



City of Tualatin, Oregon

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014



CITY OF TUALATIN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2014

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

Administrative

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

City 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

January 29, 2015

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, 2014.

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, 2014, 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, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City of Tualatin

The City of Tualatin celebrated its centennial birthday in 2013 and is located in Northwestern Oregon in the Portland metropolitan area, in the counties of Washington and Clackamas, just twelve miles south of Portland's city center. The City of Tualatin currently occupies a land area of 7.9 square miles and serves a population of 26,925. 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 over 3% city-wide for tax year 2013-14, and over 5% in tax year 2014-15. It is anticipated that assessed value growth will be between 4% and 5% next year.

During fiscal year 2013-14, large development projects that had been put on hold, due to the economy, continued construction or were substantially completed. The Eddyline Apartments, a mixed-use redevelopment, on approximately 8.96 acres, is located in the cities of Durham and Tualatin. The portion of the project within the City of Tualatin includes 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 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”.

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. Construction began in earnest during fiscal year 2013-14, with Cabela’s, New Seasons Market, Pieology Pizza and Home Goods opening in late Fall 2014. Additional restaurants, and an LA Fitness Center, are slated to begin construction during fiscal years 2014-15 and 2015-16.

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

One of the significant regional and local efforts is to improve transit service in Tualatin. Specifically, there are three interrelated planning efforts aimed at increasing transit service in Tualatin. First, the SW Corridor Plan will identify a potential future high capacity transit (i.e. light rail or bus rapid transit) alignment between Portland, Tigard, and Tualatin. Second, while many eyes focus on high capacity transit in the long-term future, TriMet conducted a SW Service Enhancement Plan to outline near-term local bus improvements in this part of the region. 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 reforms to the Public Employees Retirement System (PERS) made by the Oregon Legislature during the 2013 legislative session, as well as the special session held in late September 2013. SB 822, passed during regular session, lowered the City’s contribution rate (as a percentage of payroll) by 4.4%, a savings of approximately \$440,000 in fiscal year 2013-14. The overall unfunded actuarial liability of the Oregon PERS system was reduced by measures passed in both sessions, lowering anticipated future contribution rate increases. PERS rates are set on a biennial basis, with actual rates beginning in fiscal year 2015-16 coming in significantly lower than had been anticipated, due to the aforementioned reforms and improved investment performance of the pool.

Additionally, the City embarked on a project we are calling the “Big 3”, replacing our current financial software with a new system for financial and utility billing, a second system for Community Development and adding a third system for asset management. This upgrade of existing modules and adding new modules will create significant improvements to our internal and external processes. When completed, the new solutions will also allow the City to offer new on-line services, as well as other functionality to our residents and customers. The project will be completed during fiscal years 2014-15 and 2015-16.

Awards and Acknowledgements

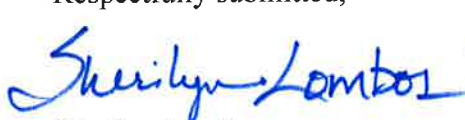
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tualatin for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the 23rd consecutive year that the City has received 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, 2013



Executive Director/CEO

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tualatin, Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Tualatin, Oregon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tualatin, Oregon, as of June 30, 2014, and, the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 29, 2015, on our consideration of the City of Tualatin, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

Merina & Company, LLP
West Linn, Oregon
January 29, 2015

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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, 2014. 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 \$194.1 million at June 30, 2014, and consisted of approximately \$36.9 million in cash and cash equivalents and approximately \$154.6 million in capital assets.
- As of June 30, 2014, the City had approximately \$13.5 million in outstanding obligations.
- The assets of the City exceeded its liabilities by \$176.5 million at the close of fiscal year 2014. Unrestricted net position totaled \$17.5 million, with the remainder of the City's net position invested in capital assets net of related debt (\$140.9 million) and restricted for building and engineering, street and roadside maintenance, debt service, capital projects, transportation, urban renewal, and capital improvements (\$18.1 million).
- For its governmental activities, the City generated \$4.6 million in charges for services and received \$0.6 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$24.8 million for the year, resulting in a net expense of \$19.6 million. \$15.3 million of general revenues received and \$0.2 million of transfers in resulted in a decrease in net position of \$4.1 million.
- For its business-type activities, the City generated \$14.8 million in charges for services and in capital grants and contributions to fund direct expenses of \$12.4 million.
- Fund balance in the City's governmental funds was \$20.3 million at June 30, 2014, down by \$1.9 million from June 30, 2013.

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, 2014

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, 2014

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 condition of the City as a whole. The notes offer information not only to lay readers and citizens, but also those interested in a detailed study of the City's financial operations.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following is a comparison between the June 30, 2014 and 2013 Statements of Net Position:

CITY OF TUALATIN'S NET POSITION						
June 30, 2014 and 2013						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 24,099,169	\$ 26,525,283	\$ 15,420,165	\$ 13,446,822	\$ 39,519,334	\$ 39,972,105
Capital assets	102,213,419	103,370,157	52,368,884	52,029,502	154,582,303	155,399,659
Total assets	126,312,588	129,895,440	67,789,049	65,476,324	194,101,637	195,371,764
Long-term liabilities	7,691,763	7,355,000	4,735,000	5,065,000	12,426,763	12,420,000
Other liabilities	3,824,403	3,446,554	1,315,692	1,101,496	5,140,095	4,548,050
Total liabilities	11,516,166	10,801,554	6,050,692	6,166,496	17,566,858	16,968,050
Net position:						
Net investment in capital assets	93,651,852	95,303,048	47,293,914	46,626,072	140,945,766	141,929,120
Restricted	12,939,222	12,773,161	5,148,228	5,057,107	18,087,450	17,830,268
Unrestricted	8,205,348	11,017,677	9,296,215	7,626,649	17,501,563	18,644,326
Total net position	\$ 114,796,422	\$ 119,093,886	\$ 61,738,357	\$ 59,309,828	\$ 176,534,779	\$ 178,403,714

The City of Tualatin's assets exceeded its liabilities by \$176.5 million as of June 30, 2014. Of this amount, \$140.9 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 (\$18.1 million) is restricted as to how it may be used by budgetary, legal and external factors. The unrestricted amount of \$17.5 million (10% of net position) can be used to meet on-going obligations. Of the \$17.6 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 2013-14, as they did for 2012-13.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Statement of Activities

The following is a comparison between the June 30, 2014 and 2013 Statement of Activities:

CITY OF TUALATIN'S STATEMENT OF ACTIVITIES						
Years Ended June 30, 2014 and 2013						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 4,590,939	\$ 5,457,372	\$ 14,346,837	\$ 15,435,633	\$ 18,937,776	\$ 20,893,005
Operating grants and contributions	629,043	427,283	-	-	629,043	427,283
Capital grants and contributions	-	-	491,274	124,076	491,274	124,076
General revenues:						
Property taxes	8,757,182	8,418,314	-	-	8,757,182	8,418,314
Franchise fees	2,135,959	2,071,040	-	-	2,135,959	2,071,040
Public service taxes and revenue sharing	3,968,177	4,043,726	-	-	3,968,177	4,043,726
Interest and miscellaneous	287,931	331,603	101,941	95,247	389,872	426,850
Total revenues	20,369,231	20,749,338	14,940,052	15,654,956	35,309,283	36,404,294
Expenses:						
General government	8,405,978	8,325,468	-	-	8,405,978	8,325,468
Public safety	7,027,399	6,904,444	-	-	7,027,399	6,904,444
Highways and streets	3,853,744	3,843,497	-	-	3,853,744	3,843,497
Culture and recreation	5,200,979	5,080,438	-	-	5,200,979	5,080,438
Interest on long-term debt	332,382	376,864	-	-	332,382	376,864
Water Operations	-	-	4,354,918	4,252,446	4,354,918	4,252,446
Sewer Operations	-	-	6,704,634	7,703,971	6,704,634	7,703,971
Storm Drain Operations	-	-	1,298,184	1,243,066	1,298,184	1,243,066
Total expenses	24,820,482	24,530,711	12,357,736	13,199,483	37,178,218	37,730,194
Change in net position before transfers	(4,451,251)	(3,781,373)	2,582,316	2,455,473	(1,868,935)	(1,325,900)
Transfers	153,787	1,653,255	(153,787)	(1,653,255)	-	-
Change in net position	(4,297,464)	(2,128,118)	2,428,529	802,218	(1,868,935)	(1,325,900)
Beginning net position	119,093,886	121,222,004	59,309,828	58,507,610	178,403,714	179,729,614
Ending net position	<u>\$ 114,796,422</u>	<u>\$ 119,093,886</u>	<u>\$ 61,738,357</u>	<u>\$ 59,309,828</u>	<u>\$ 176,534,779</u>	<u>\$ 178,403,714</u>

Governmental activities total revenues remained consistent with the levels experienced in 2013, decreasing by approximately \$0.4 million. The decrease is primarily attributable to decreases in charges for services. During fiscal year 2014, though, building and planning fees and permits increased by \$0.3 million.

Governmental activities' expenses increased approximately \$0.3 million from fiscal year 2013. This is primarily due to a general rise in the cost of doing business and is less than the CPI for our area.

Business-Type activities total revenues decreased approximately \$0.7 million from 2013, due mainly to decreases in revenue earned from charges for services.

Business-Type activities expenses decreased approximately \$0.8 million, due to decreases in the purchase of water and user charges passed through to Clean Water Services for sewer treatment.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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 \$2.2665 per \$1,000 assessed value.

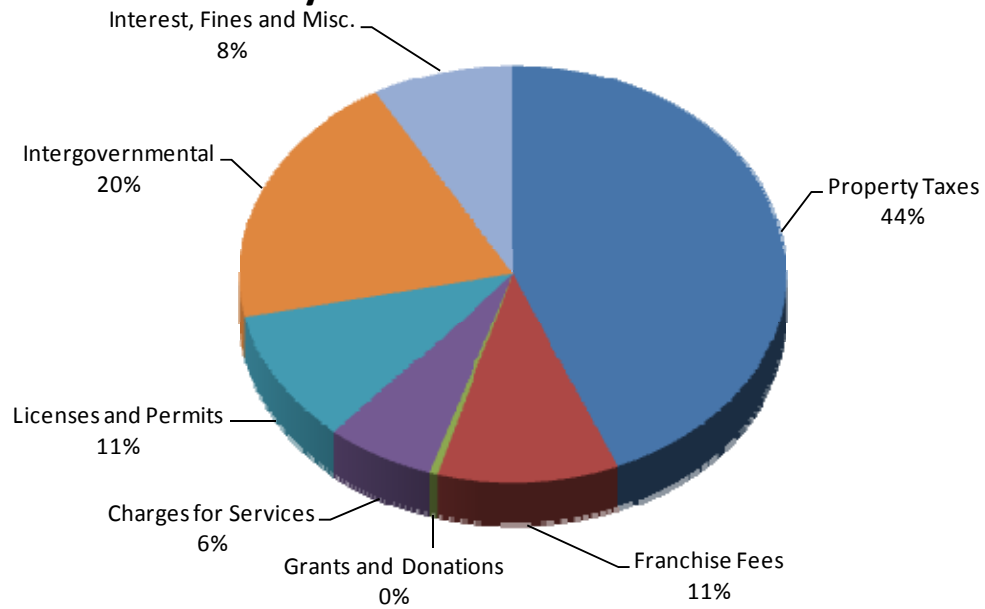
The City's permanent tax rate is relatively low in contrast to comparable cities in the State. The City has been able to maintain services by budgeting conservatively and providing quality services with lean budgets. The charts showing governmental expenses versus governmental activities demonstrate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

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

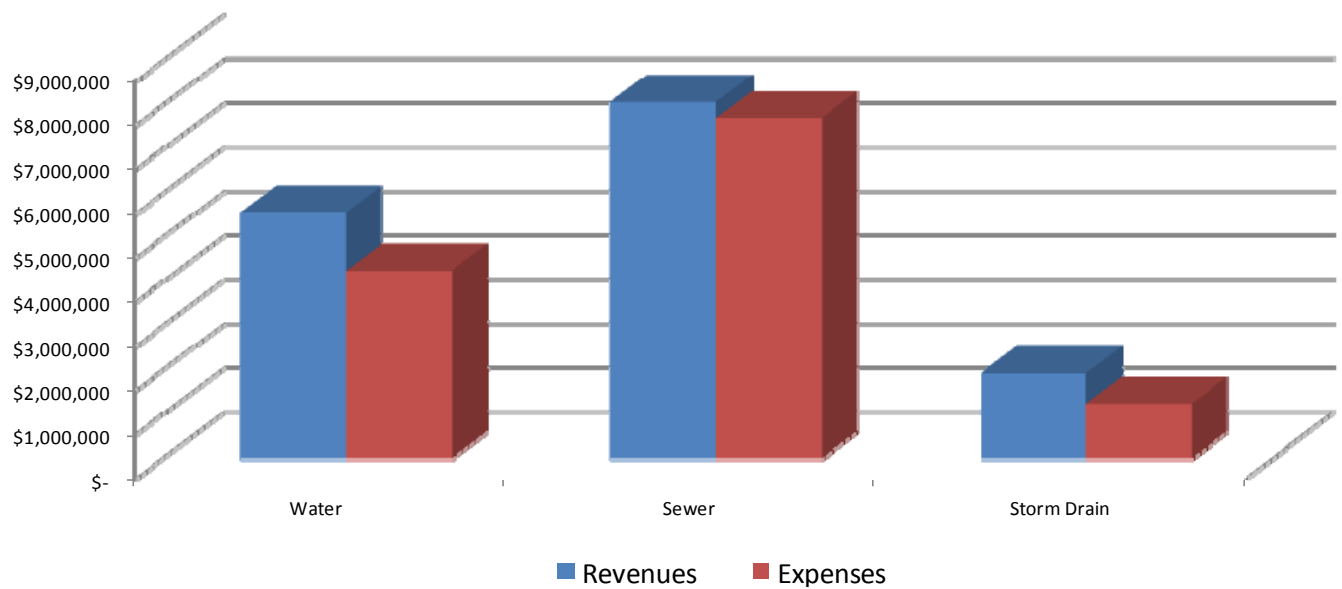
- Governmental resources are restricted in many ways: budgeting, legal and by public opinion.
- Programs funded by general resources typically result in hard choices, such as more police or a better library. Those services which are seen as most important and necessary are almost always least able or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

As build-out of the City occurs, it is likely to become more difficult to handle the inevitable rise in the cost of services. Regional transportation issues and the high development in the southwestern part of Washington County will continue to present challenges to the high quality of life that the citizens of Tualatin have experienced in the past. Concept plans that the City is currently working on for the area between the Cities of Tualatin and Wilsonville will be vital to the City's long-term fiscal health.

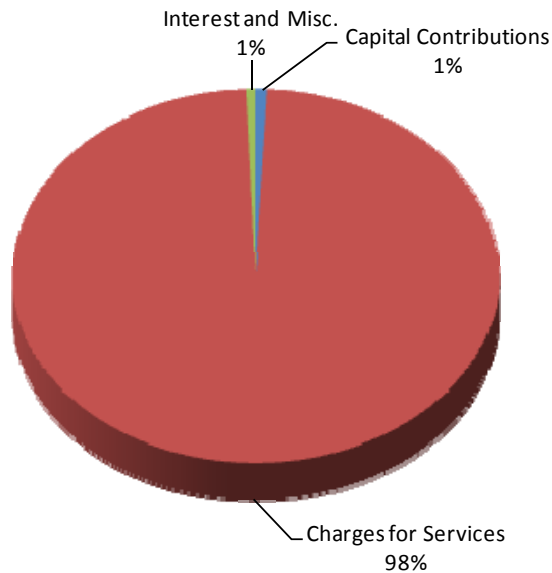
Revenues by Source - Governmental Activities



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 requirements. In particular,

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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, 2014, the City's governmental funds reported a combined ending fund balance of \$20.3 million, a decrease of \$2.0 million when compared to the prior year. Unassigned fund balance combined with committed fund balance as of June 30, 2014, 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, 2014, the total fund balance was \$7.1 million, of which \$7.0 million is considered unassigned, reflecting an increase of \$400,000 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 \$600,000 in the current year, increasing from \$17.0 million to \$17.6 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, 2014, total fund balance remained constant at approximately \$1.8 million. The City's building fund continues to be funded by licenses and permits.

General Fund Budgetary Highlights

The original appropriated budget for the general fund for fiscal year 2014 amounted to \$20.9 million, including \$2.6 million for contingencies. There were transfers of appropriations of \$90,000 from contingency to public safety personal services and \$22,500 from contingency to public safety materials & services. An additional \$28,000 was transferred from contingency to capital outlay.

The General Fund resources surpassed budgeted levels by approximately \$100,000. General Fund expenditures were \$3.3 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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the City had invested \$154.6 million in capital assets, net of depreciation, in a range of asset types, including land, buildings, improvements and infrastructure, and machinery and equipment.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

The following is a comparison of capital assets as of June 30, 2014 and 2013:

CITY OF TUALATIN'S NET CAPITAL ASSETS
June 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 13,801,291	\$ 13,840,829	\$ 880,144	\$ 877,464	\$ 14,681,435	\$ 14,718,293
Construction in Progress	3,547,176	3,554,075	942,546	834,258	4,489,722	4,388,333
Buildings	19,971,431	17,846,079	367,755	367,755	20,339,186	18,213,834
Other Improvements	35,104,378	35,104,378	-	-	35,104,378	35,104,378
Machinery and Equipment	3,631,480	3,581,930	1,082,800	1,082,800	4,714,280	4,664,730
Utility System	-	-	77,098,399	75,226,576	77,098,399	75,226,576
Infrastructure	96,553,756	95,272,135	-	-	96,553,756	95,272,135
Accumulated Depreciation	(70,396,093)	(65,829,269)	(28,002,760)	(26,359,351)	(98,398,853)	(92,188,620)
Total net assets	<u>\$ 102,213,419</u>	<u>\$ 103,370,157</u>	<u>\$ 52,368,884</u>	<u>\$ 52,029,502</u>	<u>\$ 154,582,303</u>	<u>\$ 155,399,659</u>

Net capital assets decreased by \$817,356 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 \$13.5 million in long-term bonded debt obligations outstanding, an increase of approximately 1% from the prior year. Approximately \$1.1 million of the debt at June 30, 2014, is due within one year.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

CITY OF TUALATIN'S DEBT SERVICE

Year Ended June 30, 2014

	Beginning	Additions	Principal Paid	Ending
Governmental:				
General Obligation Bonds	\$ 8,005,000	\$ -	\$ (650,000)	\$ 7,355,000
Full Faith & Credit	-	1,100,000	-	1,100,000
Sub-total	8,005,000	1,100,000	(650,000)	8,455,000
Business-type:				
Water Revenue Bonds	5,380,000	-	(315,000)	5,065,000
Total Bonds Payable	<u>\$ 13,385,000</u>	<u>\$ 1,100,000</u>	<u>\$ (965,000)</u>	<u>\$ 13,520,000</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, 2014 was \$7.4 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 continues to experience increased development activity, approaching the growth levels experienced prior to the economic downturn. The increased development described in the Letter of Transmittal accompanying this report will help drive increases in assessed value and property tax revenue in future years. With the City's low permanent tax rate of \$2.2665 per thousand of assessed value, though, future adjustments to maintain service levels of city services to our residents may be necessary.
- The City continues to plan for the future through a variety of long-term planning studies and processes to help provide economic stability. The City Council adopted the Southwest Concept Plan and city staff has been working on concept plans for the undeveloped area located between the cities of Tualatin and Wilsonville. More information about these plans and new development activity are included in the Letter of Transmittal located earlier in this report.
- Tualatin's location in the Portland metropolitan area is very much affected by the transportation issues associated with urban areas. The City, along with TriMet, continues to look at increased transit options and we are involved with other regional partners in looking at transportation issues in and around Tualatin.
- The factors mentioned above, as well as the Oregon Legislature's Public Employee Retirement System reforms, have had a positive impact on the City's fiscal health. These impacts continue to be modeled in the City's Fiscal Health model to determine the impact on the City's General Fund on-going alignment. Council and staff will continue to use this tool to make strategic decisions about the City's future financial picture.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 22,855,170	\$ 14,031,527	\$ 36,886,697
Due from other governments	226,731	-	226,731
Accounts receivable	120,282	1,345,113	1,465,395
Property taxes receivable	426,995	-	426,995
Assessments receivable	280,334	-	280,334
Prepays	4,000	-	4,000
Inventories	132,690	43,525	176,215
Restricted cash and cash equivalents	52,967	-	52,967
Total current assets	24,099,169	15,420,165	39,519,334
Noncurrent assets:			
Capital assets:			
Nondepreciable	17,348,467	1,822,690	19,171,157
Depreciable, net	84,864,952	50,546,194	135,411,146
Total noncurrent assets	102,213,419	52,368,884	154,582,303
Total assets	\$ 126,312,588	\$ 67,789,049	\$ 194,101,637
LIABILITIES:			
Current liabilities:			
Accounts payable and other current liabilities	\$ 1,563,799	\$ 848,375	\$ 2,412,174
Deposits	634,902	1,520	636,422
Retainage payable	106,567	9,970	116,537
Unearned revenue	-	107,913	107,913
Interest Payable	88,610	17,914	106,524
Current portion of long-term debt	1,430,525	330,000	1,760,525
Total current liabilities	3,824,403	1,315,692	5,140,095
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	7,691,763	4,735,000	12,426,763
Total noncurrent liabilities	7,691,763	4,735,000	12,426,763
Total liabilities	11,516,166	6,050,692	17,566,858
NET POSITION:			
Net investment in capital assets	93,651,852	47,293,914	140,945,766
Restricted for:			
Building and engineering	1,797,858	-	1,797,858
Street and roadside maintenance	536,670	-	536,670
Debt service payments	275,241	-	275,241
Capital projects	1,361,175	-	1,361,175
Transportation	3,768,251	-	3,768,251
Urban renewal projects	5,200,027	-	5,200,027
Capital improvements	-	5,148,228	5,148,228
Unrestricted	8,205,348	9,296,215	17,501,563
Total net position	114,796,422	61,738,357	176,534,779
Total liabilities and net position	\$ 126,312,588	\$ 67,789,049	\$ 194,101,637

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, 2014

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	\$ 8,405,978	\$ 1,540,697	\$ 545,862	\$ -	\$ (6,319,419)	\$ -	\$ (6,319,419)
Public safety	7,027,399	1,496,395	38,498	-	(5,492,506)	-	(5,492,506)
Highways and streets	3,853,744	1,326,187	-	-	(2,527,557)	-	(2,527,557)
Culture and recreation	5,200,979	227,660	44,683	-	(4,928,636)	-	(4,928,636)
Interest on long-term debt	332,382	-	-	-	(332,382)	-	(332,382)
Total governmental activities	24,820,482	4,590,939	629,043	-	(19,600,500)	-	(19,600,500)
Business type activities:							
Water Operations	4,354,918	5,321,434	-	41,935	-	1,008,451	1,008,451
Sewer Operations	6,704,634	7,083,579	-	106,762	-	485,707	485,707
Storm Drain Operations	1,298,184	1,941,824	-	342,577	-	986,217	986,217
Total business type activities	12,357,736	14,346,837	-	491,274	-	2,480,375	2,480,375
Total government	<u>\$ 37,178,218</u>	<u>\$18,937,776</u>	<u>\$ 629,043</u>	<u>\$ 491,274</u>	<u>(19,600,500)</u>	<u>2,480,375</u>	<u>(17,120,125)</u>
General revenues:							
Taxes:							
Property taxes					8,757,182	-	8,757,182
Franchise taxes					2,135,959	-	2,135,959
Public service taxes and revenue sharing					3,968,177	-	3,968,177
Interest and investment earnings					167,062	86,137	253,199
Miscellaneous revenues					164,914	15,804	180,718
Loss on disposal of assets					(44,045)	-	(44,045)
Transfers in (out)					153,787	(153,787)	-
Total general revenues and transfers					15,303,036	(51,846)	15,251,190
Change in net position					(4,297,464)	2,428,529	(1,868,935)
Net position - beginning					119,093,886	59,309,828	178,403,714
Net position - ending					<u>\$ 114,796,422</u>	<u>\$61,738,357</u>	<u>\$176,534,779</u>

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

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

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

Building Fund

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

CITY OF TUALATIN, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Building Fund	Other Governmental	Total Governmental
ASSETS:				
Cash and cash equivalents	\$ 7,926,491	\$ 2,246,241	\$ 11,718,283	\$ 21,891,015
Due from other governments	215,340	-	11,391	226,731
Accounts receivable	31,930	-	87,849	119,779
Property taxes receivable	379,791	-	47,204	426,995
Assessments receivable	-	-	280,334	280,334
Due from other funds	2,668	-	-	2,668
Prepays	4,000	-	-	4,000
Inventories	93,206	-	39,484	132,690
Restricted cash and cash equivalents	52,967	-	-	52,967
Total assets	<u>\$ 8,706,393</u>	<u>\$ 2,246,241</u>	<u>\$ 12,184,545</u>	<u>\$ 23,137,179</u>
LIABILITIES:				
Accounts payable and other current liabilities	\$ 940,606	\$ 236,763	\$ 232,963	\$ 1,410,332
Deposits	347,958	211,620	75,324	634,902
Due to other funds	-	-	2,668	2,668
Retainage payable	-	-	68,069	68,069
Total liabilities	<u>1,288,564</u>	<u>448,383</u>	<u>379,024</u>	<u>2,115,971</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property tax revenue	349,363	-	43,422	392,785
Unavailable revenue - assessments	-	-	280,334	280,334
Total deferred inflows of resources	<u>349,363</u>	<u>-</u>	<u>323,756</u>	<u>673,119</u>
FUND BALANCES:				
Nonspendable:				
Inventory	93,206	-	39,484	132,690
Prepaid items	4,000	-	-	4,000
Restricted for:				
Building and engineering	-	1,797,858	-	1,797,858
Street and roadside maintenance	-	-	536,670	536,670
Debt service payments	-	-	275,241	275,241
Capital projects	-	-	1,361,175	1,361,175
Transportation	-	-	3,768,251	3,768,251
Urban renewal projects	-	-	5,154,360	5,154,360
Committed to:				
Pavement maintenance and street lighting	-	-	161,357	161,357
Parking maintenance	-	-	134,680	134,680
Assigned to:				
Scholarships	-	-	50,547	50,547
Unassigned:	<u>6,971,260</u>	<u>-</u>	<u>-</u>	<u>6,971,260</u>
Total fund balances	<u>7,068,466</u>	<u>1,797,858</u>	<u>11,481,765</u>	<u>20,348,089</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,706,393</u>	<u>\$ 2,246,241</u>	<u>\$ 12,184,545</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. 101,284,164

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 673,119

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. 1,638,840

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 (9,059,180)
Interest payable (88,610)

Net position of governmental activities \$ 114,796,422

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, 2014

	General Fund	Building Fund	Other Governmental	Total Governmental
REVENUES:				
Property taxes	\$ 7,772,287	\$ -	\$ 966,009	\$ 8,738,296
Franchise fees	2,135,959	-	-	2,135,959
Grants	97,406	-	-	97,406
Charges for service	241,665	-	1,025,358	1,267,023
Licenses and permits	576,992	825,843	693,385	2,096,220
Intergovernmental	2,369,788	-	1,598,389	3,968,177
Fines and forfeitures	1,255,626	-	570	1,256,196
Contributions and donations	107,689	-	3,467	111,156
Interest	64,722	10,914	85,237	160,873
Miscellaneous	140,004	-	3,279	143,283
Total revenues	14,762,138	836,757	4,375,694	19,974,589
EXPENDITURES:				
Current:				
General government	4,832,865	575,051	1,663,792	7,071,708
Public safety	6,798,353	-	-	6,798,353
Highways and streets	1,056,047	-	-	1,056,047
Culture and recreation	4,429,718	-	-	4,429,718
Capital outlay	493,092	50,000	2,964,046	3,507,138
Debt service:				
Principal	-	-	650,000	650,000
Interest	-	-	312,863	312,863
Total expenditures	17,610,075	625,051	5,590,701	23,825,827
Revenues over (under) expenditures	(2,847,937)	211,706	(1,215,007)	(3,851,238)
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	1,100,000	1,100,000
Transfers in	3,211,620	15,460	1,155,359	4,382,439
Transfers out	-	(260,260)	(3,273,267)	(3,533,527)
Total other financing sources (uses)	3,211,620	(244,800)	(1,017,908)	1,948,912
Net change in fund balances	363,683	(33,094)	(2,232,915)	(1,902,326)
FUND BALANCES, BEGINNING	6,704,783	1,830,952	13,714,680	22,250,415
FUND BALANCES, ENDING	<u>\$ 7,068,466</u>	<u>\$ 1,797,858</u>	<u>\$ 11,481,765</u>	<u>\$ 20,348,089</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, 2014

Amounts reported in the statement of activities are different because:

Net change in fund balances	\$ (1,902,326)
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The statement of revenues, expenditures, and changes in fund balances report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Depreciation	(4,766,156)	
Capital asset additions	3,394,037	
Loss of disposal of assets	<u>(44,045)</u>	(1,416,164)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.	406,388
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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.	(19,519)
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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.	(932,020)
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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>(433,823)</u>
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Change in net position of governmental activities	<u><u>\$ (4,297,464)</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 Fund

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

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

Internal Service Funds

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

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, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
ASSETS:					
Cash and cash equivalents	\$ 6,063,455	\$ 6,846,030	\$ 1,122,042	\$ 14,031,527	\$ 964,155
Accounts receivables, net	571,008	602,358	171,747	1,345,113	503
Inventories	42,975	550	-	43,525	-
Total current assets	6,677,438	7,448,938	1,293,789	15,420,165	964,658
Capital assets, net	31,265,554	17,343,669	3,759,661	52,368,884	929,255
Total assets	<u>\$ 37,942,992</u>	<u>\$ 24,792,607</u>	<u>\$ 5,053,450</u>	<u>\$ 67,789,049</u>	<u>\$ 1,893,913</u>
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	\$ 210,602	\$ 526,321	\$ 111,452	\$ 848,375	\$ 153,467
Deposits	1,520	-	-	1,520	-
Unearned revenue	37,402	-	70,511	107,913	-
Retainage payable	-	9,970	-	9,970	38,498
Interest payable	17,914	-	-	17,914	-
Current portion of long-term debt	330,000	-	-	330,000	63,108
Total current liabilities	597,438	536,291	181,963	1,315,692	255,073
NONCURRENT LIABILITIES:					
Noncurrent portion of long-term debt	4,735,000	-	-	4,735,000	-
Total noncurrent liabilities	4,735,000	-	-	4,735,000	-
Total liabilities	5,332,438	536,291	181,963	6,050,692	255,073
NET POSITION:					
Net investment in capital assets	26,200,554	17,333,699	3,759,661	47,293,914	929,255
Restricted for:					
Capital improvements	924,226	3,896,331	327,671	5,148,228	-
Unrestricted	5,485,774	3,026,286	784,155	9,296,215	709,585
Total net position	32,610,554	24,256,316	4,871,487	61,738,357	1,638,840
Total liabilities and net position	<u>\$ 37,942,992</u>	<u>\$ 24,792,607</u>	<u>\$ 5,053,450</u>	<u>\$ 67,789,049</u>	<u>\$ 1,893,913</u>

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

CITY OF TUALATIN, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
OPERATING REVENUES:					
Charges for services	\$ 5,321,434	\$ 7,083,579	\$ 1,941,824	\$ 14,346,837	\$ 2,021,090
Fines and forfeitures	-	-	-	-	4,479
Miscellaneous	15,804	-	-	15,804	21,631
Total operating revenues	5,337,238	7,083,579	1,941,824	14,362,641	2,047,200
OPERATING EXPENSES:					
Personal services	-	-	-	-	1,439,301
Materials and services	3,198,760	6,153,715	1,141,640	10,494,115	689,928
Depreciation	935,945	550,919	156,544	1,643,408	49,425
Total operating expenses	4,134,705	6,704,634	1,298,184	12,137,523	2,178,654
Operating income (loss)	1,202,533	378,945	643,640	2,225,118	(131,454)
NON-OPERATING REVENUES (EXPENSES):					
Interest income	45,265	36,057	4,815	86,137	6,189
Interest expense	(220,213)	-	-	(220,213)	-
Gain/loss on disposal of capital assets	-	-	-	-	(111,630)
Total non-operating revenues (expenses)	(174,948)	36,057	4,815	(134,076)	(105,441)
Net income (loss) before operating transfers	1,027,585	415,002	648,455	2,091,042	(236,895)
OPERATING TRANSFERS:					
Transfers in (out)	(873,290)	1,148,488	(428,985)	(153,787)	(695,125)
Net income (loss) before contributions	154,295	1,563,490	219,470	1,937,255	(932,020)
CAPITAL CONTRIBUTIONS:					
Capital contributions	41,935	106,762	342,577	491,274	-
Change in net position	196,230	1,670,252	562,047	2,428,529	(932,020)
NET POSITION, BEGINNING	32,414,324	22,586,064	4,309,440	59,309,828	2,570,860
NET POSITION, ENDING	\$ 32,610,554	\$ 24,256,316	\$ 4,871,487	\$ 61,738,357	\$ 1,638,840

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, 2014

	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	\$ 5,334,005	\$ 7,088,168	\$ 2,010,507	\$ 14,432,680	\$ 2,051,562
Cash paid to employees and others for salaries/benefits	-	-	-	-	(1,444,866)
Cash paid to suppliers and others	(3,146,456)	(6,133,248)	(1,091,571)	(10,371,275)	(662,807)
Net cash provided (used) by operating activities	2,187,549	954,920	918,936	4,061,405	(56,111)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Transfers in (out)	(873,290)	1,148,488	(428,985)	(153,787)	(695,125)
Net cash provided (used) by non-capital financing activities	(873,290)	1,148,488	(428,985)	(153,787)	(695,125)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	(1,175,296)	(190,035)	(126,186)	(1,491,517)	-
Debt principal payments	(315,000)	-	-	(315,000)	-
Interest paid	(221,263)	-	-	(221,263)	-
Net cash provided (used) by capital and related financing activities	(1,711,559)	(190,035)	(126,186)	(2,027,780)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	45,265	36,057	4,815	86,137	6,189
Net cash provided (used) by investing activities	45,265	36,057	4,815	86,137	6,189
Net increase (decrease) in cash and cash equivalents	(352,035)	1,949,430	368,580	1,965,975	(745,047)
CASH AND CASH EQUIVALENTS, BEGINNING	6,415,490	4,896,600	753,462	12,065,552	1,709,202
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 6,063,455</u>	<u>\$ 6,846,030</u>	<u>\$ 1,122,042</u>	<u>\$ 14,031,527</u>	<u>\$ 964,155</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,202,533	\$ 378,945	\$ 643,640	\$ 2,225,118	\$ (131,454)
Adjustments					
Depreciation	935,945	550,919	156,544	1,643,408	49,425
Decrease (increase) in:					
Accounts receivable	(3,263)	4,589	(1,828)	(502)	4,362
Inventories	(7,023)	158	-	(6,865)	-
Increase (decrease) in:					
Accounts payable and accrued expenses	59,327	20,309	50,069	129,705	27,121
Deposits	110	-	-	110	-
Deferred revenue	(80)	-	70,511	70,431	-
Accrued compensated absences	-	-	-	-	(5,565)
Net cash provided (used) by operating activities	<u>\$ 2,187,549</u>	<u>\$ 954,920</u>	<u>\$ 918,936</u>	<u>\$ 4,061,405</u>	<u>\$ (56,111)</u>
NON-CASH CAPITAL FINANCING ACTIVITIES					
Loss on disposal of capital assets	\$ -	\$ -	\$ -	\$ -	\$ (111,630)
Contributions of capital assets	41,935	106,762	342,577	491,274	-
Total non-cash capital financing activities	<u>\$ 41,935</u>	<u>\$ 106,762</u>	<u>\$ 342,577</u>	<u>\$ 491,274</u>	<u>\$ (111,630)</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, 2014

1. Summary of Significant Accounting Policies

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

A. Description of Reporting Entity

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

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

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

B. Basic Financial Statements

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

Government-wide statements

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

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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 2014:

- *General Fund*
- *Building 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, 2014

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, 2014

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

The proprietary financial statements have incorporated all applicable GASB pronouncements.

E. Cash and Investments

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

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

F. Receivables

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

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

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

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, 2014

(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, 2014.

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, 2014

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

M. Fund Balance

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

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, 2014

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, 2014 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	\$ 36,621,988

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, 2014

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, 2014, 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, 2014

4. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, non-depreciable:				
Land	\$ 13,840,829	\$ -	\$ (39,538)	\$ 13,801,291
Construction in Progress	3,554,075	3,055,919	(3,062,818)	3,547,176
Total capital assets, non-depreciable	<u>17,394,904</u>	<u>3,055,919</u>	<u>(3,102,356)</u>	<u>17,348,467</u>
Capital assets, depreciable:				
Improvements & Infrastructure	130,376,513	1,281,621	-	131,658,134
Buildings	17,846,079	2,159,488	(34,136)	19,971,431
Machinery & Equipment	3,581,930	268,678	(219,128)	3,631,480
Total capital assets, depreciable	<u>151,804,522</u>	<u>3,709,787</u>	<u>(253,264)</u>	<u>155,261,045</u>
Total	169,199,426	6,765,706	(3,355,620)	172,609,512
Less accumulated depreciation for:				
Improvements & Infrastructure	(57,615,994)	(3,890,193)	-	(61,506,187)
Buildings	(5,651,380)	(655,743)	29,629	(6,277,494)
Machinery & Equipment	(2,561,895)	(269,645)	219,128	(2,612,412)
Total accumulated depreciation	<u>(65,829,269)</u>	<u>(4,815,581)</u>	<u>248,757</u>	<u>(70,396,093)</u>
Net depreciable capital assets	<u>85,975,253</u>	<u>(1,105,794)</u>	<u>(4,507)</u>	<u>84,864,952</u>
Net capital assets	<u>\$ 103,370,157</u>	<u>\$ 1,950,125</u>	<u>\$ (3,106,863)</u>	<u>\$ 102,213,419</u>
Governmental activities:		Depreciation		
General government		\$1,007,310		
Public safety		234,728		
Highways and streets		2,798,580		
Culture and recreation		774,963		
Total depreciation expense - governmental activities		<u>\$4,815,581</u>		

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Business-type activities totals	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, non-depreciable:				
Land	\$ 877,464	2,680	-	\$ 880,144
Construction in Progress	834,258	1,488,837	(1,380,549)	942,546
Total capital assets, non-depreciable	<u>1,711,722</u>	<u>1,491,517</u>	<u>(1,380,549)</u>	<u>1,822,690</u>
Capital assets, depreciable:				
Improvements & Infrastructure	75,226,576	1,871,823	-	77,098,399
Buildings	367,755	-	-	367,755
Machinery & Equipment	1,082,800	-	-	1,082,800
Total capital assets, depreciable	<u>76,677,131</u>	<u>1,871,823</u>	<u>-</u>	<u>78,548,954</u>
Total	78,388,853	3,363,340	(1,380,549)	80,371,644
Less accumulated depreciation for:				
Improvements & Infrastructure	(25,285,455)	(1,587,546)	-	(26,873,001)
Buildings	(340,389)	(1,694)	-	(342,083)
Machinery & Equipment	(733,508)	(54,168)	-	(787,676)
Total accumulated depreciation	<u>(26,359,352)</u>	<u>(1,643,408)</u>	<u>-</u>	<u>(28,002,760)</u>
Net depreciable capital assets	<u>50,317,779</u>	<u>228,415</u>	<u>-</u>	<u>50,546,194</u>
Net capital assets	<u>\$ 52,029,501</u>	<u>\$ 1,719,932</u>	<u>\$ (1,380,549)</u>	<u>\$ 52,368,884</u>
Business-type activities:				
Water			\$ 935,945	
Sewer			550,919	
Stormwater			156,544	
Total depreciation expense - business-type activities			<u>\$ 1,643,408</u>	

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

5. Interfund Receivables, Payables, and Transfers

A. Interfund Receivables and Payables

There were no interfund balances at year end.

B. Interfund Transfers

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 3,211,620	\$ -
Building Fund	15,460	260,260
Total Major Governmental Funds	<u>3,227,080</u>	<u>260,260</u>
Non-major Governmental Funds:		
Operations Fund	2,335,965	1,010,000
Road Utility Fee Fund	-	333,465
Road Op/Gas Tax Fund	145,359	702,940
Core Area Parking District Fund	-	24,030
Park Development Fund	-	17,790
Infrastructure Reserve Fund	-	2,028,522
Central Urban Renewal District Project Fund	-	61,925
Leveton Project Fund	-	104,595
Operations Warehouse Project Fund	1,010,000	-
Total Non-major Governmental Funds	<u>3,491,324</u>	<u>4,283,267</u>
Proprietary Funds:		
Water Fund	-	2,861,555
Water Development Fund	300,000	17,600
Enterprise Bond Fund	536,265	-
Sewer Fund	1,975,733	1,141,495
Sewer Development Fund	-	16,080
Storm Drian Fund	-	950,145
Total Proprietary Funds	<u>2,811,998</u>	<u>4,986,875</u>
Total Government Wide	<u><u>\$ 9,530,402</u></u>	<u><u>\$ 9,530,402</u></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, 2014

6. Long Term Debt

During the year ended June 30, 2014, long-term liability activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
General Obligation Bonds:					
GO Bond Refunding 4/2008	\$ 1,940,000	\$ -	\$ (290,000)	\$ 1,650,000	\$ 305,000
GO Bond Park Improvement 1/2005	2,630,000	-	(175,000)	2,455,000	180,000
GO Bond Library Improvement 11/2006	3,435,000	-	(185,000)	3,250,000	190,000
	<u>8,005,000</u>	<u>-</u>	<u>(650,000)</u>	<u>7,355,000</u>	<u>675,000</u>
Full Faith and Credit Obligations:					
Series 2013 Warehouse Financing	-	1,100,000	-	1,100,000	88,237
Long-term bonded debt obligations	<u>8,005,000</u>	<u>1,100,000</u>	<u>(650,000)</u>	<u>8,455,000</u>	<u>763,237</u>
Compensated absences	620,357	604,180	(620,357)	604,180	604,180
Governmental activities	<u>8,625,357</u>	<u>1,704,180</u>	<u>(1,270,357)</u>	<u>9,059,180</u>	<u>1,367,417</u>
Internal Service activities	68,673	63,108	(68,673)	63,108	63,108
Total Governmental activities	<u>\$ 8,694,030</u>	<u>\$ 1,767,288</u>	<u>\$ (1,339,030)</u>	<u>\$ 9,122,288</u>	<u>\$ 1,430,525</u>
Business-type activities:					
Bonds payable:					
Water revenue bonds 11/05	\$ 5,380,000	\$ -	\$ (315,000)	\$ 5,065,000	\$ 330,000
Total Business-type activities	<u>\$ 5,380,000</u>	<u>\$ -</u>	<u>\$ (315,000)</u>	<u>\$ 5,065,000</u>	<u>\$ 330,000</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, 2014 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. \$ 2,455,000

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. 3,250,000

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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.

	<u>1,650,000</u>
Total general obligation bonds payable	<u>7,355,000</u>

During 2014, the City received a \$1,100,000 full faith and credit loan for the operations warehouse project. The loan carries an interest rate of 3%. Interest and principal is payable semiannually on July 1 and January 1 of each year.

	<u>1,100,000</u>
Total general obligation bonds and loans payable	<u>\$ 8,455,000</u>

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

Year Ending June 30,	GO Bonds, Series 2005 Park Improvements		GO Bonds, Series 2006 Library Improvements	
	Principal	Interest	Principal	Interest
2015	\$ 180,000	\$ 95,038	\$ 190,000	\$ 125,113
2016	190,000	87,863	200,000	116,825
2017	195,000	80,163	210,000	108,113
2018	205,000	72,163	215,000	99,619
2019	215,000	63,763	225,000	91,369
2020-2024	1,200,000	181,150	1,290,000	315,278
2025-2029	270,000	5,569	920,000	56,200
	<u>\$ 2,455,000</u>	<u>\$ 585,706</u>	<u>\$ 3,250,000</u>	<u>\$ 912,515</u>

Year Ending June 30,	GO Bonds, Series 2008 Police Facility		FF&C, 2013 Warehouse Financing	
	Principal	Interest	Principal	Interest
2015	\$ 305,000	\$ 66,569	\$ 88,237	\$ 41,375
2016	310,000	54,650	99,597	30,015
2017	330,000	41,850	102,572	27,040
2018	345,000	26,625	105,793	23,818
2019	360,000	9,000	109,035	20,577
2020-2024	-	-	594,766	50,704
	<u>\$ 1,650,000</u>	<u>\$ 198,694</u>	<u>\$ 1,100,000</u>	<u>\$ 193,529</u>

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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, 2014:

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.

\$ 5,065,000

Total bonds payable

\$ 5,065,000

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

Year Ending June 30,	Water Revenue Bond, Series 2005	
	Water Reservoir Principal	Interest
2015	\$ 330,000	\$ 208,363
2016	345,000	194,863
2017	360,000	180,763
2018	375,000	166,063
2019	390,000	150,519
2020-2024	2,225,000	481,994
2025-2029	1,040,000	103,894
	<u>\$ 5,065,000</u>	<u>\$ 1,486,459</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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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, 2014, was \$265,332. The City's total payroll was \$10,217,980.

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, 2013, is based on the December 31, 2011, actuarial valuation and is 14.39% for PERS general service employees, 20.93% for PERS police employees, 12.11% for OPSRP general service employees and 14.84% 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 \$1,687,372 for the year ended June 30, 2014.

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 (OPSRP). 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), a cost-sharing 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.)

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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, 2014 is as follows:

Year Ended	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
6/30/2014	\$ 1,687,372	100%	\$ -
6/30/2013	\$ 1,656,903	100%	\$ -
6/30/2012	\$ 1,586,444	100%	\$ -

8. Risk Management

The City is subject to the ordinary risks of loss to which similar entities are exposed. These risks are handled through the purchase of commercial insurance and participation in a worker's compensation self-insurance pool and a property/liability self-insurance pool. These pools are administered by the City/County Insurance Service Trust (CCIS). The City has no significant claims against it that are in excess of its coverage. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. The City pays an annual premium to CCIS for its insurance coverage. Based on the experience of the City and pool, the City may be liable for an additional premium of up to approximately 20% of its initial premium or the City may receive a 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 July 15, 2014, the City issued \$4,300,000 of water revenue bonds for an advance refunding of \$4,390,000 of the Series 2005 water revenue bonds. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$270,463. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The transaction resulted in a reduction of \$374,583 in future debt service payments.

During this refunding process, Moody's Investors Service reaffirmed the City's Aa2 general obligation unlimited tax bond rating, and assigned a positive outlook to the City.

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REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

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

➤ **Budgetary Comparison Schedules**

- General Fund
- Building Fund

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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 7,578,225	\$ 7,578,225	\$ 7,772,287	\$ 194,062
Franchise fees	2,124,000	2,124,000	2,135,959	11,959
Grants	338,025	338,025	97,406	(240,619)
Licenses and permits	587,120	587,120	576,992	(10,128)
Charges for services	240,700	240,700	241,665	965
Intergovernmental	2,302,880	2,302,880	2,369,788	66,908
Fines and forfeitures	1,302,000	1,302,000	1,255,626	(46,374)
Contributions and donations	40,200	40,200	107,689	67,489
Interest	52,000	52,000	64,722	12,722
Miscellaneous	97,225	97,225	140,004	42,779
Total revenues	14,662,375	14,662,375	14,762,138	99,763
EXPENDITURES:				
General government	4,973,895	4,973,895	4,832,865	141,030
Public safety	6,880,480	6,992,980	6,798,353	194,627
Highways and streets	1,132,260	1,132,260	1,056,047	76,213
Culture and recreation	4,818,145	4,818,145	4,429,718	388,427
Capital outlay	528,045	556,045	493,092	62,953
Contingency	2,569,730	2,429,230	-	2,429,230
Total expenditures	20,902,555	20,902,555	17,610,075	3,292,480
Revenues over (under) expenditures	(6,240,180)	(6,240,180)	(2,847,937)	3,392,243
OTHER FINANCING SOURCES (USES):				
Transfers in	3,211,620	3,211,620	3,211,620	-
Total other financing sources (uses)	3,211,620	3,211,620	3,211,620	-
Net changes in fund balance	(3,028,560)	(3,028,560)	363,683	3,392,243
FUND BALANCE, BEGINNING	6,163,100	6,163,100	6,704,783	541,683
FUND BALANCE, ENDING	\$ 3,134,540	\$ 3,134,540	\$ 7,068,466	\$ 3,933,926

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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for service	\$ 100	\$ 100	\$ -	\$ (100)
Licenses and permits	859,000	859,000	825,843	(33,157)
Interest	5,000	5,000	10,914	5,914
Miscellaneous	200	200	-	(200)
Total revenues	864,300	864,300	836,757	(27,543)
EXPENDITURES:				
Personnel services	639,430	639,430	516,858	122,572
Materials and service	62,480	62,480	58,193	4,287
Capital outlay	50,000	50,000	50,000	-
Contingency	129,410	129,410	-	129,410
Total expenditures	881,320	881,320	625,051	256,269
Revenues over (under) expenditures	(17,020)	(17,020)	211,706	228,726
OTHER FINANCING SOURCES (USES):				
Transfers in	15,460	15,460	15,460	-
Transfers out	(260,260)	(260,260)	(260,260)	-
Total other financing sources (uses)	(244,800)	(244,800)	(244,800)	-
Net changes in fund balance	(261,820)	(261,820)	(33,094)	228,726
FUND BALANCE, BEGINNING	1,192,075	1,192,075	1,830,952	638,877
FUND BALANCE, ENDING	\$ 930,255	\$ 930,255	\$ 1,797,858	\$ 867,603

CITY OF TUALATIN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2014

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, 2014. The city had a supplemental budget during the year-ended June 30, 2014. Appropriations lapse as of year-end.

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2014:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
General Fund	Non-departmental	\$ 1,747
Central Urban Renewal District Project Fund	Capital Outlay	\$ 38,023
Water Fund	Materials & Services	\$ 217,131
Sewer Development Fund	Materials & Services	\$ 138,116

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 Funds
- 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.

Transportation Development Tax Fund

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

911 Emergency Communication Fund

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

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 within the Urban Renewal Agency's boundary.

Leveton Tax Increment District Project Fund

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

Operations Warehouse Project Fund

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

CITY OF TUALATIN, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2014

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
ASSETS:				
Cash and cash equivalents	\$ 4,966,192	\$ 328,487	\$ 6,423,604	\$ 11,718,283
Due from other governments	8,419	2,972	-	11,391
Accounts receivable	87,214	-	635	87,849
Property taxes receivable	-	47,204	-	47,204
Assessments receivable	280,334	-	-	280,334
Inventories	39,484	-	-	39,484
Total assets	<u>\$ 5,381,643</u>	<u>\$ 378,663</u>	<u>\$ 6,424,239</u>	<u>\$ 12,184,545</u>
LIABILITIES:				
Accounts payable and other current liabilities	\$ 65,119	\$ 60,000	\$ 107,844	\$ 232,963
Deposits	75,324	-	-	75,324
Due to other funds	2,217	-	451	2,668
Retainage payable	3,231	-	64,838	68,069
Total liabilities	<u>145,891</u>	<u>60,000</u>	<u>173,133</u>	<u>379,024</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property tax revenue	-	43,422	-	43,422
Unavailable revenue - assessments	280,334	-	-	280,334
Total deferred inflows of resources	<u>280,334</u>	<u>43,422</u>	<u>-</u>	<u>323,756</u>
FUND BALANCES:				
Nonspendable:				
Inventory	39,484	-	-	39,484
Restricted for:				
Street and roadside maintenance	536,670	-	-	536,670
Debt service payments	-	275,241	-	275,241
Capital projects	-	-	1,361,175	1,361,175
Transportation	3,768,251	-	-	3,768,251
Urban renewal projects	264,429	-	4,889,931	5,154,360
Committed to:				
Pavement maintenance and street lighting	161,357	-	-	161,357
Parking maintenance	134,680	-	-	134,680
Assigned to:				
Scholarships	50,547	-	-	50,547
Total fund balances	<u>4,955,418</u>	<u>275,241</u>	<u>6,251,106</u>	<u>11,481,765</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,381,643</u>	<u>\$ 378,663</u>	<u>\$ 6,424,239</u>	<u>\$ 12,184,545</u>

CITY OF TUALATIN, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2014

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
REVENUES:				
Property taxes	\$ -	\$ 966,009	\$ -	\$ 966,009
Charges for service	1,025,358	-	-	1,025,358
Licenses and permits	656,796	-	36,589	693,385
Intergovernmental	1,598,389	-	-	1,598,389
Fines and forfeitures	570	-	-	570
Contributions and donations	-	-	3,467	3,467
Interest	46,302	4,442	34,493	85,237
Miscellaneous	2,797	482	-	3,279
Total revenues	3,330,212	970,933	74,549	4,375,694
EXPENDITURES:				
General government	1,645,747	-	18,045	1,663,792
Capital outlay	805,150	-	2,158,896	2,964,046
Debt service:				
Principal	-	650,000	-	650,000
Interest	-	312,863	-	312,863
Total expenditures	2,450,897	962,863	2,176,941	5,590,701
Revenues over (under) expenditures	879,315	8,070	(2,102,392)	(1,215,007)
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	1,100,000	1,100,000
Transfers in	145,359	-	1,010,000	1,155,359
Transfers out	(1,060,435)	-	(2,212,832)	(3,273,267)
Total other financing sources (uses)	(915,076)	-	(102,832)	(1,017,908)
Net change in fund balances	(35,761)	8,070	(2,205,224)	(2,232,915)
FUND BALANCES, BEGINNING	4,991,179	267,171	8,456,330	13,714,680
FUND BALANCES, ENDING	<u>\$ 4,955,418</u>	<u>\$ 275,241</u>	<u>\$ 6,251,106</u>	<u>\$ 11,481,765</u>

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CITY OF TUALATIN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2014

	Road Utility Fee Fund	Road Gas Tax Fund	Core Area Parking District Fund
ASSETS			
Cash and cash equivalents	\$ 83,794	\$ 641,955	\$ 135,302
Due from other governments	-	8,419	-
Accounts receivable	86,235	979	-
Assessments receivable	-	-	-
Inventories	-	39,484	-
Total assets	<u>\$ 170,029</u>	<u>\$ 690,837</u>	<u>\$ 135,302</u>
LIABILITIES:			
Accounts payable and other current liabilities	\$ 6,677	\$ 57,820	\$ 622
Deposits	-	56,863	-
Due to other funds	-	-	-
Retainage payable	1,995	-	-
Total liabilities	<u>8,672</u>	<u>114,683</u>	<u>622</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - assessments	-	-	-
FUND BALANCES:			
Nonspendable:			
Inventory	-	39,484	-
Restricted for:			
Street and roadside maintenance	-	536,670	-
Transportation	-	-	-
Urban renewal projects	-	-	-
Committed to:			
Pavement maintenance and street lighting	161,357	-	-
Parking maintenance	-	-	134,680
Assigned to:			
Scholarships	-	-	-
Total fund balances	<u>161,357</u>	<u>576,154</u>	<u>134,680</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 170,029</u>	<u>\$ 690,837</u>	<u>\$ 135,302</u>

Tualatin Scholarship Fund	Road Development Fund	Economic Development Administration Fund	Transportation Development Tax Fund	911 Emergency Communication Fund	Total
\$ 50,547	\$ 1,096,801	\$ 266,646	\$ 2,691,147	\$ -	\$ 4,966,192
-	-	-	-	-	8,419
-	-	-	-	-	87,214
-	-	-	280,334	-	280,334
-	-	-	-	-	39,484
<u>\$ 50,547</u>	<u>\$ 1,096,801</u>	<u>\$ 266,646</u>	<u>\$ 2,971,481</u>	<u>\$ -</u>	<u>\$ 5,381,643</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,119
-	18,461	-	-	-	75,324
-	-	2,217	-	-	2,217
-	1,236	-	-	-	3,231
-	19,697	2,217	-	-	145,891
-	-	-	280,334	-	280,334
-	-	-	-	-	39,484
-	-	-	-	-	536,670
-	1,077,104	-	2,691,147	-	3,768,251
-	-	264,429	-	-	264,429
-	-	-	-	-	161,357
-	-	-	-	-	134,680
50,547	-	-	-	-	50,547
50,547	1,077,104	264,429	2,691,147	-	4,955,418
<u>\$ 50,547</u>	<u>\$ 1,096,801</u>	<u>\$ 266,646</u>	<u>\$ 2,971,481</u>	<u>\$ -</u>	<u>\$ 5,381,643</u>

CITY OF TUALATIN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2014

	Road Utility Fee Fund	Road Gas Tax Fund	Core Area Parking District Fund
REVENUES:			
Charges for service	\$ 326,216	\$ -	\$ 55,562
Licenses and permits	653,720	-	-
Intergovernmental	-	1,598,389	-
Fines and forfeitures	-	-	570
Interest	640	4,024	684
Miscellaneous	-	-	-
Total revenues	<u>980,576</u>	<u>1,602,413</u>	<u>56,816</u>
EXPENDITURES:			
General government	1,060,507	544,984	14,995
Capital outlay	-	794,990	10,160
Total expenditures	<u>1,060,507</u>	<u>1,339,974</u>	<u>25,155</u>
Revenues over (under) expenditures	<u>(79,931)</u>	<u>262,439</u>	<u>31,661</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	145,359	-
Transfers out	<u>(333,465)</u>	<u>(702,940)</u>	<u>(24,030)</u>
Total other financing sources (uses)	<u>(333,465)</u>	<u>(557,581)</u>	<u>(24,030)</u>
Net change in fund balances	(413,396)	(295,142)	7,631
FUND BALANCES, BEGINNING	<u>574,753</u>	<u>871,296</u>	<u>127,049</u>
FUND BALANCES, ENDING	<u>\$ 161,357</u>	<u>\$ 576,154</u>	<u>\$ 134,680</u>

Tualatin Scholarship Fund	Road Development Fund	Economic Development Administration Fund	Transportation Development Tax Fund	911 Emergency Communication Fund	Total
\$ -	\$ -	\$ -	\$ 643,580	\$ -	\$ 1,025,358
-	3,076	-	-	-	656,796
-	-	-	-	-	1,598,389
-	-	-	-	-	570
268	6,038	1,466	33,182	-	46,302
-	462	687	1,648	-	2,797
268	9,576	2,153	678,410	-	3,330,212
300	-	24,961	-	-	1,645,747
-	-	-	-	-	805,150
300	-	24,961	-	-	2,450,897
(32)	9,576	(22,808)	678,410	-	879,315
-	-	-	-	-	145,359
-	-	-	-	-	(1,060,435)
-	-	-	-	-	(915,076)
(32)	9,576	(22,808)	678,410	-	(35,761)
50,579	1,067,528	287,237	2,012,737	-	4,991,179
\$ 50,547	\$ 1,077,104	\$ 264,429	\$ 2,691,147	\$ -	\$ 4,955,418

CITY OF TUALATIN, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2014

	General Obligation Bond Fund	Bancroft Bond Fund	Central Urban Renewal District Bond Fund	Total
ASSETS:				
Cash and cash equivalents	\$ 88,455	\$ 180,032	\$ 60,000	\$ 328,487
Due from other governments	2,972	-	-	2,972
Property taxes receivable	47,204	-	-	47,204
Total assets	<u>\$ 138,631</u>	<u>\$ 180,032</u>	<u>\$ 60,000</u>	<u>\$ 378,663</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 INFLOWS OF RESOURCES:				
Unavailable revenue - property tax revenue	43,422	-	-	43,422
FUND BALANCES:				
Restricted for:				
Debt service payments	95,209	180,032	-	275,241
Total fund balances	<u>95,209</u>	<u>180,032</u>	<u>-</u>	<u>275,241</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 138,631</u>	<u>\$ 180,032</u>	<u>\$ 60,000</u>	<u>\$ 378,663</u>

CITY OF TUALATIN, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2014

	General Obligation Bond Fund	Bancroft Bond Fund	Central Urban Renewal District Bond Fund	Total
REVENUES:				
Property taxes	\$ 966,009	\$ -	\$ -	\$ 966,009
Interest	3,488	954	-	4,442
Miscellaneous	482	-	-	482
Total revenues	969,979	954	-	970,933
EXPENDITURES:				
Debt service:				
Principal	650,000	-	-	650,000
Interest	312,863	-	-	312,863
Total expenditures	962,863	-	-	962,863
Net change in fund balances	7,116	954	-	8,070
FUND BALANCES, BEGINNING	88,093	179,078	-	267,171
FUND BALANCES, ENDING	<u>\$ 95,209</u>	<u>\$ 180,032</u>	<u>\$ -</u>	<u>\$ 275,241</u>

CITY OF TUALATIN, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2014

	Local Improvement District Fund	Park Development Fund	Parks Improvement Fund
ASSETS:			
Cash and cash equivalents	\$ 474,527	\$ 761,554	\$ 745
Accounts receivable	-	-	-
Total assets	<u>\$ 474,527</u>	<u>\$ 761,554</u>	<u>\$ 745</u>
LIABILITIES:			
Accounts payable and other current liabilities	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Retainage payable	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:			
Restricted for:			
Capital projects	474,527	761,554	745
Urban renewal projects	-	-	-
Total fund balances	<u>474,527</u>	<u>761,554</u>	<u>745</u>
Total liabilities and fund balances	<u>\$ 474,527</u>	<u>\$ 761,554</u>	<u>\$ 745</u>

Infrastructure Reserve Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Operations Warehouse Project Fund	Total
\$ -	\$ 967,107	\$ 4,014,933	\$ 204,738	\$ 6,423,604
-	-	635	-	635
<u>\$ -</u>	<u>\$ 967,107</u>	<u>\$ 4,015,568</u>	<u>\$ 204,738</u>	<u>\$ 6,424,239</u>
\$ -	\$ 85,917	\$ 6,376	\$ 15,551	\$ 107,844
-	451	-	-	451
-	-	-	64,838	64,838
-	86,368	6,376	80,389	173,133
-	-	-	124,349	1,361,175
-	880,739	4,009,192	\$ -	4,889,931
-	880,739	4,009,192	124,349	6,251,106
<u>\$ -</u>	<u>\$ 967,107</u>	<u>\$ 4,015,568</u>	<u>\$ 204,738</u>	<u>\$ 6,424,239</u>

CITY OF TUALATIN, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2014

	Local Improvement District Fund	Park Development Fund	Parks Improvement Fund
REVENUES:			
Licenses and permits	\$ -	\$ 36,589	\$ -
Contributions and donations	-	-	-
Interest	2,516	4,029	-
	<u>2,516</u>	<u>4,029</u>	<u>-</u>
Total revenues	<u>2,516</u>	<u>40,618</u>	<u>-</u>
EXPENDITURES:			
General government	-	7,345	-
Capital outlay	-	13,304	-
	<u>-</u>	<u>13,304</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>20,649</u>	<u>-</u>
Revenues over (under) expenditures	<u>2,516</u>	<u>19,969</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-	-	-
Transfers in	-	-	-
Transfers out	-	(17,790)	-
	<u>-</u>	<u>(17,790)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(17,790)</u>	<u>-</u>
Net change in fund balances	2,516	2,179	-
FUND BALANCES, BEGINNING	<u>472,011</u>	<u>759,375</u>	<u>745</u>
FUND BALANCES, ENDING	<u><u>\$ 474,527</u></u>	<u><u>\$ 761,554</u></u>	<u><u>\$ 745</u></u>

Infrastructure Reserve Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Operations Warehouse Project Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 36,589
-	-	-	3,467	3,467
-	5,933	22,015	-	34,493
-	5,933	22,015	3,467	74,549
-	-	-	10,700	18,045
-	117,323	49,851	1,978,418	2,158,896
-	117,323	49,851	1,989,118	2,176,941
-	(111,390)	(27,836)	(1,985,651)	(2,102,392)
-	-	-	1,100,000	1,100,000
-	-	-	1,010,000	1,010,000
(2,028,522)	(61,925)	(104,595)	-	(2,212,832)
(2,028,522)	(61,925)	(104,595)	2,110,000	(102,832)
(2,028,522)	(173,315)	(132,431)	124,349	(2,205,224)
2,028,522	1,054,054	4,141,623	-	8,456,330
<u>\$ -</u>	<u>\$ 880,739</u>	<u>\$ 4,009,192</u>	<u>\$ 124,349</u>	<u>\$ 6,251,106</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
 - Transportation Development Tax 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
 - Operations Warehouse Project Fund

CITY OF TUALATIN, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
City council:				
Personnel services	\$ 51,400	\$ 51,400	\$ 44,579	\$ 6,821
Materials and services	117,630	117,630	87,010	30,620
Subtotal	169,030	169,030	131,589	37,441
Administrative:				
Personnel services	858,950	858,950	840,599	18,351
Materials and services	40,020	40,020	34,706	5,314
Subtotal	898,970	898,970	875,305	23,665
Finance:				
Personnel services	831,740	831,740	815,002	16,738
Materials and services	81,570	81,570	70,135	11,435
Subtotal	913,310	913,310	885,137	28,173
Legal services:				
Personnel services	230,650	230,650	227,265	3,385
Materials and services	17,460	17,460	13,410	4,050
Subtotal	248,110	248,110	240,675	7,435
Municipal court:				
Personnel services	332,725	332,725	322,184	10,541
Materials and services	23,950	23,950	18,157	5,793
Subtotal	356,675	356,675	340,341	16,334
Community development planning:				
Personnel services	545,350	545,350	486,354	58,996
Materials and services	334,935	334,935	185,255	149,680
Subtotal	880,285	880,285	671,609	208,676
Engineering & building:				
Personnel services	1,083,560	1,083,560	1,029,514	54,046
Materials and services	48,700	48,700	26,533	22,167
Subtotal	1,132,260	1,132,260	1,056,047	76,213
Police patrol:				
Personnel services	5,918,380	6,008,380	5,848,222	160,158
Materials and services	605,425	627,925	609,790	18,135
Capital outlay	294,500	294,500	297,809	(3,309)
Subtotal	6,818,305	6,930,805	6,755,821	174,984
Information services:				
Personnel services	576,585	576,585	532,081	44,504
Materials and services	296,605	296,605	315,617	(19,012)
Capital outlay	39,145	39,145	24,073	15,072
Subtotal	912,335	912,335	871,771	40,564

CITY OF TUALATIN, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
Continued:				
Fleet:				
Personnel services	200,840	200,840	196,885	3,955
Materials and services	273,640	273,640	270,839	2,801
Subtotal	474,480	474,480	467,724	6,756
Building maintenance:				
Personnel services	216,940	216,940	200,074	16,866
Materials and services	565,815	565,815	568,866	(3,051)
Capital outlay	77,000	105,000	70,451	34,549
Subtotal	859,755	887,755	839,391	48,364
Parks maintenance:				
Personnel services	840,825	840,825	820,141	20,684
Materials and services	412,020	412,020	367,764	44,256
Capital outlay	71,500	71,500	71,108	392
Subtotal	1,324,345	1,324,345	1,259,013	65,332
Community services - admin:				
Personnel services	693,900	693,900	652,851	41,049
Materials and services	223,000	223,000	242,451	(19,451)
Capital outlay	35,900	35,900	20,149	15,751
Subtotal	952,800	952,800	915,451	37,349
Community services - library:				
Personnel services	1,423,045	1,423,045	1,310,842	112,203
Materials and services	345,070	345,070	364,060	(18,990)
Capital outlay	10,000	10,000	9,502	498
Subtotal	1,778,115	1,778,115	1,684,404	93,711
Non-departmental:				
Personnel services	21,100	21,100	21,187	(87)
Materials and services	592,950	592,950	594,610	(1,660)
Subtotal	614,050	614,050	615,797	(1,747)
Total expenditures	\$ 18,332,825	\$ 18,473,325	\$ 17,610,075	\$ 863,250

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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for service	\$ 324,000	\$ 324,000	\$ 326,216	\$ 2,216
Licenses and permits	653,000	653,000	653,720	720
Interest	2,500	2,500	640	(1,860)
Total revenues	979,500	979,500	980,576	1,076
EXPENDITURES:				
Materials and service	1,108,380	1,108,380	1,060,507	47,873
Contingency	25,000	25,000	-	25,000
Total expenditures	1,133,380	1,133,380	1,060,507	72,873
Revenues over (under) expenditures	(153,880)	(153,880)	(79,931)	73,949
OTHER FINANCING SOURCES (USES):				
Transfers out	(333,465)	(333,465)	(333,465)	-
Total other financing sources (uses)	(333,465)	(333,465)	(333,465)	-
Net changes in fund balance	(487,345)	(487,345)	(413,396)	73,949
FUND BALANCE, BEGINNING	650,540	650,540	574,753	(75,787)
FUND BALANCE, ENDING	<u>\$ 163,195</u>	<u>\$ 163,195</u>	<u>\$ 161,357</u>	<u>\$ (1,838)</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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 500	\$ 500	\$ -	\$ (500)
Intergovernmental	1,585,370	1,585,370	1,598,389	13,019
Interest	2,145	2,145	4,024	1,879
Total revenues	1,588,015	1,588,015	1,602,413	14,398
EXPENDITURES:				
Materials and service	596,640	596,640	544,984	51,656
Capital outlay	755,000	795,000	794,990	10
Contingency	265,105	225,105	-	225,105
Total expenditures	1,616,745	1,616,745	1,339,974	276,771
Revenues over (under) expenditures	(28,730)	(28,730)	262,439	291,169
OTHER FINANCING SOURCES (USES):				
Transfers in	145,360	145,360	145,359	(1)
Transfers out	(702,940)	(702,940)	(702,940)	-
Total other financing sources (uses)	(557,580)	(557,580)	(557,581)	(1)
Net changes in fund balance	(586,310)	(586,310)	(295,142)	291,168
FUND BALANCE, BEGINNING	653,760	653,760	871,296	217,536
FUND BALANCE, ENDING	\$ 67,450	\$ 67,450	\$ 576,154	\$ 508,704

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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for service	\$ 50,000	\$ 50,000	\$ 55,562	\$ 5,562
Fines and forfeitures	2,000	2,000	570	(1,430)
Interest	1,000	1,000	684	(316)
Total revenues	53,000	53,000	56,816	3,816
EXPENDITURES:				
Materials and service	22,100	22,100	14,995	7,105
Capital outlay	11,000	11,000	10,160	840
Contingency	10,000	10,000	-	10,000
Total expenditures	43,100	43,100	25,155	17,945
Revenues over (under) expenditures	9,900	9,900	31,661	21,761
OTHER FINANCING SOURCES (USES):				
Transfers out	(24,030)	(24,030)	(24,030)	-
Total other financing sources (uses)	(24,030)	(24,030)	(24,030)	-
Net changes in fund balance	(14,130)	(14,130)	7,631	21,761
FUND BALANCE, BEGINNING	106,790	106,790	127,049	20,259
FUND BALANCE, ENDING	<u>\$ 92,660</u>	<u>\$ 92,660</u>	<u>\$ 134,680</u>	<u>\$ 42,020</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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 250	\$ 250	\$ 268	\$ 18
Total revenues	250	250	268	18
EXPENDITURES:				
Materials and service	300	300	300	-
Total expenditures	300	300	300	-
Net changes in fund balance	(50)	(50)	(32)	18
FUND BALANCE, BEGINNING	50,535	50,535	50,579	44
FUND BALANCE, ENDING	<u>\$ 50,485</u>	<u>\$ 50,485</u>	<u>\$ 50,547</u>	<u>\$ 62</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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 3,076	\$ 3,076
Interest	5,335	5,335	6,038	703
Miscellaneous	-	-	462	462
Total revenues	5,335	5,335	9,576	4,241
EXPENDITURES:				
Contingency	1,072,075	1,072,075	-	1,072,075
Total expenditures	1,072,075	1,072,075	-	1,072,075
Net changes in fund balance	(1,066,740)	(1,066,740)	9,576	1,076,316
FUND BALANCE, BEGINNING	1,066,740	1,066,740	1,067,528	788
FUND BALANCE, ENDING	\$ -	\$ -	\$ 1,077,104	\$ 1,077,104

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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest	\$ 1,235	\$ 1,235	\$ 1,466	\$ 231
Miscellaneous	-	-	687	687
Total revenues	1,235	1,235	2,153	918
EXPENDITURES:				
Materials and service	64,225	64,225	24,961	39,264
Contingency	183,710	183,710	-	183,710
Total expenditures	247,935	247,935	24,961	222,974
Net changes in fund balance	(246,700)	(246,700)	(22,808)	223,892
FUND BALANCE, BEGINNING	246,700	246,700	287,237	40,537
FUND BALANCE, ENDING	\$ -	\$ -	\$ 264,429	\$ 264,429

CITY OF TUALATIN, OREGON
TRANSPORTATION DEVELOPMENT TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for service	\$ 175,000	\$ 175,000	\$ 643,580	\$ 468,580
Interest	3,700	3,700	33,182	29,482
Miscellaneous	-	-	1,648	1,648
Total revenues	178,700	178,700	678,410	499,710
EXPENDITURES:				
Contingency	918,200	918,200	-	918,200
Total expenditures	918,200	918,200	-	918,200
Net changes in fund balances	(739,500)	(739,500)	678,410	1,417,910
FUND BALANCES, BEGINNING	739,500	739,500	2,012,737	1,273,237
FUND BALANCES, ENDING	\$ -	\$ -	\$ 2,691,147	\$ 2,691,147

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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:	-	-	-	-
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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 950,000	\$ 950,000	\$ 966,009	\$ 16,009
Interest	1,000	1,000	3,488	2,488
Miscellaneous	-	-	482	482
Total revenues	951,000	951,000	969,979	18,979
EXPENDITURES:				
Debt service:				
Principal	650,000	650,000	650,000	-
Interest	312,870	312,870	312,863	7
Contingency	57,140	57,140	-	57,140
Total expenditures	1,020,010	1,020,010	962,863	57,147
Net changes in fund balance	(69,010)	(69,010)	7,116	76,126
FUND BALANCE, BEGINNING	69,010	69,010	88,093	19,083
FUND BALANCE, ENDING	\$ -	\$ -	\$ 95,209	\$ 95,209

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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest	\$ 975	\$ 975	\$ 954	\$ (21)
Total revenues	975	975	954	(21)
EXPENDITURES:				
Materials and service	300	300	-	300
Contingency	181,250	181,250	-	181,250
Total expenditures	181,550	181,550	-	181,550
Net changes in fund balance	(180,575)	(180,575)	954	181,529
FUND BALANCE, BEGINNING	180,575	180,575	179,078	(1,497)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 180,032	\$ 180,032

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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest	\$ 2,370	\$ 2,370	\$ 2,516	\$ 146
EXPENDITURES:				
Contingency	476,210	476,210	-	476,210
Total expenditures	476,210	476,210	-	476,210
Net changes in fund balance	(473,840)	(473,840)	2,516	476,356
FUND BALANCE, BEGINNING	473,840	473,840	472,011	(1,829)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 474,527	\$ 474,527

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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 15,570	\$ 15,570	\$ 36,589	\$ 21,019
Intergovernmental	74,250	74,250	-	(74,250)
Interest	500	500	4,029	3,529
Total revenues	90,320	90,320	40,618	(49,702)
EXPENDITURES:				
Materials and service	10,300	10,300	7,345	2,955
Capital outlay	742,660	742,660	13,304	729,356
Contingency	100,000	100,000	-	100,000
Total expenditures	852,960	852,960	20,649	832,311
Revenues over (under) expenditures	(762,640)	(762,640)	19,969	782,609
OTHER FINANCING SOURCES (USES):				
Transfers out	(17,790)	(17,790)	(17,790)	-
Total other financing sources (uses)	(17,790)	(17,790)	(17,790)	-
Net changes in fund balance	(780,430)	(780,430)	2,179	782,609
FUND BALANCE, BEGINNING	780,430	780,430	759,375	(21,055)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 761,554	\$ 761,554

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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:	-	-	-	-
Net changes in fund balance	-	-	-	-
FUND BALANCE, BEGINNING	-	-	745	745
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 745</u>	<u>\$ 745</u>

CITY OF TUALATIN, OREGON
INFRASTRUCTURE RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Total revenues	-	-	-	-
EXPENDITURES:				
Total expenditures	-	-	-	-
Revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,028,525)	(2,028,525)	(2,028,522)	3
Total other financing sources (uses)	(2,028,525)	(2,028,525)	(2,028,522)	3
Net changes in fund balance	(2,028,525)	(2,028,525)	(2,028,522)	3
FUND BALANCE, BEGINNING	2,028,525	2,028,525	2,028,522	(3)
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF TUALATIN, OREGON
CENTRAL URBAN RENEWAL DISTRICT PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest	\$ 3,945	\$ 3,945	\$ 5,933	\$ 1,988
EXPENDITURES:				
Capital outlay	79,300	79,300	117,323	(38,023)
Contingency	9,290	9,290	-	9,290
Total expenditures	88,590	88,590	117,323	(28,733)
Revenues over (under) expenditures	(84,645)	(84,645)	(111,390)	(26,745)
OTHER FINANCING SOURCES (USES):				
Transfers out	(61,925)	(61,925)	(61,925)	-
Total other financing sources (uses)	(61,925)	(61,925)	(61,925)	-
Net changes in fund balance	(146,570)	(146,570)	(173,315)	(26,745)
FUND BALANCE, BEGINNING	868,460	868,460	1,054,054	185,594
FUND BALANCE, ENDING	<u>\$ 721,890</u>	<u>\$ 721,890</u>	<u>\$ 880,739</u>	<u>\$ 158,849</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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest	\$ 20,275	\$ 20,275	\$ 22,015	\$ 1,740
EXPENDITURES:				
Capital outlay	50,000	50,000	49,851	149
Contingency	20,940	20,940	-	20,940
Total expenditures	70,940	70,940	49,851	21,089
Revenues over (under) expenditures	(50,665)	(50,665)	(27,836)	22,829
OTHER FINANCING SOURCES (USES):				
Transfers out	(104,595)	(104,595)	(104,595)	-
Total other financing sources (uses)	(104,595)	(104,595)	(104,595)	-
Net changes in fund balance	(155,260)	(155,260)	(132,431)	22,829
FUND BALANCE, BEGINNING	4,054,600	4,054,600	4,141,623	87,023
FUND BALANCE, ENDING	<u>\$ 3,899,340</u>	<u>\$ 3,899,340</u>	<u>\$ 4,009,192</u>	<u>\$ 109,852</u>

CITY OF TUALATIN, OREGON
OPERATIONS WAREHOUSE PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest	\$ -	\$ -	\$ 3,467	\$ 3,467
EXPENDITURES:				
Materials and service	-	11,000	10,700	300
Capital outlay	-	2,099,000	1,978,418	120,582
Total expenditures	-	2,110,000	1,989,118	120,882
Revenues over (under) expenditures	-	(2,110,000)	(1,985,651)	124,349
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	1,100,000	1,100,000	-
Transfers in	-	1,010,000	1,010,000	-
Total other financing sources (uses)	-	2,110,000	2,110,000	-
Net changes in fund balance	-	-	124,349	124,349
FUND BALANCE, BEGINNING	-	-	-	-
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,349</u>	<u>\$ 124,349</u>

BUDGETARY COMPARISON STATEMENTS AND 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 statements and schedules include the following:

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

CITY OF TUALATIN, OREGON
WATER OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014

	Water Fund	Water Development Fund	Water Reservoir Fund	Enterprise Bond Fund	Total Water Operations
REVENUES:					
Charges for services	\$ 5,227,628	\$ 93,806	\$ -	\$ -	\$ 5,321,434
Interest	36,959	6,004	-	2,302	45,265
Miscellaneous	15,804	-	-	-	15,804
Total revenues	5,280,391	99,810	-	2,302	5,382,503
EXPENDITURES:					
Materials and service	1,892,131	-	-	225	1,892,356
Capital outlay	870,468	441,632	-	-	1,312,100
Debt service:					
Principal	-	-	-	315,000	315,000
Interest	-	-	-	221,263	221,263
Total expenditures	2,762,599	441,632	-	536,488	3,740,719
Revenues over (under) expenditures	2,517,792	(341,822)	-	(534,186)	1,641,784
OTHER FINANCING SOURCES (USES):					
Transfers in	-	300,000	-	536,265	836,265
Transfers out	(2,861,555)	(17,600)	-	-	(2,879,155)
Total other financing sources (uses)	(2,861,555)	282,400	-	536,265	(2,042,890)
Net change in fund balances	(343,763)	(59,422)	-	2,079	(401,106)
FUND BALANCES, BEGINNING BUDGETARY BASIS	5,402,367	983,648	162	442,843	6,829,020
FUND BALANCES, ENDING BUDGETARY BASIS	\$ 5,058,604	\$ 924,226	\$ 162	\$ 444,922	\$ 6,427,914

	Revenues	Expenditures
Total revenue and expenditures above	\$ 5,382,503	\$ 3,740,719
Transfers in/out	-	873,290
Charges for service internal service fund	-	1,169,600
Expenditure capitalized	-	(1,175,296)
Debt service principal payments	-	(315,000)
Depreciation and amortization expense	-	935,945
Interest revenue/expense	-	(1,050)
Contributed capital	41,935	-
Total revenues and expenses - generally accepted accounting principles	\$ 5,424,438	5,228,208
Change in net position		\$ 196,230

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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 4,987,965	\$ 4,987,965	\$ 5,227,628	\$ 239,663
Interest	35,535	35,535	36,959	1,424
Miscellaneous	16,525	16,525	15,804	(721)
Total revenues	5,040,025	5,040,025	5,280,391	240,366
EXPENDITURES:				
Materials and service	1,675,000	1,675,000	1,892,131	(217,131)
Capital outlay	1,297,000	1,547,000	870,468	676,532
Contingency	649,960	399,960	-	399,960
Total expenditures	3,621,960	3,621,960	2,762,599	859,361
Revenues over (under) expenditures	1,418,065	1,418,065	2,517,792	1,099,727
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,861,555)	(2,861,555)	(2,861,555)	-
Total other financing sources (uses)	(2,861,555)	(2,861,555)	(2,861,555)	-
Net changes in fund balance	(1,443,490)	(1,443,490)	(343,763)	1,099,727
FUND BALANCE, BEGINNING	5,506,535	5,506,535	5,402,367	(104,168)
FUND BALANCE, ENDING	<u>\$ 4,063,045</u>	<u>\$ 4,063,045</u>	<u>\$ 5,058,604</u>	<u>\$ 995,559</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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 100,000	\$ 100,000	\$ 93,806	\$ (6,194)
Interest	2,250	2,250	6,004	3,754
Total revenues	102,250	102,250	99,810	(2,440)
EXPENDITURES:				
Capital outlay	810,000	810,000	441,632	368,368
Contingency	135,010	135,010	-	135,010
Total expenditures	945,010	945,010	441,632	503,378
Revenues over (under) expenditures	(842,760)	(842,760)	(341,822)	500,938
OTHER FINANCING SOURCES (USES):				
Transfers in	300,000	300,000	300,000	-
Transfers out	(17,600)	(17,600)	(17,600)	-
Total other financing sources (uses)	282,400	282,400	282,400	-
Net changes in fund balance	(560,360)	(560,360)	(59,422)	500,938
FUND BALANCE, BEGINNING	560,360	560,360	983,648	423,288
FUND BALANCE, ENDING	\$ -	\$ -	\$ 924,226	\$ 924,226

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, 2014

	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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest	\$ 2,000	\$ 2,000	\$ 2,302	\$ 302
Total revenues	2,000	2,000	2,302	302
EXPENDITURES:				
Materials and service	225	225	225	-
Debt service:				
Principal	315,000	315,000	315,000	-
Interest	221,265	221,265	221,263	2
Total expenditures	536,490	536,490	536,488	2
Revenues over (under) expenditures	(534,490)	(534,490)	(534,186)	304
OTHER FINANCING SOURCES (USES):				
Transfers in	536,265	536,265	536,265	-
Total other financing sources (uses)	536,265	536,265	536,265	-
Net changes in fund balance	1,775	1,775	2,079	304
FUND BALANCE, BEGINNING	442,685	442,685	442,843	158
FUND BALANCE, ENDING	\$ 444,460	\$ 444,460	\$ 444,922	\$ 462

CITY OF TUALATIN, OREGON
SEWER OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014

	Sewer Fund	Sewer Development Fund	Total Sewer Operations
REVENUES:			
Charges for service	\$ 6,647,231	\$ 436,348	\$ 7,083,579
Interest	15,806	20,251	36,057
Total revenues	6,663,037	456,599	7,119,636
EXPENDITURES:			
Materials and service	5,493,269	330,116	5,823,385
Capital outlay	190,035	-	190,035
Total expenditures	5,683,304	330,116	6,013,420
Revenues over (under) expenditures	979,733	126,483	1,106,216
OTHER FINANCING SOURCES (USES):			
Transfers in	1,975,733	-	1,975,733
Transfers out	(1,141,495)	(16,080)	(1,157,575)
Total other financing sources (uses)	834,238	(16,080)	818,158
Net change in fund balances	1,813,971	110,403	1,924,374
FUND BALANCES, BEGINNING BUDGETARY BASIS	1,202,345	3,785,928	4,988,273
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ 3,016,316</u>	<u>\$ 3,896,331</u>	<u>\$ 6,912,647</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 7,119,636	\$ 6,013,420
Transfers in/out	818,158	(330,330)
Charges for service internal service fund	-	330,330
Expenditure capitalized	-	(190,035)
Depreciation and amortization expense	-	550,919
Contributed capital	106,762	-
Total revenues and expenses - generally accepted accounting principles	<u>\$ 8,044,556</u>	<u>6,374,304</u>
Change in net position		<u>\$ 1,670,252</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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for service	\$ 6,829,340	\$ 6,829,340	\$ 6,647,231	\$ (182,109)
Interest	3,040	3,040	15,806	12,766
Miscellaneous	500	500	-	(500)
Total revenues	6,832,880	6,832,880	6,663,037	(169,843)
EXPENDITURES:				
Materials and service	5,787,595	5,787,595	5,493,269	294,326
Capital outlay	255,000	255,000	190,035	64,965
Contingency	2,287,665	2,287,665	-	2,287,665
Total expenditures	8,330,260	8,330,260	5,683,304	2,646,956
Revenues over (under) expenditures	(1,497,380)	(1,497,380)	979,733	2,477,113
OTHER FINANCING SOURCES (USES):				
Transfers in	1,975,735	1,975,735	1,975,733	(2)
Transfers out	(1,141,495)	(1,141,495)	(1,141,495)	-
Total other financing sources (uses)	834,240	834,240	834,238	(2)
Net changes in fund balance	(663,140)	(663,140)	1,813,971	2,477,111
FUND BALANCE, BEGINNING	663,140	663,140	1,202,345	539,205
FUND BALANCE, ENDING	\$ -	\$ -	\$ 3,016,316	\$ 3,016,316

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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ 200,000	\$ 200,000	\$ 436,348	\$ 236,348
Interest	21,975	21,975	20,251	(1,724)
Total revenues	221,975	221,975	456,599	234,624
EXPENDITURES:				
Materials and service	192,000	192,000	330,116	(138,116)
Capital outlay	200,000	200,000	-	200,000
Contingency	4,228,415	4,228,415	-	4,228,415
Total expenditures	4,620,415	4,620,415	330,116	4,290,299
Revenues over (under) expenditures	(4,398,440)	(4,398,440)	126,483	4,524,923
OTHER FINANCING SOURCES (USES):				
Transfers out	(16,080)	(16,080)	(16,080)	-
Total other financing sources (uses)	(16,080)	(16,080)	(16,080)	-
Net changes in fund balance	(4,414,520)	(4,414,520)	110,403	4,524,923
FUND BALANCE, BEGINNING	4,414,520	4,414,520	3,785,928	(628,592)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 3,896,331	\$ 3,896,331

CITY OF TUALATIN, OREGON
STORM DRAIN OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014

	Storm Drain Fund	Storm Drain Development Fund	Total Storm Drain Operations
REVENUES:			
Charges for service	\$ 1,903,241	\$ 38,583	\$ 1,941,824
Interest	3,258	1,557	4,815
Total revenues	1,906,499	40,140	1,946,639
EXPENDITURES:			
Materials and service	620,478	-	620,478
Capital outlay	126,188	-	126,188
Total expenditures	746,666	-	746,666
Revenues over (under) expenditures	1,159,833	40,140	1,199,973
OTHER FINANCING SOURCES (USES):			
Transfers out	(950,145)	-	(950,145)
Total other financing sources (uses)	(950,145)	-	(950,145)
Net change in fund balances	209,688	40,140	249,828
FUND BALANCES, BEGINNING BUDGETARY BASIS	574,467	287,531	861,998
FUND BALANCES, ENDING BUDGETARY BASIS	\$ 784,155	\$ 327,671	\$ 1,111,826

	Revenues	Expenditures
Total revenue and expenditures above	\$ 1,946,639	\$ 746,666
Transfers in/out	-	428,985
Charges for service internal service fund	-	521,160
Expenditure capitalized	-	(126,186)
Depreciation and amortization expense	-	156,544
Contributed capital	342,577	-
Total revenues and expenses - generally accepted accounting principles	\$ 2,289,216	1,727,169
Change in net position		\$ 562,047

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, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for service	\$ 1,874,100	\$ 1,874,100	\$ 1,903,241	\$ 29,141
Interest	1,800	1,800	3,258	1,458
Total revenues	1,875,900	1,875,900	1,906,499	30,599
EXPENDITURES:				
Materials and service	731,455	731,455	620,478	110,977
Capital outlay	85,000	150,000	126,188	23,812
Contingency	252,240	187,240	-	187,240
Total expenditures	1,068,695	1,068,695	746,666	322,029
Revenues over (under) expenditures	807,205	807,205	1,159,833	352,628
OTHER FINANCING SOURCES (USES):				
Transfers out	(950,145)	(950,145)	(950,145)	-
Total other financing sources (uses)	(950,145)	(950,145)	(950,145)	-
Net changes in fund balance	(142,940)	(142,940)	209,688	352,628
FUND BALANCE, BEGINNING	360,415	360,415	574,467	214,052
FUND BALANCE, ENDING	\$ 217,475	\$ 217,475	\$ 784,155	\$ 566,680

CITY OF TUALATIN, OREGON
STORM DRAIN DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for service	\$ -	\$ -	\$ 38,583	\$ 38,583
Interest	2,235	2,235	1,557	(678)
Total revenues	2,235	2,235	40,140	37,905
EXPENDITURES:				
Contingency	449,410	449,410	-	449,410
Total expenditures	449,410	449,410	-	449,410
Net changes in fund balance	(447,175)	(447,175)	40,140	487,315
FUND BALANCE, BEGINNING	447,175	447,175	287,531	(159,644)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 327,671	\$ 327,671

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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ 4,479	\$ 4,479
Interest	8,000	8,000	6,189	(1,811)
Miscellaneous	17,100	17,100	21,631	4,531
Total revenues	25,100	25,100	32,299	7,199
EXPENDITURES:				
Personnel services	1,476,750	1,476,750	1,418,888	57,862
Materials and service	825,920	825,920	689,928	135,992
Capital outlay	1,004,855	32,140	20,413	11,727
Contingency	334,000	334,000	-	334,000
Total expenditures	3,641,525	2,668,810	2,129,229	539,581
Revenues over (under) expenditures	(3,616,425)	(2,643,710)	(2,096,930)	546,780
OTHER FINANCING SOURCES (USES):				
Transfers in	2,335,965	2,335,965	2,335,965	-
Transfers out	-	(1,010,000)	(1,010,000)	-
Total other financing sources (uses)	2,335,965	1,325,965	1,325,965	-
Changes in fund balances	(1,280,460)	(1,317,745)	(770,965)	546,780
FUND BALANCES, BEGINNING BUDGETARY BASIS	1,280,460	1,317,745	1,550,837	233,092
FUND BALANCES, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 779,872	\$ 779,872

	Revenues	Expenditures
Total revenue and expenditures above	\$ 32,299	\$ 2,129,229
Transfers in/out	(695,125)	-
Charges for service internal service fund	2,021,090	-
Depreciation and amortization expense	-	49,425
Gain/loss on disposal of capital assets	-	111,630
Total revenues and expenses - generally accepted accounting principles	\$ 1,358,264	2,290,284
Change in net position		\$ (932,020)

CITY OF TUALATIN, OREGON
OPERATIONS FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
Administration:				
Personnel services	\$ 469,900	\$ 469,900	\$ 429,030	\$ 40,870
Materials and services	43,040	43,040	29,326	13,714
Subtotal	512,940	512,940	458,356	54,584
Water Division:				
Personnel services	566,170	566,170	530,300	35,870
Materials and services	342,995	342,995	259,921	83,074
Subtotal	909,165	909,165	790,221	118,944
Sewer Division:				
Personnel services	218,650	218,650	216,871	1,779
Materials and services	126,735	126,735	125,099	1,636
Subtotal	345,385	345,385	341,970	3,415
Street Division:				
Personnel services	222,030	222,030	242,687	(20,657)
Materials and services	298,600	298,600	262,106	36,494
Capital outlay	32,140	32,140	20,413	11,727
Subtotal	552,770	552,770	525,206	27,564
Non-Departmental				
Personnel services	14,550	14,550	-	14,550
Materials and services	972,715	972,715	13,476	959,239
	<u>\$ 3,307,525</u>	<u>\$ 3,307,525</u>	<u>\$ 2,129,229</u>	<u>\$ 1,178,296</u>

OTHER FINANCIAL SCHEDULES

CITY OF TUALATIN, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For the Fiscal Year Ended June 30, 2014

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2013</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, 2014</u>
2013-2014	\$ -	\$ 9,024,595	\$ (236,746)	\$ 2,468	\$ (23,488)	\$ (8,582,201)	\$ 184,628
2012-2013	191,057	-	(754)	6,267	(4,324)	(99,767)	92,479
2011-2012	99,041	-	13	5,680	1,529	(38,873)	67,390
2010-2011	71,688	-	2	7,264	(798)	(32,439)	45,717
2009-2010	39,657	-	1	2,940	(1,645)	(10,941)	30,012
2008-2009	4,500	-	1	592	(834)	(1,752)	2,507
Prior years	7,134	-	-	492	(1,731)	(1,633)	4,262
Totals	<u>\$ 413,077</u>	<u>\$ 9,024,595</u>	<u>\$ (237,483)</u>	<u>\$ 25,703</u>	<u>\$ (31,291)</u>	<u>\$ (8,767,606)</u>	<u>\$ 426,995</u>

Taxes receivable classified by fund:

General Fund

\$ 379,791

General Obligation Bond Fund

47,204

\$ 426,995

CITY OF TUALATIN, OREGON
SCHEDULE OF WATER OPERATIONS 5 YEAR HISTORICAL RESULTS
For the Fiscal Year Ended June 30, 2014

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
REVENUES:					
Charges for services	\$ 5,653,698	\$ 5,122,223	\$ 5,309,078	\$ 5,237,638	\$ 5,227,628
Interest	-	28,879	31,556	34,700	36,959
Miscellaneous	<u>46,700</u>	<u>14,532</u>	<u>12,720</u>	<u>17,899</u>	<u>15,804</u>
Total revenues	<u>5,700,398</u>	<u>5,165,634</u>	<u>5,353,354</u>	<u>5,290,237</u>	<u>5,280,391</u>
EXPENDITURES:					
Materials and service	2,184,184	1,901,777	2,096,342	2,006,693	1,892,131
Capital outlay	<u>1,275,567</u>	<u>186,658</u>	<u>197,415</u>	<u>248,006</u>	<u>870,468</u>
Total expenditures	<u>3,459,751</u>	<u>2,088,435</u>	<u>2,293,757</u>	<u>2,254,699</u>	<u>2,762,599</u>
Excess (deficiency) of revenues over expenditures	<u>2,240,647</u>	<u>3,077,199</u>	<u>3,059,597</u>	<u>3,035,538</u>	<u>2,517,792</u>
OTHER FINANCING SOURCES (USES):					
Transfers out	<u>(2,094,368)</u>	<u>(2,684,889)</u>	<u>(2,416,663)</u>	<u>(2,386,995)</u>	<u>(2,861,555)</u>
Total other financing sources (uses)	<u>(2,094,368)</u>	<u>(2,684,889)</u>	<u>(2,416,663)</u>	<u>(2,386,995)</u>	<u>(2,861,555)</u>
Net change in fund balances	146,279	392,310	642,934	648,543	(343,763)
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>3,572,301</u>	<u>3,718,580</u>	<u>4,110,890</u>	<u>4,753,824</u>	<u>5,402,367</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ 3,718,580</u>	<u>\$ 4,110,890</u>	<u>\$ 4,753,824</u>	<u>\$ 5,402,367</u>	<u>\$ 5,058,604</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

	2005	2006	2007	2008
<i>Governmental activities</i>				
Invested in capital assets (net of related debt)	\$ 71,044,473	\$ 83,109,505	\$ 85,434,995	\$ 90,759,532
Restricted for special purposes	31,784,105	27,135,766	31,870,363	32,543,974
Unrestricted	7,504,552	8,324,105	7,944,380	4,200,284
<i>Total governmental activities</i>	<u>\$ 110,333,130</u>	<u>\$ 118,569,376</u>	<u>\$ 125,249,738</u>	<u>\$ 127,503,790</u>
<i>Business-type activities</i>				
Invested in capital assets (net of related debt)	\$ 37,851,884	\$ 38,662,415	\$ 40,095,770	\$ 40,499,850
Restricted for special purposes	4,385,063	4,661,750	6,142,789	7,386,077
Unrestricted	2,890,010	3,529,390	4,088,260	4,453,310
<i>Total business-type activities net position</i>	<u>\$ 45,126,957</u>	<u>\$ 46,853,555</u>	<u>\$ 50,326,819</u>	<u>\$ 52,339,237</u>
<i>Primary government</i>				
Invested in capital assets (net of related debt)	\$ 108,896,357	\$ 121,771,920	\$ 125,530,765	\$ 131,259,382
Restricted for special purposes	36,169,168	31,797,516	38,013,152	39,930,051
Unrestricted	10,394,562	11,853,495	12,032,640	8,653,594
<i>Total primary government net position</i>	<u>\$ 155,460,087</u>	<u>\$ 165,422,931</u>	<u>\$ 175,576,557</u>	<u>\$ 179,843,027</u>

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

CITY OF TUALATIN
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2005	2006	2007	2008
Expenses				
<i>Governmental activities:</i>				
General government	\$ 6,633,054	\$ 8,684,836	\$ 8,928,490	\$ 9,076,098
Public Safety	4,255,099	4,614,719	5,160,680	5,164,134
Highways and streets	1,979,000	2,131,876	3,331,787	3,671,693
Culture and recreation	1,322,674	1,502,076	1,960,442	3,521,904
Interest on long-term debt	422,180	561,234	453,084	658,450
Unallocated depreciation	126,432	123,973	-	-
<i>Total governmental activities expenses</i>	<u>14,738,439</u>	<u>17,618,714</u>	<u>19,834,483</u>	<u>22,092,279</u>
<i>Business-type activities</i>				
Charges for services				
Water	4,233,678	4,386,891	2,992,876	2,916,971
Sewer	5,493,671	5,360,593	5,046,003	4,774,164
Storm drain	-	-	-	-
<i>Total business-type activities expenses</i>	<u>9,727,349</u>	<u>9,747,484</u>	<u>8,038,879</u>	<u>7,691,135</u>
<i>Total Expenses</i>	<u>\$ 24,465,788</u>	<u>\$ 27,366,198</u>	<u>\$ 27,873,362</u>	<u>\$ 29,783,414</u>
Program revenues				
<i>Governmental activities</i>				
Charges for services				
General government	\$ 2,645,397	\$ 5,290,160	\$ 1,934,054	\$ 1,691,801
Public Safety	58,326	67,170	232,124	105,751
Highways and streets	2,891,276	2,955,457	2,223,073	2,175,610
Culture and recreation	385,447	593,856	482,031	201,591
Operating grants and contributions	67,857	89,616	1,298,980	3,103,806
Capital grants and contributions	1,948,857	2,374,411	1,772,517	1,249,916
<i>Total governmental activities program revenues</i>	<u>7,997,160</u>	<u>11,370,670</u>	<u>7,942,779</u>	<u>8,528,475</u>
<i>Business-type activities</i>				
Charges for services				
Water	4,074,016	4,547,080	5,134,440	5,575,361
Sewer	4,296,527	4,496,251	4,690,369	5,413,845
Storm drain	-	-	-	-
Capital grants and contributions	3,758,798	1,844,442	3,156,077	782,470
<i>Total business-type activities program revenues</i>	<u>12,129,341</u>	<u>10,887,773</u>	<u>12,980,886</u>	<u>11,771,676</u>
<i>Total program revenues</i>	<u>\$ 20,126,501</u>	<u>\$ 22,258,443</u>	<u>\$ 20,923,665</u>	<u>\$ 20,300,151</u>
Net (expense)/revenues				
<i>Governmental activities</i>	\$ (6,741,279)	\$ (6,248,044)	\$ (11,891,704)	\$ (13,563,804)
<i>Business-type activities</i>	<u>2,401,992</u>	<u>1,140,289</u>	<u>4,942,007</u>	<u>4,080,541</u>
<i>Total net expenses</i>	<u>\$ (4,339,287)</u>	<u>\$ (5,107,755)</u>	<u>\$ (6,949,697)</u>	<u>\$ (9,483,263)</u>

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

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

	2005	2006	2007	2008
General revenues and other changes in net position				
Governmental activities				
Taxes and assessments	\$ 10,078,180	\$ 10,812,528	\$ 10,925,950	\$ 12,071,782
Licenses and permits	1,828,503	2,014,126	2,126,101	2,242,346
Miscellaneous	878,561	1,557,636	3,528,863	2,160,780
Transfers	1,200,000	100,000	1,991,150	2,573,058
Total governmental activities	13,985,244	14,484,290	18,572,064	19,047,966
Business-type activities				
Miscellaneous	159,170	361,929	522,407	504,936
Transfers	(1,200,000)	(100,000)	(1,991,150)	(2,573,058)
Total business-type activities	(1,040,830)	261,929	(1,468,743)	(2,068,122)
Total	\$ 12,944,414	\$ 14,746,219	\$ 17,103,321	\$ 16,979,844
Change in net position				
Governmental activities	\$ 7,243,965	\$ 8,236,246	\$ 6,680,360	\$ 5,484,162
Business-type activities	1,361,162	1,402,218	3,473,264	2,012,419
Total	\$ 8,605,127	\$ 9,638,464	\$ 10,153,624	\$ 7,496,581

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

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

	2005	2006	2007	2008
General Fund				
Reserved / Nonspendable	\$ -	\$ 65,617	\$ -	\$ -
Unreserved / Unassigned	4,497,524	5,125,815	4,520,546	4,565,418
Total general fund	<u>\$ 4,497,524</u>	<u>\$ 5,191,432</u>	<u>\$ 4,520,546</u>	<u>\$ 4,565,418</u>
 All other governmental funds				
Reserved	\$ 97,844	\$ 92,898	\$ 92,680	\$ -
Unreserved, reported in:				
Special revenue funds	7,413,565	7,644,037	8,514,792	9,633,900
Capital projects funds	22,942,560	19,239,160	23,319,543	20,419,390
Debt service funds	3,910,171	3,292,344	3,066,830	1,825,045
Nonspendable				
Inventory				
Restricted for:				
Building and engineering				
Street and roadside maintenance				
Debt service payments				
Capital projects				
Transportation				
Urban renewal projects				
Committed to:				
Pavement maintenace and street lighting				
Parking maintenance				
Assigned to:				
Scholarships				
Capital projects				
Total all other governmental funds	<u>\$ 34,364,140</u>	<u>\$ 30,268,439</u>	<u>\$ 34,993,845</u>	<u>\$ 31,878,335</u>

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

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

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

	2005	2006	2007	2008
REVENUES				
Property taxes	\$ 10,567,468	\$ 10,885,890	\$ 11,100,992	\$ 12,073,721
Licenses and permits	1,827,209	2,466,535	1,955,143	3,926,256
Intergovernmental	2,786,052	3,253,950	2,777,905	3,101,583
Franchise tax	-	-	2,126,101	2,242,346
Charges for services	4,333,178	4,809,174	4,125,236	5,949,678
Fines and forfeitures	169,465	170,315	234,169	229,180
Miscellaneous	1,213,920	2,854,334	2,263,577	2,176,803
Total Revenue	20,897,292	24,440,198	24,583,123	29,699,567
EXPENDITURES				
Current operating:				
General government	6,523,259	7,213,176	8,942,086	8,734,604
Public safety	4,044,373	4,427,287	4,871,925	5,193,903
Public works	249,943	277,299	1,167,548	954,187
Culture and recreation	1,039,039	1,220,536	1,300,643	3,037,178
Capital outlay	5,436,529	12,672,121	8,333,879	10,115,467
Debt service				
Interest	422,180	2,382,696	457,575	1,346,829
Principal	6,937,435	4,558,359	5,949,323	1,430,000
Total expenditures	24,652,758	32,751,474	31,022,979	30,812,168
REVENUES OVER (UNDER)				
EXPENDITURES	(3,755,466)	(8,311,276)	(6,439,856)	(1,112,601)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,409,247	3,920,381	7,293,764	11,854,026
Transfers out	(3,209,247)	(3,820,381)	(5,302,614)	(13,975,213)
Bond Refunding	-	-	-	(2,575,000)
Issuance of debt	9,544,291	4,809,483	8,503,194	2,738,150
Total other financing sources (uses)	10,744,291	4,909,483	10,494,344	(1,958,037)
NET CHANGE IN FUND BALANCES	<u>\$ 6,988,825</u>	<u>\$ (3,401,793)</u>	<u>\$ 4,054,488</u>	<u>\$ (3,070,638)</u>
Debt service as a percentage of noncapital expenditures	<u>34.04%</u>	<u>34.83%</u>	<u>28.89%</u>	<u>13.42%</u>

2009	2010	2011	2012	2013	2014
\$ 12,178,186	\$ 13,248,979	\$ 8,345,567	\$ 8,259,442	\$ 8,438,011	\$ 8,738,296
2,295,281	1,978,115	1,916,087	2,620,698	2,926,323	2,096,220
3,272,279	3,657,138	3,396,857	4,190,756	4,043,726	3,968,177
2,404,323	2,428,585	2,091,937	2,205,176	2,071,040	2,135,959
48,472	116,237	1,306,725	754,994	960,510	1,267,023
237,831	277,535	639,098	1,371,896	1,224,329	1,256,196
1,068,765	401,179	1,116,761	751,752	698,074	512,718
21,505,137	22,107,768	18,813,032	20,154,714	20,362,013	19,974,589
8,347,961	8,708,125	6,003,505	6,609,300	7,073,285	7,071,708
5,342,795	5,724,373	5,959,615	6,345,089	6,689,136	6,798,353
2,303,118	1,451,564	1,116,838	1,103,448	1,054,388	1,056,047
3,258,911	3,198,392	3,901,649	4,201,940	4,304,274	4,429,718
8,022,366	6,597,787	2,106,987	4,295,957	2,224,530	3,507,138
581,624	454,696	407,692	380,448	348,621	312,863
5,493,703	1,396,915	570,000	765,000	845,000	650,000
33,350,478	27,531,852	20,066,286	23,701,182	22,539,234	23,825,827
(11,845,341)	(5,424,084)	(1,253,254)	(3,546,468)	(2,177,221)	(3,851,238)
6,127,978	8,828,428	3,569,611	3,404,503	3,187,850	4,382,439
(2,453,654)	(5,517,435)	(5,062,121)	(2,224,061)	(1,883,785)	(3,533,527)
-	-	-	-	-	-
4,253,703	21,757	-	-	-	1,100,000
7,928,027	3,332,750	(1,492,510)	1,180,442	1,304,065	1,948,912
\$ (3,917,314)	\$ (2,091,334)	\$ (2,745,764)	\$ (2,366,026)	\$ (873,156)	\$ (1,902,326)
23.99%	8.84%	5.37%	5.87%	5.82%	4.42%

CITY OF TUALATIN
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
June 30, 2014

Fiscal Year	Property ¹	Special Assessments ²	Total
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
2014	8,757,182	-	8,757,182
Change 2005-2014	-16.0%	-100.0%	-17.0%

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, 2014

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		
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%
2014	3,257,830,943	4,002,490,680	198,872,324	199,275,785	75,207,720	83,074,370	3,531,910,987	4,284,840,835	2.5482	82%

* 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, 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City of Tualatin:										
General Government	\$ 1.91	\$ 1.92	\$ 1.94	\$ 1.95	\$ 1.96	\$ 1.96	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27
G.O. Bond	0.09	0.21	0.19	0.31	0.19	0.22	0.27	0.30	0.29	0.28
Total City	2.00	2.13	2.13	2.26	2.15	2.18	2.53	2.56	2.56	2.55
OVERLAPPING RATES:										
Washington County										
Washington County	2.36	2.35	2.05	2.65	2.62	2.62	2.98	2.97	2.97	2.97
School District										
NW Regional ESD*	0.13	0.11	0.13	0.13	0.13	0.13	0.15	0.15	0.15	0.15
Portland Community College	0.40	0.38	0.41	0.43	0.43	0.56	0.64	0.60	0.67	0.73
Tigard-Tualatin School District #23J	6.31	6.39	6.90	6.86	7.02	7.00	7.37	7.44	7.41	7.41
Special District										
Clean Water Services	-	-	-	-	-	-	-	-	-	-
Tualatin Valley Fire & Rescue	1.54	1.58	1.60	1.65	1.63	1.69	1.88	1.93	1.91	1.91
Port of Portland	0.06	0.06	0.06	0.06	0.06	0.06	0.07	0.07	0.07	0.07
Metro Service District	0.24	0.24	0.24	0.39	0.36	0.40	0.41	0.32	0.40	0.47
Tri-Met Transport District	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	0.09
Urban Renewal - Tualatin	2.40	2.13	1.89	1.81	1.73	1.70	-	-	-	-
Total Overlapping	13.53	13.34	13.37	14.06	14.04	14.25	13.68	13.63	13.68	13.79
TOTAL	\$ 15.53	\$ 15.47	\$ 15.50	\$ 16.32	\$ 16.19	\$ 16.43	\$ 16.21	\$ 16.19	\$ 16.24	\$ 16.34

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, 2014

Taxpayer	2014			2005		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
BV Centercal LLC	\$ 108,523,100	1	3.07%	-	-	-
Lam Research Corporation	93,080,900	2	2.64%	128,376,350	1	5.28%
Pacific Foods of Oregon Inc.	51,555,660	3	1.46%	-	-	-
Tuala Northeast LLC	43,279,140	4	1.23%	-	-	-
Portland General Electric	42,542,245	5	1.20%	-	-	-
South Center Investors LLC	33,324,110	6	0.94%	-	-	-
JAE Oregon, Inc	27,632,450	7	0.78%	28,422,310	2	1.17%
CR Rivercrest Meadows Communities LLC	27,767,310	8	0.79%	-	-	-
SVF Hedges Creek Tualatin LLC	27,737,760	9	0.79%	-	-	-
Zian Limited Partnership	27,484,390	10	0.78%	21,054,510	3	0.87%
Riggs Bank NA	-	-	-	20,788,620	4	0.85%
Simpson Finance LP	-	-	-	20,661,580	5	0.85%
Monadnock Property Trust LLC	-	-	-	20,639,610	6	0.85%
Verizon Northwest Inc.	-	-	-	18,583,100	7	0.76%
I & G Tualatin LLC	-	-	-	17,300,480	8	0.71%
Fujimi America Inc	-	-	-	15,264,780	9	0.63%
Legacy Health System	-	-	-	13,265,817	10	0.55%
	<u>\$ 482,927,065</u>		<u>13.67%</u>	<u>\$ 85,053,787</u>		<u>12.51%</u>

¹ Source: Washington and Clackamas County Assessor's records

CITY OF TUALATIN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
June 30, 2014

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
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%
2014	9,024,595	8,581,851	95.09%	184,734	8,766,585	97.14%	426,995	4.73%

Source: Washington County and Clackamas County Assessors

CITY OF TUALATIN
BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
June 30, 2014

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			
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
2014	7,355,000	-	-	-	-	5,065,000	12,420,000	26,925	461.28

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
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%
2014	7,355,000	4,284,840,835	0.17%

Source: Current and previous CAFR's

CITY OF TUALATIN**COMPUTATION OF OVERLAPPING GENERAL OBLIGATION DEBT****June 30, 2014**

Jurisdiction	General Obligation Debt Outstanding	Percent Applicable Inside City of Tualatin	Amount Applicable Inside City of Tualatin
City of Tualatin	\$ 7,355,000	100.0000%	\$ 7,355,000
Clackamas County	103,805,000	1.6550% *	1,717,973
Clackamas County District 3J (West Linn/Wilsonville)	186,589,645	1.2795%	2,387,415
Clackamas County School District 7J (Lake Oswego)	99,037,049	1.5402%	1,525,369
Clackamas Community College	24,370,000	2.0611%	502,290
Metro	222,955,000	2.7034%	6,027,365
Portland Community College	167,875,000	2.9118%	4,888,184
Washington County	20,235,000	6.8496%	1,386,017
Tualatin Valley Fire and Rescue District	42,600,000	9.1907%	3,915,238
Washington County School District 23J (Tigard-Tualatin)	110,945,868	35.9212%	39,853,087
Washington County School District 88J (Sherwood)	109,238,213	15.5348%	16,969,938
Subtotal overlapping debt			79,172,876
Direct and overlapping debt			<u>\$ 86,527,876</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, 2014

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

True Cash Value	\$ 3,531,910,987
Rate	<u>x 3%</u>
Debt limit	105,957,330
Debt applicable to limit	<u>7,259,791</u>
	<u><u>\$ 98,697,539</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
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
2014	93.15%	105,957,330	7,259,791	98,697,539

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.

Source: Current and previous CAFR's

CITY OF TUALATIN

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

June 30, 2014

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Legacy Meridian Park Hospital	905	1	4.25%	823	1	n/a
Lam Research Corporation	669	2	3.14%	400	4	n/a
United Parcel Service	512	3	2.40%	547	2	n/a
Portland General Electric	478	4	2.24%	-	-	n/a
CES Group LLC	460	5	2.16%	-	-	n/a
Precision Wire Components	457	6	2.14%	-	-	n/a
Columbia Corrugated	320	7	1.50%	-	-	n/a
DPI Northwest	300	8	1.41%	300	5	n/a
Pacific Foods of Oregon, Inc	280	9	1.31%	-	-	n/a
Milgard Windows	275	10	1.29%	275	6	n/a
GE Interlogix	-	-	-	500	3	n/a
Fred Meyer	-	-	-	273	7	n/a
Cyberrep	-	-	-	250	8	n/a
JAE Oregon, Inc.	-	-	-	245	9	n/a
Simple Designs Mfg, Inc	-	-	-	220	10	n/a
	<u>4,656</u>			<u>3,833</u>		
Total City employment			<u>21,314</u>			

Information derived from 2014 Business License data provided to the City of Tualatin.

CITY OF TUALATIN**SCHEDULE OF PLEDGED REVENUE BOND COVERAGE****LAST TEN FISCAL YEARS****June 30, 2014**

SPECIAL ASSESSMENT BONDS

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
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%
2014	-	-	-	-	0.00%

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

CITY OF TUALATIN**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION****LAST TEN FISCAL YEARS****June 30, 2014**

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	31.75	31.88	33.38	33.88	34.63	35.50	35.13	33.38	36.25	36.85
Public safety	38.75	40.63	43.63	44.63	45.63	46.50	47.63	48.63	50.50	50.50
Highways and streets	19.75	19.75	20.50	21.50	21.50	21.50	18.50	18.50	18.50	18.50
Culture and recreation	24.00	24.00	26.00	29.75	30.13	30.13	30.13	30.13	31.13	32.38
Sewer	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Water	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	<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>	<u>145.73</u>

Data from current and previous budgets

CITY OF TUALATIN
OPERATING INDICATORS
LAST TEN FISCAL YEARS
June 30, 2014

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Arrests	1,038	1,039	1,200	896	944	909	824	772	964	1,259
Traffic violations	2,316	2,810	3,813	3,736	3,636	2,509	3,015	4,847	4,305	3,971
*Municipal Court cases	n/a	n/a	n/a	n/a	1,105	2,058	5,443	11,430	10,895	9,000
Building activity										
Permits issued	673	1,691	1,706	1,428	1,260	1,046	1,023	1,124	1,114	1,053
Estimated value (000's)	\$ 117,949	\$ 80,107	\$ 94,643	\$ 84,407	\$ 35,918	\$ 26,550	\$ 31,000	\$ 49,925	\$ 86,594	\$ 63,672
Planning applications	314	128	300	206	219	203	203	178	149	218
Library circulation	394,995	427,222	416,179	443,963	606,734	696,733	751,126	766,848	790,066	705,222
Miles of streets maintained	76	76	76	76	76	77	77	77	77	78
Water connections	6,408	6,500	6,628	6,686	6,658	6,740	6,784	6,779	6,753	6,689
Sewer connections	6,408	6,192	6,346	6,301	6,380	6,471	6,488	6,435	6,632	6,568

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, 2014**

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Patrol units	18	18	15	22	22	18	18	18	18	18
Highways and streets										
	76	76	76	76	76	76	77	77	77	78
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Acreage	289	284	310	310	310	286	285	285	289	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	13	13	13	13	13	13	13	13
Fire hydrants	903	931	953	960	960	982	982	1,001	1,005	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 City of Tualatin, Oregon, as of and for the year ended June 30, 2014 and have issued our report thereon dated January 29, 2015. 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 of Tualatin, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 of Tualatin, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
General Fund	Non-departmental	\$ 1,747
Central Urban Renewal District Project Fund	Capital Outlay	\$ 38,023
Water Fund	Materials & Services	\$ 217,131
Sewer Development Fund	Materials & Services	\$ 138,116

OAR 162-10-0230 Internal Control

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

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

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

This report is intended solely for the information and use of the Honorable Mayor and 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
January 29, 2015