

City of

TUALATIN

Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE
FISCAL YEAR ENDED
JUNE 30, 2020



CITY OF TUALATIN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

Prepared by the City of Tualatin – Department of Finance

Don Hudson, Assistant City Manager/Finance Director

CITY OF TUALATIN, OREGON

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INTRODUCTORY SECTION

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CITY OF TUALATIN, OREGON
CITY COUNCIL

City Council

Term Expires

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

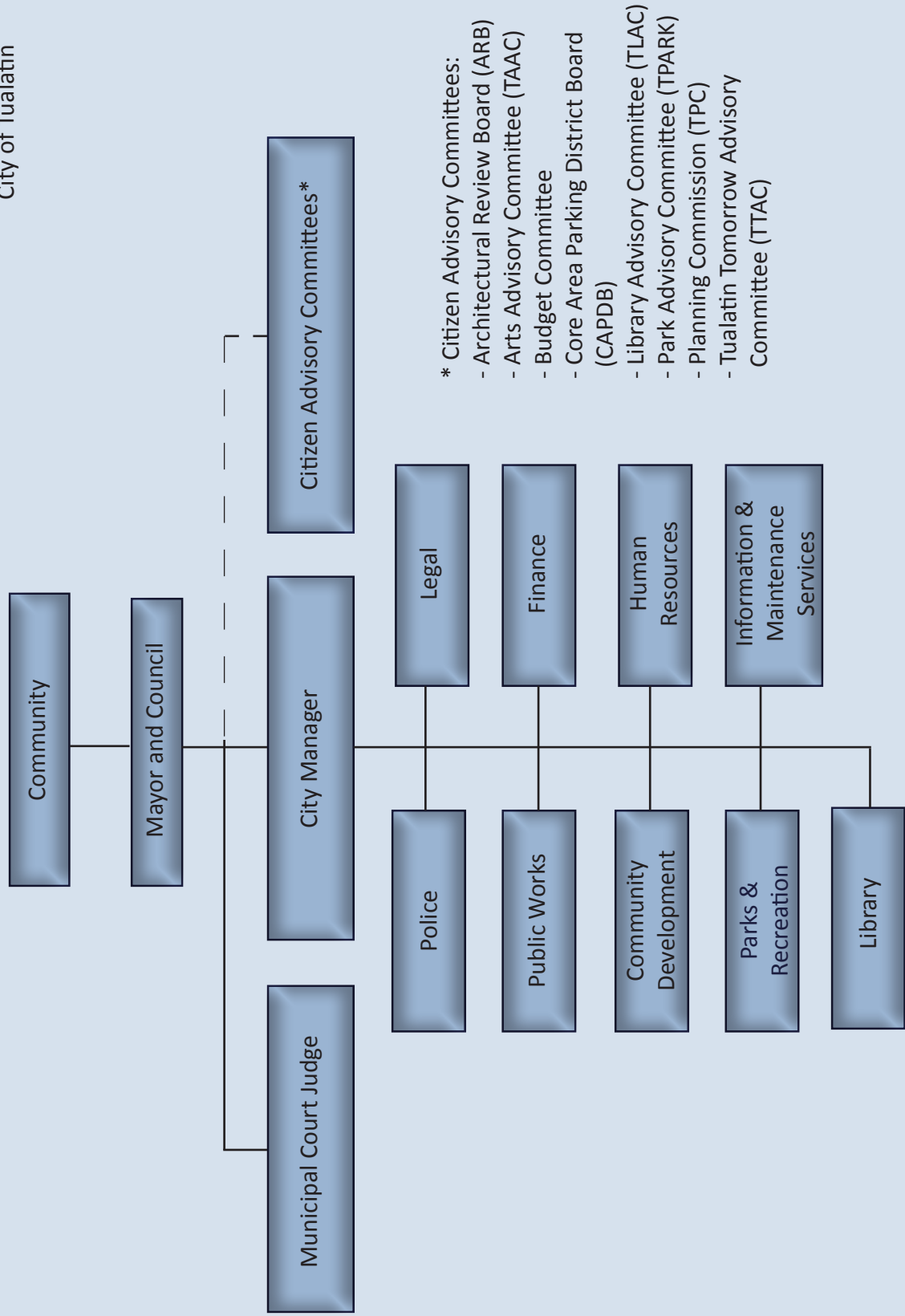
Administrative

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

City Offices
18880 SW Martinazzi Avenue
Tualatin, Oregon 97062

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

Organization Chart





City of Tualatin

www.tualatinoregon.gov

April 7, 2021

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

State law requires that all general-purpose local governments publish a complete set of financial statements within six months of the close of each fiscal year. These statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Tualatin for the fiscal year ended June 30, 2020.

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's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Tualatin's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Merina & Company, LLP, a firm of licensed certified public accountants, has audited the City of Tualatin's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Tualatin for the year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Tualatin's financial statements for the fiscal year ended June 30, 2020, 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.

In addition, the City is required to have an audit of expenditures of Federal awards performed in accordance with the United States Office of Management and Budget (OMB) Uniform Grant Guidance and the provisions of Government Auditing Standards. Reports on the City's compliance with applicable Federal laws and regulations for the year ended June 30, 2020 is issued separately. The report is available on the City's website, www.tualatinoregon.gov/finance.

Profile of the City of Tualatin

The City of Tualatin is located in Northwestern Oregon in the Portland metropolitan area, in the counties of Washington and Clackamas, just twelve miles south of Portland's city center. The City of Tualatin, incorporated in 1913, currently occupies a land area of 7.9 square miles and serves a population of 27,195. The City of Tualatin is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

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

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

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

For financial reporting purposes, this report includes all funds of the City that are subject to appropriation by the City Council. For financial planning and control, the City prepares and adopts an annual budget in accordance with Oregon Revised Statutes Chapters 294.305 through 294.565. Budget-to-actual comparisons are provided in the report for each individual fund for which an appropriated annual budget has been adopted. The comparisons are presented as required or other supplementary information as appropriate to demonstrate compliance with the adopted budget.

Local economy

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

The City's economy is linked with that of the entire Portland Metropolitan area, but is more insulated from economic downturns because of the high education and skill level of its population. Median household incomes within the City of Tualatin are significantly higher than for the state as a whole. Based on the 2015-2019 American Community Survey 5-Year Estimates from the U.S. Census Bureau, the City's median family income was \$85,772, the county's was \$82,215, while the state's was \$62,818.

Not unlike other communities across the country this year, the City's local businesses have been hit hard as they have struggled to cope with the impacts of the COVID-19 pandemic and executive orders. In response

to the pandemic, the City distributed over \$250,000 in small business grants between March and July 2020 to 54 small business from the Economic Stabilization Fund. Over 75% of the grant funding went to retail, restaurant, services, hospitality, entertainment, and wellness classified business. Additional grants were distributed after the end of the fiscal year to continue to support the local economy.

Given the State of Oregon's property tax limitations and the City's low permanent tax rate for operations, smart, balanced growth is important to the economic health of the community. Because of its location in the region, Tualatin continues to be an attractive location for development as new businesses continue to come to town, and a number of existing businesses have either begun, or are planning expansion of their existing locations. These developments have a positive effect on the community and help increase the assessed property values. Not only does this account for additional property tax revenue, but it also adds jobs to the community.

Development activity has continued within the City, contributing to increases in assessed value growth of approximately 4.6% for tax year 2019-20 and approximately 4.5% for tax year 2020-2021. It is anticipated that assessed value growth will be between 3% and 4% in the following year.

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

Another major regional planning effort is the Basalt Creek Concept Plan, adopted August 2018, which outlines a vision for future growth in the area between the Cities of Tualatin and Wilsonville. After years of planning (going back as far as 2004), the Basalt Creek Concept Plan was included in the Comprehensive Plan and a new Urban Planning Area Agreement was established between Tualatin and Washington County. Property owners are now able to annex into Tualatin, which is the first step for future development in the Basalt Creek area. In addition to the future land uses, the Basalt Creek Concept Plan evaluates the provision of urban services (i.e. transportation, water, sewer, storm, etc.) and delineates future city limit lines between Tualatin and Wilsonville.

Escalating PERS costs continue to put increased pressure on the City's personnel costs. However, the City was able to take minimize rate increases by participation in the PERS Employer Incentive Fund (EIF) program. The program, part of legislation passed by the State Legislature in 2017, and funded during the 2019 Legislative Session, allowed entities to set up side accounts that were eligible for 25% match. The City made a \$2,000,000 contribution to the program, paying off a transitional liability from the time that the City joined PERS and the remaining funds were put towards a side account, with 25% of that amount being matched by PERS. Side accounts help lower future increases in our PERS contribution rates. By participating in this program, the City recognized an immediate reduction in PERS contribution rates of 2.09 percentage points. This equals about a \$300,000 savings in PERS expenses than would have occurred without participating in the EIF program.

Awards and Acknowledgements

Comprehensive Annual Financial Reporting Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the 28th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Popular Annual Financial Reporting Award. The GFOA has given the City an Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended June 30, 2019. This was the second year that the City published this report and achieved this prestigious award that recognizes conformance with the highest standards for preparation of state and local government popular reports. In order to receive this award, a government must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

Distinguished Budget Presentation Award. The GFOA presented a Distinguished Budget Presentation Award to the City for its annual budget for the year beginning July 1, 2019. This was the 7th consecutive year that the City has achieved this prestigious award. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. This award is valid for a period of one year only. We will continue to submit future budgets to GFOA for the award.

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

Respectfully submitted,

A blue ink signature of Don Hudson, consisting of a stylized, cursive script.

Don Hudson
Finance Director

A blue ink signature of Matt Warner, consisting of a stylized, cursive script.

Matt Warner
Assistant Finance Director



Government Finance Officers Association

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

Presented to

**City of Tualatin
Oregon**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members
City of Tualatin, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tualatin, Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Tualatin, Oregon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tualatin, Oregon, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Supplemental and Other Information

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

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

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2021 on our consideration of City of Tualatin, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Tualatin, Oregon's internal control over financial reporting or on compliance. That report is issued separately and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Tualatin, Oregon's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated April 7, 2021, on our consideration of City of Tualatin, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Merina+Co
Tualatin, Oregon
April 7, 2021

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

As management of the City of Tualatin (the City), we offer readers of the City's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. The analysis focuses on significant financial issues, major financial activities, and resulting changes in financial position, budget variances and specific issues related to funds and the economic factors affecting the City.

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

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources totaled approximately \$232.2 million at June 30, 2020, and consisted of approximately \$77.4 million in cash and investments, \$141.6 million in capital assets and approximately \$13.1 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$2.7 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$58.0 million at June 30, 2020, consisting of approximately \$52.0 million in long-term obligations, \$4.2 million in accounts payable and other liabilities, and \$1.8 million in deferred inflows related to pensions and other post-employment benefit obligations.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$174.3 million at the close of fiscal year 2020. Unrestricted net position totaled \$16.1 million, with the remainder of the City's net position reported as net investment in capital assets (\$133.8 million) and restricted for building and engineering, street and roadside maintenance, debt service, capital projects, transportation, urban renewal, and capital improvements (\$24.4 million).
- For its governmental activities, the City generated \$7.3 million in charges for services and received \$0.9 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$34.7 million for the year, resulting in a net expense of \$26.5 million. \$24.4 million of general revenues received and \$5.4 million of transfers in resulted in an increase in net position of \$3.4 million.
- For its business-type activities, the City generated \$19.9 million in charges for services and capital grants and contributions to fund direct expenses of \$16.2 million.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

Government-wide Financial Statements

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

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

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

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

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

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

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

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

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

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

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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

Proprietary funds are used to account for activities where the emphasis is placed on net position determination. The City maintains two different types of proprietary funds - enterprise funds and internal service funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements.

Enterprise funds account for the City's water utility, sewer utility and stormwater utility. All of the City's enterprise funds are major funds of the City, and they are reported separately in the proprietary fund financial statements in the basic financial statements.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the costs of replacement of the City's vehicles.

Notes to the Financial Statements

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

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following is a comparison between the June 30, 2020 and 2019 Statements of Net Position:

Table 1 - Net Position as of June 30th

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 59,512,837	\$ 56,934,766	\$ 21,702,676	\$ 22,009,398	\$ 81,215,513	\$ 78,944,164
Capital assets	91,849,995	91,971,779	49,797,515	50,740,408	141,647,510	142,712,187
Total assets	151,362,832	148,906,545	71,500,191	72,749,806	222,863,023	221,656,351
Deferred outflows of resources	8,833,717	7,424,054	537,105	440,332	9,370,822	7,864,386
Long-term liabilities	47,911,152	47,035,819	4,095,756	4,241,240	52,006,908	51,277,059
Other liabilities	2,854,135	2,791,705	1,303,947	1,304,709	4,158,082	4,096,414
Total liabilities	50,765,287	49,827,524	5,399,703	5,545,949	56,164,990	55,373,473
Deferred inflows of resources	1,706,439	2,158,292	80,006	85,124	1,786,445	2,243,416
Net Position:						
Net investment in capital assets	86,795,235	88,026,572	46,962,956	47,494,937	133,758,191	135,521,509
Restricted	23,120,100	17,883,651	1,314,478	5,429,897	24,434,578	23,313,548
Unrestricted	(2,190,512)	(1,565,440)	18,280,153	14,634,231	16,089,641	13,068,791
Total net position	\$ 107,724,823	\$ 104,344,783	\$ 66,557,587	\$ 67,559,065	\$ 174,282,410	\$ 171,903,848

The City of Tualatin's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$174.3 million as of June 30, 2020. Of this amount, \$133.8 million, (76.7%) is the City's net investment in capital assets. These assets are not a source for repaying liabilities now, or in the future, since such assets represent the "business of the City". Other resources must be used to pay for outstanding liabilities, some of which are restricted to only certain uses. This requires the City to not only acquire those capital assets necessary to provide for City services, but to retain the ability to finance these acquisitions and provide maintenance for these assets.

An additional portion of net position (\$24.4 million) is restricted as to how it may be used by budgetary, legal and external factors. The unrestricted amount of \$16.1 million (9.2% of net position) can be used to meet on-going obligations. Of the \$57.9 million of liabilities and deferred inflows of resources at year-end for governmental and business-type activities, \$52.0 million are due in more than one year. For the government as a whole, and for the separate governmental and business-type activities, all three categories showed a positive net position balance for fiscal year 2019-20, as they did for 2018-19. For its governmental activities, the City has a negative balance in the unrestricted category of net position.

Total net position increased by \$2.4 million during the fiscal year, primarily attributable to unspent transportation development tax revenue received and increased interest revenue.

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

Statement of Activities

The following is a comparison between the June 30, 2020 and 2019 Statement of Activities:

Table 2 - Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 7,319,200	\$ 6,529,373	\$ 19,775,248	\$ 19,297,362	\$ 27,094,448	\$ 25,826,735
Operating grants and contributions	533,644	179,956	-	-	533,644	179,956
Capital grants and contributions	365,513	86,004	115,339	336,979	480,852	422,983
General revenues:						
Property taxes	13,278,929	12,656,655	-	-	13,278,929	12,656,655
Franchise fees	2,440,018	2,429,676	-	-	2,440,018	2,429,676
Public service taxes and revenue sharing	6,388,938	6,416,595	-	-	6,388,938	6,416,595
Interest and miscellaneous	2,313,010	1,833,807	726,573	554,921	3,039,583	2,388,728
Total revenues	32,639,252	30,132,066	20,617,160	20,189,262	53,256,412	50,321,328
Expenses:						
General government	9,813,476	9,307,642	-	-	9,813,476	9,307,642
Public safety	10,905,816	9,618,099	-	-	10,905,816	9,618,099
Highways and streets	6,755,745	6,218,228	-	-	6,755,745	6,218,228
Culture and recreation	6,453,498	5,915,477	-	-	6,453,498	5,915,477
Interest on long-term debt	757,327	732,891	-	-	757,327	732,891
Water Operations	-	-	5,786,256	6,150,565	5,786,256	6,150,565
Sewer Operations	-	-	8,830,709	8,654,399	8,830,709	8,654,399
Stormwater Operations	-	-	1,575,023	1,576,322	1,575,023	1,576,322
Total expenses	34,685,862	31,792,337	16,191,988	16,381,286	50,877,850	48,173,623
Change in net position before transfers	(2,046,610)	(1,660,271)	4,425,172	3,807,976	2,378,562	2,147,705
Transfers	5,426,650	3,505,530	(5,426,650)	(3,505,530)	-	-
Change in net position	3,380,040	1,845,259	(1,001,478)	302,446	2,378,562	2,147,705
Net position - beginning	104,344,783	102,499,524	67,559,065	67,256,619	171,903,848	169,756,143
Net position - ending	\$ 107,724,823	\$ 104,344,783	\$ 66,557,587	\$ 67,559,065	\$ 174,282,410	\$ 171,903,848

Governmental activities increased the City's net position by \$3.4 million in fiscal year 2019-20, as compared to a \$1.8 million increase in the prior fiscal year. Revenue, excluding transfers, increased by \$2.5 million and expenses, excluding transfers, increased \$2.9 million. Key elements of this change, as illustrated in Table 2 above, is primarily the result of increased property tax revenue from an increase in assessed value, coupled with additional revenue from other governmental agencies (i.e. federal grants and County Vehicle License Fees).

Business-Type activities total revenues, excluding transfers, increased approximately \$0.4 million from fiscal year 2018-19, due mainly to increases in investment earnings.

Business-Type activities expenses, excluding transfers, decreased approximately \$0.2 million, which is primarily attributable to decreases in capital project costs on improvements to the utility systems in the current year.

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

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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

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

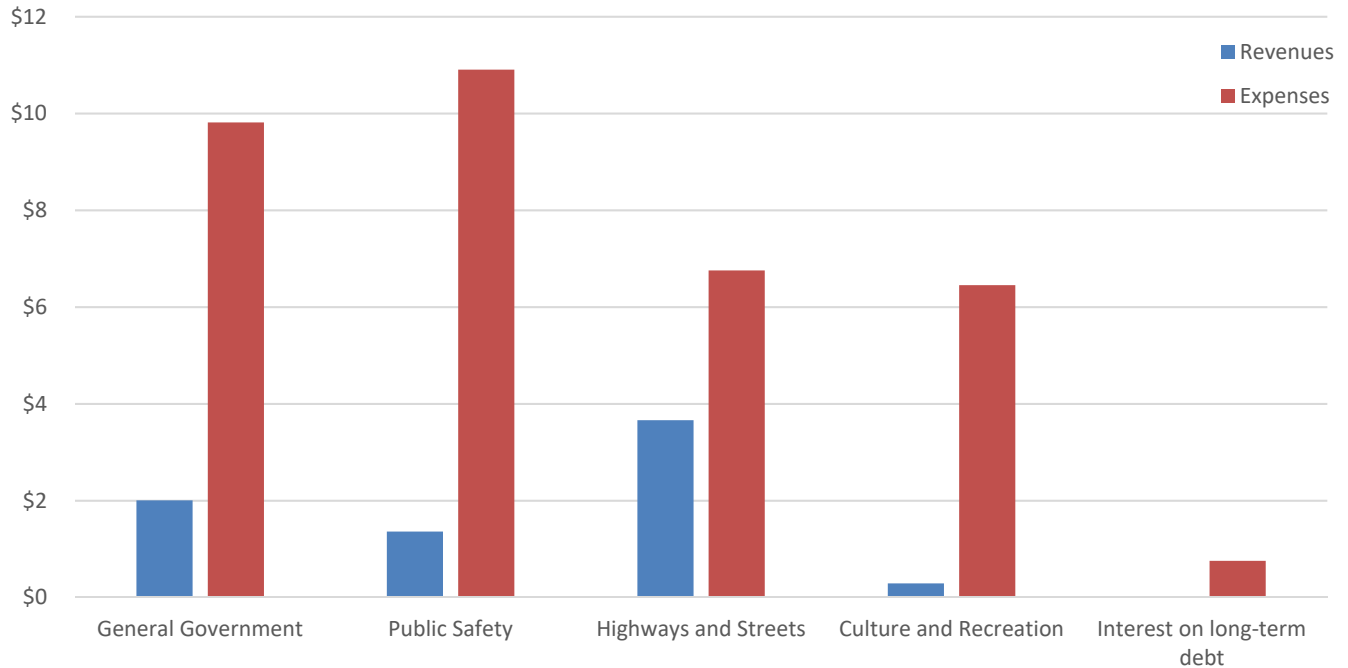
The City's permanent tax rate is relatively low in contrast to comparable cities in the State. The City has been able to maintain services by budgeting conservatively and providing quality services with lean budgets. The charts showing governmental expenses versus governmental activities demonstrate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

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

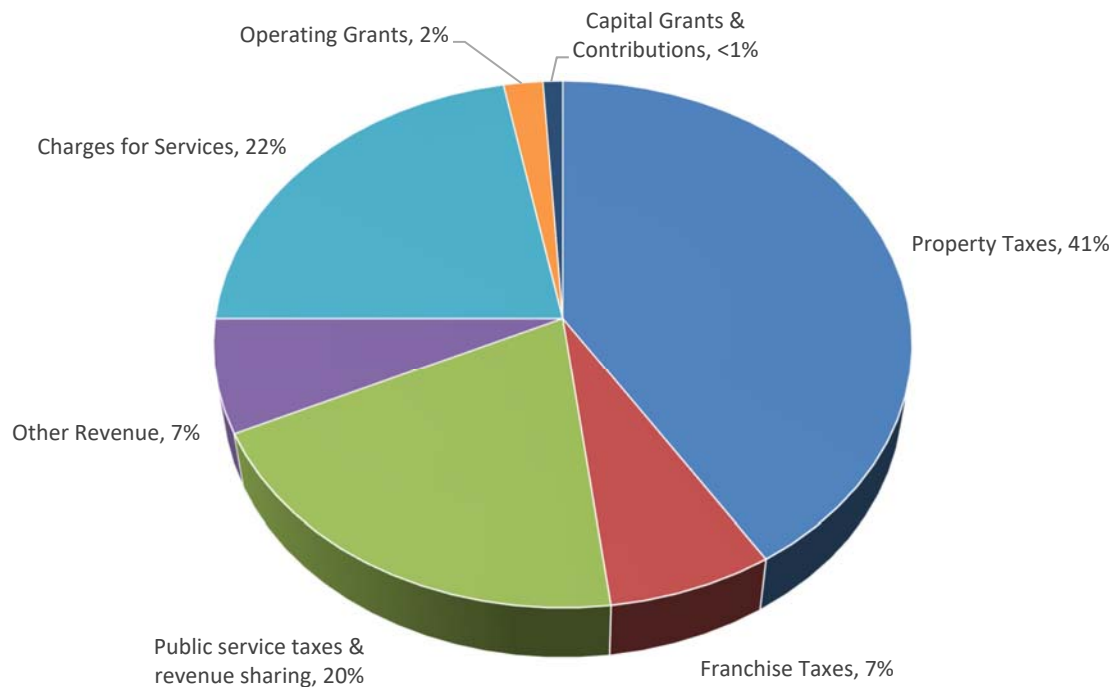
- Governmental resources are restricted in many ways: budgeting, legal and by public opinion.
- Programs funded by general resources typically result in hard choices, such as more police or a better library. Those services which are seen as most important and necessary are almost always least able or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

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

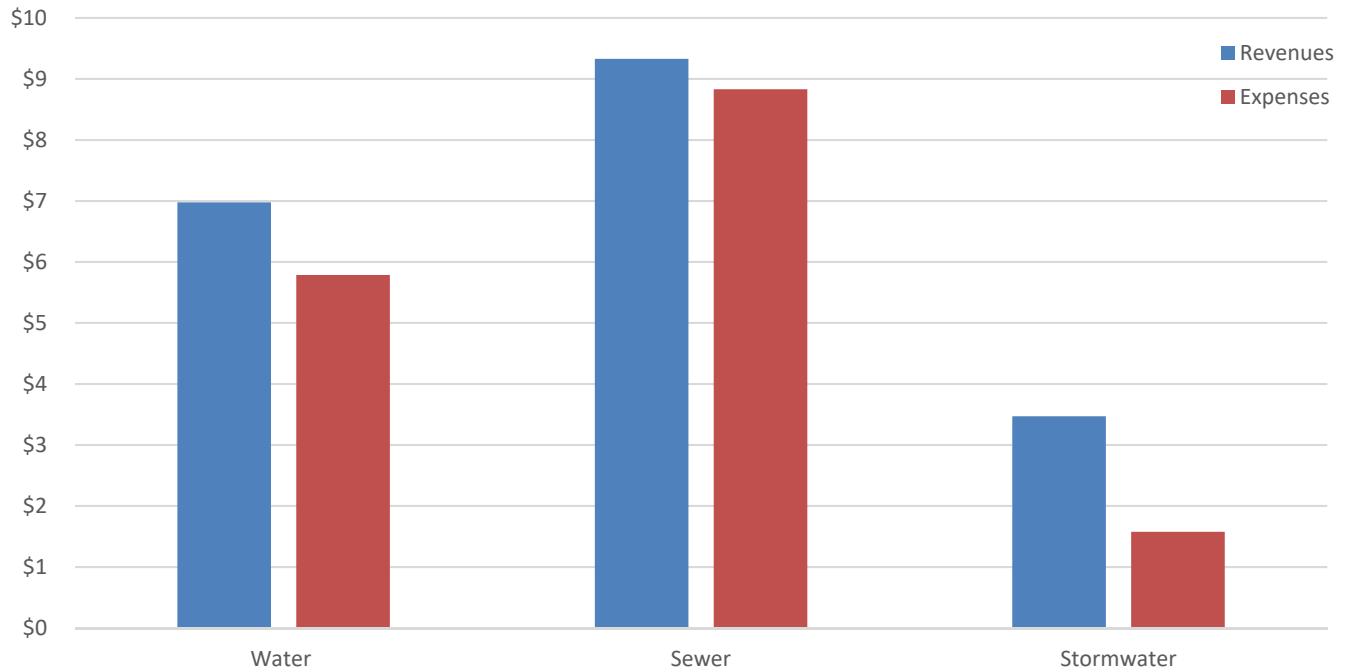
Expenses and Program Revenues - Governmental Activities (in millions)



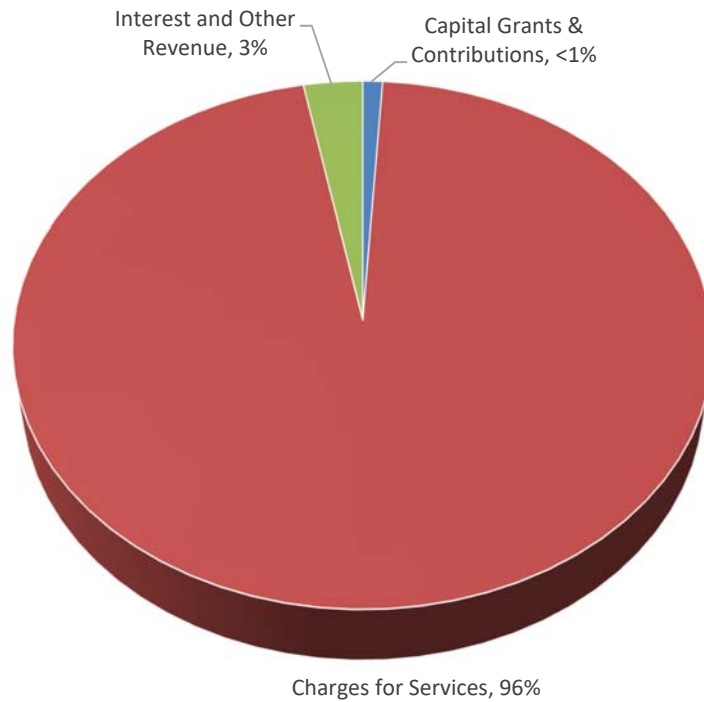
Revenues by Source - Governmental Activities



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



Revenues by Source - Business-type Activities



CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

As of June 30, 2020, the City's governmental funds reported a combined ending fund balance of \$56.0 million, an increase of \$2.1 million when compared to the prior year. Unassigned fund balance combined with committed fund balance as of June 30, 2020, was \$32.7 million and is available for spending at the City's discretion.

General Fund

The general fund is the chief operating fund of the City. At June 30, 2020, the total fund balance was \$11.6 million, of which \$11.5 million is considered unassigned, reflecting an decrease of \$1.8 million from the prior year. As a matter of course, the City strives to have enough reserves at the end of the fiscal year to provide cash for the first five months of operations, at which time the first installment of property taxes are received. The fund balance decrease was primarily due to the payment of \$2 million to the State pension system to establish a side account to reduce or minimize future contribution rate increases, in addition to paying off the City's transitional liability.

Building Fund

This special revenue fund accounts for activities of the Building Division, which is responsible for reviewing building plans and issuing building permits for all structural, mechanical and plumbing applications within the City. At June 30, 2020, total fund balance increased by \$0.1 million. The City's building fund continues to be funded by charges for services and licenses and permits. The minimal fund balance increase is a product of consistent increases in development activity within the City, and offsetting increases in the cost to provide services.

Transportation Project Fund

This capital project fund accounts for expenditures on high priority transportation projects throughout the City that are financed by the City's Series 2018 Transportation Bonds. Resources for the fund include general obligation bond proceeds and interest revenue. At June 30, 2020, total fund balance was approximately \$20.4 million, a decrease of approximately \$1.7 million. The decrease is attributable to project costs on the Tualatin Moving Forward transportation projects.

Transportation Development Tax Fund

This special revenue fund accounts for the collection and use of the transportation development tax. At June 30, 2020, total fund balance was approximately \$11.4 million, reflecting an increase of approximately \$1.8 million from the prior year. The increase is attributable to additional development in the City resulting in the collection of additional fees & charges.

General Fund Budgetary Highlights

The original appropriated budget for the general fund for fiscal year 2020 amounted to \$27.3 million, including \$3.6 million for contingencies. There were amendments to the adopted budget during the year to appropriate contingency funds to cover unforeseen changes in personnel personal services expenditure.

The General Fund resources exceeded final budgeted levels by approximately \$0.2 million due to additional property tax received in excess of the budgeted amount because of assessed value being higher than expected. This favorable

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

variance in revenue was partially offset by additional expenses related to COVID-19 pandemic, and revenue reductions attributable to the pandemic shutdown, mainly in court fines and forfeitures (\$196,000) and transient lodging taxes (\$194,000).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the City had invested \$141.6 million in capital assets, net of depreciation, in a range of asset types, including land, buildings, improvements and infrastructure, and machinery and equipment.

The following is a comparison of capital assets as of June 30, 2020 and 2019:

CITY OF TUALATIN'S NET CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 13,899,656	\$ 13,899,656	\$ 880,144	\$ 880,144	\$ 14,779,800	\$ 14,779,800
Construction in Progress	4,700,611	1,307,606	317,954	25,700	5,018,565	1,333,306
Buildings	20,161,515	20,161,515	367,755	367,755	20,529,270	20,529,270
Machinery and Equipment	6,231,339	5,665,416	2,036,605	1,511,342	8,267,944	7,176,758
Utility System	-	-	84,905,934	84,790,596	84,905,934	84,790,596
Improvements & Infrastructure	146,074,883	145,302,804	-	-	146,074,883	145,302,804
Accumulated Depreciation	(99,218,008)	(94,365,218)	(38,710,877)	(36,835,129)	(137,928,885)	(131,200,347)
Total net assets	<u>\$ 91,849,996</u>	<u>\$ 91,971,779</u>	<u>\$ 49,797,515</u>	<u>\$ 50,740,408</u>	<u>\$ 141,647,511</u>	<u>\$ 142,712,187</u>

Net capital assets decreased by \$1.1 million due to the increased accumulated depreciation on the City's assets. This investment in capital assets includes land, construction in progress, improvements, machinery and equipment and infrastructure. The governmental infrastructure category consists primarily of roads, signals and lighting. Capital assets in the business-type activities include water and sewer lines, lift stations and other portions of utility systems.

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

Debt Outstanding

As of the end of the fiscal year, the City had \$26.8 million in long-term bonded debt obligations outstanding, an decrease of approximately \$2.6 million from the prior year. The decrease is primarily attributable to the payment of outstanding principal on the Series 2018 General Obligation and Refunding bonds for transportation improvement projects.

CITY OF TUALATIN'S DEBT SERVICE
Year Ended June 30, 2020

	Beginning	Additions	Principal Paid	Ending
Governmental:				
General Obligation Bonds	\$ 25,379,480	\$ -	\$ (2,041,808)	\$ 23,337,672
Full faith and credit obligations	595,701	-	(112,121)	483,580
Total Governmental	<u>\$ 25,975,181</u>	<u>\$ -</u>	<u>\$ (2,153,929)</u>	<u>\$ 23,821,252</u>
Business-type:				
Full Faith & Credit	\$ 3,392,996	\$ -	\$ (435,499)	\$ 2,957,497
Total Bonds Payable	<u>\$ 29,368,177</u>	<u>\$ -</u>	<u>\$ (2,589,428)</u>	<u>\$ 26,778,749</u>

CITY OF TUALATIN, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

The State of Oregon mandates a general obligation debt limit of 3 percent of true market value of taxable property within City boundaries. The City's general obligation debt outstanding at June 30, 2020 was \$23.3 million, which is well below the \$142 million maximum limitation.

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

Economic Factors and Next Year's Budget

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined, in conjunction with business decisions made by the City, while regarding the economic impact of the COVID-19 related shutdown. Taking all this into consideration, the City of Tualatin budget increased 1.09% over the adopted budget and amended, 2019-2020 budget, to \$133.8 million.

Factors affecting financial conditions in the future include:

- The City continues to experience strong development activity, which will help drive increases in assessed value and property tax revenue in future years. With the City's low permanent tax rate of \$2.2665 per thousand of assessed value, though, future adjustments to maintain service levels of city services to our residents may be necessary.
- Personnel costs continue to increase as a result of cost of living expenses and escalating medical and retirement costs. The Public Employee Retirement System (PERS) sets the retirement contribution rates biannually. Fiscal Year 2019-20 was the first year of the current biennium rates. In October of 2019, the City funded a PERS side account for \$2 million, which resulted in a rate reduction of 2.09% for the remainder of the two year biennium. The rates for the current biennium are as follows: Tier I/II employee at 26.75%, Oregon Public Service Retirement Plan (OPSRP) general employees at 17.89% and OPSRP Police/Fire employees at 22.52%. PERS rates for the next biennium, beginning July 1, 2021, will increase to the following rates, respectively: 26.85%, 20.13%, and 24.49%. These increases were expected and have been factored into forecasts by the City.
- Business-Type Activities are funded through water, sewer, and stormwater rates and system development charges. The City has the ability to increase rates to keep pace with growing costs as well as increasing demands on the systems. The City generally increases water rates annually. Sewer and surface water management rates are set by Clean Water Services and are generally increased annually in July. The City also collects a local service fee for sewer and surface water management that, if needed, can be adjusted.
- Uncertainties about future economic changes and financial impacts are common in all cities. To deal with the swings in the economy and to plan for future capital expansion, the City routinely sets aside portions of its fund balances for contingencies and emergency situations.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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BASIC FINANCIAL STATEMENTS

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

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

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

CITY OF TUALATIN, OREGON
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 57,667,679	\$ 19,747,347	\$ 77,415,026
Restricted cash and cash equivalents	30,000	-	30,000
Due from other governments	974,355	193,876	1,168,231
Accounts receivable	170,313	1,635,020	1,805,333
Property taxes receivable	237,165	-	237,165
Accrued interest receivable	97,012	26,875	123,887
Inventories	141,671	90,432	232,103
OPEB asset	194,642	9,126	203,768
Capital assets not being depreciated:			
Land	13,899,656	880,144	14,779,800
Construction in progress	4,700,611	317,954	5,018,565
Capital assets, net of accumulated depreciation:			
Buildings	10,219,250	15,513	10,234,763
Machinery, equipment, and vehicles	2,130,387	743,376	2,873,763
Infrastructure	60,900,091	47,840,528	108,740,619
TOTAL ASSETS	151,362,832	71,500,191	222,863,023
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	122,938	122,938
Deferred outflows of resources - OPEB	99,011	4,643	103,654
Deferred outflows of resources - pension	8,734,706	409,524	9,144,230
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,833,717	537,105	9,370,822
LIABILITIES			
Accounts payable and other current liabilities	2,301,522	1,260,398	3,561,920
Deposits	424,172	13,634	437,806
Retainage payable	29,064	-	29,064
Unearned revenue	49,263	21,153	70,416
Interest Payable	50,114	8,762	58,876
Noncurrent liabilities:			
Due within one year	2,859,689	465,488	3,325,177
Due in more than one year	45,051,463	3,630,268	48,681,731
TOTAL LIABILITIES	50,765,287	5,399,703	56,164,990
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	1,561,231	73,198	1,634,429
Deferred inflows of resources - OPEB	145,208	6,808	152,016
TOTAL DEFERRED INFLOWS OF RESOURCES	1,706,439	80,006	1,786,445
NET POSITION			
Net investment in capital assets	86,795,235	46,962,956	133,758,191
Restricted for:			
Building and engineering	2,143,427	-	2,143,427
Street and roadside maintenance	2,823,684	-	2,823,684
Debt service payments	164,838	-	164,838
Capital projects	2,808,744	-	2,808,744
Transportation	11,353,142	-	11,353,142
Urban renewal projects	3,826,265	-	3,826,265
Capital improvements	-	1,314,478	1,314,478
Unrestricted	(2,190,512)	18,280,153	16,089,641
TOTAL NET POSITION	\$ 107,724,823	\$ 66,557,587	\$ 174,282,410

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

CITY OF TUALATIN, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net Expense Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government	\$ 9,813,476	\$ 2,005,357	\$ 374,885	\$ 189,138	\$ (7,244,096)	\$ -	\$ (7,244,096)
Public safety	10,905,816	1,361,646	111,629	-	(9,432,541)	-	(9,432,541)
Highways and streets	6,755,745	3,662,253	-	176,375	(2,917,117)	-	(2,917,117)
Culture and recreation	6,453,498	289,944	47,130	-	(6,116,424)	-	(6,116,424)
Interest on long-term debt	757,327	-	-	-	(757,327)	-	(757,327)
TOTAL GOVERNMENTAL ACTIVITIES	34,685,862	7,319,200	533,644	365,513	(26,467,505)	-	(26,467,505)
BUSINESS-TYPE ACTIVITIES							
Water Operations	5,786,256	6,976,940	-	16,172	-	1,206,856	1,206,856
Sewer Operations	8,830,709	9,328,325	-	7,062	-	504,678	504,678
Stormwater Operations	1,575,023	3,469,983	-	92,105	-	1,987,065	1,987,065
TOTAL BUSINESS-TYPE ACTIVITIES	16,191,988	19,775,248	-	115,339	-	3,698,599	3,698,599
TOTAL GOVERNMENT	<u>\$ 50,877,850</u>	<u>\$ 27,094,448</u>	<u>\$ 533,644</u>	<u>\$ 480,852</u>	(26,467,505)	3,698,599	(22,768,906)
GENERAL REVENUES:							
Property taxes					13,278,929	-	13,278,929
Franchise taxes					2,440,018	-	2,440,018
Public service taxes and revenue sharing					6,388,938	-	6,388,938
Interest and investment earnings					1,764,955	529,042	2,293,997
Miscellaneous revenues					548,055	197,531	745,586
TRANSFERS					5,426,650	(5,426,650)	-
TOTAL GENERAL REVENUES AND TRANSFERS					29,847,545	(4,700,077)	25,147,468
CHANGE IN NET POSITION					3,380,040	(1,001,478)	2,378,562
NET POSITION - beginning					104,344,783	67,559,065	171,903,848
NET POSITION - ending					<u>\$ 107,724,823</u>	<u>\$ 66,557,587</u>	<u>\$ 174,282,410</u>

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

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

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

Building Fund

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

Transportation Project Fund

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

Transportation Development Tax Fund

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

CITY OF TUALATIN, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Building Fund	Transportation Project Fund	Transportation Development Tax Fund	Other Governmental	Total Governmental
ASSETS						
Cash and investments	\$ 12,711,867	\$ 2,297,893	\$ 20,728,620	\$ 11,337,733	\$ 10,257,261	\$ 57,333,374
Due from other governments	675,946	75	6,201	-	292,133	974,355
Accounts receivable	27,773	-	-	-	142,540	170,313
Property taxes receivable	190,781	-	-	-	46,384	237,165
Accrued interest receivable	17,223	3,067	46,875	15,409	13,984	96,558
Inventories	75,102	-	-	-	66,569	141,671
Restricted cash and cash equivalents	30,000	-	-	-	-	30,000
TOTAL ASSETS	\$ 13,728,692	\$ 2,301,035	\$ 20,781,696	\$ 11,353,142	\$ 10,818,871	\$ 58,983,436
LIABILITIES						
Accounts payable and other current liabilities	\$ 1,595,854	\$ 63,695	\$ 390,589	\$ -	\$ 251,384	\$ 2,301,522
Deposits	329,072	93,913	-	-	1,187	424,172
Retainage payable	-	-	-	-	29,064	29,064
Unearned revenue	8,887	-	-	-	40,376	49,263
TOTAL LIABILITIES	1,933,813	157,608	390,589	-	322,011	2,804,021
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property tax revenue	154,768	-	-	-	41,510	196,278
TOTAL DEFERRED INFLOWS OF RESOURCES	154,768	-	-	-	41,510	196,278
FUND BALANCES						
Nonspendable:						
Inventory	75,102	-	-	-	66,569	141,671
Restricted for:						
Building and engineering	-	2,143,427	-	-	-	2,143,427
Street and roadside maintenance	-	-	-	-	2,823,684	2,823,684
Debt service payments	-	-	-	-	164,838	164,838
Capital projects	-	-	-	-	2,808,744	2,808,744
Transportation	-	-	-	11,353,142	-	11,353,142
Urban renewal projects	-	-	-	-	3,826,265	3,826,265
Committed to:						
Pavement maintenance and street lighting	-	-	-	-	525,610	525,610
Parking maintenance	-	-	-	-	188,664	188,664
Transportation	-	-	20,391,107	-	-	20,391,107
Assigned to:						
Scholarships	-	-	-	-	50,976	50,976
Unassigned:	11,565,009	-	-	-	-	11,565,009
TOTAL FUND BALANCES	11,640,111	2,143,427	20,391,107	11,353,142	10,455,350	55,983,137
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 13,728,692	\$ 2,301,035	\$ 20,781,696	\$ 11,353,142	\$ 10,818,871	

Amounts reported in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 91,849,995

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

Deferred outflows of resources - pension	\$ 8,734,706	
Deferred outflows of resources - other postemployment benefit obligations	99,011	8,833,717

Internal service funds are used by management to charge the costs of the operations department to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the 334,759

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

Unavailable revenue - property taxes	196,278	
Accrued compensated absences	(888,909)	
Accrued interest	(50,114)	
Net pension liability	(22,304,400)	
Net other postemployment obligation	(701,949)	
Long-term bonded debt obligations	(21,118,580)	
Bond premium	(2,702,672)	
Deferred inflows of resources - pension	(1,561,231)	
Deferred inflows of resources - other post employment obligation	(145,208)	(49,276,785)
Net position of governmental activities		<u>\$ 107,724,823</u>

CITY OF TUALATIN, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

	General Fund	Building Fund	Transportation Project Fund	Transportation Development Tax Fund	Other Governmental	Total Governmental
REVENUES						
Property taxes	\$ 10,461,493	\$ -	\$ -	\$ -	\$ 2,800,141	\$ 13,261,634
Franchise fees	2,440,018	-	-	-	-	2,440,018
Charges for service	247,253	1,037,933	-	-	-	1,285,186
Licenses and permits	400,026	944,046	-	-	-	1,344,072
Intergovernmental	4,071,822	-	-	-	2,803,630	6,875,452
Fines and forfeitures	1,168,796	-	-	-	-	1,168,796
Fees and charges	77,058	4,972	-	1,546,908	2,068,583	3,697,521
Interest	355,440	58,116	738,258	299,258	307,604	1,758,676
Miscellaneous	214,159	1,100	6,201	-	372,725	594,185
TOTAL REVENUES	19,436,065	2,046,167	744,459	1,846,166	8,352,683	32,425,540
EXPENDITURES						
Current:						
General government	8,733,884	-	-	-	357,673	9,091,557
Public safety	9,037,357	1,142,248	-	-	-	10,179,605
Highways and streets	848,428	-	2,619	-	2,896,036	3,747,083
Culture and recreation	5,255,747	-	-	-	68,872	5,324,619
Capital outlay	511,552	24,613	2,337,566	-	1,757,116	4,630,847
Debt service:						
Principal	-	-	-	-	1,695,000	1,695,000
Interest	-	-	-	-	1,108,611	1,108,611
TOTAL EXPENDITURES	24,386,968	1,166,861	2,340,185	-	7,883,308	35,777,322
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,950,903)	879,306	(1,595,726)	1,846,166	469,375	(3,351,782)
OTHER FINANCING SOURCES (USES)						
Transfers in	4,989,750	75,000	-	-	5,252,399	10,317,149
Transfers out	(1,817,775)	(872,380)	(115,050)	(48,480)	(2,036,814)	(4,890,499)
Sale of general capital assets	1,000	-	-	-	-	1,000
TOTAL OTHER FINANCING SOURCES (USES)	3,172,975	(797,380)	(115,050)	(48,480)	3,215,585	5,427,650
NET CHANGE IN FUND BALANCES	(1,777,928)	81,926	(1,710,776)	1,797,686	3,684,960	2,075,868
FUND BALANCES - beginning	13,418,039	2,061,501	22,101,883	9,555,456	6,770,390	53,907,269
FUND BALANCES - ending	\$11,640,111	\$ 2,143,427	\$ 20,391,107	\$ 11,353,142	\$ 10,455,350	\$ 55,983,137

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

CITY OF TUALATIN, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Amounts reported in the statement of activities are different because:

Net change in fund balances	\$ 2,075,868
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The statement of revenues, expenditures, and changes in fund balances report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Depreciation	\$ (4,860,291)	
Capital asset additions	<u>4,549,369</u>	(310,922)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.	206,433
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest expense	\$ 4,476	
Amortization of transitional pension liability	1,177,400	
Pension expense	(2,098,289)	
Net other postemployment benefit obligations	<u>8,271</u>	(908,142)

Internal service funds are used by management to charge the costs of the administrative services department to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	334,759
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which proceeds exceeded repayments.

<u>1,982,044</u>

Change in net position of governmental activities	<u><u>\$ 3,380,040</u></u>
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FUND FINANCIAL STATEMENTS

Proprietary Funds

Enterprise Funds

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

Water Operations

Water Fund

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

Water Development Fund

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

Enterprise Bond Fund

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

Sewer Operations

Sewer Fund

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

Sewer Development Fund

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

Stormwater Operations

Stormwater Fund

The Stormwater Fund accounts for stormwater services for residents of the City. The principal revenue source is from user fees.

Stormwater Development Fund

The Stormwater Development Funds accounts for system development charges assessed to finance expansion of the stormwater system.

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

Internal Service Funds

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

Vehicle Replacement Fund

This Vehicle Replacement Fund accounts for City's transportation fleet, including the acquisition and replacement.

CITY OF TUALATIN, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Stormwater Operations	Total	Vehicle Replacement Fund
ASSETS					
Current Assets:					
Cash and investments	\$ 8,505,152	\$ 6,174,221	\$ 5,067,974	\$ 19,747,347	\$ 334,305
Accounts receivables, net	579,609	760,478	294,933	1,635,020	-
Intergovernmental receivable	-	193,876	-	193,876	-
Accrued interest receivable	11,592	8,395	6,888	26,875	454
Inventories	85,626	4,687	119	90,432	-
Total current assets	9,181,979	7,141,657	5,369,914	21,693,550	334,759
Noncurrent Assets:					
Net other post employment benefit asset	6,854	2,272	-	9,126	-
Capital assets not being depreciated:					
Land	773,389	97,922	8,833	880,144	-
Construction in progress	127,144	165,110	25,700	317,954	-
Capital assets, net of accumulated depreciation					
Buildings	15,513	-	-	15,513	-
Machinery, equipment, and vehicles	145,511	283,052	314,813	743,376	-
Infrastructure	29,002,725	14,961,196	3,876,607	47,840,528	-
Total noncurrent assets	30,071,136	15,509,552	4,225,953	49,806,641	-
TOTAL ASSETS	39,253,115	22,651,209	9,595,867	71,500,191	334,759
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	122,938	-	-	122,938	-
Deferred outflows of resources - OPEB	3,487	1,156	-	4,643	-
Deferred outflows of resources - pension	307,577	101,947	-	409,524	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	434,002	103,103	-	537,105	-
LIABILITIES					
Current Liabilities:					
Accounts payable	476,441	617,851	93,563	1,187,855	-
Accrued liabilities	48,273	24,270	-	72,543	-
Compensated absences	39,391	11,097	-	50,488	-
Deposits payable	13,634	-	-	13,634	-
Accrued interest payable	8,762	-	-	8,762	-
Bonds payable - due within one year	415,000	-	-	415,000	-
Unearned revenue	-	-	21,153	21,153	-
Total current liabilities	1,001,501	653,218	114,716	1,769,435	-
Noncurrent Liabilities:					
Bonds payable	2,542,497	-	-	2,542,497	-
Net OPEB liability	31,572	10,465	-	42,037	-
Net pension liability	785,409	260,325	-	1,045,734	-
Total noncurrent liabilities	3,359,478	270,790	-	3,630,268	-
TOTAL LIABILITIES	4,360,979	924,008	114,716	5,399,703	-
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - pension	54,976	18,222	-	73,198	-
Deferred inflows of resources - OPEB	5,113	1,695	-	6,808	-
TOTAL DEFERRED INFLOWS OF RESOURCES	60,089	19,917	-	80,006	-
NET POSITION					
Net investment in capital assets	27,229,723	15,507,280	4,225,953	46,962,956	-
Restricted for capital improvements	1,314,478	-	-	1,314,478	-
Unrestricted	6,721,848	6,303,107	5,255,198	18,280,153	334,759
TOTAL NET POSITION	\$ 35,266,049	\$ 21,810,387	\$ 9,481,151	\$ 66,557,587	\$ 334,759

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

CITY OF TUALATIN, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Stormwater Operations	Total	Vehicle Replacement Fund
OPERATING REVENUES					
Charges for service	\$ 6,773,453	\$ 8,711,790	\$ 3,434,432	\$ 18,919,675	\$ 328,480
Fees and charges	203,487	616,535	35,551	855,573	-
Miscellaneous	17,861	170,619	9,051	197,531	-
TOTAL OPERATING REVENUES	6,994,801	9,498,944	3,479,034	19,972,779	328,480
OPERATING EXPENSES					
Personal services	919,434	487,813	-	1,407,247	-
Materials and services	3,709,333	7,735,131	1,351,438	12,795,902	-
Depreciation	1,044,400	607,765	223,585	1,875,750	-
TOTAL OPERATING EXPENSES	5,673,167	8,830,709	1,575,023	16,078,899	-
OPERATING INCOME (LOSS)	1,321,634	668,235	1,904,011	3,893,880	328,480
NON-OPERATING REVENUES (EXPENSES)					
Interest income	223,473	173,291	132,278	529,042	6,279
Interest expense	(113,089)	-	-	(113,089)	-
TOTAL NON-OPERATING REVENUES (EXPENSE)	110,384	173,291	132,278	415,953	6,279
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,432,018	841,526	2,036,289	4,309,833	334,759
CAPITAL CONTRIBUTIONS	16,172	7,062	92,105	115,339	-
TRANSFERS	(2,251,755)	(1,622,645)	(1,552,250)	(5,426,650)	-
CHANGE IN NET POSITION	(803,565)	(774,057)	576,144	(1,001,478)	334,759
NET POSITION - beginning	36,069,614	22,584,444	8,905,007	67,559,065	-
NET POSITION - ending	\$ 35,266,049	\$ 21,810,387	\$ 9,481,151	\$ 66,557,587	\$ 334,759

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

CITY OF TUALATIN, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Operations	Sewer Operations	Stormwater Operations	Total	Vehicle Replacement Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 7,184,693	\$ 9,370,966	\$ 3,451,834	\$ 20,007,493	\$ 328,480
Cash paid to employees and others for salaries/benefits	(810,543)	(437,899)	-	(1,248,442)	-
Cash paid to suppliers and others	(3,686,556)	(7,752,668)	(1,360,921)	(12,800,145)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,687,594	1,180,399	2,090,913	5,958,906	328,480
CASH FLOWS FROM (USED FOR)					
NON-CAPITAL FINANCING ACTIVITIES					
Payment from (to) other funds	335,000	-	-	335,000	(454)
Transfers in (out)	(2,251,755)	(1,622,645)	(1,552,250)	(5,426,650)	-
Net cash provided (used) by non-capital financing activities	(1,916,755)	(1,622,645)	(1,552,250)	(5,091,650)	(454)
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(160,166)	(411,231)	(246,121)	(817,518)	-
Debt principal payments	(435,499)	-	-	(435,499)	-
Interest paid	(114,406)	-	-	(114,406)	-
Deferred charge on refunding	24,587	-	-	24,587	-
NET CASH FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(685,484)	(411,231)	(246,121)	(1,342,836)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	221,676	173,164	130,938	525,778	6,279
Net cash provided (used) by investing activities	221,676	173,164	130,938	525,778	6,279
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	307,031	(680,313)	423,480	50,198	334,305
CASH AND CASH EQUIVALENTS - beginning	8,198,121	6,854,534	4,644,494	19,697,149	-
CASH AND CASH EQUIVALENTS - ending	<u>\$ 8,505,152</u>	<u>\$ 6,174,221</u>	<u>\$ 5,067,974</u>	<u>\$ 19,747,347</u>	<u>\$ 334,305</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income	\$ 1,321,634	\$ 668,235	\$ 1,904,011	\$ 3,893,880	\$ 328,480
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation of capital assets	1,044,400	607,765	223,585	1,875,750	-
Change in assets and liabilities:					
Accounts receivable	190,244	(127,978)	-	62,266	-
Inventories	(9,529)	(2,673)	-	(12,202)	-
Accounts payable and accrued expenses	32,306	(14,864)	(20,148)	(2,706)	-
Deposits	(352)	-	-	(352)	-
Unearned revenue	-	-	(7,052)	(7,052)	-
Pension System	97,321	51,638	-	148,959	-
Accrued compensated absences	8,407	(3,804)	(9,483)	(4,880)	-
Other post employment benefits payable	3,163	2,080	-	5,243	-
Net cash provided (used) by operating activities	<u>\$ 2,687,594</u>	<u>\$ 1,180,399</u>	<u>\$ 2,090,913</u>	<u>\$ 5,958,906</u>	<u>\$ 328,480</u>
NON-CASH CAPITAL FINANCING ACTIVITIES					
Contributions of capital assets	\$ 16,172	\$ 7,062	\$ 92,105	\$ 115,339	\$ -
Total non-cash capital financing activities	<u>\$ 16,172</u>	<u>\$ 7,062</u>	<u>\$ 92,105</u>	<u>\$ 115,339</u>	<u>\$ -</u>

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

CITY OF TUALATIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

B. Basis of Presentation

Government-wide statements

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

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

CITY OF TUALATIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

Fund financial statements

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

The City reports the following major governmental funds:

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

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

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

The City also reports the following nonmajor fund types:

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

CITY OF TUALATIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

CITY OF TUALATIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Cash and Investments

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

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

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

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

E. Receivables

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

Assessments receivable are recognized at the time property owners are assessed for property improvements. Assessments receivable expected to be collected within sixty days following year end

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and are considered measurable and available and are recognized as revenue. All other assessments receivable are offset by unavailable revenue and, accordingly, have not been recorded as revenue.

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

F. Inventories

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

G. Capital Assets

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

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the year ended June 30, 2020.

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

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

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

H. Deferred Outflows/Inflows of Resource

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

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

I. Pensions

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

J. Other post-employment benefits (OPEB)

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

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

K. Compensated Absences

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

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

L. Net Position

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

M. Fund Balance

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

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

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

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

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

Unassigned – This is the residual classification used for those balances not assigned to another category in the General Fund. Deficit fund balance in other governmental funds are also presented as unassigned.

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

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N. Accounting Estimates

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

2. Cash and Investments

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

At June 30, 2020, the City's cash and investments consist of the following:

	Fair Value Measurement				Weighted Average Maturity
	N/A	Level 1	Level 2	Total	
Cash on hand	\$ 1,925	\$ -	\$ -	\$ 1,925	-
Deposits with financial institutions	2,693,844	-	-	2,693,844	-
Investments:					
Oregon State Treasurer's Local Government Investment Pool	43,167,137	-	-	43,167,137	-
U.S. Treasury	-	9,172,064	-	9,172,064	1.68
U.S. Agencies	-	-	20,103,731	20,103,731	1.78
Corporate Bonds	-	-	1,022,998	1,022,998	2.20
Municipal Bonds	-	-	1,283,327	1,283,327	2.90
Total pooled cash and investments	<u>\$ 45,862,906</u>	<u>\$ 9,172,064</u>	<u>\$ 22,410,056</u>	<u>\$ 77,445,026</u>	0.77

A. Interest rate risk

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

<u>Maturity</u>	<u>Minimum Maturity Guideline</u>	<u>Actual at June 30, 2020</u>
Less than 30 days	10%	59%
Less than 1 year	25%	73%
Less than 5 years	100%	100%

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B. Credit risk

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

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

	U.S. and U.S. Agency Obligations	Municipal Bonds	Corporate Bonds	Total
<u>Rating by Standard & Poor's</u>				
AA+	\$ 29,275,795	\$ -	\$ -	\$ 29,275,795
AA	-	1,283,327	-	1,283,327
AA-	-	-	1,022,998	1,022,998
	<u>\$ 29,275,795</u>	<u>\$ 1,283,327</u>	<u>\$ 1,022,998</u>	<u>\$ 31,582,120</u>

C. Concentration of credit risk

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

D. Custodial credit risk – deposits

Custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its deposits that are in the possession of an outside party. At June 30, 2020 the City has \$250,000 in deposits not exposed to custodial credit risk, as they are covered by FDIC insurance and the balance is covered by the Public Funds Collateralization Program (ORS 295.015) administered by the Oregon State Treasury.

3. Property Taxes and Assessments Receivable

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

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

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

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

4. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 13,899,656	\$ -	\$ -	\$ 13,899,656
Construction in Progress	1,307,606	4,079,471	686,466	4,700,611
Total capital assets, not being depreciated	<u>15,207,262</u>	<u>4,079,471</u>	<u>686,466</u>	<u>18,600,267</u>
Capital assets, being depreciated				
Improvements & Infrastructure	145,302,804	772,079	-	146,074,883
Buildings	20,161,515	-	-	20,161,515
Machinery & Equipment	5,665,416	573,423	7,500	6,231,339
Total capital assets, being depreciated	<u>171,129,735</u>	<u>1,345,502</u>	<u>7,500</u>	<u>172,467,737</u>
Less accumulated depreciation for:				
Improvements & Infrastructure	(81,312,126)	(3,862,666)	-	(85,174,792)
Buildings	(9,327,611)	(614,654)	-	(9,942,265)
Machinery & Equipment	(3,725,481)	(382,971)	(7,500)	(4,100,952)
Total accumulated depreciation	<u>(94,365,218)</u>	<u>(4,860,291)</u>	<u>(7,500)</u>	<u>(99,218,009)</u>
Total capital assets, being depreciated, net	<u>76,764,517</u>	<u>(3,514,789)</u>	<u>-</u>	<u>73,249,728</u>
Total governmental activities capital assets	<u>\$ 91,971,779</u>	<u>\$ 564,682</u>	<u>\$ 686,466</u>	<u>\$ 91,849,995</u>

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Depreciation/amortization expense was charged to the functions/programs of the governmental activities of the primary government as follows:

General government	\$ 760,396
Public safety	257,496
Highways and streets	2,933,219
Culture and recreation	909,180
Total depreciation/amortization expense - governmental activities	<u>\$ 4,860,291</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 880,144	\$ -	\$ -	\$ 880,144
Construction in Progress	25,700	292,254	-	317,954
Total capital assets, not being depreciated	<u>905,844</u>	<u>292,254</u>	<u>-</u>	<u>1,198,098</u>
Capital assets, being depreciated				
Improvements & Infrastructure	84,790,595	115,339	-	84,905,934
Buildings	367,755	-	-	367,755
Machinery & Equipment	1,511,341	525,264	-	2,036,605
Total capital assets, being depreciated	<u>86,669,691</u>	<u>640,603</u>	<u>-</u>	<u>87,310,294</u>
Less accumulated depreciation for:				
Improvements & Infrastructure	(35,326,571)	(1,738,835)	-	(37,065,406)
Buildings	(350,549)	(1,693)	-	(352,242)
Machinery & Equipment	(1,158,007)	(135,222)	-	(1,293,229)
Total accumulated depreciation	<u>(36,835,127)</u>	<u>(1,875,750)</u>	<u>-</u>	<u>(38,710,877)</u>
Total capital assets, being depreciated, net	<u>49,834,564</u>	<u>(1,235,147)</u>	<u>-</u>	<u>48,599,417</u>
Total business-type activities capital assets	<u>\$ 50,740,408</u>	<u>\$ (942,893)</u>	<u>\$ -</u>	<u>\$ 49,797,515</u>

Business-type activities:	Depreciation
Water	\$ 1,044,400
Sewer	607,765
Stormwater	223,585
Total depreciation expense - business-type activities	<u>\$ 1,875,750</u>

CITY OF TUALATIN
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June 30, 2020

5. Interfund Receivables, Payables, and Transfers

A. Interfund Transfers

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 4,989,750	\$ 1,817,775
Building Fund	75,000	872,380
Transportation Project Fund	-	115,050
Transportation Development Tax Fund	-	48,480
Total Major Governmental Funds	<u>5,064,750</u>	<u>2,853,685</u>
Non-major Governmental Funds		
Road Utility Fee Fund	374,734	366,410
Road Operating Fund	283,890	1,114,804
Core Area Parking District Fund	-	33,700
Park Development Fund	217,775	77,790
Tualatin Service Center Fund	4,000,000	-
Economic Development Admin Fund	376,000	-
Central Urban Renewal District Project Fund	-	126,000
Leveton Project Fund	-	318,110
Total Non-major Governmental Funds	<u>5,252,399</u>	<u>2,036,814</u>
Proprietary Funds		
Water Fund	62,206	2,854,270
Water Development Fund	-	95,956
Enterprise Bond Fund	636,265	-
Sewer Fund	131,540	1,715,465
Sewer Development Fund	-	38,720
Stormwater Fund	-	1,539,720
Stormwater Development Fund	-	12,530
Total Proprietary Funds	<u>830,011</u>	<u>6,256,661</u>
Total Government Wide	<u><u>\$ 11,147,160</u></u>	<u><u>\$ 11,147,160</u></u>

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

CITY OF TUALATIN
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6. Long Term Debt Obligations

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

	Beginning balance as of July 1, 2019	Additions	Reductions	Ending balance as of June 30, 2020	Due within one year
Governmental activities:					
General Obligation bonds					
Series 2018, Transportation & Refunding, interest at 3.00-5.00%, original issue of \$23,750,000, due 2028	\$ 22,330,000	\$ -	\$ (1,695,000)	\$ 20,635,000	\$ 1,855,000
Notes from direct borrowings					
Series 2013, Operations Warehouse, interest at 3.0%, original issue of \$1,100,000, due 2024	595,701	-	(112,121)	483,580	115,780
Plus: Bond issuance premium	3,049,480	-	(346,808)	2,702,672	-
Long-term bonded debt obligations	25,975,181	-	(2,153,929)	23,821,252	1,970,780
Compensated absences	717,024	830,318	(658,433)	888,909	888,909
Other postemployment benefits	837,367	59,224	-	896,591	-
Pension transition liability	1,177,400	-	(1,177,400)	-	-
Net pension liability	18,328,847	3,975,553	-	22,304,400	-
Total governmental activities	<u>\$ 47,035,819</u>	<u>\$ 4,865,095</u>	<u>\$ (3,989,762)</u>	<u>\$ 47,911,152</u>	<u>\$ 2,859,689</u>
Business-type activities:					
Full Faith and Credit Obligations					
Series 2014, Full Faith and Credit Refunding, interest at 2.0-4.0%, original issue of \$4,300,000, due 2025	\$ 3,150,000	\$ -	\$ (395,000)	\$ 2,755,000	\$ 415,000
Plus: Bond issuance premium	242,996	-	(40,499)	202,497	-
Long-term bonded debt obligations	3,392,996	-	(435,499)	2,957,497	415,000
Compensated absences	45,885	33,305	(28,702)	50,488	50,488
Other postemployment benefits	33,026	9,011	-	42,037	-
Pension transition liability	46,437	-	(46,437)	-	-
Net pension liability	722,896	322,838	-	1,045,734	-
Total business-type activities	<u>\$ 4,241,240</u>	<u>\$ 365,154</u>	<u>\$ (510,638)</u>	<u>\$ 4,095,756</u>	<u>\$ 465,488</u>

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Future Principal and Interest. Future maturities of bond principal and interest at June 30, 2020 are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,970,780	\$ 1,040,581	\$ 415,000	\$ 96,850	\$ 2,385,780	\$ 1,137,431
2022	2,169,370	944,242	430,000	79,950	2,599,370	1,024,192
2023	2,368,028	842,084	450,000	62,350	2,818,028	904,434
2024	2,565,402	726,011	465,000	44,050	3,030,402	770,061
2025	2,645,000	602,250	490,000	24,950	3,135,000	627,200
2026-2028	9,400,000	965,250	505,000	7,575	9,905,000	972,825
	<u>\$ 21,118,580</u>	<u>\$ 5,120,418</u>	<u>\$ 2,755,000</u>	<u>\$ 315,725</u>	<u>\$ 23,873,580</u>	<u>\$ 5,436,143</u>

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

The City has pledged its full faith and credit and taxing authority to pay the outstanding principal, interest and other amounts due on direct borrowings related to governmental activities of \$483,580. The note contains a provision that in an event of default, the outstanding balance shall bear interest at the default rate of 8.00% until such event of default is remedied, however, the amounts due are not subject to acceleration.

Legal debt margin

The City is subject to a debt limit that is 3% of the true cash value of all taxable property within the City boundaries. At June 30, 2020, that amount was \$141,862,619. As of June 30, 2020, the total outstanding debt applicable to the limit was \$20,470,162, which is 14.43% of the total debt limit.

7. Post Employment Benefits Other than Pensions

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

Financial Statement Presentation

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

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	Implicit Rate Subsidy	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 203,768	\$ 203,768
Deferred Outflows of Resources			
Differences between expected and actual experience	19,680	-	19,680
Change in Assumptions	25,276	-	25,276
Change in Proportionate Share	-	-	-
Contributions After MD	56,991	1,707	58,698
Total OPEB Liability	(938,628)	-	(938,628)
Deferred Inflows of Resources			
Differences between expected and actual experience	-	(26,871)	(26,871)
Difference in Earnings	-	(12,577)	(12,577)
Change in Assumptions	(111,016)	(211)	(111,227)
Change in Proportionate Share	-	(1,341)	(1,341)
OPEB Expense/(Income)*	83,026	(27,299)	55,727

*Included in program expenses on Statement of Activities

Implicit Rate Subsidy

Plan Description

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

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

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2018, the following employees were covered by the benefit terms:

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

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

The City's total OPEB liability of \$938,628 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

For the fiscal year ended June 30, 2020, the City recognized OPEB expense from this plan of \$83,026. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,680	\$ -
Changes of assumptions	25,276	111,016
Total (prior to post-MD contributions)	44,956	111,016
Contributions subsequent to the MD	56,991	-
Total	<u>\$ 101,947</u>	<u>\$ 111,016</u>

Deferred outflows of resources related to OPEB of \$56,991 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2021	\$ (11,881)
2022	(11,881)
2023	(11,881)
2024	(11,881)
2025	(11,881)
Thereafter	(6,655)
Total	<u>\$ (66,060)</u>

Actuarial Assumptions and Other Inputs

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

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Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Discount Rate	3.50 percent
Projected Salary Increases	3.50 percent overall payroll growth
Retiree Healthcare Participation	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
Mortality	<p>Health retirees and beneficiaries: RP-2014 healthy annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data scale.</p> <p>Healthcare cost trend rate: Medical and vision: 7.00 percent per year decreasing to 4.75 percent.</p> <p>Dental: 4.50 percent per year</p>

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2019	\$ 870,393
Changes for the year:	
Service cost	59,961
Interest on Total OPEB Liability	34,946
Effect of assumptions changes or inputs	28,559
Benefit payments	(55,231)
Balance as of June 30, 2020	<u>\$ 938,628</u>

Changes in assumptions is the result of the change in the discount rate from 3.87 to 3.50.

Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

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Discount Rate:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability	\$ 1,019,156	\$ 938,628	\$ 864,687

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 836,459	\$ 938,628	\$ 1,060,065

PERS Retirement Health Insurance Account

Plan Description

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

Benefits Provided

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

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Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The City's contribution rates for the period were 0.06% for Tier One/Tier Two members, and 0.00% for OPSRP members. The City's total for the year ended June 30, 2020 contributions was \$1,707.

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

At June 30, 2020, the City reported an asset of \$203,768 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2019, the City's proportionate share was 0.1055%, which is an increase from its proportion of 0.1037% as of June 30, 2018.

For the year ended June 30, 2020, the City recognized OPEB expense from this plan of \$27,299. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 26,871
Changes of assumptions	-	211
Net difference between projected and actual earnings on investments	-	12,577
Changes in proportionate share	-	1,341
Differences between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	-	41,000
Contributions subsequent to the MD	1,707	-
Total	<u>\$ 1,707</u>	<u>\$ 41,000</u>

Deferred outflows of resources related to OPEB of \$1,707 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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<u>Year ended June 30:</u>	
2021	\$ (21,156)
2022	(18,767)
2023	(2,373)
2024	1,296
2025	-
Total	<u>\$ (41,000)</u>

Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Projected Salary Increases	3.50 percent
Mortality	<p>Health retirees and beneficiaries: RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial methods and assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

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The methods and assumptions shown above are based on the 2016 experience study which reviewed experience for the four-year period ending on December 31, 2016.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	100.00%	
Assumed Inflation - Mean		2.50%

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Discount Rate

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

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.20%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Total OPEB Liability	\$ (157,973)	\$ (203,768)	\$ (242,789)

OPEB Plan Fiduciary Net Position

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

8. Pension Plan

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

Benefits provided

A. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit

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is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

Death Benefits

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

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

Disability Benefits

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

Benefit Changes After Retirement

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

B. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29,

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2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

C. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment

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or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2020 were \$3,492,755, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2020 were 28.84 percent for Tier One/Tier Two General Service Member, 28.84 percent for Tier One/Tier Two Police, 24.61 percent for OPSRP Pension Program General Service Members, 28.84 percent for OPSRP Pension Program Police Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2020, the City reported a liability of \$23,350,134 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the City's proportion was 0.13499056 percent, which decreased from its proportion of 0.12576501 percent measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$5,809,912. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,287,691	\$ -
Changes in actuarial assumptions	3,167,712	-
Net difference between projected and actual earnings on investments	-	661,953
Changes in proportion	909,106	769,066
Differences between City contributions and proportionate share of contributions	286,966	203,410
Total (prior to post-measurement date contributions)	5,651,475	1,634,429
City contributions made subsequent to the measurement date	3,492,755	-
Total	<u>\$ 9,144,230</u>	<u>\$ 1,634,429</u>

Deferred outflows of resources related to pensions of \$3,492,755 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2021	\$ 1,969,625
2022	180,675
2023	898,165
2024	818,768
2025	149,814
Total	<u>\$ 4,017,047</u>

Actuarial assumptions

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal method.

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

For the ORS 238A OPSRP Pension Program component of the PERS Defined Benefit Plan, this

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

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

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

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Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

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Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	100.00%	
Assumed Inflation - Mean		2.50%

Depletion Date Projection

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

CITY OF TUALATIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

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

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

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

Discount rate

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

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 37,393,168	\$ 23,350,134	\$ 11,598,049

Pension plan fiduciary net position

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

CITY OF TUALATIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2019 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

In June 2019, Senate Bill 1049 was signed into law, making several adjustments to OPERS to slow the increase in employer contribution rates. Some of these adjustments included salary limit changes, work after retirement rule changes and redirection of IAP accounts. In August 2019, a petition was filed with the Oregon Supreme Court challenging the constitutionality of certain provisions of the bill. The Oregon Supreme Court upheld the legislation on August 6, 2020.

9. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The guidance postpones by one year the effective dates of certain provisions in the following pronouncements: Statement No. 83, Certain Asset Retirement Obligations, Statement No. 84, Fiduciary Activities, Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, Statement No. 90, Majority Equity Interests, Statement No. 91 Conduit Debt Obligations, Statement No. 92, Omnibus 2020, Statement No. 93, Replacement of Interbank Offered Rates, Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting), Implementation Guide No. 2018-1, Implementation Guidance Update– 2018, Implementation Guide No. 2019-1, Implementation Guidance Update–2019, and Implementation Guide No. 2019-2, Fiduciary Activities. The Statement is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. The City implemented Statement 95 for the year ending June 30, 2020.

10. Risk Management

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

11. Contingencies and Commitments

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

CITY OF TUALATIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

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.

12. Subsequent Events

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in the U.S., accelerating during the first half of March, as federal, state and local governments react to the public health crisis, creating significant uncertainties in the U.S. economy. The situation is rapidly changing and additional impacts may arise that we are not aware of currently. While the disruption is currently expected to be temporary, there is uncertainty around the duration. The ultimate impact of the pandemic on the results of operations, financial position, liquidity or capital resources cannot be reasonably estimated at this time.

On July 16, 2020 the City entered into a \$4,600,000 financing agreement pursuant to ORS 271.390 to finance the construction of an addition to an existing facility on the City's operations facility site, remodel of existing facilities, and related improvements. The financing agreements carries an interest rate of 1.78% and the final maturity date is June 15, 2035.

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REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

CITY OF TUALATIN, OREGON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 10,236,490	\$ 10,236,490	\$ 10,461,493	\$ 225,003
Franchise fees	2,484,500	2,484,500	2,440,018	(44,482)
Charges for service	306,250	306,250	247,253	(58,997)
Licenses and permits	340,000	340,000	400,026	60,026
Intergovernmental	3,788,125	3,849,085	4,071,822	222,737
Fines and forfeitures	1,348,500	1,348,500	1,168,796	(179,704)
Fees and charges	144,550	144,550	77,058	(67,492)
Interest	300,000	300,000	290,143	(9,857)
Miscellaneous	165,705	165,705	214,159	48,454
TOTAL REVENUES	19,114,120	19,175,080	19,370,768	195,688
EXPENDITURES				
City Council	157,350	157,350	112,378	44,972
Administration	1,327,240	1,452,335	1,386,558	65,777
Finance	1,148,720	1,254,850	1,183,617	71,233
Municipal Court	424,970	460,930	408,281	52,649
Legal	366,560	410,975	402,119	8,856
Information Services	1,362,305	1,503,315	1,524,721	(21,406)
Community Development	1,230,050	1,343,930	1,254,273	89,657
Engineering	792,560	870,620	848,428	22,192
Police	8,175,180	8,893,495	8,776,044	117,451
Parks and Recreation	1,419,225	1,507,585	1,323,662	183,923
Library	2,424,685	2,609,095	2,476,353	132,742
Public Works Administration	521,655	571,900	533,489	38,411
Fleet Maintenance	548,765	572,570	484,836	87,734
Building Maintenance	1,025,065	1,057,470	939,991	117,479
Parks Maintenance	1,862,200	1,952,530	1,762,398	190,132
Nondepartmental				
General Services	982,940	982,940	969,820	13,120
Contingency	3,559,450	2,987,990	-	2,987,990
TOTAL EXPENDITURES	27,328,920	28,589,880	24,386,968	4,202,912
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,214,800)	(9,414,800)	(5,016,200)	4,398,600
OTHER FINANCING SOURCES				
Transfers in	4,989,750	4,989,750	4,989,750	-
Transfers out	(1,861,000)	(1,861,000)	(1,817,775)	43,225
Sales of general capital assets	-	-	1,000	1,000
TOTAL OTHER FINANCING SOURCES (USES)	3,128,750	3,128,750	3,172,975	44,225
NET CHANGE IN FUND BALANCE	(5,086,050)	(6,286,050)	(1,843,225)	4,442,825
FUND BALANCES - beginning	12,039,780	13,239,780	13,392,248	152,468
FUND BALANCE - ending	\$ 6,953,730	\$ 6,953,730	\$ 11,549,023	\$ 4,595,293
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			91,088	
Fund balance - GAAP basis			\$ 11,640,111	

CITY OF TUALATIN, OREGON
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for service	\$ 421,050	\$ 421,050	\$ 1,037,933	\$ 616,883
Licenses and permits	515,740	515,740	944,046	428,306
Fees and charges	5,350	5,350	4,972	(378)
Interest	32,450	32,450	45,423	12,973
Miscellaneous	200	200	1,100	900
TOTAL REVENUES	974,790	974,790	2,033,474	1,058,684
EXPENDITURES				
Current:				
Personal Services	940,500	1,092,145	1,078,143	14,002
Materials and service	119,000	119,000	64,105	54,895
Capital outlay	35,000	35,000	24,613	10,387
Contingency	235,030	235,030	-	235,030
TOTAL EXPENDITURES	1,329,530	1,481,175	1,166,861	314,314
EXCESS (DEFICIENCY) OF REVENUES	(354,740)	(506,385)	866,613	1,372,998
OTHER FINANCING SOURCES (USES)				
Transfers in	75,000	75,000	75,000	-
Transfers out	(872,380)	(872,380)	(872,380)	-
TOTAL OTHER FINANCING SOURCES (USES)	(797,380)	(797,380)	(797,380)	-
NET CHANGE IN FUND BALANCE	(1,152,120)	(1,303,765)	69,233	1,372,998
FUND BALANCE - beginning	1,622,525	1,774,170	2,057,726	283,556
FUND BALANCE - ending	\$ 470,405	\$ 470,405	\$ 2,126,959	\$ 1,656,554
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			16,468	
Fund balance - GAAP basis			\$ 2,143,427	

CITY OF TUALATIN, OREGON
TRANSPORTATION DEVELOPMENT TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fees and charges	\$ 950,000	\$ 950,000	\$ 1,546,908	596,908
Interest	244,000	244,000	234,770	(9,230)
TOTAL REVENUES	1,194,000	1,194,000	1,781,678	587,678
EXPENDITURES				
Capital outlay	1,864,000	1,864,000	-	1,864,000
Contingency	9,060,460	9,060,460	-	9,060,460
TOTAL EXPENDITURES	10,924,460	10,924,460	-	10,924,460
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,730,460)	(9,730,460)	1,781,678	11,512,138
OTHER FINANCING SOURCES (USES)				
Transfers out	(48,480)	(48,480)	(48,480)	-
TOTAL OTHER FINANCING SOURCES (USES)	(48,480)	(48,480)	(48,480)	-
NET CHANGE IN FUND BALANCE	(9,778,940)	(9,778,940)	1,733,198	11,512,138
FUND BALANCE - beginning	9,778,940	9,778,940	9,538,691	(240,249)
FUND BALANCE - ending	\$ -	\$ -	\$ 11,271,889	\$ 11,271,889
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			81,253	
Fund balance - GAAP basis			\$ 11,353,142	

CITY OF TUALATIN, OREGON
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Oregon Public Employees Retirement System, Retirement Health Insurance Account
For the Last Ten Fiscal Years¹

Measurement Date June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	0.10545040%	\$ (203,768)	11,063,578	-1.83%	144.4%
2018	0.10373181%	(115,793)	10,461,419	-1.05%	124.00%
2017	0.09990764%	(41,696)	9,876,439	-0.40%	108.90%

NOTES TO SCHEDULE

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

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

Changes of Assumptions:

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

CITY OF TUALATIN, OREGON
SCHEDULE OF CITY OPEB CONTRIBUTIONS
Oregon Public Employees Retirement System, Retirement Health Insurance Account
For the Last Ten Fiscal Years¹

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 1,707	\$ 1,707	\$ -	\$ 11,145,231	0.02%
2019	52,263	52,263	-	11,063,578	0.47%
2018	50,227	50,227	-	10,461,419	0.48%
2017	49,604	49,604	-	9,876,439	0.50%

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

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

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

CITY OF TUALATIN, OREGON
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIO'S
Implicit Rate Subsidy Plan
For the Last Ten Fiscal Years¹

	2020	2019	2018
Total OPEB Liability			
Service Interest	\$ 59,961	\$ 70,184	\$ 74,503
Interest	34,946	33,955	28,219
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	25,554	-
Changes of assumptions	28,559	(97,981)	(56,076)
Benefit payment	(55,231)	(78,520)	(89,531)
Net change in total OPEB liability	68,235	(46,808)	(42,885)
Total OPEB liability - beginning	870,393	917,201	960,086
Total OPEB liability - ending (a)	\$ 938,628	870,393	917,201
Covered-employee payroll	\$ 11,063,578	\$ 10,461,419	\$ 9,876,439
Total OPEB liability as a percentage of covered-employee payroll	8.48%	8.32%	9.29%

The amounts presented for each fiscal year were actuarial determined at July 1 and rolled forward to the measurement date.

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

CITY OF TUALATIN, OREGON
SCHEDULE OF CITY OPEB CONTRIBUTIONS
Implicit Rate Subsidy Plan
For the Last Ten Fiscal Years¹

Year Ended June 30,	(a) Actuarially determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 56,991	\$ 56,991	\$ -	\$ 11,145,231	0.51%
2019	55,231	55,231	-	11,063,578	0.50%
2018	78,520	78,520	-	10,461,419	0.75%
2017	89,531	89,531	-	9,876,439	0.91%

The amounts presented for each fiscal year were actuarial determined at July 1 and rolled forward to the measurement date.

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	July 1, 2018	July 1, 2016
Effective:	June 30, 2018 and 2019	June 30, 2016 and 2017
Actuarial cost method:	Entry Age Normal	Entry Age Normal
Amortization method:	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period:	6.8 years	7.7 years
Asset valuation method:	Market value	Market value
Remaining amortization periods:	20 years	20 years
Actuarial assumptions		
Inflation rate	2.50 percent	2.50 percent
Projected salary increases	3.50 percent	3.50 percent

CITY OF TUALATIN, OREGON
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY
For the Last Ten Fiscal Years¹

Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.13499056%	\$ 23,350,134	\$ 11,063,578	211.05%	80.20%
2018	0.12576501%	19,051,743	10,461,419	182.11%	83.10%
2017	0.12527218%	16,886,737	9,876,439	170.98%	80.53%
2016	0.15443816%	8,867,007	10,203,939	86.90%	91.90%
2015	0.15665389%	(3,550,897)	9,786,025	-36.29%	103.60%
2014	0.15665389%	7,994,278	9,628,201	83.03%	91.97%

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

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

NOTES TO SCHEDULE

Changes in Benefit Terms:

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

Changes of Assumptions:

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

CITY OF TUALATIN, OREGON
SCHEDULE OF CITY PENSION PLAN CONTRIBUTIONS
For the Last Ten Fiscal Years¹

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 2,492,755	\$ 3,492,755	\$ (1,000,000)	\$ 11,145,231	31.34%
2019	2,062,929	2,062,929	-	11,063,578	18.65%
2018	1,992,599	1,992,599	-	10,461,419	19.05%
2017	1,510,197	1,510,197	-	9,876,439	15.29%
2016	1,471,213	1,471,213	-	10,203,939	14.42%
2015	1,439,922	1,439,922	-	9,786,025	14.71%
2014	1,458,300	1,458,300	-	10,217,980	14.27%

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

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

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

CITY OF TUALATIN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

Stewardship, Compliance, and Accountability

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

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

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Total expenditures by department as established by the resolution are the legal level of control for the General Fund. Expenditure categories of personal services, materials and services, capital outlay, debt service transfers, and contingency are the legal level of control for all other funds. The detail budget document, however, is required to contain more specific information for the above mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the City Council. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the City Council. Management may not amend the budget without seeking the approval of the Council. The City had appropriation transfers during the year-ended June 30, 2020. The city had a supplemental budget during the year-ended June 30, 2020. Appropriations lapse as of year-end.

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2020:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
General Fund	Information Services	\$21,406
Economic Development Administration Fund	Materials & Services	\$24,901
Sewer Fund	Materials & Services	\$46,565
Sewer Development Fund	Materials & Services	\$5,454

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OTHER SUPPLEMENTARY INFORMATION

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OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

MAJOR GOVERNMENTAL FUNDS

Capital Projects Fund

Transportation Project Fund

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Road Utility Fee Fund

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

Road Operating Fund

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

Core Area Parking District Fund

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

Tualatin Scholarship Fund

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

Economic Development Administration Fund

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

Debt Service Funds

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

General Obligation Bond Fund

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

Central Urban Renewal District Bond Fund

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

Capital Projects Funds

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

Park Development Fund

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

Central Urban Renewal District Project Fund

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

Leveton Tax Increment District Project Fund

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

Tualatin City Services Building Fund

The Tualatin City Services Building Fund accounts for the expenditures related to the construction of the Tualatin City Services Building.

CITY OF TUALATIN, OREGON
TRANSPORTATION PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	\$ 543,100	\$ 543,100	\$ 415,655	\$ (127,445)
Miscellaneous	-	-	6,201	6,201
TOTAL REVENUES	543,100	543,100	421,856	(121,244)
EXPENDITURES				
Current:				
Materials and service	4,500	4,500	2,619	1,881
Capital outlay	7,209,000	7,209,000	2,337,566	4,871,434
Contingency	14,939,900	14,939,900	-	14,939,900
TOTAL EXPENDITURES	22,153,400	22,153,400	2,340,185	19,813,215
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(21,610,300)	(21,610,300)	(1,918,329)	19,691,971
OTHER FINANCING SOURCES (USES)				
Transfers out	(115,050)	(115,050)	(115,050)	-
TOTAL OTHER FINANCING	(115,050)	(115,050)	(115,050)	-
NET CHANGE IN FUND BALANCE	(21,725,350)	(21,725,350)	(2,033,379)	19,691,971
FUND BALANCE - beginning	21,725,350	21,725,350	22,074,127	348,777
FUND BALANCE - ending	\$ -	\$ -	\$ 20,040,748	\$ 20,040,748
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			350,359	
Fund balance - GAAP basis			\$ 20,391,107	

CITY OF TUALATIN, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2020

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
ASSETS				
Cash and investments	\$ 3,700,137	\$ 207,402	\$ 6,349,722	\$ 10,257,261
Due from other governments	284,784	7,349	-	292,133
Accounts receivable	142,540	-	-	142,540
Property taxes receivable	-	46,384	-	46,384
Accrued interest receivable	5,142	213	8,629	13,984
Inventories	66,569	-	-	66,569
TOTAL ASSETS	\$ 4,199,172	\$ 261,348	\$ 6,358,351	\$ 10,818,871
LIABILITIES				
Accounts payable and other current liabilities	\$ 124,344	\$ 55,000	\$ 72,040	\$ 251,384
Deposits	1,187	-	-	1,187
Retainage payable	-	-	29,064	29,064
Unearned revenue	40,376	-	-	40,376
TOTAL LIABILITIES	165,907	55,000	101,104	322,011
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property tax revenue	-	41,510	-	41,510
TOTAL DEFERRED INFLOWS OF RESOURCES	-	41,510	-	41,510
FUND BALANCES				
Nonspendable:				
Inventory	66,569	-	-	66,569
Restricted for:				
Street and roadside maintenance	2,823,684	-	-	2,823,684
Debt service payments	-	164,838	-	164,838
Capital projects	-	-	2,808,744	2,808,744
Urban renewal projects	377,762	-	3,448,503	3,826,265
Committed to:				
Pavement maintenance and street lighting	525,610	-	-	525,610
Parking maintenance	188,664	-	-	188,664
Assigned to:				
Scholarships	50,976	-	-	50,976
TOTAL FUND BALANCES	4,033,265	164,838	6,257,247	10,455,350
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,199,172	\$ 261,348	\$ 6,358,351	\$ 10,818,871

CITY OF TUALATIN, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2020

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
REVENUES				
Property taxes	\$ -	\$ 2,800,141	\$ -	\$ 2,800,141
Intergovernmental	2,803,200	430	-	2,803,630
Fees and charges	1,716,053	-	352,530	2,068,583
Interest	95,257	29,352	182,995	307,604
Miscellaneous	368,500	-	4,225	372,725
TOTAL REVENUES	4,983,010	2,829,923	539,750	8,352,683
EXPENDITURES				
Current:				
General government	357,673	-	-	357,673
Highways and streets	2,896,036	-	-	2,896,036
Culture and recreation	3,000	-	65,872	68,872
Capital outlay	220,321	-	1,536,795	1,757,116
Debt service:				
Principal	-	1,695,000	-	1,695,000
Interest	-	1,094,550	14,061	1,108,611
TOTAL EXPENDITURES	3,477,030	2,789,550	1,616,728	7,883,308
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,505,980	40,373	(1,076,978)	469,375
OTHER FINANCING SOURCES (USES)				
Transfers in	1,034,624	-	4,217,775	5,252,399
Transfers out	(1,514,914)	-	(521,900)	(2,036,814)
TOTAL OTHER FINANCING SOURCES (USES)	(480,290)	-	3,695,875	3,215,585
NET CHANGE IN FUND BALANCES	1,025,690	40,373	2,618,897	3,684,960
FUND BALANCES - beginning	3,007,575	124,465	3,638,350	6,770,390
FUND BALANCES - ending	\$ 4,033,265	\$ 164,838	\$ 6,257,247	\$ 10,455,350

CITY OF TUALATIN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2020

	Road Utility Fee Fund	Road Operating Fund	Core Area Parking District Fund	Tualatin Scholarship Fund	Economic Development Administration Fund	Total
ASSETS						
Cash and investments	\$ 411,335	\$ 2,914,269	\$ 188,824	\$ 50,907	\$ 134,802	\$ 3,700,137
Due from other governments	-	32,784	-	-	252,000	284,784
Accounts receivable	141,561	979	-	-	-	142,540
Accrued interest receivable	559	4,000	256	69	258	5,142
Inventories	-	66,569	-	-	-	66,569
TOTAL ASSETS	<u>\$ 553,455</u>	<u>\$ 3,018,601</u>	<u>\$ 189,080</u>	<u>\$ 50,976</u>	<u>\$ 387,060</u>	<u>\$ 4,199,172</u>
LIABILITIES						
Accounts payable and other current liabilities	\$ 27,845	\$ 86,785	\$ 416	\$ -	\$ 9,298	\$ 124,344
Deposits	-	1,187	-	-	-	1,187
Unearned revenue	-	40,376	-	-	-	40,376
TOTAL LIABILITIES	<u>27,845</u>	<u>128,348</u>	<u>416</u>	<u>-</u>	<u>9,298</u>	<u>165,907</u>
FUND BALANCES						
Nonspendable:						
Inventory	-	66,569	-	-	-	66,569
Restricted for:						
Street and roadside maintenance	-	2,823,684	-	-	-	2,823,684
Urban renewal projects	-	-	-	-	377,762	377,762
Committed to:						
Pavement maintenance and street lighting	525,610	-	-	-	-	525,610
Parking maintenance	-	-	188,664	-	-	188,664
Assigned to:						
Scholarships	-	-	-	50,976	-	50,976
TOTAL FUND BALANCES	<u>525,610</u>	<u>2,890,253</u>	<u>188,664</u>	<u>50,976</u>	<u>377,762</u>	<u>4,033,265</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 553,455</u>	<u>\$ 3,018,601</u>	<u>\$ 189,080</u>	<u>\$ 50,976</u>	<u>\$ 387,060</u>	<u>\$ 4,199,172</u>

CITY OF TUALATIN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2020

	Road Utility Fee Fund	Road Operating Fund	Core Area Parking District Fund	Tualatin Scholarship Fund	Economic Development Administration Fund	Total
REVENUES						
Intergovernmental	\$ -	\$ 2,549,700	\$ -	\$ 1,500	\$ 252,000	\$ 2,803,200
Fees and charges	1,573,513	68,845	73,695	-	-	1,716,053
Interest	4,701	79,814	5,127	1,365	4,250	95,257
Miscellaneous	-	366,500	-	-	2,000	368,500
TOTAL REVENUES	1,578,214	3,064,859	78,822	2,865	258,250	4,983,010
EXPENDITURES						
Current:						
General government	-	-	19,572	-	338,101	357,673
Highways and streets	1,460,797	1,435,239	-	-	-	2,896,036
Culture and recreation	-	-	-	3,000	-	3,000
Capital outlay	-	220,321	-	-	-	220,321
TOTAL EXPENDITURES	1,460,797	1,655,560	19,572	3,000	338,101	3,477,030
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	117,417	1,409,299	59,250	(135)	(79,851)	1,505,980
OTHER FINANCING SOURCES (USES)						
Transfers in	374,734	283,890	-	-	376,000	1,034,624
Transfers out	(366,410)	(1,114,804)	(33,700)	-	-	(1,514,914)
TOTAL OTHER FINANCING SOURCES (USES)	8,324	(830,914)	(33,700)	-	376,000	(480,290)
NET CHANGE IN FUND BALANCES	125,741	578,385	25,550	(135)	296,149	1,025,690
FUND BALANCES - beginning	399,869	2,311,868	163,114	51,111	81,613	3,007,575
FUND BALANCES - ending	\$ 525,610	\$ 2,890,253	\$ 188,664	\$ 50,976	\$ 377,762	\$ 4,033,265

CITY OF TUALATIN, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2020

	General Obligation Bond Fund	Central Urban Renewal District Bond Fund	Total
ASSETS			
Cash and investments	\$ 152,402	\$ 55,000	\$ 207,402
Due from other governments	7,349	-	7,349
Property taxes receivable	46,384	-	46,384
Accrued interest receivable	213	-	213
TOTAL ASSETS	<u>\$ 206,348</u>	<u>\$ 55,000</u>	<u>\$ 261,348</u>
LIABILITIES			
Accounts payable and other current liabilities	\$ -	\$ 55,000	\$ 55,000
TOTAL LIABILITIES	<u>-</u>	<u>55,000</u>	<u>55,000</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property tax revenue	41,510	-	41,510
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>41,510</u>	<u>-</u>	<u>41,510</u>
FUND BALANCES			
Restricted for:			
Debt service payments	164,838	-	164,838
TOTAL FUND BALANCES	<u>164,838</u>	<u>-</u>	<u>164,838</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 206,348</u>	<u>\$ 55,000</u>	<u>\$ 261,348</u>

CITY OF TUALATIN, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2020

	General Obligation Bond Fund	Total
REVENUES		
Property taxes	\$ 2,800,141	\$ 2,800,141
Intergovernmental	430	430
Interest	29,352	29,352
TOTAL REVENUES	2,829,923	2,829,923
EXPENDITURES		
Debt service:		
Principal	1,695,000	1,695,000
Interest	1,094,550	1,094,550
TOTAL EXPENDITURES	2,789,550	2,789,550
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	40,373	40,373
NET CHANGE IN FUND BALANCES	40,373	40,373
FUND BALANCES - beginning	124,465	124,465
FUND BALANCES - ending	\$ 164,838	\$ 164,838

CITY OF TUALATIN, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2020

	Park Development Fund	Leveton Tax Increment District Project Fund	Tualatin City Services Building Fund	Total
ASSETS				
Cash and cash equivalents	\$ 217,143	\$ 3,443,823	\$ 2,688,756	\$ 6,349,722
Accrued interest receivable	295	4,680	3,654	8,629
TOTAL ASSETS	<u>\$ 217,438</u>	<u>\$ 3,448,503</u>	<u>\$ 2,692,410</u>	<u>\$ 6,358,351</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 15,859	\$ -	\$ 56,181	\$ 72,040
Retainage payable	-	-	29,064	29,064
TOTAL LIABILITIES	<u>15,859</u>	<u>-</u>	<u>85,245</u>	<u>101,104</u>
FUND BALANCES				
Restricted for:				
Capital projects	201,579	-	2,607,165	2,808,744
Urban renewal projects	-	3,448,503	-	3,448,503
TOTAL FUND BALANCES	<u>201,579</u>	<u>3,448,503</u>	<u>2,607,165</u>	<u>6,257,247</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 217,438</u>	<u>\$ 3,448,503</u>	<u>\$ 2,692,410</u>	<u>\$ 6,358,351</u>

CITY OF TUALATIN, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2020

	Park Development Fund	Central Urban Renewal District Project Fund	Leveton Tax Increment District Project Fund	Tualatin City Services Building Fund	Total
REVENUES					
Fees and charges	\$ 352,530	\$ -	\$ -	\$ -	\$ 352,530
Interest	5,841	1,226	96,638	79,290	182,995
Miscellaneous	4,225	-	-	-	4,225
TOTAL REVENUES	362,596	1,226	96,638	79,290	539,750
EXPENDITURES					
Current:					
Culture and recreation	65,872	-	-	-	65,872
Capital outlay	64,670	-	-	1,472,125	1,536,795
Debt service:					
Interest	14,061	-	-	-	14,061
TOTAL EXPENDITURES	144,603	-	-	1,472,125	1,616,728
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	217,993	1,226	96,638	(1,392,835)	(1,076,978)
OTHER FINANCING SOURCES (USES)					
Transfers in	217,775	-	-	4,000,000	4,217,775
Transfers out	(77,790)	(126,000)	(318,110)	-	(521,900)
TOTAL OTHER FINANCING SOURCES (USES)	139,985	(126,000)	(318,110)	4,000,000	3,695,875
NET CHANGE IN FUND BALANCES	357,978	(124,774)	(221,472)	2,607,165	2,618,897
FUND BALANCES - beginning	(156,399)	124,774	3,669,975	-	3,638,350
FUND BALANCES - ending	\$ 201,579	\$ -	\$ 3,448,503	\$ 2,607,165	\$ 6,257,247

BUDGETARY COMPARISON SCHEDULES

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

Governmental Budgetary Comparison Schedules included the following:

- Nonmajor Special Revenue Funds
 - Road Utility Fee Fund
 - Road Operating Fund
 - Core Area Parking District Fund
 - Tualatin Scholarship Fund
 - Economic Development Administration Fund
- Nonmajor Debt Service Funds
 - General Obligation Bond Fund
- Nonmajor Capital Project Funds
 - Park Development Fund
 - Leveton Tax Increment District Project Fund
 - Central Urban Renewal District Project Fund
 - Tualatin City Services Building Fund

CITY OF TUALATIN, OREGON
ROAD UTILITY FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees and charges	\$ 1,524,800	\$ 1,524,800	\$ 1,573,513	\$ 48,713
Interest	4,930	4,930	2,242	(2,688)
TOTAL REVENUES	1,529,730	1,529,730	1,575,755	46,025
EXPENDITURES				
Current:				
Materials and service	1,513,780	1,513,780	1,460,797	52,983
Contingency	119,210	119,210	-	119,210
TOTAL EXPENDITURES	1,632,990	1,632,990	1,460,797	172,193
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(103,260)	(103,260)	114,958	218,218
OTHER FINANCING SOURCES (USES)				
Transfers in	460,000	460,000	374,734	(85,266)
Transfers out	(366,410)	(366,410)	(366,410)	-
TOTAL OTHER FINANCING				
SOURCES (USES)	93,590	93,590	8,324	(85,266)
NET CHANGE IN FUND BALANCE	(9,670)	(9,670)	123,282	132,952
FUND BALANCE - beginning	394,670	394,670	399,380	4,710
FUND BALANCE - ending	\$ 385,000	\$ 385,000	\$ 522,662	\$ 137,662
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			2,948	
Fund balance - GAAP basis			\$ 525,610	

CITY OF TUALATIN, OREGON
ROAD OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ 2,569,410	\$ 2,569,410	\$ 2,549,700	\$ (19,710)
Fees and charges	-	-	68,845	68,845
Interest	38,950	38,950	62,925	23,975
Miscellaneous	1,172,500	1,172,500	366,500	(806,000)
TOTAL REVENUES	3,780,860	3,780,860	3,047,970	(732,890)
EXPENDITURES				
Current:				
Personal Services	535,040	586,540	571,392	15,148
Materials and service	1,029,100	1,029,100	863,847	165,253
Capital outlay	1,366,600	1,366,600	220,321	1,146,279
Contingency	550,800	550,800	-	550,800
TOTAL EXPENDITURES	3,481,540	3,533,040	1,655,560	1,877,480
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	299,320	247,820	1,392,410	1,144,590
OTHER FINANCING SOURCES (USES)				
Transfers in	283,890	283,890	283,890	-
Transfers out	(1,200,070)	(1,200,070)	(1,114,804)	85,266
TOTAL OTHER FINANCING SOURCES (USES)	(916,180)	(916,180)	(830,914)	85,266
NET CHANGE IN FUND BALANCE	(616,860)	(668,360)	561,496	1,229,856
FUND BALANCE - beginning	2,185,860	2,237,360	2,307,871	70,511
FUND BALANCE - ending	\$ 1,569,000	\$ 1,569,000	\$ 2,869,367	\$ 1,300,367
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			20,886	
Fund balance - GAAP basis			\$ 2,890,253	

CITY OF TUALATIN, OREGON
CORE AREA PARKING DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees and charges	\$ 62,000	\$ 62,000	\$ 73,695	\$ 11,695
Interest	4,000	4,000	4,062	62
TOTAL REVENUES	66,000	66,000	77,757	11,757
EXPENDITURES				
Current:				
Materials and service	25,760	25,760	19,572	6,188
Contingency	8,960	8,960	-	8,960
TOTAL EXPENDITURES	34,720	34,720	19,572	15,148
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	31,280	31,280	58,185	26,905
OTHER FINANCING SOURCES (USES)				
Transfers out	(33,700)	(33,700)	(33,700)	-
TOTAL OTHER FINANCING				
SOURCES (USES)	(33,700)	(33,700)	(33,700)	-
NET CHANGE IN FUND BALANCE	(2,420)	(2,420)	24,485	26,905
FUND BALANCE - beginning	172,500	172,500	162,826	(9,674)
FUND BALANCE - ending	\$ 170,080	\$ 170,080	\$ 187,311	\$ 17,231
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			1,353	
Fund balance - GAAP basis			\$ 188,664	

CITY OF TUALATIN, OREGON
TUALATIN SCHOLARSHIP FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ 1,500	\$ 1,500	\$ 1,500	\$ -
Interest	1,500	1,500	1,090	(410)
TOTAL REVENUES	3,000	3,000	2,590	(410)
EXPENDITURES				
Current:				
Materials and service	3,000	3,000	3,000	-
TOTAL EXPENDITURES	3,000	3,000	3,000	-
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	-	-	(410)	(410)
NET CHANGE IN FUND BALANCE	-	-	(410)	(410)
FUND BALANCE - beginning	50,885	50,885	51,021	136
FUND BALANCE - ending	\$ 50,885	\$ 50,885	\$ 50,611	\$ (274)
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			365	
Fund balance - GAAP basis			\$ 50,976	

CITY OF TUALATIN, OREGON
ECONOMIC DEVELOPMENT ADMINISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 252,000	\$ 252,000
Interest	4,000	4,000	3,146	(854)
Miscellaneous	-	-	2,000	2,000
TOTAL REVENUES	4,000	4,000	257,146	253,146
EXPENDITURES				
Current:				
Materials and service	63,200	313,200	338,101	(24,901)
Contingency	41,050	41,050	-	41,050
TOTAL EXPENDITURES	104,250	354,250	338,101	16,149
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(100,250)	(350,250)	(80,955)	269,295
OTHER FINANCING SOURCES (USES)				
Transfers in	-	376,000	376,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	376,000	376,000	-
NET CHANGE IN FUND BALANCE	(100,250)	25,750	295,045	269,295
FUND BALANCE - beginning	100,250	100,250	81,357	(18,893)
FUND BALANCE - ending	\$ -	\$ 126,000	\$ 376,402	\$ 250,402
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			1,360	
Fund balance - GAAP basis			\$ 377,762	

CITY OF TUALATIN, OREGON
GENERAL OBLIGATION BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 2,799,550	\$ 2,799,550	\$ 2,800,141	\$ 591
Intergovernmental	-	-	430	430
Interest	10,000	10,000	28,470	18,470
TOTAL REVENUES	2,809,550	2,809,550	2,829,041	19,491
EXPENDITURES				
Debt service:				
Principal	1,695,000	1,695,000	1,695,000	-
Interest	1,094,550	1,094,550	1,094,550	-
TOTAL EXPENDITURES	2,789,550	2,789,550	2,789,550	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	20,000	20,000	39,491	19,491
NET CHANGE IN FUND BALANCE	20,000	20,000	39,491	19,491
FUND BALANCE - beginning	48,500	48,500	124,255	75,755
FUND BALANCE - ending	\$ 68,500	\$ 68,500	\$ 163,746	\$ 95,246
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			1,092	
Fund balance - GAAP basis			\$ 164,838	

CITY OF TUALATIN, OREGON
PARK DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ 238,000	\$ 238,000	\$ -	\$ (238,000)
Fees and charges	1,696,335	1,696,335	352,530	(1,343,805)
Interest	9,450	9,450	4,449	(5,001)
Miscellaneous	4,225	4,225	4,225	-
TOTAL REVENUES	1,948,010	1,948,010	361,204	(1,586,806)
EXPENDITURES				
Current:				
Materials and service	76,000	76,000	65,872	10,128
Capital outlay	1,042,000	1,042,000	64,670	977,330
Debt service:				
Principal	335,000	335,000	335,000	-
Interest	21,365	21,365	14,061	7,304
TOTAL EXPENDITURES	1,474,365	1,474,365	479,603	994,762
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	473,645	473,645	(118,399)	(592,044)
OTHER FINANCING SOURCES (USES)				
Transfers in	261,000	261,000	217,775	(43,225)
Transfers out	(77,790)	(77,790)	(77,790)	-
TOTAL OTHER FINANCING SOURCES (USES)	183,210	183,210	139,985	(43,225)
NET CHANGE IN FUND BALANCE	656,855	656,855	21,586	(635,269)
FUND BALANCE - beginning	319,500	319,500	178,437	(141,063)
FUND BALANCE - ending	\$ 976,355	\$ 976,355	\$ 200,023	\$ (776,332)
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			1,556	
Fund balance - GAAP basis			\$ 201,579	

CITY OF TUALATIN, OREGON
CENTRAL URBAN RENEWAL DISTRICT PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	\$ 3,000	\$ 3,000	\$ 1,445	\$ (1,555)
TOTAL REVENUES	3,000	3,000	1,445	(1,555)
EXPENDITURES				
Capital outlay	127,330	1,330	-	1,330
TOTAL EXPENDITURES	127,330	1,330	-	1,330
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(124,330)	1,670	1,445	(225)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(126,000)	(126,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(126,000)	(126,000)	-
NET CHANGE IN FUND BALANCE	(124,330)	(124,330)	(124,555)	(225)
FUND BALANCE - beginning	124,330	124,330	124,555	225
FUND BALANCE - ending	\$ -	\$ -	\$ -	\$ -

CITY OF TUALATIN, OREGON
LEVETON TAX INCREMENT DISTRICT PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ 100,000	\$ 100,000	\$ 78,478	\$ (21,522)
TOTAL REVENUES	100,000	100,000	78,478	(21,522)
EXPENDITURES				
Capital outlay	50,000	50,000	-	50,000
Contingency	17,720	17,720	-	17,720
TOTAL EXPENDITURES	67,720	67,720	-	67,720
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	32,280	32,280	78,478	46,198
OTHER FINANCING SOURCES (USES)				
Transfers out	(68,110)	(318,110)	(318,110)	-
TOTAL OTHER FINANCING SOURCES (USES)	(68,110)	(318,110)	(318,110)	-
NET CHANGE IN FUND BALANCE	(35,830)	(285,830)	(239,632)	46,198
FUND BALANCE - beginning	3,709,560	3,709,560	3,663,454	(46,106)
FUND BALANCE - ending	\$ 3,673,730	\$ 3,423,730	\$ 3,423,822	\$ 92
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			24,681	
Fund balance - GAAP basis			\$ 3,448,503	

CITY OF TUALATIN, OREGON
TUALATIN CITY SERVICES BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	\$ 50,000	\$ 50,000	\$ 60,021	\$ 10,021
TOTAL REVENUES	50,000	50,000	60,021	10,021
EXPENDITURES				
Capital outlay	4,050,000	4,050,000	1,472,125	2,577,875
TOTAL EXPENDITURES	4,050,000	4,050,000	1,472,125	2,577,875
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,000,000)	(4,000,000)	(1,412,104)	2,587,896
OTHER FINANCING SOURCES (USES)				
Transfers in	4,000,000	4,000,000	4,000,000	-
TOTAL OTHER FINANCING SOURCES (USES)	4,000,000	4,000,000	4,000,000	-
NET CHANGE IN FUND BALANCE	-	-	2,587,896	2,587,896
FUND BALANCE - beginning	-	-	-	-
FUND BALANCE - ending	\$ -	\$ -	\$ 2,587,896	\$ 2,587,896
Adjustment to generally accepted accounting principles (GAAP) basis:				
Unrealized gain (loss) on investments			19,269	
Fund balance - GAAP basis			\$ 2,607,165	

BUDGETARY COMPARISON SCHEDULES

Enterprise Funds

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

Enterprise Budgetary Comparison schedules include the following:

- Water Operations
 - Water Fund
 - Water Development Fund
 - Enterprise Bond Fund
- Sewer Operations
 - Sewer Fund
 - Sewer Development Fund
- Stormwater Operations
 - Stormwater Fund
 - Stormwater Development Fund

CITY OF TUALATIN, OREGON
WATER OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	Water Fund	Water Development Fund	Enterprise Bond Fund	Total Water Operations
REVENUES				
Charges for service	\$ 6,773,453	\$ -	\$ -	\$ 6,773,453
Fees and charges	26,868	176,619	-	203,487
Interest	139,399	27,851	9,670	176,920
Miscellaneous	352,861	-	-	352,861
TOTAL REVENUES	7,292,581	204,470	9,670	7,506,721
EXPENDITURES				
Current:				
Personal Services	810,544	-	-	810,544
Materials and service	3,495,769	-	495	3,496,264
Capital outlay	261,113	-	-	261,113
Debt service:				
Principal	-	-	507,121	507,121
Interest	-	-	130,318	130,318
TOTAL EXPENDITURES	4,567,426	-	637,934	5,205,360
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,725,155	204,470	(628,264)	2,301,361
OTHER FINANCING SOURCES (USES)				
Transfers in	62,206	-	636,265	698,471
Transfers out	(2,854,270)	(95,956)	-	(2,950,226)
TOTAL OTHER FINANCING SOURCES (USES)	(2,792,064)	(95,956)	636,265	(2,251,755)
NET CHANGE IN FUND BALANCE	(66,909)	108,514	8,001	49,606
FUND BALANCE - beginning	6,816,514	1,205,964	510,594	8,533,072
FUND BALANCE - ending	\$ 6,749,605	\$ 1,314,478	\$ 518,595	\$ 8,582,678
RECONCILIATION TO NET POSITION - GAAP BASIS				
Adjustment for unrealized gain (loss) on investments				60,953
Adjustment for compensated absences being accrued				(39,391)
Adjustment for other post employment benefit related deferred outflows of resources being accrued				3,487
Adjustment for other post employment benefit related deferred inflows of resources being accrued				(5,113)
Adjustment for net other post employment benefit liability being accrued				(24,718)
Adjustment for net pension liability being accrued				(785,409)
Adjustment for pension related deferred outflows of resources being accrued				307,577
Adjustment for pension related deferred inflows of resources being accrued				(54,976)
Adjustment for interest payable being accrued				(8,762)
Adjustment for capital assets not being depreciated				900,533
Adjustment for capital assets, net of accumulated depreciation				29,163,749
Adjustment for bonds payable, due within one year				(415,000)
Adjustment for long term bonds payable				(2,340,000)
Adjustment for bond premium				(202,497)
Adjustment for deferred charge on refunding				122,938
NET POSITION - GAAP BASIS				\$ 35,266,049

CITY OF TUALATIN, OREGON
WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for service	\$ 6,836,530	\$ 6,836,530	\$ 6,773,453	\$ (63,077)
Fees and charges	26,500	26,500	26,868	368
Interest	116,310	116,310	139,399	23,089
Miscellaneous	358,365	358,365	352,861	(5,504)
TOTAL REVENUES	7,337,705	7,337,705	7,292,581	(45,124)
EXPENDITURES				
Current:				
Personal Services	751,750	827,865	810,544	17,321
Materials and service	3,672,240	3,672,240	3,495,769	176,471
Capital outlay	1,411,000	1,411,000	261,113	1,149,887
Contingency	1,319,520	1,319,520	-	1,319,520
TOTAL EXPENDITURES	7,154,510	7,230,625	4,567,426	2,663,199
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	183,195	107,080	2,725,155	2,618,075
OTHER FINANCING SOURCES (USES)				
Transfers in	235,000	235,000	62,206	(172,794)
Transfers out	(2,854,270)	(2,854,270)	(2,854,270)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,619,270)	(2,619,270)	(2,792,064)	(172,794)
NET CHANGE IN FUND BALANCE	(2,436,075)	(2,512,190)	(66,909)	2,445,281
FUND BALANCE - beginning	6,087,725	6,163,840	6,816,514	652,674
FUND BALANCE - ending	\$ 3,651,650	\$ 3,651,650	\$ 6,749,605	\$ 3,097,955

CITY OF TUALATIN, OREGON
WATER DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees and charges	\$ 250,000	\$ 250,000	\$ 176,619	\$ (73,381)
Interest	28,610	28,610	27,851	(759)
TOTAL REVENUES	278,610	278,610	204,470	(74,140)
EXPENDITURES				
Contingency	1,154,430	1,154,430	-	1,154,430
TOTAL EXPENDITURES	1,154,430	1,154,430	-	1,154,430
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(875,820)	(875,820)	204,470	1,080,290
OTHER FINANCING SOURCES (USES)				
Transfers out	(268,750)	(268,750)	(95,956)	172,794
TOTAL OTHER FINANCING SOURCES (USES)	(268,750)	(268,750)	(95,956)	172,794
NET CHANGE IN FUND BALANCE	(1,144,570)	(1,144,570)	108,514	1,253,084
FUND BALANCE - beginning	1,144,570	1,144,570	1,205,964	61,394
FUND BALANCE - ending	\$ -	\$ -	\$ 1,314,478	\$ 1,314,478

CITY OF TUALATIN, OREGON
ENTERPRISE BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	\$ 15,230	\$ 15,230	\$ 9,670	\$ (5,560)
TOTAL REVENUES	15,230	15,230	9,670	(5,560)
EXPENDITURES				
Current:				
Materials and service	495	495	495	-
Debt service:				
Principal	507,380	507,380	507,121	259 *
Interest	130,290	130,290	130,318	(28) *
TOTAL EXPENDITURES	638,165	638,165	637,934	231
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(622,935)	(622,935)	(628,264)	(5,329)
OTHER FINANCING SOURCES (USES)				
Transfers in	636,265	636,265	636,265	-
TOTAL OTHER FINANCING SOURCES (USES)	636,265	636,265	636,265	-
NET CHANGE IN FUND BALANCE	13,330	13,330	8,001	(5,329)
FUND BALANCE - beginning	507,000	507,000	510,594	3,594
FUND BALANCE - ending	\$ 520,330	\$ 520,330	\$ 518,595	\$ (1,735)

* Appropriation level is debt service.

CITY OF TUALATIN, OREGON
SEWER OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	<u>Sewer Fund</u>	<u>Sewer Development Fund</u>	<u>Total Sewer Operations</u>
REVENUES			
Charges for service	\$ 8,711,790	\$ -	\$ 8,711,790
Fees and charges	-	616,535	616,535
Interest	59,808	81,275	141,083
Miscellaneous	170,619	-	170,619
	<u>8,942,217</u>	<u>697,810</u>	<u>9,640,027</u>
TOTAL REVENUES			
	<u>8,942,217</u>	<u>697,810</u>	<u>9,640,027</u>
EXPENDITURES			
Current:			
Personal Services	437,899	-	437,899
Materials and service	7,101,190	596,454	7,697,644
Capital outlay	440,154	8,564	448,718
	<u>7,979,243</u>	<u>605,018</u>	<u>8,584,261</u>
TOTAL EXPENDITURES			
	<u>7,979,243</u>	<u>605,018</u>	<u>8,584,261</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	<u>962,974</u>	<u>92,792</u>	<u>1,055,766</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	131,540	-	131,540
Transfers out	(1,715,465)	(38,720)	(1,754,185)
	<u>(1,583,925)</u>	<u>(38,720)</u>	<u>(1,622,645)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
	<u>(1,583,925)</u>	<u>(38,720)</u>	<u>(1,622,645)</u>
NET CHANGE IN FUND BALANCE			
	<u>(620,951)</u>	<u>54,072</u>	<u>(566,879)</u>
FUND BALANCE - beginning			
	<u>3,327,611</u>	<u>3,694,556</u>	<u>7,022,167</u>
FUND BALANCE - ending			
	<u>\$ 2,706,660</u>	<u>\$ 3,748,628</u>	<u>\$ 6,455,288</u>
RECONCILIATION TO NET POSITION - GAAP BASIS			
Adjustment for unrealized gain (loss) on investments			44,248
Adjustment for compensated absences being accrued			(11,097)
Adjustment for other post employment benefit related deferred outflows of resources being accrued			1,156
Adjustment for other post employment benefit related deferred inflows of resources being accrued			(1,695)
Adjustment for net other post employment benefit liability being accrued			(8,193)
Adjustment for net pension liability being accrued			(260,325)
Adjustment for pension related deferred outflows of resources being accrued			101,947
Adjustment for pension related deferred inflows of resources being accrued			(18,222)
Adjustment for capital assets not being depreciated			263,032
Adjustment for capital assets, net of accumulated depreciation			15,244,248
NET POSITION - GAAP BASIS			<u>\$ 21,810,387</u>

CITY OF TUALATIN, OREGON
SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for service	\$ 8,537,090	\$ 8,537,090	\$ 8,711,790	\$ 174,700
Interest	60,950	60,950	59,808	(1,142)
Miscellaneous	-	-	170,619	170,619
TOTAL REVENUES	8,598,040	8,598,040	8,942,217	344,177
EXPENDITURES				
Current:				
Personal Services	398,915	453,135	437,899	15,236
Materials and service	7,054,625	7,054,625	7,101,190	(46,565)
Capital outlay	552,000	552,000	440,154	111,846
Contingency	1,393,300	1,378,300	-	1,378,300
TOTAL EXPENDITURES	9,398,840	9,438,060	7,979,243	1,458,817
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(800,800)	(840,020)	962,974	1,802,994
OTHER FINANCING SOURCES (USES)				
Transfers in	131,540	131,540	131,540	-
Transfers out	(1,715,465)	(1,715,465)	(1,715,465)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,583,925)	(1,583,925)	(1,583,925)	-
NET CHANGE IN FUND BALANCE	(2,384,725)	(2,423,945)	(620,951)	1,802,994
FUND BALANCE - beginning	3,199,800	3,239,020	3,327,611	88,591
FUND BALANCE - ending	\$ 815,075	\$ 815,075	\$ 2,706,660	\$ 1,891,585

CITY OF TUALATIN, OREGON
SEWER DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Fees and charges	600,000	615,000	616,535	1,535
Interest	80,270	80,270	81,275	1,005
TOTAL REVENUES	730,270	745,270	697,810	(47,460)
EXPENDITURES				
Current:				
Materials and service	576,000	591,000	596,454	(5,454)
Capital outlay	60,000	60,000	8,564	51,436
Contingency	3,266,540	3,266,540	-	3,266,540
TOTAL EXPENDITURES	3,902,540	3,917,540	605,018	3,312,522
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,172,270)	(3,172,270)	92,792	3,265,062
OTHER FINANCING SOURCES (USES)				
Transfers out	(38,720)	(38,720)	(38,720)	-
TOTAL OTHER FINANCING SOURCES (USES)	(38,720)	(38,720)	(38,720)	-
NET CHANGE IN FUND BALANCE	(3,210,990)	(3,210,990)	54,072	3,265,062
FUND BALANCE - beginning	3,210,990	3,210,990	3,694,556	483,566
FUND BALANCE - ending	\$ -	\$ -	\$ 3,748,628	\$ 3,748,628

CITY OF TUALATIN, OREGON
STORMWATER OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	Stormwater Fund	Stormwater Development Fund	Total Stormwater Operations
REVENUES			
Charges for service	\$ 3,434,432	\$ -	\$ 3,434,432
Fees and charges	-	35,551	35,551
Interest	92,343	11,773	104,116
Miscellaneous	9,051	-	9,051
TOTAL REVENUES	3,535,826	47,324	3,583,150
EXPENDITURES			
Current:			
Materials and service	1,341,103	-	1,341,103
Capital outlay	246,871	9,585	256,456
TOTAL EXPENDITURES	1,587,974	9,585	1,597,559
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,947,852	37,739	1,985,591
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,539,720)	(12,530)	(1,552,250)
TOTAL OTHER FINANCING SOURCES (USES)	(1,539,720)	(12,530)	(1,552,250)
NET CHANGE IN FUND BALANCE	408,132	25,209	433,341
FUND BALANCE - beginning	4,256,160	529,377	4,785,537
FUND BALANCE - ending	\$ 4,664,292	\$ 554,586	\$ 5,218,878
RECONCILIATION TO NET POSITION - GAAP BASIS			
Adjustment for unrealized gain (loss) on investments			36,320
Adjustment for capital assets not being depreciated			34,533
Adjustment for capital assets, net of accumulated depreciation			4,191,420
NET POSITION - GAAP BASIS			\$ 9,481,151

CITY OF TUALATIN, OREGON
STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for service	\$ 3,359,870	\$ 3,359,870	\$ 3,434,432	\$ 74,562
Interest	63,660	63,660	92,343	28,683
Miscellaneous	-	-	9,051	9,051
TOTAL REVENUES	3,423,530	3,423,530	3,535,826	112,296
EXPENDITURES				
Current:				
Materials and service	1,530,935	1,530,935	1,341,103	189,832
Capital outlay	617,000	617,000	246,871	370,129
Contingency	468,230	468,230	-	468,230
TOTAL EXPENDITURES	2,616,165	2,616,165	1,587,974	1,028,191
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	807,365	807,365	1,947,852	1,140,487
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,539,720)	(1,539,720)	(1,539,720)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,539,720)	(1,539,720)	(1,539,720)	-
NET CHANGE IN FUND BALANCE	(732,355)	(732,355)	408,132	1,140,487
FUND BALANCE - beginning	4,006,730	4,006,730	4,256,160	249,430
FUND BALANCE - ending	\$ 3,274,375	\$ 3,274,375	\$ 4,664,292	\$ 1,389,917

CITY OF TUALATIN, OREGON
STORMWATER DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees and charges	\$ 50,000	\$ 50,000	\$ 35,551	\$ (14,449)
Interest	12,970	12,970	11,773	(1,197)
TOTAL REVENUES	62,970	62,970	47,324	(15,646)
EXPENDITURES				
Capital outlay	160,000	160,000	9,585	150,415
Contingency	409,300	409,300	-	409,300
TOTAL EXPENDITURES	569,300	569,300	9,585	559,715
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(506,330)	(506,330)	37,739	544,069
OTHER FINANCING SOURCES (USES)				
Transfers out	(12,530)	(12,530)	(12,530)	-
TOTAL OTHER FINANCING SOURCES (USES)	(12,530)	(12,530)	(12,530)	-
NET CHANGE IN FUND BALANCE	(518,860)	(518,860)	25,209	544,069
FUND BALANCE - beginning	518,860	518,860	529,377	10,517
FUND BALANCE - ending	\$ -	\$ -	\$ 554,586	\$ 554,586

BUDGETARY COMPARISON SCHEDULES

Internal Service Funds

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

Internal Service Budgetary Comparison schedules include the following:

- Vehicle Replacement Fund

CITY OF TUALATIN, OREGON
VEHICLE REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for service	\$ 328,480	\$ 328,480	\$ 328,480	\$ -
Interest	9,500	9,500	3,883	(5,617)
TOTAL REVENUES	337,980	337,980	332,363	(5,617)
NET CHANGE IN FUND BALANCE	337,980	337,980	332,363	(5,617)
FUND BALANCE - beginning	-	-	-	-
FUND BALANCE - ending	<u>\$ 337,980</u>	<u>\$ 337,980</u>	<u>\$ 332,363</u>	<u>\$ (5,617)</u>
RECONCILIATION TO NET POSITION - GAAP BASIS				
Adjustment for unrealized gain (loss) on investments			2,396	
NET POSITION - GAAP BASIS			<u>\$ 334,759</u>	

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OTHER FINANCIAL SCHEDULES

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CITY OF TUALATIN, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For the Fiscal Year Ended June 30, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Levy as Extended By Assessor	Discount	Interest	Adjustments	Collections	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 13,670,472	\$ (329,253)	\$ 3,012	\$ (83,679)	\$ (13,109,854)	\$ 150,698
2018-2019	138,479	-	62	4,977	(2,120)	(89,155)	52,243
2017-2018	34,599	-	13	2,483	(1,734)	(16,151)	19,210
2016-2017	19,119	-	(10)	3,163	(1,380)	(14,336)	6,556
2015-2016	8,194	-	(15)	1,749	(632)	(7,436)	1,860
2014-2015	2,890	-	(16)	288	(466)	(1,343)	1,353
Prior years	9,995	-	(85)	433	(429)	(4,669)	5,245
Totals	<u>\$ 213,276</u>	<u>\$ 13,670,472</u>	<u>\$ (329,304)</u>	<u>\$ 16,105</u>	<u>\$ (90,440)</u>	<u>\$ (13,242,944)</u>	<u>\$ 237,165</u>

Taxes receivable classified by fund:

General Fund	\$ 190,781
General Obligation Bond Fund	<u>46,384</u>
	<u>\$ 237,165</u>

CITY OF TUALATIN, OREGON
WATER FUND 5 YEAR HISTORICAL RESULTS
For the Fiscal Year Ended June 30, 2020

	2016	2017	2018	2019	2020
REVENUES:					
Charges for service	\$ 6,167,347	\$ 6,047,122	\$ 6,604,701	\$ 7,132,235	\$ 6,773,453
Fees and charges	-	43,685	25,444	31,052	26,868
Interest	31,110	57,830	99,486	160,473	139,399
Miscellaneous	23,124	17,049	601	7,305	352,861
Total revenues	6,221,581	6,165,686	6,730,232	7,331,065	7,292,581
EXPENDITURES:					
Current:					
Personal Services	-	551,385	522,726	638,853	810,544
Materials and service	2,123,206	2,669,474	2,737,432	2,959,293	3,495,769
Capital outlay	670,889	489,867	535,255	1,253,878	261,113
Total expenditures	2,794,095	3,710,726	3,795,413	4,852,024	4,567,426
Excess (deficiency) of revenues over expenditures	3,427,486	2,454,960	2,934,819	2,479,041	2,725,155
OTHER FINANCING SOURCES (USES)					
Internal loan proceeds	-	-	-	(335,000)	-
Transfers in	320,000	8,466	141,677	373,959	62,206
Transfers out	(2,944,790)	(2,006,705)	(2,183,730)	(2,080,970)	(2,854,270)
Total other financing sources (uses)	(2,624,790)	(1,998,239)	(2,042,053)	(2,042,011)	(2,792,064)
Net change in fund balances	802,696	456,721	892,766	437,030	(66,909)
FUND BALANCES, BEGINNING BUDGETARY BASIS	4,227,301	5,029,997	5,486,718	6,379,484	6,816,514
FUND BALANCES, ENDING BUDGETARY BASIS	\$ 5,029,997	\$ 5,486,718	\$ 6,379,484	\$ 6,816,514	\$ 6,749,605

STATISTICAL SECTION

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STATISTICAL SECTION

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

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

OPERATING INFORMATION

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

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

CITY OF TUALATIN
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2020	2019	2018	2017 (restated)
Governmental activities				
Net investment in capital assets	\$ 86,795,235	\$ 88,026,572	\$ 87,689,070	\$ 89,406,263
Restricted for special purposes	23,120,100	17,883,651	17,684,108	15,999,817
Unrestricted	(2,190,512)	(1,565,440)	(2,873,654)	(1,224,674)
<i>Total governmental activities</i>	<u>\$ 107,724,823</u>	<u>\$ 104,344,783</u>	<u>\$ 102,499,524</u>	<u>\$ 104,181,406</u>
Business-type activities				
Net investment in capital assets	\$ 46,962,956	\$ 47,494,937	\$ 48,401,428	\$ 47,820,158
Restricted for special purposes	1,314,478	5,429,897	5,665,182	5,326,945
Unrestricted	18,280,153	14,634,231	13,190,009	11,159,067
<i>Total business-type activities net position</i>	<u>\$ 66,557,587</u>	<u>\$ 67,559,065</u>	<u>\$ 67,256,619</u>	<u>\$ 64,306,170</u>
Primary government				
Net investment in capital assets	\$ 133,758,191	\$ 135,521,509	\$ 136,090,498	\$ 137,226,421
Restricted for special purposes	24,434,578	23,313,548	23,349,290	21,326,762
Unrestricted	16,089,641	13,068,791	10,316,355	9,934,393
<i>Total primary government net position</i>	<u>\$ 174,282,410</u>	<u>\$ 171,903,848</u>	<u>\$ 169,756,143</u>	<u>\$ 168,487,576</u>

2016	2015 (restated)	2014 (restated)	2013	2012	2011
\$ 92,714,377	\$ 92,025,421	\$ 93,651,852	\$ 95,303,048	\$ 96,704,593	\$ 95,531,501
15,691,594	16,106,005	12,939,222	12,773,161	13,101,042	15,947,020
(299,018)	5,747,426	8,205,348	11,017,677	11,416,369	10,794,402
<u>\$ 108,106,953</u>	<u>\$ 113,878,852</u>	<u>\$ 114,796,422</u>	<u>\$ 119,093,886</u>	<u>\$ 121,222,004</u>	<u>\$ 122,272,923</u>
\$ 48,485,673	\$ 48,216,410	\$ 47,293,914	\$ 46,626,072	\$ 47,026,375	\$ 47,186,247
5,309,622	5,042,785	5,148,228	5,057,107	4,679,232	4,373,171
9,882,033	8,860,551	9,296,215	7,626,649	6,802,003	6,047,100
<u>\$ 63,677,328</u>	<u>\$ 62,119,746</u>	<u>\$ 61,738,357</u>	<u>\$ 59,309,828</u>	<u>\$ 58,507,610</u>	<u>\$ 57,606,518</u>
\$ 141,200,050	\$ 140,241,831	\$ 140,945,766	\$ 141,929,120	\$ 143,730,968	\$ 142,717,748
21,001,216	21,148,790	18,087,450	17,830,268	17,780,274	20,320,191
9,583,015	14,607,977	17,501,563	18,644,326	18,218,372	16,841,502
<u>\$ 171,784,281</u>	<u>\$ 175,998,598</u>	<u>\$ 176,534,779</u>	<u>\$ 178,403,714</u>	<u>\$ 179,729,614</u>	<u>\$ 179,879,441</u>

CITY OF TUALATIN
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Expenses				
<i>Governmental activities:</i>				
General government	\$ 9,813,476	\$ 9,307,642	\$ 8,820,817	\$ 8,601,383
Public Safety	10,905,816	9,618,099	9,395,927	9,376,700
Highways and streets	6,755,745	6,218,228	6,512,541	5,766,575
Culture and recreation	6,453,498	5,915,477	5,807,210	5,610,846
Interest on long-term debt	757,327	732,891	278,911	306,991
<i>Total governmental activities expenses</i>	<u>34,685,862</u>	<u>31,792,337</u>	<u>30,815,406</u>	<u>29,662,495</u>
<i>Business-type activities</i>				
Charges for services				
Water	5,786,256	6,150,565	4,588,472	4,536,689
Sewer	8,830,709	8,654,399	7,988,987	7,974,785
Stormwater	1,575,023	1,576,322	1,537,004	1,308,024
<i>Total business-type activities expenses</i>	<u>16,191,988</u>	<u>16,381,286</u>	<u>14,114,463</u>	<u>13,819,498</u>
<i>Total Expenses</i>	<u>\$ 50,877,850</u>	<u>\$ 48,173,623</u>	<u>\$ 44,929,869</u>	<u>\$ 43,481,993</u>
Program revenues				
<i>Governmental activities</i>				
Charges for services				
General government	\$ 2,005,357	\$ 1,328,911	\$ 1,828,717	\$ 1,552,827
Public Safety	1,361,646	1,766,201	1,347,548	1,400,454
Highways and streets	3,662,253	3,123,244	3,838,628	1,841,947
Culture and recreation	289,944	311,017	291,863	201,798
Operating grants and contributions	533,644	179,956	147,249	209,704
Capital grants and contributions	365,513	86,004	552,878	30,210
<i>Total governmental activities program revenues</i>	<u>8,218,357</u>	<u>6,795,333</u>	<u>8,006,883</u>	<u>5,236,940</u>
<i>Business-type activities</i>				
Charges for services				
Water	6,976,940	7,518,166	7,109,610	6,270,314
Sewer	9,328,325	8,624,206	8,480,478	8,273,184
Stormwater	3,469,983	3,154,990	2,905,264	2,726,287
Capital grants and contributions	115,339	336,979	1,778,004	45,280
<i>Total business-type activities program revenues</i>	<u>19,890,587</u>	<u>19,634,341</u>	<u>20,273,356</u>	<u>17,315,065</u>
<i>Total program revenues</i>	<u>\$ 28,108,944</u>	<u>\$ 26,429,674</u>	<u>\$ 28,280,239</u>	<u>\$ 22,552,005</u>
Net (expense)/revenues				
<i>Governmental activities</i>	\$ (26,467,505)	\$ (24,997,004)	\$ (22,808,523)	\$ (24,425,555)
<i>Business-type activities</i>	<u>3,698,599</u>	<u>3,253,055</u>	<u>6,158,893</u>	<u>3,495,567</u>
<i>Total net expenses</i>	<u>\$ (22,768,906)</u>	<u>\$ (21,743,949)</u>	<u>\$ (16,649,630)</u>	<u>\$ (20,929,988)</u>

2016	2015	2014	2013	2012	2011
\$ 9,588,149	\$ 6,057,498	\$ 8,405,978	\$ 8,325,468	\$ 7,400,702	\$ 6,837,983
11,314,546	5,942,679	7,027,399	6,904,444	6,561,167	5,986,000
5,336,161	4,586,849	3,853,744	3,843,497	3,746,471	3,722,074
5,989,878	3,769,534	5,200,979	5,080,438	4,973,304	4,647,624
353,882	317,574	332,382	376,864	380,608	419,382
32,582,616	20,674,134	24,820,482	24,530,711	23,062,252	21,613,063
4,666,131	4,973,697	4,354,918	4,252,446	4,353,652	4,089,731
8,406,184	7,392,084	6,704,634	7,703,971	6,276,559	6,086,241
1,536,685	1,449,680	1,298,184	1,243,066	1,215,940	1,124,748
14,609,000	13,815,461	12,357,736	13,199,483	11,846,151	11,300,720
\$ 47,191,616	\$ 34,489,595	\$ 37,178,218	\$ 37,730,194	\$ 34,908,403	\$ 32,913,783
\$ 1,811,857	\$ 2,497,798	\$ 1,540,697	\$ 2,407,130	\$ 1,304,925	\$ 1,142,028
1,255,128	1,583,770	1,496,395	1,496,395	1,666,113	888,469
2,650,628	2,613,764	1,326,187	1,326,187	1,736,117	1,720,495
290,094	279,051	227,660	227,660	179,021	254,597
146,802	482,911	629,043	427,283	476,439	712,304
455,604	-	-	-	-	-
6,610,113	7,457,294	5,219,982	5,884,655	5,362,615	4,717,893
6,463,535	6,116,285	5,321,434	5,512,366	5,523,032	5,242,442
8,886,824	7,771,356	7,083,579	8,036,187	6,539,373	6,276,381
2,608,638	2,320,189	1,941,824	1,887,080	1,775,519	1,612,020
648,420	827,464	491,274	124,076	348,375	348,695
18,607,417	17,035,294	14,838,111	15,559,709	14,186,299	13,479,538
\$ 25,217,530	\$ 24,492,588	\$ 20,058,093	\$ 21,444,364	\$ 19,548,914	\$ 18,197,431
\$ (25,972,503)	\$ (13,216,840)	\$ (19,600,500)	\$ (18,646,056)	\$ (17,699,637)	\$ (16,895,170)
3,998,417	3,219,833	2,480,375	2,360,226	2,340,148	2,178,818
\$ (21,974,086)	\$ (9,997,007)	\$ (17,120,125)	\$ (16,285,830)	\$ (15,359,489)	\$ (14,716,352)

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

	2020	2019	2018	2017
General revenues and other changes in net position				
Governmental activities				
Taxes and assessments	\$ 19,667,867	\$ 19,073,250	\$ 15,363,366	\$ 14,680,977
Licenses and permits	2,440,018	2,429,676	2,366,393	2,192,857
Miscellaneous	2,313,010	1,833,807	725,044	524,761
Transfers	5,426,650	3,505,530	3,496,958	3,101,413
Total governmental activities	29,847,545	26,842,263	21,951,761	20,500,008
Business-type activities				
Miscellaneous	726,573	554,921	311,671	234,688
Transfers	(5,426,650)	(3,505,530)	(3,496,958)	(3,101,413)
Total business-type activities	(4,700,077)	(2,950,609)	(3,185,287)	(2,866,725)
Total	\$ 25,147,468	\$ 23,891,654	\$ 18,766,474	\$ 17,633,283
Change in net position				
Governmental activities	\$ 3,380,040	\$ 1,845,259	\$ (856,762)	\$ (3,925,547)
Business-type activities	(1,001,478)	302,446	2,973,606	628,842
Total	\$ 2,378,562	\$ 2,147,705	\$ 2,116,844	\$ (3,296,705)

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	2016	2015	2014	2013	2012	2011
\$	15,397,943	\$ 14,298,091	\$ 12,725,359	\$ 12,462,040	\$ 12,547,363	\$ 11,760,533
	2,197,426	2,213,242	2,135,959	2,071,040	2,205,176	2,091,937
	404,888	929,624	287,931	331,603	379,396	574,472
	<u>2,586,832</u>	<u>2,316,940</u>	<u>153,787</u>	<u>1,653,255</u>	<u>1,516,783</u>	<u>(1,392,357)</u>
	20,587,089	19,757,897	15,303,036	16,517,938	16,648,718	13,034,585
	145,997	89,399	101,941	95,247	77,727	74,773
	<u>(2,586,832)</u>	<u>(2,316,940)</u>	<u>(153,787)</u>	<u>(1,653,255)</u>	<u>(1,516,783)</u>	<u>(1,775,215)</u>
	(2,440,835)	(2,227,541)	(51,846)	(1,558,008)	(1,439,056)	(1,700,442)
\$	<u>18,146,254</u>	<u>\$ 17,530,356</u>	<u>\$ 15,251,190</u>	<u>\$ 14,959,930</u>	<u>\$ 15,209,662</u>	<u>\$ 11,334,143</u>
\$	(5,385,414)	\$ 6,541,057	\$ (4,297,464)	\$ (2,128,118)	\$ (1,050,919)	\$ (3,860,585)
	<u>1,557,582</u>	<u>992,292</u>	<u>2,428,529</u>	<u>802,218</u>	<u>901,092</u>	<u>478,376</u>
\$	<u>(3,827,832)</u>	<u>\$ 7,533,349</u>	<u>\$ (1,868,935)</u>	<u>\$ (1,325,900)</u>	<u>\$ (149,827)</u>	<u>\$ (3,382,209)</u>

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

	2020	2019	2018	2017
General Fund				
Reserved / Nonspendable	\$ 75,102	\$ 76,094	\$ 79,900	\$ 137,060
Unreserved / Unassigned	11,565,009	13,341,945	10,528,381	9,918,282
Total general fund	<u>\$ 11,640,111</u>	<u>\$ 13,418,039</u>	<u>\$ 10,608,281</u>	<u>\$ 10,055,342</u>
 All other governmental funds				
Unreserved, reported in:				
Capital projects funds	\$ -	\$ (156,399)	\$ -	\$ -
Nonspendable				
Inventory	66,569	46,001	44,697	17,807
Restricted for:				
Building and engineering	2,143,427	2,061,501	2,013,372	1,814,179
Street and roadside maintenance	2,823,684	2,265,867	1,617,439	2,185,622
Debt service payments	164,838	124,465	63,195	76,598
Capital projects	2,808,744	-	1,284,846	1,208,148
Transportation	11,353,142	9,555,456	8,753,112	6,698,728
Urban renewal projects	3,826,265	3,876,362	3,952,144	4,016,542
Committed to:				
Pavement maintenace and street lighting	525,610	399,869	310,272	437,794
Parking maintenance	188,664	163,114	134,595	159,361
Transportation	20,391,107	22,101,883	-	-
Assigned to:				
Scholarships	50,976	51,111	51,233	50,878
Capital projects	-	-	-	-
Total all other governmental funds	<u>\$ 44,343,026</u>	<u>\$ 40,489,230</u>	<u>\$ 18,224,905</u>	<u>\$ 16,665,657</u>

2016	2015	2014	2013	2012	2011
\$ 116,121	\$ 81,795	\$ 97,206	\$ 78,833	\$ 70,154	\$ 63,306
8,347,295	7,474,727	6,971,206	6,625,950	6,421,650	5,523,545
<u>\$ 8,463,416</u>	<u>\$ 7,556,522</u>	<u>\$ 7,068,412</u>	<u>\$ 6,704,783</u>	<u>\$ 6,491,804</u>	<u>\$ 5,586,851</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24,138	36,164	39,484	37,235	34,920	35,639
1,857,722	1,744,129	1,797,858	1,830,952	1,526,018	1,458,274
2,545,434	1,040,146	536,670	834,061	605,858	428,600
93,706	285,945	275,241	267,171	398,174	485,846
1,093,230	3,246,367	1,361,175	1,232,131	623,276	612,569
5,936,282	5,439,306	3,768,251	3,080,265	2,701,857	1,850,125
4,165,220	4,304,445	5,154,360	5,482,914	7,094,642	10,960,389
137,129	54,279	161,357	574,753	1,097,706	1,290,242
149,356	146,188	134,680	127,049	187,915	223,508
-	-	-	-	-	-
50,729	50,804	50,547	50,579	50,745	51,485
-	-	-	2,028,522	2,310,656	2,506,069
<u>\$ 16,052,946</u>	<u>\$ 16,347,773</u>	<u>\$ 13,279,623</u>	<u>\$ 15,545,632</u>	<u>\$ 16,631,767</u>	<u>\$ 19,902,746</u>

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

	2020	2019	2018	2017
REVENUES				
Property taxes	\$ 13,261,634	\$ 12,941,472	\$ 10,290,120	\$ 9,888,927
Licenses and permits	1,344,072	1,101,399	946,352	854,097
Fees and charges	3,697,521	3,250,503	4,328,619	2,181,130
Intergovernmental	6,875,452	6,515,075	5,156,715	4,896,115
Franchise tax	2,440,018	2,429,676	2,366,393	2,192,857
Charges for services	1,285,186	884,675	979,223	846,896
Fines and forfeitures	1,168,796	1,441,208	1,085,542	1,147,883
Miscellaneous	2,352,861	1,897,113	779,469	574,006
Total Revenue	32,425,540	30,461,121	25,932,433	22,581,911
EXPENDITURES				
Current operating:				
General government	9,091,557	7,716,624	7,074,509	6,602,167
Public safety	10,179,605	8,913,301	8,630,413	8,296,042
Public works	3,747,083	3,187,568	3,415,760	2,558,647
Culture and recreation	5,324,619	4,824,486	4,714,764	4,470,485
Capital outlay	4,630,847	4,544,686	2,417,056	1,630,065
Debt service				
Interest	1,108,611	970,362	198,406	230,125
Principal	1,695,000	5,900,000	765,000	735,000
Total expenditures	35,777,322	36,057,027	27,215,908	24,522,531
REVENUES OVER (UNDER)				
EXPENDITURES	(3,351,782)	(5,595,906)	(1,283,475)	(1,940,620)
OTHER FINANCING SOURCES (USES)				
Transfers in	10,317,149	6,244,182	5,455,597	6,205,313
Transfers out	(4,890,499)	(2,738,652)	(2,064,187)	(2,083,479)
Sale of general capital assets	1,000	18,170	4,252	23,423
Bond and notes issued	-	23,750,000	-	-
Bonds and note premium	-	3,396,289	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	5,427,650	30,669,989	3,395,662	4,145,257
NET CHANGE IN FUND BALANCES	\$ 2,075,868	\$ 25,074,083	\$ 2,112,187	\$ 2,204,637
Debt service as a percentage of noncapital expenditures ¹	8.98%	21.36%	3.78%	4.08%

¹ Series 2005 and 2006 General Obligation Bonds were refunded in fiscal year 2019, resulting in a significant increase in Debt Service as a percentage of non-capital expenditures.

2016	2015	2014	2013	2012	2011
\$ 9,528,110	\$ 9,171,688	\$ 8,738,296	\$ 8,438,011	\$ 8,259,442	\$ 8,345,567
4,034,429	4,854,016	2,096,220	2,926,323	2,620,698	1,916,087
-	-	-	-	-	-
5,901,009	5,141,871	3,968,177	4,043,726	4,190,756	3,396,857
2,197,426	2,213,242	2,135,959	2,071,040	2,205,176	2,091,937
994,699	790,191	1,267,023	960,510	754,994	1,306,725
1,008,765	1,359,978	1,256,196	1,224,329	1,371,896	639,098
437,286	897,349	512,718	698,074	751,752	1,116,761
24,101,724	24,428,335	19,974,589	20,362,013	20,154,714	18,813,032
5,946,162	6,089,223	7,071,708	7,073,285	6,609,300	6,003,505
8,053,048	7,651,922	6,798,353	6,689,136	6,345,089	5,959,615
2,031,604	2,249,123	1,056,047	1,054,388	1,103,448	1,116,838
4,207,790	3,936,035	4,429,718	4,304,274	4,201,940	3,901,649
4,114,432	1,915,307	3,507,138	2,224,530	4,295,957	2,106,987
259,338	286,719	312,863	348,621	380,448	407,692
700,000	675,000	650,000	845,000	765,000	570,000
25,312,374	22,803,329	23,825,827	22,539,234	23,701,182	20,066,286
(1,210,650)	1,625,006	(3,851,238)	(2,177,221)	(3,546,468)	(1,253,254)
5,815,263	3,521,120	4,382,439	3,187,850	3,404,503	3,569,611
(3,606,061)	(1,589,920)	(3,533,527)	(1,883,785)	(2,224,061)	(5,062,121)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,100,000	-	-	-
2,209,202	1,931,200	1,948,912	1,304,065	1,180,442	(1,492,510)
\$ 998,552	\$ 3,556,206	\$ (1,902,326)	\$ (873,156)	\$ (2,366,026)	\$ (2,745,764)
4.48%	4.59%	4.71%	5.82%	5.87%	5.37%

CITY OF TUALATIN
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
June 30, 2020

Fiscal Year	Property ¹	Special Assessments ²	Total
2020	13,261,634	-	13,261,634
2019	12,941,472	-	12,941,472
2018	10,290,120	-	10,290,120
2017	9,888,927	-	9,888,927
2016	9,528,110	-	9,528,110
2015	9,171,688	-	9,171,688
2014	8,738,296	-	8,738,296
2013	8,438,011	87,036	8,525,047
2012	8,259,442	87,036	8,346,478
2011	8,345,567	87,036	8,432,603

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

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

Source: Washington and Clackamas Counties

CITY OF TUALATIN
ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
June 30, 2020

Fiscal Year Ended June 30,	Real Property		Personal Property*		Public Utility Property		Total		Total Direct Tax Rate	Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	** Estimated Actual Value		
2020	4,347,546,566	6,789,031,578	278,847,699	285,007,689	102,359,700	102,554,212	4,728,753,965	7,176,593,479	2.8744	66%
2019	4,146,931,416	6,404,471,950	279,932,764	284,383,404	94,181,800	94,349,571	4,521,045,980	6,783,204,925	2.8858	67%
2018	3,905,253,670	5,776,077,086	256,221,457	258,768,137	98,743,157	100,330,069	4,260,218,284	6,135,175,292	2.4962	69%
2017	3,727,438,870	5,200,586,098	243,045,300	244,279,660	99,593,076	100,673,639	4,070,077,246	5,545,539,397	2.5060	73%
2016	3,577,897,121	4,723,504,068	237,766,065	238,156,855	88,163,700	99,093,453	3,903,826,886	5,060,754,376	2.5162	77%
2015	3,403,125,302	4,405,515,513	213,357,477	213,747,197	95,219,900	101,133,802	3,711,702,679	4,720,396,512	2.5345	79%
2014	3,257,830,943	4,002,490,680	198,872,324	199,275,785	75,207,720	83,074,370	3,531,910,987	4,284,840,835	2.5482	82%
2013	3,138,684,805	3,808,264,330	191,518,337	191,822,756	71,574,586	78,819,910	3,401,777,728	4,078,906,996	2.5589	83%
2012	3,068,906,152	3,893,021,654	190,156,648	190,515,810	77,667,490	80,231,026	3,336,730,290	4,163,768,490	2.5639	80%
2011	3,026,333,673	4,132,089,955	195,430,864	195,870,560	78,161,000	78,508,787	3,299,925,537	4,406,469,302	2.5317	75%

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

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

Source: Washington County and Clackamas County Assessors

CITY OF TUALATIN

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

June 30, 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
City of Tualatin:										
General Government	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27
G.O. Bond	0.61	0.62	0.23	0.24	0.25	0.27	0.28	0.29	0.30	0.27
Total City	2.87	2.89	2.50	2.51	2.52	2.54	2.55	2.56	2.56	2.53
OVERLAPPING RATES:										
Washington County										
Washington County	2.96	2.96	2.96	2.96	2.84	2.84	2.97	2.97	2.97	2.98
	2.96	2.96	2.96	2.96	2.84	2.84	2.97	2.97	2.97	2.98
School District										
NW Regional ESD*	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Portland Community College	0.69	0.69	0.61	0.68	0.59	0.72	0.73	0.67	0.60	0.64
Tigard-Tualatin School District #23J	7.78	7.75	7.77	7.45	7.46	7.46	7.41	7.41	7.44	7.37
	8.62	8.59	8.52	8.28	8.20	8.33	8.29	8.23	8.19	8.16
Special District										
Tualatin Soil & Water District	0.08	0.07	0.08	-	-	-	-	-	-	-
Tualatin Valley Fire & Rescue	2.07	2.08	2.08	2.10	2.11	1.89	1.91	1.91	1.93	1.88
Port of Portland	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Metro Service District	0.66	0.47	0.41	0.40	0.38	0.46	0.47	0.40	0.32	0.41
Tri-Met Transport District	-	-	-	-	-	-	-	-	0.06	0.09
Tigard Tualatin Aquatic	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
	2.98	2.79	2.72	2.65	2.65	2.51	2.53	2.48	2.46	2.54
Total Overlapping	14.56	14.34	14.21	13.90	13.69	13.68	13.79	13.68	13.63	13.68
TOTAL	\$ 17.43	\$ 17.22	\$ 16.70	\$ 16.40	\$ 16.21	\$ 16.22	\$ 16.34	\$ 16.24	\$ 16.19	\$ 16.21

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

Source: Washington and Clackamas Counties

CITY OF TUALATIN
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
June 30, 2020

Taxpayer	2020			2011		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
Lam Research Corporation ²	\$ 198,036,461	1	4.19%	86,924,360	2	2.63%
BV Centercal LLC	129,216,697	2	2.73%	96,519,514	1	2.92%
Portland General Electric	86,522,540	3	1.83%	-		0.00%
Pacific Foods of Oregon Inc.	69,520,290	4	1.47%	34,776,630	4	1.05%
Pacific Realty Associates	53,709,440	5	1.14%	-		0.00%
Tuala Northeast LLC	51,677,500	6	1.09%	38,481,817	3	1.17%
JAЕ Oregon, Inc	46,964,060	7	0.99%	26,128,580	5	0.79%
Mohawk St Property LLC	41,844,420	8	0.88%	-		0.00%
CR Rivercrest Meadows Communities LLC	33,155,550	9	0.70%	24,670,930	6	0.75%
KW Hedges Creek LLC	33,120,280	10	0.70%	24,644,680	7	0.75%
Zian Limited Partnership	-	-	-	24,419,570	8	0.74%
Legacy Health Systems	-	-	-	23,700,313	9	0.72%
Fujimi Corporation	-	-	-	23,282,220	10	0.71%
	<u>\$ 743,767,238</u>		<u>15.73%</u>	<u>\$ 403,548,614</u>		<u>12.23%</u>

¹ Source: Washington and Clackamas County Assessor's records

² Lam Research Corporation previously operated as Novellus Systems Inc.

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

CITY OF TUALATIN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
June 30, 2020

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collections	Delinquent Tax Collections	Total Tax Collections	Percent Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Percent Delinquent Taxes To Tax Levy
2020	13,670,472	13,109,854	95.90%	133,090	13,242,944	96.87%	237,165	1.73%
2019	13,106,253	12,576,052	95.95%	357,628	12,933,680	98.68%	213,276	1.63%
2018	10,653,398	10,169,033	95.45%	116,839	10,285,872	96.55%	503,436	4.73%
2017	10,220,443	9,755,289	95.45%	132,106	9,887,395	96.74%	494,085	4.83%
2016	9,828,855	9,388,370	95.52%	141,990	9,530,360	96.96%	455,867	4.64%
2015	9,414,934	8,993,693	95.53%	176,099	9,169,792	97.40%	413,423	4.39%
2014	9,024,595	8,581,851	95.09%	184,734	8,766,585	97.14%	426,995	4.73%
2013	8,725,937	8,319,844	95.35%	144,560	8,464,404	97.00%	413,077	4.73%
2012	8,576,510	8,148,078	95.00%	151,847	8,299,925	96.78%	432,429	5.04%
2011	8,380,679	7,923,989	94.55%	223,708	8,147,697	97.22%	346,617	4.14%

Source: Washington County and Clackamas County Assessors

CITY OF TUALATIN
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
June 30, 2020

Fiscal Year	Governmental Activities				Percentage of Estimated Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total			
2020	\$ 20,635,000	\$ (164,838)	\$ 20,470,162		0.29%	753
2019	22,330,000	(124,465)	22,205,535		0.33%	818
2018	4,480,000	(63,195)	4,416,805		0.07%	164
2017	5,245,000	(76,598)	5,168,402		0.09%	192
2016	5,980,000	(93,706)	5,886,294		0.12%	219
2015	6,680,000	(104,996)	6,575,004		0.14%	247
2014	7,355,000	(95,209)	7,259,791		0.17%	270
2013	8,005,000	(88,093)	7,916,907		0.19%	299
2012	8,630,000	(80,897)	8,549,103		0.21%	327
2011	9,235,000	(88,101)	9,146,899		0.21%	350

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

CITY OF TUALATIN**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT****June 30, 2020**

Jurisdiction	General Obligation Debt Outstanding	Percent Applicable Inside City of Tualatin	Amount Applicable Inside City of Tualatin
City of Tualatin	\$ 20,470,162	100.0000%	\$ 20,470,162
Clackamas County	121,210,000	1.2879% *	1,561,064
Clackamas County District 3J (West Linn/Wilsonville)	360,943,636	1.0597%	3,824,920
Clackamas County School District 7J (Lake Oswego)	265,745,846	1.7166%	4,561,793
Clackamas County ESD	20,636,690	0.4680%	96,580
Clackamas Community College	88,668,913	1.5238%	1,351,137
Clackamas Soil & Water Conservation	6,494,000	1.2879%	83,636
Metro	964,085,000	2.3750%	22,897,019
Portland Community College	575,107,061	2.6406%	15,186,277
Washington County	213,232,118	6.4480%	13,749,207
Rivergrove Water District 14J	503,825	0.0929%	468
Tualatin Valley Fire and Rescue District	23,785,000	7.8657%	1,870,857
Washington County School District 23J (Tigard-Tualatin)	332,910,939	34.6854%	115,471,491
Washington County School District 88J (Sherwood)	320,905,136	15.3774%	49,346,866
Subtotal overlapping debt			230,001,315
Direct and overlapping debt			<u><u>\$ 250,471,477</u></u>

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

Source: Municipal Debt Management, State of Oregon

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

CITY OF TUALATIN
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2020

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

True Cash Value	\$ 4,728,753,965
Rate	<u>x 3%</u>
Debt limit	141,862,619
Debt applicable to limit	<u>20,470,162</u>
	<u><u>\$ 121,392,457</u></u>

Legal debt margin

Fiscal year ended June 30,	Debt Margin as a Percentage of Debt Limit	Debt limit	Debt applicable to limit	Legal debt margin
2020	85.57%	141,862,619	20,470,162	121,392,457
2019	83.63%	135,631,379	22,205,535	113,425,844
2018	96.54%	127,806,549	4,416,805	123,389,744
2017	95.77%	122,102,317	5,168,402	116,933,915
2016	94.97%	117,114,807	5,886,294	111,228,513
2015	94.10%	111,351,080	6,575,004	104,776,076
2014	93.15%	105,957,330	7,259,791	98,697,539
2013	92.24%	102,053,332	7,916,907	94,136,425
2012	91.46%	100,101,909	8,549,103	91,552,806
2011	90.76%	98,997,766	9,146,899	89,850,867

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

CITY OF TUALATIN
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
June 30, 2020

Fiscal Year	Population	Taxable Personal Income	Per Capita Personal Income
2020	27,195	*	*
2019	27,135	*	*
2018	26,935	1,124,454	41,747
2017	26,960	1,033,535	38,336
2016	26,840	942,049	35,099
2015	26,590	910,673	34,249
2014	26,925	848,143	31,500
2013	26,510	785,646	29,636
2012	26,170	750,529	28,679
2011	26,160	681,114	26,036

(in thousands)

* Information unavailable at this time.

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

CITY OF TUALATIN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
June 30, 2020

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lam Research Corporation	2,111	1	6.75%	650	2	3.08%
Legacy Meridian Park Hospital	990	2	3.16%	823	1	3.89%
Nortek Air Solutions (formerly CES Group LLC)	689	3	2.20%	-	-	-
Pacific Foods of Oregon, Inc	681	4	2.18%	280	10	1.32%
Portland General Electric	478	5	1.53%	314	8	1.49%
United Parcel Service	448	6	1.43%	512	3	2.42%
Milgard Windows	439	7	1.40%	-	-	-
Metro West Ambulance	381	8	1.22%	-	-	-
Creganna Medical	376	9	1.20%	-	-	-
Pacific Furniture Industries	375	10	1.20%	-	-	-
UTC Fire & Security Americas	-	-	-	500	4	2.37%
Precision Wire	-	-	-	457	5	2.16%
Tigard-Tualatin School District	-	-	-	408	6	1.93%
Huntair	-	-	-	360	7	1.70%
DPI Northwest	-	-	-	300	9	1.42%
	<u>6,968</u>			<u>4,604</u>		
Total City employment			<u>31,290</u>			

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

CITY OF TUALATIN**SCHEDULE OF PLEDGED REVENUE BOND COVERAGE****LAST TEN FISCAL YEARS****June 30, 2020**

SPECIAL ASSESSMENT BONDS

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
2020	-	-	-	-	0.00%
2019	-	-	-	-	0.00%
2018	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2014	-	-	-	-	0.00%
2013	92,441	220,000	10,340	230,340	40.13%
2012	97,691	160,000	17,860	177,860	54.93%
2011	102,982	160,000	25,380	185,380	55.55%

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

CITY OF TUALATIN**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION****LAST TEN FISCAL YEARS****June 30, 2020**

Function	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government	45.75	45.75	41.75	40.10	40.85	39.60	36.85	36.25	33.38	35.13
Public safety	51.00	51.00	51.00	51.00	51.00	50.00	50.50	50.50	48.63	47.63
Highways and streets	16.00	16.00	18.75	18.75	18.50	18.50	18.50	18.50	18.50	18.50
Culture and recreation	35.45	35.40	35.28	34.65	33.50	33.50	32.38	31.13	30.13	30.13
Sewer	4.00	4.00	3.75	3.75	3.50	2.50	2.50	2.50	2.50	2.50
Water	7.00	7.00	6.50	6.50	6.00	5.00	5.00	5.00	5.00	5.00
Total	<u>159.20</u>	<u>159.15</u>	<u>157.03</u>	<u>154.75</u>	<u>153.35</u>	<u>149.10</u>	<u>145.73</u>	<u>143.88</u>	<u>138.14</u>	<u>138.89</u>

Data from current and previous budgets

CITY OF TUALATIN
OPERATING INDICATORS
LAST TEN FISCAL YEARS
June 30, 2020

Function	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
Arrests	927	907	996	1,042	871	951	1,259	964	772	824
Traffic violations	3,340	3,098	3,393	2,958	2,880	3,794	3,971	4,305	4,847	3,015
Municipal Court cases	8,890	10,556	8,139	8,070	6,219	9,724	9,000	10,895	11,430	5,443
Building activity										
Permits issued	1,283	1,614	1,396	1,512	1,663	1,354	1,053	1,114	1,124	1,023
Estimated value (000's)	\$185,027	\$113,881	\$ 78,507	\$ 87,937	\$ 90,451	\$ 86,340	\$ 63,672	\$ 86,594	\$ 49,925	\$ 31,000
Planning applications	192	203	210	270	261	249	218	149	178	203
Library circulation	475,359	597,851	627,402	640,474	637,116	677,279	705,222	790,066	766,848	751,126
Water connections	6,908	6,905	6,823	6,762	6,873	6,823	6,689	6,753	6,779	6,784
Sewer connections	6,736	6,713	6,628	6,615	6,582	6,702	6,568	6,632	6,435	6,488

Data acquired from various City of Tualatin departments.

CITY OF TUALATIN
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2020

Function	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public safety									
Patrol units	18	18	18	18	18	18	18	18	18
Highways and streets									
Miles of streets	79	79	79	79	78	78	77	77	77
Culture and recreation									
Number of parks	11	11	11	11	11	11	11	11	11
Acreage	322	322	315	295	289	289	289	285	285
*Sewage disposal									
Max daily capacity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Water									
Max daily capacity	14	14	13	13	13	13	13	13	13
Fire hydrants	1,041	1,030	1,024	1,017	1,005	1,005	1,005	1,001	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.

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

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

Honorable Mayor and City Council
City of Tualatin, Oregon

We have audited the basic financial statements of City of Tualatin, Oregon, as of and for the year ended June 30, 2020 and have issued our report thereon dated April 7, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Tualatin, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

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

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows.

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2020:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund	Information Services	\$ 21,406
Economic Development Administration Fund	Materials and Services	\$ 24,901
Sewer Fund	Materials and Services	\$ 46,565
Sewer Development Fund	Materials and Services	\$ 5,454

OAR 162-10-0230 Internal Control

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

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

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

Purpose of this Report

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



For Merina+Co
Tualatin, Oregon
April 7, 2021

