

CITY OF TUALATIN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2012



CITY OF TUALATIN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2012

Prepared by the City of Tualatin - Department of Finance

Don Hudson, Finance Director

CITY OF TUALATIN, OREGON
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INTRODUCTORY SECTION

CITY OF TUALATIN, OREGON
CITY COUNCIL

<u><i>City Council</i></u>	<u><i>Term Expires</i></u>
Lou Ogden, Mayor	December 31, 2014
Wade Brooksby, Position No. 1	December 31, 2014
Monique Belkman, Council President, Position No. 2	December 31, 2012
Frank Bubenik, Position No. 3	December 31, 2014
Ed Truax, Position No. 4	December 31, 2012
Nancy Grimes, Position No. 5	December 31, 2012
Joelle Davis, Position No. 6	December 31, 2012

Administrative

Sherilyn Lombos, City Manager
Brenda Braden, City Attorney
Don Hudson, Finance Director

City Hall
18880 S. W. Martinazzi Avenue
Tualatin, Oregon 97062

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



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



City of Tualatin

www.ci.tualatin.or.us

December 31, 2012

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, 2012.

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

Merina & Company, LLP, a firm of licensed certified public accountants, has audited the City of Tualatin's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Tualatin for the year ended June 30, 2012, 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, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City of Tualatin

The City of Tualatin, incorporated in 1913, is located in Northwestern Oregon in the Portland metropolitan area, in the counties of Washington and Clackamas, just twelve miles south of Portland's city center. The City of Tualatin currently occupies a land area of 7.9 square miles and serves a population of 26,170. The City of Tualatin is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

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

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

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

Factors Affecting Financial Condition

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

Given the State of Oregon's property tax limitations and the City's low permanent tax rate for operations, smart, balanced growth is important to the economic health of the community. Since the economic slowdown began a few years ago, development slowed down considerably, causing assessed value growth to fall to a low of approximately 1% in tax year 2011-12. As the economy begins to show signs of rebound, development activity is beginning to reoccur, bringing assessed value growth back up closer to 2% city-wide. It is anticipated that this trend will continue in the near future.

The economy is one of the principal factors affecting fiscal condition. The extended economic slowdown has had an impact on the City's revenue sources, with many of them continuing to remain flat or

decreasing. In previous years, the City was accustomed to a high rate of private development. With the slowdown in private development, fees related to construction have declined, though development is beginning to show signs of improving. Several capital projects that had been previously put on hold by developers due to economic conditions, have either begun construction, or are in the discussion stage. During fiscal year 2011-12, the City experienced increases in development revenue, though still at significantly slower rates than in previous years. The City is hopeful that this increased trend will continue in fiscal year 2012-13 and beyond.

Fiscal year 2011-12 began the year of transportation in the City of Tualatin with an update of the City's Transportation System Plan (TSP). The process for updating the TSP has involved many working groups and a large citizen involvement effort. The TSP update continues into fiscal year 2012-13 with a planned adoption of the plan by the City Council early in 2013. Another component of the year of transportation, Linking Tualatin, and the planning for future development in the region to the south of Tualatin, will have significant impacts on the future economic and social make-up of the community.

Linking Tualatin is a project designed to better link Tualatin employers and commuters via future transit along U.S. 99W (SW Pacific Highway) to the City's western industrial area, the Tualatin Town Center and Bridgeport Village shopping center. Linking Tualatin is related to the regional Metro Southwest Corridor Plan for the 99W corridor that integrates multiple efforts: local land use plans to identify actions and investments that support livable communities; a corridor refinement plan to examine the function, mode and general location of transportation improvements; and the transit alternatives analysis to define the best mode and alignment of high capacity transit to serve the corridor. The plan is a partnership among Metro, Multnomah & Washington Counties, the Oregon Department of Transportation, TriMet and the neighboring Cities of Beaverton, Durham, King City, Lake Oswego, Portland, Sherwood, Tigard and Tualatin.

The City continued its efforts in a joint planning project between the cities of Tualatin and Wilsonville during fiscal year 2011-12 to develop a concept plan for future development of the Basalt Creek and West Railroad Planning Areas. This area was included by Metro in the Urban Growth Boundary to help meet the industrial and residential land demand in the region for the next 20 years. The area lies in the land between the two cities, in unincorporated Washington County, and proper conceptual planning is instrumental to both entities and the region as a whole. The concept plan will address a variety of factors including the future city limit lines between Tualatin and Wilsonville, proper land uses, and infrastructure requirements for the future of the area.

These projects and planning efforts will help guide future development and have a significant impact on the City's future financial position, which will be financially modeled, as impacts become known.

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, 2011. This was the 21st consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both the GAAP and applicable legal requirements.

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

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

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

Respectfully submitted,



Sherilyn Lombos
City Manager



Don Hudson
Finance Director

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, 2011

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.



Christopher P. Morrell

President

Jeffrey R. Enen

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tualatin, Oregon, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Tualatin, Oregon's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tualatin, Oregon, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 11 to the financial statements, the City adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements* in the year ended June 30, 2012.

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

an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tualatin, Oregon's financial statements as a whole. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

Merina & Company, LLP
West Linn, Oregon
December 19, 2012

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

As management of the City of Tualatin (the City), we include this narrative presenting an overview and analysis of the financial activities of the City of Tualatin for the fiscal year ended June 30, 2012. The analysis focuses on significant financial issues, major financial activities, and resulting changes in financial position, budget variances and specific issues related to funds and the economic factors affecting the City.

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

FINANCIAL HIGHLIGHTS

- Assets totaled approximately \$198.1 million at June 30, 2012, and consisted of approximately \$37.4 million in cash and cash equivalents and approximately \$158.5 million in capital assets.
- As of June 30, 2012, the City had approximately \$14.5 million in outstanding bonds.
- The assets of the City exceeded its liabilities by \$179.7 million at the close of fiscal year 2012. Unrestricted net assets totaled \$18.2 million, with the remainder of the City's net assets invested in capital assets net of related debt (\$143.7 million) and restricted for building and engineering, street and roadside maintenance, debt service, capital projects, transportation, urban renewal, and capital improvements (\$17.8 million).
- For its governmental activities, the City generated \$4.9 million in charges for services and received \$0.5 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$23.1 million for the year, resulting in a net expense of \$17.7 million. \$15.1 million of general revenues received and \$1.5 million of transfers in resulted in a decrease in net assets of \$1.1 million.
- For its business-type activities, the City generated \$14.2 million in charges for services and in capital grants and contributions to fund direct expenses of \$11.8 million.
- Fund balance in the City's governmental funds was \$23.1 million at June 30, 2012, down by \$2.4 million from June 30, 2011.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Government-wide Financial Statements

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

The first of these government-wide statements is the Statement of Net 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, it is a loose parallel to what average citizens understand as "owner's 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.

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

The second government-wide statement is the Statement of Activities, which presents information showing how the City's net 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 times that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Fund Financial Statements

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

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

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

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

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

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

These enterprise funds include Water Fund, Water SDC Fund, Water Bond Fund, Water Reservoir Project Fund, Sewer Fund and Sewer SDC Fund, Storm Drain Fund and Storm Drain SDC Fund.

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

Notes to the Financial Statements

The Notes to the Financial Statements are an integral part of the financial statements. These notes not only provide additional detail, but also are required to fully understand the financial data as presented, as well as the financial

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

The following is a comparison between the June 30, 2012 and 2011 Statements of Net Assets:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 27,311,469	\$ 29,320,585	\$ 12,298,306	\$ 11,131,290	\$ 39,609,775	\$ 40,451,875
Capital assets	105,745,076	105,389,326	52,733,744	53,244,368	158,478,820	158,633,694
Total assets	133,056,545	134,709,911	65,032,050	64,375,658	198,088,595	199,085,569
Long-term liabilities	8,005,000	9,010,000	5,380,000	5,685,000	13,385,000	14,695,000
Other liabilities	3,829,541	3,426,988	1,144,440	1,084,140	4,973,981	4,511,128
Total liabilities	11,834,541	12,436,988	6,524,440	6,769,140	18,358,981	19,206,128
Net assets:						
Invested in capital assets, net of related debt	96,704,593	95,531,501	47,026,375	47,186,247	143,730,968	142,717,748
Restricted	13,101,042	15,947,020	4,679,232	4,373,171	17,780,274	20,320,191
Unrestricted	11,416,369	10,794,402	6,802,003	6,047,100	18,218,372	16,841,502
Total net assets	<u>\$ 121,222,004</u>	<u>\$ 122,272,923</u>	<u>\$ 58,507,610</u>	<u>\$ 57,606,518</u>	<u>\$ 179,729,614</u>	<u>\$ 179,879,441</u>

The City of Tualatin's assets exceeded its liabilities by \$179.7 million as of June 30, 2012. Of this amount, \$143.7 million, (80%) was invested in capital assets, (i.e. land, buildings, machinery and equipment), less the outstanding related debt used to acquire these assets. These assets are not a source for repaying liabilities now, or in the future, since such assets represent the "business of the City". Other resources must be used to pay for outstanding liabilities, some of which are restricted to only certain uses. This requires the City to not only acquire those capital assets necessary to provide for City services, but to retain the ability to finance these acquisitions and provide maintenance for these assets.

An additional portion of net assets (\$17.8 million) are restricted as to how they may be used by budgetary, legal and external factors. The unrestricted amount of \$18.2 million (10% of net assets) can be used to meet on-going obligations. Of the \$18.4 million of liabilities at year-end for governmental and business-type activities, \$13.4 million are due in more than one year. For the government as a whole, and for the separate governmental and business-type activities, all three categories showed a positive net asset balance for fiscal year 2011-12, as they did for 2010-11.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Statement of Activities

The following is a comparison between the June 30, 2012 and 2011 Statement of Activities:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 4,886,176	\$ 4,005,589	\$ 13,837,924	\$ 13,130,843	\$ 18,724,100	\$ 17,136,432
Operating grants and contributions	476,439	712,304	-	-	476,439	712,304
Capital grants and contributions	-	-	348,375	348,695	348,375	348,695
General revenues:						
Property taxes	8,356,607	8,363,676	-	-	8,356,607	8,363,676
Franchise fees	2,205,176	2,091,937	-	-	2,205,176	2,091,937
Public service taxes and revenue sharing	4,190,756	3,396,857	-	-	4,190,756	3,396,857
Interest and miscellaneous	379,396	574,472	77,727	74,773	457,123	649,245
Total revenues	20,494,550	19,144,835	14,264,026	13,554,311	34,758,576	32,699,146
Expenses:						
General government	7,400,702	6,837,983	-	-	7,400,702	6,837,983
Public safety	6,561,167	5,986,000	-	-	6,561,167	5,986,000
Highways and streets	3,746,471	3,722,074	-	-	3,746,471	3,722,074
Culture and recreation	4,973,304	4,647,624	-	-	4,973,304	4,647,624
Interest on long-term debt	380,608	419,382	-	-	380,608	419,382
Water Operations	-	-	4,353,652	4,089,731	4,353,652	4,089,731
Sewer Operations	-	-	6,276,559	6,086,241	6,276,559	6,086,241
Storm Drain Operations	-	-	1,215,940	1,124,748	1,215,940	1,124,748
Total expenses	23,062,252	21,613,063	11,846,151	11,300,720	34,908,403	32,913,783
Change in net assets before transfers	(2,567,702)	(2,468,228)	2,417,875	2,253,591	(149,827)	(214,637)
Transfers	1,516,783	(1,392,357)	(1,516,783)	(1,775,215)	-	(3,167,572)
Change in net assets	(1,050,919)	(3,860,585)	901,092	478,376	(149,827)	(3,382,209)
Beginning net assets, as restated	122,272,923	126,133,508	57,606,518	57,128,142	179,879,441	183,261,650
Ending net assets	\$ 121,222,004	\$ 122,272,923	\$ 58,507,610	\$ 57,606,518	\$ 179,729,614	\$ 179,879,441

Governmental activities total revenues increased from 2011 by approximately \$1.3 million. The increase is primarily attributable to increases in charges for services of approximately \$900,000 which is made up of increases in licenses and permits of approximately \$700,000 due to two major development projects, and fines and forfeitures of approximately \$700,000, due mainly to increased revenue from municipal court fines. Finally, earnings rates on cash invested with the Local Government Investment Pool (LGIP) were very low compared to previous years due to the economy.

Governmental Activities' expenses increased approximately \$1.4 million from fiscal year 2011. This is primarily due to increases in public safety of approximately \$600,000, general government of approximately \$600,000, and culture and recreation expense of approximately \$300,000. These increases can be attributed in large part to increases in the City's PERS contribution rates, implementation of intersection safety cameras at two intersections within the City, and staffing reorganization, including positions absorbed from the Tualatin Development Commission.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Business-Type activities total revenues increased approximately \$700,000 from 2011, due mainly to increases in revenue earned from charges for services.

Business-Type activities expenses increased approximately \$545,000, due to increases in the purchase of water and user charges passed through to Clean Water Services for sewer treatment.

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

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

- Local governments' total share of property taxes cannot exceed \$10 per thousand of taxable assessed value; for school districts, the limit is \$5 per thousand.
- In 1999, taxpayers voted for a measure which limited assessed value increases from one year to the next to the lower of a 3% increase or the market value unless additional improvements or modifications have been made to a property.
- At the time of property tax reform, each local government was assigned a permanent tax rate. The City's rate is \$2.265 per \$1,000 assessed value.

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

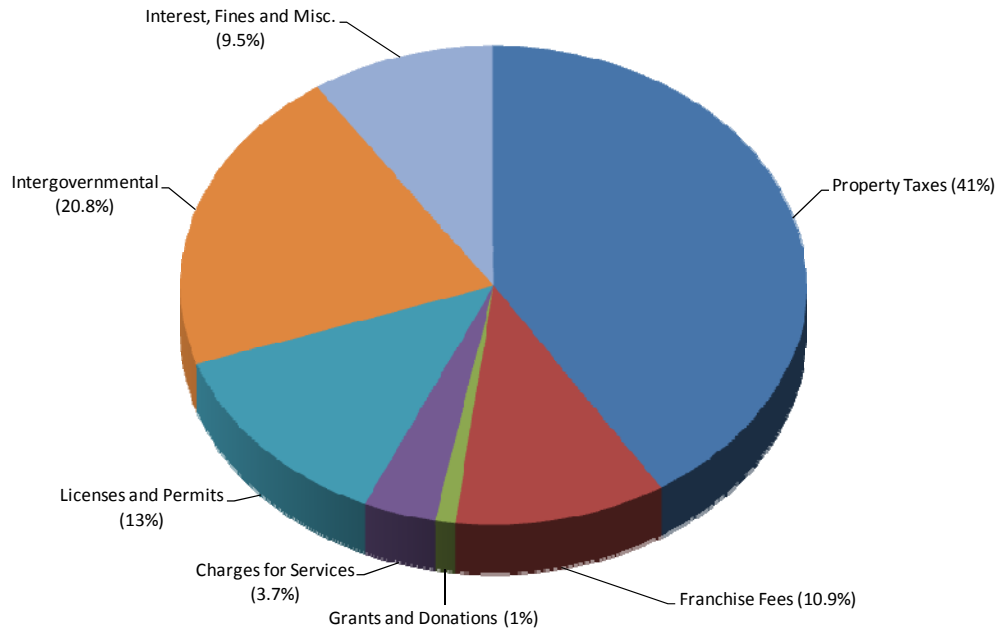
Some of the important factors, which make allocation of resources difficult include:

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

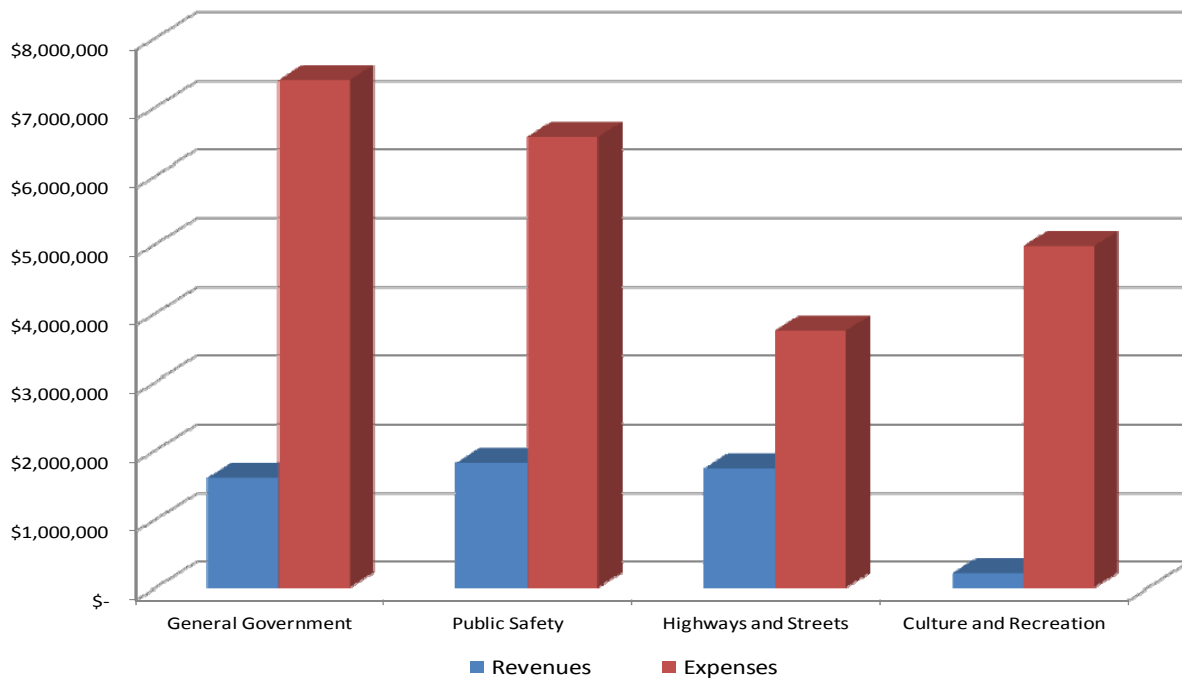
As build-out of the City occurs, it is likely to become more difficult to handle the inevitable rise in the cost of services. Regional transportation issues and the high development in the southwestern part of Washington County will continue to present challenges to the high quality of life that the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

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

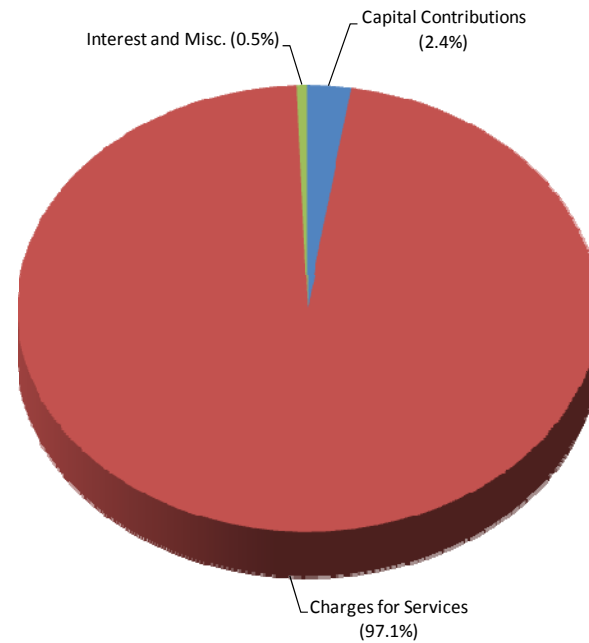
Revenues by Source - Governmental Activities



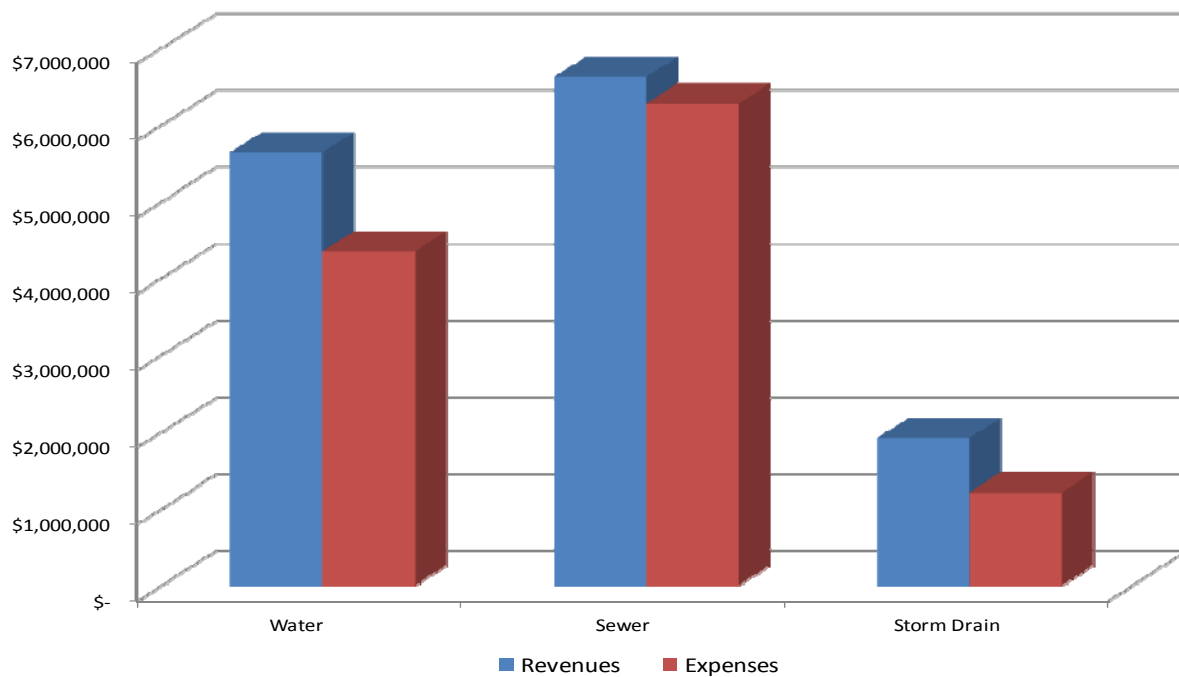
Program Revenues and Expenses - Governmental Activities



Revenues by Source - Business-type Activities



Program Revenues and Expenses - Business-type Activities



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

As of June 30, 2012, the City's governmental funds reported a combined ending fund balance of \$23.1 million, a decrease of \$2.4 million when compared to the prior year. Unassigned fund balance combined with committed fund balance as of June 30, 2012, was \$7.7 million and is available for spending at the City's discretion.

General Fund

The general fund is the chief operating fund of the City. At June 30, 2012, the total fund balance was \$6.5 million, of which \$6.4 million is considered unassigned, reflecting an increase of \$900,000 from the prior year. As a matter of course, the City strives to have enough reserves at the end of the fiscal year to provide cash for the first five months of operations, at which time the first installment of property taxes are received. The fund balance increase was primarily due to increases in fines and forfeitures related to implementation of intersection safety cameras at two separate intersections in the City. Expenditures in the general fund increased by \$800,000 in the current year, increasing from \$15.3 million to \$16.1 million.

Building Fund

This special revenue fund accounts for activities of the Building Division, which is responsible for reviewing building plans and issuing building permits for all structural, mechanical and plumbing applications within the City. At June 30, 2012, total fund balance was approximately \$1.5 million, reflecting no change from the prior year. The City's building fund continues to be funded by licenses and permits

Central Urban Renewal District Project Fund

This capital project fund accounts for projects carried out in the Central Urban Renewal District (CURD), which comprises 327.48 acres of the Tualatin Town Center. The fund ended with an ending fund balance of \$1.1 million, down from \$2.7 million in the prior year. Tax increment revenues ceased in 2010, leaving interest income as the sole source of revenue for the fund. The decrease in fund balance is primarily attributable to continued design and construction work for the Tualatin-Sherwood Road landscape project.

Leveton Tax Increment District Project Fund

This capital project fund accounts for projects carried out in the Leveton Tax Increment District (LTID), which comprises 380.3 acres in the western industrial areas of Tualatin. The fund ended with an ending fund balance of \$5.7 million, down from \$8.0 million in the prior year. Tax increment revenues ceased in

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

2010, leaving interest income as the sole source of revenue for the fund. Expenditures increased from \$0.2 million in the prior year to \$2.1 million in the current year, primarily due to design and construction of the Leveton Drive Extension project including SW 130th Avenue and SW 128th Avenue.

General Fund Budgetary Highlights

The original appropriated budget for the general fund for fiscal year 2012 amounted to \$21.0 million, including \$4.3 million for contingencies. There were amendments to the adopted budget during the year to appropriate additional fines and forfeitures revenue of \$115,000 and increase personal services \$86,000, materials and services \$9,000 and capital outlay \$20,000. Additionally, there were transfers of appropriations of \$57,000 from contingency to personal services and \$50,000 from contingency to materials and services.

The General Fund resources exceeded budgeted levels by approximately \$300,000. General Fund expenditures were \$5.0 million under appropriated levels. The primary reasons for this difference are due to contingency of \$4.2 million not being allocated for expenditures and budgeted expenditures for consultants within the Planning Division not being expended.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the City had invested \$158.5 million in capital assets, net of depreciation, in a range of asset types, including land, buildings, improvements and infrastructure, and machinery and equipment.

The following is a comparison of capital assets as of June 30, 2012 and 2011:

CITY OF TUALATIN'S NET CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 13,548,864	\$ 13,541,624	\$ 877,464	\$ 877,464	\$ 14,426,328	\$ 14,419,088
Construction in Progress	14,441,733	13,933,686	3,581,594	4,538,764	18,023,327	18,472,450
Buildings	17,285,105	17,285,105	367,755	367,755	17,652,860	17,652,860
Other Improvements	26,149,506	23,864,765	-	-	26,149,506	23,864,765
Machinery and Equipment	3,406,917	3,558,667	852,732	863,750	4,259,649	4,422,417
Utility System	-	-	71,778,312	69,776,326	71,778,312	69,776,326
Infrastructure	92,098,448	90,581,728	-	-	92,098,448	90,581,728
Accumulated Depreciation	(61,185,497)	(57,376,249)	(24,724,113)	(23,179,691)	(85,909,610)	(80,555,940)
Total net assets	<u>\$ 105,745,076</u>	<u>\$ 105,389,326</u>	<u>\$ 52,733,744</u>	<u>\$ 53,244,368</u>	<u>\$ 158,478,820</u>	<u>\$ 158,633,694</u>

Capital improvements for the City of Tualatin increased by \$5.2 million in fiscal year 2011-12. Net capital assets decreased by \$150,000 due to the increased accumulated depreciation on the City's assets. This investment in capital assets includes land, construction in progress, improvements, machinery and equipment and infrastructure.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

The governmental infrastructure category consists primarily of roads, signals and lighting. Capital assets in the business-type activities include water and sewer lines, lift stations and other portions of utility systems.

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

Debt Outstanding

As of the end of the fiscal year, the City had \$14.5 million in long-term bonded debt obligations outstanding, a decrease of approximately 7% from the prior year. Approximately \$1.2 million of the debt at June 30, 2012, is due within one year.

CITY OF TUALATIN'S DEBT SERVICE

Year Ended June 30, 2012

	<u>Beginning</u>	<u>Additions</u>	<u>Principal Paid</u>	<u>Ending</u>
Governmental:				
General Obligation Bonds	\$ 9,235,000	\$ -	\$ (605,000)	\$ 8,630,000
Limited Tax Bonds	380,000	-	(160,000)	220,000
Sub-total	<u>9,615,000</u>	<u>-</u>	<u>(765,000)</u>	<u>8,850,000</u>
Business-type:				
Water Revenue Bonds	<u>5,980,000</u>	<u>-</u>	<u>(295,000)</u>	<u>5,685,000</u>
Total Bonds Payable	<u>\$ 15,595,000</u>	<u>\$ -</u>	<u>\$ (1,060,000)</u>	<u>\$ 14,535,000</u>

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

The State of Oregon mandates a general obligation debt limit of 3 percent of true market value of taxable property within City boundaries. The City's general obligation debt outstanding at June 30, 2012 was \$8.6 million, which is well below the \$100 million maximum limitation.

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

Economic Factors and Next Year's Budget

Factors affecting financial conditions in the future include:

- The City projects to continue the current level of growth until the economy improves, but will likely not return to growth levels experienced prior to the economic downturn. With the City's low permanent tax rate of \$2.2665 per thousand of assessed value, this is likely to require future adjustments to maintain service levels of city services to our residents. This could include reductions in service levels and/or increases in revenues, such as fees and charges increases, operating levies or increases in franchise fees.
- The City continues to plan for the future through a variety of long-term planning studies and processes to help provide economic stability. The City Council adopted the Southwest Concept Plan and city staff has been working on concept plans for the undeveloped area located between the cities of

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Tualatin and Wilsonville. More information about these plans is included in the Letter of Transmittal located earlier in this report.

- Tualatin's location in the Portland metropolitan area is very much affected by the transportation issues associated with urban areas. The update of the City's Transportation Plan will have a large impact on Tualatin.
- As future projects are identified, their impacts will be modeled and put into the City's Fiscal Health model to determine the impact on the City's General Fund on-going alignment. Council and staff will use this tool to make strategic decisions about the City's future financial picture.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

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

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

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

CITY OF TUALATIN, OREGON
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 26,347,654	\$ 11,062,268	\$ 37,409,922
Due from other governments	225,447	-	225,447
Accounts receivable	113,829	1,198,658	1,312,487
Property taxes receivable	432,429	-	432,429
Assessments receivable	87,036	-	87,036
Inventories	105,074	37,380	142,454
Total current assets	27,311,469	12,298,306	39,609,775
Noncurrent assets:			
Capital assets:			
Nondepreciable	27,990,597	4,459,058	32,449,655
Depreciable, net	77,754,479	48,274,686	126,029,165
Total noncurrent assets	105,745,076	52,733,744	158,478,820
Total assets	\$ 133,056,545	\$ 65,032,050	\$ 198,088,595
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	\$ 1,652,664	\$ 741,462	\$ 2,394,126
Deposits	436,373	1,600	437,973
Retainage payable	167,005	22,369	189,374
Deferred revenue	-	53,631	53,631
Interest Payable	40,848	20,378	61,226
Current portion of long-term debt	1,532,651	305,000	1,837,651
Total current liabilities	3,829,541	1,144,440	4,973,981
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	8,005,000	5,380,000	13,385,000
Total noncurrent liabilities	8,005,000	5,380,000	13,385,000
Total liabilities	11,834,541	6,524,440	18,358,981
NET ASSETS			
Invested in capital assets, net of related debt	96,704,593	47,026,375	143,730,968
Restricted for:			
Building and engineering	1,526,018	-	1,526,018
Street and roadside maintenance	605,858	-	605,858
Debt service payments	398,174	-	398,174
Capital projects	623,276	-	623,276
Transportation	2,701,857	-	2,701,857
Urban renewal projects	7,245,859	-	7,245,859
Capital improvements	-	4,679,232	4,679,232
Unrestricted	11,416,369	6,802,003	18,218,372
Total net assets	121,222,004	58,507,610	179,729,614
Total liabilities and net assets	\$ 133,056,545	\$ 65,032,050	\$ 198,088,595

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

CITY OF TUALATIN, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net Expense Revenue and Change in Net Asset		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:							
General government	\$ 7,400,702	\$ 1,304,925	\$ 294,396	\$ -	\$ (5,801,381)	\$ -	\$ (5,801,381)
Public safety	6,561,167	1,666,113	149,374	-	(4,745,680)	-	(4,745,680)
Highways and streets	3,746,471	1,736,117	-	-	(2,010,354)	-	(2,010,354)
Culture and recreation	4,973,304	179,021	32,669	-	(4,761,614)	-	(4,761,614)
Interest on long-term debt	380,608	-	-	-	(380,608)	-	(380,608)
Total governmental activities	23,062,252	4,886,176	476,439	-	(17,699,637)	-	(17,699,637)
Business type activities:							
Water Operations	4,353,652	5,523,032	-	120,360	-	1,289,740	1,289,740
Sewer Operations	6,276,559	6,539,373	-	78,555	-	341,369	341,369
Storm Drain Operations	1,215,940	1,775,519	-	149,460	-	709,039	709,039
Total business type activities	11,846,151	13,837,924	-	348,375	-	2,340,148	2,340,148
Total government	<u>\$ 34,908,403</u>	<u>\$18,724,100</u>	<u>\$ 476,439</u>	<u>\$ 348,375</u>	<u>(17,699,637)</u>	<u>2,340,148</u>	<u>(15,359,489)</u>
General revenues:							
Taxes:							
Property taxes					8,356,607	-	8,356,607
Franchise taxes					2,205,176	-	2,205,176
Public service taxes and revenue sharing					4,190,756	-	4,190,756
Interest and investment earnings					190,967	63,727	254,694
Miscellaneous revenues					188,429	14,000	202,429
Transfers in (out)					1,516,783	(1,516,783)	-
Total general revenues and transfers					16,648,718	(1,439,056)	15,209,662
Change in net assets					(1,050,919)	901,092	(149,827)
Net assets - beginning					122,272,923	57,606,518	179,879,441
Net assets - ending					<u>\$ 121,222,004</u>	<u>\$58,507,610</u>	<u>\$179,729,614</u>

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

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

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

Building Fund

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

Central Urban Renewal District Project Fund

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

Leveton Tax Increment District Project Fund

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

CITY OF TUALATIN, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Building Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Other Governmental	Total Governmental
ASSETS						
Cash and cash equivalents	\$ 7,269,928	\$ 1,757,964	\$ 1,206,217	\$ 5,958,614	\$ 8,501,167	\$ 24,693,890
Due from other governments	221,707	-	-	-	3,740	225,447
Accounts receivable	22,071	-	-	-	90,603	112,674
Property taxes receivable	382,269	-	-	-	50,160	432,429
Assessments receivable	-	-	-	-	87,036	87,036
Due from other funds	91	-	-	-	-	91
Inventories	70,154	-	-	-	34,920	105,074
Total assets	<u>\$ 7,966,220</u>	<u>\$ 1,757,964</u>	<u>\$ 1,206,217</u>	<u>\$ 5,958,614</u>	<u>\$ 8,767,626</u>	<u>\$ 25,656,641</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable and other current liabilities	\$ 853,093	\$ 124,279	\$ 27,448	\$ 214,122	\$ 241,854	\$ 1,460,796
Deposits	273,382	107,667	-	-	55,324	436,373
Due to other funds	-	-	-	-	91	91
Retainage payable	-	-	63,586	83,361	8,231	155,178
Deferred revenue	347,941	-	-	-	132,691	480,632
Total liabilities	<u>1,474,416</u>	<u>231,946</u>	<u>91,034</u>	<u>297,483</u>	<u>438,191</u>	<u>2,533,070</u>
FUND BALANCES:						
Nonspendable:						
Inventory	70,154	-	-	-	34,920	105,074
Restricted for:						
Building and engineering	-	1,526,018	-	-	-	1,526,018
Street and roadside maintenance	-	-	-	-	605,858	605,858
Debt service payments	-	-	-	-	398,174	398,174
Capital projects	-	-	-	-	623,276	623,276
Transportation	-	-	-	-	2,701,857	2,701,857
Urban renewal projects	-	-	1,115,183	5,661,131	318,328	7,094,642
Committed to:						
Pavement maintenance and street lighting	-	-	-	-	1,097,706	1,097,706
Parking maintenance	-	-	-	-	187,915	187,915
Assigned to:						
Scholarships	-	-	-	-	50,745	50,745
Capital projects	-	-	-	-	2,310,656	2,310,656
Unassigned:	6,421,650	-	-	-	-	6,421,650
Total fund balance	<u>6,491,804</u>	<u>1,526,018</u>	<u>1,115,183</u>	<u>5,661,131</u>	<u>8,329,435</u>	<u>23,123,571</u>
Total liabilities and fund balance	<u>\$ 7,966,220</u>	<u>\$ 1,757,964</u>	<u>\$ 1,206,217</u>	<u>\$ 5,958,614</u>	<u>\$ 8,767,626</u>	
Amounts reported in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not report in the funds.						104,769,137
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.						480,632
Internal servc funds are used mby management to charge the costs of the operations department to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets						2,365,508
Long-term liabilities, including bonds payable, are not due and payable in the current period and theref are not reported in the funds.						
Long-term debi						(9,475,996)
Interest payable						(40,848)
Net Assets						<u>\$ 121,222,004</u>

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

CITY OF TUALATIN, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	General Fund	Building Fund	Central Urban Renewal District Project	Leveton Tax Increment District Project	Other Governmental	Total Governmental
REVENUES:						
Property taxes	\$ 7,301,386	\$ -	\$ -	\$ -	\$ 958,056	\$ 8,259,442
Franchise fees	2,205,176	-	-	-	-	2,205,176
Grants	176,934	-	-	-	-	176,934
Charges for service	237,754	-	-	-	517,240	754,994
Licenses and permits	608,589	679,786	-	-	1,332,323	2,620,698
Intergovernmental	2,247,220	-	-	-	1,943,536	4,190,756
Fines and forfeitures	1,369,534	-	-	-	2,362	1,371,896
Special assessments	-	-	-	-	214,604	214,604
Contributions and donations	32,669	-	-	-	-	32,669
Interest	72,993	8,582	12,591	36,714	51,956	182,836
Miscellaneous	49,667	3,107	-	-	91,935	144,709
Total revenues	14,301,922	691,475	12,591	36,714	5,112,012	20,154,714
EXPENDITURES:						
Current:						
General government	4,290,872	544,057	-	-	1,774,371	6,609,300
Public safety	6,345,089	-	-	-	-	6,345,089
Highways and streets	1,103,448	-	-	-	-	1,103,448
Culture and recreation	4,201,940	-	-	-	-	4,201,940
Capital outlay	193,395	-	1,400,068	2,128,877	573,617	4,295,957
Debt service:						
Principal	-	-	-	-	765,000	765,000
Interest	-	-	-	-	380,448	380,448
Total expenditures	16,134,744	544,057	1,400,068	2,128,877	3,493,436	23,701,182
Revenues over (under) expenditures	(1,832,822)	147,418	(1,387,477)	(2,092,163)	1,618,576	(3,546,468)
OTHER FINANCING SOURCES (USES):						
Transfers in	2,787,545	15,000	-	24,617	577,341	3,404,503
Transfers out	(49,770)	(94,674)	(175,000)	(245,000)	(1,659,617)	(2,224,061)
Total other financing sources (uses)	2,737,775	(79,674)	(175,000)	(220,383)	(1,082,276)	1,180,442
Net changes in fund balances	904,953	67,744	(1,562,477)	(2,312,546)	536,300	(2,366,026)
FUND BALANCES, BEGINNING	5,586,851	1,458,274	2,677,660	7,973,677	7,793,135	25,489,597
FUND BALANCES, ENDING	<u>\$ 6,491,804</u>	<u>\$ 1,526,018</u>	<u>\$ 1,115,183</u>	<u>\$ 5,661,131</u>	<u>\$ 8,329,435</u>	<u>\$ 23,123,571</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012**

Amounts reported in the statement of activities are different because:

Net change in fund balances		\$ (2,366,026)
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The statement of revenues, expenditures, and changes in fund balances report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Depreciation	(4,210,687)	
Capital asset additions	<u>4,185,725</u>	(24,962)

Some revenue reported in the statement of activities does not provide current financial resources in the governmental funds.	276,965
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(160)
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Internal service funds are used by management to charge the costs of the administrative services department to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	326,959
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which proceeds exceeded repayments.	<u>736,305</u>
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Change in net assets of governmental activities	<u><u>\$ (1,050,919)</u></u>
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The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

Proprietary Funds

Enterprise Funds

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

Water Operations

Water Fund

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

Water Development Fund

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

Water Reservoir Fund

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

Enterprise Bond Fund

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

Sewer Operations

Sewer Fund

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

Sewer Development Fund

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

Storm Drain Operations

Storm Drain Fund

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

Storm Drain Development

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

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

Internal Service Funds

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

Operations Fund

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

CITY OF TUALATIN, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
ASSETS					
Cash and cash equivalents	\$ 5,628,095	\$ 4,812,822	\$ 621,351	\$ 11,062,268	\$ 1,653,764
Accounts receivables, net	482,322	556,325	160,011	1,198,658	1,155
Inventories	36,850	530	-	37,380	-
Total current assets	6,147,267	5,369,677	781,362	12,298,306	1,654,919
Capital assets, net	31,561,165	17,856,594	3,315,985	52,733,744	975,939
Total assets	<u>\$ 37,708,432</u>	<u>\$ 23,226,271</u>	<u>\$ 4,097,347</u>	<u>\$ 65,032,050</u>	<u>\$ 2,630,858</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	\$ 173,652	\$ 525,693	\$ 42,117	\$ 741,462	\$ 191,868
Deposits	1,600	-	-	1,600	-
Deferred revenue	53,631	-	-	53,631	-
Retainage payable		16,916	5,453	22,369	11,827
Interest payable	20,378	-	-	20,378	-
Current portion of long-term debt	305,000	-	-	305,000	61,655
Total current liabilities	554,261	542,609	47,570	1,144,440	265,350
NONCURRENT LIABILITIES:					
Noncurrent portion of long-term debt	5,380,000	-	-	5,380,000	-
Total noncurrent liabilities	5,380,000	-	-	5,380,000	-
Total liabilities	5,934,261	542,609	47,570	6,524,440	7,114,619
NET ASSETS:					
Invested in capital assets, net of related debt	25,876,165	17,839,678	3,310,532	47,026,375	975,939
Restricted for:					
Capital improvements	723,773	3,722,076	233,383	4,679,232	-
Unrestricted	5,174,233	1,121,908	505,862	6,802,003	1,389,569
Total net assets	31,774,171	22,683,662	4,049,777	58,507,610	2,365,508
Total liabilities and net assets	<u>\$ 37,708,432</u>	<u>\$ 23,226,271</u>	<u>\$ 4,097,347</u>	<u>\$ 65,032,050</u>	<u>\$ 2,630,858</u>

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

CITY OF TUALATIN, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
OPERATING REVENUES:					
Charges for services	\$ 5,523,032	\$ 6,539,373	\$ 1,775,519	\$ 13,837,924	\$ 2,014,569
Fines and forfeitures	-	-	-	-	11,020
Miscellaneous	12,720	1,280	-	14,000	43,720
Total operating revenues	5,535,752	6,540,653	1,775,519	13,851,924	2,069,309
OPERATING EXPENSES:					
Personal services	-	-	-	-	1,549,357
Materials and services	3,217,686	5,737,185	1,091,309	10,046,180	495,158
Depreciation	891,435	539,374	124,631	1,555,440	42,307
Total operating expenses	4,109,121	6,276,559	1,215,940	11,601,620	2,086,822
Operating income (loss)	1,426,631	264,094	559,579	2,250,304	(17,513)
NON-OPERATING INCOME (EXPENSE):					
Interest income	36,966	24,015	2,746	63,727	8,131
Interest expense	(244,531)	-	-	(244,531)	-
Total non-operating income (expenses)	(207,565)	24,015	2,746	(180,804)	8,131
Net income (loss) before operating transfers	1,219,066	288,109	562,325	2,069,500	(9,382)
OPERATING TRANSFERS:					
Transfers in (out)	(668,464)	(402,504)	(445,815)	(1,516,783)	336,341
Net income (loss) before contributions	550,602	(114,395)	116,510	552,717	326,959
CAPITAL CONTRIBUTIONS:					
Capital contributions	120,360	78,555	149,460	348,375	-
Change in net assets	670,962	(35,840)	265,970	901,092	326,959
NET ASSETS, BEGINNING	31,103,209	22,719,502	3,783,807	57,606,518	2,038,549
NET ASSETS, ENDING	<u>\$ 31,774,171</u>	<u>\$ 22,683,662</u>	<u>\$ 4,049,777</u>	<u>\$ 58,507,610</u>	<u>\$ 2,365,508</u>

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

CITY OF TUALATIN, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Storm Drain Operations	Total	Operations Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 5,576,477	\$ 6,523,051	\$ 1,762,264	\$ 13,861,792	\$ 2,077,510
Cash paid to employees and others for salaries/benefits	-	-	-	-	(1,557,989)
Cash paid to suppliers and others	(3,304,793)	(5,614,091)	(1,093,482)	(10,012,366)	(411,293)
Net cash provided (used) by operating activities	2,271,684	908,960	668,782	3,849,426	108,228
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in (out)	(668,464)	(402,504)	(445,815)	(1,516,783)	336,341
Net cash provided (used) by non-capital financing activities	(668,464)	(402,504)	(445,815)	(1,516,783)	336,341
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(312,152)	(268,955)	(115,334)	(696,441)	(156,183)
Debt principal payments	(295,000)	-	-	(295,000)	-
Interest paid	(244,531)	-	-	(244,531)	-
Net cash provided (used) by capital and related financing activities	(851,683)	(268,955)	(115,334)	(1,235,972)	(156,183)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	36,966	24,015	2,746	63,727	8,131
Net cash provided (used) by investing activities	36,966	24,015	2,746	63,727	8,131
Net increase (decrease) in cash and cash equivalents	788,503	261,516	110,379	1,160,398	296,517
CASH AND CASH EQUIVALENTS, BEGINNING	4,839,592	4,551,306	510,972	9,901,870	1,357,247
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 5,628,095</u>	<u>\$ 4,812,822</u>	<u>\$ 621,351</u>	<u>\$ 11,062,268</u>	<u>\$ 1,653,764</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income	\$ 1,426,631	\$ 264,094	\$ 559,579	\$ 2,250,304	\$ (17,513)
Adjustments					
Depreciation	891,435	539,374	124,631	1,555,440	42,307
Decrease (increase) in:					
Accounts receivable	27,744	(17,602)	(13,255)	(3,113)	8,201
Inventories	(3,416)	(89)	-	(3,505)	-
Increase (decrease) in:					
Accounts payable and accrued expenses	(83,691)	123,183	(2,173)	37,319	83,865
Deposits	200	-	-	200	-
Deferred revenue	12,781	-	-	12,781	-
Accrued compensated absences	-	-	-	-	(8,632)
Net cash provided (used) by operating activities	<u>\$ 2,271,684</u>	<u>\$ 908,960</u>	<u>\$ 668,782</u>	<u>\$ 3,849,426</u>	<u>\$ 108,228</u>
NON-CASH CAPITAL FINANCING ACTIVITIES					
Contributions of capital assets	\$ 104,800	\$ 113,360	\$ 130,535	\$ 348,695	\$ -
Total non-cash capital financing activities	<u>\$ 104,800</u>	<u>\$ 113,360</u>	<u>\$ 130,535</u>	<u>\$ 348,695</u>	<u>\$ -</u>

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

1. Summary of Significant Accounting Policies

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

A. Description of Reporting Entity

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

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

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

B. Basic Financial Statements

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

Government-wide statements

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

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Fund financial statements

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

C. Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

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

The City reports the following major governmental funds for 2012:

- *General Fund*
- *Building Fund*
- *Central Urban Renewal District Project Fund*
- *The Leveton Tax Increment District Project Fund*

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

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

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

D. Measurement Focus and Basis of Accounting

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

The government-wide financial statements and the proprietary funds financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred,

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

The proprietary financial statements have incorporated all applicable GASB pronouncements.

E. Cash and Investments

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

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

F. Receivables

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

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

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

G. Interfund Loans Receivables/Payables

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

H. Inventories

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

I. Capital Assets

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

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the year ended June 30, 2012.

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>
Buildings and improvements	25-40
Improvements	10-50
Infrastructure	20-50
Vehicles	5-10
Machinery and equipment	5-10
Utility Systems	25-50

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

J. Deferred Revenues

Deferred revenues represent uncollected property taxes and other revenues not deemed available to finance operations of the current period.

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

K. Compensated Absences

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

Funds used to liquidate accrued compensated absences included the general fund, engineering and building fund, and the operations and urban redevelopment administration funds.

L. Net Assets

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

M. Fund Equity

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. It establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.

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

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Use of Restricted Resources - When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

Committed – Includes items committed by the City, by formal council resolution or motion. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned – Includes items assigned for specific uses, authorized by the City. Through a resolution, the City has assigned the City Manager or Finance Director the authority to assign fund balance. Assignments of fund balance can be done at any time, including after the fiscal year end date.

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

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

N. Accounting Estimates

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

2. Cash and Cash Equivalents

At June 30, 2012 investments included in cash and cash equivalents consist of the following:

	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Investments in the State Treasurer's Local Government Investment Pool	0.00	\$ 37,875,618

A. Interest rate risk

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

B. Credit risk

State statutes authorize the City of Tualatin to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State Treasurer's Oregon Local Government Investment Pool, among others. The City has no investment policy that would further limit its investment choices.

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the Pool is the same as the fair value of Pool shares. Investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The State Treasurer's Oregon Local Government Investment Pool is not registered with the SEC as an investment company and is unrated.

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

C. Concentration of credit risk

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

D. Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depositary Insurance Corporation (FDIC) provides insurance for the City's deposits on up to \$250,000 for the combined total of all interest bearing accounts at each financial institution and unlimited coverage for non-interest bearing transaction accounts. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2012, none of the City's bank balances were exposed to custodial credit risk.

3. Property Taxes and Assessments Receivable

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

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

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

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

4. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

Total Primary Government	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, non-depreciable:				
Land	\$ 13,541,624	\$ 7,240	\$ -	\$ 13,548,864
Construction in Progress	13,933,686	4,042,672	(3,534,625)	14,441,733
Total capital assets, non-depreciable	<u>27,475,310</u>	<u>4,049,912</u>	<u>(3,534,625)</u>	<u>27,990,597</u>
Capital assets, depreciable:				
Improvements & Infrastructure	114,446,493	3,801,461	-	118,247,954
Buildings	17,285,105	-	-	17,285,105
Machinery & Equipment	3,558,667	291,996	(443,746)	3,406,917
Total capital assets, depreciable	<u>135,290,265</u>	<u>4,093,457</u>	<u>(443,746)</u>	<u>138,939,976</u>
Total	162,765,575	8,143,369	(3,978,371)	166,930,573
Less accumulated depreciation for:				
Improvements & Infrastructure	(50,297,382)	(3,437,327)	-	(53,734,709)
Buildings	(4,497,506)	(567,108)	-	(5,064,614)
Machinery & Equipment	(2,581,361)	(248,559)	443,746	(2,386,174)
Total accumulated depreciation	<u>(57,376,249)</u>	<u>(4,252,994)</u>	<u>443,746</u>	<u>(61,185,497)</u>
Net depreciable capital assets	<u>77,914,016</u>	<u>(159,537)</u>	<u>-</u>	<u>77,754,479</u>
Net capital assets	<u><u>\$ 105,389,326</u></u>	<u><u>\$ 3,890,375</u></u>	<u><u>\$ (3,534,625)</u></u>	<u><u>\$ 105,745,076</u></u>
Governmental activities:				
		Depreciation		
General government		\$ 640,913		
Public safety		206,107		
Highways and streets		2,641,213		
Culture and recreation		764,761		
Total depreciation expense - governmental activities		<u><u>\$ 4,252,994</u></u>		

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Business-type activities totals	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, non-depreciable:				
Land	\$ 877,464	-	-	\$ 877,464
Construction in Progress	4,538,765	696,529	(1,653,700)	3,581,594
Total capital assets, non-depreciable	5,416,229	696,529	(1,653,700)	4,459,058
Capital assets, depreciable:				
Improvements & Infrastructure	69,776,326	2,001,986	-	71,778,312
Buildings	367,755	-	-	367,755
Machinery & Equipment	863,750	-	(11,018)	852,732
Total capital assets, depreciable	71,007,831	2,001,986	(11,018)	72,998,799
Total	76,424,060	2,698,515	(1,664,718)	77,457,857
Less accumulated depreciation for:				
Improvements & Infrastructure	(22,252,816)	(1,483,190)	-	(23,736,006)
Buildings	(337,002)	(1,694)	-	(338,696)
Machinery & Equipment	(589,873)	(70,556)	11,018	(649,411)
Total accumulated depreciation	(23,179,691)	(1,555,440)	11,018	(24,724,113)
Net depreciable capital assets	47,828,141	446,546	-	48,274,686
Net capital assets	\$ 53,244,369	\$ 1,143,075	\$ (1,653,700)	\$ 52,733,744
Business-type activities:				
Water			\$ (891,435)	
Sewer			(539,374)	
Stormwater			(124,631)	
Total depreciation expense - business-type activities			<u>\$ (1,555,440)</u>	

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

5. Interfund Receivables, Payables, and Transfers

A. Interfund Receivables and Payables

Interfund balances which represent short-term internal financing and will be repaid in the subsequent year are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 90	\$ -
Building Fund	1	
Economic Development Adm. Fund	-	91
	<u>\$ 91</u>	<u>\$ 91</u>

B. Interfund Transfers

	Transfer In	Transfer Out
Major Governmental Funds:		
General Fund	\$ 2,787,545	\$ 49,770
Building Fund	15,000	94,674
Leveton Project Fund	24,617	245,000
Total Major Governmental Funds	2,827,162	389,444
Non-major Governmental Funds:		
Operations Fund	2,350,910	-
Road Utility Fee	-	305,238
Road Op/Gas Tax Fund	92,571	700,398
Core Area Parking District Fund	-	64,027
Library Improvement Fund	-	-
Road Development Fund	-	321
Park Development Fund	22,500	16,917
Economic Development Adm. Fund	420,000	322,716
Infrastructure Reserve Fund	42,270	250,000
Central Urban Renewal District Project Fund	-	175,000
Total Non-major Governmental Funds	2,928,251	1,834,617
Proprietary Funds:		
Water Fund	-	2,416,663
Water Development Fund	100,000	1,564
Enterprise Bond Fund	539,531	-
Sewer Fund	250,000	990,829
Sewer Development Fund	-	2,748
Storm Drain Fund	-	1,009,079
Storm Drain Development Fund	-	-
Total Proprietary Funds	889,531	4,420,883
Total All Funds	<u>\$ 6,644,944</u>	<u>\$ 6,644,944</u>

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

6. Long Term Debt

During the year ended June 30, 2012, long-term liability activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Bonds payable:					
GO Bond Refunding 4/2008	\$ 2,485,000	\$ -	\$ (270,000)	\$ 2,215,000	\$ 275,000
GO Bond Park Improvement 1/2005	2,965,000	-	(165,000)	2,800,000	170,000
Limited tax improvement bonds	380,000	-	(160,000)	220,000	220,000
GO Bond Library Improvement 11/2006	3,785,000	-	(170,000)	3,615,000	180,000
Total bonds payable	9,615,000	-	(765,000)	8,850,000	845,000
Capital leases	7,490		(7,490)	-	-
Compensated absences	589,811	625,996	(589,811)	625,996	625,996
Governmental activities	10,212,301	625,996	(1,362,301)	9,475,996	1,470,996
Internal Service activities	70,287	61,655	(70,287)	61,655	61,655
Total Governmental activities	<u>\$ 10,282,588</u>	<u>\$ 687,651</u>	<u>\$ (1,432,588)</u>	<u>\$ 9,537,651</u>	<u>\$ 1,532,651</u>
Business-type activities:					
Bonds payable:					
Water revenue bonds 11/05	\$ 5,980,000	\$ -	\$ (295,000)	\$ 5,685,000	\$ 305,000
Total Business-type activities	<u>\$ 5,980,000</u>	<u>\$ -</u>	<u>\$ (295,000)</u>	<u>\$ 5,685,000</u>	<u>\$ 305,000</u>

A. Bonds Payable

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as twenty-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding at June 30, 2012 are as follows:

Governmental Activities	
During 2005, the City issued \$3,785,000 of general obligation bonds for parks improvements. The bonds carry interest rates varying from 2.5% to 4.125%. Interest is payable semiannually on December 15 and June 15 of each year.	\$ 2,800,000
During 2006, the City issued \$4,225,000 of general obligation bonds for the library construction. The bonds carry an interest rate of 4%. Interest is payable semiannually on December 1 and June 1 of each year.	3,615,000
During 2008, the City issued \$2,575,000 of general obligation bonds at rates varying from 3.75% to 5.0% on its 1999 general obligation debt for the construction of the police facility. Interest is payable semiannually on December 1 and June 1 of each year.	2,215,000
Total general obligation bonds payable	<u>\$ 8,630,000</u>

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Year Ending	GO Bonds, Series 2005 Park Improvements		GO Bonds, Series 2006 Library Improvements		GO Bonds, Series 2008 Police Facility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 170,000	\$ 108,056	\$ 180,000	\$ 140,838	\$ 275,000	\$ 89,388	\$ 625,000	\$ 338,281
2014	175,000	\$ 101,694	185,000	133,081	290,000	78,088	650,000	312,863
2015	180,000	\$ 95,038	190,000	125,113	305,000	66,569	675,000	286,719
2016	190,000	\$ 87,863	200,000	116,825	310,000	54,650	700,000	259,338
2017	195,000	\$ 80,163	210,000	108,113	330,000	41,850	735,000	230,125
2018-2022	1,110,000	273,713	1,180,000	410,600	705,000	35,625	2,995,000	719,938
2023-2027	780,000	48,931	1,470,000	151,865	-	-	2,250,000	200,796
	<u>\$ 2,800,000</u>	<u>\$ 795,456</u>	<u>\$ 3,615,000</u>	<u>\$ 1,186,434</u>	<u>\$ 2,215,000</u>	<u>\$ 366,169</u>	<u>\$ 8,630,000</u>	<u>\$ 2,348,059</u>

The City also issues bonds where assessments levied within a Local Improvement District have been pledged to pay the debt service on the bonds. Limited Tax Improvement bonds outstanding are as follows as of June 30, 2012:

Governmental Activities

During 1998, the City issued bonds in the amount of \$2,460,000 for a street improvement project. The bonds carry an interest rate of 4.70%. Interest is payable semiannually on December 1 and June 1 of each year. Principal on the debt is not due until 2013, however, the debt was structured to allow payment of principal as assessment payments and pre-payments are received.

\$ 220,000

Total tax improvement bonds payable

\$ 220,000

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

Year Ending	Limited Tax Improvement Bonds Series 1998 Street Improvements	
	Principal	Interest
2013	\$ 220,000	\$ 10,340
	<u>\$ 220,000</u>	<u>\$ 10,340</u>

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

The city also issued bonds where income derived from net revenue of the City's water system is pledged to pay debt service. Revenue bonds outstanding are as follows as of June 30, 2012:

Business Type Activities

During 2005, the City sold revenue bonds in the amount of \$7,305,000 for construction of a five million gallon water reservoir and the retrofitting of four existing water reservoirs and three water pump stations to meet current seismic loading standards. The City covenants for the owners of all Series 2005 bonds to establish and maintain rates and charges in connection with the operation of the system which, when combined with other gross revenues, are adequate to generate net revenues for each year at least equal to 1.25 times annual bond debt service due in that fiscal year and net operating revenue after the deduction of system development charges equal to 1.15 times annual debt service due in the fiscal year. Interest rates for this bond range from 4.25% to 4.5%. Interest is payable semiannually on December 1 and June 1 of each year.

\$ 5,685,000

Total bonds payable

\$ 5,685,000

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

Year Ending	Water Revenue Bond, Series 2005 Water Reservoir	
2013	\$ 305,000	233,281
2014	315,000	221,263
2015	330,000	208,363
2016	345,000	194,863
2017	360,000	180,763
2018-2022	2,040,000	663,996
2023-2027	1,990,000	181,575
	<u>\$ 5,685,000</u>	<u>\$ 1,884,104</u>

B. Capital Leases

The City has entered into a lease agreement for financing the acquisition of computer equipment and a network server. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The amount of equipment capitalized under this lease was \$90,000.

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2012.

<u>Years ending</u> <u>June 30,</u> 2013	<u>Amount</u>
	\$ 7,490
Less amount representing interest	<u>(7,490)</u>
Present value of future minimum lease payments	<u>\$ -</u>

7. Pension Plan

A. Plan Description

Prior to June 30, 2000, members of the City's OPEU Bargaining Unit were eligible to participate in the contributory defined contributions pension plan. As of June 30, 2000, OPEU (now TEA) employees had the option to move their retirement funds into the OPERS defined benefit retirement plan. TEA employees remaining in the defined contribution plan will have their retirement plan contributions continued under the plan until their retirement or termination of City employment. New TEA employees hired after June 30, 2000, will participate in OPERS. The payroll for the four employees covered by the contributory defined contribution retirement plan for the year ended June 30, 2012, was \$249,628. The City's total payroll was \$9,621,239.

The City has elected to participate in a pool with the State of Oregon and other Oregon local governments and community college public employers for its PERS pension program (the "state and Local Government Rate Pool" or "SLGRP"), a cost-sharing multi-employer defined benefit plan. Current City employer rates for the period beginning July 1, 2011, is based on the December 31, 2009, actuarial valuation and is 13.62% for PERS general service employees, 21.37% for PERS police employees, 12.09% for OPSRP general service employees and 14.80% for OPSRP police employees.

These rates do not include the 6% employee contribution rate, which the City has elected to make on behalf of the members of the Tualatin Police Association. Other employees pay the 6% employee contribution themselves. In addition, the City pays a rate of 3.24% for all employees to pay toward its accrued actuarial deficit. Pension expense recorded by the City under the plan was \$1,586,444 for the year ended June 30, 2012.

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

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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

B. Funding Policy

Substantially all regular full-time City employees are participants under plans available through Oregon Public Employees Retirement Systems (OPERS), an agent multiple-employer public employee retirement system under authority of ORS 238.600. There are two programs determined by the date of employment. Those employed prior to August 29, 2003, are PERS program members. Those employed on or after August 29, 2003, are Oregon Public Service Retirement Plan (OPSRP) program members. OPSRP is a hybrid retirement plan with two components: 1) the pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan) and 2) the individual Account Program (IAP) (defined contribution, established and maintained as a tax qualified governmental defined contribution plan.)

Beginning January 1, 2004, active members of PERS became members of OPSRP IAP. PERS plan member contributions (six percent employee contribution whether made by the employee or “picked-up” by the employer) go into the IAP portion of OPSRP. PERS plan members retain their existing PERS accounts, but future member contributions will be deposited in the members ASP, not into the members PERS account.

C. Annual Pension Cost

Contribution information for the years ended June 30, 2012 is as follows:

Year Ended	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
6/30/2012	\$ 1,586,444	100%	\$ -
6/30/2011	1,276,380	100%	-
6/30/2010	1,250,813	100%	-

8. Risk Management

The City is subject to the ordinary risks of loss to which similar entities are exposed. These risks are handled through the purchase of commercial insurance and participation in a worker's compensation self-insurance pool and a property/liability self-insurance pool. These pools are administered by the City/County Insurance Service Trust (CCIS). The City has no significant claims against it that are in excess of its coverage. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. The City pays an annual premium to CCIS for its

CITY OF TUALATIN, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

insurance coverage. Based on the experience of the City and pool, the City may be liable for an additional premium of up to approximately 20% of its initial premium or the City may receive a refund. The City has never had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy.

9. Contingencies and Commitments

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

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

10. New Accounting Pronouncements – GASB Statement No. 61 and 62

The Governmental Accounting Standards Board (GASB) has issued Statement No. 61, *The Financial Reporting Entity: Omnibus* and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The City implemented GASB Statement No. 61 and 62 in the year ending June 30, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

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

➤ **Budgetary Comparison Schedules**

- General Fund
- Building Fund

CITY OF TUALATIN, OREGON
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	\$ 7,285,000	\$ 7,285,000	\$ 7,301,386	\$ 16,386
Franchise fees	2,350,000	2,350,000	2,205,176	(144,824)
Grants	531,630	531,630	176,934	(354,696)
Licenses and permits	506,040	506,040	608,589	102,549
Charges for services	229,780	229,780	237,754	7,974
Intergovernmental	2,072,735	2,072,735	2,247,220	174,485
Fines and forfeitures	771,500	886,500	1,369,534	483,034
Contributions and donations	-	-	32,669	32,669
Interest	37,000	37,000	72,993	35,993
Miscellaneous	107,575	107,575	49,667	(57,908)
Total revenues	13,891,260	14,006,260	14,301,922	295,662
EXPENDITURES:				
General government	4,223,475	4,330,475	4,290,872	39,603
Public safety	6,254,901	6,349,901	6,345,089	4,812
Highways and streets	1,177,021	1,177,021	1,103,448	73,573
Culture and recreation	4,740,955	4,740,955	4,201,940	539,015
Capital outlay	352,323	372,323	193,395	178,928
Contingency	4,290,465	4,183,465	-	4,183,465
Total expenditures	21,039,140	21,154,140	16,134,744	5,019,396
Revenues over (under) expenditures	(7,147,880)	(7,147,880)	(1,832,822)	5,315,058
OTHER FINANCING SOURCES (USES):				
Transfers in	2,787,545	2,787,545	2,787,545	-
Transfers out	(49,770)	(49,770)	(49,770)	-
Total other financing sources (uses)	2,737,775	2,737,775	2,737,775	-
Net changes in fund balances	(4,410,105)	(4,410,105)	904,953	5,315,058
FUND BALANCE, BEGINNING	4,410,105	4,410,105	5,586,851	1,176,746
FUND BALANCE, ENDING	\$ -	\$ -	\$ 6,491,804	\$ 6,491,804

CITY OF TUALATIN, OREGON
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Licenses and permits	\$ 673,797	\$ 673,797	\$ 679,786	\$ 5,989
Interest	3,610	3,610	8,582	4,972
Miscellaneous	100	100	3,107	3,007
Total revenues	677,507	677,507	691,475	13,968
EXPENDITURES:				
Personal service	429,628	486,628	485,333	1,295
Materials and service	93,765	68,765	58,724	10,041
Contingency	92,710	60,710	-	60,710
Total expenditures	616,103	616,103	544,057	72,046
Revenues over (under) expenditures	61,404	61,404	147,418	86,014
OTHER FINANCING SOURCES (USES):				
Transfers in	15,000	15,000	15,000	-
Transfers out	(94,674)	(94,674)	(94,674)	-
Total other financing sources (uses)	(79,674)	(79,674)	(79,674)	-
Net changes in fund balances	(18,270)	(18,270)	67,744	86,014
FUND BALANCES, BEGINNING	1,083,940	1,083,940	1,458,274	374,334
FUND BALANCES, ENDING	<u>\$ 1,065,670</u>	<u>\$ 1,065,670</u>	<u>\$ 1,526,018</u>	<u>\$ 460,348</u>

CITY OF TUALATIN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2012

Stewardship, Compliance, and Accountability

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

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

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Total expenditures by department as established by the resolution are the legal level of control for the General Fund. Expenditure categories of personal services, materials and services, capital outlay, debt service transfers, and contingency are the legal level of control for all other funds. The detail budget document, however, is required to contain more specific information for the above mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the City Council. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the City Council. Management may not amend the budget without seeking the approval of the Council. The city had appropriation transfers during the year-ended June 30, 2012. The city had a supplemental budget during the year-ended June 30, 2012. Appropriations lapse as of year-end.

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

COMBINING STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

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

Road Utility Fee Fund

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

Road Gas Tax Fund

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

Core Area Parking District Fund

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

Tualatin Scholarship Fund

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

Road Development Fund

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

Economic Development Administration Fund

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

Transportation Development Tax Fund

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

911 Emergency Communication Fund

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

Debt Service Funds

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

General Obligation Bond Fund

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

Bancroft Bond Fund

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

Central Urban Renewal District Bond Fund

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

Capital Projects Funds

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

Local Improvement District Fund

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

Park Development Fund

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

Parks Improvement Fund

The Parks Improvement Fund accounts for improvements to City parks not funded by system development charges.

Infrastructure Reserve Fund

The Infrastructure Reserve Fund accounts for the accumulation of funds to construct future capital projects. Resources are provided by other City funds.

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CITY OF TUALATIN, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
ASSETS				
Cash and cash equivalents	\$ 5,093,827	\$ 449,929	\$ 2,957,411	\$ 8,501,167
Due from other governments	-	3,740	-	3,740
Accounts receivable	90,603	-	-	90,603
Property taxes receivable	-	50,160	-	50,160
Assessments receivable	-	87,036	-	87,036
Inventories	34,920	-	-	34,920
Total assets	<u>\$ 5,219,350</u>	<u>\$ 590,865</u>	<u>\$ 2,957,411</u>	<u>\$ 8,767,626</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and other current liabilities	\$ 158,375	\$ 60,000	\$ 23,479	\$ 241,854
Deposits	55,324	-	-	55,324
Due to other funds	91	-	-	91
Retainage payable	8,231	-	-	8,231
Deferred revenue	-	132,691	-	132,691
Total liabilities	<u>222,021</u>	<u>192,691</u>	<u>23,479</u>	<u>438,191</u>
FUND BALANCES:				
Nonspendable:				
Inventory	34,920	-	-	34,920
Restricted for:				
Street and roadside maintenance	605,858	-	-	605,858
Debt service payments	-	398,174	-	398,174
Capital projects	-	-	623,276	623,276
Transportation	2,701,857	-	-	2,701,857
Urban renewal projects	318,328	-	-	318,328
Committed to:				
Pavement maintenance and street lighting	1,097,706	-	-	1,097,706
Parking maintenance	187,915	-	-	187,915
Assigned to:				
Scholarships	50,745	-	-	50,745
Capital projects	-	-	2,310,656	2,310,656
Total fund equity	<u>4,997,329</u>	<u>398,174</u>	<u>2,933,932</u>	<u>8,329,435</u>
Total liabilities and fund equity	<u>\$ 5,219,350</u>	<u>\$ 590,865</u>	<u>\$ 2,957,411</u>	<u>\$ 8,767,626</u>

CITY OF TUALATIN, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
REVENUES:				
Property taxes	\$ -	\$ 958,056	\$ -	\$ 958,056
Charges for service	517,240	-	-	517,240
Licenses and permits	1,258,603	-	73,720	1,332,323
Intergovernmental	1,514,698	-	428,838	1,943,536
Fines and forfeitures	2,362	-	-	2,362
Special assessments	127,548	87,056	-	214,604
Interest	23,537	12,964	15,455	51,956
Miscellaneous	55,739	-	36,196	91,935
Total revenues	3,499,727	1,058,076	554,209	5,112,012
EXPENDITURES:				
General government	1,774,578	300	(507)	1,774,371
Capital outlay	36,342	-	537,275	573,617
Debt service:				
Principal	-	765,000	-	765,000
Interest	-	380,448	-	380,448
Total expenditures	1,810,920	1,145,748	536,768	3,493,436
Revenues over (under) expenditures	1,688,807	(87,672)	17,441	1,618,576
OTHER FINANCING SOURCES (USES):				
Transfers in	512,571	-	64,770	577,341
Transfers out	(1,392,700)	-	(266,917)	(1,659,617)
Total other financing sources (uses)	(880,129)	-	(202,147)	(1,082,276)
Net changes in fund balances	808,678	(87,672)	(184,706)	536,300
FUND BALANCES, BEGINNING	4,188,651	485,846	3,118,638	7,793,135
FUND BALANCES, ENDING	\$ 4,997,329	\$ 398,174	\$ 2,933,932	\$ 8,329,435

CITY OF TUALATIN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	Road Utility Fee Fund	Road Gas Tax Fund	Core Area Parking District Fund
ASSETS			
Cash and cash equivalents	\$ 1,037,099	\$ 761,565	\$ 188,238
Accounts receivable	81,218	9,385	-
Inventories	-	34,920	-
Total assets	<u>\$ 1,118,317</u>	<u>\$ 805,870</u>	<u>\$ 188,238</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts payable and other current liabilities	\$ 13,616	\$ 128,229	\$ 323
Deposits	-	36,863	-
Due to other funds	-	-	-
Retainage payable	6,995	-	-
Total liabilities	<u>20,611</u>	<u>165,092</u>	<u>323</u>
FUND BALANCES:			
Nonspendable:			
Inventory	-	34,920	-
Restricted for:			
Street and roadside maintenance	-	605,858	-
Transportation	-	-	-
Urban renewal projects	-	-	-
Committed to:			
Pavement maintenance and street lighting	1,097,706	-	-
Parking maintenance	-	-	187,915
Assigned to:			
Scholarships	-	-	-
Total fund equity	<u>1,097,706</u>	<u>640,778</u>	<u>187,915</u>
Total liabilities and fund equity	<u>\$ 1,118,317</u>	<u>\$ 805,870</u>	<u>\$ 188,238</u>

CITY OF TUALATIN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2012

<u>Tualatin Scholarship Fund</u>	<u>Road Development Fund</u>	<u>Economic Development Administration Fund</u>	<u>Transportation Development Tax Fund</u>	<u>911 Emergency Communication Fund</u>	<u>Total</u>
\$ 50,745	\$ 1,076,064	\$ 334,626	\$ 1,645,490	\$ -	\$ 5,093,827
-	-	-	-	-	90,603
-	-	-	-	-	34,920
<u>\$ 50,745</u>	<u>\$ 1,076,064</u>	<u>\$ 334,626</u>	<u>\$ 1,645,490</u>	<u>\$ -</u>	<u>\$ 5,219,350</u>
\$ -	\$ -	\$ 16,207	\$ -	\$ -	\$ 158,375
-	18,461	-	-	-	55,324
-	-	91	-	-	91
-	1,236	-	-	-	8,231
-	19,697	16,298	-	-	222,021
-	-	-	-	-	34,920
-	-	-	-	-	605,858
-	1,056,367	-	1,645,490	-	2,701,857
-	-	318,328	-	-	318,328
-	-	-	-	-	1,097,706
-	-	-	-	-	187,915
50,745	-	-	-	-	50,745
50,745	1,056,367	318,328	1,645,490	-	4,997,329
<u>\$ 50,745</u>	<u>\$ 1,076,064</u>	<u>\$ 334,626</u>	<u>\$ 1,645,490</u>	<u>\$ -</u>	<u>\$ 5,219,350</u>

CITY OF TUALATIN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2012

	Road Utility Fee Fund	Road Gas Tax Fund	Core Area Parking District Fund
REVENUES:			
Charges for service	\$ 260,085	\$ -	\$ 39,725
Licenses and permits	635,950	-	-
Intergovernmental	-	1,514,698	-
Fines and forfeitures	-	-	2,362
Special assessments	-	-	-
Interest	5,640	3,530	1,050
Miscellaneous	30,150	24,617	-
	<hr/>	<hr/>	<hr/>
Total revenues	931,825	1,542,845	43,137
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
General government	819,123	722,137	14,703
Capital outlay	-	36,342	-
	<hr/>	<hr/>	<hr/>
Total expenditures	819,123	758,479	14,703
	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	112,702	784,366	28,434
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	92,571	-
Transfers out	(305,238)	(700,398)	(64,027)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(305,238)	(607,827)	(64,027)
	<hr/>	<hr/>	<hr/>
Net changes in fund balances	(192,536)	176,539	(35,593)
	<hr/>	<hr/>	<hr/>
FUND BALANCES, BEGINNING	1,290,242	464,239	223,508
	<hr/>	<hr/>	<hr/>
FUND BALANCES, ENDING	<u>\$ 1,097,706</u>	<u>\$ 640,778</u>	<u>\$ 187,915</u>

CITY OF TUALATIN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2012

<u>Tualatin Scholarship Fund</u>	<u>Road Development Fund</u>	<u>Economic Development Administration Fund</u>	<u>Transportation Development Tax Fund</u>	<u>911 Emergency Communication Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 217,430	\$ -	\$ 517,240
-	622,653	-	-	-	1,258,603
-	-	-	-	-	1,514,698
-	-	-	-	-	2,362
-	-	-	-	127,548	127,548
260	3,348	1,548	8,161	-	23,537
-	461	511	-	-	55,739
<u>260</u>	<u>626,462</u>	<u>2,059</u>	<u>225,591</u>	<u>127,548</u>	<u>3,499,727</u>
1,000	-	90,067	-	127,548	1,774,578
-	-	-	-	-	36,342
<u>1,000</u>	<u>-</u>	<u>90,067</u>	<u>-</u>	<u>127,548</u>	<u>1,810,920</u>
(740)	626,462	(88,008)	225,591	-	1,688,807
-	-	420,000	-	-	512,571
-	(321)	(322,716)	-	-	(1,392,700)
-	(321)	97,284	-	-	(880,129)
(740)	626,141	9,276	225,591	-	808,678
51,485	430,226	309,052	1,419,899	-	4,188,651
<u>\$ 50,745</u>	<u>\$ 1,056,367</u>	<u>\$ 318,328</u>	<u>\$ 1,645,490</u>	<u>\$ -</u>	<u>\$ 4,997,329</u>

CITY OF TUALATIN, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	General Obligation Bond Fund	Bancroft Bond Fund	Central Urban Renewal District Bond Fund	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 72,652	\$ 317,277	\$ 60,000	\$ 449,929
Due from other governments	3,740	-	-	3,740
Property taxes receivable	50,160	-	-	50,160
Assessments receivable	-	87,036	-	87,036
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 126,552</u>	<u>\$ 404,313</u>	<u>\$ 60,000</u>	<u>\$ 590,865</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>LIABILITIES:</u>				
Accounts payable and other current liabilities	\$ -	\$ -	\$ 60,000	\$ 60,000
Deferred revenue	45,655	87,036	-	132,691
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>45,655</u>	<u>87,036</u>	<u>60,000</u>	<u>192,691</u>
<u>FUND BALANCES:</u>				
Restricted for:				
Debt service payments	<u>80,897</u>	<u>317,277</u>	<u>-</u>	<u>398,174</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund equity	<u>80,897</u>	<u>317,277</u>	<u>-</u>	<u>398,174</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund equity	<u>\$ 126,552</u>	<u>\$ 404,313</u>	<u>\$ 60,000</u>	<u>\$ 590,865</u>

CITY OF TUALATIN, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2012

	General Obligation Bond Fund	Bancroft Bond Fund	Central Urban Renewal District Bond Fund	Total
REVENUES:				
Property taxes	\$ 958,056	\$ -	\$ -	\$ 958,056
Special assessments	-	87,056	-	87,056
Interest	2,328	10,636	-	12,964
Total revenues	960,384	97,692	-	1,058,076
EXPENDITURES:				
General government	-	300	-	300
Debt service:				
Principal	605,000	160,000	-	765,000
Interest	362,588	17,860	-	380,448
Total expenditures	967,588	178,160	-	1,145,748
Revenues over (under) expenditures	(7,204)	(80,468)	-	(87,672)
Net changes in fund balances	(7,204)	(80,468)	-	(87,672)
FUND BALANCES, BEGINNING	88,101	397,745	-	485,846
FUND BALANCES, ENDING	<u>\$ 80,897</u>	<u>\$ 317,277</u>	<u>\$ -</u>	<u>\$ 398,174</u>

CITY OF TUALATIN, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	Local Improvement District Fund	Park Development Fund	Parks Improvement Fund	Infrastructure Reserve Fund	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 469,368	\$ 176,642	\$ 745	\$ 2,310,656	\$ 2,957,411
Total assets	<u>\$ 469,368</u>	<u>\$ 176,642</u>	<u>\$ 745</u>	<u>\$ 2,310,656</u>	<u>\$ 2,957,411</u>
<u>LIABILITIES AND FUND EQUITY</u>					
<u>LIABILITIES:</u>					
Accounts payable and other current liabilities	\$ -	\$ 23,479	\$ -	\$ -	\$ 23,479
Total liabilities	<u>-</u>	<u>23,479</u>	<u>-</u>	<u>-</u>	<u>23,479</u>
<u>FUND BALANCES:</u>					
Restricted for:					
Capital projects	469,368	153,163	745	-	623,276
Assigned to:					
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,310,656</u>	<u>2,310,656</u>
Total fund equity	<u>469,368</u>	<u>153,163</u>	<u>745</u>	<u>2,310,656</u>	<u>2,933,932</u>
Total liabilities and fund equity	<u>\$ 469,368</u>	<u>\$ 176,642</u>	<u>\$ 745</u>	<u>\$ 2,310,656</u>	<u>\$ 2,957,411</u>

CITY OF TUALATIN, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2012

	Local Improvement District Fund	Park Development Fund	Parks Improvement Fund	Infrastructure Reserve Fund	Total
REVENUES:					
Licenses and permits	\$ -	\$ 73,720	\$ -	\$ -	\$ 73,720
Intergovernmental	-	428,838	-	-	428,838
Interest	2,407	727	4	12,317	15,455
Miscellaneous	-	36,196	-	-	36,196
	<u>2,407</u>	<u>539,481</u>	<u>4</u>	<u>12,317</u>	<u>554,209</u>
Total revenues	2,407	539,481	4	12,317	554,209
EXPENDITURES:					
General government	-	(507)	-	-	(507)
Capital outlay	-	537,275	-	-	537,275
	<u>-</u>	<u>536,768</u>	<u>-</u>	<u>-</u>	<u>536,768</u>
Total expenditures	-	536,768	-	-	536,768
Revenues over (under) expenditures	2,407	2,713	4	12,317	17,441
OTHER FINANCING SOURCES (USES):					
Transfers in	-	22,500	-	42,270	64,770
Transfers out	-	(16,917)	-	(250,000)	(266,917)
	<u>-</u>	<u>5,583</u>	<u>-</u>	<u>(207,730)</u>	<u>(202,147)</u>
Total other financing sources (uses)	-	5,583	-	(207,730)	(202,147)
Net changes in fund balances	2,407	8,296	4	(195,413)	(184,706)
FUND BALANCES, BEGINNING	<u>466,961</u>	<u>144,867</u>	<u>741</u>	<u>2,506,069</u>	<u>3,118,638</u>
FUND BALANCES, ENDING	<u>\$ 469,368</u>	<u>\$ 153,163</u>	<u>\$ 745</u>	<u>\$ 2,310,656</u>	<u>\$ 2,933,932</u>

BUDGETARY COMPARISON SCHEDULES

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

Governmental Budgetary Comparison Schedules included the following:

- General Fund Schedule of Expenditures
- Nonmajor Special Revenue Funds
 - Road Utility Fee Fund
 - Road Gas Tax Fund
 - Core Area Parking District Fund
 - Tualatin Scholarship Fund
 - Road Development Fund
 - Economic Development Administration Fund
 - Transportation Development Tax Fund
 - 911 Emergency Communication Fund
- Nonmajor Debt Service Funds
 - General Obligation Bond Fund
 - Bancroft Bond Fund
 - Central Urban Renewal District Bond Fund
- Major and Nonmajor Capital Project Funds
 - Local Improvement District Fund
 - Park Development Fund
 - Parks Improvement Fund
 - Infrastructure Reserve Fund
 - Central Urban Renewal District Project Fund *
 - Leveton Tax Increment District Project Fund *

* Major fund

CITY OF TUALATIN, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
City council:				
Personal services	\$ 52,910	\$ 52,910	\$ 48,037	\$ 4,873
Materials and services	96,630	96,630	49,553	47,077
Subtotal	149,540	149,540	97,590	51,950
Administrative:				
Personal services	770,770	770,770	779,761	(8,991)
Materials and services	50,691	50,691	56,363	(5,672)
Subtotal	821,461	821,461	836,124	(14,663)
Finance:				
Personal services	770,623	770,623	752,282	18,341
Materials and services	89,600	89,600	78,220	11,380
Subtotal	860,223	860,223	830,502	29,721
Legal services:				
Personal services	186,344	206,479	211,699	(5,220)
Materials and services	12,070	12,070	9,940	2,130
Subtotal	198,414	218,549	221,639	(3,090)
Municipal court:				
Personal services	170,006	256,006	252,077	3,929
Materials and services	13,140	22,140	22,684	(544)
Subtotal	183,146	278,146	274,761	3,385
Community development planning:				
Personal services	555,321	555,321	581,677	(26,356)
Materials and services	532,159	532,159	167,592	364,567
Subtotal	1,087,480	1,087,480	749,269	338,211
Engineering & building:				
Personal services	1,092,456	1,092,456	1,045,501	46,955
Materials and services	84,565	84,565	57,947	26,618
Subtotal	1,177,021	1,177,021	1,103,448	73,573
Police patrol:				
Personal services	5,423,666	5,423,666	5,420,514	3,152
Materials and services	648,089	648,089	649,814	(1,725)
Capital outlay	114,000	114,000	114,227	(227)
Subtotal	6,185,755	6,185,755	6,184,555	1,200
Information services:				
Personal services	227,979	242,979	251,078	(8,099)
Materials and services	182,330	232,330	235,955	(3,625)
Capital outlay	58,778	58,778	45,536	13,242
Subtotal	469,087	534,087	532,569	1,518

CITY OF TUALATIN, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
Fleet:				
Personal services	180,530	180,530	180,499	31
Materials and services	276,839	276,839	275,544	1,295
Subtotal	457,369	457,369	456,043	1,326
Building maintenance:				
Personal services	192,588	192,588	193,473	(885)
Materials and services	540,443	540,443	530,939	9,504
Capital outlay	21,925	41,925	21,410	20,515
Subtotal	754,956	774,956	745,822	29,134
Parks maintenance:				
Personal services	826,919	826,919	783,413	43,506
Materials and services	378,540	378,540	313,810	64,730
Capital outlay	18,000	18,000	12,222	5,778
Subtotal	1,223,459	1,223,459	1,109,445	114,014
Community services - admin:				
Personal services	419,501	419,501	409,817	9,684
Materials and services	59,020	59,020	51,529	7,491
Subtotal	478,521	478,521	461,346	17,175
Community services - library:				
Personal services	1,366,176	1,366,176	1,305,200	60,976
Materials and services	339,210	339,210	335,063	4,147
Capital outlay	139,620	139,620	-	139,620
Subtotal	1,845,006	1,845,006	1,640,263	204,743
Community services -recreation:				
Personal services	120,429	120,429	113,066	7,363
Materials and services	143,680	143,680	140,773	2,907
Subtotal	264,109	264,109	253,839	10,270
Non-departmental:				
Personal services	21,400	43,265	55,376	(12,111)
Materials and services	571,728	571,728	582,153	(10,425)
Subtotal	593,128	614,993	637,529	(22,536)
Total expenditures	\$ 16,748,675	\$ 16,970,675	\$ 16,134,744	\$ 835,931

CITY OF TUALATIN, OREGON
ROAD UTILITY FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Charges for service	\$ 258,000	\$ 258,000	\$ 260,085	\$ 2,085
Licenses and permits	652,930	652,930	635,950	(16,980)
Interest	8,000	8,000	5,640	(2,360)
Miscellaneous	-	-	30,150	30,150
Total revenues	918,930	918,930	931,825	12,895
EXPENDITURES:				
Materials and service	939,607	939,607	819,123	120,484
Contingency	186,727	186,727	-	186,727
Total expenditures	1,126,334	1,126,334	819,123	307,211
Revenues over (under) expenditures	(207,404)	(207,404)	112,702	320,106
OTHER FINANCING SOURCES (USES):				
Transfers out	(305,238)	(305,238)	(305,238)	-
Total other financing sources (uses)	(305,238)	(305,238)	(305,238)	-
Net changes in fund balances	(512,642)	(512,642)	(192,536)	320,106
FUND BALANCES, BEGINNING	1,289,604	1,289,604	1,290,242	638
FUND BALANCES, ENDING	<u>\$ 776,962</u>	<u>\$ 776,962</u>	<u>\$ 1,097,706</u>	<u>\$ 320,744</u>

CITY OF TUALATIN, OREGON
ROAD GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 500	\$ 500	\$ -	\$ (500)
Intergovernmental	1,590,000	1,590,000	1,514,698	(75,302)
Interest	2,095	2,095	3,530	1,435
Miscellaneous	-	24,618	24,617	(1)
Total revenues	1,592,595	1,617,213	1,542,845	(74,368)
EXPENDITURES:				
Materials and service	832,456	832,456	722,137	110,319
Capital outlay	100,000	100,000	36,342	63,658
Contingency	495,892	495,892	-	495,892
Total expenditures	1,428,348	1,428,348	758,479	669,869
Revenues over (under) expenditures	164,247	188,865	784,366	595,501
OTHER FINANCING SOURCES (USES):				
Transfers in	92,571	92,571	92,571	-
Transfers out	(675,781)	(700,399)	(700,398)	1
Total other financing sources (uses)	(583,210)	(607,828)	(607,827)	1
Net changes in fund balances	(418,963)	(418,963)	176,539	595,502
FUND BALANCES, BEGINNING	418,963	418,963	464,239	45,276
FUND BALANCES, ENDING	\$ -	\$ -	\$ 640,778	\$ 640,778

CITY OF TUALATIN, OREGON
CORE AREA PARKING DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for service	\$ 60,000	\$ 60,000	\$ 39,725	\$ (20,275)
Fines and forfeitures	1,000	1,000	2,362	1,362
Interest	1,200	1,200	1,050	(150)
Total revenues	62,200	62,200	43,137	(19,063)
EXPENDITURES:				
Materials and service	25,372	25,372	14,703	10,669
Contingency	13,410	13,410	-	13,410
Total expenditures	38,782	38,782	14,703	24,079
Revenues over (under) expenditures	23,418	23,418	28,434	5,016
OTHER FINANCING SOURCES (USES):				
Transfers out	(64,027)	(64,027)	(64,027)	-
Total other financing sources (uses)	(64,027)	(64,027)	(64,027)	-
Net changes in fund balances	(40,609)	(40,609)	(35,593)	5,016
FUND BALANCES, BEGINNING	224,500	224,500	223,508	(992)
FUND BALANCES, ENDING	<u>\$ 183,891</u>	<u>\$ 183,891</u>	<u>\$ 187,915</u>	<u>\$ 4,024</u>

CITY OF TUALATIN, OREGON
TUALATIN SCHOLARSHIP FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Interest	\$ 500	\$ 500	\$ 260	\$ (240)
Total revenues	500	500	260	(240)
EXPENDITURES:				
Materials and service	1,000	1,000	1,000	-
Total expenditures	1,000	1,000	1,000	-
Net changes in fund balances	(500)	(500)	(740)	(240)
FUND BALANCES, BEGINNING	51,798	51,798	51,485	(313)
FUND BALANCES, ENDING	<u>\$ 51,298</u>	<u>\$ 51,298</u>	<u>\$ 50,745</u>	<u>\$ (553)</u>

CITY OF TUALATIN, OREGON
ROAD DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 622,653	\$ 622,653
Interest	2,166	2,166	3,348	1,182
Miscellaneous	-	-	461	461
Total revenues	2,166	2,166	626,462	624,296
EXPENDITURES:				
Contingency	435,060	435,060	-	435,060
Total expenditures	435,060	435,060	-	435,060
Revenues over (under) expenditures	(432,894)	(432,894)	626,462	1,059,356
OTHER FINANCING SOURCES (USES):				
Transfers out	(321)	(321)	(321)	-
Total other financing sources (uses)	(321)	(321)	(321)	-
Net changes in fund balances	(433,215)	(433,215)	626,141	1,059,356
FUND BALANCES, BEGINNING	433,215	433,215	430,226	(2,989)
FUND BALANCES, ENDING	\$ -	\$ -	\$ 1,056,367	\$ 1,056,367

CITY OF TUALATIN, OREGON
ECONOMIC DEVELOPMENT ADMINISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 1,000	\$ 1,000	\$ 1,548	\$ 548
Miscellaneous	-	-	511	511
Total revenues	1,000	1,000	2,059	1,059
EXPENDITURES:				
Personal service	111,661	111,661	44,128	67,533
Materials and service	95,512	95,512	45,939	49,573
Contingency	191,111	191,111	-	191,111
Total expenditures	398,284	398,284	90,067	308,217
Revenues over (under) expenditures	(397,284)	(397,284)	(88,008)	309,276
OTHER FINANCING SOURCES (USES):				
Transfers in	420,000	420,000	420,000	-
Transfers out	(322,716)	(322,716)	(322,716)	-
Total other financing sources (uses)	97,284	97,284	97,284	-
Net changes in fund balances	(300,000)	(300,000)	9,276	309,276
FUND BALANCES, BEGINNING	300,000	300,000	309,052	9,052
FUND BALANCES, ENDING	\$ -	\$ -	\$ 318,328	\$ 318,328

CITY OF TUALATIN, OREGON
TRANSPORTATION DEVELOPMENT TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Charges for service	\$ 175,000	\$ 175,000	\$ 217,430	\$ 42,430
Interest	1,335	1,335	8,161	6,826
Total revenues	176,335	176,335	225,591	49,256
EXPENDITURES:				
Contingency	443,257	443,257	-	443,257
Total expenditures	443,257	443,257	-	443,257
Net changes in fund balances	(266,922)	(266,922)	225,591	492,513
FUND BALANCES, BEGINNING	266,922	266,922	1,419,899	1,152,977
FUND BALANCES, ENDING	\$ -	\$ -	\$ 1,645,490	\$ 1,645,490

CITY OF TUALATIN, OREGON
911 EMERGENCY COMMUNICATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Special assessments	\$ 130,000	\$ 130,000	\$ 127,548	\$ (2,452)
Total revenues	130,000	130,000	127,548	(2,452)
EXPENDITURES:				
Materials and service	130,000	130,000	127,548	2,452
Total expenditures	130,000	130,000	127,548	2,452
Net changes in fund balances	-	-	-	-
FUND BALANCES, BEGINNING	-	-	-	-
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF TUALATIN, OREGON
GENERAL OBLIGATION BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	\$ 948,000	\$ 948,000	\$ 958,056	\$ 10,056
Interest	1,000	1,000	2,328	1,328
Total revenues	949,000	949,000	960,384	11,384
EXPENDITURES:				
Debt service:				
Principal	605,000	605,000	605,000	-
Interest	362,588	362,588	362,588	-
Total expenditures	967,588	967,588	967,588	-
Net changes in fund balances	(18,588)	(18,588)	(7,204)	11,384
FUND BALANCES, BEGINNING	50,000	50,000	88,101	38,101
FUND BALANCES, ENDING	<u>\$ 31,412</u>	<u>\$ 31,412</u>	<u>\$ 80,897</u>	<u>\$ 49,485</u>

CITY OF TUALATIN, OREGON
BANCROFT BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Special assessments	\$ 87,040	\$ 87,040	\$ 87,056	\$ 16
Interest	17,000	17,000	10,636	(6,364)
Total revenues	104,040	104,040	97,692	(6,348)
EXPENDITURES:				
Materials and service	300	300	300	-
Debt service:				
Principal	160,000	160,000	160,000	-
Interest	29,140	29,140	17,860	11,280
Total expenditures	189,440	189,440	178,160	11,280
Net changes in fund balances	(85,400)	(85,400)	(80,468)	4,932
FUND BALANCES, BEGINNING	400,000	400,000	397,745	(2,255)
FUND BALANCES, ENDING	<u>\$ 314,600</u>	<u>\$ 314,600</u>	<u>\$ 317,277</u>	<u>\$ 2,677</u>

CITY OF TUALATIN, OREGON
LOCAL IMPROVEMENT DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Interest	\$ 2,345	\$ 2,345	\$ 2,407	\$ 62
Total revenues	2,345	2,345	2,407	62
EXPENDITURES:				
Materials and service	52,500	52,500	-	52,500
Capital outlay	100,000	100,000	-	100,000
Contingency	318,925	318,925	-	318,925
Total expenditures	471,425	471,425	-	471,425
Net changes in fund balances	(469,080)	(469,080)	2,407	471,487
FUND BALANCE, BEGINNING	469,080	469,080	466,961	(2,119)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 469,368	\$ 469,368

CITY OF TUALATIN, OREGON
PARK DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Licenses and permits	\$ 25,100	\$ 25,100	\$ 73,720	\$ 48,620
Intergovernmental	718,511	761,041	428,838	(332,203)
Interest	1,000	1,000	727	(273)
Miscellaneous	-	-	36,196	36,196
Total revenues	744,611	787,141	539,481	(247,660)
EXPENDITURES:				
Materials and service	5,300	5,300	(507)	5,807
Capital outlay	866,760	934,290	537,275	397,015
Total expenditures	872,060	939,590	536,768	402,822
Revenues over (under) expenditures	(127,449)	(152,449)	2,713	155,162
OTHER FINANCING SOURCES (USES):				
Transfers in	22,500	22,500	22,500	-
Transfers out	(16,917)	(16,917)	(16,917)	-
Total other financing sources (uses)	5,583	5,583	5,583	-
Net changes in fund balances	(121,866)	(146,866)	8,296	155,162
FUND BALANCE, BEGINNING	121,866	96,866	144,867	48,001
FUND BALANCE, ENDING	\$ -	\$ (50,000)	\$ 153,163	\$ 203,163

CITY OF TUALATIN, OREGON
PARKS IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Interest	\$ -	\$ -	\$ 4	\$ 4
Total revenues	-	-	4	4
Net changes in fund balances	-	-	4	4
FUND BALANCE, BEGINNING	-	-	741	741
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 745</u>	<u>\$ 745</u>

CITY OF TUALATIN, OREGON
INFRASTRUCTURE RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Interest	\$ 10,710	\$ 10,710	\$ 12,317	\$ 1,607
Total revenues	10,710	10,710	12,317	1,607
Revenues over (under) expenditures	10,710	10,710	12,317	1,607
OTHER FINANCING SOURCES (USES):				
Transfers in	42,270	42,270	42,270	-
Transfers out	(250,000)	(250,000)	(250,000)	-
Total other financing sources (uses)	(207,730)	(207,730)	(207,730)	-
Net changes in fund balances	(197,020)	(197,020)	(195,413)	1,607
FUND BALANCE, BEGINNING	2,142,028	2,142,028	2,506,069	364,041
FUND BALANCE, ENDING	<u>\$ 1,945,008</u>	<u>\$ 1,945,008</u>	<u>\$ 2,310,656</u>	<u>\$ 365,648</u>

CITY OF TUALATIN, OREGON
CENTRAL URBAN RENEWAL DISTRICT PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Interest	\$ 6,000	\$ 6,000	\$ 12,591	\$ 6,591
Total revenues	6,000	6,000	12,591	6,591
EXPENDITURES:				
Materials and service	76,000	76,000	-	76,000
Capital outlay	1,733,279	1,733,279	1,400,068	333,211
Contingency	297,642	297,642	-	297,642
Total expenditures	2,106,921	2,106,921	1,400,068	706,853
Revenues over (under) expenditures	(2,100,921)	(2,100,921)	(1,387,477)	713,444
OTHER FINANCING SOURCES (USES):				
Transfers out	(175,000)	(175,000)	(175,000)	-
Total other financing sources (uses)	(175,000)	(175,000)	(175,000)	-
Net changes in fund balances	(2,275,921)	(2,275,921)	(1,562,477)	713,444
FUND BALANCES, BEGINNING	2,603,185	2,603,185	2,677,660	74,475
FUND BALANCES, ENDING	<u>\$ 327,264</u>	<u>\$ 327,264</u>	<u>\$ 1,115,183</u>	<u>\$ 787,919</u>

CITY OF TUALATIN, OREGON
LEVETON TAX INCREMENT DISTRICT PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Interest	\$ 30,000	\$ 30,000	\$ 36,714	\$ 6,714
Total revenues	30,000	30,000	36,714	6,714
EXPENDITURES:				
Materials and service	10,000	10,000	-	10,000
Capital outlay	4,840,600	4,840,600	2,128,877	2,711,723
Contingency	764,340	764,340	-	764,340
Total expenditures	5,614,940	5,614,940	2,128,877	3,486,063
Revenues over (under) expenditures	(5,584,940)	(5,584,940)	(2,092,163)	3,492,777
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	24,617	24,617
Transfers out	(245,000)	(245,000)	(245,000)	-
Total other financing sources (uses)	(245,000)	(245,000)	(220,383)	24,617
Net changes in fund balances	(5,829,940)	(5,829,940)	(2,312,546)	3,517,394
FUND BALANCES, BEGINNING	7,441,430	7,441,430	7,973,677	532,247
FUND BALANCES, ENDING	<u>\$ 1,611,490</u>	<u>\$ 1,611,490</u>	<u>\$ 5,661,131</u>	<u>\$ 4,049,641</u>

BUDGETARY COMPARISON SCHEDULES

Enterprise Funds

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

Enterprise Budgetary Comparison schedules include the following:

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

CITY OF TUALATIN, OREGON
WATER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2012

	Water Fund	Water Development Fund	Water Reservoir Fund	Enterprise Bond Fund	Total Water Operations
REVENUES:					
Charges for services	\$ 5,309,078	\$ 213,954	\$ -	\$ -	\$ 5,523,032
Interest	31,556	3,174	1	2,235	36,966
Miscellaneous	12,720	-	-	-	12,720
Total revenues	5,353,354	217,128	1	2,235	5,572,718
EXPENDITURES:					
Materials and service	2,096,342	-	-	225	2,096,567
Capital outlay	197,415	125,623	-	-	323,038
Debt service:					
Principal	-	-	-	295,000	295,000
Interest	-	-	-	244,531	244,531
Total expenditures	2,293,757	125,623	-	539,756	2,959,136
Revenues over (under) expenditures	3,059,597	91,505	1	(537,521)	2,613,582
OTHER FINANCING SOURCES (USES):					
Transfers in	-	100,000	-	539,531	639,531
Transfers out	(2,416,663)	(1,564)	-	-	(2,418,227)
Total other financing sources (uses)	(2,416,663)	98,436	-	539,531	(1,778,696)
Net changes in fund balances	642,934	189,941	1	2,010	834,886
FUND BALANCE, BEGINNING BUDGETARY BASIS	4,110,890	533,832	161	438,616	5,083,499
FUND BALANCE, ENDING BUDGETARY BASIS	\$ 4,753,824	\$ 723,773	\$ 162	\$ 440,626	\$ 5,918,385

	Revenues	Expenditures
Total revenue and expenditures above	\$ 5,572,718	\$ 2,959,136
Transfers in/out	-	668,464
Charges for service internal service fund	-	1,110,232
Expenditures capitalized	-	(312,151)
Debt service principal payments	-	(295,000)
Depreciation and amortization expense	-	891,435
Contributed capital	120,360	-
Total revenues and expenses - generally accepted accounting principles	\$ 5,693,078	5,022,116
Change in net assets		\$ 670,962

CITY OF TUALATIN, OREGON
WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Charges for services	\$ 6,294,094	\$ 6,294,094	\$ 5,309,078	\$ (985,016)
Interest	8,887	8,887	31,556	22,669
Miscellaneous	17,150	17,150	12,720	(4,430)
Total revenues	6,320,131	6,320,131	5,353,354	(966,777)
EXPENDITURES:				
Materials and service	2,411,107	2,411,107	2,096,342	314,765
Capital outlay	636,000	636,000	197,415	438,585
Contingency	1,207,161	1,207,161	-	1,207,161
Total expenditures	4,254,268	4,254,268	2,293,757	1,960,511
Revenues over (under) expenditures	2,065,863	2,065,863	3,059,597	993,734
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,416,663)	(2,416,663)	(2,416,663)	-
Total other financing sources (uses)	(2,416,663)	(2,416,663)	(2,416,663)	-
Net changes in fund balances	(350,800)	(350,800)	642,934	993,734
FUND BALANCE, BEGINNING BUDGETARY BASIS	3,884,817	3,884,817	4,110,890	226,073
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 3,534,017</u>	<u>\$ 3,534,017</u>	<u>\$ 4,753,824</u>	<u>\$ 1,219,807</u>

CITY OF TUALATIN, OREGON
WATER DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Charges for services	\$ 100,000	\$ 100,000	\$ 213,954	\$ 113,954
Interest	1,583	1,583	3,174	1,591
Total revenues	101,583	101,583	217,128	115,545
EXPENDITURES:				
Capital outlay	100,000	250,000	125,623	124,377
Contingency	416,590	266,590	-	266,590
Total expenditures	516,590	516,590	125,623	390,967
Revenues over (under) expenditures	(415,007)	(415,007)	91,505	506,512
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	100,000	100,000	-
Transfers out	(1,564)	(1,564)	(1,564)	-
Total other financing sources (uses)	98,436	98,436	98,436	-
Net changes in fund balances	(316,571)	(316,571)	189,941	506,512
FUND BALANCE, BEGINNING BUDGETARY BASIS	316,571	316,571	533,832	217,261
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 723,773	\$ 723,773

CITY OF TUALATIN, OREGON
WATER RESERVOIR FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ -	\$ -	\$ 1	\$ 1
Total revenues	-	-	1	1
Net changes in fund balances	-	-	1	1
FUND BALANCE, BEGINNING BUDGETARY BASIS	-	-	161	161
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ 162</u>

CITY OF TUALATIN, OREGON
ENTERPRISE BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 2,000	\$ 2,000	\$ 2,235	\$ 235
Total revenues	2,000	2,000	2,235	235
EXPENDITURES:				
Materials and service	300	300	225	75
Debt service:				
Principal	295,000	295,000	295,000	-
Interest	244,531	244,531	244,531	-
Total expenditures	539,831	539,831	539,756	75
Revenues over (under) expenditures	(537,831)	(537,831)	(537,521)	310
OTHER FINANCING SOURCES (USES):				
Transfers in	539,531	539,531	539,531	-
Total other financing sources (uses)	539,531	539,531	539,531	-
Net changes in fund balances	1,700	1,700	2,010	310
FUND BALANCE, BEGINNING BUDGETARY BASIS	436,100	436,100	438,616	2,516
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 437,800</u>	<u>\$ 437,800</u>	<u>\$ 440,626</u>	<u>\$ 2,826</u>

CITY OF TUALATIN, OREGON
SEWER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2012

	<u>Sewer Fund</u>	<u>Sewer Development Fund</u>	<u>Total Sewer Operations</u>
REVENUES:			
Charges for service	\$ 6,175,468	\$ 363,905	\$ 6,539,373
Interest	5,022	18,993	24,015
Miscellaneous	1,280	-	1,280
	<u>6,181,770</u>	<u>382,898</u>	<u>6,564,668</u>
Total revenues			
EXPENDITURES:			
Materials and service	5,018,852	294,965	5,313,817
Capital outlay	351,250	-	351,250
	<u>5,370,102</u>	<u>294,965</u>	<u>5,665,067</u>
Total expenditures			
Revenues over (under) expenditures	811,668	87,933	899,601
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(990,829)</u>	<u>(2,748)</u>	<u>(993,577)</u>
Total other financing sources (uses)	<u>(740,829)</u>	<u>(2,748)</u>	<u>(743,577)</u>
Net changes in fund balances	70,839	85,185	156,024
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>1,034,153</u>	<u>3,636,891</u>	<u>4,671,044</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 1,104,992</u>	<u>\$ 3,722,076</u>	<u>\$ 4,827,068</u>

	<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above	\$ 6,564,668	\$ 5,665,067
Transfers in/out	-	402,504
Charges for service internal service fund	-	341,073
Expenditures capitalized	-	(268,955)
Depreciation and amortization expense	-	539,374
Contributed capital	78,555	-
	<u>78,555</u>	<u>-</u>
Total revenues and expenses - generally accepted accounting principles	<u>\$ 6,643,223</u>	<u>6,679,063</u>
Change in net assets		<u>\$ (35,840)</u>

CITY OF TUALATIN, OREGON
SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Charges for service	\$ 6,318,173	\$ 6,318,173	\$ 6,175,468	\$ (142,705)
Interest	2,414	2,414	5,022	2,608
Miscellaneous	500	500	1,280	780
Total revenues	6,321,087	6,321,087	6,181,770	(139,317)
EXPENDITURES:				
Materials and service	5,337,113	5,337,113	5,018,852	318,261
Capital outlay	520,000	580,000	351,250	228,750
Contingency	216,006	156,006	-	156,006
Total expenditures	6,073,119	6,073,119	5,370,102	703,017
Revenues over (under) expenditures	247,968	247,968	811,668	563,700
OTHER FINANCING SOURCES (USES):				
Transfers in	250,000	250,000	250,000	-
Transfers out	(990,829)	(990,829)	(990,829)	-
Total other financing sources (uses)	(740,829)	(740,829)	(740,829)	-
Net changes in fund balances	(492,861)	(492,861)	70,839	563,700
FUND BALANCE, BEGINNING BUDGETARY BASIS	492,861	492,861	1,034,153	541,292
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,104,992</u>	<u>\$ 1,104,992</u>

CITY OF TUALATIN, OREGON
SEWER DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Charges for service	\$ 200,000	\$ 200,000	\$ 363,905	\$ 163,905
Interest	18,916	18,916	18,993	77
Total revenues	218,916	218,916	382,898	163,982
EXPENDITURES:				
Materials and service	192,000	192,000	294,965	(102,965)
Contingency	3,807,324	3,807,324	-	3,807,324
Total expenditures	3,999,324	3,999,324	294,965	3,704,359
Revenues over (under) expenditures	(3,780,408)	(3,780,408)	87,933	3,868,341
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,748)	(2,748)	(2,748)	-
Total other financing sources (uses)	(2,748)	(2,748)	(2,748)	-
Net changes in fund balances	(3,783,156)	(3,783,156)	85,185	3,868,341
FUND BALANCE, BEGINNING BUDGETARY BASIS	3,783,156	3,783,156	3,636,891	(146,265)
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,722,076</u>	<u>\$ 3,722,076</u>

CITY OF TUALATIN, OREGON
STORM DRAIN OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2012

	Storm Drain Fund	Storm Drain Development	Total Storm Drain Operations
REVENUES:			
Charges for service	\$ 1,745,680	\$ 29,839	\$ 1,775,519
Interest	1,650	1,096	2,746
Miscellaneous	24	-	24
Total revenues	1,747,354	30,935	1,778,289
EXPENDITURES:			
Materials and service	528,045	-	528,045
Capital outlay	115,334	-	115,334
Total expenditures	643,379	-	643,379
Revenues over (under) expenditures	1,103,975	30,935	1,134,910
OTHER FINANCING SOURCES (USES):			
Transfers out	(1,009,079)	-	(1,009,079)
Total other financing sources (uses)	(1,009,079)	-	(1,009,079)
Net changes in fund balances	94,896	30,935	125,831
FUND BALANCE, BEGINNING BUDGETARY BASIS	405,537	202,448	607,985
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 500,433</u>	<u>\$ 233,383</u>	<u>\$ 733,816</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 1,778,289	\$ 643,379
Transfers in/out	-	445,815
Charges for service internal service fund	-	563,264
Expenditures capitalized	-	(115,334)
Depreciation and amortization expense	-	124,631
Contributed capital	149,460	-
Other	-	24
Total revenues and expenses - generally accepted accounting principles	<u>\$ 1,927,749</u>	<u>1,661,779</u>
Change in net assets		<u>\$ 265,970</u>

CITY OF TUALATIN, OREGON
STORM DRAIN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Charges for service	\$ 1,728,706	\$ 1,728,706	\$ 1,745,680	\$ 16,974
Interest	610	610	1,650	1,040
Miscellaneous	-	-	24	24
Total revenues	1,729,316	1,729,316	1,747,354	18,038
EXPENDITURES:				
Materials and service	693,880	693,880	528,045	165,835
Capital outlay	110,000	145,000	115,334	29,666
Contingency	63,323	28,323	-	28,323
Total expenditures	867,203	867,203	643,379	223,824
Revenues over (under) expenditures	862,113	862,113	1,103,975	241,862
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,009,079)	(1,009,079)	(1,009,079)	-
Total other financing sources (uses)	(1,009,079)	(1,009,079)	(1,009,079)	-
Net changes in fund balances	(146,966)	(146,966)	94,896	241,862
FUND BALANCE, BEGINNING BUDGETARY BASIS	146,966	146,966	405,537	258,571
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 500,433	\$ 500,433

**CITY OF TUALATIN, OREGON
STORM DRAIN DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for service	\$ -	\$ -	\$ 29,839	\$ 29,839
Interest	1,815	1,815	1,096	(719)
Total revenues	1,815	1,815	30,935	29,120
EXPENDITURES:				
Contingency	364,845	364,845	-	364,845
Total expenditures	364,845	364,845	-	364,845
Revenues over (under) expenditures	(363,030)	(363,030)	30,935	393,965
Net changes in fund balances	(363,030)	(363,030)	30,935	393,965
FUND BALANCE, BEGINNING BUDGETARY BASIS	363,030	363,030	202,448	(160,582)
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,383</u>	<u>\$ 233,383</u>

BUDGETARY COMPARISON SCHEDULES

Internal Service Funds

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

Internal Service Budgetary Comparison schedules include the following:

- Operations Fund

CITY OF TUALATIN, OREGON
OPERATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ 11,020	\$ 11,020
Interest	5,000	5,000	8,131	3,131
Miscellaneous	16,500	16,500	43,720	27,220
Total revenues	21,500	21,500	62,871	41,371
EXPENDITURES:				
Personal service	1,358,830	1,358,830	1,333,608	25,222
Materials and service	700,599	700,599	651,341	49,258
Capital outlay	340,060	340,060	215,749	124,311
Contingency	308,915	308,915	-	308,915
Total expenditures	2,708,404	2,708,404	2,200,698	507,706
Revenues over (under) expenditures	(2,686,904)	(2,686,904)	(2,137,827)	549,077
OTHER FINANCING SOURCES (USES):				
Transfers in	2,350,910	2,350,910	2,350,910	-
Total other financing sources (uses)	2,350,910	2,350,910	2,350,910	-
Net changes in fund balances	(335,994)	(335,994)	213,083	549,077
FUND BALANCE, BEGINNING BUDGETARY BASIS	1,158,948	1,158,948	1,246,773	87,825
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 822,954</u>	<u>\$ 822,954</u>	<u>\$ 1,459,856</u>	<u>\$ 636,902</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 62,871	\$ 2,200,698
Transfers in/out	336,341	-
Charges for service internal service fund	2,014,569	-
Expenditures capitalized	-	(156,183)
Depreciation and amortization expense	-	42,307
Total revenues and expenses - generally accepted accounting principles	<u>\$ 2,413,781</u>	<u>2,086,822</u>
Change in net assets		<u>\$ 326,959</u>

OTHER FINANCIAL SCHEDULES

CITY OF TUALATIN, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For the Fiscal Year Ended June 30, 2012

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2011</u>	<u>Levy as Extended By Assessor</u>	<u>Discount</u>	<u>Interest</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Uncollected Balance June 30, 2012</u>
2011-2012	\$ -	\$ 8,576,510	\$ (218,735)	\$ 2,884	\$ 8,328	\$ (8,148,078)	\$ 220,909
2010-2011	206,103	-	1,357	9,135	(6,146)	(87,665)	122,784
2009-2010	80,816	-	800	7,065	(4,232)	(18,147)	66,302
2008-2009	40,723	-	3	7,821	(1,225)	(34,365)	12,957
2007-2008	11,219	-	1	2,678	(473)	(9,966)	3,459
2006-2007	2,886	-	1	285	(241)	(845)	2,086
Prior years	5,001	-	-	418	(628)	(859)	3,932
Totals	<u>\$ 346,748</u>	<u>\$ 8,576,510</u>	<u>\$ (216,573)</u>	<u>\$ 30,286</u>	<u>\$ (4,617)</u>	<u>\$ (8,299,925)</u>	<u>\$ 432,429</u>

Taxes receivable classified by fund:

General Fund	\$ 50,160
General Obligation Bond Fund	<u>382,269</u>
	<u>\$ 432,429</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

OPERATING INFORMATION

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

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

City of Tualatin implemented GASB #34 in 2004, therefore certain ten year schedules are limited.

CITY OF TUALATIN
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS

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

2008	2009	2010	2011	2012
\$ 90,759,532	\$ 96,393,624	\$ 97,164,924	\$ 95,531,501	\$ 96,704,593
32,543,974	21,641,579	20,700,327	15,947,020	13,101,042
4,200,284	9,736,010	8,359,281	10,794,402	11,416,369
\$ 127,503,790	\$ 127,771,213	\$ 126,224,532	\$ 122,272,923	\$ 121,222,004
\$ 40,499,850	\$ 43,875,845	\$ 47,581,590	\$ 47,186,247	\$ 47,026,375
7,386,077	4,070,822	4,172,155	4,373,171	4,679,232
4,453,310	6,618,208	5,574,907	6,047,100	6,802,003
\$ 52,339,237	\$ 54,564,875	\$ 57,328,652	\$ 57,606,518	\$ 58,507,610
\$ 131,259,382	\$ 140,269,469	\$ 144,746,514	\$ 142,717,748	\$ 143,730,968
39,930,051	25,712,401	24,872,482	20,320,191	17,780,274
8,653,594	16,354,218	13,934,188	16,841,502	18,218,372
\$ 179,843,027	\$ 182,336,088	\$ 183,553,184	\$ 179,879,441	\$ 179,729,614

CITY OF TUALATIN
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS

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

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

CITY OF TUALATIN
CHANGES IN NET ASSETS (Continued)
LAST EIGHT FISCAL YEARS

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

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

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

	2003	2004	2005	2006
General Fund				
Reserved / Nonspendable	\$ -	\$ -	\$ -	\$ 65,617
Unreserved / Unassigned	4,495,830	4,409,043	4,497,524	5,125,815
Total general fund	<u>\$ 4,495,830</u>	<u>\$ 4,409,043</u>	<u>\$ 4,497,524</u>	<u>\$ 5,191,432</u>
 All other governmental funds				
Reserved	\$ 107,080	\$ 103,515	\$ 97,844	\$ 92,898
Unreserved, reported in:				
Special revenue funds	7,770,121	7,282,602	7,413,565	7,644,037
Capital projects funds	14,361,838	15,035,687	22,942,560	19,239,160
Debt service funds	6,007,795	5,041,998	3,910,171	3,292,344
Nonspendable				
Inventory				
Restricted for:				
Building and engineering				
Street and roadside maintenance				
Debt service payments				
Capital projects				
Transportation				
Urban renewal projects				
Committed to:				
Pavement maintenace and street lighting				
Parking maintenance				
Assigned to:				
Scholarships				
Capital projects				
Total all other governmental funds	<u>\$ 28,246,834</u>	<u>\$ 27,463,802</u>	<u>\$ 34,364,140</u>	<u>\$ 30,268,439</u>

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

2007	2008	2009	2010	2011	2012
\$ -	\$ -	\$ 38,287	\$ 29,333	\$ 63,306	\$ 70,154
4,520,546	4,565,418	4,647,513	4,514,767	5,523,545	6,421,650
<u>\$ 4,520,546</u>	<u>\$ 4,565,418</u>	<u>\$ 4,685,800</u>	<u>\$ 4,544,100</u>	<u>\$ 5,586,851</u>	<u>\$ 6,491,804</u>
\$ 92,680	\$ -	\$ -	\$ 35,980	\$ -	\$ -
8,514,792	9,633,900	6,576,782	5,750,061	-	-
23,319,543	20,419,390	18,093,125	15,533,420	-	-
3,066,830	1,825,045	1,963,454	3,398,353	-	-
				35,639	34,920
				1,458,274	1,526,018
				428,600	605,858
				485,846	398,174
				612,569	623,276
				1,850,125	2,701,857
				10,960,389	7,094,642
				1,290,242	1,097,706
				223,508	187,915
				51,485	50,745
				2,506,069	2,310,656
<u>\$ 34,993,845</u>	<u>\$ 31,878,335</u>	<u>\$ 26,633,361</u>	<u>\$ 24,717,814</u>	<u>\$ 19,902,746</u>	<u>\$ 16,631,767</u>

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

	2005	2006	2007
REVENUES			
Property taxes	\$ 10,567,468	\$ 10,885,890	\$ 11,100,992
Licenses and permits	1,827,209	2,466,535	1,955,143
Intergovernmental	2,786,052	3,253,950	2,777,905
Franchise tax	-	-	2,126,101
Charges for services	4,333,178	4,809,174	4,125,236
Fines and forfeitures	169,465	170,315	234,169
Miscellaneous	1,213,920	2,854,334	2,263,577
Total Revenue	20,897,292	24,440,198	24,583,123
EXPENDITURES			
Current operating:			
General government	6,523,259	7,213,176	8,942,086
Public safety	4,044,373	4,427,287	4,871,925
Public works	249,943	277,299	1,167,548
Culture and recreation	1,039,039	1,220,536	1,300,643
Capital outlay	5,436,529	12,672,121	8,333,879
Debt service			
Interest	422,180	2,382,696	457,575
Principal	6,937,435	4,558,359	5,949,323
Total expenditures	24,652,758	32,751,474	31,022,979
REVENUES OVER (UNDER)			
EXPENDITURES	(3,755,466)	(8,311,276)	(6,439,856)
OTHER FINANCING SOURCES (USES)			
Transfers in	4,409,247	3,920,381	7,293,764
Transfers out	(3,209,247)	(3,820,381)	(5,302,614)
Bond Refunding	-	-	-
Issuance of debt	9,544,291	4,809,483	8,503,194
Total other financing sources (uses)	10,744,291	4,909,483	10,494,344
NET CHANGE IN FUND BALANCES	\$ 6,988,825	\$ (3,401,793)	\$ 4,054,488
Debt service as a percentage of noncapital expenditures	62.07%	52.83%	39.35%

2008	2009	2010	2011	2012
\$ 12,073,721	\$ 12,178,186	\$ 13,248,979	\$ 8,345,567	\$ 8,259,442
3,926,256	2,295,281	1,978,115	1,916,087	2,620,698
3,101,583	3,272,279	3,657,138	3,396,857	4,190,756
2,242,346	2,404,323	2,428,585	2,091,937	2,205,176
5,949,678	48,472	116,237	1,306,725	754,994
229,180	237,831	277,535	639,098	1,371,896
2,176,803	1,068,765	401,179	1,116,761	751,752
29,699,567	21,505,137	22,107,768	18,813,032	20,154,714
8,734,604	8,347,961	8,708,125	6,003,505	6,609,300
5,193,903	5,342,795	5,724,373	5,959,615	6,345,089
954,187	2,303,118	1,451,564	1,116,838	1,103,448
3,037,178	3,258,911	3,198,392	3,901,649	4,201,940
10,115,467	8,022,366	6,597,787	2,106,987	4,295,957
1,346,829	581,624	454,696	407,692	380,448
1,430,000	5,493,703	1,396,915	570,000	765,000
30,812,168	33,350,478	27,531,852	20,066,286	23,701,182
(1,112,601)	(11,845,341)	(5,424,084)	(1,253,254)	(3,546,468)
11,854,026	6,127,978	8,828,428	3,569,611	3,404,503
(13,975,213)	(2,453,654)	(5,517,435)	(5,062,121)	(2,224,061)
(2,575,000)	-	-	-	-
2,738,150	4,253,703	21,757	-	-
(1,958,037)	7,928,027	3,332,750	(1,492,510)	1,180,442
\$ (3,070,638)	\$ (3,917,314)	\$ (2,091,334)	\$ (2,745,764)	\$ (2,366,026)
15.50%	31.56%	9.70%	5.76%	6.27%

CITY OF TUALATIN
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
June 30, 2012

Fiscal Year	Property ¹	Special Assessments ²	Total
2003	\$ 8,047,150	\$ 45,857	\$ 8,093,007
2004	9,989,298	90,033	10,079,331
2005	10,421,824	131,047	10,552,871
2006	11,214,234	123,731	11,337,965
2007	11,012,986	88,006	11,100,992
2008	11,802,861	87,036	11,889,897
2009	12,009,941	87,036	12,096,977
2010	12,464,195	87,036	12,551,231
2011	8,363,676	87,036	8,450,712
2012	8,356,607	87,036	8,443,643
Change 2003-2012	3.8%	89.8%	4.3%

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

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

Source: Washington and Clackamas Counties

CITY OF TUALATIN
ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
June 30, 2012

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

* Tax limitation Measure 50 results in a larger difference between market assessed value than were reportable in previous years.

** Assessed value includes assessed value in the Urban Renewal Area.

Source: Washington County and Clackamas County Assessors

CITY OF TUALATIN
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
June 30, 2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City of Tualatin:										
General Government	\$ 1.99	\$ 1.90	\$ 1.91	\$ 1.92	\$ 1.94	\$ 1.95	\$ 1.96	\$ 1.96	\$ 2.27	\$ 2.27
G.O. Bond	0.11	0.10	0.09	0.21	0.19	0.31	0.19	0.22	0.27	0.30
Total City	2.10	2.00	2.00	2.13	2.13	2.26	2.15	2.18	2.53	2.56
OVERLAPPING RATES:										
Washington County										
Washington County	2.51	2.37	2.36	2.35	2.05	2.65	2.62	2.62	2.98	2.97
School District										
NW Regional ESD*	0.12	0.12	0.13	0.11	0.13	0.13	0.13	0.13	0.15	0.15
Portland Community College	0.40	0.40	0.40	0.38	0.41	0.43	0.43	0.56	0.64	0.60
Tigard-Tualatin School District #23J	6.47	6.39	6.31	6.39	6.90	6.86	7.02	7.00	7.37	7.44
	6.99	6.91	6.84	6.88	7.44	7.42	7.58	7.70	8.16	8.19
Special District										
Clean Water Services	-	-	-	-	-	-	-	-	-	-
Tualatin Valley Fire & Rescue	1.60	1.54	1.54	1.58	1.60	1.65	1.63	1.69	1.88	1.93
Port of Portland	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.07	0.07
Metro Service District	0.25	0.24	0.24	0.24	0.24	0.39	0.36	0.40	0.41	0.32
Tri-Met Transport District	0.10	0.09	0.09	0.10	0.08	0.07	0.07	0.07	0.09	0.06
Tigard Tualatin Aquatic	-	-	-	-	-	-	-	-	0.09	0.09
Urban Renewal - Tualatin	1.79	2.48	2.40	2.13	1.89	1.81	1.73	1.70	-	-
	3.80	4.41	4.33	4.11	3.87	3.99	3.85	3.93	2.54	2.46
Total Overlapping	13.30	13.69	13.53	13.34	13.37	14.06	14.04	14.25	13.68	13.63
TOTAL	\$ 15.40	\$ 15.69	\$ 15.53	\$ 15.47	\$ 15.50	\$ 16.32	\$ 16.19	\$ 16.43	\$ 16.21	\$ 16.19

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

Source: Washington and Clackamas Counties

CITY OF TUALATIN
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
June 30, 2012

Taxpayer	2012			2003		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
BV Centercal LLC	\$ 95,183,929	1	2.95%	-	-	-
Novellus Systems, Inc	79,767,300	2	2.47%	23,275,554	1	0.53%
Tuala Northeast LLC	39,606,590	3	1.23%	-	-	-
Pacific Foods Properties LLC	35,114,160	4	1.09%	-	-	-
Rivercrest Acquisition LLC	25,411,050	5	0.79%	-	-	-
SVF Hedges Creek Tualatin LLC	25,384,010	6	0.79%	-	-	-
Zian Limited Partnership	25,152,140	7	0.78%	19,941,340	4	0.45%
Legacy Health Systems	25,097,511	8	0.78%	16,328,270	8	-
Portland General Electric	25,070,895	9	0.78%	-	-	0.00%
JAE Oregon, Inc	24,890,600	10	0.77%	22,702,750	2	0.52%
Simpson Finance LP	-	-	-	19,475,530	6	0.44%
Monadnock Property Trust LLC	-	-	-	19,454,860	7	0.44%
I & G Tualatin LLC	-	-	-	16,307,370	9	0.37%
Robert Randall Company	-	-	-	20,648,050	3	0.47%
Riggs Bank NA	-	-	-	19,545,450	5	0.44%
Nyberg Limited Partnership	-	-	-	14,530,700	10	0.33%
	<u>\$ 400,678,185</u>		<u>12.41%</u>	<u>\$ 192,209,874</u>		<u>2.75%</u>

¹ Source: Washington and Clackamas County Assessor's records

² Measure 50 rolled back the assessed value of each unit of property for the tax year 1977-98 to its 1995-96 "real market value", less 10%. Measure 50 limits any increase in assessed value, excluding major improvements, to 3% per year for the tax years after 1997-98.

CITY OF TUALATIN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
June 30, 2012

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collections	Delinquent Tax Collections	Total Tax Collections	Percent Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Percent Delinquent Taxes To Tax Levy
2003	\$ 8,258,906	\$ 7,798,636	94.43%	\$ 165,942	\$ 7,964,578	96.44%	\$ 346,587	4.20%
2004	10,344,696	9,773,994	94.48%	144,662	9,918,656	95.88%	385,230	3.72%
2005	10,684,835	10,138,855	94.89%	192,111	10,330,966	96.69%	339,080	3.17%
2006	11,121,440	10,575,968	95.10%	194,300	10,770,268	96.84%	366,964	3.30%
2007	11,343,364	11,101,678	97.87%	158,390	11,260,068	99.27%	386,341	3.41%
2008	12,263,107	11,632,607	94.86%	226,738	11,859,345	96.71%	483,528	3.94%
2009	12,434,861	12,040,279	96.83%	263,960	12,304,239	98.95%	559,937	4.50%
2010	12,860,698	12,134,294	94.35%	334,105	12,468,399	96.95%	592,842	4.61%
2011	8,380,679	7,923,989	94.55%	223,708	8,147,697	97.22%	346,617	4.14%
2012	8,576,510	8,148,078	95.00%	151,847	8,299,925	96.78%	432,429	5.04%

Source: Washington County and Clackamas County Assessors

CITY OF TUALATIN
BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
June 30, 2012

Fiscal Year	Governmental Activities					Business-type Activities	Total	Population	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Limited Tax Bonds	Urban Renewal Agency Bonds	Water Revenue Bonds			
2003	\$ 4,270,000	\$ 50,000	\$ -	\$ 940,000	\$ 6,675,000	\$ -	\$11,935,000	24,790	481.44
2004	4,080,000	25,000	90,000	860,000	6,600,000	-	11,655,000	24,940	467.32
2005	7,665,000	-	77,237	780,000	5,440,000	-	13,962,237	25,464	548.31
2006	7,380,000	-	62,646	700,000	4,250,000	7,305,000	19,697,646	25,594	769.62
2007	7,025,000	-	46,517	620,000	3,030,000	7,060,000	17,781,517	25,650	693.24
2008	10,220,000	-	29,030	620,000	1,970,000	6,805,000	19,644,030	25,650	765.85
2009	9,950,000	-	10,071	620,000	1,000,000	6,540,000	18,120,071	26,040	695.86
2010	9,645,000	-	19,913	540,000	-	6,265,000	16,469,913	26,130	630.31
2011	9,235,000	-	7,490	380,000	-	5,980,000	15,602,490	26,160	596.43
2012	8,630,000	-	-	220,000	-	5,685,000	14,535,000	26,170	555.41

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

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

Fiscal Year	General Obligation Bonds	Estimated Actual Value of Property	General Obligation Debt as a Percentage of Estimated Actual Value
2003	4,270,000	\$ 2,692,252,612	0.16%
2004	4,080,000	2,954,459,022	0.14%
2005	7,665,000	3,134,195,800	0.24%
2006	7,380,000	3,500,688,218	0.21%
2007	7,025,000	4,159,063,572	0.17%
2008	10,220,000	4,644,886,174	0.22%
2009	9,950,000	4,942,802,507	0.20%
2010	9,645,000	4,734,984,802	0.20%
2011	9,235,000	4,406,469,302	0.21%
2012	8,630,000	4,163,768,490	0.21%

Source: Current and previous CAFR's

CITY OF TUALATIN**COMPUTATION OF OVERLAPPING GENERAL OBLIGATION DEBT****June 30, 2012**

Jurisdiction	Net Direct Outstanding Debt	Percent Applicable Inside City of Tualatin	Amount Applicable Inside City of Tualatin
City of Tualatin	\$ 8,850,000	97.5141%	\$ 8,630,000
Clackamas County	72,910,000	1.6515% *	1,204,109
Clackamas County District 3J (West Linn/Wilsonville)	211,427,238	1.2669%	2,678,572
Clackamas County School District 7J (Lake Oswego)	110,703,506	1.4895%	1,648,929
Clackamas Community College	30,100,000	2.0732%	624,033
Metro	273,485,000	2.7319%	7,471,337
Tri-Met	9,800,000	2.7403%	268,549
Portland Community College	191,375,000	2.9429%	5,631,975
Washington County	14,325,000	6.8814%	985,761
Tualatin Valley Fire and Rescue District	47,470,000	9.2265%	4,379,820
Washington County School District 23J (Tigard-Tualatin)	133,025,589	35.6995%	47,489,470
Washington County School District 88J (Sherwood)	121,489,667	15.2999%	18,587,798
Subtotal overlapping debt			90,970,353
Direct and overlapping debt			<u><u>\$ 99,600,353</u></u>

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

Source: Municipal Debt Management, State of Oregon

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

CITY OF TUALATIN
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2012

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

True Cash Value	\$	3,336,730,290
Rate		<u>x 3%</u>
Debt limit		100,101,909
Debt applicable to limit		<u>8,549,103</u>
	\$	<u><u>91,552,806</u></u>

Legal debt margin

Fiscal year ended June 30,	Debt Margin as a Percentage of Debt Limit	Debt limit	Debt applicable to limit	Legal debt margin
2003	94.96%	\$ 62,360,496	\$ 3,146,054	\$ 59,214,442
2004	95.74%	69,301,178	2,950,913	66,350,265
2005	90.86%	73,001,366	6,671,100	66,330,266
2006	92.03%	81,279,915	6,479,517	74,800,398
2007	87.41%	83,059,823	10,458,584	72,601,239
2008	88.75%	88,472,855	9,955,038	78,517,817
2009	89.42%	93,584,449	9,900,544	83,683,905
2010	90.45%	95,030,956	9,075,365	85,955,591
2011	90.76%	98,997,766	9,146,899	89,850,867
2012	91.46%	100,101,909	8,549,103	91,552,806

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

CITY OF TUALATIN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
June 30, 2012

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Legacy Meridian Park Hospital	905	1	4.49%	823	1	n/a
Novellus Systems, Inc.	650	2	3.22%	400	4	n/a
United Parcel Service	512	3	2.54%	547	2	n/a
Huntair	460	4	2.28%	-	-	n/a
Columbia Corrugated	300	5	1.49%	200	9	n/a
DPI Northwest	300	5	1.49%	-	-	n/a
Pacific Foods of Oregon, Inc	280	7	1.39%	-	-	n/a
Milgard Windows	275	8	1.36%	-	-	n/a
Fred Meyer	228	9	1.13%	300	5	n/a
Prologix Distribution Services	212	10	1.05%	-	-	n/a
GE Interlogix	-	-	-	500	3	n/a
Cyberrep of Oregon, Inc	-	-	-	250	6	n/a
Simple Designs Mfg, Inc	-	-	-	220	7	n/a
Coca-Cola Bottling	-	-	-	203	8	n/a
Haggen Food	-	-	-	200	10	n/a
	<u>4,122</u>			<u>3,643</u>		
Total City employment			<u>20,165</u>			

Information derived from 2009 Business License data provided to the City of Tualatin.

CITY OF TUALATIN**SCHEDULE OF PLEDGED REVENUE BOND COVERAGE****LAST TEN FISCAL YEARS****June 30, 2012**

SPECIAL ASSESSMENT BONDS

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
2003	\$ 143,202	\$ 25,000	\$ 48,243	\$ 73,243	195.52%
2004	139,327	105,000	46,618	151,618	91.89%
2005	133,594	105,000	41,233	146,233	91.36%
2006	123,731	80,000	36,660	116,660	106.06%
2007	121,086	80,000	32,900	112,900	107.25%
2008	115,254	-	29,140	29,140	395.52%
2009	119,941	-	29,140	29,140	411.60%
2010	108,773	80,000	29,140	109,140	99.66%
2011	102,982	160,000	25,380	185,380	55.55%
2012	97,691	160,000	17,860	177,860	54.93%

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

CITY OF TUALATIN
FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2012

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	34.25	33.75	31.75	31.88	33.38	33.88	34.63	35.50	35.13	33.38
Public safety	35.75	36.75	38.75	40.63	43.63	44.63	45.63	46.50	47.63	48.63
Highways and streets	18.50	19.00	19.75	19.75	20.50	21.50	21.50	21.50	18.50	18.50
Culture and recreation	23.25	24.25	24.00	24.00	26.00	29.75	30.13	30.13	30.13	30.13
Sewer	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Water	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	<u>120.25</u>	<u>122.25</u>	<u>121.75</u>	<u>123.76</u>	<u>131.00</u>	<u>137.25</u>	<u>139.38</u>	<u>141.13</u>	<u>138.88</u>	<u>138.13</u>

Data from current and previous budgets

CITY OF TUALATIN
OPERATING INDICATORS
LAST TEN FISCAL YEARS
June 30, 2012

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Arrests	1,048	1,184	1,038	1,039	1,200	896	944	909	824	772
Traffic violations	3,057	2,765	2,316	2,810	3,813	3,736	3,636	2,509	3,015	4,847
*Municipal Court cases	n/a	n/a	n/a	n/a	n/a	n/a	1,105	2,058	5,443	11,430
Building activity										
Permits issued	164	503	673	1,691	1,706	1,428	1,260	1,046	1,023	1,124
Estimated value (000's)	\$ 54,571	\$ 95,351	\$117,949	\$ 80,107	\$ 94,643	\$ 84,407	\$ 35,918	\$ 26,550	\$ 31,000	\$ 49,925
Planning applications	217	178	314	128	300	206	219	203	203	178
Library circulation	359,773	367,701	394,995	427,222	416,179	443,963	606,734	696,733	751,126	766,848
Miles of streets maintained	65	67	76	76	76	76	76	77	77	77
Water connections	6,032	6,200	6,408	6,500	6,628	6,686	6,658	6,740	6,784	6,779
Sewer connections	5,738	5,900	6,408	6,192	6,346	6,301	6,380	6,471	6,488	6,435

n/a = information not available

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

Data acquired from various City of Tualatin departments.

CITY OF TUALATIN
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2012

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Patrol units	16	18	18	18	15	22	22	18	18	22
Officers	30	32	32	35	36	35	36	37	40	40
Highways and streets										
	65	67	76	76	76	76	76	76	77	77
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Acreage	276	289	289	284	310	310	310	286	285	285
*Sewage disposal										
Max daily capacity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Water										
Max daily capacity	11	11	11	11	13	13	13	13	13	13
Fire hydrants	865	876	903	931	953	960	960	982	982	1,001

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

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

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

We have audited the basic financial statements of the City of Tualatin, Oregon, as of and for the year ended June 30, 2012 and have issued our report thereon dated December 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

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

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City of Tualatin, Oregon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Tualatin, Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Tualatin, Oregon's internal control over financial reporting.

We have communicated suggestions for improvements of the City of Tualatin, Oregon's processes in a separately letter to management dated December 19, 2012.

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

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

Merina & Company, LLP
West Linn, Oregon
December 19, 2012