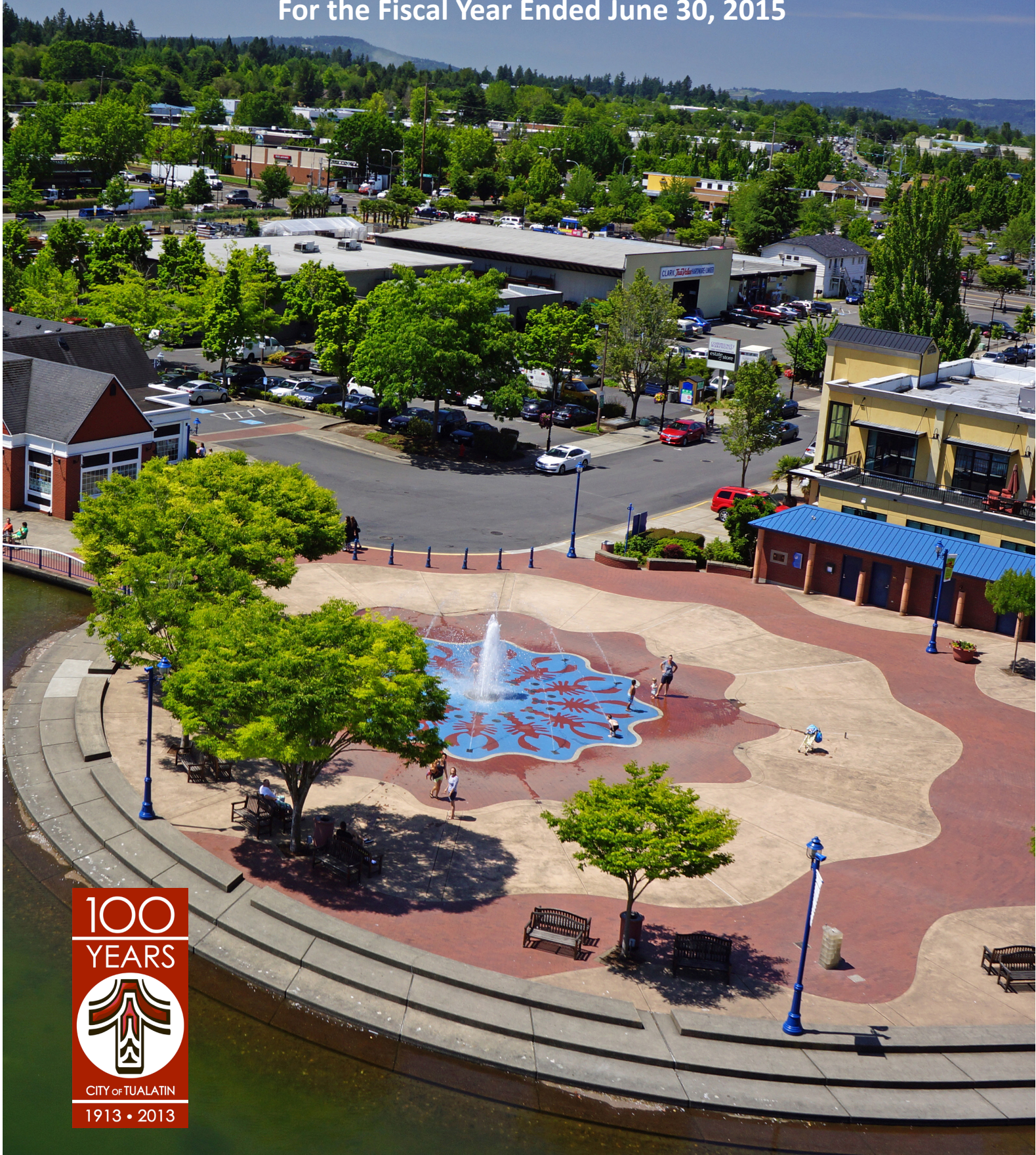


# City of Tualatin, Oregon

## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015





**CITY OF TUALATIN, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Fiscal Year Ended June 30, 2015

Prepared by the City of Tualatin – Department of Finance

Don Hudson, Finance Director

**CITY OF TUALATIN, OREGON**  
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**For the Year Ended June 30, 2015**

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## **INTRODUCTORY SECTION**

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

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***City Council***

***Term Expires***

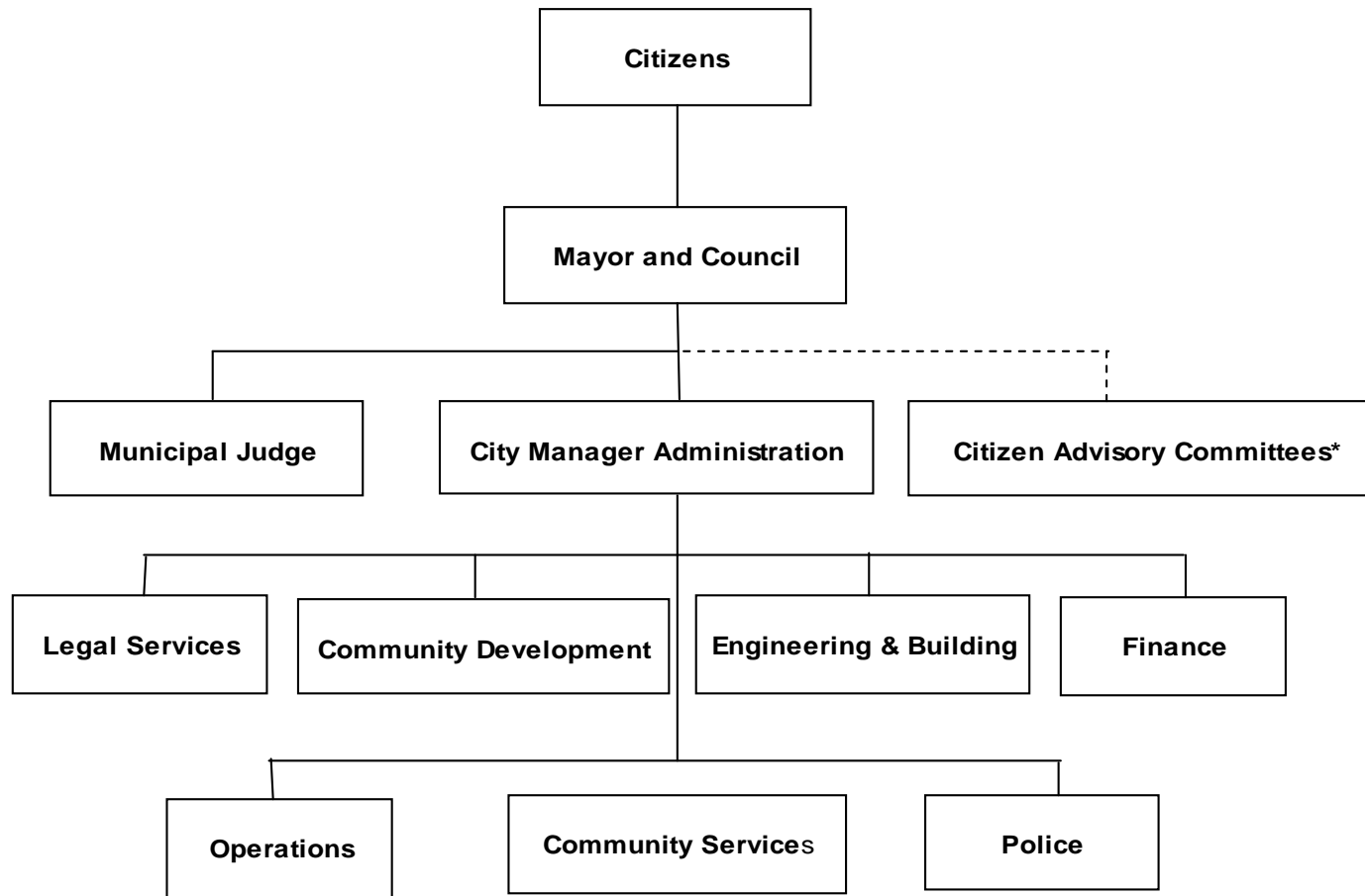
Lou Ogden, Mayor	December 31, 2018
Wade Brooksby, Position No. 1	December 31, 2018
Monique Beikman, Council President, Position No. 2	December 31, 2016
Frank Bubenik, Position No. 3	December 31, 2018
Ed Truax, Position No. 4	December 31, 2016
Nancy Grimes, Position No. 5	December 31, 2018
Joelle Davis,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

***Administrative***

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

City Offices  
18880 SW Martinazzi Avenue  
Tualatin, Oregon 97062

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



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





# City of Tualatin

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

December 31, 2015

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

State law requires that all general-purpose local governments publish a complete set of financial statements within six months of the close of each fiscal year. These statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Tualatin for the fiscal year ended June 30, 2015.

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, 2015, 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, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

The City of Tualatin celebrated its centennial birthday in 2013 and is located in Northwestern Oregon in the Portland metropolitan area, in the counties of Washington and Clackamas, just twelve miles south of Portland's city center. The City of Tualatin currently occupies a land area of 7.9 square miles and serves a population of 26,590. The City of Tualatin is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

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

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

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

## **Factors Affecting Financial Condition**

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

Given the State of Oregon's property tax limitations and the City's low permanent tax rate for operations, smart, balanced growth is important to the economic health of the community. The economic slowdown slowed development down considerably between 2010 and 2013, causing assessed value growth to be the lowest since the property tax limitations were passed in the late 1980's. As the economy began to rebound, development activity also rebounded, bringing assessed value growth back up over 5% city-wide for tax years 2014-15, and 2015-16. The Tualatin area is experiencing continued development growth, and it is anticipated that assessed value growth will be between 4% and 5% for tax year 2016-2017.

During fiscal year 2014-15, at the intersection of I-5 and Nyberg Lane, the old K-Mart shopping center site continued its redevelopment by CenterCal Properties. This new project, Nyberg Rivers, has brought in over 245,000 sq. ft. of new leasable commercial space to the existing, underutilized shopping center site, turning it into a vibrant economic asset for the City. The redevelopment included construction of seven buildings, access and public facilities improvements, as well as parking, pedestrian and landscaping improvements. Construction began in earnest during fiscal year 2013-14, with Cabela's, New Seasons Market, Pieology Pizza, Home Goods and L.A. Fitness Center opening during fiscal year 2014-15. Additional restaurants and retail buildings are slated for construction during fiscal year 2015-16.

Additionally, the City embarked on a project we call the "Big 3", replacing our current financial software with a new system for financial and utility billing, a second system for Community Development and a third system for asset management. This upgrade of existing modules, along with the addition of new modules, has created significant improvements to our internal and external processes. When fully completed, the new solutions will allow the City to offer new on-line services, including online business license renewals, payment of municipal court fines and building permit fees, as well as other functionality to our residents and customers. The project will be completed during fiscal year 2015-16.

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

One of the significant regional and local efforts is to improve transit service in Tualatin. Specifically, there are three interrelated planning efforts aimed at increasing transit service in Tualatin. First, the SW Corridor Plan will identify a potential future high capacity transit (i.e. light rail or bus rapid transit) alignment between Portland, Tigard, and Tualatin. Second, while many eyes focus on high capacity transit in the long-term future, TriMet conducted a SW Service Enhancement Plan to outline near-term local bus improvements in this part of the region. During FY 2015-16, some of these improvements will be implemented by TriMet.

Another major regional planning effort is the Basalt Creek Concept Plan 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.

Besides development, the other item that has a significant impact on the financial position of the City of Tualatin is the reforms to the Public Employees Retirement System (PERS) made by the Oregon Legislature during the 2013 legislative session, as well as the special session held in late September 2013. SB 822, passed during regular session, lowered the City's contribution rate (as a percentage of payroll) by 4.4%, a savings of approximately \$440,000 in fiscal year 2013-14. The overall unfunded actuarial liability of the Oregon PERS system was reduced by measures passed in both sessions, lowering anticipated future contribution rate increases. In April 2015, the Oregon Supreme Court rejected a large portion of the reforms. Since PERS rates are set on a biennial basis, the impact of the Supreme Court decision will not be realized until FY 2017-18, when rates are projected to increase over 4% of covered payroll.

## Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tualatin for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the 24th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both the GAAP and applicable legal requirements.

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

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

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

Respectfully submitted,



Sherilyn Lombos  
City Manager



Don Hudson  
Finance Director



Matt Warner  
Accounting Supervisor



Government Finance Officers Association

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

Presented to

**City of Tualatin  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tualatin, Oregon (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, or 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 9 and Note 10 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

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

We have applied certain limited procedures to management's discussion and analysis, schedule of the proportionate share of the net pension liability and schedule of contributions, as listed in the table of contents under the 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 budgetary comparison schedules, 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.

#### *Other Information*

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

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

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

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

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 31, 2015, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

Merina & Company, LLP  
West Linn, Oregon  
December 31, 2015



**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

---

As management of the City of Tualatin (the City), we include this narrative presenting an overview and analysis of the financial activities of the City of Tualatin for the fiscal year ended June 30, 2015. 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 \$201.5 million at June 30, 2015, and consisted of approximately \$40.4 million in cash and cash equivalents, \$153.0 million in capital assets and approximately \$8.1 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$7.4 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$25.5 million at June 30, 2015, consisting of \$14.9 million in long-term obligations, \$3.7 million in accounts payable and other liabilities, and \$6.9 million in deferred inflows related to pensions.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$176.0 million at the close of fiscal year 2015. Unrestricted net position totaled \$14.6 million, with the remainder of the City's net position invested in capital assets net of related debt (\$140.2 million) and restricted for building and engineering, street and roadside maintenance, debt service, capital projects, transportation, urban renewal, and capital improvements (\$21.2 million).
- For its governmental activities, the City generated \$7.0 million in charges for services and received \$0.5 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$20.7 million for the year, resulting in a net expense of \$13.2 million. \$17.4 million of general revenues received and \$2.3 million of transfers in resulted in an increase in net position of \$6.5 million.
- For its business-type activities, the City generated \$17.0 million in charges for services and in capital grants and contributions to fund direct expenses of \$13.8 million.
- Fund balance in the City's governmental funds was \$23.9 million at June 30, 2015, up by \$3.6 million from June 30, 2014.

**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, 2015**

---

The City adopted Government Accounting Standards Board (GASB) 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27* during fiscal year 2015. GASB Statement 68 established accounting and financial reporting standards for employers, including reporting of the net pension asset or liability on the statement of net position, and deferred inflows and outflows associated with investment, economic and demographic gains and losses associated with pension plans. GASB Statement 68 also provides guidance related to the calculation of pension expense (income). Fiscal year 2014 information reported in Tables 1 and 2 herein have been restated to conform to the new reporting and accounting standards.

**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 times that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

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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.

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

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

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

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

**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

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**Notes to the Financial Statements**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position**

The following is a comparison between the June 30, 2015 and 2014 Statements of Net Position:

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 31,109,294	\$ 24,099,169	\$ 15,705,750	\$ 15,420,165	\$ 46,815,044	\$ 39,519,334
Capital assets	99,732,467	102,213,419	53,276,638	52,368,884	153,009,105	154,582,303
Total assets	130,841,761	126,312,588	68,982,388	67,789,049	199,824,149	194,101,637
Deferred outflows of resources	1,340,056	-	355,635	-	1,695,691	-
Long-term liabilities	8,269,787	7,691,763	4,777,803	4,735,000	13,047,590	12,426,763
Other liabilities	3,700,108	3,824,403	1,921,752	1,315,692	5,621,860	5,140,095
Total liabilities	11,969,895	11,516,166	6,699,555	6,050,692	18,669,450	17,566,858
Deferred inflows of resources	6,333,070	-	518,722	-	6,851,792	-
Net Position:						
Net investment in capital assets	92,025,421	93,651,852	48,216,410	47,293,914	140,241,831	140,945,766
Restricted	16,106,005	12,939,222	5,042,785	5,148,228	21,148,790	18,087,450
Unrestricted	5,747,426	8,205,348	8,860,551	9,296,215	14,607,977	17,501,563
Total net position	\$ 113,878,852	\$ 114,796,422	\$ 62,119,746	\$ 61,738,357	\$ 175,998,598	\$ 176,534,779

The City of Tualatin's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$176.0 million as of June 30, 2015. Of this amount, \$140.2 million, (80%) was invested in capital assets, (i.e. land, buildings, machinery and equipment), less the outstanding related debt used to acquire these assets. These assets are not a source for repaying liabilities now, or in the future, since such assets represent the "business of the City". Other resources must be used to pay for outstanding liabilities, some of which are restricted to only certain uses. This requires the City to not only acquire those capital assets necessary to provide for City services, but to retain the ability to finance these acquisitions and provide maintenance for these assets.

An additional portion of net position (\$21.1 million) is restricted as to how it may be used by budgetary, legal and external factors. The unrestricted amount of \$14.6 million (8% of net position) can be used to meet on-going obligations. Of the \$25.5 million of liabilities and deferred inflows of resources at year-end for governmental and business-type activities, \$13.0 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 2014-15, as they did for 2013-14.

**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

Total net position decreased by \$.5 million during the fiscal year. The implementation of GASB Statement 68 accounts for a \$3.3 million decrease in net position, as the City recorded net pension liability of \$8.0 million at June 30, 2014 and net pension income of \$4.7 million at June 30, 2015; the resulting decrease was offset by the degree to which ongoing revenues have exceeded increase in ongoing expenses.

**Statement of Activities**

The following is a comparison between the June 30, 2015 and 2014 Statement of Activities:

**Table 2 - Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 6,974,383	\$ 4,590,939	\$ 16,207,830	\$ 14,346,837	\$ 23,182,213	\$ 18,937,776
Operating grants and contributions	482,911	629,043	-	-	482,911	629,043
Capital grants and contributions	-	-	827,464	491,274	827,464	491,274
General revenues:						
Property taxes	9,156,220	8,757,182	-	-	9,156,220	8,757,182
Franchise fees	2,213,242	2,135,959	-	-	2,213,242	2,135,959
Public service taxes and revenue sharing	5,141,871	3,968,177	-	-	5,141,871	3,968,177
Interest and miscellaneous	929,624	287,931	89,399	101,941	1,019,023	389,872
Total revenues	24,898,251	20,369,231	17,124,693	14,940,052	42,022,944	35,309,283
Expenses:						
General government	6,057,498	8,405,978	-	-	6,057,498	8,405,978
Public safety	5,942,679	7,027,399	-	-	5,942,679	7,027,399
Highways and streets	4,586,849	3,853,744	-	-	4,586,849	3,853,744
Culture and recreation	3,769,534	5,200,979	-	-	3,769,534	5,200,979
Interest on long-term debt	317,574	332,382	-	-	317,574	332,382
Water Operations	-	-	4,973,697	4,354,918	4,973,697	4,354,918
Sewer Operations	-	-	7,392,084	6,704,634	7,392,084	6,704,634
Storm Drain Operations	-	-	1,449,680	1,298,184	1,449,680	1,298,184
Total expenses	20,674,134	24,820,482	13,815,461	12,357,736	34,489,595	37,178,218
Change in net assets before transfers	4,224,117	(4,451,251)	3,309,232	2,582,316	7,533,349	(1,868,935)
Transfers	2,316,940	153,787	(2,316,940)	(153,787)	-	-
Change in net position	6,541,057	(4,297,464)	992,292	2,428,529	7,533,349	(1,868,935)
Net position - beginning	114,796,422	119,093,886	61,738,357	59,309,828	176,534,779	178,403,714
Restatement	(7,458,627)	-	(610,903)	-	(8,069,530)	-
Net position - beginning (restated)	107,337,795	119,093,886	61,127,454	59,309,828	168,465,249	178,403,714
Net position - ending	\$ 113,878,852	\$ 114,796,422	\$ 62,119,746	\$ 61,738,357	\$ 175,998,598	\$ 176,534,779

Governmental activities increased the City's net position by \$6.5 million in fiscal year 2014-15, as compared to a \$4.3 million decrease in the prior fiscal year. Revenue, including transfers, increased by \$6.7 million and expenses decreased \$4.1 million. Key elements of this change, as illustrated in Table 2 above, include a reduction in general government, public safety, and culture and recreation expenses, largely as a result of the implementation of GASB Statement 68.



**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

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Business-Type activities total revenues increased approximately \$2.2 million from 2014, due mainly to increases in revenue earned from charges for services.

Business-Type activities expenses, including transfers, increased approximately \$3.6 million, due to increases in the purchase of water and user charges passed through to Clean Water Services for sewer treatment.

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

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

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

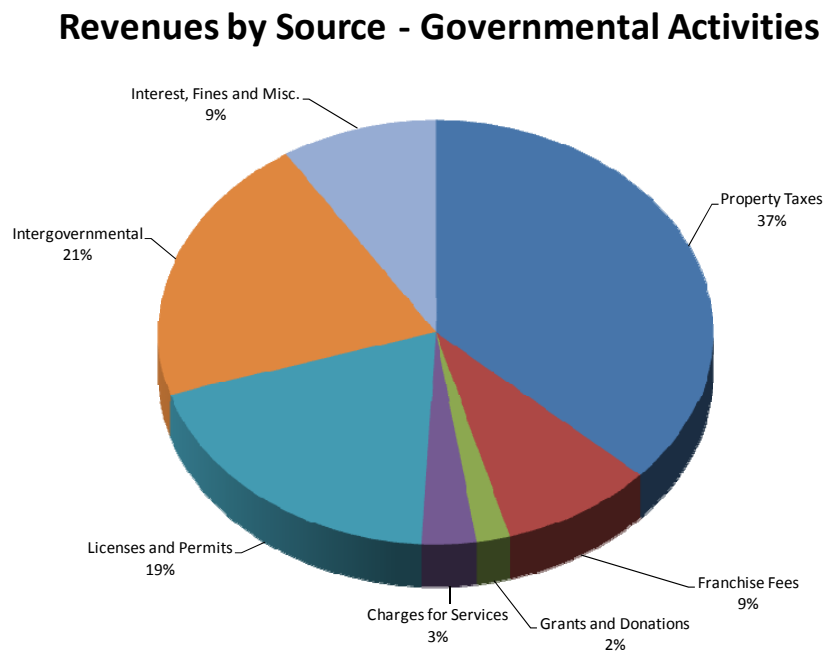
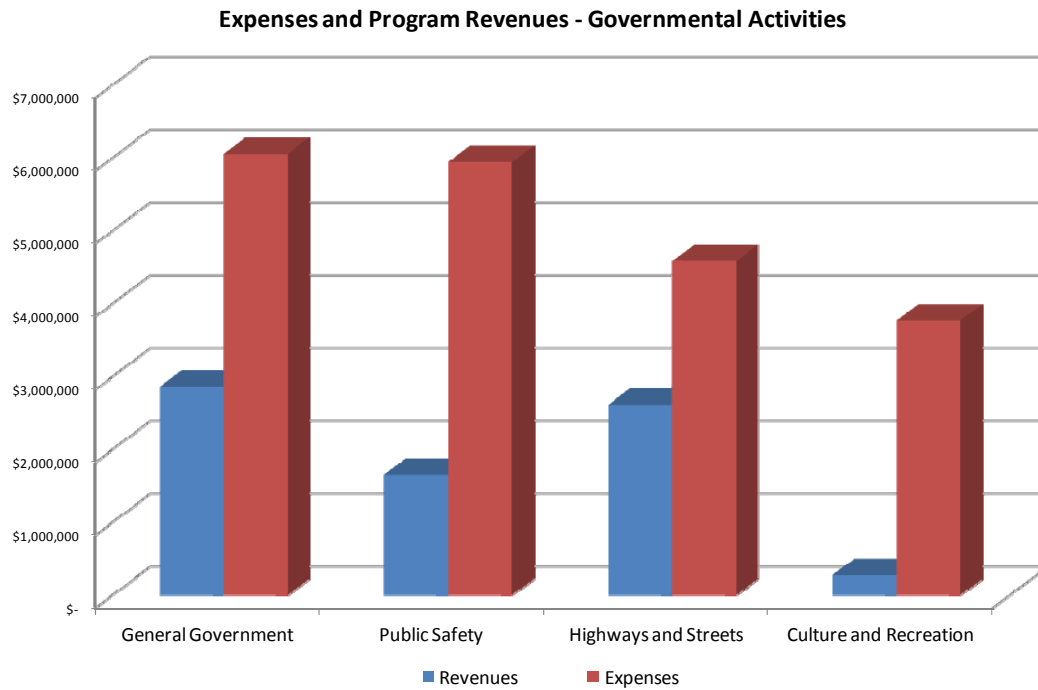
Some of the important factors, which make allocation of resources difficult include:

- 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.

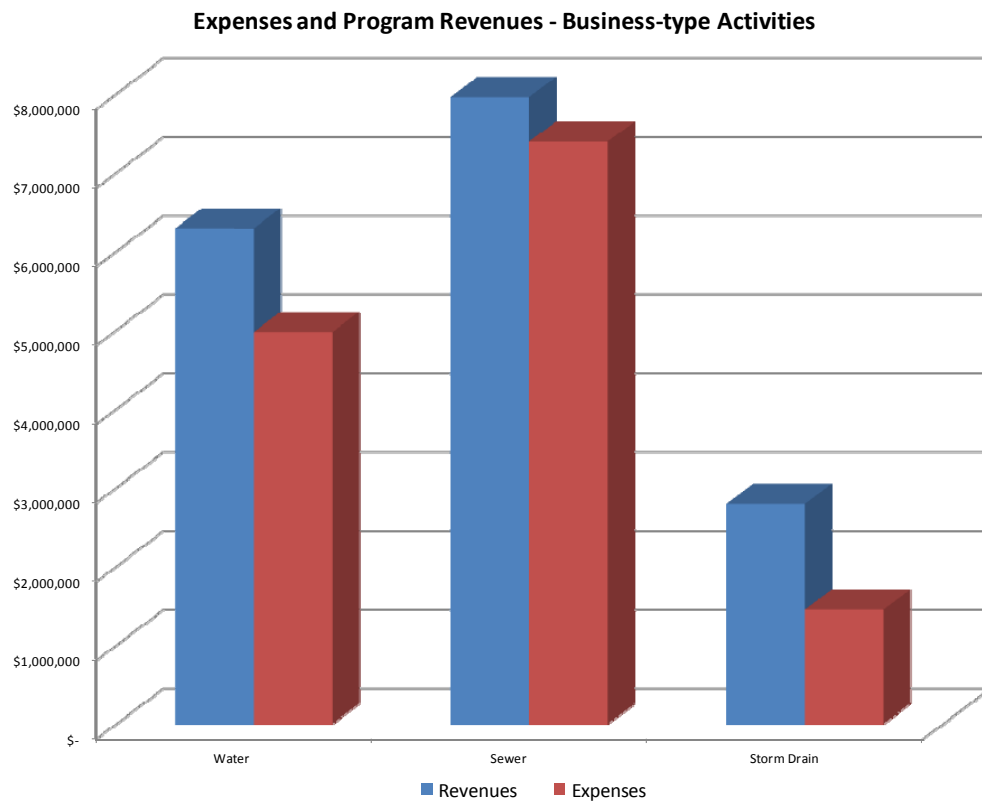
**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

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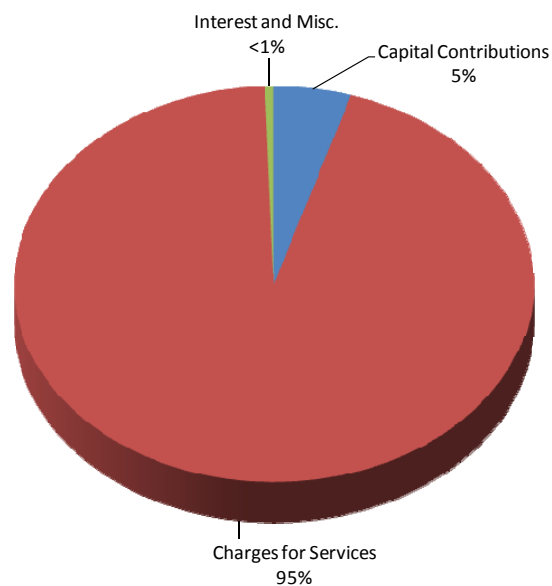


**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

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



**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

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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, 2015, the City's governmental funds reported a combined ending fund balance of \$23.9 million, an increase of \$3.6 million when compared to the prior year. Unassigned fund balance combined with committed fund balance as of June 30, 2015, was \$7.7 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, 2015, the total fund balance was \$7.6 million, of which \$7.5 million is considered unassigned, reflecting an increase of \$500,000 from the prior year. As a matter of course, the City strives to have enough reserves at the end of the fiscal year to provide cash for the first five months of operations, at which time the first installment of property taxes are received. The fund balance increase was primarily due to increases in property tax revenue received during the fiscal year. Expenditures in the general fund increased by \$800,000 in the current year, increasing from \$17.6 million to \$18.4 million.

**Building Fund**

This special revenue fund accounts for activities of the Building Division, which is responsible for reviewing building plans and issuing building permits for all structural, mechanical and plumbing applications within the City. At June 30, 2015, total fund balance remained constant at approximately \$1.7 million. The City's building fund continues to be funded by licenses and permits.

**Park Development Fund**

This capital projects funds accounts for activities for capital improvements to the City's parks and is funded by system development charges and other contributions. At June 30, 2015, the total fund balance increased approximately \$1.9 million, primarily as a result of contributions received for the Tualatin River Greenway Project.

**General Fund Budgetary Highlights**

The original appropriated budget for the general fund for fiscal year 2015 amounted to \$21.7 million, including \$2.8 million for contingencies. There were transfers of appropriations of \$20,000 from contingency to information services.

The General Fund resources surpassed budgeted levels by approximately \$380,000. General Fund expenditures were \$3.4 million under appropriated levels. The primary reasons for this difference is due to contingency of \$2.8 million not being allocated for expenditures and budgeted expenditures for consultants within the Planning Division not being expended.

**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2015, the City had invested \$153.0 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, 2015 and 2014:

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 13,821,291	\$ 13,801,291	\$ 880,144	\$ 880,144	\$ 14,701,435	\$ 14,681,435
Construction in Progress	2,409,147	3,547,176	1,416,662	942,546	3,825,809	4,489,722
Buildings	20,137,903	19,971,431	367,755	367,755	20,505,658	20,339,186
Other Improvements	37,677,047	35,104,378	-	-	37,677,047	35,104,378
Machinery and Equipment	3,781,771	3,631,480	1,082,799	1,082,800	4,864,570	4,714,280
Utility System	-	-	79,202,842	77,098,399	79,202,842	77,098,399
Infrastructure	97,116,501	96,553,756	-	-	97,116,501	96,553,756
Accumulated Depreciation	(75,211,193)	(70,396,093)	(29,673,564)	(28,002,760)	(104,884,757)	(98,398,853)
Total net assets	<u>\$ 99,732,467</u>	<u>\$ 102,213,419</u>	<u>\$ 53,276,638</u>	<u>\$ 52,368,884</u>	<u>\$ 153,009,105</u>	<u>\$ 154,582,303</u>

Net capital assets decreased by \$1.6 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 \$12.7 million in long-term bonded debt obligations outstanding, a decrease of approximately 6% from the prior year. Approximately \$1.1 million of the debt at June 30, 2015, is due within one year.

**CITY OF TUALATIN'S DEBT SERVICE**

Year Ended June 30, 2015

	Beginning	Additions	Principal Paid	Ending
Governmental:				
General Obligation Bonds	\$ 7,355,000	\$ -	\$ (675,000)	\$ 6,680,000
Full Faith & Credit	1,100,000	-	(88,012)	1,011,988
Total Governmental	<u>\$ 8,455,000</u>	<u>\$ -</u>	<u>\$ (763,012)</u>	<u>\$ 7,691,988</u>
Business-type:				
Water Revenue Bonds	\$ 5,065,000	\$ -	\$ (4,720,000)	\$ 345,000
Full Faith & Credit	\$ -	\$ 4,745,494	\$ (80,499)	\$ 4,664,995
Total Bonds Payable	<u>\$ 13,520,000</u>	<u>\$ 4,745,494</u>	<u>\$ (5,563,511)</u>	<u>\$ 12,701,983</u>

**CITY OF TUALATIN, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

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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, 2015 was \$6.7 million, which is well below the \$111 million maximum limitation.

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

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

Factors affecting financial conditions in the future include:

- The City continues to experience increased development activity, approaching the growth levels experienced prior to the economic downturn. The increased development described in the Letter of Transmittal accompanying this report will help drive increases in assessed value and property tax revenue in future years. With the City's low permanent tax rate of \$2.2665 per thousand of assessed value, though, future adjustments to maintain service levels of city services to our residents may be necessary.
- The City continues to plan for the future through a variety of long-term planning studies and processes to help provide economic stability. The City Council adopted the Southwest Concept Plan and city staff has been working on concept plans for the undeveloped area located between the cities of Tualatin and Wilsonville. More information about these plans and new development activity are included in the Letter of Transmittal located earlier in this report.
- Tualatin's location in the Portland metropolitan area is very much affected by the transportation issues associated with urban areas. The City, along with TriMet, continues to look at increased transit options and we are involved with other regional partners in looking at transportation issues in and around Tualatin.
- The factors mentioned above have had a positive impact on the City's fiscal health. These impacts continue to be modeled in the City's Fiscal Health model to determine the impact on the City's General Fund on-going alignment. Council and staff will continue to use this tool to make strategic decisions about the City's future financial picture.

**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**

## **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, 2015**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 26,460,231	\$ 13,898,198	\$ 40,358,429
Due from other governments	323,648	-	323,648
Accounts receivable	394,299	1,500,915	1,895,214
Property taxes receivable	413,423	-	413,423
Prepays	64,694	-	64,694
Inventories	117,959	37,813	155,772
Restricted cash and cash equivalents	52,967	-	52,967
Total current assets	27,827,221	15,436,926	43,264,147
Noncurrent assets:			
Net pension asset	3,282,073	268,824	3,550,897
Capital assets:			
Nondepreciable	16,230,438	2,296,806	18,527,244
Depreciable, net	83,502,029	50,979,832	134,481,861
Total noncurrent assets	103,014,540	53,545,462	156,560,002
TOTAL ASSETS	130,841,761	68,982,388	199,824,149
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	245,876	245,876
Deferred outflows of resources - pension	1,340,056	109,759	1,449,815
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,340,056	355,635	1,695,691
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and other current liabilities	1,539,188	1,390,793	2,929,981
Deposits	571,843	5,200	577,043
Retainage payable	15,058	50,234	65,292
Unearned revenue	27,000	117,970	144,970
Interest Payable	18,980	12,555	31,535
Current portion of long-term debt	1,528,039	345,000	1,873,039
Total current liabilities	3,700,108	1,921,752	5,621,860
Noncurrent liabilities:			
Pension transition liability	1,377,396	112,809	1,490,205
Noncurrent portion of long-term obligations	6,892,391	4,664,994	11,557,385
Total noncurrent liabilities	8,269,787	4,777,803	13,047,590
TOTAL LIABILITIES	11,969,895	6,699,555	18,669,450
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	6,333,070	518,722	6,851,792
<b>NET POSITION:</b>			
Net investment in capital assets	92,025,421	48,216,410	140,241,831
Restricted for:			
Building and engineering	1,744,129	-	1,744,129
Street and roadside maintenance	1,040,146	-	1,040,146
Debt service payments	285,945	-	285,945
Capital projects	3,246,367	-	3,246,367
Transportation	5,439,306	-	5,439,306
Urban renewal projects	4,350,112	-	4,350,112
Capital improvements	-	5,042,785	5,042,785
Unrestricted	5,747,426	8,860,551	14,607,977
TOTAL NET POSITION	\$ 113,878,852	\$ 62,119,746	\$ 175,998,598

*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, 2015**

Functions/Programs	Expenses	Program Revenues			Net Expense Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:							
General government	\$ 6,057,498	\$ 2,497,798	\$ 365,295	\$ -	\$ (3,194,405)	\$ -	\$ (3,194,405)
Public safety	5,942,679	1,583,770	69,778	-	(4,289,131)	-	(4,289,131)
Highways and streets	4,586,849	2,613,764	-	-	(1,973,085)	-	(1,973,085)
Culture and recreation	3,769,534	279,051	47,838	-	(3,442,645)	-	(3,442,645)
Interest on long-term debt	317,574	-	-	-	(317,574)	-	(317,574)
Total governmental activities	20,674,134	6,974,383	482,911	-	(13,216,840)	-	(13,216,840)
Business type activities:							
Water Operations	4,973,697	6,116,285	-	172,076	-	1,314,664	1,314,664
Sewer Operations	7,392,084	7,771,356	-	185,475	-	564,747	564,747
Storm Drain Operations	1,449,680	2,320,189	-	469,913	-	1,340,422	1,340,422
Total business type activities	13,815,461	16,207,830	-	827,464	-	3,219,833	3,219,833
Total government	<u>\$ 34,489,595</u>	<u>\$23,182,213</u>	<u>\$ 482,911</u>	<u>\$ 827,464</u>	<u>(13,216,840)</u>	<u>3,219,833</u>	<u>(9,997,007)</u>
General revenues:							
Taxes:							
Property taxes					9,156,220	-	9,156,220
Franchise taxes					2,213,242	-	2,213,242
Public service taxes and revenue sharing					5,141,871	-	5,141,871
Interest and investment earnings					144,854	73,419	218,273
Miscellaneous revenues					784,770	15,980	800,750
Transfers in (out)					2,316,940	(2,316,940)	-
Total general revenues and transfers					19,757,897	(2,227,541)	17,530,356
Change in net position					6,541,057	992,292	7,533,349
Net position - beginning					114,796,422	61,738,357	176,534,779
Restatement (see note)					(7,458,627)	(610,903)	(8,069,530)
Net Position - beginning, restated					107,337,795	61,127,454	168,465,249
Net position - ending					<u>\$ 113,878,852</u>	<u>\$62,119,746</u>	<u>\$175,998,598</u>

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

## **FUND FINANCIAL STATEMENTS**

### **Major Governmental Funds**

#### **General Fund**

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

#### **Building Fund**

The 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.

#### **Park Development Fund**

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

**CITY OF TUALATIN, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2015**

	General Fund	Building Fund	Park Development Fund	Other Governmental	Total Governmental
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 8,362,151	\$ 2,151,151	\$ 2,573,350	\$ 12,095,740	\$ 25,182,392
Due from other governments	235,848	-	87,800	-	323,648
Accounts receivable	29,723	-	-	356,216	385,939
Property taxes receivable	369,707	-	-	43,716	413,423
Due from other funds	915	-	-	4,032	4,947
Inventories	81,795	-	-	36,164	117,959
Restricted cash and cash equivalents	52,967	-	-	-	52,967
Total assets	<u>\$ 9,133,106</u>	<u>\$ 2,151,151</u>	<u>\$ 2,661,150</u>	<u>\$ 12,535,868</u>	<u>\$ 26,481,275</u>
<b>LIABILITIES:</b>					
Accounts payable and other current liabilities	\$ 1,044,474	\$ 74,162	\$ 17,514	\$ 209,139	\$ 1,345,289
Deposits	183,659	332,860	-	55,324	571,843
Due to other funds	4,032	-	-	915	4,947
Retainage payable	-	-	-	3,231	3,231
Unearned revenue	7,000	-	-	20,000	27,000
Total liabilities	<u>1,239,165</u>	<u>407,022</u>	<u>17,514</u>	<u>288,609</u>	<u>1,952,310</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue - property tax revenue	337,419	-	-	39,898	377,317
Unavailable revenue - assessments	-	-	-	247,353	247,353
Total deferred inflows of resources	<u>337,419</u>	<u>-</u>	<u>-</u>	<u>287,251</u>	<u>624,670</u>
<b>FUND BALANCES:</b>					
Nonspendable:					
Inventory	81,795	-	-	36,164	117,959
Restricted for:					
Building and engineering	-	1,744,129	-	-	1,744,129
Street and roadside maintenance	-	-	-	1,040,146	1,040,146
Debt service payments	-	-	-	285,945	285,945
Capital projects	-	-	2,643,636	602,731	3,246,367
Transportation	-	-	-	5,439,306	5,439,306
Urban renewal projects	-	-	-	4,304,445	4,304,445
Committed to:					
Pavement maintenance and street lighting	-	-	-	54,279	54,279
Parking maintenance	-	-	-	146,188	146,188
Assigned to:					
Scholarships	-	-	-	50,804	50,804
Unassigned:	<u>7,474,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,474,727</u>
Total fund balances	<u>7,556,522</u>	<u>1,744,129</u>	<u>2,643,636</u>	<u>11,960,008</u>	<u>23,904,295</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,133,106</u>	<u>\$ 2,151,151</u>	<u>\$ 2,661,150</u>	<u>\$ 12,535,868</u>	
Amounts reported in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					98,798,521
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					624,670
Internal service funds are used by management to charge the costs of the operations department to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.					2,025,494
The following items related to the net pension activity do not provide (use) current resources and, therefore, are not reported in the funds.					
Net pension asset					3,282,073
Deferred outflows after measurement date					1,340,056
Deferred inflows of assumed and actual investment earnings and City's proportionate share					(6,333,070)
Pension transition liability					(1,377,396)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.					
Long-term debt					(8,366,811)
Interest payable					(18,980)
Net position of governmental activities					<u>\$ 113,878,852</u>

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

**CITY OF TUALATIN, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	General Fund	Building Fund	Park Development Fund	Other Governmental	Total Governmental
<b>REVENUES:</b>					
Property taxes	\$ 8,201,865	\$ -	\$ -	\$ 969,823	\$ 9,171,688
Franchise fees	2,213,242	-	-	-	2,213,242
Charges for service	414,390	-	-	375,801	790,191
Licenses and permits	555,309	1,145,031	867,282	2,286,394	4,854,016
Intergovernmental	2,559,328	-	975,059	1,607,484	5,141,871
Fines and forfeitures	1,359,978	-	-	-	1,359,978
Interest	41,572	10,959	10,566	75,783	138,880
Miscellaneous	119,418	38	600,000	39,013	758,469
Total revenues	15,465,102	1,156,028	2,452,907	5,354,298	24,428,335
<b>EXPENDITURES:</b>					
Current:					
General government	6,038,947	-	-	50,276	6,089,223
Public safety	6,923,284	728,638	-	-	7,651,922
Highways and streets	1,089,249	-	-	1,159,874	2,249,123
Culture and recreation	3,936,035	-	-	-	3,936,035
Capital outlay	368,831	211,929	558,855	775,692	1,915,307
Debt service:					
Principal	-	-	-	675,000	675,000
Interest	-	-	-	286,719	286,719
Total expenditures	18,356,346	940,567	558,855	2,947,561	22,803,329
Revenues over (under) expenditures	(2,891,244)	215,461	1,894,052	2,406,737	1,625,006
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	3,393,300	20,000	14,000	93,820	3,521,120
Transfers out	(14,000)	(289,190)	(25,970)	(1,260,760)	(1,589,920)
Total other financing sources (uses)	3,379,300	(269,190)	(11,970)	(1,166,940)	1,931,200
Net change in fund balances	488,056	(53,729)	1,882,082	1,239,797	3,556,206
<b>FUND BALANCES, BEGINNING</b>	7,068,466	1,797,858	761,554	10,720,211	20,348,089
<b>FUND BALANCES, ENDING</b>	\$ 7,556,522	\$ 1,744,129	\$ 2,643,636	\$ 11,960,008	\$ 23,904,295

*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, 2015**

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Amounts reported in the statement of activities are different because:

Net change in fund balances	\$ 3,556,206
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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	(4,823,952)	
Capital asset additions	<u>1,855,398</u>	(2,968,554)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.	434,462
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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	69,630	
Amortization of transitional pension liability	40,065	
Pension expense	<u>4,330,225</u>	4,439,920

Internal service funds are used by management to charge the costs of the administrative services department to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	474,667
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which proceeds exceeded repayments.	<u>604,356</u>
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Change in net position of governmental activities	<u><u>\$ 6,541,057</u></u>
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*The accompanying notes are an integral part of the basic financial statements.*

## **FUND FINANCIAL STATEMENTS**

### **Proprietary Funds**

#### Enterprise Funds

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

#### **Water Operations**

##### **Water Fund**

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

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

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

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

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

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

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

#### **Sewer Operations**

##### **Sewer Fund**

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

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

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

#### **Storm Drain Operations**

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

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

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

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

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

#### Internal Service Funds

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

##### **Operations Fund**

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

**CITY OF TUALATIN, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
<b>ASSETS:</b>					
Current Assets					
Cash and cash equivalents	\$ 5,667,399	\$ 6,738,808	\$ 1,491,991	\$ 13,898,198	\$ 1,277,839
Accounts receivables, net	608,092	689,499	203,324	1,500,915	8,360
Inventories	37,207	606	-	37,813	-
Prepaid items	-	-	-	-	64,694
Total current assets	<u>6,312,698</u>	<u>7,428,913</u>	<u>1,695,315</u>	<u>15,436,926</u>	<u>1,350,893</u>
Noncurrent Assets					
Net pension asset	160,122	70,179	38,523	268,824	-
Capital assets, net	<u>32,195,454</u>	<u>16,968,562</u>	<u>4,112,622</u>	<u>53,276,638</u>	<u>933,946</u>
Total noncurrent assets	<u>32,355,576</u>	<u>17,038,741</u>	<u>4,151,145</u>	<u>53,545,462</u>	<u>933,946</u>
Total assets	<u>38,668,274</u>	<u>24,467,654</u>	<u>5,846,460</u>	<u>68,982,388</u>	<u>2,284,839</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	245,876	-	-	245,876	-
Deferred outflows of resources - pension	<u>65,377</u>	<u>28,653</u>	<u>15,729</u>	<u>109,759</u>	<u>-</u>
Total deferred outflows of resources	<u>311,253</u>	<u>28,653</u>	<u>15,729</u>	<u>355,635</u>	<u>-</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	802,793	525,646	62,354	1,390,793	50,062
Accrued liabilities	-	-	-	-	143,837
Compensated absences	-	-	-	-	53,619
Retainage payable	40,265	9,969	-	50,234	11,827
Deposits payable	5,200	-	-	5,200	-
Accrued interest payable	12,555	-	-	12,555	-
Bonds payable - current	345,000	-	-	345,000	-
Unearned revenue	47,458	-	70,512	117,970	-
Total current liabilities	<u>1,253,271</u>	<u>535,615</u>	<u>132,866</u>	<u>1,921,752</u>	<u>259,345</u>
Noncurrent Liabilities					
Bonds Payable	4,664,994	-	-	4,664,994	-
Pension transition liability	<u>67,194</u>	<u>29,446</u>	<u>16,169</u>	<u>112,809</u>	<u>-</u>
Total noncurrent liabilities	<u>4,732,188</u>	<u>29,446</u>	<u>16,169</u>	<u>4,777,803</u>	<u>-</u>
Total liabilities	<u>5,985,459</u>	<u>565,061</u>	<u>149,035</u>	<u>6,699,555</u>	<u>259,345</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources - pension	<u>308,971</u>	<u>135,417</u>	<u>74,334</u>	<u>518,722</u>	<u>-</u>
<b>NET POSITION:</b>					
Net investment in capital assets	27,145,195	16,958,593	4,112,622	48,216,410	922,119
Restricted for:					
Capital improvements	702,809	3,887,057	452,919	5,042,785	-
Unrestricted	<u>4,837,093</u>	<u>2,950,179</u>	<u>1,073,279</u>	<u>8,860,551</u>	<u>1,103,375</u>
Total net position	<u>\$ 32,685,097</u>	<u>\$ 23,795,829</u>	<u>\$ 5,638,820</u>	<u>\$ 62,119,746</u>	<u>\$ 2,025,494</u>

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



**CITY OF TUALATIN, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2015**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
<b>OPERATING REVENUES:</b>					
Charges for service	\$ 6,116,285	\$ 7,771,356	\$ 2,320,189	\$ 16,207,830	\$ 2,452,570
Fines and forfeitures	-	-	-	-	3,179
Miscellaneous	15,580	-	400	15,980	26,301
Total operating revenues	6,131,865	7,771,356	2,320,589	16,223,810	2,482,050
<b>OPERATING EXPENSES:</b>					
Personal services	-	-	-	-	1,481,845
Materials and services	3,913,677	6,831,502	1,273,698	12,018,877	948,267
Depreciation	934,241	560,582	175,982	1,670,805	56,998
Total operating expenses	4,847,918	7,392,084	1,449,680	13,689,682	2,487,110
Operating income (loss)	1,283,947	379,272	870,909	2,534,128	(5,060)
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest income	32,467	34,324	6,628	73,419	5,974
Interest expense	(125,779)	-	-	(125,779)	-
Total non-operating revenues (expenses)	(93,312)	34,324	6,628	(52,360)	5,974
Net income (loss) before operating transfers	1,190,635	413,596	877,537	2,481,768	914
<b>OPERATING TRANSFERS:</b>					
Transfers in (out)	(924,290)	(900,080)	(492,570)	(2,316,940)	385,740
Net income (loss) before contributions	266,345	(486,484)	384,967	164,828	386,654
<b>CAPITAL CONTRIBUTIONS:</b>					
Capital contributions	172,076	185,475	469,913	827,464	-
Change in net position	438,421	(301,009)	854,880	992,292	386,654
NET POSITION - beginning	32,610,554	24,256,316	4,871,487	61,738,357	1,638,840
RESTATEMENT (see note)	(363,878)	(159,478)	(87,547)	(610,903)	-
NET POSITION - beginning, restated	32,246,676	24,096,838	4,783,940	61,127,454	1,638,840
NET POSITION - ending	\$ 32,685,097	\$ 23,795,829	\$ 5,638,820	\$ 62,119,746	\$ 2,025,494

*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, 2015**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 6,108,517	\$ 7,684,215	\$ 2,289,012	\$ 16,081,744	\$ 2,409,499
Cash paid to employees and others for salaries/benefits	-	-	-	-	(1,491,334)
Cash paid to suppliers and others	(3,488,665)	(6,925,681)	(1,374,091)	(11,788,437)	(934,506)
Net cash provided (used) by operating activities	2,619,852	758,534	914,921	4,293,307	(16,341)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Transfers in (out)	(924,290)	(900,080)	(492,570)	(2,316,940)	385,740
Net cash provided (used) by non-capital financing activities	(924,290)	(900,080)	(492,570)	(2,316,940)	385,740
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchase of capital assets	(1,692,065)	-	(59,030)	(1,751,095)	(61,689)
Debt principal payments	(55,006)	-	-	(55,006)	-
Interest paid	(131,138)	-	-	(131,138)	-
Deferred charge on refunding	(245,876)	-	-	(245,876)	-
Net cash provided (used) by capital and related financing activities	(2,124,085)	-	(59,030)	(2,183,115)	(61,689)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	32,467	34,324	6,628	73,419	5,974
Net cash provided (used) by investing activities	32,467	34,324	6,628	73,419	5,974
Net increase (decrease) in cash and cash equivalents	(396,056)	(107,222)	369,949	(133,329)	313,684
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	6,063,455	6,846,030	1,122,042	14,031,527	964,155
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 5,667,399</u>	<u>\$ 6,738,808</u>	<u>\$ 1,491,991</u>	<u>\$ 13,898,198</u>	<u>\$ 1,277,839</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating Income	\$ 1,283,947	\$ 379,272	\$ 870,909	\$ 2,534,128	\$ (5,060)
Adjustments					
Depreciation	934,241	560,582	175,982	1,670,805	56,998
Pension expense (income)	(213,212)	(93,448)	(51,295)	(357,955)	-
Decrease (increase) in:					
Accounts receivable	(37,084)	(87,141)	(31,577)	(155,802)	(7,857)
Prepaid expenses	-	-	-	-	(64,694)
Inventories	5,768	(56)	-	5,712	-
Increase (decrease) in:					
Accounts payable and accrued expenses	632,456	(675)	(49,098)	582,683	13,761
Deposits	3,680	-	-	3,680	-
Deferred revenue	10,056	-	-	10,056	-
Accrued compensated absences	-	-	-	-	(9,489)
Net cash provided (used) by operating activities	<u>\$ 2,619,852</u>	<u>\$ 758,534</u>	<u>\$ 914,921</u>	<u>\$ 4,293,307</u>	<u>\$ (16,341)</u>
<b>NON-CASH CAPITAL FINANCING ACTIVITIES</b>					
Contributions of capital assets	\$ 172,076	\$ 185,476	\$ 469,913	\$ 827,465	\$ -
Total non-cash capital financing activities	<u>\$ 172,076</u>	<u>\$ 185,476</u>	<u>\$ 469,913</u>	<u>\$ 827,465</u>	<u>\$ -</u>

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

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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**1. Summary of Significant Accounting Policies**

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

**A. Description of Reporting Entity**

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

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

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

**B. Basic Financial Statements**

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

Government-wide statements

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

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

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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Fund financial statements

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

**C. Basis of Presentation**

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

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

The City reports the following major governmental funds for 2015:

- General Fund*
- Building Fund*
- Park Development Fund*

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

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

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

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

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

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

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods

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

The proprietary financial statements have incorporated all applicable GASB pronouncements.

**E. Cash and Investments**

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

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

**F. Receivables**

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

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

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

**G. Interfund Loans Receivables/Payables**

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

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**H. 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.

**I. Capital Assets**

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

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the year ended June 30, 2015.

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

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

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

**J. Deferred Outflows/Inflows of Resource**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of

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resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

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

**K. 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.

**L. 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.

**M. Net Position**

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

**N. 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.



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

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

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

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

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

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

## **O. Accounting Estimates**

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

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

At June 30, 2015 investments included in cash and cash equivalents consist of the following:

	Weighted Average Maturity (Years)	Fair Value
Investments in the State Treasurer’s Local Government Investment Pool	0.00	\$ 39,913,035

## **A. Interest rate risk**

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

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**B. Credit risk**

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

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

**C. Concentration of credit risk**

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

**D. Custodial credit risk – deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2015, none of the City's bank balances were exposed to custodial credit risk.

**3. Property Taxes and Assessments Receivable**

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

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

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

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

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2015 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	\$ 13,801,291	\$ 20,000	\$ -	\$ 13,821,291
Construction in Progress	3,547,176	1,654,275	(2,792,304)	2,409,147
Total capital assets, non-depreciable	<u>17,348,467</u>	<u>1,674,275</u>	<u>(2,792,304)</u>	<u>16,230,438</u>
<b>Capital assets, depreciable:</b>				
Improvements & Infrastructure	131,658,134	3,135,414	-	134,793,548
Buildings	19,971,431	166,472	-	20,137,903
Machinery & Equipment	3,631,480	216,140	(65,849)	3,781,771
				-
Total capital assets, depreciable	<u>155,261,045</u>	<u>3,518,026</u>	<u>(65,849)</u>	<u>158,713,222</u>
Total	172,609,512	5,192,301	(2,858,153)	174,943,660
<b>Less accumulated depreciation for:</b>				
Improvements & Infrastructure	(61,506,187)	(3,928,685)	-	(65,434,872)
Buildings	(6,277,494)	(660,310)	-	(6,937,804)
Machinery & Equipment	(2,612,412)	(291,954)	65,849	(2,838,517)
				-
Total accumulated depreciation	<u>(70,396,093)</u>	<u>(4,880,949)</u>	<u>65,849</u>	<u>(75,211,193)</u>
Net depreciable capital assets	<u>84,864,952</u>	<u>(1,362,923)</u>	<u>-</u>	<u>83,502,029</u>
<b>Net capital assets</b>	<u>\$ 102,213,419</u>	<u>\$ 311,352</u>	<u>\$ (2,792,304)</u>	<u>\$ 99,732,467</u>
<b>Governmental activities:</b>		<b>Depreciation</b>		
General government		1,103,817		
Public safety		244,891		
Highways and streets		2,757,278		
Culture and recreation		774,963		
Total depreciation expense - governmental activities		<u>4,880,949</u>		

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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	942,546	1,783,706	(1,309,590)	1,416,662
Total capital assets, non-depreciable	1,822,690	1,783,706	(1,309,590)	2,296,806
<b>Capital assets, depreciable:</b>				
Improvements & Infrastructure	77,098,399	2,104,443	-	79,202,842
Buildings	367,755	-	-	367,755
Machinery & Equipment	1,082,799	-	-	1,082,799
	-	-	-	-
Total capital assets, depreciable	78,548,953	2,104,443	-	80,653,396
Total	80,371,643	3,888,149	(1,309,590)	82,950,202
<b>Less accumulated depreciation for:</b>				
Improvements & Infrastructure	(26,873,001)	(1,633,665)	-	(28,506,666)
Buildings	(342,083)	(1,692)	-	(343,775)
Machinery & Equipment	(787,675)	(35,448)	-	(823,123)
	-	-	-	-
Total accumulated depreciation	(28,002,759)	(1,670,805)	-	(29,673,564)
Net depreciable capital assets	50,546,195	433,638	-	50,979,833
<b>Net capital assets</b>	<b>\$ 52,368,884</b>	<b>\$ 2,217,344</b>	<b>\$ (1,309,590)</b>	<b>\$ 53,276,638</b>
<b>Business-type activities:</b>			<b>Depreciation</b>	
Water			934,241	
Sewer			560,582	
Stormwater			175,982	
Total depreciation expense - business-type activities			1,670,805	

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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	\$ 3,393,300	\$ 14,000
Building Fund	20,000	289,190
Total Major Governmental Funds	<u>3,413,300</u>	<u>303,190</u>
Non-major Governmental Funds		
Operations Fund	2,838,310	-
Road Utility Fee Fund	-	343,270
Road Gas Tax Fund	93,820	759,300
Core Area Parking District Fund	-	23,470
Park Development Fund	14,000	25,970
Central Urban Renewal District Project Fund	-	80,180
Leveton Project Fund	-	54,540
Total Non-major Governmental Funds	<u>2,946,130</u>	<u>1,286,730</u>
Proprietary Funds		
Water Fund	450,000	2,846,350
Water Development Fund	-	452,560
Enterprise Bond Fund	517,050	-
Sewer Fund	-	1,331,660
Sewer Development Fund	-	9,770
Storm Drain Fund	-	1,096,220
Total Proprietary Funds	<u>967,050</u>	<u>5,736,560</u>
Total Government Wide	<u><u>\$ 7,326,480</u></u>	<u><u>\$ 7,326,480</u></u>

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

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**6. Long Term Debt Obligations**

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The following table presents current year changes in those obligations and the current portions due for each issue. For the governmental activities, claims and judgments, and compensated absences 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, 2014	Additions	Reductions	Ending balance as of June 30, 2015	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	\$ 1,650,000	\$ -	\$ (305,000)	\$ 1,345,000	\$ 310,000
Series 2005, Parks Improvement, interest at 2.5- 4.125%, original issue of \$3,785,000, due 2025	2,455,000	-	(180,000)	2,275,000	190,000
Series 2006, Library Improvement, interest at 3.75- 4.25%, original issue of \$4,225,000, due 2027	3,250,000	-	(190,000)	3,060,000	200,000
Full Faith and Credit obligations					
Series 2013, Operations Warehouse, interest at 3.0%, original issue of \$1,100,000, due 2024	1,100,000	-	(88,012)	1,011,988	99,597
Long-term bonded debt obligations	8,455,000	-	(763,012)	7,691,988	799,597
Compensated absences	667,288	442,379	(381,225)	728,442	728,442
Total governmental activities	<u>\$ 9,122,288</u>	<u>\$ 442,379</u>	<u>\$ (1,144,237)</u>	<u>\$ 8,420,430</u>	<u>\$ 1,528,039</u>
<b>Business-type activities:</b>					
Revenue Bonds					
Series 2005 Water Revenue, interest at 3.75-4.5% original issue of \$7,305,000, due 2025	\$ 5,065,000	\$ -	\$ (4,720,000)	\$ 345,000	\$ 345,000
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	-	4,300,000	(40,000)	4,260,000	-
Plus: Bond issuance premium	-	445,494	(40,499)	404,995	-
Total business-type activities	<u>\$ 5,065,000</u>	<u>\$ 4,745,494</u>	<u>\$ (4,800,499)</u>	<u>\$ 5,009,995</u>	<u>\$ 345,000</u>
<b>Total long-term debt obligations</b>					
General Obligation bonds	\$ 7,355,000	\$ -	\$ (675,000)	\$ 6,680,000	\$ 700,000
Full Faith and Credit obligations	1,100,000	4,300,000	(128,012)	5,271,988	99,597
Revenue bonds	5,065,000	-	(4,720,000)	345,000	345,000
Plus: Bond issuance premium	-	445,494	(40,499)	404,995	-
Long-term bonded debt obligations	13,520,000	4,745,494	(5,563,511)	12,701,983	1,144,597
Compensated absences	667,288	442,379	(381,225)	728,442	728,442
Total long-term debt obligations	<u>\$14,187,288</u>	<u>\$5,187,873</u>	<u>(\$5,944,736)</u>	<u>\$13,430,425</u>	<u>\$1,873,039</u>

Future Principal and Interest. Future maturities of bond principal and interest at June 30, 2015 are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 799,597	\$ 289,352	\$ 345,000	\$ 157,550	\$ 1,144,597	\$ 446,902
2017	837,572	257,165	360,000	147,050	1,197,572	404,215
2018	870,793	222,225	370,000	137,900	1,240,793	360,125
2019	909,035	184,708	380,000	126,650	1,289,035	311,358
2020	567,377	154,923	395,000	113,050	962,377	267,973
2021-2025	3,082,614	428,676	2,250,000	308,150	5,332,614	736,826
2026-2027	625,000	25,300	505,000	7,575	1,130,000	32,875
	<u>\$ 7,691,988</u>	<u>\$ 1,562,349</u>	<u>\$ 4,605,000</u>	<u>\$ 997,925</u>	<u>\$ 12,296,988</u>	<u>\$ 2,560,274</u>

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Advance Refunding

The City issued \$4,300,000 in full faith and credit bonds with interest rates ranging from 2.0% to 4.0%. The proceeds were used to advance refund \$4,390,000 of outstanding Series 2005 Water Revenue Bonds which had interest rates ranging from 3.75% to 4.5%. The net proceeds of \$4,707,821 (including a premium of \$445,494 and after payment of \$37,673 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2005 Water Revenue Bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$270,463. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The City advance refunded the Series 2005 Water Revenue Bonds to reduce its total debt service payments over 11 years by \$374,583 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$332,321.

**7. 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/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

**Benefits provided**

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

**Pension Benefits**

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire 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 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.

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

### **Pension Benefits**

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

Police: 1.8 percent is multiplied by the number of years of service and the final



average salary. Normal retirement age for police members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police member, the individual must have been employed continuously as a police member for at least five years immediately preceding retirement.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**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.

**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, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. Employer contributions for the year ended June 30, 2015 were \$1,439,922, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2015 were 16.92 percent for Tier One/Tier Two General Service Member, 16.92 percent for Tier One/Tier Two Police, 12.11 percent for OPSRP Pension Program General Service Members, 14.84 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, 2015, the City reported an asset of \$3,550,897 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. The City's proportion of the net pension asset 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, 2014, the City's proportion was 0.1567 percent, which was unchanged from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City's recognized pension income of \$4,684,899. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF TUALATIN, OREGON**  
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**June 30, 2015**

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	6,851,792
Changes in proportion and differences between City contributions and proportionate share of contributions	9,894	-
City contributions subsequent to the measurement date	<u>1,439,922</u>	<u>-</u>
Total	<u>\$ 1,449,816</u>	<u>\$ 6,851,792</u>

\$1,439,922 reported as deferred outflows of resources related to pensions 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2016	\$ (1,710,797)
2017	(1,710,797)
2018	(1,710,797)
2019	(1,710,797)
2020	1,290
Thereafter	-

### **Actuarial assumptions**

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the 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), (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 OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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The total pension liability in the December 31, 2012 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Mortality	<p>Health retirees and beneficiaries: PF-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage of the RP-2000 statistic combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

**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 2013 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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate -Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equities	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.75%

**Discount rate**

The discount rate used to measure the total pension liability was 7.75 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 7.75 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 (6.75

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability (asset)	\$ 7,519,517	\$ (3,550,897)	\$ (12,913,870)

**Pension plan fiduciary net position**

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

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

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and has not been included in the net pension liability (asset) proportionate shares provided by OPERS.

**8. Retirement Health Insurance Account**

**Plan Description.** As a member of Oregon Public Employees Retirement System (OPERS), the City contributes to the 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 OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (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 after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

**Funding Policy.** 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 OPERS at the time of retirement or receive a disability allowance as if

**CITY OF TUALATIN, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

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the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a OPERS-sponsored health plan. An eligible surviving spouse or dependent of a deceased OPERS retiree may receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991. Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59 percent of annual covered payroll for Tier 1/Tier 2, and 0.49 percent for OPSRP. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

**9. New Accounting Pronouncement – GASB Statement No. 68 and 71**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. The City implemented GASB Statement No. 68 and 71 in the year ending June 30, 2015. Additional information can be found in Note 7 - Pension Plan and Note 10 - Change in Accounting Principle and Prior Period Restatement.

**10. Change in Accounting Principle and Prior Period Restatement**

Based on implementation of GASB Statement No. 68 and 71, the City restated the beginning net position for the Governmental Activities and Business-Type Activities.

Additionally, subsequent to the year ended June 30, 2014, the City corrected an error related to its accounting for a transitional liability. This transitional liability is associated with the OPERS plan and principal repayment is funded through an adder to the pension rates paid by the City to OPERS. This information came to management's attention during the implementation of GASB Statement No. 68. A transitional liability of \$1,533,552 is included as part of the cumulative effect of restatement and decrease in beginning unrestricted position as of July 1, 2014.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Net position has been restated as follows:

	Governmental Activities	Business-Type Activities	Total
Net position - beginning (as originally reported)	\$ 114,796,422	\$ 61,738,357	\$ 176,534,779
Cumulative effect of change in accounting principle	(6,041,166)	(494,812)	(6,535,978)
Cumulative effect of prior period correction	(1,417,461)	(116,091)	(1,533,552)
Net position - beginning (as restated)	<u>\$ 107,337,795</u>	<u>\$ 61,127,454</u>	<u>\$ 168,465,249</u>

### **11. 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.

### **12. 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.



## **REQUIRED SUPPLEMENTARY INFORMATION**

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

- Budgetary Comparison Schedules
  - General Fund
  - Building Fund
- 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, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Property taxes	\$ 7,963,655	\$ 7,963,655	\$ 8,201,865	\$ 238,210
Franchise fees	2,144,400	2,144,400	2,213,242	68,842
Charges for service	481,900	481,900	555,309	73,409
Licenses and permits	277,800	277,800	414,390	136,590
Intergovernmental	2,710,070	2,710,070	2,559,328	(150,742)
Fines and forfeitures	1,373,500	1,373,500	1,359,978	(13,522)
Interest	40,000	40,000	41,572	1,572
Miscellaneous	93,000	93,000	119,418	26,418
Total revenues	15,084,325	15,084,325	15,465,102	380,777
<b>EXPENDITURES:</b>				
City Council	179,295	179,295	129,934	49,361
Administration	910,265	910,265	928,639	(18,374)
Finance	904,955	904,955	899,028	5,927
Municipal Court	362,815	362,815	340,184	22,631
Legal	255,505	255,505	236,550	18,955
Information Services	1,167,955	1,187,955	1,187,678	277
Planning	940,145	940,145	872,263	67,882
Engineering	1,166,915	1,166,915	1,089,249	77,666
Police	6,840,025	6,840,025	6,733,709	106,316
Community Services - Admin	965,480	965,480	934,130	31,350
Community Services - Library	1,814,755	1,814,755	1,792,066	22,689
Fleet Maintenance	477,665	477,665	417,838	59,827
Building Maintenance	779,535	779,535	775,082	4,453
Parks Maintenance	1,295,235	1,295,235	1,237,525	57,710
Nondepartmental				
General Services	857,800	857,800	782,471	75,329
Contingency	2,823,050	2,803,050	-	2,803,050
Total expenditures	21,741,395	21,741,395	18,356,346	3,385,049
Revenues over (under) expenditures	(6,657,070)	(6,657,070)	(2,891,244)	3,765,826
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,393,300	3,393,300	3,393,300	-
Transfers out	(14,000)	(14,000)	(14,000)	-
Total other financing sources (uses)	3,379,300	3,379,300	3,379,300	-
Net changes in fund balance	(3,277,770)	(3,277,770)	488,056	3,765,826
<b>FUND BALANCE, BEGINNING</b>	6,410,000	6,410,000	7,068,466	658,466
<b>FUND BALANCE, ENDING</b>	\$ 3,132,230	\$ 3,132,230	\$ 7,556,522	\$ 4,424,292

**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, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Charges for service	\$ 100	\$ 100	\$ -	\$ (100)
Licenses and permits	894,000	894,000	1,145,031	251,031
Interest	8,000	8,000	10,959	2,959
Miscellaneous	200	200	38	(162)
Total revenues	902,300	902,300	1,156,028	253,728
<b>EXPENDITURES:</b>				
Personal Services	677,655	677,655	635,824	41,831
Materials and service	89,030	89,030	92,814	(3,784)
Capital outlay	190,760	190,760	211,929	(21,169)
Contingency	187,000	187,000	-	187,000
Total expenditures	1,144,445	1,144,445	940,567	203,878
Revenues over (under) expenditures	(242,145)	(242,145)	215,461	457,606
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	20,000	20,000	20,000	-
Transfers out	(289,190)	(289,190)	(289,190)	-
Total other financing sources (uses)	(269,190)	(269,190)	(269,190)	-
Net changes in fund balance	(511,335)	(511,335)	(53,729)	457,606
<b>FUND BALANCE, BEGINNING</b>	1,299,010	1,299,010	1,797,858	498,848
<b>FUND BALANCE, ENDING</b>	\$ 787,675	\$ 787,675	\$ 1,744,129	\$ 956,454

**CITY OF TUALATIN, OREGON****SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION (ASSET) / LIABILITY****For the Last Two Fiscal Years**

Year Ended 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
2015	0.15665389%	\$ (3,550,897)	\$ 10,850,834	-32.72%	103.60%
2014	0.15665389%	7,994,278	10,217,980	78.24%	91.97%

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

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.

**CITY OF TUALATIN, OREGON****SCHEDULE OF CITY PENSION PLAN CONTRIBUTIONS****For the Last Two Fiscal Years**

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
2015	\$ 1,439,922	\$ 1,439,922	\$ -	\$ 10,850,834	13.27%
2014	1,458,300	1,458,300	-	10,217,980	14.27%

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

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.

**CITY OF TUALATIN**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2015**

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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, 2015. The city had a supplemental budget during the year-ended June 30, 2015. Appropriations lapse as of year-end.

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2015:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
General fund	Administration	\$18,374
Building fund	Materials & services	3,784
Building fund	Capital outlay	\$21,169
Water fund	Materials & services	\$78,006
Enterprise bond fund	Materials & services	\$43,998
Sewer development fund	Materials & services	\$ 108,270

**Changes in Plan Provisions**

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at: [http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf)

**CITY OF TUALATIN**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2015**

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**Changes of assumptions**

A summary of key changes implemented since the December 31, 2011 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

[http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf)

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>



## **OTHER SUPPLEMENTARY INFORMATION**

## OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

## COMBINING STATEMENTS

Nonmajor Governmental Funds

### **Special Revenue Funds**

These funds account for revenue derived from specific taxes or other earmarked revenue sources, which are legally restricted to expenditures for specified purposes. Funds included in this category are:

#### **Road Utility Fee Fund**

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

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

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

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

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

#### **Tualatin Scholarship Fund**

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

#### **Road Development Fund**

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

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

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

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

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

### **Debt Service Funds**

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

#### **General Obligation Bond Fund**

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

#### **Bancroft Bond Fund**

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

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

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

### **Capital Projects Funds**

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

#### **Local Improvement District Fund**

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

#### **Parks Improvement Fund**

The Parks Improvement Fund accounts for improvements to City parks not 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 within the Urban Renewal Agency's boundary.

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

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

#### **Operations Warehouse Project Fund**

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

**CITY OF TUALATIN, OREGON**  
**PARK DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Licenses and permits	\$ 20,570	\$ 20,570	\$ 867,282	\$ 846,712
Intergovernmental	221,860	221,860	975,059	753,199
Interest	2,000	2,000	10,566	8,566
Miscellaneous	-	-	600,000	600,000
Total revenues	244,430	244,430	2,452,907	2,208,477
<b>EXPENDITURES:</b>				
Materials and service	21,000	21,000	-	21,000
Capital outlay	956,130	956,130	558,855	397,275
Total expenditures	977,130	977,130	558,855	418,275
Revenues over (under) expenditures	(732,700)	(732,700)	1,894,052	2,626,752
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	14,000	14,000	14,000	-
Transfers out	(25,970)	(25,970)	(25,970)	-
Total other financing sources (uses)	(11,970)	(11,970)	(11,970)	-
Net changes in fund balance	(744,670)	(744,670)	1,882,082	2,626,752
<b>FUND BALANCE, BEGINNING</b>	744,670	744,670	761,554	16,884
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 2,643,636	\$ 2,643,636

**CITY OF TUALATIN, OREGON**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2015**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 7,023,308	\$ 339,355	\$ 4,733,077	\$ 12,095,740
Due from other governments	-	-	-	-
Accounts receivable	353,444	2,772	-	356,216
Property taxes receivable	-	43,716	-	43,716
Due from other funds	-	-	4,032	4,032
Inventories	36,164	-	-	36,164
Total assets	<u>\$ 7,412,916</u>	<u>\$ 385,843</u>	<u>\$ 4,737,109</u>	<u>\$ 12,535,868</u>
<b>LIABILITIES:</b>				
Accounts payable and other current liabilities	\$ 89,516	\$ 60,000	\$ 59,623	\$ 209,139
Deposits	55,324	-	-	55,324
Due to other funds	360	-	555	915
Retainage payable	3,231	-	-	3,231
Unearned revenue	20,000	-	-	20,000
Total liabilities	<u>168,431</u>	<u>60,000</u>	<u>60,178</u>	<u>288,609</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property tax revenue	-	39,898	-	39,898
Unavailable revenue - assessments	247,353	-	-	247,353
Total deferred inflows of resources	<u>247,353</u>	<u>39,898</u>	<u>-</u>	<u>287,251</u>
<b>FUND BALANCES:</b>				
Nonspendable:				
Inventory	36,164	-	-	36,164
Restricted for:				
Street and roadside maintenance	1,040,146	-	-	1,040,146
Debt service payments	-	285,945	-	285,945
Capital projects	-	-	602,731	602,731
Transportation	5,439,306	-	-	5,439,306
Urban renewal projects	230,245	-	4,074,200	4,304,445
Committed to:				
Pavement maintenance and street lighting	54,279	-	-	54,279
Parking maintenance	146,188	-	-	146,188
Assigned to:				
Scholarships	50,804	-	-	50,804
Total fund balances	<u>6,997,132</u>	<u>285,945</u>	<u>4,676,931</u>	<u>11,960,008</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,412,916</u>	<u>\$ 385,843</u>	<u>\$ 4,737,109</u>	<u>\$ 12,535,868</u>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2015**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
<b>REVENUES:</b>				
Property taxes	\$ -	\$ 969,823	\$ -	\$ 969,823
Charges for service	375,801	-	-	375,801
Licenses and permits	2,286,394	-	-	2,286,394
Intergovernmental	1,607,378	106	-	1,607,484
Interest	47,125	1,583	27,075	75,783
Miscellaneous	38,102	911	-	39,013
Total revenues	4,354,800	972,423	27,075	5,354,298
<b>EXPENDITURES:</b>				
General government	50,276	-	-	50,276
Highways and streets	1,159,874	-	-	1,159,874
Capital outlay	70,716	-	704,976	775,692
Debt service:				
Principal	-	675,000	-	675,000
Interest	-	286,719	-	286,719
Total expenditures	1,280,866	961,719	704,976	2,947,561
Revenues over (under) expenditures	3,073,934	10,704	(677,901)	2,406,737
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	93,820	-	-	93,820
Transfers out	(1,126,040)	-	(134,720)	(1,260,760)
Total other financing sources (uses)	(1,032,220)	-	(134,720)	(1,166,940)
Net change in fund balances	2,041,714	10,704	(812,621)	1,239,797
<b>FUND BALANCES, BEGINNING</b>	4,955,418	275,241	5,489,552	10,720,211
<b>FUND BALANCES, ENDING</b>	\$ 6,997,132	\$ 285,945	\$ 4,676,931	\$ 11,960,008

**CITY OF TUALATIN, OREGON**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2015**

	Road Utility Fee Fund	Road Gas Tax Fund	Core Area Parking District Fund	Tualatin Scholarship Fund	Road Development Fund	Economic Development Administration Fund	Transportation Development Tax Fund	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,787	\$ 1,132,669	\$ 146,265	\$ 50,804	\$ 1,106,064	\$ 231,780	\$ 4,352,939	\$ 7,023,308
Accounts receivable	96,723	9,368	-	-	-	-	247,353	353,444
Inventories	-	36,164	-	-	-	-	-	36,164
Total assets	<u>\$ 99,510</u>	<u>\$ 1,178,201</u>	<u>\$ 146,265</u>	<u>\$ 50,804</u>	<u>\$ 1,106,064</u>	<u>\$ 231,780</u>	<u>\$ 4,600,292</u>	<u>\$ 7,412,916</u>
<b>LIABILITIES:</b>								
Accounts payable and other current liabilities	\$ 43,236	\$ 45,028	\$ 77	\$ -	\$ -	\$ 1,175	\$ -	\$ 89,516
Deposits	-	36,863	-	-	18,461	-	-	55,324
Due to other funds	-	-	-	-	-	360	-	360
Retainage payable	1,995	-	-	-	1,236	-	-	3,231
Unearned revenue	-	20,000	-	-	-	-	-	20,000
Total liabilities	<u>45,231</u>	<u>101,891</u>	<u>77</u>	<u>-</u>	<u>19,697</u>	<u>1,535</u>	<u>-</u>	<u>168,431</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Unavailable revenue - assessments	-	-	-	-	-	-	247,353	247,353
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,353</u>	<u>247,353</u>
<b>FUND BALANCES:</b>								
Nonspendable:								
Inventory	-	36,164	-	-	-	-	-	36,164
Restricted for:								
Street and roadside maintenance	-	1,040,146	-	-	-	-	-	1,040,146
Transportation	-	-	-	-	1,086,367	-	4,352,939	5,439,306
Urban renewal projects	-	-	-	-	-	230,245	-	230,245
Committed to:								
Pavement maintenance and street lighting	54,279	-	-	-	-	-	-	54,279
Parking maintenance	-	-	146,188	-	-	-	-	146,188
Assigned to:								
Scholarships	-	-	-	50,804	-	-	-	50,804
Total fund balances	<u>54,279</u>	<u>1,076,310</u>	<u>146,188</u>	<u>50,804</u>	<u>1,086,367</u>	<u>230,245</u>	<u>4,352,939</u>	<u>6,997,132</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 99,510</u>	<u>\$ 1,178,201</u>	<u>\$ 146,265</u>	<u>\$ 50,804</u>	<u>\$ 1,106,064</u>	<u>\$ 231,780</u>	<u>\$ 4,600,292</u>	<u>\$ 7,412,916</u>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2015**

	Road Utility Fee Fund	Road Gas Tax Fund	Core Area Parking District Fund	Tualatin Scholarship Fund	Road Development Fund	Economic Development Administration Fund	Transportation Development Tax Fund	Total
<b>REVENUES:</b>								
Charges for service	\$ 326,712	\$ -	\$ 49,089	\$ -	\$ -	\$ -	\$ -	\$ 375,801
Licenses and permits	674,296	-	-	-	3,076	-	1,609,022	2,286,394
Intergovernmental	-	1,607,378	-	-	-	-	-	1,607,378
Interest	-	4,532	699	257	5,725	1,282	34,630	47,125
Miscellaneous	-	19,500	-	-	462	-	18,140	38,102
Total revenues	1,001,008	1,631,410	49,788	257	9,263	1,282	1,661,792	4,354,800
<b>EXPENDITURES:</b>								
General government	-	-	14,810	-	-	35,466	-	50,276
Highways and streets	764,816	395,058	-	-	-	-	-	1,159,874
Capital outlay	-	70,716	-	-	-	-	-	70,716
Total expenditures	764,816	465,774	14,810	-	-	35,466	-	1,280,866
Revenues over (under) expenditures	236,192	1,165,636	34,978	257	9,263	(34,184)	1,661,792	3,073,934
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers in	-	93,820	-	-	-	-	-	93,820
Transfers out	(343,270)	(759,300)	(23,470)	-	-	-	-	(1,126,040)
Total other financing sources (uses)	(343,270)	(665,480)	(23,470)	-	-	-	-	(1,032,220)
Net change in fund balances	(107,078)	500,156	11,508	257	9,263	(34,184)	1,661,792	2,041,714
<b>FUND BALANCES, BEGINNING</b>	161,357	576,154	134,680	50,547	1,077,104	264,429	2,691,147	4,955,418
<b>FUND BALANCES, ENDING</b>	\$ 54,279	\$ 1,076,310	\$ 146,188	\$ 50,804	\$ 1,086,367	\$ 230,245	\$ 4,352,939	\$ 6,997,132



**CITY OF TUALATIN, OREGON**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2015**

	General Obligation Bond Fund	Bancroft Bond Fund	Central Urban Renewal District Bond Fund	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 98,406	\$ 180,949	\$ 60,000	\$ 339,355
Accounts receivable	2,772	-	-	2,772
Property taxes receivable	43,716	-	-	43,716
Total assets	<u>\$ 144,894</u>	<u>\$ 180,949</u>	<u>\$ 60,000</u>	<u>\$ 385,843</u>
<b>LIABILITIES:</b>				
Accounts payable and other current liabilities	\$ -	\$ -	\$ 60,000	\$ 60,000
Total liabilities	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property tax revenue	39,898	-	-	39,898
Total deferred outflows of resources	<u>39,898</u>	<u>-</u>	<u>-</u>	<u>39,898</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Debt service payments	104,996	180,949	-	285,945
Total fund balances	<u>104,996</u>	<u>180,949</u>	<u>-</u>	<u>285,945</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 144,894</u>	<u>\$ 180,949</u>	<u>\$ 60,000</u>	<u>\$ 385,843</u>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2015**

	General Obligation Bond Fund	Bancroft Bond Fund	Central Urban Renewal District Bond Fund	Total
<b>REVENUES:</b>				
Property taxes	\$ 969,823	\$ -	\$ -	\$ 969,823
Intergovernmental	106	-	-	106
Interest	666	917	-	1,583
Miscellaneous	911	-	-	911
Total revenues	971,506	917	-	972,423
<b>EXPENDITURES:</b>				
Debt service:				
Principal	675,000	-	-	675,000
Interest	286,719	-	-	286,719
Total expenditures	961,719	-	-	961,719
Revenues over (under) expenditures	9,787	917	-	10,704
Net change in fund balances	9,787	917	-	10,704
<b>FUND BALANCES, BEGINNING</b>	95,209	180,032	-	275,241
<b>FUND BALANCES, ENDING</b>	<u>\$ 104,996</u>	<u>\$ 180,949</u>	<u>\$ -</u>	<u>\$ 285,945</u>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2015**

	Local Improvement District Fund	Parks Improvement Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Operations Warehouse Project Fund	Total
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 476,943	\$ 745	\$ 166,952	\$ 3,963,394	\$ 125,043	\$ 4,733,077
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	4,032	-	-	4,032
Total assets	<u>\$ 476,943</u>	<u>\$ 745</u>	<u>\$ 170,984</u>	<u>\$ 3,963,394</u>	<u>\$ 125,043</u>	<u>\$ 4,737,109</u>
<b>LIABILITIES:</b>						
Accounts payable and other current liabilities	\$ -	\$ -	\$ 50,547	\$ 9,076	\$ -	\$ 59,623
Due to other funds	-	-	555	-	-	555
Total liabilities	<u>-</u>	<u>-</u>	<u>51,102</u>	<u>9,076</u>	<u>-</u>	<u>60,178</u>
<b>FUND BALANCES:</b>						
Restricted for:						
Capital projects	476,943	745	-	-	125,043	602,731
Urban renewal projects	-	-	119,882	3,954,318	-	4,074,200
Total fund balances	<u>476,943</u>	<u>745</u>	<u>119,882</u>	<u>3,954,318</u>	<u>125,043</u>	<u>4,676,931</u>
Total liabilities and fund balances	<u>\$ 476,943</u>	<u>\$ 745</u>	<u>\$ 170,984</u>	<u>\$ 3,963,394</u>	<u>\$ 125,043</u>	<u>\$ 4,737,109</u>

**CITY OF TUALATIN, OREGON**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2015**

	Local Improvement District Fund	Parks Improvement Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Operations Warehouse Project Fund	Total
<b>REVENUES:</b>						
Interest	\$ 2,416.00	\$ -	\$ 3,323.00	\$ 20,642.00	\$ 694.00	\$ 27,075.00
Miscellaneous	-	-	-	-	-	-
Total revenues	2,416	-	3,323	20,642	694	27,075
<b>EXPENDITURES:</b>						
Capital outlay	-	-	684,000	20,976	-	704,976
Total expenditures	-	-	684,000	20,976	-	704,976
Revenues over (under) expenditures	2,416	-	(680,677)	(334)	694	(677,901)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(80,180)	(54,540)	-	(134,720)
Total other financing sources (uses)	-	-	(80,180)	(54,540)	-	(134,720)
Net change in fund balances	2,416	-	(760,857)	(54,874)	694	(812,621)
<b>FUND BALANCES, BEGINNING</b>	474,527	745	880,739	4,009,192	124,349	5,489,552
<b>FUND BALANCES, ENDING</b>	<u>\$ 476,943</u>	<u>\$ 745</u>	<u>\$ 119,882</u>	<u>\$ 3,954,318</u>	<u>\$ 125,043</u>	<u>\$ 4,676,931</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 Gas Tax Fund
  - Core Area Parking District Fund
  - Tualatin Scholarship Fund
  - Road Development Fund
  - Economic Development Administration Fund
  - Transportation Development Tax Fund
- Nonmajor Debt Service Funds
  - General Obligation Bond Fund
  - Bancroft Bond Fund
- Nonmajor Capital Project Funds
  - Local Improvement District Fund
  - Parks Improvement Fund
  - Infrastructure Reserve Fund
  - Central Urban Renewal District Project Fund
  - Leveton Tax Increment District Project Fund
  - Operations Warehouse Project Fund

**CITY OF TUALATIN, OREGON**  
**ROAD UTILITY FEE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Charges for service	\$ 328,680	\$ 328,680	\$ 326,712	\$ (1,968)
Licenses and permits	656,755	656,755	674,296	17,541
Interest	2,500	2,500	-	(2,500)
Total revenues	987,935	987,935	1,001,008	13,073
<b>EXPENDITURES:</b>				
Materials and service	838,380	838,380	764,816	73,564
Total expenditures	838,380	838,380	764,816	73,564
Revenues over (under) expenditures	149,555	149,555	236,192	86,637
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(343,270)	(343,270)	(343,270)	-
Total other financing sources (uses)	(343,270)	(343,270)	(343,270)	-
Net changes in fund balance	(193,715)	(193,715)	(107,078)	86,637
<b>FUND BALANCE, BEGINNING</b>	223,090	223,090	161,357	(61,733)
<b>FUND BALANCE, ENDING</b>	\$ 29,375	\$ 29,375	\$ 54,279	\$ 24,904

**CITY OF TUALATIN, OREGON**  
**ROAD GAS TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Intergovernmental	\$ 1,607,170	\$ 1,607,170	\$ 1,607,378	\$ 208
Interest	4,000	4,000	4,532	532
Miscellaneous	36,865	36,865	19,500	(17,365)
Total revenues	1,648,035	1,648,035	1,631,410	(16,625)
<b>EXPENDITURES:</b>				
Materials and service	549,500	549,500	395,058	154,442
Capital outlay	180,000	180,000	70,716	109,284
Contingency	196,320	196,320	-	196,320
Total expenditures	925,820	925,820	465,774	460,046
Revenues over (under) expenditures	722,215	722,215	1,165,636	443,421
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	93,820	93,820	93,820	-
Transfers out	(759,300)	(759,300)	(759,300)	-
Total other financing sources (uses)	(665,480)	(665,480)	(665,480)	-
Net changes in fund balance	56,735	56,735	500,156	443,421
<b>FUND BALANCE, BEGINNING</b>	263,720	263,720	576,154	312,434
<b>FUND BALANCE, ENDING</b>	<u>\$ 320,455</u>	<u>\$ 320,455</u>	<u>\$ 1,076,310</u>	<u>\$ 755,855</u>

**CITY OF TUALATIN, OREGON**  
**CORE AREA PARKING DISTRICT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Charges for service	\$ 50,000	\$ 50,000	\$ 49,089	\$ (911)
Interest	1,000	1,000	699	(301)
Total revenues	51,000	51,000	49,788	(1,212)
<b>EXPENDITURES:</b>				
Materials and service	24,160	24,160	14,810	9,350
Contingency	10,000	10,000	-	10,000
Total expenditures	34,160	34,160	14,810	19,350
Revenues over (under) expenditures	16,840	16,840	34,978	18,138
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(23,470)	(23,470)	(23,470)	-
Total other financing sources (uses)	(23,470)	(23,470)	(23,470)	-
Net changes in fund balance	(6,630)	(6,630)	11,508	18,138
<b>FUND BALANCE, BEGINNING</b>	128,860	128,860	134,680	5,820
<b>FUND BALANCE, ENDING</b>	<u>\$ 122,230</u>	<u>\$ 122,230</u>	<u>\$ 146,188</u>	<u>\$ 23,958</u>



**CITY OF TUALATIN, OREGON**  
**TUALATIN SCHOLARSHIP FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

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	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Interest	\$ 250	\$ 250	\$ 257	\$ 7
Total revenues	250	250	257	7
<b>EXPENDITURES:</b>				
Materials and service	400	400	-	400
Total expenditures	400	400	-	400
Revenues over (under) expenditures	(150)	(150)	257	407
Net changes in fund balance	(150)	(150)	257	407
<b>FUND BALANCE, BEGINNING</b>	50,635	50,635	50,547	(88)
<b>FUND BALANCE, ENDING</b>	<u>\$ 50,485</u>	<u>\$ 50,485</u>	<u>\$ 50,804</u>	<u>\$ 319</u>

**CITY OF TUALATIN, OREGON**  
**ROAD DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Licenses and permits	\$ -	\$ -	\$ 3,076	\$ 3,076
Interest	3,000	3,000	5,725	2,725
Miscellaneous	-	-	462	462
Total revenues	3,000	3,000	9,263	6,263
<b>EXPENDITURES:</b>				
Contingency	602,925	602,925	-	602,925
Total expenditures	602,925	602,925	-	602,925
Revenues over (under) expenditures	(599,925)	(599,925)	9,263	609,188
Net changes in fund balance	(599,925)	(599,925)	9,263	609,188
<b>FUND BALANCE, BEGINNING</b>	599,925	599,925	1,077,104	477,179
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 1,086,367	\$ 1,086,367

**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, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Interest	\$ 875	\$ 875	\$ 1,282	\$ 407
Total revenues	875	875	1,282	407
<b>EXPENDITURES:</b>				
Materials and service	64,225	64,225	35,466	28,759
Contingency	78,275	78,275	-	78,275
Total expenditures	142,500	142,500	35,466	107,034
Revenues over (under) expenditures	(141,625)	(141,625)	(34,184)	107,441
Net changes in fund balance	(141,625)	(141,625)	(34,184)	107,441
<b>FUND BALANCE, BEGINNING</b>	141,625	141,625	264,429	122,804
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 230,245	\$ 230,245

**CITY OF TUALATIN, OREGON**  
**TRANSPORTATION DEVELOPMENT TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

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	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Licenses and permits	\$ 200,000	\$ 200,000	\$ 1,609,022	\$ 1,409,022
Interest	22,680	22,680	34,630	11,950
Miscellaneous	-	-	18,140	18,140
Total revenues	222,680	222,680	1,661,792	1,439,112
<b>EXPENDITURES:</b>				
Contingency	1,947,000	1,947,000	-	1,947,000
Total expenditures	1,947,000	1,947,000	-	1,947,000
Revenues over (under) expenditures	(1,724,320)	(1,724,320)	1,661,792	3,386,112
Net changes in fund balance	(1,724,320)	(1,724,320)	1,661,792	3,386,112
<b>FUND BALANCE, BEGINNING</b>	1,724,320	1,724,320	2,691,147	966,827
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 4,352,939	\$ 4,352,939

**CITY OF TUALATIN, OREGON**  
**GENERAL OBLIGATION BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Property taxes	\$ 950,000	\$ 950,000	\$ 969,823	\$ 19,823
Intergovernmental	-	-	106	106
Interest	1,000	1,000	666	(334)
Miscellaneous	-	-	911	911
Total revenues	951,000	951,000	971,506	20,506
<b>EXPENDITURES:</b>				
Debt service:				
Principal	675,000	675,000	675,000	-
Interest	286,725	286,725	286,719	6
Total expenditures	961,725	961,725	961,719	6
Revenues over (under) expenditures	(10,725)	(10,725)	9,787	20,512
Net changes in fund balance	(10,725)	(10,725)	9,787	20,512
<b>FUND BALANCE, BEGINNING</b>	90,130	90,130	95,209	5,079
<b>FUND BALANCE, ENDING</b>	\$ 79,405	\$ 79,405	\$ 104,996	\$ 25,591

**CITY OF TUALATIN, OREGON**  
**BANCROFT BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

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	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Interest	\$ 1,000	\$ 1,000	\$ 917	\$ (83)
Total revenues	1,000	1,000	917	(83)
<b>EXPENDITURES:</b>				
Total expenditures	-	-	-	-
Revenues over (under) expenditures	1,000	1,000	917	(83)
Net changes in fund balance	1,000	1,000	917	(83)
<b>FUND BALANCE, BEGINNING</b>	180,000	180,000	180,032	32
<b>FUND BALANCE, ENDING</b>	<u>\$ 181,000</u>	<u>\$ 181,000</u>	<u>\$ 180,949</u>	<u>\$ (51)</u>

**CITY OF TUALATIN, OREGON**  
**LOCAL IMPROVEMENT DISTRICT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

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	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 2,700	\$ 2,700	\$ 2,416	\$ (284)
Total revenues	2,700	2,700	2,416	(284)
<b>EXPENDITURES:</b>				
Contingency	477,575	477,575	-	477,575
Total expenditures	477,575	477,575	-	477,575
Revenues over (under) expenditures	(474,875)	(474,875)	2,416	477,291
Net changes in fund balance	(474,875)	(474,875)	2,416	477,291
<b>FUND BALANCE, BEGINNING</b>	474,875	474,875	474,527	(348)
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,943</u>	<u>\$ 476,943</u>

**CITY OF TUALATIN, OREGON**  
**PARKS IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

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	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES:</b>	-	-	-	-
<b>FUND BALANCE, BEGINNING</b>	-	-	745	745
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 745	\$ 745



**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, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Interest	\$ 4,845	\$ 4,845	\$ 3,323	\$ (1,522)
Total revenues	4,845	4,845	3,323	(1,522)
<b>EXPENDITURES:</b>				
Capital outlay	450,000	684,180	684,000	180
Contingency	369,520	135,340	-	135,340
Total expenditures	819,520	819,520	684,000	135,520
Revenues over (under) expenditures	(814,675)	(814,675)	(680,677)	133,998
Transfers out	(80,180)	(80,180)	(80,180)	-
Total other financing sources (uses)	(80,180)	(80,180)	(80,180)	-
Net changes in fund balance	(894,855)	(894,855)	(760,857)	133,998
<b>FUND BALANCE, BEGINNING</b>	894,855	894,855	880,739	(14,116)
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,882</u>	<u>\$ 119,882</u>

**CITY OF TUALATIN, OREGON**  
**LEVETON TAX INCREMENT DISTRICT PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 15,820	\$ 15,820	\$ 20,642	\$ 4,822
Total revenues	15,820	15,820	20,642	4,822
<b>EXPENDITURES:</b>				
Capital outlay	50,000	50,000	20,976	29,024
Contingency	16,365	16,365	-	16,365
Total expenditures	66,365	66,365	20,976	45,389
Revenues over (under) expenditures	(50,545)	(50,545)	(334)	50,211
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(54,540)	(54,540)	(54,540)	-
Total other financing sources (uses)	(54,540)	(54,540)	(54,540)	-
Net changes in fund balance	(105,085)	(105,085)	(54,874)	50,211
<b>FUND BALANCE, BEGINNING</b>	3,140,680	3,140,680	4,009,192	868,512
<b>FUND BALANCE, ENDING</b>	<u>\$ 3,035,595</u>	<u>\$ 3,035,595</u>	<u>\$ 3,954,318</u>	<u>\$ 918,723</u>

**CITY OF TUALATIN, OREGON**  
**OPERATIONS WAREHOUSE PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ -	\$ -	\$ 694	\$ 694
Total revenues	-	-	694	694
<b>EXPENDITURES:</b>				
Revenues over (under) expenditures	-	-	694	694
Net changes in fund balance	-	-	694	694
<b>FUND BALANCE, BEGINNING</b>	-	-	124,349	124,349
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,043</u>	<u>\$ 125,043</u>

## **BUDGETARY COMPARISON SCHEDULES**

### **Enterprise Funds**

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

Enterprise Budgetary Comparison schedules include the following:

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

**CITY OF TUALATIN, OREGON**  
**WATER OPERATIONS COMBINED**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2015**

	Water Fund	Water Development Fund	Water Reservoir Fund	Enterprise Bond Fund	Total Water Operations
<b>REVENUES:</b>					
Charges for service	\$ 5,759,077	\$ 357,208	\$ -	\$ -	\$ 6,116,285
Interest	27,552	3,935	-	980	32,467
Miscellaneous	15,580	-	-	-	15,580
Total revenues	5,802,209	361,143	-	980	6,164,332
<b>EXPENDITURES:</b>					
Materials and service	2,062,306	-	-	44,223	2,106,529
Capital outlay	2,174,856	130,000	-	-	2,304,856
Debt service:					
Principal	-	-	-	370,000	370,000
Interest	-	-	-	147,050	147,050
Total expenditures	4,237,162	130,000	-	561,273	4,928,435
Revenues over (under) expenditures	1,565,047	231,143	-	(560,293)	1,235,897
<b>OTHER FINANCING SOURCES (USES):</b>					
Refunding bonds issued	-	-	-	4,300,000	4,300,000
Premium on bonds issued	-	-	-	445,494	445,494
Payment to refunded bond escrow agent	-	-	-	(4,660,463)	(4,660,463)
Transfers in	450,000	-	-	517,050	967,050
Transfers out	(2,846,350)	(452,560)	-	-	(3,298,910)
Total other financing sources (uses)	(2,396,350)	(452,560)	-	602,081	(2,246,829)
Net change in fund balances	(831,303)	(221,417)	-	41,788	(1,010,932)
<b>FUND BALANCES, BEGINNING BUDGETARY BASIS</b>	5,058,604	924,226	162	444,922	6,427,914
<b>FUND BALANCES, ENDING BUDGETARY BASIS</b>	\$ 4,227,301	\$ 702,809	\$ 162	\$ 486,710	\$ 5,416,982

**RECONCILIATION TO NET POSITION - GAAP BASIS**

Adjustment for net pension asset being accrued	160,122
Adjustment for pension related deferred outflows of resources being accrued	65,377
Adjustment for pension related deferred inflows of resources being accrued	(308,971)
Adjustment for pension transition liability	(67,194)
Adjustment for interest payable being accrued	(12,555)
Adjustment for capital assets not being depreciated	2,109,716
Adjustment for capital assets, net of accumulated depreciation	30,085,738
Adjustment for bonds payable, due within one year	(345,000)
Adjustment for long term bonds payable	(4,260,000)
Adjustment for bond premium	(404,994)
Adjustment for deferred charge on refunding	245,876

**NET POSITION - GAAP BASIS** \$ 32,685,097

**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, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Charges for service	\$ 5,180,840	\$ 5,480,840	\$ 5,759,077	\$ 278,237
Interest	33,035	33,035	27,552	(5,483)
Miscellaneous	18,890	18,890	15,580	(3,310)
Total revenues	5,232,765	5,532,765	5,802,209	269,444
<b>EXPENDITURES:</b>				
Materials and service	1,684,300	1,984,300	2,062,306	(78,006)
Capital outlay	2,340,000	2,340,000	2,174,856	165,144
Contingency	682,400	682,400	-	682,400
Total expenditures	4,706,700	5,006,700	4,237,162	769,538
Revenues over (under) expenditures	526,065	526,065	1,565,047	1,038,982
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	450,000	450,000	450,000	-
Transfers out	(2,865,065)	(2,865,065)	(2,846,350)	18,715
Total other financing sources (uses)	(2,415,065)	(2,415,065)	(2,396,350)	18,715
Net changes in fund balance	(1,889,000)	(1,889,000)	(831,303)	1,057,697
<b>FUND BALANCE, BEGINNING</b>	7,046,640	7,046,640	5,058,604	(1,988,036)
<b>FUND BALANCE, ENDING</b>	<u>\$ 5,157,640</u>	<u>\$ 5,157,640</u>	<u>\$ 4,227,301</u>	<u>\$ (930,339)</u>

**CITY OF TUALATIN, OREGON**  
**WATER DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Charges for service	\$ 100,000	\$ 100,000	\$ 357,208	\$ 257,208
Interest	3,135	3,135	3,935	800
Total revenues	103,135	103,135	361,143	258,008
<b>EXPENDITURES:</b>				
Capital outlay	200,000	200,000	130,000	70,000
Contingency	327,290	327,290	-	327,290
Total expenditures	527,290	527,290	130,000	397,290
Revenues over (under) expenditures	(424,155)	(424,155)	231,143	655,298
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(452,560)	(452,560)	(452,560)	-
Total other financing sources (uses)	(452,560)	(452,560)	(452,560)	-
Net changes in fund balance	(876,715)	(876,715)	(221,417)	655,298
<b>FUND BALANCE, BEGINNING</b>	876,715	876,715	924,226	47,511
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 702,809	\$ 702,809

**CITY OF TUALATIN, OREGON**  
**WATER RESERVOIR FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

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	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES:</b>	-	-	-	-
<b>FUND BALANCE, BEGINNING</b>	-	-	162	162
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 162	\$ 162



**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, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Interest	\$ 2,000	\$ 2,000	\$ 980	\$ (1,020)
Total revenues	2,000	2,000	980	(1,020)
<b>EXPENDITURES:</b>				
Materials and service	225	225	44,223	(43,998)
Debt service:				
Principal	330,000	330,000	370,000	(40,000)
Interest	208,365	208,365	147,050	61,315
Total expenditures	538,590	538,590	561,273	(22,683)
Revenues over (under) expenditures	(536,590)	(536,590)	(560,293)	(23,703)
<b>OTHER FINANCING SOURCES (USES):</b>				
Refunding bonds issued	-	-	4,300,000	4,300,000
Premium on bonds issued	-	-	445,494	445,494
Payment to refunded bond escrow agent	-	-	(4,660,463)	(4,660,463)
Transfers in	535,765	535,765	517,050	(18,715)
Total other financing sources (uses)	535,765	535,765	602,081	66,316
Net changes in fund balance	(825)	(825)	41,788	42,613
<b>FUND BALANCE, BEGINNING</b>	444,615	444,615	444,922	307
<b>FUND BALANCE, ENDING</b>	\$ 443,790	\$ 443,790	\$ 486,710	\$ 42,920

**CITY OF TUALATIN, OREGON**  
**SEWER OPERATIONS COMBINED**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Sewer Fund</u>	<u>Sewer Development Fund</u>	<u>Total Sewer Operations</u>
<b>REVENUES:</b>			
Charges for service	\$ 7,015,427	\$ 755,930	\$ 7,771,357
Interest	14,488	19,836	34,324
Total revenues	<u>7,029,915</u>	<u>775,766</u>	<u>7,805,681</u>
<b>EXPENDITURES:</b>			
Materials and service	<u>5,708,330</u>	<u>775,270</u>	<u>6,483,600</u>
Total expenditures	<u>5,708,330</u>	<u>775,270</u>	<u>6,483,600</u>
Revenues over (under) expenditures	<u>1,321,585</u>	<u>496</u>	<u>1,322,081</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	<u>(1,331,660)</u>	<u>(9,770)</u>	<u>(1,341,430)</u>
Total other financing sources (uses)	<u>(1,331,660)</u>	<u>(9,770)</u>	<u>(1,341,430)</u>
Net change in fund balances	(10,075)	(9,274)	(19,349)
<b>FUND BALANCES, BEGINNING BUDGETARY BASIS</b>	<u>3,016,316</u>	<u>3,896,331</u>	<u>6,912,647</u>
<b>FUND BALANCES, ENDING BUDGETARY BASIS</b>	<u>\$ 3,006,241</u>	<u>\$ 3,887,057</u>	<u>\$ 6,893,298</u>
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>			
Adjustment for net pension asset being accrued			70,179
Adjustment for pension related deferred outflows of resources being accrued			28,653
Adjustment for pension related deferred inflows of resources being accrued			(135,417)
Adjustment for pension transition liability			(29,446)
Adjustment for capital assets not being depreciated			125,592
Adjustment for capital assets, net of accumulated depreciation			<u>16,842,970</u>
<b>NET POSITION - GAAP BASIS</b>			<u>\$ 23,795,829</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, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Charges for service	\$ 7,034,080	\$ 7,034,080	\$ 7,015,427	\$ (18,653)
Interest	18,555	18,555	14,488	(4,067)
Miscellaneous	500	500	-	(500)
Total revenues	7,053,135	7,053,135	7,029,915	(23,220)
<b>EXPENDITURES:</b>				
Materials and service	5,911,615	5,911,615	5,708,330	203,285
Contingency	1,086,490	1,086,490	-	1,086,490
Total expenditures	6,998,105	6,998,105	5,708,330	1,289,775
Revenues over (under) expenditures	55,030	55,030	1,321,585	1,266,555
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,331,660)	(1,331,660)	(1,331,660)	-
Total other financing sources (uses)	(1,331,660)	(1,331,660)	(1,331,660)	-
Net changes in fund balance	(1,276,630)	(1,276,630)	(10,075)	1,266,555
<b>FUND BALANCE, BEGINNING</b>	3,687,900	3,687,900	3,016,316	(671,584)
<b>FUND BALANCE, ENDING</b>	\$ 2,411,270	\$ 2,411,270	\$ 3,006,241	\$ 594,971

**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, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Charges for service	\$ 200,000	\$ 675,000	\$ 755,930	\$ 80,930
Interest	20,000	20,000	19,836	(164)
Total revenues	220,000	695,000	775,766	80,766
<b>EXPENDITURES:</b>				
Materials and service	192,000	667,000	775,270	(108,270)
Contingency	3,676,450	3,676,450	-	3,676,450
Total expenditures	3,868,450	4,343,450	775,270	3,568,180
Revenues over (under) expenditures	(3,648,450)	(3,648,450)	496	3,648,946
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(9,770)	(9,770)	(9,770)	-
Total other financing sources (uses)	(9,770)	(9,770)	(9,770)	-
Net changes in fund balance	(3,658,220)	(3,658,220)	(9,274)	3,648,946
<b>FUND BALANCE, BEGINNING</b>	3,658,220	3,658,220	3,896,331	238,111
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 3,887,057	\$ 3,887,057

**CITY OF TUALATIN, OREGON**  
**STORM DRAIN OPERATIONS COMBINED**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2015**

	Storm Drain Fund	Storm Drain Development Fund	Total Storm Drain Operations
<b>REVENUES:</b>			
Charges for service	\$ 2,197,050	\$ 123,139	\$ 2,320,189
Interest	4,519	2,109	6,628
Miscellaneous	400	-	400
Total revenues	2,201,969	125,248	2,327,217
<b>EXPENDITURES:</b>			
Materials and service	651,222	-	651,222
Capital outlay	129,152	-	129,152
Total expenditures	780,374	-	780,374
Revenues over (under) expenditures	1,421,595	125,248	1,546,843
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(1,096,220)	-	(1,096,220)
Total other financing sources (uses)	(1,096,220)	-	(1,096,220)
Net change in fund balances	325,375	125,248	450,623
<b>FUND BALANCES, BEGINNING BUDGETARY BASIS</b>	784,155	327,671	1,111,826
<b>FUND BALANCES, ENDING BUDGETARY BASIS</b>	<u>\$ 1,109,530</u>	<u>\$ 452,919</u>	\$ 1,562,449
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>			
Adjustment for net pension asset being accrued			38,523
Adjustment for pension related deferred outflows of resources being accrued			15,729
Adjustment for pension related deferred inflows of resources being accrued			(74,334)
Adjustment for pension transition liability			(16,169)
Adjustment for capital assets not being depreciated			61,498
Adjustment for capital assets, net of accumulated depreciation			4,051,124
<b>NET POSITION - GAAP BASIS</b>			<u>\$ 5,638,820</u>

**CITY OF TUALATIN, OREGON**  
**STORM DRAIN FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Charges for service	\$ 2,158,730	\$ 2,158,730	\$ 2,197,050	\$ 38,320
Interest	1,800	1,800	4,519	2,719
Miscellaneous	-	-	400	400
Total revenues	2,160,530	2,160,530	2,201,969	41,439
<b>EXPENDITURES:</b>				
Materials and service	786,165	786,165	651,222	134,943
Capital outlay	357,500	357,500	129,152	228,348
Contingency	282,360	282,360	-	282,360
Total expenditures	1,426,025	1,426,025	780,374	645,651
Revenues over (under) expenditures	734,505	734,505	1,421,595	687,090
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,096,220)	(1,096,220)	(1,096,220)	-
Total other financing sources (uses)	(1,096,220)	(1,096,220)	(1,096,220)	-
Net changes in fund balance	(361,715)	(361,715)	325,375	687,090
<b>FUND BALANCE, BEGINNING</b>	639,550	639,550	784,155	144,605
<b>FUND BALANCE, ENDING</b>	<u>\$ 277,835</u>	<u>\$ 277,835</u>	<u>\$ 1,109,530</u>	<u>\$ 831,695</u>

**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, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for service	\$ -	\$ -	\$ 123,139	\$ 123,139
Interest	1,500	1,500	2,109	609
Total revenues	1,500	1,500	125,248	123,748
<b>EXPENDITURES:</b>				
Contingency	279,900	279,900	-	279,900
Total expenditures	279,900	279,900	-	279,900
Revenues over (under) expenditures	(278,400)	(278,400)	125,248	403,648
Net changes in fund balance	(278,400)	(278,400)	125,248	403,648
<b>FUND BALANCE, BEGINNING</b>	278,400	278,400	327,671	49,271
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452,919</u>	<u>\$ 452,919</u>

## **BUDGETARY COMPARISON SCHEDULES**

### **Internal Service Funds**

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

Internal Service Budgetary Comparison schedules include the following:

- Operations Fund



**CITY OF TUALATIN, OREGON**  
**OPERATIONS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ -	\$ -	\$ 3,179	3,179
Interest	8,000	8,000	5,974	(2,026)
Miscellaneous	16,410	16,410	26,301	9,891
Total revenues	24,410	24,410	35,454	11,044
<b>EXPENDITURES:</b>				
Administration	512,975	512,975	495,463	17,512
Water Division	985,020	985,020	903,147	81,873
Sewer Division	397,725	397,725	345,111	52,614
Street Division	565,460	565,460	546,526	18,934
Nondepartmental				
General Services	477,060	477,060	218,222	258,838
Contingency	334,000	334,000	-	334,000
Total expenditures	3,272,240	3,272,240	2,508,469	763,771
Revenues over (under) expenditures	(3,247,830)	(3,247,830)	(2,473,015)	774,815
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,838,310	2,838,310	2,838,310	-
Total other financing sources (uses)	2,838,310	2,838,310	2,838,310	-
Changes in fund balances	(409,520)	(409,520)	365,295	774,815
<b>FUND BALANCES, BEGINNING BUDGETARY BASIS</b>	580,735	580,735	779,872	199,137
<b>FUND BALANCES, ENDING BUDGETARY BASIS</b>	<u>\$ 171,215</u>	<u>\$ 171,215</u>	1,145,167	<u>\$ 973,952</u>
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>				
Adjustment for compensated absences being accrued			(53,619)	
Adjustment for capital assets, net of accumulated depreciation			933,946	
<b>NET POSITION - GAAP BASIS</b>			<u>\$ 2,025,494</u>	

## **OTHER FINANCIAL SCHEDULES**

**CITY OF TUALATIN, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES**  
**For the Fiscal Year Ended June 30, 2015**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2014</u>	<u>Levy as Extended By Assessor</u>	<u>Discount</u>	<u>Interest</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Uncollected Balance June 30, 2015</u>
2014-2015	\$ -	\$ 9,414,934	\$ (248,174)	\$ 2,395	\$ (9,672)	\$ (8,993,693)	\$ 165,790
2013-2014	184,628	-	(285)	5,461	(2,642)	(101,353)	85,809
2012-2013	92,479	-	(101)	4,298	(4,515)	(30,519)	61,642
2011-2012	67,390	-	(87)	6,496	(7,881)	(28,087)	37,831
2010-2011	45,717	-	(77)	3,135	(8,201)	(10,007)	30,567
2009-2010	30,012	-	1	914	(643)	(2,840)	27,444
Prior years	6,631	-	-	1,316	(313)	(3,294)	4,340
Totals	<u>\$ 426,857</u>	<u>\$ 9,414,934</u>	<u>\$ (248,723)</u>	<u>\$ 24,015</u>	<u>\$ (33,867)</u>	<u>\$ (9,169,793)</u>	<u>\$ 413,423</u>

Taxes receivable classified by fund:

General Fund	\$ 369,707
General Obligation Bond Fund	<u>43,716</u>
	<u>\$ 413,423</u>

**CITY OF TUALATIN, OREGON**  
**WATER OPERATIONS 5 YEAR HISTORICAL RESULTS**  
**For the Fiscal Year Ended June 30, 2015**

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	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>REVENUES:</b>					
Charges for service	\$ 5,122,223	\$ 5,309,078	\$ 5,237,638	\$ 5,227,628	\$ 5,759,077
Interest	28,879	31,556	34,700	36,959	27,552
Miscellaneous	<u>14,532</u>	<u>12,720</u>	<u>17,899</u>	<u>15,804</u>	<u>15,580</u>
Total revenues	<u>5,165,634</u>	<u>5,353,354</u>	<u>5,290,237</u>	<u>5,280,391</u>	<u>5,802,209</u>
<b>EXPENDITURES:</b>					
Materials and service	1,901,777	2,096,342	2,006,693	1,892,131	2,062,306
Capital outlay	<u>186,658</u>	<u>197,415</u>	<u>248,006</u>	<u>870,468</u>	<u>2,174,856</u>
Total expenditures	<u>2,088,435</u>	<u>2,293,757</u>	<u>2,254,699</u>	<u>2,762,599</u>	<u>4,237,162</u>
Excess (deficiency) of revenues over expenditures	<u>3,077,199</u>	<u>3,059,597</u>	<u>3,035,538</u>	<u>2,517,792</u>	<u>1,565,047</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	450,000
Transfers out	<u>(2,684,889)</u>	<u>(2,416,663)</u>	<u>(2,386,995)</u>	<u>(2,861,555)</u>	<u>(2,846,350)</u>
Total other financing sources (uses)	<u>(2,684,889)</u>	<u>(2,416,663)</u>	<u>(2,386,995)</u>	<u>(2,861,555)</u>	<u>(2,396,350)</u>
Net change in fund balances	392,310	642,934	648,543	(343,763)	(831,303)
<b>FUND BALANCES, BEGINNING BUDGETARY BASIS</b>	<u>3,718,580</u>	<u>4,110,890</u>	<u>4,753,824</u>	<u>5,402,367</u>	<u>5,058,604</u>
<b>FUND BALANCES, ENDING BUDGETARY BASIS</b>	<u>\$ 4,110,890</u>	<u>\$ 4,753,824</u>	<u>\$ 5,402,367</u>	<u>\$ 5,058,604</u>	<u>\$ 4,227,301</u>

## **STATISTICAL SECTION**

## STATISTICAL SECTION

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

### **FINANCIAL TRENDS**

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

### **REVENUE CAPACITY**

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

### **DEBT CAPACITY**

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

### **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

### **OPERATING INFORMATION**

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

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014 (restated)	2015
<b><i>Governmental activities</i></b>										
Net investment in capital assets	\$ 83,109,505	\$ 85,434,995	\$ 90,759,532	\$ 96,393,624	\$ 97,164,924	\$ 95,531,501	\$ 96,704,593	\$ 95,303,048	\$ 93,651,852	\$ 92,025,421
Restricted for special purposes	27,135,766	31,870,363	32,543,974	21,641,579	20,700,327	15,947,020	13,101,042	12,773,161	12,939,222	16,106,005
Unrestricted	8,324,105	7,944,380	4,200,284	9,736,010	8,359,281	10,794,402	11,416,369	11,017,677	746,721	5,747,426
<i>Total governmental activities</i>	<b>\$ 118,569,376</b>	<b>\$ 125,249,738</b>	<b>\$ 127,503,790</b>	<b>\$ 127,771,213</b>	<b>\$ 126,224,532</b>	<b>\$ 122,272,923</b>	<b>\$ 121,222,004</b>	<b>\$ 119,093,886</b>	<b>\$ 107,337,795</b>	<b>\$ 113,878,852</b>
<b><i>Business-type activities</i></b>										
Net investment in capital assets	\$ 38,662,415	\$ 40,095,770	\$ 40,499,850	\$ 43,875,845	\$ 47,581,590	\$ 47,186,247	\$ 47,026,375	\$ 46,626,072	\$ 47,293,914	\$ 48,216,410
Restricted for special purposes	4,661,750	6,142,789	7,386,077	4,070,822	4,172,155	4,373,171	4,679,232	5,057,107	5,148,228	5,042,785
Unrestricted	3,529,390	4,088,260	4,453,310	6,618,208	5,574,907	6,047,100	6,802,003	7,626,649	8,685,312	8,860,551
<i>Total business-type activities net position</i>	<b>\$ 46,853,555</b>	<b>\$ 50,326,819</b>	<b>\$ 52,339,237</b>	<b>\$ 54,564,875</b>	<b>\$ 57,328,652</b>	<b>\$ 57,606,518</b>	<b>\$ 58,507,610</b>	<b>\$ 59,309,828</b>	<b>\$ 61,127,454</b>	<b>\$ 62,119,746</b>
<b><i>Primary government</i></b>										
Net investment in capital assets	\$ 121,771,920	\$ 125,530,765	\$ 131,259,382	\$ 140,269,469	\$ 144,746,514	\$ 142,717,748	\$ 143,730,968	\$ 141,929,120	\$ 140,945,766	\$ 140,241,831
Restricted for special purposes	31,797,516	38,013,152	39,930,051	25,712,401	24,872,482	20,320,191	17,780,274	17,830,268	18,087,450	21,148,790
Unrestricted	11,853,495	12,032,640	8,653,594	16,354,218	13,934,188	16,841,502	18,218,372	18,644,326	9,432,033	14,607,977
<i>Total primary government net position</i>	<b>\$ 165,422,931</b>	<b>\$ 175,576,557</b>	<b>\$ 179,843,027</b>	<b>\$ 182,336,088</b>	<b>\$ 183,553,184</b>	<b>\$ 179,879,441</b>	<b>\$ 179,729,614</b>	<b>\$ 178,403,714</b>	<b>\$ 168,465,249</b>	<b>\$ 175,998,598</b>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<i>Governmental activities:</i>										
General government	\$ 8,684,836	\$ 8,928,490	\$ 9,076,098	\$ 9,887,477	\$ 9,651,970	\$ 6,837,983	\$ 7,400,702	\$ 8,325,468	\$ 8,405,978	\$ 6,057,498
Public Safety	4,614,719	5,160,680	5,164,134	5,702,703	6,127,811	5,986,000	6,561,167	6,904,444	7,027,399	5,942,679
Highways and streets	2,131,876	3,331,787	3,671,693	4,242,622	4,667,832	3,722,074	3,746,471	3,843,497	3,853,744	4,586,849
Culture and recreation	1,502,076	1,960,442	3,521,904	3,289,432	3,280,537	4,647,624	4,973,304	5,080,438	5,200,979	3,769,534
Interest on long-term debt	561,234	453,084	658,450	489,308	341,346	419,382	380,608	376,864	332,382	317,574
Unallocated depreciation	123,973	-	-	-	-	-	-	-	-	-
<i>Total governmental activities expenses</i>	<i>17,618,714</i>	<i>19,834,483</i>	<i>22,092,279</i>	<i>23,611,542</i>	<i>24,069,496</i>	<i>21,613,063</i>	<i>23,062,252</i>	<i>24,530,711</i>	<i>24,820,482</i>	<i>20,674,134</i>
<i>Business-type activities</i>										
Charges for services										
Water	4,386,891	2,992,876	2,916,971	3,099,432	3,396,759	4,089,731	4,353,652	4,252,446	4,354,918	4,973,697
Sewer	5,360,593	5,046,003	4,774,164	5,028,317	5,878,803	6,086,241	6,276,559	7,703,971	6,704,634	7,392,084
Storm drain	-	-	-	653,308	514,149	1,124,748	1,215,940	1,243,066	1,298,184	1,449,680
<i>Total business-type activities expenses</i>	<i>9,747,484</i>	<i>8,038,879</i>	<i>7,691,135</i>	<i>8,781,057</i>	<i>9,789,711</i>	<i>11,300,720</i>	<i>11,846,151</i>	<i>13,199,483</i>	<i>12,357,736</i>	<i>13,815,461</i>
<i>Total Expenses</i>	<i>\$ 27,366,198</i>	<i>\$ 27,873,362</i>	<i>\$ 29,783,414</i>	<i>\$ 32,392,599</i>	<i>\$ 33,859,207</i>	<i>\$ 32,913,783</i>	<i>\$ 34,908,403</i>	<i>\$ 37,730,194</i>	<i>\$ 37,178,218</i>	<i>\$ 34,489,595</i>
<b>Program revenues</b>										
<i>Governmental activities</i>										
Charges for services										
General government	\$ 5,290,160	\$ 1,934,054	\$ 1,691,801	\$ 1,318,629	\$ 1,047,095	\$ 1,142,028	\$ 1,304,925	\$ 2,407,130	\$ 1,540,697	\$ 2,497,798
Public Safety	67,170	232,124	105,751	95,828	141,268	888,469	1,666,113	1,496,395	1,496,395	1,583,770
Highways and streets	2,955,457	2,223,073	2,175,610	971,088	1,628,577	1,720,495	1,736,117	1,326,187	1,326,187	2,613,764
Culture and recreation	593,856	482,031	201,591	151,605	161,797	254,597	179,021	227,660	227,660	279,051
Operating grants and contributions	89,616	1,298,980	3,103,806	3,252,434	3,676,768	712,304	476,439	427,283	629,043	482,911
Capital grants and contributions	2,374,411	1,772,517	1,249,916	719,868	278,919	-	-	-	-	-
<i>Total governmental activities program revenues</i>	<i>11,370,670</i>	<i>7,942,779</i>	<i>8,528,475</i>	<i>6,509,452</i>	<i>6,934,424</i>	<i>4,717,893</i>	<i>5,362,615</i>	<i>5,884,655</i>	<i>5,219,982</i>	<i>7,457,294</i>
<i>Business-type activities</i>										
Charges for services										
Water	4,547,080	5,134,440	5,575,361	5,708,067	5,654,088	5,242,442	5,523,032	5,512,366	5,321,434	6,116,285
Sewer	4,496,251	4,690,369	5,413,845	5,317,122	5,457,101	6,276,381	6,539,373	8,036,187	7,083,579	7,771,356
Storm drain	-	-	-	1,234,114	1,326,802	1,612,020	1,775,519	1,887,080	1,941,824	2,320,189
Capital grants and contributions	1,844,442	3,156,077	782,470	396,168	338,803	348,695	348,375	124,076	491,274	827,464
<i>Total business-type activities program revenues</i>	<i>10,887,773</i>	<i>12,980,886</i>	<i>11,771,676</i>	<i>12,655,471</i>	<i>12,776,794</i>	<i>13,479,538</i>	<i>14,186,299</i>	<i>15,559,709</i>	<i>14,838,111</i>	<i>17,035,294</i>
<i>Total program revenues</i>	<i>\$ 22,258,443</i>	<i>\$ 20,923,665</i>	<i>\$ 20,300,151</i>	<i>\$ 19,164,923</i>	<i>\$ 19,711,218</i>	<i>\$ 18,197,431</i>	<i>\$ 19,548,914</i>	<i>\$ 21,444,364</i>	<i>\$ 20,058,093</i>	<i>\$ 24,492,588</i>
<b>Net (expense)/revenues</b>										
<i>Governmental activities</i>	<i>\$ (6,248,044)</i>	<i>\$ (11,891,704)</i>	<i>\$ (13,563,804)</i>	<i>\$ (17,102,090)</i>	<i>\$ (17,135,072)</i>	<i>\$ (16,895,170)</i>	<i>\$ (17,699,637)</i>	<i>\$ (18,646,056)</i>	<i>\$ (19,600,500)</i>	<i>\$ (13,216,840)</i>
<i>Business-type activities</i>	<i>1,140,289</i>	<i>4,942,007</i>	<i>4,080,541</i>	<i>3,874,414</i>	<i>2,987,083</i>	<i>2,178,818</i>	<i>2,340,148</i>	<i>2,360,226</i>	<i>2,480,375</i>	<i>3,219,833</i>
<i>Total net expenses</i>	<i>\$ (5,107,755)</i>	<i>\$ (6,949,697)</i>	<i>\$ (9,483,263)</i>	<i>\$ (13,227,676)</i>	<i>\$ (14,147,989)</i>	<i>\$ (14,716,352)</i>	<i>\$ (15,359,489)</i>	<i>\$ (16,285,830)</i>	<i>\$ (17,120,125)</i>	<i>\$ (9,997,007)</i>



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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General revenues and other changes in net position</b>										
Governmental activities										
Taxes and assessments	\$ 10,812,528	\$ 10,925,950	\$ 12,071,782	\$ 12,009,941	\$ 12,464,195	\$ 11,760,533	\$ 12,547,363	\$ 12,462,040	\$ 12,725,359	\$ 14,298,091
Licenses and permits	2,014,126	2,126,101	2,242,346	2,404,323	2,428,585	2,091,937	2,205,176	2,071,040	2,135,959	2,213,242
Miscellaneous	1,557,636	3,528,863	2,160,780	1,029,369	382,515	574,472	379,396	331,603	287,931	929,624
Transfers	100,000	1,991,150	2,573,058	3,099,069	313,096	(1,392,357)	1,516,783	1,653,255	153,787	2,316,940
Total governmental activities	14,484,290	18,572,064	19,047,966	18,542,702	15,588,391	13,034,585	16,648,718	16,517,938	15,303,036	19,757,897
Business-type activities										
Miscellaneous	361,929	522,407	504,936	277,102	89,790	74,773	77,727	95,247	101,941	89,399
Transfers	(100,000)	(1,991,150)	(2,573,058)	(3,099,069)	(313,096)	(1,775,215)	(1,516,783)	(1,653,255)	(153,787)	(2,316,940)
Total business-type activities	261,929	(1,468,743)	(2,068,122)	(2,821,967)	(223,306)	(1,700,442)	(1,439,056)	(1,558,008)	(51,846)	(2,227,541)
Total	\$ 14,746,219	\$ 17,103,321	\$ 16,979,844	\$ 15,720,735	\$ 15,365,085	\$ 11,334,143	\$ 15,209,662	\$ 14,959,930	\$ 15,251,190	\$ 17,530,356
<b>Change in net position</b>										
Governmental activities	\$ 8,236,246	\$ 6,680,360	\$ 5,484,162	\$ 1,440,612	\$ (1,546,681)	\$ (3,860,585)	\$ (1,050,919)	\$ (2,128,118)	\$ (4,297,464)	\$ 6,541,057
Business-type activities	1,402,218	3,473,264	2,012,419	1,052,447	2,763,777	478,376	901,092	802,218	2,428,529	992,292
Total	\$ 9,638,464	\$ 10,153,624	\$ 7,496,581	\$ 2,493,059	\$ 1,217,096	\$ (3,382,209)	\$ (149,827)	\$ (1,325,900)	\$ (1,868,935)	\$ 7,533,349

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved / Nonspendable	\$ 65,617	\$ -	\$ -	\$ 38,287	\$ 29,333	\$ 63,306	\$ 70,154	\$ 78,833	\$ 97,206	\$ 81,795
Unreserved / Unassigned	5,125,815	4,520,546	4,565,418	4,647,513	4,514,767	5,523,545	6,421,650	6,625,950	6,971,206	7,474,727
Total general fund	<u>\$ 5,191,432</u>	<u>\$ 4,520,546</u>	<u>\$ 4,565,418</u>	<u>\$ 4,685,800</u>	<u>\$ 4,544,100</u>	<u>\$ 5,586,851</u>	<u>\$ 6,491,804</u>	<u>\$ 6,704,783</u>	<u>\$ 7,068,412</u>	<u>\$ 7,556,522</u>
All other governmental funds										
Reserved	\$ 92,898	\$ 92,680	\$ -	\$ -	\$ 35,980	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	7,644,037	8,514,792	9,633,900	6,576,782	5,750,061	-	-	-	-	-
Capital projects funds	19,239,160	23,319,543	20,419,390	18,093,125	15,533,420	-	-	-	-	-
Debt service funds	3,292,344	3,066,830	1,825,045	1,963,454	3,398,353	-	-	-	-	-
Nonspendable										
Inventory						35,639	34,920	37,235	39,484	36,164
Restricted for:										
Building and engineering						1,458,274	1,526,018	1,830,952	1,797,858	1,744,129
Street and roadside maintenance						428,600	605,858	834,061	536,670	1,040,146
Debt service payments						485,846	398,174	267,171	275,241	285,945
Capital projects						612,569	623,276	1,232,131	1,361,175	3,246,367
Transportation						1,850,125	2,701,857	3,080,265	3,768,251	5,439,306
Urban renewal projects						10,960,389	7,094,642	5,482,914	5,154,360	4,304,445
Committed to:										
Pavement maintenance and street lighting						1,290,242	1,097,706	574,753	161,357	54,279
Parking maintenance						223,508	187,915	127,049	134,680	146,188
Assigned to:										
Scholarships						51,485	50,745	50,579	50,547	50,804
Capital projects						2,506,069	2,310,656	2,028,522	-	-
Total all other governmental funds	<u>\$ 30,268,439</u>	<u>\$ 34,993,845</u>	<u>\$ 31,878,335</u>	<u>\$ 26,633,361</u>	<u>\$ 24,717,814</u>	<u>\$ 19,902,746</u>	<u>\$ 16,631,767</u>	<u>\$ 15,545,632</u>	<u>\$ 13,279,623</u>	<u>\$ 16,347,773</u>

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>REVENUES</b>										
Property taxes	\$ 10,885,890	\$ 11,100,992	\$ 12,073,721	\$ 12,178,186	\$ 13,248,979	\$ 8,345,567	\$ 8,259,442	\$ 8,438,011	\$ 8,738,296	\$ 9,171,688
Licenses and permits	2,466,535	1,955,143	3,926,256	2,295,281	1,978,115	1,916,087	2,620,698	2,926,323	2,096,220	4,854,016
Intergovernmental	3,253,950	2,777,905	3,101,583	3,272,279	3,657,138	3,396,857	4,190,756	4,043,726	3,968,177	5,141,871
Franchise tax	-	2,126,101	2,242,346	2,404,323	2,428,585	2,091,937	2,205,176	2,071,040	2,135,959	2,213,242
Charges for services	4,809,174	4,125,236	5,949,678	48,472	116,237	1,306,725	754,994	960,510	1,267,023	790,191
Fines and forfeitures	170,315	234,169	229,180	237,831	277,535	639,098	1,371,896	1,224,329	1,256,196	1,359,978
Miscellaneous	2,854,334	2,263,577	2,176,803	1,068,765	401,179	1,116,761	751,752	698,074	512,718	897,349
Total Revenue	24,440,198	24,583,123	29,699,567	21,505,137	22,107,768	18,813,032	20,154,714	20,362,013	19,974,589	24,428,335
<b>EXPENDITURES</b>										
Current operating:										
General government	7,213,176	8,942,086	8,734,604	8,347,961	8,708,125	6,003,505	6,609,300	7,073,285	7,071,708	6,089,223
Public safety	4,427,287	4,871,925	5,193,903	5,342,795	5,724,373	5,959,615	6,345,089	6,689,136	6,798,353	7,651,922
Public works	277,299	1,167,548	954,187	2,303,118	1,451,564	1,116,838	1,103,448	1,054,388	1,056,047	2,249,123
Culture and recreation	1,220,536	1,300,643	3,037,178	3,258,911	3,198,392	3,901,649	4,201,940	4,304,274	4,429,718	3,936,035
Capital outlay	12,672,121	8,333,879	10,115,467	8,022,366	6,597,787	2,106,987	4,295,957	2,224,530	3,507,138	1,915,307
Debt service										
Interest	2,382,696	457,575	1,346,829	581,624	454,696	407,692	380,448	348,621	312,863	286,719
Principal	4,558,359	5,949,323	1,430,000	5,493,703	1,396,915	570,000	765,000	845,000	650,000	675,000
Total expenditures	32,751,474	31,022,979	30,812,168	33,350,478	27,531,852	20,066,286	23,701,182	22,539,234	23,825,827	22,803,329
<b>REVENUES OVER (UNDER)</b>										
<b>EXPENDITURES</b>	(8,311,276)	(6,439,856)	(1,112,601)	(11,845,341)	(5,424,084)	(1,253,254)	(3,546,468)	(2,177,221)	(3,851,238)	1,625,006
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	3,920,381	7,293,764	11,854,026	6,127,978	8,828,428	3,569,611	3,404,503	3,187,850	4,382,439	3,521,120
Transfers out	(3,820,381)	(5,302,614)	(13,975,213)	(2,453,654)	(5,517,435)	(5,062,121)	(2,224,061)	(1,883,785)	(3,533,527)	(1,589,920)
Bond Refunding	-	-	(2,575,000)	-	-	-	-	-	-	-
Issuance of debt	4,809,483	8,503,194	2,738,150	4,253,703	21,757	-	-	-	1,100,000	-
Total other financing sources (uses)	4,909,483	10,494,344	(1,958,037)	7,928,027	3,332,750	(1,492,510)	1,180,442	1,304,065	1,948,912	1,931,200
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (3,401,793)</b>	<b>\$ 4,054,488</b>	<b>\$ (3,070,638)</b>	<b>\$ (3,917,314)</b>	<b>\$ (2,091,334)</b>	<b>\$ (2,745,764)</b>	<b>\$ (2,366,026)</b>	<b>\$ (873,156)</b>	<b>\$ (1,902,326)</b>	<b>\$ 3,556,206</b>
Debt service as a percentage of noncapital expenditures	34.83%	28.89%	13.42%	23.99%	8.84%	5.37%	5.87%	5.82%	4.71%	4.59%

**CITY OF TUALATIN**  
**TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2015**

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<b>Fiscal Year</b>	<b>Property</b> <sup>1</sup>	<b>Special Assessments</b> <sup>2</sup>	<b>Total</b>
2006	11,214,234	123,731	11,337,965
2007	11,012,986	88,006	11,100,992
2008	11,802,861	87,036	11,889,897
2009	12,009,941	87,036	12,096,977
2010	12,464,195	87,036	12,551,231
2011	8,363,676	87,036	8,450,712
2012	8,356,607	87,036	8,443,643
2013	8,418,314	87,036	8,505,350
2014	8,757,182	-	8,757,182
2015	9,156,220	-	9,156,220
Change 2006-2015	-18.4%	-100.0%	-19.2%

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

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

Source: Washington and Clackamas Counties

**CITY OF TUALATIN**  
**ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**June 30, 2015**

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		
2006	2,389,116,066	3,282,945,576	152,327,937	155,450,518	60,322,100	62,292,124	2,601,766,103	3,500,688,218	2.5021	74%
2007	2,544,355,372	3,934,269,023	165,481,887	165,715,577	58,823,500	59,078,972	2,768,660,759	4,159,063,572	2.4737	67%
2008	2,707,538,796	4,402,217,809	181,669,845	181,960,795	59,886,520	60,707,570	2,949,095,161	4,644,886,174	2.5954	63%
2009	2,865,581,818	4,688,302,195	198,044,531	198,400,161	55,855,290	56,100,151	3,119,481,639	4,942,802,507	2.4578	63%
2010	2,950,206,208	4,456,903,432	201,428,582	201,824,139	76,063,750	76,257,231	3,227,698,540	4,734,984,802	2.4888	68%
2011	3,026,333,673	4,132,089,955	195,430,864	195,870,560	78,161,000	78,508,787	3,299,925,537	4,406,469,302	2.5317	75%
2012	3,068,906,152	3,893,021,654	190,156,648	190,515,810	77,667,490	80,231,026	3,336,730,290	4,163,768,490	2.5639	80%
2013	3,138,684,805	3,808,264,330	191,518,337	191,822,756	71,574,586	78,819,910	3,401,777,728	4,078,906,996	2.5589	83%
2014	3,257,830,943	4,002,490,680	198,872,324	199,275,785	75,207,720	83,074,370	3,531,910,987	4,284,840,835	2.5482	82%
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%

\* 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, 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>City of Tualatin:</b>										
General Government	\$ 1.92	\$ 1.94	\$ 1.95	\$ 1.96	\$ 1.96	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27
G.O. Bond	0.21	0.19	0.31	0.19	0.22	0.27	0.30	0.29	0.28	0.27
<b>Total City</b>	<b>2.13</b>	<b>2.13</b>	<b>2.26</b>	<b>2.15</b>	<b>2.18</b>	<b>2.53</b>	<b>2.56</b>	<b>2.56</b>	<b>2.55</b>	<b>2.53</b>
<b>OVERLAPPING RATES:</b>										
<b>Washington County</b>										
Washington County	2.35	2.05	2.65	2.62	2.62	2.98	2.97	2.97	2.97	2.84
	2.35	2.05	2.65	2.62	2.62	2.98	2.97	2.97	2.97	2.84
<b>School District</b>										
NW Regional ESD*	0.11	0.13	0.13	0.13	0.13	0.15	0.15	0.15	0.15	0.15
Portland Community College	0.38	0.41	0.43	0.43	0.56	0.64	0.60	0.67	0.73	0.72
Tigard-Tualatin School District #23J	6.39	6.90	6.86	7.02	7.00	7.37	7.44	7.41	7.41	7.46
	6.88	7.44	7.42	7.58	7.70	8.16	8.19	8.23	8.29	8.34
<b>Special District</b>										
Clean Water Services	-	-	-	-	-	-	-	-	-	-
Tualatin Valley Fire & Rescue	1.58	1.60	1.65	1.63	1.69	1.88	1.93	1.91	1.91	1.89
Port of Portland	0.06	0.06	0.06	0.06	0.06	0.07	0.07	0.07	0.07	0.07
Metro Service District	0.24	0.24	0.39	0.36	0.40	0.41	0.32	0.40	0.47	0.46
Tri-Met Transport District	0.10	0.08	0.07	0.07	0.07	0.09	0.06	-	-	-
Tigard Tualatin Aquatic	-	-	-	-	-	0.09	0.09	0.09	0.09	0.09
Urban Renewal - Tualatin	2.13	1.89	1.81	1.73	1.70	-	-	-	-	-
	4.11	3.87	3.99	3.85	3.93	2.54	2.46	2.48	2.53	2.51
<b>Total Overlapping</b>	<b>13.34</b>	<b>13.37</b>	<b>14.06</b>	<b>14.04</b>	<b>14.25</b>	<b>13.68</b>	<b>13.63</b>	<b>13.68</b>	<b>13.79</b>	<b>13.69</b>
<b>TOTAL</b>	<b>\$ 15.47</b>	<b>\$ 15.50</b>	<b>\$ 16.32</b>	<b>\$ 16.19</b>	<b>\$ 16.43</b>	<b>\$ 16.21</b>	<b>\$ 16.19</b>	<b>\$ 16.24</b>	<b>\$ 16.34</b>	<b>\$ 16.22</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, 2015**

	2015			2006		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
<sup>1</sup> Taxpayer						
BV Centercal LLC	\$ 108,523,100	1	3.07%	\$ 43,245,980	2	1.78%
Lam Research Corporation	93,080,900	2	2.64%	-	-	0.00%
Pacific Foods of Oregon Inc.	51,555,660	3	1.46%	-	-	0.00%
Tuala Northeast LLC	43,279,140	4	1.23%	-	-	0.00%
Portland General Electric	42,542,245	5	1.20%	-	-	0.00%
South Center Investors LLC	33,324,110	6	0.94%	-	-	0.00%
JAE Oregon, Inc	27,632,450	7	0.78%	27,645,430	3	1.14%
CR Rivercrest Meadows Communities LLC	27,767,310	8	0.79%	-	-	0.00%
SVF Hedges Creek Tualatin LLC	27,737,760	9	0.79%	-	-	0.00%
Zian Limited Partnership	27,484,390	10	0.78%	21,399,590	5	0.88%
Novellus Systems Inc.				124,255,920	1	5.11%
Riggs Bank NA	-	-	-	21,461,120	4	0.88%
Simpson Finance LP	-	-	-	21,281,420	6	0.87%
Monadnock Property Trust LLC	-	-	-	21,258,780	7	0.87%
Fujimi Corporation	-	-	-	21,188,780	8	0.87%
Legacy Health System	-	-	-	18,732,416	9	0.77%
Verizon Northwest Inc.	-	-	-	18,193,200	10	0.75%
	<u>\$ 482,927,065</u>		<u>13.67%</u>	<u>\$ 338,662,636</u>		<u>13.92%</u>

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

**CITY OF TUALATIN**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2015**

<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>
2006	11,121,440	10,575,968	95.10%	194,300	10,770,268	96.84%	366,964	3.30%
2007	11,343,364	11,101,678	97.87%	158,390	11,260,068	99.27%	386,341	3.41%
2008	12,263,107	11,632,607	94.86%	226,738	11,859,345	96.71%	483,528	3.94%
2009	12,434,861	12,040,279	96.83%	263,960	12,304,239	98.95%	559,937	4.50%
2010	12,860,698	12,134,294	94.35%	334,105	12,468,399	96.95%	592,842	4.61%
2011	8,380,679	7,923,989	94.55%	223,708	8,147,697	97.22%	346,617	4.14%
2012	8,576,510	8,148,078	95.00%	151,847	8,299,925	96.78%	432,429	5.04%
2013	8,725,937	8,319,844	95.35%	144,560	8,464,404	97.00%	413,077	4.73%
2014	9,024,595	8,581,851	95.09%	184,734	8,766,585	97.14%	426,995	4.73%
2015	9,414,934	8,993,693	95.53%	176,099	9,169,792	97.40%	413,423	4.39%

Source: Washington County and Clackamas County Assessors



**CITY OF TUALATIN**  
**BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**  
**June 30, 2015**

Fiscal Year	Governmental Activities					Business-type Activities		Total	Population	Per Capita
	General Obligation Bonds	Full Faith and Credit Obligations	Capital Leases	Limited Tax Bonds	Urban Renewal Agency Bonds	Full Faith and Credit Obligations	Water Revenue Bonds			
2006	7,380,000	-	62,646	700,000	4,250,000	-	7,305,000	19,697,646	25,594	769.62
2007	7,025,000	-	46,517	620,000	3,030,000	-	7,060,000	17,781,517	25,650	693.24
2008	10,220,000	-	29,030	620,000	1,970,000	-	6,805,000	19,644,030	25,650	765.85
2009	9,950,000	-	10,071	620,000	1,000,000	-	6,540,000	18,120,071	26,040	695.86
2010	9,645,000	-	19,913	540,000	-	-	6,265,000	16,469,913	26,130	630.31
2011	9,235,000	-	7,490	380,000	-	-	5,980,000	15,602,490	26,160	596.43
2012	8,630,000	-	-	220,000	-	-	5,685,000	14,535,000	26,170	555.41
2013	8,005,000	-	-	-	-	-	5,380,000	13,385,000	26,510	504.90
2014	7,355,000	1,100,000	-	-	-	-	5,065,000	13,520,000	26,925	502.14
2015	6,680,000	1,011,988	-	-	-	4,664,994	345,000	12,701,982	26,590	477.70

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

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

Fiscal Year	General Obligation Bonds	Estimated Actual Value of Property	General Obligation Debt as a Percentage of Estimated Actual Value
2006	7,380,000	3,500,688,218	0.21%
2007	7,025,000	4,159,063,572	0.17%
2008	10,220,000	4,644,886,174	0.22%
2009	9,950,000	4,942,802,507	0.20%
2010	9,645,000	4,734,984,802	0.20%
2011	9,235,000	4,406,469,302	0.21%
2012	8,630,000	4,163,768,490	0.21%
2013	8,005,000	4,078,906,996	0.20%
2014	7,355,000	4,284,840,835	0.17%
2015	6,680,000	4,720,396,512	0.14%

Source: Current and previous CAFR's

**CITY OF TUALATIN****COMPUTATION OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT****June 30, 2015**

<b>Jurisdiction</b>	<b>Tax-supported Debt Outstanding</b>	<b>Percent Applicable Inside City of Tualatin</b>	<b>Amount Applicable Inside City of Tualatin</b>
City of Tualatin	\$ 7,691,988	86.8436%	\$ 6,680,000
Clackamas County	98,780,000	1.5652% *	1,546,105
Clackamas County District 3J (West Linn/Wilsonville)	252,766,741	1.2262%	3,099,426
Clackamas County School District 7J (Lake Oswego)	101,024,917	1.5172%	1,532,750
Clackamas Community College	66,116,012	1.9455%	1,286,287
Metro	193,205,000	2.6461%	5,112,398
Port of Portland	2,609,405	2.4312%	63,440
Portland Community College	160,095,000	2.8766%	4,605,293
Washington County	20,523,415	6.7452%	1,384,345
Tualatin Valley Fire and Rescue District	55,020,000	8.9748%	4,937,935
Washington County School District 23J (Tigard-Tualatin)	97,837,628	35.4280%	34,661,915
Washington County School District 88J (Sherwood)	105,472,683	15.2072%	16,039,442
Subtotal overlapping debt			74,269,336
Direct and overlapping debt			<u>\$ 80,949,336</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, 2015**

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

True Cash Value	\$ 3,711,702,679
Rate	<u>x 3%</u>
Debt limit	111,351,080
Debt applicable to limit	<u>6,575,004</u>
	<u><u>\$ 104,776,076</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
2006	92.03%	81,279,915	6,479,517	74,800,398
2007	87.41%	83,059,823	10,458,584	72,601,239
2008	88.75%	88,472,855	9,955,038	78,517,817
2009	89.42%	93,584,449	9,900,544	83,683,905
2010	90.45%	95,030,956	9,075,365	85,955,591
2011	90.76%	98,997,766	9,146,899	89,850,867
2012	91.46%	100,101,909	8,549,103	91,552,806
2013	92.24%	102,053,332	7,916,907	94,136,425
2014	93.15%	105,957,330	7,259,791	98,697,539
2015	94.10%	111,351,080	6,575,004	104,776,076

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, 2015**

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<b>Fiscal Year</b>	<b>Population</b>	<b>Taxable Personal Income</b>	<b>Per Capita Personal Income</b>
2006	25,594	672,377	26,271
2007	25,650	761,596	29,692
2008	25,650	685,340	26,719
2009	26,040	629,753	24,184
2010	26,130	677,618	25,933
2011	26,160	681,114	26,036
2012	26,170	750,529	28,679
2013	26,510	785,646	29,636
2014	26,925	*	*
2015	26,590	*	*

(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, 2015**

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Legacy Meridian Park Hospital	905	1	3.72%	823	1	3.39%
Lam Research Corporation	669	2	2.75%	400	4	1.65%
United Parcel Service	512	3	2.11%	512	2	2.11%
Portland General Electric	478	4	1.97%	335	6	1.38%
CES Group LLC	460	5	1.89%	-	-	-
Precision Wire Components	457	6	1.88%	-	-	-
Columbia Corrugated	320	7	1.32%	-	-	-
DPI Specialty Foods Northwest	300	8	1.23%	300	7	1.23%
Cabela's	290	9	1.19%	-	-	-
Pacific Foods of Oregon, Inc	280	10	1.15%	-	-	-
GE Security	-	-	-	500	3	2.06%
Milgard Windows	-	-	-	275	8	1.13%
Fred Meyer	-	-	-	273	9	1.12%
Cyberrep	-	-	-	250	10	1.03%
	<u>4,671</u>			<u>3,333</u>		
Total City employment			<u>24,299</u>			

Information derived from 2015 Business License data provided to the City of Tualatin.

**CITY OF TUALATIN****SCHEDULE OF PLEDGED REVENUE BOND COVERAGE****LAST TEN FISCAL YEARS****June 30, 2015**

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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>	
2006	123,731	80,000	36,660	116,660	106.06%
2007	121,086	80,000	32,900	112,900	107.25%
2008	115,254	-	29,140	29,140	395.52%
2009	119,941	-	29,140	29,140	411.60%
2010	108,773	80,000	29,140	109,140	99.66%
2011	102,982	160,000	25,380	185,380	55.55%
2012	97,691	160,000	17,860	177,860	54.93%
2013	92,441	220,000	10,340	230,340	40.13%
2014	-	-	-	-	0.00%
2015	-	-	-	-	0.00%

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

**CITY OF TUALATIN**  
**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**June 30, 2015**

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<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
General government	31.88	33.38	33.88	34.63	35.50	35.13	33.38	36.25	36.85	39.60
Public safety	40.63	43.63	44.63	45.63	46.50	47.63	48.63	50.50	50.50	50.00
Highways and streets	19.75	20.50	21.50	21.50	21.50	18.50	18.50	18.50	18.50	18.50
Culture and recreation	24.00	26.00	29.75	30.13	30.13	30.13	30.13	31.13	32.38	33.50
Sewer	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Water	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	<u>123.76</u>	<u>131.00</u>	<u>137.25</u>	<u>139.38</u>	<u>141.13</u>	<u>138.88</u>	<u>138.13</u>	<u>143.88</u>	<u>145.73</u>	<u>149.10</u>

Data from current and previous budget:

**CITY OF TUALATIN**  
**OPERATING INDICATORS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2015**

<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Police										
Arrests	1,039	1,200	896	944	909	824	772	964	1,259	951
Traffic violations	2,810	3,813	3,736	3,636	2,509	3,015	4,847	4,305	3,971	3,794
*Municipal Court cases	n/a	n/a	n/a	1,105	2,058	5,443	11,430	10,895	9,000	9,724
Building activity										
Permits issued	1,691	1,706	1,428	1,260	1,046	1,023	1,124	1,114	1,053	1,354
Estimated value (000's)	\$ 80,107	\$ 94,643	\$ 84,407	\$ 35,918	\$ 26,550	\$ 31,000	\$ 49,925	\$ 86,594	\$ 63,672	\$ 86,340
Planning applications	128	300	206	219	203	203	178	149	218	249
Library circulation	427,222	416,179	443,963	606,734	696,733	751,126	766,848	790,066	705,222	677,279
Miles of streets maintained	76	76	76	76	77	77	77	77	78	78
Water connections	6,500	6,628	6,686	6,658	6,740	6,784	6,779	6,753	6,689	6,823
Sewer connections	6,192	6,346	6,301	6,380	6,471	6,488	6,435	6,632	6,568	6,702

n/a = information not available

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

Data acquired from various City of Tualatin departments.



**CITY OF TUALATIN**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**June 30, 2015**

<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Public safety										
Patrol units	18	15	22	22	18	18	18	18	18	18
Highways and streets										
	76	76	76	76	76	77	77	77	78	78
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Acreage	284	310	310	310	286	285	285	289	289	289
*Sewage disposal										
Max daily capacity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Water										
Max daily capacity	11	13	13	13	13	13	13	13	13	13
Fire hydrants	931	953	960	960	982	982	1,001	1,005	1,005	1,005

\*Sewage treatment for The City of Tualatin is provided by Clean Water Services (CWS) of Washington County.  
For a small portion of the City (east of I-5 and north of the Tualatin River) the service is provided by City of Lake Oswego.

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

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

We have audited the basic financial statements of the City of Tualatin, Oregon (City), as of and for the year ended June 30, 2015 and have issued our report thereon dated December 31, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

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

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

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

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon

Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations* with the following exceptions:

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2015:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
General fund	Administration	\$18,374
Building fund	Materials & services	\$3,784
Building fund	Capital outlay	\$21,169
Water fund	Materials & services	\$78,006
Enterprise bond fund	Materials & services	\$43,998
Sewer development fund	Materials & services	\$108,270

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

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

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

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

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



Merina & Company, LLP  
West Linn, Oregon  
December 31, 2015