



# CITY OF TUALATIN, OREGON

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019







# **CITY OF TUALATIN, OREGON**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Fiscal Year Ended June 30, 2019

Prepared by the City of Tualatin – Department of Finance

Don Hudson, Assistant City Manager/Finance Director





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

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

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***City Council***

***Term Expires***

Frank Bubenik, Mayor	December 31, 2022
Maria Reyes, Position No. 1	December 31, 2022
Paul Morrison, Position No. 2	December 31, 2020
Bridget Brooks, Position No. 3	December 31, 2022
Robert Kellogg, Position No. 4	December 31, 2020
Nancy Grimes, Council President, Position No. 5	December 31, 2022
Vacant, Position No. 6	December 31, 2020

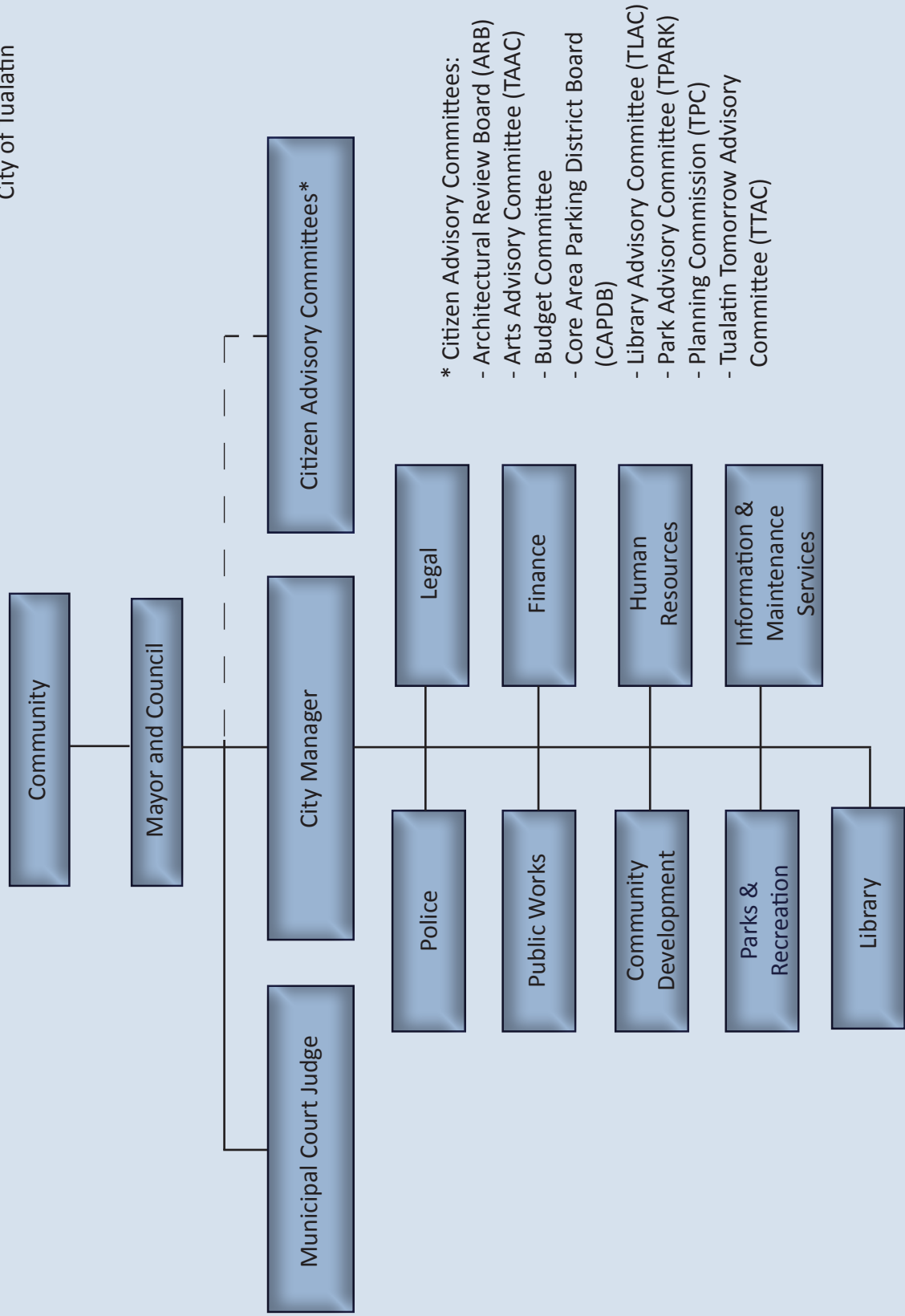
***Administrative***

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

City Offices  
18880 SW Martinazzi Avenue  
Tualatin, Oregon 97062

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

# Organization Chart





# City of Tualatin

[www.tualatinoregon.gov](http://www.tualatinoregon.gov)

December 23, 2019

Honorable Mayor, Members of the Council, and Residents 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, 2019.

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, 2019, 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, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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



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

The City of Tualatin is located in Northwestern Oregon in the Portland metropolitan area, in the counties of Washington and Clackamas, just twelve miles south of Portland's city center. The City of Tualatin, incorporated in 1913, currently occupies a land area of 7.9 square miles and serves a population of 27,135. The City of Tualatin is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

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

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

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

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

## **Local economy**

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

The City's economy is linked with that of the entire Portland Metropolitan area, but is more insulated from economic downturns because of the high education and skill level of its population. Median household incomes within the City of Tualatin are significantly higher than for the state as a whole. Based on the 2014-2018 American Community Survey 5-Year Estimates from the U.S. Census Bureau, the City's median family income was \$81,118, the county's was \$78,010, while the state's was \$59,393.

Given the State of Oregon's property tax limitations and the City's low permanent tax rate for operations, smart, balanced growth is important to the economic health of the community. Because of its location in

the region, Tualatin continues to be an attractive location for development as new businesses continue to come to town, and a number of existing businesses have either begun, or are planning expansion of their existing locations. These developments have a positive effect on the community and help increase the assessed property values. Not only does this account for additional property tax revenue, but it also adds jobs to the community.

Development activity has continued within the City, contributing to increases in assessed value growth of approximately 6.1% for tax year 2018-19 and approximately 4.6% for tax year 2019-2020. It is anticipated that assessed value growth will be between 4% and 5% in the following year.

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

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

Another major regional planning effort is the Basalt Creek Concept Plan, adopted August 2018, which outlines a vision for future growth in the area between the Cities of Tualatin and Wilsonville. In addition to the future land uses, the Basalt Creek Concept Plan evaluates the provision of urban services (i.e. transportation, water, sewer, storm, etc.) and delineates future city limit lines between Tualatin and Wilsonville.

Escalating PERS costs continue to put increased pressure on the City's personnel costs. PERS earnings in calendar year 2018 were quite weak, thereby increasing the system-wide unfunded actuarial liability (UAL) and contributing to forecasted payroll contribution rate increases over the next several bienniums. In May 2019, the Oregon legislature passed Senate Bill 1049 (SB 1049), designed to reduce projected employer rate increases by making certain modifications to the amortization of the UAL and to benefits provided to employees retiring after December 31, 2019. In August 2019, a petition was filed with the Oregon Supreme Court challenging the constitutionality of certain provisions of SB 1049. The City cannot predict whether the petitioners will be successful in whole or in part nor what the impact of a successful challenge may be. Further, the City cannot predict whether SB 1049 will be subject to additional legal challenges that could affect some or all of its provisions.

## **City's Credit Rating**

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

## Awards and Acknowledgements

**Comprehensive Annual Financial Reporting Award.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the 27th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

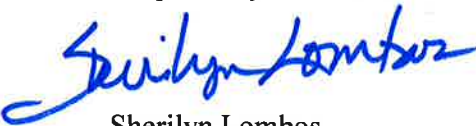
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Popular Annual Financial Reporting Award.** The GFOA has given the City an Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended June 30, 2018. This was the first year that the City published this report and achieved this prestigious award that recognizes conformance with the highest standards for preparation of state and local government popular reports. In order to receive this award, a government must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

**Distinguished Budget Presentation Award.** The GFOA presented a Distinguished Budget Presentation Award to the City for its annual budget for the year beginning July 1, 2018. This was the 6th consecutive year that the City has achieved this prestigious award. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. This award is valid for a period of one year only. We will continue to submit future budgets to GFOA for the award.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We would like to express our appreciation to members of other departments who assisted with contributions of information to be included in this report. Credit must also be given to the Mayor and the entire City Council for their unfailing support for maintaining the highest standards of professionalism in management of the City of Tualatin's and the Tualatin Development Commission's finances.

Respectfully submitted,



Sherilyn Lombos  
City Manager



Don Hudson  
Finance Director



Matt Warner  
Assistant Finance Director





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Tualatin  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members  
City of Tualatin, Oregon

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tualatin, Oregon, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Tualatin, Oregon's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tualatin, Oregon, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the City of Tualatin adopted new accounting guidance, GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, the schedule of the city's proportionate share of the net OPEB liability– RHIA, schedule of city OPEB contributions – RHIA, schedule of changes in the city's total OPEB liability and related ratios – implicit rate subsidy, schedule of city OPEB contributions – implicit rate subsidy, schedule of the city's proportionate share of the net pension (asset)/liability, and schedule of city pension plan contributions, as listed in the table of contents under required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Supplementary and Other Information*

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

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

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

## **Reports on Other Legal and Regulatory Requirements**

### **Other Reporting Required by Oregon Minimum Standards**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 20, 2019, on our consideration of City of Tualatin, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Merina+Co  
Tualatin, Oregon  
December 20, 2019

**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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As management of the City of Tualatin (the City), we offer readers of the City's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. The analysis focuses on significant financial issues, major financial activities, and resulting changes in financial position, budget variances and specific issues related to funds and the economic factors affecting the City.

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

**FINANCIAL HIGHLIGHTS**

- The City's assets and deferred outflows of resources totaled approximately \$229.5 million at June 30, 2019, and consisted of approximately \$75.4 million in cash and investments, \$142.7 million in capital assets and approximately \$11.4 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$24.9 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$57.6 million at June 30, 2019, consisting of approximately \$51.3 million in long-term obligations, \$4.1 million in accounts payable and other liabilities, and \$2.2 million in deferred inflows related to pensions and other post-employment benefit obligations.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$171.9 million at the close of fiscal year 2019. Unrestricted net position totaled \$13.1 million, with the remainder of the City's net position reported as net investment in capital assets (\$135.5 million) and restricted for building and engineering, street and roadside maintenance, debt service, capital projects, transportation, urban renewal, and capital improvements (\$23.3 million).
- For its governmental activities, the City generated \$6.5 million in charges for services and received \$0.1 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$31.8 million for the year, resulting in a net expense of \$25.0 million. \$23.3 million of general revenues received and \$3.5 million of transfers in resulted in an increase in net position of \$1.8 million.
- For its business-type activities, the City generated \$19.6 million in charges for services and capital grants and contributions to fund direct expenses of \$16.4 million.
- Fund balance in the City's governmental funds was \$53.9 million at June 30, 2019, up by \$25.1 million from June 30, 2018. This increase is primarily attributable to the issuance of Series 2018 General Obligation bonds in the amount of \$20 million to be used for pedestrian safety and transportation projects throughout the City.

**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, 2019**

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**Government-wide Financial Statements**

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

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

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

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

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

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

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

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

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

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

**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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**Fund Financial Statements**

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

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

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

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

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

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

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

**Notes to the Financial Statements**

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

**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position**

The following is a comparison between the June 30, 2019 and 2018 Statements of Net Position:

**Table 1 - Net Position as of June 30th**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 56,934,766	\$ 32,493,962	\$ 22,009,398	\$ 20,523,954	\$ 78,944,164	\$ 53,017,916
Capital assets	91,971,779	92,873,562	50,740,408	52,042,811	142,712,187	144,916,373
Total assets	148,906,545	125,367,524	72,749,806	72,566,765	221,656,351	197,934,289
Deferred outflows of resources	7,424,054	6,302,446	440,332	349,351	7,864,386	6,651,797
Long-term liabilities	47,035,819	24,429,630	4,241,240	4,335,763	51,277,059	28,765,393
Other liabilities	2,791,705	3,030,924	1,304,709	1,275,650	4,096,414	4,306,574
Total liabilities	49,827,524	27,460,554	5,545,949	5,611,413	55,373,473	33,071,967
Deferred inflows of resources	2,158,292	1,709,892	85,124	48,084	2,243,416	1,757,976
Net Position:						
Net investment in capital assets	88,026,572	87,689,070	47,494,937	48,401,428	135,521,509	136,090,498
Restricted	17,883,651	17,684,108	5,429,897	5,665,182	23,313,548	23,349,290
Unrestricted	(1,565,440)	(2,873,654)	14,634,231	13,190,009	13,068,791	10,316,355
Total net position	\$ 104,344,783	\$ 102,499,524	\$ 67,559,065	\$ 67,256,619	\$ 171,903,848	\$ 169,756,143

The City of Tualatin's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$171.9 million as of June 30, 2019. Of this amount, \$135.5 million, (78.8%) is the City's net investment in capital assets. These assets are not a source for repaying liabilities now, or in the future, since such assets represent the "business of the City". Other resources must be used to pay for outstanding liabilities, some of which are restricted to only certain uses. This requires the City to not only acquire those capital assets necessary to provide for City services, but to retain the ability to finance these acquisitions and provide maintenance for these assets.

An additional portion of net position (\$23.3 million) is restricted as to how it may be used by budgetary, legal and external factors. The unrestricted amount of \$13.1 million (7.6% of net position) can be used to meet on-going obligations. Of the \$57.6 million of liabilities and deferred inflows of resources at year-end for governmental and business-type activities, \$51.3 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 2018-19, as they did for 2017-18. For its governmental activities, the City has a negative balance in the unrestricted category of net position.

Total net position increased by \$2.1 million during the fiscal year, primarily attributable to increased intergovernmental revenue during the current year.

**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

**Statement of Activities**

The following is a comparison between the June 30, 2019 and 2018 Statement of Activities:

**Table 2 - Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 6,529,373	\$ 7,306,756	\$ 19,297,362	\$ 18,495,352	\$ 25,826,735	\$ 25,802,108
Operating grants and contributions	179,956	147,249	-	-	179,956	147,249
Capital grants and contributions	86,004	552,878	336,979	1,778,004	422,983	2,330,882
General revenues:						
Property taxes	12,656,655	10,295,223	-	-	12,656,655	10,295,223
Franchise fees	2,429,676	2,366,393	-	-	2,429,676	2,366,393
Public service taxes and revenue sharing	6,416,595	5,068,143	-	-	6,416,595	5,068,143
Interest and miscellaneous	1,833,807	725,044	554,921	311,671	2,388,728	1,036,715
Total revenues	30,132,066	26,461,686	20,189,262	20,585,027	50,321,328	47,046,713
Expenses:						
General government	9,307,642	8,820,817	-	-	9,307,642	8,820,817
Public safety	9,618,099	9,395,927	-	-	9,618,099	9,395,927
Highways and streets	6,218,228	6,512,541	-	-	6,218,228	6,512,541
Culture and recreation	5,915,477	5,807,210	-	-	5,915,477	5,807,210
Interest on long-term debt	732,891	278,911	-	-	732,891	278,911
Water Operations	-	-	6,150,565	4,588,472	6,150,565	4,588,472
Sewer Operations	-	-	8,654,399	7,988,987	8,654,399	7,988,987
Storm Drain Operations	-	-	1,576,322	1,537,004	1,576,322	1,537,004
Total expenses	31,792,337	30,815,406	16,381,286	14,114,463	48,173,623	44,929,869
Change in net position before transfers	(1,660,271)	(4,353,720)	3,807,976	6,470,564	2,147,705	2,116,844
Transfers	3,505,530	3,496,958	(3,505,530)	(3,496,958)	-	-
Change in net position	1,845,259	(856,762)	302,446	2,973,606	2,147,705	2,116,844
Net position - beginning	102,499,524	104,181,406	67,256,619	64,306,170	169,756,143	168,487,576
Restatement	-	(825,120)	-	(23,157)	-	(848,277)
Net position - beginning (restated)	102,499,524	103,356,286	67,256,619	64,283,013	169,756,143	167,639,299
Net position - ending	<u>\$ 104,344,783</u>	<u>\$ 102,499,524</u>	<u>\$ 67,559,065</u>	<u>\$ 67,256,619</u>	<u>\$ 171,903,848</u>	<u>\$ 169,756,143</u>

Governmental activities increased the City's net position by \$1.8 million in fiscal year 2018-19, as compared to a \$0.9 million decrease in the prior fiscal year. Revenue, excluding transfers, increased by \$3.7 million and expenses, excluding transfers, increased \$1.0 million. Key elements of this change, as illustrated in Table 2 above, is primarily the result of increased property tax revenue from a 6% increase in assessed value, coupled with additional revenue from other governmental agencies (i.e. State Gas Tax and County Vehicle License Fees).

Business-Type activities total revenues, excluding transfers, decreased approximately \$0.4 million from fiscal year 2017-18, due mainly to decreases in contributed capital during the current year.

Business-Type activities expenses, excluding transfers, increased approximately \$2.3 million, which is primarily attributable to increases in capital project costs on improvements to the utility systems in the current year

The government-wide financial statements highlight some of the most important factors about the governmental funds, particularly the General Fund. The primary revenues for governmental funds are taxes, fees and licenses,

**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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

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

- Local governments' total share of property taxes cannot exceed \$10 per thousand of taxable assessed value; for school districts, the limit is \$5 per thousand.
- In 1998, taxpayers voted for a measure which limited assessed value increases from one year to the next to the lower of a 3% increase or the market value unless additional improvements or modifications have been made to a property.
- As a result of the same property tax reform measure, each local government was assigned a permanent tax rate. The City's rate is \$2.2665 per \$1,000 assessed value.

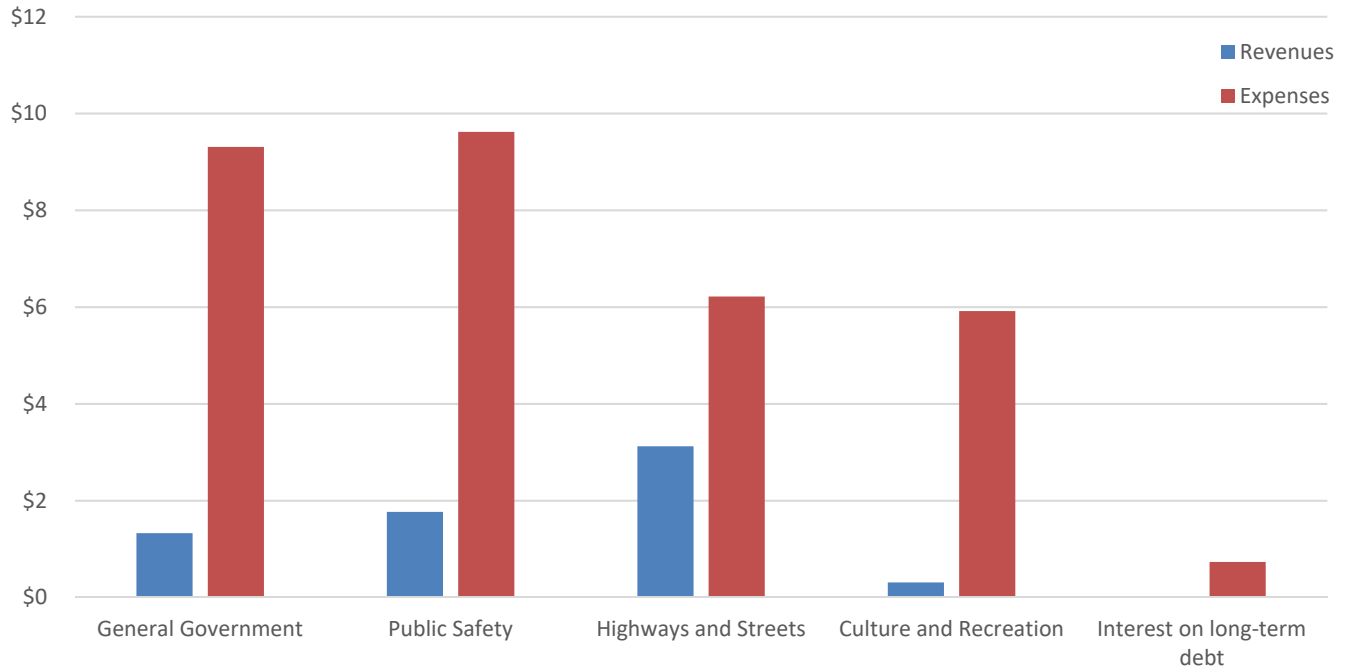
The City's permanent tax rate is relatively low in contrast to comparable cities in the State. The City has been able to maintain services by budgeting conservatively and providing quality services with lean budgets. The charts showing governmental expenses versus governmental activities demonstrate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

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

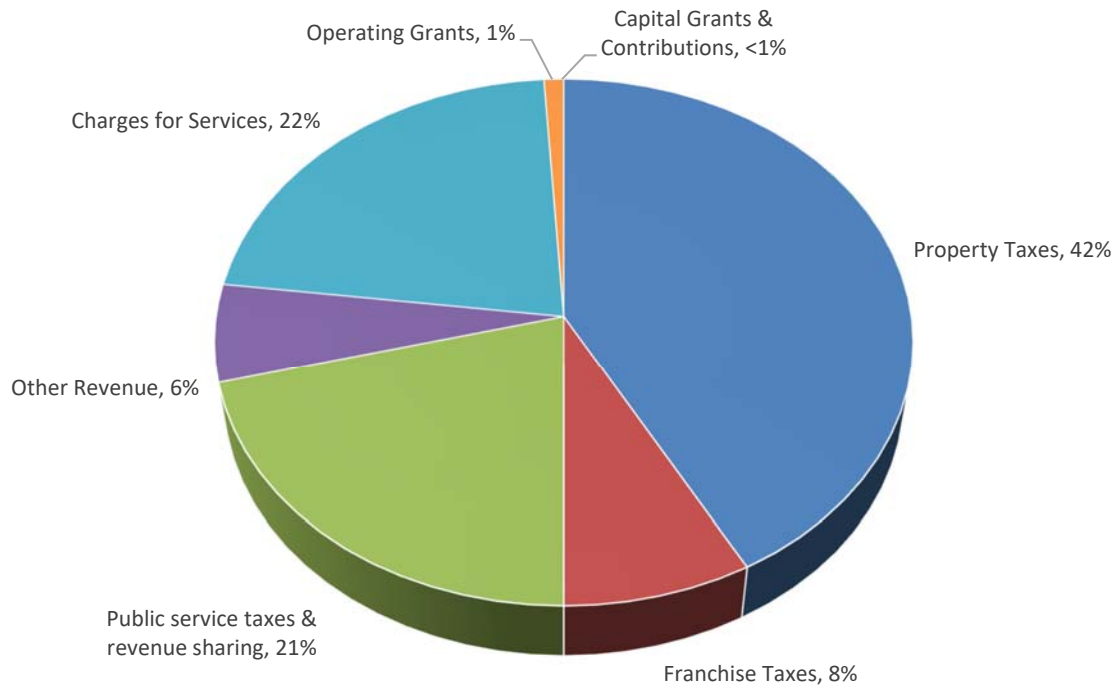
- Governmental resources are restricted in many ways: budgeting, legal and by public opinion.
- Programs funded by general resources typically result in hard choices, such as more police or a better library. Those services which are seen as most important and necessary are almost always least able or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

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

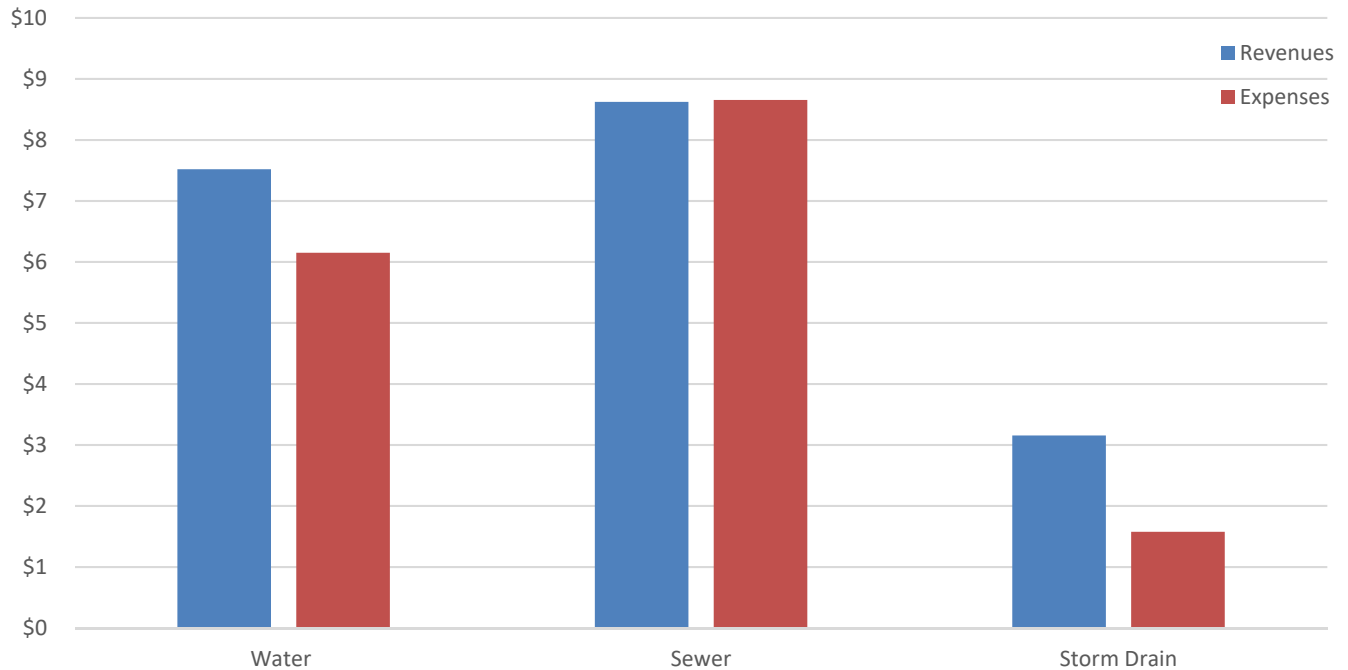
### Expenses and Program Revenues - Governmental Activities (in millions)



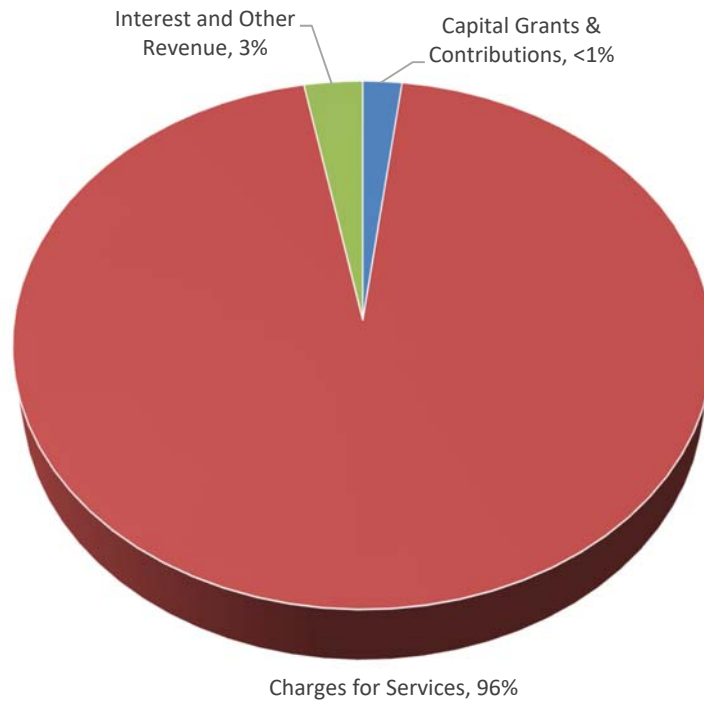
### Revenues by Source - Governmental Activities



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



**Revenues by Source - Business-type Activities**



**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

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

As of June 30, 2019, the City's governmental funds reported a combined ending fund balance of \$53.9 million, an increase of \$25.1 million when compared to the prior year. Unassigned fund balance combined with committed fund balance as of June 30, 2019, was \$35.9 million and is available for spending at the City's discretion.

**General Fund**

The general fund is the chief operating fund of the City. At June 30, 2019, the total fund balance was \$13.4 million, of which \$13.3 million is considered unassigned, reflecting an increase of \$2.8 million from the prior year. As a matter of course, the City strives to have enough reserves at the end of the fiscal year to provide cash for the first five months of operations, at which time the first installment of property taxes are received. The fund balance increase was primarily due to increases in property tax revenue attributable to increases in assessed value, and increases in intergovernmental revenues and fines. Expenditures in the general fund remained stable at \$21.5 million in the current year.

**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, 2019, total fund balance remained unchanged at \$2.0 million. The City's building fund continues to be funded by charges for services and licenses and permits.

**Transportation Project Fund**

This new capital project fund accounts for expenditures on high priority transportation projects throughout the City. Resources for the fund include general obligation bond proceeds and interest revenue. At June 30, 2019, total fund balance was approximately \$22.1 million.

**Transportation Development Tax Fund**

This special revenue fund accounts for the collection and use of the transportation development tax. At June 30, 2019, total fund balance was approximately \$9.6 million, reflecting an increase of approximately \$0.8 million from the prior year. The increase is attributable to additional development in the City.

**General Obligation Bond Fund**

This debt service fund accounts for the collection of property taxes to be used for the payment of principal and interest on general obligation bonds. Resources are provided by property tax levies. At June 30, 2019, total fund balance was approximately \$124k, reflecting an increase of approximately \$63k from the prior year.

**General Fund Budgetary Highlights**

The original appropriated budget for the general fund for fiscal year 2019 amounted to \$25.7 million, including \$3.4 million for contingencies. There were amendments to the adopted budget during the year to appropriate contingency



**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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funds to cover unforeseen changes in personnel insurance elections that resulted in greater personal services expenditure.

The General Fund resources exceeded budgeted levels by approximately \$1.2 million. General Fund expenditures were \$4.2 million under appropriated levels. The primary reasons for this difference is due to the contingency of \$3.3 million not being allocated for expenditures. Additional factors include savings in personal services expenditures in the Engineering and Municipal Court divisions due to staffing vacancies, budgeted expenditures for consultants within the Community Development division not being expended, and other budgetary savings across the general fund.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2019, the City had invested \$142.7 million in capital assets, net of depreciation, in a range of asset types, including land, buildings, improvements and infrastructure, and machinery and equipment.

The following is a comparison of capital assets as of June 30, 2019 and 2018:

**CITY OF TUALATIN'S NET CAPITAL ASSETS**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 13,899,656	\$ 13,821,291	\$ 880,144	\$ 880,144	\$ 14,779,800	\$ 14,701,435
Construction in Progress	1,307,606	1,854,483	25,700	47,067	1,333,306	1,901,550
Buildings	20,161,515	20,161,515	367,755	367,755	20,529,270	20,529,270
Machinery and Equipment	5,665,416	5,297,367	1,511,342	1,457,492	7,176,758	6,754,859
Utility System	-	-	84,790,596	84,300,516	84,790,596	84,300,516
Improvements & Infrastructure	145,302,804	141,354,058	-	-	145,302,804	141,354,058
Accumulated Depreciation	(94,365,218)	(89,615,152)	(36,835,129)	(35,010,163)	(131,200,347)	(124,625,315)
Total net assets	<u>\$ 91,971,779</u>	<u>\$ 92,873,562</u>	<u>\$ 50,740,408</u>	<u>\$ 52,042,811</u>	<u>\$ 142,712,187</u>	<u>\$ 144,916,373</u>

Net capital assets decreased by \$2.2 million due to the increased accumulated depreciation on the City's assets. This investment in capital assets includes land, construction in progress, improvements, machinery and equipment and infrastructure. The governmental infrastructure category consists primarily of roads, signals and lighting. Capital assets in the business-type activities include water and sewer lines, lift stations and other portions of utility systems.

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

**Debt Outstanding**

As of the end of the fiscal year, the City had \$29.4 million in long-term bonded debt obligations outstanding, an increase of approximately \$20.4 million from the prior year. The increase is attributable to the issuance of Series 2018 General Obligation and Refunding bonds for transportation improvement projects.

**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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**CITY OF TUALATIN'S DEBT SERVICE**  
Year Ended June 30, 2019

	<u>Beginning</u>	<u>Additions</u>	<u>Principal Paid</u>	<u>Ending</u>
Governmental:				
General Obligation Bonds	\$ 4,480,000	\$ 27,146,288	\$ (6,246,808)	\$ 25,379,480
Full faith and credit obligations	704,492	-	(108,791)	595,701
Total Governmental	<u>\$ 5,184,492</u>	<u>\$ 27,146,288</u>	<u>\$ (6,355,599)</u>	<u>\$ 25,975,181</u>
Business-type:				
Full Faith & Credit	\$ 3,813,496	\$ -	\$ (420,500)	\$ 3,392,996
Total Bonds Payable	<u>\$ 8,997,988</u>	<u>\$ 27,146,288</u>	<u>\$ (6,776,099)</u>	<u>\$ 29,368,177</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, 2019 was \$25.4 million, which is well below the \$136 million maximum limitation.

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

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

Factors affecting financial conditions in the future include:

- The City continues to experience strong development activity, which will help drive increases in assessed value and property tax revenue in future years. With the City's low permanent tax rate of \$2.2665 per thousand of assessed value, though, future adjustments to maintain service levels of city services to our residents may be necessary.
- Personnel costs continue to increase as a result of cost of living expenses and escalating medical and retirement costs. The Public Employee Retirement System (PERS) sets the retirement contribution rates biannually. Fiscal Year 2018-19 was the second year of the current biennium rates. The rates for the current biennium are as follows: Tier I/II employee at 24.29%, Oregon Public Service Retirement Plan (OPSRP) general employees at 15.52% and OPSRP Police/Fire employees at 20.29%. PERS rates for the next biennium, beginning July 1, 2019, will increase to the following rates, respectively: 28.84%, 19.98%, and 24.61%. These increases were expected and have been factored into forecasts by the City.
- 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 Basalt Creek Concept Plan, which guides development for the undeveloped area located between the cities of Tualatin and Wilsonville for the next twenty years. Work has continued on Tualatin 2040, a long term planning project that builds upon Tualatin Tomorrow (vision setting) and will take a 20 year look ahead to review and update the Comprehensive Plan and the Development Code. Together these documents, referred to as the Tualatin Development Code (TDC), serve as the legal framework that governs important aspects like housing, jobs, community design, and the environment, which shape Tualatin's future.
- Uncertainties about future economic changes and financial impacts are common in all cities. To deal with the swings in the economy and to plan for future capital expansion, the City routinely sets aside portions of its fund balances for contingencies and emergency situations.

### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

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## **BASIC FINANCIAL STATEMENTS**

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

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

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

**CITY OF TUALATIN, OREGON**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 55,707,351	\$ 19,697,149	\$ 75,404,500
Restricted cash and cash equivalents	30,000	-	30,000
Due from other governments	462,066	22,680	484,746
Accounts receivable	177,392	1,848,334	2,025,726
Property taxes receivable	213,276	-	213,276
Interfund loan receivable	-	335,000	335,000
Accrued interest receivable	111,187	23,611	134,798
Inventories	122,095	78,230	200,325
OPEB asset	111,399	4,394	115,793
Capital assets not being depreciated:			
Land	13,899,656	880,144	14,779,800
Construction in progress	1,307,606	25,700	1,333,306
Capital assets, net of accumulated depreciation:			
Buildings	10,833,904	17,206	10,851,110
Machinery, equipment, and vehicles	1,939,935	353,334	2,293,269
Infrastructure	63,990,678	49,464,024	113,454,702
<b>TOTAL ASSETS</b>	<b>148,906,545</b>	<b>72,749,806</b>	<b>221,656,351</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	147,525	147,525
Deferred outflows of resources - OPEB	125,173	4,937	130,110
Deferred outflows of resources - pension	7,298,881	287,870	7,586,751
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>7,424,054</b>	<b>440,332</b>	<b>7,864,386</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	1,995,575	1,228,777	3,224,352
Deposits	377,652	13,986	391,638
Retainage payable	-	23,662	23,662
Unearned revenue	28,888	28,205	57,093
Interest payable	54,590	10,079	64,669
Interfund loan payable	335,000	-	335,000
Noncurrent liabilities:			
Due within one year	2,607,451	444,165	3,051,616
Due in more than one year	44,428,368	3,797,075	48,225,443
<b>TOTAL LIABILITIES</b>	<b>49,827,524</b>	<b>5,545,949</b>	<b>55,373,473</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	2,002,670	78,986	2,081,656
Deferred inflows of resources - OPEB	155,622	6,138	161,760
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,158,292</b>	<b>85,124</b>	<b>2,243,416</b>
<b>NET POSITION</b>			
Net investment in capital assets	88,026,572	47,494,937	135,521,509
Restricted for:			
Building and engineering	2,061,501	-	2,061,501
Street and roadside maintenance	2,265,867	-	2,265,867
Debt service payments	124,465	-	124,465
Transportation	9,555,456	-	9,555,456
Urban renewal projects	3,876,362	-	3,876,362
Capital improvements	-	5,429,897	5,429,897
Unrestricted	(1,565,440)	14,634,231	13,068,791
<b>TOTAL NET POSITION</b>	<b>\$ 104,344,783</b>	<b>\$ 67,559,065</b>	<b>\$ 171,903,848</b>

*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, 2019**

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
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 9,307,642	\$ 1,328,911	\$ -	\$ 86,004	\$ (7,892,727)	\$ -	\$ (7,892,727)
Public safety	9,618,099	1,766,201	98,480	-	(7,753,418)	-	(7,753,418)
Highways and streets	6,218,228	3,123,244	-	-	(3,094,984)	-	(3,094,984)
Culture and recreation	5,915,477	311,017	81,476	-	(5,522,984)	-	(5,522,984)
Interest on long-term debt	732,891	-	-	-	(732,891)	-	(732,891)
TOTAL GOVERNMENTAL ACTIVITIES	31,792,337	6,529,373	179,956	86,004	(24,997,004)	-	(24,997,004)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water Operations	6,150,565	7,518,166	-	201,130	-	1,568,731	1,568,731
Sewer Operations	8,654,399	8,624,206	-	47,875	-	17,682	17,682
Storm Drain Operations	1,576,322	3,154,990	-	87,974	-	1,666,642	1,666,642
TOTAL BUSINESS-TYPE ACTIVITIES	16,381,286	19,297,362	-	336,979	-	3,253,055	3,253,055
TOTAL GOVERNMENT	\$ 48,173,623	\$ 25,826,735	\$ 179,956	\$ 422,983	(24,997,004)	3,253,055	(21,743,949)
GENERAL REVENUES:							
Property taxes					12,656,655	-	12,656,655
Franchise taxes					2,429,676	-	2,429,676
Public service taxes and revenue sharing					6,416,595	-	6,416,595
Interest and investment earnings					1,406,863	527,461	1,934,324
Miscellaneous revenues					426,944	27,460	454,404
TRANSFERS					3,505,530	(3,505,530)	-
TOTAL GENERAL REVENUES AND TRANSFERS					26,842,263	(2,950,609)	23,891,654
CHANGE IN NET POSITION					1,845,259	302,446	2,147,705
NET POSITION - beginning					102,499,524	67,256,619	169,756,143
NET POSITION - ending					\$ 104,344,783	\$67,559,065	\$ 171,903,848

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

## **FUND FINANCIAL STATEMENTS**

### **Major Governmental Funds**

#### **General Fund**

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

#### **Building Fund**

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

#### **Transportation Project Fund**

The Transportation Project Fund accounts for the proceeds of the city's Transportation Bond to finance transportation projects throughout the City.

#### **Transportation Development Tax Fund**

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

#### **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.



**CITY OF TUALATIN, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2019**

	General Fund	Building Fund	Transportation Project Fund	Transportation Development Tax Fund	General Obligation Bond Fund	Other Governmental	Total Governmental
<b>ASSETS</b>							
Cash and investments	\$ 14,684,686	\$ 2,149,028	\$ 22,364,600	\$ 9,544,139	\$ 119,729	\$ 6,845,169	\$ 55,707,351
Due from other governments	279,179	750	-	-	6,030	176,107	462,066
Accounts receivable	35,697	-	-	-	-	141,695	177,392
Property taxes receivable	176,293	-	-	-	36,983	-	213,276
Accrued interest receivable	17,109	2,548	71,909	11,317	133	8,171	111,187
Inventories	76,094	-	-	-	-	46,001	122,095
Restricted cash and cash equivalents	30,000	-	-	-	-	-	30,000
<b>TOTAL ASSETS</b>	<b>\$ 15,299,058</b>	<b>\$ 2,152,326</b>	<b>\$ 22,436,509</b>	<b>\$ 9,555,456</b>	<b>\$ 162,875</b>	<b>\$ 7,217,143</b>	<b>\$ 56,823,367</b>
<b>LIABILITIES</b>							
Accounts payable and other current liabilities	\$ 1,365,744	\$ 80,174	\$ 334,626	\$ -	\$ -	\$ 215,031	\$ 1,995,575
Deposits	365,814	10,651	-	-	-	1,187	377,652
Unearned revenue	8,888	-	-	-	-	20,000	28,888
Interfund loan payable	-	-	-	-	-	335,000	335,000
<b>TOTAL LIABILITIES</b>	<b>1,740,446</b>	<b>90,825</b>	<b>334,626</b>	<b>-</b>	<b>-</b>	<b>571,218</b>	<b>2,737,115</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unavailable revenue - property tax revenue	140,573	-	-	-	38,410	-	178,983
<b>TOTAL DEFERRED INFLOWS OF RESOURCE</b>	<b>140,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,410</b>	<b>-</b>	<b>178,983</b>
<b>FUND BALANCES</b>							
Nonspendable:							
Inventory	76,094	-	-	-	-	46,001	122,095
Restricted for:							
Building and engineering	-	2,061,501	-	-	-	-	2,061,501
Street and roadside maintenance	-	-	-	-	-	2,265,867	2,265,867
Debt service payments	-	-	-	-	124,465	-	124,465
Transportation	-	-	-	9,555,456	-	-	9,555,456
Urban renewal projects	-	-	-	-	-	3,876,362	3,876,362
Committed to:							
Pavement maintenance and street lighting	-	-	-	-	-	399,869	399,869
Parking maintenance	-	-	-	-	-	163,114	163,114
Transportation	-	-	22,101,883	-	-	-	22,101,883
Assigned to:							
Scholarships	-	-	-	-	-	51,111	51,111
Unassigned:	13,341,945	-	-	-	-	(156,399)	13,185,546
<b>TOTAL FUND BALANCES</b>	<b>13,418,039</b>	<b>2,061,501</b>	<b>22,101,883</b>	<b>9,555,456</b>	<b>124,465</b>	<b>6,645,925</b>	<b>53,907,269</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 15,299,058</b>	<b>\$ 2,152,326</b>	<b>\$ 22,436,509</b>	<b>\$ 9,555,456</b>	<b>\$ 162,875</b>	<b>\$ 7,217,143</b>	

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.

91,971,779

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

-

Deferred outflows of resources - pension

\$ 7,298,881

Deferred outflows of resources - other postemployment benefit obligations

125,173

7,424,054

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

Unavailable revenue - property taxes

178,983

Accrued compensated absences

(717,024)

Accrued interest

(54,590)

Net pension liability

(18,328,847)

Pension transition liability

(1,177,400)

Net other postemployment obligation

(725,968)

Long-term bonded debt obligations

(22,925,701)

Bond premium

(3,049,480)

Deferred inflows of resources - pension

(2,002,670)

Deferred inflows of resources - other post employment obligation

(155,622)

(48,958,319)

Net position of governmental activities

\$ 104,344,783

*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, 2019**

	General Fund	Building Fund	Transportation Project Fund	Transportation Development Tax Fund	General Obligation Bond Fund	Other Governmental	Total Governmental
<b>REVENUES</b>							
Property taxes	\$ 10,201,986	\$ -	\$ -	\$ -	\$ 2,739,486	\$ -	\$ 12,941,472
Franchise fees	2,429,676	-	-	-	-	-	2,429,676
Charges for service	389,890	494,785	-	-	-	-	884,675
Licenses and permits	334,379	767,020	-	-	-	-	1,101,399
Intergovernmental	3,918,869	-	-	-	247	2,595,959	6,515,075
Fines and forfeitures	1,441,208	-	-	-	-	-	1,441,208
Fees and charges	109,683	16,681	-	1,640,341	-	1,483,798	3,250,503
Interest	383,728	60,906	489,567	263,421	27,040	182,201	1,406,863
Miscellaneous	214,136	1,336	-	824	-	273,954	490,250
<b>TOTAL REVENUES</b>	<b>19,423,555</b>	<b>1,340,728</b>	<b>489,567</b>	<b>1,904,586</b>	<b>2,766,773</b>	<b>4,535,912</b>	<b>30,461,121</b>
<b>EXPENDITURES</b>							
Current:							
General government	7,643,607	-	-	-	-	73,017	7,716,624
Public safety	8,025,766	887,535	-	-	-	-	8,913,301
Highways and streets	661,233	-	145,032	-	-	2,381,303	3,187,568
Culture and recreation	4,819,407	-	-	-	-	5,079	4,824,486
Capital outlay	361,982	23,684	1,196,884	-	-	2,962,136	4,544,686
Debt service:							
Principal	-	-	-	-	5,900,000	-	5,900,000
Interest	-	-	-	-	970,362	-	970,362
<b>TOTAL EXPENDITURES</b>	<b>21,511,995</b>	<b>911,219</b>	<b>1,341,916</b>	<b>-</b>	<b>6,870,362</b>	<b>5,421,535</b>	<b>36,057,027</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,088,440)</b>	<b>429,509</b>	<b>(852,349)</b>	<b>1,904,586</b>	<b>(4,103,589)</b>	<b>(885,623)</b>	<b>(5,595,906)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Refunding bonds issued	-	-	20,000,000	-	3,750,000	-	23,750,000
Premium on bonds issued	27,198	-	2,954,232	-	414,859	-	3,396,289
Transfers in	4,852,830	25,000	-	-	-	1,366,352	6,244,182
Transfers out	-	(406,380)	-	(1,102,242)	-	(1,230,030)	(2,738,652)
Sale of general capital assets	18,170	-	-	-	-	-	18,170
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,898,198</b>	<b>(381,380)</b>	<b>22,954,232</b>	<b>(1,102,242)</b>	<b>4,164,859</b>	<b>136,322</b>	<b>30,669,989</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,809,758</b>	<b>48,129</b>	<b>22,101,883</b>	<b>802,344</b>	<b>61,270</b>	<b>(749,301)</b>	<b>25,074,083</b>
<b>FUND BALANCES - beginning</b>	<b>10,608,281</b>	<b>2,013,372</b>	<b>-</b>	<b>8,753,112</b>	<b>63,195</b>	<b>7,395,226</b>	<b>28,833,186</b>
<b>FUND BALANCES - ending</b>	<b>\$ 13,418,039</b>	<b>\$ 2,061,501</b>	<b>\$ 22,101,883</b>	<b>\$ 9,555,456</b>	<b>\$ 124,465</b>	<b>\$ 6,645,925</b>	<b>\$ 53,907,269</b>

*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, 2019**

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Amounts reported in the statement of activities are different because:

Net change in fund balances	\$ 25,074,083
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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	(4,881,080)	
Capital asset additions	<u>3,893,293</u>	(987,787)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.	(347,225)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest expense	(31,672)	
Amortization of transitional pension liability	78,055	
Pension expense	(1,142,052)	
Net other postemployment benefit obligations	<u>36,866</u>	(1,058,803)

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>(20,835,009)</u>
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Change in net position of governmental activities	<u><u>\$ 1,845,259</u></u>
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*The accompanying notes are an integral part of the basic financial statements.*

## **FUND FINANCIAL STATEMENTS**

### **Proprietary Funds**

#### Enterprise Funds

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

#### **Water Operations**

##### **Water Fund**

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

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

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

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

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

#### **Sewer Operations**

##### **Sewer Fund**

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

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

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

#### **Storm Drain Operations**

##### **Storm Drain Fund**

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

##### **Storm Drain Development Fund**

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

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

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

**CITY OF TUALATIN, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 8,198,121	\$ 6,854,534	\$ 4,644,494	\$ 19,697,149
Accounts receivables, net	769,853	803,696	274,785	1,848,334
Intergovernmental receivable	-	22,680	-	22,680
Accrued interest receivable	9,795	8,268	5,548	23,611
Inventories	76,097	2,014	119	78,230
Interfund loan receivable	335,000	-	-	335,000
Total current assets	9,388,866	7,691,192	4,924,946	22,005,004
Noncurrent Assets:				
Net other post employment benefit asset	3,414	980	-	4,394
Capital assets not being depreciated:				
Land	773,389	97,922	8,833	880,144
Construction in progress	-	-	25,700	25,700
Capital assets, net of accumulated depreciation				
Buildings	17,206	-	-	17,206
Machinery, equipment, and vehicles	146,824	82,397	124,113	353,334
Infrastructure	29,994,925	15,516,433	3,952,666	49,464,024
Total noncurrent assets	30,935,758	15,697,732	4,111,312	50,744,802
<b>TOTAL ASSETS</b>	<b>40,324,624</b>	<b>23,388,924</b>	<b>9,036,258</b>	<b>72,749,806</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	147,525	-	-	147,525
Deferred outflows of resources - OPEB	3,836	1,101	-	4,937
Deferred outflows of resources - pension	223,684	64,186	-	287,870
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>375,045</b>	<b>65,287</b>	<b>-</b>	<b>440,332</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	427,161	632,803	103,046	1,163,010
Accrued liabilities	41,585	24,182	-	65,767
Compensated absences	30,984	14,901	-	45,885
Retainage payable	23,662	-	-	23,662
Deposits payable	13,986	-	-	13,986
Accrued interest payable	10,079	-	-	10,079
Bonds payable - due within one year	395,000	-	-	395,000
Pension transition liability - due within one year	2,549	731	-	3,280
Unearned revenue	-	-	28,205	28,205
Total current liabilities	945,006	672,617	131,251	1,748,874
Noncurrent Liabilities:				
Bonds payable	2,997,996	-	-	2,997,996
Net OPEB liability	25,662	7,364	-	33,026
Net pension liability	561,713	161,183	-	722,896
Pension transition liability	33,534	9,623	-	43,157
Total noncurrent liabilities	3,618,905	178,170	-	3,797,075
<b>TOTAL LIABILITIES</b>	<b>4,563,911</b>	<b>850,787</b>	<b>131,251</b>	<b>5,545,949</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pension	61,375	17,611	-	78,986
Deferred inflows of resources - OPEB	4,769	1,369	-	6,138
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>66,144</b>	<b>18,980</b>	<b>-</b>	<b>85,124</b>
<b>NET POSITION</b>				
Net investment in capital assets	27,686,873	15,696,752	4,111,312	47,494,937
Restricted for:				
Restricted for capital improvements	1,205,964	3,694,556	529,377	5,429,897
Unrestricted	7,176,777	3,193,136	4,264,318	14,634,231
<b>TOTAL NET POSITION</b>	<b>\$ 36,069,614</b>	<b>\$ 22,584,444</b>	<b>\$ 8,905,007</b>	<b>\$ 67,559,065</b>

*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, 2019**

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
<b>OPERATING REVENUES</b>				
Charges for service	\$ 7,132,235	\$ 8,149,197	\$ 3,029,623	\$ 18,311,055
Fees and charges	385,931	475,009	125,367	986,307
Miscellaneous	7,305	-	20,155	27,460
<b>TOTAL OPERATING REVENUES</b>	<b>7,525,471</b>	<b>8,624,206</b>	<b>3,175,145</b>	<b>19,324,822</b>
<b>OPERATING EXPENSES</b>				
Personal services	812,641	395,715	-	1,208,356
Materials and services	4,163,798	7,671,527	1,379,192	13,214,517
Depreciation	1,041,361	586,474	197,130	1,824,965
<b>TOTAL OPERATING EXPENSES</b>	<b>6,017,800</b>	<b>8,653,716</b>	<b>1,576,322</b>	<b>16,247,838</b>
<b>OPERATING INCOME</b>	<b>1,507,671</b>	<b>(29,510)</b>	<b>1,598,823</b>	<b>3,076,984</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	219,668	190,106	117,687	527,461
Interest expense	(132,765)	(683)	-	(133,448)
<b>TOTAL NON-OPERATING REVENUES (EXPENSE)</b>	<b>86,903</b>	<b>189,423</b>	<b>117,687</b>	<b>394,013</b>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>1,594,574</b>	<b>159,913</b>	<b>1,716,510</b>	<b>3,470,997</b>
<b>CAPITAL CONTRIBUTIONS TRANSFERS</b>	<b>201,130</b> <b>(1,453,695)</b>	<b>47,875</b> <b>(1,127,405)</b>	<b>87,974</b> <b>(924,430)</b>	<b>336,979</b> <b>(3,505,530)</b>
<b>CHANGE IN NET POSITION</b>	<b>342,009</b>	<b>(919,617)</b>	<b>880,054</b>	<b>302,446</b>
<b>NET POSITION - beginning</b>	<b>35,727,605</b>	<b>23,504,061</b>	<b>8,024,953</b>	<b>67,256,619</b>
<b>NET POSITION - ending</b>	<b>\$ 36,069,614</b>	<b>\$ 22,584,444</b>	<b>\$ 8,905,007</b>	<b>\$ 67,559,065</b>

*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, 2019**

	Business-Type Activities - Enterprise Funds			
	Water Operations	Sewer Operations	Storm Drain Operations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 7,430,707	\$ 8,500,722	\$ 3,145,611	\$ 19,077,040
Cash paid to employees and others for salaries/benefits	(636,474)	(358,524)	-	(994,998)
Cash paid to suppliers and others	(4,096,478)	(7,668,613)	(1,391,816)	(13,156,907)
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,697,755	473,585	1,753,795	4,925,135
<b>CASH FLOWS USED FOR NON-CAPITAL FINANCING ACTIVITIES</b>				
<b>NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in (out)	(1,453,695)	(1,127,405)	(924,430)	(3,505,530)
Proceeds from interfund loans	(335,000)	-	-	(335,000)
Net cash provided (used) by non-capital financing activities	(1,788,695)	(1,127,405)	(924,430)	(3,840,530)
<b>CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(158,659)	-	(26,926)	(185,585)
Debt principal payments	(380,000)	-	-	(380,000)
Interest paid	(174,215)	(683)	-	(174,898)
NET CASH FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(688,286)	(683)	(26,926)	(715,895)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	209,873	181,838	112,139	503,850
Net cash provided (used) by investing activities	209,873	181,838	112,139	503,850
NET INCREASE IN CASH AND INVESTMENTS	430,647	(472,665)	914,578	872,560
CASH AND INVESTMENTS - beginning	7,767,474	7,327,199	3,729,916	18,824,589
CASH AND INVESTMENTS - ending	\$ 8,198,121	\$ 6,854,534	\$ 4,644,494	\$ 19,697,149
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income	\$ 1,507,671	\$ (29,510)	\$ 1,598,823	\$ 3,076,984
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation of capital assets	1,041,362	586,474	197,131	1,824,967
Change in assets and liabilities:				
Accounts receivable	(98,266)	(123,484)	(22,483)	(244,233)
Inventories	(6,181)	(603)	-	(6,784)
Accounts payable and accrued expenses	73,500	3,517	(12,625)	64,392
Deposits	3,502	-	-	3,502
Unearned revenue	-	-	(7,051)	(7,051)
Pension System	160,882	29,857	-	190,739
Accrued compensated absences	8,658	6,393	-	15,051
Other post employment benefits payable	6,627	941	-	7,568
Net cash provided (used) by operating activities	\$ 2,697,755	\$ 473,585	\$ 1,753,795	\$ 4,925,135
<b>NON-CASH CAPITAL FINANCING ACTIVITIES</b>				
Contributions of capital assets	\$ 201,130	\$ 47,875	\$ 87,974	\$ 336,979
Total non-cash capital financing activities	\$ 201,130	\$ 47,875	\$ 87,974	\$ 336,979

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

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**1. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

**Blended Component Unit.** The Tualatin Development Commission (Commission) was formed to plan, direct, and manage the redevelopment of targeted areas of the City through tax increment financing. Pursuant to ORS 457.055, the City Council has been appointed governing body of the Commission. The Commission's funds are reported as governmental fund types.

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

**B. Basis of Presentation**

**Government-wide statements**

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

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

**Fund financial statements**

The fund financial statements provide information about the City's funds, including its blended component unit. Separate statements for each fund category – governmental, proprietary or fiduciary are presented. Currently, the City has only governmental and proprietary type funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.



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The City reports the following major governmental funds:

- *General Fund*  
This is the City's primary operating fund. It accounts for all revenues and expenditures of the City, except those accounted for in another fund.
- *Building Fund*  
This fund accounts for the City's building plan review, permitting, and inspection activities. The primary revenue source is charges for services and permit fees.
- *Transportation Project Fund*  
This fund accounts for the proceeds of the city's Transportation Bond to finance transportation projects throughout the City.
- *Transportation Development Tax Fund*  
This fund accounts for the expenditures of transportation capital improvements designed to accommodate growth. The primary source of revenue is from one-time charges on development within Washington and Clackamas counties.
- *General Obligation Bond Fund*  
This fund accounts for the payment of principal and interest on general obligation bonds. Resources are provided by property taxes.

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

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

The City also reports the following nonmajor fund types:

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

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**C. Measurement Focus and Basis of Accounting**

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

**D. Cash and Investments**

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

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

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

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs including quoted prices for similar assets or liabilities in markets that are active; Level 3 inputs are significant unobservable inputs.

**E. Receivables**

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

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

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

**F. Inventories**

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

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, street lights, etc.) are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the year ended June 30, 2019.

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

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

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

## **H. Deferred Outflows/Inflows of Resource**

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

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

## **I. Pensions**

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

## **J. Other post-employment benefits (OPEB)**

OPERS - Retirement Health Insurance Account. For purposes of measuring the net OPEB liability/asset, deferred outflows of resources and deferred inflows of resources to OPEB, and OPEB expense, information about the fiduciary net position of the OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, OPERS recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

## **K. Compensated Absences**

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

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

**CITY OF TUALATIN, OREGON**  
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**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 represents net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments) and includes unspent proceeds of bonds issued to acquire or construct capital assets. The nonexpendable portion of permanent funds is reported as a component of restricted net position. The City's other restricted net position is temporarily restricted (ultimately expendable) assets. All other net position is considered unrestricted.

**M. Fund Balance**

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

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

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

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

**Assigned** – Includes amounts assigned for specific 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 in the General Fund. Deficit fund balance in other governmental funds are also presented as unassigned.

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

**N. Accounting Estimates**

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

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**O. Adoption of new GASB pronouncements**

During the fiscal year ended June 30, 2019, the City implemented the following GASB Pronouncements:

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Debt Borrowings and Direct Placements. This Statement was issued April 2018 to improve the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 88 was implemented by the City for the fiscal year ended June 30, 2019.

**2. Cash and Investments**

The City maintains a common cash and investment pool for all City funds. The types of investments in which the City may invest are restricted by State of Oregon statutes and a Council adopted investment policy. Authorized investments include U.S. Treasury obligations, U.S. Agency obligations, commercial paper, corporate bonds, the Oregon State Treasurer's Local Government Investment Pool, obligations of certain states and municipalities, bankers' acceptances, time deposits, certificates of deposits, and savings accounts.

At June 30, 2019, the City's cash and investments consist of the following:

	Fair Value Measurement			Total	Weighted Average Maturity (Years)
	N/A	Level 1	Level 2		
Cash on hand	\$ 1,925	\$ -	\$ -	\$ 1,925	-
Deposits with financial institutions	280,389	-	-	280,389	-
Investments:					
Oregon State Treasurer's Local Government Investment Pool	44,931,507	-	-	44,931,507	-
U.S. Treasury		14,406,200	-	14,406,200	0.66
U.S. Agencies	-	-	14,687,591	14,687,591	1.75
Commercial paper	-	-	1,126,888	1,126,888	0.70
Total pooled cash and investments	\$ 45,213,821	\$ 14,406,200	\$ 15,814,479	\$ 75,434,500	0.48

**A. Interest rate risk**

As a means of managing its exposure to fair value loss arising from increasing interest rates and to allow investment maturities to coincide with projected needs, the City's investment policy does not allow direct investment in securities maturing more than five years from the date of purchase. Investment maturity guidelines and actual maturities for the City's investments are as follows:

Maturity	Minimum Maturity Guideline	Actual at June 30, 2019
Less than 30 days	10%	61%
Less than 1 year	25%	76%
Less than 5 years	100%	100%

**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'

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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acceptances, and the State Treasurer's Oregon Local Government Investment Pool, among others. The City has no investment policy that would further limit its investment choices. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the Pool is the same as the fair value of Pool shares. Investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The State Treasurer's Oregon Local Government Investment Pool is not registered with the SEC as an investment company and is unrated.

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

	U.S. and U.S. Agency Obligations	Commercial Paper	Total
<u>Rating by Standard &amp; Poor's</u>			
AA+	\$ 29,093,791	\$ -	\$ 29,093,791
A-1+	-	1,126,888	1,126,888
	<u>\$ 29,093,791</u>	<u>\$ 1,126,888</u>	<u>\$ 30,220,679</u>

**C. Concentration of credit risk**

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

**D. Custodial credit risk – deposits**

Custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its deposits that are in the possession of an outside party. At June 30, 2019 the City has \$250,000 in deposits not exposed to custodial credit risk, as they are covered by FDIC insurance and the balance is covered by the Public Funds Collateralization Program (ORS 295.015) administered by the Oregon State Treasury.

**3. Property Taxes and Assessments Receivable**

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

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



**CITY OF TUALATIN, OREGON**  
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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.

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

<b>Primary Government</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Capital Assets, non-depreciable:</b>				
Land	\$ 13,821,291	\$ 78,365	\$ -	\$ 13,899,656
Construction in Progress	1,854,483	2,413,897	(2,960,774)	1,307,606
Total capital assets, non-depreciable	15,675,774	2,492,262	(2,960,774)	15,207,262
<b>Capital assets, depreciable:</b>				
Improvements & Infrastructure	141,354,058	3,948,746	-	145,302,804
Buildings	20,161,515	-	-	20,161,515
Machinery & Equipment	5,297,367	499,063	(131,014)	5,665,416
Total capital assets, depreciable	166,812,940	4,447,809	(131,014)	171,129,735
Total	182,488,714	6,940,071	(3,091,788)	186,336,997
<b>Less accumulated depreciation for:</b>				
Improvements & Infrastructure	(77,397,291)	(3,914,835)	-	(81,312,126)
Buildings	(8,712,958)	(614,653)	-	(9,327,611)
Machinery & Equipment	(3,504,903)	(351,592)	131,014	(3,725,481)
Total accumulated depreciation	(89,615,152)	(4,881,080)	131,014	(94,365,218)
Net depreciable capital assets	77,197,788	(433,271)	-	76,764,517
<b>Net capital assets</b>	<b>\$ 92,873,562</b>	<b>\$ 2,058,991</b>	<b>\$ (2,960,774)</b>	<b>\$ 91,971,779</b>
<b>Governmental activities:</b>				
General government		749,540		
Public safety		255,947		
Highways and streets		2,988,426		
Culture and recreation		887,168		
Total depreciation expense - governmental activities		4,881,080		

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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<b>Business-type activities totals</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Capital Assets, non-depreciable:</b>				
Land	\$ 880,144	\$ -	\$ -	\$ 880,144
Construction in Progress	47,067	131,733	(153,100)	25,700
Total capital assets, non-depreciable	927,211	131,733	(153,100)	905,844
<b>Capital assets, depreciable:</b>				
Improvements & Infrastructure	84,300,516	490,079	-	84,790,595
Buildings	367,755	-	-	367,755
Machinery & Equipment	1,457,492	53,849	-	1,511,341
Total capital assets, depreciable	86,125,763	543,928	-	86,669,691
Total	87,052,974	675,661	(153,100)	87,575,535
<b>Less accumulated depreciation for:</b>				
Improvements & Infrastructure	(33,585,995)	(1,740,576)	-	(35,326,571)
Buildings	(348,855)	(1,694)	-	(350,549)
Machinery & Equipment	(1,075,313)	(82,694)	-	(1,158,007)
Total accumulated depreciation	(35,010,163)	(1,824,964)	-	(36,835,127)
Net depreciable capital assets	51,115,600	(1,281,036)	-	49,834,564
<b>Net capital assets</b>	<b>\$ 52,042,811</b>	<b>\$ (1,149,303)</b>	<b>\$ (153,100)</b>	<b>\$ 50,740,408</b>
<b>Business-type activities:</b>			<b>Depreciation</b>	
Water			(1,041,361)	
Sewer			(586,473)	
Stormwater			(197,130)	
Total depreciation expense - business-type activities			(1,824,964)	

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**5. Interfund Receivables, Payables, and Transfers**

**A. Interfund Transfers**

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 4,852,830	\$ -
Building Fund	25,000	406,380
Transportation Development Tax Fund	-	1,102,242
Total Major Governmental Funds	<u>4,877,830</u>	<u>1,508,622</u>
Non-major Governmental Funds		
Road Utility Fee Fund	-	323,930
Road Operating Fund	1,366,352	755,860
Core Area Parking District Fund	-	28,060
Park Development Fund	335,000	42,780
Leveton Project Fund	-	79,400
Total Non-major Governmental Funds	<u>1,701,352</u>	<u>1,230,030</u>
Proprietary Funds		
Water Fund	373,959	2,415,970
Water Development Fund	-	382,949
Enterprise Bond Fund	636,265	-
Sewer Fund	125,110	1,237,295
Sewer Development Fund	-	15,220
Storm Drain Fund	-	922,280
Storm Drain Development Fund	-	2,150
Total Proprietary Funds	<u>1,135,334</u>	<u>4,975,864</u>
Total Government Wide	<u><u>\$ 7,714,516</u></u>	<u><u>\$ 7,714,516</u></u>

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

**B. Interfund Loan**

On June 11, 2018, the City Council approved a resolution authorizing an interund loan of \$335,000 from the Water Operating Fund to the Parks Development Fund for the acquisition parkland property.

**CITY OF TUALATIN, OREGON**  
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**6. Long Term Debt Obligations**

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

	Beginning balance as of July 1, 2018	Additions	Reductions	Ending balance as of June 30, 2019	Due within one year
<b>Governmental activities:</b>					
General Obligation bonds					
Series 2008, Police Refunding, interest at 3.75-5.0%, original issue of \$2,575,000, due 2018	\$ 360,000	\$ -	\$ (360,000)	\$ -	\$ -
Series 2005, Parks Improvement, interest at 2.5- 4.125%, original issue of \$3,785,000, due 2025	1,685,000	-	(1,685,000)	-	-
Series 2006, Library Improvement, interest at 3.75- 4.25%, original issue of \$4,225,000, due 2027	2,435,000	-	(2,435,000)	-	-
Series 2018, Transportation & Refunding, interest at 3.00- 5.00%, original issue of \$23,750,000, due 2028	-	23,750,000	(1,420,000)	22,330,000	1,695,000
Notes from direct borrowings					
Series 2013, Operations Warehouse, interest at 3.0%, original issue of \$1,100,000, due 2024	704,492	-	(108,791)	595,701	112,252
Plus: Bond issuance premium	-	3,396,288	(346,808)	3,049,480	-
Long-term bonded debt obligations	5,184,492	27,146,288	(6,355,599)	25,975,181	1,807,252
Compensated absences	672,704	795,832	(751,512)	717,024	717,024
Other postemployment benefits	892,161	-	(54,794)	837,367	-
Pension transition liability	1,255,455	-	(78,055)	1,177,400	83,175
Net pension liability	16,424,818	1,904,029	-	18,328,847	-
Total governmental activities	<u>\$ 24,429,630</u>	<u>\$29,846,149</u>	<u>\$ (7,239,960)</u>	<u>\$ 47,035,819</u>	<u>\$ 2,607,451</u>
<b>Business-type activities:</b>					
Full Faith and Credit Obligations					
Series 2014, Full Faith and Credit Refunding, interest at 2.0-4.0%, original issue of \$4,300,000, due 2025	\$ 3,530,000	\$ -	\$ (380,000)	\$ 3,150,000	\$ 395,000
Plus: Bond issuance premium	283,496	-	(40,500)	242,996	-
Long-term bonded debt obligations	3,813,496	-	(420,500)	3,392,996	395,000
Compensated absences	30,834	39,878	(24,827)	45,885	45,885
Other postemployment benefits	25,040	7,986	-	33,026	-
Pension transition liability	35,308	11,129	-	46,437	3,280
Net pension liability	461,919	260,977	-	722,896	-
Total business-type activities	<u>\$ 4,366,597</u>	<u>\$ 319,970</u>	<u>\$ (445,327)</u>	<u>\$ 4,241,240</u>	<u>\$ 444,165</u>

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Future Principal and Interest. Future maturities of bond principal and interest at June 30, 2019 are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,807,252	\$ 1,111,798	\$ 395,000	\$ 113,050	\$ 2,202,252	\$ 1,224,848
2021	1,970,780	1,040,581	415,000	96,850	2,385,780	1,137,431
2022	2,169,370	944,242	430,000	79,950	2,599,370	1,024,192
2023	2,368,028	842,084	450,000	62,350	2,818,028	904,434
2024	2,565,270	726,031	465,000	44,050	3,030,270	770,081
2025-2028	12,045,000	1,567,500	995,000	32,525	13,040,000	1,600,025
	<u>\$ 22,925,701</u>	<u>\$ 6,232,236</u>	<u>\$ 3,150,000</u>	<u>\$ 428,775</u>	<u>\$ 26,075,701</u>	<u>\$ 6,661,011</u>

The Series 2018 General Obligation Bonds and Series 2014 Full Faith and Credit Refunding Bonds pledge the full faith and credit and taxing authority to pay the bonds. If the bonds are defaulted, by failure to make required principal or interest payments or other covenants, actions to enforce the financing agreement may take place for the amount of the obligations then outstanding to its satisfaction. However, the bonds shall not be subject to acceleration.

The City has pledged its full faith and credit and taxing authority to pay the outstanding principal, interest and other amounts due on direct borrowings related to governmental activities of \$595,701. The note contains a provision that in an event of default, the outstanding balance shall bear interest at the default rate of 8.00% until such event of default is remedied, however, the amounts due are not subject to acceleration.

**7. Post Employment Benefits Other than Pensions**

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

**Financial Statement Presentation**

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

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	<b>Implicit Rate Subsidy</b>	<b>PERS RHIA Plan</b>	<b>Total OPEB on Financials</b>
Net OPEB Asset	\$ -	\$ 115,793	\$ 115,793
Deferred Outflows of Resources			
Change in Assumptions	(22,617)	-	(22,617)
Contributions After MD	55,231	52,263	107,494
Total OPEB Liability	(870,392)	-	(870,392)
Deferred Inflows of Resources			
Difference in Experience	-	(6,562)	(6,562)
Difference in Earnings	-	(24,965)	(24,965)
Change in Assumptions	(129,117)	(367)	(129,484)
Change in Proportionate Share	-	(749)	(749)
OPEB Expense/(Income)*	88,974	(11,218)	77,756

\*Included in program expenses on Statement of Activities

### **Implicit Rate Subsidy**

#### **Plan Description**

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

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

#### **Benefits Provided**

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

Inactive employees or beneficiaries receiving benefits	7
Active employees	154
	<u>161</u>

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

The City's total OPEB liability of \$870,392 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2018.

For the fiscal year ended June 30, 2019, the City recognized OPEB expense from this plan of \$88,974. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,617	\$ -
Changes of assumptions	<u>-</u>	<u>129,117</u>
Total (prior to post-MD contributions)	22,617	129,117
Contributions subsequent to the MD	<u>55,231</u>	<u>-</u>
 Total	 <u><u>\$ 77,848</u></u>	 <u><u>\$ 129,117</u></u>

Deferred outflows of resources related to OPEB of \$77,848 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2020	\$ (15,164)
2021	(15,164)
2022	(15,164)
2023	(15,164)
2024	(15,164)
Thereafter	<u>(30,680)</u>
Total	<u><u>\$ (106,500)</u></u>

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the July 1, 2018 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent

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Discount Rate	3.87 percent
Projected Salary Increases	3.50 percent overall payroll growth
Mortality	<b>Health retirees and beneficiaries:</b> RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.
	<b>Healthcare cost trend rate:</b> Medical and vision: 7.00 percent per year decreasing to 5.0 percent. Dental: 4.50 percent per year

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

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Balance as of June 30, 2018	\$ 917,201
Changes for the year:	
Service cost	70,183
Interest on Total OPEB Liability	33,955
Effect of economic/demographic gains or losses	25,554
Effect of assumptions changes or inputs	(97,981)
Benefit payments	(78,520)
Balance as of June 30, 2019	<u>\$ 870,392</u>

Changes in assumptions is the result of the change in the discount rate from 3.58 to 3.87.

**Sensitivity of the Total OPEB Liability**

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



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Discount Rate:

	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB Liability	\$ 945,032	\$ 870,392	\$ 802,007

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 777,034	\$ 870,392	\$ 981,204

**PERS Retirement Health Insurance Account**

**Plan Description**

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**Benefits Provided**

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

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**Contributions**

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2016 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The City's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's total for the year ended June 30, 2019 contributions was \$52,263.

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

At June 30, 2019, the City reported an asset of \$41,696 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2018, the City's proportionate share was 0.1037%, which is an increase from its proportion of 0.0999% as of June 30, 2017.

For the year ended June 30, 2019, the City recognized OPEB expense from this plan of \$11,218. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 6,562
Changes of assumptions	-	367
Net difference between projected and actual earnings on investments	-	24,965
Changes in proportionate share	-	749
Differences between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	-	32,643
Contributions subsequent to the MD	52,263	-
Total	<u>\$ 52,263</u>	<u>\$ 32,643</u>

Deferred outflows of resources related to OPEB of \$52,263 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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<u>Year ended June 30:</u>	
2020	\$ (10,858)
2021	(10,830)
2022	(8,476)
2023	(2,483)
2024	-
Total	<u>\$ (32,647)</u>

**Actuarial Methods and Assumptions**

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

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Projected Salary Increases	3.50 percent
Mortality	<b>Health retirees and beneficiaries:</b> RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.
	<b>Active Members:</b> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.
	<b>Disabled retirees:</b> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial methods and assumptions:

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

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**Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.42%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	100.00%	
Assumed Inflation - Mean		2.50%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.20% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments

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of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the RHIA Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Discount Rate:

	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Total OPEB Liability	\$ (67,420)	\$ (115,793)	\$ (156,968)

**OPEB Plan Fiduciary Net Position**

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

**8. Pension Plan**

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

**Benefits provided**

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

**Pension Benefits**

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

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A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

**Death Benefits**

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

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

**Disability Benefits**

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

**Benefit Changes**

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0 percent.

**2. OPSRP Pension Program (OPSRP DB)**

**Pension Benefits**

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

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

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

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

**Death Benefits**

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

**Disability Benefits**

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

**Benefit Changes After Retirement**

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

**3. OPSRP Individual Account Program (OPSRP IAP)**

**Pension Benefits**

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

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

**Death Benefits**

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

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**Recordkeeping**

OPERS contracts with VOYA Financial to maintain IAP participant records.

**Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2018 were \$1,992,599, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2018 were 24.29 percent for Tier One/Tier Two General Service Member, 24.29 percent for Tier One/Tier Two Police, 15.52 percent for OPSRP Pension Program General Service Members, 20.29 percent for OPSRP Pension Program Police Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2019, the City reported a liability of \$19,051,743 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the City's proportion was 0.12576501 percent, which decreased from its proportion of 0.12527218 percent measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$1,321,662. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 648,083	\$ -
Changes of assumptions	4,429,494	-
Net difference between projected and actual earnings on pension plan investments	-	846,005
Changes in proportion	-	1,610,886
Differences between employer contributions and proportionate share of contributions	446,245	78,300
Total (prior to post-MD contributions)	5,523,822	2,535,191
Contributions subsequent to the MD	2,062,929	-
Total	<u>\$ 7,586,751</u>	<u>\$ 2,535,191</u>



**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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Deferred outflows of resources related to pensions of \$2,062,929 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	\$	789,783
2019		794,970
2020		254,315
2021		147,909
2022		69,904
Total	\$	<u>2,056,881</u>

**Actuarial assumptions**

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

For the ORS 238 Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the ORS 238A OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an actuarially determined amount for funding a disability benefit component, and (3) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20%
Discount Rate	7.20%
Projected Salary Increases	3.50%
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on
Mortality	<p>RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active member:  RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and setbacks as described in the valuation.</p> <p>Disabled retirees:  RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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**Long-term expected rate of return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.42%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	<u>100.00%</u>	

Assumed Inflation - Mean 2.50%

### **Depletion Date Projection**

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

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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

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

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

**Discount rate**

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 31,839,061	\$ 19,051,743	\$ 8,496,858

**Pension plan fiduciary net position**

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

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2019**

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**Changes in Plan Provisions During the Measurement Period**

There were no changes during the June 30, 2018 measurement period that require disclosure.

**Changes in Plan Provisions Subsequent to Measurement Date**

On June 11, 2019, Senate Bill 1049 was enacted by the People of the State of Oregon. The elements of the bill include a variety of policy and program changes which will affect the City's pension plan. Most prominent are a onetime 22-year re-amortization of the unamortized actuarial liability for Tier 1 and Tier 2 employees and contribution rate adjustments. The effect of SB 1049 could reduce the City's pension liability by \$3.75 million. In August 2019, a petition was filed with the Oregon Supreme Court challenging the constitutionality of certain portions of SB 1049. The City cannot predict whether the petitioners will be successful in whole or in part nor what the impact of a successful challenge may be. Further, the City cannot predict whether SB 1049 will be subject to additional legal challenges that could affect some or all of its provisions.

**9. Risk Management**

The City is subject to the ordinary risks of loss to which similar entities are exposed. These risks are handled through the purchase of commercial insurance and participation in a worker's compensation self-insurance pool and a property/liability self-insurance pool. These pools are administered by the City/County Insurance Service Trust (CCIS). The City has no significant claims against it that are in excess of its coverage. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. The City pays an annual premium to CCIS for its insurance coverage. Based on the experience of the City and pool, the City may be liable for an additional premium of up to approximately 20% of its initial premium or the City may receive a refund. The City has never had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy.

**10. Contingencies and Commitments**

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

Federal and state grants are subject to audit by the grantor agencies and any adjustments may become a liability of the appropriate fund. Management believes that adjustments, if any, will not materially affect the City's financial position.

**11. Subsequent Events**

**Changes in OPERS Pension Plan Provisions Subsequent to Measurement Date:**

On June 11, 2019, Senate Bill 1049 was enacted by the People of the State of Oregon. The elements of the bill include a variety of policy and program changes which will affect the City's pension plan. Most prominent are a onetime 22-year re-amortization of the unamortized actuarial liability for Tier 1 and Tier 2 employees and contribution rate adjustments. The effect of SB 1049 could reduce the City's pension liability by \$3.75 million. In August 2019, a petition was filed with the Oregon Supreme Court challenging the constitutionality of certain portions of SB 1049. The City cannot predict whether the petitioners will be successful in whole or in part nor what the impact of a successful challenge may be. Further, the City cannot predict whether SB 1049 will be subject to additional legal challenges that could affect some or all of its provisions.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

**CITY OF TUALATIN, OREGON**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**For the Fiscal Year Ended June 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 9,686,915	\$ 9,686,915	\$ 10,201,986	\$ 515,071
Franchise fees	2,340,000	2,340,000	2,429,676	89,676
Charges for service	308,000	308,000	389,890	81,890
Licenses and permits	305,000	305,000	334,379	29,379
Intergovernmental	3,968,585	3,968,585	3,918,869	(49,716)
Fines and forfeitures	1,054,500	1,054,500	1,441,208	386,708
Fees and charges	124,900	124,900	109,683	(15,217)
Interest	230,000	230,000	357,937	127,937
Miscellaneous	161,770	161,770	214,136	52,366
<b>TOTAL REVENUES</b>	<b>18,179,670</b>	<b>18,179,670</b>	<b>19,397,764</b>	<b>1,218,094</b>
<b>EXPENDITURES</b>				
City Council	154,530	164,845	162,415	2,430
Administration	1,187,920	1,187,920	1,157,793	30,127
Finance	1,105,230	1,105,230	1,047,938	57,292
Municipal Court	423,315	423,315	286,027	137,288
Legal	347,185	347,185	331,622	15,563
Information Services	1,302,325	1,302,325	1,301,581	744
Community Development	1,171,240	1,171,240	1,030,367	140,873
Engineering	783,340	783,340	661,233	122,107
Police	7,846,815	7,896,815	7,923,237	(26,422)
Parks and Recreation	1,185,270	1,185,270	1,142,796	42,474
Community Services - Library	2,308,445	2,308,445	2,289,036	19,409
Public Works Administration	513,995	513,995	501,851	12,144
Fleet Maintenance	486,335	486,335	442,146	44,189
Building Maintenance	937,425	937,425	915,613	21,812
Parks Maintenance	1,583,580	1,583,580	1,436,562	147,018
Nondepartmental				
General Services	970,940	970,940	881,778	89,162
Contingency	3,366,660	3,306,345	-	3,306,345
<b>TOTAL EXPENDITURES</b>	<b>25,674,550</b>	<b>25,674,550</b>	<b>21,511,995</b>	<b>4,162,555</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(7,494,880)</b>	<b>(7,494,880)</b>	<b>(2,114,231)</b>	<b>5,380,649</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Premium on bonds issued	-	-	27,198	27,198
Transfers in	4,852,830	4,852,830	4,852,830	-
Transfers out	(136,500)	(136,500)	-	136,500
Sales of general capital assets	-	-	18,170	18,170
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,716,330</b>	<b>4,716,330</b>	<b>4,898,198</b>	<b>181,868</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,778,550)</b>	<b>(2,778,550)</b>	<b>2,783,967</b>	<b>5,562,517</b>
<b>FUND BALANCES - beginning</b>	<b>9,748,690</b>	<b>9,748,690</b>	<b>10,608,281</b>	<b>859,591</b>
<b>FUND BALANCE - ending</b>	<b>\$ 6,970,140</b>	<b>\$ 6,970,140</b>	<b>13,392,248</b>	<b>\$ 6,422,108</b>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			25,791	
<b>Fund balance - GAAP basis</b>			<b>\$ 13,418,039</b>	

**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, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Charges for service	\$ 401,000	\$ 401,000	\$ 494,785	\$ 93,785
Licenses and permits	491,180	491,180	767,020	275,840
Fees and charges	5,100	5,100	16,681	11,581
Interest	31,900	31,900	57,131	25,231
Miscellaneous	200	200	1,336	1,136
<b>TOTAL REVENUES</b>	<b>929,380</b>	<b>929,380</b>	<b>1,336,953</b>	<b>407,573</b>
<b>EXPENDITURES</b>				
Current:				
Personal Services	897,365	897,365	799,265	98,100
Materials and service	80,625	90,625	88,270	2,355
Capital outlay	36,000	36,000	23,684	12,316
Contingency	213,040	203,040	-	203,040
<b>TOTAL EXPENDITURES</b>	<b>1,227,030</b>	<b>1,227,030</b>	<b>911,219</b>	<b>315,811</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<b>(297,650)</b>	<b>(297,650)</b>	<b>425,734</b>	<b>723,384</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	25,000	25,000	25,000	-
Transfers out	(406,380)	(406,380)	(406,380)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(381,380)</b>	<b>(381,380)</b>	<b>(381,380)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(679,030)</b>	<b>(679,030)</b>	<b>44,354</b>	<b>723,384</b>
<b>FUND BALANCE - beginning</b>	<b>1,595,220</b>	<b>1,595,220</b>	<b>2,013,372</b>	<b>418,152</b>
<b>FUND BALANCE - ending</b>	<b>\$ 916,190</b>	<b>\$ 916,190</b>	<b>2,057,726</b>	<b>\$ 1,141,536</b>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			3,775	
<b>Fund balance - GAAP basis</b>			<b>\$ 2,061,501</b>	

**CITY OF TUALATIN, OREGON**  
**TRANSPORTATION DEVELOPMENT TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**For the Fiscal Year Ended June 30, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Fees and charges	\$ 920,000	\$ 920,000	\$ 1,640,341	\$ 720,341
Interest	141,000	141,000	246,656	105,656
Miscellaneous	-	-	824	824
<b>TOTAL REVENUES</b>	<b>1,061,000</b>	<b>1,061,000</b>	<b>1,887,821</b>	<b>826,821</b>
<b>EXPENDITURES</b>				
Capital outlay	325,000	325,000	-	325,000
Contingency	6,506,600	6,506,600	-	6,506,600
<b>TOTAL EXPENDITURES</b>	<b>6,831,600</b>	<b>6,831,600</b>	<b>-</b>	<b>6,831,600</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<b>(5,770,600)</b>	<b>(5,770,600)</b>	<b>1,887,821</b>	<b>7,658,421</b>
<b>OTHER FINANCING USES</b>				
Transfers out	(1,624,000)	(1,624,000)	(1,102,242)	521,758
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,624,000)</b>	<b>(1,624,000)</b>	<b>(1,102,242)</b>	<b>521,758</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(7,394,600)</b>	<b>(7,394,600)</b>	<b>785,579</b>	<b>8,180,179</b>
<b>FUND BALANCE - beginning</b>	<b>7,394,600</b>	<b>7,394,600</b>	<b>8,753,112</b>	<b>1,358,512</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>9,538,691</b>	<b>\$ 9,538,691</b>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			16,765	
<b>Fund balance - GAAP basis</b>			<b>\$ 9,555,456</b>	

**CITY OF TUALATIN, OREGON****SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY****Oregon Public Employees Retirement System, Retirement Health Insurance Account****For the Last Ten Fiscal Years<sup>1</sup>**

Measurement Date June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	0.10373181%	\$ (115,793)	\$ 11,063,578	-1.05%	124.00%
2017	0.09990764%	(41,696)	10,461,419	-0.40%	108.90%

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

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**NOTES TO SCHEDULE****Changes of Assumptions:**

The PERS Board adopted assumption changes that were used to measure the June 30, 2018 total OPEB liability. The changes include lowering of the long-term expected rate of return to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changes to reflect an updated trends and mortality improvement scale for all groups.

**CITY OF TUALATIN, OREGON**  
**SCHEDULE OF CITY OPEB CONTRIBUTIONS**  
**Oregon Public Employees Retirement System, Retirement Health Insurance Account**  
**For the Last Ten Fiscal Years<sup>1</sup>**

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2019	\$ 52,263	\$ 52,263	\$ -	\$ 11,145,231	0.47%
2018	50,227	50,227	-	11,063,578	0.45%
2017	49,604	49,604	-	10,461,419	0.47%

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

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**NOTES TO SCHEDULE**

**Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions**

Actuarial valuation:	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Amortization period:	10 years	10 years	10 years
Asset valuation method:	Market value	Market value	Market value
Remaining amortization periods:	20 years	20 years	N/A
<b>Actuarial assumptions</b>			
Inflation rate	2.50 percent	2.75 percent	2.75 percent
Projected salary increases	3.50 percent	3.75 percent	3.75 percent
Investment rate of return	7.50 percent	7.75 percent	8.00 percent
Healthcare cost trend rates	None. Statute stipulates \$60 monthly payment for healthcare insurance	None. Statute stipulates \$60 monthly payment for healthcare insurance	None. Statute stipulates \$60 monthly payment for healthcare insurance

**CITY OF TUALATIN, OREGON**

**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

**Implicit Rate Subsidy Plan**

**For the Last Ten Fiscal Years<sup>1,2</sup>**

	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>		
Service Interest	\$ 70,184	\$ 74,503
Interest	33,955	28,219
Changes of benefit terms	-	-
Differences between expected and actual experience	25,554	-
Changes of assumptions	(97,981)	(56,076)
Benefit payment	(78,520)	(89,531)
<b>Net change in total OPEB liability</b>	<b>(46,808)</b>	<b>(42,885)</b>
<b>Total OPEB liability - beginning</b>	<b>917,201</b>	<b>960,086</b>
<b>Total OPEB liability - ending (a)</b>	<b>870,393</b>	<b>917,201</b>
 Covered payroll	 \$ 11,145,231	 \$ 11,063,578
Total OPEB liability as a percentage of covered-employee payroll	7.81%	8.29%

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

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

<sup>2</sup>Amounts presented are for the measurement period reported during the fiscal year, which for FY 2019 is July 1, 2017 - June 30, 2018.

**CITY OF TUALATIN, OREGON**  
**SCHEDULE OF CITY OPEB CONTRIBUTIONS**  
**Implicit Rate Subsidy Plan**  
**For the Last Ten Fiscal Years<sup>1</sup>**

Year Ended June 30,	(a) Actuarially determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2019	\$ 55,231	\$ 55,231	\$ -	\$ 11,145,231	0.50%
2018	78,520	78,520	-	11,063,578	0.71%
2017	89,531	89,531	-	10,461,419	0.86%

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

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**NOTES TO SCHEDULE**

**Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions**

Actuarial valuation:	July 1, 2018
Effective:	July 2018 - June 2020
Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of payroll, closed
Amortization period:	10 years
Asset valuation method:	Market value
Remaining amortization periods:	20 years
Actuarial assumptions	
Inflation rate	2.50 percent
Projected salary increases	3.50 percent
Investment rate of return	7.50 percent



**CITY OF TUALATIN, OREGON**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY**  
**For the Last Ten Fiscal Years<sup>1</sup>**

Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.12576501%	\$ 19,051,743	\$ 10,461,419	182.11%	83.10%
2017	0.12527218%	16,886,737	9,876,439	170.98%	80.53%
2016	0.15443816%	8,867,007	10,203,939	86.90%	91.90%
2015	0.15665389%	(3,550,897)	9,786,025	-36.29%	103.60%
2014	0.15665389%	7,994,278	9,628,201	83.03%	91.97%

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

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**NOTES TO SCHEDULE**

**Changes of Assumptions:**

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

**CITY OF TUALATIN, OREGON**  
**SCHEDULE OF CITY PENSION PLAN CONTRIBUTIONS**  
**For the Last Ten Fiscal Years<sup>1</sup>**

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2019	\$ 2,062,929	\$ 2,062,929	\$ -	\$ 11,063,578	18.65%
2018	1,510,197	1,510,197	-	10,461,419	14.44%
2017	1,471,213	1,471,213	-	9,876,439	14.90%
2016	1,439,922	1,439,922	-	10,203,939	14.11%
2015	1,458,300	1,458,300	-	9,786,025	14.90%

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

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**NOTES TO SCHEDULE**

**Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions**

Actuarial valuation:	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Amortization period:	10 years	10 years	10 years
Asset valuation method:	Market value	Market value	Market value
Remaining amortization periods:	20 years	20 years	N/A
Actuarial assumptions			
Inflation rate	2.50 percent	2.75 percent	2.75 percent
Projected salary increases	3.50 percent	3.75 percent	3.75 percent
Investment rate of return	7.50 percent	7.75 percent	8.00 percent

**CITY OF TUALATIN**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2018**

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**Stewardship, Compliance, and Accountability**

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

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

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Total expenditures by department as established by the resolution are the legal level of control for the General Fund. Expenditure categories of personal services, materials and services, capital outlay, debt service transfers, and contingency are the legal level of control for all other funds. The detail budget document, however, is required to contain more specific information for the above mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the City Council. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the City Council. Management may not amend the budget without seeking the approval of the Council. The City had appropriation transfers during the year-ended June 30, 2019. The city had a supplemental budget during the year-ended June 30, 2019. Appropriations lapse as of year-end.

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2017:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
General Fund	Police	\$26,422

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## **OTHER SUPPLEMENTARY INFORMATION**

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## OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

## COMBINING STATEMENTS

### MAJOR GOVERNMENTAL FUNDS

#### **Capital Projects Fund**

##### **Transportation Project Fund**

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

#### **Debt Service Fund**

##### **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.

### 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 Operating Fund**

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

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

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

##### **Tualatin Scholarship Fund**

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

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

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

#### **Debt Service Funds**

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

##### **Central Urban Renewal District Bond Fund**

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

#### **Capital Projects Funds**

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

##### **Park Development Fund**

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

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

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

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

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

**CITY OF TUALATIN, OREGON**  
**TRANSPORTATION PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**For the Fiscal Year Ended June 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 461,811	\$ 461,811
<b>EXPENDITURES</b>				
Current:				
Materials and service	-	150,000	145,032	4,968
Capital outlay	-	2,400,000	1,196,884	1,203,116
Contingency	-	20,404,235	-	20,404,235
<b>TOTAL EXPENDITURES</b>	-	22,954,235	1,341,916	21,612,319
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	-	(22,954,235)	(880,105)	22,074,130
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	20,000,000	20,000,000	-
Premium on bonds issued	-	2,954,235	2,954,232	(3)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	22,954,235	22,954,232	(3)
<b>NET CHANGE IN FUND BALANCE</b>	-	-	22,074,127	22,074,127
<b>FUND BALANCE - beginning</b>	-	-	-	-
<b>FUND BALANCE - ending</b>	\$ -	\$ -	22,074,127	\$ 22,074,127
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			27,756	
<b>Fund balance - GAAP basis</b>			\$ 22,101,883	



**CITY OF TUALATIN, OREGON**  
**GENERAL OBLIGATION BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**For the Fiscal Year Ended June 30, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Property taxes	\$ 2,597,850	\$ 2,670,000	\$ 2,739,486	\$ 69,486
Intergovernmental	-	-	247	247
Interest	2,000	2,000	26,830	24,830
<b>TOTAL REVENUES</b>	<b>2,599,850</b>	<b>2,672,000</b>	<b>2,766,563</b>	<b>94,563</b>
<b>EXPENDITURES</b>				
Debt service:				
Principal	2,457,000	1,780,000	5,900,000	(4,120,000) *
Interest	164,985	926,890	970,362	(43,472) *
<b>TOTAL EXPENDITURES</b>	<b>2,621,985</b>	<b>2,706,890</b>	<b>6,870,362</b>	<b>(4,163,472)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<b>(22,135)</b>	<b>(34,890)</b>	<b>(4,103,799)</b>	<b>(4,068,909)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	-	3,750,000	3,750,000
Premium on bonds issued	-	-	414,859	414,859
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>4,164,859</b>	<b>4,164,859</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(22,135)</b>	<b>(34,890)</b>	<b>61,060</b>	<b>95,950</b>
<b>FUND BALANCE - beginning</b>	<b>54,800</b>	<b>54,800</b>	<b>63,195</b>	<b>8,395</b>
<b>FUND BALANCE - ending</b>	<b>\$ 32,665</b>	<b>\$ 19,910</b>	<b>124,255</b>	<b>\$ 104,345</b>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			210	
<b>Fund balance - GAAP basis</b>			<b>\$ 124,465</b>	

\* Exception to Oregon Budget Law

**CITY OF TUALATIN, OREGON**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2019**

	Total Nonmajor Special Revenue Funds	Central Urban Renewal District Bond Fund	Total Nonmajor Capital Projects Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 2,859,813	\$ 55,000	\$ 3,930,356	\$ 6,845,169
Due from other governments	87,936	-	88,171	176,107
Accounts receivable	141,695	-	-	141,695
Accrued interest receivable	3,511	-	4,660	8,171
Inventories	46,001	-	-	46,001
<b>TOTAL ASSETS</b>	<u>\$ 3,138,956</u>	<u>\$ 55,000</u>	<u>\$ 4,023,187</u>	<u>\$ 7,217,143</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	\$ 110,194	\$ 55,000	\$ 49,837	\$ 215,031
Deposits	1,187	-	-	1,187
Unearned revenue	20,000	-	-	20,000
Interfund loan payable	-	-	335,000	335,000
<b>TOTAL LIABILITIES</b>	<u>131,381</u>	<u>55,000</u>	<u>384,837</u>	<u>571,218</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventory	46,001	-	-	46,001
Restricted for:				
Street and roadside maintenance	2,265,867	-	-	2,265,867
Urban renewal projects	81,613	-	3,794,749	3,876,362
Committed to:				
Pavement maintenance and street lighting	399,869	-	-	399,869
Parking maintenance	163,114	-	-	163,114
Assigned to:				
Scholarships	51,111	-	-	51,111
Unassigned:	-	-	(156,399)	(156,399)
<b>TOTAL FUND BALANCES</b>	<u>3,007,575</u>	<u>-</u>	<u>3,638,350</u>	<u>6,645,925</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 3,138,956</u>	<u>\$ 55,000</u>	<u>\$ 4,023,187</u>	<u>\$ 7,217,143</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, 2019**

	Total Nonmajor Special Revenue Funds	Central Urban Renewal District Bond Fund	Total Nonmajor Capital Projects Funds	Total
<b>REVENUES</b>				
Intergovernmental	2,459,459	-	136,500	2,595,959
Fees and charges	1,554,039	-	(70,241)	1,483,798
Interest	65,819	-	116,382	182,201
Miscellaneous	273,954	-	-	273,954
<b>TOTAL REVENUES</b>	<b>4,353,271</b>	<b>-</b>	<b>182,641</b>	<b>4,535,912</b>
<b>EXPENDITURES</b>				
Current:				
General government	73,017	-	-	73,017
Highways and streets	2,381,303	-	-	2,381,303
Culture and recreation	3,000	-	2,079	5,079
Capital outlay	1,436,266	-	1,525,870	2,962,136
<b>TOTAL EXPENDITURES</b>	<b>3,893,586</b>	<b>-</b>	<b>1,527,949</b>	<b>5,421,535</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>459,685</b>	<b>-</b>	<b>(1,345,308)</b>	<b>(885,623)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,366,352	-	-	1,366,352
Transfers out	(1,107,850)	-	(122,180)	(1,230,030)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>258,502</b>	<b>-</b>	<b>(122,180)</b>	<b>136,322</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>718,187</b>	<b>-</b>	<b>(1,467,488)</b>	<b>(749,301)</b>
<b>FUND BALANCES - beginning</b>	<b>2,289,388</b>	<b>-</b>	<b>5,105,838</b>	<b>7,395,226</b>
<b>FUND BALANCES - ending</b>	<b>\$ 3,007,575</b>	<b>\$ -</b>	<b>\$ 3,638,350</b>	<b>\$ 6,645,925</b>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2019**

	Road Utility Fee Fund	Road Operating Fund	Core Area Parking District Fund	Tualatin Scholarship Fund	Economic Development Administration Fund	Total
<b>ASSETS</b>						
Cash and investments	\$ 278,418	\$ 2,275,433	\$ 164,232	\$ 51,051	\$ 90,679	\$ 2,859,813
Due from other governments	-	87,936	-	-	-	87,936
Accounts receivable	140,716	979	-	-	-	141,695
Accrued interest receivable	330	2,753	195	60	173	3,511
Inventories	-	46,001	-	-	-	46,001
<b>TOTAL ASSETS</b>	<b>\$ 419,464</b>	<b>\$ 2,413,102</b>	<b>\$ 164,427</b>	<b>\$ 51,111</b>	<b>\$ 90,852</b>	<b>\$ 3,138,956</b>
<b>LIABILITIES</b>						
Accounts payable and other current liabilities	\$ 19,595	\$ 80,047	\$ 1,313	\$ -	\$ 9,239	\$ 110,194
Deposits	-	1,187	-	-	-	1,187
Unearned revenue	-	20,000	-	-	-	20,000
<b>TOTAL LIABILITIES</b>	<b>19,595</b>	<b>101,234</b>	<b>1,313</b>	<b>-</b>	<b>9,239</b>	<b>131,381</b>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventory	-	46,001	-	-	-	46,001
Restricted for:						
Street and roadside maintenance	-	2,265,867	-	-	-	2,265,867
Urban renewal projects	-	-	-	-	81,613	81,613
Committed to:						
Pavement maintenance and street lighting	399,869	-	-	-	-	399,869
Parking maintenance	-	-	163,114	-	-	163,114
Assigned to:						
Scholarships	-	-	-	51,111	-	51,111
<b>TOTAL FUND BALANCES</b>	<b>399,869</b>	<b>2,311,868</b>	<b>163,114</b>	<b>51,111</b>	<b>81,613</b>	<b>3,007,575</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 419,464</b>	<b>\$ 2,413,102</b>	<b>\$ 164,427</b>	<b>\$ 51,111</b>	<b>\$ 90,852</b>	<b>\$ 3,138,956</b>

**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, 2019**

	Road Utility Fee Fund	Road Operating Fund	Core Area Parking District Fund	Tualatin Scholarship Fund	Economic Development Administration Fund	Total
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ 2,457,959	\$ -	\$ 1,500	\$ -	\$ 2,459,459
Fees and charges	1,482,903	-	71,136	-	-	1,554,039
Interest	3,951	51,669	4,408	1,378	4,413	65,819
Miscellaneous	-	273,854	-	-	100	273,954
<b>TOTAL REVENUES</b>	<b>1,486,854</b>	<b>2,783,482</b>	<b>75,544</b>	<b>2,878</b>	<b>4,513</b>	<b>4,353,271</b>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	18,965	-	54,052	73,017
Highways and streets	1,073,327	1,307,976	-	-	-	2,381,303
Culture and recreation	-	-	-	3,000	-	3,000
Capital outlay	-	1,436,266	-	-	-	1,436,266
<b>TOTAL EXPENDITURES</b>	<b>1,073,327</b>	<b>2,744,242</b>	<b>18,965</b>	<b>3,000</b>	<b>54,052</b>	<b>3,893,586</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>413,527</b>	<b>39,240</b>	<b>56,579</b>	<b>(122)</b>	<b>(49,539)</b>	<b>459,685</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	1,366,352	-	-	-	1,366,352
Transfers out	(323,930)	(755,860)	(28,060)	-	-	(1,107,850)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(323,930)</b>	<b>610,492</b>	<b>(28,060)</b>	<b>-</b>	<b>-</b>	<b>258,502</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>89,597</b>	<b>649,732</b>	<b>28,519</b>	<b>(122)</b>	<b>(49,539)</b>	<b>718,187</b>
<b>FUND BALANCES - beginning</b>	<b>310,272</b>	<b>1,662,136</b>	<b>134,595</b>	<b>51,233</b>	<b>131,152</b>	<b>2,289,388</b>
<b>FUND BALANCES - ending</b>	<b>\$ 399,869</b>	<b>\$ 2,311,868</b>	<b>\$ 163,114</b>	<b>\$ 51,111</b>	<b>\$ 81,613</b>	<b>\$ 3,007,575</b>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2019**

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	Central Urban Renewal District Bond Fund	Total
<b>ASSETS</b>		
Cash and investments	\$ 55,000	\$ 55,000
TOTAL ASSETS	<u>\$ 55,000</u>	<u>\$ 55,000</u>
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	\$ 55,000	\$ 55,000
TOTAL LIABILITIES	<u>55,000</u>	<u>55,000</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 55,000</u>	<u>\$ 55,000</u>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2019**

	Park Development Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Total
<b>ASSETS</b>				
Cash and investments	\$ 93,107	\$ 124,626	\$ 3,712,623	\$ 3,930,356
Due from other governments	88,171	-	-	88,171
Accrued interest receivable	110	148	4,402	4,660
<b>TOTAL ASSETS</b>	<u><u>\$ 181,388</u></u>	<u><u>\$ 124,774</u></u>	<u><u>\$ 3,717,025</u></u>	<u><u>\$ 4,023,187</u></u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	\$ 2,787	\$ -	\$ 47,050	\$ 49,837
Interfund loan payable	335,000	-	-	335,000
<b>TOTAL LIABILITIES</b>	<u>337,787</u>	<u>-</u>	<u>47,050</u>	<u>384,837</u>
<b>FUND BALANCES</b>				
Restricted for:				
Urban renewal projects	-	124,774	3,669,975	3,794,749
Unassigned:	(156,399)	-	-	(156,399)
<b>TOTAL FUND BALANCES</b>	<u>(156,399)</u>	<u>124,774</u>	<u>3,669,975</u>	<u>3,638,350</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 181,388</u></u>	<u><u>\$ 124,774</u></u>	<u><u>\$ 3,717,025</u></u>	<u><u>\$ 4,023,187</u></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, 2019**

	Park Development Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Total
<b>REVENUES</b>				
Intergovernmental	\$ 136,500	\$ -	\$ -	\$ 136,500
Fees and charges	(70,241)	-	-	(70,241)
Interest	12,515	3,345	100,522	116,382
	<u>78,774</u>	<u>3,345</u>	<u>100,522</u>	<u>182,641</u>
<b>TOTAL REVENUES</b>				
	<u>78,774</u>	<u>3,345</u>	<u>100,522</u>	<u>182,641</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	2,079	-	-	2,079
Capital outlay	1,475,160	-	50,710	1,525,870
	<u>1,477,239</u>	<u>-</u>	<u>50,710</u>	<u>1,527,949</u>
<b>TOTAL EXPENDITURES</b>				
	<u>1,477,239</u>	<u>-</u>	<u>50,710</u>	<u>1,527,949</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,398,465)</u>	<u>3,345</u>	<u>49,812</u>	<u>(1,345,308)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(42,780)	-	(79,400)	(122,180)
	<u>(42,780)</u>	<u>-</u>	<u>(79,400)</u>	<u>(122,180)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
	<u>(42,780)</u>	<u>-</u>	<u>(79,400)</u>	<u>(122,180)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,441,245)	3,345	(29,588)	(1,467,488)
<b>FUND BALANCES - beginning</b>	<u>1,284,846</u>	<u>121,429</u>	<u>3,699,563</u>	<u>5,105,838</u>
<b>FUND BALANCES - ending</b>	<u>\$ (156,399)</u>	<u>\$ 124,774</u>	<u>\$ 3,669,975</u>	<u>\$ 3,638,350</u>



## **BUDGETARY COMPARISON SCHEDULES**

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

Governmental Budgetary Comparison Schedules included the following:

- Nonmajor Special Revenue Funds
  - Road Utility Fee Fund
  - Road Operating Fund
  - Core Area Parking District Fund
  - Tualatin Scholarship Fund
  - Economic Development Administration Fund
- Nonmajor Capital Project Funds
  - Park Development Fund
  - Central Urban Renewal District Project Fund
  - Leveton Tax Increment District Project Fund

**CITY OF TUALATIN, OREGON**  
**ROAD UTILITY FEE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Fees and charges	\$ 1,469,130	\$ 1,469,130	\$ 1,482,903	\$ 13,773
Interest	3,000	3,000	3,462	462
<b>TOTAL REVENUES</b>	<b>1,472,130</b>	<b>1,472,130</b>	<b>1,486,365</b>	<b>14,235</b>
<b>EXPENDITURES</b>				
Current:				
Materials and service	1,074,575	1,074,575	1,073,327	1,248
<b>TOTAL EXPENDITURES</b>	<b>1,074,575</b>	<b>1,074,575</b>	<b>1,073,327</b>	<b>1,248</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>397,555</b>	<b>397,555</b>	<b>413,038</b>	<b>15,483</b>
<b>OTHER FINANCING USES</b>				
Transfers out	(323,930)	(323,930)	(323,930)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(323,930)</b>	<b>(323,930)</b>	<b>(323,930)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>73,625</b>	<b>73,625</b>	<b>89,108</b>	<b>15,483</b>
<b>FUND BALANCE - beginning</b>	<b>321,140</b>	<b>321,140</b>	<b>310,272</b>	<b>(10,868)</b>
<b>FUND BALANCE - ending</b>	<b>\$ 394,765</b>	<b>\$ 394,765</b>	<b>399,380</b>	<b>\$ 4,615</b>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			489	
<b>Fund balance - GAAP basis</b>			<b>\$ 399,869</b>	

**CITY OF TUALATIN, OREGON**  
**ROAD OPERATING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 2,445,870	\$ 2,445,870	\$ 2,457,959	\$ 12,089
Interest	27,860	27,860	47,672	19,812
Miscellaneous	461,000	484,300	273,854	(210,446)
<b>TOTAL REVENUES</b>	<b>2,934,730</b>	<b>2,958,030</b>	<b>2,779,485</b>	<b>(178,545)</b>
<b>EXPENDITURES</b>				
Current:				
Personal Services	477,950	477,950	424,770	53,180
Materials and service	901,845	901,845	883,206	18,639
Capital outlay	2,505,125	2,505,125	1,436,266	1,068,859
Contingency	696,120	696,120	-	696,120
<b>TOTAL EXPENDITURES</b>	<b>4,581,040</b>	<b>4,581,040</b>	<b>2,744,242</b>	<b>1,836,798</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,646,310)</b>	<b>(1,623,010)</b>	<b>35,243</b>	<b>1,658,253</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,888,110	1,888,110	1,366,352	(521,758)
Transfers out	(755,860)	(779,160)	(755,860)	23,300
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,132,250</b>	<b>1,108,950</b>	<b>610,492</b>	<b>(498,458)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(514,060)</b>	<b>(514,060)</b>	<b>645,735</b>	<b>1,159,795</b>
<b>FUND BALANCE - beginning</b>	<b>1,558,190</b>	<b>1,558,190</b>	<b>1,662,136</b>	<b>103,946</b>
<b>FUND BALANCE - ending</b>	<b>\$ 1,044,130</b>	<b>\$ 1,044,130</b>	<b>2,307,871</b>	<b>\$ 1,263,741</b>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			3,997	
<b>Fund balance - GAAP basis</b>			<b>\$ 2,311,868</b>	

**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, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Fees and charges	\$ 60,000	\$ 60,000	\$ 71,136	\$ 11,136
Interest	3,000	3,000	4,120	1,120
<b>TOTAL REVENUES</b>	<b>63,000</b>	<b>63,000</b>	<b>75,256</b>	<b>12,256</b>
<b>EXPENDITURES</b>				
Current:				
Materials and service	32,460	32,460	18,965	13,495
Contingency	9,080	9,080	-	9,080
<b>TOTAL EXPENDITURES</b>	<b>41,540</b>	<b>41,540</b>	<b>18,965</b>	<b>22,575</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<b>21,460</b>	<b>21,460</b>	<b>56,291</b>	<b>34,831</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(28,060)	(28,060)	(28,060)	-
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>(28,060)</b>	<b>(28,060)</b>	<b>(28,060)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(6,600)</b>	<b>(6,600)</b>	<b>28,231</b>	<b>34,831</b>
<b>FUND BALANCE - beginning</b>	<b>164,500</b>	<b>164,500</b>	<b>134,595</b>	<b>(29,905)</b>
<b>FUND BALANCE - ending</b>	<b>\$ 157,900</b>	<b>\$ 157,900</b>	<b>162,826</b>	<b>\$ 4,926</b>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			288	
<b>Fund balance - GAAP basis</b>			<b>\$ 163,114</b>	

**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, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 1,500	\$ 1,500	\$ 1,500	\$ -
Interest	1,000	1,000	1,288	288
<b>TOTAL REVENUES</b>	<b>2,500</b>	<b>2,500</b>	<b>2,788</b>	<b>288</b>
<b>EXPENDITURES</b>				
Current:				
Materials and service	3,000	3,000	3,000	-
<b>TOTAL EXPENDITURES</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>-</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCE	(500)	(500)	(212)	288
NET CHANGE IN FUND BALANCE	(500)	(500)	(212)	288
FUND BALANCE - beginning	51,130	51,130	51,233	103
FUND BALANCE - ending	<u>\$ 50,630</u>	<u>\$ 50,630</u>	51,021	<u>\$ 391</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			90	
Fund balance - GAAP basis			<u>\$ 51,111</u>	

**CITY OF TUALATIN, OREGON**  
**ECONOMIC DEVELOPMENT ADMINISTRATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Interest	\$ 2,740	\$ 2,740	\$ 4,157	\$ 1,417
Miscellaneous	-	-	100	100
<b>TOTAL REVENUES</b>	<u>2,740</u>	<u>2,740</u>	<u>4,257</u>	<u>1,517</u>
<b>EXPENDITURES</b>				
Current:				
Materials and service	63,300	63,300	54,052	9,248
Contingency	<u>76,600</u>	<u>76,600</u>	-	<u>76,600</u>
<b>TOTAL EXPENDITURES</b>	<u>139,900</u>	<u>139,900</u>	<u>54,052</u>	<u>85,848</u>
<b>DEFICIENCY OF REVENUES</b>				
<b>UNDER EXPENDITURES</b>	<u>(137,160)</u>	<u>(137,160)</u>	<u>(49,795)</u>	<u>87,365</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(137,160)</u>	<u>(137,160)</u>	<u>(49,795)</u>	<u>87,365</u>
<b>FUND BALANCE - beginning</b>	<u>137,160</u>	<u>137,160</u>	<u>131,152</u>	<u>(6,008)</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>81,357</u>	<u>\$ 81,357</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			<u>256</u>	
<b>Fund balance - GAAP basis</b>			<u>\$ 81,613</u>	

**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, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 136,500	\$ 136,500	\$ 136,500	\$ -
Fees and charges	1,613,860	1,613,860	(70,241)	(1,684,101)
Interest	15,000	15,000	12,351	(2,649)
<b>TOTAL REVENUES</b>	<b>1,765,360</b>	<b>1,765,360</b>	<b>78,610</b>	<b>(1,686,750)</b>
<b>EXPENDITURES</b>				
Current:				
Materials and service	23,000	23,000	2,079	20,921
Capital outlay	3,243,440	3,243,440	1,475,160	1,768,280
<b>TOTAL EXPENDITURES</b>	<b>3,266,440</b>	<b>3,266,440</b>	<b>1,477,239</b>	<b>1,789,201</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,501,080)</b>	<b>(1,501,080)</b>	<b>(1,398,629)</b>	<b>102,451</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund loan proceeds	-	-	335,000	335,000
Transfers in	471,500	471,500	-	(471,500)
Transfers out	(42,780)	(42,780)	(42,780)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>428,720</b>	<b>428,720</b>	<b>292,220</b>	<b>(136,500)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,072,360)</b>	<b>(1,072,360)</b>	<b>(1,106,409)</b>	<b>(34,049)</b>
<b>FUND BALANCE - beginning</b>	<b>1,072,360</b>	<b>1,072,360</b>	<b>1,284,846</b>	<b>212,486</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>178,437</b>	<b>\$ 178,437</b>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Interfund loan with proprietary fund - Water Operating			(335,000)	
Unrealized gain (loss) on investments			164	
<b>Fund balance - GAAP basis</b>			<b>\$ (156,399)</b>	

**CITY OF TUALATIN, OREGON**  
**CENTRAL URBAN RENEWAL DISTRICT PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Interest	\$ 2,420	\$ 2,420	\$ 3,126	\$ 706
TOTAL REVENUES	2,420	2,420	3,126	706
<b>EXPENDITURES</b>				
Capital outlay	123,580	123,580	-	123,580
TOTAL EXPENDITURES	123,580	123,580	-	123,580
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(121,160)	(121,160)	3,126	124,286
NET CHANGE IN FUND BALANCE	(121,160)	(121,160)	3,126	124,286
FUND BALANCE - beginning	121,160	121,160	121,429	269
FUND BALANCE - ending	\$ -	\$ -	124,555	\$ 124,555
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			219	
Fund balance - GAAP basis			\$ 124,774	



**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, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Interest	\$ 73,810	\$ 73,810	\$ 94,001	\$ 20,191
TOTAL REVENUES	73,810	73,810	94,001	20,191
<b>EXPENDITURES</b>				
Capital outlay	73,000	73,000	50,710	22,290
Contingency	25,505	25,505	-	25,505
TOTAL EXPENDITURES	98,505	98,505	50,710	47,795
EXCESS OF REVENUES OVER EXPENDITURES	(24,695)	(24,695)	43,291	67,986
<b>OTHER FINANCING USES</b>				
Transfers out	(79,400)	(79,400)	(79,400)	-
TOTAL OTHER FINANCING SOURCES (USES)	(79,400)	(79,400)	(79,400)	-
NET CHANGE IN FUND BALANCE	(104,095)	(104,095)	(36,109)	67,986
FUND BALANCE - beginning	3,690,290	3,690,290	3,699,563	9,273
FUND BALANCE - ending	<u>\$ 3,586,195</u>	<u>\$ 3,586,195</u>	3,663,454	<u>\$ 77,259</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			6,521	
Fund balance - GAAP basis			<u>\$ 3,669,975</u>	

## **BUDGETARY COMPARISON SCHEDULES**

### **Enterprise Funds**

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

Enterprise Budgetary Comparison schedules include the following:

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

**CITY OF TUALATIN, OREGON**  
**WATER OPERATIONS COMBINED**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2019**

	Water Fund	Water Development Fund	Enterprise Bond Fund	Total Water Operations
<b>REVENUES</b>				
Charges for service	\$ 7,132,235	\$ -	\$ -	\$ 7,132,235
Fees and charges	31,052	354,880	-	385,932
Interest	160,473	33,408	11,387	205,268
Miscellaneous	7,305	-	-	7,305
<b>TOTAL REVENUES</b>	<b>7,331,065</b>	<b>388,288</b>	<b>11,387</b>	<b>7,730,740</b>
<b>EXPENDITURES</b>				
Current:				
Personal Services	638,853	-	-	638,853
Materials and service	2,959,293	-	495	2,959,788
Capital outlay	1,253,878	-	-	1,253,878
Debt service:				
Principal	-	-	488,791	488,791
Interest	-	-	147,248	147,248
<b>TOTAL EXPENDITURES</b>	<b>4,852,024</b>	<b>-</b>	<b>636,534</b>	<b>5,488,558</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,479,041</b>	<b>388,288</b>	<b>(625,147)</b>	<b>2,242,182</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Internal loan proceeds	(335,000)	-	-	(335,000)
Transfers in	373,959	-	636,265	1,010,224
Transfers out	(2,080,970)	(382,949)	-	(2,463,919)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,042,011)</b>	<b>(382,949)</b>	<b>636,265</b>	<b>(1,788,695)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>437,030</b>	<b>5,339</b>	<b>11,118</b>	<b>453,487</b>
<b>FUND BALANCES - beginning</b>	<b>6,379,484</b>	<b>1,200,625</b>	<b>499,476</b>	<b>8,079,585</b>
<b>FUND BALANCES - ending</b>	<b>\$ 6,816,514</b>	<b>\$ 1,205,964</b>	<b>\$ 510,594</b>	<b>8,533,072</b>
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>				
Adjustment for unrealized gain (loss) on investments				14,400
Adjustment for compensated absences being accrued				(30,984)
Adjustment for other post employment benefit related deferred outflows of resources being accrued				3,836
Adjustment for other post employment benefit related deferred inflows of resources being accrued				(4,769)
Adjustment for net other post employment benefit liability being accrued				(22,248)
Adjustment for net pension liability being accrued				(561,713)
Adjustment for pension related deferred outflows of resources being accrued				223,684
Adjustment for pension related deferred inflows of resources being accrued				(61,375)
Adjustment for pension transition liability				(36,083)
Adjustment for interest payable being accrued				(10,079)
Adjustment for capital assets not being depreciated				773,389
Adjustment for capital assets, net of accumulated depreciation				30,158,955
Adjustment for internal loan distribution				335,000
Adjustment for bonds payable, due within one year				(395,000)
Adjustment for long term bonds payable				(2,755,000)
Adjustment for bond premium				(242,996)
Adjustment for deferred charge on refunding				147,525
<b>NET POSITION - GAAP BASIS</b>				<b>\$ 36,069,614</b>

**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, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Charges for service	\$ 6,532,820	\$ 6,532,820	\$ 7,132,235	\$ 599,415
Fees and charges	30,500	30,500	31,052	552
Interest	113,475	113,475	160,473	46,998
Miscellaneous	2,000	2,000	7,305	5,305
<b>TOTAL REVENUES</b>	<b>6,678,795</b>	<b>6,678,795</b>	<b>7,331,065</b>	<b>652,270</b>
<b>EXPENDITURES</b>				
Current:				
Personal Services	702,605	702,605	638,853	63,752
Materials and service	3,156,765	3,156,765	2,959,293	197,472
Capital outlay	1,768,125	1,768,125	1,253,878	514,247
Contingency	1,080,275	1,080,275	-	1,080,275
<b>TOTAL EXPENDITURES</b>	<b>6,707,770</b>	<b>6,707,770</b>	<b>4,852,024</b>	<b>1,855,746</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(28,975)</b>	<b>(28,975)</b>	<b>2,479,041</b>	<b>2,508,016</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund loan distribution	-	-	(335,000)	(335,000)
Transfers in	280,000	280,000	373,959	93,959
Transfers out	(2,415,970)	(2,415,970)	(2,080,970)	335,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,135,970)</b>	<b>(2,135,970)</b>	<b>(2,042,011)</b>	<b>93,959</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,164,945)</b>	<b>(2,164,945)</b>	<b>437,030</b>	<b>2,601,975</b>
<b>FUND BALANCE - beginning</b>	<b>5,778,660</b>	<b>5,778,660</b>	<b>6,379,484</b>	<b>600,824</b>
<b>FUND BALANCE - ending</b>	<b>\$ 3,613,715</b>	<b>\$ 3,613,715</b>	<b>\$ 6,816,514</b>	<b>\$ 3,202,799</b>

**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, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Fees and charges	\$ 250,000	\$ 250,000	\$ 354,880	\$ 104,880
Interest	19,540	19,540	33,408	13,868
<b>TOTAL REVENUES</b>	<b>269,540</b>	<b>269,540</b>	<b>388,288</b>	<b>118,748</b>
<b>EXPENDITURES</b>				
Current:				
Contingency	957,320	857,320	-	857,320
<b>TOTAL EXPENDITURES</b>	<b>957,320</b>	<b>857,320</b>	<b>-</b>	<b>857,320</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(687,780)</b>	<b>(587,780)</b>	<b>388,288</b>	<b>976,068</b>
<b>OTHER FINANCING USES</b>				
Transfers out	(288,990)	(388,990)	(382,949)	6,041
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(288,990)</b>	<b>(388,990)</b>	<b>(382,949)</b>	<b>6,041</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(976,770)</b>	<b>(976,770)</b>	<b>5,339</b>	<b>982,109</b>
<b>FUND BALANCE - beginning</b>	<b>976,770</b>	<b>976,770</b>	<b>1,200,625</b>	<b>223,855</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,205,964</b>	<b>\$ 1,205,964</b>

**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, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Interest	\$ 9,960	\$ 9,960	\$ 11,387	\$ 1,427
<b>EXPENDITURES</b>				
Current:				
Materials and service	495	495	495	-
Debt service:				
Principal	489,045	489,045	488,791	254
Interest	147,230	147,230	147,248	(18)
<b>TOTAL EXPENDITURES</b>	<b>636,770</b>	<b>636,770</b>	<b>636,534</b>	<b>236</b>
 DEFICIENCY OF REVENUES UNDER EXPENDITURES	 (626,810)	 (626,810)	 (625,147)	 1,663
<b>OTHER FINANCING SOURCES</b>				
Transfers in	636,265	636,265	636,265	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>636,265</b>	<b>636,265</b>	<b>636,265</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>9,455</b>	<b>9,455</b>	<b>11,118</b>	<b>1,663</b>
<b>FUND BALANCE - beginning</b>	<b>498,000</b>	<b>498,000</b>	<b>499,476</b>	<b>1,476</b>
<b>FUND BALANCE - ending</b>	<b>\$ 507,455</b>	<b>\$ 507,455</b>	<b>\$ 510,594</b>	<b>\$ 3,139</b>

**CITY OF TUALATIN, OREGON**  
**SEWER OPERATIONS COMBINED**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2019**

	Sewer Fund	Sewer Development Fund	Total Sewer Operations
<b>REVENUES</b>			
Charges for service	\$ 8,149,197	\$ -	\$ 8,149,197
Fees and charges	-	475,009	475,009
Interest	82,247	95,819	178,066
	<u>8,231,444</u>	<u>570,828</u>	<u>8,802,272</u>
<b>TOTAL REVENUES</b>			
	<u>8,231,444</u>	<u>570,828</u>	<u>8,802,272</u>
<b>EXPENDITURES</b>			
Current:			
Personal Services	359,207	-	359,207
Materials and service	6,724,819	833,333	7,558,152
Capital outlay	110,138	3,237	113,375
	<u>7,194,164</u>	<u>836,570</u>	<u>8,030,734</u>
<b>TOTAL EXPENDITURES</b>			
	<u>7,194,164</u>	<u>836,570</u>	<u>8,030,734</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>			
	<u>1,037,280</u>	<u>(265,742)</u>	<u>771,538</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	125,110	-	125,110
Transfers out	(1,237,295)	(15,220)	(1,252,515)
	<u>(1,112,185)</u>	<u>(15,220)</u>	<u>(1,127,405)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
	<u>(1,112,185)</u>	<u>(15,220)</u>	<u>(1,127,405)</u>
<b>NET CHANGE IN FUND BALANCES</b>			
	<u>(74,905)</u>	<u>(280,962)</u>	<u>(355,867)</u>
<b>FUND BALANCES - beginning</b>			
	<u>3,402,516</u>	<u>3,975,518</u>	<u>7,378,034</u>
<b>FUND BALANCES - ending</b>			
	<u>\$ 3,327,611</u>	<u>\$ 3,694,556</u>	<u>7,022,167</u>
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>			
Adjustment for unrealized gain (loss) on investments			12,040
Adjustment for compensated absences being accrued			(14,901)
Adjustment for other post employment benefit related deferred outflows of resources being accrued			1,101
Adjustment for other post employment benefit related deferred inflows of resources being accrued			(1,369)
Adjustment for net other post employment benefit liability being accrued			(6,384)
Adjustment for net pension liability being accrued			(161,183)
Adjustment for pension related deferred outflows of resources being accrued			64,186
Adjustment for pension related deferred inflows of resources being accrued			(17,611)
Adjustment for pension transition liability			(10,354)
Adjustment for capital assets not being depreciated			97,922
Adjustment for capital assets, net of accumulated depreciation			<u>15,598,830</u>
<b>NET POSITION - GAAP BASIS</b>			<u>\$ 22,584,444</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, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Charges for service	\$ 8,089,620	\$ 8,089,620	\$ 8,149,197	\$ 59,577
Interest	65,965	65,965	82,247	16,282
Miscellaneous	500	500	-	(500)
<b>TOTAL REVENUES</b>	<b>8,156,085</b>	<b>8,156,085</b>	<b>8,231,444</b>	<b>75,359</b>
<b>EXPENDITURES</b>				
Current:				
Personal Services	379,335	379,335	359,207	20,128
Materials and service	6,771,440	6,771,440	6,724,819	46,621
Capital outlay	535,000	535,000	110,138	424,862
Contingency	1,338,460	1,338,460	-	1,338,460
<b>TOTAL EXPENDITURES</b>	<b>9,024,235</b>	<b>9,024,235</b>	<b>7,194,164</b>	<b>1,830,071</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(868,150)</b>	<b>(868,150)</b>	<b>1,037,280</b>	<b>1,905,430</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	125,110	125,110	125,110	-
Transfers out	(1,237,295)	(1,237,295)	(1,237,295)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,112,185)</b>	<b>(1,112,185)</b>	<b>(1,112,185)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,980,335)</b>	<b>(1,980,335)</b>	<b>(74,905)</b>	<b>1,905,430</b>
<b>FUND BALANCE - beginning</b>	<b>3,298,300</b>	<b>3,298,300</b>	<b>3,402,516</b>	<b>104,216</b>
<b>FUND BALANCE - ending</b>	<b>\$ 1,317,965</b>	<b>\$ 1,317,965</b>	<b>\$ 3,327,611</b>	<b>\$ 2,009,646</b>



**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, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Fees and charges	\$ 600,000	\$ 600,000	\$ 475,009	\$ (124,991)
Interest	78,310	78,310	95,819	17,509
<b>TOTAL REVENUES</b>	<b>678,310</b>	<b>678,310</b>	<b>570,828</b>	<b>(107,482)</b>
<b>EXPENDITURES</b>				
Current:				
Materials and service	993,120	993,120	833,333	159,787
Capital outlay	434,500	434,500	3,237	431,263
Contingency	3,150,900	3,150,900	-	3,150,900
<b>TOTAL EXPENDITURES</b>	<b>4,578,520</b>	<b>4,578,520</b>	<b>836,570</b>	<b>3,741,950</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,900,210)</b>	<b>(3,900,210)</b>	<b>(265,742)</b>	<b>3,634,468</b>
<b>OTHER FINANCING USES</b>				
Transfers out	(15,220)	(15,220)	(15,220)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(15,220)</b>	<b>(15,220)</b>	<b>(15,220)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,915,430)</b>	<b>(3,915,430)</b>	<b>(280,962)</b>	<b>3,634,468</b>
<b>FUND BALANCE - beginning</b>	<b>3,915,430</b>	<b>3,915,430</b>	<b>3,975,518</b>	<b>60,088</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,694,556</b>	<b>\$ 3,694,556</b>

**CITY OF TUALATIN, OREGON**  
**STORM DRAIN OPERATIONS COMBINED**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2019**

	Storm Drain Fund	Storm Drain Development Fund	Total Storm Drain Operations
<b>REVENUES</b>			
Charges for service	\$ 3,029,623	\$ -	\$ 3,029,623
Fees and charges	-	125,367	125,367
Interest	95,735	13,794	109,529
Miscellaneous	20,156	-	20,156
TOTAL REVENUES	3,145,514	139,161	3,284,675
<b>EXPENDITURES</b>			
Current:			
Materials and service	1,205,657	-	1,205,657
Capital outlay	103,788	96,673	200,461
TOTAL EXPENDITURES	1,309,445	96,673	1,406,118
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,836,069	42,488	1,878,557
<b>OTHER FINANCING SOURCES USES</b>			
Transfers out	(922,280)	(2,150)	(924,430)
TOTAL OTHER FINANCING SOURCES (USES)	(922,280)	(2,150)	(924,430)
NET CHANGE IN FUND BALANCES	913,789	40,338	954,127
FUND BALANCES - beginning	3,342,371	489,039	3,831,410
FUND BALANCES - ending	\$ 4,256,160	\$ 529,377	4,785,537
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>			
Adjustment for unrealized gain (loss) on investments			8,158
Adjustment for capital assets not being depreciated			34,533
Adjustment for capital assets, net of accumulated depreciation			4,076,779
NET POSITION - GAAP BASIS			\$ 8,905,007

**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, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Charges for service	\$ 2,998,530	\$ 2,998,530	\$ 3,029,623	\$ 31,093
Interest	62,100	62,100	95,735	33,635
Miscellaneous	-	-	20,156	20,156
<b>TOTAL REVENUES</b>	<b>3,060,630</b>	<b>3,060,630</b>	<b>3,145,514</b>	<b>84,884</b>
<b>EXPENDITURES</b>				
Current:				
Materials and service	1,383,625	1,383,625	1,205,657	177,968
Capital outlay	330,625	330,625	103,788	226,837
Contingency	392,565	392,565	-	392,565
<b>TOTAL EXPENDITURES</b>	<b>2,106,815</b>	<b>2,106,815</b>	<b>1,309,445</b>	<b>797,370</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>953,815</b>	<b>953,815</b>	<b>1,836,069</b>	<b>882,254</b>
<b>OTHER FINANCING USES</b>				
Transfers out	(922,280)	(922,280)	(922,280)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(922,280)</b>	<b>(922,280)</b>	<b>(922,280)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>31,535</b>	<b>31,535</b>	<b>913,789</b>	<b>882,254</b>
<b>FUND BALANCE - beginning</b>	<b>3,105,080</b>	<b>3,105,080</b>	<b>3,342,371</b>	<b>237,291</b>
<b>FUND BALANCE - ending</b>	<b>\$ 3,136,615</b>	<b>\$ 3,136,615</b>	<b>\$ 4,256,160</b>	<b>\$ 1,119,545</b>

**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, 2019**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Fees and charges	\$ 30,000	\$ 30,000	\$ 125,367	\$ 95,367
Interest	8,470	8,470	13,794	5,324
<b>TOTAL REVENUES</b>	<b>38,470</b>	<b>38,470</b>	<b>139,161</b>	<b>100,691</b>
<b>EXPENDITURES</b>				
Current:				
Capital outlay	70,000	115,000	96,673	18,327
Contingency	389,700	344,700	-	344,700
<b>TOTAL EXPENDITURES</b>	<b>459,700</b>	<b>459,700</b>	<b>96,673</b>	<b>363,027</b>
<b>DEFICIENCY OF REVENUES</b>				
<b>UNDER EXPENDITURES</b>	<b>(421,230)</b>	<b>(421,230)</b>	<b>42,488</b>	<b>463,718</b>
<b>OTHER FINANCING USES</b>				
Transfers out	(2,150)	(2,150)	(2,150)	-
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>(2,150)</b>	<b>(2,150)</b>	<b>(2,150)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(423,380)</b>	<b>(423,380)</b>	<b>40,338</b>	<b>463,718</b>
<b>FUND BALANCE - beginning</b>	<b>423,380</b>	<b>423,380</b>	<b>489,039</b>	<b>65,659</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 529,377</b>	<b>\$ 529,377</b>

## **OTHER FINANCIAL SCHEDULES**

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**CITY OF TUALATIN, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES**  
**For the Fiscal Year Ended June 30, 2019**

Fiscal Year	Uncollected Balance June 30, 2018	Levy as Extended By Assessor	Discount	Interest	Adjustments	Collections	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 13,106,253	\$ (357,549)	\$ 2,747	\$ (36,920)	\$(12,576,052)	\$ 138,479
2017-2018	122,689	-	965	4,587	12,506	(106,148)	34,599
2016-2017	99,019	-	(649)	3,407	(39,334)	(43,324)	19,119
2015-2016	65,079	-	(456)	3,301	(30,302)	(29,428)	8,194
2014-2015	52,292	-	(1,048)	1,754	(9,784)	(40,324)	2,890
2013-2014	40,708	-	(1,016)	259	(4,926)	(33,073)	1,952
Prior years	123,649	-	(3,334)	866	(7,807)	(105,331)	8,043
Totals	<u>\$ 503,436</u>	<u>\$ 13,106,253</u>	<u>\$ (363,087)</u>	<u>\$ 16,921</u>	<u>\$ (116,567)</u>	<u>\$(12,933,680)</u>	<u>\$ 213,276</u>

Taxes receivable classified by fund:

General Fund	\$ 176,293
General Obligation Bond Fund	<u>36,983</u>
	<u>\$ 213,276</u>

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

	2015	2016	2017	2018	2019
<b>REVENUES:</b>					
Charges for service	\$ 5,759,077	\$ 6,167,347	\$ 6,047,122	\$ 6,604,701	\$ 7,132,235
Fees and charges	-	-	43,685	25,444	31,052
Interest	27,552	31,110	57,830	99,486	160,473
Miscellaneous	15,580	23,124	17,049	601	7,305
Total revenues	5,802,209	6,221,581	6,165,686	6,730,232	7,331,065
<b>EXPENDITURES:</b>					
Current:					
Personal Services	-	-	551,385	522,726	638,853
Materials and service	2,062,306	2,123,206	2,669,474	2,737,432	2,959,293
Capital outlay	2,174,856	670,889	489,867	535,255	1,253,878
Total expenditures	4,237,162	2,794,095	3,710,726	3,795,413	4,852,024
Excess (deficiency) of revenues over expenditures	1,565,047	3,427,486	2,454,960	2,934,819	2,479,041
<b>OTHER FINANCING USES</b>					
Internal loan proceeds	-	-	-	-	(335,000)
Transfers in	450,000	320,000	8,466	141,677	373,959
Transfers out	(2,846,350)	(2,944,790)	(2,006,705)	(2,183,730)	(2,080,970)
Total other financing sources (uses)	(2,396,350)	(2,624,790)	(1,998,239)	(2,042,053)	(2,042,011)
Net change in fund balances	(831,303)	802,696	456,721	892,766	437,030
<b>FUND BALANCES, BEGINNING BUDGETARY BASIS</b>	5,058,604	4,227,301	5,029,997	5,486,718	6,379,484
<b>FUND BALANCES, ENDING BUDGETARY BASIS</b>	\$ 4,227,301	\$ 5,029,997	\$ 5,486,718	\$ 6,379,484	\$ 6,816,514



## **STATISTICAL SECTION**

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## STATISTICAL SECTION

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

### **FINANCIAL TRENDS**

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

### **REVENUE CAPACITY**

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

### **DEBT CAPACITY**

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

### **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

### **OPERATING INFORMATION**

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

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

**CITY OF TUALATIN**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**

	2019	2018	2017 (restated)	2016
<b><i>Governmental activities</i></b>				
Net investment in capital assets	\$ 88,026,572	\$ 87,689,070	\$ 89,406,263	\$ 92,714,377
Restricted for special purposes	17,883,651	17,684,108	15,999,817	15,691,594
Unrestricted	(1,565,440)	(2,873,654)	(1,224,674)	(299,018)
<i>Total governmental activities</i>	<u>\$ 104,344,783</u>	<u>\$ 102,499,524</u>	<u>\$ 104,181,406</u>	<u>\$ 108,106,953</u>
<b><i>Business-type activities</i></b>				
Net investment in capital assets	\$ 47,494,937	\$ 48,401,428	\$ 47,820,158	\$ 48,485,673
Restricted for special purposes	5,429,897	5,665,182	5,326,945	5,309,622
Unrestricted	14,634,231	13,190,009	11,159,067	9,882,033
<i>Total business-type activities net position</i>	<u>\$ 67,559,065</u>	<u>\$ 67,256,619</u>	<u>\$ 64,306,170</u>	<u>\$ 63,677,328</u>
<b><i>Primary government</i></b>				
Net investment in capital assets	\$ 135,521,509	\$ 136,090,498	\$ 137,226,421	\$ 141,200,050
Restricted for special purposes	23,313,548	23,349,290	21,326,762	21,001,216
Unrestricted	13,068,791	10,316,355	9,934,393	9,583,015
<i>Total primary government net position</i>	<u>\$ 171,903,848</u>	<u>\$ 169,756,143</u>	<u>\$ 168,487,576</u>	<u>\$ 171,784,281</u>

2015 (restated)	2014 (restated)	2013	2012	2011	2010
\$ 92,025,421	\$ 93,651,852	\$ 95,303,048	\$ 96,704,593	\$ 95,531,501	\$ 97,164,924
16,106,005	12,939,222	12,773,161	13,101,042	15,947,020	20,700,327
5,747,426	8,205,348	11,017,677	11,416,369	10,794,402	8,359,281
\$ 113,878,852	\$ 114,796,422	\$ 119,093,886	\$ 121,222,004	\$ 122,272,923	\$ 126,224,532
\$ 48,216,410	\$ 47,293,914	\$ 46,626,072	\$ 47,026,375	\$ 47,186,247	\$ 47,581,590
5,042,785	5,148,228	5,057,107	4,679,232	4,373,171	4,172,155
8,860,551	9,296,215	7,626,649	6,802,003	6,047,100	5,574,907
\$ 62,119,746	\$ 61,738,357	\$ 59,309,828	\$ 58,507,610	\$ 57,606,518	\$ 57,328,652
\$ 140,241,831	\$ 140,945,766	\$ 141,929,120	\$ 143,730,968	\$ 142,717,748	\$ 144,746,514
21,148,790	18,087,450	17,830,268	17,780,274	20,320,191	24,872,482
14,607,977	17,501,563	18,644,326	18,218,372	16,841,502	13,934,188
\$ 175,998,598	\$ 176,534,779	\$ 178,403,714	\$ 179,729,614	\$ 179,879,441	\$ 183,553,184

**CITY OF TUALATIN**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**

	2019	2018	2017	2016
<b>Expenses</b>				
<i>Governmental activities:</i>				
General government	\$ 9,307,642	\$ 8,820,817	\$ 8,601,383	\$ 9,588,149
Public Safety	9,618,099	9,395,927	9,376,700	11,314,546
Highways and streets	6,218,228	6,512,541	5,766,575	5,336,161
Culture and recreation	5,915,477	5,807,210	5,610,846	5,989,878
Interest on long-term debt	732,891	278,911	306,991	353,882
<i>Total governmental activities expenses</i>	<u>31,792,337</u>	<u>30,815,406</u>	<u>29,662,495</u>	<u>32,582,616</u>
<i>Business-type activities</i>				
Charges for services				
Water	6,150,565	4,588,472	4,536,689	4,666,131
Sewer	8,654,399	7,988,987	7,974,785	8,406,184
Storm drain	1,576,322	1,537,004	1,308,024	1,536,685
<i>Total business-type activities expenses</i>	<u>16,381,286</u>	<u>14,114,463</u>	<u>13,819,498</u>	<u>14,609,000</u>
<i>Total Expenses</i>	<u>\$ 48,173,623</u>	<u>\$ 44,929,869</u>	<u>\$ 43,481,993</u>	<u>\$ 47,191,616</u>
<b>Program revenues</b>				
<i>Governmental activities</i>				
Charges for services				
General government	\$ 1,328,911	\$ 1,828,717	\$ 1,552,827	\$ 1,811,857
Public Safety	1,766,201	1,347,548	1,400,454	1,255,128
Highways and streets	3,123,244	3,838,628	1,841,947	2,650,628
Culture and recreation	311,017	291,863	201,798	290,094
Operating grants and contributions	179,956	147,249	209,704	146,802
Capital grants and contributions	86,004	552,878	30,210	455,604
<i>Total governmental activities program revenues</i>	<u>6,795,333</u>	<u>8,006,883</u>	<u>5,236,940</u>	<u>6,610,113</u>
<i>Business-type activities</i>				
Charges for services				
Water	7,518,166	7,109,610	6,270,314	6,463,535
Sewer	8,624,206	8,480,478	8,273,184	8,886,824
Storm drain	3,154,990	2,905,264	2,726,287	2,608,638
Capital grants and contributions	336,979	1,778,004	45,280	648,420
<i>Total business-type activities program revenues</i>	<u>19,634,341</u>	<u>20,273,356</u>	<u>17,315,065</u>	<u>18,607,417</u>
<i>Total program revenues</i>	<u>\$ 26,429,674</u>	<u>\$ 28,280,239</u>	<u>\$ 22,552,005</u>	<u>\$ 25,217,530</u>
<b>Net (expense)/revenues</b>				
<i>Governmental activities</i>	<u>\$ (24,997,004)</u>	<u>\$ (22,808,523)</u>	<u>\$ (24,425,555)</u>	<u>\$ (25,972,503)</u>
<i>Business-type activities</i>	<u>3,253,055</u>	<u>6,158,893</u>	<u>3,495,567</u>	<u>3,998,417</u>
<i>Total net expenses</i>	<u>\$ (21,743,949)</u>	<u>\$ (16,649,630)</u>	<u>\$ (20,929,988)</u>	<u>\$ (21,974,086)</u>

2015	2014	2013	2012	2011	2010
\$ 6,057,498	\$ 8,405,978	\$ 8,325,468	\$ 7,400,702	\$ 6,837,983	\$ 9,651,970
5,942,679	7,027,399	6,904,444	6,561,167	5,986,000	6,127,811
4,586,849	3,853,744	3,843,497	3,746,471	3,722,074	4,667,832
3,769,534	5,200,979	5,080,438	4,973,304	4,647,624	3,280,537
317,574	332,382	376,864	380,608	419,382	341,346
20,674,134	24,820,482	24,530,711	23,062,252	21,613,063	24,069,496
4,973,697	4,354,918	4,252,446	4,353,652	4,089,731	3,396,759
7,392,084	6,704,634	7,703,971	6,276,559	6,086,241	5,878,803
1,449,680	1,298,184	1,243,066	1,215,940	1,124,748	514,149
13,815,461	12,357,736	13,199,483	11,846,151	11,300,720	9,789,711
\$ 34,489,595	\$ 37,178,218	\$ 37,730,194	\$ 34,908,403	\$ 32,913,783	\$ 33,859,207
\$ 2,497,798	\$ 1,540,697	\$ 2,407,130	\$ 1,304,925	\$ 1,142,028	\$ 1,047,095
1,583,770	1,496,395	1,496,395	1,666,113	888,469	141,268
2,613,764	1,326,187	1,326,187	1,736,117	1,720,495	1,628,577
279,051	227,660	227,660	179,021	254,597	161,797
482,911	629,043	427,283	476,439	712,304	3,676,768
-	-	-	-	-	278,919
7,457,294	5,219,982	5,884,655	5,362,615	4,717,893	6,934,424
6,116,285	5,321,434	5,512,366	5,523,032	5,242,442	5,654,088
7,771,356	7,083,579	8,036,187	6,539,373	6,276,381	5,457,101
2,320,189	1,941,824	1,887,080	1,775,519	1,612,020	1,326,802
827,464	491,274	124,076	348,375	348,695	338,803
17,035,294	14,838,111	15,559,709	14,186,299	13,479,538	12,776,794
\$ 24,492,588	\$ 20,058,093	\$ 21,444,364	\$ 19,548,914	\$ 18,197,431	\$ 19,711,218
\$ (13,216,840)	\$ (19,600,500)	\$ (18,646,056)	\$ (17,699,637)	\$ (16,895,170)	\$ (17,135,072)
3,219,833	2,480,375	2,360,226	2,340,148	2,178,818	2,987,083
\$ (9,997,007)	\$ (17,120,125)	\$ (16,285,830)	\$ (15,359,489)	\$ (14,716,352)	\$ (14,147,989)

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

	2019	2018	2017	2016
<b>General revenues and other changes in net position</b>				
Governmental activities				
Taxes and assessments	\$ 19,073,250	\$ 15,363,366	\$ 14,680,977	\$ 15,397,943
Licenses and permits	2,429,676	2,366,393	2,192,857	2,197,426
Miscellaneous	1,833,807	725,044	524,761	404,888
Transfers	3,505,530	3,496,958	3,101,413	2,586,832
Total governmental activities	26,842,263	21,951,761	20,500,008	20,587,089
Business-type activities				
Miscellaneous	554,921	311,671	234,688	145,997
Transfers	(3,505,530)	(3,496,958)	(3,101,413)	(2,586,832)
Total business-type activities	(2,950,609)	(3,185,287)	(2,866,725)	(2,440,835)
Total	\$ 23,891,654	\$ 18,766,474	\$ 17,633,283	\$ 18,146,254
<b>Change in net position</b>				
Governmental activities	\$ 1,845,259	\$ (856,762)	\$ (3,925,547)	\$ (5,385,414)
Business-type activities	302,446	2,973,606	628,842	1,557,582
Total	\$ 2,147,705	\$ 2,116,844	\$ (3,296,705)	\$ (3,827,832)

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	2015	2014	2013	2012	2011	2010
\$	14,298,091	\$ 12,725,359	\$ 12,462,040	\$ 12,547,363	\$ 11,760,533	\$ 12,464,195
	2,213,242	2,135,959	2,071,040	2,205,176	2,091,937	2,428,585
	929,624	287,931	331,603	379,396	574,472	382,515
	2,316,940	153,787	1,653,255	1,516,783	(1,392,357)	313,096
	19,757,897	15,303,036	16,517,938	16,648,718	13,034,585	15,588,391
	89,399	101,941	95,247	77,727	74,773	89,790
	(2,316,940)	(153,787)	(1,653,255)	(1,516,783)	(1,775,215)	(313,096)
	(2,227,541)	(51,846)	(1,558,008)	(1,439,056)	(1,700,442)	(223,306)
\$	17,530,356	\$ 15,251,190	\$ 14,959,930	\$ 15,209,662	\$ 11,334,143	\$ 15,365,085
\$	6,541,057	\$ (4,297,464)	\$ (2,128,118)	\$ (1,050,919)	\$ (3,860,585)	\$ (1,546,681)
	992,292	2,428,529	802,218	901,092	478,376	2,763,777
\$	7,533,349	\$ (1,868,935)	\$ (1,325,900)	\$ (149,827)	\$ (3,382,209)	\$ 1,217,096

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

	2019	2018	2017	2016
General Fund				
Reserved / Nonspendable	\$ 76,094	\$ 79,900	\$ 137,060	\$ 116,121
Unreserved / Unassigned	13,341,945	10,528,381	9,918,282	8,347,295
Total general fund	<u>\$ 13,418,039</u>	<u>\$ 10,608,281</u>	<u>\$ 10,055,342</u>	<u>\$ 8,463,416</u>
All other governmental funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	(156,399)	-	-	-
Debt service funds	-	-	-	-
Nonspendable				
Inventory	46,001	44,697	17,807	24,138
Restricted for:				
Building and engineering	2,061,501	2,013,372	1,814,179	1,857,722
Street and roadside maintenance	2,265,867	1,617,439	2,185,622	2,545,434
Debt service payments	124,465	63,195	76,598	93,706
Capital projects	-	1,284,846	1,208,148	1,093,230
Transportation	9,555,456	8,753,112	6,698,728	5,936,282
Urban renewal projects	3,876,362	3,952,144	4,016,542	4,165,220
Committed to:				
Pavement maintenance and street lighting	399,869	310,272	437,794	137,129
Parking maintenance	163,114	134,595	159,361	149,356
Transportation	22,101,883	-	-	-
Assigned to:				
Scholarships	51,111	51,233	50,878	50,729
Capital projects	-	-	-	-
Total all other governmental funds	<u>\$ 40,489,230</u>	<u>\$ 18,224,905</u>	<u>\$ 16,665,657</u>	<u>\$ 16,052,946</u>

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

2015	2014	2013	2012	2011	2010
\$ 81,795	\$ 97,206	\$ 78,833	\$ 70,154	\$ 63,306	\$ 29,333
7,474,727	6,971,206	6,625,950	6,421,650	5,523,545	4,514,767
<u>\$ 7,556,522</u>	<u>\$ 7,068,412</u>	<u>\$ 6,704,783</u>	<u>\$ 6,491,804</u>	<u>\$ 5,586,851</u>	<u>\$ 4,544,100</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,980
-	-	-	-	-	5,750,061
-	-	-	-	-	15,533,420
-	-	-	-	-	3,398,353
36,164	39,484	37,235	34,920	35,639	-
1,744,129	1,797,858	1,830,952	1,526,018	1,458,274	-
1,040,146	536,670	834,061	605,858	428,600	-
285,945	275,241	267,171	398,174	485,846	-
3,246,367	1,361,175	1,232,131	623,276	612,569	-
5,439,306	3,768,251	3,080,265	2,701,857	1,850,125	-
4,304,445	5,154,360	5,482,914	7,094,642	10,960,389	-
54,279	161,357	574,753	1,097,706	1,290,242	-
146,188	134,680	127,049	187,915	223,508	-
-	-	-	-	-	-
50,804	50,547	50,579	50,745	51,485	-
-	-	2,028,522	2,310,656	2,506,069	-
<u>\$ 16,347,773</u>	<u>\$ 13,279,623</u>	<u>\$ 15,545,632</u>	<u>\$ 16,631,767</u>	<u>\$ 19,902,746</u>	<u>\$ 24,717,814</u>

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

	2019	2018	2017	2016
<b>REVENUES</b>				
Property taxes	\$ 12,941,472	\$ 10,290,120	\$ 9,888,927	\$ 9,528,110
Licenses and permits	1,101,399	946,352	854,097	4,034,429
Fees and charges	3,250,503	4,328,619	2,181,130	-
Intergovernmental	6,515,075	5,156,715	4,896,115	5,901,009
Franchise tax	2,429,676	2,366,393	2,192,857	2,197,426
Charges for services	884,675	979,223	846,896	994,699
Fines and forfeitures	1,441,208	1,085,542	1,147,883	1,008,765
Miscellaneous	1,897,113	779,469	574,006	437,286
Total Revenue	30,461,121	25,932,433	22,581,911	24,101,724
<b>EXPENDITURES</b>				
Current operating:				
General government	7,716,624	7,074,509	6,602,167	5,946,162
Public safety	8,913,301	8,630,413	8,296,042	8,053,048
Public works	3,187,568	3,415,760	2,558,647	2,031,604
Culture and recreation	4,824,486	4,714,764	4,470,485	4,207,790
Capital outlay	4,544,686	2,417,056	1,630,065	4,114,432
Debt service				
Interest	970,362	198,406	230,125	259,338
Principal	5,900,000	765,000	735,000	700,000
Total expenditures	36,057,027	27,215,908	24,522,531	25,312,374
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(5,595,906)	(1,283,475)	(1,940,620)	(1,210,650)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,244,182	5,455,597	6,205,313	5,815,263
Transfers out	(2,738,652)	(2,064,187)	(2,083,479)	(3,606,061)
Sale of general capital assets	18,170	4,252	23,423	-
Bond and notes issued	23,750,000	-	-	-
Bonds and note premium	3,396,289	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	30,669,989	3,395,662	4,145,257	2,209,202
<b>NET CHANGE IN FUND BALANCES</b>	\$ 25,074,083	\$ 2,112,187	\$ 2,204,637	\$ 998,552
Debt service as a percentage of noncapital expenditures	21.36%	3.78%	4.08%	4.48%

2015	2014	2013	2012	2011	2010
\$ 9,171,688	\$ 8,738,296	\$ 8,438,011	\$ 8,259,442	\$ 8,345,567	\$ 13,248,979
4,854,016	2,096,220	2,926,323	2,620,698	1,916,087	1,978,115
-	-	-	-	-	-
5,141,871	3,968,177	4,043,726	4,190,756	3,396,857	3,657,138
2,213,242	2,135,959	2,071,040	2,205,176	2,091,937	2,428,585
790,191	1,267,023	960,510	754,994	1,306,725	116,237
1,359,978	1,256,196	1,224,329	1,371,896	639,098	277,535
897,349	512,718	698,074	751,752	1,116,761	401,179
24,428,335	19,974,589	20,362,013	20,154,714	18,813,032	22,107,768
6,089,223	7,071,708	7,073,285	6,609,300	6,003,505	8,708,125
7,651,922	6,798,353	6,689,136	6,345,089	5,959,615	5,724,373
2,249,123	1,056,047	1,054,388	1,103,448	1,116,838	1,451,564
3,936,035	4,429,718	4,304,274	4,201,940	3,901,649	3,198,392
1,915,307	3,507,138	2,224,530	4,295,957	2,106,987	6,597,787
286,719	312,863	348,621	380,448	407,692	454,696
675,000	650,000	845,000	765,000	570,000	1,396,915
22,803,329	23,825,827	22,539,234	23,701,182	20,066,286	27,531,852
1,625,006	(3,851,238)	(2,177,221)	(3,546,468)	(1,253,254)	(5,424,084)
3,521,120	4,382,439	3,187,850	3,404,503	3,569,611	8,828,428
(1,589,920)	(3,533,527)	(1,883,785)	(2,224,061)	(5,062,121)	(5,517,435)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,100,000	-	-	-	21,757
1,931,200	1,948,912	1,304,065	1,180,442	(1,492,510)	3,332,750
\$ 3,556,206	\$ (1,902,326)	\$ (873,156)	\$ (2,366,026)	\$ (2,745,764)	\$ (2,091,334)
4.59%	4.71%	5.82%	5.87%	5.37%	8.84%

**CITY OF TUALATIN**  
**TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2019**

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<b>Fiscal Year</b>	<b>Property</b> <sup>1</sup>	<b>Special Assessments</b> <sup>2</sup>	<b>Total</b>
2019	12,941,472	-	12,941,472
2018	10,290,120	-	10,290,120
2017	9,888,927	-	9,888,927
2016	9,528,110	-	9,528,110
2015	9,171,688	-	9,171,688
2014	8,738,296	-	8,738,296
2013	8,438,011	87,036	8,525,047
2012	8,259,442	87,036	8,346,478
2011	8,345,567	87,036	8,432,603
2010	12,451,156	87,036	12,538,192

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

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

Source: Washington and Clackamas Counties

**CITY OF TUALATIN**  
**ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**June 30, 2019**

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		
2019	4,146,931,416	6,404,471,950	279,932,764	284,383,404	94,181,800	94,349,571	4,521,045,980	6,783,204,925	2.8858	67%
2018	3,905,253,670	5,776,077,086	256,221,457	258,768,137	98,743,157	100,330,069	4,260,218,284	6,135,175,292	2.4962	69%
2017	3,727,438,870	5,200,586,098	243,045,300	244,279,660	99,593,076	100,673,639	4,070,077,246	5,545,539,397	2.5060	73%
2016	3,577,897,121	4,723,504,068	237,766,065	238,156,855	88,163,700	99,093,453	3,903,826,886	5,060,754,376	2.5162	77%
2015	3,403,125,302	4,405,515,513	213,357,477	213,747,197	95,219,900	101,133,802	3,711,702,679	4,720,396,512	2.5345	79%
2014	3,257,830,943	4,002,490,680	198,872,324	199,275,785	75,207,720	83,074,370	3,531,910,987	4,284,840,835	2.5482	82%
2013	3,138,684,805	3,808,264,330	191,518,337	191,822,756	71,574,586	78,819,910	3,401,777,728	4,078,906,996	2.5589	83%
2012	3,068,906,152	3,893,021,654	190,156,648	190,515,810	77,667,490	80,231,026	3,336,730,290	4,163,768,490	2.5639	80%
2011	3,026,333,673	4,132,089,955	195,430,864	195,870,560	78,161,000	78,508,787	3,299,925,537	4,406,469,302	2.5317	75%
2010	2,950,206,208	4,456,903,432	201,428,582	201,824,139	76,063,750	76,257,231	3,227,698,540	4,734,984,802	2.4888	68%

\* 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, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>City of Tualatin:</b>										
General Government	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 1.96
G.O. Bond	0.62	0.23	0.24	0.25	0.27	0.28	0.29	0.30	0.27	0.22
<b>Total City</b>	<b>2.89</b>	<b>2.50</b>	<b>2.51</b>	<b>2.52</b>	<b>2.54</b>	<b>2.55</b>	<b>2.56</b>	<b>2.56</b>	<b>2.53</b>	<b>2.18</b>
<b>OVERLAPPING RATES:</b>										
<b>Washington County</b>										
Washington County	2.96	2.96	2.96	2.84	2.84	2.97	2.97	2.97	2.98	2.62
	2.96	2.96	2.96	2.84	2.84	2.97	2.97	2.97	2.98	2.62
<b>School District</b>										
NW Regional ESD*	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.13
Portland Community College	0.69	0.61	0.68	0.59	0.72	0.73	0.67	0.60	0.64	0.56
Tigard-Tualatin School District #23J	7.75	7.77	7.45	7.46	7.46	7.41	7.41	7.44	7.37	7.00
	8.59	8.52	8.28	8.20	8.33	8.29	8.23	8.19	8.16	7.70
<b>Special District</b>										
Tualatin Soil & Water District	0.07	0.08	-	-	-	-	-	-	-	-
Tualatin Valley Fire & Rescue	2.08	2.08	2.10	2.11	1.89	1.91	1.91	1.93	1.88	1.69
Port of Portland	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.06
Metro Service District	0.47	0.41	0.40	0.38	0.46	0.47	0.40	0.32	0.41	0.40
Tri-Met Transport District	-	-	-	-	-	-	-	0.06	0.09	0.07
Tigard Tualatin Aquatic	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	-
Urban Renewal - Tualatin	-	-	-	-	-	-	-	-	-	1.70
	2.79	2.72	2.65	2.65	2.51	2.53	2.48	2.46	2.54	3.93
<b>Total Overlapping</b>	<b>14.34</b>	<b>14.21</b>	<b>13.90</b>	<b>13.69</b>	<b>13.68</b>	<b>13.79</b>	<b>13.68</b>	<b>13.63</b>	<b>13.68</b>	<b>14.24</b>
<b>TOTAL</b>	<b>\$ 17.22</b>	<b>\$ 16.70</b>	<b>\$ 16.40</b>	<b>\$ 16.21</b>	<b>\$ 16.22</b>	<b>\$ 16.34</b>	<b>\$ 16.24</b>	<b>\$ 16.19</b>	<b>\$ 16.21</b>	<b>\$ 16.42</b>

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

Source: Washington and Clackamas Counties



**CITY OF TUALATIN**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**June 30, 2019**

Taxpayer	2019			2010		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
Lam Research Corporation <sup>2</sup>	\$ 167,933,830	1	3.94%	105,459,440	1	3.38%
BV Centercal LLC	121,866,136	2	2.86%	87,567,650	2	2.81%
Tuala Northwest LLC	79,376,890	3	1.86%	-	-	0.00%
Pacific Foods of Oregon Inc.	63,192,750	4	1.48%	-	-	0.00%
Pacific Realty Associates	50,465,780	5	1.18%	-	-	0.00%
Portland General Electric	43,063,174	6	1.01%	-	-	0.00%
JAE Oregon, Inc	37,023,160	7	0.87%	29,037,280	3	0.93%
Mohawk St Property LLC	39,459,420	8	0.93%	-	-	0.00%
CR Rivercrest Meadows Communities LLC	31,252,310	9	0.73%	22,577,430	6	0.72%
KW Hedges Creek LLC	31,219,070	10	0.73%	-	-	0.00%
Fujimi Corporation	-	-	-	23,025,550	4	0.74%
Riggs Bank NA	-	-	-	22,768,050	5	0.73%
Monadnock Property Trust LLC	-	-	-	22,553,420	7	0.72%
Zian Limited Partnership	-	-	-	22,347,410	8	0.72%
Lumber Products	-	-	-	21,042,321	9	0.67%
PRA Koch X LLC	-	-	-	12,204,990	10	0.39%
	<u>\$ 664,852,520</u>		<u>15.61%</u>	<u>\$ 368,583,541</u>		<u>11.81%</u>

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

<sup>2</sup> Lam Research Corporation previously operated as Novellus Systems Inc.

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

**CITY OF TUALATIN**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2019**

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<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collections</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent Total Tax Collections To Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent Delinquent Taxes To Tax Levy</b>
2019	13,106,253	12,576,052	95.95%	357,628	12,933,680	98.68%	213,276	1.63%
2018	10,653,398	10,169,033	95.45%	116,839	10,285,872	96.55%	503,436	4.73%
2017	10,220,443	9,755,289	95.45%	132,106	9,887,395	96.74%	494,085	4.83%
2016	9,828,855	9,388,370	95.52%	141,990	9,530,360	96.96%	455,867	4.64%
2015	9,414,934	8,993,693	95.53%	176,099	9,169,792	97.40%	413,423	4.39%
2014	9,024,595	8,581,851	95.09%	184,734	8,766,585	97.14%	426,995	4.73%
2013	8,725,937	8,319,844	95.35%	144,560	8,464,404	97.00%	413,077	4.73%
2012	8,576,510	8,148,078	95.00%	151,847	8,299,925	96.78%	432,429	5.04%
2011	8,380,679	7,923,989	94.55%	223,708	8,147,697	97.22%	346,617	4.14%
2010	12,860,698	12,134,294	94.35%	334,105	12,468,399	96.95%	592,842	4.61%

Source: Washington County and Clackamas County Assessors

**CITY OF TUALATIN**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**June 30, 2019**

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Fiscal Year	Governmental Activities				Percentage of Estimated Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total			
2019	\$ 22,330,000	\$ (124,465)	\$ 22,205,535		0.33%	818
2018	4,480,000	(63,195)	4,416,805		0.07%	164
2017	5,245,000	(76,598)	5,168,402		0.09%	192
2016	5,980,000	(93,706)	5,886,294		0.12%	219
2015	6,680,000	(104,996)	6,575,004		0.14%	247
2014	7,355,000	(95,209)	7,259,791		0.17%	270
2013	8,005,000	(88,093)	7,916,907		0.19%	299
2012	8,630,000	(80,897)	8,549,103		0.21%	327
2011	9,235,000	(88,101)	9,146,899		0.21%	350
2010	9,645,000	(29,635)	9,615,365		0.20%	368

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

# CITY OF TUALATIN

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2019

Jurisdiction	Net Direct Debt Outstanding	Percent Applicable Inside City of Tualatin	Amount Applicable Inside City of Tualatin
City of Tualatin	\$ 25,975,181	100.0000%	\$ 25,975,181
Clackamas County	129,945,000	1.3234% *	1,719,692
Clackamas County District 3J (West Linn/Wilsonville)	209,850,109	1.0967%	2,301,426
Clackamas County School District 7J (Lake Oswego)	249,044,136	1.6421%	4,089,554
Clackamas County ESD	20,970,000	0.4653%	97,573
Clackamas Community College	93,763,913	1.5760%	1,477,719
Clackamas Soil & Water Conservation	6,815,000	1.3234%	90,190
Metro	819,020,000	2.3409%	19,172,439
Portland Community College	602,297,900	2.5948%	15,628,426
Washington County	228,769,717	6.3907%	14,619,986
Rivergrove Water District 14J	536,529	0.0938%	503
Tualatin Valley Fire and Rescue District	26,055,000	7.8104%	2,035,000
Washington County School District 23J (Tigard-Tualatin)	341,851,415	34.5753%	118,196,152
Washington County School District 88J (Sherwood)	327,983,172	14.6377%	48,009,193
Subtotal overlapping debt			227,437,853
Direct and overlapping debt			<u><u>\$ 253,413,034</u></u>

Overlapping debt percentage is determined by the percentage of assessed value of the overlapping district that is within the City limits of Tualatin applied.

Source: Municipal Debt Management, State of Oregon

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

**CITY OF TUALATIN**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**June 30, 2019**

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

True Cash Value	\$ 4,521,045,980
Rate	<u>x 3%</u>
Debt limit	135,631,379
Debt applicable to limit	<u>22,205,535</u>
	<u><u>\$ 113,425,844</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
2019	83.63%	135,631,379	22,205,535	113,425,844
2018	96.54%	127,806,549	4,416,805	123,389,744
2017	95.77%	122,102,317	5,168,402	116,933,915
2016	94.97%	117,114,807	5,886,294	111,228,513
2015	94.10%	111,351,080	6,575,004	104,776,076
2014	93.15%	105,957,330	7,259,791	98,697,539
2013	92.24%	102,053,332	7,916,907	94,136,425
2012	91.46%	100,101,909	8,549,103	91,552,806
2011	90.76%	98,997,766	9,146,899	89,850,867
2010	90.45%	95,030,956	9,075,365	85,955,591

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

**CITY OF TUALATIN**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2019**

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<b>Fiscal Year</b>	<b>Population</b>	<b>Taxable Personal Income</b>	<b>Per Capita Personal Income</b>
2019	27,135	*	*
2018	26,935	*	*
2017	26,960	1,033,535	38,336
2016	26,840	942,049	35,099
2015	26,590	910,673	34,249
2014	26,925	848,143	31,500
2013	26,510	785,646	29,636
2012	26,170	750,529	28,679
2011	26,160	681,114	26,036
2010	26,130	677,618	25,933

(in thousands)

\* Information unavailable at this time.

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

**CITY OF TUALATIN**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**June 30, 2019**

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lam Research Corporation	2,124	1	7.13%	400	5	1.97%
Legacy Meridian Park Hospital	990	2	3.32%	823	1	4.05%
Nortek Air Solutions (formerly CES Group LLC)	689	3	2.31%	-	-	-
Pacific Foods of Oregon, Inc	681	4	2.29%	-	-	-
Portland General Electric	478	5	1.60%	314	6	1.54%
United Parcel Service	448	6	1.50%	512	2	2.52%
Milgard Windows	439	7	1.47%	275	9	1.35%
Metro West Ambulance	381	8	1.28%	-	-	-
Creganna Medical	376	9	1.26%	-	-	-
Pacific Furniture Industries	375	10	1.26%	-	-	-
GE Security	-	-	-	500	3	2.46%
Tigard-Tualatin School District	-	-	-	421	4	2.07%
DPI Northwest	-	-	-	300	7	1.47%
Precision Wire	-	-	-	290	8	1.43%
Fred Meyer	-	-	-	273	10	1.34%
	<u>6,981</u>			<u>4,108</u>		
Total City employment			<u>29,800</u>			

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

**CITY OF TUALATIN****SCHEDULE OF PLEDGED REVENUE BOND COVERAGE****LAST TEN FISCAL YEARS****June 30, 2019**

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**SPECIAL ASSESSMENT BONDS**

<b>Fiscal Year Ended June 30,</b>	<b>Assessment Principal Collections</b>	<b>Debt Service Requirements</b>			<b>Percent Coverage</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2019	-	-	-	-	0.00%
2018	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2014	-	-	-	-	0.00%
2013	92,441	220,000	10,340	230,340	40.13%
2012	97,691	160,000	17,860	177,860	54.93%
2011	102,982	160,000	25,380	185,380	55.55%
2010	108,773	80,000	29,140	109,140	99.66%

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, 2019**

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<b>Function</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
General government	45.75	41.75	40.10	40.85	39.60	36.85	36.25	33.38	35.13	35.50
Public safety	51.00	51.00	51.00	51.00	50.00	50.50	50.50	48.63	47.63	46.50
Highways and streets	16.00	18.75	18.75	18.50	18.50	18.50	18.50	18.50	18.50	21.50
Culture and recreation	35.40	35.28	34.65	33.50	33.50	32.38	31.13	30.13	30.13	30.13
Sewer	4.00	3.75	3.75	3.50	2.50	2.50	2.50	2.50	2.50	2.50
Water	7.00	6.50	6.50	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	<u>159.15</u>	<u>157.03</u>	<u>154.75</u>	<u>153.35</u>	<u>149.10</u>	<u>145.73</u>	<u>143.88</u>	<u>138.14</u>	<u>138.89</u>	<u>141.13</u>

Data from current and previous budgets

**CITY OF TUALATIN**  
**OPERATING INDICATORS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2019**

<b>Function</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Police										
Arrests	907	996	1,042	871	951	1,259	964	772	824	909
Traffic violations	3,098	3,393	2,958	2,880	3,794	3,971	4,305	4,847	3,015	2,509
Municipal Court cases	10,556	8,139	8,070	6,219	9,724	9,000	10,895	11,430	5,443	2,058
Building activity										
Permits issued	1,614	1,396	1,512	1,663	1,354	1,053	1,114	1,124	1,023	1,046
Estimated value (000's)	\$113,881	\$ 78,507	\$ 87,937	\$ 90,451	\$ 86,340	\$ 63,672	\$ 86,594	\$ 49,925	\$ 31,000	\$ 26,550
Planning applications	203	210	270	261	249	218	149	178	203	203
Library circulation	597,851	627,402	640,474	637,116	677,279	705,222	790,066	766,848	751,126	696,733
Water connections	6,905	6,823	6,762	6,873	6,823	6,689	6,753	6,779	6,784	6,740
Sewer connections	6,713	6,628	6,615	6,582	6,702	6,568	6,632	6,435	6,488	6,471

Data acquired from various City of Tualatin departments.

**CITY OF TUALATIN****CAPITAL ASSET STATISTICS BY FUNCTION****LAST TEN FISCAL YEARS****June 30, 2019**

<b>Function</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Public safety										
Patrol units	18	18	18	18	18	18	18	18	18	18
Highways and streets										
Miles of streets	79	79	79	79	78	78	77	77	77	76
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Acreage	322	322	315	295	289	289	289	285	285	286
*Sewage disposal										
Max daily capacity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Water										
Max daily capacity	14	14	13	13	13	13	13	13	13	13
Fire hydrants	1,035	1,030	1,024	1,017	1,005	1,005	1,005	1,001	982	982

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

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

All other information provided by internal departments of the City of Tualatin.

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

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

Honorable Mayor and City Council  
City of Tualatin, Oregon

We have audited the basic financial statements of City of Tualatin, Oregon, as of and for the year ended June 30, 2019 and have issued our report thereon dated December 20, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

**Compliance**

As part of obtaining reasonable assurance about whether City of Tualatin, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

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

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. In connection with our testing, nothing came to our attention that caused us to believe City of Tualatin, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows.

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2019:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund	Police	\$ 26,422

### **OAR 162-10-0230 Internal Control**

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

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

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

### **Purpose of this Report**

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



For Merina+Co  
Tualatin, Oregon  
December 20, 2019



