

CITY OF TUALATIN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended June 30, 2004

Prepared by the City of Tualatin - Department of Finance

Nancy Gritta, Finance Director

City of Tualatin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2004

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INTRODUCTORY SECTION

CITY OF TUALATIN, OREGON

JUNE 30, 2004

CITY COUNCIL

Lou Ogden, Mayor

Steve Chrisman

Chris Bergstrom

Ed Truax

Bob Boryska

James Harris

Chris Barhyte

TERM EXPIRES

December 31, 2006

December 31, 2004

December 31, 2006

December 31, 2004

December 31, 2004

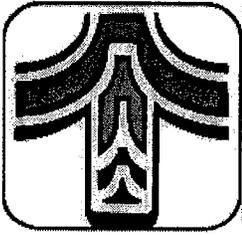
December 31, 2006

December 31, 2006

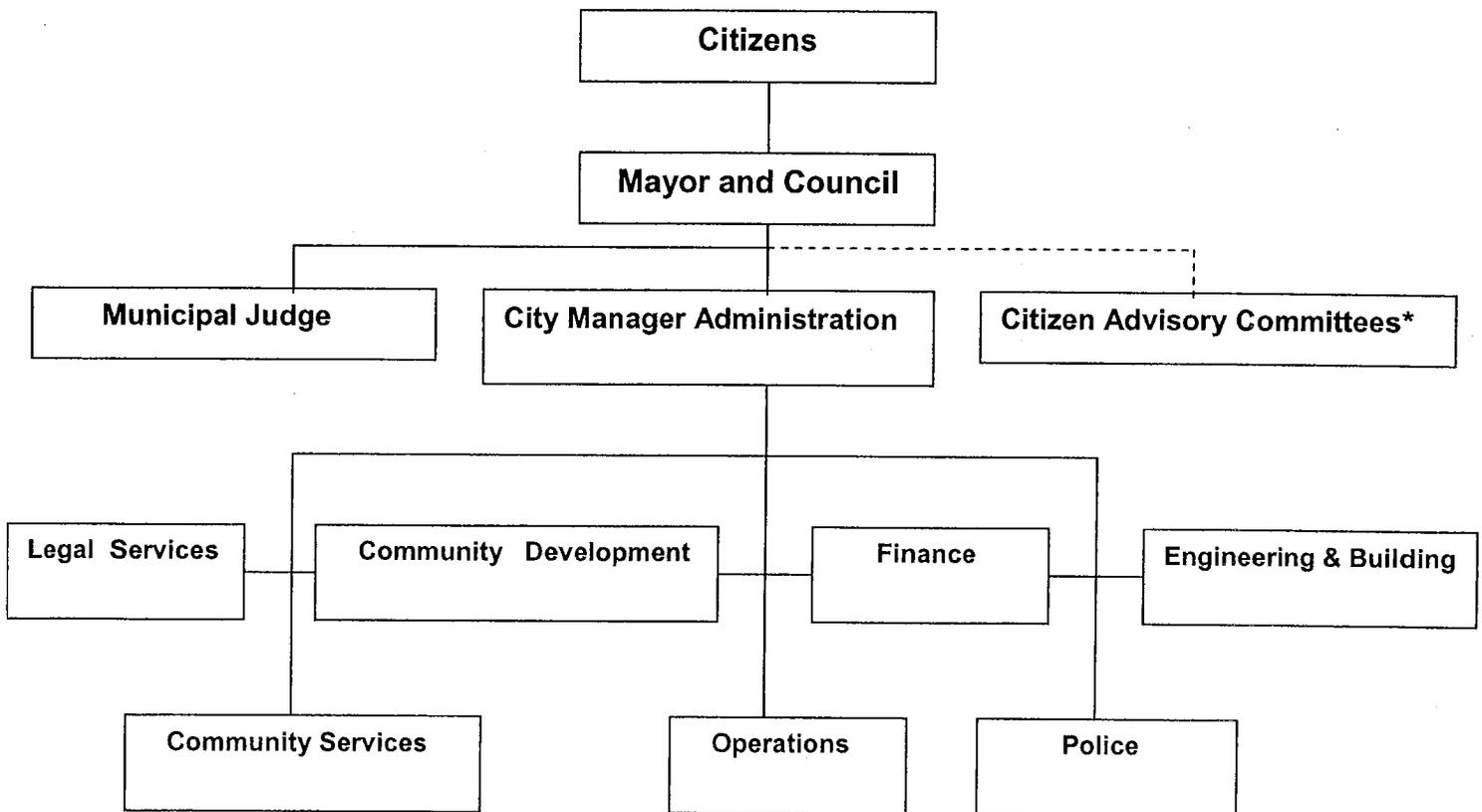
ADMINISTRATIVE

Steve Wheeler, City Manager
Brenda Braden, City Attorney
Nancy Gritta, Finance Director

City Hall
18880 SW Martinazzi Avenue
Tualatin, Oregon 97062



City of Tualatin Organization



*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

18880 SW Martinazzi Avenue
Tualatin, Oregon 97062-7092
Main 503.692.2000
TDD 503.692.0574

November 28, 2004

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements, presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Tualatin for the fiscal year ended June 30, 2004.

This report consists of management's representations concerning the finances of the City of Tualatin. Consequently, 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 government'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.

Moss-Adams 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 fiscal year ended June 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Tualatin's financial statements for the fiscal year ended June 30, 2004, 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.

The latest Generally Accepted Accounting Practices require management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Tualatin's MD&A can be found immediately following the report of the independent auditors. The Management Discussion and Analysis and additional citywide reports, along with other new requirements were implemented for the first year in the Comprehensive Annual Report for 2001-02 fiscal year.

Profile of the City of Tualatin

The City of Tualatin, incorporated in 1913, is located in Northwestern Oregon in the Portland metropolitan area, in the counties of Washington and Clackamas, just twelve minutes 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 24,790. The City of Tualatin is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City's population estimated at 24,790 for 2003-04 and is expected to increase to 25,314 as of July 1, 2005, and will increase approximately 1.5% per year to 2013. The population's median age is younger than the Oregon median age (31.9 years compared to 36.3 years) and includes many young families with children. As the audit population ages, the senior population will increase greatly in the future.

Tualatin has experienced a large growth in Hispanic residents since 1990; the percentage of Hispanics living in the City (11.9%) now exceeds the state average of 8%). The median household income in Tualatin (\$55,762) is higher than that of Washington County (\$52,122) or of the State of Oregon (\$40,916). Tualatin has a lower percentage of households living below the poverty level than either Washington County or the State of Oregon.

The City of Tualatin operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the government's manager. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government 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 of Tualatin 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 of Tualatin's financial planning and control. All department heads of the City of Tualatin are required to submit requests for appropriation to the City Manager (who acts as the City Budget officer). These requests are the starting point for developing a proposed budget. After the budget officer prepares the proposed budget, notice of the 1st budget committee meeting is published. The budget committee (consisting of the City Council, and an equal number of appointed members) reviews and approves the budget after which notice of the public hearing for the governing body to adopt the budget is published. The budget must be adopted making appropriations for the ensuing fiscal year (July 1 to June 30) by June 30th (of the previous year). Transfer of appropriations between departments requires the special approval of the governing council.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City exists.

The State of Oregon in 2003-04 has ranked in the United States as either the highest or second highest state for unemployment for the past two and one half years. This occurred when unemployment was a national concern in an economy that was sluggish at best. This high rate has been a problem not only in the timber, recreational, and tourist areas of Oregon—but also the Willamette Valley in which Tualatin (and Portland) reside with their high-tech industries.

In fiscal year 2003-04 Oregon added 33,300 jobs—one of the fastest gains in the United States. Still, the well being of the City of Tualatin will continue to be affected by the State and national economy recovery.

Tualatin has a relatively low permanent tax rate of only 2.26 per thousand of taxable assessed value. Its stability has been maintained partially by the City's increasing assessed valuation, as well as by the fact the City is a balanced community with residential, commercial, industrial and retail property. Tualatin continues to seek high quality, well-planned development.

The City has continued to maintain services and improve livability by being proactive in dealing with these issues. For example, during fiscal 2003-04, some examples of issues to which the City devoted resources, time, and planning that will affect future livability issues include:

- Securing the City's future water system by determining alternatives for future water supply-- including educating citizens and obtaining their input, meeting and negotiating with neighboring governmental organizations, obtaining cost projections for various alternatives, and planning capital projects within the City. A 10.5 million reservoir is proposed to be built in two stages and the development of an aquifer storage and recovery system was initiated in 2003-04.
- Improving the primary freeway interchange by which traffic enters the City --the interchange of I/5 with Tualatin/Sherwood Road within an agreement with the State of Oregon.
- Beginning work for Tualatin's portion of a new Washington County Rail Line to build a new transportation route within the heavily used Interstate 5 and Highway 217 corridor. This rail line will use existing freight tracks and will connect to TriMet MAX light rail (greater Portland's light rail transportation line) in the City of Beaverton--south to the Cities of Tigard, Tualatin, and Wilsonville. Commuter Rail will operate weekdays every 30 minutes during morning and afternoon rush hours.
- Beginning construction of one of the most exciting high-end shopping and restaurant centers in the State. This center is expected to create 1,500 permanent retail jobs and will add substantially to City's taxable assessed value as it spurs economic development.

Challenges to City initiatives which will affect these and other projects and will be continue to be strong factors affecting financial condition, will be:

1. Threats to revenue streams such as reductions in franchise fees (legal issues), property taxes (failure to add assessed value and a relatively low permanent tax rate) and threats to State shared revenues (State's economic short-falls).
2. Continued increases in personnel costs, particularly health care and pensions.
3. Continued demands for improved infrastructure particularly for maintenance of water supply to meet population needs and improvements to deal with City and regional traffic problems.

Cash management policies and practices.

During the year, cash not required for current operations is invested in the Local Government Investment Pool and in investments outside the pool (as limited to Oregon law) as U. S. Treasury Securities, Federal Agency Securities, high-grade commercial paper, and Bankers' Acceptances.

The City's criteria used to select investments are safety, liquidity, and return on investment. The State Pool provides liquidity, however, the City also invests funds outside the Pool. Pension trust funds and deferred compensation funds are invested by the agents with whom they are deposited and are not included in the City's investment activity.

Risk Management

The City participates in a worker's compensation self insurance pool along with more than 250 other cities and counties in Oregon. The pool is administered by the City/County Insurance Services Trust (CCIS). The City has a comprehensive safety training policy than emphasizes risk control.

Tualatin also participates in property/liability pool administrated by CCIS. Approximately 80 percent of Oregon cities and one half of Oregon counties are served by CCIS in this capacity.

Pension and other post-employment benefits.

The City provides a retirement plan for each permanent employee group including police personnel, management and the municipal employee's bargaining unit group. The Oregon Public Employees Retirement System (OPERS) an agent multiple-employer defined benefit; public employee pension plan now is the primary agent for the City's employees' pension plan. Prior to the year 2000 most non-management, non-police personnel were part of another pension plan, but were at that time given the opportunity to join the OPERS Plan. The City paid for the conversion as determined by the OPERS actuary and all but at hand-full transferred to this pension.

Awards and Acknowledgements

The Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tualatin for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003. This was the twelfth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government 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 be included in this report. Credit must also been given to the City Mayor, the City Council for their unfailing support for maintaining the highest standards of professionalism in management of the City of Tualatin's and the Tualatin Development Commission's finances.

The preparation of this report would not have been possible without the dedicated hard work of the Finance Department Staff. A special note of appreciation is given to our auditors, particularly Amanda Smith and Mary K. Case for their professionalism, care, and vigilance.

Respectfully submitted,



Steve Wheeler
City Manager



Nancy Gritta
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tualatin,
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



A handwritten signature in black ink, appearing to read "Edward H. Harty".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery".

Executive Director

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the City Council
Tualatin, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tualatin, Oregon, as of and for the year ended June 30, 2004, which collectively comprise the City of Tualatin's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Tualatin's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tualatin, Oregon, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management discussion and analysis and budgetary comparison information on pages 5 through 18 and 77 through 102 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Tualatin, Oregon's basic financial statements. The introductory section, combining and individual non-major fund financial statements, other financial schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

September 29, 2004

A handwritten signature in cursive script that reads "Mary Case". The signature is written in black ink and is positioned above the printed name and title.

For Moss Adams LLP
Certified Public Accountants
Eugene, Oregon

Management's Discussion And Analysis

As management of the City of Tualatin and the Tualatin Development Commission, we include this narrative presenting an overview and analysis of the financial activities of the City of Tualatin and Tualatin Development Commission for the fiscal year ended June 30, 2004.

The purpose of this presentation is for Tualatin, as it is for other governments, to comply with changes in governmental accounting standards (most notably, General Accounting Standards Board Statement No. 34). These changes were implemented to aid users of governmental financial statements in more easily judging the overall financial position and activities of the government as a whole.

Financial Highlights

- The assets of the City of Tualatin exceeded its liabilities at the close of the most recent fiscal year by \$146,854,960. Of this amount, \$17,754,424 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased \$9,763,392. This increase represents the sum of an increase in governmental activities of \$7,923,019 and business type activities of \$1,840,373.
- As of the close of fiscal year, the City of Tualatin's governmental funds reported combined ending fund balances of \$31,872,845. More than 99 percent of this total, \$31,769,330 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the 2004 fiscal year, unreserved fund balance for the General Fund was \$4,409,043 or 47.5 percent of the total General Fund expenditures.
- The City of Tualatin's total debt, including bonds, leases, loans, and compensated absences decreased \$556,023 during the year. The primary factor in this decrease was the refunding of urban renewal debt.

Overview of Financial Statements

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

Fund Financial Statements

Prior to the 2001-02 Comprehensive Annual Report, Tualatin presented *fund financial statements* in the annual report. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for 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 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.

Government-Wide Financial Statements

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

Included herein as part of the City's annual report are *government-wide financial statements*. These statements provide *both long term and short-term information* about the City's overall status. 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 Assets. This statement presents information on all of the City of Tualatin's assets and liabilities, with the difference between the two reported as *net assets*. In other words, this statement compares what the government *owns* to what it *owes* and, although there are differences and qualifiers, is a loose parallel to what average citizens understand as "owners equity" or "net worth."

Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other factors being equal, the extent by which assets exceed liabilities is a cushion to be called upon during stressful economic times. Evaluation of the overall health of the City would extend to other non-financial factors such as the condition 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 government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows.

Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned, but unused, vacation leave). The obvious advantage to such an approach is to nurture a long term prospective by emphasizing the effects of yearly budget decisions on long-term goals. Such a perspective enforces the need to use sound financial policies such as maintaining adequate reserves and paying current costs from current revenues.

The government-wide financial statements distinguish functions of the City of Tualatin 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 of Tualatin include general government, public safety, highways and streets, economic development, and culture and recreation.

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

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

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 evaluation 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 provides a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

Proprietary funds. The City of Tualatin maintains 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 a new to governmental funds, Tualatin, like other cities, have always maintained detailed records of the sewer and water systems, including the computation of related depreciation for the systems.

These funds include the Water Operating Fund, Water Development Fund, the Sewer Operating Fund and the Sewer Development Fund.

Notes to the Financial Statements

The Notes to 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 to those interested in a detailed study of the City's financial operations.

Government-Wide Financial Analysis

In 2003-04 the City of Tualatin assets exceeded its liabilities by \$146,854,960. Of this amount, 72 percent of the City's net assets (\$106,176,634) were invested in capital assets, land, buildings, machinery and equipment less the outstanding related debt used to acquire these assets. These assets are not a source for repaying liabilities now, or in the future, since such assets represent the "business of the City." Other resources must be used to pay for outstanding liabilities, some of which are restricted to only certain uses. This requires the City to not only acquire those capital assets necessary to provide for City services, but to retain the ability to finance these acquisitions and provide maintenance for these assets.

An additional portion of net assets \$ 22,923,902 are restricted as to how they may be used by external factors. The unrestricted amount of \$17,754,424 (12% of net assets) can be used to meet on-going obligations. Of the total \$14,639,226 of liabilities at year-end for governmental and business type activities \$10,184,048 are due in more than one year. For the government as a whole, and for the separate governmental and business-type activities, all three categories showed a positive net asset balance for fiscal year 2003-04 as it did for 2002-03.

Financial Analysis of Governmental Funds

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

Governmental funds provide information about near-term inflows, outflows, and balances of spendable resources, which are consistent with the way, the City budgets funds. Net assets for the City's governmental funds increased from \$95,166,146 in 2003 to \$103,089,165 in 2004. Total revenues increased from \$10,313,216 to \$11,767,214 before transfers. Expenses decreased from \$17,726,785 to \$14,388,306, primarily because of one-time expenditures occurring in 2002-03, and because of the restructuring of areas within General Government and Cultural and Recreational divisions. The increase in revenues was due in part from the increase in property taxes based on increased assessed value and charges for services. It is significant that other taxes (utility franchise tax) fell from \$1,843,246 in 2003 to \$1,714,231 in 2004. Cities have been confronted with legal actions to undermine laws requiring payment of utilities to the cities where they do business. This is particularly true for telephone companies who argue that wireless phones have reduced their revenue and that the use of right-of-ways is not a factor as it is with traditional phones.

The *Statement of Net Assets* and the pie chart of Revenues by Source highlight some of the most important factors about the governmental funds, particularly 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 State citizens opposing one. This puts great stress on property taxes, franchise fees, and other revenue in the governmental sector. Property taxes are limited in several ways by State law:

- Local governments total share of property taxes can not exceed \$10 per thousand of taxable assessed value; for school districts, the limit is \$5 per thousand.
- In 1999 taxpayers voted for a measure which limited assessed value increases from one year to the next to the lower of a 3% increase or the market value unless additional improvements or modifications have been made to a property.
- At the time of property tax reform, each local government was assigned a permanent tax rate. The City's rate is \$2.265 per \$1,000 assessed value. This rate cannot be changed without a vote passed by a "double majority" (more than half of the registered voters vote and more than half of the voters approve the measure).

The City's permanent tax rate is relatively low in contrast to comparable cities in the State and has been able to maintain services by budgeting conservatively and by attracting development to raise assessed value. 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:

1. Resources which are scarce, to begin with become more scarce when limitations are placed upon their use—these include legal, budgetary and public opinion
2. Often programs which are most important to citizens such as public safety and cultural and recreational programs produce little supporting program revenue with their activities. As a result, general governmental revenues must be disproportionately used for these programs, which have a relatively high cost for all categories of expenditures—personnel, materials and services, and capital outlay.

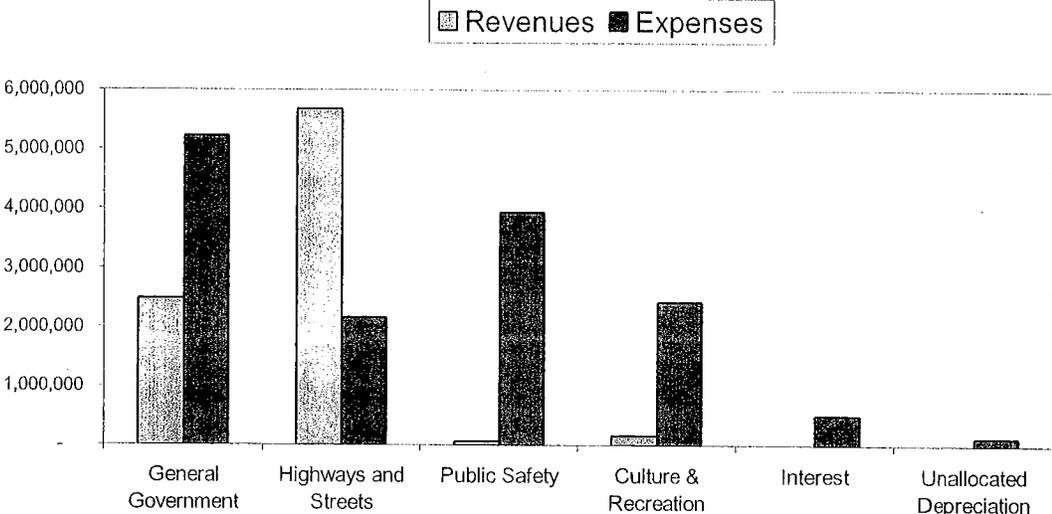
The General Fund is the chief operating fund of the City of Tualatin. At the end of the current year, unreserved fund balance was \$4,409,043. All of these funds were available for short-term expenditures. As a matter of course, the City strives to have enough reserves at the end of the fiscal year end to provide cash for the first five months of operations at which time property taxes will begin to be received. The fund balance decreased slightly from a beginning fund balance of \$4,495,830 to an ending balance of \$4,409,043. The decrease of about two percent resulted from increases in expenditures for public safety, but is not a material amount.

CITY OF TUALATIN'S NET ASSETS

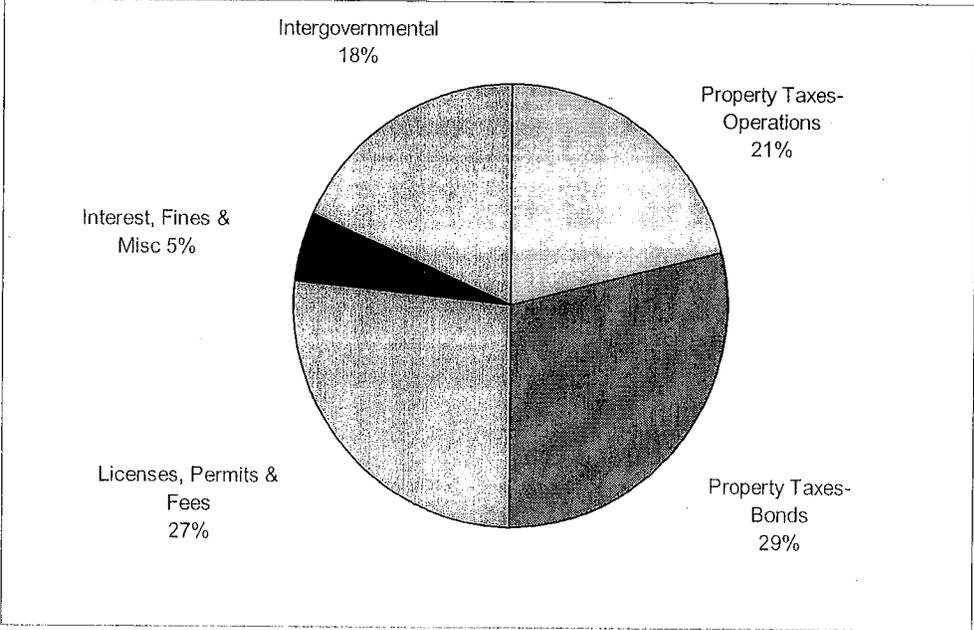
| | <i>Governmental Activities</i> | | <i>Business-type Activities</i> | | <i>Total</i> | |
|--|--------------------------------|---------------------|---------------------------------|---------------------|----------------------|----------------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Current and other assets | \$35,038,756 | \$35,587,373 | \$8,548,279 | \$8,861,275 | \$43,587,035 | \$44,448,648 |
| Capital assets | 81,963,292 | 74,671,579 | 35,943,859 | 33,963,733 | 117,907,151 | 108,635,312 |
| Total assets | 117,002,048 | 110,258,952 | 44,492,138 | 42,825,008 | 161,494,186 | 153,083,960 |
| Long-term liabilities outstanding | 11,730,517 | 13,753,180 | 0 | 0 | 11,730,517 | 13,753,180 |
| Other liabilities | 2,182,366 | 1,339,626 | 726,343 | 899,586 | 2,908,709 | 2,239,212 |
| Total liabilities | 13,912,883 | 15,092,806 | 726,343 | 899,586 | 14,639,226 | 15,992,392 |
| Net assets: | | | | | | |
| Invested in capital assets, net/related debt | 70,232,775 | 60,918,399 | 35,943,859 | 33,963,733 | 106,176,634 | 94,682,132 |
| Restricted | 22,923,902 | 26,275,990 | 0 | 3,424,914 | 22,923,902 | 29,700,904 |
| Unrestricted | 9,932,488 | 7,971,757 | 7,821,936 | 4,536,775 | 17,754,424 | 12,508,532 |
| Total net assets | \$103,089,165 | \$95,166,146 | \$43,765,795 | \$41,925,422 | \$146,854,960 | \$137,091,568 |

| City of Tualatin Net Assets | Governmental Activities | | Business-type activities | | Total | |
|--|-------------------------|--------------|--------------------------|--------------|---------------|---------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$6,681,995 | \$4,580,760 | \$9,598,733 | \$8,245,345 | \$16,280,728 | \$12,826,105 |
| Operating grants and Contributions | 34,957 | 4,380 | - | - | 34,957 | 4,380 |
| Capital grants and Contributions | 1,662,029 | 1,909,156 | 905,636 | 1,068,598 | 2,567,665 | 2,977,754 |
| General revenues: | | | | | | |
| Property taxes | 9,598,691 | 8,076,869 | - | - | 9,598,691 | 8,076,869 |
| Other taxes | 1,714,231 | 1,843,246 | - | - | 1,714,231 | 1,843,246 |
| Grants and contributions not restricted to specific programs | 17,457 | 18,472 | - | - | 17,457 | 18,472 |
| Investment Earnings | 436,835 | 374,629 | 109,979 | 263,736 | 546,814 | 638,365 |
| Total revenues | 20,146,195 | 16,807,512 | 10,614,348 | 9,577,679 | 30,760,543 | 26,385,191 |
| Expenses: | | | | | | |
| General government | 5,231,830 | 8,226,952 | - | - | 5,231,830 | 8,226,952 |
| Public safety | 3,938,333 | 3,518,721 | - | - | 3,938,333 | 3,518,721 |
| Highways/streets | 2,154,320 | 1,836,146 | - | - | 2,154,320 | 1,836,146 |
| Unallocated Depreciation | 129,475 | 175,642 | - | - | 129,475 | 175,642 |
| Culture and recreation | 2,427,929 | 3,557,236 | - | - | 2,427,929 | 3,557,236 |
| Interest on long-term debt | 506,419 | 412,088 | - | - | 506,419 | 412,088 |
| Water | 0 | 0 | 2,572,652 | 2,852,237 | 2,572,652 | 2,852,237 |
| Sewer | 0 | 0 | 4,036,193 | 4,020,340 | 4,036,193 | 4,020,340 |
| Total expenses | 14,388,306 | 17,726,785 | 6,608,845 | 6,872,577 | 20,997,151 | 24,599,362 |
| Increase in net assets before transfers | 5,757,889 | (919,273) | 4,005,503 | 2,705,102 | 9,763,392 | 1,785,829 |
| Transfers | 2,165,130 | 2,537,626 | (2,165,130) | (2,537,626) | 0 | 0 |
| Increase in net assets | 7,923,019 | 1,618,353 | 1,840,373 | 167,476 | 9,763,392 | 1,785,829 |
| Beginning Net assets | 95,166,146 | 93,547,793 | 41,925,422 | 41,757,946 | 137,091,568 | 135,305,739 |
| Ending Net assets | \$103,089,165 | \$95,166,146 | \$43,765,795 | \$41,925,422 | \$146,854,960 | \$137,091,568 |

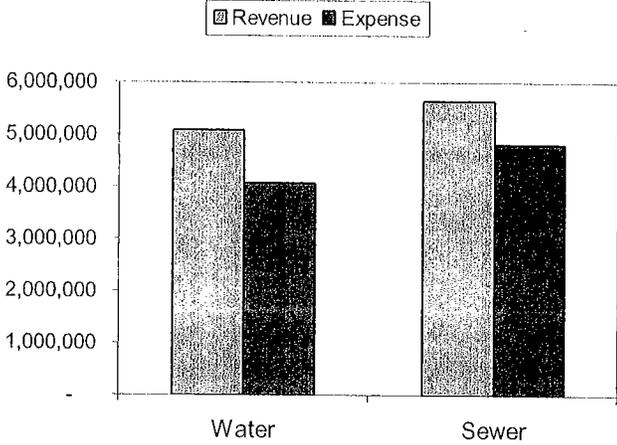
Expenses and Program Revenues - Governmental Activities



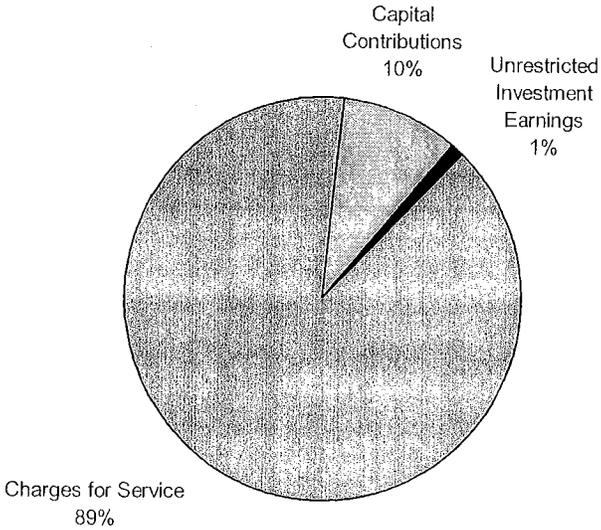
Revenues by Source - Governmental Activities



Expenses and Operating Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of Business-Type Funds

Business activities in 2003-2004 increased net assets by \$1,840,373. This is primarily due to the increased revenue for charges for service revenue as compared to 2002-03; i.e. revenues rose from \$8,245,345 to \$9,598,733. The cost of water the City pays to the City of Portland was raised with and Tualatin and the City raised costs to customers by 15 cents per hundred cubic feet to cover the cost to purchase water, to increased costs to provide services and for capital improvements, including a new reservoir and cover the cost of a water system telemetry upgrade.

The City also increased sewer user charges in 2003-04. A plant maintained by Clean Water Services, special district, serves the majority of sewer customers in the City of Tualatin. The remaining Tualatin sewer customers are serviced by the City of Lake Oswego's plant. Tualatin, maintains pipes and lift stations within the City, however, since Clean Water Services increased rates by 3.5%, the City did likewise because of obligations to pass through a large percentage of user fees to CWS.

The City made an agreement with the City of Portland to buy water some 20 years ago and is still paying its share of the pipeline that bring the water to Tualatin. The foresight shown by the agreement has served the City well, making it presently in a better position than many of its neighbors concerning water supply. However, as this agreement comes to an end, and the greater Portland area grows, it is apparent the City will need more water in the future. In 2004-05 a bond will be sold for about \$10,000,000 to construct 10.5 million gallons of reservoir capacity and to retrofit existing facilities with seismic upgrades to secure the water supply in case of an earthquake.

Capital Asset Reporting and Activity During the Year

The City of Tualatin's investments in capital improvements increased by \$9,271,839 in fiscal year 2003-04. This investment in capital investments included land, construction in progress, buildings, other improvements, machinery & equipment and infrastructure. Within the governmental category, infrastructure consists primarily of roads, signals, lighting and signaling. Within the business-type activities other improvements include water and sewer lines, lift stations, and other portions of utility systems.

Significant notes to capital asset activities during the year for the City include:

- The increase in capital assets includes increased capital assets in the business-type activities of \$1,980,126 and an increase in capital assets in governmental activities of \$7,291,713.

- Increases were greatest because of infrastructure improvements involving streets, utilities and lighting including Boones Ferry Road, Tualatin/Sherwood Road, 124th Avenue and downtown enhancements and improvements. These expenditures are apparent in the Road Development, Central Urban Renewal Project Fund and Leveton Project Fund.

City of Tualatin's Net Capital Assets

| | <i>Governmental Activities</i> | | <i>Business – Type Activities</i> | | <i>Total</i> | |
|--------------------------|--------------------------------|-------------------|-----------------------------------|-------------------|--------------------|--------------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Land | 8,075,088 | 7,691,122 | 459,784 | 459,784 | 8,534,872 | 8,150,906 |
| Construction in Progress | 12,679,478 | 7,419,120 | 1,110,542 | 776,619 | 13,790,020 | 8,195,739 |
| Buildings | 4,760,604 | 4,968,913 | 46,126 | 50,505 | 4,806,730 | 5,019,418 |
| Other Improvements | 11,862,931 | 10,832,122 | 33,691,562 | 32,642,431 | 45,554,493 | 43,474,553 |
| Machinery | 702,094 | 708,520 | 635,845 | 34,394 | 1,337,939 | 742,914 |
| Infrastructure | 43,883,097 | 43,051,782 | - | - | 43,883,097 | 43,051,782 |
| Total | 81,963,292 | 74,671,579 | 35,943,859 | 33,963,733 | 117,907,151 | 108,635,312 |

Additional information concerning capital assets is available in the Notes to the Financial Statements. Note A, section 10 provides a discussion City policies regarding for capital assets and Note I shows provides a schedule of the years activity for governmental funds and business-type funds.

Discussion of Significant Changes in Individual Fund Balances

The following significant changes in fund balances occurred in 2003-04. Marked changes requiring additional information are as follows:

- The beginning fund balance of Leveton Tax Increment District Project Fund decreased from a beginning balance of \$6,496,925 to an ending balance of \$5,055,396 this occurred because of an influx of funds from an intermediate financing (bond) of road improvements in the Leveton Tax District area. These road improvements will support new industrial development in the area.

- The fund balance of the General Obligation Bond Fund increased from \$1,123,945 beginning balance to an ending balance of \$1,129,086. This occurred because of a transfer of funds from the Police Building Construction Fund of \$141,714. The construction of the police facility came in under budget and management had budgeted for any amounts left in the fund be transferred to the G.O. Bond fund to used over the life of the police bond to reduce and stabilize the tax rate. Enough was left in the Police Construction Fund to cover any other lingering expenditures and any balance in the fund will also be transferred in 2004-05. The Police Building Fund balance fell from \$276,573 to \$1,534 as a result of this transfer.

Debt Administration

Bond activity for the City of Tualatin and the Tualatin Development Commission is illustrated below:

| | Beginning | Additions | Reductions | Ending |
|----------------------------|---------------------|---------------------|-----------------------|----------------------|
| General Obligation Bonds | \$ 4,270,000 | - | \$ (190,000) | \$ 4,080,000 |
| Special Assessment Bonds | 50,000 | - | (25,000) | 25,000 |
| Urban Renewal Bonds | 6,675,000 | 1,500,000 | (1,575,000) | 6,600,000 |
| Limited Tax Bonds* | 940,000 | - | (80,000) | 860,000 |
| Total Bonds Payable | \$11,935,000 | \$ 1,500,000 | \$ (1,870,000) | \$ 11,565,000 |

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

In 2003-04, the Tualatin Development Commission, the City of Tualatin's Urban Renewal District made several changes in its bond structuring. The Central Urban Renewal District sold the 2004 Central Urban Renewal Area Bond, which consisted of two parts. Part A of this bond replaced the 1987 Refunding Bonds and the 1987 Project Bonds in a current refunding which resulted in a present value savings of \$55,595. Part B of the 2004 Central Urban Renewal Area Bond resulted in \$1,500,000 of "new money" for projects including road and utility work and streetscape improvements to the downtown area.

In addition for the Leveton District the 2004 Bonds were used to defease the 1990 bonds that had funded infrastructure in the Leveton District. The net present value savings was \$28,121.

The Tualatin Development Commission also sold and redeemed two short-term bonds –in the Central Urban Renewal District, \$2,047,625, and in the Leveton District, \$2,400,000. These bonds, sold and redeemed within a day or a few days, provide a device to move money to the project funds where they are needed and to pay for them in the bond funds.

Economic Factors and Next Year's Budget

Despite falling by almost 2 percent since July 2003, Oregon's unemployment rate remained one of the highest in the nation at the end of fiscal year 2003-04. The 6.8 percent for Oregon ranked as the second highest of the 50 states. The rate has ranked either highest or second highest in each of the past 35 months.

The good news is that in the one year between May 2003 and May 2004 Oregon had added an estimated 33,300 jobs, a 2.1 percent gain, which the State employment department said was the seventh fastest gain of all 50 states.

Tualatin has been hurt, as has been the whole State, by the State high unemployment rate. However, the City not only helped in the recovery, but also led the way with the opening of the first store in a high-end shopping center directly beside the largest North-South Freeway in the State—Interstate 5. This center will, when completed, will consist of approximately a half million square feet of shopping and restaurant space. The shopping center actually crosses the boundaries of two cities Tualatin and Tigard, with the lion's share lying in Tualatin. When Bridgeport Village is finished it is expected to bring 1,500 permanent retail jobs to the area.

Whereas the City has a low permanent tax rate, \$2.265 per \$1,000 taxable assessed value, its ability to bring productive development to the City and to budget conservatively has allowed it to maintain services while other cities have had to cut them.

Factors which will be important in the future year will continue to be the State's economic recovery, transportation and traffic, and ensuring the City's future water needs.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

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CITY OF TUALATIN, OREGON
STATEMENT OF NET ASSETS
JUNE 30, 2004

| | Primary Government | | Total |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | |
| ASSETS | | | |
| Cash & investments | \$ 32,909,629 | \$ 3,453,588 | \$ 36,363,217 |
| Accounts receivable | 541,259 | 834,097 | 1,375,356 |
| Taxes and assessments receivable | 1,170,596 | - | 1,170,596 |
| Interest receivable | 631 | - | 631 |
| Due from other governments | 205,933 | - | 205,933 |
| Internal balances | 48,161 | (48,161) | - |
| Inventory | 94,480 | 29,056 | 123,536 |
| Prepaid | 3,528 | - | 3,528 |
| Restricted cash and investments | 64,539 | 4,279,699 | 4,344,238 |
| Land | 8,075,088 | 459,784 | 8,534,872 |
| Buildings | 6,612,556 | 367,755 | 6,980,311 |
| Improvements other than buildings | 15,795,489 | - | 15,795,489 |
| Machinery and equipment | 2,304,105 | 715,926 | 3,020,031 |
| Utility system | - | 46,327,001 | 46,327,001 |
| Infrastructure | 66,293,589 | - | 66,293,589 |
| Construction in progress | 12,679,478 | 1,110,542 | 13,790,020 |
| Accumulated depreciation | (29,797,013) | (13,037,149) | (42,834,162) |
| Total Assets | 117,002,048 | 44,492,138 | 161,494,186 |
| LIABILITIES | | | |
| Accounts payable and payroll payable | 937,336 | 508,346 | 1,445,682 |
| Matured bonds payable | 195,000 | - | 195,000 |
| Compensated absences | 442,726 | - | 442,726 |
| Due to other governments | 94,284 | - | 94,284 |
| Deposits | 238,467 | - | 238,467 |
| Matured interest on bonds payable | 1,900 | - | 1,900 |
| Retainage payable | 206,938 | 10,370 | 217,308 |
| Deferred revenue | 65,715 | 26,227 | 91,942 |
| Payable from restricted assets | - | 181,400 | 181,400 |
| Long-Term Liabilities: | | | |
| Due within one year | 1,546,469 | - | 1,546,469 |
| Due in more than one year | 10,184,048 | - | 10,184,048 |
| Total Liabilities | 13,912,883 | 726,343 | 14,639,226 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 70,232,775 | 35,943,859 | 106,176,634 |
| Restricted for: | | | |
| Highways and streets | 4,961,977 | - | 4,961,977 |
| Urban redevelopment | 217,592 | - | 217,592 |
| Culture and recreation | 193,358 | - | 193,358 |
| Debt services | 5,041,998 | - | 5,041,998 |
| Capital projects | 12,508,977 | - | 12,508,977 |
| Unrestricted | 9,932,488 | 7,821,936 | 17,754,424 |
| Total Net Assets | \$ 103,089,165 | \$ 43,765,795 | \$ 146,854,960 |

**CITY OF TUALATIN, OREGON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

| | <u>Expenses</u> | <u>Program Revenues</u> | | |
|--------------------------------|----------------------|-----------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Primary Government | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 5,231,830 | \$ 2,444,254 | \$ 31,217 | \$ - |
| Highways and Streets | 2,154,320 | 4,012,332 | - | 1,662,029 |
| Public Safety | 3,938,333 | 63,709 | 3,740 | - |
| Culture and Recreation | 2,427,929 | 161,700 | - | - |
| Interest | 506,419 | - | - | - |
| Unallocated Depreciation | 129,475 | - | - | - |
| Total Governmental Activities | <u>14,388,306</u> | <u>6,681,995</u> | <u>34,957</u> | <u>1,662,029</u> |
| Business-Type Activities: | | | | |
| Sewer | 4,036,193 | 4,858,147 | - | 722,007 |
| Water | <u>2,572,652</u> | <u>4,740,586</u> | <u>-</u> | <u>183,629</u> |
| Total Business-Type Activities | <u>6,608,845</u> | <u>9,598,733</u> | <u>-</u> | <u>905,636</u> |
| Total - Primary Government | <u>\$ 20,997,151</u> | <u>\$ 16,280,728</u> | <u>\$ 34,957</u> | <u>\$ 2,567,665</u> |

General Revenues
Property Taxes Levied for:
 General Purposes
 Debt Service
Franchise Tax
Grants not Restricted to Specific Programs
Investment Earnings

Total General Revenues

Transfers

Total General Revenues, Special Item
and Transfers

Change in Net Assets

Net Assets, beginning of year

Net Assets, end of year

| Net (Expense) Revenue and Changes in Net Assets | | |
|---|-----------------------------|-----------------------|
| Primary Government | | |
| Governmental Activities | Business-Type Activities | Total |
| \$ (2,756,359) | \$ - | \$ (2,756,359) |
| 3,520,041 | - | 3,520,041 |
| (3,870,884) | - | (3,870,884) |
| (2,266,229) | - | (2,266,229) |
| (506,419) | - | (506,419) |
| (129,475) | - | (129,475) |
| <u>(6,009,325)</u> | <u>-</u> | <u>(6,009,325)</u> |
| - | 1,543,961 | 1,543,961 |
| - | 2,351,563 | 2,351,563 |
| - | 3,895,524 | 3,895,524 |
| <u>(6,009,325)</u> | <u>3,895,524</u> | <u>(2,113,801)</u> |
| 4,074,191 | - | 4,074,191 |
| 5,524,500 | - | 5,524,500 |
| 1,714,231 | - | 1,714,231 |
| 17,457 | - | 17,457 |
| 436,835 | 109,979 | 546,814 |
| 11,767,214 | 109,979 | 11,877,193 |
| <u>2,165,130</u> | <u>(2,165,130)</u> | <u>-</u> |
| <u>13,932,344</u> | <u>(2,055,151)</u> | <u>11,877,193</u> |
| 7,923,019 | 1,840,373 | 9,763,392 |
| <u>95,166,146</u> | <u>41,925,422</u> | <u>137,091,568</u> |
| <u>\$ 103,089,165</u> | <u>\$ 43,765,795</u> | <u>\$ 146,854,960</u> |

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FUND FINANCIAL STATEMENTS MAJOR GOVERNMENTAL FUNDS

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 police protection.

Bancroft Bond Fund - accounts for the payment of principal and interest on Special Assessment Improvement Bonds. Resources are provided from the collections of assessments for the benefited property owners.

Central Urban Renewal District Bond Sinking Fund - accounts for resources received from property taxes within the Central Urban Renewal area for the payment of principal and interest on the Agency's tax increment bonds.

Leveton Tax Increment District Bond Sinking Fund - accounts for property taxes received within the Leveton Urban Renewal District, which are to be used for the payment of principal and interest on the Agency's tax increment debt.

Central Urban Renewal District Projects Fund - accounts for resources provided from the sale of tax increment bonds and interest earnings used for the acquisition and construction of capital assets within the Urban Renewal Agency's boundary and payment of nonbonded indebtedness.

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

CITY OF TUALATIN, OREGON
GOVERNMENTAL FUNDS - BALANCE SHEET
JUNE 30, 2004

| | General Fund | Bancroft Bond Fund | Central Urban Renewal District Bond Sinking Fund |
|-------------------------------------|---------------------|-----------------------|---|
| ASSETS | | | |
| Cash and investments | \$ 4,718,635 | \$ 308,298 | \$ 1,845,833 |
| Receivable | | | |
| Accounts | 387 | - | - |
| Taxes and assessments | 182,615 | 785,383 | 96,854 |
| Interest | 374 | - | 101 |
| Due from other governments | - | - | - |
| Due from other funds | - | - | - |
| Inventory | 55,504 | - | - |
| Prepays | 978 | - | - |
| | <u>4,958,493</u> | <u>1,093,681</u> | <u>1,942,788</u> |
| Total assets | <u>\$ 4,958,493</u> | <u>\$ 1,093,681</u> | <u>\$ 1,942,788</u> |
| LIABILITIES | | | |
| Accounts payable and payroll | \$ 292,572 | \$ - | \$ - |
| Matured bond payable | - | - | 195,000 |
| Due to other governments | - | - | - |
| Due to other funds | - | - | - |
| Deposits | 60,070 | - | - |
| Matured bond interest payable | - | 1,900 | - |
| Retainage payable | - | - | - |
| Deferred revenue | 196,808 | 783,817 | 69,732 |
| Total liabilities | <u>549,450</u> | <u>785,717</u> | <u>264,732</u> |
| FUND BALANCES | | | |
| Reserved for inventory | - | - | - |
| Reserved for scholarships | - | - | - |
| Unreserved, reported in | | | |
| General fund | 4,409,043 | - | - |
| Special revenue funds | - | - | - |
| Debt service funds | - | 307,964 | 1,678,056 |
| Capital projects funds | - | - | - |
| Total fund balances | <u>4,409,043</u> | <u>307,964</u> | <u>1,678,056</u> |
| | <u>\$ 4,958,493</u> | <u>\$ 1,093,681</u> | <u>\$ 1,942,788</u> |
| Total liabilities and fund balances | <u>\$ 4,958,493</u> | <u>\$ 1,093,681</u> | <u>\$ 1,942,788</u> |

| Leveton Tax Increment District Bond Sinking Fund | Central Urban Renewal District Projects Fund | Leveton Tax Increment District Projects Fund | Other Governmental Funds | Total Governmental Funds |
|---|--|--|--------------------------------|--------------------------------|
| \$ 1,898,616 | \$ 7,362,421 | \$ 5,266,807 | \$ 11,573,558 | \$ 32,974,168 |
| - | 374,400 | - | 166,472 | 541,259 |
| 99,853 | - | - | 5,891 | 1,170,596 |
| 136 | - | - | 20 | 631 |
| - | - | - | 205,933 | 205,933 |
| - | - | - | 68,807 | 68,807 |
| - | - | - | 38,976 | 94,480 |
| - | - | - | 2,550 | 3,528 |
| <u>\$ 1,998,605</u> | <u>\$ 7,736,821</u> | <u>\$ 5,266,807</u> | <u>\$ 12,062,207</u> | <u>\$ 35,059,402</u> |

| | | | | |
|---------------|----------------|----------------|----------------|------------------|
| \$ 6,315 | \$ 289,608 | \$ 84,467 | \$ 264,374 | \$ 937,336 |
| - | - | - | - | 195,000 |
| - | - | - | 94,284 | 94,284 |
| - | - | - | 20,646 | 20,646 |
| - | - | - | 178,397 | 238,467 |
| - | - | - | - | 1,900 |
| - | 59,346 | 126,944 | 20,648 | 206,938 |
| 65,398 | 374,400 | - | 1,831 | 1,491,986 |
| <u>71,713</u> | <u>723,354</u> | <u>211,411</u> | <u>580,180</u> | <u>3,186,557</u> |

| | | | | |
|---------------------|---------------------|---------------------|----------------------|----------------------|
| - | - | - | 38,976 | 38,976 |
| - | - | - | 64,539 | 64,539 |
| - | - | - | - | 4,409,043 |
| - | - | - | 7,475,960 | 7,475,960 |
| 1,926,892 | - | - | 1,129,086 | 5,041,998 |
| - | 7,013,467 | 5,055,396 | 2,773,466 | 14,842,329 |
| <u>1,926,892</u> | <u>7,013,467</u> | <u>5,055,396</u> | <u>11,482,027</u> | <u>31,872,845</u> |
| <u>\$ 1,998,605</u> | <u>\$ 7,736,821</u> | <u>\$ 5,266,807</u> | <u>\$ 12,062,207</u> | <u>\$ 35,059,402</u> |

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

| | |
|--|--------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 81,963,292 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 1,426,271 |
| Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds. | (442,726) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | (11,730,517) |

Net assets of governmental activities \$ 103,089,165

CITY OF TUALATIN, OREGON
GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004

| | General Fund | Bancroft Bond Fund | Central Urban Renewal District Bond Sinking Fund | Leveton Tax Increment District Bond Sinking Fund |
|--|---------------------|-----------------------|---|---|
| REVENUES | | | | |
| Taxes and assessments | \$ 4,303,241 | \$ 139,326 | \$ 2,231,104 | \$ 3,240,940 |
| Licenses and permits | 174,410 | - | - | - |
| Intergovernmental | 1,048,173 | - | - | - |
| Fees | 1,714,231 | - | - | - |
| Fines | 147,594 | - | - | - |
| Charges for Services | 63,709 | - | - | - |
| Interest | 64,302 | 4,220 | 39,280 | 43,920 |
| Miscellaneous | 208,182 | - | - | - |
| Total revenues | <u>7,723,842</u> | <u>143,546</u> | <u>2,270,384</u> | <u>3,284,860</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 3,187,641 | 1,595 | 10,675 | 15,984 |
| Highway and streets | - | - | - | - |
| Urban redevelopment | - | - | - | - |
| Public Safety | 3,728,033 | - | - | - |
| Culture and recreation | 2,124,059 | - | - | - |
| Debt Service | | | | |
| Principal | 19,865 | 105,000 | 2,322,625 | 3,336,150 |
| Interest | 1,840 | 46,618 | 80,063 | 194,228 |
| Reserves | - | - | 369,314 | 179,647 |
| Capital outlay | 213,677 | - | - | - |
| Total expenditures | <u>9,275,115</u> | <u>153,213</u> | <u>2,782,677</u> | <u>3,726,009</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,551,273)</u> | <u>(9,667)</u> | <u>(512,293)</u> | <u>(441,149)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond proceeds | - | - | - | - |
| Proceeds of refunding bonds | - | - | - | - |
| Payment to bond escrow agent | - | - | - | - |
| Proceeds from capital leases | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| Transfers in | 1,470,996 | - | - | - |
| Transfers out | (6,510) | (7,829) | - | - |
| Total other financing sources and (uses) | <u>1,464,486</u> | <u>(7,829)</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (86,787) | (17,496) | (512,293) | (441,149) |
| Fund balances, beginning of year | <u>4,495,830</u> | <u>325,460</u> | <u>2,190,349</u> | <u>2,368,041</u> |
| Fund balances, end of year | <u>\$ 4,409,043</u> | <u>\$ 307,964</u> | <u>\$ 1,678,056</u> | <u>\$ 1,926,892</u> |

| Central Urban Renewal District Projects Fund | Leveton Tax Increment District Projects Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ 223,768 | \$ 10,138,379 |
| - | - | 1,522,564 | 1,696,974 |
| 17,500 | - | 2,648,870 | 3,714,543 |
| - | - | 491,801 | 2,206,032 |
| - | - | - | 147,594 |
| - | - | 1,434,462 | 1,498,171 |
| 68,363 | 68,426 | 148,324 | 436,835 |
| 188,277 | 13,074 | 19,822 | 429,355 |
| <u>274,140</u> | <u>81,500</u> | <u>6,489,611</u> | <u>20,267,883</u> |
| 28,408 | 9,876 | 3,994,346 | 7,248,525 |
| - | - | 350,724 | 350,724 |
| - | - | - | - |
| - | - | - | 3,728,033 |
| - | - | - | 2,124,059 |
| - | - | 190,000 | 5,973,640 |
| - | - | 183,670 | 506,419 |
| - | - | - | 548,961 |
| <u>1,677,384</u> | <u>3,718,748</u> | <u>3,578,287</u> | <u>9,188,096</u> |
| <u>1,705,792</u> | <u>3,728,624</u> | <u>8,297,027</u> | <u>29,668,457</u> |
| <u>(1,431,652)</u> | <u>(3,647,124)</u> | <u>(1,807,416)</u> | <u>(9,400,574)</u> |
| 3,547,625 | 2,400,000 | - | 5,947,625 |
| 575,000 | 440,000 | - | 1,015,000 |
| (575,000) | (440,000) | - | (1,015,000) |
| - | - | - | - |
| 418,000 | - | - | 418,000 |
| - | - | 3,714,068 | 5,185,064 |
| <u>(273,560)</u> | <u>(194,405)</u> | <u>(2,537,630)</u> | <u>(3,019,934)</u> |
| <u>3,692,065</u> | <u>2,205,595</u> | <u>1,176,438</u> | <u>8,530,755</u> |
| 2,260,413 | (1,441,529) | (630,978) | (869,819) |
| <u>4,753,054</u> | <u>6,496,925</u> | <u>12,113,005</u> | <u>32,742,664</u> |
| <u>\$ 7,013,467</u> | <u>\$ 5,055,396</u> | <u>\$ 11,482,027</u> | <u>\$ 31,872,845</u> |

**CITY OF TUALATIN, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

Amounts reported for governmental activities in the statement of activities (page 22) are different because:

| | |
|--|--------------|
| Net change in fund balances - total governmental funds (page 29) | \$ (869,819) |
|--|--------------|

| | |
|---|-----------|
| Governmental funds 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 capital outlays exceed depreciation in current period. | 7,300,488 |
|---|-----------|

| | |
|--|-----------|
| Revenues in the statement of activities that do not provide current financial resources are not reported in the funds. | (539,688) |
|--|-----------|

| | |
|--|-----------|
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. | 2,022,663 |
|--|-----------|

| | |
|---|--------------|
| 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. | <u>9,375</u> |
|---|--------------|

| | |
|---|----------------------------|
| Change in net assets of governmental activities | <u><u>\$ 7,923,019</u></u> |
|---|----------------------------|

CITY OF TUALATIN, OREGON
STATEMENT OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
GENERAL FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget | Adjustments to GAAP Basis Actual | GAAP |
|---|-------------------|-------------------|---------------------|-------------------------------|--|---------------------|
| | Original | Final | | Favorable (Unfavorable) | | Basis Actual |
| REVENUES | | | | | | |
| Property taxes | \$ 4,345,180 | \$ 4,345,180 | \$ 4,303,241 | \$ (41,939) | \$ - | \$ 4,303,241 |
| Licenses and permits | 174,900 | 174,900 | 174,410 | (490) | - | 174,410 |
| Intergovernmental | 1,064,840 | 1,114,260 | 1,048,173 | (66,087) | - | 1,048,173 |
| Franchise fees | 1,848,647 | 1,848,647 | 1,714,231 | (134,416) | - | 1,714,231 |
| Fines | 115,100 | 115,100 | 147,594 | 32,494 | - | 147,594 |
| Charges for services | 77,896 | 77,896 | 63,709 | (14,187) | - | 63,709 |
| Interest | 85,000 | 85,000 | 64,302 | (20,698) | - | 64,302 |
| Miscellaneous | 149,734 | 204,734 | 208,182 | 3,448 | - | 208,182 |
| Total revenues | 7,861,297 | 7,965,717 | 7,723,842 | (241,875) | - | 7,723,842 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | 5,584,259 | 5,666,159 | 3,187,641 | 2,478,518 | - | 3,187,641 |
| Public safety | 3,967,294 | 4,016,294 | 3,728,033 | 288,261 | - | 3,728,033 |
| Culture and recreation | 2,276,031 | 2,337,951 | 2,124,059 | 213,892 | (21,705) | 2,102,354 |
| Capital outlay | 253,290 | 251,290 | 235,382 | 15,908 | - | 235,382 |
| Debt service | | | | | | |
| Principal | - | - | - | - | 19,865 | 19,865 |
| Interest | - | - | - | - | 1,840 | 1,840 |
| Reserve funds | 1,171,769 | 1,171,769 | - | 1,171,769 | - | - |
| Contingency | 300,942 | 214,542 | - | 214,542 | - | - |
| Total expenditures | 13,553,585 | 13,658,005 | 9,275,115 | 4,382,890 | - | 9,275,115 |
| Excess of revenues over (under) expenditures | (5,692,288) | (5,692,288) | (1,551,273) | 4,141,015 | - | (1,551,273) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Operating transfers in | 1,470,996 | 1,470,996 | 1,470,996 | - | - | 1,470,996 |
| Operating transfers out | (6,510) | (6,510) | (6,510) | - | - | (6,510) |
| Total other financing sources (uses) | 1,464,486 | 1,464,486 | 1,464,486 | - | - | 1,464,486 |
| Excess of revenues and other sources over (under) expenditures and other uses | (4,227,802) | (4,227,802) | (86,787) | 4,141,015 | - | (86,787) |
| BEGINNING FUND BALANCE | 4,227,802 | 4,227,802 | 4,495,830 | 268,028 | - | 4,495,830 |
| ENDING FUND BALANCE | \$ - | \$ - | \$ 4,409,043 | \$ 4,409,043 | \$ - | \$ 4,409,043 |

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FUND FINANCIAL STATEMENTS ENTERPRISE FUNDS

The City has two enterprise type funds which are the water revenue fund and the sewer revenue fund.

Water Revenue Fund - accounts for the acquisition, construction, operation and maintenance of water facilities and services. The primary revenue sources are customer service fees and system development charges.

Sewer Revenue Fund - accounts for the acquisition, operation, construction and maintenance of sewer facilities and services. Resources are provided primarily through user charges to the general public and system development charges.

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CITY OF TUALATIN, OREGON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

| | Business-type Activities - Enterprise Funds | | |
|---|---|----------------------|----------------------|
| | Water Revenue | Sewer Revenue | Totals |
| ASSETS | | | |
| Current assets | | | |
| Cash and investments | \$ 1,029,983 | \$ 2,423,605 | \$ 3,453,588 |
| Accounts receivable | 468,664 | 365,433 | 834,097 |
| Due from other funds | 10,000 | 10,000 | 20,000 |
| Inventory | 27,974 | 1,082 | 29,056 |
| Total current assets | <u>1,536,621</u> | <u>2,800,120</u> | <u>4,336,741</u> |
| Noncurrent Assets | | | |
| Restricted | | | |
| Cash and investments | 1,604,219 | 2,675,480 | 4,279,699 |
| Total restricted assets | <u>1,604,219</u> | <u>2,675,480</u> | <u>4,279,699</u> |
| Capital assets: | | | |
| Land | 366,652 | 93,132 | 459,784 |
| Buildings | 84,669 | 283,086 | 367,755 |
| Machinery and equipment | 432,711 | 283,215 | 715,926 |
| Utility system | 25,825,303 | 20,501,698 | 46,327,001 |
| Construction in progress | 1,110,542 | - | 1,110,542 |
| Less accumulated depreciation | <u>(8,074,522)</u> | <u>(4,962,627)</u> | <u>(13,037,149)</u> |
| Total capital assets (net of accumulated depreciation) | <u>19,745,355</u> | <u>16,198,504</u> | <u>35,943,859</u> |
| Total noncurrent assets | <u>21,349,574</u> | <u>18,873,984</u> | <u>40,223,558</u> |
| Total assets | <u>22,886,195</u> | <u>21,674,104</u> | <u>44,560,299</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 228,906 | 279,440 | 508,346 |
| Due to other funds | 68,161 | - | 68,161 |
| Retainage payable | 10,370 | - | 10,370 |
| Deferred revenue | 26,227 | - | 26,227 |
| Total current liabilities | <u>333,664</u> | <u>279,440</u> | <u>613,104</u> |
| Current liabilities payable from restricted assets | | | |
| Accounts payable | 140,712 | 40,128 | 180,840 |
| Customer deposits | 560 | - | 560 |
| Total current liabilities payable from restricted assets | <u>141,272</u> | <u>40,128</u> | <u>181,400</u> |
| Total liabilities | <u>474,936</u> | <u>319,568</u> | <u>794,504</u> |
| NET ASSETS | | | |
| Invested in capital | 19,745,355 | 16,198,504 | 35,943,859 |
| Unrestricted | 2,665,904 | 5,156,032 | 7,821,936 |
| Total net assets | <u>\$ 22,411,259</u> | <u>\$ 21,354,536</u> | <u>\$ 43,765,795</u> |

CITY OF TUALATIN, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

| | Business-type Activities - Enterprise Funds | | |
|--|---|----------------------|----------------------|
| | Water Revenue | Sewer Revenue | Totals |
| OPERATING REVENUES | | | |
| Charges for sales and services | | | |
| Sales | \$ 3,373,590 | \$ 3,836,709 | \$ 7,210,299 |
| System development fees | 559,771 | 764,617 | 1,324,388 |
| Facilities and service charges | 797,400 | 255,774 | 1,053,174 |
| Other operating income | 9,825 | 1,047 | 10,872 |
| Total operating revenues | <u>4,740,586</u> | <u>4,858,147</u> | <u>9,598,733</u> |
| OPERATING EXPENSES | | | |
| Materials and services | 2,066,109 | 3,777,771 | 5,843,880 |
| Depreciation | 506,543 | 258,422 | 764,965 |
| Total operating expenses | <u>2,572,652</u> | <u>4,036,193</u> | <u>6,608,845</u> |
| Operating income | 2,167,934 | 821,954 | 2,989,888 |
| NONOPERATING REVENUE (EXPENSES) | | | |
| Investment earnings | 42,033 | 67,946 | 109,979 |
| Income before contributions and transfers | 2,209,967 | 889,900 | 3,099,867 |
| Capital contributions | 183,629 | 722,007 | 905,636 |
| Transfers in | 120,710 | - | 120,710 |
| Transfers out | (1,501,576) | (784,264) | (2,285,840) |
| Change in net assets | 1,012,730 | 827,643 | 1,840,373 |
| Total net assets - beginning | <u>21,398,529</u> | <u>20,526,893</u> | <u>41,925,422</u> |
| Total net assets - ending | <u>\$ 22,411,259</u> | <u>\$ 21,354,536</u> | <u>\$ 43,765,795</u> |

**CITY OF TUALATIN, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004**

| | Business-type Activities - Enterprise Funds | | |
|--|---|---------------------|---------------------|
| | Water | Sewer | Totals |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 4,690,159 | \$ 4,833,745 | \$ 9,523,904 |
| Payments to suppliers | (2,175,885) | (3,770,286) | (5,946,171) |
| Net cash from operating activities | <u>2,514,274</u> | <u>1,063,459</u> | <u>3,577,733</u> |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Transfers from other funds | 120,710 | - | 120,710 |
| Transfers to other funds | (1,501,576) | (784,264) | (2,285,840) |
| Net cash from noncapital and related financing activities | <u>(1,380,866)</u> | <u>(784,264)</u> | <u>(2,165,130)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchases of capital assets | (1,376,005) | (463,450) | (1,839,455) |
| Net cash from financing activities | <u>(1,376,005)</u> | <u>(463,450)</u> | <u>(1,839,455)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | 42,033 | 67,946 | 109,979 |
| Net cash from investing activities | <u>42,033</u> | <u>67,946</u> | <u>109,979</u> |
| Net increase (decrease) in cash and investments | (200,564) | (116,309) | (316,873) |
| CASH AND INVESTMENTS | | | |
| Beginning of year | 2,834,766 | 5,215,394 | 8,050,160 |
| End of year | <u>\$ 2,634,202</u> | <u>\$ 5,099,085</u> | <u>\$ 7,733,287</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES | | | |
| Operating income | \$ 2,167,934 | \$ 821,954 | \$ 2,989,888 |
| Adjustments to reconcile operating income to net cash from operating activities: | | | |
| Cash flows reported in other categories: | | | |
| Depreciation expense | 506,543 | 258,422 | 764,965 |
| Change in assets and liabilities: | | | |
| Accounts receivable | (45,772) | (24,402) | (70,174) |
| Inventories | (1,929) | 65 | (1,864) |
| Accounts payable | (195,688) | 7,420 | (188,268) |
| Accrued liabilities | 10,370 | - | 10,370 |
| Due to other funds | 68,161 | - | 68,161 |
| Deferred revenue | 4,655 | - | 4,655 |
| Net cash from operating activities | <u>\$ 2,514,274</u> | <u>\$ 1,063,459</u> | <u>\$ 3,577,733</u> |

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Financial Reporting Entity

The City of Tualatin is a municipal corporation governed by an elected seven-member council.

These financial statements present the City of Tualatin and its component unit, the City of Tualatin Development Commission - The Urban Renewal Agency of the City (the Agency). The Agency is considered a blended component unit and, in substance, is part of the City's operations, although it is a legally separate entity. Separate financial statements of the Agency can be obtained from the Finance Department of the City, 18880 S.W. Martinazzi Avenue, Tualatin, Oregon 97062.

The Agency is governed by the same governing body as the City of Tualatin. The Agency is reported in a special revenue fund, capital projects funds and debt service funds.

2. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

3. Measurement focus, basis of accounting, and financial statement presentation

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

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

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 government.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for by another fund.

Bancroft Bond Fund - accounts for the payment of principal and interest on Special Assessment Improvement Bonds. Resources are provided by the collection of assessments from the benefited property owners.

Central Urban Renewal District Bond Sinking Fund - accounts for resources received from property taxes within the Central Urban Renewal area for the payment of principal and interest on the Urban Renewal Agency's tax increment bonds.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Leveton Tax Increment District Bond Sinking Fund - accounts for property taxes received within the Leveton Urban Renewal area to be used for the payment of principal and interest on the Urban Renewal Agency's tax increment debt.

Urban Renewal District Projects Fund - accounts for resources provided from the sale of tax increment bonds and interest earnings used for the acquisition and construction of capital assets within the Urban Renewal Agency's boundary.

Leveton Tax Increment District Projects 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.

The City reports the following major proprietary funds:

Water Revenue Fund - accounts for the acquisition, construction, operation and maintenance of water facilities and services. The primary revenue sources are customer service fees and system development charges.

Sewer Revenue Fund - accounts for the acquisition, operation, construction and maintenance of sewer facilities and services. Resources are provided primarily through user charges to the general public and system development charges.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water enterprise fund, and of the sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

4. Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Interest earned on pooled investments is allocated to funds based on the pro-rata amount each fund has in the pool. Each fund type's portion of this pool is displayed on the governmental wide statement of net assets as Cash and Investments.

Cash includes amounts in demand deposits, cash on hand, cash with fiscal agent and amounts in investment pools that have the general characteristics of demand deposit accounts, such as the State of Oregon Treasurer's Local Government Investment Pool.

State statutes authorize the City to invest in general obligations of the United States and its agencies, certain debt of Oregon municipalities, time deposits, savings accounts, certificates of deposit, bankers' acceptances, the Oregon State Treasurer's Investment Pool and certain highly rated commercial paper. Investments are stated at fair value.

For statement of cash flow purposes, cash in the City-wide cash and investment pool is considered to be available for withdrawal at any time without prior notice or penalty by the proprietary funds.

5. Property Taxes Receivable

Property taxes receivable, which have been collected within sixty days subsequent to year-end, are considered measurable and available and are recognized as revenues in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance. All other property taxes receivable are offset by deferred property tax revenue and, accordingly, have not been recorded as revenue. The property tax calendar is as follows:

| | |
|--------------------|-------------|
| Lien | July 1 |
| Levy | July 1 |
| First Installment | November 15 |
| Second Installment | February 15 |
| Third Installment | May 15 |

6. Assessments and Liens Receivable

Assessments are amounts billed to property owners and recognized as receivable upon project completion.

7. Receivables and Payables

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

8. Inventories

Inventories of supplies for Governmental Fund Types are stated at cost (first-in, first-out basis) and are charged to expenditures as they are used. Inventories in the enterprises funds are stated at the lower of cost (first-in, first-out basis) or market and are charged to expense as they are used, consistent with the consumption method.

9. Pre-paid Items

Payments made to vendors that will benefit periods beyond June 30, 2004 are recorded as pre-paid items.

10. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g. roads, pathways, street lights, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of the donation. The City does not capitalize collections of works of art or historical treasures held for public exhibition, education, or research in furtherance of public service rather than capital gain, unless they were capitalized as of June 30, 1999. Proceeds from the sale, exchange, or other disposal of any item belonging to a collection or works of art or historical treasures must be applied to the acquisition of additional items for the same collection.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life of greater than five years. Additions or improvements and other capital outlays that significantly extended 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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 was capitalized during the current fiscal year.

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

| <u>Asset</u> | <u>Years</u> |
|-----------------------------------|--------------|
| Building and improvements | 25 - 40 |
| Improvements other than buildings | 10 - 30 |
| Machinery and equipment | 5 - 10 |
| Vehicles | 5 - 10 |
| Utility Systems | 25 - 40 |
| Infrastructure | 20 - 40 |

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

11. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The repayment of General Obligation, Urban Renewal and Redevelopment, Bancroft Improvement Bonds and Limited Tax Improvement Bonds will be made from the Debt Service Funds. All other General Long-Term Debt will be repaid by the General and Debt Service Funds. All debt service payments are budgeted in the debt service category.

12. Compensated Absences

Accumulated vested vacation pay is accrued as it is earned. For governmental funds, the non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. Only the current portion is reported in the governmental funds, as is calculated based on historical trends. Compensated absences are liquidated in the funds from which payroll is paid: general, engineering, operations and urban renewal fund.

Sick pay, which does not vest, is recognized in all funds when leave is taken.

13. Fund Equity

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Restricted Net Assets - Certain enterprise fund net assets are restricted by outside parties for construction and are included as restricted net assets.

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

14. Interfund Transactions

Interfund transactions are accounted for as revenues, expenditures or expenses. Normally, reimbursements from other funds are recorded as revenues since they are budgeted as such. Some funds could not budget enough revenue to cover budgeted expenditures, these funds are highly dependent on revenue from funds for which they provide services. (i.e. Operations Fund, General Fund, etc.)

All other interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are also reported as transfers.

15. Use of Estimates

In preparing the City's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The reconciliation of the statement of revenues expenditures and changes in fund balance includes adjustments to arrive at the amounts reported on the statement of changes in net assets of governmental activities as reported in the government statement of activities. One element of that reconciliation explains that "Governmental funds 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." The details of this \$7,300,488 difference are as follows:

| | |
|----------------------|--------------------|
| Capital outlay | \$ 9,950,361 |
| Depreciation expense | <u>(2,649,873)</u> |

| | |
|---|---------------------|
| Net adjustment to increase net changes in fund balance - total governmental funds to arrive at change in net assets of governmental activities. | <u>\$ 7,300,488</u> |
|---|---------------------|

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

Another element of the reconciliation states "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$2,022,663 difference are as follows:

| | |
|---|------------------------------|
| Debt issued or incurred (including refunding) | \$ 6,962,625 |
| Principal repayments (including refunding) | (6,988,640) |
| Reserves paid | (548,961) |
| Reclassification of debt | <u>(1,447,687)</u> |
| Net adjustment to increase net changes in fund balance - total governmental funds to arrive at change in net assets of governmental activities. | <u><u>\$ (2,022,663)</u></u> |

NOTE C - BUDGETARY COMPLIANCE AND ACCOUNTING

1. Budgetary Information

A budget is prepared for each governmental and proprietary fund in accordance with the legal requirements as set forth in the Oregon Local Budget Law.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control is established by the Division in the City's operating funds (General, Engineering and Building and Operations) and by budget category (Personal Services, Materials and Services, Capital Outlay, etc.) in all remaining funds. The legal level of control is as shown on the budget to actual schedules. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publication in newspapers and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control as approved by the City Council. City management is authorized to make any changes to the budget within each organizational unit. Appropriations lapse as of year-end.

The City had expenditures in excess of appropriations in the following funds:

| | |
|---|----------|
| Bancroft Bond Fund - Interest | \$ 3,949 |
| Central Urban Renewal District Bond Sinking Fund - Materials and services | 474 |
| Park Development Fund - Materials and services | 3,774 |
| Police Building Construction Fund - Capital outlay | 252 |

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

2. Basis of Accounting

The budgets for the governmental fund types are prepared in accordance with modified accrual basis of accounting excluding capitalized lease proceeds and related capital outlay. Budgets for proprietary funds are prepared in accordance with the modified accrual basis of accounting.

NOTE D - BUDGET TO GAAP RECONCILIATION

Accounting principles applied for purposes of developing data on the City's budgetary accounting methods differ from those used by the City to present financial statements in conformity with generally accepted accounting principles (GAAP). The Combined Statement of Revenues, Expenditures and Changes in Fund Balances (NonGAAP Budgetary Basis) - Budget and Actual - All Governmental Fund Types presents data on a budgetary accounting basis. The following schedules present the reconciliation of budgetary basis revenues and expenses to GAAP basis revenues and expenses for the Proprietary Funds:

| | Revenues | Expenses |
|--|--------------|--------------|
| Sewer Fund - budgetary basis | \$ 4,128,697 | \$ 3,721,030 |
| Sewer Development Fund - budgetary basis | 797,396 | 520,192 |
| Total Sewer Revenue Fund | 4,926,093 | 4,241,222 |
| Contributed assets | 722,007 | - |
| Depreciation expense | - | 258,422 |
| Expenditures capitalized | - | (463,451) |
| Revenues and expenses - GAAP Basis | \$ 5,648,100 | \$ 4,036,193 |
| Water Fund - budgetary basis | \$ 4,204,501 | \$ 3,006,103 |
| Water Development Fund - budgetary basis | 578,118 | 436,832 |
| Total Water Revenue Fund | 4,782,619 | 3,442,935 |
| Contributed assets | 183,629 | - |
| Depreciation expense | - | 506,543 |
| Expenditures capitalized | - | (1,376,826) |
| Revenues and expenses - GAAP Basis | \$ 4,966,248 | \$ 2,572,652 |

NOTE E - CASH AND INVESTMENTS

Cash and Investments consisted of the following:

| | |
|--------------------------------------|---------------|
| Petty cash | \$ 1,088 |
| Checks written in excess of deposits | (359,073) |
| Investments | 41,065,440 |
| Total | \$ 40,707,455 |

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE E - CASH AND INVESTMENTS (Continued)

Balance Sheet captions for cash and investments follow:

| | |
|---------------------------------|----------------------|
| Cash and investments | \$ 36,363,217 |
| Restricted cash and investments | 4,344,238 |
| Total | <u>\$ 40,707,455</u> |

Deposits

State statutes require that the City obtain from its depositories, a certificate of participation for the full amount of the City's deposits. The depositories are required to pledge, with an independent pool manager, securities in the City's name equal to twenty-five percent of the face value of the certificate of participation issued to the City.

The City's deposits and investments are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes insured deposits and investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and uncollateralized deposits and uninsured and unregistered investments of which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Uninsured and collateralized deposits are classified into these three categories depending on who holds the collateral security and how they are held.

Deposits include bank demand deposits. The carrying amount of deposits is \$(359,073). The total bank balance per the bank statements is \$282,484. The full amount, \$282,484, is covered by federal depository insurance and classified as Category 1. There were no bank balances on deposit that were not entirely insured or collateralized at June 30, 2004.

Local Government Investment Pool

The City participates in the Oregon State Treasurer's Local Government Investment Pool (LGIP), a non-SEC regulated, open-ended, no-load diversified portfolio created under ORS 294.805 to 294.895. The LGIP is administered by the State Treasurer and the Oregon Investment Council with the advice of the Oregon Short-Term Fund Board. The Oregon State Treasurer's Office has calculated the fair value of the underlying investments of the LGIP and the City's share of market value is reflected below.

Investments

Investments are recorded at fair value.

| | |
|---|----------------------|
| State of Oregon Treasurer's Local Government Investment Pool | <u>\$ 41,065,440</u> |
|---|----------------------|

Amounts in the state local government investment pool are not required to be categorized.

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE F - RECEIVABLES

Receivables at June 30, 2004 consist of the following:

| | Accounts Receivable | Taxes Receivable | Assessments Receivable | Interest Receivable | Due from other Governments | Total |
|--|------------------------|---------------------|---------------------------|------------------------|-------------------------------|---------------------|
| General | \$ 387 | \$ 182,615 | \$ - | \$ 374 | \$ - | \$ 183,376 |
| Bancroft Bond | - | - | 785,383 | - | - | 785,383 |
| Central Urban Renewal District Bond Sinking | - | 96,854 | - | 101 | - | 96,955 |
| Leveton Tax Increment Bond Sinking | - | 99,853 | - | 136 | - | 99,989 |
| Central Urban Renewal District Projects | 374,400 | - | - | - | - | 374,400 |
| Non-major governmental funds | 166,472 | 5,891 | - | 20 | 205,933 | 378,316 |
| Water | 468,664 | - | - | - | - | 468,664 |
| Sewer | 365,433 | - | - | - | - | 365,433 |
| | <u>\$ 1,375,356</u> | <u>\$ 385,213</u> | <u>\$ 785,383</u> | <u>\$ 631</u> | <u>\$ 205,933</u> | <u>\$ 2,752,516</u> |

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

| | Unavailable | Unearned |
|--|---------------------|------------------|
| Property taxes receivable - General Fund | \$ 131,093 | \$ - |
| Property taxes receivable - General Obligation Bond Fund | 1,831 | - |
| Property taxes receivable - Central Urban Renewal District Bond Fund | 69,732 | - |
| Property taxes receivable - Leveton Tax Increment District Bond Fund | 65,398 | - |
| Special Assessments not yet due - Bancroft Bond Fund | 783,817 | - |
| Principal payments on land sales not yet due - Central Urban Renewal District Projects Fund | 374,400 | - |
| Street tree planting fees - General Fund | - | 65,715 |
| Utility service fee deposits - Water Fund | - | 26,227 |
| | <u>\$ 1,426,271</u> | <u>\$ 91,942</u> |

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE G - ASSESSMENT LIENS RECEIVABLE

Assessment liens receivable represent the uncollected amounts levied against benefited property for the cost of local improvements. Because the assessments are liens against the benefited property, an allowance for uncollectible amounts is not deemed necessary. Substantially all assessments are payable over a period of fifteen years and bear interest at 5.7% to 10.1%.

NOTE H - INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

Amounts for interfund receivables and interfund payables are comprised of the following:

| | Interfund Receivable | Interfund Payable |
|---------------------------|-------------------------|----------------------|
| Governmental Activities: | | |
| Non-major Funds: | | |
| Road Fund | \$ 646 | \$ - |
| Road Development Fund | 68,161 | |
| Capital Projects Fund | - | 20,646 |
| Business Type Activities: | | |
| Water Fund | 10,000 | 68,161 |
| Sewer Fund | 10,000 | - |
| | \$ 88,807 | \$ 88,807 |

Interfund payables and receivables of \$48,161 were eliminated in the government wide financial statements since they were within governmental activities.

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE H - INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS (Continued)

All interfund transfers were part of routine transactions. Amounts for interfund transfers are comprised of the following:

| Transfers to: | Transfers from: | | | | | | |
|---|-------------------------|--------------------|--------------------------------|--|-----------------------------|--------------------------|-------------------|
| | Governmental Activities | | | | | Business-type Activities | |
| | General Fund | Bancroft Bond Fund | Central Urban Renewal District | Leveton Tax Increment District Bond Projects | Non-major Governmental Fund | Water Fund | Sewer Fund |
| Governmental activities: | | | | | | | |
| General fund | \$ - | \$ 7,829 | \$ - | \$ - | \$ 983,325 | \$ 295,464 | \$ 184,378 |
| Bancroft Bond | - | - | - | - | - | - | - |
| Central Urban Renewal District Projects | - | - | - | - | - | - | - |
| Leveton Tax Increment District Projects | - | - | - | - | - | - | - |
| Other Governmental Funds | 6,510 | - | 273,560 | 194,405 | 1,554,305 | 1,085,402 | 599,886 |
| Business-type activities: | | | | | | | |
| Water Funds | - | - | - | - | - | 120,710 | - |
| Sewer Fund | - | - | - | - | - | - | - |
| | <u>\$ 6,510</u> | <u>\$ 7,829</u> | <u>\$ 273,560</u> | <u>\$ 194,405</u> | <u>\$ 2,537,630</u> | <u>\$ 1,501,576</u> | <u>\$ 784,264</u> |

NOTE I - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004 are as follows:

| | Beginning Balance | Increases/ Reclassifications | Decreases/ Reclassifications | Ending Balance |
|--|---------------------|------------------------------|------------------------------|---------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 7,691,122 | \$ 383,966 | \$ - | \$ 8,075,088 |
| Construction in progress | 7,419,120 | 14,221,488 | (8,961,130) | 12,679,478 |
| Total capital assets, not being depreciated | <u>15,110,242</u> | <u>14,605,454</u> | <u>(8,961,130)</u> | <u>20,754,566</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 6,601,956 | 10,600 | - | 6,612,556 |
| Improvements other than buildings | 14,505,885 | 7,032,888 | (5,743,284) | 15,795,489 |
| Machinery and equipment | 2,206,149 | 202,258 | (104,302) | 2,304,105 |
| Infrastructure | 63,658,658 | 2,634,931 | - | 66,293,589 |
| Total capital assets being depreciated | <u>86,972,648</u> | <u>9,880,677</u> | <u>(5,847,586)</u> | <u>91,005,739</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (1,633,043) | (218,909) | - | (1,851,952) |
| Improvements other than buildings | (3,673,762) | (432,408) | 173,612 | (3,932,558) |
| Machinery and equipment | (1,497,630) | (194,960) | 90,579 | (1,602,011) |
| Infrastructure | (20,606,896) | (1,803,596) | - | (22,410,492) |
| Total accumulated depreciation | <u>(27,411,331)</u> | <u>(2,649,873)</u> | <u>264,191</u> | <u>(29,797,013)</u> |
| Total capital assets, being depreciated, net | <u>59,561,317</u> | <u>7,230,804</u> | <u>(5,583,395)</u> | <u>61,208,726</u> |
| Governmental activities capital assets, net | <u>\$74,671,559</u> | <u>\$ 21,836,258</u> | <u>\$ (14,544,525)</u> | <u>\$81,963,292</u> |

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE I - CAPITAL ASSETS (Continued)

| | <u>Beginning Balance</u> | <u>Increases/ Reclassifications</u> | <u>Decreases/ Reclassifications</u> | <u>Ending Balance</u> |
|--|------------------------------|---|---|---------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 459,784 | \$ - | \$ - | \$ 459,784 |
| Construction in progress | 776,619 | 1,262,562 | (928,639) | 1,110,542 |
| Total capital assets, not being depreciated | <u>1,236,403</u> | <u>1,262,562</u> | <u>(928,639)</u> | <u>1,570,326</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 367,755 | - | - | 367,755 |
| Improvements other than buildings | 44,516,457 | 1,810,544 | - | 46,327,001 |
| Machinery and equipment | 237,122 | 623,623 | (144,819) | 715,926 |
| Total capital assets being depreciated | <u>45,121,334</u> | <u>2,434,167</u> | <u>(144,819)</u> | <u>47,410,682</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (317,250) | (4,379) | - | (321,629) |
| Improvements other than buildings | (11,874,026) | (761,413) | - | (12,635,439) |
| Machinery and equipment | (202,728) | - | 122,647 | (80,081) |
| Total accumulated depreciation | <u>(12,394,004)</u> | <u>(765,792)</u> | <u>122,647</u> | <u>(13,037,149)</u> |
| Total capital assets, being depreciated, net | <u>32,727,330</u> | <u>1,668,375</u> | <u>(22,172)</u> | <u>34,373,533</u> |
| Business-type activities capital assets, net | <u>\$33,963,733</u> | <u>\$ 2,930,937</u> | <u>\$ (950,811)</u> | <u>\$35,943,859</u> |

Depreciation charged to functions/programs of the City are as follows:

| | |
|--|---------------------|
| Governmental activities: | |
| General government | \$ 202,632 |
| Public safety | 210,300 |
| Highways and streets, including depreciation of infrastructure assets | 1,803,596 |
| Culture and recreations | 303,870 |
| Unallocated depreciation | <u>129,475</u> |
| Total depreciation expense - governmental activities | <u>\$ 2,649,873</u> |
| Business-type activities: | |
| Water | \$ 506,543 |
| Sewer | <u>258,422</u> |
| Total depreciation expense - business type activities | <u>\$ 764,965</u> |

NOTE J - PENSION PLANS

The City maintains a contributory defined contribution retirement plan which covers all full time employees, except police officers and managerial employees. The police officers and managerial employees participate in the Oregon Public Employees Retirement System (OPERS), an agent multiple-employer defined benefit, public employee pension plan.

Contributory Defined Contribution Retirement Plan

Plan Description and Provisions:

Prior to June 30, 2000, all full-time employees who were members of the OPEU Bargaining Unit were eligible to participate in the contributory defined contribution pension plan. As of June 30, 2000, OPEU employees had the option to move their retirement funds into the OPERS defined benefit retirement plan or to stay in the defined contribution plan. Those OPEU employees who elected to remain in the defined contribution plan will have their retirement plan contributions continued under the terms of the plan until their retirement or termination of employment with the City. All new OPEU employees hired after June 30, 2000 will participate in OPERS. The payroll for employees covered by the contributory defined contribution retirement plan for the year ended June 30, 2004 was \$324,227. The City's total payroll was \$6,768,547.

The City is required under the provisions of the nonmanagement plan to contribute 8.73% of each participant's salary. Pension expense recorded by the City under the plan was \$28,305 for the year ended June 30, 2004. Participants are required to contribute 6% to the plan. Participants contributed \$19,454 to the plan during the year ended June 30, 2004. Benefits vest at 30% after three years, and graduate upwards to 100% vesting after five years of continuous service. Benefits are payable in a lump sum or monthly, using various payment options at the normal retirement date of age 55. Should participants retire before 55, they are entitled to the vested portion of benefits at the preceding anniversary date plus 8.73% multiplied by the vested percentage of the participant's compensation during the plan year in which retirement occurs. The City is responsible for establishing or amending any pension provisions.

Oregon Public Employees Retirement System

Plan Description:

The City's police and managerial employees are participants in the Oregon Public Employees Retirement System (OPERS), an agent multiple-employer defined benefit public employee retirement system that acts as a common investment and administrative agent for government units in the State of Oregon. Benefits generally vest after five years of continuous service. Retirement is allowed at age 58 with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Compulsory retirement age is 70. Retirement benefits are payable in lump sum or monthly amount using several payment options. OPERS also provides death and disability benefits. Public employees hired after August 29, 2003, become members of the Oregon Public Service Retirement Plan (OPSRP). Employer contributions are required by state statute and are made at actuarially determined rates. These benefit provisions and other requirements are established by state statutes, Chapter 238, Oregon Revised Statutes. OPERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplement information. The stand-alone report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE J - PENSION PLANS (Continued)

Funding Policy:

The City's contribution rate, based on the most current actuarial valuation, was 11.88% of covered payroll through June 30, 2004. Employees contribute 6.0% of their salary to OPERS. The contribution requirements of the City are established and may be amended by the OPERS Retirement Board while the employee's rate is set by state statute, ORS 238.200. The City's payroll for employees covered by OPERS for the year ended June 30, 2004 was \$5,944,194.

Required contributions and liabilities were determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. Because all OPERS employers are required by law to submit the contributions adopted by the Retirement Board, and all the employer contributions are calculated in conformance with the standards of Statement No. 27, there is no net pension obligation.

Annual Pension Cost:

| | Fiscal Year Ending | | |
|--------------------------------------|--------------------|--------------|--------------|
| | 2004 | 2003 | 2002 |
| City contributions rate | 11.88% | 10.39% | 10.39% |
| Employee contribution paid by City | 6.00% | 6.00% | 6.00% |
| City total payroll | \$ 6,768,547 | \$ 6,403,112 | \$ 6,115,625 |
| Payroll earned by OPERS participants | \$ 5,944,194 | \$ 5,792,986 | \$ 5,482,772 |
| Annual pension cost | \$ 814,013 | \$ 715,986 | \$ 671,025 |
| Net pension obligation | \$ - | \$ - | \$ - |

The contributions actually made are equivalent to the annual pension cost. Significant actuarial assumptions use in the valuation include (a) a rate of return on the investment of present and future assets of 8.0% per year; (b) projected salary increases due to general wage adjustments of 4.0% per year; (c) projected automatic post-retirement benefit increases of 2.0% per year; and (d) demographic assumptions that have been chosen to reflect the best estimate of emerging experience of the members of OPERS. Consumer price inflation is assumed to be 3.5% per year. The unfounded actuarial liability is amortized as a level percentage of covered payroll over a thirty-year period on an open basis. The actuarial value of plan assets is based on fair value.

Trend information as required by Statement No. 27 of the Governmental Accounting Standards Board is designed to give an indication of the progress made in accumulating sufficient assets to pay benefits when due.

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE J - PENSION PLANS (Continued)

| * Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability (UAAL) | Excess of Actuarial Value of Assets (EAVA) | Funded Percent | Covered Payroll | (UAAL) as a Percentage of Payroll |
|---------------------|---------------------------------|-----------------------------------|---|--|-------------------|--------------------|--|
| December 31, 1995 | \$ 5,447,764 | \$ 6,835,411 | \$ 1,387,647 | \$ - | 80% | \$ 2,456,678 | 56% |
| December 31, 1997 | 8,843,600 | 9,060,042 | 216,442 | - | 98% | 2,709,928 | 8% |
| December 31, 1999 | 13,879,928 | 13,436,003 | - | 443,925 | 103% | 2,855,372 | -16% |
| December 31, 2001 | Pooled | Pooled | - | 1,723,699 | Pooled | 5,419,408 | -32% |
| December 31, 2002 | Pooled | Pooled | 3,878,875 | - | Pooled | 5,631,689 | 69% |

NOTE K - LEASES

Operating leases

The City has entered into various noncancelable operating leases with a term of more than one year for office equipment. The future minimum lease payments for these leases are as follows:

| <u>YEAR ENDED JUNE 30,</u> | <u>Governmental Activities Amount</u> |
|----------------------------|---|
| 2005 | \$ 20,338 |
| 2006 | 20,338 |
| 2007 | 18,376 |
| 2008 | 8,922 |
| 2009 | <u>2,336</u> |
| Totals | <u>\$ 70,310</u> |

Capital Leases

The City has entered into various lease agreements as a lessee to finance the acquisition of computer equipment and an operating system. The leases are secured by equipment. These lease agreements qualify as capital leases for accounting purposes, and have been recorded at the present value of their future minimum lease payments as of the inception:

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE K – LEASES (Continued)

The assets acquired through capital leases are as follows:

| | Governmental Activities |
|-------------------------------|----------------------------|
| Asset: | |
| Machinery and equipment | \$ 87,612 |
| Less accumulated depreciation | (70,089) |
| Total | \$ 17,523 |

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2004 are as follows:

| YEAR ENDED JUNE 30, | Amount |
|---|-----------|
| 2005 | \$ 21,704 |
| 2006 | 4,048 |
| Total minimum lease payments | 25,752 |
| Less amount representing interest | (725) |
| Present value of minimum lease payments | \$ 25,027 |

NOTE L - LONG-TERM DEBT

General Obligation bonds

The City issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities only. General obligation bonds were issued in February 1999 in the amount of \$4,970,000 for the construction of a police facility. The bonds have an interest rate ranging from 3.50 to 4.65% with final maturity in 2019. The principal balance outstanding at June 30, 2004 is \$4,080,000.

General obligations bonds currently outstanding are as follows:

| Purpose | Interest rate | Amount |
|---|---------------|--------------|
| Governmental activities - Police facility | 3.50-4.65% | \$ 4,080,000 |

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE L - LONG-TERM DEBT (Continued)

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

| <u>YEAR ENDING JUNE 30,</u> | <u>Governmental Activities</u> | |
|-----------------------------|--------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2005 | \$ 200,000 | \$ 176,450 |
| 2006 | 205,000 | 168,750 |
| 2007 | 215,000 | 160,755 |
| 2008 | 225,000 | 152,370 |
| 2009 | 235,000 | 143,370 |
| 2010-2014 | 1,330,000 | 561,368 |
| 2015-2019 | 1,670,000 | 238,898 |
| Total | <u>\$ 4,080,000</u> | <u>\$ 1,601,961</u> |

Special Assessment bonds

The City has also issued special assessment bonds to provide for the construction of streets and improvements. These bonds will be repaid from amounts levied against property owners benefited by the construction. In the event that a deficiency exists because of unpaid or delinquent general assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are recovered. The bonds have an interest rate ranging from 5.80 to 6.50% with final maturity in 2005. The principal balance outstanding on special assessment bonds at June 30, 2004 is \$25,000.

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

| <u>YEAR ENDING JUNE 30,</u> | <u>Governmental Activities</u> | |
|-----------------------------|--------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2005 | \$ 25,000 | \$ 661 |
| | <u>\$ 25,000</u> | <u>\$ 661</u> |

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE L - LONG-TERM DEBT (Continued)

Urban Renewal and Redevelopment bonds

In May 2003, the Tualatin Development Commission issued \$4,700,000 in Urban Renewal Bonds with an interest rate of 2.9%. The agreement was modified in April 2004. The outstanding balance on these bonds at June 30, 2004 was \$4,085,000, with final maturity in June 2010. In April 2004, the Commission issued Urban Renewal Bonds in the amount of \$1,500,000 with an interest rate of 3.05%. The proceeds of these 2004 bonds were used for various improvement projects including Boones Ferry Road. The outstanding balance on these bonds at June 30, 2004 was \$1,500,000 with final maturity in June 2010. In addition, in April 2004, the Commission issued Urban Renewal Bonds in the amount of \$575,000 with an interest rate of 2.40%. The proceeds of these bonds were used to refund the 1987 bond series. The outstanding balance on these bonds at June 30, 2004 was \$575,000, with final maturity in June 2007. In April 2004, the Commission also issued \$440,000 in Urban Renewal Bonds with an interest rate of 2.75%. The proceeds from the bonds were used to refund the 1993 bond series. The outstanding balance on these bonds at June 30, 2004 was \$440,000, with final maturity in June 2008.

Urban Renewal and Redevelopment Bond debt service requirements to maturity are as follows:

| <u>YEAR ENDING JUNE 30,</u> | <u>Governmental Activities</u> | |
|-----------------------------|--------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2005 | \$ 1,160,000 | \$ 186,667 |
| 2006 | 1,190,000 | 157,238 |
| 2007 | 1,220,000 | 123,483 |
| 2008 | 1,060,000 | 88,875 |
| 2009 | 970,000 | 57,925 |
| 2010 | 1,000,000 | 29,405 |
| Total | <u>\$ 6,600,000</u> | <u>\$ 643,593</u> |

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE L - LONG-TERM DEBT (Continued)

Limited Tax Improvement Bonds

In June 1998, the City issued Limited Tax Improvement Bonds in the amount of \$2,460,000 with an interest rate of 4.70%. The proceeds of these bonds were used for the construction of streets and improvements. The outstanding balance of these bonds at June 30, 2004 was \$860,000, with total principal due in full June 2013. The City has pledged all assessments levied within a Local Improvement District to pay the debt service on the bonds, and accordingly, the City calls a portion of the principal each year based on the amount of assessment payments and pre-payments received. The projected schedule of principal and interest payments at June 30, 2004 is as follows:

| YEAR ENDING JUNE 30, | Governmental Activities | |
|----------------------|-------------------------|------------|
| | Principal | Interest |
| 2005 | \$ - | \$ 40,420 |
| 2006 | - | 40,420 |
| 2007 | - | 40,420 |
| 2008 | - | 40,420 |
| 2009 | - | 40,420 |
| 2010-2014 | 860,000 | 161,680 |
| Total | \$ 860,000 | \$ 363,780 |

Short-term bonds

During the year the City borrowed \$4,447,625 in “du jour” bonds. These bonds were purchased and sold within a few days, and are used to move money to the project funds that are expending the funds and paying for the debt in the bond fund. There was no outstanding balance as of June 30, 2004.

Loans Payable

In March 1989, the City borrowed \$1,000,000 at an interest rate of 5% through the State of Oregon Economic Development Department’s Special Public Works Fund to finance road, water, sewer and storm drain improvements to the Leveton Tax Increment District. The outstanding balance of the loan at June 30, 2004 was \$87,570 with a final maturity of January 2005.

In July of 1989, the City borrowed \$1,000,000 at an interest rate of 5% through the State of Oregon Economic Development Department’s Special Public work fund to finance road, water, sewer and storm drain improvements within the Leveton Tax Increment District. The outstanding balance of the loan at June 30, 2004 was \$52,920, with a final maturity of July 2004.

Both loans are to be repaid from tax increment revenues, but full faith and credit pledges back the obligations.

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE L - LONG-TERM DEBT (Continued)

Loans payable debt service requirements to maturity are as follows:

| <u>YEAR ENDING JUNE 30,</u> | <u>Governmental Activities</u> | |
|-----------------------------|--------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2005 | \$ 140,490 | \$ 4,620 |
| Totals | <u>\$ 140,490</u> | <u>\$ 4,620</u> |

Long-term liability activity for the year ended June 30, 2004 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|---------------------|-----------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds 12/98 | \$ 4,270,000 | \$ - | \$ (190,000) | \$ 4,080,000 | \$ 200,000 |
| Special assessment debt with government commitment | 50,000 | - | (25,000) | 25,000 | 25,000 |
| Urban renewal and redevelopment bonds | 6,675,000 | 1,500,000 | (1,575,000) | 6,600,000 | 1,160,000 |
| Limited tax improvement bonds | 940,000 | - | (80,000) | 860,000 | - |
| Total bonds payable | 11,935,000 | 1,500,000 | (1,870,000) | 11,565,000 | 1,385,000 |
| Loans payable | 326,640 | - | (186,150) | 140,490 | 140,490 |
| Capital leases | 45,525 | - | (20,498) | 25,027 | 20,979 |
| Short-term bonds | - | 4,447,625 | (4,447,625) | - | - |
| Compensated absences | 452,101 | 552,287 | (561,662) | 442,726 | 420,590 |
| Governmental activity long-term liabilities | <u>\$ 12,759,266</u> | <u>\$ 6,499,912</u> | <u>\$ (7,085,935)</u> | <u>\$ 12,173,243</u> | <u>\$ 1,967,059</u> |

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE L - LONG-TERM DEBT (Continued)

Advance Refunding of Debt

On April 29, 2004, The Tualatin Development Commission issued Urban Renewal Bonds to refund the 1987 bond series. Proceeds from the sale were placed in an irrevocable trust that is to be used to service the future debt requirements of the defeased debt. This refunding resulted in an economic gain as well as savings from refunding. The economic gain realized in this refunding was \$55,595 and the savings from the refunding was as follows:

| | |
|---|-------------------|
| Cash flow requirements to service defeased debt | \$ 1,087,338 |
| Less: Cash flow requirements for new debt (including reserves paid) | <u>(967,511)</u> |
| Net savings from refunding | <u>\$ 119,827</u> |

In addition, on April 29, 2004, the Commission also issued Urban Renewal Bonds to refund the 1993 bond series. Proceeds from the sale were placed in an irrevocable trust that is to be used to service the future debt requirements of the defeased debt. This refunding resulted in an economic gain as well as savings from refunding. The economic gain realized in this refunding was \$28,121 and the savings from the refunding was as follows:

| | |
|---|------------------|
| Cash flow requirements to service defeased debt | \$ 713,600 |
| Less: Cash flow requirements for new debt (including reserves paid) | <u>(651,385)</u> |
| Net savings from refunding | <u>\$ 62,215</u> |

The trust account assets and the liability for the defeased 1987 and 1993 series bonds are not included in the City's financial statements. At June 30, 2004, \$1,565,000 of these bonds are considered defeased.

NOTE M - COMMITMENTS AND CONTINGENCIES

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 Services Trust (CCIS). The City has no significant claims against it that are in excess of its insurance 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.

The City had approximately \$1,314,682 of commitments with respect to unfinished capital projects at June 30, 2004.

NOTE M - COMMITMENTS AND CONTINGENCIES (Continued)

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.

The City is a defendant in various pending litigation proceedings. Management believes any losses arising from these actions will not materially affect the city's financial position.

NOTE N - CONSTITUTIONAL PROPERTY TAX LIMITATION

The State of Oregon has a constitutional limit on property taxes for governmental operations. Under the limit, tax revenues are separated into those for public schools and those for other local governments. The limitation specifies a maximum rate for local government operations of \$10.00 per \$1,000 of real market value. Local government taxes in the City currently do not exceed the \$10.00 rate limit; however, this limitation may effect the availability of future tax revenues for the City.

In May 1997, the voters approved Measure 50 which rolled back assessed values to 90 percent of 1995-96 levels and limits future increases to 3 percent, except for major improvements. Tax rates are now fixed and not subject to change. Voters may approve local initiatives above the fixed rate provided a majority approves at either (i) a general election in an even numbered year, or (ii) at any other election in which at least 50 percent of registered voters cast a ballot.

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COMBINING STATEMENTS NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

These funds account for revenues, primarily from charges for services and licenses and permits which are used for specific purposes. Funds included in the special Revenue category are:

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

Operations Fund - accounts for resources used to provide certain City administrative and maintenance functions for the water, sewer and streets funds.

Road Fund - accounts for revenues and gasoline tax apportionments from the State of Oregon and Washington County and road maintenance fees which are used for the repairs, maintenance and minor construction associated with streets.

Storm Drain Fund - accounts for storm drainage fees from City property and business owners to maintain the storm drain systems.

Core Area Parking Fund - accounts for parking fees from City property and business owners to develop additional downtown parking areas and maintain existing parking areas.

Road Development Fund - accounts for funds received from system development charges used for road improvements.

Storm Drain Development Fund - accounts for funds received from systems development charges and used for system improvements.

Park Development Fund - accounts for funds received from systems development charges and park serial levies used for the acquisition and development of park land.

Urban Renewal Fund - accounts for the general operation of the City's Urban Renewal Agency.

Tualatin Science and Technology Fund - accounts for scholarship awards.

Debt Service Funds

The Debt Service Funds account for the payment of principal and interest on General Obligation Improvement bonds, Bancroft Improvement Bonds and Tax Increment Bonds. Funds included in this category are:

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

Capital Project Funds

These funds account for the construction and acquisition of capital assets financed by bond sales and interest earnings. Funds included within this category are:

Capital Projects Fund - accounts for the construction of major capital assets of the City. Resources are provided primarily by the sale of General Obligation and Bancroft Improvement Bonds.

Police Building Construction - accounts for the construction of the police building. Resources provided primarily by the sale of General Obligation Bonds.

Infrastructure - accounts for accumulation of funds to construct future capital projects. Resources provided by other city funds.

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CITY OF TUALATIN, OREGON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2004

| | Total Non-major Special Revenue Funds | Total Non-major Debt Service Fund | Total Non-major Capital Projects Funds | Total Non-major Governmental Funds |
|-------------------------------------|--|--|---|---|
| ASSETS | | | | |
| Cash and investments | \$ 7,629,786 | \$ 1,125,006 | \$ 2,818,766 | \$ 11,573,558 |
| Receivable | | | | |
| Accounts | 166,472 | - | - | 166,472 |
| Taxes | - | 5,891 | - | 5,891 |
| Interest | - | 20 | - | 20 |
| Due from other governments | 205,933 | - | - | 205,933 |
| Due from other funds | 68,807 | - | - | 68,807 |
| Inventory | 38,976 | - | - | 38,976 |
| Prepays | 2,550 | - | - | 2,550 |
| | <u>\$ 8,112,524</u> | <u>\$ 1,130,917</u> | <u>\$ 2,818,766</u> | <u>\$ 12,062,207</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 239,720 | \$ - | \$ 24,654 | \$ 264,374 |
| Due to other governments | 94,284 | - | - | 94,284 |
| Due to other funds | - | - | 20,646 | 20,646 |
| Deposits | 178,397 | - | - | 178,397 |
| Retainage payable | 20,648 | - | - | 20,648 |
| Deferred revenue | - | 1,831 | - | 1,831 |
| | <u>533,049</u> | <u>1,831</u> | <u>45,300</u> | <u>580,180</u> |
| FUND BALANCES | | | | |
| Reserved for inventory | 38,976 | - | - | 38,976 |
| Reserved for scholarships | 64,539 | - | - | 64,539 |
| Unreserved | 7,475,960 | 1,129,086 | 2,773,466 | 11,378,512 |
| | <u>7,579,475</u> | <u>1,129,086</u> | <u>2,773,466</u> | <u>11,482,027</u> |
| Total liabilities and fund balances | <u>\$ 8,112,524</u> | <u>\$ 1,130,917</u> | <u>\$ 2,818,766</u> | <u>\$ 12,062,207</u> |

CITY OF TUALATIN, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
BALANCE SHEET
JUNE 30, 2004

| | Engineering Fund | Operations Fund | Road Fund | Storm Drain |
|--|----------------------------|--------------------------|----------------------------|--------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 1,639,551 | \$ 825,325 | \$ 1,105,446 | \$ 501,548 |
| Accounts receivable | - | 394 | 60,341 | 105,719 |
| Due from other governments | - | - | - | - |
| Due from other funds | - | - | 646 | - |
| Inventory | - | - | 38,976 | - |
| Prepays | - | - | - | - |
| Total assets | <u>\$ 1,639,551</u> | <u>\$ 825,719</u> | <u>\$ 1,205,409</u> | <u>\$ 607,267</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 70,527 | \$ 103,331 | \$ 17,857 | \$ 16,897 |
| Due to other governments | - | - | - | - |
| Due to other funds | - | - | - | - |
| Deposits | 140,693 | - | - | - |
| Retainage payable | - | 8,710 | - | - |
| Total liabilities | <u>211,220</u> | <u>112,041</u> | <u>17,857</u> | <u>16,897</u> |
| FUND BALANCES | | | | |
| Reserved for inventory | - | - | 38,976 | - |
| Reserved for scholarships | - | - | - | - |
| Unreserved | 1,428,331 | 713,678 | 1,148,576 | 590,370 |
| Total fund balances | <u>1,428,331</u> | <u>713,678</u> | <u>1,187,552</u> | <u>590,370</u> |
| Total liabilities and fund balances | <u>\$ 1,639,551</u> | <u>\$ 825,719</u> | <u>\$ 1,205,409</u> | <u>\$ 607,267</u> |

| <u>Core Area Parking</u> | <u>Road Development</u> | <u>Storm Drain Development</u> | <u>Park Development</u> | <u>Urban Renewal</u> | <u>Tualatin Science and Technology</u> | <u>Total</u> |
|------------------------------|-----------------------------|------------------------------------|-----------------------------|--------------------------|--|---------------------|
| \$ 143,807 | \$ 2,277,492 | \$ 657,685 | \$ 199,229 | \$ 215,164 | \$ 64,539 | \$ 7,629,786 |
| - | - | - | 18 | - | - | 166,472 |
| - | 205,933 | - | - | - | - | 205,933 |
| - | 68,161 | - | - | - | - | 68,807 |
| - | - | - | - | - | - | 38,976 |
| - | - | - | - | 2,550 | - | 2,550 |
| <u>\$ 143,807</u> | <u>\$ 2,551,586</u> | <u>\$ 657,685</u> | <u>\$ 199,247</u> | <u>\$ 217,714</u> | <u>\$ 64,539</u> | <u>\$ 8,112,524</u> |
| \$ 229 | \$ 24,859 | \$ 592 | \$ 5,306 | \$ 122 | \$ - | \$ 239,720 |
| - | 94,284 | - | - | - | - | 94,284 |
| - | - | - | - | - | - | - |
| - | 37,704 | - | - | - | - | 178,397 |
| - | 11,355 | - | 583 | - | - | 20,648 |
| <u>229</u> | <u>168,202</u> | <u>592</u> | <u>5,889</u> | <u>122</u> | <u>-</u> | <u>533,049</u> |
| - | - | - | - | - | - | 38,976 |
| - | - | - | - | - | 64,539 | 64,539 |
| 143,578 | 2,383,384 | 657,093 | 193,358 | 217,592 | - | 7,475,960 |
| <u>143,578</u> | <u>2,383,384</u> | <u>657,093</u> | <u>193,358</u> | <u>217,592</u> | <u>64,539</u> | <u>7,579,475</u> |
| <u>\$ 143,807</u> | <u>\$ 2,551,586</u> | <u>\$ 657,685</u> | <u>\$ 199,247</u> | <u>\$ 217,714</u> | <u>\$ 64,539</u> | <u>\$ 8,112,524</u> |

CITY OF TUALATIN, OREGON
NON-MAJOR CAPITAL PROJECTS FUNDS
BALANCE SHEET
JUNE 30, 2004

| | <u>Capital Projects Fund</u> | <u>Police Building Fund</u> | <u>Infrastructure</u> | <u>Total</u> |
|------------------------------------|----------------------------------|---------------------------------|-----------------------|--------------------|
| ASSETS | | | | |
| Cash and investments | \$ 459,226 | \$ 26,188 | \$ 2,333,352 | \$2,818,766 |
| Total assets | <u>\$ 459,226</u> | <u>\$ 26,188</u> | <u>\$ 2,333,352</u> | <u>\$2,818,766</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 24,654 | \$ - | \$ 24,654 |
| Due to other funds | 20,646 | - | - | 20,646 |
| Total liabilities | <u>20,646</u> | <u>24,654</u> | <u>-</u> | <u>45,300</u> |
| FUND BALANCES | | | | |
| Unreserved | 438,580 | 1,534 | 2,333,352 | 2,773,466 |
| Total liabilities and fund balance | <u>\$ 459,226</u> | <u>\$ 26,188</u> | <u>\$ 2,333,352</u> | <u>\$2,818,766</u> |

**CITY OF TUALATIN, OREGON
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004**

| | Total Non-major Special Revenue Funds | Non-major Debt Service Fund | Total Non-major Capital Projects Funds | Total |
|--|--|-----------------------------------|---|----------------------|
| REVENUES | | | | |
| Taxes | \$ 22 | \$ 223,746 | \$ - | \$ 223,768 |
| Licenses and permits | 1,522,564 | - | - | 1,522,564 |
| Intergovernmental | 2,648,870 | - | - | 2,648,870 |
| Fees | 491,801 | - | - | 491,801 |
| Charges for services | 1,434,462 | - | - | 1,434,462 |
| Interest | 102,480 | 13,751 | 32,093 | 148,324 |
| Miscellaneous | 19,822 | - | - | 19,822 |
| Total revenues | 6,220,021 | 237,497 | 32,093 | 6,489,611 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 3,858,146 | 400 | 135,800 | 3,994,346 |
| Highways and streets | 350,724 | - | - | 350,724 |
| Urban redevelopment | - | - | - | - |
| Debt Service | | | | |
| Principal | - | 190,000 | - | 190,000 |
| Interest | - | 183,670 | - | 183,670 |
| Capital outlay | 3,578,035 | - | 252 | 3,578,287 |
| Total expenditures | 7,786,905 | 374,070 | 136,052 | 8,297,027 |
| Excess (deficiency) of revenues over (under) expenditures | (1,566,884) | (136,573) | (103,959) | (1,807,416) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 3,211,542 | 141,714 | 360,812 | 3,714,068 |
| Transfers out | (2,390,378) | - | (147,252) | (2,537,630) |
| Total other financing sources and (uses) | 821,164 | 141,714 | 213,560 | 1,176,438 |
| Net change in fund balance | (745,720) | 5,141 | 109,601 | (630,978) |
| BEGINNING FUND BALANCE | 8,325,195 | 1,123,945 | 2,663,865 | 12,113,005 |
| ENDING FUND BALANCE | <u>\$ 7,579,475</u> | <u>\$ 1,129,086</u> | <u>\$ 2,773,466</u> | <u>\$ 11,482,027</u> |

CITY OF TUALATIN, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004

| | Engineering Fund | Operations Fund | Road Fund | Storm Drain |
|--|---------------------|--------------------|---------------------|-------------------|
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | 882,054 | - | 640,510 | - |
| Intergovernmental | - | - | 1,172,061 | - |
| Fees | - | - | - | - |
| Charges for services | - | - | - | 1,133,370 |
| Interest | 20,082 | 10,916 | 12,161 | 6,543 |
| Miscellaneous | 647 | 18,108 | 235 | - |
| Total revenues | 902,783 | 29,024 | 1,824,967 | 1,139,913 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 1,453,026 | 986,331 | 877,011 | 309,407 |
| Highways and streets | - | 350,724 | - | - |
| Capital outlay | 28,416 | 284,392 | - | 10,977 |
| Total expenditures | 1,481,442 | 1,621,447 | 877,011 | 320,384 |
| Excess (deficiency) of revenues over (under) expenditures | (578,659) | (1,592,423) | 947,956 | 819,529 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,067,566 | 1,660,231 | - | - |
| Transfers out | (317,848) | - | (823,552) | (790,465) |
| Total other financing sources (uses) | 749,718 | 1,660,231 | (823,552) | (790,465) |
| Net change in fund balance | 171,059 | 67,808 | 124,404 | 29,064 |
| BEGINNING FUND BALANCE | 1,257,272 | 645,870 | 1,063,148 | 561,306 |
| ENDING FUND BALANCE | \$ 1,428,331 | \$ 713,678 | \$ 1,187,552 | \$ 590,370 |

| Core Area Parking | Road Development | Storm Drain Development | Park Development | Urban Renewal | Tualatin Science and Technology | Total |
|----------------------|---------------------|----------------------------|---------------------|-------------------|---------------------------------------|---------------------|
| \$ - | \$ - | \$ - | \$ 22 | \$ - | \$ - | \$ 22 |
| - | - | - | - | - | - | 1,522,564 |
| - | 1,476,809 | - | - | - | - | 2,648,870 |
| - | 491,801 | - | - | - | - | 491,801 |
| 44,910 | - | 94,482 | 161,700 | - | - | 1,434,462 |
| 2,022 | 33,132 | 9,769 | 5,451 | 1,567 | 837 | 102,480 |
| - | 832 | - | - | - | - | 19,822 |
| <u>46,932</u> | <u>2,002,574</u> | <u>104,251</u> | <u>167,173</u> | <u>1,567</u> | <u>837</u> | <u>6,220,021</u> |
| 10,615 | - | - | 6,074 | 211,682 | 4,000 | 3,858,146 |
| - | - | - | - | - | - | 350,724 |
| - | 2,843,273 | 8,674 | 402,303 | - | - | 3,578,035 |
| <u>10,615</u> | <u>2,843,273</u> | <u>8,674</u> | <u>408,377</u> | <u>211,682</u> | <u>4,000</u> | <u>7,786,905</u> |
| <u>36,317</u> | <u>(840,699)</u> | <u>95,577</u> | <u>(241,204)</u> | <u>(210,115)</u> | <u>(3,163)</u> | <u>(1,566,884)</u> |
| - | - | 100,000 | - | 383,745 | - | 3,211,542 |
| <u>(32,099)</u> | <u>(45,442)</u> | <u>(210,399)</u> | <u>(13,432)</u> | <u>(157,141)</u> | <u>-</u> | <u>(2,390,378)</u> |
| <u>(32,099)</u> | <u>(45,442)</u> | <u>(110,399)</u> | <u>(13,432)</u> | <u>226,604</u> | <u>-</u> | <u>821,164</u> |
| 4,218 | (886,141) | (14,822) | (254,636) | 16,489 | (3,163) | (745,720) |
| 139,360 | 3,269,525 | 671,915 | 447,994 | 201,103 | 67,702 | 8,325,195 |
| <u>\$ 143,578</u> | <u>\$ 2,383,384</u> | <u>\$ 657,093</u> | <u>\$ 193,358</u> | <u>\$ 217,592</u> | <u>\$ 64,539</u> | <u>\$ 7,579,475</u> |

CITY OF TUALATIN, OREGON
NON-MAJOR CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004

| | <u>Projects Fund</u> | <u>Building Fund</u> | <u>Infrastructure</u> | <u>Total</u> |
|--|----------------------|----------------------|-----------------------|---------------------|
| REVENUES | | | | |
| Interest | \$ 5,990 | \$ 2,710 | \$ 23,393 | \$ 32,093 |
| Total revenues | <u>5,990</u> | <u>2,710</u> | <u>23,393</u> | <u>32,093</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 17 | 135,783 | - | 135,800 |
| Capital outlay | - | 252 | - | 252 |
| Total expenditures | <u>17</u> | <u>136,035</u> | <u>-</u> | <u>136,052</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>5,973</u> | <u>(133,325)</u> | <u>23,393</u> | <u>(103,959)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 360,812 | 360,812 |
| Transfers out | <u>(5,538)</u> | <u>(141,714)</u> | <u>-</u> | <u>(147,252)</u> |
| Total other financing sources (uses) | <u>(5,538)</u> | <u>(141,714)</u> | <u>360,812</u> | <u>213,560</u> |
| Net change in fund balance | 435 | (275,039) | 384,205 | 109,601 |
| BEGINNING FUND BALANCE | <u>438,145</u> | <u>276,573</u> | <u>1,949,147</u> | <u>2,663,865</u> |
| ENDING FUND BALANCE | <u>\$ 438,580</u> | <u>\$ 1,534</u> | <u>\$ 2,333,352</u> | <u>\$ 2,773,466</u> |

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net assets, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement #34, the City's General Fund and any major special revenue funds are presented as the third of the basic governmental fund financial statements. All other fund budgetary comparisons are displayed in the following pages as supplemental information.

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**SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS**

Special Revenue Funds

- Engineering and Building
- Operations
- Road
- Storm Drain
- Core Area Parking
- Road Development
- Storm Drain Development
- Park Development
- Urban Renewal
- Tualatin Science and Technology

Debt Service Funds

- General Obligation Bond
- Bancroft Bond
- Central Urban Renewal District Bond Sinking
- Leveton Tax Increment District Bond Sinking

Capital Projects Funds

- Capital Projects
- Police Building Construction
- Central Urban Renewal District Projects
- Leveton Tax Increment District Projects
- Water Reservoir Project
- Infrastructure

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CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
ENGINEERING AND BUILDING FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|--------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Building permit fees | \$ 504,847 | \$ 504,847 | \$ 472,159 | \$ (32,688) |
| Plan check fees | 355,060 | 355,060 | 352,980 | (2,080) |
| Public works permit fees | 65,000 | 65,000 | 56,915 | (8,085) |
| Interest | 10,880 | 10,880 | 20,082 | 9,202 |
| Miscellaneous | 500 | 500 | 647 | 147 |
| Total revenues | 936,287 | 936,287 | 902,783 | (33,504) |
| EXPENDITURES | | | | |
| Administration | 386,093 | 386,093 | 352,616 | 33,477 |
| Engineering - capital | 614,268 | 614,268 | 446,248 | 168,020 |
| Building | 935,606 | 935,606 | 639,252 | 296,354 |
| Non-departmental | 32,860 | 32,860 | 14,910 | 17,950 |
| Capital outlay | 106,450 | 106,450 | 28,416 | 78,034 |
| Contingency | 624,972 | 624,972 | - | 624,972 |
| Reserve funds | 183,332 | 183,332 | - | 183,332 |
| Total expenditures | 2,883,581 | 2,883,581 | 1,481,442 | 1,402,139 |
| Excess of revenues over (under) expenditures | <u>(1,947,294)</u> | <u>(1,947,294)</u> | <u>(578,659)</u> | <u>1,368,635</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 1,067,566 | 1,067,566 | 1,067,566 | - |
| Operating transfers out | (218,200) | (218,200) | (317,848) | (99,648) |
| Total other financing sources (uses) | 849,366 | 849,366 | 749,718 | (99,648) |
| Excess of revenues and other sources over (under) expenditures and other uses | (1,097,928) | (1,097,928) | 171,059 | 1,268,987 |
| BEGINNING FUND BALANCE | 1,097,928 | 1,097,928 | 1,257,272 | 159,344 |
| ENDING FUND BALANCE | \$ - | \$ - | \$ 1,428,331 | \$ 1,428,331 |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
OPERATIONS FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous | \$ 11,000 | \$ 11,000 | \$ 18,108 | \$ 7,108 |
| Interest | 4,000 | 4,000 | 10,916 | 6,916 |
| Total revenues | <u>15,000</u> | <u>15,000</u> | <u>29,024</u> | <u>14,024</u> |
| EXPENDITURES | | | | |
| Administration | 283,016 | 283,016 | 262,392 | 20,624 |
| Water division | 521,952 | 521,952 | 473,831 | 48,121 |
| Sewer division | 289,417 | 289,417 | 237,175 | 52,242 |
| Street division | 409,269 | 409,269 | 350,724 | 58,545 |
| Non-departmental | 15,513 | 15,513 | 12,933 | 2,580 |
| Capital outlay | 381,990 | 381,990 | 284,392 | 97,598 |
| Contingency | 152,369 | 152,369 | - | 152,369 |
| Total expenditures | <u>2,053,526</u> | <u>2,053,526</u> | <u>1,621,447</u> | <u>432,079</u> |
| Excess of revenues over (under) expenditures | <u>(2,038,526)</u> | <u>(2,038,526)</u> | <u>(1,592,423)</u> | <u>446,103</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | <u>1,660,231</u> | <u>1,660,231</u> | <u>1,660,231</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>(378,295)</u> | <u>(378,295)</u> | <u>67,808</u> | <u>446,103</u> |
| BEGINNING FUND BALANCE | <u>378,295</u> | <u>378,295</u> | <u>645,870</u> | <u>267,575</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 713,678</u> | <u>\$ 713,678</u> |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
ROAD FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| State gasoline taxes | \$ 899,894 | \$ 899,894 | \$ 1,081,221 | \$ 181,327 |
| Washington county gas tax | 85,000 | 85,000 | 89,007 | 4,007 |
| Road utility fees | 629,000 | 629,000 | 640,510 | 11,510 |
| Interest | 5,000 | 5,000 | 12,161 | 7,161 |
| Intergovernmental | - | - | 1,833 | 1,833 |
| Miscellaneous | - | - | 235 | 235 |
| Total revenues | 1,618,894 | 1,618,894 | 1,824,967 | 206,073 |
| EXPENDITURES | | | | |
| Materials and services | 1,220,367 | 1,220,367 | 877,011 | 343,356 |
| Capital outlay | 25,000 | 25,000 | - | 25,000 |
| Contingency | 286,958 | 286,958 | - | 286,958 |
| Total expenditures | 1,532,325 | 1,532,325 | 877,011 | 655,314 |
| Excess of revenues over (under) expenditures | 86,569 | 86,569 | 947,956 | 861,387 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers out | (821,739) | (821,739) | (823,552) | (1,813) |
| Total other financing sources (uses) | (821,739) | (821,739) | (823,552) | (1,813) |
| Excess of revenues and other sources over (under) expenditures and other uses | (735,170) | (735,170) | 124,404 | 859,574 |
| BEGINNING FUND BALANCE | 735,170 | 735,170 | 1,063,148 | 327,978 |
| ENDING FUND BALANCE | \$ - | \$ - | \$ 1,187,552 | \$ 1,187,552 |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
STORM DRAIN FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Storm drainage fees | \$ 1,114,180 | \$ 1,114,180 | \$ 1,133,370 | \$ 19,190 |
| Interest | 9,409 | 9,409 | 6,543 | (2,866) |
| Total revenues | <u>1,123,589</u> | <u>1,123,589</u> | <u>1,139,913</u> | <u>16,324</u> |
| EXPENDITURES | | | | |
| Materials and services | 410,645 | 410,645 | 309,407 | 101,238 |
| Capital outlay | 50,000 | 50,000 | 10,977 | 39,023 |
| Contingency | 342,951 | 342,951 | - | 342,951 |
| Total expenditures | <u>803,596</u> | <u>803,596</u> | <u>320,384</u> | <u>483,212</u> |
| Excess of revenues over (under) expenditures | <u>319,993</u> | <u>319,993</u> | <u>819,529</u> | <u>499,536</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers out | <u>(790,465)</u> | <u>(790,465)</u> | <u>(790,465)</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>(470,472)</u> | <u>(470,472)</u> | <u>29,064</u> | <u>499,536</u> |
| BEGINNING FUND BALANCE | <u>470,472</u> | <u>470,472</u> | <u>561,306</u> | <u>90,834</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 590,370</u> | <u>\$ 590,370</u> |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
CORE AREA PARKING FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Parking district tax | \$ 40,168 | \$ 40,168 | \$ 44,910 | \$ 4,742 |
| Interest | 1,968 | 1,968 | 2,022 | 54 |
| Total revenues | <u>42,136</u> | <u>42,136</u> | <u>46,932</u> | <u>4,796</u> |
| EXPENDITURES | | | | |
| Materials and services | 21,534 | 21,534 | 10,615 | 10,919 |
| Capital outlay | 2,203 | 2,203 | - | 2,203 |
| Contingency | 4,972 | 4,972 | - | 4,972 |
| Reserve funds | 107,749 | 107,749 | - | 107,749 |
| Total expenditures | <u>136,458</u> | <u>136,458</u> | <u>10,615</u> | <u>125,843</u> |
| Excess of revenues over (under) expenditures | <u>(94,322)</u> | <u>(94,322)</u> | <u>36,317</u> | <u>130,639</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers out | <u>(32,099)</u> | <u>(32,099)</u> | <u>(32,099)</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>(126,421)</u> | <u>(126,421)</u> | <u>4,218</u> | <u>130,639</u> |
| BEGINNING FUND BALANCE | <u>126,421</u> | <u>126,421</u> | <u>139,360</u> | <u>12,939</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 143,578</u> | <u>\$ 143,578</u> |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
ROAD DEVELOPMENT FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|--------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 1,900,000 | \$ 1,900,000 | \$ 1,476,809 | \$ (423,191) |
| System development fees | 746,292 | 746,292 | 491,801 | (254,491) |
| Interest | 74,347 | 74,347 | 33,132 | (41,215) |
| Miscellaneous | - | - | 832 | 832 |
| Total revenues | <u>2,720,639</u> | <u>2,720,639</u> | <u>2,002,574</u> | <u>(718,065)</u> |
| EXPENDITURES | | | | |
| Capital outlay | 4,199,500 | 5,024,500 | 2,843,273 | 2,181,227 |
| Contingency | <u>2,813,051</u> | <u>1,988,051</u> | - | <u>1,988,051</u> |
| Total expenditures | <u>7,012,551</u> | <u>7,012,551</u> | <u>2,843,273</u> | <u>4,169,278</u> |
| Excess of revenues over (under) expenditures | <u>(4,291,912)</u> | <u>(4,291,912)</u> | <u>(840,699)</u> | <u>3,451,213</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers out | <u>(45,442)</u> | <u>(45,442)</u> | <u>(45,442)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(45,442)</u> | <u>(45,442)</u> | <u>(45,442)</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>(4,337,354)</u> | <u>(4,337,354)</u> | <u>(886,141)</u> | <u>3,451,213</u> |
| BEGINNING FUND BALANCE | <u>4,337,354</u> | <u>4,337,354</u> | <u>3,269,525</u> | <u>(1,067,829)</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,383,384</u> | <u>\$ 2,383,384</u> |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
STORM DRAIN DEVELOPMENT FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Storm water quality | \$ 108,075 | \$ 108,075 | \$ 94,482 | \$ (13,593) |
| Interest | 16,342 | 16,342 | 9,769 | (6,573) |
| Total revenues | <u>124,417</u> | <u>124,417</u> | <u>104,251</u> | <u>(20,166)</u> |
| EXPENDITURES | | | | |
| Capital outlay | 310,000 | 310,000 | 8,674 | 301,326 |
| Contingency | 361,128 | 361,128 | - | 361,128 |
| Total expenditures | <u>671,128</u> | <u>671,128</u> | <u>8,674</u> | <u>662,454</u> |
| Excess of revenues over (under) expenditures | <u>(546,711)</u> | <u>(546,711)</u> | <u>95,577</u> | <u>642,288</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 100,000 | 100,000 | 100,000 | - |
| Operating transfers out | (410,399) | (410,399) | (210,399) | 200,000 |
| Total other financing sources (uses) | <u>(310,399)</u> | <u>(310,399)</u> | <u>(110,399)</u> | <u>200,000</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>(857,110)</u> | <u>(857,110)</u> | <u>(14,822)</u> | <u>842,288</u> |
| BEGINNING FUND BALANCE | <u>857,110</u> | <u>857,110</u> | <u>671,915</u> | <u>(185,195)</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 657,093</u> | <u>\$ 657,093</u> |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
PARK DEVELOPMENT FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Prior year property taxes | \$ - | \$ - | \$ 22 | \$ 22 |
| Interest | 6,000 | 6,000 | 5,451 | (549) |
| System development fees | 154,000 | 154,000 | 161,700 | 7,700 |
| Total revenues | <u>160,000</u> | <u>160,000</u> | <u>167,173</u> | <u>7,173</u> |
| EXPENDITURES | | | | |
| Materials and services | 2,300 | 2,300 | 6,074 | (3,774) |
| Capital outlay | 173,000 | 454,500 | 402,303 | 52,197 |
| Contingency | 103,290 | 137,762 | - | 137,762 |
| Total expenditures | <u>278,590</u> | <u>594,562</u> | <u>408,377</u> | <u>186,185</u> |
| Excess of revenues over (under) expenditures | <u>(118,590)</u> | <u>(434,562)</u> | <u>(241,204)</u> | <u>193,358</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers out | <u>(13,432)</u> | <u>(13,432)</u> | <u>(13,432)</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>(132,022)</u> | <u>(447,994)</u> | <u>(254,636)</u> | <u>193,358</u> |
| BEGINNING FUND BALANCE | <u>132,022</u> | <u>447,994</u> | <u>447,994</u> | <u>-</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 193,358</u> | <u>\$ 193,358</u> |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
URBAN RENEWAL FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest | \$ 2,570 | \$ 2,570 | \$ 1,567 | \$ (1,003) |
| Total revenues | <u>2,570</u> | <u>2,570</u> | <u>1,567</u> | <u>(1,003)</u> |
| EXPENDITURES | | | | |
| Materials and services | 250,682 | 250,682 | 211,682 | 39,000 |
| Contingency | <u>172,369</u> | <u>172,369</u> | <u>-</u> | <u>172,369</u> |
| Total expenditures | <u>423,051</u> | <u>423,051</u> | <u>211,682</u> | <u>211,369</u> |
| Excess of revenues over (under) expenditures | <u>(420,481)</u> | <u>(420,481)</u> | <u>(210,115)</u> | <u>210,366</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 383,745 | 383,745 | 383,745 | - |
| Operating transfers out | <u>(157,141)</u> | <u>(157,141)</u> | <u>(157,141)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>226,604</u> | <u>226,604</u> | <u>226,604</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | (193,877) | (193,877) | 16,489 | 210,366 |
| BEGINNING FUND BALANCE | <u>193,877</u> | <u>193,877</u> | <u>201,103</u> | <u>7,226</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 217,592</u> | <u>\$ 217,592</u> |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
TUALATIN SCIENCE & TECHNOLOGY FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|---------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest | \$ 2,000 | \$ 2,000 | \$ 837 | \$ (1,163) |
| Total revenues | <u>2,000</u> | <u>2,000</u> | <u>837</u> | <u>(1,163)</u> |
| EXPENDITURES | | | | |
| Materials and services | 5,000 | 5,000 | 4,000 | 1,000 |
| Reserve Funds | <u>62,719</u> | <u>62,719</u> | <u>-</u> | <u>62,719</u> |
| Total expenditures | <u>67,719</u> | <u>67,719</u> | <u>4,000</u> | <u>63,719</u> |
| Excess of revenues over (under) expenditures | (65,719) | (65,719) | (3,163) | 62,556 |
| BEGINNING FUND BALANCE | <u>65,719</u> | <u>65,719</u> | <u>67,702</u> | <u>1,983</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 64,539</u> | <u>\$ 64,539</u> |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
GENERAL OBLIGATION BOND FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | | | | |
| Current | \$ 223,670 | \$ 223,670 | \$ 221,929 | \$ (1,741) |
| Prior | - | - | 1,817 | 1,817 |
| Interest | 18,358 | 18,358 | 13,751 | (4,607) |
| Total revenues | <u>242,028</u> | <u>242,028</u> | <u>237,497</u> | <u>(4,531)</u> |
| EXPENDITURES | | | | |
| Materials and services | 4,000 | 4,000 | 400 | 3,600 |
| Debt service | | | | |
| Principal | 190,000 | 190,000 | 190,000 | - |
| Interest | 183,670 | 183,670 | 183,670 | - |
| Reserve funds | 872,387 | 872,387 | - | 872,387 |
| Total expenditures | <u>1,250,057</u> | <u>1,250,057</u> | <u>374,070</u> | <u>875,987</u> |
| Excess of revenues over (under) expenditures | (1,008,029) | (1,008,029) | (136,573) | 871,456 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 2,750 | 2,750 | 141,714 | 138,964 |
| Excess of revenues and other sources over (under) expenditures and other uses | (1,005,279) | (1,005,279) | 5,141 | 1,010,420 |
| BEGINNING FUND BALANCE | <u>1,005,279</u> | <u>1,005,279</u> | <u>1,123,945</u> | <u>118,666</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,129,086</u> | <u>\$ 1,129,086</u> |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
BANCROFT BOND FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|------------------|----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Assessment principle | \$ 89,376 | \$ 89,376 | \$ 90,033 | \$ 657 |
| Interest - assessments | 48,668 | 48,668 | 49,293 | 625 |
| Interest - investments | 2,436 | 2,436 | 4,220 | 1,784 |
| Total revenues | <u>140,480</u> | <u>140,480</u> | <u>143,546</u> | <u>3,066</u> |
| EXPENDITURES | | | | |
| Materials and services | 228,798 | 228,798 | 1,595 | 227,203 |
| Debt service | | | | |
| Principal | 105,000 | 105,000 | 105,000 | - |
| Interest | 42,669 | 42,669 | 46,618 | (3,949) |
| Total expenditures | <u>376,467</u> | <u>376,467</u> | <u>153,213</u> | <u>223,254</u> |
| Excess of revenues over (under) expenditures | (235,987) | (235,987) | (9,667) | 226,320 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers out | (7,829) | (7,829) | (7,829) | - |
| Excess of revenues and other sources over (under) expenditures and other uses | (243,816) | (243,816) | (17,496) | 226,320 |
| BEGINNING FUND BALANCE | <u>243,816</u> | <u>243,816</u> | <u>325,460</u> | <u>81,644</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 307,964</u> | <u>\$ 307,964</u> |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
CENTRAL URBAN RENEWAL DISTRICT BOND SINKING FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|------------------|------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | | | | |
| Current | \$ 2,042,889 | \$ 2,042,889 | \$ 2,195,679 | \$ 152,790 |
| Prior | 20,000 | 20,000 | 35,425 | 15,425 |
| Interest | 42,304 | 42,304 | 39,280 | (3,024) |
| Total revenues | <u>2,105,193</u> | <u>2,105,193</u> | <u>2,270,384</u> | <u>165,191</u> |
| EXPENDITURES | | | | |
| Materials and services | 10,201 | 10,201 | 10,675 | (474) |
| Debt service | | | | |
| Principal | 2,842,625 | 2,842,625 | 2,322,625 | 520,000 |
| Interest | 194,770 | 194,770 | 80,063 | 114,707 |
| Reserve funds | 1,167,321 | 1,167,321 | 369,314 | 798,007 |
| Total expenditures | <u>4,214,917</u> | <u>4,214,917</u> | <u>2,782,677</u> | <u>1,432,240</u> |
| Excess of revenues over (under) expenditures | (2,109,724) | (2,109,724) | (512,293) | 1,597,431 |
| BEGINNING FUND BALANCE | <u>2,109,724</u> | <u>2,109,724</u> | <u>2,190,349</u> | <u>80,625</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,678,056</u> | <u>\$ 1,678,056</u> |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
LEVETON TAX INCREMENT DISTRICT BOND SINKING FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | | | | |
| Current | \$ 3,400,000 | \$ 3,400,000 | \$ 3,212,603 | \$ (187,397) |
| Prior | 13,200 | 13,200 | 28,337 | 15,137 |
| Interest | 46,475 | 46,475 | 43,920 | (2,555) |
| Total revenues | <u>3,459,675</u> | <u>3,459,675</u> | <u>3,284,860</u> | <u>(174,815)</u> |
| EXPENDITURES | | | | |
| Materials and services | 60,000 | 60,000 | 15,984 | 44,016 |
| Debt service | | | | |
| Principal | 3,506,150 | 3,506,150 | 3,336,150 | 170,000 |
| Interest | 270,336 | 270,336 | 194,228 | 76,108 |
| Reserve funds | 1,940,906 | 1,940,906 | 179,647 | 1,761,259 |
| Total expenditures | <u>5,777,392</u> | <u>5,777,392</u> | <u>3,726,009</u> | <u>2,051,383</u> |
| Excess of revenues over (under) expenditures | (2,317,717) | (2,317,717) | (441,149) | 1,876,568 |
| BEGINNING FUND BALANCE | <u>2,317,717</u> | <u>2,317,717</u> | <u>2,368,041</u> | <u>50,324</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,926,892</u> | <u>\$ 1,926,892</u> |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
CAPITAL PROJECTS FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|-----------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest | \$ 20,000 | \$ 20,000 | \$ 5,990 | \$ (14,010) |
| Total revenues | 20,000 | 20,000 | 5,990 | (14,010) |
| EXPENDITURES | | | | |
| Materials and services | 55,000 | 55,000 | 17 | 54,983 |
| Capital outlay | 100,000 | 100,000 | - | 100,000 |
| Contingency | 302,366 | 302,366 | - | 302,366 |
| Total expenditures | 457,366 | 457,366 | 17 | 457,349 |
| Excess of revenues over (under) expenditures | (437,366) | (437,366) | 5,973 | 443,339 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers out | (5,538) | (5,538) | (5,538) | - |
| Total other financing sources (uses) | (5,538) | (5,538) | (5,538) | - |
| Excess of revenues and other sources over (under) expenditures and other uses | (442,904) | (442,904) | 435 | 443,339 |
| BEGINNING FUND BALANCE | 442,904 | 442,904 | 438,145 | (4,759) |
| ENDING FUND BALANCE | \$ - | \$ - | \$ 438,580 | \$ 438,580 |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
POLICE BUILDING CONSTRUCTION FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest | \$ 2,750 | \$ 2,750 | \$ 2,710 | \$ (40) |
| Total revenues | <u>2,750</u> | <u>2,750</u> | <u>2,710</u> | <u>(40)</u> |
| EXPENDITURES | | | | |
| Materials and services | 275,000 | 139,137 | 135,783 | 3,354 |
| Capital outlay | <u>-</u> | <u>-</u> | <u>252</u> | <u>(252)</u> |
| Total expenditures | <u>275,000</u> | <u>139,137</u> | <u>136,035</u> | <u>3,102</u> |
| Excess of revenues over (under) expenditures | <u>(272,250)</u> | <u>(136,387)</u> | <u>(133,325)</u> | <u>3,062</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers out | <u>(2,750)</u> | <u>(138,613)</u> | <u>(141,714)</u> | <u>(3,101)</u> |
| Total other financing sources (uses) | <u>(2,750)</u> | <u>(138,613)</u> | <u>(141,714)</u> | <u>(3,101)</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>(275,000)</u> | <u>(275,000)</u> | <u>(275,039)</u> | <u>(39)</u> |
| BEGINNING FUND BALANCE | <u>275,000</u> | <u>275,000</u> | <u>276,573</u> | <u>1,573</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,534</u> | <u>\$ 1,534</u> |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
CENTRAL URBAN RENEWAL DISTRICT PROJECTS FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|--------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 17,500 | \$ 17,500 | \$ 17,500 | \$ - |
| Interest | 78,017 | 78,017 | 68,363 | (9,654) |
| Miscellaneous | 225,120 | 225,120 | 188,277 | (36,843) |
| Total revenues | <u>320,637</u> | <u>320,637</u> | <u>274,140</u> | <u>(46,497)</u> |
| EXPENDITURES | | | | |
| Materials and services | 90,535 | 90,535 | 28,408 | 62,127 |
| Capital outlay | 4,862,392 | 4,862,392 | 1,677,384 | 3,185,008 |
| Contingency | 500,000 | 500,000 | - | 500,000 |
| Reserve funds | 2,998,155 | 2,998,155 | - | 2,998,155 |
| Total expenditures | <u>8,451,082</u> | <u>8,451,082</u> | <u>1,705,792</u> | <u>6,745,290</u> |
| Excess of revenues over (under) expenditures | <u>(8,130,445)</u> | <u>(8,130,445)</u> | <u>(1,431,652)</u> | <u>6,698,793</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of bonds | 3,565,125 | 3,565,125 | 3,547,625 | (17,500) |
| Payment received on note receivable | 288,000 | 288,000 | 418,000 | 130,000 |
| Operating transfers out | (273,560) | (273,560) | (273,560) | - |
| Total other financing sources (uses) | <u>3,579,565</u> | <u>3,579,565</u> | <u>3,692,065</u> | <u>112,500</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>(4,550,880)</u> | <u>(4,550,880)</u> | <u>2,260,413</u> | <u>6,811,293</u> |
| BEGINNING FUND BALANCE | <u>4,550,880</u> | <u>4,550,880</u> | <u>4,753,054</u> | <u>202,174</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,013,467</u> | <u>\$ 7,013,467</u> |

**CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
LEVETON TAX INCREMENT DISTRICT PROJECTS FUND**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|-------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest | \$ 125,174 | \$ 125,174 | \$ 68,426 | \$ (56,748) |
| Miscellaneous | 9,700 | 9,700 | 13,074 | 3,374 |
| Total revenues | 134,874 | 134,874 | 81,500 | (53,374) |
| EXPENDITURES | | | | |
| Materials and services | 30,000 | 30,000 | 9,876 | 20,124 |
| Capital outlay | 5,490,365 | 5,490,365 | 3,718,748 | 1,771,617 |
| Contingency | 400,000 | 400,000 | - | 400,000 |
| Reserve funds | 2,678,835 | 2,678,835 | - | 2,678,835 |
| Total expenditures | 8,599,200 | 8,599,200 | 3,728,624 | 4,870,576 |
| Excess of revenues over (under) expenditures | (8,464,326) | (8,464,326) | (3,647,124) | 4,817,202 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of bonds | 2,400,000 | 2,400,000 | 2,400,000 | - |
| Operating transfers out | (194,405) | (194,405) | (194,405) | - |
| Total other financing sources (uses) | 2,205,595 | 2,205,595 | 2,205,595 | - |
| Excess of revenues and other sources over (under) expenditures and other uses | (6,258,731) | (6,258,731) | (1,441,529) | 4,817,202 |
| BEGINNING FUND BALANCE | 6,258,731 | 6,258,731 | 6,496,925 | 238,194 |
| ENDING FUND BALANCE | \$ - | \$ - | \$ 5,055,396 | \$ 5,055,396 |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
WATER RESERVOIR PROJECT FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|-------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest | \$ 400,000 | \$ 400,000 | \$ - | \$ (400,000) |
| Total revenues | 400,000 | 400,000 | - | (400,000) |
| EXPENDITURES | | | | |
| Materials and services | 5,385,000 | 5,385,000 | - | 5,385,000 |
| Contingency | 4,950,000 | 4,950,000 | - | 4,950,000 |
| Total expenditures | 10,335,000 | 10,335,000 | - | 10,335,000 |
| Excess of revenues over (under) expenditures | (9,935,000) | (9,935,000) | - | 9,935,000 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of bonds | 9,935,000 | 9,935,000 | - | (9,935,000) |
| Total other financing sources (uses) | 9,935,000 | 9,935,000 | - | (9,935,000) |
| Excess of revenues and other sources over (under) expenditures and other uses | - | - | - | - |
| BEGINNING FUND BALANCE | - | - | - | - |
| ENDING FUND BALANCE | \$ - | \$ - | \$ - | \$ - |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
INFRASTRUCTURE FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|-------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest | \$ 38,977 | \$ 38,977 | \$ 23,393 | \$ (15,584) |
| Total revenues | 38,977 | 38,977 | 23,393 | (15,584) |
| EXPENDITURES | | | | |
| Capital outlay | 790,223 | 790,223 | - | 790,223 |
| Contingency | 1,756,600 | 1,756,600 | - | 1,756,600 |
| Total expenditures | 2,546,823 | 2,546,823 | - | 2,546,823 |
| Excess of revenues over (under) expenditures | (2,507,846) | (2,507,846) | 23,393 | 2,531,239 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 558,999 | 558,999 | 360,812 | (198,187) |
| Total other financing sources (uses) | 558,999 | 558,999 | 360,812 | (198,187) |
| Excess of revenues and other sources over (under) expenditures and other uses | (1,948,847) | (1,948,847) | 384,205 | 2,333,052 |
| BEGINNING FUND BALANCE | 1,948,847 | 1,948,847 | 1,949,147 | 300 |
| ENDING FUND BALANCE | \$ - | \$ - | \$ 2,333,352 | \$ 2,333,352 |

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
PROPRIETARY FUNDS**

- Water
- Water Development
- Sewer
- Sewer Development

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CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
WATER FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) | Adjustments to GAAP Basis Actual | GAAP Basis Actual |
|---|--------------------|--------------------|---------------------|---|--|-------------------------|
| | Original | Final | | | | |
| REVENUES | | | | | | |
| Usage charges | \$ 3,539,800 | \$ 3,539,800 | \$ 3,136,683 | \$ (403,117) | \$ - | \$ 3,136,683 |
| Facilities charge | 397,800 | 397,800 | 404,612 | 6,812 | - | 404,612 |
| Service charge | 237,763 | 237,763 | 246,887 | 9,124 | - | 246,887 |
| Fire service charge | 113,220 | 113,220 | 113,050 | (170) | - | 113,050 |
| Installation fees | 22,000 | 22,000 | 30,916 | 8,916 | - | 30,916 |
| Turn-on fees | 3,090 | 3,090 | 1,935 | (1,155) | - | 1,935 |
| Interest | 26,923 | 26,923 | 24,096 | (2,827) | - | 24,096 |
| Contributed assets | - | - | - | - | 183,629 | 183,629 |
| Gain (loss) on disposal of assets | - | - | 4,950 | 4,950 | - | 4,950 |
| Miscellaneous | 175,500 | 175,500 | 241,372 | 65,872 | - | 241,372 |
| Total revenues | 4,516,096 | 4,516,096 | 4,204,501 | (311,595) | 183,629 | 4,388,130 |
| EXPENSES | | | | | | |
| Materials and services | 2,449,511 | 2,487,511 | 2,380,864 | 106,647 | (751,587) | 1,629,277 |
| Capital outlay | 705,000 | 1,055,000 | 625,239 | 429,761 | (625,239) | - |
| Depreciation | - | - | - | - | 506,543 | 506,543 |
| Contingency | 1,269,104 | 881,104 | - | 881,104 | - | - |
| Total expenses | 4,423,615 | 4,423,615 | 3,006,103 | 1,417,512 | (870,283) | 2,135,820 |
| Excess of revenues over expenses | 92,481 | 92,481 | 1,198,398 | 1,105,917 | 1,053,912 | 2,252,310 |
| TRANSFERS | | | | | | |
| Transfers in | 39,787 | 39,787 | 58,210 | 18,423 | - | 58,210 |
| Transfers out | (1,433,422) | (1,433,422) | (1,433,422) | - | - | (1,433,422) |
| Net transfers | (1,393,635) | (1,393,635) | (1,375,212) | 18,423 | - | (1,375,212) |
| Excess of revenues and transfers in over (under) expenses and transfers out | (1,301,154) | (1,301,154) | (176,814) | 1,124,340 | 1,053,912 | 877,098 |
| BEGINNING RETAINED EARNINGS | 1,301,154 | 1,301,154 | 1,365,130 | 63,976 | 716,446 | 2,081,576 |
| ENDING RETAINED EARNINGS | \$ - | \$ - | \$ 1,188,316 | \$ 1,188,316 | \$ 1,770,358 | \$ 2,958,674 |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
WATER DEVELOPMENT FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|--------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| System development fees | \$ 146,170 | \$ 146,170 | \$ 560,181 | \$ 414,011 |
| Interest | 27,634 | 27,634 | 17,937 | (9,697) |
| Total revenues | <u>173,804</u> | <u>173,804</u> | <u>578,118</u> | <u>404,314</u> |
| EXPENSES | | | | |
| Capital outlay | 850,000 | 850,000 | 436,832 | 413,168 |
| Contingency | 718,332 | 718,332 | - | 718,332 |
| Total expenses | <u>1,568,332</u> | <u>1,568,332</u> | <u>436,832</u> | <u>1,131,500</u> |
| Excess of revenues over (under) expenses | <u>(1,394,528)</u> | <u>(1,394,528)</u> | <u>141,286</u> | <u>1,535,814</u> |
| TRANSFERS | | | | |
| Transfers in | 62,500 | 62,500 | 62,500 | - |
| Transfers out | (49,731) | (49,731) | (68,154) | (18,423) |
| Net transfers | <u>12,769</u> | <u>12,769</u> | <u>(5,654)</u> | <u>(18,423)</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>(1,381,759)</u> | <u>(1,381,759)</u> | <u>135,632</u> | <u>1,517,391</u> |
| BEGINNING RETAINED EARNINGS | <u>1,381,759</u> | <u>1,381,759</u> | <u>1,199,967</u> | <u>(181,792)</u> |
| ENDING RETAINED EARNINGS | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,335,599</u> | <u>\$ 1,335,599</u> |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
SEWER FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) | Adjustments to GAAP Basis Actual | GAAP Basis Actual |
|---|------------------|------------------|---------------------|---|--|-------------------------|
| | Original | Final | | | | |
| REVENUES | | | | | | |
| Inspection fees | \$ 7,000 | \$ 7,000 | \$ 6,545 | \$ (455) | \$ - | \$ 6,545 |
| User charges | 3,800,520 | 3,800,520 | 3,836,709 | 36,189 | - | 3,836,709 |
| User charges not subject to USA | 205,000 | 205,000 | 249,229 | 44,229 | - | 249,229 |
| Connection charges in lieu of assessments | 1,000 | 1,000 | - | (1,000) | - | - |
| Interest | 52,663 | 52,663 | 35,167 | (17,496) | - | 35,167 |
| Contributed assets | - | - | - | - | 722,007 | 722,007 |
| Miscellaneous | - | - | 1,047 | 1,047 | - | 1,047 |
| Total revenues | 4,066,183 | 4,066,183 | 4,128,697 | 62,514 | 722,007 | 4,850,704 |
| EXPENSES | | | | | | |
| Materials and services | 3,397,687 | 3,397,687 | 3,242,737 | 154,950 | 14,842 | 3,257,579 |
| Depreciation | - | - | - | - | 258,422 | 258,422 |
| Capital outlay | 840,000 | 840,000 | 478,293 | 361,707 | (478,293) | - |
| Contingency | 1,863,298 | 1,863,298 | - | 1,863,298 | - | - |
| Total expenses | 6,100,985 | 6,100,985 | 3,721,030 | 2,379,955 | (205,029) | 3,516,001 |
| Excess of revenues over (under) expenses | (2,034,802) | (2,034,802) | 407,667 | 2,442,469 | 927,036 | 1,334,703 |
| TRANSFERS | | | | | | |
| Transfers out | (958,386) | (958,386) | (777,157) | 181,229 | - | (777,157) |
| Excess of revenues and transfers in over (under) expenses and transfers out | (2,993,188) | (2,993,188) | (369,490) | 2,623,698 | 927,036 | 557,546 |
| BEGINNING RETAINED EARNINGS | 2,993,188 | 2,993,188 | 2,191,436 | (801,752) | 1,600,986 | 3,792,422 |
| ENDING RETAINED EARNINGS | \$ - | \$ - | \$ 1,821,946 | \$ 1,821,946 | \$ 2,528,022 | \$ 4,349,968 |

CITY OF TUALATIN
SCHEDULE OF REVENUES AND EXPENDITURES
- ACTUAL AND BUDGET (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004
SEWER DEVELOPMENT FUND

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|--------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| System development fees | \$ 395,785 | \$ 845,785 | \$ 752,370 | \$ (93,415) |
| Interest | 46,559 | 46,559 | 32,779 | (13,780) |
| User charges not subject to USA | - | - | 12,247 | 12,247 |
| Total revenues | <u>442,344</u> | <u>892,344</u> | <u>797,396</u> | <u>(94,948)</u> |
| EXPENSES | | | | |
| Materials and services | 316,628 | 766,628 | 520,192 | 246,436 |
| Capital outlay | 1,030,000 | 1,030,000 | - | 1,030,000 |
| Contingency | 1,416,555 | 1,416,555 | - | 1,416,555 |
| Total expenses | <u>2,763,183</u> | <u>3,213,183</u> | <u>520,192</u> | <u>2,692,991</u> |
| Excess of revenues over (under) expenses | <u>(2,320,839)</u> | <u>(2,320,839)</u> | <u>277,204</u> | <u>2,598,043</u> |
| TRANSFERS | | | | |
| Transfers out | <u>(7,107)</u> | <u>(7,107)</u> | <u>(7,107)</u> | <u>-</u> |
| Net transfers | <u>(7,107)</u> | <u>(7,107)</u> | <u>(7,107)</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>(2,327,946)</u> | <u>(2,327,946)</u> | <u>270,097</u> | <u>2,598,043</u> |
| BEGINNING RETAINED EARNINGS | <u>2,327,946</u> | <u>2,327,946</u> | <u>2,325,127</u> | <u>(2,819)</u> |
| ENDING RETAINED EARNINGS | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,595,224</u> | <u>\$ 2,595,224</u> |

**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

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CITY OF TUALATIN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
JUNE 30, 2004

Governmental funds capital assets:

| | |
|-----------------------------------|----------------------------------|
| Land | \$ 8,075,088 |
| Buildings | 6,612,556 |
| Improvements Other Than Buildings | 15,795,489 |
| Infrastructure | 66,293,589 |
| Construction in Progress | 12,679,478 |
| Machinery and Equipment | <u>2,304,105</u> |
| Total Capital Assets | <u><u>\$ 111,760,305</u></u> |

Investments in governmental funds capital assets by source:

| | |
|--|----------------------------------|
| General Fund | \$ 7,291,425 |
| Special Revenue Funds | 88,380,078 |
| Capital Projects Funds | <u>16,088,802</u> |
| Total Investment in Capital Assets | <u><u>\$ 111,760,305</u></u> |

CITY OF TUALATIN

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2004

| Function and Activity | Land | Buildings | Improvements Other Than Buildings | Machinery and Equipment | Infrastructure | Construction In Progress | Total |
|---|---------------------|---------------------|---|-------------------------------|----------------------|--------------------------------|-----------------------|
| General Government | \$ 2,890,991 | \$ 6,612,556 | \$ 15,795,489 | \$ - | \$ 65,327,982 | \$ 2,740,380 | \$ 93,367,398 |
| General Community Services | | | | | | | |
| Administrative Services | - | - | - | 26,541 | - | - | 26,541 |
| Finance | - | - | - | 269,793 | - | - | 269,793 |
| Law Enforcement | - | - | - | 733,105 | - | - | 733,105 |
| Planning Services | - | - | - | 8,291 | - | - | 8,291 |
| Community Services | - | - | - | 67,114 | - | - | 67,114 |
| General Government | - | - | - | 330,167 | - | - | 330,167 |
| | - | - | - | 1,435,011 | - | - | 1,435,011 |
| Community Development | | | | | | | |
| Engineering Services | - | - | - | 50,949 | - | - | 50,949 |
| Building | - | - | - | 45,472 | - | - | 45,472 |
| Recreation Services | - | - | - | 18,784 | - | - | 18,784 |
| Park Maintenance | - | - | - | 178,261 | - | - | 178,261 |
| Operations Administration | - | - | - | 44,497 | - | - | 44,497 |
| Operations Street, Water and Sewer Services | - | - | - | 187,866 | - | - | 187,866 |
| Operations Fleet and Building Maintenance Services | - | - | - | 343,265 | - | - | 343,265 |
| | - | - | - | 869,094 | - | - | 869,094 |
| Total City | 2,890,991 | 6,612,556 | 15,795,489 | 2,304,105 | 65,327,982 | 2,740,380 | 95,671,503 |
| Urban Renewal Agency | 5,184,097 | - | - | - | 965,607 | 9,939,098 | 16,088,802 |
| TOTAL | \$ 8,075,088 | \$ 6,612,556 | \$ 15,795,489 | \$ 2,304,105 | \$ 66,293,589 | \$ 12,679,478 | \$ 111,760,305 |

CITY OF TUALATIN

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
JUNE 30, 2004

| <u>Function and Activity</u> | <u>Balance at July 1, 2003</u> | <u>Additions and Deletions, net</u> | <u>Balance at June 30, 2004</u> |
|---|------------------------------------|---|-------------------------------------|
| General Government | \$ 82,438,414 | \$ 10,928,984 | \$ 93,367,398 |
| General Community Services | | | |
| Administrative Services | 13,533 | 13,008 | 26,541 |
| Finance | 269,793 | - | 269,793 |
| Community Service | 75,164 | (8,050) | 67,114 |
| Law Enforcement | 651,830 | 81,275 | 733,105 |
| Planning Services | 8,291 | - | 8,291 |
| General Government | 330,167 | - | 330,167 |
| | 1,348,778 | 86,233 | 1,435,011 |
| Community Development | | | |
| Engineering Services | 50,949 | - | 50,949 |
| Building | 45,472 | - | 45,472 |
| Recreation Services | 18,784 | - | 18,784 |
| Park Maintenance | 178,261 | - | 178,261 |
| Operations Administration | 44,497 | - | 44,497 |
| Operations Street, Water and Sewer Services | 147,730 | 40,136 | 187,866 |
| Operations Fleet and Building Maintenance Services | 371,679 | (28,414) | 343,265 |
| | 857,372 | 11,722 | 869,094 |
| Total City | 84,644,564 | 11,026,939 | 95,671,503 |
| Urban Renewal Agency | 17,438,326 | (1,349,524) | 16,088,802 |
| TOTAL | <u>\$ 102,082,890</u> | <u>\$ 9,677,415</u> | <u>\$ 111,760,305</u> |

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OTHER FINANCIAL SCHEDULES

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CITY OF TUALATIN, OREGON

**SCHEDULE OF PROPERTY TAX TRANSACTION AND BALANCES OF TAXES UNCOLLECTED
FOR THE YEAR ENDED JUNE 30, 2004**

| TAX YEAR | ORIGINAL LEVY OR BALANCE UNCOLLECTED JULY 1, 2003 | DEDUCT DISCOUNTS | ADJUSTMENTS | ADD INTEREST | CASH COLLECTIONS BY COUNTY TREASURER | BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2004 |
|------------------------------|--|---------------------|-------------|-----------------|---|--|
| ALL FUNDS | | | | | | |
| Current: | | | | | | |
| | \$ 4,664,962 | \$ 116,483 | \$ (25,791) | \$ 1,647 | \$ 4,407,224 | \$ 117,110 |
| Prior Years: | | | | | | |
| 2002-2003 | 116,847 | (98) | (5,855) | 4,157 | 77,197 | 38,049 |
| 2001-2002 | 43,579 | (36) | (3,565) | 3,146 | 22,662 | 20,534 |
| 2000-2001 | 20,530 | (23) | (2,421) | 2,678 | 12,854 | 7,956 |
| 1999-2000 | 8,122 | (18) | (1,804) | 1,608 | 5,689 | 2,255 |
| 1998-1999 and Prior | 4,261 | (39) | (1,523) | 495 | 671 | 2,601 |
| | 193,339 | (214) | (15,168) | 12,083 | 119,073 | 71,396 |
| | \$ 4,858,301 | \$ 116,269 | \$ (40,959) | \$ 13,730 | \$ 4,526,297 | \$ 188,506 |
| FUND DISTRIBUTION: | | | | | | |
| Revenue: | | | | | | |
| General Fund | | | | | | \$ 4,303,241 |
| Park Development Fund | | | | | | 22 |
| General Obligation Bond Fund | | | | | | 223,746 |
| Accrual Adjustments | | | | | | (712) |
| | | | | | | \$ 4,526,297 |
| Uncollected Taxes: | | | | | | |
| General Fund | | | | | | \$ 179,189 |
| General Obligation Bond Fund | | | | | | \$ 9,317 |
| | | | | | | \$ 188,506 |

**TUALATIN DEVELOPMENT COMMISSION
THE URBAN RENEWAL AGENCY OF THE CITY
SCHEDULE OF PROPERTY TAX TRANSACTION AND BALANCES OF TAXES UNCOLLECTED
FOR THE YEAR ENDED JUNE 30, 2004**

| <u>TAX YEAR</u> | <u>ORIGINAL LEVY OR BALANCE UNCOLLECTED JULY 1, 2003</u> | <u>DEDUCT DISCOUNTS</u> | <u>ADJUSTMENTS</u> | <u>ADD INTEREST</u> | <u>CASH COLLECTIONS BY COUNTY TREASURER</u> | <u>BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2004</u> |
|---------------------|--|-----------------------------|--------------------|-------------------------|---|--|
| ALL FUNDS | | | | | | |
| Current: | | | | | | |
| 2003-2004 | \$ 5,679,734 | \$ 142,176 | \$ (32,074) | \$ 2,114 | \$ 5,366,770 | \$ 140,828 |
| Prior Years: | | | | | | |
| 2002-2003 | 100,898 | (87) | (5,169) | 3,882 | 66,954 | 32,744 |
| 2001-2002 | 31,452 | (25) | (2,635) | 2,870 | 16,705 | 15,007 |
| 2000-2001 | 13,477 | (15) | (1,725) | 2,276 | 8,625 | 5,419 |
| 1999-2000 | 5,075 | (14) | (1,374) | 1,268 | 3,698 | 1,285 |
| 1998-1999 and Prior | 2,343 | (29) | (1,068) | 369 | 250 | 1,424 |
| | <u>153,246</u> | <u>(170)</u> | <u>(11,972)</u> | <u>10,665</u> | <u>96,231</u> | <u>55,878</u> |
| | <u>\$ 5,832,980</u> | <u>\$ 142,006</u> | <u>\$ (44,045)</u> | <u>\$ 12,779</u> | <u>\$ 5,463,001</u> | <u>\$ 196,706</u> |

FUND DISTRIBUTION:

| | | | | | | |
|--|--|--|--|--|--|-------------------|
| Revenue: | | | | | | |
| Central Urban Renewal District Bond Sinking Fund | | | | | | \$ 2,231,104 |
| Leveton Tax Increment District Bond Sinking Fund | | | | | | 3,240,940 |
| Accrual Adjustments | | | | | | <u>(9,043)</u> |
| | | | | | | <u>5,463,001</u> |
| Uncollected Taxes: | | | | | | |
| Central Urban Renewal District Bond Sinking Fund | | | | | | \$ 80,203 |
| Leveton Tax Increment District Bond Sinking Fund | | | | | | <u>116,504</u> |
| | | | | | | <u>\$ 196,706</u> |

STATISTICAL SECTION

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CITY OF TUALATIN
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2004

| Expenditures: | 2003-04 | 2002-03 | 2001-02 | 2000-01 | 1999-00 | 1998-99 | 1997-98 | 1996-97 | 1995-96 | 1994-95 |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Function: | | | | | | | | | | |
| General Government (2) | \$ 6,998,559 | \$ 7,003,002 | \$ 7,099,808 | \$ 4,961,528 | \$ 5,315,371 | \$ 5,272,381 | \$ 4,827,284 | \$ 4,939,607 | \$ 5,310,641 | \$ 4,579,662 |
| Public Safety (3) | 3,728,033 | 3,300,637 | 3,018,684 | 2,817,998 | 2,404,250 | 2,206,631 | 2,055,389 | 2,488,498 | 2,414,660 | 2,270,560 |
| Highways and Streets (4) | 350,724 | 256,625 | 314,809 | 1,315,159 | 535,880 | 809,565 | 1,184,453 | 1,669,754 | 1,507,370 | 1,460,372 |
| Urban Redevelopment (5) | 249,966 | 977,867 | 16,195 | - | 359,243 | 241,550 | 255,150 | 482,630 | 398,847 | 768,671 |
| Culture and Recreation (6) | 2,124,059 | 2,029,784 | 1,911,130 | 1,756,455 | 952,363 | 833,983 | 1,068,927 | 1,886,008 | 1,828,946 | 1,640,656 |
| Debt Service (7) | 7,029,020 | 3,108,080 | 4,808,405 | 6,004,738 | 7,085,534 | 9,620,346 | 6,584,192 | 3,914,098 | 3,104,348 | 4,019,887 |
| Capital Outlay (8) | 9,188,096 | 2,156,179 | 3,235,840 | 4,673,251 | 13,264,116 | 3,943,285 | 4,399,282 | 4,447,739 | 3,957,801 | 1,725,867 |
| Total All Functions | \$29,668,457 | \$18,832,174 | \$20,404,871 | \$21,529,129 | \$29,916,757 | \$22,927,741 | \$20,374,677 | \$19,828,334 | \$18,522,613 | \$16,465,675 |

- (1) This schedule is prepared on a Generally Accepted Accounting Principles Basis (GAAP) and not on a Budgetary Basis, and includes the Urban Renewal Agency.
- (2) General Government functions provide the basic functions of the City. Included here are expenditures of all divisions of the General Fund except Police, Court, and Culture & Recreation Divisions; all divisions of the Engineering & Building Fund; and all division of the Operations Fund. Capital outlay is not included in this function.
- (3) Public Safety incorporates expenditures of the Police Department and Municipal Court.
- (4) Highways and Streets include expenditures of the Road Fund, the Storm Drain Fund, the Core Area Parking District Fund, the Road Development Fund, and the Storm Drain Development Fund.
- (5) Urban Redevelopment includes expenditures of the Urban Renewal Agency Administration Division and the two Urban Renewal Agency project funds.
- (6) Culture and Recreation incorporates expenditures of the Community Services Division which includes Community Services Administration, Library, Recreation and the Park Development Fund.
- (7) Debt Service incorporates all expenditures of the four debt service funds: General Obligation Bond Fund, Bancroft Bond Fund, Central Urban Renewal District Bond Sinking Fund and the Leveton Tax Increment District Bond Sinking Fund. These figures include regular principal and interest payments and the refunding of outstanding bonds. Years after 2002 include one day bonds in the amounts of: 2001-02, \$1,930,000; 2002-03, \$1,910,000; and 2003-04, \$4,447,625.
- (8) Capital Outlay reflects all equipment, land and improvement expenditures of the General, Special Revenue and Capital Projects funds.

CITY OF TUALATIN
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2004

| Revenues: | 2003-04 | 2002-03 | 2001-02 | 2000-01 | 1999-00 | 1998-99 | 1997-98 | 1996-97 | 1995-96 | 1994-95 |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Source | | | | | | | | | | |
| Taxes & Assessment | \$ 10,138,379 | \$ 8,184,619 | \$ 8,423,489 | \$ 8,124,916 | \$ 7,844,972 | \$ 8,184,602 | \$ 7,058,380 | \$ 6,685,685 | \$ 7,021,440 | \$ 6,989,282 |
| Licenses and Permits | 1,696,974 | 1,507,896 | 2,192,971 | 1,405,512 | 782,683 | 637,735 | 633,673 | 777,152 | 783,100 | 718,391 |
| Intergovernmental | 3,714,543 | 2,278,510 | 2,027,915 | 4,102,699 | 1,380,366 | 1,376,776 | 1,337,503 | 2,267,212 | 1,855,900 | 1,670,399 |
| Fees | 2,206,032 | 2,703,929 | 2,975,689 | 1,421,464 | 1,331,906 | 1,297,709 | 1,219,259 | 1,004,994 | 905,327 | 863,227 |
| Fines | 147,594 | 135,200 | 110,415 | 95,062 | 81,216 | 80,446 | 56,676 | 46,998 | 51,083 | 69,420 |
| Charges for Service (2) | 1,498,171 | 1,494,278 | 2,018,894 | 1,565,640 | 5,730,339 | 2,995,690 | 2,262,703 | 6,136,968 | 6,824,936 | 6,272,055 |
| Interest & Miscellaneous | 866,190 | 577,080 | 850,034 | 1,553,489 | 2,408,027 | 2,569,490 | 2,445,027 | 2,570,367 | 1,240,429 | 955,239 |
| Total All sources (3) | \$ 20,267,883 | \$ 16,881,512 | \$ 18,599,407 | \$ 18,268,782 | \$ 19,559,509 | \$ 17,142,448 | \$ 15,013,221 | \$ 19,489,376 | \$ 18,682,215 | \$ 17,538,013 |

(1) Includes revenues of the general, special revenue, debt service and capital project funds of the City and the Urban Renewal Agency.

(2) "Charges for Services" includes system development fees, road maintenance fees, storm drainage fees, parking district fees, miscellaneous park and police department fees and reimbursements and direct transfer of funds which constitute payments by departments for services performed by a specific division.

(3) Total revenues do not include beginning fund balances.

CITY OF TUALATIN
PROPERTY TAX LEVIES AND COLLECTIONS (1)
FOR THE LAST TEN YEARS
YEAR ENDED JUNE 30, 2004

| | TOTAL TAX LEVY | CURRENT TAX COLLECTIONS | PERCENT OF CURRENT TAX COLLECTED | DELINQUENT TAX COLLECTIONS | TOTAL TAX COLLECTIONS | TOTAL TAX TO TOTAL TAX LEVY | RATIO OF TOTAL TAX COLLECTED TO TOTAL TAX LEVY | UNCOLLECTED TAXES (2) | RATIO OF UNCOLLECTED TAXES TO TOTAL TAX LEVY |
|---------|----------------------|-------------------------------|---|----------------------------------|--------------------------|-----------------------------------|--|-----------------------------|--|
| 2003-04 | 9,941,202 | 9,770,223 | 98.3% | 192,556 | 9,962,779 | 100.2% | 358,703 | 3.61% | |
| 2002-03 | 8,631,483 | 8,041,161 | 93.2% | 243,737 | 8,284,898 | 96.0% | 346,585 | 4.02% | |
| 2001-02 | 8,850,542 | 8,249,974 | 93.2% | 228,151 | 8,478,125 | 95.8% | 372,417 | 4.21% | |
| 2000-01 | 8,183,626 | 7,728,299 | 94.4% | 235,796 | 7,964,095 | 97.3% | 364,545 | 4.45% | |
| 1999-00 | 8,073,949 | 7,534,500 | 93.3% | 224,869 | 7,759,369 | 96.1% | 417,293 | 5.17% | |
| 1998-99 | 7,131,660 | 6,710,105 | 94.1% | 207,557 | 6,917,662 | 97.0% | 354,618 | 4.97% | |
| 1997-98 | 7,116,067 | 6,752,733 | 94.9% | 195,969 | 6,948,855 | 97.7% | 296,082 | 4.16% | |
| 1996-97 | 6,834,365 | 6,467,149 | 94.6% | 198,330 | 6,665,479 | 97.5% | 289,236 | 4.23% | |
| 1995-96 | 7,033,159 | 6,656,470 | 94.6% | 269,128 | 6,925,598 | 98.5% | 298,313 | 4.24% | |
| 1994-95 | 6,896,155 | 6,441,529 | 93.4% | 301,749 | 6,743,278 | 97.8% | 417,918 | 6.06% | |

(1) Includes tax increment collections levied by the county,

(2) Uncollected taxes are fully secured as they are first liens on the property. The county, who is the collection agent, will take legal action to collect if taxes are not paid within four years.

Includes City and its Component Unit.

CITY OF TUALATIN
ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
YEAR ENDED JUNE 30, 2004

| | REAL PROPERTY | | PERSONAL PROPERTY | | PUBLIC UTILITY PROPERTY | | TOTAL | | RATIO OF TOTAL ASSESSED TO TOTAL ESTIMATED ACTUAL VALUE |
|-----------|-------------------|------------------------------|-------------------|------------------------------|-------------------------|------------------------------|----------------------|------------------------------|---|
| | ASSESSED VALUE | ESTIMATED ACTUAL VALUE | ASSESSED VALUE | ESTIMATED ACTUAL VALUE | ASSESSED VALUE | ESTIMATED ACTUAL VALUE | ASSESSED VALUE ** | ESTIMATED ACTUAL VALUE | |
| 2003-04 | 2,102,847,063 | 2,743,758,308 | 149,097,494 | 151,377,151 | 58,094,721 | 59,323,563 | 2,310,039,278 | 2,954,459,022 | 78% |
| 2002-03 | 1,873,463,727 | 2,486,698,778 | 149,199,919 | 149,480,208 | 56,019,551 | 56,073,626 | 2,078,683,197 | 2,692,252,612 | 77% |
| 2001-02 | 1,766,058,040 | 2,352,560,606 | 136,668,191 | 138,878,692 | 59,749,964 | 61,179,114 | 1,962,476,195 | 2,552,618,412 | 77% |
| 2000-01 | 1,654,698,415 | 2,185,266,947 | 144,561,051 | 148,625,782 | 55,348,650 | 698,415,740 | 1,854,608,116 | 2,402,308,469 | 77% |
| 1999-00 | 1,552,662,162 | 2,024,876,429 | 126,113,436 | 130,973,385 | 47,298,549 | 51,448,405 | 1,726,674,147 | 2,207,298,219 | 78% |
| 1998-99 | 1,431,638,192 | 1,805,293,222 | 100,615,498 | 103,340,664 | 39,887,933 | 44,535,163 | 1,572,141,623 | 1,953,169,049 | 80% |
| * 1997-98 | 1,203,572,631 | 1,203,572,631 | 82,879,383 | 82,879,383 | 32,793,486 | 32,793,486 | 1,324,595,479 | 1,324,595,479 | 100% |
| 1996-97 | 1,348,684,636 | 1,348,684,636 | 88,427,731 | 88,427,731 | 34,587,553 | 34,587,553 * | 1,471,699,920 | 1,471,699,920 | 100% |
| 1995-96 | 1,299,453,407 | 1,299,453,407 | 80,337,454 | 80,337,454 | 35,988,822 | 35,988,822 | 1,415,779,683 | 1,415,779,683 | 100% |
| 1994-95 | 1,139,758,157 | 1,139,758,157 | 76,879,523 | 76,879,523 | 31,335,834 | 31,335,834 | 1,247,973,514 | 1,247,973,514 | 100% |

* 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 - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2004**

DOLLARS PER \$1,000 ASSESSED VALUE

| | 03-04 | 02-03 | 01-02 | 00-01 | 99-00 | 98-99 | 97-98 | 96-97 | 95-96 | 94-95 |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| City of Tualatin: | | | | | | | | | | |
| General Government | 1.90 | 1.99 | \$ 2.27 | \$2.27 | \$2.27 | \$2.27 | \$2.27 | \$1.83 | \$1.99 | \$2.11 |
| G.O. Bonded Debt | 0.10 | 0.11 | 0.48 | 0.63 | 0.89 | 0.73 | 1.12 | 0.77 | 0.83 | 0.97 |
| Park Serial Levy | | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.43 | 0.51 |
| Total City | 2.00 | 2.10 | 2.75 | 2.90 | 3.16 | 3.00 | 3.39 | 2.60 | 3.25 | 3.59 |
| Other: | | | | | | | | | | |
| Washington County | 2.37 | 2.51 | 2.96 | 2.53 | 2.54 | 2.56 | 2.60 | 2.24 | 2.10 | 1.93 |
| Washington County ESD* | 0.12 | 0.12 | 0.12 | 0.12 | 0.14 | 0.15 | 0.14 | 0.12 | 0.07 | 0.10 |
| Portland Community College* | 0.40 | 0.4 | 0.49 | 0.31 | 0.34 | 0.35 | 0.34 | 0.32 | 0.35 | 0.47 |
| Tigard/Tualatin School Dist #2 | 6.39 | 6.47 | 5.71 | 5.91 | 5.91 | 6.65 | 6.20 | 5.92 | 6.18 | 7.79 |
| Clean Water Services | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.05 | 0.08 | 0.06 |
| Tualatin Valley Fire and Rescu | 1.54 | 1.6 | 1.83 | 1.59 | 1.56 | 1.53 | 1.53 | 1.38 | 1.51 | 1.60 |
| Port of Portland | 0.06 | 0.06 | 0.07 | 0.07 | 0.08 | 0.08 | 0.07 | 0.08 | 0.12 | 0.07 |
| Metro Service District | 0.24 | 0.25 | 0.32 | 0.34 | 0.33 | 0.36 | 0.39 | 0.26 | 0.34 | 0.18 |
| Tri-Met Transport District | 0.09 | 0.1 | 0.14 | 0.13 | 0.14 | 0.15 | 0.16 | 0.11 | 0.13 | 0.18 |
| Urban Renewal - Tualatin | 2.48 | 1.79 | 0.00 | 0.00 | 0.04 | 0.12 | 0.05 | 1.49 | 1.63 | 1.86 |
| Total Other | 13.69 | 13.3 | 11.64 | 11.00 | 11.08 | 11.95 | 11.48 | 11.97 | 12.51 | 14.24 |
| Total | \$15.69 | \$15.40 | \$14.39 | \$13.90 | \$14.24 | \$14.95 | \$14.87 | \$14.57 | \$15.76 | \$17.83 |

These rates are based on the tax code area of Tualatin which has the highest assessed value Tax Code 23.76. Rates would slightly different if one lived in Tualatin in a different tax code; depending on difference in what taxing districts in the "other" category were applicable.

**CITY OF TUALATIN
PRINCIPAL TAXPAYERS IN 2003-04
(EXCLUDING UTILITIES)
YEAR ENDED JUNE 30, 2004**

| TAXPAYER | TYPE OF BUSINESS | ASSESSED VALUATION (1) | PERCENTAGE OF TOTAL CITY'S ASSESSED VALUATION (2) |
|--------------------------------------|-------------------------------------|---------------------------|---|
| Novellus Systems, Inc. | Manufacturer - Semi Conductor | \$125,151,540 | 0.54% |
| JAE Oregon, Inc. | Manufacturer - Electrical Componets | 27,605,420 | 0.12% |
| Zian Limited Partnership | Commercial Properties | 20,539,560 | 0.09% |
| Riggs Bank NA | Commercial Park # 2 | 20,182,180 | 0.09% |
| Simpson Finance LP | Apartments - Rivercrest/Hazelbrook | 20,059,790 | 0.09% |
| Monadnock Property Trust LLC | Property Management - Hedges Creek | 20,038,480 | 0.09% |
| Legacy Health System | Hospital | 19,963,116 | 0.09% |
| Verizon Northwest Inc. | Telecommunications | 19,134,035 | 0.08% |
| I & G Tualatin LLC | Property Management | 16,796,590 | 0.07% |
| Randall, Robert D Rev Liv Trust | Real Estate | 16,513,840 | 0.07% |
| South Center III & IV Investores LLC | Office Complex | 14,134,400 | 0.06% |
| Mittleman Properties | Sentrol | 14,038,020 | 0.06% |
| South Center I & II | Office Complex | 14,004,100 | 0.06% |
| Fujimi America Inc | Manufacturer | 12,958,670 | 0.06% |
| Pacific Foods of Oregon, Inc | Food Processor | 11,428,530 | 0.05% |
| American Apartment Communities II LP | Apartments - Tualatin Hieghts | 11,419,720 | 0.05% |
| Pacific Realty Associates | Real Estate | 11,028,970 | 0.05% |
| Nyberg Limited Partnership | Real Estate | 10,753,640 | 0.05% |
| Acacia Capital Corporation | Lending & Investments | 10,381,484 | 0.05% |
| Metropolitan Life Insurance | Shopping Center - Fred Meyers | 9,873,730 | 0.04% |

(1) Source: Washington and Clackamas County Assessor's records

(2) Assessed value for the City of Tualatin and the Tualatin Development Commission equals \$2,310,039,278
For the City of Tualatin the permanent rate of \$2.26 per \$1,000 assessed value is applied after the excess value is subtracted, making the City's assessed value equal \$1,940,992,545. The estimate actual value for the City is \$2,954,459,022. Principal Taxpayers are based on the City's assessed value without Urban Renewal.

CITY OF TUALATIN
SPECIAL ASSESSMENTS BILLINGS AND COLLECTIONS (1)
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2004

| | BEGINNING DEFERRED ASSESSMENTS RECEIVABLE | ADDITION OF NEW LOCAL IMPROVEMENT DISTRICT ASSESSMENTS (BILLINGS) | COLLECTIONS AND ADJUSTMENTS | ENDING DEFERRED ASSESSMENTS RECEIVABLE |
|-----------|--|--|-----------------------------------|---|
| 2003-2004 | 917,368 | - | (90,033) | 827,335 |
| 2002-2003 | 963,225 | - | (45,857) | 917,368 |
| 2001-2002 | 1,060,609 | - | (97,384) | 963,225 |
| 2000-2001 | 1,152,273 | - | (91,664) | 1,060,609 |
| 1999-2000 | 1,252,070 | - | (99,797) | 1,152,273 |
| 1998-1999 | 2,519,397 | - | (1,267,327) | 1,252,070 |
| 1997-1998 | 139,859 | 2,460,000 | (80,462) | 2,519,397 |
| 1996-1997 | 220,785 | - | (80,926) | 139,859 |
| 1995-1996 | 332,313 | - | (111,528) | 220,785 |
| 1994-1995 | 547,547 | - | (215,234) | 332,313 |

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

**CITY OF TUALATIN
COMPUTATION OF LEGAL DEBT MARGIN
YEAR ENDED JUNE 30, 2004**

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

| | | |
|------------------------|----|---------------|
| <u>True Cash Value</u> | \$ | 2,310,039,278 |
| | X | <u>3%</u> |
| | | 69,301,178 |

Debt Applicable to Limitation:

| | | |
|---|----|--------------------------|
| Total Bonded Debt | \$ | 11,565,000 |
| Less: | | |
| Limited Tax Improvement Bonds | | 860,000 |
| Special Assessment Bonds | | 25,000 |
| Urban Renewal Bonds | | 6,600,000 |
| Amount Available for Payment of General Obligation Bonds | | <u>1,129,087</u> |
| Total Debt Applicable to Limitation | | <u>2,950,913</u> |
| Legal Debt Margin | \$ | <u><u>66,350,265</u></u> |

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 as market value.

**CITY OF TUALATIN
RATIO OF NET BONDED DEBT TO
ASSESSED VALUE AND NET DEBT PER CAPITA
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30 2004**

| FISCAL YEAR | POPULATION (1) | ASSESSED VALUE (2) | GROSS BONDED DEBT (3) | LESS DEBT SERVICE FUND (4) | NET BONDED DEBT | PERCENT OF NET BONDED DEBT TO ASSESSED VALUE | NET BONDED DEBT PER CAPITA |
|-------------|----------------|--------------------|-----------------------|----------------------------|-----------------|--|----------------------------|
| 2003-04 | 24,790 | 2,310,039,278 | 10,680,000 | 4,734,034 | 5,945,966 | 0.26% | 240 |
| 2002-03 | 24,100 | 2,078,683,197 | 11,700,000 | 5,682,337 | 6,017,663 | 0.29% | 250 |
| 2001-02 | 23,270 | 1,962,476,195 | 7,750,000 | 3,531,762 | 4,218,238 | 0.21% | 181 |
| 2000-01 | 23,065 | 1,854,608,116 | 8,720,000 | 3,392,857 | 5,327,143 | 0.29% | 231 |
| 1999-00 | 21,345 | 1,726,074,147 | 10,610,000 | 4,274,752 | 6,335,248 | 37.00% | 297 |
| 1998-99 | 21,449 | 1,572,141,623 | 12,450,000 | 4,962,941 | 7,487,059 | 48.00% | 349 |
| 1997-98 | 21,405 | 1,324,685,479 | 12,252,234 | 7,856,252 | 4,395,982 | 33.00% | 205 |
| 1996-97 | 20,405 | 1,471,699,920 | 11,900,001 | 5,647,858 | 6,252,143 | 42.00% | 306 |
| 1995-96 | 20,040 | 1,292,320,982 | 11,830,967 | 5,751,130 | 6,079,837 | 47.00% | 303 |
| 1994-95 | 18,750 | 1,247,973,514 | 15,645,000 | 4,871,062 | 10,773,938 | 86.00% | 575 |

(1) Source: Center for Population Research and Census (Portland State University)

(2) Source: Washington County and Clackamas County Assessors

(3) Amount includes GO Bonds and Urban Renewal Bonds, but not Special Assessment or Limited Tax

(4) Amount available for repayment of bonds (fund balances for GO Bond Fund and Urban renewal bond funds.

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

CITY OF TUALATIN
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR ALL DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2004

| | DEBT SERVICE EXPENDITURE | | TOTAL DEBT SERVICE | TOTAL GOVERNMENTAL EXPENDITURES | TO GENERAL GOVERNMENTAL EXPENDITURES |
|---------|--------------------------|-----------|--------------------|---------------------------------|--------------------------------------|
| | PRINCIPAL | INTEREST | | | |
| 2003-04 | 506,419 | 548,961 | 1,055,380 | 29,668,457 | 3.6% |
| 2002-03 | 2,695,992 | 412,088 | 3,108,080 | 18,832,174 | 16.5% |
| 2001-02 | 4,292,270 | 494,431 | 4,786,701 | 20,404,871 | 23.5% |
| 2000-01 | 5,173,194 | 831,544 | 6,004,738 | 21,529,129 | 27.9% |
| 1999-00 | 6,143,184 | 942,350 | 7,085,534 | 29,916,757 | 23.7% |
| 1998-99 | 8,202,573 | 1,417,773 | 9,620,346 | 22,927,741 | 42.0% |
| 1997-98 | 5,038,355 | 1,545,837 | 6,584,192 | 20,374,677 | 32.3% |
| 1996-97 | 3,266,752 | 647,346 | 3,914,098 | 19,828,334 | 19.7% |
| 1995-96 | 2,379,713 | 724,635 | 3,104,348 | 18,522,613 | 16.8% |
| 1994-95 | 3,161,228 | 858,660 | 4,019,888 | 16,465,675 | 24.4% |

Large differences from year to year are not atypical because, in most years, the Tualatin Development Commission sells and redeems short term (one-day) bonds in both Central Urban Renewal and Leveton Urban Renewal as a method of moving funds into the project funds and allowing them to be paid for in the bond funds. This method is used by many cities in the State and is entirely consistent with Oregon law. The City also, often calls part of the principal on the 1998 Limited Tax Improvement Bond, for which principal is not actually due until June 1, 2013. The amount of \$80,000 was called in 2003-04. Following is a list of unique activity in the past few years.

- (A) 2000-01 includes a one-day taxable bond for Central Urban Renewal in the amount of \$1,767,000 and a one day bond for Leveton for \$1,500,000. The City also redeemed \$80,000 of the 1998 Limited Tax Improvement Bond--this represents an early redemption.
- (B) 2001-02 includes a one-day taxable bond for Central Urban Renewal in the amount of \$1,400,000 and a one-day taxable bond for Leveton Tax Increment District for \$530,000. The City also redeemed \$80,000 of the 1998 Limited Tax Improvement bond, an early redemption.
- (C) 2002-03 includes a one day bond of \$1,560,000 in Central Urban Renewal and a \$350,000 one-day bond in Leveton Tax Increment District.
- (D) In 2003-04 the City issued \$4,447,625 in short-term "du jour" bonds which were redeemed within a few days. Additional bond activity for the year is described in Note L.

CITY OF TUALATIN
COMPUTATION OF DIRECT AND OVERLAPPING GROSS BONDED DEBT
YEAR ENDED JUNE 30, 2004

| | TOTAL NET DEBT | PERCENT WITHIN CITY | CITY'S PRO-RATA SHARE |
|---|-------------------------|------------------------|-----------------------------|
| City of Tualatin | \$ 4,080,000 | 100.0000% | \$ 4,080,000 |
| Clackamas County | 185,000 | 0.9673% | 1,790 |
| Clackamas County School District 3J (West Linn/Wilsonville) | 151,307,238 | 1.4622% | 2,212,414 |
| Clackamas County School District 7J (Lake Oswego) | 92,780,000 | 1.5467% | 1,435,028 |
| Clackamas Community College | 49,955,000 | 1.1261% | 562,543 |
| Port of Portland | 54,626,003 | 1.9537% | 1,067,228 |
| Metropolitan Service District | 153,820,393 | 2.1343% | 3,282,989 |
| Tri-Metropolitan Transport District | 93,300,000 | 2.1436% | 1,999,979 |
| Portland Community College | 180,003,170 | 2.4297% | 4,373,537 |
| Washington County | 66,000,000 | 5.1923% | 3,426,918 |
| Tualatin Valley Fire and Rescue District | 6,430,000 | 7.7911% | 500,968 |
| Washington County School District 23J (Tigard-Tualatin) | 128,250,000 | 29.9986% | 38,473,205 |
| Washington County School District 88J (Sherwood) | 45,320,000 | 20.4961% | 9,288,833 |
| TOTAL | \$ 1,026,056,804 | | \$ 70,705,431 |

Source: Municipal Debt Management, State of Oregon

**CITY OF TUALATIN
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2004**

| | POPULATION (1) | PER CAPITA INCOME (WASHINGTON COUNTY) (2) | TIGARD/ TUALATIN SCHOOL ENROLLMENT (3) | UNEMPLOYMENT RATE (PORTLAND METRO AREA) (4) |
|-----------|-------------------|---|--|---|
| 2003-2004 | 24,790 | * | 11,586 | 6.6% |
| 2002-2003 | 24,100 | 31,578 | 11,611 | 8.5% |
| 2001-2002 | 23,270 | 32,218 | 11,467 | 5.3% |
| 2000-2001 | 22791* | 33,183 | 11,697 | 5.3% |
| 1999-2000 | 21,345 | 30,878 | 11,218 | 4.5% |
| 1998-1999 | 21,449 | 29,592 | 11,090 | 4.3% |
| 1997-1998 | 21,405 | 29,032 | 11,070 | 4.3% |
| 1996-1997 | 20,405 | 27,663 | 10,663 | 4.5% |
| 1995-1996 | 20,040 | 26,474 | 10,877 | 4.2% |
| 1994-1995 | 18,750 | 24,581 | 10,103 | 4.0% |

(1) Source: State of Oregon Population estimates - City has population in more than one county-
only includes Washington County

* US Census Count 2000

(2) Source: State of Oregon Regional Economic Analysis

* 2003 figures not available

(3) Source: Tigard/Tualatin School District #23J

(4) Source: State of Oregon Labor Market Information System

CITY OF TUALATIN
ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY CONSTRUCTED
FOR THE LAST TEN YEARS
YEAR ENDED JUNE 30, 2004

| | RESIDENTIAL CONSTRUCTION | | COMMERCIAL CONSTRUCTION | | INDUSTRIAL CONSTRUCTION | | PUBLIC CONSTRUCTION | | BANK DEPOSITS |
|---------|-----------------------------|------------|----------------------------|------------|----------------------------|------------|-------------------------|---------------|------------------|
| | NUMBER OF UNITS | VALUE | NUMBER OF PERMITS | VALUE | NUMBER OF PERMITS | VALUE | NUMBER OF PERMITS | VALUE | |
| 2003-04 | 234 | 44,421,981 | 173 | 37,052,946 | 94 | 10,683,643 | 2 | 3,192,425 (4) | 265,330 |
| 2002-03 | 145 | 39,968,625 | 4 | 9,737,949 | 15 | 4,864,041 | 0 | 0 | 223,229 |
| 2001-02 | 194 | 66,488,143 | 5 | 7,433,811 | 17 | 10,511,566 | 0 | 0 | 221,589 |
| 2000-01 | 228 | 34,966,280 | 101 | 11,955,147 | 120 | 39,305,693 | 0 | 0 | 271,073 |
| 1999-00 | 410 | 28,319,278 | 197 | 18,510,109 | 67 | 12,247,824 | 1 | 2,698,000 (3) | 176,730 |
| 1998-99 | 136 | 17,372,906 | 179 | 34,122,040 | 55 | 12,014,094 | 0 | 0 | 182,935 |
| 1997-98 | 127 | 15,881,648 | 183 | 28,572,252 | 82 | 14,489,788 | 2 | 22,000 (2) | 182,935 |
| 1996-97 | 156 | 38,070,329 | 162 | 18,596,174 | 64 | 4,282,560 | 0 | 0 | 182,968 |
| 1995-96 | 341 | 41,025,900 | 130 | 16,707,240 | 39 | 13,201,721 | 0 | 0 | Not Avail (1) |
| 1994-95 | 302 | 41,348,800 | 78 | 7,627,300 | 28 | 10,297,500 | 0 | 0 | Not Avail (1) |

(1) Information is not available from one leading Oregon Bank-First Interstate Bank of Oregon

(2) Tualatin High School Indoor Swimming Pool

(3) City of Tualatin Police Facility

(4) Tualatin Elementary School and City of Tualatin Operations Center

Bank deposits: Dollar amounts rounded to nearest thousand.

Source: City of Tualatin Engineering and Building Department for construction information
Oregon State Department of Insurance and Finance for bank deposits in Tualatin.

**CITY OF TUALATIN
MAJOR EMPLOYERS IN TUALATIN
YEAR ENDED JUNE 30, 2004**

| <u>BUSINESS</u> | <u>NUMBER OF EMPLOYEES</u> |
|-------------------------------|--------------------------------|
| Legacy Meridian Park Hospital | 823 |
| United Parcel Service | 547 |
| GE Interlogix | 500 |
| Novellus Systems, Inc. | 400 |
| Fred Meyer | 300 |
| Milgard Windows | 275 |
| Simple Designs Mfg, Inc | 220 |
| Coco-Cola Bottling | 203 |
| Columbia Corrugated | 200 |
| Haggen Food & Pharmacy | 200 |
| DPI Northwest | 180 |
| Acosta Sales & Marketing | 170 |
| Clubsport Oregon, LLC | 168 |
| Gaylord Industries, Inc | 168 |
| JAE Oregon, Inc | 160 |
| Federal Express | 150 |
| Jana's Classics, Inc | 140 |
| Leviton Manufacturing co, Inc | 140 |
| Pixelworks, Inc | 140 |
| Helser Industries | 130 |
| Pacific Foods of Oregon, Inc | 125 |
| Safeway Inc #1047 | 125 |
| Empire Pacific Windows Corp | 118 |
| Celerity Group, Inc | 115 |
| Digimarc | 110 |
| Anthro Technology | 102 |
| Pacific Crest Technology, Inc | 100 |
| Pierce Pacific Mfg, Inc | 100 |
| AKA Direct | 98 |
| Moore Electronics, Inc | 97 |
| Tualatin Country Club | 96 |
| Hayden's Lakefront Grill | 90 |
| REI | 90 |
| Simplexgrinnel LP | 90 |
| Surf Power Industries, Inc | 90 |
| K-Mart #3025 | 87 |
| Autodesk, Inc | 82 |
| Precision Countertops, Inc | 82 |
| Sweetbrier Inn | 80 |
| Key Knife, Inc | 77 |
| Englander | 76 |

**CITY OF TUALATIN
MISCELLANEOUS STATISTICAL DATA
YEAR ENDED JUNE 30, 2004**

| | |
|---|-----------------|
| Date of Incorporation | 1913 |
| Form of Government | Council/Manager |
| | |
| Number of Employees (excluding police): | |
| Classified (union) | 64 |
| Unclassified (non-union) | 26 |
| Temporary employees (Library, Community Services, Police and Operations department) | 44 |
| | |
| Area of City in square miles: | |
| City Limits | 7.93 |
| Urban Growth | 8.61 |
| | |
| Facilities and Services: | |
| Police Protection: | |
| Number of Stations | 1 |
| Number of Police Personnel and Officers (33 Sworn) | 40 |
| Number of Patrol Units (Average 4.25 in use at a time) | 17 |
| | |
| Cultural and Recreation: | |
| Number of Libraries | 1 |
| Number of Items | 65,944 |
| Circulation (Number of Items Checked Out) | 367,701 |
| *Number of Parks | 11 |
| Park Acreage | 289.33 |
| Developed Greenway Acreage | 24.81 |
| Greenway Acreage | 82.60 |
| Number of Tennis Courts | 8 |
| Community Centers | 2 |
| Skateparks | 1 |
| | |
| Water System: | |
| Miles of Water Mains | 97.29 |
| Number of Service Connections | 6,200 |
| Number of Fire Hydrants | 876 |

*Developed parks not including 3 neighborhood parks, 2 community parks, several natural area parks

Continued on next page

CITY OF TUALATIN
MISCELLANEOUS STATISTICAL DATA (Continued)
YEAR ENDED JUNE 30, 2004

Sewerage System:

| | |
|-------------------------------|-------|
| Miles of Sanitary Sewers | 87.9 |
| Miles of Storm Sewers | 75.35 |
| Number of Service Connections | 5,900 |

Building Permits Issued in Fiscal Year 2003-04:

| | |
|---|-------|
| New Construction | 186 |
| Additions/Alterations/Repair | 315 |
| Misc Permits (plumbing/electrical/etc...) | 1,050 |

| | |
|-------------------|----|
| Miles of Streets: | 67 |
|-------------------|----|

Number of Street Lights:

| | |
|------------------------------------|-------|
| City Owned | 2,111 |
| Owned by Portland General Electric | 357 |

Fire Protection:

This service is provided by the Tualatin Valley Fire and Rescue for Tualatin and five nearby cities

Facilities and Services Provided by Others Within the City of Tualatin:

Education:

| | |
|------------------------------|---|
| Number of Elementary Schools | 3 |
| Number of Middle Schools | 1 |
| Number of High Schools | 1 |

Hospitals:

| | |
|------------------------|-----|
| Number of Hospitals | 1 |
| Number of Patient Beds | 150 |

| | |
|-------------|---|
| Golf Course | 1 |
|-------------|---|

| | |
|---------------|---|
| Driving Range | 1 |
|---------------|---|

Facilities and Services Available Within the Portland Metropolitan Area:

Education:

| | |
|---------------------------|---|
| Community Colleges | 4 |
| Universities and Colleges | 8 |

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
REQUIRED BY STATUTES**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON THE CITY OF TUALATIN, OREGON COMPLIANCE AND CERTAIN ITEMS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON AUDITING STANDARDS**

September 29, 2004

Honorable Mayor and Members of the City Council
Tualatin, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Tualatin, Oregon as of and for the year ended June 30, 2004 and have issued our report thereon dated September 29, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The accounting records and related internal control structure.
- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2004 and 2005.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

The results of our tests disclosed instances of noncompliance relating to over expenditures of budgeted appropriations on the following funds:

| | | |
|---|----|-------|
| Bancroft Bond Fund - Interest | \$ | 3,949 |
| Central Urban Renewal District Bond Sinking Fund - Materials and services | | 474 |
| Park Development Fund - Materials and services | | 3,774 |
| Police Building Construction Fund - Capital outlay | | 252 |

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.

This report is intended for the information and use of management, City Council and the Secretary of State, Division of Audits, of the State of Oregon. However, this report is a matter of public record and its distribution is not limited.



For Moss Adams LLP
Certified Public Accountants