<u>-</u>	<u>-</u>	<u>42,724</u>
FUND BALANCES:				
Restricted for:				
Debt service payments	<u>88,093</u>	<u>179,078</u>	<u>-</u>	<u>267,171</u>
Total fund balances	<u>88,093</u>	<u>179,078</u>	<u>-</u>	<u>267,171</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 130,817</u>	<u>\$ 179,078</u>	<u>\$ 60,000</u>	<u>\$ 369,895</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, 2013

	General Obligation Bond Fund	Bancroft Bond Fund	Central Urban Renewal District Bond Fund	Total
REVENUES:				
Property taxes	\$ 964,195	\$ -	\$ -	\$ 964,195
Special assessments	-	87,036	-	87,036
Interest	3,992	5,405	-	9,397
Miscellaneous	2,290	-	-	2,290
Total revenues	970,477	92,441	-	1,062,918
EXPENDITURES:				
General government	-	300	-	300
Debt service:				
Principal	625,000	220,000	-	845,000
Interest	338,281	10,340	-	348,621
Total expenditures	963,281	230,640	-	1,193,921
Net change in fund balances	7,196	(138,199)	-	(131,003)
FUND BALANCES, BEGINNING	80,897	317,277	-	398,174
FUND BALANCES, ENDING	\$ 88,093	\$ 179,078	\$ -	\$ 267,171

CITY OF TUALATIN, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2013

	Local Improvement District Fund	Park Development Fund	Parks Improvement Fund
ASSETS:			
Cash and cash equivalents	\$ 472,011	\$ 768,092	\$ 745
Total assets	<u>\$ 472,011</u>	<u>\$ 768,092</u>	<u>\$ 745</u>
LIABILITIES:			
Accounts payable and other current liabilities	\$ -	\$ 8,717	\$ -
Retainage payable	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>8,717</u>	<u>-</u>
FUND BALANCES:			
Restricted for:			
Capital projects	472,011	759,375	745
Urban renewal projects	-	-	-
Assigned to:			
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>472,011</u>	<u>759,375</u>	<u>745</u>
Total liabilities and fund balances	<u>\$ 472,011</u>	<u>\$ 768,092</u>	<u>\$ 745</u>

CITY OF TUALATIN, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2013

Infrastructure Reserve Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Total
<u>\$ 2,028,522</u>	<u>\$ 1,121,261</u>	<u>\$ 4,314,314</u>	<u>\$ 8,704,945</u>
<u><u>\$ 2,028,522</u></u>	<u><u>\$ 1,121,261</u></u>	<u><u>\$ 4,314,314</u></u>	<u><u>\$ 8,704,945</u></u>
<u>\$ -</u>	<u>\$ 21,540</u>	<u>\$ 172,691</u>	<u>\$ 202,948</u>
<u>-</u>	<u>45,667</u>	<u>-</u>	<u>45,667</u>
<u>-</u>	<u>67,207</u>	<u>172,691</u>	<u>248,615</u>
-	-	-	1,232,131
-	1,054,054	\$ 4,141,623	5,195,677
<u>2,028,522</u>	<u>-</u>	<u>-</u>	<u>2,028,522</u>
<u>2,028,522</u>	<u>1,054,054</u>	<u>4,141,623</u>	<u>8,456,330</u>
<u><u>\$ 2,028,522</u></u>	<u><u>\$ 1,121,261</u></u>	<u><u>\$ 4,314,314</u></u>	<u><u>\$ 8,704,945</u></u>

CITY OF TUALATIN, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2013

	Local Improvement District Fund	Park Development Fund	Parks Improvement Fund
REVENUES:			
Licenses and permits	\$ -	\$ 644,092	\$ -
Intergovernmental	-	264,943	-
Interest	2,643	3,736	-
Total revenues	2,643	912,771	-
EXPENDITURES:			
General government	-	453	-
Capital outlay	-	292,416	-
Total expenditures	-	292,869	-
Revenues over (under) expenditures	2,643	619,902	-
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	(13,690)	-
Total other financing sources (uses)	-	(13,690)	-
Net change in fund balances	2,643	606,212	-
FUND BALANCES, BEGINNING	469,368	153,163	745
FUND BALANCES, ENDING	<u>\$ 472,011</u>	<u>\$ 759,375</u>	<u>\$ 745</u>

CITY OF TUALATIN, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2013

Infrastructure Reserve Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Total
\$ -	\$ -	\$ -	\$ 644,092
-	-	-	264,943
9,371	6,907	28,608	51,265
9,371	6,907	28,608	960,300
-	-	-	453
-	36,001	1,440,596	1,769,013
-	36,001	1,440,596	1,769,466
9,371	(29,094)	(1,411,988)	(809,166)
10,995	-	48,890	59,885
(302,500)	(32,035)	(156,410)	(504,635)
(291,505)	(32,035)	(107,520)	(444,750)
(282,134)	(61,129)	(1,519,508)	(1,253,916)
2,310,656	1,115,183	5,661,131	9,710,246
<u>\$ 2,028,522</u>	<u>\$ 1,054,054</u>	<u>\$ 4,141,623</u>	<u>\$ 8,456,330</u>

BUDGETARY COMPARISON SCHEDULES

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

Governmental Budgetary Comparison Schedules included the following:

- General Fund Schedule of Expenditures
- Nonmajor Special Revenue Funds
 - Road Utility Fee Fund
 - Road Gas Tax Fund
 - Core Area Parking District Fund
 - Tualatin Scholarship Fund
 - Road Development Fund
 - Economic Development Administration Fund
 - 911 Emergency Communication Fund
- Nonmajor Debt Service Funds
 - General Obligation Bond Fund
 - Bancroft Bond Fund
- Nonmajor Capital Project Funds
 - Local Improvement District Fund
 - Park Development Fund
 - Parks Improvement Fund
 - Infrastructure Reserve 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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
City council:				
Personal services	\$ 52,470	\$ 52,470	\$ 56,096	\$ (3,626)
Materials and services	116,580	116,580	68,310	48,270
Subtotal	169,050	169,050	124,406	44,644
Administrative:				
Personal services	780,955	800,455	809,469	(9,014)
Materials and services	40,310	80,310	83,224	(2,914)
Subtotal	821,265	880,765	892,693	(11,928)
Finance:				
Personal services	781,265	781,265	742,952	38,313
Materials and services	86,485	86,485	85,816	669
Subtotal	867,750	867,750	828,768	38,982
Legal services:				
Personal services	168,940	198,940	198,281	659
Materials and services	18,140	18,140	16,068	2,072
Subtotal	187,080	217,080	214,349	2,731
Municipal court:				
Personal services	317,585	317,585	310,436	7,149
Materials and services	23,480	23,480	20,561	2,919
Subtotal	341,065	341,065	330,997	10,068
Community development planning:				
Personal services	539,765	539,765	443,392	96,373
Materials and services	348,460	348,460	139,920	208,540
Subtotal	888,225	888,225	583,312	304,913
Engineering & building:				
Personal services	1,005,505	1,005,505	1,011,593	(6,088)
Materials and services	57,295	57,295	42,795	14,500
Subtotal	1,062,800	1,062,800	1,054,388	8,412
Police patrol:				
Personal services	5,531,520	5,531,520	5,739,683	(208,163)
Materials and services	632,545	632,545	618,456	14,089
Capital outlay	146,000	146,000	145,576	424
Subtotal	6,310,065	6,310,065	6,503,715	(193,650)
Information services:				
Personal services	535,310	556,410	585,282	(28,872)
Materials and services	228,025	228,025	256,121	(28,096)
Capital outlay	75,000	127,553	84,710	42,843
Subtotal	838,335	911,988	926,113	(14,125)

CITY OF TUALATIN, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
Fleet:				
Personal services	188,910	188,910	187,874	1,036
Materials and services	271,625	271,625	233,408	38,217
Subtotal	460,535	460,535	421,282	39,253
Building maintenance:				
Personal services	201,395	201,395	201,730	(335)
Materials and services	558,025	558,025	470,468	87,557
Capital outlay	51,000	51,000	31,148	19,852
Subtotal	810,420	810,420	703,346	107,074
Parks maintenance:				
Personal services	825,485	814,985	764,288	50,697
Materials and services	393,335	393,335	344,741	48,594
Capital outlay	92,000	92,000	17,652	74,348
Subtotal	1,310,820	1,300,320	1,126,681	173,639
Community services - admin:				
Personal services	646,430	646,430	624,887	21,543
Materials and services	195,910	195,910	200,121	(4,211)
Capital outlay	74,140	74,140	55,467	18,673
Subtotal	916,480	916,480	880,475	36,005
Community services - library:				
Personal services	1,432,100	1,432,100	1,380,960	51,140
Materials and services	411,260	411,260	405,965	5,295
Capital outlay	10,000	10,000	-	10,000
Subtotal	1,853,360	1,853,360	1,786,925	66,435
Non-departmental:				
Personal services	31,400	31,400	34,929	(3,529)
Materials and services	584,950	584,950	582,354	2,596
Subtotal	616,350	616,350	617,283	(933)
Total expenditures	\$ 17,453,600	\$ 17,606,253	\$ 16,994,733	\$ 611,520

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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for service	\$ 322,500	\$ 322,500	\$ 325,848	\$ 3,348
Licenses and permits	652,930	652,930	652,870	(60)
Interest	8,000	8,000	2,995	(5,005)
Miscellaneous	-	-	216	216
Total revenues	983,430	983,430	981,929	(1,501)
EXPENDITURES:				
Materials and service	1,294,985	1,294,985	1,176,872	118,113
Contingency	231,450	231,450	-	231,450
Total expenditures	1,526,435	1,526,435	1,176,872	349,563
Revenues over (under) expenditures	(543,005)	(543,005)	(194,943)	348,062
OTHER FINANCING SOURCES (USES):				
Transfers out	(328,010)	(328,010)	(328,010)	-
Total other financing sources (uses)	(328,010)	(328,010)	(328,010)	-
Net changes in fund balance	(871,015)	(871,015)	(522,953)	348,062
FUND BALANCE, BEGINNING	1,090,000	1,090,000	1,097,706	7,706
FUND BALANCE, ENDING	<u>\$ 218,985</u>	<u>\$ 218,985</u>	<u>\$ 574,753</u>	<u>\$ 355,768</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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 500	\$ 500	\$ -	\$ (500)
Intergovernmental	1,555,855	1,555,855	1,517,704	(38,151)
Interest	2,430	2,430	4,703	2,273
Miscellaneous	-	48,890	48,890	-
Total revenues	1,558,785	1,607,675	1,571,297	(36,378)
EXPENDITURES:				
Materials and service	921,150	921,150	647,352	273,798
Capital outlay	445,000	515,000	78,247	436,753
Contingency	103,700	103,700	-	103,700
Total expenditures	1,469,850	1,539,850	725,599	814,251
Revenues over (under) expenditures	88,935	67,825	845,698	777,873
OTHER FINANCING SOURCES (USES):				
Transfers in	92,570	162,570	162,570	-
Transfers out	(732,525)	(781,415)	(777,750)	3,665
Total other financing sources (uses)	(639,955)	(618,845)	(615,180)	3,665
Net changes in fund balance	(551,020)	(551,020)	230,518	781,538
FUND BALANCE, BEGINNING	551,020	551,020	640,778	89,758
FUND BALANCE, ENDING	\$ -	\$ -	\$ 871,296	\$ 871,296

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, 2013

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ 50,000	\$ 50,000	\$ 65,008	\$ 15,008
Fines and forfeitures	3,000	3,000	1,088	(1,912)
Interest	1,060	1,060	786	(274)
Total revenues	54,060	54,060	66,882	12,822
EXPENDITURES:				
Materials and service	21,775	21,775	16,686	5,089
Capital outlay	49,435	49,435	42,717	6,718
Contingency	28,030	28,030	-	28,030
Total expenditures	99,240	99,240	59,403	39,837
Revenues over (under) expenditures	(45,180)	(45,180)	7,479	52,659
OTHER FINANCING SOURCES (USES):				
Transfers out	(68,345)	(68,345)	(68,345)	-
Total other financing sources (uses)	(68,345)	(68,345)	(68,345)	-
Net changes in fund balance	(113,525)	(113,525)	(60,866)	52,659
FUND BALANCE, BEGINNING	211,800	211,800	187,915	(23,885)
FUND BALANCE, ENDING	<u>\$ 98,275</u>	<u>\$ 98,275</u>	<u>\$ 127,049</u>	<u>\$ 28,774</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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest	\$ 250	\$ 250	\$ 284	\$ 34
Total revenues	250	250	284	34
EXPENDITURES:				
Materials and service	900	900	450	450
Total expenditures	900	900	450	450
Net changes in fund balance	(650)	(650)	(166)	484
FUND BALANCE, BEGINNING	50,725	50,725	50,745	20
FUND BALANCE, ENDING	<u>\$ 50,075</u>	<u>\$ 50,075</u>	<u>\$ 50,579</u>	<u>\$ 504</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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 3,226	\$ 3,226
Interest	2,915	2,915	6,438	3,523
Miscellaneous	-	-	1,497	1,497
Total revenues	2,915	2,915	11,161	8,246
EXPENDITURES:				
Contingency	585,770	585,770	-	585,770
Total expenditures	585,770	585,770	-	585,770
Net changes in fund balance	(582,855)	(582,855)	11,161	594,016
FUND BALANCE, BEGINNING	582,855	582,855	1,056,367	473,512
FUND BALANCE, ENDING	\$ -	\$ -	\$ 1,067,528	\$ 1,067,528

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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest	\$ 1,060	\$ 1,060	\$ 1,708	\$ 648
Miscellaneous	-	-	29	29
Total revenues	1,060	1,060	1,737	677
EXPENDITURES:				
Materials and service	63,730	63,730	32,828	30,902
Contingency	148,795	148,795	-	148,795
Total expenditures	212,525	212,525	32,828	179,697
Net changes in fund balance	(211,465)	(211,465)	(31,091)	180,374
FUND BALANCE, BEGINNING	211,465	211,465	318,328	106,863
FUND BALANCE, ENDING	\$ -	\$ -	\$ 287,237	\$ 287,237

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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Special assessments	\$ 135,000	\$ 135,000	\$ 31,667	\$ (103,333)
Total revenues	135,000	135,000	31,667	(103,333)
EXPENDITURES:				
Materials and service	135,000	135,000	31,667	103,333
Total expenditures	135,000	135,000	31,667	103,333
Net changes in fund balance	-	-	-	-
FUND BALANCE, BEGINNING	-	-	-	-
FUND BALANCE, ENDING	<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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 955,000	\$ 955,000	\$ 964,195	\$ 9,195
Interest	1,000	1,000	3,992	2,992
Miscellaneous	-	-	2,290	2,290
Total revenues	956,000	956,000	970,477	14,477
EXPENDITURES:				
Debt service:				
Principal	625,000	625,000	625,000	-
Interest	338,290	338,290	338,281	9
Total expenditures	963,290	963,290	963,281	9
Net changes in fund balance	(7,290)	(7,290)	7,196	14,486
FUND BALANCE, BEGINNING	69,510	69,510	80,897	11,387
FUND BALANCE, ENDING	\$ 62,220	\$ 62,220	\$ 88,093	\$ 25,873

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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Special assessments	\$ 87,040	\$ 87,040	\$ 87,036	\$ (4)
Interest	17,000	17,000	5,405	(11,595)
Total revenues	104,040	104,040	92,441	(11,599)
EXPENDITURES:				
Materials and service	300	300	300	-
Debt service:				
Principal	220,000	220,000	220,000	-
Interest	10,340	10,340	10,340	-
Total expenditures	230,640	230,640	230,640	-
Net changes in fund balance	(126,600)	(126,600)	(138,199)	(11,599)
FUND BALANCE, BEGINNING	323,900	323,900	317,277	(6,623)
FUND BALANCE, ENDING	<u>\$ 197,300</u>	<u>\$ 197,300</u>	<u>\$ 179,078</u>	<u>\$ (18,222)</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, 2013

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 2,350	\$ 2,350	\$ 2,643	\$ 293
EXPENDITURES:				
Materials and service	52,500	52,500	-	52,500
Capital outlay	100,000	100,000	-	100,000
Contingency	319,710	319,710	-	319,710
Total expenditures	472,210	472,210	-	472,210
Net changes in fund balance	(469,860)	(469,860)	2,643	472,503
FUND BALANCE, BEGINNING	469,860	469,860	469,368	(492)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 472,011	\$ 472,011

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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 376,360	\$ 376,360	\$ 644,092	\$ 267,732
Intergovernmental	353,800	353,800	264,943	(88,857)
Interest	2,000	2,000	3,736	1,736
Total revenues	732,160	732,160	912,771	180,611
EXPENDITURES:				
Materials and service	5,300	5,300	453	4,847
Capital outlay	824,520	824,520	292,416	532,104
Total expenditures	829,820	829,820	292,869	536,951
Revenues over (under) expenditures	(97,660)	(97,660)	619,902	717,562
OTHER FINANCING SOURCES (USES):				
Transfers out	(13,690)	(13,690)	(13,690)	-
Total other financing sources (uses)	(13,690)	(13,690)	(13,690)	-
Net changes in fund balance	(111,350)	(111,350)	606,212	717,562
FUND BALANCE, BEGINNING	111,350	111,350	153,163	41,813
FUND BALANCE, ENDING	\$ -	\$ -	\$ 759,375	\$ 759,375

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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:	-	-	-	-
Net changes in fund balance	-	-	-	-
FUND BALANCE, BEGINNING	-	-	745	745
FUND BALANCE, ENDING	\$ -	\$ -	\$ 745	\$ 745

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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest	\$ 12,405	\$ 12,405	\$ 9,371	\$ (3,034)
Revenues over (under) expenditures	12,405	12,405	9,371	(3,034)
OTHER FINANCING SOURCES (USES):				
Transfers in	14,660	14,660	10,995	(3,665)
Transfers out	(310,000)	(380,000)	(302,500)	77,500
Total other financing sources (uses)	(295,340)	(365,340)	(291,505)	73,835
Net changes in fund balance	(282,935)	(352,935)	(282,134)	70,801
FUND BALANCE, BEGINNING	2,480,660	2,480,660	2,310,656	(170,004)
FUND BALANCE, ENDING	<u>\$ 2,197,725</u>	<u>\$ 2,127,725</u>	<u>\$ 2,028,522</u>	<u>\$ (99,203)</u>

CITY OF TUALATIN, OREGON
CENTRAL URBAN RENEWAL DISTRICT PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 3,885	\$ 3,885	\$ 6,907	\$ 3,022
EXPENDITURES:				
Capital outlay	300,000	300,000	36,001	263,999
Contingency	49,805	49,805	-	49,805
Total expenditures	349,805	349,805	36,001	313,804
Revenues over (under) expenditures	(345,920)	(345,920)	(29,094)	316,826
OTHER FINANCING SOURCES (USES):				
Transfers out	(32,035)	(32,035)	(32,035)	-
Total other financing sources (uses)	(32,035)	(32,035)	(32,035)	-
Net changes in fund balance	(377,955)	(377,955)	(61,129)	316,826
FUND BALANCE, BEGINNING	777,240	777,240	1,115,183	337,943
FUND BALANCE, ENDING	<u>\$ 399,285</u>	<u>\$ 399,285</u>	<u>\$ 1,054,054</u>	<u>\$ 654,769</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, 2013

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Interest	\$ 23,785	\$ 23,785	\$ 28,608	\$ 4,823
EXPENDITURES:				
Capital outlay	1,500,000	1,500,000	1,440,596	59,404
Contingency	248,460	248,460	-	248,460
Total expenditures	1,748,460	1,748,460	1,440,596	307,864
Revenues over (under) expenditures	(1,724,675)	(1,724,675)	(1,411,988)	312,687
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	48,890	48,890
Transfers out	(156,410)	(156,410)	(156,410)	-
Total other financing sources (uses)	(156,410)	(156,410)	(107,520)	48,890
Net changes in fund balance	(1,881,085)	(1,881,085)	(1,519,508)	361,577
FUND BALANCE, BEGINNING	4,756,730	4,756,730	5,661,131	904,401
FUND BALANCE, ENDING	\$ 2,875,645	\$ 2,875,645	\$ 4,141,623	\$ 1,265,978

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, 2013

	Water Fund	Water Development Fund	Water Reservoir Fund	Enterprise Bond Fund	Total Water Operations
REVENUES:					
Charges for services	\$ 5,237,638	\$ 274,728	\$ -	\$ -	\$ 5,512,366
Interest	34,700	5,365	-	2,438	42,503
Miscellaneous	17,899	-	-	-	17,899
Total revenues	5,290,237	280,093	-	2,438	5,572,768
EXPENDITURES:					
Materials and service	2,006,693	-	-	225	2,006,918
Capital outlay	248,006	114,923	-	-	362,929
Debt service:					
Principal	-	-	-	305,000	305,000
Interest	-	-	-	233,281	233,281
Total expenditures	2,254,699	114,923	-	538,506	2,908,128
Revenues over (under) expenditures	3,035,538	165,170	-	(536,068)	2,664,640
OTHER FINANCING SOURCES (USES):					
Transfers in	-	100,000	-	538,285	638,285
Transfers out	(2,386,995)	(5,295)	-	-	(2,392,290)
Total other financing sources (uses)	(2,386,995)	94,705	-	538,285	(1,754,005)
Net change in fund balances	648,543	259,875	-	2,217	910,635
FUND BALANCES, BEGINNING BUDGETARY BASIS	4,753,824	723,773	162	440,626	5,918,385
FUND BALANCES, ENDING BUDGETARY BASIS	\$ 5,402,367	\$ 983,648	\$ 162	\$ 442,843	\$ 6,829,020

	Revenues	Expenditures
Total revenue and expenditures above	\$ 5,572,768	\$ 2,908,128
Transfers in/out	-	736,575
Charges for service internal service fund	-	1,017,430
Expenditure capitalized	-	(318,999)
Debt service principal payments	-	(305,000)
Depreciation and amortization expense	-	952,301
Interest revenue/expense	-	(1,414)
Contributed capital	56,406	-
Total revenues and expenses - generally accepted accounting principles	\$ 5,629,174	4,989,021
Change in net position		\$ 640,153

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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 5,707,595	\$ 5,707,595	\$ 5,237,638	\$ (469,957)
Interest	9,630	9,630	34,700	25,070
Miscellaneous	17,625	17,625	17,899	274
Total revenues	5,734,850	5,734,850	5,290,237	(444,613)
EXPENDITURES:				
Materials and service	2,316,800	2,316,800	2,006,693	310,107
Capital outlay	857,000	957,000	248,006	708,994
Contingency	1,196,570	1,096,570	-	1,096,570
Total expenditures	4,370,370	4,370,370	2,254,699	2,115,671
Revenues over (under) expenditures	1,364,480	1,364,480	3,035,538	1,671,058
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,386,995)	(2,386,995)	(2,386,995)	-
Total other financing sources (uses)	(2,386,995)	(2,386,995)	(2,386,995)	-
Net changes in fund balance	(1,022,515)	(1,022,515)	648,543	1,671,058
FUND BALANCE, BEGINNING	5,318,590	5,318,590	4,753,824	(564,766)
FUND BALANCE, ENDING	<u>\$ 4,296,075</u>	<u>\$ 4,296,075</u>	<u>\$ 5,402,367</u>	<u>\$ 1,106,292</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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 100,000	\$ 100,000	\$ 274,728	\$ 174,728
Interest	1,970	1,970	5,365	3,395
Total revenues	101,970	101,970	280,093	178,123
EXPENDITURES:				
Capital outlay	500,000	500,000	114,923	385,077
Contingency	290,500	290,500	-	290,500
Total expenditures	790,500	790,500	114,923	675,577
Revenues over (under) expenditures	(688,530)	(688,530)	165,170	853,700
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	100,000	100,000	-
Transfers out	(5,295)	(5,295)	(5,295)	-
Total other financing sources (uses)	94,705	94,705	94,705	-
Net changes in fund balance	(593,825)	(593,825)	259,875	853,700
FUND BALANCE, BEGINNING	593,825	593,825	723,773	129,948
FUND BALANCE, ENDING	\$ -	\$ -	\$ 983,648	\$ 983,648

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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:	-	-	-	-
Net changes in fund balance	-	-	-	-
FUND BALANCE, BEGINNING	-	-	162	162
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ 162</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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest	\$ 2,000	\$ 2,000	\$ 2,438	\$ 438
Total revenues	2,000	2,000	2,438	438
EXPENDITURES:				
Materials and service	225	225	225	-
Debt service:				
Principal	305,000	305,000	305,000	-
Interest	233,285	233,285	233,281	4
Total expenditures	538,510	538,510	538,506	4
Revenues over (under) expenditures	(536,510)	(536,510)	(536,068)	442
OTHER FINANCING SOURCES (USES):				
Transfers in	538,285	538,285	538,285	-
Total other financing sources (uses)	538,285	538,285	538,285	-
Net changes in fund balance	1,775	1,775	2,217	442
FUND BALANCE, BEGINNING	440,400	440,400	440,626	226
FUND BALANCE, ENDING	<u>\$ 442,175</u>	<u>\$ 442,175</u>	<u>\$ 442,843</u>	<u>\$ 668</u>

CITY OF TUALATIN, OREGON
SEWER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2013

	<u>Sewer Fund</u>	<u>Sewer Development Fund</u>	<u>Total Sewer Operations</u>
REVENUES:			
Charges for service	\$ 6,438,225	\$ 1,597,962	\$ 8,036,187
Interest	8,724	22,327	31,051
Total revenues	<u>6,446,949</u>	<u>1,620,289</u>	<u>8,067,238</u>
EXPENDITURES:			
Materials and service	5,247,051	1,551,867	6,798,918
Capital outlay	295,415	-	295,415
Total expenditures	<u>5,542,466</u>	<u>1,551,867</u>	<u>7,094,333</u>
Revenues over (under) expenditures	<u>904,483</u>	<u>68,422</u>	<u>972,905</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	232,500	-	232,500
Transfers out	(1,039,630)	(4,570)	(1,044,200)
Total other financing sources (uses)	<u>(807,130)</u>	<u>(4,570)</u>	<u>(811,700)</u>
Net change in fund balances	97,353	63,852	161,205
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>1,104,992</u>	<u>3,722,076</u>	<u>4,827,068</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u><u>\$ 1,202,345</u></u>	<u><u>\$ 3,785,928</u></u>	<u><u>\$ 4,988,273</u></u>

	<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above	\$ 8,067,238	\$ 7,094,333
Transfers in/out	-	493,455
Charges for service internal service fund	-	318,245
Expenditure capitalized	-	(253,585)
Depreciation and amortization expense	-	544,978
Contributed capital	32,590	-
Total revenues and expenses - generally accepted accounting principles	<u>\$ 8,099,828</u>	<u>8,197,426</u>
Change in net position		<u><u>\$ (97,598)</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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for service	\$ 6,639,395	\$ 6,639,395	\$ 6,438,225	\$ (201,170)
Interest	2,250	2,250	8,724	6,474
Miscellaneous	500	500	-	(500)
Total revenues	6,642,145	6,642,145	6,446,949	(195,196)
EXPENDITURES:				
Materials and service	5,622,220	5,622,220	5,247,051	375,169
Capital outlay	595,000	595,000	295,415	299,585
Contingency	220,735	220,735	-	220,735
Total expenditures	6,437,955	6,437,955	5,542,466	895,489
Revenues over (under) expenditures	204,190	204,190	904,483	700,293
OTHER FINANCING SOURCES (USES):				
Transfers in	310,000	310,000	232,500	(77,500)
Transfers out	(1,039,630)	(1,039,630)	(1,039,630)	-
Total other financing sources (uses)	(729,630)	(729,630)	(807,130)	(77,500)
Net changes in fund balance	(525,440)	(525,440)	97,353	622,793
FUND BALANCE, BEGINNING	525,440	525,440	1,104,992	579,552
FUND BALANCE, ENDING	\$ -	\$ -	\$ 1,202,345	\$ 1,202,345

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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for service	\$ 200,000	\$ 1,549,450	\$ 1,597,962	\$ 48,512
Interest	18,015	18,015	22,327	4,312
Total revenues	218,015	1,567,465	1,620,289	52,824
EXPENDITURES:				
Materials and service	192,000	1,541,450	1,551,867	(10,417)
Capital outlay	200,000	200,000	-	200,000
Contingency	3,424,245	3,424,245	-	3,424,245
Total expenditures	3,816,245	5,165,695	1,551,867	3,613,828
Revenues over (under) expenditures	(3,598,230)	(3,598,230)	68,422	3,666,652
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,570)	(4,570)	(4,570)	-
Total other financing sources (uses)	(4,570)	(4,570)	(4,570)	-
Net changes in fund balance	(3,602,800)	(3,602,800)	63,852	3,666,652
FUND BALANCE, BEGINNING	3,602,800	3,602,800	3,722,076	119,276
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,785,928</u>	<u>\$ 3,785,928</u>

CITY OF TUALATIN, OREGON
STORM DRAIN OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2013

	Storm Drain Fund	Storm Drain Development	Total Storm Drain Operations
REVENUES:			
Charges for service	\$ 1,834,480	\$ 52,600	\$ 1,887,080
Interest	2,222	1,548	3,770
Total revenues	1,836,702	54,148	1,890,850
EXPENDITURES:			
Materials and service	557,253	-	557,253
Capital outlay	254,000	-	254,000
Total expenditures	811,253	-	811,253
Revenues over (under) expenditures	1,025,449	54,148	1,079,597
OTHER FINANCING SOURCES (USES):			
Transfers out	(951,415)	-	(951,415)
Total other financing sources (uses)	(951,415)	-	(951,415)
Net change in fund balances	74,034	54,148	128,182
FUND BALANCES, BEGINNING BUDGETARY BASIS	500,433	233,383	733,816
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ 574,467</u>	<u>\$ 287,531</u>	<u>\$ 861,998</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 1,890,850	\$ 811,253
Transfers in/out	-	423,225
Charges for service internal service fund	-	528,190
Expenditure capitalized	-	(243,315)
Depreciation and amortization expense	-	146,938
Contributed capital	35,080	-
Other	24	-
Total revenues and expenses - generally accepted accounting principles	<u>\$ 1,925,954</u>	<u>1,666,291</u>
Change in net position		<u>\$ 259,663</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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for service	\$ 1,803,740	\$ 1,803,740	\$ 1,834,480	\$ 30,740
Interest	1,900	1,900	2,222	322
Total revenues	1,805,640	1,805,640	1,836,702	31,062
EXPENDITURES:				
Materials and service	747,865	747,865	557,253	190,612
Capital outlay	306,000	306,000	254,000	52,000
Contingency	185,530	185,530	-	185,530
Total expenditures	1,239,395	1,239,395	811,253	428,142
Revenues over (under) expenditures	566,245	566,245	1,025,449	459,204
OTHER FINANCING SOURCES (USES):				
Transfers out	(951,415)	(951,415)	(951,415)	-
Total other financing sources (uses)	(951,415)	(951,415)	(951,415)	-
Net changes in fund balance	(385,170)	(385,170)	74,034	459,204
FUND BALANCE, BEGINNING	385,170	385,170	500,433	115,263
FUND BALANCE, ENDING	\$ -	\$ -	\$ 574,467	\$ 574,467

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, 2013

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ -	\$ -	\$ 52,600	\$ 52,600
Interest	1,110	1,110	1,548	438
Total revenues	1,110	1,110	54,148	53,038
EXPENDITURES:				
Contingency	223,130	223,130	-	223,130
Total expenditures	223,130	223,130	-	223,130
Net changes in fund balance	(222,020)	(222,020)	54,148	276,168
FUND BALANCE, BEGINNING	222,020	222,020	233,383	11,363
FUND BALANCE, ENDING	\$ -	\$ -	\$ 287,531	\$ 287,531

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, 2013

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ 1,230	\$ 1,230
Interest	5,000	5,000	9,433	4,433
Miscellaneous	16,870	16,870	21,261	4,391
Total revenues	21,870	21,870	31,924	10,054
EXPENDITURES:				
Personal service	1,392,750	1,392,750	1,318,754	73,996
Materials and service	720,925	720,925	634,323	86,602
Capital outlay	224,140	224,140	200,921	23,219
Contingency	331,960	331,960	-	331,960
Total expenditures	2,669,775	2,669,775	2,153,998	515,777
Revenues over (under) expenditures	(2,647,905)	(2,647,905)	(2,122,074)	525,831
OTHER FINANCING SOURCES (USES):				
Transfers in	2,213,055	2,213,055	2,213,055	-
Total other financing sources (uses)	2,213,055	2,213,055	2,213,055	-
Changes in fund balances	(434,850)	(434,850)	90,981	525,831
FUND BALANCES, BEGINNING BUDGETARY BASIS	1,280,460	1,280,460	1,459,856	179,396
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ 845,610</u>	<u>\$ 845,610</u>	<u>\$ 1,550,837</u>	<u>\$ 705,227</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 31,924	\$ 2,153,998
Transfers in/out	349,190	-
Charges for service internal service fund	1,863,865	-
Expenditure capitalized	-	(163,796)
Depreciation and amortization expense	-	49,425
Total revenues and expenses - generally accepted accounting principles	<u>\$ 2,244,979</u>	<u>2,039,627</u>
Change in net position		<u>\$ 205,352</u>

OTHER FINANCIAL SCHEDULES

CITY OF TUALATIN, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For the Fiscal Year Ended June 30, 2013

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2012</u>	<u>Levy as Extended By Assessor</u>	<u>Discount</u>	<u>Interest</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Uncollected Balance June 30, 2013</u>
2012-2013	\$ -	\$ 8,725,937	\$ (225,762)	\$ 2,723	\$ 8,003	\$ (8,319,844)	\$ 191,057
2011-2012	220,910	-	473	7,127	(61,772)	(67,697)	99,041
2010-2011	122,783	-	366	6,516	(28,596)	(29,381)	71,688
2009-2010	66,301	-	14	7,685	(873)	(33,470)	39,657
2008-2009	12,957	-	3	2,832	(357)	(10,935)	4,500
2007-2008	3,459	-	3	597	(255)	(1,627)	2,177
Prior years	6,314	-	-	432	(339)	(1,450)	4,957
Totals	<u>\$ 432,724</u>	<u>\$ 8,725,937</u>	<u>\$ (224,903)</u>	<u>\$ 27,912</u>	<u>\$ (84,189)</u>	<u>\$ (8,464,404)</u>	<u>\$ 413,077</u>

Taxes receivable classified by fund:

General Fund	\$ 47,201
General Obligation Bond Fund	<u>365,876</u>
	<u>\$ 413,077</u>

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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
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2004	2005	2006	2007
<i>Governmental activities</i>				
Invested in capital assets (net of related debt)	\$ 70,232,775	\$ 71,044,473	\$ 83,109,505	\$ 85,434,995
Restricted for special purposes	25,302,554	31,784,105	27,135,766	31,870,363
Unrestricted	7,553,836	7,504,552	8,324,105	7,944,380
<i>Total governmental activities net position</i>	<u>\$ 103,089,165</u>	<u>\$ 110,333,130</u>	<u>\$ 118,569,376</u>	<u>\$ 125,249,738</u>
<i>Business-type activities</i>				
Invested in capital assets (net of related debt)	\$ 35,943,859	\$ 37,851,884	\$ 38,662,415	\$ 40,095,770
Restricted for special purposes	-	4,385,063	4,661,750	6,142,789
Unrestricted	7,821,936	2,890,010	3,529,390	4,088,260
<i>Total business-type activities net position</i>	<u>\$ 43,765,795</u>	<u>\$ 45,126,957</u>	<u>\$ 46,853,555</u>	<u>\$ 50,326,819</u>
<i>Primary government</i>				
Invested in capital assets (net of related debt)	\$ 106,176,634	\$ 108,896,357	\$ 121,771,920	\$ 125,530,765
Restricted for special purposes	25,302,554	36,169,168	31,797,516	38,013,152
Unrestricted	15,375,772	10,394,562	11,853,495	12,032,640
<i>Total primary government net position</i>	<u>\$ 146,854,960</u>	<u>\$ 155,460,087</u>	<u>\$ 165,422,931</u>	<u>\$ 175,576,557</u>

	2008		2009		2010		2011		2012		2013
\$	90,759,532	\$	96,393,624	\$	97,164,924	\$	95,531,501	\$	96,704,593	\$	95,303,048
	32,543,974		21,641,579		20,700,327		15,947,020		13,101,042		12,773,161
	4,200,284		9,736,010		8,359,281		10,794,402		11,416,369		11,017,677
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\$	127,503,790	\$	127,771,213	\$	126,224,532	\$	122,272,923	\$	121,222,004	\$	119,093,886
<hr/>											
\$	40,499,850	\$	43,875,845	\$	47,581,590	\$	47,186,247	\$	47,026,375	\$	46,626,072
	7,386,077		4,070,822		4,172,155		4,373,171		4,679,232		5,057,107
	4,453,310		6,618,208		5,574,907		6,047,100		6,802,003		7,626,649
<hr/>											
\$	52,339,237	\$	54,564,875	\$	57,328,652	\$	57,606,518	\$	58,507,610	\$	59,309,828
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\$	131,259,382	\$	140,269,469	\$	144,746,514	\$	142,717,748	\$	143,730,968	\$	141,929,120
	39,930,051		25,712,401		24,872,482		20,320,191		17,780,274		17,830,268
	8,653,594		16,354,218		13,934,188		16,841,502		18,218,372		18,644,326
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\$	179,843,027	\$	182,336,088	\$	183,553,184	\$	179,879,441	\$	179,729,614	\$	178,403,714
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CITY OF TUALATIN
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2004	2005	2006	2007
Expenses				
<i>Governmental activities:</i>				
General government	\$ 5,231,830	\$ 6,633,054	\$ 8,684,836	\$ 8,928,490
Public Safety	3,938,333	4,255,099	4,614,719	5,160,680
Highways and streets	2,154,320	1,979,000	2,131,876	3,331,787
Culture and recreation	2,427,929	1,322,674	1,502,076	1,960,442
Interest on long-term debt	506,419	422,180	561,234	453,084
Unallocated depreciation	129,475	126,432	123,973	-
<i>Total governmental activities expenses</i>	<u>14,388,306</u>	<u>14,738,439</u>	<u>17,618,714</u>	<u>19,834,483</u>
<i>Business-type activities</i>				
Charges for services				
Water	2,572,652	4,233,678	4,386,891	2,992,876
Sewer	4,036,193	5,493,671	5,360,593	5,046,003
Storm drain	-	-	-	-
<i>Total business-type activities expenses</i>	<u>6,608,845</u>	<u>9,727,349</u>	<u>9,747,484</u>	<u>8,038,879</u>
<i>Total Expenses</i>	<u>\$ 20,997,151</u>	<u>\$ 24,465,788</u>	<u>\$ 27,366,198</u>	<u>\$ 27,873,362</u>
Program revenues				
<i>Governmental activities</i>				
Charges for services				
General government	\$ 2,444,254	\$ 2,645,397	\$ 5,290,160	\$ 1,934,054
Public Safety	63,709	58,326	67,170	232,124
Highways and streets	4,012,332	2,891,276	2,955,457	2,223,073
Culture and recreation	161,700	385,447	593,856	482,031
Operating grants and contributions	34,957	67,857	89,616	1,298,980
Capital grants and contributions	1,662,029	1,948,857	2,374,411	1,772,517
<i>Total governmental activities program revenues</i>	<u>8,378,981</u>	<u>7,997,160</u>	<u>11,370,670</u>	<u>7,942,779</u>
<i>Business-type activities</i>				
Charges for services				
Water	2,572,652	4,074,016	4,547,080	5,134,440
Sewer	4,036,193	4,296,527	4,496,251	4,690,369
Storm drain	-	-	-	-
Capital grants and contributions	905,636	3,758,798	1,844,442	3,156,077
<i>Total business-type activities program revenues</i>	<u>7,514,481</u>	<u>12,129,341</u>	<u>10,887,773</u>	<u>12,980,886</u>
<i>Total program revenues</i>	<u>\$ 15,893,462</u>	<u>\$ 20,126,501</u>	<u>\$ 22,258,443</u>	<u>\$ 20,923,665</u>
Net (expense)/revenues				
<i>Governmental activities</i>	<u>\$ (6,009,325)</u>	<u>\$ (6,741,279)</u>	<u>\$ (6,248,044)</u>	<u>\$ (11,891,704)</u>
<i>Business-type activities</i>	<u>905,636</u>	<u>2,401,992</u>	<u>1,140,289</u>	<u>4,942,007</u>
<i>Total net expenses</i>	<u>\$ (5,103,689)</u>	<u>\$ (4,339,287)</u>	<u>\$ (5,107,755)</u>	<u>\$ (6,949,697)</u>

	2008		2009		2010		2011		2012		2013
\$	9,076,098	\$	9,887,477	\$	9,651,970	\$	6,837,983	\$	7,400,702	\$	8,325,468
	5,164,134		5,702,703		6,127,811		5,986,000		6,561,167		6,904,444
	3,671,693		4,242,622		4,667,832		3,722,074		3,746,471		3,843,497
	3,521,904		3,289,432		3,280,537		4,647,624		4,973,304		5,080,438
	658,450		489,308		341,346		419,382		380,608		376,864
	-		-		-		-		-		-
	22,092,279		23,611,542		24,069,496		21,613,063		23,062,252		24,530,711
	2,916,971		3,099,432		3,396,759		4,089,731		4,353,652		4,252,446
	4,774,164		5,028,317		5,878,803		6,086,241		6,276,559		7,703,971
	-		653,308		514,149		1,124,748		1,215,940		1,243,066
	7,691,135		8,781,057		9,789,711		11,300,720		11,846,151		13,199,483
\$	29,783,414	\$	32,392,599	\$	33,859,207	\$	32,913,783	\$	34,908,403	\$	37,730,194
\$	1,691,801	\$	1,318,629	\$	1,047,095	\$	1,142,028	\$	1,304,925	\$	2,407,130
	105,751		95,828		141,268		888,469		1,666,113		1,496,395
	2,175,610		971,088		1,628,577		1,720,495		1,736,117		1,326,187
	201,591		151,605		161,797		254,597		179,021		227,660
	3,103,806		3,252,434		3,676,768		712,304		476,439		427,283
	1,249,916		719,868		278,919		-		-		-
	8,528,475		6,509,452		6,934,424		4,717,893		5,362,615		5,884,655
	5,575,361		5,708,067		5,654,088		5,242,442		5,523,032		5,512,366
	5,413,845		5,317,122		5,457,101		6,276,381		6,539,373		8,036,187
	-		1,234,114		1,326,802		1,612,020		1,775,519		1,887,080
	782,470		396,168		338,803		348,695		348,375		124,076
	11,771,676		12,655,471		12,776,794		13,479,538		14,186,299		15,559,709
\$	20,300,151	\$	19,164,923	\$	19,711,218	\$	18,197,431	\$	19,548,914	\$	21,444,364
\$	(13,563,804)	\$	(17,102,090)	\$	(17,135,072)	\$	(16,895,170)	\$	(17,699,637)	\$	(18,646,056)
	4,080,541		3,874,414		2,987,083		2,178,818		2,340,148		2,360,226
\$	(9,483,263)	\$	(13,227,676)	\$	(14,147,989)	\$	(14,716,352)	\$	(15,359,489)	\$	(16,285,830)

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

	2004	2005	2006	2007
General revenues and other changes in net position				
Governmental activities				
Taxes and assessments	\$ 9,598,691	\$ 10,078,180	\$ 10,812,528	\$ 10,925,950
Licenses and permits	1,714,231	1,828,503	2,014,126	2,126,101
Miscellaneous	454,292	878,561	1,557,636	3,528,863
Transfers	2,165,130	1,200,000	100,000	1,991,150
Total governmental activities	13,932,344	13,985,244	14,484,290	18,572,064
Business-type activities				
Miscellaneous	109,979	159,170	361,929	522,407
Transfers	(2,165,130)	(1,200,000)	(100,000)	(1,991,150)
Total business-type activities	(2,055,151)	(1,040,830)	261,929	(1,468,743)
Total	<u>\$ 11,877,193</u>	<u>\$ 12,944,414</u>	<u>\$ 14,746,219</u>	<u>\$ 17,103,321</u>
Change in net position				
Governmental activities	\$ 7,923,019	\$ 7,243,965	\$ 8,236,246	\$ 6,680,360
Business-type activities	1,840,373	1,361,162	1,402,218	3,473,264
Total	<u>\$ 9,763,392</u>	<u>\$ 8,605,127</u>	<u>\$ 9,638,464</u>	<u>\$ 10,153,624</u>

	2008		2009		2010		2011		2012		2013
\$	12,071,782	\$	12,009,941	\$	12,464,195	\$	11,760,533	\$	12,547,363	\$	12,462,040
	2,242,346		2,404,323		2,428,585		2,091,937		2,205,176		2,071,040
	2,160,780		1,029,369		382,515		574,472		379,396		331,603
	2,573,058		3,099,069		313,096		(1,392,357)		1,516,783		1,653,255
	19,047,966		18,542,702		15,588,391		13,034,585		16,648,718		16,517,938
	504,936		277,102		89,790		74,773		77,727		95,247
	(2,573,058)		(3,099,069)		(313,096)		(1,775,215)		(1,516,783)		(1,653,255)
	(2,068,122)		(2,821,967)		(223,306)		(1,700,442)		(1,439,056)		(1,558,008)
\$	16,979,844	\$	15,720,735	\$	15,365,085	\$	11,334,143	\$	15,209,662	\$	14,959,930
\$	5,484,162	\$	1,440,612	\$	(1,546,681)	\$	(3,860,585)	\$	(1,050,919)	\$	(2,128,118)
	2,012,419		1,052,447		2,763,777		478,376		901,092		802,218
\$	7,496,581	\$	2,493,059	\$	1,217,096	\$	(3,382,209)	\$	(149,827)	\$	(1,325,900)

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

	2004	2005	2006	2007
General Fund				
Reserved / Nonspendable	\$ -	\$ -	\$ 65,617	\$ -
Unreserved / Unassigned	4,409,043	4,497,524	5,125,815	4,520,546
Total general fund	<u>\$ 4,409,043</u>	<u>\$ 4,497,524</u>	<u>\$ 5,191,432</u>	<u>\$ 4,520,546</u>
 All other governmental funds				
Reserved	\$ 103,515	\$ 97,844	\$ 92,898	\$ 92,680
Unreserved, reported in:				
Special revenue funds	7,282,602	7,413,565	7,644,037	8,514,792
Capital projects funds	15,035,687	22,942,560	19,239,160	23,319,543
Debt service funds	5,041,998	3,910,171	3,292,344	3,066,830
Nonspendable				
Inventory				
Restricted for:				
Building and engineering				
Street and roadside maintenance				
Debt service payments				
Capital projects				
Transportation				
Urban renewal projects				
Committed to:				
Pavement maintenace and street lighting				
Parking maintenance				
Assigned to:				
Scholarships				
Capital projects				
Total all other governmental funds	<u>\$ 27,463,802</u>	<u>\$ 34,364,140</u>	<u>\$ 30,268,439</u>	<u>\$ 34,993,845</u>

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

2008	2009	2010	2011	2012	2013
\$ -	\$ 38,287	\$ 29,333	\$ 63,306	\$ 70,154	\$ 78,833
4,565,418	4,647,513	4,514,767	5,523,545	6,421,650	6,625,950
<u>\$ 4,565,418</u>	<u>\$ 4,685,800</u>	<u>\$ 4,544,100</u>	<u>\$ 5,586,851</u>	<u>\$ 6,491,804</u>	<u>\$ 6,704,783</u>
\$ -	\$ -	\$ 35,980	\$ -	\$ -	\$ -
9,633,900	6,576,782	5,750,061	-	-	-
20,419,390	18,093,125	15,533,420	-	-	-
1,825,045	1,963,454	3,398,353	-	-	-
			35,639	34,920	37,235
			1,458,274	1,526,018	1,830,952
			428,600	605,858	834,061
			485,846	398,174	267,171
			612,569	623,276	1,232,131
			1,850,125	2,701,857	3,080,265
			10,960,389	7,094,642	5,482,914
			1,290,242	1,097,706	574,753
			223,508	187,915	127,049
			51,485	50,745	50,579
			<u>2,506,069</u>	<u>2,310,656</u>	<u>2,028,522</u>
<u>\$ 31,878,335</u>	<u>\$ 26,633,361</u>	<u>\$ 24,717,814</u>	<u>\$ 19,902,746</u>	<u>\$ 16,631,767</u>	<u>\$ 15,545,632</u>

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

	2004	2005	2006	2007
REVENUES				
Property taxes	\$ 10,138,379	\$ 10,567,468	\$ 10,885,890	\$ 11,100,992
Licenses and permits	1,696,974	1,827,209	2,466,535	1,955,143
Intergovernmental	3,714,543	2,786,052	3,253,950	2,777,905
Franchise tax	2,353,626	-	-	2,126,101
Charges for services	1,498,171	4,333,178	4,809,174	4,125,236
Fines and forfeitures	436,835	169,465	170,315	234,169
Miscellaneous	429,355	1,213,920	2,854,334	2,263,577
Total Revenue	20,267,883	20,897,292	24,440,198	24,583,123
EXPENDITURES				
Current operating:				
General government	7,248,525	6,523,259	7,213,176	8,942,086
Public safety	3,728,033	4,044,373	4,427,287	4,871,925
Public works	350,724	249,943	277,299	1,167,548
Culture and recreation	2,124,059	1,039,039	1,220,536	1,300,643
Capital outlay	9,188,096	5,436,529	12,672,121	8,333,879
Debt service				
Interest	506,419	422,180	2,382,696	457,575
Principal	5,973,640	6,937,435	4,558,359	5,949,323
Total expenditures	29,119,496	24,652,758	32,751,474	31,022,979
REVENUES OVER (UNDER)				
EXPENDITURES	(8,851,613)	(3,755,466)	(8,311,276)	(6,439,856)
OTHER FINANCING SOURCES (USES)				
Transfers in	5,185,064	4,409,247	3,920,381	7,293,764
Transfers out	(3,019,934)	(3,209,247)	(3,820,381)	(5,302,614)
Bond Refunding	-	-	-	-
Issuance of debt	6,365,625	9,544,291	4,809,483	8,503,194
Total other financing sources (uses)	8,530,755	10,744,291	4,909,483	10,494,344
NET CHANGE IN FUND BALANCES	\$ (320,858)	\$ 6,988,825	\$ (3,401,793)	\$ 4,054,488
Debt service as a percentage of noncapital expenditures	29.70%	34.04%	34.83%	28.89%

2008	2009	2010	2011	2012	2013
\$ 12,073,721	\$ 12,178,186	\$ 13,248,979	\$ 8,345,567	\$ 8,259,442	\$ 8,438,011
3,926,256	2,295,281	1,978,115	1,916,087	2,620,698	2,926,323
3,101,583	3,272,279	3,657,138	3,396,857	4,190,756	4,043,726
2,242,346	2,404,323	2,428,585	2,091,937	2,205,176	2,071,040
5,949,678	48,472	116,237	1,306,725	754,994	960,510
229,180	237,831	277,535	639,098	1,371,896	1,224,329
2,176,803	1,068,765	401,179	1,116,761	751,752	698,074
29,699,567	21,505,137	22,107,768	18,813,032	20,154,714	20,362,013
8,734,604	8,347,961	8,708,125	6,003,505	6,609,300	7,073,285
5,193,903	5,342,795	5,724,373	5,959,615	6,345,089	6,689,136
954,187	2,303,118	1,451,564	1,116,838	1,103,448	1,054,388
3,037,178	3,258,911	3,198,392	3,901,649	4,201,940	4,304,274
10,115,467	8,022,366	6,597,787	2,106,987	4,295,957	2,224,530
1,346,829	581,624	454,696	407,692	380,448	348,621
1,430,000	5,493,703	1,396,915	570,000	765,000	845,000
30,812,168	33,350,478	27,531,852	20,066,286	23,701,182	22,539,234
(1,112,601)	(11,845,341)	(5,424,084)	(1,253,254)	(3,546,468)	(2,177,221)
11,854,026	6,127,978	8,828,428	3,569,611	3,404,503	3,187,850
(13,975,213)	(2,453,654)	(5,517,435)	(5,062,121)	(2,224,061)	(1,883,785)
(2,575,000)	-	-	-	-	-
2,738,150	4,253,703	21,757	-	-	-
(1,958,037)	7,928,027	3,332,750	(1,492,510)	1,180,442	1,304,065
\$ (3,070,638)	\$ (3,917,314)	\$ (2,091,334)	\$ (2,745,764)	\$ (2,366,026)	\$ (873,156)
13.42%	23.99%	8.84%	5.37%	5.87%	5.82%

CITY OF TUALATIN
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
June 30, 2013

Fiscal Year	Property ¹	Special Assessments ²	Total
2004	9,989,298	90,033	10,079,331
2005	10,421,824	131,047	10,552,871
2006	11,214,234	123,731	11,337,965
2007	11,012,986	88,006	11,100,992
2008	11,802,861	87,036	11,889,897
2009	12,009,941	87,036	12,096,977
2010	12,464,195	87,036	12,551,231
2011	8,363,676	87,036	8,450,712
2012	8,356,607	87,036	8,443,643
2013	8,418,314	87,036	8,505,350
Change 2004-2013	-15.7%	-3.3%	-15.6%

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

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

Source: Washington and Clackamas Counties

CITY OF TUALATIN
ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
June 30, 2013

Fiscal Year Ended June 30,	Real Property		Personal Property*		Public Utility Property		Total		Total Direct Tax Rate	Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	** Estimated Actual Value		
2004	2,102,847,063	2,743,758,308	149,097,494	151,377,151	58,094,721	59,323,563	2,310,039,278	2,954,459,022	\$2.3877	78%
2005	2,224,264,234	2,920,393,731	150,690,649	153,578,741	58,423,990	60,223,328	2,433,378,873	3,134,195,800	2.3775	78%
2006	2,389,116,066	3,282,945,576	152,327,937	155,450,518	60,322,100	62,292,124	2,601,766,103	3,500,688,218	2.5021	74%
2007	2,544,355,372	3,934,269,023	165,481,887	165,715,577	58,823,500	59,078,972	2,768,660,759	4,159,063,572	2.4737	67%
2008	2,707,538,796	4,402,217,809	181,669,845	181,960,795	59,886,520	60,707,570	2,949,095,161	4,644,886,174	2.5954	63%
2009	2,865,581,818	4,688,302,195	198,044,531	198,400,161	55,855,290	56,100,151	3,119,481,639	4,942,802,507	2.4578	63%
2010	2,950,206,208	4,456,903,432	201,428,582	201,824,139	76,063,750	76,257,231	3,227,698,540	4,734,984,802	2.4888	68%
2011	3,026,333,673	4,132,089,955	195,430,864	195,870,560	78,161,000	78,508,787	3,299,925,537	4,406,469,302	2.5317	75%
2012	3,068,906,152	3,893,021,654	190,156,648	190,515,810	77,667,490	80,231,026	3,336,730,290	4,163,768,490	2.5639	80%
2013	3,138,684,805	3,808,264,330	191,518,337	191,822,756	71,574,586	78,819,910	3,401,777,728	4,078,906,996	2.5589	83%

* 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, 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
City of Tualatin:										
General Government	\$ 1.90	\$ 1.91	\$ 1.92	\$ 1.94	\$ 1.95	\$ 1.96	\$ 1.96	\$ 2.27	\$ 2.27	\$ 2.27
G.O. Bond	0.10	0.09	0.21	0.19	0.31	0.19	0.22	0.27	0.30	0.29
Total City	2.00	2.00	2.13	2.13	2.26	2.15	2.18	2.53	2.56	2.56
OVERLAPPING RATES:										
Washington County										
Washington County	2.37	2.36	2.35	2.05	2.65	2.62	2.62	2.98	2.97	2.97
	2.37	2.36	2.35	2.05	2.65	2.62	2.62	2.98	2.97	2.97
School District										
NW Regional ESD*	0.12	0.13	0.11	0.13	0.13	0.13	0.13	0.15	0.15	0.15
Portland Community College	0.40	0.40	0.38	0.41	0.43	0.43	0.56	0.64	0.60	0.67
Tigard-Tualatin School District #23J	6.39	6.31	6.39	6.90	6.86	7.02	7.00	7.37	7.44	7.41
	6.91	6.84	6.88	7.44	7.42	7.58	7.70	8.16	8.19	8.23
Special District										
Clean Water Services	-	-	-	-	-	-	-	-	-	-
Tualatin Valley Fire & Rescue	1.54	1.54	1.58	1.60	1.65	1.63	1.69	1.88	1.93	1.91
Port of Portland	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.07	0.07	0.07
Metro Service District	0.24	0.24	0.24	0.24	0.39	0.36	0.40	0.41	0.32	0.40
Tri-Met Transport District	0.09	0.09	0.10	0.08	0.07	0.07	0.07	0.09	0.06	-
Tigard Tualatin Aquatic	-	-	-	-	-	-	-	0.09	0.09	0.09
Urban Renewal - Tualatin	2.48	2.40	2.13	1.89	1.81	1.73	1.70	-	-	-
	4.41	4.33	4.11	3.87	3.99	3.85	3.93	2.54	2.46	2.48
Total Overlapping	13.69	13.53	13.34	13.37	14.06	14.04	14.25	13.68	13.63	13.68
TOTAL	\$ 15.69	\$ 15.53	\$ 15.47	\$ 15.50	\$ 16.32	\$ 16.19	\$ 16.43	\$ 16.21	\$ 16.19	\$ 16.24

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

Source: Washington and Clackamas Counties

CITY OF TUALATIN
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
June 30, 2013

	2013			2004		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
¹ Taxpayer						
BV Centercal LLC	\$ 102,292,681	1	3.01%	-	-	-
Novellus Systems, Inc	81,367,570	2	2.39%	125,151,540	1	5.42%
Tuala Northeast LLC	40,794,770	3	1.20%	-	-	-
Pacific Foods Properties LLC	39,749,380	4	1.17%	-	-	-
SVF Hedges Creek Tualatin LLC	26,145,520	5	0.77%	-	-	-
JAE Oregon, Inc	24,426,840	6	0.72%	27,605,420	2	1.20%
Zian Limited Partnership	25,906,690	7	0.76%	20,539,560	3	0.89%
Rivercrest Acquisition LLC	26,173,370	8	0.77%	-	-	-
Pacific Realty Associates	23,324,710	9	0.69%	-	-	-
Fujimi Corporation	24,146,650	10	0.71%	-	-	-
Riggs Bank NA	-	-	-	20,182,180	4	0.87%
Monadnock Property Trust LLC	-	-	-	20,038,480	6	0.87%
Legacy Health Systems	-	-	-	19,963,116	7	0.86%
Verizon Northwest Inc.	-	-	-	19,134,035	8	0.83%
I & G Tualatin LLC	-	-	-	16,796,590	9	0.73%
Randall, Robert D Rev Liv Trust	-	-	-	16,513,840	10	0.71%
	<u>\$ 414,328,181</u>		<u>12.18%</u>	<u>\$ 92,446,061</u>		<u>12.38%</u>

¹ Source: Washington and Clackamas County Assessor's records

CITY OF TUALATIN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
June 30, 2013

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collections	Delinquent Tax Collections	Total Tax Collections	Percent Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Percent Delinquent Taxes To Tax Levy
2004	10,344,696	9,773,994	94.48%	144,662	9,918,656	95.88%	385,230	3.72%
2005	10,684,835	10,138,855	94.89%	192,111	10,330,966	96.69%	339,080	3.17%
2006	11,121,440	10,575,968	95.10%	194,300	10,770,268	96.84%	366,964	3.30%
2007	11,343,364	11,101,678	97.87%	158,390	11,260,068	99.27%	386,341	3.41%
2008	12,263,107	11,632,607	94.86%	226,738	11,859,345	96.71%	483,528	3.94%
2009	12,434,861	12,040,279	96.83%	263,960	12,304,239	98.95%	559,937	4.50%
2010	12,860,698	12,134,294	94.35%	334,105	12,468,399	96.95%	592,842	4.61%
2011	8,380,679	7,923,989	94.55%	223,708	8,147,697	97.22%	346,617	4.14%
2012	8,576,510	8,148,078	95.00%	151,847	8,299,925	96.78%	432,429	5.04%
2013	8,725,937	8,319,844	95.35%	144,560	8,464,404	97.00%	413,077	4.73%

Source: Washington County and Clackamas County Assessors

CITY OF TUALATIN
BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
June 30, 2013

Fiscal Year	Governmental Activities					Business-type Activities	Total	Population	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Limited Tax Bonds	Urban Renewal Agency Bonds	Water Revenue Bonds			
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	-	6,265,000	16,469,913	26,130	630.31
2011	9,235,000	-	7,490	380,000	-	5,980,000	15,602,490	26,160	596.43
2012	8,630,000	-	-	220,000	-	5,685,000	14,535,000	26,170	555.41
2013	8,005,000	-	-	-	-	5,380,000	13,385,000	26,510	504.90

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

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

Fiscal Year	General Obligation Bonds	Estimated Actual Value of Property	General Obligation Debt as a Percentage of Estimated Actual Value
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%
2012	8,630,000	4,163,768,490	0.21%
2013	8,005,000	4,078,906,996	0.20%

Source: Current and previous CAFR's

CITY OF TUALATIN**COMPUTATION OF OVERLAPPING GENERAL OBLIGATION DEBT****June 30, 2013**

Jurisdiction	General Obligation Debt Outstanding	Percent Applicable Inside City of Tualatin	Amount Applicable Inside City of Tualatin
City of Tualatin	\$ 8,005,000	100.0000%	\$ 8,005,000
Clackamas County	108,260,000	1.6900% *	1,829,594
Clackamas County District 3J (West Linn/Wilsonville)	198,367,238	1.2922%	2,563,301
Clackamas County School District 7J (Lake Oswego)	102,979,109	1.5144%	1,559,516
Clackamas Community College	27,365,000	2.1199%	580,111
Clackamas County ESD	2,093,395	0.4942%	10,346
Metro	248,275,000	2.7397%	6,801,990
Portland Community College	176,450,000	2.9430%	5,192,924
Washington County	26,765,000	6.9497%	1,860,087
Tualatin Valley Fire and Rescue District	45,050,000	9.2930%	4,186,496
Washington County School District 23J (Tigard-Tualatin)	122,453,239	35.9971%	44,079,615
Washington County School District 88J (Sherwood)	115,473,374	15.7990%	18,243,638
Subtotal overlapping debt			86,907,618
Direct and overlapping debt			<u>\$ 94,912,618</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, 2013

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

True Cash Value	\$ 3,401,777,728
Rate	<u>x 3%</u>
Debt limit	102,053,332
Debt applicable to limit	<u>7,916,907</u>
	<u><u>\$ 94,136,425</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
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
2012	91.46%	100,101,909	8,549,103	91,552,806
2013	92.24%	102,053,332	7,916,907	94,136,425

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

CITY OF TUALATIN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
June 30, 2013

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Legacy Meridian Park Hospital	905	1	3.67%	823	1	n/a
Lam Research Corporation	659	2	2.67%	400	4	n/a
United Parcel Service	512	3	2.07%	547	2	n/a
Portland General Electric	478	4	1.94%			
Huntair	460	5	1.86%	-	-	n/a
Precision Wire Components	457	6	1.85%			
Columbia Corrugated	320	7	1.30%	200	9	n/a
Veris Industries LLC	300	8	1.22%			
DPI Northwest	300	9	1.22%	-	-	n/a
Pacific Foods of Oregon, Inc	280	10	1.13%	-	-	n/a
GE Interlogix	-	-	-	500	3	n/a
Fred Meyer	-	-	-	300	5	n/a
Milgard Windows	-	-	-	275	6	n/a
Simple Designs Mfg, Inc	-	-	-	220	7	n/a
Coca-Cola Bottling	-	-	-	203	8	n/a
Haggen Food	-	-	-	200	10	n/a
	<u>4,671</u>			<u>3,668</u>		
Total City employment			<u>24,685</u>			

Information derived from 2013 Business License data provided to the City of Tualatin.

CITY OF TUALATIN**SCHEDULE OF PLEDGED REVENUE BOND COVERAGE****LAST TEN FISCAL YEARS****June 30, 2013**

SPECIAL ASSESSMENT BONDS

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
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	99.66%
2011	102,982	160,000	25,380	185,380	55.55%
2012	97,691	160,000	17,860	177,860	54.93%
2013	92,441	220,000	10,340	230,340	40.13%

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, 2013

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	33.75	31.75	31.88	33.38	33.88	34.63	35.50	35.13	33.38	36.25
Public safety	36.75	38.75	40.63	43.63	44.63	45.63	46.50	47.63	48.63	50.50
Highways and streets	19.00	19.75	19.75	20.50	21.50	21.50	21.50	18.50	18.50	18.50
Culture and recreation	24.25	24.00	24.00	26.00	29.75	30.13	30.13	30.13	30.13	31.13
Sewer	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Water	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	<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>	<u>138.13</u>	<u>143.88</u>

Data from current and previous budgets

CITY OF TUALATIN
OPERATING INDICATORS
LAST TEN FISCAL YEARS
June 30, 2013

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Arrests	1,184	1,038	1,039	1,200	896	944	909	824	772	964
Traffic violations	2,765	2,316	2,810	3,813	3,736	3,636	2,509	3,015	4,847	4,305
*Municipal Court cases	n/a	n/a	n/a	n/a	n/a	1,105	2,058	5,443	11,430	10,895
Building activity										
Permits issued	503	673	1,691	1,706	1,428	1,260	1,046	1,023	1,124	1,114
Estimated value (000's)	\$ 95,351	#####	\$ 80,107	\$ 94,643	\$ 84,407	\$ 35,918	\$ 26,550	\$ 31,000	\$ 49,925	\$ 86,594
Planning applications	178	314	128	300	206	219	203	203	178	149
Library circulation	367,701	394,995	427,222	416,179	443,963	606,734	696,733	751,126	766,848	790,066
Miles of streets maintained	67	76	76	76	76	76	77	77	77	77
Water connections	6,200	6,408	6,500	6,628	6,686	6,658	6,740	6,784	6,779	6,753
Sewer connections	5,900	6,408	6,192	6,346	6,301	6,380	6,471	6,488	6,435	6,632

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, 2013

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety										
Patrol units	18	18	18	15	22	22	18	18	18	18
Highways and streets										
	67	76	76	76	76	76	76	77	77	77
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Acreage	289	289	284	310	310	310	286	285	285	289
*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	13	13	13	13	13	13	13
Fire hydrants	876	903	931	953	960	960	982	982	1,001	1,005

*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.

**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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tualatin, Oregon (the City), as of and for the year ended June 30, 2013 and have issued our report thereon dated December 27, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

1. Expenditures exceeded appropriations in the following funds.

a. General fund	Administrative	\$ 11,928
b. General fund	Police patrol	\$ 193,650
c. General fund	Information services	\$ 14,125
d. General fund	Non-departmental	\$ 933
e. Building fund	Personal service	\$ 2,122
f. Sewer development fund	Material & services	\$ 10,417

2. The budget document did not properly report a proposed budget column.

OAR 162-10-0230 Internal Control

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

We have communicated suggestions for improvements of the City's processes in a separate letter to management dated November 27, 2013.

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



Merina & Company, LLP
West Linn, Oregon
November 27, 2013