

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2010**

**CITY OF TUALATIN, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended June 30, 2010**

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***

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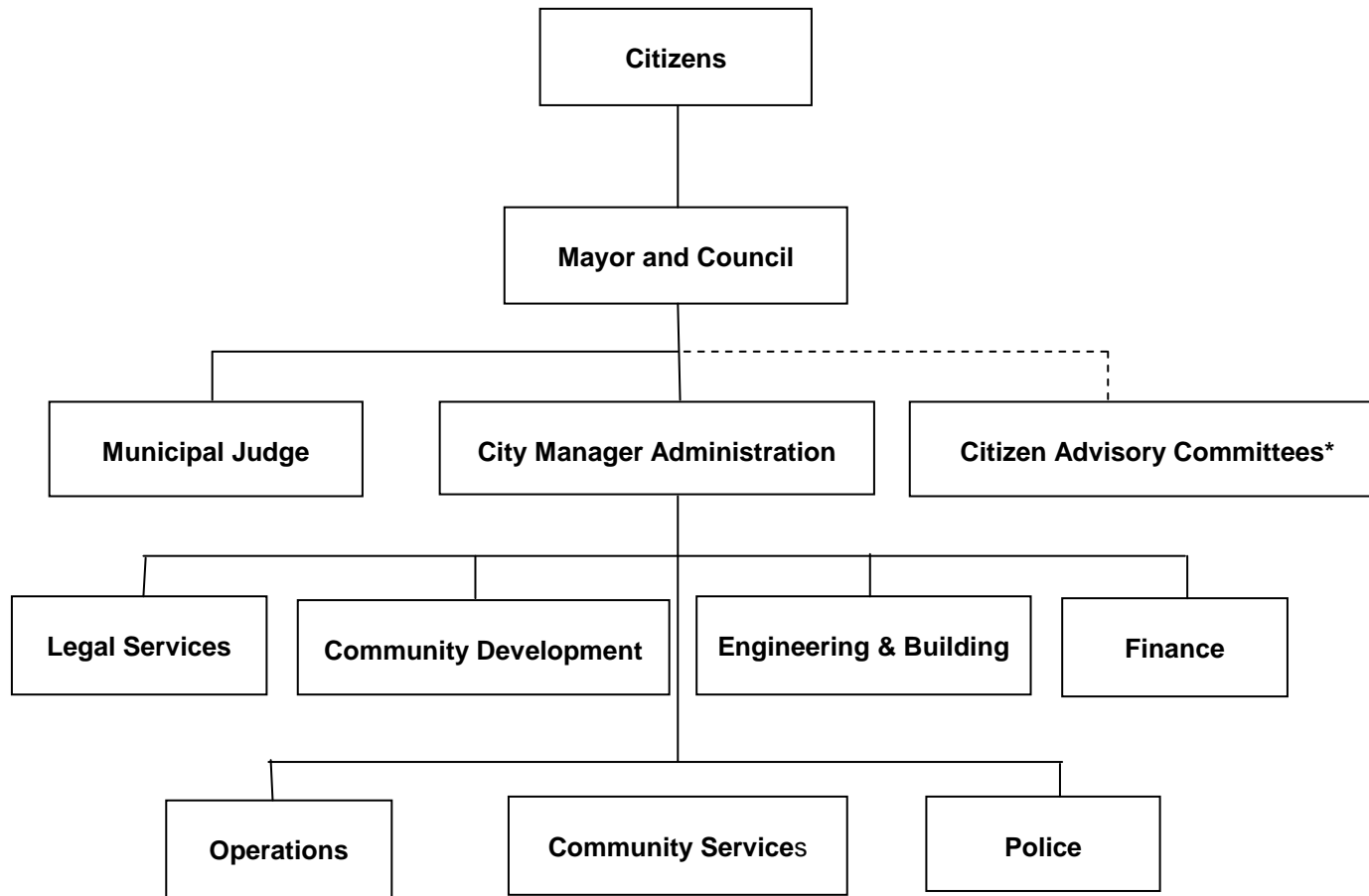
<u><i>City Council</i></u>	<u><i>Term Expires</i></u>
Lou Ogden, Mayor	December 31, 2010
Jay Harris, Position No. 1	December 31, 2010
Monique Belkman, Position No. 2	December 31, 2012
Donna Maddux, Position No. 3	December 31, 2010
Ed Truax, Position No. 4	December 31, 2012
Chris Barhyte, Council President, Position No. 5	December 31, 2010
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](http://www.ci.tualatin.or.us)

December 31, 2010

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, 2010.

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.

Grove, Mueller, & Swank, P.C., a firm of licensed certified public accounts, 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, 2010, 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, 2010, 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 26,130. The City of Tualatin is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City's population is estimated at 26,130 for 2009 and is expected to increase to 26,160 as of June 30, 2010, per the Portland State Population Research Center. The population's median age is younger than the Oregon median age (32.6 years compared to 37.7 years) and includes many young families with children. The median household income in Tualatin (\$60,467) is slightly lower than that of Washington County (\$62,218) and higher than the State of Oregon (\$49,033) as of 2009. Tualatin, at 7.8%, has a lower percentage of families living below the poverty level than the state of Oregon (9.2%), but higher than Washington County's 6.9%.

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. These requests are the starting point for developing a proposed budget. 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 (July 1 to June 30) by June 30th of the previous year. Transfer of appropriations between departments requires the special approval of the City Council.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General fund and Engineering & Building fund this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds with appropriated annual budgets (other than the General fund and Engineering & Building fund), this comparison is presented as other supplementary information.

## **Factors Affecting Financial Condition**

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

The City had vigorous high quality development for several years, which raised assessed value and provided a growing tax base for general operations. With the economic slowdown, this trend has slowed considerably. Due to the City's low permanent tax rate for operations, it has become necessary to review current service levels and consider new revenue sources to maintain the services our citizens expect from the City. This is particularly important, given the state's limitation on annual increases in assessed value to 3%, unless the property is substantially improved, rezoned, subdivided, or annexed.

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 remaining flat or decreasing. In previous years, the City was accustomed to a high rate of private development. With the slowdown in private development, fees for construction have declined drastically. Capital projects related to development have been put on hold and their need will be monitored as development, and the subsequent related revenues, change.

The City benefited for the fiscal year 10/11 budget with the addition of assessed value from the two urban renewal districts reaching their maximum indebtedness in 09/10. This allowed the City to maintain current service levels in the short-term and look for long-term solutions to future potential budget gaps between on-going revenues and on-going expenditures. Discussions with the City Council about these projections will begin in fiscal year 10/11 and carry into fiscal year 11/12. The increase in property tax revenue for the City provides the Council and staff time to make conscious decisions about the future levels of services provided.

Additionally, the City is involved in a number of regional and local projects that will impact the future economic and social make-up of the community. Projects include updates to the regional and local transportation system plans, and planning for future growth to the south, in undeveloped areas between the cities of Tualatin and Wilsonville. These projects are described in more detail in the Management's Discussion and Analysis (MD&A), located in the Financial Section of this document.

## **Cash Management Policies and Practices**

During the year, cash not required for current operations is invested in the Local Government Investment Pool. The criteria used by the City to select investments are safety, liquidity, and return on investment. The State Pool provides liquidity and during the past year has been one of the more stable investment instruments available to the City. As the economic and investment arena change, the City will evaluate other investment opportunities to meet the before mentioned criteria. Pension trust funds and deferred compensation funds are invested by the agents with whom they are deposited and are not included in the City's investment activity.

## **Risk Management**

The City participates in a worker's compensation self insurance pool along with more than 250 other cities and counties in Oregon. The pool is administered by the City/County Insurance Services Trust (CCIS). The City has a comprehensive safety training policy that emphasizes risk control. Tualatin also participates in a property/liability pool administered by CCIS. Approximately eighty percent of Oregon cities and one half of Oregon counties are served by CCIS in this capacity.

## **Pension and Other Post-employment Benefits**

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

## **Long-term Financial Planning**

As noted above, the City has begun to address growth related factors which are anticipated to affect the City in the future. Additionally, the City embarked on a fiscal health analysis to include incorporating long-term financial planning into the annual budget process. This includes the identification and matching of one-time versus on-going revenues and expenditures, as well as incorporating multi-year planning and its capital improvement program into the mix. The City intends to update its current capital improvement program, and to continue its analysis of the alternatives available to finance those projects. During this process, it was determined that a further analysis of service levels is necessary for long-term fiscal health and the City will begin a prioritization process in the Summer of 2011.

## **Awards and Acknowledgements**

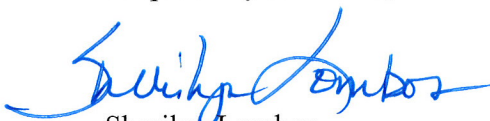
The Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tualatin for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the 19th consecutive year that the City has received this 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 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, 2009

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



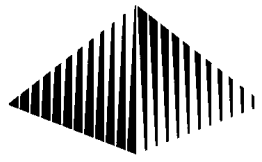
A stylized, handwritten signature in black ink.

President

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

Executive Director

***FINANCIAL SECTION***



## **GROVE, MUELLER & SWANK, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT***

Honorable Mayor and Council Members  
City of Tualatin  
18880 SW Martinazzi Avenue  
Tualatin, Oregon 97062-0369

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Tualatin, Oregon as of and for the year ended June 30, 2010, 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'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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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, 2010 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and major special revenue fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, other financial schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the financial statements. The combining and individual nonmajor fund financial statements are 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 and the other financial schedules 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.

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
Charles A. Swank, A Shareholder  
December 30, 2010

## Management's Discussion and Analysis

As management of the City of Tualatin and the Tualatin Development Commission, we include this narrative presenting an overview and analysis of the financial activities of the City of Tualatin and Tualatin Development Commission for the fiscal year ended June 30, 2010.

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

### Financial Highlights

	June 30,		change
	2010	2009	
Net assets	\$ 183,553,184	\$ 182,336,088	\$ 1,217,096
Change in net assets	1,217,096	2,493,059	(1,275,963)
Governmental net assets	126,224,532	127,771,213	(1,546,681)
Change in governmental net assets	(1,546,681)	1,440,612	(2,987,293)
Proprietary net assets	57,328,652	54,564,875	2,763,777
Change in proprietary net assets	2,763,777	1,052,447	1,711,330

### Overview of Financial Statements

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

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

### 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.

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



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 "owners equity" or "net worth".

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

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

The second government-wide statement is the Statement of Activities, which presents information showing how the City's net 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 prospective by emphasizing the effects of yearly budget decisions on long-term goals. Such a perspective enforces the need to use sound financial policies such as maintaining adequate reserves and paying current costs from current revenues.

The government-wide financial statements distinguish functions of the City 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 Agency is a blended component unit and, in substance is part of the City's operations, although it is a legally separate entity. Separate financial statements of the Agency can be obtained from the Finance Department of the City at 18880 S.W. Martinazzi Avenue, Tualatin, Oregon, 97062-7092.

## **Fund Financial Statements**

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

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

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

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

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

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

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

## **Notes to the Financial Statements**

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

## **Government-wide Financial Analysis**

The City of Tualatin's assets exceeded its liabilities by \$183,553,184 at the end of the current fiscal year. Of this amount, 79% percent of the City's net assets ( \$144,746,514 ) were invested in capital assets, land, buildings, machinery and equipment, less the outstanding related debt used to acquire these assets. These assets are not a source for repaying liabilities now, or in the future, since such assets represent the "business of the City". Other resources must be used to pay for outstanding liabilities, some of which are restricted to only certain uses. This requires the City to not only acquire those capital assets necessary to provide for City services, but to retain the ability to finance these acquisitions and provide maintenance for these assets.

An additional portion of net assets ( \$24,872,482 ) are restricted as to how they may be used by budgetary, legal and external factors. The unrestricted amount of \$13,934,188 (8% of net assets) can be used to meet on-going obligations. Of the total \$20,488,596 of liabilities at year-end for governmental and business-type activities, \$15,641,933 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 2009-10, as they did for 2008-09.

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 City's financial position was bettered by \$1,217,096 in the current year.

**CITY OF TUALATIN'S NET ASSETS**  
**June 30, 2010 and 2009**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 32,154,378	\$ 34,691,905	\$ 10,670,975	\$ 11,811,012	\$ 42,825,353	\$ 46,502,917
Capital assets	107,369,837	107,973,695	53,846,590	50,415,845	161,216,427	158,389,540
Total assets	139,524,215	142,665,600	64,517,565	62,226,857	204,041,780	204,892,457
Long-term liabilities	11,183,994	12,360,035	6,265,000	6,540,000	17,448,994	18,900,035
Other liabilities	2,115,689	2,534,352	923,913	1,121,982	3,039,602	3,656,334
Total liabilities	13,299,683	14,894,387	7,188,913	7,661,982	20,488,596	22,556,369
Net assets:						
Invested in capital assets, net of related debt	97,164,924	96,393,624	47,581,590	43,875,845	144,746,514	140,269,469
Restricted	20,700,327	21,641,579	4,172,155	4,070,822	24,872,482	25,712,401
Unrestricted	8,359,281	9,736,010	5,574,907	6,618,208	13,934,188	16,354,218
Total net assets	<u>\$ 126,224,532</u>	<u>\$ 127,771,213</u>	<u>\$ 57,328,652</u>	<u>\$ 54,564,875</u>	<u>\$ 183,553,184</u>	<u>\$ 182,336,088</u>

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

- Local governments' total share of property taxes cannot exceed \$10 per thousand of taxable assessed value; for school districts, the limit is \$5 per thousand.
- In 1999, taxpayers voted for a measure which limited assessed value increases from one year to the next to the lower of a 3% increase or the market value unless additional improvements or modifications have been made to a property.

- At the time of property tax reform, each local government was assigned a permanent tax rate. The City's rate is \$2.2665 per \$1,000 assessed value. This rate cannot be changed without a vote passed by a "double majority" (more than half of the registered voters vote and more than half of the voters approve the measure).

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

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

- 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.
- Public support and opinion is important to serving citizens. Yet, it is very difficult for average citizens to understand the impact or even the cost of their decision. The true cost of certain services is hard to measure and the relative cost between two services is harder still. Public safety is usually a high priority for citizens. One policeman's salary for a year may not seem to be much. However, each sworn officer requires extensive, on-going mandatory training, uniforms and expensive safety equipment in addition to support staff, insurance and high fringe benefits. It is very difficult to weigh such costs against other competing costs such as building a skate park or providing after school programs that might keep teenagers occupied and out of trouble after school.

The City of Tualatin is hindered and helped by being a relatively affluent suburb of a large metropolitan area. The City has been successful in attracting high-end development with a balance of residential, retail and light manufacturing. This balanced growth has partially served as a buffer to the low tax rate. Tualatin's construction of a 100,000 square foot high-end retail space (Bridgeport Village, adjacent to I-5, the State's primary north-south freeway) with shops and restaurants has attracted other retail development. Construction on these retail centers, the Point at Bridgeport and Bridgeport Commons continues.

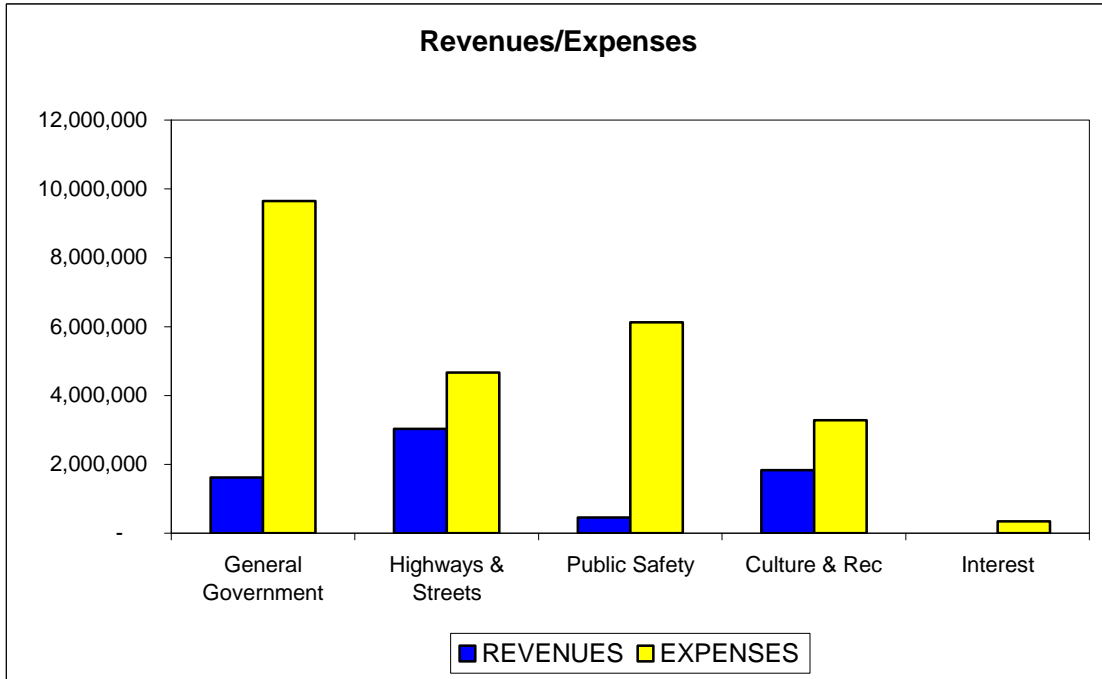
However, as build-out of the City occurs, it is likely to become more difficult to handle the inevitable rise in the cost of services. Regional transportation issues and the high development in the southwestern part of Washington County will continue to present challenges to the high quality of life that the citizens of Tualatin have experienced in the past.

**CITY OF TUALATIN'S STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2010 and 2009**

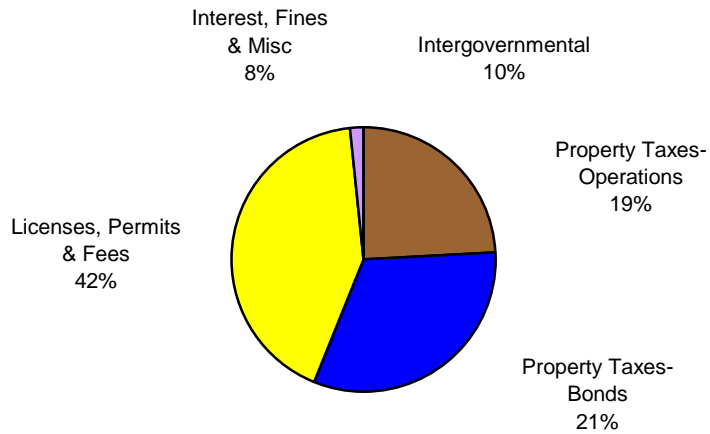
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 2,978,737	\$ 2,537,150	\$ 12,437,991	\$ 12,259,303	\$ 15,416,728	\$ 14,796,453
Operating grants and contributions	3,676,768	3,252,434	-	-	3,676,768	3,252,434
Capital grants and contributions	278,919	719,868	338,803	396,168	617,722	1,116,036
General revenues:						
Property taxes	12,464,195	12,009,941	-	-	12,464,195	12,009,941
Franchise fees	2,428,585	2,404,323	-	-	2,428,585	2,404,323
Grants and contributions not restricted to specific programs	382,515	1,029,369	89,790	277,102	472,305	1,306,471
Total revenues	<u>22,209,719</u>	<u>21,953,085</u>	<u>12,866,584</u>	<u>12,932,573</u>	<u>35,076,303</u>	<u>34,885,658</u>
Expenses:						
General government	9,651,970	9,887,477	-	-	9,651,970	9,887,477
Public safety	6,127,811	5,702,703	-	-	6,127,811	5,702,703
Highways & streets	4,667,832	4,242,622	-	-	4,667,832	4,242,622
Culture & recreation	3,280,537	3,289,432	-	-	3,280,537	3,289,432
Interest on long-term debt	341,346	489,308	-	-	341,346	489,308
Water	-	-	3,396,759	3,099,432	3,396,759	3,099,432
Sewer	-	-	5,878,803	5,028,317	5,878,803	5,028,317
Storm drain	-	-	514,149	653,308	514,149	653,308
Total expenses	<u>24,069,496</u>	<u>23,611,542</u>	<u>9,789,711</u>	<u>8,781,057</u>	<u>33,859,207</u>	<u>32,392,599</u>
Change in net assets before transfers	(1,859,777)	(1,658,457)	3,076,873	4,151,516	1,217,096	2,493,059
Transfers	313,096	3,099,069	(313,096)	(3,099,069)	-	-
Change in net assets	(1,546,681)	1,440,612	2,763,777	1,052,447	1,217,096	2,493,059
Beginning net assets, as restated	<u>127,771,213</u>	<u>126,330,601</u>	<u>54,564,875</u>	<u>53,512,428</u>	<u>182,336,088</u>	<u>179,843,029</u>
Ending net assets	<u>\$ 126,224,532</u>	<u>\$ 127,771,213</u>	<u>\$ 57,328,652</u>	<u>\$ 54,564,875</u>	<u>\$ 183,553,184</u>	<u>\$ 182,336,088</u>

Total governmental activities revenues increased slightly during the current year. Property tax and charges for services increases were offset to some extent by decreases in grants and contributions. Operating grants also showed a slight increase. Increases in governmental expenses are due primarily to personnel costs. The total business-type activities revenue decrease is primarily due to decreases in SDC fees.

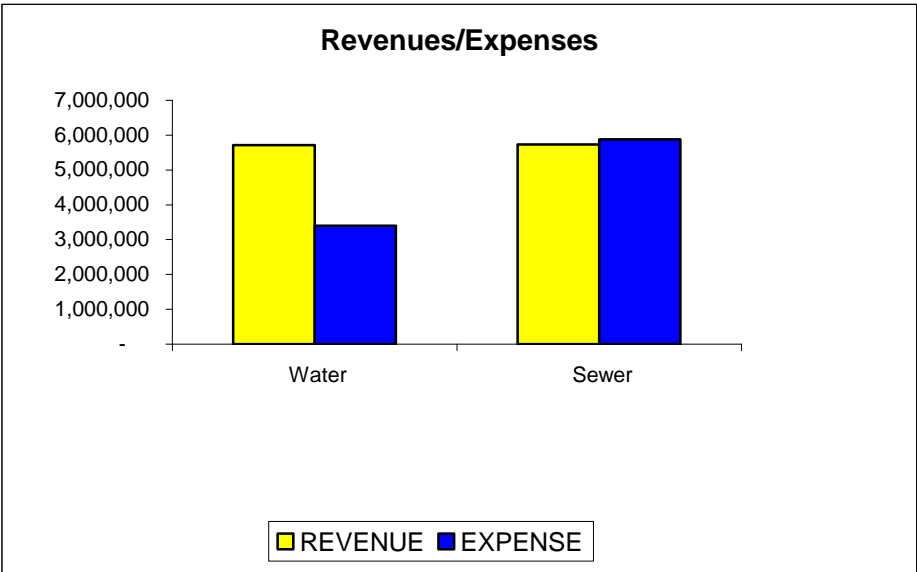
**Expenses and Program Revenues - Governmental Activities**



**Revenues by Source - Governmental Activities**

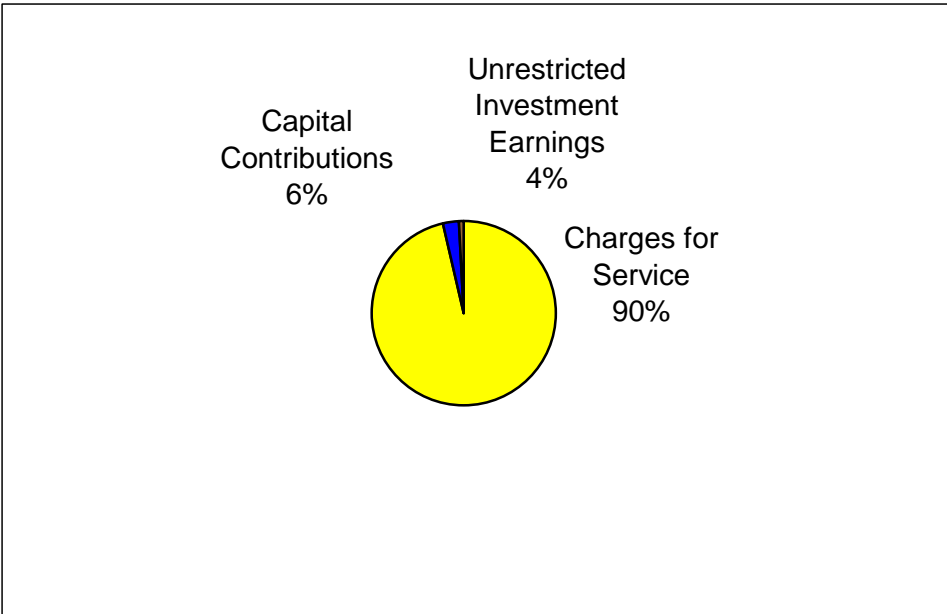


**Expenses and Program Revenues - Business-type Activities**



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



Business activities in 2009-2010 increased net assets by \$ 2,763,777 during the year. This is primarily due to the delays in capital projects due to the economic downturn and a hold on growth related capital projects.

A plant maintained by Clean Water Services, a special district, serves the majority of sewer customers in the City of Tualatin. The remaining sewer customers are serviced by the City of Lake Oswego's plant. Tualatin maintains pipes and lift stations within the City. Whereas Clean Water Services is instrumental in the rate setting for sewer services and because the City of Tualatin has relatively young infrastructure this allows for some building of reserves. These reserves will be badly needed as the City's system ages.

### **Capital Assets Reporting and Activity During the Year**

Capital improvements for the City of Tualatin increased by \$2,826,887 in fiscal year 2009-10. This investment in capital assets includes land, construction in progress, improvements, machinery and equipment and infrastructure. The governmental infrastructure category consists primarily of roads, signals and lighting. Capital assets in the business-type activities include water and sewer lines, lift stations and other portions of utility systems.

Major capital events during the current fiscal year included the following:

- Acquired 3.44 acres of riverfront property in the Tualatin River Greenway adjacent to Jurgen's Park.
- Completed the I-5 at Nyberg Road Landscape project.
- Completed reconstruction of Herman Road from 108<sup>th</sup> Avenue to Teton Avenue.
- Completed replacement of AC lines in the Indian Meadows and Indian Woods subdivisions.
- Completed construction of an electrical connection at the Martinazzi Pump Station.
- Completed a new sewer line in Seneca Street.
- Completed construction of the Norwood Pump Station.
- Completed a new pedestrian crossing over Hedges Creek.



**City of Tualatin's Net Capital Assets**  
**June 30, 2010 and 2009**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 13,528,104	\$ 12,052,700	\$ 877,464	\$ 868,631	\$ 14,405,568	\$ 12,921,331
Construction in Progress	14,504,525	10,863,228	5,361,582	4,491,202	19,866,107	15,354,430
Buildings	17,188,815	17,182,280	367,755	367,755	17,556,570	17,550,035
Other Improvements	22,113,369	25,269,138	-	-	22,113,369	25,269,138
Machinery and Equipment	3,265,206	2,894,941	863,750	893,543	4,128,956	3,788,484
Utility System	-	-	67,837,148	63,043,813	67,837,148	63,043,813
Infrastructure	89,729,334	89,147,394	-	-	89,729,334	89,147,394
Accumulated Depreciation	(52,959,516)	(49,435,986)	(21,461,109)	(19,249,099)	(74,420,625)	(68,685,085)
<b>Total</b>	<b>\$ 107,369,837</b>	<b>\$ 107,973,695</b>	<b>\$ 53,846,590</b>	<b>\$ 50,415,845</b>	<b>\$ 161,216,427</b>	<b>\$ 158,389,540</b>

Additional information concerning capital assets is available in the Notes to the Financial Statements. Note A provides a discussion of City policies regarding capital assets and Note F shows a schedule of the year's activity for governmental funds and business-type funds.

**Financial Analysis of Governmental Funds**

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

Governmental funds provide information about near-term inflows, outflows and balances of spendable resources, which are consistent with the way the City budgets the individual funds. Such information is a useful measure of a government's net resources available for spending at the end of the fiscal year. Net assets for the City's governmental funds decreased from \$127,771,213 in 2009 to \$126,224,532 in 2010.

Total revenues increased from \$21,953,085 to \$22,209,719 before transfers. Expenses increased from \$23,611,542 to \$24,069,496, a modest increase considering inflation and changes in programs. The increase in revenues was due to increases in property taxes and charges for services, but was offset by decreases in capital and program-specific grants and contributions.

Expenditures for general government and reserve funds are less than budgeted. In the General fund, it is the policy of the City to budget at least 15% of the total budget for personnel services, materials and services and capital in contingency. Transfers from contingency rarely exhaust this sum and with additional amounts put in reserves it is expected that the fully budgeted amounts will not be expended. Other governmental funds routinely budget reserves, which are not expected to be expended. For instance, the Building Division of the Engineering and Building fund has in reserves six months of operational costs to carry the fund for short-term downturns in revenues, because of cyclical expenditures.

Oregon cities continue to be confronted with legal actions to amend laws requiring payment of franchise fees by utilities to the cities where they do business. This is particularly true for telephone companies who argue that wireless phones have reduced their revenue and that the use of right-of-ways is no longer a factor as it is with traditional phones. This is particularly difficult for the General Fund because franchise fees are the second highest percentage of revenue to that fund.

**Debt Administration**

**City of Tualatin's Debt Service  
Year Ended June 30, 2010**

	<u>Beginning</u>	<u>Additions</u>	<u>Principal Paid</u>	<u>Ending</u>
General Obligation Bonds	\$ 9,950,000	\$ -	\$ (305,000)	\$ 9,645,000
Urban Renewal Bonds	1,000,000	-	(1,000,000)	-
Water Revenue Bonds	6,540,000	-	(275,000)	6,265,000
Limited Tax Bonds	620,000	-	(80,000)	540,000
<b>Total Bonds Payable</b>	<b>\$ 18,110,000</b>	<b>\$ -</b>	<b>\$ (1,660,000)</b>	<b>\$ 16,450,000</b>

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.

Additional information concerning long-term debt is available in the Notes to the Financial Statements, Note A and Note J.

**General Fund Budgetary Highlights**

The General Fund is the chief operating fund of the City of Tualatin. Unreserved fund balance was \$4,544,100 at the end of the current year. All of these funds were available for short-term expenditures. As a matter of course, the City strives to have enough reserves at the end of the fiscal year to provide cash for the first five months of operations at which time the first installment of property taxes are received.

**Significant Transactions During the Year**

In addition to the projects described earlier in this MD&A (Capital Assets Reporting and Activity During the Year section), the City worked with TriMet and Washington County to obtain full funding for a whistle-free/quiet zone for the commuter rail crossings in Tualatin. Funding for this project includes federal stimulus and earmarked funds paid to TriMet, as well as funding from the Central Urban Renewal District.

In response to a new computer aided dispatch system, the police department replaced and upgraded 24 police vehicles from mobile data terminals to laptops. This project was a joint effort between Police, Information Systems and Fleet and was successfully implemented during the fiscal year. Information Systems also upgraded all City computers to Office 2007.

As a result of the previous year's snow event and in conjunction with the need to replace an aging dump truck, the City purchased a new dump truck with a snow plow attachment. The new truck was placed in service just days before a surprise commute hour snow accumulation and helped clear the major city arterials, according to the City's snow removal plan.

The City embarked on a sustainability plan with the creation of an internal Sustainability Team. As part of their efforts, they conducted a waste audit, energy audit and paper audit of City operations. The City also converted 100% of the holiday lights used around Commons Lake annually to LED lights, thereby saving both money and energy each year.

### **Discussion of Significant Changes in Individual Fund Balances**

The Engineering and Building Fund balance decreased from \$2,166,761 to \$1,456,581 due to the downturn in the economy and early retirement incentives used to reduce staffing in the department.

The Leveton Tax District Project Fund decreased in 2010 to \$8,216,430 from \$10,432,970 in 2009. This decrease occurred due to the commencement of the Leveton Drive extension and the completion of the Herman Road project. The Road Development Fund decreased by 50%, due to the completion of this project, as well.

### **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 assessed value, this is likely to require adjustments in the future to maintain the same levels of services, particularly for General Fund services. This could include reductions in service levels and/or increases in revenues, such as increases in fees for services, operating levies and increases in franchise fees.
- Tualatin's location in the Portland metropolitan area is very much affected by the transportation issues associated with urban areas. The update of the Regional Transportation Plan will have a large impact on Tualatin. The City Council and city staff have been active in the process to identify these impacts and its affect on the City of Tualatin. Additionally, the City of Tualatin is embarking on a project to update the City's own Transportation System Plan. This process will have an effect on many facets of the City's master plans, future vibrancy of the Tualatin business environment and will include a significant public involvement process.
- The Southwest Concept Plan is a general land use and transportation plan for approximately 614 acres southwest of Tualatin and the area has been designated by Metro (a regional governmental entity) as a Regionally Significant Industrial Area. This area is the single biggest piece of new industrial land in the Portland metropolitan region. The City Council plans to adopt the plan in the Fall of 2010 and adopt amendments to the Tualatin Development Code in early 2011. The planning of this area and its impact on the City of Tualatin is significant.
- The Cities of Tualatin and Wilsonville have partnered to develop a concept plan for future development of the Basalt Creek and West Railroad Planning Areas. Metro included this land in the Urban Growth Boundary to help meet the industrial and residential land demand in the region for the next 20 years. Accordingly, the Cities intend to create a plan that provides an orderly guide for possible future growth. Specifically, the Concept Plan will address a variety of factors, including future city limits of both cities, proper mix of land uses, transportation needs to meet these needs and provision for urban infrastructure services.
- A regional priority for transportation needs for the southern industrial areas mentioned above is an extension of 124<sup>th</sup> Avenue, from Tualatin-Sherwood Road to the South Wilsonville interchange with Interstate 5. The design work for this extension has begun with Washington County.

- Urban renewal projects continue in the two current urban renewal districts. Both the Leveton Tax Increment District and the Central Urban Renewal District reached its maximum indebtedness during the 09/10 fiscal year and have stopped collecting tax increment. The related assessed values have been returned to the overlapping taxing districts, including the City of Tualatin.

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

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

***BASIC FINANCIAL STATEMENTS***

**CITY OF TUALATIN**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 30,931,703	\$ 9,507,441	\$ 40,439,144
Accounts receivable	284,123	1,122,635	1,406,758
Property taxes receivable	592,842	-	592,842
Assessment liens receivable	280,397	-	280,397
Inventories	65,313	40,899	106,212
Nondepreciable capital assets	28,032,629	6,239,046	34,271,675
Capital assets, net of depreciation	79,337,208	47,607,544	126,944,752
<i>Total Assets</i>	139,524,215	64,517,565	204,041,780
<b>LIABILITIES</b>			
Accounts payable	951,531	877,950	1,829,481
Payroll liabilities	516,612	-	516,612
Retainage payable	242,242	-	242,242
Deposits payable	376,306	772	377,078
Unearned revenue	-	23,907	23,907
Interest payable	28,998	21,284	50,282
Noncurrent liabilities:			
Due within one year:			
Capital lease payable	19,913	-	19,913
Bonds payable	410,000	285,000	695,000
Accrued compensated absences	207,148	-	207,148
Due in more than one year:			
Bonds payable	9,775,000	5,980,000	15,755,000
Accrued compensated absences	420,574	-	420,574
Other postemployment benefits	351,359	-	351,359
<i>Total Liabilities</i>	13,299,683	7,188,913	20,488,596
<b>NET ASSETS</b>			
Investment in capital assets (net of related debt)	97,164,924	47,581,590	144,746,514
Fund net assets			
Restricted for:			
Debt service	3,924,564	-	3,924,564
Construction	15,533,420	4,172,155	19,705,575
Streets	1,242,343	-	1,242,343
Unrestricted	8,359,281	5,574,907	13,934,188
<i>Total Net Assets</i>	\$ 126,224,532	\$ 57,328,652	\$ 183,553,184

See notes to financial statements.

**CITY OF TUALATIN**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2010**

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>FUNCTIONS/PROGRAMS</b>			
<b>Governmental Activities:</b>			
General government	\$ 9,651,970	\$ 1,047,095	\$ 570,036
Highways and streets	4,667,832	1,628,577	1,167,711
Public safety	6,127,811	141,268	313,340
Culture and recreation	3,280,537	161,797	1,625,681
Interest on long-term debt	341,346	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Governmental Activities</i>	24,069,496	2,978,737	3,676,768
<b>Business-type Activities:</b>			
Water	3,396,759	5,654,088	-
Sewer	5,878,803	5,457,101	-
Storm drain	514,149	1,326,802	-
	<hr/>	<hr/>	<hr/>
<i>Total Business-type Activities</i>	9,789,711	12,437,991	-
	<hr/>	<hr/>	<hr/>
<i>Total Activities</i>	\$ 33,859,207	\$ 15,416,728	\$ 3,676,768
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>General Revenues:</b>			
Property taxes			
Franchise fees			
Miscellaneous			
<i>Total General Revenues</i>			
<b>Transfers</b>			
<b>Change in Net Assets</b>			
<b>Net Assets, July 1, 2009</b>			
<b>Net Assets, June 30, 2010</b>			

<i>Net (Expenses) Revenues and Changes in Net Assets</i>			
<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ -	\$ (8,034,839)	\$ -	\$ (8,034,839)
236,710	(1,634,834)	-	(1,634,834)
-	(5,673,203)	-	(5,673,203)
42,209	(1,450,850)	-	(1,450,850)
-	(341,346)	-	(341,346)
278,919	(17,135,072)	-	(17,135,072)
59,504	-	2,316,833	2,316,833
279,299	-	(142,403)	(142,403)
-	-	812,653	812,653
338,803	-	2,987,083	2,987,083
<u>\$ 617,722</u>	(17,135,072)	2,987,083	(14,147,989)
	12,464,195	-	12,464,195
	2,428,585	-	2,428,585
	382,515	89,790	472,305
	15,275,295	89,790	15,365,085
	313,096	(313,096)	-
	(1,546,681)	2,763,777	1,217,096
	127,771,213	54,564,875	182,336,088
	<u>\$ 126,224,532</u>	<u>\$ 57,328,652</u>	<u>\$ 183,553,184</u>

*See notes to financial statements.*



**FUND FINANCIAL STATEMENTS**  
**MAJOR GOVERNMENTAL FUNDS**

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

*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.

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

*Central Urban Renewal District 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* - 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**  
**GOVERNMENTAL FUNDS – BALANCE SHEET**  
**JUNE 30, 2010**

	<u>General</u>	<u>Engineering &amp; Building</u>	<u>Leveton Bond</u>
<b>ASSETS</b>			
Cash and investments	\$ 4,949,663	\$ 1,731,685	\$ 1,160,200
Accounts receivable	192,141	-	-
Property taxes receivable	293,936	-	160,399
Assessment liens receivable	-	-	-
Inventory	29,333	-	-
Due from other funds	8,197	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 5,473,270</u>	<u>\$ 1,731,685</u>	<u>\$ 1,320,599</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 146,988	\$ 22,731	\$ 843
Accrued payroll and payroll liabilities	412,649	55,036	-
Deposits	118,969	197,337	-
Retainage payable	-	-	-
Due to other funds	-	-	-
Deferred revenue	250,564	-	160,399
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	929,170	275,104	161,242
<b>Fund Balances</b>			
Reserved for inventory	29,333	-	-
Unreserved, reported in:			
General fund	4,514,767	-	-
Special revenue funds	-	1,456,581	-
Capital projects funds	-	-	-
Debt services fund	-	-	1,159,357
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u>4,544,100</u>	<u>1,456,581</u>	<u>1,159,357</u>
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 5,473,270</u>	<u>\$ 1,731,685</u>	<u>\$ 1,320,599</u>

<i>Central Urban Renewal Project</i>	<i>Leveton Project</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 6,001,389	\$ 8,616,482	\$ 8,472,284	\$ 30,931,703
-	-	91,982	284,123
-	-	138,507	592,842
-	-	280,397	280,397
-	-	35,980	65,313
-	-	1,390,603	1,398,800
<u>\$ 6,001,389</u>	<u>\$ 8,616,482</u>	<u>\$ 10,409,753</u>	<u>\$ 33,553,178</u>
\$ 377,330	\$ 253,247	\$ 150,392	\$ 951,531
-	-	48,927	516,612
-	-	60,000	376,306
-	146,805	95,437	242,242
1,390,875	-	7,925	1,398,800
-	-	394,810	805,773
<u>1,768,205</u>	<u>400,052</u>	<u>757,491</u>	<u>4,291,264</u>
-	-	35,980	65,313
-	-	-	4,514,767
-	-	4,293,480	5,750,061
4,233,184	8,216,430	3,083,806	15,533,420
-	-	2,238,996	3,398,353
<u>4,233,184</u>	<u>8,216,430</u>	<u>9,652,262</u>	<u>29,261,914</u>
<u>\$ 6,001,389</u>	<u>\$ 8,616,482</u>	<u>\$ 10,409,753</u>	<u>\$ 33,553,178</u>

*See notes to financial statements.*

**CITY OF TUALATIN**  
**RECONCILIATION TO THE STATEMENT OF NET ASEETS**  
**JUNE 30, 2010**

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<i>Fund Balances</i>	\$ 29,261,914
<p>The Statement of Net Assets reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.</p>	
	805,773
<p>Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value.</p>	
Cost	160,329,353
Accumulated depreciation	(52,959,516)
<p>All liabilities are reported in the Statement of Net Assets. However, if they are not due and payable in the current period, they are not recorded in governmental funds.</p>	
Compensated absences payable	(627,722)
Accrued interest payable	(28,998)
Bonds and loans payable	(10,204,913)
Other postemployment benefits	(351,359)
	<hr/>
<i>Net Assets of Governmental Activities</i>	<u><u>\$ 126,224,532</u></u>

*See notes to financial statements.*

**CITY OF TUALATIN****GOVERNMENTAL FUNDS – STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE  
YEAR ENDED JUNE 30, 2010**

	<u>General</u>	<u>Engineering &amp; Building</u>	<u>Leveton Bond</u>
<b>REVENUES</b>			
Taxes and assessments	\$ 6,139,879	\$ -	\$ 3,365,650
Licenses and permits	2,796,119	458,432	-
Charges for services	116,237	-	-
Intergovernmental	2,056,723	-	-
Fines and forfeitures	277,535	-	-
Miscellaneous	146,455	13,394	28,512
<i>Total Revenues</i>	<u>11,532,948</u>	<u>471,826</u>	<u>3,394,162</u>
<b>EXPENDITURES</b>			
Current operating:			
General government	4,437,770	2,045,735	6,667
Public works	-	-	-
Public safety	5,724,373	-	-
Culture and recreation	3,183,062	-	-
Capital outlay	196,094	37,632	-
Debt service			
Principal	11,915	-	730,000
Interest	-	-	21,396
<i>Total Expenditures</i>	<u>13,553,214</u>	<u>2,083,367</u>	<u>758,063</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,020,266)	(1,611,541)	2,636,099
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	21,757	-	-
Transfers in	1,894,079	1,310,426	-
Transfers out	(37,270)	(409,265)	(2,504,909)
<i>Total Other Financing Sources (Uses)</i>	<u>1,878,566</u>	<u>901,161</u>	<u>(2,504,909)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(141,700)	(710,380)	131,190
<b>FUND BALANCES, Beginning of year</b>	<u>4,685,800</u>	<u>2,166,961</u>	<u>1,028,167</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 4,544,100</u>	<u>\$ 1,456,581</u>	<u>\$ 1,159,357</u>

<i>Central Urban Renewal Project</i>	<i>Leveton Project</i>	<i>Nonmajor Governmental Funds</i>	<i>Totals</i>
\$ -	\$ -	\$ 3,743,450	\$ 13,248,979
-	-	1,152,149	4,406,700
-	-	-	116,237
-	-	1,600,415	3,657,138
-	-	-	277,535
28,891	63,355	120,572	401,179
28,891	63,355	6,616,586	22,107,768
52,822	-	2,165,131	8,708,125
-	-	1,451,564	1,451,564
-	-	-	5,724,373
-	-	15,330	3,198,392
429,472	4,401,789	1,532,800	6,597,787
-	-	655,000	1,396,915
-	-	433,300	454,696
482,294	4,401,789	6,253,125	27,531,852
(453,403)	(4,338,434)	363,461	(5,424,084)
-	-	-	21,757
622,489	2,504,909	2,496,525	8,828,428
(367,775)	(383,015)	(1,815,201)	(5,517,435)
254,714	2,121,894	681,324	3,332,750
(198,689)	(2,216,540)	1,044,785	(2,091,334)
4,431,873	10,432,970	8,607,477	31,353,248
\$ 4,233,184	\$ 8,216,430	\$ 9,652,262	\$ 29,261,914

*See notes to financial statements.*

**CITY OF TUALATIN**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010**

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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**

*Net Change in Fund Balances - Total Governmental Funds* \$ (2,091,334)

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

Governmental funds defer revenues that do not provide current financial resources.

However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received. (31,593)

Governmental funds do not report expenditures for unpaid compensated absences, interest expense or arbitrage since they do not require the use of current financial resources.

However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.

Accrued compensated absences (20,811)

Accrued interest payable 4,063

Other postemployment benefits (178,306)

Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.

Capital outlay 6,597,787

Depreciation expense (4,039,660)

Capital assets transferred to business-type activities (2,978,852)

Value of donated assets 133,546

Net book value of asset disposals (316,679)

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Assets.

Proceeds from the issuance of long-term debt (21,757)

Long-term debt principal repaid 1,396,915

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*Change in Net Assets of Governmental Activities* \$ (1,546,681)

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*See notes to financial statements.*

**CITY OF TUALATIN****STATEMENT OF REVENUES AND EXPENDITURES - ACTUAL AND BUDGET (BUDGETARY BASIS) -****GENERAL FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 6,042,405	\$ 6,042,405	\$ 6,139,879	\$ 97,474
Licenses and permits	2,886,000	2,886,000	2,796,119	(89,881)
Charges for services	66,000	66,000	116,237	50,237
Intergovernmental	2,043,210	2,048,290	2,056,723	8,433
Fines and forfeitures	444,000	444,000	277,535	(166,465)
Miscellaneous	213,220	213,220	146,455	(66,765)
<i>Total Revenues</i>	11,694,835	11,699,915	11,532,948	(166,967)
<b>EXPENDITURES</b>				
City council	82,656	82,656	83,601	(945)
Administration	934,276	958,376	952,718	5,658
Finance	823,230	823,230	799,739	23,491
Legal services	183,542	183,542	184,668	(1,126)
Municipal court	111,391	111,391	99,810	11,581
Community development planning	670,273	670,273	519,118	151,155
Police administration	392,561	392,561	387,301	5,260
Police patrol	3,306,616	3,306,616	3,765,418	(458,802)
Police support	2,077,075	2,077,075	1,612,571	464,504
Fleet	420,637	420,637	406,216	14,421
Building maintenance	707,851	707,851	648,039	59,812
Parks maintenance	1,149,236	1,149,236	1,080,493	68,743
Community services - Admin	400,629	400,629	408,396	(7,767)
Community services - Library	1,584,719	1,589,799	1,547,930	41,869
Community services - Recreation	258,007	260,007	214,138	45,869
Nondepartmental	787,634	787,634	821,301	(33,667)
Contingency	413,775	387,675	-	387,675
<i>Total Expenditures</i>	14,304,108	14,309,188	13,531,457	777,731
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(2,609,273)	(2,609,273)	(1,998,509)	610,764
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,894,079	1,894,079	1,894,079	-
Transfers out	(37,270)	(37,270)	(37,270)	-
<i>Total Other Financing</i>				
<i>Sources (Uses)</i>	1,856,809	1,856,809	1,856,809	-
<b>NET CHANGE IN FUND BALANCE</b>	(752,464)	(752,464)	(141,700)	610,764
<b>FUND BALANCE, Beginning of year</b>	3,904,700	3,904,700	4,685,800	781,100
<b>FUND BALANCE, End of year</b>	\$ 3,152,236	\$ 3,152,236	\$ 4,544,100	\$ 1,391,864

See notes to financial statements.



**CITY OF TUALATIN****STATEMENT OF REVENUES AND EXPENDITURES - ACTUAL AND BUDGET (BUDGETARY BASIS) -  
ENGINEERING & BUILDING FUND  
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 788,000	\$ 788,000	\$ 458,432	\$ (329,568)
Miscellaneous	23,220	23,220	13,394	(9,826)
<i>Total Revenues</i>	811,220	811,220	471,826	(339,394)
<b>EXPENDITURES</b>				
Administration	514,927	514,927	489,797	25,130
Engineering	1,603,090	1,603,090	566,098	1,036,992
Engineering Building	890,255	1,040,255	955,833	84,422
Nondepartmental	162,200	162,200	71,639	90,561
Contingency	863,285	713,285	-	713,285
<i>Total Expenditures</i>	4,033,757	4,033,757	2,083,367	1,950,390
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(3,222,537)	(3,222,537)	(1,611,541)	1,610,996
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,310,426	1,310,426	1,310,426	-
Transfers out	(409,265)	(409,265)	(409,265)	-
<i>Total Other Financing Sources (Uses)</i>	901,161	901,161	901,161	-
<b>NET CHANGE IN FUND BALANCE</b>	(2,321,376)	(2,321,376)	(710,380)	1,610,996
<b>FUND BALANCE, Beginning of year</b>	2,321,976	2,321,976	2,166,961	(155,015)
<b>FUND BALANCE, End of year</b>	\$ 600	\$ 600	\$ 1,456,581	\$ 1,455,981

See notes to financial statements.

**CITY OF TUALATIN**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2010**

	<u>Water</u>	<u>Sewer</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and investments	\$ 3,469,738	\$ 983,632	\$ 5,054,071	\$ 9,507,441
Accounts receivable	496,268	506,646	119,721	1,122,635
Inventories	40,377	522	-	40,899
<i>Total Current Assets</i>	4,006,383	1,490,800	5,173,792	10,670,975
<b>Noncurrent Assets</b>				
Nondepreciable capital assets	5,782,529	196,648	259,869	6,239,046
Other capital assets, net of depreciation	26,759,168	18,072,891	2,775,485	47,607,544
<i>Total Noncurrent Assets</i>	32,541,697	18,269,539	3,035,354	53,846,590
<i>Total Assets</i>	36,548,080	19,760,339	8,209,146	64,517,565
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	263,124	393,624	221,202	877,950
Deposits	772	-	-	772
Deferred revenue	23,907	-	-	23,907
Current portion of bonds payable	275,000	-	-	275,000
Interest payable	-	-	21,284	21,284
<i>Total Current Liabilities</i>	562,803	393,624	242,486	1,198,913
<b>Noncurrent liabilities</b>				
Bonds payable	5,990,000	-	-	5,990,000
<i>Total Liabilities</i>	6,552,803	393,624	242,486	7,188,913
<b>NET ASSETS</b>				
Investment in capital assets (net of related debt)	26,276,697	18,269,539	3,035,354	47,581,590
Restricted for special purposes	-	-	4,172,155	4,172,155
Unrestricted	3,718,580	1,097,176	759,151	5,574,907
<i>Total Net Assets</i>	\$ 29,995,277	\$ 19,366,715	\$ 7,966,660	\$ 57,328,652

See notes to financial statements.

**CITY OF TUALATIN****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2010**

	<u>Water</u>	<u>Sewer</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 5,653,698	\$ 5,457,101	\$ 1,326,577	\$ 12,437,376
Miscellaneous	24,619	-	3,845	28,464
<i>Total Operating Revenues</i>	5,678,317	5,457,101	1,330,422	12,465,840
<b>OPERATING EXPENSES</b>				
Materials and services	2,204,591	4,486,581	605,147	7,296,319
Depreciation	927,341	750,338	111,321	1,789,000
<i>Total Operating Expenses</i>	3,131,932	5,236,919	716,468	9,085,319
<b>OPERATING INCOME</b>	2,546,385	220,182	613,954	3,380,521
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment revenue	22,080	7,099	32,760	61,939
Interest expense	-	-	(264,601)	(264,601)
Loss on disposal of capital assets	-	(439,790)	-	(439,790)
<i>Total Nonoperating Revenue (Expenses)</i>	22,080	(432,691)	(231,841)	(642,452)
<b>NET INCOME BEFORE CONTRIBUTIONS</b>	2,568,465	(212,509)	382,113	2,738,069
<b>CAPITAL CONTRIBUTIONS</b>				
Systems development charges	-	-	338,803	338,803
<b>TRANSFERS</b>				
Transfers in	1,230,007	-	4,774,418	6,004,425
Transfers out	(2,094,368)	(835,667)	(3,387,486)	(6,317,521)
<i>Total Transfers</i>	(864,361)	(835,667)	1,386,932	(313,096)
<b>CHANGE IN NET ASSETS</b>	1,704,104	(1,048,176)	2,107,848	2,763,776
<b>NET ASSETS, Beginning of year</b>	28,291,173	20,414,891	5,858,812	54,564,876
<b>NET ASSETS, End of year</b>	\$ 29,995,277	\$ 19,366,715	\$ 7,966,660	\$ 57,328,652

See notes to financial statements.

**CITY OF TUALATIN**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	<u>Water</u>	<u>Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 5,768,257	\$ 5,419,075
Cash paid to suppliers for goods and services	(2,198,910)	(4,498,851)
	<hr/>	<hr/>
<i>Net cash provided by operating activities</i>	3,569,347	920,224
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	1,230,007	-
Transfers out	(2,094,368)	(835,667)
	<hr/>	<hr/>
<i>Net cash used for noncapital financing activities</i>	(864,361)	(835,667)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal payments on notes, bonds, and certificates	(275,000)	-
Interest payments on notes, bonds, and certificates	-	-
Acquisition and construction of capital assets	(2,210,166)	(302,694)
	<hr/>	<hr/>
<i>Net cash used for capital and related financing activities</i>	(2,485,166)	(302,694)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest revenue	22,080	7,099
	<hr/>	<hr/>
<b>NET INCREASE (DECREASE) IN CASH</b>	241,900	(211,038)
<b>CASH, beginning of year</b>	3,227,838	1,194,670
	<hr/>	<hr/>
<b>CASH, end of year</b>	\$ 3,469,738	\$ 983,632
	<hr/> <hr/>	<hr/> <hr/>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 2,546,385	\$ 220,182
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	927,341	750,338
(Increase) Decrease in accounts receivable	92,936	(38,026)
(Increase) Decrease in inventories	5,699	288
Increase (Decrease) in accounts payable	(18)	(12,558)
Increase (Decrease) in deposits	(1,578)	-
Increase (Decrease) in deferred revenue	(1,418)	-
	<hr/>	<hr/>
<i>Net cash provided by operating activities</i>	\$ 3,569,347	\$ 920,224
	<hr/> <hr/>	<hr/> <hr/>

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<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ 1,323,622 (590,388)	\$ 12,510,954 (7,288,149)
733,234	5,222,805
1,795,566 (3,583,436)	3,025,573 (6,513,471)
(1,787,870)	(3,487,898)
-	(275,000)
(206,402)	(206,402)
(167,823)	(2,680,683)
(94,926)	(2,882,786)
32,760	61,939
(1,116,802)	(1,085,940)
6,170,873	10,593,381
<u>\$ 5,054,071</u>	<u>\$ 9,507,441</u>
\$ 613,954	\$ 3,380,521
111,321 (6,800)	1,789,000 48,110
-	5,987
14,759	2,183
-	(1,578)
-	(1,418)
<u>\$ 733,234</u>	<u>\$ 5,222,805</u>

*See notes to financial statements.*

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Financial Report Entity

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

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

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

2. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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.

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

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

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

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

3. Measurement focus, basis of accounting and financial statement presentations. (Continued)

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 end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

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

The Engineering & Building Fund accounts for charges for engineering services and related costs.

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

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

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.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of water facilities and services. The primary revenue source is customer services fees.

The Sewer Fund accounts for the operation and maintenance of sewer facilities and services. The primary revenue source is customer services fees.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes.

**CITY OF TUALATIN**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2010*

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

3. Measurement focus, basis of accounting and financial statement presentations. (Continued)

Proprietary funds distinguish operating revenue 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 principal ongoing operations. The principal operating revenues of the City's water enterprise fund, sewer enterprise fund, and storm drain enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

4. Cash and Investments

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

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

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

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

5. Property Taxes Receivable

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

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



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

6. Assessment and Liens Receivable

Assessment are amounts billed to property owners and receivables are recorded upon project completion. Revenues are recognized upon project completion in government wide financial statements, and when cash is collected in the fund financial statements.

7. Receivables and Payables

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

8. Inventories

Inventories of supplies for governmental fund types are stated at cost (first-in, first-out basis) and are charged to expenditures as they are used. Inventories in the 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.

9. Capital Assets

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

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extended the useful life of an asset, or that significantly increase the capacity of an asset, are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

9. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current fiscal year.

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

Asset	Years
Buildings and improvements	25 - 40
Improvements other than buildings	10 - 30
Machinery and equipment	5 - 10
Vehicles	5 - 10
Utility systems	25 - 40
Infrastructure	20 - 40

10. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuance are reported as debt service expenditures.

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

11. Compensated Absences

Accumulated vested vacation pay is accrued as it is earned. Compensated absences are reported in governmental funds only if they have matured. Compensated absences are liquidated from the funds in which payroll is paid, which is primarily the General, Engineering & Building, Operations and Urban Redevelopment Administration funds.

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

12. Fund Equity

Fund Balance - In the fund financial statement, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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

12. Fund Equity (continued)

Restricted Net Assets - Certain enterprise fund net assets are restricted by outside parties for construction and are included as restricted net assets. The Tualatin Science and Technology Scholarship Fund also restricts assets for scholarships.

13. Use of Estimates

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

NOTE B - BUDGETARY COMPLIANCE AND ACCOUNTING

1. Budgetary Information

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

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

2. Basis of Accounting

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

**CITY OF TUALATIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

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NOTE C - CASH AND INVESTMENTS

Cash and Investments consisted of the following:

	<i>Carrying Value</i>	<i>Fair Value</i>
	<hr/>	<hr/>
<b>Cash</b>		
Petty Cash	\$ 1,910	\$ 1,910
Cash with fiscal agent	59,261	59,261
Cash on deposit with various banks	(153,453)	(153,453)
<b>Investments</b>		
Local Government Investment Pool	40,531,425	40,531,425
	<hr/>	<hr/>
	\$ 40,439,143	\$ 40,439,143
	<hr/> <hr/>	<hr/> <hr/>

Deposits

The City's deposits with various financial institutions had a bank value of \$321,533 at June 30, 2010. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon.

Investments

At year-end, all of the City's investments were in the Local Government Investment Pool, an external investment pool. The City does make investments outside the pool at times. A written policy is in place that specifies the following goals and procedures: preservation of capital and protection of principal; conformance with federal, state and legal requirements; maintenance of sufficient liquidity to meet operating requirements; avoidance of imprudent credit, market and speculative risk, and attainment of a market rate of return. This policy has not been adopted as yet by the City Council

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2010, none of the City's bank balances were exposed to custodial credit risk.

**CITY OF TUALATIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

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NOTE C - CASH AND INVESTMENTS (Continued)

Credit Risk

State statutes authorize the City to invest primarily in general obligations of the U. S. Government and its agencies, bankers' acceptances, certain higher grade commercial papers, certain bonded obligations of Oregon municipalities, bank repurchase agreements, and the State Treasurer's investment pool, among others.

The State of Oregon Local Government Investment Pool (LGIP) is not registered with the U. S. Securities and Exchange Commission as an investment company. Oregon Revised Statutes and the Oregon Investment council govern the Pool's investment policies.

The State Treasurer is the investment officer for the pool and is responsible for its funds. These funds must be invested and the investment managed as a prudent investor would, exercising reasonable care, skill and caution.

Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-term funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool on a yearly basis and for the year ended June 30, 2010, was unqualified. The LGIP is not subject to credit rating.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates. Investments in the LGIP are available upon demand (one day).

NOTE D - RECEIVABLES

Receivables at June 30, 2010, consist of the following:

	Accounts Receivable	Taxes Receivable	Assessments Receivable	Total
General	\$ 192,141	\$ 293,936	\$ -	\$ 486,077
Leveton Tax Increment Bond Sinking	-	160,399	-	160,399
Non-major governmental funds	91,982	138,507	280,397	510,886
Water	496,268	-	-	496,268
Sewer	506,646	-	-	506,646
Non-major enterprise funds	119,721	-	-	119,721
	<u>\$ 1,406,758</u>	<u>\$ 592,842</u>	<u>\$ 280,397</u>	<u>\$ 2,279,997</u>

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, there was no unearned revenue, and the various components of deferred revenue reported in the governmental funds were as follows:

**CITY OF TUALATIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

NOTE D - RECEIVABLES (Continued)

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable - General Fund	\$ 250,564	\$ -
Property taxes receivable - General Obligation Bond Fund	27,758	-
Property taxes receivable - Central Urban Renewal District Bond Fund	105,944	-
Property taxes receivable - Leveton Tax Increment District Bond Fund	160,399	-
Special assessments not yet due - Bancroft Bond Fund	261,108	-
Utility service fee deposits - Water Fund	-	23,907
	<u>\$ 805,773</u>	<u>\$ 23,907</u>

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

NOTE E - INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

Amounts for interfund balances were for the purpose of short-term internal financing and will be repaid in the subsequent year.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Activities:		
Major Funds:		
General	\$ 8,197	\$ -
Library Improvement Fund	1,390,603	-
Central Urban Renewal District Project Fund	-	1,390,875
Urban Redevelopment	-	7,925
	<u>\$ 1,398,800</u>	<u>\$ 1,398,800</u>

**CITY OF TUALATIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

**NOTE F- CAPITAL ASSETS**

Capital asset activity for governmental activities for the fiscal year ended June 30, 2010, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Assets Transferred</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 12,052,700	\$ 1,484,237	\$ (8,833)	\$ -	\$ 13,528,104
Construction in progress	10,863,228	4,699,100	(238,358)	(819,445)	14,504,525
<b>Total capital assets not being depreciated</b>	<b>22,915,928</b>	<b>6,183,337</b>	<b>(247,191)</b>	<b>(819,445)</b>	<b>28,032,629</b>
Capital assets being depreciated:					
Buildings	17,182,280	6,535	-	-	17,188,815
Improvements other than buildings	25,269,138	28,695	(3,184,464)	-	22,113,369
Machinery and equipment	2,894,941	407,915	-	(37,650)	3,265,206
Infrastructure	89,147,394	924,296	-	(342,356)	89,729,334
<b>Total capital assets being depreciated</b>	<b>134,493,753</b>	<b>1,367,441</b>	<b>(3,184,464)</b>	<b>(380,006)</b>	<b>132,296,724</b>
Less accumulated depreciation for:					
Buildings	(3,339,683)	(590,713)	-	-	(3,930,396)
Improvements other than buildings	(7,572,959)	(664,700)	452,803	-	(7,784,856)
Machinery and equipment	(2,345,729)	(195,704)	-	37,650	(2,503,783)
Infrastructure	(36,177,615)	(2,588,543)	-	25,677	(38,740,481)
<b>Total accumulated depreciation</b>	<b>(49,435,986)</b>	<b>(4,039,660)</b>	<b>452,803</b>	<b>63,327</b>	<b>(52,959,516)</b>
<b>Total capital assets being depreciated, net</b>	<b>85,057,767</b>	<b>(2,672,219)</b>	<b>(2,731,661)</b>	<b>(316,679)</b>	<b>79,337,208</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 107,973,695</b>	<b>\$ 3,511,118</b>	<b>\$ (2,978,852)</b>	<b>\$ (1,136,124)</b>	<b>\$ 107,369,837</b>

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

Governmental activities:	
General government	\$ 565,552
Public safety	121,190
Highway and streets, including depreciation of infrastructure assets	2,908,555
Culture and recreation	444,363
	<u>4,039,660</u>
	<u>\$ 4,039,660</u>

**CITY OF TUALATIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

NOTE F - CAPITAL ASSETS (Continued)

Capital asset activity for business-type activities for the fiscal year ended June 30, 2010, is as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Disposals</i>	<i>Assets Transferred</i>	<i>Ending Balance</i>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 868,631	\$ -	\$ -	8,833	\$ 877,464
Construction in progress	4,491,202	2,657,518	(2,025,496)	238,358	5,361,582
Total capital assets not being depreciated	5,359,833	2,657,518	(2,025,496)	247,191	6,239,046
Capital assets being depreciated:					
Buildings	367,755	-	-	-	367,755
Improvements other than buildings	63,043,813	2,129,402	(520,531)	3,184,464	67,837,148
Machinery and equipment	893,543	-	(29,793)	-	863,750
Total capital assets being depreciated	64,305,111	2,129,402	(550,324)	3,184,464	69,068,653
Less accumulated depreciation for:					
Buildings	(328,250)	(4,376)	-	-	(332,626)
Improvements other than buildings	(18,442,825)	(1,713,537)	-	(452,803)	(20,609,165)
Machinery and equipment	(478,024)	(71,087)	29,793	-	(519,318)
Total accumulated depreciation	(19,249,099)	(1,789,000)	29,793	(452,803)	(21,461,109)
Total capital assets being depreciated, net	45,056,012	340,402	(520,531)	2,731,661	47,607,544
Business-type activities capital assets, net	\$ 50,415,845	\$ 2,997,920	\$ (2,546,027)	\$ 2,978,852	\$ 53,846,590

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

*Business-type activities:*

Water	\$ 927,341
Sewer	750,338
Storm Drain	111,321
	<u>1,789,000</u>
	<u>\$ 1,789,000</u>



**CITY OF TUALATIN**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2010*

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NOTE G - PENSION PLANS

Plan Description and Provisions:

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 six employees covered by the contributory defined contribution retirement plan for the year ended June 30, 2010, was \$364,334. The City's total payroll was \$9,573,068.

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, 2007, is based on the December 31, 2005, actuarial valuation and is 15.42% for PERS employees, 15.36% for OPSRP general service employees and 18.63% 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 \$1,250,813 for the year ended June 30, 2010. The 2004 Interim Valuation indicates that the City has an accrued actuarial deficit of \$3.79 million.

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

Public employees hired after August 29, 2003, become members of the Oregon Public Service retirement Plan (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.

Funding Policy:

Substantially all regular full-time City employees are participants under plans available through Oregon Public Employees Employment System (PERS), 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 benefited; established and maintained as a tax-qualified government defined benefit plan) and 2) the Individual Account Program (IAP) (defined contribution, established and maintained as a tax qualified governmental defined contribution plan.)

**CITY OF TUALATIN**

*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*

*YEAR ENDED JUNE 30, 2010*

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NOTE G - PENSION PLAN (Continued)

Funding Policy (Continued):

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 member's PERS account.

NOTE H - OTHER POST EMPLOYMENT BENEFITS

The City implemented GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension* prospectively beginning in fiscal year June 30, 2010. GASB 45 is applicable to the City due only to the implicit rate subsidy.

*Funding Policy*

The City funds the plan only to the extent of current year insurance premium requirement on a pay-as-you-go basis. At June 30, 2010, the City had 93 active employees and only one retiree was participating in the program with all insurance premium costs paid in full by the individual. The City has not established an irrevocable trust to accumulated assets to fund the cost of the OPEB obligation that arises from the implicit subsidy.

*Annual OPEB Cost and Net OPEB Obligation*

The City's annual other post employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2010, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Normal cost at year end	\$	119,234
Amortization of UAAL		<u>113,557</u>
Annual required contribution		232,791
Interest on prior year net OPEB obligation		7,787
Adjustment to ARC		<u>12,215</u>
Annual OPEB cost		228,363
Implicit benefit payments		<u>50,057</u>
Increase in net OPEB obligation		178,306
Net OPEB obligation - beginning of year		<u>173,053</u>
Net OPEB obligation - end of year	\$	<u><u>351,359</u></u>

**CITY OF TUALATIN****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2010****NOTE H - OTHER POST EMPLOYMENT BENEFITS (Continued)***Annual OPEB Cost and Net OPEB Obligation (Continued)*

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2009 and 2010 was as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation</u>
6/30/09	\$ 173,053	0%	\$ 173,053
6/30/10	178,306	0%	351,359

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5.5% investment rate of return (net of administrative expenses) and an annual healthcare cost rate of between 5.6% and 7%. The UAAL is being amortized over an initial period of 30 years.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
08/01/2008	\$ -	\$ 1,489,299	\$ 1,489,299	0%	\$ 8,345,510	17.8%

**NOTE I - LEASES**Operating Leases

The City has entered into various non-cancelable, operating leases with a term of more than one year for office equipment. The future minimum lease payments for these leases are not material.

**CITY OF TUALATIN**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
**YEAR ENDED JUNE 30, 2010**

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NOTE I - LEASES (Continued)

Capital Leases

The City has entered into a lease agreement as a lessee to finance the acquisition of computer equipment and a network server. The lease is secured by equipment. The lease agreement qualifies as a capital lease for accounting purposes, and has been recorded at the present value of its future minimum lease payments as of the inception. The amount of equipment capitalized under this lease was \$90,000.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, are as follows:

<u>YEAR ENDED JUNE 30</u>	<u>Amount</u>
2011	\$ 20,152
Less amount representing interest	<u>(239)</u>
Present value of minimum lease payments	<u>\$ 19,913</u>

NOTE J - LONG-TERM DEBT

General Obligation Bonds

The City issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities only. General obligation bonds were issued in February 1999 in the amount of \$3,970,000 for the construction of a police facility; interest rates were from 3.50 to 4.65% with final maturity in 2019. These bonds were refunded in April 2008 by the issuance of \$2,575,000 of new bonds bearing interest at rates from 4.0% to 5.0%. The proceeds of the new debt plus an additional \$574,623 contributed by the City were placed in an escrow account. The old bonds were called and retired in full in February 2009.

In 2005, the City of Tualatin issued bonds for parks improvements in the amount of \$3,785,000; outstanding at June 30, 2010, was \$3,120,000.

In 2006, the City issued \$4,225,000 of bonds for library construction and \$3,950,000 of these bonds were outstanding at June 30, 2010.

**CITY OF TUALATIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

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NOTE J - LONG-TERM DEBT (Continued)

General Obligation Bonds (continued)

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

YEAR ENDED JUNE 30,	Governmental Activities	
	Principal	Interest
2011	\$ 410,000	\$ 382,313
2012	605,000	362,588
2013	625,000	338,281
2014	650,000	312,863
2015	675,000	286,719
2016-2020	3,455,000	989,689
2021-2025	2,600,000	395,207
2026-2028	625,000	25,300
Total	\$ 9,645,000	\$ 3,092,960

Urban Renewal and Redevelopment Bonds

There are two urban renewal districts within the City of Tualatin - the Central Urban Renewal District (CURD) and the Leveton Tax Increment District. The CURD has used debt to revitalize and redevelop the downtown area of the City of Tualatin. The Leveton District continued to redevelop street and infrastructure including water and sewer improvement in the industrial area.

Central Urban Renewal Bonds include the 2004 Bond part B which was the source of new funds to finance Boones Ferry Road Phase 1, utility underground, transportation, and streetscape improvements. These bonds were paid off during the current fiscal year.

The Leveton Tax Increment District includes the Intermediate Financing. The proceeds from this financing were used for improvements of infrastructure at 124th Avenue from SW Leveton Drive to SW Myslony Street. The original amount was \$4,085,000, and the bonds were paid off in the current year.

The Urban Renewal Districts also had short-term borrowings in the amount of \$4,253,703 which were repaid prior to year end.

Limited Tax Improvement Bonds

In 1998, the City issued Limited Tax Improvement Bonds for a street improvement project in the amount of \$2,460,000 with an interest rate of 4.70%. The City has pledged all assessments levied within a Local Improvement District to pay the debt service on the bonds. 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. In most years principal has been called in round lots and to date, \$1,840,000 of the principal has been paid.

**CITY OF TUALATIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

NOTE J - LONG-TERM DEBT (Continued)

Limited Tax Improvement Bonds (Continued)

YEAR ENDED JUNE 30,	Governmental Activities	
	Principal	Interest
2011	\$ -	\$ 29,140
2012	-	29,140
2013	540,000	14,570
Total	\$ 540,000	\$ 72,850

Water Revenue Bonds

In November 2005, the City sold revenue bonds in the amount of \$7,305,000 to be payable solely from net revenue of the City's water system. The proceeds were used primarily 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%.

YEAR ENDED JUNE 30,	Business-type Activities	
	Principal	Interest
2011	\$ 285,000	\$ 255,406
2012	295,000	244,531
2013	305,000	233,281
2014	315,000	221,263
2015	330,000	208,363
2016-2020	1,875,000	826,077
2021-2025	2,330,000	383,195
2026	530,000	11,925
Total	\$ 6,265,000	\$ 2,384,041

**CITY OF TUALATIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

NOTE J - LONG-TERM DEBT (Continued)

Water Revenue Bonds (Continued)

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
General Obligation Bonds, Series 2005	\$ 3,270,000	\$ -	\$ (150,000)	\$ 3,120,000	\$ 155,000
General Obligation Bonds, Series 2006	4,105,000	-	(155,000)	3,950,000	165,000
Central Urban Renewal Series B 2004	270,000	-	(270,000)	-	-
Leveton Tax Increment District Intermediate Financing, Series 2003	730,000	-	(730,000)	-	-
Limited Tax Improvement, Series 1998	620,000	-	(80,000)	540,000	-
General Obligation Refunding, Series 2008	2,575,000	-	-	2,575,000	90,000
<b>Total bonds payable</b>	<b>11,570,000</b>	<b>-</b>	<b>(1,385,000)</b>	<b>10,185,000</b>	<b>410,000</b>
Capital leases	10,071	21,757	(11,915)	19,913	19,913
Compensated absences	606,911	20,811	-	627,722	207,148
<b>Governmental activity long-term liabilities</b>	<b>\$ 12,186,982</b>	<b>\$ 42,568</b>	<b>\$ (1,396,915)</b>	<b>\$ 10,832,635</b>	<b>\$ 637,061</b>
Business-type activities:					
Bonds Payable:					
Water Revenue Bonds, Series 2005	\$ 6,540,000	\$ -	\$ (275,000)	\$ 6,265,000	\$ 285,000

Compensated absences are reported only if they are subject to payment at the time of voluntary or involuntary termination. The amount of vacation accrued is subject to limitation for almost every employee. The set amount cannot be exceeded. Current year liability for vacation cannot be greater than the accrued ceiling set for each employee and when reached is used or lost.

NOTE K - COMMITMENTS AND CONTINGENCIES

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

**CITY OF TUALATIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

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**NOTE K - COMMITMENTS AND CONTINGENCIES (Continued)**

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

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

**NOTE L - CONSTITUTIONAL PROPERTY TAX LIMITATION**

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

In May of 1977, the voters approved Measure 50 which rolled back assessed values to 90 percent of the 1995-96 levels and limits future increases to 3 percent, except for major improvements. Tax rates are now fixed and not subject to change. Oregon Ballot Measure 56 repealed the double majority requirement passed by voters in the 1990's which required, for non-general elections, that all bond measures could pass only when a majority of those registered voted. Voters may approve local initiatives above the fixed rate and they shall be decided by a majority of voters who are voting in the relevant election.

**NOTE M - OVEREXPENDITURE OF APPROPRIATIONS**

Oregon law prohibits disbursements of a fund in excess of Council approved appropriations.

During the current year, the City had the following overexpenditures of appropriations:

	<u><i>Budget</i></u>	<u><i>Actual</i></u>	<u><i>Variance</i></u>
<i>General Fund</i>			
City Council	\$ 82,656	\$ 83,601	\$ (945)
Legal services	183,542	184,668	(1,126)
Police patrol	3,306,616	3,765,418	(458,802)
Community services - Admin	400,629	408,396	(7,767)
Nondepartmental	787,634	821,301	(33,667)
<i>Road Gas Tax</i>			
Materials and services	17,000	17,500	(500)
<i>Sewer SDC</i>			
Materials and services	192,000	202,095	(10,095)



**CITY OF TUALATIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

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NOTE N - TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 1,894,079	\$ 37,270
Engineering	1,310,426	409,265
Operations	1,843,928	-
Storm Drain	-	967,475
Road Utility Fee	-	147,463
Road Gas Tax	92,057	777,503
Core Area Parking	-	41,177
Road Development	-	8,965
Storm Drain Development	-	13,388
Urban Redevelopment	512,775	202,336
Bancroft Bond	-	10,080
Local Improvement District	-	7,003
Park Development	10,000	17,230
Central Urban Renewal Projects	-	367,775
Leveton Projects	-	383,015
Infrastructure Reserve	37,765	-
Water	-	2,094,368
Sewer	-	835,667
Water Development	1,090,455	12,805
Sewer Development	-	9,151
Water Reservoir Project	-	990,455
Water Bond	540,906	-
	<u>\$ 7,332,391</u>	<u>\$ 7,332,391</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

***GASB PRONOUNCEMENTS ISSUED, NOT YET IN EFFECT***

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have future effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on future financial statements.

GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", issued February, 2009 will be effective for the City Beginning with its fiscal year ending June 30, 2011. The Statement establishes new classifications for fund equity and new definitions for governmental fund types.

***SUBSEQUENT EVENTS***

The City adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 165, "Subsequent Events" (ASC 855). ASC 855 establishes new accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through December 30, 2010, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

## **COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

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

*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* - 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* - 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 Science and Technology Scholarship Fund* - accounts for scholarship awards.

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

*Urban Redevelopment Administration Fund* - accounts for the general operations of the City's Urban Renewal Agency.

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

*911 Emergency Communication Fund* - accounts for operations of 911 system.

### **Debt Service Funds**

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

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

*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* - accounts for property taxes collected by the Central Urban Renewal District for payment of bond principal and interest.

*Leveton Tax Increment District Bond Fund* – accounts for property taxes collected by the Leveton Urban Renewal District for payment of bond principal and interest.

### **Capital Projects Funds**

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

*Local Improvement District Fund* - accounts for improvements made to properties that will be assessed to property owners. Primary revenue sources are transfers from other funds.

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

*Park Improvements Fund* - accounts for improvements to City parks not funded by SDC's.

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

*Library Improvement Fund* - accounts for expansion of the City's library. The primary source of funds for the capital improvements is from the sale of bonds in the amount of \$4,225,000 during 2006.

**CITY OF TUALATIN**  
**COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	<i>Special Revenue</i>		
	<i>Operations</i>	<i>Road Utility Fee</i>	<i>Road Gas Tax</i>
<b>ASSETS</b>			
Cash and investments	\$ 1,128,860	\$ 1,400,198	\$ 206,205
Accounts receivable	142	84,010	7,830
Property taxes receivable	-	-	-
Inventory	-	-	35,980
Due from other funds	-	-	-
Other receivables	-	-	-
<i>Total Assets</i>	<u>\$ 1,129,002</u>	<u>\$ 1,484,208</u>	<u>\$ 250,015</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 30,312	\$ 7,558	\$ 73,829
Accrued expenses payable	48,927	-	-
Deposits	-	-	-
Due to other funds	-	-	-
Retainage payable	23,210	51,258	-
Deferred revenue	-	-	-
<i>Total Liabilities</i>	102,449	58,816	73,829
<b>Fund Balances</b>			
Reserved for inventory	-	-	35,980
Unreserved, reported in:			
Special revenue funds	1,026,553	1,425,392	140,206
Capital projects funds	-	-	-
Debt services fund	-	-	-
<i>Total Fund Balances</i>	<u>1,026,553</u>	<u>1,425,392</u>	<u>176,186</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,129,002</u>	<u>\$ 1,484,208</u>	<u>\$ 250,015</u>

*Special Revenue*

<i>Core Area Parking District</i>	<i>Science and Technology Scholarship</i>	<i>Road Development</i>	<i>Urban Redevelopment Administration</i>	<i>Transportation Development Tax Fund</i>
\$ 252,616	\$ 52,227	\$ 492,711	\$ 343,374	\$ 621,910
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 252,616</u>	<u>\$ 52,227</u>	<u>\$ 492,711</u>	<u>\$ 343,374</u>	<u>\$ 621,910</u>
\$ 3,925	\$ -	\$ 27,495	\$ 1,195	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	7,925	-
-	-	20,969	-	-
-	-	-	-	-
3,925	-	48,464	9,120	-
-	-	-	-	-
248,691	52,227	444,247	334,254	621,910
-	-	-	-	-
-	-	-	-	-
<u>248,691</u>	<u>52,227</u>	<u>444,247</u>	<u>334,254</u>	<u>621,910</u>
<u>\$ 252,616</u>	<u>\$ 52,227</u>	<u>\$ 492,711</u>	<u>\$ 343,374</u>	<u>\$ 621,910</u>

**CITY OF TUALATIN****COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS (Continued)**

JUNE 30, 2010

	<i>Debt Service</i>		
	<i>General Obligation Bond</i>	<i>Bancroft Bonded Debt</i>	<i>Central Urban Renewal District Bond</i>
<b>ASSETS</b>			
Cash and investments	\$ 24,830	\$ 480,443	\$ 1,789,761
Accounts receivable	-	-	-
Property taxes receivable	32,563	-	105,944
Inventory	-	-	-
Due from other funds	-	-	-
Other receivables	-	261,108	-
<i>Total Assets</i>	<u>\$ 57,393</u>	<u>\$ 741,551</u>	<u>\$ 1,895,705</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 843
Accrued expenses payable	-	-	-
Deposits	-	-	60,000
Due to other funds	-	-	-
Retainage payable	-	-	-
Deferred revenue	27,758	261,108	105,944
<i>Total Liabilities</i>	<u>27,758</u>	<u>261,108</u>	<u>166,787</u>
<b>Fund Balances</b>			
Reserved for inventory	-	-	-
Unreserved, reported in:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Debt services fund	29,635	480,443	1,728,918
<i>Total Fund Balances</i>	<u>29,635</u>	<u>480,443</u>	<u>1,728,918</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 57,393</u>	<u>\$ 741,551</u>	<u>\$ 1,895,705</u>

**Capital Projects**

<i>Local Improvement District</i>	<i>Park Development</i>	<i>Park Improvements</i>	<i>Infrastructure Reserve</i>	<i>Library Improvement</i>	<i>Total</i>
\$ 464,626	\$ 136,380	\$ 737	\$ 2,453,351	\$ (1,375,945)	\$ 8,472,284
-	-	-	-	-	91,982
-	-	-	-	-	138,507
-	-	-	-	-	35,980
-	-	-	-	1,390,603	1,390,603
-	19,289	-	-	-	280,397
<b>\$ 464,626</b>	<b>\$ 155,669</b>	<b>\$ 737</b>	<b>\$ 2,453,351</b>	<b>\$ 14,658</b>	<b>\$ 10,409,753</b>
\$ -	\$ 5,235	\$ -	\$ -	\$ -	\$ 150,392
-	-	-	-	-	48,927
-	-	-	-	-	60,000
-	-	-	-	-	7,925
-	-	-	-	-	95,437
-	-	-	-	-	394,810
-	5,235	-	-	-	757,491
-	-	-	-	-	35,980
-	-	-	-	-	4,293,480
464,626	150,434	737	2,453,351	14,658	3,083,806
-	-	-	-	-	2,238,996
<b>464,626</b>	<b>150,434</b>	<b>737</b>	<b>2,453,351</b>	<b>14,658</b>	<b>9,652,262</b>
<b>\$ 464,626</b>	<b>\$ 155,669</b>	<b>\$ 737</b>	<b>\$ 2,453,351</b>	<b>\$ 14,658</b>	<b>\$ 10,409,753</b>

**CITY OF TUALATIN****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010**

	<i>Special Revenue</i>			
	<i>Operations</i>	<i>Road Utility Fee</i>	<i>Road Gas Tax</i>	<i>Core Area Parking District</i>
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	911,121	-	95,655
Intergovernmental	-	-	1,167,711	-
Miscellaneous	30,675	9,938	6,880	1,642
<i>Total Revenues</i>	30,675	921,059	1,174,591	97,297
<b>EXPENDITURES</b>				
Current operating:				
General government	1,740,265	-	-	-
Highways and streets	-	992,460	432,286	17,854
Culture and recreation	-	-	-	-
Capital outlay	299,805	22,348	17,500	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total Expenditures</i>	2,040,070	1,014,808	449,786	17,854
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,009,395)	(93,749)	724,805	79,443
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,843,928	-	92,057	-
Transfers out	-	(147,463)	(777,503)	(41,177)
<i>Total Other Financing Sources (Uses)</i>	1,843,928	(147,463)	(685,446)	(41,177)
<b>NET CHANGE IN FUND BALANCES</b>	(165,467)	(241,212)	39,359	38,266
<b>FUND BALANCES, Beginning of year</b>	1,192,020	1,666,604	136,827	210,425
<b>FUND BALANCES, End of year</b>	\$ 1,026,553	\$ 1,425,392	\$ 176,186	\$ 248,691



<i>Special Revenue</i>				
<i>Science and Technology Scholarship</i>	<i>Road Development</i>	<i>Urban Redevelopment Administration</i>	<i>Transportation Development Tax Fund</i>	<i>911 Emergency Communication</i>
\$ -	\$ -	\$ -	\$ 621,511	\$ 131,680
-	103,164	-	-	-
-	-	-	-	-
349	4,558	2,372	399	-
349	107,722	2,372	621,910	131,680
-	-	274,288	-	131,680
-	8,964	-	-	-
1,800	-	-	-	-
-	543,134	-	-	-
-	-	-	-	-
-	-	-	-	-
1,800	552,098	274,288	-	131,680
(1,451)	(444,376)	(271,916)	621,910	-
-	-	512,775	-	-
-	-	(202,336)	-	-
-	-	310,439	-	-
(1,451)	(444,376)	38,523	621,910	-
53,678	888,623	295,731	-	-
\$ 52,227	\$ 444,247	\$ 334,254	\$ 621,910	\$ -

**CITY OF TUALATIN****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
NON-MAJOR GOVERNMENTAL FUNDS (Continued)  
YEAR ENDED JUNE 30, 2010**

	<i>Debt Service</i>		
	<i>General Obligation Bond</i>	<i>Bancroft Bonded Debt</i>	<i>Central Urban Renewal District Bond</i>
<b>REVENUES</b>			
Taxes and assessments	\$ 680,193	\$ 87,036	\$ 2,223,030
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Miscellaneous	2,706	21,737	18,694
<i>Total Revenues</i>	682,899	108,773	2,241,724
<b>EXPENDITURES</b>			
Current operating:			
General government	1,851	10,380	6,667
Highways and streets	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	305,000	80,000	270,000
Interest	395,869	29,140	8,291
<i>Total Expenditures</i>	702,720	119,520	284,958
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(19,821)	(10,747)	1,956,766
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	(622,489)
<i>Total Other Financing Sources (Uses)</i>	-	-	(622,489)
<b>NET CHANGE IN FUND BALANCES</b>	(19,821)	(10,747)	1,334,277
<b>FUND BALANCES, beginning of year</b>	49,456	491,190	394,641
<b>FUND BALANCES, End of year</b>	\$ 29,635	\$ 480,443	\$ 1,728,918

**Capital Projects**

<b>Local Improvement District</b>	<b>Park Development</b>	<b>Park Improvements</b>	<b>Infrastructure Reserve</b>	<b>Library Improvement</b>	<b>Totals</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,743,450
-	42,209	-	-	-	1,152,149
-	432,704	-	-	-	1,600,415
3,107	1,880	122	16,152	(639)	120,572
3,107	476,793	122	16,152	(639)	6,616,586
-	-	-	-	-	2,165,131
-	-	-	-	-	1,451,564
-	12,891	-	-	639	15,330
-	631,662	18,990	-	(639)	1,532,800
-	-	-	-	-	655,000
-	-	-	-	-	433,300
-	644,553	18,990	-	-	6,253,125
3,107	(167,760)	(18,868)	16,152	(639)	363,461
-	10,000	-	37,765	-	2,496,525
(7,003)	(17,230)	-	-	-	(1,815,201)
(7,003)	(7,230)	-	37,765	-	681,324
(3,896)	(174,990)	(18,868)	53,917	(639)	1,044,785
468,522	325,424	19,605	2,399,434	15,297	8,607,477
\$ 464,626	\$ 150,434	\$ 737	\$ 2,453,351	\$ 14,658	\$ 9,652,262

## **BUDGETARY COMPARISON SCHEDULES**

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

In accordance with generally accepted accounting principles, the City's General Fund and all major special revenue funds are presented as basic financial statements. All other fund budgetary comparisons are displayed in the following pages as supplemental information.

**SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
BUDGETARY COMPARISON SCHEDULES**

**Special Revenue Funds**

- Operations
- Road Utility Fee
- Road Gas Tax
- Core Area Parking District
- Tualatin Science and Technology Scholarship
- Road Development
- Urban Redevelopment Administration
- Transportation Development Tax
- 911 Emergency Communication

**Debt Service Funds**

- General Obligation Bond
- Bancroft Bonded Debt
- Central Urban Renewal District Bond

**Capital Projects Funds**

- Local Improvement District
- Park Development
- Park Improvements
- Infrastructure Reserve
- Library Improvements

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**OPERATIONS FUND**  
**YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 42,813	\$ 42,813	\$ 30,675	\$ (12,138)
<b>EXPENDITURES</b>				
Administration	439,669	439,669	424,839	14,830
Water division	701,375	701,375	656,991	44,384
Sewer division	346,395	346,395	304,080	42,315
Street division	580,502	580,502	502,148	78,354
Nondepartmental	911,901	911,901	152,012	759,889
Contingency	100,175	100,175	-	100,175
<i>Total Expenditures</i>	<u>3,080,017</u>	<u>3,080,017</u>	<u>2,040,070</u>	<u>1,039,947</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(3,037,204)	(3,037,204)	(2,009,395)	1,027,809
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,843,928</u>	<u>1,843,928</u>	<u>1,843,928</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,193,276)	(1,193,276)	(165,467)	1,027,809
<b>FUND BALANCE, Beginning of year</b>	<u>1,193,276</u>	<u>1,193,276</u>	<u>1,192,020</u>	<u>(1,256)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,026,553</u>	<u>\$ 1,026,553</u>

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**ROAD UTILITY FEE FUND**  
**YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 905,006	\$ 905,006	\$ 911,121	\$ 6,115
Miscellaneous	30,000	30,000	9,938	(20,062)
<i>Total Revenues</i>	935,006	935,006	921,059	(13,947)
<b>EXPENDITURES</b>				
Materials and services	1,533,966	1,533,966	659,100	874,866
Capital outlay	500,000	500,000	355,708	144,292
<i>Total Expenditures</i>	2,033,966	2,033,966	1,014,808	1,019,158
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(1,098,960)	(1,098,960)	(93,749)	1,005,211
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(147,463)	(147,463)	(147,463)	-
<b>NET CHANGE IN FUND BALANCE</b>	(1,246,423)	(1,246,423)	(241,212)	1,005,211
<b>FUND BALANCE, Beginning of year</b>	1,246,423	1,246,423	1,666,604	420,181
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 1,425,392	\$ 1,425,392

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**ROAD GAS TAX FUND**  
**YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 1,140,403	\$ 1,140,403	\$ 1,167,711	\$ 27,308
Miscellaneous	388,082	388,082	6,880	(381,202)
<i>Total Revenues</i>	1,528,485	1,528,485	1,174,591	(353,894)
<b>EXPENDITURES</b>				
Materials and services	515,602	515,602	432,286	83,316
Capital outlay	-	17,000	17,500	(500)
Contingency	46,452	29,452	-	29,452
<i>Total Expenditures</i>	562,054	562,054	449,786	112,268
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	966,431	966,431	724,805	(241,626)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	92,057	92,057	92,057	-
Transfers out	(777,503)	(777,503)	(777,503)	-
<i>Total Other Financing Sources (Uses)</i>	(685,446)	(685,446)	(685,446)	-
<b>NET CHANGE IN FUND BALANCE</b>	280,985	280,985	39,359	(241,626)
<b>FUND BALANCE, Beginning of year</b>	115,443	115,443	136,827	21,384
<b>FUND BALANCE, End of year</b>	\$ 396,428	\$ 396,428	\$ 176,186	\$ (220,242)



**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
CORE AREA PARKING DISTRICT FUND  
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 109,590	\$ 109,590	\$ 95,655	\$ (13,935)
Miscellaneous	2,012	2,012	1,642	(370)
<i>Total Revenues</i>	111,602	111,602	97,297	(14,305)
<b>EXPENDITURES</b>				
Materials and services	24,240	24,240	17,854	6,386
Contingency	5,313	5,313	-	5,313
<i>Total Expenditures</i>	29,553	29,553	17,854	11,699
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	82,049	82,049	79,443	(2,606)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(41,177)	(41,177)	(41,177)	-
<b>NET CHANGE IN FUND BALANCE</b>	40,872	40,872	38,266	(2,606)
<b>FUND BALANCE, Beginning of year</b>	201,158	201,158	210,425	9,267
<b>FUND BALANCE, End of year</b>	\$ 242,030	\$ 242,030	\$ 248,691	\$ 6,661

**CITY OF TUALATIN**

**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
TUALATIN SCIENCE & TECHNOLOGY SCHOLARSHIP FUND  
YEAR ENDED JUNE 30, 2010**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 1,300	\$ 1,300	\$ 349	\$ (951)
<b>EXPENDITURES</b>				
Materials and services	2,000	2,000	1,800	200
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(700)	(700)	(1,451)	(751)
<b>FUND BALANCE, Beginning of year</b>	53,988	53,988	53,678	(310)
<b>FUND BALANCE, End of year</b>	<u>\$ 53,288</u>	<u>\$ 53,288</u>	<u>\$ 52,227</u>	<u>\$ (1,061)</u>

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**ROAD DEVELOPMENT FUND**  
**YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 102,000	\$ 102,000	\$ 103,164	\$ 1,164
Miscellaneous	3,990	3,990	4,558	568
<i>Total Revenues</i>	105,990	105,990	107,722	1,732
<b>EXPENDITURES</b>				
Capital outlay	275,000	749,628	543,133	206,495
Contingency	236,020	236,020	-	236,020
<i>Total Expenditures</i>	511,020	985,648	543,133	442,515
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(405,030)	(879,658)	(435,411)	444,247
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(8,965)	(8,965)	(8,965)	-
<b>NET CHANGE IN FUND BALANCE</b>	(413,995)	(888,623)	(444,376)	444,247
<b>FUND BALANCE, Beginning of year</b>	413,995	888,623	888,623	-
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 444,247	\$ 444,247

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
URBAN REDEVELOPMENT ADMINISTRATION FUND  
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 2,785	\$ 2,785	\$ 2,372	\$ (413)
<b>EXPENDITURES</b>				
Personal services	237,077	238,077	234,385	3,692
Materials and services	54,301	54,301	39,903	14,398
Contingency	300,373	299,373	-	299,373
<i>Total Expenditures</i>	591,751	591,751	274,288	317,463
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(588,966)	(588,966)	(271,916)	317,050
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	512,775	512,775	512,775	-
Transfers out	(202,336)	(202,336)	(202,336)	-
<i>Total Other Financing Sources (Uses)</i>	310,439	310,439	310,439	-
<b>NET CHANGE IN FUND BALANCE</b>	(278,527)	(278,527)	38,523	317,050
<b>FUND BALANCE, Beginning of year</b>	278,527	278,527	295,731	17,204
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 334,254	\$ 334,254

**CITY OF TUALATIN**

**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
911 EMERGENCY COMMUNICATION FUND  
YEAR ENDED JUNE 30, 2010**

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	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 150,000	\$ 150,000	\$ 131,680	\$ (18,320)
<b>EXPENDITURES</b>				
Materials and services	150,000	150,000	131,680	18,320
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE, Beginning of year</b>	-	-	-	-
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ -	\$ -

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**GENERAL OBLIGATION BOND FUND**  
**YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 676,770	\$ 676,770	\$ 680,193	\$ 3,423
Miscellaneous	2,000	2,000	2,706	706
<i>Total Revenues</i>	<i>678,770</i>	<i>678,770</i>	<i>682,899</i>	<i>4,129</i>
<b>EXPENDITURES</b>				
Materials and services	2,000	2,000	1,851	149
Debt service				
Principal	305,000	305,000	305,000	-
Interest	395,873	395,873	395,869	4
<i>Total Expenditures</i>	<i>702,873</i>	<i>702,873</i>	<i>702,720</i>	<i>153</i>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(24,103)	(24,103)	(19,821)	4,282
<b>FUND BALANCE, Beginning of year</b>	125,000	125,000	49,456	(75,544)
<b>FUND BALANCE, End of year</b>	<b>\$ 100,897</b>	<b>\$ 100,897</b>	<b>\$ 29,635</b>	<b>\$ (71,262)</b>

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**BANCROFT BONDED DEBT FUND**  
**YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 87,036	\$ 87,036	\$ 87,036	\$ -
Miscellaneous	28,280	28,280	21,737	(6,543)
<i>Total Revenues</i>	115,316	115,316	108,773	(6,543)
<b>EXPENDITURES</b>				
Materials and services	300	300	300	-
Debt service				
Principal	80,000	80,000	80,000	-
Interest	29,140	29,140	29,140	-
<i>Total Expenditures</i>	109,440	109,440	109,440	-
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	5,876	5,876	(667)	(6,543)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(10,080)	(10,080)	(10,080)	-
<b>NET CHANGE IN FUND BALANCE</b>	(4,204)	(4,204)	(10,747)	(6,543)
<b>FUND BALANCE, Beginning of year</b>	490,000	490,000	491,190	1,190
<b>FUND BALANCE, End of year</b>	\$ 485,796	\$ 485,796	\$ 480,443	\$ (5,353)

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
CENTRAL URBAN RENEWAL DISTRICT BOND FUND  
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 2,540,000	\$ 2,540,000	\$ 2,223,030	\$ (316,970)
Miscellaneous	7,137	7,137	18,694	11,557
<i>Total Revenues</i>	<u>2,547,137</u>	<u>2,547,137</u>	<u>2,241,724</u>	<u>(305,413)</u>
<b>EXPENDITURES</b>				
Materials and services	7,200	7,200	6,667	533
Debt service				
Principal	2,964,395	2,964,395	892,489	2,071,906
Interest	9,235	9,235	8,291	944
<i>Total Expenditures</i>	<u>2,980,830</u>	<u>2,980,830</u>	<u>907,447</u>	<u>2,073,383</u>
<b>NET CHANGE IN FUND BALANCE</b>	(433,693)	(433,693)	1,334,277	1,767,970
<b>FUND BALANCE, Beginning of year</b>	<u>433,693</u>	<u>433,693</u>	<u>394,641</u>	<u>(39,052)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,728,918</u>	<u>\$ 1,728,918</u>



**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES - ACTUAL AND BUDGET (BUDGETARY BASIS) -  
LEVETON TAX INCREMENT DISTRICT BOND FUND  
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 3,444,000	\$ 3,444,000	\$ 3,365,650	\$ (78,350)
Miscellaneous	13,722	13,722	28,512	14,790
<i>Total Revenues</i>	<u>3,457,722</u>	<u>3,457,722</u>	<u>3,394,162</u>	<u>(63,560)</u>
<b>EXPENDITURES</b>				
Materials and services	9,000	9,000	6,667	2,333
Debt service				
Principal	3,234,909	3,234,909	3,234,909	-
Interest	21,670	21,670	21,396	274
Contingency	773,705	773,705	-	773,705
<i>Total Expenditures</i>	<u>4,039,284</u>	<u>4,039,284</u>	<u>3,262,972</u>	<u>776,312</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(581,562)	(581,562)	131,190	712,752
<b>FUND BALANCE, Beginning of year</b>	<u>1,022,150</u>	<u>1,022,150</u>	<u>1,028,167</u>	<u>6,017</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 440,588</u>	<u>\$ 440,588</u>	<u>\$ 1,159,357</u>	<u>\$ 718,769</u>

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
LOCAL IMPROVEMENT DISTRICT FUND  
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 4,700	\$ 4,700	\$ 3,107	\$ (1,593)
<b>EXPENDITURES</b>				
Materials and services	52,500	52,500	-	52,500
Capital outlay	100,000	100,000	-	100,000
Contingency	315,173	315,173	-	315,173
<i>Total Expenditures</i>	<u>467,673</u>	<u>467,673</u>	<u>-</u>	<u>467,673</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(462,973)	(462,973)	3,107	466,080
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(7,003)</u>	<u>(7,003)</u>	<u>(7,003)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(469,976)	(469,976)	(3,896)	466,080
<b>FUND BALANCE, Beginning of year</b>	<u>469,976</u>	<u>469,976</u>	<u>468,522</u>	<u>(1,454)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 464,626</u>	<u>\$ 464,626</u>

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**PARK DEVELOPMENT FUND**  
**YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 54,360	\$ 54,360	\$ 42,209	\$ (12,151)
Intergovernmental	786,500	786,500	432,704	(353,796)
Miscellaneous	-	-	1,880	1,880
<i>Total Revenues</i>	840,860	840,860	476,793	(364,067)
<b>EXPENDITURES</b>				
Materials and services	15,300	15,300	12,790	2,510
Capital outlay	1,247,971	1,247,971	631,763	616,208
<i>Total Expenditures</i>	1,263,271	1,263,271	644,553	618,718
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(422,411)	(422,411)	(167,760)	254,651
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,000	10,000	10,000	-
Transfers out	(17,230)	(17,230)	(17,230)	-
<b>NET CHANGE IN FUND BALANCE</b>	(179,641)	(179,641)	(174,990)	4,651
<b>FUND BALANCE, Beginning of year</b>	304,641	304,641	325,424	20,783
<b>FUND BALANCE, End of year</b>	\$ 125,000	\$ 125,000	\$ 150,434	\$ 25,434

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**PARK IMPROVEMENTS FUND**  
**YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 150	\$ 122	\$ (28)
<b>EXPENDITURES</b>				
Capital outlay	-	19,755	18,990	765
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	(19,605)	(18,868)	737
<b>FUND BALANCE, Beginning of year</b>	-	19,605	19,605	-
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 737	\$ 737

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
INFRASTRUCTURE RESERVE FUND  
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 24,108	\$ 24,108	\$ 16,152	\$ (7,956)
<b>EXPENDITURES</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	24,108	24,108	16,152	(7,956)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	37,765	37,765	37,765	-
<b>NET CHANGE IN FUND BALANCE</b>	61,873	61,873	53,917	(7,956)
<b>FUND BALANCE, Beginning of year</b>	2,410,785	2,410,785	2,399,434	(11,351)
<b>FUND BALANCE, End of year</b>	<u>\$ 2,472,658</u>	<u>\$ 2,472,658</u>	<u>\$ 2,453,351</u>	<u>\$ (19,307)</u>

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES - ACTUAL AND BUDGET (BUDGETARY BASIS) -  
CENTRAL URBAN RENEWAL DISTRICT PROJECT FUND  
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 40,618	\$ 40,618	\$ 28,891	\$ (11,727)
<b>EXPENDITURES</b>				
Materials and services	111,000	111,000	47,484	63,516
Capital outlay	4,099,000	4,099,000	434,810	3,664,190
Contingency	100,000	100,000	-	100,000
<i>Total Expenditures</i>	<u>4,310,000</u>	<u>4,310,000</u>	<u>482,294</u>	<u>3,827,706</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(4,269,382)	(4,269,382)	(453,403)	3,815,979
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(367,775)	(367,775)	(367,775)	-
Issuance of debt	2,694,395	2,694,395	622,489	(2,071,906)
<i>Total Other Financing Sources (Uses)</i>	<u>2,326,620</u>	<u>2,326,620</u>	<u>254,714</u>	<u>(2,071,906)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,942,762)	(1,942,762)	(198,689)	1,744,073
<b>FUND BALANCE, Beginning of year</b>	<u>4,180,754</u>	<u>4,180,754</u>	<u>4,431,873</u>	<u>251,119</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 2,237,992</u>	<u>\$ 2,237,992</u>	<u>\$ 4,233,184</u>	<u>\$ 1,995,192</u>

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES - ACTUAL AND BUDGET (BUDGETARY BASIS) -  
LEVETON TAX INCREMENT DISTRICT PROJECT FUND  
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 89,211	\$ 89,211	\$ 63,355	\$ (25,856)
<b>EXPENDITURES</b>				
Materials and services	10,000	10,000	-	10,000
Capital outlay	7,213,250	7,213,250	4,401,789	2,811,461
Contingency	400,000	400,000	-	400,000
<i>Total Expenditures</i>	<u>7,623,250</u>	<u>7,623,250</u>	<u>4,401,789</u>	<u>3,221,461</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(7,534,039)	(7,534,039)	(4,338,434)	3,195,605
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(383,015)	(383,015)	(383,015)	-
Issuance of debt	2,504,909	2,504,909	2,504,909	-
<i>Total Other Financing Sources (Uses)</i>	<u>2,121,894</u>	<u>2,121,894</u>	<u>2,121,894</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(5,412,145)	(5,412,145)	(2,216,540)	3,195,605
<b>FUND BALANCE, Beginning of year</b>	<u>9,648,935</u>	<u>9,648,935</u>	<u>10,432,970</u>	<u>784,035</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 4,236,790</u>	<u>\$ 4,236,790</u>	<u>\$ 8,216,430</u>	<u>\$ 3,979,640</u>

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**LIBRARY IMPROVEMENTS FUND**  
**YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ (639)	\$ (639)
<b>EXPENDITURES</b>				
Capital outlay	-	15,297	-	15,297
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	(15,297)	(639)	14,658
<b>FUND BALANCE, Beginning of year</b>	-	15,297	15,297	-
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 14,658	\$ 14,658



**CITY OF TUALATIN**

**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
TRANSPORTATION DEVELOPMENT TAX FUND  
YEAR ENDED JUNE 30, 2010**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes and assessments	\$ 175,000	\$ 175,000	\$ 621,511	\$ 446,511
Miscellaneous	1,000	1,000	399	(601)
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	176,000	176,000	621,910	445,910
<b>EXPENDITURES</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	176,000	176,000	621,910	445,910
<b>FUND BALANCE, Beginning of year</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, End of year</b>	\$ 176,000	\$ 176,000	\$ 621,910	\$ 445,910
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
PROPRIETARY FUNDS**

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

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
WATER FUND  
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 150	\$ 150	\$ -	\$ (150)
Charges for services	5,926,693	5,926,693	5,653,698	(272,995)
Miscellaneous	55,394	55,394	46,700	(8,694)
<i>Total Revenues</i>	<u>5,982,237</u>	<u>5,982,237</u>	<u>5,700,398</u>	<u>(281,839)</u>
<b>EXPENDITURES</b>				
Materials and services	2,603,079	2,603,079	2,184,184	418,895
Capital outlay	2,510,000	2,585,000	1,275,567	1,309,433
Contingency	1,172,862	1,097,862	-	1,097,862
<i>Total Expenditures</i>	<u>6,285,941</u>	<u>6,285,941</u>	<u>3,459,751</u>	<u>2,826,190</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(303,704)</u>	<u>(303,704)</u>	<u>2,240,647</u>	<u>2,544,351</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(2,094,368)	(2,094,368)	(2,094,368)	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>(2,398,072)</u>	<u>(2,398,072)</u>	<u>146,279</u>	<u>2,544,351</u>
<b>FUND BALANCES, Beginning of year</b>	<u>3,129,649</u>	<u>3,129,649</u>	<u>3,572,301</u>	<u>442,652</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 731,577</u>	<u>\$ 731,577</u>	<u>\$ 3,718,580</u>	<u>\$ 2,987,003</u>

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**SEWER FUND**  
**YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 5,593,395	\$ 5,593,395	\$ 5,457,101	\$ (136,294)
Miscellaneous	8,482	8,482	7,099	(1,383)
<i>Total Revenues</i>	5,601,877	5,601,877	5,464,200	(137,677)
<b>EXPENDITURES</b>				
Materials and services	4,655,716	4,655,716	4,552,606	103,110
Capital outlay	442,000	572,000	236,668	335,332
Contingency	566,676	436,676	-	436,676
<i>Total Expenses</i>	5,664,392	5,664,392	4,789,274	875,118
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(62,515)	(62,515)	674,926	737,441
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(835,667)	(835,667)	(835,667)	-
<b>NET CHANGE IN FUND BALANCES</b>	(898,182)	(898,182)	(160,741)	737,441
<b>FUND BALANCES, Beginning of year</b>	898,182	898,182	1,257,917	359,735
<b>FUND BALANCES, End of year</b>	\$ -	\$ -	\$ 1,097,176	\$ 1,097,176

**CITY OF TUALATIN****COMBINING STATEMENT OF NET ASSETS – NONMAJOR PROPRIETARY FUNDS**

JUNE 30, 2010

	<u>Water Development</u>	<u>Sewer Development</u>	<u>Water Reservoir</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 482,476	\$ 3,670,654	\$ 3,063
Accounts receivable	-	616	-
	<hr/>	<hr/>	<hr/>
<i>Total Current Assets</i>	482,476	3,671,270	3,063
<b>Noncurrent Assets</b>			
Nondepreciable capital assets	-	-	-
Other capital assets, net of depreciation	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Noncurrent Assets</i>	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	482,476	3,671,270	3,063
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	154,915	23,851	2,904
Interest payable	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Current Liabilities</i>	154,915	23,851	2,904
<b>NET ASSETS</b>			
Investment in capital assets (net of related debt)	-	-	-
Restricted for construction	327,561	3,647,419	-
Unrestricted	-	-	159
	<hr/>	<hr/>	<hr/>
<i>Total Net Assets</i>	<u>\$ 327,561</u>	<u>\$ 3,647,419</u>	<u>\$ 159</u>

<i>Enterprise Bond</i>	<i>Storm Drain</i>	<i>Storm Drain Development</i>	<i>Totals</i>
\$ 436,143	\$ 256,910	\$ 204,825	\$ 5,054,071
-	119,105	-	119,721
436,143	376,015	204,825	5,173,792
-	259,869	-	259,869
-	2,775,485	-	2,775,485
-	3,035,354	-	3,035,354
436,143	3,411,369	204,825	8,209,146
-	31,882	7,650	221,202
21,284	-	-	21,284
21,284	31,882	7,650	242,486
-	3,035,354	-	3,035,354
-	-	197,175	4,172,155
414,859	344,133	-	759,151
\$ 414,859	\$ 3,379,487	\$ 197,175	\$ 7,966,660

**CITY OF TUALATIN****COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2010**

	<u>Water Development</u>	<u>Sewer Development</u>	<u>Water Reservoir</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ -	\$ -	\$ -
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Operating Revenues</i>	-	-	-
<b>OPERATING EXPENSES</b>			
Materials and services	-	202,095	-
Depreciation	-	-	-
	<hr/>	<hr/>	<hr/>
<b>OPERATING INCOME (LOSS)</b>	-	(202,095)	-
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment revenue	2,624	24,119	3,073
Interest expense	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Nonoperating Revenue (Expenses)</i>	2,624	24,119	3,073
	<hr/>	<hr/>	<hr/>
<b>NET INCOME BEFORE CONTRIBUTIONS</b>	2,624	(177,976)	3,073
<b>CAPITAL CONTRIBUTIONS</b>			
System development charges	59,504	276,549	-
<b>TRANSFERS</b>			
Transfers in	1,090,455	-	-
Transfers out	(967,812)	(9,151)	(990,455)
	<hr/>	<hr/>	<hr/>
<i>Total Transfers</i>	122,643	(9,151)	(990,455)
	<hr/>	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	184,771	89,422	(987,382)
<b>NET ASSETS, Beginning of year</b>	142,790	3,557,997	987,541
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS, End of year</b>	\$ 327,561	\$ 3,647,419	\$ 159
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Enterprise Bond</i>	<i>Storm Drain</i>	<i>Storm Drain Development</i>	<i>Totals</i>
\$ -	\$ 1,326,577	\$ -	\$ 1,326,577
-	1,862	1,983	3,845
-	1,328,439	1,983	1,330,422
225	402,827	-	605,147
-	111,321	-	111,321
(225)	814,291	1,983	613,954
2,944	-	-	32,760
(264,601)	-	-	(264,601)
(261,657)	-	-	(231,841)
(261,882)	814,291	1,983	382,113
-	-	2,750	338,803
540,906	3,143,057	-	4,774,418
(275,000)	(967,475)	(177,593)	(3,387,486)
265,906	2,175,582	(177,593)	1,386,932
4,024	2,989,873	(172,860)	2,107,848
410,835	389,614	370,035	5,858,812
\$ 414,859	\$ 3,379,487	\$ 197,175	\$ 7,966,660



**CITY OF TUALATIN****COMBINING STATEMENT OF CASH FLOWS – NONMAJOR PROPRIETARY FUNDS****YEAR ENDED JUNE 30, 2010**

	<u>Water Development</u>	<u>Sewer Development</u>	<u>Water Reservoir</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ -	\$ (616)	\$ -
Cash paid to suppliers for goods and services	-	(184,940)	-
	-	-	-
<i>Net cash provided by (used for) operating activities</i>	-	(185,556)	-
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	1,090,455	-	-
Transfers out	(1,000,757)	(9,151)	(1,052,810)
	-	-	-
<i>Net cash used for noncapital financing activities</i>	89,698	(9,151)	(1,052,810)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest payments on notes, bonds, and certificates	59,504	-	-
Capital contributions	-	276,549	-
Acquisition and construction of capital assets	-	-	-
	-	-	-
<i>Net cash used for capital and related financing activities</i>	59,504	276,549	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest revenue	2,624	24,119	3,073
	-	-	-
<b>NET INCREASE (DECREASE) IN CASH</b>	151,826	105,961	(1,049,737)
<b>CASH, beginning of year</b>	330,650	3,564,693	1,052,800
<b>CASH, end of year</b>	\$ 482,476	\$ 3,670,654	\$ 3,063
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ -	\$ (202,095)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	-	-
(Increase) Decrease in accounts receivable	-	(616)	-
Increase (Decrease) in accounts payable	-	17,155	-
	-	-	-
<i>Net cash provided by (used for) operating activities</i>	\$ -	\$ (185,556)	\$ -

<i>Enterprise Bond</i>	<i>Storm Drain</i>	<i>Storm Drain Development</i>	<i>Totals</i>
\$ - (225)	\$ 1,322,255 (405,223)	\$ 1,983 -	\$ 1,323,622 (590,388)
(225)	917,032	1,983	733,234
540,906 (275,000)	164,205 (967,475)	- (278,243)	1,795,566 (3,583,436)
265,906	(803,270)	(278,243)	(1,787,870)
(265,906)	-	-	(206,402)
-	-	2,750	279,299
-	(167,823)	-	(167,823)
(265,906)	(167,823)	2,750	(94,926)
2,944	-	-	32,760
2,719	(54,061)	(273,510)	(1,116,802)
433,424	310,971	478,335	6,170,873
\$ 436,143	\$ 256,910	\$ 204,825	\$ 5,054,071
\$ (225)	\$ 814,291	\$ 1,983	\$ 613,954
-	111,321	-	111,321
-	(6,184)	-	(6,800)
-	(2,396)	-	14,759
\$ (225)	\$ 917,032	\$ 1,983	\$ 733,234

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
WATER DEVELOPMENT FUND  
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 300,000	\$ 300,000	\$ 59,504	\$ (240,496)
Miscellaneous	2,371	2,371	2,624	253
<i>Total Revenues</i>	302,371	302,371	62,128	(240,243)
<b>EXPENDITURES</b>				
Capital outlay	1,160,000	1,160,000	955,007	204,993
Contingency	249,703	249,703	-	249,703
<i>Total Expenses</i>	1,409,703	1,409,703	955,007	454,696
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(1,107,332)	(1,107,332)	(892,879)	214,453
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	913,012	913,012	1,090,455	177,443
Transfers out	(12,805)	(12,805)	(12,805)	-
<i>Total Other Financing Sources (Uses)</i>	900,207	900,207	1,077,650	177,443
<b>NET CHANGE IN FUND BALANCES</b>	(207,125)	(207,125)	184,771	391,896
<b>FUND BALANCES, Beginning of year</b>	207,125	207,125	142,790	(64,335)
<b>FUND BALANCES, End of year</b>	\$ -	\$ -	\$ 327,561	\$ 327,561

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**SEWER DEVELOPMENT FUND**  
**YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 200,000	\$ 200,000	\$ 276,549	\$ 76,549
Miscellaneous	36,517	36,517	24,119	(12,398)
<i>Total Revenues</i>	236,517	236,517	300,668	64,151
<b>EXPENDITURES</b>				
Materials and services	192,000	192,000	202,095	(10,095)
Contingency	3,687,059	3,687,059	-	3,687,059
<i>Total Expenditures</i>	3,879,059	3,879,059	202,095	3,676,964
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(3,642,542)	(3,642,542)	98,573	(3,741,115)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(9,151)	(9,151)	(9,151)	-
<b>NET CHANGE IN FUND BALANCES</b>	(3,651,693)	(3,651,693)	89,422	3,741,115
<b>FUND BALANCES, Beginning of year</b>	3,651,693	3,651,693	3,557,997	(93,696)
<b>FUND BALANCES, End of year</b>	\$ -	\$ -	\$ 3,647,419	\$ 3,647,419

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**WATER RESERVOIR PROJECT FUND**  
**YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 8,050	\$ 8,050	\$ 3,073	\$ (4,977)
<b>EXPENDITURES</b>	-	-	-	-
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	8,050	8,050	3,073	4,977
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(813,012)	(990,455)	(990,455)	-
<b>NET CHANGE IN FUND BALANCES</b>	(804,962)	(982,405)	(987,382)	(4,977)
<b>FUND BALANCES, Beginning of year</b>	804,962	982,405	987,541	5,136
<b>FUND BALANCES, End of year</b>	\$ -	\$ -	\$ 159	\$ 159

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
ENTERPRISE BOND FUND  
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 5,000	\$ 5,000	\$ 2,944	\$ (2,056)
<b>EXPENDITURES</b>				
Materials and services	300	300	225	75
Debt service				
Principal	275,000	275,000	275,000	-
Interest	265,906	265,906	265,906	-
<i>Total Expenditures</i>	<u>541,206</u>	<u>541,206</u>	<u>541,131</u>	<u>75</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(536,206)	(536,206)	(538,187)	(1,981)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	540,906	540,906	540,906	-
<b>NET CHANGE IN FUND BALANCES</b>	4,700	4,700	2,719	(1,981)
<b>FUND BALANCES, Beginning of year</b>	<u>431,761</u>	<u>431,761</u>	<u>433,424</u>	<u>1,663</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 436,461</u>	<u>\$ 436,461</u>	<u>\$ 436,143</u>	<u>\$ (318)</u>

**CITY OF TUALATIN**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –**  
**STORM DRAIN FUND**  
**YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 1,310,907	\$ 1,310,907	\$ 1,326,577	\$ 15,670
Miscellaneous	3,497	3,497	1,862	(1,635)
<i>Total Revenues</i>	1,314,404	1,314,404	1,328,439	14,035
<b>EXPENDITURES</b>				
Materials and services	513,074	513,074	404,881	108,193
Capital outlay	50,000	50,000	1,564	48,436
Contingency	106,026	106,026	-	106,026
<i>Total Expenditures</i>	669,100	669,100	406,445	262,655
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	645,304	645,304	921,994	276,690
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(967,475)	(967,475)	(967,475)	-
<b>NET CHANGE IN FUND BALANCES</b>	(322,171)	(322,171)	(45,481)	276,690
<b>FUND BALANCES, Beginning of year</b>	349,671	349,671	389,614	39,943
<b>FUND BALANCES, End of year</b>	\$ 27,500	\$ 27,500	\$ 344,133	\$ 316,633

**CITY OF TUALATIN****SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –  
STORM DRAIN DEVELOPMENT FUND  
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 2,750	\$ (17,250)
Miscellaneous	5,370	5,370	1,984	(3,386)
<i>Total Revenues</i>	25,370	25,370	4,734	(20,636)
<b>EXPENDITURES</b>				
Capital outlay	220,000	220,000	164,206	55,794
Contingency	328,985	328,985	-	328,985
<i>Total Expenditures</i>	548,985	548,985	164,206	384,779
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(523,615)	(523,615)	(159,472)	364,143
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(13,388)	(13,388)	(13,388)	-
<b>NET CHANGE IN FUND BALANCES</b>	(537,003)	(537,003)	(172,860)	364,143
<b>FUND BALANCES, Beginning of year</b>	537,003	537,003	370,035	(166,968)
<b>FUND BALANCES, End of year</b>	\$ -	\$ -	\$ 197,175	\$ 197,175



***OTHER FINANCIAL SCHEDULES***

**CITY OF TUALATIN****SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED –****CITY OF TUALATIN****YEAR ENDED JUNE 30, 2010**

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<b><i>Tax Year</i></b>	<b><i>Uncollected July 1, 2009</i></b>	<b><i>Levy as Extended by Assessor</i></b>	<b><i>Discounts Allowed</i></b>	<b><i>Interest</i></b>	<b><i>Adjustments</i></b>	<b><i>Collections</i></b>	<b><i>Uncollected June 30, 2010</i></b>
Current:							
2009-10	\$ -	\$ 7,046,320	\$(176,282)	\$ 2,529	\$ (21,536)	\$(6,647,209)	\$ 203,822
Prior years:							
2008-09	216,893		228	8,303	(10,788)	(135,270)	79,366
2007-08	59,092	-	87	4,629	(4,453)	(29,339)	30,016
2006-07	19,843	-	31	3,113	(1,920)	(13,662)	7,405
2005-06	5,445	-	21	1,131	(783)	(4,168)	1,646
2004-05	2,043	-	14	208	(619)	(265)	1,381
Prior	3,652	-	8	29	(585)	(240)	2,864
Total prior	306,968	-	389	17,413	(19,148)	(182,944)	122,678
Total	\$ 306,968	\$ 7,046,320	\$(175,893)	\$ 19,942	\$ (40,684)	\$(6,830,153)	\$ 326,500

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**CITY OF TUALATIN****SCHEDULE OF PROPERTY TAX TRANSACTION OF TAXES UNCOLLECTED – THE URBAN RENEWAL  
AGENCY OF THE CITY OF TUALATIN  
YEAR ENDED JUNE 30, 2010**

<b><u>Tax Year</u></b>	<b><u>Uncollected July 1, 2009</u></b>	<b><u>Levy as Extended by Assessor</u></b>	<b><u>Discounts Allowed</u></b>	<b><u>Interest</u></b>	<b><u>Adjustments</u></b>	<b><u>Collections</u></b>	<b><u>Uncollected June 30, 2010</u></b>
Current:							
2009-10	\$ -	\$ 5,814,379	\$(145,767)	\$ 2,081	\$ (18,028)	\$(5,487,084)	\$ 165,581
Prior years:							
2008-09	177,689		197	6,959	(9,322)	(110,981)	64,542
2007-08	47,125	-	74	3,772	(3,765)	(23,317)	23,889
2006-07	17,476	-	28	2,816	(1,780)	(12,145)	6,395
2005-06	5,236	-	22	1,116	(767)	(4,030)	1,577
2004-05	2,385	-	17	251	(729)	(316)	1,608
Prior	3,630	-	9	171	(688)	(371)	2,751
Total prior	<u>253,541</u>	<u>-</u>	<u>347</u>	<u>15,085</u>	<u>(17,051)</u>	<u>(151,160)</u>	<u>100,762</u>
Total	<u>\$ 253,541</u>	<u>\$ 5,814,379</u>	<u>\$(145,420)</u>	<u>\$ 17,166</u>	<u>\$ (35,079)</u>	<u>\$(5,638,244)</u>	<u>\$ 266,343</u>

**CITY OF TUALATIN**  
**SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE**  
**JUNE 30, 2010**

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>Limited Tax Improvement Bonds, Series 1998</i>			<i>G.O. Bonds, Series 2005</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011	\$ -	\$ 29,140	\$ 29,140	\$ 155,000	\$ 119,431	\$ 274,431
2012	-	29,140	29,140	165,000	114,025	279,025
2013	540,000	14,570	554,570	170,000	108,056	278,056
2014	-	-	-	175,000	101,694	276,694
2015	-	-	-	180,000	95,037	275,037
2016	-	-	-	190,000	87,863	277,863
2017	-	-	-	195,000	80,162	275,162
2018	-	-	-	205,000	72,163	277,163
2019	-	-	-	215,000	63,762	278,762
2020	-	-	-	220,000	55,063	275,063
2021	-	-	-	230,000	46,062	276,062
2022	-	-	-	240,000	36,663	276,663
2023	-	-	-	250,000	26,862	276,862
2024	-	-	-	260,000	16,500	276,500
2025	-	-	-	270,000	5,569	275,569
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
	<u>\$ 540,000</u>	<u>\$ 72,850</u>	<u>\$ 612,850</u>	<u>\$ 3,120,000</u>	<u>\$ 1,028,912</u>	<u>\$ 4,148,912</u>

<i>G.O. Bonds, Series 2006</i>			<i>G.O. Refunding Bonds, Series 2008</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 165,000	\$ 155,394	\$ 320,394	\$ 90,000	\$ 107,488	\$ 197,488
170,000	148,275	318,275	270,000	100,288	370,288
180,000	140,837	320,837	275,000	89,388	364,388
185,000	133,081	318,081	290,000	78,088	368,088
190,000	125,113	315,113	305,000	66,569	371,569
200,000	116,825	316,825	310,000	54,650	364,650
210,000	108,112	318,112	330,000	41,850	371,850
215,000	99,619	314,619	345,000	26,625	371,625
225,000	91,369	316,369	360,000	9,000	369,000
235,000	82,626	317,626	-	-	-
245,000	73,386	318,386	-	-	-
260,000	63,600	323,600	-	-	-
270,000	53,265	323,265	-	-	-
280,000	42,400	322,400	-	-	-
295,000	30,900	325,900	-	-	-
305,000	18,900	323,900	-	-	-
320,000	6,400	326,400	-	-	-
<b>\$ 3,950,000</b>	<b>\$ 1,490,102</b>	<b>\$ 5,440,102</b>	<b>\$ 2,575,000</b>	<b>\$ 573,946</b>	<b>\$ 3,148,946</b>

**CITY OF TUALATIN**  
**SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE (Continued)**  
**JUNE 30, 2010**

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>Total Governmental Bonds</i>			<i>Water Revenue Bonds, Series 2005</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011	\$ 410,000	\$ 411,453	\$ 821,453	\$ 285,000	\$ 255,406	\$ 540,406
2012	605,000	391,728	996,728	295,000	244,531	539,531
2013	1,165,000	352,851	1,517,851	305,000	233,281	538,281
2014	650,000	312,863	962,863	315,000	221,263	536,263
2015	675,000	286,719	961,719	330,000	208,363	538,363
2016	700,000	259,338	959,338	345,000	194,863	539,863
2017	735,000	230,124	965,124	360,000	180,763	540,763
2018	765,000	198,407	963,407	375,000	166,063	541,063
2019	800,000	164,131	964,131	390,000	150,519	540,519
2020	455,000	137,689	592,689	405,000	133,869	538,869
2021	475,000	119,448	594,448	425,000	116,125	541,125
2022	500,000	100,263	600,263	445,000	97,420	542,420
2023	520,000	80,127	600,127	465,000	77,681	542,681
2024	540,000	58,900	598,900	485,000	56,899	541,899
2025	565,000	36,469	601,469	510,000	35,070	545,070
2026	305,000	18,900	323,900	530,000	11,925	541,925
2027	320,000	6,400	326,400	-	-	-
	<u>\$ 10,185,000</u>	<u>\$ 3,165,810</u>	<u>\$ 13,350,810</u>	<u>\$ 6,265,000</u>	<u>\$ 2,384,041</u>	<u>\$ 8,649,041</u>

## 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.

## STATISTICAL SECTION

- Net Assets by Components
- Changes in Net Assets
- Fund Balances, Governmental Funds
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- Tax Revenue by Source, Governmental Funds
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**CITY OF TUALATIN**  
**NET ASSETS BY COMPONENT**  
**LAST SEVEN FISCAL YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><i>Governmental activities</i></b>			
Invested in capital assets (net of related debt)	\$ 70,232,775	\$ 71,044,473	\$ 83,109,505
Restricted for special purposes	25,302,554	31,784,105	27,135,766
Unrestricted	7,553,836	7,504,552	8,324,105
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total governmental activities net assets</i>	<u>\$ 103,089,165</u>	<u>\$ 110,333,130</u>	<u>\$ 118,569,376</u>
<b><i>Business-type activities</i></b>			
Invested in capital assets (net of related debt)	\$ 35,943,859	\$ 37,851,884	\$ 35,942,810
Restricted for special purposes	-	4,385,063	4,661,750
Unrestricted	7,821,936	2,890,010	6,248,995
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total business-type activities net assets</i>	<u>\$ 43,765,795</u>	<u>\$ 45,126,957</u>	<u>\$ 46,853,555</u>
<b><i>Primary government</i></b>			
Invested in capital assets (net of related debt)	\$ 106,176,634	\$ 108,896,357	\$ 121,771,920
Restricted for special purposes	25,302,554	36,169,168	31,797,516
Unrestricted	15,375,772	10,394,562	11,853,495
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total primary government net assets</i>	<u>\$ 146,854,960</u>	<u>\$ 155,460,087</u>	<u>\$ 165,422,931</u>

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
\$ 85,434,995	\$ 90,759,532	\$ 96,393,624	\$ 97,164,924
31,870,363	32,543,974	21,641,579	20,700,327
7,944,380	3,027,095	9,736,010	8,359,281
<u>\$ 125,249,738</u>	<u>\$ 126,330,601</u>	<u>\$ 127,771,213</u>	<u>\$ 126,224,532</u>
\$ 40,095,770	\$ 40,499,850	\$ 43,875,845	\$ 47,581,590
6,142,789	7,386,077	4,070,822	4,172,155
4,088,260	5,626,501	6,618,208	5,574,907
<u>\$ 50,326,819</u>	<u>\$ 53,512,428</u>	<u>\$ 54,564,875</u>	<u>\$ 57,328,652</u>
\$ 125,530,765	\$ 131,259,382	\$ 140,269,469	\$ 144,746,514
38,013,152	39,930,051	25,712,401	24,872,482
12,032,640	8,653,596	16,354,218	13,934,188
<u>\$ 175,576,557</u>	<u>\$ 179,843,029</u>	<u>\$ 182,336,088</u>	<u>\$ 183,553,184</u>

**CITY OF TUALATIN**  
**CHANGES IN NET ASSETS**  
**LAST SEVEN FISCAL YEARS**

	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Expenses</b>			
<i>Governmental activities:</i>			
General government	\$ 5,231,830	\$ 6,633,054	\$ 7,372,433
Public safety	3,938,333	4,255,099	4,614,719
Highways and streets	2,154,320	1,979,000	1,622,815
Culture and recreation	2,427,929	1,322,674	1,502,076
Interest on long-term debt	506,419	422,180	2,382,698
Unallocated depreciation	129,475	126,432	123,973
<i>Total governmental activities expenses</i>	<u>14,388,306</u>	<u>14,738,439</u>	<u>17,618,714</u>
<i>Business-type activities:</i>			
Water	2,572,652	4,233,678	4,386,891
Sewer	4,036,193	5,493,671	5,360,593
Storm drain	-	-	-
<i>Total business-type activities expenses</i>	<u>6,608,845</u>	<u>9,727,349</u>	<u>9,747,484</u>
<i>Total expenses</i>	<u>\$ 20,997,151</u>	<u>\$ 24,465,788</u>	<u>\$ 27,366,198</u>
<b>Program revenues</b>			
<i>Governmental activities:</i>			
Charges for services			
General government	\$ 2,104,395	\$ 1,883,453	\$ 1,662,757
Highways and streets	3,740,444	3,347,731	2,955,457
Public safety	85,568	76,584	67,610
Culture and recreation	751,588	672,678	593,856
Operating grants and contributions	34,957	67,857	2,277,204
Capital grants and contributions	1,662,029	1,948,857	3,295,733
<i>Total governmental activities program revenues</i>	<u>8,378,981</u>	<u>7,997,160</u>	<u>10,852,617</u>
<i>Business-type activities:</i>			
Charges for services			
Water	4,826,342	4,208,795	4,547,080
Sewer	4,772,391	4,161,748	4,496,251
Storm drain	-	-	-
Capital grants and contributions	905,636	3,758,798	1,844,442
<i>Total business-type activities program revenues</i>	<u>10,504,369</u>	<u>12,129,341</u>	<u>10,887,773</u>
<i>Total program revenues</i>	<u>\$ 18,883,350</u>	<u>\$ 20,126,501</u>	<u>\$ 21,740,390</u>
<b>Net (expense)/revenue</b>			
<i>Governmental activities</i>	\$ (6,009,325)	\$ (6,741,279)	\$ (6,766,097)
<i>Business-type activities</i>	3,895,524	2,401,992	1,140,289
<i>Total net expenses</i>	<u>\$ (2,113,801)</u>	<u>\$ (4,339,287)</u>	<u>\$ (5,625,808)</u>

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
\$ 8,928,490	\$ 9,076,098	\$ 9,887,477	\$ 9,651,970
5,160,680	5,164,134	5,702,703	6,127,811
3,331,787	3,671,693	4,242,622	4,667,832
1,960,442	3,521,904	3,289,432	3,280,537
453,084	658,450	489,308	341,346
-	-	-	-
19,834,483	22,092,279	23,611,542	24,069,496
2,992,876	2,916,971	3,099,432	3,396,759
5,046,003	4,774,164	5,028,317	5,878,803
-	-	653,308	514,149
8,038,879	7,691,135	8,781,057	9,789,711
<u>\$ 27,873,362</u>	<u>\$ 29,783,414</u>	<u>\$ 32,392,599</u>	<u>\$ 33,859,207</u>
\$ 1,934,054	\$ 1,691,801	\$ 1,318,629	\$ 1,047,095
2,223,073	958,867	971,088	1,628,577
232,124	105,751	95,828	141,268
482,031	201,591	151,605	161,797
1,298,980	3,103,806	3,252,434	3,676,768
1,772,517	2,466,659	719,868	278,919
7,942,779	8,528,475	6,509,452	6,934,424
5,134,440	5,575,361	5,708,067	5,654,088
4,690,369	5,413,845	5,317,122	5,457,101
-	-	1,234,114	1,326,802
3,156,077	782,470	396,168	338,803
12,980,886	11,771,676	12,655,471	12,776,794
<u>\$ 20,923,665</u>	<u>\$ 20,300,151</u>	<u>\$ 19,164,923</u>	<u>\$ 19,711,218</u>
\$ (11,891,704)	\$ (13,563,804)	\$ (17,102,090)	\$ (17,135,072)
4,942,007	4,080,541	3,874,414	2,987,083
<u>\$ (6,949,697)</u>	<u>\$ (9,483,263)</u>	<u>\$ (13,227,676)</u>	<u>\$ (14,147,989)</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General revenues and other changes in net assets</b>			
Governmental activities:			
Taxes and assessments	\$ 9,598,691	\$ 10,078,180	\$ 10,888,251
Licenses and permits	1,714,231	1,828,503	2,014,126
Miscellaneous	454,292	878,561	1,999,966
Transfers	2,165,130	1,200,000	100,000
	<u>13,932,344</u>	<u>13,985,244</u>	<u>15,002,343</u>
Business-type activities:			
Miscellaneous	109,979	159,170	361,929
Transfers	(2,165,130)	(1,200,000)	(100,000)
	<u>(2,055,151)</u>	<u>(1,040,830)</u>	<u>261,929</u>
Total	<u>\$ 11,877,193</u>	<u>\$ 12,944,414</u>	<u>\$ 15,264,272</u>
<b>Change in net assets</b>			
Governmental activities	\$ 7,923,019	\$ 7,243,965	\$ 8,236,246
Business-type activities	1,840,373	1,361,162	1,402,218
	<u>9,763,392</u>	<u>8,605,127</u>	<u>9,638,464</u>

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
\$ 10,925,950	\$ 12,071,782	\$ 12,009,941	\$ 12,464,195
2,126,101	2,242,346	2,404,323	2,428,585
3,528,863	2,160,780	1,029,369	382,515
1,991,150	2,573,058	3,099,069	313,096
18,572,064	19,047,966	18,542,702	15,588,391
522,407	504,936	277,102	89,790
(1,991,150)	(2,573,058)	(3,099,069)	(313,096)
(1,468,743)	(2,068,122)	(2,821,967)	(223,306)
<u>\$ 17,103,321</u>	<u>\$ 16,979,844</u>	<u>\$ 15,720,735</u>	<u>\$ 15,365,085</u>
\$ 6,680,360	\$ 5,484,162	\$ 1,440,612	\$ (1,546,681)
3,473,264	2,012,419	1,052,447	2,763,777
<u>\$ 10,153,624</u>	<u>\$ 7,496,581</u>	<u>\$ 2,493,059</u>	<u>\$ 1,217,096</u>

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

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
General Fund					
Reserved	\$ 54,357	\$ -	\$ -	\$ -	\$ -
Unreserved	4,015,194	4,235,407	4,495,830	4,409,043	4,497,524
<b>Total general fund</b>	<b>\$ 4,069,551</b>	<b>\$ 4,235,407</b>	<b>\$ 4,495,830</b>	<b>\$ 4,409,043</b>	<b>\$ 4,497,524</b>
All other governmental funds					
Reserved	\$ 139,889	\$ 97,419	\$ 107,080	\$ 103,515	\$ 97,844
Unreserved, reported in:					
Special revenue funds	8,061,376	8,749,450	7,770,121	7,282,602	7,413,565
Capital projects funds	7,569,258	8,635,817	14,361,838	15,035,687	22,942,560
Debt service funds	3,562,681	3,793,857	6,007,795	5,041,998	3,910,171
<b>Total all other governmental funds</b>	<b>\$ 19,333,204</b>	<b>\$ 21,276,543</b>	<b>\$ 28,246,834</b>	<b>\$ 27,463,802</b>	<b>\$ 34,364,140</b>

2006	2007	2008	2009	2010
\$ 65,617	\$ -	\$ -	\$ 38,287	\$ 29,333
5,125,815	4,520,546	4,565,418	4,647,513	4,514,767
<u>\$ 5,191,432</u>	<u>\$ 4,520,546</u>	<u>\$ 4,565,418</u>	<u>\$ 4,685,800</u>	<u>\$ 4,544,100</u>
\$ 92,898	\$ 92,680	\$ -	\$ -	\$ 35,980
7,644,037	8,514,792	9,633,900	6,576,782	5,750,061
19,239,160	23,319,543	20,419,390	18,093,125	15,533,420
3,292,344	3,066,830	1,825,045	1,963,454	3,398,353
<u>\$ 30,268,439</u>	<u>\$ 34,993,845</u>	<u>\$ 31,878,335</u>	<u>\$ 26,633,361</u>	<u>\$ 24,717,814</u>



**CITY OF TUALATIN**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**LAST SEVEN FISCAL YEARS**

	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>REVENUES</b>			
Property taxes	\$ 10,138,379	\$ 10,567,468	\$ 10,885,890
Licenses and permits	1,696,974	1,827,209	2,466,535
Intergovernmental	3,714,543	2,786,052	3,253,950
Franchise tax	2,353,626	-	-
Charges for services	1,498,171	4,333,178	4,809,174
Fines and forfeitures	436,835	169,465	170,315
Miscellaneous	429,355	1,213,920	2,854,334
Total revenues	<u>20,267,883</u>	<u>20,897,292</u>	<u>24,440,198</u>
<b>EXPENDITURES</b>			
Current operating:			
General government	7,248,525	6,523,259	7,213,176
Public safety	3,728,033	4,044,373	4,427,287
Public Works	350,724	249,943	277,299
Culture and recreation	2,124,059	1,039,039	1,220,536
Capital outlay	9,188,096	5,436,529	12,672,121
Debt service			
Interest	506,419	422,180	2,382,696
Principal	5,973,640	6,937,435	4,558,359
Total expenditures	<u>29,668,457</u>	<u>24,652,758</u>	<u>32,751,474</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(9,400,574)	(3,755,466)	(8,311,276)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,185,064	4,409,247	3,920,381
Transfers out	(3,019,934)	(3,209,247)	(3,820,381)
Bond Refunding	-	-	-
Issuance of debt	6,365,625	9,544,291	4,809,483
Total other financing sources (uses)	<u>8,530,755</u>	<u>10,744,291</u>	<u>4,909,483</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (869,819)</u>	<u>\$ 6,988,825</u>	<u>\$ (3,401,793)</u>
Debt service as a percentage of noncapital expenditures	<u>48.17%</u>	<u>62.07%</u>	<u>52.83%</u>

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
\$	11,100,992	\$ 12,073,721	\$ 12,178,186	\$ 13,248,979
	1,955,143	3,926,256	2,295,281	1,978,115
	2,777,905	3,101,583	3,272,279	3,657,138
	2,126,101	2,242,346	2,404,323	2,428,585
	4,125,236	5,949,678	48,472	116,237
	234,169	229,180	237,831	277,535
	2,263,577	2,176,803	1,068,765	401,179
	<u>24,583,123</u>	<u>29,699,567</u>	<u>21,505,137</u>	<u>22,107,768</u>
	8,942,056	8,734,604	8,347,961	8,708,125
	4,871,925	5,193,903	5,342,795	5,724,373
	1,167,548	954,187	2,303,118	1,451,564
	1,300,643	3,037,178	3,258,911	3,198,392
	8,333,879	10,115,467	8,022,366	6,597,787
	457,575	1,346,829	581,624	454,696
	5,949,323	1,430,000	5,493,703	1,396,915
	<u>31,022,949</u>	<u>30,812,168</u>	<u>33,350,478</u>	<u>27,531,852</u>
	(6,439,826)	(1,112,601)	(11,845,341)	(5,424,084)
	7,293,764	11,854,026	6,127,978	8,828,428
	(5,302,614)	(13,975,213)	(2,453,654)	(5,517,435)
	-	(2,575,000)	-	-
	8,503,194	2,738,150	4,253,703	21,757
	<u>10,494,344</u>	<u>(1,958,037)</u>	<u>7,928,027</u>	<u>3,332,750</u>
\$	<u>4,054,518</u>	<u>\$ (3,070,638)</u>	<u>\$ (3,917,314)</u>	<u>\$ (2,091,334)</u>
	<u>39.35%</u>	<u>15.50%</u>	<u>31.56%</u>	<u>9.70%</u>

**CITY OF TUALATIN**  
**TAX REVENUE BY SOURCE – GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Property</b> <sup>1</sup>	<b>Special Assessments</b> <sup>2</sup>	<b>Total</b>
2001	\$ 7,964,095	\$ 91,664	\$ 8,055,759
2002	8,249,015	97,384	8,346,399
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	11,337,964
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
Change 2001-2010	56.5%	-5.0%	55.8%

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

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

**CITY OF TUALATIN**  
**ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Real Property		Personal Property*		Public Utility Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed	Estimated	Assessed	Estimated	Assessed	Estimated	Assessed	Estimated	
	Value	Value	Value	Value	Value	Value	Value	Value	
2001	\$ 1,654,698,415	\$ 2,185,266,947	\$ 144,561,051	\$ 148,625,782	\$ 55,348,650	\$ 68,415,740	\$ 1,854,608,116	\$ 2,402,308,469	77%
2002	1,766,058,040	2,352,560,606	136,668,191	138,878,692	59,749,964	61,179,114	1,962,476,195	2,552,618,412	77%
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	16,063,750	76,257,231	3,167,698,540	4,734,984,802	67%

\* 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**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>City of Tualatin:</b>										
General Government	\$ 2.27	\$ 2.27	\$ 1.99	\$ 1.90	\$ 1.91	\$ 1.92	\$ 1.94	\$ 1.95	\$ 1.96	\$ 1.96
G.O. Bond	0.63	0.48	0.11	0.10	0.09	0.21	0.19	0.31	0.19	0.22
<b>Total City</b>	<b>2.90</b>	<b>2.75</b>	<b>2.10</b>	<b>2.00</b>	<b>2.00</b>	<b>2.13</b>	<b>2.13</b>	<b>2.26</b>	<b>2.15</b>	<b>2.18</b>
<b>OVERLAPPING RATES:</b>										
<b>Washington County</b>										
Washington County	2.53	2.96	2.51	2.37	2.36	2.35	2.05	2.65	2.62	2.62
	2.53	2.96	2.51	2.37	2.36	2.35	2.05	2.65	2.62	2.62
<b>School District</b>										
NW Regional ESD*	0.12	0.12	0.12	0.12	0.13	0.11	0.13	0.13	0.13	0.13
Portland Community College	0.31	0.49	0.40	0.40	0.40	0.38	0.41	0.43	0.43	0.56
Tigard-Tualatin School District #23J	5.91	5.71	6.47	6.39	6.31	6.39	6.90	6.86	7.02	7.00
	6.34	6.32	6.99	6.91	6.84	6.88	7.44	7.42	7.58	7.70
<b>Special District</b>										
Clean Water Services	-	-	-	-	-	-	-	-	-	-
Tualatin Valley Fire & Rescue	1.59	1.83	1.60	1.54	1.54	1.58	1.60	1.65	1.63	1.69
Port of Portland	0.07	0.07	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Metro Service District	0.34	0.32	0.25	0.24	0.24	0.24	0.24	0.39	0.36	0.40
Tri-Met Transport District	0.13	0.14	0.10	0.09	0.09	0.10	0.08	0.07	0.07	0.07
Urban Renewal - Tualatin	-	-	1.79	2.48	2.40	2.13	1.89	1.81	1.73	1.70
	2.13	2.36	3.80	4.41	4.33	4.11	3.87	3.99	3.85	3.93
<b>Total Overlapping</b>	<b>11.00</b>	<b>11.64</b>	<b>13.30</b>	<b>13.69</b>	<b>13.53</b>	<b>13.34</b>	<b>13.37</b>	<b>14.06</b>	<b>14.04</b>	<b>14.25</b>
<b>TOTAL</b>	<b>\$ 13.90</b>	<b>\$ 14.39</b>	<b>\$ 15.40</b>	<b>\$ 15.69</b>	<b>\$ 15.53</b>	<b>\$ 15.47</b>	<b>\$ 15.50</b>	<b>\$ 16.32</b>	<b>\$ 16.19</b>	<b>\$ 16.43</b>

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

Source: Washington and Clackamas Counties

**CITY OF TUALATIN**  
**PRINCIPAL TAXPAYERS FOR WASHINGTON COUNTY & CLACKAMAS COUNTY**  
**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2010			2001		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
Novellus Systems, Inc	\$ 105,459,440	1	3.38%	11,785,070	13	0.25%
BV Centercal LLC	87,567,650	2	2.81%	-	-	-
JAE Oregon, Inc	29,037,280	3	0.93%	13,389,830	9	0.28%
Fujimi Corporation	23,025,550	4	0.74%	20,946,660	1	0.44%
Riggs Bank NA	22,768,050	5	0.73%	15,495,680	5	0.33%
Simpson Financing LTD Partnership-Rivercrest	22,577,430	6	0.72%	18,357,570	2	0.39%
Monadnock Property Trust LLC	22,553,420	7	0.72%	18,338,110	3	0.39%
Zian Limited Partnership	22,347,410	8	0.72%	17,028,480	4	0.36%
Lumber Products	21,042,321	9	0.67%	-	-	-
PRA Koch X LLC	12,204,990	10	0.39%	-	-	-
Simpson Financing LTD Partnership-Hazelbrook	-	-	-	15,371,270	6	0.32%
Puget Plastics Corporation	-	-	-	15,075,200	7	0.32%
Legacy Health Systems	-	-	-	14,699,254	8	0.31%
South Center III & IV Investors LLC	-	-	-	12,935,000	10	0.27%
OKI America, Inc.	-	-	-	-	-	-
Security Capitol Pacific Trust	-	-	-	-	-	-
	<u>\$ 368,583,541</u>		<u>11.82%</u>	<u>\$ 173,422,124</u>		<u>3.41%</u>

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

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

**CITY OF TUALATIN**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Collected in year of Levy</b>		<b>Collected in subsequent years</b>	<b>Total collections to date</b>	
		<b>Amount</b>	<b>Percent of Levy</b>		<b>Amount</b>	<b>Percent of Levy</b>
2001	\$ 8,183,626	\$ 7,728,299	94.44%	\$ 454,656	\$ 8,182,955	99.99%
2002	8,485,459	8,017,740	94.49%	466,377	8,484,117	99.98%
2003	8,258,906	7,798,636	94.43%	458,256	8,256,892	99.98%
2004	10,344,696	9,773,994	94.48%	568,688	10,342,682	99.98%
2005	10,684,835	10,138,855	94.89%	541,552	10,680,407	99.96%
2006	11,121,440	10,575,968	95.10%	534,791	11,110,759	99.90%
2007	11,343,364	11,101,678	97.87%	204,367	11,306,045	99.67%
2008	12,263,107	11,632,607	94.86%	524,283	12,156,890	99.13%
2009	12,434,861	12,040,279	96.83%	334,105	12,374,384	99.51%
2010	12,860,698	12,134,294	94.35%	-	12,134,294	94.35%

Source: Washington County and Clackamas County Assessors

**CITY OF TUALATIN**  
**DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

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			
2001	\$ 5,555,000	\$ 100,000	\$ -	\$ 1,020,000	\$ 3,165,000	\$ -	\$ 9,840,000	23,270	\$422.86
2002	4,455,000	75,000	-	940,000	2,355,000	-	7,825,000	24,100	324.69
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

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
2001	\$ 5,555,000	\$ 2,402,308,469	0.23%
2002	4,455,000	2,552,618,412	0.17%
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%



**CITY OF TUALATIN**  
**COMPUTATION OF OVERLAPPING GENERAL OBLIGATION DEBT**  
**JUNE 30, 2010**

<b>Jurisdiction</b>	<b>General Obligation Debt Outstanding</b>	<b>Percent Applicable Inside City of Tualatin</b>	<b>Amount Applicable Inside City of Tualatin</b>
City of Tualatin	\$ 9,645,000	100.0000%	\$ 9,645,000
Clackamas County	79,370,000	0.9623%	763,778.00
Clackamas County District 3J (West Linn/Wilsonville)	235,442,238	1.2063%	2,840,140
Clackamas County School District 7J (Lake Oswego)	114,290,796	1.5494%	1,770,822
Clackamas Community College	34,840,000	1.1037%	384,529
Metro	158,533,356	2.2667%	3,593,476
Tri-Met	27,960,000	2.2780%	636,929
Portland Community College	224,025,000	2.5871%	5,795,751
Washington County	26,040,000	6.0864%	1,584,899
Tualatin Valley Fire and Rescue District	27,885,000	7.6929%	2,145,165
Washington County School District 23J (Tigard-Tualatin)	131,892,590	31.1228%	41,048,667
Washington County School District 88J (Sherwood)	133,619,825	12.0147%	16,054,021
subtotal, overlapping debt			76,618,177
Direct and overlapping debt			\$ 86,263,177

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

**CITY OF TUALATIN**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2010**

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

True Cash Value	\$ 3,167,698,540
Rate	<u>x 3%</u>
Debt limit	95,030,956
Debt applicable to limit	<u>9,075,365</u>
	<u>\$ 85,955,591</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
2001	92.35%	\$ 66,560,442	\$ 5,090,648	\$ 61,469,794
2002	94.40%	76,578,553	4,290,108	72,288,445
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

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.

Total Bonded Debt	\$ 9,645,000
Less:	
Limited Tax Improvement Bonds	(540,000)
Special Assessment Bonds	-
Urban Renewal Bonds	-
Amount Available for Payment of GO Bonds (ending fund balance)	(29,635)
Total Debt Applicable to Limitation	<u>\$ 9,075,365</u>

Source: Current and previous CAFR's

**CITY OF TUALATIN**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Legacy Meridian Park Hospital	823	1	4.05%	750	1	n/a
United Parcel Service	512	2	2.52%	547	2	n/a
GE Security	500	3	2.46%	-	-	-
Tigard-Tualatin School District	421	4	2.07%	-	-	-
Novellus Systems	400	5	1.97%	-	-	-
Portland General Electric	314	6	1.54%	-	-	-
DPI Northwest	300	7	1.47%	-	-	-
Precision Wire	290	8	1.43%	-	-	-
Milgard Windows	275	9	1.35%	-	-	-
Fred Meyer	273	10	1.34%	300	4	n/a
Sentrol, Inc.	-	-	-	450	3	n/a
Simple Designs Manufacturing	-	-	-	220	5	n/a
Coca-Cola Bottling of Oregon	-	-	-	218	6	n/a
Columbia Corrugated	-	-	-	200	7	n/a
Haggen Food	-	-	-	200	8	n/a
Acosta Sales & Marketing	-	-	-	170	9	n/a
Clubsport Oregon LLC	-	-	-	168	10	n/a
	<u>4,108</u>			<u>3,223</u>		
Total City employment			<u>20,344</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**

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**SPECIAL ASSESSMENT BONDS**

<b>Fiscal Year Ended June 30,</b>	<b>Assessment Principal Collections</b>	<b>Debt Service Requirements</b>			<b>Percent Coverage</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2001	\$ 151,250	\$ 105,000	\$ 59,013	\$ 164,013	92.22%
2002	156,683	105,000	53,628	158,628	98.77%
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	373.28%

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**

<b>Function</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General government	33.50	33.50	34.25	33.75	31.75	31.88	33.38	33.88	34.63	35.50
Public safety	34.50	35.00	35.75	36.75	38.75	40.63	43.63	44.63	45.63	46.50
Highways and streets	18.50	18.50	18.50	19.00	19.75	19.75	20.50	21.50	21.50	21.50
Culture and recreation	21.50	22.75	23.25	24.25	24.00	24.00	26.00	29.75	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	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	<u>116.50</u>	<u>118.25</u>	<u>120.25</u>	<u>122.25</u>	<u>121.75</u>	<u>123.75</u>	<u>131.00</u>	<u>137.25</u>	<u>139.38</u>	<u>141.13</u>

Data from current and previous budgets

**CITY OF TUALATIN**  
**OPERATING INDICATORS**  
**LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Police										
Arrests	854	934	1,048	1,184	1,038	1,039	1,200	896	944	909
Traffic violations	2,249	2,724	3,057	2,765	2,316	2,810	3,813	3,736	3,636	2,509
*Municipal Court cases	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,105	2,058
Building activity										
Permits issued	449	216	164	503	673	1,691	1,706	1,428	1,260	1,046
Estimated value (000's)	\$ 86,227	\$ 84,434	\$ 54,571	\$ 95,351	\$117,949	\$ 80,107	\$ 94,643	\$ 84,407	\$ 35,918	\$ 26,550
Planning applications	216	239	217	178	314	128	300	206	219	203
Library circulation	251,851	317,273	359,773	367,701	394,995	427,222	416,179	443,963	606,734	696,733
Miles of streets maintained	63	65	65	67	76	76	76	76	76	77
Water connections	5,564	5,725	6,032	6,200	6,408	6,500	6,628	6,686	6,658	6,740
Sewer connections	5,263	5,480	5,738	5,900	6,408	6,192	6,346	6,301	6,380	6,471

n/a = information not available

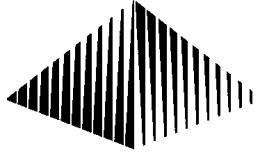
\*Several years ago the City of Tualatin decided to disband its Municipal Court. Felonies are tried by the county in which the alleged crime occurs. Non-criminal traffic violations are now heard in Tualatin Municipal Court, beginning in January 2009.

Data acquired from various City of Tualatin departments.

**CITY OF TUALATIN**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Public safety										
Patrol units	15	16	16	18	18	18	15	22	22	18
Officers	29	30	30	32	32	35	36	35	36	37
Highways and streets										
	63	65	65	67	76	76	76	76	76	76
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Acreage	270	272	276	289	289	284	310	310	310	286
*Sewage disposal										
Max daily capacity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Water										
Max daily capacity	11	11	11	11	11	11	13	13	13	13
Fire hydrants	865	865	865	876	903	931	953	960	960	982

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



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
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### ***INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS***

Board of Directors  
City of Tualatin, Oregon  
Tualatin, Oregon

We have audited the basic financial statements of the City of Tualatin, Oregon as of and for the year ended June 30, 2010, and have issued our report thereon dated December 30, 2010. 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 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 statements 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:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **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, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except for overexpenditures of appropriations as noted in the notes to the basic financial statements, and the excess of actual revenues over actual expenditures in second preceding year did not equal the beginning balance in first preceding year in the 2010-11 budget.



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


In planning and performing our audit, we considered the City'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

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

This report is intended solely for the information and use of the City council and management of the City of Tualatin, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
\_\_\_\_\_  
Charles A. Swank, A Shareholder  
December 30, 2010