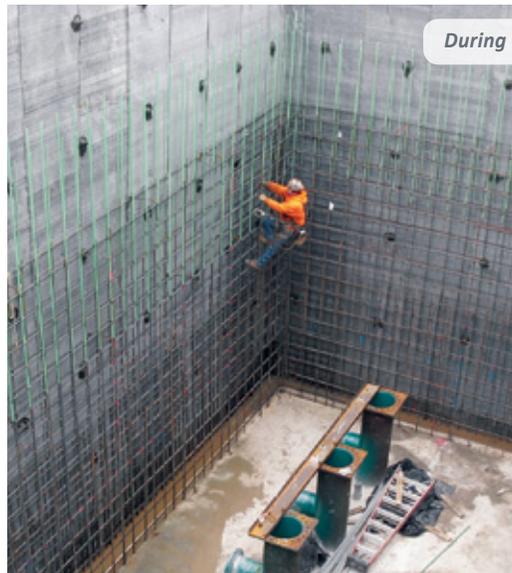


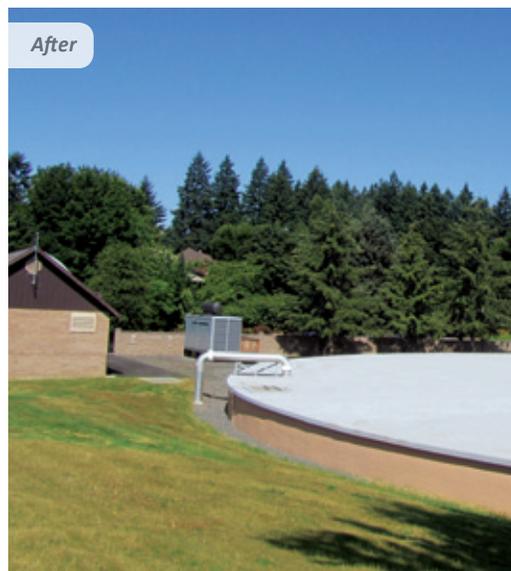
City of Tigard

Comprehensive Annual Financial Report



FOR FISCAL YEAR ENDED JUNE 30, 2013





ABOUT THE COVER: 10-Million-Gallon Storage Tank Seismic Upgrade and Transfer Pump Station Project

As the water provider for the 57,000 residents of the Tigard Water Service Area, the City of Tigard continues to make improvements and upgrades to its water infrastructure. This \$5 million project included the construction of a new water pump station and a retrofit of an existing water storage tank.

The new pump station replaced an undersized, aging station built in the early 70s. The new station offers greater reliability and efficiency; pumping capacity has increased by 5,000 gallons per minute.

The 40-year-old storage tank was seismically retrofitted, repaired and sealed. This work extended the service life of the tank for decades and saved water customers millions when compared to the cost of constructing a new tank.

This project was funded by:

- ▶ \$2.4 million American Recovery & Reinvestment Act grant.
- ▶ \$2.4 million state, low-interest Safe Drinking Water Revolving loan.
- ▶ An Oregon State Lottery grant.
- ▶ Tigard's Water Capital Improvement Program.

City of Tigard
OREGON

Comprehensive Annual Financial Report

For fiscal year ended June 30, 2013

Prepared by:

City of Tigard

Financial and Information Services Department

Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal.....	7
Certificate of Achievement for Excellence in Financial Reporting	14
Citywide Organization Chart	15
Principal Officials as of June 30, 2013.....	16

FINANCIAL SECTION

Independent Auditor's Report	19
Management's Discussion and Analysis	23

BASIC FINANCIAL SECTION

Statement of Net Position	41
Statement of Activities	42
Major Governmental Funds	
Balance Sheet	43
Statement of Revenues, Expenditures and Changes in Fund Balance	44
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	45
Proprietary Funds	
Statement of Net Position	46
Statement of Revenues, Expenses and Changes in Fund Net Position	47
Statement of Cash Flows	48
Pension Trust Fund	
Statement of Plan Net Position	49
Statement of Changes in Plan Net Position	49

NOTES TO BASIC FINANCIAL STATEMENTS

Notes to Basic Financial Statements.....	53
--	----

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues and Expenditures: Budget and Actual

General Fund	79
Gas Tax Fund.....	80
Notes to Required Supplemental Information – Budget to GAAP Reconciliation	81

OTHER SUPPLEMENTARY INFORMATION

Non-major Governmental Funds Combining Statements

Combining Balance Sheet	85
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	86

SPECIAL REVENUE FUNDS

Combining Balance Sheet	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	90
Schedule of Revenues and Expenditures: Budget and Actual	
City Gas Tax Fund	91
Electrical Inspection Fund	92
Building Fund	93
Criminal Forfeiture Fund	94
Urban Forestry Fund	95
Library Fund.....	96

Table of Contents

DEBT SERVICE FUNDS

Combining Balance Sheet — Non-major Debt Service Funds	99
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	100
Schedule Of Revenues And Expenditures: Budget And Actual	
Bancroft Bond Debt Service Fund	101
General Obligation Debt Service Fund	102
Urban Renewal Agency Debt Service Fund	103

CAPITAL PROJECT FUNDS

Combining Balance Sheet — Non-major Special Revenue Funds	107
Combining Statement of Revenues, Expenditure and Changes in Fund Balance — Non-major Special Revenue Funds	108
Schedule Of Revenues And Expenditures: Budget And Actual	
Facilities Fund	109
Transportation Development Tax Fund	110
Traffic Impact Fee Fund	111
Underground Utility Fund	112
Street Maintenance Fee Fund	113
Parks Capital Fund	114
Parks Bond Fund	115
Parks SDC Fund	116
Transportation CIP Fund	117
Urban Renewal Agency Capital Project Fund	118

ENTERPRISE FUNDS

Schedule Of Revenues And Expenditures: Budget And Actual	
Sanitary Sewer Fund	121
Reconciliation of Budgetary Revenues and Expenditures to Proprietary Revenues and Expenses — Sanitary Sewer Fund	122
Storm Sewer Fund	123
Water Quality/Quantity Fund	124
Reconciliation of Budgetary Revenues and Expenditures to Proprietary Revenues and Expenses — Storm Sewer Funds	125
Water Fund	126
Water SDC Fund	127
Water CIP Fund	128
Water Debt Service Fund	129
Reconciliation of Budgetary Revenues and Expenditures to Proprietary Revenues and Expenses — Water Funds	130
Reconciliation of Budgetary Fund Balance to Generally Accepted Accounting Principles Basis Net Position	131

INTERNAL SERVICE FUNDS

Combining Statement of Net Position	135
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	136
Combining Statement of Cash Flows	137
Schedule Of Revenues And Expenditures: Budget And Actual	
Central Services Fund	138
Fleet/Property Management Fund	139
Insurance Fund	140

Table of Contents

OTHER SUPPLEMENTARY SCHEDULES

Schedule of Property Tax Transactions and Outstanding Balances	143
Schedule of Bond and Bond Interest Transactions	144
Schedule of Future Debt Service Requirements of Bancroft Improvement Bonds	145
Schedule of Future Debt Service Requirements of General Obligation Bonds	146
Schedule of Future Debt Service Requirements of Water Revenue Bonds	147

STATISTICAL SECTION

Net Position by Component	153
Changes in Net Position	154
Fund Balances of Governmental Funds	156
Changes in Fund Balances of Governmental Funds	157
Governmental Revenues	158
Governmental Expenses by Function	159
General Governmental Revenues by Sources.....	160
General Governmental Expenditures by Function	161
Market Value and Assessed Value of Taxable Property	162
Property Tax Rates – Direct and Overlapping Governments	163
Principal Property Taxpayers.....	165
Property Tax Levies and Collections.....	166
Special Assessment Collections	167
Ratio of Annual Debt Service Expenditures for Long-term Debt to General Governmental Expenditures.....	168
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita	169
Computation of Direct and Overlapping General Obligation Debt	170
Computation of Legal Debt Margin	171
Ratio of Debt by Type.....	172
Demographic Statistics	173
Principal Employers	174
Property Value and Construction.....	175
Full-time Equivalent City Government Employees by Function	176
Operating Indicators by Function/Program.....	177
Capital Assets Statistics by Function	178

AUDIT COMMENTS AND DISCLOSURE REQUIREMENTS

Independent Auditor’s Report Required by Oregon State Regulations.....	179
--	-----

Introductory Section



City of Tigard

November 13, 2013

**Citizens of Tigard
Honorable Mayor
Members of the City Council**

It is our pleasure to submit to you the Comprehensive Annual Financial Report of the City of Tigard, Oregon, for the fiscal year ended June 30, 2013.

Oregon Revised Statutes (ORS) 297.425 requires that every municipal corporation publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

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

The city's financial statements were audited by Talbot, Korvola & Warwick, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the city for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by the management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the city's basic financial statements for the fiscal year ended June 30, 2013, are fairly presented, in all material respects, in conformity with GAAP. The independent auditor's report is included in the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The city's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Tigard is located in southeast Washington County, 15 minutes from downtown Portland, OR and along major highways, Interstate 5 and Highway 217. The city is included in the Metro urban growth boundary and Tigard's closest neighboring cities include Beaverton, Lake Oswego, Tualatin, Durham, Portland and King City. A state highway, 99W, runs north and south through the eastern portion of the city and is a major transportation corridor leading to Portland. There is also a major greenway called Fanno Creek that connects neighborhoods to the natural environment and several of the city's parks. The incorporated area of the city represents 12.2 square miles and has a population of 48,695. The city has experienced a steady growth since its incorporation in 1961. Population increases have varied from a yearly change of less than 1 percent to almost 50 percent since incorporation. The city can extend its corporate limits by annexation which is permitted by state statute. In fiscal year 2013, the city annexed approximately 268 acres.

The city is governed by an elected mayor and four council members who comprise the City Council. The city's charter established the Mayor/Council form of government. Each member of the City Council is elected at-large to serve a four-year term. The mayor presides at council meetings and is elected at-large for a four-year term. The mayor and council provide community leadership, develop policies to guide the city in delivering services and achieving community goals, and encourage citizen awareness and involvement.

The city council appoints a city manager, who is the chief administrative officer of the city. The city manager is responsible for ensuring council policies are implemented using resources appropriated by the council to achieve desired service results in the community.

The city provides a full range of municipal services. These services include police, municipal court, community planning and development, parks, library, capital improvement planning, administration and central services, street maintenance, water, and other general public works activities. The city owns and maintains the wastewater and storm drainage system within the city limits under an agreement with Clean Water Services. Fire protection is provided by Tualatin Valley Fire and Rescue.

The city maintains budgetary controls to ensure compliance with legal provisions in the annual appropriated budget adopted by the City Council. Activities of all funds are included in the annual adopted budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by program within each individual fund.

As demonstrated by the statements and schedules included in the financial section of this report, the city continues meeting its responsibility for sound financial management.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Tigard operates.

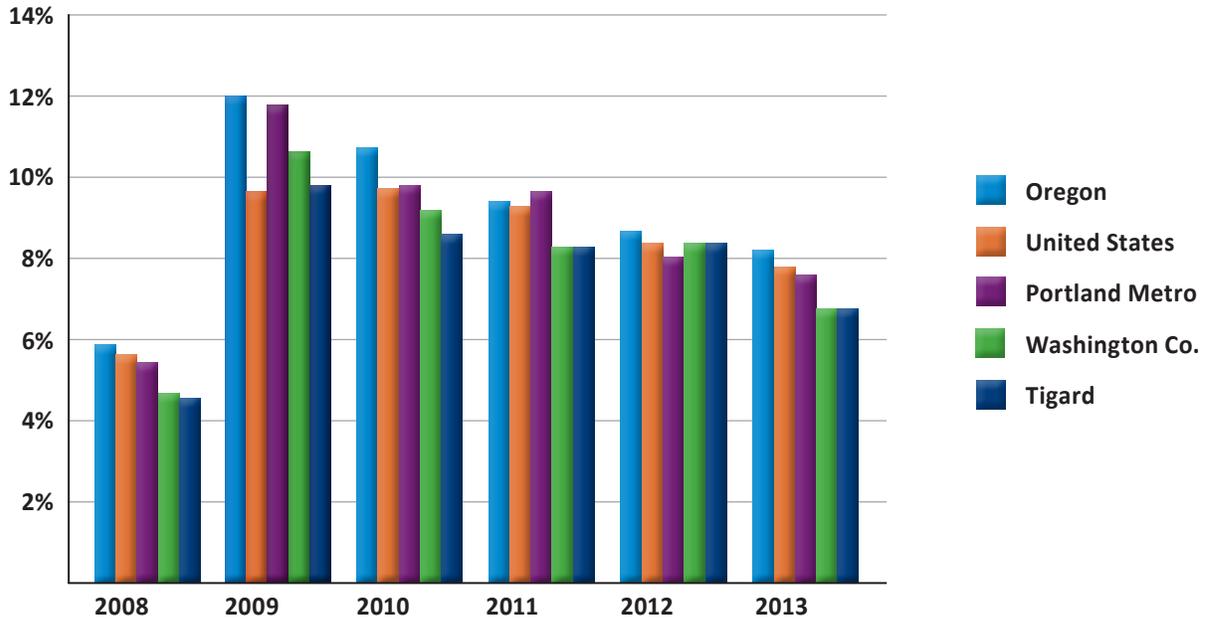


Local Economy

The city’s location in the Portland metropolitan area provides citizens with many diverse employment opportunities. Unemployment data is reported specifically for Tigard as well as Washington County and the Portland Metro area.

The chart below shows a six-year comparison of unemployment rates for the state and local areas as well as the U.S. At 6.6 percent, the City of Tigard is 1.0 percent lower than the Portland Metro area as a whole and 1.5 percent lower than the State of Oregon at 8.1 percent.

SIX-YEAR COMPARISON OF UNEMPLOYMENT RATES



Wholesale trade, retail trade, and the service industry all play a large role in Tigard’s economy. Retail trade has the most establishments; and the retail and service industries employ the most people. The city has within its boundaries one of the largest shopping malls in the region, Washington Square. The mall has five major department stores and more than 140 specialty shops that occupy over 1.3 million square feet.

SUMMARY OF ECONOMIC DATA

Number of Businesses, as of March 2013	3,066
Median Household Income (estimated 2009)	\$62,521
Primary Economic Sector (receipts/sales)	Wholesale Trade
General Fund Permanent Tax Rate	\$2.51310 per \$1000 <i>of assessed value</i>
Total Assessed Value (2011)	\$5,277,344,468

TEN LARGEST EMPLOYERS
(as of March 2012)

Employer	Product or Service	Employment
Capital One Services	Financial Services	861
Tigard–Tualatin School District	Local School District	779
Nordstrom	Retail Department Store	428
Oregon Public Employees Retirement	Public Retirement System	396
Macy's	Retail Department Store	390
Costco Wholesale Corporation	Box Store	300
City of Tigard	Local Government	255
Winco	Retail Grocery Store	176
Capital One	Financial Services	173
JC Penney	Retail Department Store	144

Long-term Financial Planning

The city has developed a comprehensive long-term financial forecast every year since the 1980s. By forecasting and anticipating financial trends, the city can develop strategies to respond to emerging financial trends. The city forecasts operating fund revenues and expenditures over a five-year period. The forecast is adjusted as each year's final results are known and as budgets are prepared for the following year. In addition, the city also prepares a five-year Capital Improvement Program (CIP) that is also updated every year. The CIP is developed through a process separate from, but parallel to the budget process. The impact on future operating and maintenance costs are projected from the CIP and then incorporated in the long-term financial forecast.

Relevant Financial Policies

The City of Tigard has an important responsibility to its citizens to carefully account for public funds, manage municipal finances wisely, and plan adequate funding of services and facilities desired and needed by the public.

In support of this effort, the city has established a set of fiscal policies to ensure that the public's trust is upheld. With such fiscal policies, the city has established the framework under which it will conduct its fiscal affairs, ensuring that it is and will continue to be capable of funding and providing outstanding local government services.



The goals of Tigard’s fiscal policies are:

- ▶ To enhance the City Council’s policy-making ability by providing accurate information on program and operating costs.
- ▶ To assist sound management of the city government by providing accurate and timely information on current and anticipated financial conditions.
- ▶ To provide sound principles to guide important decisions of the council and management which have significant fiscal impact.
- ▶ To set forth operational principles, which minimize the cost and financial risk of the city’s government consistent with services, desired by the public.
- ▶ To employ revenue policies which prevent undue or unbalanced reliance on any one source, distribute the cost of municipal services fairly, and provide adequate funds to operate desired programs.
- ▶ To provide and maintain essential public facilities, utilities, infrastructure and capital equipment.
- ▶ To protect and enhance the city’s credit rating.
- ▶ To insure that all surplus cash is prudently invested in accordance with the investment policy adopted by the council to protect city funds and realize a reasonable rate of return.

Major Initiatives

The Tigard City Council meets at the beginning of each calendar year to establish goals. Council goals comprise high-priority tasks or programs that the City Council intends to complete or initiate during the year, though attainment of these goals may take several years. The goals are based on the city’s Vision Task Force goals, departmental needs, and City Council priorities. In the goal setting meeting, the City Council reviews information and develops its annual and long-term goals. Council goals set the priorities for city government and are incorporated into departmental work plans. For 2013 council established eight goals for the city as follows:

1. Tigard’s Strategic Plan

- ▶ Engage the community to develop and adopt a vision and long-range strategic plan for the next generation. In coming years, annual goals will be guided by the strategic plan.

2. Communicate with Tigard residents

- ▶ Develop new strategies to expand the pool of involved residents, build awareness and engage in ongoing two-way dialogue
- ▶ Develop Tigard’s community identity.

3. Financial Sustainability

- ▶ Balance/adopt 2013–14 budget and CIP, together with Budget Committee.
 - Includes focus on key facility needs.
- ▶ Maximize franchise revenue.
 - Do not lose current-year PGE revenue collections.
 - Implement solid waste franchise fee increases.
- ▶ Labor relations: policy guidance for SEIU and TPOA agreements.

4. Economic Development

- ▶ Develop and adopt citywide strategy.
- ▶ Develop code improvements to support economic development and improve permitting efficiency.
- ▶ Explore Pacific Highway Urban Renewal District options.

5. Take the Next Step on Major Projects

- ▶ Water source and supply.
 - Preserve and advance Lake Oswego–Tigard Water Partnership.
 - Build partnership relationships.
 - Complete West Linn appeal; secure permits to proceed with plan and pipeline project.
 - Confer with Lake Oswego regarding 60 percent design estimates.
 - Evaluate future of partnership roles.
 - Continue transition of amended intergovernmental water agreement.
- ▶ River Terrace Community Plan.
 - Take part in Stakeholder Working Group.
 - Guide Infrastructure Financing Strategy.
- ▶ SW Corridor Plan.
 - Acceptance of Alternative Analysis.
- ▶ Implement the Comprehensive Plan.
 - Adopt Comprehensive Plan amendments on Goal 10 (Housing Inventory).

6. Downtown

- ▶ Downtown Plaza Site Acquisition and Design Approval.
- ▶ Develop a strategy for redevelopment of city-owned property.
- ▶ Other Potential.
 - Determine terms for public private partnerships/developer incentives (for an eligible redevelopment proposal).
 - Finalize Saxony property purchase for redevelopment and develop design concepts.
 - (If railroad is cooperative), acquire property and develop concepts for Tigard Street Trail; advance options for rail crossing “trade” for Ash Avenue at-grade crossing.
 - Determine the need to amend urban renewal plan with new projects.

7. Other initiatives

- ▶ Evaluate options and resources to create a pilot recreation program.
 - Use recreation inventory to match with program demands/service gaps.
 - Determine options for future programming (including partnerships).
- ▶ Evaluate social gaming policy issues and options.

8. Represent Tigard effectively at the regional, state and federal level

- ▶ Funding opportunities.
- ▶ Transportation priorities/SW Corridor.



With the passage of Tigard’s Urban Renewal ballot measure, the city established a funding base to implement the Tigard Downtown Improvement Plan. The formation of the Urban Renewal District sends a clear message that the city is now financially committed to carrying out its Downtown Plan and will be in a position to support investments there.

Although it will take time for tax revenues to accumulate under the tax increment financing process, it is anticipated that enough funding will be available for \$22 million in public improvements for downtown. The implementation of all of the projects such as streets, parks, plazas, a public market and performing arts center will take up to 20 years to accomplish but citizens are already seeing improvements. As noted above, the City Council has added downtown redevelopment to their current goals.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tigard for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the 28th consecutive year that the city has received this esteemed award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the city also received the GFOA’s Distinguished Budget Presentation Award for its annual budget for fiscal year 2012–2013. This was the 25th consecutive year that the city has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the city’s budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device. The city has submitted its fiscal year 2013–2014 budget document and believes that it meets the Distinguished Budget Presentation Award’s requirements.

The preparation of this report was made possible by the dedicated service of the staff of the Financial and Information Services department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Special recognition should be given to the financial operations staff for their work in preparing this document. Credit also must be given to the mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Tigard’s finances.

Respectfully submitted,



Marty Wine
City Manager



Toby LaFrance
Director of Financial and Information Services



Government Finance Officers Association

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

Presented to

**City of Tigard
Oregon**

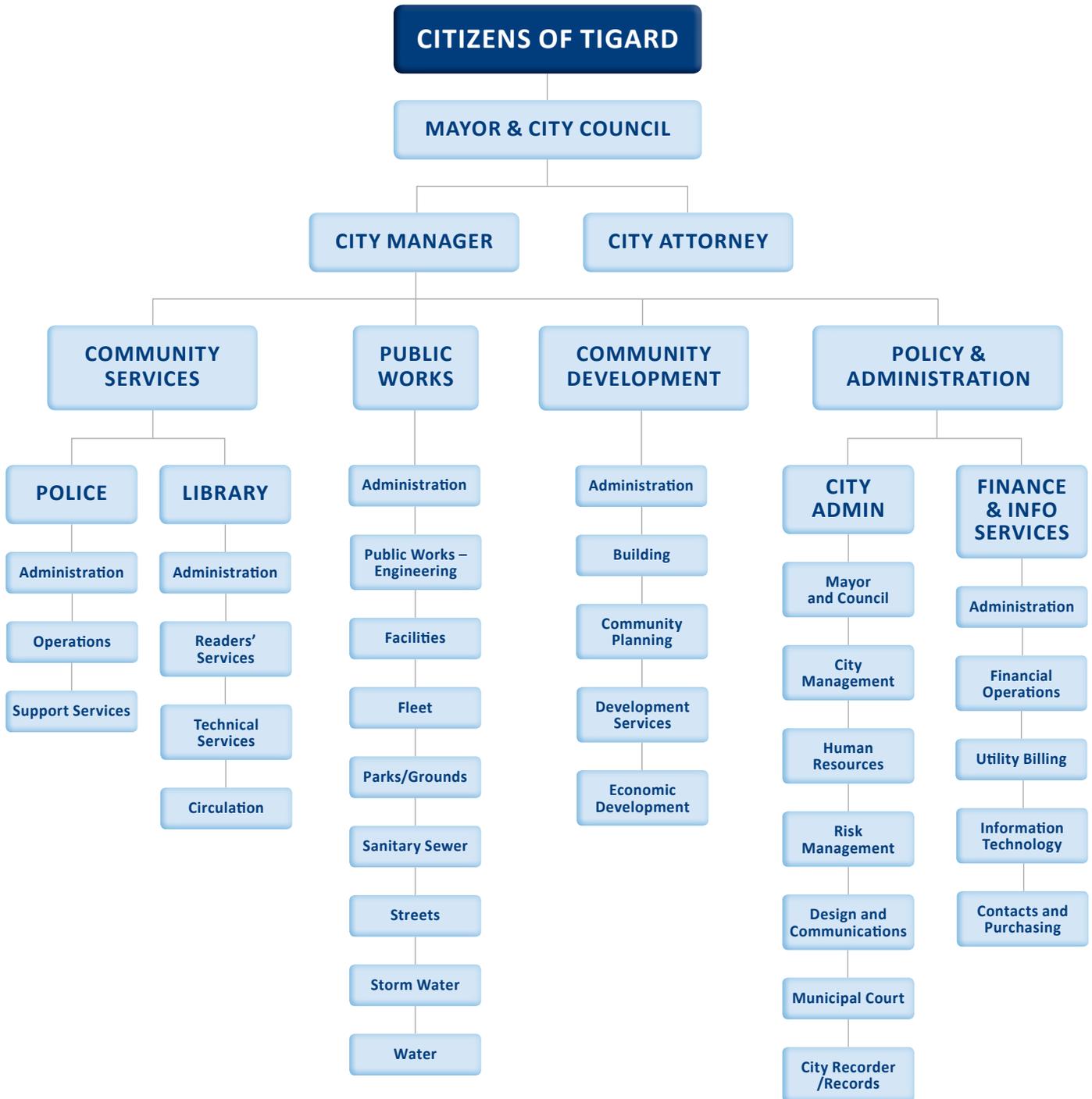
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Citywide Organization Chart

by program



PRINCIPAL OFFICIALS AS OF JUNE 30, 2013

City of Tigard

OREGON

ELECTED OFFICIALS

Name	Term Expires
Mayor John Cook	December 31, 2014
Councilor Gretchen Buehner	December 31, 2014
Councilor Marland Henderson	December 31, 2016
Councilor Jason Snider	December 31, 2016
Councilor Mark Woodard	December 31, 2014

APPOINTED OFFICIALS

Name
Marty Wine <i>City Manager</i>
Toby LaFrance <i>Director of Financial and Information Services</i>

All may be reached at:
13125 SW Hall Boulevard
Tigard, OR 97223

LEGAL COUNSEL

Jordan Ramis PC
Two Centerpointe Drive, 6th Floor
Lake Oswego, OR 97035

Financial Section



**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT

November 13, 2013

City Council
City of Tigard
Tigard, Oregon

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tigard, Oregon, (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



The McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. The McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

INDEPENDENT AUDITOR'S REPORT (Continued)

City Council
City of Tigard, Oregon
November 13, 2013

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund and Gas Tax Fund, as listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (Continued)

City Council
City of Tigard, Oregon
November 13, 2013

OTHER MATTERS (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other schedules, as listed in the Table of Contents as Other Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections, as listed in the Table of Contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY OREGON MINIMUM STANDARDS

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated November 13, 2013, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By 

Timothy R. Gillette, Partner

Management's Discussion and Analysis

As management of the City of Tigard, we offer readers this narrative overview and analysis of the financial activities of the City of Tigard for the fiscal year ended June 30, 2013. It focuses on significant financial issues, major financial activities, and resulting changes in financial positions, as well as economic factors affecting the city. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions and conditions that existed as of the date of the independent auditors' report.

We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the city's financial statements which follow this discussion and analysis.

Financial Highlights

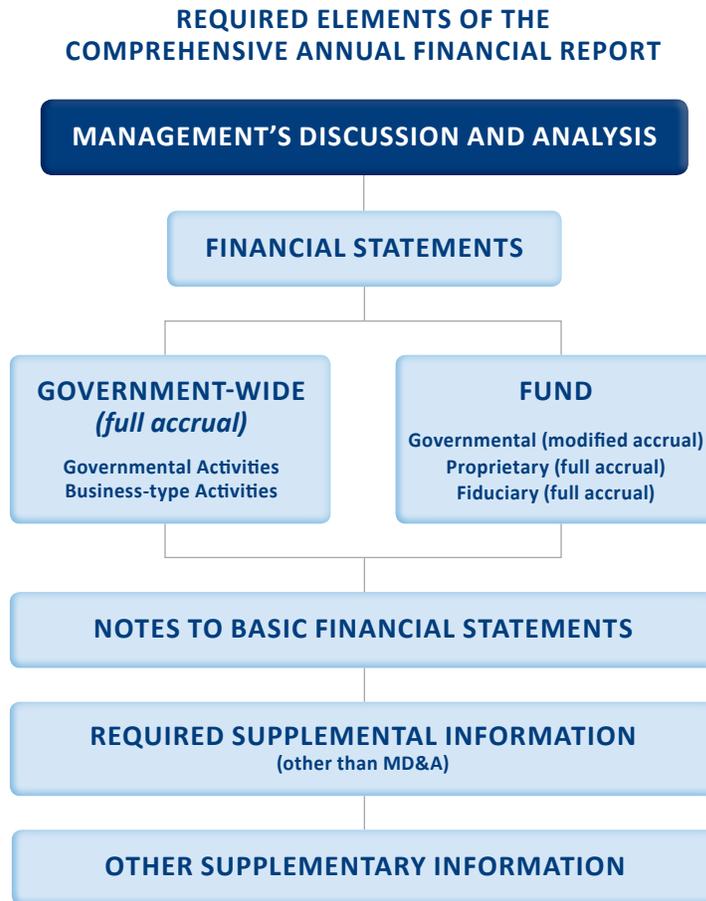
- ▶ The assets of the city exceeded its liabilities at the close of the most recent fiscal year by \$309.8 million (net position). Of this amount, \$32.8 million (unrestricted net position) may be used to meet the city's ongoing obligations to citizens and creditors.
- ▶ The city's net position increased \$10.7 million over the course of this year's operations. Within this total the net position of our business-type activities increased by \$4.5 million or 4.5 percent, and net position of our governmental activities increased by \$6.3 million or 3.0 percent.
- ▶ During the fiscal year, the city generated \$40.4 million in taxes, charges for services, and other revenues for governmental programs while incurring expenses from governmental activities totaling \$34.2 million, for an increase in net position of \$6.3 million.
- ▶ In the city's business-type activities, revenues increased by about \$2.4 million, while expenses increased by about \$4.9 million. The city increased water rates by 14 percent, sewer rates by 3.6 percent and storm water fees by 9.5 percent.
- ▶ As of the close of fiscal year 2013, the city's governmental funds reported combined ending fund balances of \$29.1 million, an increase of about \$2.5 million over the prior year. During fiscal year 2012–2013 the city enacted an additional franchise fee on the local electricity provider that increased franchise fees by approximately \$0.5 million. The additional increase in ending fund balance came from reductions in expenditures compared to prior year. Because the city has been monitoring the continuing issue of expenditures growing at a faster pace than revenues, the fiscal year 2012–2013 budget was adopted with 18 fewer full-time equivalency (FTE) employees than the fiscal year 2011–2012 budget.
- ▶ At the end of the fiscal year, unassigned fund balance for the General Fund was \$9.7 million. The city is not anticipating a significant change in the economy and is closely monitoring revenues and expenditures.
- ▶ The city's total debt decreased by \$2.3 million during fiscal year 2013. The city paid \$2.6 million of normal annual debt service payments on the general obligation bonds, long-term notes, and Bancroft improvement bonds, but saw an increase of \$0.3 million in its net Other Post Employment Benefits (OPEB) liability and a small capital lease.



Overview of the Financial Statements

In addition to this discussion and analysis, the financial section of this annual report contains the basic financial statements, required supplementary information, and the combining statements of the non-major funds and schedules demonstrating legal compliance.

The basic financial statements also include notes that explain the information in the financial statements and provide more details. The statements are followed by the required supplementary information section that supports the information in the financial statements.



Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the city's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the city's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The Statement of Activities presents information showing how the city's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period. Examples of such items include earned, but uncollected property taxes; and earned, but unused compensated absences.

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

The governmental activities of the city include the following:

- ▶ Community services, police, library and social services.
- ▶ Public works, including parks and recreation.
- ▶ Community development, current and long-range planning.
- ▶ Policy and administration.

The business-type activities of the city include the following:

- ▶ Sanitary sewer.
- ▶ Storm water.
- ▶ Water.

The government-wide financial statements can be found on pages 41–42 of this report.

Fund Financial Statements are designed to display compliance with finance-related legal requirements demonstrated by the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The funds of the city can be divided into the following categories: governmental funds, proprietary funds and a fiduciary fund.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial capability.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the city's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The city maintains 21 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for those funds that are considered significant (major) to the city taken as a whole. These financial statements report two major funds: General Fund and Gas Tax Fund. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The city adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 43–45 of this report.

Proprietary Funds are used to account for a government’s business-type activities. The city maintains two different types of proprietary funds—enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The city uses enterprise funds to account for its sanitary sewer, storm water and water operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the city’s various functions. The city uses internal service funds to account for fleet and property maintenance, risk management, design and communication, finance and accounting, and other management services.

The city reports all three of the enterprise funds as major funds. These funds are the Sanitary Sewer Fund, the Storm Sewer Fund, (which consists of the budgetary Storm Sewer and the Water Quality/Quantity Funds), and the Water Fund, (which includes the budgetary Water, Water SDC, Water CIP and Water Debt Service Funds). However, for budgetary and legal purposes these funds are accounted for separately. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided as other supplementary information.

The city also adopts an annual appropriated budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the enterprise funds as other supplementary information on pages 119–129 of this report. Budgetary comparisons for the internal service funds are provided on pages 135–140 of this report.

The proprietary fund financial statements can be found on pages 46–48 in the basic financial statements.

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government’s own programs. The city has a pension trust fund that accounts for employee defined contribution plans. The accounting used for the fiduciary fund is much like that used for the proprietary funds.

No budget is adopted for the fiduciary fund in accordance with Oregon Local Budget Law.

The fiduciary fund financial statements can be found on page 49 in the basic financial statements.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53–76 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and business-type funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 85–140 of this report.

Government-wide Financial Analysis

Net position: as noted earlier, net position may serve over time as a useful indicator of the city's financial position. In the case of the city, assets exceeded liabilities by \$309.8 million at June 30, 2013.

The largest portion of the city's net position (83 percent) reflects its investment in capital assets (e.g., land, buildings, roads, sewers, storm water facilities, etc.) less any related debt used to acquire those assets that is still outstanding. None of these capital assets, including the city infrastructure, are available for future spending. Although the city's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

NET POSITION AS OF FISCAL YEAR-END (in millions)

	Governmental Activities		Business-type Activities		Total	
	FY 12-13	FY 11-12	FY 12-13	FY 11-12	FY 12-13	FY 11-12
ASSETS						
Current and other assets	37.3	34.2	122.0	125.8	159.3	160.0
Net capital assets	207.3	205.7	95.2	86.2	302.5	291.9
Total Assets	244.6	239.9	217.2	212.0	461.8	451.9
LIABILITIES						
Other liabilities	4.8	4.6	7.1	5.8	11.9	10.4
Outstanding debt	32.3	34.1	107.9	108.4	140.2	142.5
Total Liabilities	37.1	38.7	115.0	114.2	152.1	152.9
NET POSITION						
Net investment in capital assets	181.2	179.6	74.0	65.2	255.2	244.8
Restricted	12.0	13.2	9.8	13.2	21.8	26.4
Unrestricted	14.3	8.4	18.5	19.4	32.8	27.8
Total Net Position	207.2	201.2	102.3	97.8	309.8	299.0

The city's net position increased by \$10.8 million during the fiscal year. About \$4.8 million of the increase was attributable to the increase in water rates and decrease in transfers-out in that service. The other \$6.0 million of the increase was due to a decrease in debt, primarily in the governmental activities, and a decrease in governmental activities expenses.

The revenues and expenses shown on the next table explain changes in net position for fiscal year 2013.

CHANGES IN NET POSITION
(in millions)

	Governmental Activities		Business-type Activities		Total	
	FY 12-13	FY 11-12	FY 12-13	FY 11-12	FY 12-13	FY 11-12
REVENUES						
<i>Program Revenues</i>						
Charges for services	7.0	4.9	18.7	15.3	25.7	20.2
Operating grants/contributions	6.9	7.0	0	0	6.9	7.0
Capital grants/contributions	2.2	1.0	1.7	2.9	3.9	3.9
Total Program Revenues	16.1	12.9	20.4	18.2	36.5	31.1
<i>General Revenues</i>						
Taxes	21.2	20.1	0	0	21.2	20.1
Interest	.03	.03	.01	0	.04	.03
Other	2.8	6.3	0.2	0.14	3.0	6.4
Total General Revenues	24.3	26.7	0.3	0.1	24.6	26.8
Total Revenues	40.4	39.6	20.7	18.3	61.1	57.9
EXPENSES						
Community services	19.1	20.0	0	0	19.1	20.0
Public Works	8.6	12.5	0	0	8.6	12.5
Community Development	4.0	4.7	0	0	4.0	4.7
Policy and Administration	1.3	2.1	0	0	1.3	2.1
Interest on long-term debt	1.2	1.1	0	0	1.2	1.1
Sewer	0	0	2.1	1.7	2.1	1.7
Storm Water	0	0	2.0	1.7	2.0	1.7
Water	0	0	1.0	7.8	12.0	7.8
Total Expenses	34.2	40.4	16.1	11.2	50.3	51.6
Transfers in (out)	.01	2.9	(0.1)	(2.9)	0	0
Changes in Net Assets	6.3	2.1	4.6	4.2	10.8	6.3
Beginning Net Position	201.2	199.1	97.8	93.6	299.0	292.7
Ending Net Position	207.5	201.2	102.3	97.8	309.8	299.0

Revenues — Governmental Activities

Property taxes continue to be a major source of revenue for the funding of city programs. Oregon voters passed Measure 50, a state constitutional amendment, which fundamentally changed property tax calculation and administration in Oregon in May 1997. Measure 50 converted operating property tax authority from a “levy-based” system to a “rate-based” system, and it became effective in FY 1997–98. The city’s tax base, which was \$6,891,856 in FY 1997–98, was converted to a permanent tax rate of \$2.5131 by the measure. The measure established FY 1997–98 assessed value at FY 1995–96 values less 10 percent.

The permanent rate is multiplied by the assessed value each year to arrive at the tax authority for that year. Assessed value growth is limited to a maximum 3 percent per year, plus a pro-rated share of new construction and annexations. Assessed value cannot exceed real market value. The city has begun to see a significant number of properties whose assessed value is at or near real market value. For this reason, growth in the city’s property taxes levied for general purposes was less than 3 percent for fiscal year 2013.

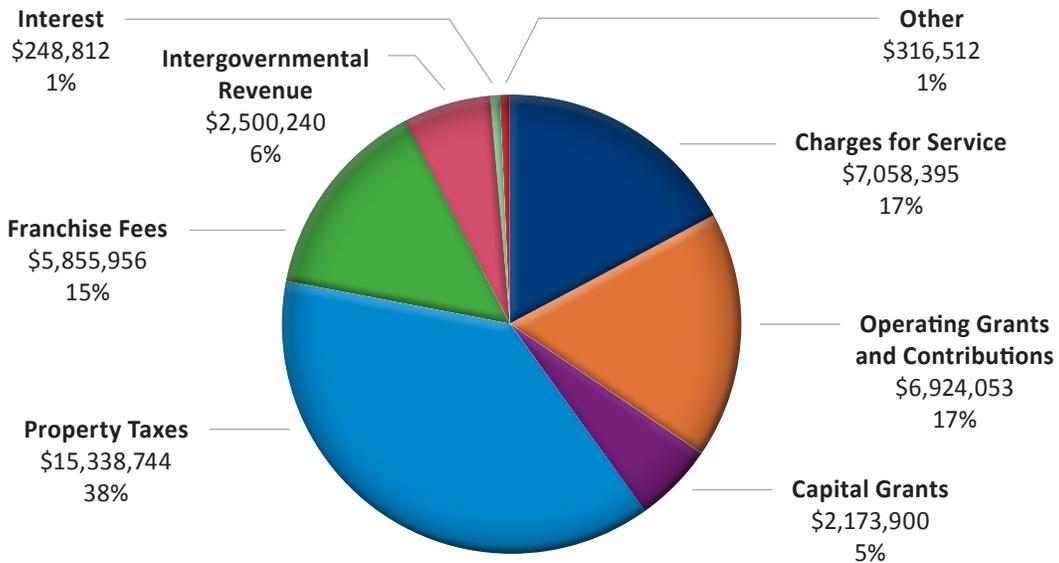
Measure 50 did not change the basis for calculating General Obligation (GO) debt service levies. GO debt service levies are calculated to produce enough tax revenues that (when combined with other resources such as interest earnings and fund balance) will be enough to pay debt service due on these voter approved bonds. On November 2, 2010, voters approved a bond measure in the amount of \$17.0 million for acquisition and development of park land. These bonds were sold on February 3, 2011 to Wells Fargo Bank, National Association. Also on that date, the city refunded \$9.0 million of outstanding general obligation bonds that were approved on May 21, 2002, by voters to build a new library. Taxes collected through the tax levy will repay this bonded debt.

Property taxes constitute 38 percent of total governmental revenues. Intergovernmental revenue, charges for services, franchise fees and other revenues make up the bulk of the city’s governmental revenue:

- ▶ Franchise fees are charged to public utilities for the use of the public right-of-way. Franchised activities paying the fee include electricity, natural gas, telecommunications, cable television, water, sewer and solid waste haulers — \$5.9 million. As noted above, the city exercised its right under state law to enact an additional franchise fee on the local electric utility, which raised an addition \$0.5 million in franchise fee revenue.
- ▶ Operating grants and contributions constitutes a significant amount of funding for the city. This category includes the city’s share of the Washington County Cooperative Library Services (WCCLS) tax levy, along with state and county gas tax revenues.
- ▶ Intergovernmental revenue is another significant revenue category and totals \$2.5 million. These revenue sources include state shared revenues such as cigarette tax, liquor tax and revenue sharing. In addition, this category also includes the city’s portion of the county-wide hotel/motel tax.
- ▶ Charges for service includes a variety of land use planning and permit fees, library fines and other miscellaneous types of fees and charges — \$7.0 million.



GOVERNMENTAL ACTIVITIES — FISCAL YEAR 2013
Revenues by Source \$40,416,612



Revenues — Business-type Activities

Charges for services represent 90.6 percent of total revenues and are composed of fees that are charged to all users for services provided such as water, sanitary sewer, and storm water. The sanitary and storm water fees are established by Clean Water Services (CWS) and are set by the agency each year. The city council, through an intergovernmental agreement with other water system participants, sets the water rates.

The city is continuing to pursue efforts to secure a long-term water source to meet future demands over the next 50 years. In August 2008 the city entered into an intergovernmental agreement with the City of Lake Oswego in which the City of Tigard will share the cost of upgrading and expanding Lake Oswego’s water treatment plant in return for a long-term water contract. The city conducted a water rate study during fiscal year 2010. The city council approved rate increases of 7 percent on October 1, 2010 and 30.5 percent on January 1, 2011, along with 14 percent increases on January 1, 2012, 2013 and 2014.

Sanitary rates have been traditionally adjusted by CWS annually with the increase in revenues being dedicated to debt service requirements for treatment plant expansions made by the agency.

Storm water rates increased approximately 9.5 percent in fiscal year 2013.

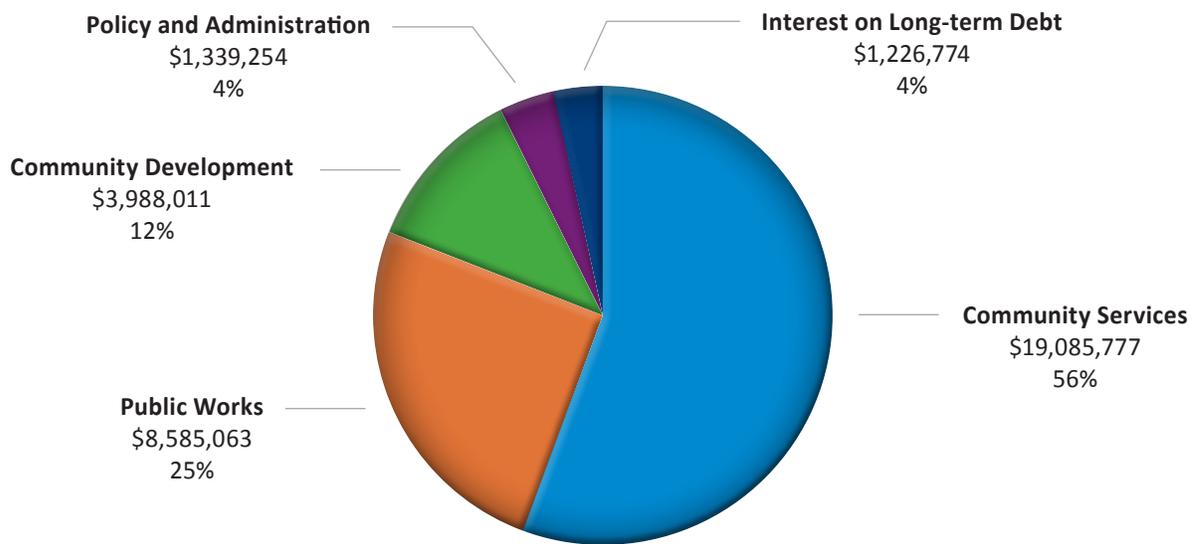
Expenses — Governmental Activities

Expenses related to governmental activities are shown in the chart below and are expressed as a percent of total expenses for all governmental activities.

The majority of the expenses (55.8 percent) relate to the city library and police department within the community services activity.

Overall, expenses in governmental activities decreased by \$6.2 million over the previous fiscal year. The majority of this decrease can be attributed to reductions in services due to budget restraints.

GOVERNMENTAL ACTIVITIES — FISCAL YEAR 2013
Expenses by Service Type \$34,224,879

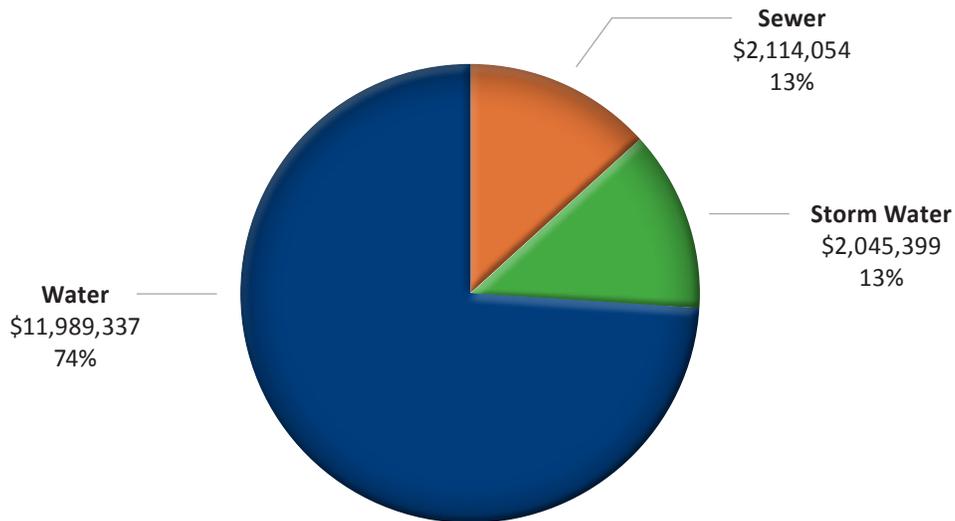


Expenses — Business-type Activities

The majority of the expenses (74 percent) relate to the drinking water service provider activity. Currently the city does not have its own water source, so it has to purchase water from other agencies. This water purchase expense is a major portion of the total water expenses. Expenses in the water division were unchanged compared to last year.

The sanitary sewer and storm water expenses increased only slightly from the previous fiscal year. Neither of these activities has experienced major growth or expansion of their respective systems, so expenses have remained generally flat as the city works to keep expenses in line with revenues.

BUSINESS-TYPE ACTIVITIES — FISCAL YEAR 2013 Expenses by Service Type \$16,148,790



Financial Analysis of the City's Funds

As noted earlier, the city uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the fiscal year 2013, the city's governmental funds reported combined ending fund balances of \$29.1 million, up \$2.6 million from the prior year. Most of that fund balance, \$14.9 million, is reported as restricted for various purposes. In the General Fund, \$0.5 million is reported as non-spendable, and \$9.7 million is reported as unassigned.

General Fund

The General Fund is the chief operating fund of the city. At the end of the fiscal year 2013, the unassigned fund balance was \$9.7 million that can be used for funding of city programs. This is an increase of approximately \$2.3 million which is primarily due to cuts in expenditures. The city is monitoring the continuation of flat revenues and increasing expenditure rates.

Gas Tax Fund

This fund records shared revenues from state and county taxes on the sale and use of motor vehicle fuel. Funds are used for construction, reconstruction, improvement, repair, maintenance, operation, and use of public highways, roads, streets and roadside rest areas. This revenue source can also be used for street lighting and cleaning, storm drainage, traffic control devices, and cost of administration. At the end of fiscal year 2013, the fund balance was \$1.8 million, virtually unchanged from the prior year. Revenues of almost \$3.0 million were used to fund street maintenance, street lighting and debt service on transportation bonds.

Proprietary Funds

The city's proprietary funds include the Sanitary Sewer, Storm Sewer, Water and Internal Services Funds.

The unrestricted net position of the business-type activities which include the Sanitary Sewer, Storm Sewer and Water Funds at the end of the year amounted to \$12.7 million, a decrease of \$6.7 million from the prior year. The decrease in unrestricted net position is largely due to the increase net investment in capital assets. The portion of net position reported as a net investment in capital assets increased by \$14.6 million this year. The total increase in net position for these funds was \$4.4 million, which is included in net investment in capital assets.

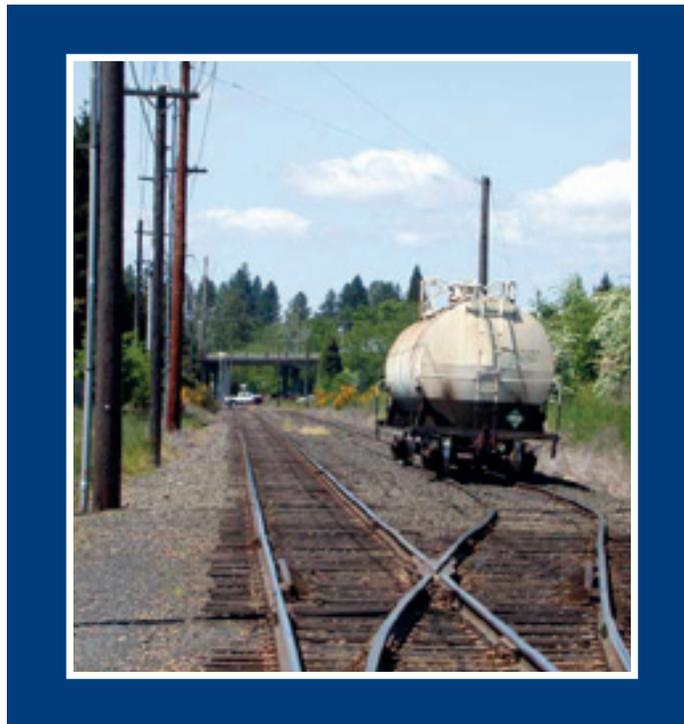
The factors concerning the finances of the funds have already been addressed in the discussion of the city's business-type activities.

General Fund Budgetary Highlights

The city council approved three budget amendments to the adopted General Fund budget. Total increase in appropriations was \$270,034. The overall change to the budget in the General Fund after these three amendments was less than one percent and had no significant effect on future services or liquidity.

The city budgeted the General Fund with the anticipation that ending fund balance would decrease by approximately \$1.6 million. However the financial forecast also recognizes that departments do not spend 100 percent of the budget, and so an increase in ending fund balance was expected. Actual results show the ending fund balance increased by \$2.5 million. This difference was caused by expenditures, including transfers out, that were \$2.6 million lower than budget. The remaining difference was in unspent contingency and a higher actual beginning fund balance than what was budgeted.

For expenditures, the variance was primarily due to a conservative approach to the budget. The variance represents approximately 8 percent of expenditures, which is in line with the city's forecasting assumption that departments will spend approximately 92 percent of their budgets. In the financial forecast this ending fund balance is used to cushion the continuing issue of expenditures growing at a faster rate than revenues.



Capital Asset and Debt Administration

Capital Assets

Governmental Activities

The city's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$207.3 million (net of accumulated depreciation). This investment in capital assets primarily includes land, buildings, machinery and equipment, office equipment, and infrastructure. The infrastructure includes roads, curbs and sidewalks, signage, streetlights and right-of-ways. The total increase in the city's investment in governmental activities capital assets was \$1.6 million, approximately eight-tenths of one percent. The city added assets primarily in the parks area as money from the parks bonds issued in fiscal year 2011 is spent. Expenditures on capital assets were higher than overall depreciation expense, leading to the increase in net capital assets.

Business-type Activities

The city's investment in capital assets for its business-type activities as of June 30, 2013, amounts to \$95.2 million (net of accumulated depreciation). In addition to machinery, equipment, and vehicles, the capital assets include the sanitary sewer collection system, storm drainage, and water systems. Total increase in the city's investment in business-type activities capital assets was \$9.0 million or 10 percent. This is primarily due to work being done on the city's water partnership with the City of Lake Oswego.

Additional information on the city's capital assets can be found in the notes on pages 64–65 of this report.

CAPITAL ASSETS AT YEAR-END (net of depreciation in millions)

	Governmental Activities		Business-type Activities		Total	
	FY 12–13	FY 11–12	FY 12–13	FY 11–12	FY 12–13	FY 11–12
CAPITAL ASSETS						
Land	24.6	22.5	5.2	4.5	29.8	27.0
Construction in progress	3.2	1.5	29.0	24.3	32.2	25.8
Buildings and building improvements	16.1	16.2	0.9	1.1	17.0	17.3
Land improvements	0.6	1.2	0	0	0.6	1.2
Sewer system	0	0	14.6	15.1	14.6	15.1
Storm drainage system	0	0	10.0	10.2	10.0	10.2
Water system	0	0	35.2	30.6	35.2	30.6
Machinery and equipment	1.4	1.5	0	0	1.4	1.5
Autos and trucks	0.6	0.5	0.3	0.4	0.9	0.9
Infrastructure	160.8	162.3	0	0	16.8	162.3
Total Capital Assets	207.3	205.7	95.2	86.2	302.5	291.9

Debt Outstanding

As of year-end, the city had four types of long-debt currently outstanding, two of which are governmental and two are business-type. The governmental debt includes general obligation bonds (\$28.8 million) secured by the city's authority to levy property taxes and assessment bonds (\$.9 million) secured by installment payment contracts with property owners. For the business-type activity, the city issued revenue bonds during fiscal year 2012 with a par value of \$97.7 million. The proceeds from these bonds are being used to fund water capital projects, primarily the costs associated with the Tigard/Lake Oswego Water Partnership. The city is making interest-only payments on these bonds until 2016. The city also has an outstanding loan payable that is part of a grant and low interest loan package provided to the city to make improvements to one of the city's water reservoirs. These funds were part of the American Recovery and Reinvestment Act (ARRA). The outstanding loan balance is \$2.3 million.

The most recent bond rating for general obligation issues occurred during fiscal year 2011. The city received a rating of Aa2 and AA from Moody's and Standard & Poor's, respectively, for general obligations of the city. Existing debt levels have no direct impact on current or future city operations. During fiscal year 2012, in anticipation of issuing water revenue bonds, the city received a revenue bond rating of A1 from Moody's and AA- from Standard & Poor's.

The State of Oregon limits the amount of general obligation debt that cities can issue to 3 percent of the real market value of all taxable property within the city limits. The city's total outstanding general obligation debt is significantly below the 3 percent limit of \$189 million.

Additional information on the city's debt can be found on pages 66–69 of this report.

OUTSTANDING DEBT AT FISCAL YEAR-END (in millions)

	Totals		Total Percentage Change
	FY 12–13	FY 11–12	
GOVERNMENTAL			
General obligation	28.8	30.7	- 6.2%
Local improvement	0.9	1.0	- 10.0%
Total Outstanding Debt	29.7	31.7	- 6.3%
BUSINESS-TYPE			
Note payable	2.3	2.4	- 4.2%
Revenue bonds	97.7	97.7	0.0%
Total Outstanding Debt	100.0	100.1	- 0.1%

Economic Factors

The unemployment rate for the Washington County area was 6.6 percent at the end of the fiscal year, June 30, 2013. This is a decrease from the same period last year, when the rate was 8.2 percent. The rate is also 1.2 percent lower than the national average of 7.8 percent for June 2013.

The City of Tigard issues licenses for businesses operating within the city limits. As of June 30, 2013, there were 3,066 businesses licensed in the city. The U.S. Economic Census, which takes place every five years, provides data on industry sales within the city. Wholesale trade is generating the most dollars in shipments, sales, and receipts. Retail trade employed the most people, and also ranks second in the amount of dollars generated.

Anecdotal evidence indicates the economy in Washington County is improving. As noted above, the unemployment rate has decreased for the second straight year, and has decreased from a high of 10.4 percent at June 30, 2009 to 6.6 percent as of June 30, 2013. In addition, revenue that is an indicator of development, such as building permits and growth impact fees, increased an average of 49 percent in fiscal year 2013 over fiscal year 2012. In the last two fiscal years the City of Tigard has annexed approximately 500 acres of rural land. Planning is underway to prepare zoning so the land can be developed primarily for residential uses.

The City of Tigard has developed a comprehensive long-term financial forecast every year since the 1980s. This forecast allows the city to project expected revenues and expenditures for each of its funds to help anticipate financial requirements.

The comprehensive long-term financial forecast continues to be central to Tigard's financial management strategy. By forecasting and anticipating financial trends, Tigard can develop strategies to respond to these emerging financial trends.

The current forecast shows that in the short-term the city's financial condition is stable in most funds. The fiscal year 2013 budget continued addressing a projected General Fund deficit that had been forecasted to occur earlier than what is now projected. Managers are aware of the continuing issue of flat revenues and increasing expenditure rates and are managing their budgets with that in mind.

More adjustments were made to the forecast model during the fiscal year 2014 budget preparation; taking into account the city never spends 100% of its appropriations. The city produced a "hold-the-line" budget for fiscal year 2014 after making significant reductions in fiscal year 2013.

The sluggish economy has affected the city's urban renewal agency, which relies on tax-increment financing to fund downtown projects. So far the agency continues to rely on interfund loans to pay for projects.

Requests for Information

This financial report is designed to provide a general overview of the City of Tigard's finances for all those with an interest in the city's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

City of Tigard
Financial and Information Services Director
13125 SW Hall Blvd.
Tigard, Oregon 97223

Basic Financial Section

STATEMENT OF NET POSITION — June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	32,066,375	110,861,404	142,927,779
Accounts receivable, net	3,152,739	3,969,912	7,122,651
Property taxes receivable	704,610	0	704,610
Assessment liens receivable	834,825	0	834,825
Prepaid expenses	588,024	18,100	606,124
Property held for resale	0	445,042	445,042
Restricted cash and investments	0	6,605,800	6,605,800
Inventory	36,200	50,981	87,181
Capital assets:			
Land and construction in progress	27,790,081	34,209,210	61,999,291
Other capital assets (net of accumulated depreciation)	179,463,678	61,031,135	240,494,813
Total Assets	244,636,532	217,191,584	461,828,116
LIABILITIES			
Accounts payable and accrued liabilities	2,885,975	5,216,636	8,102,611
Customer deposits	1,118,393	34,341	1,152,734
Due to others	451,270	0	451,270
Due to (from) other activities	200,000	(200,000)	0
Unearned revenue	75,609	0	75,609
Accrued interest payable	94,708	2,006,740	2,101,448
Due within one year:			
Notes payable	0	92,379	92,379
Bonds payable	1,985,000	470,602	2,455,602
Accrued compensated absences	509,394	28,272	537,666
Special assessment bonded debt w/ gov. commit	457,983	0	457,983
Capital lease	13,592	0	13,592
Due in more than one year:			
Unamortized bond premium	264,248	0	264,248
Notes payable	0	2,201,107	2,201,107
Bonds payable	26,820,000	104,896,687	131,716,687
Accrued compensated absences	657,559	84,817	742,376
Special assessment bonded debt w/ gov. commit	445,756	0	445,756
Capital lease	44,482	0	44,482
Net OPEB obligation	1,063,330	108,065	1,171,395
Total Liabilities	37,087,299	114,939,646	152,026,945
NET POSITION			
Net investment in capital assets	181,196,030	74,044,470	255,240,500
Restricted for:			
Capital projects	10,485,984	3,078,052	13,564,036
Debt service	1,555,471	6,605,800	8,161,541
Unrestricted	14,311,478	18,523,616	32,835,094
Total Net Position	207,549,233	102,251,938	309,801,171

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

STATEMENT OF ACTIVITIES
for the year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets — Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
Community services	19,085,777	2,252,945	3,081,482	0	(13,751,350)	0	(13,751,350)
Public works	8,585,063	2,120,366	3,804,939	2,173,900	(485,858)	0	(485,858)
Community development	3,988,011	2,579,329	37,632	0	(1,371,050)	0	(1,371,050)
Policy and administration	1,339,254	105,755	0	0	(1,233,499)	0	(1,233,499)
Interest on long-term debt	1,226,744	0	0	0	(1,226,774)	0	(1,226,774)
Total Governmental Activities	34,224,879	7,058,395	6,924,053	2,173,900	(18,068,531)	0	(18,068,531)
BUSINESS-TYPE ACTIVITIES							
Sewer	2,114,054	1,203,187	0	125,018	0	(785,849)	(785,849)
Storm water	2,045,399	2,629,694	0	9,250	0	593,545	593,545
Water	11,989,337	14,907,664	0	1,541,719	0	4,460,046	4,460,046
Total Business-type Activities	16,148,790	18,740,545	0	1,675,987	0	4,267,742	4,267,742
Total	50,373,669	25,798,940	6,924,053	3,849,887	(18,068,531)	4,267,742	(13,800,789)
GENERAL REVENUES							
Property taxes, levied for general purposes					12,752,923	0	12,752,923
Property taxes, levied for debt service					2,585,821	0	2,585,821
Fanchise fees					5,855,956	0	5,855,956
Unrestricted intergovernmental revenues					2,500,240	0	2,500,240
Interest earnings					248,812	114,661	363,473
Miscellaneous					316,512	157,360	473,872
Total General Revenues					24,260,264	272,021	24,532,285
Transfers between governmental and business-type activities					120,227	(120,227)	0
Changes in net position					6,311,960	4,419,536	10,731,496
Net Position — Beginning					201,237,273	97,832,402	299,069,675
Net Position — Ending					207,549,233	102,251,938	309,801,171

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

GOVERNMENTAL FUNDS — BALANCE SHEET
June 30, 2013

	General Fund	Gas Tax Fund	Other Gov. Funds	Total Gov. Funds
ASSETS				
Cash and investments	9,567,794	2,092,365	18,742,622	30,402,781
Accounts receivable, net	2,296,927	279,288	558,450	3,134,665
Due from other funds	449,844	151,941	0	601,785
Property taxes receivable	599,113	0	105,497	704,610
Assessment liens receivable	0	0	834,825	834,825
Prepaid expenses	472,941	3,671	11,315	487,927
Total Assets	13,386,619	2,527,265	20,252,709	36,166,593
LIABILITIES				
Accounts payable and accrued liabilities	1,668,996	116,377	725,138	2,510,511
Customer deposits	122,690	599,009	396,694	1,118,393
Due to others	433,139	0	18,131	451,270
Due to other funds	0	0	801,785	801,785
Unavailable revenue: Property taxes	539,557	0	94,138	633,695
Long-term receivables	0	0	16,256	16,256
Grants	0	0	163,373	163,373
Franchise fee	131,765	0	0	131,764
Municipal court receivable	329,796	0	0	329,796
Assessment liens	0	0	825,309	825,309
Unearned revenue	0	0	59,660	59,660
Total Liabilities	3,225,942	715,386	3,100,484	7,041,812
FUND BALANCES				
Non-spendable: Prepaid items	472,941	3,671	11,315	487,927
Restricted for: Street maintenance and improvements	0	1,808,208	2,735,132	4,543,340
Debt service	0	0	1,555,741	1,555,741
Park improvements	0	0	5,890,185	5,890,185
Underground utilities	0	0	567,555	567,555
Building inspection	0	0	1,702,827	1,702,827
Police services	0	0	125,488	125,488
Library improvements	0	0	474,648	474,648
Committed for: Street maintenance and improvements	0	0	2,771,966	2,771,966
Urban forestry	0	0	1,248,469	1,248,469
Assigned to: City Facilities	0	0	670,223	670,223
Unassigned	9,687,736	0	(601,324)	9,086,412
Total Fund Balances	10,160,677	1,811,879	17,152,225	29,124,781
Total Liabilities and Fund Balances	13,386,619	2,527,265	20,252,709	
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$71,707,822				207,253,759
Other long-term assets are not available to pay for current-period expenditures and, therefore are unavailable in the funds:				
Property taxes earned but not available				633,695
Long-term receivables				16,256
Grants earned but not available				163,373
Franchise fees earned but not available				131,764
Municipal court receivable				329,796
Assessment liens				825,309
Internal service funds are used by management to charge the cost of administrative functions as well as fleet and property management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of activities				937,077
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds				(876,746)
Long-term liabilities – not reported in the funds: Bonds, notes payable and other liabilities, not due and payable in current period				(29,972,990)
Capital lease obligation				(58,074)
Accrued interest payable, not due and payable in the current period				(94,708)
Net OPEB obligation				(864,059)
Net Assets of Governmental Activities				207,549,233

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

**GOVERNMENTAL FUNDS —
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
June 30, 2013**

	General Fund	Gas Tax Fund	Other Gov. Funds	Total Gov. Funds
REVENUES				
Taxes	12,787,066	2,835,366	2,585,821	18,208,253
City gas tax	0	0	830,031	830,031
Franchise fees	5,724,192	0	0	5,724,192
Special assessments	0	0	43,170	43,170
Licenses and permits	1,274,860	214	1,900,044	3,175,118
Intergovernmental revenues	5,890,582	0	150,404	6,040,986
Charges for services	2,465,989	0	4,166,790	6,632,779
Fines and forfeitures	918,761	0	120,187	1,038,948
Interest earnings	99,825	43,011	111,401	254,237
Miscellaneous	80,760	74,174	51,509	206,443
Total Revenues	29,242,035	2,952,765	9,959,357	42,154,157
EXPENDITURES				
<i>Current operating:</i>				
Community services	18,636,382	0	0	18,636,382
Public works	4,662,777	1,960,298	0	6,623,071
Community development	2,667,927	0	1,269,162	3,937,089
Policy and administration	711,385	0	0	711,385
<i>Debt service:</i>				
Principal	0	445,604	1,546,896	1,992,500
Interest	0	170,324	1,094,471	1,264,795
Capital outlay	0	0	6,357,256	6,357,256
Total Expenditures	26,678,467	2,576,226	10,267,785	39,522,478
Excess (deficiency) of Revenues Over (under) Expenditures	2,563,568	376,539	(308,428)	2,631,679
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	0	71,091	0	71,091
Transfers in	56,807	100,000	4,578,812	4,735,619
Transfers out	(310,084)	(508,418)	(4,062,301)	(4,880,803)
Total Other Financing Sources (uses)	(253,277)	(337,327)	516,511	(74,093)
Net change in fund balances	2,310,291	39,212	208,083	2,557,586
Fund Balances – Beginning of Year	7,850,386	1,772,667	16,944,142	26,567,195
Fund Balances – End of Year	10,160,677	1,811,879	17,152,225	29,124,781

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

**GOVERNMENTAL FUNDS —
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
for the year ended June 30, 2013**

Net change in fund balances – total governmental funds		2,557,586
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expenses to allocate those expenditures over the life of the assets. This is the amount by which capital outlay exceeded depreciation in the current period.		
Expenditures for capital assets	6,137,570	
Less current year depreciation	(4,598,008)	1,539,562
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(34,143)	
Long-term receivables	16,256	
Grants	126,170	
Franchise fees	131,764	
Municipal court receivable	329,796	
Assessment liens	(167,655)	402,188
Repayment of bond principal is expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Capital lease proceeds	(58,074)	
Premium amortization	26,058	
Principal payments	1,992,500	1,960,484
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Decrease in compensated absences	87,623	
Decrease in accrued interest on debt	5,404	
Increase in net OPEB obligation	(173,795)	(80,768)
Internal service funds are used by management to charge the cost of administrative functions as well as fleet and property management to individual funds. The net revenue of internal service funds is reported with governmental activities.		
Change in Net Position – Internal Service Funds		(67,092)
Change in Net Position of Governmental Activities		6,311,960

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

**PROPRIETARY FUNDS —
STATEMENT OF NET POSITION
for the year ended June 30, 2013**

	Business-type Activities — Enterprise Funds				Governmental Activities
	Sanitary Sewer	Storm Water	Water	Totals	Internal Service Funds
ASSETS					
<i>Current assets:</i>					
Cash and investments	6,222,932	4,050,059	107,194,213	117,467,204	1,663,594
Accounts receivable	1,379,667	358,065	2,232,180	3,969,912	18,076
Loan to CCDA	200,000	0	0	200,000	0
Prepaid expenses	1,789	3,005	13,306	18,100	100,097
Property held for resale	185,021	260,021	0	445,042	0
Inventory	0	0	50,981	50,981	36,200
Total Current Assets	7,989,409	4,671,150	109,490,680	122,151,239	1,817,967
NON-CURRENT ASSETS					
<i>Capital assets:</i>					
Land and construction in progress	1,011,474	163,897	33,033,839	34,209,210	0
Other capital assets (net of accumulated depreciation)	14,784,066	10,514,506	35,732,563	61,031,135	0
Total Non-current Assets	15,795,540	10,678,403	68,766,402	95,240,345	0
Total Assets	23,784,949	15,349,553	178,257,082	217,391,584	1,817,967
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable and accrued liabilities	1,189,448	229,886	3,797,302	5,216,363	375,464
Customer deposits	0	8,833	25,508	34,341	0
Accrued interest payable	0	0	2,006,740	2,006,740	0
Accrued compensated absences	6,821	3,890	17,561	28,272	290,207
Unearned revenue	0	0	0	0	15,948
Current portion of unamortized bond premium	0	0	470,602	470,602	0
Current portion of note payable	0	0	92,379	92,379	0
Total Current Liabilities	1,196,269	242,609	6,410,092	7,848,970	681,619
NON-CURRENT LIABILITIES					
Accrued compensated absences	20,462	11,670	52,685	84,817	0
Note payable – long-term portion	0	0	2,201,107	2,201,107	0
Revenue bonds payable – long-term portion	0	0	104,896,687	104,896,687	0
Net OPEB obligation	25,113	28,805	54,147	108,065	199,271
Total Non-current Liabilities	45,575	45,475	107,204,626	107,290,676	199,271
Total Liabilities	1,241,844	283,084	113,614,718	115,139,646	880,890
NET POSITION					
Net investment in capital assets	15,795,540	10,678,403	47,570,527	74,044,470	0
Restricted for capital projects	0	0	3,078,052	3,078,052	0
Restricted for debt service	0	0	6,605,800	6,605,800	0
Unrestricted	6,747,565	4,388,066	7,387,985	18,523,616	937,077
Total Net Position	22,543,105	15,066,469	64,642,364	102,251,938	937,077

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

**PROPRIETARY FUNDS —
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
for the year ended June 30, 2013**

	Business-type Activities — Enterprise Funds				Governmental Activities
	Sanitary Sewer	Storm Water	Water	Totals	Internal Service Funds
OPERATING REVENUES					
Charges for services	1,203,187	2,629,694	14,907,664	18,740,545	7,139,558
Miscellaneous	128,390	63,039	25,931	157,360	99,233
Total Operating Revenues	1,331,577	2,632,733	14,933,595	18,897,905	7,238,791
OPERATING EXPENSES					
Salaries and wages	591,651	597,038	1,131,531	2,320,220	4,442,695
Contracted services	124,648	383,826	3,427,839	3,936,313	781,561
General, administrative and other	743,710	618,398	2,316,605	3,678,713	2,082,511
Depreciation	654,045	446,137	1,182,159	2,282,341	0
Total Operating Expenses	2,114,054	2,045,399	8,058,134	12,217,587	7,306,767
Operating Income (loss)	(782,477)	587,334	6,875,461	6,680,318	(67,976)
NON-OPERATING REVENUES (EXPENSES)					
Investment revenue	502	3,526	110,633	114,661	884
Interest expense	0	0	(3,931,203)	(3,931,203)	0
System development revenue	125,018	9,250	1,541,719	1,675,987	0
Total Non-operating Revenue (expenses)	125,520	12,776	(2,278,851)	(2,140,555)	884
Net Income Before Transfers	(656,957)	600,110	4,596,610	4,539,763	(67,092)
Transfers in	0	0	180,291	180,291	0
Transfers out	(36,384)	(98,597)	(165,537)	(300,518)	0
Changes in Net Position	(693,341)	501,513	4,611,364	4,419,536	(67,092)
Net Position – Beginning of Year	23,236,446	14,564,956	60,031,000	97,832,402	1,004,169
Net Position – End of Year	22,543,105	15,066,469	64,642,364	102,251,938	937,077

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

**PROPRIETARY FUNDS —
STATEMENT OF CASH FLOWS**
for the year ended June 30, 2013

	Business-type Activities — Enterprise Funds				Governmental Activities
	Sanitary Sewer	Storm Water	Water	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	10,856,852	2,534,524	14,416,264	27,807,640	7,145,101
Payments to suppliers	(10,873,799)	(980,560)	(5,587,460)	(17,441,819)	(3,107,372)
Payments to employees	(579,902)	(590,711)	(1,115,042)	(2,285,655)	(4,372,326)
Other receipts	128,390	3,039	25,931	157,360	116,238
Net Cash Provided (used) by Operating Activities	(468,459)	966,292	7,739,693	8,237,526	(218,359)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(36,384)	(98,597)	(165,538)	(300,519)	0
Proceeds from other funds	0	0	180,291	180,291	0
Net Cash (used) from Capital and Related Financing Activities	(36,384)	(98,957)	14,753	(120,228)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
System development revenue	125,018	9,250	1,541,719	1,675,987	0
Long-term debt payments	0	0	(575,116)	(575,116)	0
Interest expense	0	0	(2,820,854)	(2,820,854)	0
Acquisition of capital assets	(661,637)	(286,295)	(10,388,041)	(11,335,973)	0
Net Cash (used) by Capital and Related Financing Activities	(536,619)	(277,045)	(12,242,292)	(13,055,956)	0
CASH FLOWS FROM INVESTING ACTIVITIES					
Property held for resale	(185,021)	(260,021)	0	(445,042)	0
Interest earnings	502	3,526	110,633	114,661	884
Net Cash Provided (used) by investing activities	(184,519)	(256,495)	110,633	(330,381)	884
Net Increase (decrease) in cash and cash equivalents	(1,225,981)	334,155	(4,377,213)	(5,269,039)	(217,475)
Cash and Investments – Beginning of Year	7,448,913	3,715,904	111,571,429	122,736,246	1,881,069
Cash and Investments – End of Year	6,222,932	4,050,059	107,194,216	117,467,207	1,663,594
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	(782,477)	587,334	6,875,461	6,680,318	(67,976)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Cash flows reported in other categories:					
Depreciation expense	654,045	446,137	1,182,159	2,282,341	0
Change in assets and liabilities:					
Receivables	(554,397)	(95,170)	(476,610)	(1,126,177)	6,600
Prepaid expenses	(1,789)	(3,005)	(13,306)	(18,100)	(39,925)
Inventory	0	0	0	0	(17,962)
Accounts payable and accrued liabilities	204,410	24,669	170,290	399,369	(185,413)
Unearned revenue	0	0	0	0	15,948
Accrued compensated absences	5,887	(415)	4,768	10,240	28,397
Customer deposits	0	883	(14,793)	(13,910)	0
OPEB obligation	5,862	5,859	11,724	23,445	41,972
Net Cash Provided (used) by Operating Activities	(468,459)	966,292	7,739,693	8,237,526	(218,359)

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

**STATEMENT OF PLAN NET POSITION —
PENSION TRUST FUND
for the year ended June 30, 2013**

ASSETS	
Cash and cash equivalents	5,656,033
Corporate bonds	646,239
Corporate stocks	13,789,334
Total Assets	20,091,606
Net Position of Assets Held in Trust for Pension Benefits	20,091,606

**STATEMENT OF CHANGES IN PLAN NET POSITION —
PENSION TRUST FUND
for the year ended June 30, 2013**

ADDITIONS	
Contributions – employer	1,251,188
Contributions – employee	164,999
Investment income	2,088,762
Total Additions	3,504,949
DEDUCTIONS	
Benefit payments and withdrawals	1,451,457
Increase in Net Position	2,053,492
Net Position of Assets Held in Trust for Pension Benefits	
– Beginning of Year	18,038,114
– End of Year	20,091,606

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

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies:

The City of Tigard, under its Charter of 1961, is governed by an elected mayor and four council members who comprise the City Council. The City Council appoints a City Manager, who acts as the administrative head of government for the city.

The accompanying financial statements present the city and its component unit. The activities of the Tigard City Center Development Agency (the agency) are included in the city's financial statements as a blended component unit. The agency is a legally separate entity, which is governed by a board comprised of the City Council, as stipulated in the bylaws. The Council has the ability to impose its will on the agency as determined on the basis of budget adoption, taxing authority, and funding. The purpose of the agency is to undertake urban renewal projects and activities pursuant to the city's downtown redevelopment plan. The financial results of the agency are reported herein as a debt service fund and a capital projects fund. The agency also prepares a separate component unit financial report that may be obtained from the agency's administrative offices at 13125 SW Hall Blvd., Tigard, Oregon 97223.

The financial statements of the city have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements include all relevant GASB pronouncements. The city applies the provisions of all applicable GASB statements that define requirements and the reporting model for the annual financial reports of state and local governments. The city has recorded capital and certain other long-term assets and liabilities in the Statement of Net Position, reported all revenues and the cost of providing services under the accrual basis of accounting in the Statement of Activities, and uses the direct method of reporting cash flows.

Basic Financial Statements

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

Government-wide financial statements display information about the city as a whole. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided by one fund and charged to another have been eliminated in the Statement of Activities with the exception of transfers between governmental activities and business-type activities. These statements focus on the sustainability of the city as an entity and the change in aggregate financial position resulting from the activities of the fiscal year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Indirect expenses are recovered through internal service fund charges. These indirect expenses are allocated based on a full-cost approach, thereby allocating indirect expenses among functions with the objective of allocating all expenses. Taxes and other items not included among program revenues are reported instead as general revenues.

1. Summary of Significant Accounting Policies Continued:

Separate financial statements are provided for governmental funds, proprietary funds, and the pension trust fund, even though the pension trust fund is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary or fiduciary.

Currently, the city has governmental, proprietary and fiduciary fund types. Non-major funds are combined into a single column in the basic financial statements and are detailed in the supplementary information.

Basis of Presentation

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

Professional standards set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses, or either fund category or the governmental and enterprise combined) for the determination of major funds. The city may also elect to add major funds that city officials believe are particularly useful to financial statement users. The city has elected to include the Gas Tax Fund as a major fund in the current financial statements for consistency. Non-major funds are combined in a column in the fund financial statements and detailed as supplementary information in the financial report.

Measurement Focus and Basis of Accounting

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

The government-wide, proprietary fund and fiduciary fund financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full-accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental funds financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported.

Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

1. **Summary of Significant Accounting Policies Continued:**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Property taxes, intergovernmental and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the city.

An unavailable revenue liability arises in the governmental funds balance sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current year. This unavailable revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operation of the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the governmental fund balance sheet for unavailable revenue is eliminated.

Similar to the way revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt is recorded as a fund liability only when due, or to the extent that it is expected to be liquidated with expendable financial resources. However, in the government-wide financial statements with full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long-term portions of debt, interest, other post-employment benefits and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

The fiduciary fund accounts for the resources held by the city in a custodial capacity, on behalf of the employees of the city.

When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources as they are needed.

1. Summary of Significant Accounting Policies Continued:

Assets, Liabilities, and Equity **Cash and Investments**

Investments included in cash and investments are stated at fair value (generally based on quoted market prices). For purposes of the Statement of Cash Flows, the city considers the proprietary funds' cash and investments, and the amounts in the Oregon State Treasurer's Investment Pool, to be cash equivalents.

Receivables and Payables

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15 and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

The city also has receivables outstanding for assessments on private property. These assessments include street and sidewalk improvements, sewer line installations and deferral of certain impact fees (system development charges).

Proprietary fund receivables are recorded as revenue when earned, including services earned but not billed. The receivables of proprietary funds include billing for residential and commercial customers utilizing the city's water, sewer and storm water management services.

Many of the city's receivables, including property taxes, assessments and proprietary fund receivables are deemed to be substantially collectible. Tax and assessments receivable can be recovered through foreclosure on the subject property. Services can be disconnected if proprietary fund receivables remain unpaid. Accordingly, no allowance for doubtful accounts is deemed necessary for these receivables.

Under State of Oregon statutes, municipal court receivables are valid for ten years and are then renewable for another ten years. According to city policy, these receivables are turned over to an external collection agency after approximately 180 days. Historical collection percentages average about 20 percent. Accordingly, municipal court receivables of \$2.5 million have an allowance for doubtful accounts of \$2.0 million. Of the remaining \$0.5 million, approximately \$0.2 million are being collected on behalf of the State of Oregon and Washington County, and are therefore shown as "Due to Others."

Accounts payable to vendors and contractors include general accounts payable, retainage payable, deposits payable and other accrued liabilities not included in short-term or long-term liabilities.

Inventories

Inventories of parts, materials and supplies are stated at cost on the first-in, first-out basis, in the proprietary funds. The consumption method is used in accounting for inventory for all funds on the budgetary basis. The consumption method is used for the government-wide presentation as well as the proprietary funds and business-type activities.

1. Summary of Significant Accounting Policies Continued:

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, pathways, street lights, etc.) are reported in the applicable governmental or business type activities columns in the government-wide financial statements, and in the proprietary fund statements.

Capital assets are charged to expenditures as purchased or constructed in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation.

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

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

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

Accrued Compensated Absences and Sick Pay

It is the city's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave, since the city does not have a policy to pay any amounts when employees separate from the city. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only when it has matured, for example, as result of employee resignations or retirements. At June 30, 2013, there were no governmental fund liabilities for accrued compensated absences.

Interfund Transfers

The city utilizes three types of interfund transfers. The first type is transfers received for services provided. These transfers are based on a cost allocation plan and are reflected as expenses of the appropriate activity in the government-wide statements. The second type of transfer is a transfer of resources. Typically, this transfer is made to close out funds that are no longer needed for financial reporting. The third type of transfer is a transfer for direct costs that can be specifically identified and billed directly to the benefiting fund. These types of transfers are reflected as expenses of the appropriate activity in the basic financial statements.

1. Summary of Significant Accounting Policies Continued:

Long-term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, which are immaterial, are treated as period costs in the year of issue.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while premiums and discounts on debt issuances are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in a hierarchy of classifications based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as non-spendable when the resources cannot be spent because they are either in a non-spendable form or legally or contractually required to be maintained intact. Resources in non-spendable form include inventories, prepaids, deposits and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council passes an ordinance that places specific constraints on how the resources may be used. The City Council can modify or rescind the ordinance at any time through passage of an additional ordinance.

Resources that are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The city's finance director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the city's Comprehensive Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that is not assigned, committed, restricted or non-spendable within the General Fund. This classification is also used to report any deficit fund balance amounts in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the city considers restricted amounts to have been spent. Likewise, when an expenditure is incurred for purposes for which either committed or assigned fund balance is available, the city considers committed or assigned amounts to have been spent.

1. Summary of Significant Accounting Policies Continued:

Use of Estimates

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

Budget

A budget is prepared for each fund, except for the Pension Trust Fund, essentially in accordance with the modified accrual basis of accounting used by governmental funds, which is in accordance with the legal requirements of Oregon Local Budget Law.

The resolution authorizing appropriations sets the maximum level of expenditures for each fund and may not legally be over expended. Appropriations lapse at the end of each fiscal year. Appropriations are made at the major program level for each fund, for example, Community Services, Public Works, Community Development, Policy and Administration, Debt Service, Capital Improvements and Contingency. The detail budget document is required to contain more detailed information for the above-mentioned expenditure categories.

After budget approval, the City Council may approve supplemental budgeted appropriations if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. A supplemental budget may require hearings before the public, publications in newspapers and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the City Council. Management may not amend the budget without Council approval.

For GAAP presentation, the transfers from non-operating funds for services provided by the internal service funds and the General Fund are considered revenues and expenses/expenditures, as appropriate, but may be considered to be interfund transfers for budgetary purposes.

Fund Types:

The city's financial operations are accounted for in the following funds:

GOVERNMENTAL FUNDS

Governmental funds finance most governmental functions of the city. The acquisition, use and balances of the city's expendable financial resources and the related liabilities, excluding those accounted for in proprietary funds, are accounted for through governmental funds. The measurement focus is upon determination of changes in current financial resources, rather than upon net position determination. The following are the city's major governmental funds:

General Fund — This fund accounts for the city's general operations. It is used to account for all transactions not specifically required to be accounted for in the city's other funds.

1. **Summary of Significant Accounting Policies Continued:**

Gas Tax Fund — This fund records shared revenues from the State and County taxes on the sale and use of motor vehicle fuel. Funds are used for construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets and roadside rest areas. Monies may also be used for street lighting and cleaning, storm drainage, traffic control devices and administration costs.

PROPRIETARY FUNDS

Proprietary funds are used to account for the acquisition, operation and maintenance of sewer, storm drainage, and water systems in the city. These funds are entirely or predominantly self-supported through user charges to customers. The measurement focus is upon net income determination, rather than upon determination of changes in current financial resources. The following are the city's major proprietary funds:

ENTERPRISE FUNDS

Sanitary Sewer Fund — This fund accounts for the city's sewer utility operations.

Storm Sewer Fund — This fund accounts for the city's storm drainage operations which consists of the following two budgetary funds: Storm Sewer Fund and Water Quality/Quantity Fund.

Water Fund — This fund accounts for the city's water operations which consists of the following three budgetary funds: Water Fund, Water SDC Fund, Water CIP Fund and Water Debt Service Fund.

Additionally, the city reports a fiduciary fund type to account for the city's Pension Trust Fund.

NON-MAJOR GOVERNMENTAL FUNDS

Other governmental funds include the following governmental fund types:

Special Revenue funds account for restricted or committed revenues for specific purposes.

Debt Service funds account for the accumulation of resources to pay principal and interest on the city's long-term obligations.

Capital Projects funds account for the accumulation of resources for construction or acquisition of facilities and equipment.

2. Cash and Investments:

The city maintains a cash and investment pool that is available for use by all funds except the Pension Trust Fund. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments." The investments of the Pension Trust Fund are held separately from those of other city funds.

Cash and investments are comprised of the following at June 30, 2013:

	Primary Government	Fiduciary Activities
Cash on hand	4,502	0
Cash held by Department of Finance, Washington County	65,291	0
Deposits with financial institutions	18,152,697	5,656,033
Investments	131,311,089	14,435,573
Total Cash and Investments	149,533,579	20,091,606

Deposits

Deposits with financial institutions include bank demand deposits and time deposit accounts. The total bank balance is \$23,842,785. Of these deposits, \$500,000 was covered by federal depository insurance and \$23,342,785 was collateralized in accordance with Oregon statutes.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of bank failure, the city's deposits may not be returned to it. The Federal Depository Insurance Corporation (FDIC) provides deposit insurance up to \$250,000 for each institution.

Institutions with deposits in excess of FDIC coverage participate in the Oregon Public Funds Collateralization Program (PFCP) as defined in Oregon Revised Statutes (ORS) 295. This provides additional protection for public funds in the event of a bank loss, although it does not guarantee 100 percent protection. The Office of the State Treasurer categorizes the financial institutions in Oregon. Based on that categorization, banks must pledge collateral valued at between 10 percent and 110 percent of their public fund deposits. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The Office of the State Treasurer maintains a list of qualified financial institutions for the deposit of public funds in excess of FDIC insurance. The financial institutions holding city deposits are all on the State Treasurer's list.

Investments

State statutes authorize the city to invest primarily in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper and corporate bonds and the State of Oregon Local Government Investment Pool.

Interest rate risk. In accordance with its investment policy, the city manages its exposure to declines in fair value by limiting the individual maturities in its investment portfolio to eighteen months or less.

2. Cash and Investments Continued:

The city does have a provision in its investment policy that up to twenty percent of the portfolio can have maturities from 18–36 months.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the city’s investments, except for the investment in the Local Government Investment Pool, are held in safekeeping by the financial institution in the city’s name.

The city participates in the Oregon State Treasurer’s Local Government Investment Pool (LGIP), an open-ended; no-load diversified portfolio created under ORS 294.805 to 294.895 that is not registered with the U.S. Securities and Exchange Commission as an investment company. The LGIP is administered by the State Treasurer and the Oregon Investment Council with the advice of the Oregon Short-Term Fund Board. These funds must be invested and managed, as a prudent investor would, exercising reasonable care, skill and caution. The Oregon Audits Division of the Secretary of State’s Office audits the LGIP annually. Value of pool shares approximates fair value.

The city employees participate in a defined contribution pension plan. These funds are recorded in the city’s Pension Trust Fund. The balance at June 30, 2013 is \$20,091,606. This balance is not included in the government-wide or fund financial statements, but is shown separately on page 49.

As of June 30, 2013, the city had the following investments:

Investment Type	Fair Value	Cost	% of Portfolio
State Treasurer’s Local Governmental Investment Pool	62,068,978	62,068,978	47.27%
Money Markets	5,865,919	5,865,919	4.47%
U.S. Government Securities	49,630,810	50,373,471	37.80%
Certificates of Deposit	247,000	247,000	0.19%
Municipal Bonds	470,426	470,966	0.36%
Corporate Bonds	13,027,956	13,373,313	9.92%
Total Investments	131,311,089	132,399,647	100.00%

Concentration of credit risk: The city’s policy for investing in individual issuers varies depending on the type of investments. Agency securities are restricted to no more than 90 percent of the total portfolio. Municipal bonds are restricted to no more than 25 percent of the total portfolio. No more the 35 percent of the total portfolio of investments may be invested in corporate bonds. Investments in corporate bonds of any one issuer may not exceed 5 percent of the investment portfolio.

Credit risk: The city’s policy, which adheres to State of Oregon law, is to limit its Corporate and Municipal investments to the following: Issuers within Oregon must be rated “A” (bonds) or A-2 / P-2 (commercial paper) or better by Standard and Poor’s, Moody’s Investors Service or any other nationally recognized statistical rating organization. Issuers not in Oregon must be rated AA / Aa (bonds) or A-1 / P-1 (commercial paper) or better.

2. Cash and Investments Continued:

At June 30, 2013, the city's investments were rated as follows:

HIGHEST RATING FROM MOODY'S INVESTORS SERVICE OR STANDARD & POOR'S CORPORATION

Investment Type	Total	Aaa/AAA	Aa/AA	Not Rated
LGIP	62,068,978	0	0	62,068,978
Money Markets	5,865,919	0	0	5,865,919
U.S. Government Securities	49,630,810	49,630,810	0	0
Municipal Bonds	470,426	0	470,426	0
Certificates of Deposit	247,000	0	0	247,000
Corporate Bonds	13,027,956	13,027,956	0	0
Total	131,311,089	62,658,766	470,426	68,181,897

The city has a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates. At June 30, 2013, the concentration of those maturities included the Local Government Investment Pool, Money Markets, and investments with average maturities of twelve months or less at 94.00 percent of the total portfolio. Investments with maturities between 12–18 months made up 2.02 percent of the portfolio and investments with maturities between 18–36 months were 3.98 percent of the total portfolio.

3. Assessment Liens Receivable:

Assessment liens receivable represent the uncollected amounts levied against benefited property for the cost of local improvements. Because the assessments are liens against the benefited property, an allowance for uncollectible amounts is not deemed necessary. Substantially all assessments are payable over a period of 10–20 years. Assessments bear interest from 5.2 to 9.4 percent. At June 30, 2013, the portion of the assessments receivable balance that represents delinquent accounts is insignificant.

4. Capital Assets:

Capital asset activity for governmental activities for the year ended June 30, 2013 was as follows:

	Balances June 30, 2012	Additions	Deletions	Transfers	Balances June 30, 2013
NON-DEPRECIABLE					
Land	22,510,487	0	0	2,042,905	24,553,392
Construction in progress	1,503,582	4,132,096	0	(2,398,989)	3,236,689
Total Non-depreciable	24,014,069	4,132,096	0	(356,084)	27,790,081
DEPRECIABLE					
Buildings and improvements	21,958,269	51,267	0	584,332	22,593,868
Land improvements	6,742,375	0	0	(538,895)	6,203,480
Machinery and equipment	2,385,974	93,283	(84,099)	0	2,395,158
Autos and trucks	2,596,549	199,580	(436,437)	0	2,359,692
Office equipment	2,047,179	30,620	0	0	2,077,799
Infrastructure	221,515,203	1,669,613	0	310,647	223,495,463
Total Depreciable	257,245,549	2,044,363	(520,536)	356,084	259,125,460
ACCUMULATED DEPRECIATION					
Buildings and improvements	(5,730,199)	(771,921)	0	0	(6,502,120)
Land improvements	(5,552,524)	(20,883)	0	0	(5,573,407)
Machinery and equipment	(1,882,805)	(150,956)	84,099	0	(1,949,662)
Autos and trucks	(2,064,248)	(155,034)	397,549	0	(1,821,733)
Office equipment	(1,060,267)	(154,727)	0	0	(1,214,994)
Infrastructure	(59,255,379)	(3,344,487)	0	0	(62,599,866)
Total Accumulated Depreciation	(75,545,422)	(4,598,008)	481,648	0	(79,661,782)
Governmental Activities Capital Assets, Net	205,714,196	1,578,451	(38,888)	0	207,253,759

Depreciation expense for governmental activities is charged to functions as follows:

Community services	477,136
Public works	3,863,488
Community development	11,747
Policy and administration	245,637
Total Depreciation for Governmental Activities	4,598,008

4. Capital Assets Continued:

Capital assets activity for business-type activities for the year ended June 30, 2013, was as follows:

	Balances June 30, 2012	Additions	Deletions	Transfers	Balances June 30, 2013
NON-DEPRECIABLE					
Land	4,454,211	0	0	783,074	5,237,285
Land improvements	360,669	0	0	(360,669)	0
Construction in progress	24,291,766	11,280,385	(2,428)	(6,597,798)	28,971,925
Total Non-depreciable	29,106,646	11,280,385	(2,428)	(6,175,393)	34,209,210
DEPRECIABLE					
Buildings and improvements	2,010,974	0	0	0	2,010,974
Sewer system	23,917,022	0	0	47,793	23,964,815
Storm drainage system	16,557,104	0	0	374,434	16,931,538
Water system	55,415,508	0	0	5,753,166	61,168,674
Equipment	1,517,090	16,040	0	0	1,533,130
Auto and trucks	1,768,985	41,983	(16,585)	0	1,794,383
Total Depreciable	101,186,683	58,023	(16,585)	6,175,393	107,403,514
ACCUMULATED DEPRECIATION					
Buildings and improvements	(1,055,930)	(47,260)	0	0	(1,103,190)
Sewer system	(8,859,197)	(559,831)	0	0	(9,419,028)
Storm drainage system	(6,441,692)	(436,218)	0	0	(6,877,910)
Water system	(24,810,754)	(1,141,484)	0	0	(25,952,238)
Equipment	(1,771,428)	(58,640)	0	296,938	(1,533,130)
Auto and trucks	(1,167,622)	(38,908)	16,585	(296,938)	(1,486,883)
Total Accumulated Depreciation	(44,106,623)	(2,282,341)	16,585	0	(46,372,379)
Business-type Activities Capital Assets, Net	86,186,706	9,056,067	(2,428)	0	95,240,345

Depreciation expense for business-type activities is charged to activities as follows:

Sanitary sewer	654,045
Storm sewer	446,137
Water	1,182,159
Total Depreciation for Business-type Activities	2,282,341

5. Long-term Debt and Other Debt:

Governmental Activities General Obligation Bonds Payable

Bond transactions for the year ended June 30, 2013, and future maturities of bond principal, are as follows:

Library Bonds — In fiscal year 2010–2011 the city issued \$8,655,000 of general obligation bonds for a current refunding of bonds originally issued in 2002 to build a new library. Interest rates on the new bonds range from 3 percent to 4 percent on specific maturities.

Parks Bonds — In fiscal year 2010–2011 the city issued \$17,000,000 of general obligation bonds. Funds were used to purchase and develop parks. Interest rates range from 3 percent to 4.75 percent on specific maturities.

Transportation Bonds — In fiscal year 2009–2010 the city issued \$7,250,000 of full faith and credit Build America Bonds. Funds were used for street improvements. Interest rate is 4.35 percent.

Bonds payable transactions for the year are as follows:

	Original Issue	Outstanding July 1, 2012	Matured and Redeemed	Outstanding June 30, 2013
Library bonds	8,655,000	8,145,000	625,000	7,520,000
Parks bonds	17,000,000	16,605,000	625,000	15,980,000
Transportation bonds	7,250,000	5,985,000	680,000	5,305,000
		30,735,000	1,930,000	28,805,000
			Unamortized bond premium	264,248
				29,069,248
			Due within one year	2,010,078
			Due in more than one year	27,059,170
				29,069,248

Future maturities of bond principal and interest are as follows:

Fiscal Year Ending June 30, 2013	Principal	Interest
2014	1,985,000	1,134,469
2015	2,045,000	1,065,236
2016	2,105,000	993,933
2017	2,165,000	920,560
218	2,235,000	845,043
2019–2023	9,775,000	2,937,000
2014–2028	4,955,000	1,511,400
2029–2031	3,540,000	341,525
Total	28,805,000	9,749,166

5. Long-term Debt and Other Debt Continued:

Local Improvement District Bonds

Interest rates from 3.9 percent to 7.25 percent; payable first from assessments to benefited properties and second, from the general credit of the city. Original amount of \$1,307,969 for 69th Avenue Local Improvement District and original amount of \$1,947,678 for Dartmouth Street Local Improvement District.

Fiscal Year Due	Amount Due	Paid and Called during Year	Outstanding June 30, 2013	Future Interest
2013	62,500	(62,500)	0	0
2014	457,983	0	457,983	36,262
2015	72,100	0	72,100	31,311
2016	77,400	0	77,400	25,989
2017	83,100	0	83,100	20,277
2018	89,200	0	89,200	14,142
2019–2020	123,956	0	123,956	8,715
Total	966,239	(62,500)	903,739	136,696

5. **Long-term Debt and Other Debt Continued:**

Capital Lease:

The city entered into a lease/purchase agreement in fiscal year 2012–2013 to purchase a piece of street equipment. This lease agreement qualifies as a capital lease for accounting purposes, and has been capitalized in accordance with accounting principles generally accepted in the United State of America. The asset was acquired at the purchase price of \$71,091. The balance outstanding at June 30, 2013 is \$58,074 and has an effective interest rate of 4.4 percent. Future minimum lease payments are as follows:

Fiscal Year Ending June 30	Principal	Interest
2014	13,592	2,564
2015	14,192	1,964
2016	14,818	1,337
2017	15,472	683
Total	58,074	6,548

Business-type Activities

In fiscal year 2009–2010 the city was awarded \$4,796,000 in federal funds under the American Recovery and Reinvestment Act (ARRA). These funds were distributed to the city as a loan, with 50 percent constituting an ARRA Forgivable Loan and 50 percent a low-interest loan under the Safe Drinking Water Revolving Loan Fund program. These ARRA funds were used to develop a city water reservoir. In fiscal year 2011–2012 the city drew down the funds that are considered the loan portion. Transactions for the year are as follows:

Fiscal Year Due	Amount Due	Paid and Called during Year	Outstanding June 30, 2013	Future Interest
2013	104,514	(104,514)	0	0
2014	92,379	0	92,379	68,805
2015	95,150	0	95,150	66,033
2016	98,005	0	98,005	63,179
2017	100,945	0	100,945	60,239
2018	103,973	0	103,973	57,210
2019–2023	568,567	0	568,567	237,349
2024–2028	659,125	0	659,125	146,791
2029–2032	575,342	0	575,342	42,613
Total	2,398,000	(104,514)	2,293,486	742,219

5. **Long-term Debt and Other Debt Continued:**

Water Project Financing

Water Revenue Bonds: In fiscal year 2011–2012 the city issued \$97,720,000 of revenue bonds to be used to fund capital projects for the water system. The primary use of these bond proceeds will be to fund the Lake Oswego/Tigard Water Partnership project. City of Tigard’s City Council has authorized up to \$160 million in bonds to be issued to fund this project. Principal payments are deferred until fiscal year 2016–2017, at which time the city anticipates having the new water source on line and fully operating.

Revenue from the water system is pledged for repayment of these bonds. Interest rates on the bonds range from 3 percent to 5 percent on specific maturities. The bonds were sold at a premium for a total of \$105,837,891. Future maturities of bond principal and interest are as follows:

Fiscal Year Ending June 30, 2013	Principal and Premium	Interest
2014	470,602	4,719,850
2015	470,602	4,719,850
2016	470,602	4,719,850
2017	2,254,664	4,691,800
2018	2,311,898	4,625,050
2019–2023	12,696,291	21,872,750
2024–2028	15,220,347	19,097,875
2029–2033	18,799,773	15,201,375
2034–2038	23,383,181	10,198,250
2039–2043	29,289,329	3,774,375
Total	105,367,289	93,621,025

Other Long-term Obligations:

Accrued compensated absences and applicable changes during the year ended June 30, 2013 are as follows:

	Balances June 30, 2012	Additions	Retirements	Balances June 30, 2013	Due in one year
GOVERNMENTAL ACTIVITIES					
Compensated absences	1,226,179	1,386,448	(1,445,674)	1,166,953	509,394
BUSINESS-TYPE ACTIVITIES					
Compensated absences	102,847	469,574	(459,332)	113,089	28,272

Expenditures for liquidating compensated absences liabilities are recorded in General, Special Revenue and Internal Service Funds.

6. Transfers:

Interfund transfers are used to provide funds for debt service, contribute toward the cost of capital projects and provide operational resources. Transfers for fiscal year ended June 30, 2013 are as follows:

	Governmental Activities				Business-type Activities	Total Transfers Out
	General	Gas Tax	Non-major Funds	Internal Service	Water	
GOVERNMENTAL ACTIVITIES						
General	0	0	195,188	15,506	99,390	310,084
Gas Tax	0	0	508,418	0	0	508,418
Non-major funds	56,807	100,000	3,749,846	106,038	49,610	4,062,301
BUSINESS-TYPE ACTIVITIES						
Sewer	0	0	22,971	0	13,416	36,384
Storm water	0	0	64,873	15,846	17,878	98,597
Water	0	0	37,516	128,021	0	165,537
Total Transfers In	56,807	100,000	4,578,812	265,411	180,291	5,181,321
RECONCILIATION						
<i>Transferred to governmental funds from</i>						
						22,971
						80,719
						165,537
<i>Transferred to governmental funds to enterprise funds</i>						
						(99,390)
						(49,610)
						120,227

These transfers have been eliminated in the government-wide statement of activities other than the net effect between governmental activities and business-type activities.

7. Other Post-Employment Benefits (OPEB)

Plan Description

The city is required by Oregon Revised Statute 243.303 to provide retirees (if they elect) with group health and dental insurance coverage from the date of retirement age to age 65 at the same rates as provided to current city employees. The Governmental Accounting Standards Board Statement Number 45 is applicable to the city due to the resulting implicit rate subsidy. This single-employer "plan" is not a stand-alone plan and there are no separately issued financial statements. The city does not provide any explicit employee benefits.

7. **Other Post-Employment Benefits (OPEB) Continued:**

Funding Policy

The city funds the plan only to the extent of current-year insurance premium requirements on a pay-as-you-go basis. The city has not established an irrevocable trust to accumulate assets to fund the cost of the net OPEB obligation that arises from the implicit subsidy. As of the actuarial report date August 1, 2012, three retirees and nine spouses were participating in the plan. The premium rates are established each year through negotiation with the various insurance carriers.

Annual OPEB Cost and Net OPEB Obligation

The city’s annual OPEB cost is calculated based on the Annual Required Contribution (ARC) of the city, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of 15 years. The following schedule shows the components of the city’s annual OPEB cost for the year, the amount actually contributed to the plan and the changes in the city’s OPEB obligation to the plan:

Annual Required Contribution (ARC)	345,000
Interest on prior year net OPEB contribution	37,287
Adjustment to ARC	(63,350)
Annual OPEB Cost	318,937
Implicit benefit payments	(79,722)
Increase in Net OPEB Obligation	239,215
Net OPEB Obligation – Beginning of the Year	932,180
Net OPEB Obligation – End of the Year	1,171,395

The city’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for FY 2012–13, 2011–12 and 2010–11 were as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributions	Net OPEB Obligation
6/30/2011	342,509	30%	707,966
6/30/2012	301,167	26%	932,180
6/30/2013	318,937	25%	1,171,395

7. Other Post-Employment Benefits (OPEB) Continued:

Funding Status and Funding Progress

As of August 1, 2012, the most recent actuarial valuation, the plan was zero percent funded as the plan is funded on a pay-as-you-go basis. The actuarial liability for benefits was \$1,844,990 and also equaled the unfunded actuarial liability (UAAL).

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Payroll
8/1/2006	0	1,678,262	1,678,262	0%	14,077,852	11.9%
8/1/2008	0	1,725,443	1,725,443	0%	16,248,354	10.6%
8/1/2010	0	1,824,386	1,824,386	0%	17,783,627	10.3%
8/1/2012	0	1,844,990	1,844,990	0%	17,803,391	10.4%

The plan's actuarial valuation involves estimates of amounts and assumptions about the probability of events far into the future, such as, future employment, mortality and healthcare cost trends. Amounts determined about the funding status of the plan and the annual required contributions are subject to periodic revision as actual results for each period are compared with past expectations and new assumptions are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the health benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the city and plan members. The actuarial methods and assumptions include techniques that are designed to reduce the effects of short-term volatility in actuarial results consistent with the long term perspective of the calculations.

In the August 1, 2012 valuation, the projected unit credit cost method was used. The investment return for the city was assumed to be 3.5 percent to reflect the long-term annual investment returns for the Oregon Local Government Investment Pool and comparable investment vehicles. Medical and vision premium increases were assumed to be 7.25 percent in the first year, 6.5 percent in the second year, 6.0 percent in the third year, 5.75 percent for years four through six, 6.0 percent for year seven, 6.5 percent for year eight, 6.75 percent for years 9–13; 6.5 percent for years 14–21; 6.25 percent for year 22, 6 percent for years 23–26, 5.75 percent for years 27–34 and 5.5 percent thereafter. Dental premium increases were assumed to be 5.25 percent per year. The UAAL is being amortized as a level percentage of payroll over a rolling period of 15 years. A general inflation rate of 2.75 percent per year was used to develop other economic assumptions.

8. Retirement Health Insurance Account (RHIA):

Plan Description. As a member of Oregon Public Employees Retirement System (OPERS) the city contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

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

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59 percent of annual covered payroll for Tier 1/Tier 2, and 0.50 percent for OPSRP. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The city's contributions to RHIA for the years ended June 30, 2013 and 2012, were included with contributions to PERS for pension costs.

9. Retirement Plans:

The city contributes to retirement plans on behalf of all eligible employees. At June 30, 2013, the following employee groups were covered by the following retirement plans:

Group	Retirement Plan
Management/Professional Staff (non-union)	International City Managers Association Retirement Corp. (ICMARC) Money Purchase Plan
Oregon Public Employees Union Employees	ICMARC Money Purchase Plan
Tigard Police Officers	State of Oregon Public Employees Retirement System (OPERS)

Plan Description

The city contributes to two pension plans administered by the Oregon Public Employees Retirement System (OPERS). The Oregon Public Employees Retirement Fund applies to the city's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to sworn police officers hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. As of January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees

Retirement Board as the governing body of PERS. PERS issues a publicly-available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to PERS, PO Box 23700, Tigard, OR 97281-3700 or by calling (503) 598-7377.

Funding Policy

Members of PERS are required to contribute 6 percent of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The employer is allowed to pay any or all of the employees' contribution in addition to the required employer's contribution. For the fiscal year ended June 30, 2013, the city contributed all of the 6 percent contribution on behalf of the employees covered under PERS. The city is required under ORS 238.225 to contribute at an actuarially-determined rate for the qualifying employees under the OPSRP plan, and a general service rate for the qualifying employees under the OPSRP plan. The PERS and the OPSRP rates in effect for the fiscal year ended June 30, 2013 were 14.65 percent and 8.18 percent respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

9. Retirement Plans Continued:

Annual Pension Cost

The city's contributions to PERS for the years ending June 30, 2013, 2012 and 2011 were \$1,049,123, \$1,040,634 and \$823,698 respectively, which equaled the required contribution for each of these years.

ICMARC PLANS

The city contributes to defined contribution, single employer retirement plans at a specified percent of gross salary depending on the employment group, for all employees who are not covered under the Police Pension Plan. Employees may make contributions to these plans. The city is required to make contributions to these plans under authority of City Council resolution and the plan documents.

Employees become eligible to participate in the plans after six months of service and vest immediately. Employees may withdraw funds upon retirement or termination of employment.

Contributions to the plans are made to a fiduciary. Since the plans are administered by the city, the assets, equity and operations of the plans are accounted for in the General Employees Pension Plan Fund, a pension trust fund. The plans invest in various money market and equity mutual funds.

Required and actual contributions to the plan were \$1,251,188 for the year ended June 30, 2013. Contributions are calculated as a percentage of gross payroll. The contributions range from 10 to 11 percent for all eligible employees participating in the plans.

DEFERRED COMPENSATION PLANS

The city offers certain employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans permit employees to defer a portion of their salary until future years. Contributions for the plans are made to fiduciaries that hold the funds in trust for the plans' participants. The deferred compensation plans are not considered city funds and are excluded from the city's financial statements.

10. Transactions with Clean Water Services of Washington County:

The city collects charges for treatment of city sewage and storm water on behalf of the Clean Water Services of Washington County and remits all collections to Clean Water Services, except for 16.31 percent of sewer service charges collected, 3.98 percent of sewer connection charges collected and 75 percent of stormwater service charges collected, in accordance with an agreement between the city and Clean Water Services. Payments of \$10,209,851 were made to Clean Water Services during fiscal year 2013 under this agreement.

The net amount retained by the city is reported as revenue in the enterprise funds in the proprietary funds Statement of Revenues, Expenses and Changes in Fund Net Position. Revenues are reported net because the city acts in a fiduciary capacity on behalf of Clean Water Services.

11. Risk Management:

The city is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. The city purchases commercial insurance to deal with substantially all these risks with nominal deductibles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

12. Commitments:

The city had several contracts outstanding at year-end. Many of these contracts are recurring services or providers of supplies. These contracts may be terminated at any time without cause provided the contractually-required notification is provided.

The biggest commitment at year-end was an intergovernmental agreement with the City of Lake Oswego for the Lake Oswego/Tigard Water Partnership. The city's share of the project is currently estimated at approximately \$132 million. As stated in Note 5, the city issued \$97.7 million in revenue bonds during fiscal year 2012 to partially fund the project. Additional bonds will likely be issued in the future. This is a multi-year project that is anticipated to be complete in fiscal year 2016.

The only other significant commitment outstanding at year-end was a contract in the amount of \$463,500 with Otak for consulting services regarding the River Terrace Community Plan. The contract was awarded to Otak on June 25, 2013 and the full amount was outstanding at June 30, 2013.

Required Supplementary Information

GENERAL FUND —
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
for the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Taxes	12,726,427	12,726,427	12,787,066	60,639
Licenses and permits	882,300	922,048	1,274,860	352,812
Intergovernmental revenue	5,589,661	5,805,652	5,890,582	84,930
Charges for services	3,142,995	3,142,995	2,465,989	(677,066)
Fines and forfeitures	1,063,126	1,069,126	918,761	(150,365)
Franchise fees	4,966,611	4,966,611	5,724,192	757,581
Interest earnings	103,722	103,722	99,825	(3,897)
Miscellaneous	24,655	24,655	80,760	56,105
Total Revenues	28,499,497	28,761,236	29,242,035	480,799
EXPENDITURES				
Community services	19,922,675	19,986,235	18,636,382	1,349,853
Public works	5,079,096	5,164,603	4,662,773	501,830
Community development	2,958,240	3,099,740	2,667,927	431,813
Policy and administration	748,857	757,357	711,385	45,972
Total Expenditures	28,708,868	29,007,935	26,678,467	2,329,468
Changes in Fund Balance Before Other Financing Sources (uses)	(209,371)	(246,699)	2,563,568	2,810,267
OTHER FINANCING SOURCES (USES)				
Operating transfer in	70,000	70,000	56,807	(13,193)
Interfund loan	(80,000)	(80,000)	(80,000)	0
Repayment of interfund loan	280,000	280,000	230,537	(49,463)
Operating transfer out	(623,264)	(360,659)	(310,084)	320,575
Total Other Financing Sources (uses)	(353,264)	(360,659)	(102,740)	257,919
Contingency	(1,000,000)	(963,575)	0	963,575
Changes in fund balance	(1,562,635)	(1,570,933)	2,460,828	4,031,761
Reserve for future expenditure	(4,758,724)	(4,770,426)	0	4,770,426
Fund Balance – Beginning of Year	6,321,359	6,341,359	7,250,005	908,646
Fund Balance – End of Year	0	0	9,710,833	9,710,833
Interfund loans are treated as transfers on a budgetary basis and as receivables on a GAAP basis			449,844	
Fund Balance – GAAP Basis			10,160,677	

GAS TAX FUND —
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
for the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Grants	600,000	600,000	0	(600,000)
State gas tax	2,826,073	2,826,073	2,656,702	(169,371)
County gas tax	195,487	195,457	178,644	(16,823)
Licenses and permits	2,602	2,602	214	(2,388)
Interest earnings	55,732	55,732	43,011	(12,721)
Miscellaneous	59,700	59,700	74,174	14,474
Total Revenues	3,739,594	3,739,594	2,952,765	(786,829)
EXPENDITURES				
Public works	2,204,010	2,229,010	1,960,298	268,712
Debt service	615,938	615,928	615,928	0
Total Expenditures	2,819,938	2,844,938	2,576,226	268,712
Changes in Fund Balance Before Other Financing Sources (uses)	919,656	894,656	376,539	(518,117)
OTHER FINANCING SOURCES (USES)				
Operating transfer in	100,000	100,000	100,000	0
Operating transfer out	(2,232,133)	(2,290,163)	(508,418)	1,781,745
Capital lease proceeds	0	0	71,091	71,091
Repayment of interfund loan	0	0	48,059	48,059
Total Other Financing Sources (uses)	(2,132,133)	(2,190,163)	(289,268)	1,900,895
Contingency	(300,000)	(251,970)	0	251,970
Changes in fund balance	(1,512,477)	(1,547,477)	87,271	1,634,748
Reserve for future expenditure	(142,727)	(142,727)	0	142,727
Fund Balance – Beginning of Year	1,655,204	1,690,204	1,572,667	(117,537)
Fund Balance – End of Year	0	0	1,659,938	1,659,938
Interfund loans are treated as transfers on a budgetary basis and as receivables on a GAAP basis			151,941	
Fund Balance – GAAP Basis			1,811,879	

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION —
BUDGET TO GAAP RECONCILIATION
for the year ended June 30, 2013**

Sections of Oregon Revised Statutes (Oregon Budget Law) require most transactions be budgeted on the modified accrual basis of accounting. However, there are certain transactions where statutory budget requirements conflict with generally accepted accounting principles (GAAP).

The following discusses the differences between the budget basis and GAAP basis of accounting for the General Fund and the Gas Tax Fund:

	General Fund	Gas Tax Fund
Net change in fund balance – budget basis	2,460,828	87,271
Budgeted expenditures not qualifying as expenditures or other financing sources under GAAP:		
Interfund loans are treated as transfers on a budgetary basis. Such expenditures are reclassified as receivables on a GAAP basis.		
Repayment	(230,537)	(48,059)
Additional loan	80,000	0
Net Change in Fund Balance –GAAP Basis	2,310,291	39,212

Other Supplementary Information

**COMBINING BALANCE SHEET —
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2013**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
ASSETS				
Cash and investments	5,675,004	1,547,883	11,519,735	18,742,622
Accounts receivable	139,613	0	418,708	558,321
Property taxes receivable	0	105,497	0	105,497
Interest receivable	0	129	0	129
Assessment liens receivable	0	792,012	42,813	834,825
Prepaid expenses	11,315	0	0	11,315
Total Assets	5,825,932	2,445,521	11,981,256	20,252,709
LIABILITIES				
Accounts payable	240,842	0	471,496	712,338
Accrued debt service	0	12,800	0	12,800
Customer deposits	396,694	0	0	396,694
Due to other governments	18,131	0	0	18,131
Due to other funds	0	0	801,785	801,785
Unavailable revenue – property taxes	0	94,138	0	94,138
Unavailable revenue –grants	0	0	163,373	163,373
Unavailable revenue – assessment liens	105	782,842	58,618	841,565
Unearned revenue	59,660	0	0	59,660
Total Liabilities	715,432	889,780	1,495,272	3,100,484
FUND BALANCES				
<i>Non-spendable:</i>				
Prepaid expense	11,315	0	0	11,315
<i>Restricted for:</i>				
Street maintenance and improvements	0	0	2,735,132	2,735,132
Debt service	0	1,555,741	0	1,555,741
Park improvements	0	0	5,890,185	5,890,185
Underground utilities	0	0	567,555	567,555
Building inspection	1,702,827	0	0	1,702,827
Police services	125,488	0	0	125,488
Library improvements	474,648	0	0	474,648
<i>Committed for:</i>				
Street maintenance and improvements	1,547,753	0	1,224,213	2,771,966
Urban forestry	1,248,469	0	0	1,248,469
Unassigned	0	0	(601,324)	(601,324)
Total Fund Balances	5,110,500	1,555,741	10,485,984	17,152,225
Total Liabilities and Fund Balances	5,825,932	2,445,521	11,981,256	20,252,709

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES —
NON-MAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2013**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
REVENUES				
Taxes	0	2,585,821	0	2,585,821
City gas tax	830,031	0	0	830,031
Special assessments	0	43,170	0	43,170
Licenses and permits	1,900,044	0	0	1,900,044
Intergovernmental revenues	19,250	0	131,154	150,404
Charges for services	106,250	0	4,060,540	4,166,790
Fines and forfeitures	120,187	0	0	120,187
Interest earnings	14,778	56,549	40,073	111,400
Miscellaneous revenues	48,433	0	3,076	51,509
Total Revenues	3,038,973	2,685,540	4,234,843	9,959,356
EXPENDITURES				
Community development	1,269,162	0	0	1,269,162
Debt service	324,420	2,595,544	0	2,919,964
Capital outlay	0	0	6,357,256	6,357,256
Total Expenditures	1,593,582	2,595,544	6,357,256	10,546,382
Changes in Fund Balance before other Financing Sources (uses)	1,445,391	89,996	(2,122,413)	(587,026)
OTHER FINANCING SOURCES (USES)				
Operating transfer in	200,000	0	4,378,812	4,578,812
Operating transfer out	(298,977)	(792)	(3,762,532)	(4,062,301)
Resources provided by other funds	0	0	278,597	278,597
Total Other Financing Sources (uses)	(98,977)	(792)	894,877	795,108
Changes in Fund Balance	1,346,414	89,204	(1,227,536)	208,082
Fund Balance – Beginning of Year	3,764,086	1,466,537	11,713,520	16,944,143
Fund Balance – End of Year	5,110,500	1,555,741	10,485,984	17,152,225

Special Revenue Funds

The balance sheet and statement of revenues, expenditures and changes in fund balance of the non-major special revenue funds are reported in the combining governmental fund statements. Fund statements for the major special revenue funds are reporting in basic financial statements.

Schedules of revenues, expenditures and changes in fund balance — budget and actual — are also presented here for each individual special revenue fund.

Major Special Revenue Fund:

Gas Tax Fund – This fund records share revenues from the State of Oregon and Washington County taxes on sale of motor vehicle fuel. The city uses these revenues to fund various construction, reconstruction, improvements, repairs, maintenance and operation of public highways, roads and streets.

Non-major Special Revenue Funds:

City Gas Tax Fund – This fund accounts for revenues generated from Tigard’s local gas tax and funds projects for transportation improvements.

Electrical Inspection Fund – This fund accounts for fees charged for permits, plan check fees and inspection of electrical improvements.

Criminal Forfeiture Fund – This fund accounts for funds and property seized from criminals in connection with crimes committed prior to passage of Ballot Measure 3.

Building Fund – This fund accounts for fees charged for building inspection and plan review activities.

Tree Replacement Fund – This fund accounts for funds collected from developers in lieu of preserving trees, which the city can use to plant trees in public right-of-way and other public properties.

Library Fund – This fund accounts for the amounts received from several donations and bequests for various special projects and artwork.

**NON-MAJOR SPECIAL REVENUE FUNDS —
COMBINING BALANCE SHEET
For the year ended June 30, 2013**

	City Gas Tax Fund	Electrical Inspection Fund	Building Fund	Criminal Forfeiture Fund	Urban Forestry Fund	Library Fund	Total
ASSETS							
Cash and investments	1,415,548	153,896	1,835,779	143,008	1,592,536	534,237	5,675,004
Accounts receivable	132,205	25	6,672	8	632	71	139,613
Prepaid expense	0	0	11,315	0	0	0	11,315
Total Assets	1,547,753	153,921	1,853,766	143,016	1,593,168	534,308	5,825,932
LIABILITIES							
Accounts payable	0	0	240,842	0	0	0	240,842
Unavailable revenue – Assessments	0	0	105	0	0	0	105
Unearned revenue	0	0	0	0	0	59,660	59,660
Due to other governments	0	603	0	17,528	0	0	18,131
Customer deposits	0	25,304	26,691	0	344,699	0	396,694
Total Liabilities	0	25,907	267,638	17,528	344,699	59,660	715,432
FUND BALANCE							
<i>Non-spendable:</i>							
Prepaid expense	0	0	11,315	0	0	0	11,315
<i>Restricted for:</i>							
Building inspection	0	128,014	1,574,813	0	0	0	1,702,827
Police services	0	0	0	125,488	0	0	125,488
Library improvements	0	0	0	0	0	474,648	474,648
<i>Committed for:</i>							
Street maintenance & improvements	1,547,753	0	0	0	0	0	1,547,753
Urban forestry	0	0	0	0	1,248,469	0	1,248,469
Total Fund Balances	1,547,753	128,014	1,586,128	125,488	1,248,469	474,648	5,110,500
Total Liabilities and Fund Balances	1,547,753	153,921	1,853,766	143,016	1,593,168	534,308	5,825,932

NON-MAJOR SPECIAL REVENUE FUNDS —
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2013

	City Gas Tax Fund	Electrical Inspection Fund	Building Fund	Criminal Forfeiture Fund	Urban Forestry Fund	Library Fund	Total
REVENUES							
City gas tax	830,031	0	0	0	0	0	830,031
Licenses and permits	0	205,755	1,694,289	0	0	0	1,900,044
Intergovernmental	0	0	19,250	0	0	0	19,250
Fines and forfeitures	0	0	0	120,187	0	0	120,187
Tree replacement revenue	0	0	0	0	106,250	0	106,250
Miscellaneous revenue	31,421	0	8,059	8,953	0	0	48,433
Interest earnings	10,601	92	286	31	3,518	250	14,778
Total Revenues	872,053	205,847	1,721,884	129,171	109,768	250	3,038,973
EXPENDITURES							
Community development	0	0	1,269,162	0	0	0	1,269,162
Debt service payments	324,420	0	0	0	0	0	324,420
Total Expenditures	324,420	0	1,269,162	0	0	0	1,593,582
Changes in Fund Balance before other Financing Sources (uses)	547,633	205,847	452,722	129,171	109,768	250	1,445,391
OTHER FINANCING SOURCES (USES)							
Operating transfer in	0	0	200,000	0	0	0	200,000
Operating transfer out	(3,042)	(202,630)	0	(56,807)	(36,498)	0	(298,977)
Total Other Financing Sources (uses)	(3,042)	(202,630)	200,000	(56,807)	(36,498)	0	(98,977)
Changes in Fund Balance	544,591	3,217	652,722	72,364	73,270	250	1,346,414
Fund Balance – Beginning of Year	1,003,162	124,797	933,406	53,124	1,175,199	474,398	3,764,086
Fund Balance – End of Year	1,547,753	128,014	1,586,128	125,488	1,248,469	474,648	5,110,500

CITY GAS TAX FUND —
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
City gas tax	699,881	699,881	830,031	130,150
State grants	31,421	31,421	0	(31,421)
Recovered expenditures	31,421	31,421	31,421	0
Interest earnings	34,584	34,584	10,601	(23,983)
Total Revenues	797,307	797,307	872,053	74,746
EXPENDITURES				
Debt service payments	324,420	324,420	324,420	0
Changes in Fund Balance Before Other Financing Sources (uses)	472,887	472,887	547,633	74,746
OTHER FINANCING SOURCES (USES)				
Operating transfer out	(3,271)	(3,271)	(3,042)	299
Contingency	(50,000)	(50,000)	0	50,000
Reserve for future expenditure	(1,314,591)	(1,314,591)	0	1,314,591
Total Other Financing Sources (uses)	(1,367,862)	(1,367,862)	(3,042)	1,364,820
Changes in fund balance	(894,975)	(894,975)	544,591	1,439,566
Fund Balance – Beginning of Year	894,975	894,975	1,003,162	108,187
Fund Balance – End of Year	0	0	1,547,753	1,547,753

ELECTRICAL INSPECTION FUND —
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Licenses and permits	167,037	167,037	205,755	38,718
Interest earnings	1,207	1,207	92	(1,115)
Total Revenues	168,244	168,244	205,847	37,603
OTHER FINANCING (USES)				
Operating transfer out	(202,827)	(202,827)	(202,630)	197
Contingency	(50,000)	(50,000)	0	50,000
Reserve for future expenditure	(28,183)	(28,183)	0	28,183
Total Other Financing (uses)	(281,010)	(281,010)	(202,630)	78,380
Changes in fund balance	(112,766)	(112,766)	3,217	115,983
Fund Balance – Beginning of Year	112,766	112,766	124,797	12,031
Fund Balance – End of Year	0	0	128,014	128,014

BUILDING FUND —
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Licenses and permits	986,974	1,036,974	1,694,289	657,315
Intergovernmental	8,281	8,281	19,250	10,969
Miscellaneous	11,993	11,993	8,059	(3,935)
Interest earnings	19,782	19,782	286	(19,496)
Total Revenues	1,027,030	1,077,030	1,721,884	644,854
EXPENDITURES				
Community development	1,266,424	1,316,424	1,269,162	47,262
Changes in Fund Balance Before Other Financing Sources (uses)	(239,394)	(239,394)	452,722	692,116
OTHER FINANCING SOURCES (USES)				
Operating transfer in	200,000	200,000	200,000	0
Contingency	(200,000)	(200,000)	0	200,000
Reserve for future expenditure	(363,519)	(363,519)	0	363,519
Total Other Financing Sources (uses)	(363,519)	(363,519)	200,000	563,519
Changes in fund balance	(602,913)	(602,913)	652,722	1,255,635
Fund Balance – Beginning of Year	602,913	602,913	933,406	330,493
Fund Balance – End of Year	0	0	1,586,128	1,586,128

CRIMINAL FORFEITURE FUND —
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Interest earnings	1,892	1,892	31	(1,861)
Forfeitures	10,600	10,600	120,187	109,587
Miscellaneous	0	0	8,953	8,953
Total Revenues	12,492	12,492	129,171	116,679
OTHER FINANCING (USES)				
Operating transfer out	(70,000)	(70,000)	(56,807)	13,193
Reserve for future expenditure	(12,492)	(12,492)	0	12,492
Changes in fund balance	(70,000)	(70,000)	72,364	142,364
Fund Balance – Beginning of Year	70,000	70,000	53,124	(16,876)
Fund Balance – End of Year	0	0	125,488	125,488

URBAN FORESTRY FUND —
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Tree replacement revenue	25,000	25,000	106,250	81,250
Interest earnings	4,060	4,060	3,518	(542)
Total Revenues	29,060	29,060	109,768	80,708
OTHER FINANCING (USES)				
Operating transfer out	(152,710)	(152,710)	(36,498)	116,212
Reserve for future expenditure	(1,042,226)	(1,042,226)	0	1,042,226
Changes in fund balance	(1,165,876)	(1,165,876)	73,270	1,239,146
Fund Balance – Beginning of Year	1,165,876	1,165,876	1,175,199	9,323
Fund Balance – End of Year	0	0	1,248,469	1,248,469

LIBRARY FUND —
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Interest earnings	0	0	250	250
OTHER FINANCING (USES)				
Operating transfer out	(100,000)	(100,000)	0	100,000
Reserve for future expenditure	(276,042)	(276,045)	0	276,045
Changes in fund balance	(376,045)	(376,045)	250	376,295
Fund Balance – Beginning of Year	376,045	376,045	474,398	98,353
Fund Balance – End of Year	0	0	474,648	474,648

Debt Service Funds

The balance sheet and statement of revenues, expenditures and changes in fund balance of the non-major debt service fund is reported in the combining non-major governmental fund statements. Fund statements for the major debt service fund are reporting in basic financial statements.

Schedules of revenues, expenditures and changes in fund balance — budget and actual — are also presented here for each debt service fund.

Non-major Debt Service Fund:

Bancroft Debt Service Fund – This fund accounts for payment of Bancroft improvement bond principal and interest. The source of revenue is the collection of assessments against benefitted property, interest and contributions from other funds for their share of costs.

General Obligation Debt Service Fund – This fund accounts for payment of general obligation bond principal and interest. The source of revenue is from property taxes and interest earnings.

Urban Renewal Agency Debt Service Fund – This fund accounts for payment of the Tigard Urban Renewal Agency bond principal and interest. The source of revenue is from property taxes and interest earnings.

**NON-MAJOR DEBT SERVICE FUNDS —
COMBINING BALANCE SHEET**
For the year ended June 30, 2013

	Bancroft Bond Debt Service Fund	General Obligation Debt Service Fund	Urban Renewal Agency Debt Service Fund	Total
ASSETS				
Cash and investments	327,055	384,777	836,051	1,547,883
Property taxes receivable	0	91,380	14,117	105,497
Interest receivable	48	0	81	129
Assessment liens receivable	792,012	0	0	792,012
Total Assets	1,119,115	476,157	850,249	2,445,521
LIABILITIES				
Accrued debt service	12,800	0	0	12,800
Unavailable revenue:				
Assessment liens	782,842	0	0	782,842
Property taxes	0	81,400	12,738	94,138
Total Liabilities	795,642	81,400	12,738	889,780
Fund Balance Restricted for Debt Service	323,473	394,757	837,511	1,555,741
Total Liabilities and Fund Balances	1,119,115	476,157	850,249	2,445,521

**NON-MAJOR DEBT SERVICE FUNDS —
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2013**

	Bancroft Bond Debt Service Fund	General Obligation Debt Service Fund	Urban Renewal Agency Debt Service Fund	Total
REVENUES				
Taxes	0	2,293,825	291,996	2,585,821
Collection of bonded assessments	43,170	0	0	43,170
Interest earnings	32,516	19,810	4,223	56,549
Total Assets	75,686	2,313,635	296,219	2,685,540
EXPENDITURES				
Debt service	118,888	2,191,500	285,156	2,595,544
Changes in Fund Balance before other Financing Sources (uses)	(43,202)	122,135	11,063	89,996
OTHER FINANCING SOURCES (USES)				
Transfers out	(792)	0	0	(792)
Change in Fund Balance	(43,944)	122,135	11,063	89,204
Fund Balance – Beginning of Year	367,467	272,622	826,448	1,466,537
Fund Balance – End of Year	323,473	394,757	837,511	1,555,741

**BANCROFT BOND DEBT SERVICE FUND —
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Collection of bonded assessment	120,000	120,000	43,170	(76,830)
Interest earnings	37,468	37,468	32,516	(4,952)
Total Assets	157,468	157,468	75,686	(81,782)
EXPENDITURES				
Debt service	118,621	118,621	118,888	(267)
Changes in Fund Balance before other Financing Sources (uses)	38,847	38,847	(43,202)	(82,049)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(852)	(852)	(792)	60
Reserve for future expenditure	(400,528)	(400,528)	0	400,528
Changes in fund balance	(362,533)	(362,533)	(43,994)	318,539
Fund Balance – Beginning of Year	362,533	362,533	367,467	4,934
Fund Balance – End of Year	0	0	323,473	323,473

**GENERAL OBLIGATION DEBT SERVICE FUND —
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL**
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Taxes	2,264,561	2,264,531	2,293,825	29,264
Interest earnings	4,612	4,612	19,810	15,198
Total Assets	2,269,173	2,269,173	2,313,635	44,462
EXPENDITURES				
Debt service	2,191,504	2,191,504	2,191,500	4
Reserve for future expenditure	386,829	386,829	0	386,829
Changes in fund balance	(309,160)	(309,160)	122,135	431,295
Fund Balance – Beginning of Year	309,160	309,160	272,622	(36,538)
Fund Balance – End of Year	0	0	394,757	394,757

**URBAN RENEWAL AGENCY DEBT SERVICE FUND —
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Property taxes	330,000	330,000	291,996	(38,004)
Interest earnings	2,000	2,000	4,223	2,223
Total Assets	332,000	332,000	296,219	(35,781)
EXPENDITURES				
Debt service	450,000	450,000	285,156	164,844
Reserve for future expenditure	202,000	202,000	0	202,000
Changes in fund balance	(320,000)	(320,000)	11,063	331,063
Fund Balance – Beginning of Year	320,000	320,000	826,448	506,448
Fund Balance – End of Year	0	0	837,511	837,511

Capital Project Funds

Combining statements for all individual non-major projects funds are reported here. The combined totals are reported in the combining non-major governmental fund statements. Fund statements for the major capital projects fund are reported in the basic financial statements. Schedules of revenues, expenditures and changes in fund balance — budget and actual — are also presented here for each capital projects fund.

Non-major Capital Projects Funds:

Facility Fund – This fund accounts for monies set aside for future major city facility improvements.

Transportation Development – This fund accounts for traffic impact fees collected on roads within the city’s urban service areas. This fund replaced TIF starting July 1, 2009.

Traffic Impact Fee Fund Tax Fund – This fund accounts for traffic impact fees collected on roads within the city’s urban service areas. Funds will be used for highways and transit capital improvements approved in the city’s Capital Improvement Plan (CIP). This fund was closed as the services were transferred back to Washington County.

Underground Utility Fund – This fund accounts for monies received from developers for future underground utility improvements.

Street Maintenance Fee Fund – This fund was established in FY 2003–04 to track the revenues and expenditures for the Street Maintenance Fee. This fee provides revenue designated for use in the maintenance of existing streets.

Parks Capital Fund – This fund accounts for system development charges for major improvements to recreational facilities within the city.

Parks Bond Fund – This fund was created after voters approved a \$17 million parks bond for purchase of land and green spaces to be used for parks.

Parks SDC Fund – This fund was established in FY 2005–06 to track the revenues associated with the collection of Parks System Development Charges. These funds are used to fund the acquisition, development and expansion of additional recreation spaces and facilities that are included in the city’s Park Master Plan.

Transportation Capital Improvement Fund – This fund was established in FY 2011–12 to track all capital improvement projects that are funded with transportation revenues; including Gas Tax, Traffic Impact Fees and Transportation Development Tax.

Urban Renewal Agency Capital Projects Fund – This fund was established in FY 2007–08 for the creation of a new urban renewal agency to improve downtown Tigard. Although expenditures were budgeted in this fund for FY 2007–08, there were no actual expenditures from the fund for this fiscal year.

**CAPITAL PROJECTS FUNDS —
COMBINING BALANCE SHEET**
For the year ended June 30, 2013

	Facility Fund	Transportation Development Tax Fund	Traffic Impact Fee Fund	Underground Utility Fund	Street Maintenance Fee Fund	Parks Capital Fund	Parks Bond Fund	Parks SDC Fund	Transportation Capital Improvement Fund	Urban Renewal Agency Capital Projects Fund	Total
ASSETS											
Cash and investments	675,452	1,831,055	830,662	567,289	997,407	323,803	3,915,258	1,958,590	129,188	291,031	11,519,735
Accounts receivable	288	396	0	266	227,510	26,168	0	707	163,373	0	418,708
Assessments liens receivable	0	0	42,813	0	0	0	0	0	0	0	42,813
Total Assets	675,740	1,831,451	873,475	567,555	1,224,917	349,971	3,915,258	1,959,297	292,561	293,031	11,981,256
LIABILITIES											
Accounts payable and accrued liabilities	5,517	0	0	0	704	318,086	0	0	56,619	90,570	471,496
Unavailable revenue – Grants	0	0	0	0	0	0	0	0	163,373	0	163,373
Unavailable revenue – Assessments	0	0	42,363	0	0	16,255	0	0	0	0	58,618
Interfund loans	0	0	0	0	0	0	0	0	0	801,785	801,785
Total Liabilities	5,517	0	42,363	0	704	334,341	0	0	219,992	892,355	1,495,272
FUND BALANCE											
<i>Restricted for:</i>											
Street maintenance and improvements	0	1,831,451	831,112	0	0	0	0	0	72,569	0	2,735,132
Park improvements	0	0	0	0	0	15,630	3,915,258	1,959,297	0	0	5,890,185
Underground utilities	0	0	0	567,555	0	0	0	0	0	0	567,555
<i>Committed for:</i>											
Street maintenance & improvements	0	0	0	0	1,224,213	0	0	0	0	0	1,224,213
<i>Assigned to:</i>											
City facilities	670,223	0	0	0	0	0	0	0	0	0	670,223
Unassigned	0	0	0	0	0	0	0	0	0	(601,324)	(601,324)
Total Fund Balances (deficit)	670,223	1,831,451	831,112	567,555	1,224,213	15,630	3,915,258	1,959,297	72,569	(601,324)	10,485,984
Total Liabilities and Fund Balances	675,740	1,831,451	873,475	567,555	1,224,917	349,971	3,915,258	1,959,297	292,561	291,031	11,981,256

**NON-MAJOR SPECIAL REVENUE FUNDS —
COMBINING STATEMENT OF REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCE
For the year ended June 30, 2013**

	Facility Fund	Transportation Development Tax Fund	Traffic Impact Fee Fund	Underground Utility Fund	Street Maintenance Fee Fund	Parks Capital Fund	Parks Bond Fund	Parks SDC Fund	Transportation Capital Improvement Fund	Urban Renewal Agency Capital Projects Fund	Total
REVENUES											
Charges for services	0	1,101,901	2,592	33,880	2,016,133	0	0	906,034	0	0	4,060,540
Intergovernmental	0	0	0	0	0	40,102	0	0	91,052	0	131,154
Interest earnings	1,076	2,659	2,441	1,271	266	47	27,444	4,772	0	97	40,073
Miscellaneous revenues	0	0	0	0	1,274	0	0	0	0	1,803	3,076
Total Revenues	1,076	1,104,560	5,033	35,151	2,017,673	40,149	27,444	910,806	91,052	1,899	4,234,843
EXPENDITURES											
Capital projects	71,528	0	0	0	1,654,509	3,359,440	0	0	888,069	383,710	6,357,256
Changes in Fund Balance before Other Financing Sources	(70,452)	1,104,560	5,033	35,151	363,164	(3,319,291)	27,444	910,806	(797,017)	(381,811)	(2,122,413)
OTHER FINANCING SOURCES (USES)											
Transfers in	319,572	0	0	0	0	3,281,987	0	0	777,253	0	4,378,812
Transfers out	(7,720)	(224,158)	(59,236)	(151)	(177,900)	0	(2,015,585)	(1,277,782)	0	0	(3,762,532)
Resources provided by other funds	0	0	0	0	0	0	0	0	0	278,597	278,597
Total Other Financing Sources (uses)	311,852	(224,158)	(59,236)	(151)	(177,900)	3,281,987	(2,015,585)	(1,277,782)	777,253	278,597	894,877
Changes in fund balance	241,400	880,402	(54,203)	35,000	185,264	(37,304)	(1,988,141)	(366,976)	(19,764)	(103,214)	(1,227,536)
Fund Balance – Beginning of Year	428,823	951,049	885,315	532,555	1,038,949	52,934	5,903,399	2,326,273	92,333	(498,110)	11,713,520
Fund Balance – End of Year	670,223	1,831,451	831,112	567,555	1,224,213	15,630	3,915,258	1,959,297	72,569	(601,324)	10,485,984

CAPITAL PROJECTS FUND — FACILITIES
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Interest earnings	3,212	3,212	1,076	(2,136)
EXPENDITURES				
Capital projects	424,598	424,598	71,528	353,070
Changes in Fund Balance before other Financing Sources (uses)	(421,386)	(421,386)	(70,452)	350,934
OTHER FINANCING SOURCES (USES)				
Operating transfers in	731,589	731,589	319,572	(412,017)
Operating transfers out	(8,299)	(8,299)	(7,720)	579
Reserve for future expenditure	(752,232)	(752,232)	0	752,232
Total Other Financing Sources (uses)	(28,942)	(28,942)	311,852	340,794
Contingency	(50,000)	(50,000)	0	50,000
Changes in fund balance	(500,328)	(500,328)	241,400	741,728
Fund Balance – Beginning of Year	500,328	500,328	428,823	(71,505)
Fund Balance – End of Year	0	0	670,223	670,223

TRANSPORTATION DEVELOPMENT TAX FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Charges for services	176,678	176,678	1,101,901	925,223
Interest earnings	11,279	11,279	2,659	(8,620)
Total Revenues	187,957	187,957	1,104,560	916,603
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(244,818)	(244,818)	(224,158)	20,660
Contingency	(40,000)	(40,000)	0	40,000
Reserve for future expenditure	(208,074)	(208,074)	0	208,074
Total Other Financing Sources (uses)	(492,892)	(492,892)	(224,158)	268,734
Changes in fund balance	(304,935)	(304,935)	880,402	1,185,337
Fund Balance – Beginning of Year	304,935	304,935	951,049	646,114
Fund Balance – End of Year	0	0	1,831,451	1,831,451

TRAFFIC IMPACT FEE FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Charges for services	0	0	2,592	2,592
Interest earnings	4,000	4,000	2,441	(1,559)
Total Revenues	4,000	4,000	5,033	1,033
OTHER FINANCING SOURCES (USES)				
Transfers out	(636,861)	(636,861)	(59,236)	577,625
Contingency	(20,000)	(20,000)	0	20,000
Reserve for future expenditure	(203,111)	(203,111)	0	203,111
Total Other Financing Sources (uses)	(859,972)	(859,972)	(59,236)	800,736
Changes in fund balance	(855,972)	(855,972)	(54,203)	801,769
Fund Balance – Beginning of Year	855,972	855,972	885,315	29,343
Fund Balance – End of Year	0	0	831,112	831,112

UNDERGROUND UTILITY FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Charges for services	15,629	15,629	33,880	18,251
Interest earnings	7,160	7,160	1,271	(5,889)
Total Revenues	22,789	22,789	35,151	12,362
OTHER FINANCING SOURCES (USES)				
Transfers out	(162)	(162)	(151)	11
Reserve for future expenditure	(551,098)	(551,098)	0	551,098
Changes in fund balance	(528,471)	(528,471)	35,000	563,471
Fund Balance – Beginning of Year	528,471	528,471	532,555	4,084
Fund Balance – End of Year	0	0	567,555	567,555

STREET MAINTENANCE FEE FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Charges for services	1,903,072	1,903,072	2,016,133	113,061
Interest earnings	2,043	2,043	266	(1,777)
Miscellaneous	0	0	1,274	1,274
Total Revenues	1,905,115	1,905,115	2,017,673	112,558
EXPENDITURES				
Capital projects	1,470,000	1,730,000	1,654,509	75,491
Changes in Fund Balance before other Financing Sources (uses)	435,115	175,115	363,164	188,049
OTHER FINANCING SOURCES (USES)				
Transfers out	(193,645)	(193,645)	(177,900)	15,745
Contingency	(150,000)	(150,000)	0	150,000
Reserve for future expenditure	(866,330)	(866,330)	0	866,330
Total Other Financing Sources (uses)	(1,209,975)	(1,209,975)	(177,900)	1,032,075
Changes in fund balance	(774,860)	(1,034,860)	185,264	1,220,124
Fund Balance – Beginning of Year	774,860	1,034,860	1,038,949	4,089
Fund Balance – End of Year	0	0	1,224,213	1,224,213

PARKS CAPITAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Intergovernmental	434,456	34,000	40,102	6,102
Interest earnings	3,015	3,015	47	(2,968)
Total Revenues	437,471	37,015	40,149	3,134
EXPENDITURES				
Capital projects	6,073,628	8,819,628	3,359,440	5,460,188
Changes in Fund Balance before other Financing Sources (uses)	(5,636,157)	(8,782,613)	(3,319,291)	5,463,322
OTHER FINANCING SOURCES (USES)				
Operating transfers in	5,902,628	8,648,628	3,281,987	(5,366,641)
Reserve for future expenditure	(408,355)	(7,899)	0	7,899
Changes in fund balance	(141,884)	(141,884)	(37,304)	104,580
Fund Balance – Beginning of Year	141,884	141,884	52,934	(88,950)
Fund Balance – End of Year	0	0	15,630	15,630

PARKS BOND FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Interest earnings	4,020	4,020	27,444	23,424
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(4,577,628)	(5,877,628)	(2,015,585)	3,862,043
Reserve for future expenditure	(1,597,039)	(297,039)	0	297,039
Changes in fund balance	(6,170,647)	(6,170,647)	(1,988,141)	4,182,506
Fund Balance – Beginning of Year	6,170,647	6,170,647	5,903,399	(267,248)
Fund Balance – End of Year	0	0	3,915,258	3,915,258

PARKS SDC FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Charges for services	257,825	394,825	906,034	511,209
Interest earnings	19,782	19,782	4,772	(15,010)
Total Revenues	277,607	414,607	910,806	496,199
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,172,325)	(2,618,325)	(1,277,782)	1,340,543
Contingency	(100,000)	(91,000)	0	91,000
Reserve for future expenditure	(1,916,179)	(31,555)	0	31,555
Total Other Financing Sources (uses)	(3,188,504)	(2,740,880)	(1,277,782)	1,463,098
Changes in fund balance	(2,910,897)	(2,326,273)	(366,976)	1,959,297
Fund Balance – Beginning of Year	2,910,897	2,326,273	2,326,273	0
Fund Balance – End of Year	0	0	1,959,297	1,959,297

TRANSPORTATION CIP FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Intergovernmental revenue	0	153,970	0	(153,970)
Grant revenue	0	0	91,052	91,052
Total Revenues	0	153,970	91,052	(62,918)
EXPENDITURES				
Capital projects	3,348,719	3,560,719	888,069	2,672,650
Changes in Fund Balance before other Financing Sources (uses)	(3,348,719)	(3,406,749)	(797,017)	2,609,732
OTHER FINANCING SOURCES (USES)				
Transfers in	3,313,719	3,371,749	777,253	(2,594,496)
Reserve for future expenditure	(36,086)	(36,086)	0	36,086
Total Other Financing Sources (uses)	3,277,633	3,335,663	777,253	(2,558,410)
Changes in fund balance	(71,086)	(71,086)	(19,764)	51,322
Fund Balance – Beginning of Year	71,086	71,086	92,333	21,247
Fund Balance – End of Year	0	0	72,569	72,569

URBAN RENEWAL AGENCY CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Interest earnings	0	0	97	97
Miscellaneous	0	0	1,803	1,803
Total Revenues	0	0	1,899	1,899
EXPENDITURES				
Capital projects	540,000	582,000	383,710	198,290
Changes in Fund Balance before other Financing Sources (uses)	(540,000)	(582,000)	(381,811)	200,189
OTHER FINANCING SOURCES (USES)				
Debt proceeds	280,000	280,000	280,000	0
Changes in fund balance	(260,000)	(302,000)	(101,811)	200,189
Fund Balance – Beginning of Year	260,000	302,000	302,272	272
Fund Balance – End of Year	0	0	200,461	200,461
Reconciliation of budgetary fund balance to GAAP basis fund balance: Budgeted resources not qualifying as revenues or other financing sources under GAAP: Interfund loans are treated as revenue on a budgetary basis. Transfers in are reclassified as payables on a GAAP basis.			(801,785)	
Fund Balance – GAAP Basis			(601,324)	

Enterprise Funds

For GAAP reporting purposes, the city reports three proprietary funds as major funds. These funds are the Sanitary Sewer Fund, the Storm Sewer Fund (which consists of the Storm Sewer Fund and the Water Quality/Quantity Fund) and the Water Fund (which includes the Water Fund, Water SDC Fund, Water CIP Fund and Water Debt Service Fund). However, for budgetary and legal purposes, these funds are accounted for separately as listed below.

All of the city's enterprise funds meet the criteria for major fund reporting and are reported in the basic financial statements.

Schedules or revenues and changes in fund net assets — budget and actual are presented here for each individual enterprise fund as required by Oregon regulations.

Major Enterprise Funds:

Sanitary Sewer Fund – This fund accounts for the city's sewer utility operations.

Storm Sewer Fund – This fund accounts for the city's storm drainage operations.

Storm Sewer Fund – (budgetary basis financial statements only)

Water Quality/Quantity Fund – (budgetary basis financial statements only)

Water Fund – This fund accounts for the city's water operations.

Water Fund – (budgetary basis financial statements only)

Water SDC Fund – (budgetary basis financial statements only)

Water CIP Fund – (budgetary basis financial statements only)

Water Deb Services Fund – (budgetary basis financial statements only)

SANITARY SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Charges for services	1,283,300	1,283,300	1,203,187	(80,113)
Connection fees	178,250	178,250	70,958	(107,292)
Miscellaneous	127,513	127,513	128,390	877
Interest earnings	100,333	100,333	502	(99,831)
Total Revenues	1,689,396	1,689,396	1,403,037	(286,359)
EXPENDITURES				
Public works	1,423,427	1,560,427	1,359,653	200,774
Capital projects	3,009,388	4,121,388	1,211,556	2,909,832
Total Expenditures	4,432,815	5,681,815	2,571,209	3,110,606
Changes in Fund Balance before other Financing Sources (uses)	(2,743,419)	(3,992,419)	(1,168,172)	2,824,247
OTHER FINANCING SOURCES (USES)				
Transfers in	329,000	329,000	276,292	(52,708)
Transfers out	(67,149)	(170,163)	(36,384)	133,779
Loan to CCDA	(200,000)	(200,000)	(200,000)	0
Contingency	(400,000)	(159,986)	0	159,986
Reserve for future expenditure	(2,650,769)	(2,650,769)	0	2,650,769
Total Other Financing Sources (uses)	(2,988,918)	(2,851,918)	39,908	81,071
Changes in fund balance	(5,732,337)	(6,844,337)	(1,128,264)	3,065,304
Fund Balance – Beginning of Year	5,732,337	6,844,337	7,403,656	559,319
Fund Balance – End of Year	0	0	6,275,392	6,275,392

SANITARY SEWER FUND
RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES
TO PROPRIETARY REVENUES AND EXPENSES
For the year ended June 30, 2013

	Operating and Non-operating Revenues	Expenditures/ Expenses
Budgetary Basis	1,403,037	2,571,209
Unavailable revenue	54,060	0
Change in accrued compensated absences	0	5,887
Expenditures capitalized	0	(1,122,949)
Depreciation expense	0	654,045
Net OPEB obligation	0	5,862
Operating and Non-operating Revenue and Expenses	1,457,097	2,114,054

STORM SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Charges for services	1,948,353	1,948,353	2,629,694	681,341
Miscellaneous	0	0	3,039	3,039
Interest earnings	7,936	7,936	140	(7,796)
Total Revenues	1,956,289	1,956,289	2,632,873	676,584
EXPENDITURES				
Public works	1,652,460	1,652,460	1,540,384	112,076
Capital projects	331,267	331,807	323,461	8,346
Total Expenditures	1,984,267	1,984,267	1,863,845	120,422
Changes in Fund Balance before other Financing Sources (uses)	(27,978)	(27,978)	769,028	797,006
OTHER FINANCING SOURCES (USES)				
Transfers out	(173,356)	(173,356)	(82,752)	90,604
Contingency	(100,000)	(100,000)	0	100,000
Reserve for future expenditure	(783,337)	(783,337)	0	783,337
Total Other Financing Sources (uses)	(1,056,693)	(1,056,693)	(82,752)	973,941
Changes in fund balance	(1,084,671)	(1,084,671)	686,276	1,770,947
Fund Balance – Beginning of Year	1,084,671	1,084,671	2,195,002	1,110,331
Fund Balance – End of Year	0	0	2,881,278	2,881,278

WATER QUALITY/QUANTITY FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Charges for services	4,250	4,250	9,250	5,000
Interest earnings	15,102	15,102	3,386	(11,716)
Total Revenues	19,352	19,352	12,636	(6,716)
OTHER FINANCING SOURCES (USES)				
Transfers out	(347,616)	(347,616)	(292,137)	55,479
Reserve for future expenditure	(1,242,381)	(1,242,381)	0	1,242,381
Changes in fund balance	(1,570,645)	(1,570,645)	(279,501)	1,291,144
Fund Balance – Beginning of Year	1,570,645	1,570,645	1,570,632	(13)
Fund Balance – End of Year	0	0	1,291,131	1,291,131

STORM SEWER FUNDS
RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES
TO PROPRIETARY REVENUES AND EXPENSES
For the year ended June 30, 2013

	Operating and Non-operating Revenues	Expenditures/ Expenses
Storm Sewer	2,632,873	1,863,845
Water Quality/Quantity	12,636	0
Total Budgetary Basis	2,645,509	1,863,845
Change in accrued compensated absences	0	(414)
Expenditures capitalized	0	(270,031)
Depreciation expense	0	446,137
Net OPEB obligation	0	5,862
Operating and Non-operating Revenue and Expenses	2,645,509	2,045,399

WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Charges for services	13,211,326	13,211,326	14,907,664	1,696,338
Interest earnings	30,644	30,644	330	(30,314)
Miscellaneous	0	0	20,718	20,718
Total Revenues	13,241,970	13,241,970	14,928,712	1,686,742
EXPENDITURES				
Public works	7,950,086	7,950,086	6,739,875	1,210,211
Changes in Fund Balance before other Financing Sources (uses)	5,291,884	5,291,884	8,188,837	2,896,953
OTHER FINANCING SOURCES (USES)				
Transfers in	58,751	58,751	58,751	0
Transfers out	(4,660,675)	(4,660,675)	(3,967,787)	692,888
Contingency	(500,000)	(500,000)	0	500,000
Reserve for future expenditure	(6,490,450)	(6,490,450)	0	6,490,450
Total Other Financing Sources (uses)	(11,592,374)	(11,592,374)	(3,909,036)	7,683,338
Changes in fund balance	(6,300,490)	(6,300,490)	4,279,801	10,580,291
Fund Balance – Beginning of Year	6,300,490	6,300,490	8,427,291	2,126,801
Fund Balance – End of Year	0	0	12,707,092	12,707,092

WATER SDC FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
System development charges	361,575	361,575	1,541,719	1,180,144
Interest earnings	233	233	4,746	4,513
Total Revenues	361,808	361,808	1,546,465	1,184,657
OTHER FINANCING SOURCES (USES)				
Operating transfer out	(272,306)	(272,306)	(4,814)	267,492
Reserve for future expenditure	(820,042)	(820,042)	0	820,042
Changes in fund balance	(730,540)	(730,540)	1,541,651	2,272,191
Fund Balance – Beginning of Year	730,540	730,540	1,536,401	805,861
Fund Balance – End of Year	0	0	3,078,052	3,078,052

WATER CIP FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Miscellaneous	0	0	5,213	5,213
Interest earnings	13,096	13,096	68,593	55,497
Total Revenues	13,096	13,096	73,806	60,710
EXPENDITURES				
Capital projects	22,706,500	22,706,500	10,202,553	12,503,947
Changes in Fund Balance before other Financing Sources (uses)	(22,693,404)	(22,693,404)	(10,128,747)	12,564,657
OTHER FINANCING SOURCES (USES)				
Operating transfers in	908,671	908,671	350,948	(557,723)
Operating transfers out	(132,452)	(132,452)	(123,207)	9,245
Reserve for future expenditure	(68,082,815)	(68,082,815)	0	68,082,815
Total Other Financing Sources (uses)	(67,306,596)	(67,306,596)	227,741	67,534,337
Changes in fund balance	(90,000,000)	(90,000,000)	(9,901,006)	80,098,994
Fund Balance – Beginning of Year	90,000,000	90,000,000	93,177,930	3,177,930
Fund Balance – End of Year	0	0	83,276,924	83,276,924

WATER DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Interest earnings	0	0	36,964	36,964
EXPENDITURES				
Debt service	3,961,184	3,961,184	3,701,071	260,113
Changes in Fund Balance before other Financing Sources (uses)	(3,961,184)	(3,961,184)	(3,664,107)	297,077
OTHER FINANCING SOURCES (USES)				
Operating transfers in	3,961,184	3,961,184	3,700,863	(260,321)
Reserve for future expenditure	(8,900,000)	(8,900,000)	0	8,900,000
Total Other Financing Sources (uses)	(4,938,816)	(4,938,816)	3,700,863	8,639,679
Changes in fund balance	(8,900,000)	(8,900,000)	36,756	8,936,756
Fund Balance – Beginning of Year	8,900,000	8,900,000	6,569,044	(2,330,956)
Fund Balance – End of Year	0	0	6,605,800	6,605,800

WATER FUNDS
RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES
TO PROPRIETARY REVENUES AND EXPENSES
For the year ended June 30, 2013

	Operating and Non-operating Revenues	Expenditures/ Expenses
Water	14,928,712	6,739,875
Water SDC	1,546,465	0
Water CIP	73,806	10,202,553
Water Debt Service	36,964	3,701,071
Total Budgetary Basis	16,585,947	20,643,499
Change in accrued compensated absences	0	4,770
Expenditures capitalized	0	(10,082,944)
Principal payments	0	(104,514)
Change in accrued interest	0	1,110,350
Amortization of water revenue bond premium	0	(470,602)
Interest capitalized	0	(305,101)
Depreciation expense	0	1,182,159
Net OPEB obligation	0	11,720
Operating and Non-operating Revenue and Expenses	16,585,947	11,989,337

**RECONCILIATION OF BUDGETARY FUND BALANCE TO
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS NET POSITION**
For the year ended June 30, 2013

	Total Sanitary Sewer	Total Storm Sewer	Total Water
Sanitary Sewer Fund	6,275,392	0	0
Storm Sewer Fund	0	2,881,278	0
Water Quality/Quantity Fund	0	1,291,131	0
Water Fund	0	0	12,707,092
Water SDC Fund	0	0	3,078,052
Water CIP Fund	0	0	83,276,924
Water Debt Service Fund	0	0	6,605,800
Fund Balance – Budget Basis	6,275,392	4,172,409	105,667,868
<i>Adjustments from budgetary basis to generally accepted accounting principles basis:</i>			
Capital assets, net	15,795,540	10,678,403	68,766,402
Assets held for resale	185,021	260,021	0
Unavailable revenue	139,548	0	0
Accrued vacation payable	(27,283)	(15,559)	(70,244)
Long-term debt	0	0	(109,667,515)
Interfund loans	200,000	0	0
OPEB obligation	(25,113)	(28,805)	(54,147)
Total Net Position – Generally Accepted Accounting: Principles Basis	22,543,105	15,066,469	64,642,364

Internal Service Funds

Combining statements for internal service funds are reported here. The combined totals are reported alongside the enterprise funds in the basic financial statements.

Schedules of revenues, expenses and changes in fund net assets — budget and actual — are also presented here for each internal service fund as required by Oregon regulations

Major Enterprise Funds:

Central Services Fund – This fund accounts for the central administrative functions within the city.

Fleet/Property Management Fund – This fund accounts for all activity related to the fleet maintenance and property management divisions in the city.

Insurance Fund – Records refunds of prior years workers' compensation premiums and other insurance related revenues.

**INTERNAL SERVICE FUNDS —
COMBINING STATEMENT OF NET POSITION**
For the year ended June 30, 2013

	Central Service Fund	Fleet/Property Management Fund	Insurance Fund	Total
ASSETS				
<i>Current Assets:</i>				
Cash and investments	671,122	162,314	830,158	1,663,594
Accounts receivable	17,934	33	109	18,076
Prepaid expense	100,097	0	0	100,097
Inventory	0	36,200	0	36,200
Total Assets	789,153	198,547	830,267	1,817,967
LIABILITIES				
<i>Current Liabilities:</i>				
Accounts payable and accrued liabilities	305,720	69,744	0	375,464
Unearned revenue	15,948	0	0	15,948
Accrued compensated absences	248,506	41,701	0	290,207
Net OPEB obligation	188,339	10,932	0	199,271
Total Liabilities	758,513	122,377	0	880,890
Net Position, unrestricted	30,640	76,170	830,267	937,077

**INTERNAL SERVICE FUNDS —
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**
For the year ended June 30, 2013

	Central Service Fund	Fleet/Property Management Fund	Insurance Fund	Total
OPERATING REVENUES				
Charges for services	5,770,979	1,368,579	0	7,139,558
Miscellaneous	14,155	32,707	52,371	99,233
Total Operating Revenues	5,785,134	1,401,286	52,371	7,238,791
OPERATING EXPENSES				
Salaries and wages	3,969,580	473,115	0	4,442,695
Contracted services	458,435	323,048	78	781,561
General, administrative and other	1,389,384	658,825	34,302	2,082,511
Total Operating Expenses	5,817,399	1,454,988	34,380	7,306,767
Operating income (loss)	(32,265)	(53,702)	17,991	(67,976)
NON-OPERATING REVENUE				
Interest revenue	400	104	380	884
Net income (loss)	(31,865)	(53,598)	18,371	(67,092)
Net Position – Beginning of Year	62,505	129,768	811,896	1,004,169
Net Position – End of Year	30,640	76,170	830,267	937,077

**INTERNAL SERVICE FUNDS —
COMBINING STATEMENT OF CASH FLOWS**
For the year ended June 30, 2013

	Central Service Fund	Fleet/Property Management Fund	Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	5,771,314	1,373,787	0	7,145,101
Payments to suppliers	(1,962,821)	(1,110,171)	(34,380)	(3,107,372)
Payments to employees	(3,918,927)	(453,399)	0	(4,372,326)
Other receipts	30,103	32,707	53,428	116,238
Net Cash Provided (used) by Operating Activities	(80,331)	(157,076)	19,048	(218,359)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earnings collected	400	104	380	884
Net change in cash and cash equivalents	(79,931)	(156,972)	19,428	(217,475)
Cash and Investments – Beginning of Year	751,053	319,286	810,730	1,881,069
Cash and Investments – End of Year	671,122	162,314	830,158	1,663,594
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	(32,265)	(53,702)	17,991	(67,976)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
CHANGE IN ASSETS AND LIABILITIES				
Receivables	335	5,208	1,057	6,600
Prepays	(39,925)	0	0	(39,925)
Inventories	0	(17,962)	0	(17,962)
Accounts payable	(75,077)	(110,336)	0	(185,413)
Unearned revenue	15,948	0	0	15,948
Accrued compensated absences	13,605	14,792	0	28,397
Net OPEB obligation	37,048	4,924	0	41,972
Net Cash Provided (used) by Operating Activities	(80,331)	(157,076)	19,048	(218,359)

CENTRAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Charges for services	5,979,588	5,979,588	5,517,427	(462,161)
Interest earnings	593	593	400	(193)
Miscellaneous	0	0	14,155	14,155
Total Revenues	5,980,181	5,980,181	5,531,982	(448,199)
EXPENDITURES				
Policy and administration	6,292,137	6,340,537	5,780,351	560,186
Changes in Fund Balance before other Financing Sources (uses)				
	(311,956)	(360,356)	(248,369)	111,987
OTHER FINANCING SOURCES (USES)				
Operating transfers in	282,477	282,477	253,552	(28,925)
Contingency	(300,000)	(251,600)	0	251,600
Reserve for future expenditure	(188,989)	(188,989)	0	188,989
Total Other Financing Sources (uses)	(206,512)	(158,112)	253,552	411,664
Changes in fund balance	(518,468)	(518,468)	5,183	523,651
Fund Balance – Beginning of Year	518,468	518,468	213,796	(304,672)
Fund Balance – End of Year	0	0	218,979	218,979
Reconciliation of budgetary fund balance to GAAP basis net position:				
Net OPEB obligation			(188,339)	
Total Net Position, GAAP Basis			30,640	

FLEET/PROPERTY MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Charges for services	1,506,122	1,506,122	1,355,912	(150,210)
Interest earnings	0	0	104	104
Miscellaneous	0	0	32,707	32,707
Total Revenues	1,506,122	1,506,122	1,388,723	(117,399)
EXPENDITURES				
Public works	1,575,171	1,597,266	1,450,064	147,202
Changes in Fund Balance before other Financing Sources (uses)	(69,049)	(91,144)	(61,341)	29,803
OTHER FINANCING SOURCES (USES)				
Operating transfers in	15,200	22,595	12,667	(9,928)
Contingency	(40,000)	(25,300)	0	25,300
Reserve for future expenditure	(21,968)	(21,968)	0	21,968
Total Other Financing Sources (uses)	(46,768)	(24,673)	12,667	37,340
Changes in fund balance	(115,817)	(115,817)	(48,674)	67,143
Fund Balance – Beginning of Year	115,817	115,817	135,776	19,959
Fund Balance – End of Year	0	0	87,102	87,102
Reconciliation of budgetary fund balance to GAAP basis net position:				
Net OPEB obligation			(10,932)	
Total Net Position, GAAP Basis			76,170	

INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES: BUDGET AND ACTUAL
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Over (under)
	Original	Final		
REVENUES				
Interest earnings	7,810	7,810	380	(7,430)
Recovered expenditures	52,936	52,936	52,371	(565)
Total Revenues	60,746	60,746	52,751	(7,995)
EXPENDITURES				
Policy and administration	50,000	100,000	33,570	(66,430)
Changes in Fund Balance before other Financing Sources (uses)	10,746	(39,254)	19,181	58,435
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(870)	(870)	(810)	60
Contingency	(10,000)	(10,000)	0	10,000
Reserve for future expenditure	(792,539)	(742,539)	0	742,539
Total Other Financing Sources (uses)	(803,409)	(753,409)	(810)	752,599
Changes in fund balance	(792,663)	(792,663)	18,371	811,034
Fund Balance – Beginning of Year	792,663	792,663	811,896	19,233
Fund Balance – End of Year	0	0	830,267	830,267

Other Supplementary Schedules

Schedules included in this section are:

- Property Tax Transactions and Outstanding Balances
- Bond and Bond Interest Transactions
- Future Debt Service Requirements of Long-term Notes Payable
- Future Debt Service Requirements of Bancroft Improvement Bonds
- Future Debt Service Requirements of General Obligation Bonds

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For the year ended June 30, 2013

	Property Taxes Receivable June 30, 2012	Add Levy as Extended by Assessor	Deduct Discounts Allowed	Add (Deduct) Adjustments	Add Interest	Deduct Collections	Property Taxes Receivable June 30, 2013
2012-2013	0	15,577,974	(404,841)	21,813	4,809	(14,874,217)	325,538
2011-2012	379,484	0	894	(121,608)	12,591	(105,502)	165,859
2010-2011	195,942	0	643	(50,971)	10,519	(43,542)	112,591
2009-2010	111,985	0	25	(1,498)	13,371	(55,967)	67,916
2008-2009	19,233	0	5	(586)	4,609	(16,423)	6,838
2007-2008	5,537	0	4	(406)	1,040	(2,736)	3,439
2006-2007 and prior	10,755	0	0	(604)	1,430	(3,269)	8,312
	722,936	15,577,974	(403,270)	(153,860)	48,369	(15,101,656)	690,493
						Cash Collections	Property Taxes Receivable June 30, 2013
				<i>Distributed as follows:</i>			
				GENERAL FUND			
				Assessment	12,692,657		275,916
				Prior years' levies	115,174		323,197
				Total General Fund	12,807,831		599,113
				DEBT SERVICE FUND			
				Current	2,283,223		49,622
				Prior years' levies	10,602		41,758
				Total Debt Service Funds	2,293,825		91,380
				Total	15,101,656		690,493

NOTE: Taxes revenue on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance (page 44) is reported on the modified accrual basis.

SCHEDULE OF BOND AND BOND INTEREST TRANSACTIONS
for the year ended June 30, 2013

	Bond Transactions						Interest Transactions	
	Original Issue	Outstanding June 30, 2012	Additions	Matured/ Called	Paid	Outstanding June 30, 2013	Matured	Paid
BANCROFT BONDS								
Issued June 27, 2002	1,307,969	575,356	0	62,500	(62,500)	512,856	41,144	(41,144)
Issued Dec. 3, 2003	1,947,678	390,883	0	0	0	390,883	15,244	(15,244)
		1,024,531	0	62,500	(62,500)	903,739	56,388	(56,388)
GENERAL OBLIGATION BONDS								
Issued Feb. 3, 2011	13,000,000	8,145,000	0	625,000	(625,000)	7,520,000	142,625	(142,625)
Issued June 21, 2010	7,250,000	5,985,000	0	680,000	(680,000)	5,305,000	260,348	(260,348)
Issued Feb. 3, 2011	17,000,000	16,605,000	0	625,000	(625,000)	15,980,000	665,625	(665,625)
		32,300,000	0	1,930,000	(1,930,000)	28,805,000	1,068,598	(1,068,598)
REVENUE BONDS								
Issued May 1, 2012	97,720,000	97,720,000	0	0	0	97,720,000	0	0
LONG-TERM NOTES								
Issued Dec. 1, 2011	2,398,000	2,398,000	0	104,514	(104,514)	2,293,486	56,669	(56,669)

**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
OF BANCROFT IMPROVEMENT BONDS
for the year ended June 30, 2013**

Fiscal Year of Maturity	Total Requirements		Issued June 27, 2002 7.25%		Issued December 3, 2003 3.90%	
	Principal	Interest	Principal	Interest	Principal	Interest
2013–2014	457,983	42,063	67,100	36,262	390,883	5,801
2014–2015	72,100	31,311	72,100	31,311	0	0
2015–2016	77,400	25,989	77,400	25,989	0	0
2016–2017	83,100	20,277	83,100	20,277	0	0
2017–2018	89,200	14,142	89,200	14,142	0	0
2018–2022	123,956	8,715	123,956	8,715	0	0
Total	903,739	142,497	512,856	136,696	390,883	5,801

**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
OF GENERAL OBLIGATION BONDS
for the year ended June 30, 2013**

Fiscal Year of Maturity	Total Debt Requirement	Issued February 3, 2011 3.00% to 4.00%		Issued June 21, 2010 4.35%		Issued February 3, 2011 3.00% to 4.75%	
		Principal	Interest	Principal	Interest	Principal	Interest
2013–2014	1,985,000	645,000	256,825	695,000	230,768	645,000	646,876
2014–2015	2,045,000	665,000	237,175	715,000	200,535	665,000	627,526
2015–2016	2,105,000	685,000	216,925	735,000	169,432	685,000	607,576
2016–2017	2,165,000	705,000	196,075	755,000	137,460	705,000	587,025
2017–2018	2,235,000	730,000	174,550	780,000	104,618	725,000	565,875
2019–2023	9,775,000	4,090,000	422,000	1,625,000	106,575	4,060,000	2,408,425
2024–2028	4,955,000	0	0	0	0	4,955,000	1,511,400
2029–2031	3,540,000	0	0	0	0	3,540,000	341,525
Total	28,805,000	7,520,000	1,503,550	5,305,000	949,388	15,980,000	7,296,228

**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
OF WATER REVENUE BONDS
for the year ended June 30, 2013**

Fiscal Year of Maturity	Total Requirements	Issued May 1, 2012 3.00% to 5.00%	
		Principal	Interest
2012–2013	0	0	3,539,888
2013–2014	0	0	4,719,850
2014–2015	0	0	4,719,850
2015–2016	0	0	4,719,850
2016–2017	6,561,800	1,870,00	4,691,800
2018–2022	32,811,750	10,510,000	22,301,750
2023–2027	32,810,300	13,055,000	19,755,300
2028–2032	32,815,625	16,755,000	16,060,625
2033–2037	32,811,250	21,510,000	11,301,250
2038–2042	32,810,750	27,620,000	5,190,750
2042	6,560,000	6,400,000	160,000
Total	177,181,475	97,720,000	97,160,913

Statistical Section

This part of the City of Tigard’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information and supplementary information says about the city’s overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time.	151–161
Revenue Capacity These schedules contain information to help the reader assess the city’s most significant local revenue source, property taxes.	162–166
Debt Capacity These schedules contain information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	167–172
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the city’s financial activities take place.	173–175
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs.	176–178

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in fiscal year 2003, implemented GASB Statement 44 in fiscal year 2006 and implemented GASB 54 in fiscal year 2011.

MISCELLANEOUS STATISTICAL DATA
for the year ended June 30, 2013

Date of Incorporation	1961
Form of Government	Mayor/Council with a City Manager as the administrative head of the government of the city.
Area (square miles–incorporated area)	12.7
Miles of Streets	150.00
Police Protection: - Number of Stations - Number of Sworn Police Officers	1 68
Education: - Attendance Centers - Number of Teachers/FTE - Number of Students	17 621 12,701
Building Permits Issued (2012–2013)	771
Recreation and Culture: - Number of Parks - Greenways - Number of Libraries - Number of Volumes (estimated)	18, totaling 248 acres 245 acres 1 250,454
Employees: - Classified service (union) - Unclassified (non-union)	170 85

Information obtained from the various departments of the City of Tigard, Oregon and Tigard/Tualatin School District #23-J. City student totals not available.

NET POSITION BY COMPONENT FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
GOVERNMENTAL ACTIVITIES										
Invested in capital assets, net of related debt	167,289,278	169,543,524	168,577,473	173,401,138	177,656,465	179,584,222	165,775,262	181,343,650	179,626,050	181,196,030
Restricted	1,782,382	1,367,179	2,812,994	1,490,484	1,992,734	1,540,638	6,872,512	5,880,755	13,180,057	12,041,725
Unrestricted	21,197,594	21,178,146	21,685,865	25,234,231	23,053,474	18,091,356	24,927,888	11,880,945	8,431,166	14,311,478
Total Governmental Activities Net Position	190,269,254	192,088,849	193,076,332	200,125,853	202,702,673	199,216,216	197,575,662	199,105,350	201,237,273	207,549,233
BUSINESS-TYPE ACTIVITIES										
Invested in capital assets, net of related debt	51,186,594	51,861,963	58,058,208	64,000,824	68,398,209	68,738,562	70,942,446	78,920,831	65,218,645	74,044,470
Restricted	5,548,698	3,761,976	3,761,976	3,783,324	3,783,324	3,783,324	0	6,005,540	13,184,382	9,683,852
Unrestricted	19,877,044	20,374,983	20,480,106	18,463,817	15,826,866	16,184,644	17,371,241	8,675,865	19,429,375	18,523,616
Total Business-type Activities Net Position	76,612,336	75,998,922	82,300,290	86,247,965	88,008,399	88,706,530	88,313,687	93,602,236	97,832,402	102,251,938
PRIMARY GOVERNMENT										
Invested in capital assets, net of related debt	218,475,872	221,405,487	226,635,681	237,401,962	246,054,674	248,322,784	236,717,708	260,264,481	244,844,695	255,240,500
Restricted	7,331,080	5,129,155	6,574,970	5,273,808	5,776,058	5,323,962	6,872,512	11,886,295	26,364,439	21,725,577
Unrestricted	41,074,638	41,553,129	42,165,971	43,698,048	38,880,340	34,275,999	42,299,129	20,556,810	27,860,541	32,835,094
Total Primary Government Net Position	266,881,590	260,087,771	275,376,622	286,373,818	290,711,072	287,922,745	285,889,349	292,707,586	299,069,675	309,801,171

CHANGES IN NET POSITION FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
EXPENSES										
Governmental Activities:										
Community services	8,744,613	10,253,764	11,241,521	11,656,248	13,678,913	18,365,997	19,832,642	19,987,961	20,025,191	19,085,777
Public works	2,735,212	2,172,874	3,078,772	2,383,009	2,373,710	2,468,981	8,563,893	10,911,875	12,489,448	8,585,063
Community development	3,791,317	4,224,696	4,669,452	4,714,636	5,186,834	7,238,839	4,846,494	4,159,289	4,709,751	3,988,011
Policy and administration	6,175,917	6,166,577	7,447,828	4,398,213	3,992,478	5,997,644	1,511,956	1,825,398	2,117,198	1,339,254
Interest on long-term debt	947,848	716,899	935,359	153,319	354,664	526,825	548,987	1,214,420	1,125,259	1,226,774
Total Governmental Activities Expenses	22,394,907	23,534,810	27,372,932	23,305,425	25,586,599	34,598,286	35,303,972	38,098,943	40,466,847	34,224,879
EXPENSES										
Business-type Activities:										
Sewer	945,102	1,297,582	1,454,150	1,461,458	1,963,223	1,597,413	1,379,105	1,386,597	1,743,929	2,114,054
Storm water	1,090,550	1,374,459	1,391,158	1,533,391	1,585,105	1,920,640	2,061,622	1,667,699	1,649,715	2,045,399
Water	5,555,590	8,200,928	7,291,602	7,452,480	6,792,833	7,624,478	7,880,598	6,996,463	7,807,706	11,989,337
Total Business-type Activities Expenses	7,591,242	10,872,969	10,136,910	10,447,329	10,341,161	11,142,531	11,321,325	10,050,759	11,201,350	16,148,790
Total Primary Government Expenses	29,986,149	34,407,779	37,509,842	33,752,754	35,927,760	45,740,817	46,625,297	48,149,702	51,668,197	50,373,669
PROGRAM REVENUES										
Governmental Activities:										
<i>Charges for service:</i>										
Community service	114,454	119,513	146,798	151,448	168,232	180,425	232,384	1,008,691	1,191,417	2,252,945
Public works	603,352	1,741,747	2,165,451	1,866,123	1,377,855	952,652	1,751,341	2,096,677	1,915,631	2,120,366
Community development	2,928,733	3,335,125	4,463,283	3,982,018	2,331,834	1,249,995	1,490,701	1,747,617	1,684,287	2,579,329
Policy and administration	822,177	908,053	1,015,976	1,146,301	1,524,653	1,463,736	108,940	0	84,065	105,755
Operating grants and contributions	252,805	285,888	133,509	1,537,714	739,171	153,447	199,506	6,516,004	6,952,717	6,924,053
Capital grants and contributions	0	0	0	2,596,223	3,103,521	199,112	305,398	230,500	1,049,774	2,173,900
Total Governmental Activities Program Revenues	4,721,521	6,390,326	7,925,017	11,279,827	9,245,266	4,199,367	4,088,270	11,599,489	12,877,891	16,156,348
PROGRAM REVENUES										
Business-type Activities:										
<i>Charges for service:</i>										
Sewer	1,809,032	1,601,113	1,555,358	1,641,740	2,322,462	1,348,750	1,117,987	1,021,840	1,025,732	1,203,187
Storm water	1,156,863	1,156,220	1,176,816	1,190,521	1,593,097	1,484,627	1,872,545	2,178,298	2,402,189	2,629,694
Water	7,202,910	7,762,153	6,953,809	6,336,186	7,002,872	7,417,827	7,834,978	9,065,554	11,895,044	14,907,664
Capital grants and contributions	0	0	6,077,864	3,886,120	136,331	834,660	1,022,045	4,583,764	2,871,726	1,675,987
Total Business-type Activities Program Revenues	10,168,805	10,519,486	15,763,847	13,054,567	11,054,762	11,085,864	11,847,555	16,849,456	18,194,691	20,416,532
Total Primary Government Revenues	14,890,326	16,909,812	23,688,864	24,334,394	20,300,028	15,285,231	15,935,825	28,448,945	31,072,582	36,572,880

Source: Comprehensive Annual Financial Report of the city.

CHANGES IN NET POSITION FOR THE LAST TEN FISCAL YEARS (...CONTINUED)
(accrual basis of accounting)

	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
NET (EXPENSE) REVENUE										
Governmental Activities	(17,613,386)	(17,144,484)	(19,447,915)	(12,025,598)	(16,341,333)	(30,398,918)	(31,215,702)	(26,499,454)	(27,588,956)	(18,068,531)
Business-type Activities	2,577,563	716,899	5,626,937	2,607,238	713,601	(56,667)	526,230	6,798,697	6,993,341	4,267,742
Total Primary Government Net Expenses	(15,035,823)	(16,427,585)	(13,820,978)	(9,418,360)	(15,627,731)	(30,455,585)	(30,689,471)	(19,700,757)	(20,595,615)	(13,800,789)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property taxes	9,763,281	10,273,332	10,804,524	11,552,817	9,133,664	12,526,541	16,070,846	13,604,285	15,182,467	15,338,744
Franchise fees	2,431,324	2,670,050	3,042,187	3,835,007	4,551,169	3,887,078	4,548,520	4,375,420	4,880,635	5,855,956
Restricted intergovernmental revenues (excluding grants)	0	3,447,895	3,288,530	0	0	0	0	0	0	0
Unrestricted intergovernmental revenues	5,204,135	1,430,206	1,863,706	1,836,291	2,912,647	8,925,520	6,993,245	2,838,802	4,798,949	2,500,240
Interest earnings	890,785	859,057	922,508	1,548,735	1,503,619	947,247	308,853	296,964	283,273	248,812
Miscellaneous	422,145	283,539	513,943	302,269	817,054	626,075	376,884	5,284,426	1,583,989	316,512
Transfers between governmental and business-type	0	0	0	0	0	0	1,276,800	1,629,245	2,991,566	120,227
Total Governmental Activities	18,711,670	18,964,079	20,435,398	19,075,119	18,918,153	26,912,461	29,575,148	28,029,142	29,720,879	24,380,491
Business-type Activities:										
Interest earnings	426,853	604,977	580,004	1,050,352	1,039,593	649,231	153,300	115,828	73,228	114,661
Miscellaneous	23,754	135,092	94,427	147,310	150,015	105,567	204,427	3,269	155,164	157,360
Transfers between governmental and business-type	0	0	0	0	0	0	(1,276,800)	(1,629,245)	(2,991,566)	(120,227)
Total Business-type Activities	450,607	740,069	674,431	1,197,662	1,189,608	754,798	(919,073)	(1,510,148)	(2,763,174)	151,794
Total Primary Government	19,162,277	19,704,148	21,109,829	20,272,781	20,107,761	27,667,259	28,656,075	26,518,994	26,957,705	24,532,285
CHANGE IN NET POSITION										
Governmental Activities	1,098,284	1,819,595	987,483	7,049,521	2,576,820	(3,486,457)	(1,640,554)	1,529,688	2,131,923	6,311,960
Business-type Activities	3,028,170	386,586	6,301,368	3,804,900	1,903,209	698,131	(392,843)	5,288,549	4,230,167	4,419,536
Total Primary Government	4,126,454	2,206,181	7,288,851	10,854,421	4,480,029	(2,788,325)	(2,033,396)	6,818,237	6,362,090	10,731,496

Source: Comprehensive Annual Financial Report of the city.

FUND BALANCES OF GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
GENERAL FUND										
Reserved	69,069	54,632	20,291	209,378	0	419,488	273,726	0	0	0
Unreserved	8,343,762	8,131,112	8,368,793	9,716,643	10,794,057	7,338,828	7,067,526	0	0	0
Non-spendable	0	0	0	0	0	0	0	305,164	471,975	472,941
Unassigned	0	0	0	0	0	0	0	7,247,383	7,378,411	9,687,736
Total General Fund	8,412,831	8,185,744	8,389,084	9,926,021	10,794,057	7,758,316	7,341,252	7,552,547	7,850,386	10,160,677
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	7,198,519	4,821,174	2,719,998	0	0	0	0	0	0	0
<i>Unreserved, reported in:</i>										
Special revenue funds	7,282,391	9,253,467	10,208,277	13,445,092	12,481,406	11,097,739	8,094,802	0	0	0
Debt service funds	0	0	1,811,861	2,027,633	682,960	167,169	1,927,247	0	0	0
Capital projects funds	8,971	0	1,589,018	1,087,826	1,309,774	1,373,469	4,945,265	0	0	0
Non-spendable	0	0	0	0	0	0	0	0	0	14,986
Restricted	0	0	0	0	0	0	0	16,855,664	15,568,787	14,859,784
Committed	0	0	0	0	0	0	0	2,263,088	3,217,309	4,020,435
Assigned	0	0	0	0	0	0	0	417,479	428,823	670,223
Unassigned	0	0	0	0	0	0	0	(382,937)	(498,110)	(601,324)
Total All Other Governmental Funds	14,489,881	14,074,641	16,329,154	16,560,551	14,474,140	12,638,377	14,967,314	19,153,294	18,716,809	18,964,104

* This schedule was modified with the implementation of GASB 54, effective fiscal year 2011, which affected the categories used to report fund balances.

Source: Comprehensive Annual Financial Report of the city.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
REVENUES										
Taxes	9,775,325	10,334,295	10,817,886	11,553,044	12,137,977	12,405,880	16,078,788	16,753,457	17,767,128	18,208,253
City gas tax*	0	0	0	0	0	0	0	0	0	830,031
Franchise fees	2,431,324	2,670,050	3,042,187	3,835,007	4,551,169	3,887,078	4,548,520	4,375,420	4,880,635	5,724,192
Special assessments	568,971	373,141	1,421,765	163,379	120,678	87,208	284,202	40,164	38,776	43,170
Licenses and permits	3,668,335	4,442,222	4,852,719	3,011,348	1,871,841	1,282,438	1,229,880	2,590,516	2,444,551	3,175,118
Intergovernmental revenues	5,456,940	5,134,991	5,285,744	5,970,228	7,807,667	7,560,542	6,358,393	9,834,646	6,586,757	6,040,986
Charges for service	1,819,907	2,354,372	2,689,485	3,989,491	3,469,358	2,536,590	3,083,087	3,127,307	3,059,653	6,632,779
Fines and forfeitures	613,785	646,406	702,469	850,335	847,069	804,128	915,524	907,216	1,092,296	1,038,948
Interest earnings	880,070	836,359	903,637	1,507,065	1,475,808	930,382	300,126	287,284	262,080	254,237
Miscellaneous	420,390	280,411	502,951	283,712	747,532	513,392	249,180	47,489	633,575	206,443
Total Revenues	25,635,047	27,072,247	30,218,843	31,163,609	33,029,099	30,007,640	33,047,700	37,963,499	36,765,451	42,154,157
EXPENDITURES										
Current Operating:										
Community services	9,014,200	10,750,344	11,377,118	11,918,362	13,801,110	18,214,907	19,418,498	19,182,018	19,638,469	18,636,382
Public works	2,104,617	2,172,875	2,273,569	2,383,009	2,757,289	3,463,390	5,129,767	6,059,692	6,354,390	6,551,980
Community development	3,891,491	4,316,517	4,709,433	4,772,780	5,191,797	7,184,355	4,674,008	3,975,257	3,902,223	3,937,089
Policy and administration	4,051,476	4,334,147	4,564,400	4,717,967	397,510	907,661	787,209	711,743	819,034	711,385
Citywide support	0	0	0	23,000	0	796,995	0	0	0	0
Debt Services:										
Principal	1,300,979	1,285,275	1,526,286	166,571	922,907	794,853	875,513	2,590,456	1,894,125	1,992,500
Interest	951,072	748,417	697,305	630,916	454,403	530,403	557,061	67,294	1,652,691	1,264,795
Refunded bonds	0	0	0	0	0	0	0	8,836,046	0	0
Refunding bond issuance cost	0	0	0	0	0	0	0	81,236	0	0
Capital Outlay	13,210,578	4,106,999	2,352,123	3,543,422	6,319,092	3,940,781	7,373,043	19,247,942	4,037,766	6,357,256
Total Expenditures	34,524,413	27,714,574	27,500,234	28,156,027	29,844,108	35,833,344	38,815,099	60,751,684	38,298,698	39,451,387
Excess (deficiency) of revenues over (under) expenditures	(8,889,366)	(642,327)	2,718,609	3,007,582	3,184,991	(5,825,705)	(5,767,399)	(22,788,185)	(1,533,247)	2,702,770
OTHER FINANCING SOURCES (USES)										
Proceeds from bond/long-term note	1,947,678	0	0	0	0	0	7,250,000	26,214,495	0	0
Operating transfers in	2,581,668	2,893,435	4,046,802	2,667,149	4,896,127	3,342,328	4,965,010	16,977,142	6,969,663	4,735,619
Operating transfers out	(2,581,668)	(2,893,435)	(4,046,802)	(2,667,149)	(9,299,491)	(2,357,267)	(3,688,210)	(16,006,177)	(5,575,062)	(4,880,803)
Total Other Financing Sources (uses)	1,947,678	0	0	0	(4,403,364)	985,061	8,526,800	27,185,460	1,394,601	(145,184)
Net Change in Fund balances	(6,941,688)	(642,327)	2,718,609	3,007,582	(1,218,373)	(4,840,644)	2,759,401	4,397,275	(138,646)	2,557,586
Debt service as a percentage of non-capital expenditures	11.81%	9.43%	9.70%	3.35%	6.22%	4.34%	4.71%	8.88%	11.55%	10.84%

* City gas tax was broken out of intergovernmental beginning in fiscal year 2013.

Source: Comprehensive Annual Financial Report of the city.

**GOVERNMENTAL REVENUES
FOR THE PAST TEN FISCAL YEARS**

FY Ended June 30	Program Revenues			General Revenues							
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Franchise Fees	Intergovern- mental Revenues	Interest Earnings	Donated Assets	Gain (loss) on Disposition of Capital Assets	Miscellaneous	Total
2004	16,561,227	252,805	6,077,864	9,763,281	2,431,324	5,204,135	1,317,638	0	0	445,899	42,054,173
2005	16,623,924	285,888	0	10,273,332	2,670,050	4,878,101	1,464,034	0	0	418,631	36,613,960
2006	17,477,491	133,509	6,077,864	10,804,524	3,042,180	5,152,236	1,502,512	0	0	608,370	44,798,693
2007	7,145,890	1,537,714	2,596,223	11,552,817	3,835,007	1,836,291	2,599,087	0	0	449,579	31,552,608
2008	5,402,574	739,171	3,103,521	12,237,185	4,551,169	2,912,647	1,503,619	0	0	(2,286,467)	28,163,419
2009	3,846,808	153,447	199,112	12,526,541	3,887,078	8,925,520	947,247	0	0	626,075	31,111,828
2010	3,583,366	199,506	305,398	16,070,846	4,548,420	6,993,245	308,853	0	0	376,884	32,386,618
2011	4,852,985	6,156,004	230,500	13,604,285	4,375,420	2,838,802	296,964	0	0	5,284,426	37,999,386
2012	4,875,400	6,952,717	1,049,774	15,182,467	4,880,635	4,798,949	283,273	0	0	1,583,989	39,607,204
2013	7,058,395	6,924,053	2,173,900	15,338,744	5,855,956	2,500,240	248,812	0	0	316,508	40,416,608

**GOVERNMENTAL EXPENSES BY FUNCTION
FOR THE PAST TEN FISCAL YEARS**

FY Ended June 30	Community Services	Public Works	Community Develop	Policy and Admin	Long-term Debt	Sewer	Storm Water	Water	Total
2004	8,744,613	2,735,212	3,791,317	6,175,917	947,848	945,102	1,080,550	5,555,590	29,976,149
2005	10,253,764	2,172,874	4,224,696	6,166,577	716,899	1,297,582	1,374,459	8,200,928	34,407,779
2006	11,241,521	3,078,772	4,669,452	7,447,828	935,359	1,454,150	1,391,158	7,291,602	37,509,842
2007	11,656,248	2,383,009	4,714,636	4,398,213	153,319	1,461,458	1,533,391	7,452,480	33,752,754
2008	13,678,913	2,373,710	2,373,710	3,992,478	526,825	1,963,223	1,585,105	6,792,833	33,286,797
2009	18,365,997	2,468,981	7,238,839	5,997,644	526,825	1,597,413	1,920,640	7,624,478	45,740,817
2010	19,832,642	8,563,893	4,846,494	1,511,956	548,987	1,379,105	2,061,622	7,880,598	46,625,297
2011	19,987,961	10,911,875	4,159,289	1,825,398	1,214,420	1,386,597	1,667,699	6,996,463	48,149,702
2012	20,025,189	12,489,448	4,709,750	2,117,198	1,125,259	1,743,929	1,649,718	7,807,706	51,668,197
2013	19,085,777	8,585,063	3,988,011	1,339,254	1,226,774	2,114,054	2,045,399	11,989,337	50,373,669

**GENERAL GOVERNMENTAL REVENUES BY SOURCES — BUDGETARY BASIS
FOR THE PAST TEN FISCAL YEARS**

FY Ended June 30	Taxes	Franchise Fees	Licenses and Permits	Intergovern- mental Revenues	Charges for Services	Fines and Forfeitures	Misc. Revenues *	Total
2004	9,775,325	2,431,324	3,668,335	5,456,940	1,148,271	613,785	1,858,371	24,952,351
2005	10,334,295	2,670,050	4,442,222	5,134,991	1,743,493	646,406	1,489,909	26,461,366
2006	10,817,886	3,042,187	4,852,719	5,285,744	2,689,485	702,469	2,828,353	30,218,843
2007	11,553,044	3,835,007	3,011,348	5,970,228	3,989,491	850,335	1,954,156	31,163,609
2008	12,137,977	4,551,169	1,871,841	847,069	1,475,808	847,069	2,344,018	24,074,951
2009	12,405,880	3,887,078	1,282,438	7,560,542	2,536,590	804,128	1,530,983	30,007,640
2010	16,078,788	4,548,520	1,229,880	6,358,393	3,083,087	915,524	833,508	33,047,700
2011	16,753,457	4,375,420	2,590,516	9,834,646	3,127,307	907,216	374,937	37,963,499
2012	17,767,128	4,880,635	2,444,551	6,586,747	3,059,653	1,092,296	934,431	36,765,451
2013	18,208,253	5,724,192	3,175,118	6,871,017	6,632,779	1,038,948	503,850	42,154,157

* Includes special assessments collections, interest earnings and private donations.

Information derived from Comprehensive Annual Financial Reports for all Governmental Fund Types.

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION — BUDGETARY BASIS
FOR THE PAST TEN FISCAL YEARS**

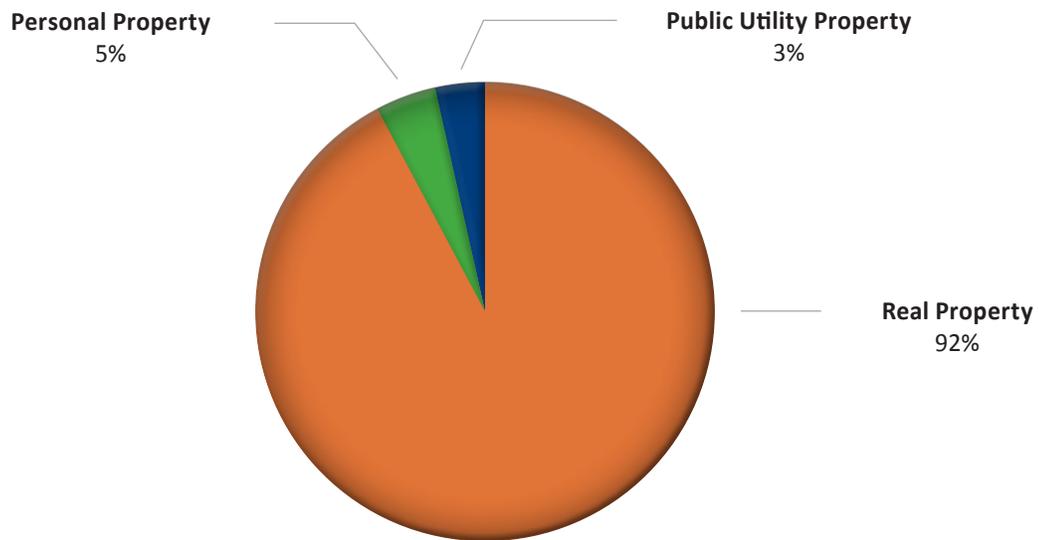
FY Ended June 30	Community Services	Public Works and Community Development	Policy and Administration	Citywide Support Functions, Capital Projects and Other	Debt Services	Total
2004	9,014,200	5,996,108	821,553	13,210,578	4,310,054	33,352,493
2005	10,750,344	6,489,391	1,017,764	4,106,999	2,033,691	24,398,189
2006	11,377,118	3,983,002	4,564,400	2,352,123	2,223,591	24,500,234
2007	11,918,362	7,155,789	4,717,967	3,566,422	2,297,487	29,656,027
2008	13,801,110	7,949,086	397,510	6,319,092	1,377,310	29,844,108
2009	18,214,907	10,647,745	1,704,656	3,940,781	1,325,256	35,833,344
2010	19,418,498	9,803,775	787,209	7,373,043	1,432,574	38,815,099
2011	19,182,018	10,034,949	711,743	19,247,942	11,575,032	60,751,684
2012	19,638,468	10,256,613	819,034	4,037,766	3,546,816	38,298,697
2013	18,636,382	10,489,069	711,385	6,357,256	3,257,295	39,451,387

Information derived from Comprehensive Annual Financial Reports for all Governmental Fund Types.

**MARKET VALUE AND ASSESSED VALUE OF TAXABLE PROPERTY
FOR THE PAST TEN FISCAL YEARS**

FY Ended June 30	Assessed Value				Total Direct Tax Rate *	Estimated Real Market Value (RMV)	Assessed to Value as a % of RMV
	Real Property	Personal Property	Public Utility Property	Total Assessed Value			
2004	3,376,409,604	206,038,692	171,911,103	3,754,359,399	2.68	5,151,890,520	72.87%
2005	3,543,033,334	204,589,409	160,586,232	3,908,208,975	2.70	5,402,433,125	72.34%
2006	3,717,827,074	210,841,242	159,236,470	4,087,904,786	2.72	5,913,857,305	69.12%
2007	3,932,173,130	229,401,995	183,090,030	4,344,665,155	2.73	7,152,421,012	60.74%
2008	4,104,676,710	234,099,260	233,581,850	4,572,357,820	2.75	7,449,594,674	61.38%
2009	4,306,936,640	247,691,980	187,315,080	4,741,943,700	2.70	8,161,684,333	58.10%
2010	4,476,784,320	249,636,920	187,721,070	4,914,142,310	2.78	7,738,192,442	63.51%
2011	4,605,287,760	236,758,507	186,625,460	5,028,671,727	2.79	7,260,251,256	69.26%
2012	4,740,820,190	233,150,042	185,094,100	5,159,064,332	3.86	6,916,823,794	74.59%
2013	4,879,417,110	234,122,196	168,258,100	5,281,797,406	4.28	6,727,550,189	78.51%

**ASSESSED VALUE BY TYPE
for the fiscal year ended 2013**



PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
(dollars per \$1,000 of assessed value rounded to the nearest cent)
FOR THE PAST TEN FISCAL YEARS

FY Ended June 30	City of Tigard					Overlapping Rates									Total Direct and Overlapping Rates
	Direct Rates		Urban Renewal	Phase In	Total	Metzger Water District Combined	Washington County	Tualatin School District No. 23-4	Beaverton School District No. 48-4	Tualatin Valley Fire and Rescue District	County Rural Fire District No. 2	Portland Community College	Hillsboro School District No. 1-J	Other Agencies	
	Perm Rate	Debt Services													
2004	2.51	0.17	0	0	2.68	0.22	2.90	7.88	8.01	1.83	1.12	0.51	0	0.62	25.77
2005	2.51	0.19	0	0	2.70	0.13	2.87	7.79	6.60	1.83	1.12	0.51	0	0.62	24.16
2006	2.51	0.21	0	0	2.72	0	2.84	7.85	7.98	1.82	1.12	0.50	0	0.63	25.45
2007	2.51	0.22	0	0	2.73	0	2.45	7.67	6.29	1.82	1.12	0.49	0	0.60	23.17
2008	2.51	0.23	0.01	0	2.75	0	2.44	7.59	6.74	1.56	1.12	0.28	0	0.61	23.09
2009	2.51	0.18	0.01	0	2.70	0	2.39	7.52	6.56	1.54	1.12	0.50	0	0.70	23.04
2010	2.51	0.21	0.06	0	2.78	0	2.98	7.65	6.88	1.89	1.69	0.63	0	0.75	25.26
2011	2.51	0.21	0.07	0	2.79	0	2.98	7.37	6.78	1.88	1.69	0.64	0	0.81	24.95
2012	2.51	0.45	0.06	0.83	3.86	0	2.97	7.44	6.86	1.92	1.69	0.60	7.47	1.88	34.69
2013	2.51	0.44	0.06	1.27	4.28	0	2.96	7.38	6.77	1.91	1.69	0.66	7.50	0.72	33.87

Taxes levied may be composed of three types of levies: (1) a base operating levy, (2) a special operating levy approved by the voters in the district, and (3) a debt service levy. Each district with outstanding General Obligation bonded debt is required to levy taxes sufficient with other available funds, to meet principal and interest payments when due.

All operating levies were converted to a permanent rate by the passage of Measure 50 in 1997. Permanent rates cannot be changed. Prior to Measure 50, rates were dependent on both the levy and assessed value.

Assessment and tax rolls are prepared and maintained by Washington County for all taxing districts with territory in the county. The county collects all taxes against property in the county (except assessments for improvements charged to benefitted property) and distributes taxes collected at the least monthly. No charges are made to the taxing districts for these services.

NOTE: Not all taxing districts are charged on each parcel of property, actual rates on tax bills are a combination of the above depending upon the location of the parcel and the school district and sewer and water district boundaries. Total overlapping tax rates for property in Tigard in 2012 ranged from \$13.31/\$1,000 to \$16.60/\$1,000.

Source: Washington County Department of Assessment and Taxation.

**PRINCIPAL PROPERTY TAXPAYERS
FOR CURRENT AND NINE YEARS AGO**

Taxpayers	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value
Pacific Realty Associates	194,703,088	1	3.77%	143,381,150	1	3.82%
PPR Washington Square LLC	126,293,895	2	2.45%	80,092,343	2	2.13%
Lincoln Center LLC	84,195,930	3	1.63%	68,331,810	3	1.82%
Frontier Communications	63,146,947	4	1.22%	52,296,628	4	1.39%
Walton CWOR Park LLC	42,097,965	5	0.82%	0	0	0
Portland General Electric	31,573,474	6	0.61%	26,378,000	7	0.70%
Comcast Corporation	30,121,018	7	0.58%	0	0	0
Northwest Natural Gas	27,348,138	8	0.53%	22,008,100	9	0.59%
Constance Robinson (Trust)	25,391,826	9	0.49%	22,980,660	8	0.61%
Macy's Department Stores Inc.	23,004,621	10	0.45%	0	0	0
Calwest Industrial Holdings, LLC	0	0	0	30,253,710	5	0.81%
Sprint Spectrum	0	0	0	27,083,650	6	0.72%
Portland Hotel Association (Embassy Suites)	0	0	0	21,862,600	10	0.58%
Total	647,876,902		12.56%	494,668,651		13.17%

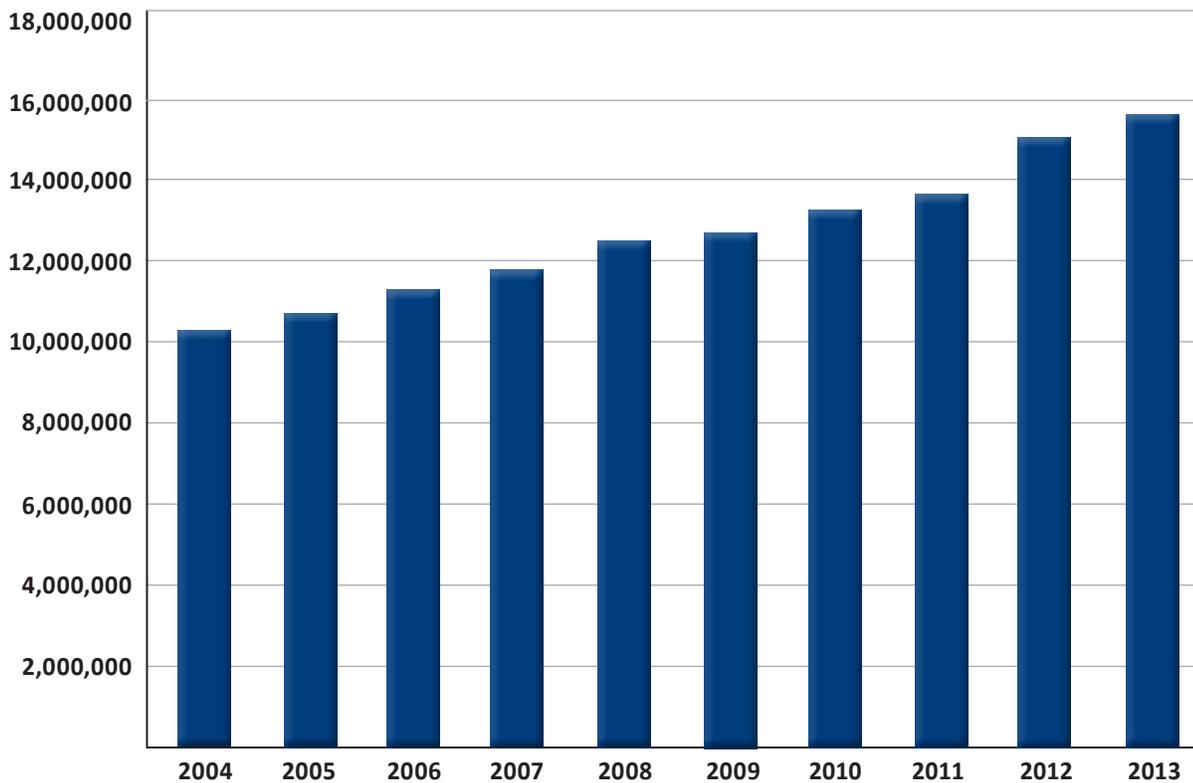
Source: Washington County Assessment and Taxation records.

**PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE PAST TEN FISCAL YEARS**

FY Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collections	Delinquent Tax Collections	Total Tax Collections	Percent Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent Delinquent Taxes to Tax Levy
2004	10,072,155	9,519,258	94.51%	249,358	9,768,616	96.99%	388,113	3.85%
2005	10,568,724	10,032,595	94.93%	293,729	10,326,324	97.71%	330,296	3.13%
2006	11,115,136	10,571,115	95.11%	252,844	10,823,959	97.38%	310,629	2.79%
2007	11,871,043	11,514,034	96.99%	210,217	11,724,251	98.76%	346,648	2.92%
2008	12,515,279	11,895,526	95.05%	121,148	12,016,674	96.02%	425,546	3.40%
2009	12,732,804	12,005,730	94.29%	142,047	12,147,777	95.41%	531,172	4.17%
2010	13,371,853	12,625,421	94.42%	329,304	12,954,725	96.88%	572,298	4.28%
2011	13,656,156	12,928,269	94.67%	379,537	13,307,806	97.45%	555,725	4.07%
2012	15,262,018	14,519,683	95.14%	236,074	14,755,757	96.68%	722,358	4.73%
2013	15,577,974	14,874,217	95.48%	227,439	15,101,656	96.94%	690,493	4.43%

Taxes are levied as of July 1 each year and are payable in three installments, without interest, on November 15, February 15 and May 15. Interest is charged at the rate of 1 percent per month on delinquent taxes. Tax liens are foreclosed after three year's delinquencies. Taxpayers receive a discount of 3 percent for payment in full by November 15 and 2 percent for payment of two-thirds of the total taxes due.

CITY PROPERTY TAXES LEVIED



**SPECIAL ASSESSMENT COLLECTIONS
FOR THE PAST TEN FISCAL YEARS**

FY Ended June 30	Current Assessments Due (1)	Assessment Collected (2)	Ratio of Collections to Amount Due	Assessments Added	Total Outstanding Assessments
2004	637,900	557,911	87.46%	0	3,471,643
2005	598,804	373,141	62.31%	0	3,074,031
2006	821,321	1,421,765	173.11%	0	1,639,875
2007	937,916	163,379	17.42%	0	1,461,838
2008	116,194	120,678	103.86%	0	1,266,871
2009	23,100	87,208	377.52%	0	1,178,745
2010	74,400	284,202	381.99%	0	968,943
2011	179,200	40,164	22.41%	0	854,377
2012	38,776	28,365	73.15%	0	826,012
2013	62,500	118,888	190.22%	196,615	903,739

(1) This amount is equal to the matured principal on Bancroft improvement bonds.

(2) Represents collections of current assessments for payment of Bancroft improvement bonds as well as assessment collections on projects for which such bonds have not been issued.

Source: City assessment records.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR LONG-TERM DEBT
TO GENERAL GOVERNMENTAL EXPENDITURES
FOR THE PAST TEN FISCAL YEARS**

FY Ended June 30	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Percent of Debt Service to Total General Expenditures
2004	3,358,982	929,462	4,288,444	34,524,413	12.42%
2005	1,285,275	748,817	2,034,092	27,714,574	7.34%
2006	1,526,286	697,305	2,223,591	27,500,234	8.09%
2007	1,666,571	630,916	2,297,487	29,656,027	7.75%
2008	922,907	454,403	1,377,310	29,844,108	4.62%
2009	794,853	530,403	1,325,256	35,833,344	3.70%
2010	875,513	557,061	1,432,574	38,815,099	3.69%
2011	2,590,456	67,294	2,657,750	60,751,684	4.37%
2012	1,894,126	1,652,691	3,546,817	38,298,698	9.26%
2013	1,992,500	1,264,795	3,257,295	39,451,387	8.26%

(1) Includes bond anticipation notes principal and interest.

(2) Includes bond anticipation notes interest and certificates of participation principal and interest.

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
FOR THE PAST TEN FISCAL YEARS**

FY Ended June 30	Population	Assessed Value	Gross General Obligation Bonded Debt Outstanding	Less Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2004	44,650	3,754,359,399	16,239,519	1,713,313	14,526,206	0.39%	325.33
2005	45,500	3,908,208,975	15,164,807	1,312,547	13,852,260	0.35%	304.45
2006	46,300	4,087,904,786	11,572,205	1,849,770	9,722,435	0.24%	209.99
2007	46,400	4,344,665,155	11,066,369	1,849,770	9,216,599	0.21%	198.63
2008	46,715	4,572,357,820	10,547,958	296,805	10,251,153	0.22%	219.44
2009	47,460	4,741,943,700	10,011,895	258,769	9,753,126	0.21%	205.50
2010	47,595	4,914,142,310	16,708,100	101,190	16,606,910	0.34%	348.92
2011	48,035	5,028,671,727	25,655,000	175,458	25,479,542	0.51%	530.44
2012	48,415	5,159,064,332	30,735,000	263,629	30,471,371	0.59%	629.38
2013	48,695	5,281,797,406	29,397,612	592,612	28,805,000	0.55%	591.54

Source: City budget documents, Comprehensive Annual Financial Reports of the city and Washington County Department of Assessment and Taxation.

COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
for the fiscal year ended June 30, 2013

Jurisdiction	Net Debt Outstanding	Percent Applicable Inside City of Tigard*	Amount Applicable Inside City of Tigard
Tigard/Tualatin School District #23-J	122,453,239	46.6300%	57,097,986
Metro	248,275,000	3.6300%	9,000,465
Beaverton School District #48	450,175,000	3.9700%	17,857,542
Portland Community College	176,450,000	4.5200%	7,978,716
Washington County	26,765,000	10.8500%	2,904,805
Tualatin Valley Fire & Rescue District	45,050,000	12.3200%	5,549,349
Sub Total of Overlapping Debt	1,069,168,239		100,388,863
City of Tigard	30,031,061	100.0000%	28,805,000
Total for Overlapping Debt	1,099,199,300		129,193,863

* The city of Tigard does not calculate this percentage; it is provided by the State of Oregon.

Source: Oregon State Treasury Debt Management Division.

**COMPUTATION OF LEGAL DEBT MARGIN
FOR THE LAST TEN FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	154,556,716	162,072,994	122,637,144	130,339,955	137,170,735	142,258,311	147,424,269	150,860,152	154,771,930	158,453,922
Total net debt applicable to limit	14,428,648	12,060,540	9,289,259	9,724,836	10,547,958	10,011,895	16,708,100	32,300,000	30,735,000	28,800,576
Legal Debt Margin	140,128,068	150,012,454	113,347,885	120,615,119	126,622,777	132,246,416	130,716,169	118,560,152	124,036,930	129,653,346
Total net debt applicable to the limit as a percentage of debt limit	9.34%	7.44%	7.57%	7.46%	7.69%	7.04%	11.33%	21.41%	19.86%	18.18%
Legal Debt Margin Calculation at June 30, 2013										5,281,797,406
True cash value (2012–2013)										3%
Debt Limit (3% of total property RMV)										158,453,922
Debt applicable to limit:										
Gross bonded debt										30,031,061
Excludable debt – Bancroft improvement bonds and bond premium										(1,230,485)
Debt subject to limitation										28,800,576
Legal Debt Margin – Amount Available for Future Indebtedness										129,653,346
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit										18.18%

Note: Pursuant of Oregon Revised Statutes 223.295 outstanding general obligation debt is limited to 3 percent of real market value.
Source: Washington County Department of Assessment and Taxation.

**RATIO OF DEBT BY TYPE
FOR THE PAST TEN FISCAL YEARS**

FY Ended June 30	Population	Governmental Activities			Business-type Activities		Total Primary Government	(1) Percentage of Personal Income **	(2) Per Capita
		General Obligation Bonded Debt	Bancroft Bonded Debt	Long-term Note Payable Debt	Notes Payable Debt	Revenue Bonds*			
2004	44,650	16,239,519	3,703,071	1,892,200	0	0	21,834,790	2.09%	483.82
2005	45,500	15,164,807	3,104,267	1,681,637	0	0	19,950,711	1.44%	446.82
2006	46,300	11,572,205	2,282,946	1,465,007	0	0	15,320,158	1.08%	330.10
2007	46,400	11,066,369	1,345,030	1,242,187	0	0	13,653,586	0.96%	294.26
2008	46,715	10,547,958	1,301,230	1,012,986	0	0	12,862,174	0.90%	275.33
2009	47,460	10,011,895	1,278,130	777,296	2,853,868	0	14,921,189	1.03%	314.40
2010	47,595	16,708,100	1,203,730	529,978	2,853,868	0	21,295,676	1.47%	447.44
2011	48,035	32,597,213	1,024,530	270,925	5,953,868	0	39,846,536	2.72%	829.53
2012	48,415	30,735,000	966,239	0	2,398,000	97,720,000	131,819,239	8.92%	2,722.69
2013	48,695	28,805,000	903,739	0	2,293,486	97,720,000	129,722,225	8.73%	2,663.97

N/A = Not available.

* Revenue bonds issued for improvements to the Tigard Water Service Area (TWSA) are liabilities of the City of Tigard, but were not issued as full faith and credit obligation. Debt service on these bonds will be paid by customers of TWSA, which includes residents in the cities of Tigard, Durham and King City, and an unincorporated area of Washington County.

** Personal income is not available for the City of Tigard, so per capita income for Washington County is used.

Sources: City budget documents, Comprehensive Annual Financial Reports of the city and Washington County Department of Assessment and Taxation.

DEMOGRAPHIC STATISTICS FOR THE PAST TEN FISCAL YEARS

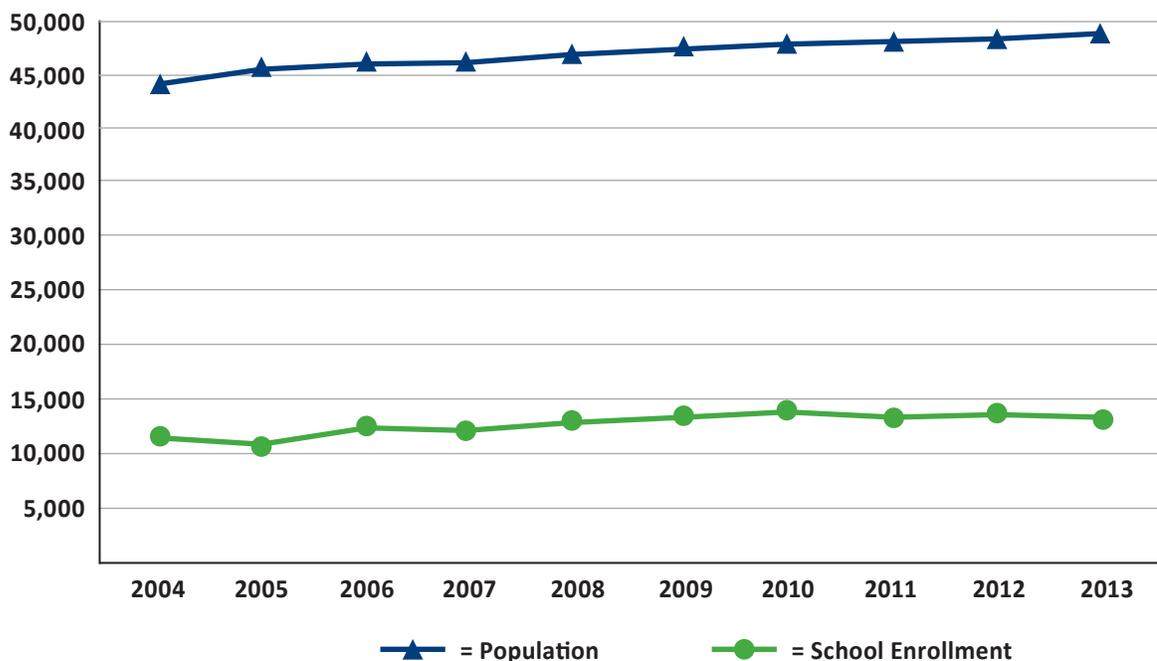
FY Ended June 30	(1) Population	Assessed Value of Taxable Property Per Capita	(3) School Enrollment	(4) Per Capita Income	(4) Total Personal Income (thousands of dollars)	(2) Unemployment Rate Portland Metro Area
2004	44,650	83,190	11,831	25,734	1,161,384	6.80%
2005	45,500	87,530	11,653	N/A	N/A	6.30%
2006	46,300	88,081	12,134	N/A	N/A	6.30%
2007	46,400	93,635	12,100	N/A	N/A	4.80%
2008	46,715	97,878	12,451	N/A	N/A	5.30%
2009	47,460	99,915	12,685	N/A	N/A	9.70%
2010	47,595	103,249	12,913	N/A	N/A	8.40%
2011	48,035	104,688	12,688	N/A	N/A	9.50%
2012	48,415	106,559	12,691	30,522	1,477,723	8.20%
2013	48,695	108,467	12,688	32,527	1,583,902	7.50%

Sources of Information:

- (1) State of Oregon, Department of Administrative Services
- (2) U.S. Bureau of Labor Statistics
- (3) Tigard/Tualatin School District #23-J; City students not available
- (4) Washington State University – Northwest Income Indicators Project

* Personal income data for Tigard was not available so data was calculated using the ratio of Tigard's population to Washington County's total population. The ratio was this applied to total personal income for Washington County to arrive at an estimated personal income for the City of Tigard.

POPULATION AND SCHOOL ENROLLMENT TRENDS



**PRINCIPAL EMPLOYERS
FOR CURRENT AND NINE YEARS AGO**

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Capital One	861	1	3.05%			
Tigard-Tualatin School District	779	2	2.76%			
Nordstrom	428	3	1.52%	502	2	2.18%
Oregon Public Employees Retirement	396	4	1.40%	461	3	2.01%
Macy's Department Stores Inc	390	5	1.38%			
Costco Wholesale Corporation	300	6	1.06%			
City of Tigard	255	7	0.90%			
WinCo	176	8	0.62%			
JC Penny	144	9	0.51%			
Renaissance Credit Services				1,116	1	4.86%
Servicemaster Building Maintenance				250	4	1.09%
Rockwell Collins Flight Dynamics				249	5	1.08%
Total	3,729		10.16%	2,578		11.22%

Source: City of Tigard Adopted Budget and Tigard Chamber of Commerce.

**PROPERTY VALUE AND CONSTRUCTION
FOR THE LAST TEN FISCAL YEARS**

FY Ended June 30	Commercial Construction (1)		Residential Construction (1)	
	Number of Permits	Value	Number of Permits	Value
2004	17	59,523,557	375 (2)	99,056,117
2005	11	49,645,891	325 (2)	96,002,190
2006	8	50,744,300	299 (2)	100,965,847
2007	9	50,512,736	231 (2)	67,798,361
2008	6	73,614,404	93 (2)	31,810,734
2009	4	1,944,775	42 (2)	9,324,154
2010	4	2,003,118	123 (2)	27,972,462
2011	5	837,655	113 (2)	28,150,102
2012	5	2,589,566	104 (2)	27,794,839
2013	8	20,053,155	174 (2)	41,954,242

(1) From City of Tigard Building Department. Multi-family permits are included in the number of permits issued for residential construction.

(2) Residential totals for permits and value included amounts from Urban/Washington County as well as City of Tigard.

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
FOR THE PAST TEN FISCAL YEARS**

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
COMMUNITY SERVICES										
Police	76.00	77.00	78.00	80.00	93.00	93.00	90.10	90.10	91.10	84.50
Library	28.90	33.20	33.20	34.20	41.90	41.90	38.80	38.80	38.80	34.80
PUBLIC WORKS										
Administration	7.00	7.85	7.60	7.60	8.85	8.85	9.35	9.75	8.75	9.00
Parks maintenance	11.00	10.75	10.75	10.75	9.75	9.75	9.75	9.75	9.75	9.75
Street maintenance	8.50	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Healthy streams	0	0	0	0	0	0	0	0	0	1.00
Fleet management	3.25	3.00	2.50	2.50	2.50	2.50	2.00	2.60	2.60	1.50
Property management	3.25	3.25	3.25	3.25	4.25	4.25	4.25	4.25	4.25	3.75
Engineering (a)	15.50	15.50	15.50	10.50	10.50	10.50	11.80	11.80	11.80	12.00
COMMUNITY DEVELOPMENT										
Administration	3.00	3.00	3.00	2.00	3.00	3.00	2.00	2.00	3.00	2.00
Building inspection	16.30	18.30	18.80	19.80	17.80	6.20	6.24	7.20	8.10	7.80
Development services	8.20	8.20	8.20	8.20	10.20	10.20	7.56	7.80	5.90	4.80
Community planning	5.00	5.00	7.00	8.00	7.00	7.00	7.00	7.00	9.00	9.00
Development engineering (b)	0	0	0	5.00	5.00	4.00	1.60	0	0	0
Economic Development (c)	0	0	0	0	1.00	1.00	1.00	1.00	1.50	1.00
POLICY AND ADMIN										
City management	4.00	3.80	3.80	3.80	5.30	5.30	4.50	4.50	4.20	4.00
Human resources	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	4.80
Information technology	6.00	6.00	7.00	8.00	7.00	7.00	7.00	7.00	7.00	6.30
Risk management	2.00	2.00	2.00	2.00	2.50	2.50	2.30	2.30	2.30	2.10
Finance administration	3.00	3.00	3.00	3.00	3.00	3.00	5.30	3.00	3.00	3.00
Finance operations	10.80	10.80	10.80	10.80	5.50	5.50	4.50	4.50	4.50	4.60
Utility billing (d)	0	0	0	0	6.50	6.50	5.50	5.50	6.30	6.50
Design & Communications	7.30	7.30	7.30	7.30	4.50	4.50	3.05	3.05	3.25	3.05
Contracts & Purchasing (e)	0	0	0	0	0	0	0	2.30	2.30	1.80
City Recorder/Records (f)	0	0	0	0	3.00	3.00	3.25	3.25	3.35	4.15
Municipal court	3.00	3.00	3.00	3.00	3.25	3.25	3.50	3.75	3.75	3.65
OTHER										
Sanitary sewer	7.25	7.75	7.25	7.35	5.35	5.35	5.25	5.25	6.25	6.25
Storm sewer	7.75	8.25	7.25	6.35	7.10	7.10	7.00	7.00	6.25	5.25
Water	17.00	16.25	16.50	17.30	16.30	16.30	13.00	12.00	12.75	12.50
Total	258.00	265.20	266.70	271.70	296.05	283.45	267.60	267.45	271.75	255.85

Source: City of Tigard Finance Department

- (a) Engineering was budgeted with Development Services until FY 2009–2010.
- (b) Development Engineering was budgeted with Capital Construction & Transportation Engineering until FY 2006–2007.
- (c) Downtown Redevelopment was budgeted with Long Range Planning until FY 2008–2009.
- (d) Utility Billing was budgeted with Financial Operations until FY 2007–2008.
- (e) Contracts & Purchasing was budgeted with Finance Administration until FY 2010–2011.
- (f) City Recorder/Records was budgeted with Office Services until FY 2008–2009.

**OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE PAST TEN FISCAL YEARS**

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GOVERNMENTAL ACTIVITIES										
Community Services:										
Police – # traffic citations	6,815	6,006	6,800	6,979	6,383	6,925	9,101	7,021	8,308	8,939
Police – # calls for service	49,333	53,754	51,062	51,000	51,377	50,115	51,158	49,358	52,226	52,420
Library – # items	115,618	125,570	143,500	156,500	176,210	193,710	216,110	237,110	244,154	250,454
Library – materials checked out each year	685,000	728,250	850,000	918,540	1,131,093	1,249,462	1,462,304	1,507,248	1,522,422	1,459,334
Public Works:										
Acres of park land maint	170	176	176	180	184	189	189	233	243	248
Crack sealing completed annually (linear feet)	98,000	150,000	151,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000
Vehicles maint to industry standard	140	144	148	150	153	158	160	149	149	148
Community Development:										
# inspections (Tigard)	14,200	21,000	19,550	23,000	23,500	7,778	8,700	9,990	10,000	12,500
# permits (all types) Tigard	3,300	3,600	3,351	4,500	4,850	2,278	3,025	3,220	3,047	3,049
# development apps	400	430	374	507	450	508	370	370	381	357
Policy and Administration:										
# job applications	1,800	1,900	2,000	2,000	2,300	2,215	1,900	1,000	1,100	2,500
Laptops/computers	325	445	500	540	435	451	488	491	491	503
Insured value of city's real property (in millions)	27.9	38.8	40.8	46.2	73.5	78.2	81.6	81.8	81.8	81.8
# utility bills sent **	106,055	109,854	112,775	113,502	115,574	114,500	116,800	176,274	236,389	238,400
Average fine collected	68	78	97	90	94	90	90	126	126	140
BUSINESS-TYPE ACTIVITIES										
Sewer:										
Miles of sewer lines cleaned (annual goal)	53.2	48.5	50.8	51.6	53.4	46.6	40.7	41.0	41.0	41.5
Miles of sewer lines video inspected (annual goal)	20.7	26.1	21.8	22.1	23.0	23.2	23.3	23.0	23.0	23.7
Storm Water:										
Miles of storm sewer lines cleaned	30.2	13.7	28.5	29.6	43.6	30.2	30.6	31.0	31.0	32.0
# water quality facilities***	60	62	70	73	75	78	72	90	90	125
Total number catch basins cleaned	3,867	3,915	4,045	4,150	4,915	4,437	4,437	4,368	4,368	4,368
Water:										
# of accounts	16,712	17,022	17,300	17,400	17,870	17,900	17,900	18,129	18,265	18,350

* Fiscal year 2002–2003 was the first year that the new reporting requirements of GASB 34 were implemented at the City of Tigard.

** City of Tigard started monthly utility billing in January 2011.

*** GIS data improvement.

Source: City of Tigard Finance Department.

**CAPITAL ASSETS STATISTICS BY FUNCTION
FOR THE PAST TEN FISCAL YEARS**

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GOVERNMENTAL ACTIVITIES										
Community Services:										
Police stations	1	1	1	1	1	1	1	1	1	1
Library buildings	1	1	1	1	1	1	1	1	1	1
Public Works:										
Number of parks	13	13	13	13	13	14	14	14	18	20
Acres of park/greenspaces	347.0	347.0	347.0	348.0	348.0	396.0	396.0	435.4	447.0	493.0
Miles of streets	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0
Community Development:										
See note										
Policy and Administration:										
City-owned building facilities	5	5	5	5	5	5	5	5	5	5
BUSINESS-TYPE ACTIVITIES										
Sewer:										
Total miles of sanitary sewer lines	146.6	148.0	152.8	160.4	160.4	161.0	162.8	164.5	166.1	166.9
Storm Water:										
Total miles of storm sewer lines*	110.6	113.0	116.6	130.9	131.0	131.0	131.0	131.0	131.0	126.0
Number of water quality facilities***	60	62	62	77	77	79	79	92	92	125
Water:										
Water mains in miles	210	220	224	225.1	225.1	225.1	235.0	245.0	248.0	248.0
Number of reservoirs	13	13	13	13	13	13	13	13	13	13

Source: City of Tigard Finance Department.

* GIS data improvement.

Note: No capital assets indicators are available for Development Services functions.

Audit Comments and Disclosure Requirements



**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

November 13, 2013

Audit Committee
City of Tigard
Tigard, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Tigard, Oregon, (the City) as of and for the year ended June 30, 2013, and have issued our report thereon dated November 13, 2013.

COMPLIANCE

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

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

An Independently Owned Member
MCGGLADREY ALLIANCE |  **McGladrey**

The McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. The McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

Page 2

COMPLIANCE (Continued)

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

- The City had funds in the Local Government Investment Pool (LGIP) at June 30, 2013, in excess of the limitation set forth by ORS 294.810.
- The City had an over expenditure by approximately \$270 in the Bancroft Debt Service Fund.

OAR 162-10-230 INTERNAL CONTROL

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

In a separate report dated November 13, 2013, we have issued a Letter of Recommendations based on an audit of the basic financial statements.

RESTRICTION ON USE

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

Talbot, Kowala & Warwick LLP

Certified Public Accountants