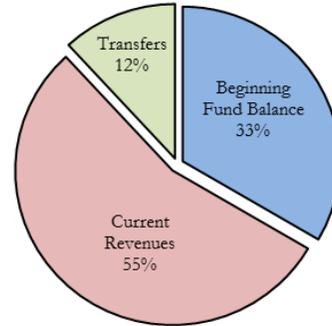


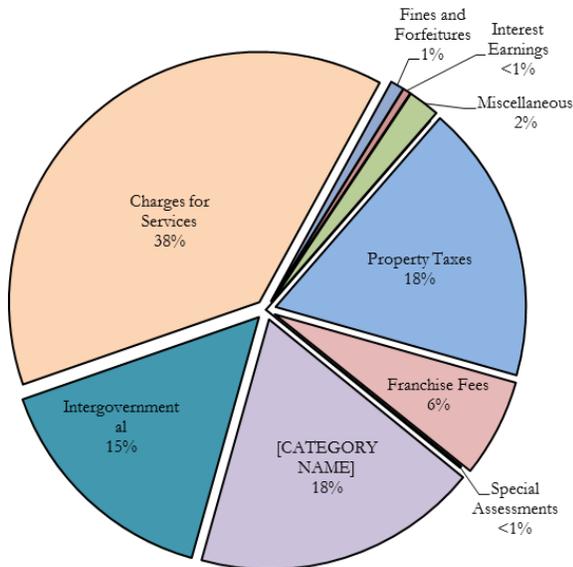
WHERE THE MONEY COMES FROM...

Resources to meet the City of Tigard's obligations and service needs are derived from three primary sources: beginning fund balance, annual revenues and fund transfers. Beginning fund balance consists of revenues carried forward from previous fiscal years, including reserves for specific purposes (e.g., debt reserves and capital improvements) and monies used for cash flow. Annual revenues are those earned from city operations or taxes collected during the fiscal year. The principal sources of annual revenues are property taxes, utility fees and charges, other financing sources (bond proceeds), and building and development fees and charges. The third source is a transfer between funds to pay for direct or indirect costs.



Total Resources \$175,857,118

Current Revenues \$96,213,614



Resources

Beginning Fund Balance \$ 58,785,298

Current Revenues

Property Taxes	17,324,855
Franchise Fees	6,112,431
Special Assessments	120,000
Licenses and Permits	17,795,140
Intergovernmental	14,735,387
Charges for Services	36,838,499
Fines and Forfeitures	850,789
Interest Earnings	479,639
Miscellaneous	1,956,874
Other Financing Sources	-

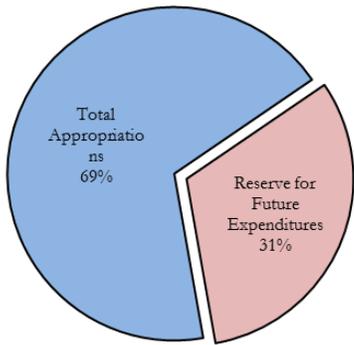
Subtotal Current Revenues 96,213,614

Fund Transfers 20,858,206

Total Resources \$ 175,857,118

WHERE THE MONEY GOES...

City budgetary requirements fall into three primary categories: requirements, appropriations, and program expenditures (or operating expenditures). Requirements consist of all funds appropriated for use during the fiscal year plus reserve for future expenditures (ending fund balances), which are not appropriated and are not intended to be used. Reserve for future expenditures are available, but are intended for use in future fiscal years. Appropriations consist of funds available for use during the fiscal year and include program expenditures, debt service, capital improvements, transfers and contingencies. Program expenditures reflect the ongoing operating budget for the delivery of services. The following charts provide information about each of these major categories.



Total Requirements \$175,857,118

Requirements

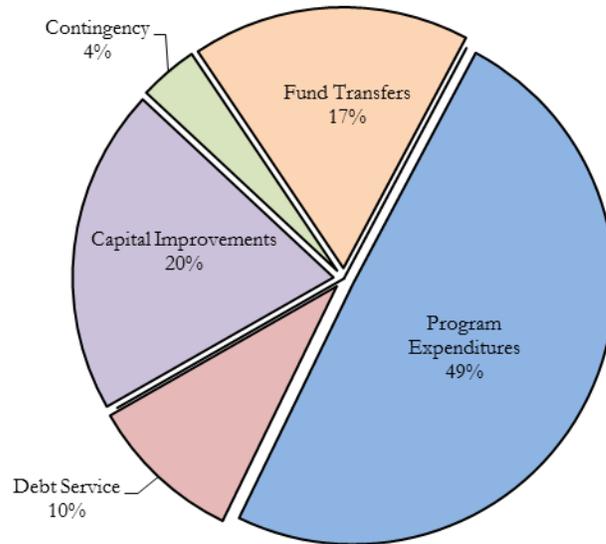
Current Expenditures

Operating Budget	\$ 59,980,075
Debt Service	11,582,044
Loan to CCDA	-
Capital Improvements	24,502,044
Contingency	4,423,000
Subtotal Current Expenditures	100,487,163
Fund Transfers	20,858,206
Subtotal Total Appropriations	121,345,369
Reserve for Future Expenditure	54,511,749
Total Requirements	\$ 175,857,118

The total requirements of the FY 2016-17 city budget are \$175,857,118. Of that amount, 69% is actually appropriated for use during the fiscal year. The remaining 31% is reserved for future expenditures. The reserves are available but are not intended to be used during the fiscal year.

WHERE THE MONEY GOES...

Total Appropriations \$121,345,369



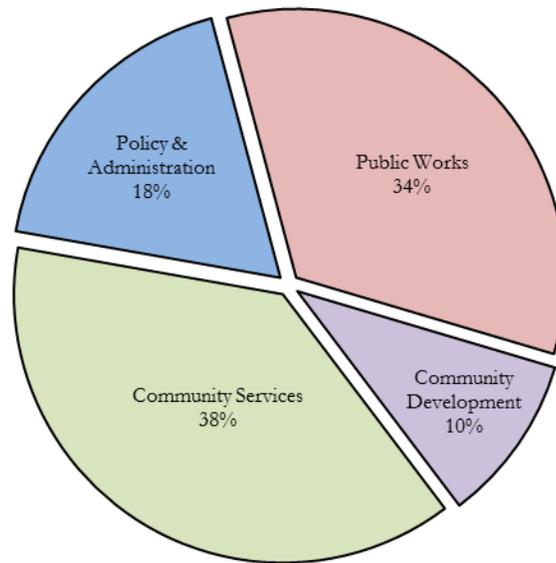
Fiscal Year 2016-2017 total appropriations are \$121,345,369 and consist of several subcategories of use. Of this amount, Program Expenditures, the city's operating budget, account for 49% of the total. Appropriations are also established for debt service, capital improvements, transfers between funds, and contingencies. Debt service accounts for 10% of total city appropriations and pays principal and interest on outstanding assessment bonds, loans, voter-approved General Obligation bonds and revenue bonds.

Capital improvements account for 20% of total appropriations and consist of major construction or acquisition projects that add to or extend the life of major city facilities and assets. Transfers between funds total roughly 17% of appropriations. Money is transferred between funds to share resources or to pay expenses incurred in one fund that also benefit the program in one or more additional funds. Contingencies account for 4% of total appropriations and are used to pay for unexpected expenses. No money may be spent directly out of a contingency account; if needed, money must be transferred from contingency to another expenditure category by resolution of the City Council.

WHERE THE MONEY GOES...

Program expenditures are the operating budget of the city and are the heart of the city's budget. Program expenditures pay for the day-to-day costs of running the city and providing services to citizens. Program expenditures may be looked at from several different perspectives. Each perspective provides a different view of the use of these dollars. The following charts provide three different analytical views of the city's program expenditures.

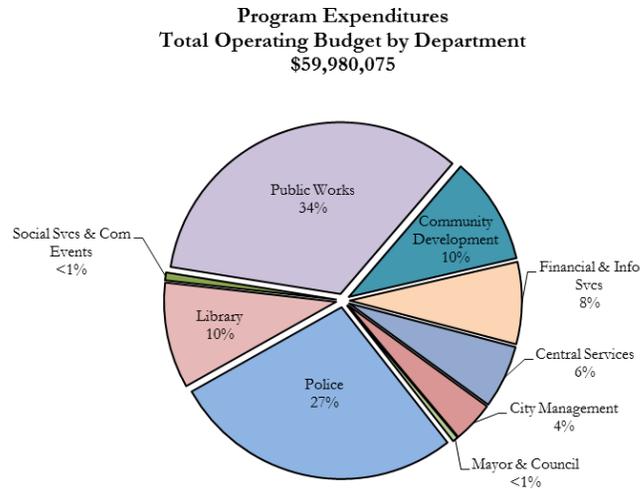
Program Expenditures
Total Operating Budget by Program
\$59,980,075



Program Expenditures by program shows the major functional areas that make up the total city operating budget. The largest functional areas within the operating budget are the Community Services (38%) and Public Works (34%) programs. The Community Services program consists of Police services, Library services, and city grants to social service agencies and community events. The Public Works program consists of services that operate and maintain the city's infrastructure (streets, water, parks and grounds, sanitary sewer, and storm water). The Policy and Administration program accounts for 18% of the total operating budget and includes the central city management, administrative functions, fleet maintenance, city facilities maintenance, Finance, and Information Technology. The Community Development program accounts for 10% of the total operating budget. This program area includes building permits and inspections, and land use planning.

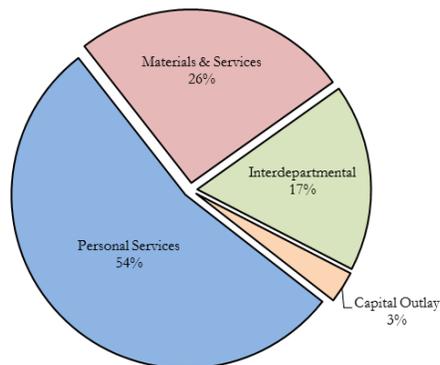
WHERE THE MONEY GOES...

Another way of looking at the city's program expenditures is by department. This view reflects the administrative structure of the city. The largest city department is Public Works with 34% of the budget. Public Works is followed by Police with 27%, Library with 10%, Community Development with 10%, Financial and Information Services 8%, Central Services with 6%, City Management with 4%, and the Mayor and City Council along with Social Services and Community Events at less than 1%.

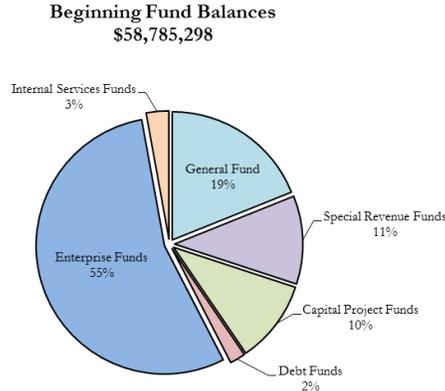


Finally, the third way to view the Program Expenditures is by major object category. Roughly 54% of the operating budget is for Personal Services which are the salaries and benefits for staff who are operating the programs and providing services to the public. Materials and Services, supplies, professional services, small equipment, etc., account for 26% of the operating budget. Capital Outlay (purchases of equipment or vehicles) necessary to running programs and providing services accounts for about 3% of the operating budget. Finally, Interdepartmental expenses pay for services provided within the city and make up 17% of operating expenses.

Program Expenditures
Total Operating Budget by Category
\$59,980,075



FUND BALANCE



For the 2016-2017 Fiscal Year, the total beginning fund balance of all city funds is \$58,785,298. The above chart breaks this total out into the following fund categories:

- General Fund,
- Enterprise Funds,
- Capital Project Funds,
- Special Revenue Funds,
- Debt Funds, and
- Internal Service Funds.

The General Fund beginning fund balance is projected to be \$11,121,468 for fiscal year 2016-2017. A beginning fund balance is maintained to provide cash flow for specific operations until current year revenues are received. In the General Fund, enough beginning fund balance needs to be held in order to make payroll and pay bills until Property Tax collections arrive in November. The amount needed is roughly 25% of the operating budget. In addition, the fund balance provides funding stability to meet the city's needs projected in the Six Year Financial Forecast.

The largest portion of the beginning fund balances is made up of \$32.16 million in the Enterprise Funds. These funds are dedicated to the operation, maintenance, and capital investment of the city's sanitary sewer, storm water, and drinking water systems. This category has seen a significant reduction from last year due to the payments made for the Lake Oswego / Tigard Water Partnership Project to jointly update and expand the water treatment plant and secure a water source for the City of Tigard. Bonds were issued in 2015 and FY 2015-2016 saw large payments made for the project thereby reducing the fund balance. The overall fund balance of the Enterprise Funds will continue to decline as the project nears completion and payments are made.

The Capital Project Funds have a budget FY 2016-2017 combined beginning fund balance of \$6.13 million for parks development, transportation capital improvement projects, and facilities projects. The purpose of the capital project funds are to provide a single fund in effort to better track the expenditures related to the projects.

FUND BALANCE

Special Revenue Funds combine for a beginning fund balance of \$6.55 million in 2016-2017. Special Revenue Funds include the Gas Tax Funds, Parks Utility Fund, Urban Forestry Fund, Building Fund, Electrical Inspection Fund, and Criminal Forfeiture Fund. The largest contributor to fund balance in this group is the \$2.2 million in the Building Fund. The primary revenue for the Gas Tax Fund is from a tax on motor vehicle fuel imposed by Washington County and the State of Oregon. The City Gas Tax Fund was created to account for a local fuel tax imposed by the city, which went into effect in April 2007. Currently, the roughly half of the revenues in that fund are dedicated to repaying debt for the Greenburg Road/Pacific Highway intersection. In addition a portion of City Gas Tax will be used for the Hunziker Industrial Core capital improvement project during the 2016-2017 fiscal year.

The city has two debt funds, General Obligation Debt Service Fund and the Bancroft Bond Debt Service Fund. With a combined beginning fund balance of just over \$1.14 million, these funds are specifically dedicated to the retirement of both General Obligation and Bancroft debt outstanding.

The city's Internal Service Funds provide services to other city departments on a reimbursable basis. They have a combined beginning fund balance of \$1.67 million for fiscal year 2016-2017. A significant portion of this fund balance is in the Insurance Fund. This fund provides coverage for losses unfunded by traditional insurance policies, management of insurance/claim activity, and reduction of significant liability exposures.

Where the prior page described the beginning fund balances, the schedule below outlines the budgeted reserves of the city anticipated at the end of FY 2015-2016, as well as information on the prior three years of history. General Fund Reserves are steady. Overall reserves for the city are decreasing, with the bulk of the decrease in the Enterprise Funds related to use of bond proceeds on the Lake Oswego/Tigard Water Partnership project.

ENDING FUND RESERVES SUMMARY BY FUND

Where the prior page detailed the beginning fund balances, the schedule below outlines the anticipated budgeted reserves (ending fund balance) of the city at the end of the 2016-2017 fiscal year. The schedule also includes the previous three years of history for the funds. The General Fund appear to have a large increase in reserves largely due to an underestimation on development charges associated with the River Terrace subdivision in the 2015-2016 fiscal year as well as lower than anticipated expenditures during the same fiscal year.

Funds	FY 2014 Actual	FY 2015 Actual	FY 2016 Revised	FY 2017 Proposed	% Change from Revised
General Fund	11,378,275	11,988,448	5,954,950	10,498,018	76.29%
Total General Fund	\$11,378,275	\$11,988,448	\$5,954,950	\$10,498,018	76.29%
Sanitary Sewer Fund	5,230,317	4,242,650	2,237,837	2,083,291	-6.91%
Stormwater Fund	3,538,989	4,623,172	2,744,561	3,462,108	26.14%
Water Quality/Quantity Fund	1,253,044	1,260,969	776,978	1,187,327	52.81%
Water Fund	16,233,500	22,967,613	5,139,072	7,970,990	55.11%
Water SDC Fund	3,910,001	4,571,596	4,871,899	1,153,660	-76.32%
Water CIP Fund	48,200,050	17,223,215	7,479,397	3,023,678	-59.57%
Water Debt Service Fund	6,641,441	6,678,704	7,041,099	6,670,795	-5.26%
Total Enterprise Funds	\$85,007,341	\$61,567,919	\$30,290,843	\$25,551,848	-15.64%
Gas Tax Fund	985,270	1,565,112	811,551	1,320,384	62.70%
City Gas Tax Fund	1,736,934	38,456	186,149	141,709	-23.87%
Electrical Inspection Fund	124,136	163,401	79,222	293,767	270.81%
Building Fund	1,968,281	2,064,577	2,021,099	4,455,879	120.47%
Criminal Forfeiture Fund	182,978	216,275	146,174	86,255	-40.99%
Urban Forestry Fund	1,349,861	1,369,010	865,019	987,524	14.16%
Parks Utility Fund	0	0	6,586	131,174	1891.71%
Traffic Impact Fee Fund	506,899	0	0	0	0.00%
Underground Utility Fund	576,579	498,666	110,931	66,935	-39.66%
Street Maintenance Fund	1,370,438	1,394,391	1,185,002	1,253,853	5.81%
Transportation SDC Fund	0	0	4,000	1,397,735	34843.29%
Parks Bond Fund	2,395,068	2,162,990	322,007	16,997	-94.72%
Parks SDC Fund	1,568,420	1,731,819	210,649	1,400,599	564.90%
Library Donations and Bequests Fund	474,648	474,648	274,648	374,648	36.41%
Total Special Revenue Funds	\$13,239,512	\$11,679,344	\$6,223,037	\$11,927,458	91.67%
Central Services Fund	425,173	505,053	202,905	259,701	27.99%
Fleet/Property Management Fund	87,009	102,486	18,133	93,526	415.78%
Insurance Fund	858,592	888,809	798,151	861,626	7.95%
Total Internal Services Funds	\$1,370,773	\$1,496,348	\$1,019,189	\$1,214,853	19.20%
Bancroft Debt Service Fund	151,315	127,229	580,019	158,894	-72.61%
General Obligation Debt Service Fund	532,328	722,540	1,120,697	1,378,361	22.99%
Total Debt Service Funds	\$683,643	\$849,770	\$1,700,716	\$1,537,256	-9.61%
Facilities Capital Projects Fund	905,167	1,156,788	513,234	438,038	-14.65%
Transportation Development Tax	1,474,749	1,148,199	1,040,422	2,738,083	163.17%
Parks Capital Fund	497,494	368,378	177,823	428,373	140.90%
Transportation CIP Fund	247,331	161,559	332,209	177,821	-46.47%
Total Capital Project Funds	\$3,124,740	\$2,834,924	\$2,063,688	\$3,782,316	83.28%
Total Reserve	\$114,804,284	\$90,416,753	\$47,252,423	\$54,511,749	15.36%

SUMMARY OF ALL FUNDS

	General Fund	Gas Tax Fund	City Gas Tax Fund	Electrical Inspection Fund	Building Fund
RESOURCES					
Beginning Fund Balance	11,121,468	1,980,093	198,126	169,394	2,219,492
Taxes	14,762,850	0	0	0	0
Franchise fees	6,112,431	0	0	0	0
Special Assessments	0	0	0	0	0
Licenses and Permits	3,375,552	14,974	0	476,287	4,565,141
Intergovernmental	5,700,893	3,103,699	619,514	0	8,281
Charges for Services	2,568,504	0	0	0	7,035
Fines & Forfeitures	807,789	0	0	0	0
Interest Earnings	103,722	55,732	34,584	1,207	19,782
Miscellaneous	56,432	62,818	32,052	0	932
Other Financing Sources	0	0	0	0	0
Total Revenues	33,488,173	3,237,223	686,150	477,494	4,601,171
Transfers In	54,125	150,000	200,000	0	300,000
TOTAL RESOURCES	44,663,766	5,367,316	1,084,276	646,888	7,120,663
REQUIREMENTS					
Program Expenditures	31,462,309	2,243,370	0	0	2,414,784
Debt Service	0	584,561	307,899	0	0
Loan to CCDA	0	0	0	0	0
Capital Improvement	0	0	0	0	0
Transfers Out	1,530,439	1,019,001	334,668	303,121	0
Contingency	1,173,000	200,000	300,000	50,000	250,000
Total Budget	34,165,748	4,046,932	942,567	353,121	2,664,784
Reserve for Future Exp	10,498,018	1,320,384	141,709	293,767	4,455,879
TOTAL REQUIREMENTS	44,663,766	5,367,316	1,084,276	646,888	7,120,663

SUMMARY OF ALL FUNDS

	Criminal Forfeiture Fund	Urban Forestry Fund	Parks Utility Fund	Bancroft Debt Service Fund	General Obligation Debt Service
RESOURCES					
Beginning Fund Balance	194,107	1,154,033	156,757	143,530	1,006,296
Taxes	0	0	0	0	2,562,005
Franchise fees	0	0	0	0	0
Special Assessments	0	0	0	120,000	0
Licenses and Permits	0	0	0	0	0
Intergovernmental	0	0	0	0	0
Charges for Services	0	0	1,000,000	0	0
Fines & Forfeitures	43,000	0	0	0	0
Interest Earnings	1,892	4,060	0	0	4,612
Miscellaneous	0	32,813	0	0	0
Other Financing Sources	0	0	0	0	0
Total Revenues	44,892	36,873	1,000,000	120,000	2,566,617
Transfers In	0	0	1,350,000	0	0
TOTAL RESOURCES	238,999	1,190,906	2,506,757	263,530	3,572,913
REQUIREMENTS					
Program Expenditures	150,000	0	2,275,582	0	0
Debt Service	0	0	0	103,100	2,193,200
Loan to CCDA	0	0	0	0	0
Capital Improvement	0	0	0	0	0
Transfers Out	2,744	153,382	0	1,536	1,352
Contingency	0	50,000	100,000	0	0
Total Budget	152,744	203,382	2,375,582	104,636	2,194,552
Reserve for Future Exp	86,255	987,524	131,174	158,894	1,378,361
TOTAL REQUIREMENTS	238,999	1,190,906	2,506,757	263,530	3,572,913

SUMMARY OF ALL FUNDS

	Facilities Capital Projects Fund	Transportation Development Tax	Underground Utility Fund	Street Maintenance Fund	Transportation SDC Fund
RESOURCES					
Beginning Fund Balance	502,454	1,279,290	234,297	1,510,308	54,000
Taxes	0	0	0	0	0
Franchise fees	0	0	0	0	0
Special Assessments	0	0	0	0	0
Licenses and Permits	0	1,785,000	124,817	2,239,103	1,614,750
Intergovernmental	0	0	0	0	0
Charges for Services	0	0	0	0	0
Fines & Forfeitures	0	0	0	0	0
Interest Earnings	3,212	11,279	7,160	2,043	0
Miscellaneous	0	0	0	1,299	0
Other Financing Sources	0	0	0	0	0
Total Revenues	3,212	1,796,279	131,977	2,242,445	1,614,750
Transfers In	314,166	0	0	0	0
TOTAL RESOURCES	819,832	3,075,569	366,274	3,752,753	1,668,750
REQUIREMENTS					
Program Expenditures	0	0	0	0	0
Debt Service	0	0	0	0	0
Loan to CCDA	0	0	0	0	0
Capital Improvement	315,000	0	0	1,985,000	0
Transfers Out	16,794	87,486	249,339	313,900	221,015
Contingency	50,000	250,000	50,000	200,000	50,000
Total Budget	381,794	337,486	299,339	2,498,900	271,015
Reserve for Future Exp	438,038	2,738,083	66,935	1,253,853	1,397,735
TOTAL REQUIREMENTS	819,832	3,075,569	366,274	3,752,753	1,668,750

SUMMARY OF ALL FUNDS

	Parks Capital Fund	Parks Bond Fund	Parks SDC Fund	Transportation CIP Fund	Sanitary Sewer Fund
RESOURCES					
Beginning Fund Balance	405,039	784,997	1,192,574	167,821	3,440,850
Taxes	0	0	0	0	0
Franchise fees	0	0	0	0	0
Special Assessments	0	0	0	0	0
Licenses and Permits	0	0	1,218,969	0	42,200
Intergovernmental	539,000	515,000	0	3,911,000	338,000
Charges for Services	0	0	0	0	1,664,796
Fines & Forfeitures	0	0	0	0	0
Interest Earnings	3,015	2,000	19,782	0	100,333
Miscellaneous	0	0	0	1,526,000	143,091
Other Financing Sources	0	0	0	0	0
Total Revenues	542,015	517,000	1,238,751	5,437,000	2,288,420
Transfers In	2,403,319	0	0	1,945,044	0
TOTAL RESOURCES	3,350,373	1,301,997	2,431,325	7,549,865	5,729,270
REQUIREMENTS					
Program Expenditures	0	0	0	0	2,181,253
Debt Service	0	0	0	0	0
Loan to CCDA	0	0	0	0	0
Capital Improvement	2,922,000	0	0	7,172,044	900,000
Transfers Out	0	1,285,000	930,726	200,000	164,726
Contingency	0	0	100,000	0	400,000
Total Budget	2,922,000	1,285,000	1,030,726	7,372,044	3,645,979
Reserve for Future Exp	428,373	16,997	1,400,599	177,821	2,083,291
TOTAL REQUIREMENTS	3,350,373	1,301,997	2,431,325	7,549,865	5,729,270

SUMMARY OF ALL FUNDS

	Stormwater Fund	Water Quality/Quantity Fund	Water Fund	Water SDC Fund	Water CIP Fund
RESOURCES					
Beginning Fund Balance	3,958,232	1,259,242	6,795,798	1,746,414	8,291,199
Taxes	0	0	0	0	0
Franchise fees	0	0	0	0	0
Special Assessments	0	0	0	0	0
Licenses and Permits	0	0	74,808	2,227,973	0
Intergovernmental	0	0	0	0	0
Charges for Services	2,676,445	0	19,667,528	0	0
Fines & Forfeitures	0	0	0	0	0
Interest Earnings	7,936	15,102	30,644	233	13,096
Miscellaneous	3,100	0	10,933	0	5,318
Other Financing Sources	0	0	0	0	0
Total Revenues	2,687,481	15,102	19,783,913	2,228,206	18,414
Transfers In	93,500	0	58,751	0	5,112,000
TOTAL RESOURCES	6,739,213	1,274,344	26,638,462	3,974,620	13,421,613
REQUIREMENTS					
Program Expenditures	1,999,819	0	7,249,963	0	0
Debt Service	0	0	0	0	0
Loan to CCDA	0	0	0	0	0
Capital Improvement	862,000	0	0	0	10,346,000
Transfers Out	215,286	37,017	10,917,509	2,720,960	51,935
Contingency	200,000	50,000	500,000	100,000	0
Total Budget	3,277,105	87,017	18,667,472	2,820,960	10,397,935
Reserve for Future Exp	3,462,108	1,187,327	7,970,990	1,153,660	3,023,678

SUMMARY OF ALL FUNDS

	Water Debt Service Fund	Central Services Fund	Fleet/Property Management Fund	Insurance Fund	Library Donations and Bequests Fund	Total All Funds
RESOURCES						
Beginning Fund Balance	6,670,796	705,819	85,948	882,276	474,648	58,785,298
Taxes	0	0	0	0	0	17,324,855
Franchise fees	0	0	0	0	0	6,112,431
Special Assessments	0	0	0	0	0	120,000
Licenses and Permits	0	35,566	0	0	0	17,795,140
Intergovernmental	0	0	0	0	0	14,735,387
Charges for Services	0	7,326,403	1,927,788	0	0	36,838,499
Fines & Forfeitures	0	0	0	0	0	850,789
Interest Earnings	0	22,593	0	15,620	0	479,639
Miscellaneous	0	13,400	29,686	39,000	0	1,956,874
Other Financing Sources	0	0	0	0	0	0
Total Revenues	0	7,397,962	1,957,474	54,620	0	96,213,614
Transfers In	8,393,283	447,001	37,017	0	0	20,858,206
TOTAL RESOURCES	15,064,079	8,550,782	2,080,439	936,896	474,648	175,857,118
REQUIREMENTS						
Program Expenditures	0	8,041,081	1,911,913	50,000	0	59,980,075
Debt Service	8,393,284	0	0	0	0	11,582,044
Loan to CCDA	0	0	0	0	0	0
Capital Improvement	0	0	0	0	0	24,502,044
Transfers Out	0	0	0	270	100,000	20,858,206
Contingency	0	250,000	75,000	25,000	0	4,423,000
Total Budget	8,393,284	8,291,081	1,986,913	75,270	100,000	121,345,369
Reserve for Future Exp	6,670,795	259,701	93,526	861,626	374,648	54,511,749
TOTAL REQUIREMENTS	15,064,079	8,550,782	2,080,439	936,896	474,648	175,857,118

SUMMARY OF CONTINGENCY

The FY 2016-17 budget includes contingency appropriations for most operating funds. Contingencies are built into the budget to ensure that funds are available for unforeseen events and to build a cushion into revenue estimates.

Contingencies may not be spent directly; if needed, they must be transferred to a program expenditure by resolution of the City Council. If not transferred to a program expenditure during the fiscal year, the contingency amount becomes part of the ending fund balance.

Fund	FY 2017 Fund Budget	FY 2017 Fund Contingency	Contingency as % of Budget
100-General Fund	\$ 34,165,748	\$ 1,173,000	3.4%
200-Gas Tax Fund	\$ 4,046,932	\$ 200,000	4.9%
205-City Gas Tax Fund	\$ 942,567	\$ 300,000	31.8%
220-Electrical Inspection Fund	\$ 353,121	\$ 50,000	14.2%
230-Building Fund	\$ 2,664,784	\$ 250,000	9.4%
240-Criminal Forfeiture Fund	\$ 152,744	\$ -	0.0%
260-Urban Forestry Fund	\$ 203,382	\$ 50,000	24.6%
270-Parks Utility Fund	\$ 2,375,582	\$ 100,000	4.2%
300-Bancroft Debt Service Fund	\$ 104,636	\$ -	0.0%
350-General Obligation Debt Service Fund	\$ 2,194,552	\$ -	0.0%
400-Facilities Capital Fund	\$ 381,794	\$ 50,000	13.1%
405-Transportation Development Tax	\$ 337,486	\$ 250,000	74.1%
411-Underground Utility Fund	\$ 299,339	\$ 50,000	16.7%
412-Street Maintenance Fund	\$ 2,498,900	\$ 200,000	8.0%
415-Transportation SDC	\$ 271,015	\$ 50,000	18.4%
420-Parks Capital Fund	\$ 2,922,000	\$ -	0.0%
421-Parks Bond Fund	\$ 1,285,000	\$ -	0.0%
425-Parks SDC Fund	\$ 1,030,726	\$ 100,000	9.7%
460-Transportation CIP	\$ 7,372,044	\$ -	0.0%
500-Sanitary Sewer Fund	\$ 3,645,979	\$ 400,000	11.0%
510-Stormwater Fund	\$ 3,277,105	\$ 200,000	6.1%
511-Water Quality/Quantity Fund	\$ 87,017	\$ 50,000	57.5%
530-Water Fund	\$ 18,667,472	\$ 500,000	2.7%
531-Water SDC Fund	\$ 2,820,960	\$ 100,000	3.5%
532-Water CIP Fund	\$ 10,397,935	\$ -	0.0%
533-Water Debt Service Fund	\$ 8,393,284	\$ -	0.0%
600-Central Services Fund	\$ 8,291,081	\$ 250,000	3.0%
650-Fleet/Property Management Fund	\$ 1,986,913	\$ 75,000	3.8%
660-Insurance Fund	\$ 75,270	\$ 25,000	33.2%
980-Library Donation & Bequests	\$ 100,000	\$ -	0.0%
Total	\$ 121,345,368	\$ 4,423,000	3.6%

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Introduction

The City of Tigard has developed a comprehensive long term financial forecast every year since the 1980's. This forecast allows the city to project expected revenues and expenditures for each of its funds to help anticipate financial requirements. This tool continues to be central to Tigard's financial management strategy. By forecasting and anticipating financial trends, Tigard can develop strategies to respond to emerging issues.

The city forecasts operating and capital fund revenues and expenditures over a six-year period. The forecast is adjusted as each year's final results are known and as new years are budgeted. There are some key assumptions in the design of Tigard's forecasts:

1. The forecasts only assume known decisions and do not presume future decisions of Council. This means that the operating budgets only include those staff and related materials and services that are currently approved, or are proposed in this document.
2. Revenues are forecast based on best information available for future annual rate of change.
3. Budgeted expenditures and forecasted expenditures are different. Budgeted expenditures represent the maximum expense allowed by council. Actual expenses are always less than budget because the budget cannot be legally exceeded. The forecast is based on an estimate of actual expenditures. Recent history shows that the city spends approximately 95 percent of operating budget (e.g. payroll, supplies, services, and equipment). This is the basis for forecasting operating expenditures.

The intent of the forecast is to show the relative size and impact of current decisions and what decisions will be required in the future. It is not uncommon for a forecast to show a declining fund balance. That does not mean that the fund balance will be where we have forecasted it to be in five years; it means that the city will need to take actions of a proportionate size to ensure that the fund balance stays above minimum requirements.

There are some significant financial issues facing the city over the next six years. One key issue is the inability to grow our day-to-day services to meet the growth of the city due to constraints on how our revenues grow. A second key issue relates to the city's capital improvement needs. The city has identified capital project needs, but does not have the resources to implement all of them. The following charts do not include the all the needed projects that do not have funding source. The reason for this is because almost all the funds would show large negative fund balances, which is not realistic or practical. The city will continue to prioritize the needed services and capital projects, seek alternative revenue sources, and develop financing strategies to provide the best possible services and construct as many of the needed capital projects as the city can afford.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

General Fund Recent History

As a result of these forecasting efforts and a projected decline in general fund balances due to the recession, the city took steps to reduce expenditures prior to the end of FY 2010 and FY 2012.

The general fund is unique in that, unlike the city's other funds, it is unrestricted in nature and can therefore be used for any valid purpose to provide government services. Because these funds are unrestricted there are also great demands for these resources to fund projects and programs for which other, restricted monies are insufficient or unavailable. It is therefore critical that these funds be used judiciously and a sufficient reserve balance be maintained for unforeseen expenditures.

General fund needs a minimum of 25 percent of budget in fund balance; this is represented as the orange line in the following graph. Nearly half of the general fund's revenue comes from property tax which is mostly received in late November and December. From the beginning of the fiscal year in July until the property tax collection in late November, the general fund expends more than it receives. The fund balance is used in order to make payroll and other regular expenses. Further, the Budget Committee has set a goal to have fund balance that is at least \$1.0 million in excess of the minimum reserve requirement.

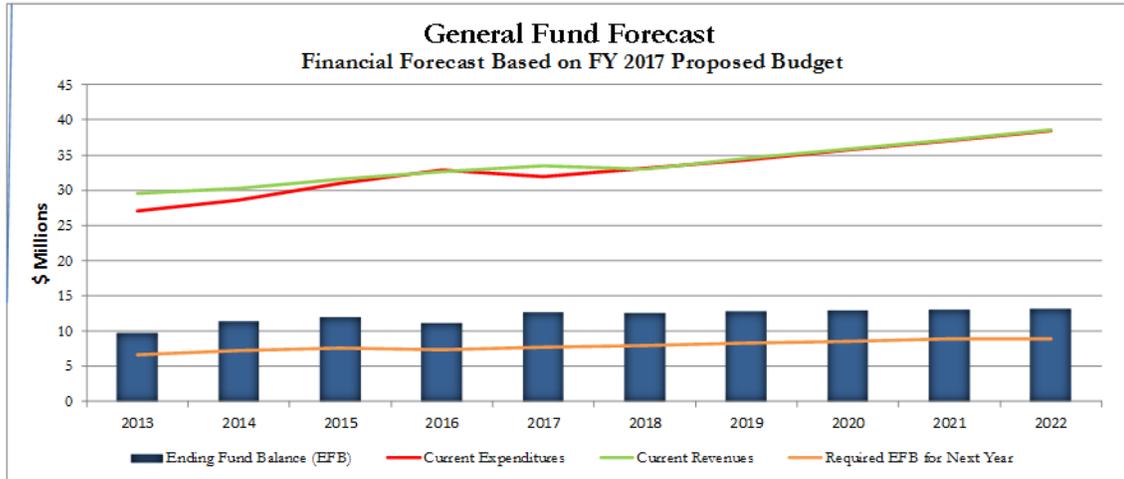
By performing the forecast, Tigard has been able to navigate through some important decisions. Some of the key financial decisions that Tigard has implemented include:

- Toward the end of Fiscal Year 2010, the city implemented significant cuts in services, reducing the General Fund budget by \$2.6 million and 17.20 FTE citywide.
- Entering FY 2013, it was apparent that the recession would not have a robust recovery and revenues growth would remain muted. The adopted budget for FY 2013 instituted the second round of financial and service level cuts including:
 - a. Significant reductions of \$1.9 million in General Fund and central service funds and 18.0 FTE citywide.
 - b. One of the key components to making the forecast sustainable is changing the growth in medical / dental benefits for the non-represented employees paid by the City from ten to five percent annually. Non-represented employees will pick up the difference by contributing more toward these benefits.
 - c. The Electrical Franchise Fee is increased from 3.5% to 5.0%. In addition, the Budget Committee recommended increasing the Solid Waste Franchise Fee to 5%.
- During FY 2014, the city and the SEIU Union agreed to a medical/dental benefit cost sharing structure similar to the one implemented with non-represented employees the year before. When the two employee groups are combined, the change in the growth of the city's cost in medical/dental benefits going from 10% annually to 5% has lowered overall annual growth rate in all expenditures from 3.5% to 3.0%. Over the course of the forecast, this saves approximately \$1.5 million in the General Fund.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

General Fund based on FY 2017 Proposed Budget (\$Millions)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Current Expenditures	27.1	28.6	30.9	32.9	31.9	33.1	34.3	35.7	37.1	38.5
Current Revenues	29.5	30.2	31.5	32.7	33.5	33.0	34.6	35.8	37.2	38.6
Required EFB for Next Year	6.6	7.2	7.6	7.4	7.7	7.9	8.2	8.6	8.9	8.9
Ending Fund Balance (EFB)	9.7	11.4	12.0	11.1	12.7	12.6	12.8	13.0	13.1	13.2



As discussed in the FY 2016-17 Budget Message, Tigard is heading toward a fiscal cliff. Some of the key points that are pushing us toward the edge of the cliff include:

- Since 2009, Tigard’s population has grown over 8 percent and will continue to grow with the development occurring in the River Terrace area of west Tigard.
- At the same time, our staffing has decreased by 19 FTE, representing a decline in the people who serve Tigard residents of over 6 percent.
- We have fewer Police Officers and Librarians today than we did 8 years ago.
- The city has the second lowest permanent property tax levy rate (\$2.51/1,000 AV) of any city in Washington County with a population over 5,000. That rate was set when Measure 50 was approved in 1997.
- Even with the work we have done to curb cost growth, our city expenditures still grow at a rate about one-half of one percent faster than our resources grow (4.0% vs 3.5%).
- Growth in River Terrace will provide a temporary bump in Tigard’s revenue growth, providing an additional 0.5% in revenue growth annually. Instead of an additional 200 homes a year allowing Tigard to add to services to meet the demands of growth, that development simply provides enough additional revenue that the city is able to stave off future service cuts.

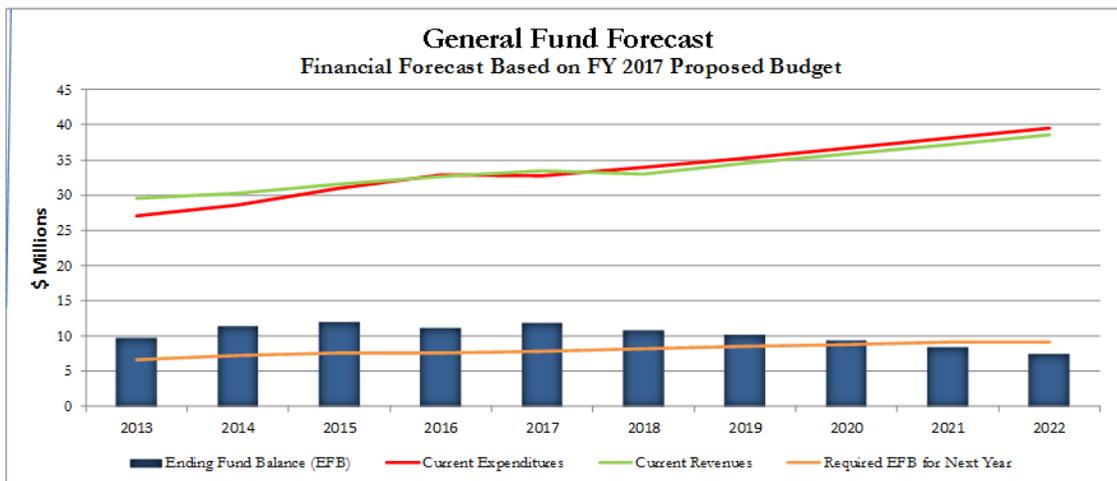
COMPREHENSIVE LONG TERM FINANCIAL FORECAST

The graph above does not display the extent of the fiscal issues Tigard faces. In preparing the Proposed Budget for FY 2016, the Budget Committee instructed staff not to program the General Fund made available by funding a portion of parks through the Parks and Recreation Fee. That Fee has made \$900,000 available to be allocated by the Budget Committee. The graph above displays the General Fund with no additional staff to provide services to the community.

The following graph is the picture of what Tigard faces if all \$900,000 is programmed for ongoing services.

General Fund based on FY 2017 Proposed Budget + \$900K of Ongoing Services Annually (\$Millions)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Current Expenditures	27.1	28.6	30.9	32.9	32.8	34.0	35.3	36.6	38.1	39.5
Current Revenues	29.5	30.2	31.5	32.7	33.5	33.0	34.6	35.8	37.2	38.6
Required EFB for Next Year	6.6	7.2	7.6	7.6	7.9	8.2	8.5	8.8	9.1	9.1
Ending Fund Balance (EFB)	9.7	11.4	12.0	11.1	11.8	10.9	10.1	9.4	8.4	7.5



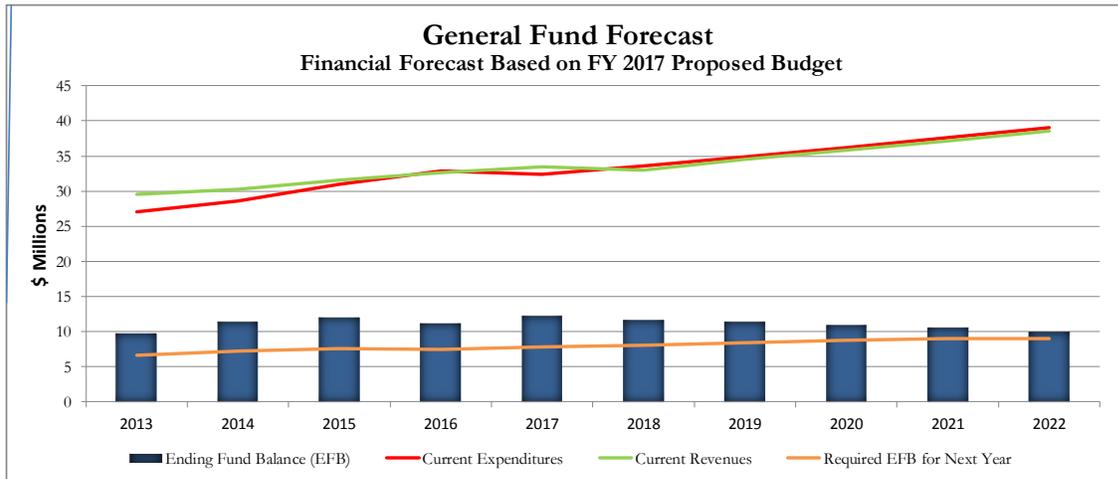
If the Budget Committee chooses to allocate the entire \$900,000 of General Fund made available by funding a portion of parks through the Park and Recreation Fee, then the Budget Committee will break its own policy of having \$1.0 Million of reserves in excess of minimum required reserves in four years and will have inadequate reserves in five years.

During the Budget Committee budget deliberations for the FY 2015-16 Budget, the Committee decided that \$400,000 of the General Fund made available by funding a portion of parks with the Park and Recreation Fee would be used to enhance reserves each year and would not get programmed to services. If the Budget Committee continues to choose this practice, then the amount of the General Fund made available by the Park and Recreation Fee for further service programming would be \$500,000 (\$900K total available - \$400K for reserves). Under this scenario, the General Fund reserves are sufficient to meet minimum requirements and Budget Committee policy to exceed the minimum by \$1.0 million. The following graph displays this scenario, which is closest to the forecast that the Budget Committee discussed during the FY 2015-16 budget deliberations.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

General Fund based on FY 2017 Proposed Budget + \$500K of Ongoing Services Annually (\$Millions)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Current Expenditures	27.1	28.6	30.9	32.9	32.4	33.6	34.9	36.2	37.6	39.1
Current Revenues	29.5	30.2	31.5	32.7	33.5	33.0	34.6	35.8	37.2	38.6
Required EFB for Next Year	6.6	7.2	7.6	7.5	7.8	8.1	8.4	8.7	9.0	9.0
Ending Fund Balance (EFB)	9.7	11.4	12.0	11.1	12.2	11.6	11.3	11.0	10.5	10.0



Even under this scenario, Tigard is still heading toward the “Fiscal Cliff”. The prior forecast does not add any services beyond the \$500,000 in services added in FY 2016-17. That \$500,000 would represent only a 1.5% increase in services over the \$31.5 million in current service levels. With growth in River Terrace and the rest of the city adding over 200 homes annually and census figures of 2.65 persons per household in Washington County, the population that the City of Tigard serves will grow by over 500 people or 1% annually. In effect, the \$500,000 in additional services only buys Tigard a one year reprieve on our declining service levels.

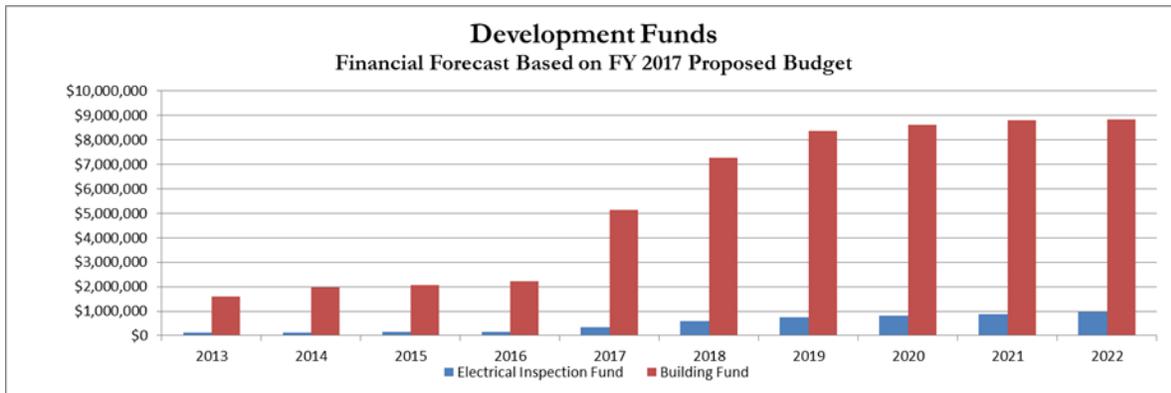
Tigard is going to need bolder action soon. When Former Mayor Dirksen discussed the fiscal cliff, he had these options to address it:

“The cliff is still there in front of us, we’re just further away from it than some of our sister cities and counties. However, to avoid a similar fate, in the next three years one of three things must happen: 1) the state legislature must reform the state revenue system to be more responsive to economic fluctuations. 2) The City of Tigard will need to pass its own local option levy to supplement our base tax rate, or 3) The City will have to make significant cuts to city services like police, library, and public works. This would include extensive personnel layoffs including police officers, library staff, and planning and engineering staff.”

The time has come to prepare Tigard for passing a local option levy to supplement our base tax rate. Without some bolder decisions, the services that citizens tell us that they want through interactions, meetings, and surveys will continue to erode.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Development Funds



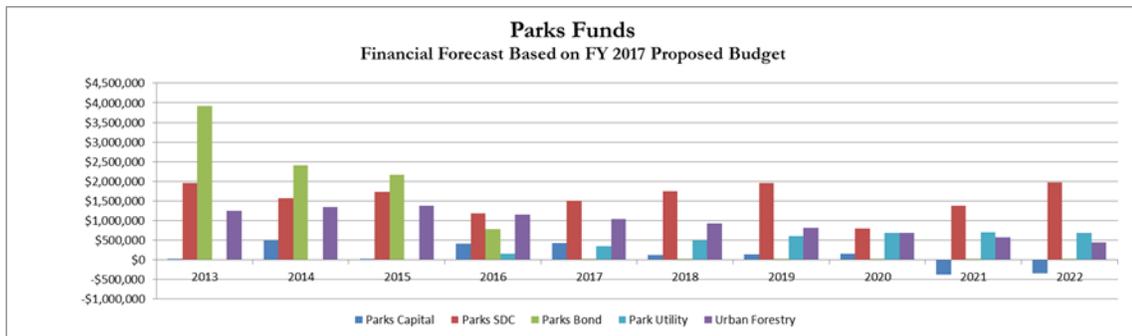
The projections for the city's development funds (building and electrical inspection funds) show these funds are growing. In 2008-09, building ended the year with a fund balance near zero even after laying off seven staff and reducing hours for the remaining staff in this fund. In FY 2009-10, the building fund was further stabilized by a one-time \$300,000 resource transfer from general fund and a fee increase designed to generate an additional \$250,000 annually.

Activity in the Building Division has had some steady increases. Over the last several years, staff has been steadily added back to address the activity increases. On top of the more robust infill activity already occurring, River Terrace development is in full swing. Tigard anticipates that River Terrace will add approximately 200 homes per year during the forecast period. The Proposed FY 2017 budget includes 1.5 FTE to aid in building inspection and counter staff. With the development of the River Terrace area, it is anticipated that even more staff may be added in the near future, but that cost is not yet reflected in the forecast.

Expenses of all the building inspection services are charged to the building fund. The electrical inspection fund transfers money into the building fund to pay for those costs associated with electrical inspection services. The transfer is evaluated and updated each year based upon the actual activity.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Park Funds



The revenues in the parks funds include the system development charge (SDC), the Park and Recreation Fee in the Parks Utility Fund, urban forestry revenues, grants, and the Parks Bond that was approved by voters in November 2010. Resources from the Park SDC Fund are transferred to the Parks Capital Fund to pay the SDC portion of the capital projects. These projects have been identified in the city's Parks Master Plan. The most recent SDC methodology and fee is scheduled to be approved by the City Council in April 2015 as part of a review of infrastructure costs and fees related to development in River Terrace.

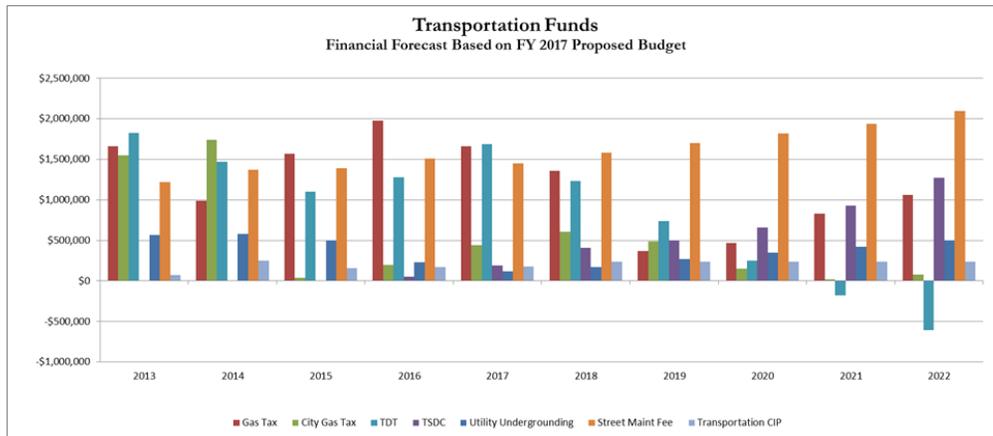
In FY 2015-16, the city established the Park Utility Fund. The fund collects the revenue from the Park and Recreation Fee that generates approximately \$1,000,000 annually and was established in April 2016. The remaining resources for parks maintenance and recreation comes from a transfer of approximately \$1.35 million from the General Fund.

In FY 2008-09 the Urban Forestry Fund (formerly known as the Tree Replacement Fund) was established to account for revenue collected from developers in lieu of planting trees. The fund is then used to plant trees in Tigard. In FY 2010-11, a significant number of commitments from developers who failed to plant were called, increasing the fund balance over \$1 million.

In November 2010 Tigard voters approved a \$17 million Parks Bond to help the city acquire and develop additional parks, with at least 80 percent to be used to acquire land and the remaining amount to develop parks. Of the total, ten percent can be used in downtown. By the end of FY 2017, most of the parks bond will be spent on development and land acquisition, including Dirksen Nature Park, Sunrise Park, Potso Dog Park, and East Butte Heritage Park.

The Parks CIP Fund is showing a negative balance due to the Dirksen Nature Park – Interpretive Shelter and Restroom project being partially funded. For the nature park, an additional \$1,460,000 will be needed for parks construction and \$1,175,000 will be needed for half-street improvements as reflected in the negative fund balance in the Transportation CIP fund in the following discussion. These will be a priority when working with our regional partners.

Transportation Funds



The city's transportation funds include the Gas Tax, Transportation Development Tax (TDT), Tigard Transportation System Development Charge (TSDC), Street Maintenance Fee, City Gas Tax, and the Transportation CIP Fund.

There are some funding challenges. First, Gas Tax revenues are flattening due to leveling of fuel purchases caused by more efficient vehicles. With steadily increasing maintenance operations, street light and signal energy bills, and steady debt service payments through FY 2020, the ability to pay for capital out of this fund is being compromised. Second, while there is significant development in Tigard, it is difficult to know exactly how much revenue will be received in the TDT and Tigard TSDC due to credits that will be earned by developers who build needed transportation infrastructure.

The city gas tax was established to account for revenues generated from Tigard's local gas tax. The 3-cent tax was developed by a citizen task force who recommended it as a way to fund improvements to the Greenburg Rd./Pacific Hwy./Main St. intersection. All proceeds generated are currently dedicated to this one project. Repaying the debt service for this project will take about half of the funds resources allowing the fund balance to grow. This fund has also helped to pay for improvements at the 72nd/Dartmouth intersection and Pacific Hwy/McDonald/Gaarde intersection. The Proposed Budget for will be seeking funding from the City Gas Tax for a number of projects including Phase 2 of the Main Street / Green Street project and the North Dakota Bridge Replacement.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

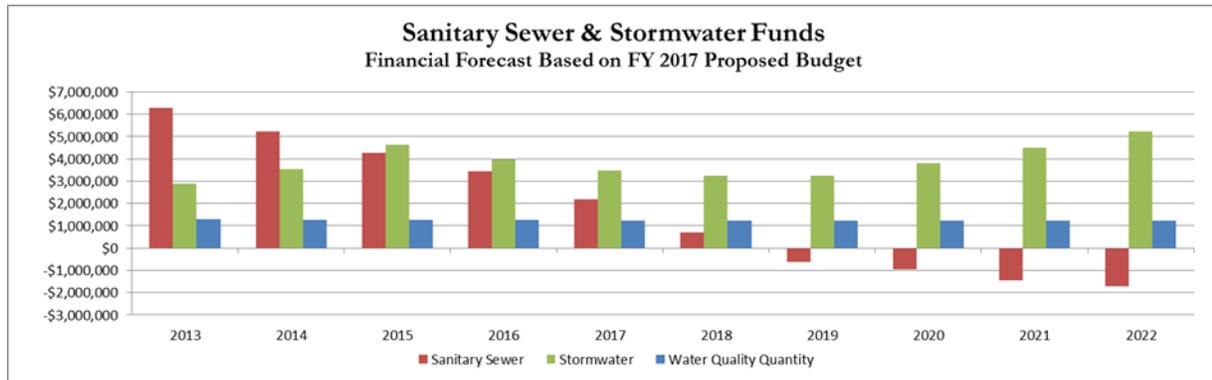
Transportation Funds

The fees collected from the TDT and Tigard TSDC may only be used for roadway and transit capital improvements that provide additional capacity to major transportation systems, and to pay the costs of administering the program. Like the gas tax fund, the forecast includes only those street projects that the fund can afford. The TDT fund is showing a future deficit due to conservative forecast assumptions. Much of the transportation infrastructure in the River Terrace area will be built by developers, including expanding Roy Rogers Road. The developers will receive credits for this work instead of paying the fee. At the same time, Tigard is partnering with Washington County to expand Roy Rogers Road at a cost of \$900,000 annually for ten years. For each dollar that a developer adds to the Roy Rogers project, Tigard's cost will go down accordingly. At this time, Tigard is taking a conservative approach by maximizing TDT credits, which lower forecasted revenues while not decreasing the costs of the Roy Rogers project. As we gain experience, Tigard will be able to refine both revenue and costs estimates. TSDC revenues have not been fully programmed at this time. One possible use may be to help pay an allowable share of the Roy Rogers project. A primary factor for delay in programming the TSDC is a current lawsuit by the Home Builders Association. Until that is settled, Tigard is limited in its ability to use this important resource.

The city took steps to address existing local street conditions by adopting a Street Maintenance Fee in November 2003 with updates approved in January 2010 and March 2016. This fee provides a stable source of revenue designated for use in the maintenance of existing streets. The Tigard Municipal Code requires that the fee be evaluated every five years and Council is currently evaluating the fee. It is anticipated that the fee will be increased to address the backlog of streets that are in poor condition and increase the city's pavement condition from a measurement of about 70 to 80+ where it is most cost effective to maintain streets. The fund balance is needed, since most of the program's expenditures happen in the beginning of the fiscal year when the weather is good for construction.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Sanitary and Stormwater Funds



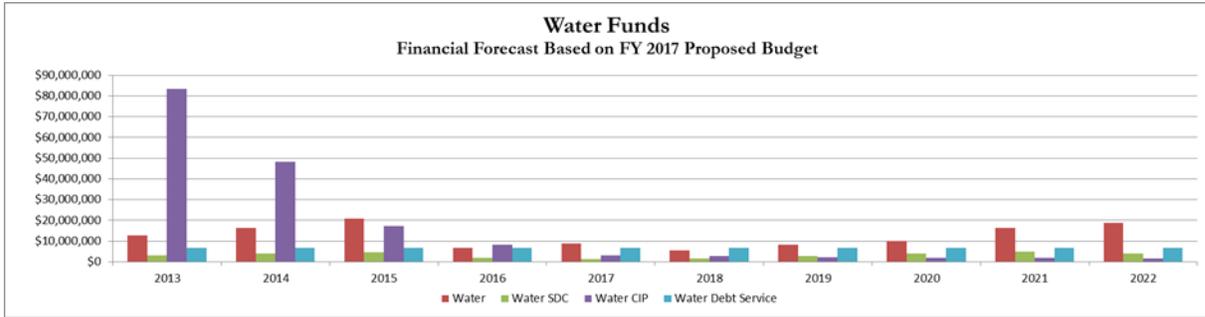
These funds support all of the sanitary sewer and stormwater collection and detention systems in the city. The city provides these services based upon an Intergovernmental Agreement (IGA) with Clean Water Services (CWS), which is a local service district in Washington County that provides both sanitary sewer treatment and stormwater management services. The Board of Directors of CWS sets all service charges and system development charges for both sanitary sewer and stormwater services throughout the service district.

Tigard is responsible for maintaining local sewer lines; however, sewer revenues have not kept up with increasing costs of maintaining this vital infrastructure. Without a change, the Sewer Fund is able to afford operational maintenance, but is unable to perform needed capital projects. The financial forecast reflects that a modest number of capital projects in the sewer fund quickly results in a negative fund balance. With the projects added, the fund balance quickly becomes negative. Sewer rates and the city's share of the revenues are set by the region's sewer provider, Clean Water Services (CWS). For every dollar that a customer pays, \$0.84 goes to CWS, \$0.05 goes to the General Fund as the Franchise Fee, and \$0.11 goes to the Sewer Fund. The City of Tigard is the only city inside of CWS's service area that hasn't implemented a sewer surcharge. The city is in the midst of reviewing implementation of a sewer surcharge to ensure funding for this vital infrastructure.

The stormwater fund shows a stable moderate fund balance in the coming years. In an effort to offset little or no increases from CWS over the past few years, the city has implemented a \$2.00 per month charge to stormwater fees. This surcharge allows the city to maintain a sustainable cash flow position and to construct needed capital projects in future years.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Water Funds



The water funds include the water, the water system development charge (SDC), the water Capital Improvement Plan (CIP), and water debt service funds. The water CIP Fund is reserved for a long-term water source and other water distribution system capital projects. The costs of the Water Division are funded solely by the revenues in the water fund.

The financial condition of the water funds is driven by both the needs in the capital program as well as the cost of the day-to-day operation and maintenance of the water system in the city. The most important factor in the city's capital program remains the need for a long-term source of water. In August 2008 the city entered into an agreement with the city of Lake Oswego for a long-term water source. The project to upgrade Lake Oswego's water treatment plant is underway.

In November 2010, City Council adopted a Water Financing Plan through 2020 to fund the LO/Tigard partnership project with a subsequent update to the plan in March 2012. Since then, Tigard has agreed to buy an additional 4 million gallons per day (mgd) of capacity from Lake Oswego, bringing Tigard's share to 18 mgd. The forecast is based on a modified version of the financing plan which includes issuance of a second water bond of \$30.8 million in FY 2015. The first debt issuance of \$97.7 million was issued in May 2012.

Along with the Water Financing Plan, Council adopted revised water utility charges and System Development Charges. This plan was updated for the additional 4 mgd during FY 2015. The initial plan implemented water utility charges that roughly doubled over a five year period and SDCs will roughly triple over the next four years. The update includes an additional 10.5 percent increase in water rates that took effect on January 1, 2016. This will be followed by four years of 2.5 percent increases to water rates.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Synopsis

The city's Five Year Financial Forecast shows that the city has some service level and capital challenges. The General Fund is unable to support needed service level growth to meet the needs of a growing city. Without major change the services that General Fund supports will slowly decline due to the inability of revenue to keep up with the cost of meeting the demand for services. Action is needed and is proposed in this FY 2017 budget. The Building Fund is stable and will support staffing growth that will be needed to serve growth in the River Terrace area. Available transportation funding sources to pay debt service on Burnham St and the Greenburg / Main Street / Pacific Highway intersection as well as some projects on Walnut and McDonald/Gaarde/Pacific Hwy Intersection. A major transportation need is to find regular funding for sidewalks. Funding a long-term water source for Tigard is a necessary and expensive process that required significant borrowing coupled with significant rate increases to repay the debt. The Sewer Fund has insufficient revenues to maintain the city's local infrastructure and a change will be made in late FY 2016. The city will continue to monitor its revenues and expenditures and will develop plans and options to manage its resources to continue to provide quality services to its citizens.



*Bridge crossing at Summerlake Park
Tigard, Oregon*