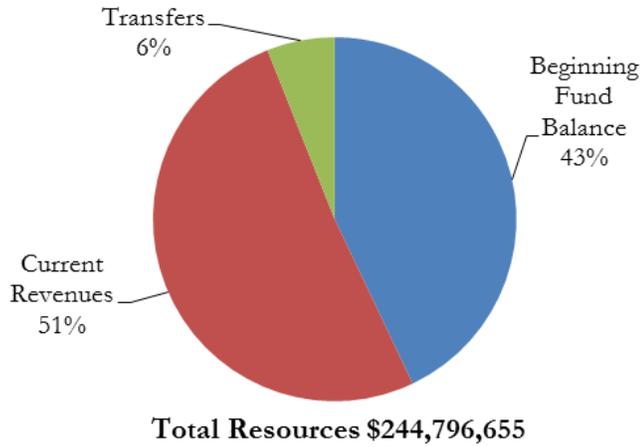
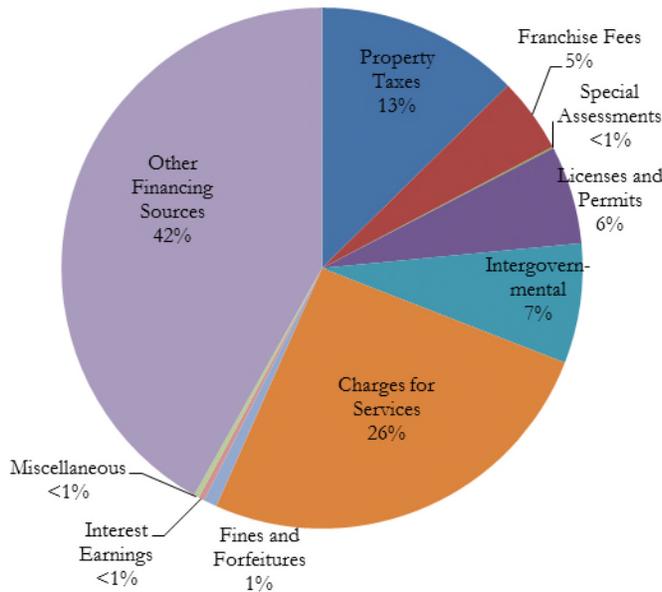


## WHERE THE MONEY COMES FROM...

Resources to meet the City of Tigard's obligations and service needs are derived from three primary sources: beginning fund balance, current 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. Current revenues are those earned from city operations or taxes collected during the fiscal year. The principal sources of current revenues are utility fees and charges, property taxes, other financing sources (bond proceeds) and building and development fees and charges. The third source is a transfer between funds to pay for either direct or indirect costs.



### Current Revenues \$124,909,227



### Resources

Beginning Fund Balance      \$    105,115,578

### Current Revenues

Property Taxes	15,791,503
Franchise Fees	5,799,632
Special Assessments	120,000
Licenses and Permits	7,608,883
Intergovernmental	9,298,764
Charges for Services	32,154,643
Fines and Forfeitures	1,036,232
Interest Earnings	451,849
Miscellaneous	393,721
Other Financing Sources	52,254,000

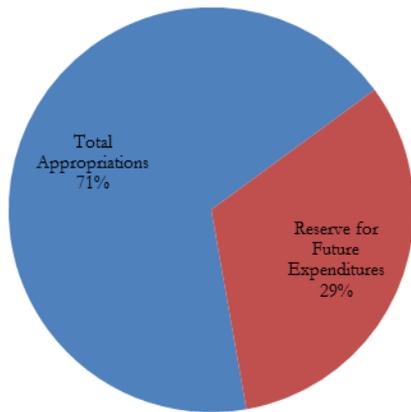
**Subtotal Current Revenues**      124,909,227

Fund Transfers      14,771,851

**Total Resources**      \$    244,796,655

## WHERE THE MONEY GOES...

City budgetary requirements fall into three primary categories: total requirements, total appropriations, and program expenditures (or operating expenditures). Total 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. Total 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 \$244,796,655**

### Requirements

#### Current Expenditures

Operating Budget	\$ 55,308,373
Debt Service	8,094,681
Loan to CCDA	254,000
Capital Improvements	92,843,202
Contingency	<u>3,755,000</u>
<b>Subtotal Current Expenditures</b>	<b>160,255,256</b>
Fund Transfers	<u>14,771,851</u>
<b>Subtotal Total Appropriations</b>	<b>175,027,107</b>
<b>Reserve for Future Expenditure</b>	<u>69,769,548</u>
<b>Total Requirements</b>	<b><u>\$ 244,796,655</u></b>

The total requirements of the FY 2014-15 city budget are \$244,796,655. Of that amount, 71% is actually appropriated for use during the fiscal year. The remaining 29% is reserved for future expenditures. The reserves are available but are not intended to be used during the fiscal year.

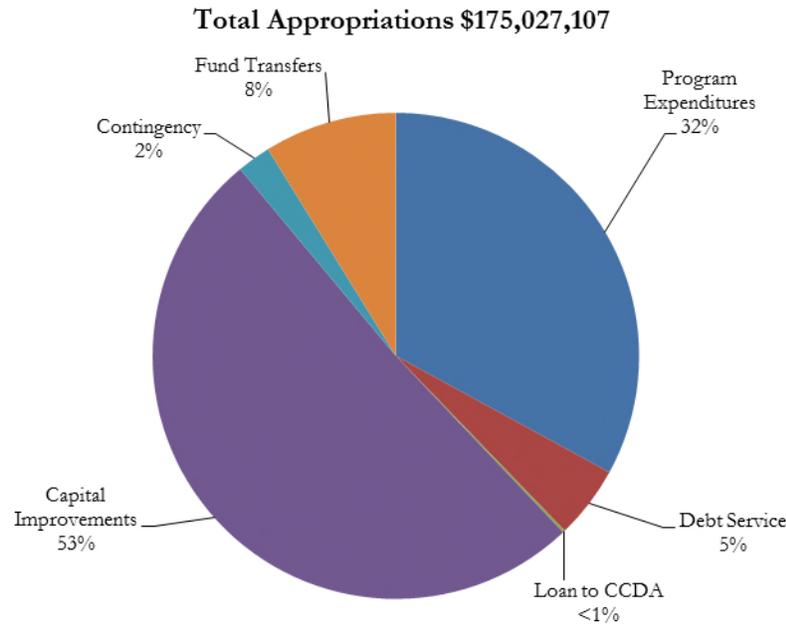
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## WHERE THE MONEY GOES...

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Total appropriations of \$175,027,107 consist of several subcategories of use. Of this amount, Program Expenditures account for 32% of the total. Program Expenditures make up the city's operating budget. Appropriations are also established for debt service, loans to the City Center Development Agency, capital improvements, transfers between funds, and contingencies. Debt service accounts for 5% of total city appropriations and pays principal and interest on outstanding assessment bonds, loans, voter-approved General Obligation bonds and revenue bonds. Loans to the City Center Development Agency make up less than 1% of appropriations.

Capital improvements account for 53% 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 8% 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 2% 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.

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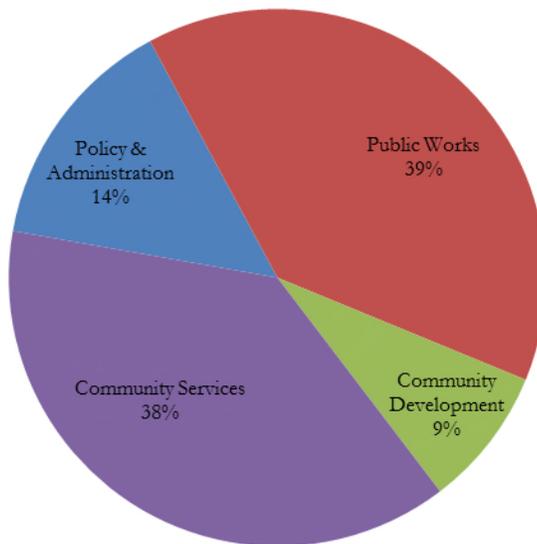
## WHERE THE MONEY GOES...

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Program expenditures are the operating budget of the city. Program expenditures pay for the day-to-day costs of running the city and providing services to citizens. This is the heart of the city budget. 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 show three different perspectives of program expenditures.

**Program Expenditures**  
**Total Operating Budget by Program**  
**\$55,308,373**



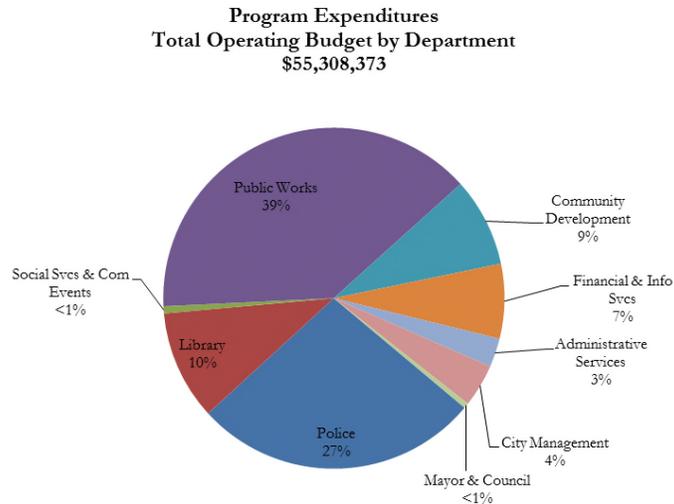
Program Expenditures by program shows the major functional areas that make up the total city operating budget. The largest functional areas within the operating budget are the Public Works (39%) and Community Services (38%) programs. The Public Works program consists of services that operate and maintain the city's infrastructure (streets, water system, parks and grounds, sanitary sewer, storm water, fleet maintenance, and city facilities). The Community Services program consists of Police services, Library services, and city grants to social service agencies and community events. The Community Development program accounts for 9% of the total operating budget. This program area includes building permits and inspections, and land use planning. The Policy and Administration program accounts for 14% of the total operating budget and includes the central city management, administrative functions, Finance, and Information Technology.

## WHERE THE MONEY GOES...

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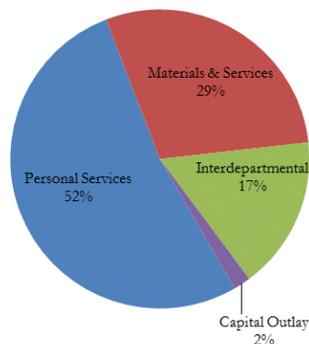
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Another way of looking at the city's program expenditures is by department. This view reflects the administrative structure of the city. The largest city department is Public Works with 39% of the budget. Public Works is followed by Police with 27%, Library with 10%, Community Development with 9%, Financial and Information Services 7%, City Management with 4%, Administrative Services with 3%, and the Mayor and City Council at less than 1%.



Finally, the third way to view the Program Expenditures is by major object category. Roughly 52% 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 29% of the operating budget. Capital Outlay (purchases of equipment or vehicles) necessary to running programs and providing services accounts for about 2% 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  
\$55,308,373



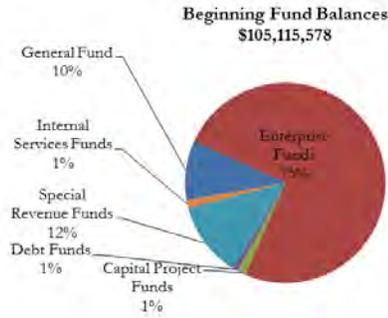
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## FUND BALANCE

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The General Fund beginning fund balance is projected to be \$10,142,274. 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 about 25 percent of the operating budget. In addition, the fund balance provides funding stability to meet the city's needs projected in the Five Year Financial Forecast.

The largest portion of the beginning fund balances is made up of \$78.5 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 grew significantly due to the Water Revenue Bonds that were issued in May 2012 to pay for the first part of 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. The fund balance is starting to decline as the project is progressing.

The Capital Project Funds include \$1.4 million for parks development, street capital improvement projects and facilities projects. The purpose of the capital project funds is to provide a single fund to track the expenditures related to the projects. Generally, the revenues to support the projects are not moved to the capital project funds until they are needed, resulting in a low fund balance.

Special Revenue Funds include \$12.9 million for Gas Tax Funds, Urban Forestry Fund, Building Fund, street maintenance funds, and Parks Bond and Parks SDC funds primarily. The largest contributor to fund balance in this group is the \$2.3 million remaining in the Parks Bond Fund from the \$17 million bond approved by the voters of Tigard in November 2010. 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 all revenues in that fund are dedicated to repaying debt for the Greenburg Road/Pacific Hwy. intersection and for paying part of the intersection improvements at 72<sup>nd</sup> and Dartmouth Streets.

The city has two debt funds, General Obligation Debt Service Fund and the Bancroft Bond Debt Service Fund. The beginning fund balances of just over \$800,000 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. Most of the 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.

## ENDING FUND RESERVES SUMMARY BY FUND

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, as well as information on the prior three years of history. General Fund Reserves are steady. Overall reserves for the city are increasing, with the bulk of the increase in the Enterprise Funds related to the LO/Tigard Water Partnership project and anticipated water bond proceeds.

Funds	FY 2012 Actual	FY 2013 Actual	FY 2014 Revised	FY 2015 Proposed	FY 2015 Approved	FY 2015 Adopted	% Change from Revised
General Fund	7,250,007	9,710,836	6,262,545	6,725,409	6,696,271	6,696,271	6.93%
Total General Fund	\$7,250,007	\$9,710,836	\$6,262,545	\$6,725,409	\$6,696,271	\$6,696,271	6.93%
Sanitary Sewer Fund	7,371,920	6,275,393	1,387,142	2,599,925	2,579,925	2,979,925	114.82%
Stormwater Fund	2,195,002	2,881,278	1,271,735	4,442,300	4,442,300	4,420,300	247.58%
Water Quality/Quantity Fund	1,570,633	1,291,132	318,062	760,440	760,440	760,440	139.09%
Water Fund	8,427,291	14,707,093	9,668,491	19,805,498	19,805,498	18,305,498	89.33%
Water SDC Fund	1,536,402	3,078,053	2,914,547	4,034,615	4,034,615	3,359,615	15.27%
Water CIP Fund	93,177,930	83,276,923	8,938,152	22,808,807	22,808,807	15,485,106	73.25%
Water Debt Service Fund	6,569,045	6,605,800	6,763,142	6,441,608	6,441,608	6,441,608	-4.75%
Total Enterprise Funds	\$120,848,222	\$118,115,672	\$31,261,271	\$60,893,193	\$60,873,193	\$51,752,492	65.55%
Gas Tax Fund	1,572,666	1,659,936	2,008	10,334	10,334	10,334	414.61%
City Gas Tax Fund	1,003,162	1,547,753	906,169	1,238,778	1,238,778	1,238,778	36.70%
Electrical Inspection Fund	124,797	128,014	62,263	140,431	140,431	115,431	85.39%
Building Fund	933,405	1,586,128	955,352	2,242,185	2,242,185	2,042,185	113.76%
Criminal Forfeiture Fund	53,124	125,489	36,060	116,917	116,917	116,917	224.23%
Urban Forestry Fund	1,175,199	1,248,469	924,380	901,435	901,435	901,435	-2.48%
Transportation Development Tax	951,050	1,831,451	52,422	1,513,475	1,513,475	913,475	1642.55%
Traffic Impact Fee Fund	885,315	831,112	0	0	0	0	-100.00%
Underground Utility Fund	532,555	567,555	275,882	314,509	314,509	314,509	14.00%
Street Maintenance Fund	1,038,885	1,224,119	981,311	1,012,933	1,012,933	1,012,933	3.22%
Parks Bond Fund	5,903,399	3,915,258	0	353,472	353,472	353,472	NA
Parks SDC Fund	2,326,272	1,959,296	11,034	605,912	605,912	405,912	3578.74%
Library Donations and Bequests Fund	474,398	474,648	374,398	374,648	374,648	374,648	0.07%
Total Special Revenue Funds	\$16,974,227	\$17,099,227	\$4,581,278	\$8,825,029	\$8,825,029	\$7,800,029	70.26%
Central Services Fund	213,796	218,980	8,886	5,812	5,812	5,812	-34.60%
Fleet/Property Management Fund	135,776	87,101	2,635	10,851	10,851	10,851	311.78%
Insurance Fund	811,896	830,267	738,051	789,249	789,249	789,249	6.94%
Total Internal Services Funds	\$1,161,468	\$1,136,348	\$749,572	\$805,912	\$805,912	\$805,912	7.52%
Bancroft Debt Service Fund	367,466	323,472	65,042	339,823	339,823	339,823	422.46%
General Obligation Debt Service Fund	272,622	394,756	588,285	717,861	717,861	717,861	22.03%
Total Debt Service Funds	\$640,088	\$718,228	\$653,327	\$1,057,684	\$1,057,684	\$1,057,684	61.89%
Facilities Capital Projects Fund	428,823	1,328,424	1,042,776	1,179,896	1,179,896	1,179,896	13.15%
Parks Capital Fund	52,934	15,630	42,097	163,149	163,149	163,149	287.55%
Transportation CIP Fund	92,333	72,568	200,369	314,116	314,116	314,116	56.77%
Total Capital Project Funds	\$574,089	\$1,416,621	\$1,285,242	\$1,657,161	\$1,657,161	\$1,657,161	28.94%
<b>Total Revenue</b>	<b>\$147,448,100</b>	<b>\$148,196,932</b>	<b>\$44,793,235</b>	<b>\$79,964,387</b>	<b>\$79,915,249</b>	<b>\$69,769,548</b>	<b>55.76%</b>

## SUMMARY OF ALL FUNDS

	General Fund	Gas Tax Fund	City Gas Tax Fund	Electrical Inspection Fund	Building Fund	Criminal Forfeiture Fund
<b>RESOURCES</b>						
Beginning Fund Balance	10,142,274	363,400	1,531,510	153,181	2,055,678	122,480
Taxes	13,404,815	0	0	0	0	0
Franchise fees	5,799,632	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Licenses and Permits	1,177,412	225	0	191,043	1,579,004	0
Intergovernmental	5,318,600	2,990,443	739,934	0	8,281	0
Charges for Services	2,688,234	0	0	0	7,035	0
Fines & Forfeitures	993,232	0	0	0	0	43,000
Interest Earnings	103,722	55,732	34,584	1,207	19,782	1,892
Miscellaneous	55,873	61,345	31,735	0	923	0
Other Financing Sources	254,000	0	0	0	0	0
<b>Total Revenues</b>	<b>29,795,520</b>	<b>3,107,745</b>	<b>806,253</b>	<b>192,250</b>	<b>1,615,025</b>	<b>44,892</b>
Transfers In	0	100,000	0	0	180,000	0
<b>TOTAL RESOURCES</b>	<b>39,937,794</b>	<b>3,571,145</b>	<b>2,337,763</b>	<b>345,431</b>	<b>3,850,703</b>	<b>167,372</b>
<b>REQUIREMENTS</b>						
Program Expenditures	30,767,556	2,205,002	0	0	1,608,518	50,000
Debt Service	0	599,676	315,860	0	0	0
Loan to CCDA	254,000	0	0	0	0	0
Capital Improvement	0	0	0	0	0	0
Transfers Out	834,967	686,133	733,125	180,000	0	455
Contingency	1,385,000	70,000	50,000	50,000	200,000	0
<b>Total Budget</b>	<b>33,241,523</b>	<b>3,560,811</b>	<b>1,098,985</b>	<b>230,000</b>	<b>1,808,518</b>	<b>50,455</b>
<b>Reserve for Future Exp</b>	<b>6,696,271</b>	<b>10,334</b>	<b>1,238,778</b>	<b>115,431</b>	<b>2,042,185</b>	<b>116,917</b>
<b>TOTAL REQUIREMENTS</b>	<b>39,937,794</b>	<b>3,571,145</b>	<b>2,337,763</b>	<b>345,431</b>	<b>3,850,703</b>	<b>167,372</b>

## SUMMARY OF ALL FUNDS

	Urban Forestry Fund	Bancroft Debt Service Fund	General Obligation Debt Service	Facilities Capital Projects Fund	Transportation Development Tax	Traffic Impact Fee Fund
<b>RESOURCES</b>						
Beginning Fund Balance	1,121,300	323,473	522,984	878,435	1,388,324	355,923
Taxes	0	0	2,386,688	0	0	0
Franchise fees	0	0	0	0	0	0
Special Assessments	0	120,000	0	0	0	0
Licenses and Permits	0	0	0	0	556,996	0
Intergovernmental	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0
Fines & Forfeitures	0	0	0	0	0	0
Interest Earnings	4,060	0	4,612	3,212	11,279	0
Miscellaneous	26,250	0	-193	0	0	0
Other Financing Sources	0	0	0	0	0	0
<b>Total Revenues</b>	30,310	120,000	2,391,107	3,212	568,275	0
Transfers In	0	0	0	1,031,891	0	0
<b>TOTAL RESOURCES</b>	1,151,610	443,473	2,914,091	1,913,538	1,956,599	355,923
<b>REQUIREMENTS</b>						
Program Expenditures	0	0	0	0	0	0
Debt Service	0	103,411	2,194,701	0	0	0
Loan to CCDA	0	0	0	0	0	0
Capital Improvement	0	0	0	674,900	12,000	0
Transfers Out	250,175	239	1,529	8,742	781,124	355,923
Contingency	0	0	0	50,000	250,000	0
<b>Total Budget</b>	250,175	103,650	2,196,230	733,642	1,043,124	355,923
<b>Reserve for Future Exp</b>	901,435	339,823	717,861	1,179,896	913,475	0
<b>TOTAL REQUIREMENTS</b>	1,151,610	443,473	2,914,091	1,913,538	1,956,599	355,923

## SUMMARY OF ALL FUNDS

	Underground Utility Fund	Street Maintenance Fund	Parks Capital Fund	Parks Bond Fund	Parks SDC Fund	Transportation CIP Fund
<b>RESOURCES</b>						
Beginning Fund Balance	526,832	1,317,786	174,509	2,346,595	1,124,011	356,422
Taxes	0	0	0	0	0	0
Franchise fees	0	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Licenses and Permits	35,574	2,004,673	0	0	476,336	0
Intergovernmental	0	0	41,506	0	0	200,000
Charges for Services	0	-5,050	0	0	0	0
Fines & Forfeitures	0	0	0	0	0	0
Interest Earnings	7,160	2,043	3,015	4,020	19,782	0
Miscellaneous	0	1,286	0	0	0	0
Other Financing Sources	0	0	0	0	0	0
<b>Total Revenues</b>	42,734	2,002,952	44,521	4,020	496,118	200,000
Transfers In	0	0	3,042,949	0	0	2,810,443
<b>TOTAL RESOURCES</b>	569,566	3,320,738	3,261,979	2,350,615	1,620,129	3,366,865
<b>REQUIREMENTS</b>						
Program Expenditures	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0
Loan to CCDA	0	0	0	0	0	0
Capital Improvement	0	1,900,000	3,042,949	0	12,000	3,008,136
Transfers Out	205,057	207,805	55,881	1,997,143	1,127,217	44,613
Contingency	50,000	200,000	0	0	75,000	0
<b>Total Budget</b>	255,057	2,307,805	3,098,830	1,997,143	1,214,217	3,052,749
<b>Reserve for Future Exp</b>	314,509	1,012,933	163,149	353,472	405,912	314,116
<b>TOTAL REQUIREMENTS</b>	569,566	3,320,738	3,261,979	2,350,615	1,620,129	3,366,865

## SUMMARY OF ALL FUNDS

	Sanitary Sewer Fund	Stormwater Fund	Water Quality/Quantity Fund	Water Fund	Water SDC Fund	Water CIP Fund
<b>RESOURCES</b>						
Beginning Fund Balance	4,566,728	3,795,745	1,199,825	16,125,957	2,860,840	43,359,624
Taxes	0	0	0	0	0	0
Franchise fees	0	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Licenses and Permits	587,133	0	9,713	14,400	943,805	0
Intergovernmental	0	0	0	0	0	0
Charges for Services	1,584,277	3,034,291	0	16,708,280	0	0
Fines & Forfeitures	0	0	0	0	0	0
Interest Earnings	100,333	7,936	15,102	30,644	233	13,096
Miscellaneous	141,674	3,069	0	10,825	0	5,265
Other Financing Sources	0	0	0	0	0	52,000,000
<b>Total Revenues</b>	2,413,417	3,045,296	24,815	16,764,149	944,038	52,018,361
Transfers In	1,369,900	0	0	58,751	0	1,233,104
<b>TOTAL RESOURCES</b>	8,350,045	6,841,041	1,224,640	32,948,857	3,804,878	96,611,089
<b>REQUIREMENTS</b>						
Program Expenditures	1,946,260	1,580,912	0	8,376,282	0	0
Debt Service	0	0	0	0	0	0
Loan to CCDA	0	0	0	0	0	0
Capital Improvement	2,944,011	338,873	0	0	0	80,910,333
Transfers Out	79,849	350,956	439,200	5,767,077	345,263	215,650
Contingency	400,000	150,000	25,000	500,000	100,000	0
<b>Total Budget</b>	5,370,120	2,420,741	464,200	14,643,359	445,263	81,125,983
<b>Reserve for Future Exp</b>	2,979,925	4,420,300	760,440	18,305,498	3,359,615	15,485,106
<b>TOTAL REQUIREMENTS</b>	8,350,045	6,841,041	1,224,640	32,948,857	3,804,878	96,611,089

## 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
<b>RESOURCES</b>						
Beginning Fund Balance	6,605,801	417,867	60,269	843,157	474,648	105,115,578
Taxes	0	0	0	0	0	15,791,503
Franchise fees	0	0	0	0	0	5,799,632
Special Assessments	0	0	0	0	0	120,000
Licenses and Permits	0	32,569	0	0	0	7,608,883
Intergovernmental	0	0	0	0	0	9,298,764
Charges for Services	0	6,490,581	1,646,995	0	0	32,154,643
Fines & Forfeitures	0	0	0	0	0	1,036,232
Interest Earnings	0	593	0	7,810	0	451,849
Miscellaneous	0	12,277	29,392	14,000	0	393,721
Other Financing Sources	0	0	0	0	0	52,254,000
<b>Total Revenues</b>	0	6,536,020	1,676,387	21,810	0	124,909,227
Transfers In	4,719,850	224,963	0	0	0	14,771,851
<b>TOTAL RESOURCES</b>	11,325,651	7,178,850	1,736,656	864,967	474,648	244,796,655
<b>REQUIREMENTS</b>						
Program Expenditures	0	7,073,038	1,650,805	50,000	0	55,308,373
Debt Service	4,881,033	0	0	0	0	8,094,681
Loan to CCDA	0	0	0	0	0	254,000
Capital Improvement	0	0	0	0	0	92,843,202
Transfers Out	3,010	0	0	718	100,000	14,771,851
Contingency	0	100,000	75,000	25,000	0	3,755,000
<b>Total Budget</b>	4,884,043	7,173,038	1,725,805	75,718	100,000	175,027,107
<b>Reserve for Future Exp</b>	6,441,608	5,812	10,851	789,249	374,648	69,769,548
<b>TOTAL REQUIREMENTS</b>	11,325,651	7,178,850	1,736,656	864,967	474,648	244,796,655

## SUMMARY OF CONTINGENCY

The FY 2014-15 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 2015 Fund Budget	FY 2015 Fund Contingency	Contingency as % of Budget
100-General Fund	\$ 33,241,523	\$ 1,385,000	4.2%
200-Gas Tax Fund	\$ 3,560,811	\$ 70,000	2.0%
205-City Gas Tax Fund	\$ 1,098,985	\$ 50,000	4.5%
220-Electrical Inspection Fund	\$ 230,000	\$ 50,000	21.7%
230-Building Fund	\$ 1,808,518	\$ 200,000	11.1%
240-Criminal Forfeiture Fund	\$ 50,455	\$ -	0.0%
260-Urban Forestry Fund	\$ 250,175	\$ -	0.0%
300-Bancroft Debt Service Fund	\$ 103,650	\$ -	0.0%
350-General Obligation Debt Service Fund	\$ 2,196,230	\$ -	0.0%
400-Facilities Capital Fund	\$ 733,642	\$ 50,000	6.8%
405-Transportation Development Tax	\$ 1,043,124	\$ 250,000	24.0%
410-Traffic Impact Fee Fund	\$ 355,923	\$ -	0.0%
411-Underground Utility Fund	\$ 255,057	\$ 50,000	19.6%
412-Street Maintenance Fund	\$ 2,307,805	\$ 200,000	8.7%
420-Parks Capital Fund	\$ 3,098,830	\$ -	0.0%
421-Parks Bond Fund	\$ 1,997,143	\$ -	0.0%
425-Parks SDC Fund	\$ 1,214,217	\$ 75,000	6.2%
460-Transportation CIP	\$ 3,052,749	\$ -	0.0%
500-Sanitary Sewer Fund	\$ 5,370,120	\$ 400,000	7.4%
510-Stormwater Fund	\$ 2,420,741	\$ 150,000	6.2%
511-Water Quality/Quantity Fund	\$ 464,200	\$ 25,000	5.4%
530-Water Fund	\$ 14,643,359	\$ 500,000	3.4%
531-Water SDC Fund	\$ 445,263	\$ 100,000	22.5%
532-Water CIP Fund	\$ 81,125,983	\$ -	0.0%
533-Water Debt Service Fund	\$ 4,884,043	\$ -	0.0%
600-Central Services Fund	\$ 7,173,038	\$ 100,000	1.4%
650-Fleet/Property Management Fund	\$ 1,725,805	\$ 75,000	4.3%
660-Insurance Fund	\$ 75,718	\$ 25,000	33.0%
980-Library Donation & Bequests	\$ 100,000	\$ -	0.0%
<b>Total</b>	<b>\$ 175,027,107</b>	<b>\$ 3,755,000</b>	<b>2.1%</b>

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## FUNDING MATRIX

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The funding matrix on the following pages show how the FY 2015 Adopted Budget supports expenditures by classifying current year revenues as dedicated, generated, or unspecified.

- Dedicated revenues are revenues that must be used for a specific purpose as determined by law. Examples of dedicated revenues include state gas tax, system development charges and bond proceeds.
- Generated revenues are revenues that the city receives as a result of activities. Examples of generated revenues include various fees and fines, internal reimbursements for services, and utility sales.
- Unspecified revenues fall into two categories:
  - ◊ Undedicated general governmental revenues of the General Fund such as property tax, franchise fees, and intergovernmental shared revenue.
  - ◊ Use of fund balance. With the exception of use of General Fund fund balance, these are dedicated resources. Because the matrix displays the current annual revenue for FY 15, it displays the support of current expenditures that exceed the current revenues (use of fund balance) as unspecified.

In addition, a category of “CIP/Debt/Transfers/Contingency” is added. This expenditure category represents approximately half of the FY 2015 Adopted Budget. The majority of this area is for the Capital Improvement Plan (CIP) and the transfers from dedicated funds to the capital funds that centralize Tigard’s capital expenditures.

The 29 funds of Tigard have been summarized into eight groupings plus an All Funds group. The groupings match what is reported in the Comprehensive Long Term Financial Forecast that follows this Funding Matrix. There are two groupings that were not part of that document, Central Service Funds and Other Funds. Each fund group contains summary level information on the funds, their purpose, notes on dedicated and generated revenues, and notes on the funds’ expenditures.

## FUNDING MATRIX

	General Fund			
	FY 15 Adopted Budget	Unspecified Revenue Support	Dedicated Revenue Support	Generated Revenue Support
<b>Resources</b>				
Beginning Fund Balance	10,142,274			
Total FY 2015 Revenue Budget	29,795,520	23,075,945	2,759,112	3,960,463
<b>Total Resources</b>	39,937,794	23,075,945	2,759,112	3,960,463
<b>Expenditures</b>				
Administrative Services	544,871	543,871	-	1,000
City Management	-	-	-	-
Community Development	3,047,095	2,598,716	-	448,379
Finance & Information Services	-	-	-	-
Library	5,733,200	2,972,365	2,748,721	12,114
Mayor and Council	294,065	294,065	-	-
Police	14,908,140	12,922,595	10,391	1,975,154
Public Works	5,865,265	4,430,649	-	1,434,616
Social Service / Community Events	374,920	374,920	-	-
CIP/Debt/Transfers/Contingency	2,473,967	2,473,967	-	-
<b>Total Expenditures</b>	33,241,523	26,611,148	2,759,112	3,871,263
<b>Change in Budgeted Fund Balances</b>	(3,446,003)			
<b>Reserve for Future Expenditures</b>	6,696,271			

**Funds Included:** General Fund

**Funds Summary:** The General Fund is the primary operating fund of the City. This is the fund that contains the majority of the undedicated revenues, including: Property Tax, Franchise Fees, and State Shared revenues.

**Dedicated Revenue Notes:** The Library receives a share of the County's Operating Levy and Police receives grants.

**Generated Revenue Notes:** Police and Administrative Services (Muni Court) share traffic fines. Community Development generates permit revenue. Public Works receives reimbursement for services related to the CIP from capital funds.

**Expenditures Notes:** The General Fund has a \$1,385,000 Contingency and over \$830,000 in Transfers.

## FUNDING MATRIX

	Development Funds			
	FY 15 Adopted Budget	Unspecified Revenue Support	Dedicated Revenue Support	Generated Revenue Support
<b>Resources</b>				
Beginning Fund Balance	2,208,859			
Total FY 2015 Revenue Budget	1,987,275	-	1,987,275	-
<b>Total Resources</b>	4,196,134	-	1,987,275	-
<b>Expenditures</b>				
Administrative Services	-	-	-	-
City Management	-	-	-	-
Community Development	1,608,518	-	1,608,518	-
Finance & Information Services	-	-	-	-
Library	-	-	-	-
Mayor and Council	-	-	-	-
Police	-	-	-	-
Public Works	-	-	-	-
Social Service / Community Events	-	-	-	-
CIP/Debt/Transfers/Contingency	430,000	430,000	-	-
<b>Total Expenditures</b>	2,038,518	430,000	1,608,518	-
<b>Change in Budgeted Fund Balances</b>	(51,243)			
<b>Reserve for Future Expenditures</b>	2,157,616			
<b>Funds Included:</b>	Building Fund and Electrical Inspection Fund			
<b>Funds Summary:</b>	The Development Funds account for the use of permit fees generated through the building process. The operations of the Building Division are paid within the Building Fund.			
<b>Dedicated Revenue Notes:</b>	Both funds generate permit revenue that is dedicated under Oregon State Law to building services.			
<b>Generated Revenue Notes:</b>	None.			
<b>Expenditures Notes:</b>	There are over \$180,000 in Transfers out of the Electrical Inspection Fund to the Building Fund for related activities and \$250,000 in fund contingencies.			

## FUNDING MATRIX

	Park Funds			
	FY 15 Adopted Budget	Unspecified Revenue Support	Dedicated Revenue Support	Generated Revenue Support
<b>Resources</b>				
Beginning Fund Balance	4,766,414			
Total FY 2015 Revenue Budget	3,617,918	-	3,617,918	-
<b>Total Resources</b>	8,384,332	-	3,617,918	-
<b>Expenditures</b>				
Administrative Services	-	-	-	-
City Management	-	-	-	-
Community Development	-	-	-	-
Finance & Information Services	-	-	-	-
Library	-	-	-	-
Mayor and Council	-	-	-	-
Police	-	-	-	-
Public Works	-	-	-	-
Social Service / Community Events	-	-	-	-
CIP/Debt/Transfers/Contingency	6,560,365	2,742,447	3,817,918	-
<b>Total Expenditures</b>	6,560,365	2,742,447	3,817,918	-
<b>Change in Budgeted Fund Balances</b>	(2,942,447)			
<b>Reserve for Future Expenditures</b>	1,823,967			
<b>Funds Included:</b>	Parks Capital, Parks Bond, Parks SDC, & Urban Forestry Funds			
<b>Funds Summary:</b>	The Park Funds have been very active in the last couple of years acquiring land using the \$17 million Parks Bond approved by voters in Nov 2010.			
<b>Dedicated Revenue Notes:</b>	The revenues in the Parks Bond and Parks SDC funds are dedicated to expanding park capacity and are transferred to the Parks Capital Fund for capital expenditures. The Urban Forestry Fund is dedicated to preserving tree canopy.			
<b>Generated Revenue Notes:</b>	None.			
<b>Expenditures Notes:</b>	The Unspecified Revenue support is a result of the use of fund balance, primarily from the Parks Bond. These revenues are considered dedicated.			

## FUNDING MATRIX

	Transportation Funds			
	FY 15 Adopted Budget	Unspecified Revenue Support	Dedicated Revenue Support	Generated Revenue Support
<b>Resources</b>				
Beginning Fund Balance	5,313,365			
Total FY 2015 Revenue Budget	9,595,668	-	9,595,668	-
<b>Total Resources</b>	14,909,033	-	9,595,668	-
<b>Expenditures</b>				
Administrative Services	-	-	-	-
City Management	-	-	-	-
Community Development	-	-	-	-
Finance & Information Services	-	-	-	-
Library	-	-	-	-
Mayor and Council	-	-	-	-
Police	-	-	-	-
Public Works	2,608,069	-	2,608,069	-
Social Service / Community Events	-	-	-	-
CIP/Debt/Transfers/Contingency	8,811,328	1,223,729	7,587,599	-
<b>Total Expenditures</b>	11,419,397	1,223,729	10,195,668	-
<b>Change in Budgeted Fund Balances</b>	(1,823,729)			
<b>Reserve for Future Expenditures</b>	3,489,636			
<b>Funds Included:</b>	Gas Tax, City Gas Tax, Transportation Development Tax, Transportation Impact Fee, Street Maintenance Fee, & Transportation Capital Funds			
<b>Funds Summary:</b>	The Transportation Funds provide funding for the Street Maintenance Division of Public Works and capital improvements.			
<b>Dedicated Revenue Notes:</b>	The State and County Gas Tax fund all the operations, with the remainder going to debt service and capital. The TDT, TIF, and City Gas Tax funds are dedicated to capital projects.			
<b>Generated Revenue Notes:</b>	Minor fees paid for Public Works operations			
<b>Expenditures Notes:</b>	The Gas Tax fund revenues are displayed as Public Works operations revenues, but can also be dedicated to CIP and Debt. This accounts for the unused (negative) unspecified revenue in PW and the additional unspecified revenue for CIP/Debt.			

## FUNDING MATRIX

	Sanitary Sewer & Stormwater Funds			
	FY 15 Adopted Budget	Unspecified Revenue Support	Dedicated Revenue Support	Generated Revenue Support
<b>Resources</b>				
Beginning Fund Balance	9,562,298			
Total FY 2015 Revenue Budget	6,853,428	-	1,394,715	5,458,713
<b>Total Resources</b>	16,415,726	-	1,394,715	5,458,713
<b>Expenditures</b>				
Administrative Services	-	-	-	-
City Management	-	-	-	-
Community Development	-	-	-	-
Finance & Information Services	-	-	-	-
Library	-	-	-	-
Mayor and Council	-	-	-	-
Police	-	-	-	-
Public Works	3,527,172	-	24,815	3,502,357
Social Service / Community Events	-	-	-	-
CIP/Debt/Transfers/Contingency	4,727,889	3,357,989	1,369,900	-
<b>Total Expenditures</b>	8,255,061	3,357,989	1,394,715	3,502,357
<b>Change in Budgeted Fund Balances</b>	(1,401,633)			
<b>Reserve for Future Expenditures</b>	8,160,665			
<b>Funds Included:</b>	Sewer, Storm water & Water Quality/Quantity Funds			
<b>Funds Summary:</b>	These are <b>enterprise funds*</b> that support sewer and stormwater operations and maintenance as well as capital construction of pipes and drains.			
<b>Dedicated Revenue Notes:</b>	Some impact fees for capital improvement.			
<b>Generated Revenue Notes:</b>	User fees paid on utility bills. Revenue generated exceeds the Public Works operations and is then used for CIP and transfers.			
<b>Expenditures Notes:</b>	<p>These funds are drawing down fund balance to implement capital improvements, causing the display of unspecified revenue support. *</p> <p><b>Enterprise Funds:</b> activities that can be operated most like a commercial business. Expenditures are matched with revenue from service charges to ensure that the program is self-supporting. Tigard's enterprise activities include sewer, stormwater and water utilities.</p>			

## FUNDING MATRIX

	Water Funds			
	FY 15 Adopted Budget	Unspecified Revenue Support	Dedicated Revenue Support	Generated Revenue Support
<b>Resources</b>				
Beginning Fund Balance	68,952,222			
Total FY 2015 Revenue Budget	75,738,253	-	59,590,353	16,147,900
<b>Total Resources</b>	144,690,475	-	59,590,353	16,147,900
<b>Expenditures</b>				
Administrative Services	-	-	-	-
City Management	-	-	-	-
Community Development	-	-	-	-
Finance & Information Services	-	-	-	-
Library	-	-	-	-
Mayor and Council	-	-	-	-
Police	-	-	-	-
Public Works	8,376,282	-	-	8,376,282
Social Service / Community Events	-	-	-	-
CIP/Debt/Transfers/Contingency	92,722,366	33,132,013	59,590,353	-
<b>Total Expenditures</b>	101,098,648	33,132,013	59,590,353	8,376,282
<b>Change in Budgeted Fund Balances</b>	(25,360,395)			
<b>Reserve for Future Expenditures</b>	43,591,827			
<b>Funds Included:</b>	Water, Water SDC, Water CIP & Water Debt Service Funds			
<b>Funds Summary:</b>	Water Funds are enterprise funds that support all aspects of building, operating, maintaining the water system and all construction projects related to the Lake Oswego/Tigard Water Partnership.			
<b>Dedicated Revenue Notes:</b>	The dedicated revenues are primarily transfers for capital projects and system development charges.			
<b>Generated Revenue Notes:</b>	User fees paid on utility bills. Revenue generated exceeds the Public Works operations and is then used for CIP, debt, and transfers.			
<b>Expenditures Notes:</b>	The Unspecified Revenue support is a result of the use of fund balance, primarily from the Water Revenue Bond. These revenues are considered dedicated.			

## FUNDING MATRIX

	Central Service Funds			
	FY 15 Adopted Budget	Unspecified Revenue Support	Dedicated Revenue Support	Generated Revenue Support
<b>Resources</b>				
Beginning Fund Balance	1,321,293			
Total FY 2015 Revenue Budget	8,459,180	270,402	21,810	8,166,968
<b>Total Resources</b>	9,780,473	270,402	21,810	8,166,968
<b>Expenditures</b>				
Administrative Services	966,354	205,917	-	760,437
City Management	2,248,133	-	21,810	2,226,323
Community Development	-	-	-	-
Finance & Information Services	3,908,551	419,059	-	3,489,492
Library	-	-	-	-
Mayor and Council	-	-	-	-
Police	-	-	-	-
Public Works	1,650,805	-	-	1,650,805
Social Service / Community Events	-	-	-	-
CIP/Debt/Transfers/Contingency	200,718	200,718	-	-
<b>Total Expenditures</b>	8,974,561	825,694	21,810	8,127,057
<b>Change in Budgeted Fund Balances</b>	(515,381)			
<b>Reserve for Future Expenditures</b>	805,912			
<b>Funds Included:</b>	Central Service, Fleet/Property Management, & Insurance Funds			
<b>Funds Summary:</b>	Central service funds provide HR, finance, fleet, facility, information technology and design/communication services to other departments. The Insurance Fund provides a limited amount of self insurance and deductible coverage.			
<b>Dedicated Revenue Notes:</b>	These are a small amount of insurance proceeds dedicated by the city to the Insurance Fund.			
<b>Generated Revenue Notes:</b>	These funds are reimbursed for their services by the other funds of the city.			
<b>Expenditures Notes:</b>	After the General Fund, the central service fund contain the most operations of the city. The unspecified revenue supports the budgeted contingencies and a small budgeted use of fund balance.			

## FUNDING MATRIX

	Other Funds			
	FY 15 Adopted Budget	Unspecified Revenue Support	Dedicated Revenue Support	Generated Revenue Support
<b>Resources</b>				
Beginning Fund Balance	2,848,852			
Total FY 2015 Revenue Budget	3,633,836	-	3,633,836	-
<b>Total Resources</b>	6,482,688	-	3,633,836	-
<b>Expenditures</b>				
Administrative Services	-	-	-	-
City Management	-	-	-	-
Community Development	-	-	-	-
Finance & Information Services	-	-	-	-
Library	100,000	-	100,000	-
Mayor and Council	-	-	-	-
Police	50,455	-	50,455	-
Public Works	-	-	-	-
Social Service / Community Events	-	-	-	-
CIP/Debt/Transfers/Contingency	3,288,579	-	3,288,579	-
<b>Total Expenditures</b>	3,439,034	-	3,439,034	-
<b>Change in Budgeted Fund Balances</b>	194,802			
<b>Reserve for Future Expenditures</b>	3,043,654			
<b>Funds Included:</b>	Criminal Forfeiture, Bancroft Debt Service, General Obligation Debt Service, Facilities Capital, Underground Utility, Library Donations & Bequests Funds ( <i>Defined below</i> )			
<b>Funds Summary:</b>	These funds are mostly debt and capital related.			
<b>Dedicated Revenue Notes:</b>	Revenue of these funds are dedicated to debt, capital, Police equipment, and the Library facility.			
<b>Generated Revenue Notes:</b>	None.			
<b>Expenditures Notes:</b>	Expenditures are largely for debt service with some capital expenditures. <b>Definitions:</b> <i><b>Criminal Forfeiture:</b> Accounts for funds and property seized from criminals in connection with crimes committed prior to passage of Ballot Measure 3. <b>*Bancroft Debt Service:</b> Accounts for payment of Bancroft improvement bond principal and interest. The source of revenue is the collection of assessments against benefited property, interest and contributions from other funds for their share of costs. <b>*General Obligation Debt Service:</b> Accounts for payment of general obligation bond principal and interest. The source of revenue is property taxes and interest earnings. <b>*Facilities Capital:</b> Monies set aside for future major city facility improvements. <b>*Underground Utility:</b> Accounts for monies received from developers for future underground utility improvements. <b>*Library Donations &amp; Bequests Funds:</b> Accounts for amounts received from several donations and bequests for various special projects and artwork.</i>			

## FUNDING MATRIX

	All Funds			
	FY 15 Adopted Budget	Unspecified	Dedicated	Generated
<b>Resources</b>				
Beginning Fund Balance	105,115,577			
Total FY 2015 Revenue Budget	139,681,078	23,346,347	82,600,687	33,734,044
<b>Total Resources</b>	244,796,655	23,346,347	82,600,687	33,734,044
<b>Expenditures</b>				
Administrative Services	1,511,225	749,788	-	761,437
City Management	2,248,133	-	21,810	2,226,323
Community Development	4,655,613	2,598,716	1,608,518	448,379
Finance & Information Services	3,908,551	419,059	-	3,489,492
Library	5,833,200	2,972,365	2,848,721	12,114
Mayor and Council	294,065	294,065	-	-
Police	14,958,595	12,922,595	60,846	1,975,154
Public Works	22,027,593	4,430,649	2,632,884	14,964,060
Social Service / Community Events	374,920	374,920	-	-
CIP/Debt/Transfers/Contingency	119,215,212	43,560,863	75,654,349	-
<b>Total Expenditures</b>	175,027,107	68,323,020	82,827,128	23,876,959
<b>Change in Budgeted Fund Balances</b>	(35,346,029)			
<b>Reserve for Future Expenditures</b>	69,769,548			
<b>Funds Included:</b>	All			
<b>Funds Summary:</b>	All operations, capital, debt, transfers, and contingencies of the city.			
<b>Dedicated Revenue Notes:</b>	Dedicated revenues support approximately 19% of all expenditures.			
<b>Generated Revenue Notes:</b>	Generated revenues support approximately 17% of all expenditures.			
<b>Expenditures Notes:</b>	Unspecified revenues are either use of fund balance (which is often dedicated) or are the general revenues of the General Fund such as Property Tax, Franchise Fees, and shared intergovernmental revenues.			

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## COMPREHENSIVE LONG TERM FINANCIAL FORECAST

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### 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 five-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 forecasts 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 take actions of a proportionate size to ensure that the fund balance stays above minimum requirements.

### 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. Staff also continues to revise current fees and charges based on cost recovery and construction cost indices.

There are some significant financial issues facing the city over the next five years. One 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 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 capital projects, seek alternative revenue sources, and develop financing strategies to construct as many of the needed capital projects as possible.

## COMPREHENSIVE LONG TERM FINANCIAL FORECAST

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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.

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. The cuts were made with the goal to sustain the new level of services during FY 2011 & FY 2012. The reason for the cuts was a declining general fund balance (i.e., savings), due to the recessionary impacts on revenues. Early in the recession, the city allowed the general fund balance to decline, in order to maintain service levels.

Entering FY 2013, it was apparent that the recession would not have a robust recovery and revenues growth would remain muted. This would not allow the city to continue to use fund balance to bridge service levels waiting for additional revenue growth. Under that scenario, the adopted budget for FY 2013 instituted the second round of financial and service level cuts in three years. The cuts were targeted to achieve 3-5 years of financial stability and were achieved through the following actions:

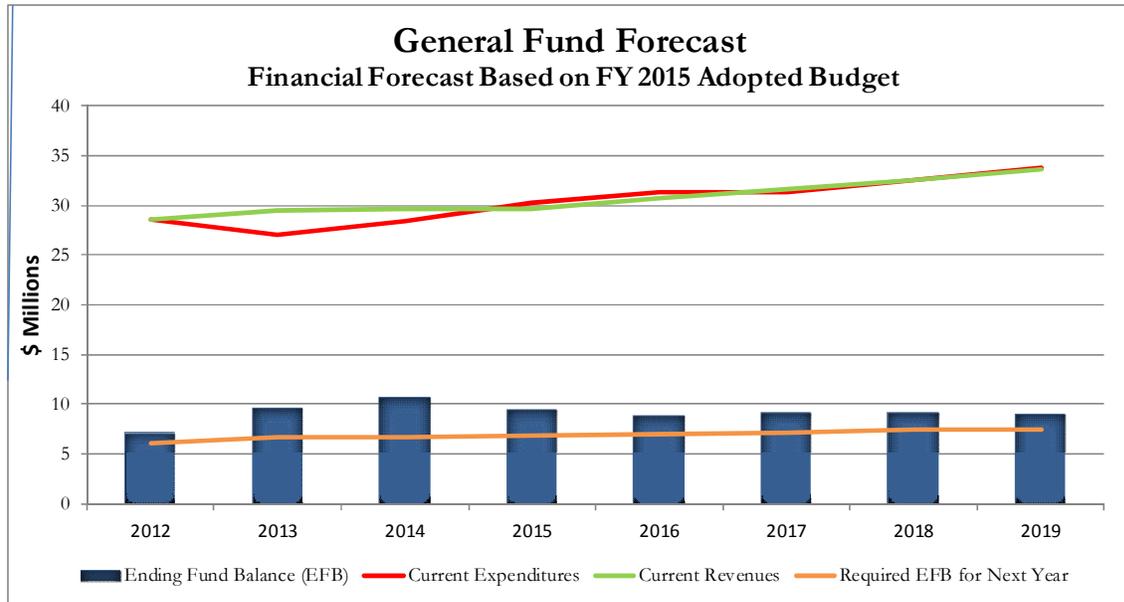
- 1) For FY 2013, Tigard again made significant reductions of \$1.9 million in General Fund and central service funds and 18.0 FTE citywide.
- 2) One of the key components to making the forecast sustainable is changing the growth in medical / dental benefits for the non-represented employees paid by the City from ten to five percent annually. Non-represented employees will pick up the difference by contributing more toward these benefits.
- 3) The Electrical Franchise Fee is increased from 3.5% to 5.0%. Due to the timing of collections, this added only \$174,000 in FY 2013, but increased General Fund revenue by \$700,000 when fully implemented for FY 2014. In addition, the Budget Committee recommended increasing the Solid Waste Franchise Fee to 5%. This was done during for FY 2014 added \$90,000 annually.

During FY 2014, the city and the SEIU Union representing approximately one-third of the city employees settled their collective bargaining process. One of the major financial results is that the union membership 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 five year forecast, this saves approximately \$1.5 million in the General Fund.

## COMPREHENSIVE LONG TERM FINANCIAL FORECAST

### General Fund based on FY 2015 Adopted Budget

	2012	2013	2014	2015	2016	2017	2018	2019
Current Expenditures	28.6	27.1	28.5	30.3	31.3	31.3	32.5	33.8
Current Revenues	28.5	29.5	29.6	29.7	30.7	31.6	32.5	33.6
Required EFB for Next Year	6.1	6.7	6.7	6.9	6.9	7.2	7.5	7.5
Ending Fund Balance (EFB)	7.3	9.7	10.8	9.6	9.0	9.2	9.2	9.0



In preparing the Adopted Budget for FY 2015, the cuts made in prior year and the promise of 3 to 5 years of stability is foremost in mind. The budget is prepared as a “Level Budget” with very few changes that have been outlined in the Budget Transmittal. These include one-time expenditures for an updated phone system, police equipment, library automated materials handling, and a required exterior repair to city buildings due to water intrusion. Ongoing expenditure changes include growing police dispatch costs, legal expenses, and conversion of temporary/seasonal staff costs to new full-time employees, as required under the union contract. Under these conditions, we are able to continue the commitment of 3 to 5 years of financial stability.

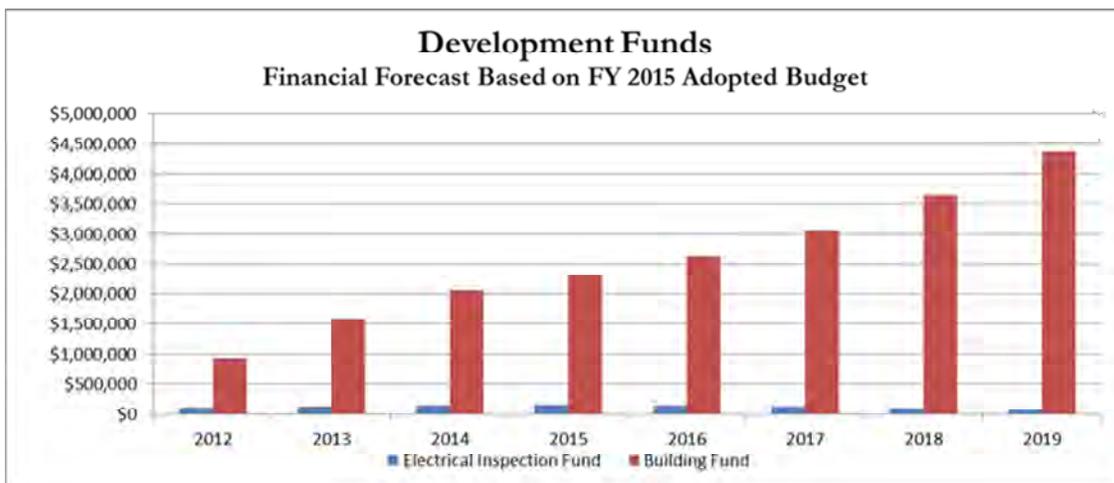
Prior forecasts have focused on the structural issues that cause revenues to grow slower than expenditures. The General Fund forecast this year shows revenue and expenditure growth to be largely similar. This change is due in large part to the changes in medical/dental cost sharing discussed previously and aided by some modest improvement in revenues. Another improvement is property tax growth exceeding 3% for the first time since 2009. On average, annual expenditures grow by approximately \$825,000 while annual revenues grow by \$950,000. This condition permits some of the one-time investments and leads to a relatively stable fund balance starting in FY 2016.

## COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Tigard has been successful in getting growth in expenditures and revenues to be similar. The challenge that the community still faces is the inability to add to existing services, or start new services. As Tigard continues to grow, the current service level will slowly erode due to the inability to substantially add to services. While Tigard can hope for, and actively participate in, local, state, and federal legislative change that will allow revenues to grow at a faster rate, the reality is that we will have little impact on those decisions. Failing that change in revenue growth rates, Tigard is still faced with some combination of the following decisions:

- 1) Further impact the rate of growth in expenditures. With personnel expenditures representing approximately 60 percent of operations, this is the area where the most impact can be made.
- 2) Implement additional city revenue sources. These typically will not grow faster, but will provide a higher starting point for the steady decline, putting off the point where expenditures exceed revenues.
- 3) Make further service level and expenditure reductions in one area to support additional services in other areas.

### Development Funds



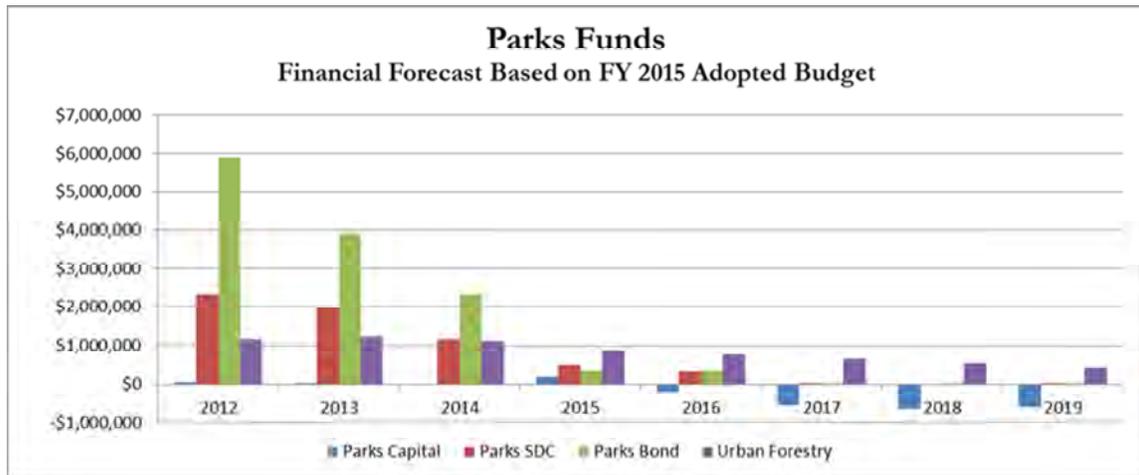
The projections for the city's development funds (building and electrical inspection funds) show these funds are growing. In 2008-09, building ended the year with a fund balance near zero even after laying off seven staff and reducing hours for the remaining staff in this fund. In FY 2009-10, the building 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.

## COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Activity in the Building Division has had some steady increases. During 2010-11, five positions were restored to full time, adding a total of 1.0 FTE to the division. In FY 2011-12 an additional 0.9 FTE was added. Workload has fluctuated slightly over the last three years, but is trending upward and some larger projects are underway in Tigard. In FY 2014, workload and revenues increased sufficiently to add 1.0 FTE building inspector. This was the only staff position added to the city's budget in FY 2014. In FY 2015, there is an additional 0.2 FTE allocated from Planning to Building to aid in front counter coverage. It is anticipated that further staffing increases will be needed to meet the increasing workload in this area.

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.

### Park Funds



The revenues in the parks funds include the system development charge (SDC), 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 was approved by the City Council in June 2012 in coordination with the budget hearing.

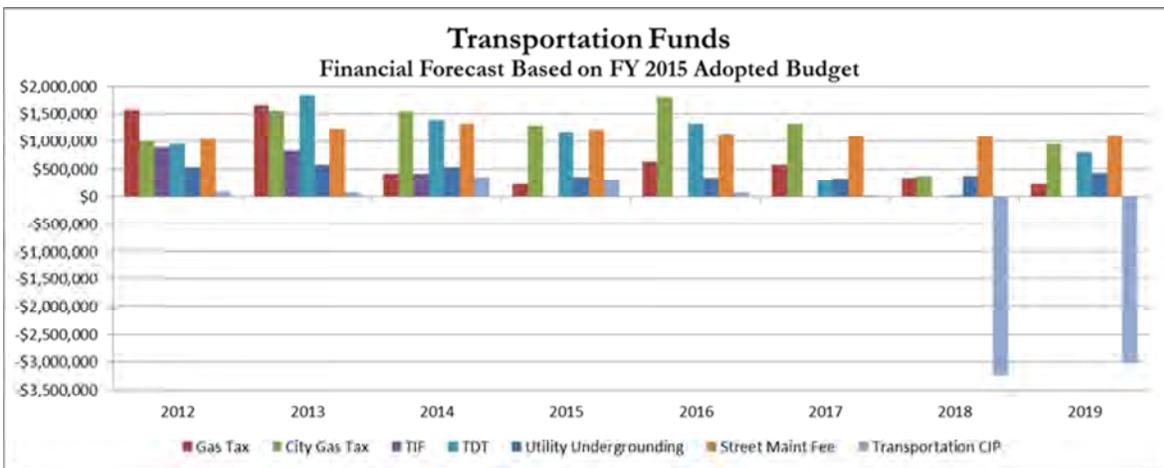
In FY 2008-09 the Urban Forestry Fund (formerly known as the Tree Replacement Fund) was established to account for revenue collected from developers in lieu of planting trees. The fund is then used to plant trees in Tigard. In FY 2010-11, a significant number of commitments from developers who failed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

## COMPREHENSIVE LONG TERM FINANCIAL FORECAST

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 2014, approximately \$14.7 million 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. During FY 2015, the most of the remaining \$2.3 million will be paired with parks SDC and grant funds to purchase and develop parks. A small amount is planned to be spent on Fanno Creek Trail in conjunction with a planned project with Clean Water Services.

The Parks CIP Fund is showing a slight negative balance due to the Tigard Street Trail and Public Space project and the Dirksen Nature Park project being partially funded. In order to undertake the trail project, an additional \$445,800 of funding will be needed. For the nature park, an additional \$560,000 will be needed for construction. These will be a priority when working with our regional partners.

### Transportation Funds



The city's transportation funds include the Gas Tax, the Traffic Impact Fee (TIF), Transportation Development Tax (TDT), Street Maintenance Fee, City Gas Tax, and the Transportation CIP Fund.

The city is able to support major projects on Main Street, Walnut Street, and several sidewalk connections within the five year forecast period. 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, there are two partially funded projects totaling \$3.4 million in the Transportation CIP fund that is driving the fund balance negative in FY 2018 and FY 2019. The two projects are the McDonald/Gaarde/Pacific Hwy Intersection (\$400,000) and the McDonald/Hall Intersection (\$3,050,000). If funding is not identified, the projects will be re-scoped or delayed; this decision will need to be made soon on the McDonald/Gaarde/Pacific Hwy Intersection as it is nearly ready to start construction.

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## COMPREHENSIVE LONG TERM FINANCIAL FORECAST

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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. In 2009 the Oregon Legislature passed an update to the state gas tax that required the Tigard City Council to make adjustments to the city gas tax. As a result of the legislative action, the City Council chose to make the city's gas tax continuous, and to identify specific projects through a public process for which the tax will be dedicated. The adopted budget includes the next project recommended by the Tigard Transportation Advisory Committee (TTAC). The budget includes \$2.5 million of City Gas Tax for the McDonald/Hall Intersection project.

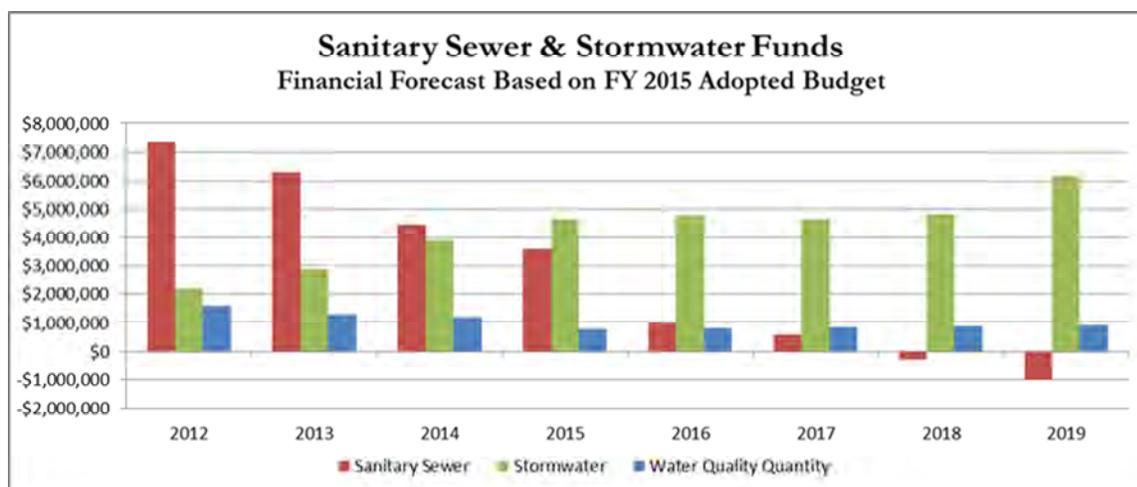
The traffic impact fee (TIF) is a charge on new development established by Washington County, but collected by cities. This fee was phased out as the transportation development tax (TDT) is phased in. It is anticipated that remaining TIF resources will be spent in FY 2015. The TDT was approved by Washington County voters in November 2008. However developments approved prior to July 1, 2009 still pay the TIF.

Because these fees are based on new development, the amount of revenue fluctuates with building activity and the city has experienced a decline in this activity. In addition, the Washington County Board of Commissioners has granted discounts on the TDT to developers, slowing the phase in of the fee. That action has negatively impacted the city's revenues in this fund. The fees collected from the TIF and TDT 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 remaining TIF revenue will be used in FY 2015. TDT revenues are increasing with the modest growth in development. This is the one resource that has programed capacity among the transportation funds.

The city took steps to address existing local street conditions by adopting a Street Maintenance Fee in November 2003 with an update approved in January 2010. 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. The most recent evaluation showed that the cost of maintaining the roads at the city's standard has increased and the prior Street Maintenance Fee was inadequate to cover the costs. Therefore the fee increased over a two year period with full implementation in January 2012. The revenue from the fee is designed to prevent further deterioration of the city's overall pavement condition and the update included right-of-way maintenance component of \$100,000. The increase in the fee is sufficient to only maintain the current pavement condition. 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 fund balance will approach zero in five years. 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, or is currently pursuing a sewer surcharge.

The financial forecast for the Sanitary Sewer Fund shows fund balance shrinking from \$4.5 million in FY 2014 to -\$1.0 million five years later, a decrease of \$5.5 million, or approximately \$1.1 million per year. Operating revenues in the fund are \$2.0 million and has very limited growth. Operational costs are approximately \$1.9. Operations alone are use the available operating revenues. This means that the city's infrastructure needs as stated in the Capital Improvement Program (CIP) are funded entirely from fund balance. During budget deliberations, the Budget Committee instructed staff to pursue a local revenue source to implement during FY 2015.

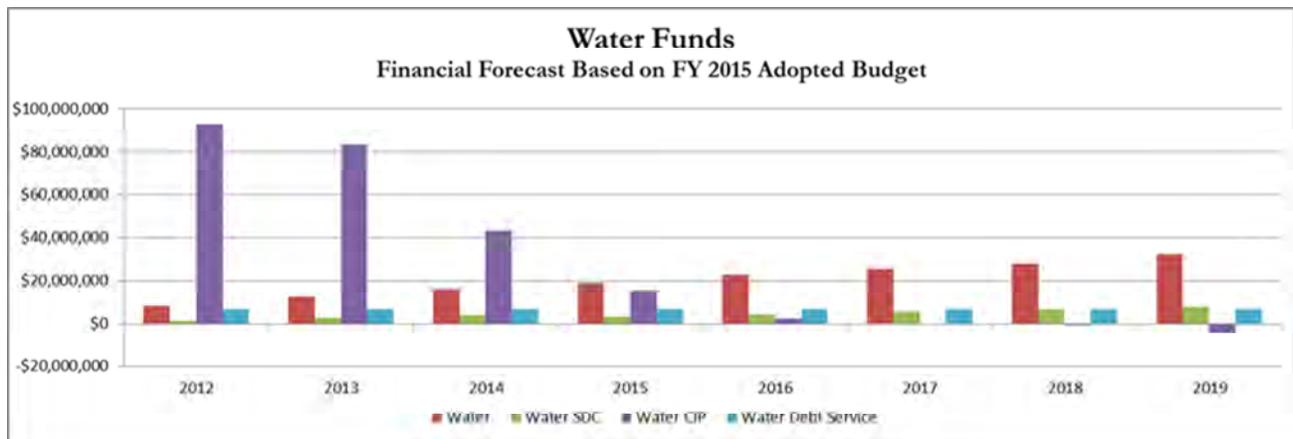
In 2009-10, CWS implemented a new way to share system development charges. Prior to 2009-10, Tigard was responsible for any pipe smaller than 20" and received twenty percent of SDC revenue. In 2009-10, Tigard became responsible for pipes under 12", but only receives four percent of a larger SDC. This change in SDC revenue is reflected in the forecast.

## COMPREHENSIVE LONG TERM FINANCIAL FORECAST

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.

The water quality/quantity Fund has been allowed to slowly grow over the last few years. The fund will be used on a major stormwater facility in FY 2015.

### 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 entails issuance of an additional water bond of approximately \$52 million in FY 2015. The exact amount may be less by using the accumulating fund balances in the Water and the Water SDC funds. The first debt issuance of \$97.7 million was issued in May 2012.

## COMPREHENSIVE LONG TERM FINANCIAL FORECAST

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Along with the Water Financing Plan, Council adopted revised water utility charges and System Development Charges. Water utility charges will roughly double over a five year period and SDCs will roughly triple over the next four years.

### *Synopsis*

The city's Five Year Financial Forecast shows that in the short term the city has some challenges, but appears to be in a good position to meet those challenges. The General Fund is sustainable due to cuts in service made in FY 2010 and FY 2012 and decreased growth in medical/dental costs. The Building Fund is stable and is supporting modest growth. Available transportation funding sources to pay debt service on Burnham St and the Greenburg / Main Street / Pacific Highway intersection as well as major projects on Main Street, Walnut, and various sidewalk projects. Issues for transportation remain to fill the gap in funding for McDonald/Gaarde/Pacific Hwy Intersection and McDonald/Hall Intersection projects. Funding a long-term water source for Tigard is a necessary and expensive process and will require 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 FY 2015. 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*